

Analyst Briefing

3Q23 Performance Result

15 November 2023



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AGENDA

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



Highlights

3Q23 highlights – optimized operational performance

BUSINESS PERFORMANCE



Deliver strong production

3Q23 production level was higher by 10% from target at **5.3Mt** (+20% QoQ / +13% YoY), supported by favorable weather condition and optimized operational performance.



Flattish sales volume

Both 3Q23 sales volume and ASP recorded at **5.3Mt** (-1% QoQ / -6% YoY), and **\$99/ton** (-13% QoQ / -53% YoY) respectively as market stay cautious on the global coal price movement.



Consistently applying cost reduction

Despite uncertainty in fuel price and other economics variables, cost control measures continued and have effectively reduced 3Q23 cost to **\$74/ton** (-8% QoQ / -26% YoY).



Managing performance amidst challenges

ITM reported 3Q23 net profit of **\$99M** (-20% QoQ / -77% YoY), following the pressure on the global coal benchmark price resulted in lower ASP.

GOOD RESPONSIBLE MINER



Completion of Mentawir nursery

Indonesian President Jokowi visited Mentawir Nursery on 21st September 2023 following its full completion of the project. Mentawir nursery will be utilized to support not only the new capital city but also other forest areas.



Recognition of ESG Performance

ITM was bestowed several ESG-related awards:

- "Best Non-Financial Sector" and "Top 50 Biggest Market Capitalization Public Listed Companies" in the 14th IICD CG Conference & Awards 2023.
- "Platinum Plus & Green Elite Awards" in 2023 Corporate Emission Transparency Awards.
- "5-Star Trophy" and "TOP Leader on CSR Commitment" in TOP CSR Awards 2023.

GREENER AND SMARTER



Acquire 65% of Solar-as-a-Service Company

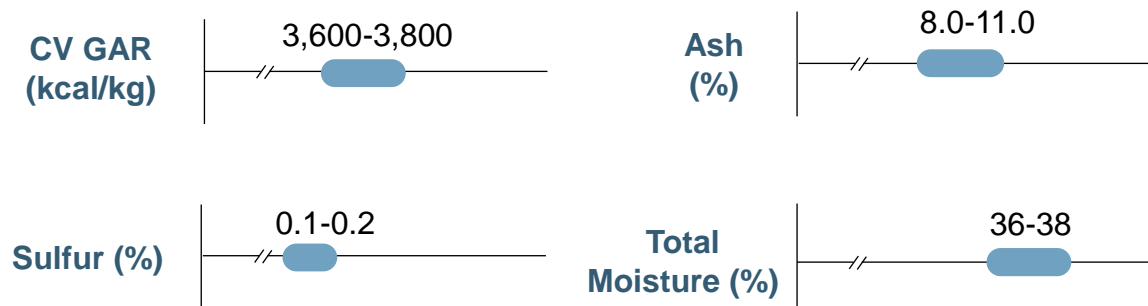
ITM, through IBP, acquired 65% of Suryanesia, a Solar-as-a-Service Company, with main objective to expand the capacity of solar rooftop business through business partnership.

Benefitting from Graha Panca Karsa (GPK)

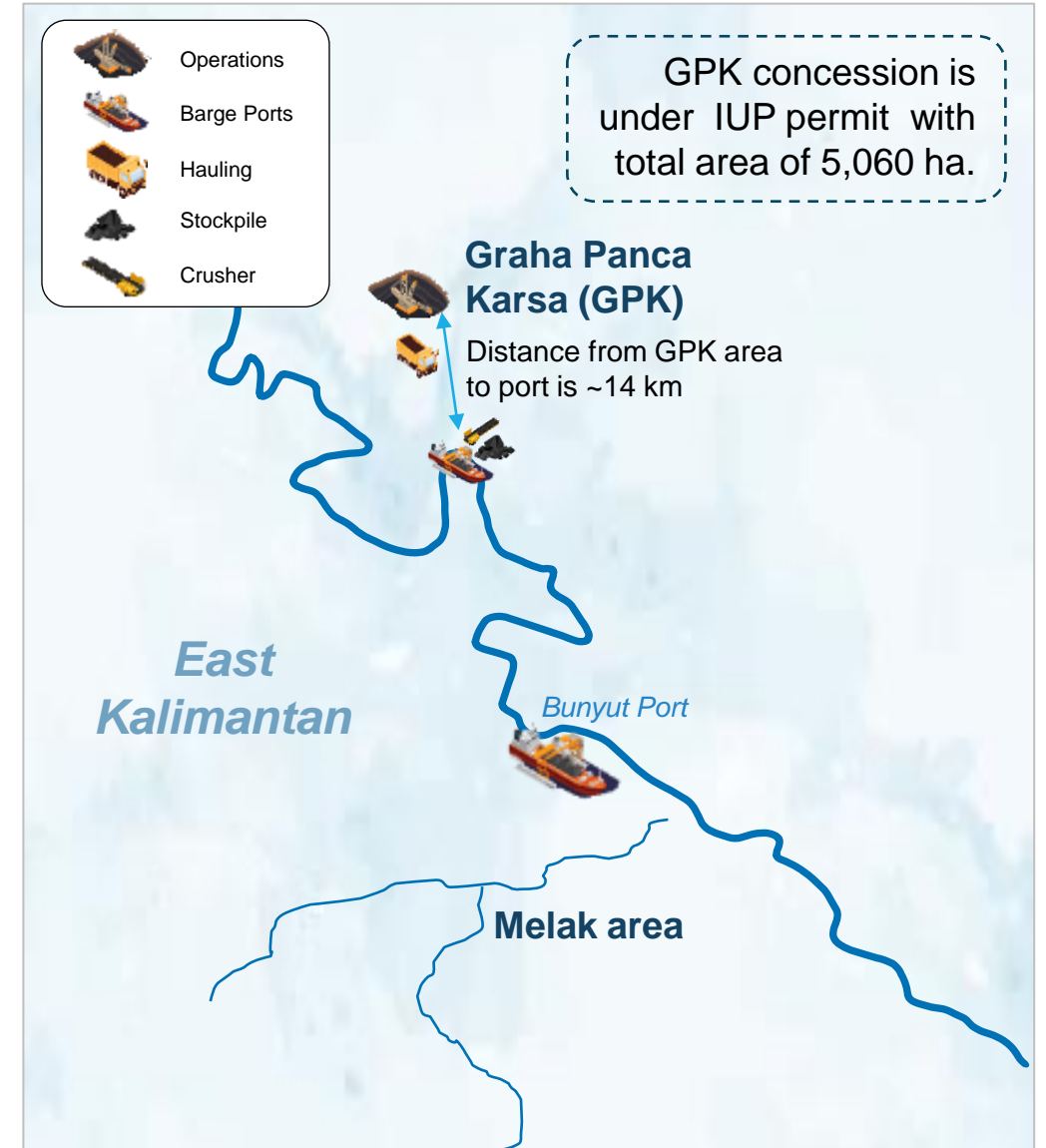
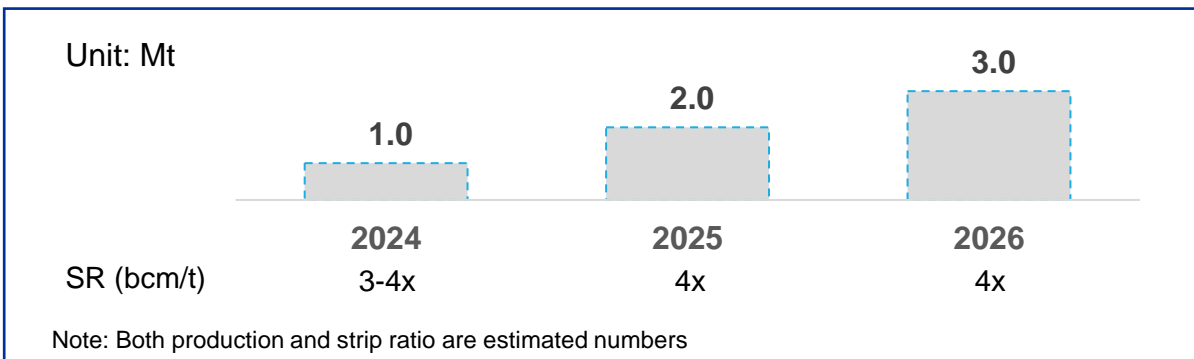
Strengthening ITM portfolio

- GPK coal production will enrich ITM total production not only as an additional volume but also in term of quality (low sulfur).
- ITM through its experienced team offers strong support for GPK operations and management.
- With more diversified product, ITM would be able to capture wide range of quality required by its customer both in domestic and export market.

