BRI Danareksa Sekuritas

Buy

(Maintained)

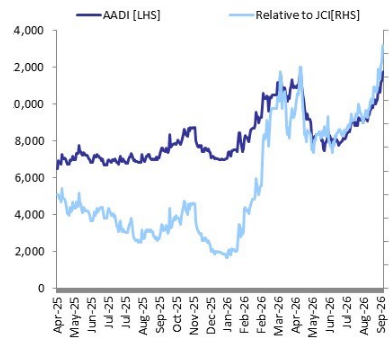
Tactical (3M): **OW**

Last Price (Rp)	11,750
Target Price (Rp)	12,400
Previous TP (Rp)	*12,400*
Upside/Downside	5.5%
No. of Shares (mn)	7,787
Mkt Cap (Rpbn/US$mn)	91,496/5,190
Avg, Daily T/O (Rpbn/US$mn)	157.8/9.0
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	11.9	11.3	10.8
BRIDS/Cons (%)	32.5	29.5	22.9

AADI relative to JCI Index



Source: Bloomberg

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Adaro Andalan Indonesia (AADI IJ)

Firmer ASP to Support 2H26 Outlook

- **We expect 2H26 earnings to be supported by stronger coal prices, underpinned by firmer demand from key importers.**
- **The Kestrel sale remains on track, with estimated gross proceeds of c.US$888mn, although regulatory approvals are still pending**
- **Maintain Buy with an unchanged DCF-based TP of Rp12,400.**

On-track for a stronger 2H26 earnings

AADI's 2Q26 EBITDA came in stronger than we had expected, mainly as ASP remained firm at US$75.6/t (+15% qoq/ +13% yoy) while costs were broadly stable (+1%/ +4% yoy qoq). Despite a higher DMO mix of 32% in 2Q26, a significant portion of domestic sales was still directed to industrial customers, which fetched better pricing, while a lower stripping ratio of 3.8x helped offset higher fuel prices. Looking into 2H26, we believe the recent increase in coal prices should support export ASP, while management expects to maintain a relatively high industrial-customer mix within domestic sales. Production costs, however, should increase from 2Q26 levels as AADI maintains its FY26 stripping ratio target of 4.3x.

Demand-driven price momentum despite easing Indonesia's supply

Management views the recent coal-price increase as primarily demand-driven, with both China and India becoming more active in the seaborne market. China's domestic supply has been affected by tighter safety inspections, while India has seen stronger import demand amid tighter inventories and weather-related disruptions to domestic supply. Management is also seeing stronger demand from other Asian buyers as customers seek to secure inventories amid elevated crude oil prices. Buyers remain concerned over dry-season disruptions at some Indonesian mines and delays in RKAB revisions, although AADI's logistics through Kelanis remain unaffected. For 2027, customer contract discussions are still ongoing, while buyers' earlier concerns over the planned DSI export mechanism appear to be easing.

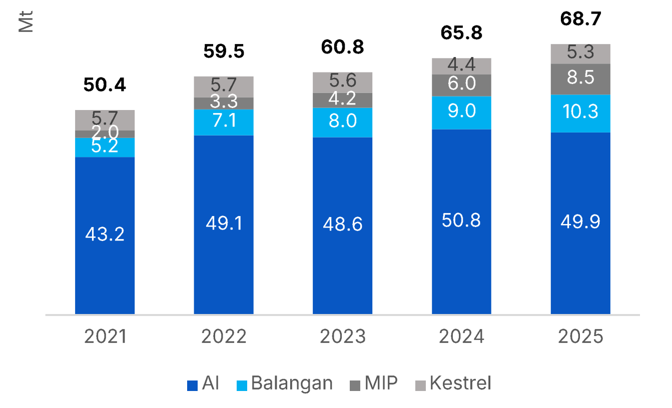
Maintain Buy rating and TP of Rp12,400

We maintain our FY26-28F estimates and DCF-based TP of Rp12,400 amid positive coal price momentum. On Kestrel sale, transaction completion remains targeted toward end-3Q26, with the deal still awaiting regulatory approvals, including approvals from the Chinese authorities. Management indicated that there have been no material concerns from Yancoal thus far. Based on AADI's 47.99% stake in KCG, we estimate gross upfront proceeds of c.US$888mn, with potential upside from price-linked contingent payments over five years. Key risks are: weaker coal price, delayed 2027 volume contract.

