

# **Analysts Meeting**

## **2Q24 Performance Result**

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15 August 2024



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ANALYST MEETING

# AGENDA

**01 Highlights**

**02 Coal market trends**

**03 Operational updates**

**04 Financial updates**

**05 Q&A session**

# 01

## Highlights

# 2Q24 highlights – preparing for the home stretch of 2024

## BUSINESS PERFORMANCE

### Production



**4.3 Mt**

-12% QoQ / -1% YoY

### Sales



**5.8 Mt**

16% QoQ / 8% YoY

### ASP



**\$94/ton**

-3% QoQ / -17% YoY

### Revenue



**\$560 Mn**

15% QoQ / -9% YoY

### EBITDA



**\$114 Mn**

34% QoQ / -33% YoY

### Net Profit



**\$67 Mn**

10% QoQ / -46% YoY

## GOOD AND RESPONSIBLE

### Mentawir nursery inauguration



Mentawir nursery was officially inaugurated by President Jokowi. Mentawir nursery is a nursery facility assisted by ITM, which will supply seeds to support new capital city, Nusantara, forestry and ecological aspect.

## GREENER, SMARTER TRANSFORMATION

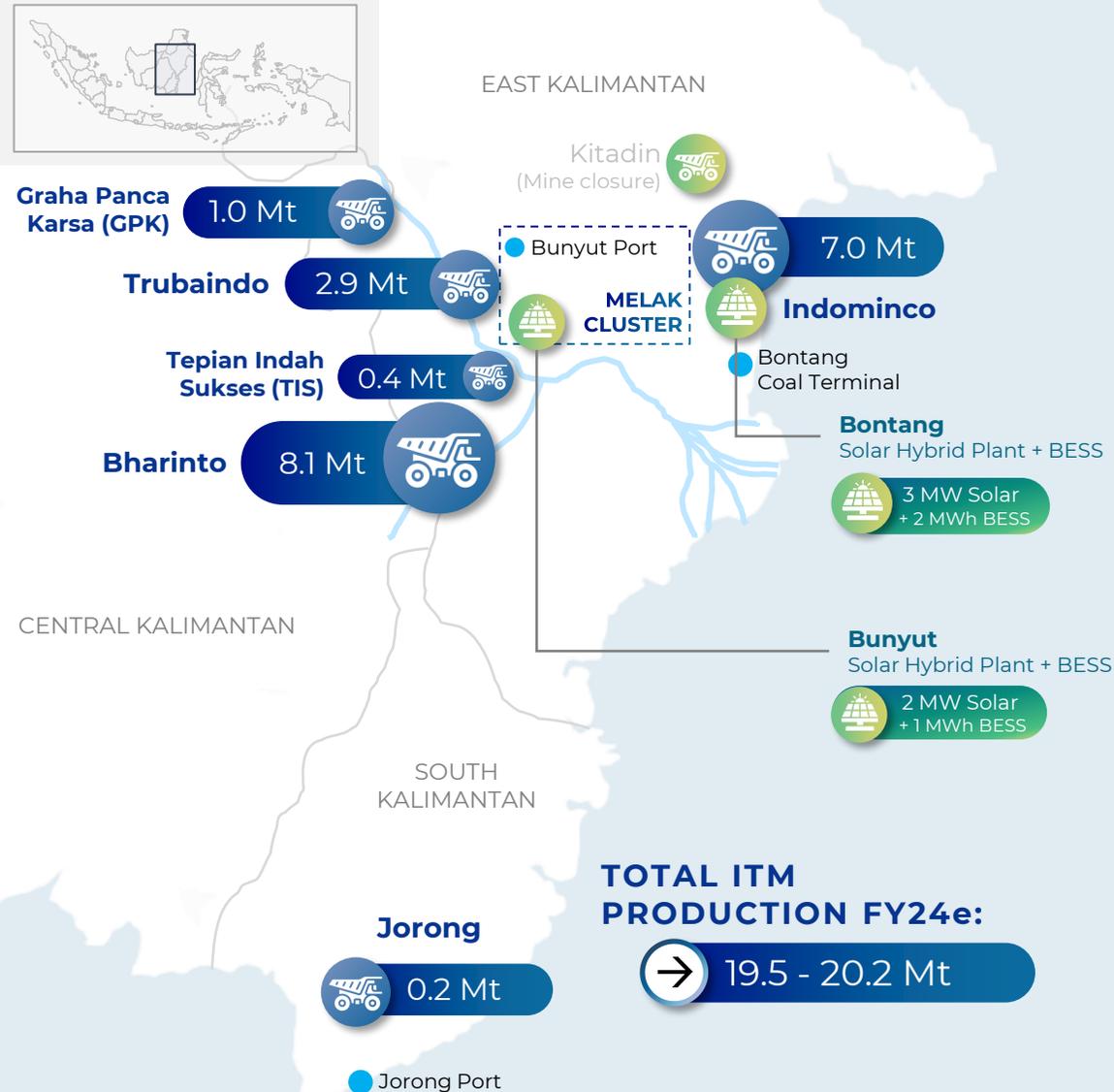
### Growing solar-based renewable capacity



IBP, ITM subsidiary, continues to grow the renewable contracted capacity by 4.7 MWp during 2Q24, resulting in a total solar-based renewable capacity of 34.5 MWp, including Bunyut project, as of Jun 2024.

# Creating value from our valuable existing assets

Currently we operate 6 mines and develop 1 mine as the value contributor to all stakeholders



## VALUE CREATION



Bunyt port expansion and other energy infra.



Coal sourcing and blending



Solar power plant installation

## OPERATIONAL INITIATIVES

### RESERVE MAXIMIZATION

Increase existing reserves through innovative mining technologies

### PRODUCTION IMPROVEMENT

Improve mining process and managing fuel consumption

### SUPPLY CHAIN OPTIMIZATION

Enhance logistics efficiency and improve equipment management

### MARKETING INITIATIVES

Optimize product-market strategy for maximum value

## COST IMPROVEMENT INITIATIVES

**1** Improve mine process by reducing overburden (OB) distance and managing dumping activity

**2** Improve energy management by reducing reliance on diesel generation

**3** Optimize Floating and Loading Facility (FLF) usage to enhance productivity

## DECARBONIZATION

### Decarbonization strategy through emissions reduction and removal enhancement



#### Energy efficiency

- Energy management
- Operational excellence



#### Energy substitution

- Renewable energy mix
- Biofuel consumption



#### Carbon sequestration

- Carbon credit
- Forest revegetation



#### New greener business

- Renewable business
- Nature based solutions

## DIGITALIZATION

### Utilizing digital technology to enhance efficiency and improve productivity



#### Operational efficiency improvements

- Operations management
- Fleet management
- Energy consumption



#### Infrastructure & logistics management

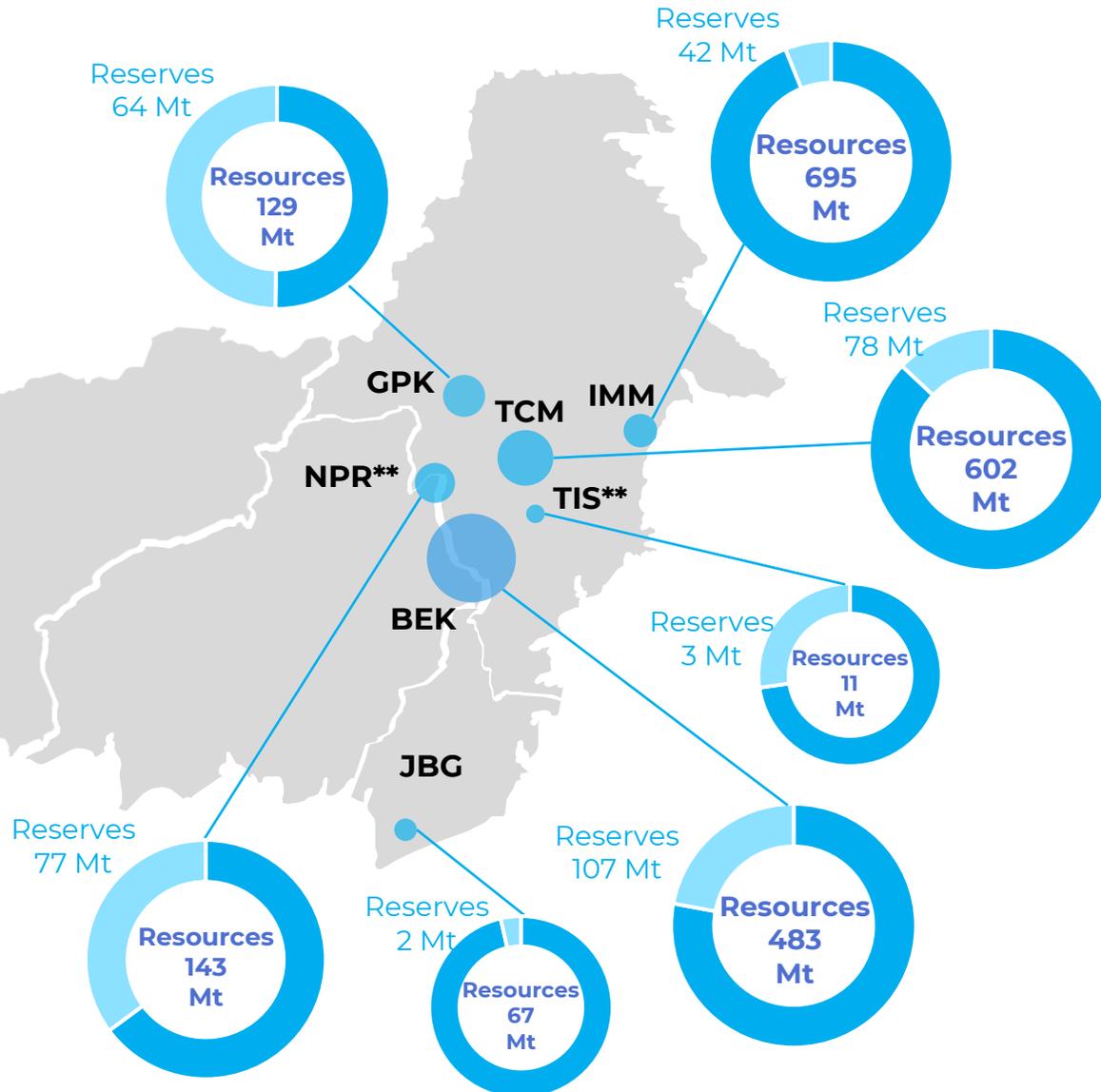
- Supply chain management
- Port business



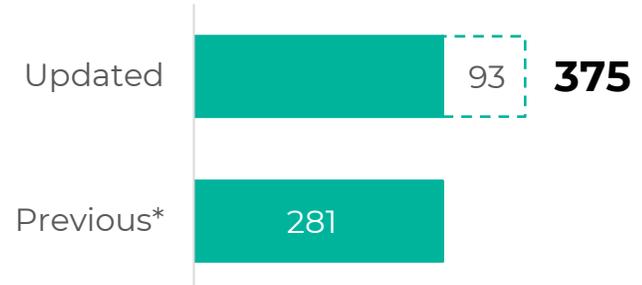
#### Sales & marketing improvements

- Inventory management
- Product quality management

# Latest reserves and resources audit result



## Total ITM reserves as of Dec 2023 (Mt)



## Total ITM resources as of Dec 2023 (Mt)



Notes:

\*) Previous reserves and resources amount excludes TIS.

\*\*\*) The latest reserves and resources audit as prepared by competent persons (considered suitably experienced under the JORC Code) is for all mine concessions, with exception of NPR and TIS.

