



DELIVERING ENERGY TO BUILD THE NATION

July 2016

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Snapshot of Adaro Energy

Adaro Energy Highlights



- Among the largest single-concession coal producers in the southern hemisphere
- Top 5 thermal coal exporter globally
- Major supplier to domestic markets
- One of the world's lowest-cost coal producers
- Envirocoal is an environmentally friendly coal
- Vertically integrated business model
- Strong credit profile
- High visibility of future earnings
- Reputable and experienced management and controlling shareholders

Production	<ul style="list-style-type: none"> ■ 2013A: 52.3 Mt ■ 2014A: 56.2 Mt ■ 2015A: 51.5 Mt
Envirocoal	<ul style="list-style-type: none"> ■ Sub-bituminous, medium calorific value, ultra-low pollutants ■ Trademark registered in many jurisdictions
Customers	<ul style="list-style-type: none"> ■ More than 50 customers in 12 countries ■ Blue-chip power generation utilities
Pricing	<ul style="list-style-type: none"> ■ Fixed price and about 1/3 index-linked ■ Adjustment for heat content
JORC reserves / resources	<ul style="list-style-type: none"> ■ Reserves: 1.1 Bt as of YE2014 ■ Resources: 12.8 Bt (includes option to control 7.9 Bt) as of YE2013
Location	<ul style="list-style-type: none"> ■ South, East and Central Kalimantan, South Sumatra

Building our competitive advantage



- We have more than 20 years experience of successful coal mining operations in Indonesia. In June 2005, our majority shareholders acquired Adaro through an LBO which entailed debt funding of US\$923 million and equity of US\$50 million.
- After the LBO we started to integrate our business from pit to port and to power in order to distinguish our business and position it to succeed.
 - 2005: Acquired mining services company PT Saptaindra Sejati (SIS).
 - 2008: Acquired port operator PT Indonesia Bulk Terminal (IBT).
 - 2009: Acquired barging operator PT Maritim Barito Perkasa (MBP).
 - 2010: Established PT Adaro Power (AP).
- The benefits of this integration speak for themselves. We are now reaping the rewards of vertical integration through lower cost, lower risk, improved reliability and improved productivity.
- Our move downstream into power is the right strategy for Adaro to create value, drive growth and participate in building Indonesia.

Creating sustainable value

Three engines of growth integrating pit-to-power

Adaro Energy (AE)



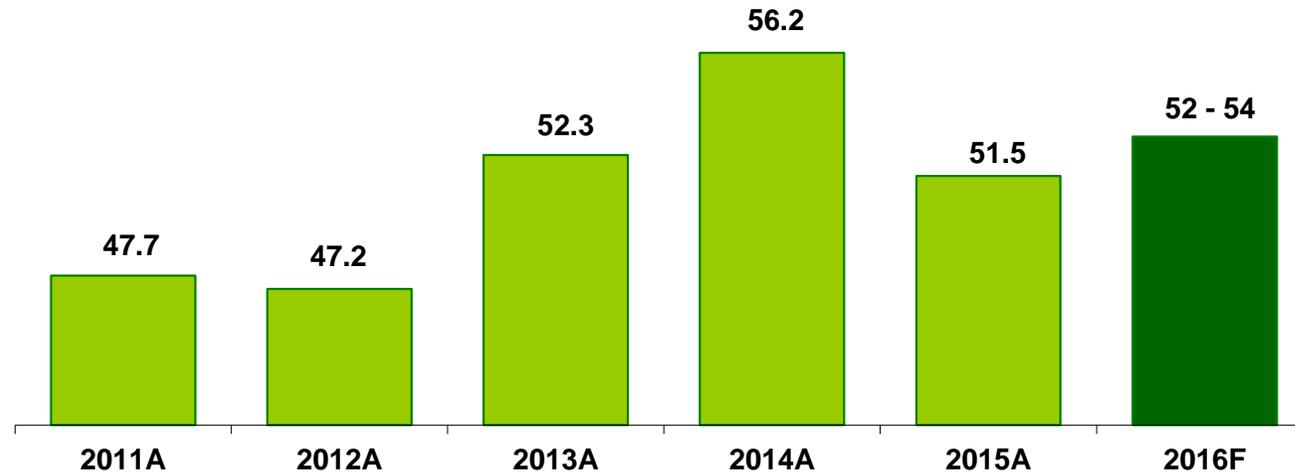
*Simplified Corporate Structure

Operational and financial highlights

OPERATIONAL	1Q 2016	1Q 2015	% Change
Production (Mt)	12.64	13.16	-4%
Sales (Mt)	13.47	13.45	0%
OB removal (Mbcm)	53.58	62.10	-14%
FINANCIAL (US\$ millions, unless indicated)	1Q 2016	1Q 2015	% Change
Net Revenue	588	711	-18%
Core Earnings	81	77	5%
Net Income	61	59	3%
Operational EBITDA	192	200	-4%
Cash	709	742	-4%
Coal Cash Cost (ex royalty) US\$ per tonne	20.94	28.44	-26%
Net Debt to Equity (x)	0.24	0.35	-
Net Debt to LTM EBITDA (x)	1.12	1.46	-
Free Cash Flow	65	49	33%
Cash from Operations to Capex (x)	7.78	3.17	-

Coal production guidance

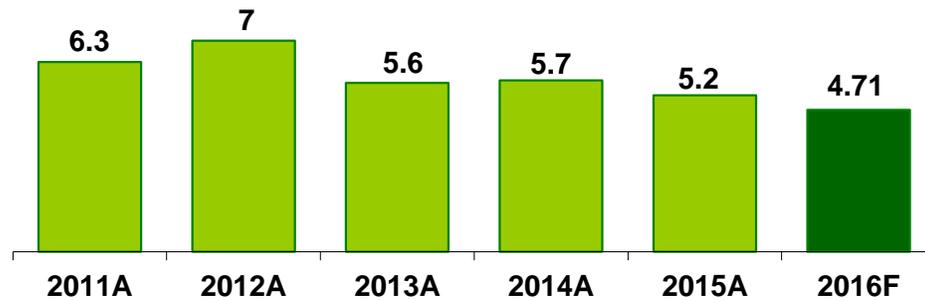
Production Volumes (Mt)



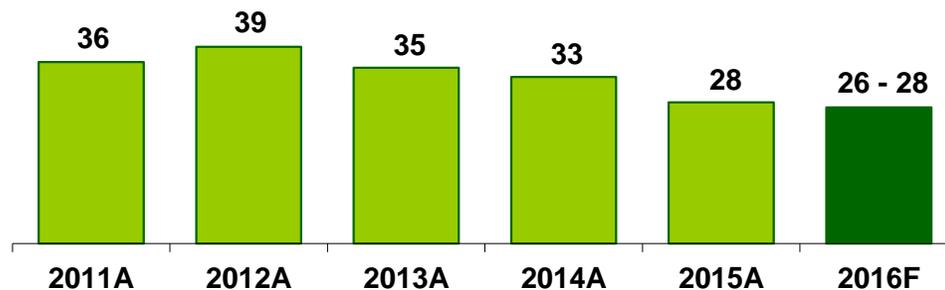
- Production guidance for 2016 is 52Mt to 54Mt, a slight increase over 2015.
- Due to prolonged pressure on coal prices, we lowered our production volume by 4.7Mt in 2015, down 9% from previous year.
- We do not discount our coal price to obtain sales.

