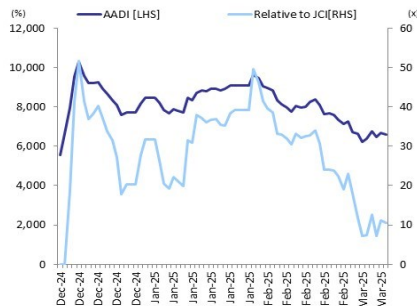


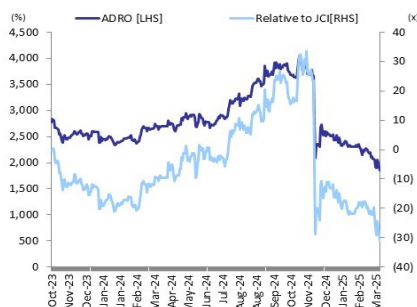
Neutral

(Downgraded)

AADI relative to JCI Index



ADRO relative to JCI Index



Source: Bloomberg

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Coal

Steady Dividend Stream to Cushion Normalizing Coal Price; Cut Sector Rating to Neutral

- We continue to expect coal price to normalize and forecast Newcastle price at US\$110/t in FY25, driven by growth in Indonesia's export.
- Amid the projected decline in coal prices, we forecast earnings for Indonesian coal miners to fall by 25-33% in FY25.
- We cut the sector's rating to Neutral; despite declining earnings, the sector continues to offer an attractive dividend yield (FY25 avg. 11%).

Price outlook: normalization to continue; risks skew to the downside

Our expectation for a seasonal price strength in 4Q24-1Q25 failed to materialize despite record-high import volumes from China and in-line production growth from Indonesia in FY24. We see high inventory levels in China amid rising domestic production as the main culprit behind soft prices in 4Q24. Going into FY25, we continue to see scenario of coal price normalization and expect Newcastle price to average at US\$110/t (FY24: US\$135.7/t), driven by supply growth from Indonesia. Amid potential for China's production to continue accelerate and risk of Russia supply re-entering the market, we now see price downside risk and forecast LT price of US\$90/t (vs. US\$100/t previously).

Firm import demand, but China's high inventory levels may cap price

Going into FY25, we expect a slower growth for China's import amid acceleration in its domestic production growth in 4Q24 which signaled a less tight control on production and persistently total high inventory levels. Meanwhile, we forecast India's import to grow at a similar rate to FY24 growth of 5% yoy. **On the supply side**, Indonesia has remained the main supplier into the seaborne market with export growth of 8.4% yoy, with Australia also showing recovering production. We forecast Indonesia's production to continue growing at a similar rate of 8.1% yoy in FY25, with flattish production profile for other exporting countries.

Earnings outlook: Falling earnings in FY25

Amid the projected decline in coal prices, we forecast earnings for Indonesian coal miners under our coverage to fall by 25-33% in FY25. Within our coverage, AADI may enjoy earnings upside if its royalty is cut (24-27% upside in EPS if royalty rate is lowered by 8-9ppt), but this awaits the approval of the proposal.

Cut to Neutral: falling earnings, but with steady dividend and attractive yield

We lowered our sector rating to Neutral, amid our view on price downside risk from higher China production and high inventory level. Despite declining earnings, the coal stocks continue to offer attractive dividend yield for investors, ranging at 8-14%. Our preference in the sectors are: UNTR (Buy, TP Rp31,000), AADI (Initiate with Buy, TP of Rp9,850) > ADRO (Buy, TP Rp2,630 > ITMG (Buy, TP Rp27,300) > PTBA (Buy, TP Rp3,100). We like UNTR as it offers a more defensive earnings profile from the mining contracting business, with an attractive dividend yield of 10.8%.

Company	Ticker	Rec	Target Price (Rp)	Market Cap. (RpBn)	P/E (x)		P/BV (x)		ROE (%)
					2025F	2026F	2025F	2026F	
Adaro Andalan Indonesia	AADI IJ	BUY	9,850	50,225.5	4.3	4.1	0.9	0.8	21.2
Alamtri Resources Indonesia	ADRO IJ	BUY	2,630	56,903.5	5.9	4.7	0.7	0.6	13.5
Indo Tambangraya	ITMG IJ	BUY	27,300	26,270.8	6.4	7.2	0.8	0.8	10.9
Bukit Asam	PTBA IJ	BUY	3,100	32,486.4	5.8	7.7	1.4	1.4	18.5
United Tractors	UNTR IJ	BUY	31,000	102,019.2	4.9	4.6	1.1	0.8	18.1

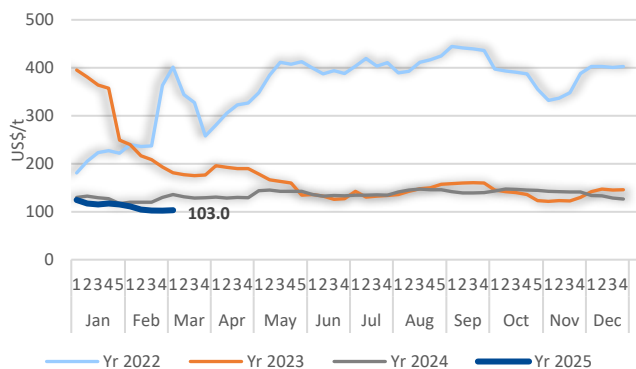
Steady dividend stream to cushion normalizing coal price

Coal Price Outlook

Our expectation for a seasonal price strength in 4Q24-1Q25 failed to materialize despite record-high import volumes from China and in-line production growth from Indonesia in FY24. We see high inventory levels in China amid rising domestic production as the main culprit behind soft prices in 4Q24.

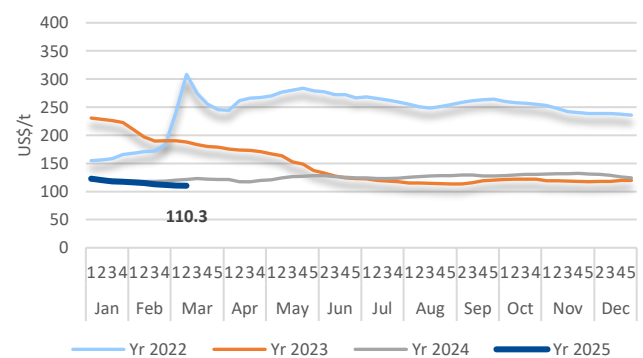
Going into FY25, we continue to see scenario of coal price normalization and expect Newcastle to average at US\$110/t (FY24: US\$135.7/t) and ICI4 to average at US\$49/t (FY24: US\$53.9/t), driven by supply growth from Indonesia and China's sustained production growth. Amid potential for China's production to continue accelerate and risk of Russia supply re-entering the market, we now see price downside risk and forecast LT price of US\$90/t (vs. US\$100/t previously).

