INDOPREMIER

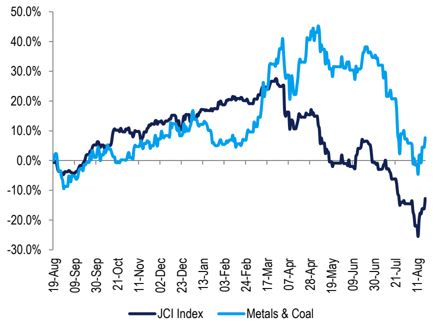
Coal

NEUTRAL *(unchanged)*

Sector update | 21 August 2026

Sector Index Performance

	3M	6M	12M
Absolute	-17.7%	2.0%	7.7%
Relative to JCI	-5.3%	29.8%	20.4%



Summary Valuation Metrics

P/E (x)	2026F	2027F	2028F
AADI IJ	4.7	5.8	5.7
HRUM IJ	7.0	4.1	3.9

EV/EBITDA (x)	2026F	2027F	2028F
AADI IJ	3.1	2.9	2.5
HRUM IJ	2.9	1.8	1.6

Div. Yield	2026F	2027F	2028F
AADI IJ	9.5%	7.8%	3.9%
HRUM IJ	0.0%	4.3%	7.4%

Ryan Winipta

PT Indo Premier Sekuritas

ryan.winipta@ipc.co.id

+62 21 5088 7168 ext.718

Thermal coal: supply-side constraints set to keep prices elevated

- European heat-wave and mining safety inspection in China shall kept thermal-coal prices elevated throughout FY26F, in our view.
- With coal share price no longer following war-related sentiments, we think this shall present a buying opportunity in certain names.
- We like AADI on its robust EPS & FCF generation and HRUM on better 2H26F outlook. Maintain Neutral stance on the sector.

Europe: heat-wave to lower nuclear generation; low gas storage

Recent heat-wave in Europe have led to an increased reliance on fossil-fuel such as coal due to lower electricity generation coming from nuclear and hydro plants. France's nuclear fleet, in particular, has lost c.3.7TWh of generation in Jun26 and Jul26, much higher vs. previous years (Fig. 1). Additionally, several coal deliveries, particularly to German power plant, has been disrupted, pushing European Rotterdam coal price to above US$125/t level (Fig. 2). European gas storage fill rate at 61%, roughly 16 percentage points below 5-year mean also present +ve tailwind to coal prices

China & India: China production fell but India remained robust

Chinese domestic coal (Qinhuangdao) price has been up by +27% YTD, which has been affected by lower production, recently due to mining accidents in Liushenyu coal mine in Shanxi (c.30% raw coal output in China). Since the incident in May26, China coal imports in Jun26 fell by -2% but has risen by +22% mom in Jul26, respectively, which coincided with the increase in Qinhuangdao price as well as Indonesia Coal Index (ICI) price. We think China will continue to exhibit supply-side constraint due to ongoing safety inspection, especially ahead of the upcoming winter season – where coal demand usually the highest. India, however, are unlikely to create additional seaborne demand as its coal production continue to rose while coal inventory remain ample despite increase in coal-fired electricity generation by +13% yoy in Jul26 (Fig. 4).

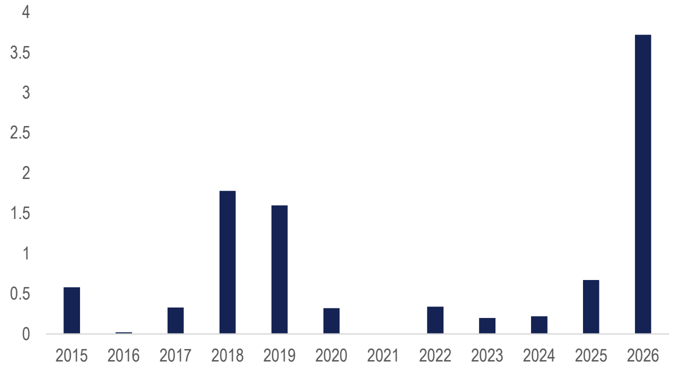
Previous decline from peak presents buying opportunity

AADI share price has declined from Rp11.6k/share level to Rp7.4k/share (-37% from its peak) in Jun26, with PTBA/ITMG also experiencing similar decline at -29%/-28%. We think this was mainly driven by a combination of: 1) US-Iran peace-deal, in-line with the share price decline of global coal peers, and 2) formation of DSI, despite steady increase in ICI and Newcastle coal prices (Fig. 5 & 6). While there has been exchange of physical attack between US-Iran amid fragile US-Iran peace deal, we believe coal names remain attractive amid supply-side constraints and upcoming restocking seasonality as share price no longer reacted to war-related sentiments along with improving macro/policy outlook.

