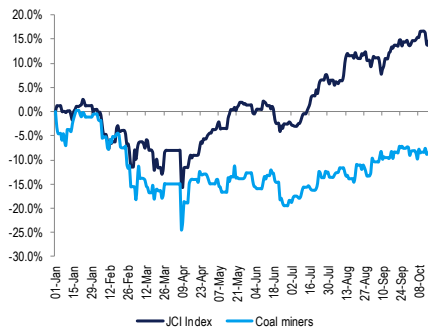


Sector update | 19 October 2025

Sector Index Performance

|                 | 3M    | 6M     | 12M   |
|-----------------|-------|--------|-------|
| Absolute        | 11.0% | 8.2%   | 29.0% |
| Relative to JCI | -0.5% | -18.0% | 23.9% |



Summary Valuation Metrics

| P/E (x)       | 2025F | 2026F | 2027F |
|---------------|-------|-------|-------|
| AADI IJ       | 4.5   | 4.2   | 4.2   |
| ITMG IJ       | 8.0   | 15.1  | 15.7  |
| PTBA IJ       | 8.3   | 7.0   | 7.2   |
| UNTR IJ       | 6.4   | 6.3   | 5.8   |
| EV/EBITDA (x) | 2025F | 2026F | 2027F |
| AADI IJ       | 2.8   | 2.2   | 1.9   |
| ITMG IJ       | 2.5   | 4.4   | 4.3   |
| PTBA IJ       | 4.7   | 4.1   | 4.2   |
| UNTR IJ       | 2.9   | 2.6   | 2.2   |
| Div. Yield    | 2025F | 2026F | 2027F |
| AADI IJ       | 10.0% | 10.7% | 5.3%  |
| ITMG IJ       | 14.4% | 6.2%  | 4.2%  |
| PTBA IJ       | 15.0% | 9.0%  | 10.7% |
| UNTR IJ       | 7.7%  | 6.7%  | 7.0%  |

Reggie Parengkuan

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

Ryan Winipta

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

## ICI uptrend amid robust China/JKT demand; 3Q25 NP may be a mixed bag

- In Sep25, ICI continued its slight uptrend as production slowed down in Indonesia, while China/JKT seaborne demand remained robust.
- 3Q25F preview: AADI is expected to beat consensus, while PTBA is forecasted to miss despite 29% NP downgrade YTD.
- Maintain sector Overweight rating with AADI as our top pick due to its attractive valuation, yield, and share buyback program.

### Sep25 recap: ICI price slowly creeping up, but Newcastle was volatile

ICI prices continued its slight uptrend in Sep25 (+1% mom) as production in Indonesia appeared to continue to slowdown (Jul25: -8% yoy/YTD: -6%) while exports picked up (Jul25: -2% yoy/YTD: -5% yoy). China was likely the main seaborne demand driver (Aug25: +3% yoy/YTD: -3% yoy) as production continued to decline (Aug25: -2% yoy/YTD: +3% yoy) due to tighter safety checks during on-going restocking period (Aug-Nov), in addition to peaking hydro output in Aug due to seasonality. Additionally, demand from JKT has also remained robust in Aug (+14% yoy). We expect Indonesian exports to continue to pick up as HBA now trades below ICI, erasing previous pressure from the seaborne market. This shall coincide with China/India's restocking period and lower renewables/hydro output (Fig. 3-6), a positive tailwind for ICI. On the other hand, Newcastle was relatively more volatile, declining to US\$100/t (-10% in the first 2 weeks of Sep), but rhas recovered slowly and is now trading at US\$105/t.

### 3Q25F NP preview: mixed bag – AADI expected to beat consensus

We expect coal miners 3Q25F NP trend to be a mixed bag in 3Q25F, with ITMG and ADRO recording significant NP improvement qoq (+21/+100% qoq) primarily attributed to higher Newcastle price/sales volume (+9/+17% qoq) for ITMG and lower associate loss from BPI for ADRO (core NP: +7% qoq). PTBA 3Q25F NP is also expected to improve by c.24% qoq, a positive surprise given lower ICI3 price (-6% qoq), driven by higher sales volume (+6% qoq) and lower cash cost (-4% qoq). However, PTBA's NP will remain the softest among miners relative to consensus forecast (9M25F: at 43%) despite 29% NP downgrade YTD, underpinning our Sell rating. On the other hand, UNTR NP is forecasted to decline by c.11% qoq due to high base 2Q25 NP (from Rp950bn divestment gain) and lower Komatsu volume (-26% qoq). Meanwhile, AADI 3Q25F NP is expected to decline by c.-13% qoq due to lower ICI3 price, but may beat consensus estimates (at 80% FY25F).

