

Analyst Briefing

2Q23 Performance Result

16 August 2023



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AGENDA

- 1 Highlights**
- 2 Coal Market Trends**
- 3 Operational Updates**
- 4 Financial Updates**
- 5 Q&A Session**



Highlights

2Q23 highlights – robust operational performance

BUSINESS PERFORMANCE



2Q23 solid production volume exceeding the target

2Q23 production level reached **4.4Mt** (+16% QoQ / +12% YoY), exceeded 2Q23 target by 6%, supported by good weather and robust operations.



Sales volume rose while price eased down

Sales volume recorded at **5.4Mt** (+19% QoQ / +40% YoY), while 2Q23 ASP adjusted at **\$113/ton** (-25% QoQ / -44% YoY) as coal benchmark price normalized.



Managing cost effectively

Cost control measures through operations driver has favorably impacted cost, as 2Q23 cost declined to **\$80/ton** (-18% QoQ / -11% YoY).



Pressured financial performance

Declining coal price has reduced ITM net profit at **\$124M** (-32% QoQ / -50% YoY) while EBITDA is recorded at **\$169M** (-29% QoQ / -57% YoY) in 2Q23.

GOOD RESPONSIBLE MINER



Progress of Mentawir nursery

ITM is chosen by the government to build and manage Mentawir Nursery to support the new capital city “Nusantara” with coverage area of 32.5Ha. As of June 2023, the development of Mentawir nursery has almost completed and the handover is expected by the later of 2023.



Collaboration with local stakeholders

We are achieving our sustainability goal hand-in-hand with local communities nearby our operations. One of initiatives is by transforming cultural heritage into an economic engine in Jorong as we aided local SMEs to produce the traditional-motif clothing (batik).

GREENER SMARTER



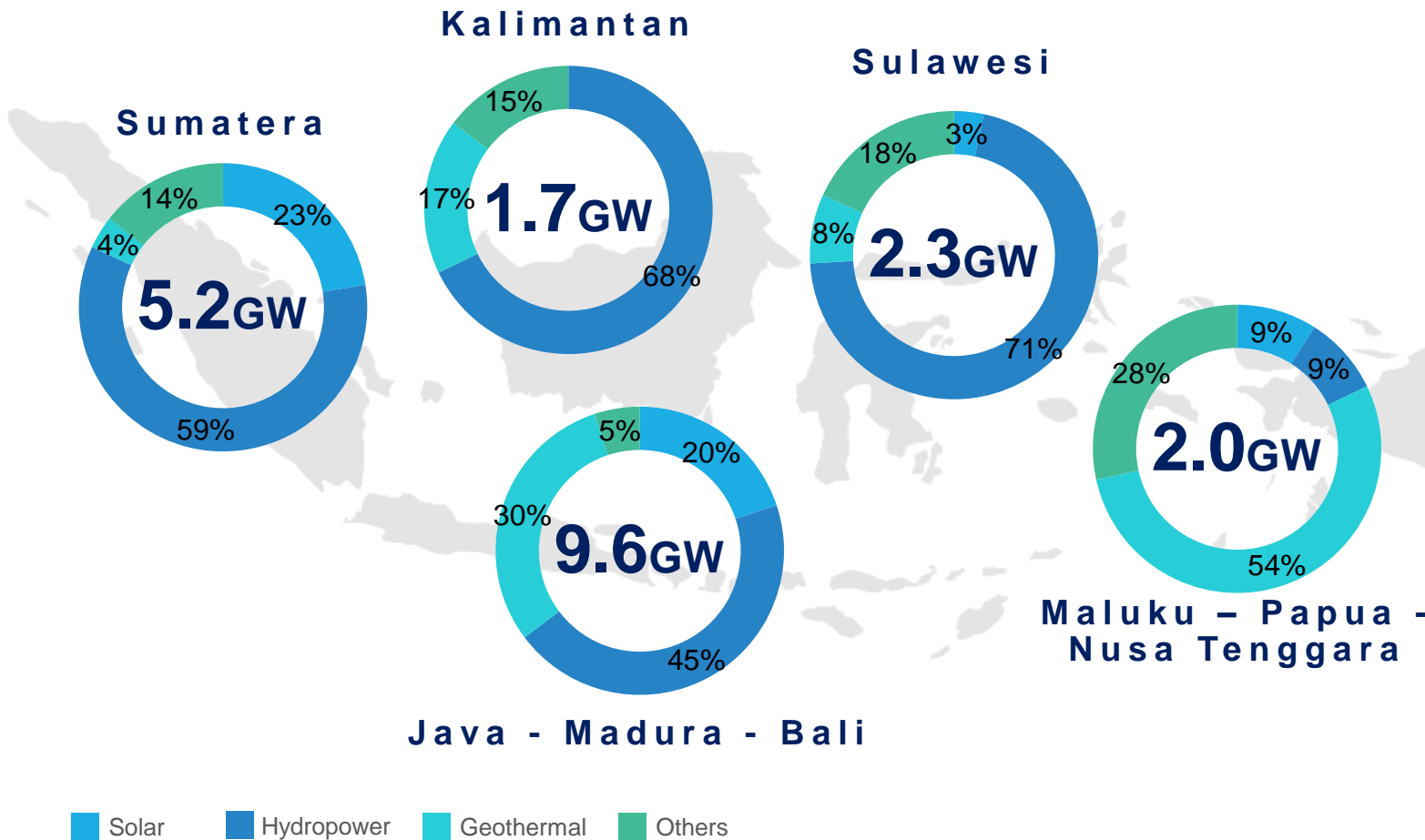
Steps toward underground gasification

ITM has signed MoU with the Ministry of Energy and Mineral Resources’ Tekmira to carry out studies to support UCG Pilot Test. The MoU will take effect in the period of 2023-2025 and covers various technical and environmental aspects.

Ample investment opportunity in renewable energy

Renewable energy development plan across 2021-2030

20.9GW implementation plan by 2030 to achieve and support net zero emission in 2060

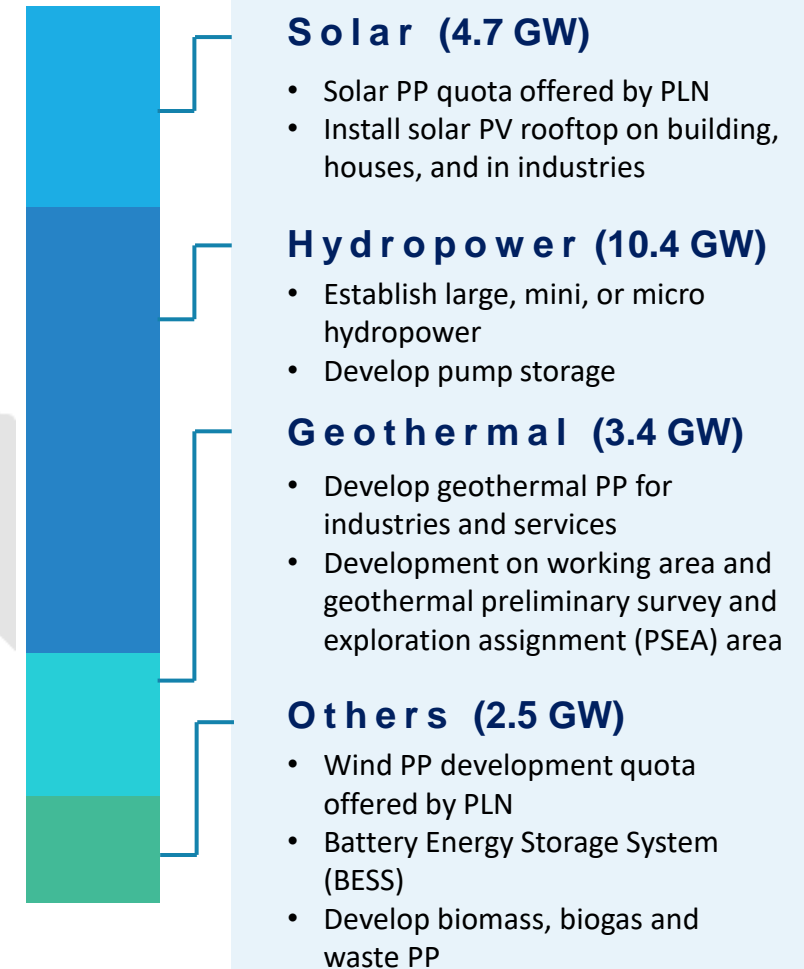


Notes: Others includes Wind, Bioenergy, Base Load RE, Peaker RE

Source: RUPTL 2021-2030 (PLN)

2030

Investment approach



Greener Smarter renewable energy business expansion



ITM established PT ITM Bhinneka Power (IBP) as a concrete step in tapping into renewable energy and energy technology business.

In the development, IBP established two subsidiaries underneath, namely PT Cahaya Power Indonesia (CPI) which focus on solar PV rooftop for Commercial & Industrial and PT IBP Hydro Power (IHP) for hydropower renewable business in the future. In addition, IBP has also developed the captive solar PV hybrid plant for ITM mining operations.

Captive



ITM as one of many integrated energy solution providers, utilizing its own renewable energy as a greener power source and creating a synergy.



