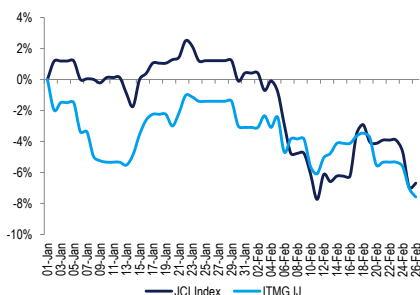


Stock Data

Target price	Rp26,500
Prior TP	Rp26,500
Current price	Rp24,675
Upside/downside	+7%
Shares outstanding (mn)	1,130
Market cap (Rp bn)	27,881
Free float	35%
Avg. 6m daily T/O (Rp bn)	26

Price Performance

	3M	6M	12M
Absolute	-10.0%	-8.6%	-5.4%
Relative to JCI	-1.2%	4.4%	4.0%
52w low/high (Rp)	23,600 – 28,425		



Major Shareholders

Banpu Minerals	65.1%
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4Q24 result: in-line but soft overall

- FY24 NP of US\$374mn (-22% yoy) came in-line with ours and consensus FY24F forecast at 97/102% respectively.
- 4Q24 NP declined significantly to US\$101mn (-30% qoq) largely due to forex loss of US\$17mn (vs. US\$27mn gain in 3Q24).
- We maintain our earnings estimates for now and reiterate Hold at unchanged TP of Rp26,500.

4Q24 NP saw a significant decline due to lower ASP and forex loss

ITMG reported FY24 NP of US\$374mn (-22% yoy) which came in-line with ours and consensus FY24 forecast at 97/102% respectively. On qoq basis, 4Q24 NP declined significantly to US\$101mn (-30% qoq) as lower ASP (-3% qoq) and forex loss of US\$17mn (vs. US\$27mn gain in 3Q24) more than offset higher volume (+10% qoq) and lower cash cost at -2% qoq.

Higher sales despite lower production

Production volume declined to 5.4Mt in 4Q24 (-4% qoq) likely driven by higher rainfall but remained in-line with guidance. Nonetheless, sales volume surged to 6.9Mt (+10% qoq) driven by higher mine sales volume of 5.8Mt (+13% qoq) supported by inventory sales, which more than offsets lower trading volume of 1.1Mt (-4% qoq). Overall FY24 sales volume of 24Mt (+15% yoy) was roughly in-line with our estimate and ITMG's FY24F guidance (at 104/96% respectively).

Lower ASP was partly offset by lower cash cost

ASP declined to US\$93/t (-4% qoq) despite Newcastle price being relatively flat qoq. On a more positive note, this was partly offset by lower cash cost of US\$69/t (-2% qoq) likely driven by a combination of lower fuel price (-6% qoq) and stripping ratio of 9.4x (-2% qoq). Overall, FY24 ASP and cash cost of US\$95/74 per ton (-16/-9% yoy) was roughly in-line with our FY24F forecast at 98/97% respectively

Maintain Hold at unchanged TP of Rp26,500

We maintain our NP estimates for now as we await further clarity from ITMG's earnings call and reiterate our Hold rating at unchanged TP of Rp26,500. ITMG is currently trading at 6.2x FY25F P/E (35/29% premium compared to AADI/UNTR). Note that ITMG has ample cash reserve of US\$990mn (56% of market cap), though value unlocking plan remains uncertain at this point. Assuming 65% dividend payout ratio, we estimate a final dividend yield of c.9%. Downside risks are lower than expected coal price from soft China/India demand and lower production from La Nina.

Financial Summary (US\$ mn)	2022A	2023A	2024A	2025F	2026F
Revenue	3,636	2,374	2,304	2,103	1,914
EBITDA	1,742	602	528	377	196
Net profit	1,200	500	374	282	139
EPS growth	153%	-58%	-25%	-26%	-51%
ROE	76%	27%	21%	15%	8%
PER (x)	1.5	3.5	4.7	6.2	12.6
EV/EBITDA (x)	0.2	1.5	2.0	2.4	4.8
Dividend yield	19.1%	44.4%	18.7%	14.3%	10.5%
IPS vs. consensus			N/A	92%	59%

