PT Adaro Energy Indonesia Tbk

1H24

Disclaimer

These materials have been prepared by PT Adaro Energy Indonesia 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.

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

Pursuing sustainable growth driven by the green economy

adaro ENERGY

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.

adaro MINERALS

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.

adaro GREEN

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

FY23 Production
65.88 Mt (+5% YoY)
Thermal and Met split is 92%:8%

FY23 Sales/Core Earnings
$6.5 billion/$1.9 billion
*+royalty

FY23 FCF
$1.7 bn
paid FY22 div of $1bn and FY23 capex of $648m

FY23 Cash of $3.3 bn
to fund growth capex in minerals and green

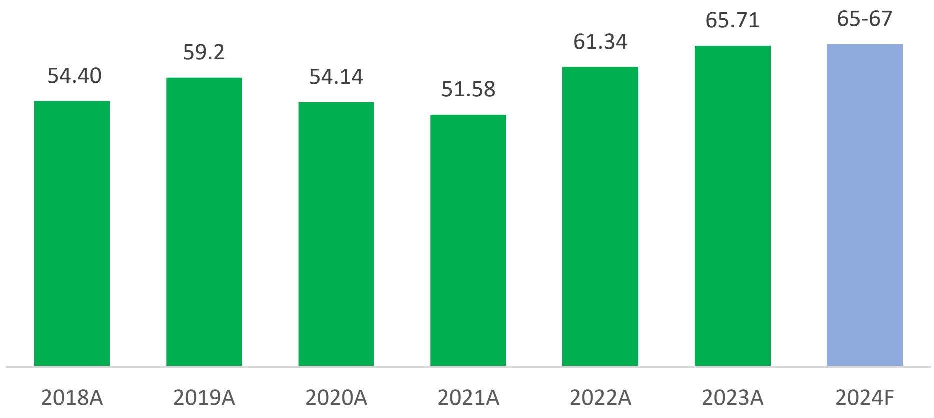
ADMR
investing in met coal and 1.5 Mt of aluminum smelter

Adaro Green
investing in hydro, solar, and wind IPP

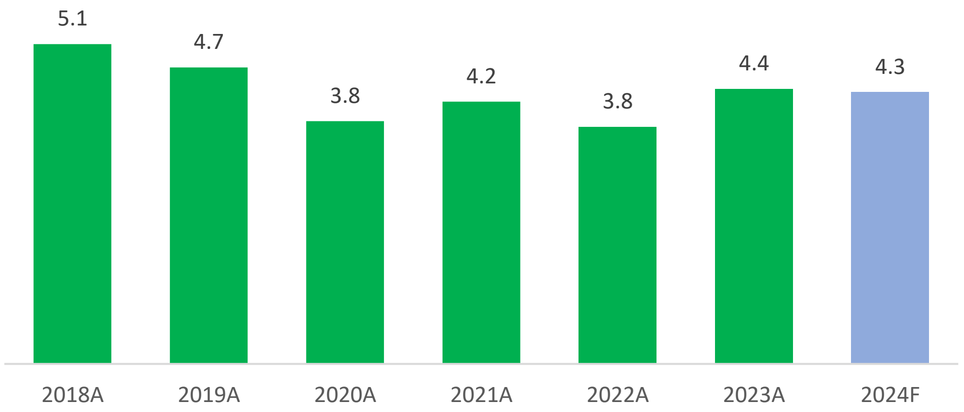
FY24 Guidance

provides cash to invest in EV value chain and renewables

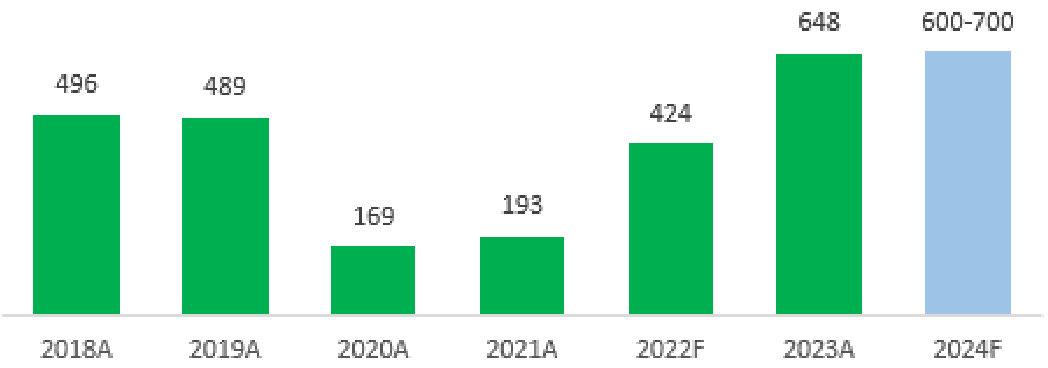
Sales Volume (Mt)



Consolidated Planned Strip Ratio (bcm/t)

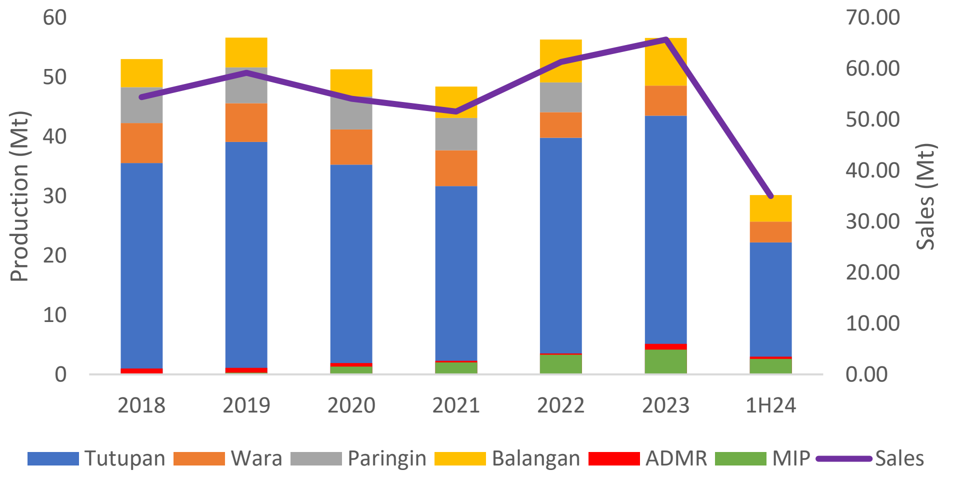


Consolidated Capital Expenditure ($m)

