



PT Adaro Minerals Indonesia Tbk
Public Expose

Wednesday, 28 February 2024

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Business Overview

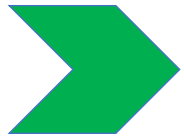
PT Adaro Minerals Indonesia Tbk at a Glance



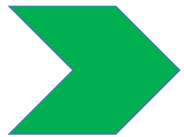
Indonesia's top metallurgical coal producer, with an industry-leading cost structure and growing client base. Currently developing an Aluminium Smelter at the industrial park in North Kalimantan, as our first step in supporting the Government's downstream initiatives.



Large coal reserves and resources, supporting long-term sustainable growth. **Coal reserves: 165.4 Mt.**
Coal resources: 975 Mt.*



Strong demand profile from blue-chip steel companies. Customers are primarily from Asian countries including Japan, China, India, South Korea, and Indonesia.



Offers coal **supply diversification** for customers and close proximity to key markets, reducing transportation times and enabling a **competitive cost** structure.



Consistent volume growth in the medium term, reaching **6 Mt in 2025**.

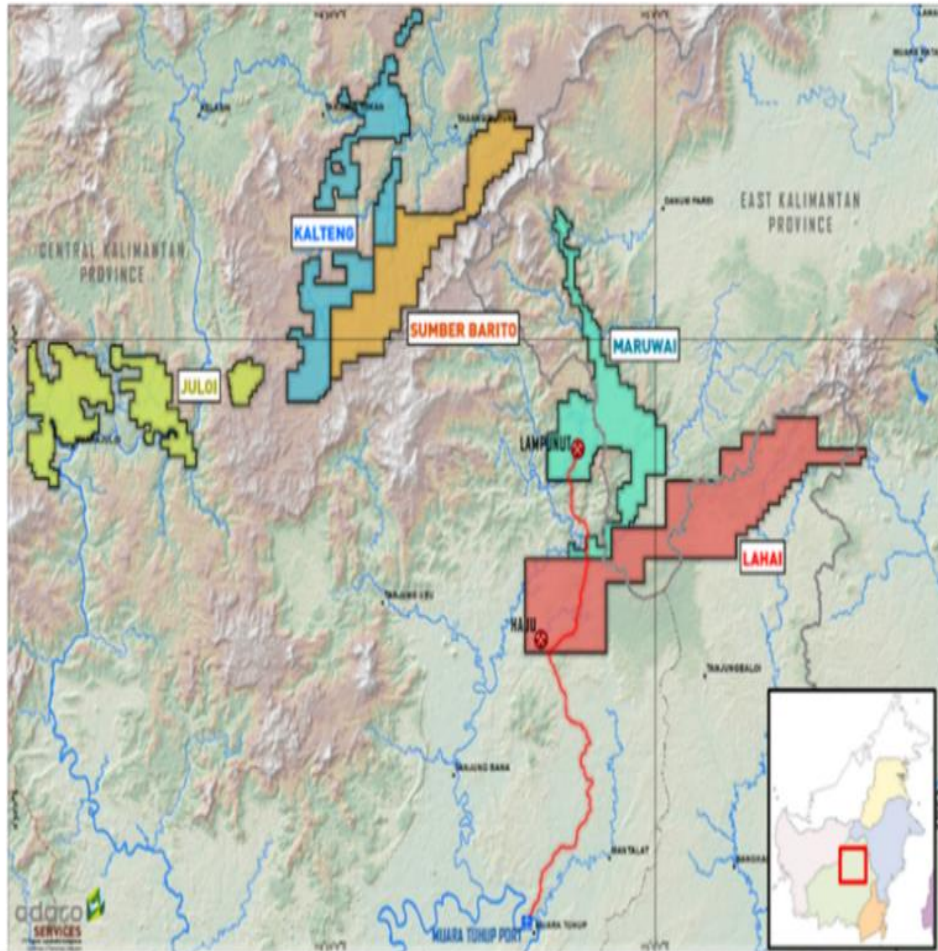


Developing an aluminium smelter project, with planned **total capacity of up to 1.5 Mt**, supporting the Indonesian government's downstream initiatives for batteries and the electric vehicle ecosystem.

**Coal Reserves and Resources data is as of August 2021 from independent consultant PT Quantus Consultants Indonesia*

Company Overview

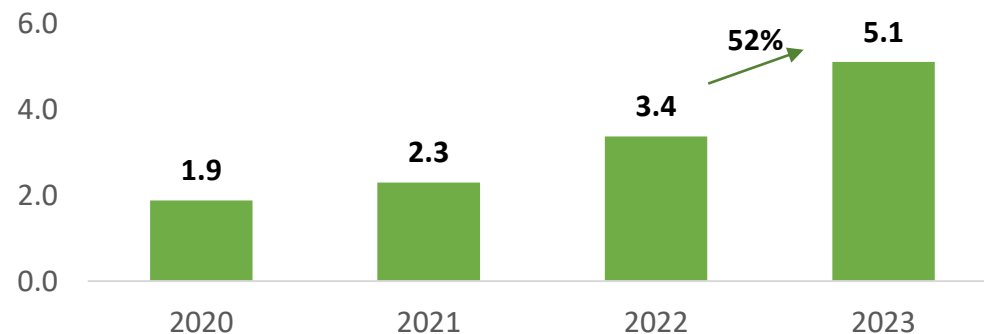
CCoWs Locations



Resources and Reserves

Company / Locality	Total Coal Reserves (Mt)	Total Coal Resources (Mt)	Compliance Standard
Lahai Coal - Haju (Metallurgical)	2.3	4.3	JORC
Maruwai Coal - Lampunut (Metallurgical)	84.3	100.3	JORC
Juloi Coal - Juloi Northwest (Metallurgical)	-	629.9	JORC
Juloi Coal - Bumbun (Metallurgical)	55.5	174.5	JORC
Kalteng Coal - Luon (Metallurgical)	17.7	50.9	JORC
Sumber Barito Coal - Dahlia Arwana (Metallurgical)	5.6	15.0	JORC
TOTAL	165.4	975.0	

Production Volume (Mt)



Established Infrastructure to Ensure Operational Excellence

Lampunut Coal Handling and Processing Plant

Crushing Plant : 600 tph



- One of the largest CHPPs in Indonesia in terms of capacity
- Reduces ash from 12% ad to 4.5% ad

WASHING – 3 Process Circuit



Washing Plant : 525 tph (max: 550 tph)



