



PT Indo Tambangraya Megah Tbk

2Q20 results

Investor and analyst update

13th August 2020



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QUESTION & ANSWERS

Economies Opens Up, COVID-19 Continues to Spread

EUROPE – REOPENING BORDERS

- Travel restrictions begin to relax as lockdown measures are cautiously lifted and core business activities are allowed to resume.
- EU leaders have agreed on a recovery plan for Europe in July which will include the allocation of over 50% of long-term EU budget of EUR1.8 trillion to support modern policies and pave way to a sustainable and resilient recovery.

USA – REVERSED REOPENINGS

- As number of cases continue to rise, certain states are postponing their reopening plans.
- US PMI rose (QoQ) while unemployment declined (QoQ) as consumer spending and domestic travels exhibit signs of recovery
- FED rate maintained at 0.0-0.25%

ASIA PACIFIC – LOCKDOWNS EASED FURTHER

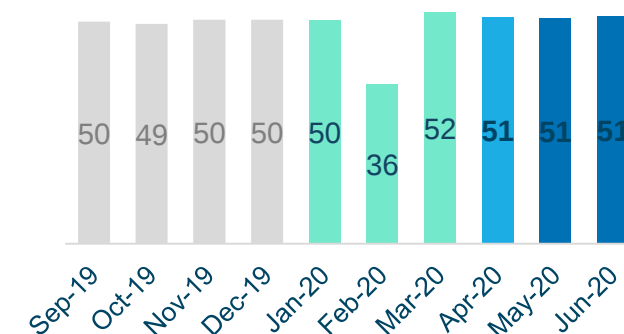
- **Thailand:** Further relaxation of preventive measures on businesses and activities in the yellow and red bands (Phase 3 and 4 respectively), leading to a majority of economic activities resuming.
- **Indonesia:** OECD expects the economy to grow between 2.6-5.2% next year despite the pandemic. However, the economy have contracted by -5.3% (YoY) in 2Q20 due to drop in domestic demand as a result of COVID-19.
- **Australia:** Three-stage plan to ease restrictions is in place implemented in Q2 to flatten the curve.

● Show sign of recovery
● Muted recovery

CHINA – SIGNS OF RECOVERY

- According to IMF tracks, China will be the only nation with positive growth (of 1%) amongst key economies this year
- PMI index rebounded from record low in Feb due to effective Covid-19 prevention and control, and government stimulus measures to push domestic consumptions, leading to the improved economic growth of 3.2% YoY in 2Q20 (compared to -6.8% in 1Q20).

CHINA PMI INDEX





Smooth operations

with safety measures in place and no major disruption at mine site



Continuous efficiency improvements

driven by digital transformation implementation



CSR and stakeholder engagement

Embracing change and supporting communities and societies in times of need



Discipline cost control

Overall cost expectation to be lower by US\$ 8/t vs FY19 coming from lower stripping ratio, drop in fuel price, and all-around cost reduction (logistics and overhead)



Capital expenditure rationalization

Lower capex realization by around 30% with focus on essential expenditures such as infrastructure and primary equipment



Strong cash position to support inorganic expansion

Strong cash amid current coal price environment making ITM in the well position to capture inorganic growth opportunities



Efficient & effective cash management strategy

Ample of cash balance to ensure steady dividend payment & fund for strategic action

COVID-19: ITM continued support to the community



SUPPORT & DONATION



PROTECTION & PREVENTION



EDUCATION & LIFESTYLE



ITM distributed donation and support

- Basic foodstuff and food package distribution to communities within and adjacent to our mining operation site which were impacted by COVID-19 conditions.
- Donation through government and mining association channels.

ITM provided (PPE) to health personnel

- Mask, Hazmat suits, google, and other protective equipment were distributed by ITM to medical/health personnel across regional hospitals and medical facilities in which ITM operated.

ITM educate importance of sanitation

- Distribution of sanitary facilities such as handwash device to ITM village partners.
- General/public education on the COVID-19 pandemic also on the importance of sanitation and healthy lifestyle.
- Cooperate with ITM SME business partner in producing non-medical mask.

Annual General Meeting of Shareholders 2020

AGMS 2020 HIGHLIGHTS



- Annual General Meeting of Shareholders was conducted on 27th May 2020 under COVID-19 protocol at the company head office in Pondok Indah Office Tower 3.
- The meeting declared final dividend for FY19 of **USD 97 Mio** or eq. **75%** of the company's 2019 Net Profit After Tax (NPAT) which payment as follows:
 - ✓ In the amount of USD 55 Mln or equal to **IDR 705/share** has been distributed as interim dividend on 15 Nov 2019.
 - ✓ The remaining amount of USD 42 Mln or equivalent to **IDR 570/share** was paid on 09 June 2020.

BOARD OF COMMISSIONERS



Prof. Djisman Simandjuntak
President Commissioner &
Independent



Somruedee Chaimongkol
Commissioner



Somsak Sithinamsuwan
Commissioner



Kirana Limpaphayom
Commissioner



Prof. Djoko Wintoro, PhD
Independent Commissioner



Mahyudin Lubis
Independent Commissioner



Fredi Chandra
Commissioner

BOARD OF DIRECTORS



Mulianto
President Director



A.H Bramantya Putra
Deputy President Director



Niwat Boonyad
Director & Co-
President Director



Chom Kongnun
Director & Co-
President Director



Stephanus Demo Wawin
Director



Yulius Kurniawan Gozali
Director



Ignatius Wurwanto
Director



Jusnan Ruslan
Director



Junius Prakasa Darmawan
Director

Highlights of 2Q20 and 1H20 results



			Coal sales 5.3 Mt ↓ Down 0.4 Mt -8% Q-Q			Coal sales 11.1 Mt ↓ Down 1.2 Mt -10% Y-Y		
<i>Unit: US\$ million</i>			<u>2Q20</u>	<u>1Q20</u>	<u>Q-Q</u>	<u>1H20</u>	<u>1H19</u>	<u>y-y</u>
Total Revenue	287	366	-22%	653	893	-27%		
Gross Profit Margin	11%	17%	-6%	14%	18%	-4%		
EBIT	4	33	-87%	38	96	-61%		
EBITDA	24	56	-57%	79	127	-37%		
Net Income	14	14	-2%	29	69	-59%		
ASP (USD/ton)	\$52.5	\$58.7	-11%	\$55.8	\$68.8	-19%		

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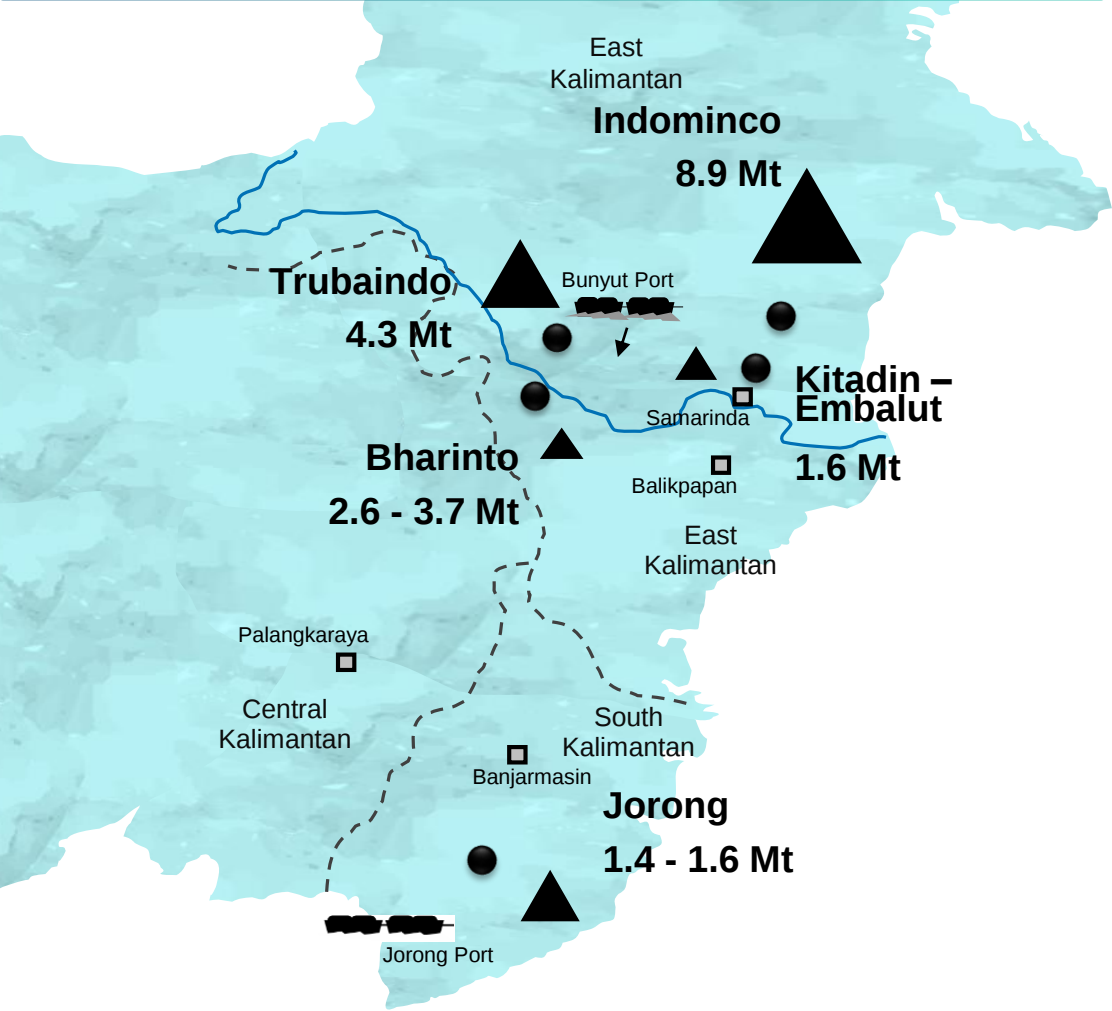
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QUESTION & ANSWERS

