

# Analyst Briefing

## 4Q22 Performance Result

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1 March 2023



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# AGENDA

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



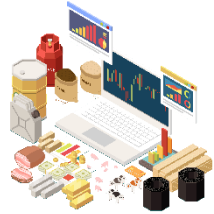


# Highlights



# 4Q22 highlights – finishing strong amidst challenges

## Strong financial performance



### Coal price stay elevated

ITM 4Q22 ASP achieved **\$198/ton** (-6% QoQ /+38% YoY), remarking our competitive positioning in capturing the commodity upside.



### Navigating around bad weather

4Q22 production was lower than target at **4.3Mt** (-7%QoQ/-12% YoY) due to extreme weather and flood in Jorong.

### Strong profitability

High coal price benchmark has brought a positive impact to ITM financial performance. 4Q22 net profit was recorded at **\$306M** (-29% QoQ/+50% YoY).



### Robust cash flow generation and cash position

EBITDA generated at **\$442M** (-30% QoQ/+14% YoY), resulting in a solid cash position from \$691M in 4Q21 to **\$1,430M** in 4Q22.

## Committed as a good and responsible corporate



### Collaboration to improve biodiversity

ITM and BRIN (National Research and Innovation Agency) has signed MoU to promote biodiversity through biodiversity assessment.



### Sustainability reporting recognition

ITM received gold rank in 2022 Asia Sustainability Reporting Rating (ASSRAT) in November 2022, marking its 3<sup>rd</sup> year consecutively the achievement to get the gold ranking.

## Moving towards greener, smarter transformation



### 2<sup>nd</sup> solar PV completion

The construction of Bunyut PV solar power plant was 99.6% as of end of 2022 and the operations is expected in 1H23.



### Demonstrating support to SDGs

ITM became one of Indonesia representative chosen by the government, to present the biomass co-firing trial project and Mentawir nursery cooperation at Indonesia Pavilion during COP27 in Egypt.

# 2022 in review – setting up for transformative period

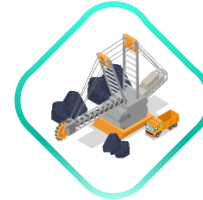
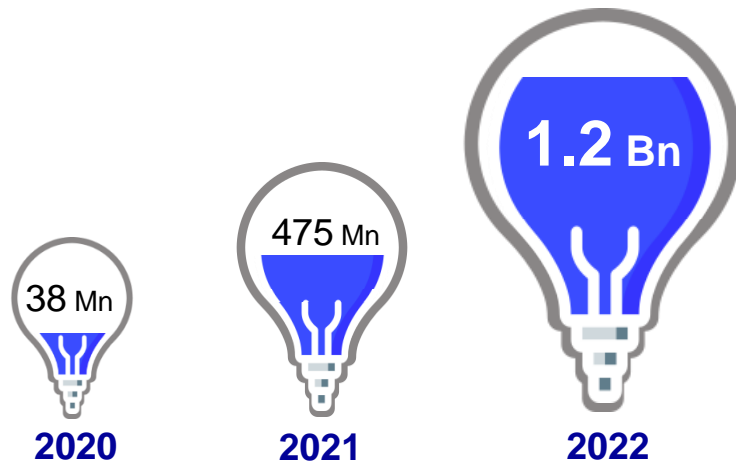
## Financially sound year throughout opportunities and uncertainties

ITM is well-positioned in capturing the strong commodity price environments



ITM FY22 ASP reached **\$192/ton** (+86% YoY). Consequently, solid FY22 cash position at **\$1.4bn**, doubling from FY21, showing our readiness to capture future opportunities.

Net profit (\$) significantly improves



## Robust operations amidst challenges

Our first year expanding in Central Kalimantan positively impact production while Embalut entering its mine closure period since 1Q22. Indominco and Trubaindo production has achieved its FY22 target.



## More steps towards Greener, Smarter

Throughout 2022, ITM has demonstrated greener, smarter growth transition through its solar rooftop business initiation and solar farm platform. In addition, we are progressing in other pipelines, including UCG and digital products.



## Reinforcing ESG initiatives

Various sustainable efforts: collaboration to rehabilitate Menoreh hill, continuation of watershed rehabilitation handover, constructing Mentawir nursery for new capital city, protecting ecosystem through mangroves planting, trial period of hybrid working, strengthening governance roadmap, and many others.

# 2022 business performance and accomplishment

## Mining – Earnest effort, rewarding result



**16.6** Mt  
FY22 coal production



**18.9** Mt  
FY22 coal sales

- BEK mine expansion to Central Kalimantan area has increased its production from previously 1.0-1.1Mt per quarter into 1.7-1.8Mt per quarter.
- To ensure more competitive in term of operations and cost, we managed our FY22 strip ratio to be in the range of 10-11x.
- Tandung Mayang mine closure obtained an evaluation score 95 out of 100, receiving various commendations from stakeholders.

## Energy Services – Strengthening core business



**27.0** Mbcm  
FY22 TRUST OB volume



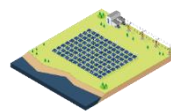
**12** digital initiatives  
managed across 2022

- First year of TRUST operated in Melak Area, contributing directly to BEK mine expansion.
- Optimizing coal sourcing with 2.0Mt of 3<sup>rd</sup> party coal being sourced to support our sales while EBP as the coal trading arms has recorded FY22 sales of 0.6Mt.
- Realizing business value from digital products through patent process for 5 products and 1 digital product (Melak Digital Center) has received its patent.

## Renewable and others – Greener, Smarter transition



**7.3** MWp  
solar rooftop contract



**5** MW  
solar PV powerplant\*

- CPI, subsidiary of ITM through IBP has finished the installations at two McDonald's location in Jakarta.
- 99.6% progress of Bunyut PV solar power plant construction as of end of 2022 and is expected to be in operation in 1H23.
- The government has selected ITM for the biomass co-firing trial project. ITM presented this opportunity as a part of Indonesia representative at the Indonesia Pavilion during COP27 in Egypt.

\*) 3MW operating and 2MW is under construction

# ESG initiatives throughout 2022

## Contributing to Indonesia new capital city “Nusantara”

ITM has been appointed by the government and involve in “Nusantara” development by constructing Mentawir Nursery to supply seeds needed to support for smart forest concept. During 2022, the construction has progressed smoothly as per plan. We also presented this project as a part of Indonesia representative in the Indonesia Pavilion during the COP27 event in Egypt.

Bird's eye view



Solar panel installed



Germination house

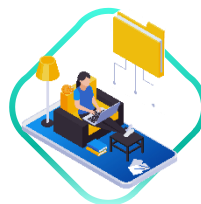


Acclimatization house



## Biomass co-firing trial project

The government has selected Indominco, ITM subsidiary, for the biomass co-firing trial project.



## Hybrid working style trial period

ITM conducted trial period of hybrid working style as a possibility of future work regardless of physical boundary which potentially reduce cost and positively impact ESG.



## Strengthening biodiversity impacts

The rehabilitated watershed handover has reached cumulative total area of 20,056 Ha. Furthermore, ITM and BRIN has also signed MoU to promote biodiversity.



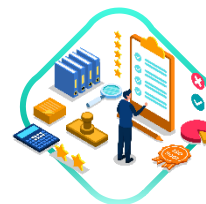
## Maintaining safety as utmost concern

In 2022, ITM recorded zero fatal incident and 3 work accidents that we have properly taken care of. The safety performance is improved as LTIFR decreased from 0.09 in 2021 to 0.07 in 2022.



## Deepening corporate culture

75% (+2% YoY) in Banpu Heart implementation survey and 79% in Employee Engagement score (+6% YoY).



## Enhancing governance roadmap

Revamping governance roadmap and related policies to adapt with the latest governance issue and complementing the current roadmap toward future business expansion.



# ESG related award and accolades



11 awards in **Good Mining Practice Award (GMP) 2022**, including Aditama Awards that was received by IMM for the Mining Engineering Management category.



4 awards in **TOP GRC awards 2022** namely Top GRC Awards 2022 #4 Stars, The Most Committed GRC Leader 2022, The High Performing BOC, and The High Performing Corporate Secretary.



7 awards in CSR and **Sustainable Rural Development (SRD) award**.



Top CSR Award #5 Stars and CSR commitment top leader in **Top CSR Award**.



**Bisnis Indonesia award 2022**  
Best listed company for coal sector.



**Forbes: best of the best 2022**  
The best 50 public listed companies.



**Investor award 2022**  
Top performing listed company with market cap above Rp25tn.



**CSA awards 2022**  
The best energy issuer in the non-big capitalization company.



**ASSRAT 2022**  
Gold rank received by ITM 2022 Sustainability Report in Asia Sustainability Reporting Rating (ASSRAT).



**PROPER 2022**  
Green rating for Jorong two years in a row, blue rating for Indominco, Bharinto, and Trubaindo.

# 2023 MINE goals: continue to excel and grow transformatively



## Maximize

profitability with  
optimized asset

- Achieve coal production and TRUST OB volume as plan.
- Achieve sales volume and optimize 3<sup>rd</sup> party coal trading to allow more blending alternatives.
- Manage cost efficiency and CAPEX discipline.
- Maintain supply chain security.
- New mines operation, organic reserve growth, and effective asset utilization.



