



PT Adaro Energy Indonesia Tbk

March 2022

Disclaimer



These materials have been prepared by PT Adaro Energy Tbk (the “Company”) and have not been independently verified. No representation or warranty, expressed or implied, is made and no reliance should be placed on the accuracy, fairness or completeness of the information presented or contained in these materials. The Company or any of its affiliates, advisers or representatives accepts no liability whatsoever for any loss howsoever arising from any information presented or contained in these materials. The information presented or contained in these materials is subject to change without notice and its accuracy is not guaranteed.

These materials contain statements that constitute forward-looking statements. These statements include descriptions regarding the intent, belief or current expectations of the Company or its officers with respect to the consolidated results of operations and financial condition of the Company. These statements can be recognized by the use of words such as “expects,” “plan,” “will,” “estimates,” “projects,” “intends,” or words of similar meaning. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those in the forward-looking statements as a result of various factors and assumptions. The Company has no obligation and does not undertake to revise forward-looking statements to reflect future events or circumstances.

These materials are for information purposes only and do not constitute or form part of an offer, solicitation or invitation of any offer to buy or subscribe for any securities of the Company, in any jurisdiction, nor should it or any part of it form the basis of, or be relied upon in any connection with, any contract, commitment or investment decision whatsoever. Any decision to purchase or subscribe for any securities of the Company should be made after seeking appropriate professional advice.



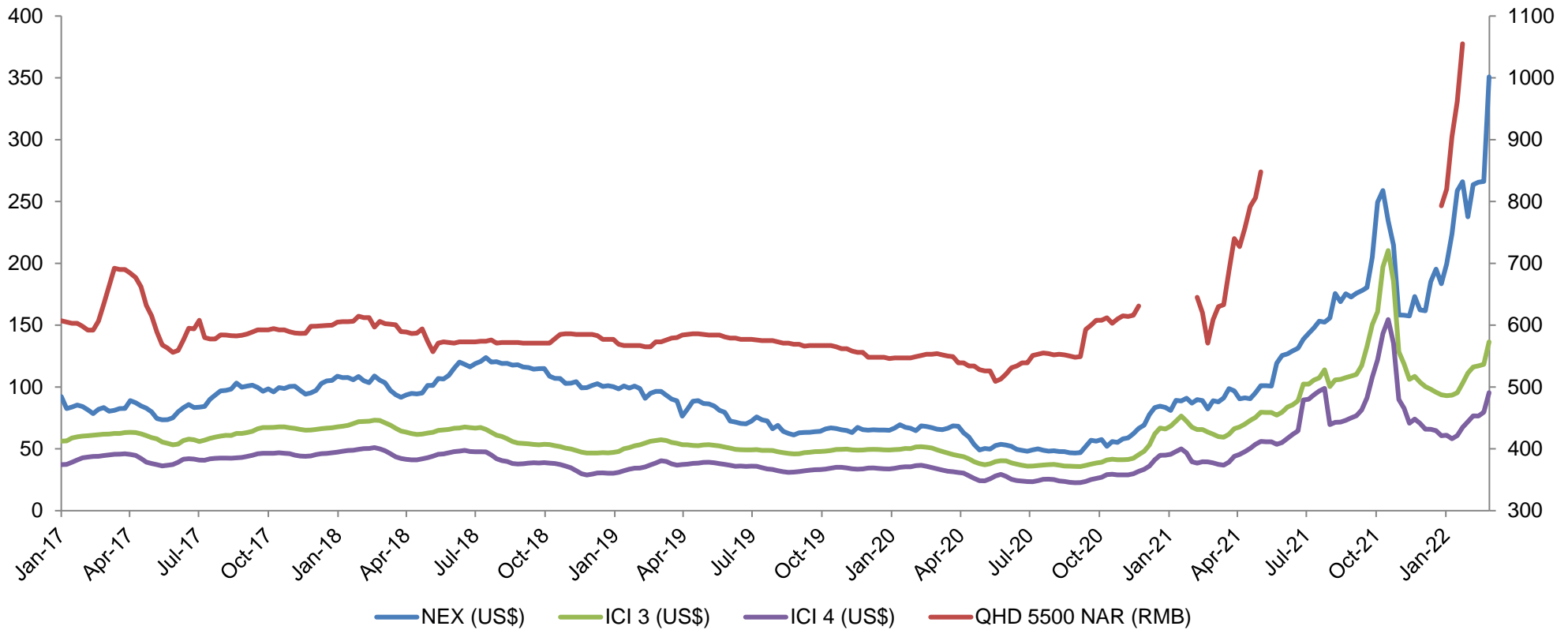
Frequently Asked Questions



- Recent trends in coal market and coal price
- Industry and price outlook
- Adaro's business transformation
- Progress of Adaro's projects
- Adaro's strategy and approach on ESG issues



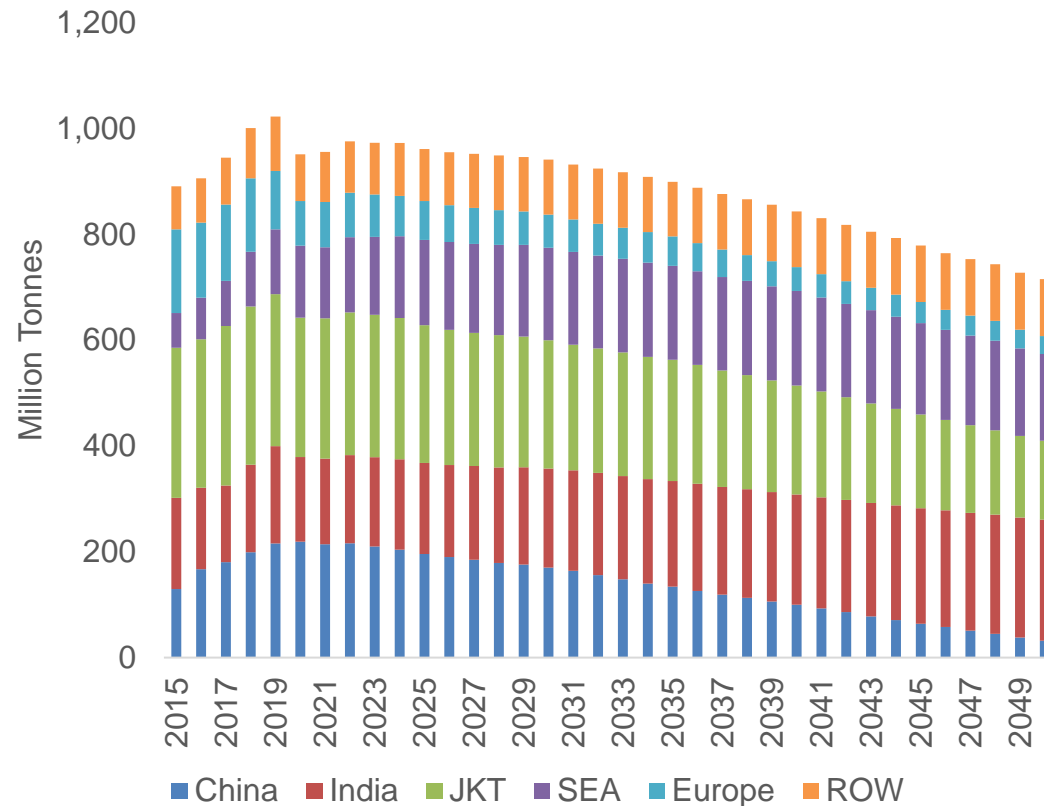
Strong Price Maintained due to Tight Market



- ❑ Lingering supply constraints and buoyant demand have supported coal prices. Further, the Russia and Ukraine conflict has sent thermal coal prices skyrocketing to new heights.
- ❑ The price for Newcastle benchmark coal has soared to new high, eclipsing the previous record achieved only four months ago.

Thermal Coal Demand Remains Significant in the Long Run

Global thermal coal imports demand (Mt)



Source: IHS Markit

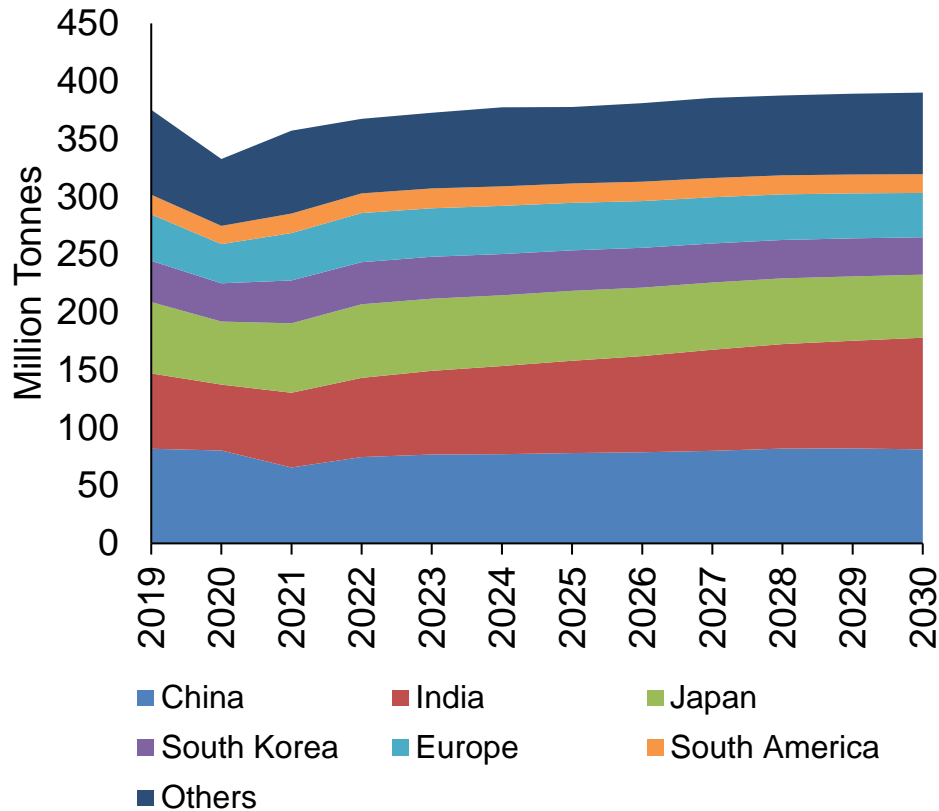
IHS Markit reports, data and information referenced herein (the "IHS Markit Materials") are the copyrighted property of IHS Markit Ltd. and its subsidiaries ("IHS Markit").

