

ANALYST BRIEFING 1Q19 PERFORMANCE RESULTS

Jakarta, 14th May 2019

OUR WAY IN ENERGY



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QUESTION & ANSWERS

Highlights of 1Q19 results



Coal Sales: 6.0 Mt



Down 1.4 Mt
-19% Q-Q



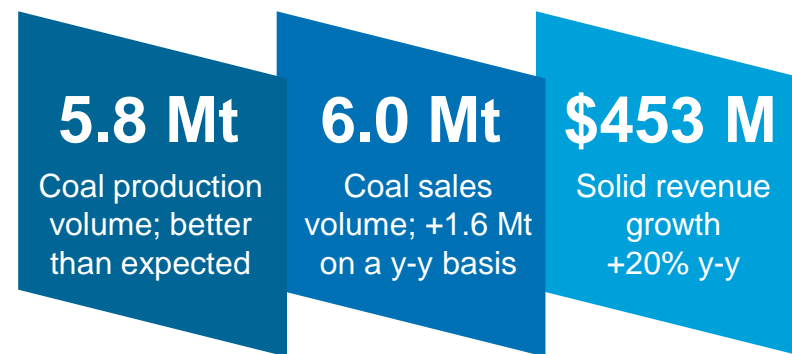
Up 1.6 Mt
+36% y-y

Unit: US\$ million

	<u>1Q19</u>	<u>4Q18</u>	<u>1Q18</u>	<u>Q-Q</u>	<u>y-y</u>
Total Revenue	453	592	378	-24%	+20%
Gross Profit Margin	21%	26%	29%	-5%	-8%
EBIT	57	111	88	-49%	-35%
EBITDA	72	132	99	-45%	-27%
Net Income	39	62	58	-37%	-33%
ASP (USD/ton)	\$71.1	\$75.1	\$83.6	-5%	-15%

1Q19 highlights

A premium coal producer with growing business segments along the coal value chain



Operational performance

6.0 Mt

Coal sales volume, +36% y-y driven by higher coal production

5.8 Mt

Coal production volume, better than expected because of good weather

13.2 x

S/R increased in 1Q19 to optimized reserves, will normalize gradually



Supporting business growth

0.6 Mt

Coal trading volume, +172% y-y

69 ML

Fuel distribution volume, +146% y-y

7.5 Mbcm

In-house contractor, OB volume in-line with capacity building target



Financial performance

\$453 M

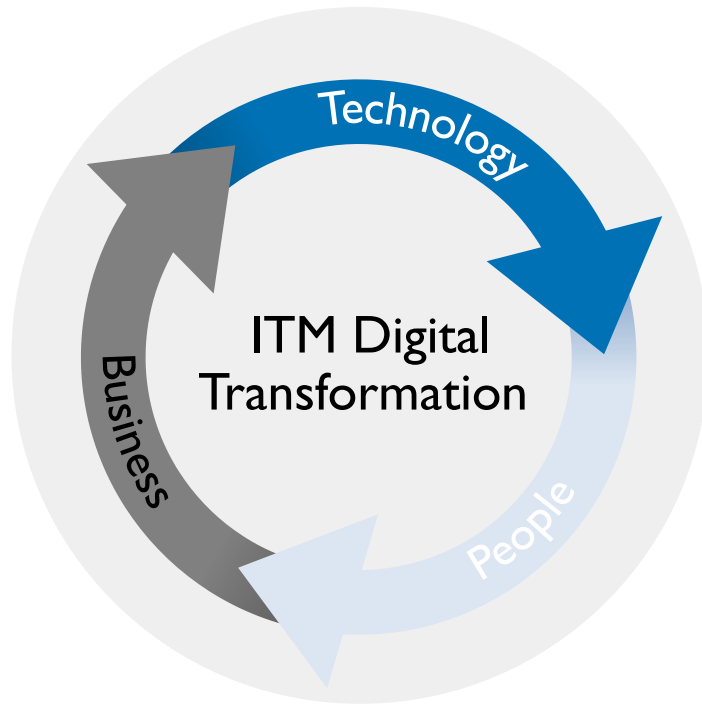
Consol. revenue +20% y-y

\$72 M

EBITDA -27% y-y

\$39 M

Net income -33% y-y



1. Business – Impact Driven Digital Solutions

- Business-led with clear impact targets for productivity or growth
- Customer-back solutions linked to key business processes and use cases



2. Technology – Innovative Technology Architecture

- Multi-speed development
- Access to ecosystems (e.g. startups, established vendors, research institutes)

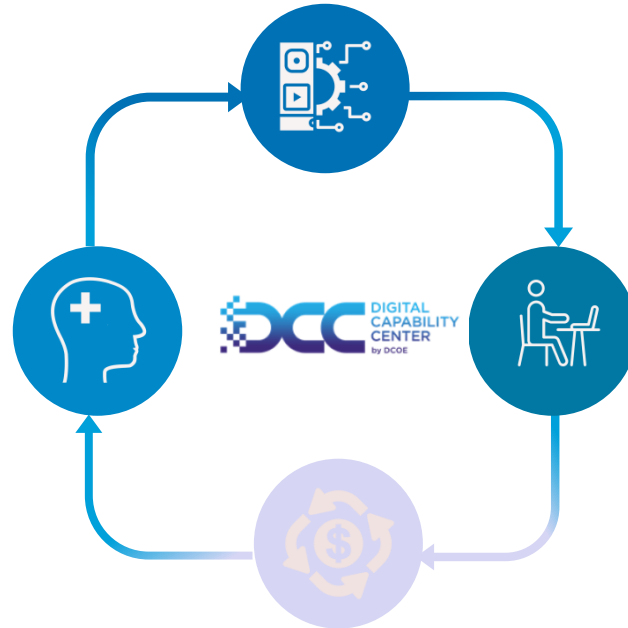


3. Organization – Agile DNA

- Test and learn, fail fast & tweak – hack-a-ton method
- New digital roles & skills (e.g. data scientist, IT scrum master)
- Upgraded talent capabilities and mindset: digital capability center, digital academy

Build awareness of applicable technologies
by engaging and exciting external partners

Incubate and develop new digital use cases by fostering a mindset of innovation, and building cross-functional teams



Build capabilities, and establish digital ways of working by setting up a distinctive workplace that can compete for unique talent

Commercialize the services and IP, and invest in start-ups to unlock new sources of growth and revenue

A center of collaboration and learning for ITM, generating a pipeline of innovation and delivering value through improved ways of work, aligned to Banpu DCC principles

Annual General Meeting of Shareholders



AGMS 2019 HIGHLIGHTS



- ❖ Annual General Meeting of Shareholders conducted on 25 Mar 2019 declared total final dividend of **USD 261.5 Mln** or **99.8%** of the Company's 2018 Net Profit after tax, which payment are as follows:
 - ✓ In the amount of USD 102.5 Mln or equal to **IDR 1,420** per share has been distributed as interim dividend on 16 Nov 2018.
 - ✓ The remaining amount of USD 159 Mln or equivalent to **IDR 2,045** per share was paid on 23 Apr 2019.

BOARD OF COMMISSIONERS



Prof. Djsman Simandjuntak
President Commissioner & Independent



Somruedee Chaimongkol
Commissioner



Somsak Sithinamsuwan
Commissioner



Fredi Chandra
Commissioner



Prof. Djoko Wintoro, PhD
Independent Commissioner



Mahyudin Lubis
Independent Commissioner
(New member)

