

Post-IPO Powerhouse Igniting New Horizons

23 December 2024



BRMS IJ	BUY
Sector	Coal
Price at 20 December 2024 (IDR)	7,725
Price target (IDR)	14,175
Upside/Downside (%)	83.5

Stock Information

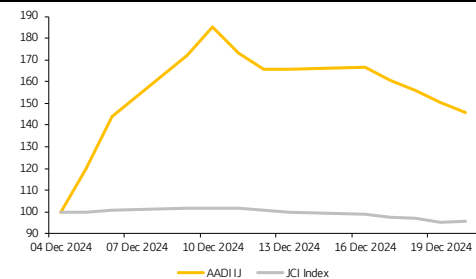
PT Adaro Andalan Indonesia Tbk. (BRMS) is a leading holding company in Indonesia with operations in thermal coal mining, logistics, and power generation, managing seven coal assets and holding 917.4 mn tons of reserves with a mine life of up to 81 years.

Market cap (IDR bn)	60,154
Shares outstanding (mn)	7,786
52-week range (IDR)	11,375 – 6,650
3M average daily vol. ('000)	-
3M average daily val. (IDR mn)	-

Shareholders (%)

PT Adaro Strategic Investments	41.1
Public (<5%)	37.7
PT Alamtri Resources Indonesia Tbk (ADRO)	15.4
Garibaldi Thohir	5.8

Stock Performance



Source: Bloomberg

	1M	3M	12M
Performance	-	-	-

PT Adaro Andalan Indonesia Tbk (AADI) showcases resilience and strong growth potential in the coal sector, driven by operational efficiency, strategic expansions, and favorable market dynamics. With robust production capacity, steady revenue growth, and strategic positioning, AADI is well-equipped to capitalize on future opportunities. Driven by stronger coal price expectations, AADI's revenue is projected to rise to USD6 bn (+14.32% yoy) in 2025F and USD6.6 bn (+9.9% yoy) in 2026F, including a 7% contribution from the newly operational Coal-Fired Power Plant (PLTU KPI). Effective cost control and operational efficiency are expected to maintain stable cash margins, with EBITDA forecasted at USD1.8 bn (+11% yoy) in 2025F and net profit at USD1.2 bn (+14.6% yoy), supported by a solid NPM of 20.36%. Leveraging a 5.53x PE multiple, its fair value is estimated at IDR 14,175/share, reflecting its promising trajectory post-IPO.

Forging a Legacy with 81 Years of Coal Resilience and Growth. AADI is a leading diversified holding company specializing in coal mining, logistics, and power generation. It operates seven coal assets with 917.4 mn tons of reserves and 4.1 bn tons of resources, ensuring a mine life of up to 81 years. In 1H24, the company achieved production of 32.76 mn tons (+22.5% yoy), with Adaro Indonesia (AI) and Balangan Coal (BC) as key contributors. AADI's capex is set to peak at ~USD400 mn in 2024F~2025F (7.5% Capex-to-Sales), driven by PLTU KPI, before normalizing to USD186 mn in 2026F as projects conclude. Despite high capex, cash is expected to grow from USD3.6 bn in 2024F to USD4.8 bn in 2026F, with FCF rising from USD432 mn in 2023 to USD1.7 bn in 2026F, reflecting strong liquidity and operational resilience. Revenue is forecasted to recover from USD5.3 bn in 2024F to USD6.6 bn in 2026F, supported by steady coal prices, increased production, and new contributions from the 1,060 MW coal-fired power plant in KIPI, operational by 2026.

Power Moves Path to Sustainable Growth and High Dividends. AADI benefits from normalized export discounts and robust demand from China and India, maintaining a competitive edge with its low-cost structure (USD42.9/ ton) and premium coal offering (Envrcoal). The company's expansion into power generation diversifies its revenue streams, while its adherence to environmental and domestic obligations ensures regulatory stability. Despite challenges in coal price volatility, AADI continues to secure steady margins, driven by its strong operational framework and strategic investments. Furthermore, AADI is emerging as a strong dividend play, with DPS projected to grow to IDR1,100 by 2026F and a stable DPR of 43.5%, mirroring ADRO's track record of ~50% DPR and ~20% yield.

Initiate with a BUY as AADI Poised for Post-IPO Growth at IDR 14,175/Share. For valuation, we apply a 5.53x PE multiple, derived from peer averages, to estimate a fair value of IDR 14,175/share. This approach reflects AADI's earnings potential, supported by its competitive cost structure, strong liquidity, and operational resilience. With improving cash margins, growing dividends, and strategic expansions, AADI is well-positioned for sustainable growth, offering attractive value for investors.

Exhibit 1: Forecasts and Valuations (at closing price IDR7,725/ sh)

Y/E Dec	22A	23A	24F	25F	29F
Revenue (USD Mn)	7,726	5,915	5,292	6,049	6,648
EBITDA (USD Mn)	3,756	1,444	1,647	1,829	2,118
EV/EBITDA (x)	1.5	4.3	3.2	2.7	1.9
Net Profit (USD Mn)	1,620	807	1,078	1,235	1,427
Net Profit Growth (%)	1,880	971	1,335	1,558	1,814
EPS (IDR)	104.9	(48.3)	37.4	16.7	16.4
P/E Ratio (x)	4.6	8.9	6.5	5.5	4.8
BVPS (IDR)	5,231	5,770	6,847	8,040	9,338
P/BV Ratio (x)	1.6	1.5	1.3	1.1	0.9
ROAE (%)	35.9	16.8	19.5	19.4	19.4
ROAA (%)	20.3	11.4	12.5	12.7	13.6
Interest Coverage (x)	54.6	19.3	29.4	14.2	16.7
Net Gearing (x)	(0.7)	1.1	(0.2)	(0.2)	(0.3)

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Business Overview

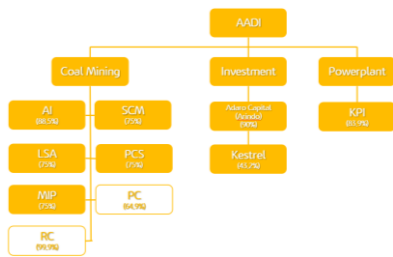
Founded in 2004, the PT Adaro Andalan Indonesia Tbk (AADI) is a holding entity with subsidiaries operating in thermal coal mining, logistics, land management (Adaro Land), water management (Adaro Water), investment (Adaro Capital), power generation, mining consultancy, and IT development. Its activities span key regions in Indonesia, including Jakarta, South Kalimantan, Central Kalimantan, East Kalimantan, South Sumatra, North Kalimantan, East Java, West Java, Riau, and North Sumatra.