- Coal remains as significant part of energy mix in emerging economies in Asia
- Despite push towards renewable energy, emerging economies in Asia still rely on coal for electricity generation due to its availability and affordability.
- As the world aims to reduce carbon emission, demand for coal will be affected.

Robust Demand Outlook for Metallurgical Coal



Global metallurgical coal imports demand (Mt)



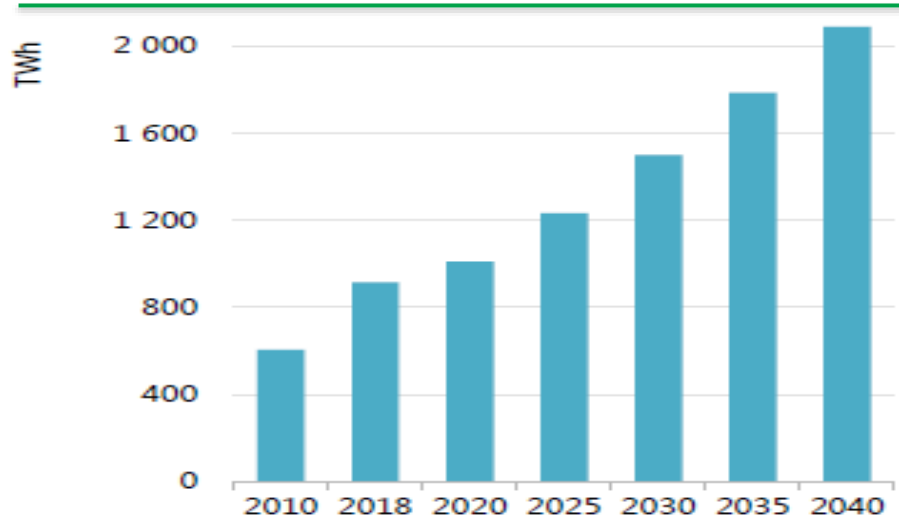
Source: IHS Markit

*IHS Markit reports, data and information referenced herein (the "IHS Markit Materials") are the copyrighted property of IHS Markit Ltd. and its subsidiaries ("IHS Markit").

- The long-term demand fundamentals for metallurgical coal remain intact, underpinned by infrastructure growth. Steel production and consumption is forecasted to grow. Met coal demand is expected to reach nearly 400 Mt in 2030.
- India is expected to be the growth driver and China's demand is forecasted to remain stable in the next decade.

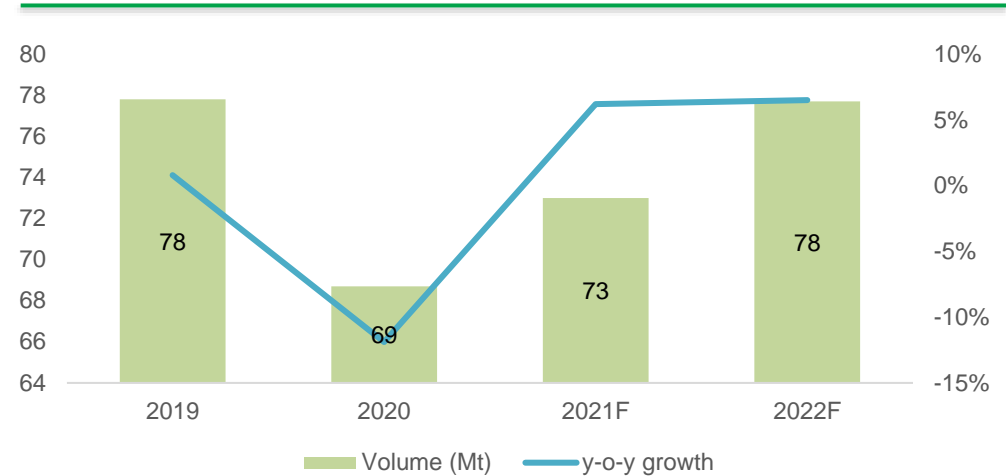
Southeast Asia is One of the Key Markets for Thermal and Met Coal

SEA electricity demand more than double to 2040



Source: Southeast Asia Energy Outlook 2019, International Energy Agency 2019

ASEAN (5) steel demand grows moderately in the short-term



ASEAN (5): Indonesia, Malaysia, Philippines, Thailand, Vietnam
Source: Worldsteel Association Short Range Outlook, April 2021

Overview of Southeast Asia

- ❑ The region is home to around 655 million people and 45 million people is still without access to electricity.
- ❑ Its growth in electricity demand, at 6% CAGR, has been among the fastest in the world as the region aims for universal access to electricity by 2030.
- ❑ Coal has been the fastest growing fuel in SEA's energy mix, nearly 20 GW of coal-fired power plant is under construction (IEA).
- ❑ Coal with low pollutant content will be more favoured in the market as many countries try to control emission and new power plants utilize advanced boiler system.

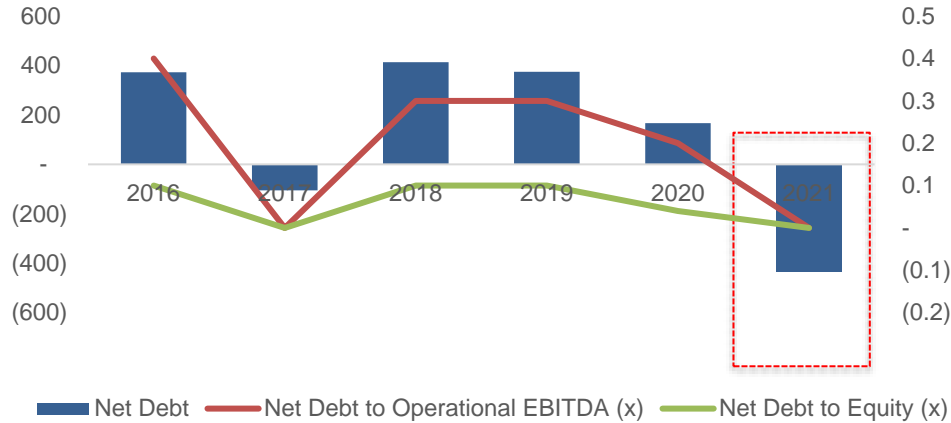
Performance of Adaro Energy



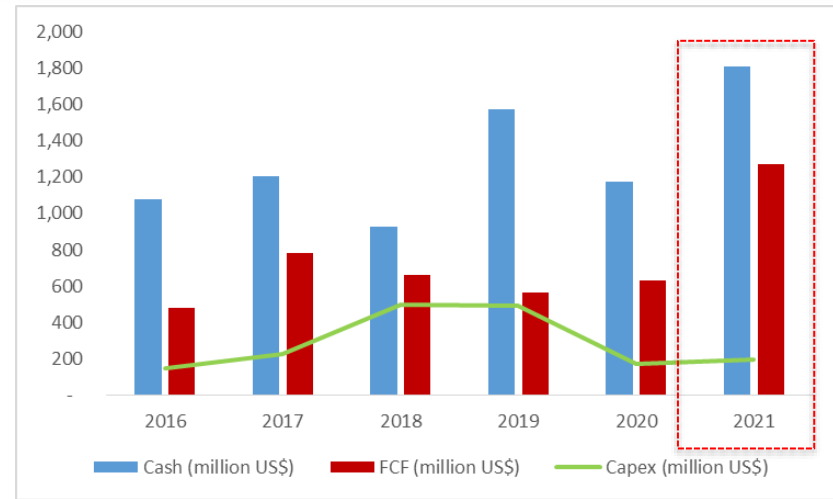
Solid Financials Backed by Strong Operations



