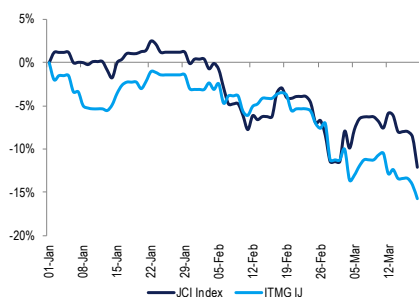


## Stock Data

Target price	Rp21,000
Prior TP	Rp26,500
Current price	Rp22,500
Upside/downside	-7%
Shares outstanding (mn)	1,130
Market cap (Rp bn)	25,423
Free float	35%
Avg. 6m daily T/O (Rp bn)	21

## Price Performance

	3M	6M	12M
Absolute	-18.9%	-14.1%	-17.8%
Relative to JCI	-4.7%	6.2%	-3.0%
52w low/high (Rp)	22,500 – 28,425		



## Major Shareholders

Banpu Minerals	65.1%
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## Looming margin risk amid soft Newcastle and B40 implementation

- ITMG guides for robust sales volume growth of 26-27Mt in FY25F (+10% to +14% yoy), driven by both higher production and trading volume.
- But this shall be more than offset by lower ASP (c.-15% yoy) and c.4-6% increase in mining fee and transportation cost from B40 implementation.
- We lowered our FY25-27F NP estimates by 27-37% and maintain Hold at lower TP of Rp21,000 (reflecting 7x target P/E multiple).

### FY25F guidance: higher sales/production, SR remains manageable

ITMG aims to boost coal sales volume to 26-27Mt in FY25F (+10% to +14% yoy) through higher production of 21.5Mt (+8% yoy) and trading volume of c.5Mt (+14% yoy). The increase in coal production shall be primarily attributed to GPK (2Mt, +86% yoy), TIS (600kt, +161% yoy), and Trubaindo (3Mt, +15% yoy). Nonetheless, ITMG is also aiming to maintain SR at 10-11x in FY25F (FY24: 10x). However, with NPR set to commence pre-stripping and early production phase in FY25F, we think FY25F SR is likely to fall in the higher range of ITMG's guidance. Note that NPR is a mid-high CV mine (5,500kcal/kg) with sizeable reserve base of 77Mt.

### ASP and higher fuel cost to drag down higher volumes

Considering that Newcastle has trended down to an average of US\$112/t QTD (-11% qoq), vs. FY24 average of US\$136/t, we expect ASP to decline to US\$81/t in FY25F (-15% yoy). Though we expect cash cost to only decline by 3% yoy to US\$72/t, as lower royalty fee (c.-10% yoy) shall be partly offset by higher fuel cost as it transitions into B40. As such, we now estimate ITMG to record US\$193mn NP in FY25F.

### Lower FY25-27F NP estimates by 27-37% as we price in B40 cost

We lowered our FY25-27F NP estimates by 32/27/37% respectively attributed to: 1) lower ASP of US\$87/74/68 per ton (from US\$81/74/73 previously). 2) 4-6% increase in mining fee and coal transportation cost due to B40 implementation. 3) higher sales volume of 27/28/30Mt (+8/+8/+22%) primarily driven by higher trading volume of 5Mt (vs. 3Mt previously), while production was only raised in FY27F to 25Mt (+16%) to reflect higher contribution from GPK and NPR.

### Maintain Hold at lower TP of Rp21,000

We lowered our NP estimates to reflect lower ASP and higher fuel cost due to B40 implementation. We now assign 7x P/E multiple, to reflect ample cash reserve of US\$990mn and attractive dividend yield of 14%, and maintain our Hold rating at lower TP of Rp21,000 (from Rp26,500 previously). Downside risks are lower than expected coal price from soft China/India demand and higher than expected Indonesian supply, in addition to lower production from La Nina.

