

# Adaro Minerals Indonesia

BUY (unchanged)

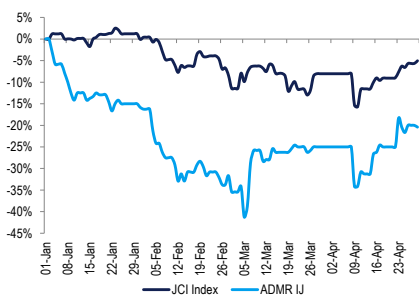
Company update | Metals | ADMR IJ | 29 April 2025

## Stock Data

Target price	Rp1,300
Prior TP	Rp1,500
Current price	Rp950
Upside/downside	+37%
Shares outstanding (mn)	40,882
Market cap (Rp bn)	38,838
Free float	13%
Avg. 6m daily T/O (Rp bn)	30

## Price Performance

	3M	6M	12M
Absolute	-6.9%	-34.9%	-29.1%
Relative to JCI	-1.0%	-23.3%	-23.4%
52w low/high (Rp)	705 – 1,545		



## Major Shareholders

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

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## 1Q25 result: in-line with consensus amid seasonally soft quarter

- ADMR reported 1Q25 NP of US\$65mn (-37% qoq/-43% yoy), as sales volume were usually at the lowest in 1Q due to heavy rainfall.
- Thus, we think the overall result was in-line at 22% consensus (1Q avg: 22-24% FY), but below ours on lower-than-expected HCC price in 1Q
- We downgraded FY25F/26F NP forecast by -22%/-15%, respectively, and lower our TP to Rp1,300/share, but maintain Buy rating.

### 1Q25 earnings review: in-line with consensus

ADMR reported 1Q25 NP of US\$65mn (-37% qoq/-43% yoy), as sales volume were usually at the lowest in 1Q due to heavy rainfall which affected its sales delivery through Barito river. Hence, we think the overall result was in-line at 22% consensus, considering 1Q historically accounts for 22-24% of FY achievement. 1Q25 NP came below ours (17% IPS), as we initially expected the seasonal supply disruption in Australia to occur in 1Q25. Revenue declined by -36% qoq/-27% yoy mainly due to lower sales volume & ASP, which also led to GP margin compression by -410bps qoq and -1600bps yoy to 41%. Opex remain relatively flattish on both qoq and yoy basis, while there was nothing extraordinary below operating line.

### Sales volume achievement lags production due to rainfall

Production volume stood at 1.6Mt in 1Q25 (+2% yoy/-12% qoq), while sales volume stood at 1.3Mt (+22% yoy/-30% qoq). We think the gap between production & sales volume were primarily driven by continuous logistical issues/seasonality in Barito river, which caused sales volume to lagged behind production, particularly in 1Q. As coking-coal prices declined by -9% qoq, ADMR's coking-coal ASP also declined to US\$155/t (-9% qoq), translating into c.17% discount to benchmark price. Stripping ratio, on the other hand, remain steady on qoq & yoy basis at 3.6x, in-line with ours and guidance. Starting 2Q25F onwards, ADMR will set to finish its 2<sup>nd</sup> barge loading conveyor, which shall ease logistical issues on the Barito river.

### Re-iterate Buy with a lower TP of Rp1,300/share

We downgraded 25F/26F NP forecast by -26%/-14%, respectively, as we lower our ASP assumptions by -12%/-3% on bleak China outlook and absence of seasonal supply disruptions during 1Q. As a result, our SOTP-based TP is lowered to Rp1,300/share (from Rp1,500/share previously). We think downside risks to coking-coal price is already limited given that some of the coking-coal mines globally have started to experience losses. Additionally, with its aluminium smelter set to commence operation, we think there will be an earnings growth story starting FY26F, underpinning our Buy rating. Downside risks include softer China economic growth.

