



years
AN EVOLVING
STORY

ENERGY FOR CHANGE

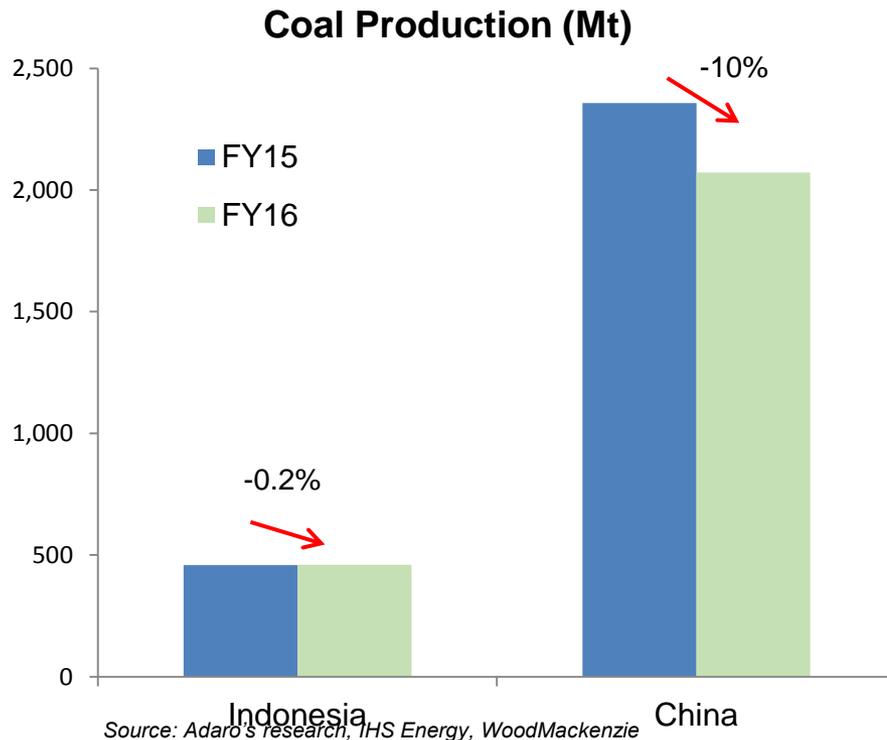
June 2017



Key questions:

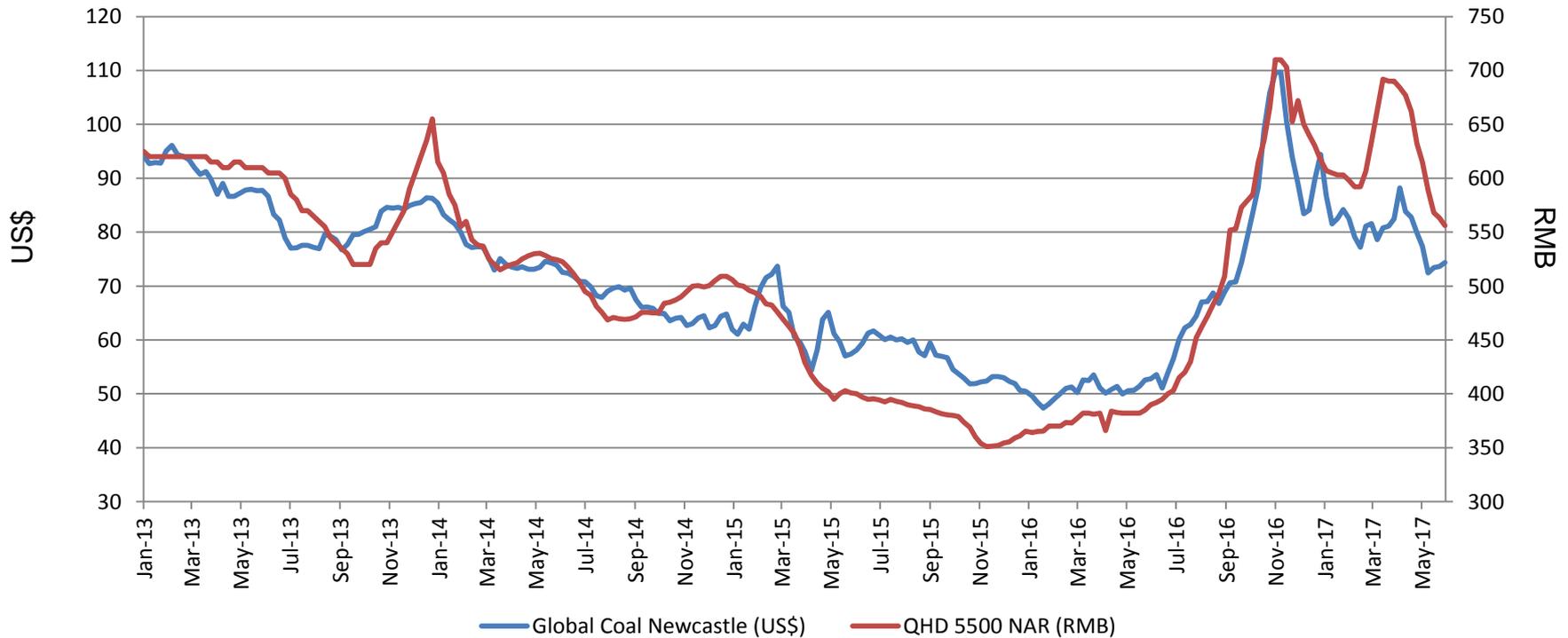
- What is the outlook for coal supply and demand?
- How has Adaro performed?
- What is Adaro's strategy and future plan?

