

ANALYST BRIEFING

3Q 22

PERFORMANCE RESULT

16 November 2022



OUR WAY IN ENERGY

www.itmg.co.id

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Transporting coal through hauling road

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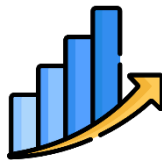
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Strong financial performance

Strong Bottom Line

High coal price benchmark has brought a positive impact to ITM financial performance. 3Q22 net profit recorded at **\$433M**, which is 75% higher as compared to 2Q22 net profit.



Utilizing coal price momentum

ITM's 3Q22 ASP increased to **\$210/ton** (+4% qoq or +90% yoy) as coal price environment remain strong due to global demand-supply dynamics and geopolitical conflicts.



Adjusting for heavy rain

3Q22 production level achieved the targeted number at **4.6Mt** despite challenging weather to our coal operations.



Strong cash flow generation and cash position

EBITDA generated at **\$630M** (+62% qoq or +108% yoy), resulting in solid cash position from \$808M in 2Q22 to **\$1,251M** in 3Q22.

Committed as a good and responsible corporate



Recognition on our commitment

Our strong code of conduct and value-driven performance has been recognized: 11 awards in good mining practices, 4 awards from TOP GRC and best listed company from Bisnis Indonesia and Investor magazine.



Progress on Mentawir Nursery

ITM assisted the development of "Nusantara" through constructing Mentawir Nursery. By 3Q22, the land clearing for the area has been completed and the facility construction has been started.

Moving towards greener, smarter transformation



Solar rooftop installed until 3Q22

PT Cahaya Power Indonesia (CPI), has installed 35.2 kWp at McDonald's Kemang and 18.6 kWp at McDonald's Boulevard, Kelapa Gading.



Rolling out 6 digital initiatives

ITM continues its digital transformation, such as launching integrated control room, carbon stock data collection by drone, as well as supporting mine reclamation and closure.

External recognition in 3Q22 for being good and responsible miner

Continuously adding value to the stakeholders



Bisnis Indonesia award 2022:
best listed company for coal sector



Investor awards best listed companies
2022: Top performing listed companies
with market capitalization above
Rp25triliun

Governance practices to conduct a lawful and ethical manner



11 awards in Good Mining Practice
Award (GMP) 2022, including Aditama
Awards that was received by IMM for
the Mining Engineering Management
category



4 awards in TOP GRC awards 2022
namely Top GRC Awards 2022 #4 Stars,
The Most Committed GRC Leader 2022,
The High Performing BOC, and The High
Performing Corporate Secretary

Greener growth through renewable energy business

- During early 2022, PT ITM Bhinneka Power (IBP), a subsidiary of ITM, established a company named PT Cahaya Power Indonesia (CPI).
- In its first year, CPI focuses on developing solar rooftop business with various customers on building and owned networking industry plants.
- Until 3Q22, CPI has finished installation of rooftop in two McDonald's, which is McDonald's Kemang and McDonald's Boulevard Kelapa Gading with total capacity of 54kWp. Overall, CPI has secured total agreement capacity to 7.3 MWp.
- Further exploration opportunity with potential customers for solar rooftop installation is ongoing.

Solar rooftop installed at the roof of McDonald's Kemang, Jakarta

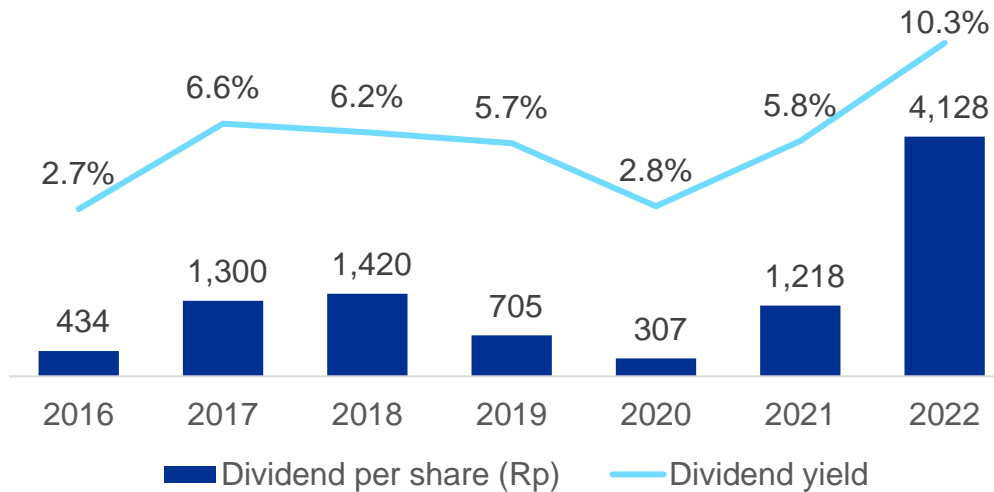


McDonald's Boulevard Kelapa Gading as one of places where CPI solar panel installed



Upholding dividend commitment while maintaining prudent cash management

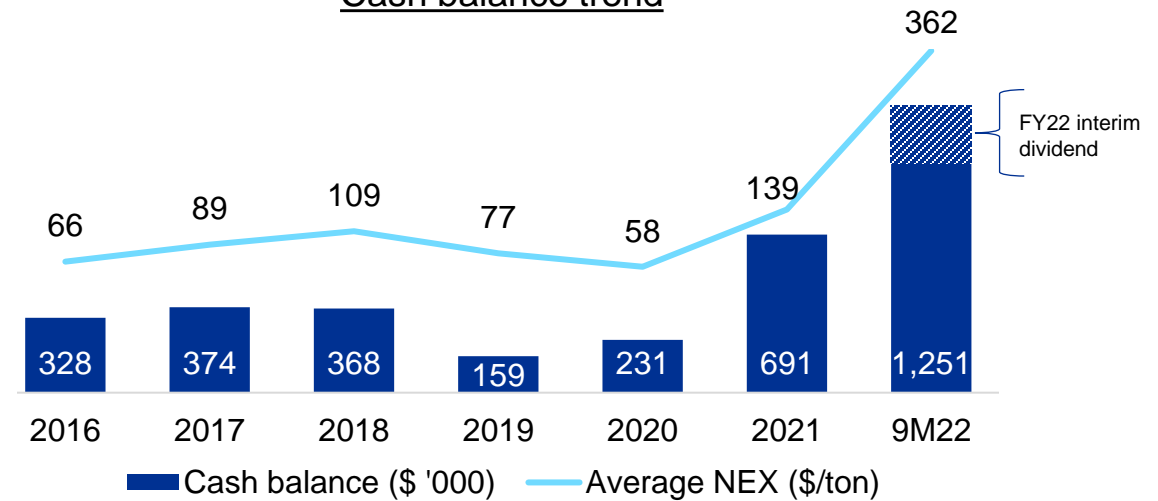
Interim dividend trend



Note: Dividend yield is calculated based on the price on the payment date, except 2022 which is calculated with assumption of 10 November closing price at Rp40,375/share

- 2022's Interim Dividend was announced at Rp4,128/share, the highest dividend paid for ITM, with the interim dividend yield above the 6-years average (2016-2021) of 5%.
- ITM is committed to its annual dividend distribution and never miss a single year since its IPO.
- The accumulation of dividend per share (DPS) since IPO is more than Rp 30,000/share, implying that ITM has distributed dividend more than 2x compared to its IPO price at Rp14,000.

Cash balance trend



Note: average NEX is on annual basis, with exception 2022 is only from January to September 2022

- ITM has consistently conducted prudent cash management which allows ITM to have more flexible timing in its corporate action. Historically, GPK was acquired in 2020 during lower coal benchmark price whereas ITM resourcefulness and sufficient cash enabled NPR acquisition in 2018.
- The ample cash balance would allow us to be **more agile in capturing the opportunity**, while increase our **resilience in facing more challenging externalities**.

MINING

Organic coal reserve growth to maximize its existing coal assets

Underground coal gasification

Currently in the pre-feasibility study phase of coal to ammonia downstream project at Indominco site

Greenfield coal mines development in three new mines (GPK, NPR and TIS)

Investment opportunities in clean techs minerals by exploring potential investments in high growth energy trends such as mineral or metal mining businesses



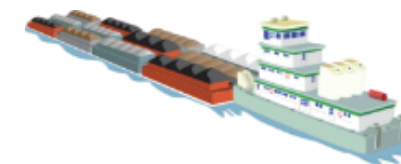
ENERGY SERVICES

Third-party coal sourcing to diversify the revenue source through third-party coal trading and blending

Natural capital solutions through Investment in reforestation and/or deforestation prevention for carbon offsetting along with land and biodiversity improvement

In-house mining contractor to expand its capacity and support operations efficiently

Utilizing existing logistics infrastructure such as port, to create more value creation and be a strategic business unit that generate profits



GREENER, SMARTER ENERGY

RENEWABLES AND OTHERS

Renewable energy generation with 2 solar PV hybrid plant (one is active while another is in construction), that currently used to generate power for our own operations. Another renewable energy source is also possible in the future, such as hydro power plant



Solar panel rooftop business to be one of the diversification toward renewable. The very 1st project will be held together with a business partner to ensure its going concern and risk-sharing for both parties



Digital solutions for mining operations which improves the monitoring and cost control capabilities