Bunyut, Kalimantan

Commercial



We focus on delivering efficient and eco-friendly energy generation as we reach to our partner business properties in commercial area.



Several McDonalds, Jakarta

Industrial



Several solar PV projects are constructed for customers coming from various industries, resulting in increasing solar energy portfolio



Semen Jawa, Sukabumi Mark Dynamics, Medan

Our achievement so far:

9.7 Total committed capacity
MWp

5.8 Total installed
MWp

1.0 Additional contract in 2Q23
MWp

Strategic direction of renewable business



Energy Generation

Solar farm project

Develop solar farm in the targeted area and study the possibility to tap into the de-dieselization program: converting old diesel power source into solar based energy and battery energy storage system (BESS).

Hydro & Other Renewable Power Plants

Explore potential opportunities in renewable energy sector, with a primary focus on operating power plants, as well as advanced developing projects in collaboration with experienced partners.

GHG emission reduction

Study on the carbon business as well as support the climate change target of company. Renewable energy generation reduce the GHG emission and would have a potential as a green business energy in the future.

Energy Technology

Solar-based renewable energy product

Develop solar-based renewable energy product, e.g., solar rooftop, for the segmented market while focus on increasing electricity capacity of solar renewable energy portfolio,.

Green Hydrogen and Ammonia

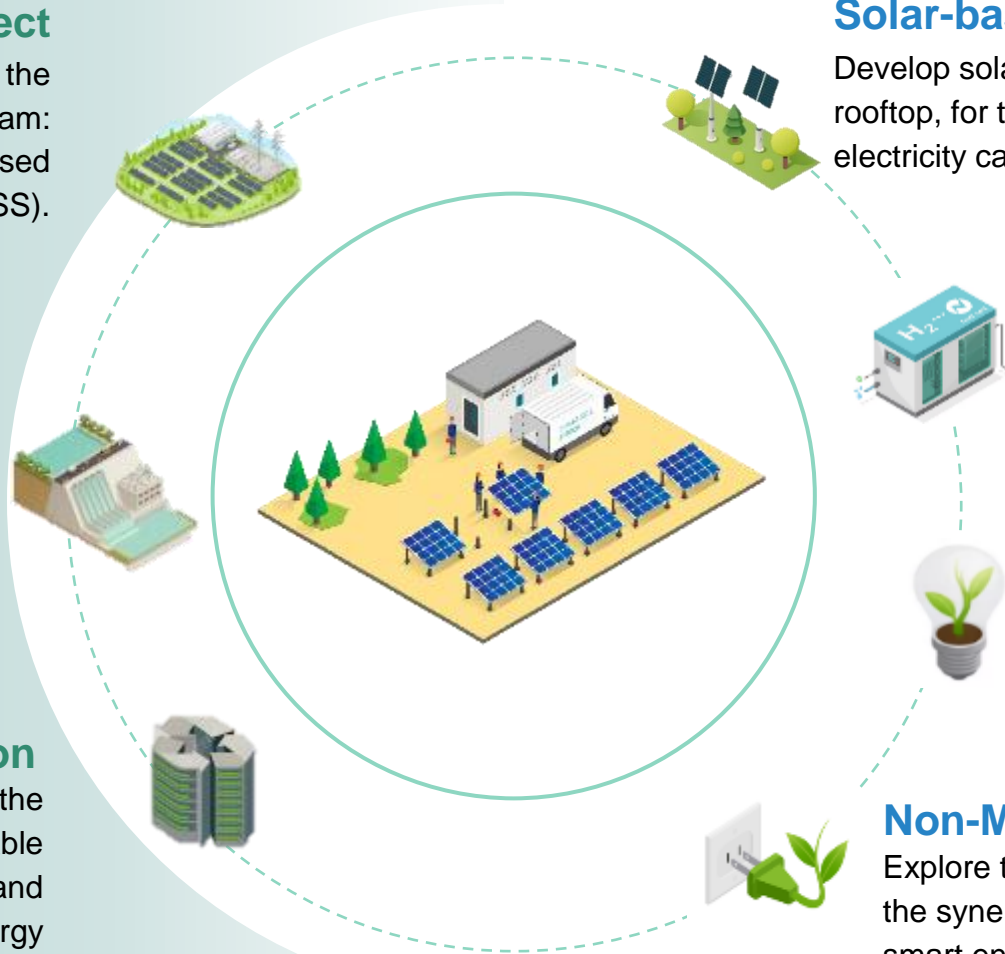
Exploring potential opportunities of green hydrogen and ammonia, while monitoring the relevant regulations to facilitate the development of infrastructure and logistics required.

Energy Efficiency

Develop pilot project focused on energy efficiency and explores potential collaborations with partners to promote eco-friendly solutions.

Non-Mining business development

Explore the opportunity in new s-curve business and the synergy with partners specializing in renewable and smart energy technology to support existing ecosystem.



ITM way forward: a diversified energy company

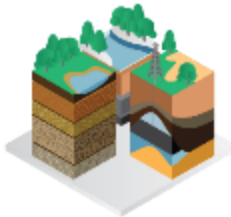


MINING



Coal mining

Through organic exploration and greenfield mine development



Underground coal gasification

Exploring any opportunities in the downstream project



Mineral mining

Potential investment in clean-tech mineral resources

ENERGY SERVICES



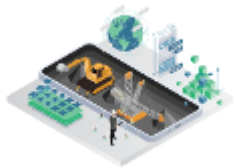
Contractor business

Capacity expansion and business process improvement



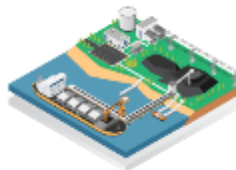
Coal trading

Optimize 3rd party coal purchased through coal blending and direct sales



Mining digital products

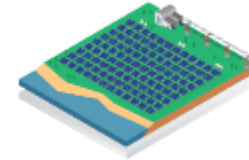
Digital solution for mining sector



Port

Utilize the existing infrastructure

RENEWABLES & OTHERS



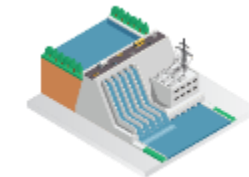
Solar farm

Solar PV hybrid powerplant



Solar rooftop

Focus in the commercial and industrial area



Hydro-based renewable

Clean energy generation



Nature-based solutions (NBS)

Prospecting on carbon offset and carbon trading

Note: Business segment in grey is under development.

OUR WAY IN ENERGY

Igniting Spirit of Responsible Transition: advancing, empowering together



Reliable Energy

To deliver dependable energy solutions, ensuring the security of energy supply by being a good and responsible corporate and value-driven for all stakeholders.



Affordable Energy

To sustain the need of economic growth and tackle economic issues by meeting growing energy demand and rising share of renewable energy.



Eco-friendly Energy

To supply greener, smarter energy with minimal environmental impact while strengthening sustainability performance to play a role in climate change mitigation.