Cost discipline while maintaining long-term plan

Consolidated Planned Strip Ratio (bcm/t)



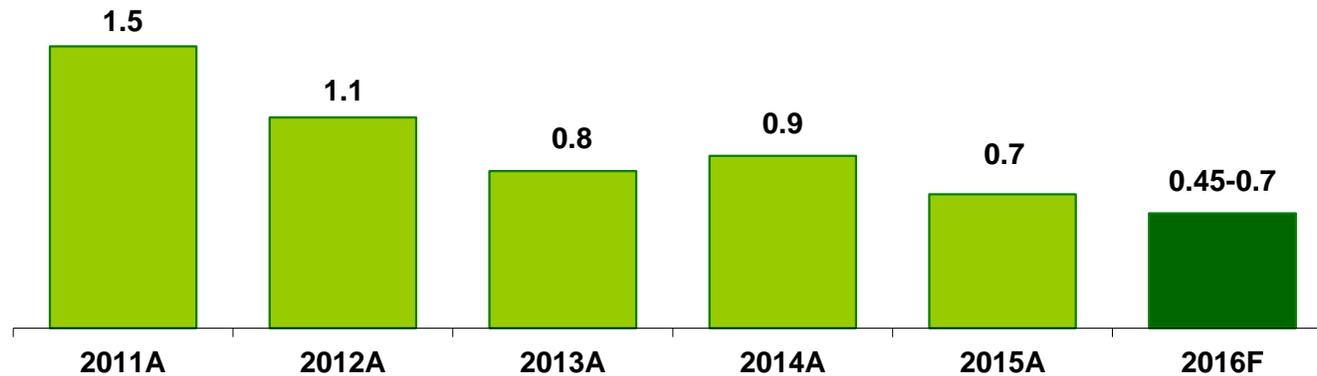
Coal Cash Cost (ex-royalty, US\$/t)



- We own or control each part of our vertically integrated coal supply chain, which enables us to better control cost.
- Our investment in overburden removal made during the good times provide us with flexibility to adjust strip ratio without harming reserves and LT plan.
- Lower diesel price provides us with short term cost relief.
- In 2015, coal cash cost was US\$28 per tonne, beating our guidance of US\$31-US\$33 per tonne.

Solid profitability despite market downturn

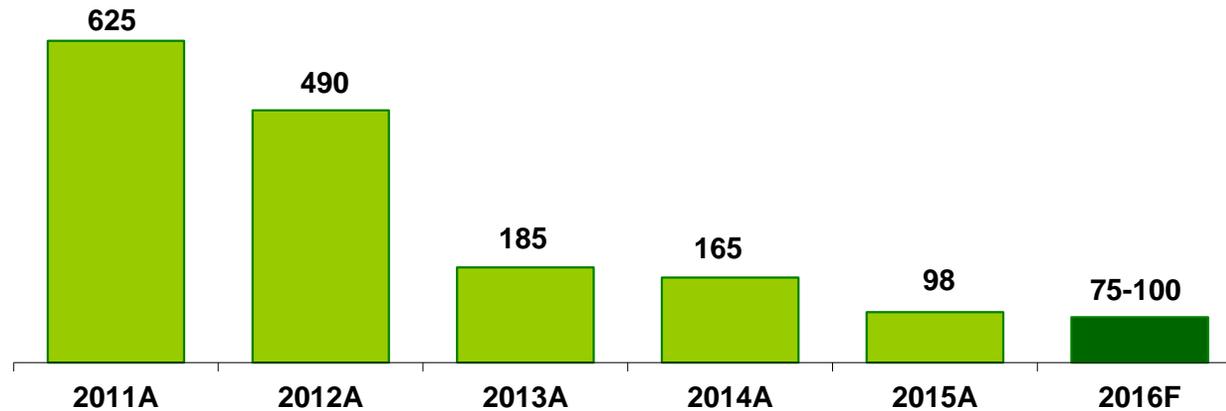
Operational EBITDA (US\$ billions)



- Our low-cost operations enable us to generate healthy Operational EBITDA and maintain a solid Operational EBITDA margin despite falling coal price.
- We achieved our 2015 Operational EBITDA target and delivered Operational EBITDA of US\$730 million, which demonstrates the resiliency of our core business.
- Our Operational EBITDA margin of 27.2% in 2015 was among the best in Indonesian thermal coal.

Investing in the three engines of growth

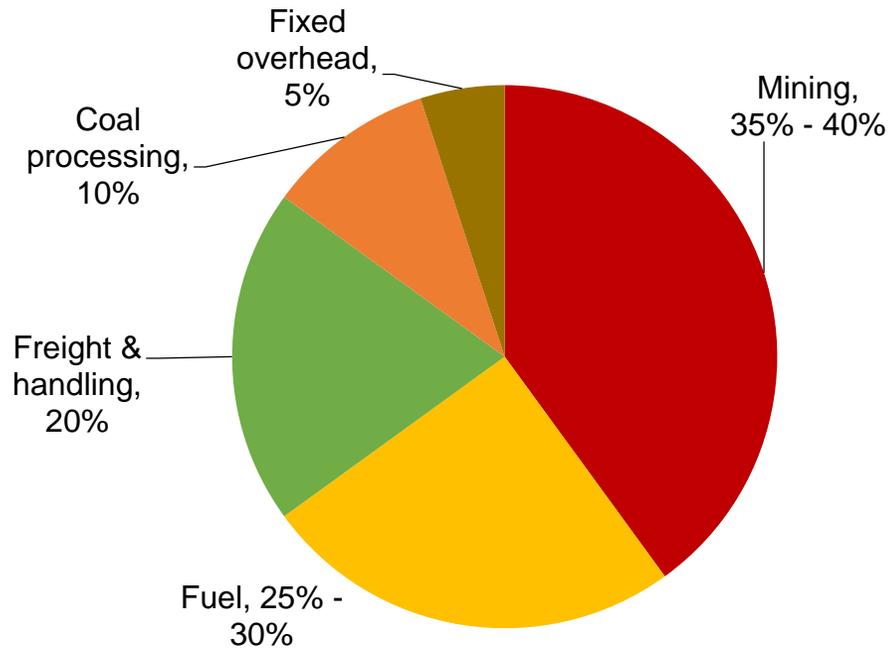
Capital Expenditure (US\$ million)



- Capex reduction is not at the expense of our growth.
- We made the investment in our mining asset, heavy equipment and infrastructure back in 2010-12.
- Heavy equipment capacity at Adaro Indonesia is ~60Mtpa. We are positioned to capitalize on market upturn.
- To finance our power venture, we are looking for non-recourse project financing, from export credit agencies, providing long-term financing at a competitive rate.
- Minimal capex in the industry may over time lead to under-investment, which eventually would reduce supply and ultimately support a rise in prices.

