

A vibrant green-themed collage representing sustainable energy. It features several wind turbines of varying sizes, a large array of solar panels, a dam with water cascading over it, a blue electric car, and a modern city skyline with skyscrapers. The background is a bright, sunny sky with white clouds and flying birds. The entire scene is set against a backdrop of green and yellow geometric shapes and floating green leaves.

PT Adaro Energy Indonesia Tbk Public Expose

Thursday, 29 February 2024

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The Adaro Group: Three Business Pillars for a Bigger and Greener business

Pursuing sustainable growth driven by the green economy



Stock ticker: **ADRO**

Main operating pillar: pit-to-power integration to provide reliable and affordable energy

- Core thermal coal operations in Indonesia supported by the group's mining services and logistics contractors, and the Adaro Power business through PT Adaro Energy Indonesia Tbk (IDX: ADRO)
- Provides the cash flows that serve as the foundation to fund the Adaro Group's diversification strategy.



Stock ticker: **ADMR**

Growth pillar: metallurgical coal, and minerals and minerals processing for green economy

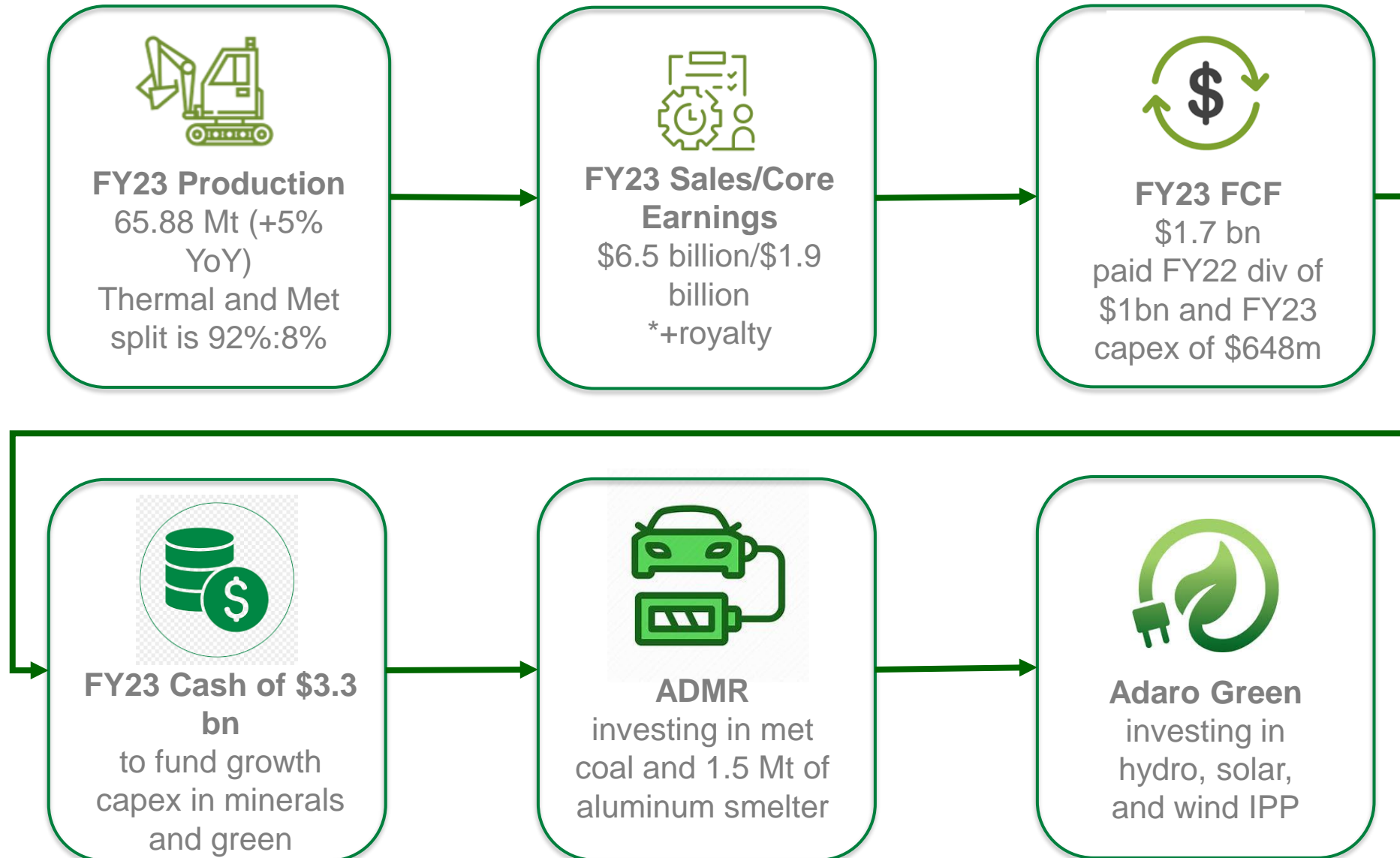
- Metallurgical coal operations in Indonesia through PT Adaro Minerals Indonesia Tbk (IDX: ADMR).
- Downstream processing of minerals for EV battery ecosystem in Indonesia through aluminum facility at Kaltara
- Through this pillar, Adaro Group is committed to achieve growth in a more sustainable manner.



Growth pillar: renewable energy to support downstream processing and diversification of Indonesia's energy mix

- Developing green energy sources: hydro, solar, wind – and continue to actively participate in tender of renewable power plants.
- Supplies the renewable energy requirement for green downstream processing.

Snapshot of the Adaro Group

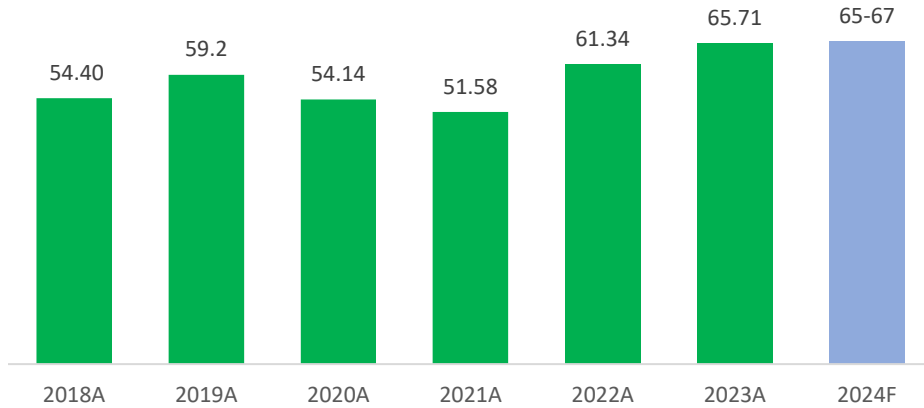


FY24 Guidance

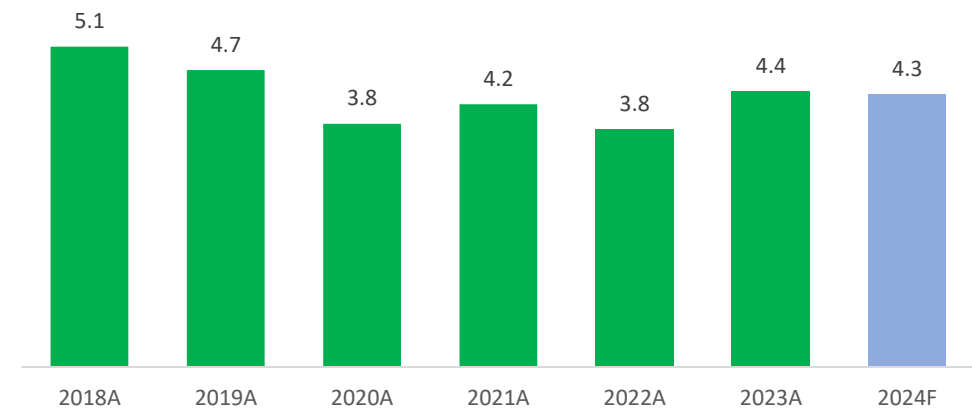
provides cash to invest in EV value chain and renewables



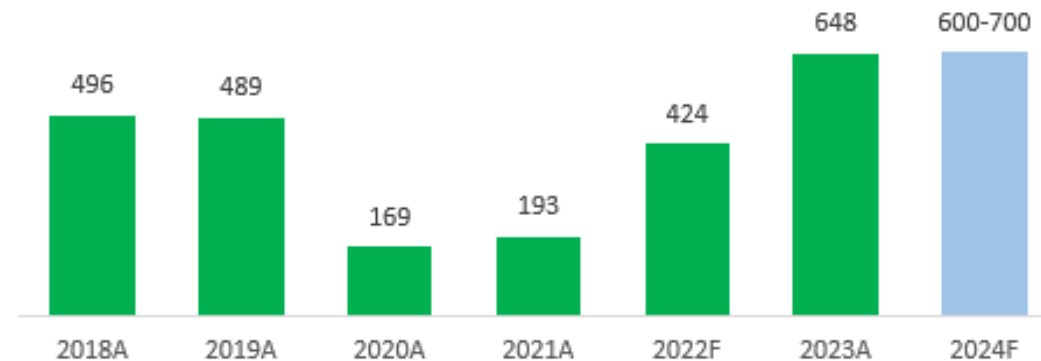
Sales Volume (Mt)



Consolidated Planned Strip Ratio (bcm/t)



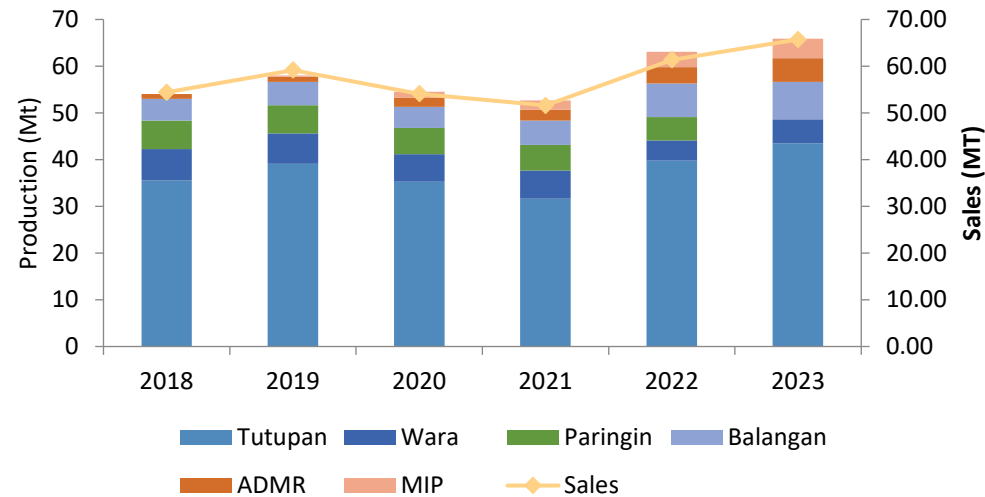
Consolidated Capital Expenditure (\$m)