The Company owns seven thermal coal mining assets: PT Adaro Indonesia (AI), PT Laskar Semesta Alam (LSA), PT Semesta Centramas (SCM), PT Paramitha Cipta Sarana (PCS), PT Mustika Indah Perma (MIP), PT Pari Coal (PC), and PT Ratah Coal (RC). Five of these are operational, producing medium-calorie, low-pollutant coal for domestic and international power plants. The other two, PC and RC, are still in development and exploration. As of 1H24, the Company holds coal reserves of 917.4 million tons (3.04% of Indonesia total coal reserves) and resources of 4.1 bn tons (4.2% of Indonesia total coal resources), with production reaching 32.74 mn tons. This substantial reserve and resource capacity equates to an estimated mine life of around 15 years based on reserves alone, and an impressive 81 years when including the total resource base.

PT Adaro Andalan Indonesia Tbk (AADI), founded in 2004, is a diversified holding company with operations in mining, logistics, and energy across Indonesia.

The company owns seven thermal coal mining assets, five of which are operational and produce medium-calorie, low-pollutant coal for power plants.

Figure 2. AADI main operating assets



Source: Company, KBVS Research

Figure 3. AADI coal mining operation



Source: Company, KBVS Research

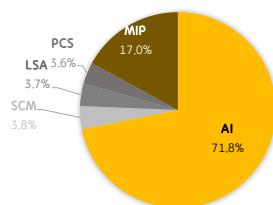
Figure 4. AADI's Coal Resources and Reserves

Description	Unit	AI	SCM	BC LSA	PCS	MIP	PKP2B Contract PC	RC	Total
Production volume	Mn ton	25.69	2.46	1.98	0.02	2.61			32.76
Net sales volume	Mn ton	29.56	2.41	1.86		2.86			36.69
Revenue	USD Mn	2,140	137	113		159			2,551
Sales Volume as of Production (%)		115.1%	98.0%	93.9%		109.6%			
ASP (USD/ ton)		72.41	56.97	61.01		55.76			
Area Size	Ha	23,942	2,500	2,500	2,500	2,000	24,971	36,490	
Period		2022 - 2032	2009 - 2029	2014 - 2034	2009 - 2029	2010 - 2030	2024 - 2054	2023 - 2024	
Status		IUPK - KOP	IUP - OP	IUP - OP	IUP - OP	IUP - OP	PKP2B - OP	PKP2B - Exploration	
Resources (Mt)									
Measured		2,600	60	98	45	350	161		
Indicated		597	15	75	6	29	18		
Inferred		200	6	33	6	2	3		
Total Resources		3,397	81	206	58	361	183		4,102
Moisture (% ar)		32.8	32.9	30.4	32.1	34.2	33.0		
Ash (% adb)		2.9	2.7	2.3	3.9	6.3	4.0		
Calorific Value (kcal/kg ar)		4,465	4,352	4,571	4,355	4,317	4,300		
Reserves (Mt)									
Proven		397	14	48	19	58	23		
Probable		245	20	20	2	95	1		
Total Reserves		642	34	68	21	152	24		917.3
Moisture (% ar)		31.7	34.3	32.1	33.2	34.0	33.0		
Ash (% adb)		2.5	2.0	1.9	3.4	7.3	4.0		
Calorific Value (kcal/kg ar)		4,519	4,231	4,520	4,358	4,282	4,300		

Source: Company, KBVS Research

As of 1H24, AADI holds 917.4 mn tons of reserves and 4.1 bn tons of resources, supporting a mine life of 15 years (reserves) or 81 years (resources), with 1H24 production reaching 32.74 mn tons.

Figure 5. AADI's Reserves Breakdown as of 1H24

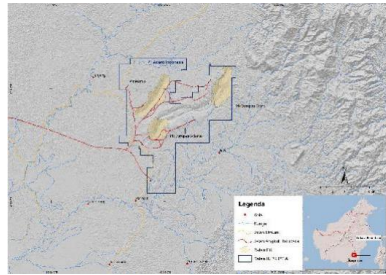


Source: Company, KBVS Research

The company's largest producing asset, contributing 78.4% of total production in 1H24, is Adaro Indonesia (AI), which is 88.5% owned by AADI and located in Tabalong and Balangan, South Kalimantan. AI began commercial operations in October 1992 and specializes in producing sub-bituminous thermal coal with a moderate calorific value of 4,000-5,000 kcal/kg GAR and low sulfur and ash content, marketed under the Envirocoal brand.

Adaro Indonesia (AI), AADI's key asset, contributed 78.4% of 1H24 production, producing low-sulfur Envirocoal in South Kalimantan.

Figure 6. AI Mining Location

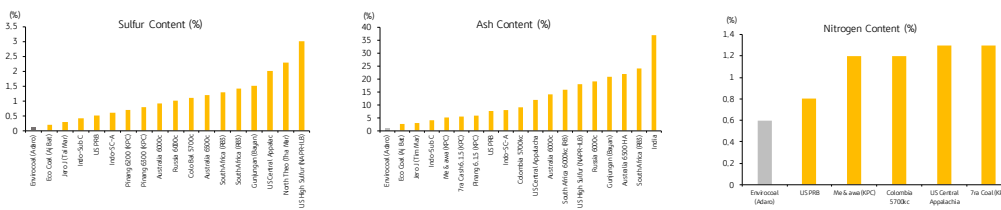


Source: Company, KBVS Research

AADI's coal, branded as Envirocoal, is a subbituminous coal and one of the cleanest thermal coals globally. Envirocoal features ultra-low ash, sulfur, and nitrogen levels—30–50% lower than most competitors, except Powder River Basin coal in the U.S. Its efficient supply chain, seamless logistics, and low-cost operations place it in the global lower quartile of cash costs, enabling premium pricing while meeting strict environmental standards.

AADI's Envirocoal, a clean subbituminous coal with ultra-low ash, sulfur, and nitrogen levels, offers premium pricing due to efficient logistics, low costs, and compliance with strict environmental standards.