Supply response is apparent



- Supply reform in China is expected to continue, targeting up to 1 Bt of excess capacity cut.
- Indonesia is expected to maintain a relatively flat production, and as its domestic requirement increase, its export will decline.
- Australia is constrained by infrastructure capability.
- Overall coal supply continues to be sticky due to:
 - Higher cost structure as a result of high-grading during the downturn.
 - Limited funding availability.
 - Some miners are focusing on restructuring previous debts.
- Coal supply data continues to indicate that supply discipline is prevalent.

Coal price gaining back momentum

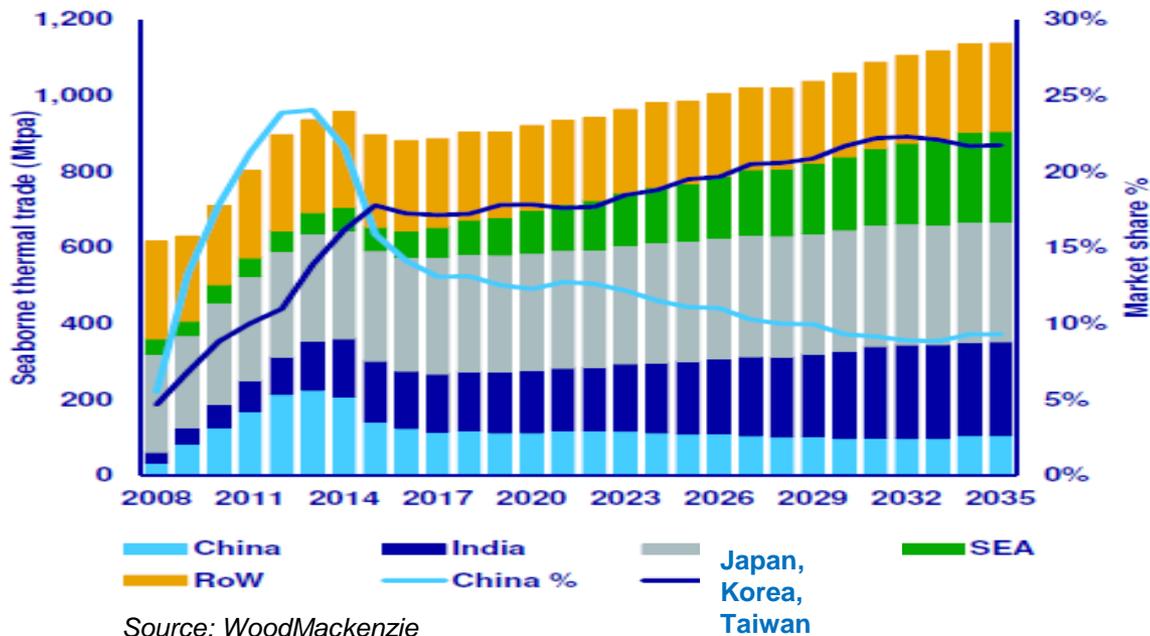


- China's supply reform was the turning point for global coal market.
- Supply discipline remains and demand gradually picks up.



Long term coal demand outlook remains robust...

Seaborne coal demand by country (Mt)