Coal inventory at the Port Stockyard area in Bunyut Port

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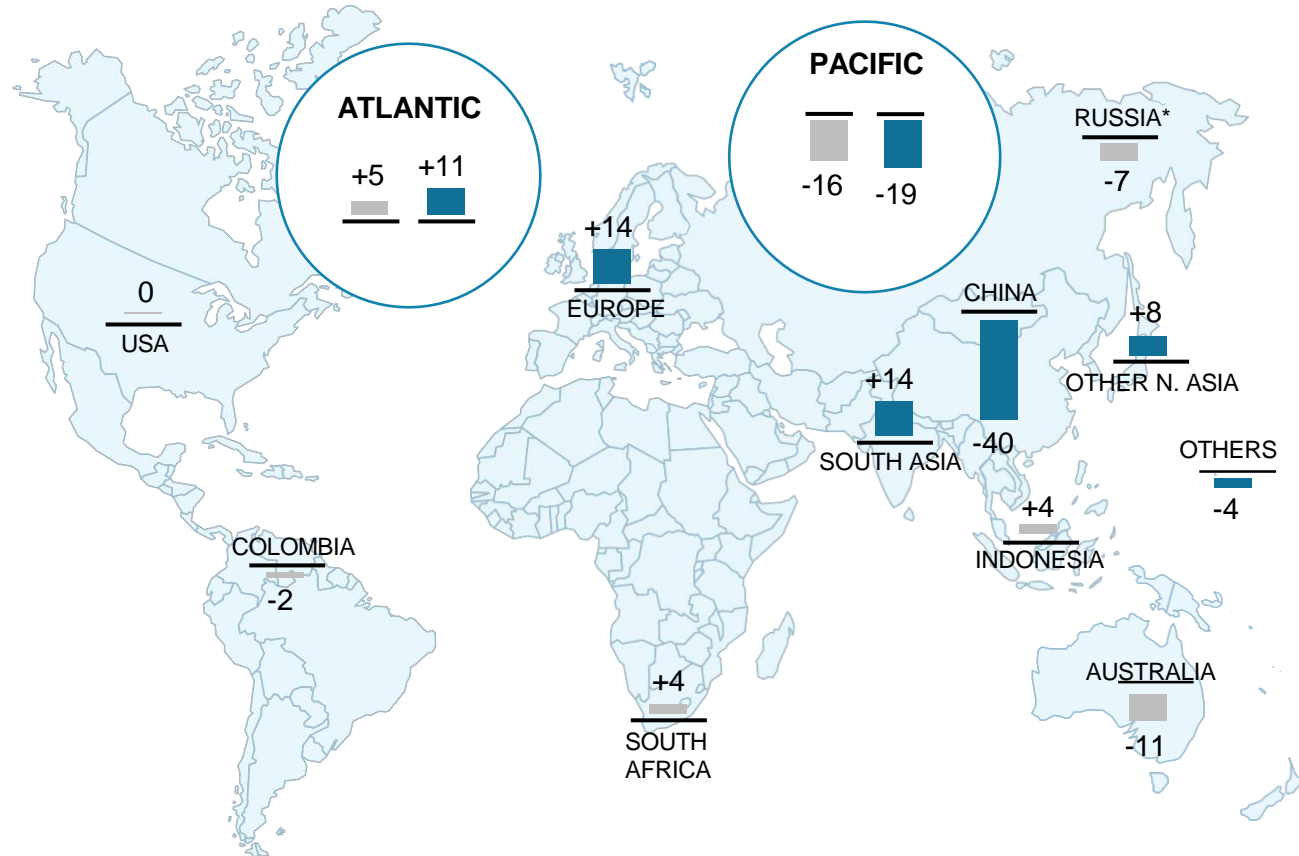
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Global thermal coal market

COAL DEMAND AND SUPPLY CHANGE – 2022E VS 2021

Unit: Mt SUPPLY DEMAND



TRENDS

DEMAND

Mild weather conditions helped ease the global thermal coal market ahead of winter. However, HCV demand is expected to remain strong due to the ban on Russian coal and expected colder-than-normal winter in the northern hemisphere. LCV market is weaker as China's imports have plummeted and are facing high competition from Russian coal.

- **China:** Covid-19 and safety restrictions impacted coal supply chains and drove domestic coal prices up. Supply concerns encouraged buyers to keep sourcing imported coal. China is still the main market driver for mid- to low-CV market.
- **India:** Coal demand is expected to remain strong in Q4 due to the season of festivities when contributions from hydro and renewables generally remain subdued. High discount of Russian coal remains attractive for Indian buyers.
- **JKT**:** Most utilities have secured enough stocks of HCV coal for winter. However, coal demand is expected to grow as South Korea lifted restrictions on coal burn while La Nina weather condition is expected to persist through winter.
- **Europe:** Coal burn remains strong as governments seek to preserve European gas supplies for the upcoming winter to help fuel heating demand. While sanctions on Russian coal came into force on 10th August. The EU's plan to cut gas consumption, intervene power market and cap energy prices helped to push coal prices down.

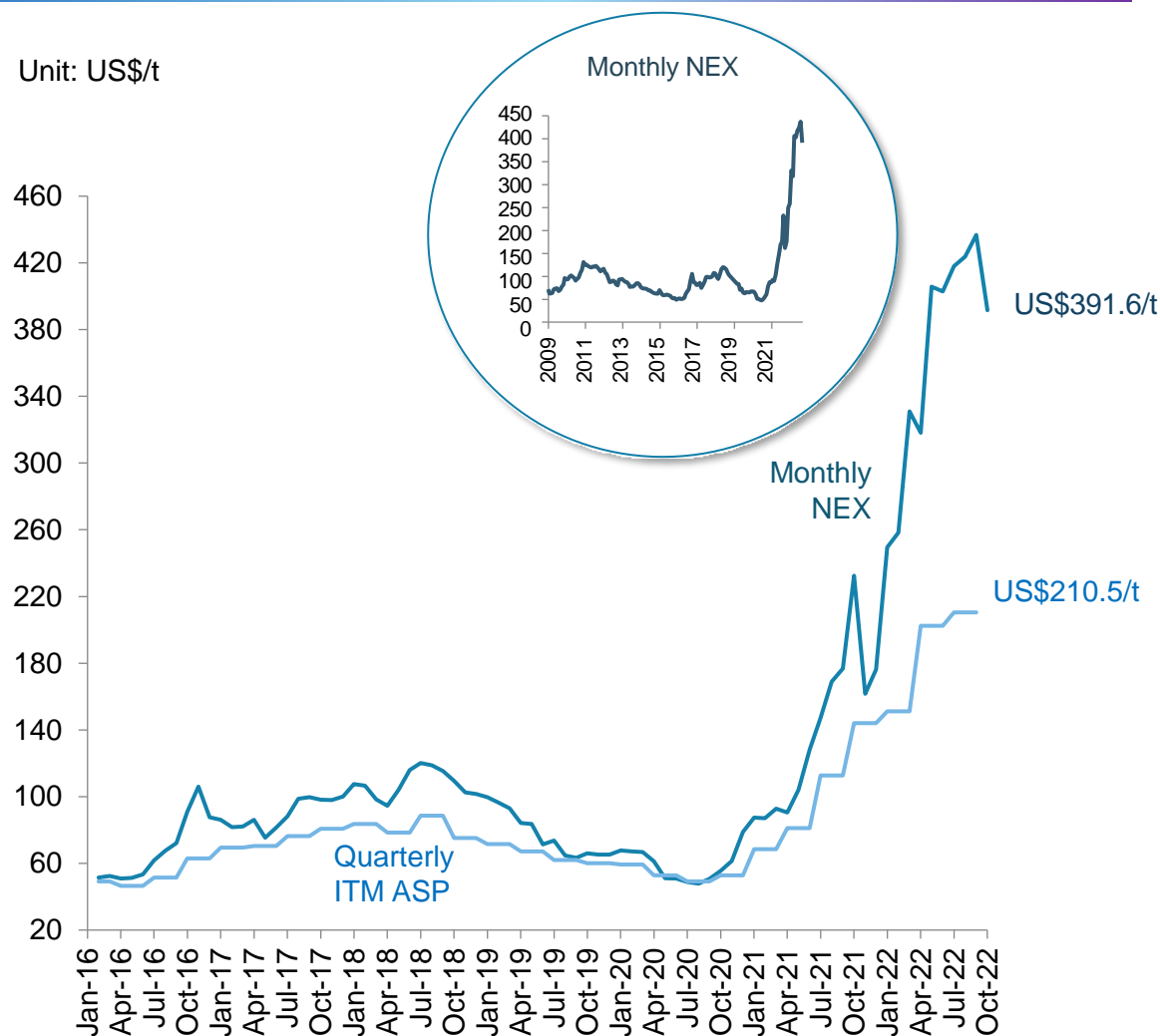
SUPPLY

HCV supply remains tight due to continued rainfall in Australia and limited upside from other origins. Mid-to-low CV supply is expected to remain healthy from steady Indonesian production and ample supply of Russian coal into Asia.

- **Indonesia:** Coal production remains strong, but more rainfall and high domestic demand are likely to limit availability of spot cargoes for exports, while more Indonesian coal are heading to Europe.
- **Australia:** Supply still struggling due to continued rainfall. La Nina weather condition is likely to stay until March 2023.
- **Others:** Russian exporters divert coal to Asia as the sanction came into effect while spot availability at far east port is limited for the near term. South African exports continue to be capped by logistical constraints. Colombia's exports to Europe soar but there is little scope for a production improvement.

ITM ASPs vs thermal coal benchmark prices

ITM ASP VS BENCHMARK PRICES

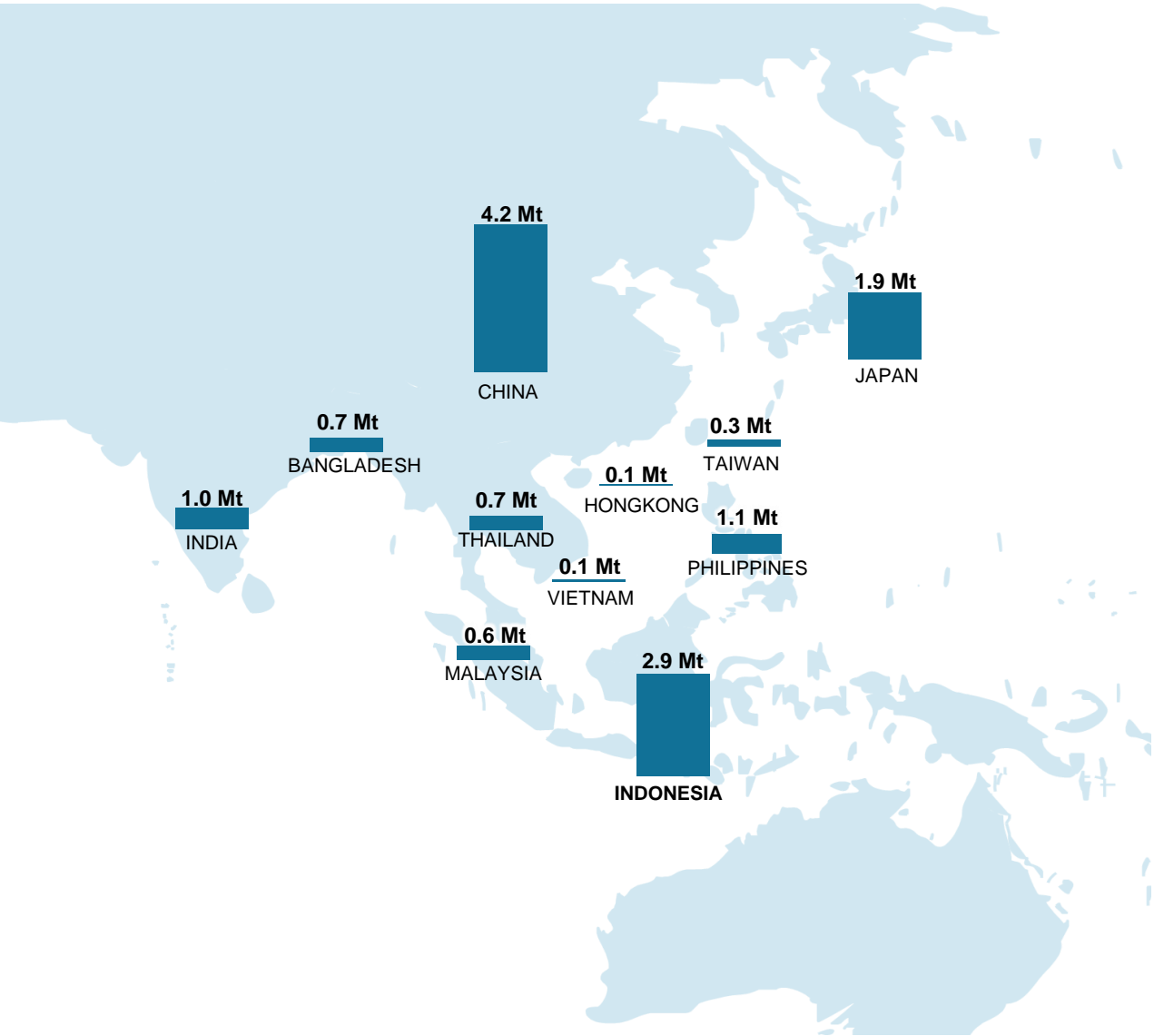


Note: *Includes post shipment price adjustments as well as traded coal
**The Newcastle Export Index (NEX)