# 02

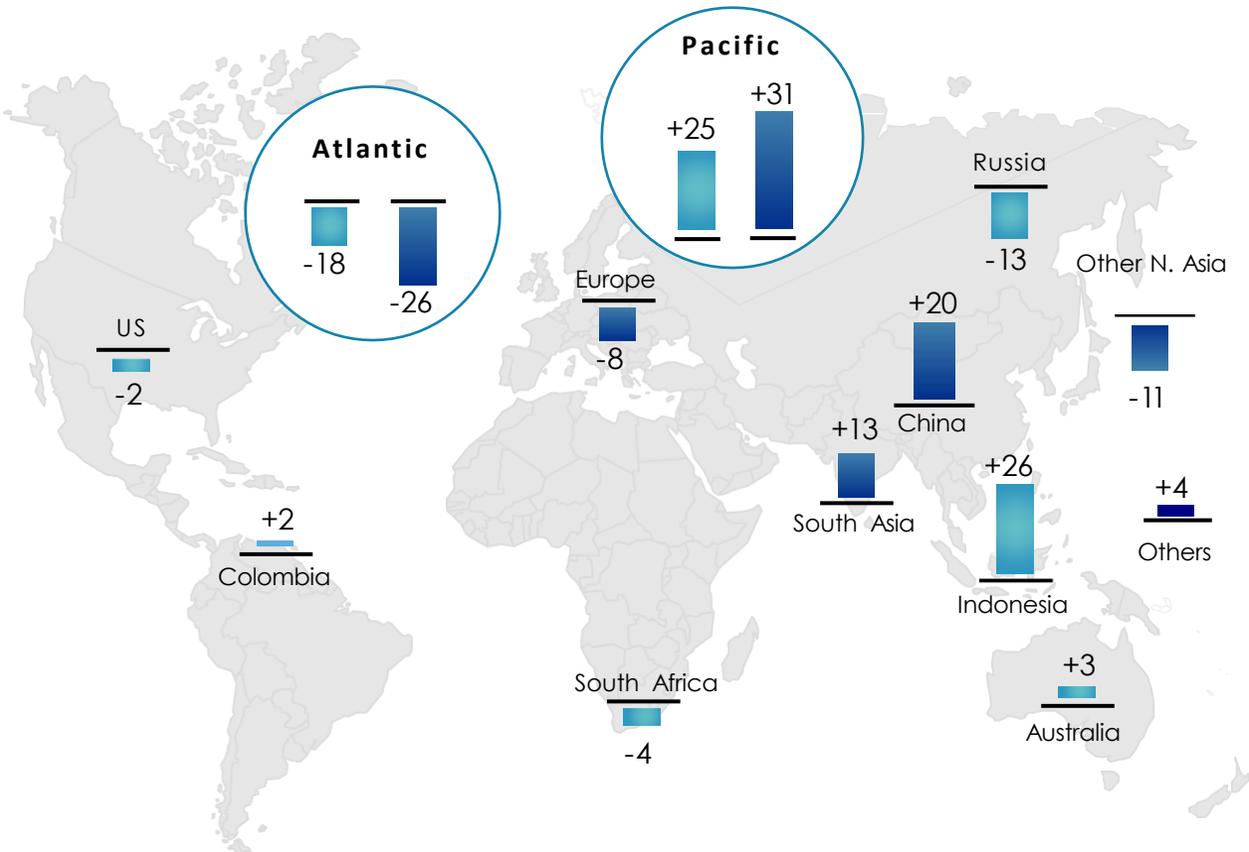
## Coal Market Trends



# Global thermal coal market

## COAL DEMAND AND SUPPLY CHANGE – 2024e VS 2023

Unit: Mt    ■ SUPPLY    ■ DEMAND



## TRENDS

### DEMAND

Peak summer demand will support the HCV coal market in JKT (1) amid ongoing sanctions on Russian coal. Strong hydropower in China and the monsoon in India will reduce imported coal demand for the lower-CV market.

- **China:** Strong hydro generation will reduce coal-fired output, but thermal coal imports should remain stable due to competitive pricing in coastal provinces in 2H24.
- **India:** Coal-fired generation is expected to ease slightly in 3Q24 due to the monsoon but will remain high. The government is extending import directives to utilities to normalize imports amid strong domestic production.
- **JKT:** Summer demand could support power demand in 3Q24, but firm nuclear and stronger renewables will curb coal demand growth.
- **Europe:** Uneconomic coal-fired generation, high stockpiles, and strong nuclear and renewable generation continue to limit coal burn.

### SUPPLY

Global exports from most regions have performed well this year. Short-term risks center around weather in key producing countries, while Indonesian suppliers may struggle to maintain outflows due to limited demand growth from key importing countries.

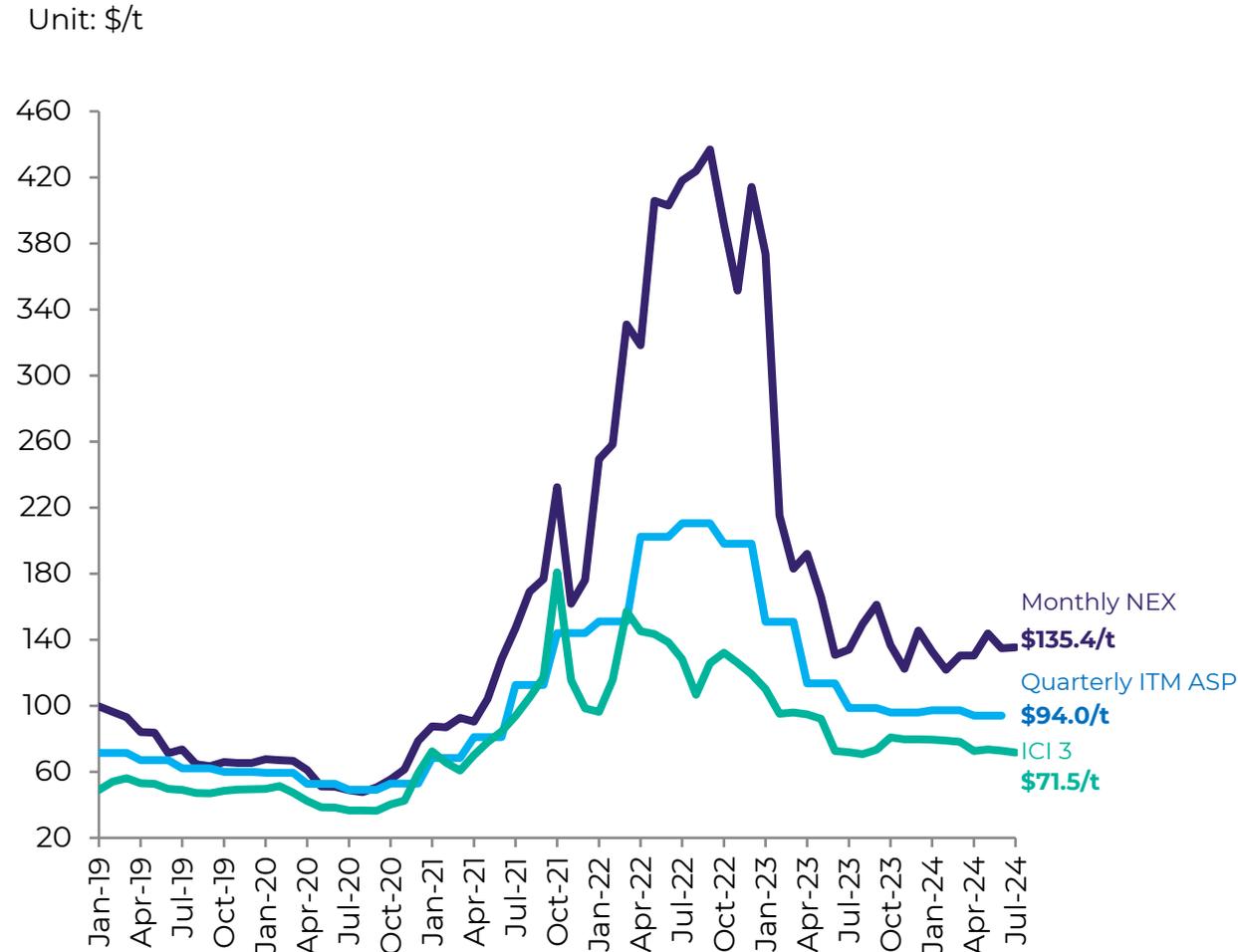
- **Indonesia:** Coal production remains strong despite high rainfall in some key regions.
- **Australia:** Steady exports with slightly tightening HCV supply as producers increase high-ash shipments to China, reducing pressure on HCV market.
- **Others:** Russia continues to face logistical constraints to far eastern ports and increased competition from other origins. Logistical challenges in South Africa persist, while wet weather in Colombia could slow production in 2H24.

Note: (1) JKT = Japan, South Korea and Taiwan

# ITM ASP vs thermal coal benchmark prices



## ITM ASP VS BENCHMARK PRICES



## COMMENTS

- The seaborne premium thermal coal market remained stable throughout 2Q24, with the weekly GCNewc fluctuating between \$125-145 per ton.
- The market for lower-quality thermal coal remained relatively stable, slightly weakening from the previous quarter due to increased supply from Indonesia.
- Throughout 2Q24, ICI2 hovered between \$89.8-96.8 per ton, ICI3 within \$72-74.5 per ton, and ICI4 maintained a narrow range of \$53-56 per ton.
- We anticipate that the global seaborne thermal market will continue to remain stable through 2024, with overall supply and demand dynamics expected to be well balanced. The production increase from Indonesia will be mostly absorbed by strong demand from China, South Asia, and Southeast Asia.
- Key price metrics:
  - ITM ASP 2Q24<sup>a</sup>: \$94.0/t (-3% QoQ)
  - NEX (9 Aug 2024)<sup>b</sup>: \$146.2/t
  - ICI 3 (9 Aug 2024)<sup>c</sup>: \$72.1/t

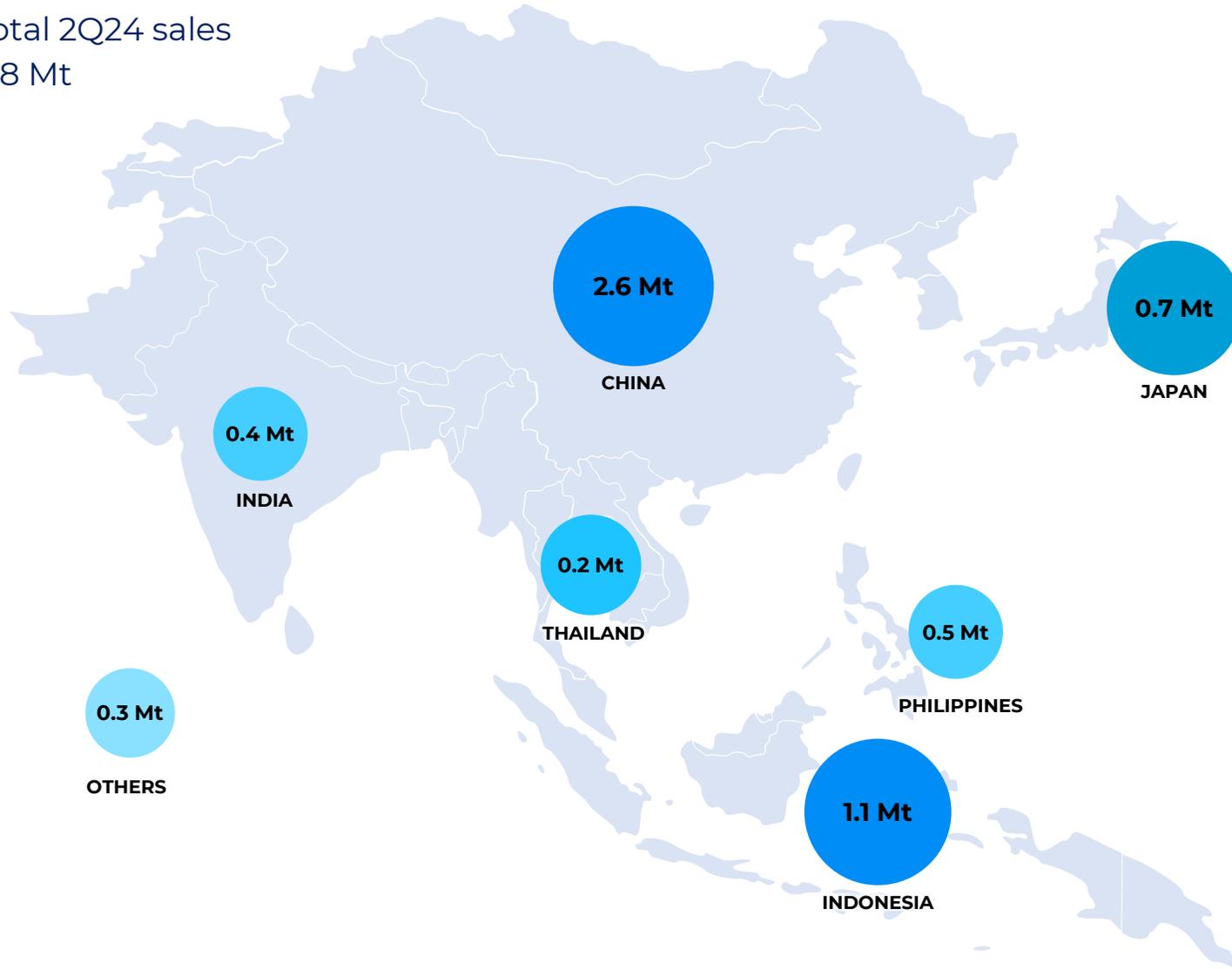
Notes:

