



PT Indo Tambangraya Megah Tbk



Analyst Briefing 2Q16 Performance Results

Jakarta, 16 August 2016

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- 1 INTRODUCTION**
- 2 OPERATIONAL REVIEW
- 3 COMMERCIAL REVIEW
- 4 FINANCIAL REVIEW
- 5 QUESTION & ANSWERS

Highlights of 2Q16 results



Coal sales
6.2 Mt
 ↓ Down 0.7 Mt
 -10% Q-Q

Coal sales
13.1 Mt
 ↓ Down 0.9 Mt
 -6% Y-Y

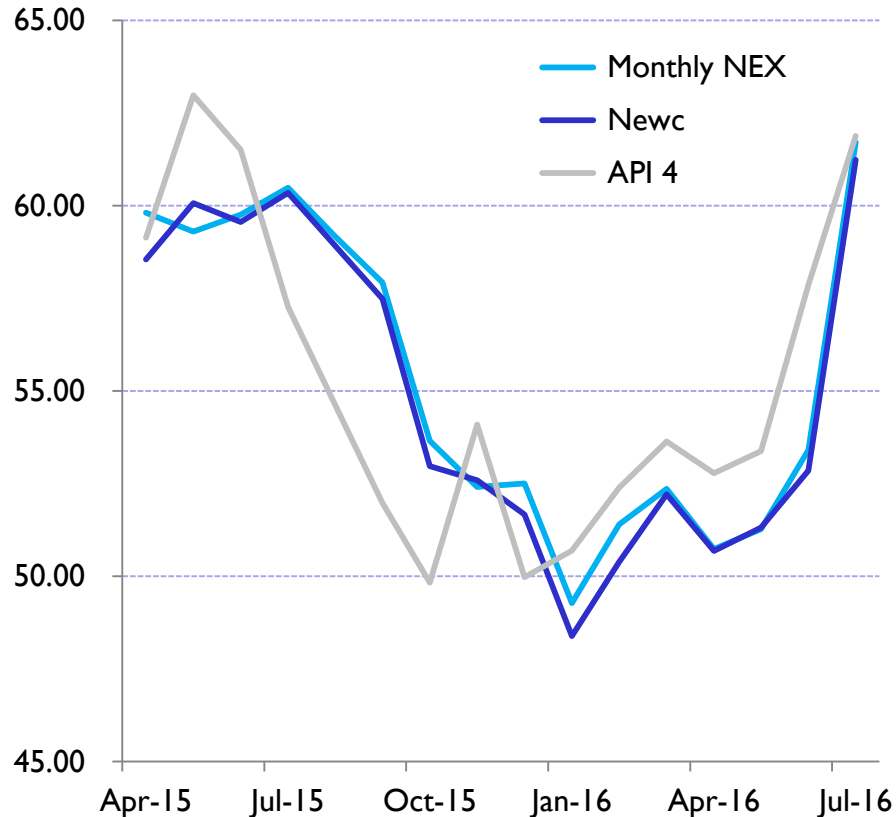
Unit: USD Million

	<u>1Q16</u>	<u>2Q16</u>	<u>Q-Q</u>	<u>1H15</u>	<u>1H16</u>	<u>y-y</u>
Total Revenue	331	278	-16%	825	609	-26%
Gross Profit Margin	21%	17%	-4%	21%	19%	-2%
EBIT	38	20	-48%	97	59	-40%
EBITDA	50	32	-37%	129	81	-37%
Net Income	23	13	-42%	58	36	-37%
ASP (USD/ton)	\$47.6	\$44.7	-6%	\$58.9	\$46.3	-22%

Some positive signs in the market

2Q16 BENCHMARK PRICES

Unit: \$/t

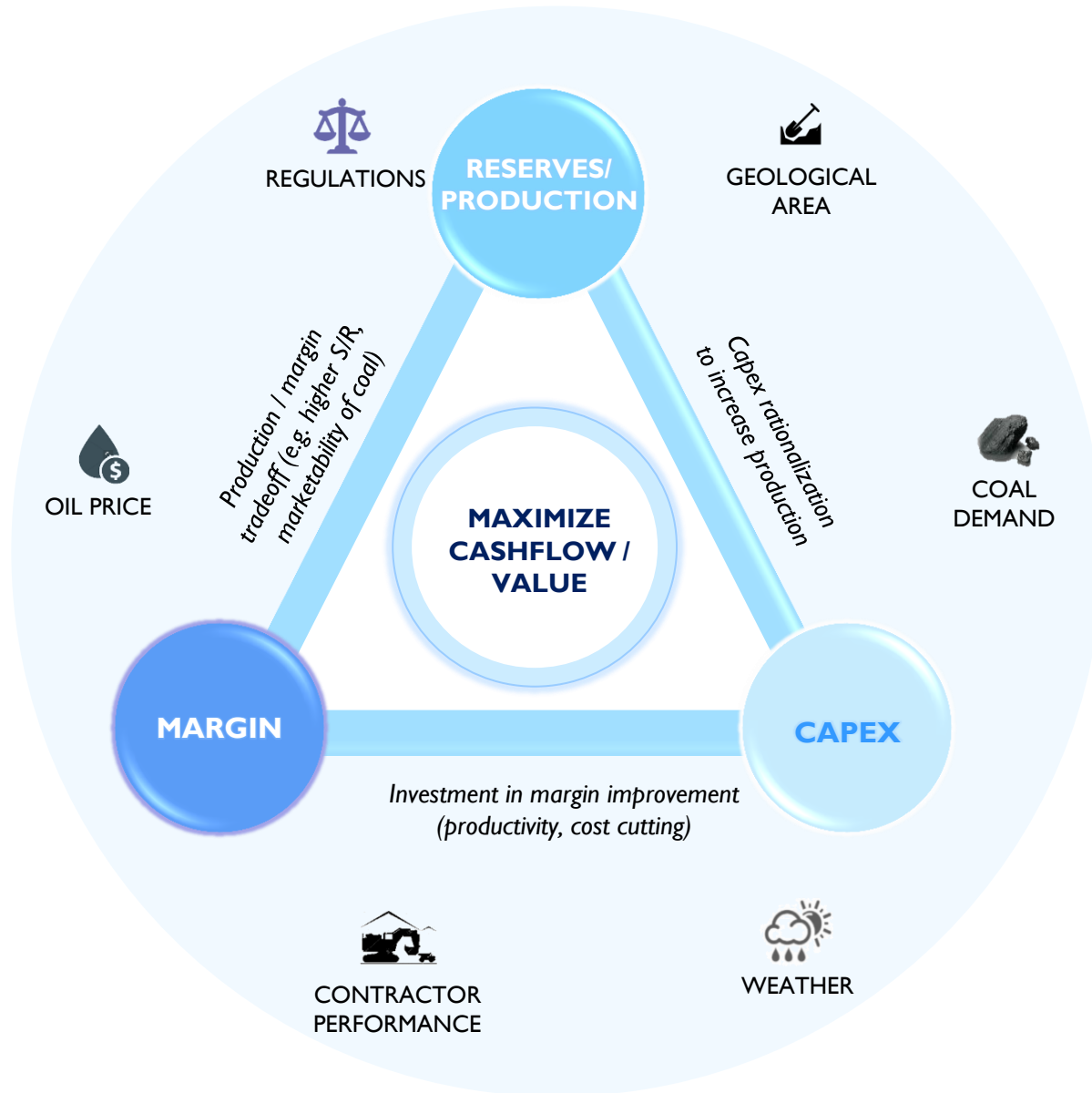


* Included post shipment price adjustments as well as traded coal

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

- China's heavy production cuts and mines shut down tighten the supply of domestic coal. High domestic price supports import in 3Q.
- India imported more coal due to low hydro generation in 2Q but hydro power expected to be strong in 3Q.
- Heavy rainfall in Indonesia negatively impacted coal production.

Our planning philosophy



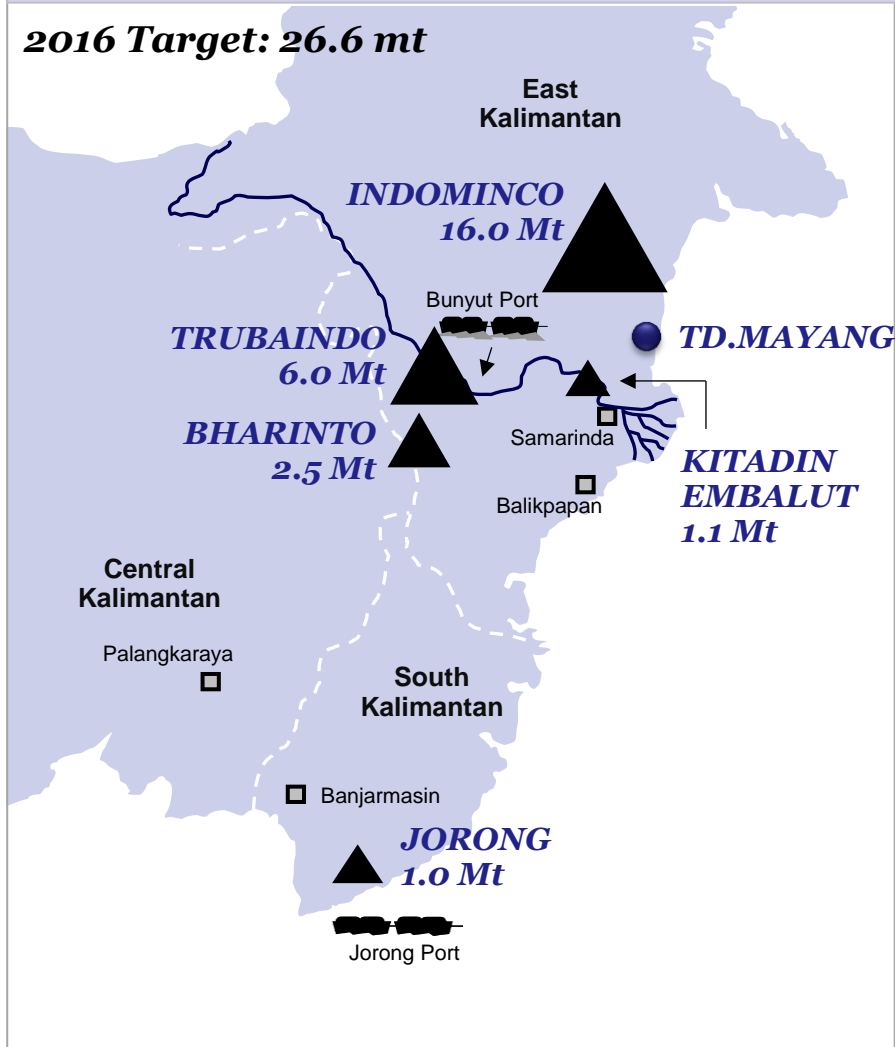
- *Maximize value not individual value driver*
- *Balance short-term and long-term value*
- *Seek optimized value when situation changes.*

