

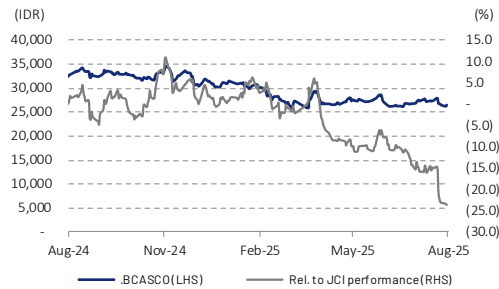
Coal Sector

21 August 2025 | Equity Research | Energy Sector

Sector Update

OVERWEIGHT

12M Price Performance



Source: Bloomberg

MARKET DATA

	YTD	1M	3M	12M
Absolute	-16.8%	-1.1%	-3.1%	-19.2%
JCI Return	12.2%	8.6%	12.0%	6.1%
Relative	-29.0%	-9.7%	-15.0%	-25.3%

Source: Bloomberg

STOCK COVERAGE

Ticker	Rating	CP (IDR)	TP (IDR)	P/E (x) 2025F
ITMG	BUY	22,275	30,100	6.2
ADRO	HOLD	1,810	1,980	6.2
PTBA	HOLD	2,430	2,220	8.2

Source: Bloomberg, BCA Sekuritas

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More sustainable coal price ahead

Coal price is now on the sustained recovery path

We have upgraded our sector rating on coal to **OVERWEIGHT** from **NEUTRAL**. Consequently, our stock preference now ranks as follows: ITMG > ADRO > PTBA. We have also adjusted our target prices (TP) based on updated forecasts, and rolled over our valuation to 2026F: **BUY** for ITMG at **IDR30,100/sh** (was IDR39,200/sh) and **HOLD** ratings for ADRO at **IDR1,980/sh** (was IDR2,000/sh), PTBA TP to **IDR2,220/sh** (was IDR3,600/sh).

We are convinced coal prices have bottomed out, and the recent sharp decline appears to be behind us. Over the past four weeks, indices for all grades (ICI1-5) have demonstrated a sustained recovery, driven by improving supply-demand fundamentals. China has resumed tendering Indonesian-origin coal, with a preference for high calorific value (CV) coal – amid a limited supply, despite stricter requirements for low sulfur and ash in lower CV grades. Indonesian coal currently remains competitively priced: China domestic coal FOB prices for 5,500 NAR offered at USD97.5/t, against ICI 2, a similar Indonesian grade, at USD75.5/t. We view a China disciplined measure of supply as serious, as domestic production is on a decline, while port side inventory has reverted to a normal level, which should support better seaborne coal demand ahead.

On the demand front: In 2H25, power demand in both the Pacific and Atlantic regions has rebounded. Rising demand from China, Japan, Korea, Taiwan and Europe—fueled by heatwaves—has raised coal burn. Despite soft demand in India (attributed to heavy monsoons), the approach of winter is expected to further boost consumption.

On the supply front. Supply adjustments are already underway, with several key developments across major coal-producing regions:

- Global exports are now expected to decline, as a response to weak Chinese demand this year
 - Colombia** Coal miners Drummond and Glencore (5-10Mt) are determined to cut production this year, responding to unsustainable seaborne coal price.
 - Russia** origin coal carries a bleak outlook, as more than half of Russian miners are unprofitable, and regions like Kemerovo and Khakassia are seeing mine closures, strikes and layoffs; other regions face similar problems, like employees awaiting salaries while firms are unable to service debts. 27 firms, accounting for 10% of Russian coal volume, have declared bankruptcy and shut down. Thus, the Russian government has been forced to give the industry direct subsidies for transportation in order to hold eastbound rail transport costs below 2024 level, cutting sea transport costs, easing transportation tariffs, passing investment subsidies, as well as tax breaks. Moreover, we see how the Russian government also went an extra mile to bail out failing coal producers, while at the same time four Chinese companies have snapped up Russian coal mines.
 - Australia** BHP is currently reassessing their-low margin (thermal and coking) coal mine portfolios, and might mothball some assets in Queensland, in response to an extreme royalty regime.
 - Indonesia** From 6M25, Coal production declined by 8.47% YoY to 371.7Mt, comprising 50.5% of annual 735Mt. target, one 12% lower than 2024 production level. Weak 1H25 coal price forced small coal producers to cut output, due to negative cash margins, while those with healthier cash margins still manage to hit their production targets.
 - China** Mine inspections were launched to crack down on overproduction. Raw coal July production dipped by 3.8% YoY and 9.52% MoM, to 380.99Mt., this marking the first decline over the past 13 months. On a daily basis, output is now the lowest it has been since March 2024, settling to 12.29Mt (-12.46% MoM and -2.41% YoY). This production decline resulted from several factors: 1). Strict safety inspections, 2). Many miners are cutting back on production to ensure rational pricing, only producing to fulfill existing orders, 3). Government check on overproduction, 3). Early start of rainy season in northern China, with potential flooding which would disrupt mining, forcing miners to halt production and sales.
- All these aforementioned factors add more support to our conclusion that the supply discipline imposed on China's coal market is not simply a narrative, as such severe measures are urgently needed to ensure sustainable coal mining operations in the future. Take a look at Newcastle coal price, now trading at an average USD111/t, a figure near global average cash cost of 3rd quartile producers (around USD110/t), and just a USD12.5/t spread to average China cash cost for Newcastle-grade coal at around USD97.5/t.