## Increase

corporate value through  
**Greener, Smarter**  
business expansion

- Renewable business expansion through solar and other renewables.
- Grow EBP coal trading business and reaching more customers.
- Pursue potential acquisition on clean-tech minerals.
- Seize opportunity on port management and nature-based solutions (NBS).
- Fast progress on current pipeline project: solar power plant, biomass, and underground gasification.



## Nurture

corporate culture  
through Banpu Heart

- Performance driven by people (talent) - journey to meritocracy organization.
- Cultivate passion, innovation, and commitment.
- Improved business process and high organization effectiveness.
- Define the future of works through potential of working from anywhere.

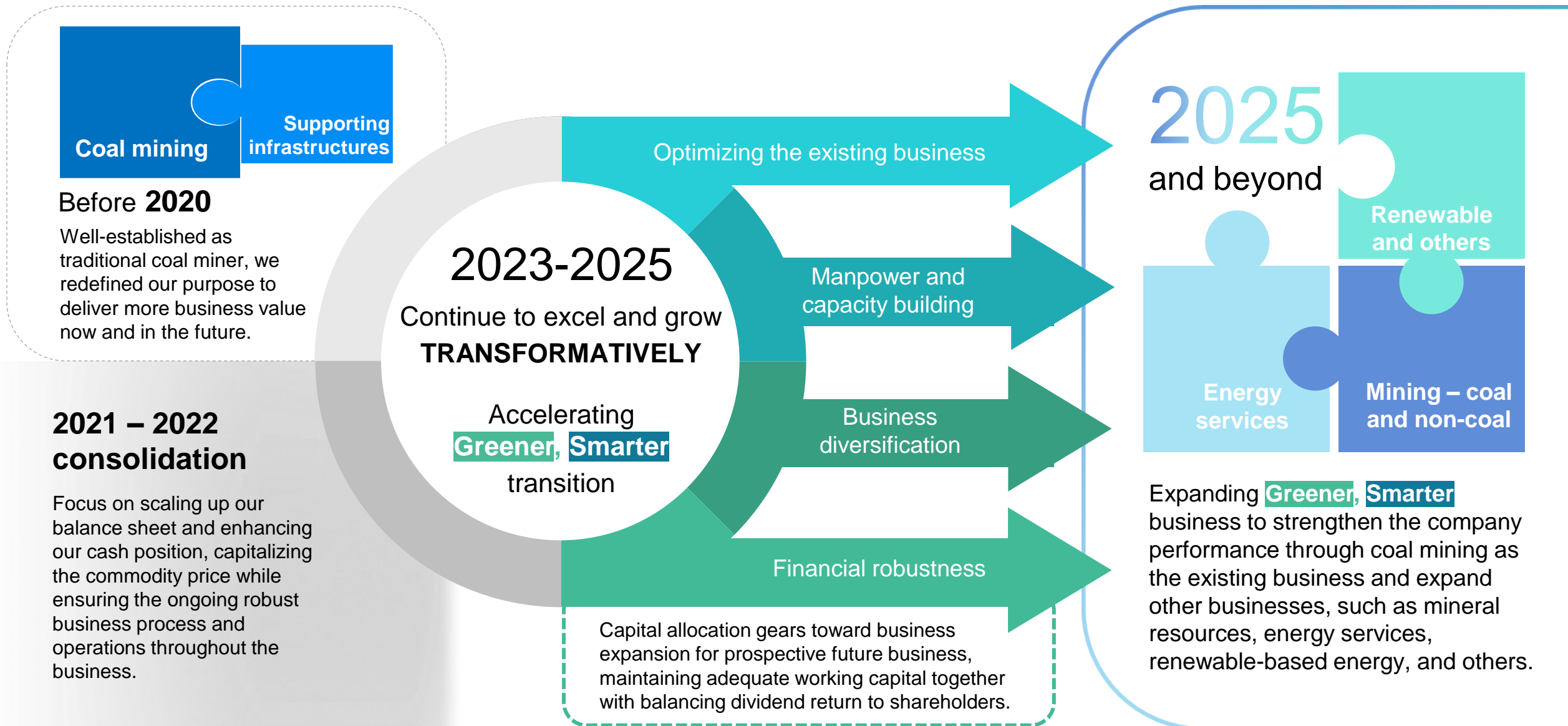


## Enhance

ESG practices and  
digital savviness

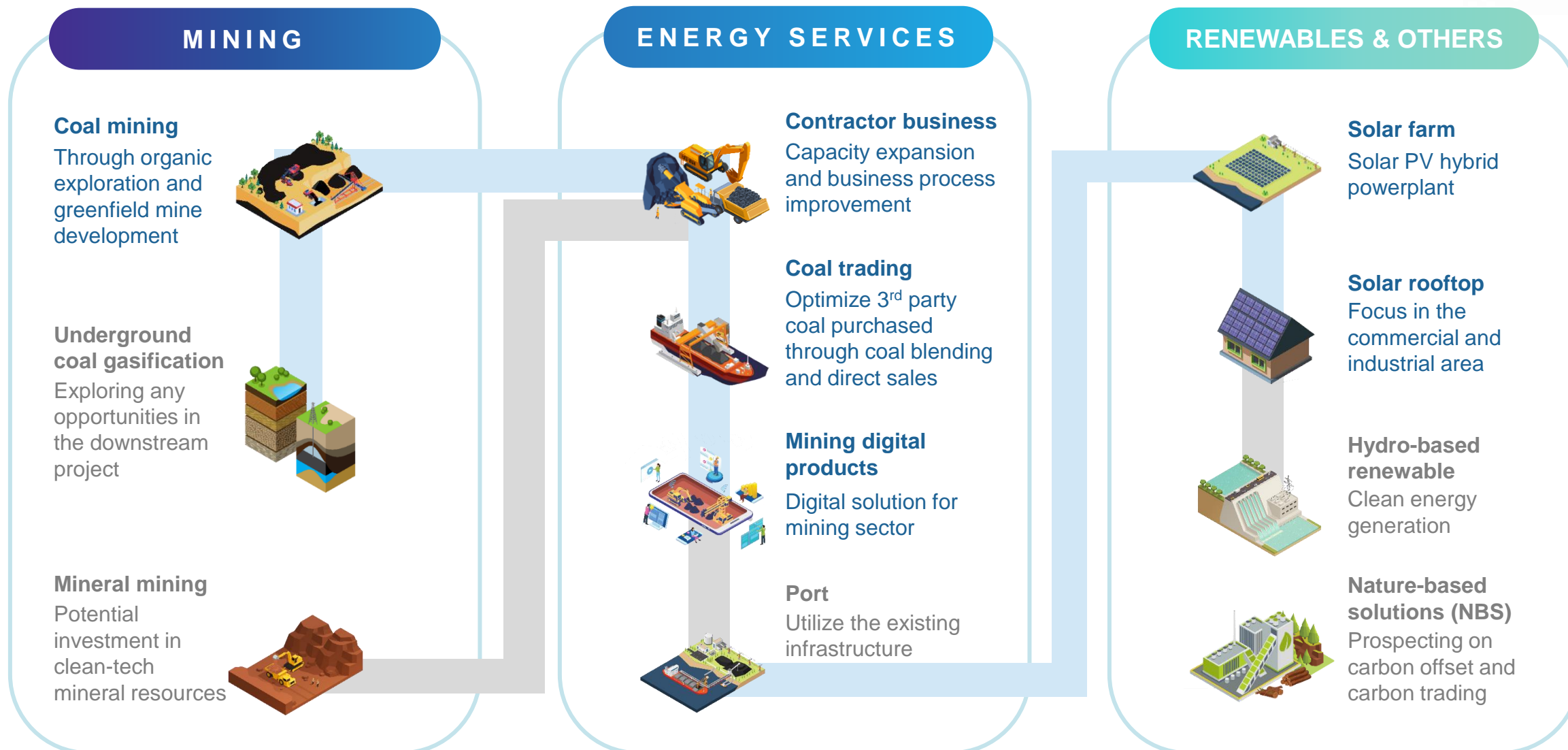
- Decarbonization roadmap to support climate target.
- More transparency and accountability.
- Robust governance to support operations through permit and social license.
- More agile and innovative digital initiatives.
- Improve cybersecurity following ISO 27001.

# ITM transformation journey: embracing future, realizing our vision





# ITM way forward: a diversified energy company



Note: Business segment in grey is under development, with potential relations represented by grey lines.