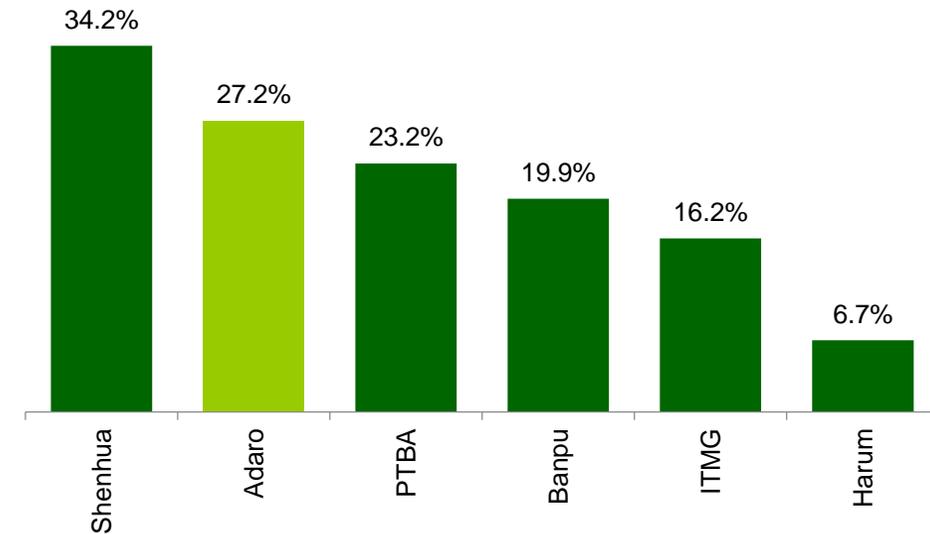
Cost control: key in delivering strong performance

Adaro's Estimated Coal Cash Cost Breakdown (1Q16)



Adaro's coal cash cost ex-royalty for FY15: US\$28/tonne

EBITDA Margin



Source: Bloomberg, based on trailing 12M EBITDA

Adaro has one of the highest EBITDA margin in Indonesia thermal coal

Adaro Coal Mining



Adaro Energy Mining Assets

Adaro has 12 billion tonnes (Bt) of coal resources (including option to acquire 7.9 Bt) and 1.1 Bt of coal reserves.

1
Adaro Indonesia: Existing, S Kalimantan sub-bituminous Resources 4.9Bt Reserves 900Mt

2
Balangan: S Kalimantan sub-bituminous Resources 172Mt

3
MIP: 75% stake S Sumatra sub-bituminous Resources 288Mt Reserves 254 Mt

4
BEE: 61.04% stake S Sumatra sub-bituminous Geological study phase

5
BEP: 10.22% stake with option to acquire 90% E Kalimantan sub-bituminous Resources 7.9Bt

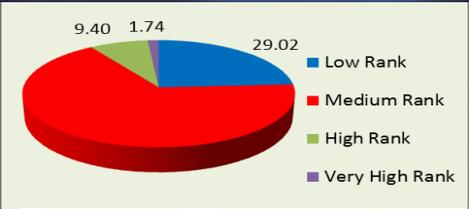
6
IMC: 100% C Kalimantan Metallurgical coal Resources 1.27Bt*

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

Indonesian Coal: Resources 160.65 Bt Reserves 28.02 Bt

Sumatra: Resources 75.03 Bt Reserves 13.22 Bt

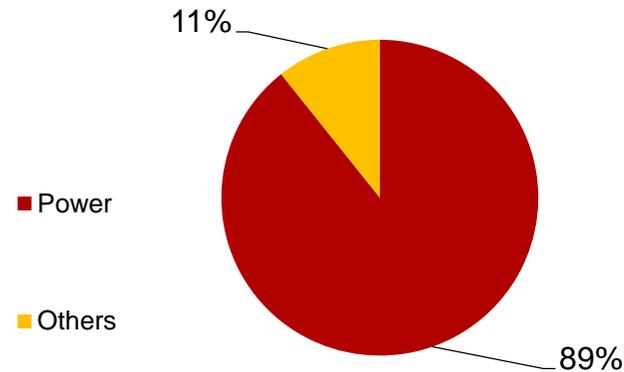
Kalimantan: Resources: 85.25 Bt Reserves: 14.80 Bt



* Due to additional drilling and updated model, IMC increased resources to 1.27 Bt from 774 Mt. Source: BHP Billiton Annual Report 2013, page 76-77

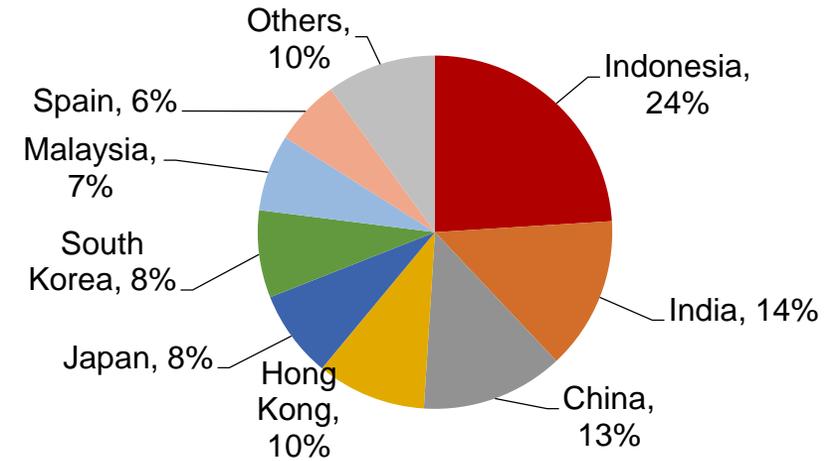
Diversified customer base

Customer type by % volume (1Q16)



* Others include cement, pulp & paper, and industrial

Geographical breakdown of customers (1Q16)



