Volumes Set to Carry 2H26 Earnings

31 August 2026

ITMG IJ	BUY
Sector	Energy
Price 31 Aug '26 (IDR)	26,050
Price target (IDR)	29,300
Upside/Downside (%)	12.4

Stock Information

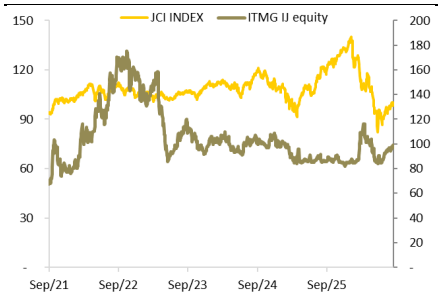
PT Indo Tambangraya Megah Tbk (ITMG) is a leading Indonesian thermal coal producer, underpinned by a diversified portfolio, vertically integrated mining-support and port infrastructure, and broad access to key coal markets.

Market cap (IDR bn)	28,983
Shares outstanding (mn)	1,130
52-week range (IDR)	20,900 – 30,700
3M average daily vol. ('000)	1,884
3M average daily val. (IDR mn)	43,805

Shareholders (%)

Banpu Minerals Private Limited)	65.1
Fredi Chandra	0.1
Public	31.7

Stock Performance



Source: Bloomberg

	1M	3M	12M
Performance	5.3	13.2	17.7

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ITMG delivered a resilient 1H26 result, with revenue and net profit reaching USD1.0bn (+8.8% YoY) and USD109.5mn (+16.5% YoY), respectively, broadly in line with our FY26F forecasts. Higher coal sales volume and ASP more than offset lower production and cost inflation, while 2Q26 margin pressure from higher fuel costs and a larger DMO mix is expected to ease as production ramps up in 2H26. With RKAB approval for 23.0 Mt, strong balance sheet and leverage, and supportive demand environment, we maintain our positive view on ITMG with BUY rating and TP of IDR29,300 (+12.4%

1H26 earnings broadly in line, with margins holding up despite cost pressure

ITMG delivered a resilient 1H26 performance, with revenue increasing +8.8% YoY to USD1.0 bn and net profit rising +16.5% YoY to USD109.5 mn, representing 48.1% and 49.2% of our FY26F forecasts, respectively. The result was supported by a +5.1% YoY increase in coal sales volume to 12.3Mt and a +3.8% YoY increase in ASP to USD81.0/tonne, which more than offset a -4.8% YoY decline in production to 9.9Mt following weather-related disruptions in 1Q26. Own-coal sales increased +10.5% YoY to 10.5Mt, while third-party coal sales declined -20.0% YoY to 1.8Mt. Gross profit rose +14.1% YoY to USD256.5 mn, lifting gross margin to 25.6% from 24.5% in 1H25 despite a higher strip ratio of 10.3x (+11.8% YoY) and fuel-led mining-cost inflation. while EBITDA increased +10.8% YoY to USD181.2 mn, with EBITDA margin broadly stable at 18.1%.

2Q26 production recovery was offset by fuel-led margin compression

Coal production increased +13.0% QoQ to 5.3Mt in 2Q26, supported by more favorable weather conditions, while the consolidated strip ratio remained stable at 10.3x versus 10.4x in 1Q26. Coal sales eased -3.2% QoQ to 6.1Mt, but ASP strengthened +4.2% QoQ to USD82.7/tonne (+11.0% YoY), driving a +1.1% QoQ increase in revenue to USD503mn. However, EBITDA declined -3.5% QoQ to USD88.9 mn, with EBITDA margin narrowing to -17.7% from 18.5% in 1Q26, while net profit declined -3.4% QoQ to USD53.8mn. The margin contraction primarily reflected higher fuel prices, which rose to c.USD1.15/litre in 2Q26 from USD0.82/litre in 1Q26, lifting cash cost (excluding royaltu) to ~USD61/tonne vs USD57/ton in 1Q26). Furthermore, the management-indicated DMO sales mix of ~25–30% (prev: ~ 22–24%) constrained the transmission of stronger benchmark coal prices into ITMG's realized ASP.