We lower our coal price assumption, and tweaked our forecast

We have revised our average newcastle coal price forecast downward by 8.0/11.1/7.4%, to USD115/120/125 per ton, and hard coking coal price by 23.1/11.5/9.6% to USD200/230/235 per ton for 2025F/2026F/2027F, respectively, in response to a steep correction in 1H25 coal price and heavy inventory in China, leading to lower seaborne coal demand this year. We also revise down our USD-IDR assumption by 3.2/3.2/3.2% to IDR16,350/16,350/16,350 for 2025F/2026F/2027F, respectively. Apart from the base assumption, we revise down our forecast for ITMG, and PTBA, because of weak 1H25 results. For ADRO, we just revise our ASP assumption, since the Company has not released its 1H25 results.

- ITMG: Revenue and net profit revised by 8.0/11.1/7.4% and 35.8/40.3/26.9% for 2025F/2026F/2027F respectively. Mainly driven by lower ASP which we revised by 8.0/11.1/7.4% to USD 81/84/88 per ton, we also lower our cash cost assumption by 2.0/2.3/1.7% on the back of cost efficiency for 2025F/2026F/2027F respectively.
- PTBA: Revenue and net profit revised by 2.1/22.3/19.1% and 47.3/67.9/48.4% for 2025F/2026F/2027F respectively. As we tweaked our blended ASP by +3.8/-1.1/+3.0% to USD 59/61/63 per ton, sales volume down by 2.6/18.8/18.8%, we also increased our cash cost assumption by 8.6/8.5/9.0% to match company progression and higher transportation cost for 2025F/2026F/2027F respectively.
- ADRO: Revenue and net profit revised by 12.8/6.4/5.3% and 32.0/16.3/13.7% for 2025F/2026F/2027F respectively. Mainly driven by lower ASP which we revised by 23.1/11.5/9.6% to USD 160/184/188 per ton

Exhibit 1. Our Pecking Order

Ticker		ITMG	ADRO	PTBA
Sectors pecking order				
Valuations		DDM	SOTP	DDM
Ratings		BUY	HOLD	HOLD
Target price	IDR	30,100	1,980	2,220
Implied PE	x	7.0	7.5	10.3
Current price	IDR	22,275	1,810	2,430
Up(down) side	%	35.1	9.4	(8.6)
Market cap.	IDR tn	25.2	55.7	28.0
PE (x)	2026F	5.2	6.8	11.3
PBV (x)	2026F	0.7	1.0	0.7
EV/EBITDA (x)	2026F	1.5	2.7	5.0
Dividend yield (%)	2026F	8.9	-	4.8
Dividend Payout (%)	2026F	65.0	-	75.0
EPS (IDR)	2026F	4,273	264	215
DPS (IDR)	2026F	1,974	-	117
EBITDA (IDR bn)	2026F	6,630	13,935	4,851
BVPS (x)	2026F	29,828	1,890	3,303
sales growth (%)	2023A	-34.7%	-73.6%	10.5%
	2024A	-2.9%	-2.7%	11.1%
	2025F	-6.0%	-11.9%	10.6%
	2026F	11.5%	7.7%	2.8%
earnings growth (%)	2023A	-58.3%	-34.2%	-14.5%
	2024A	-25.2%	-15.9%	-16.4%
	2025F	-43.9%	-71.6%	-64.8%
	2026F	40.7%	27.0%	5.1%