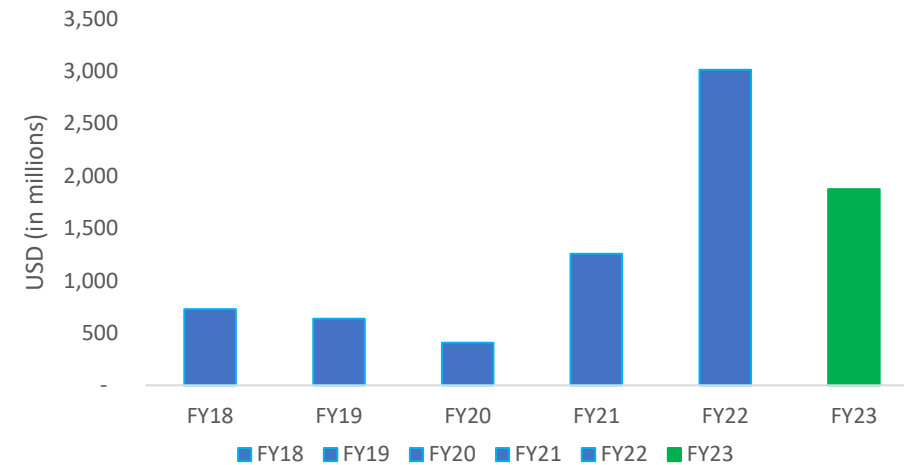
Summary of PT Adaro Energy Indonesia Tbk



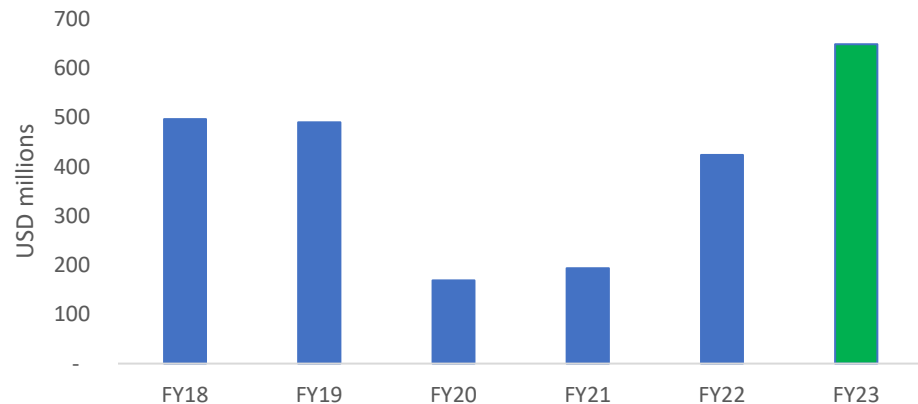
Adaro Group Production and Sales



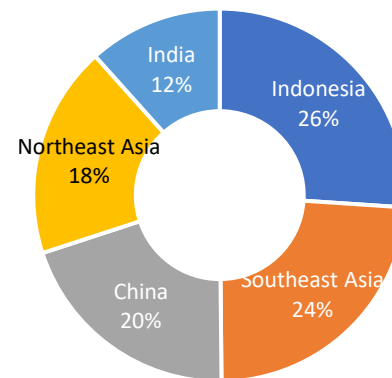
Core Earnings



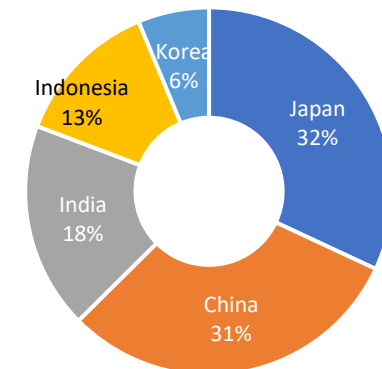
Capital Expenditure



Adaro Group Coal Sales by Destination FY23



Thermal Coal Sales



Metallurgical Coal Sales

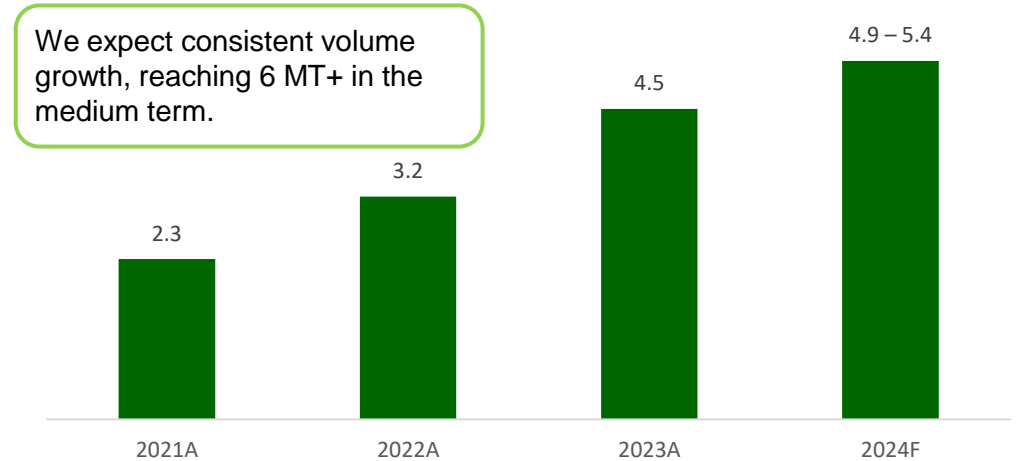
Summary of PT Adaro Minerals Indonesia Tbk



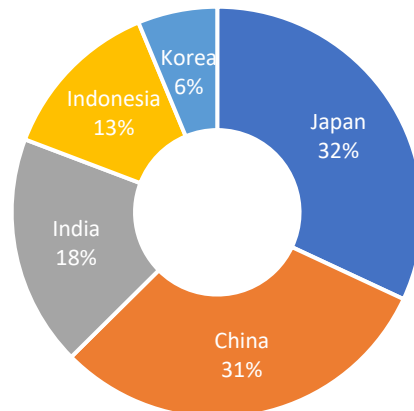
Adaro Minerals Key Financial Highlights

OPERATIONAL	FY 23	FY 22	Change
Production (Mt)	5.11	3.37	52%
Sales (Mt)	4.46	3.20	39%
Overburden removal (Mbcm)	18.70	8.32	125%
FINANCIAL (\$ million)	FY 23	FY 22	Change
Net Revenue	1,086	908	20%
Core Earnings	421	342	23%
Operational EBITDA	574	490	17%
Operational EBITDA Margin	53%	54%	-1%

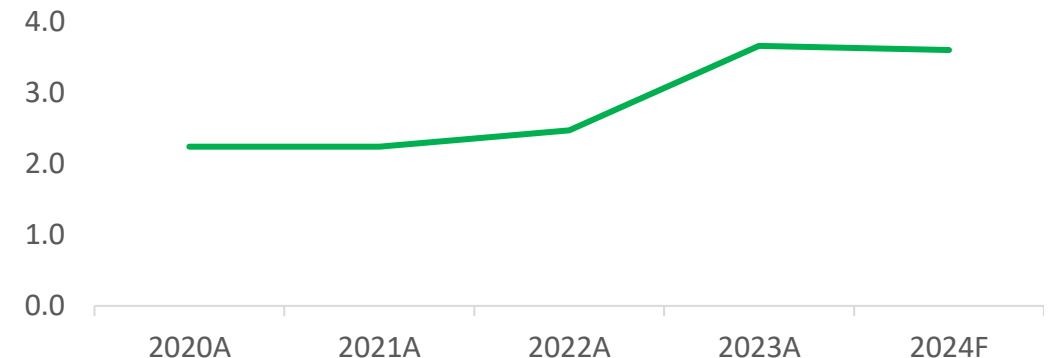
Metcoal Sales Volume (Mt)



Sales by Destination FY23



Adaro Minerals Strip Ratio Remains Very Low

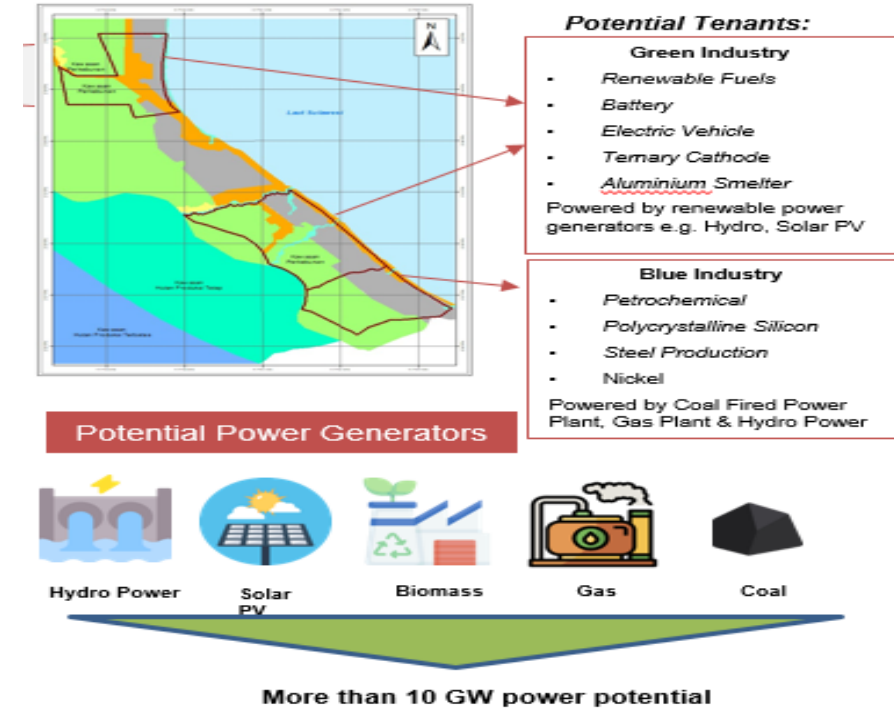


The World's Largest Green Industrial Park

Strategically located in North Kalimantan

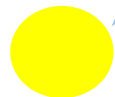


- Located in a very strategic location in terms of export & import, and potential supply of mineral sources and smelting industries
- Total area of 16,000 Ha, consists of 2 (two) large overlay area – 11,500 Ha and 4,700 Ha
- Potential development of a large-scale public port to support the industrial logistics
- Huge potential of hydro power plants development to power the industrial estate