BOARD OF DIRECTORS



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President Director



A.H Bramantya Putra
Deputy President Director



Jusnan Ruslan
Director



Stephanus Demo Wawin
Director



Yulius K. Gozali
Director



Mulianto
Director



Ignatius Wurwanto
Director



Padungsak Thanakij
Director

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2 OPERATIONAL REVIEW

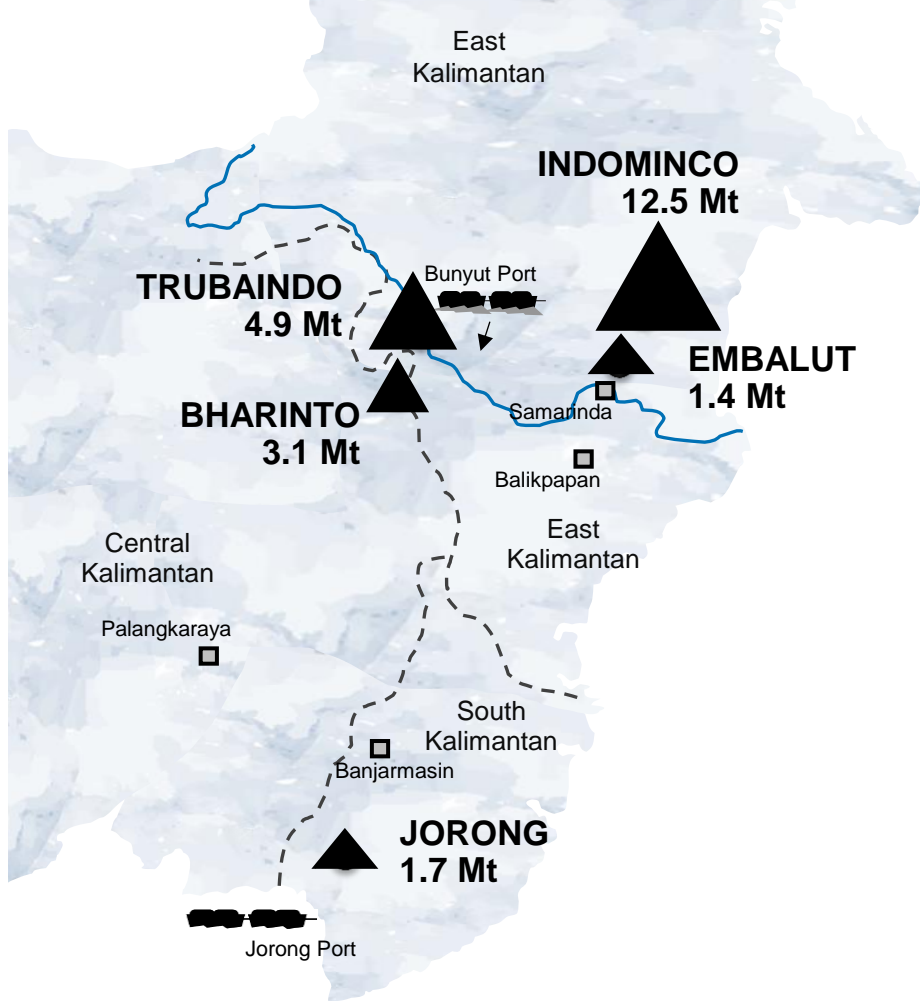
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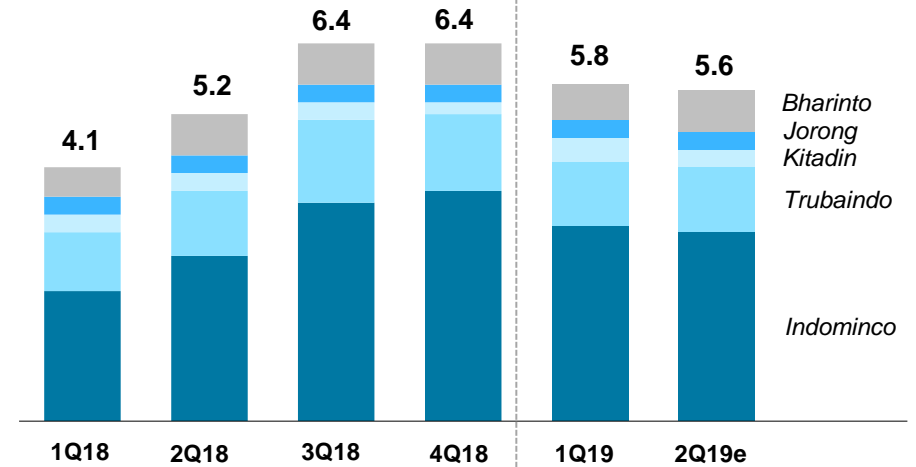
Operational Summary 2019

2019 TARGET: 23.6 Mt*



OUTPUT TREND

Unit: Mt



Avg. S/R (bcm/t)	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19e
	12.0x	10.8x	10.8x	10.5x	13.2x	12.9x

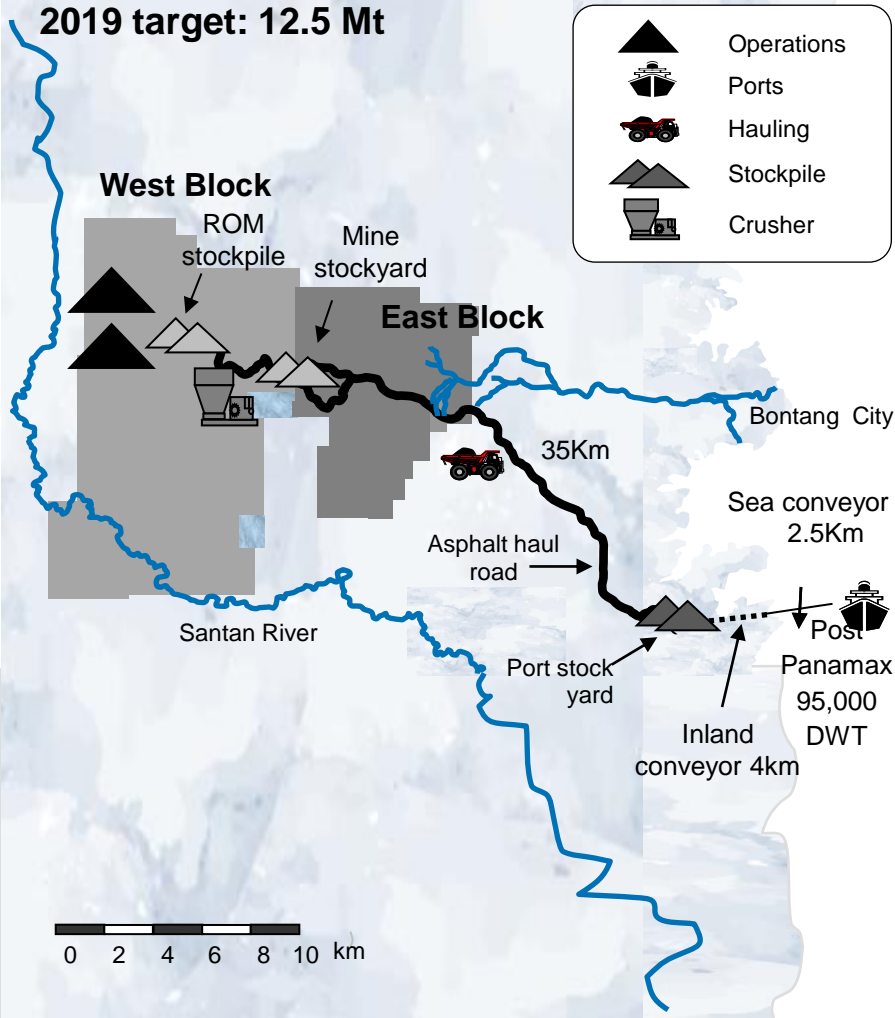
COMMENTS

- 1Q19 total output was higher than target due to good weather condition at Indominco and Trubaindo mine.
- 1Q19 strip ratio slightly higher as a result of pre-stripping activities during early quarter.
- To optimize coal reserves, average strip ratio in 2019 is expected to be higher than 2018.

*) Subject to further government approval

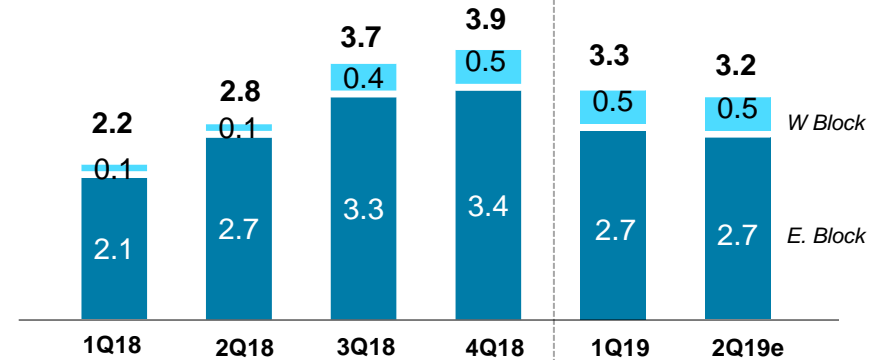
SCHEMATIC

2019 target: 12.5 Mt



OUTPUT TREND

Unit: Mt



Avg.S/R (bcm/t)	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19e
- W. Block :	24.3x	27.3x	25.0x	17.1x	14.9x	26.5x
- E. Block :	12.2x	10.4x	9.3x	9.7x	13.7x	11.0x

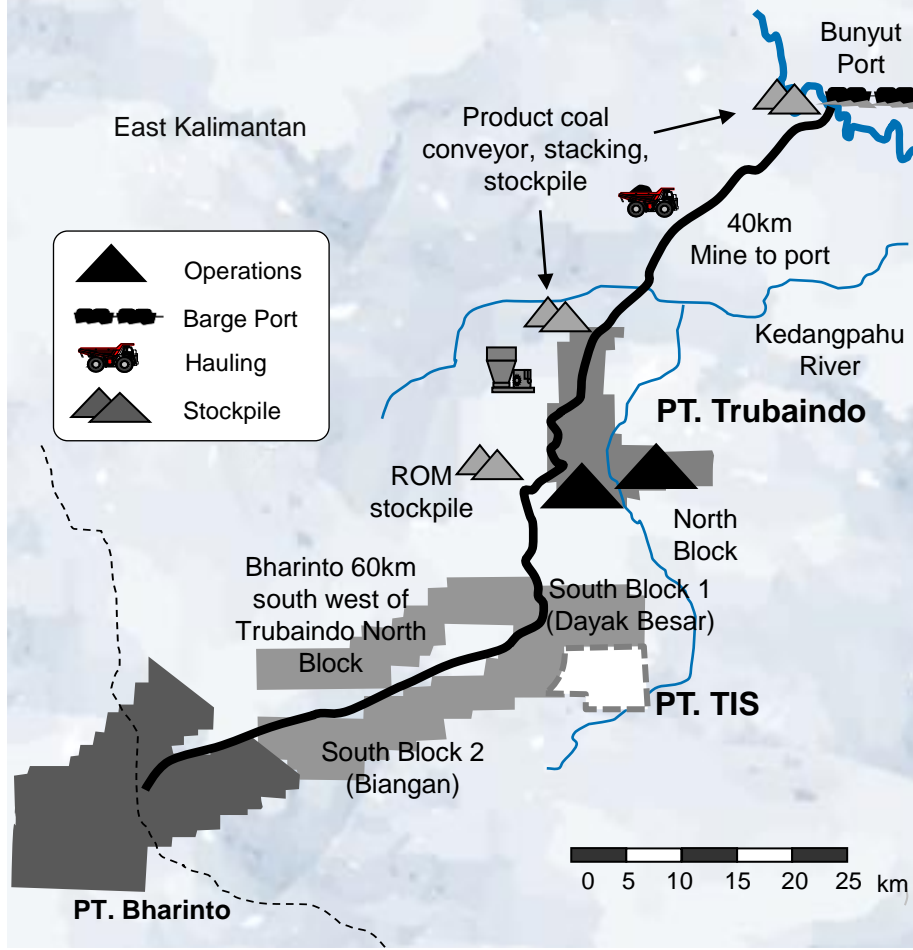
COMMENTS

- 1Q19 production was higher than target due to good weather condition affecting the mine production.
- Strip ratio in 1Q19 higher than previous quarter as a result of pre-stripping activities before gradually decline in the following quarters.
- Higher strip ratio in 2019 due to optimized coal reserves.