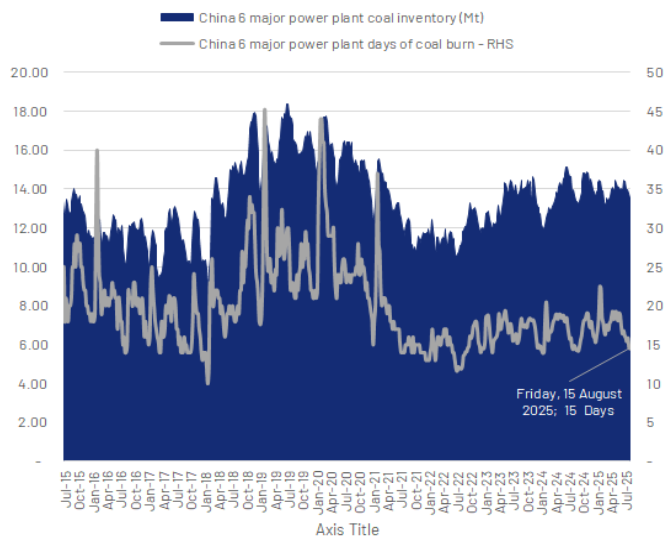
Sources: Company, BCA Sekuritas

Exhibit 2. Weekly average energy price benchmark

Global Coal Price (Average Weekly Price)	27-Jun-25	4-Jul-25	11-Jul-25	18-Jul-25	25-Jul-25	1-Aug-25	8-Aug-25	15-Aug-25
US Natural Gas Price (Henry Hub) - USD/MMBtu	3.6	3.5	3.3	3.5	3.2	3.1	3.0	2.9
Europe LNG Price (TTF) - USD/MMBtu	12.4	11.5	11.9	11.8	11.3	11.4	11.4	11.0
Asia LNG Price (JKM) - USD/MMBtu	13.6	12.8	13.2	12.7	11.9	12.0	11.7	11.4
Newcastle	109.6	111.3	112.3	112.6	112.1	115.4	116.1	111.6
API2/Rotterdam	105.7	107.3	107.6	104.8	101.5	104.3	103.8	100.4
API4/Richards Bay	94.2	96.2	96.2	94.3	93.4	94.3	94.9	92.9
China Qinhuangdao	85.0	85.7	85.9	86.9	88.6	89.7	91.7	94.0
ICI - 1	97.9	97.9	97.9	97.7	98.2	98.9	99.8	100.2
ICI - 2	73.0	72.7	72.9	73.2	73.6	74.2	74.7	75.5
ICI - 3	55.1	55.1	55.0	55.6	55.9	56.2	57.1	58.3
ICI - 4	40.7	40.5	40.6	40.7	40.9	41.2	41.9	43.1
ICI - 5	29.9	29.5	29.4	29.4	29.6	29.8	30.4	30.8
Global Coal Price (WoW)								
US Natural Gas Price (Henry Hub)	-6.6%	-2.7%	-4.3%	4.7%	-7.3%	-5.2%	-1.4%	-4.5%
Europe LNG Price (TTF)	-6.5%	-7.5%	3.6%	-0.3%	-4.3%	0.6%	-0.1%	-3.1%
Asia LNG Price (JKM)	-2.7%	-5.9%	3.1%	-3.4%	-6.4%	0.5%	-2.0%	-3.1%
Newcastle	-1.4%	1.6%	0.9%	0.2%	-0.4%	3.0%	0.7%	-3.9%
API2/Rotterdam	-0.5%	1.6%	0.3%	-2.6%	-3.1%	2.7%	-0.5%	-3.2%
API4/Richards Bay	-0.3%	2.1%	0.0%	-1.9%	-1.0%	1.0%	0.7%	-2.2%
China Qinhuangdao	0.1%	0.8%	0.3%	1.1%	2.0%	1.2%	2.2%	2.6%
ICI - 1	-0.8%	0.0%	0.0%	-0.2%	0.5%	0.8%	0.9%	0.3%
ICI - 2	0.1%	-0.5%	0.3%	0.3%	0.5%	0.9%	0.7%	1.0%
ICI - 3	-0.5%	-0.2%	0.0%	1.1%	0.5%	0.5%	1.7%	2.1%
ICI - 4	0.1%	-0.5%	0.4%	0.3%	0.4%	0.7%	1.7%	2.7%
ICI - 5	-4.2%	-1.4%	-0.2%	0.0%	0.6%	0.6%	2.0%	1.4%
Discount to Newcastle								
API2/Rotterdam	-4%	-4%	-4%	-7%	-9%	-10%	-11%	-10%
API4/Richards Bay	-14%	-14%	-14%	-16%	-17%	-18%	-18%	-17%
China Qinhuangdao	-22%	-23%	-23%	-23%	-21%	-22%	-21%	-16%
ICI - 1	-11%	-12%	-13%	-13%	-12%	-14%	-14%	-10%
ICI - 2	-33%	-35%	-35%	-35%	-34%	-36%	-36%	-32%
ICI - 3	-50%	-51%	-51%	-51%	-50%	-51%	-51%	-48%
ICI - 4	-63%	-64%	-64%	-64%	-63%	-64%	-64%	-61%
ICI - 5	-73%	-74%	-74%	-74%	-74%	-74%	-74%	-72%
Discount to China Qinhuangdao								
ICI - 2	-14%	-15%	-15%	-16%	-17%	-17%	-18%	-20%
ICI - 3	-35%	-36%	-36%	-36%	-37%	-37%	-38%	-38%
ICI - 4	-52%	-53%	-53%	-53%	-54%	-54%	-54%	-54%
ICI - 5	-65%	-66%	-66%	-66%	-67%	-67%	-67%	-67%