Low sulfur coal – blending synergy



Increasing production



GPK preparation to start in 2024

2022 - 1Q23



Land clearing for hauling road



Tracking plan hauling road



Timber cruising activities

- Tracking plan for hauling road preparation.
- Timber cruising activity.
- Land clearance and site preparation for port area.
- Bidding process of supporting facility construction.

2Q23



Equipment mobilization



Drilling for sampling



Crushing plant construction

- Drilling for sampling activities which is used for Geotech.
- Land clearance for hauling road.
- Heavy equipment mobilization and identify potential mining locations.

3Q23 and onwards



Material delivery for conveyor construction



Portion of completed hauling road



Physical test of jetty for manual loading

- Completion of land leveling and cut & fill.
- Material delivery for conveyor construction.
- Construction of main and supporting infrastructure such as jetty, barge loading, mess and facility, as well as crushing plant and bridge.

Renewable business development and update

Renewable Strategic Direction

Energy Generation



Solar PV



Hydro & Other
Renewable Power
Plants



GHG emission
reduction from RE
power generation

Energy Technology



Solar Rooftop



Energy
Efficiency



Non-Mining
business
development

About Suryanesia

- Suryanesia operates a Solar-as-a-Service business model.
- Offers solar rooftop installation, operation, and maintenance with up to 25-years contract and customer will pay a monthly fee as according to the electricity produced.
- Capacity as of September 2023
 - ~0.5 MWp active project
 - ~3.5 MWp in construction
 - ~6.3 MWp committed capacity

Synergies



Expanding renewable capacity through investment in business partner.



Leveraging operations expertise to provide high quality solar rooftop.



Enabling to tap into broader customer and strengthen market presence.



Location: DKI Jakarta



Location: West Kalimantan

ITM way forward: a diversified energy company

MINING



Coal mining

Utilizing existing mine and conduct organic exploration as well as greenfield mine development.



Strategic minerals

Prospecting investment in clean-tech mineral resources and other strategic minerals.

ENERGY SERVICES



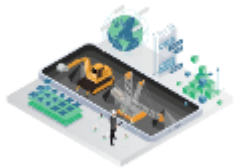
Contractor business

Capacity expansion and business process improvement.



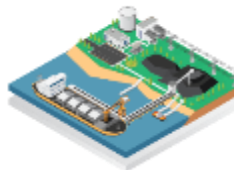
Coal trading

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



Mining digital products

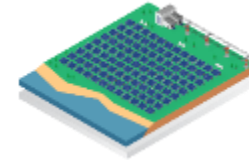
Digital solution for mining sector.



Port

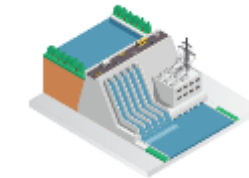
Utilize the existing infrastructure.

RENEWABLES & OTHERS



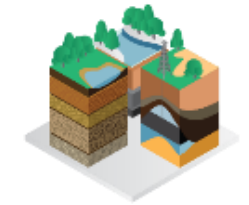
Solar-based renewable

Solar PV hybrid powerplant and solar rooftop.



Hydro-based renewable

Clean energy generation.



Underground coal gasification

Exploring any opportunities in the downstream project.



Nature-based solutions (NBS)

Prospecting on carbon offset and carbon trading.

Note: Business segment in grey color font is under development.

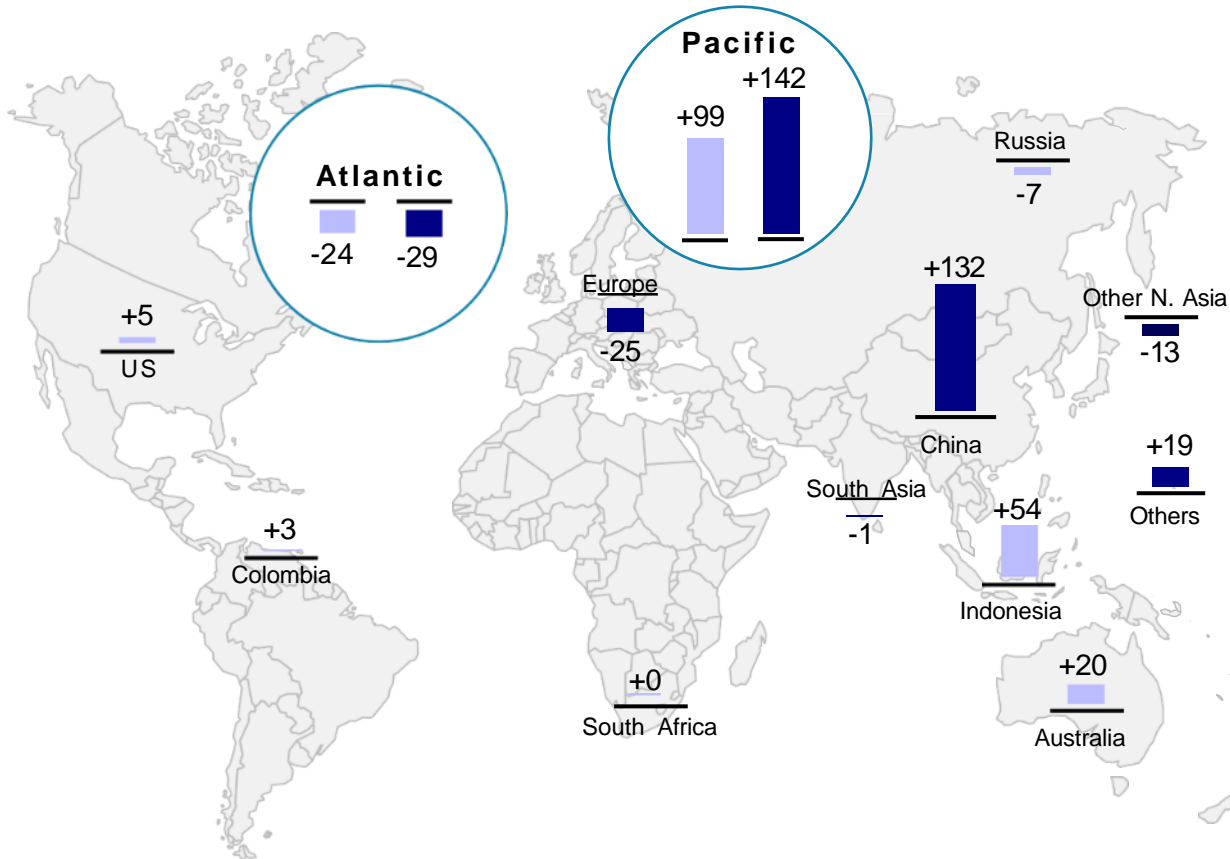


Coal Market Trends

Global thermal coal market

COAL DEMAND AND SUPPLY CHANGE – 2023E VS 2022

Unit: Mt ■ SUPPLY ■ DEMAND



TRENDS

DEMAND

In 2023, seaborne thermal coal is expected to experience the largest growth in history. While Europe and JKT* expect reduced coal use, especially for high CV coal. Strong demand for lower CV coal is expected in China and Southeast Asia, with stable coal imports in India.

- **China:** Increased thermal coal imports in 2023 due to domestic supply concerns and high domestic prices are expected to persist through the end of the year.
- **India:** Robust coal consumption was driven by economic growth and weak hydro generation, leading to continued reliance on thermal coal imports.
- **JKT:** Weaker coal consumption from reduced power demand, stronger generation from nuclear and renewable power, and the risk of lower winter demand due to El Niño.
- **Europe:** Coal market remains weak due to lower power demand, high renewables, strong gas supply, and high gas storage affecting coal use.

SUPPLY

Global thermal coal supply is improving, with rising Australian exports and stable Indonesian supply in Q4. Russian exports exceeded expectations due to competitive prices and strong Chinese demand.

