PT Indo Tambangraya Megah Tbk

Analyst Briefing
3Q16 Performance Results

Jakarta, 15 November 2016

Agenda

Highlights of 3Q16 and 9M16 results

Coal sales
7.0 Mt
Up 0.8 Mt
+13% Q-Q

Coal sales
20.1 Mt
Down 0.8 Mt
-4% Y-Y

Unit: US$ million

	2Q16	3Q16	Q-Q	9M15	9M16	y-y
Total Revenue	278	349	+25%	1,206	958	-21%
Gross Profit Margin	*17%*	*22%*	+5%	*22%*	*20%*	-2%
EBIT	20	47	+132%	146	105	-28%
EBITDA	32	59	+88%	192	141	-27%
Net Income	13	33	+146%	83	70	-16%
ASP (USD/ton)	*$44.7*	*$49.9*	+12%	*$57.7*	*$47.5*	-18%

Highlights of 3Q16 and 9M16 results

6.3 Mt

QUARTERLY OUTPUT

8.3 bcm/t

2.6% INCREASE IN SR

13%

0.8 MT INCREASE IN SALES VOLUME

49.9$/t

12% OR US$ 5 INCREASE IN ASP

25%

INCREASE IN REVENUE TO US$ 349 M

146%

INCREASE IN NET INCOME TO US$ 33 M

ITM group (2013 - present): leaner and stronger

PRODUCTIVITY IMPROVEMENT (2013 – Present)

Infrastructure & logistics improvement to invigorate productivity and maximize benefits from coal prices upturn

- ✓ Bharinto ramp-up
- ✓ Embalut and Jorong reserves optimization
- ✓ Bunyut expansion
- ✓ Upgrade Indominco crushing plant
- ✓ Logistics, infrastructure improvement

COST RATIONALIZATION (2013 – Present)

Continuous cost reduction efforts through process optimization and stakeholder management

- ✓ 31% cost reduction from $62/t in 2013 to $43/t in 2016*
- ✓ Stripping ratio optimization
- ✓ Contractor management and negotiation
- ✓ Defer capex, limited to commit projects

POWER DEVELOPMENT (2013 - Present)

Development of power business in both conventional and renewable energy sources

- ✓ Establishment of power investment subsidiary (PT.ITM Energi Utama)
- ✓ Establishment of power investment subsidiary (PT.ITM Banpu Power)

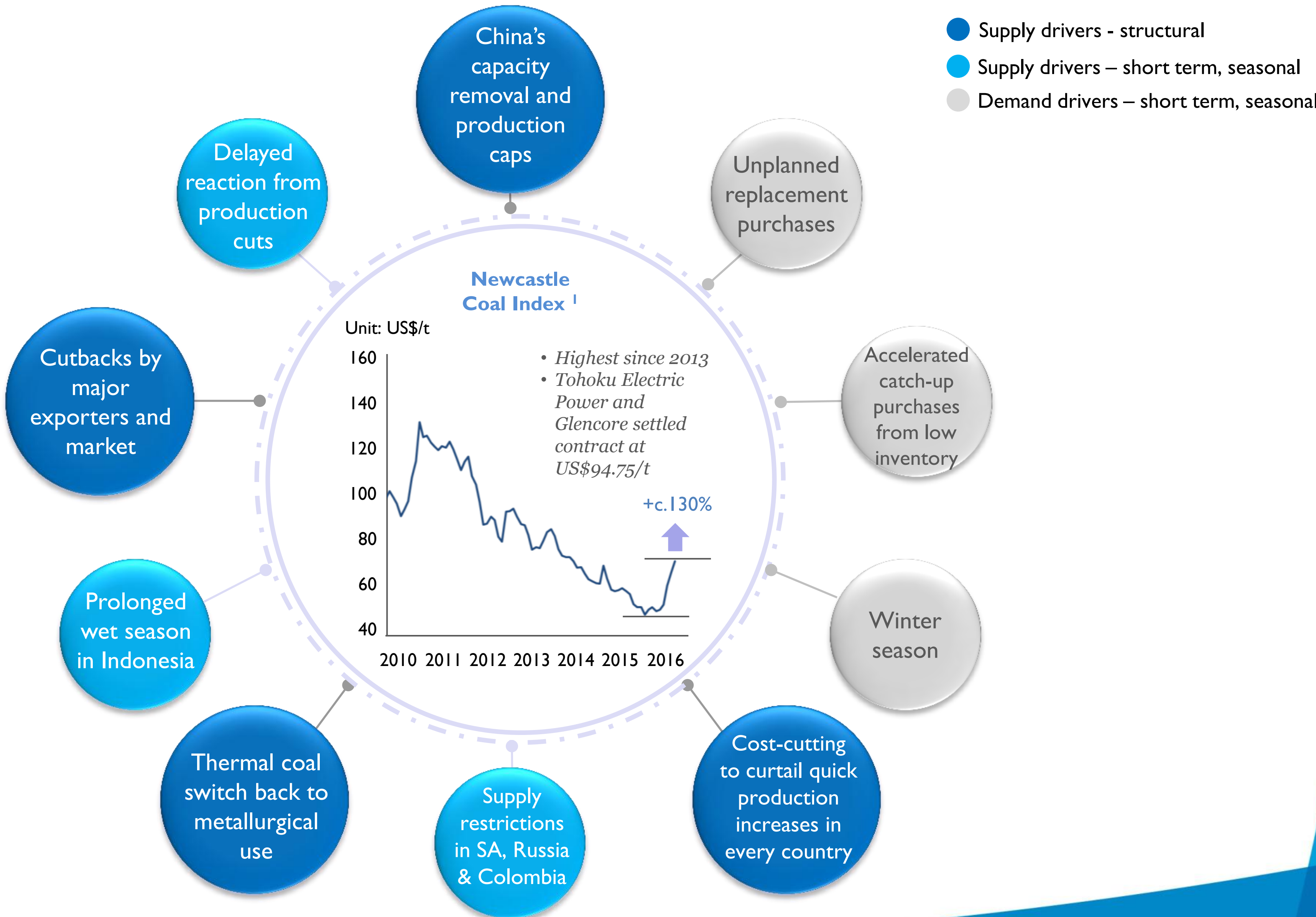
CORPORATE IMPROVEMENT (2013 - Present)

Develop market based and enhance business profitability by corporate improvement

- ✓ Establishment of marketing office in Singapore
- ✓ Own in-house mining contractor
- ✓ Establishment of coal investment subsidiary
- ✓ Achieved 'Best Listed Company in Mining and Quarrying Sector'
- ✓ Achieved 'Most Trusted Companies'
- ✓ Achieved 'Anugerah Perusahaan TBK' (Best Listed Company) Awards
- ✓ Achieved "Best CG Performance in non-financial category" and "The Top 10 of Top 50 Indonesian Companies with Best CG Performance"

Note: *2016 target

Coal market: tight supply in thermal market



Note: [(1)] As of October 27th, 2016

ITM strategies: strategic options

Coal Business

	SHORT-TERM	MEDIUM TO LONG-TERM
Reserves	▪ Study of auger mining method ▪ Drilling and exploration at Indominco and Trubaindo ▪ Bharinto phase 2 study	▪ Reoptimize mine plan / reserves ▪ Additional exploration and development ▪ Reserves acquisition ▪ Underground mining study
Production	▪ Improvement of hauling road ▪ Barging cycle time management ▪ Improvement of Bontang Coal Terminal stacking CBU and coal loading equipment ▪ Port management	▪ Step change improvement program ▪ Maximize benefits from in-house and 3rd party mining contractors
Sales/Marketing	▪ More index-linked	▪ Coal blending strategy ▪ Sourcing of third party coal suppliers ▪ New customer segment in domestic & SEA markets

Value Chain Development

EXPANDING CORE BUSINESS – LONG TERM BUSINESS DIVERSIFICATION

Inorganic: Power sector

- Expand core business into power sector
- Specifically in coal-fired power plant, gas-fired power plant, solar and hydro power

Inorganic: Energy supply chain management

- Fuel procurement & logistic, marketing & distribution
- Own mining contractor strategic plan
- Coal-to-x study

ITM achievement in 2016

Best Indonesian Listed Companies

ITM achieved "**Best Indonesian Listed Companies**", from Anugerah Perusahaan Tbk Indonesia (APTI), conducted by Economic Review magazine and IPMI International Business School, 21 Oct 2016

Best CG Performance in non-financial category

ITM achieved "**Best CG Performance in non-financial category**" based on ASEAN CG Scorecard, from Indonesian Institute for Corporate Directorship (IICD), 07 Nov 2016

The Top 10 of Top 50 Indonesian Companies with Best CG Performance

ITM achieved "**The Top 10 of Top 50 Indonesian Companies with Best CG Performance**" based on ASEAN CG Scorecard, from Indonesian Institute for Corporate Directorship (IICD), 07 Nov 2016

3Q16 – key takeaways

Coal price has more than doubled since early 2016, highest since 2013; outlook strong

6.3Mt quarterly output, -8% QoQ due to higher rainfalls

$33m net income, +146% QoQ from $13m in 2Q16

Higher than expected rainfalls impacted Indonesia output including ITM's output

Improved ASP, $49.9/t +12% QoQ; further improvement in 4Q16 with c.50% open for price

"Leaner, stronger" with strategic options to capture future opportunities

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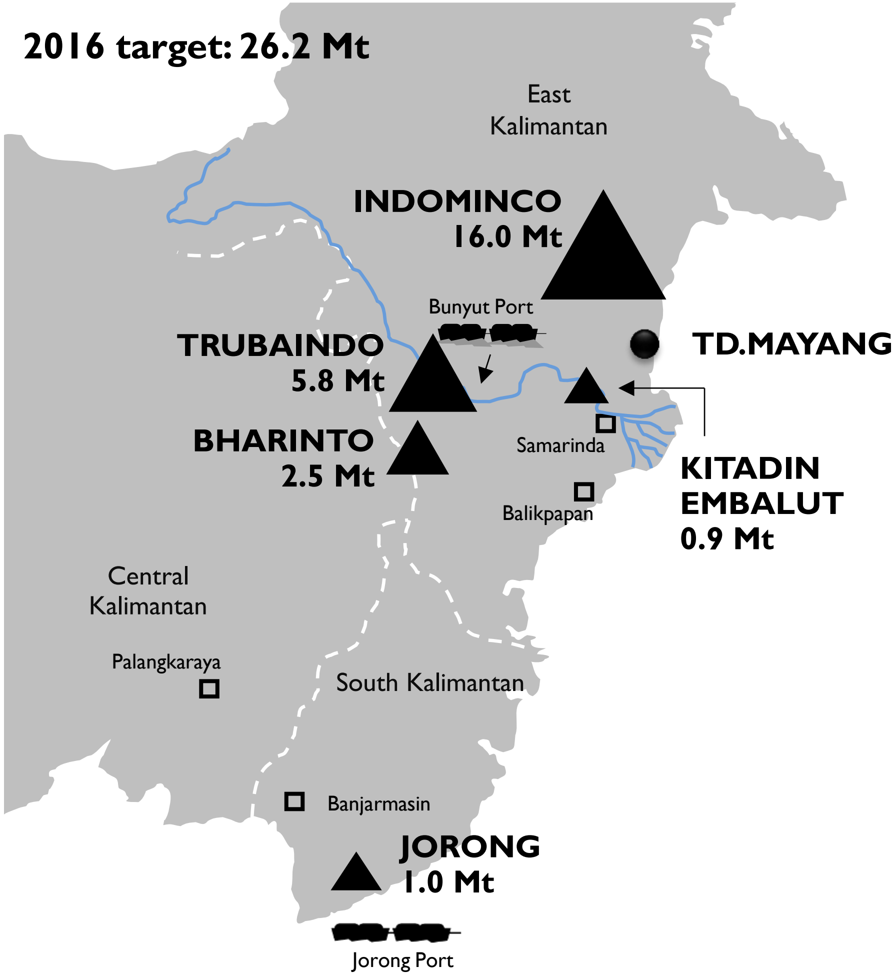
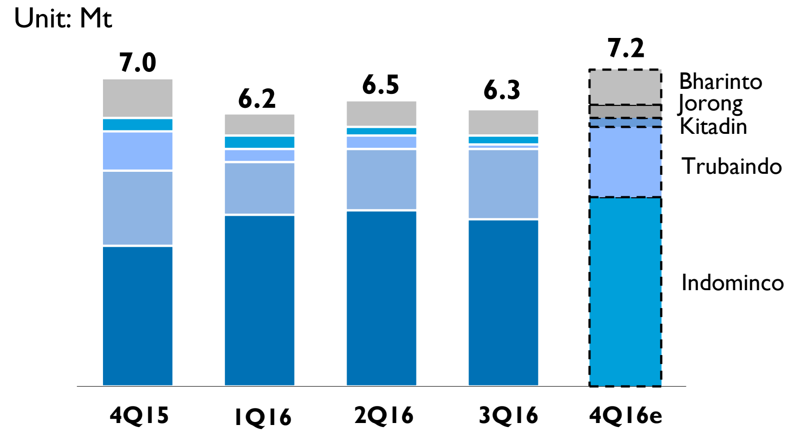
2	OPERATIONAL REVIEW
3	COMMERCIAL REVIEW
4	FINANCIAL REVIEW
5	QUESTION & ANSWERS