- a) Includes post shipment price adjustments as well as traded coal
- b) The Newcastle Export Index (NEX)
- c) The Indonesia Coal Price Index (ICI)

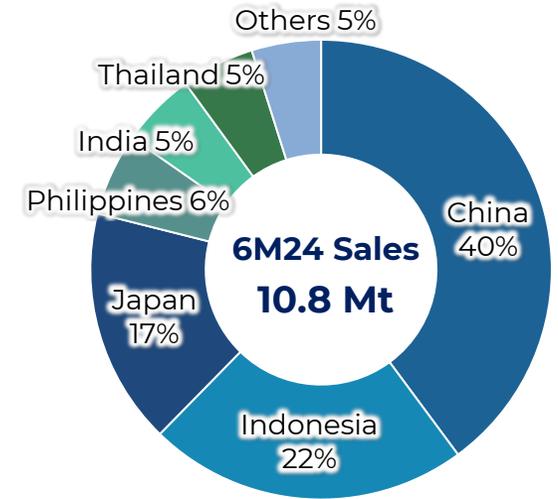
# ITM coal sales

## 2Q24 COAL SALES VOLUME BASED ON SALES DESTINATION

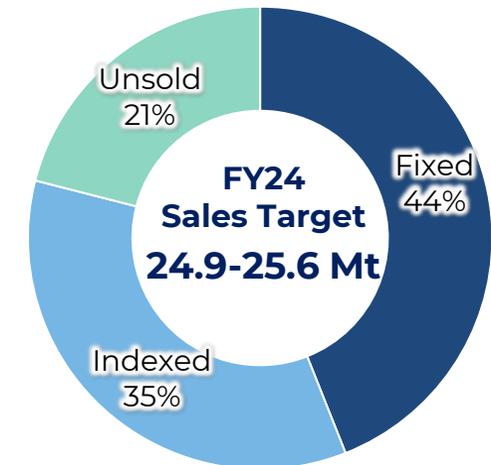
Total 2Q24 sales  
5.8 Mt



## 6M24 COAL % SALES VOLUME



## FY24 INDICATIVE COAL SALES

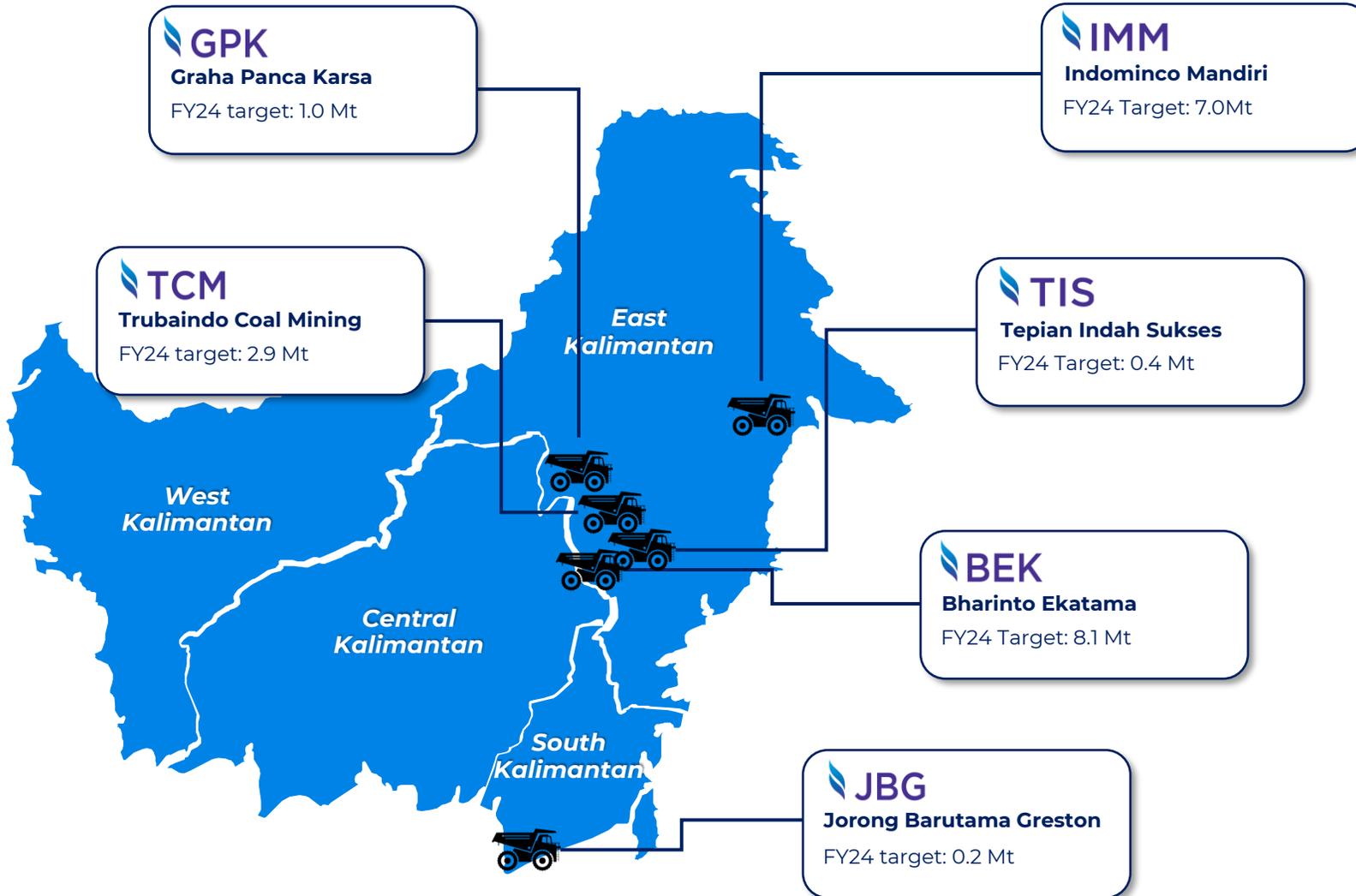


# 03

## Operational Updates



# Coal mining operational summary



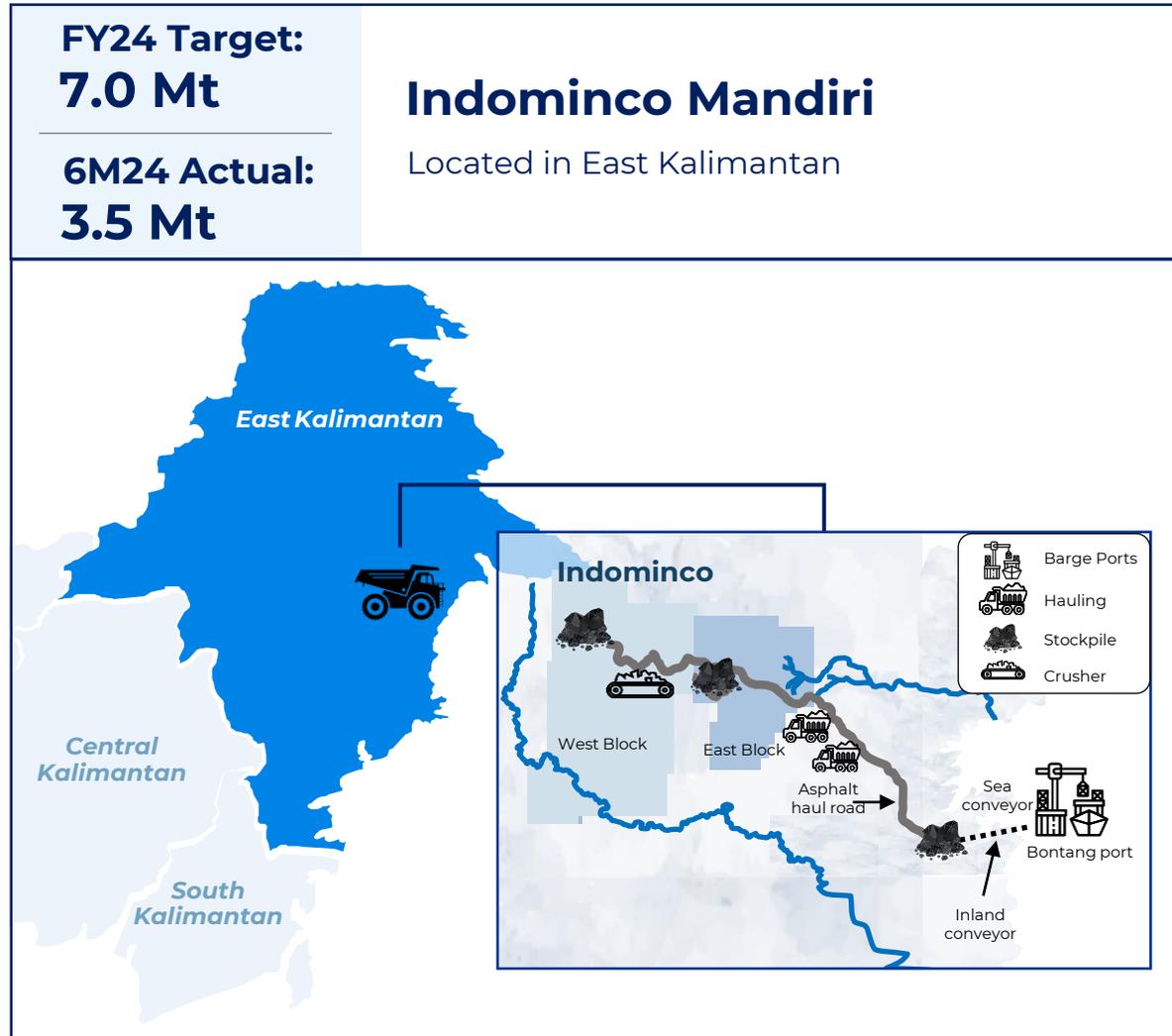
**FY24 Target:**  
**19.5-20.2 Mt**

**3Q24 Target:**  
**5.6 Mt**

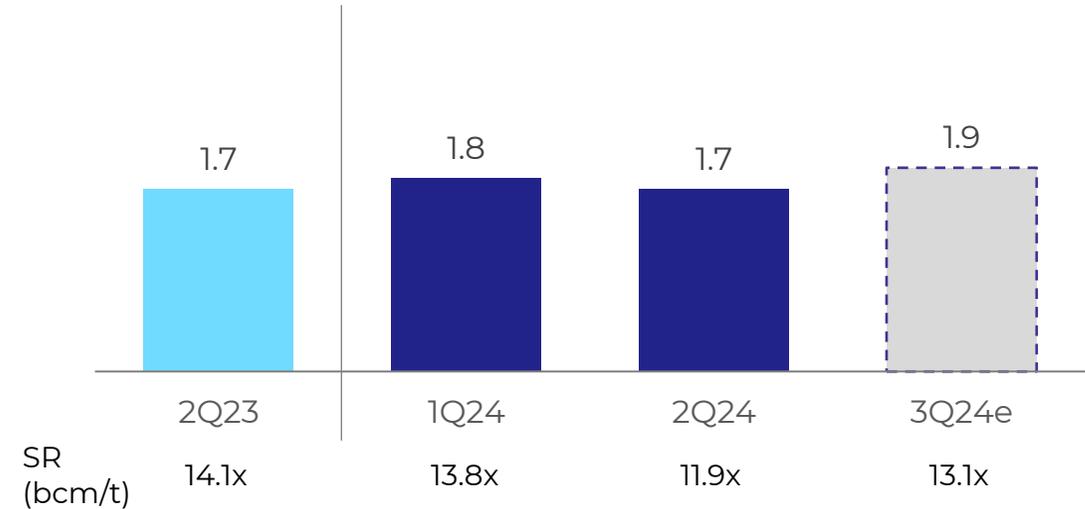
	2Q24	6M24
Coal production	<b>4.3 Mt</b> -12% QoQ/ -1% YoY	<b>9.3 Mt</b> 14% YoY
Strip ratio	<b>10.5 x</b> -2% QoQ/ -16% YoY	<b>10.6 x</b> -12% YoY

