Company Update

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PT Ajaib Sekuritas Asia

ITMG

PT Indo Tambangraya Megah Tbk

Riding the Coal Tightening Cycle

- **The coal market is tightening, with Indonesian export curbs likely lifting 2026 prices toward USD120–125/ton.**
- **ITMG pushes energy transition via 102 MWp solar projects and a 9.62% stake in nickel producer NICE.**
- **Earnings softened as ASP fell to USD77/ton (–21% YoY), dragging 9M25 net profit to USD131m (–52% YoY).**
- **BUY maintained (TP Rp24,300), supported by stronger cost efficiency and expected ASP recovery in 2026.**

Coal Dependence Tightens Amid Policy Shifts

The coal market is entering a tighter, more policy-driven phase as major economies juggle energy-transition goals with the need to safeguard grid reliability: India is targeting 307 GW of coal capacity by 2035 (up 46% from today's 210 GW) while doubling non-fossil generation to 500 GW by 2030, underscoring why Asia still accounts for over 60% of global coal use; China's coal demand is expected to peak only by 2030; and Indonesia, the world's largest thermal coal exporter, is reshaping seaborne dynamics with a planned 1–5% export tax from 2026 (raising ~Rp20 tn/USD1.2 bn annually), moderating production (Jan–Sep 2025 output down 7.5% YoY to 585 Mt) and exports (down 4.7% YoY to 285 Mt), and considering deeper cuts below 700 Mt in 2026 versus the current 735 Mt target. Domestic fundamentals remain steady—consumption projected at ~200–230 Mt in 2026 versus 233 Mt in 2024 and ~220 Mt in 2025—fueling debate over raising the 25% DMO, since a 750 Mt output would cut DMO volume to 188 Mt, below ~230 Mt needs; taken together, export taxation, output discipline, and potential DMO tightening will redefine Indonesia's 2026 coal landscape and its pricing power in a market where India and Southeast Asia comprise ~35% of demand. We expect coal prices to stabilize or gradually recover toward the USD120–125/ton range in 2026, supported by tightening supply and structurally firm import demand from India and Southeast Asia.

ITMG Expands Beyond Coal with Renewables & Nickel

ITMG is advancing its diversification strategy through renewable expansion and selective exposure to the nickel value chain. As of 3Q25, ITMG's cumulative contracted solar-based renewable capacity reached 102 MWp (+13% QoQ), underscoring growing demand for low-carbon power across its operations and external clients. In parallel, ITMG acquired 585 million shares of PT Adhi Kartiko Pratama Tbk. (NICE) for Rp256.23 billion at Rp438 per share—a premium to the ~Rp410 current market price—giving ITMG a 9.62% minority stake. The company clarified that the purchase is a direct, non-controlling investment and not a repo, intended to secure long-term strategic exposure to Indonesia's nickel sector as part of its broader shift toward energy-transition-aligned assets.

Strong Operations, But ASP Slump Hits Earnings

ITMG reported 3Q25 coal sales of USD450 million (+3.0% QoQ; –26% YoY), bringing 9M25 revenue to USD1.4 billion (–17.4% YoY). Despite solid operational performance—production and sales volumes rose +5.0%/+6.1% YoY in 9M25, the strip ratio improved to 9.3x (vs 9M24: 10.1x), overburden removal fell to 143 million bcm (–5.5% YoY)—the revenue decline was primarily driven by a sharp drop in ASP, down to USD77/ton (–21% YoY) in line with weaker global coal prices. As a result, net profit improved on a quarterly basis to USD40 million in 3Q25 (+52.3% QoQ; –72.2% YoY), but 9M25 earnings totaled only USD131 million (–52.2% YoY).