Our ongoing Investment in Facilities and Infrastructure

Hauling road progress



Barge loading conveyor area

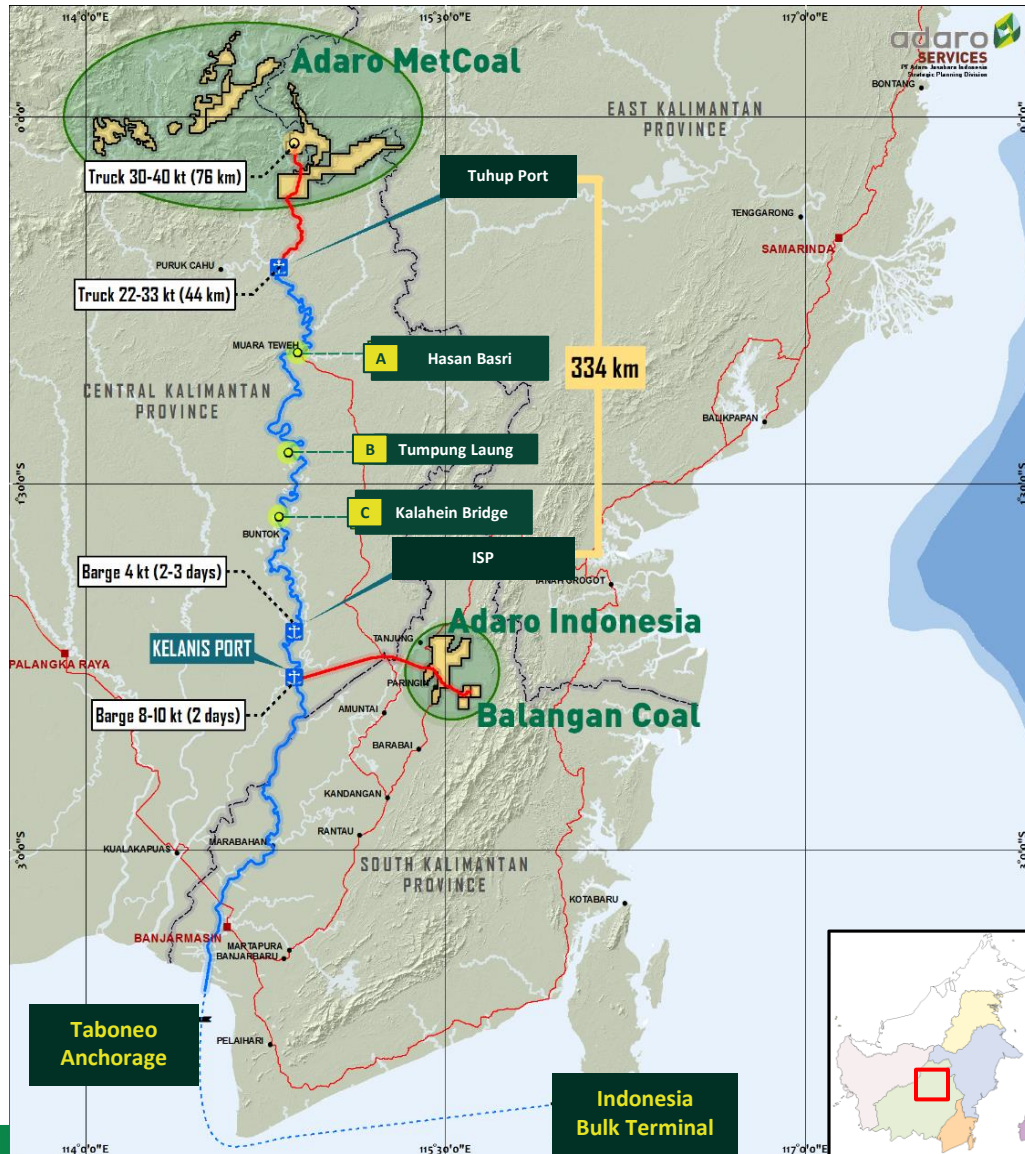


Employee dorms' construction



Our projects in Maruwai Coal (MC) and Lahai Coal (LC) continue the ongoing investment in facilities and infrastructure through the upgrading of our hauling roads, addition of barge-loading conveyor, expansion of fuel storage facilities, and staff accommodation.

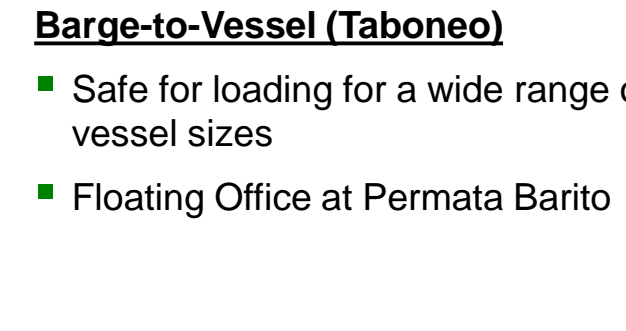
Supply Chain: from Coal Terminal to Vessel Loading Points



Barge-to-barge

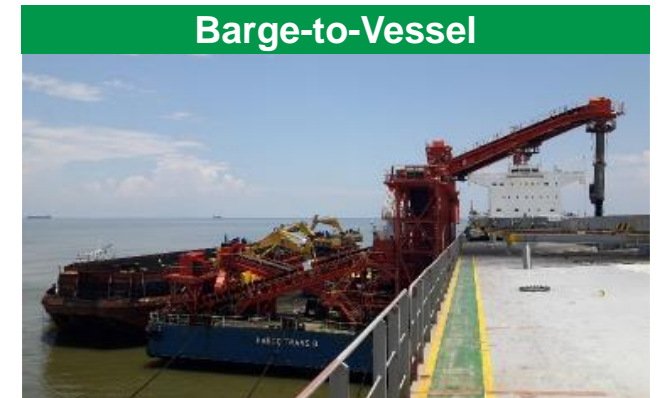
Barge-to-Barge

- Barge-to-Barge transfers are done at Taboneo and North Kelanis using FC



Barge-to-Vessel (Taboneo)

- Safe for loading for a wide range of vessel sizes
- Floating Office at Permata Barito



