INDOPREMIER

# Adaro Andalan Indonesia

**BUY** *(unchanged)*

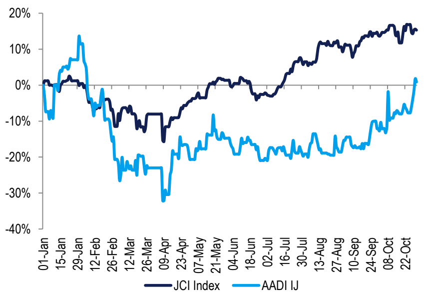
***Company Update | Coal | AADI IJ | 31 October 2025***

**Stock Data**

| | |
|---|---|
| **Target price** | **Rp9,500** |
| *Prior TP* | *Rp8,000* |
| Current price | Rp8,550 |
| *Upside/downside* | *+11%* |
| Shares outstanding (mn) | 7,787 |
| Market cap (Rp bn) | 66,578 |
| Free float | 38% |
| Avg. 6m daily T/O (Rp bn) | 116 |

**Price Performance**

| | 3M | 6M | 12M |
|---|---|---|---|
| Absolute | 25.7% | 27.1% | N/A |
| Relative to JCI | 16.7% | 6.5% | N/A |
| 52w low/high (Rp) | 5,550 – 10,275 | | |




**Major Shareholders**

| | |
|---|---|
| Adaro Strategic Investment | 43.9% |

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## 3Q25 result: soft due to lower ASP and higher SR; 9M25 remained in-line

- AADI reported 9M25 NP of US$587mn (-45% yoy), slightly below ours but in-line with consensus estimates (at 71/75%).
- Kestrel turned profitable in 3Q25 (US$24mn NP) on lower royalty expenses depite coking coal price being relatively flattish qoq.
- We maintain our FY25-27F NP estimates but incorporate Kestrel in our SOTP; reiterate Buy with a higher TP of Rp9,500/sh.

**Soft 3Q25 NP on lower ASP and higher SR; expect 4Q25F recovery**

AADI reported 9M25 NP of US$587mn (-45% yoy), slightly below ours but in-line with consensus forecast at 71/75% of FY25F, respectively. However, we expect NP to catch up in 4Q25F, from higher coal price (QTD: +5% qoq) and lower SR. On quarterly basis, 3Q25 NP dropped to US$159mn (-32% qoq), attributed from lower ASP (-8% qoq) and a surge in stripping ratio (+19% qoq). Interestingly, Kestrel turned profitable in 3Q25 (US$24mn NP vs. US$9mn net loss in 2Q25) despite coking coal prices being relatively flattish qoq.

**Sales continued to improve, while SR catches up to FY25F guidance**

Coal production rose to 18Mt in 3Q25 (+3% qoq) on the back of lower rainfall. As a result sales volume rose to 18.7Mt (+6% qoq), largely driven by higher own mine sales volume (+7% qoq), while trading volume remained relatively flattish (+1% qoq). SR surged to 5.1x (+19% qoq), in-line with mining sequence and FY25F guidance. Overall, AADI's 9M25 operational numbers were in-line with our estimates, but SR was above (106% IPS).

**Cash cost inched up as higher SR offsets lower mining fees and royalty**

ASP declined to US$62/t in 3Q25 (-8% qoq), in-line with the -6% qoq decline in ICI3 prices. Cash cost edged up to US$51/t (+1% qoq), as the higher SR of 5.1x (+19% qoq) more than offset lower mining fees (-6% qoq) and royalty rates (-99bps qoq). Overall, 9M25 ASP and cash cost were in-line with our FY25F forecasts.

**Reiterate Buy at higher TP of Rp9,500**

We maintain our FY25–27F NP forecasts but raise our TP to Rp9,500/sh (from Rp8,000/sh) after incorporating Kestrel into our SOTP. We reiterate our Buy rating, as we expect ICI prices to continue their uptrend amid restocking activities and declining production in China (report). Additionally, AADI still trades an attractive valuation of 4.9x FY25F P/E (vs. peers' 7-9x). Key downside risk is weaker coal prices due to soft China/India demand.

| Financial Summary (US$ mn) | 2023A | 2024A | 2025F | 2026F | 2027F |
|---|---|---|---|---|---|
| Revenue | 5,915 | 5,320 | 4,846 | 4,782 | 4,625 |
| EBITDA | 1,465 | 1,254 | 1,286 | 1,363 | 1,306 |
| Net profit | 1,144 | 1,211 | 832 | 885 | 879 |
| EPS growth | -45% | 6% | -31% | 6% | -1% |
| ROE | 24% | 36% | 20% | 19% | 17% |
| PER (x) | 3.6 | 3.4 | 4.9 | 4.6 | 4.6 |
| EV/EBITDA (x) | 1.7 | 3.2 | 3.1 | 2.5 | 2.2 |
| Dividend yield | 22.3% | 0.0% | 9.2% | 9.8% | 4.8% |
| IPS vs. consensus | | | 106% | 112% | 107% |