Operational summary 2016

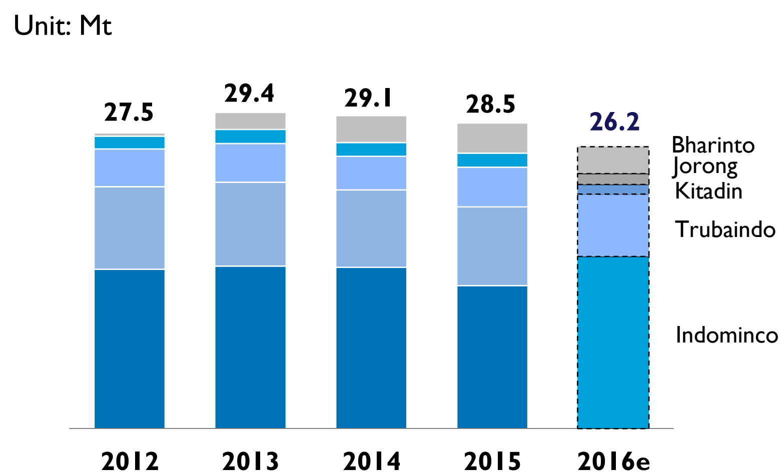
2016 OUTPUT TARGET



2016 OUTPUT TARGET



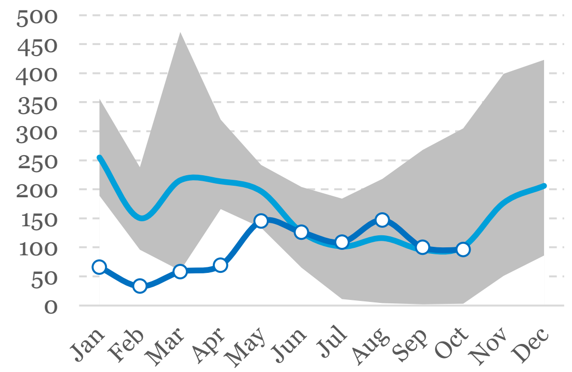
YEARLY OUTPUT TREND



Rainfalls period 2010 - 2016

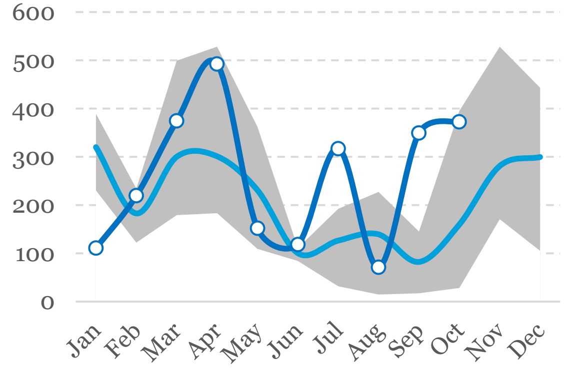
INDOMINCO

Unit: Millimeter



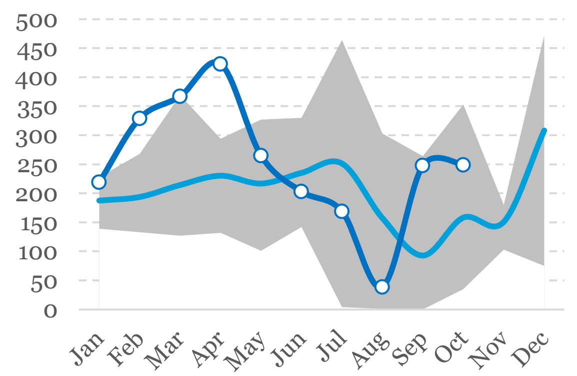
TRUBAINDO & BHARINTO

Unit: Millimeter



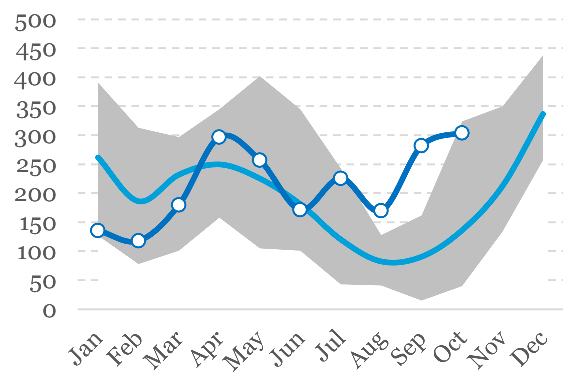
JORONG

Unit: Millimeter



EMBALUT

Unit: Millimeter

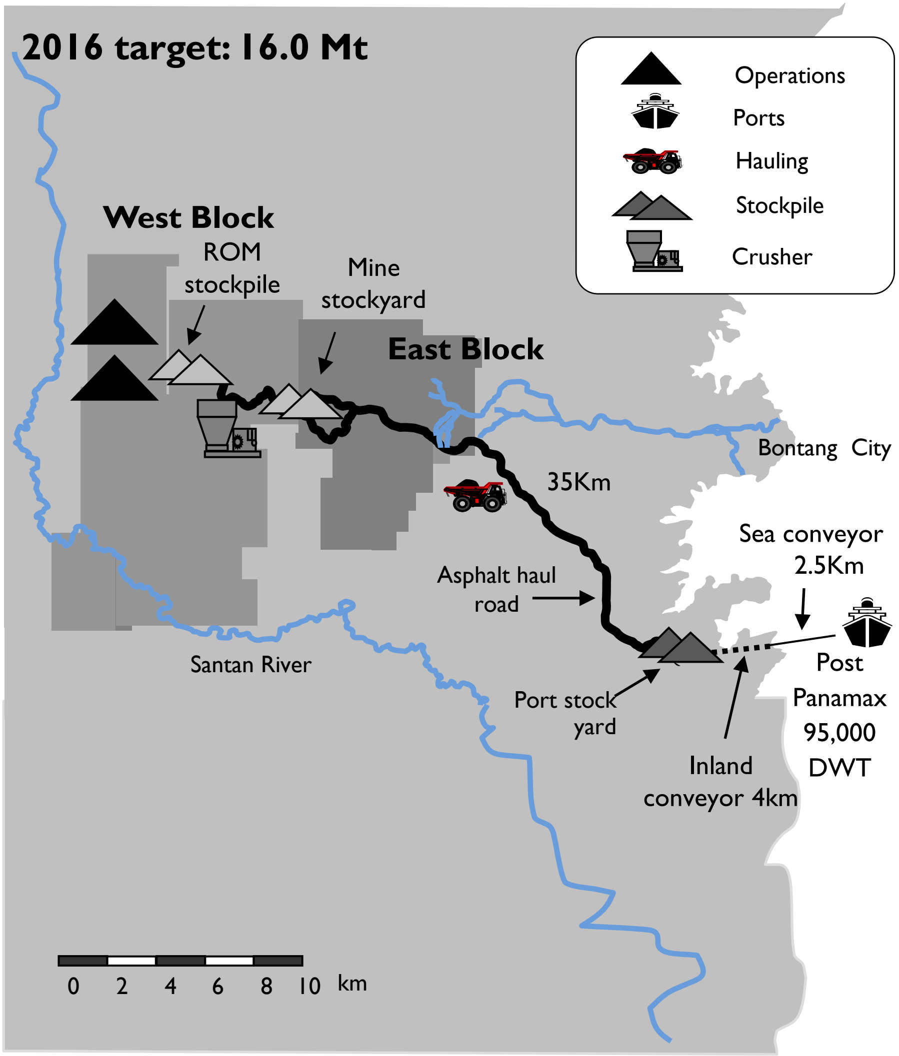


2010–15 average rainfalls   2016 rainfalls   2010-15 rainfall range

- 3Q16 rainfall levels at most mines reached highest levels in 6 years since 2010, with September's level up steeply
- Despite lower than average rainfall in 1H16, Indominco's rainfall in 3Q16 was higher than expected, which impacts output
- Trubaindo and Jorong achieved production record despite heavy rainfall. Indominco, Bharinto and Embalut yielded slightly lower-than-target production

Indominco Mandiri

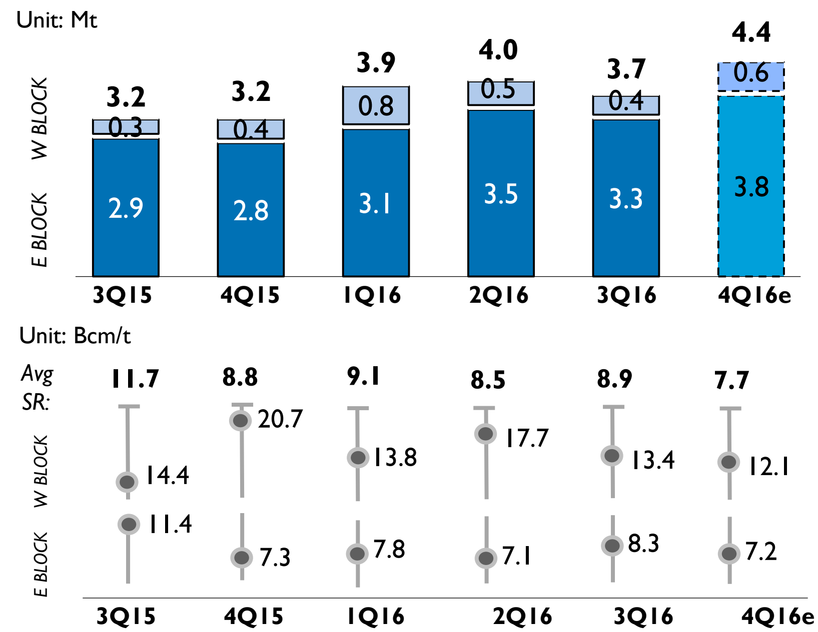
SCHEMATIC



QUARTERLY UPDATES

- 3Q16 production output was lower than target due to heavy rainfalls affecting mine production.
- Total average strip ratio in 2016 is expected to be lower than 2015.

