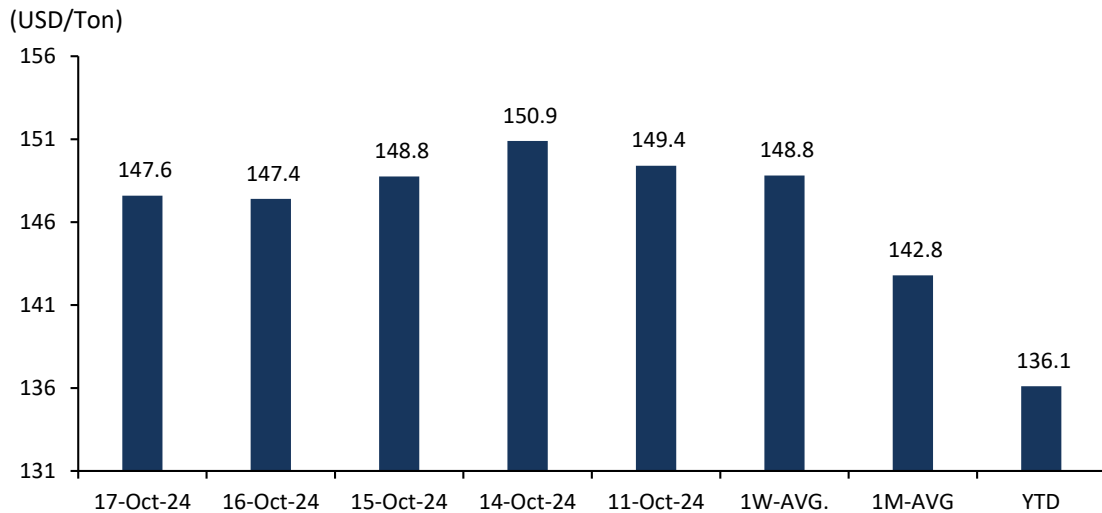


Coal Weekly (18 October 2024): USD 149/ton (-0.9% WoW)



Price Chart



Recent Catalysts Driving the Price

- In 11 – 17 October 2024, average coal prices declined to USD 148.8/ton (-0.9% WoW), driven by decreased oil prices as tensions in the Middle East stabilized, coupled with reduced activity at China's ports and production areas post-holiday due to lower demand.
- We noticed several indicators suggesting the potential of further decline in coal consumption. The UK became the first G7 country to phase out coal-fired power generation, marked by the closure of 2,000 MW plant in Nottinghamshire. Also, India's Ministry of Electricity launched USD 109 billion transmission expansion plan to support renewable energy growth (500 GW in 2030; 600 GW in 2032). Additionally, South Korea's coal imports dropped to 9.47 Mt in September (-14.78% MoM; -2.92% YoY).
- Therefore, we maintain our FY24 coal price forecast at USD 136/ton (YTD: USD 136.1/ton) with ADRO (TP IDR 4,700; FY24 P/E of 5.7x) as our top pick, primarily due to its AAI spin-off plan and significant dividends.

Peer Comparables

| Ticker | Market | | Current Price (IDR) | Target Price (IDR) | 1W Net Buy (Sell) (IDR) | 2024F | | | |
|---------------|---------------|--------|---------------------|--------------------|-------------------------|----------------|-------------|----------------|-------------|
| | Cap. (IDR Tn) | Rating | | | | EPS Growth (%) | P/E (x) | Div. Yield (%) | ROE (%) |
| ADRO | 120 | BUY | 3,900 | 4,700 | (57.9) | (26.6) | 6.4 | 7.6 | 17.9 |
| UNTR | 100 | HOLD | 26,725 | 29,375 | 68.6 | (14.0) | 5.5 | 8.3 | 21.7 |
| BUMI | 54 | BUY | 146 | 170 | 84.4 | 1,445.5 | 53.7 | - | 23.1 |
| PTBA | 35 | BUY | 3,060 | 3,750 | (42.7) | (26.9) | 7.9 | 9.4 | 20.2 |
| ITMG | 29 | HOLD | 25,950 | 26,000 | (38.9) | (32.0) | 5.6 | 12.3 | 17.8 |
| Sector | 338 | | | | 13.5 | 212.4 | 13.2 | 7.2 | 20.1 |

Coal Revenue Contribution 1H24, by Company

