



PT Indo Tambangraya Megah Tbk



Analyst Briefing 1Q16 Performance Results

Jakarta, 13 May 2016

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- 1 Introduction**
- 2 Operational review
- 3 Commercial review
- 4 Financial review

Highlights of 1Q16 results



Coal Sales: 6.9 Mt

 **Down 0.3 Mt**
 -4% Q-Q

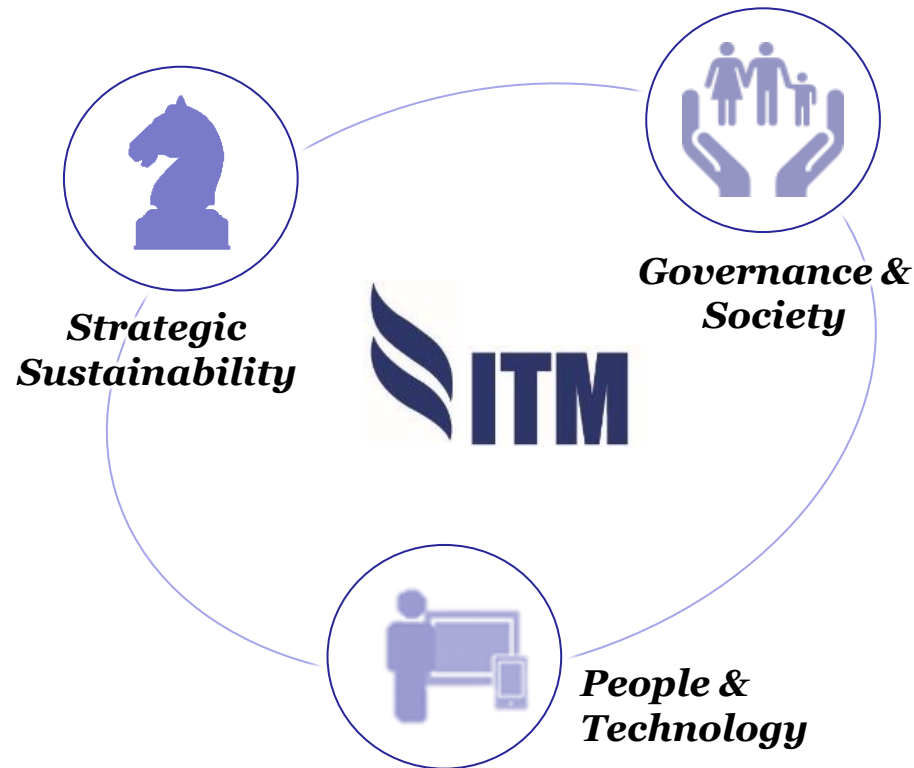
 **Down 0.2 Mt**
 -3% y-y

Unit: US\$M

	<u>1Q16</u>	<u>4Q15</u>	<u>1Q15</u>	<u>Q-Q</u>	<u>y-y</u>
Total Revenue	331	383	428	-14%	-23%
Gross Profit Margin	21%	24%	23%	-3%	-2%
EBIT	38	47	59	-19%	-35%
EBITDA	50	66	74	-25%	-33%
Net Income	23	(20)	38	+216%	-39%
ASP (USD/ton)	\$47.6	\$52.8	\$60.5	-10%	-21%

ITM: the way forward

- Long term sustainable and reliable growth and return in energy and related business
- Continue legacy – excellent choice for global investors

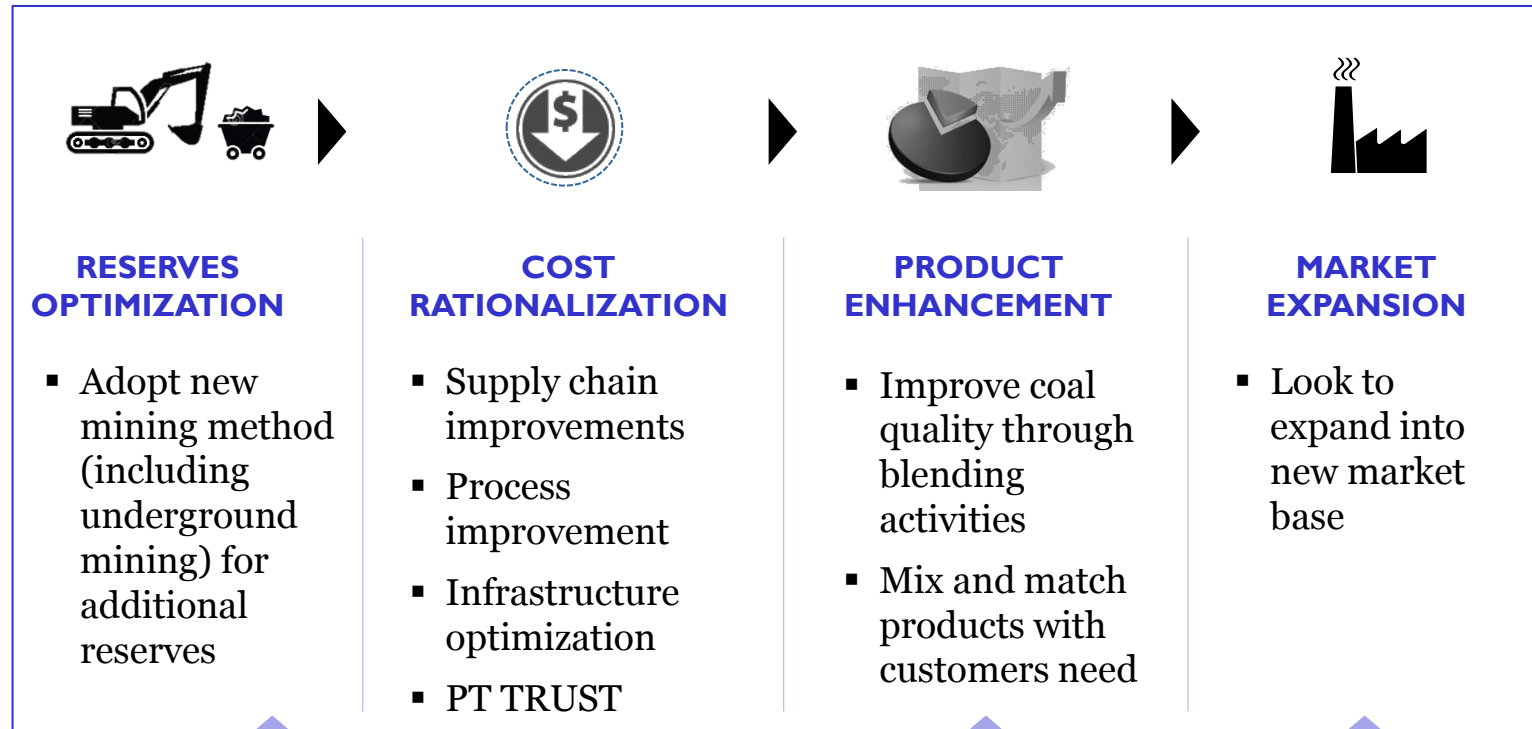


- Focus on benefits of both shareholders and stakeholders
- Working in tandem with key stakeholders

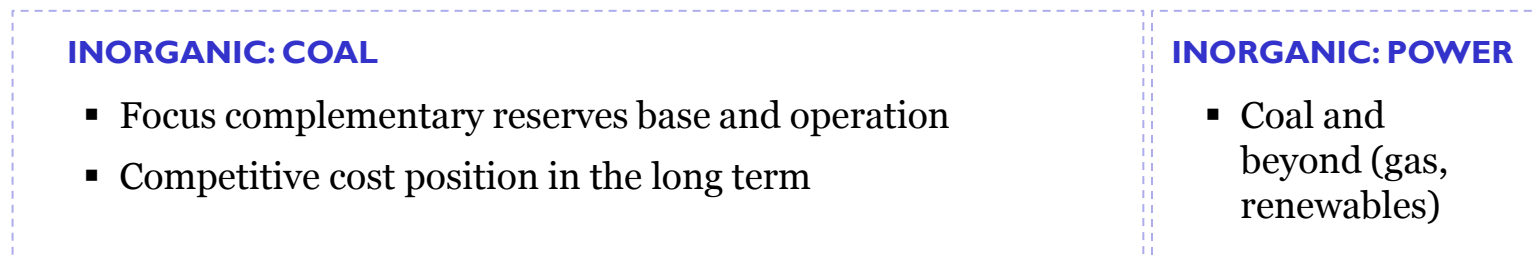
- “Right people on the right jobs”
- Adopt technology to streamline and to enable people to work more effectively and efficiently

ITM: strategy towards sustainability

Strengthening the core



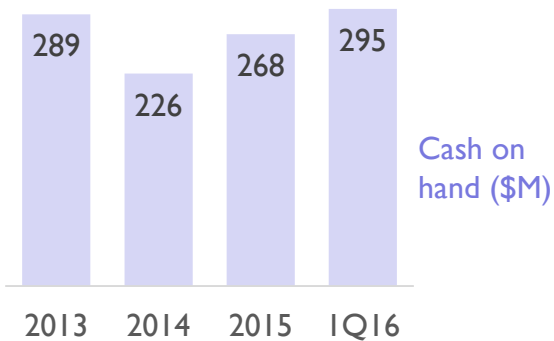
Expanding the core



ITM financial strategies: strength and flexibility

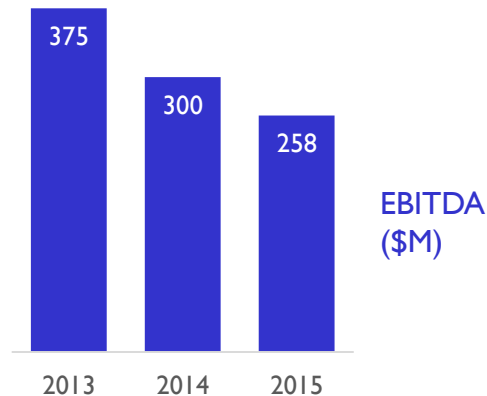


STRONG BALANCE SHEET



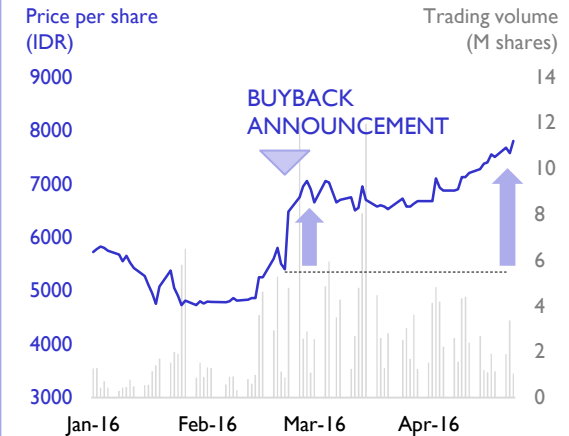
- Strong balance sheet – no debt and c.\$300m cash position
- Flexibility for liquidity and for new growth both organic and inorganic

