Company Update

March 5, 2026

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PT Ajaib Sekuritas Asia

ITMG

PT Indo Tambangraya Megah Tbk

Ready for the Next Coal Upswing

- **FY25 revenue fell to USD1.8bn (–18.4% YoY) as ASP declined to USD76/ton (–20.8%), though cash cost improved to USD43.5/ton (–12.3%) on contractor and fuel efficiency.**
- **Production for FY25 reached 21.2Mt (+5% YoY) and sales 20.5Mt (+2.9%) with a lower 9.4x stripping ratio; 1Q26 target is 5.1Mt, while FY26 guidance awaits RKAB clarity.**
- **ITMG acquired a 9.62% stake in NICE (USD15.8m) and continues renewable initiatives, though RKAB quota risks remain near term.**
- **Maintain BUY, TP Rp30,000 – Valuation at 8.8x 2026F P/E supported by strong net cash, cost discipline, and favorable coal price outlook.**

Coal Rebound Meets Tighter Supply Discipline in 2026
Coal prices have climbed above USD130/ton following a rare disruption at Qatar's LNG facility, which supplies around 20% of global LNG, tightening energy markets and supporting coal substitution demand. With China's coal demand unlikely to peak before 2030 amid continued coal-fired capacity additions, we project coal prices to average around USD120/ton in 2026. Meanwhile, Indonesia is adopting a more disciplined supply stance through a proposed 1–5% export tax and potential production caps below 600Mt, while domestic demand remains stable at 200–230Mt. This reinforces Indonesia's strategic role as the world's largest thermal coal exporter, accounting for ~45% of global seaborne supply.

Earnings Rebound Amid Price Pressure, Cost Discipline Becomes Key Cushion
ITMG reported 4Q25 coal sales of USD512 million (+13.8% QoQ; –20.9% YoY), bringing FY25 revenue to USD1.8 billion (–18.4% YoY), in-line with our estimates, mainly due to a lower ASP of USD76/ton (–20.8% YoY) amid softer global coal prices. Net profit reached USD60 million in 4Q25 (+52.4% QoQ; –40.3% YoY), resulting in FY25 net profit of USD191 million (–49.0% YoY), also in-line with our estimates. FY25 gross profit declined to USD483 million (–30.9% YoY), though quarterly profitability improved sequentially, supported by lower coal purchases (–16.1% QoQ) and reduced fuel and oil expenses (–5.7% QoQ). The shift of some mining activities to contractors helped reduce FY25 cash cost to USD43.5/ton (–12.3% YoY). However, management expects potential cost pressure in 1Q26 due to a higher stripping ratio as mining moves into new areas requiring more pre-stripping and overburden removal. The FY25 dividend payout ratio will be decided at the AGM on 17 April 2026.

Solid Volume Growth, But FY26 Guidance on Hold Pending RKAB Clarity
4Q25 production and sales increased by +16.0% and +13.1% QoQ. For FY25, production reached 21.2 million tons (+5.0% YoY) and sales stood at 20.5 million tons (+2.9% YoY), with a lower stripping ratio of 9.4x (FY24: 10.0x), reflecting improved mine sequencing and cost discipline. For 1Q26, ITMG targets production of 5.1 million tons (vs. 5.8 million tons in 4Q25). However, management stated that the 2026 RKAB quota is still under finalization, limiting production to around 25% of the previous RKAB quota in 1Q26. Due to this uncertainty, the company has not provided FY26 guidance, and both ITMG and buyers are adopting a wait-and-see approach. Meanwhile, the NPR mine has commenced first production in early 2026, with a 1Q26 target of 0.1 million tons and a stripping ratio of 10.2x.

Diversification Push Continues, Yet Regulatory Risk Clouds Near-Term Visibility
The company continues to advance its diversification strategy, including the acquisition of a 9.62% stake in PT Adi Katico Pratama Tbk (NICE) for USD15.8 million, strengthening its trading capabilities and expanding beyond core coal operations. The company also continues to develop its renewable energy portfolio as part of its long-term transformation strategy. Nevertheless, it is important to note that ITMG is neither a state-owned enterprise (SOE) nor an IUPK holder, making it relatively more exposed to potential domestic production quota reductions under the 2026 RKAB adjustment initiative.