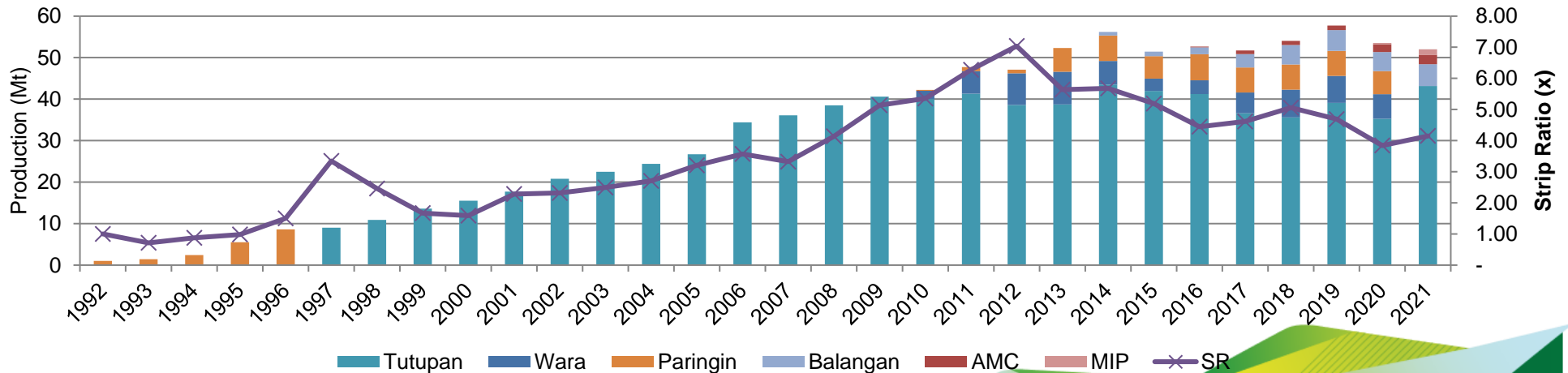
Financial position continues to improve: net cash in 2021



Strong cash balance and free cash flow generation

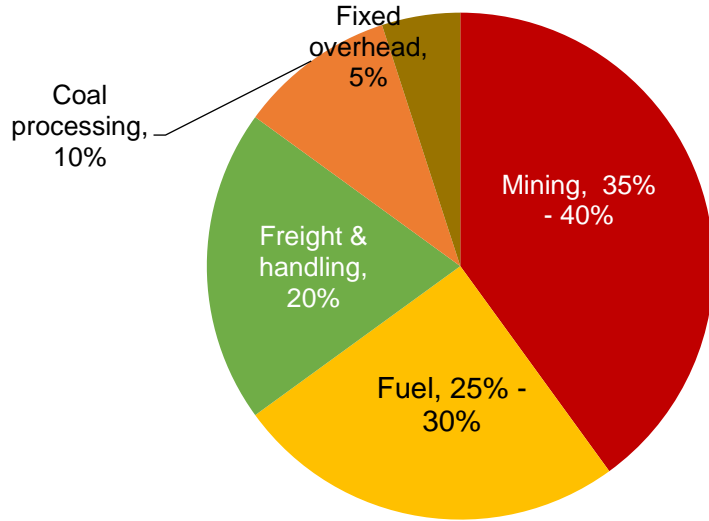


Almost three decades of production experience through various coal cycles



Cost Control – Key for Strong Performance

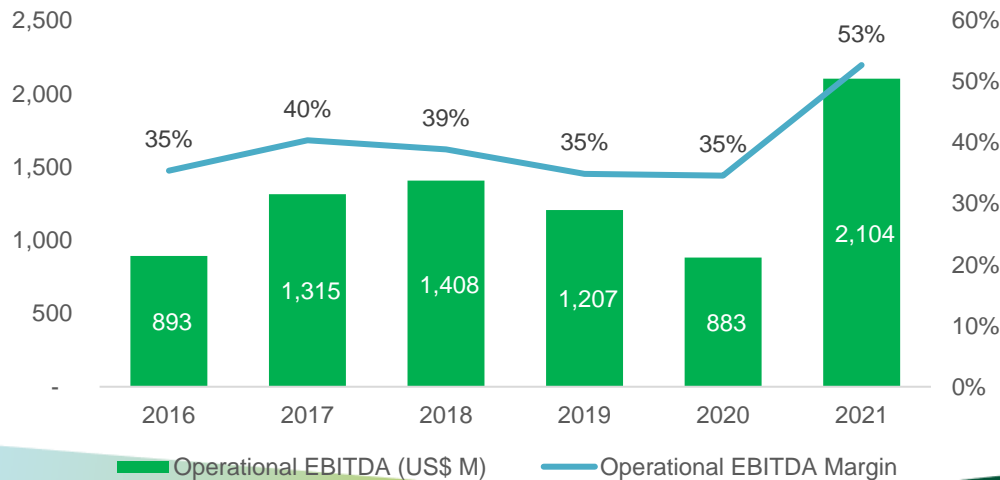
Adaro's estimated coal cash cost breakdown (FY21)



Electrification to reduce the usage of diesel gensets



Strong operational EBITDA generation and healthy operational EBITDA margin



- ❑ Consistently delivers on operational EBITDA target and performed in-line with guidance.
- ❑ Healthy operational EBITDA margin on the back of better cost control from integrated business model.

Operational Excellence and Efficiency



Continue to deliver solid results and operational excellence

OPERATIONAL	FY21	FY20	% Change
Production (Mt)	52.70	54.53	-3%
Sales (Mt)	51.58	54.14	-5%
OB removal (Mbcm)	218.90	209.48	4%
FINANCIAL (US\$ millions, unless indicated)	FY21	FY20	% Change
Net Revenue	3,993	2,535	58%
Core Earnings	1,256	405	210%
Operational EBITDA	2,104	883	138%
Cash	1,811	1,174	54%
Net Debt	Net Cash	167	-
Capex	193	169	14%
Free Cash Flow	1,270	630	102%
Operational EBITDA Margin	52.7%	34.8%	18%
Net Debt to Equity (x)	Net Cash	0.04	-
Net Debt to Last 12 months Operational EBITDA (x)	Net Cash	0.19	-
Cash from Operations to Capex (x)	8.11	4.55	78%

Snapshot of Adaro Energy



Who We Are



IDX-listed integrated mining and energy company with eight business pillars built to create value and achieve sustainable growth

Integrated pit-to-power business model with control over each part of the coal supply chain



Eight business pillars to support future growth



Our strategy to create maximum value

- ❑ Organic growth from current reserves base.
- ❑ Focus on improving efficiency of coal supply chain and cost control.
- ❑ Product diversification, increase reserves and diversify location.
- ❑ Continue to deepen integration and improve contribution from non-coal mining businesses.

Integrated Business Model

with control over each part of the supply chain

ADAROMINING

THERMAL COAL

Adaro Indonesia (AI) Coal mining, S. Kalimantan	88.5%
Balangan Coal Coal Mining, S. Kalimantan	75%
Mustika Indah Permai (MIP) Coal Mining, S. Sumatra	75%
Bukit Enim Energi (BEE) Coal Mining, S. Sumatra	61%
Bhakti Energi Persada (BEP) Coal mining, E. Kalimantan	10.2%

METALLURGICAL COAL

PT Adaro Minerals Indonesia Tbk (AMI) Coal mining, C. Kalimantan, E. Kalimantan	83.8%
Kestrel Coal Resources¹ Queensland, Australia	48%

¹ Kestrel Coal Resources has 80% ownership on Kestrel Coal Mine



ADAROSERVICES

MINING SERVICES

Saptaindra Sejati (SIS) Coal mining and hauling contractor	100%
Jasapower Indonesia (JPI) Operator of overburden crusher and conveyor	100%
Adaro Jasabara Indonesia (AJI) Mining services	100%
Adaro Mining Technologies (AMT) Coal research & development	100%

COAL TRADING

Coaltrade Services International Pte. Ltd (CTI) Coal Trader	90%
---	------------



ADAROLOGISTICS

Maritim Barito Perkasa (MBP) Barging & Shipping	100%
Sarana Daya Mandiri (SDM) Dredging & maintenance in Barito River mouth	51.2%
Indonesia Multi Purpose Terminal (IMPT) Port management & terminal operator	100%
Indonesia Bulk Terminal (IBT) Coal terminal & fuel storage	100%
Puradika Bongkar Muat Makmur (PBMM) Cargo loading & unloading	100%
Harapan Bahtera Internusa (HBI) Shipping administration	100%
Barito Galangan Nusantara (BGN) Maintenance services	100%



ADAROPOWER

Makmur Sejahtera Wisesa (MSW) Operator of 2x30MW mine-mouth power plant in S. Kalimantan	100%
Operator of Solar PV at AI's mine site in S. Kalimantan	
Tanjung Power Indonesia (TPI) Partner in 2x100MW power plant project in S. Kalimantan	65%
Bhimasena Power Indonesia (BPI) Partner in 2x1000MW power generation project in Central Java	34%

Note : Simplified Corporate Structure





adaro 
MINING

Adaro Mining



Large Coal Reserves and Diverse Portfolio across Indonesia and Australia

1

Adaro Indonesia: 88.5% Existing, S Kalimantan sub-bituminous **Reserves: 774 Mt** Resources: 3.3 Bt

2

Balangan Coal Companies: S Kalimantan sub-bituminous **Reserves 120Mt** Resources 243 Mt

3

PT Adaro Miner Indonesia Tbk (AMI) Central and East Kalimantan Metallurgical coal **Reserves: 170 Mt** Resources: 980 Mt

4

MIP: 75% stake S Sumatra sub-bituminous **Reserves 214 Mt** Resources 307 Mt

5

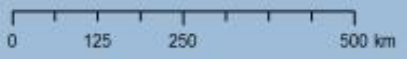
BEE: 61.04% stake S Sumatra sub-bituminous Geological study phase

