INDOPREMIER

Adaro Andalan Indonesia

BUY *(unchanged)*

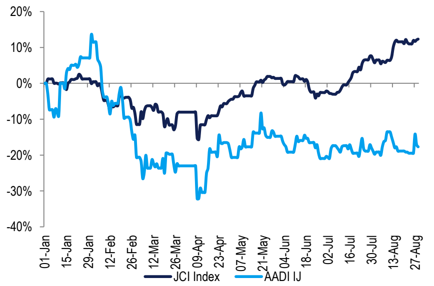
Company Update | Coal | AADI IJ | 29 August 2025

Stock Data

Target price	**Rp8,000**
Prior TP	*Rp10,000*
Current price	Rp6,900
Upside/downside	*+16%*
Shares outstanding (mn)	7,787
Market cap (Rp bn)	53,730
Free float	38%
Avg. 6m daily T/O (Rp bn)	91

Price Performance

	3M	6M	12M
Absolute	-4.5%	-4.8%	N/A
Relative to JCI	-13.6%	-25.6A	N/A
52w low/high (Rp)	5,550 – 10,275		



Major Shareholders

Adaro Strategic Investment	43.9%

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2Q25 result: +ve surprise on ASP led to NP beat against consensus

- AADI reported 1H25 NP of US$429mn (-50% yoy), which came slightly below ours but above consensus FY25F estimates (at 45/57%).
- Positive surprise on ASP (-1% qoq), higher volumes (+7% qoq), and one-off gains led to solid 2Q25 performance (+19% qoq); core NP +7% qoq.
- We revised down our FY25-27F NP estimates by 13-26% and maintain our Buy rating at a lower TP of Rp8,000/sh.

Solid 2Q25 NP attributed to resilient ASP, higher volume, and one-offs

AADI reported 1H25 NP of US$429mn (-50% yoy), which came slightly below ours but above consensus FY25F estimates (at 45/57% respectively). The beat vs. consensus NP was likely driven by a beat in ASP and cash cost, considering 9% YTD decline in fuel price and 1H25 SR was 12% below guidance. While NP came slightly below ours due to lower than expected interest and associate income; Kestrel is loss making due to high cost structure. On quarterly basis, 2Q25 NP rose to US$233mn (+17% qoq) as ASP surprisingly remained flattish, while sales volume increased by +7% qoq. To add, AADI recorded US$14/21mn gain from selling shares in Cita Minerals (CITA) and change in accounting treatment of Alamtri Power.

Sales volume continued to improve, while SR is catching up

Coal sales volume rose to 17.6Mt driven by both mine and trading sales (+6/+39% qoq). This is in-line with higher production volume of 17.5Mt (+9% qoq) attributed to easing rainfall. Meanwhile, SR surged to 4.3x (+34% qoq) due to mining sequence, but 1H25 SR remained well below guidance (at 88%) and we believe will remain so amid soft coal prices. Overall, AADI's 1H25 operational numbers (except for SR) were in-line with management's guidance.

Cash cost was flattish as lower fuel and royalty offsets higher SR

ASP was a positive surprise and remained flattish at US$67/t (-1% qoq) despite soft ICI3 price (-12% qoq). Cash cost was also flattish at US$50/t (+1% qoq) as lower fuel cost (Brent: -11% qoq) and royalty rate (-521bps qoq) partly offset higher stripping ratio (+34% qoq). Overall, 1H25 ASP and cash cost was ahead of our FY25F estimates (at 105/107%).

Maintain Buy at lower TP of Rp8,000

We revised down our FY25-27F NP estmates by -13/-14/-26% to reflect: 1) 2% upgrade in ASP. 2) 5/5/8% increase in cash cost. 3) Kestrel to continue to record net loss in FY25F attributed to high cost structure in Australia and thus we also took out Kestrel from our valuation. 3) Other income of US$30mn. As a result, we cut our SOTP-based TP to Rp8,000 but maintain our Buy rating. Key downside risk is softer than expected coal price attributed to weak China/India demand.

Financial Summary (US$ mn)	2023A	2024A	2025F	2026F	2027F
Revenue	5,915	5,320	4,846	4,748	4,577
EBITDA	1,465	1,254	1,286	1,331	1,261
Net profit	1,144	1,211	832	862	845
EPS growth	-45%	6%	-31%	4%	-2%
ROE	24%	36%	20%	18%	16%
PER (x)	2.9	2.7	4.0	3.8	3.9
EV/EBITDA (x)	1.2	2.6	2.5	2.0	1.7
Dividend yield	27.6%	0.0%	11.4%	11.8%	5.8%
IPS vs. consensus			111%	112%	106%