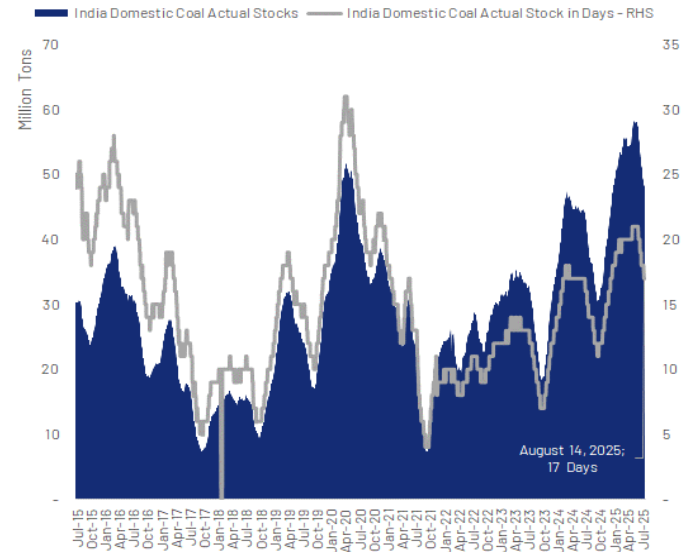
Sources: Company, BCA Sekuritas

Exhibit 3. China 6 major power plant coal inventory vs. days of coal burn (RHS)



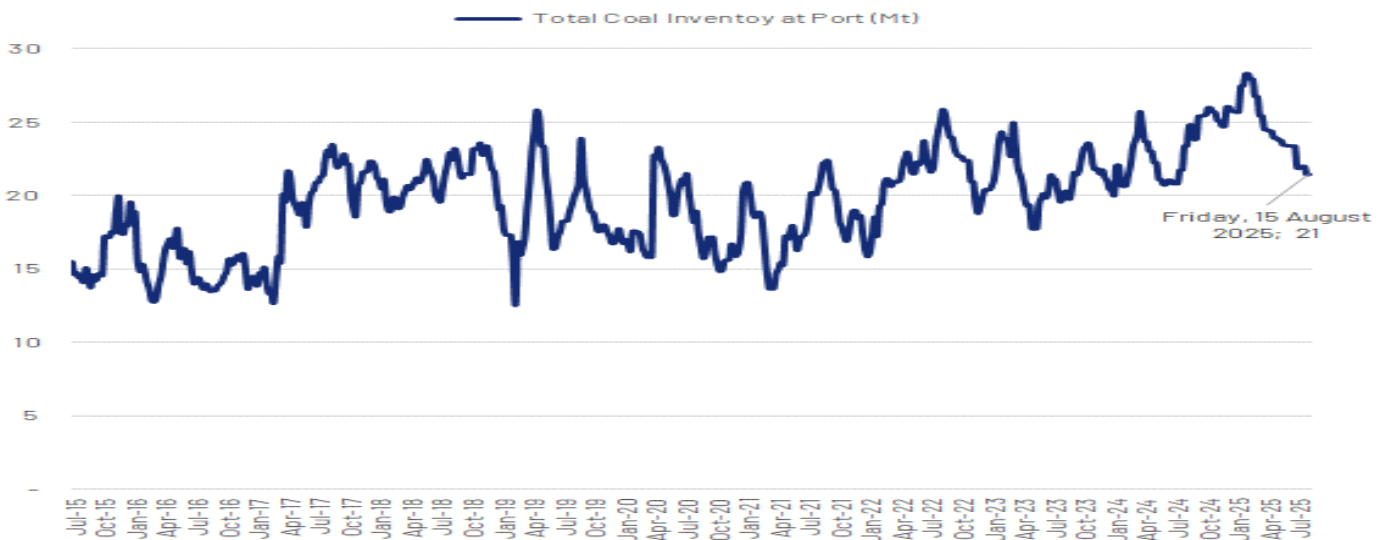
Sources: China Coal Resource, Bloomberg, BCA Sekuritas,