STRONG CASH FLOW



- Strong cash flow despite downturn in the coal market

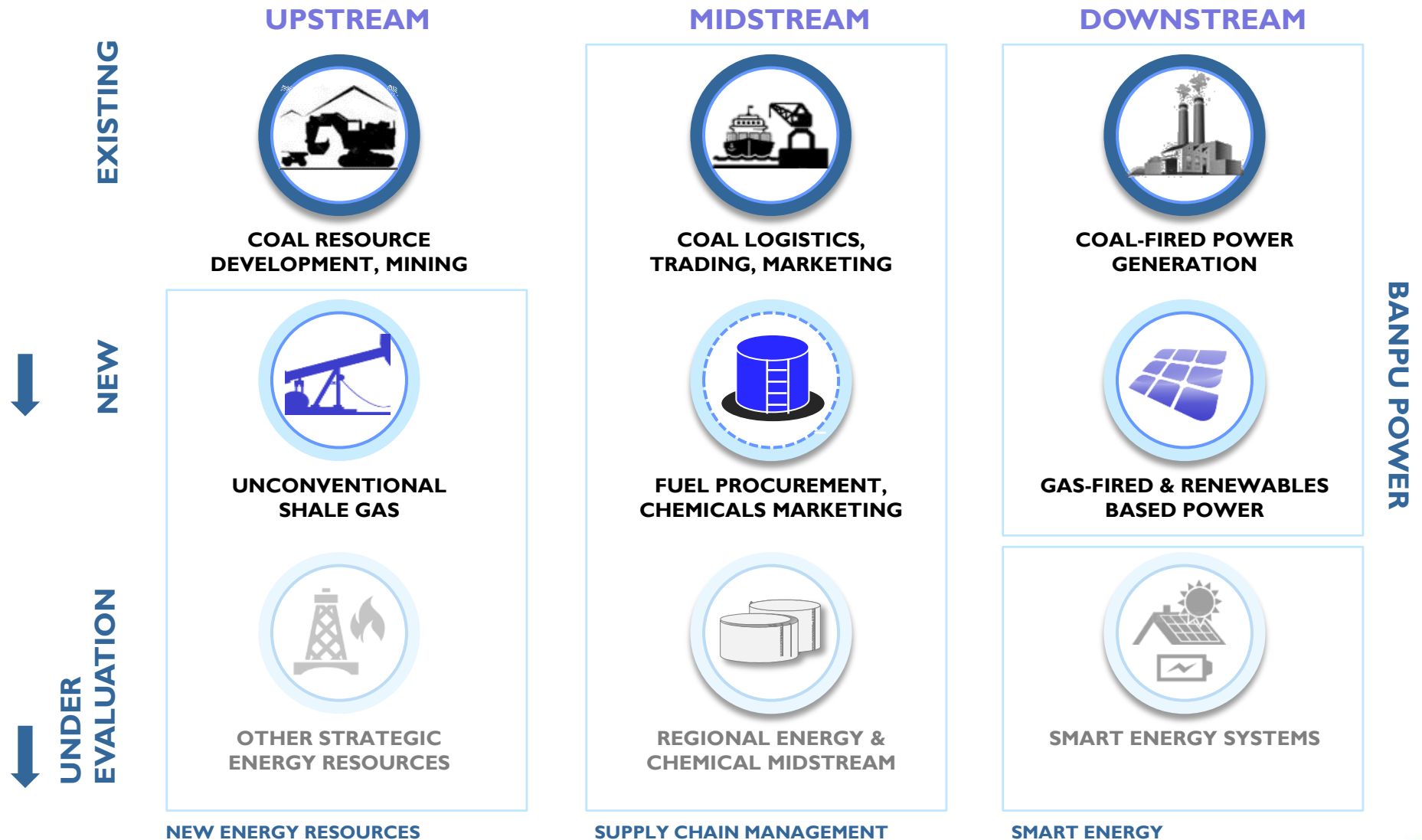
SHARE BUYBACK



- Share price improvement – 37% since announcement
- Liquidity enhancement – liquidity ratio from 0.3x pre-buyback to 0.7x after announcement ⁽¹⁾

(1) 0.3x is an average of period from 1st Jan to 25th Feb; 0.7x is an average of period from 25th Feb to 29th Apr 2016

Banpu 2020: horizontal integration

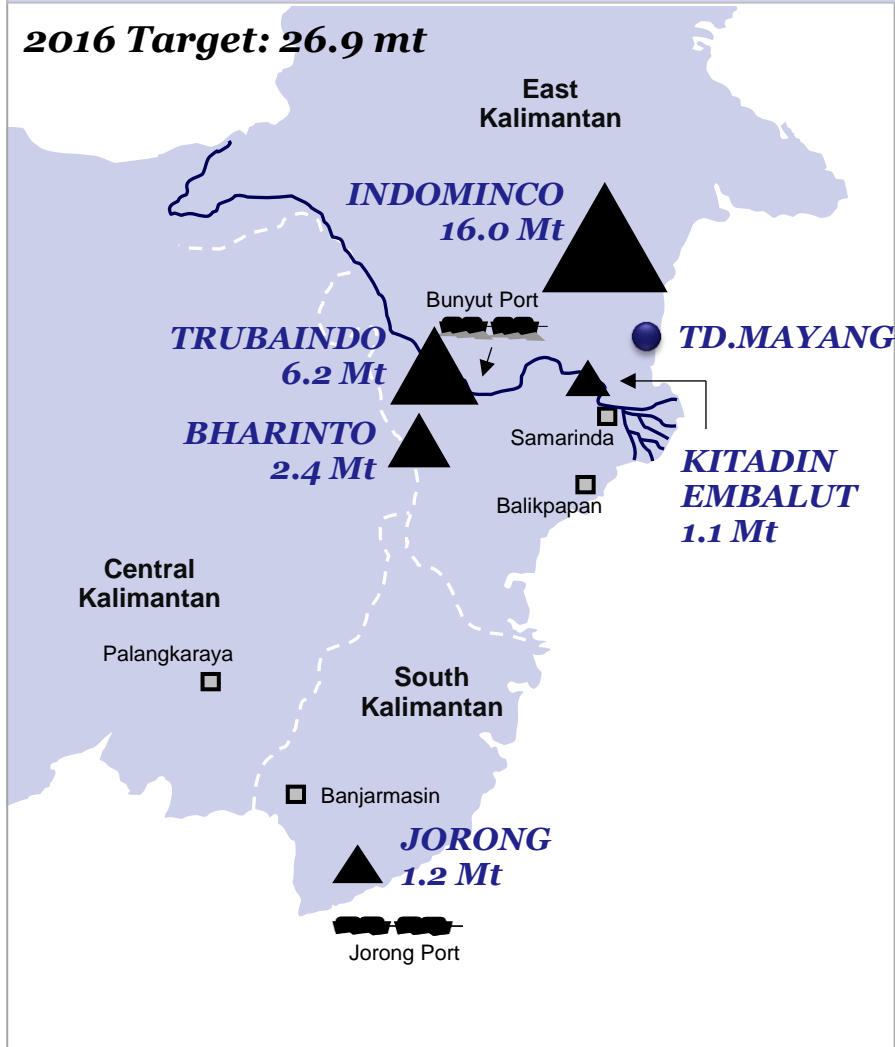


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Operational summary 2016

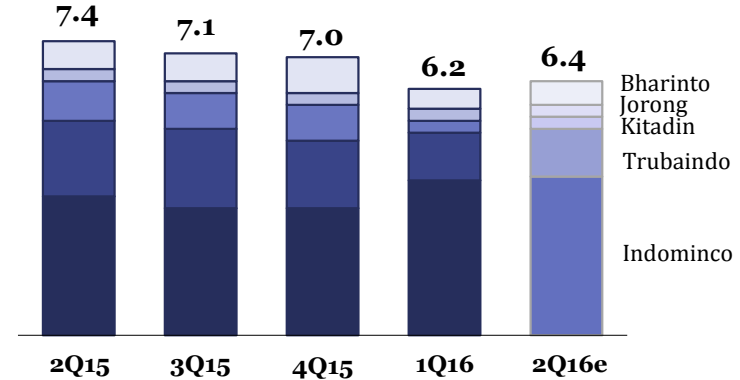
2016 OUTPUT TARGET

2016 Target: 26.9 mt



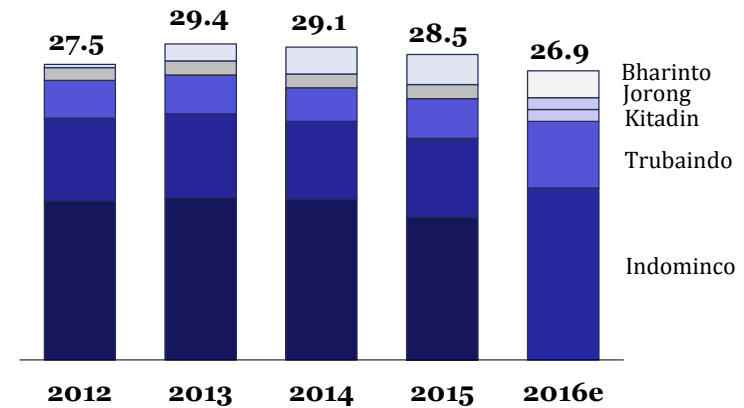
QUARTERLY OUTPUT TREND

Unit: Mt

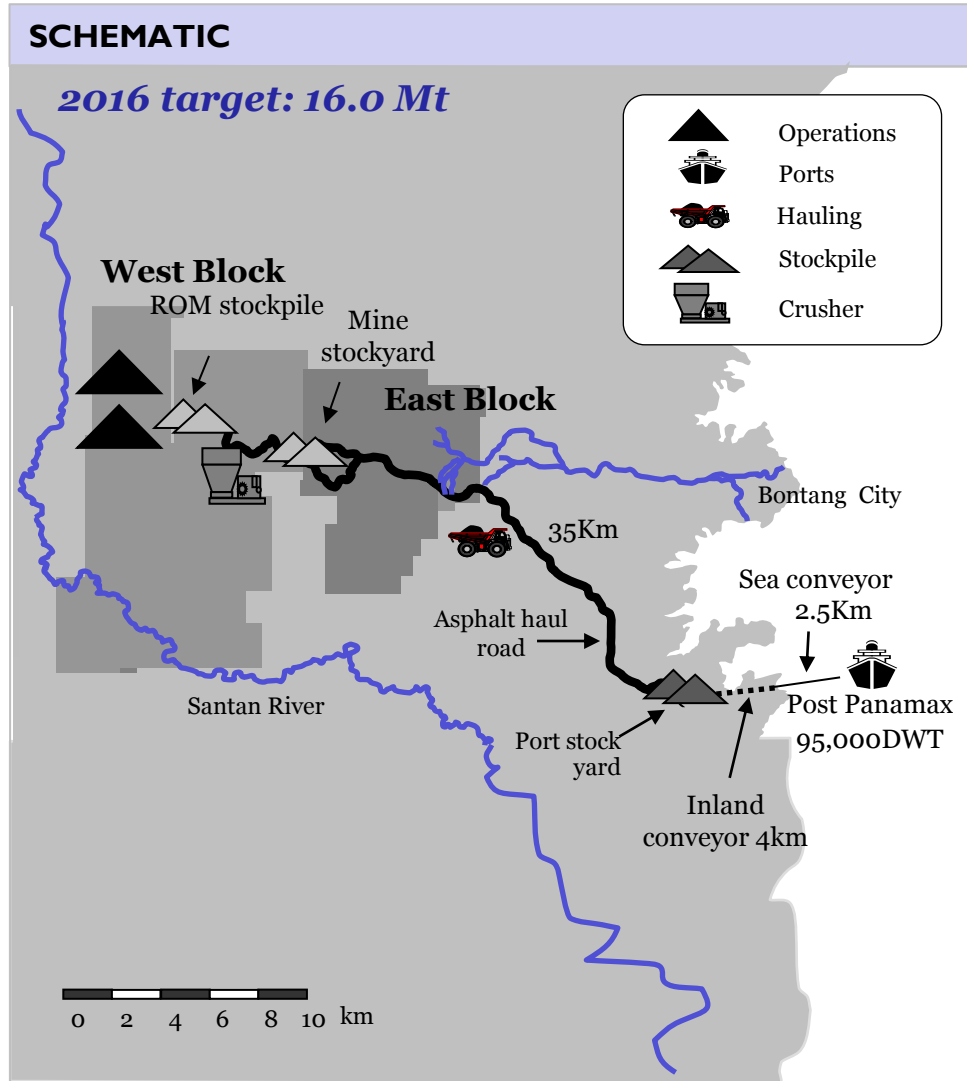


YEARLY OUTPUT TREND

Unit: Mt



Indominco Mandiri

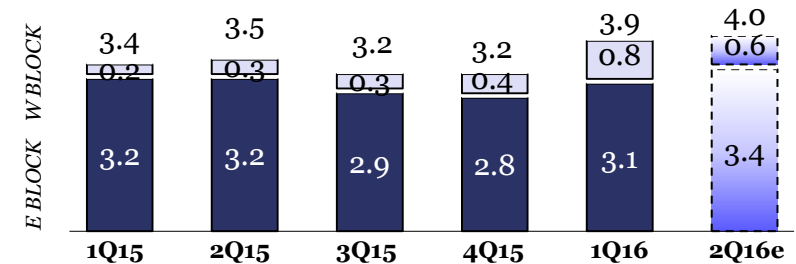


QUARTERLY UPDATES

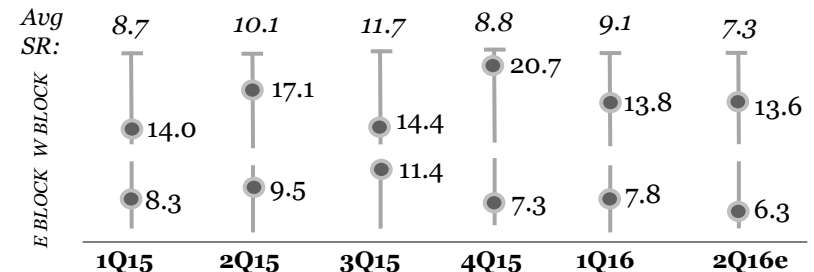
- 1Q16 production was higher than plan due to in-pit inventory and good weather condition at Indominco area.
- Total average strip ratio in 2016 is expected to be lower than 2015.