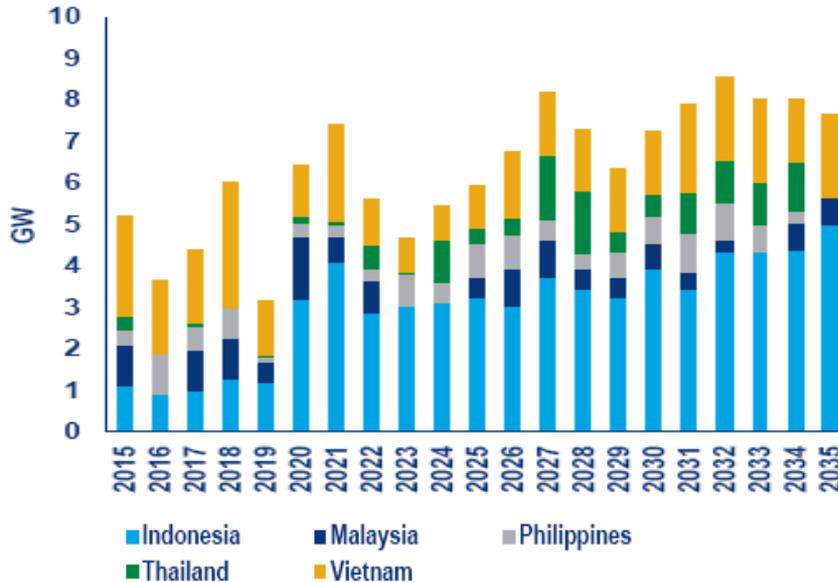


- China's share in seaborne market to decline.
- Increased potential from Southeast Asia, Indo-China, and India.
- Electrification in the developing world continues to drive coal demand.

...especially from Southeast Asia

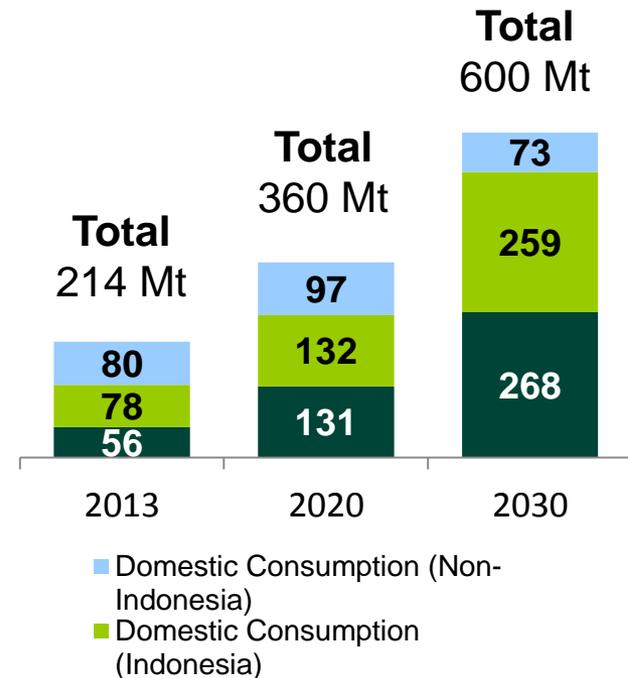


Coal capacity additions in Southeast Asia per annum



Source: WoodMackenzie Energy Market Service

Southeast Asia coal demand



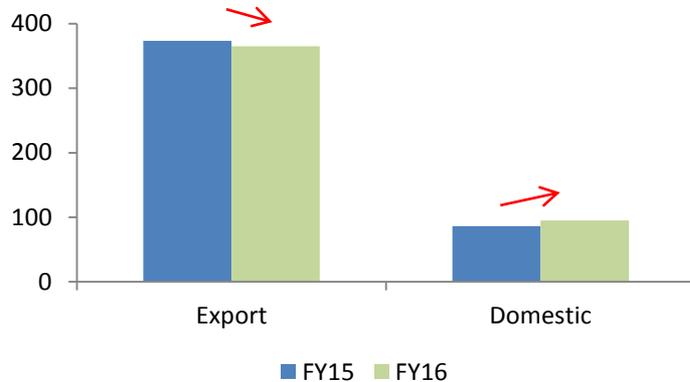
Source: Adaro's Research

- Coal remains as the fuel of choice for developing economies in Southeast Asia.
 - Affordable and abundant
- 2016-2017: additional ~10GW in coal fired capacity in SEA.
- SEA countries imported 75 Mt of coal in 2016, a y-o-y increase of 13 Mt.



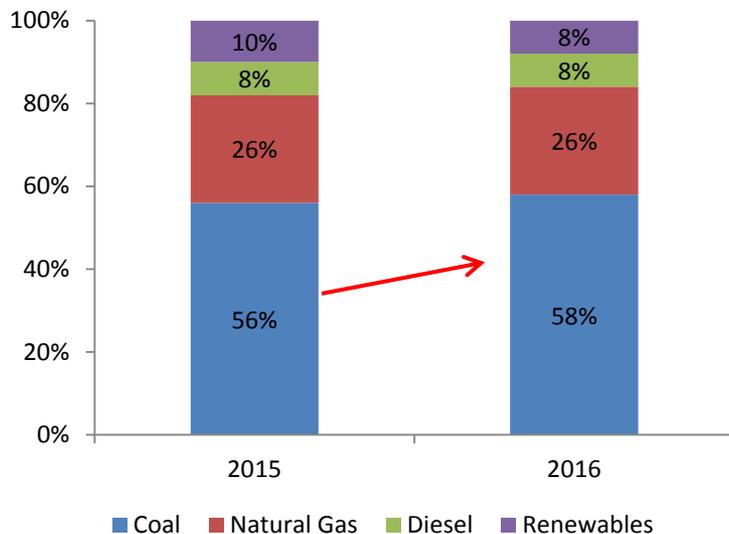
Quick look on Indonesia

Indonesia's Coal Sales (Mt)



- While Indonesia's coal production in 2016 was relatively flat y-o-y and its export decreased ~2% y-o-y...
- ...domestic coal demand in 2016 increased ~11% y-o-y.