Stronger 2H26 production should offset regulated-pricing and logistics risks

We expect ITMG's operating performance to improve through the remainder of the year, supported by seasonally drier weather and the company's approved RKAB production allocation of 23.0Mt. Management targets coal production of 5.9Mt in 3Q26 and 22.0–22.9Mt for FY26, which we view as achievable; our FY26F production estimate stands at 21.9Mt. On the demand side, LNG and oil supply uncertainty from the Middle East could support thermal-coal demand and gas-to-coal switching, particularly during colder months. Nonetheless, FY26 sales visibility remains subject to the final DMO allocation and dry-season river logistics; low river levels could require ITMG to underload barges and increase transportation costs per tonne. We retain our conservative FY26F coal-sales forecast of 25.2Mt (+2.0% YoY), below management's 26.9–27.5Mt guidance. Factoring in all the dynamics, we forecast FY26F revenue of USD2.08bn (+10.5% YoY), EBITDA of USD383.6mn (+11.8% YoY), and net profit of USD222.6mn (+16.6% YoY).

Optionality continues to expand

Beyond coal, ITMG continues to develop a broader energy portfolio. Cumulative contracted solar capacity reached 152MWp in 2Q26, while operating capacity rose +12% QoQ to 86MWp and more than doubled YoY. While renewable energy is unlikely to materially contribute to FY26F earnings, it strengthens ITMG's long-term diversification strategy and may reduce dependence on thermal-coal cash flows. ITMG also holds a 9.62% stake in PT Adhi Kartiko Pratama Tbk, providing longer-term exposure to Indonesia's nickel industry.

Maintain BUY with TP of IDR29,300/share, implying 12.4% upside

Our DCF-based target price implies FY26F P/E of 8.2x and EV/EBITDA of 4.8x. ITMG trades at 7.3x FY26F P/E, versus the sector average of 6.0x; We believe this premium is justified by its net-cash balance sheet (1H26: > USD 700 mn), improved earnings visibility following RKAB approval, and conservative FY26F leverage profile (DER: 0.04x; ICR: 38.1x). Key downside risks include weaker coal prices, a higher-than-expected DMO allocation, sustained fuel-cost inflation, and regulatory changes to coal exports.

Exhibit 1: Key statistics

Year end Dec (IDR bn)	2024A	2025A	2026F	2027F	2028F
Revenue (IDR bn)	2,304	1,881	2,078	2,112	1,937
EBITDA (IDR bn)	532	343	383.6	380	277
Net profit (IDR bn)	374	191	223	216	144
EPS (IDR)	5,066	2,802	3,552	3,455	2,301
ROA (%)	15.5	7.9	9.0	8.4	5.6
ROE (%)	19.4	10.1	11.3	10.6	7.0
PER (x)	5.1	9.3	7.3	7.5	11.3
EV/EBITDA (x)	1.9	5.2	4.3	4.3	5.9

