

Adaro Energy Tbk (ADRO IJ)

Kenaikan Batubara Dorong Prospek Laba

Company Update | October 6, 2021

Kinerja ADRO di 6M-21 mengindikasikan pertumbuhan yang besar dengan pertumbuhan pendapatan 14,2% YoY dan penurunan 9,6% YoY *stripping ratio*. Kami mempertahankan perkiraan pendapatan karena permintaan musim dingin dan harga batubara global yang naik. ADRO sukses menghasilkan kinerja yang lebih solid dibandingkan Q1-21. Selain itu, kenaikan penjualan batubara termal ke konsumen Jepang dan China juga tumbuh 15,3% dan 11,8% YoY dan pendapatan terdorong oleh lonjakan harga batubara termal yang kami perkirakan akan melebihi ~USD65/ton.

Pendapatan Meningkat Meskipun Produksi Menurun

- Pada 1H21, Adaro Energy (ADRO) mencatatkan laba bersih sebesar USD169,2 juta (+9,828% YoY), didorong kenaikan pendapatan dan volume penjualan.
- Namun, produksi batubara menurun pada 1H21; ADRO membukukan produksi batubara yang lebih rendah di 26,3 juta ton (-5,1% YoY).
- Stripping ratio* ADRO pada 1H21 menurun ke 4,3x dari 4,5x di periode sebelumnya. Kami memperkirakan ini adalah tanda-tanda perbaikan efisiensi produksi dengan limbah bijih yang lebih rendah dalam pertambangan skala besar.

Pendapatan dan Stripping Ratio Membaik

- Selanjutnya, ASP batubara 1H21 ADRO naik menjadi USD50,0/ton (+15,3% YoY), karena harga batubara global yang lebih tinggi.
- Namun, pendapatan ADRO 1H21 naik menjadi USD1,5 miliar (14,2% YoY), mencapai 55,5% dari angka target setengah tahun konsensus.
- Sementara itu, *stripping ratio* 1H21 yang lebih rendah juga menunjukkan adanya pengendalian pengeluaran biaya, sehingga membantu meningkatkan kinerja bottom-line ADRO. Karena itu, laba bersih 1H21 ADRO naik menjadi USD169 juta (-9,78% YoY).

Rekomendasi HOLD dengan TP Rp1.840

- Kami mempertahankan perkiraan pendapatan pada USD3,6 miliar (+45,6% YoY) FY2021, karena kami memperkirakan harga batubara yang akan terus meningkat, dan permintaan musim dingin akan mendorong penjualan untuk ADRO.
- Kami juga melihat bahwa rebound ekspor batubara ke pasar China dan Jepang akan berdampak pada pertumbuhan penjualan. Kami juga mempertahankan perkiraan laba bersih FY 2021 kami pada USD200 juta (+38,1% YoY).
- Lebih jauh, kami memproyeksikan ROE FY 2021- 2022F akan mencapai 4,9% dan 9,7%.
- Kami menaikkan TP menjadi Rp1.840, dengan perkiraan kenaikan harga batubara global dan aktivitas perdagangan batubara. TP kami mengimplikasikan 22F P/E 12.5x dan PBV 1.2x. Namun, dengan kenaikan tajam harga saham ADRO, menyesuaikan rekomendasi menjadi Hold.

Adaro Energy Tbk | Summary

	2019/12	2020/12	2021/12F	2022/12F
Revenue (USD mn)	3,475	2,533	3,686	5,232
Growth (%)	-4.0%	-27.1%	45.5%	42.0%
EBITDA (USD mn)	1,179	772	883	1,032
Net Profit (USD mn)	401	146	200	379
EPS (IDR)	175	64	88	168
Growth (%)	-4.0%	-63.5%	37.1%	89.1%
P/E (x)	8.9x	22.5x	20.9x	12.5
P/BV (x)	0.9x	0.9x	1.0x	1.2x
EV/EBITDA (x)	3.2x	4.5x	5.2x	5.1x
ROE (%)	10.3%	3.7%	4.9%	9.6%
Dividend Yield (%)	5.6%	7.6%	6.3%	6.1%
ROA (%)	5.9%	2.2%	2.9%	5.4%