Indonesia's Electricity Generation by Source



- Coal accounted for 58% of Indonesia's electricity generation in 2016.
- Despite expected increase from gas and renewables, coal remains as key energy source for power generation in Indonesia.



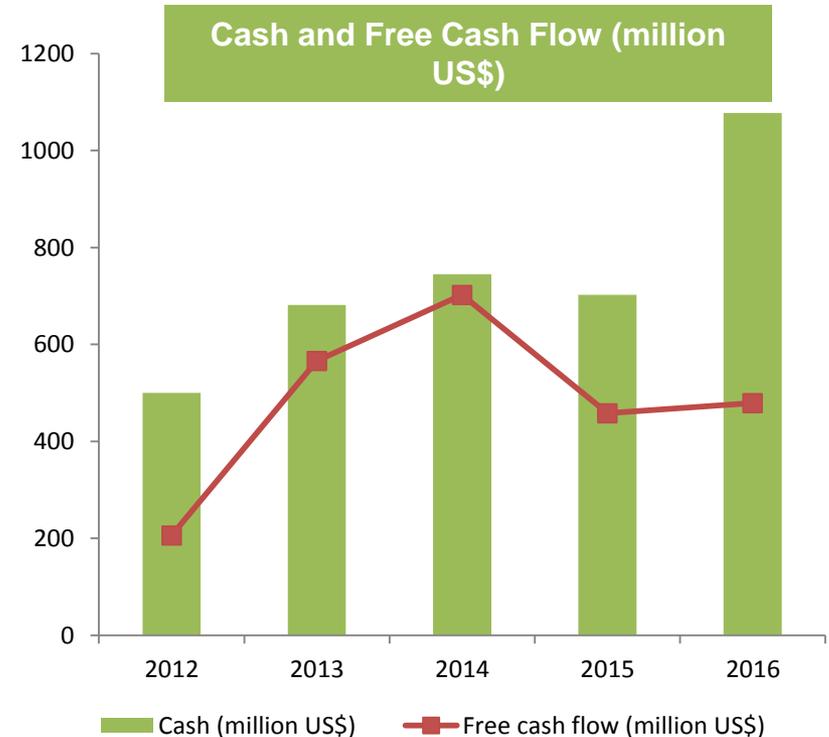
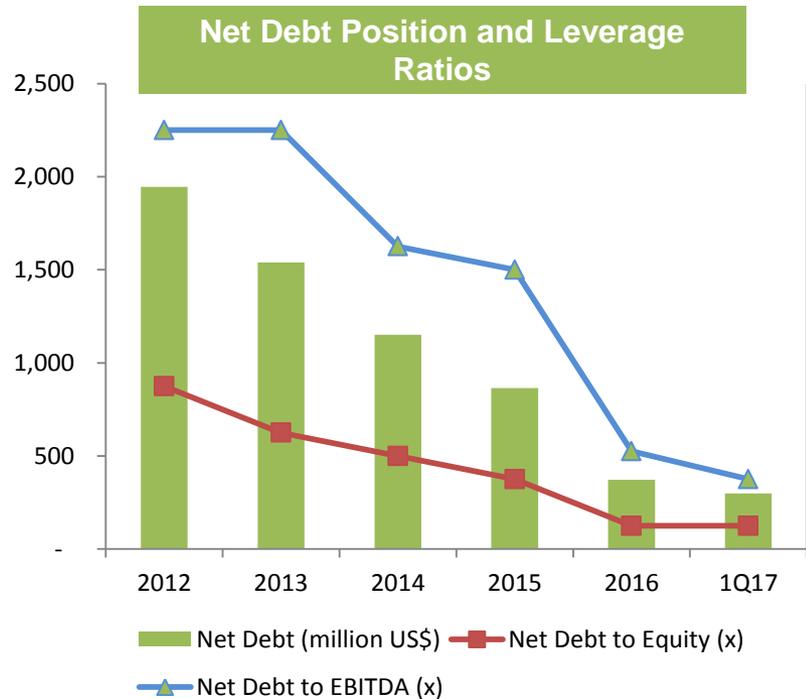
Performance of Adaro Energy

Resilient operational and financial results



OPERATIONAL	1Q17	1Q16	% Change
Production (Mt)	11.86	12.64	-6%
Sales (Mt)	12.03	13.47	-11%
OB removal (Mbcm)	54.76	53.58	2%
FINANCIAL (US\$ millions, unless indicated)	1Q17	1Q16	% Change
Net Revenue	727	586	24%
Core Earnings	132	81	63%
Operational EBITDA	276	192	44%
Cash	1,113	709	57%
Net Debt to Equity (x)	0.08	0.24	-
Net Debt to Last 12 months Operational EBITDA (x)	0.31	1.12	-
Free Cash Flow	182	65	180%
Cash from Operations to Capex (x)	25.34	7.78	-