Note: Higher production target is subject to the further government approval

# Operational update – Indominco Mandiri

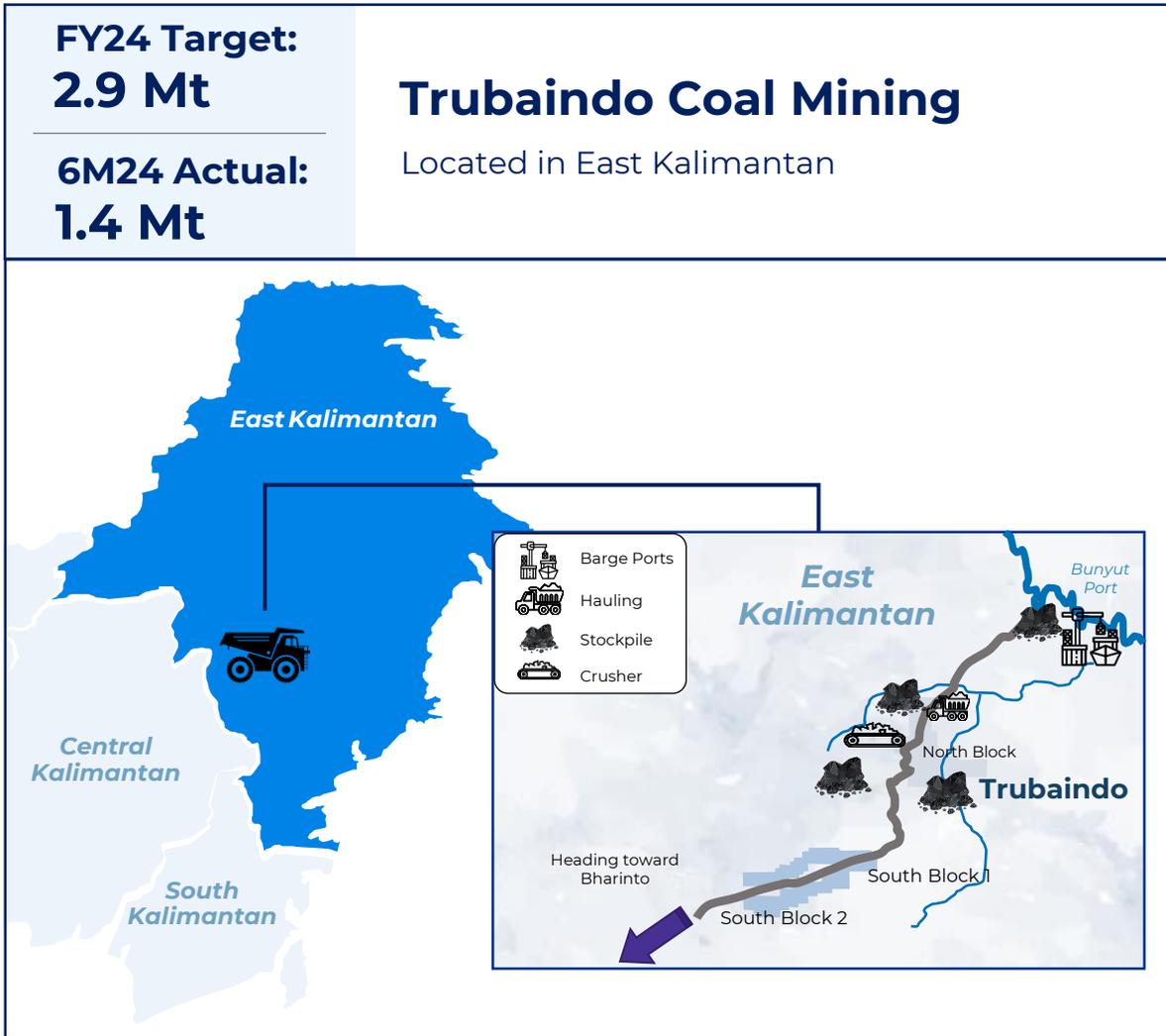


Quarterly production (Mt)

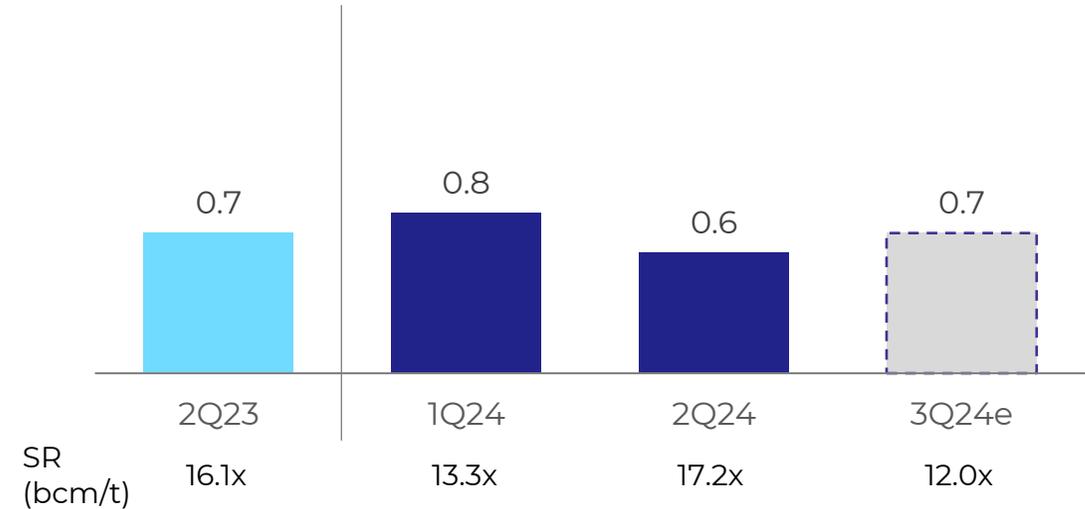


- 2Q24 production achieved the target at 1.7 Mt with a lower strip ratio of 11.9x.
- 3Q24 production is targeted higher than previous quarters at 1.9 Mt, with controllable strip ratio at 13.1x.

# Operational update – Trubaindo Coal Mining

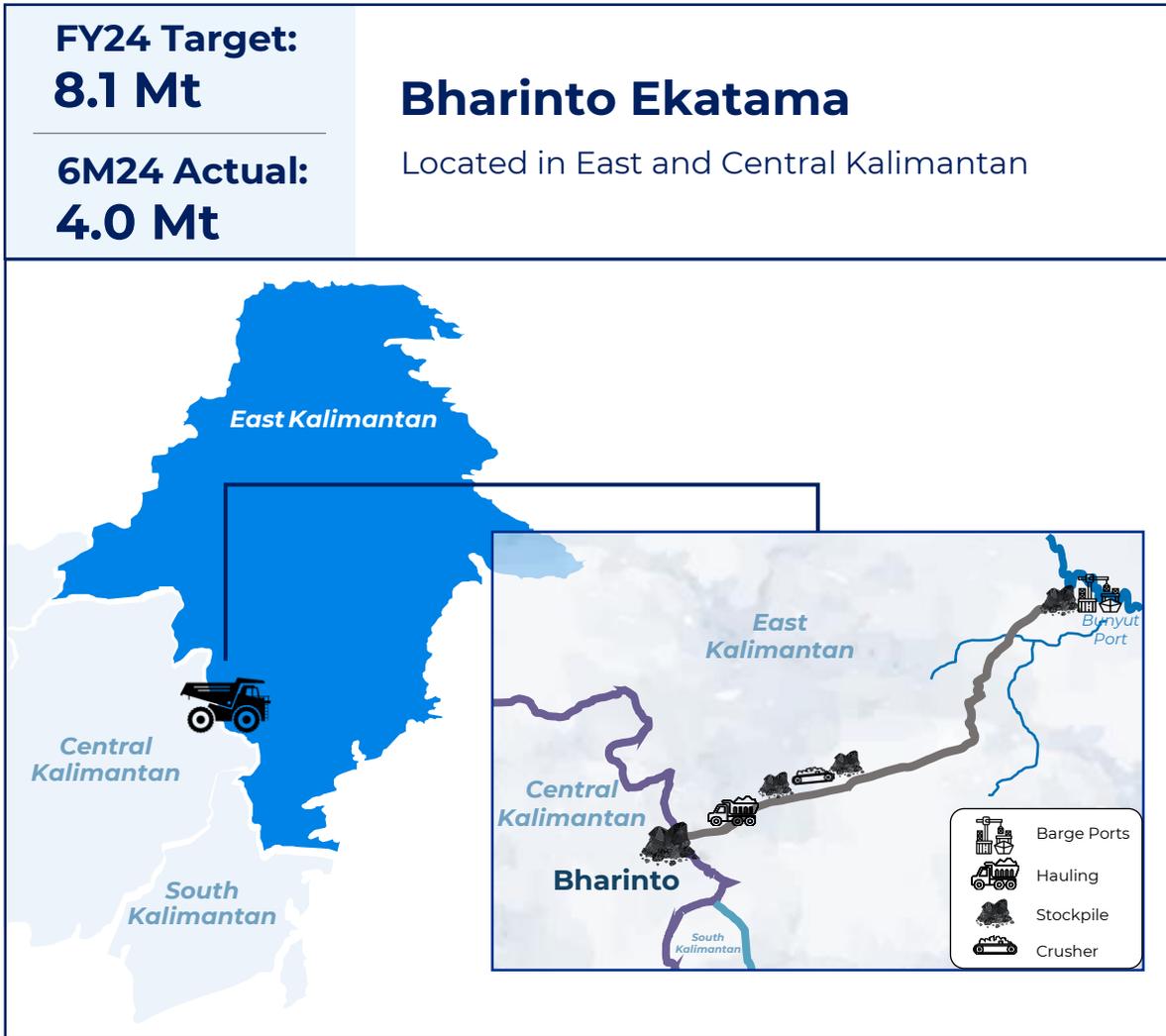


Quarterly production (Mt)

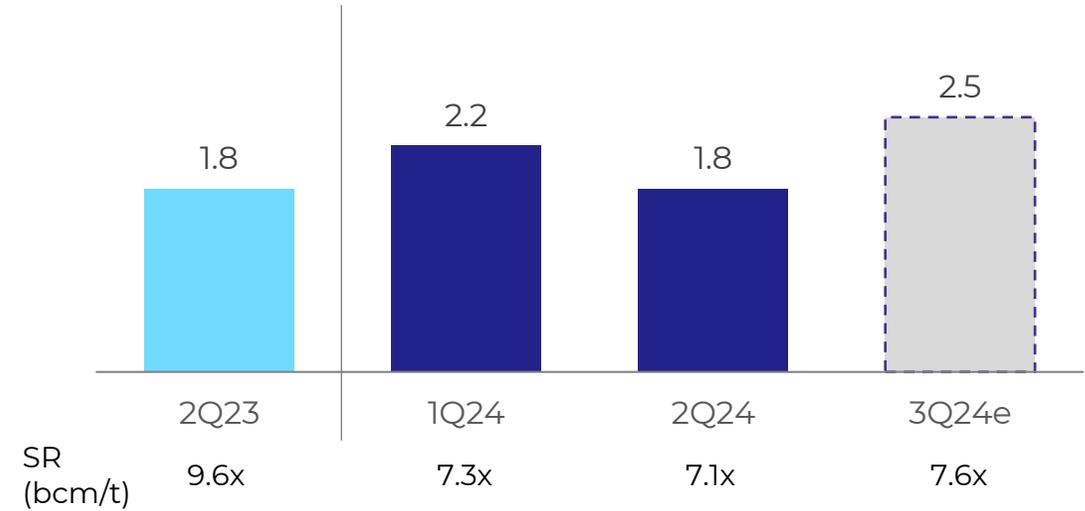


- 2Q24 production was managed at 0.6 Mt with a strip ratio of 17.2x due to several pre-stripping activities in the new mining area.
- 3Q24 production is targeted at 0.7 Mt with a lower strip ratio of 12.0x.