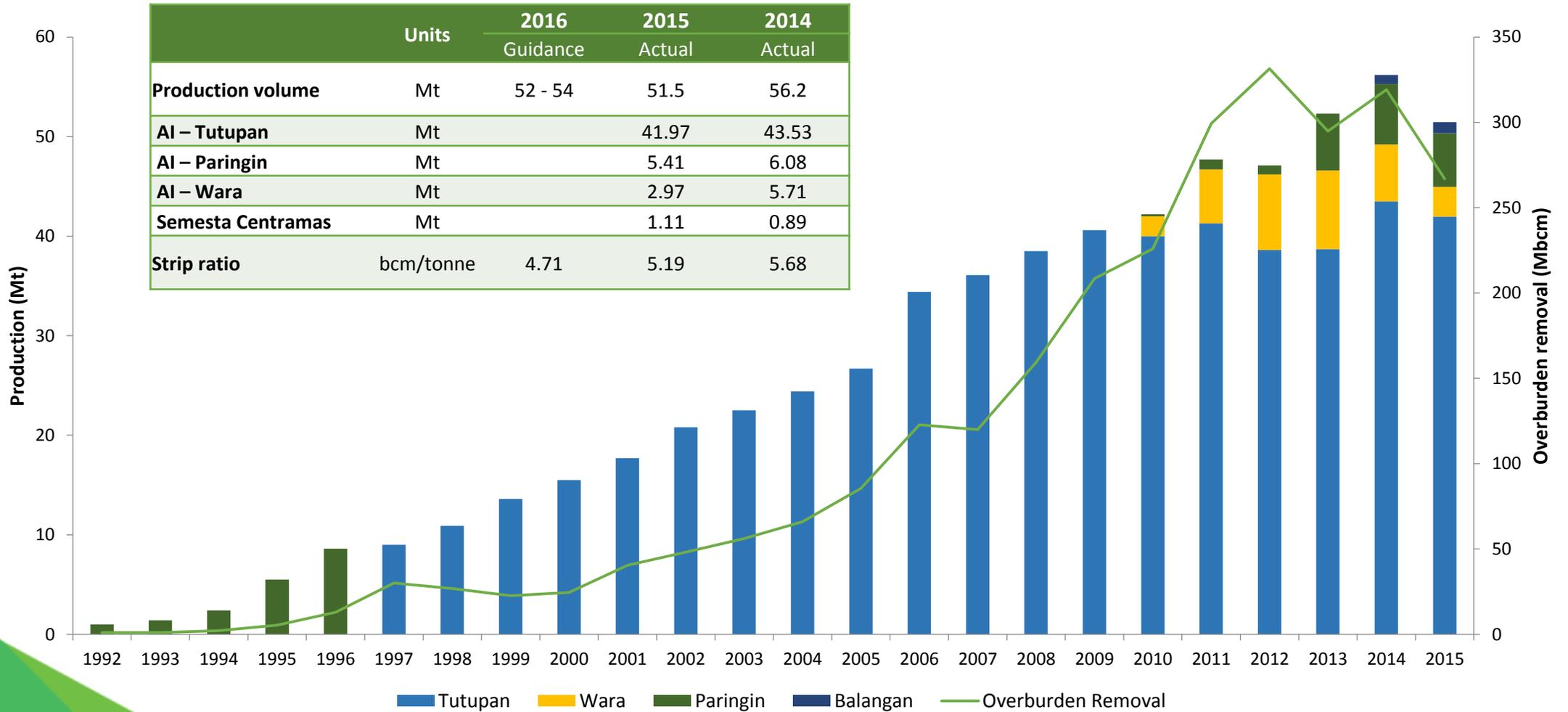
* Others include Thailand, Cambodia and Vietnam.

Most customers are sovereign backed power companies, and with over 50% have had a relationship of more than 10 years

- Average length of coal supply agreement is 5 years.
- Many of our contracts are reset annually, with a combination of negotiated, fixed and index-linked pricing.

Strong relationship with many blue-chip investment-grade clients mitigates risk

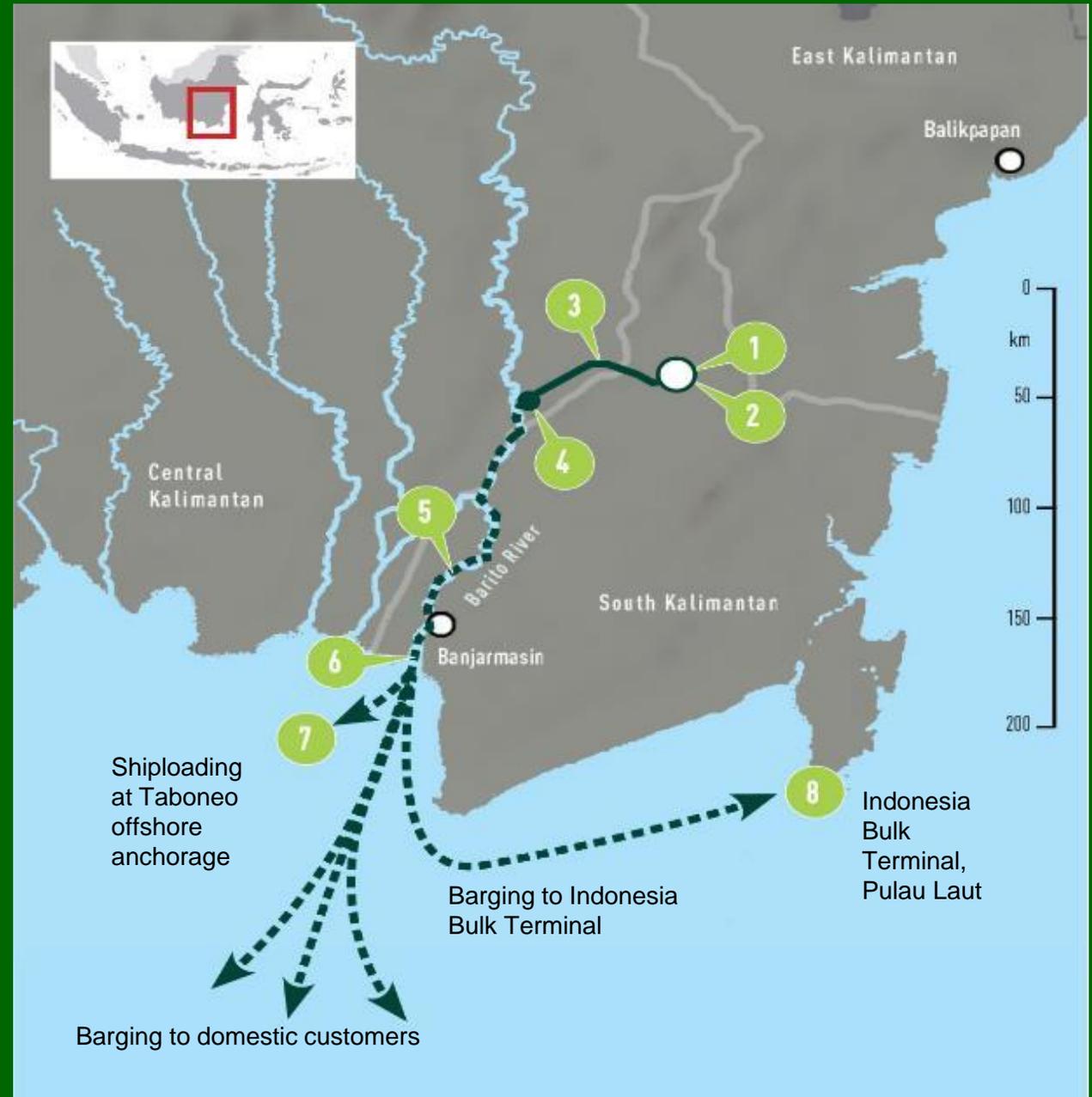
Good record of production performance



Our Reliable Coal Supply Chain

Most of Adaro's coal come from the deposits in South Kalimantan mined by AI. The physical mining and transporting of coal to customers is done by contractors appointed by AI. We tightly control this coal supply chain by using a subsidiary company at each stage as one of the dominant contractors.