QUARTERLY OUTPUT

Unit: Mt



Unit: Bcm/t

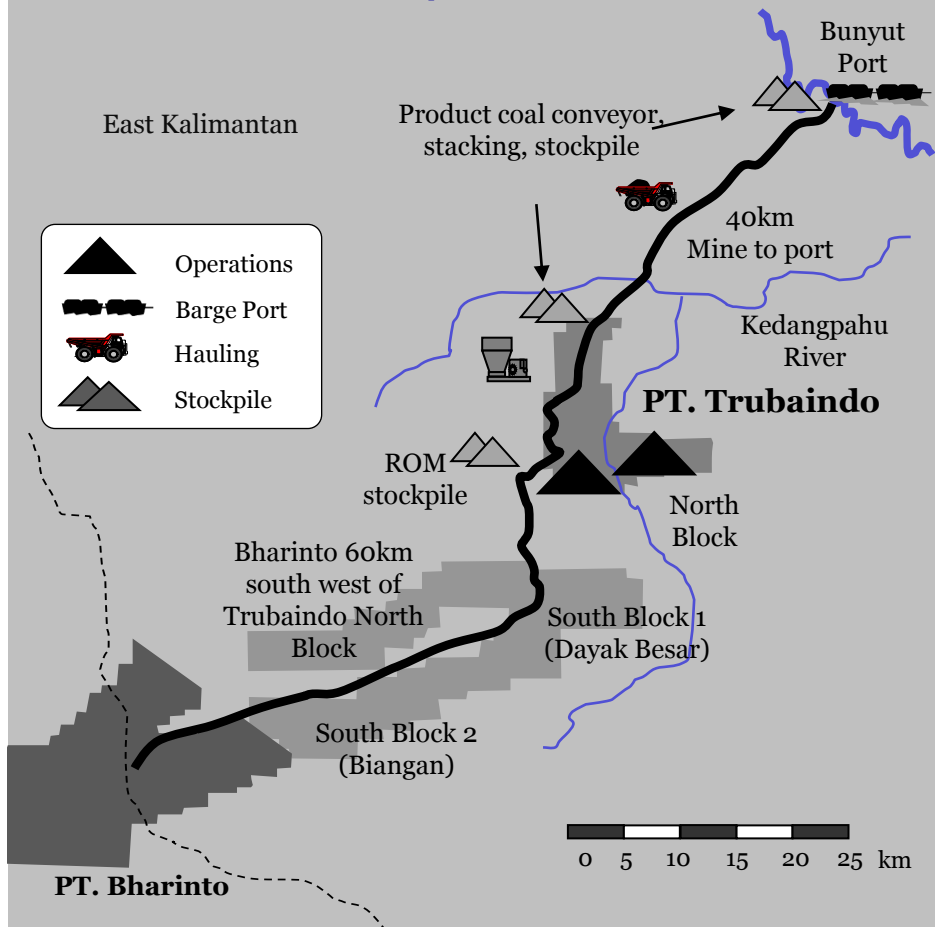


*SR based on FC coal **SR FY15 IMM: 9.4, WB: 14.8, EB: 8.9

Trubaindo and Bharinto

SCHEMATIC

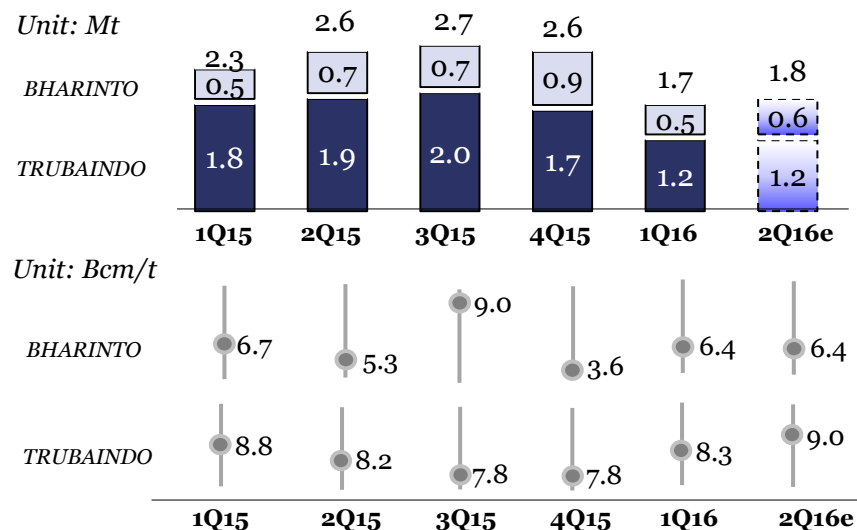
2016 target: TCM: 6.2Mt
BEK: 2.4Mt



QUARTERLY UPDATES

- Trubaindo:
 - 1Q16 production output was slightly lower than target due to heavy rains affecting mine production.
 - Bunyut port expansion*: completed preventive and corrective modifications on conveyor system and already in operation.
- Bharinto:
 - 1Q16 production achieved as according to plan.

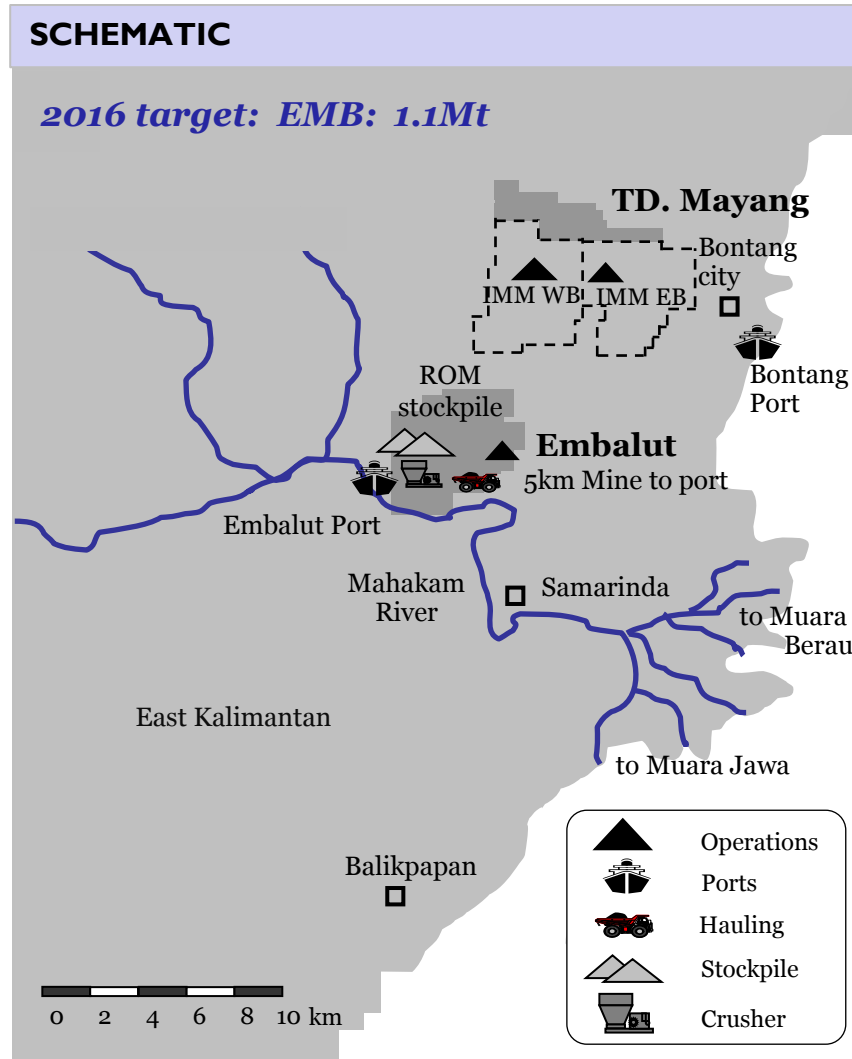
QUARTERLY OUTPUT



*SR based on FC coal

**SR FY15 TCM: 8.2, BEK: 6.0

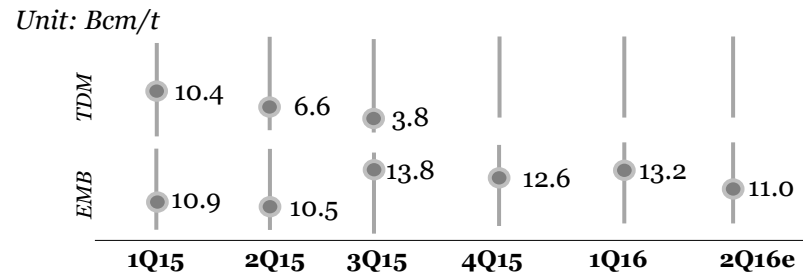
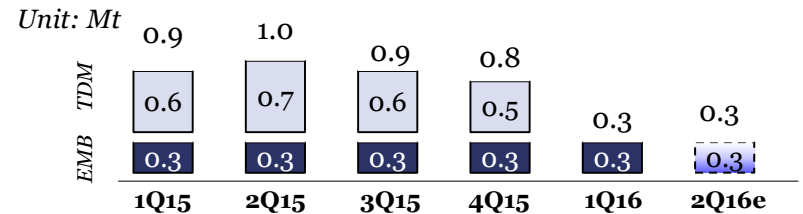
Kitadin Embalut and Tandung Mayang



QUARTERLY UPDATES

- Kitadin Embalut:
 - 1Q16 production achieved as plan.
- Kitadin Tandung Mayang:
 - Mine closure activities already started in 1Q16.
 - Last mining activity was done in Sep 2015 while coal crushing activity continued until end of 2015.

QUARTERLY OUTPUT



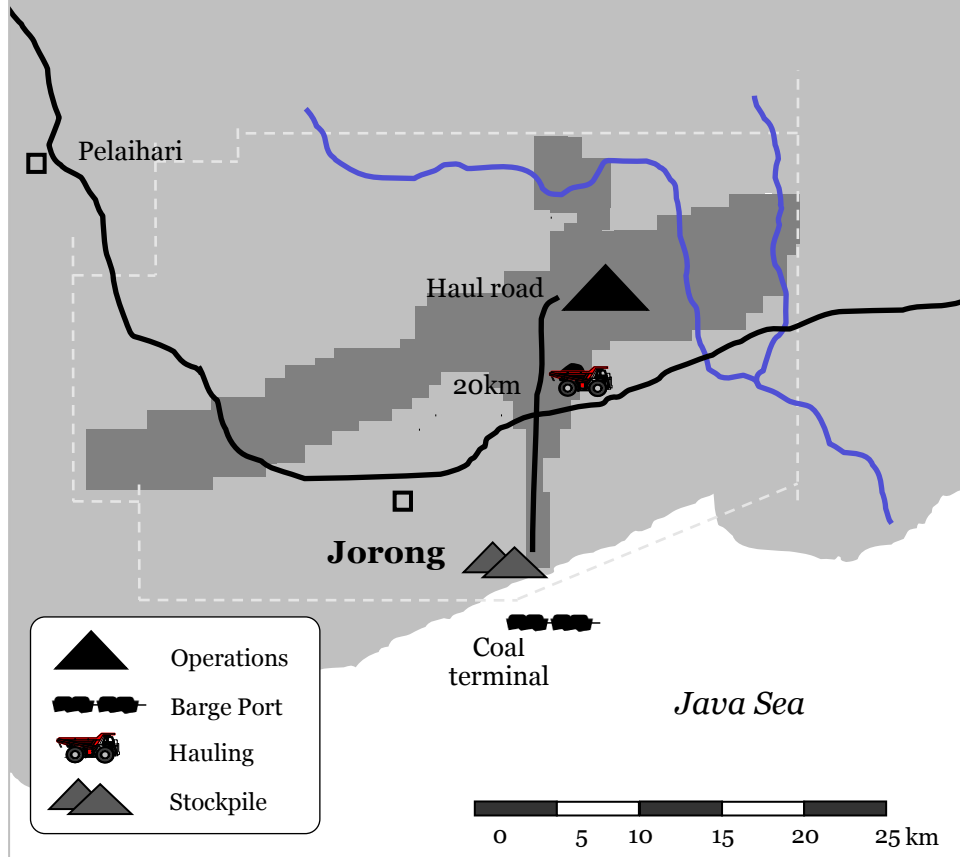
*SR based on FC coal

**SR FY15 EMB: 12.1, TDM: 5.3

Jorong

SCHEMATIC

2016 target: 1.2Mt

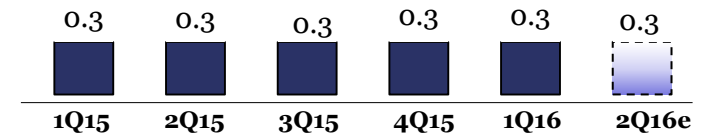


MAJOR QUARTERLY UPDATES

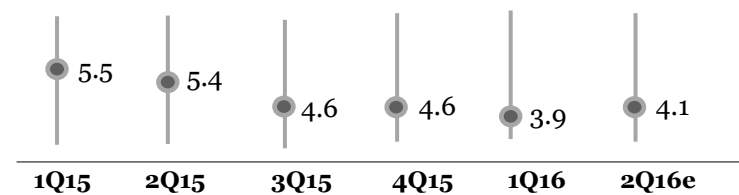
- 1Q16 production achieved as according to target.
- Mine reserves will be depleted by 2018.
- Mine closure plan is being reviewed by government for approval.