Barge-to-Vessel



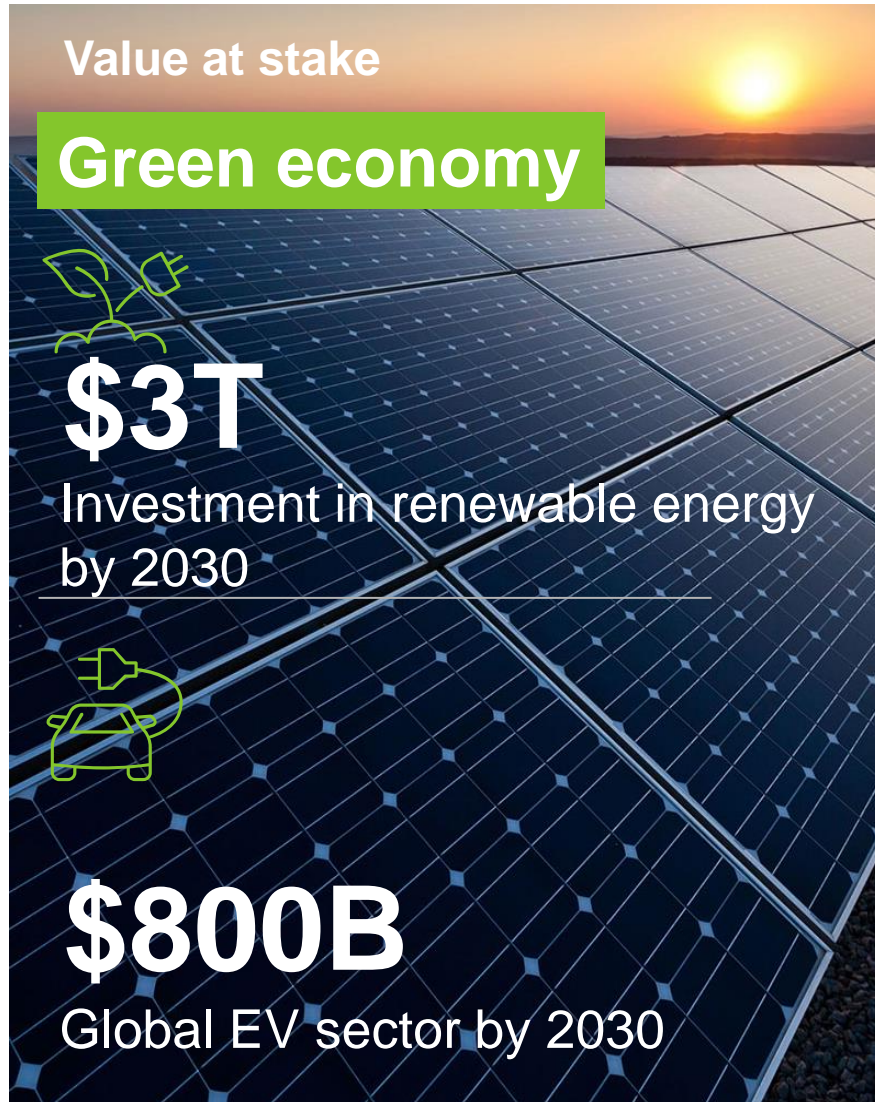
Indonesia Bulk Terminal

Indonesia Bulk Terminal

- Located at Pulau Laut Southeastern coast of South Kalimantan.
- 11 Mtpa capacity
- Up to 82kt DWT
- Dedicated stockpiles of 640kt

The Value of the Green Economy

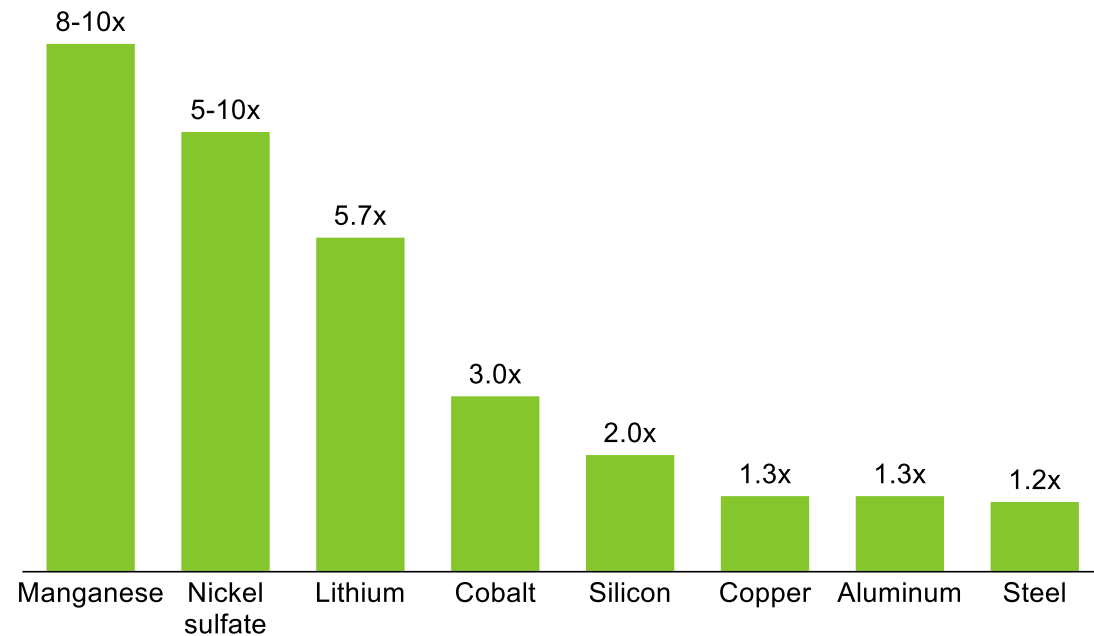
Substantial investment opportunities in Indonesia



Growing demand for

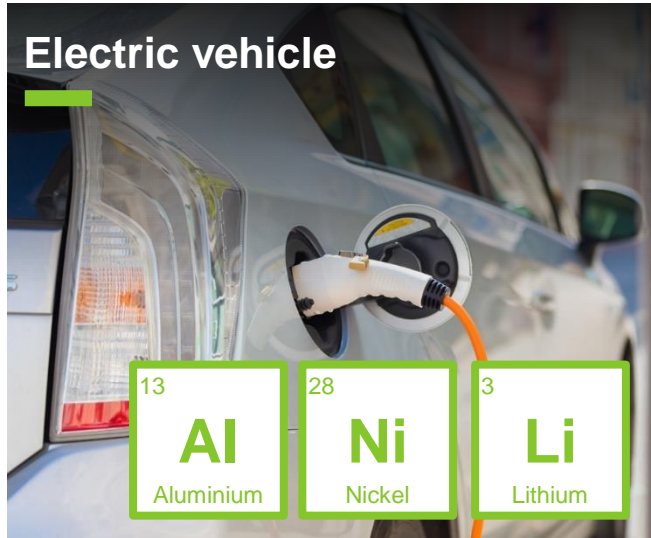
Green minerals

Global demand in 2030
as multiple of 2020-level



The Green Economy

Driving demand for green minerals



Electric vehicle



30% More Aluminium used in electric vehicles than internal combustion engines

35 kg Nickel needed in a single car lithium-ion battery pack

8 kg Lithium needed in a single car lithium-ion battery pack



Wind technology



90 tons Metallurgical coal needed to produce Steel for each MW of wind power

50- 120 tons Steel needed for each MW of wind power (depending on offshore or onshore)