Sources: Company, KBVS Research

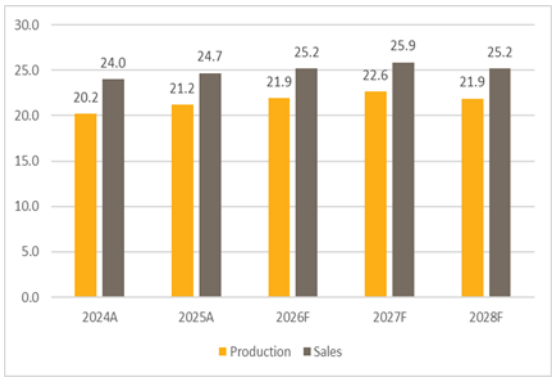
Financial Highlights

Exhibit 2: 1H26 results

Indo Tambangraya Megah (ITMG) (USD mn)	2Q26	1Q26	2Q25	QoQ (%)	YoY (%)	1H26	1H25	YoY (%)	KBVS '26F (%)
Revenue	502.9	497.6	436.9	1.1	15.1	1,000.5	919.4	8.8	48.1
Gross profit	123.7	132.8	89.4	(6.8)	38.5	256.5	224.7	14.1	49.6
Operating profit	70.0	76.3	44.2	(8.3)	58.1	142.2	124.9	13.9	47.4
EBITDA	88.9	92.2	72.3	(3.5)	23.0	181.2	163.6	10.8	47.2
Net profit	53.8	55.7	27.6	(3.4)	95.2	109.5	94.0	16.5	49.2
Gross profit margin	24.6	26.7	20.5			25.6	24.4		
EBIT margin	13.9	15.3	10.1			14.2	13.6		
EBITDA margin	10.7	11.2	6.3			10.9	10.2		
Net profit margin	24.6	26.7	20.5			25.6	24.4		

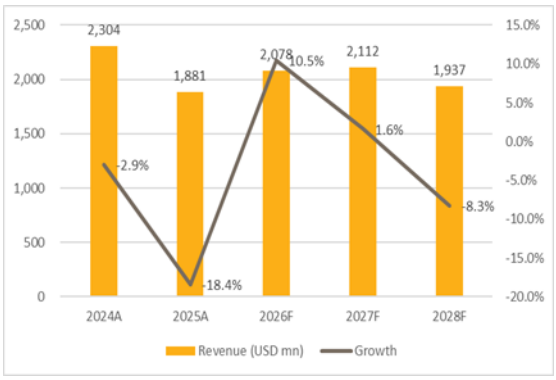
Sources: Company, KBVS Research

Exhibit 3. Coal production & sales (Mt)



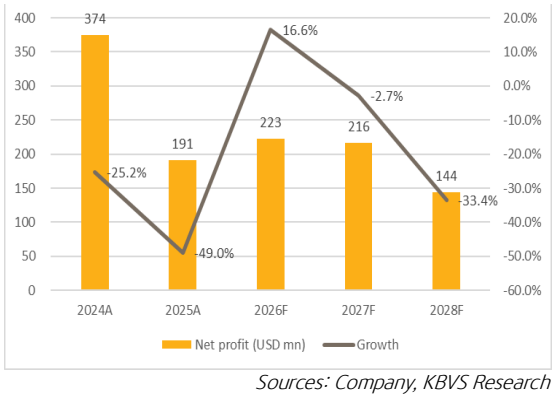
Sources: Company, KBVS Research

Exhibit 4. Revenue & growth (USD mn)



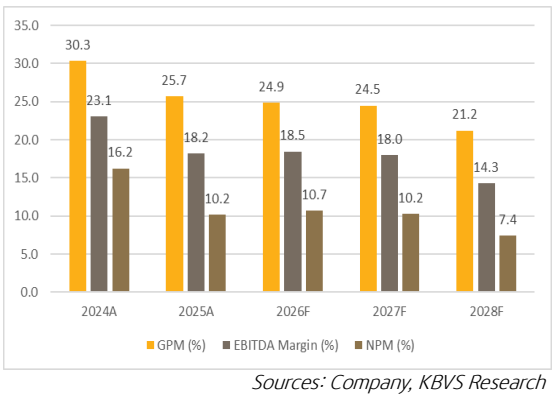
Sources: Company, KBVS Research

Exhibit 5. Net profit & growth (USD mn)



Sources: Company, KBVS Research

Exhibit 6. Profitability margins



Sources: Company, KBVS Research

Exhibit 7: Peer comparable

Ticker	Market Cap (USD mn)	PE		PBV		EV/EBITDA		ROE	
		26F	27F	26F	27F	26F	27F	26F	27F
ITMG	1,650	8.2	8.5	0.9	0.9	4.8	4.8	0.1	0.1
AADI	4,707	4.8	5.1	1.2	1.1	3.5	3.5	0.2	0.2
PTBA	1,668	7.0	6.9	1.2	1.1	4.2	4.1	0.2	0.2
HRUM	712	6.6	4.8	-	0.7	5.3	4.8	0.2	0.2
	Sector	6.0	6.1	1.0	1.0	4.0	4.0	0.1	0.1

