Adaro Energy Tbk (ADRO IJ)

Permintaan India Mendorong Porsi Ekspor

Porsi ekspor ADRO meningkat menjadi 77% 1H22 (Vs. 72% 1H21), seiring penjualan batu bara ke India tumbuh signifikan. Kinerja ekspor ADRO, juga didukung oleh penjualan ke Taiwan, Filipina dan Hong Kong pada 2Q22. Adapun, ekspor ke Malaysia sebagai porsi kedua terbesar setelah India, bertumbuh 133% YoY. NHKSI Research melihat krisis listrik yang saat ini terjadi di India dan konflik Geopolitik Eropa, masih akan membuat porsi ekspor ADRO, dalam tren yang meningkat setidaknya hingga FY22F.

Fokus Pasar Asia

- Ditengah penerapan ketentuan Domestic Market Obligation , ADRO mempertahankan ekspor untuk wilayah Asia Tenggara, China, Asia Timur maupun Selandia Baru, ADRO mencatatkan pendapatan senilai USD3,5Miliar pada 1H22 (+127% YoY). Pencapaian ini, didukung Average Selling Price yang meningkat 117% YoY menjadi USD125,9/Ton, dan volume penjualan tumbuh 7% menjadi 27,5Mt karena adanya kendala faktor cuaca.
- Selain krisis listrik yang terjadi di India dan konflik Geopolitik Eropa, rekor harga batu bara juga dipengaruhi oleh masih terkendalanya rantai pasokan global. Adapun beban pokok pendapatan naik 43% YoY menjadi USD1,5Miliar, terutama karena kenaikan biaya royalti kepada Pemerintah sebesar 60%, seiring kenaikan Average Selling Price secara tahunan. Dari sisi bottom line, ADRO mencatatkan laba bersih 1H22 senilai USD1,2Miliar (+613% YoY). Di sisi lain, ADRO tetap mempertahankan profil neraca yang kuat, dengan mencatatkan posisi kas senilai USD2,2Miliar.

Porsi Domestik Sebesar 23%

- Ditengah komitmen mempertahankan pasar di Asia Tenggara, porsi penjualan batu bara ADRO untuk domestik sebesar 23% 1H22 (Vs. 28% 1H21), didukung kerjasama eksklusif dengan klien Power Plant sebesar 90%, dan sisanya 10% klien yang diantaranya berasal dari industri semen, serta Pulp & Paper. Adapun hingga 1H22, batu bara masih berada dalam fase super-cycle, seiring kekhawatiran pasar mengenai kekurangan komoditas energi.
- Harga acuan batu bara ICE Newcastle mencapai rekor tertingginya diatas USD400/Ton awal September 2022 lalu. Lebih lanjut, untuk tahun FY22F, ADRO telah menetapkan target produksi batu bara sebesar 58Mt-60Mt, dengan Strip Ratio relatif stabil pada level 4,1x atau lebih rendah dari FY21A di level 4,2x.

Rekomendasi Buy dengan Target Price di IDR 4.800

- NHKSI Research mempertahankan rekomendasi Buy, dengan menaikkan target price menjadi IDR4.800, didukung harga batu bara yang tetap tinggi, kenaikan volume penjualan, seiring penurunan harga minyak dunia. Target price kami mengimplikasikan EV/EBITDA FY22F sebesar 4,1x atau berada di atas rata-rata tiga tahun sebesar 3,0x. Di sisi lain, kami tetap mengantisipasi risiko faktor cuaca yang dapat mengganggu produksi dan potensi Average Selling Price yang lebih rendah.

Adaro Energy Tbk | Summary

	2021A	2022F	2023F	2024F
Revenue (USD Mn)	3,993	4,106	4,426	4,487
Growth (%)	57.5%	2.8%	7.8%	1.4%
EBITDA (USD Mn)	2,104	2,270	1,925	2,064
Net Profit (USD mn)	933	1,242	1,348	1,366
EPS (IDR)	408	557	605	613
Growth (%)	535.3%	33.1%	8.5%	1.4%
P/E (x)	5.5x	8.6x	8.6x	8.6x
P/BV (x)	1.2x	2.3x	2.1x	2.0x
EV/EBITDA (x)	2.0x	4.1x	5.1x	4.8x
ROE (%)	22.2%	27.3%	26.5%	23.8%
ROA (%)	13.4%	15.9%	16.0%	15.1%
DER (%)	19.4%	17.4%	17.4%	17.4%