QUARTERLY OUTPUT

Unit: Mt



Unit: Bcm/t



*SR based on FC coal

***SR FY15 JBG: 5.0

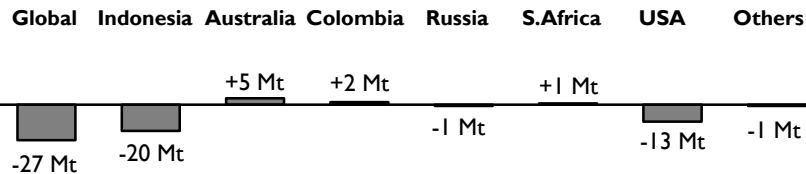
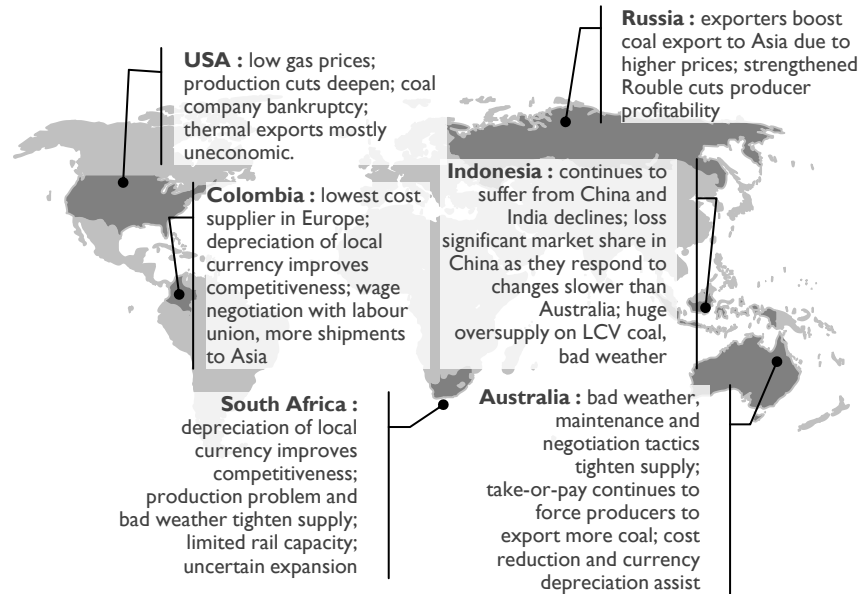
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Global thermal coal market trends: 2016 vs 2015



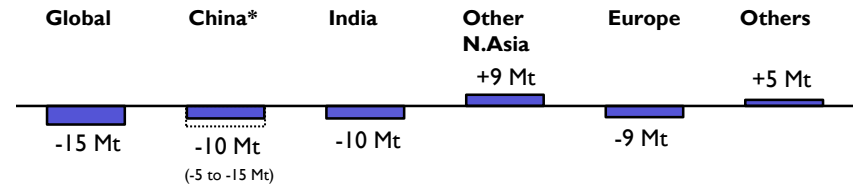
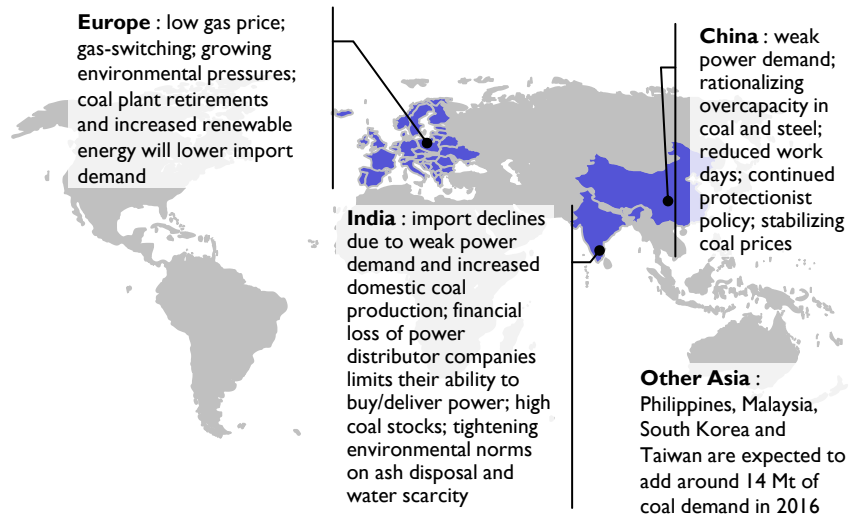
SUPPLY TRENDS

Supply tightness in the first quarter comes from various issues included bad weather, rail and port maintenance, price negotiation tactics but production capacity cuts still move slowly.



DEMAND TRENDS

Uncertainty of demand in China and falling demand in India and Europe continues depressing market. A headline Japanese thermal contract price was settled at US\$61.60/t, around US\$10/t premium over spot price, should lead to a change in price setting process in Asia.



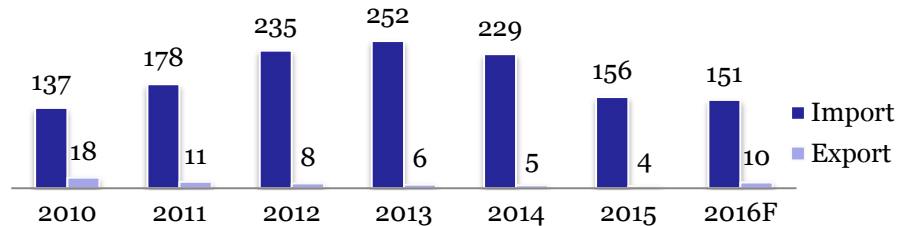
Note: *includes anthracite and lignite

China thermal coal market review

CHINA

CHINA THERMAL COAL IMPORTS/EXPORTS*

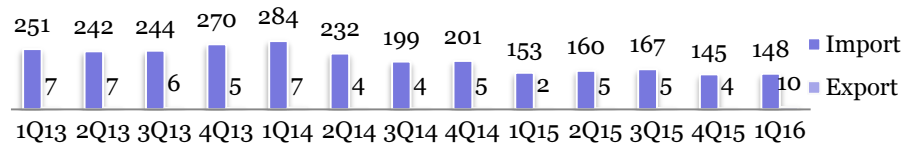
Unit: Mt



Sources: Banpu MS&L Estimates

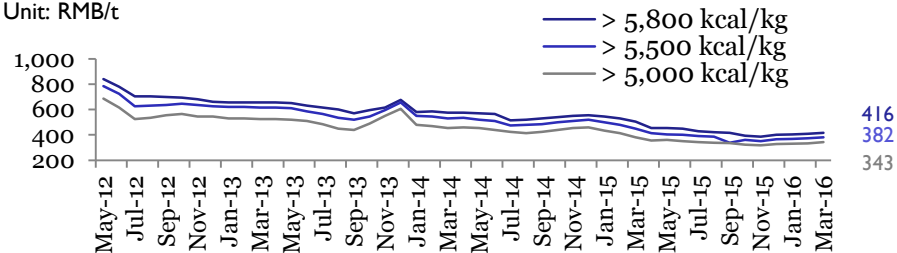
CHINA ANNUALIZED ACTUAL IMPORT 1Q13-1Q16*

Unit: Mt



CHINA DOMESTIC COAL PRICES

Unit: RMB/t



COMMENTS

- Government stimulus package to boost property sector, helps to boost demand.
- Strengthened Chinese demand through March seems to be temporary due to extreme cold wave in March, followed by good rains.
- Tight domestic supply seems to continue to May/June as stricter government safety/policy measures prevented several mines from resuming operations after Chinese New Year.
- Limiting of domestic coal output had helped prices hold steady.
- UN's sanction on North Korea will reduce anthracite shipment to China, effective early April.
 - » Results in additional import requirement.
- Oversupplied conditions will continue. Although there was central government announcement of significant production cuts, it is expected to move slowly in the local government level due to social stability concern.

Source: www.sxcoal.com/cn 11 April 2016

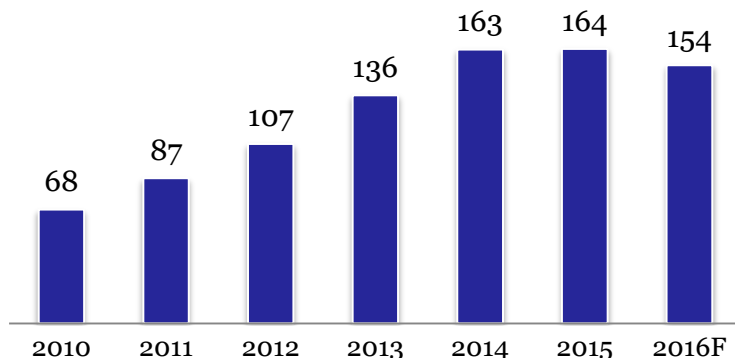
Note: *includes anthracite and lignite imports/exports

India thermal coal market review

INDIA

INDIA THERMAL COAL IMPORTS*

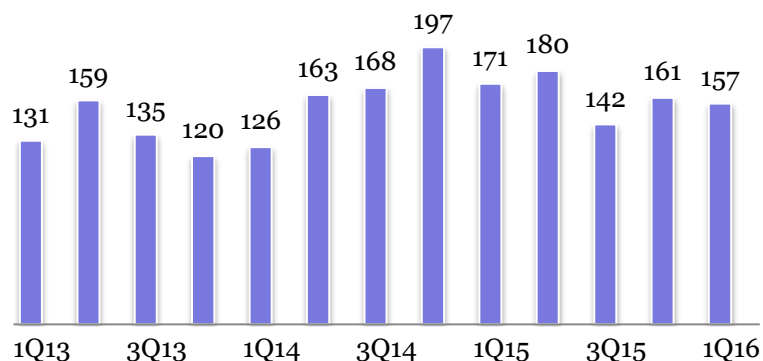
Unit: Mt



Sources: Salva Report India, Banpu MS&L Estimates

INDIA ANNUALIZED ACTUAL IMPORT 1Q13-1Q16

Unit: Mt



Note: *includes lignite grade imports (approximately 25% - 30%)

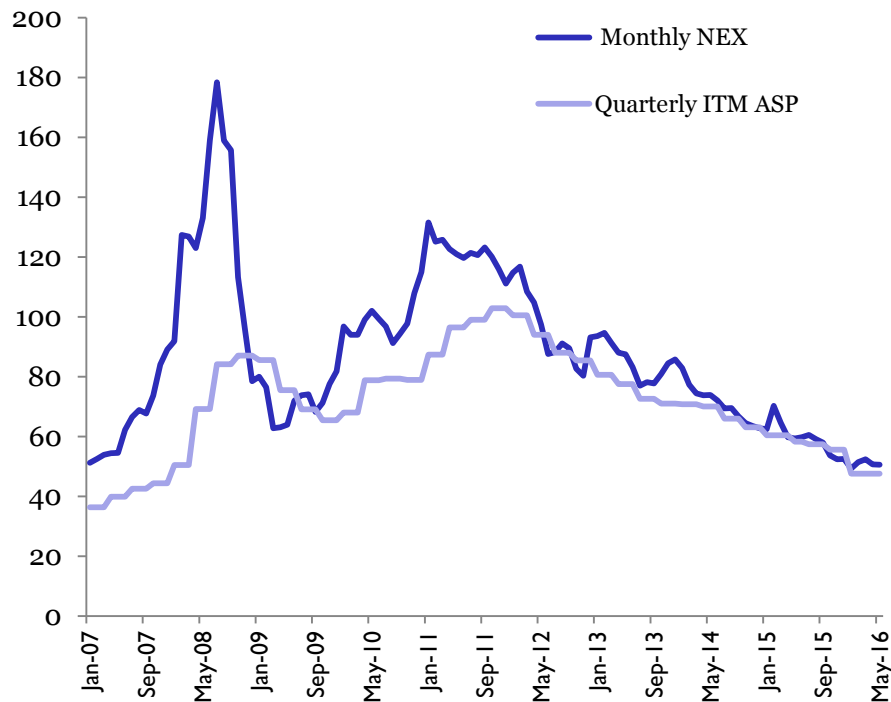
COMMENTS

- Still weaknesses in the economy as industrial production growth continues sluggish.
- Impressive domestic coal production and increasing protectionism reduces coal import in 2016.
- Indian inland power plants under government control seem to stop using imported coal for blend following government guidance to consume domestic coal.
- Coal India Limited (CIL) announced its price cuts of 10-40% for domestic coal in an attempt to compete with import coal.
- The Indian government raised the clean energy tax to Rupee 400/mt from Rupee 200/mt starting April 2016.
 - » Clean energy tax reduces interest for low CV Indonesian coal import.
 - » Petroleum coke imports will remain high as it was exempted from the clean energy tax.