Maintain BUY with TP of Rp27,700
We maintain our **BUY** call on ITMG with a higher target price of Rp30,000 (previously Rp24,300), implying 8.8x 2026F PE in line with local coal peers, supported by improving cost discipline and strong balance sheet with net cash position. In addition, we expect coal prices to remain relatively supported around ~USD120/ton in 2026, while ITMG's disciplined capex and operational efficiency should help cushion margin pressure. **Key risks:** weaker-than-expected coal prices, uncertainty surrounding 2026 RKAB production quotas, higher stripping ratio, and potential regulatory changes affecting Indonesia's coal export policy.

Key Financial Highlights

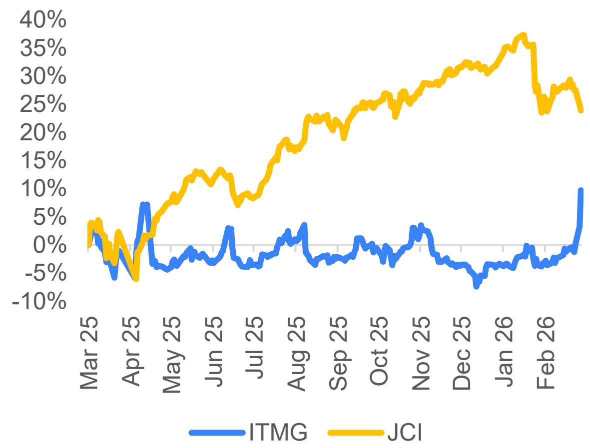
Key Metrics (USD mn)	2023	2024	2025	2026F	2027F
Revenue	2,374	2,304	1,881	1,904	2,092
EBITDA	642	523	304	327	451
Net Profit	500	374	191	234	329
EPS Growth (%)	-58.3	-21.6	-47.0	23.0	41.5
Dividend Yield (%)	35.8	11.6	14.7	6.7	8.2
P/E (x)	3.8	5.0	7.7	8.6	6.1
EV/EBITDA (x)	1.5	1.9	3.9	3.8	2.9

BUY

Stock Information (as of March 6, 2026)

Last Price (Rp)	25,975
Target Price (Rp)	30,000
Potential Upside	15.5%
Previous TP (Rp)	24,300
Market Cap (Rp tn)	28.2
52 Week Range (Rp)	25,975 – 20,900
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. ITMG's 12M25 Financial Result

Key Metrics (USD mn)	12M25	12M24	YoY	4Q25	3Q25	QoQ	4Q24	YoY	% of 2025E
Revenue	1,881	2,304	-18%	512	450	14%	647	-21%	98%
Gross profit	483	699	-31%	156	102	52%	219	-29%	
Gross margin	*26%*	*30%*		*30%*	*23%*		*34%*		
EBIT	267	483	-45%	121	55	120%	157	-23%	
EBIT margin	*14%*	*21%*		*24%*	*12%*		*24%*		
Net profit	191	374	-49%	60	40	53%	101	-40%	102%
Net margin (%)	*10%*	*16%*		*12%*	*9%*		*16%*		