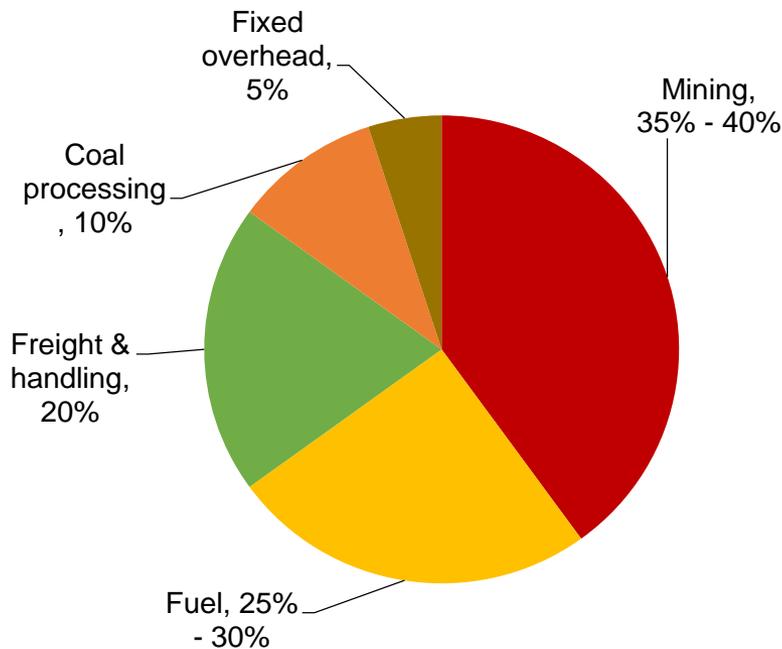
Solid balance sheet and strong cash generation



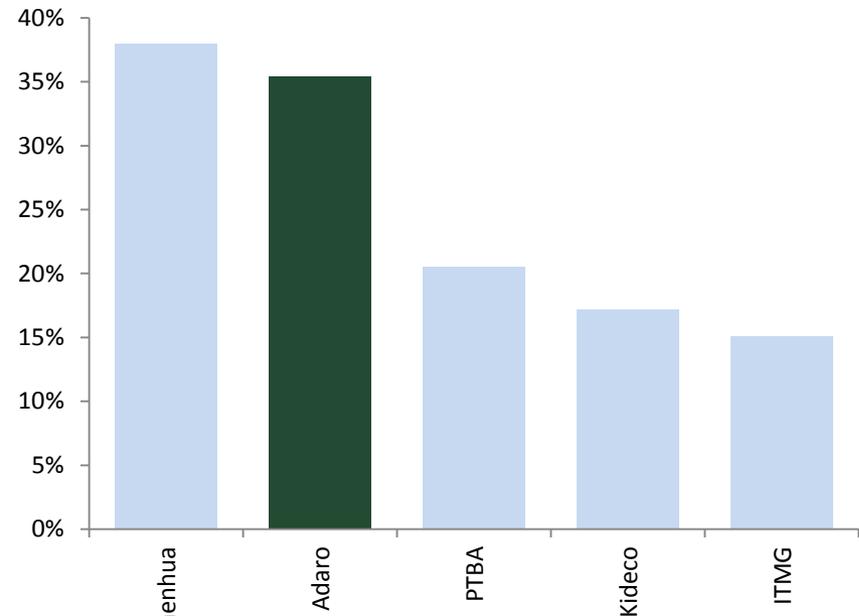
- Healthy balance sheet, strong capital structure and cash preservation.
- Investment grade rating (BBB-) from Japan Credit Rating Agency with a STABLE outlook.

Cost control – key in delivering strong performance

Adaro's estimated coal cash cost breakdown (1Q17)



