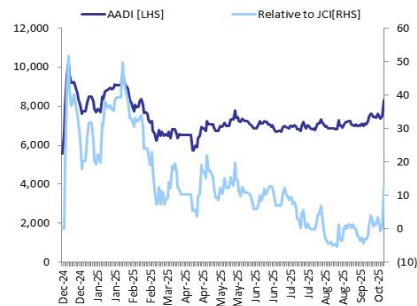


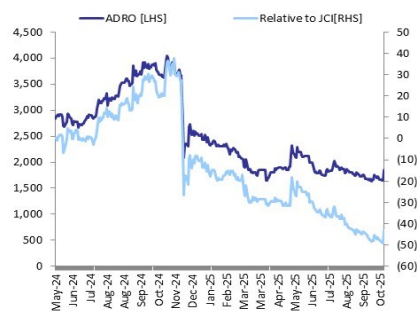
Neutral

(Maintained)

AADI relative to JCI Index



ADRO relative to JCI Index



Source: Bloomberg

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Coal

Demand Outlook Remains Soft, Though Seasonal Price Strength Still in Play

- China and India’s thermal coal import has remained weak in 10M25, down 7-8% yoy, despite ST stabilization from seasonal restocking.
- Weak demand is partly balanced by constrained Indonesia’s production; government’s plan to cap 2026 production should be viewed positively.
- We maintain Neutral rating given unexciting LT outlook; ST price seasonal strength should be sustained in the upcoming winter.

Seasonality-driven price recovery in 2H25

Indonesian coal prices have rebounded since end of 2Q25, led by the medium-low CV products (ICI3 and ICI4, up +17% and +20% respectively since the low in Jun25), while the medium and high CV have also recovered (4-16% from the low). The price recovery has been driven by restocking in China ports inventory (Exh. 10), in-line with the seasonal pattern. Meanwhile, latest data showed that total inventory levels have only slightly corrected and remain well above historical level, hence still potentially capping prospect of price recovery to be further sustained until 2026.

Indonesia’s export constrained by weather conditions

Based on latest data from MEMR (Jul25), Indonesia’s production contracted to 509Mt in 8M25 (-8% yoy or 70% of the 2025 production quota). We attributed the decline in Indonesia’s production to the above-normal rainfall in 1H25 affecting output from key regions. While official data release is limited to Jul25, we estimate production to improve in Sep25, in-line with the normalizing rainfall, which we estimate should bring 9M25 production to ~577Mt (-8% yoy/ 78% of FY25 quota), with exports estimated to contract at the same rate. The recent comments from MEMR about possible cap on 2026 production growth should be viewed as positive to limit price downside.

China and India demand contracted, albeit stabilizing in recent months

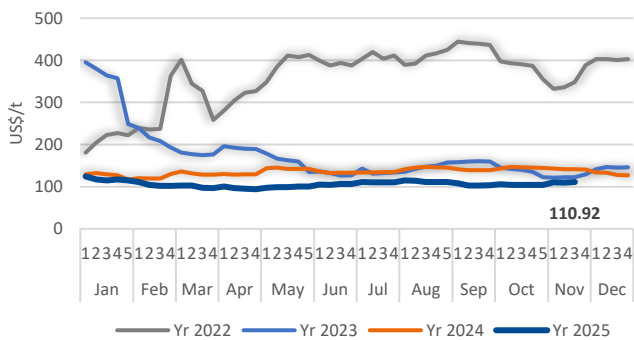
On the demand side, import from China has also showed contraction (9M25: 388Mt, -11% yoy), reflecting the high inventory level amid healthy growth in domestic production (9M25: 4bn tonnes, +3% yoy). The good news is that China’s domestic production has slowed in the recent months (Jul-Oct25: -1.5% yoy), following the government’s directive to limit production and focus on mine safety in Jul25. This, combined with the seasonal restocking, has driven a recovery in import (Aug-Oct25: -7% yoy). Demand from other key importing countries (i.e., India) also remains unexciting with 10M25 import showing -7.5% contraction, despite also stabilizing in recent months.