Financial Summary (US\$ mn)	2023A	2024A	2025F	2026F	2027F
Revenue	1,086	1,154	981	2,129	2,298
EBITDA	609	579	378	582	728
Net profit	441	437	282	431	558
EPS growth	33%	-1%	-35%	53%	29%
ROE	42%	29%	16%	19%	20%
PER (x)	5.3	5.4	8.3	5.5	4.2
EV/EBITDA (x)	4.5	5.4	9.0	6.9	5.7
Dividend yield	0%	0%	0%	0%	0%
IPS vs. consensus			93%	125%	129%

Source: Company, Indo Premier

Share price closing as of: 29 April 2025

Fig. 1: 1Q25 financial summary

ADMR 1Q25 results	1Q25	1Q24	% yoy	4Q24	% qoq	IPS FY25F	% of IPS	Cons FY25F	% of cons
Revenues	200	275	-27%	313	-36%	1,118	18%	1,058	19%
Cost of revenues	(117)	(117)	0%	(172)	-32%	(593)	20%	(590)	20%
<b>Gross profit</b>	<b>83</b>	<b>157</b>	<b>-47%</b>	<b>141</b>	<b>-42%</b>	<b>525</b>	<b>16%</b>	<b>468</b>	<b>18%</b>
Gross profit margin (%)	41%	57%		45.1%		47%		44%	
Operating expenses	(11)	(11)	-5%	(11)	-4%	(43)	25%	(84)	13%
<b>EBIT</b>	<b>72</b>	<b>146</b>	<b>-51%</b>	<b>130</b>	<b>-45%</b>	<b>481</b>	<b>15%</b>	<b>385</b>	<b>19%</b>
EBIT margin (%)	36%	53%		42%		43%			
Depreciation & amortization	10	9	9%	10	-3%	50	19%	41	24%
<b>EBITDA</b>	<b>82</b>	<b>155</b>	<b>-47%</b>	<b>140</b>	<b>-42%</b>	<b>532</b>	<b>15%</b>	<b>426</b>	<b>19%</b>
EBITDA margin (%)	41%	56%		45%					
Finance income	8	8	-3%	7	2%	17			
Finance costs	(0)	(7)	-95%	(0)	11%	(18)			
Other inc. (exp.)	0	0	N/A	1	-80%	0			
<b>Profit before tax</b>	<b>79</b>	<b>147</b>	<b>-46%</b>	<b>138</b>	<b>-43%</b>	<b>481</b>	<b>16%</b>	<b>391</b>	<b>20%</b>
Income tax	(14)	(32)	-55%	(34)	-58%	(101)			
Tax rate (%)	18%	22%		-25%		-21%			
Minorities	1	0	47%	0	250%	(0)			
<b>Net profit</b>	<b>65</b>	<b>115</b>	<b>-43%</b>	<b>104</b>	<b>-37%</b>	<b>381</b>	<b>17%</b>	<b>303</b>	<b>22%</b>
Net margin (%)	33%	42%		33%		34%			
<b>Core profit</b>	<b>65</b>	<b>115</b>	<b>-43%</b>	<b>103</b>	<b>-36%</b>	<b>381</b>			

Source: Bloomberg, Company data, Indo Premier

Fig. 2: Key operational data summary

ADMR 1Q25 operationals	1Q25	1Q24	% yoy	4Q24	% qoq	IPS FY25F	% of IPS
Overburden removal	5.7	5.3	6%	6.5	-12%	26.0	22%
Stripping ratio (x)	3.6	3.4	4%	3.6	-1%	3.6	99%
Production volume (mn ton)	1.6	1.6	2%	1.8	-12%	6.5	24%
Sales volume (mn ton)	1.3	1.1	22%	1.8	-30%	6.0	21%
ASP (US\$/ton)	155	261	-40%	171	-9%	163	95%