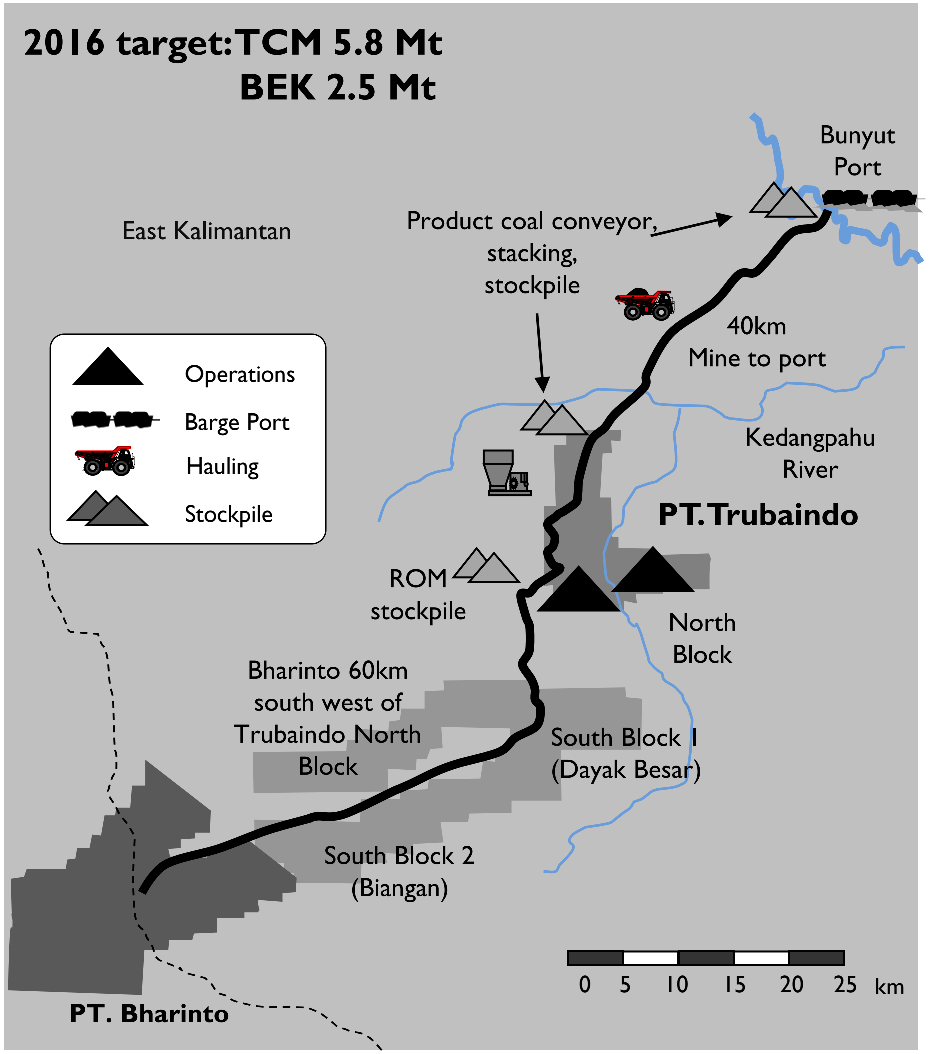
QUARTERLY OUTPUT



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

Trubaindo and Bharinto

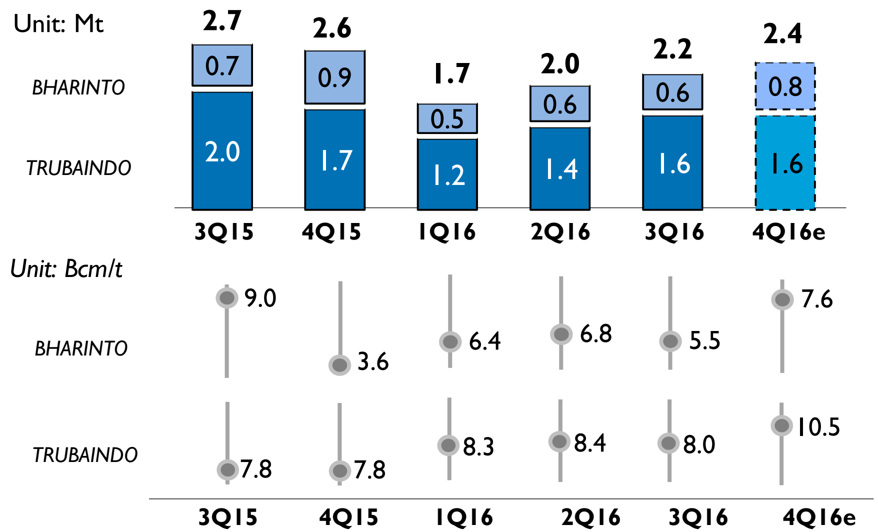
SCHEMATIC



QUARTERLY UPDATES

- Trubaindo:
  - 3Q16 production achieved as according to target.
  - Bunyut port expansion: completed re-test & run of dust suppression and on progress of relocating the magnetic separator.
- Bharinto:
  - 3Q16 production output slightly lower than target due to higher rainfall at mine area.

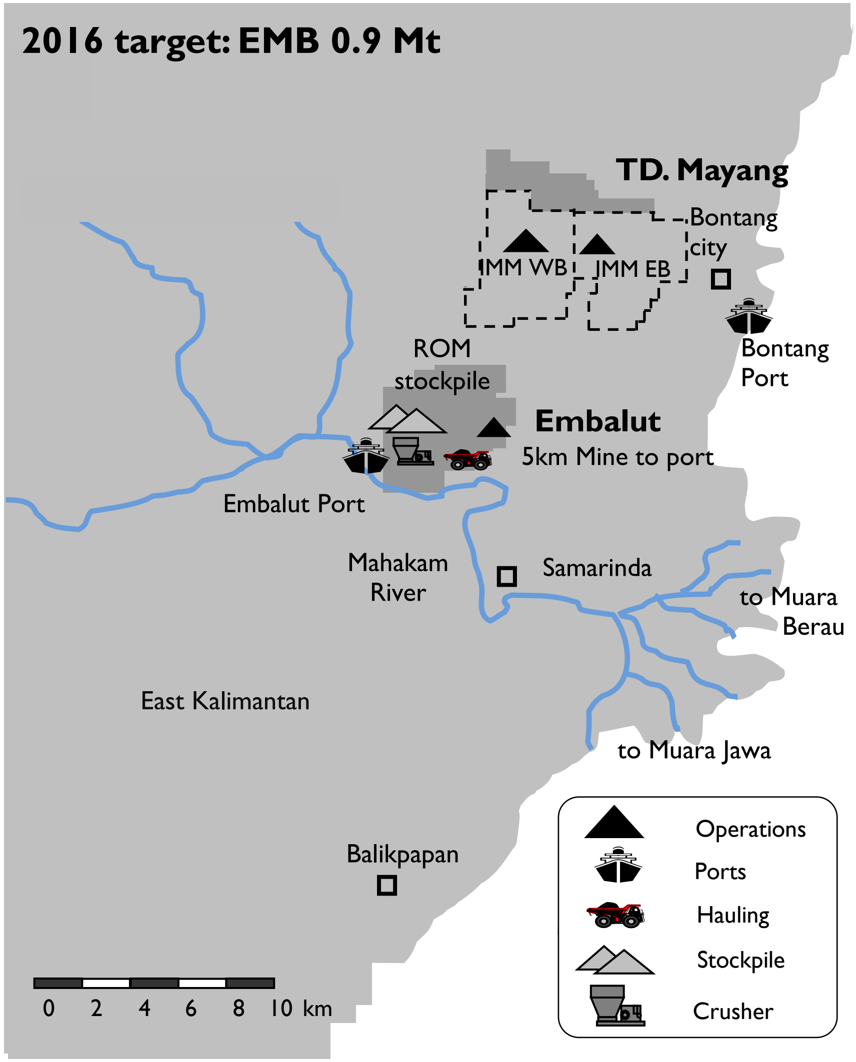
QUARTERLY OUTPUT



*SR based on FC coal **SR FY15 TCM: 8.2 , BEK: 6.0

Kitadin Embalut and Tandung Mayang

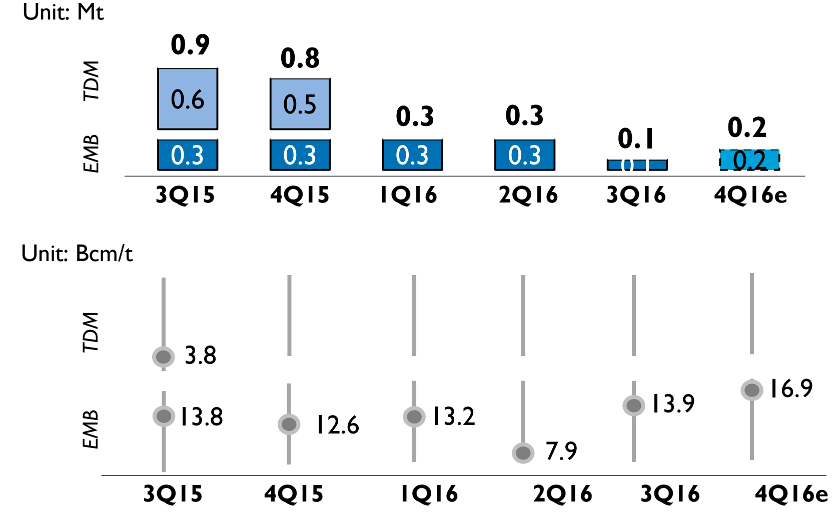
SCHEMATIC



QUARTERLY UPDATES

- Kitadin Embalut:
  - 3Q16 production output was lower than target due to bad weather and sliding affecting the production performance.
- Kitadin Tandung Mayang:
  - Mine closure activities already started since 1Q16.

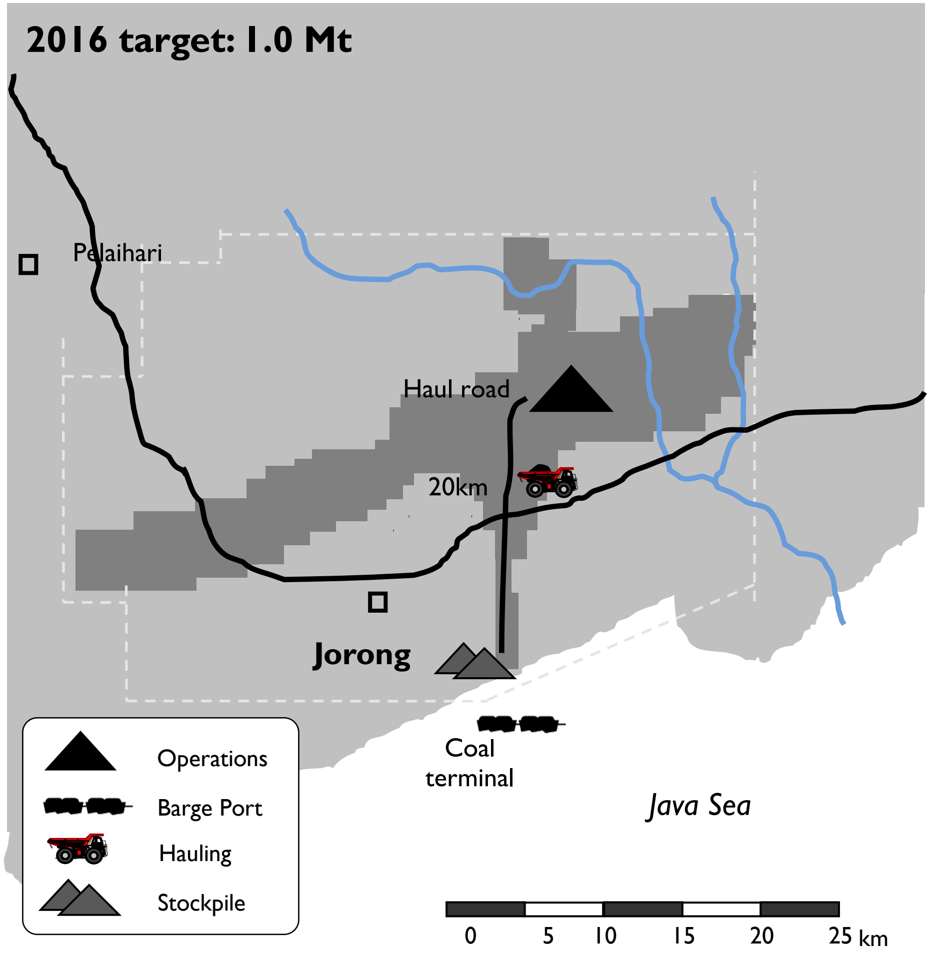
QUARTERLY OUTPUT



**SR based on FC coal* ***SR FY15 EMB: 12.1, TDM: 5.3*

Jorong

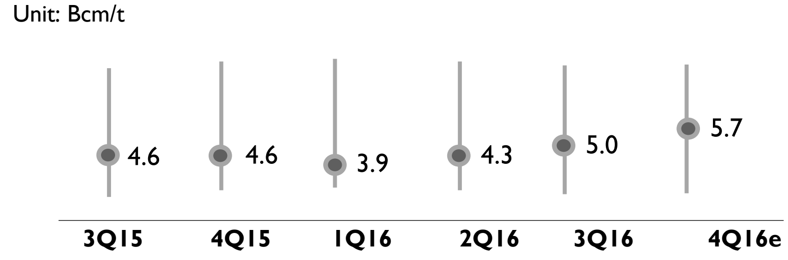
SCHEMATIC



QUARTERLY UPDATES

- 3Q16 production achieved as according to target.
- Mine closure plan already submitted and being reviewed by government for approval.
- Remaining mine reserves will be depleted by 2018.