Key Financials

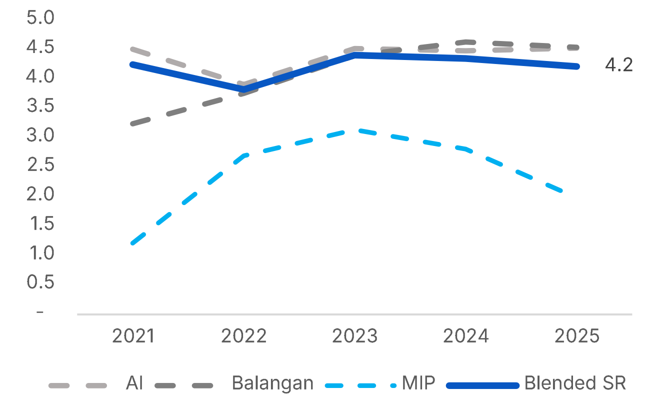
Year to 31 Dec	2024A	2025A	2026F	2027F	2028F
Revenue (Rpbn)	5,320	4,910	6,205	6,142	5,818
EBITDA (Rpbn)	1,582	1,165	1,846	1,701	1,539
EBITDA Growth (%)	6.2	(26.4)	58.5	(7.9)	(9.5)
Net Profit (Rpbn)	1,211	760	1,227	1,137	1,034
EPS (Rp)	15.5	9.8	15.8	14.6	13.3
EPS Growth (%)	5.9	(37.2)	61.5	(7.3)	(9.1)
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)	4.3	6.8	4.2	4.6	5.0
PBV (x)	1.7	1.6	1.3	1.2	1.0
Dividen yield (%)	53.7	10.1	13.3	12.3	11.2
EV/EBITDA	2.8	4.0	2.1	2.0	1.8

Exhibit 1. AADI production by mine (Mt)



Source: Company, BRIDS

Exhibit 2. AADI stripping ratio by mine

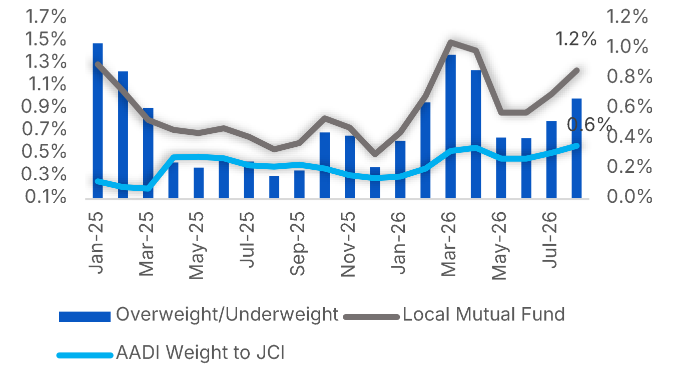


Source: Company, BRIDS

Exhibit 3. AADI forward P/E band

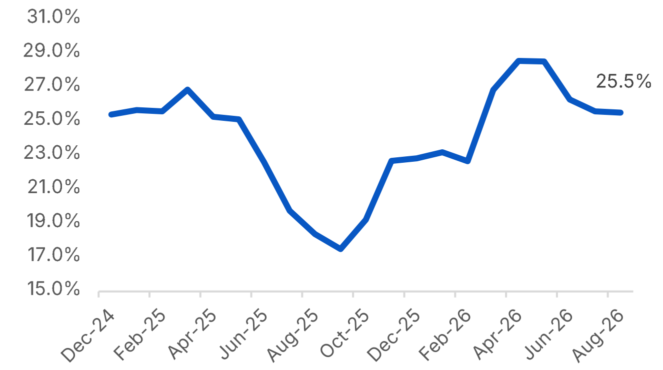
Source: Bloomberg, BRIDS Estimates

Exhibit 4. AADI's domestic fund positioning



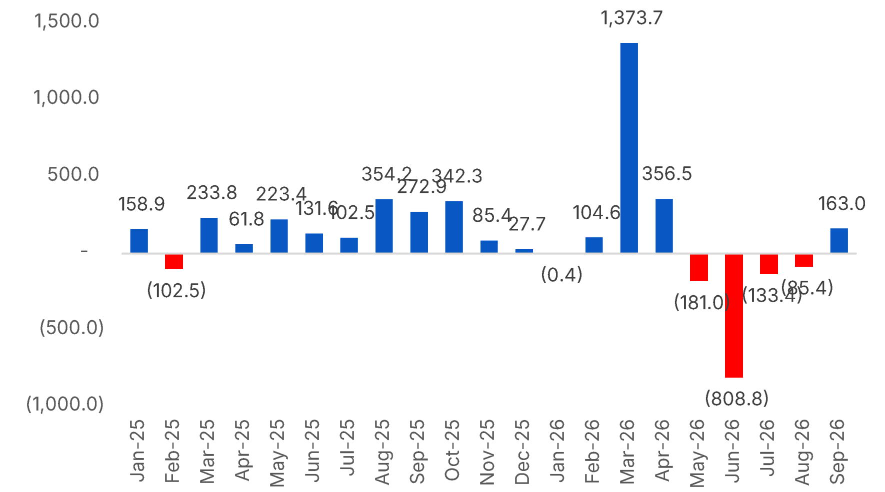
Source: Company, BRIDS

Exhibit 5. Foreign ownership excl. Corporate



Source: Company, BRIDS

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



Source: Bloomberg, BRIDS Estimates

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'sFunds	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)
OtherOper. 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

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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