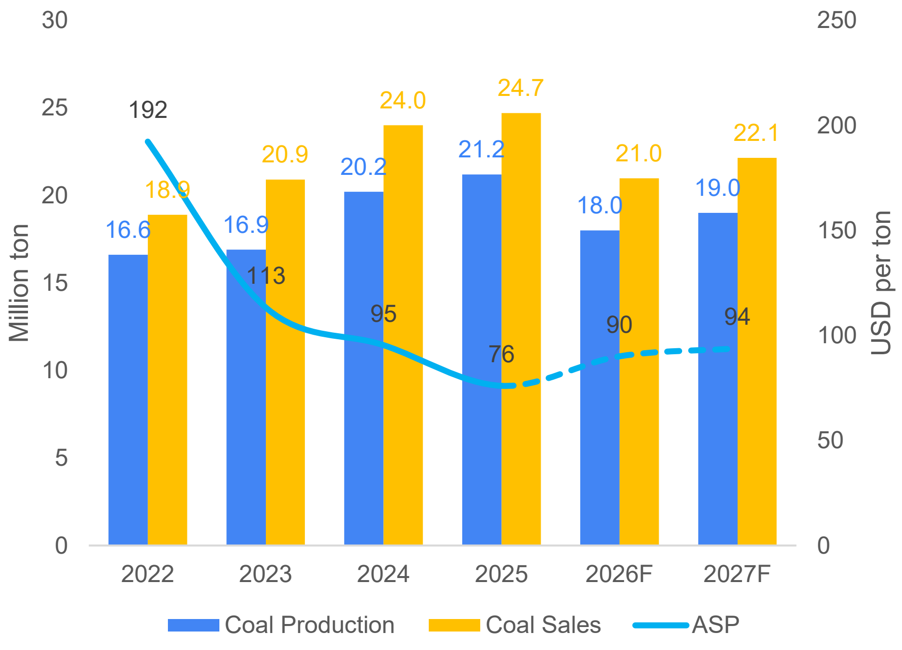
Source: Company, Ajaib Research

Figure 2. ITMG's Earnings Revision

Key Metrics (USD mn)	2026F		2027F		Changes	
	Old	New	Old	New	2025F	2026F
Revenue	2,204	1,904	2,349	2,092	*-13.6%*	*-10.9%*
EBIT	357	292	399	417	*-18.2%*	*4.4%*
Net Profit	279	234	311	329	*-16.3%*	*5.7%*

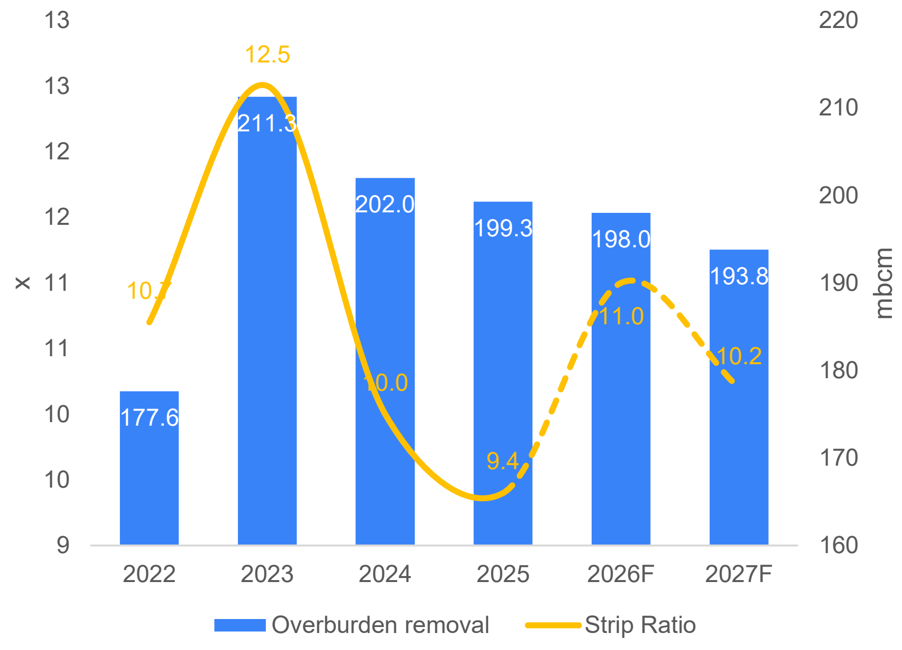
Source: Ajaib Research

Figure 3. ITMG's Coal Sales, Production & ASP Projections



Source: Company, Ajaib Research

Figure 4. ITMG's OB Removal & Strip Ratio Projections

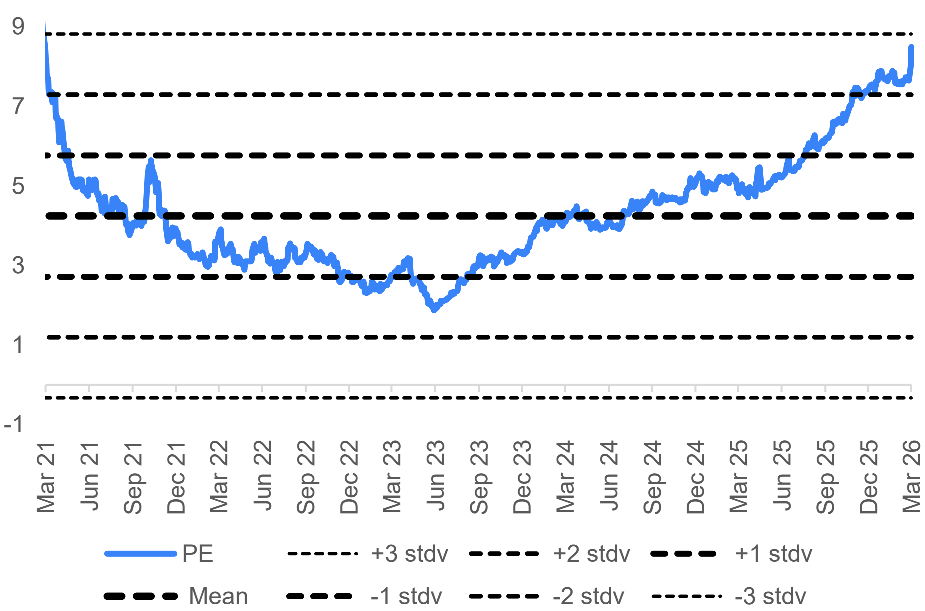


Source: Company, Ajaib Research

Figure 5. Newcaste Coal Price Trend

Source: Company, Ajaib Research

Figure 6. ITMG's Forward PE Band



Source: Bloomberg, Ajaib Research

Financial Statement (USD million)