*Source: Company, Indo Premier* *Share price closing as of: 31 October 2025*

**Fig. 1: 9M25 results summary**

| AADI 9M25 results | 9M25 | 9M24 | % yoy | 3Q25 | 3Q24 | % yoy | 2Q25 | % qoq | IPS FY25F | % of IPS | Cons FY25F | % of cons |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Revenue | 3,609 | 4,050 | -11% | 1,210 | 1,393 | -13% | 1,235 | -2% | 4,846 | 74% | 4,673 | 77% |
| Cost of revenue | (2,666) | (2,930) | -9% | (962) | (1,051) | -8% | (887) | 8% | (3,461) | 77% | (3,469) | 77% |
| **Gross profit** | **943** | **1,120** | **-16%** | **248** | **343** | **-28%** | **348** | **-29%** | **1,385** | **68%** | **1,204** | **78%** |
| Gross profit margin (%) | 26% | 28% | | 20% | 25% | | 28% | | 29% | | 26% | |
| Operating expenses | (172) | (202) | -15% | (58) | (68) | -15% | (56) | 3% | (242) | 71% | (259) | 66% |
| **EBIT** | **771** | **918** | **-16%** | **190** | **275** | **-31%** | **292** | **-35%** | **1,143** | **68%** | **944** | **82%** |
| EBIT margin (%) | 21% | 23% | | 16% | 20% | | 24% | | 24% | | 20% | |
| Depreciation & amortization | 87 | 87 | 1% | 31 | 31 | -1% | 29 | 5% | 144 | 61% | 128 | 68% |
| **EBITDA** | **859** | **1,005** | **-14%** | **221** | **306** | **-28%** | **321** | **-31%** | **1,286** | **67%** | **1,072** | **80%** |
| EBITDA margin (%) | 24% | 25% | | 18% | 22% | | 26% | | 27% | | 23% | |
| Interest income | 43 | 70 | -39% | 14 | 14 | 4% | 15 | -3% | 66 | 66% | | |
| Interest expense | (45) | (54) | -16% | (12) | (26) | -53% | (15) | -17% | (63) | 71% | | |
| Income from associates | 4 | 74 | -94% | 14 | 12 | 16% | (5) | -375% | (20) | -21% | | |
| Others | 39 | 326 | -88% | 11 | 24 | -53% | 28 | -60% | 30 | 130% | | |
| **Profit before tax** | **813** | **1,334** | **-39%** | **217** | **299** | **-27%** | **315** | **-31%** | **1,155** | **70%** | **1,039** | **78%** |
| Income tax | (158) | (167) | -6% | (43) | (55) | -21% | (57) | -24% | (231) | 68% | | |
| Tax rate (%) | 19% | 13% | | 20% | 18% | | 18% | | 20% | | | |
| Minority interest | (68) | (92) | -27% | (15) | (28) | -47% | (26) | -42% | (92) | 73% | | |
| **Net profit** | **587** | **1,075** | **-45%** | **159** | **216** | **-26%** | **233** | **-32%** | **832** | **71%** | **782** | **75%** |
| Net margin (%) | 16% | 27% | | 13% | 15% | | 19% | | 17% | | | |
| **Core profit** | **556** | **789** | **-30%** | **150** | **196** | **-24%** | **210** | **-29%** | **808** | **69%** | | |

*Source: Company, Indo Premier*

**Fig. 2: 9M25 operational summary**

| Operational summary | 9M25 | 9M24 | % yoy | 3Q25 | 3Q24 | % yoy | 2Q25 | % qoq | IPS FY25F | % of IPS | Cons FY25F | % of cons |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Production (Mt) | 51.5 | 50.8 | 1% | 18.0 | 18.0 | 0% | 17.5 | 3% | 67.0 | 77% | 66.0 | 78% |
| Stripping ratio (x) | 4.2 | 4.3 | -1% | 5.1 | 4.8 | 6% | 4.3 | 19% | 4.0 | 106% | 4.3 | 98% |
| Sales (Mt) | 52.7 | 51.5 | 2% | 18.7 | 18.2 | 3% | 17.6 | 6% | 70.0 | 75% | 66.0 | 80% |
| Mine sales (Mt) | 50.5 | 50.0 | 1% | 17.9 | 17.6 | 2% | 16.8 | 7% | 67.0 | 75% | | |
| Trading sales (Mt) | 2.2 | 1.5 | 42% | 0.8 | 0.6 | 43% | 0.8 | 1% | 3.0 | 72% | | |
| ASP (US$/t) | 65.4 | 75.8 | -14% | 61.7 | 74.2 | -17% | 67.1 | -8% | 66.0 | 99% | | |
| Cash cost (US$/t) | 50.3 | 57.2 | -12% | 50.7 | 53.9 | -6% | 50.2 | 1% | 50.6 | 99% | | |