6

BEP: 10.22% stake with option to acquire 90% E Kalimantan sub-bituminous Resources 3.3 Bt

7

Kestrel Coal Mine 48% of 80% Queensland, Australia Premium HCC **Reserves: 170.5 Mt** Resources: 443.9Mt



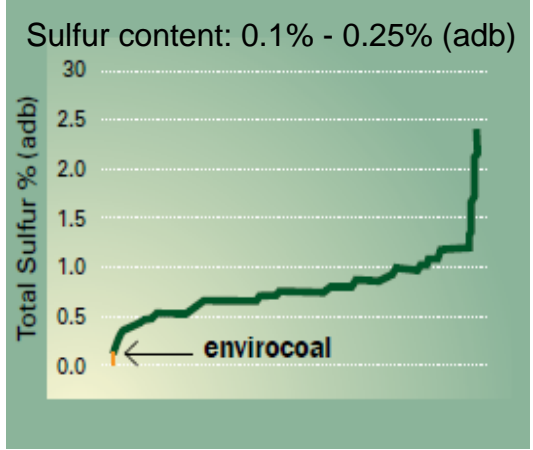
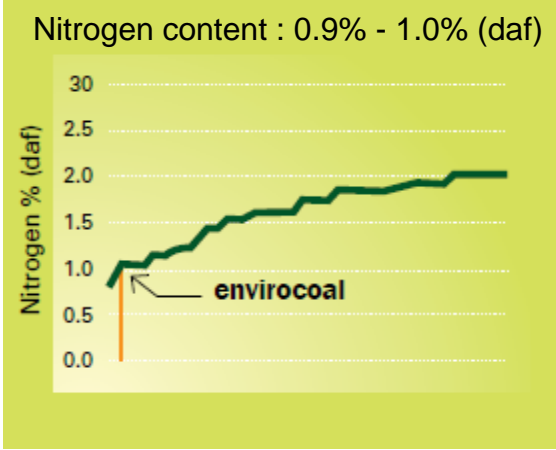
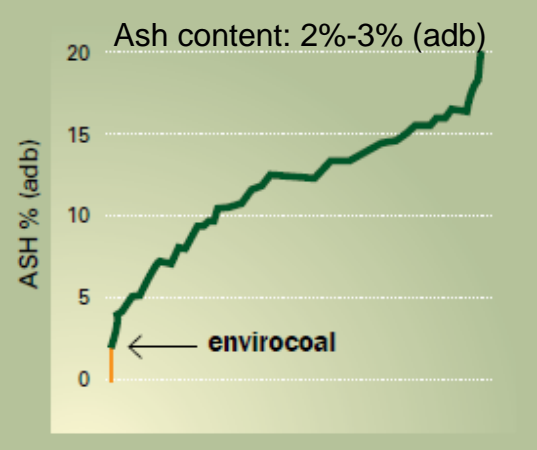
Adaro Energy has more than 8.4 billion tonnes (Bt) of coal resources and **1.3 Bt of coal reserves** across thermal and metallurgical coal – providing us with flexibility in the coal market.

Note: Reserves and Resources numbers above are before taking into account AE's equity ownership

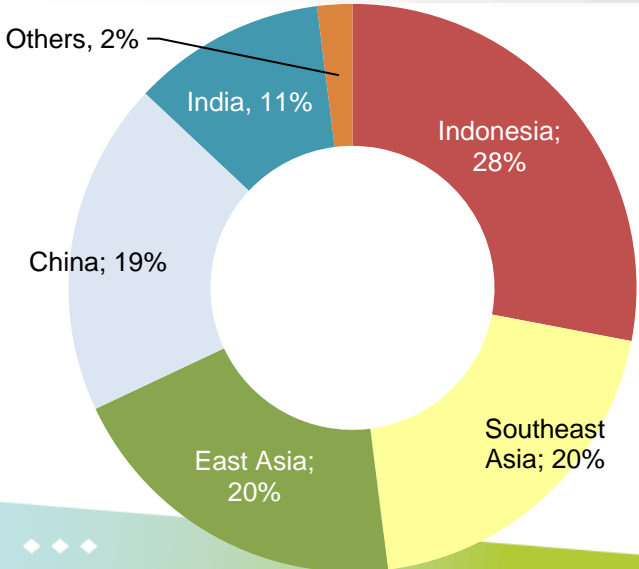
Unique Coal Product and Strong Customer Base Focused on Asia



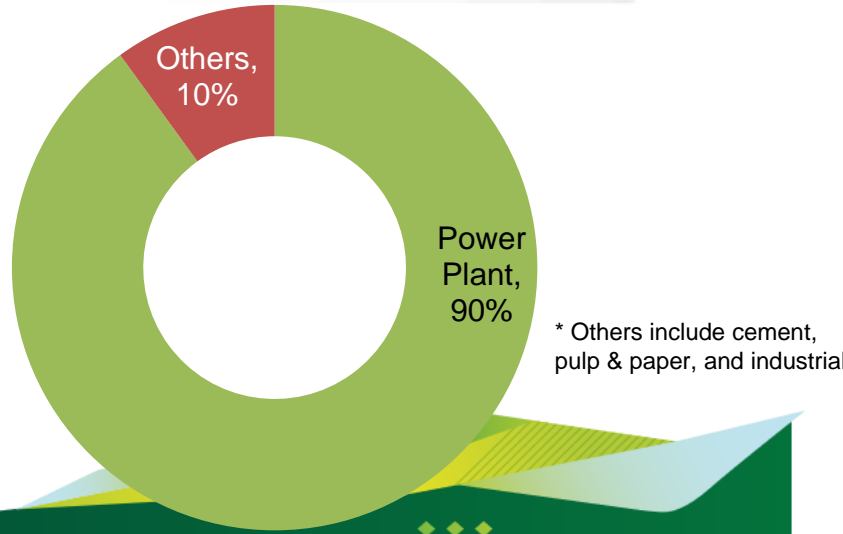
Envirocoal is among the lowest pollutant content coal in the seaborne market



Customer geographical breakdown (FY21)



Customer type by volume (FY21)





adaro 
MINING

PT Adaro Minerals Indonesia Tbk (AMI)



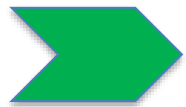
Indonesia's leading metallurgical coal producer with low-cost, efficient operation supported by Adaro Group's integrated supply chain network



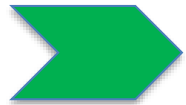
Five CCoW holders located in Central and East Kalimantan, Indonesia.



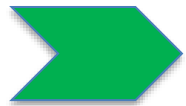
Large coal reserves and resources base which supports long-term sustainable growth. **Coal reserves: 170.7 Mt. Coal resources: 980 Mt.**



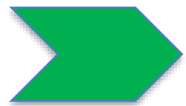
Coal production in 2021 reached 2.3 Mt (**▲ 23% y-o-y**).



Strong demand profile from blue-chip steel companies. Current customers are located in China, Japan and Indonesia.



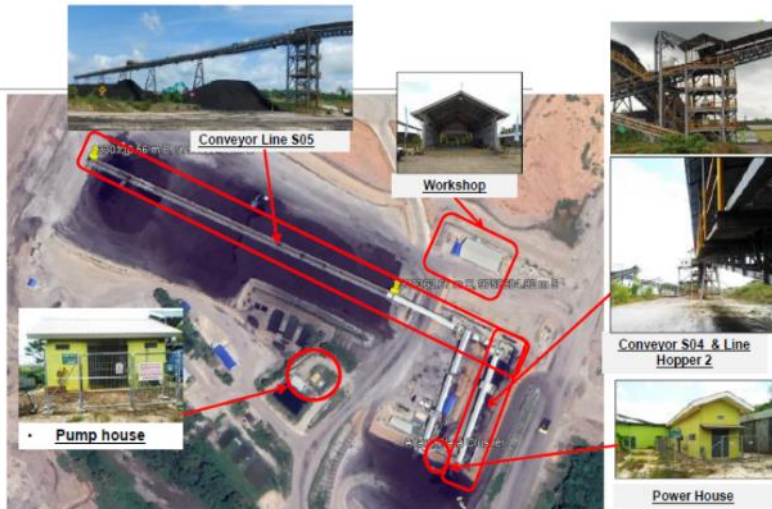
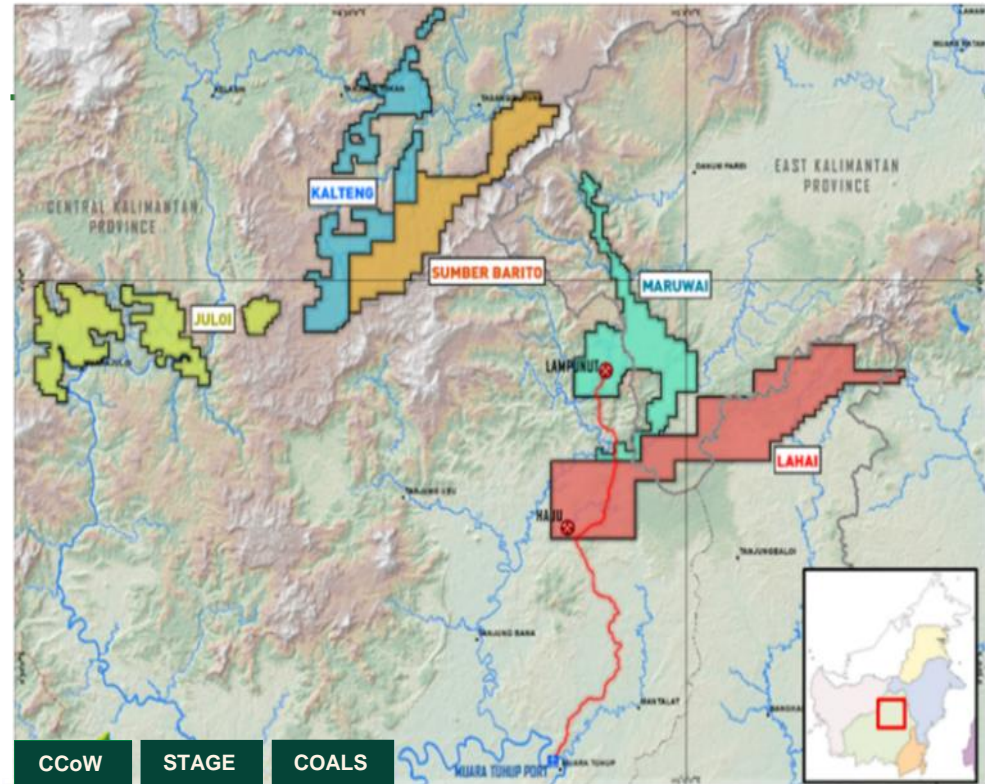
Offers coal **supply diversification** for customers in a market dominated by Australia, Canada and the US.