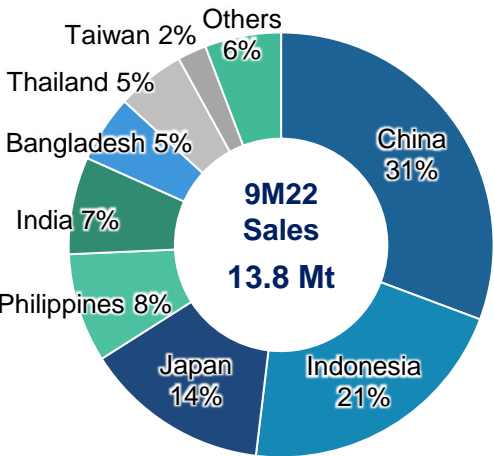
COMMENTS

- The overall seaborne premium thermal coal market remained extremely strong through 3Q22, mainly due to the strong gas market, as well as the wet weather in major coal fields in Australia.
- On 6 September, GCNewc hit US\$466/t, breaking the previous record (US\$463/t in May). Since early September, the coal market started weakening until the end of Q3. As a result, GCNewc monthly average price has continuously rewritten historical records through Q3 (US\$410.83/t for July, US\$417.39/t for Aug., and US\$434.02/t for Sep.)
- The lower quality thermal coal market has been relatively volatile during Q3. ICI hit the bottom in late August, then gradually recovered through September, mainly due to the hot, dry prolonged summer in major industrial areas of China prompting strong Chinese import demand. Despite the mild recovery, the average price level of mid-low CV Indo coal market in 3Q22 was lower than 2Q22 level.
- We see 3Q22 could be the peak of premium specification thermal coal in a foreseeable future, while the fundamentals of the thermal coal market is still relatively strong, considering the geopolitical environment.
- Demand for off specification thermal coal has become relatively strong due to stronger-than-expected Chinese demand and new demand from traditional premium coal buyers.
- ITM ASPs in 3Q22 continue to increase.
- Key price metrics:
 - ITM ASP 3Q22 : US\$210.5/t* (+4% QoQ)
 - NEX (November 4, 2022)**: US\$375.5/t

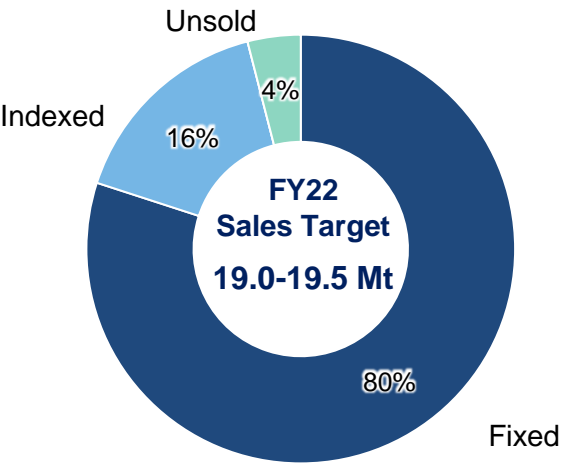
9M22 COAL SALES BREAKDOWN BY DESTINATION



COAL SALES 9M22



INDICATIVE COAL SALES FY22





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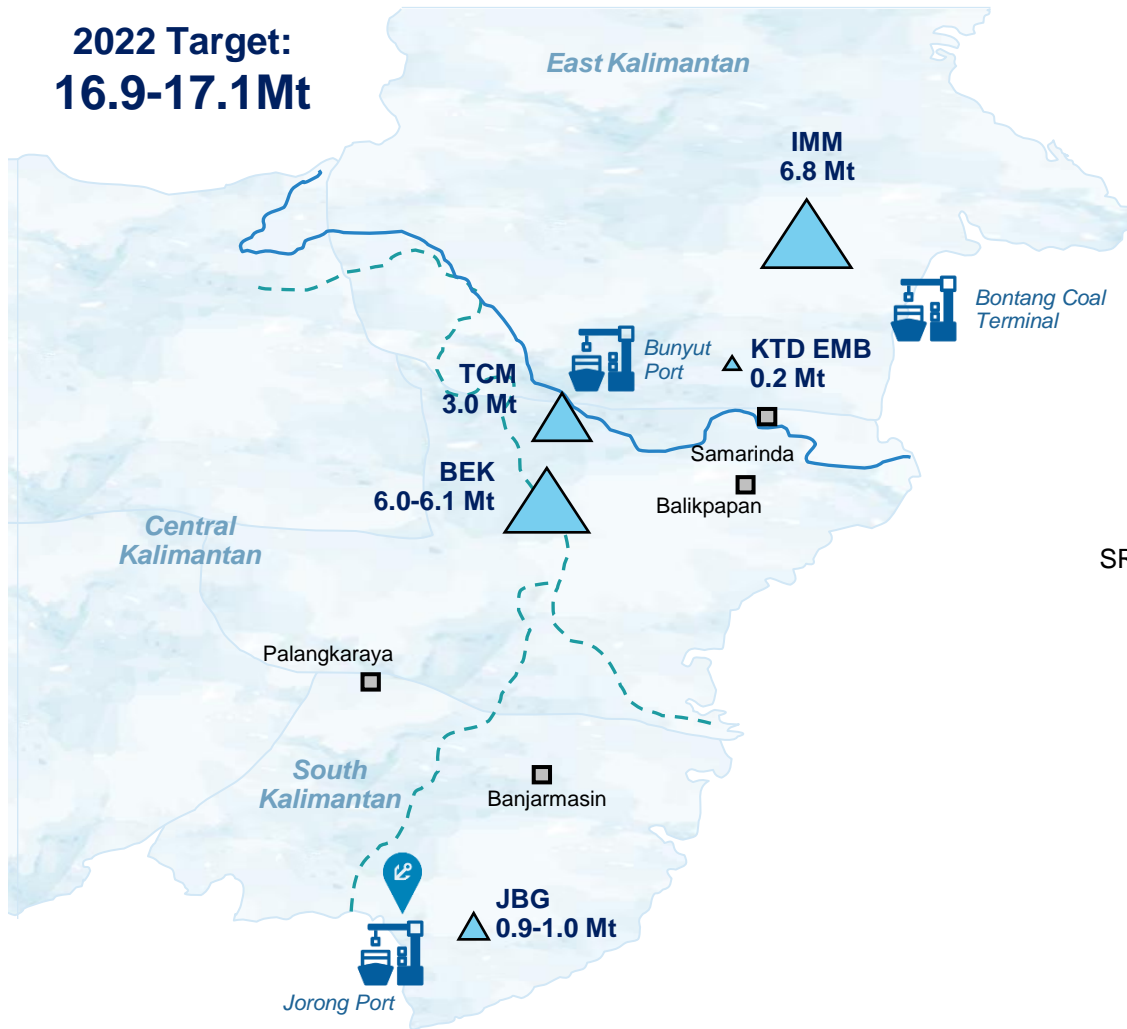
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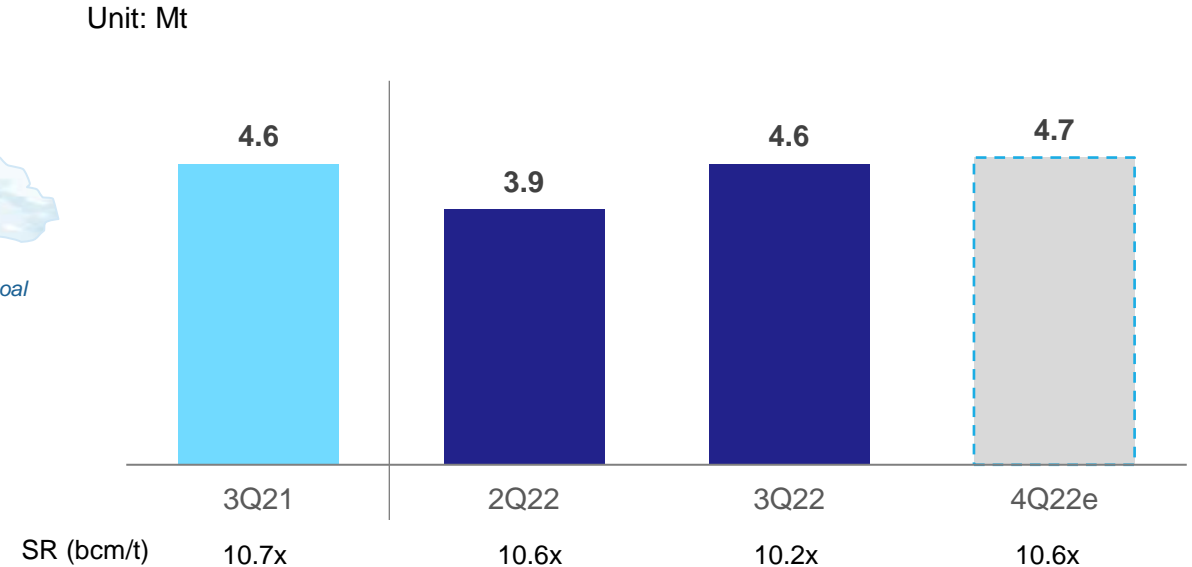
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Operational summary 3Q22