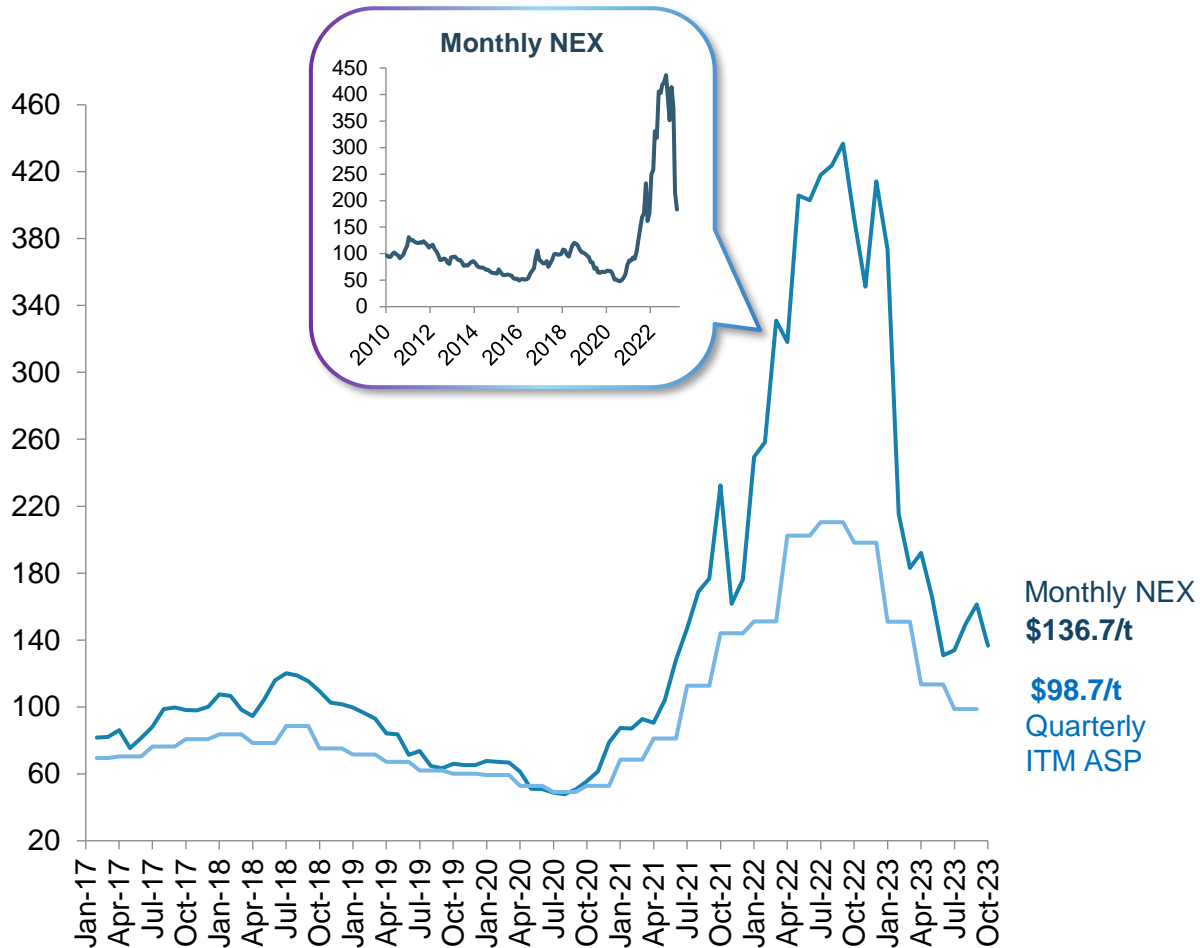
- **Indonesia:** Exports are expected to remain high until the end of the year, despite technical issues and supply delays in November and December due to late approvals for the revised RKAB work plan.
- **Australia:** Exports are set to increase, driven by robust Chinese demand.
- **Others:** Russian exports are inconsistent due to logistics. South Africa has export limitations due to poor railing performance. Colombian exports may be disrupted by rail blockades and protests.

ITM ASP vs thermal coal benchmark prices



ITM ASP VS BENCHMARK PRICES

Unit: US\$/t



COMMENTS

- Seaborne premium thermal coal market has been fairly stable through Q3. The weekly GCNewc has been fluctuating in a narrow range between \$120-160.
- The lower quality thermal coal market has also been very stable after the dropping in later part of Q2. Through Q3, ICI2 has been range bounding between \$85-90, ICI3 was in the range of \$70-77, ICI4 was bounding between the narrow range of \$50-55. In general, despite the increasing supply from Indonesia, we see meaningful support to the lower spec thermal coal market, mainly thanks to the extremely strong import demand from China through Q3 2023.
- We expect that the global seaborne thermal market will continue to maintain steady growth until early 2024. And the overall demand/supply tend to become tighter as the major demand areas in the northern hemisphere are entering peak season.
- Key price metrics:
 - ITM ASP 3Q23: \$98.7/t* (-13% QoQ)
 - NEX (10 November 2023)**: \$121.3/t

Note:

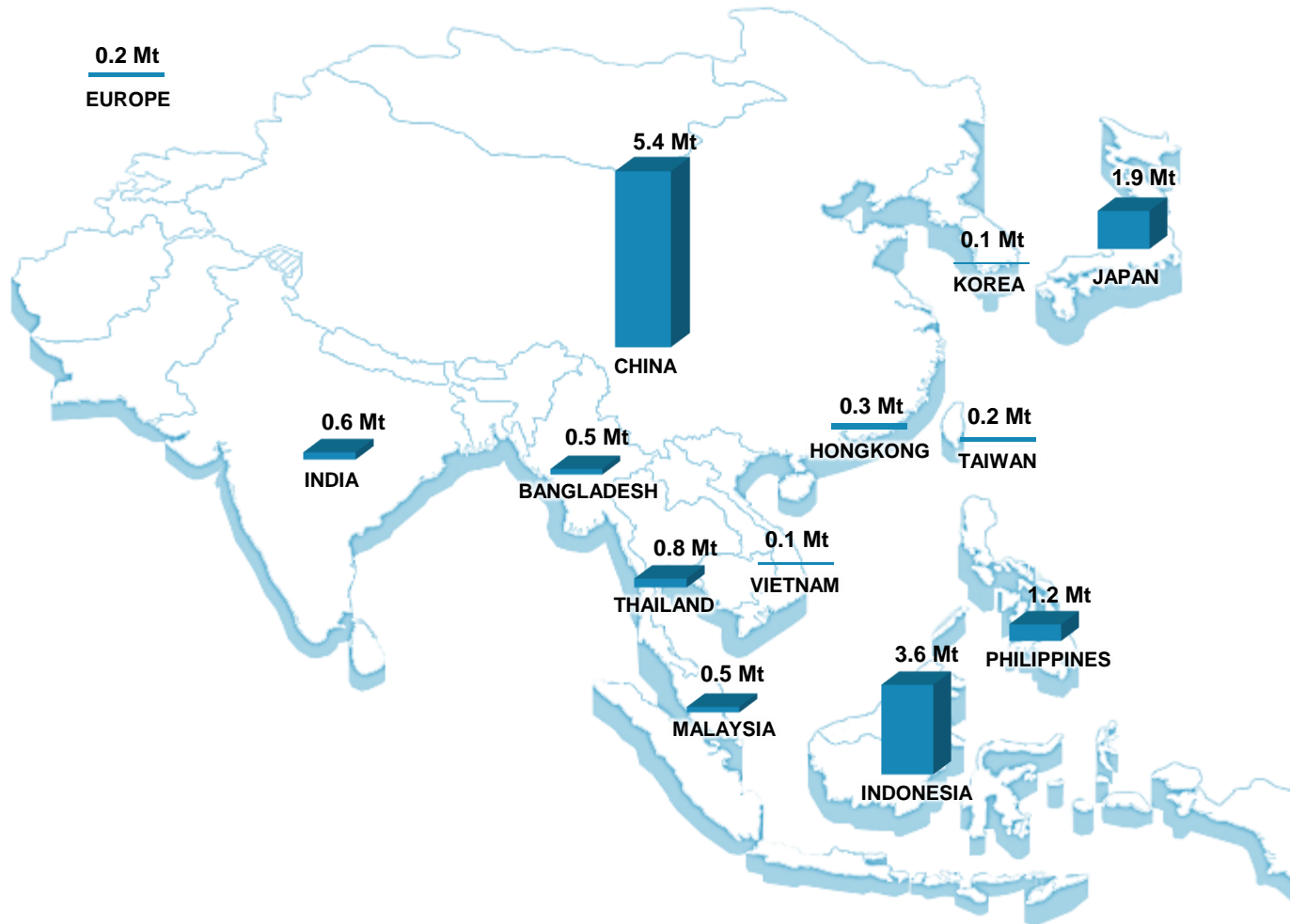
* Includes post shipment price adjustments as well as traded coal