Maintain sector Neutral rating; ST plays on winter restocking intact

We maintain our Neutral rating on sector as we see that downside risk for price still skewed to the demand side amid the high inventory level in China, while the sustainability of domestic production cut remains to be seen. Nonetheless, given ST upside price risk from seasonal restocking, we continue to maintain our preference on AADI (Buy, TP Rp9,850). Our sector pecking order is now: AADI > ADRO > UNTR > ITMG > PTBA. We noted that domestic funds have increased weighting in the sector starting in Aug25, while we continue to see foreign investors limited interest in the sector. Upside risks to our view are: 1) lower-than-expected Indonesia’s production. 2) stricter production cut in China. Downside risks: milder winter conditions to drive softer import.

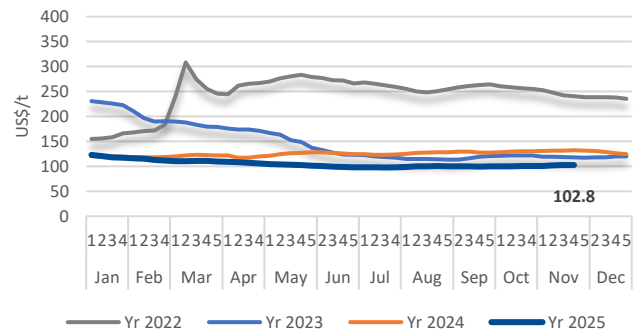
Company	Ticker	Rec	Target Price	Market Cap.	P/E (x)		P/BV (x)		ROE (%)
			(Rp)	(RpBn)	2025F	2026F	2025F	2026F	2026F
Adaro Andalan Indonesia	AADI IJ	BUY	9,850	64,825.9	4.8	5.2	1.2	1.0	20.9
Alamtri Resources	ADRO IJ	BUY	2,630	56,903.5	6.6	4.9	0.7	0.6	13.0
Indo Tambangraya	ITMG IJ	BUY	27,300	25,027.8	6.2	6.9	0.8	0.8	11.2
Bukit Asam	PTBA IJ	BUY	3,100	26,150.4	4.7	6.2	1.1	1.1	18.5
United Tractors	UNTR IJ	BUY	32,000	101,646.2	5.8	6.1	1.0	0.9	15.0