Exhibit 4. China total coal inventory at port



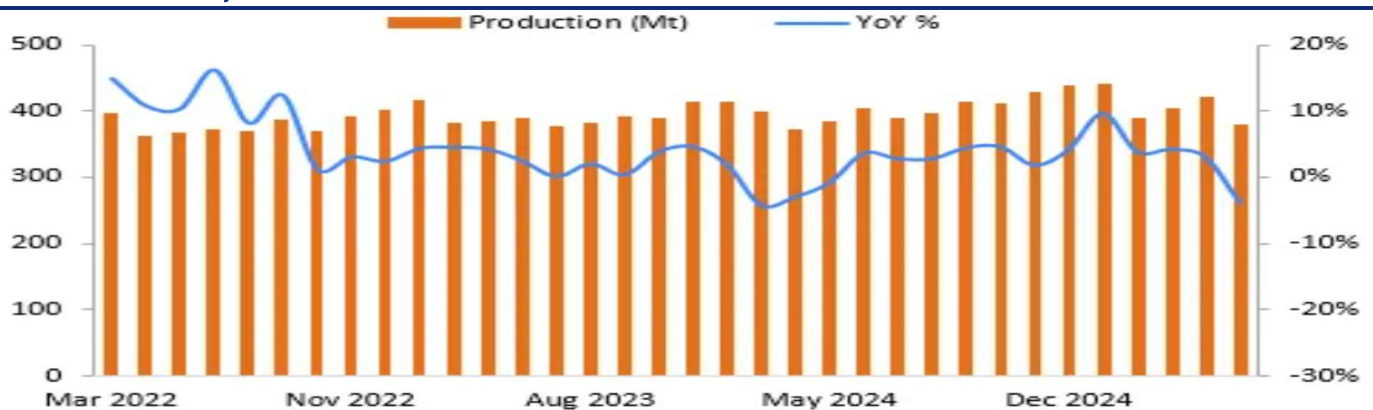
Sources: CEA of India, Bloomberg, BCA Sekuritas,

Exhibit 5. China total coal inventory at port



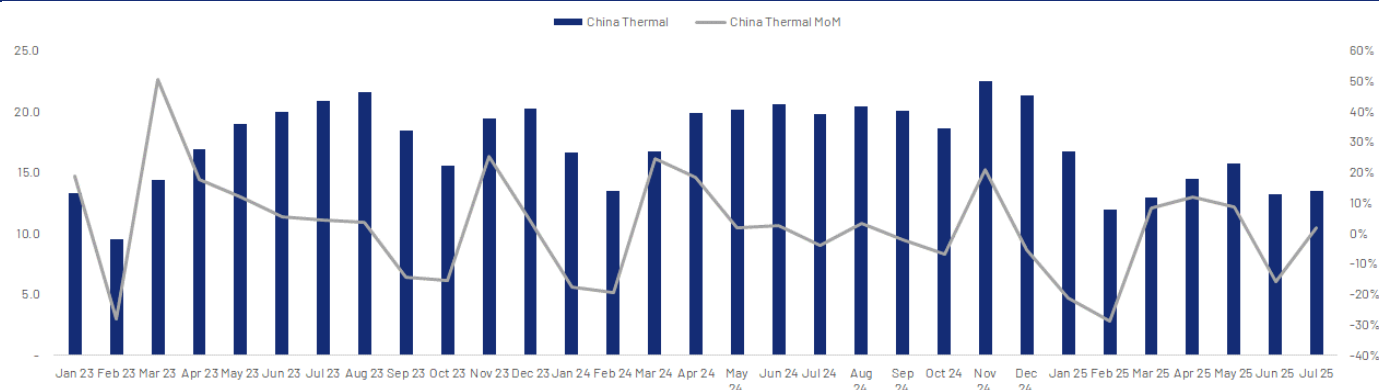
Sources: China Coal Resource, Bloomberg, BCA Sekuritas