Exhibit 1. Newcastle Coal Price



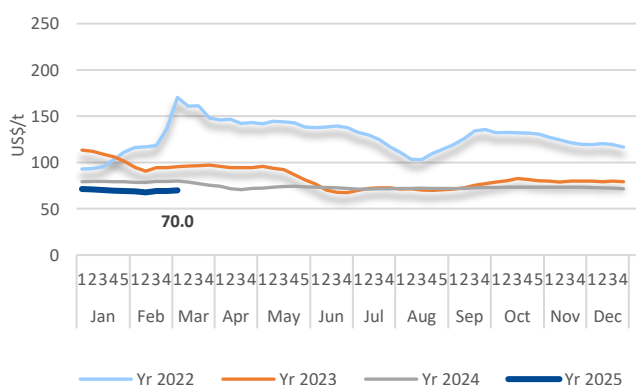
Source: Bloomberg, BRIDS

Exhibit 2. ICI-1 Coal Price



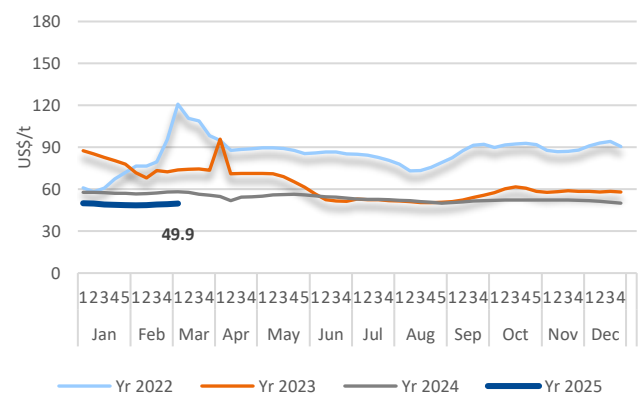
Source: Argus, BRIDS

Exhibit 3. ICI-3 Coal Price



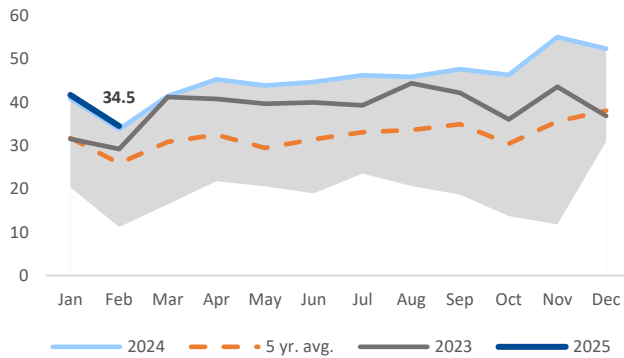
Source: Argus, BRIDS

Exhibit 4. ICI-4 Coal Price



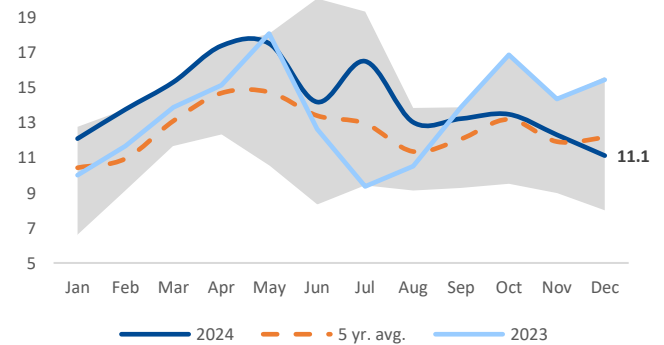
Source: Argus, BRIDS

Exhibit 5. China Import (Mt)



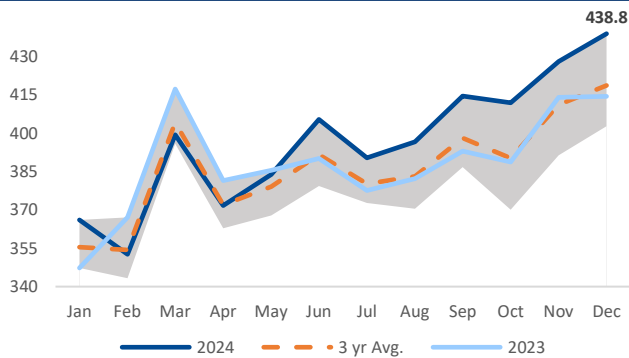
Source: GAC China, BRIDS

Exhibit 6. India Import (Mt)



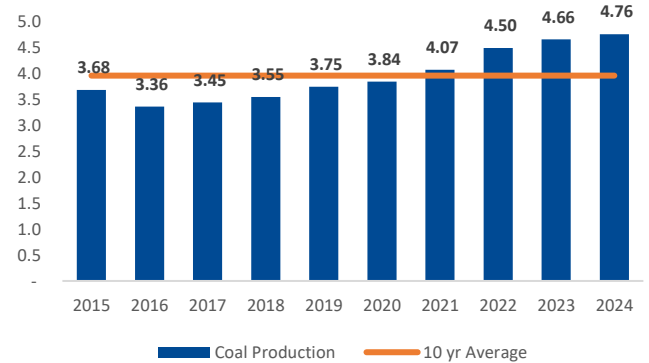
Source: Ministry of Coal India, BRIDS

Exhibit 7. China Production Monthly (Mt)



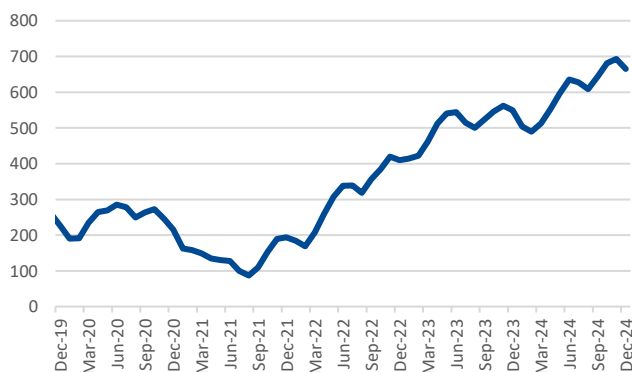
Source: National Bureau Statistics of China, BRIDS

Exhibit 8. China Production Annual (billion tons)



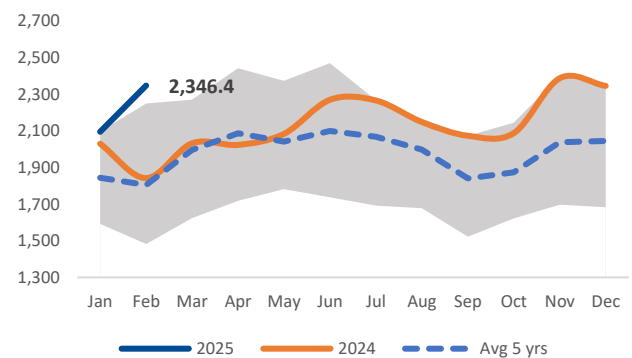
Source: National Bureau Statistics of China, BRIDS

Exhibit 9. China Coal Stock in Inventory Monthly (Mt)



Source: Bloomberg, BRIDS

Exhibit 10. China Coal Inventory at Port



Source: Bloomberg, BRIDS

Exhibit 11. Table Supply Demand Coal Outlook (Mt)

	2022	2023	2024E	2025F	2026F
Imports					
China	302	372	383	380	380
India	153	182	185	191	195
Japan	138	124	118	118	118
S. Korea	91	97	96	96	96
Taiwan	61	52	50	50	50
SEA, Others	205	190	183	185	191
Total imports	950	1,017	1,015	1,020	1,030
Exports					
Indonesia	465	511	550	563	574
Australia	179	202	201	202	205
Russia	151	144	120	120	124
Colombia	54	42	45	43	42
S. Africa	67	65	57	62	65
USA	35	57	45	45	45
Total exports	951	1,021	1,018	1,035	1,055

Source: Bloomberg, BRIDS Estimates

Earnings Outlook

We forecast coal miners under our coverage to grow production by 2-17% in FY25 (AADI: +1.5% yoy, ITMG: +16.8%, PTBA: +4.1%). On the cost front, we have factored in a slight increase in fuel cost due to the implementation of B40 policy. Amid the projected decline in coal prices, we forecast earnings to fall by 25-33% in FY25. Within our coverage, AADI may see earnings upside if its royalty is cut (24-27% upside in EPS if royalty rate is lowered by 8-9ppt), but this awaits the approval of the proposal.