** The Newcastle Export Index (NEX)

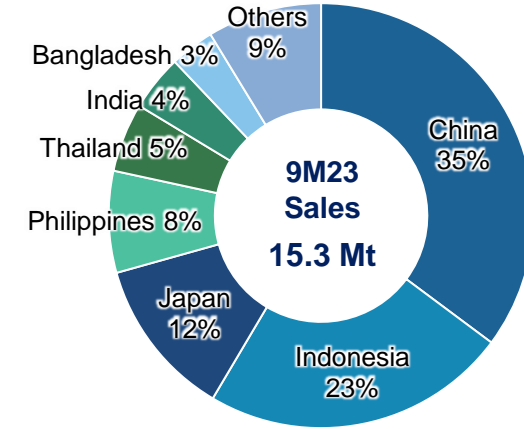
ITM coal sales



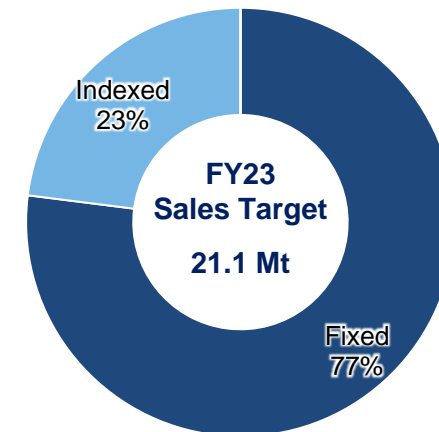
9M23 COAL SALES BREAKDOWN BY DESTINATION



COAL SALES 9M23



INDICATIVE COAL SALES FY23



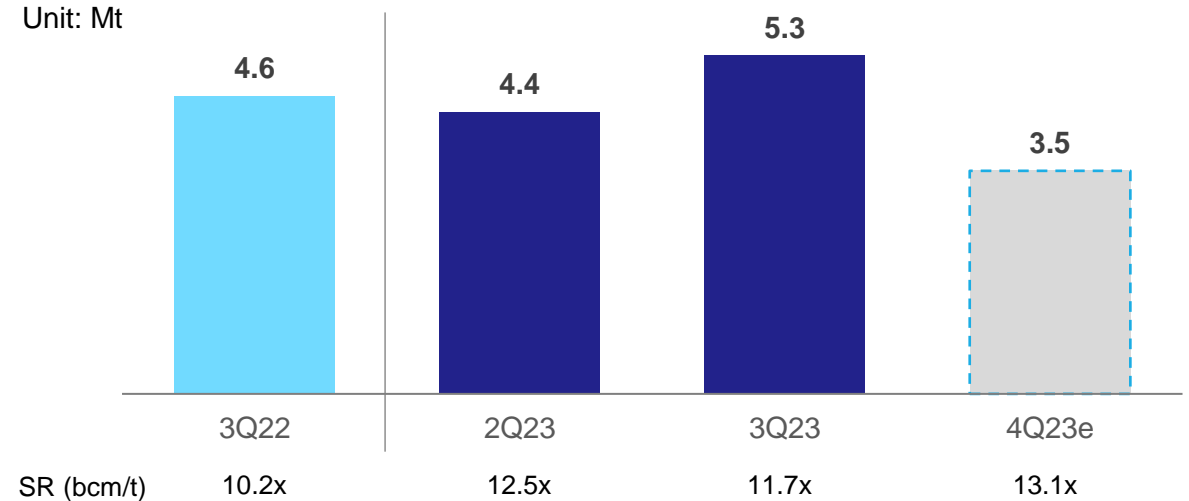


Operational Updates

Operational summary 3Q23



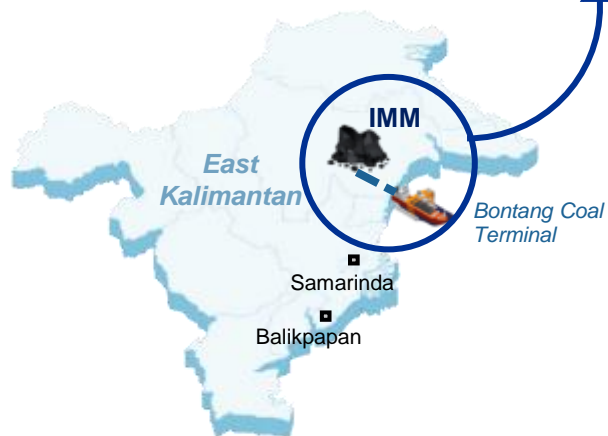
2023 Target: 16.9 Mt



- 3Q23 production achieved at 5.3Mt, exceeding target of 4.8Mt as we ramp up our production following dry weather.
- Higher production in 3Q23 will allow ITM to accelerate the pre-stripping activity during 4Q23.
- Strip ratio for FY23 is targeted at around 12x.
- Ensuring readiness in the whole business process, GPK is expected to start its production in 2024.

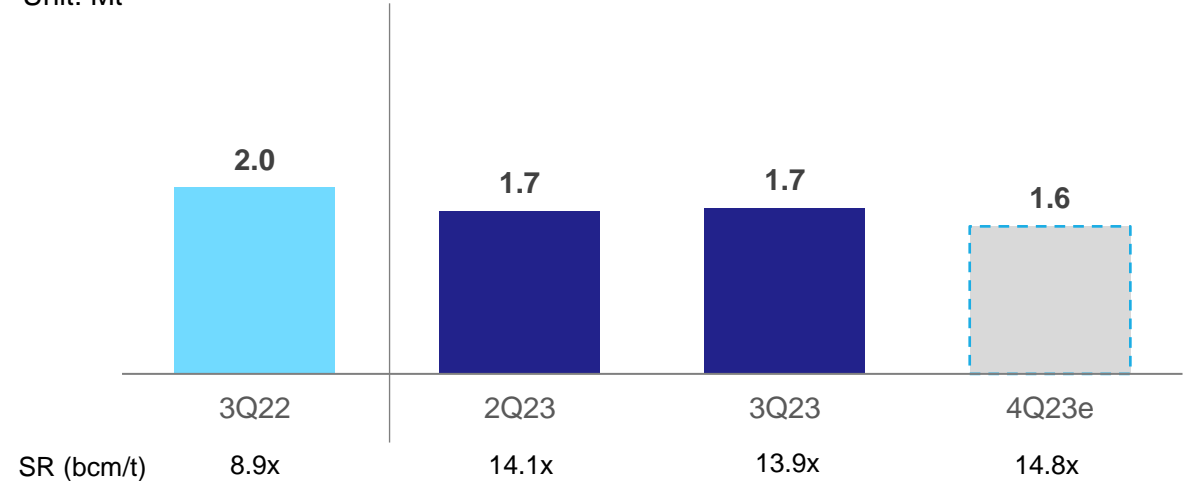
Coal operations: Indominco Mandiri

2023 Target: 6.5Mt



- Operations
- Barge Ports
- Hauling
- Stockpile
- Crusher

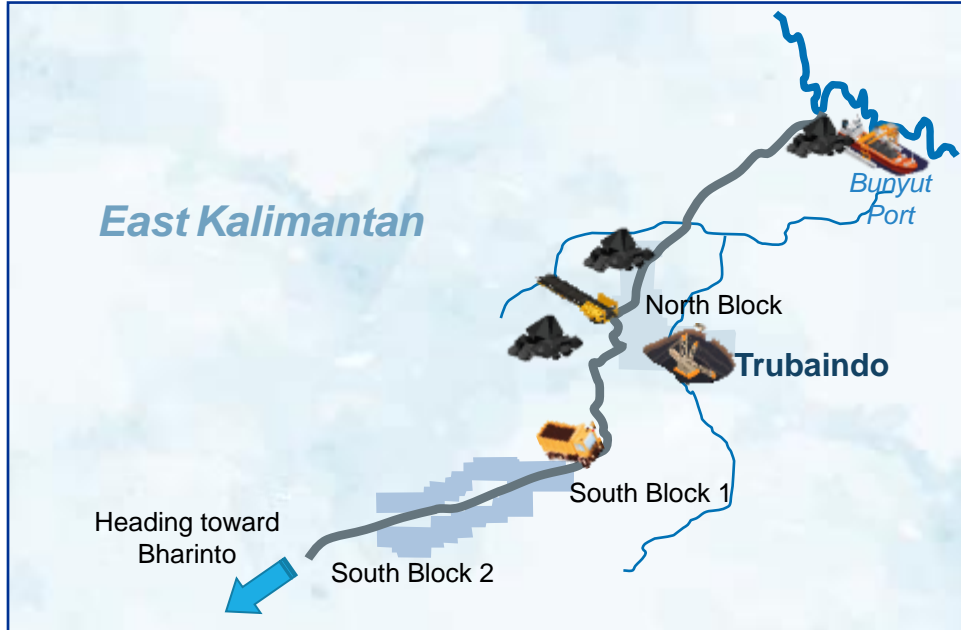
Unit: Mt



- Supported by favorable weather, 3Q23 production achieved the target of 1.7Mt with a strip ratio 13.9x, lower than the target of 14.5x.
- 4Q23 production is set slightly lower than previous quarter at 1.6Mt with a higher strip ratio at 14.8x due to operation in the mining area with higher coal quality.