Source: Company Data, Bloomberg, NHKS Research

Please consider the rating criteria & important disclaimer

HOLD

Target Price (IDR)	1,840
Consensus Price (IDR)	1,795
TP to Consensus Price (%)	+5.5
Potential Upside (%)	+0.5

Shares data

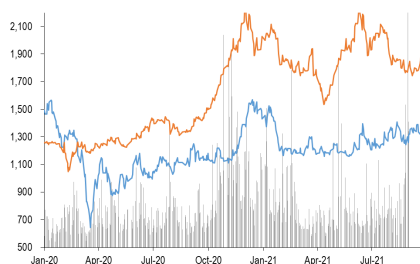
Last Price (IDR)	1,830
Price Date as of	Oct 5, 2021
52 wk Range (Hi/Lo)	1,985 / 1,090
Free Float (%)	43.6
Outstanding sh.(mn)	31,985
Market Cap (IDR bn)	59,461
Market Cap (USD mn)	4,214
Avg. Trd Vol - 3M (mn)	94.1
Avg. Trd Val - 3M (bn)	133.1
Foreign Ownership (%)	31.6

Mining

Coal

Bloomberg	ADRO IJ
Reuters	ADRO.IK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	+28.4%	+37.8%	+46.5%	+65.8%
Rel. Ret.	+24.9%	+33.9%	+41.1%	+41.6%

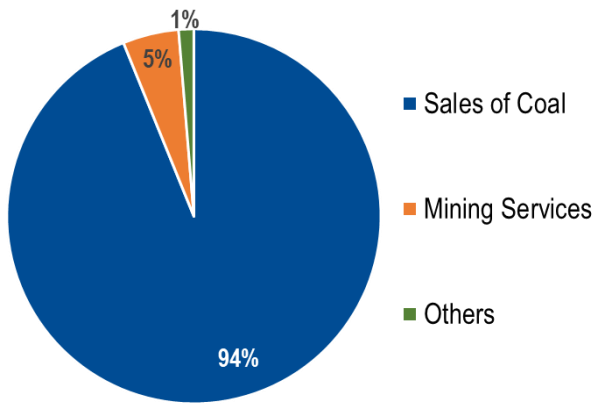
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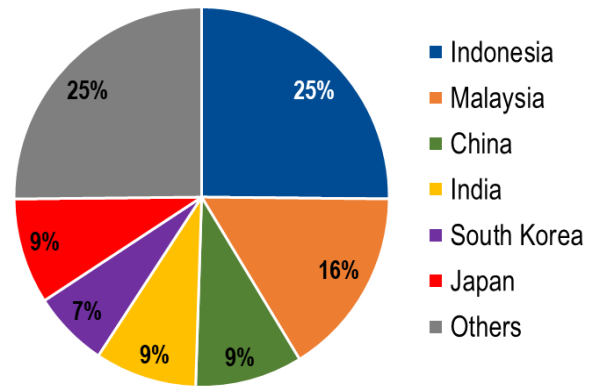
Performance Highlights in Charts