Valuation and Rating

We lowered our sector rating to Neutral, amid our view on price downside risk from higher China production and high inventory level. Despite declining earnings, the coal stocks continue to offer attractive dividend yield for investors, ranging at 8-14%.

Our preference in the sectors are: UNTR (Buy, TP Rp31,000), AADI (Initiate with Buy, TP of Rp9,850) > ADRO (Buy, TP Rp2,630) > ITMG (Buy, TP Rp27,300) > PTBA (Buy, TP Rp3,100). We like UNTR as it offers a more defensive earnings profile from the mining contracting business, with attractive dividend yield of 10.8%.

Exhibit 12. Coal Comparable Summary

Ticker	Target Price (Rp)	Market Cap (Rpbn)	Rating	PE (x)		EV/EBITDA		PB (x)		ROE (%)		Div. Yield
				2024E	2025E	2024E	2025E	2024E	2025E	2024E	2025E	
				5.6	6.2	2.8	3.2	0.9	0.8	17.4%	15.0%	11.3%
UNTR	31,000	87,844.7	BUY	4.2	4.4	2.3	2.1	0.8	0.8	21.2%	18.1%	10.8%
ADRO	2,630	56,903.5	BUY	6.3	5.0	2.6	2.2	0.7	0.7	11.6%	13.5%	8.0%
AADI	9,850	50,614.8	BUY	4.6	4.4	2.8	2.8	1.0	0.9	22.6%	21.2%	12.3%
ITMG	27,300	26,299.0	BUY	6.8	7.7	1.7	1.9	0.9	0.8	12.8%	10.9%	11.0%
PTBA	3,100	28,571.2	BUY	5.1	6.7	4.4	6.0	1.3	1.2	25.3%	18.5%	13.7%

Source: Company, BRIDS Estimates

Buy

(Initiation)

Adaro Andalan Indonesia (AADI IJ)

Best-in-class coal mining at discounted valuation; initiate with Buy rating

Last Price (Rp)	6,500
Target Price (Rp)	9,850
Previous Target Price (Rp)	-
Upside/Downside	+51.5%

No. of Shares (mn)	7,787
Mkt Cap (Rpbn/US\$mn)	51,199/3,121
Avg, Daily T/O (Rpbn/US\$mn)	243.8/14.9
Free Float (%)	9.4

Major Shareholder (%)	
PT Adaro Strategic	41.1
Adaro Energy	15.4

EPS Consensus (US\$cents)	2025F	2026F	2027F
BRIDS	9.2	9.6	11.4
Consensus	11.8	14.3	n.a
BRIDS/Cons (%)	(22.0)	(32.6)	(100)

- AADI possesses an ample coal reserve (reserve life of 16 years) to sustain its consistent production track record and low-cost operation.
- We foresee low capex requirement in FY26 onwards to potentially allow for strong free cash flow generation and dividend payout.
- We initiate AADI with Buy rating on its attractive dividend (13% FY25 yield) and steady operational track record, with TP of Rp9,850.

Ample reserve base with proven track record of prudent production

AADI possess an ample coal reserve base of 946Mt (translating to reserve life of 16 years), comprising of mainly environmental-friendly coal with low sulphur and ash contents. It has an established track record of prudent production growth (2% 10-year CAGR) and proven product acceptance by end-customers as reflected in its consistent ASP premium to ICI4 index.

Low cost operation; low capex requirement post FY25

AADI is a low-cost miner with cash cost of US\$34/t ex-royalty (US\$50/t incl. royalty) as of FY24. We think such cost profile is sustainable amid its ample reserve base. We foresee low capex requirement in FY26 onwards (as mining capex will be borne by contractors) to potentially allow for strong free cash flow generation and dividend payout. In FY25, capex will mainly be for its coal-fired power plant of around \$500mn (AADI's portion). AADI's mining operation's capex will mainly comprise of capex for logistics (barges), estimated at around \$100mn to be spent over 2-3years.

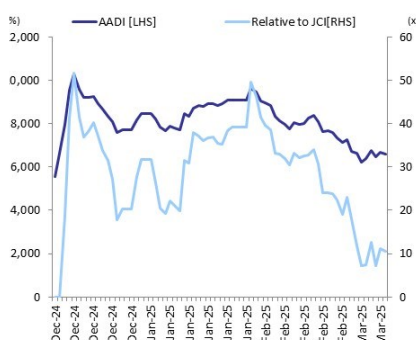
Earnings outlook: falling FY25F earnings due to lower coal price outlook

Amid our forecast of normalizing coal price, we project AADI's core net profit to fall by 25% in FY25 but rise by 5% in FY26 from the expected earnings contribution from its coal-fired power plant project, KPI. We forecast AADI's production to grow by 1.5-3% in FY25-26F, driven by the ramp up in its Balangan and MIP mines.

Initiate with Buy rating on steady operational profile and dividend stream

We initiate AADI with a Buy rating on its attractive dividend (13% FY25 yield) and steady operational track record. We value AADI using DCF method, taking into account our LT Newcastle coal price assumption of US\$90/t and arrive at fair valuation of Rp9,850/ share, implying 6.4x FY25 PE.

AADI relative to JCI Index



Source: Bloomberg

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Key Financials

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Revenue (US\$mn)	5,915	5,320	4,837	4,704	5,070
EBITDA (US\$mn)	1,490	1,582	1,191	1,213	1,417
EBITDA Growth (%)	(62.4)	6.2	(24.7)	1.8	16.8
Net Profit (US\$mn)	1,144	1,211	717	751	891
EPS (US\$cents)	14.7	15.5	9.2	9.6	11.4
EPS Growth (%)	(44.6)	5.9	(40.8)	4.7	18.6
BVPS (US\$cents)	56.1	38.5	43.1	47.8	53.5
DPS (US\$cents)	13.2	35.8	5.2	5.4	6.4
PER (x)	2.7	2.5	4.3	4.1	3.4
PBV (x)	0.7	1.0	0.9	0.8	0.7
Dividen yield (%)	33.6	91.1	13.2	13.8	16.3
EV/EBITDA	0.9	1.4	1.7	1.3	0.8

Source: AADI, BRIDS Estimate

Best-in-class Coal Miner with Steady Dividend Stream

Ample reserve base with proven track record of prudent production

AADI possess an ample thermal coal reserve base of 946Mt, translating to reserve life of 16 years, comprising of mainly environmental-friendly coal with low sulphur and ash contents. It has an established track record of prudent production growth (2% 10-year CAGR) and proven product acceptance by end-customers as reflected in consistent ASP (40-45% discount to Newcastle index).