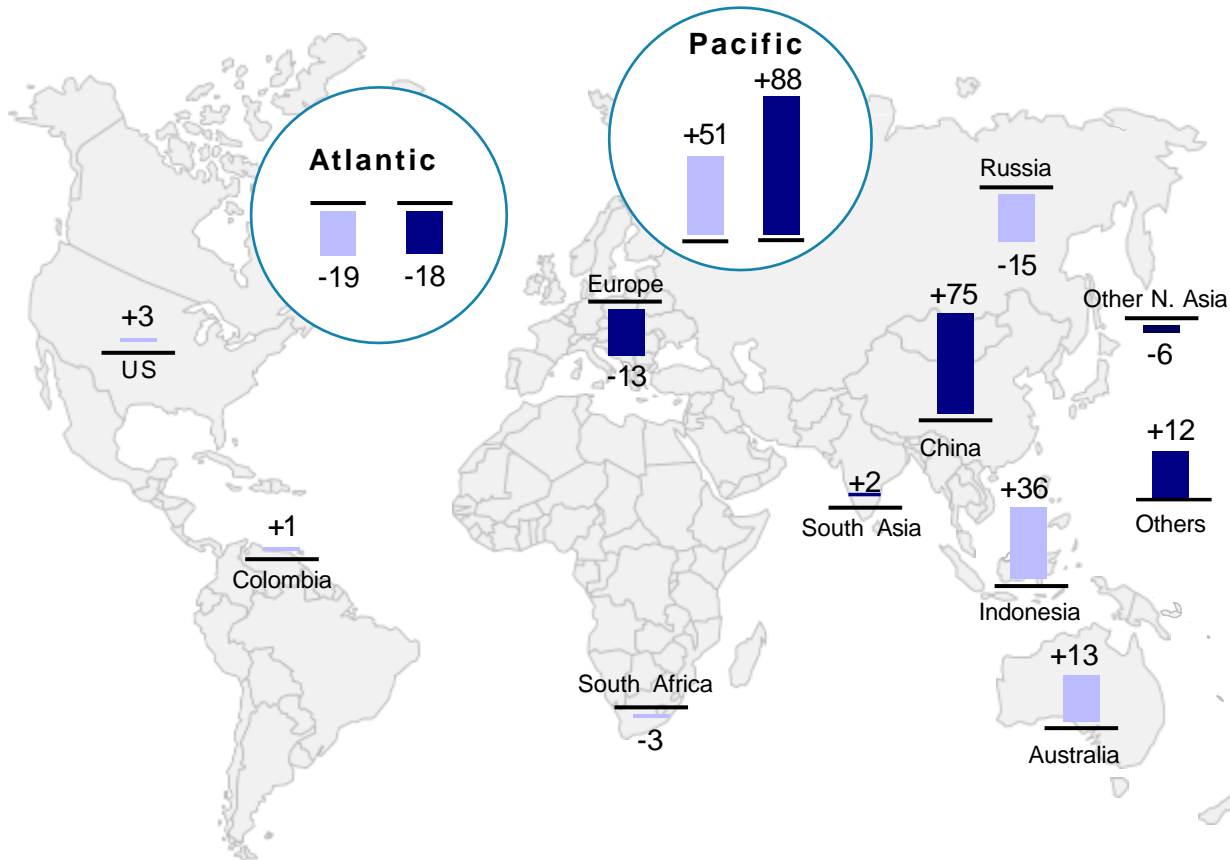


Coal Market Trends

Global thermal coal market

COAL DEMAND AND SUPPLY CHANGE – 2023E VS 2022

Unit: Mt ■ SUPPLY ■ DEMAND



Note: JKT = Japan, South Korea and Taiwan

TRENDS

DEMAND

Global thermal coal import is expected to grow strongly this year driven by China and Southeast Asia. HCV demand in Europe and East Asia dropped in the 1H largely due to subdued power demand. We expect heat wave in East Asia to drive coal use from June to August. However, low gas prices and weak economy in Europe push downward pressure on coal demand.

- **China:** Thermal coal import is likely to slowdown in the 2H but expected to remain at relative high level as imported coal is still competitive against domestic coal at the coastal area.
- **India:** Coal burn remains strong due to higher temperature, lower hydrogeneration and continued economic expansion.
- **JKT:** Muted power demand and high coal stocks suppressed coal demand in the 1H. Hot weather is expected to increase electricity usage in the coming summer.
- **Europe:** Coal consumption remains weak due to slow economy and low gas prices. Coal remains uncompetitive against gas and renewables.

SUPPLY

Global coal supply is expected to grow stronger than demand this year, driven by Indonesia and Australia, likely to result in oversupply. Weak European coal demand have been pushing excess coal from Colombia and South Africa into Asian market and is likely to continue in the 2H.

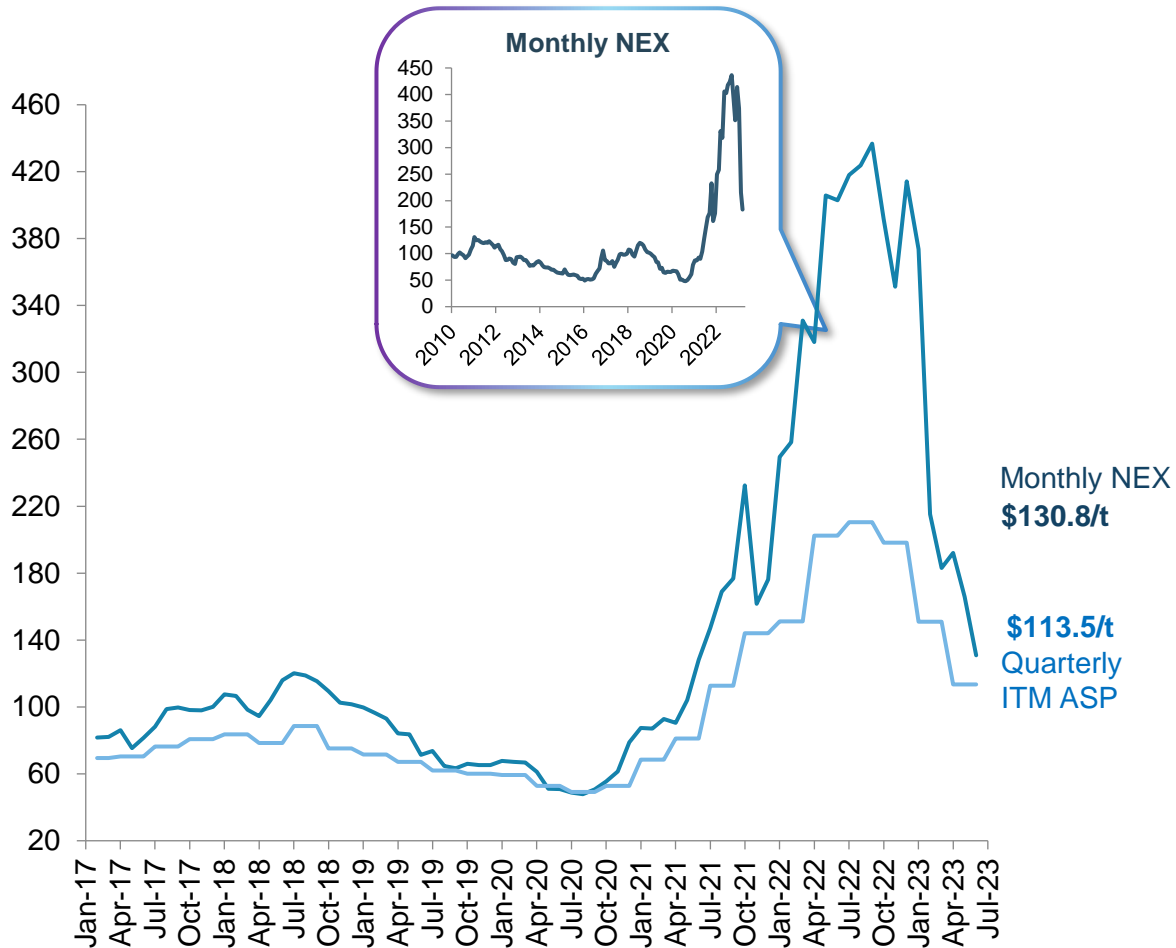
- **Indonesia:** Exports were strong in the 1H but the decline in prices may force some Indonesian miners to cut their output as the current coal prices have affected several producers' costs, especially low-CV producers.
- **Australia:** Exports are running smoothly despite ongoing labour availability issue. Exports to China have recovered rapidly.
- **Others:** Russian thermal coal exports continue to rely mainly on Chinese demand which may be suppressed in the 2H. Colombian producers have been pushing hard to secure business in China as European demand dries up. Logistic constraints in South Africa, Colombia and Russia persist.

ITM ASP vs thermal coal benchmark prices



ITM ASP VS BENCHMARK PRICES

Unit: US\$/t



COMMENTS

- Seaborne premium thermal coal market continued its downward trend through Q2. Weekly GCNewc was at US\$199.58 in the 1st week of April and dropped to the bottom (US\$120.23/t) in the week of 23rd June.
- The lower quality thermal coal market has also been weakening through Q2. Weekly ICI2 decreased from US\$117.57 (7th April) to US\$86.60 (30th June), ICI3 started at US\$95.82 in the 1st week of April and ended the quarter at US\$67.42. ICI4 started at US\$72.48 in the first week of April and dropped to US\$51.32 in late June. In general, we see relatively strong support for lower spec thermal coal market thanks to the strong import demand from China.
- We anticipate that the global seaborne thermal market will be less volatile in the foreseeable future, as the overall demand/supply tend to be well balanced through the year.
- Key price metrics:
 - ITM ASP 2Q23: \$113.5/t* (-25% QoQ)
 - NEX (11 August 2023)**: \$144.3/t

Note:

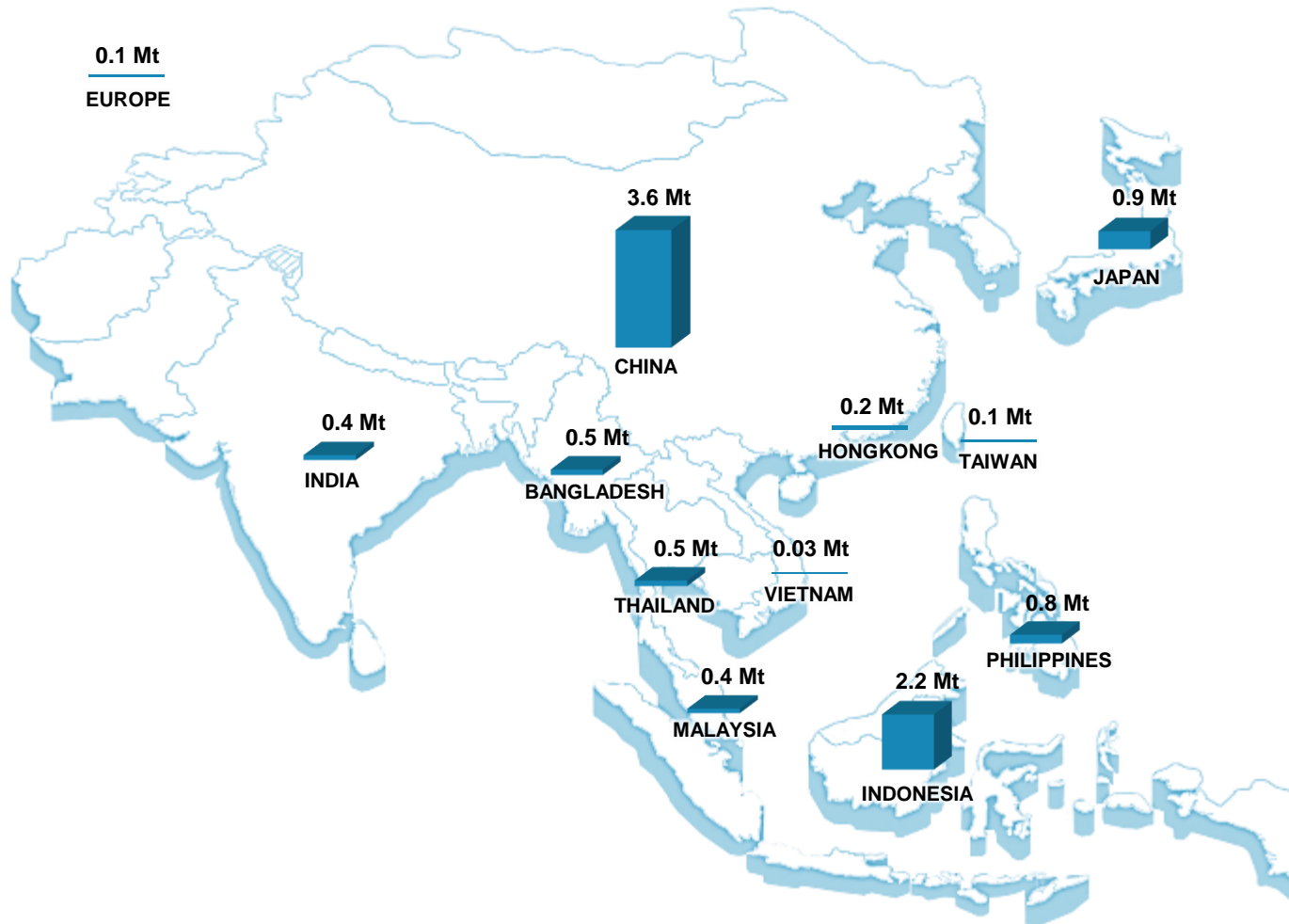
* Includes post shipment price adjustments as well as traded coal

** The Newcastle Export Index (NEX)

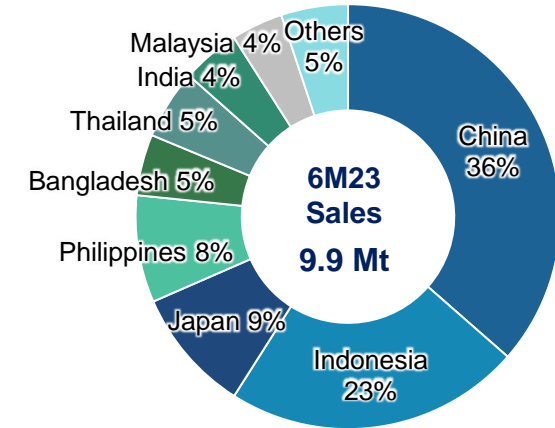
ITM coal sales



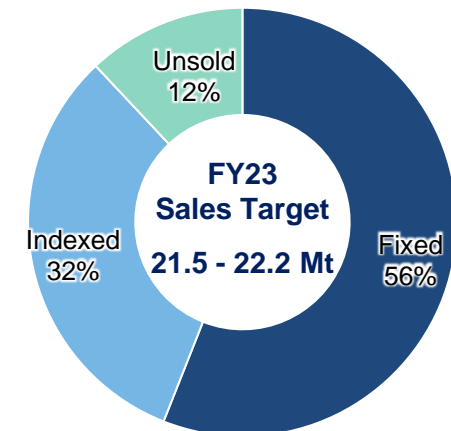
6M23 COAL SALES BREAKDOWN BY DESTINATION



COAL SALES 6M23



INDICATIVE COAL SALES FY23





Operational Updates

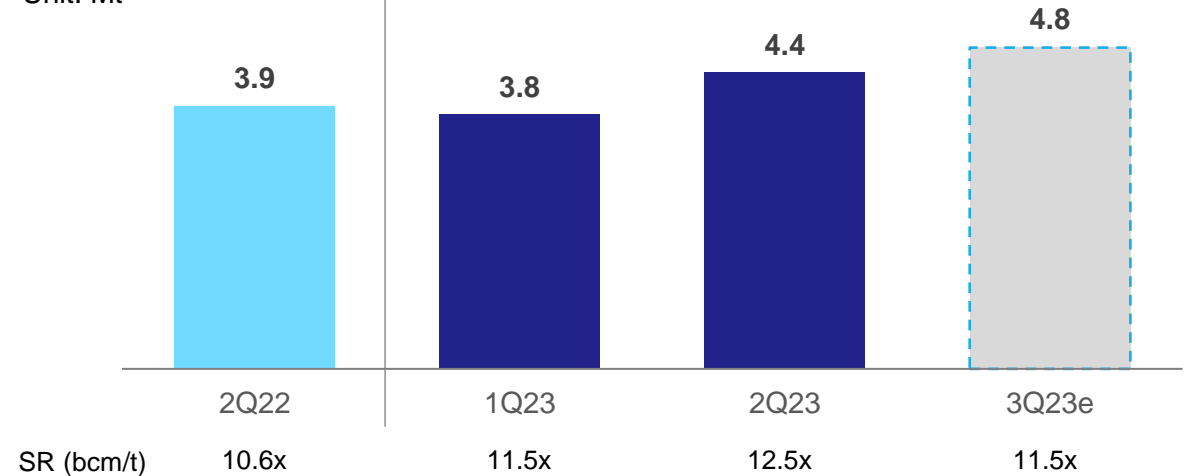
Operational summary 2Q23



2023 Target: 16.6-17.0Mt



Unit: Mt



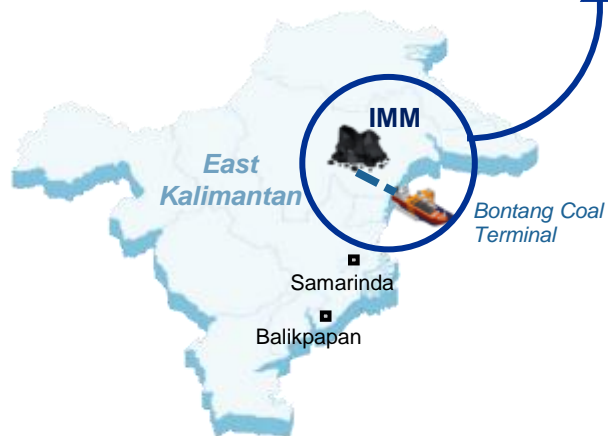
- 2Q23 production surpassed the target at 4.4Mt with a strip ratio of 12.5x due to an increase in Indominco and Bharinto production.
- Benefitting from the good weather as we enter dry season, 3Q23 production is targeted at 4.8Mt.
- 3Q23 strip ratio is expected at 11.5x, lower than the previous quarter at 12.5x.