BUY Maintained: Efficiency Strength

We maintain our **BUY** call on ITMG with a lower target price of **Rp24,300** (previously Rp27,000), implying 5.9x 2026F PE (a 6.3% discount to local peers), supported by sustained operational efficiency, resilient margins, and improving earnings visibility as the market enters a more supply-disciplined phase. We also expect ASP improvement in 2026, driven by tighter Indonesian export supply, and modest recovery in Asian import demand—particularly India and Southeast Asia. For FY25, ITMG targets 24.5 Mt of sales volume (vs 2024: 24.0 Mt) and 21.1 Mt of production (vs 2024: 20.2 Mt), underpinned by a lower strip ratio that continues to support cost efficiency. **Key risks:** weaker-than-expected coal prices, regulatory shifts on production or royalties, and rising fuel or mining-service costs that could erode margins.

Key Financial Highlights

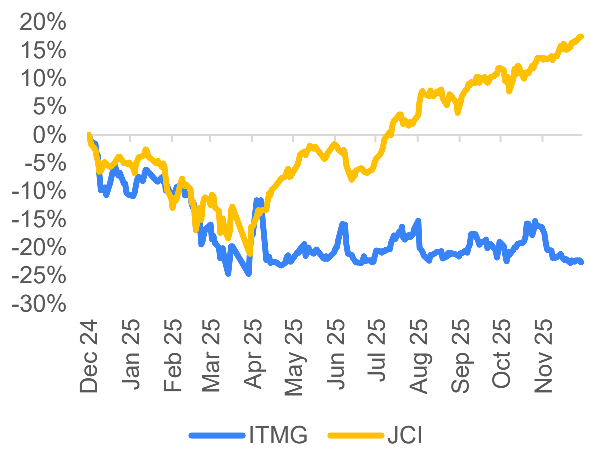
Key Metrics (USD mn)	2023	2024	2025F	2026F	2027F
Revenue	2,374	2,304	1,916	2,204	2,349
EBITDA	642	523	276	405	457
Net Profit	474	369	188	279	311
EPS Growth (%)	-60.8	-18.8	-47.1	48.6	11.6
Dividend Yield (%)	35.3	11.4	13.4	6.8	10.1
P/E (x)	4.02	5.15	8.58	5.77	5.17
EV/EBITDA (x)	1.54	1.94	3.35	2.55	2.34

BUY

Stock Information (as of December 11, 2025)

Last Price (Rp)	21,750
Target Price (Rp)	24,300
Potential Upside	11.7%
Previous TP (Rp)	27,000
Market Cap (Rp tn)	24.6
52 Week Range (Rp)	28,650 - 21,400
Free Float	34.9%
Share Out. (bn)	1.1

1-Year Stock Performance Comparison vs JCI



Shareholders

ITMG's Shareholders	%
Banpu Minerals	65.1
Public	34.9

Company Description

ITMG's Company Profile

PT Indo Tambangraya Megah Tbk is an Indonesia-based company engaged in mining, processing, and logistics activities. Its core business consists of coal mining operations and coal sales. The Company also runs supporting activities, including coal terminal operations, port loading facilities, supported with power plant operations, mining contractors, and fuel distribution.

