

PT ADARO MINERALS INDONESIA TBK (IDX: ADMR) 1H24 EARNINGS NEWS RELEASE

Jakarta, August 26, 2024 – PT Adaro Minerals Indonesia Tbk (IDX: ADMR) today submitted its consolidated financial statements for the six-month period ending June 30, 2024 to the OJK/IDX.

Our President Director, Mr. Christian Ariano Rachmat, said:

“The first half of 2024 saw a volatile pricing environment for metallurgical coal, yet our operational performance was exemplary, due mostly to strong execution, production gains and greater sales penetration. Our performance reflects the collective effort of everyone in the company, including at PT Kalimantan Aluminium Industry where construction continues to advance.”

Highlights

- 1H24 operational EBITDA of \$329.5 million was 40% higher over 1H23, mainly driven by higher sales volume. Core earnings increased by 50% to \$252.5 million. Operational EBITDA and core earnings exclude non-operational items and reflect the performance of our core business.
- Our average selling price (ASP) in 1H24 weakened by 8% compared to 1H23 due to lower metallurgical coal price.
- Production volume in 1H24 reached 2.98 million tonnes (Mt) with sales reaching 2.59 Mt, a 17% and 43% increase from 1H23, respectively.
- In line with our investment plan, capital expenditure increased 233% year-on-year to \$143.0 million. Our ongoing investments in facilities and infrastructures to support higher volume continue to progress. Construction activities at PT Kalimantan Aluminium Industry (KAI) also continues, with progress being made at the aluminium smelter area, the jetty area, as well as the permanent dormitory area.

Financial Performance

(\$ thousand, except otherwise stated)	1H24	1H23	Change
Revenue	607,038	463,606	31%
Cost of revenue	(277,067)	(210,252)	32%
Gross profit	329,971	253,354	30%
Operating income	309,590	219,150	41%
Core earnings ¹	252,544	168,351	50%
Operational EBITDA ²	329,458	235,051	40%
Total assets	1,608,817	1,337,263	20%
Total liabilities	325,184	578,594	-44%
Total equity	1,283,633	758,668	69%
Interest bearing debt	103,386	336,884	-69%
Cash	399,163	454,349	-12%
Net debt (cash) ³	(295,777)	(117,464)	152%
Capital expenditure ⁴	143,018	42,940	233%
Free cash flows ⁵	223,552	121,560	84%
Basic earnings per share (EPS) in US\$	0.0061	0.0040	53%

Financial Ratios

	1H24	1H23	Change
Gross profit margin (%)	54.4%	54.6%	-0.3%
Operating margin (%)	51.0%	47.3%	3.7%
Operational EBITDA margin (%)	54.3%	50.7%	3.6%
Net debt (cash) to equity (x)	(0.23)	(0.15)	53.6%
Net debt (cash) to last 12 months operational EBITDA (x)	(0.43)	(0.50)	-14%
Cash from operations to capex (x)	2.02	2.67	-25%

¹ Profit for the period, excluding non-operational items net of tax.

² EBITDA excluding non-operational items.

³ After deduction of cash and cash equivalents.

⁴ Capex spending defined as: purchase of fixed assets + payment for addition of exploration and evaluation assets + payment for intangible assets

⁵ Operational EBITDA – taxes – change in net working capital – capital expenditure.

Operating Segment

(\$ thousand)	Revenue			Profit for the period		
	1H24	1H23	% Change	1H24	1H23	% Change
Coal mining	606,447	462,515	31%	255,608	165,432	55%
Metal Processing	-	-	-	(3,420)	1,378	-348%
Other services	1,556	2,051	-24%	(4,361)	(2,767)	58%
Elimination	(965)	(960)	0%	-	-	-
ADMR Consol	607,038	463,606	31%	247,827	164,043	51%

FINANCIAL PERFORMANCE ANALYSIS FOR THE FIRST SIX MONTHS OF 2024

Revenue, Average Selling Price and Production

ADMR's revenue in 1H24 increased 31% to \$607.0 million on the back of a 43% increase in sales volume to 2.59 Mt, balanced by an 8% decline in ASP. We continue to develop the market for our high-quality metallurgical coal product, and it has garnered interest from customers in many countries including Indonesia, Japan, and China. ADMR's production volume in 1H24 increased 17% to 2.98 Mt and overburden removal increased 37% to 10.36 Mbcm, which led to a strip ratio of 3.48x for 1H24.