SCHEMATIC



OUTPUT TREND



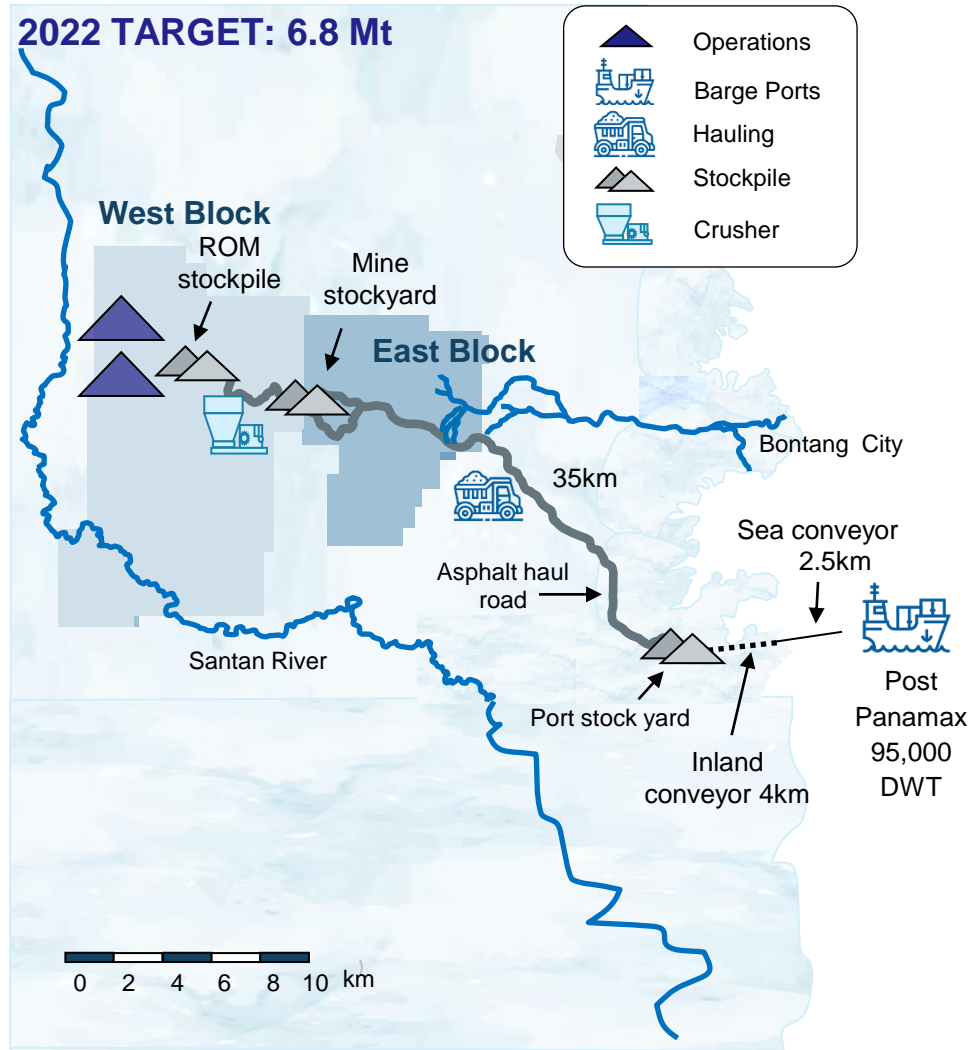
COMMENTS

- 3Q22 production achieved the target of 4.6mt despite more challenging weather caused by higher rainfalls and slippery.
- 4Q22 production target is expected slightly higher at 4.7Mt, supported by expansion area in Bharinto and improvement on the contractor's performance. However, we also anticipate more challenging weather entering rainy season in Indonesia.
- Maintaining the strip ratio control around 10-11x with 4Q22e is targeted at 10.6x.

Coal operations: Indominco Mandiri

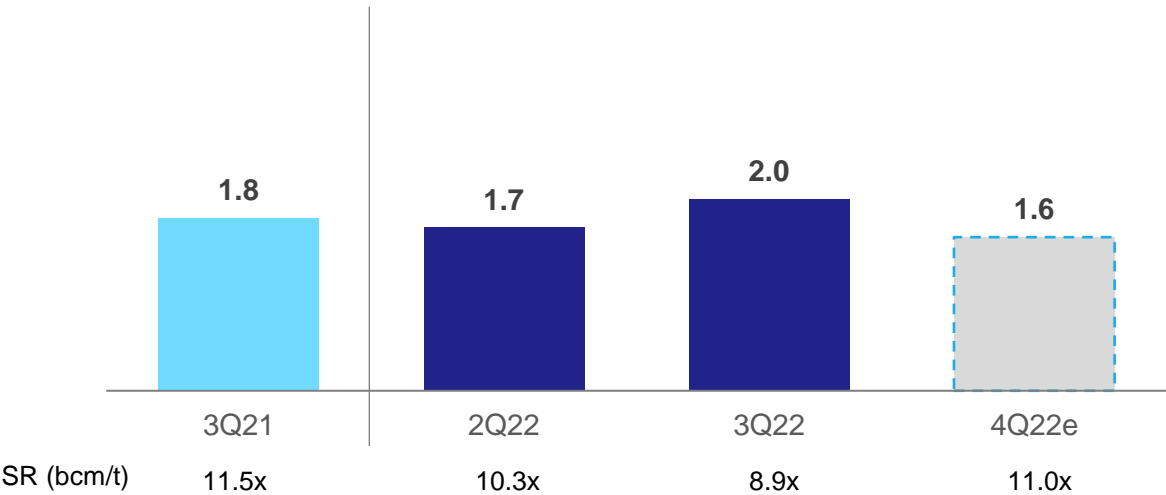


SCHEMATIC



OUTPUT TREND

Unit: Mt



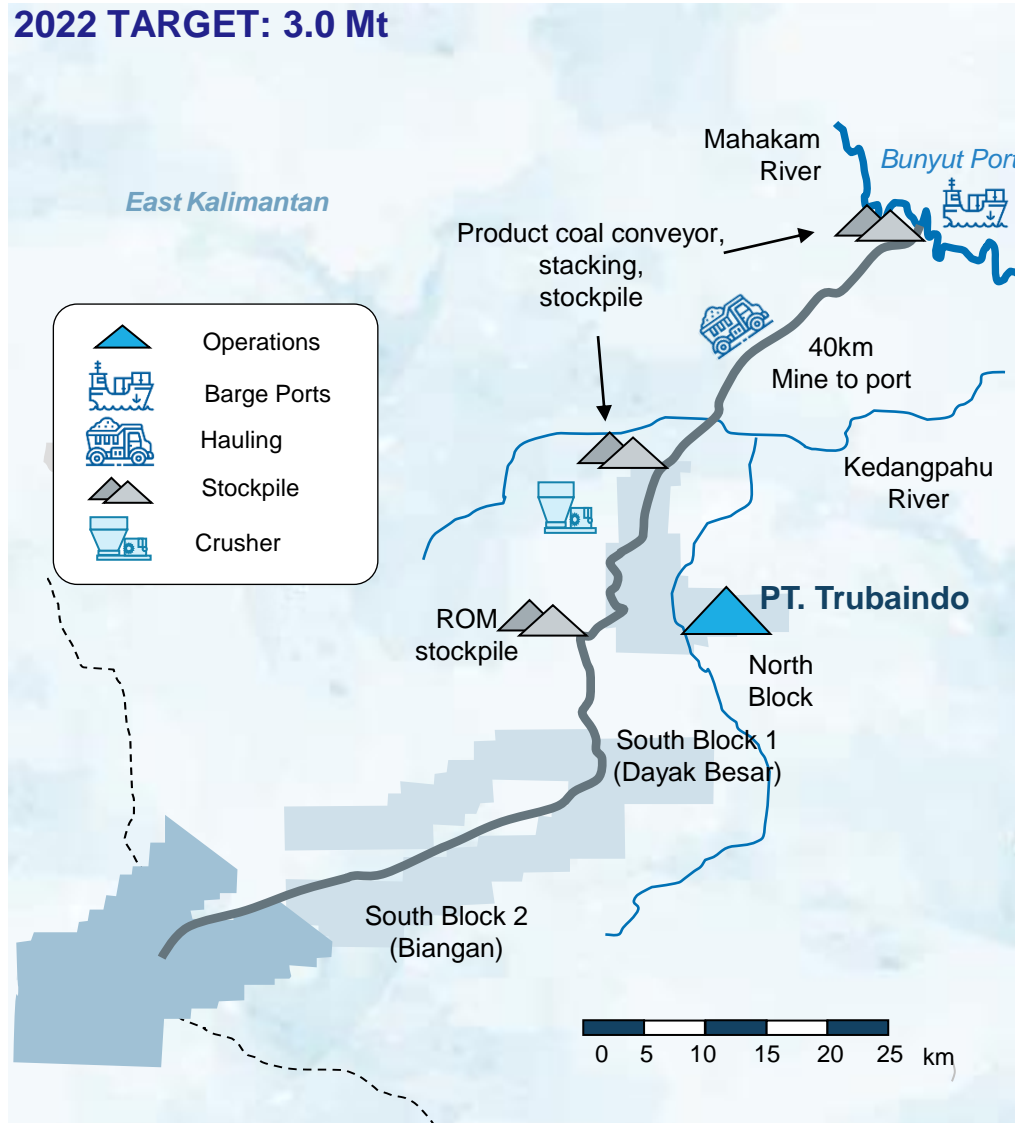
COMMENTS

- 3Q22 actual production achieved at 2.0Mt with favorable strip ratio of 8.9x despite the rain was worse than expectation.
- 4Q22 output target is set at 1.6Mt following 2022 production target (RKAB) approval by Ministry of Energy and Mineral Resources (ESDM) and higher rainfalls as we enter into rainy season.

