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**PT Adaro Energy Indonesia  
Tbk / PT Adaro Minerals  
Indonesia Tbk Results  
Presentation**

**November 1, 2022**

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# Recent business performance



Continue to Report Record Revenues, Operational EBITDA & Profits in 9M22

## 1 Pricing and Sales Volume Drove a Repeat of Outsized EBITDA Growth

- 9M22 Average selling price(ASP) increased by 106% YoY and sales volume increased by 14% to 44.2 mt from 38.9 mt in the year ago period.
- Revenues, Operational EBITDA and Core earnings increased by 130%, 231%, 262% to \$5.91 bn, \$3.80 bn, \$2.33 bn, respectively in 9M22 compared to the YoY period. Operational EBITDA margins expanded to 64% from 45% in the year ago period. Record 9M pricing was driven by inclement weather, disruptions to the global supply chain and tight labor availability.
- Strengths are maintained elevated pricing, pickup in sales and production, Weakness is that we remain below our overburden removal and strip ratio.

## 2 Strong performance at Adaro Minerals

- 9M22 ASP increased by 105% YoY and sales volume increased by 41% to 2.19 mt from 1.55 mt in the year ago period.
- Revenues, Operational EBITDA and Net Profit increased by 188%, 318% and 456% to \$666 mn, \$411 mn and \$292 mn respectively, in 9M22 compared to the YoY period. Operational EBITDA margins expanded to 61.7% in 9M22 compared with 42.5% in 9M21
- Strengths were pricing and increased sales/production, while weaknesses were weather impact on mining and logistics

## 3 Transformation Continues to move forward

- Progress is moving forward in our transformation to renewables and supporting the EV battery segment in Indonesia. We anticipate operations to begin in early 2025 on our 500,000 ton Aluminium smelter in Kaltara (N. Kalimantan).
- We continue to tender for large scale solar, wind and hydro projects in Indonesia while working on finalizing tenants at our Green Industrial Park in Kaltara.

Specific to 3Q22, Strong performance across our consolidated business, led by Revenues, Operational EBITDA, and Earnings in the quarter

- Revenues increased by 136% to \$2.37 bn in 3Q22 compared with \$1.0 bn in 3Q21.
- Operational EBITDA increased by 184% in 3Q22 to \$1.5 bn compared with \$514 mn in the same quarter of last year.
- 3Q22 Net Profit improve by 198% to \$823 mn from \$276 mn in the year ago quarter.

# Key Business Metrics

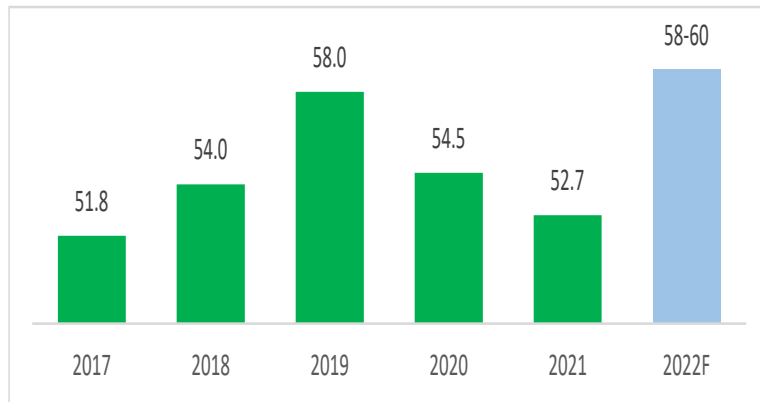


Adaro continues to meet targets, driving business expansion & solid results

- Production figures continue to increase with the target of 58-60 mt of consolidated (ADRO & ADMR) production forecast for FY22, representing an increase of 10-14% YoY. Despite inclement weather and challenges in procuring heavy equipment, Management is maintaining the production target.
- 2022 strip ratio target at ADRO is 4.1x, representing a decrease of 0.1x from 4.2x achieved in FY21. At 9M22, the strip ratio stood at 3.82x, a decrease of 12% YoY and tracking below the FY22 target. We anticipate we can increase the overburden removal in 4Q22, but we will miss the strip ratio target for FY22.
- ADRO's Capex target is \$300-\$450m and we currently have spent \$277m, a 123% increase YoY. We anticipate we will meet the Capex target as we continue to add heavy equipment to support operations and invest in our transformation.

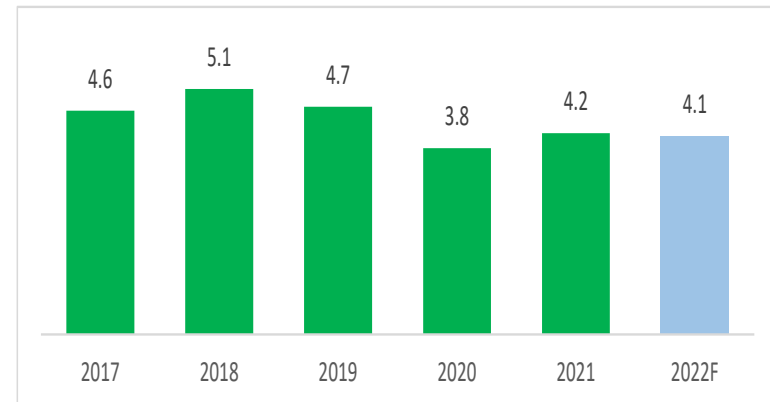
## 2022 Production Target of 58-60 mt; up 10-14% YoY

mt



## 2022 Strip Ratio target of 4.1x

(x)



# Regulatory Changes in 2022

New regulations will have a minor impact

## IUP and IUPK Royalty Scheme

- **Regulation:** Government Regulations No. 15 and No. 26 of 2022 both set the type and tariff for government's non-tax revenue from the Ministry of Energy and Mineral Resources. In the coal sector, holders of Izin Usaha Pertambangan (IUP) and Izin Usaha Pertambangan Khusus (IUPK) are most affected due to the change in royalty rate stipulated in this regulation.
- **Impact:** From Regulations 15 and 26 we anticipate a negative impact to net profits as the Royalty paid to the Government increases in both cases. Beginning in January 2023, the larger impact will be from regulation 15 as we transition to an IUPK at our largest mine from its current CCOW generation 1 status.

	IUPK Conversion Disaggregation	CCOW	IUPK
1	Royalty rate	13.5%	14% - 28%
2	CIT	45%	22%
3	Profit Sharing (from net income)		
	- Central Government	-	4%
	- Regional Government	-	6%

## Proposed regulatory changes

- **Proposed Regulation:** The government plans to implement a (BLU) which would help to support Company's that meet the Domestic Market Obligation (DMO) by reallocation of industry export revenues.
- **Impact:** We are awaiting the government's decision on this and do not anticipate a material negative impact because Adaro Indonesia supplies 25%+ of its coal to the domestic market. At Adaro Minerals there could be a negative impact. The final regulation is needed before providing more details.