Source: Company, Indo Premier

Share price closing as of: 13 November 2024

Fig. 1: FY24 earnings summary

ITMG FY24 results	FY24	FY23	% yoy	4Q24	4Q23	% yoy	3Q24	% qoq	IPS FY24F	% of IPS	Cons FY24F	% of cons
Revenue	2,304	2,374	-3%	647	548	18%	608	7%	2,256	102%	2,278	101%
COGS	(1,606)	(1,632)	-2%	(428)	(415)	3%	(403)	6%	(1,613)	100%	(1,628)	99%
Gross profit	699	743	-6%	219	132	66%	204	7%	643	109%	650	108%
Gross profit margin (%)	30%	31%		34%	24%		34%		29%		29%	
Opex	(215)	(137)	57%	(63)	(16)	288%	(55)	14%	(180)	120%	(184)	117%
EBIT	483	605	-20%	157	116	35%	149	5%	463	104%	466	104%
EBIT margin (%)	21%	26%		24%	21%		25%		21%		20%	
Depreciation & amortization	45	64	-30%	13	16	-16%	12	16%	40	112%	60	74%
EBITDA	528	669	-21%	170	132	29%	161	6%	503	105%	526	100%
EBITDA margin (%)	23%	28%		26%	24%		26%		22%		23%	
Interest income	41	35	20%	11	9	17%	10	7%	32	129%		
Interest expense	(4)	(3)	41%	(1)	(1)	92%	(1)	27%	(3)	141%		
Forex gain/(losses)	(11)	0	-5579%	(17)	2	-848%	27	-164%	0	N/A		N/A
Others	(15)	7	-317%	(13)	(4)	201%	5	-366%	0	N/A		N/A
Profit before tax	495	644	-23%	135	123	11%	190	-29%	492	101%	477	104%
Income tax	(119)	(144)	-17%	(33)	(28)	15%	(46)	-29%	(108)	110%		
Tax rate (%)	24%	22%		24%	23%		24%		0%			
Minority interest	(1)	1	-308%	(2)	0	-597%	(0)	981%	0	N/A		N/A
Net profit	374	500	-25%	101	95	7%	144	-30%	384	97%	368	102%
Net margin (%)	16%	21%		16%	17%		24%		17%	95%		
Core profit	385	495	-22%	111	98	14%	140	-21%	384	35%		N/A

Source: Company, Indo Premier

Fig. 2: Operational summary

Operational summary	FY24	FY23	% yoy	4Q24	4Q23	% yoy	3Q24	% qoq	IPS FY24F	% of IPS	ITMG FY24F	% of ITMG
Production volume (Mt)	20.2	16.8	20%	5.4	3.4	59%	5.6	-4%	20.0	101%	20.0	101%
Sales volume (Mt)	24.0	20.9	15%	6.9	5.6	23%	6.3	10%	23.0	104%	25.0	96%
ASP (US\$/t)	95	113	-16%	93	97	-4%	96	-3%	98	98%		
Cash cost (US\$/t)	74	82	-9%	69	74	-7%	71	-2%	76	97%		
Stripping ratio (x)	10.0	12.5	-20%	9.4	15.0	-37%	9.6	-2%	10.0	100%	11.0	91%
ICI price (US\$/t)	74	84	-12%	73	80	-9%	72	1%				
Newcastle price (US\$/t)	136	175	-22%	140	136	3%	140	0%				
USD/IDR	15,849	15,237	4%	15,811	15,621	1%	15,785	0%				

Source: Company, Indo Premier

Fig. 3: Valuation summary

Multiple based valuation summary		US\$m
FY24F earnings		384
Target multiple (x)		5
Equity value (US\$m)		1,920
USD/IDR		15,600
Outstanding shares (bn)		1.1
Target price (Rp/sh)		26,500
Current price		24,675
Upside/downside		7%

