

Alam Tri Resources

BUY (unchanged)

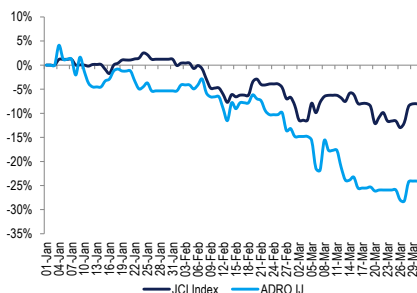
Company Update | Coal | ADRO IJ | 30 April 2025

Stock Data

Target price	Rp2,300
Prior TP	Rp3,900
Current price	Rp1,900
Upside/downside	+21%
Shares outstanding (mn)	30,759
Market cap (Rp bn)	58,441
Free float	31%
Avg. 6m daily T/O (Rp bn)	121

Price Performance

	3M	6M	12M
Absolute	-17.4%	-47.7%	-29.9%
Relative to JCI	-11.8%	-36.6%	-23.4%
52w low/high (Rp)	1,645 – 4,040		



Major Shareholders

Adaro Strategic Investment	43.9%
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Reggie Parengkuan

PT Indo Premier Sekuritas
reggie.parengkuan@ipc.do.id
+62 21 5088 7168 ext. 714

Ryan Winipta

PT Indo Premier Sekuritas
ryan.winipta@ipc.co.id
+62 21 5088 7168 ext. 718

1Q25 result: miss from both ADMR and SIS

- ADRO reported 1Q25 NP of US\$87mn (-79% yoy), which came below ours/consensus FY25F estimates at 15%/13%.
- Excluding profit from discontinued operations (AADI), 1Q25 NP declined by 33% yoy, largely due to lower ADMR NP (-29% yoy).
- We cut our FY25-27F NP estimates by 33-34% to mainly reflect AADI's spin-off; maintain Buy at lower TP of Rp2,300/sh.

Soft 1Q25 NP on yoy basis due to soft coking coal price

ADRO reported 1Q25 NP of US\$87mn (-79% yoy), which came below ours and consensus FY25F estimates at 15%/13%. We think the NP miss is likely driven by a combination of lower-than-expected NP from ADMR in addition to lower SIS volumes (-12% yoy) amid heavy rainfall. Compared with last year's numbers (excl. profits from discontinued operations), NP declined by 33%, largely driven by lower coal mining NP (-29% yoy) while SIS NP declined by 18% yoy. Note that ADRO allocated US\$48mn for share buyback in 1Q25, reflected in 69% increase in treasury shares.

ADMR production was in-line but sales volume lagged behind

ADMR production volume remained stable at 1.6Mt (+2% yoy), but sales volume lagged behind production at 1.3Mt (+21% yoy) due to continuous logistical issue at Barito River. ASP declined significantly to US\$155/t (-41% yoy), in-line with softer HCC price (-40% yoy), and production cost also declined to US\$83/t (-19% yoy) largely driven by lower royalty cost. To add, stripping ratio remained stable at 3.6x (+3% yoy). More details on [ADMR](#).

SIS volumes declined on seasonality, but margins expanded

SIS coal transport and OB volume declined to 16Mt/37mbcm respectively in 1Q25 (-5/-14% yoy), likely driven by heavy rainfall in Mar25. All-in mining fee rose to US\$3.2/t (+13% yoy), but production cost also increased to US\$2.2/t (+5% yoy). As a result, cash margin still rose by 38% yoy to US\$1/t.

Maintain our Buy rating at lower SOTP-based TP of Rp2,300/sh

We adjust our FY25/26/27F estimates by 33/33/34% to mainly reflect AADI's spin-off. We think ADRO's green business is not reflected at current share price (IPS TP excl. green business: Rp1,800/sh) and thus we maintain Buy rating at a lower SOTP-based TP of Rp2,300/sh (from Rp3,900 previously). To add, given ADRO's stellar track record, we are confident with the group's execution. Key downside risk is lower than expected coking coal price attributed to softer China economic growth and delays in future project execution as well as capex overrun.