1 ton Aluminium for 1 MW of wind turbine



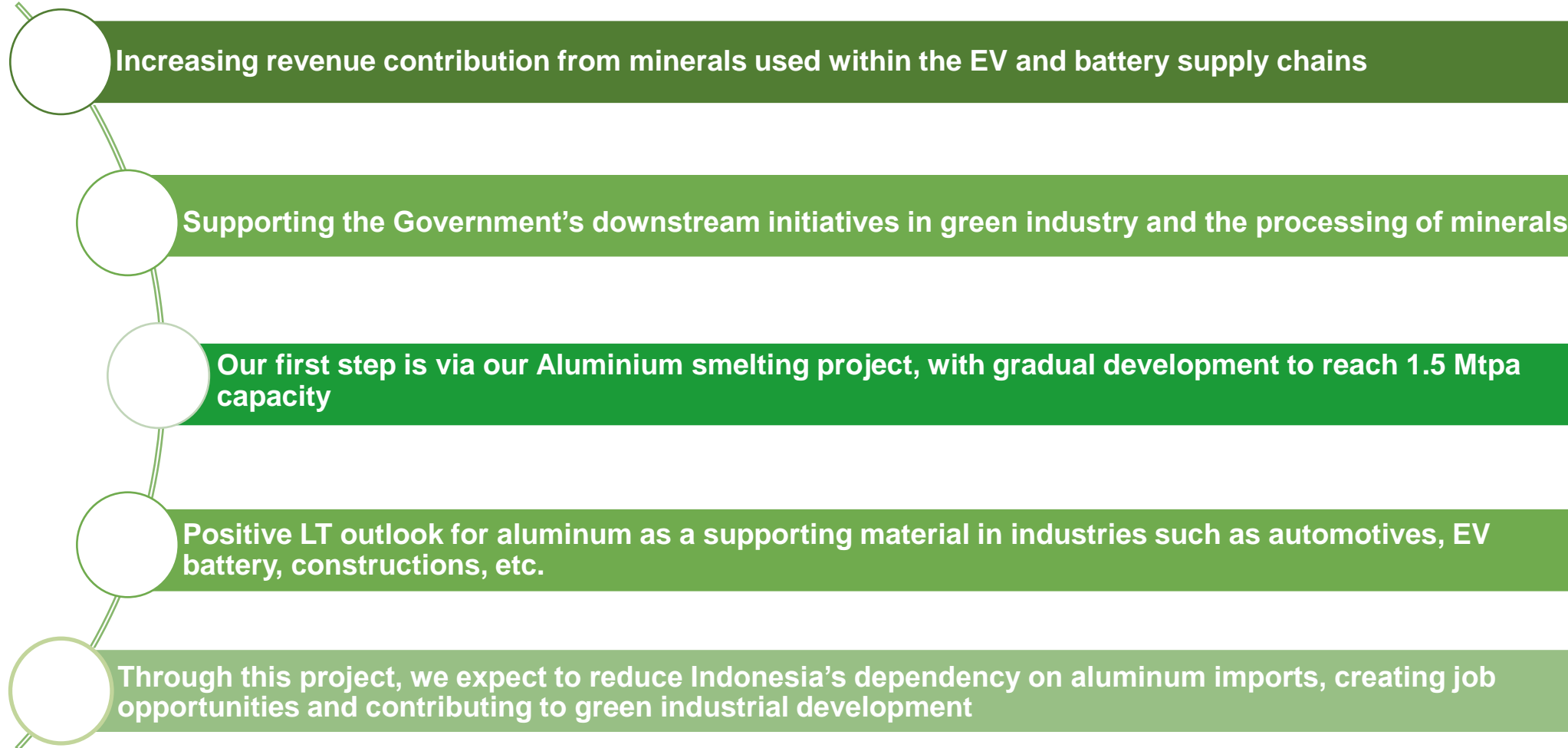
Solar technology



7 tons Polysilicon needed for each MW solar PV plant

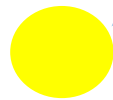
4M tons Aluminium demand from the solar power sector by 2040

Developing Our Green Minerals Business



Aluminum Smelter in Kalimantan Industrial Park Indonesia

Scope of project is 1.5 Mtpa of Aluminum production



Production capacity: **500,000 tpa aluminum**. Adaro is investing in the smelter's power generation.

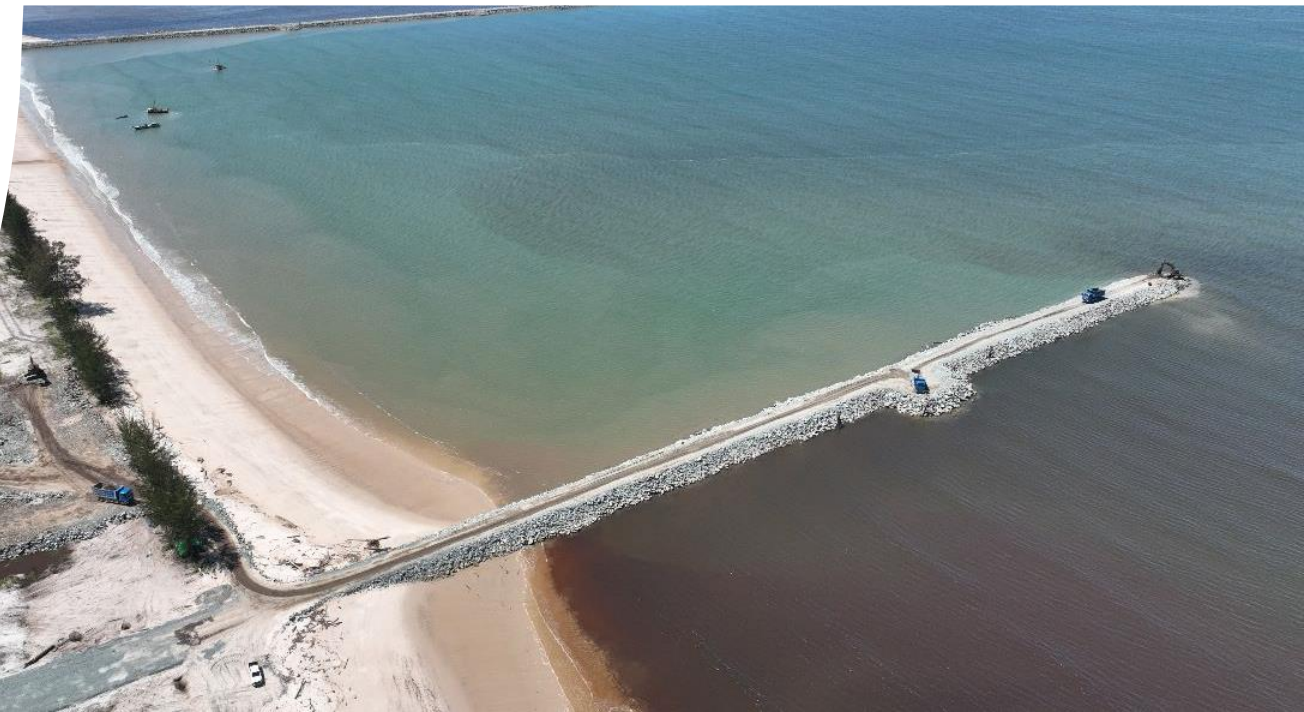
Additional production capacity of up to 500,000 tpa aluminum.