Aluminium Smelter in Kaltara Industrial Park

Scope of project is 1.5 Mt of aluminum production



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

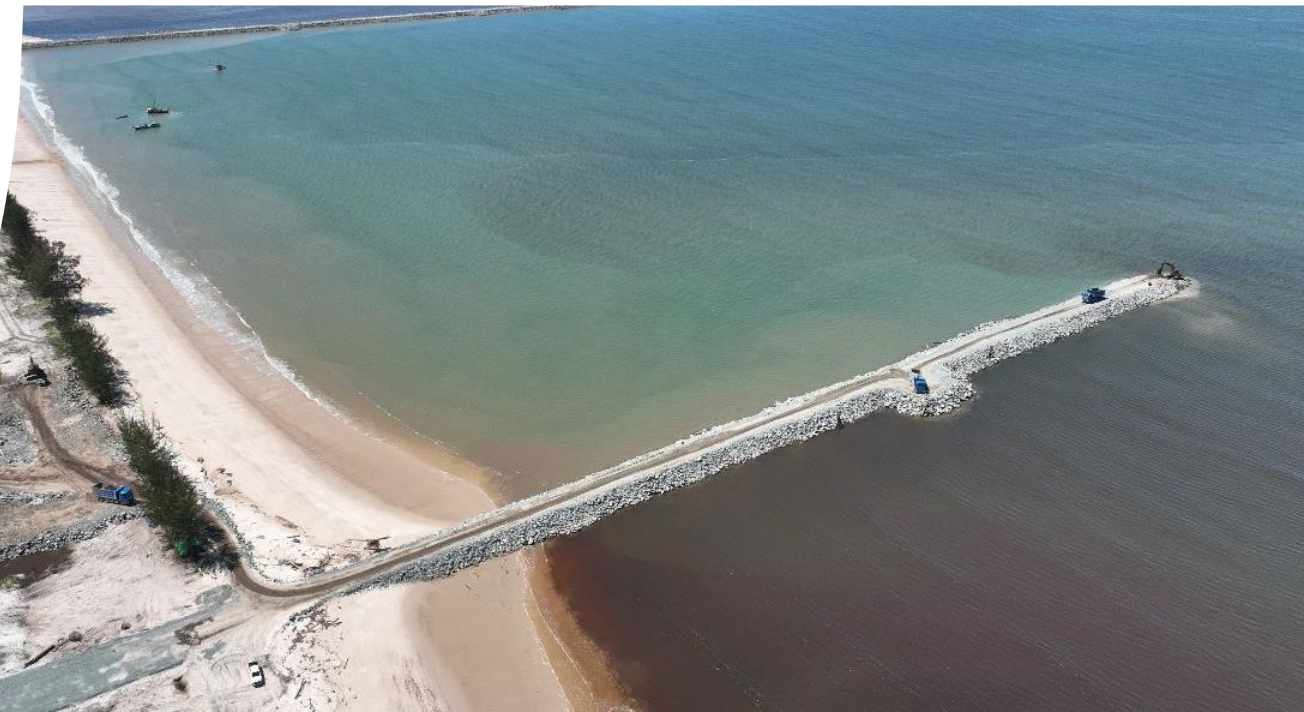
Additional production capacity of up to 500,000 tpa aluminum.

Adaro may invest in the smelter's power generation. Power generation 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 of Aluminum 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 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.





adaro
GREEN



Adaro Green

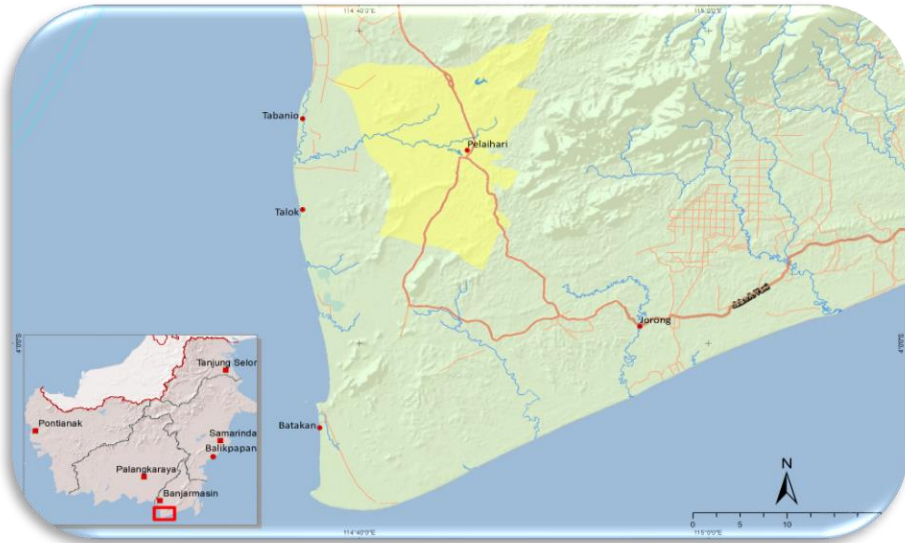
Indonesia's Largest Hydro Power Plant



- Planned installed capacity of 1,375 MW, with the potential to generate approximately 9 Terawatt hours (TWh) per annum.
- Located in North Kalimantan, this power plant will provide affordable, reliable, and sustainable energy to support the Kaltara Industrial Park. COD is estimated in 2030.
- Will use the Concrete Faced Rockfill Dam (CFRD), designed with a dam crest height of 235m and crest length of 815m. This hydro power plant will have one of the world's tallest dams.



One of Indonesia's Largest Wind IPPs



- Planned installed capacity of 70 MW with battery energy storage system (BESS) of 10 MWh.
- Located in South Kalimantan, this power plant will provide affordable sustainable energy to support PLN's grid within South Kalimantan. COD is estimated in 2025.
- This is a consortium made up of Total Eren, PT Adaro Clean Energy Indonesia, and PT PJBI (PLN subsidiary's IPP).



Integrating the Value Chain for Solar PV and BESS



- Signed MoU to develop the industrialization of solar panel supply chain in Indonesia, which include solar photovoltaic and battery energy storage systems.
- Supporting the government's plan in development of domestic solar power industry and infrastructure.
- This is a consortium made up of PT Adaro Power, PT Medco Power Indonesia, and PT Energi Baru TBS.

Recently Energized Captive Solar PV

~600 kWp to supply to our mining area



- We have installed **130 kWp PV Rooftop**, and another **468 kWp PV Floating** (one of the largest operational floating PV in Indonesia)
- The project is expected to generate **156,000 kWh/year** and serves a captive market to **support Adaro Group's mining operation**.
- Environmental impact of this project includes **replacing 33,000 liters of diesel per year**, and **avoiding emission of 98 ton CO₂/year**.





Adaro Energy

Adaro Energy Indonesia's Performance

Continue to deliver consistent results and strong cash flows



OPERATIONAL	FY23	FY22	Change
Production (Mt)	65.88	62.88	5%
Sales (Mt)	65.71	61.34	7%
OB removal (Mbcm)	286.35	235.68	22%
FINANCIAL (\$ millions, unless indicated)	FY23	FY22	Change
Revenue	6,518	8,102	-20%
Core Earnings	1,873	3,013	-38%
Operational EBITDA	2,554	5,030	-49%
Cash	3,311	4,067	-19%
Net Debt (Cash)	(1,936)	(2,599)	-26%
Capex	648	424	53%
Free Cash Flow	1,694	2,769	-39%
Operational EBITDA Margin	39%	62%	-23%
Net Debt (Cash) to Equity (x)	(0.26)	(0.40)	-35%
Net Debt (Cash) to Last 12 months Operational EBITDA (x)	(0.76)	(0.52)	47%
Cash from Operations to Capex (x)	1.99	9.66	-79%

Large Reserves and Diverse Portfolio across Indonesia and Australia



1
Adaro Indonesia: 88.5% Existing, S Kalimantan sub-bituminous
Reserves: 682 Mt
Resources: 3.2 Bt

2
Balangan Coal Companies: S Kalimantan sub-bituminous
Reserves 118Mt
Resources: 257 Mt

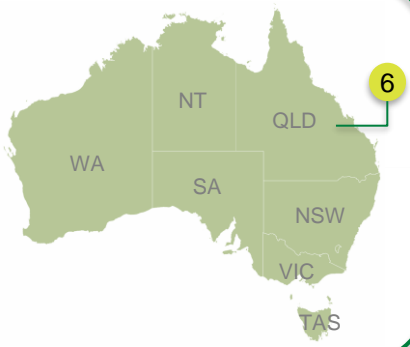
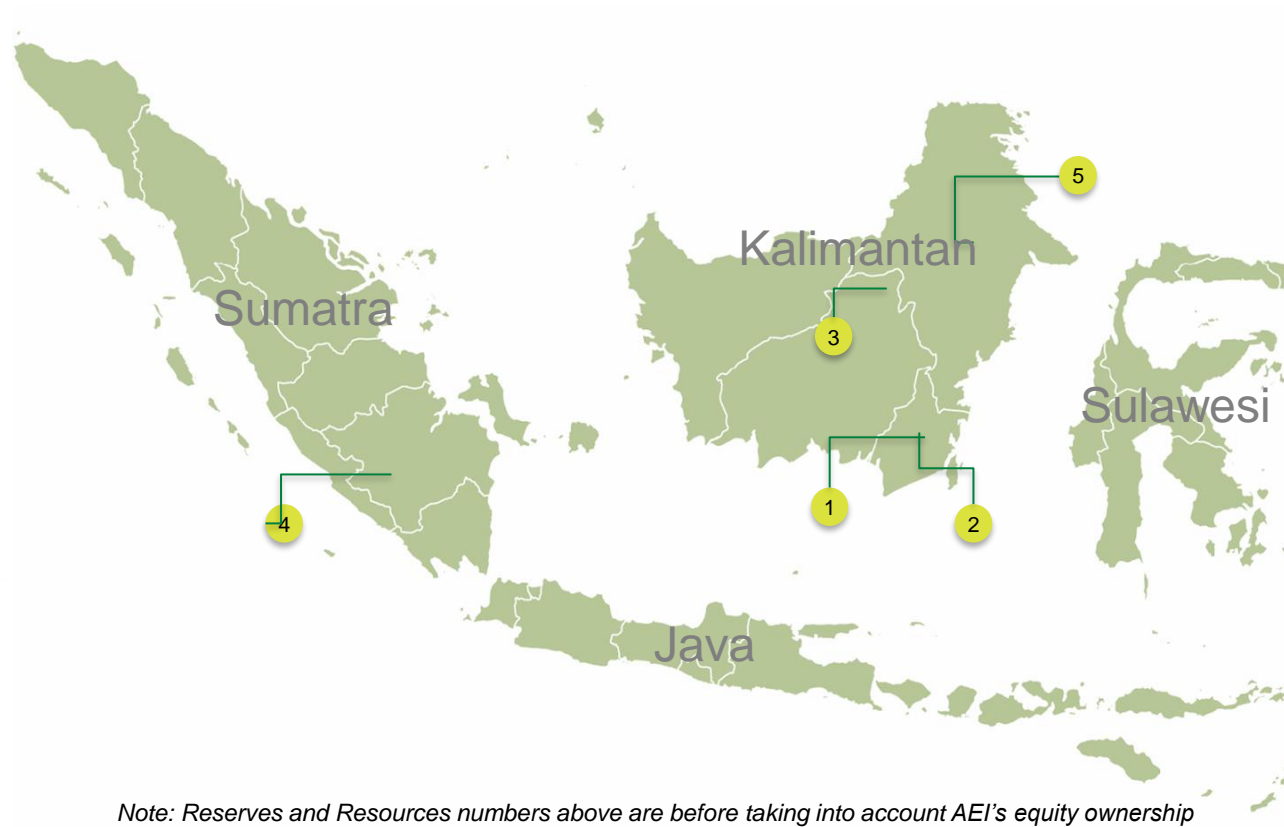
3
PT Adaro Minerals Indonesia Tbk (AMI): Central and East Kalimantan Metallurgical coal
Reserves: 165 Mt
Resources: 975 Mt

4
MIP: 75% stake S Sumatra sub-bituminous
Reserves 207 Mt
Resources 301 Mt

As of 31 December 2022, AEI has more than **8 billion tonnes (Bt) of resources** and **1.3 Bt of reserves** across thermal and metallurgical coal – providing us with flexibility in the coal market.