Exhibit 1. Newcastle Coal Price



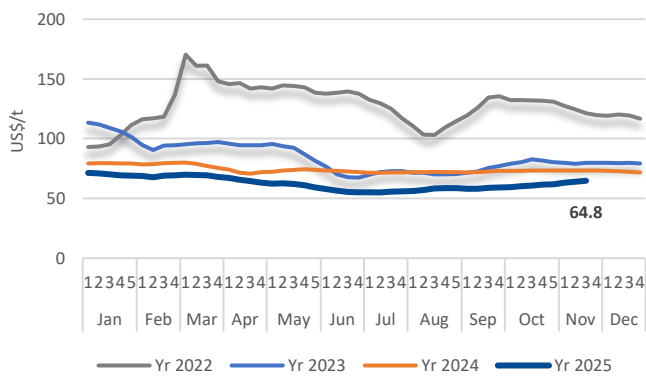
Source: Bloomberg, BRIDS

Exhibit 2. ICI-1 Coal Price



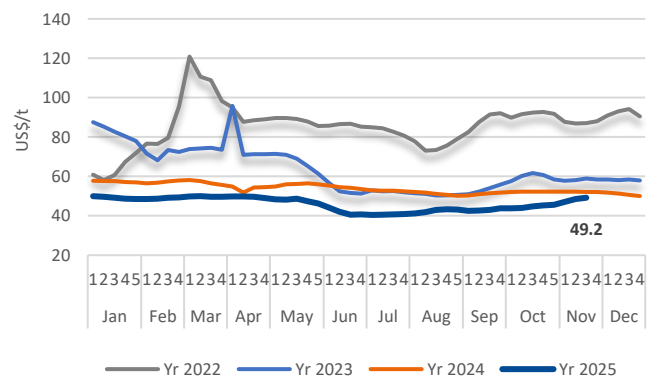
Source: Argus, BRIDS

Exhibit 3. ICI-3 Coal Price



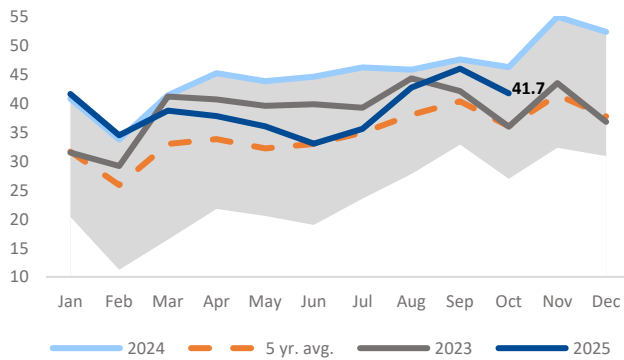
Source: Argus, BRIDS

Exhibit 4. ICI-4 Coal Price



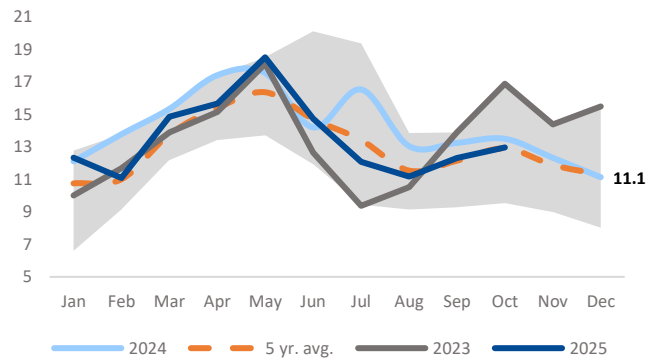
Source: Argus, BRIDS

Exhibit 5. China Import (Mt)



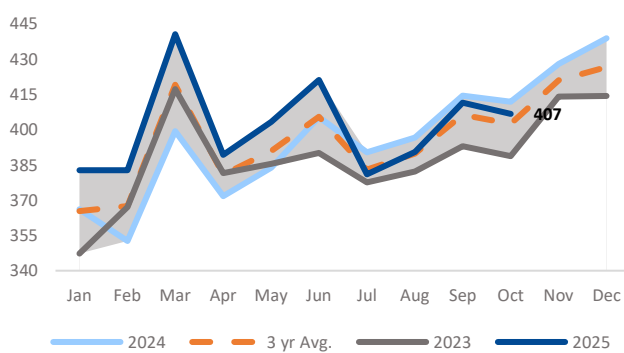
Source: GAC China, BRIDS

Exhibit 6. India Import (Mt)



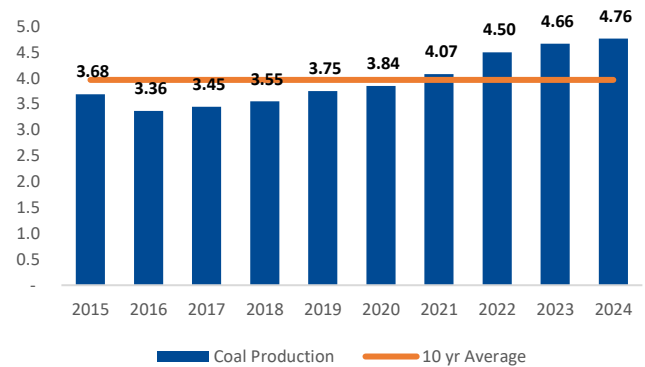
Source: Ministry of Coal India, BRIDS

Exhibit 7. China Production Monthly (Mt)



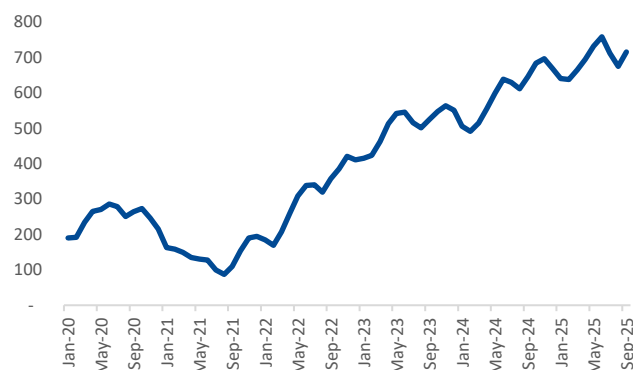
Source: National Bureau Statistics of China, BRIDS

Exhibit 8. China Production Annual (billion tons)