Financial Summary (US\$ mn)	2023A	2024A	2025F	2026F	2027F
Revenue	6,518	2,079	1,960	2,158	2,221
EBITDA	2,510	960	615	700	817
Net profit	1,641	1,380	339	410	490
EPS growth	-34%	-16%	-75%	21%	19%
ROE	24%	19%	5%	6%	0%
PER (x)	2.0	2.4	9.7	8.0	6.7
EV/EBITDA (x)	0.2	1.8	4.7	4.0	3.2
Dividend yield	30.3%	24.3%	16.7%	4.1%	5.0%
IPS vs. consensus			56%	67%	69%

Source: Company, Indo Premier

Share price closing as of: 30 April 2025

Fig. 1: Forecast changes summary

Forecast changes summary	Previous			New			Changes		
	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F
Revenue	1,912	2,126	2,189	1,960	2,158	2,221	3%	2%	1%
COGS	(1,430)	(1,539)	(1,480)	(1,410)	(1,508)	(1,449)	-1%	-2%	-2%
Gross profit	482	587	709	550	650	772	14%	11%	9%
Gross margin	25%	28%	32%	28%	30%	35%	12%	8%	9%
Opex	(142)	(158)	(162)	(145)	(160)	(165)	2%	1%	2%
EBIT	340	429	547	405	490	607	19%	14%	11%
EBIT margin	18%	20%	25%	21%	23%	27%	15%	14%	9%
Interest income	120	120	120	120	120	120	0%	0%	0%
Interest expense	(55)	(55)	(55)	(55)	(55)	(55)	0%	0%	0%
Income from associates	50	50	50	30	50	50	-40%	0%	0%
Others	0	0	0	0	0	0	N/A	N/A	N/A
Pre-tax income	455	544	662	500	605	722	10%	11%	9%
Income tax	100	120	146	(110)	(133)	(159)	-210%	-211%	-209%
Minority interest	(46)	(55)	(67)	(51)	(62)	(74)	11%	12%	10%
Net profit	509	609	740	339	410	490	-33%	-33%	-34%
Net margin	27%	29%	34%	17%	19%	22%	-36%	-34%	-35%

Source: Company, Indo Premier

Fig. 2: 1Q25 result summary

ADRO 3M25 results	1Q25	1Q24	% yoy	4Q24	% qoq	IPS FY25F	% of IPS	Cons FY25F	% of cons
Revenue	382	1,443	-74%	(2,373)	-116%	1,912	20%	3,061	12%
COGS	(271)	(815)	-67%	1,490	-118%	(1,430)	19%	(1,854)	15%
Gross profit	110	628	-82%	(883)	-112%	482	23%	1,207	9%
Gross profit margin (%)	29%	44%		37%		25%		39%	
Opex	(31)	(108)	-71%	115	-127%	(142)	22%	(334)	9%
EBIT	79	520	-85%	(768)	-110%	340	23%	873	9%
EBIT margin (%)	21%	36%		32%		18%		29%	
Depreciation & amortization	54	81	-33%	(23)	-332%	210	26%	1,341	4%
EBITDA	133	601	-78%	(791)	-117%	550	24%	2,214	6%
EBITDA margin (%)	35%	42%		33%		29%		72%	
Interest income	32	39	-17%	(2)	#####	120	27%		
Interest expense	(5)	(23)	-76%	17	-132%	(55)	10%		
Income from associates	2	3	-27%	(23)	-110%	50	5%		
Others	(3)	(6)	-51%	879	-100%	0	N/A		
Profit before tax	106	533	-80%	102	4%	455	23%	924	11%
Income tax	(19)	(106)	-83%	128	-114%	100	-19%		
Tax rate (%)	18%	20%		-126%		-22%			
Minority interest	(11)	(52)	-79%	(33)	-68%	(46)	23%		
Net profit	77	374	-80%	197	-61%	509	15%	601	13%
Net margin (%)	20%	26%		-8%		27%			
Core profit	79	379	-79%	(1,784)	-104%	509	16%		

Source: Indo Premier

Fig. 3: SOTP valuation

SOTP valuation summary	US\$m n	Remarks
ADMR	2,756	DCF - WACC 11.6%; LT growth 0%
Mining contracting	550	Multiple target - 5.5x FY24F P/E
ADRO Green	1,000	DCF - WACC 8%; LT growth 2%
Equity value (US\$m n)	4,306	
USD/IDR	16,500	
Outstanding shares	30.8	
Target price (Rp/sh)	2,300	
Current price	1,900	
Upside/dow nside	21%	