# Operational update – Bharinto Ekatama



Quarterly production (Mt)



- As we managed the inventory level in the Melak area, 2Q24 production was slowed down to 1.8 Mt with a strip ratio of 7.1x.
- 3Q24 production is expected to be increased to 2.5 Mt due to the availability of in-pit coal that are ready for 2H24 production while maintaining strip ratio at 7.6x.

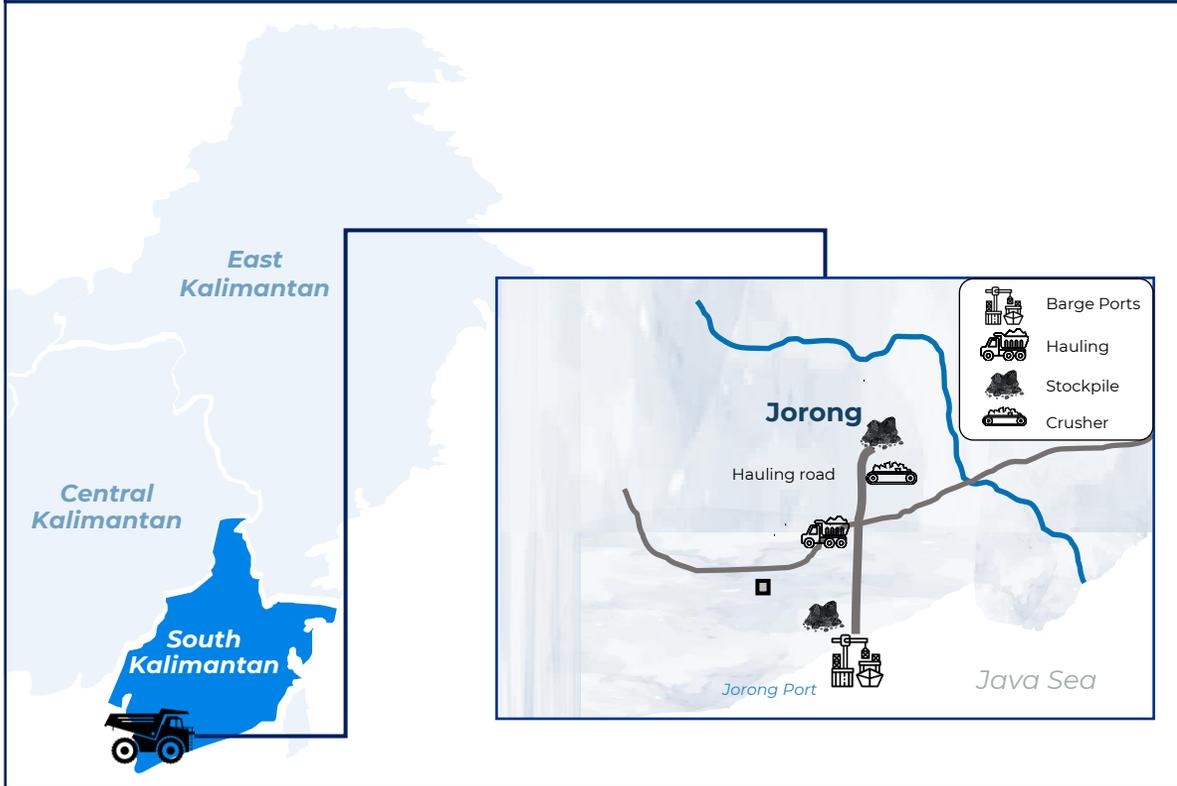
# Operational update – Jorong Barutama Greston

FY24 Target:  
**0.2 Mt**

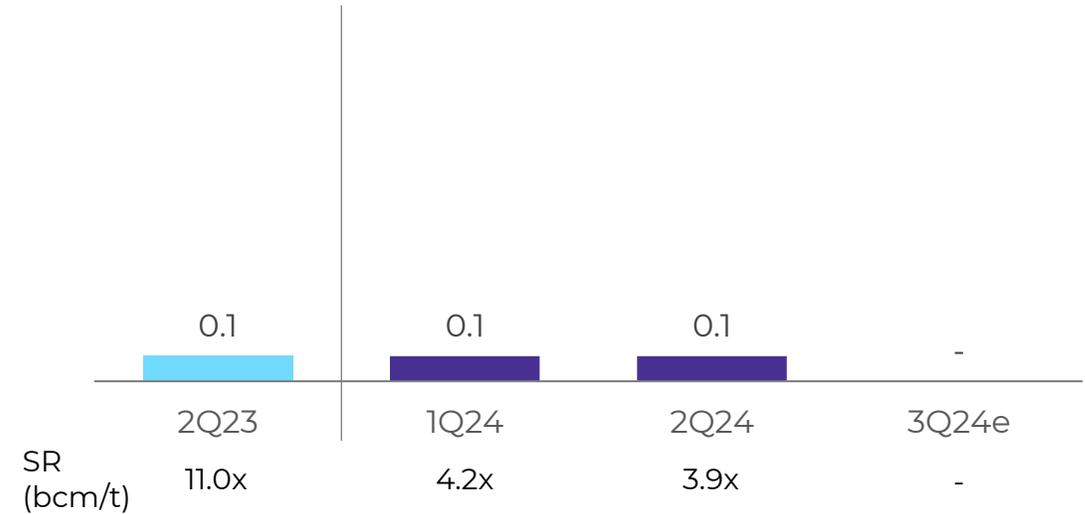
6M24 Actual:  
**0.2 Mt**

## Jorong Barutama Greston

Located in South Kalimantan

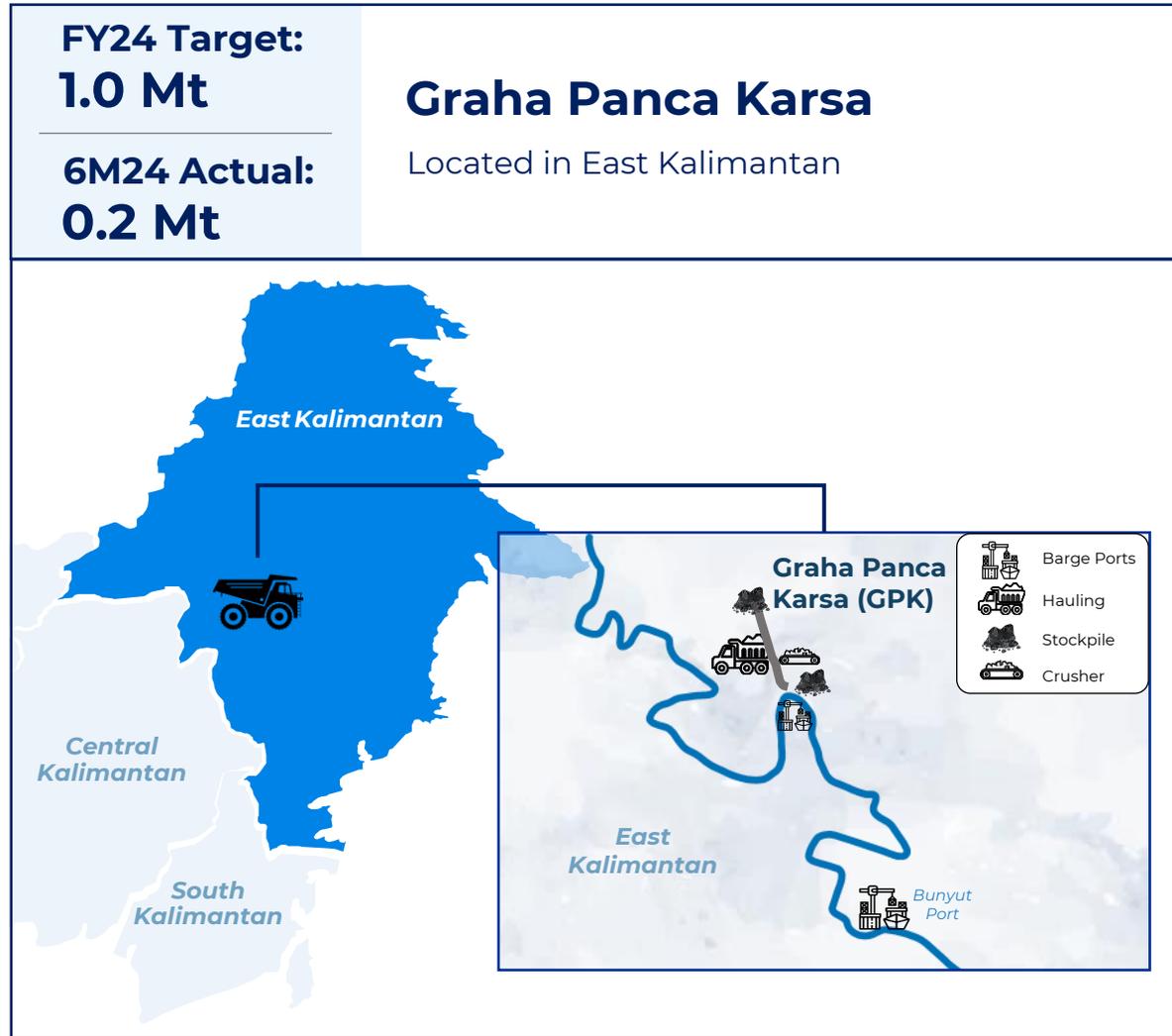


### Quarterly production (Mt)

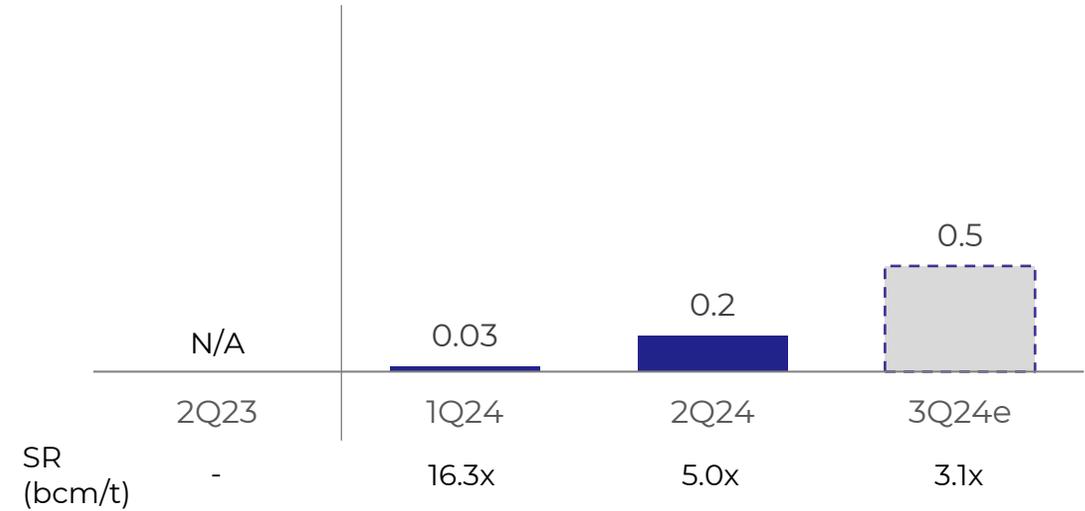


- 2Q24 production achieved at 0.1Mt with a lower strip ratio of 3.9x.
- Following our preparation to enter a new mine area, Jorong will cease its production for the remainder of 2H24.