ASP vs thermal coal benchmark prices

ITM ASP VS BENCHMARK PRICES

Unit: \$/t



ITM ASP 1Q16 \$47.6/ton

NEX* May 12, 2016 \$50.8/ton

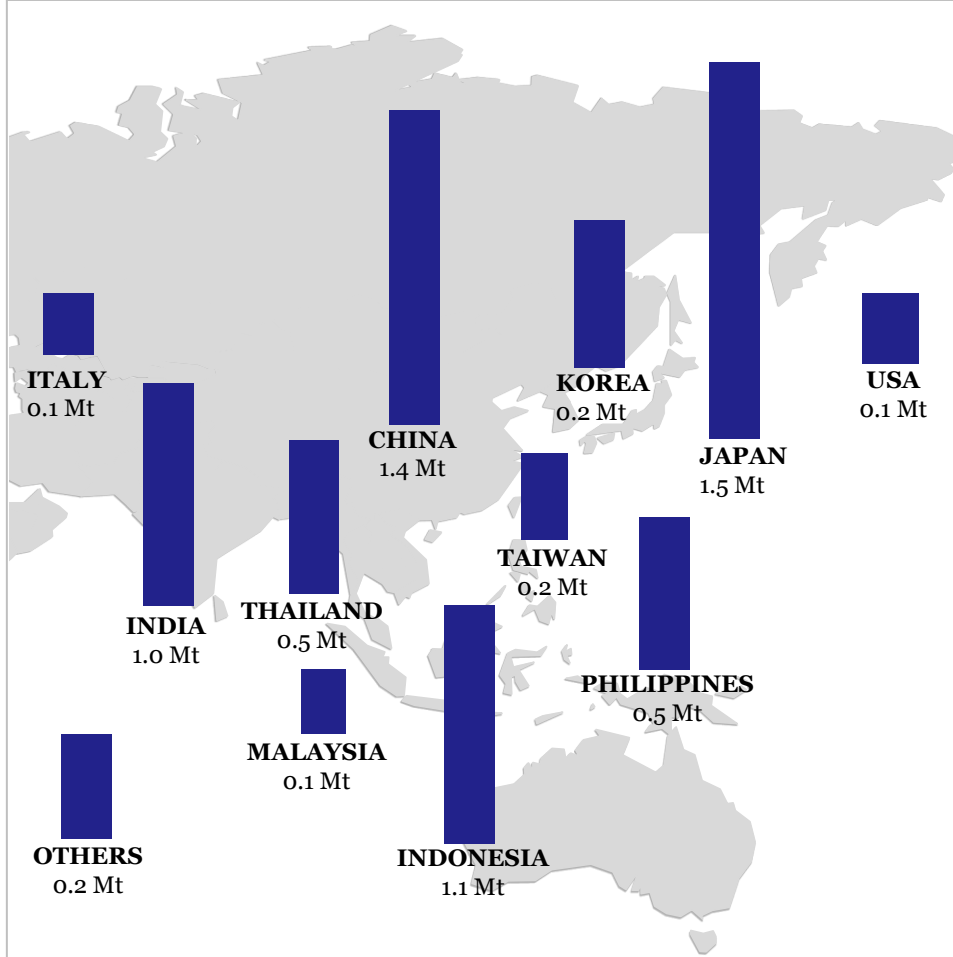
COMMENTS

- ITM ASP eased due to general market weakness.
 - 1Q16 ASP was 10% down Q-o-Q.
- NEX benchmark prices remain weak.

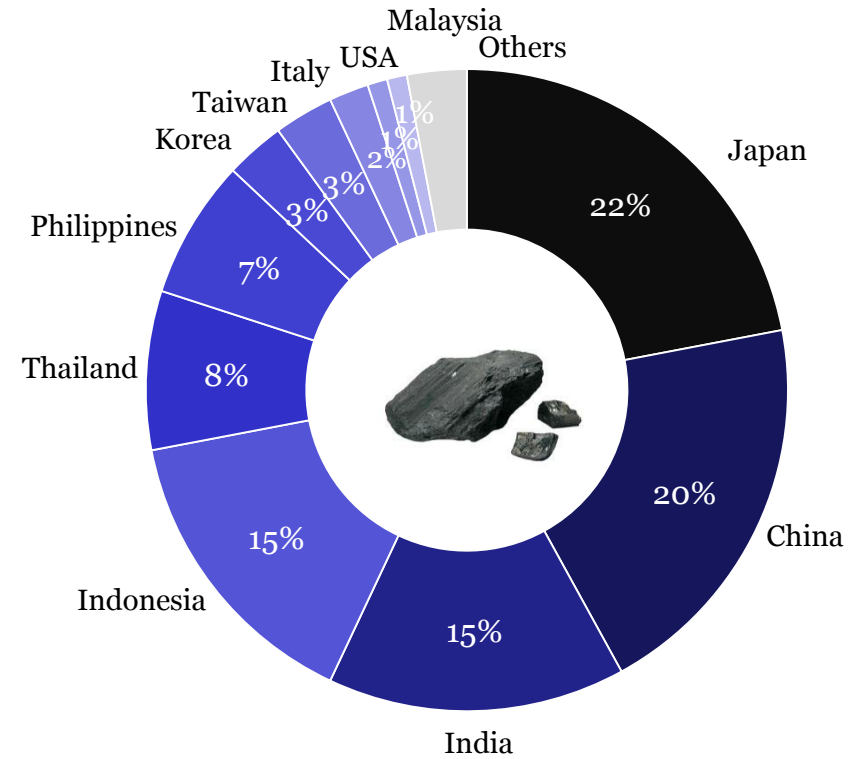
*The Newcastle Export Index (previously known as the Barlow Jonker Index – BJI)