Exhibit 1. Table AADI reserve [include AADI's only + Kestrel]

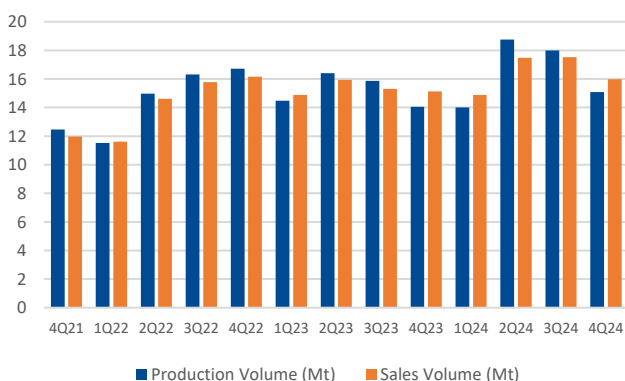
Companies	Resources (Mt)	Reserves (Mt)
Adaro Indonesia	3,397	634
Balangan Coal	249	110
Mustika Indah Permai	297	202
Kestrel Coal Mine	411	175
Total	4,354	1,121

Source: Company

Low cost operation; low capex requirement post FY25

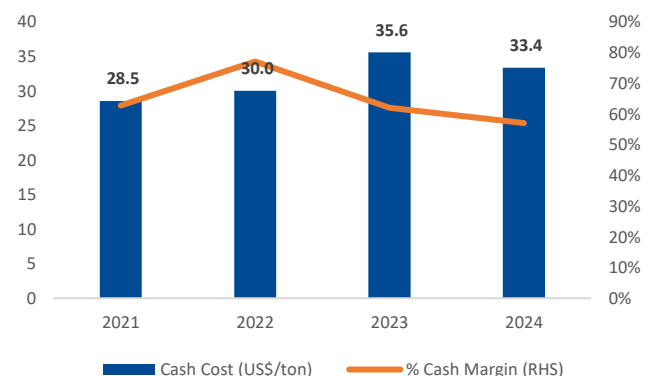
AADI is a low-cost operator with cash cost of US\$34/t ex-royalty (US\$50/t incl. royalty) as of 9M24. We think such cost profile is sustainable amid its ample reserve base. We foresee low capex requirement in FY26 onwards (as mining capex will be borne by contractors) to potentially allow for strong free cash flow generation and dividend payout. In FY25 capex will mainly be for its coal-fired power plant of around \$500mn (AAI's portion). AAI's mining operation's capex will mainly comprise of capex for logistics (barges), estimated at around \$100mn to be spent over 2-3years.

Exhibit 2. Historical Production and Sales Volume



Source: Company, BRIDS

Exhibit 3. Historical Cash Cost



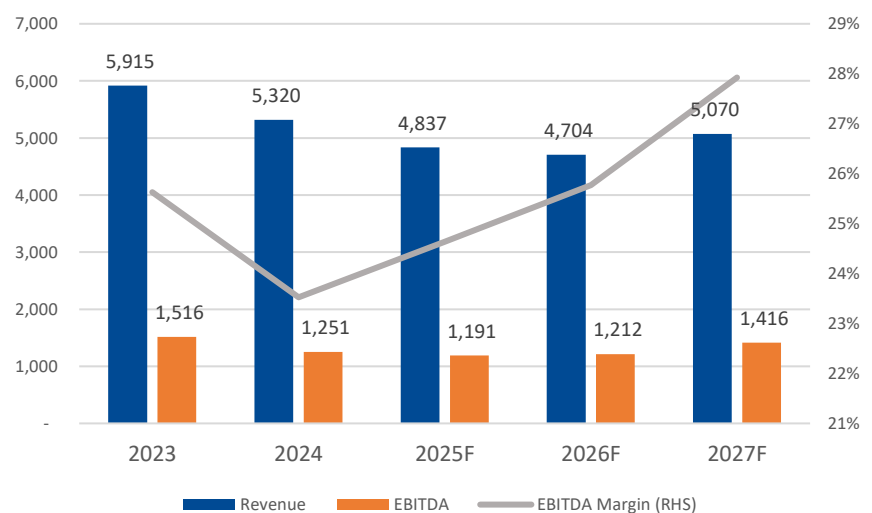
Source: Company, BRIDS

Earnings Outlook

Amid our forecast of normalizing coal price, we project AADI's core net profit to fall by 25% in FY25. We project net profit to rise by 5% in FY26, as we expect earnings contribution from its coal-fired power plant project, KPI. We forecast AADI's production to grow by 1.5-3.0% in FY25-26F, driven by the ramp up in its Balangan and MIP mines.

AADI may see potential upside from proposed royalty cut (estimated upside of 24-27% in FY25F EBITDA assuming 8-9% cut in royalty rate from the current 28%), but this awaits the approval of the proposal.

Exhibit 4. AADI historical and projected revenue, EBITDA (US\$m)



Source: Company, BRIDS Estimates

Initiate with Buy rating on steady operational profile and dividend stream

We initiate AADI with a Buy rating on its attractive dividend (13% FY25 yield) and steady operational track record.

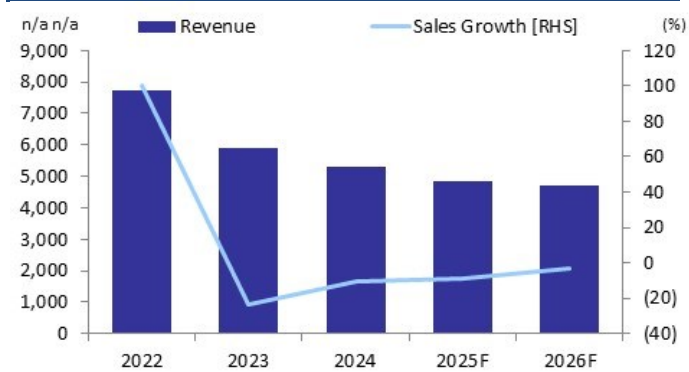
We value AADI using DCF method, taking into account our LT Newcastle coal price assumption of US\$90/t and arrive at fair valuation of Rp9,850/ share, implying 6.4x FY25 PE.