# Balance of People, Planet and Profit

Adaro strives to balance our responsibilities among the generation of profit, the utilization of planet and employment of people.

ADRO's corporate social responsibility programs focus on five main areas:



Education



Economic development



Health



Environmental enhancement



Socio-cultural Enrichment

Our environmental programs cover four main areas:  
**land, air, water, and biodiversity.**



PT Adaro Energy Indonesia Tbk is rated **BBB** on MSCI ESG ratings.

# Financials That Will Drive the Transition



# Adaro Energy Indonesia's Performance

Continue to deliver consistent results and strong cash flows



OPERATIONAL	9M22	9M21	Change
Production (Mt)	45.37	39.64	14%
Sales (Mt)	44.17	38.86	14%
OB removal (Mbcm)	173.52	173.03	0%
FINANCIAL (US\$ millions, unless indicated)	9M22	9M21	Change
Net Revenue	5,913	2,569	130%
Core Earnings	2,331	644	262%
Operational EBITDA	3,798	1,149	231%
Cash	3,353	1,511	122%
Net Debt (Cash)	(1,843)	10	-18530%
Capex	277	124	123%
Free Cash Flow	2,071	641	223%
Operational EBITDA Margin	64.2	44.7	1,950 bps
Net Debt (Cash) to Equity (x)	(0.29)	0	-2,900 bps
Net Debt (Cash) to Last 12 months Operational EBITDA (x)	(0.54)	0.01	-5,300 bps
Cash from Operations to Capex (x)	11.39	6.82	457 bps



# 9M22 Balance Sheet – Adaro Energy Indonesia

Cash Generation Driving Driving Outsized Expansion in Capital

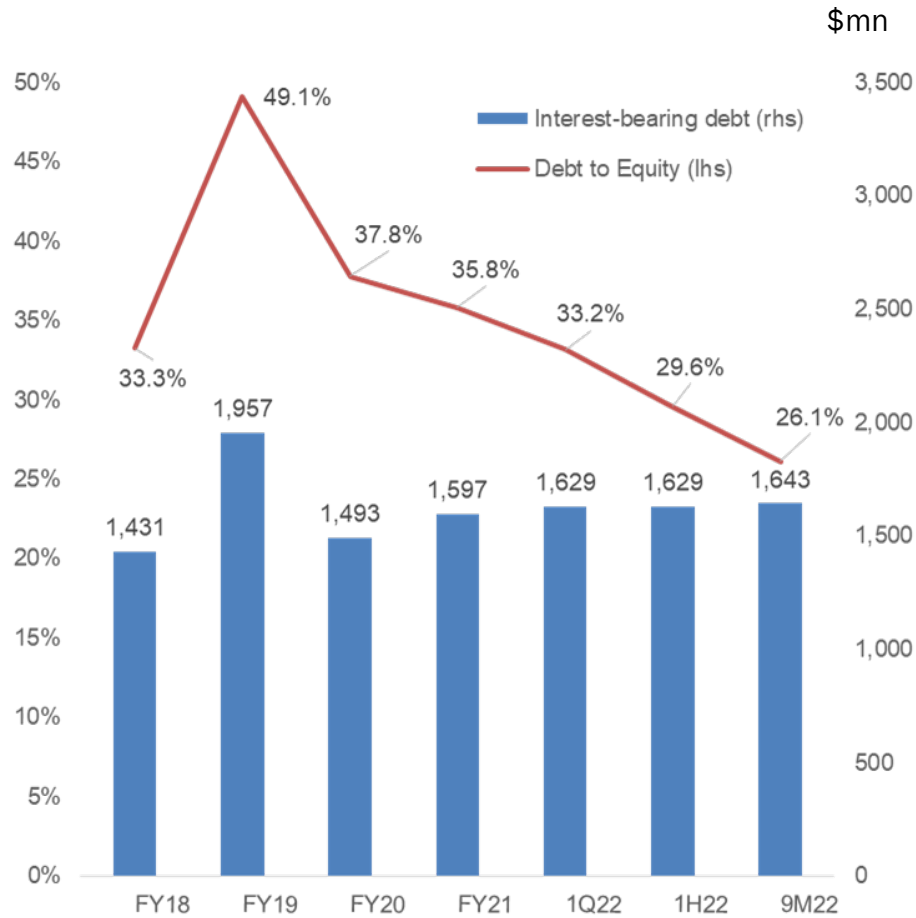
Assets	9M22	FY21	Liabilities & Stockholder Equity	9M22	FY21
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
Cash and cash equivalent	3,352,639	1,811,141	Trade payables	339,064	272,409
Trade receivables	753,582	451,989	Bank loans	135,425	218,971
Inventories	190,961	125,738	Corporate income tax payable	1,108,890	324,807
Prepaid taxes - current portion	42,570	26,564	Accrued expenses	111,403	59,936
Other current assets	208,335	422,700	Royalties payable	66,425	16,773
<b>Total Current Assets</b>	<b>4,548,087</b>	<b>2,838,132</b>	Other current liabilities	91,867	468,662
			<b>Total Current Liabilities</b>	<b>1,853,074</b>	<b>1,361,558</b>
<b>NON CURRENT ASSETS</b>			<b>NON CURRENT LIABILITIES</b>		
Investments in joint venture	1,228,401	831,991	Bank loans	713,205	550,594
Mining properties	1,044,728	1,217,484	Lease liabilities	36,528	42,271
Fixed assets	1,380,025	1,397,105	Deferred tax liabilities	165,486	187,396
Goodwill	776,943	776,943	Other non current liabilities	974,889	986,802
Deferred tax asset	141,081	92,933	<b>Total Non Current Liabilities</b>	<b>1,890,108</b>	<b>1,767,063</b>
Other non current assets	912,598	432,348			
<b>Total Non Current Assets</b>	<b>5,483,776</b>	<b>4,748,804</b>	<b>EQUITY</b>		
			Share issued and fully paid	342,940	342,940
			Additional paid in capital	1,154,494	1,154,494
			Transaction with non controlling interest	7,852	7,852
			Appropriated Retained earnings	68,588	68,588
			Unappropriated retained earnings	4,318,308	2,714,907
			Other comprehensive income (loss)	43,957	-54,931
			Treasury shares	-139,936	-97,070
			Non controlling interest	492,478	321,535
			<b>Equity</b>	<b>6,288,681</b>	<b>4,458,315</b>
<b>TOTAL ASSETS</b>	<b>10,031,863</b>	<b>7,586,936</b>	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>10,031,863</b>	<b>7,586,936</b>

