

# ADARO ANDALAN INDONESIA (AADI) – IPO Report



- Adaro Andalan Indonesia (AADI), one of ADRO's most profitable entities, operates as a thermal coal mining company with total coal resources of 4.1bn tons (13% of Indonesia), mainly located in Kalimantan (6 of 7 mining assets). The company reports strong financial performance, with 1H24 bottom line at USD 859mn (+21.2% YoY). The company is preparing to IPO at 5 Dec 2024, issuing 7.8bn with potential fund raising of IDR 3.6-4.6tn (USD 226.9-291.7mn).
- AADI is expected to use IPO proceeds to develop its subsidiary, Maritim Barito Perkasa (MBP), enhancing coal delivery capabilities with additional tug, barge, and floating crane, potentially increasing coal transport c. +31,000 tons (+4.0% capacity). The company forecasts annualized 2024F sales volume of 66 Mt (+8.5% YoY) with stripping ratio of 4.3x, bringing 2024F net profit to USD 1.7bn (+52.1% YoY). AADI's robust financial standing is further highlighted by its substantial asset base, valued at USD 5.4bn (52.9% of ADRO's total assets) with ROE of 40.7% and net cash position.
- With offering price range of IDR 4,590-5,900 per share, AADI's valuation stands at 1.41-1.68x 2024F P/E, 75% discount from sector average. This positions AADI as an undervalued stock with significant upside potential of +222% to IDR 16,900/share (assuming 2024F P/E aligns with peers).
- Post-IPO, AADI will conduct public offering for ADRO's shareholders (PUPS) with implied diluted conversion ratio of 4.4:1. To fund share conversion, ADRO plans to disburse special dividends of USD 2.6bn, reflecting 34.5% div. yield, equivalent to 90% of AADI's market cap.

## Key Valuations & Ratios

YE to Dec 31	2021A	2022A	2023A	1H24A	2024F
EV/EBITDA (x)	1.4	0.1	0.6	3.4	0.4
EPS (IDR)	1,480	4,176	2,314	1,737	3,518
EPS Growth (%)	N/A	182.1	(44.6)	(24.9)	52.1
P/E (x)	3.5	1.3	2.3	3.0	1.5
BVPS (IDR)	6,725	8,325	8,831	4,820	8,651
P/BV (x)	0.8	0.6	0.6	1.1	0.6
DPS (IDR)	1,740	3,328	1,842	5,282	5,282
DPR (%)	117.5	79.7	79.6	304.1	150.1
Div. Yield (%)	33.2	63.5	35.1	100.7	100.7
ROAE (%)	22.0	50.2	26.2	36.0	40.7
ROAA (%)	11.8	25.9	16.2	15.8	23.5
Net Debt (IDRbn)	N.C	N.C	N.C	N.C	N.C
Net Gearing (x)	(0.1)	(0.5)	(0.4)	(0.1)	(0.5)

Source: Company, SSI Research

## Stock Data

### Key Information

Mkt. Cap. (IDRtn) (Low/High Price)	:	35.7/45.9
Shares Outstanding (bn)	:	7.8
IPO Price Offering (IDR/share)	:	4,590 – 5,900
Majority Shareholders (%) Posted IPO & PUPS	:	ASI – 41.1
	:	Public (ADRO's Holder) – 43.1
	:	Garibaldi Thohir – 5.8
	:	Public – 10.0

## Major Drivers

Year to 31 Dec (%)	2021A	2022A	2023A	1H24A	2024F
Revenue Growth	N/A	100.0	(23.4)	(55.1)	(10.3)
EBITDA Growth	N/A	139.9	(62.1)	(54.0)	(9.7)
Gross Profit Margin	38.7	51.1	29.2	29.3	28.4
EBIT Margin	34.2	47.4	24.0	24.2	23.6
EBITDA Margin	43.2	51.8	25.6	26.3	25.8
Net Profit Margin	19.0	53.5	29.6	22.2	45.0
Corporate Tax Rate	32.3	38.9	17.6	10.9	10.9

Source: Company, SSI Research

## Financial Highlights

YE to Dec 31 (USDmn)	2021A	2022A	2023A	1H24A	2024F
<b>Profit &amp; Loss</b>					
Revenue	3,862	7,726	5,915	2,657	5,304
Gross Profit	1,493	3,949	1,729	777	1,507
Operating Profit	1,322	3,659	1,417	642	1,250
EBITDA	1,667	4,000	1,517	698	1,369
EBT	1,225	3,848	1,560	1,035	2,080
Corporate Income Tax	396	1,499	274	112	226
Net Profit	732	2,065	1,144	859	1,740