Cost of Revenue

Cost of revenue in 1H24 increased 32% to \$277.1 million mainly driven by higher production and sales volume. Royalties to the Government declined 9% to \$74.1 million due to the lower price, while mining cost increased 24% to \$86.5 million, coal processing cost increased 30% to \$12.9 million, and freight and handling cost increased 24% to \$64.2 million. Fuel cost increased 18% on the back of higher volume, while coal cash cost per tonne in 1H24 declined by 14%.

Operating Expenses

1H24 operating expenses decreased by 43% to \$20.6 million as we did not set aside an allowance for government charges in 1H24 given our sales allocation to the domestic market. Employee costs increased 19% to \$5.3 million as our workforce grew to support expansion.

Operational EBITDA and Core Earnings

In 1H24, we generated operational EBITDA of \$329.5 million, 40% increase from 1H23. Operational EBITDA margin for the period remained solid at 54.3%. Core earnings in 1H24 increased by 50% to \$252.5 million. The 43% increase in sales volume supported a stronger revenue and profitability generation and more than offset the decline in ASP.

Total Assets

Total assets increased 20% to \$1.61 billion at the end of 1H24, comprising \$598.8 million in current assets and \$1.01 billion in non-current assets. Cash balance at the end of 1H24 decreased 12% to \$399.2 million. Cash accounted for 25% of total assets.

Fixed Assets

Fixed assets as at the end of 1H24 were \$663.4 million, 45% increase from the year ago period driven by investments in aluminium smelter at KAI and infrastructure projects at PT Maruwai Coal (MC). Fixed assets accounted for 41% of total assets.

Mining Properties

Mining properties as at the end of 1H24 declined by 6% year-on-year to \$168.0 million in-line with production.

Total Liabilities

At the end of 1H24, total liabilities declined by 44% to \$325.2 million. Current liabilities declined 7% to \$189.4 million as the 51% increase in trade payables to \$55.0 million was balanced by the 26% decrease in accrued expenses to \$88.2 million.

Non-current liabilities declined by 64% to \$135.8 million at the end of 1H24 as the balance of loans from shareholders declined by 98% to \$5.2 million, as we continued to pay down that loan, and repaid a total of \$316.9 million.

Equity

At the end of 1H24, our equity level increased by 69% to \$1.3 billion on the back of a 91% increase in retained earnings to \$1.1 billion driven by higher profitability.

Cash Flows from Operating Activities

In 1H24 our cash flows from operating activities increased by 151% to \$288.7 million mainly driven by higher receipts from customers in line with the higher sales volume. The higher volume also drove the 56% increase in payment to suppliers to \$245.2 million.

Cash Flows from Investing Activities

We recorded net cash flows used in investing activities of \$156.0 million in 1H24, as purchases of fixed assets increased 232% to \$140.9 million in 1H24 related to infrastructure projects at MC and aluminum smelter construction at KAI.

Capital Expenditure and Free Cash Flow

We spent \$143.0 million in capital expenditure in 1H24 mainly related to our infrastructure projects at MC and construction of our aluminium smelter under KAI. KAI accounted for \$111 million of this figure. Free cash flow in 1H24 increased 84% to \$223.6 million as operational EBITDA increased.

Upon completion, the infrastructure upgrade projects will support our medium-term volume target of 6 Mtpa. The second barge-loading conveyor will increase loading capacity and improve

our capability to meet delivery commitments. These improvements will position us well to meet the anticipated growth in our metallurgical coal product.

Cash Flows from Financing Activities

Net cash flow used in financing activities in 1H24 increased by 152% to \$317.1 million, as we made loans repayment in the period of \$316.9 million.

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