QUARTERLY OUTPUT



*SR based on FC coal ***SR FY15 JBG: 5.0

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Global demand trend: 2016 vs 2015

GEOGRAPHY	CHANGE 2015-16 (MT.)	COMMENTS
CHINA	+35	▪ Supply rationalization created short supply, rising domestic coal prices
INDIA	-14	▪ Weak power demand, low power plant utilization, increased domestic coal production and high coal prices hampered coal imports
OTHER N.ASIA	-7	▪ Slow economic growth, high renewable energy and plant maintenance lower coal burn
EUROPE	-19	▪ Low UK imports; gas-switching; coal plant retirements and increased renewable energy
OTHERS	+13	▪ Vietnam, Philippines and Malaysia expected to add c.11 Mt of demand
GLOBAL	+8	-

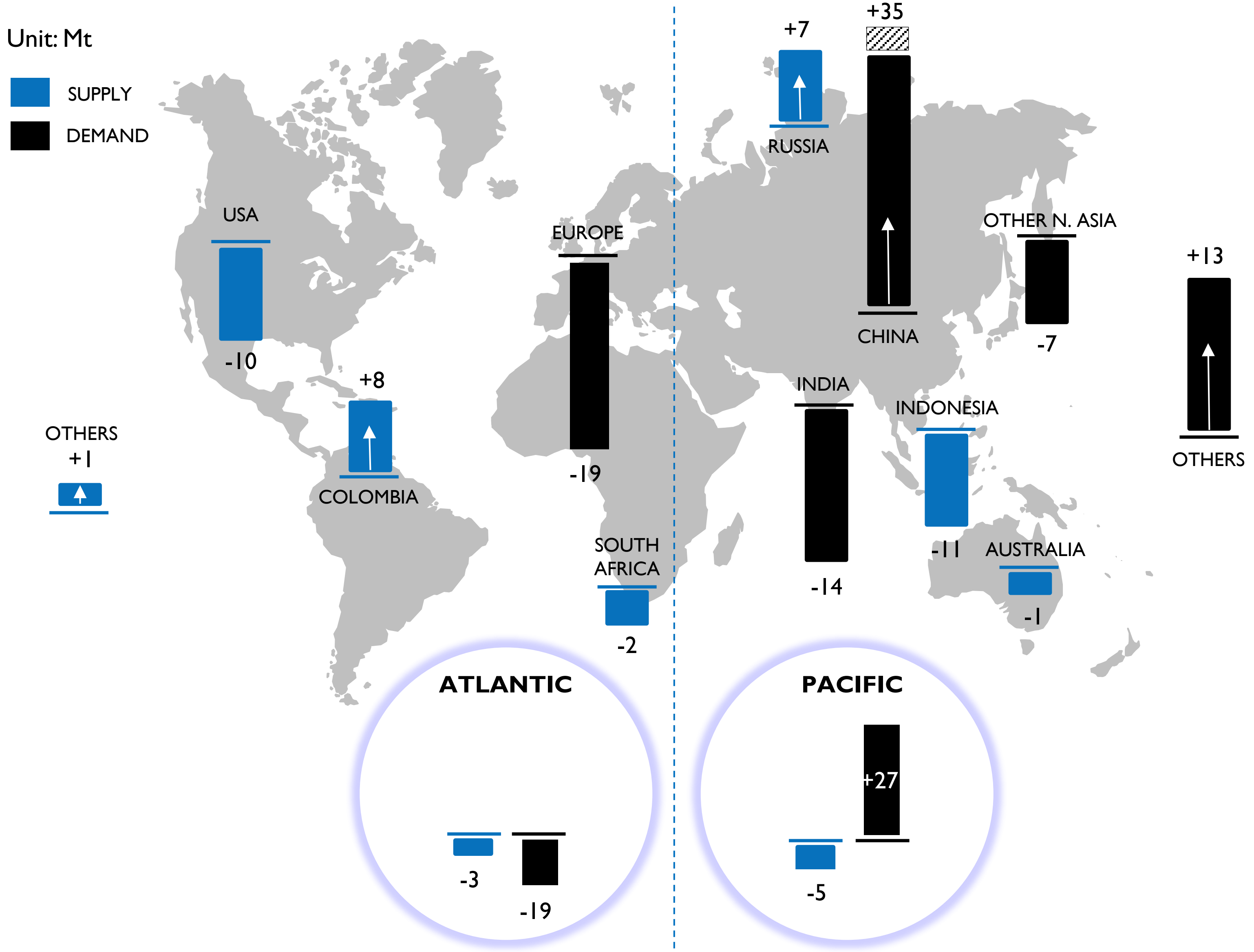
Note: includes anthracite and lignite
Source: EIA INTERNATIONAL ENERGY OUTLOOK 2016

Global supply trend: 2016 vs 2015

GEOGRAPHY	CHANGE 2015-16 (MT.)	COMMENTS
INDONESIA	-11	▪ Continued rainfall and increased domestic demand limited export growth
AUSTRALIA	-1	▪ Bad weather and maintenance tighten supply
COLOMBIA	+8	▪ Weather condition and social and labour issues interrupted supply from time to time
RUSSIA	+7	▪ Shortage coal wagon limited spot availability and tighten supply
S.AFRICA	-2	▪ Rising domestic demand and limited rail capacity restrict export growth
USA	-10	▪ Improve domestic demand, limited volume for export
OTHERS	+1	
GLOBAL	**-10**	▪ Uncertainty long term demand cāused producers to rethink about growing mining capacity

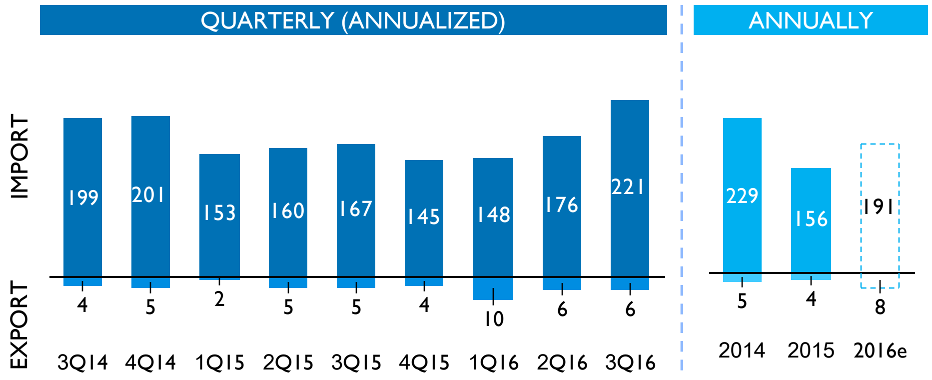
Note: includes anthracite and lignite
Source: EIA INTERNATIONAL ENERGY OUTLOOK 2016

Global coal market trend: 2016 vs 2015



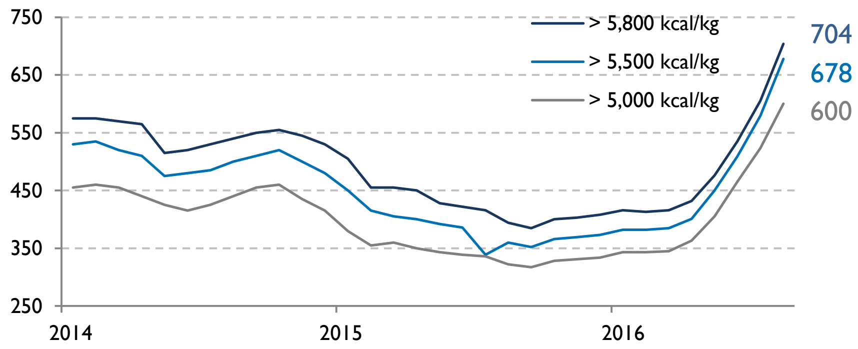
China thermal coal market review

CHINA THERMAL COAL IMPORTS/EXPORTS*
Unit: Mt



Sources: Banpu MS&L estimates

CHINA DOMESTIC COAL PRICES
Unit: RMB/t



- YTD China's imports surpassed 2015 levels.
- Supply cut policy resulted in significant price spikes.
- Government eased capacity-reduction target in the efforts to stabilize coal price
  - 8 Sep: allow 74 mines to increase production
  - 23 Sep: allow 791 mines to lift production between 276 and 330 working days per year in Q4

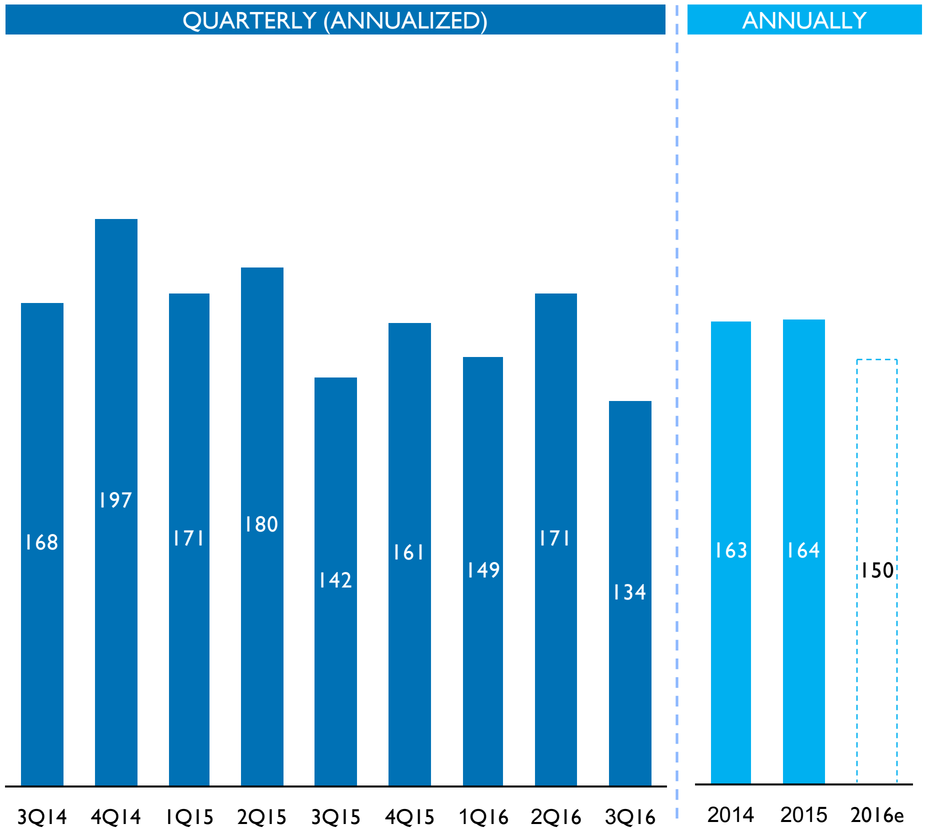
  but have been ineffective as spot prices continue to rise .
- Truck haulage cost increased following the new truck loading policy – cut 6 tons freight volume per truck.
- Imports are likely to remain relatively high in Q4 as winter demand step in and production increased will take time.
- China likely to continue capacity - reduction policy

Note: *includes anthracite and lignite imports/exports
Source: www.sxcoal.com/cn 14 October 2016

India thermal coal market review

INDIA THERMAL COAL IMPORTS*

Unit: Mt



- India still faces a surplus supply situation and high stocks in domestic coal market due to weak demand and high domestic coal production
- Expected higher coal burn inQ4 due to low hydro as monsoon passed
- India added 800 MW new coal-fired power generation capacity in July-August but capacity utilization remains low.
- Slow power distribution reform means power off-take will remain low
- Government continues pushing state-owned coal-fired power plants to use only domestic coal.
- High coal prices will impact coal imports but private coal-fired power plants in coastal locations and cement industry will continue using imported coal.