Note: Higher production target is subject to further government approval

Coal operations: Indominco Mandiri

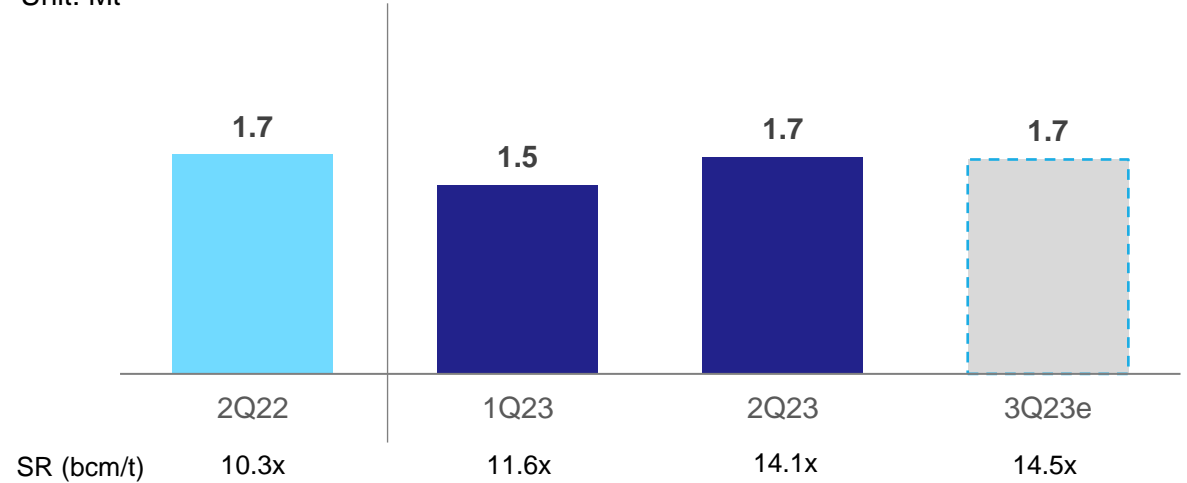


2023 Target: 6.4Mt



- Operations
- Barge Ports
- Hauling
- Stockpile
- Crusher

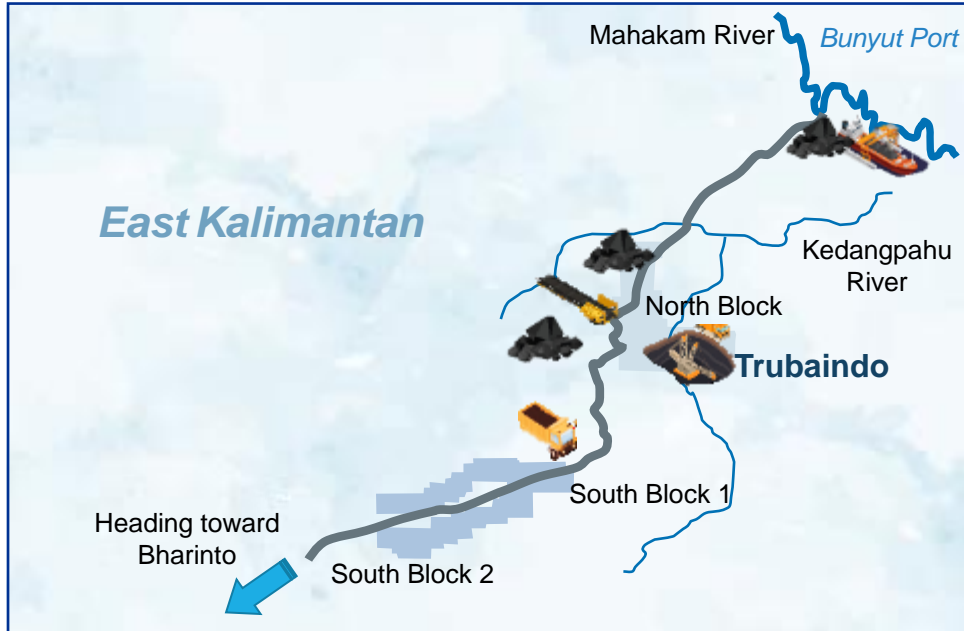
Unit: Mt



- 2Q23 production exceeded the target at 1.7Mt with a lower strip ratio than expected at 14.1x.
- 3Q23 production target is maintained at 1.7Mt with a strip ratio of 14.5x as we continue to operate in the mining area with higher coal quality.

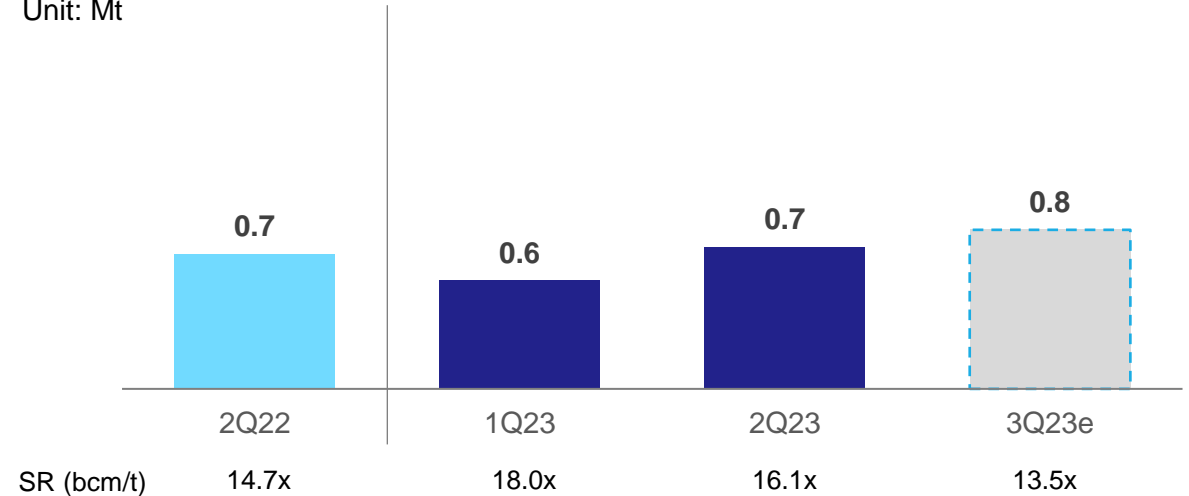
Coal operations: Trubaindo Coal Mining

2023 Target: 2.7Mt



	Operations
	Barge Ports
	Hauling
	Stockpile
	Crusher

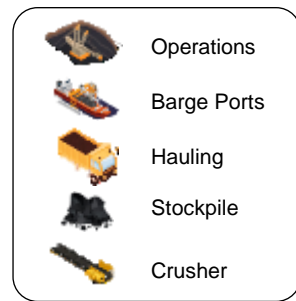
Unit: Mt



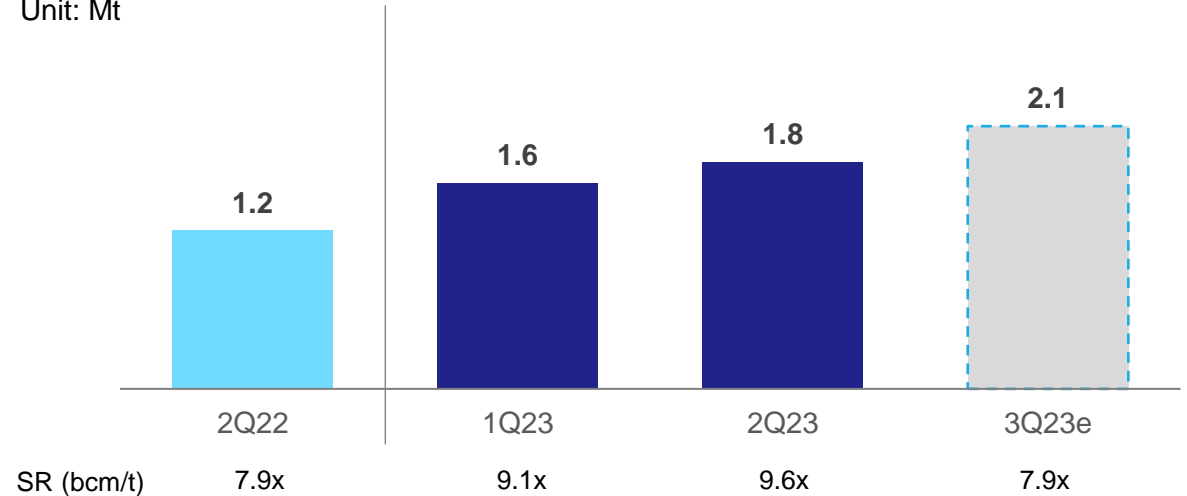
- 2Q23 production achieved the target of 0.7Mt.
- Trubaindo's progress of mine sequence is on plan resulting in 2Q23 strip ratio lower compared to previous quarter at 16.1x and expected gradually lower in the next quarter.
- 3Q23 production target is set slightly higher at 0.8Mt than the previous quarter with improved strip ratio at 13.5x.

Coal operations: Bharinto Ekatama

2023 Target: 6.8Mt



Unit: Mt



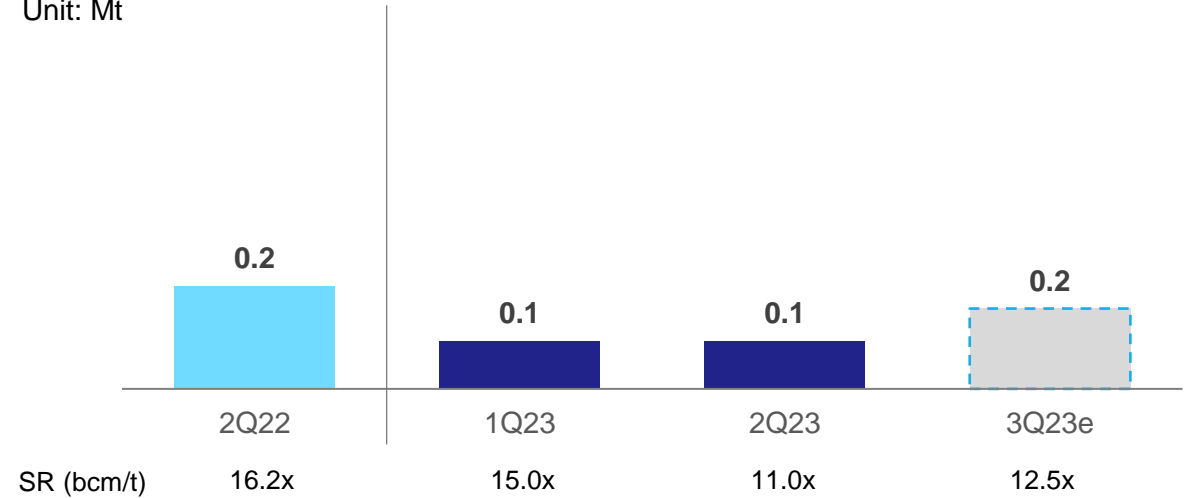
- 2Q23 production was exceeding target at 1.8Mt with a strip ratio of 9.6x.
- 3Q23 production target is expected to be higher at 2.1Mt by utilizing fair weather during the quarter with a lower strip ratio of 7.9x.