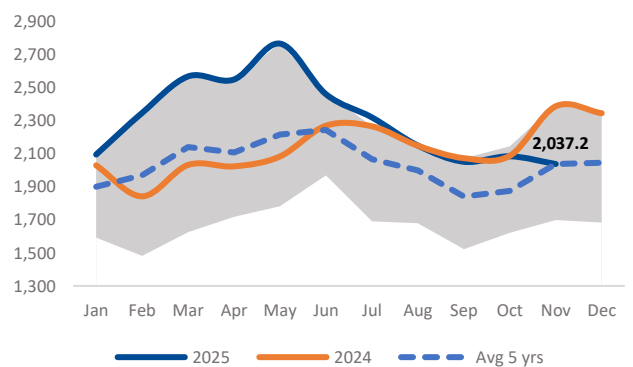
Source: National Bureau Statistics of China, BRIDS

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



Source: Bloomberg, BRIDS

Exhibit 10. China Coal Inventory at Port



Source: Bloomberg, BRIDS

Exhibit 11. Coal Comparable Summary

Ticker	Target Price (Rp)	Market Cap (Rpbn)	PE (x)		EV/EBITDA		PB (x)		ROE (%)		Div. Yield 2026E
			2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E	
UNTR	32,000	103,045.0	5.7	6.2	3.1	2.9	1.0	0.9	17.7%	15.0%	6.8%
ADRO	2,630	56,595.9	6.8	5.1	3.4	2.7	0.7	0.6	10.4%	13.0%	9.9%
AADI	9,850	59,764.4	5.2	5.0	2.9	2.9	1.1	1.0	22.6%	21.2%	11.3%
ITMG	27,300	24,914.8	6.2	7.0	1.5	1.7	0.8	0.8	12.8%	10.9%	9.2%
PTBA	3,100	26,727.9	6.3	7.2	4.3	5.9	1.2	1.2	18.7%	15.7%	11.2%
Average			6.1	6.6	3.1	3.4	0.9	0.9	15.5%	13.9%	10.2%

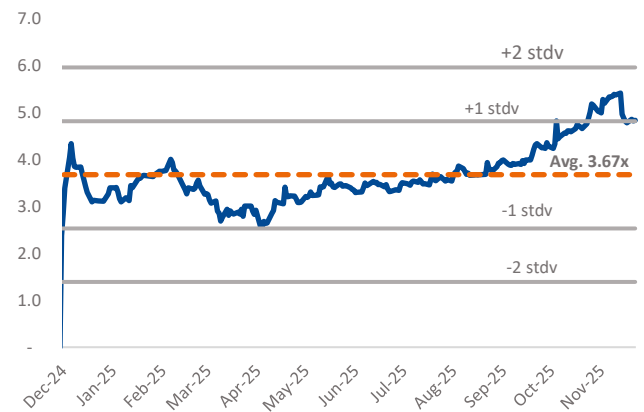
Source: Company, Bloomberg, BRIDS Estimates