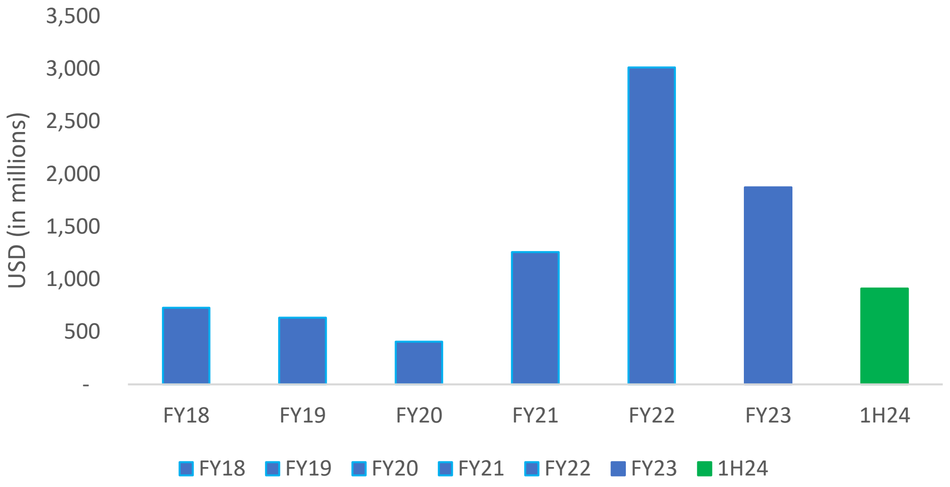


Summary of PT Adaro Energy Indonesia Tbk

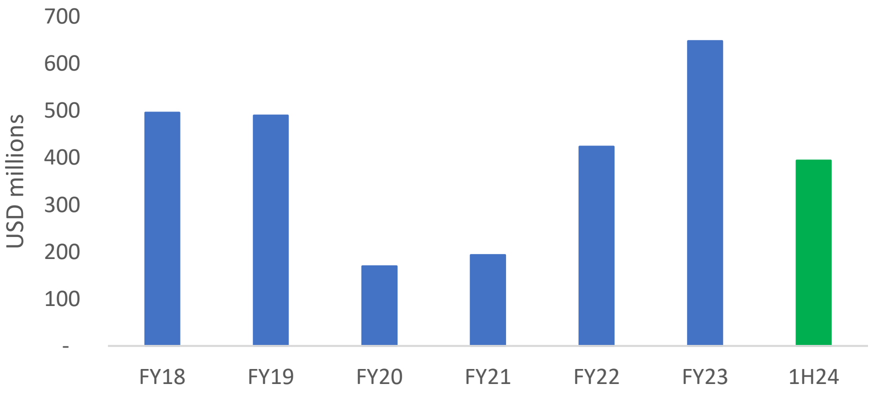
Adaro Group Production and Sales



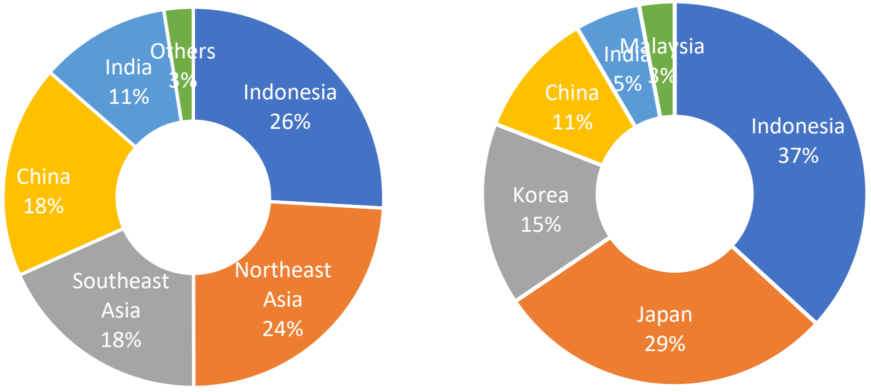
Core Earnings



Capital Expenditure



Adaro Group Coal Sales by Destination 1H24



Thermal Coal Sales

Metallurgical Coal Sales

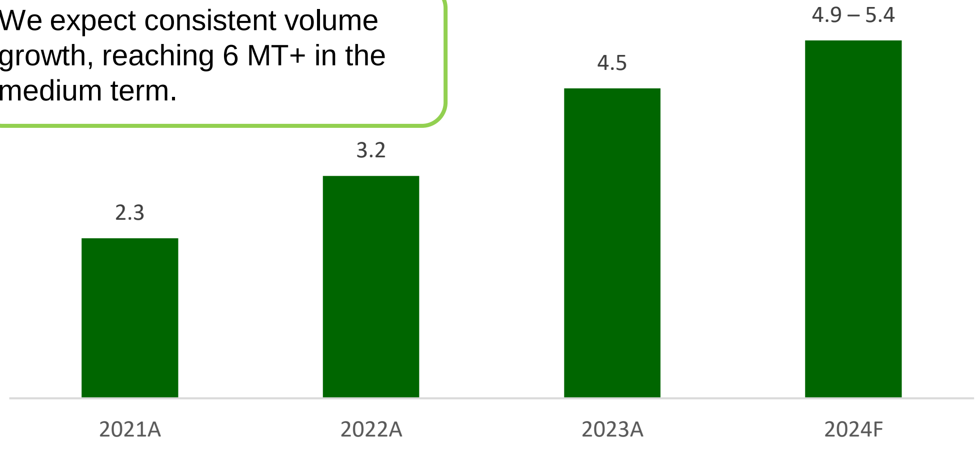
Summary of PT Adaro Minerals Indonesia Tbk

Adaro Minerals Key Financial Highlights

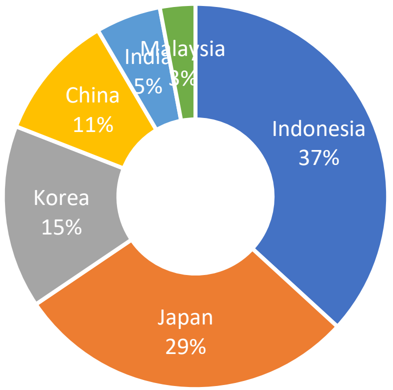
OPERATIONAL	1H24	1H23	Change
Production (Mt)	2.98	2.54	17%
Sales (Mt)	2.59	1.82	43%
Overburden removal (Mbcm)	10.36	7.55	37%
FINANCIAL ($ thousand)	**1H24**	**1H23**	**Change**
Net Revenue	607	463	31%
Core Earnings	252	168	50%
Operational EBITDA	329	235	40%
Operational EBITDA Margin	54.3%	50.7%	3.6%

Metcoal Sales Volume (Mt)

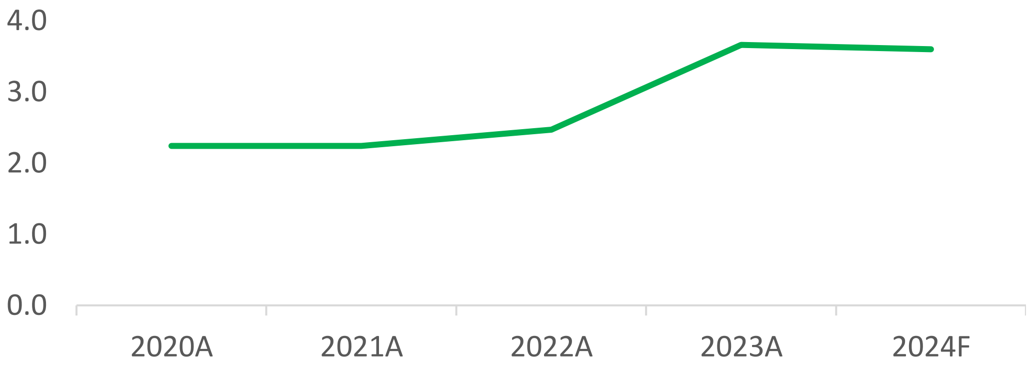
We expect consistent volume growth, reaching 6 MT+ in the medium term.



Sales by Destination 1H24



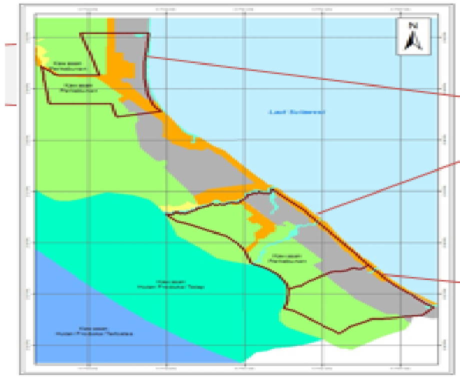
Adaro Minerals Strip Ratio Remains Very Low



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



Potential Tenants:

Green Industry

- *Renewable Fuels*
- *Battery*
- *Electric Vehicle*
- *Ternary Cathode*
- *Aluminium Smelter*

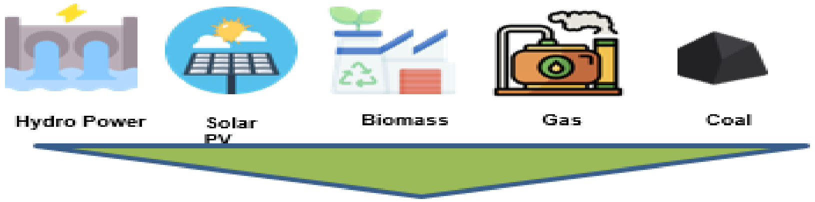
Powered by renewable power generators e.g. Hydro, Solar PV

Blue Industry

- *Petrochemical*
- *Polycrystalline Silicon*
- *Steel Production*
- Nickel

Powered by Coal Fired Power Plant, Gas Plant & Hydro Power

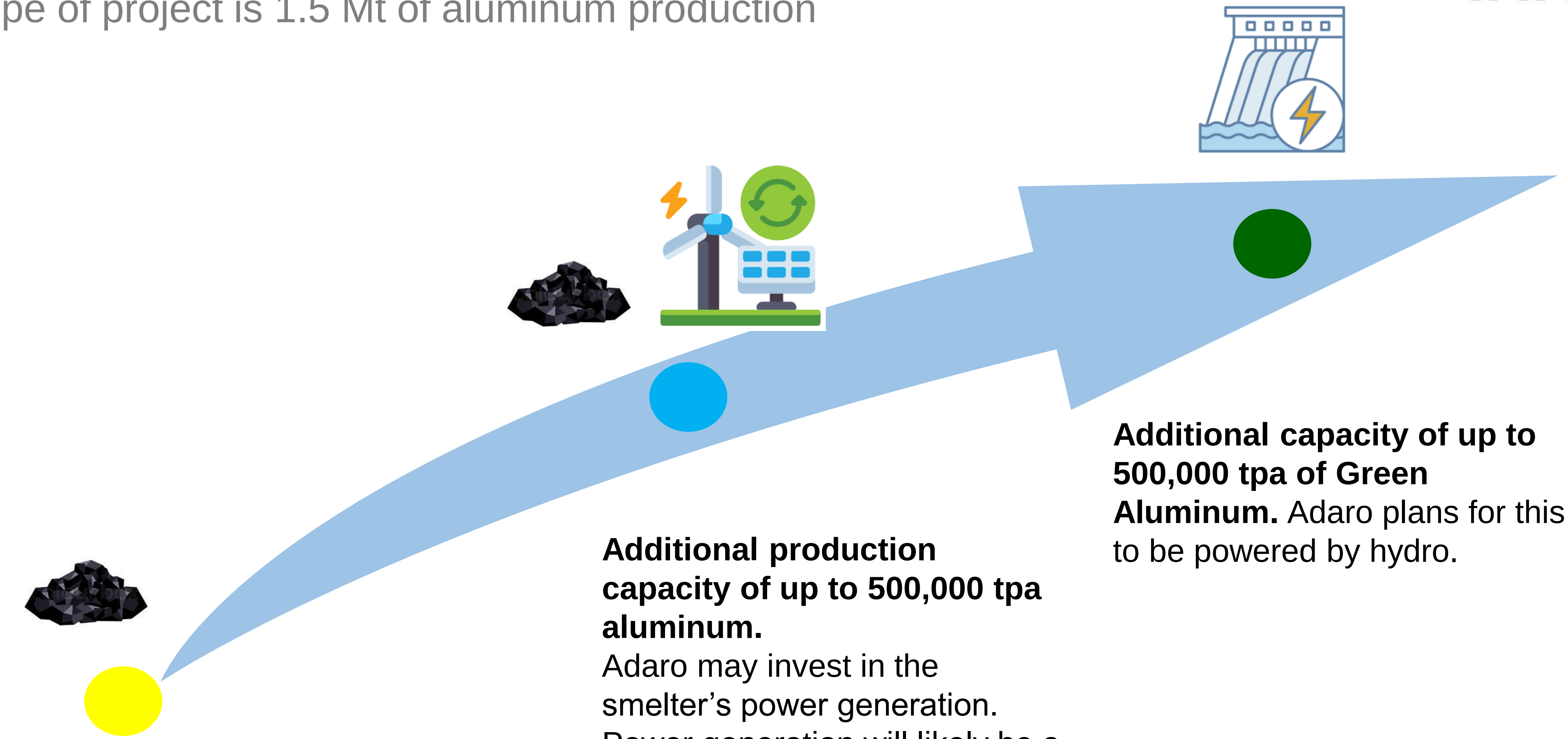
Potential Power Generators



More than 10 GW power potential

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.