# Cash balance of \$3.35 Billion

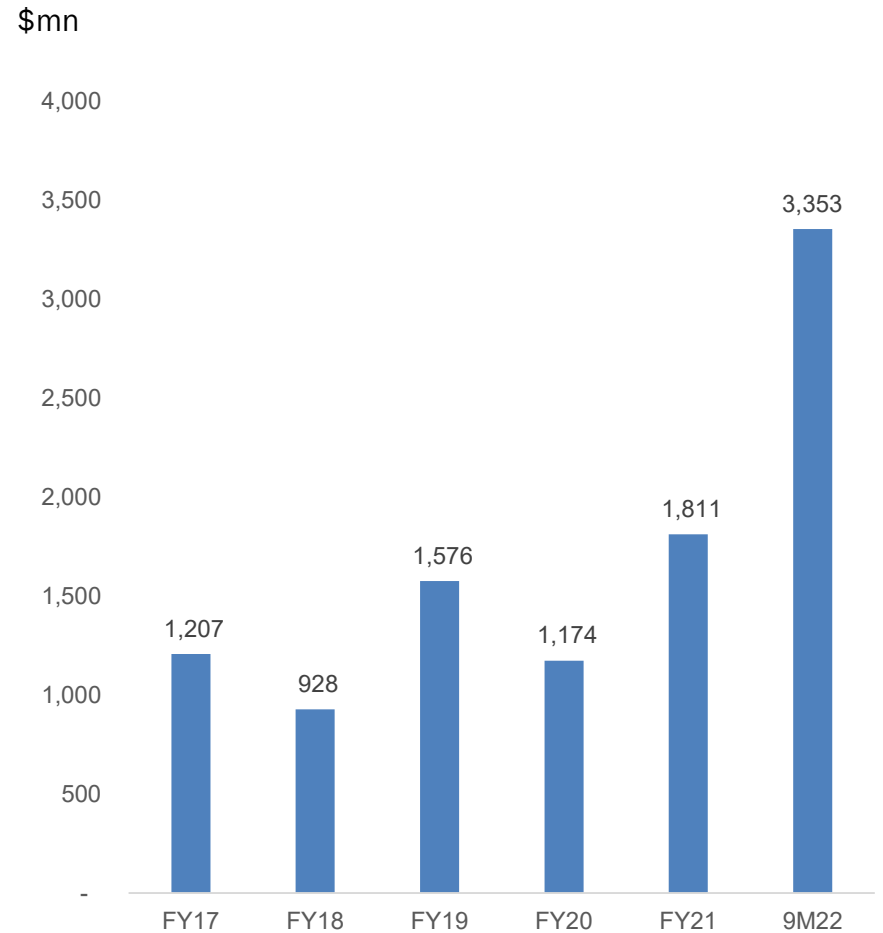
Debt to Equity at 26%, Net Cash to Equity 29%