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Operational Summary 2016

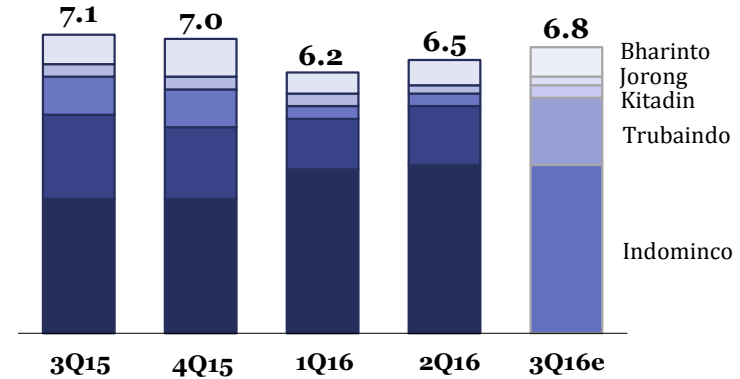
2016 OUTPUT TARGET

2016 Target: 26.6 mt



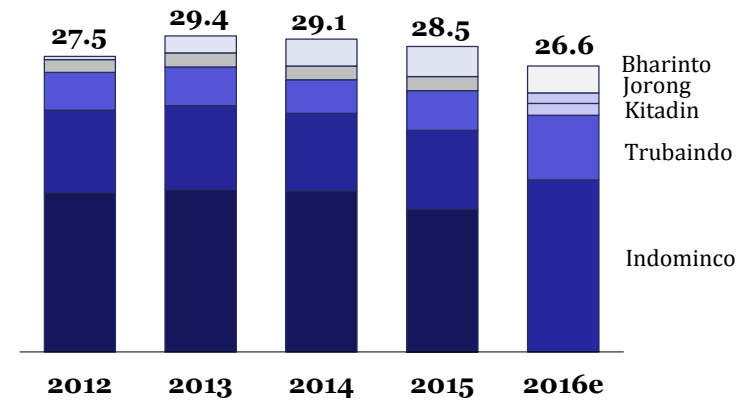
QUARTERLY OUTPUT TREND

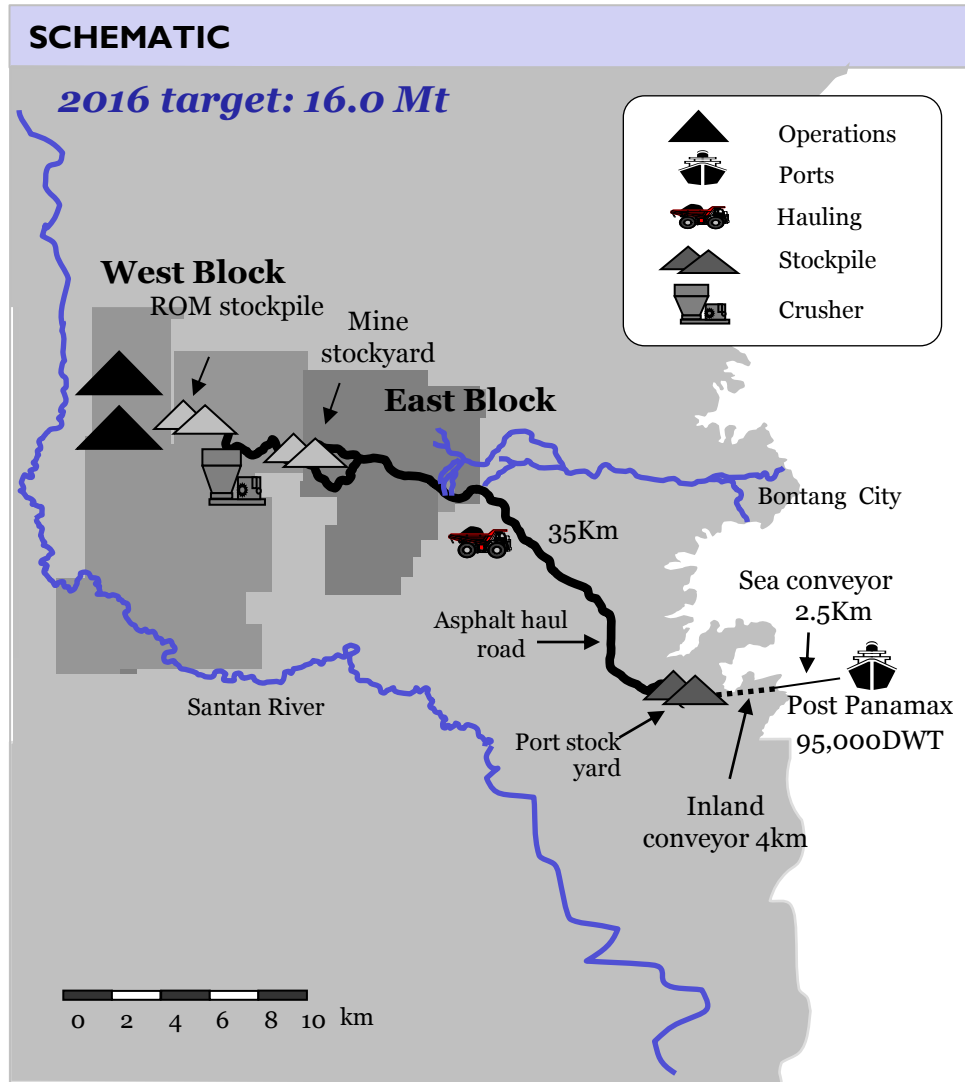
Unit: Mt



YEARLY OUTPUT TREND

Unit: Mt



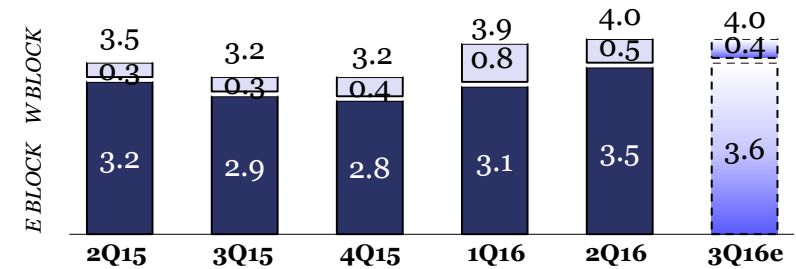


QUARTERLY UPDATES

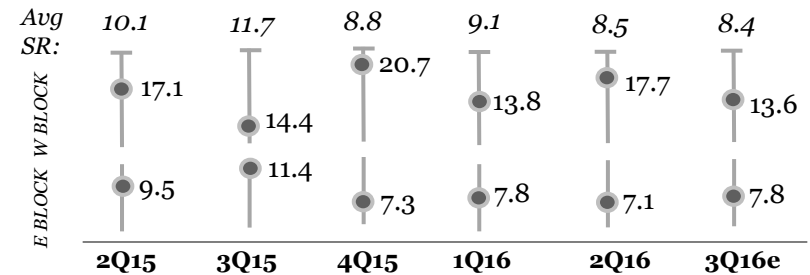
- 2Q16 production achieved as according to target.
- Total average strip ratio in 2016 is expected to be lower than 2015.