Financial Summary (US\$ mn)	2023A	2024A	2025A	2026F	2027F
Revenue	2,374	2,304	2,168	2,100	2,046
EBITDA	669	528	262	148	144
Net profit	500	374	193	102	98
EPS growth	-58%	-25%	-48%	-47%	-4%
ROE	28%	19%	10%	5%	5%
PER (x)	3.2	4.3	8.4	15.9	16.5
EV/EBITDA (x)	1.2	1.3	2.8	4.9	4.9
Dividend yield	41.5%	13.3%	13.7%	5.9%	4.0%
IPS vs. consensus			64%	41%	58%

Source: Company, Indo Premier

Share price closing as of: 18 March 2025

Fig. 1: FY24 earnings summary

Summary of forecast changes	Previous			New			Changes		
	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F
Revenue	2,103	1,914	1,804	2,168	2,100	2,046	3%	10%	13%
COGS	(1,603)	(1,613)	(1,490)	(1,751)	(1,806)	(1,762)	9%	12%	18%
<b>Gross profit</b>	<b>501</b>	<b>301</b>	<b>314</b>	<b>417</b>	<b>294</b>	<b>284</b>	<b>-17%</b>	<b>-2%</b>	<b>-10%</b>
Gross profit margin (%)	24%	16%	17%	19%	14%	14%			
Opex	(168)	(153)	(144)	(195)	(189)	(184)	16%	24%	28%
<b>EBIT</b>	<b>333</b>	<b>149</b>	<b>170</b>	<b>222</b>	<b>105</b>	<b>99</b>	<b>-33%</b>	<b>-30%</b>	<b>-42%</b>
EBIT margin (%)	16%	8%	9%	10%	5%	5%			
Interest expense	(3)	(3)	(3)	(4)	(4)	(4)	43%	43%	43%
Interest income	32	32	32	30	30	31	-6%	-6%	-3%
Others	0	0	0	0	0	0	N/A	N/A	N/A
<b>Profit before tax</b>	<b>362</b>	<b>178</b>	<b>200</b>	<b>247</b>	<b>131</b>	<b>126</b>	<b>-32%</b>	<b>-26%</b>	<b>-37%</b>
Income tax	(80)	(39)	(44)	(54)	(29)	(28)	-32%	-26%	-37%
Minority interest	0	0	0	(0)	(0)	(0)	N/A	N/A	N/A
<b>Net income</b>	<b>282</b>	<b>139</b>	<b>156</b>	<b>193</b>	<b>102</b>	<b>98</b>	<b>-32%</b>	<b>-27%</b>	<b>-37%</b>

Source: Company, Indo Premier

Fig. 2: Valuation summary

Multiple based valuation summary		US\$m n
FY25F NP		193
Target multiple (x)		7
<b>Equity value (US\$m n)</b>		<b>1,434</b>
USD/IDR		16,300
Outstanding shares (bn)		1.1
<b>Target price (Rp/sh)</b>		<b>21,000</b>
Current price (Rp/sh)		23,125
Upside/(down side)		-9%

Source: Company, Indo Premier

Fig. 3: 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.JJ	Adaro Andalan Indonesia	Buy	12,000	2.6	3.7	3.6	2.6	3.0	2.4	90.1%	12.3%	12.4%
ITMG.JJ	Indo Tambangraya Megah	Hold	21,000	4.3	8.4	15.9	1.3	2.8	4.9	13.3%	13.7%	5.9%
PTBA.JJ	Bukit Asam	Hold	2,900	6.4	7.1	5.0	3.8	4.2	3.1	15.8%	11.8%	10.6%
UNTR.JJ	United Tractors	Buy	33,000	4.6	4.1	4.0	2.1	1.7	1.5	9.9%	9.6%	10.5%

Source: Company, Indo Premier

Income Statement	2023A	2024A	2025F	2026F	2027F
Net revenue	2,374	2,304	2,168	2,100	2,046
Cost of sales	(1,632)	(1,606)	(1,751)	(1,806)	(1,762)
<b>Gross profit</b>	<b>743</b>	<b>699</b>	<b>417</b>	<b>294</b>	<b>284</b>
SG&A Expenses	(137)	(215)	(195)	(189)	(184)
<b>Operating profit</b>	<b>605</b>	<b>483</b>	<b>222</b>	<b>105</b>	<b>99</b>
Net interest	32	37	26	26	27
Forex gain (loss)	0	(11)	0	0	0
Others	7	(15)	0	0	0
<b>Pre-tax income</b>	<b>644</b>	<b>495</b>	<b>247</b>	<b>131</b>	<b>126</b>
Income tax	(144)	(119)	(54)	(29)	(28)
Minority interest	1	(1)	(0)	(0)	(0)
<b>Net income</b>	<b>500</b>	<b>374</b>	<b>193</b>	<b>102</b>	<b>98</b>