Exhibit 6. China monthly coal Production



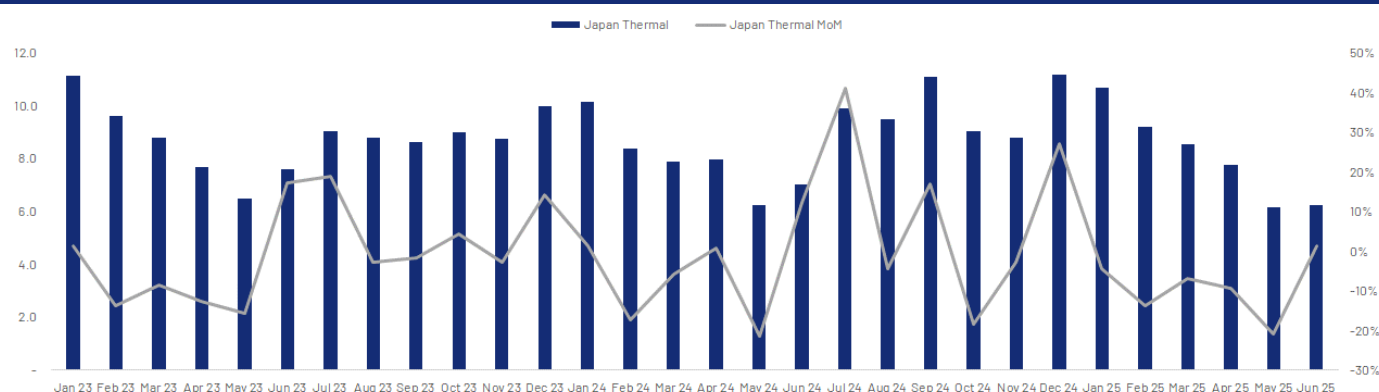
Sources: SX Coal, NBS, BCA Sekuritas

Exhibit 7. China monthly coal import



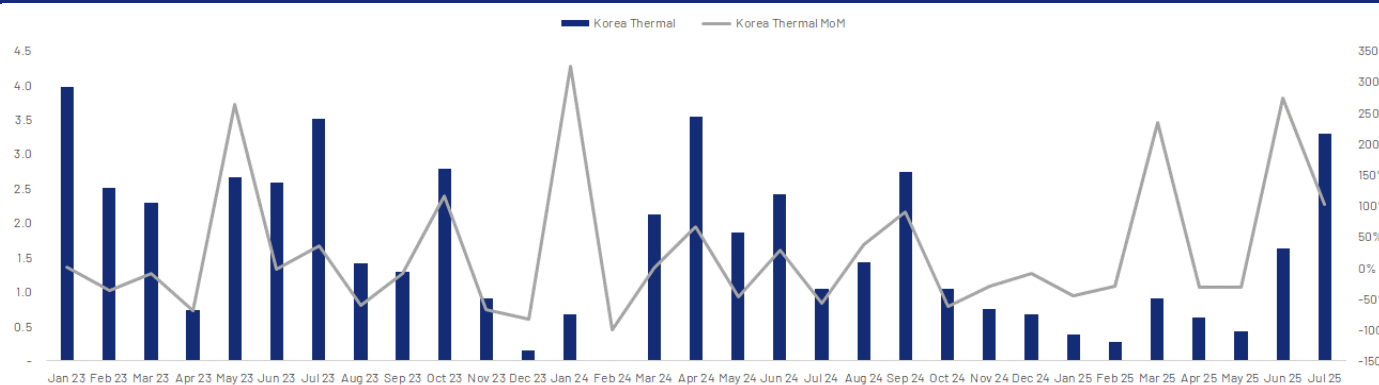
Sources: Bloomberg, BCA Sekuritas

Exhibit 8. Japan monthly coal import



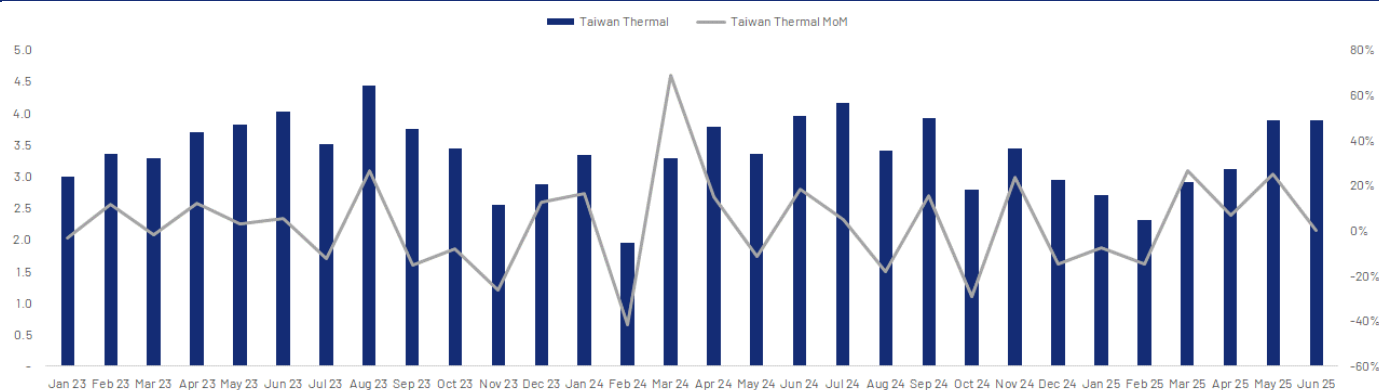
Sources: Bloomberg, BCA Sekuritas

Exhibit 9. Korea monthly coal import



Sources: Bloomberg, BCA Sekuritas

Exhibit 10. Taiwan monthly coal import



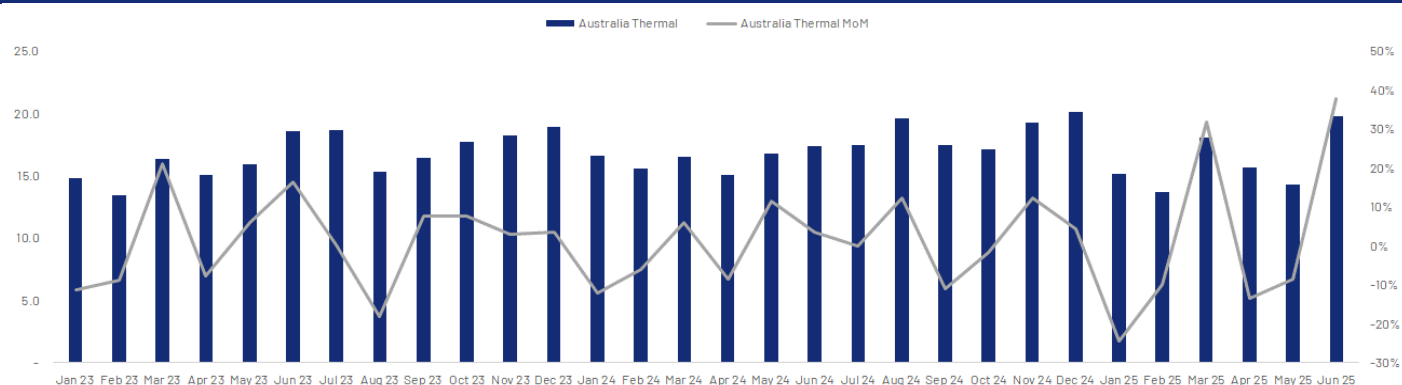
Sources: Bloomberg, BCA Sekuritas

Exhibit 11. Indonesia monthly coal export



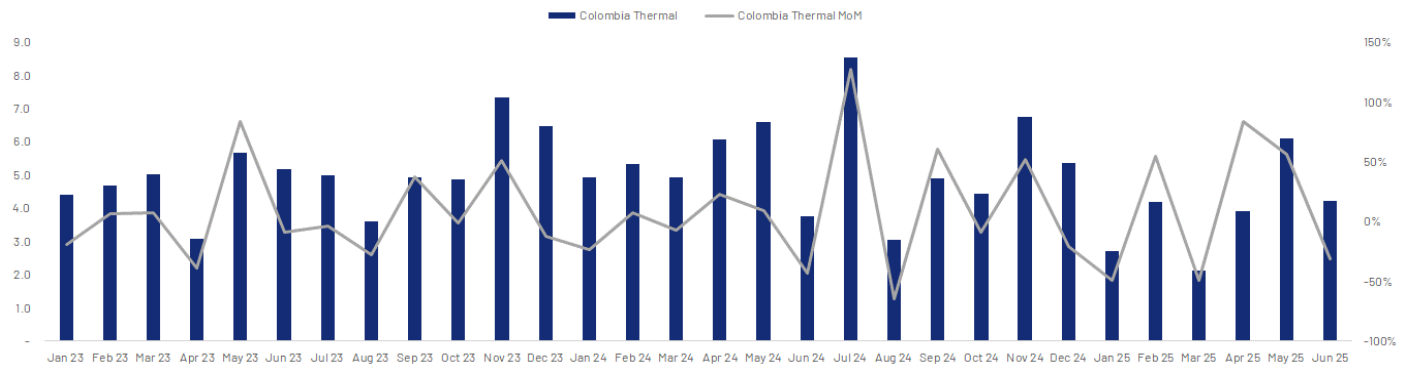
Sources: Bloomberg, BCA Sekuritas

Exhibit 12. Australia monthly coal export



Sources: Bloomberg, BCA Sekuritas

Exhibit 13. Colombia monthly coal export



Sources: Bloomberg, BCA Sekuritas

Exhibit 14. ITMG Revision

ITMG IJ	Old			New			Revision (in %)		
Profit and loss statement (USD bn)	2025F	2026F	2026F	2025F	2026F	2026F	2025F	2026F	2026F
Revenue	2,353	2,716	2,431	2,165	2,415	2,251	-8.0	-11.1	-7.4