5
BEP: 18.5% stake with option to acquire 90% E Kalimantan sub-bituminous
Resources 3.3 Bt

6
Kestrel Coal Mine
48% of 80% Queensland, Australia Premium HCC
Reserves: 184 Mt
Resources: 421 Mt

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

Regulatory Updates



Conversion of CCOW to IUPK

- Continuation of AI's CCOW.
- Government Regulation (PP No 15 of 2022) stipulates the changes in the commercial terms: royalty rate, CIT rate, and additional profit sharing with the regional and central government.

		CCOW	IUPK
1	Royalty rate	13.5%	14% - 28%
2	CIT	45%	22%
3	Non-tax state revenue (government's portion – from net income)		
	- Central Gov't	-	4%
	- Regional Gov't	-	6%

- In line with conversion to IUPK, AI's concession size has been reduced, but does not affect our operation or our reserves.

Change in the royalty rate of IUP

- This impacts MIP and Balangan Coal mines, representing approximately 17% of 2022 production. The royalty going forward will be based on HBA pricing and could increase to between 7% - 10.5% from 3% - 5%.

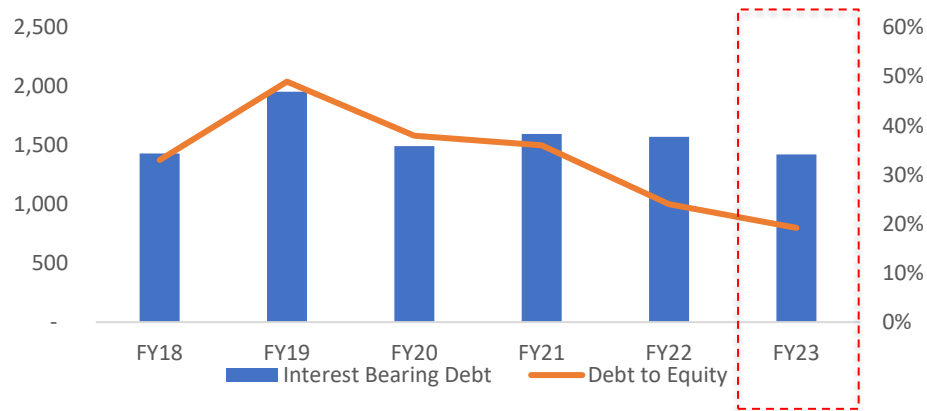
Change in the formula of Harga Batubara Acuan (HBA)

- Indonesia has introduced the reformulation of HBA to better reflect the value of Indonesian coal. The new HBA has three coal categories: HBA (6,322 kcal GAR), HBA I (5,200 kcal GAR), and HBA II (4,200 kcal GAR).
- The HBA will be derived from an average of actually traded Indonesian prices – 70% is based on the average price of the second and third weeks of the previous month and 30% is based on the average price of the first week of the previous month and the fourth week of the previous two months.

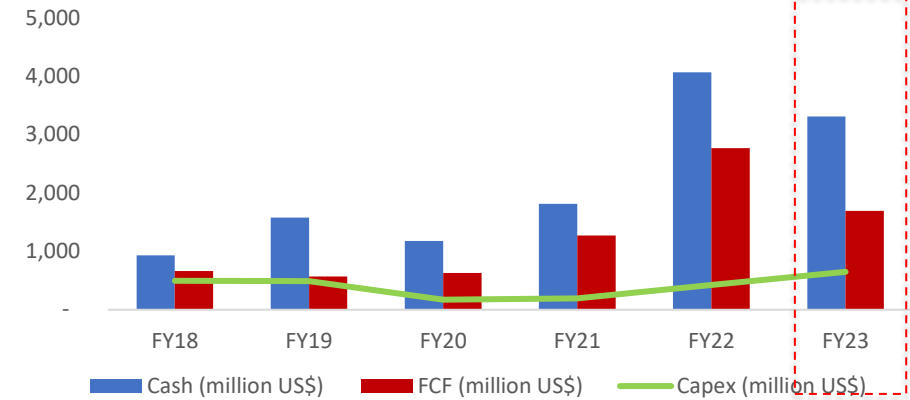
Solid Financials Backed by Strong Operations



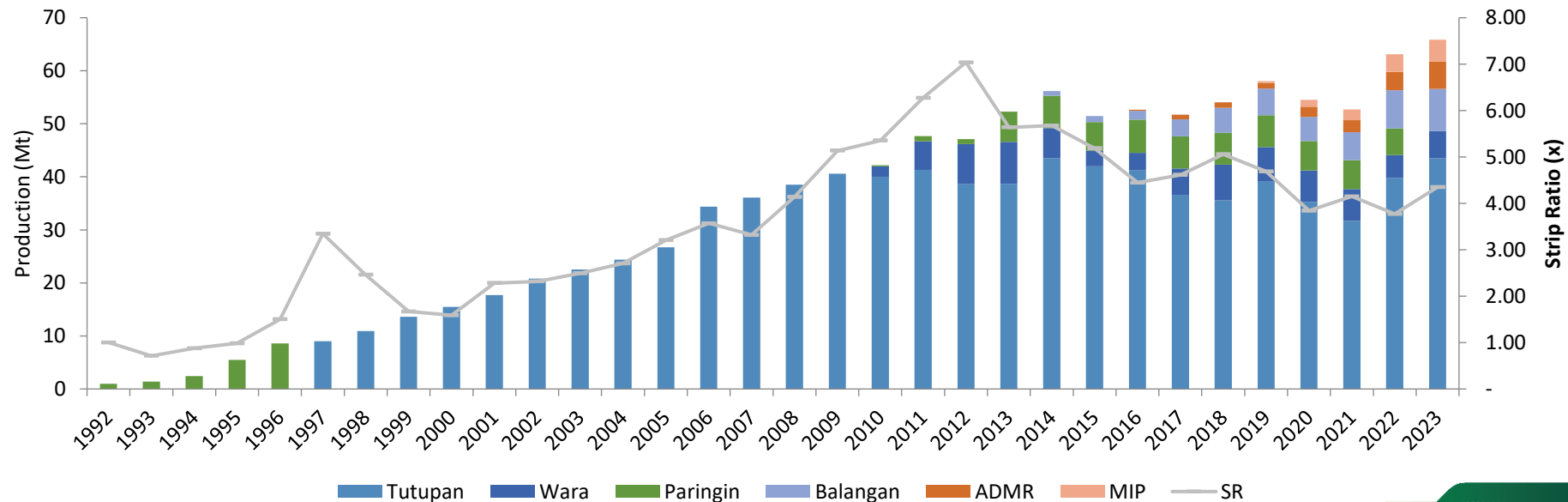
Financial position continues to improve



Strong cash balance and free cash flow generation



Adaro Historical Production

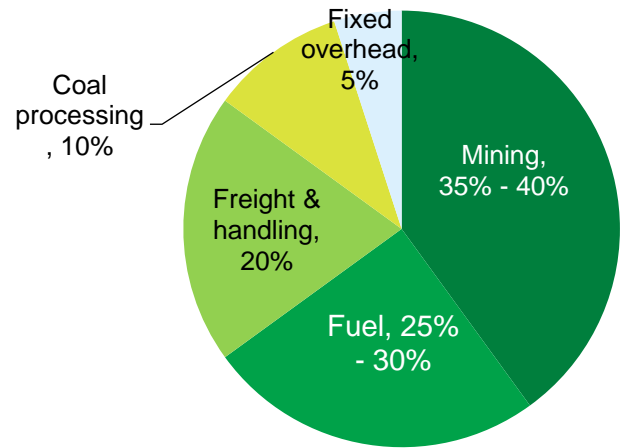


Industry Leading Efficiency

One of the lowest cost operators in Indonesia



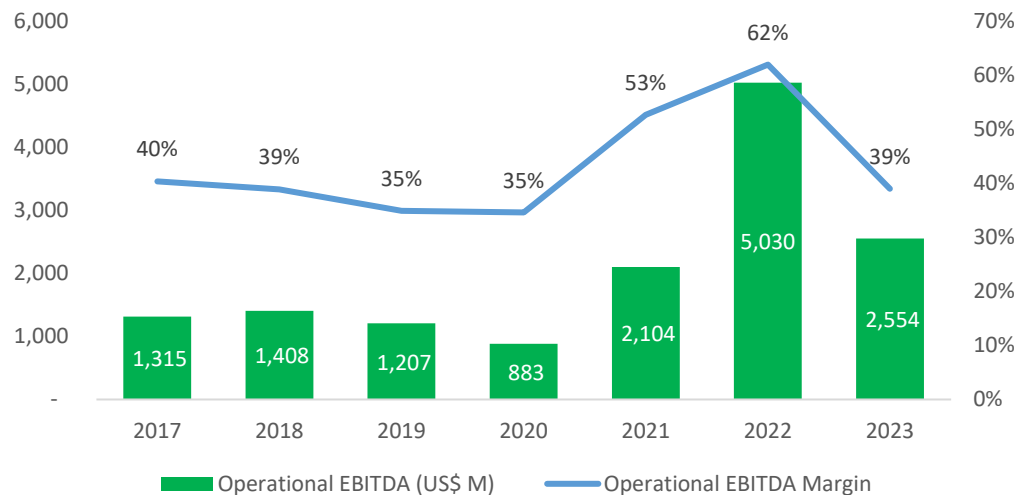
Adaro's estimated coal cash cost breakdown (FY23)



Electrification to reduce the usage of diesel gensets



Strong operational EBITDA generation and healthy operational EBITDA margin

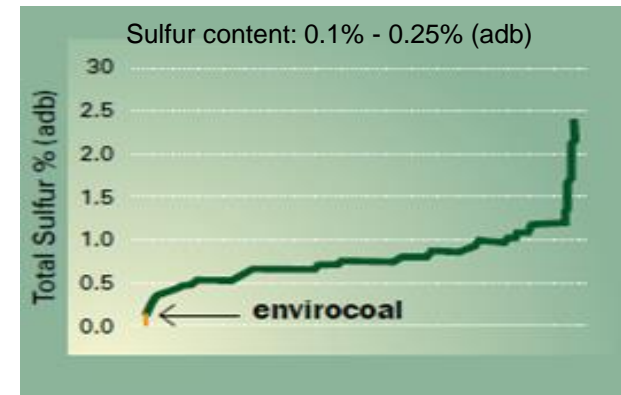
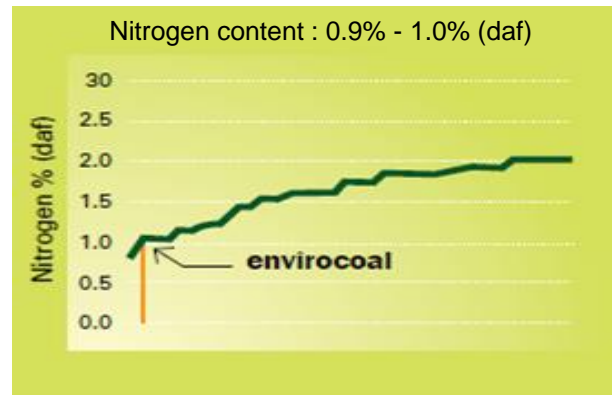
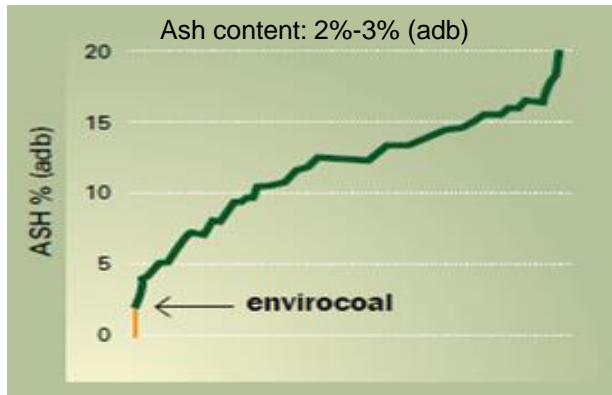


- Consistently delivers on operational EBITDA target and performed in-line with guidance.
- Healthy operational EBITDA margin on the back of better cost control from integrated business model.