Source: Company data, Indo Premier estimates

Fig. 3: Old vs new forecast

ADMR US\$ mn	New forecast			Old forecast			Forecast change			Consensus			IPS vs Consensus		
	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F
Revenues	981	2,129	2,298	1,118	2,223	na	-12%	-4%	na	1,058	1,654	2,185	93%	129%	105%
Gross profit	372	623	768	525	738	na	-29%	-15%	na	468	572	606	79%	109%	127%
Operating profit	331	530	672	481	640	na	-31%	-17%	na	385	450	605	86%	118%	111%
EBITDA	378	582	728	532	696	na	-29%	-16%	na	426	518	679	89%	112%	107%
NPAT	282	431	558	381	501	na	-26%	-14%	na	303	343	434	93%	125%	129%
<b>%y-y</b>															
Revenues	-10%	117%	8%	5%	13%	83%				-3%	56%	32%			
Gross profit	-36%	68%	23%	1%	3%	32%				-20%	na	na			
EBIT	-42%	60%	27%	-5%	2%	25%				-33%	17%	34%			
EBITDA	-38%	54%	25%	-4%	5%	24%				-30%	22%	31%			
NPAT	-36%	53%	29%	-6%	3%	26%				-31%	13%	26%			
Gross margin	37.9%	29.3%	33.4%	51.5%	47.0%	33.9%				44.3%	34.6%	27.7%	-6.4%	-5.3%	5.7%
EBIT margin	33.8%	24.9%	29.3%	47.6%	43.0%	29.5%				36.4%	27.2%	27.7%	-2.6%	-2.3%	1.6%
EBITDA margin	38.5%	27.3%	31.7%	51.0%	47.1%	31.9%				40.3%	31.3%	31.1%	-1.8%	-4.0%	0.6%
NPAT margin	28.7%	20.2%	24.3%	36.3%	32.9%	22.7%				28.7%	20.8%	19.9%	0.1%	-0.5%	4.4%

Source: Company data, Indo Premier estimates

Fig. 4: Key operational data changes

		Old			New			Change (%)		
ADMR	Basis	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F
Coking-coal										
Sales volume	ton	6.0	6.5	na	6.0	6.2	6.5	0.0%	-4.6%	na
Australian HCC	US\$/ton	200	200	na	190	200	210	-5.0%	0.0%	na
ASP - ADMR's coking coal	US\$/ton	186	186	na	163	180	189	-12.2%	-3.2%	na

Source: Company data, Indo Premier estimates

Fig. 5: Sum of the parts (SOTP) valuation

		(US\$ mn)	Methodology
Met coal		3,481	DCF (LTG: 0%, WACC: 11.0%)
Aluminium		144	DCF (LTG: 0%, WACC: 11.3%)
Net Cash (debt)		(350)	FY25F Net Cash (Debt)
<b>Total NPV</b>		<b>3,275</b>	
NPV per share		0.08	
<b>NPV per share (Rp)</b>		<b>1,300</b>	

Source: Company data, Indo Premier estimates

Fig. 6: Peers comparison

Ticker	Company	Rating	Target price (Rp/share)	P/E			EV/EBITDA			Dividend yield (%)		
				25F	26F	27F	25F	26F	27F	25F	26F	27F
ADMR IJ	Adaro Minerals Indonesia	Buy	1,500	8.5	5.8	N/A	9.0	7.2	N/A	N/A	N/A	N/A
ANTM IJ	Aneka Tambang	Buy	2,500	11.3	9.7	10.5	6.8	6.2	6.7	7.0%	6.6%	7.7%
HRUM IJ	Harum Energy	Hold	1,450	5.2	4.0	N/A	4.7	3.1	N/A	N/A	N/A	N/A
INCO IJ	Vale Indonesia	Buy	3,650	21.0	9.6	5.0	4.7	3.5	2.2	N/A	N/A	N/A
MBMA IJ	Merdeka Battery Materials	Buy	560	50.8	9.2	3.5	11.6	5.4	1.9	N/A	N/A	N/A
MDKA IJ	Merdeka Copper Gold	Buy	2,400	N/A	13.0	9.0	9.9	5.7	4.7	N/A	N/A	N/A
NCKL IJ	Trimegah Bangun Persada	Buy	1,100	6.0	4.8	4.8	4.4	3.6	3.2	4.3%	5.0%	6.2%

Source: Bloomberg, Indo Premier

Income Statement (US\$ mn)	2023A	2024A	2025F	2026F	2027F
Net revenue	1,086	1,154	981	2,129	2,298
Cost of sales	(503)	(576)	(609)	(1,506)	(1,530)
<b>Gross profit</b>	<b>583</b>	<b>578</b>	<b>372</b>	<b>623</b>	<b>768</b>
SG&A Expenses	(9)	(38)	(41)	(93)	(95)
<b>Operating profit</b>	<b>574</b>	<b>539</b>	<b>331</b>	<b>530</b>	<b>672</b>
Net interest	(11)	17	29	20	40
Forex gain (loss)	0	0	0	0	0
Others	0	1	0	0	0
<b>Pre-tax income</b>	<b>563</b>	<b>558</b>	<b>360</b>	<b>550</b>	<b>713</b>
Income tax	(123)	(123)	(79)	(121)	(157)
Minority interest	0	2	1	1	2
<b>Net income</b>	<b>441</b>	<b>437</b>	<b>282</b>	<b>431</b>	<b>558</b>