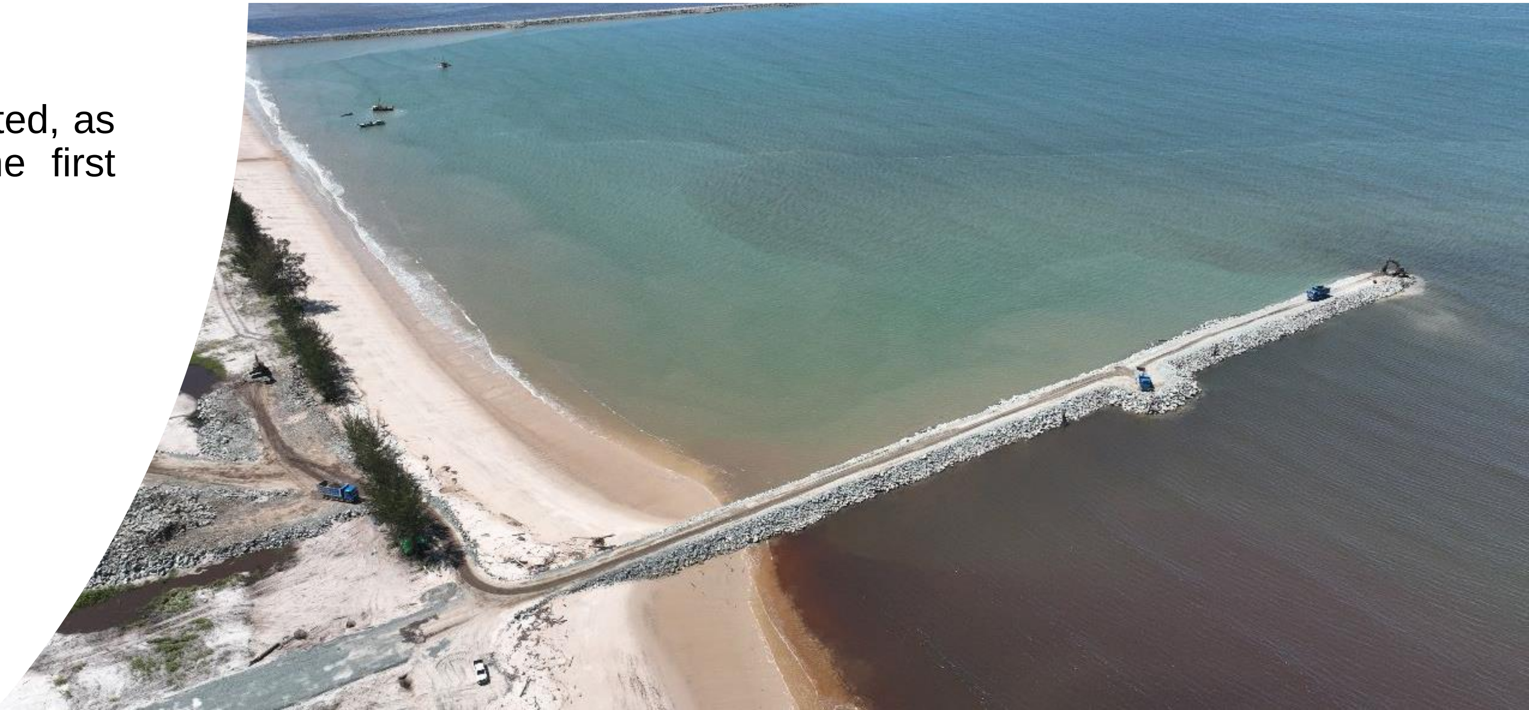
Additional capacity of up to 500,000 tpa of Green Aluminum. Adaro plans for this to be powered by hydro.

Progress of Aluminum Smelter

- **Smelter:** KAI continued to advance the construction of the aluminium smelter. KAI has worked on the completion of soil improvement, piling works, and foundation works in the smelter area.

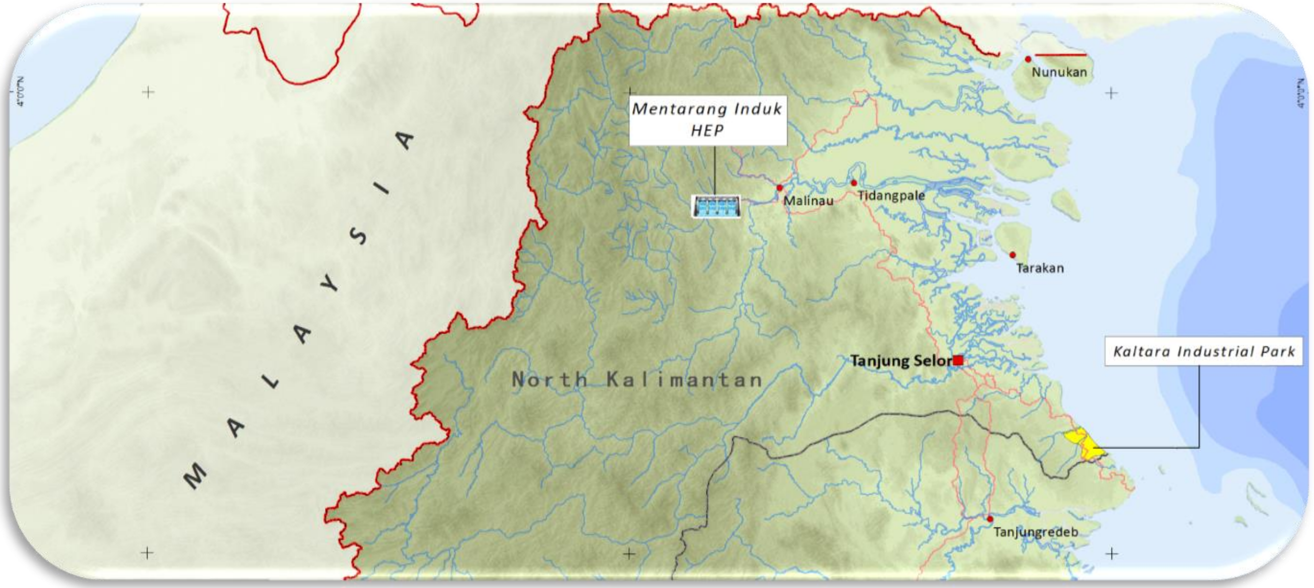
- **Jetty:** first phase of dredging in jetty area has been completed.

- **Supporting facilities:**
  earthwork in the dormitory area was completed, as well as the heavy cargo berthing and the first phase dredging in the jetty area



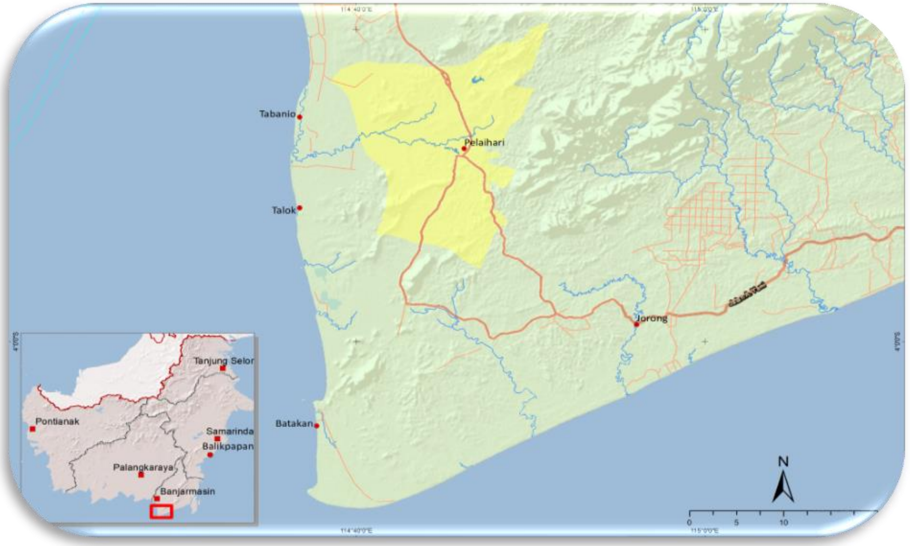
Adaro Green

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 CO_2/year**.

Adaro Energy

Adaro Energy Indonesia's Performance

Continue to deliver consistent results and strong cash flows

OPERATIONAL	1H24	1H23	Change
Production (Mt)	35.74	33.41	7%
Sales (Mt)	34.94	32.62	7%
OB removal (Mbcm)	141.58	129.83	9%
FINANCIAL ($ millions, unless indicated)	**1H24**	**1H23**	**Change**
Revenue	2,973	3,479	-15%
Core Earnings	911	1,024	-11%
Operational EBITDA	1,234	1,393	-11%
Cash	2,794	2,762	1%
Net Debt (Cash)	(1,557)	(1,324)	18%
Capex	394	269	46%
Free Cash Flow	648	933	-31%
Operational EBITDA Margin	42%	40%	2%
Net Debt (Cash) to Equity (x)	Net cash	Net cash	-
Net Debt (Cash) to Last 12 months Operational EBITDA (x)	Net cash	Net cash	-
Cash from Operations to Capex (x)	2.70	0.27	-900%

Large Reserves and Diverse Portfolio across Indonesia and Australia

1

Adaro Indonesia: 88.5%
Existing,
S Kalimantan
sub-bituminous
Reserves: 634 Mt
Resources: 3.1 Bt

2

Balangan Coal Companies:
S Kalimantan
sub-bituminous
Reserves 110 Mt
Resources: 249 Mt

3

PT Adaro Minerals Indonesia Tbk (AMI):
Central and East Kalimantan
Metallurgical coal
Reserves: 173 Mt
Resources: 975 Mt

4

MIP: 75% stake
S Sumatra
sub-bituminous
Reserves 202 Mt
Resources 297 Mt

As of 31 December 2023, AEI has more than **4,9 billion tonnes (Bt) of resources** and **1.0 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: 175 Mt
Resources: 411 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%.