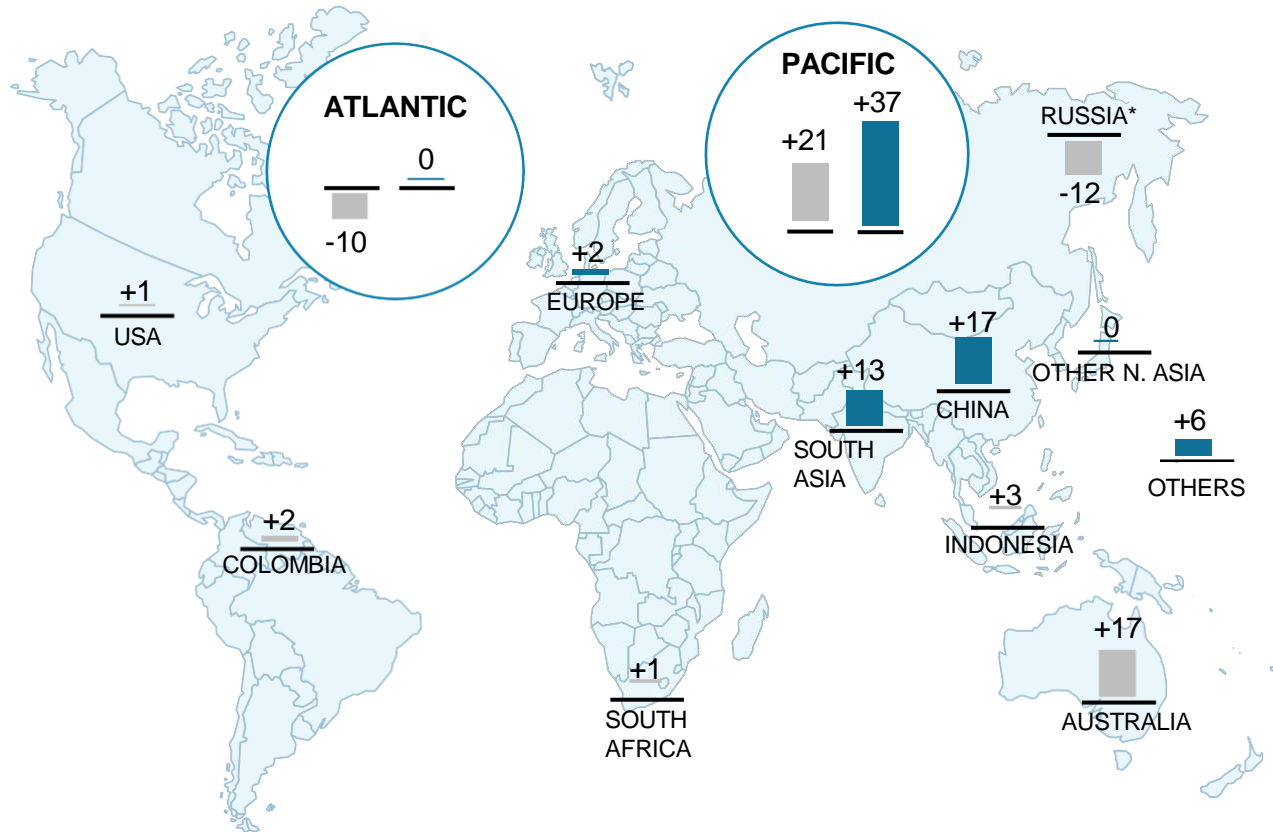


# Coal Market Trends

# Global thermal coal market

## COAL DEMAND AND SUPPLY CHANGE – 2023E VS 2022

Unit: Mt      ■ SUPPLY      ■ DEMAND



Note: \*Russia exports to non-CIS countries only, \*\*JKT = Japan, South Korea and Taiwan

## TRENDS

### DEMAND

In 2023, the coal market is expected to remain relatively calm compared to 2022, although prices are expected to remain at current high levels. Although winter demand won't be as strong as originally expected because of the mild start to the year, ongoing energy tightness in Europe and expected growing demand in Asia will support import demand growth in 2023

- **China:** Covid's resurgence, mild weather, and the Lunar New Year holiday curtailed coal consumption at the start of the year. However, we expect China's economy to recover soon as Covid lockdown protocols ease.
- **India:** Thermal coal demand in 2023 is expected to remain strong from strong economic activity with expectations that the increase in domestic coal supply is unlikely to meet demand growth as the government has already issued directives for generators to import more coal.
- **JKT\*\*:** The start of the year saw weak demand and high stocks due to a warm winter. Power plants are diversifying their coal supply portfolio in order to help manage costs. Nuclear output is expected to rebound which would impact gas as coal remains competitive.
- **Europe:** Started the year with high coal and gas stocks with weaker-than-expected due to a mild winter and poor economic performance. However, we expect that coal demand will strengthen in 2023 to help preserve gas supply. With no Russian coal, Europe will likely increase coal shipments from non-Russian sources, indicating that Europe may not be out of the energy supply risk yet.

### SUPPLY

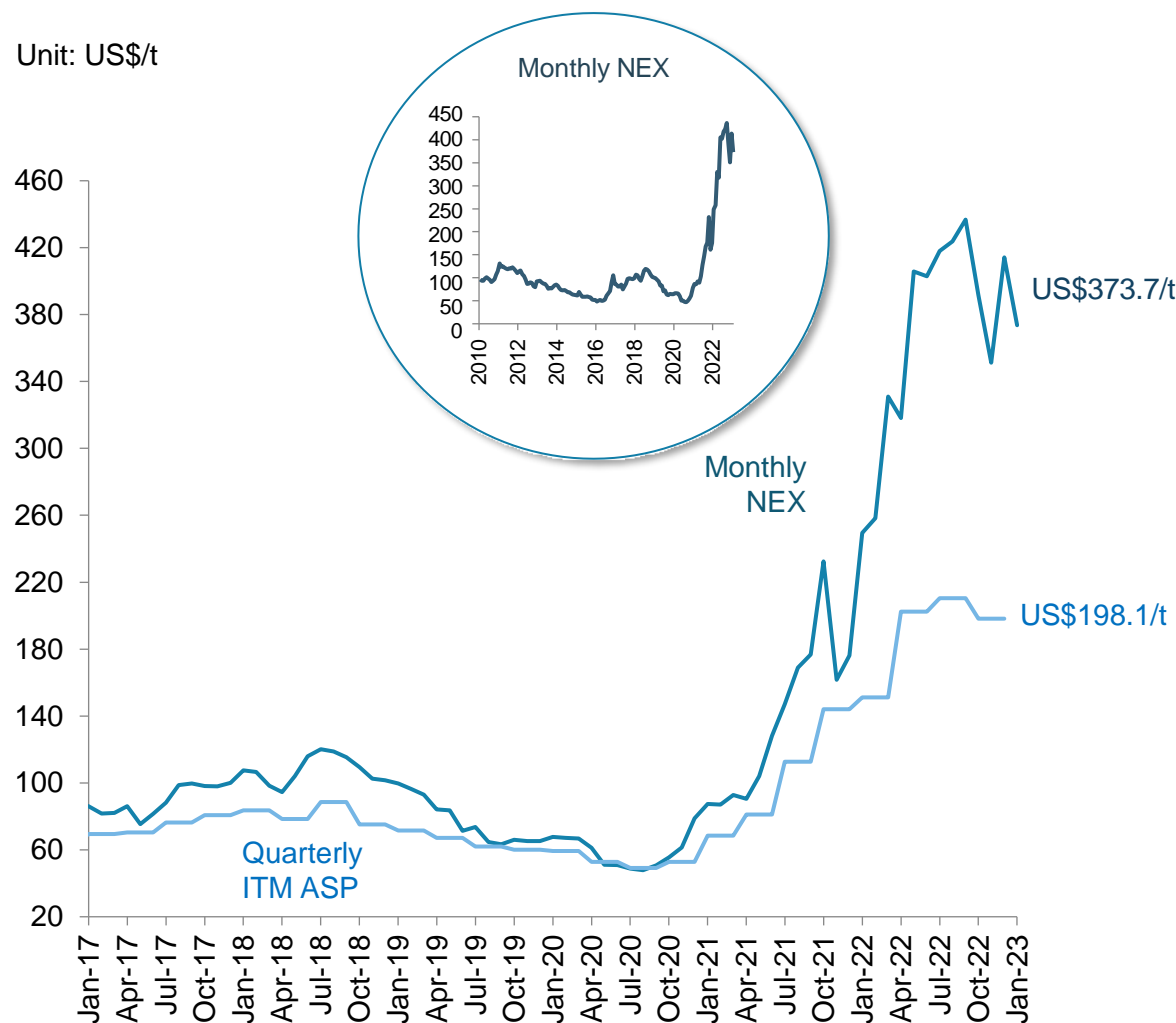
Although less tight than in 2022, global HCV supply remains limited enough to maintain high price levels. Lower CV coal appears to have much looser fundamentals due to the possibility that Indonesia may significantly increase its output.

- **Indonesia:** Producers have expressed interest in growing supply to take advantage of high coal prices. We expect further growth in production and export in 2023.
- **Australia:** Export is expected to recover substantially from last year, after mining conditions were impacted by persistent rainfall throughout the year. Without Russia, Australia is the single most important driver of the HCV market.
- **Others:** Russia has lost its European and some of its JKT market due to falling global coal prices affecting Russian sellers, resulting in lower output. Logistic constraints will continue to curb exports from South Africa and the US while Colombia faces uncertainty from risk of blockades.