*Source: Company, Indo Premier*

**Fig. 3: SOTP valuation**

| Valuation summary | US$mn | Remarks |
|---|---|---|
| Thermal coal & CFPP | 3,706 | *Multiple target - 4.5x FY25F P/E* |
| Kestrel | 807 | *Multiple target - 9.0x FY25F P/E, 20% holding disc.* |
| **Equity value (US$mn)** | **4,514** | |
| USD/IDR | 16,600 | |
| Outstanding shares | 7.8 | |
| **Target price (Rp/sh)** | **9,500** | |
| Current price | 6,900 | |
| Upside/downside | 38% | |
| *Implied FY25F P/E* | *5.4* | |

*Source: Indo Premier*

| Income Statement (US$ mn) | 2022A | 2023A | 2024F | 2025F | 2026F |
|---|---|---|---|---|---|
| Net revenue | 5,915 | 5,320 | 4,846 | 4,782 | 4,625 |
| Cost of sales | (4,187) | (3,854) | (3,461) | (3,368) | (3,248) |
| **Gross profit** | **1,729** | **1,466** | **1,385** | **1,413** | **1,377** |
| SG&A Expenses | (312) | (316) | (242) | (239) | (231) |
| **Operating profit** | **1,417** | **1,150** | **1,143** | **1,174** | **1,145** |
| Net interest | 37 | 8 | 2 | 24 | 44 |
| Forex gain (loss) | 132 | 51 | (20) | 31 | 31 |
| Others | (26) | 331 | 30 | 0 | 0 |
| **Pre-tax income** | **1,560** | **1,540** | **1,155** | **1,230** | **1,220** |
| Income tax | (274) | (213) | (231) | (246) | (244) |
| Minority interest | (142) | (116) | (92) | (98) | (98) |
| **Net income** | **1,144** | **1,211** | **832** | **885** | **879** |

| Balance Sheet (US$ mn) | 2022A | 2023A | 2024F | 2025F | 2026F |
|---|---|---|---|---|---|
| Cash & equivalent | 2,534 | 1,519 | 1,872 | 2,448 | 3,001 |
| Receivable | 416 | 402 | 485 | 478 | 462 |
| Inventory | 65 | 69 | 115 | 112 | 108 |
| Other current assets | 254 | 225 | 221 | 221 | 221 |
| **Total current assets** | **3,270** | **2,214** | **2,693** | **3,259** | **3,793** |
| 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** | **7,515** | **8,073** |
| | | | | | |
| 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 | 1,583 | 2,065 |
| Minority interest | 582 | 404 | 496 | 595 | 692 |
| **Total SHE + minority int.** | **4,790** | **3,363** | **4,100** | **4,698** | **5,277** |
| **Total liabilities & equity** | **7,063** | **5,993** | **6,970** | **7,515** | **8,073** |

*Source: Company, Indo Premier*

| Cash Flow Statement (US$ mn) | 2022A | 2023A | 2024F | 2025F | 2026F |
|---|---|---|---|---|---|
| EBIT | 1,144 | 1,211 | 832 | 885 | 879 |
| Depr. & amortization | 99 | 103 | 144 | 188 | 161 |
| Changes in working capital | 356 | 94 | (214) | (1) | 6 |
| Others | (1,003) | (210) | 97 | 98 | 98 |
| **Cash flow from operating** | **595** | **1,199** | **859** | **1,171** | **1,144** |
| 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) | (386) | (397) |
| Others | (1,150) | (2,953) | 0 | 0 | 0 |
| **Cash flow from financing** | **(1,366)** | **(2,390)** | **137** | **(429)** | **(404)** |
| **Changes in cash** | **(846)** | **(1,016)** | **353** | **576** | **553** |

| Key Ratios (US$ mn) | 2022A | 2023A | 2024F | 2025F | 2026F |
|---|---|---|---|---|---|
| Gross margin | 29% | 28% | 29% | 30% | 30% |
| Operating margin | 24% | 22% | 24% | 25% | 25% |
| Pre-tax margin | 26% | 29% | 24% | 26% | 26% |
| Net margin | 19% | 23% | 17% | 19% | 19% |
| ROA | 16% | 20% | 12% | 12% | 11% |
| ROE | 24% | 36% | 20% | 19% | 17% |
| | | | | | |
| 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 | 22.1 | 21.3 |
| 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**

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.

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