Source: Company Data, Bloomberg, NHKS Research

Please consider the rating criteria & important disclaimer

NH KORINDO SEKURITAS INDONESIA

Company Update | Sept. 27, 2022

Buy

Target Price (IDR)	**4,800**
Consensus Price (IDR)	4,378
TP to Consensus Price (%)	+9.6
Potential Upside	+24.3

Shares data

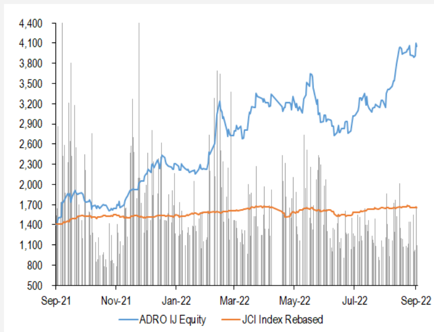
Last Price (IDR)	3,860
Price Date as of	Sept. 26, 2022
52 wk Range (Hi/Lo)	4,190 / 1,425
Free Float (%)	43.7
Outstanding sh.(mn)	31,986
Market Cap (IDR bn)	129,543
Market Cap (USD mn)	8,576
Avg. Trd Vol - 3M (mn)	101.1
Avg. Trd Val - 3M (bn)	337.1
Foreign Ownership (%)	30.2

Energy

Oil, Gas & Coal

Bloomberg	**ADRO IJ**
Reuters	**ADRO.JK**

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	80.0%	20.9%	37.8%	186.2%
Rel. Ret.	70.9%	20.7%	35.2%	169.4%

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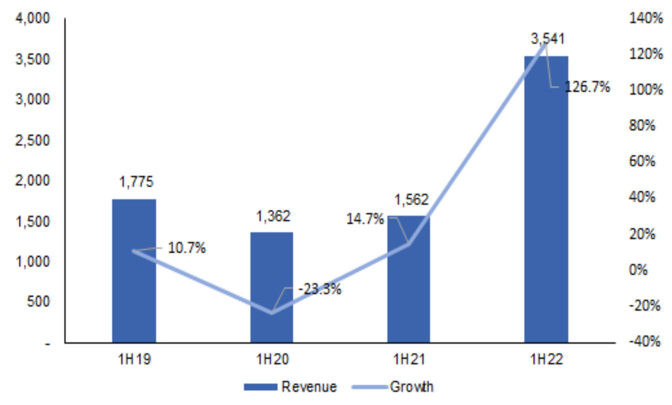
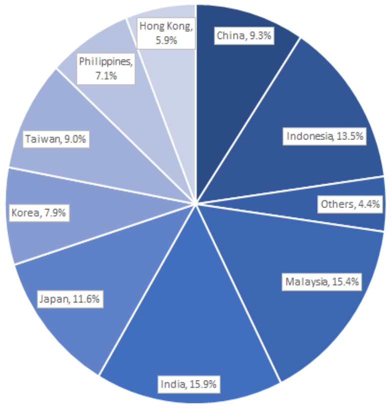
Performance Highlights in Charts

Revenue Growth (USD Mn)



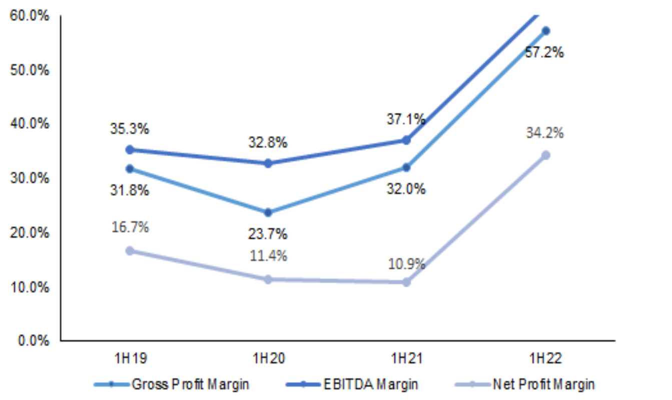
Source: Bloomberg, NHKSI Research

1H22 Revenue Breakdown (by Geography)