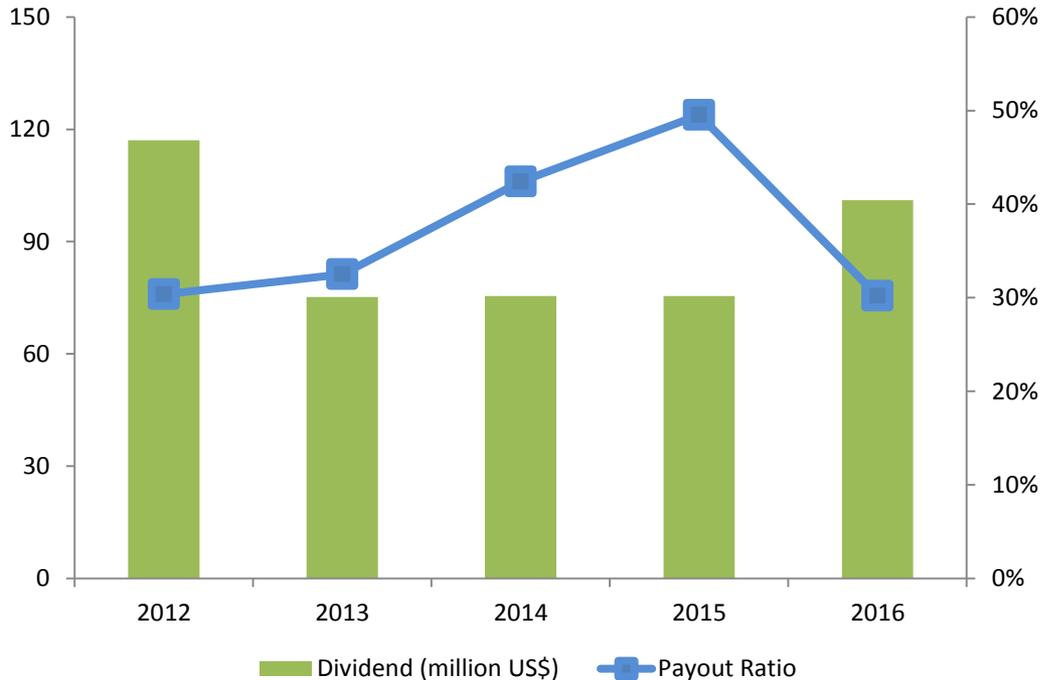
Operational EBITDA margin



Source: Bloomberg, based on trailing 12M EBITDA

- Adaro has one of the highest operational EBITDA margin among thermal coal peers

Delivering return to shareholder



- Adaro has continued to pay dividend through the cyclical downturn.
- Although we have no fix dividend payout ratio, but since IPO in 2008, our average dividend payout ratio is ~38% and we have paid a total of US\$965 million in dividend.
- Total dividend for 2016 is US\$101.1 million, including interim dividend of US\$60.8 million paid in January 2017 and final dividend of US\$40.3 million paid in May 2017.



Snapshot of Adaro Energy

Who is Adaro Energy

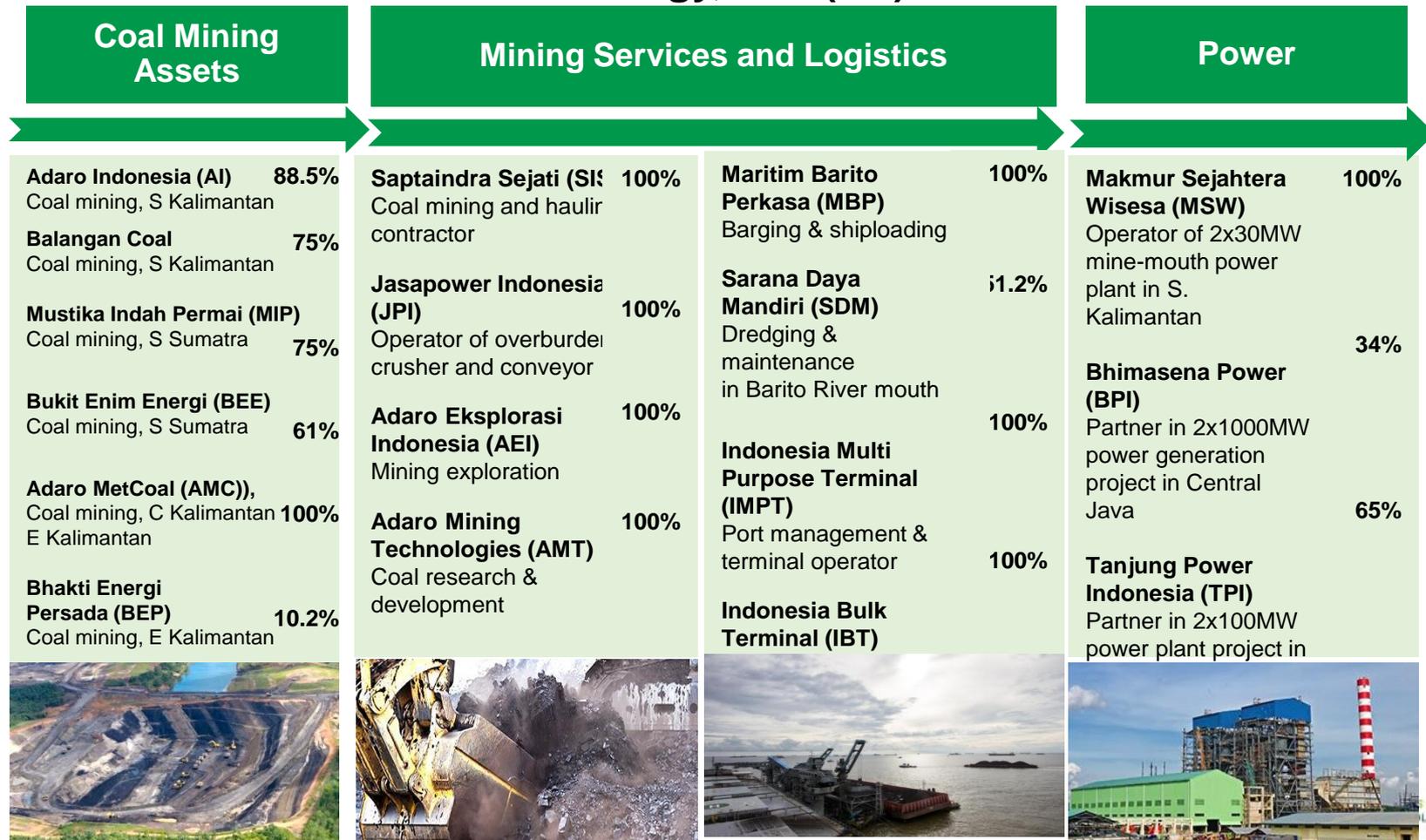
- Among the largest single-concession coal producers in the southern hemisphere.
- Top 5 thermal coal exporter globally.
- Major supplier to Indonesia's domestic markets.
- One of the world's lowest-cost coal producers.
- Envirocoal is an environmentally friendly coal.
- Vertically integrated business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