Melak group – Trubaindo and Bharinto

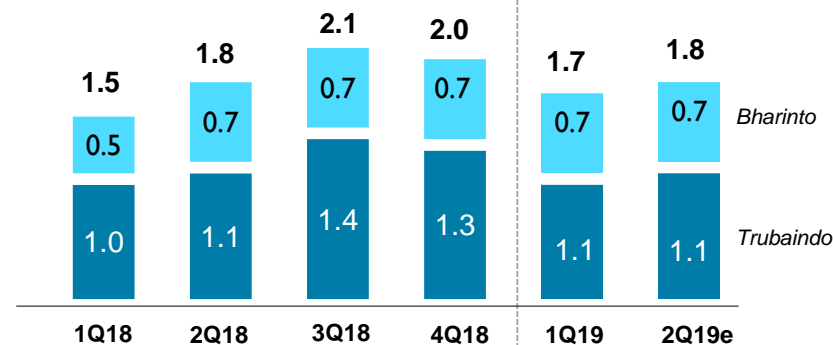
SCHEMATIC

2019 target: TCM 4.9 Mt
BEK 3.1 Mt



OUTPUT TREND

Unit: Mt



S/R (bcm/t)

- Trubaindo :	13.5x	11.5x	12.7x	11.1x	12.9x	13.2x
- Bharinto :	10.6x	10.0x	8.3x	10.2x	12.2x	10.3x

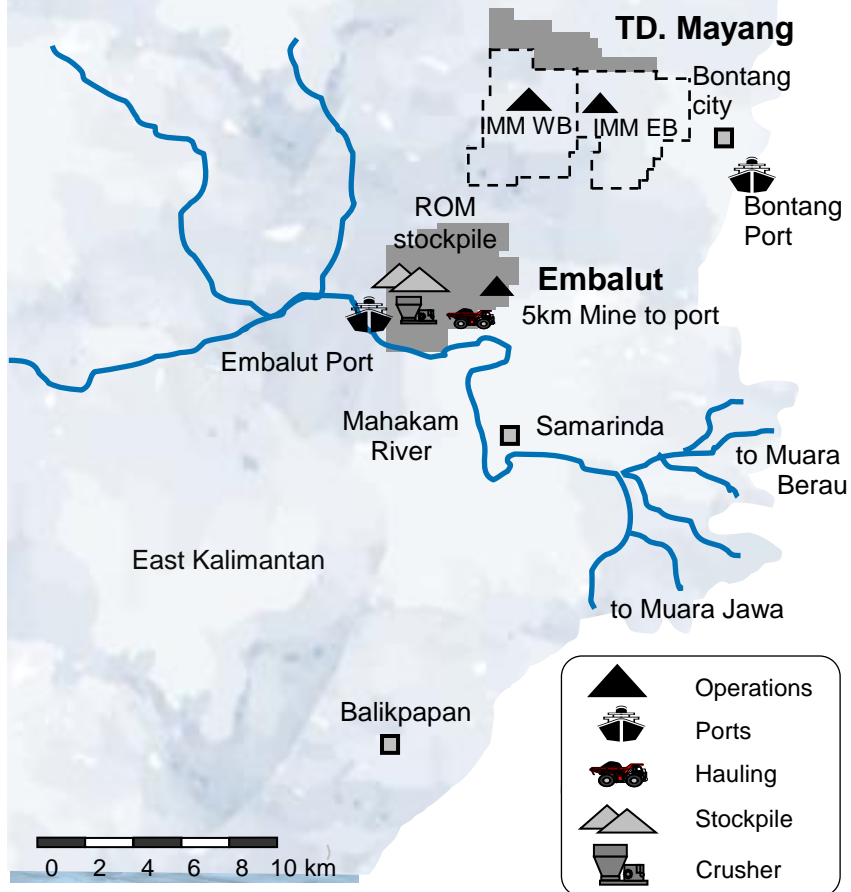
COMMENTS

- Trubaindo:
 - 1Q19 production achieved as according to target.
 - Strip ratio in 1Q19 higher than last quarter due to pre-stripping activities.
 - Bunyut port expansion to accommodate the increase in Melak group production.
- Bharinto:
 - 1Q19 production achieved above the target.
 - PT TRUST hauling operation will start in 2019.

Kitadin Embalut and Tandung Mayang

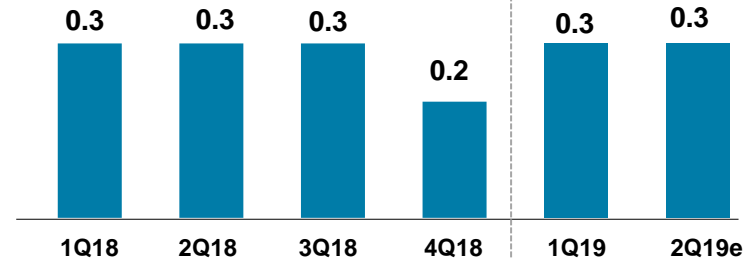
SCHEMATIC

2019 target: EMB 1.4 Mt



OUTPUT TREND

Unit: Mt



S/R (bcm/t)

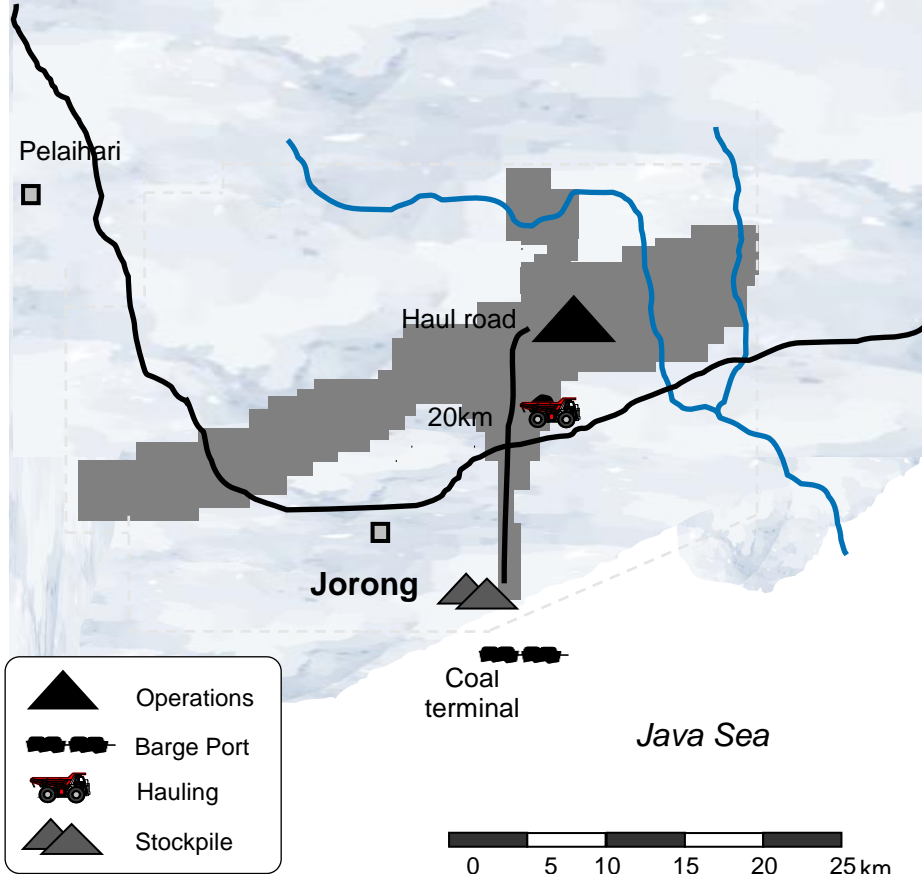
- Embalut : 11.2x 9.5x 9.8x 12.8x 11.9x 11.1x

COMMENTS

- Kitadin Embalut:
 - 1Q19 production achieved as according to target.
 - Finalization of feasibility study to extend the potential area.
- Kitadin Td.Mayang:
 - Continue mine closure activities including mine rehabilitation.

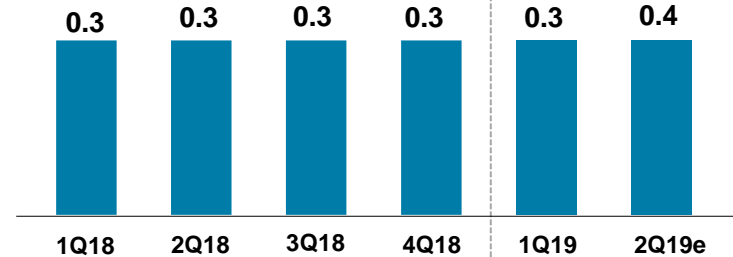
SCHEMATIC

2019 target: 1.7 Mt



OUTPUT TREND

Unit: Mt



S/R (bcm/t): 6.1x 6.1x 6.5x 6.5x 10.5x 8.1x

COMMENTS

- 1Q19 production achieved according to target.
- Strip ratio in 1Q19 higher than previous quarter due to pre-stripping activities.
- Additional drilling and coal price improvement resulted in potential additional reserves for better mine closure activities.

