

Indo Tambangraya Megah (ITMG): IDR 26,300 – BUY, SSI TP: IDR 30,000; Cons. TP: IDR 27,729



3Q24 Results: 12 November 2024

(USDMn)	3Q23	2Q24	3Q24	QoQ (%)	YoY (%)	9M23	9M24	YoY (%)	9M24/ SSI (%)	9M24/ Cons. (%)
Revenue	527	560	608	8.5	15.2	1,827	1,657	(9.3)	83.4	76.3
Gross Profit	152	156	204	31.0	34.4	610	480	(21.4)	82.0	76.5
Operating Profit	115	104	149	43.1	29.5	489	327	(33.2)	73.6	75.5
EBITDA	138	117	166	42.3	20.6	554	375	(32.4)	72.2	76.5
Net Profit	99	67	144	113.3	45.6	406	273	(32.7)	76.8	82.2
Key Ratios										
GPM (%)	28.8	27.8	33.6	-	-	33.4	28.9	-	-	-
OPM (%)	21.8	18.6	24.6	-	-	26.8	19.7	-	-	-
EBITDA Margin (%)	26.1	20.8	27.3	-	-	30.3	22.6	-	-	-
NPM (%)	18.7	12.0	23.7	-	-	22.2	16.5	-	-	-

Our take on the results (SSI: In-line, Cons: Above)

- ITMG delivered strong 3Q24 earnings performance on the back of higher GPM of 33.6% (+580bps QoQ, +480bps YoY), attributable to successful cost efficiency measures, leading to improved cash margin (+55.6% QoQ, +7.9% YoY). Another notable contributor to ITMG's robust bottom-line performance was improved operational effectiveness coupled with significant FX gain of USD 26.9 mn (2Q24: USD -11.9 mn FX loss) driven by IDR appreciation.
- ITMG recorded solid 3Q24 coal production of 5.8 Mt (+34.9% QoQ, +9.4% YoY) with lower stripping ratio of 9.2x (-12.4% QoQ, -21.4% YoY), bringing cash cost down to USD 68/ton (-9.3% QoQ, -8.1% YoY). We anticipate further production boosts next year, supported by full operation of GPK, TIS, and NPR mines in East Kalimantan, potentially adding 3–5 million tons per annum (+15–25% relative to FY24 target).
- In terms of valuation, we upgrade our ITMG rating to BUY (from hold) with TP of IDR 30,000, reflecting 6.0x P/E FY24F with 14% upside potential on top of near 13% yield. Downside risks include IDR depreciation in 4Q24, which could impact earnings as FX gains represented 11.6% of EBT. Additionally, management guided lower 4Q24 production of 5.2 Mt (-10.3% QoQ) on high rainfall in Kalimantan.

Peer Comparables

Ticker	Market		Current Price (IDR)	Target Price (IDR)	2024F			
	Cap. (IDR Tn)	Rating			EPS Growth (%)	P/E (x)	Div. Yield (%)	ROE (%)
ADRO	118	BUY	3,830	4,200	(3.9)	4.7	8.5	20.1
UNTR	97	BUY	25,975	29,600	(7.4)	5.5	8.0	22.4
BUMI	60	BUY	161	170	1,445.5	49.7	-	23.1
PTBA	32	BUY	2,770	3,200	(29.4)	7.9	13.4	20.2
ITMG	30	BUY	26,300	30,000	(32.0)	5.3	12.8	17.8
Sector	336				248.0	13.3	7.7	21.1

Relative Performance vs JCI