### Maintain sector Overweight rating with AADI as our top pick

We maintain our Overweight rating on the sector as we expect ICI price to continue its uptrend in 4Q25F. AADI remains as our top pick due to its attractive valuation of 4.5x FY25F P/E (vs. peers of 6-8x), dividend yield of c.10% (assuming DPR of 45%), and buyback program of Rp4tr (34% of free float). AADI's 1.2GW CFPP (KPI) will also commence operations in Dec25, with utilisation expected to ramp up to 40-50% in FY26F and generate c.US\$30-35mn earnings. Key downside risks are softer China/India demand and export levy implementation.

**ADRO** – We expect ADRO 3Q25 NP to improve to US\$119mn (+21% qoq; 83/75% IPS/cons) largely attributed to higher SIS volume (c.+5% qoq) and lower associate losses from BPI (c.US\$18mn vs. US\$35mn in 2Q25) following maintenance completion in 3Q25F, while coking coal business is expected to remain relatively flattish.

**AADI** – We expect AADI 3Q25F NP to decline to US\$202mn (-13% qoq; 76/81% IPS/cons) largely attributed to lower ICI3 price (-6% qoq). Sales volume is expected to improve to 18.8Mt (+7% qoq), in-line with AADI's mining sequence. Cash cost is forecasted to decline to US\$64/t (-5% qoq) due to lower royalty rate (c.-60bps qoq; latest IUPK royalty rate cut was in effect by Apr25), while stripping ratio is expected to remain relatively flattish. To add, Kestrel is expected to continue to record c.US\$10mn net loss in 3Q25F attributed to high cost structure, while coking coal price remained flattish qoq.

**ITMG** – We expect ITMG 3Q25F NP to significantly improve to US\$52mn (+100% qoq; 74/58% IPS/cons), primarily attributed to higher Newcastle price (+9% qoq) and sales volume of 6.8Mt (+17% qoq). However, stripping ratio is expected to continue to rise to 9.9x (+2% qoq) to achieve FY25F target of 10.5x. As a result, higher cash cost of US\$65/t (+3% qoq) is expected to partly offset higher ASP, but cash margin should still significantly improve by 16% qoq.

**PTBA** – We expect PTBA 3Q25F NP to slightly improve to Rp549bn (+24% qoq) but remain below ours/consensus FY25F forecast (at 45/43%) despite 29% NP downgrade YTD. Although ICI3 price declined in 3Q25 (-6% qoq), earnings still rose qoq thanks to higher sales volume of c.12Mt (+6% qoq) in 3Q25F following approval from ESDM to sell below HBA. While cash cost is expected to decline to c.Rp806k/t (-4% qoq) attributed to lower stripping ratio (-5% qoq).