Close proximity to key markets offers customers with more **competitive cost** and shorter transportation time.

Company Overview

- Established in 2007, AMI carries out an integrated mining activities through its subsidiaries, which has one of the largest greenfields area in Central Kalimantan for metallurgical coal.
- The Company's subsidiaries own 5 Coal Contract Of Work ("CCoW") located in East Kalimantan and Central Kalimantan with total area up to 146,579 ha.
- The 5 CCoWs are in the operation and production operation development stages: Maruwai Coal is currently operating and selling metallurgical coal, Lahai Coal is conducting mining optimization, meanwhile Kalteng Coal, Sumber Barito Coal and Juloi Coal are in development phase.



Crusher area

CCoW	STAGE	COALS
Lahai		Green Coal
Maruwai		Hard Coking Coal, Green Coal
Kalteng		Met-Coal
Juloi		Met-Coal
Sumber Barito		Met-Coal



Metallurgical Coal

Cokes

Notes : Operation Production Operation Development

Solid Performance Supported by Operational Excellence



OPERATIONAL	FY21
Production (Mt)	2.30
Sales (Mt)	2.30
OB removal (Mbcm)	5.15
FINANCIAL (US\$ millions, unless indicated)	FY21
Net Revenue	460
Net Profit	156
Total Asset	965
Net Profit Margin	52%



PT Adaro Indo Aluminium (AIA)



PT Adaro Indo Aluminium

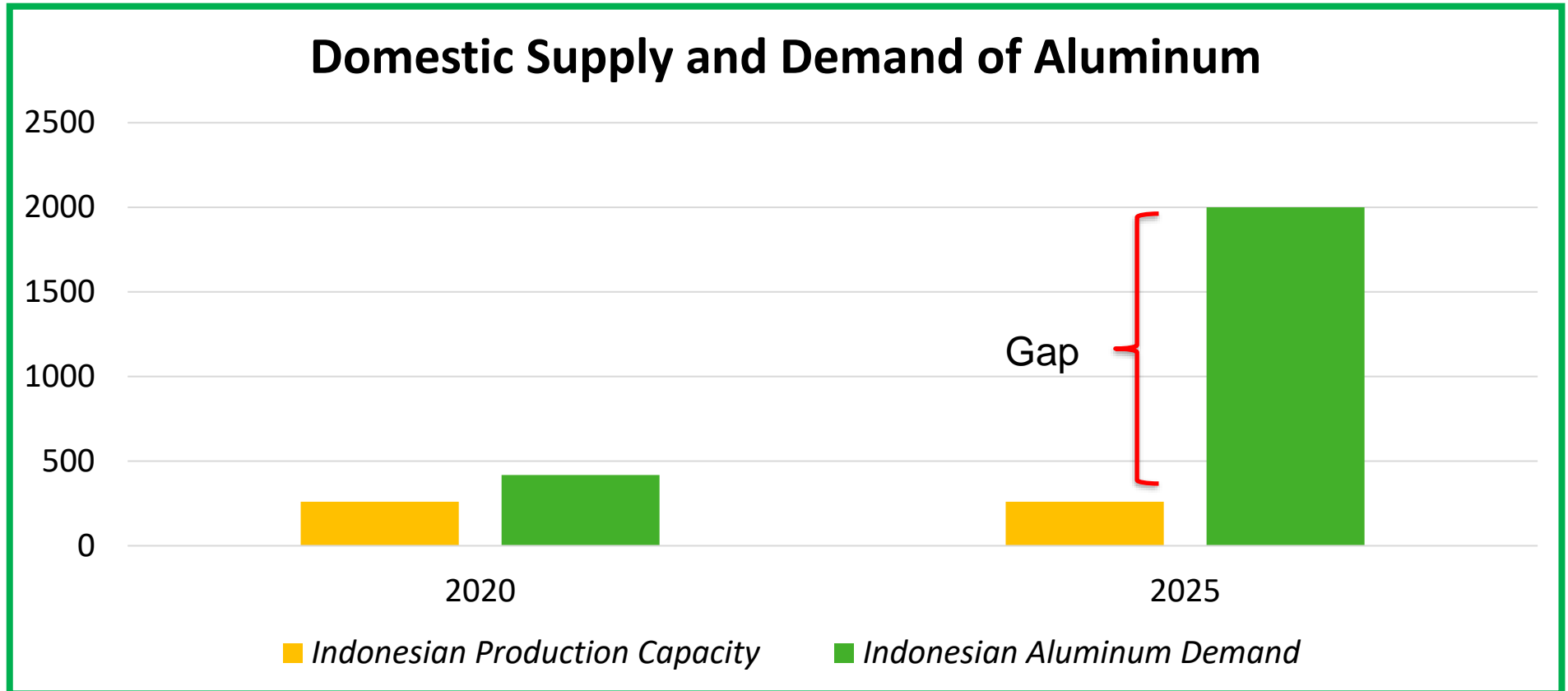
Leading the Adaro Group's green transformation/Achieving the Adaro Group's green vision



- Increasing revenue contribution from non-coal to balance our business
- Supporting Government's plan on green industry and processing of mineral product
- Looking to partner with reliable and experienced companies
- Development process will be conducted in stages
- Positive LT outlook as aluminum is needed in many industries including automotive
- Reduce aluminum imports, create job opportunities and contribute to state revenue



Domestic Supply and Demand Balance



Source: Pre-Feasibility Study Guiyang Aluminum Magnesium Design & Research Institute Corp. Ltd.

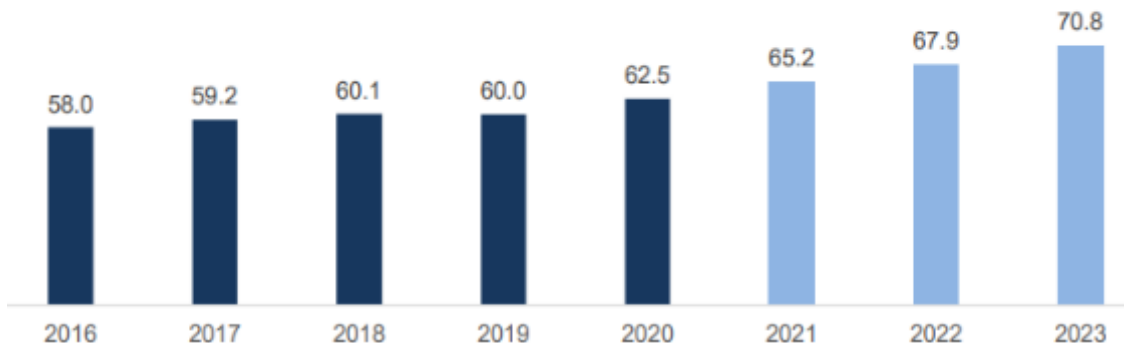
The high gap between supply and demand of aluminum in Indonesia will potentially increase the country's reliance on imported aluminum.

Global Demand Outlook



Industry	2018	2040	Remarks
Transportation	25MT	43MT	<ul style="list-style-type: none"> Higher demand for electric vehicle, especially for battery packaging and heat sink. Penetration to reduce vehicle weight and use of gasoline.
Building and Construction	22MT	29MT	<ul style="list-style-type: none"> Urbanization and growing construction industry. Penetration for building materials.
Consumer and Industrial	15MT	21MT	<ul style="list-style-type: none"> Increasing demand for consumer and industrial products.
Packaging	13MT	19MT	<ul style="list-style-type: none"> Increasing demand for tin packaging. Increasing demand for foil and plastic substitution.
Energy	11MT	16MT	<ul style="list-style-type: none"> Increasing demand for energy sector application, such as solar panel structure. Copper substitute for transmission cable.

Source: Statista, 2020



- Demand for aluminum is estimated to increase on the back of economic growth in Asia.
- Demand for aluminum will be supported by the increase in transportation sector, in line with the commitment of global citizen and the transportation industry to increase the production of new energy vehicle.



