

Alam Tri Resources

BUY (unchanged)

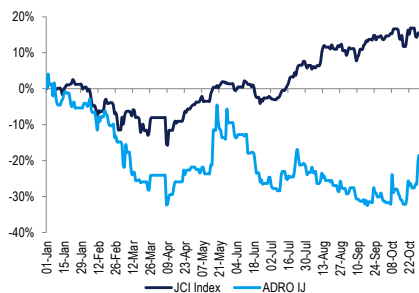
Company Update | Coal | ADRO IJ | 31 October 2025

Stock Data

Target price	Rp2,800
Prior TP	Rp2,400
Current price	Rp1,885
Upside/downside	+49%
Shares outstanding (mn)	29,390
Market cap (Rp bn)	55,400
Free float	22%
Avg. 6m daily T/O (Rp bn)	219

Price Performance

	3M	6M	12M
Absolute	1.9%	-0.8%	-47.9%
Relative to JCI	-7.2%	-21.4%	-55.7%
52w low/high (Rp)	1,640 – 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

3Q25 result: robust SIS volumes led to solid NP

- ADRO reported 9M25 NP of US\$302mn (-82% yoy) which came in-line with consensus but above our FY25F estimates at 77/87% respectively.
- SIS 3Q25 NP more than doubled to US\$60mn on higher volumes (+16% qoq), while ADMR NP was soft (-13% qoq) due to barging issue.
- We upgrade our FY25-27F NP estimates by 25-31%, reflecting lowering coking coal cash cost; reiterate Buy at higher TP of Rp2,800.

Solid 3Q25 NP driven by strong SIS volumes; ADMR was soft

ADRO reported 9M25 NP of US\$302mn (-82% yoy), in-line with consensus (at 77%) but above our forecast (at 87%), mainly due to lower-than-expected coking coal cash cost (88% IPS), attributed to lower-than-expected SR (89% IPS). On quarterly basis, 3Q25 NP rose to US\$127mn (+29% qoq), largely driven by higher SIS volumes (+16% qoq) and cash margin (+3% qoq), which more than offset lower coking coal sales volume (-3% qoq) and weaker cash margin (-3% qoq). Below the operating line, associates income recovered to US\$6mn (2Q25: US\$6mn net loss), as BPI returned to profitability following maintenance completion.

ADMR sales volume lagged behind production due to barging issue

ADMR 3Q25 production volume rose to 2Mt in 3Q25 (+4% qoq), but sales volume declined to 1.5Mt (-3% qoq) due to low water levels in the Barito River, which disrupted barging activities —though performance remained in line with ADMR's FY25F guidance. ASP declined to US\$149/t (-3% qoq) despite coking coal index being relatively flattish. Meanwhile, cash costs declined to US\$82/t (-3% qoq) despite a higher SR of 3.8x (+15% qoq), supported by lower mining fee per ton (c.-5% qoq) and inventory movement (-US\$22mn). ([link to our ADMR result note](#)).

SIS NP more than doubled thanks to higher volumes and margin

SIS's coal transport and OB volume continued to improve to 17.4/61.5Mt (+4/+20% qoq) as ADMR/AADI caught up on SR after unusually high rainfall in 1H25. Cash margin rose to US\$1.2/t (+3% qoq) despite a lower mining fee of US\$3.2/t (-3% qoq), supported by strong operating leverage, resulting in cash costs declining by 7% qoq. Hence, SIS 3Q25 NP surged to US\$60mn (+127% qoq).

Reiterate our Buy rating at higher SOTP-based TP of Rp2,800/sh

We upgrade our FY25-27F NP estimates by 25-31% to reflect lower coking coal cash costs from lower SR and mining fee. We upgrade our SOTP-based TP to Rp2,800 (from Rp2,400 previously) and reiterate our Buy rating. We continue to think ADRO's intrinsic value remains underappreciated at the current share price (IPS TP excluding green business: Rp2,200/sh). Key downside risk is lower than expected coking coal price, delays in future project execution, and capex overrun.

Financial Summary (US\$ mn)	2023A	2024A	2025F	2026F	2027F
Revenue	6,518	2,079	1,821	1,966	2,132
EBITDA	2,510	960	738	796	882
Net profit	1,641	1,380	454	542	597
EPS growth	-34%	-16%	-67%	19%	10%
ROE	24%	28%	9%	10%	0%
PER (x)	2.0	2.4	7.3	6.1	5.5
EV/EBITDA (x)	0.2	2.5	4.6	4.1	3.5
Dividend yield	30.3%	24.3%	16.7%	5.5%	6.6%
IPS vs. consensus			116%	112%	102%

