

# Adaro Minerals Indonesia

BUY (unchanged)

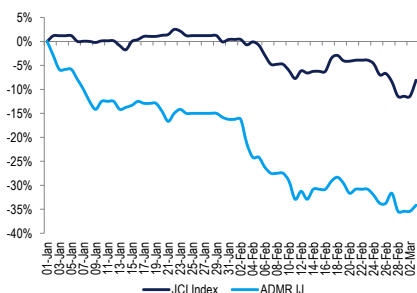
Company update | Metals | ADMR IJ | 4 March 2025

## Stock Data

Target price	Rp1,500
Prior TP	Rp1,650
Current price	Rp790
Upside/downside	+90%
Shares outstanding (mn)	40,882
Market cap (Rp bn)	32,297
Free float	16%
Avg. 6m daily T/O (Rp bn)	22

## Price Performance

	3M	6M	12M
Absolute	-35.5%	-38.5%	-47.0%
Relative to JCI	-27.0%	-23.3%	-36.0%
52w low/high (Rp)	775 – 1,545		



## Major Shareholders

Adaro Energy Indonesia	68.5%
Adaro Mining Technologies	8.8%
Alam Tri Abadi	6.5%

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## 4Q24 result: in-line with consensus on higher sales volume qoq

- ADMR reported 4Q24 NP of US\$104mn (+23% qoq) as sales volume improved qoq to 1.8mn ton (+52% qoq) but was offset with lower ASP.
- FY24 NP at US\$437mn was in-line with consensus at 99% consensus, but slightly above ours (105%) as volume came higher than expected.
- We maintain our Buy rating at Rp1,500/share target price (TP) as we think downside to coking coal prices are already limited.

### 4Q24/FY24 earnings review: soft NP on lower coking-coal price

ADMR reported 4Q24 NP of US\$104mn (+23% qoq) as sales volume improved significantly on qoq basis to 1.8mn ton (+52% qoq) but is partly offset with lower HCC ASP as ASP stood at US\$171/ton in 4Q24 (-12% qoq). FY24 NP came in-line with consensus (99% consensus) but were slightly above our forecast (at 105% IPS) as sales volume came better than our expectation as ADMR managed to catch-up their volume in Nov24 post the flooding in Oct24. 4Q24 revenue stood at US\$313mn (+34% qoq) on higher sales volume (+52% qoq) despite significantly lower ASP (-12% qoq), leading to flattish GP margin of 45% in 4Q24. Opex were also higher on qoq basis (+69% qoq) as a result of higher sales, in our view. There was no extraordinary item below operating line which resulted in NP of US\$104mn in 4Q24 (+23% qoq).

### Production/sales came above the 4.9-5.4Mt production guidance

Production volume stood at 1.8Mt in 4Q24 (+3% qoq) while sales volume also stood at 1.8Mt (+52% qoq). We think the gap between production & sales volume were primarily driven by logistical issues/seasonality in Barito river which caused sales volume to lagged behind production in the past few quarters. Nonetheless, both production/sales volume in FY24 came above company guidance of 4.9-5.4Mt (22-34% above management guidance). Stripping ratio, on the other hand, remained steady on qoq & yoy basis at 3.6x, in-line with ours and guidance.

### Re-iterate Buy with a lower TP of Rp1,500/share

We maintain our FY24/25/26F NP forecast for now as we await more details on the operational side. Our Buy rating at Rp1,500/share TP is maintained as we think downside to coking-coal prices are already limited with potential upside from its aluminium smelter starting FY26F and higher coking-coal sales volume in FY25F. Valuation is already attractive at FY25F P/E at 6x (lower than 1-year average of 7.5x & metallurgical-coal peers at 8-12x P/E). Downside risks include softer China economic growth.

Financial Summary (US\$ mn)	2022A	2023A	2024F	2025F	2026F
Revenue	908	1,086	1,070	1,118	2,223
EBITDA	490	609	546	532	696
Net profit	332	441	414	381	501
EPS growth	114%	33%	-6%	-8%	32%
ROE	60%	42%	29%	21%	21%
PER (x)	6.9	5.2	5.5	6.0	4.5
EV/EBITDA (x)	4.7	4.4	5.8	6.9	6.1
Dividend yield	0%	0%	0%	0%	0%
IPS vs. consensus			94%	92%	115%