6M21 Revenue Breakdown



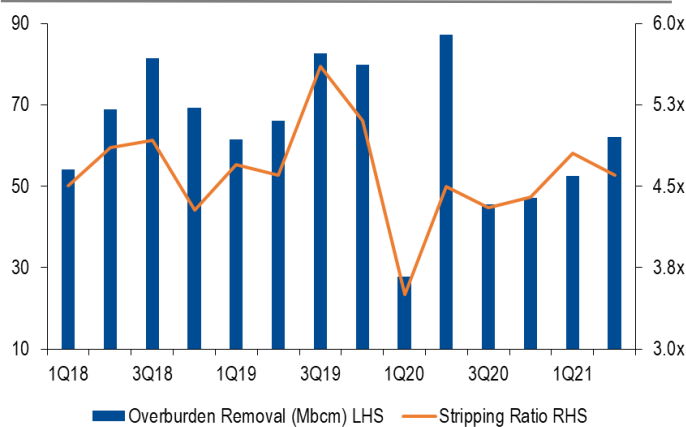
Source: Company Data, NHKS Research

6M21 Sales by Geographic



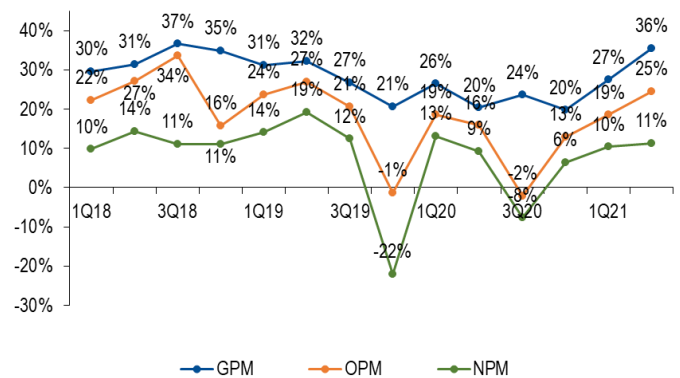
Source: Company Data, NHKS Research

OB Removal & Stripping Ratio



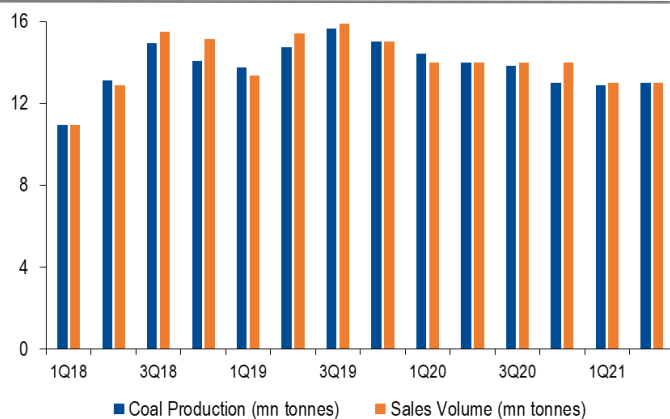
Source: Company Data, NHKS Research

Margin Ratios



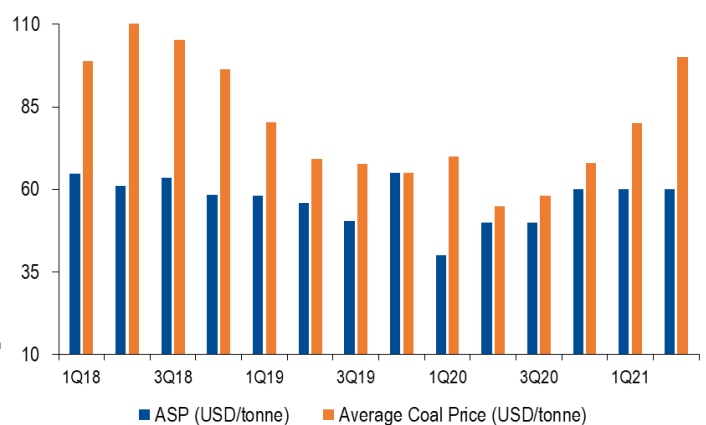
Source: Company Data, NHKS Research

Production & Sales Volume



Source: Company Data, NHKS Research

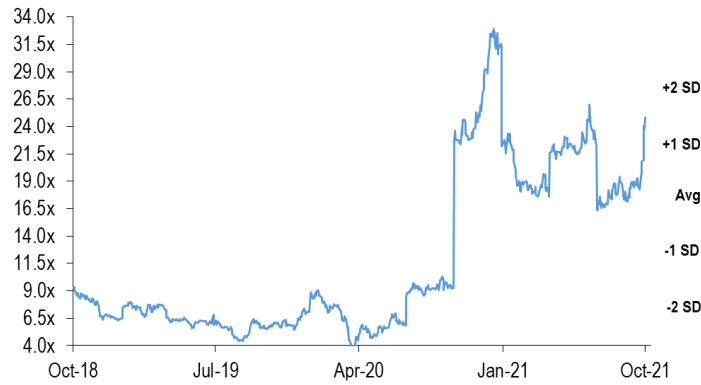
ASP & Coal Price



Source: Company Data, NHKS Research

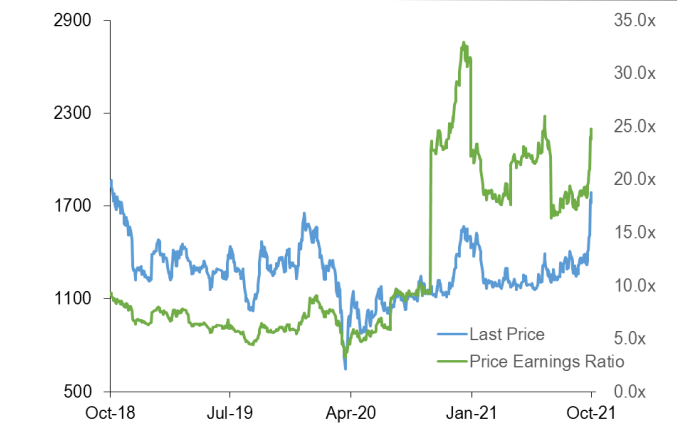
Valuation Highlights in Charts

3-Year P/E Band



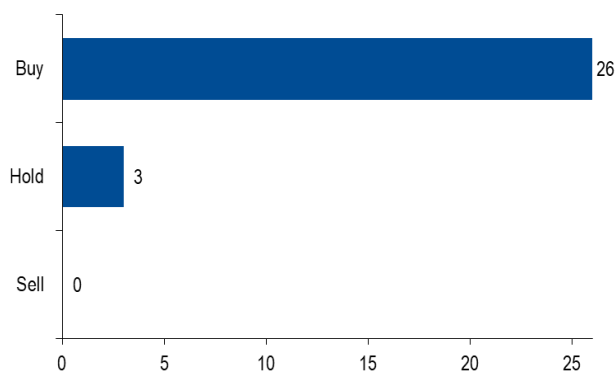