Production	<ul style="list-style-type: none"> ■ 2014A: 56.2 Mt ■ 2015A: 51.5 Mt ■ 2016A: 52.6 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"> ■ Based on fixed negotiation and index-linked ■ Adjustment for heat content
JORC reserves / resources	<ul style="list-style-type: none"> ■ Reserves: 1.1 Bt as of YE2015 ■ Resources: 12.8 Bt (includes option to control 7.9 Bt) as of YE2015
Location	<ul style="list-style-type: none"> ■ South, East and Central Kalimantan, South Sumatra
Credit Rating	<ul style="list-style-type: none"> ■ BBB- (JCR)

Business model that creates sustainable value

Three pillars of growth integrating pit-to-power

PT Adaro Energy, Tbk (AE)



*Simplified Corporate Structure



Adaro Coal Mining Assets

Diversified Coal Assets Across Indonesia 5

Deepening Coal Product Portfolio and Set to Capitalize Assets to Support Indonesia's Development

1
Adaro Indonesia:
Existing, S Kalimantan sub-bituminous Resources: 5.4Bt Reserves 980Mt

2
Balangan Coal Companies: S Kalimantan sub-bituminous Resources 333Mt Reserves 184Mt

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

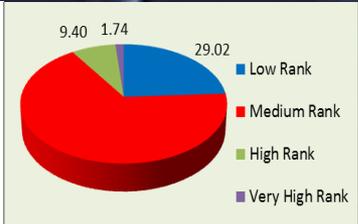
4
BEE: 61.04% stake S Sumatra sub-bituminous Geological study phase

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

6
Adaro MetCoal Companies Central and East Kalimantan Metallurgical coal Resources 1.27Bt

Adaro has more than 13.7 billion tonnes (Bt) of coal resources (including option to acquire 7.9 Bt) and 1.2 Bt of coal reserves.

