Adaro Andalan Indonesia

BUY *(unchanged)*

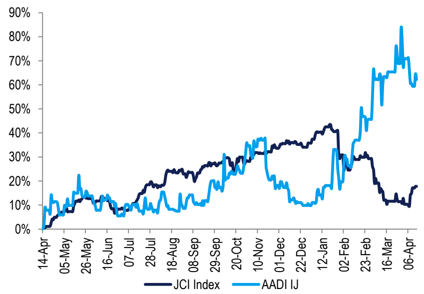
Company Update | Coal | AADI IJ | 14 April 2026

Stock Data

Target price	**Rp12,000**
Prior TP	*Rp12,000*
Current price	Rp10,300
Upside/downside	*+17%*
Shares outstanding (mn)	7,787
Market cap (Rp bn)	80,205
Free float	38%
Avg. 6m daily T/O (Rp bn)	244

Price Performance

	3M	6M	12M
Absolute	44.1%	31.6%	62.2%
Relative to JCI	59.6%	40.5%	44.4%
52w low/high (Rp)	6,350 – 11,675		



Major Shareholders

Adaro Strategic Investment	43.9%

Kestrel divested at fair exit valuation; potential attractive dividend yield

- AADI to receive US$888mn proceeds from Kestrel divestment to Yancoal, with up to US$264mn upside from CVR.
- The transaction implies a valuation of 8.5x FY25 EV/EBITDA and 14.1x EV/reserve, at a discount to ADMR but in-line with Australian peers.
- Maintain Buy rating with unchanged TP of Rp12,000; dividend yield could reach c.19% if proceeds after debt repayment is distributed as dividend.

Signed SPA for Kestrel divestment to Yancoal

Yancoal to acquire 80% stake in Kestrel coal mine for US$1.85bn from Kestrel Coal Group (KCG), subject to customary completion adjustments. AADI (48% stake in KCG) is entitled to ~US$888mn in proceeds. The deal also includes price-linked contingent payments (CVR) of up to US$550mn (US$264mn attributable; to be paid annually) that is triggered if PLV HCC averages above US$225/t (currently trading at US$229/t) in any given year with tenor of 5 years after completion (targeted for 3Q26F). Proceeds could be allocated towards: 1) special dividend. 2) reinvestment into growth projects such as Pari & Ratah. 3) debt repayment to ADRO (US$404mn outstanding).

Fair exit valuation; earnings upside from one-off gain

Kestrel currently produces 6Mtpa of hard coking coal with total marketable reserves of 164Mt (27 years of mining life). In FY25, Kestrel generated US$271mn EBITDA and contributed 2% to AADI's NP. Overall, this transaction implies an exit multiple of 8.5x FY25 EV/EBITDA and 14.1x EV/reserve, at a discount compared to ADMR's 14.7x FY25 EV/EBITDA and 37x EV/reserve, but in-line with Australian peers (5-12x FY25 EV/EBITDA). With Kestrel's book value currently at ~US$730mn, we estimate US$158mn one-off gain in 4Q26F, which will more than offset earnings downside from Kestrel's attributable NP (c.US$50mn); we expect c.8% FY26F earnings upside.

Reiterate Buy with unchanged TP of Rp12,000

We maintain our Buy rating with unchanged TP of Rp12,000, as we view this transaction to be favourable for AADI and we continue to remain bullish on the company supported by rosy coal price outlook on the back of current geopolitical tension and planned RKAB cut. If we assume Kestrel proceeds after ADRO debt repayment is distributed as special dividend, FY26F yield could potentially reach c.19%.

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Financial Summary (US$ mn)	2023A	2024A	2025F	2026F	2027F
Revenue	5,320	4,910	5,336	5,378	5,437
EBITDA	1,254	1,139	1,341	1,152	1,167
Net profit	1,211	760	883	766	776
EPS growth	6%	-37%	16%	-13%	1%
ROE	36%	21%	21%	16%	15%
PER (x)	3.9	6.2	5.3	6.2	6.1
EV/EBITDA (x)	3.7	4.1	3.1	3.2	2.8
Dividend yield	0.0%	3.6%	8.4%	7.3%	3.7%
IPS vs. consensus			113%	98%	#DIV/0!

Source: Company, Indo Premier *Share price closing as of: 14 April 2026*

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

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