Operational Summary 2020

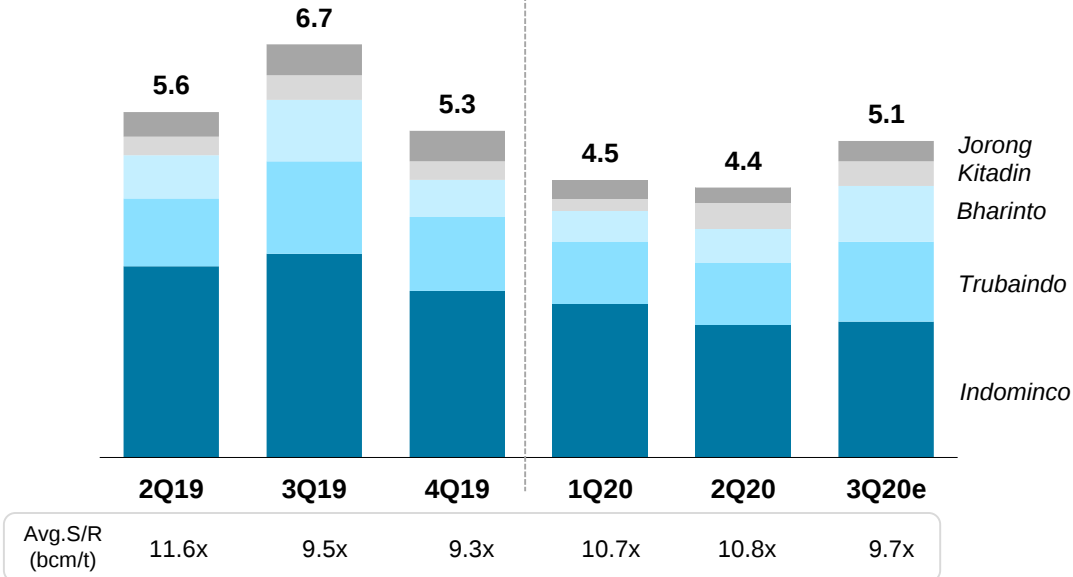


2020 TARGET: 19 - 20.1 Mt*



OUTPUT TREND

Unit: Mt

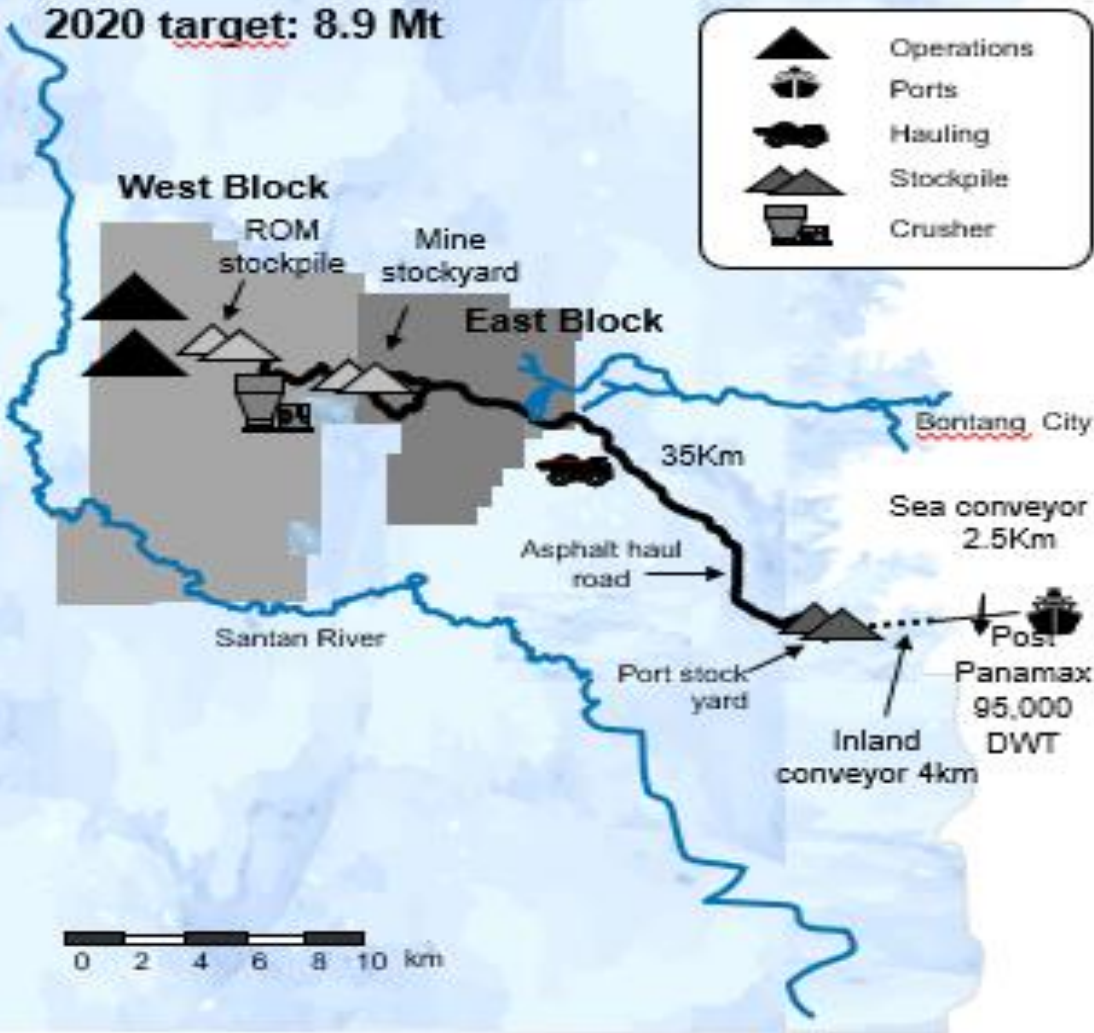


COMMENTS

- 2Q20 total output slightly below target due to heavy rainfalls affecting the mine.
- Next quarter output will be significantly higher with the boost coming from Trubaindo and Bharinto along with lower strip ratio.

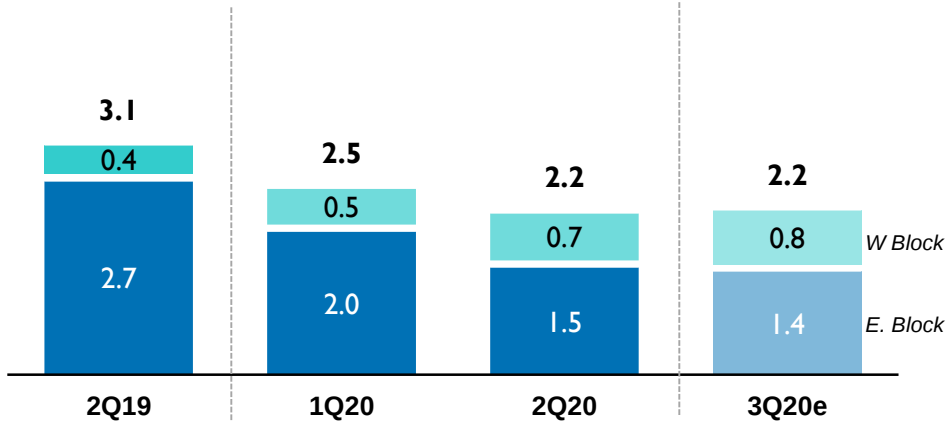
*) 2020 target subject to further government approval

SCHEMATIC



OUTPUT TREND

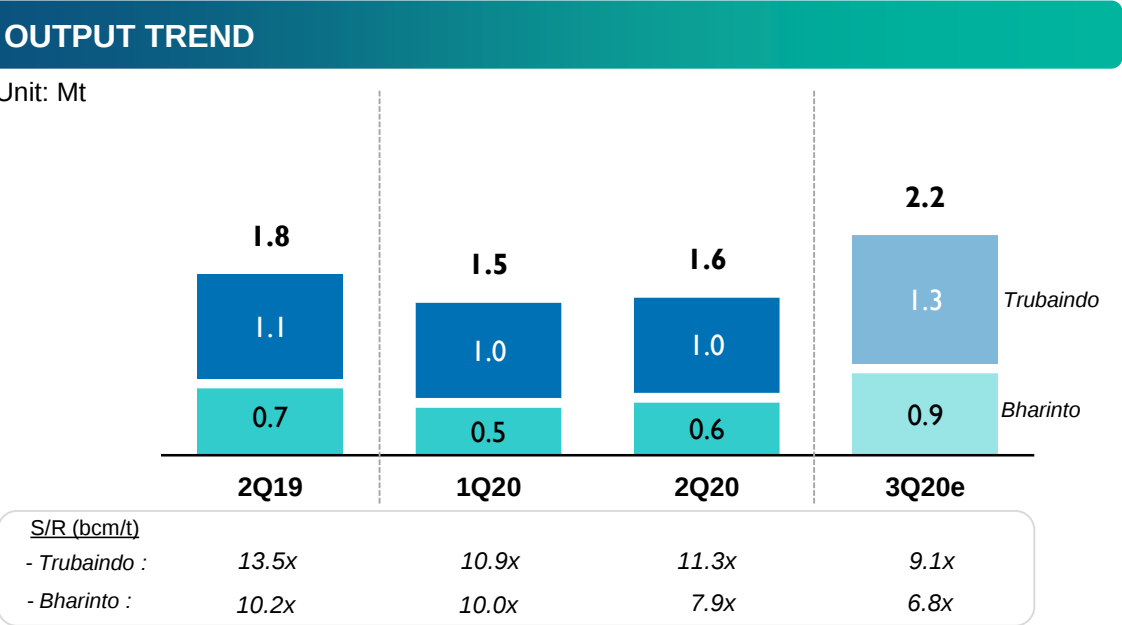
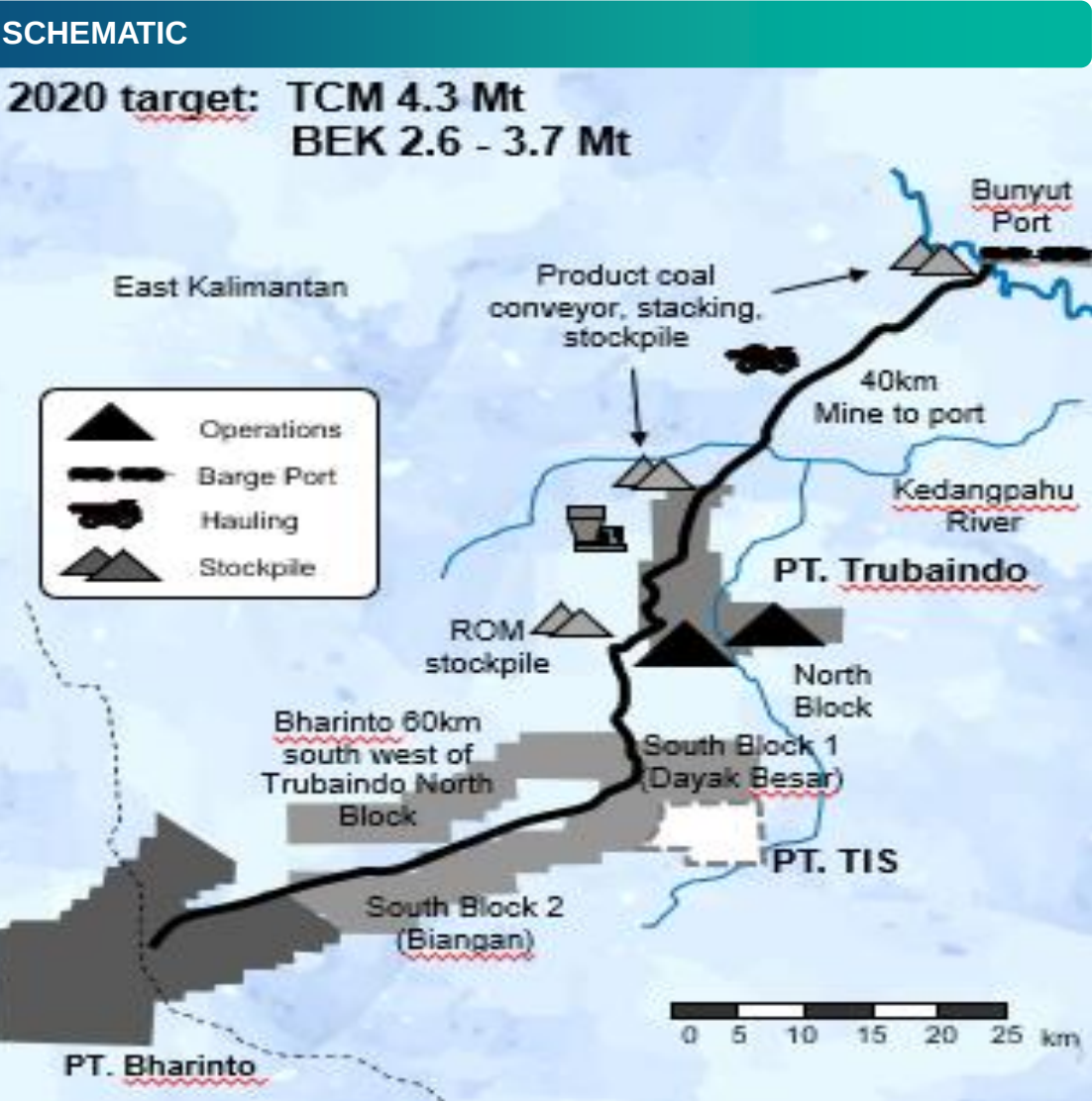
Unit: Mt



