

ADRO reported the strongest quarterly earnings since its post-AADI spin-off repositioning, with 1Q26 net income USD 128.1 million (+67.1% YoY from USD 76.7 million in 1Q25). The results significantly outperformed the depressed 1Q25 base and reflect genuine fundamental improvement — not merely a low-base effect — as multiple positive forces converged simultaneously: higher ADMR sales volumes, partially recovering met coal ASP, operational cost discipline at SIS, and a meaningful USD 25.3 million contribution from joint venture profits, likely reflecting improved earnings at associated entities.

### Revenue climbs as margins improve in-light of efficiency initiatives

- Revenue grew 23.4% YoY to USD 470.9 million, with gross margin rising from 28.9% to 37.9%. Operating income jumped even more strongly at 85.1% YoY to USD 141.6 million, reflecting significant operating leverage as fixed costs were spread over a materially higher revenue base.
- The margin recovery is central to the investment thesis, as higher margins across the board confirms that the cost-efficiency initiatives implemented across ADMR and SIS in 2025 are bearing fruit.
- ADMR benefited from a combination of higher sales, improved met coal ASPs, & declining cash costs per ton as overburden stripping ratios normalized. SIS benefited from long-term service agreements providing stable, contracted revenue streams with affiliated parties covering equipment rental, overburden removal, coal extraction, and fuel transportation — spanning 10 to 33 years — providing strong earnings visibility.

### Coal prices stabilize as aluminum production ramps up

- ADMR's performance was the primary earnings engine in 1Q26. With its 'Enviromet' brand coal prized for its low-ash, low-phosphorus, high-vitrinite characteristics — properties that make it an ideal blending component for coking ovens globally — ADRO's coal sales volumes continued to grow YoY, consistent with the 12% full-year volume increase in FY2025.
- We forecast FY2026 coal sales of 7.0 Mt (+11.5% YoY) and 7.5 Mt in FY2027
- ASP trends, while still below the commodity cycle peaks of 2022, have shown early signs of stabilization and partial recovery after the severe -25% decline in FY2025 driven by stagnating steel demand in China and limited met coal import activity from India during the quota restriction period.
- India's December 2025 reversal of quantitative restrictions on low-ash met coke imports — replaced by import levies — represents an important structural positive for ADMR, as Indonesia benefits from cost-competitive proximity to the world's fastest-growing steel market. SIS's service volumes remain robust, supported by long-term contracted agreements and growing third-party client demand.
- ADRO's KAI smelter is also on track to reach full production by end of FY26, maximizing its 500ktpa capacity.
- We forecast aluminum prices to reach USD 3,600–3,800/ton by end-2026, supported by structural supply-demand imbalances: renewable energy capacity buildout, expanding construction & transport sectors, and the progressive retirement of aging, energy-inefficient Western smelting capacity.
- For ADRO specifically, KAI aluminum revenue is expected to begin contributing meaningfully in Q4 2026, with positive net profit contribution from 2027 onwards.

### BUY recommendation with a TP of IDR 3,250

- P/E-based target:** We estimate ADRO's FY2026 net income attributable to the parent at USD 605 million (EPS: IDR ~370/share), representing a 35.2% year-on-year recovery from FY2025's USD 448 million. This incorporates: (a) ADMR coal earnings recovery on volume growth and partial ASP improvement; (b) SIS revenue expansion; and (c) still-modest KAI contribution given the ramp-up phase, partially offset by capitalized interest expenses. At our 12-month target price of IDR 3,250, ADRO would trade at approximately 8.77x our FY2026E earnings — in line with the company's historical post-spinoff fair-value trading range of 7-9x and a modest discount to the April 2026 NH Korindo TP of IDR 3,400 (9.82x), reflecting current macro risks and conservative outlook on Indonesian equity market.
- SOTP components:** (1) ADMR 85.5% stake: ADMR is separately listed and we value ADRO's stake based on ADMR's market value, discounted 20% for holding company structure; (2) SIS at 6-8x forward EBITDA, reflecting steady contracted cash flows; (3) KAI at 0.5 - 0.8x Phase-1 project NPV given construction-phase uncertainty & execution risk, rising to full value as commissioning completes; (4) AADI 15.4% stake at current market value, discounted 20% for holding company structure. Our blended SOTP yields an implied range of IDR 3,150–4,000 per share, with our base case of IDR 3,250 representing a conservative 9% discount to the SOTP midpoint to account for holding company discount and execution risk on the aluminum smelter.
- Risks:** 1) Mining regulatory changes 2) Smelter execution risk 3) Coal price volatility

