INDOPREMIER

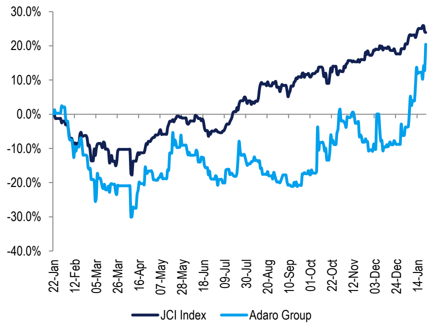
Metals & Coal

OVERWEIGHT *(unchanged)*

Sector update | 22 January 2026

Sector Index Performance

	3M	6M	12M
Absolute	31.3%	30.8%	20.4%
Relative to JCI	21.0%	10.4%	-3.5%



Summary Valuation Metrics

P/E (x)	2025F	2026F	2027F
AADI IJ	4.4	4.1	4.4
ADMR IJ	18.8	8.9	7.9
ADRO IJ	10.8	6.5	7.4
EV/EBITDA (x)	**2025F**	**2026F**	**2027F**
AADI IJ	2.8	2.2	2.0
ADMR IJ	16.8	8.1	7.1
ADRO IJ	6.8	4.4	4.7
Div. Yield	**2025F**	**2026F**	**2027F**
AADI IJ	10.2%	10.9%	5.1%
ADMR IJ	N/A	N/A	N/A
ADRO IJ	12.5%	3.7%	6.2%

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Adaro Group: upside potential with attractive valuation; AADI is our pick

- We think Adaro Group's (i.e. AADI, ADMR, ADRO) still provide further upside as a commodity-play with manageable downside risks.
- AADI remains a laggard in comparison to other listed miners in Indonesia with undemanding valuation of 4x FY26F P/E.
- We remain tactically +ve on ADMR on coking-coal supply tightness and ADRO as a laggard to ADMR. Maintain Overweight on the sector.

AADI: RKAB risks remain manageable; coal ASP is the upside

We think downside risk to AADI at current share price is relatively limited, as RKAB quota cut appears largely priced-in and coal price is more likely to trend upwards due to the planned cut in RKAB to 600Mt (FY25F: ~800Mt). Based on our estimate, a 25% production cut to 51Mt would yield US$673mn FY26F NP (assuming US$67/t ASP), implying a fair valuation of 5x FY26F P/E and 8% yield (vs. peers' 7-8x P/E and 9% yield). However, it is worth noting that a majority of AADI's sales guidance is already on a long-term contract basis, and thus we think RKAB risk is relatively more manageable compared to peers. If there is no cut in RKAB (71Mt sales), FY26F NP could potentially reach US$889mn (4x P/E and 12% yield), with NP sensitivity of 3% to coal price. To add, AADI's KPI is expected to commission in 1Q26F and contribute US$34mn to FY26F NP (4-5%)

ADMR: tactically +ve on near-term supply tightness

In the near-term, we expect tightness in coking-coal supply to boost prices further. Due to cyclone Koji hitting Australia's Queensland – where coking-coal mining area is primarily located (c.50% seaborne supply), SGX Australia's coking-coal currently stood at US$240/t (+9% YTD). While the cyclone has ended, we think supply-chain disruption shall persists, limiting the supply. One of the downside risks is the soft coking-coal demand in China, with Dalian Coking Coal price were flattish YTD, indicating that the supply-tightness have only affected the seaborne market.

ADRO: higher SOTP; progression in renewables project is a tailwind

We think upside in ADRO is mostly derived from higher sum-of-the-parts (SOTP) value from ADMR. However, there is potential tailwind should there be any progression towards completing its hydro and solar PV project, but as of latest, progression is only up to pre-construction. Meanwhile, growth from SIS appears limited as stricter RKAB approval suggests that aggressive volume growth is unlikely.

Maintain Overweight stance with AADI as a laggard to the group

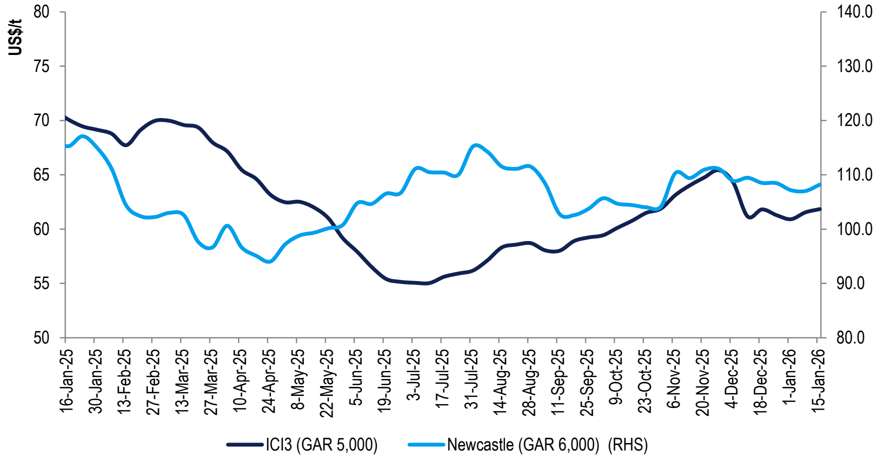
Overall, among Adaro/Alamtri Group, we prefer AADI>ADMR>ADRO as we believe that AADI could provide further upside at current price vs. the other two. Note that AADI were only up by +14% YTD while ADMR and ADRO has performed by +39%/+30% YTD, respectively. We remain tactically positive on ADMR due to potential near-term supply tightness. However, outside of the near-term tightness, we think AADI shall provide higher upside, with ADMR having similar downside risks to AADI (i.e. RKAB cut), but at undemanding valuation of 4x FY26F P/E. As a result, we remain tactically +ve on ADMR, but prefer AADI on the medium to longer-run. Downside risks include potential RKAB cut, slower than expected ramp-up in aluminium project, and delay in renewables project (i.e. solar/hydro).