Figure 7. Envirocoal: Leading the World in Ultra-Low Sulfur Content, Ash Content, and Nitrogen Content

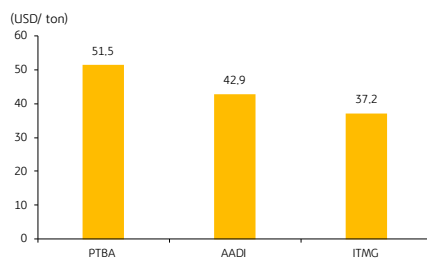


Source: Company, KBVS Research

AADI's cash cost of USD42.9/ ton positions it competitively among peers, lower than PTBA's USD51.5/ ton but slightly above ITMG's USD37.2/ ton. This cost efficiency, coupled with its premium coal offering, allows AADI to balance competitive pricing with strong margins, solidifying its market position.

AADI's efficient cash cost and premium coal offering ensure strong margins and a solid market position.

Figure 8. Cash Cost Comparison to Peers

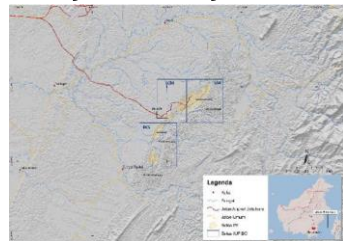


Source: Company, KBVS Research

Furthermore, Balangan Coal (BC) comprises three subsidiaries: PT Laskar Semesta Alam (LSA), PT Semesta Centramas (SCM), and PT Paramitha Cipta Sarana (PCS). Combined, they accounted for 13.6% of 1H24 production volume and are located in South Kalimantan. AADI holds a 75% equity stake in these assets, which produce sub-bituminous thermal coal with calorific values ranging from 4,200 to 4,400 kcal/kg (GAR).

Balangan Coal (BC), comprising LSA, SCM, and PCS, contributed 13.6% of AADI's 1H24 production. Located in South Kalimantan, these assets (75% owned by AADI) produce 4,200–4,400 kcal/kg GAR sub-bituminous coal.

Figure 8. BC Mining Location

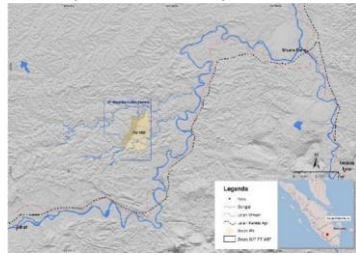


Source: Company, KBVS Research

Moreover, 7.9% of AADI's 1H24 production came from Mustika Indah Permai (MIP), located in Lahat, South Sumatra. MIP produces medium-caloric-value sub-bituminous coal (4,300 kcal/kg GAR) with low sulfur and ash content. The MIP mine accounts for 16.6% of AADI's total reserves.

Mustika Indah Permai (MIP) contributed 7.9% of AADI's 1H24 production, producing 4,300 kcal/kg GAR sub-bituminous coal with low sulfur and ash, and holds 16.6% of AADI's total reserves.

Figure 9. MIP Mining Location



Source: Company, KBVS Research

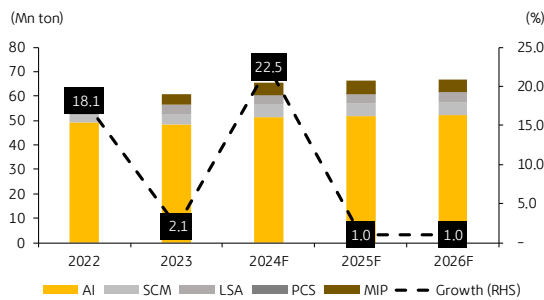
While, Pari Coal (PC) and Ratah Coal (RC) are third-generation PKP2B concessions in East and Central Kalimantan. PC, covering 24,971 ha, is in the exploration phase with 23.5Mt of reserves (2.5% of total reserve), producing sub-bituminous coal with a calorific value of 4,300 kcal/kg GAR. RC, spanning 36,490 ha, remains in exploration, focusing on reserve identification to support AADI's long-term production capacity once operations commence.

Pari Coal (PC) and Ratah Coal (RC), third-generation PKP2B concessions in Kalimantan, are in exploration. PC holds 23.5 Mt of reserves (2.5% of AADI's total), producing 4,300 kcal/kg GAR coal, while RC focuses on reserve identification for future production.

With its substantial reserves, AADI delivered an impressive production of 32.76mn tons in 1H24, equivalent to an annualized 74.44mn tons for FY24F, reflecting a strong +22.5% YoY growth from the previous year. This production was primarily driven by 79% from AI and 13.6% from BC, showcasing AADI's well-established operations. Future growth prospects remain robust, with further contributions expected from BC and MIP, supported by ongoing infrastructure enhancements and capacity expansion efforts. Additionally, PC and RC, AADI's two undeveloped assets, present significant upside potential, reinforcing the company's long-term growth trajectory. Overall, we project AADI's total coal production to remain on a stable upward trend, reaching 75.18 mn tons in 2025F and further increasing to 78.24 mn tons by 2029F, solidifying its position as a key player in the industry.

AADI's 1H24 production reached 32.76mn tons (+22.5% YoY), with growth driven by AI, BC, and MIP, and future potential from PC and RC. Production is projected at 74.44mn tons for FY24F and 78.24mn tons by 2029F.

Figure 10. AADI's Production Volume Breakdown



Source: Company, KBVS Research

To fully support its business operations, AADI has entered into several strategic agreements that play a crucial role in strengthening its position and ensuring sustainable growth. These agreements reflect the company's commitment to optimizing its operations and expanding its market presence.

Figure 11. AADI's Strategic Agreements and Commitments (1)

Type of Contracts	Descriptions
Mining	AI pays monthly rental and service fees to contractors based on the volume of raw coal and overburden mined. Contractors provide facilities, equipment, and services in accordance with minimum production targets.
Transportation	AI has transportation agreements for delivering coal to destination ports, including floating crane services, with fees calculated based on the volume of coal transported.
Fuel	Since November 1, 2015, AI has collaborated with Pertamina, and later with PT Pertamina Patra Niaga (PGAS), under an updated agreement valid until September 30, 2029. The agreement includes an annual minimum fuel purchase, with the latest amendment effective from April 1, 2024.
Sales Commitm	AI and MIP have committed to delivering up to 66 Mt of coal to customers, with volumes and values subject to agreed pricing terms. Deliveries are scheduled progressively from 2024 to 2032.
Capex	Purchase orders for ships, mining equipment, road construction, and infrastructure amount to USD 341.564 thousand.
Forestry Fees	In compliance with Government Regulation No. 33 of 2014, AI is subject to non-tax state revenue (PNBP) fees ranging from IDR 1,600,000 to IDR 4,000,000 per hectare, effective since August 2014.
PJB for Power Plant	On June 28, 2024, AI signed a Power Purchase Agreement (PJB) with MSW for the sale and purchase of MSW's 2x30 MW Mine Mouth Power Plant assets.