Sources: Company, KBVS Research

Financial Tables

Exhibit 8: Profit and Loss

Year end Dec (IDR mn)	2024A	2025A	2026F	2027F	2028F
Revenue	**2,304**	**1,881**	**2,078**	**2,112**	**1,937**
CoGS	(1,606)	(1,398)	(1,561)	(1,594)	(1,526)
Gross profit	**699**	**483**	**517**	**517**	**411**
Operating expenses	(215)	(216)	(217)	(225)	(225)
Operating profit	**483**	**267**	**300**	**292**	**186**
EBITDA	**532**	**343**	**384**	**380**	**277**
Other income/exp.	11	20	28	27	28
Pre-tax profit	**495**	**287**	**329**	**320**	**214**
Income tax	(119)	(93)	(102)	(99)	(67)
Minority interest	(1)	(4)	(4)	(4)	(4)
Net profit	**374**	**191**	**223**	**216**	**144**

Source: Company, KBVS Research

Exhibit 9: Balance Sheet

Year end of Dec (IDR bn)	2024A	2025A	2026F	2027F	2028F
Cash and equivalents	990	808	777	806	804
Trade receivables	184	155	171	174	160
Inventories	85	113	127	130	125
Fixed assets	178	213	256	302	343
Other assets	970	1,117	1,147	1,158	1,149
Total Assets	**2,407**	**2,406**	**2,480**	**2,570**	**2,581**
Trade payables	133	158	179	182	175
Short-term debt + CMLTD	25	6	4	3	2
Long-term debt	44	33	10	6	4
Other liabilties	271	301	306	311	315
Total Liabilities	**473**	**498**	**499**	**503**	**495**
Minority interest	6	10	14	18	22
Paid capital	393	393	393	393	393
Retained earnings	1,535	1,478	1,586	1,669	1,683
Other equities	-	27	(13)	(13)	(13)
Total Equity	**1,934**	**1,908**	**1,981**	**2,068**	**2,086**

Source: Company, KBVS Research

Exhibit 10: Cash Flow

Year end Dec (USD mn)	2024A	2025A	2026F	2027F	2028F
Net profit	374	191	223	216	144
Depreciation and amortization	48	76	83	87	91
Change in working capital	30	18	(10)	(2)	12
Operating cash flow	**452**	**285**	**296**	**302**	**247**
Capex	(90)	(120)	(114)	(119)	(117)
Others	(20)	(70)	(25)	(7)	12
Investing cash flow	**(109)**	**(190)**	**(138)**	**(126)**	**(105)**
Changes in debt	21	(30)	(25)	(5)	(4)
Changes in equity	-	-	-	-	-
Dividends paid	(216)	(203)	(115)	(134)	(130)
Others	(4)	(43)	(48)	(9)	(11)
Financing cash flow	(199)	(276)	(188)	(148)	(144)
Net Cash Flow	**144**	**(180)**	**(30)**	**28**	**(2)**

Source: Company, KBVS Research

Exhibit 11: Key Performance Metrics

Year end Dec	2024A	2025A	2026F	2027F	2028F
Growth (%)					
Revenue	(2.9)	(18.4)	10.5	1.6	(8.3)
EBIT	(20.2)	(44.8)	12.4	(2.6)	(36.3)
EBITDA	(18.1)	(35.5)	11.8	(1.0)	(26.9)
Net profit	(25.2)	(49.0)	16.6	(2.7)	(33.4)
Profitability (%)					
Gross margin	30.3	25.7	24.9	24.5	21.2
EBIT margin	21.0	14.2	14.4	13.8	9.6
EBITDA margin	23.1	18.2	18.5	18.0	14.3
Net margin	16.2	10.2	10.7	10.2	7.4
ROA	15.5	7.9	9.0	8.4	5.6
ROE	19.4	10.1	11.3	10.6	7.0
Solvency (x)					
Net gearing (x)	(0.5)	(0.4)	(0.4)	(0.4)	(0.4)
Net debt/EBITDA (x)	(1.7)	(2.2)	(2.0)	(2.1)	(2.9)
Interest coverage ratio (x)	119.1	24.0	38.1	39.4	24.7

Source: Company, KBVS Research

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