

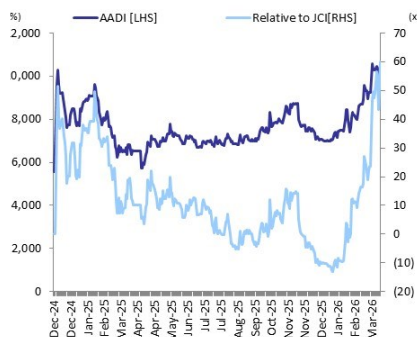
Buy

(Maintained)

Tactical (3M): **OW**

Last Price (Rp)	10,350
Target Price (Rp)	12,400
Previous TP (Rp)	9,850 ▲
Upside/Downside	19.8%
No. of Shares (mn)	7,787
Mkt Cap (Rpbn/US\$mn)	80,594/4,744
Avg, Daily T/O (Rpbn/US\$mn)	144.4/8.5
Free Float (%)	37.7
Major Shareholder (%)	
PT. Adaro Strategic	41.1
Adaro Energy	15.4
EPS Consensus (US\$cents)	
	2026F 2027F 2028F
BRIDS	15.8 14.6 13.3
Consensus	12.1 11.3 n.a
BRIDS/Cons (%)	30.3 29.3 n.a

AADI relative to JCI Index



Source: Bloomberg

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Adaro Andalan Indonesia (AADI IJ)

Coal Price Tailwind Lift Earnings; Remains Our Sector Top Pick

- Solid FY25 delivery with production/ sales vol. of 68.7Mt/71.9Mt (+4%/+6% yoy) and cash cost down -11% yoy on better strip ratio.
- FY26 vol. hinges on RKAB approval; under our base-case we expect 1.9% growth, supported by MIP and Balangan.
- FY26-27 earnings upgraded by 44-84% on stronger coal prices; TP raised to Rp12,400, reiterate Buy rating.

Solid operational execution and cost control cushion softer ASP in FY25

AADI produced 68.7Mt of coal, up +4% yoy, while sales volume reached 71.9Mt (+6% yoy), both broadly in line with our expectations. The production growth was driven by Balangan (+14% yoy) and MIP (+42% yoy), which more than offset the slight -1.7% decline in production from the mature AI concession. On the profitability side, FY25 EBITDA came in at US\$1,137mn (-9% YoY), supported by improved operational efficiency with blended strip ratio declining to 4.2x (vs. 4.3x in FY24), made possible by lower SR in MIP (at 2x vs. FY24: 2.8x).

A steady FY26 operational outlook

AADI's FY26 production outlook hinges on RKAB approval from MEMR, which has yet to be formally announced. Pending clarity on the quota, we have slightly lowered our FY26 production and sales volume assumptions to 70Mt and 70Mt, reflecting more moderate growth from AI. Nevertheless, we continue to expect overall volume expansion of 1.9% YoY, supported by incremental contribution from MIP and Balangan operations (our volume growth assumption of +7% yoy).

Potential beneficiary of higher coal price; raise FY26-27 estimates

We raise our FY26-28F ASP assumptions to US\$77/71/65 per tonne, in line with our higher Newcastle price assumptions of US\$130/120/110 per tonne, reflecting our Mild scenario of incremental coal demand amid the Middle East conflict ([see our Coal sector report](#)). We expect the stronger ASP environment to more than offset higher production costs, driven by elevated fuel prices (Brent assumption: US\$90/bbl in FY26-27), translating into cash cost (ex-royalty) of US\$2.4bn/34.6 per tonne.

Reiterate Buy rating with higher TP of Rp12,400

We raise our DCF-based TP to Rp12,400, reflecting our earnings upgrade, and reiterate our Buy rating on AADI as we believe the potential upside from higher coal prices is not yet fully reflected in the current valuation. AADI remains our preferred sector pick, supported by its solid operational track record and lower risk of RKAB production cuts given its IUPK status. Key downside risks include lower RKAB approval and weaker-than-expected coal prices.