AADI secures growth through key agreements, including mining (with Bukit Makmur until 2025), fuel (with Pertamina Patra Niaga until 2029), and coal delivery commitments of 66 Mt by 2032. A Power Purchase Agreement for MSW's 2x30 MW plant highlights its expansion efforts.

Source: Company, KBVS Research

Figure 12. AADI's Strategic Agreements and Commitments (2)

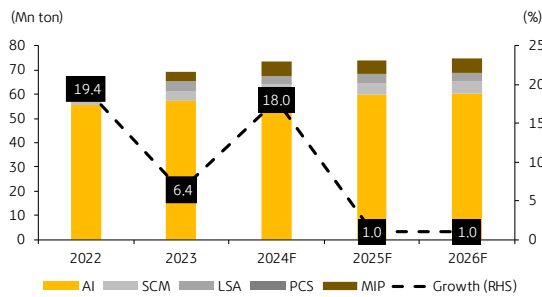
Contractor	Type of agreement	End of the agreement period
PT Bukit Makmur Mandiri Utama	Mining services	2025/12/31
SIS	Overburden stripping and coal mining	2042/09/30
	Coal transportation	2042/09/30
	Heavy equipment rental	2042/09/30
	Coal hauling	2024/12/31
PT Mitrabahtera Segara Sejati Tbk	Coal hauling	9/30/2024*
PT Pertamina Patra Niaga	Fuel supply	2029/09/30
PT Putra Perkasa Abadi	Mining services	2027/06/30
AMI	Crushing facility rental	2024/12/31
*in the process of being extended		

Source: Company, KBVS Research

With large-scale and steady production supported by strategic agreements, the company achieved a sales-to-production volume ratio of 112% in 1H24 and 114.25% in 2023. The company consistently complies with the Domestic Market Obligation (DMO), ensuring 25% of sales are allocated domestically, while the remaining 75% are exported. The largest export destination is China (~80%), followed by Malaysia (~15%), Korea (~10%), and India (~10%).

AADI achieved a sales-to-production ratio of 112% in 1H24 and 114.25% in 2023, meeting DMO (25% domestic) and exporting 75%, mainly to China (80%), Malaysia (15%), Korea (10%), and India (10%).

Figure 13. AADI's Sales Volume Breakdown



Source: Company, KBVS Research

In addition to its robust coal mining operations, AADI is expanding into power generation with a 1,060 MW coal-fired power plant (CFPP) set to begin operations in early 2026. Located in the Kalimantan Industrial Park Indonesia (KIPI), the CFPP will support Adaro Mineral Indonesia's (ADMR) aluminum smelter project nearby. The CFPP is 80% complete with a total investment of USD1.1 bn (70% debt, 30% equity), financed by state-owned and private banks.

AADI is expanding into power generation with a 1,060 MW coal-fired power plant (CFPP) in KIPI, set to begin operations in early 2026 to support ADMR's aluminum smelter.

Figure 14. AADI's CFPP Location



Source: Company, KBVS Research

Industry Overview

Indonesian coal prices are expected to stabilize in the second half of the year as China shifts its coal imports from Australia to Russia and Indonesia. India's strong demand for thermal coal could provide additional price support. However, any significant price increase would likely require factors such as a US Fed rate cut or new stimulus measures from China. Domestic demand has minimal impact on price movements, accounting for only 30% of Indonesia's total thermal coal production. Currently, Indonesian coal prices stand at approximately USD121 per ton, comparable to 2018 levels before pandemic-related monetary easing, after declining 58% in 2023.

Indonesian coal prices are stabilizing at USD121/ton, driven by China and India demand, with limited domestic impact.

Figure 15. Indonesian Coal Poised for Price Stability

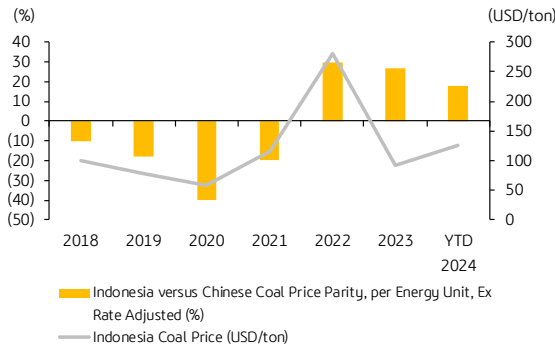


Source: Bloomberg, KBVS Research

Indonesian coal's price discount to China has returned to normal levels after the atypical premiums seen in 2022 and 2023. Historically, Indonesian coal traded at an average 23% discount to Chinese coal during 2009-2021, reflecting adjustments for price parity, energy costs, and shipping fees. This discount is essential to maintain profitability for Indonesian coal exports to Chinese power plants. Indonesia exports 70% of its coal production annually, with China importing 37% of these exports in 2022, while 24% were shipped to India.

Indonesian coal's price discount to China has normalized at 23%, ensuring export profitability, with 70% of production exported, 37% to China and 24% to India.

Figure 16. Indonesian Coal Prices Normalize with China

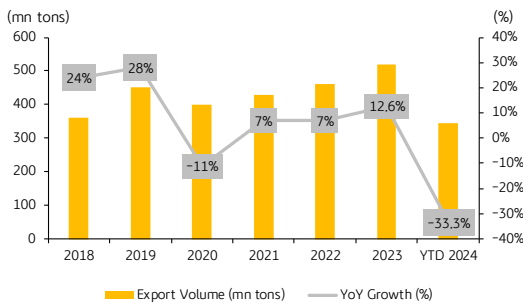


Source: SX Coal, Bloomberg, KBVS Research

Indonesia's coal exports are expected to see modest growth in 2024, driven by strong demand from China and India. China's focus on maintaining high coal inventories for energy security amid regional tensions, combined with India's rising domestic power consumption and 80% self-sufficiency rate, supports Indonesia's position as a leading coal exporter. By March 2024, Indonesia supplied 61% of China's imported coal, up from 47% in December 2017, reaffirming its crucial role in Asia's energy market.

Indonesia's coal exports are set for modest growth in 2024, supported by strong demand from China and India, with Indonesia supplying 61% of China's imported coal by March 2024.