Note: *includes lignite grade imports
Sources:: HDR, Banpu MS&L Estimates

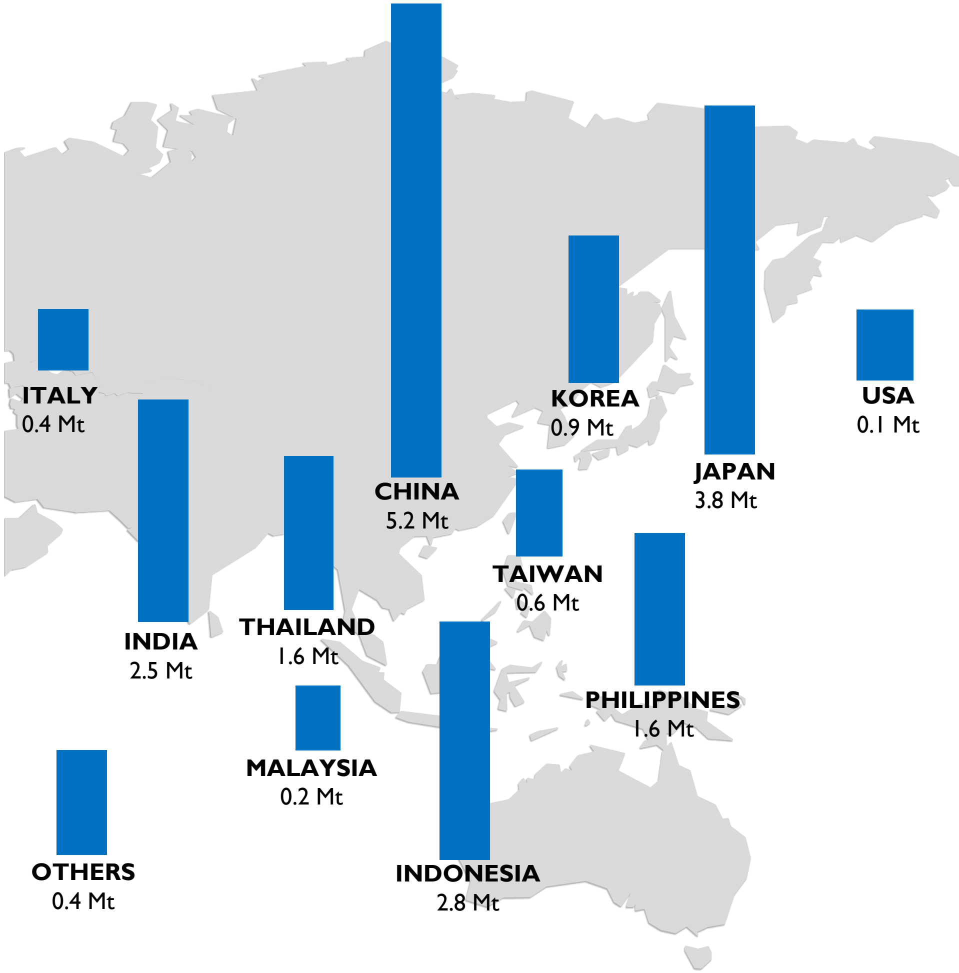
Coal prices outlook: sustainability of increase

SHORT-TERM IMPACT		MEDIUM TO LONG-TERM IMPACT	
WINTER SEASON increases electricity demand in India and China	**SUPPLY DELAYS** of new mine infrastructure construction (>1 year)	**STEEL DEMAND** leads to sales of thermal coal into metallurgical coal market	**COMMERCIALIZATION** of Chinese goods production supports LT seaborne traded coal demand
SUPPLY SEASONALITY constrains supply increase in Indonesia, Russia and Australia	**SMALL PRICE SPREADS** between premium and off-spec coals are unlikely to induce new expansion in premium coal	**CHINA'S POLICY** of structural adjustment will remain	**HIGH SEA FREIGHTS** constrain sales of Atlantic basin coals into Asia-Pacific market