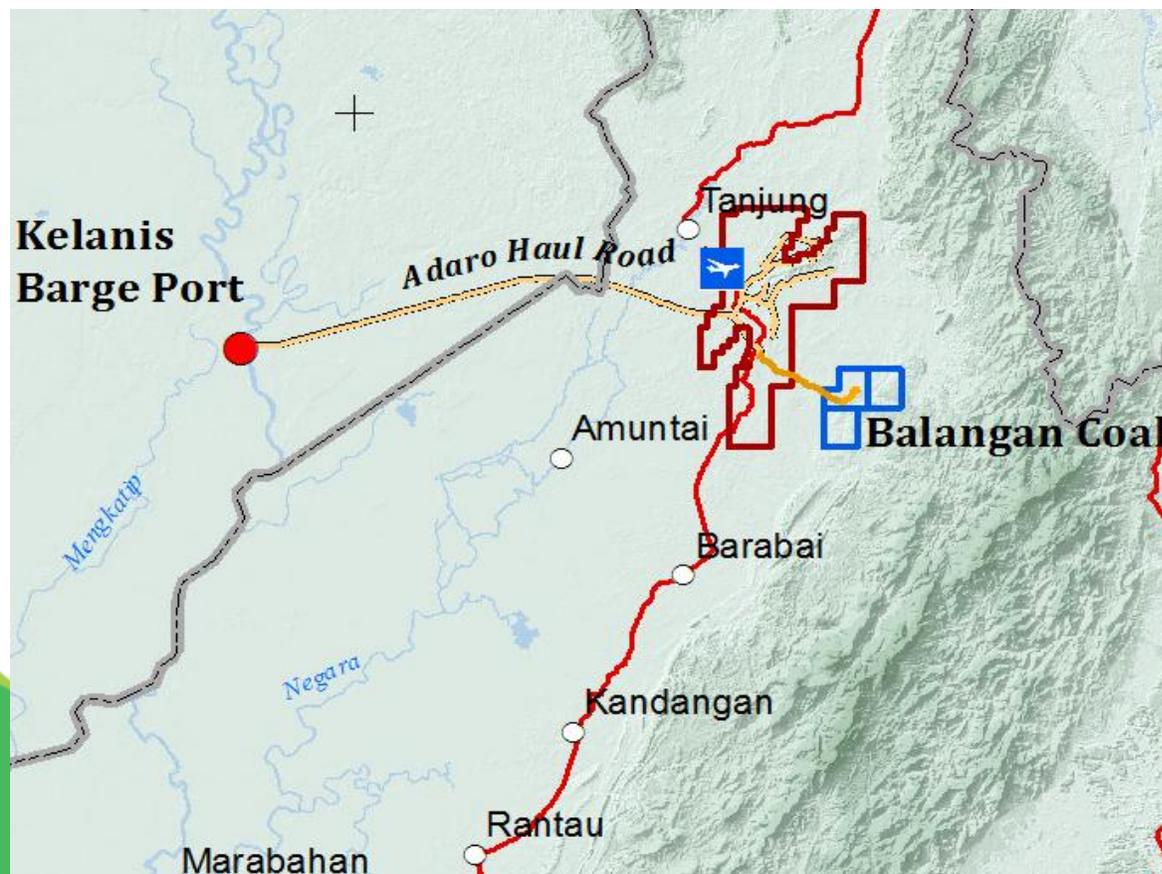
- 1 AI mining area, with coal extracted from the Tutupan, Wara & Paringin pits
- 2 AI performs mining activities supported by its contractors (SIS, PAMA and BUMA).
- 3 Coal is trucked along haul road owned by AI to a port on the Barito River.
- 4 AI crushes the coal, stores it when necessary and loads it to barges at Kelanis river terminal
- 5 Coal is barged to the sea by our subsidiary MBP and third-party contractors.
- 6 At the river mouth, our subsidiary, SDM, dredges and maintains a shipping channel
- 7 Shiploading and sea barging by MBP
- 8 Coal terminal and fuel storage by IBT



Acquisition of Balangan IUPs

JORC Compliant Coal Resources and Reserves (Millions of ROM Tonnes)

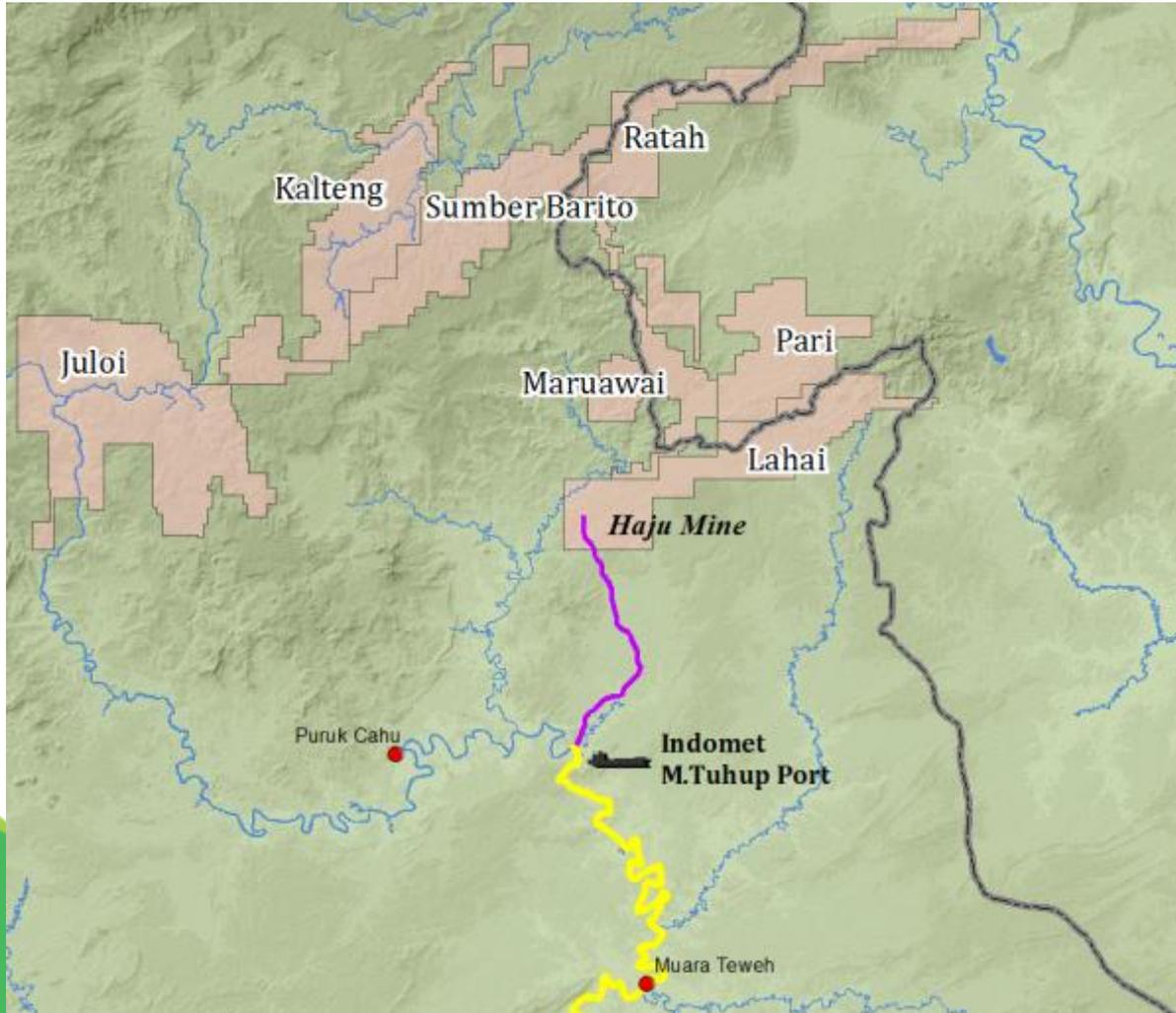
	Total (Mt)	Total Moisture %	Ash % (GAR)	Total Sulfur % (GAR)	Calorific Value (kcal/kg, GAR)
Reserves	140	24	2.8	0.08	4,436



- Purchased 75% of the three IUPs for US\$30.4 million enterprise value in 1Q13.
- Strategically located 11km southeast of Adaro's South Kalimantan concession.
- Initial capex to get the mine up and running was US\$15 million, using our contractor SIS for mining services.
- We produced 1.11Mt of Balangan coal and sold 1.07Mt in FY15.