Figure 17. Indonesia's Coal Export Set for Growth

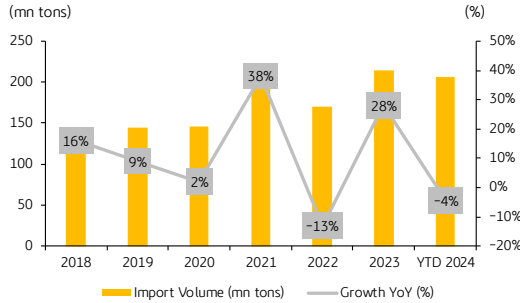


Source: EIA, Bloomberg, KBVS Research

China's thermal coal imports from Indonesia increased significantly in July, reaching 19 million tons and accounting for 54% of total coal imports. This marked a 22% year-over-year growth, accelerating from 2% in June. Over the past five years (2019–2023), China's annual coal imports from Indonesia grew at an average rate of 12%. The surge in demand is attributed to Indonesia's competitive pricing and its geographical proximity, making Indonesian coal a cost-effective alternative to domestic coal in China.

China's thermal coal imports from Indonesia surged 22% YoY in July to 19 million tons (54% of total imports), driven by competitive pricing and proximity, with 12% average annual growth over five years.

Figure 18. China Increases Coal Imports from Indonesia

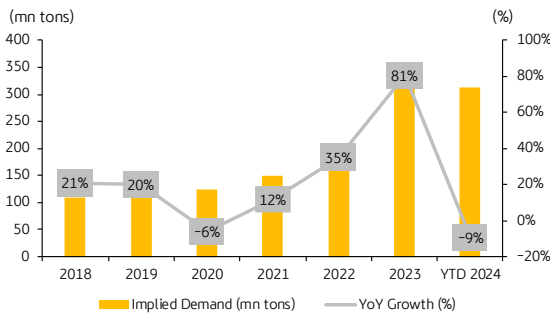


Source: SX Coal, Bloomberg, KBVS Research

Indonesia's domestic coal demand is projected to grow at a high single-digit rate in 2024, driven by economic growth and low per-capita power consumption. However, its impact on coal prices will remain limited, as domestic demand accounts for only 30% of total production, with over 80% of domestic power relying on coal-fired plants.

Indonesia's domestic coal demand is expected to grow at a high single-digit rate in 2024, but its price impact remains limited as it represents only 30% of production.

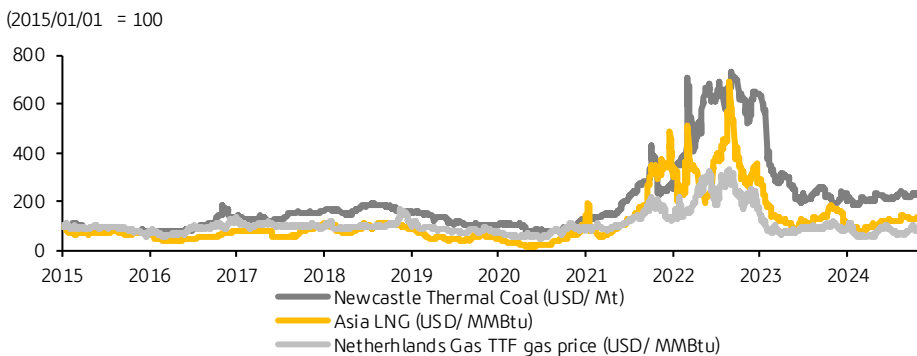
Figure 19. Domestic Coal Demand Growth with Limited Impact



Source: EIA, Bloomberg, KBVS Research

Coal prices remain closely linked to natural gas prices due to substitution, with rising LNG prices and affordability concerns driving steady or higher coal demand, particularly in Asia, as a cost-effective alternative for power generation.

Figure 20. Coal prices vs. Asia LNG prices vs. natural gas prices

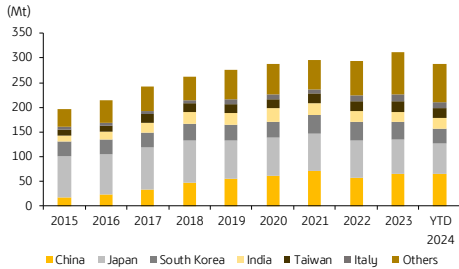


Source: Bloomberg, KBVS Research

China's LNG imports are expected to rise driven by industrial demand, while Japan's may decline as renewables and nuclear energy gain traction. Meanwhile, US LNG exports are set to accelerate post-2028, supported by the potential lifting of export restrictions and new project approvals under Trump, despite challenges such as Russian sanctions.

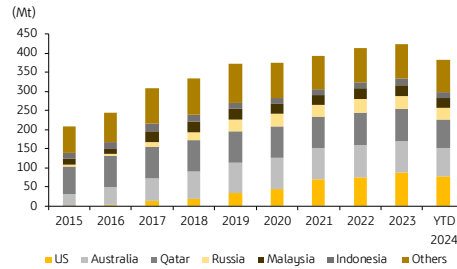
China's LNG imports are set to grow with industrial demand, Japan's may decline with renewable energy gains, and US LNG exports are expected to surge post-2028 amid eased restrictions and new projects.

Figure 21. LNG exports by country



Source: Bloomberg, KBVS Research

Figure 22. LNG imports by country



Source: Bloomberg, KBVS Research

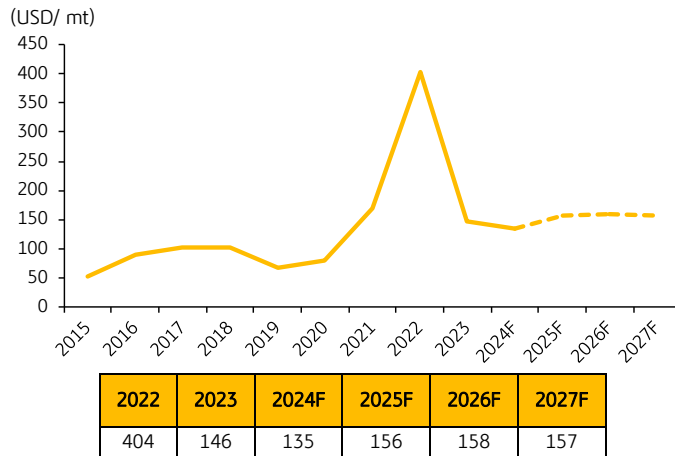
The LNG industry faces challenges from regulatory delays, trade tensions, and geopolitical risks. Projects like Corpus Christi and Delfin LNG are stalled by environmental reviews, while US-China LNG trade risks disruption from tariffs, as seen during Trump's term when shipments halted for 10 months in 2019. European reliance on LNG during winter supports coal prices, but potential gas supply disruptions from Norway, which provides 30% of EU and UK gas, could heighten TTF price volatility despite reduced maintenance outages this year.