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5 QUESTION & ANSWERS

Global coal demand trends: 2019 vs 2018

GEOGRAPHY		CHANGE 2019-18 (Mt)	COMMENTS
	CHINA	-15	<ul style="list-style-type: none"> Mild weather and slow economic growth damper demand. Domestic coal production improves. Import restriction will persist to protect domestic coal industry.
	INDIA	+7	<ul style="list-style-type: none"> Strong economic growth, electrification and insufficient domestic supply support imports.
	OTHER N.ASIA	-4	<ul style="list-style-type: none"> Mild temperatures and increased nuclear availability restrict coal-fired generation in Japan and South Korea. Low gas prices create some coal-to-gas fuels switching in Japan. Air pollution curbs coal burn in north Asia. Focus on high quality coal.
	EUROPE	-9	<ul style="list-style-type: none"> Mild weather, rising renewable energy and low gas prices. Coal phase-out plan continues in respond to climate changes.
	OTHERS	+21	<ul style="list-style-type: none"> South East Asia and other South Asia continue driving demand growth. Some growth from Morocco.
	GLOBAL	0	<p><i>Weak demand due to slow economy and mild weather while supply improves. Tighten environmental control continues curb coal burn in North Asia. Falling demand in China and Europe offset by growing demand in South and Southeast Asia. Chinese government policy is a key demand changing which will create uncertainty and volatility.</i></p>

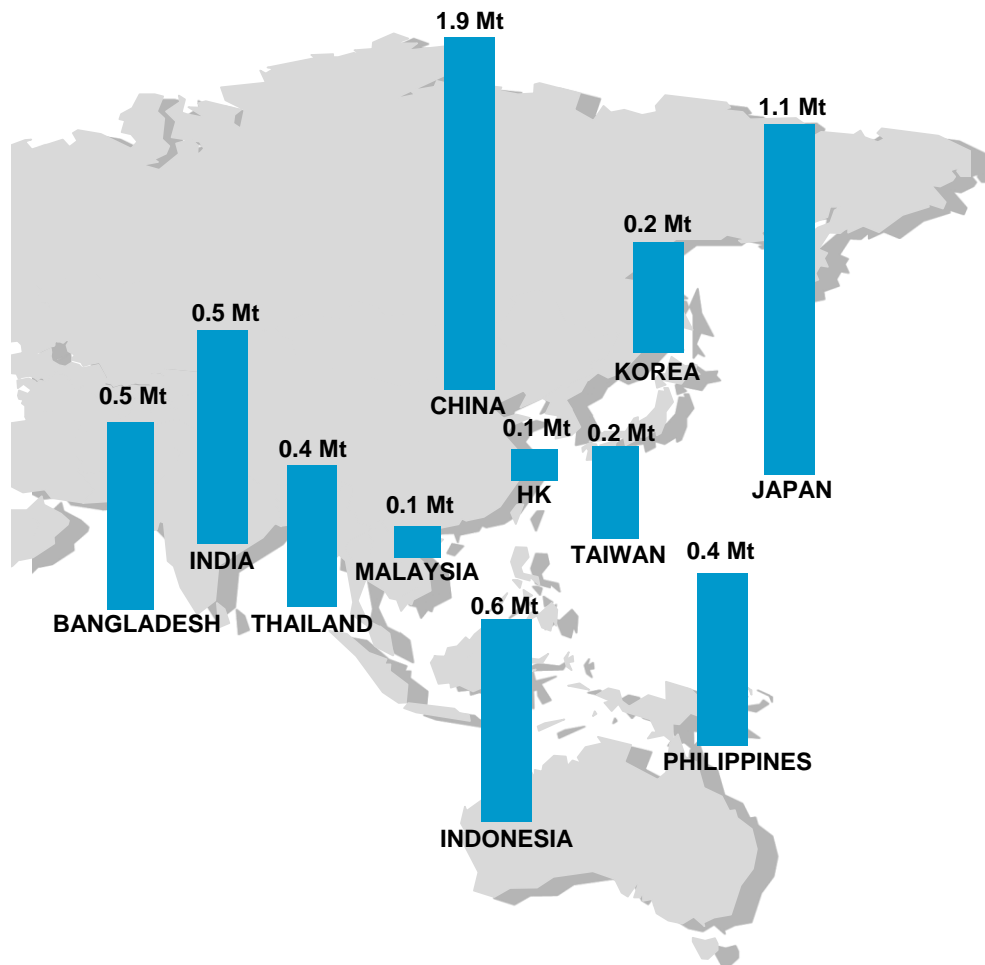
Note: Includes lignite but excludes anthracite

Global coal supply trends: 2019 vs 2018

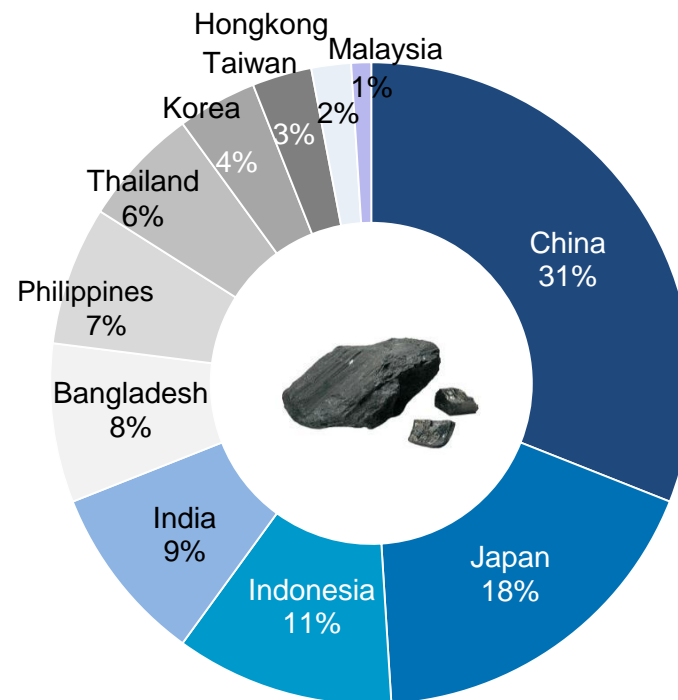
GEOGRAPHY	CHANGE 2019-18 (Mt)	COMMENTS
 INDONESIA	 +7	<ul style="list-style-type: none"> ▪ Almost all producers plan to increase production but mostly LCV coal. ▪ Government regulations such as DMO remain challenge. ▪ Export growth will be limited by weak global demand.
 AUSTRALIA	 +2	<ul style="list-style-type: none"> ▪ Potential increase from Mt.Pleasant but expected some delay. ▪ High ash output has been impacted from China import control. ▪ Permitting risk and potential project delays tighten high CV outlook.
 COLOMBIA	 -1	<ul style="list-style-type: none"> ▪ Rain, labour negotiation, environmental permits are key risks 2019. ▪ Weak European demand forced Colombia to increase export to Americas and Asia.
 RUSSIA	 +6	<ul style="list-style-type: none"> ▪ Divert more coal to Asia. ▪ Infrastructure improvement is a key.
 S.AFRICA	 -1	<ul style="list-style-type: none"> ▪ Increase domestic demand. ▪ Low export prices incentivize producers to sell LCV coal to domestic market. ▪ Continued shortage of high quality product due to limited capital spend in the past few years.
 USA	 -7	<ul style="list-style-type: none"> ▪ Lower coal prices will limit US export. ▪ More environmental concerns limit demand of high sulphur coal.
 OTHERS	 +3	<ul style="list-style-type: none"> ▪ Small improve from Mozambique, Chile and Canada.
 GLOBAL	 +9	<p><i>Market turned to oversupply in Q1-2019 due to welled producers performance almost every where amid weak demand. Production outlook is positive. Indonesian government policy on production control remains challenges.</i></p>