# Operational update – Graha Panca Karsa

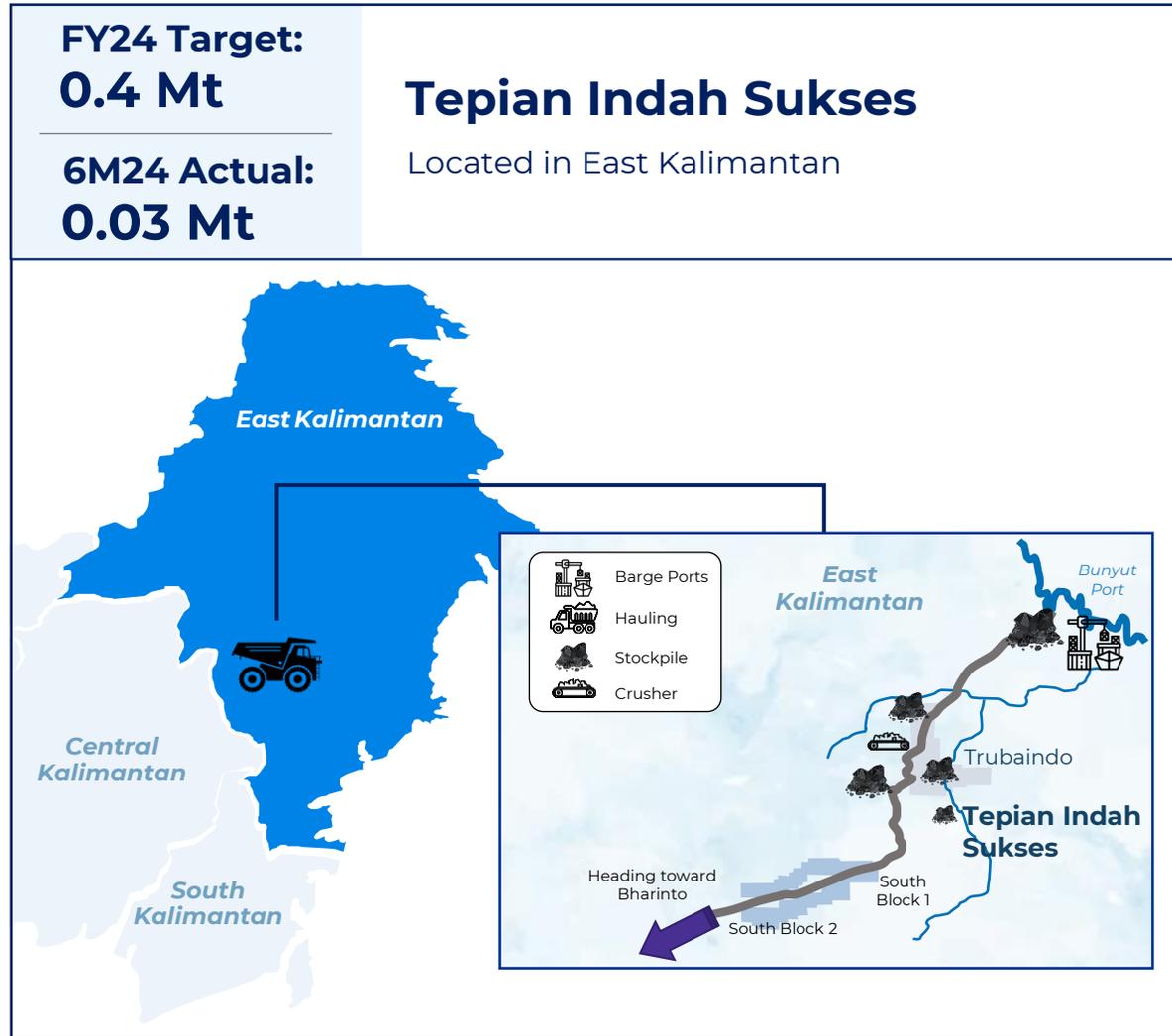


## Quarterly production (Mt)



- 2Q24 production is achieved at 0.2 Mt with an improved strip ratio of 5.0x compared with the initial target of ~6.0x.
- 3Q24 production is targeted at 0.5Mt with a lower strip ratio of 3.1x which is the intended strip ratio level for GPK.

# Operational update – Tepian Indah Sukses



## Quarterly production (Mt)

	N/A	N/A	0.03	0.1
	2Q23	1Q24	2Q24	3Q24e
SR (bcm/t)	-	-	43.5x	18.8x

- 2Q24 production realized at 0.03 Mt with a strip ratio of 43.5x. The high level of strip ratio is mainly due to the early stage of mine production and will be normalized following the production increases.
- 3Q24 production is targeted at 0.1 Mt with a strip ratio of 18.8x.

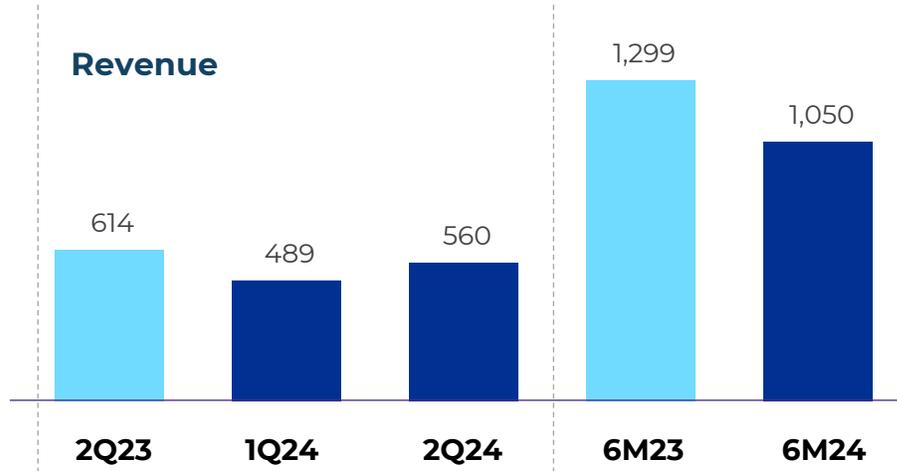
# 04

## Financial Updates

# Financial performance – profitability

## PROFIT OR LOSS STATEMENT

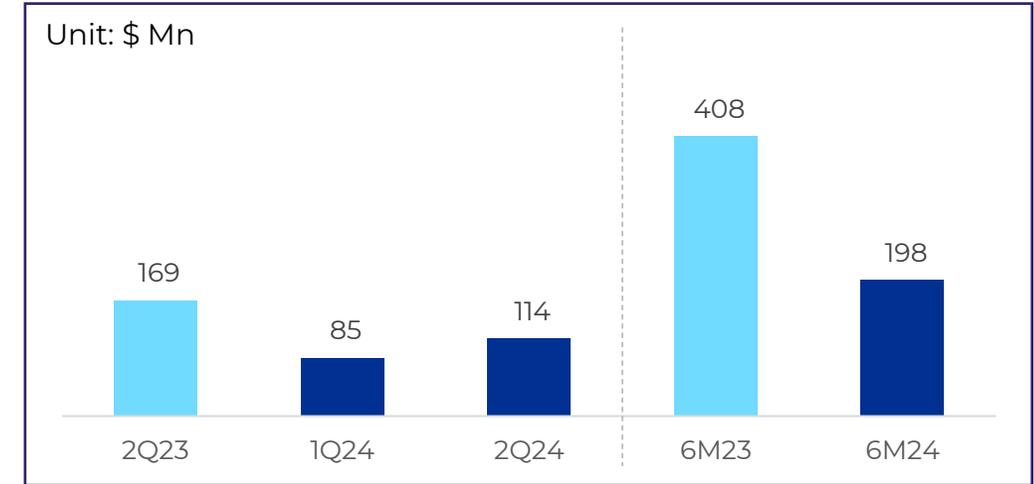
Unit: \$ Mn



	2Q23	1Q24	2Q24	6M23	6M24
Sales volume (Mt)	5.4	5.0	5.8	9.9	10.8
Average selling price (\$/ton)	114	97	94	131	96
Revenue	614	489	560	1,299	1,050
Operating Income	153	73	104	374	178
EBITDA	169	85	114	408	198
Net profit	124	61	67	307	129
<b>Ratio</b>					
Operating income margin (%)	25%	15%	19%	29%	17%
EBITDA margin (%)	28%	17%	20%	31%	19%
Net profit margin (%)	20%	13%	12%	24%	12%