Avg.S/R (bcm/t)	11.7x	10.1x	11.9x	11.5x
- W. Block :	26.1x	12.8x	16.9x	13.1x
- E. Block :	9.3x	9.4x	9.6x	10.7x

COMMENTS

- 2Q20 production was slightly higher than target.
- Indominco 3Q20 production target expected to remain stable compared to 2Q20 with slightly lower strip ratio.



- COMMENTS**
- Trubaindo:
 - 2Q20 production achieved as according to target.
 - 3Q20 production output level to be higher by 30% compared to 2Q20.
 - Bharinto:
 - 2Q20 production slightly below target due to low contractor capacity.
 - 3Q20 production output level to be higher by 50% compared to 2Q20.

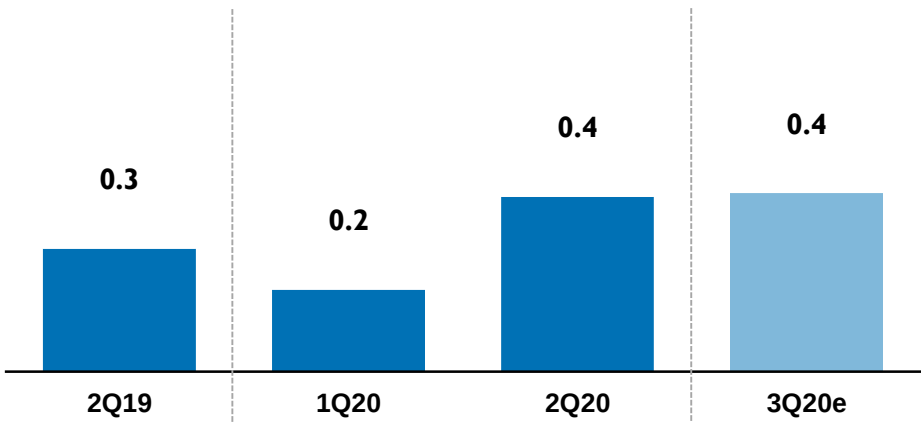
SCHEMATIC

2020 target: EMB 1.6 Mt



OUTPUT TREND

Unit: Mt

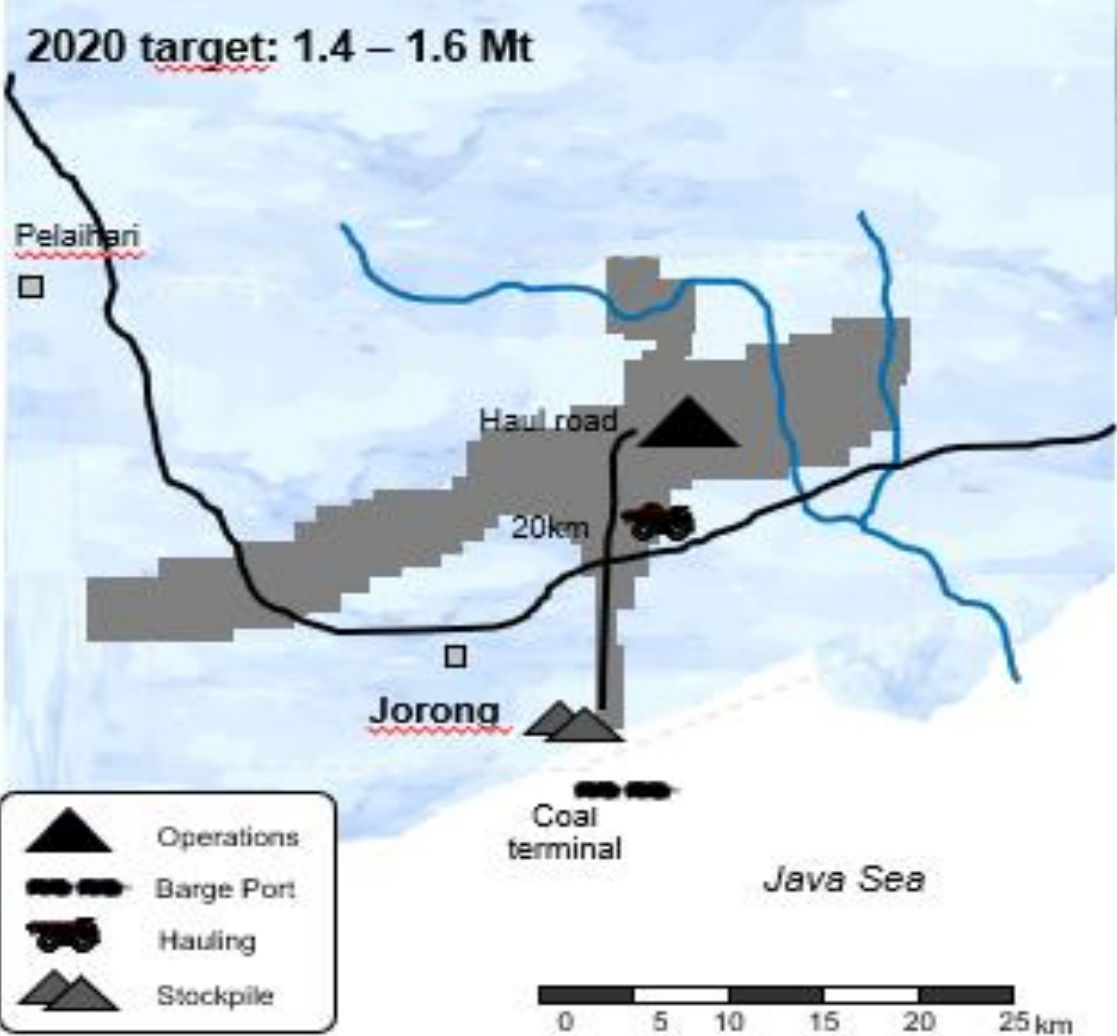


S/R (bcm/t)				
- Embalut :	10.1x	16.4x	10.8x	10.9x

COMMENTS

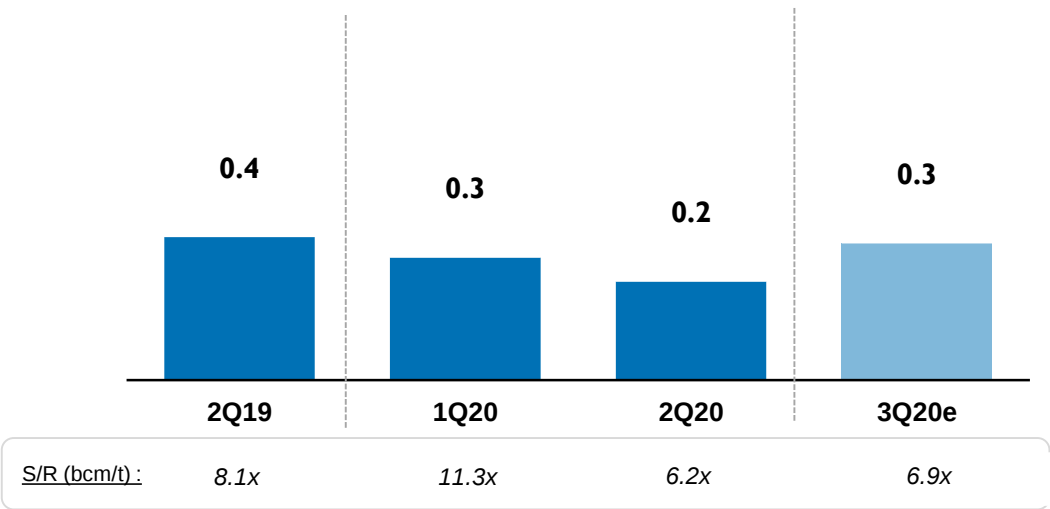
- Kitadin Embalut:
 - 2Q20 production achieved as according to target of with strip ration lower than expected.
 - 3Q20 production and strip ratio to remain stable compared to 2Q20 .
- Kitadin Td.Mayang:
 - Continue mine closure activities including mine rehabilitation activities.

SCHEMATIC



OUTPUT TREND

Unit: Mt



COMMENTS

- 2Q20 production slightly lower target as mine site experiencing heavy rainfalls.
- Overall strip ratio for 2H20 will be kept stable at around 6-7x.