Exhibit 12. UNTR forward 5-yr P/E band



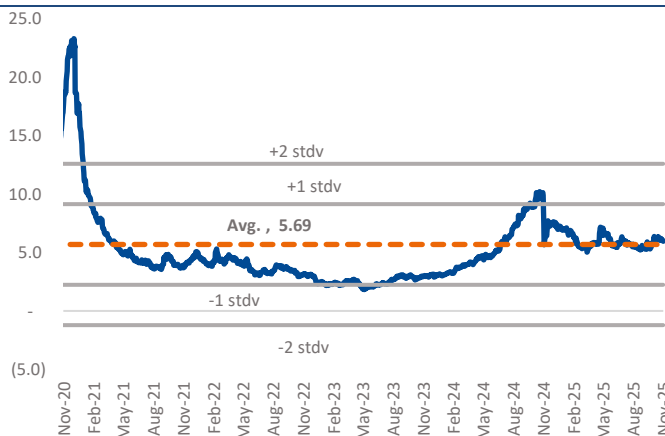
Source: Bloomberg, BRIDS Estimates

Exhibit 13. AADI forward P/E band



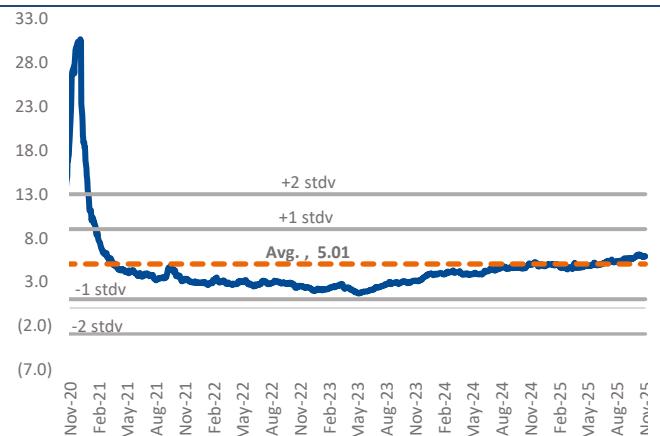
Source: Bloomberg, BRIDS Estimates

Exhibit 14. ADRO forward 5-yr P/E band



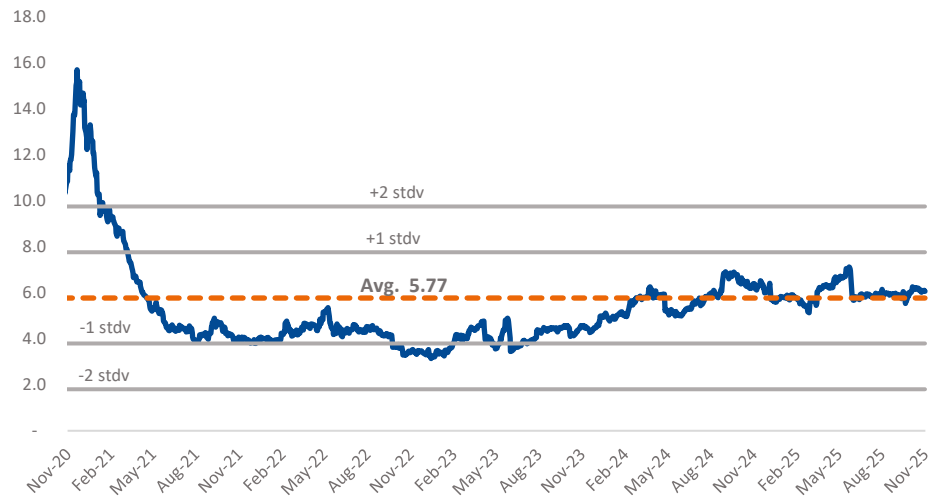
Source: Bloomberg, BRIDS Estimates

Exhibit 15. ITMG forward 5-yr P/E band



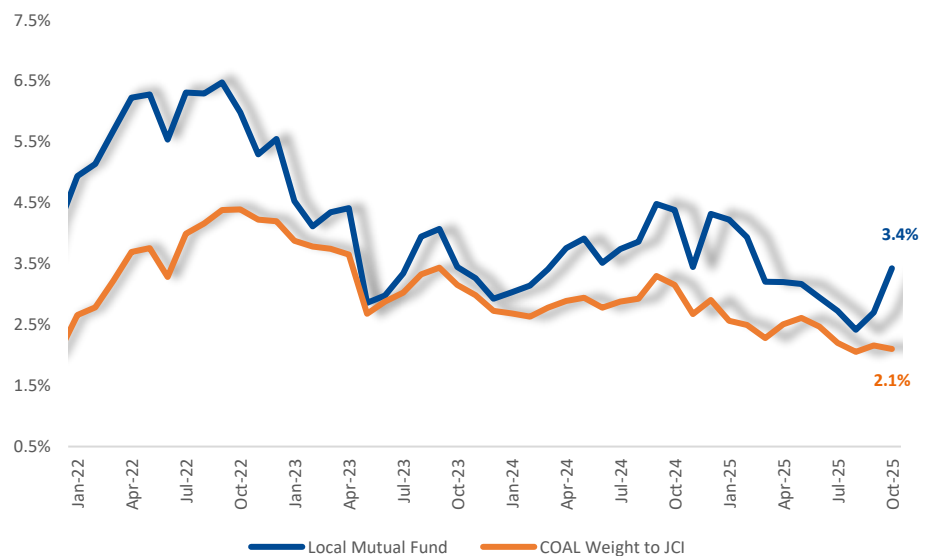
Source: Bloomberg, BRIDS Estimates

Exhibit 16. PTBA forward 5-yr P/E band



Source: Bloomberg, BRIDS Estimates

Exhibit 17. Coal sector domestic fund positioning



Source: KSEI, BRIDS

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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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