### Alamtri Resources Indonesia Tbk.

### | Summary (USD Millions)

	2025/12A	2026/12F	2027/12F	2028/12F
Revenue	1,874	2,578	3,372	3,439
Growth (%y/y)	-9.9%	37.6%	30.8%	2.0%
Net Profit	448	605	784	806
Growth (%y/y)	-67.6%	35.2%	29.5%	2.8%
Basic EPS (IDR)	0.02	0.02	0.03	0.03
Price / Earnings	6.93x	8.77x	6.77x	6.58x
EV / EBITDA	65.53x	93.99x	75.11x	72.73x
ROE	8.9%	11.5%	14.4%	14.3%
ROA	6.6%	8.3%	10.3%	10.2%

Source : Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

### Company Update | 15<sup>th</sup> June 2026

# Buy

Target Price (IDR)	3,250
Consensus Price	3,183
TP to Consensus Price	+2.1%
Potential Upside	+42.5%

### Shares Data

Last Price (IDR)	2,280
Price date as of	12 <sup>th</sup> June 2026
52 wk range (Hi/Lo)	2,700 / 1,625
Free Float (%)	39.6
Outstanding sh (mn)	29,389
Market Cap (IDR bn)	67,008
Market Cap (USD mn)	3,764
Avg. Trd Vol – 3M (mn)	78.9

### Sector

Mining

Sub-Sector

Coal Mining

Bloomberg  
Reuters

ADRO IJ Equity  
ADRO JK

### Share Price Performance



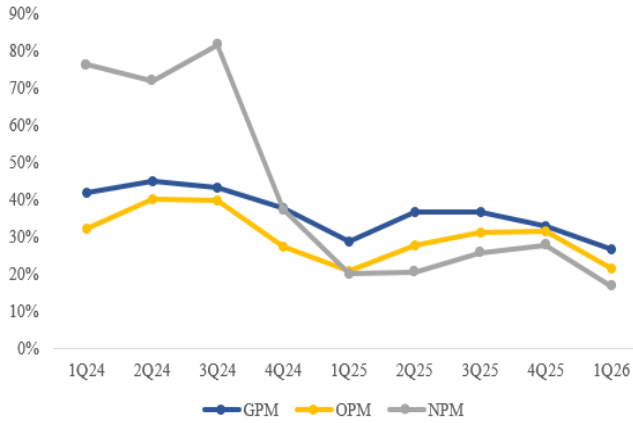
	YTD	1M	3M	12M
Abs. Ret.	26.0%	-12.3%	-8.8%	7.5%
Rel. Ret.	56.5%	0.1%	9.6%	24.2%

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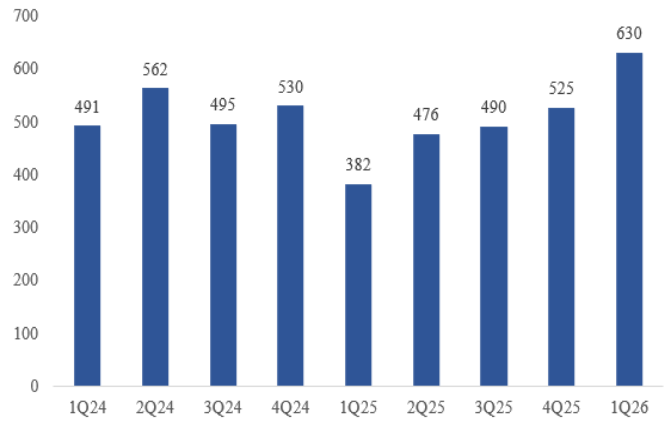
### Performance Highlights

Exhibit 1. Quarterly Profit Margins (1Q24 – 1Q26)



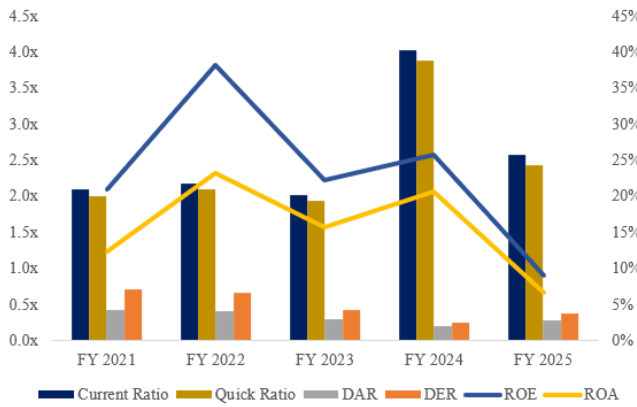
Source : Company, NHKSI Research

Exhibit 2. Quarterly Revenue (USD Mn, 1Q24 – 1Q26)



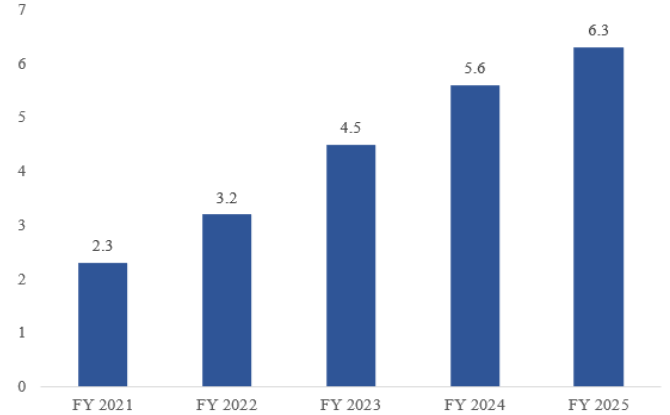
Source : Company, NHKSI Research

Exhibit 3. Key Ratios (FY21 - FY25)