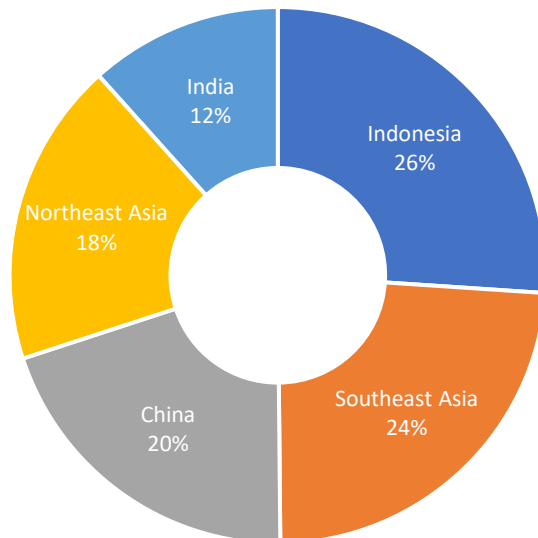
Well Positioned Product and Strong Customer Base Focused on Asia



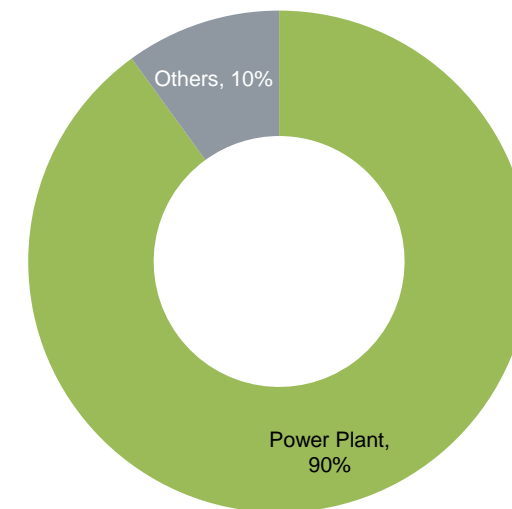
Envirocoal is among the lowest pollutant content coal in the seaborne market



Thermal Coal Sales by Destination (FY23)



Customer type by volume (FY23)



*others include cement, pulp & paper, and industrial

Operates Mining Services and Logistics to Ensure Operational Excellence



Key part of our vertical integration.

Ensures operational excellence, productivity improvement and timely reliable delivery to customers.

Stable profitability margin buffer against the volatility in coal price.

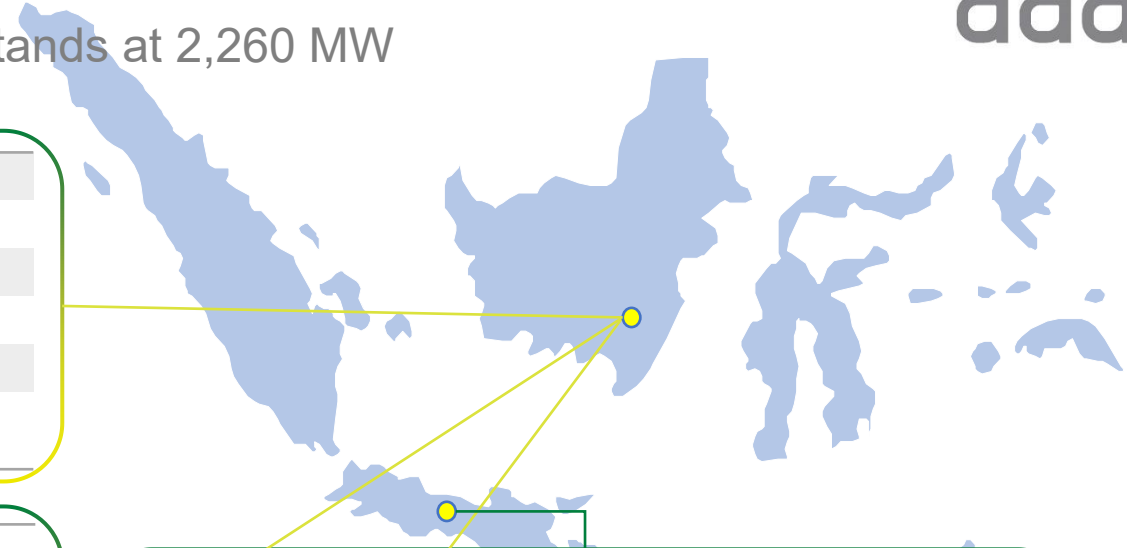
Focus on providing services for companies in the Adaro Group.



		Units	FY23	FY22	FY23 vs FY22
SIS	Overburden Removal	Mbcm	223.08	189.60	18%
	Coal Transport to Port	Mt	60.91	59.51	2%
MBP	Coal barging	Mt	63.53	57.33	11%

One of Indonesia's largest IPPs

Adaro Power's 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	90% (Avg. FY23)
Adaro Mining Electrification	Current: 11.7 MW Plan: additional 17.9 MW



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.)
Electricity produced	793.67 MWh (FY23)



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
Availability Factor	85.2% (Avg. FY23)



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	92.22% (Avg. FY23)

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 ADMR (Mini-hydro)


Owns & Operates 1,670 Ips of Water Treatment Plants



Also Supports Mining Operations through Slurry Management Business Unit


1

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




2

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




3

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




4

Adaro Wamco Prima
 Location : Tanjung, South Kalimantan
 Business : Mining pump services
 Adaro Shares : 60%
 Status : Operation




5

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



6

Adaro Tirta Mentaya
 Location : Sampit, Central Kalimantan
 Size : 320 Ips (contract), 400 Ips (capacity)
 Adaro Shares : 90%
 Status : In operation upto 250 Ips




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.

**PT Adaro Minerals
Indonesia Tbk
(IDX:ADMR)**

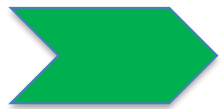
Adaro Minerals Indonesia at a Glance



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

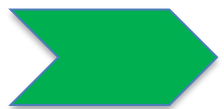


Five CCoW holders located in Central and East Kalimantan, Indonesia.



Large coal reserves and resources base which supports long-term sustainable growth.

Coal reserves: 165.4 Mt. Coal resources: 975 Mt.



Coal production in FY22 reached 3.37 Mt, and in FY23 coal production reached 5.11 Mt (**▲ 52% y-o-y**). Aiming at 6 Mtpa in 2025.



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



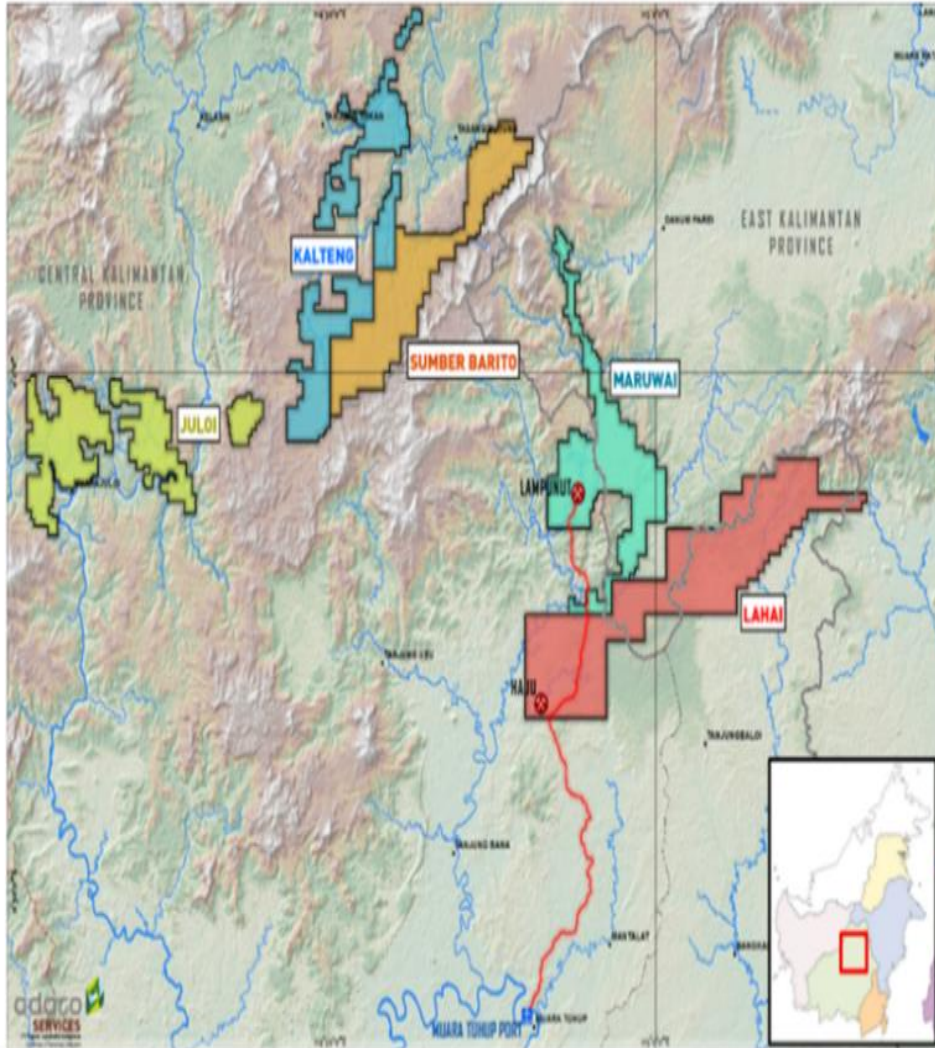
Offers coal **supply diversification** for customers in a market dominated by Australia, Canada and the US.