Coal operations: Trubaindo Coal Mining

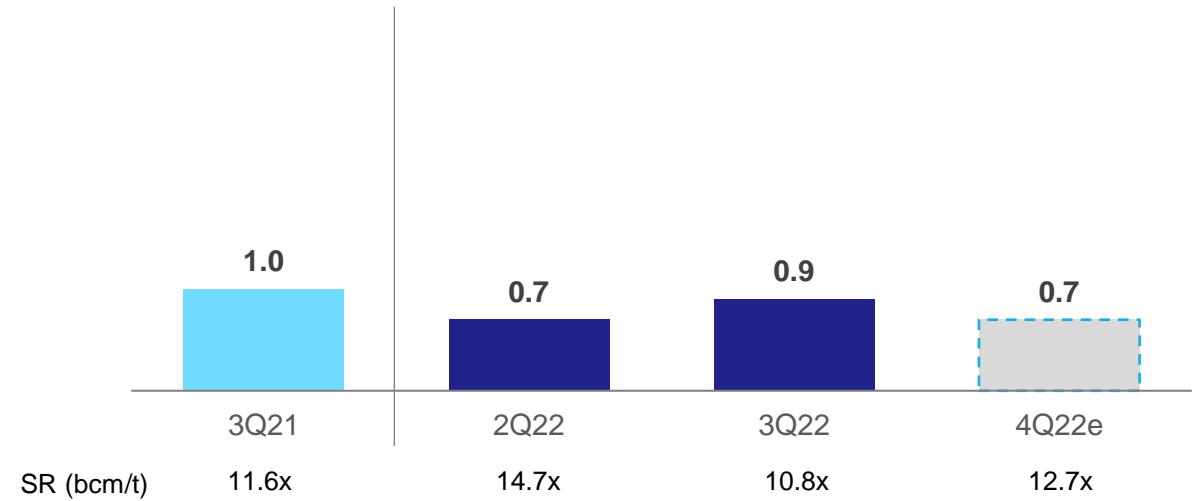
SCHEMATIC

2022 TARGET: 3.0 Mt



OUTPUT TREND

Unit: Mt



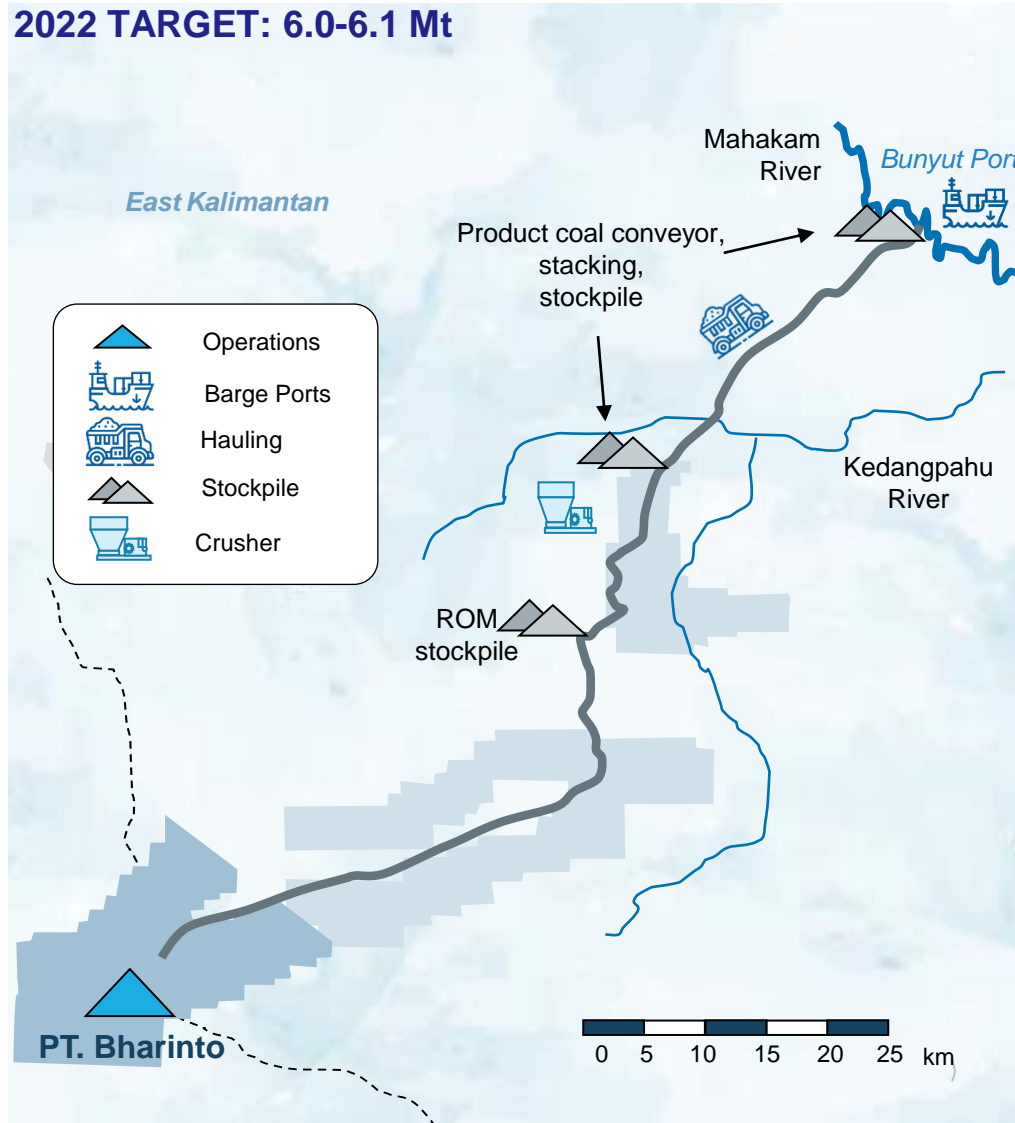
COMMENTS

- 3Q22 production exceeded target at 0.9Mt due to better weather and improvement on the mining contractor's performance.
- 4Q22 output target will be at 0.7Mt following 2022 production plan (RKAB) approved by Ministry of Energy and Mineral Resources (ESDM). Meanwhile, 4Q22 strip ratio is expected at 12.7x

Coal operations: Bharinto Ekatama

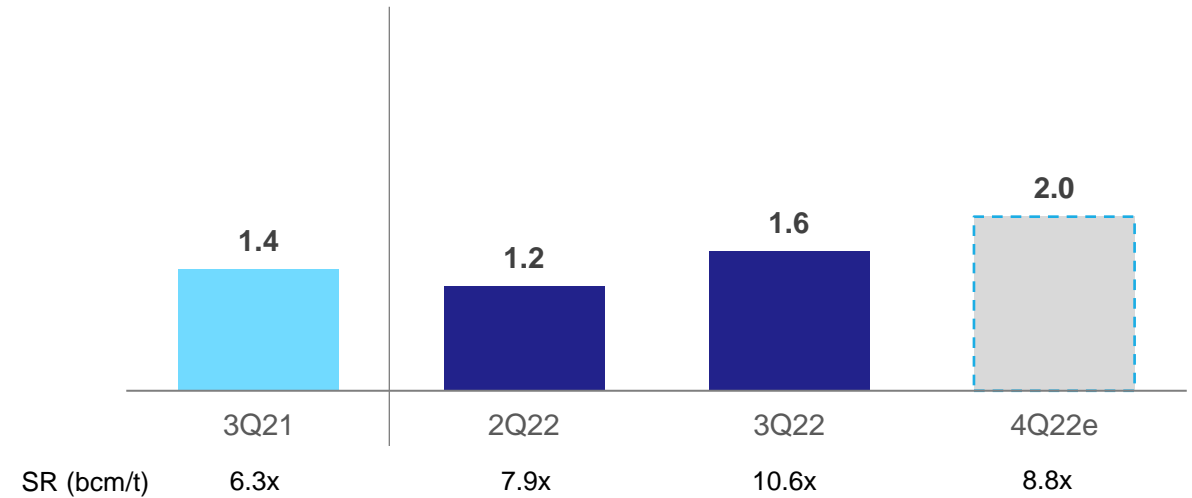
SCHEMATIC

2022 TARGET: 6.0-6.1 Mt



OUTPUT TREND

Unit: Mt

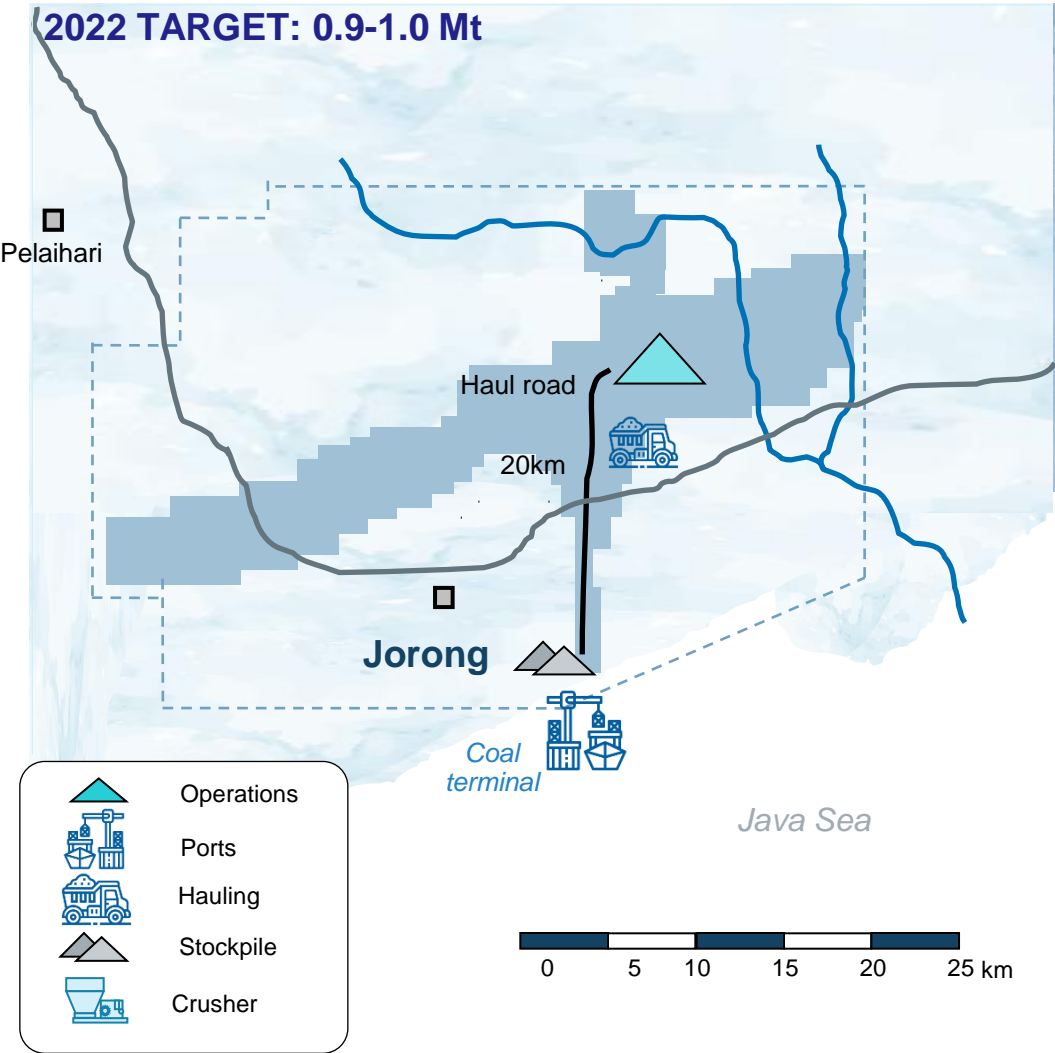


COMMENTS

- 3Q22 production exceeded target at 1.6Mt amidst challenging rainfalls and initiatives in expanding to central Kalimantan mining area.
- Realizing the production in the Central Kalimantan mining area, 4Q22e production continues to ramp up with the target set at 2.0Mt.