Adaro Services and Adaro Logistics



Ensuring Operational Excellence



- Key part of our vertical integration.
- Ensures operational excellence, productivity improvement and timely reliable delivery to customers.
- Stable earnings profile buffers against the volatility in coal price.
- Focus on providing services for companies in the Adaro Group.



		Units	FY21	FY20	FY21 vs FY20
SIS	Overburden Removal	Mbcm	161.13	163.27	-1%
	Coal Production	Mt	43.36	41.48	5%
MBP	Coal barging	Mt	48.94	47.11	4%





Adaro Power & Adaro Water



Adaro Power is One of Indonesia's Largest IPPs



Gross Power Generation Capacity stands at 2,260 MW



Makmur Sejahtera Wisesa – CFPP	
Size / Tech.	2 x 30 MW CFB technology
Shareholders	100% Adaro Power
COD	#1 Jun 2013, #2 Feb 2014
Availability Factor	88.3% (Avg. as of end of 4Q21)
Adaro Mining Electrification	Current: 11.7 MW Plan: additional 17.9 MW



Tanjung Power Indonesia – CFPP	
Size / Tech.	2 x 100 MW CFB technology
Shareholders	65% AP, 35% Korea EWP
Project cost	USD 545 million
COD	2019
Availability Factor	92.9% (Avg. as of end of 4Q21)



Bhimasena Power Indonesia – CFPP	
Size / Tech.	2 x 1,000 MW Ultra Super Critical
Shareholders	34% AP, 34% JPower, 32% Itochu
Project cost	USD 4.2 billion
Progress	96.9% as of end of 4Q21



Makmur Sejahtera Wisesa – Solar PV	
Size	130 kWp + 467 kWp
Shareholder	100% Adaro Power
COD	Q3 2018 (for 130 kWp) & 467 kWp COD 27 December 2021
Project cost	USD 800,000 (approx.)

Apart from improving the performance of its already-operated power plants and completing the construction, Adaro Power continues to study renewable power projects such as biomass, wind power, and solar PV to support PLN through unsolicited proposal and tenders. Adaro Power is also in the process of developing captive use power generation projects for the Group's other business units such as IBT (Genset & Solar PV) and AMI (Mini-hydro)

Adaro Water Currently Owns & Operates 1,670 Ips of Water Treatment Plants



Also Supports Mining Operations through Slurry Management Business Unit



Dumai Tirta Persada	
Location	Dumai, Riau
Size	450 Ips
Adaro shares	49%
Status	First phase (50 Ips) completed



Adaro Wamco Prima	
Location	Tanjung, South Kalimantan
Business	Mining pumps services
Adaro shares	60%
Status	Operation



Grenex Tirta Mandiri	
Location	Bekasi, West Java
Size	200 Ips
Adaro shares	49%
Status	Started construction



Drupadi Tirta Intan	
Location	Banjar, South Kalimantan
Size	500 Ips
Adaro shares	100%
Status	In operation since 2012



Drupadi Tirta Gresik	
Location	Gresik, East Java
Size	400 Ips
Adaro shares	100%
Status	In operation since 2012



Adaro Tirta Mentaya	
Location	Sampit, Central Kalimantan
Size	320 Ips (contract) 400 Ips (capacity)
Adaro shares	90%
Status	In operation up to 250Ips

Adaro Water is currently in the process to achieve operational excellence through continuous improvement in its operating subsidiaries, including WTPs operations and slurry pumps operations. Meanwhile, on the construction side, Adaro Water continues to ensure that the project can achieve its goals in terms of schedule, budget & quality. From business development perspective, Adaro Water continues to actively seeking for new projects through PPP, non PPP and acquisition.



Sustainability and Green Initiatives



Balance of People, Planet and Profit



- We strive to balance our responsibilities among the generation of profit, the utilization of planet and employment of people.
- Our corporate social responsibility programs focus on five main areas: education, economic development, health, environmental enhancement, and socio-cultural enrichment.
- Our environmental programs cover four main areas: land, air, water, and biodiversity.
- Adaro Energy is rated BBB on MSCI ESG ratings.

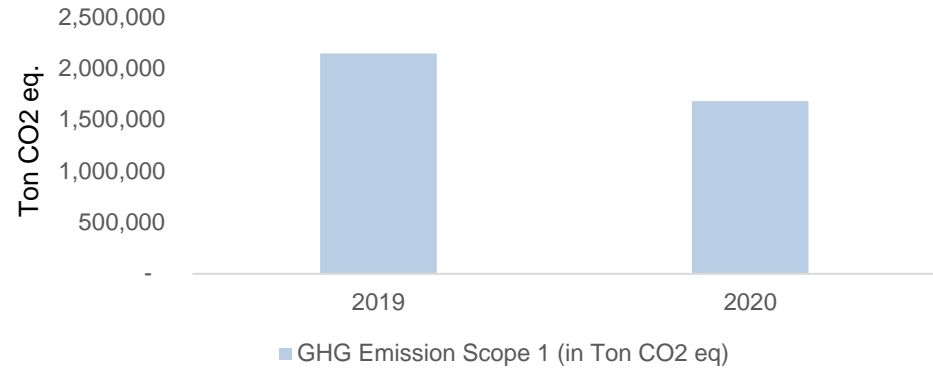
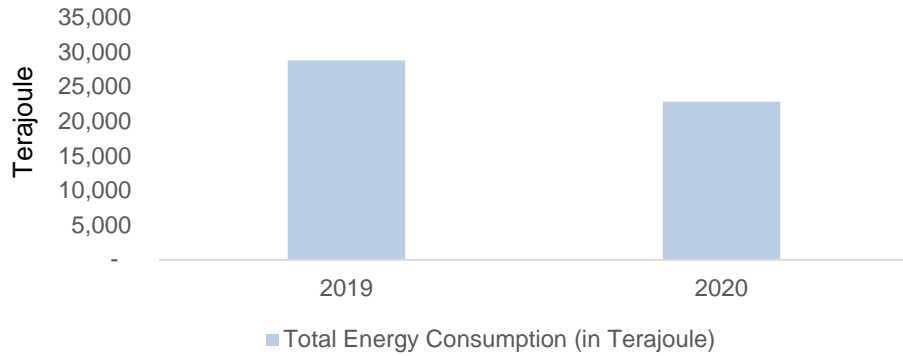


Improving Environmental Performance



Reduced total energy consumption by 21% y-o-y

...and reduced GHG emission (scope 1) by 22% y-o-y



Innovative projects to improve efficiency and environmental performance



Fleet Management System reduces queueing time and energy used



Kelanis Smart Inverter Solar Cell reduces diesel usage and CO2 emission

Ecosystem Restoration and Carbon Capture



- Through Adaro Land Pillar, we have subsidiaries which own forest management permits for ecosystem restoration and forest management permits for carbon absorption.
- PT Alam Sukses Lestari holds license to use timber product – ecosystem restoration in natural forest which allows restoration of forest ecosystem to achieve balanced biodiversity.
- PT Hutan Amanah Lestari holds license for utilization of carbon absorption and is one of the largest holders of such license in Indonesia. We expect that once operational, carbon trading will be the main business of this company.