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

Company Overview

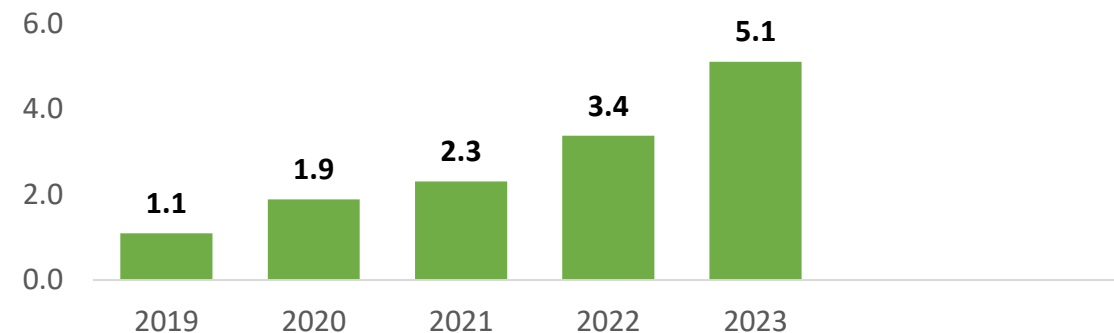
CCoWs Locations



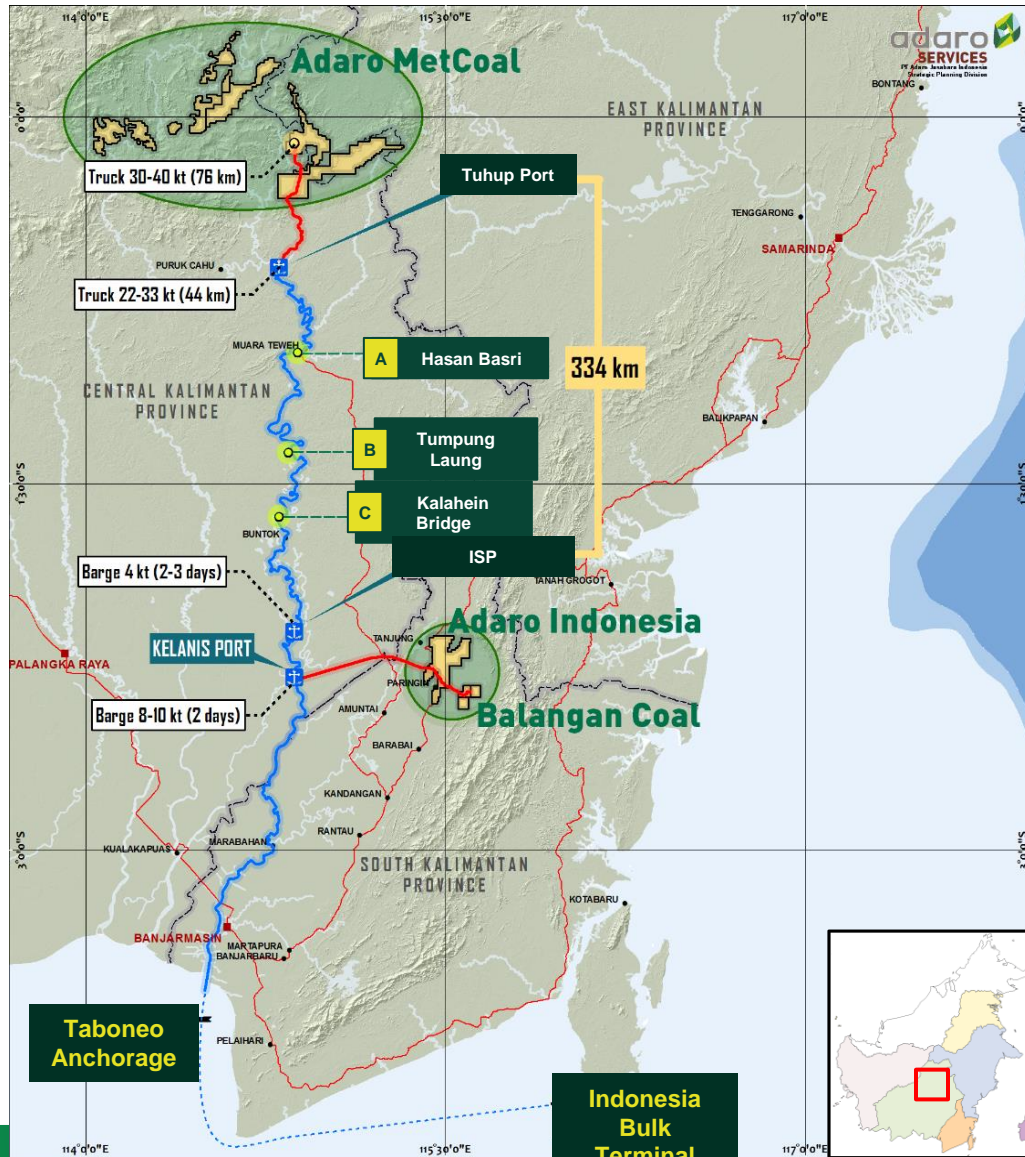
Coal Resources and Reserves

Company / Locality	Total Coal Reserves (Mt)	Total Coal Resources (Mt)	Compliance Standard
LC - Haju (Metallurgical)	2.3	4.3	JORC
MC - Lamunut (Metallurgical)	84.3	100.3	JORC
JC - Juloi Northwest (Metallurgical)	-	629.9	JORC
JC - Bumbun (Metallurgical)	55.5	174.5	JORC
KC - Luon (Metallurgical)	17.7	50.9	JORC
SBC - Dahlia Arwana (Metallurgical)	5.6	15.0	JORC
TOTAL	165.4	975.0	

Coal production (in million tonnes)



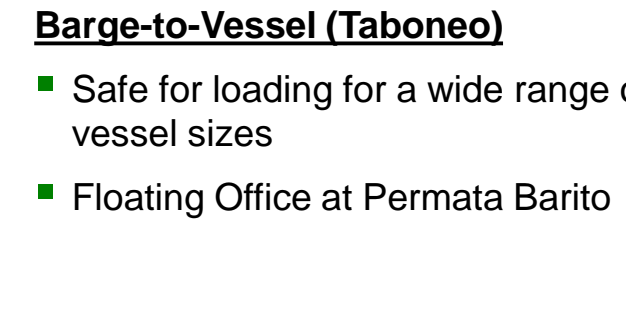
Supply Chain: from Coal Terminal to Vessel Loading Points



Barge-to-barge

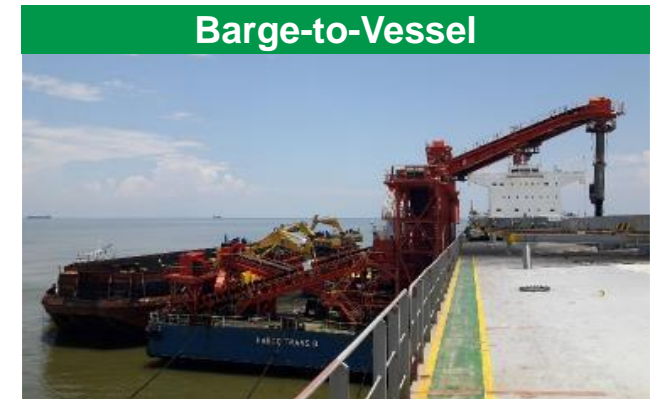
Barge-to-Barge

- 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

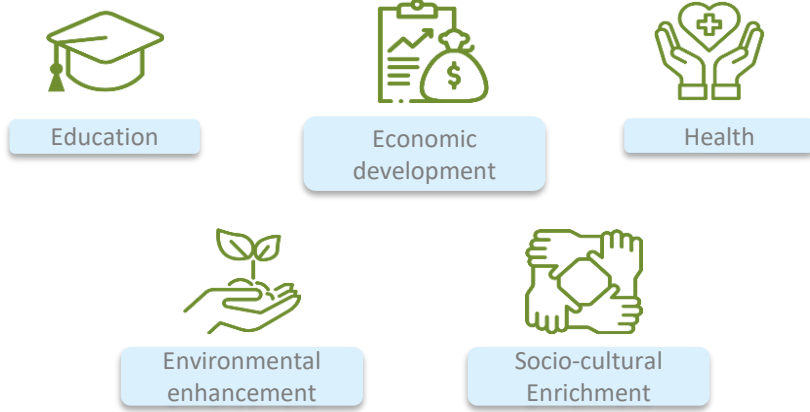
- Located at Pulau Laut, Southeastern coast of South Kalimantan.
- 11 Mtpa capacity
- Up to 82kt DWT
- Dedicated stockpiles of 640kt



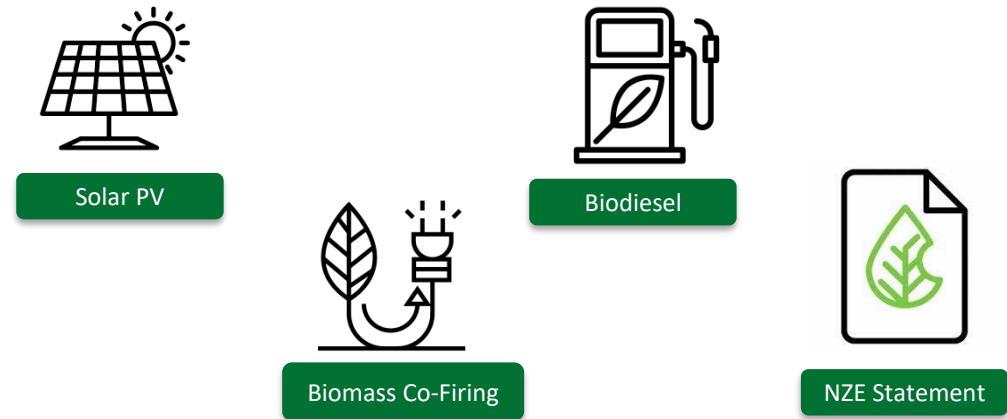
Sustainability and Green Initiatives

Balance of People, Planet and Purpose

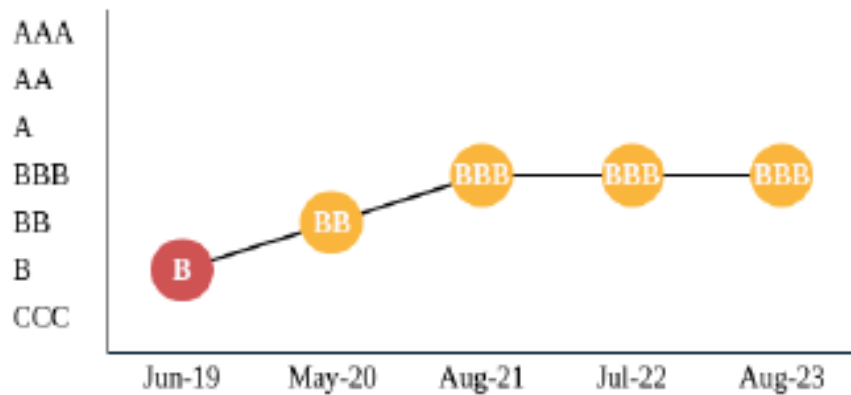
Key programs in Corporate Social Responsibility