Source: Company, Indo Premier *Share price closing as of: 29 August 2025*

Fig. 1: 1H25 results summary

	Previous			New			Changes		
Forecast changes summary	**2025F**	**2026F**	**2027F**	**2025F**	**2026F**	**2027F**	**2025F**	**2026F**	**2027F**
Revenue	4,673	4,592	4,437	4,846	4,748	4,577	4%	3%	3%
COGS	(3,359)	(3,222)	(2,972)	(3,461)	(3,368)	(3,248)	3%	5%	9%
Gross profit	**1,313**	**1,371**	**1,465**	**1,385**	**1,380**	**1,329**	**5%**	**1%**	**-9%**
Gross margin	28%	30%	33%	29%	29%	29%	2%	-3%	-12%
Opex	(234)	(230)	(222)	(242)	(237)	(229)	4%	3%	3%
EBIT	**1,080**	**1,141**	**1,243**	**1,143**	**1,143**	**1,100**	**6%**	**0%**	**-12%**
EBIT margin	23%	25%	28%	24%	24%	24%	2%	-3%	-14%
Interest income	250	331	426	66	85	104	-74%	-74%	-76%
Interest expense	(108)	(106)	(105)	(63)	(62)	(61)	-42%	-42%	-42%
Income from associates	112	31	31	(20)	31	31	-118%	0%	0%
Others	0	0	0	30	0	0	N/A	N/A	N/A
Pre-tax income	**1,333**	**1,398**	**1,595**	**1,155**	**1,197**	**1,173**	**-13%**	**-14%**	**-26%**
Income tax	(267)	(280)	(319)	(231)	(239)	(235)	-13%	-14%	-26%
Minority interest	(107)	(112)	(128)	(92)	(96)	(94)	-13%	-14%	-26%
Net profit	**960**	**1,006**	**1,148**	**832**	**862**	**845**	**-13%**	**-14%**	**-26%**
Net margin	21%	22%	26%	17%	18%	18%	-16%	-17%	-29%

Source: Company, Indo Premier

Fig. 2: 1H25 results summary

AADI 1H25 results	**1H25**	**1H24**	**% yoy**	**2Q25**	**2Q24**	**% yoy**	**1Q25**	**% qoq**	**IPS FY25F**	**% of IPS**	**Cons FY25F**	**% of cons**
Revenue	2,400	2,657	-10%	1,235	1,342	-8%	1,164	6%	4,673	51%	4,642	52%
Cost of revenue	(1,704)	(1,879)	-9%	(887)	(998)	-11%	(817)	9%	(3,359)	51%	(3,494)	49%
Gross profit	**696**	**777**	**-11%**	**348**	**344**	**1%**	**347**	**0%**	**1,313**	**53%**	**1,148**	**61%**
Gross profit margin (%)	29%	29%		28%	26%		30%		28%		25%	
Operating expenses	(114)	(135)	-15%	(56)	(59)	-5%	(58)	-3%	(234)	49%	(236)	48%
EBIT	**581**	**642**	**-10%**	**292**	**285**	**2%**	**289**	**1%**	**1,080**	**54%**	**912**	**64%**
EBIT margin (%)	24%	24%		24%	21%		25%		23%		20%	
Depreciation & amortization	25	56	-55%	29	30	-2%	27	7%	144	17%	173	14%
EBITDA	**606**	**698**	**-13%**	**321**	**315**	**2%**	**317**	**1%**	**1,223**	**50%**	**1,085**	**56%**
EBITDA margin (%)	25%	26%		26%	23%		27%		26%		23%	
Interest income	29	57	-49%	15	29	-50%	14	2%	250	12%		
Interest expense	(33)	(28)	18%	(15)	(14)	4%	(18)	-20%	(108)	30%		
Income from associates	(9)	62	-115%	(5)	47	-110%	(4)	11%	112	-8%		
Others	28	302	-91%	28	309	-91%	(1)	#####	0	N/A		
Profit before tax	**596**	**1,035**	**-42%**	**315**	**657**	**-52%**	**280**	**12%**	**1,333**	**45%**	**1,051**	**57%**
Income tax	(114)	(112)	2%	(57)	(46)	25%	(57)	-1%	(267)	43%		
Tax rate (%)	19%	11%		18%	7%		20%		20%			
Minority interest	(53)	(64)	-18%	(26)	(29)	-12%	(27)	-4%	(107)	49%		
Net profit	**429**	**859**	**-50%**	**233**	**582**	**-60%**	**196**	**19%**	**960**	**45%**	**752**	**57%**
Net margin (%)	18%	32%		19%	43%		17%		21%			
Core profit	**406**	**590**	**-31%**	**210**	**294**	**-29%**	**196**	**7%**	**960**	**42%**		

Source: Company, Indo Premier

Fig. 3: 1H25 operational summary

Operational summary	**1H25**	**1H24**	**% yoy**	**2Q25**	**2Q24**	**% yoy**	**1Q25**	**% qoq**	**IPS FY25F**	**% of IPS**	**Cons FY25F**	**% of cons**
Production (Mt)	33.5	32.8	2%	17.5	16.3	8%	16.0	9%	67.0	50%	66.0	51%
Stripping ratio (x)	3.8	4.0	-6%	4.3	4.3	-1%	3.2	34%	4.0	94%	4.3	88%
Sales (Mt)	34.0	33.3	2%	17.6	17.4	1%	16.4	7%	69.0	49%	66.0	51%
Mine sales (Mt)	32.6	32.4	1%	16.8	16.9	-1%	15.8	6%	67.0	49%		
Trading sales (Mt)	1.4	1.0	41%	0.8	0.5	52%	0.6	39%	2.0	68%		
ASP (US$/t)	67.5	76.7	-12%	67.1	74.0	-9%	68.0	-1%	64.5	105%		
Cash cost (US$/t)	50.1	57.4	-13%	50.2	55.8	-10%	49.9	1%	46.7	107%		