QUARTERLY OUTPUT

Unit: Mt



Unit: Bcm/t

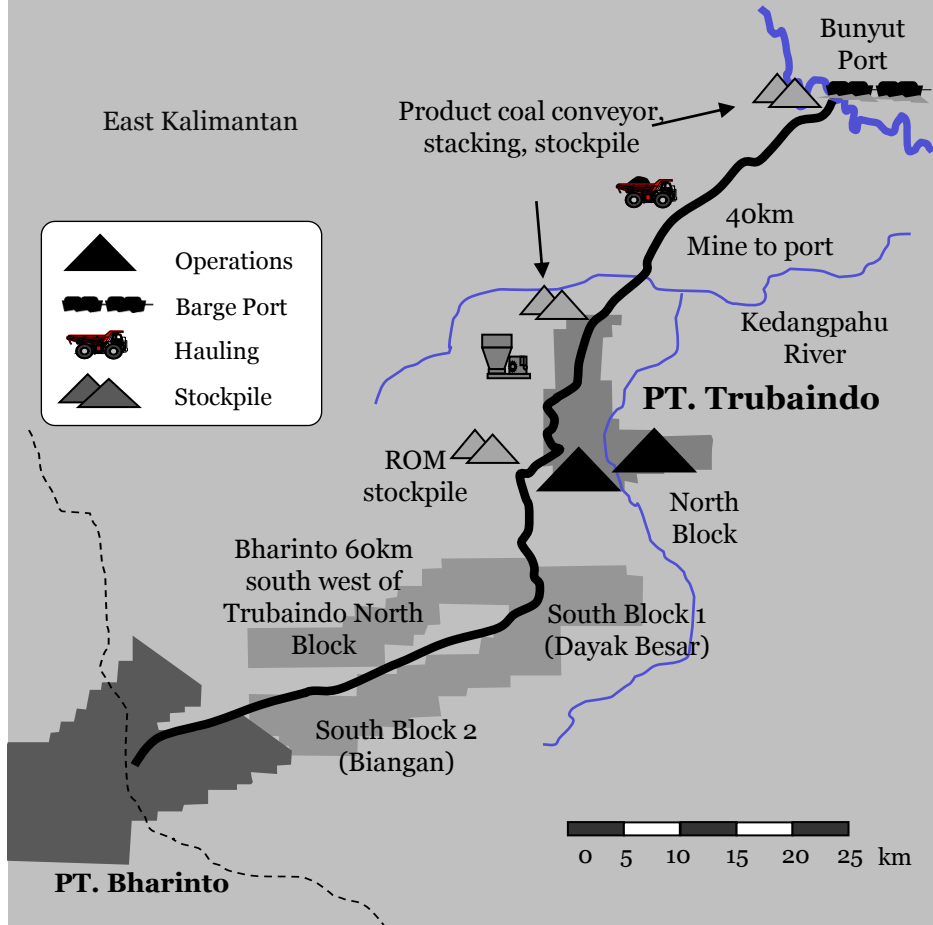


*SR based on FC coal **SR FY15 IMM: 9.4, WB: 14.8, EB: 8.9

Trubaindo and Bharinto

SCHEMATIC

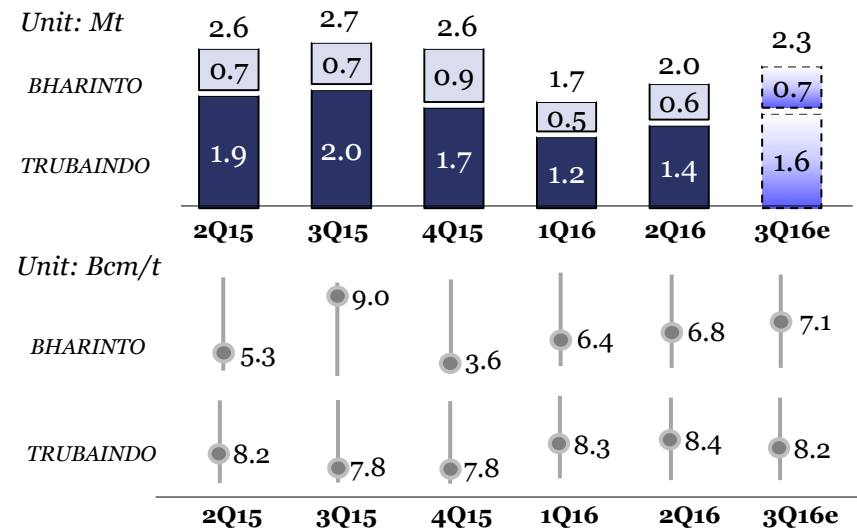
2016 target: TCM: 6.0 Mt
BEK: 2.5 Mt



QUARTERLY UPDATES

- Trubaindo:
 - 2Q16 production higher than plan due to good contractor mining performance.
 - Bunyut port expansion*: completed installation of new drive unit, counter weight and new auto sampling.
- Bharinto:
 - 2Q16 production achieved as according to plan.

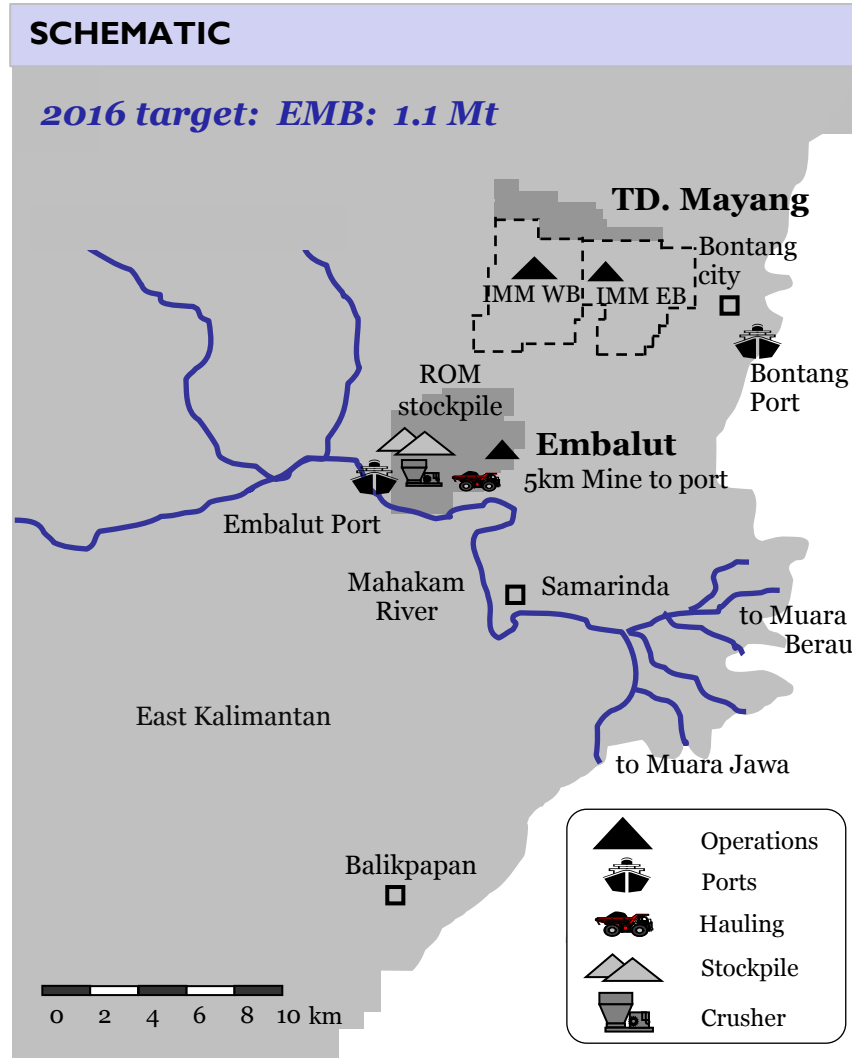
QUARTERLY OUTPUT



*SR based on FC coal

**SR FY15 TCM: 8.2, BEK: 6.0

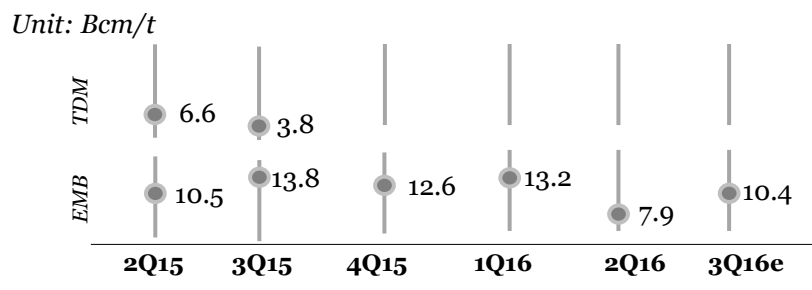
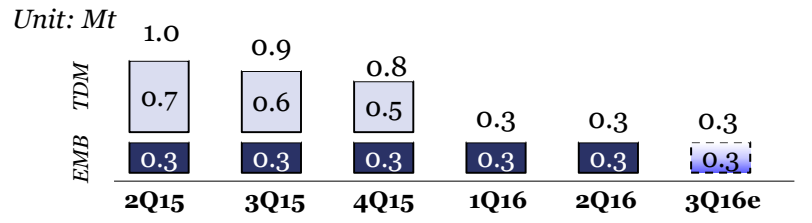
Kitadin Embalut and Tandung Mayang



QUARTERLY UPDATES

- Kitadin Embalut:
 - 2Q16 production achieved as plan.
- Kitadin Tandung Mayang:
 - Mine closure activities already started since 1Q16.
 - Last mining activity was done in Sep 2015 while coal crushing activity continued until end of 2015.

QUARTERLY OUTPUT

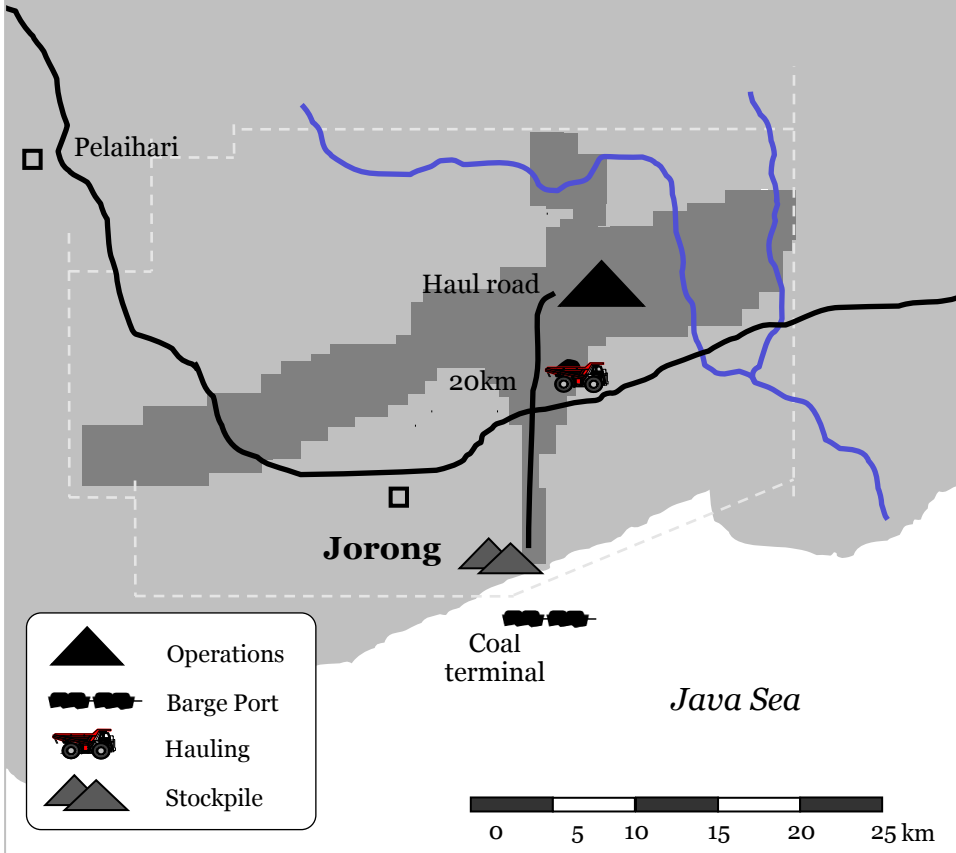


*SR based on FC coal

**SR FY15 EMB: 12.1, TDM: 5.3

SCHEMATIC

2016 target: 1.0 Mt

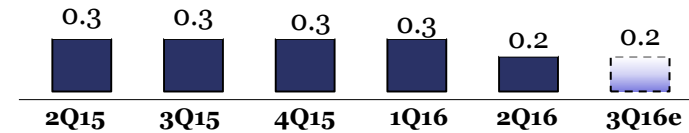


MAJOR QUARTERLY UPDATES

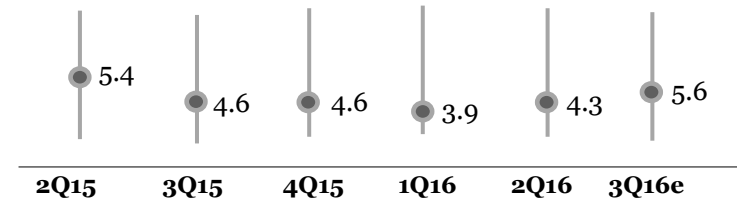
- 2Q16 production output was slightly lower than target due to rainy days affecting mine production.
- Mine closure plan already submitted and being reviewed by government for approval.
- Remaining mine reserves will be depleted by 2018.