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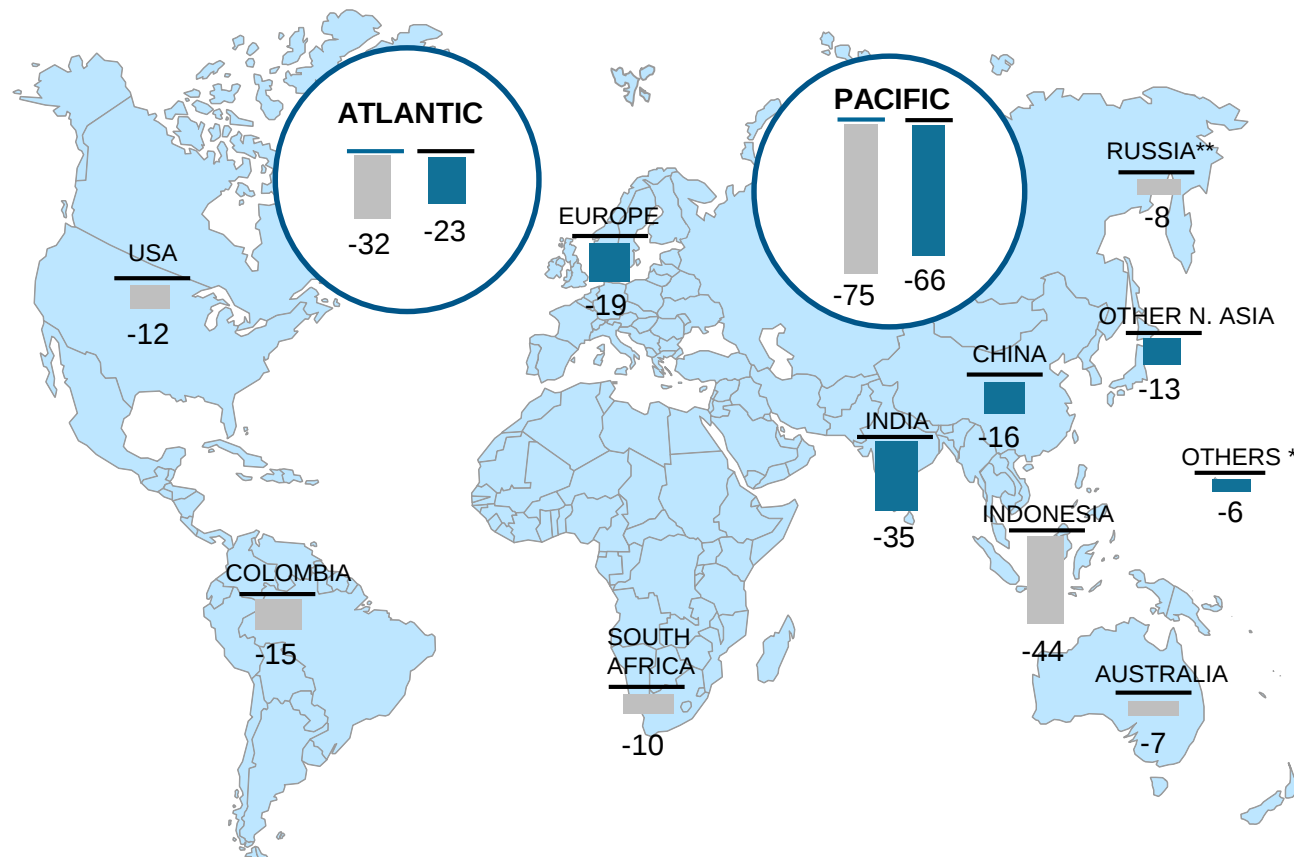
QUESTION & ANSWERS

Global thermal coal market trends

GLOBAL COAL DEMAND & SUPPLY CHANGE

Unit: Mt

■ SUPPLY ■ DEMAND



GLOBAL COAL DEMAND TRENDS

Lockdowns around the globe ended in May and global power demand continues to improve. Recovery has been tepid and spotty.

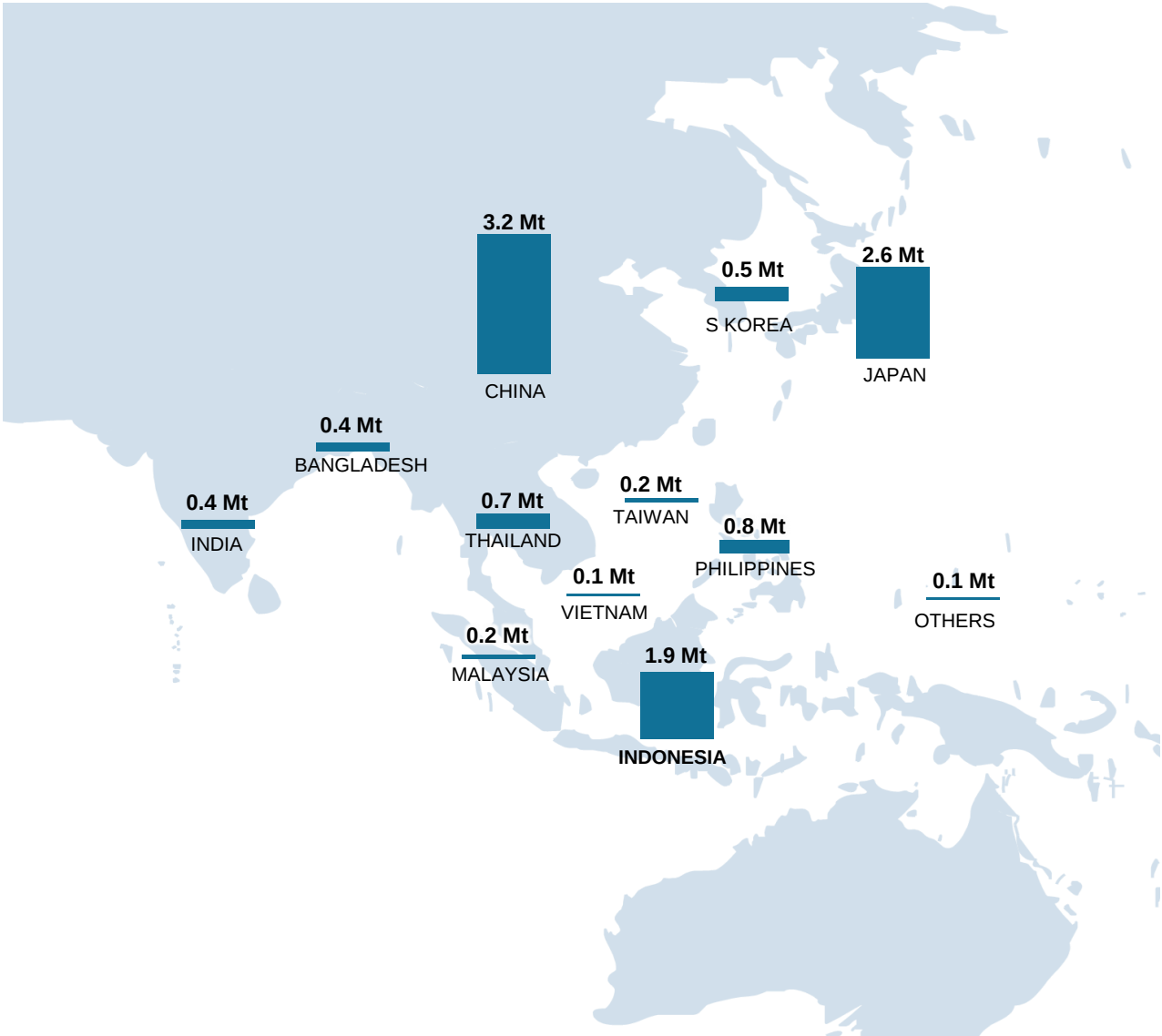
- **China:** Economic recovery, strong hydro, improving domestic production and stock levels means no rush to relax import quota.
- **India:** Lockdowns have impacted power demand and industrial activities. Emphasis on consumption of domestic coal.
- **Others:** Power recovery slowdown in Japan and South Korea amid resurgence of new Covid-19 cases. Vietnam imports grow with added capacity.

GLOBAL COAL SUPPLY TRENDS

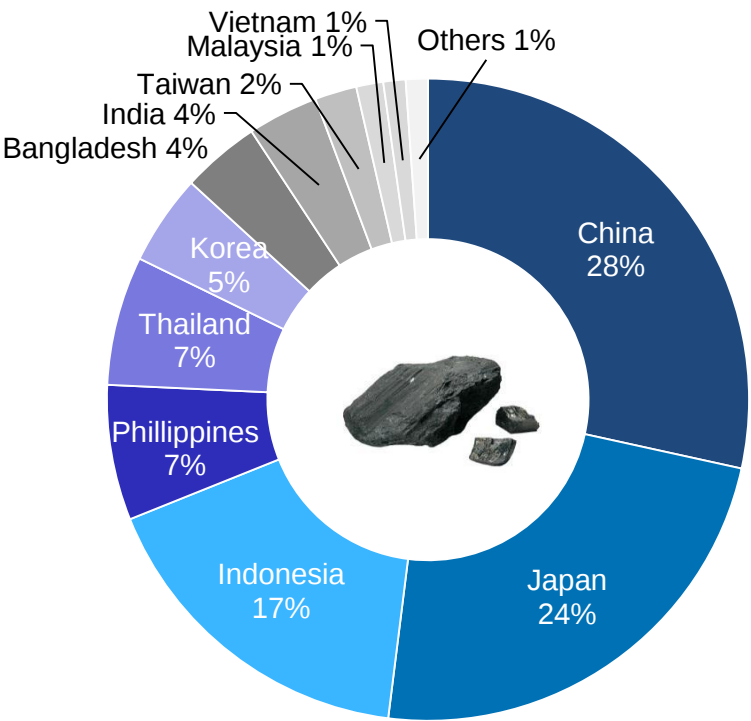
Producers start to cut production, but no large-scale formal cutbacks announced. Oversupplied market continues.

- **Indonesia:** Production decline sharply due to weak demand and likely to continue in 2H20. Most of the production cuts come from small miners.
- **Australia:** Thermal coal exports steady but likely to be cut in near term; Stronger Australian dollar and rising diesel costs put significant pressure on high-cost mining operations.
- **Others:** Weak European demand and collapsed rail bridge reduce Russian export to Europe; Expect more supply cuts from Colombia and US amid weak European demand and low prices; Weak Indian demand and low prices will continue to hit South African exports.