## Deleveraging of Balance Sheet



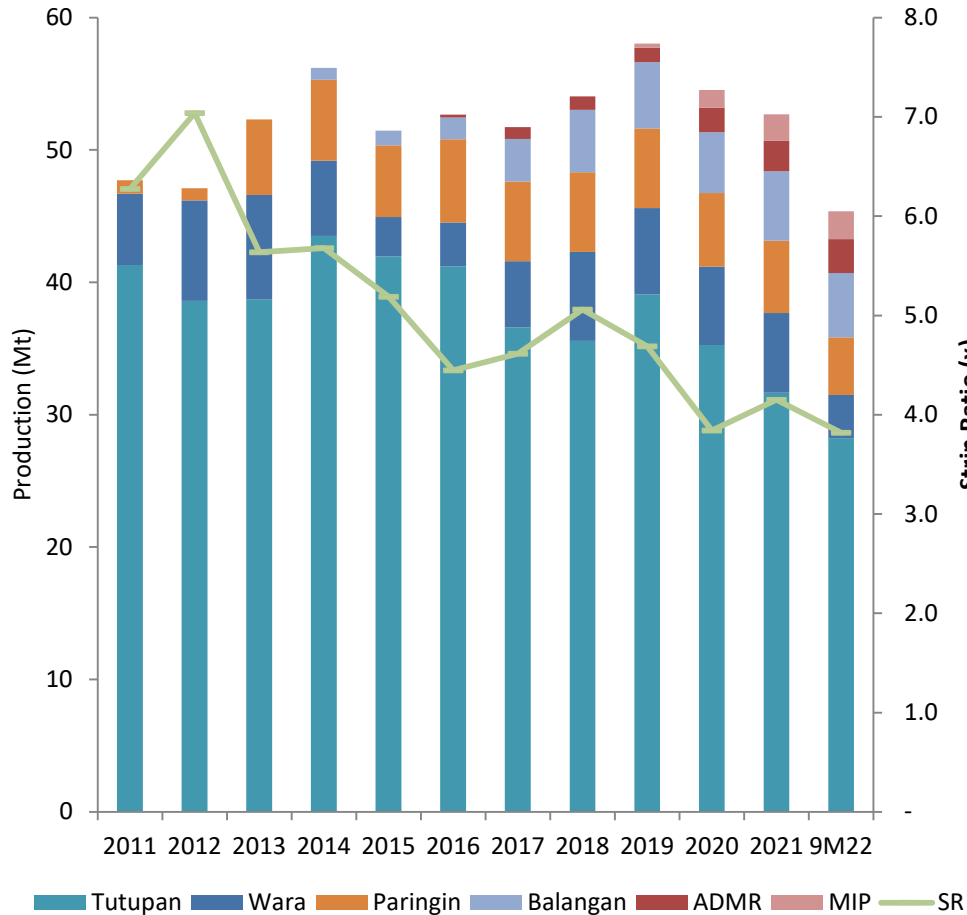
## Historical Cash Position



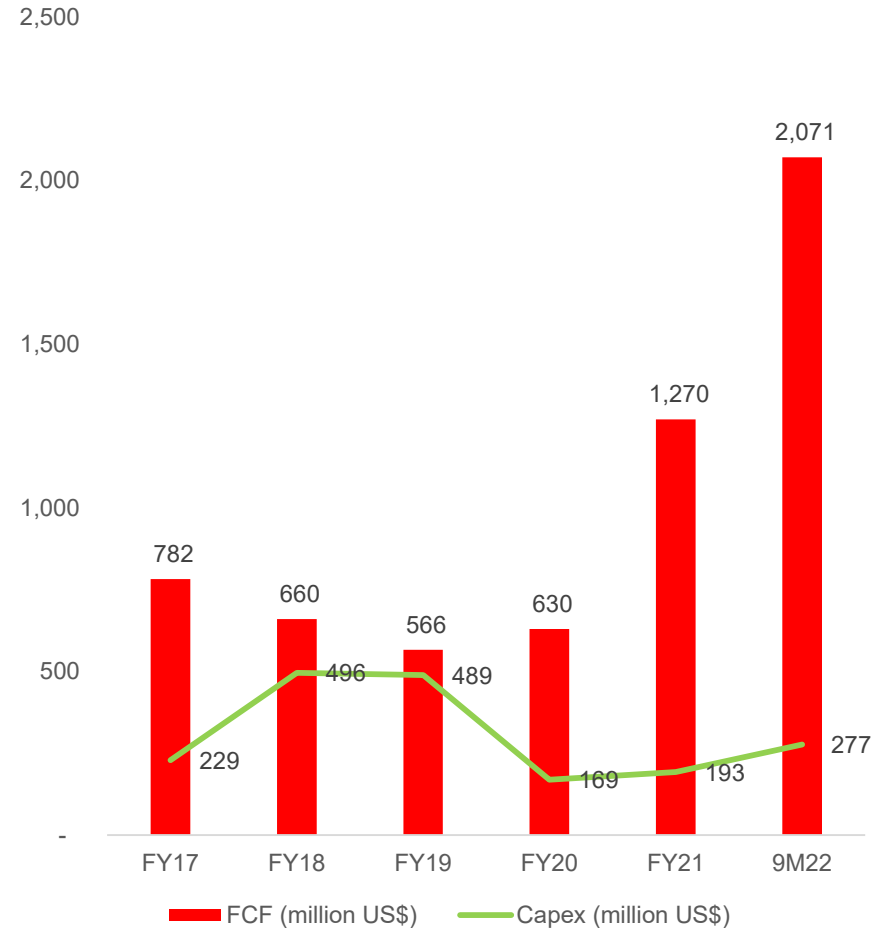
# Solid Financials Backed by Strong Operations



## Steady Production Through the Commodity Cycle



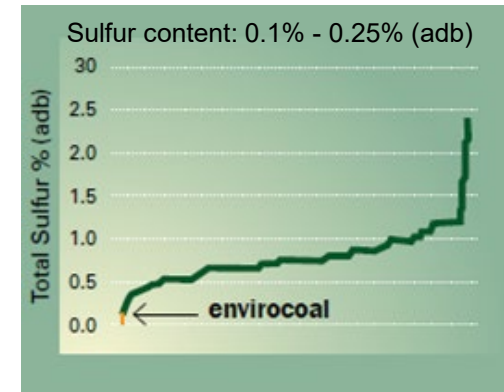
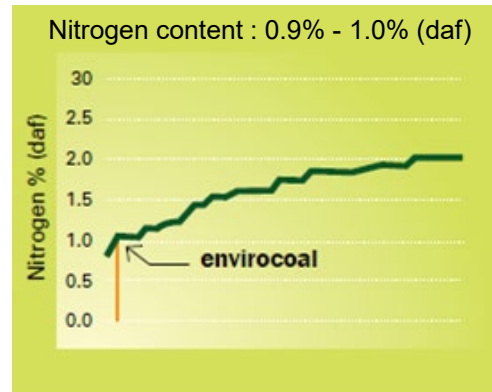
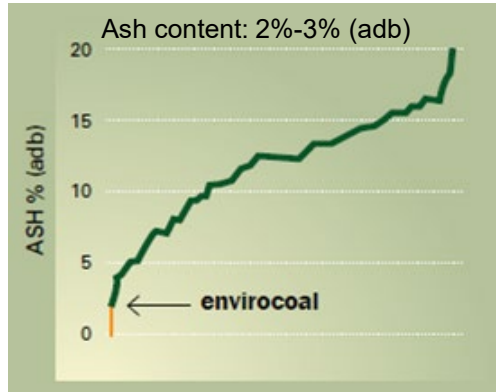
## Strong free cash flow generation to support Capex



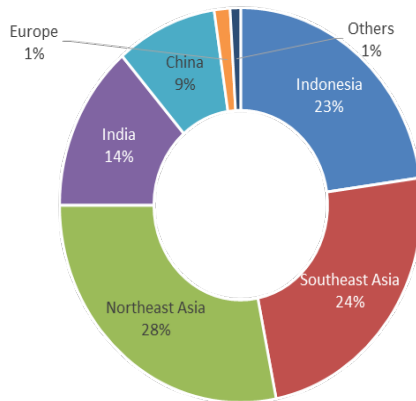
\*Production (LHS), Strip Ratio (RHS)

# Well Positioned Product and Strong Customer Base Focused on Asia

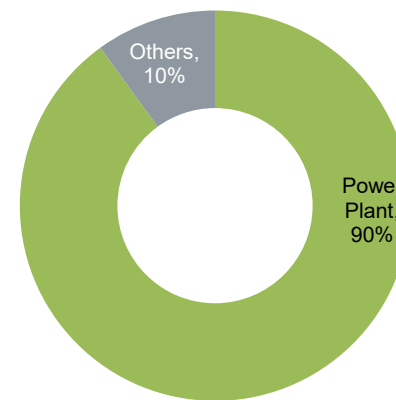
## Envirocoal is among the lowest pollutant content coal in the seaborne market