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



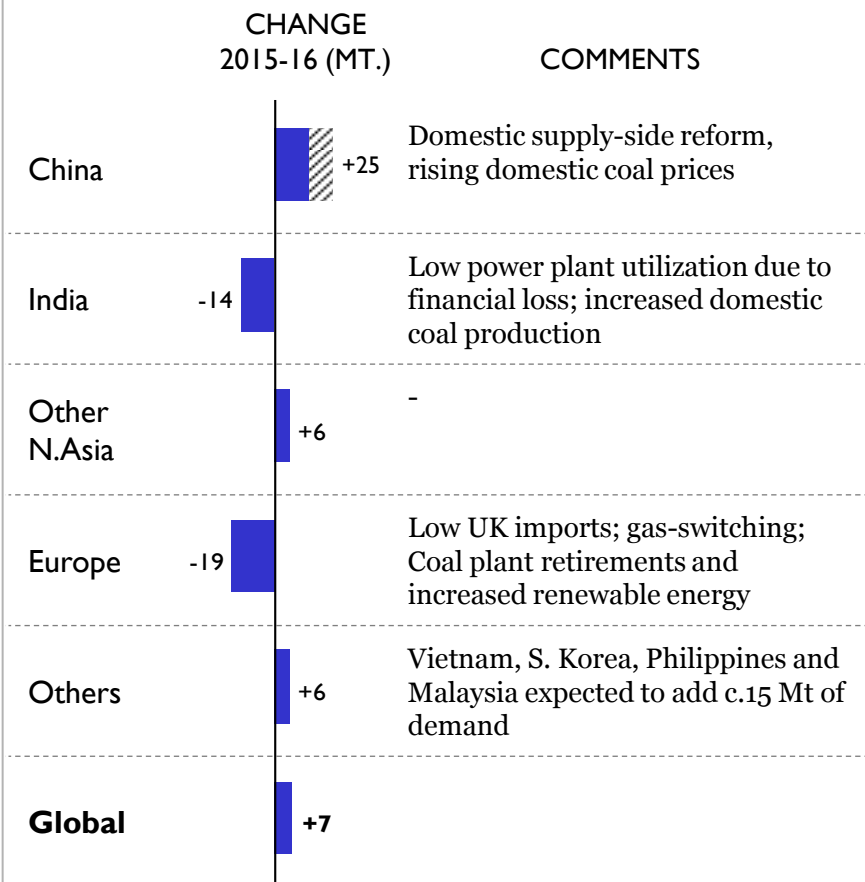
SUPPLY TRENDS

Major exporting countries have impacts from heavy rainfall. Supply side looks to be under more control.



DEMAND TRENDS

China's steep decline appears to have bottomed out. Growth is expected from SE Asian economies. The coming winter is likely to boost thermal coal demand in N. Asia and may cause a short supply of HCV product.



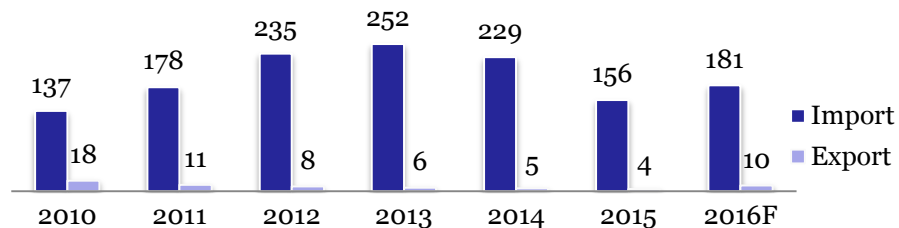
Note: *includes anthracite and lignite
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China thermal coal market review

CHINA

CHINA THERMAL COAL IMPORTS/EXPORTS*

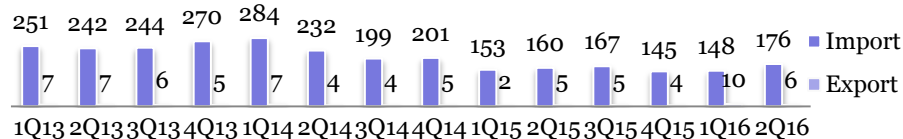
Unit: Mt



Sources: Banpu MS&L Estimates

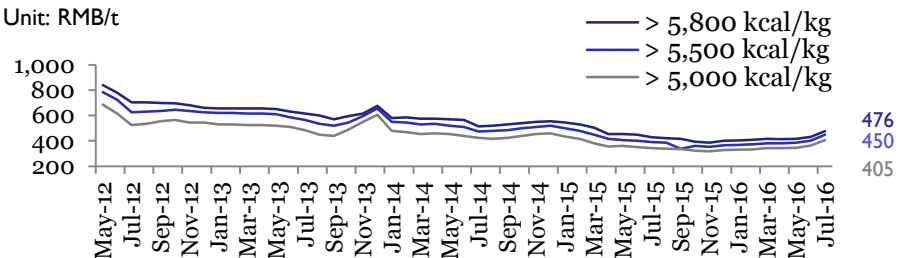
CHINA ANNUALIZED ACTUAL IMPORT 1Q13-2Q16*

Unit: Mt



CHINA DOMESTIC COAL PRICES

Unit: RMB/t



COMMENTS

- The 276-working days policy reduces coal production significantly.
- Domestic coal prices continued picking up.
- Imports are likely to remain relatively high in 2H16 and will continue to absorb some of the excess seaborne exports.
- Heavy rainfall in southern part increases hydro power output.
- Government aims to reduce capacity by 10% or c.500 Mt within the next three years.
- Met coal imports likely 10 to 15 Mtpa up, and restructuring supports international demand

Source: www.sxcoal.com/cn 31 July 2016

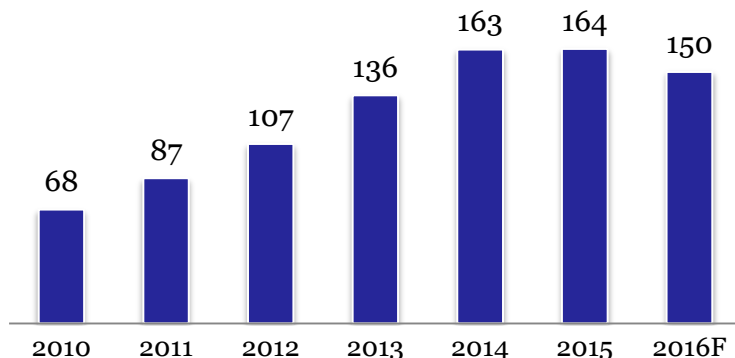
Note: *includes anthracite and lignite imports/exports

India thermal coal market review

INDIA

INDIA THERMAL COAL IMPORTS*

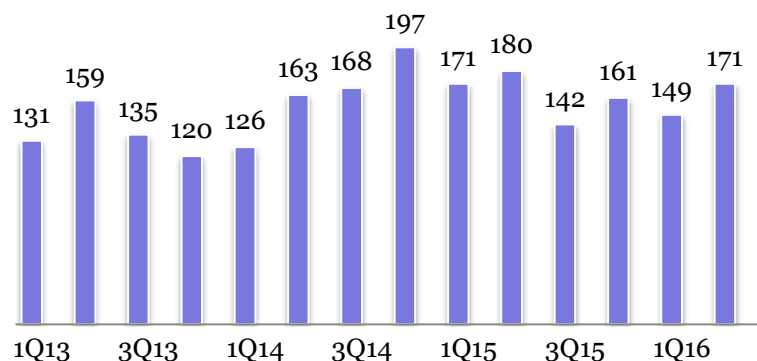
Unit: Mt



Sources: HDR, Banpu MS&L Estimates

INDIA ANNUALIZED ACTUAL IMPORT 1Q13-2Q16

Unit: Mt

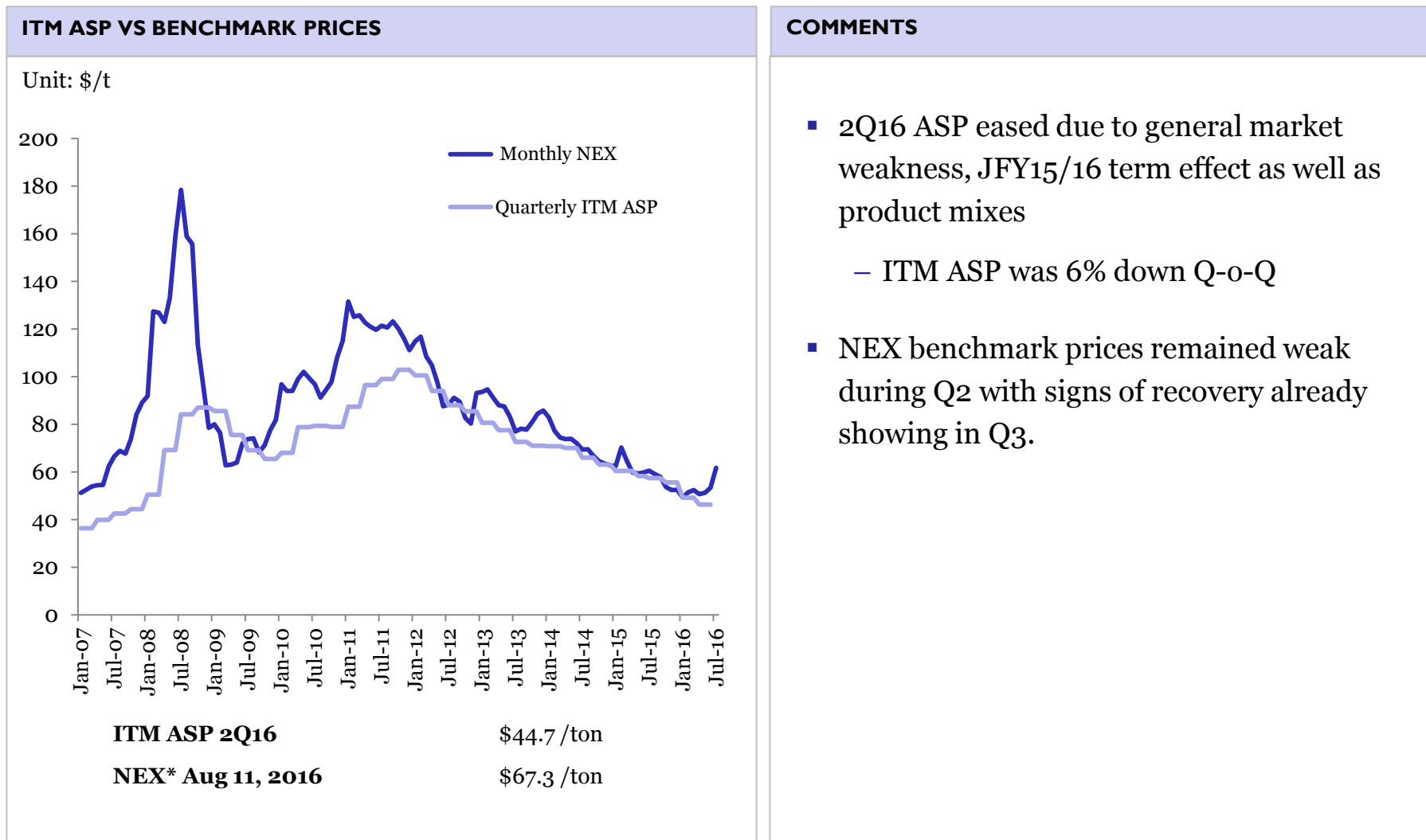


Note: *includes lignite grade imports

COMMENTS

- Strong economy and low hydro increased coal-fired generation in Q2. However, recent monsoon arrival is likely to boost up hydro power in Q3.
- Strong domestic production with high stocks reduced imports.
- The coal-fired power plant utilization levels remain low. Power distribution companies still struggling to increase power off-take due to their financial loss.
- Government initiatives to promote “India-first” coal consumption in order to “eliminate” imports look questionable as coal imports still have an advantage for coastal coal-fired power plants.