ITM coal sales 1Q16

COAL SALES BREAKDOWN BY DESTINATION



COAL SALES 1Q16

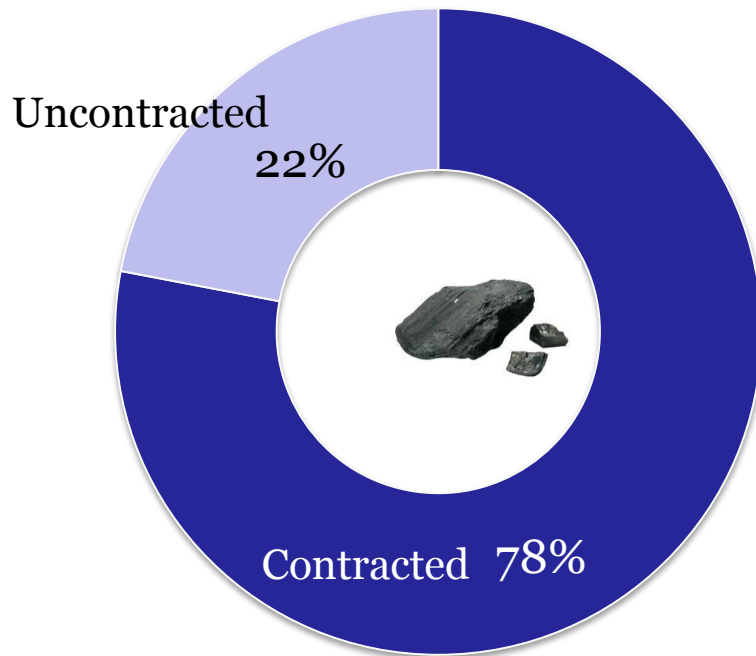


Total Coal Sales 1Q16: 6.9 Mt

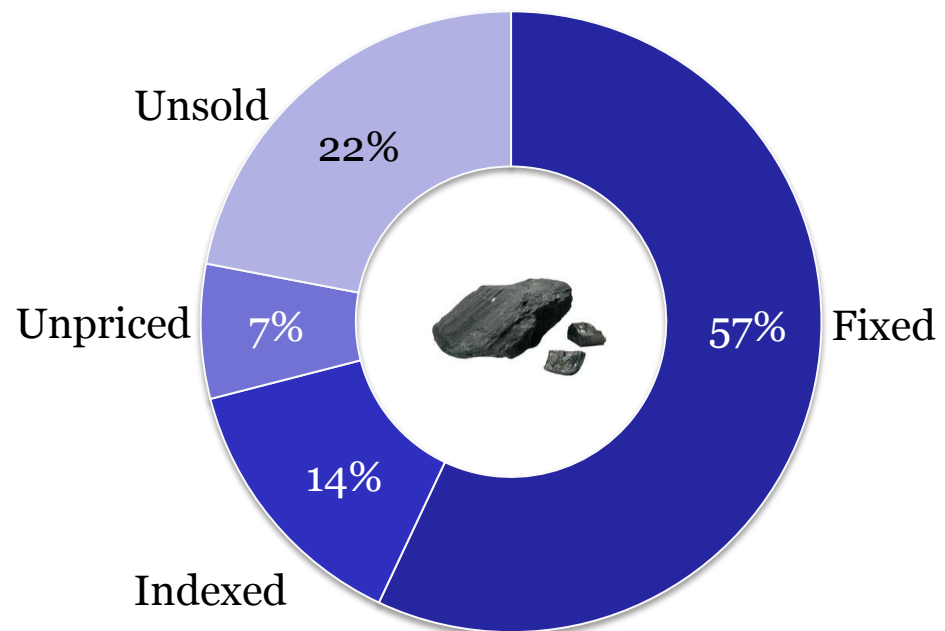
Indicative coal sales 2016

COAL SALES CONTRACT AND PRICING STATUS

Contract Status



Price Status

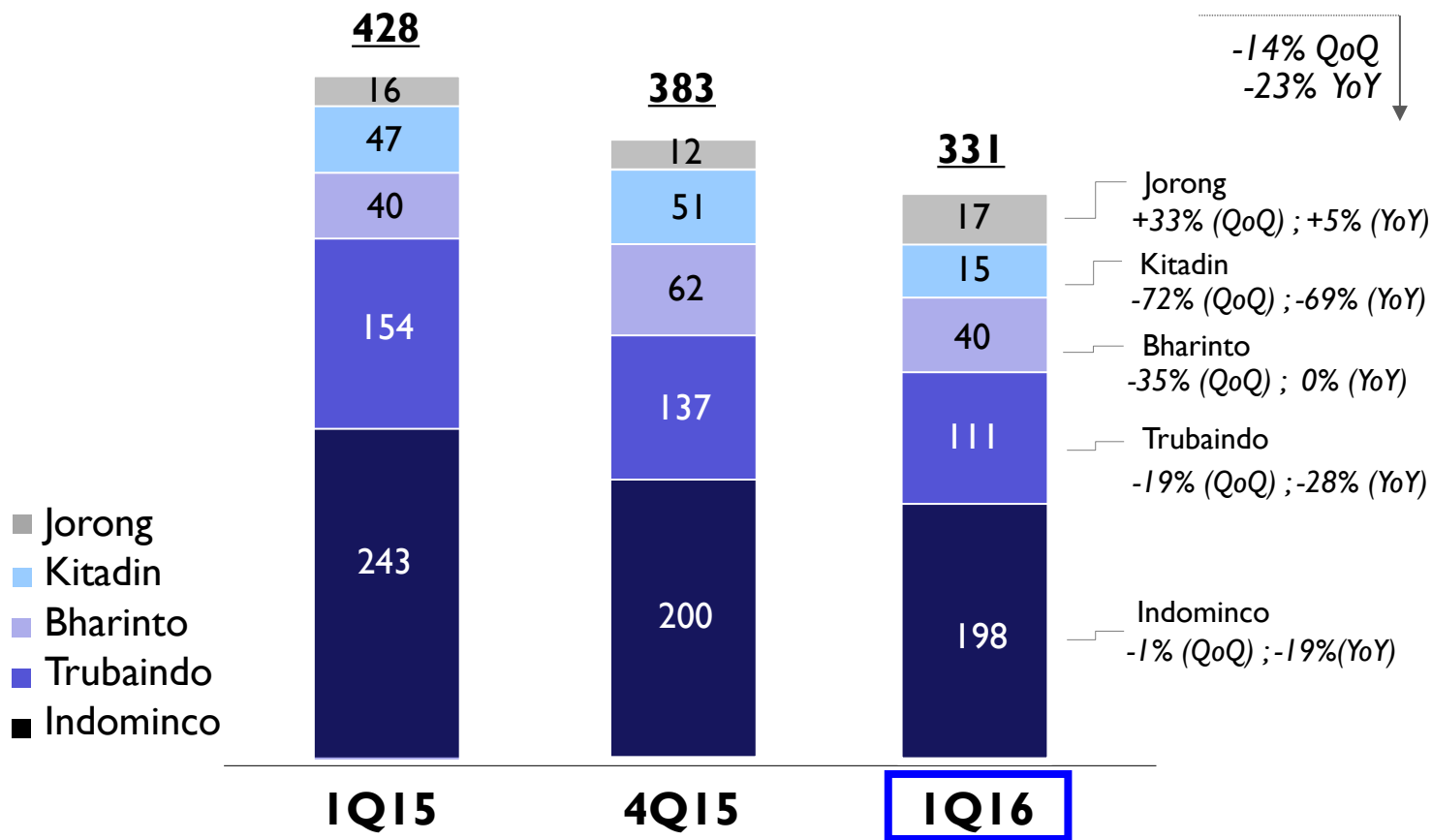


TARGET SALES 2016: 28.5 Mt

- 1 Introduction
- 2 Operational review
- 3 Commercial review
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Sales revenue

USD million

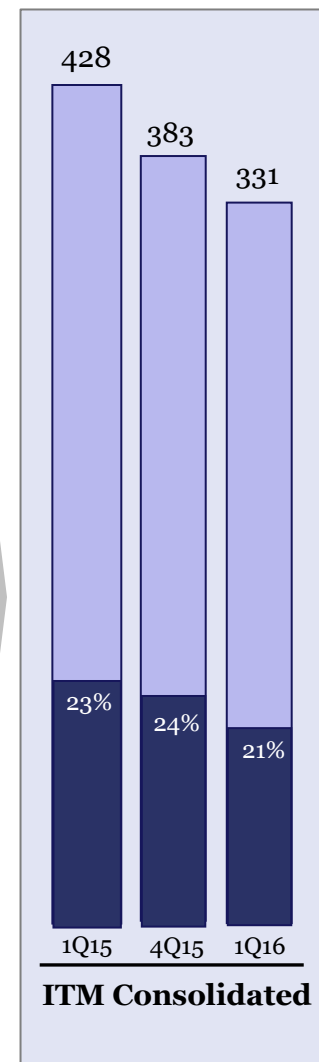
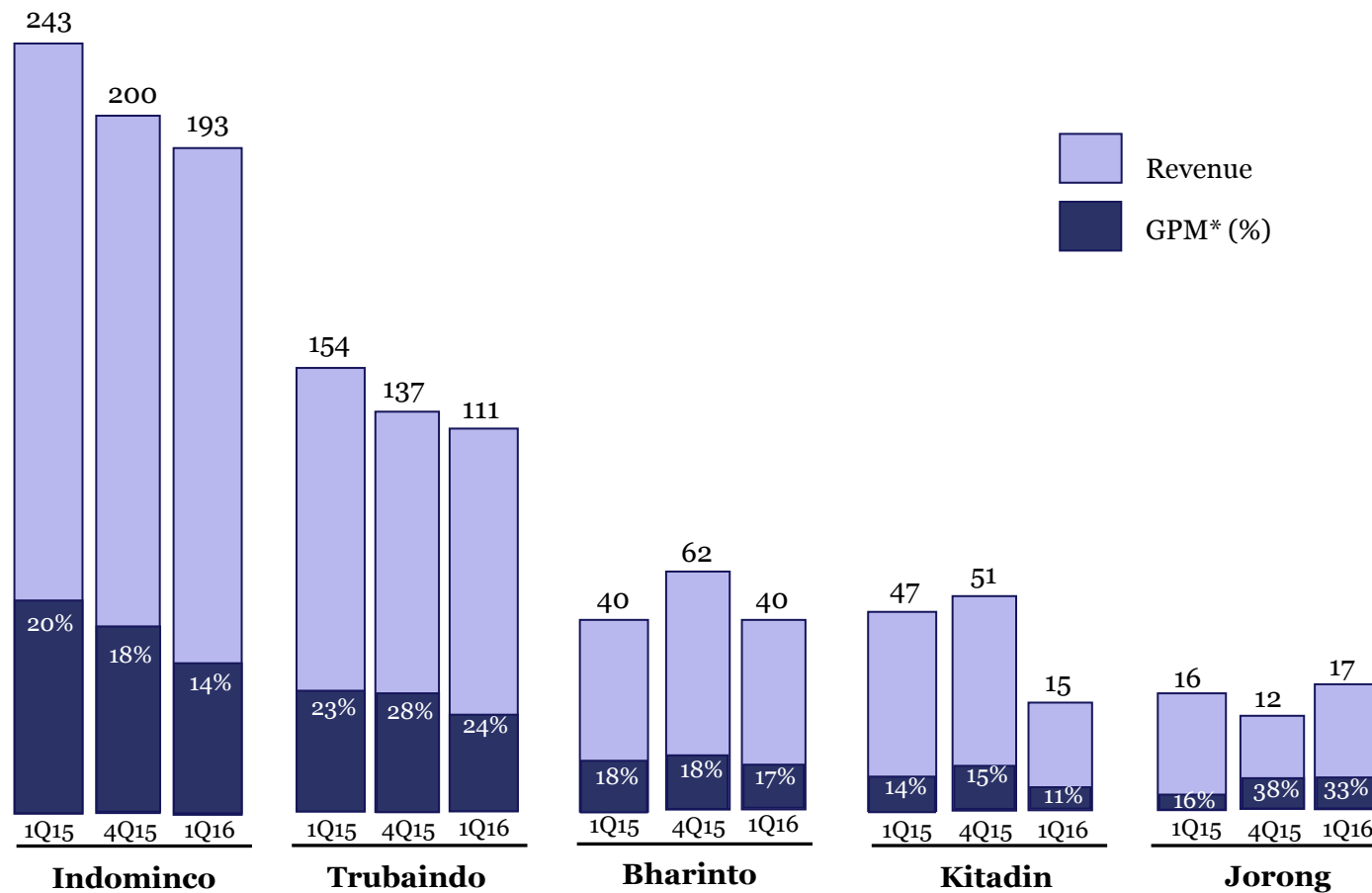


ASP	
IQ16	: \$47.6 /ton
4Q15	: \$52.8 /ton
IQ15	: \$60.5 /ton
FY14	: \$67.1 /ton
FY15	: \$56.4 /ton

Note : Total consolidated revenue after elimination

Average gross margin

Units: US\$M



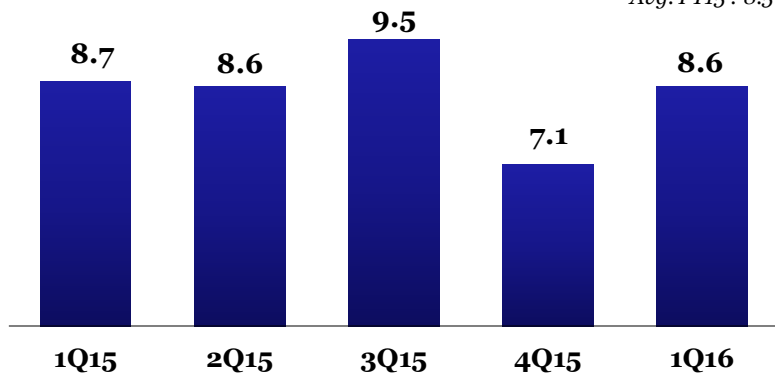
*) Gross profit after royalty expense

Total cost

WEIGHTED AVERAGE STRIP RATIO

Unit: Bcm/t

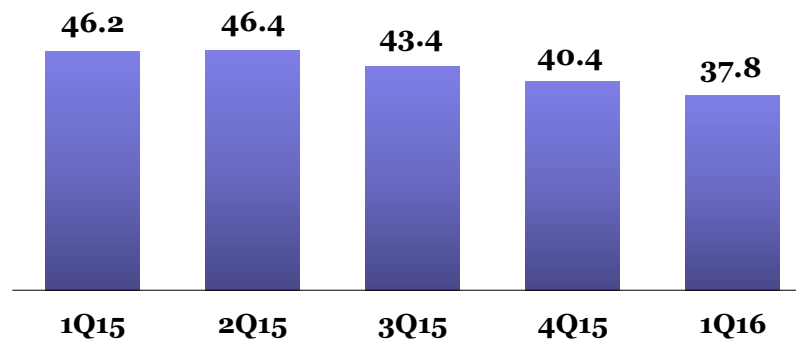
Avg. FY14: 10.0
Avg. FY15: 8.5



COST OF GOODS SOLD

Unit: US\$/t

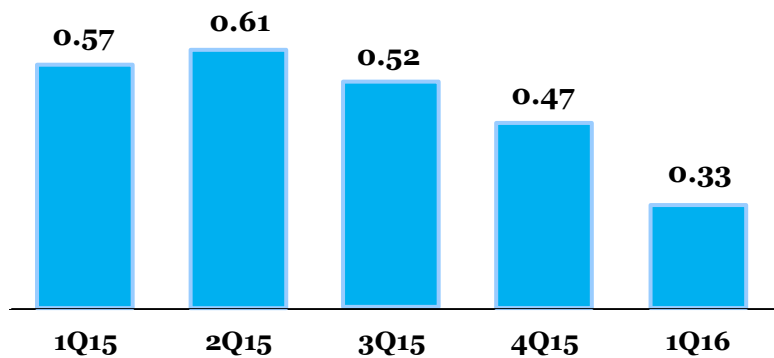
Avg. FY14: \$52.9/t
Avg. FY15: \$44.0/t



FUEL PRICE

Unit: US\$/Ltr

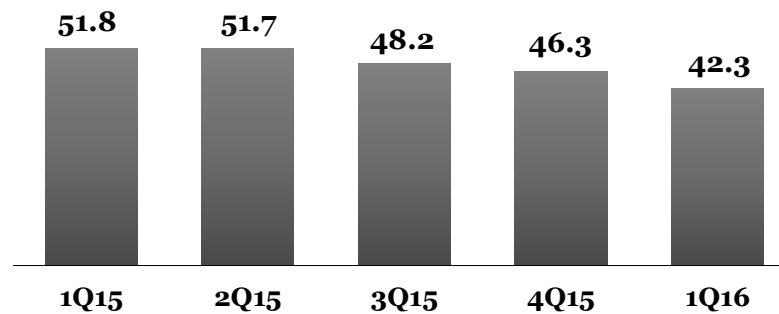
Avg. FY14: \$1.02/ltr
Avg. FY15: \$0.55/ltr