Source: Bloomberg, NHKS Research

3-Year Dynamic P/E Band and ADRO IJ



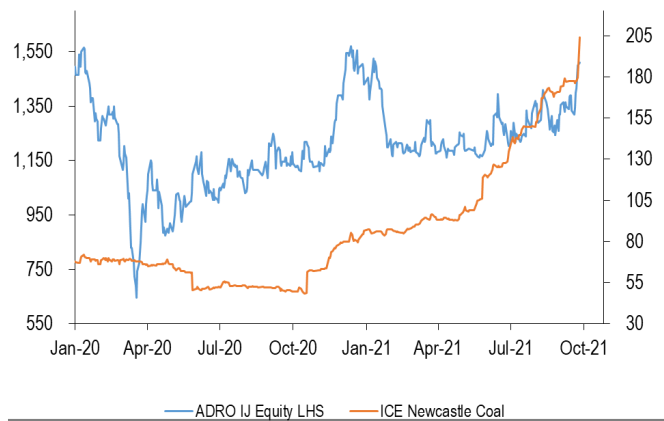
Source: Bloomberg, NHKS Research

Recommendations by Analysts



Source: Bloomberg, NHKS Research

ADRO Share Price vs Coal Price



Source: Bloomberg, NHKS Research

Closing and Target Price Update



Source: Bloomberg, NHKS Research

Rating and Target Price Update

Date	Rating	Target price	Consensus
2018.01.10	Buy	IDR2,220	IDR1,978
2018.04.11	Buy	IDR2,260	IDR2,030
2018.06.04	Buy	IDR2,500	IDR2,613
2018.11.07	Buy	IDR1,970	IDR2,171
2019.03.08	Buy	IDR1,675	IDR1,723
2019.09.09	Buy	IDR 1,600	IDR 1,733
2020.12..28	Buy	IDR1,570	IDR1,574
2021.10.30	Hold	IDR1,840	IDR1,795