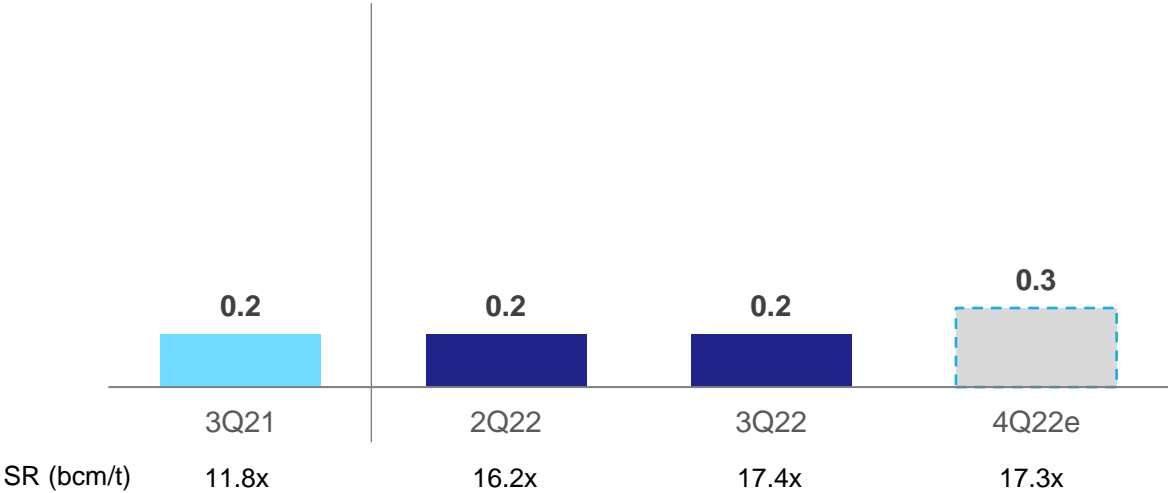
Coal operations: Jorong

SCHEMATIC



OUTPUT TREND

Unit: Mt



COMMENTS

- 3Q22 production achieved at 0.2Mt with strip ratio at 17.4x despite bad weather affecting the production.
- 4Q22 output target is set at 0.3Mt despite several challenges due to weather uncertainty and the heavy equipment conditions.



Command center of Bontang port

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Highlights of 3Q22 results

Key Figures

3Q22

NPAT

Robust profitability continues, supported by elevated commodity price and increase production.

\$433 M

Revenue

Buoyant topline as following the synergy of strong sales both in domestic and export market as well as high ASP.

\$1,195 M

Gross Margin

Maintaining favorable gross margin due to strong revenue generation and improved operational results.

55%

Key Takeaways

1

Improvement across profitability

Increasing confidence in our financial performance following the improvement of gross profit/EBITDA/net profit margin by 2%/3%/5% qoq indicating our capacity in leveraging the external environment and operational effectiveness.

2

Robust balance sheet and cash position

Following strong cash generation with EBITDA of \$630mn, cash position has increased into \$1,251M which will enhance ITM capacity in seizing any befitting opportunities to come.

3

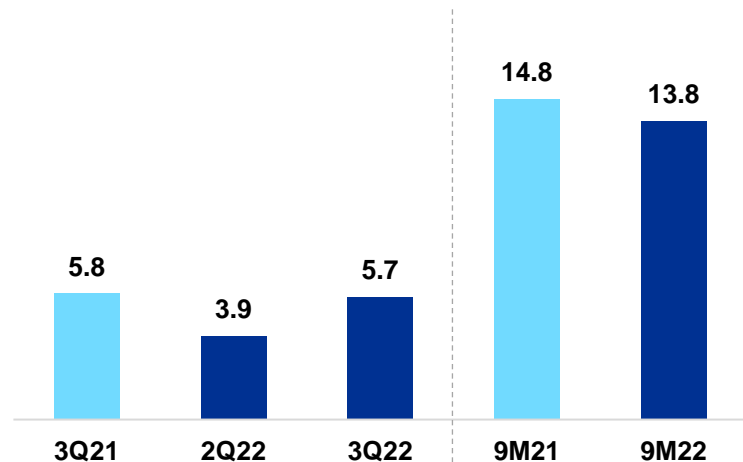
Cost is impacted by royalty and fuel

Total cost is rising following the fuel price and royalty increase. Reflecting the increase of ASP, royalty has surged from \$13/ton in 3Q21 to \$32/ton in 3Q22.