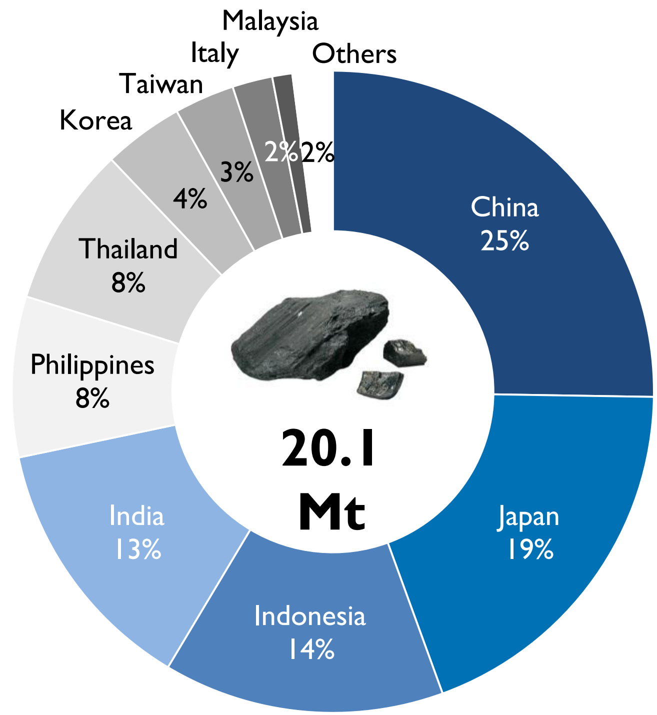
Demand drivers
Supply drivers

ITM coal sales 9M16

COAL SALES BREAKDOWN BY DESTINATION



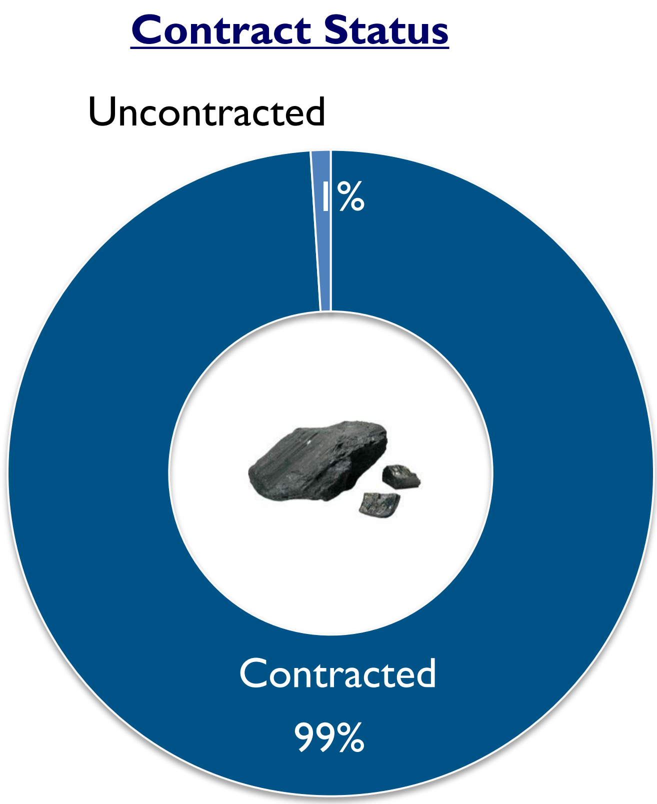
COAL SALES 9M16

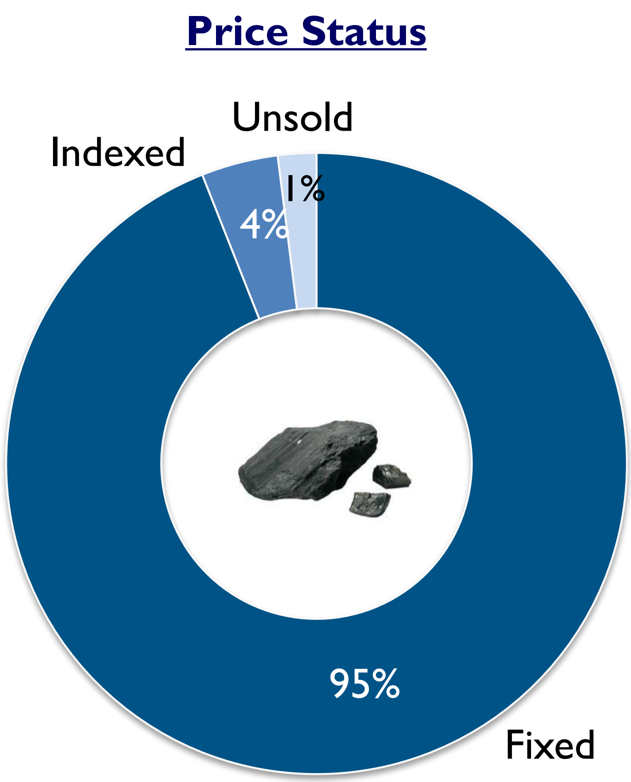


Total Coal Sales 9M16: 20.1 Mt

Indicative coal sales 2016

COAL SALES CONTRACT AND PRICING STATUS



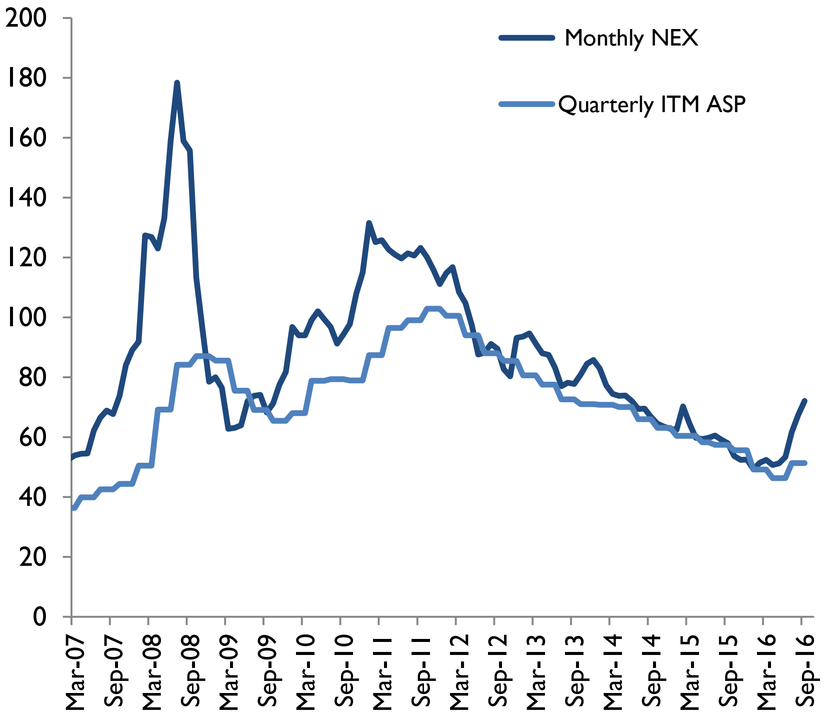


TARGET SALES 2016: 27.1 Mt

ITM ASPs vs thermal coal benchmark prices

ITM ASP VS BENCHMARK PRICES

Unit: US$/t



COMMENTS

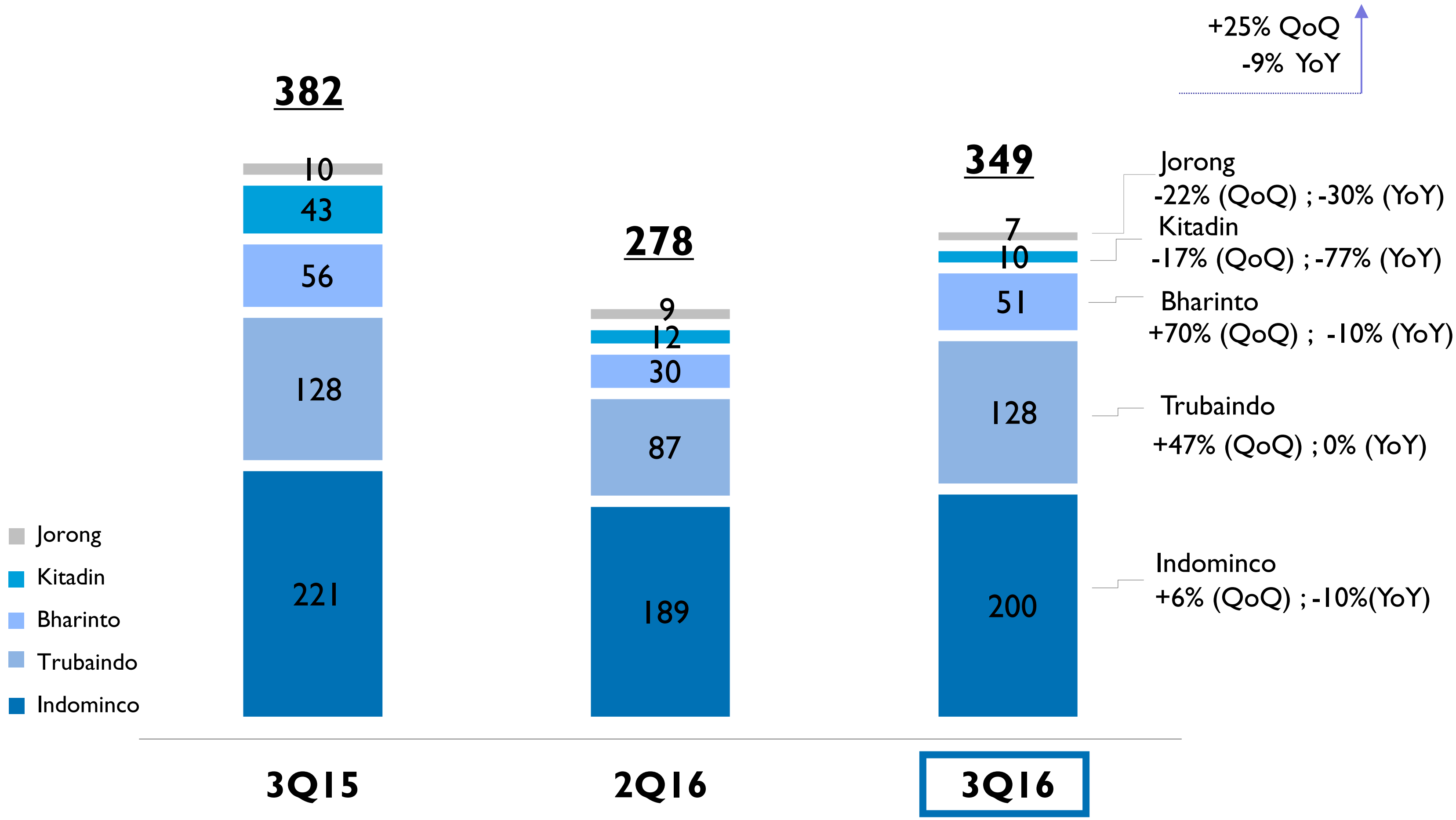
- 3Q16 ASP firmed according to general bullish market driven by Chinese production cap policy as well as supply tightness.
  - ITM ASP: US$49.9/t* (+12% QoQ)
  - NEX (Nov 10, 2016)**: US$112.9/t
- NEX benchmark prices got a very strong gain during second half of Q3 and reached a four and a half year high level during Oct16.