Exhibit 5. AADI DCF valuation summary

DCF (US\$m)	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F
EBIT (1-Tax)	852	865	1,022	1,032	987	984	982	981	978	977	975
(+) D&A	100	102	104	107	109	111	114	116	119	121	123
(-) Changes in Non-Cash WC	(7)	1	30	(7)	5	7	(0)	2	2	1	1
(-) Capex	(310)	(116)	(118)	(118)	(118)	(118)	(118)	(118)	(118)	(118)	(118)
FCFF	648	850	979	1,028	983	971	978	977	977	979	979
Discounted FCFF	481	544	540	489	403	343	298	257	221	191	165
Total Discounted FCFF	4,733										
Less : Debt	1,463										
Plus : Cash	1,519										
NAV	4,788										
Outs. Share (Mn)	7,787										
Nav/share (USD)	0.6										
USD to IDR Assumption	16,000										
NAV/Share (IDR)	9,839										
Target Price	9,840										

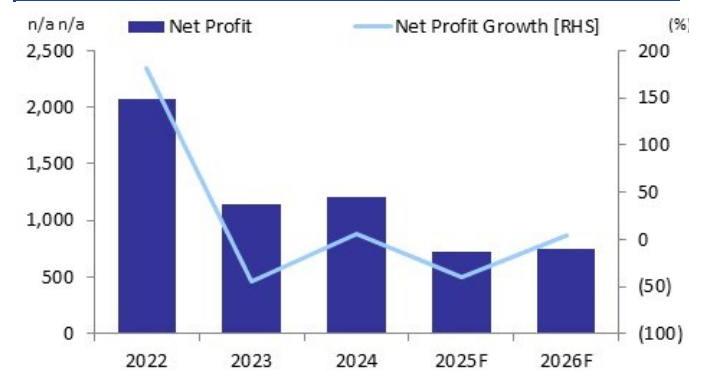
Source: Company, BRIDS Estimates

Exhibit 6. Revenue and Growth



Source: Company, BRIDS Estimates

Exhibit 7. Net Profit and Growth



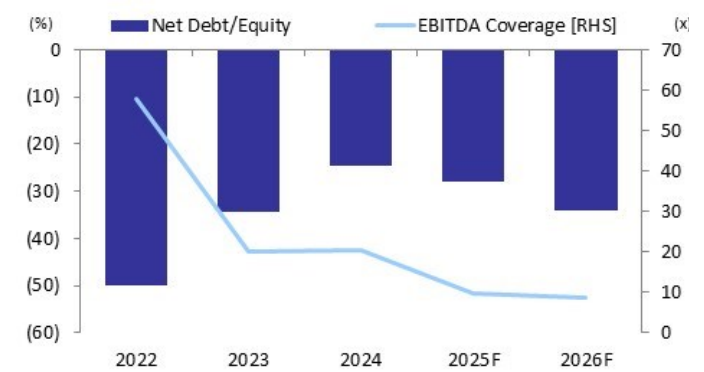
Source: Company, BRIDS Estimates

Exhibit 8. Margins



Source: Company, BRIDS Estimates

Exhibit 9. Gearing Level



Source: Company, BRIDS Estimates

Exhibit 10. Income Statement

Year to 31 Dec (US\$mn)	2023A	2024A	2025F	2026F	2027F
Revenue	5,915	5,320	4,837	4,704	5,070
COGS	(4,187)	(3,854)	(3,458)	(3,349)	(3,508)
Gross profit	1,729	1,466	1,379	1,354	1,563
EBITDA	1,490	1,582	1,191	1,213	1,417
Oper. profit	1,391	1,481	1,092	1,110	1,311
Interest income	111	86	13	58	74
Interest expense	(75)	(78)	(123)	(138)	(153)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	0	0	0	0	0
Other Income (Expenses)	132	51	51	51	51
Pre-tax profit	1,560	1,540	1,033	1,082	1,283
Income tax	(274)	(213)	(227)	(238)	(282)
Minority interest	(142)	(116)	(89)	(93)	(110)
Net profit	1,144	1,211	717	751	891
Core Net Profit	1,144	1,211	717	751	891

Exhibit 11. Balance Sheet

Year to 31 Dec (US\$mn)	2023A	2024A	2025F	2026F	2027F
Cash & cash equivalent	2,534	1,519	1,743	2,202	2,754
Receivables	433	419	380	320	333
Inventory	65	69	75	56	59
Other Curr. Asset	237	145	108	109	107
Fixed assets - Net	533	975	1,206	1,244	1,281
Other non-curr.asset	3,260	2,804	2,733	2,702	2,679
Total asset	7,063	5,993	6,307	6,695	7,276
ST Debt	762	44	37	33	30
Payables	776	485	546	469	447
Other Curr. Liabilities	260	344	226	229	238
Long Term Debt	126	648	650	736	825
Other LT. Liabilities	349	1,108	1,082	1,041	1,048
Total Liabilities	2,272	2,629	2,540	2,508	2,588
Shareholder's Funds	4,366	2,999	3,353	3,724	4,164
Minority interests	424	365	413	464	524
Total Equity & Liabilities	7,063	5,993	6,307	6,695	7,276

Exhibit 12. Cash Flow

Year to 31 Dec (US\$mn)	2023A	2024A	2025F	2026F	2027F
Net income	1,144	1,211	717	751	891
Depreciation and Amort.	95	32	100	102	104
Change in Working Capital	(503)	394	(159)	68	3
Other Oper. Cash Flow	(77)	(123)	284	(7)	87
Operating Cash Flow	659	1,514	941	914	1,085
Capex	(180)	(452)	(310)	(116)	(118)
Others Inv. Cash Flow	(80)	149	1	1	0
Investing Cash Flow	(260)	(303)	(309)	(116)	(118)
Net change in debt	(241)	527	(5)	82	86
New Capital	25	36	0	0	0
Dividend payment	(1,029)	(2,789)	(403)	(422)	(500)
Other Fin. Cash Flow	0	0	0	0	0
Financing Cash Flow	(1,245)	(2,227)	(408)	(339)	(414)
Net Change in Cash	(846)	(1,016)	224	459	553
Cash - begin of the year	3,380	2,534	1,519	1,743	2,202
Cash - end of the year	2,534	1,519	1,743	2,202	2,754

Exhibit 13. Key Ratio

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Growth (%)					
Sales	(23.4)	(10.1)	(9.1)	(2.8)	7.8
EBITDA	(62.4)	6.2	(24.7)	1.8	16.8
Operating profit	(61.6)	6.5	(26.3)	1.7	18.2
Net profit	(44.6)	5.9	(40.8)	4.7	18.6
Profitability (%)					
Gross margin	29.2	27.6	28.5	28.8	30.8
EBITDA margin	25.2	29.7	24.6	25.8	27.9
Operating margin	23.5	27.8	22.6	23.6	25.9
Net margin	19.3	22.8	14.8	16.0	17.6
ROAA	15.2	18.5	11.7	11.6	12.8
ROAE	27.0	32.9	22.6	21.2	22.6
Leverage					
Net Gearing (x)	(0.3)	(0.2)	(0.3)	(0.3)	(0.4)
Interest Coverage (x)	18.6	19.0	8.9	8.0	8.5

Source : AADI, BRIDS Estimates

Buy

(Upgraded)

Last Price (Rp)	1,850
Target Price (Rp)	2,630
Previous Target Price (Rp)	2,850
Upside/Downside	+42.2%
No. of Shares (mn)	30,759
Mkt Cap (Rpbn/US\$m)	56,904/3,469
Avg, Daily T/O (Rpbn/US\$m)	317.2/19.3
Free Float (%)	31.7
Major Shareholder (%)	
PT Adaro Strategic	45.7
Gabrialdi Thohir	6.4
EPS Consensus (US\$cents)	
	2025F 2026F 2027F
BRIDS	1.9 2.4 2.6
Consensus	2.8 2.5 5.5
BRIDS/Cons (%)	(31.7) (4.9) (53.0)

ADRO relative to JCI Index



Source: Bloomberg

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Alamtri Resources Indonesia (ADRO IJ)

FCF Generation Intact Post Restructure; Upgrade to Buy but with lower TP of Rp2,630

- Post its re-structure (AADI spin-off), ADRO now comprises of ADMR (84% stake) mining contracting (SIS) and the renewable business.
- We forecast FY25 net profit to drop -8% yoy amid lower coal price, but growing +24% yoy in FY26 from the contribution of aluminum smelter.
- We upgrade our rating to Buy but with a lower TP of Rp2,630 on attractive growth and robust FCF, and dividend yield of 8%.