Key Financials

Year to 31 Dec	2024A	2025A	2026F	2027F	2028F
Revenue (Rpbn)	5,320	4,910	6,205	6,142	5,818
EBITDA (Rpbn)	1,582	1,165	1,846	1,701	1,539
EBITDA Growth (%)	6.2	(26.4)	58.5	(7.9)	(9.5)
Net Profit (Rpbn)	1,211	760	1,227	1,137	1,034
EPS (Rp)	15.5	9.8	15.8	14.6	13.3
EPS Growth (%)	5.9	(37.2)	61.5	(7.3)	(9.1)
BVPS (Rp)	38.5	42.8	50.6	57.8	64.4
DPS (Rp)	35.8	6.7	8.9	8.2	7.5
PER (x)	3.9	6.2	3.9	4.2	4.6
PBV (x)	1.6	1.4	1.2	1.1	0.9
Dividen yield (%)	58.8	11.0	14.5	13.5	12.2
EV/EBITDA	2.5	3.6	1.9	1.7	1.5

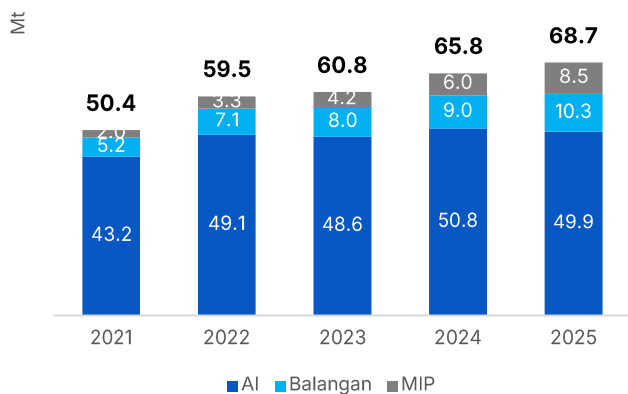
Source: AADI, BRIDS Estimates

Exhibit 1. AADI forecast revision summary

US\$mn (Unless stated)	New			Previous			Changes		
	2026F	2027F	2028F	2026F	2027F	2028F	2026F	2027F	2028F
Revenue	6,205	6,142	5,818	4,704	5,070	5,098	31.9%	21.1%	14.1%
Gross Profit	2,041	1,878	1,697	1,354	1,563	1,577	50.7%	20.2%	7.6%
EBITDA	1,846	1,700	1,538	1,212	1,416	1,431	52.3%	20.1%	7.5%
Net Income	1,378	1,277	1,161	750	890	899	83.7%	43.5%	29.1%
Gross Margin	32.9	30.6	29.2	28.8	30.8	30.9			
EBITDA Margin	29.7	27.7	26.4	25.8	27.9	28.1			
Net Margin	22.2	20.8	19.9	16.0	17.6	17.6			
Coal Mining									
ASP (US\$/ton)	76.9	71.0	65.1	56.3	56.3	56.3	36.7%	26.2%	15.7%
Production volume (Mt)	70.0	71.5	73.0	68.8	70.9	71.4	1.8%	0.8%	2.2%
Sales Volume (Mt)	70.0	71.5	73.0	68.8	70.9	71.4	1.8%	0.8%	2.2%
Stripping Ratio (x)	4.1	4.1	4.1	4.3	4.0	4.0	-3.3%	3.7%	3.2%
Overburden removal (Mbcm)	290.2	294.7	299.5	294.9	282.0	284.1	-1.6%	4.5%	5.4%
Cash cost (Ex-royalty) US\$/t	34.6	34.2	32.5	28.6	27.7	27.6	20.9%	23.7%	17.7%