## Sales by Destination (9M22)



## Customer type by volume (9M22)

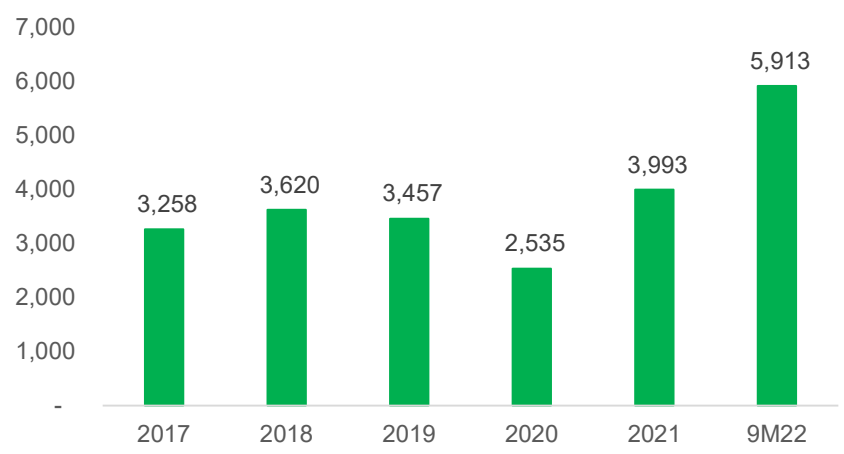


\*others include cement, pulp & paper, and industrial

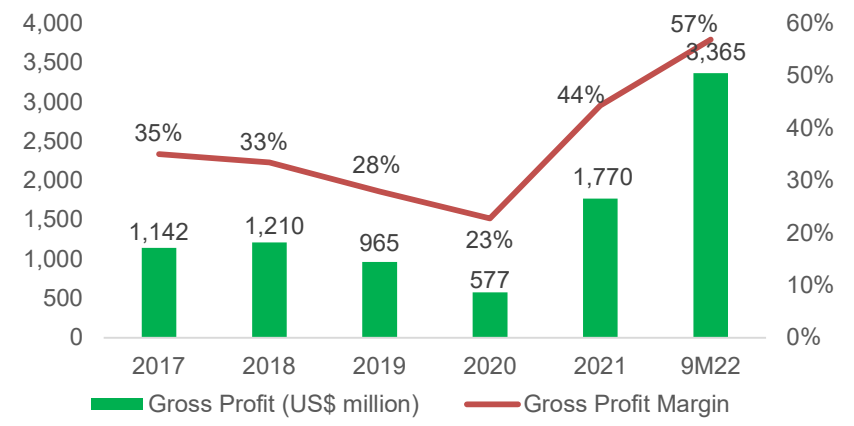
# 9M22 P&L – Adaro Energy Indonesia

Strong Results to Finance Transformation

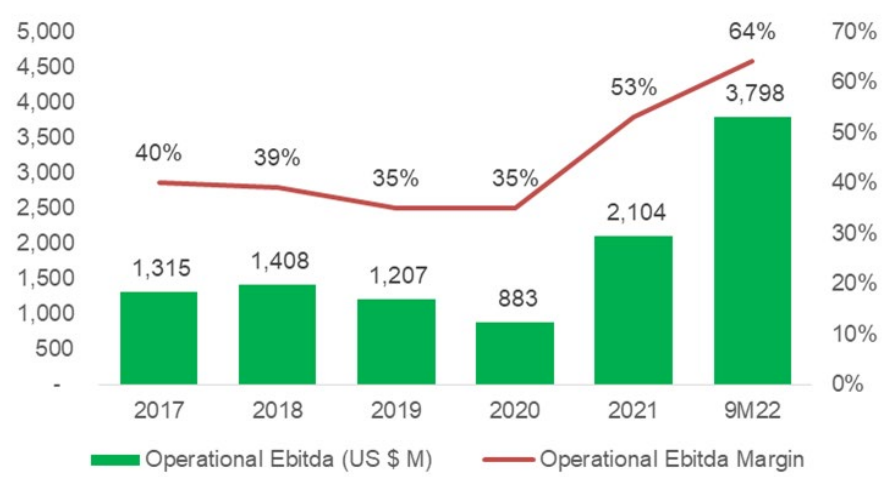
## Revenue



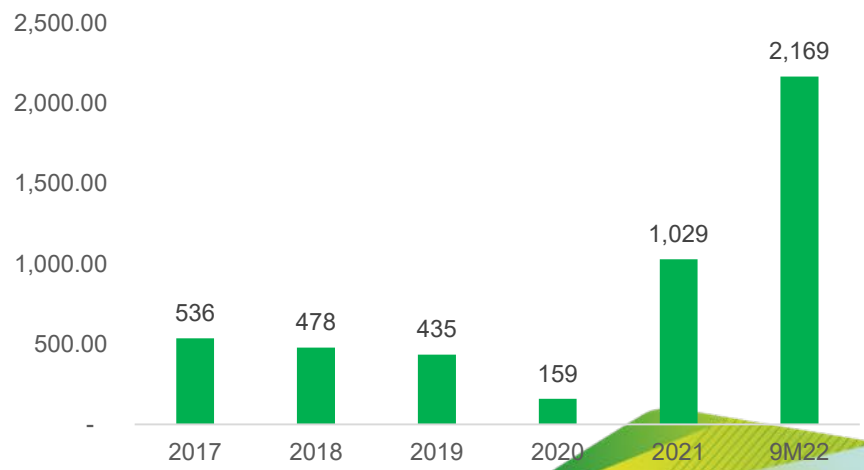
## Gross Profit & Margin



## Operational EBITDA



## NPAT

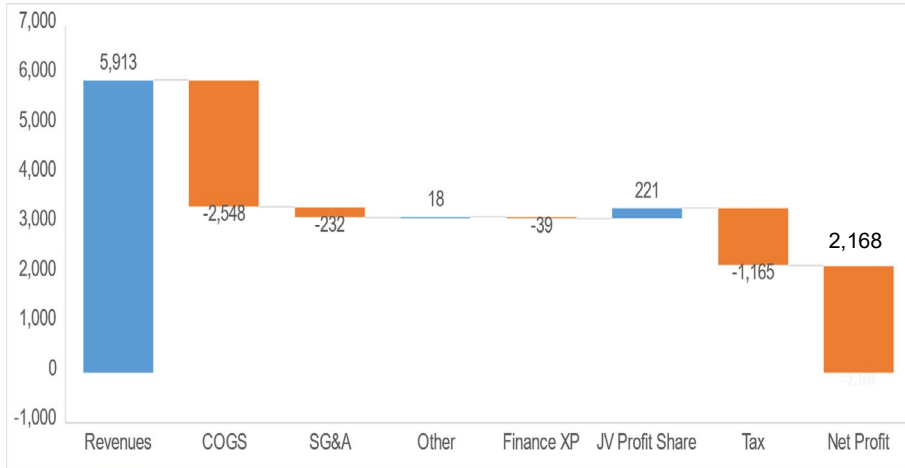


Note: EBITDA and Gross Profit exclude final tax

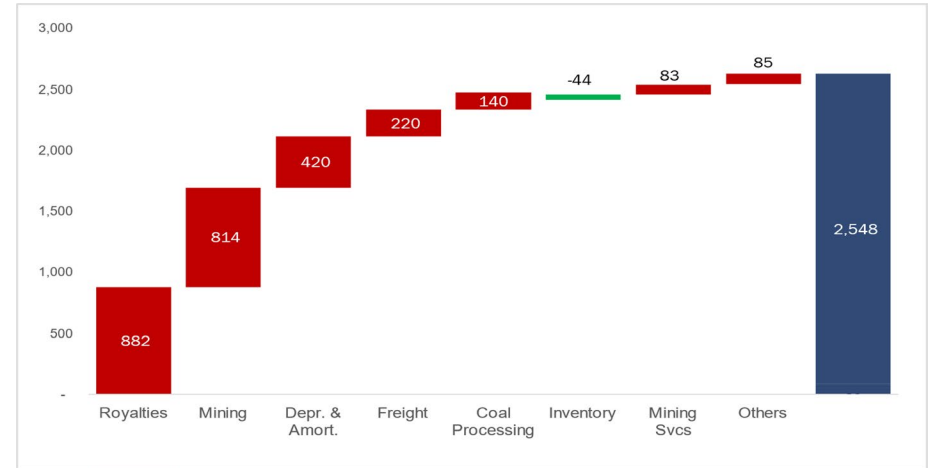
# Income Statement Highlights



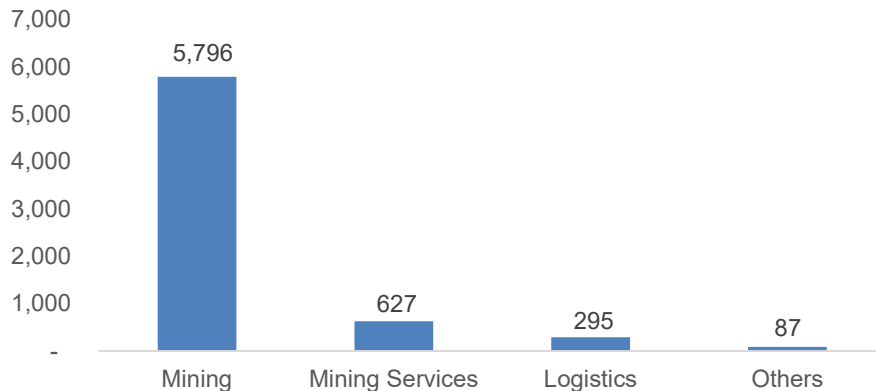