Analyst

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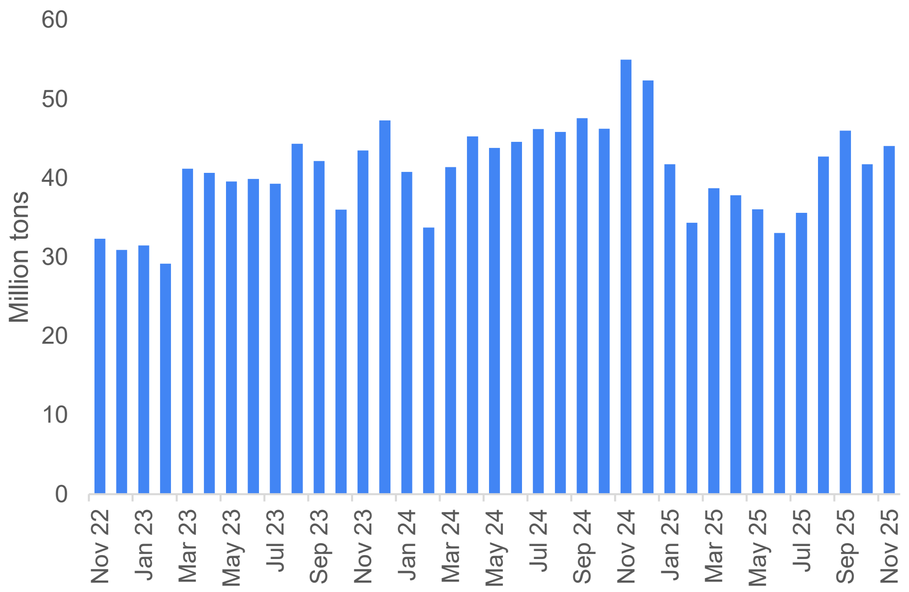
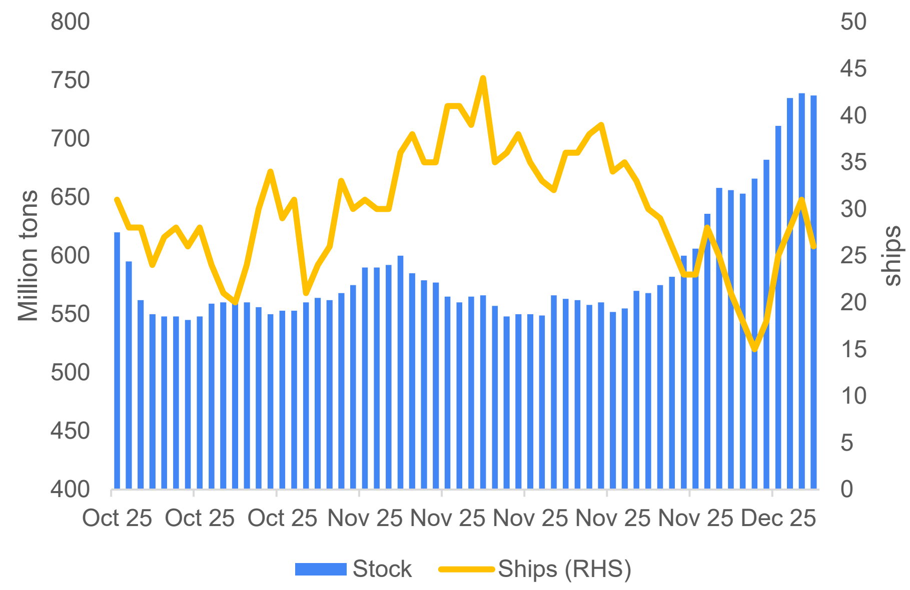
Figure 1. Monthly Coal Impor Volume in China



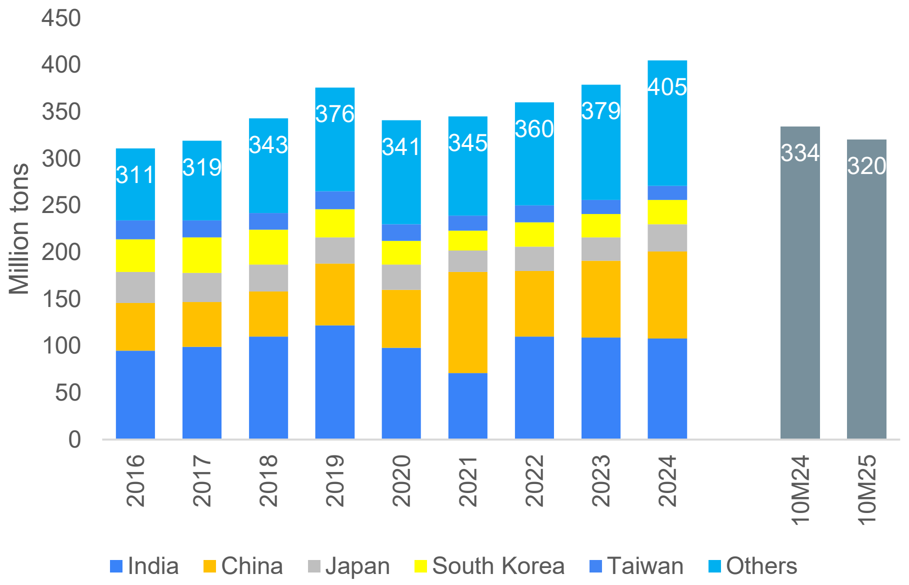
Source: China Coal Market, Ajaib Research