The LNG industry faces regulatory delays, trade tensions, and geopolitical risks, with stalled projects and potential disruptions in US-China trade and Norway's gas supply, adding to price volatility in Europe.

We project Newcastle coal prices to strengthen, driven by robust demand from China and India, alongside a recovery in Indonesia's consumption, albeit with a modest contribution to overall production. Prices are expected to remain stable, with 2025F projected at USD 156/mt, 2026F at USD 158/mt, and 2027F at USD 157/mt.

Newcastle coal prices are projected to stabilize, driven by strong China and India demand, with forecasts of USD 156/mt in 2025F, USD 158/mt in 2026F, and USD 157/mt in 2027F.

Figure 23. Stronger Outlook for Newcastle's Coal Prices

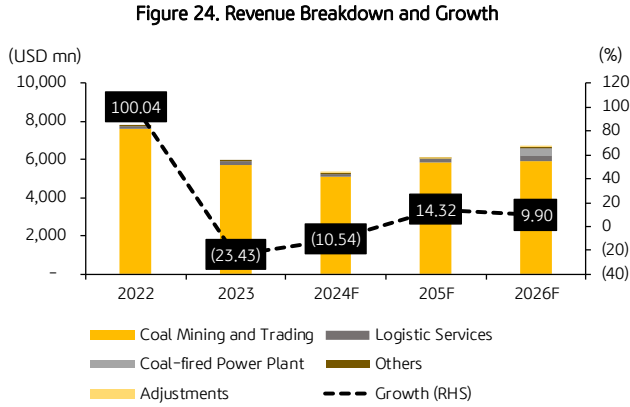


Source: Bloomberg, KBVS Research

Financial Overview

Driven by coal mining and trading, which dominate ~96% of revenue, are expected to bring 2024F revenue to USD 5.3bn (-10.54% yoy), impacted by a -20.6% yoy decline in YTD average coal prices, despite a +17.9% yoy increases in sales volume. Supported by stronger coal price expectations going forward, revenue is projected to rise to USD6 bn (+14.32% yoy) in 2025F and USD 6.6bn (+9.9% yoy) in 2026F, with additional 7% contribution from the Coal-Fired Power Plant (PLTU) KPI starting operations.

AADI's revenue is projected to recover from USD 5.3bn in 2024F to USD 6.6bn in 2026F, driven by stronger coal prices and new contributions from the PLTU KPI.

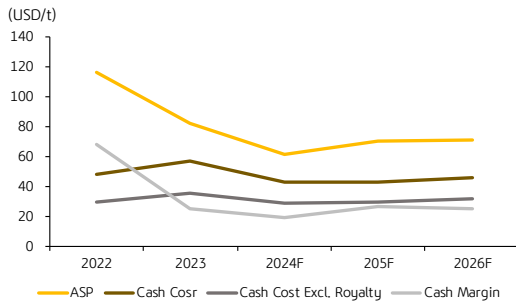


Source: Company, KBVS Research

AADI pressure from declining ASP between 2022 and 2023 but successfully offset this through effective cost control and operational efficiency. With ASP expected to stabilize in 2024F and show a modest recovery in 2025F-2026F, cash margins are projected to remain steady, supporting solid financial performance going forward.

AADI mitigated declining ASP in 2022-2023 through cost control, with stabilization in 2024F and recovery by 2025F-2026F expected to sustain cash margins and solid financial performance.

Figure 25. ASP, Cash Cost, and Margin Trends

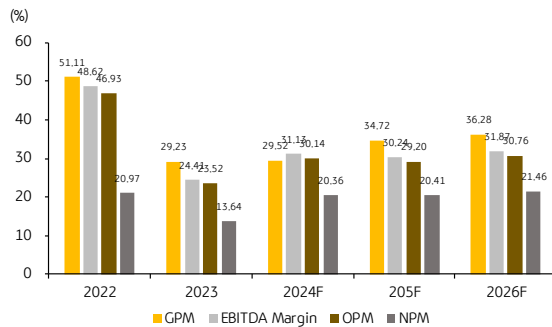


Source: Company, KBVS Research

With a low cash cost advantage, the company effectively navigated margin pressures in 2023 and is set to recover profitability starting in 2024F. Operational margins are projected to improve steadily through 2026F, supported by operational efficiency and a gradual recovery in coal prices. This positions the company as a competitive and resilient player within the coal sector.

AADI's low cash cost advantage and operational efficiency are set to drive margin recovery from 2024F, with steady improvements through 2026F, reinforcing its resilience in the coal sector.

Figure 26. Profitability Margins

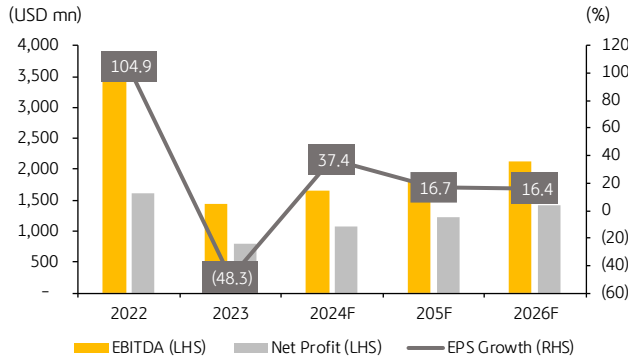


Source: Company, KBVS Research

With these factors, we project EBITDA to reach USD1.6 bn in 2024F (+14.6% yoy) with an EBITDA margin of 31.3%, and net profit to rise to USD1 bn (+33.6% yoy) with a net profit margin (NPM) of 20.36% (2023: 13.64%). By 2026F, we anticipate AADI will achieve an EPS of USD 0.18, a significant increase from USD 0.1 in 2023, reflecting the company's improved operational efficiency and strong growth momentum.

AADI's EBITDA is projected at USD 1.6bn in 2024F (+14.6% yoy) with a 31.3% margin, while net profit is expected to rise to USD 1bn (+33.6% yoy), driving EPS to USD 0.18 by 2026F, supported by operational efficiency and growth momentum.