Coal operations: Jorong Barutama Greston

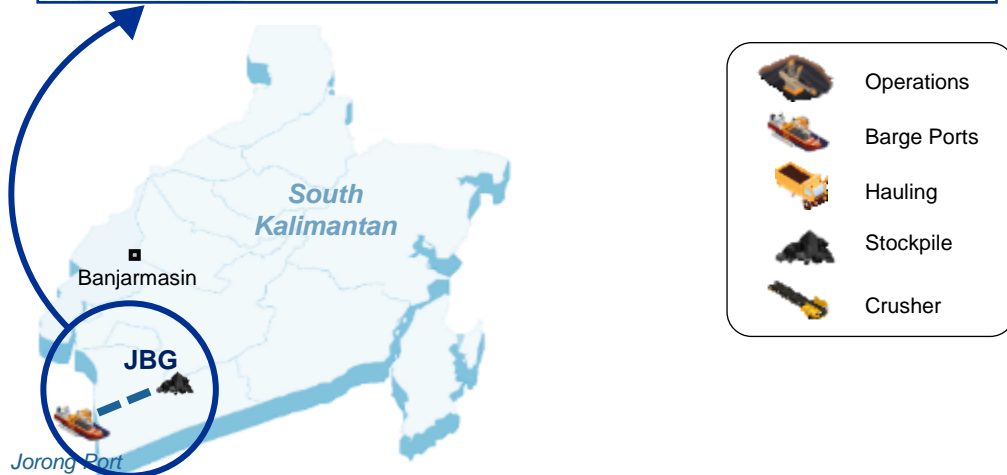
2023 Target: 0.5Mt



Unit: Mt



- 2Q23 production achieved target at 0.1Mt with strip ratio of 11.0x, lower compared to the previous quarter of 15.0x.
- 3Q23 output target expected at 0.2Mt with a higher strip ratio of 12.5x following our planned mining sequence.





Financial Updates

Profitability – Income statement



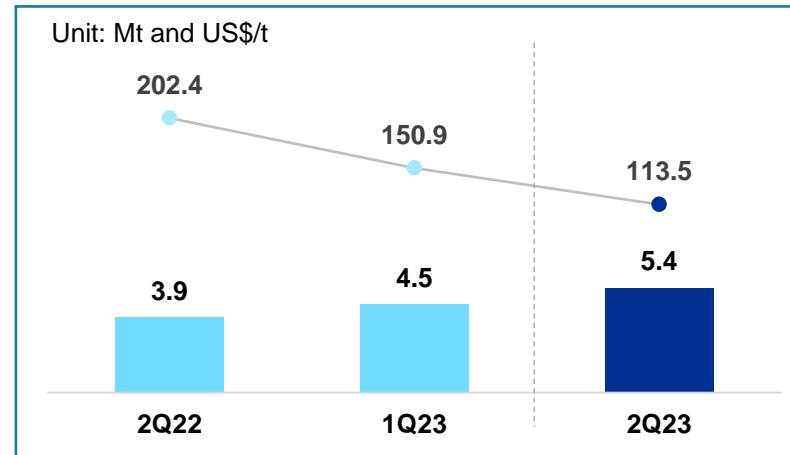
Normalized coal benchmark price affected our revenue

Even though 2Q23 sales volume grew by **19% QoQ / 40% YoY**, 2Q23 revenue still decreased by **10% QoQ / 21% YoY** attributed to the decline in ASP by **25% QoQ / 44% YoY** reflecting the normalized global coal prices.

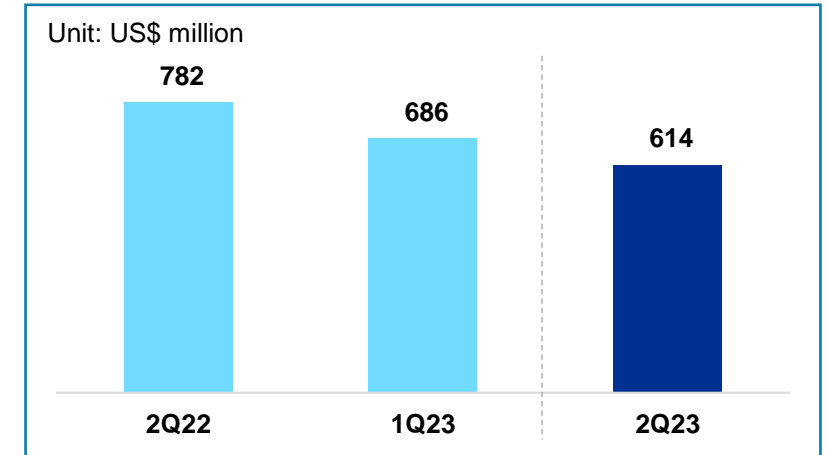
Modest profitability, robust balance sheet

2Q23 EBITDA and net profit were recorded at **\$169M and \$124M**, respectively with EBITDA and net profit margin of **28% and 20%**, respectively. Simultaneously, 6M23 cash position reported of **\$1,017M** after the 2022 final dividend distribution of \$475M.