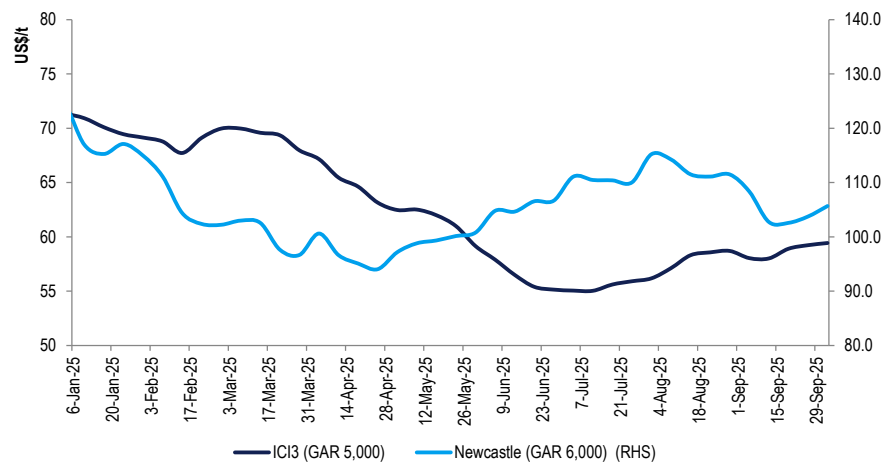
**UNTR** – We expect UNTR 3Q25F NP to decline to Rp4.4tr (-11% qoq; 80/73% IPS/cons), largely driven by lower Komatsu and gold sales volume of 1,100 units/54koz (-26/-19% qoq). Note that 2Q25 was also a high base given that UNTR recorded Rp950bn one-off gain from BBM/PJU divestment. TTA is expected to benefit from higher Newcastle price (+9% qoq), but volume shall remain relatively flattish at 4Mt. While Pama pre-tax margin is forecasted to improve by 313bps qoq on the back of higher volume of 337mn units (coal getting + OB; +7% qoq).

Fig. 1: 3Q25F/9M25F earnings preview

|               | 2Q25  | 3Q25  | % qoq | 9M24   | 9M25   | % yoy | IPS FY25F | % of IPS | Cons FY25F | % of cons |
|---------------|-------|-------|-------|--------|--------|-------|-----------|----------|------------|-----------|
| ADRO (US\$mn) | 98    | 119   | 21%   | 1,183  | 294    | -75%  | 348       | 85%      | 388        | 76%       |
| AADI (US\$mn) | 233   | 202   | -13%  | N/A    | 630    | N/A   | 832       | 76%      | 782        | 81%       |
| ITMG (US\$mn) | 26    | 52    | 100%  | 273    | 143    | -48%  | 193       | 74%      | 246        | 58%       |
| PTBA (Rp bn)  | 442   | 549   | 24%   | 3,230  | 1,382  | -57%  | 3,063     | 45%      | 3,240      | 43%       |
| UNTR (Rp bn)  | 4,943 | 4,417 | -11%  | 15,592 | 12,547 | -20%  | 15,659    | 80%      | 17,202     | 73%       |