Green Initiatives



MSCI ESG Rating History

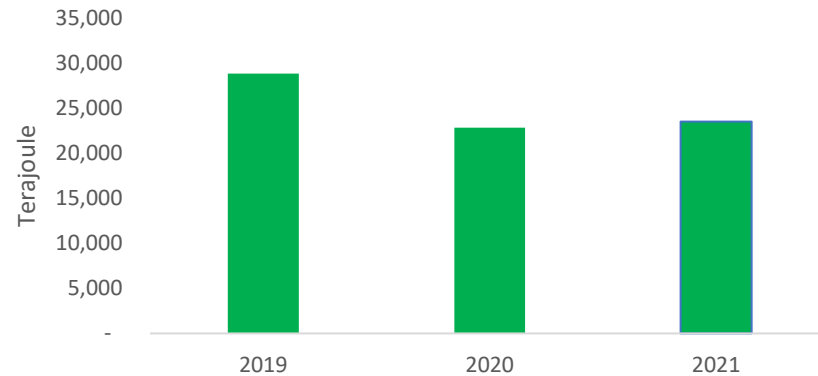


Sixth PROPER Gold Award

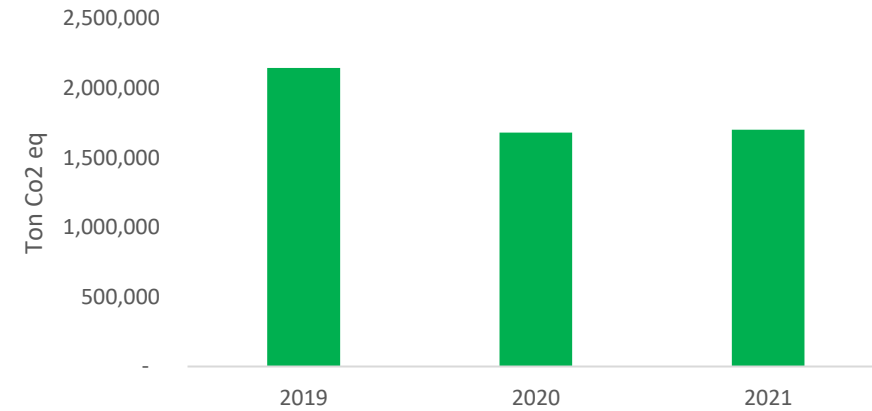


Improving Environmental Performance

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

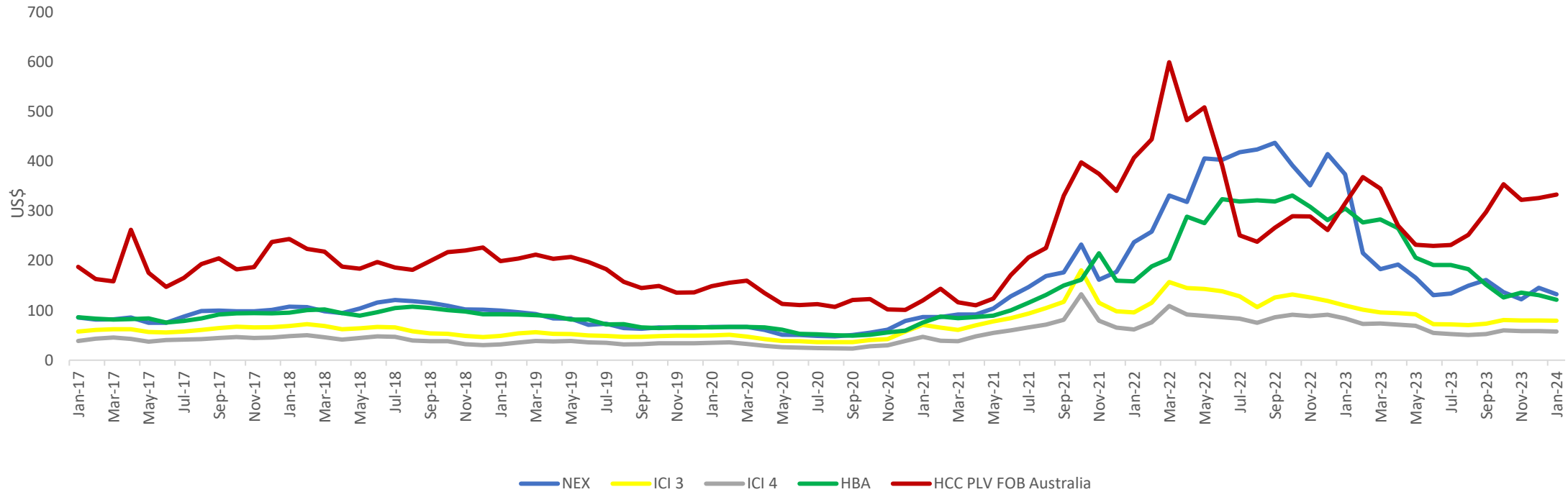


2014	2015	2016	2017	2018
<p>PROPER green award Ministry of Environment & Forestry</p> <p>Aditama gold award <i>For environmental excellence in the coal sector</i> Ministry of Energy & mineral resources</p> <p>Bronze sustainability award <i>For sustainable investment</i> RobecoSAM</p>	<p>PROPER green 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>	<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>
2019	2020	2021	2022	2023
<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>	<p>PROPER gold award Ministry of Environment & Forestry</p> <p>Global CSR Gold Award <i>For Excellence in Provision of Literacy and Education</i> Annual Global CSR & Summit</p> <p>Green Initiative Award <i>Recognizing the company's initiatives to diversify and increase share of new and renewable energy</i> Katadata</p>	<p>PROPER gold award Ministry of Environment & Forestry</p> <p>Subroto award <i>For Most Innovative Community Development</i> Ministry of Energy & mineral resources</p> <p>Listed on Forbes's World Best Employers 2023 Forbes' Global List</p>



Industry Outlook

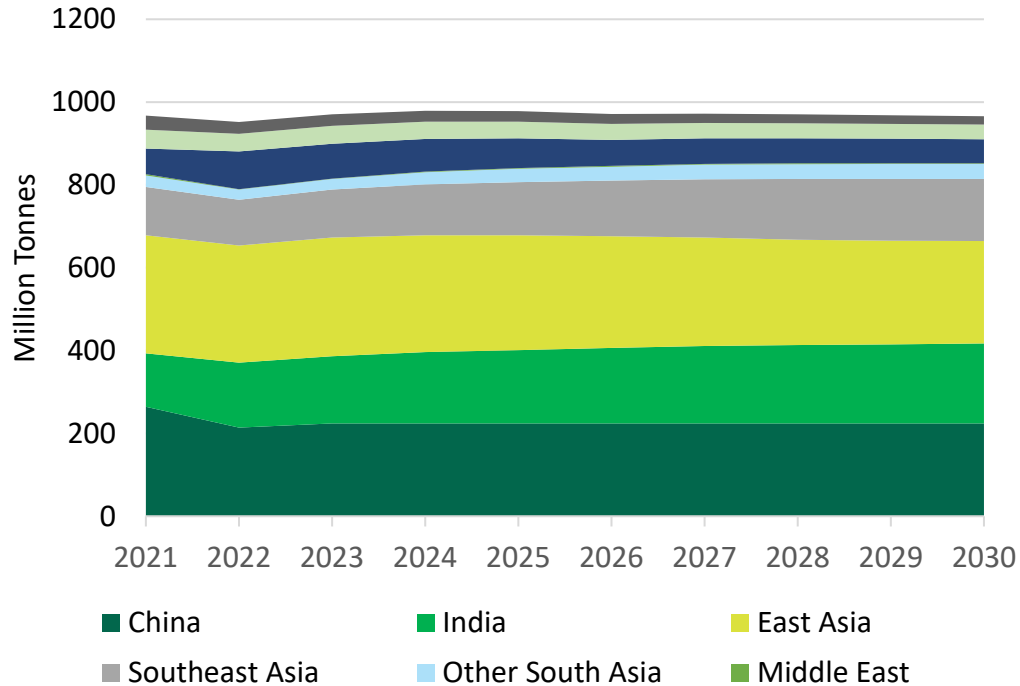
Prices Remain Near Historical Highs



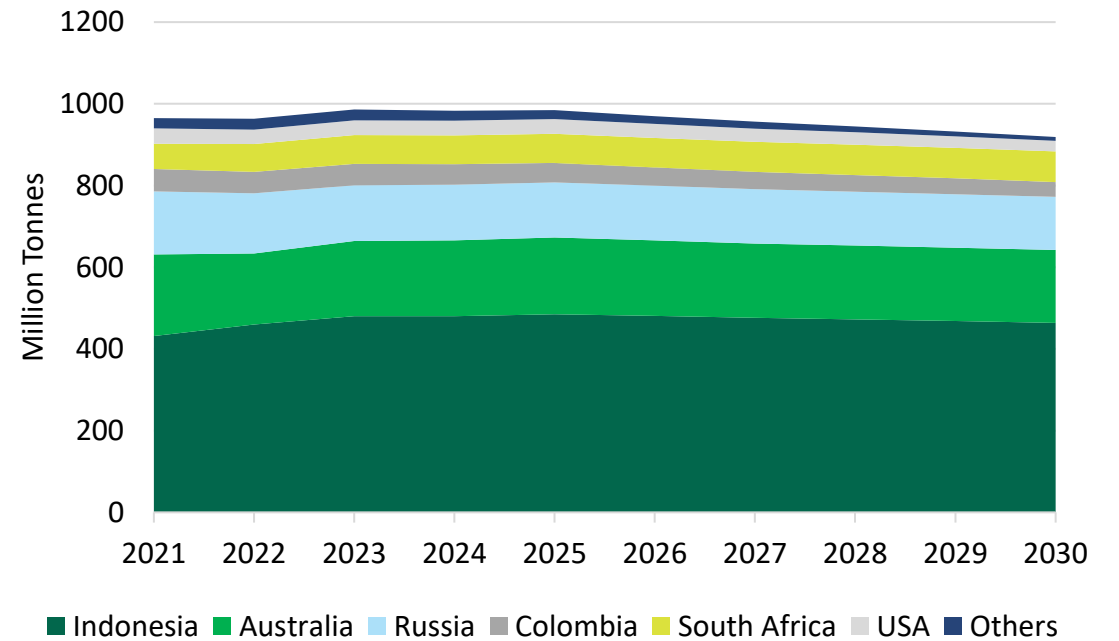
- Prices continue to fluctuate.
- Demand from China has supported Indonesian thermal coal imports.
- Indonesian coal demand is still expected to be high due to its competitiveness and unique characteristics.
- The year-to-date average of Premium low-volatile hard coking coal FOB Australia price declined by 19% year-on-year, but remain well supported, reaching nearly US\$300/mt on average.