Adaro may invest in the smelter's power generation. Power generation is under discussion but will likely be a hybrid of coal and renewables.

Additional capacity of up to 500,000 tpa of Green Aluminum. Adaro plans for this to be powered by hydro.

Progress at the Aluminium Smelter

- **Smelter:** KAI has completed the soil investigation, land levelling, and piling work for the baking furnace facilities. In 1Q24, KAI will focus on piling and foundation activities in the smelter area.
- **Jetty:** continue the piling work for facilities dedicated to receiving inbound raw materials in the jetty area.
- **Power plant:** conducted piling works at the power plant area.
- **Supporting facilities**
 - Completed the land clearing for the permanent dorms and construction of ancillary facilities such as outdoor laydown warehouse, heavy equipment workshop, and batching plant.
 - In parallel, started the piling works for temporary camp, indoor warehouse, and brick factory.



Solid Performance in HSE



- ADMR implements the Adaro Group's Adaro Zero Accident Mindset (AZAM) which emphasizes on continuous improvements in safety SOPs to improve workers' behavior.
- PT KAI continues its construction progress while consistently emphasizing health and safety governance for each operational activity.

Indicator	MC & LC	KAI
LTIFR	0.32	0
SR	12.12	0

CSR and Green Initiatives

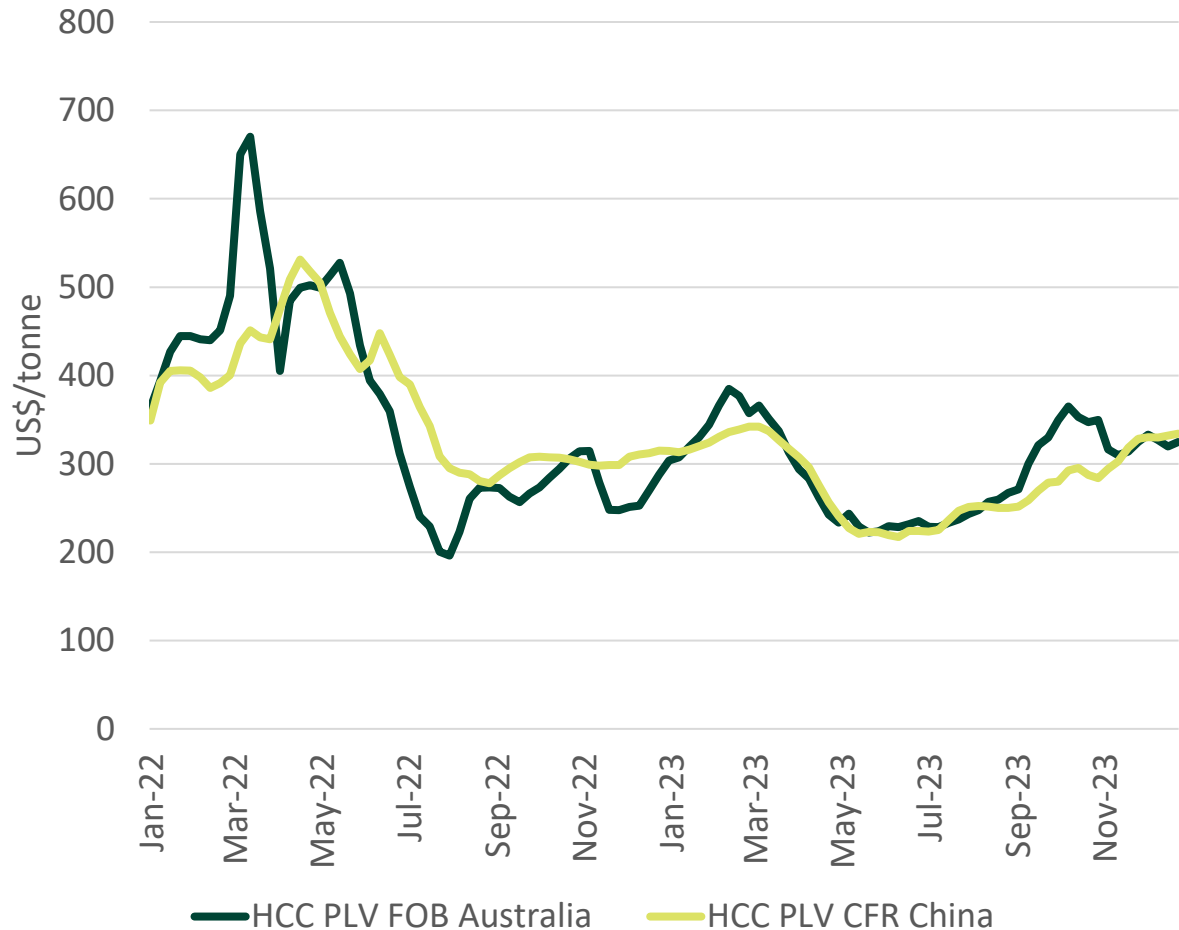


- ADMR applies Adaro Group's "Adaro Ignites Change" CSR initiatives and Adaro Group's initiatives in ESG.
- To improve ESG performance, and as the first step towards energy efficiency, ADMR and Adaro Power are actively in the pre-feasibility study phase of installing a mini-hydro power plant at our mining site.
- As another initiative related to ESG aspects, ADMR also actively promotes safe driving and hygienic and healthy lifestyle among students at mentored schools in Laung Tuhup and Bastura districts.