Figure 2. Daily Coal Stocks & Ships at QHD Port



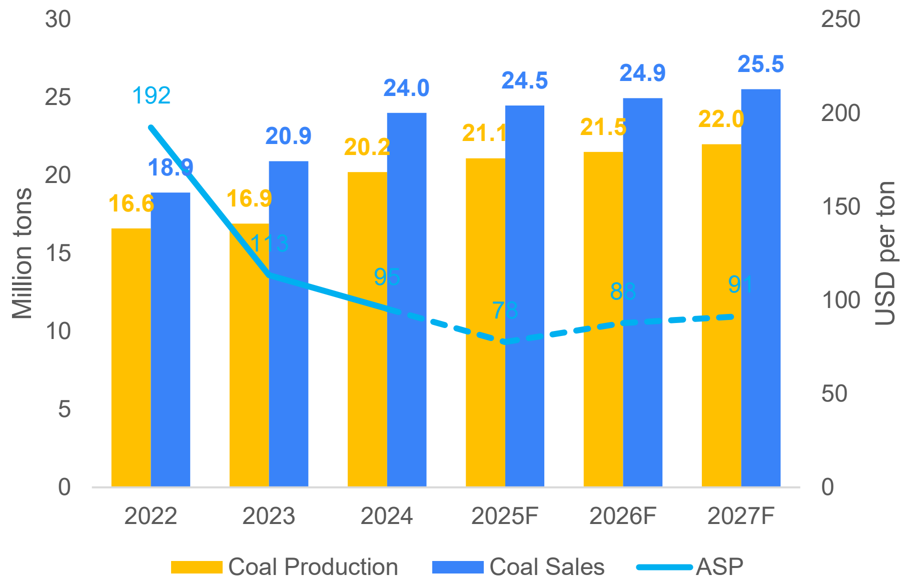
Source: China Coal Market, Ajaib Research