Source: NHKS Research

Quarterly Review

	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
Sales	820	879	803	751	613	592	580	692	871
Gross Profit	170	234	166	198	125	139	114	190	309
<i>Gross Margin</i>	20.7%	26.7%	20.7%	26.4%	20.3%	23.6%	19.7%	27.4%	35.5%
EBIT	121	181	93	140	84	151	43	146	240
<i>EBIT Margin</i>	14.7%	20.6%	11.5%	18.6%	13.8%	25.5%	7.4%	21.1%	27.5%
EBITDA	175	274	207	243	189	260	170	260	358
<i>EBITDA Margin</i>	21.3%	31.2%	25.7%	32.4%	30.9%	43.9%	29.3%	37.6%	41.2%
Net Profit	80	109	-2	98	57	46	38	72	98
<i>Net Margin</i>	9.8%	12.4%	-0.2%	13.1%	9.3%	-7.7%	6.5%	10.4%	11.3%

Unit: USD mn, %

Source: Company Data, NHKS Research

Earnings Revision

		2019	2020	2021F	2022F
Sales	Revised	3,475	2,533	3,686	5,232
	Previous	3,404	3,013	3,647	4,647
	Change	2.1%	-15.9%	1.1%	13.2%
Gross Profit	Revised	969	574	736	1,044
	Previous	1,024	709	912	1,012
	Change	-5.4%	-19.1%	-19.4%	3.2%
Gross Margin	Revised	27.9%	22.6%	20.0%	20.5%
	Previous	30.1%	23.5%	25.0%	22.9%
	Change				
EBIT	Revised	753	416	419	730
	Previous	727	471	904	904
	Change	3.6%	-11.7%	-53.7%	-19.7%
EBIT Margin	Revised	21.7%	16.4%	11.4%	14.9%
	Previous	21.4%	15.6%	24.8%	19.2%
	Change				
EBITDA	Revised	1,179	772	883	1,032
	Previous	1,055	912	1,342	1,342
	Change	11.8%	-15.3%	-34.2%	-23.3%
EBITDA Margin	Revised	33.9%	30.5%	23.9%	20.2%
	Previous	31.0%	30.3%	36.8%	29.5%
	Change				
Net Profit	Revised	401	146	200	379
	Previous	466	163	470	470
	Change	-13.9%	-10.3%	-57.4%	-19.6%
Net Margin	Revised	11.5%	5.8%	5.4%	7.4%
	Previous	13.7%	5.4%	12.9%	10.3%
	Change				