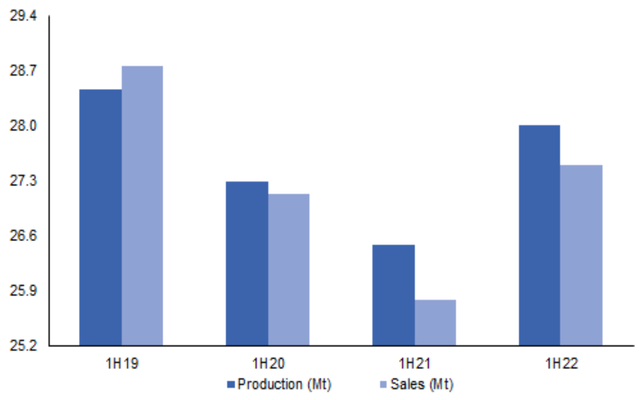
Source: Bloomberg, NHKSI Research

Margin Ratios



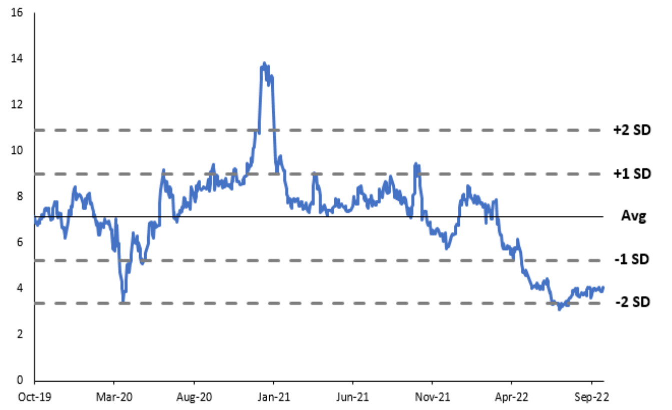
Source: Bloomberg, NHKSI Research

Production and Sales Volume



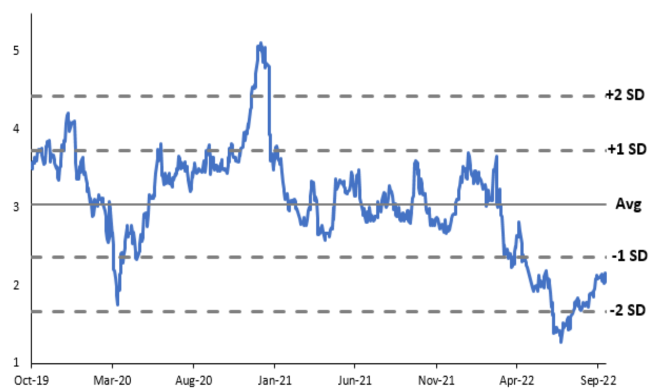
Source: Company Data, NHKSI Research

Blended Forward P/E Ratio



Source: Bloomberg, NHKSI Research

EV/ EBITDA Ratio



Source: Bloomberg, NHKSI Research

Summary of Financials

INCOME STATEMENT

(USD mn)	2021/12A	2022/12E	2023/12F	2024/12F
Revenue	**3,993**	**4,106**	**4,426**	**4,487**
Growth	57.5%	2.8%	7.8%	1.4%
COGS	(2,223)	(2,432)	(2,622)	(2,658)
Gross Profit	**1,770**	**1,673**	**1,804**	**1,829**
Gross Margin	44.3%	40.8%	40.8%	40.8%
Operating Expenses	(208)	(205)	(221)	(224)
EBIT	**785**	**1,468**	**1,582**	**1,604**
EBIT Margin	19.7%	35.8%	35.8%	35.8%
Depreciation	486	377	342	459
EBITDA	**2,104**	**2,270**	**1,925**	**2,064**
EBITDA Margin	52.7%	55.3%	43.5%	46.0%
Interest Expenses	(12)	(12)	(11)	(12)
EBT	**1,486**	**1,909**	**2,060**	**2,088**
Income Tax	(458)	(571)	(616)	(624)
Minority Interest	(95)	(96)	(97)	(98)
Net Profit	**933**	**1,242**	**1,348**	**1,366**
Growth	535.3%	33.1%	8.5%	1.4%
Net Profit Margin	23.4%	30.3%	30.5%	30.4%