## P & L Movement



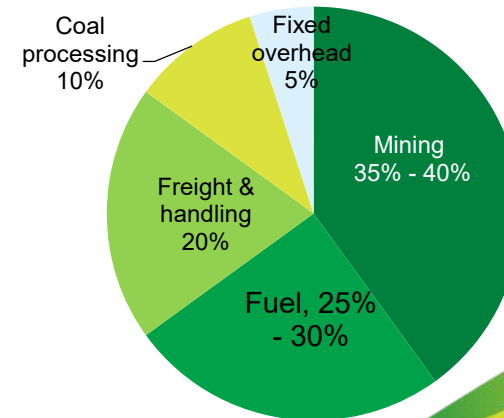
## Cost Of Revenues Disaggregation



## Revenue By Segment (not adjusted for elimination)



## Adaro's estimated coal cash cost breakdown (9M22)



# Adaro Minerals MetCoal Business

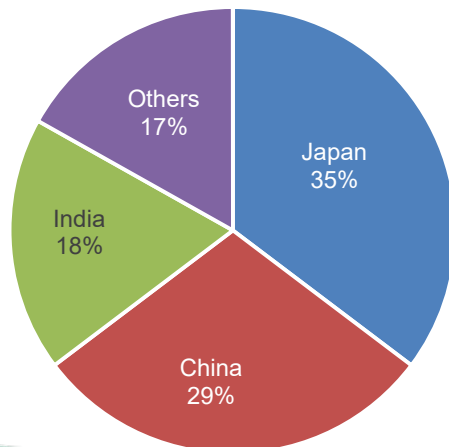
supports the Steel Industry, a key component in Renewables



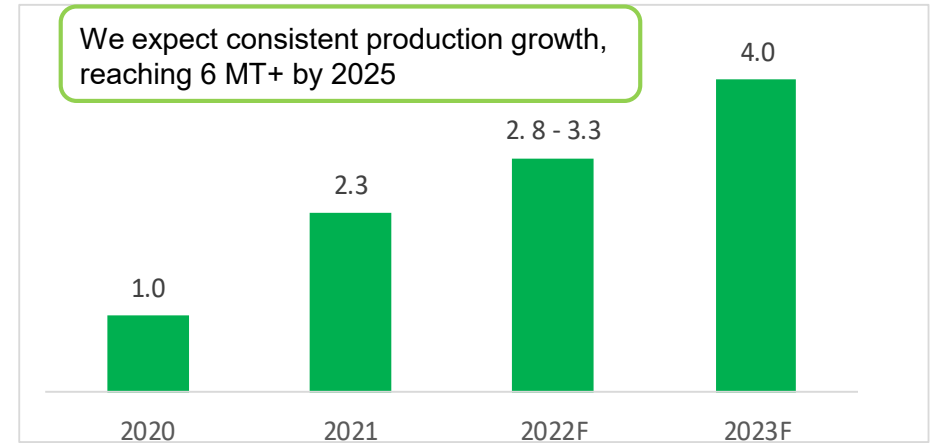
## Adaro Minerals key financial highlights

OPERATIONAL	9M22
Production (Mt)	2.56
Sales (Mt)	2.19
OB removal (Mbcm)	6.05
FINANCIAL (US\$ thousands, unless indicated)	9M22
Net Revenue	666
Core Earnings	292
Total Asset	1,243
Operational EBITDAMargin	61.7%