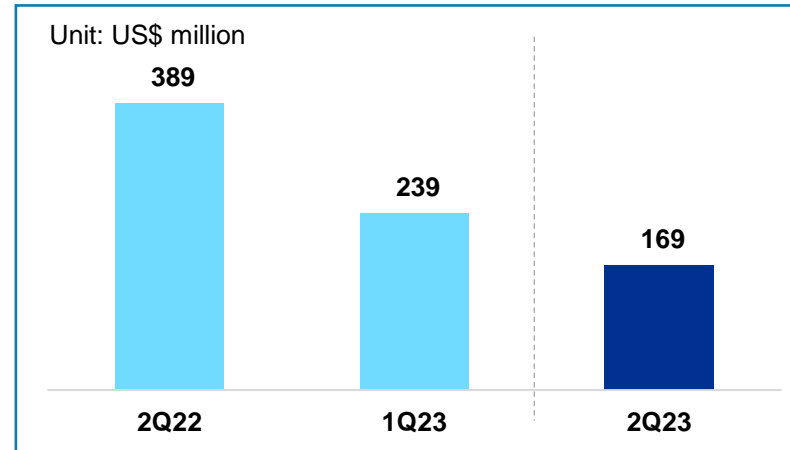
SALES VOLUME AND ASP



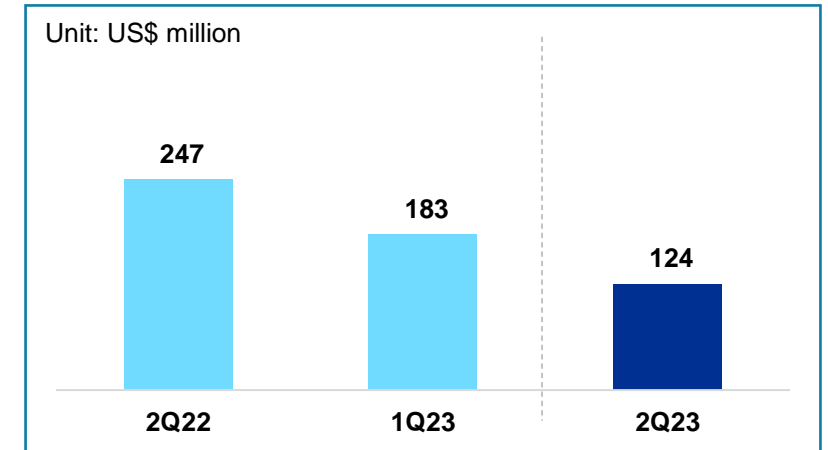
REVENUE



EBITDA



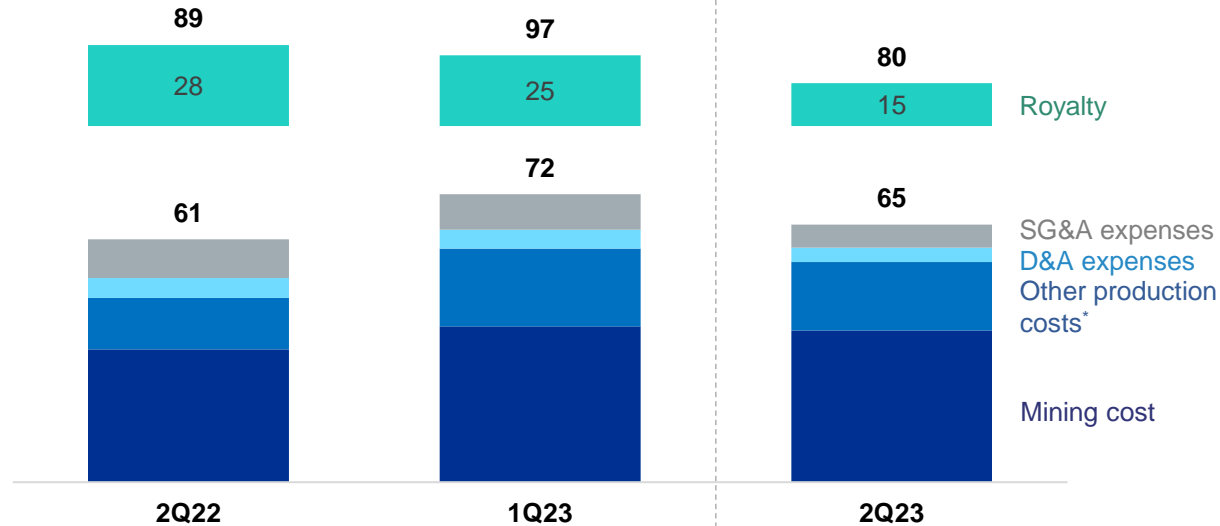
NET PROFIT



Cost analysis

TOTAL COST BREAKDOWN

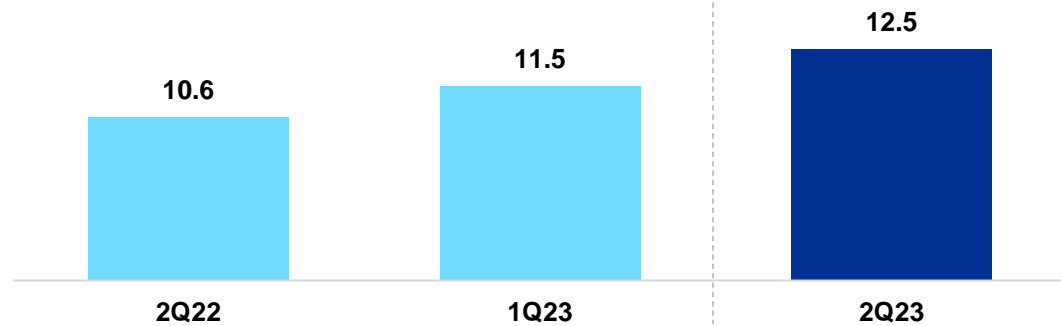
Unit: US\$/t



- 2Q23 total cost excluding royalty decreased to **\$65/ton** from **\$72/ton** in 1Q23 (-10% QoQ) coming from lower fuel price and cost control measure through operations, such as fuel consumption, overburden distance, and coal hauling distance.
- Following the decrease of global coal prices, 2Q23 royalty decreased to **\$15/ton** (-39% QoQ).

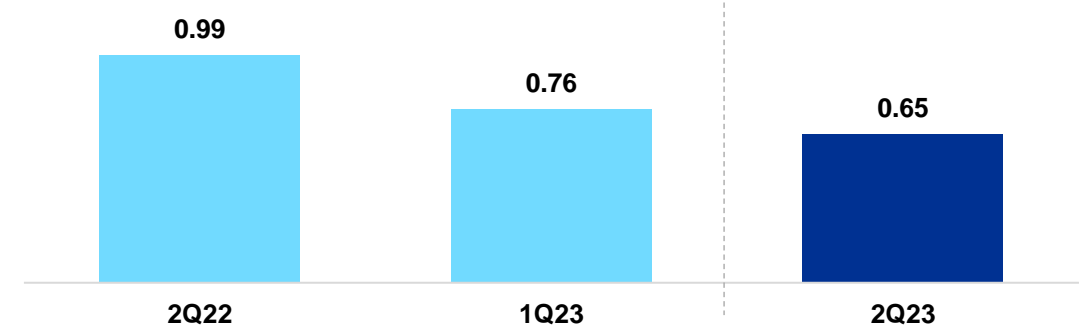
WEIGHTED AVERAGE STRIP RATIO

Unit: Bcm/t



FUEL PRICE

Unit: US\$/Ltr

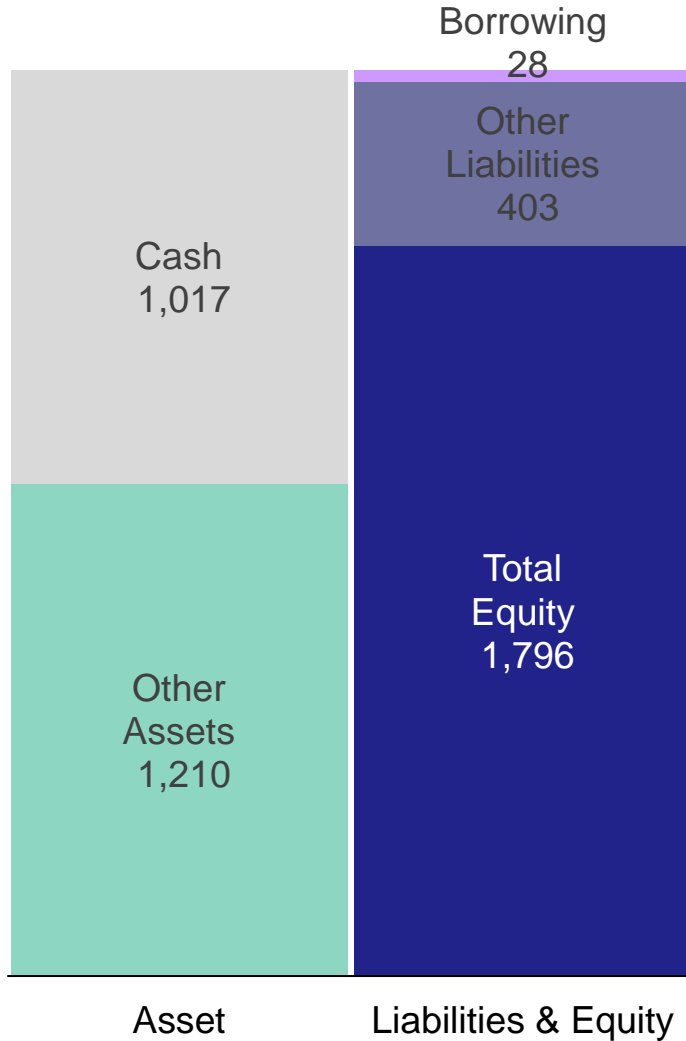


*Include repair and maintenance, salaries and allowances, inventory adjustment, others etc.

Balance sheet and key ratios

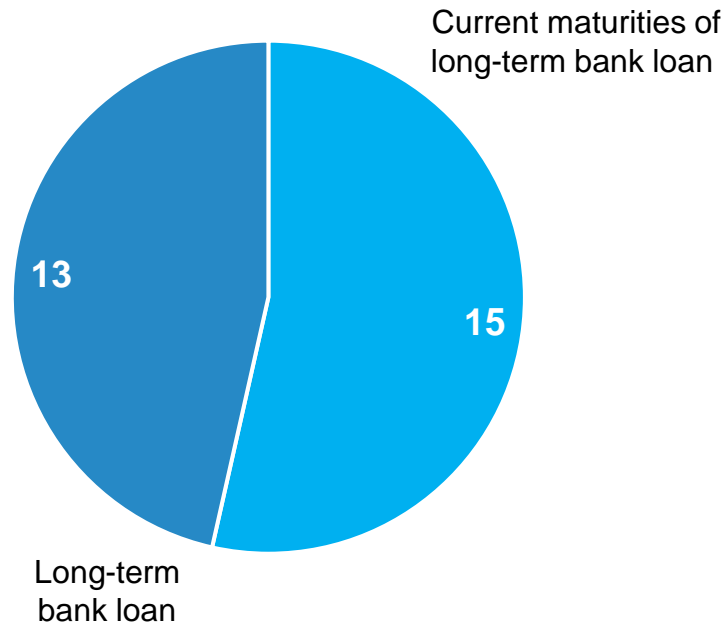
6M23 BALANCE SHEET

Unit: US\$ million



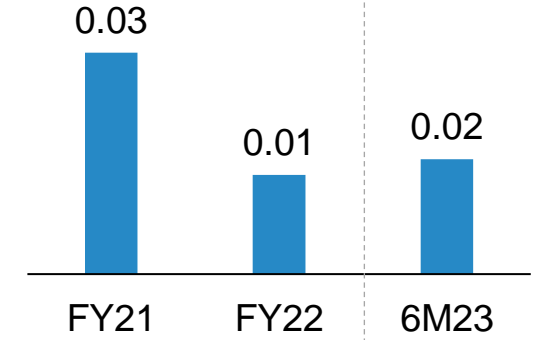
BANK LOAN DETAILS

Unit: US\$ million

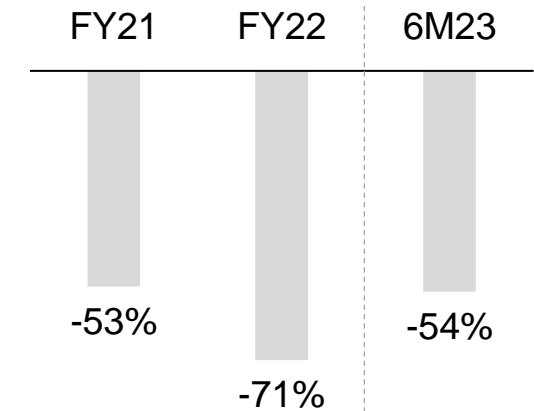


KEY RATIOS

Debt to Equity (x)



Net Gearing (%)