TOTAL COST*

Unit: US\$/t

Avg. FY14: \$58.8/t
Avg. FY15: \$49.5/t

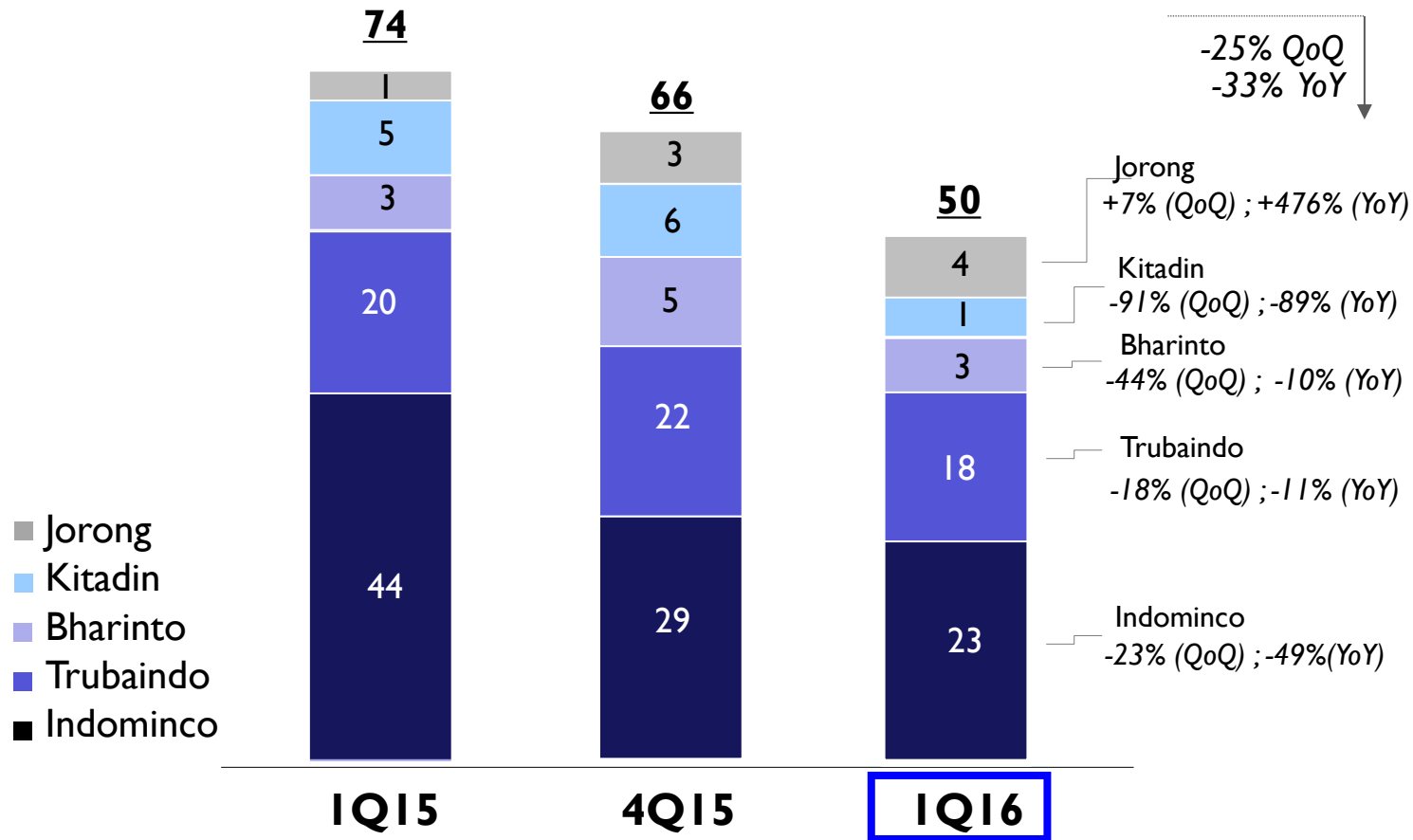


* Cost of Goods Sold + SG&A

EBITDA

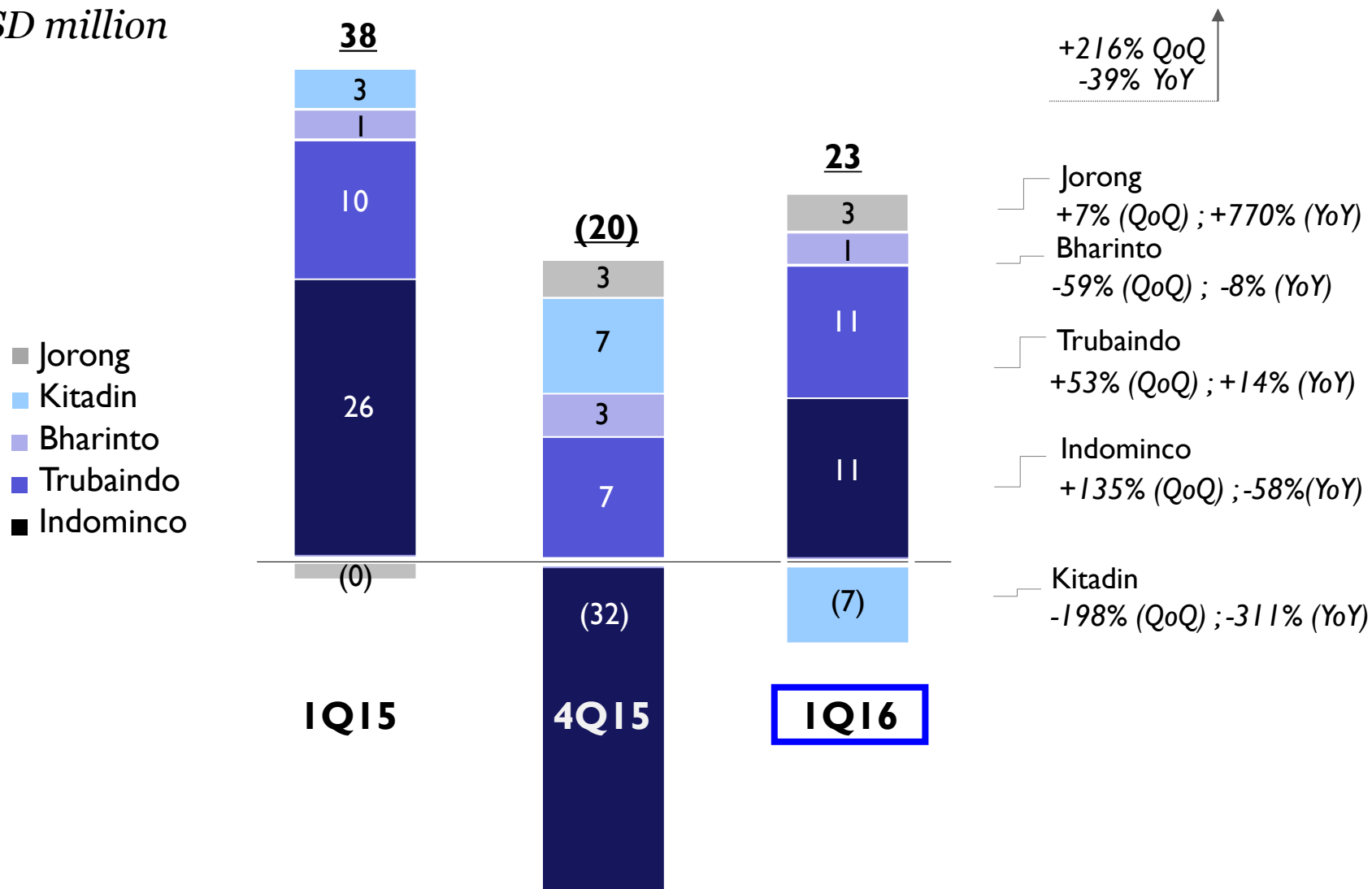


USD million



Net income

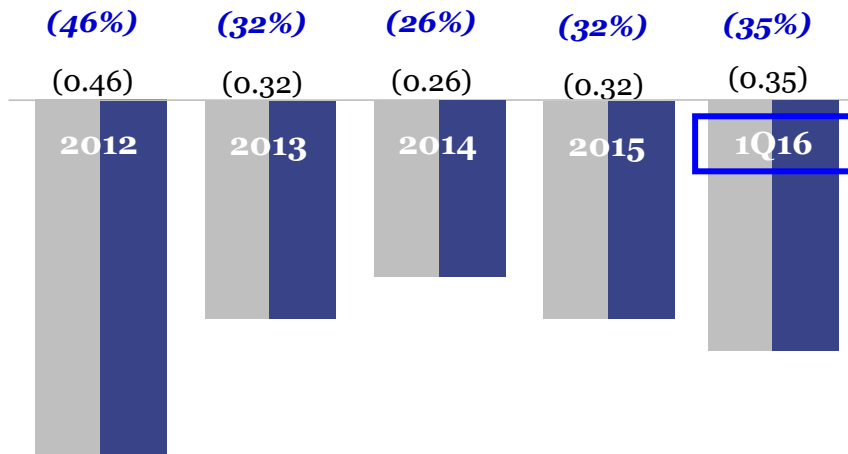
USD million



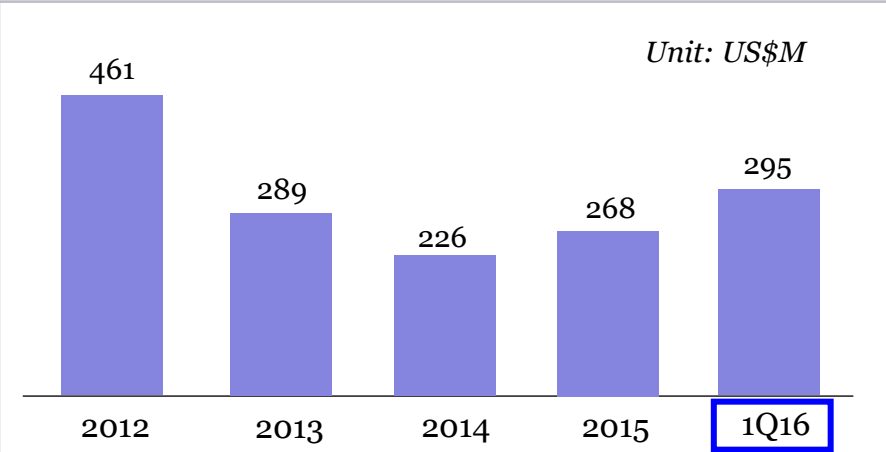
Balance sheet

KEY RATIOS

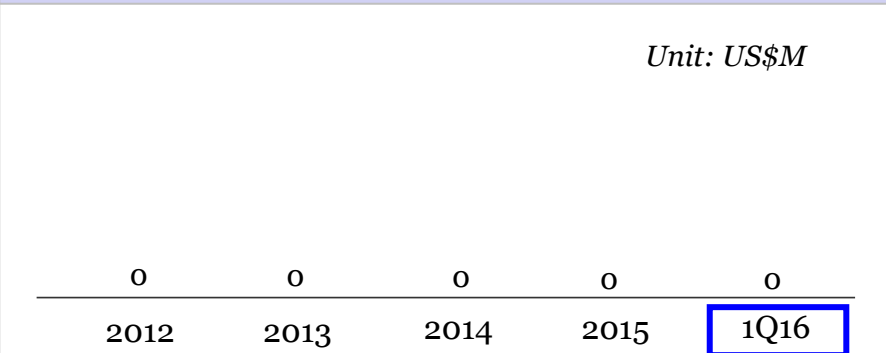
- Net Gearing (%)
- Net D/E (times)