# ITM ASP vs thermal coal benchmark prices

## ITM ASP VS BENCHMARK PRICES

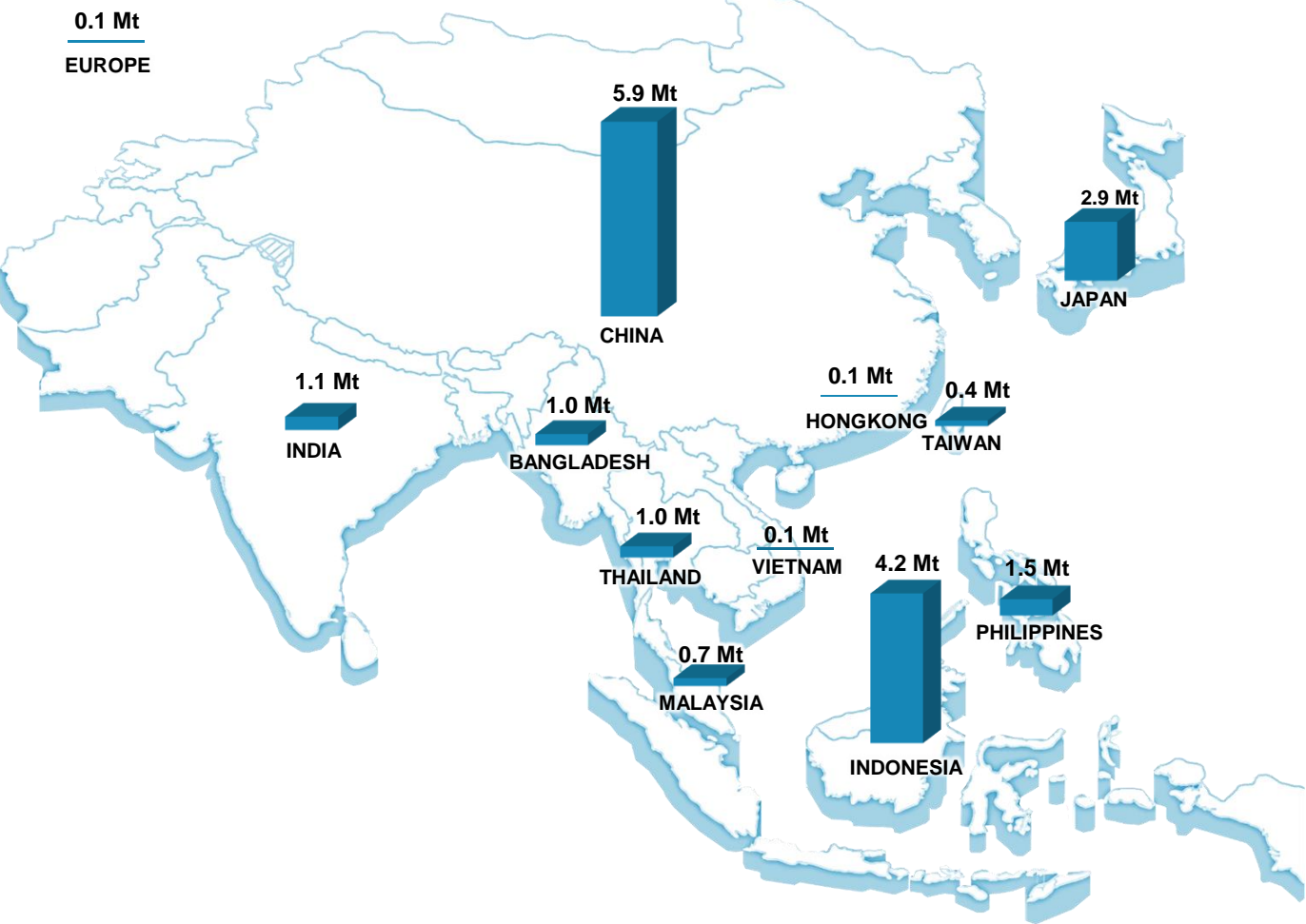


## COMMENTS

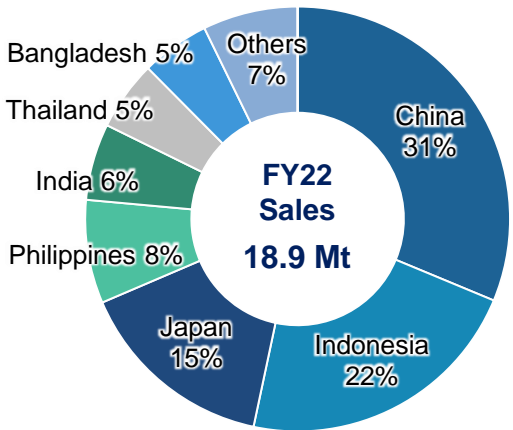
- The overall seaborne premium thermal coal market remained relatively strong through 4Q22, particularly in the later part of the quarter, mainly due to the wet weather in major coal fields in New South Wales, Australia.
- GCNewc started weakening from September until early November, the weekly GCNewc hit the bottom (US\$324/t) on 11 November. From late November, the coal market gained momentum again due the wet weather in Australia, the weekly GCNewc hit US\$416/t on 9 December.
- The lower quality thermal coal market has been relatively stable during 4Q22. ICI2/3/4 were in the range of US\$150-180, US\$115-135, US\$85-95. In general, despite the winter peak season, the average price level of mid-low CV Indo coal market in 4Q22 was in the similar level with 2Q22.
- 2H22 is the peak of premium thermal coal in a foreseeable future, while the fundamentals of the thermal coal market is still relatively strong considering the geopolitical environment.
- We anticipate the demand for off specification thermal coal to continue to increase, not only the new demand from traditional premium coal buyers, the import demand from China and India will become stronger thanks to the economy recovery after Covid-19.
- ITM ASP in 4Q22 remains at historically high level.
- Key price metrics:
  - ITM ASP 4Q22 : US\$198.1/t\* (-6% QoQ)
  - NEX (February 17, 2023)\*\*: US\$202.5/t

Note: \*Includes post shipment price adjustments as well as traded coal  
\*\*The Newcastle Export Index (NEX)

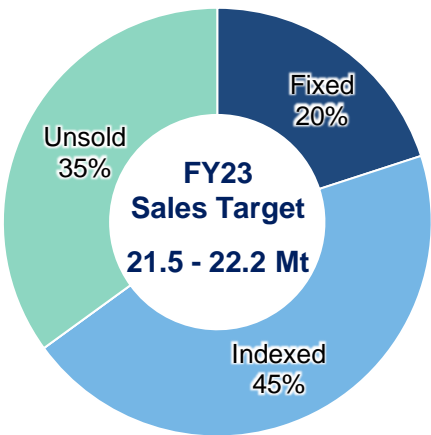
## FY22 COAL SALES BREAKDOWN BY DESTINATION



## COAL SALES FY22



## INDICATIVE COAL SALES FY23







# Operational Updates





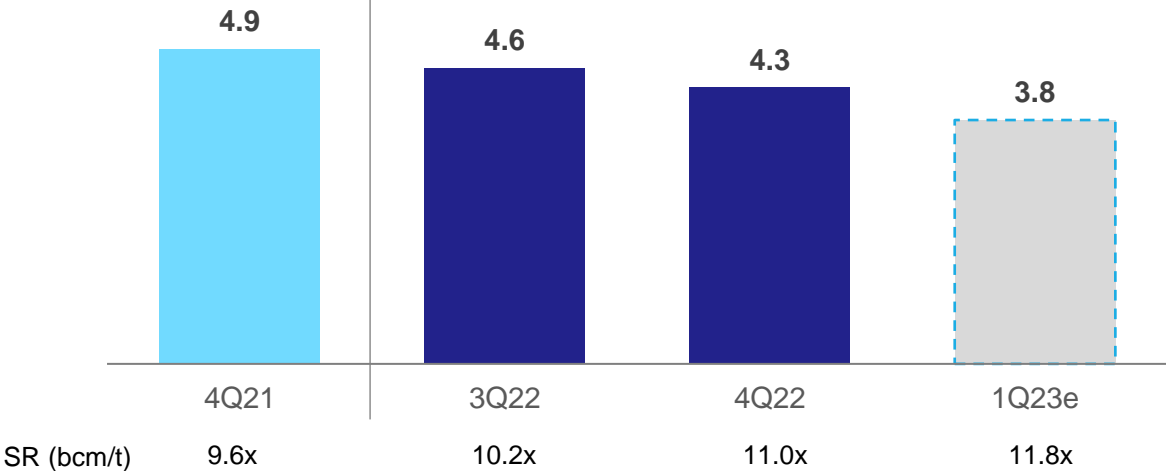
# Operational summary



2023 Target: 16.6-17.0Mt



Unit: Mt



- 4Q22 production was below than target, reaching 4.3mt due to extreme weather and flooding at Jorong mine.
- 1Q23 production is targeted at lower level as we are still cautious for the challenging weather in 1Q23 and no more contribution from Embalut mine.
- 1Q23 strip ratio will be higher than previous quarter following the pre-stripping activity at Indominco and Trubaindo mine. However, we expect strip ratio for the next few quarters will be lower than 1Q23.