Adaro Metallurgical Coal

Indomet Coal Project (IMC) in Central and East Kalimantan



- On 6th June 2016, Adaro Energy entered into Share Sale Agreements with BHP companies with the purpose to purchase and assign all shares in 7 CCOW's in Central and East Kalimantan
- The transaction value was \$120 million for the 75% of the properties not previously owned by Adaro
- The CCOW's are reported to have metallurgical coal resources of 1.27 billion tonnes
- First coal production has started at the Haju mine which has a production capacity of 1 million tonnes a year. Coal is mined and hauled to a barge loading site at Muara Tuhup on the Barito river.

Adaro Mining Services and Logistics



Snapshots

- Key part of our vertical integration.
- Ensures operational excellence, productivity improvement and timely reliable delivery to customers.
- We expect growing contribution from the non coal mining part of our business.
- Non coal mining contributed 42% of Adaro Energy EBITDA in 2015.
- SIS is producing 37% of Adaro's volume.
- MBP is doing the majority of Adaro's coal barging and ship-loading volume.
- We actively pursue third-party revenue growth from these businesses.



Mining services and logistics highlights*



Name	Highlights
PT Saptaindra Sejati (SIS)	<ul style="list-style-type: none"> • One of Indonesia’s leading mining contractors. • FY15 overburden removal volume: 150.7Mbcm. • FY15 coal production volume: 29.5Mt.
PT Maritim Barito Perkasa (MBP)	<ul style="list-style-type: none"> • 64 sets of tugs and barges used by Adaro with average capacity of 12,431 dwt. • Offshore coal loading at Taboneo with capacity up to 165,000 tonnes per day via floating cranes (15,000-20,000tpd), FTU (60,000tpd) and self-loading geared vessels. • FY15 coal transport volume: 29.9Mt. • FY15 coal loading volume: 35.1Mt.
PT Sarana Daya Mandiri (SDM)	<ul style="list-style-type: none"> • SDM dredged the Barito river channel in 2008, increasing capacity to 200Mt per year. It now manages and maintains the channel. • Adaro owns 51.2% of SDM, with the local port authority and local government owning the remaining interest.

*highlights of operating subsidiaries in mining services and logistics

Adaro Power



MSW's 2x30 MW mine-mouth power plant in Tanjung, South Kalimantan

Building Adaro Power



- Commercially and financially attractive with solid IRR and low-cost long-term project financing.
- Creates a new captive market and helps meet our domestic market obligation.
- Helps to lessen volatility in Adaro's business model.
- Contributes to the development of Indonesia's energy needs.
- In the next 10 years, PLN has plans to add 80.5 GW of electricity generation in Indonesia.

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
Coal-fired	3,027	1,024	3,397	17,175	4,548	1,781	400	700	500	2,250	34,802
Others	1,113	3,463	9,041	4,223	1,325	1,184	2,416	3,698	7,918	11,357	45,738
Total	4,140	4,487	12,438	21,398	5,873	2,965	2,816	4,398	8,418	13,607	80,540

Source: RUPTL 2016-2025, PT PLN (Persero)