Source: Company, Indo Premier

Share price closing as of: 31 October 2025

Fig. 1: Forecast changes summary

Forecast changes summary	Previous			New			Changes		
	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F
Revenue	1,825	2,021	2,194	1,821	1,966	2,132	0%	-3%	-3%
COGS	(1,272)	(1,368)	(1,444)	(1,184)	(1,213)	(1,291)	-7%	-11%	-11%
Gross profit	553	653	750	637	753	841	15%	15%	12%
Gross margin	30%	32%	34%	35%	38%	39%	15%	19%	15%
Opex	(135)	(150)	(163)	(121)	(150)	(163)	-11%	0%	0%
EBIT	418	503	587	516	603	678	24%	20%	16%
EBIT margin	23%	25%	27%	28%	31%	32%	24%	23%	19%
Interest income	120	120	120	120	120	120	0%	0%	0%
Interest expense	(55)	(55)	(55)	(25)	(25)	(25)	-55%	-55%	-55%
Income from associates	30	50	50	15	50	50	-50%	0%	0%
Others	0	0	0	0	0	0	N/A	N/A	N/A
Pre-tax income	513	618	702	626	748	823	22%	21%	17%
Income tax	(113)	(136)	(154)	(125)	(150)	(165)	11%	10%	7%
Minority interest	(52)	(63)	(72)	(47)	(56)	(62)	-10%	-11%	-14%
Net profit	348	419	476	454	542	597	31%	29%	25%
Net margin	19%	21%	22%	25%	28%	28%	31%	33%	29%

Source: Company, Indo Premier

Fig. 2: 9M25 result summary

ADRO 9M25 results	9M25	9M24	% yoy	3Q25	3Q24	% yoy	2Q25	% qoq	IPS FY25F	% of IPS	Cons FY25F	% of cons
Revenue	1,348	2,135	-37%	490	1,479	-67%	476	3%	1,825	74%	1,826	74%
COGS	(885)	(1,268)	-30%	(311)	(930)	-67%	(302)	3%	(1,272)	70%	(1,194)	74%
Gross profit	464	868	-47%	179	549	-67%	174	3%	553	84%	632	73%
Gross profit margin (%)	34%	41%		37%	37%		37%		30%		35%	
Opex	(87)	(94)	-7%	(27)	(76)	-64%	(30)	-8%	(135)	65%	(170)	51%
EBIT	376	774	-51%	152	473	-68%	144	5%	418	90%	462	81%
EBIT margin (%)	28%	36%		31%	32%		30%		23%		25%	
Depreciation & amortization	169	249	-32%	60	85	-30%	56	7%	191	89%	217	78%
EBITDA	545	1,023	-47%	212	558	-62%	200	6%	609	90%	679	80%
EBITDA margin (%)	40%	48%		43%	38%		42%		33%		37%	
Interest income	80	66	21%	21	42	-49%	27	-21%	120	67%		
Interest expense	(16)	(65)	-74%	(7)	(23)	-71%	(4)	60%	(55)	30%		
Income from associates	2	52	-97%	6	17	-68%	(6)	-188%	30	6%		
Others	(20)	1,193	-102%	0	39	-99%	(18)	-102%	0	N/A		
Profit before tax	421	2,020	-79%	172	547	-68%	143	21%	513	82%	533	79%
Income tax	(89)	(165)	-46%	(35)	(102)	-66%	(35)	-2%	(113)	79%		
Tax rate (%)	21%	8%		20%	19%		25%		22%			
Minority interest	(31)	(143)	-78%	(11)	(41)	-74%	(9)	17%	(52)	59%		
Net profit	302	1,712	-82%	127	404	-69%	98	29%	348	87%	392	77%
Net margin (%)	22%	80%		26%	27%		21%		19%			
Core profit	318	617	-49%	126	373	-66%	112	13%	348	91%		

Source: Company, Indo Premier

Fig. 3: 9M25 operational summary

Operational summary	9M25	9M24	% yoy	3Q25	3Q24	% yoy	2Q25	% qoq	IPS FY25F	% of IPS	ADRO FY25F	% of ADRO
ADMR												
Production (Mt)	5.4	4.8	12%	2.0	1.9	5%	1.9	4%	6.0	90%	6.0	90%
Sales volume (Mt)	4.4	3.8	17%	1.5	1.2	28%	1.6	-3%	6.0	74%	6.0	74%
Coking ASP (US\$/t)	151.8	221.7	-32%	148.9	194.8	-24%	153.3	-3%	163.4	93%		
Coking cash cost (US\$/t)	82.9	99.0	-16%	81.8	97.6	-16%	84.4	-3%	94.3	88%		
SR (x)	3.6	3.5	1%	3.8	3.6	5%	3.3	15%	4.0	89%	3.6	99%
SIS												
OB volume (mbcm)	149.6	151.1	-1%	61.5	58.4	5%	51.1	20%	200.0	75%		
Transport volume (Mt)	49.8	49.5	1%	17.4	17.3	1%	16.8	4%	65.0	77%		
Mining fee (US\$/t)	3.2	0.0	#####	3.2	0.0	#####	3.3	-3%	3.0	108%		
Mining cost (US\$/t)	2.2	0.0	N/A	2.0	0.0	N/A	2.1	-7%	1.9	115%		