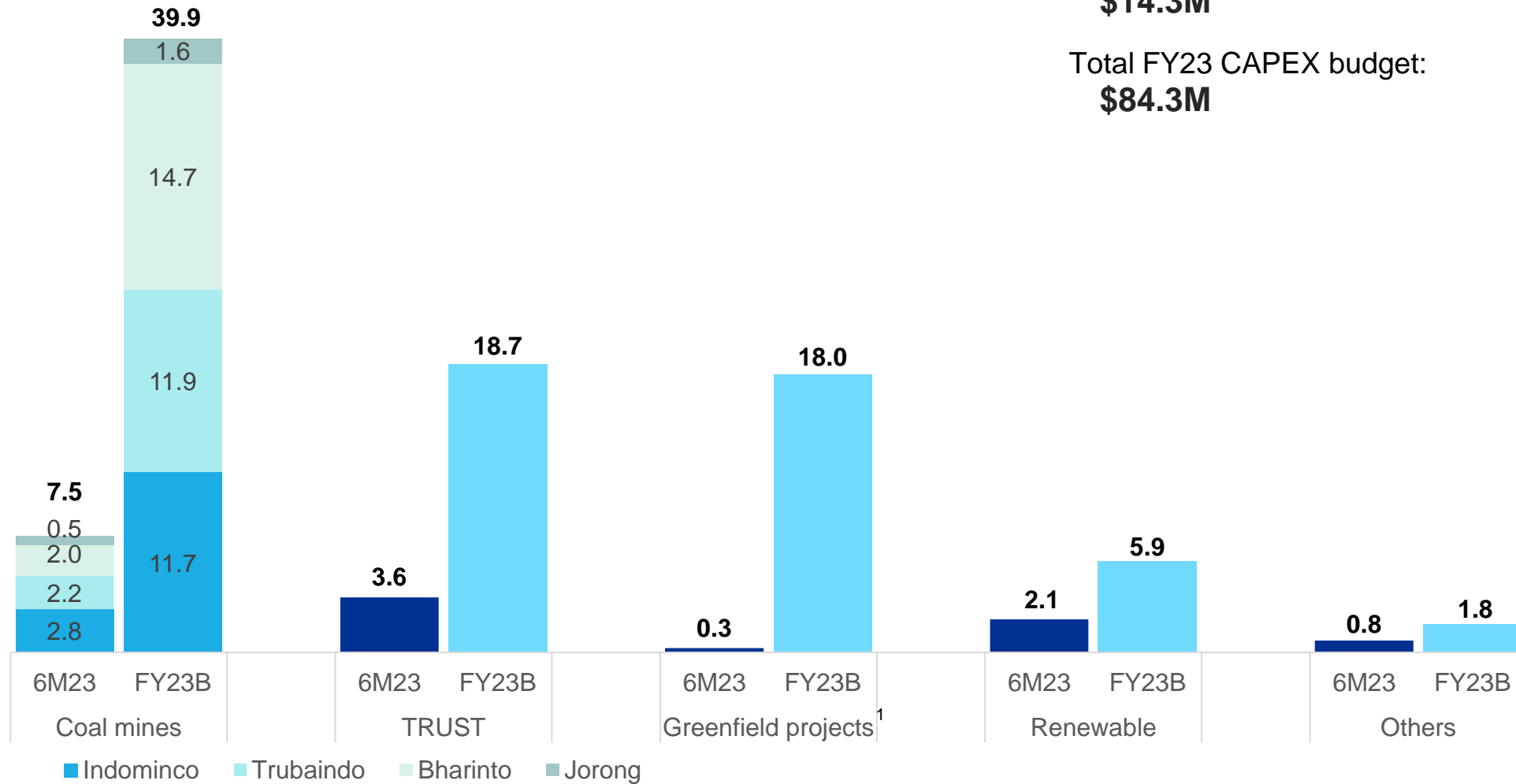


Note: Net gearing formula is net debt to total debt and equity

Capital expenditure



Unit: US\$ million



Total 6M23 CAPEX actual:
\$14.3M

Total FY23 CAPEX budget:
\$84.3M

Note: 1) Greenfield projects consist of GPK, NPR and TIS



Q&A Session

Income statement – 6M23 vs 6M22



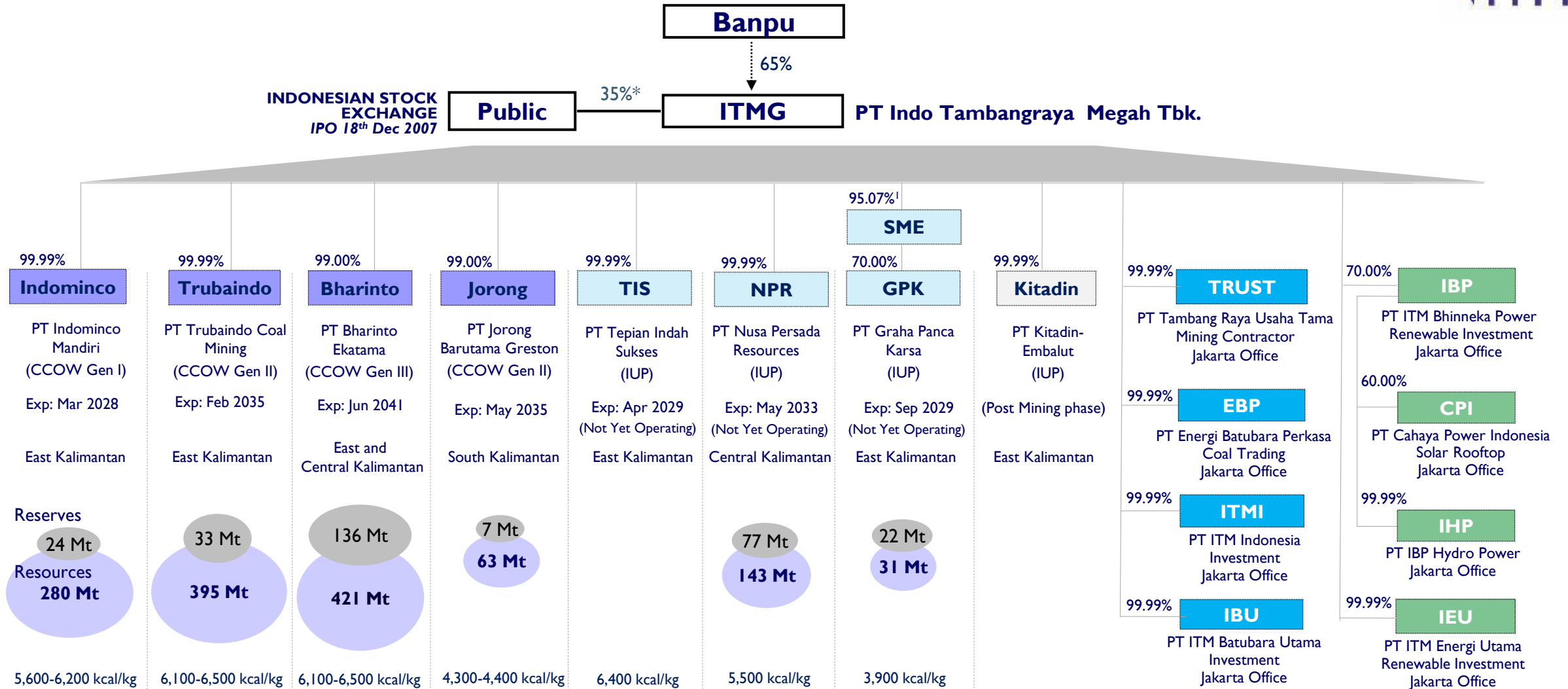
Unit: US\$ thousand	6M23	6M22	YoY(%)
Net Revenues	1,299,189	1,421,541	(9%)
Gross Profit	458,246	749,160	(39%)
Gross Profit Margin	35%	53%	
Selling Expenses	(63,712)	(64,106)	(1%)
General And Administration Expenses	(20,469)	(15,690)	30%
EBIT	374,065	669,364	(44%)
EBIT Margin	29%	47%	
EBITDA	407,819	712,032	(43%)
EBITDA Margin	31%	50%	
Finance Costs	(1,824)	(1,855)	(2%)
Finance Income	16,711	2,048	716%
Others, Net	7,274	(72,693)	(110%)
Profit Before Income Tax	396,226	596,864	(34%)
Income Tax	(89,518)	(136,182)	-34%
Net Profit	306,708	460,682	(33%)
Net Profit Margin	24%	32%	

Income statement – 2Q23 vs 2Q22



Unit: US\$ thousand	2Q23	1Q23	QoQ (%)
Net Revenues	613,603	685,586	(10%)
Gross Profit	191,330	266,916	(28%)
Gross Profit Margin	31%	39%	
Selling Expenses	(28,423)	(35,289)	(19%)
General And Administration Expenses	(9,701)	(10,768)	(10%)
EBIT	153,206	220,859	(31%)
EBIT Margin	25%	32%	
EBITDA	168,868	238,951	(29%)
EBITDA Margin	28%	35%	
Finance Costs	(955)	(869)	10%
Finance Income	7,266	9,445	(23%)
Others, Net	2,671	4,603	(42%)
Profit Before Income Tax	162,188	234,038	(31%)
Income Tax	(38,080)	(51,438)	(26%)
Net Profit	124,108	182,600	(32%)
Net Profit Margin	20%	27%	

ITM structure



Note: Reserves and Resources is as of 31st Dec 2022. 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 2019-2022.

¹) Remaining 4.93% is owned by IBU which is owned by ITM.

Growth strategy to achieve our Greener Smarter vision