Profitability – Income statement

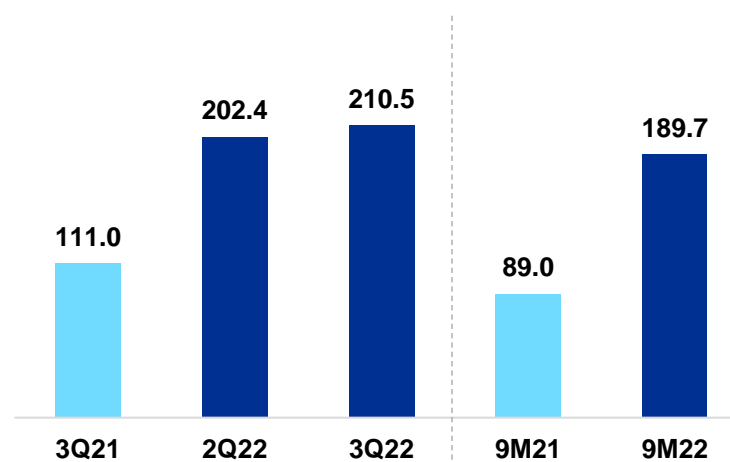
SALES VOLUME

Unit: Mt



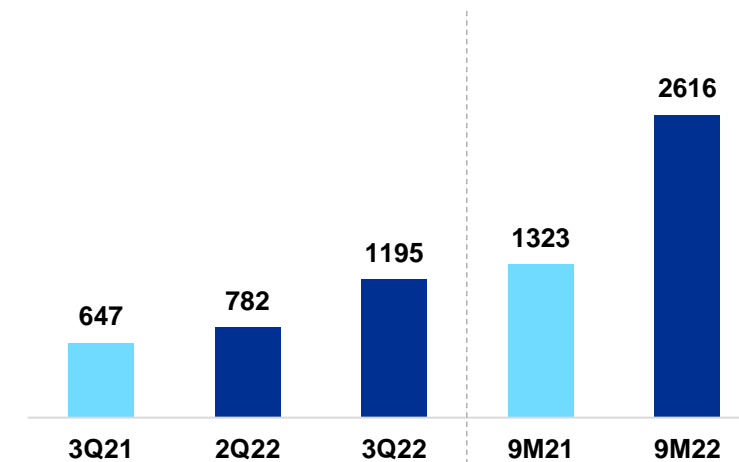
AVERAGE SELLING PRICE

Unit: US\$/t



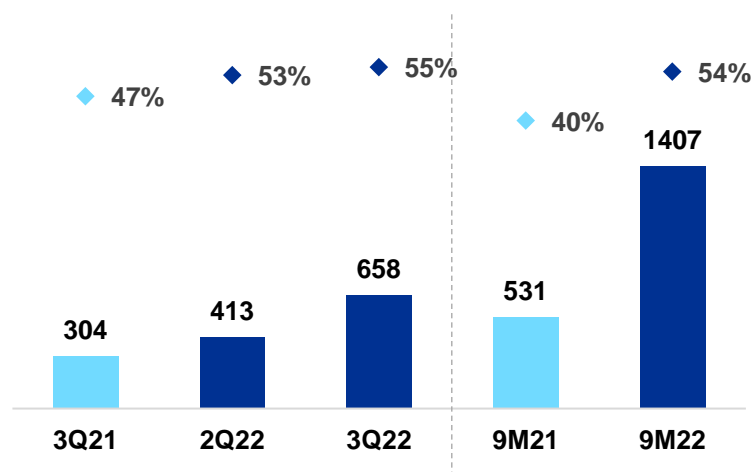
REVENUE

Unit: US\$ million



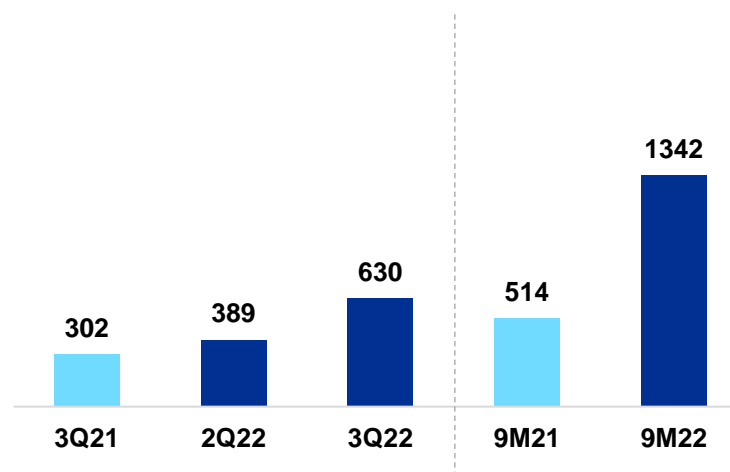
GROSS PROFIT AND GPM

Unit: US\$ million



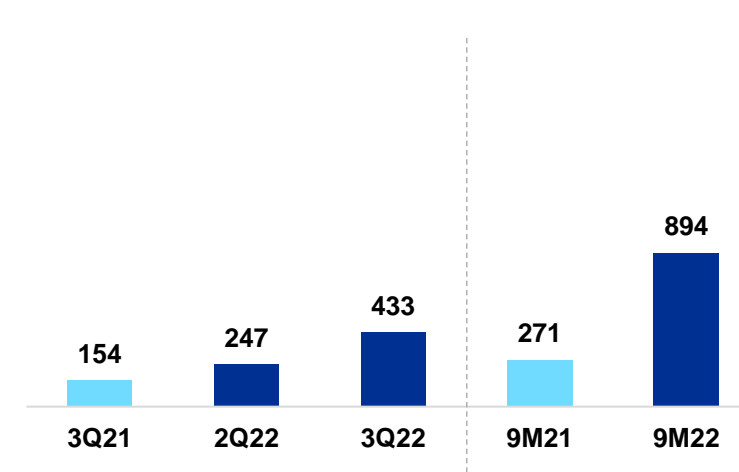
EBITDA

Unit: US\$ million



NET PROFIT

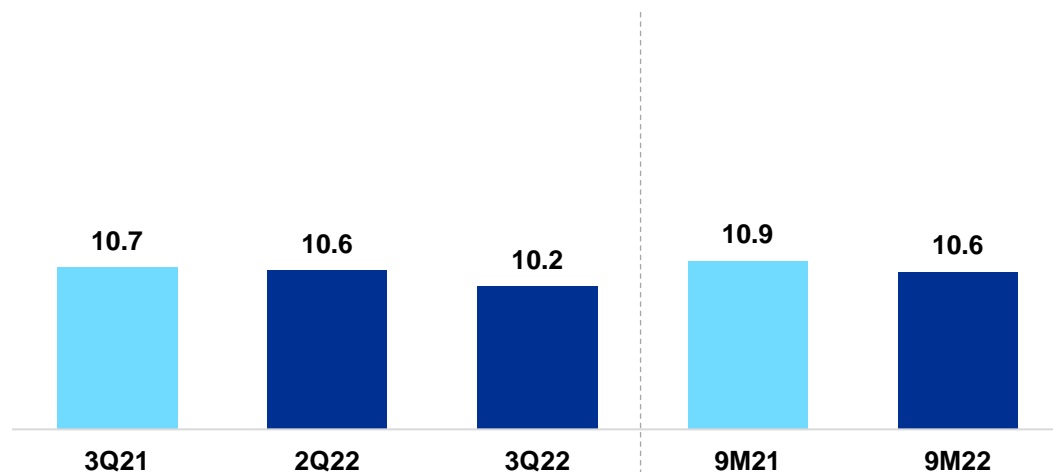
Unit: US\$ million



Cost analysis

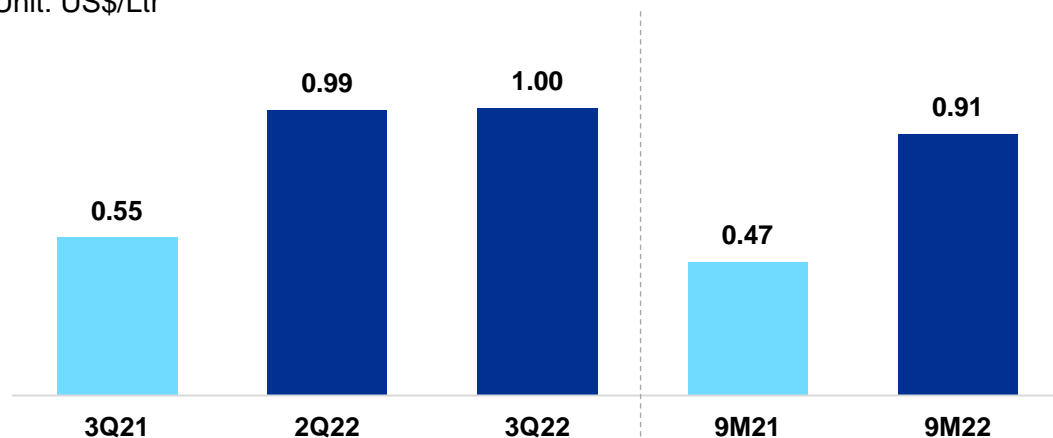
WEIGHTED AVERAGE STRIP RATIO

Unit: Bcm/t



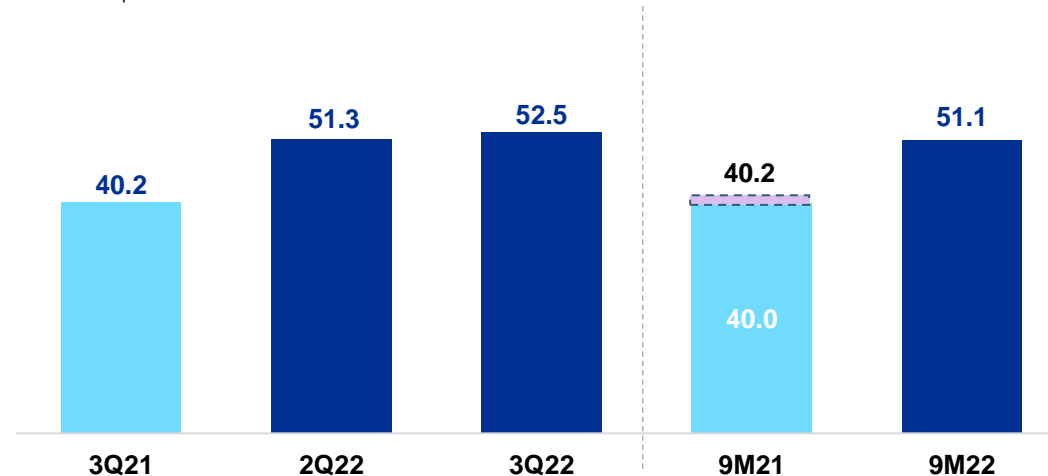
FUEL PRICE

Unit: US\$/Ltr



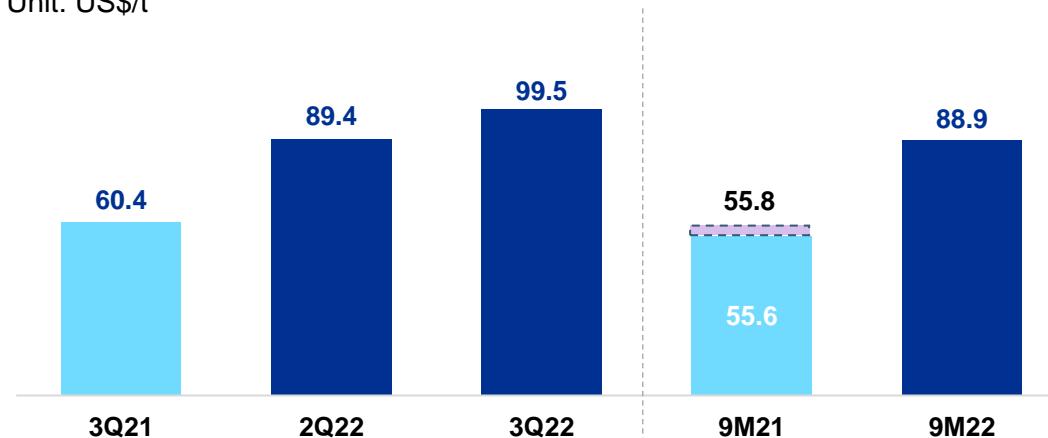
PRODUCTION COST

Unit: US\$/t



TOTAL COST*

Unit: US\$/t



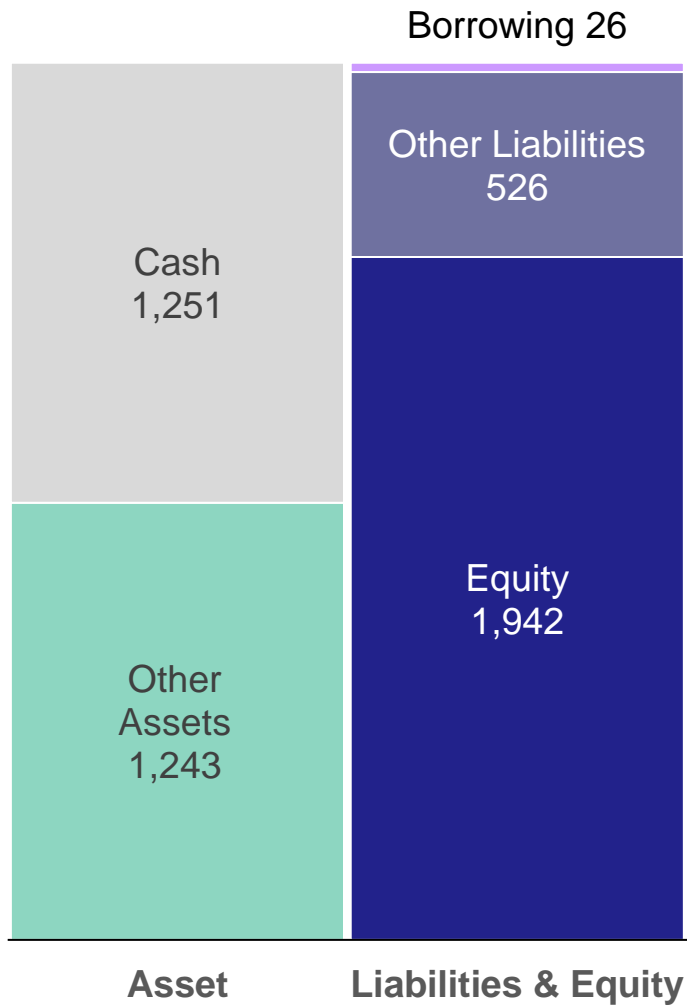
*Cost of Goods Sold + Royalty + SG&A

Cost from non-coal portion

Balance sheet

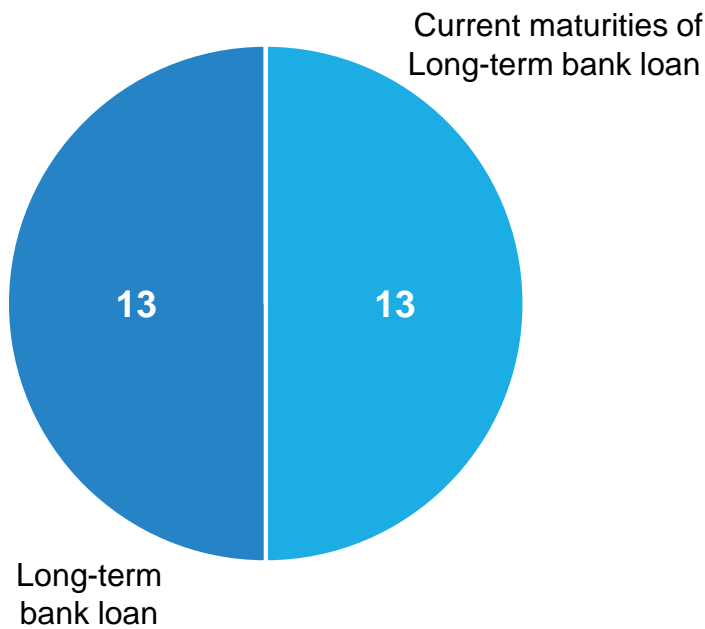
3Q22 BALANCE SHEET

Unit: US\$ million



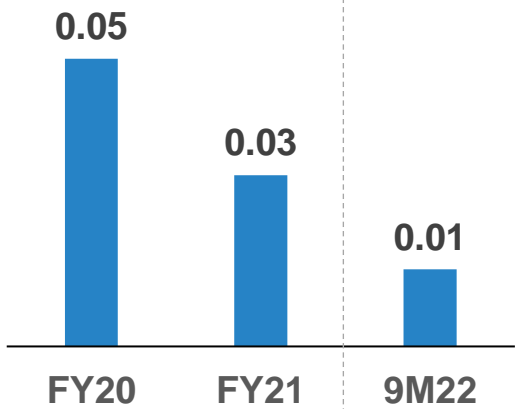
BANK LOAN DETAILS

Unit: US\$ million

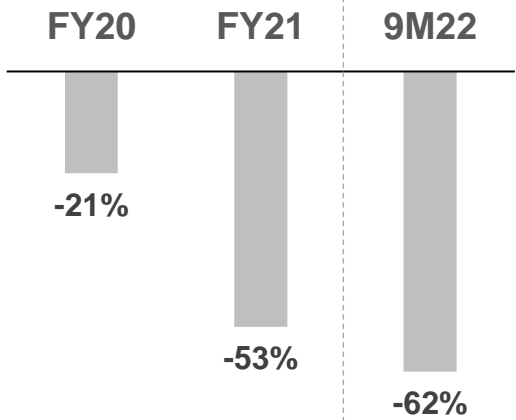


KEY RATIOS

Debt to Equity (x)