Note: Higher production target is subject to further government approval

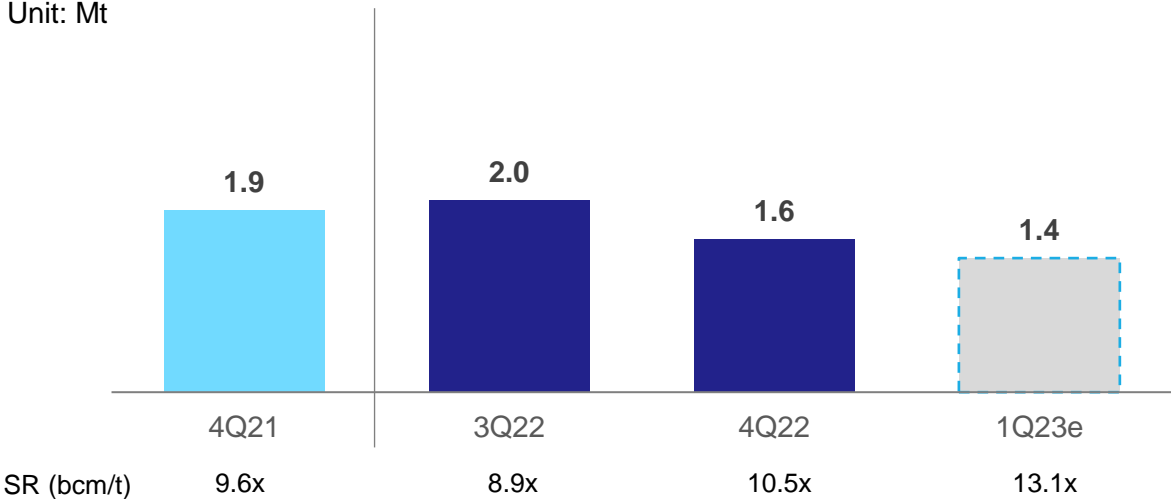
# Coal operations: Indominco Mandiri



2023 Target: 6.4Mt



Unit: Mt



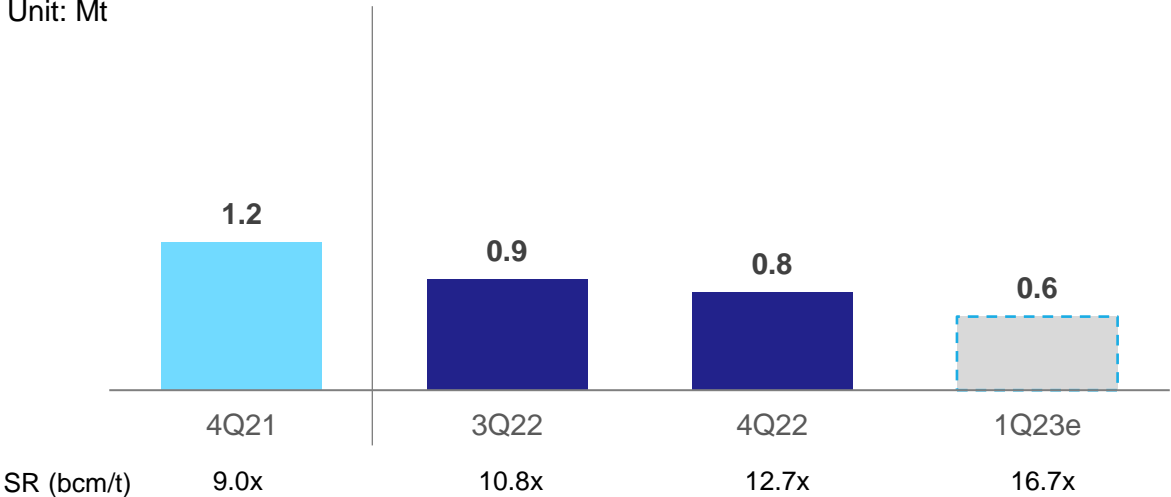
- Despite heavier rainfalls than expected, 4Q22 production was achieved 1.6Mt following a success water pumping.
- 1Q23 output target is set at 1.4Mt while strip ratio will be slightly higher at 13.1x following the mining sequence.

# Coal operations: Trubaindo Coal Mining

2023 Target: 2.7Mt



Unit: Mt

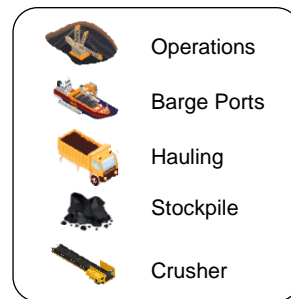


- 4Q22 production exceeded the target at 0.8Mt as improvement on mining contractor's performance continues.
- 1Q23 output target expectation is 0.6Mt with expected higher strip ratio at 16.7x, following the pre-stripping activities at Trubaindo mine.

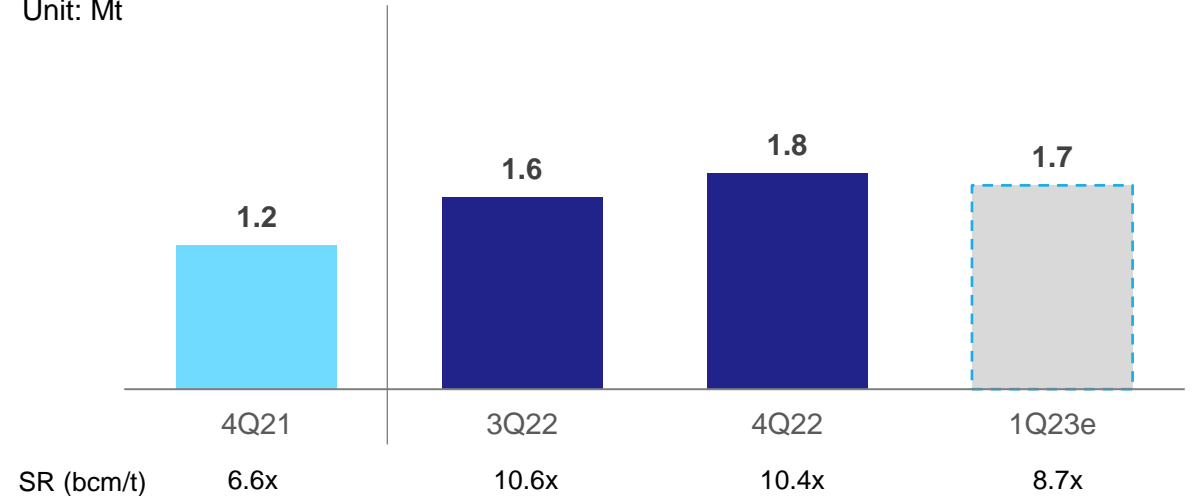


# Coal operations: Bharinto Ekatama

2023 Target: 6.8Mt



Unit: Mt

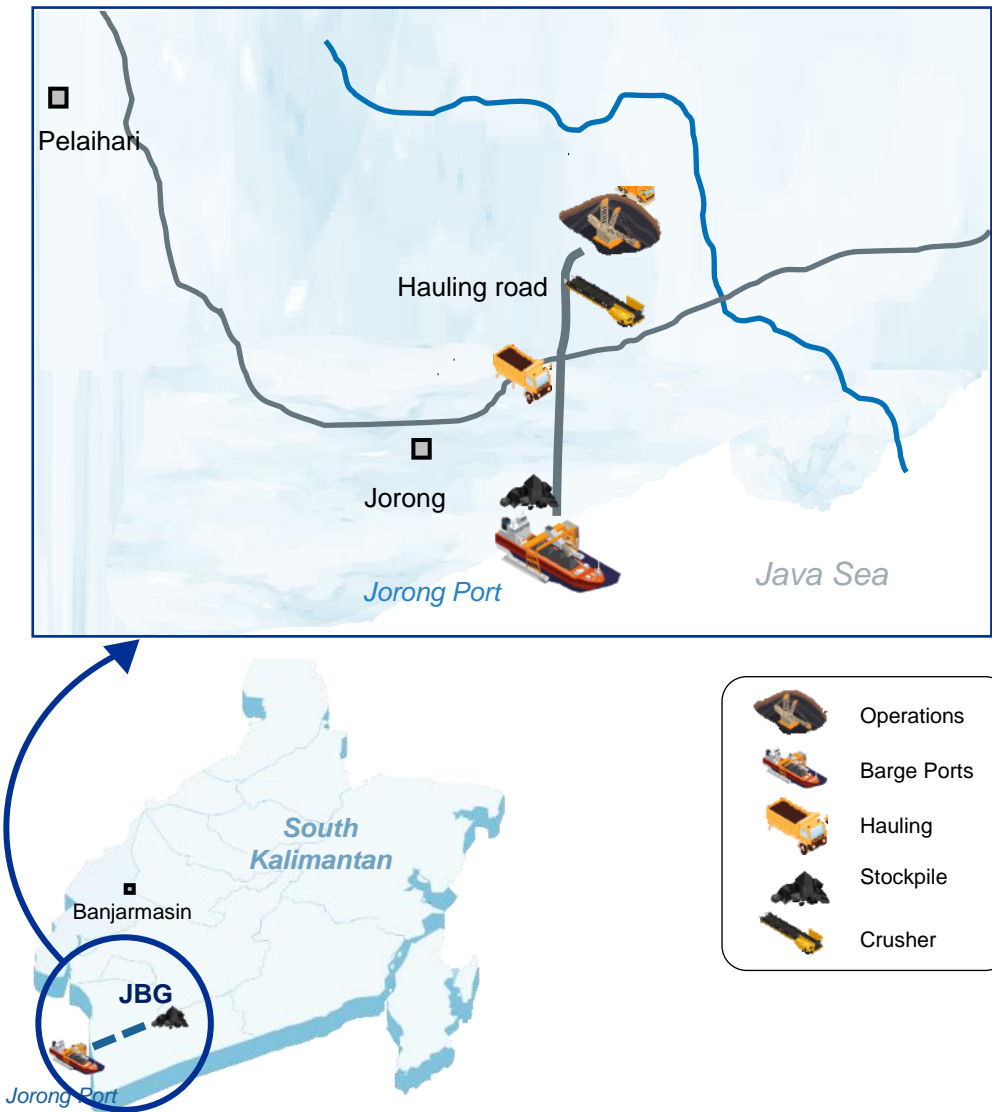


- 4Q22 actual production achieved at 1.8Mt, slightly below than target as the operation maintained safe production amidst challenging weather, high rainfalls, and slippery.
- Bharinto has exhibited higher production capacity from around 1.1Mt in 2021 to around 1.8Mt in 2022. There is still potential upside to reach ~2.0Mt in the future.
- 1Q23 output target will be at 1.7Mt with targeted strip ratio at 8.7x.