Note: Russia exports to non-CIS only

COAL SALES BREAKDOWN BY DESTINATION



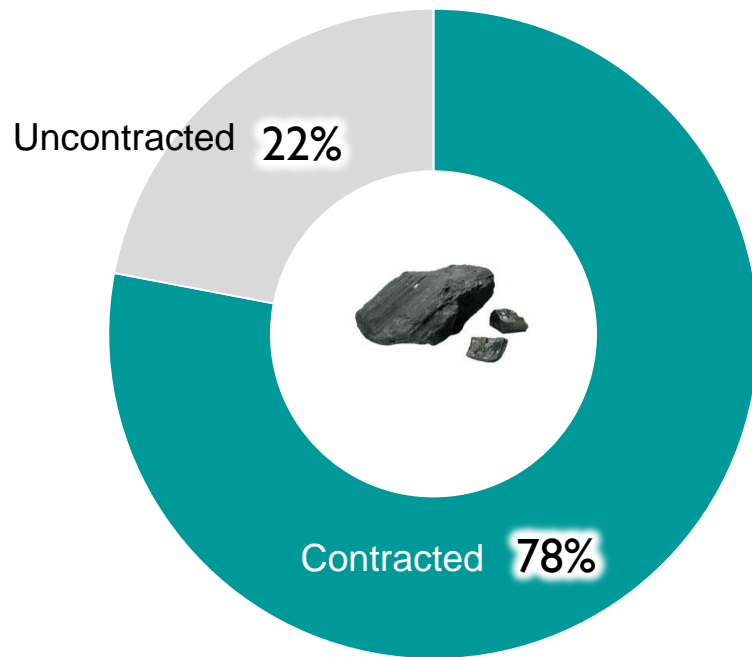
COAL SALES 1Q19



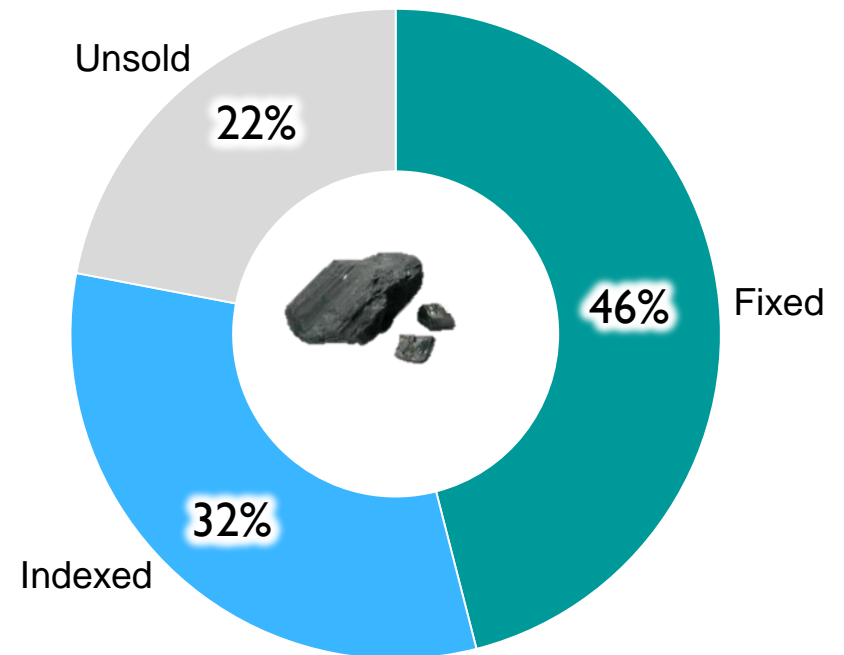
Total coal sales 1Q19: 6.0 Mt

COAL SALES CONTRACT AND PRICING STATUS

Contract Status



Price Status

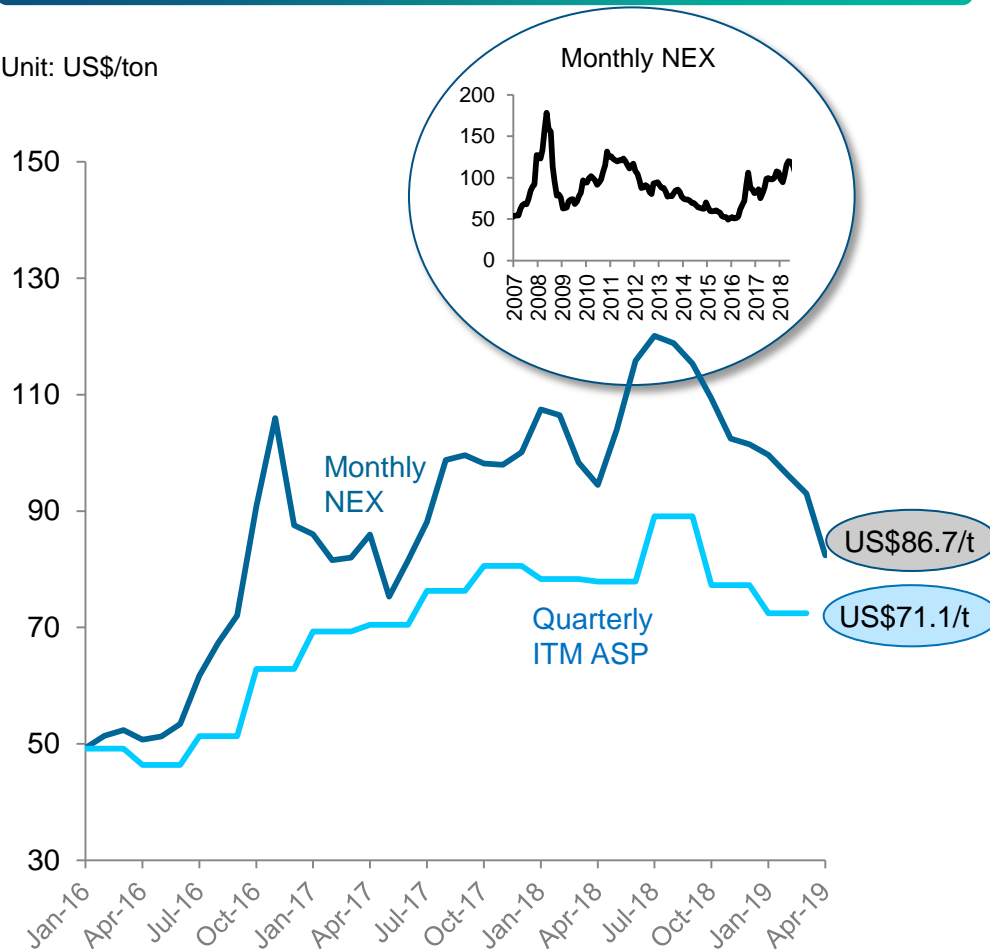


TARGET SALES 2019: 26.5 Mt

ITM ASPs vs thermal coal benchmark prices

ITM ASP VS BENCHMARK PRICES

Unit: US\$/ton



COMMENTS

- 1Q19 ASP weaker for both ITM, and CEY shadow the global coal price movement:
 - ITM ASP: US\$71.1/t* (-5% QoQ)
 - NEX (May 10, 2019)**: US\$86.4/t
- Mild winter and economic slowdown reduces energy demand.
- High output in Indonesia due to low rainfall intensity, though detect Chinese interest pick up after import quota reset for 2019.
- JPU annual term contract price set at \$94.75.
- Divergence of ICI indices against Australian retracted as expected to much smaller gap.

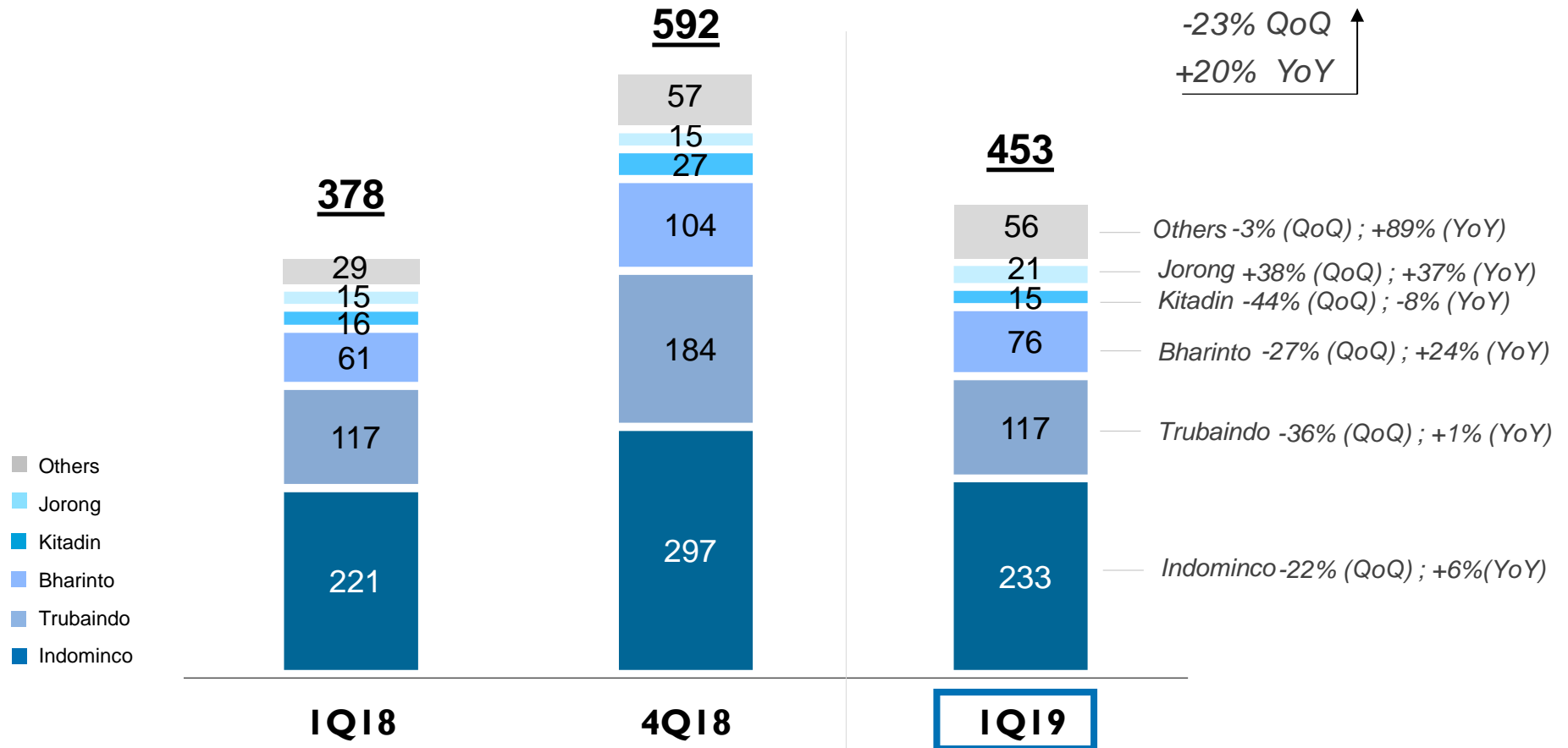
Note: * Included post shipment price adjustments as well as traded coal
 ** The Newcastle Export Index (previously known as the Barlow Jonker Index – BJI)