CASH POSITION



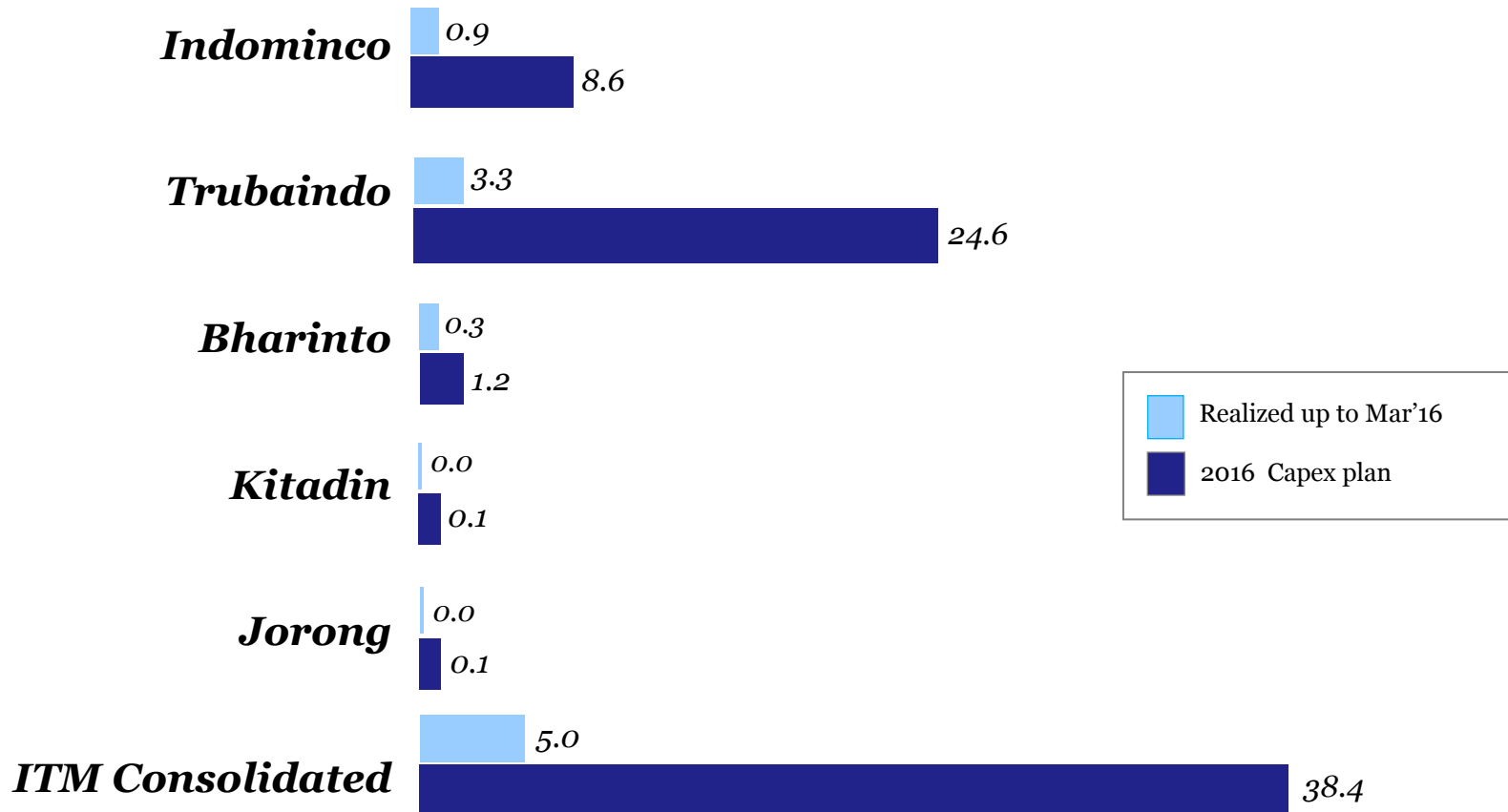
DEBT POSITION



2016 Capital expenditure plan



Units: USD million



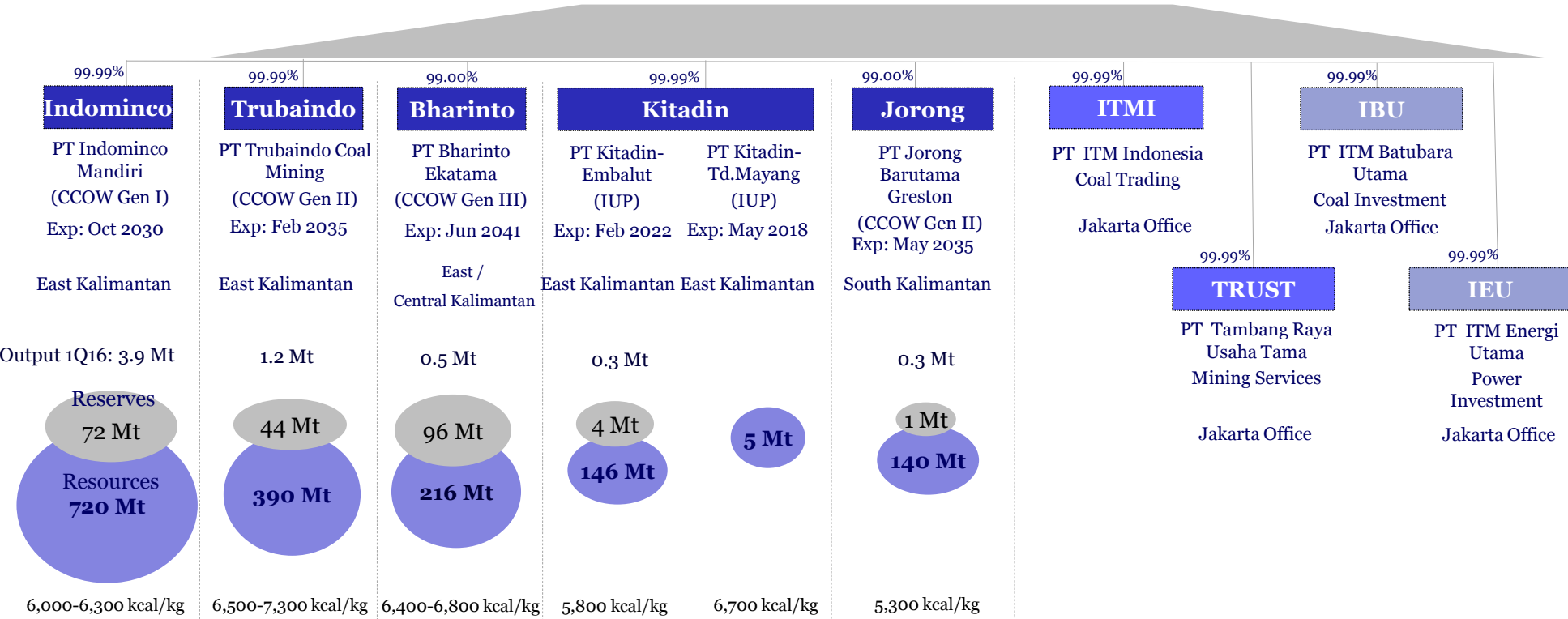
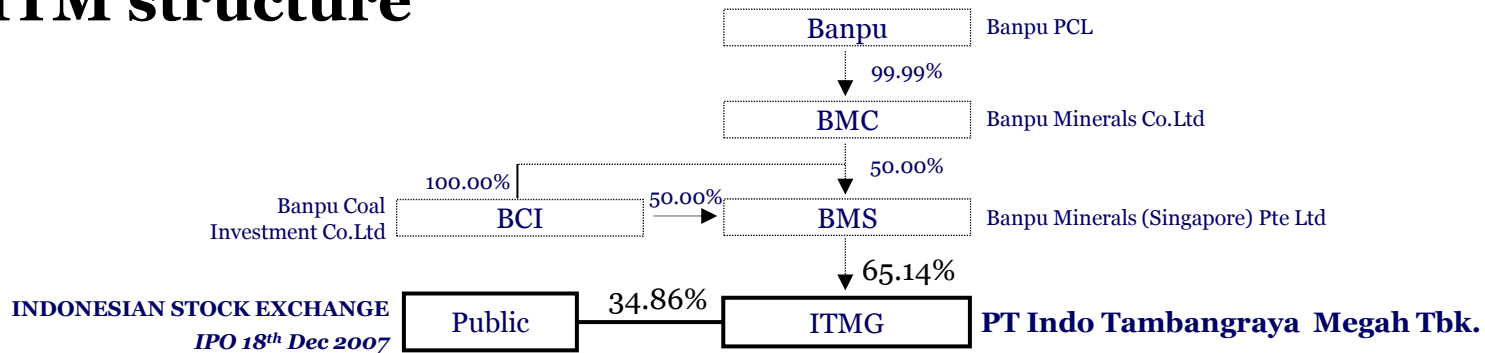
Note: Total capex plan including Jakarta office and PT. TRUST (Mining Contractor Business) after elimination



Thank you
Question & Answer

Appendices

ITM structure



Note: Updated Coal Resources and Reserves as of 31 Mar 2016 based on estimates prepared by Competent Persons (consider suitably experienced under the JORC Code) in 30 Apr 2015 and deducted from coal sales volume in 1Q16.

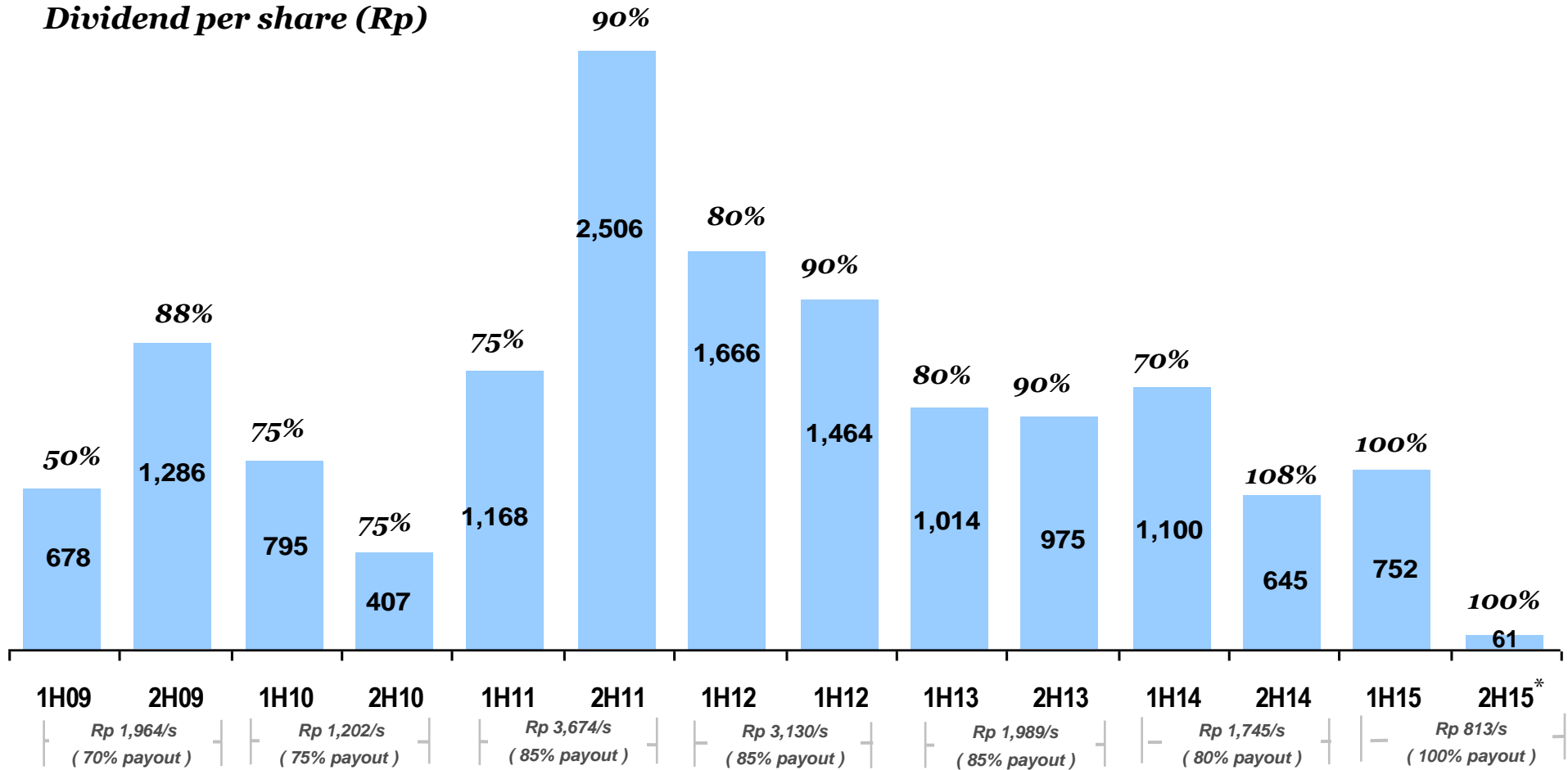
Income statement

Unit: US\$ thousand	1Q16	4Q15	1Q15	QoQ%	YoY%
Net Sales	331,105	383,015	427,707	-14%	-23%
Gross Profit	69,664	90,589	99,005	-23%	-30%
GPM	21%	24%	23%		
SG&A	(31,213)	(43,387)	(39,718)		
EBIT	38,451	47,202	59,287	-19%	-35%
EBIT Margin	12%	12%	14%		
EBITDA	49,773	66,080	74,268	-25%	-33%
EBITDA Margin	15%	17%	17%		
Net Interest Income / (Expenses)	278	444	990		
Derivative Gain / (Loss)	(470)	(8,633)	2,153		
Others	(4,779)	(30,688)	(655)		
Profit Before Tax	33,480	8,325	61,775	302%	-46%
Income Tax	(10,451)	(28,166)	(23,982)		
Net Income	23,029	(19,841)	37,793	216%	-39%
Net Income Margin	7%	-5%	9%		

Dividend



Dividend payout (%)
Dividend per share (Rp)



* 2H15 dividend payment was paid on 21 April 2016