Source: Indo Premier

Income Statement (US\$ mn)	2022A	2023A	2024F	2025F	2026F
Net revenue	8,102	6,518	6,116	4,969	4,424
Cost of sales	(3,449)	(3,980)	(3,756)	(3,240)	(3,040)
Gross profit	4,653	2,537	2,360	1,729	1,384
SG&A Expenses	(375)	(344)	(367)	(298)	(265)
Operating profit	4,277	2,193	1,993	1,431	1,119
Net interest	(42)	31	60	25	21
Forex gain (loss)	210	108	108	96	27
Others	31	(38)	0	0	0
Pre-tax income	4,476	2,294	2,160	1,552	1,166
Income tax	(1,645)	(439)	(432)	(310)	(233)
Minority interest	(338)	(213)	(194)	(140)	(105)
Net income	2,493	1,641	1,534	1,102	828

Balance Sheet (US\$ mn)	2022A	2023A	2024F	2025F	2026F
Cash & equivalent	4,067	3,311	4,362	4,778	5,229
Receivable	647	520	408	331	295
Inventory	199	171	209	180	169
Other current assets	406	299	299	299	299
Total current assets	5,319	4,302	5,277	5,588	5,992
Fixed assets	1,452	1,754	2,482	3,320	3,406
Other non-current assets	4,011	4,416	4,406	4,390	4,372
Total non-current assets	5,463	6,171	6,888	7,710	7,777
Total assets	10,782	10,473	12,165	13,298	13,770
ST loans	333	345	395	341	320
Payable	143	223	260	260	260
Other payables	1,971	1,568	1,124	1,124	1,124
Current portion of LT loans	2,448	2,135	1,779	1,725	1,704
Total current liab.	1,369	404	1,524	2,084	2,084
Long term loans	439	524	524	524	524
Other LT liab.	1,807	929	2,049	2,609	2,609
Total liabilities	4,255	3,064	3,828	4,334	4,313
Equity	343	343	343	343	343
Retained earnings	4,481	5,220	5,954	6,442	6,829
Minority interest	1,703	1,846	2,040	2,180	2,285
Total SHE + minority int.	6,527	7,409	8,337	8,965	9,457
Total liabilities & equity	10,782	10,473	12,165	13,298	13,770

Source: Company, Indo Premier

Cash Flow Statement (US\$ mn)	2022A	2023A	2024F	2025F	2026F
EBIT	2,493	1,641	1,534	1,102	828
Depr. & amortization	521	317	339	368	373
Changes in working capital	(208)	166	126	51	26
Others	1,058	(972)	(256)	140	105
Cash flow from operating	3,864	1,153	1,743	1,660	1,332
Capital expenditure	(415)	(597)	(1,050)	(1,190)	(440)
Others	(352)	14	0	0	0
Cash flow from investing	(767)	(582)	(1,050)	(1,190)	(440)
Loans	2	(885)	1,157	560	0
Equity	190	9	0	0	0
Dividends	(650)	(1,000)	(800)	(614)	(441)
Others	(340)	542	0	0	0
Cash flow from financing	(798)	(1,334)	357	(54)	(441)
Changes in cash	2,256	(756)	1,050	417	451

Key Ratios (US\$ mn)	2022A	2023A	2024F	2025F	2026F
Gross margin	57%	39%	39%	35%	31%
Operating margin	53%	34%	33%	29%	25%
Pre-tax margin	55%	35%	35%	31%	26%
Net margin	31%	25%	25%	22%	19%
ROA	23%	16%	13%	8%	6%
ROE	41%	24%	20%	14%	10%
Acct. receivables TO (days)	12.5	12.5	15.0	15.0	15.0
Inventory TO (days)	17.3	23.3	18.0	18.0	18.0
Payable TO (days)	10.4	11.5	9.5	9.5	9.5
Debt to equity	0.3	0.1	0.2	0.3	0.3
Interest coverage ratio (x)	53.7	22.9	23.3	11.9	(55.7)
Net gearing	(0.4)	(0.4)	(0.3)	(0.3)	(0.3)

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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