Income Statement	2023	2024	2025	2026F	2027F
Revenue	**2,374**	**2,304**	**1,881**	**1,904**	**2,092**
Cost of revenue	-1,632	-1,606	-1,398	-1,408	-1,456
Gross Profit	**743**	**699**	**483**	**496**	**636**
OpEx	-137	-215	-216	-204	-219
Operating Profit	**605**	**483**	**267**	**292**	**417**
EBITDA	642	523	304	327	451
Other Income (Expenses)	7	-26	-9	-9	-9
Net Interest Expense	32	37	29	29	30
Pre-tax profit	**644**	**495**	**287**	**313**	**438**
Income Tax	-144	-119	-93	-75	-106
NPAT	**500**	**376**	**195**	**237**	**333**
Minority Interest	1	-1	-4	-4	-4
Net Profit	**500**	**374**	**191**	**234**	**329**
EPS (Rp)	**6,826**	**5,351**	**2,836**	**3,487**	**4,933**

Cashflow Statement	2023	2024	2025	2026F	2027F
Net Profit	500	374	191	234	329
D&A	-37	548	538	539	540
Changes in Working Capital	-63	-47	-16	-110	-31
Others	-342	-513	-638	-437	-551
Operating Cash Flow	**58**	**362**	**76**	**225**	**287**
Capital Expenditure	20	-12	-58	-34	-39
Changes in other assets	0	0	0	0	0
Investing Cash Flow	**20**	**-12**	**-58**	**-34**	**-39**
Net - Borrowing	4	19	16	-28	6
Dividend Payment	-674	-216	-216	-134	-164
Other Financing	12	-13	0	0	0
Financing Cash Flow	**-658**	**-210**	**-200**	**-162**	**-158**
Net - Cash Flow	-579	139	-182	29	90
Cash at beginning	1,430	851	990	808	837
Cash at ending	**851**	**990**	**808**	**837**	**927**

Balance Sheet	2023	2024	2025	2026F	2027F
Cash & equivalents	851	990	808	837	927
Receivables	197	184	155	172	188
Inventories	98	85	113	99	103
Prepaid Expenses	4	0	28	23	32
Others	129	146	192	208	197
Total Current Assets	**1,280**	**1,405**	**1,296**	**1,338**	**1,448**
Fixed Assets	168	178	213	225	243
Mining Properties	11	10	8	7	6
Deferred Stripping Cost	94	176	290	299	293
Other Non-Current Assets	635	638	599	589	667
Total Non-Current Assets	**908**	**1,002**	**1,110**	**1,120**	**1,209**
Total Assets	**2,188**	**2,407**	**2,406**	**2,459**	**2,657**
ST. Debt	46	27	47	32	35
Payables	110	133	158	146	151
Other current Liability	138	154	140	131	143
Total Current Liability	**294**	**314**	**345**	**309**	**330**
LT. Debt	8	46	42	28	31
Other LT Liabilities	97	113	111	113	122
Total Non-Current Liability	**105**	**159**	**153**	**141**	**153**
Total Liability	**399**	**473**	**498**	**450**	**483**
Total Equity	**1,789**	**1,934**	**1,908**	**2,008**	**2,174**
Total Liabilities & Equity	**2,188**	**2,407**	**2,406**	**2,459**	**2,657**

Key Ratios (%)	2023	2024	2025	2026F	2027F
Gross Profit Margin	31.3	30.3	25.7	26.0	30.4
EBITDA Margin	27.0	22.7	16.1	17.2	21.6
Net Profit Margin	21.1	16.2	10.2	12.3	15.7
Return on Equity	28.0	19.3	10.0	11.6	15.1
Dividend Yield	35.8	11.6	14.7	6.7	8.2
Debt to Equity	3.0	3.7	4.6	3.0	3.0
Net Gearing	-44.6	-47.5	-37.7	-38.7	-39.6

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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