INDOPREMIER

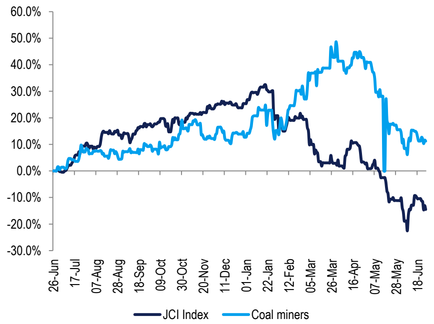
Coal

NEUTRAL *(unchanged)*

Sector update | 26 June 2026

Sector Index Performance

	3M	6M	12M
Absolute	-23.3%	-2.3%	11.2%
Relative to JCI	-5.6%	28.6%	25.7%



Summary Valuation Metrics

P/E (x)	2026F	2027F	2028F
AADI IJ	4.2	4.8	4.7
ITMG IJ	5.0	6.2	7.9
PTBA IJ	7.5	7.6	7.5
UNTR IJ	5.4	4.1	3.9

EV/EBITDA (x)	2026F	2027F	2028F
AADI IJ	2.3	2.3	1.9
ITMG IJ	1.7	1.9	2.2
PTBA IJ	4.4	4.4	4.3
UNTR IJ	2.1	1.5	1.2

Div. Yield	2026F	2027F	2028F
AADI IJ	10.8%	9.4%	4.7%
ITMG IJ	10.6%	11.7%	9.3%
PTBA IJ	8.5%	10.0%	9.8%
UNTR IJ	7.7%	8.8%	10.6%

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Our take on potential export ban

- ESDM to temporarily hold back thermal coal exports to cover for supply shortfall at PLN that caused electricity outages.
- In our view, re-routing of supply is more likely; current inventory sits well above 2022 level and 13Mt shortfall is not alarming.
- Maintain sector Neutral rating with AADI as our preferred pick due to its attractive valuation and yield.

Potential export ban amid domestic supply shortfall

ESDM Minister Bahlil Lahadalia stated that he was exploring to temporarily hold back thermal coal exports to cover for supply shortfall at PLN that caused electricity outages in some areas last week. Bahlil flagged that PLN's 2026 coal requirement is 154Mt, while only 141Mt have been contracted through Jun26, leaving a 13Mt shortfall. To add, PLN also reported that coal inventory, currently at 15.9 days of burn (10.3 days of burn for Java, Madura, Bali), is way below the ideal level of 20-25 days. Other than a potential export ban, ESDM is also weighing to raise DMO price to incentivise domestic sales.

Supply rerouting is more likely rather than an outright export ban

In our view, such shortage might stem from the decision to cut RKAB quota 600Mt from 790Mt previously. This leaves domestic supply at just 150Mt (25% DMO portion of RKAB). PLN's requirement of 154Mt alone already exceeds this figure, and DMO must also cater to other industries such as cement, fertilizer, and pulp & paper. Back in 2022, government suspended exports only when PLN inventory fell to 7 days of burn; while current inventory of 15.9 days sits well above that threshold. The 13Mt shortfall is actually not very alarming, accounting for just 2% of approved 2026 RKAB. The supply exists – the issue is reallocation rather than availability. For these reasons, we believe an export ban is unlikely to happen; a re-routing of supply would be the more logical resolution, particularly given ESDM's plan to relax RKAB approvals in 2H26F.

Maintain sector Neutral rating with AADI as our preferred pick

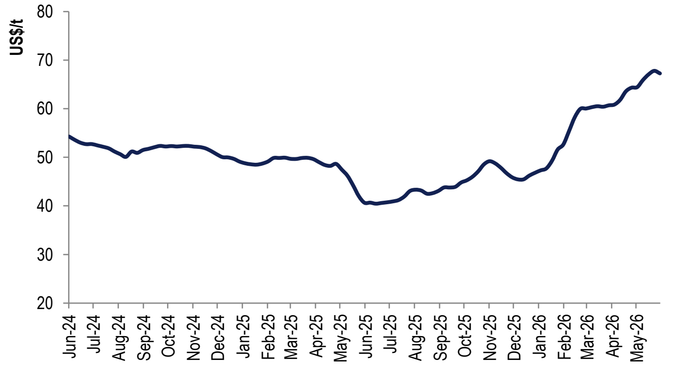
Amid current development, we see some downside risk to margin in 3Q26F on higher DMO sales. Our calculations suggest that every 1Mt of sales re-routed from export to DMO would weigh on NP by 1-5% (Fig. 1). We maintain our sector Neutral rating, as we believe coal price is peaking; the sector lacks an upside catalyst for a rally, while downside risks include the re-opening of Strait of Hormuz and relaxation of RKAB approvals. Nonetheless, we continue to like AADI as it continues to trade at an attractive valuation of 4x FY26F P/E (vs. peers of 5-7x), while also potentially offering c.11% dividend yield with potential upside from special dividend after Kestrel divestment on Apr26 (report).

Fig. 1: NP impact estimate

Company	GAR (kcal/kg)	ASP (US$/t)	Cash cost (ex. Royalty)	Royalty (%)	Cash margin (US$/t)	Assumed DMO price (US$/t)	DMO margin (US$/t)	NP impact
AADI	5,000	65.6	39.0	13.6%	17.7	55.6	9.0	-1%
ITMG	5,800	80.1	52.2	11.7%	18.6	64.4	4.8	-5%
PTBA	4,500	56.9	35.8	10.2%	15.3	50.0	9.1	-3%

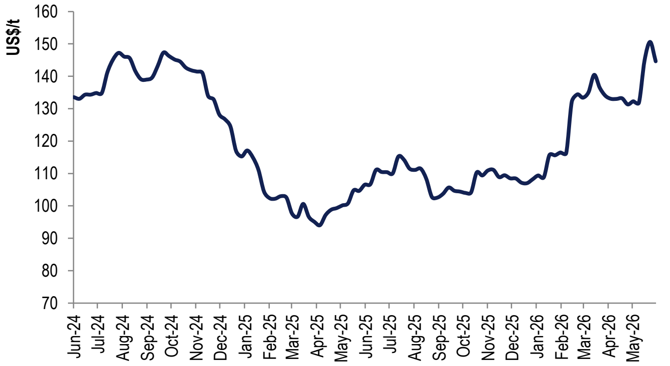
Source: Indo Premier

Fig. 2: ICI4 price



Source: Bloomberg, Indo Premier

Fig. 3: Newcastle price



Source: Bloomberg, Indo Premier

Fig. 4: Peers comparison

Ticker	Company	Rating	Target price (Rp/share)	P/E			EV/EBITDA			Dividend yield (%)		
				26F	27F	28F	26F	27F	28F	26F	27F	28F
AADI IJ	Adaro Andalan Indonesia	Buy	12,000	4.2	4.8	4.7	2.3	2.3	1.9	10.8%	9.4%	4.7%
ITMG IJ	Indo Tambangraya Megah	Hold	21,000	5.0	6.2	7.9	1.7	1.9	2.2	10.6%	11.7%	9.3%
PTBA IJ	Bukit Asam	Sell	2,000	7.5	7.6	7.5	4.4	4.4	4.3	8.5%	10.0%	9.8%
UNTR IJ	United Tractors	Hold	28,500	5.4	4.1	3.9	2.1	1.5	1.2	7.7%	8.8%	10.6%

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.