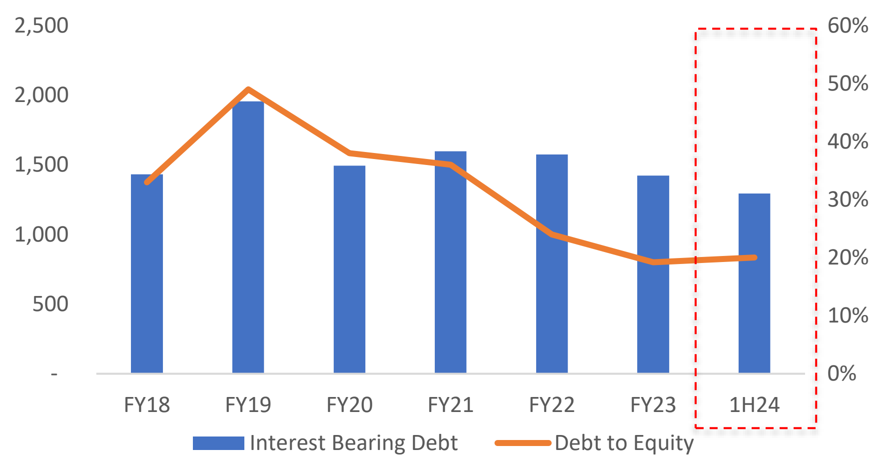
Regulatory Updates

Change in the formula of Harga Batubara Acuan (HBA)

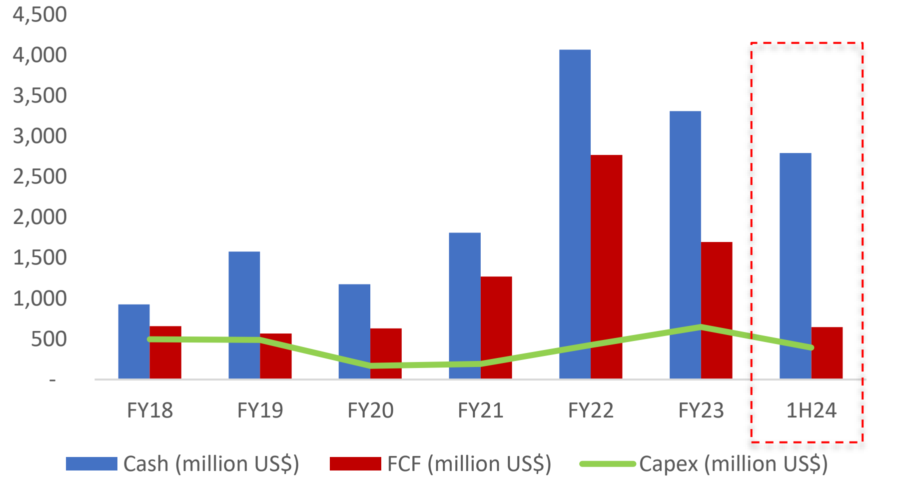
- Indonesia has introduced the reformulation of HBA to better reflect the value of Indonesian coal. The new HBA has three coal categories: HBA (6,322 kcal GAR), HBA I (5,200 kcal GAR), and HBA II (4,200 kcal GAR).
- The HBA will be derived from an average of actually traded Indonesian prices – 70% is 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

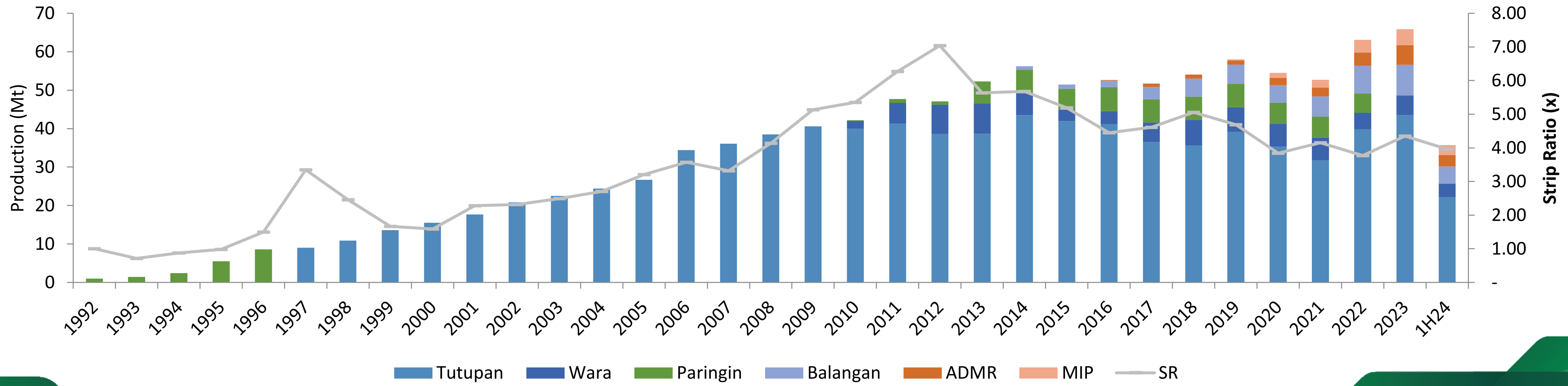
Financial position continues to improve



Strong cash balance and free cash flow generation



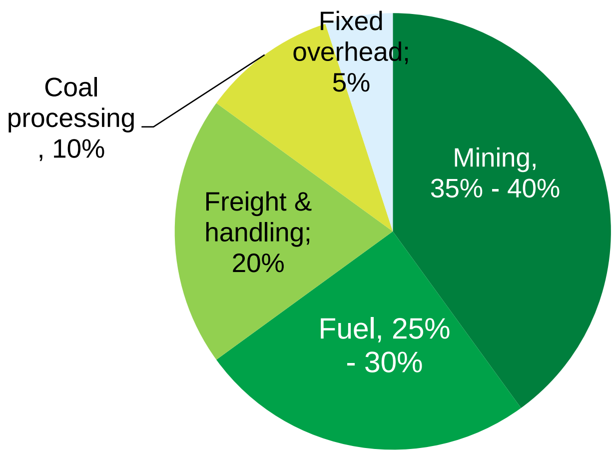
Adaro Historical Production



Industry Leading Efficiency

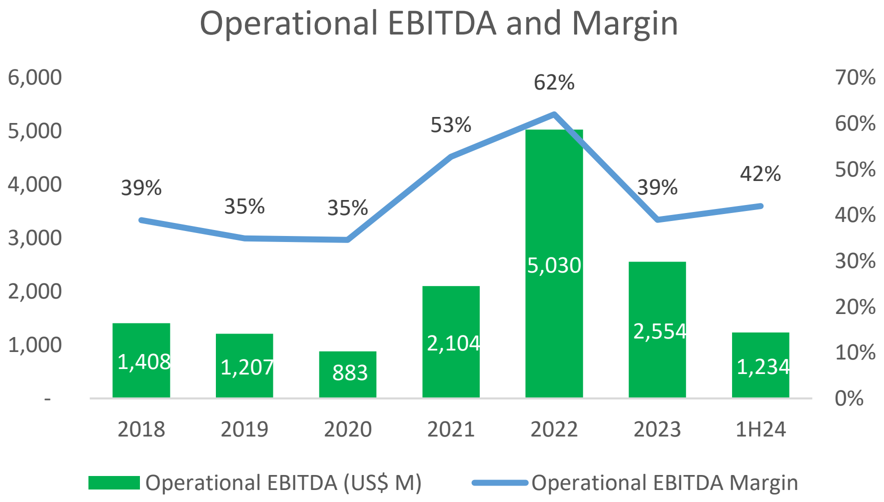
One of the lowest cost operators in Indonesia

Adaro's estimated coal cash cost breakdown (1H24)



Electrification to reduce the usage of diesel gensets

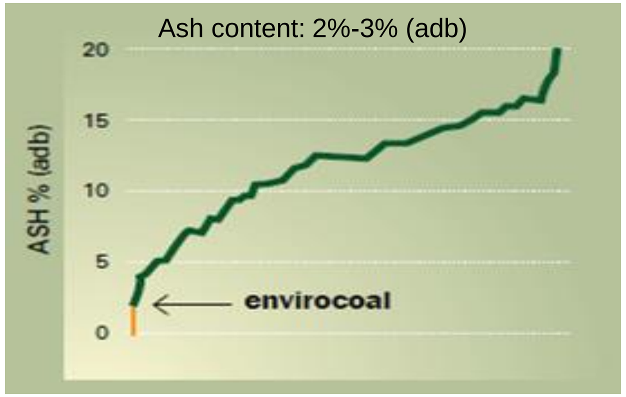
Strong operational EBITDA generation and healthy operational EBITDA margin

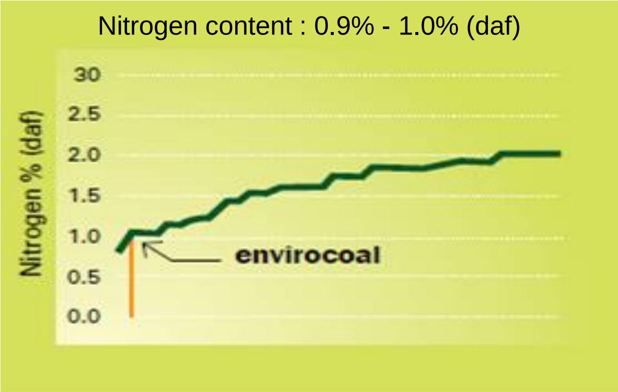


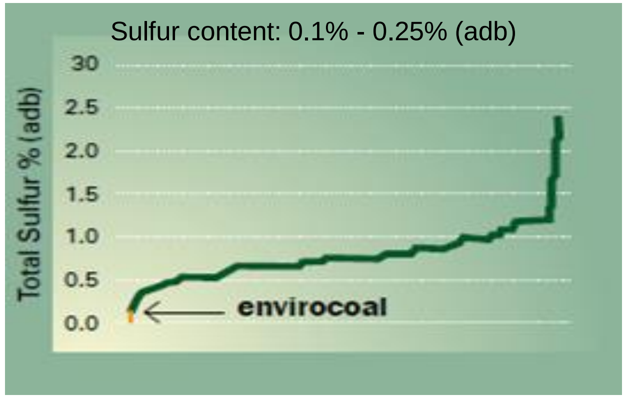
- Consistently delivers on operational EBITDA target and performed in-line with guidance.
- Healthy operational EBITDA margin on the back of better cost control from integrated business model.