COAL SALES BREAKDOWN BY DESTINATION



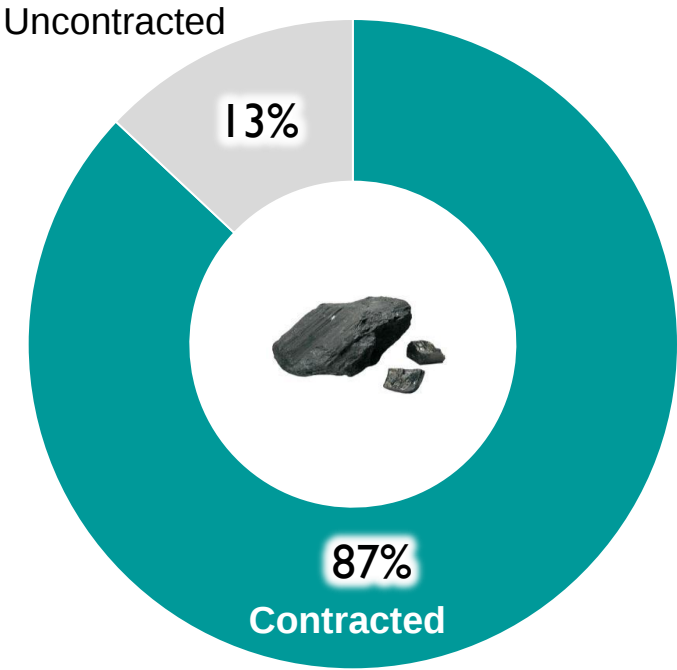
COAL SALES 6M20



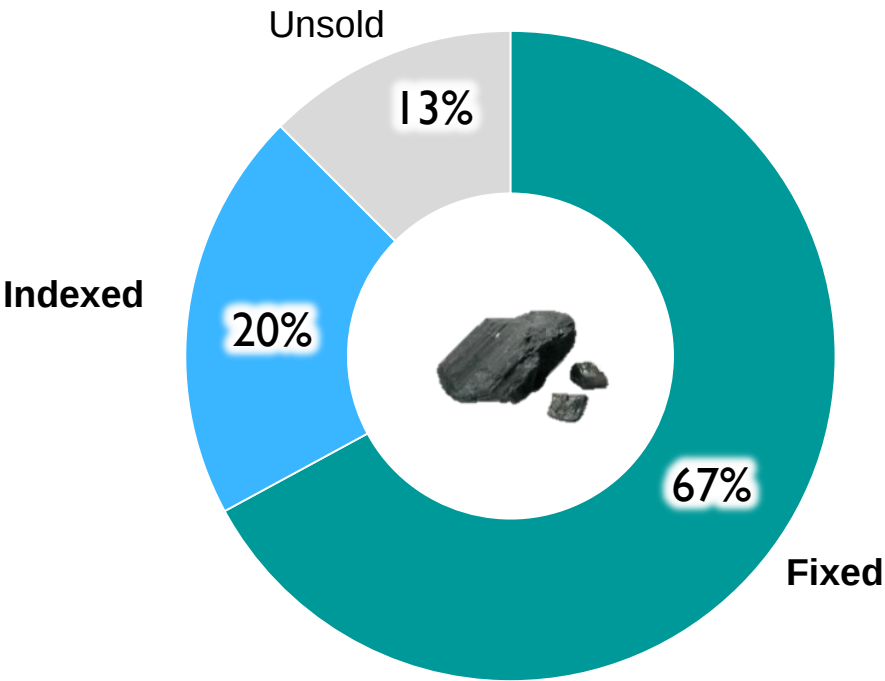
Total coal sales 6M20: 11.1 Mt

COAL SALES CONTRACT AND PRICING STATUS

Contract Status



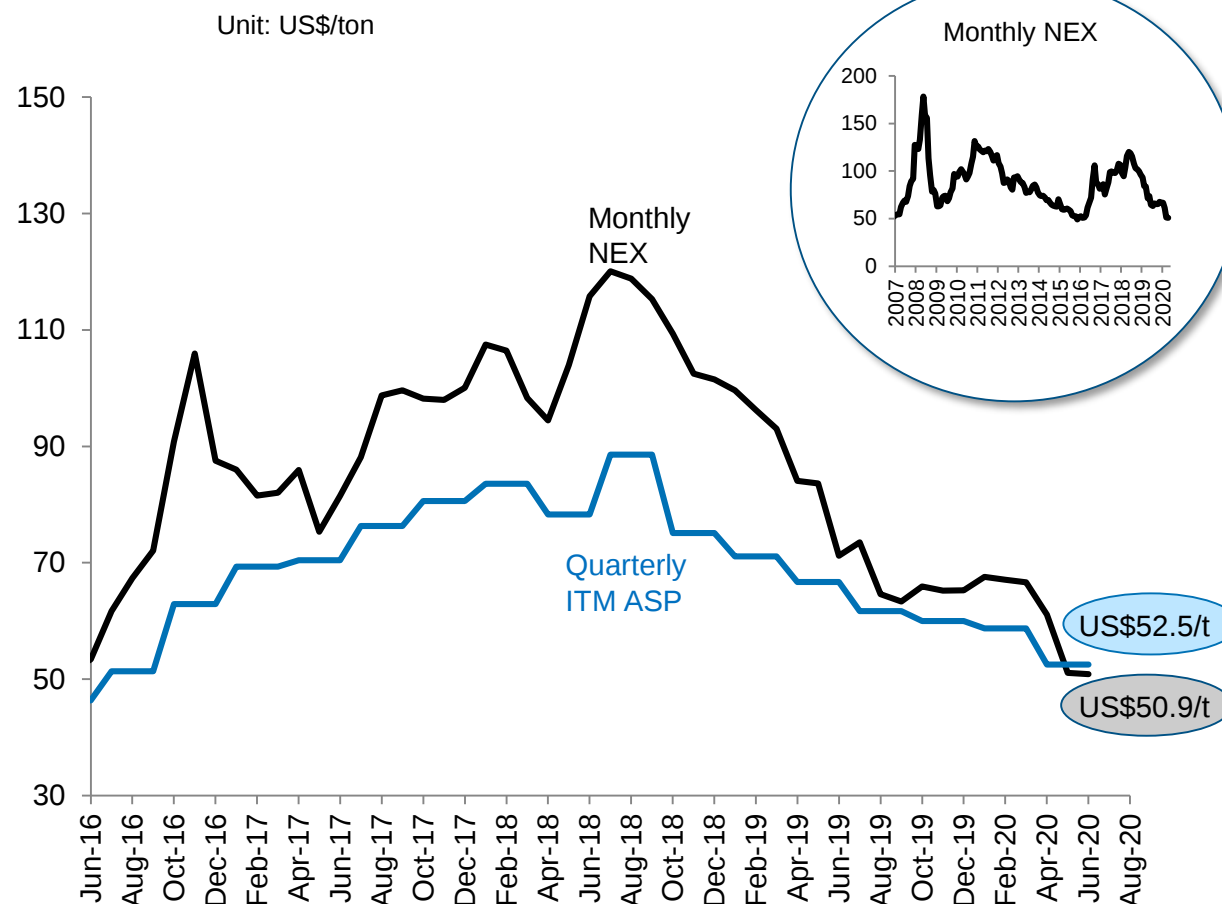
Price Status



TARGET SALES 2020: 22.0 Mt

ITM ASPs vs thermal coal benchmark prices

ITM ASP VS BENCHMARK PRICES



COMMENTS

- NEX has been trading at mid US\$50s through most of 2Q20, dropping from mid US\$60s in 1Q20.
- COVID 19 spread through China caused interruption in domestic coal production, hence increase demand of import coal, help support Indonesia coal price in first 2 months.
- Since March-20, electricity demand continued to weaken globally with extended lockdowns, China production capacity recovered its strength.
- Global recession signal price drop as demand quickly evaporated. Coal price take a major drop through April touching bottom level seen in early 2016.
- Key price metrics:
 - ITM ASP: US\$52.5/t (-11% QoQ)
 - NEX (Aug 7, 2020)*: US\$48.1/t

Note: * The Newcastle Export Index (previously known as the Barlow Jonker Index – BJI)

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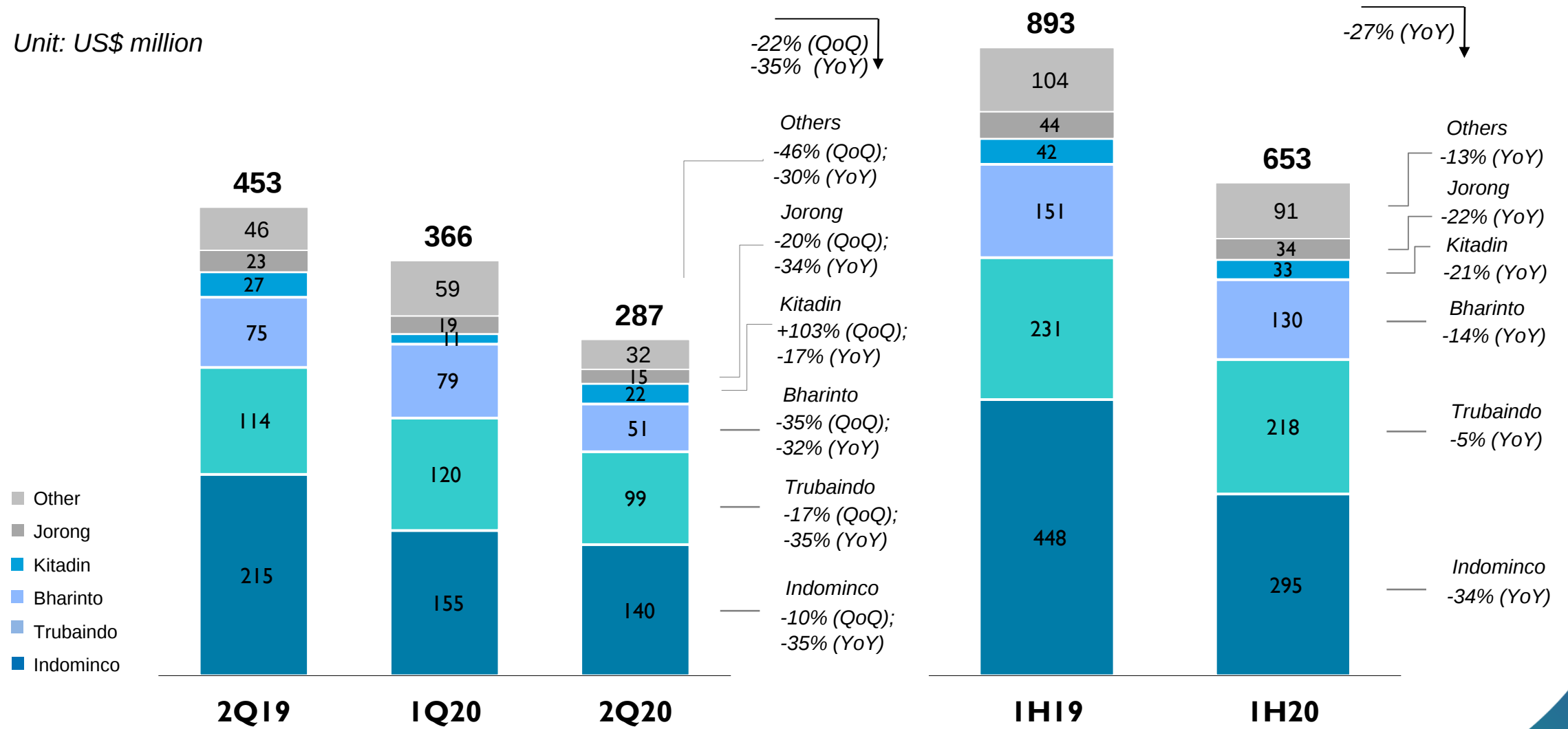
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QUESTION & ANSWERS