Source: Company, Indo Premier

Fig. 4: SOTP valuation

SOTP valuation summary	US\$m n	Remarks
ADMR	2,756	DCF - WACC 11.6%; LT growth 0%
Mining contracting	1,184	Multiple target - 5.5x FY24F P/E
ADRO Green	1,000	DCF - WACC 8%; LT growth 2%
Equity value (US\$m n)	4,940	
USD/IDR	16,500	
Outstanding shares	29.4	
Target price (Rp/sh)	2,800	
Current price	1,885	
Upside/downside	49%	
Implied FY25F P/E	10.9	

Source: Indo Premier

Income Statement (US\$ mn)	2023A	2024A	2025F	2026F	2027F
Net revenue	6,518	2,079	1,821	1,966	2,132
Cost of sales	(3,980)	(1,205)	(1,184)	(1,213)	(1,291)
Gross profit	2,537	874	637	753	841
SG&A Expenses	(344)	(140)	(121)	(150)	(163)
Operating profit	2,193	734	516	603	678
Net interest	31	66	95	95	95
Forex gain (loss)	108	33	15	50	50
Others	(38)	896	0	0	0
Pre-tax income	2,294	1,728	626	748	823
Income tax	(439)	(172)	(125)	(150)	(165)
Minority interest	(213)	(176)	(47)	(56)	(62)
Net income	1,641	1,380	454	542	597

Balance Sheet (US\$ mn)	2023A	2024A	2025F	2026F	2027F
Cash & equivalent	3,311	1,406	567	714	895
Receivable	520	350	307	331	359
Inventory	171	100	98	101	107
Other current assets	299	750	750	750	750
Total current assets	4,302	2,606	1,722	1,895	2,111
Fixed assets	1,754	1,529	1,733	1,967	2,192
Other non-current assets	4,416	2,567	3,298	3,311	3,323
Total non-current assets	6,171	4,096	5,031	5,279	5,515
Total assets	10,473	6,702	6,753	7,174	7,626

ST loans	345	158	156	159	170
Payable	223	30	260	260	260
Other payables	1,568	459	334	334	334
Current portion of LT loans	2,135	647	749	753	763
Total current liab.	404	433	433	433	433
Long term loans	524	251	251	251	251
Other LT liab.	929	684	684	684	684
Total liabilities	3,064	1,331	1,433	1,437	1,447

Equity	343	329	329	329	329
Retained earnings	5,220	3,395	3,297	3,657	4,037
Minority interest	1,846	1,647	1,694	1,750	1,812
Total SHE + minority int.	7,409	5,371	5,320	5,737	6,178
Total liabilities & equity	10,473	6,702	6,753	7,174	7,626

Source: Company, Indo Premier

Cash Flow Statement (US\$ mn)	2023A	2024A	2025F	2026F	2027F
EBIT	1,641	1,380	454	542	597
Depr. & amortization	317	226	222	192	204
Changes in working capital	166	55	42	(23)	(24)
Others	(972)	355	(795)	56	62
Cash flow from operating	1,153	2,016	(77)	768	838
Capital expenditure	(597)	(989)	(440)	(440)	(440)
Others	14	2,424	0	0	0
Cash flow from investing	(582)	1,434	(440)	(440)	(440)
Loans	(885)	(165)	230	0	0
Equity	9	(20)	0	0	0
Dividends	(1,000)	(800)	(552)	(182)	(217)
Others	542	(2,657)	0	0	0
Cash flow from financing	(1,334)	(3,642)	(322)	(182)	(217)
Changes in cash	(756)	(1,905)	(838)	146	181

Key Ratios (US\$ mn)	2023A	2024A	2025F	2026F	2027F
Gross margin	39%	42%	35%	38%	39%
Operating margin	34%	35%	28%	31%	32%
Pre-tax margin	35%	83%	34%	38%	39%
Net margin	25%	66%	25%	28%	28%
ROA	16%	21%	7%	8%	8%
ROE	24%	28%	9%	10%	11%
Acct. receivables TO (days)	12.5	5.9	5.9	5.9	5.9
Inventory TO (days)	23.3	12.0	12.0	12.0	12.0
Payable TO (days)	11.5	7.6	7.6	7.6	7.6
Debt to equity	0.1	0.1	0.1	0.1	0.1
Interest coverage ratio (x)	22.9	17.7	29.5	(15.9)	(17.6)
Net gearing	(0.4)	(0.2)	0.0	(0.0)	(0.0)

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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