Seaborne Thermal Coal Demand and Supply Outlook

Global thermal coal imports demand (Mt)



Global thermal coal supply (Mt)



Sources: Adaro Analysis

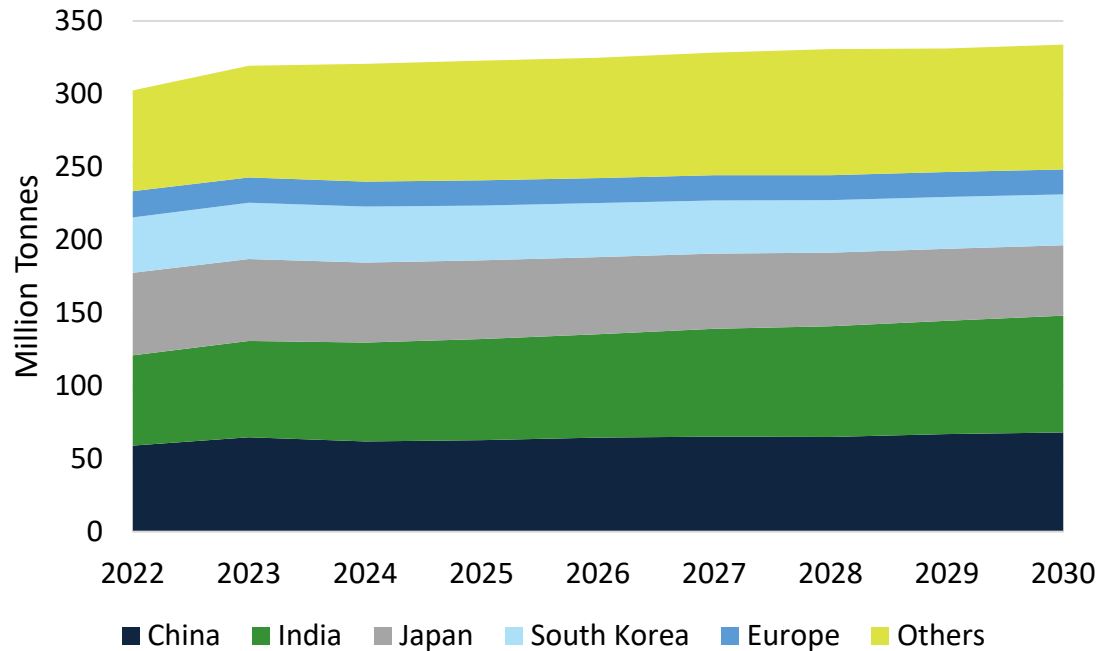
- Coal remains as significant part of energy mix in emerging economies in Asia
- Despite push towards renewable energy, emerging economies in Asia still rely on coal for electricity generation due to its availability and affordability.
- As the world aims to reduce carbon emission, demand for coal will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



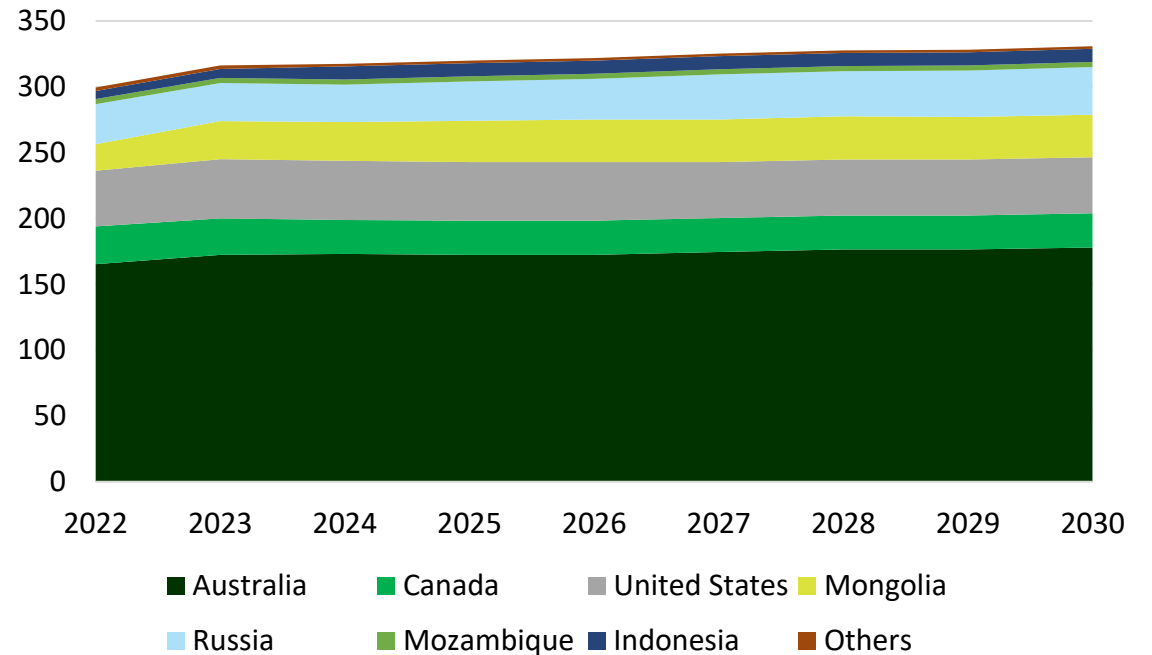
Seaborne Metallurgical Coal Demand and Supply Outlook



Global metallurgical coal imports demand (Mt)



Global metallurgical coal supply (Mt)



Sources: Adaro Analysis

Underinvestment and Robust Demand expected to lead to Undersupplied market

- The long-term outlook shows a positive and stable growth of demand and supply.
- India to be the main driver of growth for the next decade, outpacing China and Japan.
- Australia continues to be the main supplier in seaborne market, but supply growth will be constrained due to underinvestment in some supplying countries.

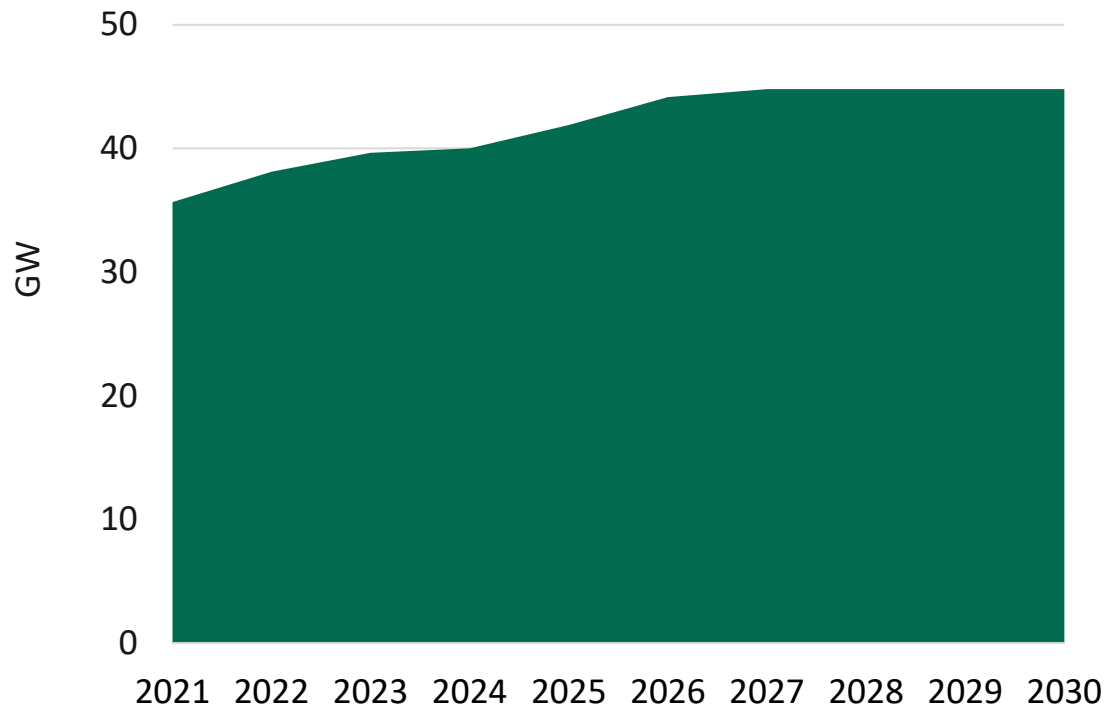


Indonesian Long-Term Demand Remains Robust

Supported by growing downstream activities in Indonesia

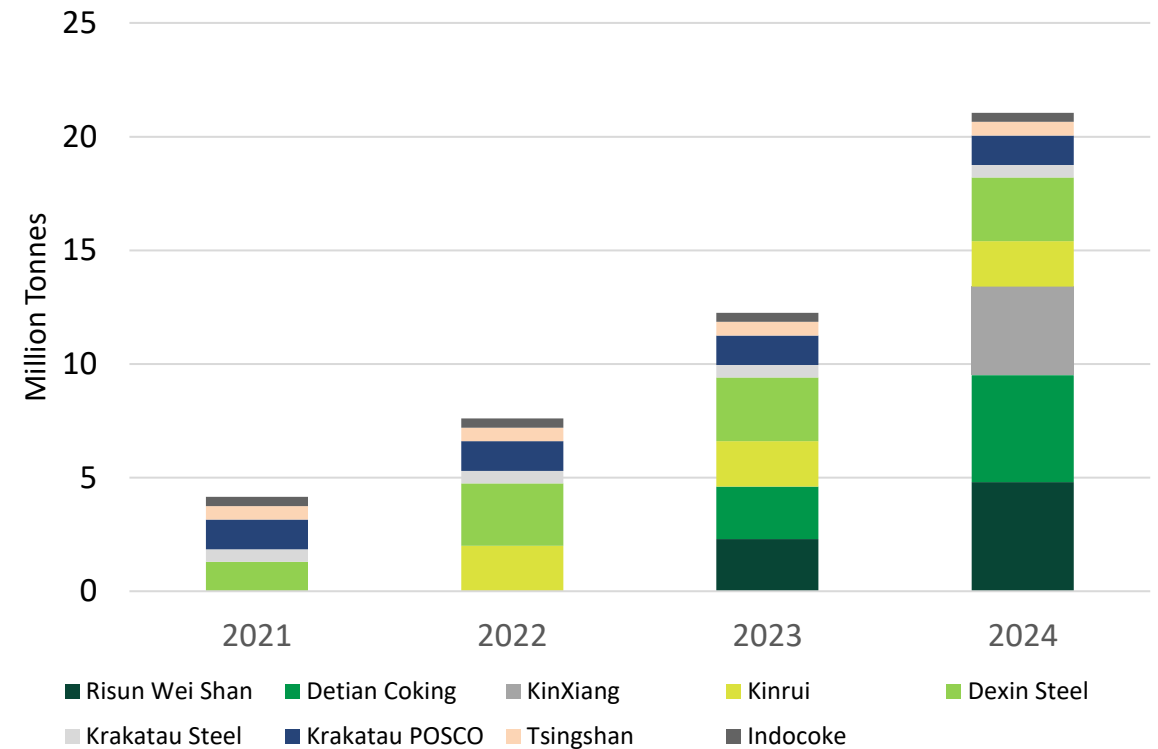


Coal Fired Power Plant Capacities in 2021 - 2030



Source: RUPTL 2021 – 2030, ESDM 2022, APBI

Coke capacity increase



- CFPP capacity continues to increase to support the transition in minerals processing and refinery in Indonesia.
- Indonesia coke capacities are expected to reach 21 Mt in 2024, which translates to 35 Mt of metallurgical coal consumption.

Thank you