Industry Overview

Strong Market Fundamentals continue to support pricing

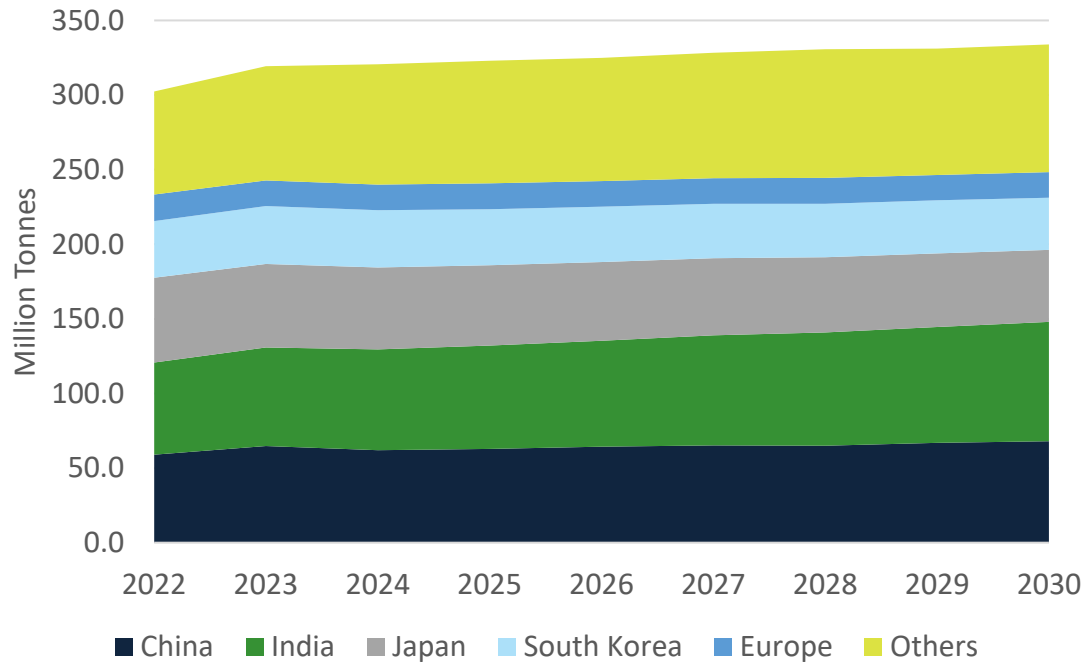
Price Trends



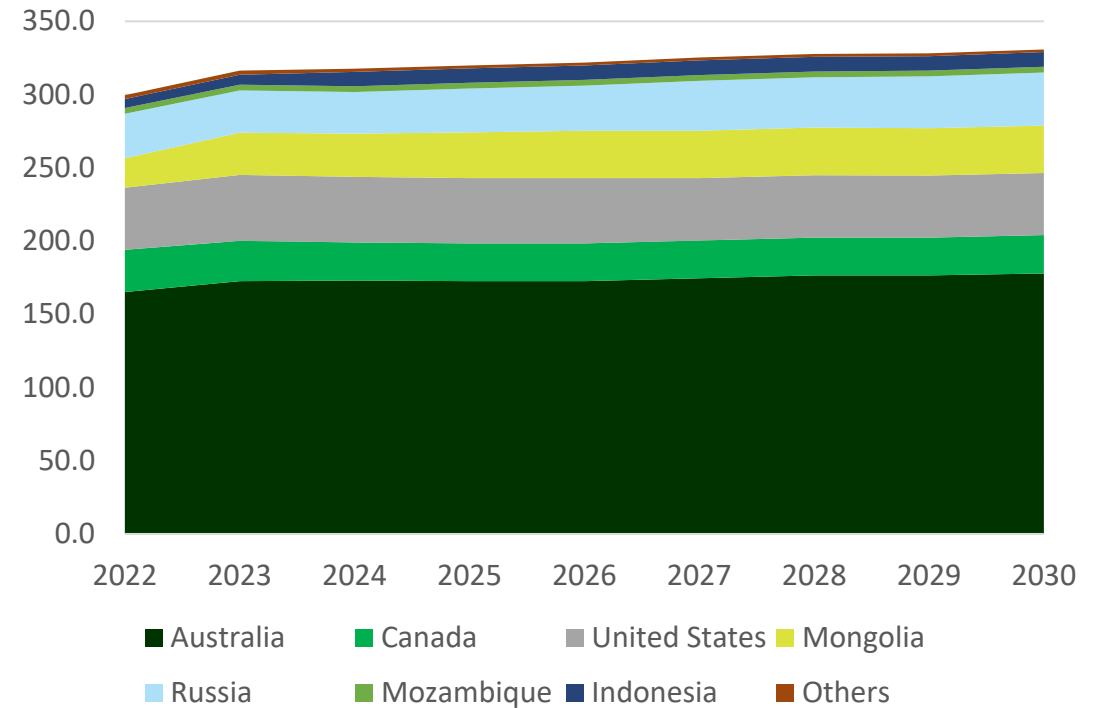
- The 2023 Premium low-volatile (PLV) hard coking coal (HCC) FOB Australia price declined by 19%. Despite the decline, metallurgical coal prices remain well supported, reaching nearly US\$300/mt on average. Shortage of supply from Australia as well as robust demand from China, India, Southeast Asia are the main drivers.
- Overall demand for ADMR's premium hard coking coal product remains strong, as reflected on the sales growth of 39% year-on-year reaching 4.5 million tonnes in 2023.