Source: Company, Indo Premier

Fig. 4: Peers comparison

Ticker	Company	Rating	Target price (Rp/share)	P/E			EV/EBITDA			Dividend yield (%)		
				24F	25F	26F	24F	25F	26F	24F	25F	26F
AADI J	Adaro Andalan Indonesia	Buy	12,000	3.6	4.6	5.0	3.5	3.7	3.4	65.3%	9.7%	9.0%
ITMG J	Indo Tambangraya Megah	Hold	26,500	4.5	6.2	12.6	2.0	2.4	4.8	18.7%	14.3%	10.5%
PTBA J	Bukit Asam	Hold	2,900	6.6	6.2	5.2	4.0	3.7	3.2	15.2%	11.3%	12.0%
UNTR J	United Tractors	Buy	33,000	4.9	4.8	4.7	2.3	2.0	1.7	9.3%	8.7%	8.9%

Source: Company, Indo Premier

Income Statement	2022A	2023A	2024F	2025F	2026F
Net revenue	3,636	2,374	2,256	2,103	1,914
Cost of sales	(1,742)	(1,632)	(1,613)	(1,603)	(1,605)
Gross profit	1,894	743	643	501	309
SG&A Expenses	(212)	(137)	(180)	(168)	(153)
Operating profit	1,683	605	463	333	157
Net interest	6	32	29	29	29
Forex gain (loss)	0	0	0	0	0
Others	(143)	7	0	0	0
Pre-tax income	1,545	644	492	362	186
Income tax	(345)	(144)	(108)	(80)	(41)
Minority interest	1	1	0	0	0
Net income	1,200	500	384	282	145

Balance Sheet	2022A	2023A	2024F	2025F	2026F
Cash & equivalent	1,430	851	788	851	846
Receivable	280	197	227	212	193
Inventory	96	98	184	172	156
Other current assets	102	133	133	133	133
Total current assets	1,909	1,280	1,333	1,367	1,328
Fixed assets	164	179	195	203	205
Other non-current assets	568	729	729	729	729
Total non-current assets	732	908	924	932	933
Total assets	2,640	2,188	2,257	2,300	2,262
ST loans	0	25	25	25	25
Payable	292	220	253	251	252
Other payables	293	50	50	50	50
Current portion of LT loans	0	0	0	0	0
Total current liab.	586	294	328	326	326
Long term loans	13	8	8	8	8
Other LT liab.	91	97	97	97	97
Total liabilities	690	399	433	431	431
Equity	437	437	437	437	437
Retained earnings	1,515	1,341	1,400	1,433	1,395
Minority interest	(2)	10	(12)	(1)	(1)
Total SHE + minority int.	1,950	1,789	1,825	1,869	1,831
Total liabilities & equity	2,640	2,188	2,257	2,300	2,262

Source: Company, Indo Premier

Cash Flow Statement	2022A	2023A	2024F	2025F	2026F
Net income	1,200	500	384	282	145
Depr. & amortization	60	(4)	40	44	47
Changes in working capital	(40)	266	(83)	26	35
Others	106	(542)	(0)	(0)	(0)
Cash flow from operating	1,325	221	342	353	227
Capital expenditure	(13)	19	(56)	(53)	(48)
Others	(58)	(157)	0	0	0
Cash flow from investing	(71)	(138)	(56)	(53)	(48)
Loans	(13)	19	0	0	0
Equity	44	0	(23)	11	0
Dividends	(333)	(774)	(325)	(249)	(183)
Others	(203)	89	0	0	0
Cash flow from financing	(505)	(666)	(348)	(238)	(183)
Changes in cash	750	(582)	(63)	62	(5)

Key Ratios	2022A	2023A	2024F	2025F	2026F
Gross margin	52%	31%	29%	24%	16%
Operating margin	46%	26%	21%	16%	8%
Pre-tax margin	42%	27%	22%	17%	10%
Net margin	33%	21%	17%	13%	8%
ROA	56%	21%	17%	12%	6%
ROE	76%	27%	21%	15%	8%
Acct. receivables TO (days)	23	37	37	37	37
Inventory TO (days)	8	15	15	15	15
Payable TO (days)	50	57	57	57	57
Debt to equity	1%	2%	2%	2%	2%
Interest coverage ratio (x)	519	207	173	130	70
Net gearing	-73%	-46%	-41%	-44%	-44%

Source: Company, Indo Premier

INVESTMENT RATINGS

BUY	: Expected total return of 10% or more within a 12-month period
HOLD	: Expected total return between -10% and 10% within a 12-month period
SELL	: Expected total return of -10% or worse within a 12-month period

ANALYSTS CERTIFICATION

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

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