Forecast and valuation adjustments post AADI spin-off

We adjust our FY25-26 forecast and valuation on ADRO to account for the effect of AADI's spin off. Post the re-structure, ADRO now comprises of ADMR (84% stake) mining contracting (SIS) and the renewable business. We forecast FY25 net profit of US\$588mn (-8% yoy) and growing to US\$731mn in FY26, as we project steady EBITDA generation from SIS (16% of projected FY25 revenue) and expected contribution from ADMR's aluminum smelter in FY26 to offset the lower earnings from ADMR's coking coal operation due to our assumption of lower coking coal price.

Ample room for production growth, despite normalizing coking coal price

We forecast ADMR sales volume to increase to 5.9Mt in FY25 (FY24F: 5.6Mt) and to 6.0Mt in FY26. We forecast benchmark coking coal price to drop to US\$190/t and to US\$180/t in FY25 and FY26 on the back of tepid demand outlook and supply growth from Australia.

SIS: Volume growth to return to normal, steady EBITDA margin

SIS primarily works on AADI's mining sites (i.e., Adaro Indonesia, Balangan, ADMR's mines). SIS' coal/ OB production volume reached 65Mt/ 202mn bcm in FY24, -10/ +6% yoy. The lower growth in FY24 reflects a contract with third-party client that was terminated. We forecast SIS coal/ OB production to see flattish growth in FY25 and FY26, in-line with ADRO and ADMR's production growth. Based on our estimation on SIS' mining fee, we noted a steady increase, translating into steady EBITDA margin (of 31-34%) and EBITDA generation.

Upgrade rating to Buy, with a lower TP of Rp2,630

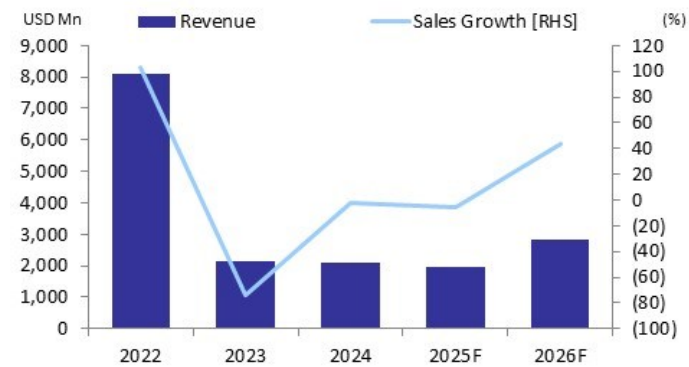
We lowered our TP to Rp2,630, now reflecting the DCF valuation from ADMR and SIS. We upgrade our rating to Buy on attractive growth profile despite lower coking coal price, and dividend yield of 8%.

Key Financials

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Revenue (US\$m)	2,135	2,079	1,963	2,815	3,128
EBITDA (US\$m)	991	956	927	1,100	1,181
EBITDA Growth (%)	(79.3)	(3.5)	(3.0)	18.7	7.3
Net Profit (US\$m)	653	637	588	731	795
EPS (US\$cents)	2.1	2.1	1.9	2.4	2.6
EPS Growth (%)	(72.8)	(2.4)	(7.8)	24.3	8.7
BVPS (US\$cents)	22.0	16.0	17.0	18.2	19.5
DPS (US\$cents)	3.0	1.0	1.0	1.2	1.3
PER (x)	5.3	5.4	5.9	4.7	4.4
PBV (x)	0.5	0.7	0.7	0.6	0.6
Dividen yield (%)	26.9	9.2	8.5	10.6	11.5
EV/EBITDA	1.6	2.8	2.8	2.1	1.7

Source: ADRO, BRIDS Estimates

Exhibit 1. Revenue and Growth



Source: Company, BRIDS Estimates

Exhibit 2. Net Profit and Growth



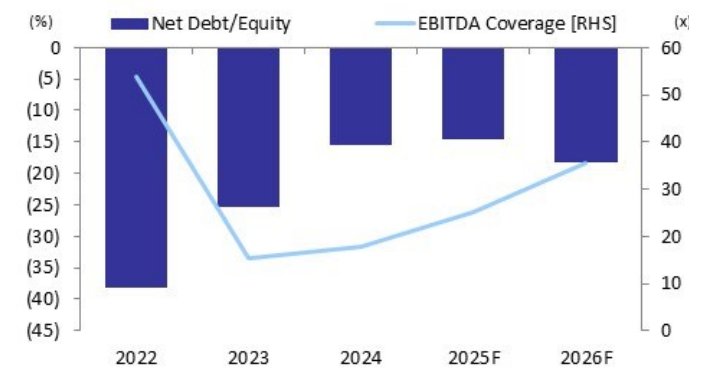
Source: Company, BRIDS Estimates

Exhibit 3. Margins



Source: Company, BRIDS Estimates

Exhibit 4. Gearing Level



Source: Company, BRIDS Estimates

Exhibit 5. Income Statement

Year to 31 Dec (US\$mn)	2023A	2024A	2025F	2026F	2027F
Revenue	2,135	2,079	1,963	2,815	3,128
COGS	(1,268)	(1,205)	(1,131)	(1,743)	(1,962)
Gross profit	868	874	831	1,072	1,166
EBITDA	991	956	927	1,100	1,181
Oper. profit	774	734	697	880	952
Interest income	66	120	51	46	54
Interest expense	(65)	(54)	(37)	(31)	(26)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	52	33	42	42	39
Other Income (Expenses)	(9)	(22)	0	0	0
Pre-tax profit	819	810	754	937	1,019
Income tax	(165)	(172)	(166)	(206)	(224)
Minority interest	0	0	0	0	0
Net profit	653	637	588	731	795
Core Net Profit	653	637	588	731	795

Exhibit 6. Balance Sheet

Year to 31 Dec (US\$mn)	2023A	2024A	2025F	2026F	2027F
Cash & cash equivalent	3,315	1,410	1,276	1,481	1,742
Receivables	542	401	382	525	578
Inventory	171	100	94	145	163
Other Curr. Asset	225	67	61	87	97
Fixed assets - Net	1,754	1,529	1,842	1,891	1,962
Other non-curr.asset	4,416	2,567	2,579	2,702	2,764
Total asset	10,473	6,702	6,861	7,460	7,932
ST Debt	949	59	28	29	29
Payables	345	158	149	229	258
Other Curr. Liabilities	842	430	398	567	627
Long Term Debt	487	521	427	355	297
Other LT. Liabilities	441	163	194	250	294
Total Liabilities	3,064	1,331	1,197	1,429	1,505
Shareholder's Funds	6,773	4,927	5,221	5,586	5,984
Minority interests	636	444	444	444	444
Total Equity & Liabilities	10,473	6,702	6,861	7,460	7,932