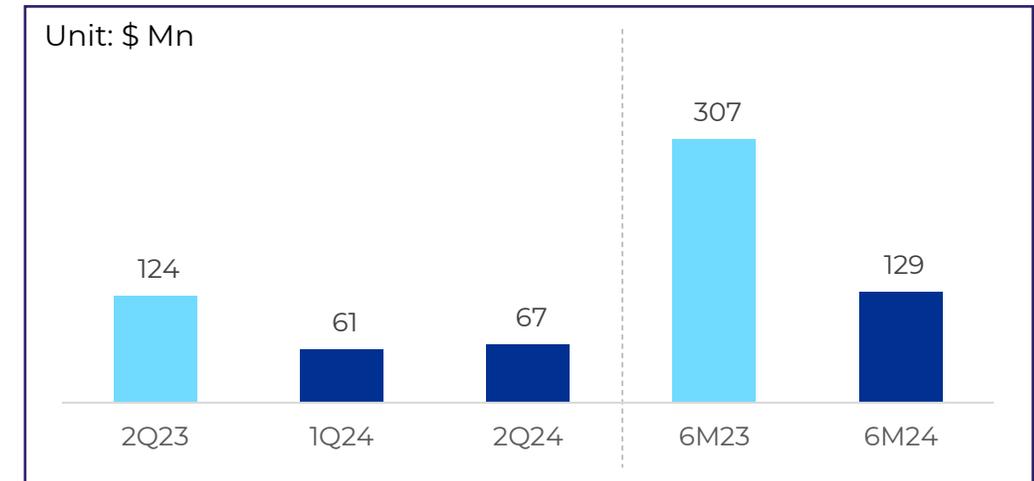
## EBITDA

Unit: \$ Mn



## NET PROFIT

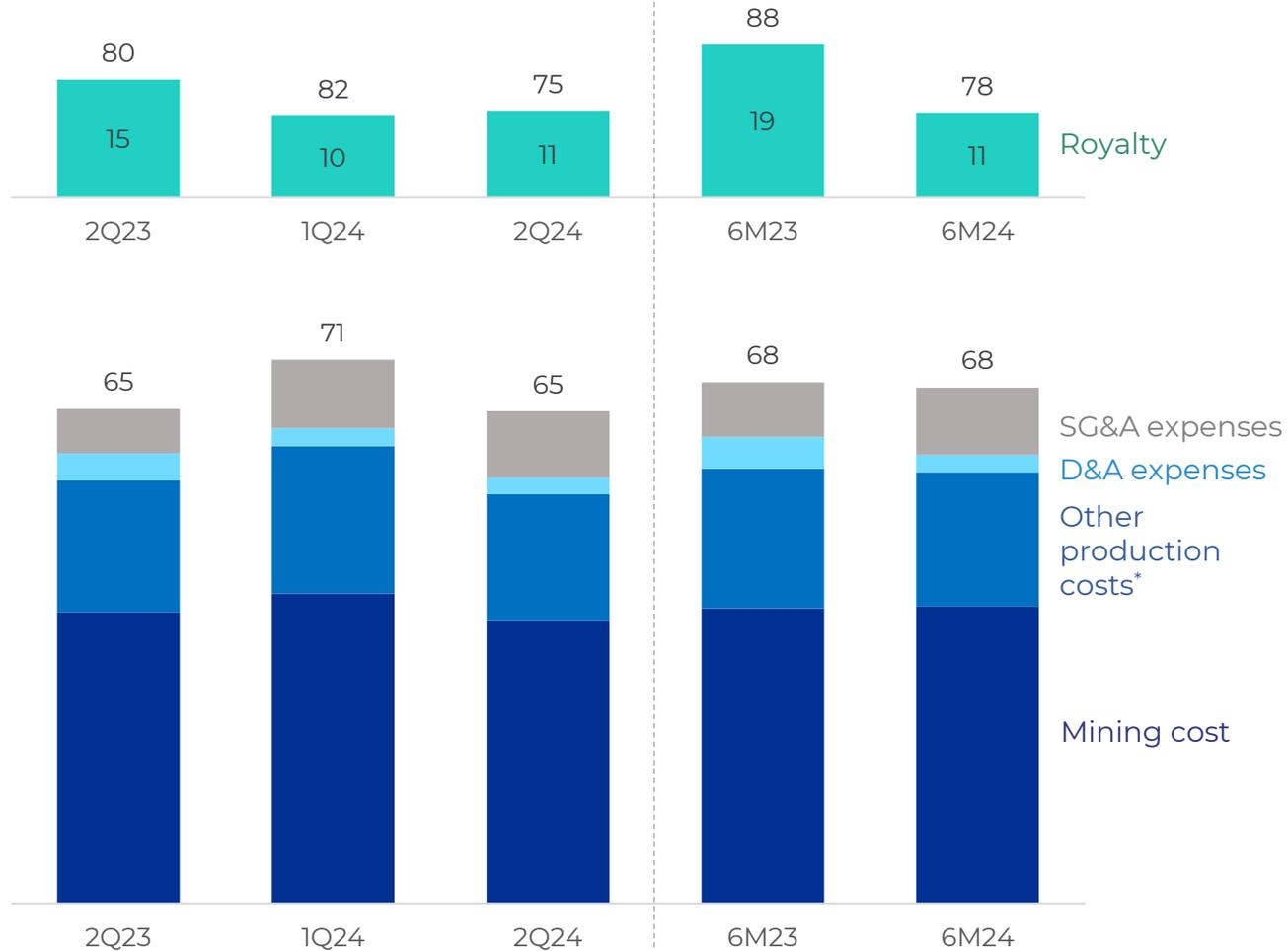
Unit: \$ Mn



# Financial performance – cost

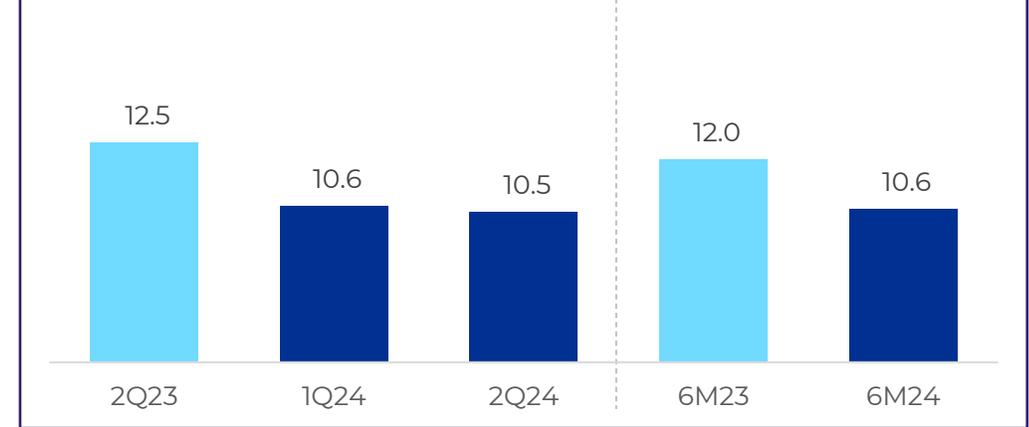
## TOTAL COST BREAKDOWN

Unit: \$/ton



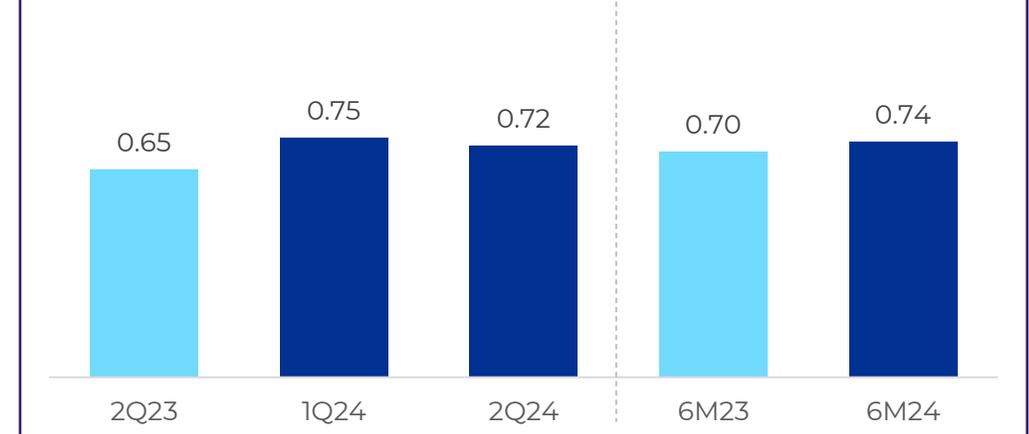
## STRIP RATIO

Unit: (x)



## FUEL PRICE

Unit: \$/liter

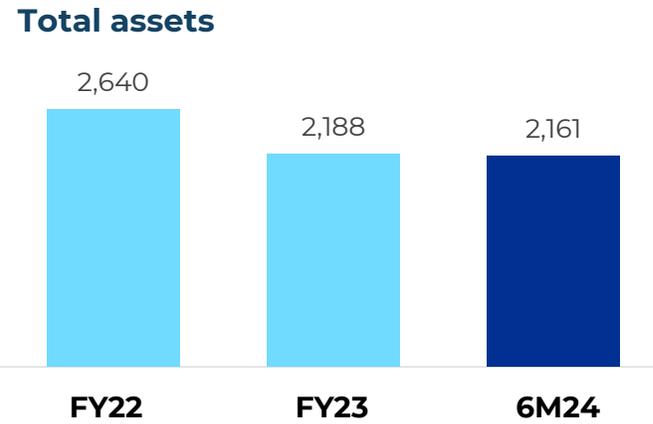


\*Include repair and maintenance, salaries and allowances, inventory adjustment, others etc.

# Financial position

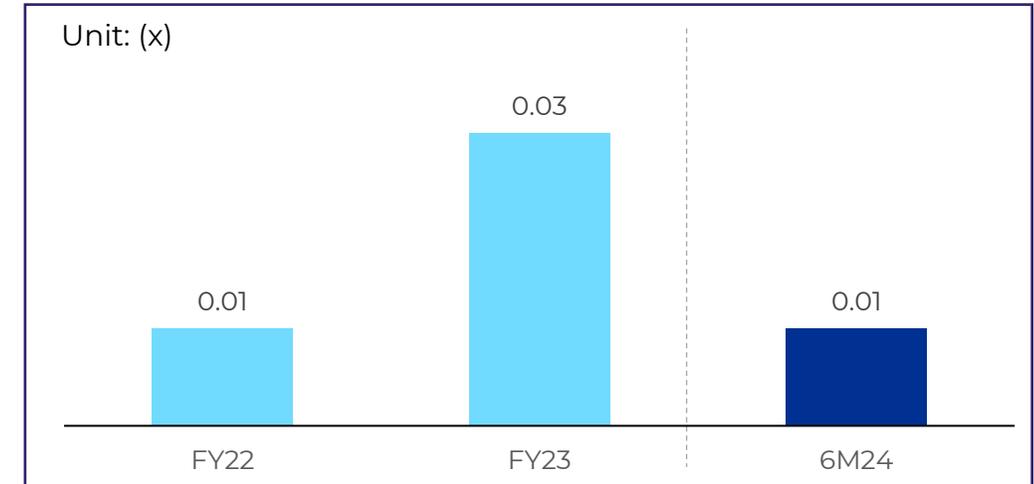
## BALANCE SHEET

Unit: \$ Mn

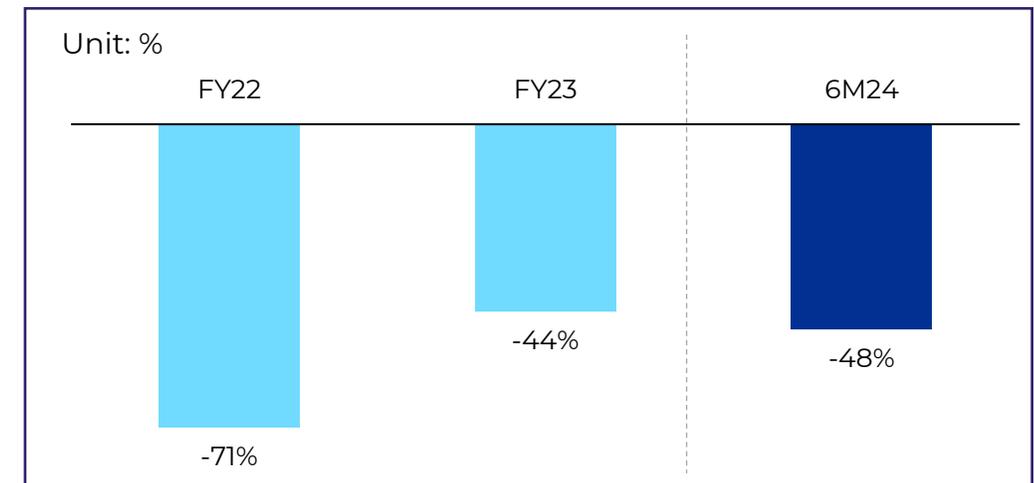


	FY22	FY23	6M24
<b>Assets</b>			
Cash and cash equivalents	1,430	851	877
Other assets	1,210	1,337	1,285
<b>Liabilities</b>			
Current maturities of long-term and short-term bank loan	13	40	9
Long-term bank loans net of current maturities	13	8	6
Other liabilities	664	351	370
Total equity	1,950	1,789	1,777
<b>Ratio</b>			
Cash to total assets (%)	54%	39%	41%
Net gearing (%)	-71%	-44%	-48%