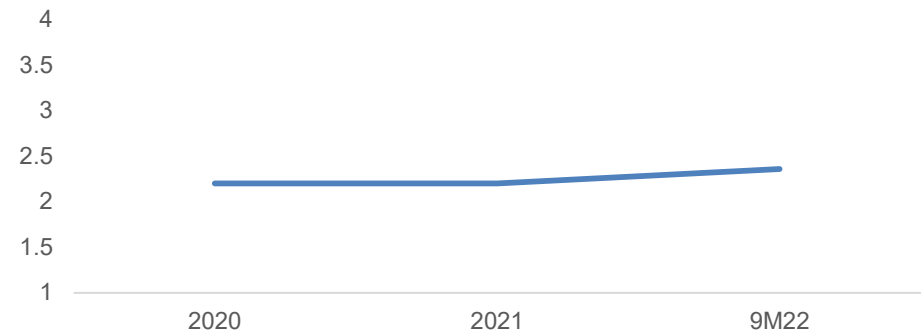
## Sales by Destination 9M22



## Adaro Minerals metcoal production (Mt)



## Adaro Minerals Strip Ratio Remains Very Low

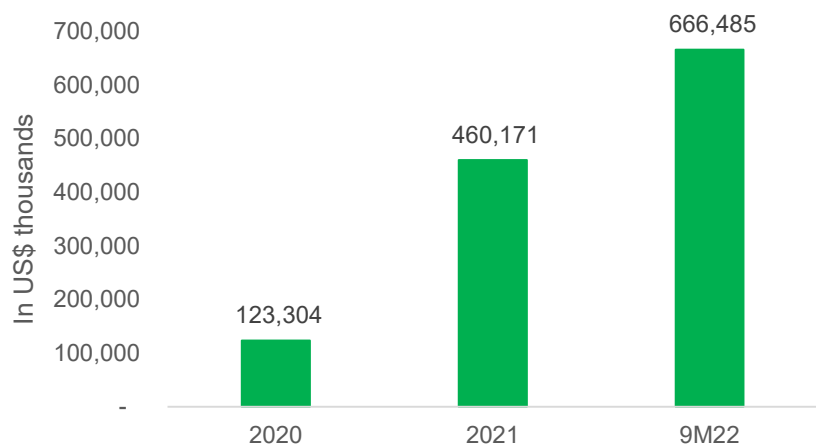


# 9M22 P&L – Adaro Minerals

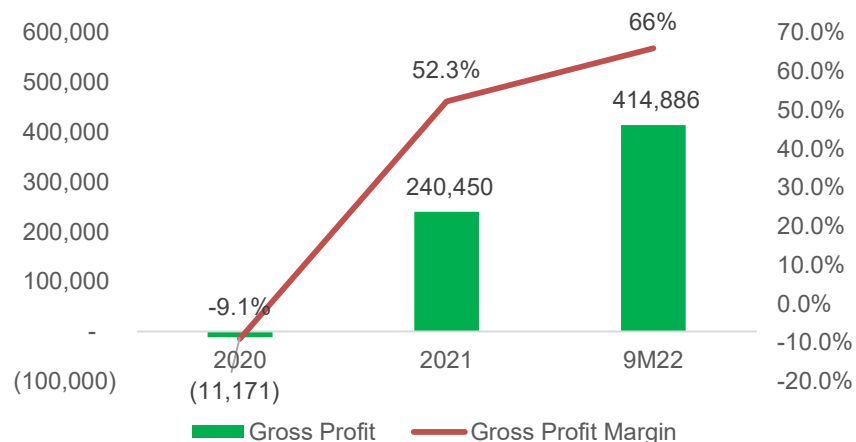
Strong Results driven by pricing and volume expansion