### Balance Sheet

Cash	1,503	3,380	2,534	1,080	2,974
Total Assets	6,191	7,966	7,063	5,433	7,403
Debt	1,215	1,125	888	884	906
Total Liabilities	2,569	3,458	2,272	2,712	2,780
Minority Interest	297	393	424	338	346
Shareholders' Equity	3,325	4,116	4,366	2,383	4,277

Source: Company, SSI Research

Analysts: Farras Farhan, Hernanda Cahyo

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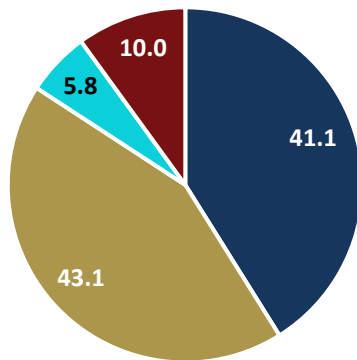
## Peer Comparables

Ticker	Market Cap (IDR Tn)	EPS Growth (%)		Div. Yield (%)		P/BV (x)		P/E (x)		ROE (%)	
		24F	25F	24F	25F	24F	25F	24F	25F	24F	25F
UNTR IJ	98	(7.4)	(10.5)	8.0	7.3	1.0	0.9	5.0	5.6	22.4	17.8
BUMI IJ	61	1,445.5	136.8	n.a	n.a	1.3	1.4	60.3	25.5	23.1	5.2
PTBA IJ	32	(30.3)	21.8	16.0	11.1	1.6	1.5	7.6	6.3	20.1	23.8
ITMG IJ	30	(31.8)	(12.0)	13.9	11.6	1.0	0.9	5.6	6.3	18.0	15.5
<b>AADI IJ</b>	<b>41</b>	<b>52.1</b>	<b>(19.5)</b>	<b>100.7</b>	<b>21.0</b>	<b>0.6</b>	<b>1.3</b>	<b>1.5</b>	<b>3.9</b>	<b>52.2</b>	<b>32.5</b>
<b>Sector</b>	<b>262</b>	<b>333.8</b>	<b>26.1</b>	<b>22.2</b>	<b>8.7</b>	<b>1.1</b>	<b>1.2</b>	<b>17.7</b>	<b>10.1</b>	<b>26.4</b>	<b>17.6</b>
Median	41	(7.4)	(10.5)	14.9	11.3	1.0	1.3	5.6	6.3	22.4	17.8
Max	98	1,445.5	136.8	100.7	21.0	1.6	1.5	60.3	25.5	52.2	32.5
Min	30	(31.8)	(19.5)	8.0	7.3	0.6	0.9	1.5	3.9	18.0	5.2

Source: Bloomberg, SSI Research

## Share Holder Composition

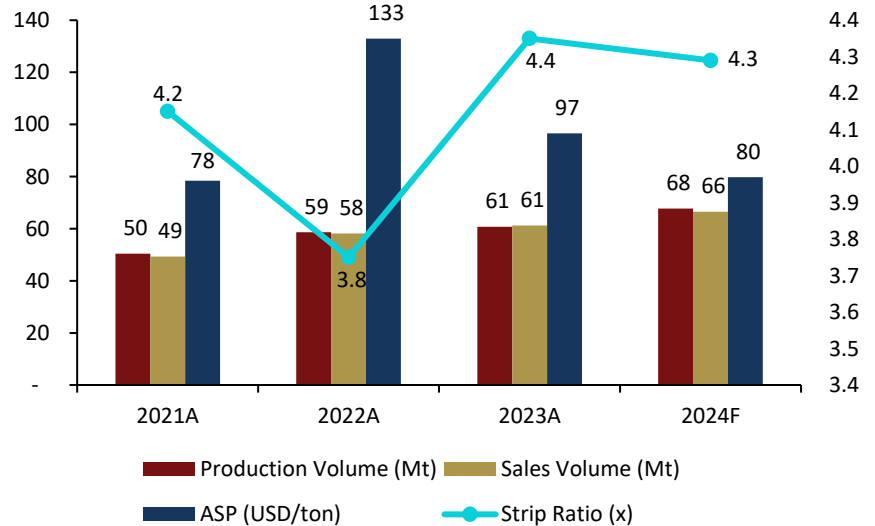
(%)



■ ASI ■ Public (ADRO's Holder) ■ Garibaldi Thohir ■ Public

Source: Company

## Operational Figures



Source: Company

Analysts: Farras Farhan, Hernanda Cahyo