Net Gearing (%)



Note: Net gearing formula is net debt to total debt and equity

9M22 capital expenditure

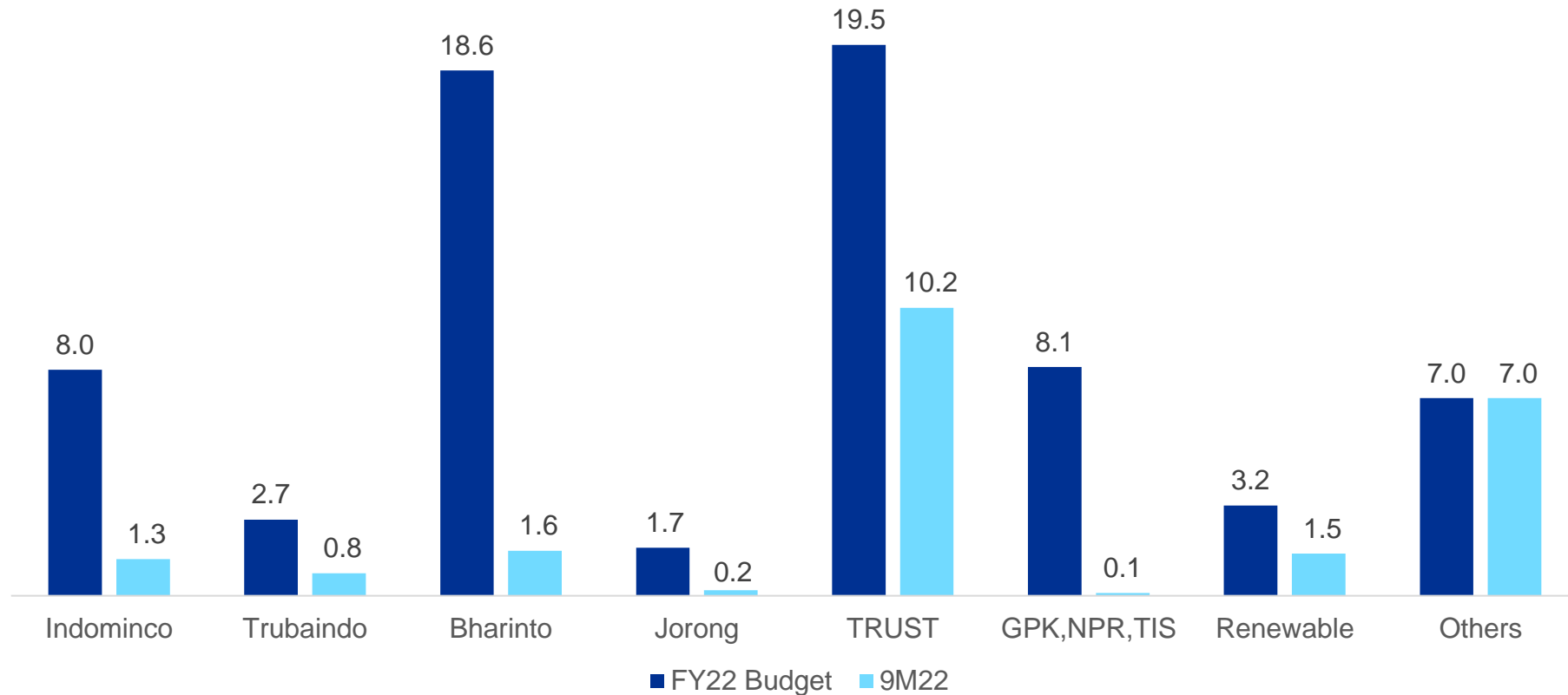


9M22 CAPEX total:

\$22.8 mn

FY22 CAPEX budget:

\$68.8 mn



Note: Total capex plan including Jakarta office after elimination.



Biodiversity conservation nearby mining area

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Income statement – 9M22 vs 9M21



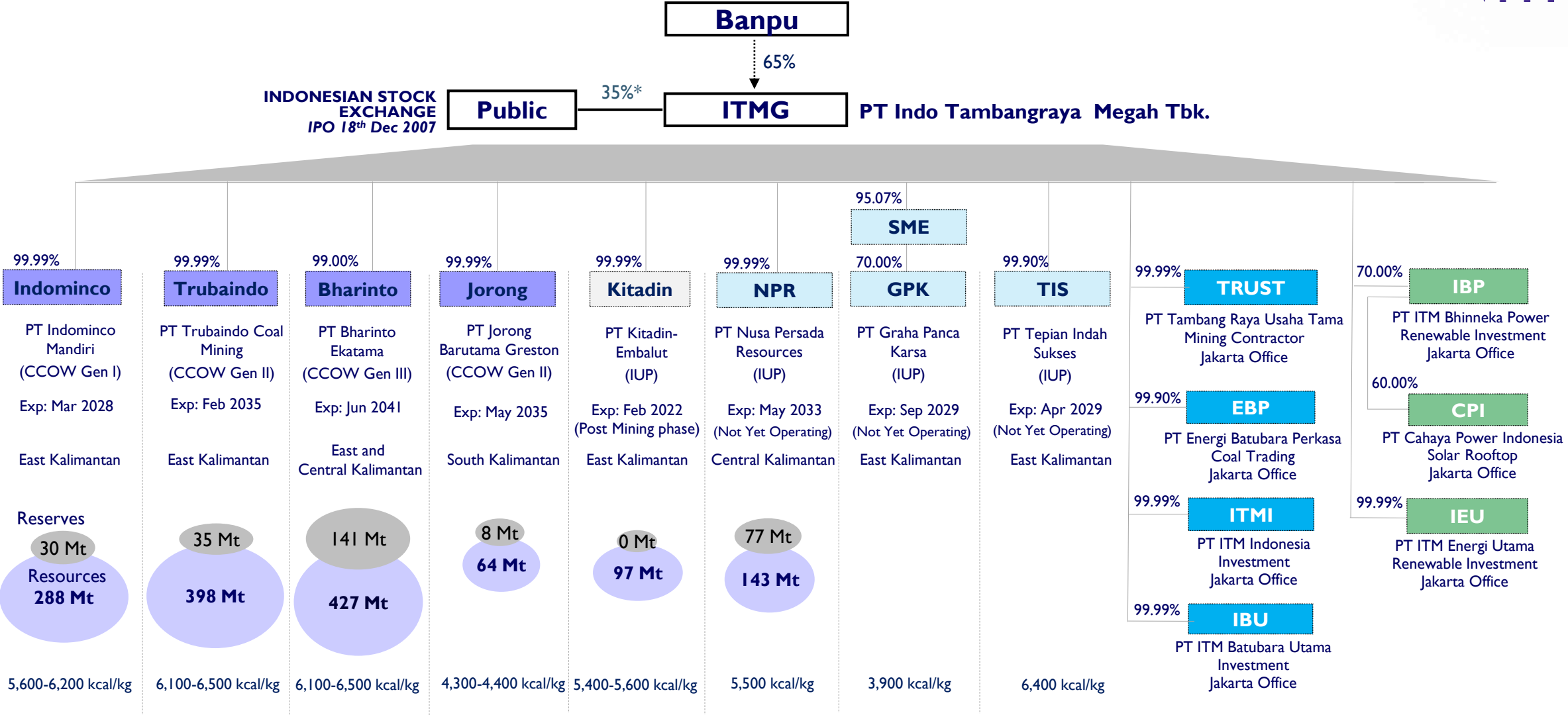
Unit: US\$ thousand	9M22	9M21	YoY%
Net Sales	2,616,438	1,323,345	98%
Gross Profit	1,406,710	531,047	165%
GPM	54%	40%	
SG&A	(133,602)	(81,801)	
EBIT	1,273,108	449,246	183%
EBIT Margin	49%	34%	
EBITDA	1,341,548	514,490	161%
EBITDA Margin	51%	39%	
Net Interest Income / (Expenses)	1,071	191	
FX Gain / (Loss)	(21,240)	(2,026)	
Derivative Gain / (Loss)	(101,067)	(91,081)	
Others	(5,487)	(4,302)	
Profit Before Tax	1,146,385	352,028	226%
Income Tax	(252,835)	(80,544)	
Net Income	893,550	271,484	229%
Net Income Margin	34%	21%	

Income statement – 3Q22 vs 2Q22



Unit: US\$ thousand	3Q22	2Q22	QoQ%
Net Sales	1,194,897	781,608	53%
Gross Profit	657,550	412,829	59%
GPM	55%	53%	
SG&A	(53,806)	(43,464)	
EBIT	603,744	369,365	63%
EBIT Margin	51%	47%	
EBITDA	629,516	388,912	62%
EBITDA Margin	53%	50%	
Net Interest Income / (Expenses)	878	250	
FX Gain / (Loss)	(9,956)	(9,743)	
Derivative Gain / (Loss)	(43,273)	(38,095)	
Others	(1,872)	576	
Profit Before Tax	549,521	322,353	70%
Income Tax	(116,653)	(74,894)	
Net Income	432,868	247,459	75%
Net Income Margin	36%	32%	

ITM structure



*) As of 30 June 2022, ITM has sold 2.95% of its treasury share back to the market.
Note: Reserves and Resources is as of 31st Dec 2021. The number disclosed above used the 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 during 2019-2021.