Figure 27. EBITDA, and Earnings Forecasts

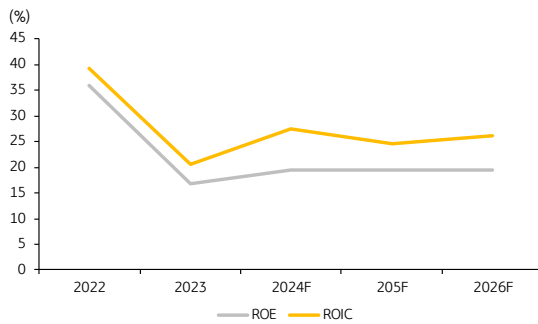


Source: Company, KBVS Research

From 2024F onward, we expect ROE to stabilize, reflecting consistent profitability supported by steady to slightly stronger coal prices and the advantage of low cash costs. Meanwhile, ROIC rebounds sharply before experiencing slight fluctuations, signaling improved operational efficiency and better utilization of invested capital. These trends highlight the company's ability to maintain steady margins and benefit from its cost advantages, indicating financial recovery and enhanced capital efficiency in the future.

From 2024F, AADI's stable ROE and rebounding ROIC reflect consistent profitability, cost advantages, and improved capital efficiency, signaling strong financial recovery ahead.

Figure 28. ROE and ROIC

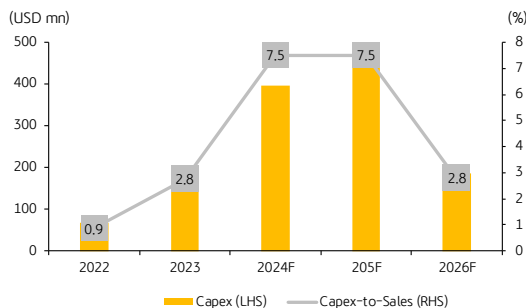


Source: Company, KBVS Research

AADI's capex is projected to peak at ~USD 400mn in 2024F and 2025F, with a Capex-to-Sales ratio of 7.5%, driven by major investments like the Coal-Fired Power Plant (PLTU) KPI. By 2026F, capex is expected to normalize at USD 186mn, with the ratio declining, likely reflecting project completions and a shift toward operational optimization.

AADI's capex peaks at in 24F-2025F with a 7.5% Capex-to-Sales ratio, then normalizes to 2.8% 26F as major projects conclude.

Figure 29. Capex Projections

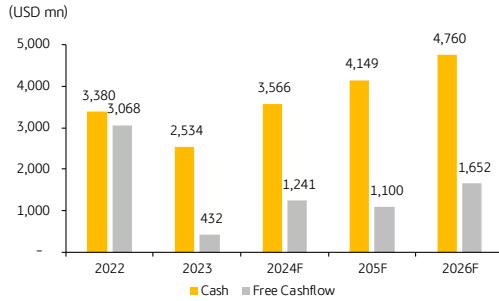


Source: Company, KBVS Research

Despite elevated capex in 2024F–2025F, AADI’s robust cash position and free cash flow (FCF) generation remain strong. Cash is projected to grow steadily from USD3.6 bn in 2024F to USD4.8 bn in 2026F, while FCF improves significantly from USD432 mn in 2023 to USD1.7 bn in 2026F. This highlights AADI’s ability to fund growth initiatives while maintaining ample liquidity and strong operational cash flows.

AADI’s strong cash flow and liquidity ensure sustained growth despite high capex.

Figure 30. Cash & Free Cashflow Projections

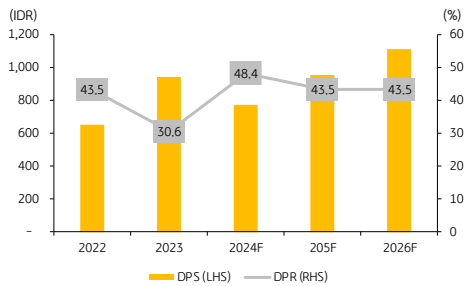


Source: Company, KBVS Research

AADI is emerging as a strong dividend play, with DPS rising to IDR621 by 2026F and a steady DPR of 43.5%. Following ADRO’s proven track record of ~50% DPR and ~20% yield over the last two years, AADI is set to deliver similarly attractive returns for investors.

AADI’s rising DPS and stable DPR position it as a promising dividend play, mirroring ADRO’s strong yield track record.

Figure 31. Dividend Projections



Source: Company, KBVS Research

Valuation

In valuing the company, we have chosen to use the Price-to-Earnings (PE) multiple approach, which we find most appropriate given the company's recent IPO. This method focuses on the company's earnings potential and provides a reliable basis for determining the near-term target price. The PE multiple of 5.53x is derived from the average of its peers in the same sector, ensuring that our valuation aligns with industry benchmarks.

Metric	Unit	Value
EPS 2025F	IDR/ share	2,562
EPS 2026F	IDR/ share	2,981
Target Multiple	X	5.53
Fair Value	IDR/ share	14,175

Using this multiple and the company's projected earnings, we calculate a fair value of IDR 14,175/share. This valuation reflects the company's growth trajectory post-IPO while capturing market expectations and industry trends. The approach provides a solid framework for investors to evaluate the company's performance in relation to its peers.

We value the company using a 5.53x PE multiple, aligning with peer averages and focusing on earnings potential, which is appropriate following its recent IPO.

Using a 5.53x PE multiple, we estimate a fair value of IDR 14,175/share, reflecting the company's growth trajectory and alignment with market expectations and industry trends.

Figure 32. Peers Comparison

Company	Market Cap (IDR Tn)	Rating	Current Price	Target Price	EV/ Sales		EV/EBITDA		P/E		P/BV		P/Sales	
					25F	26F	25F	26F	25F	26F	25F	26F	25F	26F
UNTR*	104.82	BUY	25,325	32,093	0.83	0.84	2.95	2.99	5.67	5.95	1.07	0.98	0.82	0.82
ADRO**	88.28	BUY	2,540	3,200	0.80	0.79	2.12	2.30	4.53	5.77	0.67	0.70	1.04	1.03
PTBA	31.68	BUY	1,155	3,080	0.76	0.66	4.11	4.06	6.95	7.40	1.37	1.29	0.81	0.70
ITMG	31.41	HOLD	25,700	23,300	0.53	0.56	2.45	2.99	6.47	7.23	0.99	0.95	0.95	1.00
Average					0.77	0.76	2.75	2.88	5.53	6.22	0.96	0.92	0.91	0.9