ITM ASPs vs thermal coal benchmark prices

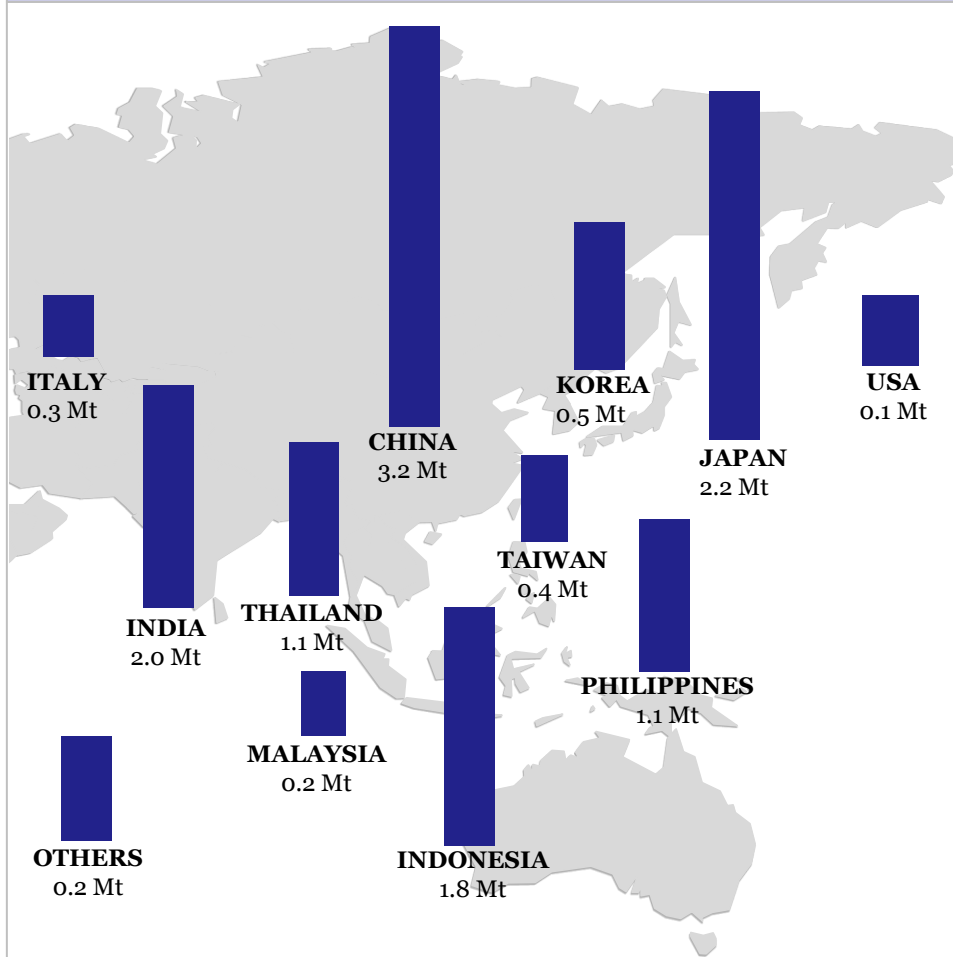


* Included post shipment price adjustments as well as traded coal

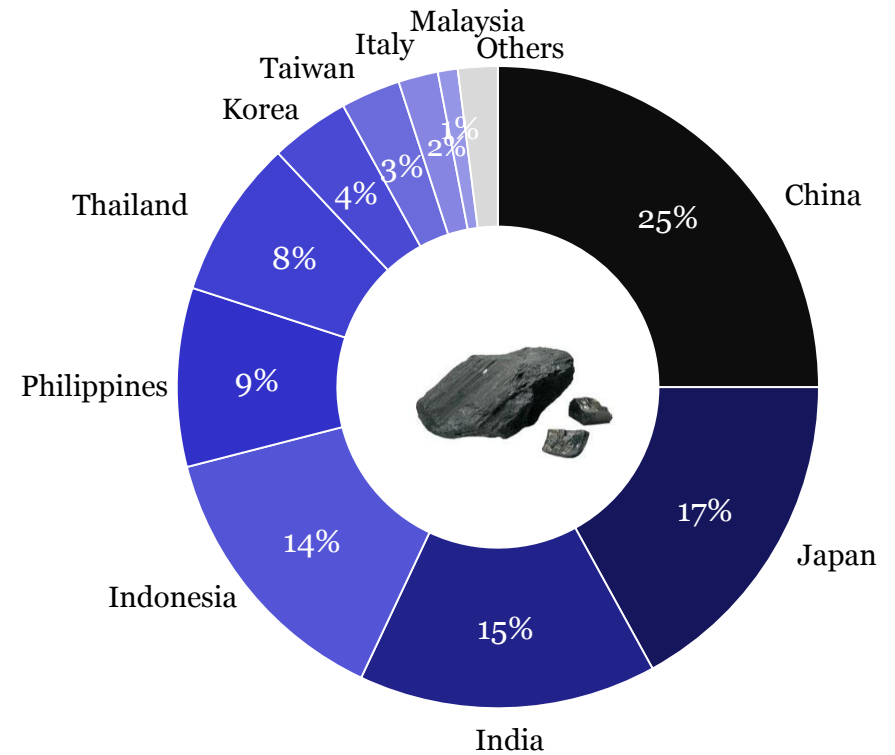
** The Newcastle Export Index (previously known as the Barlow Jonker Index – BJI)