Exhibit 7. Cash Flow

Year to 31 Dec (US\$mn)	2023A	2024A	2025F	2026F	2027F
Net income		637	588	731	795
Depreciation and Amort.		223	230	221	229
Change in Working Capital		(310)	342	(136)	(100)
Other Oper. Cash Flow		(66)	(14)	(15)	(27)
Operating Cash Flow		485	1,146	801	896
Capex		450	(523)	(251)	(281)
Others Inv. Cash Flow		1,612	12	(48)	(8)
Investing Cash Flow		2,062	(510)	(299)	(289)
Net change in debt		(859)	(124)	(72)	(58)
New Capital		(20)	0	0	0
Dividend payment		(2,655)	(294)	(365)	(397)
Other Fin. Cash Flow		(54)	(37)	(31)	(26)
Financing Cash Flow		(3,589)	(455)	(468)	(481)
Net Change in Cash		(1,043)	181	34	126
Cash - begin of the year		3,315	1,410	1,276	1,481
Cash - end of the year		1,410	1,276	1,481	1,742

Exhibit 8. Key Ratio

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Growth (%)					
Sales	(73.6)	(2.7)	(5.6)	43.4	11.1
EBITDA	(79.3)	(3.5)	(3.0)	18.7	7.3
Operating profit	(81.9)	(5.2)	(5.0)	26.1	8.3
Net profit	(73.8)	(2.4)	(7.8)	24.3	8.7
Profitability (%)					
Gross margin	40.6	42.0	42.4	38.1	37.3
EBITDA margin	46.4	46.0	47.3	39.1	37.8
Operating margin	36.2	35.3	35.5	31.2	30.4
Net margin	30.6	30.7	30.0	26.0	25.4
ROAA	6.1	7.4	8.7	10.2	10.3
ROAE	10.2	10.9	11.6	13.5	13.7
Leverage					
Net Gearing (x)	(0.3)	(0.2)	(0.1)	(0.2)	(0.2)
Interest Coverage (x)	12.0	13.6	18.9	28.5	36.3

Source : ADRO, BRIDS Estimates

Buy

(Upgraded)

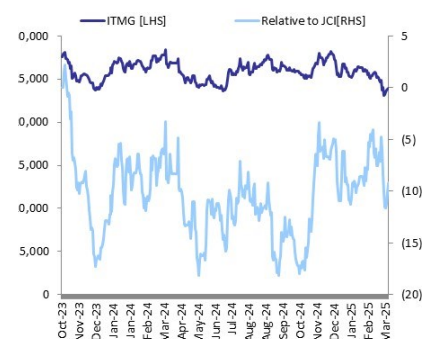
Last Price (Rp)	23,900
Target Price (Rp)	27,300
Previous Target Price (Rp)	31,300
Upside/Downside	+14.2%

No. of Shares (mn)	1,130
Mkt Cap (Rpbn/US\$mn)	27,005/1,646
Avg, Daily T/O (Rpbn/US\$mn)	32.6/2.0
Free Float (%)	34.7

Major Shareholder (%)	
Banpu Minerals	65.1

EPS Consensus (US\$cents)	2025F	2026F	2027F
BRIDS	22.2	19.6	11.8
Consensus	26.7	21.3	14.7
BRIDS/Cons (%)	(16.8)	(8.1)	(19.4)

ITMG relative to JCI Index



Source: Bloomberg

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Indo Tambangraya (ITMG IJ)

Organic Production Growth Drives Steady Dividend Stream, Despite Lower Coal Price Outlook

- We now forecast Newcastle coal price to average lower at US\$110/t in FY25 and US\$90/t LT amid supply growth risk.
- We trimmed our FY25-26F EPS estimates by 4-39% to reflect the lower coal price assumptions.
- We maintain Buy rating but with a lower TP of Rp27,300; ITMG offers an attractive FY25 dividend yield of 12%.

Coal price outlook: expect further normalization in FY25-26

Going into FY25, we continue to see scenario of coal price normalization and expect Newcastle to average at US\$110/t (FY24: US\$135.7/t), driven by supply growth from Australia and China's sustained production growth. Amid potential for China's production to continue accelerate and risk of Russia supply re-entering the market, we now see price downside risk and forecast LT price of US\$90/t (vs. US\$100/t previously).

Organic production growth intact

We forecast ITMG to grow FY2% production and sales volume to 23.6Mt and 27.6Mt (+17% yoy and +14% yoy respectively), driven by the expected rising contribution from its Bharinto and GPK and TIS mines which will more than offset the decline in Jorong and flat production in Indominco, and sales from third parties (trading) of 4Mt (flat yoy). While the higher production from Bharinto may drive higher production costs (due to longer hauling distance), this may be offset by the potentially lower GPK mine costs (lower SR and lower royalty rate).

Trimming FY25-26F earnings forecast

We adjust our FY25-26F earnings estimates to account for changes in our coal price assumptions. We now forecast ITMG FY25/ 26F net profit of US\$251mn and US\$221mn respectively. This implies 39/ 4% cut from our previous estimates and reflect -33% and -12% contraction yoy.

Reiterate Buy rating with lower TP

We lowered our DCF-based TP to Rp27,300 (from Rp31,300 prev.), taking into consideration the changes in our estimates. We maintain our Buy rating on ITMG on the dividend stream potential, which translate to 12% yield for FY25.

Key Financials

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Revenue (US\$mn)	2,374	2,304	2,234	2,242	2,129
EBITDA (US\$mn)	649	531	410	367	243
EBITDA Growth (%)	(63.1)	(18.3)	(22.7)	(10.6)	(33.7)
Net Profit (US\$mn)	500	376	251	221	134
EPS (US\$cents)	44.2	33.2	22.2	19.6	11.8
EPS Growth (%)	(58.3)	(24.8)	(33.2)	(11.9)	(39.5)
BVPS (US\$cents)	158.2	170.6	176.4	183.3	185.8
DPS (US\$cents)	60.5	19.8	16.5	12.7	9.3
PER (x)	3.2	4.3	6.4	7.2	12.0
PBV (x)	0.9	0.8	0.8	0.8	0.8
Dividen yield (%)	42.7	14.0	11.7	9.0	6.6
EV/EBITDA	1.2	1.2	1.0	0.9	1.4