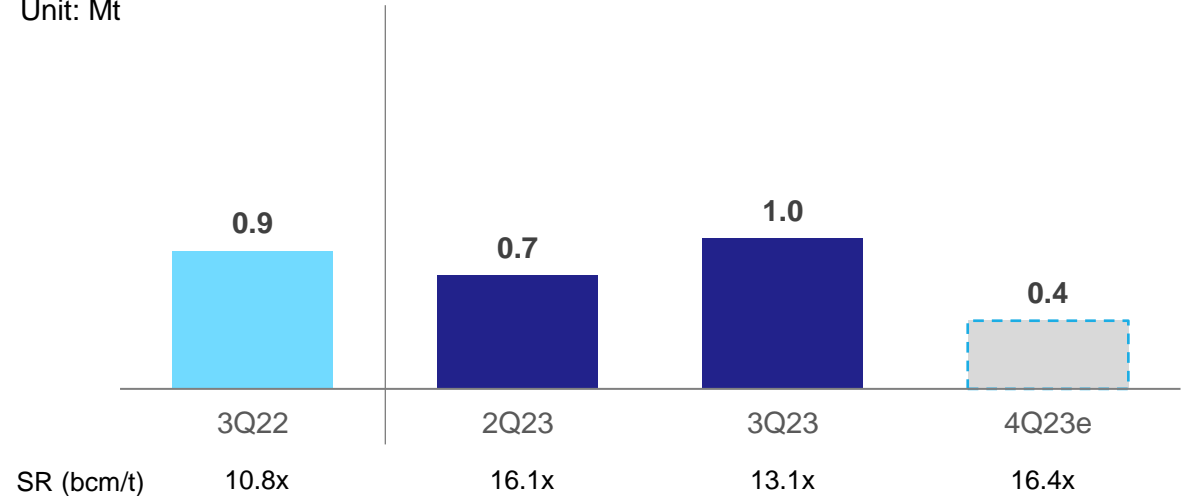
Coal operations: Trubaindo Coal Mining

2023 Target: 2.8Mt



	Operations
	Barge Ports
	Hauling
	Stockpile
	Crusher

Unit: Mt



- 3Q23 production of 1Mt exceeded the target of 0.8Mt due to favorable weather at the site.
- 4Q23 production is targeted at 0.4Mt following our higher production in 3Q23 which require more prudent coal inventory management.

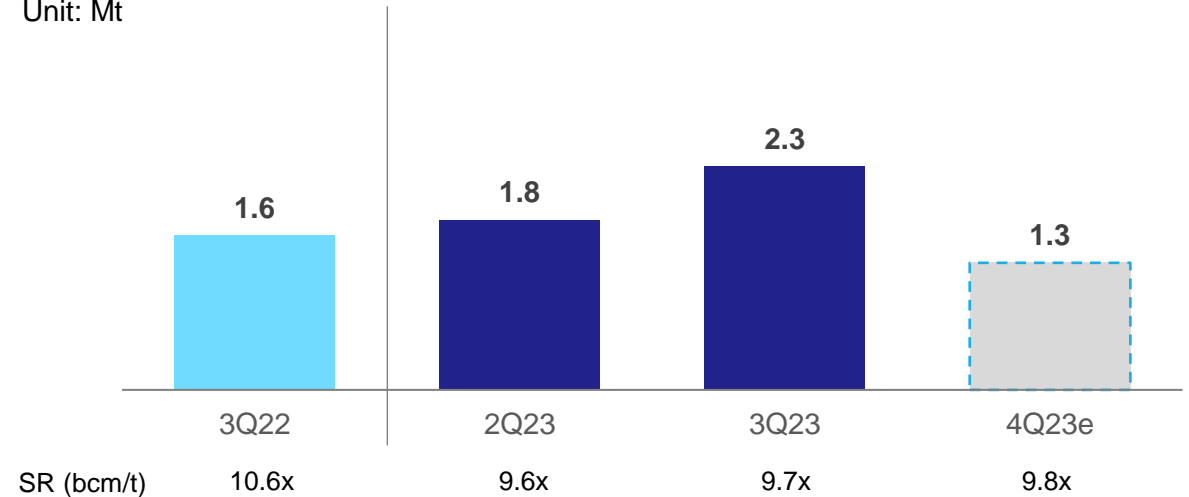
Coal operations: Bharinto Ekatama

2023 Target: 7.1Mt



	Operations
	Barge Ports
	Hauling
	Stockpile
	Crusher

Unit: Mt



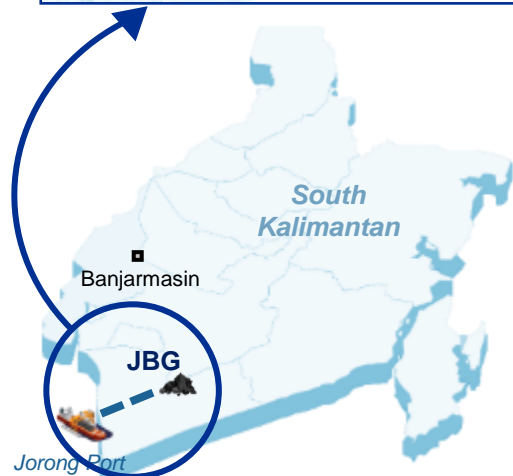
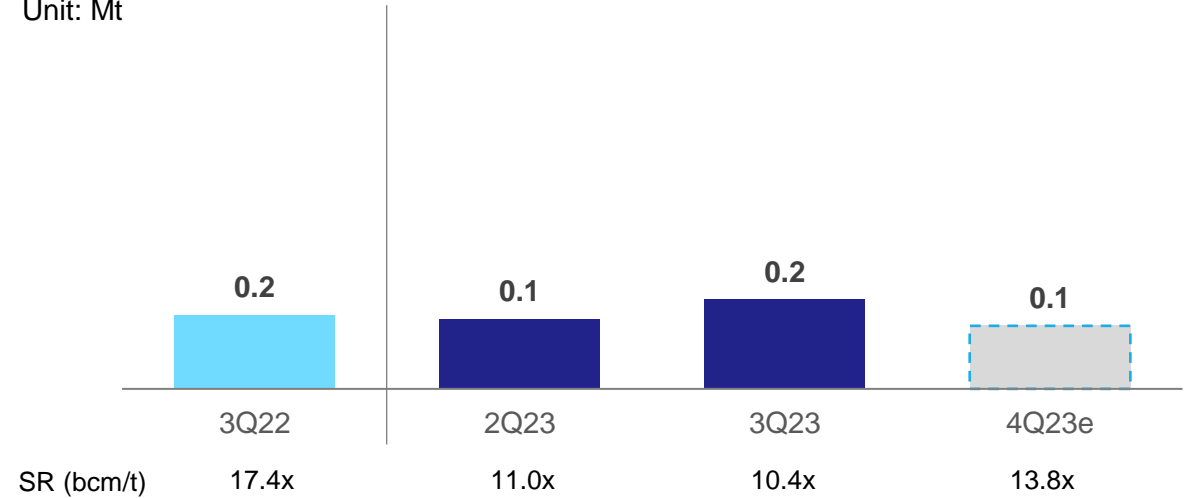
- 3Q23 production achieved at 2.3Mt, higher than target of 2.1Mt. The higher production in 3Q23 is aligned with ITM plan to expand Bharinto production capacity gradually.
- 4Q23 production is set at 1.3Mt with pre-stripping activities to take place in 4Q23 to prepare for higher production volume next year.