## DEBT TO EQUITY



## NET GEARING

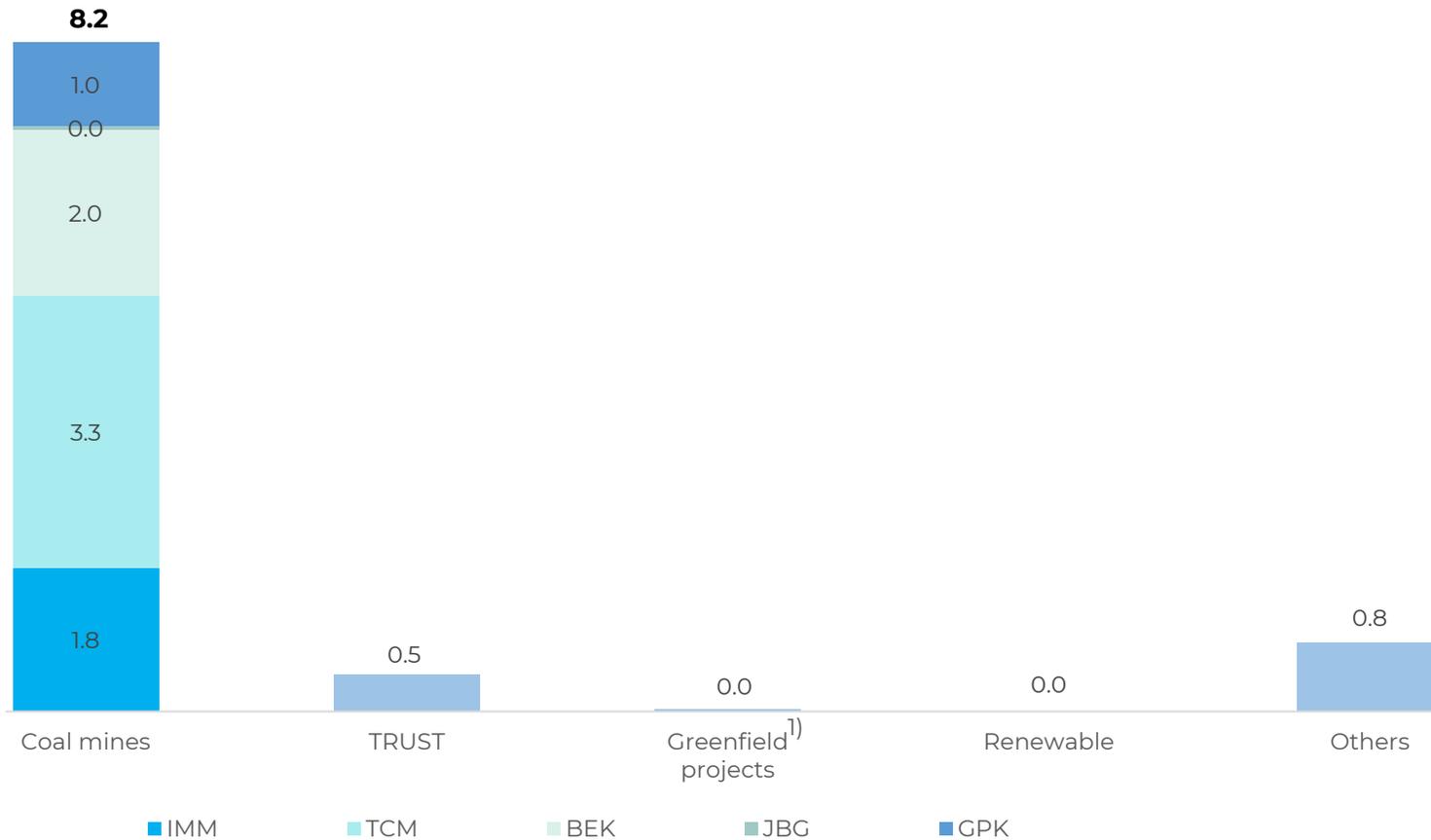


# Capital expenditure

## 2Q24 CAPITAL EXPENDITURE DETAILS

Unit: \$ Mn

Total 2Q24: \$9.5 Mn

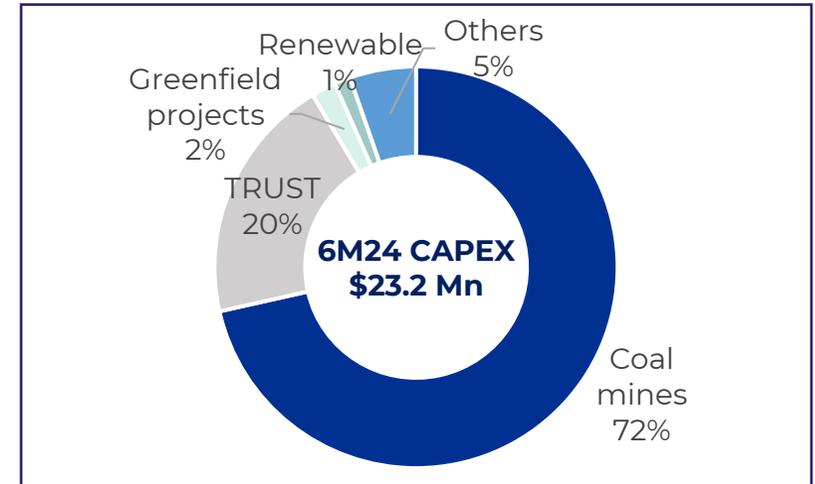


Notes:

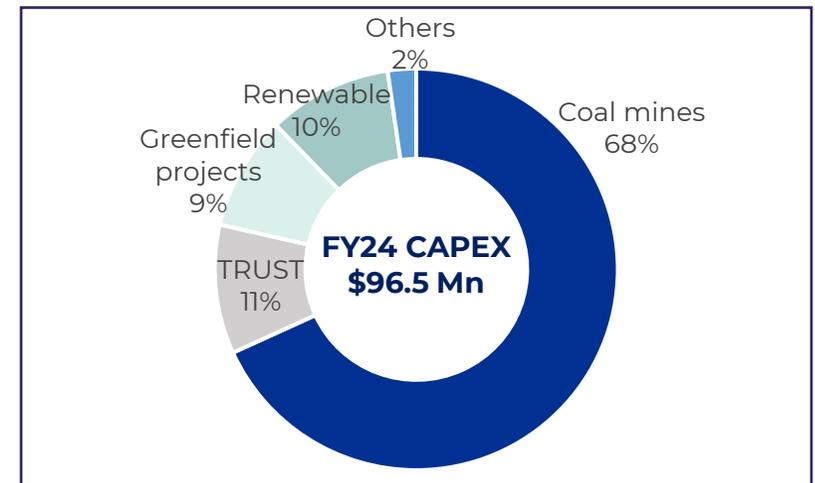
1) Greenfield projects consist of NPR and TIS

2) Starting 2024, GPK CAPEX are included in coal mines

## 6M24 % CAPEX REALIZATION



## FY24 % CAPEX BUDGET<sup>2)</sup>



# 05

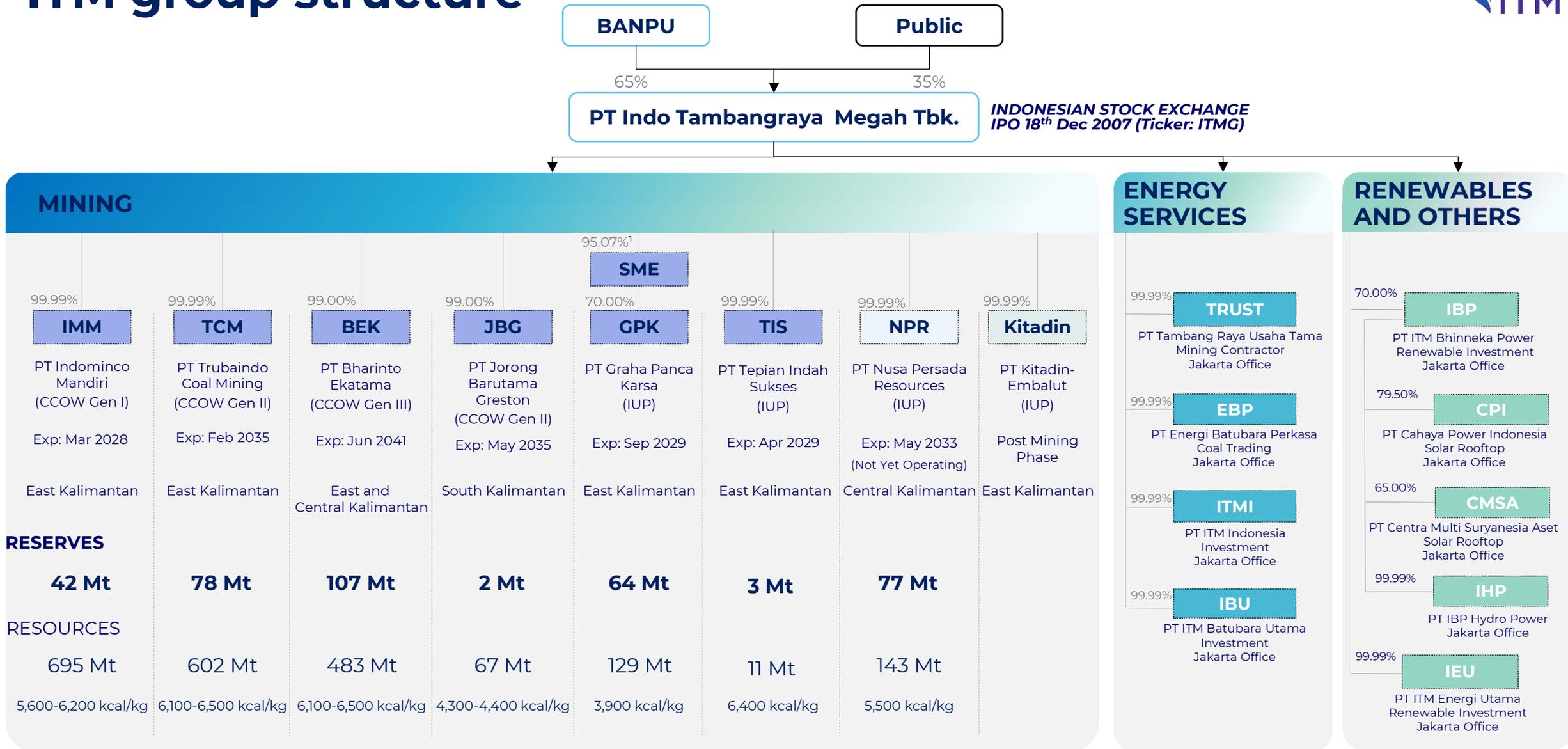
## Q&A Session

# QoQ and YoY financial performance comparison



Unit: US\$ thousand	2Q24	1Q24	QoQ (%)	2Q23	YoY(%)	6M24	6M23	YoY(%)
Net Revenues	560,292	489,237	15%	613,603	(9%)	1,049,529	1,299,189	(19%)
Gross Profit	155,874	119,361	31%	191,330	(19%)	275,235	458,246	(40%)
Gross Profit Margin	28%	24%		31%		26%	35%	
Selling Expenses	(44,651)	(38,431)	16%	(28,423)	57%	(83,082)	(63,712)	30%
General And Administration Expenses	(6,955)	(7,649)	(9%)	(9,701)	(28%)	(14,604)	(20,469)	(29%)
Operating Income	104,268	73,281	42%	153,206	(32%)	177,549	374,065	(53%)
Operating Income Margin	19%	15%		25%		17%	29%	
EBITDA	113,601	84,853	34%	168,868	(33%)	198,454	407,819	(51%)
EBITDA Margin	20%	17%		28%		19%	31%	
Finance Costs	(745)	(931)	(20%)	(955)	(22%)	(1,676)	(1,824)	(8%)
Finance Income	10,054	10,241	(2%)	7,266	38%	20,295	16,711	21%
Others, Net	(23,616)	(3,597)	557%	2,671	(984%)	(27,213)	7,274	(474%)
Profit Before Income Tax	89,961	78,994	14%	162,188	(45%)	168,955	396,226	(57%)
Income Tax	(22,654)	(17,637)	28%	(38,080)	(41%)	(40,291)	(89,518)	(55%)
<b>Net Profit</b>	<b>67,307</b>	<b>61,357</b>	<b>10%</b>	<b>124,108</b>	<b>(46%)</b>	<b>128,664</b>	<b>306,708</b>	<b>(58%)</b>
Net Profit Margin	12%	13%		20%		12%	24%	

# ITM group structure



Note: Reserves and Resources is as of 31<sup>st</sup> Dec 2023. The number disclosed above, with exception of NPR and TIS number, is based on the updated coal resources and reserves as of 31 Dec 2023 prepared by competent persons (considered suitably experienced under the JORC Code).

<sup>1</sup>) Remaining 4.93% is owned by IBU which is owned by ITM.