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

Agenda

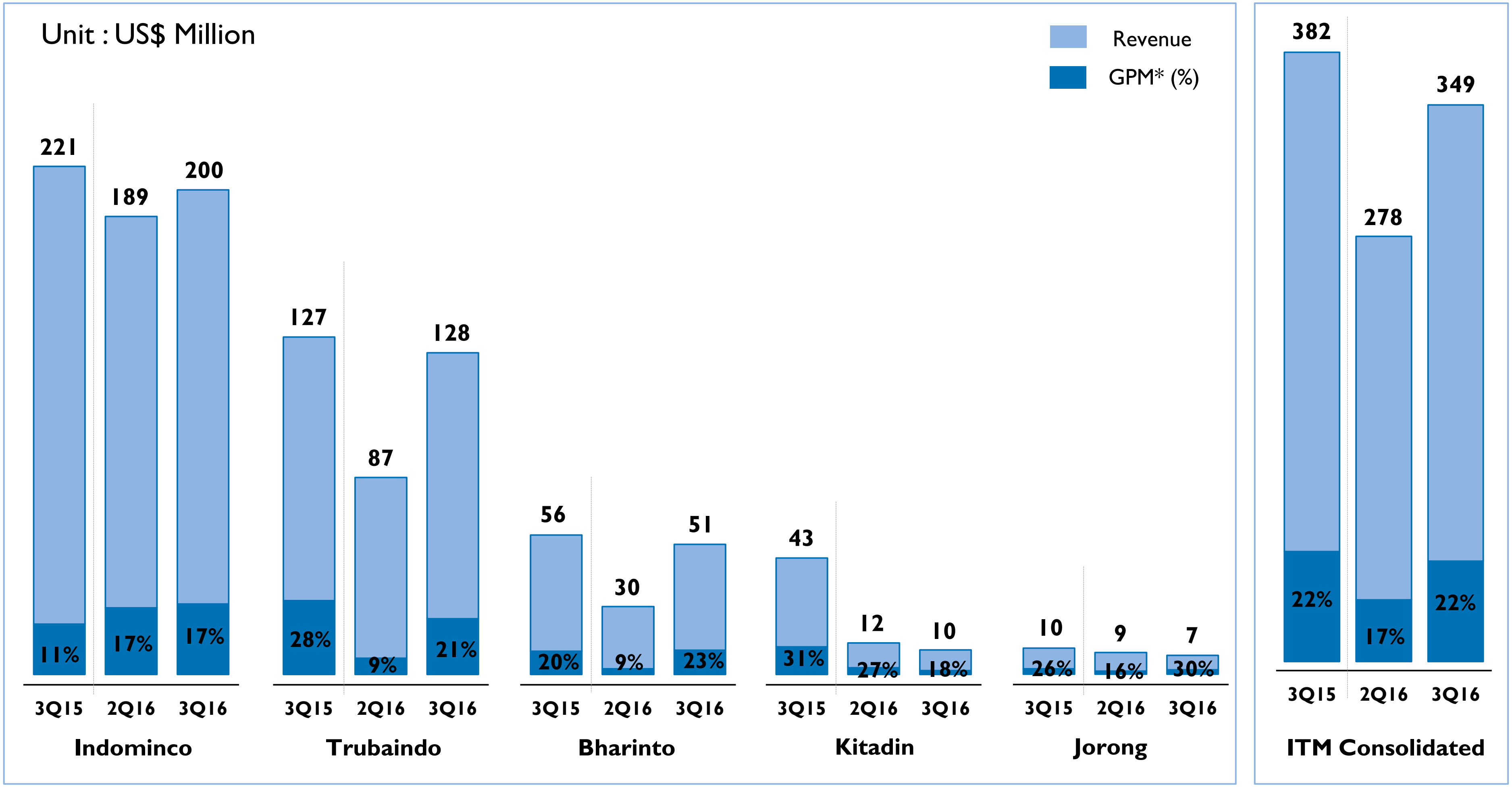
Sales revenue

Unit: US$ million



Note : Total consolidated revenue after elimination

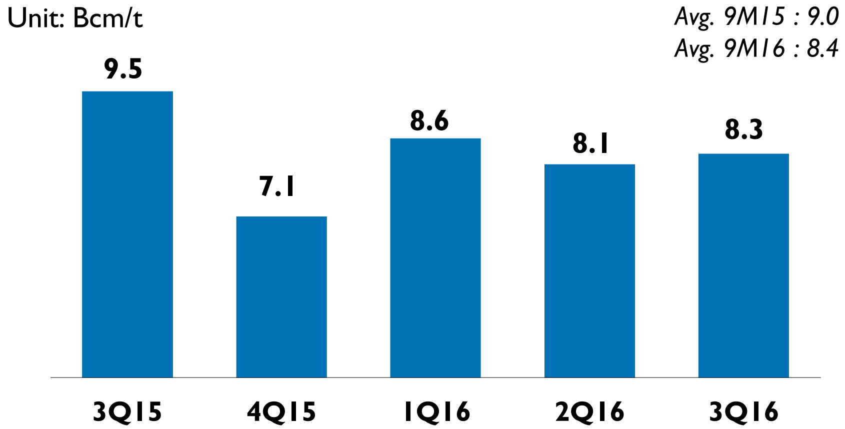
Average gross margin



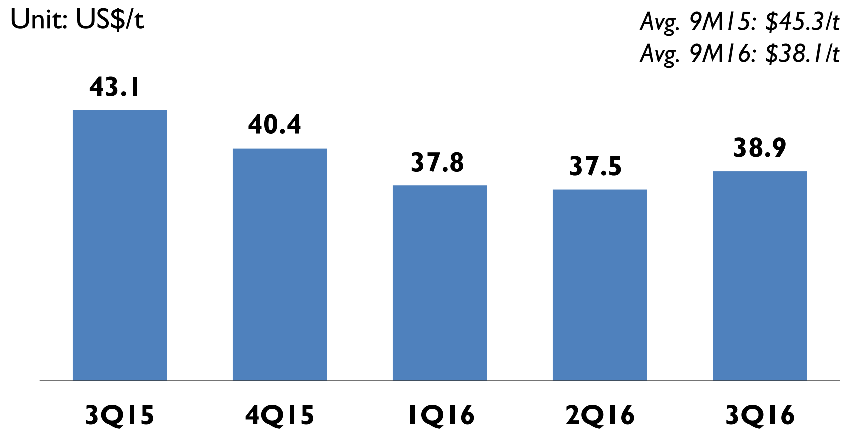
* *Gross profit after royalty expense*

Total cost

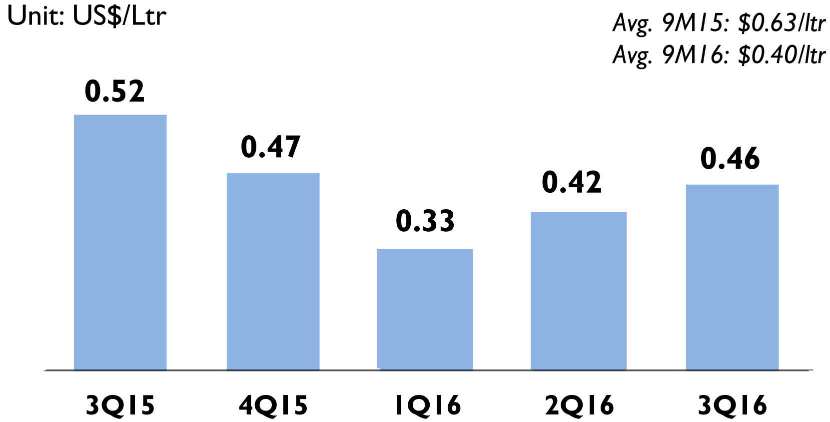
WEIGHTED AVERAGE STRIP RATIO



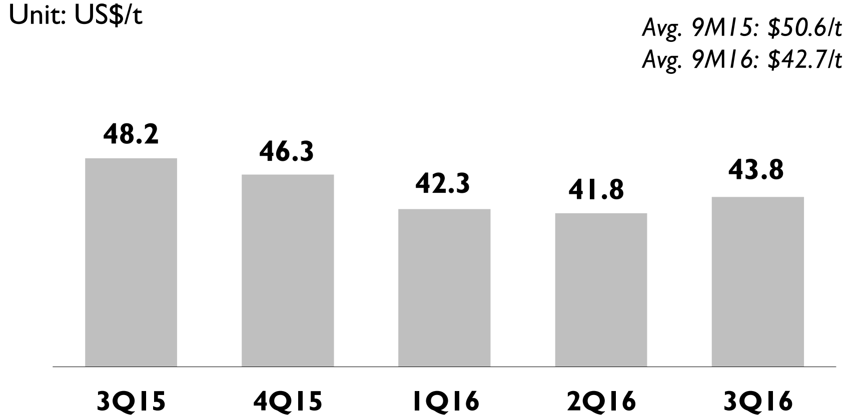
COST OF GOODS SOLD



FUEL PRICE



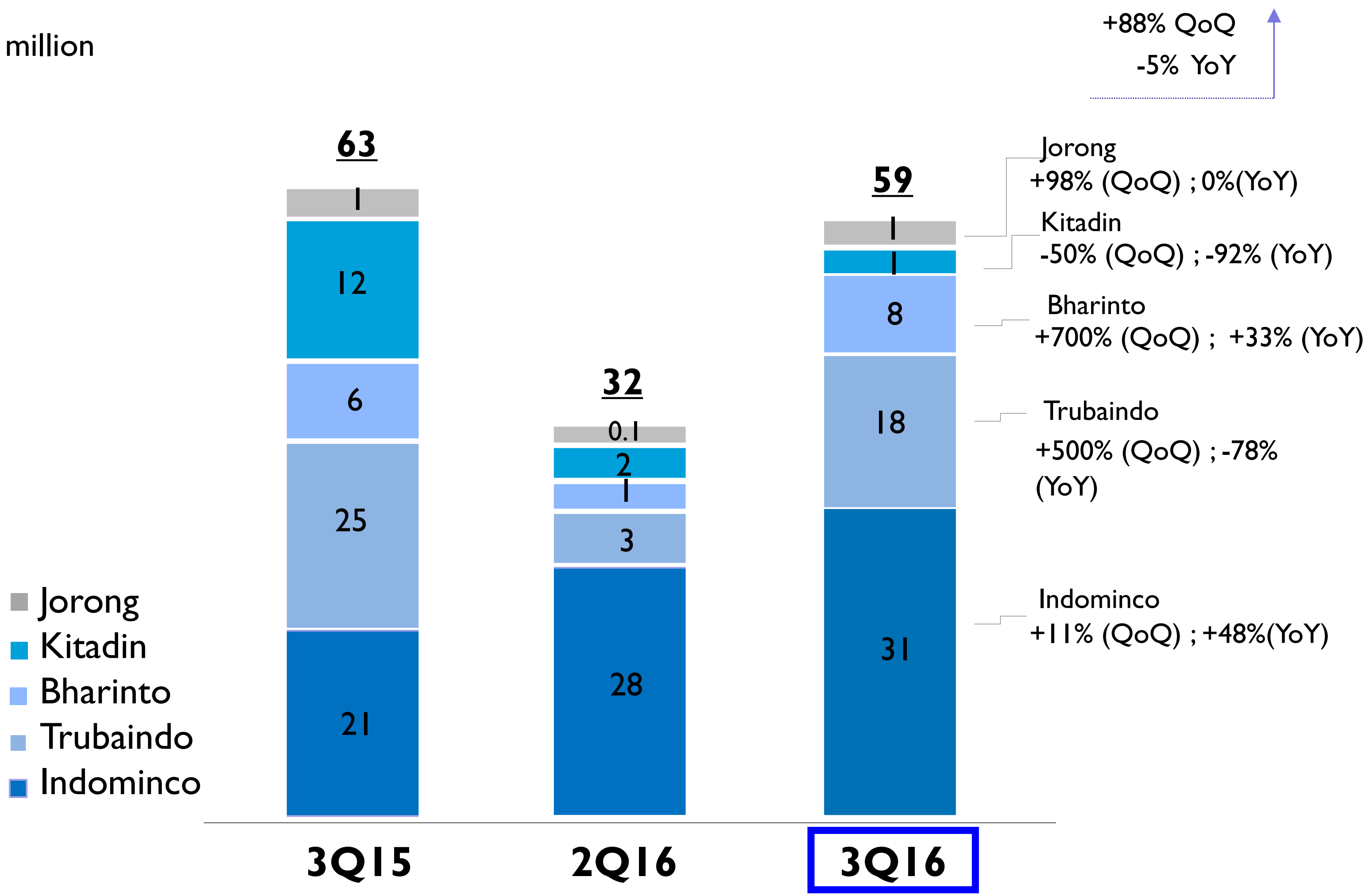
TOTAL COST*



* *Cost of Goods Sold + SG&A*

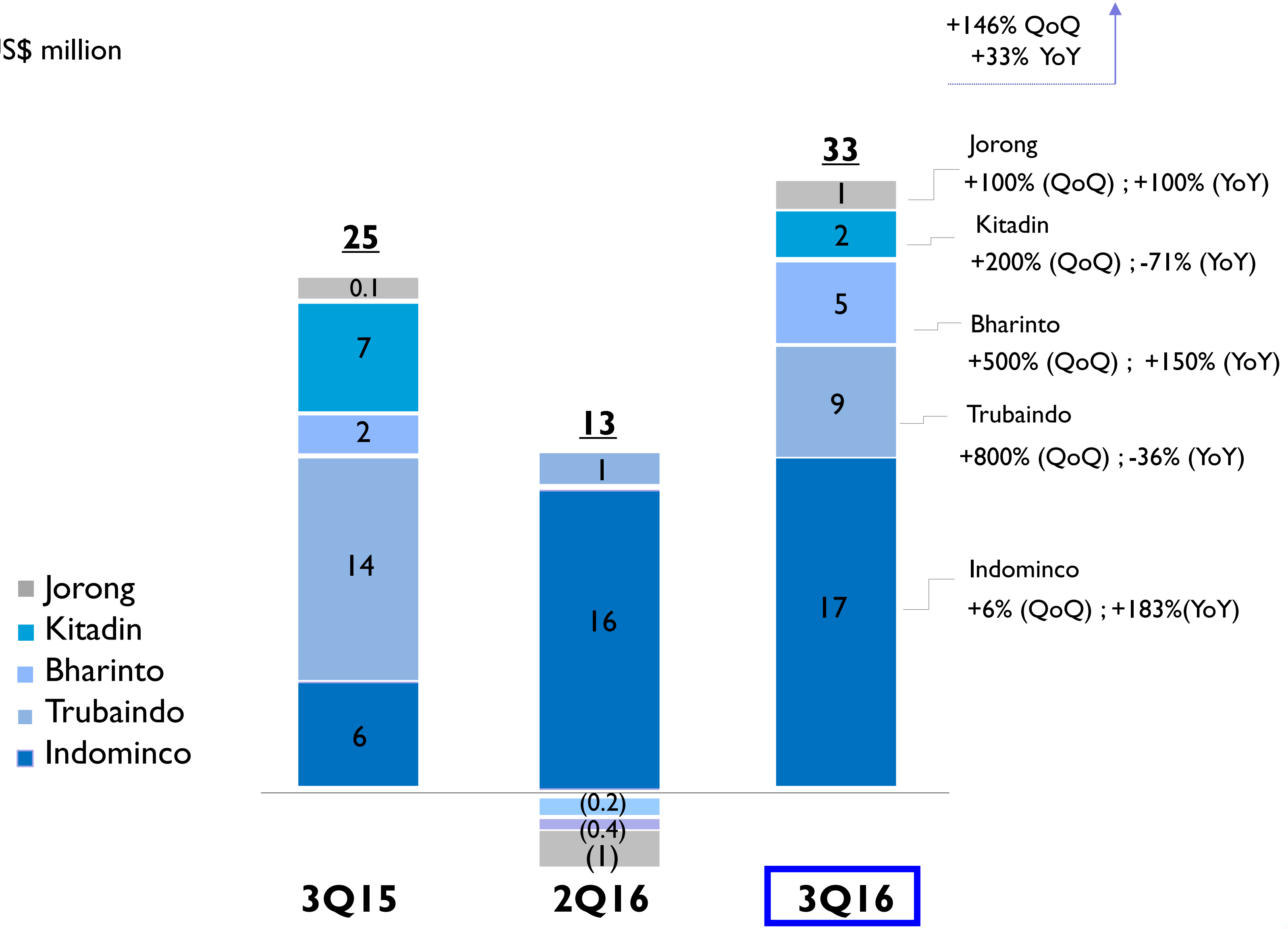
EBITDA

Unit: US$ million



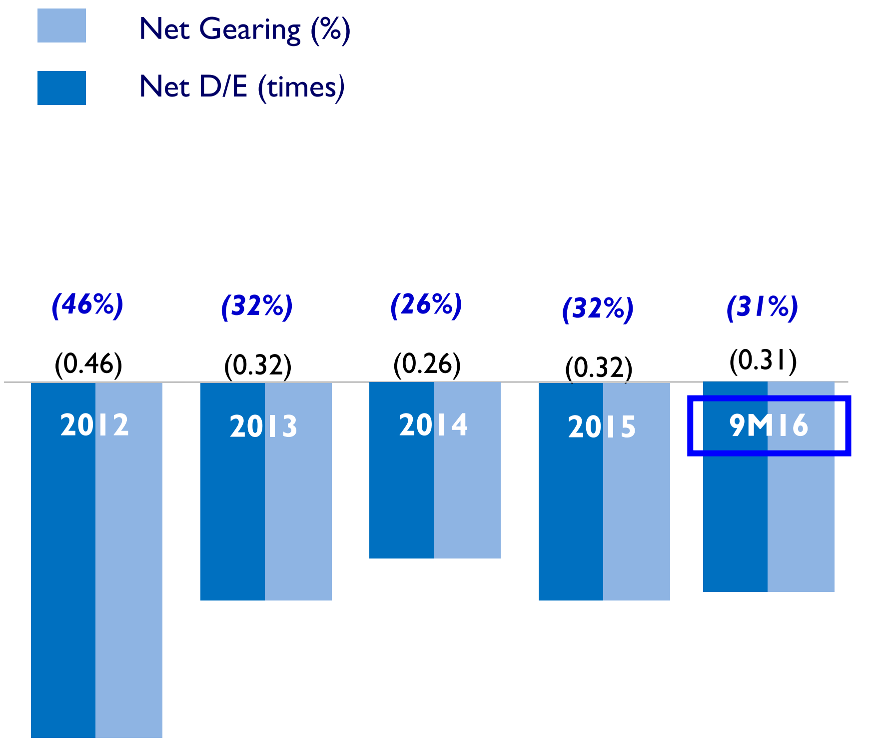
Net income

Unit: US$ million

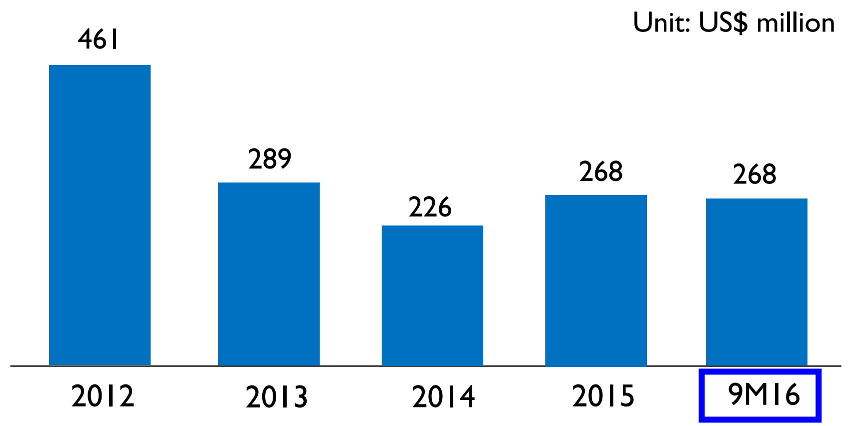


Balance sheet

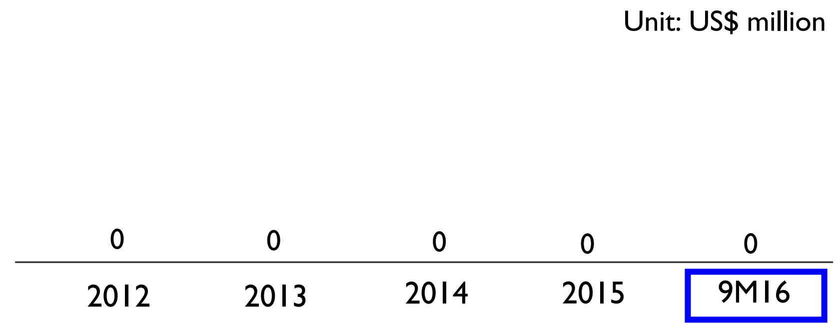
KEY RATIOS



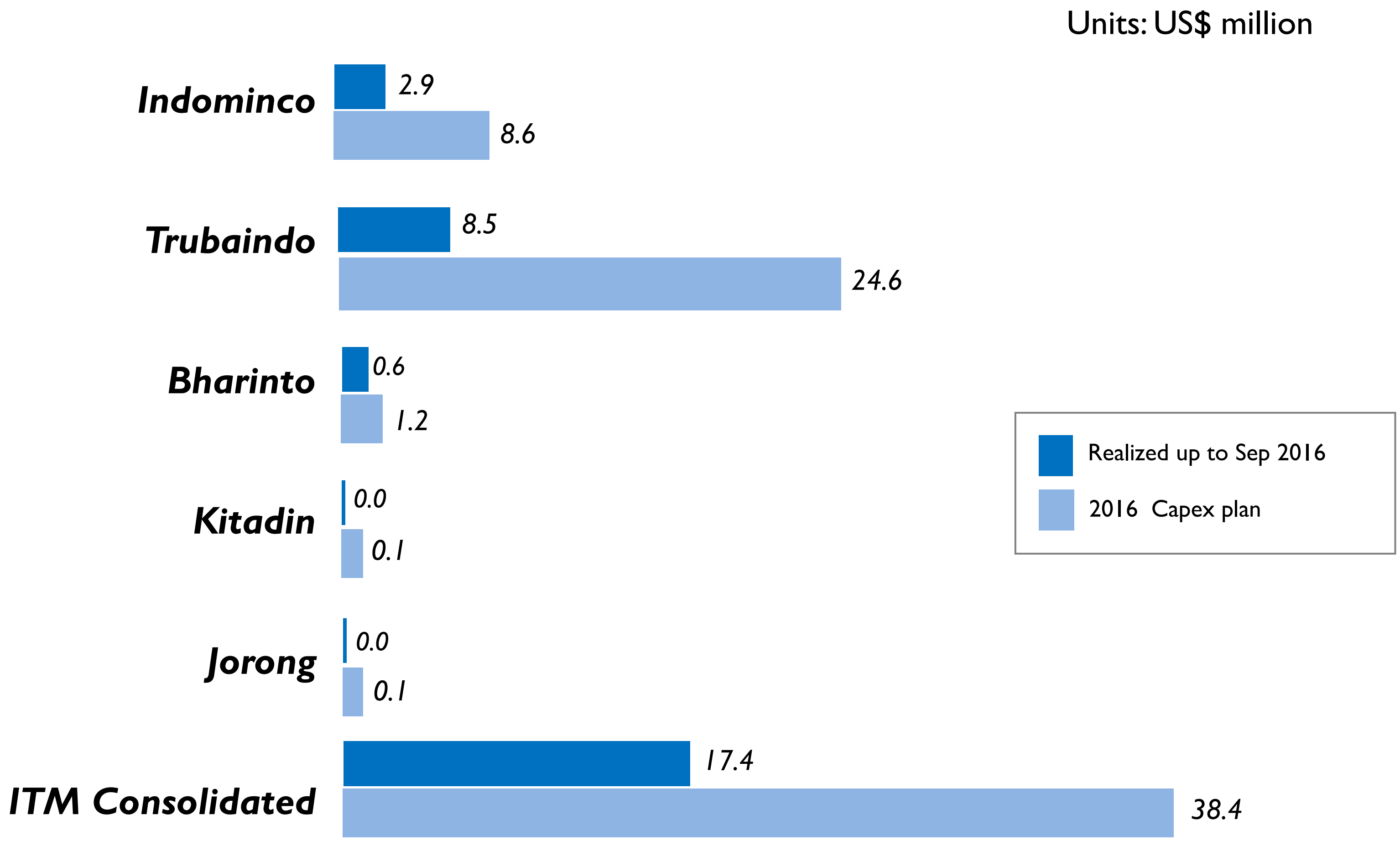
CASH POSITION



DEBT POSITION



2016 CAPEX plan



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

Thank you

Question & Answer

Appendices

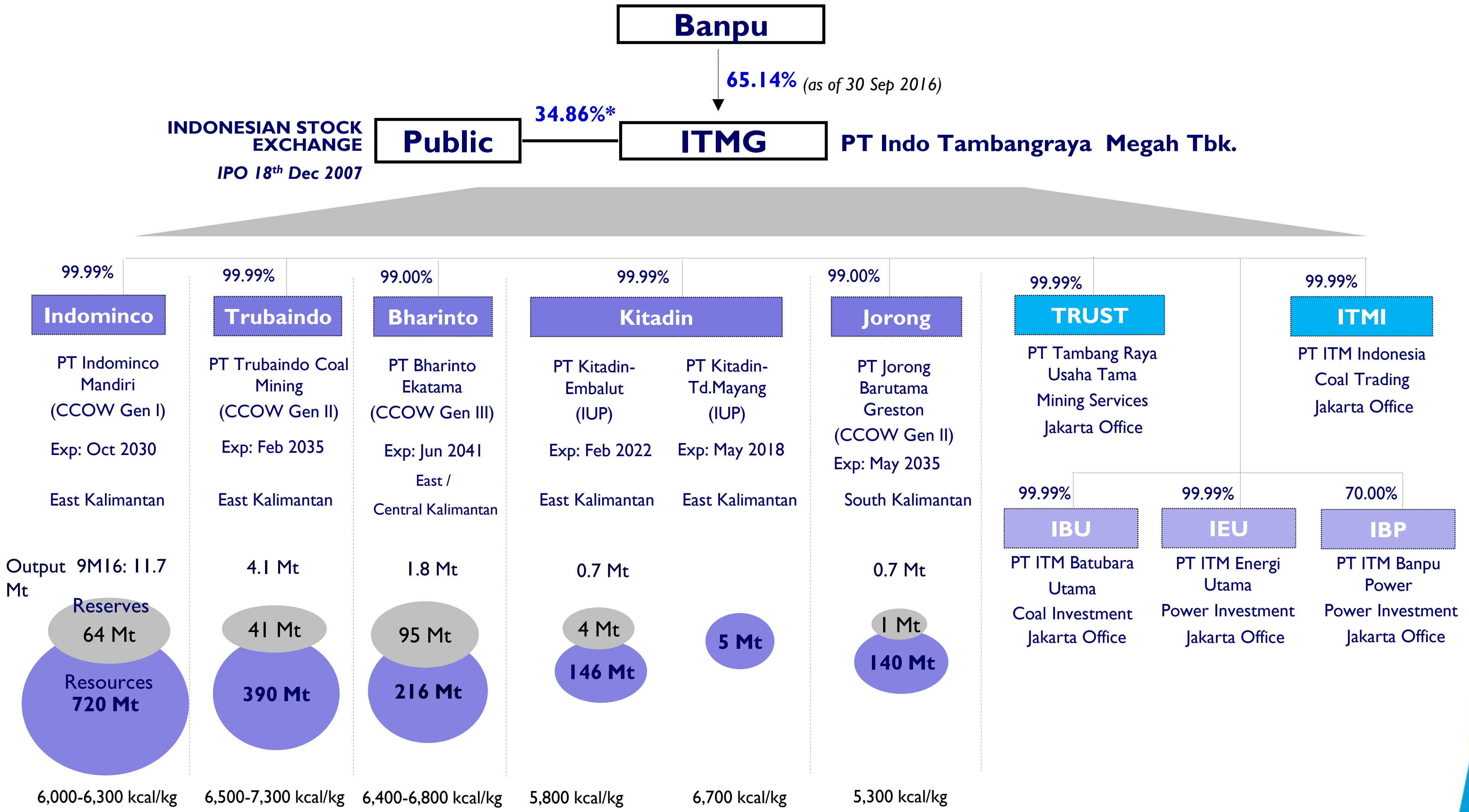
Income statement

Unit: US$ thousand	9M16	9M15	YoY%
Net Sales	**958,444**	**1,206,550**	**-21%**
Gross Profit	**193,663**	**259,797**	**-25%**
GPM	**20%**	**22%**	
SG&A	(88,623)	(113,417)	
EBIT	**105,040**	**146,380**	**-28%**
EBIT Margin	**11%**	**12%**	