Sales revenue

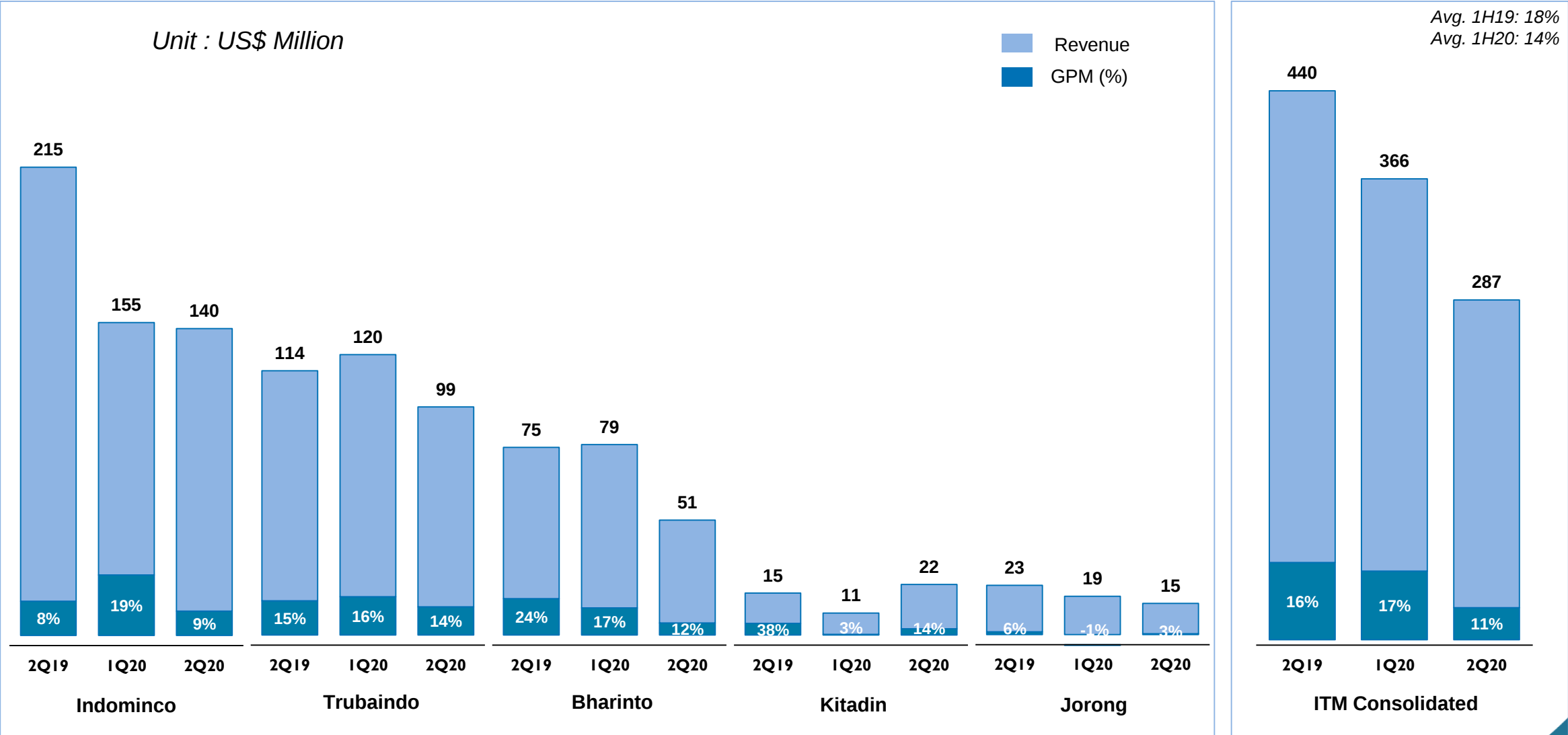


Unit: US\$ million



Note : Total consolidated revenue after elimination

Average gross margin



Note : Gross margin includes royalty

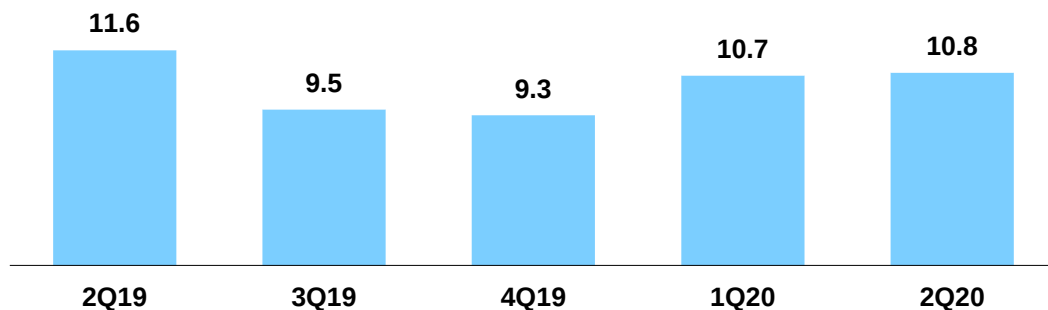
Cost analysis



WEIGHTED AVERAGE STRIP RATIO

Unit: Bcm/t

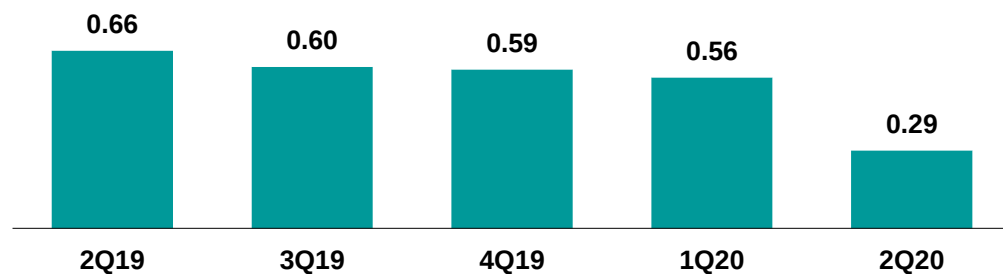
Avg. 1H19: 12.4
Avg. 1H20: 10.7



FUEL PRICE

Unit: US\$/Ltr

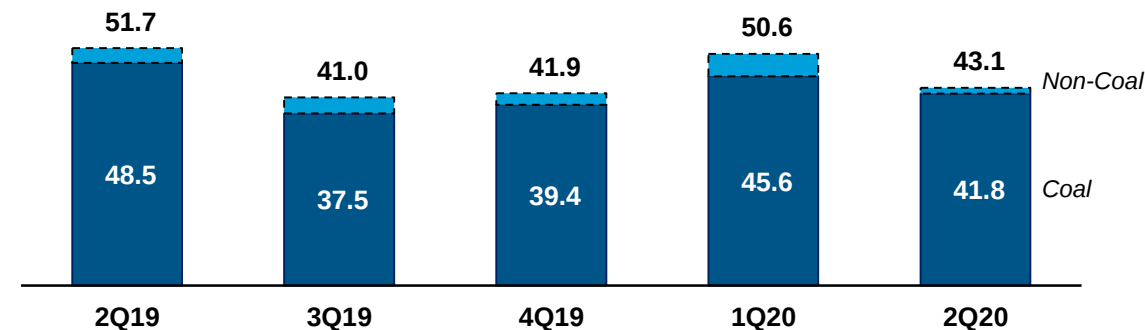
Avg. 1H19: \$0.64/ltr
Avg. 1H20: \$0.43/ltr