Well Positioned Product and Strong Customer Base Focused on Asia

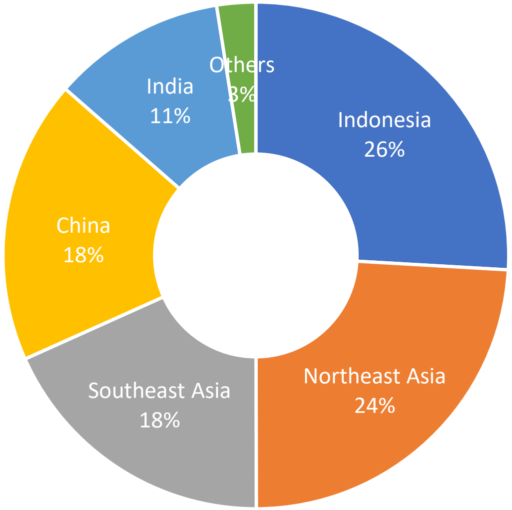
Envirocoal is among the lowest pollutant content coal in the seaborne market



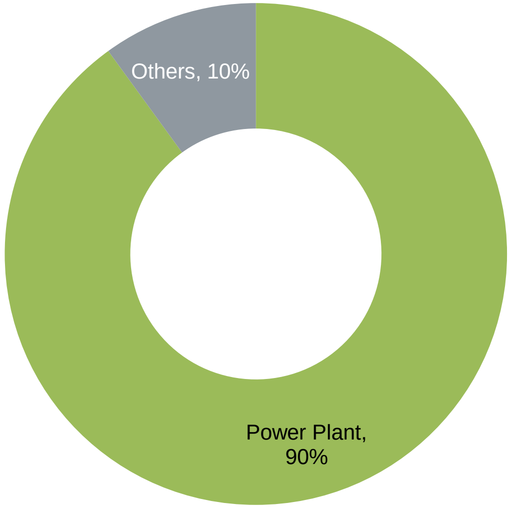




Thermal Coal Sales by Destination (1H24)



Customer type by volume (1H24)



*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.

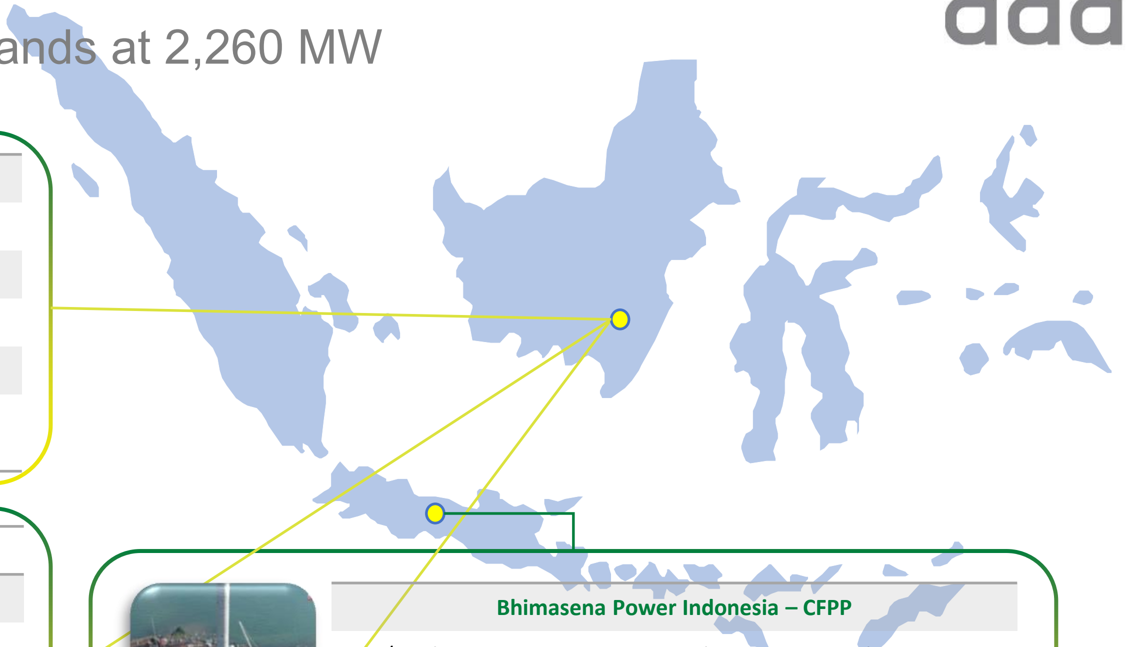
Stable profitability margin buffer against the volatility in coal price.

Focus on providing services for companies in the Adaro Group.

		Units	1H24	1H23	1H24 vs 1H23
SIS	Overburden Removal	Mbcm	92.75	100.04	-7%
	Coal Transport to Port	Mt	32.25	31.12	4%
MBP	Coal barging	Mt	34.62	31.51	10%

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	99.3% (Avg. 1H24)
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	421 MWh (1H24)

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	92.1% (Avg. 1H24)

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	91.5% (Avg. 1H24)

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 lps of Water Treatment Plants

Also Supports Mining Operations through Slurry Management Business Unit

1

Dumai Tirta Persada

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

2

Grenex Tirta Mandiri

Location	: Bekasi, West Java
Size	: 200 lps
Adaro Shares	: 49%
Status	: Started construction

3

Drupadi Tirta Gresik

Location	: Gresik, East Java
Size	: 400 lps
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

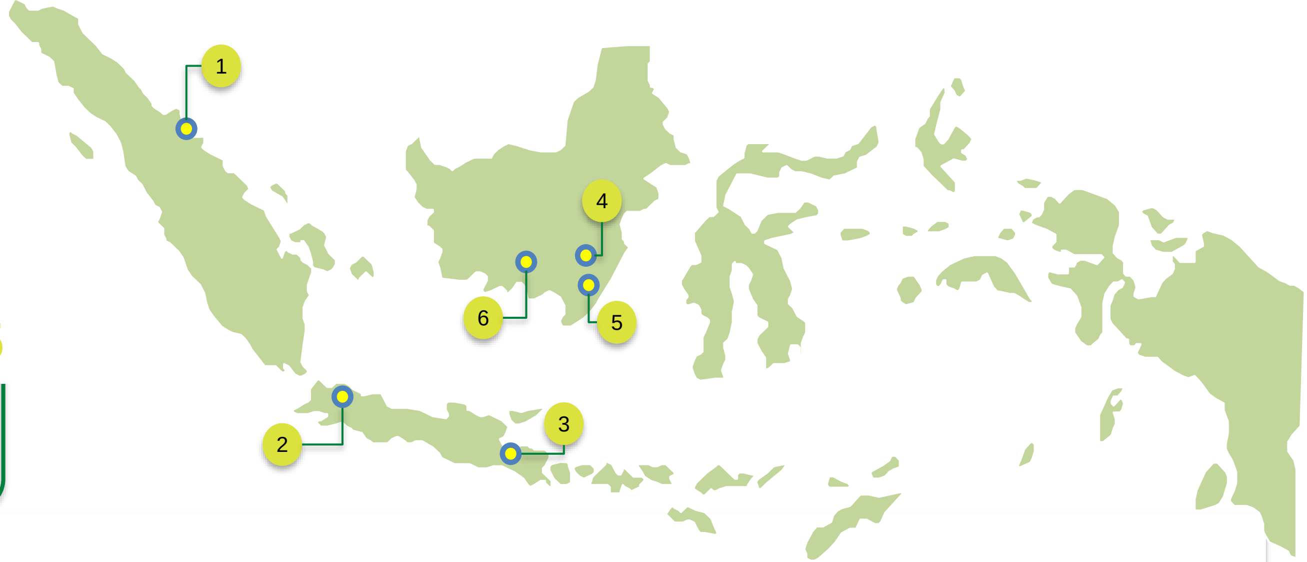
Drupadi Tirta Intan

Location	: Banjar, South Kalimantan
Size	: 500 lps
Adaro Shares	: 100%
Status	: In operation since 2012

6

Adaro Tirta Mentaya

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



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.

adaro
MINERALS

PT Adaro Minerals Indonesia Tbk (IDX:ADMR)

Adaro Minerals Indonesia at a Glance

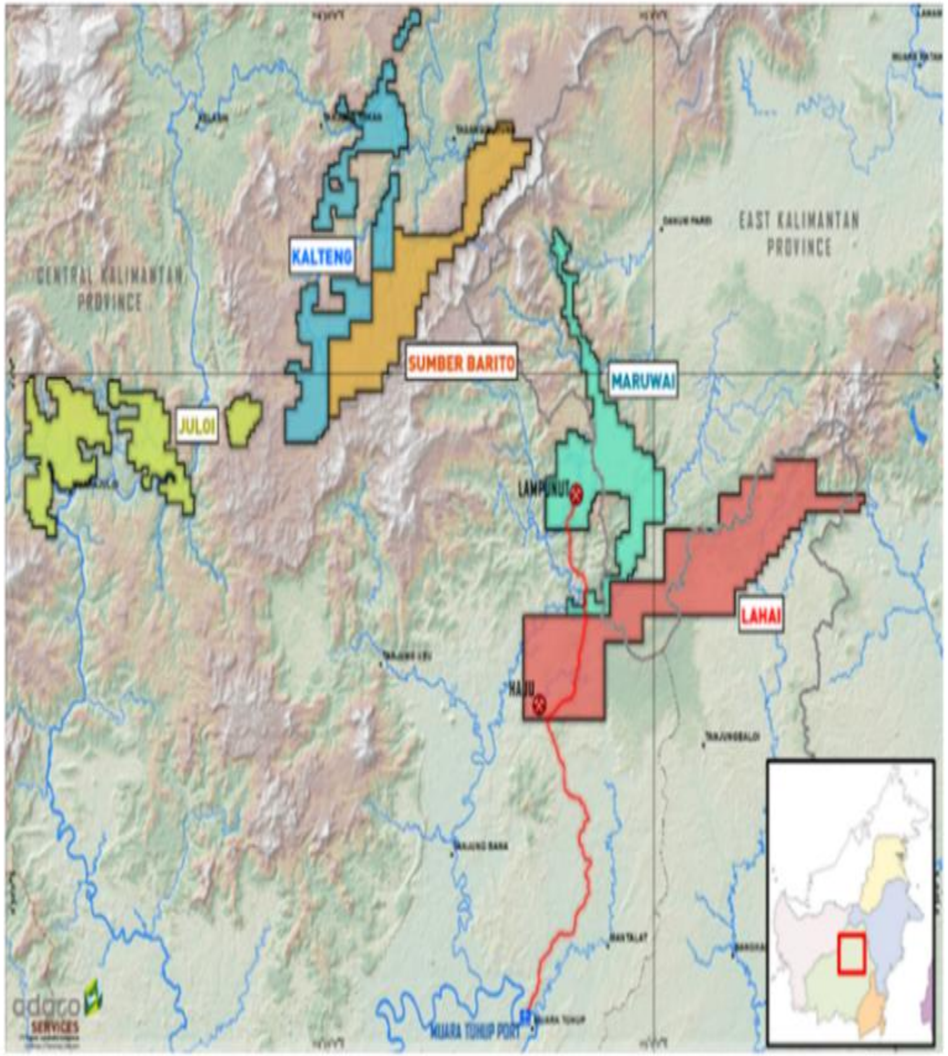
adaro MINERALS

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: 173.0 Mt. Coal resources: 975.6 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