Coal operations: Jorong Barutama Greston

2023 Target: 0.6Mt



Unit: Mt



- Operations
- Barge Ports
- Hauling
- Stockpile
- Crusher

- 3Q23 production of 0.2Mt with lower strip ratio at 10.4x, supported by favorable weather, low rain and low slippery.
- Following the production speed up during 3Q23, 4Q23 is targeted at 0.1Mt as the production is returning to the normal rate.



Financial Updates

Profitability – Income statement



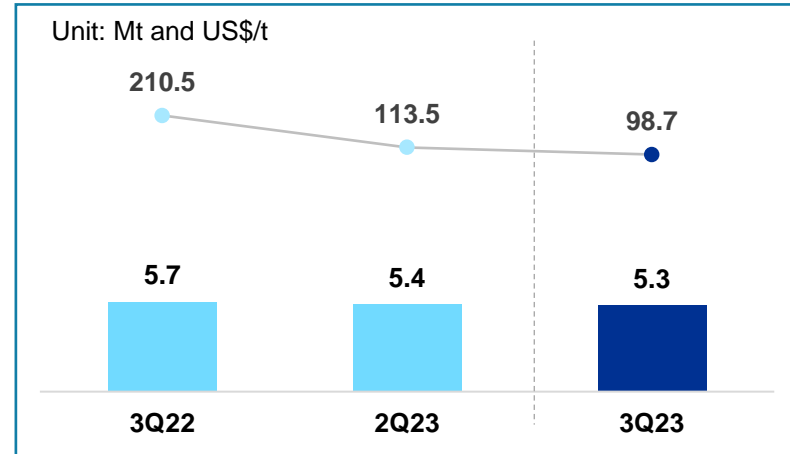
Normalized coal benchmark price impacting revenue

3Q23 sales volume recorded flattish growth of **-1% QoQ / -6% YoY**, while 3Q23 revenue decreased by **14% QoQ / 56% YoY** mainly as a result from the decline in ASP by **13% QoQ / 53% YoY** following the normalized global coal benchmark price.

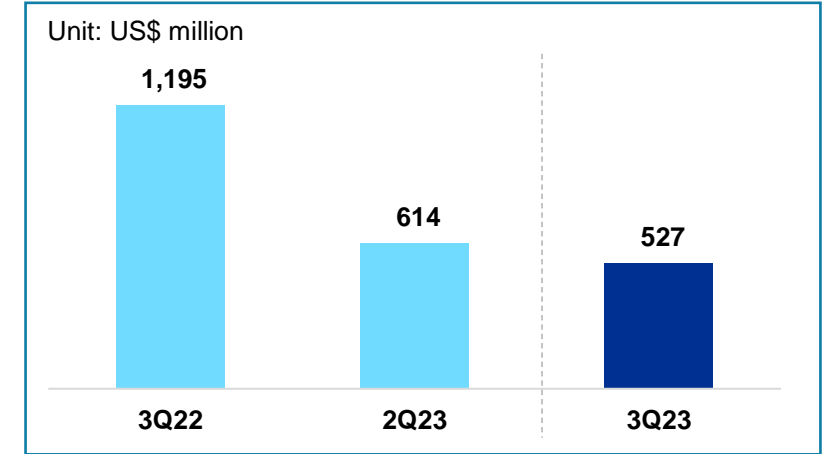
Maintaining robust cash generation

3Q23 EBITDA were recorded at **\$132M**, contributes to 9M23 cash position at **\$872M** after the 2023 interim dividend distribution of \$199M. 3Q23 EBITDA and net profit margin were **25% and 19%** respectively.

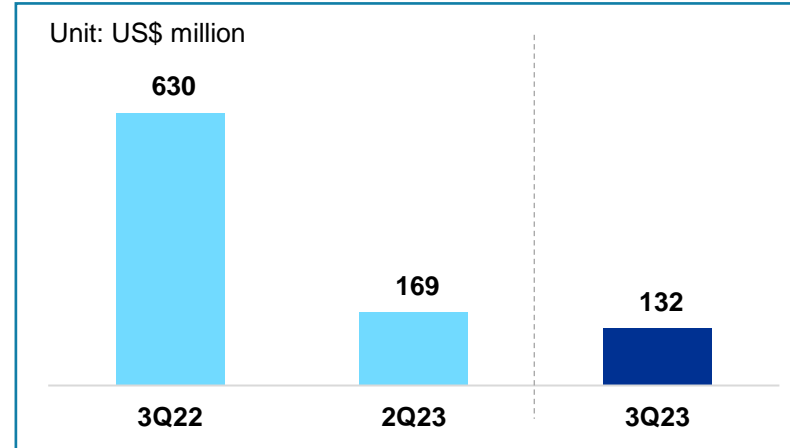
SALES VOLUME AND ASP



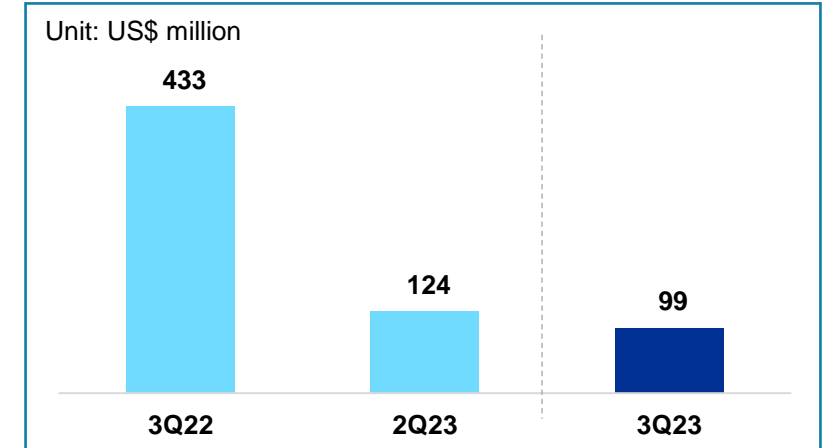
REVENUE



EBITDA



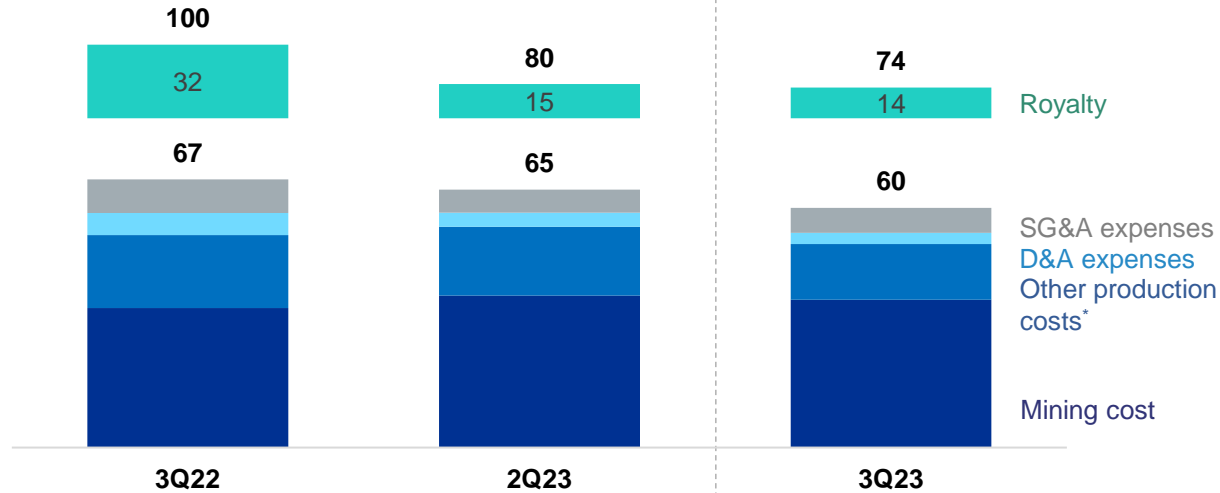
NET PROFIT



Cost analysis

TOTAL COST BREAKDOWN

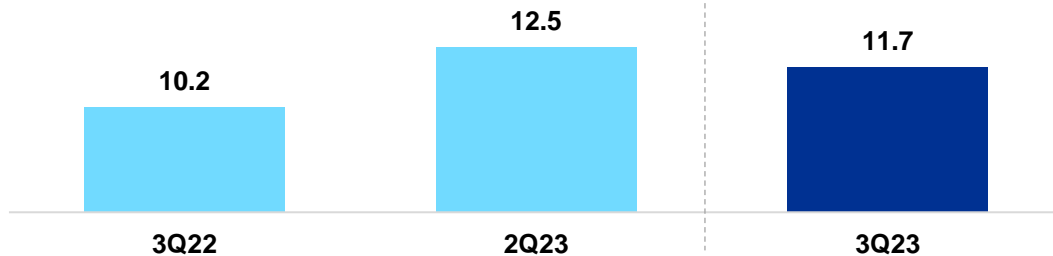
Unit: US\$/t



- Consistent cost control measures resulted in continuous decline on total cost excluding royalty from **\$65/ton** in 2Q23 to **\$60/ton** in 2023 (-7% QoQ), despite fuel price increase and other macroeconomics uncertainties.
- Following the decrease of global coal prices, 3Q23 royalty decreased to **\$14/ton** (-19% QoQ).