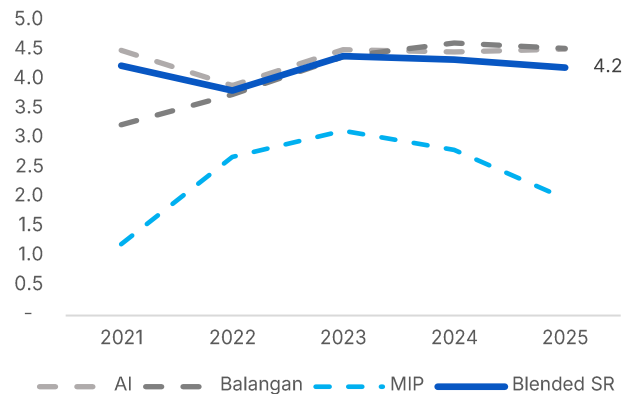
Source: Company, BRIDS Estimates

Exhibit 2. AADI production by mine (Mt)



Source: Company, BRIDS

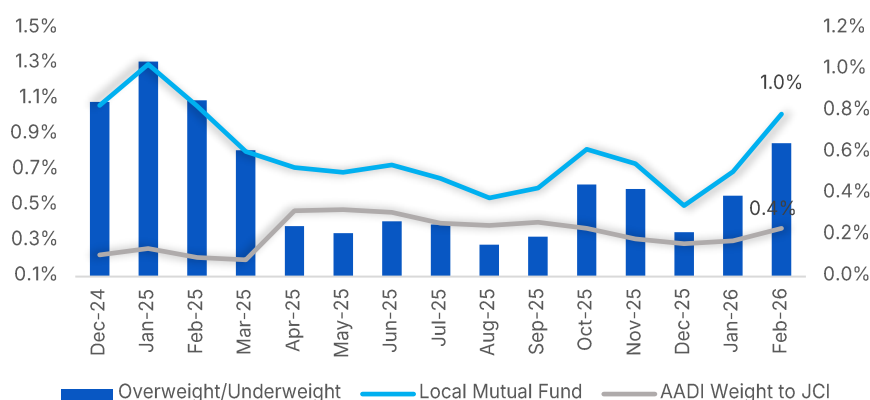
Exhibit 3. AADI stripping ratio by mine



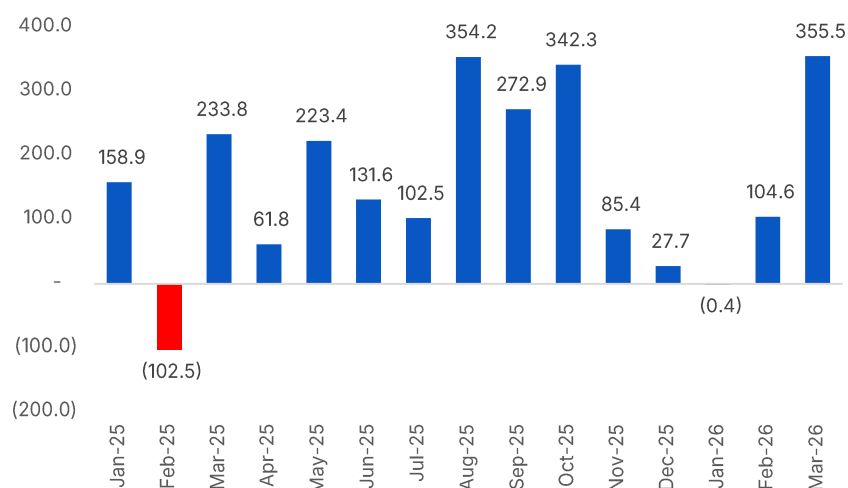
Source: Company, BRIDS

Exhibit 4. AADI forward P/E band

Source: Bloomberg, BRIDS Estimates

Exhibit 5. AADI's domestic fund positioning

Source: KSEI, BRIDS

Exhibit 6. AADI's monthly foreign flow (Rpbn)