Awards and Recognitions

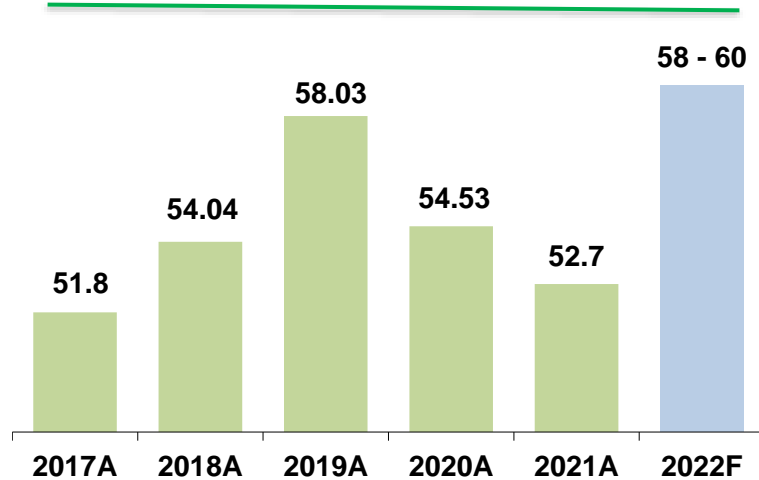


2012	2013	2014	2015	2016
<p>PROPER gold award Ministry of Environment & Forestry</p> <p>Aditama gold award <i>For environment excellence in the coal sector</i> Ministry of Energy & mineral resources</p> <p>Social empowerment award <i>Won nine awards honoring companies that run CSR programs</i> Ministry of Human Dev</p>	<p>PROPER green award Ministry of Environment & Forestry</p> <p>Aditama gold award <i>For environmental excellence in the coal sector</i> Ministry of Energy & mineral resources</p> <p>Global CSR bronze award <i>For sustainable clean water program</i> Pinnacle Group Global CSR</p>	<p>PROPER green award Ministry of Environment & Forestry</p> <p>Aditama gold award <i>For environmental excellence in the coal sector</i> Ministry of Energy & mineral resources</p> <p>Bronze sustainability award <i>For sustainable investment</i> RobecoSAM</p>	<p>PROPER green award Ministry of Environment & Forestry</p> <p>Cultural based community empowerment award <i>Awards in several categories</i> Corporate Forum for Community Development & Ministry of Human Dev</p> <p>Bakti Husada award <i>For community health development</i> Ministry of Health</p>	<p>PROPER green award Ministry of Environment & Forestry</p> <p>Global CSR bronze award <i>For community-led sanitation</i> Annual Global CSR & Summit</p> <p>Padmamitra award <i>For poverty alleviation</i> Ministry of Social Affairs</p>
2017	2018	2019	2020	2021
<p>PROPER green award Ministry of Environment & Forestry</p> <p>Aditama gold award <i>For environment excellence in the coal sector</i> Ministry of Energy & mineral resources</p> <p>Best of environmental management & safety award Ministry of Energy & mineral resources</p>	<p>PROPER green award Ministry of Environment & Forestry</p> <p>Aditama gold award <i>For environment excellence in the coal sector</i> Ministry of Energy & mineral resources</p> <p>Best of coal mining service business management & safety award Ministry of Energy & mineral resources</p>	<p>PROPER gold award Ministry of Environment & Forestry</p> <p>Global CSR award, one gold and two silver <i>For early childhood education program, CSR Leadership and environmental excellence in leader program.</i> Annual Global CSR & Summit</p>	<p>PROPER gold award Ministry of Environment & Forestry</p> <p>MSCI ESG Ratings upgraded to BB MSCI</p> <p>Charity and Community Impact Coaltrans Asia</p> <p>Best Implementation of Good Mining Practices MoEMR</p>	<p>PROPER gold award Ministry of Environment & Forestry</p> <p>MSCI ESG Ratings upgraded to BBB MSCI</p> <p>Best Environmental Excellence Award - Silver Global CSR Summit & Awards</p> <p>Aditama award <i>Good mining practices</i> MoEMR</p>

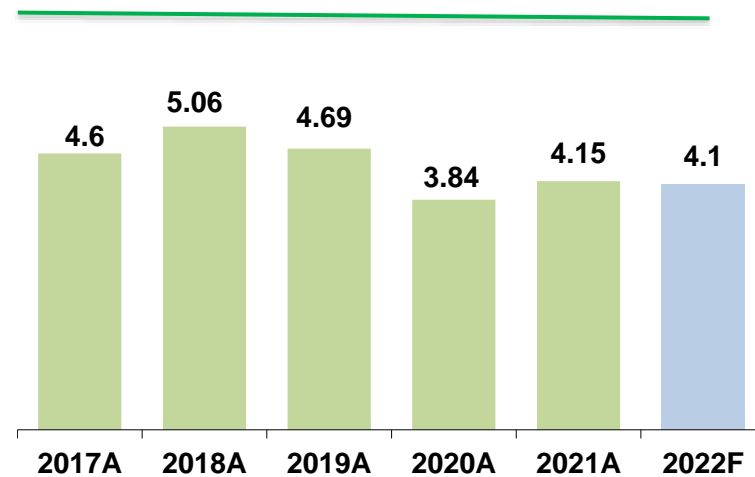
Adaro Energy 2022 Guidance



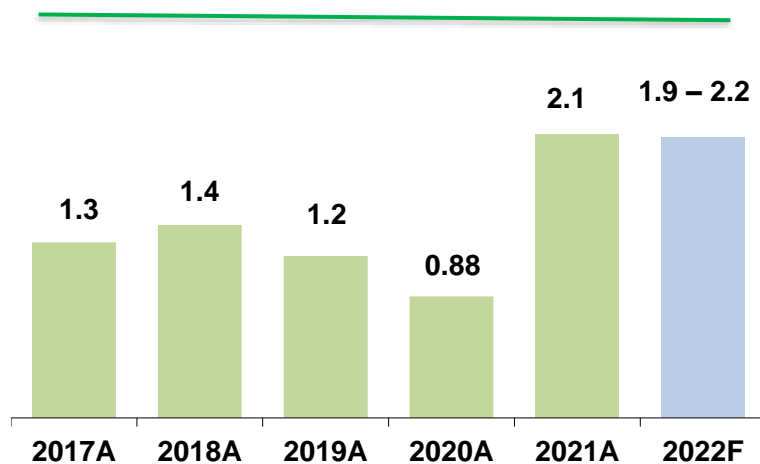
Coal production (Mt)



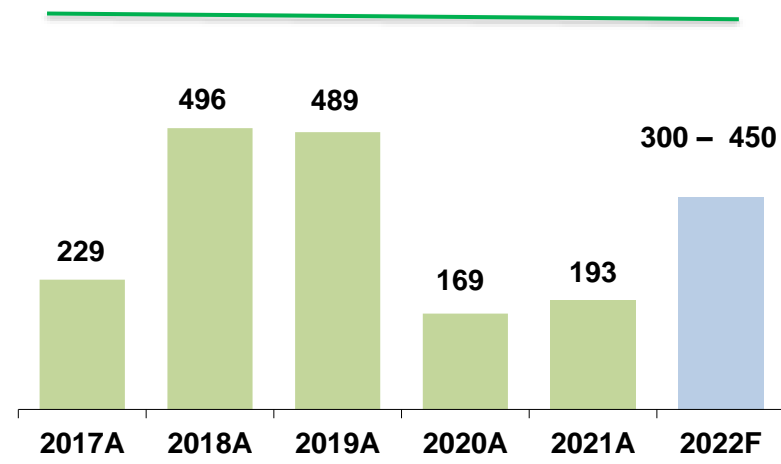
Consolidated planned strip ratio (bcm/t)



Operational EBITDA (US\$ billions)



Capital expenditure (US\$ millions)



Conclusions and takeaways



- Despite alternative energy push, coal will remain as an important part of the global energy mix, especially in Asia where coal continues to dominate the energy mix of most countries in years to come due to its availability and affordability.
- Advanced technologies used in new coal fired power plants enable the use of coal with lower heat value and prefer the use of coal with low pollutant content, which will benefit Indonesian coal producers.
- Long term fundamentals for coal remains promising.
 - ✓ Indonesia, Southeast Asia and South Asia will be the main demand drivers.
- Adaro's integrated business model has been proven to be resilient during difficult market condition as it enables us to better control our costs and risks.
- Adaro offers a complete portfolio of coal products from low CV thermal coal to premium hard coking coal, providing us with flexibility in the coal market.
- Adaro pays regular dividend with average payout ratio of ~46% since IPO in 2008. In total we have paid more than US\$1.7 billion in dividend.