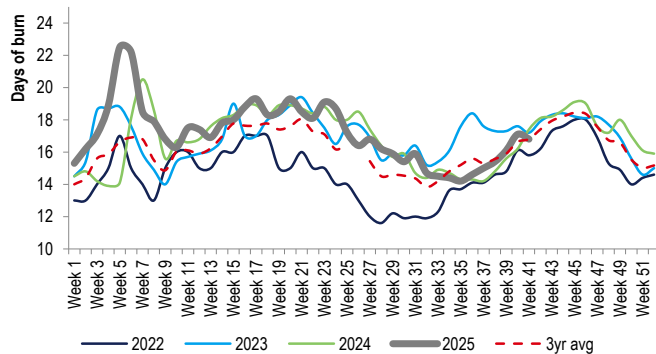
Source: Indo Premier

Fig. 2: ICI3 and Newcastle price



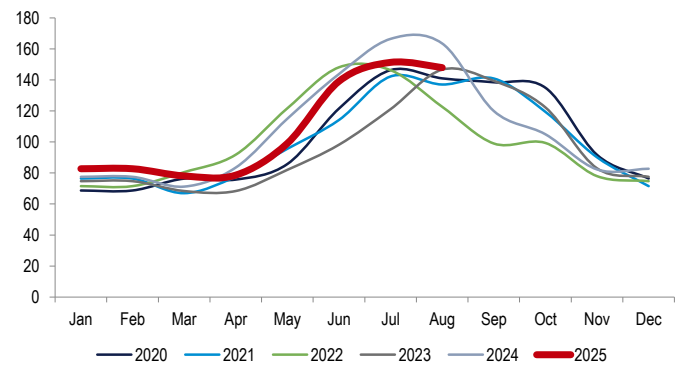
Source: Indo Premier

Fig. 3: China inventory



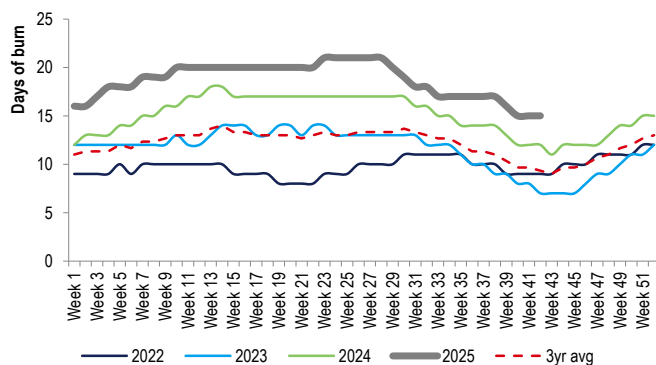
Source: Bloomberg, Indo Premier

Fig. 4: China hydro output



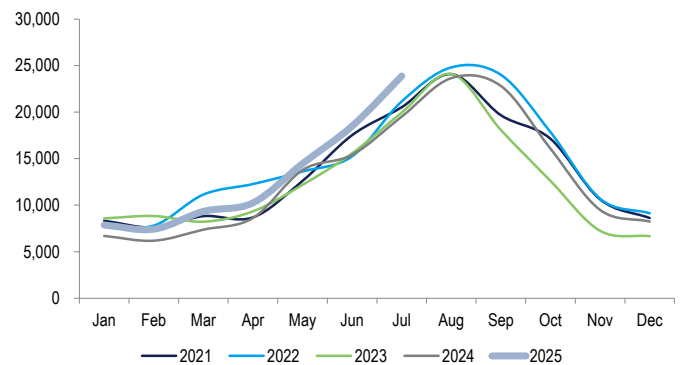
Source: Bloomberg, Indo Premier

Fig. 5: India inventory



Source: Bloomberg, Indo Premier

Fig. 6: India hydro output



Source: Bloomberg, Indo Premier

Fig. 7: Peers comparison

| Ticker  | Company                 | Rating | Target price<br>(Rp/share) | P/E |      |      | EV/EBITDA |     |     | Dividend yield (%) |       |       |
|---------|-------------------------|--------|----------------------------|-----|------|------|-----------|-----|-----|--------------------|-------|-------|
|         |                         |        |                            | 25F | 26F  | 27F  | 25F       | 26F | 27F | 25F                | 26F   | 27F   |
| AADI IJ | Adaro Andalan Indonesia | Buy    | 8,000                      | 4.5 | 4.2  | 4.2  | 2.8       | 2.2 | 1.9 | 10.0%              | 10.7% | 5.3%  |
| ADRO IJ | Alamtri Resources Indo  | Buy    | 2,400                      | 9.5 | 7.9  | 6.9  | 5.8       | 5.0 | 4.3 | 16.7%              | 4.2%  | 5.1%  |
| ITMG IJ | Indo Tambangraya Megah  | Hold   | 21,000                     | 8.0 | 15.1 | 15.7 | 2.5       | 4.4 | 4.3 | 14.4%              | 6.2%  | 4.2%  |
| PTBA IJ | Bukit Asam              | Sell   | 2,000                      | 8.3 | 7.0  | 7.2  | 4.7       | 4.1 | 4.2 | 15.0%              | 9.0%  | 10.7% |
| UNTR IJ | United Tractors         | Hold   | 24,000                     | 6.4 | 6.3  | 5.8  | 2.9       | 2.6 | 2.2 | 7.7%               | 6.7%  | 7.0%  |

Source: Indo Premier

## SECTOR RATINGS

- OVERWEIGHT : An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation
- NEUTRAL : A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation
- UNDERWEIGHT : An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation

## COMPANY 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

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

## DISCLAIMERS

This research is based on information obtained from sources believed to be reliable, but we do not make any representation or warranty nor accept any responsibility or liability as to its accuracy, completeness or correctness. Opinions expressed are subject to change without notice. This document is prepared for general circulation. Any recommendations contained in this document do not have any regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This document is not and should not be construed as an offer or a solicitation of an offer to purchase or subscribe or sell any securities. PT Indo Premier Sekuritas or its affiliates may seek or will seek investment banking or other business relationships with the companies in this report.