Adaro Power's current projects

Diversify and secure predictable long-term coal demand

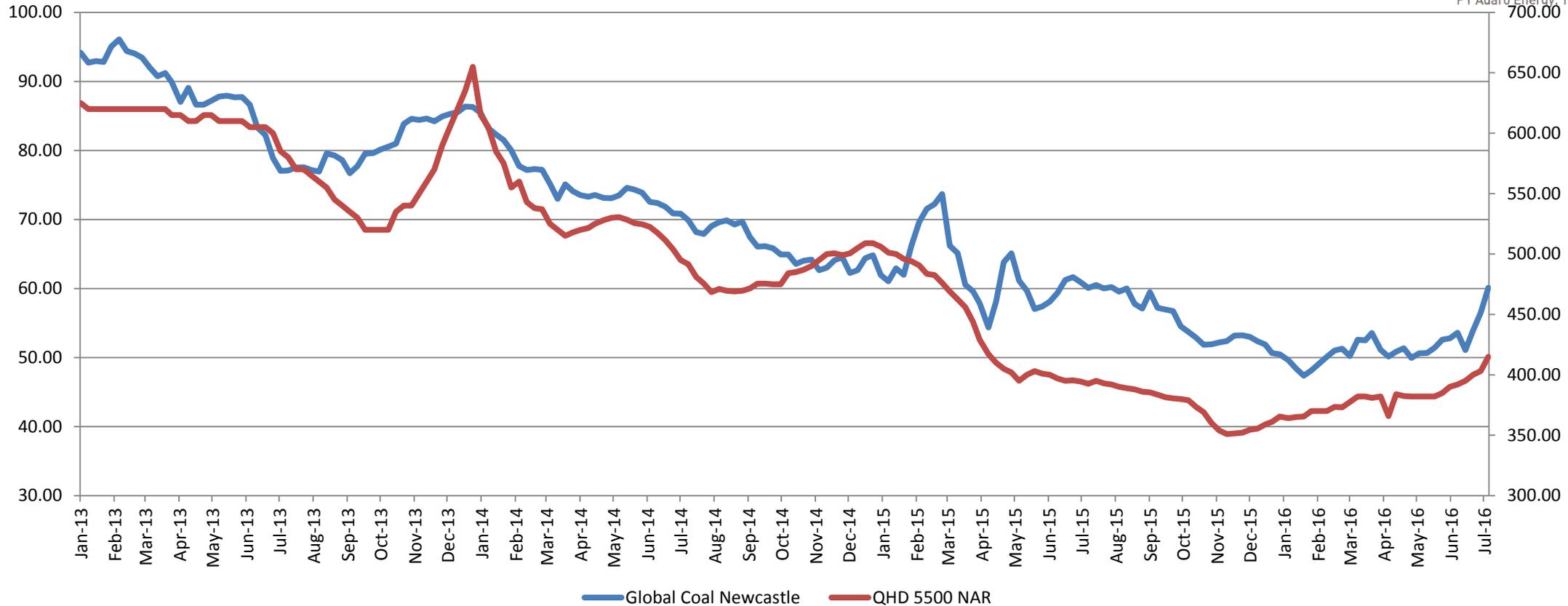


	Bhimasena Power Indonesia	Tanjung Power Indonesia	East Kalimantan Power Project
Capacity	2x1000 MW	2x100 MW	2x300 MW
Stake Acquired	34%	65%	49%
Partner(s)	J-Power (34%), Itochu (32%)	Korea EWP (35%)	Shenhua Overseas
Location	Central Java	South Kalimantan	East Kalimantan
Development Progress	<ul style="list-style-type: none"> Signed 25 years PPA with PLN Total Capex: US\$4.2 billion Concluded financial closure on June 6th, 2016. Expected COD: 2020 	Signed PPA with PLN in October 2014	<ul style="list-style-type: none"> Signed MoU between Adaro Power, Shenhua Overseas and BEP Will use low heat value coal Pre-feasibility and feasibility studies and other preparatory work in progress Will use latest, most efficient and environmentally friendly technology
Financing	Non-recourse project debt financing. Combination of ECA and commercial loan	Non-recourse project debt financing. Combination of ECA and commercial loan	Planned non-recourse project debt financing
Expected Debt vs. Equity	80:20	75:25	N/A



Industry Update

Coal prices hit by China market and chronic oversupply



- Seaborne thermal coal prices are now being driven more by Chinese domestic market price than by traditional buyers, such as the Japanese Power Utilities.
- The drop in oil prices and weakening key currencies of major exporting countries against USD have kept global thermal coal prices subdued.
- Thermal coal price rebounded slightly positive in Feb from the low level of Jan 2016. However, price recovery will remain sluggish in view of the slow supply rationalization.

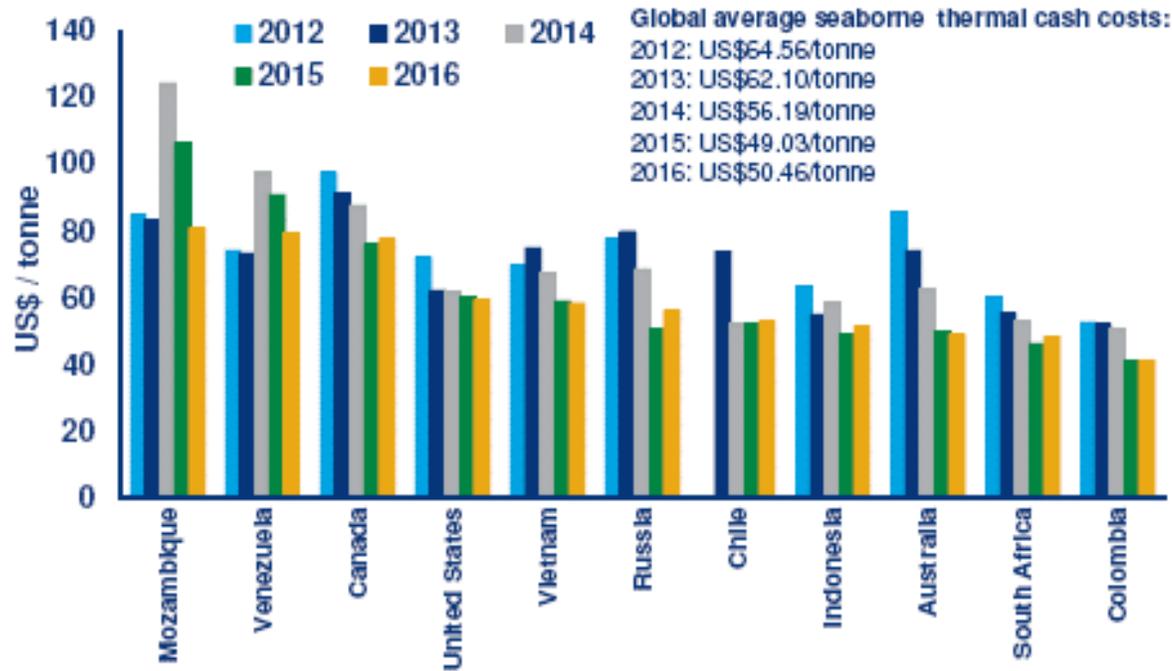
Market Update – Prices in July 2016

	08 Jul 2016	Month-to-Date Average	Year-to-Date Average	Year-on- Year	% YoY
Bituminous (US\$/Tonne)					
Global Coal Newcastle	60.11	58.30	51.47	▼ (10.98)	-18%
Aus Off-Spec (Platts)	48.80	48.60	42.98	▼ (6.72)	-14%
Sub-Bituminous Indonesia (US\$/Tonne)					
ICI3 - 5000 GAR	40.38	40.14	38.32	▼ (8.35)	-18%
ICI4 - 4200 GAR	28.85	28.77	27.01	▼ (6.43)	-19%
South China CFR (US\$/Tonne)					
6000 NAR	55.88	54.83	49.02	▼ (14.62)	-23%
5500 NAR	53.43	52.32	46.72	▼ (8.70)	-16%
4700 NAR	44.97	40.65	42.85		
Qinhuangdao Coal FOB (RMB/Tonne)					
5500 NAR	415.00	409.00	380.76	▼ (58.44)	-13%
5000 NAR	376.00	370.50	342.55	▼ (36.95)	-10%
4500 NAR	328.00	325.00	300.32	▼ (49.86)	-14%

- The decline of oil prices and depreciation of key currencies against the USD kept global thermal coal prices from major exporting countries subdued.
- Sluggish demand from China is a factor that put Pacific thermal coal prices (Global Coal Newcastle) under pressure.
- Chinese domestic coal prices also continue to be under pressure. Shenhua and other miners cut their prices due to high stocks at port and weak demand from utilities.
- Despite cost improvements, thermal coal margins continue to fall.

Falling coal cash cost supports production

Seaborne thermal coal cash cost (CV adjusted)