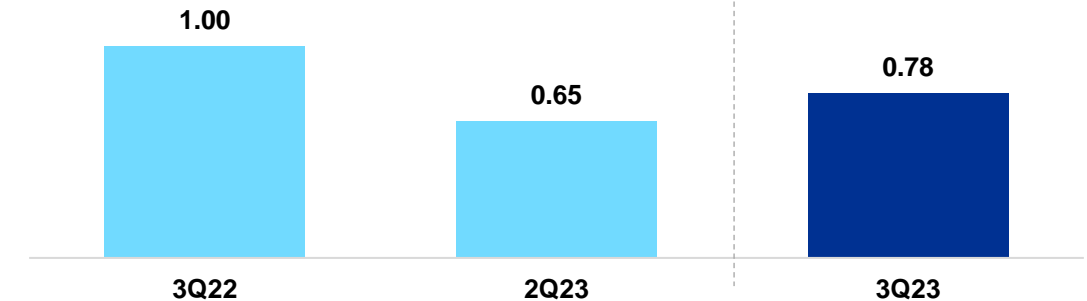
WEIGHTED AVERAGE STRIP RATIO

Unit: Bcm/t



FUEL PRICE

Unit: US\$/Ltr

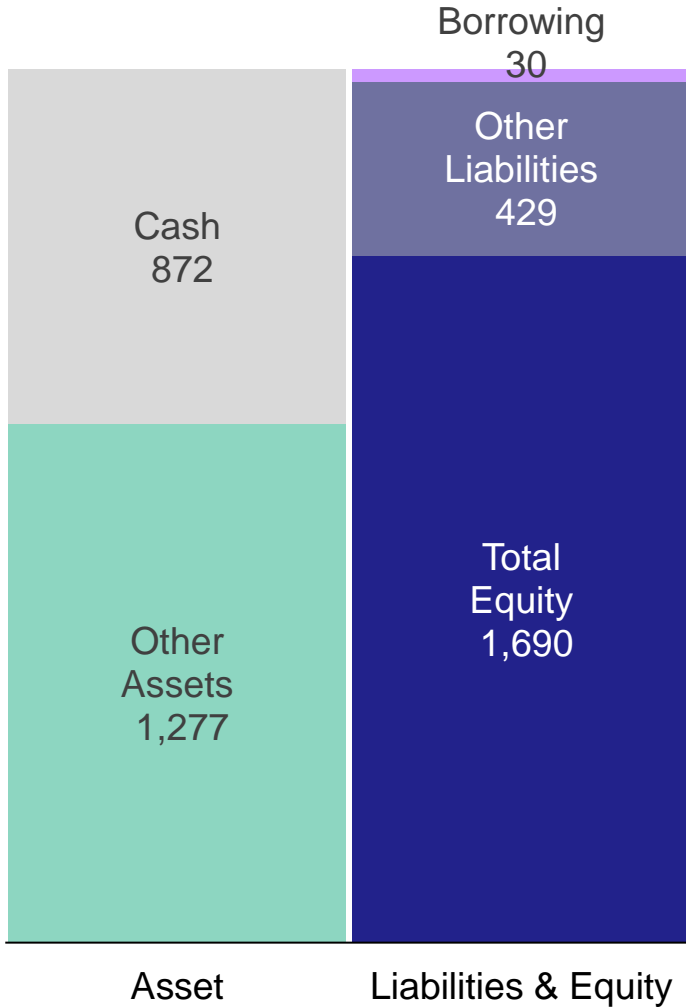


*Include repair and maintenance, salaries and allowances, inventory adjustment, others etc.

Balance sheet and key ratios

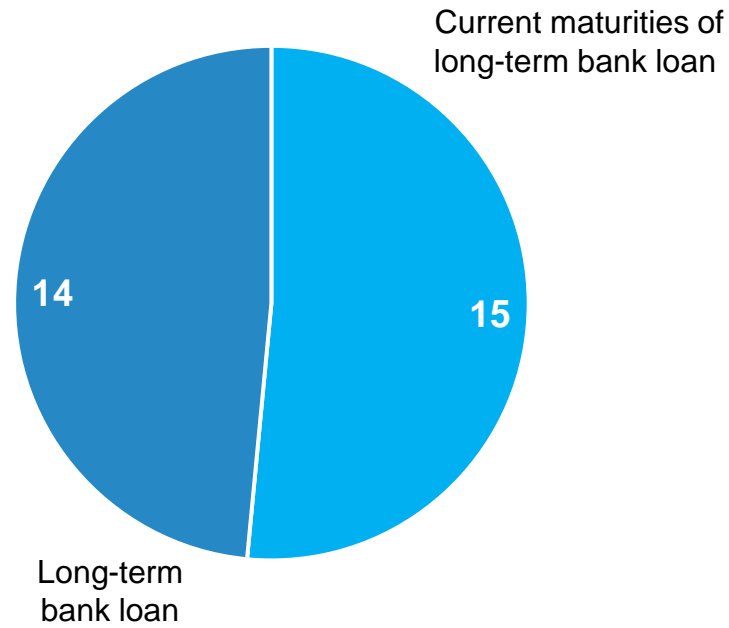
9M23 BALANCE SHEET

Unit: US\$ million



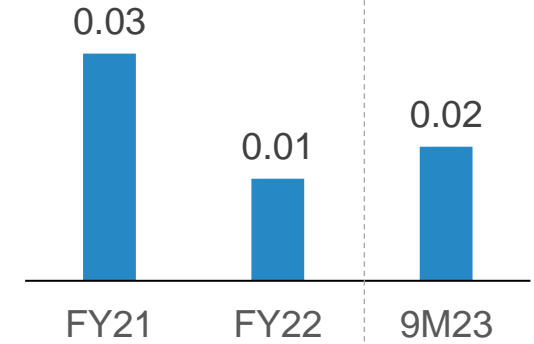
BANK LOAN DETAILS

Unit: US\$ million

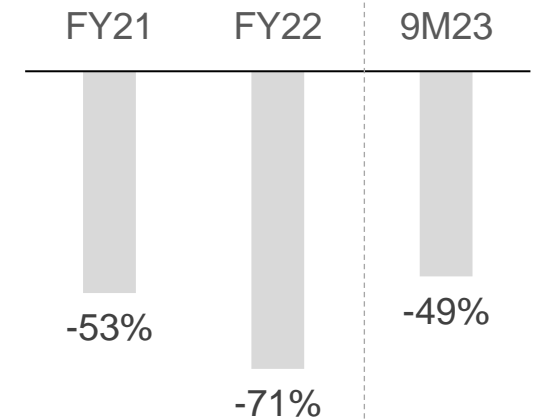


KEY RATIOS

Debt to Equity (x)