COGS	1,723	1,859	1,679	1,685	1,810	1,647	-2.2	-2.6	-1.9
Gross profit	630	858	752	480	605	604	-23.7	-29.5	-19.6
EBIT	395	608	529	246	355	382	-37.8	-41.6	-27.8
Other income/(expenses)									
Net interest income/(expense)	39	45	51	37	39	44	-5.9	-12.7	-12.3
Net forex gain/(losses)	0	0	0	0	0	0	0.0	0.0	0.0
Others	0	0	0	0	0	0	0.0	0.0	0.0
Pre-tax profit	434	652	580	283	394	427	-34.9	-39.7	-26.5
Net profit	327	494	437	210	295	320	-35.8	-40.3	-26.9
Blended productions volume (mt)	21	22	19	21	22	19	0.0	0.0	0.0
Blended SR (x)	10.1	10.1	10.1	10.1	10.1	10.1	0.0	0.0	0.0
Blended sales volume (mt)	27	29	26	27	29	26	0.0	0.0	0.0
% sales vs. Production	125.9	128.0	135.0	125.9	128.0	135.0	0.0	0.0	0.0
Newcastle Coal Price Assumptions (USD/ton)	125	135	135	115	120	125	-8.0	-11.1	-7.4
Blended Coal Price Assumptions (USD/ton)	88	95	95	81	84	88	-8.0	-11.1	-7.4
%Discount to Newcastle benchmark	-30.0	-30.0	-30.0	-30.0	-30.0	-30.0	0.0	0.0	0.0
Cash Cost (USD/ton)	71	72	72	70	70	71	-2.0	-2.3	-1.7