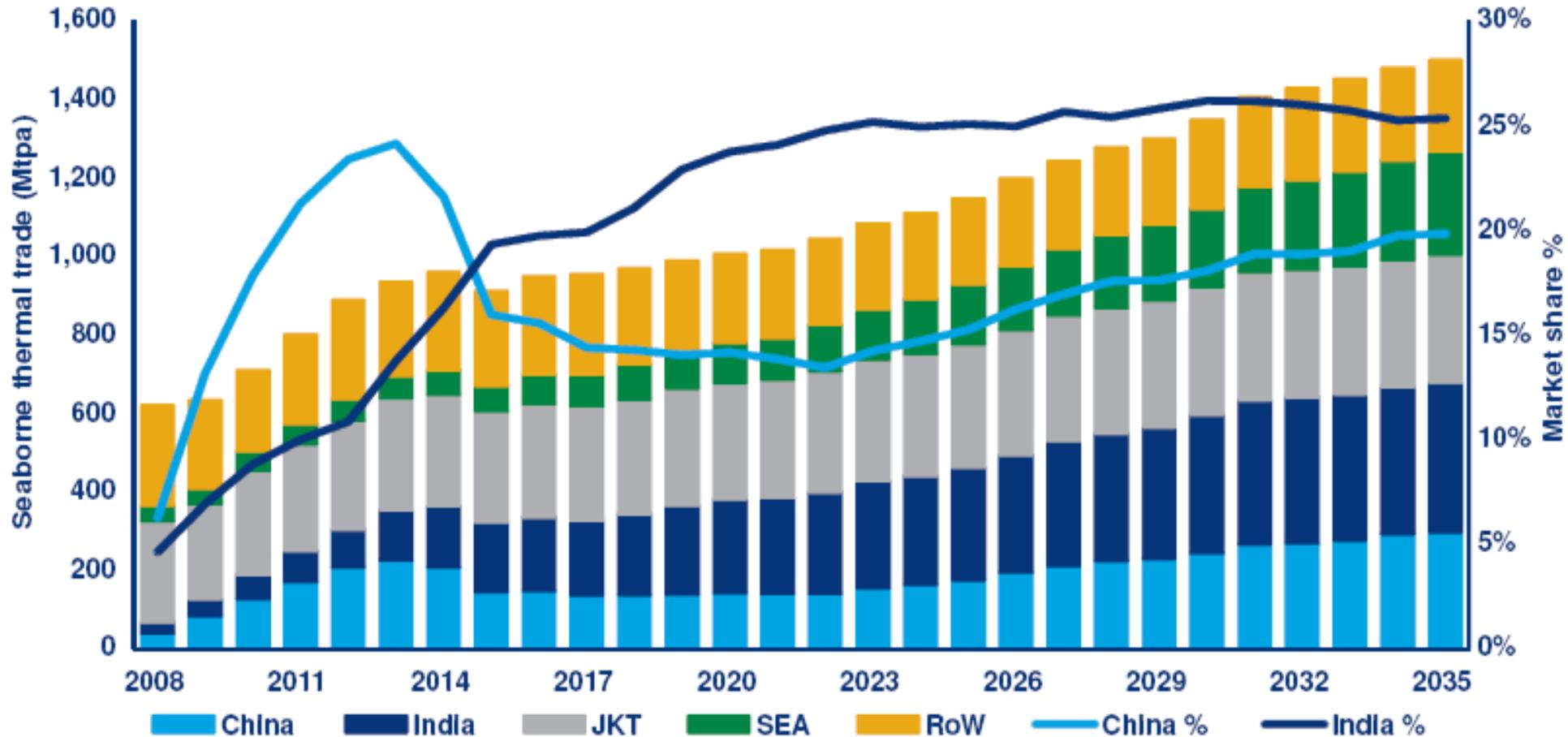
Source: Wood Mackenzie, Dataset: November 2015, "Nominal terms"

2015 Cost change (%)



**Cost reductions are more apparent for countries with costs in local currencies.
 Thus several coal producers are still able to increase production.**

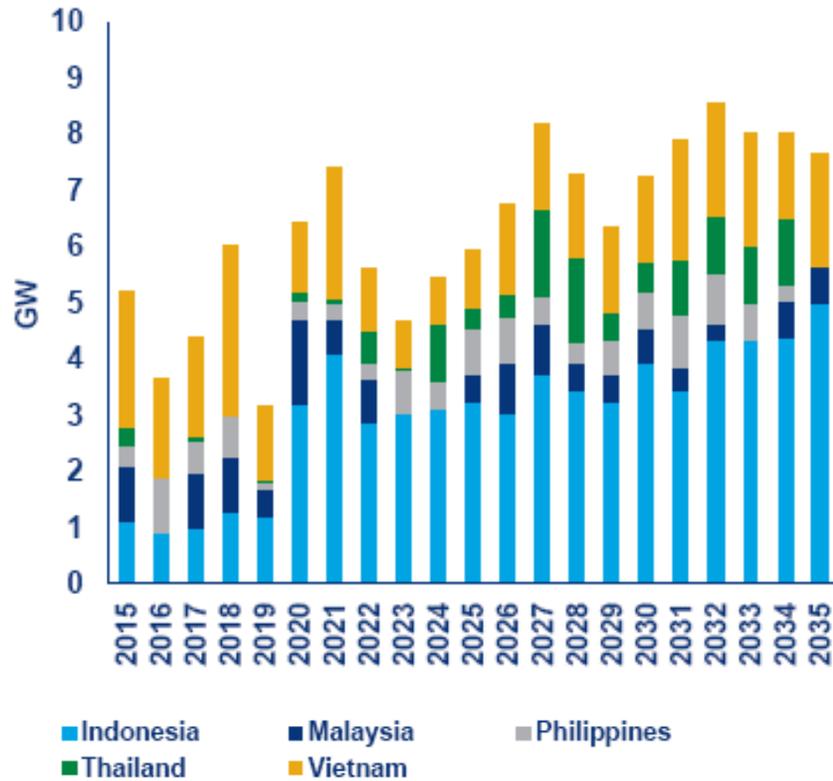
Robust long-term outlook



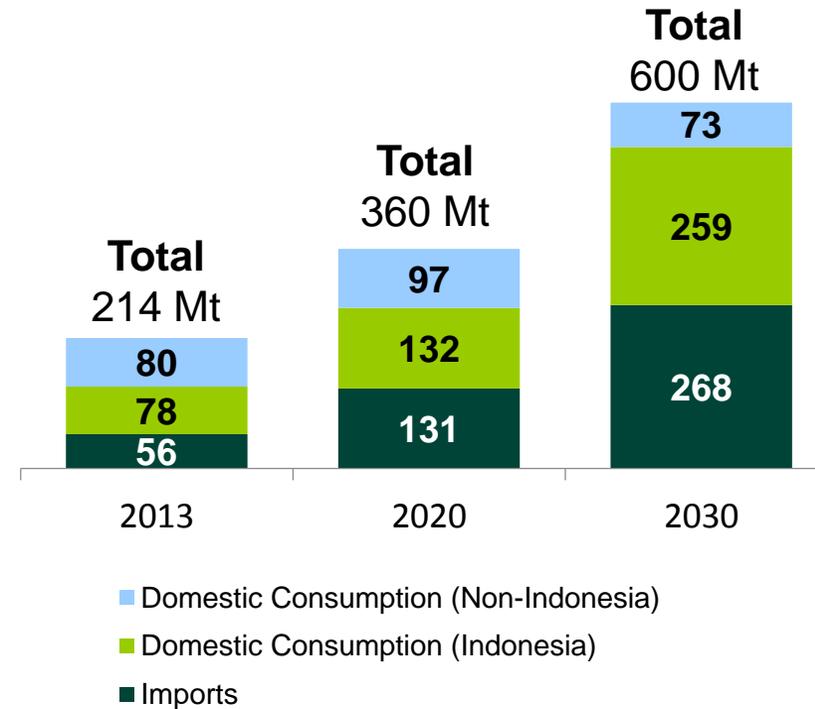
- Global thermal coal markets will continue to be driven by electrification in the developing world, where scalable and economic alternatives are limited. Coal imports remain weak in the near-term but appear to be possibly stronger post-2020.
- India overtook China as largest coal importer in 2015.

Fueling Southeast Asia's coal requirements

Coal capacity additions in Southeast Asia



Southeast Asia coal demand



Source: WoodMackenzie Energy Market Service, IEA SEA Energy Outlook, Adaro Analysis

THANK YOU

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