Figure 3. Indonesia Coal Export Volume



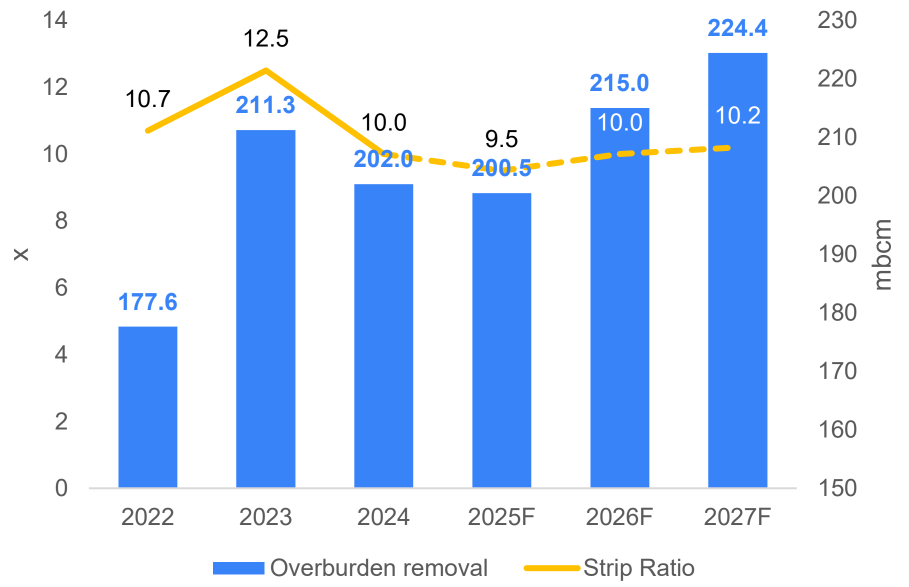
Source: BPS, Ajaib Research

Figure 4. ITMG's Coal Sales, Production & ASP Projections



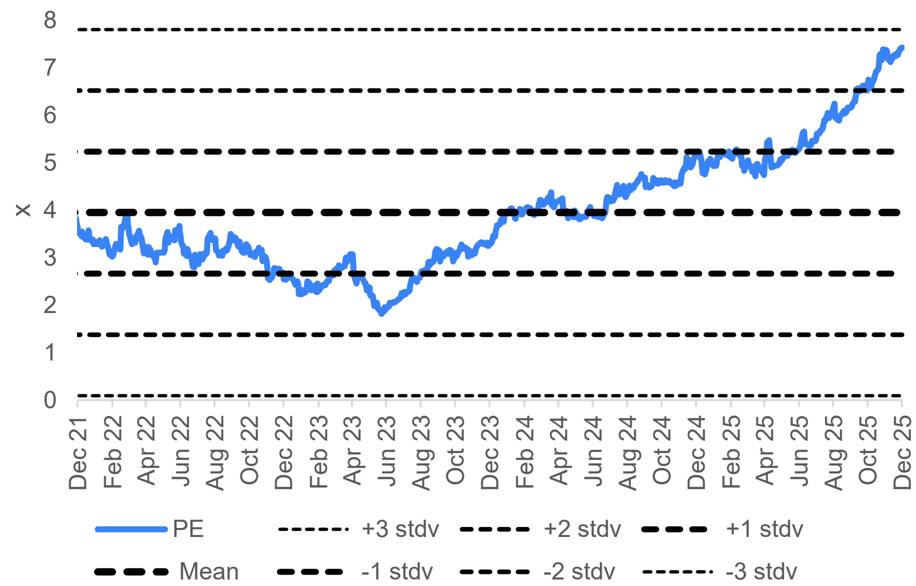
Source: Company, Ajaib Research

Figure 5. ITMG's OB Removal & Strip Ratio Projections



Source: Company, Ajaib Research

Figure 6. ITMG's Forward PE Band



Source: Bloomberg, Ajaib Research

Figure 7. Peers Comparison 2026F

Ticker	Market Cap (Rp tn)	P/E (x)	EPS Growth (%)	Rev. Growth (%)	ROE (%)	Div. Yield (%)
ITMG IJ	**24.7**	**6.3**	**-22.3**	**-2.9**	**12.7**	**13.7**
PTBA IJ	26.3	8.0	-17.0	11.1	16.0	14.6
AADI IJ	57.0	4.6	6.0	-1.2	19.0	2.5
975 HK	24.5	17.2	-1.6	0.5	8.6	N.A
601011 CH	15.8	N.A	-614.9	-65.4	-3.9	N.A
000968 CH	15.2	16.1	-18.7	-4.9	6.7	0.5
866 HK	14.1	12.3	113.9	-24.6	N.A	1.5
000571 CH	12.1	N.A	-25.5	-33.0	-55.6	N.A
Sector Average		**10.7**	**-72.5**	**-15.0**	**0.5**	**6.5**

Source: Bloomberg, Ajaib Research

Financial Statement (USD million)

Income Statement	2023	2024	2025F	2026F	2027F
Revenue	**2,374**	**2,304**	**1,916**	**2,204**	**2,349**
Cost of revenue	-1,632	-1,606	-1,472	-1,631	-1,727
Gross Profit	**743**	**699**	**444**	**573**	**622**
OpEx	-137	-215	-206	-216	-223
Operating Profit	**605**	**483**	**238**	**357**	**399**
EBITDA	642	523	276	405	457
Other Income (Expenses)	7	-26	-26	-26	-26
Net Interest Expense	6	32	37	38	40
Pre-tax profit	**618**	**489**	**249**	**370**	**413**
Income Tax	-144	-119	-60	-89	-100
NPAT	**474**	**370**	**189**	**280**	**313**
Minority Interest	1	-1	-1	-1	-1
Net Profit	**474**	**369**	**188**	**279**	**311**
EPS (Rp)	**6,379**	**5,182**	**2,740**	**4,071**	**4,543**