Balance Sheet (US\$ mn)	2023A	2024A	2025F	2026F	2027F
Cash & equivalent	586	613	646	469	916
Receivable	195	109	179	487	525
Inventory	68	70	82	251	255
Other current assets	36	51	51	51	51
<b>Total current assets</b>	<b>885</b>	<b>843</b>	<b>957</b>	<b>1,258</b>	<b>1,747</b>
Fixed assets	724	1,065	1,219	1,392	1,462
Other non-current assets	87	166	166	166	166
<b>Total non-current assets</b>	<b>811</b>	<b>1,231</b>	<b>1,385</b>	<b>1,558</b>	<b>1,628</b>
<b>Total assets</b>	<b>1,695</b>	<b>2,074</b>	<b>2,342</b>	<b>2,816</b>	<b>3,375</b>
ST loans	0	0	0	0	0
Payable	33	54	41	84	85
Other payables	61	28	28	28	28
Current portion of LT loans	116	153	153	153	153
<b>Total current liab.</b>	<b>210</b>	<b>235</b>	<b>222</b>	<b>265</b>	<b>267</b>
Long term loans	416	296	296	296	296
Other LT liab.	32	40	40	40	40
<b>Total liabilities</b>	<b>657</b>	<b>571</b>	<b>558</b>	<b>601</b>	<b>603</b>
Equity	122	122	121	121	121
Retained earnings	855	1,290	1,572	2,002	2,560
Minority interest	0	0	0	0	0
<b>Total SHE + minority int.</b>	<b>1,038</b>	<b>1,502</b>	<b>1,784</b>	<b>2,214</b>	<b>2,772</b>
<b>Total liabilities &amp; equity</b>	<b>1,695</b>	<b>2,074</b>	<b>2,342</b>	<b>2,816</b>	<b>3,375</b>

Source: Company, Indo Premier

Cash Flow Statement (US\$ mn)	2023A	2024A	2025F	2026F	2027F
Net income	407	370	282	431	558
Depr. & amortization	35	40	46	52	0
Changes in working capital	(125)	135	(95)	(434)	(40)
Others	0	0	0	0	0
<b>Cash flow from operating</b>	<b>316</b>	<b>545</b>	<b>234</b>	<b>48</b>	<b>517</b>
Capital expenditure	(165)	(380)	(200)	(225)	(70)
Others	(33)	(47)	0	0	0
<b>Cash flow from investing</b>	<b>(198)</b>	<b>(428)</b>	<b>(200)</b>	<b>(225)</b>	<b>(70)</b>
Loans	(72)	(120)	0	0	0
Equity	28	29	(1)	0	0
Dividends	0	0	0	0	0
Others	0	0	0	0	0
<b>Cash flow from financing</b>	<b>(44)</b>	<b>(91)</b>	<b>(1)</b>	<b>0</b>	<b>0</b>
<b>Changes in cash</b>	<b>75</b>	<b>26</b>	<b>33</b>	<b>(177)</b>	<b>447</b>

Key Ratios	2023A	2024A	2025F	2026F	2027F
Gross margin	54%	50%	38%	29%	33%
Operating margin	53%	47%	34%	25%	29%
Pre-tax margin	52%	48%	37%	26%	31%
Net margin	41%	38%	29%	20%	24%
ROA	26%	21%	12%	15%	17%
ROE	42%	29%	16%	19%	20%
Acct. receivables TO (days)	5.6	10.6	5.5	4.4	4.4
Inventory TO (days)	7.4	8.2	7.4	6.0	6.0
Payable TO (days)	15.0	10.8	15.0	18.0	18.0
Debt to equity	43%	21%	17%	14%	11%
Interest coverage ratio (x)	0.2	0.1	0.1	0.1	0.1
Net gearing	-17%	-22%	-21%	-8%	-23%