ITM Coal Sales 1H16

COAL SALES BREAKDOWN BY DESTINATION



COAL SALES 1H16

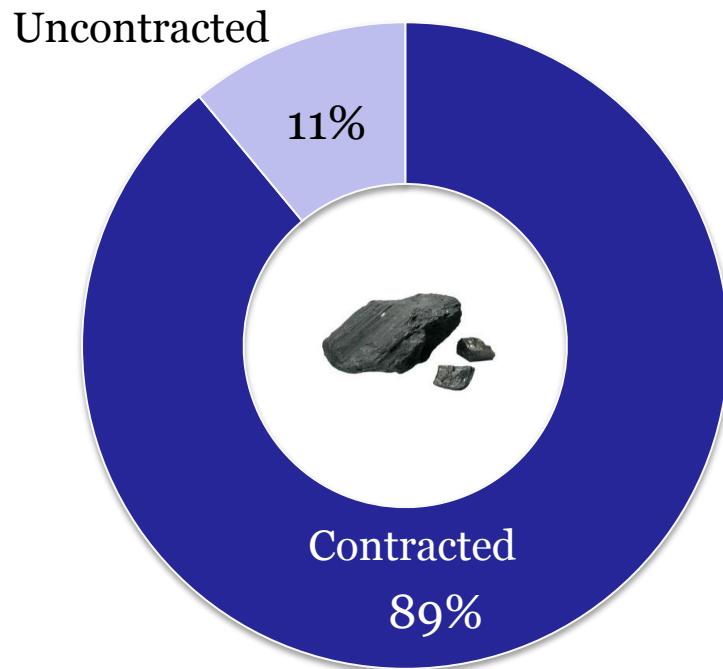


Total Coal Sales 1H16: 13.1 Mt

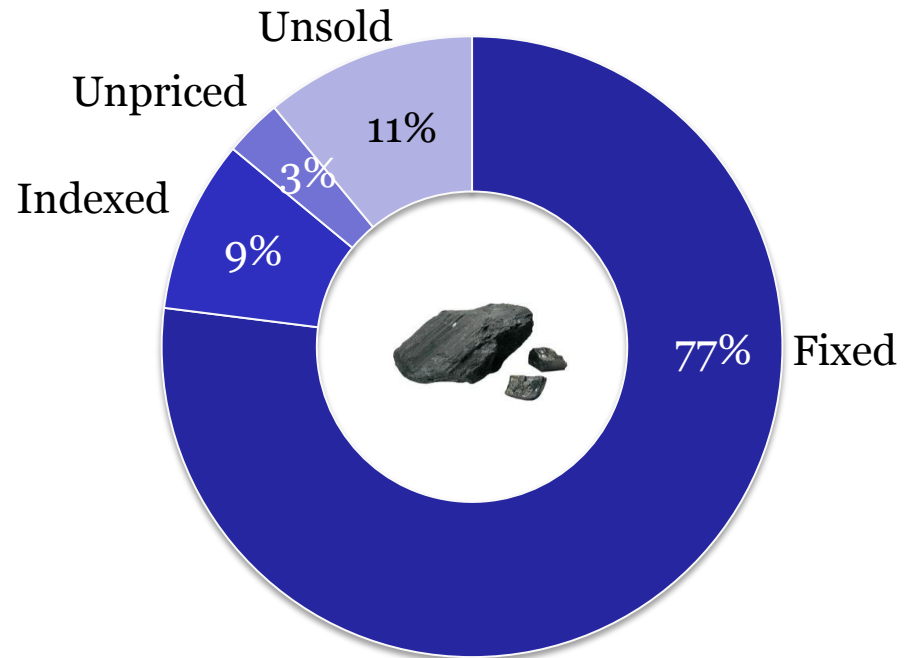
Indicative coal sales 2016

COAL SALES CONTRACT AND PRICING STATUS

Contract Status



Price Status



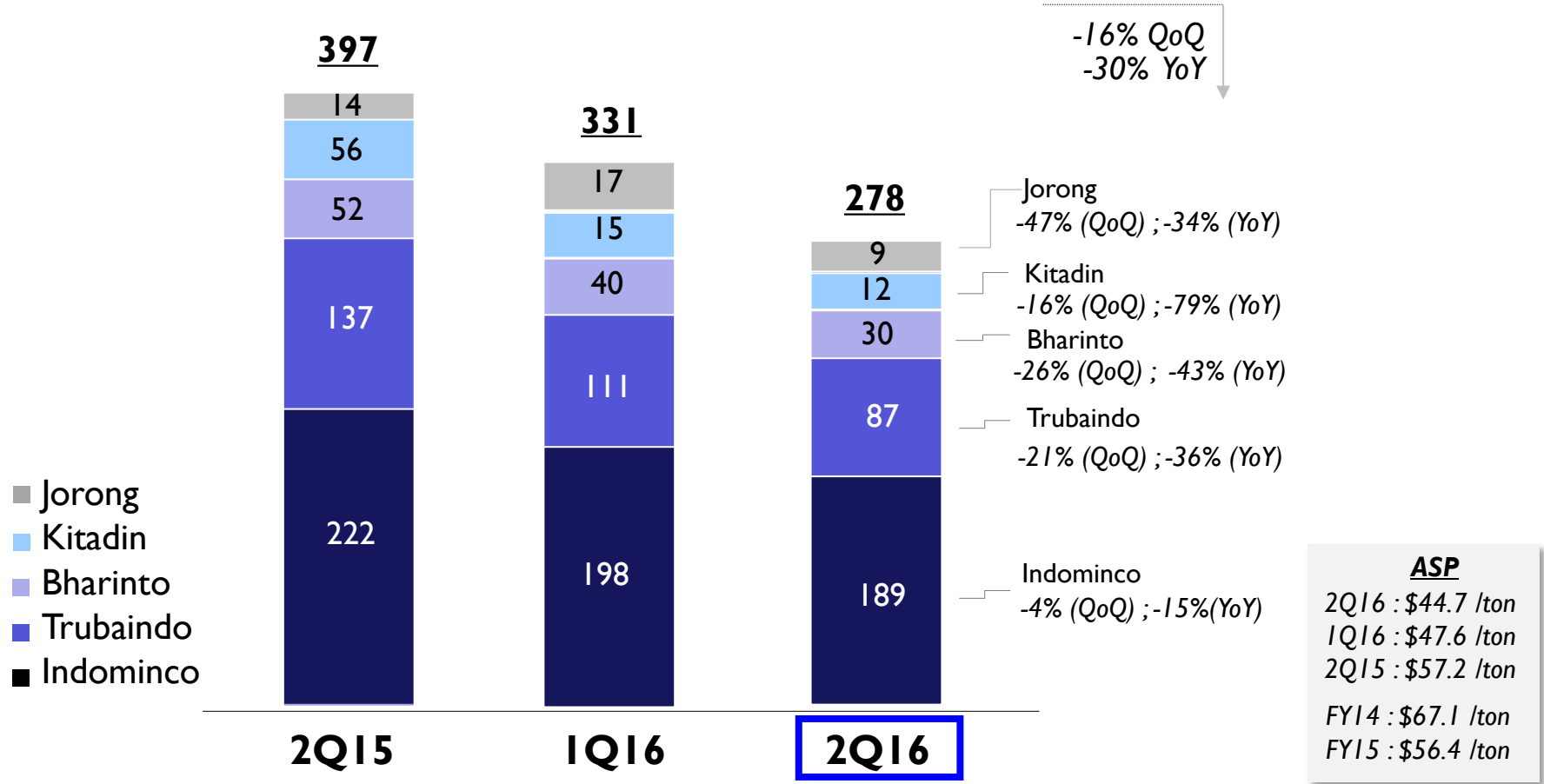
TARGET SALES 2016: 27.7 Mt

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Sales Revenue



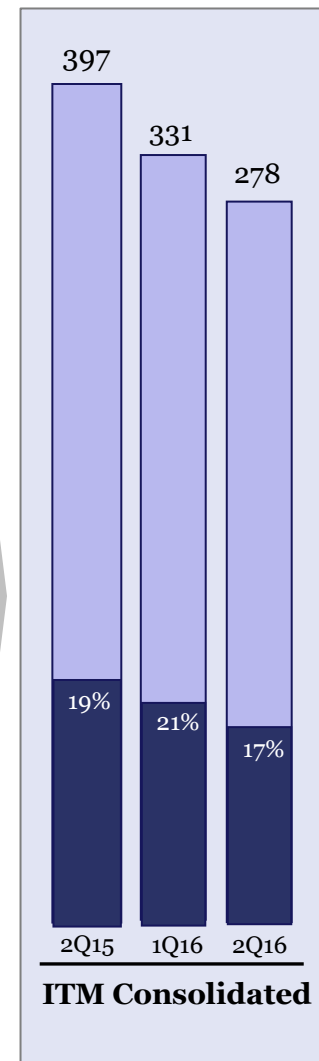
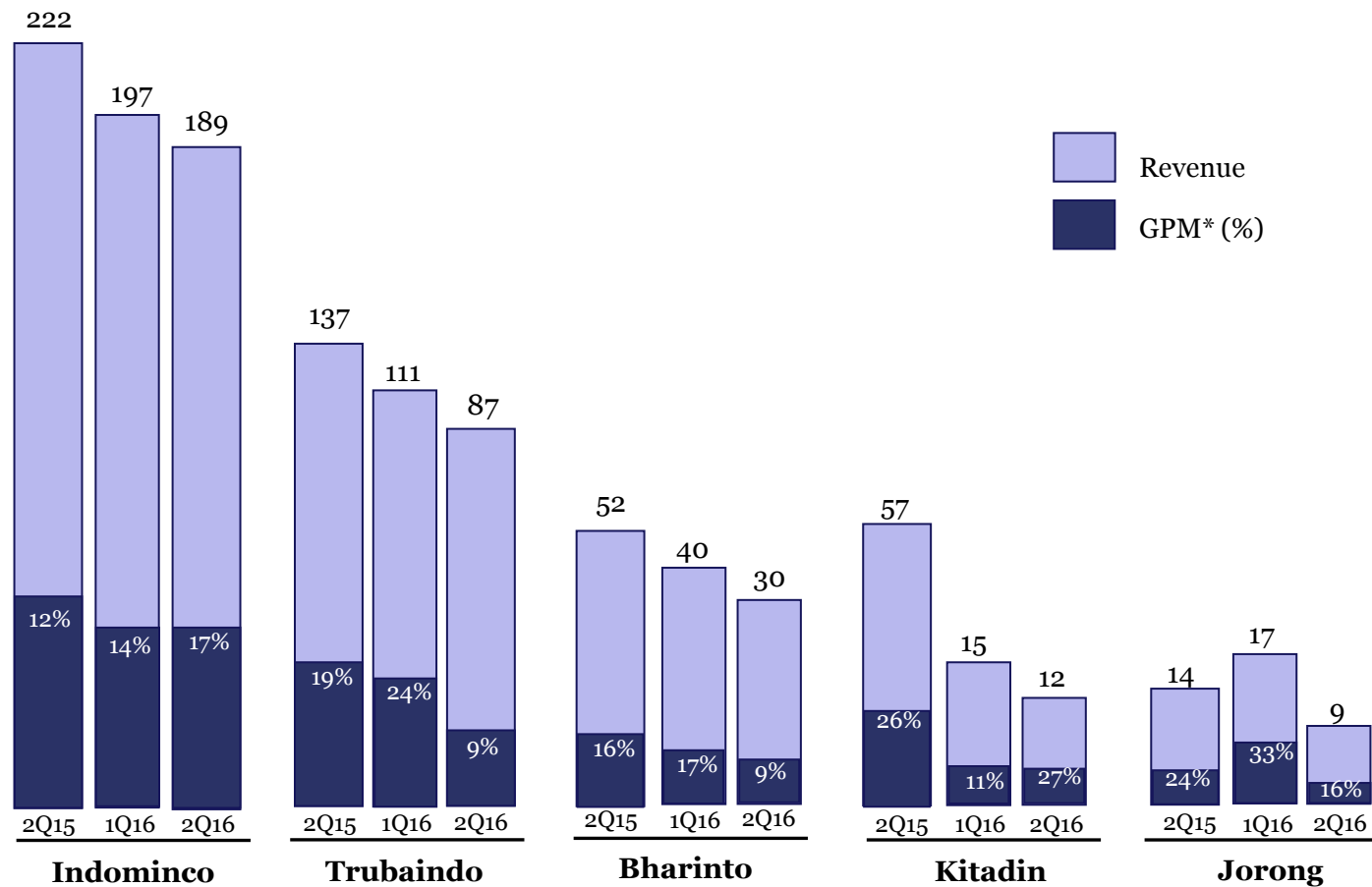
USD million