Thank You

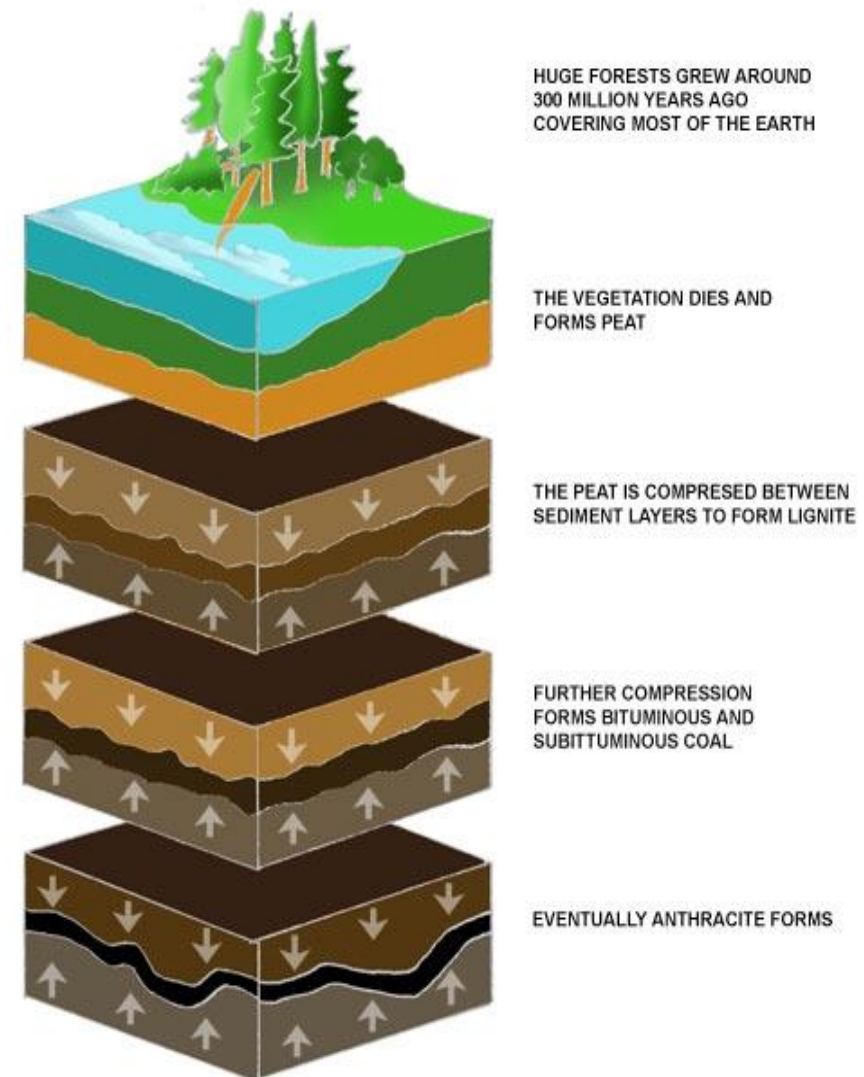


Appendix: Coal 101



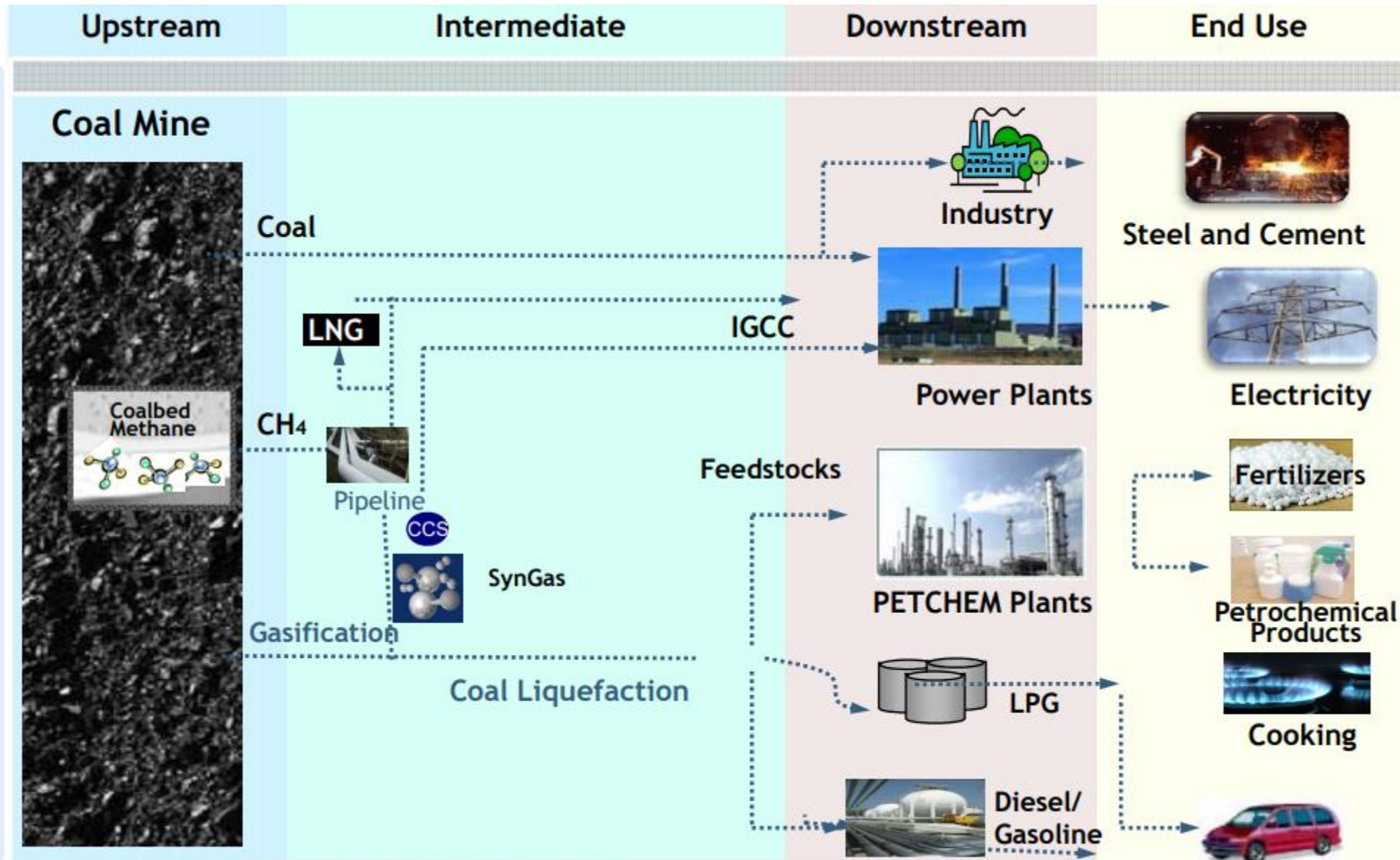
What is Coal?

- Coal is a sedimentary rock composed predominately of organic material, with a greater or lesser amount of mineral matter
- Coal is derived from plant remains in a sedimentary basin and is altered to solid rock by heat and pressure applied during the basin's formation
- Different types of coals are produced depending on formation and tectonic histories.
- Two main coal types used in the market:
 - Thermal coal: electricity generation
 - Metallurgical coal: steel making



Use of Coal

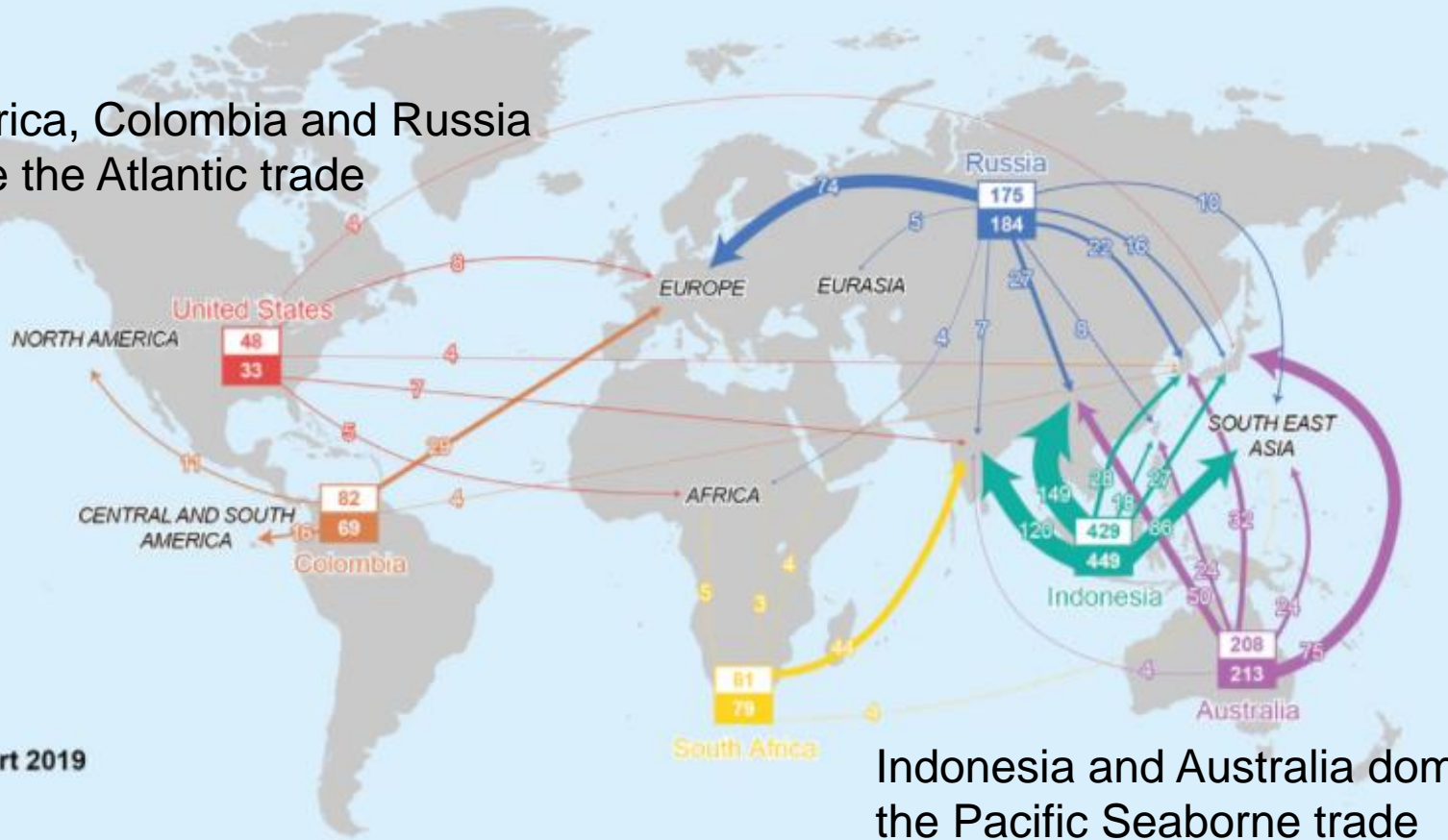
Integrated Coal Value Chain



Remark: IGCC = Integrated Gas Combined Cycle

Seaborne Thermal Coal Trade

South Africa, Colombia and Russia dominate the Atlantic trade



Indonesia and Australia dominate the Pacific Seaborne trade

This map is without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries, and to the name of any territory, city or area.

Source: IEA, 2020

How are coal priced?

- Different coal types from different regions have distinct quality.
- Indices are used to price different coal quality:
 - globalCOAL NEWC Index, the benchmark price for seaborne thermal coal in the Asia-Pacific region.
 - Indonesia's Harga Batubara Acuan (HBA) comprising of: Indonesian Coal Index (ICI), gCN, and Platts 5900.
 - QHD FOB (6,000 kc NAR) marker assess the price of Chinese coal that is being shipped into the domestic Chinese markets at the port of Qinhuangdao.
 - RB Index: a coal price benchmark high CV thermal coal delivered FOB Richards Bay Coal Terminal in South Africa.
 - DES ARA: coal price benchmark for high CV thermal coal delivered at the ports of Amsterdam / Rotterdam / Antwerp