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Sales revenue



Unit: US\$ million

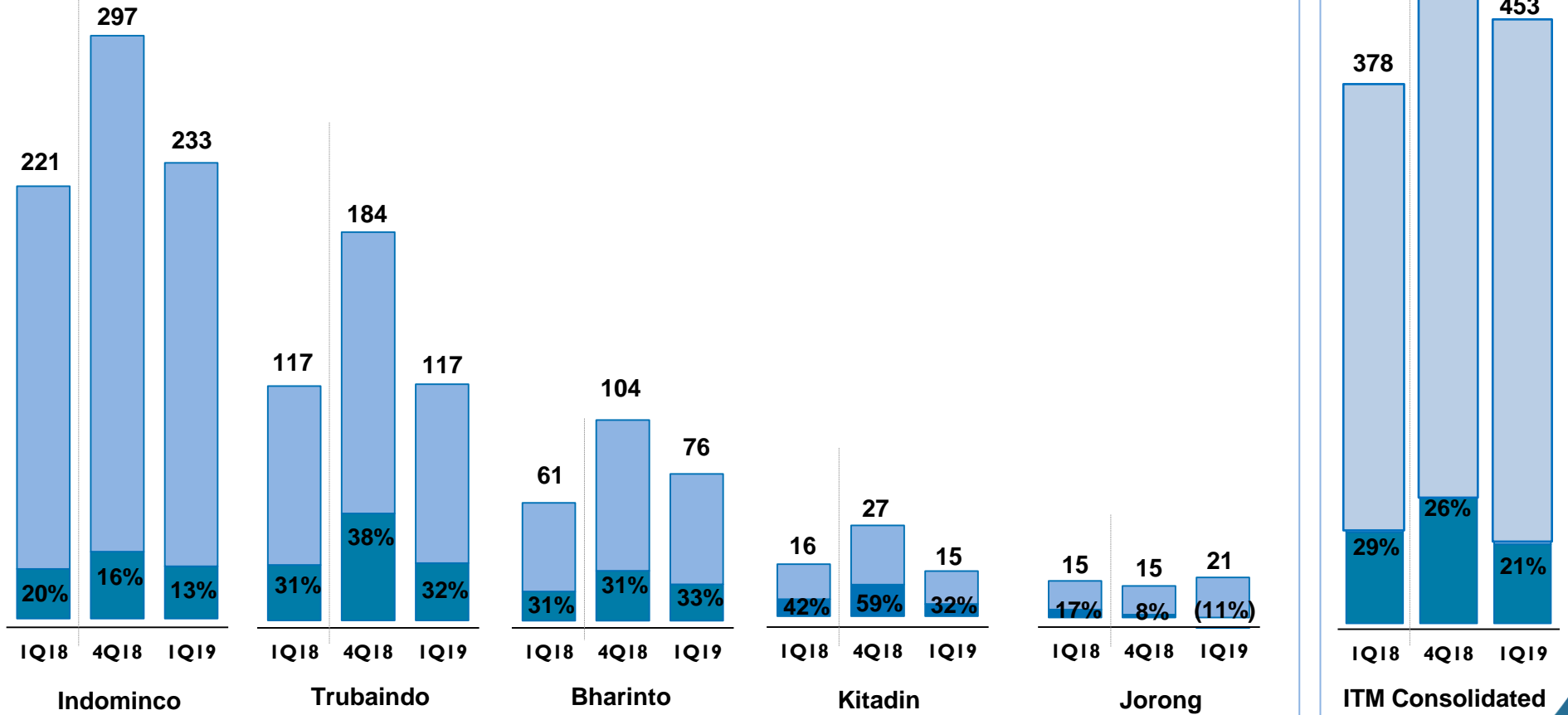


Note: Sales Revenue After Elimination

Average gross margin

Unit : US\$ Million

Revenue
GPM (%)