Metallurgical Coal Seaborne Demand and Supply Outlook

Demand Forecast



Supply Forecast



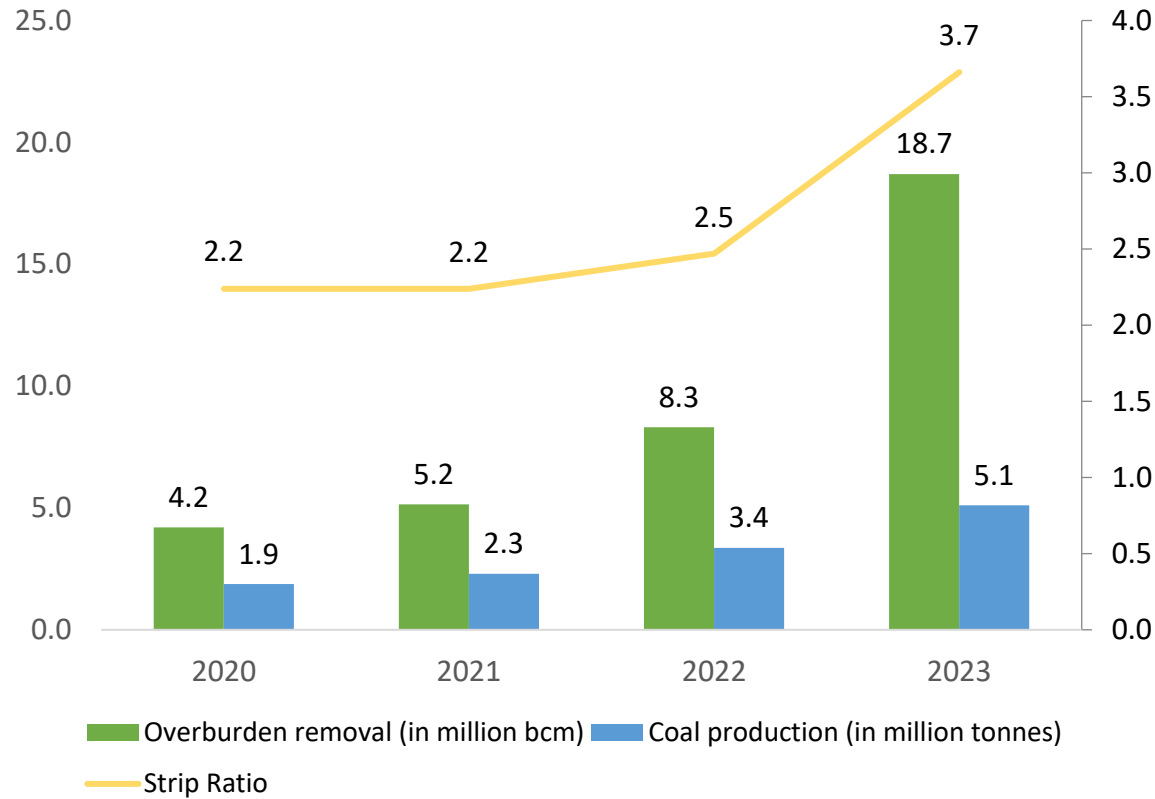
Sources: Adaro Analysis



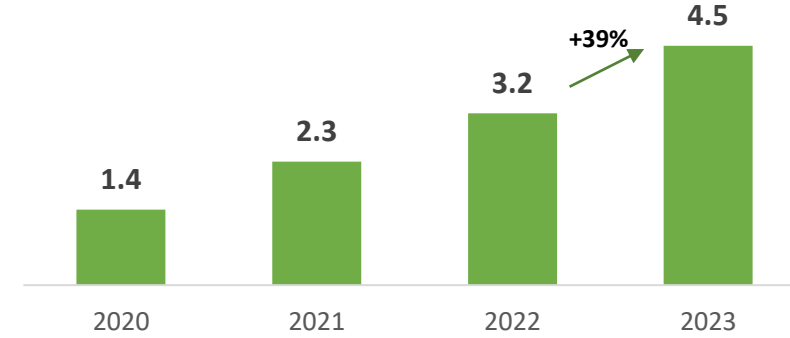
Operational & Financial Highlight

Strong Production & Sales

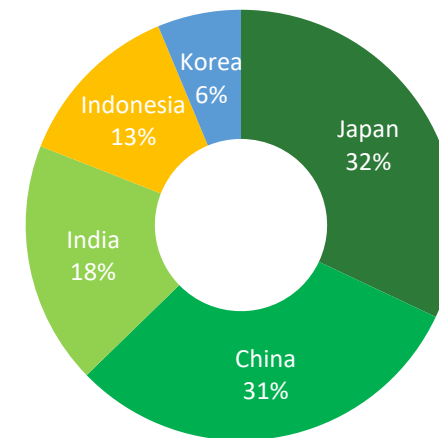
Growing Production with Low Strip Ratio



Expanding Sales Volume (Mt)

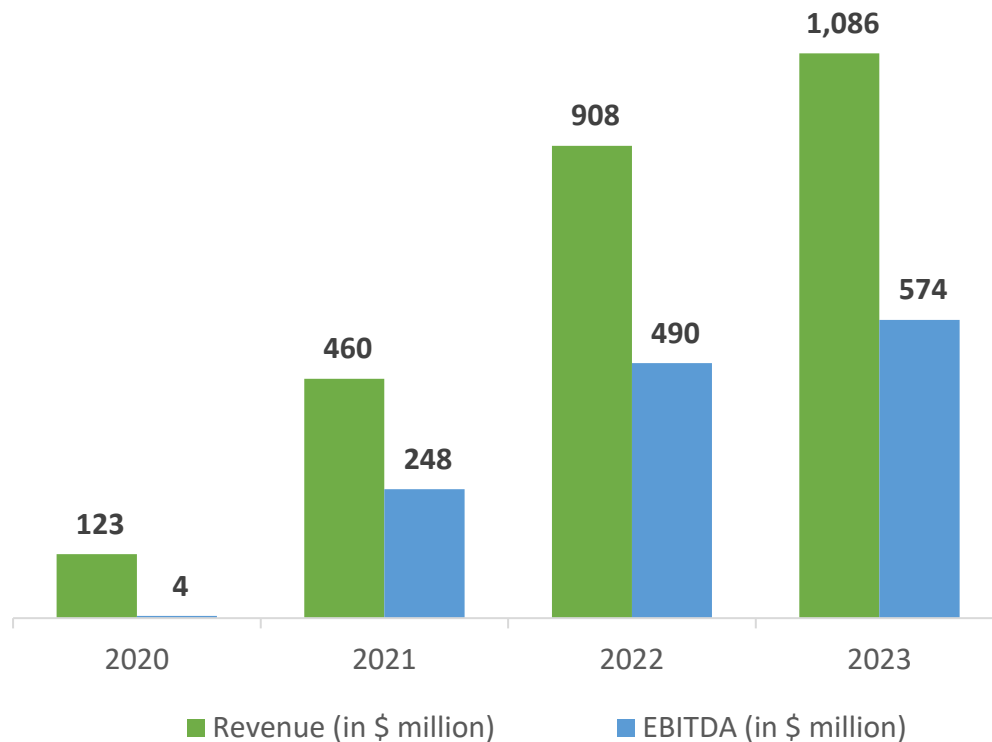


Broad Market Demand (FY23)

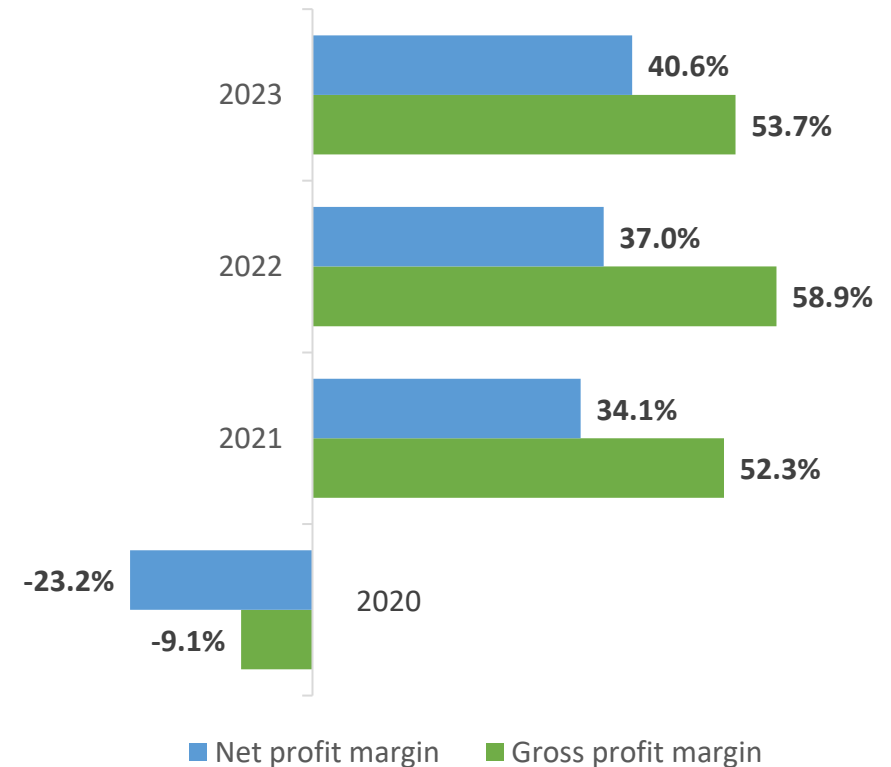


Profitability levels maintained

Improving Revenue and EBITDA



Stable Margins



Financial Summary

OPERATIONAL PERFORMANCE	FY23	FY22	% Change
Production (Mt)	5.1	3.4	52%
OB removal (Mbcm)	18.7	8.3	125%
Sales (Mt)	4.5	3.2	39%