PRODUCTION COST

Unit: US\$/t

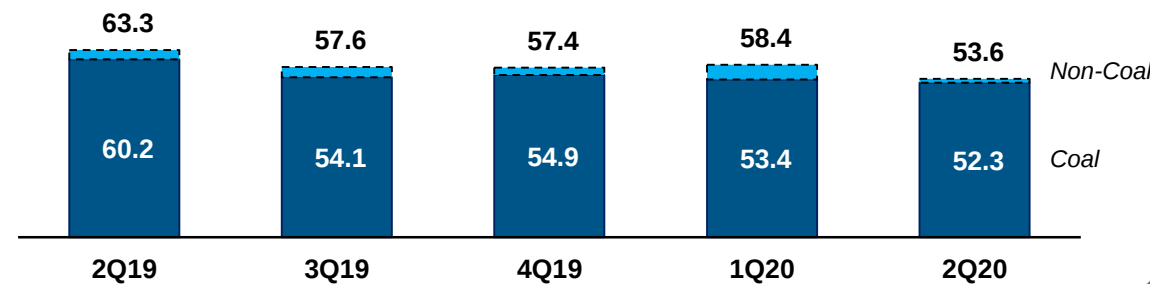
Avg. 1H19: \$54.2/t
Avg. 1H20: \$46.9/t



TOTAL COST*

Unit: US\$/t

Avg. 1H19: \$65.1/t
Avg. 1H20: \$56.1/t

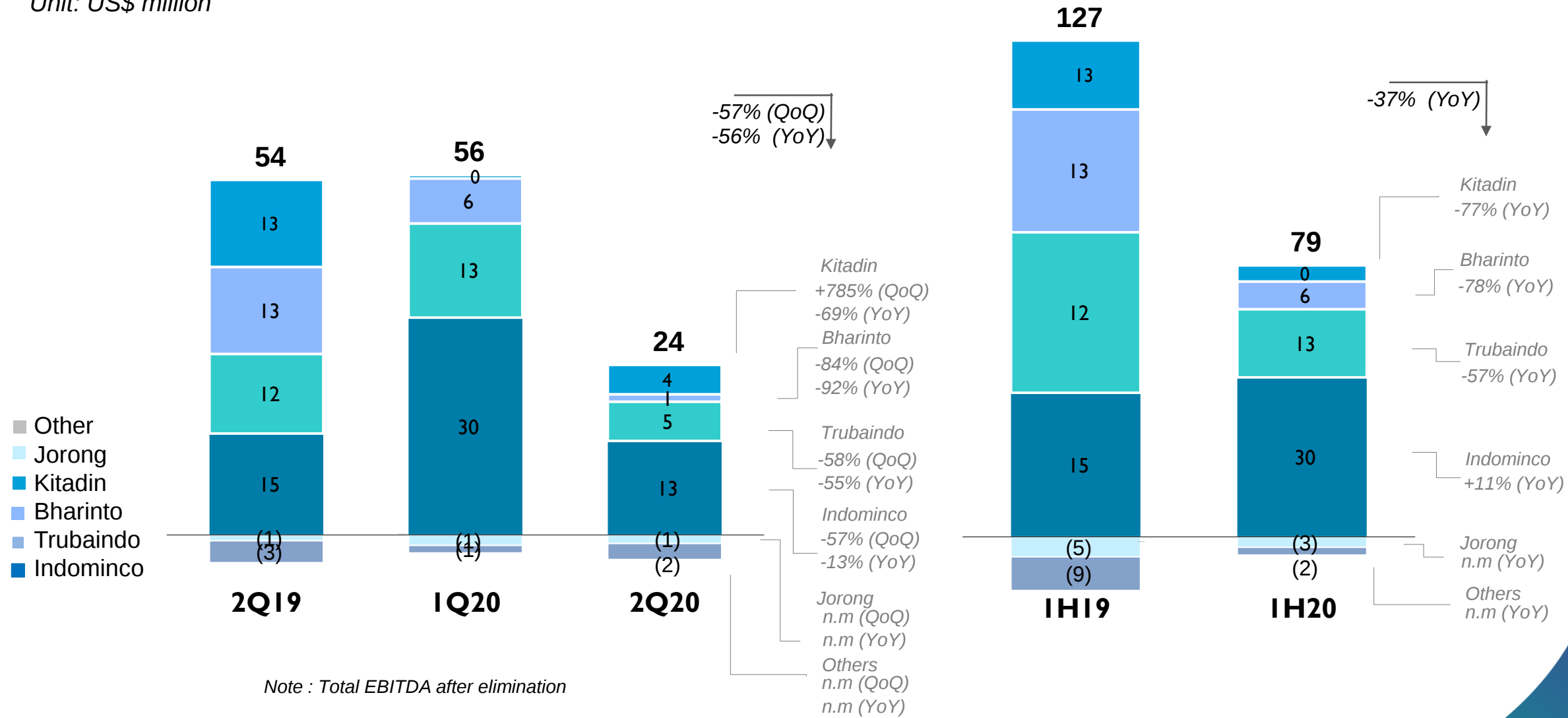


*Cost of Goods Sold + Royalty + SG&A

EBITDA



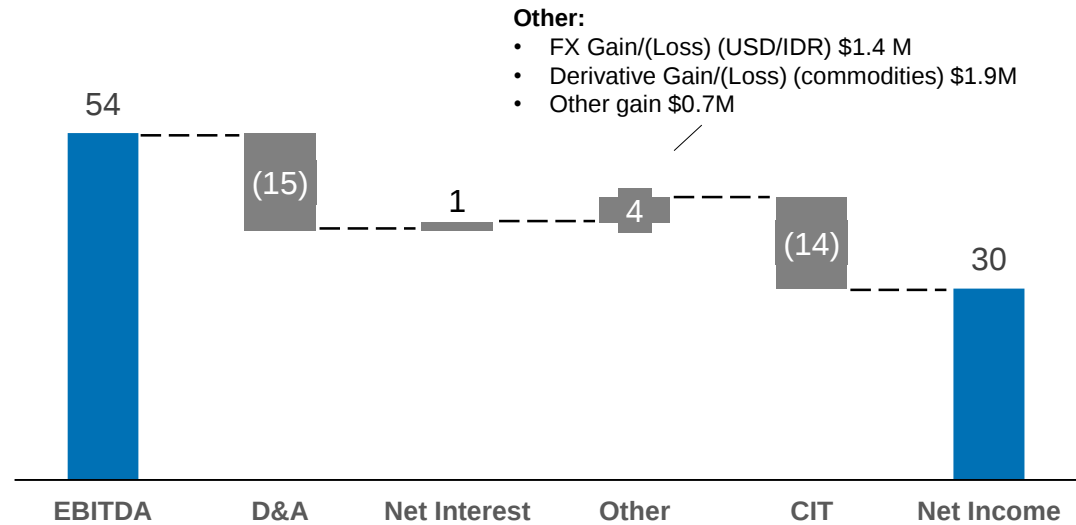
Unit: US\$ million



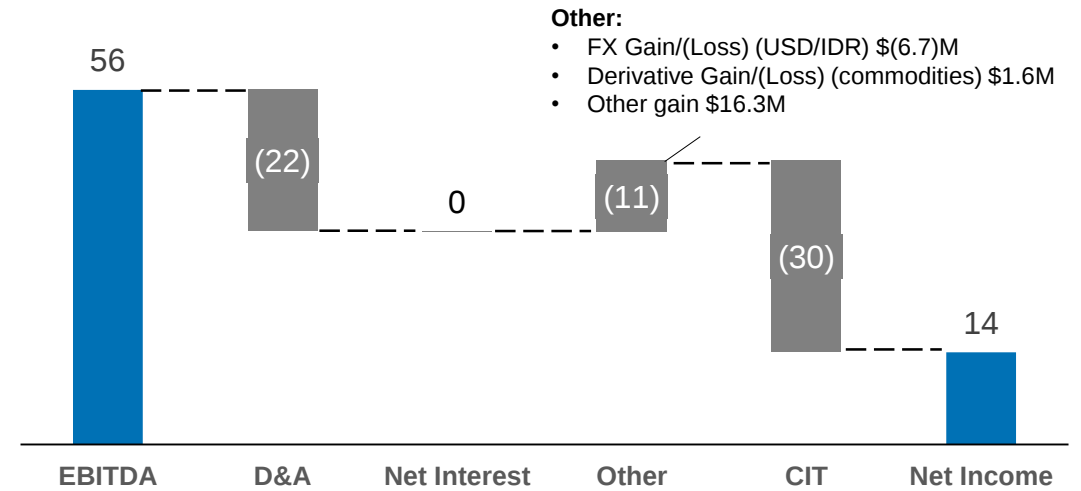
Net income



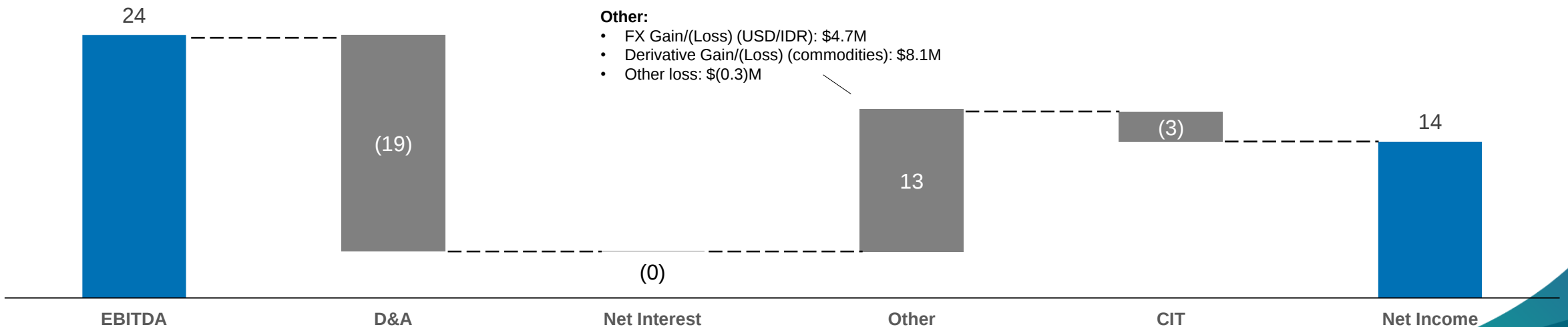
2Q19 NET INCOME



1Q20 NET INCOME



2Q20 NET INCOME

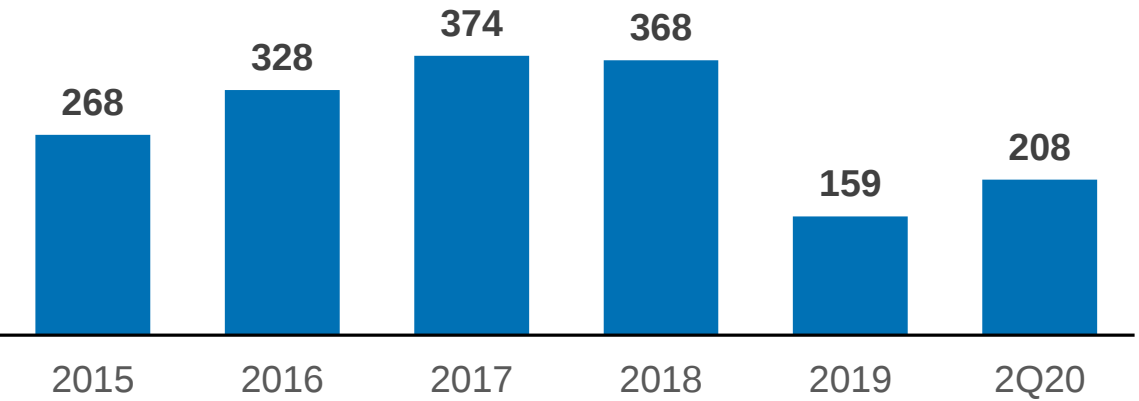


Balance sheet



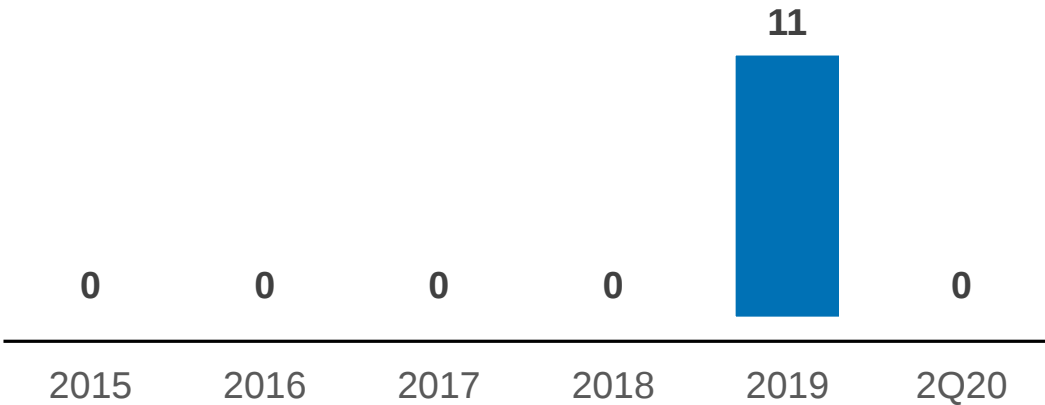
CASH POSITION

Unit: US\$ million



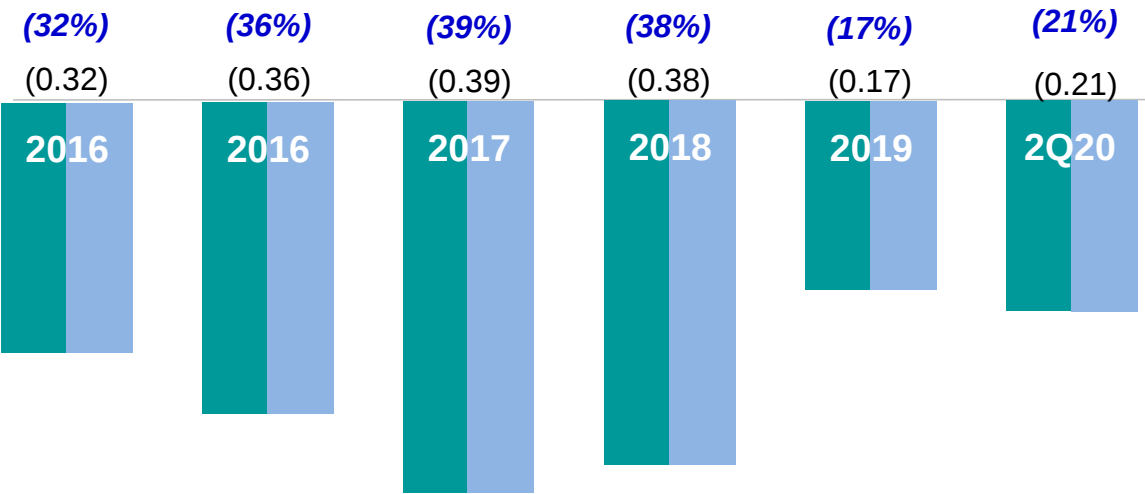
DEBT POSITION

Unit: US\$ million

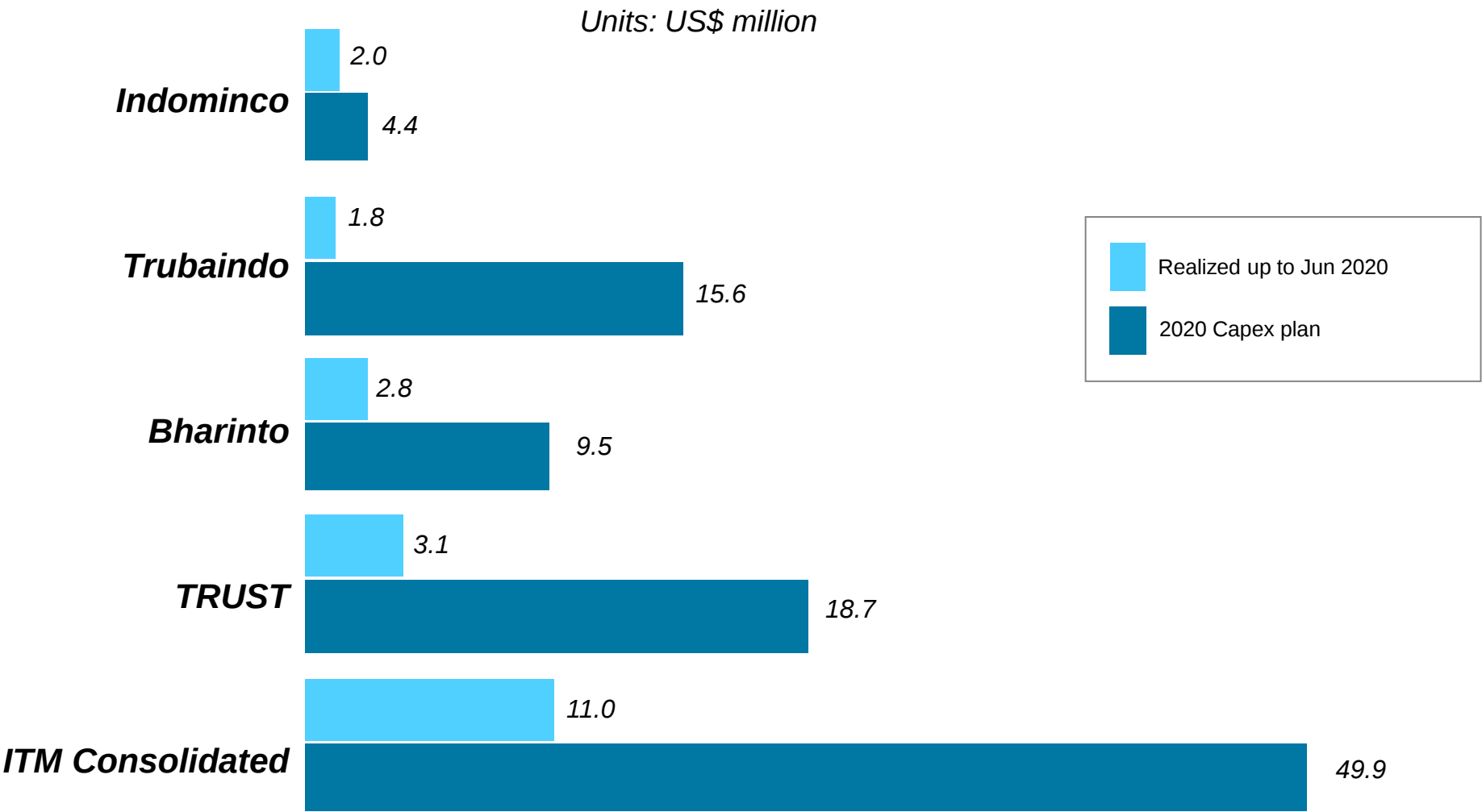


KEY RATIOS

- Net Gearing (%)
- Net D/E (times)



6M20 Capital expenditure realization



Note: Total capex plan including Jakarta office after elimination



Income statement



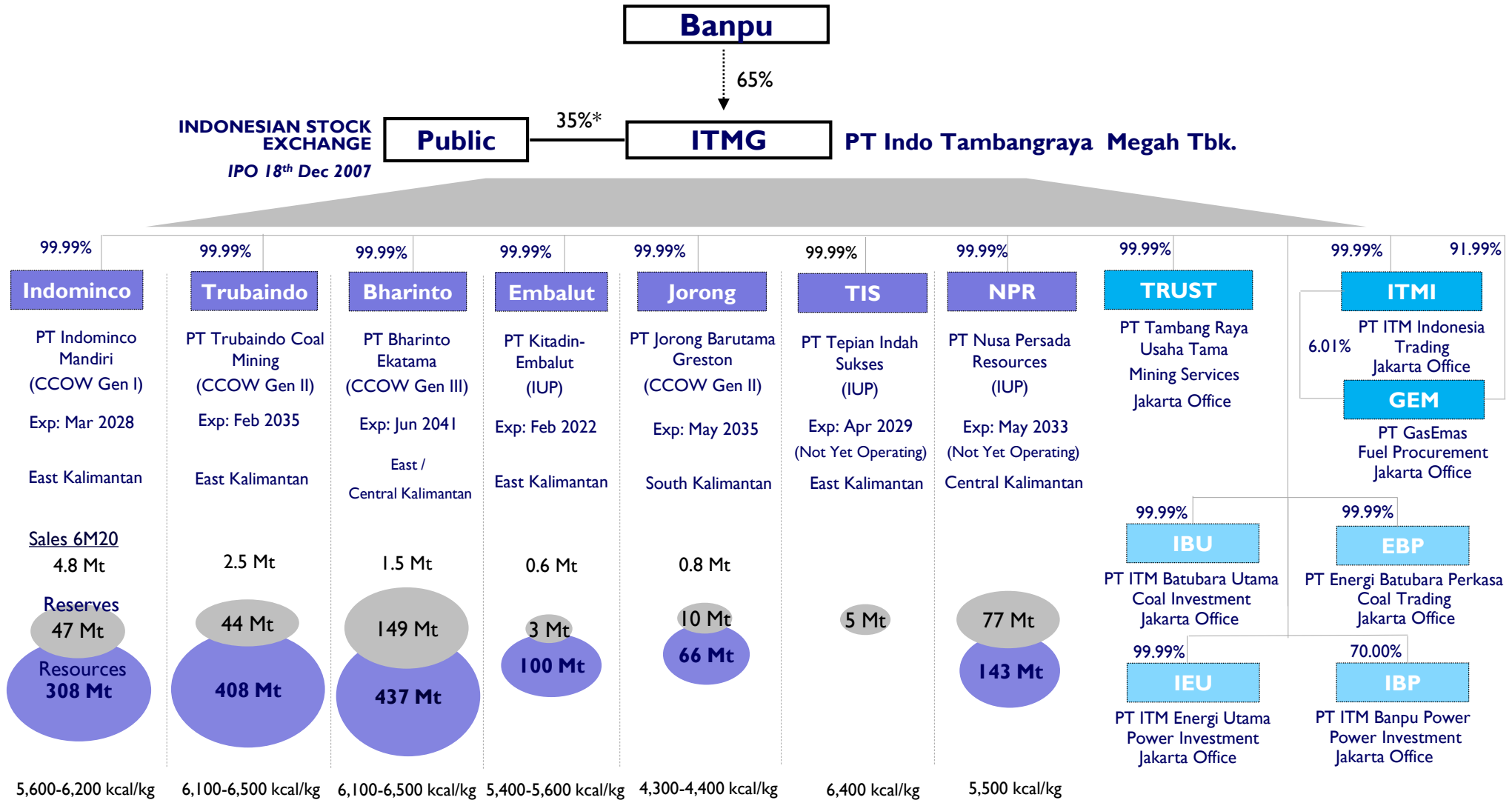
Unit: US\$ thousand	1H20	1H19	YoY%
Net Sales	652,628	892,701	-27%
Gross Profit	93,989	162,401	-42%
GPM	14%	18%	
SG&A	(56,311)	(66,315)	
EBIT	37,678	96,086	-61%
EBIT Margin	6%	11%	