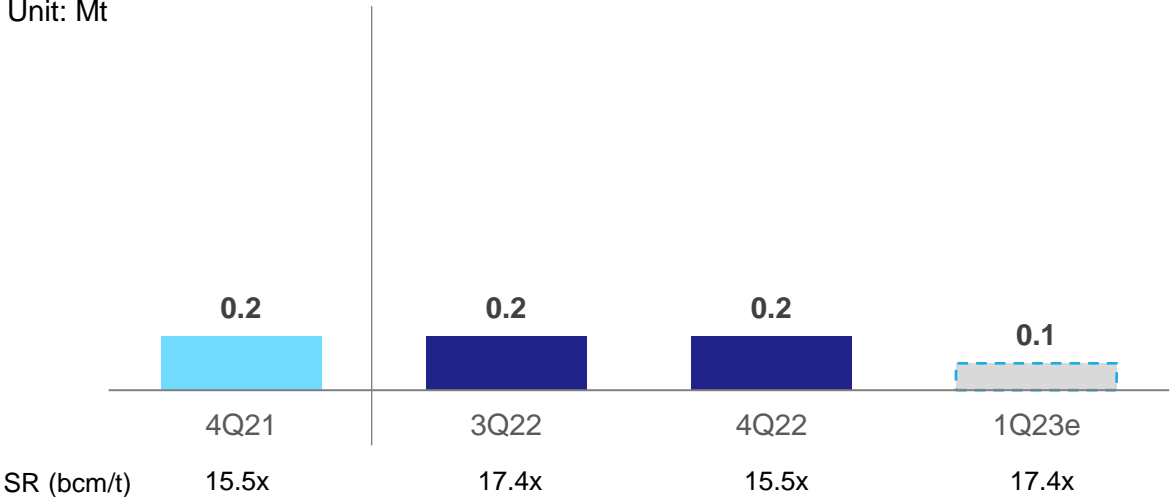
# Coal operations: Jorong Barutama Greston



2023 Target: 0.5Mt



Unit: Mt



- 4Q22 production achieved lower than target at 0.2Mt with maintained strip ratio at 15.5x. The production is challenged by adverse weather that cause flooding in the mining area.
- 1Q23 output target is set at 0.1Mt with higher strip ratio of 17.4x due to pre-stripping activities conducted at the mine area.



# Financial Updates



# Profitability – Income statement



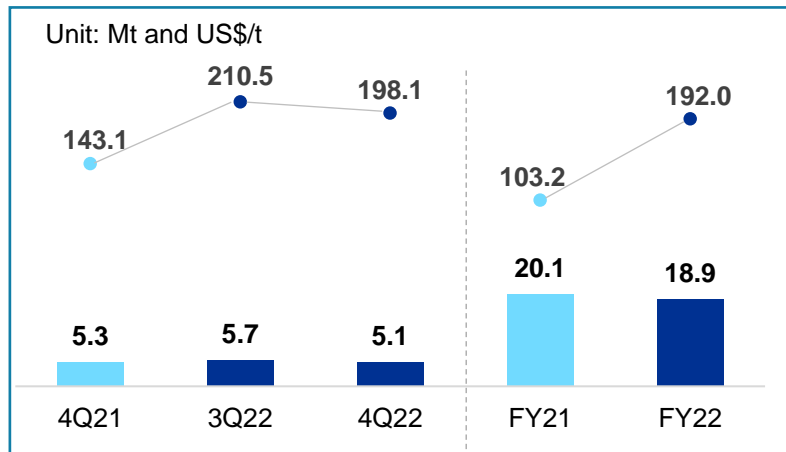
## Capturing the opportunity on commodity supercycle

Robust financial performance as revenue/EBITDA/net profit FY22 increased by **75%/101%/152% YoY** representing our capability to seize elevated commodity prices and other external catalysts.

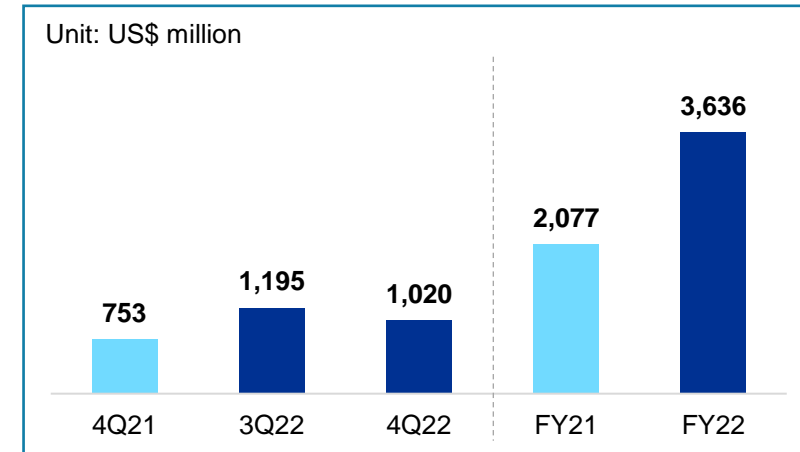
## Solid cash flow generation

Strong cash generation with 4Q22 and FY22 EBITDA of **\$442M and \$1,783M** respectively. Consequently, cash position at the end of the year increased to **\$1,430M**.