Figure 33. Financial Tables

Profit and Loss (USD Mn)	22A	23A	24F	25F	26F
Revenue	7,726	5,915	5,292	6,049	6,648
COGS	(3,777)	(4,187)	(3,729)	(3,949)	(4,236)
Gross Profit	3,949	1,729	1,562	2,101	2,412
Operating Expenses	(323)	(338)	32	(334)	(367)
Operating Profit	3,626	1,391	1,595	1,767	2,045
EBITDA	3,756	1,444	1,647	1,829	2,118
Net Interest Income	56	111	89	125	146
Pre-tax Profit	3,404	1,223	1,430	1,639	1,894
Income Taxes	(1,499)	(274)	(225)	(258)	(298)
Profit for Period	1,905	949	1,205	1,381	1,596
Minority Interest	(285)	(142)	(128)	(146)	(169)
Net Profit	1,620	807	1,078	1,235	1,427

Balance Sheet (USD Mn)	22A	23A	24F	25F	26F
Cash and Cash Equivalent	3,380	2,534	3,566	4,149	4,760
Account Receivable	609	416	460	526	578
Others	337	319	476	481	487
Total Current Assets	4,327	3,270	4,502	5,156	5,825
Fixed Assets	418	533	877	1,268	1,381
Mining Properties	468	438	392	448	492
Other Non-Current Assets	2,754	2,822	2,822	2,822	2,822
Total Assets	7,966	7,063	8,592	9,694	10,519
ST Debt	6	704	346	417	364
Payables	1,889	834	1,213	1,284	1,378
Other ST Liabilities	222	260	260	260	260
Total Current Liabilities	2,118	1,798	1,820	1,962	2,002
LT Debt	1,090	197	969	1,168	1,017
Other LT Liabilities	250	277	277	277	277
Total Liabilities	3,458	2,272	3,066	3,407	3,296
Minority Interest	393	424	553	783	991
Total Equity	7,966	7,063	8,592	9,694	10,519

Cash Flow (USD Mn)	22A	23A	24F	25F	26F
Net Profit	3,626	1,391	1,595	1,767	2,045
D&A	130	52	52	62	74
Changes in Working Capital	1,040	(1,228)	179	1	35
Operating Cash Flow	3,135	595	1,638	1,553	1,838
Capital Expenditure	(68)	(163)	(397)	(454)	(186)
Others	319	84	(47)	56	44
Investing Cash Flow	251	(79)	(444)	(398)	(142)
Net - Borrowing	(102)	(195)	415	270	(205)
Other Financing	(1,385)	(1,171)	(341)	(391)	(452)
Financing Cash Flow	(1,487)	(1,366)	74	(121)	(656)
Net - Cash Flow	1,900	(850)	1,268	1,035	1,040
Cash at Beginning	1,503	3,380	2,534	3,566	4,149
Cash at Ending	3,380	2,534	3,566	4,149	4,760

Key Ratios	22A	23A	24F	25F	26F
Gross Profit Margin (%)	51.1	29.2	29.5	34.7	36.3
Operating Profit Margin (%)	46.9	23.5	30.1	29.2	30.8
EBITDA Margin (%)	48.6	24.4	31.1	30.2	31.9
Pre-Tax Margin (%)	44.1	20.7	27.0	27.1	28.5
Net Profit Margin (%)	21.0	13.6	20.4	20.4	21.5
Debt to Equity (x)	0.0	1.6	0.5	0.4	0.4
Net Gearing (x)	(0.7)	1.1	(0.2)	(0.2)	(0.3)

Major Assumptions	22A	23A	24F	25F	26F
Production volume (mn ton)	59.5	60.8	74.4	75.2	75.9
Sales volume (mn ton)	65.3	69.4	81.9	82.7	83.6
Blended ASP (USD/ ton)	116.4	82.6	62.1	70.3	71.1

Figure 34. AADI's Board of Commissioners




Board of Commissioners	Positions	Executive Summary
	<p>President Commissioner</p>	<p>Budi Bowoleksono, 65 years, holds a Bachelor's degree in Economics from Krisnadipayana University (1984).</p> <p>Appointed as Independent President Commissioner in 2024, he has over 34 years of diplomatic experience, including roles as Ambassador to the U.S. (2014–2019) and Secretary-General of the Ministry of Foreign Affairs (2010–2014).</p> <p>Currently, he serves as Supervisory Board Member of Yayasan Adaro Bangun Negeri (2021–present) and Independent Commissioner at PT Merdeka Copper Gold Tbk, AMI, and ADRO.</p>
	<p>Commissioner</p>	<p>Primus Dorimulu, 65 years, graduated from Akademi Pendidikan Kateketik, Flores (1982) and earned a Bachelor's degree from IISIP (1988).</p> <p>With over 30 years in media, he has served as Editor-in-Chief at Majalah Investor (1998–2018), Investordaily (2003–2023), and Beritasatu.com (2012–2019), and as Director at PT Media Investor Indonesia (2004–2022).</p> <p>Currently, he serves as Chief Editor of Investortrust.id (2023–present) and Commissioner at PT Gowa Makassar Tourism Development Tbk.</p>

Figure 35. AADI's Boards of Directors

Board of Commissioners	Positions	Executive Summary
	<p>President Director</p>	<p>Julius Aslan, 61 years, holds a Bachelor's degree in Engineering from the National Institute of Science and Technology (1989)</p> <p>Appointed as the Company's President Director in 2024. Previously served in key roles, including Director at Astra International, Astra Honda Motor, Astra Agro Lestari, and Bank Permata, and Commissioner of various Adaro subsidiaries.</p> <p>Currently, he is also Director of ADRO (2013–present) and Commissioner across multiple Adaro Group companies and affiliates.</p>



Director

Priyadi, 61 years old, with over 30 years of experience in mining operations and external relations, he has held roles such as Mining Engineer at PT Tanito Harum (1990–1991) and Chief External Relations at AI (1991–2014). He also served as Director in various Adaro subsidiaries.

Currently, he is the President Director of AI (2022–present), PCS, SCM, and LSA (2024–present).



Director

Lie Luckman, 54 years old, with a Bachelor's degree in Accounting from Atma Jaya Catholic University (1994).

Appointed as Director of the Company in 2018. Previously held key roles in finance and accounting at various companies, including AI and its subsidiaries.

Currently serves as Chief Financial Officer of ADRO (2018–present) and holds multiple positions as Commissioner and Director across Adaro Group subsidiaries.



Director

Susanti, 54 years old, holds a Bachelor's degree in Accounting from Trisakti University (1992).

Appointed as Director in 2024, he has held roles such as Auditor at KAP Utomo and Co, Finance & Accounting GM at ADRO, and Director at various Adaro subsidiaries.

Currently, she is President Director of AL (2021–present), Treasurer of Yayasan Adaro Bangun Negeri, and holds multiple Commissioner and Director roles across Adaro Group companies. Has no affiliations with other Directors, Commissioners, or major shareholders.

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