Cashflow Statement	2023	2024	2025F	2026F	2027F
Net Profit	474	369	188	279	311
D&A	-37	548	538	539	540
Changes in Working Capital	-63	-47	-16	-110	-31
Others	-316	-507	-430	-527	-531
Operating Cash Flow	**58**	**362**	**281**	**181**	**289**
Capital Expenditure	20	-12	-1	-9	-13
Changes in other assets	0	0	0	0	0
Investing Cash Flow	**20**	**-12**	**-1**	**-9**	**-13**
Net - Borrowing	4	19	-12	9	5
Dividend Payment	-674	-216	-216	-109	-162
Other Financing	12	-13	0	0	0
Financing Cash Flow	**-658**	**-210**	**-228**	**-100**	**-157**
Net - Cash Flow	-579	139	51	72	119
Cash at beginning	1,430	851	990	1,041	1,113
Cash at ending	**851**	**990**	**1,041**	**1,113**	**1,232**

Balance Sheet	2023	2024	2025F	2026F	2027F
Cash & equivalents	851	990	1,041	1,113	1,232
Receivables	197	184	158	182	194
Inventories	98	85	84	93	98
Prepaid Expenses	4	0	0	0	0
Others	129	146	177	180	173
Total Current Assets	**1,280**	**1,405**	**1,461**	**1,568**	**1,697**
Fixed Assets	168	178	178	176	168
Mining Properties	11	10	9	8	7
Deferred Stripping Cost	94	176	175	188	196
Other Non-Current Assets	635	638	491	589	637
Total Non-Current Assets	**908**	**1,002**	**852**	**961**	**1,007**
Total Assets	**2,188**	**2,407**	**2,313**	**2,529**	**2,705**
ST. Debt	46	27	22	26	27
Payables	110	133	111	123	131
Other current Liability	138	154	138	149	154
Total Current Liability	**294**	**314**	**272**	**298**	**312**
LT. Debt	8	46	38	44	46
Other LT Liabilities	97	113	97	110	116
Total Non-Current Liability	**105**	**159**	**135**	**153**	**162**
Total Liability	**399**	**473**	**407**	**451**	**475**
Total Equity	**1,789**	**1,934**	**1,906**	**2,078**	**2,230**
Total Liabilities & Equity	**2,188**	**2,407**	**2,313**	**2,529**	**2,705**

Key Ratios (%)	2023	2024	2025F	2026F	2027F
Gross Profit Margin	31.3	30.3	23.2	26.0	26.5
EBITDA Margin	27.0	22.7	14.4	18.4	19.5
Net Profit Margin	20.0	16.0	9.8	12.6	13.2
Return on Equity	26.5	19.1	9.8	13.4	13.9
Dividend Yield	35.3	11.4	13.4	6.8	10.1
Debt to Equity	3.0	3.7	3.2	3.3	3.3
Net Gearing	-44.6	-47.5	-51.5	-50.2	-51.9

Source: Company, Ajaib Research

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Rating for Sectors:
Overweight : We expect the industry to perform better than the primary market index (JCI) over the next 12 months.
Neutral : We expect the industry to perform in line with the primary market index (JCI) over the next 12 months.
Underweight : We expect the industry to underperform the primary market index (JCI) over the next 12 months.

Rating for Stocks:
Buy : The stock is expected to give total return (price appreciation + dividend yield) of > +10% over the next 12 months.
Hold : The stock is expected to give total return of > 0% to ≤ +10% over the next 12 months.
Sell : The stock is expected to give total return of < 0% over the next 12 months.
Outperform : The stock is expected to do slightly better than the market return. Equal to “moderate buy”
Underperform : The stock is expected to do slightly worse than the market return. Equal to “moderate sell”

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PREPARED BY AJAIB RESEARCH TEAM

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