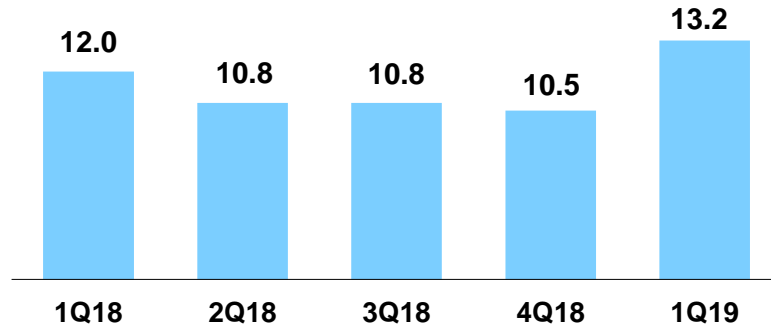
Cost analysis



WEIGHTED AVERAGE STRIP RATIO

Unit: Bcm/t

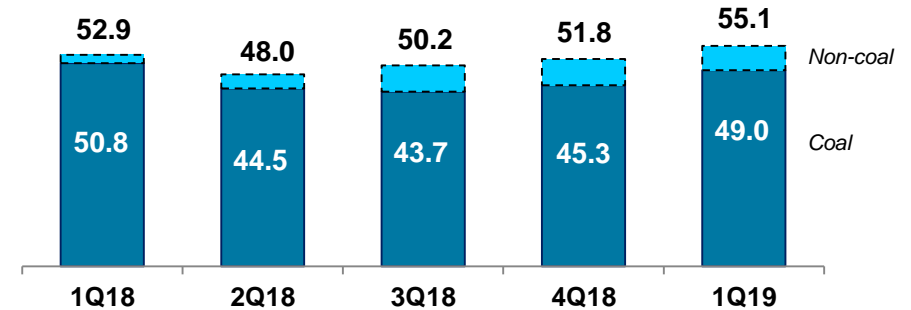
Avg. FY18: 11.1



PRODUCTION COST

Unit: US\$/t

Avg. FY18: \$50.6/t

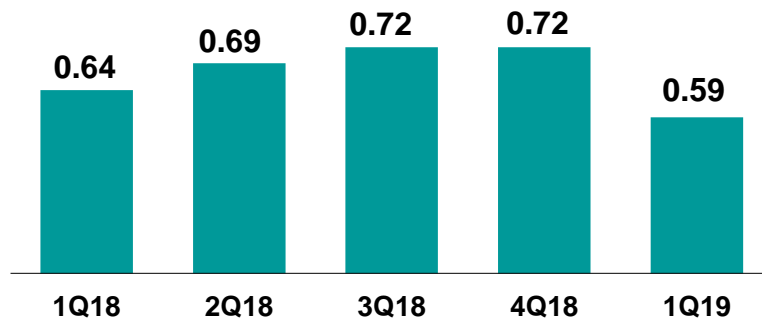


Note: Based on production volume

FUEL PRICE

Unit: US\$/Ltr

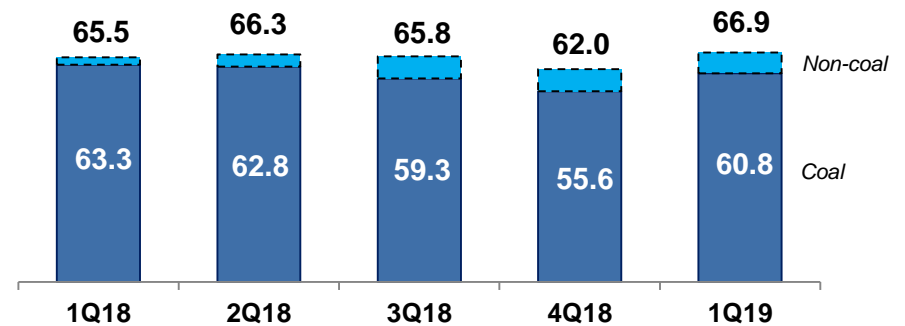
Avg. FY18: \$0.69/ltr



TOTAL COST*

Unit: US\$/t

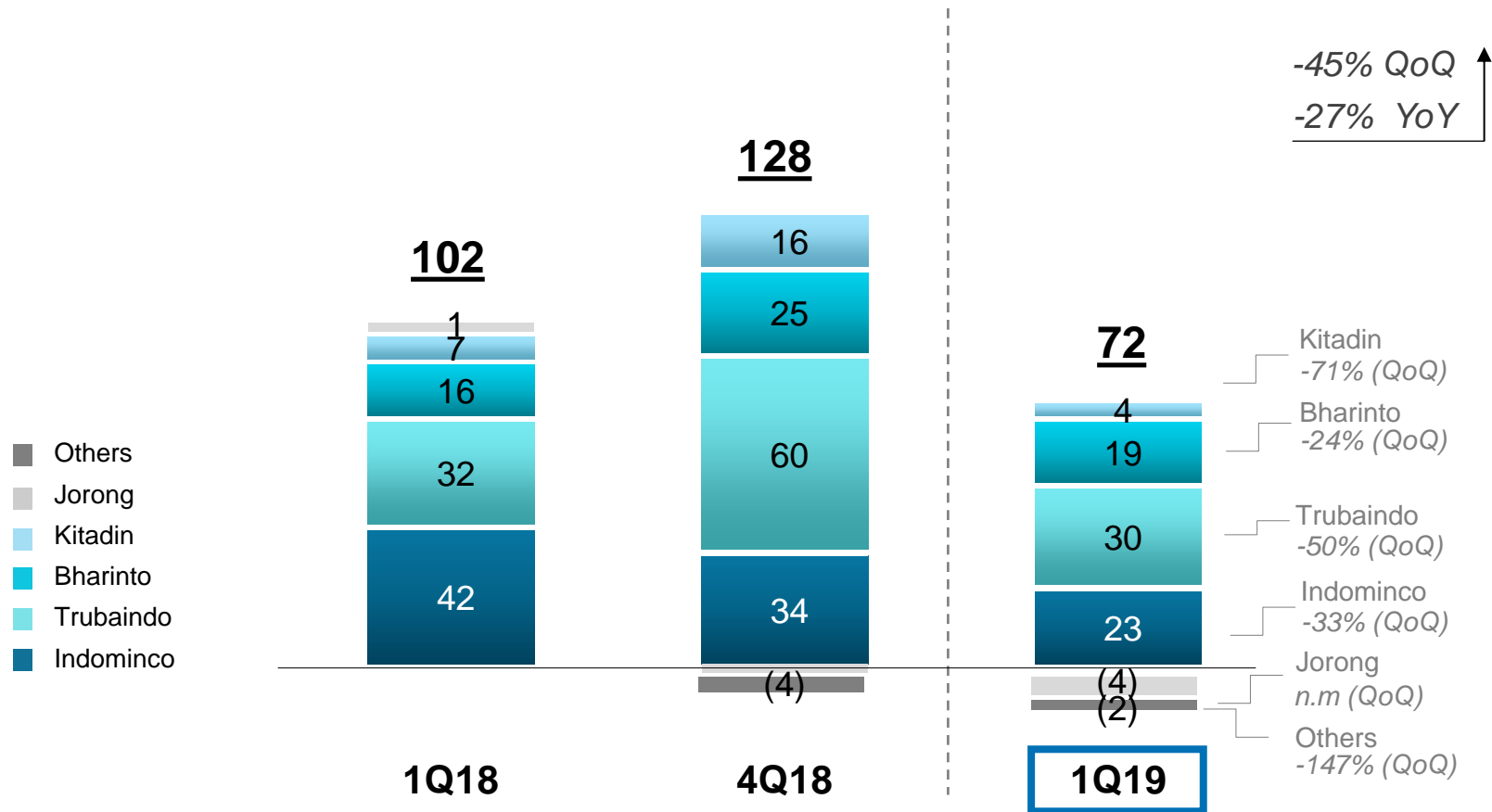
Avg. FY18: \$64.7/t



* Cost of Goods Sold + Royalty + SG&A

EBITDA

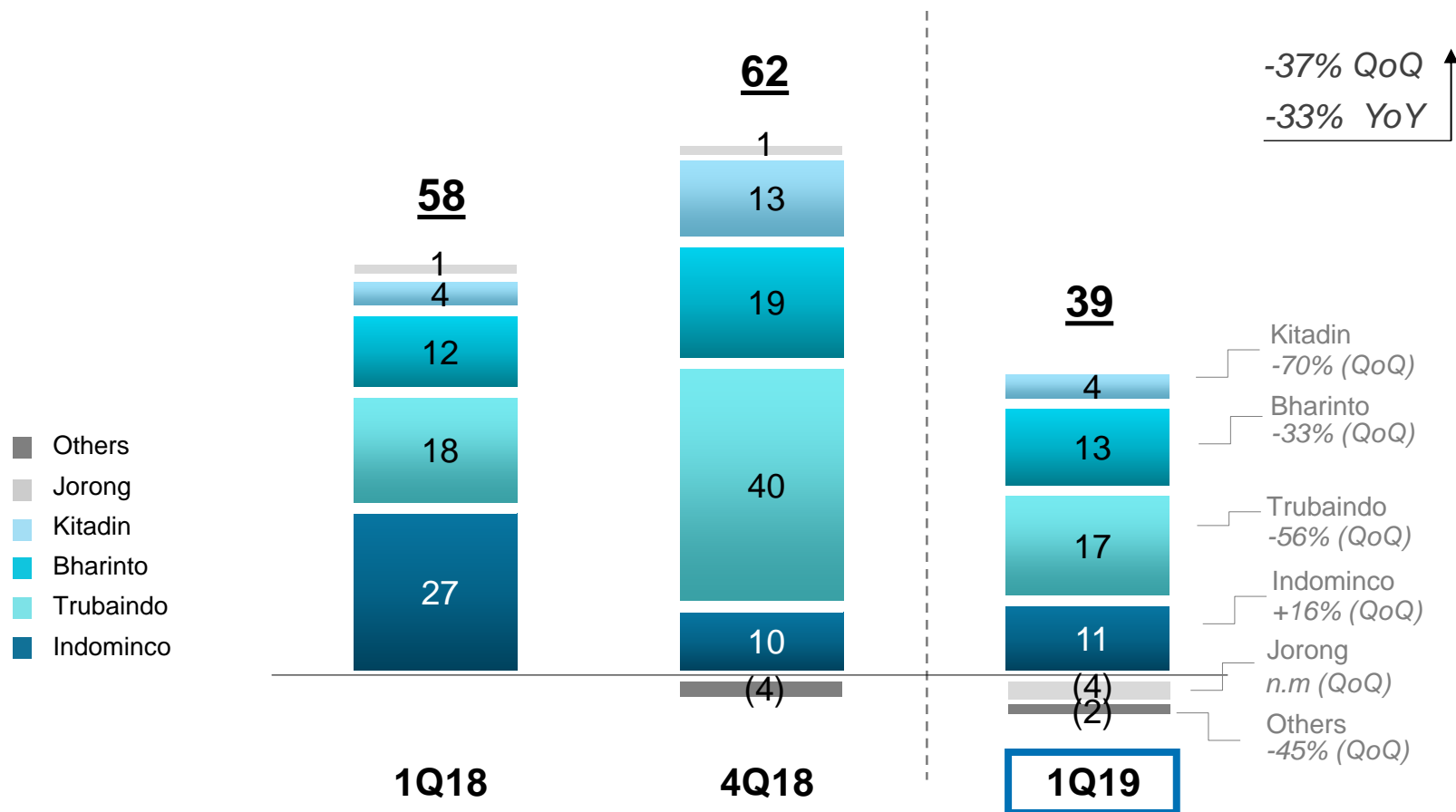
Unit: US\$ million



Note : Total EBITDA after elimination

Net income

Unit: US\$ million

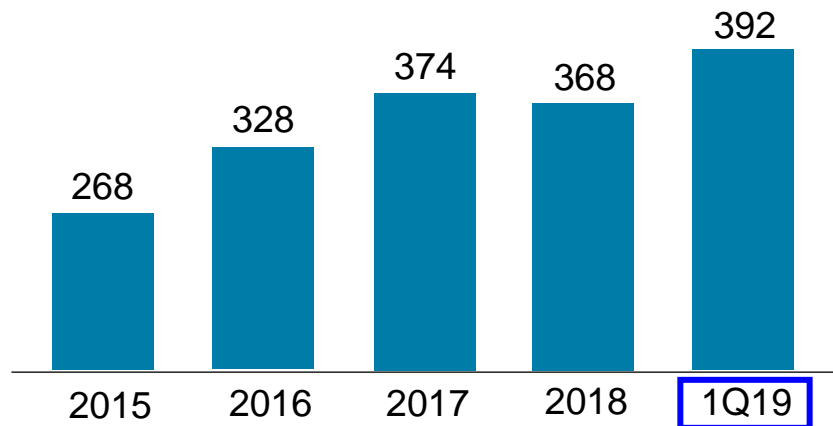


Note : Total consolidated net income after elimination

Balance sheet

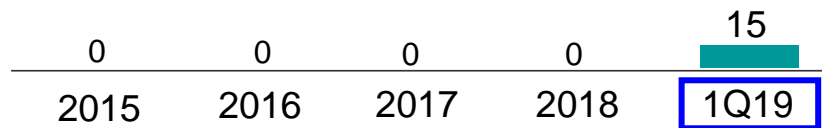
CASH POSITION

Unit: US\$ million



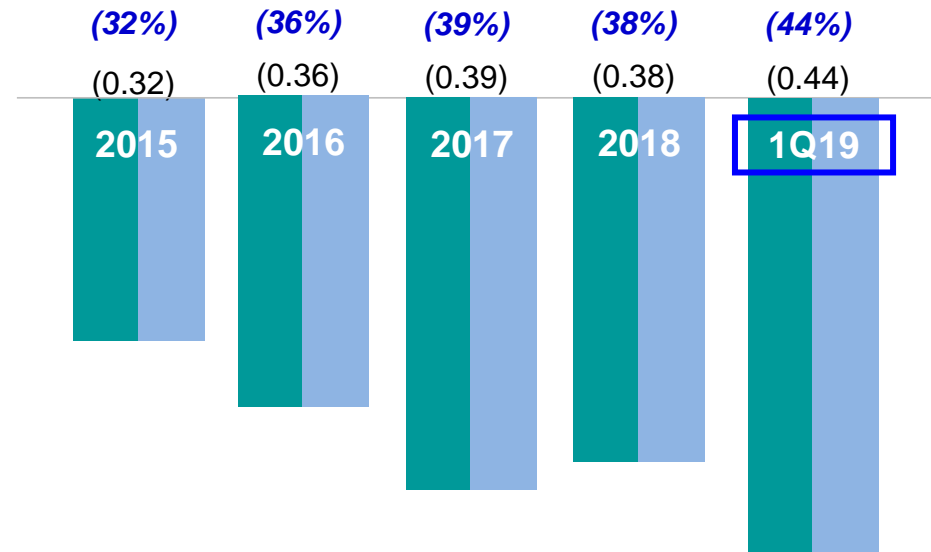
DEBT POSITION

Unit: US\$ million



KEY RATIOS

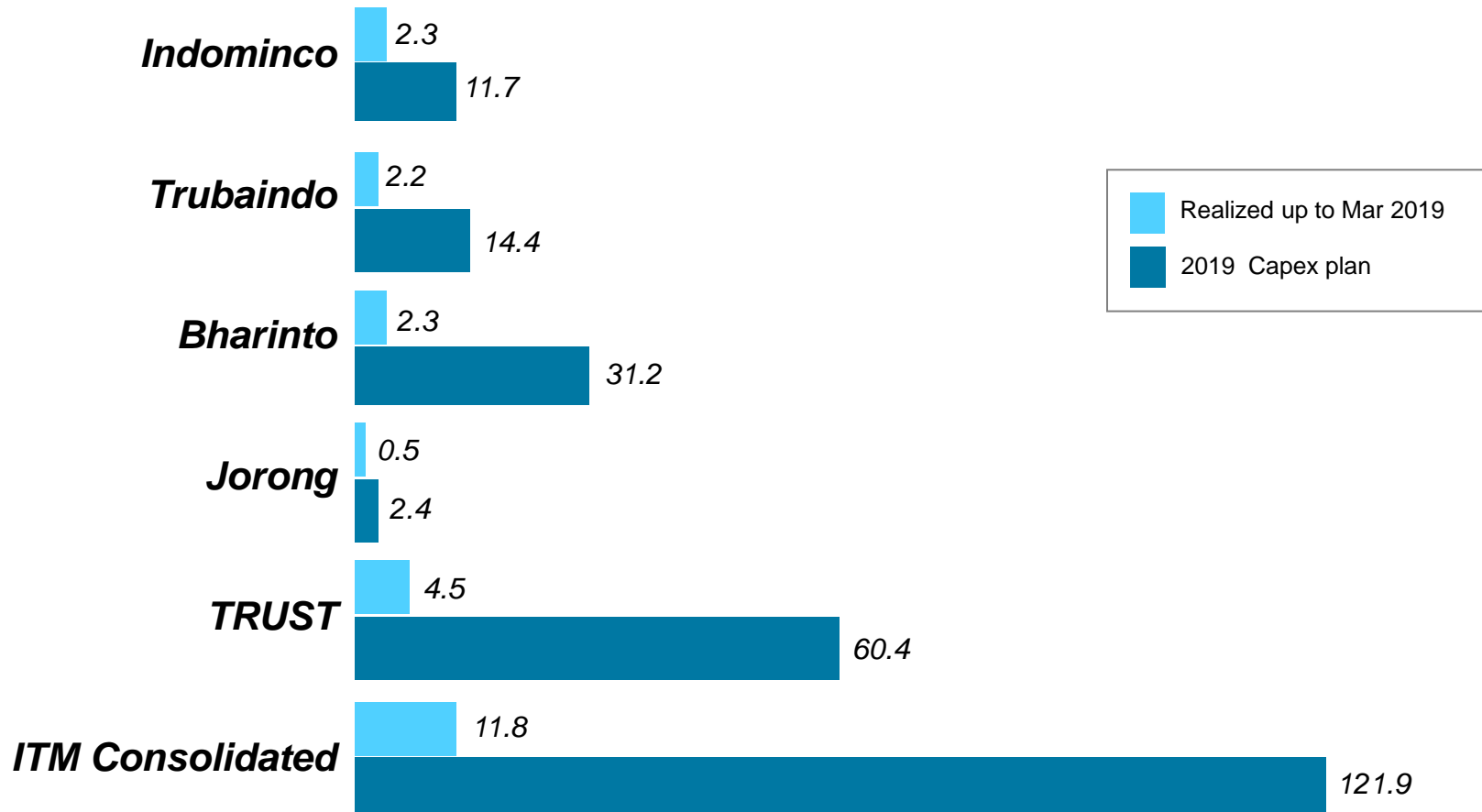
- Net Gearing (%)
- Net D/E (times)



2019 Capital expenditure plan