Source: IDX, Bloomberg, BRIDS

Exhibit 7. Income Statement

Year to 31 Dec (US\$mn)	2024A	2025A	2026F	2027F	2028F
Revenue	5,320	4,910	6,205	6,142	5,818
COGS	(3,854)	(3,649)	(4,163)	(4,265)	(4,120)
Gross profit	1,466	1,262	2,041	1,878	1,697
EBITDA	1,582	1,165	1,846	1,701	1,539
Oper. profit	1,481	1,043	1,760	1,612	1,448
Interest income	86	54	32	59	81
Interest expense	(78)	(59)	(42)	(50)	(57)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	0	0	0	0	0
Other Income (Expenses)	51	17	17	17	17
Pre-tax profit	1,540	1,055	1,768	1,638	1,489
Income tax	(213)	(206)	(389)	(360)	(327)
Minority interest	(116)	(89)	(152)	(140)	(128)
Net profit	1,211	760	1,227	1,137	1,034
Core Net Profit	1,211	760	1,227	1,137	1,034

Exhibit 8. Balance Sheet

Year to 31 Dec (US\$mn)	2024A	2025A	2026F	2027F	2028F
Cash & cash equivalent	1,519	931	1,665	2,309	2,923
Receivables	419	582	544	540	531
Inventory	69	85	73	76	76
Other Curr. Asset	145	165	176	166	160
Fixed assets - Net	975	1,304	1,363	1,421	1,476
Other non-curr.asset	2,804	2,606	2,615	2,564	2,515
Total asset	5,993	5,706	6,469	7,110	7,715
ST Debt	44	44	33	30	27
Payables	485	527	589	537	533
Other Curr. Liabilities	344	351	341	344	329
Long Term Debt	648	360	346	421	490
Other LT. Liabilities	1,108	774	822	801	779
Total Liabilities	2,629	2,057	2,131	2,132	2,157
Shareholder's Funds	2,999	3,334	3,940	4,502	5,013
Minority interests	365	316	399	475	545
Total Equity & Liabilities	5,993	5,706	6,469	7,110	7,715

Exhibit 9. Cash Flow

Year to 31 Dec (US\$mn)	2024A	2025A	2026F	2027F	2028F
Net income	1,211	760	1,227	1,137	1,034
Depreciation and Amort.	32	95	86	88	90
Change in Working Capital	394	(149)	(19)	36	(8)
Other Oper. Cash Flow	(123)	154	268	61	123
Operating Cash Flow	1,514	860	1,562	1,323	1,239
Capex	(452)	(389)	(112)	(113)	(112)
Others Inv. Cash Flow	149	164	(1)	0	1
Investing Cash Flow	(303)	(225)	(113)	(112)	(111)
Net change in debt	527	(660)	(25)	72	66
New Capital	36	(39)	0	0	0
Dividend payment	(2,789)	(524)	(689)	(639)	(580)
Other Fin. Cash Flow	0	0	0	0	0
Financing Cash Flow	(2,227)	(1,223)	(714)	(567)	(514)
Net Change in Cash	(1,016)	(588)	735	644	614
Cash - begin of the year	2,534	1,519	931	1,665	2,309
Cash - end of the year	1,519	931	1,665	2,309	2,923

Exhibit 10. Key Ratio

Year to 31 Dec	2024A	2025A	2026F	2027F	2028F
Growth (%)					
Sales	(10.1)	(7.7)	26.4	(1.0)	(5.3)
EBITDA	6.2	(26.4)	58.5	(7.9)	(9.5)
Operating profit	6.5	(29.6)	68.8	(8.4)	(10.2)
Net profit	5.9	(37.2)	61.5	(7.3)	(9.1)
Profitability (%)					
Gross margin	27.6	25.7	32.9	30.6	29.2
EBITDA margin	29.7	23.7	29.8	27.7	26.4
Operating margin	27.8	21.2	28.4	26.2	24.9
Net margin	22.8	15.5	19.8	18.5	17.8
ROAA	18.5	13.0	20.2	16.8	13.9
ROAE	32.9	24.0	33.7	26.9	21.7
Leverage					
Net Gearing (x)	(0.2)	(0.1)	(0.3)	(0.4)	(0.4)
Interest Coverage (x)	19.0	17.8	42.2	32.5	25.5

Source: AADI, BRIDS Estimates

Equity Research – Company Update

Tuesday, 17 March 2026

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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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