FINANCIAL PERFORMANCE (in US\$ million, except Earning per share)	FY23	FY22	% Change
Net revenue	1,086.0	908.1	20%
Gross profit	583.2	534.9	9%
Net profit	440.8	335.7	31%
Operating Income	574.6	458.4	25%
Core Earnings	421.0	341.7	23%
Operational EBITDA	573.5	490.5	17%
Interest bearing debt	420.7	487.2	(14%)
Net debt (cash)	(165.7)	(24.2)	584%
Capital expenditure	134.0	21.1	534%
Cash	586.4	511.4	15%
Free cash flow	194.6	374.3	(48%)
Earnings per share (full amount)	0.0108	0.0081	33%

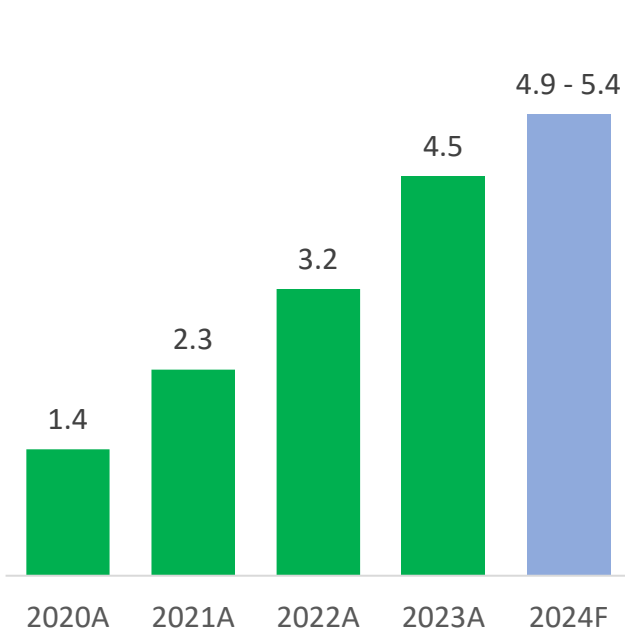
Key Metrics

FINANCIAL RATIO	FY23	FY22	% Change
Gross profit margin	53.7%	58.9%	(5%)
Net profit margin	40.6%	37.0%	4%
Operating margin	52.9%	50.5%	2%
Operational EBITDA margin	52.8%	54.0%	(1%)
Net debt (cash) to equity (x)	(0.16)	(0.04)	299%
Net debt (cash) to last 12 months Operational EBITDA (x)	(0.29)	(0.05)	485%
Cash from operations to capex (x)	2.21	22.69	(90%)

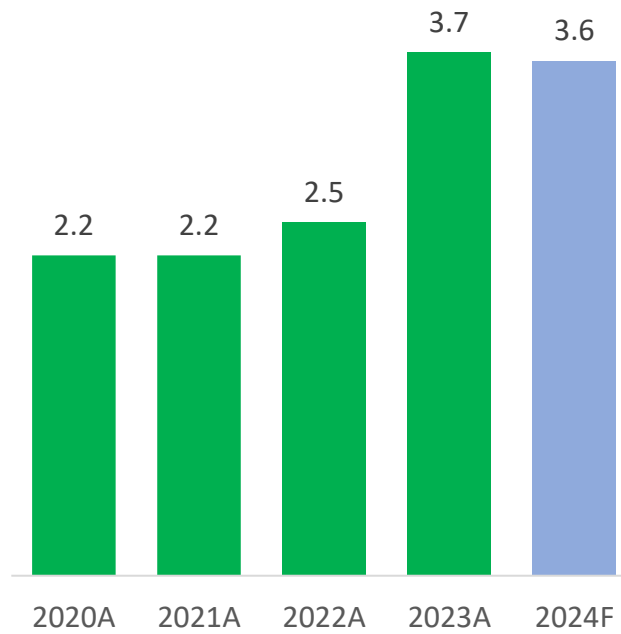
FY24 Projections



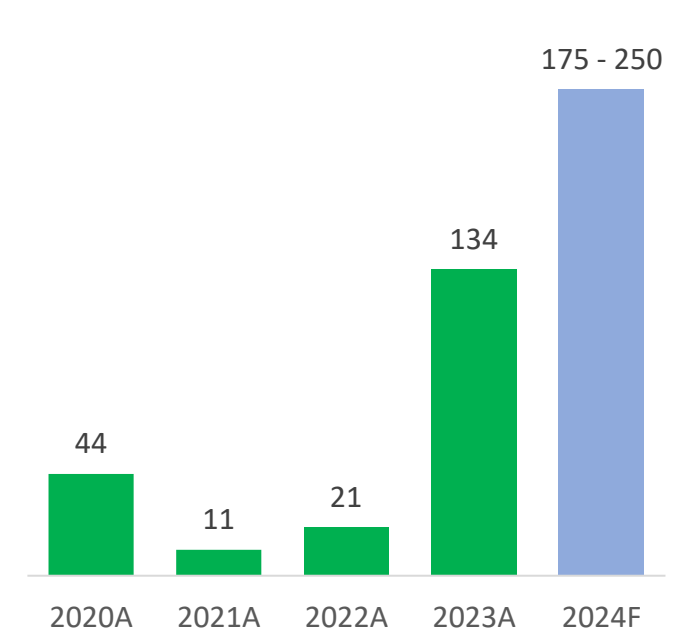
Sales Volume (in Mt)



Strip Ratio



Capital Expenditure (in \$ million)



Conclusions and Takeaways

- ADMR's competitive strengths include: (i) a large coal reserve and resource, (ii) premium product quality, (iii) a growing client base amongst blue-chip steel companies, and (iv) industry-leading cost structure.
- Production volume in FY23 reached 5.1 million tonnes, up 52% year-on-year, with sales reaching 4.5 million tonnes, reflecting 39% year-on-year increase.
- Capital expenditure in FY23 reached \$134.0 million as we advanced construction of PT Kalimantan Aluminium Industry's (KAI) aluminium smelter whilst infrastructure projects at PT Maruwai Coal (MC) continue to progress.
- The aluminium smelter project under KAI is currently progressing well with the piling works as well as the construction of other infrastructure related facilities.

Thank you