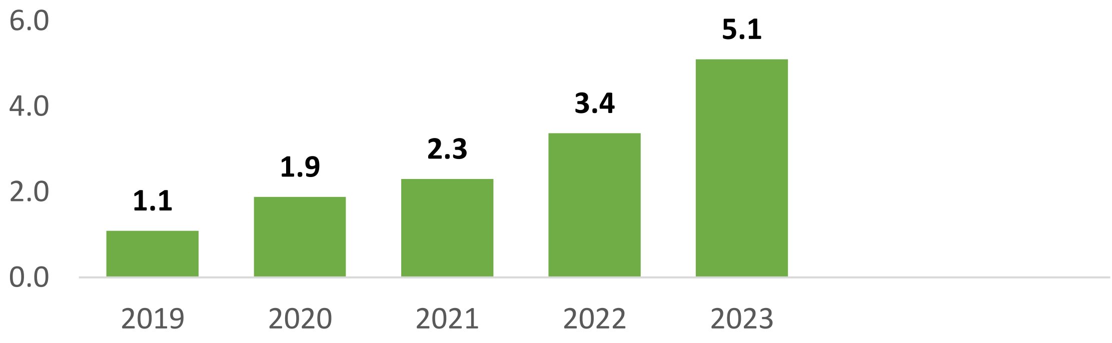
CCoWs Locations



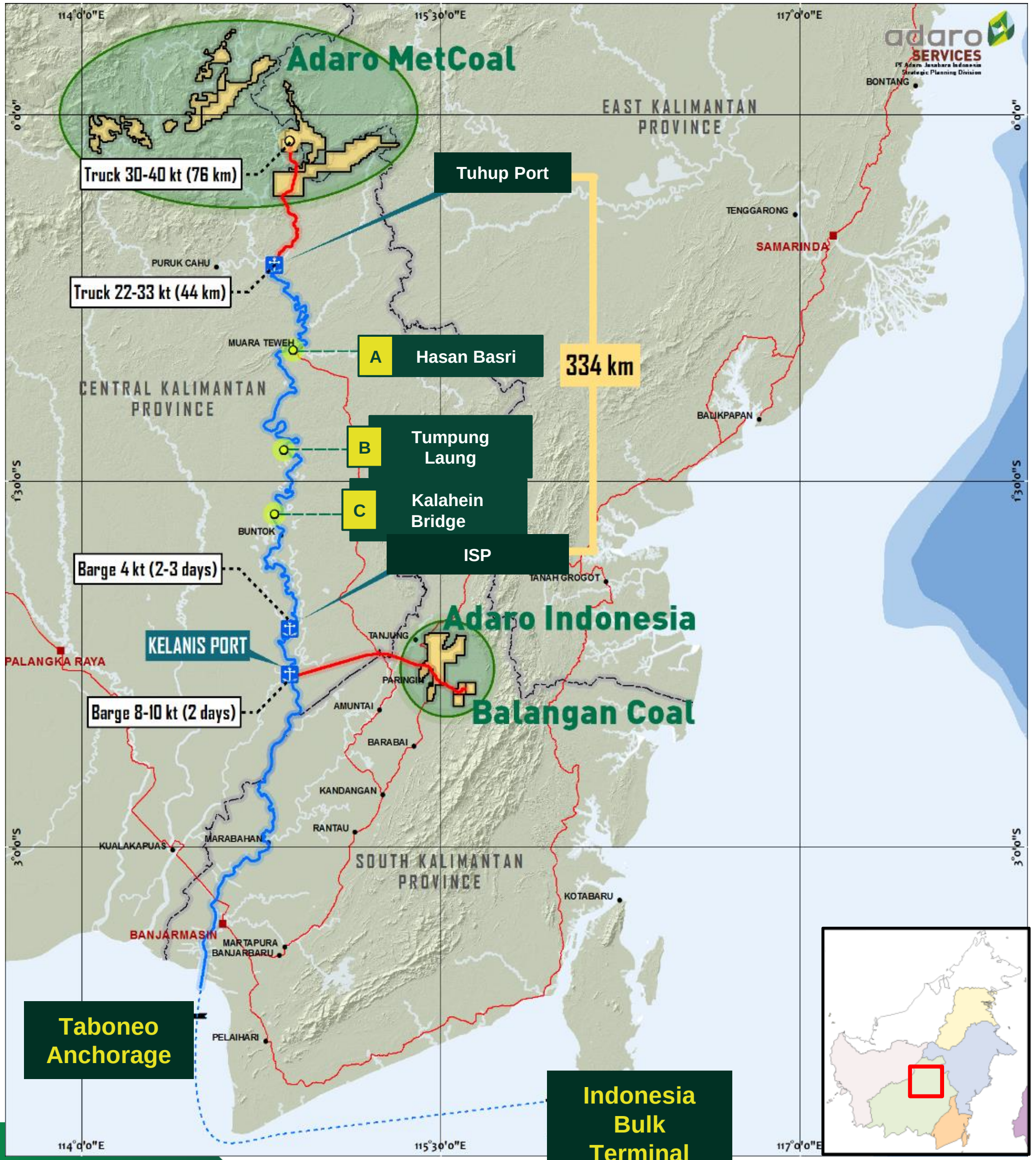
Coal Resources and Reserves

Company / Locality	Total Coal Reserves (Mt)	Total Coal Resources (Mt)	Compliance Standard
LC - Haju (Metallurgical)	2.0	4.0	JORC
MC - Lampunut (Metallurgical)	92.2	101.4	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	**173.0**	**975.6**	

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

adaro

Sustainability and Green Initiatives

Balance of People, Planet and Purpose

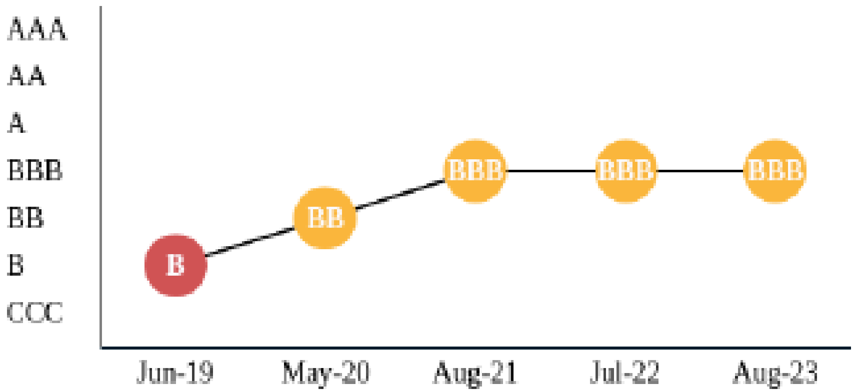
Key programs in Corporate Social Responsibility

- Education
- Economic development
- Health
- Environmental enhancement
- Socio-cultural Enrichment

Green Initiatives

- Solar PV
- Biodiesel
- Biomass Co-Firing
- NZE Statement

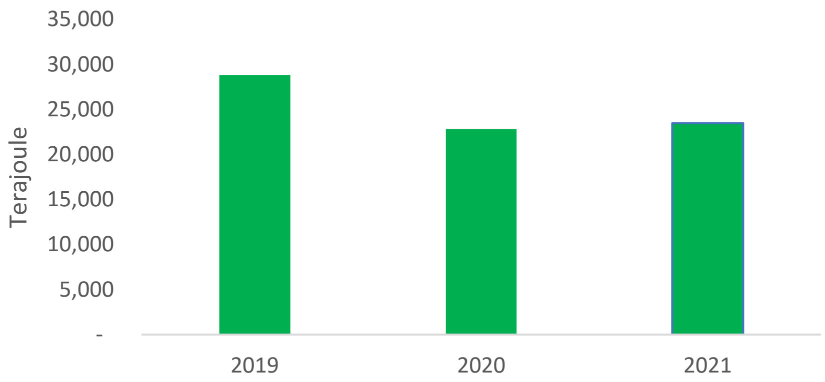
MSCI ESG Rating History



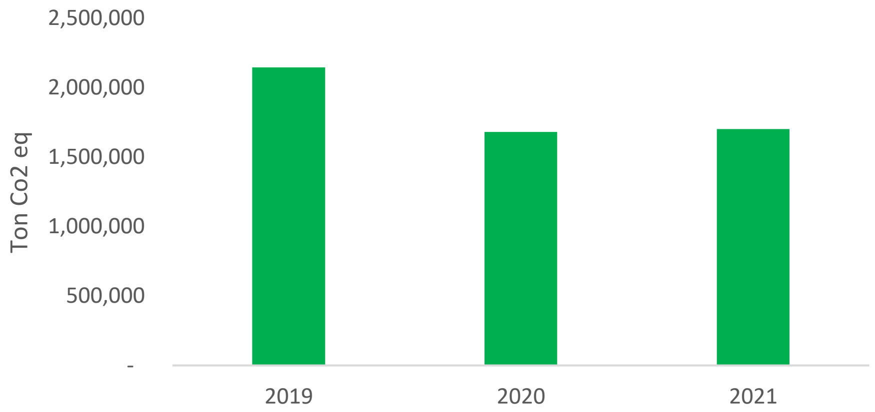
Sixth PROPER Gold Award

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

PROPER green award
Ministry of Environment & Forestry

Aditama gold award
For environmental excellence in the coal sector
Ministry of Energy & mineral resources

Bronze sustainability award
For sustainable investment
RobecoSAM

2015

PROPER green award
Ministry of Environment & Forestry

Cultural based community empowerment award
Awards in several categories
Corporate Forum for Community Development & Ministry of Human Dev

Bakti Husada award
For community health development
Ministry of Health

2016

PROPER green award
Ministry of Environment & Forestry

Global CSR bronze award
For community-led sanitation
Annual Global CSR & Summit

Padmamitra award
For poverty alleviation
Ministry of Social Affairs

2017

PROPER green award
Ministry of Environment & Forestry

Aditama gold award
For environment excellence in the coal sector
Ministry of Energy & mineral resources