Source: Company, Indo Premier

Fig. 4: SOTP valuation

Valuation summary	US$mn	Remarks
Thermal coal & CFPP	3,706	*Multiple target - 4.5x FY25F P/E*
Equity value (US$mn)	**3,706**	
USD/IDR	16,300	
Outstanding shares	7.8	
Target price (Rp/sh)	**8,000**	
Current price	6,900	
Upside/downside	16%	

Source: Indo Premier

Income Statement (US$ mn)	2022A	2023A	2024F	2025F	2026F
Net revenue	5,915	5,320	4,846	4,748	4,577
Cost of sales	(4,187)	(3,854)	(3,461)	(3,368)	(3,248)
Gross profit	**1,729**	**1,466**	**1,385**	**1,380**	**1,329**
SG&A Expenses	(312)	(316)	(242)	(237)	(229)
Operating profit	**1,417**	**1,150**	**1,143**	**1,143**	**1,100**
Net interest	37	8	2	23	42
Forex gain (loss)	132	51	(20)	31	31
Others	(26)	331	30	0	0
Pre-tax income	**1,560**	**1,540**	**1,155**	**1,197**	**1,173**
Income tax	(274)	(213)	(231)	(239)	(235)
Minority interest	(142)	(116)	(92)	(96)	(94)
Net income	**1,144**	**1,211**	**832**	**862**	**845**

Balance Sheet (US$ mn)	2022A	2023A	2024F	2025F	2026F
Cash & equivalent	2,534	1,519	1,872	2,431	2,961
Receivable	416	402	485	475	458
Inventory	65	69	115	112	108
Other current assets	254	225	221	221	221
Total current assets	**3,270**	**2,214**	**2,693**	**3,239**	**3,748**
Fixed assets	533	975	1,508	1,522	1,582
Other non-current assets	3,260	2,804	2,769	2,734	2,698
Total non-current assets	**3,793**	**3,779**	**4,277**	**4,256**	**4,281**
Total assets	**7,063**	**5,993**	**6,970**	**7,494**	**8,028**
ST loans	386	468	385	374	361
Payable	756	41	41	41	41
Other payables	657	364	364	364	364
Current portion of LT loans	**1,798**	**873**	**789**	**779**	**765**
Total current liab.	193	1,440	1,764	1,722	1,715
Long term loans	281	316	316	316	316
Other LT liab.	**474**	**1,756**	**2,081**	**2,038**	**2,031**
Total liabilities	**2,272**	**2,629**	**2,870**	**2,817**	**2,796**
Equity	2,366	2,520	2,520	2,520	2,520
Retained earnings	1,843	440	1,084	1,565	2,026
Minority interest	582	404	496	592	686
Total SHE + minority int.	**4,790**	**3,363**	**4,100**	**4,677**	**5,232**
Total liabilities & equity	**7,063**	**5,993**	**6,970**	**7,494**	**8,028**

Source: Company, Indo Premier

Cash Flow Statement (US$ mn)	2022A	2023A	2024F	2025F	2026F
EBIT	1,144	1,211	832	862	845
Depr. & amortization	99	103	144	188	161
Changes in working capital	356	94	(214)	3	8
Others	(1,003)	(210)	97	96	94
Cash flow from operating	**595**	**1,199**	**859**	**1,149**	**1,108**
Capital expenditure	(52)	(534)	(642)	(167)	(186)
Others	(27)	732	0	0	0
Cash flow from investing	**(79)**	**198**	**(642)**	**(167)**	**(186)**
Loans	(241)	527	324	(42)	(7)
Equity	25	36	0	0	0
Dividends	0	0	(187)	(381)	(384)
Others	(1,150)	(2,953)	0	0	0
Cash flow from financing	**(1,366)**	**(2,390)**	**137**	**(423)**	**(392)**
Changes in cash	**(846)**	**(1,016)**	**353**	**559**	**530**

Key Ratios (US$ mn)	2022A	2023A	2024F	2025F	2026F
Gross margin	29%	28%	29%	29%	29%
Operating margin	24%	22%	24%	24%	24%
Pre-tax margin	26%	29%	24%	25%	26%
Net margin	19%	23%	17%	18%	18%
ROA	16%	20%	12%	12%	11%
ROE	24%	36%	20%	18%	16%
Acct. receivables TO (days)	14.2	13.2	10.0	10.0	10.0
Inventory TO (days)	64.3	56.2	30.0	30.0	30.0
Payable TO (days)	10.9	8.2	9.0	9.0	9.0
Debt to equity	0.2	0.5	0.5	0.4	0.4
Interest coverage ratio (x)	19.6	16.1	20.4	21.6	20.5
Net gearing	(0.4)	(0.0)	(0.0)	(0.2)	(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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