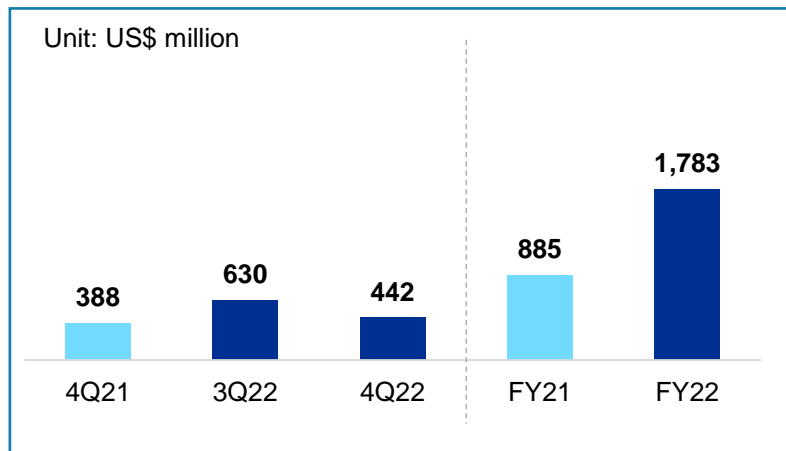
## SALES VOLUME AND ASP



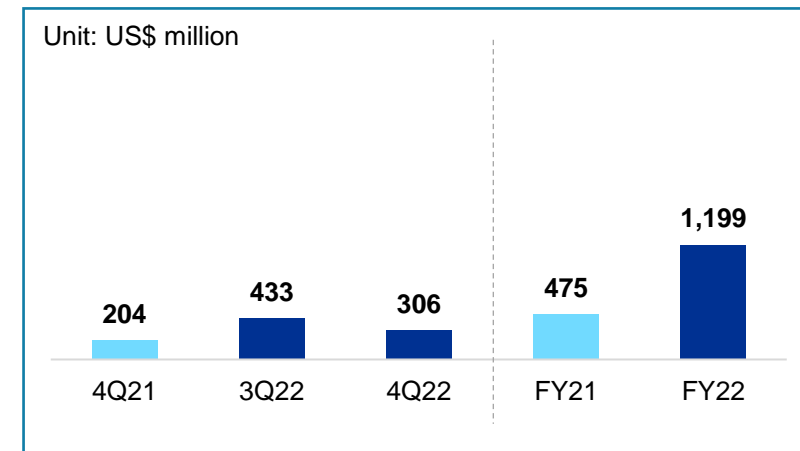
## REVENUE



## EBITDA



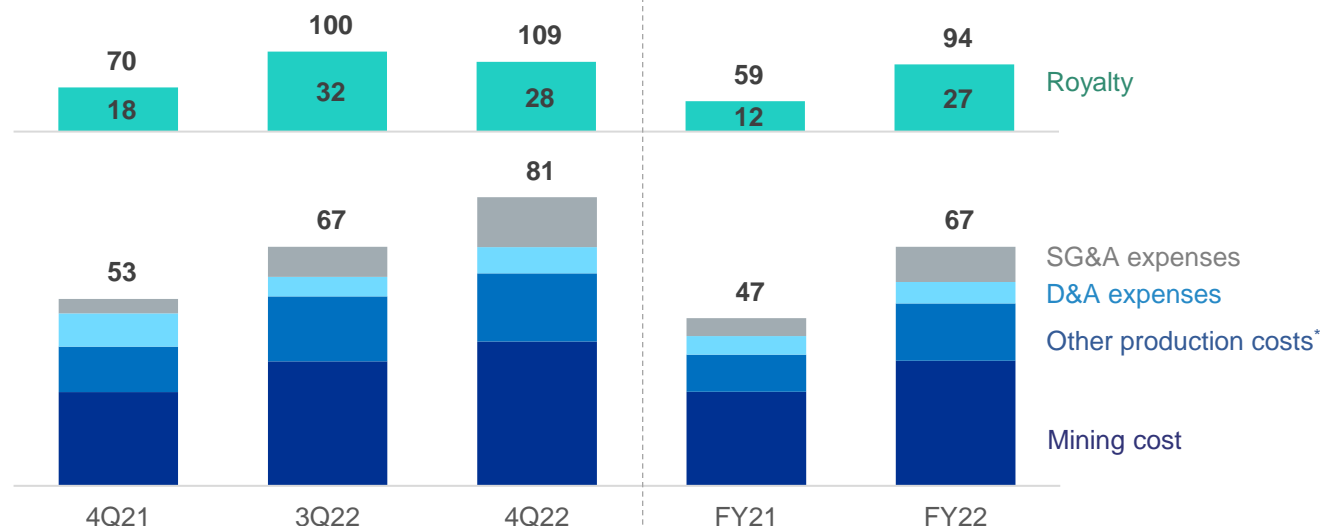
## NET PROFIT



# Cost analysis

## TOTAL COST BREAKDOWN

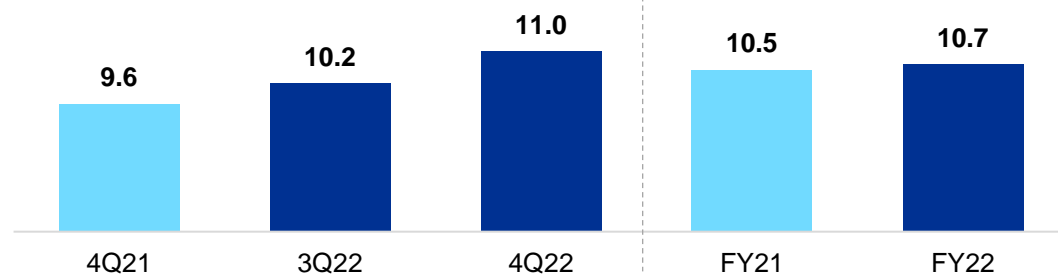
Unit: US\$/t



- Average total cost per ton (excluding royalty) rose to \$81/t in 4Q22 impacted by:
  - 1) Slight increase on strip ratio.
  - 2) Lower production volume affecting unit cost.
  - 3) Adjustment of DMO tariff due to change in regulation.
- Overall, increase in 2022 cost heavily impacted by higher fuel price and royalty increased following high ASP.

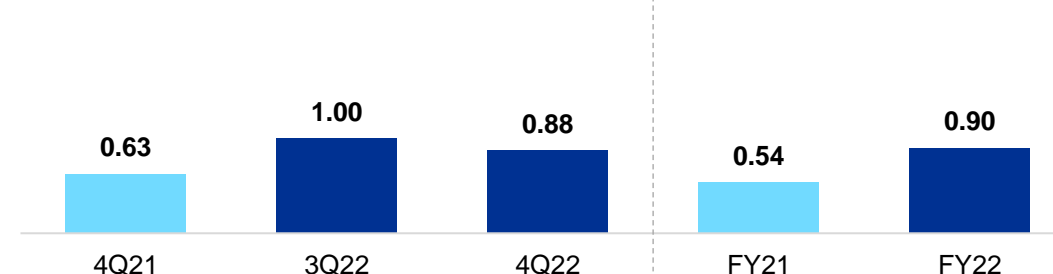
## WEIGHTED AVERAGE STRIP RATIO

Unit: Bcm/t



## FUEL PRICE

Unit: US\$/Ltr



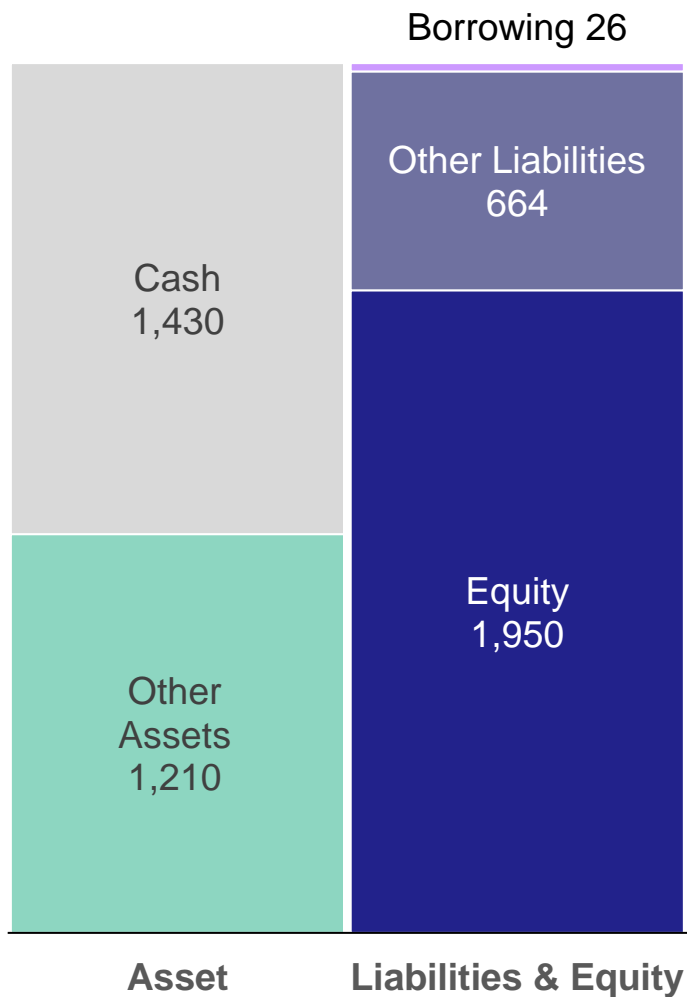
\*Include repair and maintenance, salaries and allowances, inventory adjustment, others etc.