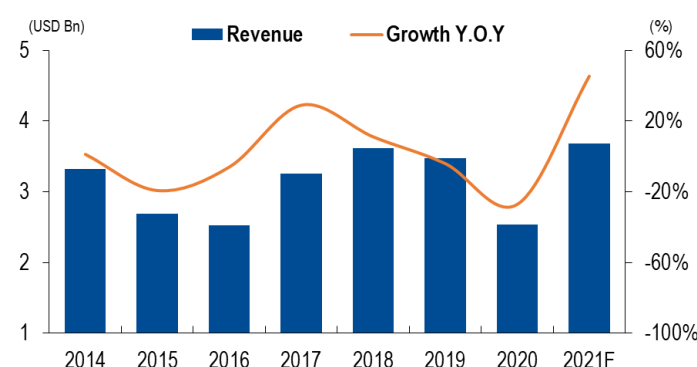
Unit: USD mn, %

Source: Company Data, NHKS Research

Company Overview

Adaro Energy (ADRO) adalah perusahaan energi yang terintegrasi secara vertikal di Indonesia dengan bisnis di sektor batu bara, energi, utilitas dan infrastruktur pendukung. ADRO memiliki model bisnis terintegrasi yang terdiri dari delapan pilar: Adaro Mining, Adaro Services, Adaro Logistics, Adaro Power, Adaro Land, Adaro Water, Adaro Capital dan Adaro Foundation. Lokasi utama tambang ADRO terletak di Kalimantan Selatan, tempat ditambangnya Envirocoal, batubara termal dengan kadar polutan yang rendah. ADRO juga memiliki aset batu bara metalurgi yang beragam mulai dari batubara kokas semi lunak sampai batubara kokas keras premium di Indonesia dan Australia. ADRO terus mengembangkan bisnis non batubara untuk mendapatkan dasar penghasilan yang lebih stabil dan mengimbangi volatilitas sektor batubara. Saat ini, ADRO memiliki cadangan batu bara sebesar 1,520 juta ton dengan sumber daya batu bara senilai 15,470 juta ton.

Revenue and Growth Movements



Source: Company Data, NHKS Research

Earnings and Growth Movements



Source: Company Data, NHKS Research

Global Companies Peers Analysis

	Market Cap (USD)	Asset (USD mn)	Sales LTM (USD mn)	Net Profit LTM (USD mn)	Net Profit Growth LTM	Net Profit Margin	ROE (LTM)	P/E LTM	P/BV
Indonesia									
ADRO IJ	2,647	6,761	1,561	169	70.6%	11.4%	4.2%	16.9x	0.8x
ITMG IJ	1,084	1,353	669	126	421.5%	19.3%	14.7%	25.0x	1.3x
PTBA IJ	1,539	1,826	719	123	247.4%	23.6%	16.4%	7.8x	1.3x
BUMI IJ	305	3,507	434	(31)	0.0%	5.9%	-7.0%	0.0x	0.0x
India									
COAL INDIA	11,450	19,944	12,619	2,350	148.1%	-4.2%	54.9%	5.4x	2.2x
THAILAND									
BANPU COAL	1,862	9,485	2,281	(58)	-57.7%	-2.4%	-3.0%	32.6x	0.9x
Australia									
WHITEHAVEN COAL	1,020	3,397	1,156	12	-2.9%	1.7%	0.9%	47.7x	0.5x
CANADA									
CAMECO COAL	5,291	5,938	1,344	56	-0.6%	-2.4%	-1.5%	0.0x	2.2x
CHINA									
INNER MONGOLIA	40,321	10,746	14,156	(0)	-38.6%	7.3%	29.2%	35.6x	8.5x
AMERICA									
PEABODY ENERGY	235	4,667	2,812	(1,873)	-785.6%	-64.6%	-107.0%	0.0x	0.3x

Source: Bloomberg, NHKS Research

Summary of Financials

INCOME STATEMENT

(USD mn)	2019/12	2020/12	2021/12F	2022/12F
Revenue	3,475	2,533	3,686	5,232
Growth	-4.0%	-27.1%	45.5%	42.0%
COGS	(2,506)	(1,959)	(2,950)	(4,188)
Gross Profit	969	574	736	1,044
Gross Margin	27.9%	22.6%	20.0%	20.0%
Operating Expenses	(216)	(158)	(317)	(314)
EBIT	753	416	419	730
EBIT Margin	21.7%	16.4%	11.4%	14.0%
Depreciation	326	356	464	302
EBITDA	1,179	772	883	1,032
EBITDA Margin	33.9%	30.5%	23.9%	19.7%
Interest Expenses	(143)	(173)	(181)	(190)
EBT	792	346	430	813
Income Tax	(269)	(131)	(163)	(309)
Minority Interest	(122)	(68)	(66)	(125)
Net Profit	401	146	200	379
Growth	-4.0%	-63.5%	37.1%	89.1%
Net Profit Margin	11.5%	5.8%	5.4%	7.2%