Fig. 1: Catalysts and risks

Ticker	Company name	Commodity exposure	Catalyst	Downside risks
AADI	Adaro Andalan Indonesia	Thermal Coal	Obtaining full RKAB approval	Slower than expected CFPP ramp-up
			Higher coal price from planned RKAB cut	Lower than expected coal price appreciation due to higher production from China/India
			Progression towards unlocking Pari & Ratah	
ADMR	Alam Tri Minerals	Coking Coal	Higher coking coal and aluminium price	Lower than expected coking coal demand, specifically from China
			Supply chain disruption in Queensland	Slower than expected aluminium smelter ramp-up
ADRO	Alam Tri Resources	Renewables	Higher SOTP from ADMR	Delay or cancellation in solar/hydro project
			Progression towards renewables project completion	

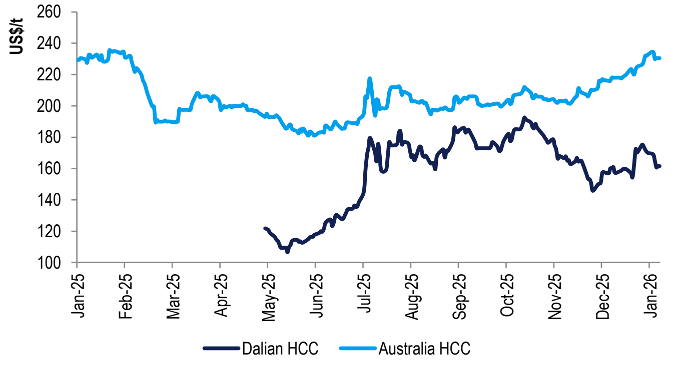
Source: Company data, Indo Premier

Fig. 2: ICI3 & Newcastle coal price



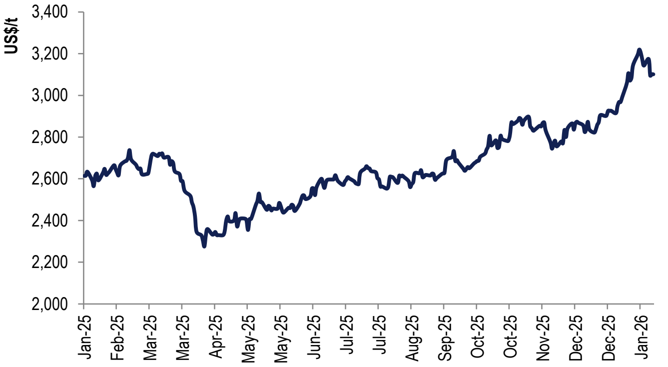
Source: Company, Indo Premier

Fig. 3: HE unit sales



Source: Company, Indo Premier

Fig. 4: LME aluminium price



Source: Company, Indo Premier

Fig. 5: Sectoral EPS growth comparison

Sector	Consists of	IPS FY25F	IPS FY26F	% yoy growth
Auto	ASII	31,201	32,404	3.9%
Banks	BBCA, BBRI, BMRI, BBNI, BBTN, BRIS, ARTO	196,920	221,054	12.3%
Coal	AADI, PTBA, UNTR, ITMG	21,907	22,511	2.8%
CPO	AALI, DSNG, LSIP, TAPG	9,462	9,713	2.7%
Healthcare	MIKA, SILO, HEAL	6,993	7,772	11.1%
Metals	ADMR, ANTM, INCO, HRUM, MDKA, MBMA, NCKL	23,293	31,013	33.1%
Oil & Gas	AKRA, MEDC, PGEO, PGAS	12,246	17,307	41.3%
Poultry	CPIN, JPFA	7,650	8,534	11.6%
Retailer	ACES, MAPI, LPPF, CNMA	6,516	7,629	17.1%
Staples	UNVR, KLBF, SIDO, ICBP, MYOR	21,595	23,485	8.8%
Telco	TLKM, ISAT, EXCL	116,917	123,861	5.9%
Tobacco	GGRM, HMSP	9,041	12,481	38.0%
Towers	TBIG, TOWR, MTEL	24,373	24,974	2.5%
Total (49 stocks)* **		**488,113**	**542,738**	**11.2%**

**ICBP, and INDF use core profit*

***Telco, towers, and healthcare use EBITDA*

Source: Company, Indo Premier estimates

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.