# Balance sheet and key ratios



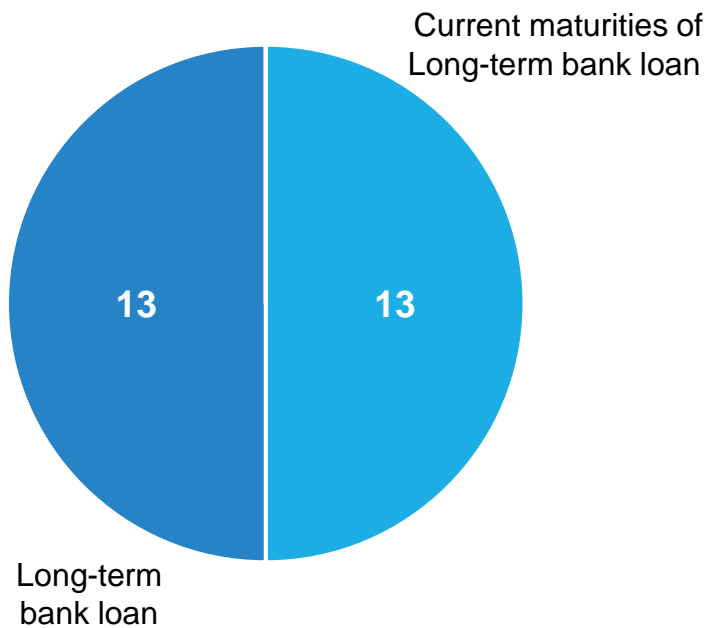
## FY22 BALANCE SHEET

Unit: US\$ million



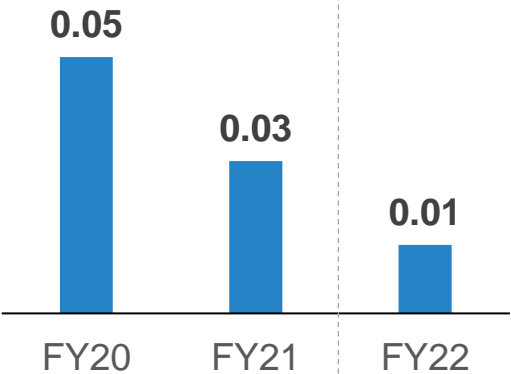
## BANK LOAN DETAILS

Unit: US\$ million

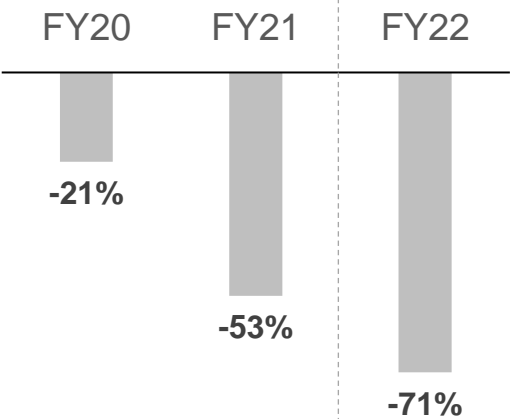


## KEY RATIOS

### Debt to Equity (x)



### Net Gearing (%)



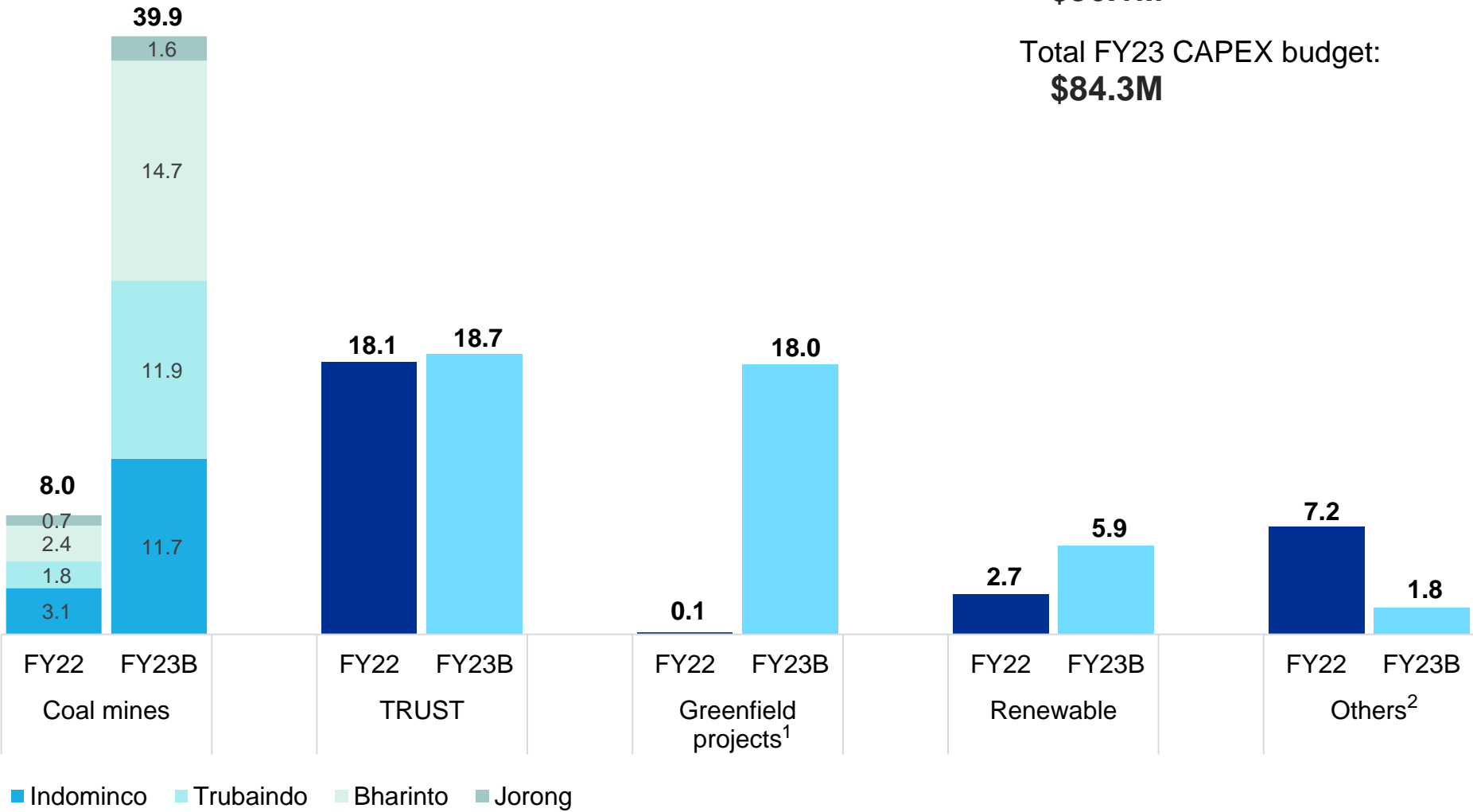
Note: Net gearing formula is net debt to total debt and equity



# Capital expenditure



Unit: US\$ million



Total FY22 CAPEX actual:  
**\$36.1M**

Total FY23 CAPEX budget:  
**\$84.3M**

Note: 1) Greenfield projects consist of GPK, NPR and TIS 2) Others including KTD and digital projects



# Q&A Session

# Income statement – 4Q22 vs 3Q22



Unit: US\$ thousand	4Q22	3Q22	QoQ (%)
<b>Net Revenues</b>	<b>1,019,775</b>	<b>1,194,897</b>	<b>(15%)</b>
<b>Gross Profit</b>	<b>487,682</b>	<b>657,550</b>	<b>(26%)</b>
Gross Profit Margin	48%	55%	
<b>EBITDA</b>	<b>441,529</b>	<b>629,516</b>	<b>(30%)</b>
EBITDA Margin	43%	53%	
<b>EBIT</b>	<b>409,608</b>	<b>603,744</b>	<b>(32%)</b>
EBIT Margin	40%	51%	
Selling Expenses	63,079	42,579	
General And Administration Expenses	14,995	11,227	
Finance Costs	(612)	(887)	
Finance Income	5,056	1,765	
Others, Net	(15,645)	(55,101)	
<b>Profit Before Income Tax</b>	<b>398,407</b>	<b>549,521</b>	<b>(27%)</b>
Tax Expense	(92,612)	(116,653)	(21%)
<b>Profit For The Period</b>	<b>305,795</b>	<b>432,868</b>	<b>(29%)</b>

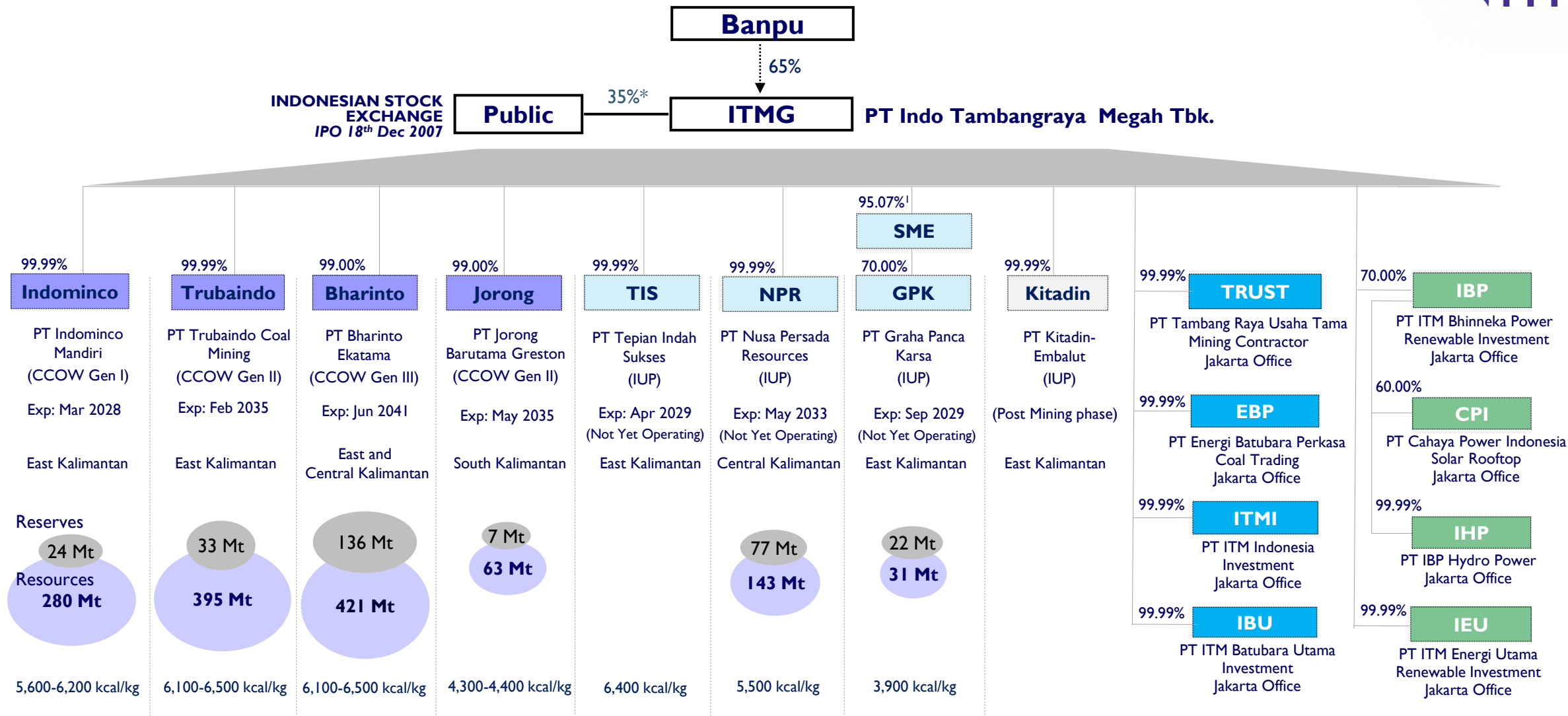


# Income statement – FY22 vs FY21



Unit: US\$ thousand	FY22	FY21	YoY(%)
<b>Net Revenues</b>	<b>3,636,213</b>	<b>2,076,813</b>	<b>75%</b>
<b>Gross Profit</b>	<b>1,894,392</b>	<b>916,533</b>	<b>107%</b>
Gross Profit Margin	52%	44%	
<b>EBITDA</b>	<b>1,783,077</b>	<b>885,341</b>	<b>101%</b>
EBITDA Margin	49%	43%	
<b>EBIT</b>	<b>1,682,716</b>	<b>791,182</b>	<b>113%</b>
EBIT Margin	46%	38%	
Selling Expenses	169,764	100,418	
General And Administration Expenses	41,912	24,933	
Finance Costs	(3,354)	(2,689)	
Finance Income	8,869	2,982	
Others, Net	(143,439)	(170,386)	
<b>Profit Before Income Tax</b>	<b>1,544,792</b>	<b>621,089</b>	<b>149%</b>
Tax Expense	(345,447)	(145,699)	137%
<b>Profit For The Period</b>	<b>1,199,345</b>	<b>475,390</b>	<b>152%</b>

# ITM structure



Note: Reserves and Resources is as of 31<sup>st</sup> 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.

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