Best of environmental management & safety award
Ministry of Energy & mineral resources

2018

PROPER green award
Ministry of Environment & Forestry

Aditama gold award
For environment excellence in the coal sector
Ministry of Energy & mineral resources

Best of coal mining service business management & safety award
Ministry of Energy & mineral resources

2019

PROPER gold award
Ministry of Environment & Forestry

Global CSR award, one gold and two silver
For early childhood education program, CSR Leadership and environmental excellence in leader program.
Annual Global CSR & Summit

2020

PROPER gold award
Ministry of Environment & Forestry

MSCI ESG Ratings upgraded to BB
MSCI

Charity and Community Impact
Coaltrans Asia

Best Implementation of Good Mining Practices
MoEMR

2021

PROPER gold award
Ministry of Environment & Forestry

MSCI ESG Ratings upgraded to BBB
MSCI

Best Environmental Excellence Award - Silver
Global CSR Summit & Awards

Aditama award
Good mining practices
MoEMR

2022

PROPER gold award
Ministry of Environment & Forestry

Global CSR Gold Award
For Excellence in Provision of Literacy and Education
Annual Global CSR & Summit

Green Initiative Award
Recognizing the company's initiatives to diversify and increase share of new and renewable energy
Katadata

2023

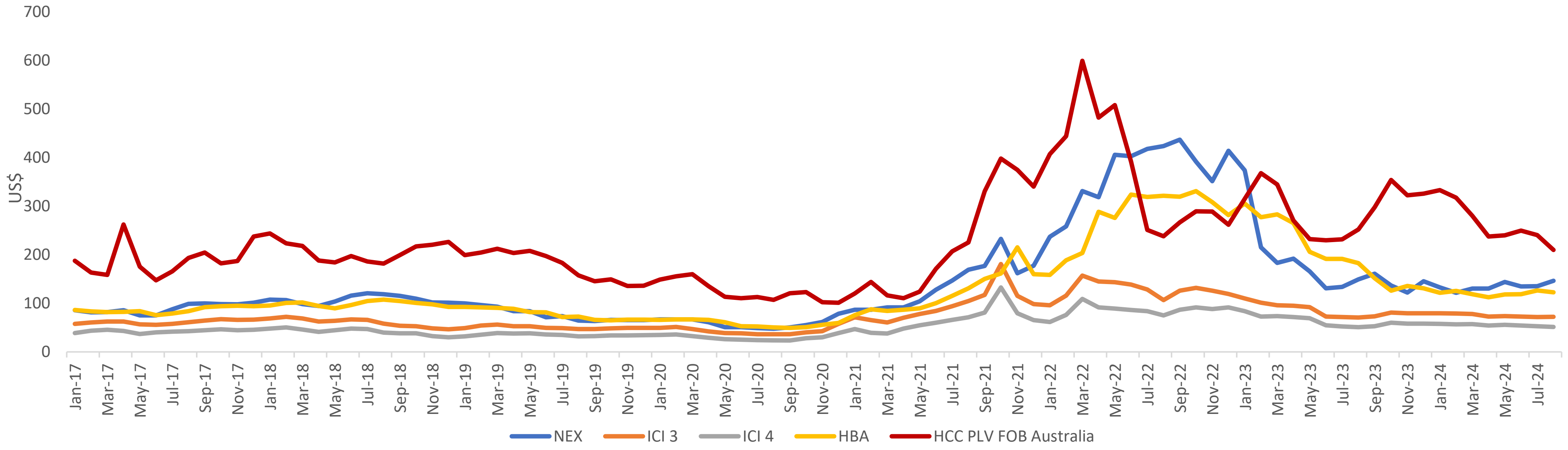
PROPER gold award
Ministry of Environment & Forestry

Subroto award
For Most Innovative Community Development
Ministry of Energy & mineral resources

Listed on Forbes's World Best Employers 2023
Forbes' Global List

Industry Outlook

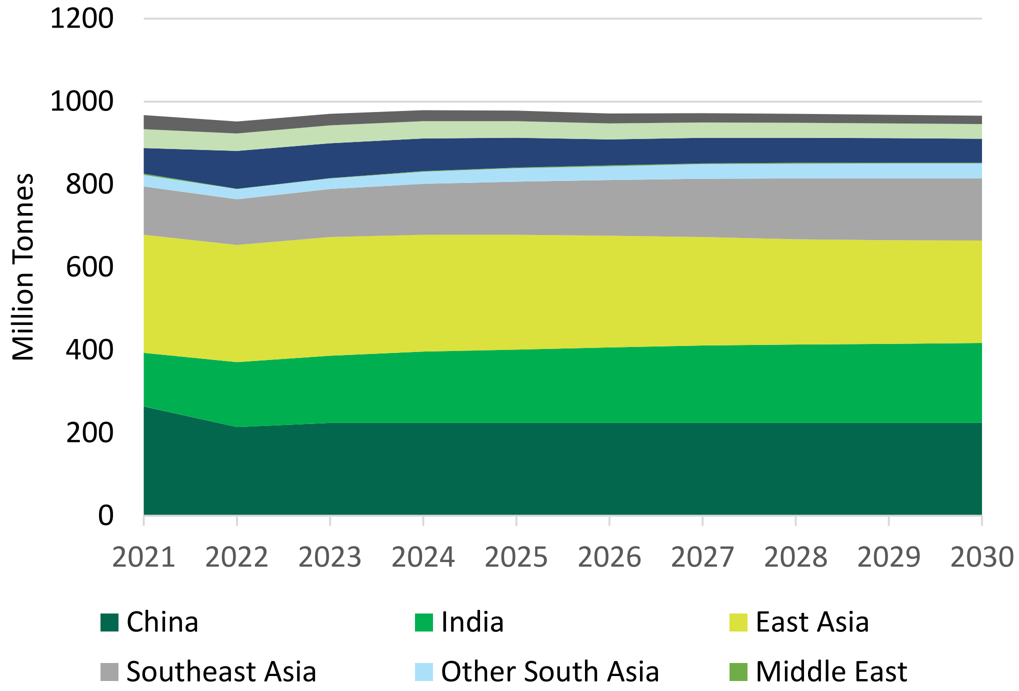
Prices Remain Near Historical Highs



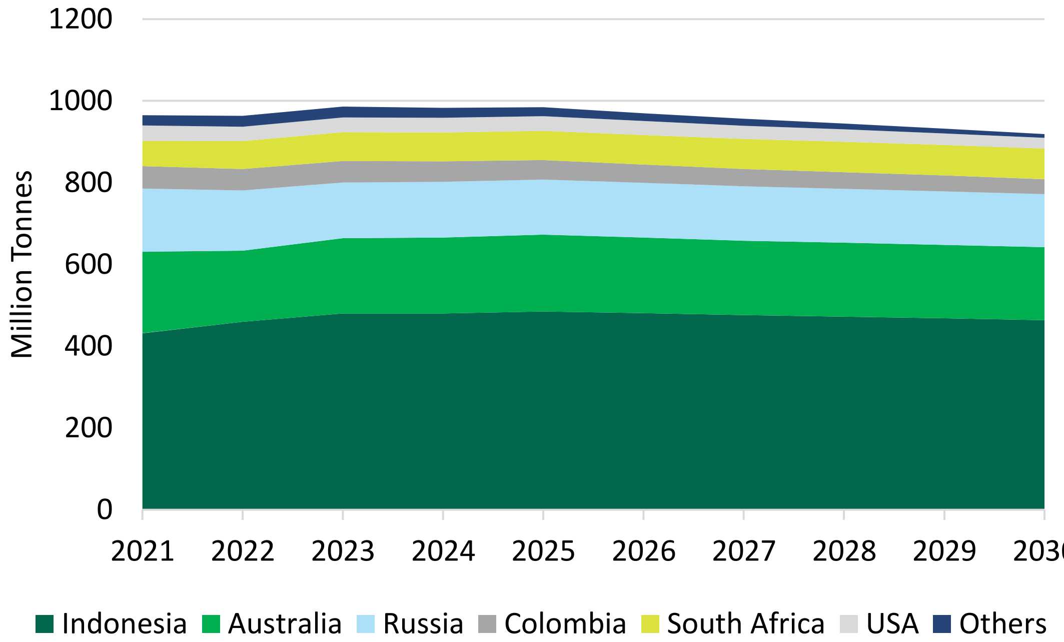
- Despite the continued thermal coal prices fluctuation, Indonesian coal prices experienced less volatility in comparison to other coal origins' prices.
- Indonesian coal demand to remain intact given the economics due to proximity and unique characteristics
- Demand for Indonesian coal from China, India and Vietnam its export growth in the first half of 2024.
- The monsoon season in importing countries such as China and India have affected seaborne spot cargo demand in the third quarter as these countries generate higher hydropower. However, demand for Indonesian coal is expected to resume post-monsoon and as importing countries will be restocking in preparation for winter season.
- The year-to-date average of Premium Low-Volatile Hard Coking Coal FOB Australia have declined by 19% year-on-year from the 2023 highs.