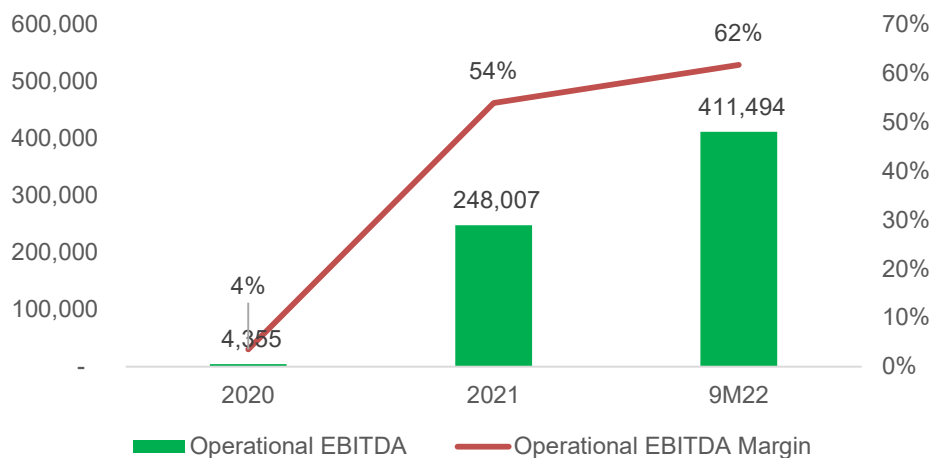
## Revenue



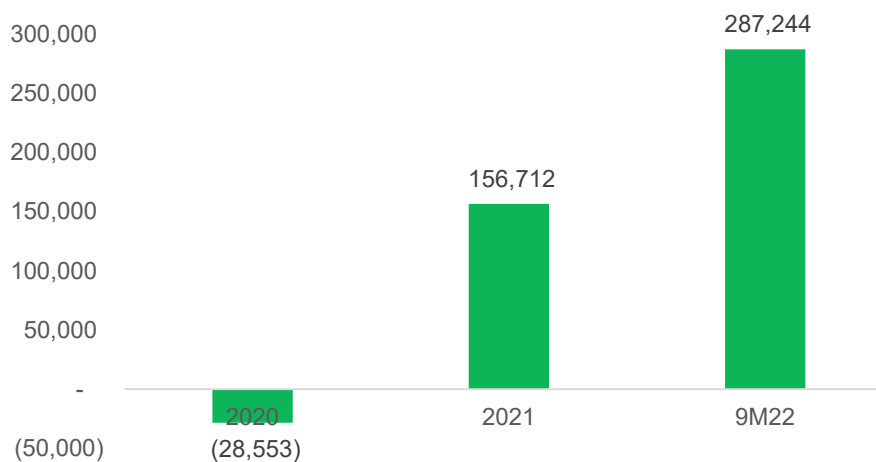
## Gross Profit



## EBITDA & Margin



## Net Profit



\*All figures in \$thousands on this slide aside from margin %age's

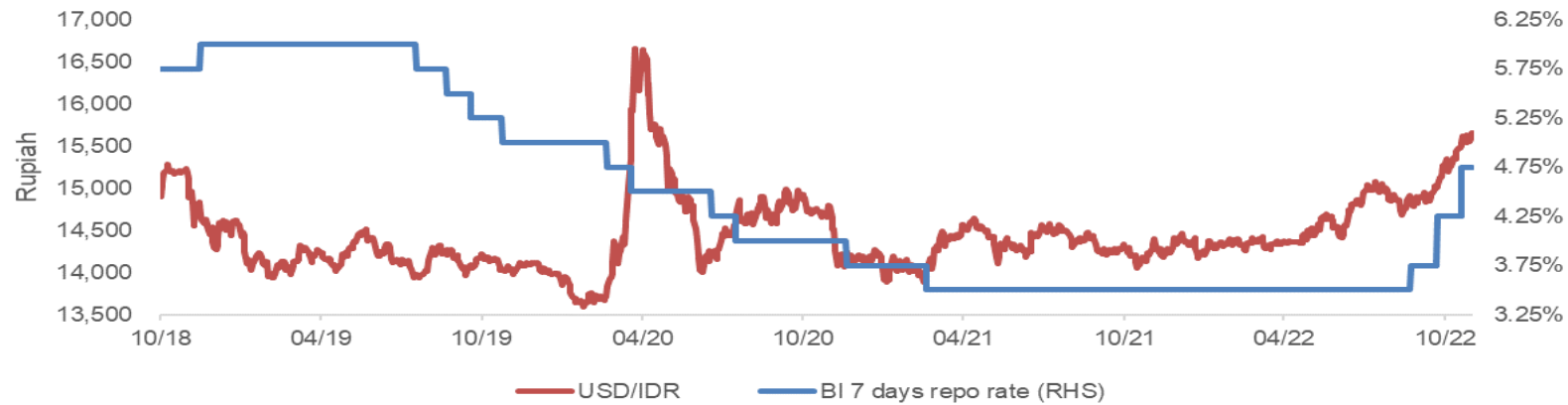


# Outlook

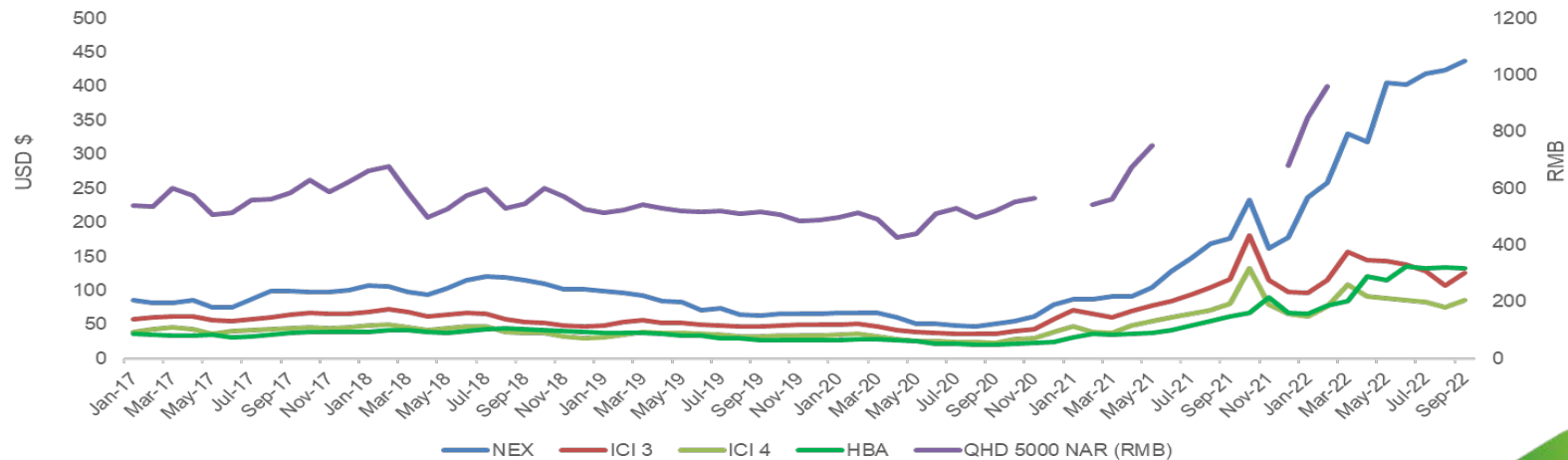


# Macro & Industry Outlook

## Macro Environment



## Coal Industry

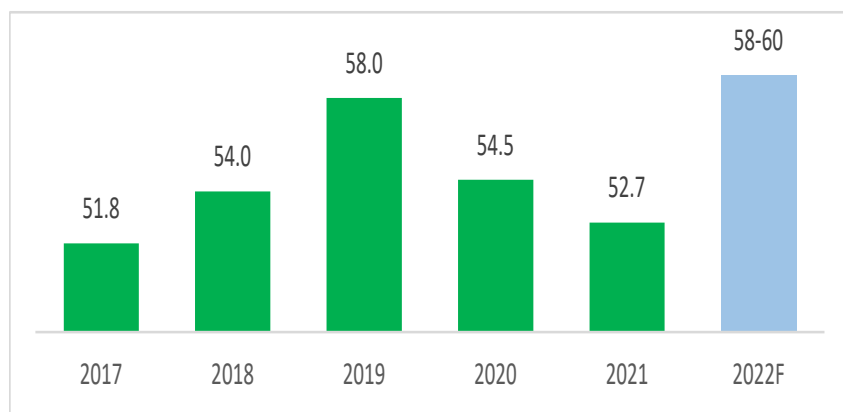


# On track to meet FY22 guidance

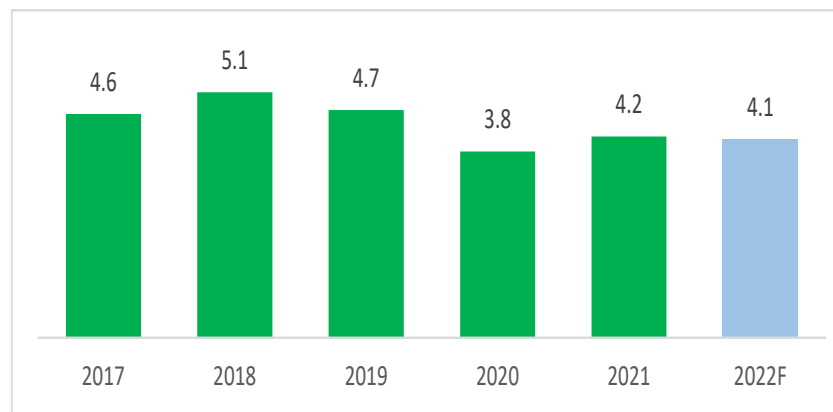
provides cash to invest in EV value chain and renewables



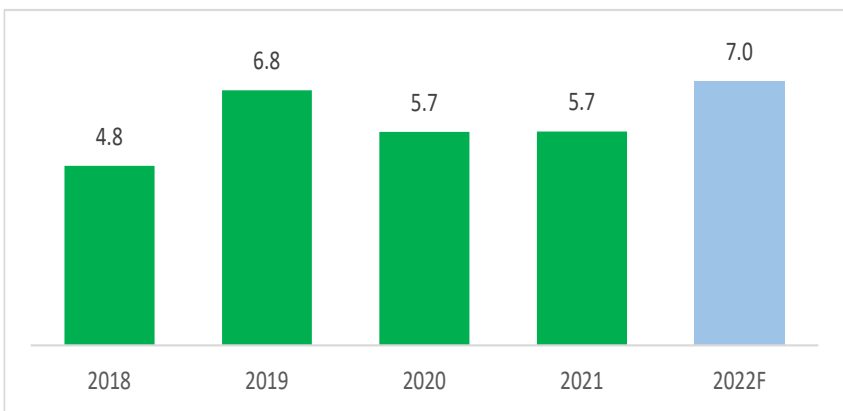
## Coal production (Mt)



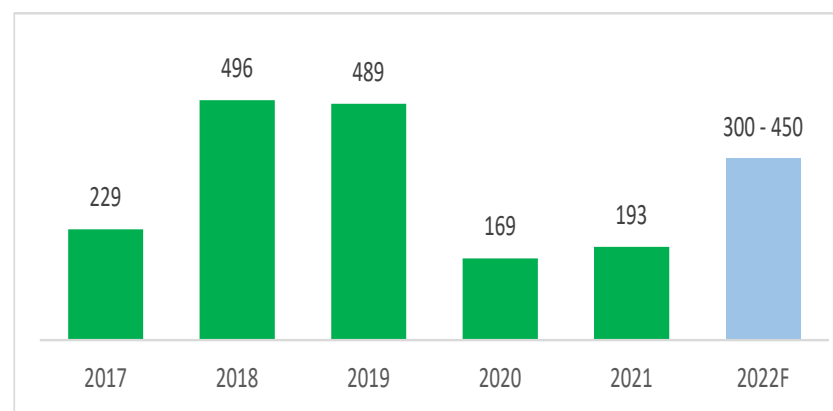
## Consolidated planned strip ratio (bcm/t)



## Kestrel MetCoal Production (Mt)



## Consolidated Capital expenditure (\$m)



Thank You