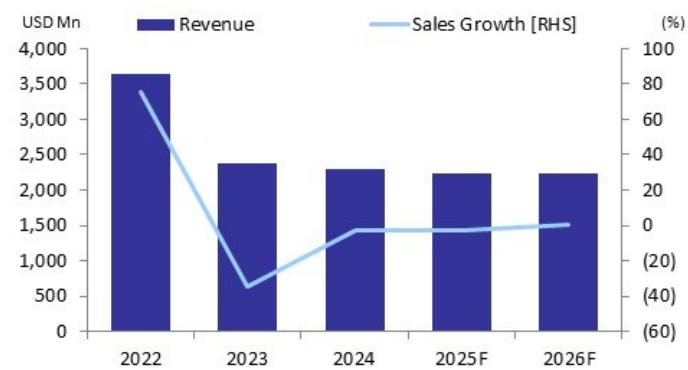
Source: ITMG, BRIDS Estimate

Exhibit 1. ITMG Reforecast Table

US\$mn (Unless stated)	New			Previous			Changes		
	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F
Revenue	2,234	2,242	2,129	2,451	2,201	1,999	-9%	2%	6%
Gross Profit	503	463	336	736	472	414	-32%	-2%	-19%
EBITDA	410	367	243	638	382	339	-36%	-4%	-28%
Net Income	251	221	134	410	230	198	-39%	-4%	-32%
Gross Margin	23%	21%	16%	30%	21%	21%			
EBITDA Margin	18%	16%	11%	26%	17%	17%			
Net Margin	11%	10%	6%	17%	10%	10%			
Sales Volume (Mt)	27.6	29.3	31.4	25.8	26.0	23.0	7%	13%	37%
Stripping Ratio (x)	10.0	9.8	9.5	10.1	9.5	9.5	0%	3%	0%
Overburden removal (Mbcm)	236.9	247.4	261.0	229.2	218.6	190.4	3%	13%	37%
ASP (US\$/ton)	80.7	76.3	67.6	91.0	80.6	82.4	-11%	-5%	-18%
Cash Cost (US\$/ton)	59.6	57.4	54.0	59.9	61.2	64.3	0%	-6%	-16%

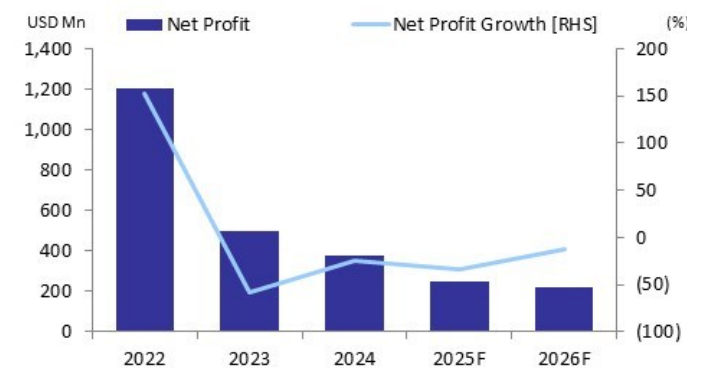
Source: Company, BRIDS Estimates

Exhibit 2. Revenue and Growth



Source: Company, BRIDS Estimates

Exhibit 3. Net Profit and Growth



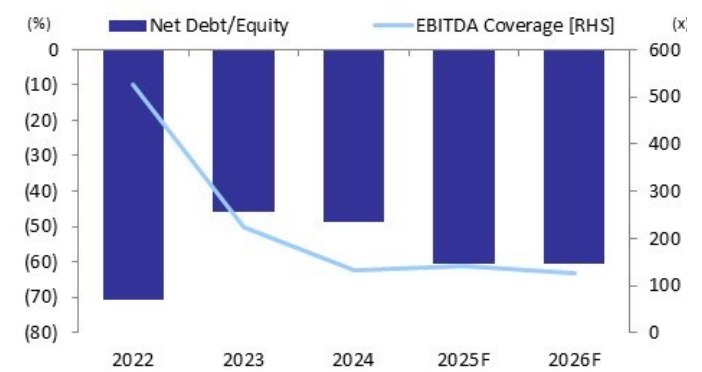
Source: Company, BRIDS Estimates

Exhibit 4. Margins



Source: Company, BRIDS Estimates

Exhibit 5. Gearing Level



Source: Company, BRIDS Estimates

Exhibit 6. Income Statement

Year to 31 Dec (US\$mn)	2023A	2024A	2025F	2026F	2027F
Revenue	2,374	2,304	2,234	2,242	2,129
COGS	(1,632)	(1,606)	(1,731)	(1,779)	(1,793)
Gross profit	743	699	503	463	336
EBITDA	649	531	410	367	243
Oper. profit	605	483	353	308	183
Interest income	35	41	9	11	12
Interest expense	(3)	(4)	(3)	(3)	(3)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	0	0	0	0	0
Other Income (Expenses)	7	(26)	0	0	0
Pre-tax profit	644	495	359	316	191
Income tax	(144)	(119)	(108)	(95)	(57)
Minority interest	0	0	0	0	0
Net profit	500	376	251	221	134
Core Net Profit	500	376	251	221	134

Exhibit 7. Balance Sheet

Year to 31 Dec (US\$mn)	2023A	2024A	2025F	2026F	2027F
Cash & cash equivalent	851	990	1,261	1,308	1,308
Receivables	210	197	116	116	111
Inventory	98	85	71	73	74
Other Curr. Asset	121	133	133	133	133
Fixed assets - Net	168	178	223	266	308
Other non-curr.asset	740	824	796	789	781
Total asset	2,188	2,407	2,599	2,684	2,715
ST Debt	22	6	6	6	6
Payables	115	138	266	273	275
Other Curr. Liabilities	158	170	170	170	170
Long Term Debt	8	46	46	46	46
Other LT. Liabilities	97	113	113	113	113
Total Liabilities	399	473	601	608	610
Shareholder's Funds	1,788	1,928	1,993	2,071	2,099
Minority interests	1	6	6	6	6
Total Equity & Liabilities	2,188	2,407	2,599	2,684	2,715

Exhibit 8. Cash Flow

Year to 31 Dec (US\$mn)	2023A	2024A	2025F	2026F	2027F
Net income	500	376	251	221	134
Depreciation and Amort.	44	47	58	59	60
Change in Working Capital	(237)	38	223	5	6
Other Oper. Cash Flow	(17)	(53)	21	0	0
Operating Cash Flow	290	408	553	285	200
Capex	(53)	(62)	(95)	(95)	(95)
Others Inv. Cash Flow	(85)	25	0	0	0
Investing Cash Flow	(138)	(38)	(95)	(95)	(95)
Net change in debt	0	0	0	0	0
New Capital	0	0	0	0	0
Dividend payment	(684)	(224)	(187)	(144)	(105)
Other Fin. Cash Flow	(1)	16	0	0	0
Financing Cash Flow	(684)	(208)	(187)	(144)	(105)
Net Change in Cash	(532)	162	271	47	0
Cash - begin of the year	1,430	851	990	1,261	1,308
Cash - end of the year	851	990	1,261	1,308	1,308

Exhibit 9. Key Ratio

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Growth (%)					
Sales	(34.7)	(2.9)	(3.1)	0.3	(5.0)
EBITDA	(63.1)	(18.3)	(22.7)	(10.6)	(33.7)
Operating profit	(64.0)	(20.2)	(27.1)	(12.8)	(40.7)
Net profit	(58.3)	(24.8)	(33.2)	(11.9)	(39.5)
Profitability (%)					
Gross margin	31.3	30.3	22.5	20.7	15.8
EBITDA margin	27.3	23.0	18.4	16.4	11.4
Operating margin	25.5	21.0	15.8	13.7	8.6
Net margin	21.0	16.3	11.2	9.9	6.3
ROAA	20.7	16.4	10.0	8.4	5.0
ROAE	26.7	20.2	12.8	10.9	6.4
Leverage					
Net Gearing (x)	(0.5)	(0.5)	(0.6)	(0.6)	(0.6)
Interest Coverage (x)	207.8	119.1	120.3	104.9	62.2

Source : KLBf, BRIDS Estimates

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INVESTMENT RATING

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

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