Balance Sheet	2023A	2024A	2025F	2026F	2027F
Cash & equivalent	851	990	961	966	994
Receivable	197	184	173	168	164
Inventory	98	85	100	103	101
Other current assets	133	146	146	146	146
<b>Total current assets</b>	<b>1,280</b>	<b>1,405</b>	<b>1,380</b>	<b>1,383</b>	<b>1,404</b>
Fixed assets	168	178	185	194	202
Other non-current assets	740	824	824	824	824
<b>Total non-current assets</b>	<b>908</b>	<b>1,002</b>	<b>1,010</b>	<b>1,018</b>	<b>1,026</b>
<b>Total assets</b>	<b>2,188</b>	<b>2,407</b>	<b>2,390</b>	<b>2,401</b>	<b>2,431</b>
ST loans	25	21	21	21	21
Payable	110	133	146	151	147
Other payables	16	4	4	4	4
Current portion of LT loans	144	156	156	156	156
<b>Total current liab.</b>	<b>294</b>	<b>314</b>	<b>326</b>	<b>331</b>	<b>327</b>
Long term loans	8	45	45	45	45
Other LT liab.	97	114	114	114	114
<b>Total liabilities</b>	<b>399</b>	<b>473</b>	<b>485</b>	<b>490</b>	<b>486</b>
Equity	437	437	437	437	437
Retained earnings	1,341	1,494	1,464	1,471	1,504
Minority interest	1	6	6	6	6
Others	9	(3)	(3)	(3)	(3)
<b>Total SHE + minority int.</b>	<b>1,789</b>	<b>1,934</b>	<b>1,905</b>	<b>1,911</b>	<b>1,945</b>
<b>Total liabilities &amp; equity</b>	<b>2,188</b>	<b>2,407</b>	<b>2,390</b>	<b>2,401</b>	<b>2,431</b>

Source: Company, Indo Premier

Cash Flow Statement	2023A	2024A	2025F	2026F	2027F
Net income	500	374	193	102	98
Depr. & amortization	64	45	41	43	45
Changes in working capital	47	50	8	7	3
Others	(390)	(17)	(0)	0	0
<b>Cash flow from operating</b>	<b>221</b>	<b>452</b>	<b>241</b>	<b>152</b>	<b>146</b>
Capital expenditure	(53)	(62)	(48)	(51)	(53)
Others	(85)	(47)	0	0	0
<b>Cash flow from investing</b>	<b>(138)</b>	<b>(109)</b>	<b>(48)</b>	<b>(51)</b>	<b>(53)</b>
Loans	6	(12)	0	0	0
Equity	4	19	0	0	0
Dividends	(674)	(216)	(222)	(96)	(65)
Others	(3)	11	0	0	0
<b>Cash flow from financing</b>	<b>(666)</b>	<b>(199)</b>	<b>(222)</b>	<b>(96)</b>	<b>(65)</b>
FX effect	3	(5)	0	0	0
<b>Changes in cash</b>	<b>(579)</b>	<b>139</b>	<b>(30)</b>	<b>5</b>	<b>28</b>

Key Ratios	2023A	2024A	2025F	2026F	2027F
Gross margin	31%	30%	19%	14%	14%
Operating margin	26%	21%	10%	5%	5%
Pre-tax margin	27%	21%	11%	6%	6%
Net margin	21%	16%	9%	5%	5%
ROA	23%	16%	8%	4%	4%
ROE	28%	19%	10%	5%	5%
Acct. receivables TO (days)	12	13	13	13	13
Inventory TO (days)	17	19	18	18	18
Payable TO (days)	15	12	12	12	12
Debt to equity	3%	4%	4%	4%	4%
Interest coverage ratio (x)	230	130	63	35	35
Net gearing	-45%	-48%	-47%	-47%	-48%

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

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