BALANCE SHEET

(USD mn)	2019/12	2020/12	2021/12F	2022/F
Cash	1,576	1,174	1,252	1,335
Receivables	310	224	214	205
Inventories	121	105	114	124
Total Current Assets	1,451	1,732	1,896	2,100
Net Fixed Assets	3,257	2,909	3,078	2,899
Other Non Current Asse	2,505	1,705	1,871	2,014
Total Assets	7,213	6,346	6,845	7,013
Payables	336	214	222	231
ST Bank Loan	508	587	814	1,129
LT Debt	1,397	865	912	862
Total Liabilities	3,272	2,511	2,793	3,078
Capital Stock + APIC	1,497	1,497	1,497	1,497
Retained Earnings	2,289	2,347	2,424	2,614
Shareholders' Equity	3,941	3,835	4,052	3,935

CASH FLOW STATEMENT

(USD mn)	2019/12F	2020/12F	2021/12F	2020/12F
Operating Cash Flow	914	735	662	727
Investing Cash Flow	(574)	(358)	(408)	(601)
Financing Cash Flow	285	(777)	(195)	(177)
Net Changes in Cash	625	(400)	59	(51)

PROFITABILITY & STABILITY

	2019/12	2020/12	2021/12F	2022/12F
ROE	10.3%	3.7%	4.9%	9.6%
ROA	5.9%	2.2%	2.9%	5.4%
ROIC	8.5%	4.9%	4.5%	7.6%
Cash Dividend (USD mn)	200	250	263	290
Dividend Yield	5.6%	7.6%	6.3%	6.1%
Payout Ratio	49.9%	171.0%	131.1%	76.50%
DER	48.3%	37.9%	42.6%	50.6%
Net Gearing	72%	54%	62%	67%
LT Debt to Equity	35.4%	22.6%	22.5%	21.9%
Equity Ratio	54.6%	60.4%	59.2%	56.1%
Debt Ratio	45.4%	39.6%	40.8%	43.9%
Financial Leverage	35.4%	22.6%	22.5%	21.9%
Current Ratio	114.2%	141.2%	125.6%	111.3%
Par Value (IDR)	100	100	100	100
Total Shares (mn)	31,986	31,986	31,986	32,000
Share Price (IDR)	1,555	1,430	1,830	2,105
Market Cap (IDR tn)	49.7	45.7	58.5	67.3

VALUATION INDEX

	2019/12	2020/12	2021/12F	2022/12F
Price/Earnings	8.9x	22.5x	20.9x	12.5x
Price/Book Value	0.9x	0.9x	1.0x	1.2x
Price/Sales	1.0x	1.3x	1.1x	0.9x
PE/EPS Growth	-2.2x	-0.4x	0.6x	0.1x
EV/EBITDA	3.2x	4.5x	5.2x	5.1x
EV/EBIT	5.0x	8.4x	11.0x	7.2x
EV (IDR bn)	52,618	48,660	64,243	74,872
Sales CAGR (3-Yr)	11.2%	-8.1%	0.6%	14.6%
EPS CAGR (3-Yr)	6.2%	-32.9%	-21.7%	-1.9%
Basic EPS (IDR)	175	64	88	168
Diluted EPS (IDR)	175	64	88	168
BVPS (IDR)	1,718	1,666	1,771	1745
Sales PS (IDR)	1,515	1,101	1,611	2318
DPS (IDR)	87	109	115	129

TOP OWNERSHIP

By Geography	% Shareholders	%
Indonesia	69.6 Adaro Strategic	44%
United States	7.4 Garibaldi Thohir	6.2%
Luxembourg	1.1 Edwin Soeryadjaya	3.3%
Ireland	1.3 Theodore Rahmat	2.5%

Source: Company Data, NHKS Research

NH Korindo Sekuritas Indonesia (NHKSI) Stock Ratings

1. Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
2. Rating system based on a stock's potential upside from the date of publication
 - Buy : Greater than +15%
 - Overweight : +5% to +15%
 - Hold : -5% to +5%
 - Underweight : -5% to -15%
 - Sell : Less than -15%

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