Source : Company, NHKSI Research

Exhibit 4. Coal Sales Volume (Mt, FY21 – FY25)



Source : Company, NHKSI Research

### Summary of Financials

#### INCOME STATEMENT

(USD mn)	2025/12A	2026/12E	2027/12F	2028/12F
Revenue	1,874	2,578	3,372	3,439
Growth (% y/y)	-9.9%	37.6%	30.8%	2.0%
Cost of Revenue	(1,237)	(1,654)	(2,164)	(2,207)
Gross Profit	637	924	1,208	1,232
Gross Margin	34.0%	35.8%	35.8%	35.8%
Operating Expenses	(108)	(184)	(228)	(226)
EBIT	529	740	980	1,007
EBIT Margin	28.2%	28.7%	29.1%	29.3%
Depreciation	255	268	282	296
EBITDA	784	1,008	1,262	1,302
EBITDA Margin	41.8%	39.1%	37.4%	37.9%
EBT	612	826	1,070	1,100
Income Tax	(123)	(169)	(219)	(225)
Minority Interest	(42)	(51)	(66)	(68)
Net Profit	448	605	784	806
Growth (% y/y)	-67.6%	35.2%	29.5%	2.8%
Net Profit Margin	23.9%	23.5%	23.3%	23.4%

#### BALANCE SHEET

(USD mn)	2025/12A	2026/12E	2027/12F	2028/12F
Cash	1,580	1,646	1,621	1,638
Receivables	393	401	420	421
Inventories	116	103	103	110
Total Current Assets	2,207	2,270	2,288	2,321
Net Fixed Assets	3,062	3,471	3,859	4,224
Other Non Current Assets	1,548	1,544	1,483	1,360
Total Non Current Assets	4,610	5,015	5,342	5,583
Total Assets	6,817	7,285	7,631	7,904
Payables	771	853	986	1,051
ST Debt	60	66	64	62
LT Debt	761	831	808	784
Total Liabilities	1,813	2,008	2,179	2,261
Capital Stock + APIC	1,054	1,054	1,054	1,054
Retained Earnings	3,291	3,371	3,445	3,542
Shareholders' Equity	5,004	5,277	5,452	5,643

#### CASH FLOW STATEMENT

(USD mn)	2025/12A	2026/12E	2027/12F	2028/12F
Operating Cash Flow	639	838	1,088	1,096
Investing Cash Flow	(576)	(259)	(262)	(225)
Financing Cash Flow	(405)	(502)	(839)	(841)
Net Changes in Cash	(362)	66	(25)	17

#### PROFITABILITY & STABILITY

	2025/12A	2026/12E	2027/12F	2028/12F
ROE	8.9%	11.5%	14.4%	14.3%
ROA	6.6%	8.3%	10.3%	10.2%
Inventory Turnover	10.66x	16.04x	20.91x	20.01x
Receivables Turnover	4.77x	6.43x	8.03x	8.17x
Payables Turnover	1.61x	1.94x	2.20x	2.10x
Dividend Yield	16.1%	9.2%	12.5%	12.5%
Dividend Payout Ratio	36.2%	117.3%	117.3%	90.5%
DER	0.36x	0.38x	0.40x	0.40x
DAR	0.27x	0.28x	0.29x	0.29x
Equity Multiplier	1.36x	1.38x	1.40x	1.40x
Current Ratio	2.56x	2.33x	2.10x	2.04x
Quick Ratio	2.43x	2.22x	2.01x	1.94x
Total Shares (bn)	28.80	29.39	29.39	29.39
Share Price (IDR)	1,810	3,250	3,250	3,250
Market Cap (IDR tn)	52.13	95.52	95.52	95.52

#### VALUATION INDEX

	2025/12A	2026/12E	2027/12F	2028/12F
Price / Earnings	6.93x	8.77x	6.77x	6.58x
Price / Book Value	0.62x	1.01x	0.97x	0.94x
EV / EBITDA	65.5x	94.0x	75.1x	72.7x
EV (USD bn)	51.37	94.77	94.77	94.72
Basic EPS (USD)	0.02	0.02	0.03	0.03
BVPS (USD)	0.17	0.18	0.19	0.19

#### OWNERSHIP

By Geography*	%
Indonesia	61.67
United States	6.59
Others	31.74

Shareholders	%
Adaro Strategic Investments	47.79
Public	39.57
Treasury Stock	2.00

\*based on publicly reported holdings, not total shares outstanding

Source : Bloomberg, 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%



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