Units: US\$ million



Note: Total capex plan including Jakarta office after elimination



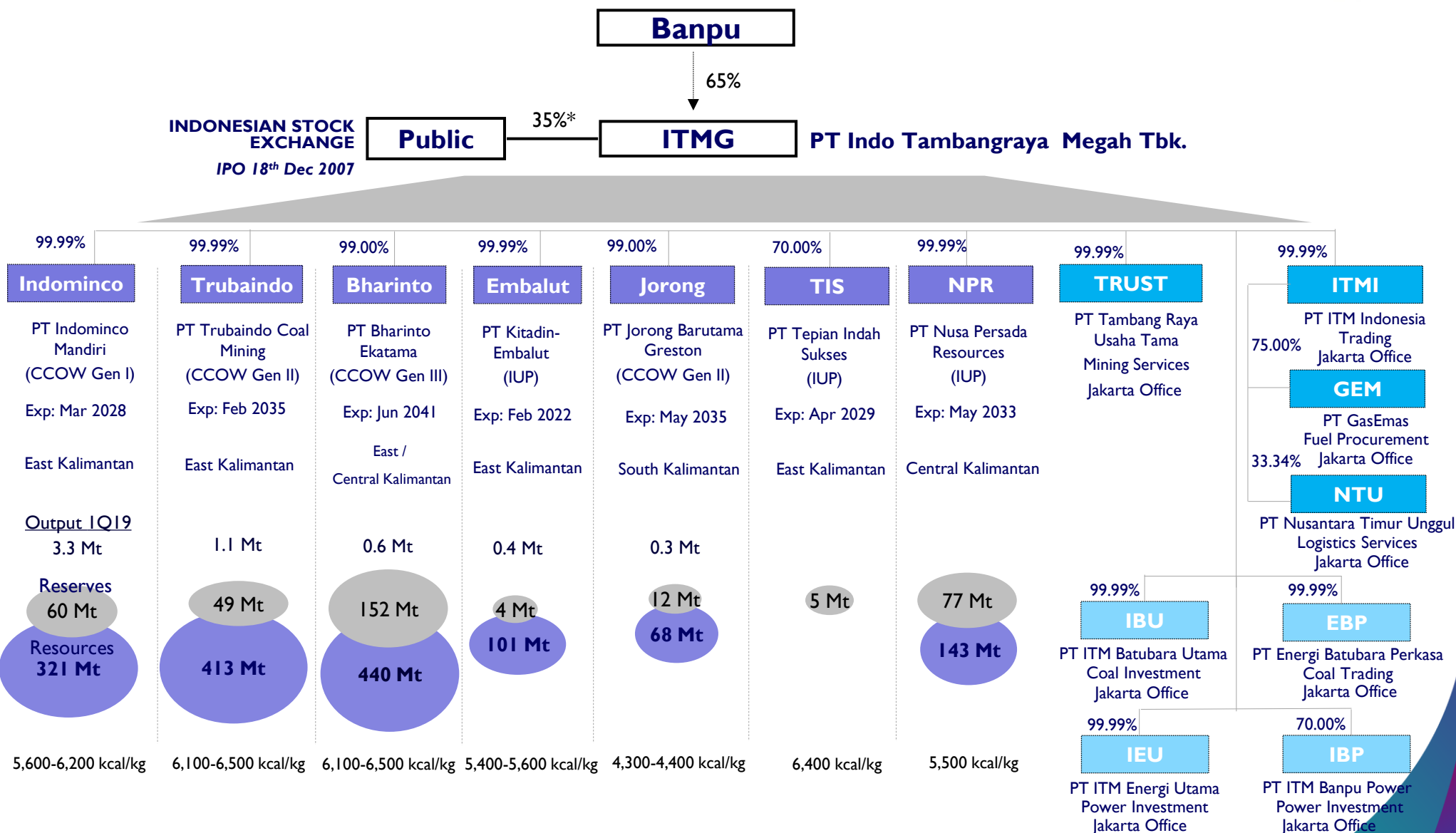
Thank you

Appendices

Income statement

<i>Unit: US\$ thousand</i>	1Q19	4Q18	1Q18	QoQ%	YoY%
Net Sales	453,025	592,439	378,247	-24%	20%
Gross Profit	93,612	155,110	111,053	-40%	-16%
GPM	21%	26%	29%		
SG&A	(36,520)	(43,733)	(23,350)	-16%	56%
EBIT	57,092	111,377	87,703	-49%	-35%
EBIT Margin	13%	19%	23%		
EBITDA	72,463	131,753	99,486	-45%	-27%
EBITDA Margin	16%	22%	26%		
Net Interest Income / (Expenses)	1,607	1,261	822	27%	95%
FX Gain / (Loss)	545	81	(2,379)	<i>n.m</i>	-123%
Derivative Gain / (Loss)	819	(14,587)	(104)	-106%	<i>n.m</i>
Others	(2,392)	(11,880)	(3,463)	-80%	-31%
Profit Before Tax	57,671	86,252	82,579	-33%	-30%
Income Tax	(18,679)	(24,667)	(24,482)	-24%	-24%
Net Income	38,992	61,585	58,097	-37%	-33%
Net Income Margin	9%	10%	15%		

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 (consider suitably experienced under the JORC Code) and deducted from coal sales volume in FY18.