Seaborne Thermal Coal Demand and Supply Outlook

Global thermal coal imports demand (Mt)



Global thermal coal supply (Mt)

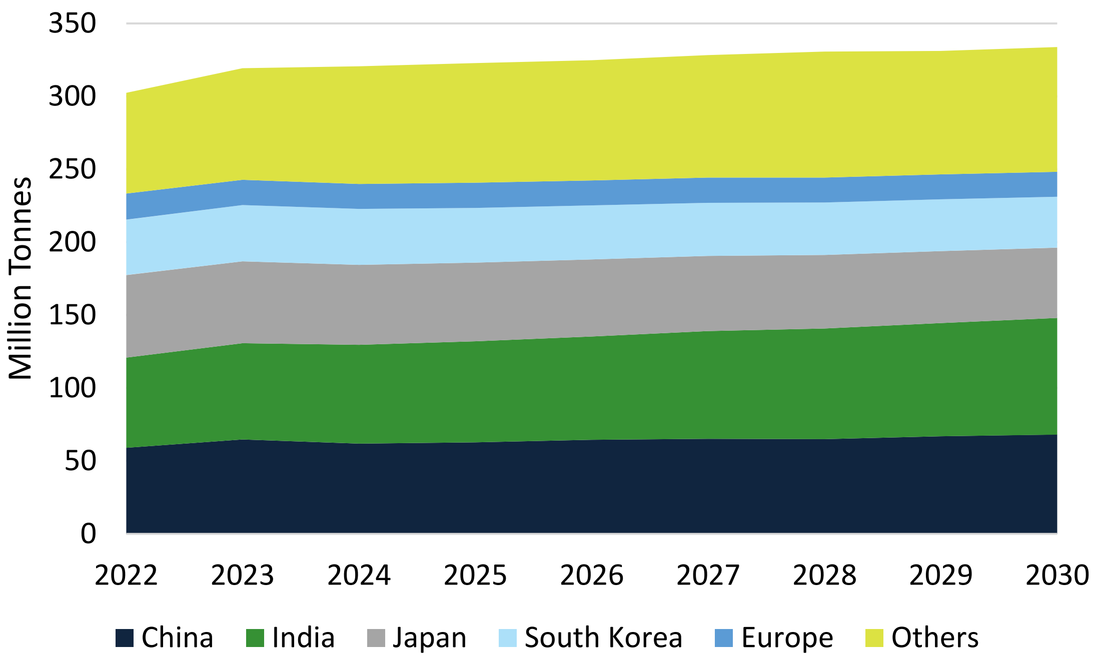


Sources: Adaro Analysis

- 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.

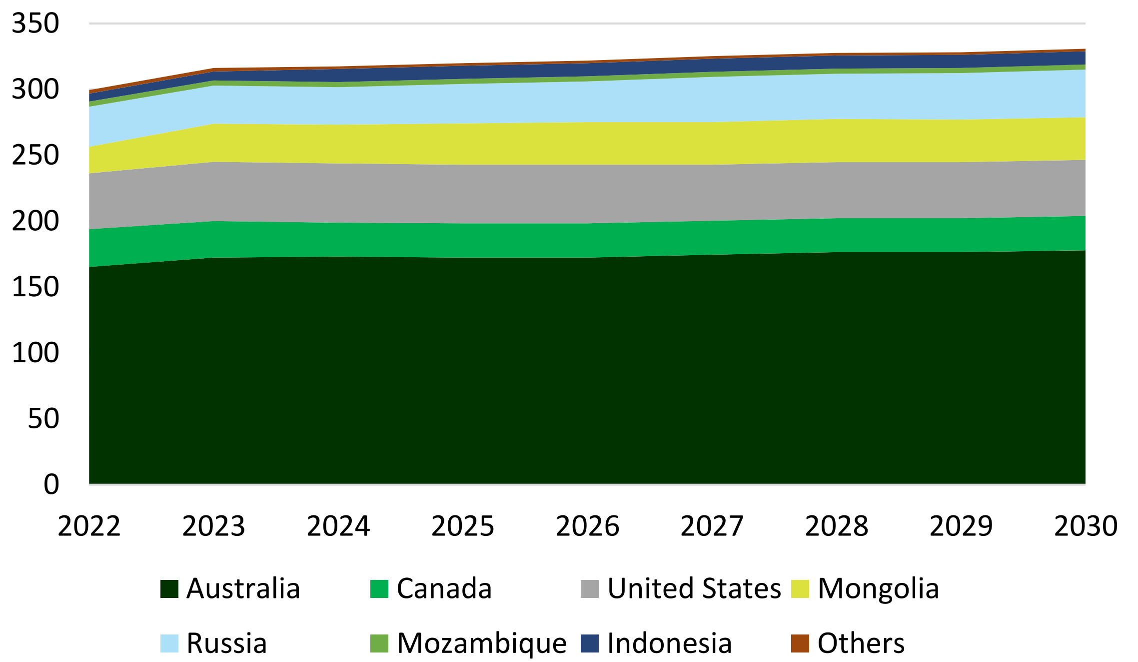
Seaborne Metallurgical Coal Demand and Supply Outlook

Global metallurgical coal imports demand (Mt)



Sources: Adaro Analysis

Global metallurgical coal supply (Mt)

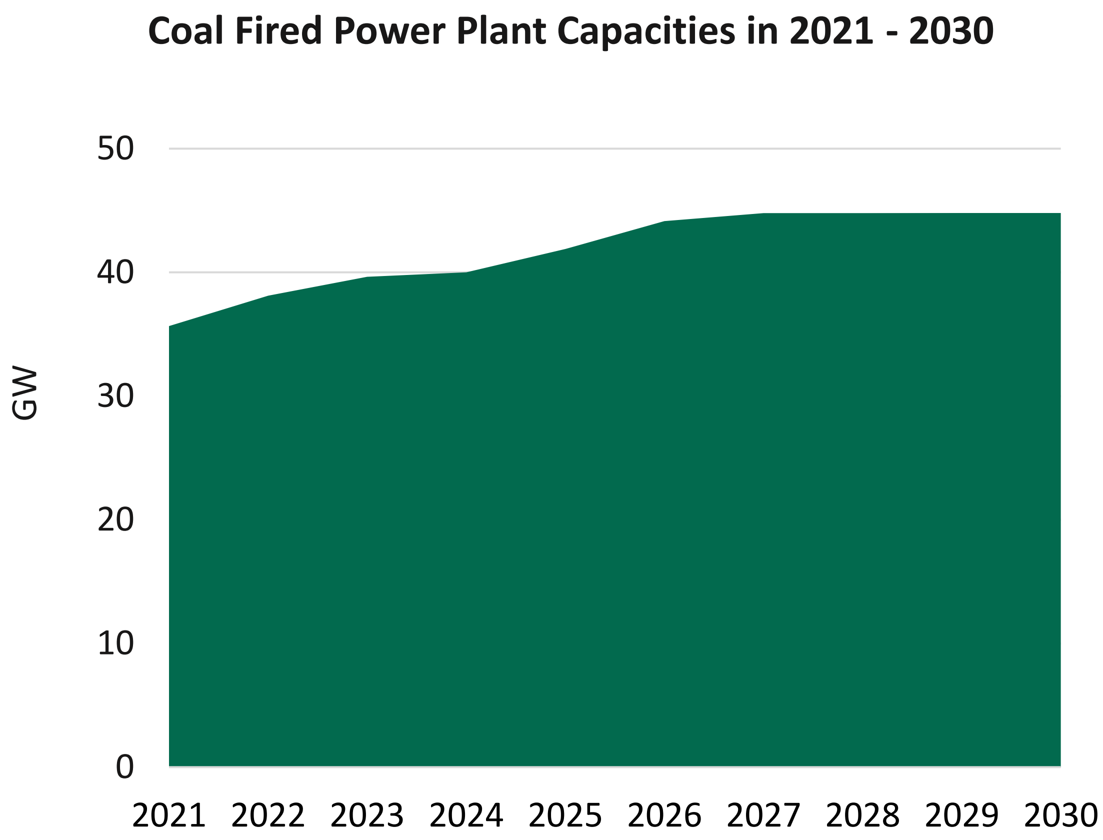


Underinvestment and Robust Demand expected to lead to Undersupplied market

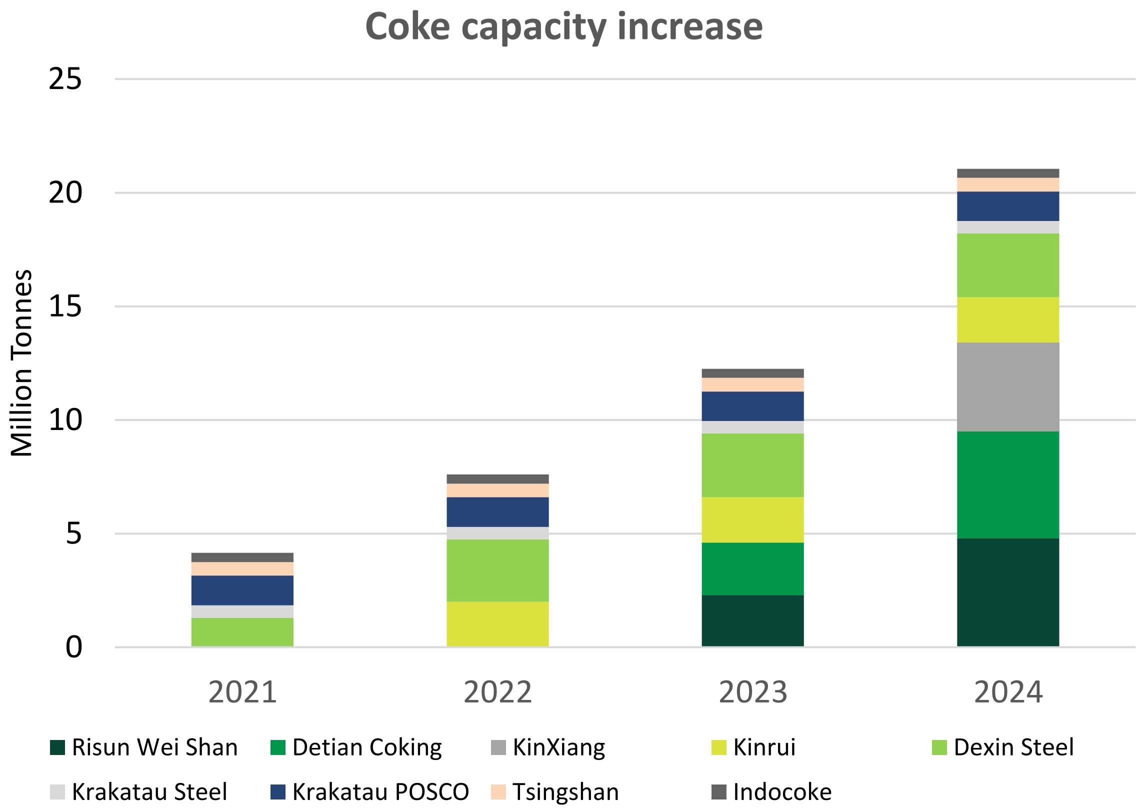
- The long-term outlook shows a positive and stable growth of demand and supply.
- India to be the main driver of growth for the next decade, outpacing China and Japan.
- Australia continues to be the main supplier in seaborne market, but supply growth will be constrained due to underinvestment in some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

Indonesian Long-Term Demand Remains Robust

Supported by growing downstream activities in Indonesia



Source: RUPTL 2021 – 2030, ESDM 2022, APBI



- 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