EBITDA	79,268	126,717	-37%
EBITDA Margin	12%	14%	
Net Interest Income / (Expenses)	(193)	2,917	<i>n.m</i>
FX Gain / (Loss)	(1,952)	1,916	<i>n.m</i>
Derivative Gain / (Loss)	9,731	2,707	259%
Others	16,031	(1,703)	<i>n.m</i>
Profit Before Tax	61,295	101,923	-40%
Income Tax	(32,770)	(32,948)	
Net Income	28,525	68,975	-59%
Net Income Margin	4%	8%	

Income statement



Unit: US\$ thousand	2Q20	1Q20	QoQ%
Net Sales	286,725	365,903	-22%
Gross Profit	30,329	63,660	-52%
GPM	11%	17%	
SG&A	(26,112)	(30,199)	
EBIT	4,217	33,461	-87%
EBIT Margin	1%	9%	
EBITDA	23,708	55,560	-57%
EBITDA Margin	8%	15%	
Net Interest Income / (Expenses)	(52)	(141)	n.m
FX Gain / (Loss)	4,739	(6,690)	n.m
Derivative Gain / (Loss)	8,126	1,604	407%
Others	(271)	16,302	n.m
Profit Before Tax	16,759	44,535	-62%
Income Tax	(2,675)	(30,095)	
Net Income	14,084	14,441	-2%
Net Income Margin	5%	4%	

ITM structure



*: ITM own 2.95% from share buyback program

Note: Updated Coal Resources and Reserves as of 31 Dec 2018 based on estimates prepared by competent persons (considered suitably experienced under the JORC Code) and deducted from coal sales volume in 2Q20.