Note : Total consolidated revenue after elimination

Average gross margin

Units: US\$M



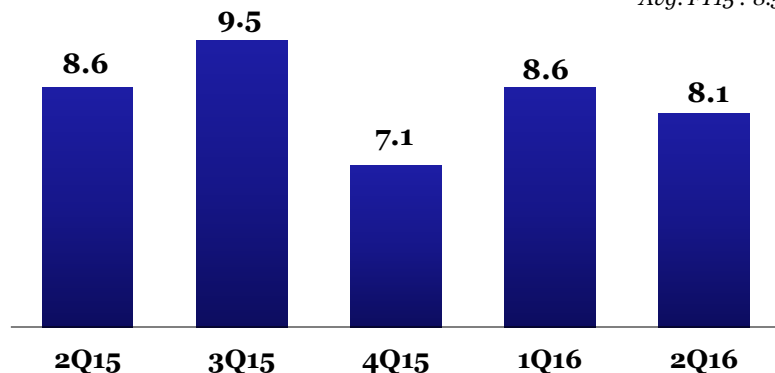
*) Gross profit after royalty expense

Total cost

WEIGHTED AVERAGE STRIP RATIO

Unit: Bcm/t

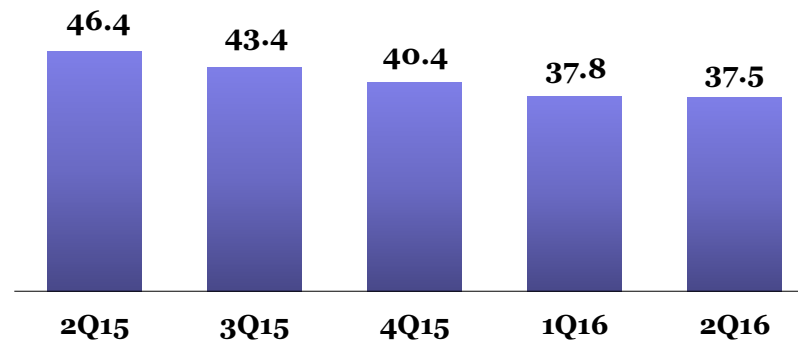
Avg. FY14 : 10.0
Avg. FY15 : 8.5



COST OF GOODS SOLD

Unit: US\$/t

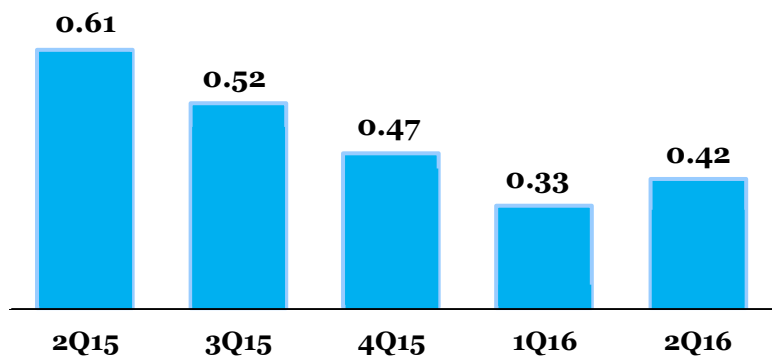
Avg. FY14: \$52.9/t
Avg. FY15: \$44.0/t



FUEL PRICE

Unit: US\$/Ltr

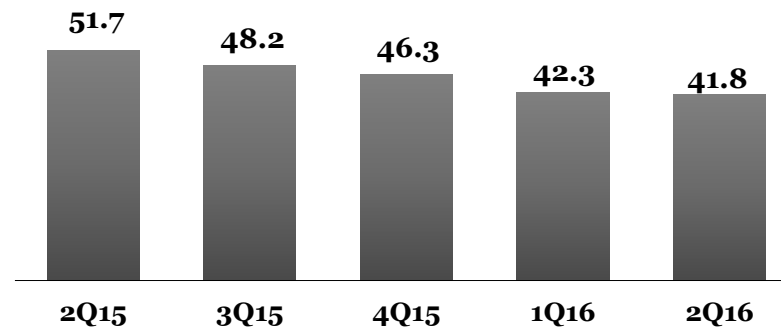
Avg. FY14: \$1.02/ltr
Avg. FY15: \$0.55/ltr