EBITDA	**140,834**	**192,087**	**-27%**
EBITDA Margin	**15%**	**16%**	
Net Interest Income / (Expenses)	918	2,845	
Derivative Gain / (Loss)	(3,619)	(14,375)	
Others	(3,312)	(3,729)	
Profit Before Tax	**99,027**	**131,121**	**-24%**
Income Tax	(29,437)	(48,173)	
Net Income	**69,590**	**82,948**	**-16%**
Net Income Margin	**7%**	**7%**	

Income statement

Unit: US$ thousand	2Q16	3Q16	3Q15	QoQ%	YoY%
Net Sales	**278,371**	**348,968**	**382,023**	**25%**	**-9%**
Gross Profit	**46,748**	**77,251**	**85,509**	**65%**	**-10%**
GPM	**17%**	**22%**	**22%**		
SG&A	(26,691)	(30,719)	(36,200)	15%	-15%
EBIT	**20,057**	**46,532**	**49,309**	**132%**	**-6%**
EBIT Margin	**7%**	**13%**	**13%**		
EBITDA	**31,602**	**59,458**	**62,810**	**88%**	**-5%**
EBITDA Margin	**11%**	**17%**	**17%**		
Net Interest Income / (Expenses)	343	297	906	-13%	-67%
Derivative Gain / (Loss)	(1,405)	(1,744)	(6,116)	24%	-71%
Others	2,075	(608)	(5,583)	-129%	-89%
Profit Before Tax	**20,051**	**45,496**	**38,739**	**127%**	**17%**
Income Tax	(6,599)	(12,387)	(13,825)	88%	-10%
Net Income	**13,452**	**33,109**	**24,914**	**146%**	**33%**
Net Income Margin	**5%**	**9%**	**7%**		

ITM structure



** : ITM own 2.95% from share buyback program*

Note: Updated Coal Resources and Reserves as of 30 Sep 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 9M16.