Source: Company, Indo Premier

Share price closing as of: 4 March 2025

Fig. 1: 4Q24/FY24 financial summary

ADMR FY24 results	FY24	FY23	% yoy	4Q24	4Q23	% yoy	3Q24	% qoq	IPS FY24F	% of IPS	Cons FY24F	% of cons
Revenues	1,154	1,086	6%	313	365	-14%	234	34%	1,070	108%	1,170	99%
Cost of revenues	(576)	(503)	15%	(172)	(162)	6%	(127)	35%	(525)	110%	(551)	105%
<b>Gross profit</b>	<b>578</b>	<b>583</b>	<b>-1%</b>	<b>141</b>	<b>204</b>	<b>-31%</b>	<b>107</b>	<b>32%</b>	<b>545</b>	<b>106%</b>	<b>619</b>	<b>93%</b>
Gross profit margin (%)	50%	54%		45%	56%		45.6%		51%		53%	
Operating expenses	(38)	(9)	335%	(11)	40	-128%	(7)	69%	(37)	103%	(48)	80%
<b>EBIT</b>	<b>539</b>	<b>574</b>	<b>-6%</b>	<b>130</b>	<b>243</b>	<b>-47%</b>	<b>100</b>	<b>30%</b>	<b>508</b>	<b>106%</b>	<b>571</b>	<b>94%</b>
EBIT margin (%)	47%	53%		42%	67%		43%		47%			
Depreciation & amortization	37	33	14%	10	8	28%	10	4%	39	96%	38	97%
<b>EBITDA</b>	<b>576</b>	<b>607</b>	<b>-5%</b>	<b>140</b>	<b>251</b>	<b>-44%</b>	<b>110</b>	<b>28%</b>	<b>546</b>	<b>106%</b>	<b>609</b>	<b>95%</b>
EBITDA margin (%)	50%	56%		45%	69%		47%					
Finance income	29	20	47%	7	6	16%	7	11%	28			
Finance costs	(12)	(31)	-61%	(0)	(7)	-96%	(0)	-19%	(13)			
Other inc. (exp.)	1	0	303%	1	(2)	-146%	(0)	#####	0			
<b>Profit before tax</b>	<b>558</b>	<b>563</b>	<b>-1%</b>	<b>138</b>	<b>241</b>	<b>-43%</b>	<b>106</b>	<b>30%</b>	<b>523</b>	<b>107%</b>	<b>565</b>	<b>99%</b>
Income tax	(123)	(123)	0%	(34)	(51)	-33%	(23)	51%	(109)			
Tax rate (%)	22%	22%		-25%	-21%		-21%		-21%			
Minorities	2	0	956%	0	1	-85%	1	-78%	(0)			
<b>Net profit</b>	<b>437</b>	<b>441</b>	<b>-1%</b>	<b>104</b>	<b>191</b>	<b>-46%</b>	<b>84</b>	<b>23%</b>	<b>414</b>	<b>105%</b>	<b>441</b>	<b>99%</b>
Net margin (%)	38%	41%		33%	52%		36%		39%			
<b>Core profit</b>	<b>436</b>	<b>441</b>	<b>-1%</b>	<b>103</b>	<b>193</b>	<b>-47%</b>	<b>84</b>	<b>22%</b>	<b>414</b>			

Source: Bloomberg, Company data, Indo Premier

Fig. 2: Key operational data summary

ADMR FY24 operationals	FY24	FY23	% yoy	4Q24	4Q23	% yoy	3Q24	% qoq	IPS FY24	% of IPS	ADMR FY24F	% ADMR
Overburden removal	23.6	18.7	26%	6.5	4.9	32%	6.7	-4%	21.6	109%		
Stripping ratio (x)	3.6	3.7	-3%	3.6	4.3	-17%	3.6	-1%	3.6	99%	3.6	99%
Production volume (mn ton)	6.6	5.1	30%	1.8	1.1	59%	1.9	-3%	6.0	111%		
Sales volume (mn ton)	5.6	4.5	26%	1.8	1.5	26%	1.2	53%	5.0	112%	4.9-5.4	
ASP (US\$/ton)	205	243	-16%	171	252	-32%	195	-12%	214	96%		

Source: Company data, Indo Premier estimates

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
ADMR IJ	Adaro Minerals Indonesia	Buy	1,500	5.1	5.5	4.2	5.4	6.6	5.9	N/A	N/A	N/A
ANTM IJ	Aneka Tambang	Buy	2,000	11.0	10.7	10.9	6.0	5.4	5.3	7.9%	6.8%	7.0%
HRUM IJ	Harum Energy	Hold	1,450	5.0	5.1	3.9	3.6	4.7	3.1	N/A	N/A	N/A
INCO IJ	Vale Indonesia	Buy	5,000	31.5	22.7	8.1	4.7	5.7	3.3	N/A	N/A	N/A
MBMA IJ	Merdeka Battery Materials	Buy	560	150.7	69.5	11.0	22.6	15.4	8.1	N/A	N/A	N/A
MDKA IJ	Merdeka Copper Gold	Buy	2,400	N/A	N/A	62.1	14.4	11.7	7.1	N/A	N/A	N/A
NCKL IJ	Trimegah Bangun Persada	Buy	1,100	6.0	5.3	4.6	4.5	4.0	3.3	4.1%	5.0%	5.6%