TOTAL COST*

Unit: US\$/t

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

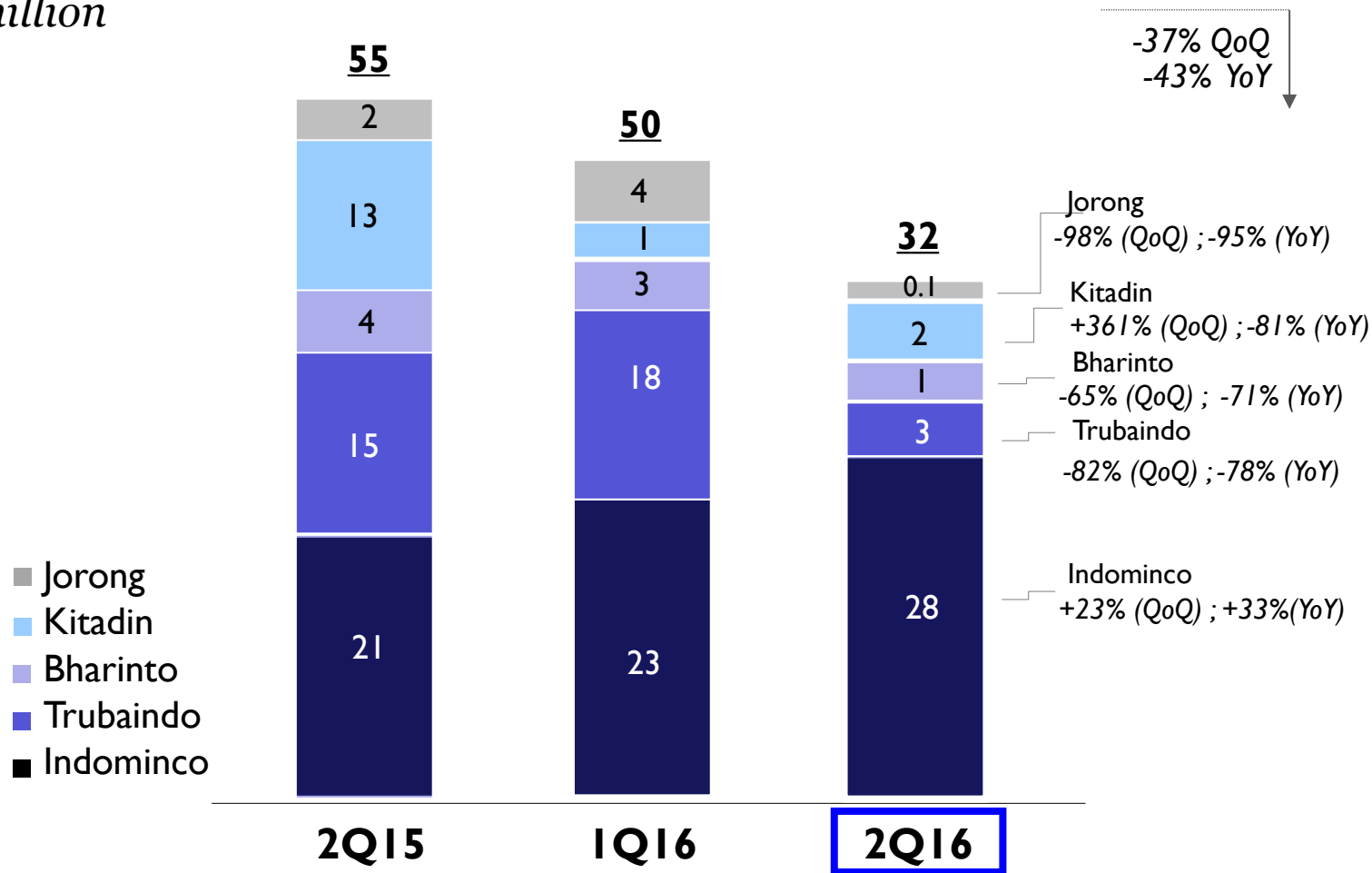


* Cost of Goods Sold + SG&A

EBITDA



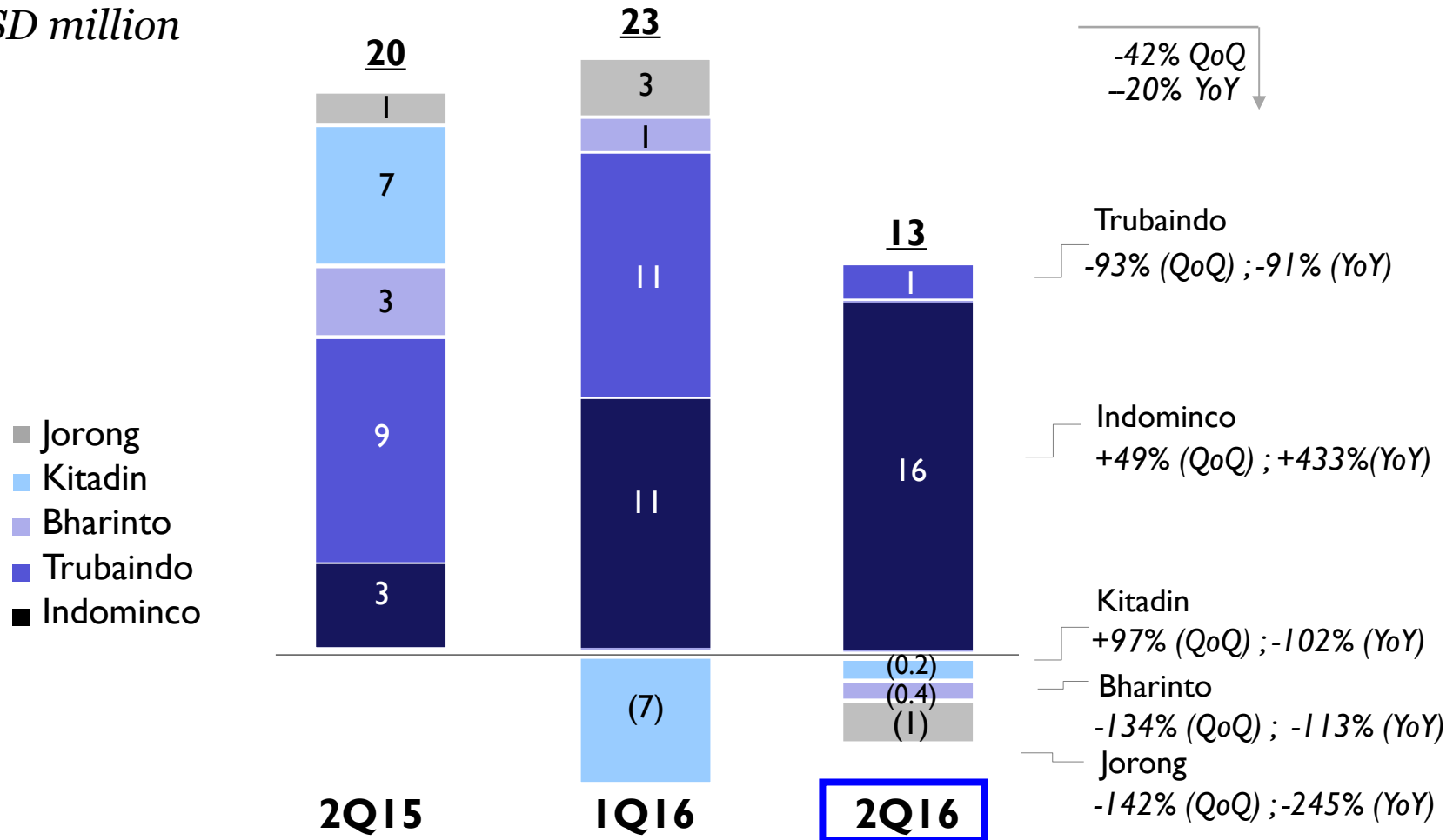
USD million



Net Income



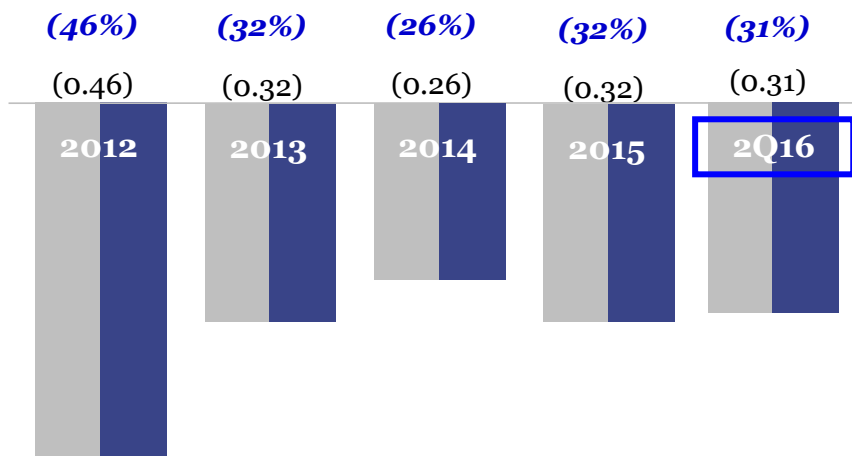
USD million



Balance Sheet

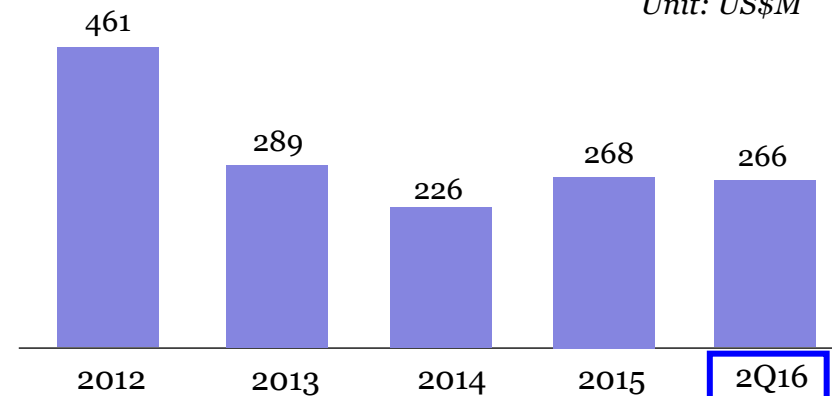
KEY RATIOS

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



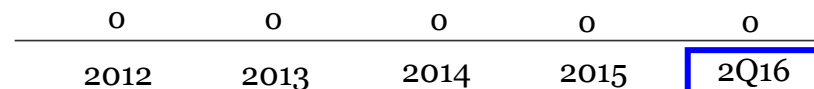
CASH POSITION

Unit: US\$M



DEBT POSITION

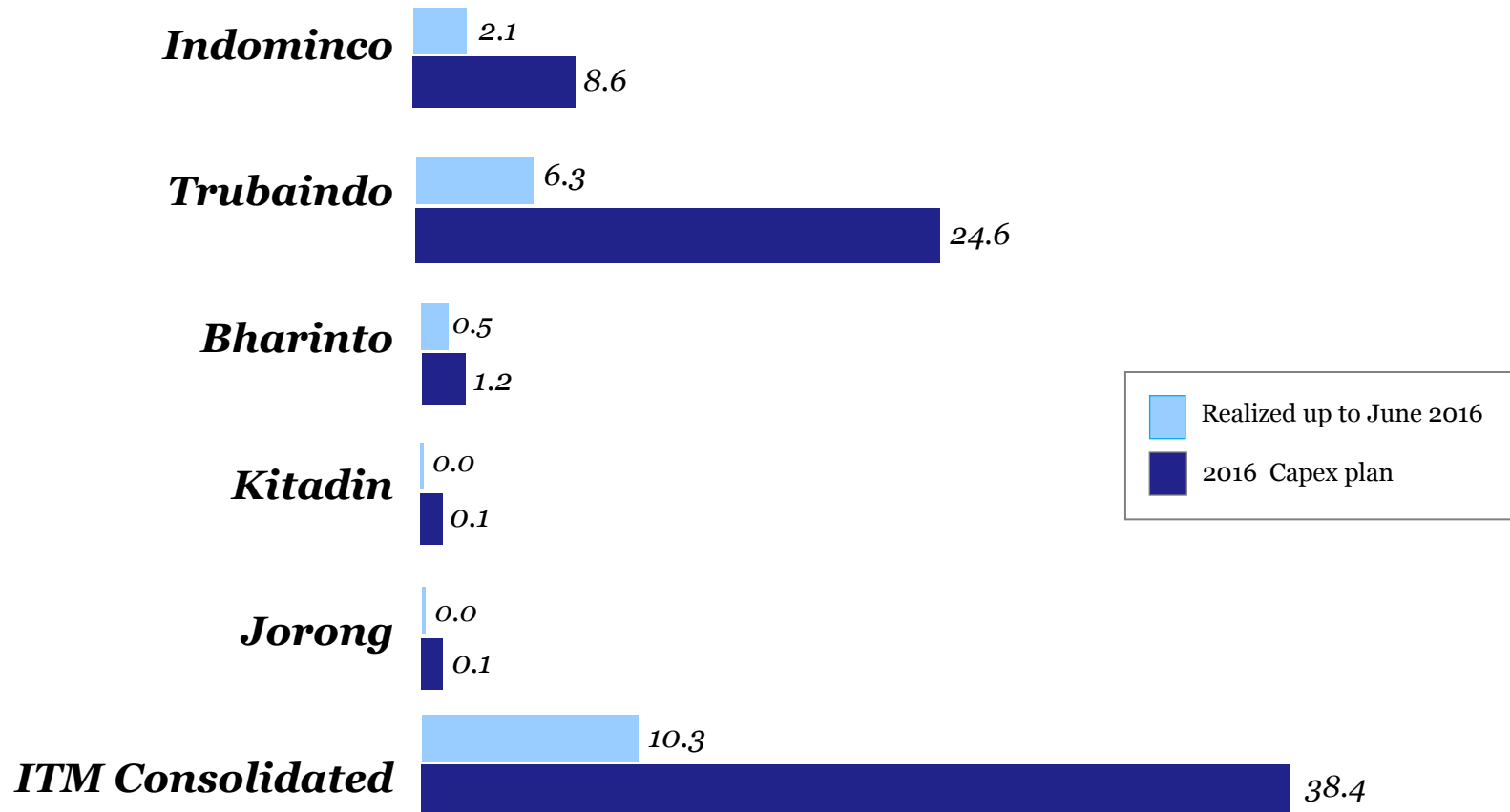
Unit: US\$M



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 & Answers

Appendices

Income statement



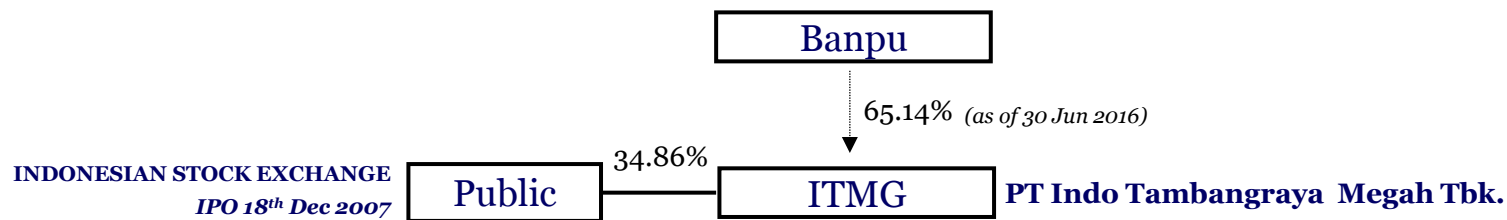
Unit: US\$ thousand	2Q16	1Q16	QoQ%
Net Sales	278,371	331,105	-16%
Gross Profit	46,748	69,664	-33%
GPM	17%	21%	
SG&A	(26,691)	(31,213)	
EBIT	20,057	38,451	-48%
EBIT Margin	7%	12%	
EBITDA	31,603	49,773	-37%
EBITDA Margin	11%	15%	
Net Interest Income / (Expenses)	343	278	
Derivative Gain / (Loss)	(1,405)	(470)	
Others	2,075	(4,779)	
Profit Before Tax	20,051	33,480	-40%
Income Tax	(6,599)	(10,451)	
Net Income	13,452	23,029	42%
Net Income Margin	5%	7%	

Income statement



Unit: US\$ thousand	1H16	1H15	YoY%
Net Sales	609,476	824,527	-26%
Gross Profit	116,412	174,244	-33%
GPM	19%	21%	
SG&A	(57,904)	(77,217)	
EBIT	58,508	97,027	-40%
EBIT Margin	10%	12%	
EBITDA	81,376	129,277	-37%
EBITDA Margin	13%	16%	
Net Interest Income / (Expenses)	621	1,939	
FX Gain / (Loss)	(1,019)	(179)	
Derivative Gain / (Loss)	(1,875)	(8,259)	
Others	(2,704)	1,854	
Profit Before Tax	53,531	92,382	-42%
Income Tax	(17,050)	(34,348)	
Net Income	36,481	58,034	-37%
Net Income Margin	6%	7%	

ITM structure



99.99%	99.99%	99.00%	99.99%		99.00%	99.99%	99.99%
Indominco	Trubaindo	Bharinto	Kitadin		Jorong	ITMI	IBU
PT Indominco Mandiri (CCOW Gen I)	PT Trubaindo Coal Mining (CCOW Gen II)	PT Bharinto Ekataama (CCOW Gen III)	PT Kitadin-Embalut (IUP)	PT Kitadin-Td.Mayang (IUP)	PT Jorong Barutama Greston (CCOW Gen II)	PT ITM Indonesia Coal Trading	PT ITM Batubara Utama Coal Investment
Exp: Oct 2030	Exp: Feb 2035	Exp: Jun 2041	Exp: Feb 2022	Exp: May 2018	Exp: May 2035	Jakarta Office	Jakarta Office
East Kalimantan	East Kalimantan	East / Central Kalimantan	East Kalimantan	East Kalimantan	South Kalimantan		
Output 1H16: 8.0 Mt	2.5 Mt	1.2 Mt	0.5 Mt		0.5 Mt		
Reserves 68 Mt	43 Mt	96 Mt	4 Mt	5 Mt	1 Mt		
Resources 720 Mt	390 Mt	216 Mt	146 Mt		140 Mt		
6,000-6,300 kcal/kg	6,500-7,300 kcal/kg	6,400-6,800 kcal/kg	5,800 kcal/kg	6,700 kcal/kg	5,300 kcal/kg		
						99.99%	99.99%
						TRUST	IEU
						PT Tambang Raya Usaha Tama Mining Services	PT ITM Energi Utama Power Investment
						Jakarta Office	Jakarta Office

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 1H16.