Sources: BCA Sekuritas, Company

Exhibit 15. PTBA Revision

PTBA IJ	Old			New			Revision (in %)		
Profit and loss statement (IDR bn)	2025F	2026F	2027F	2025F	2026F	2026F	2025F	2026F	2027F
Revenue	48,335	62,562	62,562	47,300	48,616	50,609	-2.1	-22.3	-19.1
COGS	41,476	50,436	50,594	42,547	43,034	43,348	2.6	-14.7	-14.3
Gross profit	6,859	12,127	11,968	4,753	5,582	7,260	-30.7	-54.0	-39.3
EBIT	3,750	8,605	8,412	1,637	2,386	4,037	-56.4	-72.3	-52.0
Other income/(expenses)									
Net interest income/(expense)	-333	-105	-8	-114	-37	83	-65.8	-65.0	-1,101.4
Net forex gain/(losses)	0	0	0	0	0	0	0.0	0.0	0.0
Others	724	937	937	708	728	758	-2.1	-22.3	-19.1
Pre-tax profit	4,141	9,437	9,340	2,231	3,078	4,878	-46.1	-67.4	-47.8
Net profit	3,413	7,729	7,633	1,798	2,481	3,941	-47.3	-67.9	-48.4
Blended productions volume (mt)	50	60	60	48	48	48	-2.6	-18.8	-18.8
Blended SR (x)	6.5	6.4	6.4	6.2	6.4	6.4	-4.5	0.0	0.0
Blended sales volume (mt)	49	59	59	48	48	48	-2.6	-18.8	-18.8
% sales vs. Production	99.1	99.1	99.1	99.1	99.1	99.1	0.0	0.0	0.0
Newcastle Coal Price Assumptions (USD/ton)	125	135	135	115	120	125	-8.0	-11.1	-7.4
Blended Coal Price Assumptions (USD/ton)	57	62	62	59	61	63	3.8	-1.1	3.0
Domestic Coal Price Assumptions (USD/ton)	48	52	52	52	52	54	8.4	1.2	5.4
Export Coal Price Assumptions (USD/ton)	68	73	73	67	70	73	-1.2	-4.5	-0.5
%Discount to Newcastle benchmark	-54.4	-54.4	-54.4	-48.5	-49.3	-49.3	5.9	5.1	5.1
USD-IDR	16,887	16,887	16,887	16,350	16,350	16,350	-3.2	-3.2	-3.2
Cash Cost (USD/ton)	51	51	51	56	56	56	8.6	8.5	9.0

Sources: BCA Sekuritas, Company

Exhibit 15. ADRO Revision

ADRO IJ Profit and loss statement (USD bn)	Old			New			Revision (in %)		
	2025F	2026F	2026F	2025F	2026F	2026F	2025F	2026F	2026F
Revenue	2,102	2,107	2,113	1,832	1,972	2,000	-12.8	-6.4	-5.3
COGS	1,223	1,251	1,258	1,223	1,248	1,254	0.0	-0.3	-0.3
Gross profit	880	856	855	609	725	747	-30.7	-15.4	-12.7
EBIT	739	715	714	469	584	605	-36.6	-18.4	-15.2
Other income/(expenses)									
Net interest income/(expense)	83	147	215	101	142	200	21.4	-3.3	-6.9
Net forex gain/(losses)	0	0	0	0	0	0	0.0	0.0	0.0
Others	10	10	10	10	10	10	0.0	0.0	0.0
Pre-tax profit	832	872	939	580	736	816	-30.3	-15.6	-13.1
Net profit	576	594	631	392	497	545	-32.0	-16.3	-13.7
Blended productions volume (mt)	7	7	7	7	7	7	0.0	0.0	0.0
Thermal	-	-	-	-	-	-	0.0	0.0	0.0
Coking Coal	7	7	7	7	7	7	0.0	0.0	0.0
Blended SR(x)	3.3	3.3	3.3	3.3	3.3	3.3	0.0	0.0	0.0
Blended sales volume (mt)	6	6	6	6	6	6	0.0	0.0	0.0
Thermal	-	-	-	-	-	-	0.0	0.0	0.0
Coking Coal	6	6	6	6	6	6	0.0	0.0	0.0
HCC Price Assumptions (USD/ton)	260	260	260	200	230	235	-23.1	-11.5	-9.6
Blended Coal Price Assumptions (USD/ton)	208	208	208	160	184	188	-23.1	-11.5	-9.6
%Discount to Newcastle benchmark	-19.9	-19.9	-19.9	-19.9	-19.9	-19.9	0.0	0.0	0.0

Sources: BCA Sekuritas, Company

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