Source: Bloomberg, Indo Premier

Income Statement (US\$ mn)	2022A	2023A	2024F	2025F	2026F
Net revenue	908	1,086	1,070	1,118	2,223
Cost of sales	(373)	(503)	(525)	(593)	(1,486)
<b>Gross profit</b>	<b>535</b>	<b>583</b>	<b>545</b>	<b>525</b>	<b>738</b>
SG&A Expenses	(75)	(9)	(37)	(43)	(98)
<b>Operating profit</b>	<b>460</b>	<b>574</b>	<b>508</b>	<b>481</b>	<b>640</b>
Net interest	(21)	(11)	15	(1)	(6)
Forex gain (loss)	0	0	0	0	0
Others	(2)	0	0	0	0
<b>Pre-tax income</b>	<b>438</b>	<b>563</b>	<b>523</b>	<b>481</b>	<b>634</b>
Income tax	(102)	(123)	(109)	(101)	(132)
Minority interest	4	0	0	0	0
<b>Net income</b>	<b>339</b>	<b>441</b>	<b>414</b>	<b>381</b>	<b>501</b>

Balance Sheet (US\$ mn)	2022A	2023A	2024F	2025F	2026F
Cash & equivalent	511	586	514	382	284
Receivable	71	195	192	200	506
Inventory	53	68	71	80	248
Other current assets	11	36	36	36	36
<b>Total current assets</b>	<b>646</b>	<b>885</b>	<b>813</b>	<b>698</b>	<b>1,074</b>
Fixed assets	594	724	1,010	1,510	1,679
Other non-current assets	47	87	87	87	87
<b>Total non-current assets</b>	<b>640</b>	<b>811</b>	<b>1,097</b>	<b>1,597</b>	<b>1,766</b>
<b>Total assets</b>	<b>1,287</b>	<b>1,695</b>	<b>1,910</b>	<b>2,295</b>	<b>2,839</b>
ST loans	0	0	0	0	0
Payable	23	33	35	39	83
Other payables	88	61	61	61	61
Current portion of LT loans	86	116	116	116	116
<b>Total current liab.</b>	<b>197</b>	<b>210</b>	<b>211</b>	<b>216</b>	<b>259</b>
Long term loans	487	416	216	216	216
Other LT liab.	33	32	32	32	32
<b>Total liabilities</b>	<b>717</b>	<b>657</b>	<b>459</b>	<b>463</b>	<b>506</b>
Equity	121	122	121	121	121
Retained earnings	414	855	1,268	1,649	2,150
Minority interest	0	0	0	0	0
<b>Total SHE + minority int.</b>	<b>569</b>	<b>1,038</b>	<b>1,451</b>	<b>1,831</b>	<b>2,333</b>
<b>Total liabilities &amp; equity</b>	<b>1,287</b>	<b>1,695</b>	<b>1,910</b>	<b>2,295</b>	<b>2,839</b>

Source: Company, Indo Premier

Cash Flow Statement (US\$ mn)	2022A	2023A	2024F	2025F	2026F
Net income	364	407	414	381	501
Depr. & amortization	30	35	39	50	56
Changes in working capital	75	(125)	1	(13)	(431)
Others	0	0	0	0	0
<b>Cash flow from operating</b>	<b>469</b>	<b>316</b>	<b>453</b>	<b>418</b>	<b>126</b>
Capital expenditure	(17)	(165)	(325)	(550)	(225)
Others	(7)	(33)	0	0	0
<b>Cash flow from investing</b>	<b>(24)</b>	<b>(198)</b>	<b>(325)</b>	<b>(550)</b>	<b>(225)</b>
Loans	(147)	(72)	(200)	0	0
Equity	32	28	(1)	0	0
Dividends	0	0	0	0	0
Others	0	0	0	0	0
<b>Cash flow from financing</b>	<b>(115)</b>	<b>(44)</b>	<b>(201)</b>	<b>0</b>	<b>0</b>
<b>Changes in cash</b>	<b>331</b>	<b>75</b>	<b>(72)</b>	<b>(132)</b>	<b>(99)</b>

Key Ratios	2022A	2023A	2024F	2025F	2026F
Gross margin	59%	54%	51%	47%	33%
Operating margin	51%	53%	47%	43%	29%
Pre-tax margin	48%	52%	49%	43%	29%
Net margin	37%	41%	39%	34%	23%
ROA	26%	26%	22%	17%	18%
ROE	60%	42%	29%	21%	21%
Acct. receivables TO (days)	12.8	5.6	5.6	5.6	4.4
Inventory TO (days)	7.0	7.4	7.4	7.4	6.0
Payable TO (days)	16.5	15.0	15.0	15.0	18.0
Debt to equity	91%	43%	16%	12%	9%
Interest coverage ratio (x)	0.4	0.2	0.1	0.1	0.1
Net gearing	-5%	-17%	-21%	-9%	-3%