PROFITABILITY & STABILITY

	2021/12A	2022/12E	2023/12F	2024/12F
ROE	22.2%	27.3%	26.5%	23.8%
ROA	13.4%	15.9%	16.0%	15.1%
ROIC	10.2%	18.8%	17.1%	16.1%
Cash Dividend (USD mn	147	125	124	135
Dividend Yield	2.9%	1.2%	1.1%	1.1%
Payout Ratio	15.7%	10.1%	9.2%	9.9%
DER	19.4%	17.4%	17.4%	17.4%
Net Gearing	29%	25%	24%	23%
LT Debt to Equity	13.3%	11.9%	13.0%	13.0%
Capitalization Ratio	16.2%	14.8%	14.8%	14.8%
Equity Ratio	58.8%	58.0%	62.9%	63.6%
Debt Ratio	11.4%	10.1%	10.9%	11.1%
Financial Leverage	166.1%	171.3%	165.1%	158.1%
Current Ratio	208.4%	256.4%	367.5%	384.5%
Par Value (IDR)	100	100	100	100
Total Shares (mn)	31,986	31,986	31,986	31,986
Share Price (IDR)	2,250	4,800	5,207	5,278
Market Cap (IDR tn)	72.0	153.5	166.5	168.8

BALANCE SHEET

(USD mn)	2021/12A	2022/12E	2023/12F	2024/12F
Cash	1,814	2,127	2,661	2,898
Receivables	452	479	495	492
Inventories	126	105	104	108
Total Current Assets	**2,838**	**3,123**	**3,458**	**3,696**
Net Fixed Assets	2,615	2,534	2,871	3,151
Other Non Current Asset	2,134	2,369	2,445	2,525
Total Assets	**7,587**	**8,025**	**8,774**	**9,372**
Payables	651	663	671	682
ST Bank Loan	271	254	240	259
LT Debt	593	556	720	777
Total Liabilities	**3,129**	**3,367**	**3,254**	**3,412**
Capital Stock + APIC	1,497	1,497	1,497	1,497
Retained Earnings	2,686	2,899	3,665	4,105
Shareholders' Equity	**4,458**	**4,658**	**5,520**	**5,960**

VALUATION INDEX

	2021/12A	2022/12E	2023/12F	2024/12F
Price/Earnings	5.5x	8.6x	8.6x	8.6x
Price/Book Value	1.2x	2.3x	2.1x	2.0x
Price/Sales	1.3x	2.6x	2.6x	2.6x
PE/EPS Growth	0.0x	0.3x	1.0x	6.3x
EV/EBITDA	2.0	4.1	5.1	4.8
EV/EBIT	5.2	6.3	6.2	6.1
EV (IDR bn)	57,350	133,247	140,748	140,710
Sales CAGR (3-Yr)	7.0%	4.3%	8.6%	21.0%
EPS CAGR (3-Yr)	24.5%	43.8%	49.4%	110.3%
Basic EPS (IDR)	408	557	605	613
Diluted EPS (IDR)	408	557	605	613
BVPS (IDR)	1,949	2,090	2,476	2,674
Sales PS (IDR)	1,745	1,842	1,985	2,013
DPS (IDR)	64	56	56	60

CASH FLOW STATEMENT

(USD mn)	2021/12A	2022/12E	2023/12F	2024/12F
Operating Cash Flow	1,436	1,521	1,645	1,832
Investing Cash Flow	(645)	(106)	(808)	(825)
Financing Cash Flow	(153)	(130)	121	(58)
Net Changes in Cash	**638**	**1,286**	**959**	**950**

TOP OWNERSHIP

By Geography	%	Shareholders	%
Indonesia	69.3	Adaro Strategic	43.9
United States	7.9	Garibaldi Thohir	6.2
Ireland	1.3	Edwin Soeryadjaya	3.3
Others	21.5	Others	46.6

Source: Company Data, NHKSI 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%