Maintain sector Neutral; AADI as our top pick in thermal space

We maintain our sector Neutral stance in thermal-coal space, as we are only selectively bullish on several names such as **AADI** (Buy) and **HRUM** (Buy) while we see limited catalysts on PTBA/ITMG/UNTR. We like AADI on its robust EPS generation along with potential special dividend from Kestrel's sale, with undemanding valuation of 5x FY26F P/E, meanwhile we also like HRUM on its 2H26F coal-sales outlook (report). Downside risks include sustained low water level in Kalimantan, which could negatively affect transportation and disrupt sales.

Fig. 1: France's nuclear plant power generation loss

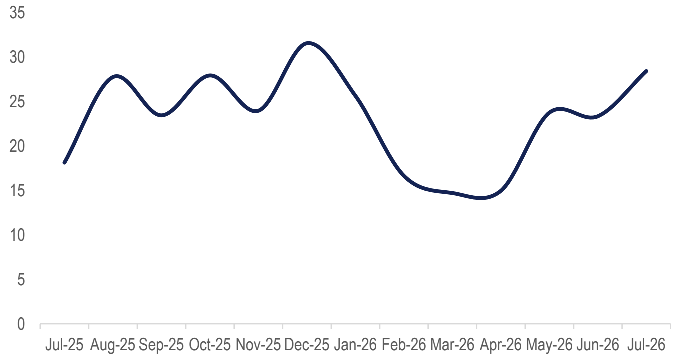


Source: Bloomberg, ICIS, Electricite de France outage data, Indo Premier

Fig. 2: Rotterdam coal price

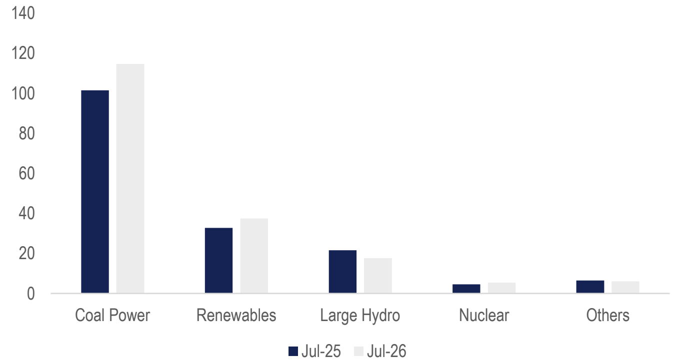
Source: Bloomberg, Indo Premier

Fig. 3: China coal imports (in Millions of metric tonnes)



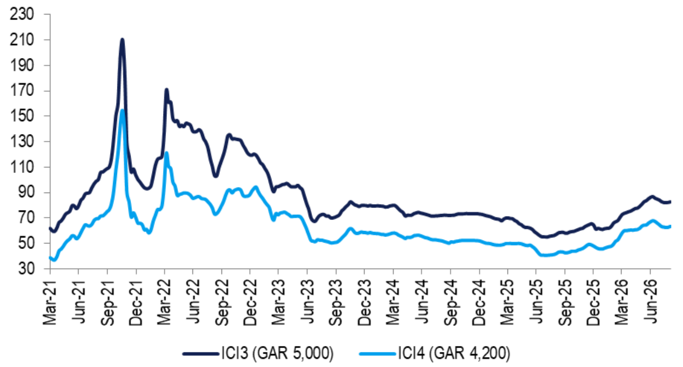
Source: Bloomberg, Indo Premier

Fig. 4: India electricity generation



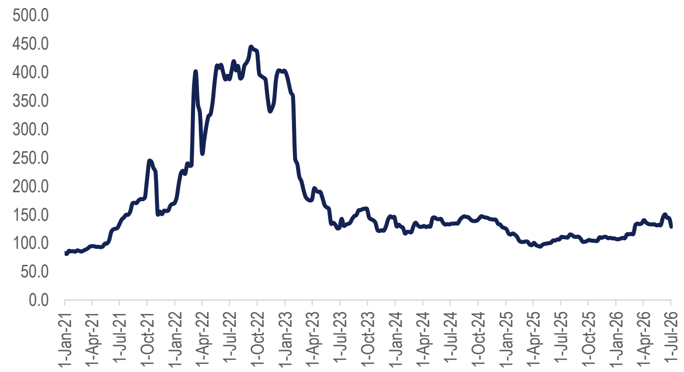
Source: Bloomberg, Indo Premier

Fig. 5: Indonesian Coal Index (ICI) prices



Source: ICI, Indo Premier

Fig. 6: Newcastle coal price



Source: Bloomberg, 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.