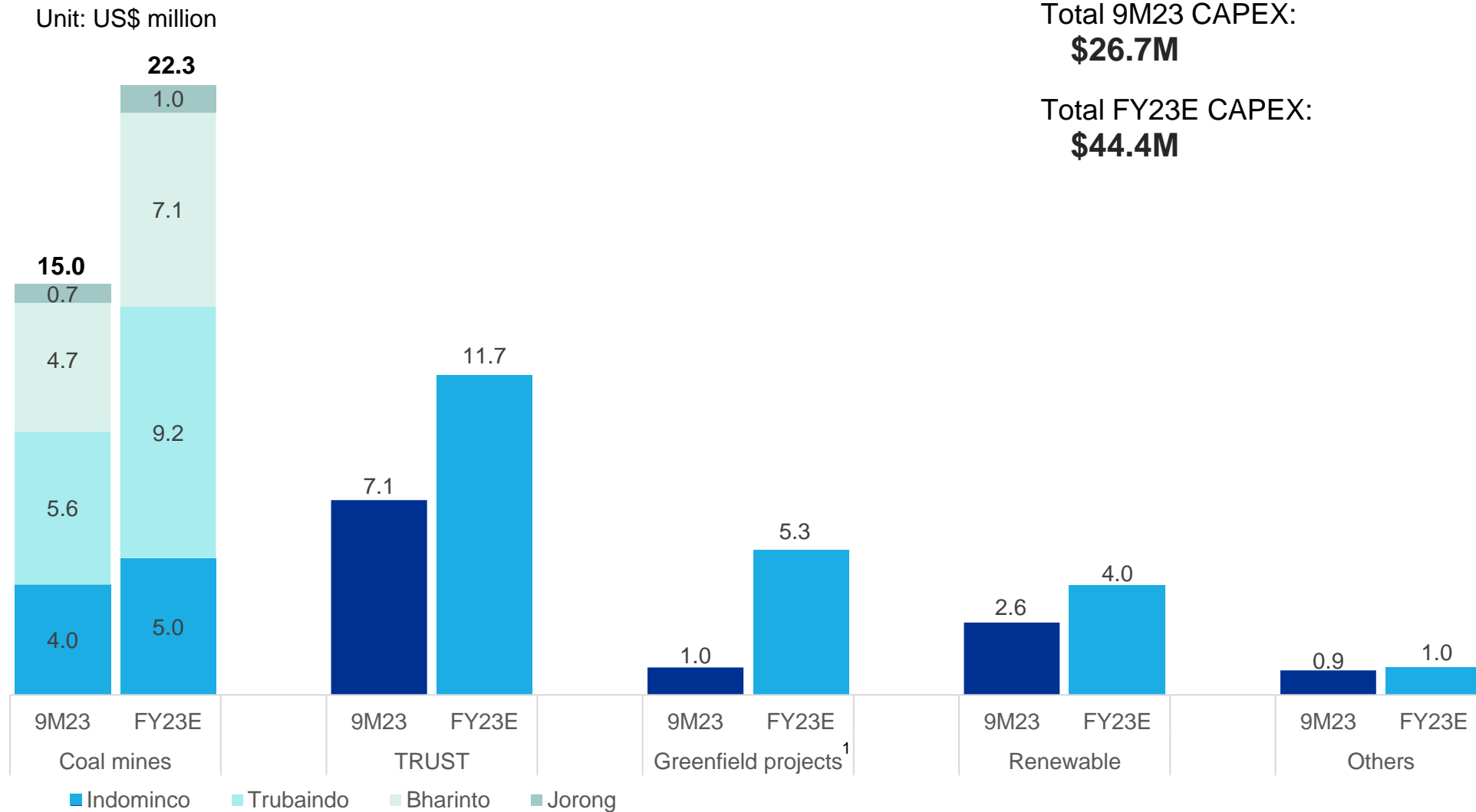


Net Gearing (%)



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

Capital expenditure



Total 9M23 CAPEX:
\$26.7M

Total FY23E CAPEX:
\$44.4M

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



Q&A Session

Income statement – 9M23 vs 9M22



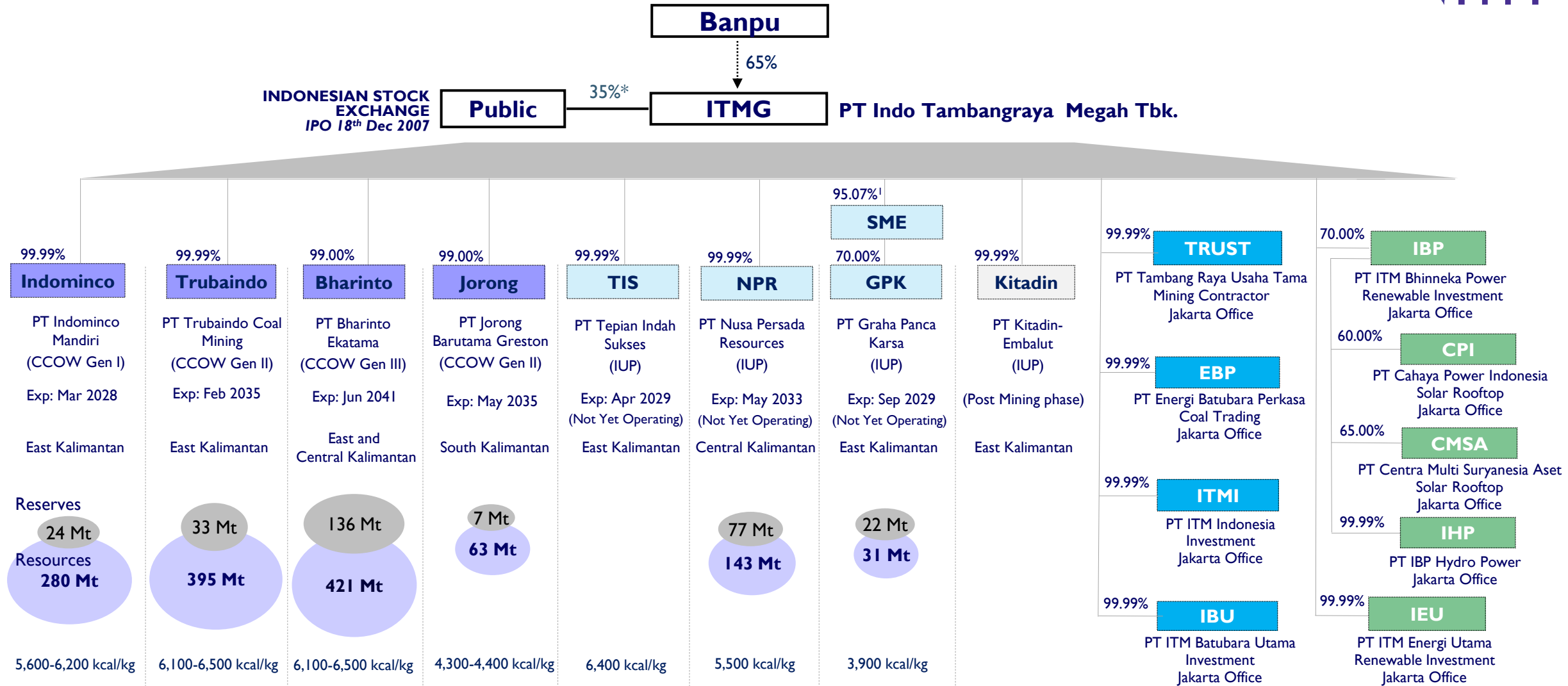
Unit: US\$ thousand	9M23	9M22	YoY(%)
Net Revenues	1,826,662	2,616,438	(30%)
Gross Profit	610,194	1,406,710	(57%)
Gross Profit Margin	33%	54%	
Selling Expenses	(90,866)	(106,685)	(15%)
General And Administration Expenses	(30,053)	(26,917)	12%
EBIT	489,275	1,273,108	(62%)
EBIT Margin	27%	49%	
EBITDA	539,927	1,341,548	(60%)
EBITDA Margin	30%	51%	
Finance Costs	(2,210)	(2,742)	(19%)
Finance Income	25,295	3,813	563%
Others, Net	9,203	(127,794)	(107%)
Profit Before Income Tax	521,563	1,146,385	(55%)
Income Tax	(116,096)	(252,835)	(54%)
Net Profit	405,467	893,550	(55%)
Net Profit Margin	22%	34%	

Income statement – 3Q23 vs 2Q23



Unit: US\$ thousand	3Q23	2Q23	QoQ (%)
Net Revenues	527,473	613,603	(14%)
Gross Profit	151,948	191,330	(21%)
Gross Profit Margin	29%	31%	
Selling Expenses	(27,154)	(28,423)	(4%)
General And Administration Expenses	(9,584)	(9,701)	(1%)
EBIT	115,210	153,206	(25%)
EBIT Margin	22%	25%	
EBITDA	132,108	168,868	(22%)
EBITDA Margin	25%	28%	
Finance Costs	(386)	(955)	(60%)
Finance Income	8,584	7,266	18%
Others, Net	1,929	2,671	(28%)
Profit Before Income Tax	125,337	162,188	(23%)
Income Tax	(26,578)	(38,080)	(30%)
Net Profit	98,759	124,108	(20%)
Net Profit Margin	19%	20%	

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.