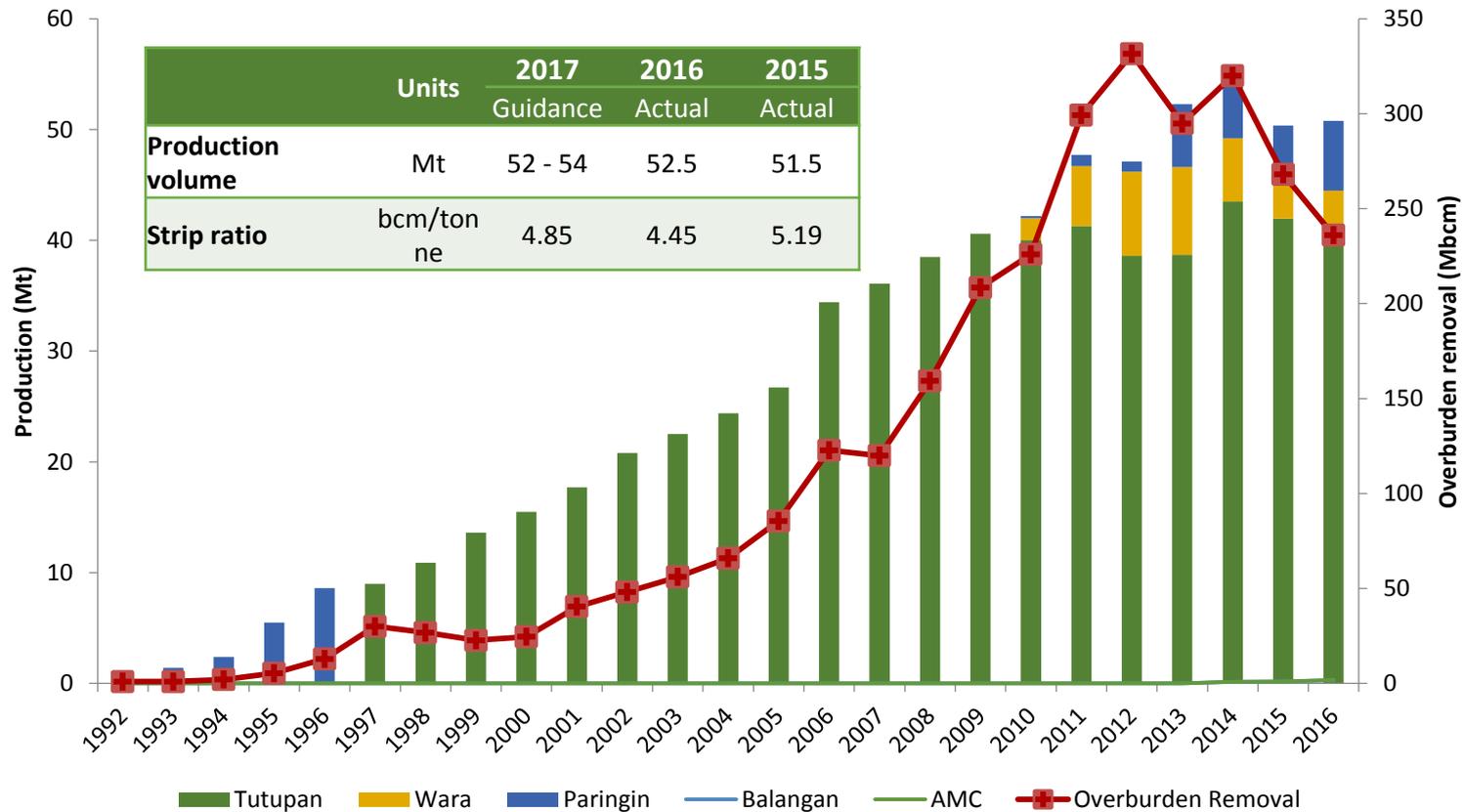
Indonesian Coal
Resources : 124.8 Bt
Reserves : 28.0 Bt
Source: Bureau of Geology, 2015



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

Note on IMC: we have signed the share sale agreement with BHP Billiton to acquire BHP's portion in the project (75%). This transaction will be effective once all the requirements are met.

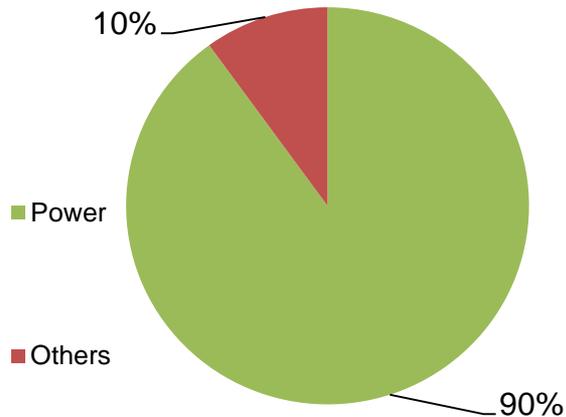
Over two decades of solid production performance



- Produce low to medium heat value coal with low pollutant content, ideal for power generation.
- Control over supply chain ensures timely delivery to customers.

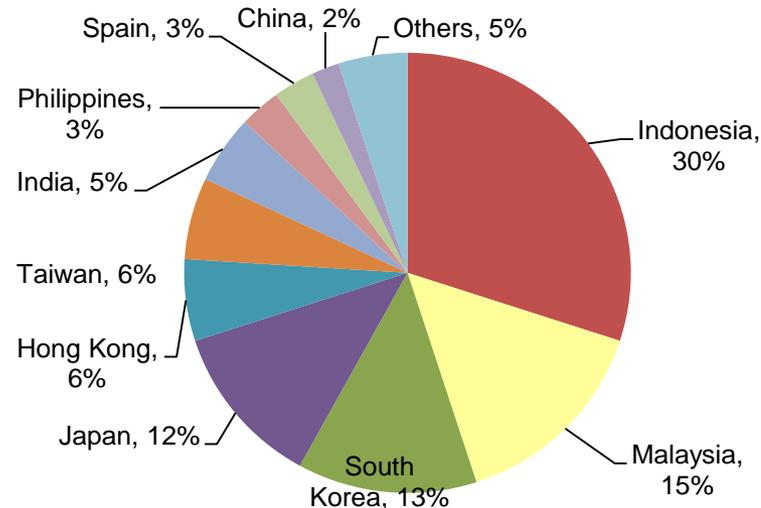
Strong customer base with focus on Indonesia

Customer type by % volume (1Q17)



* Others include cement, pulp & paper, and industrial

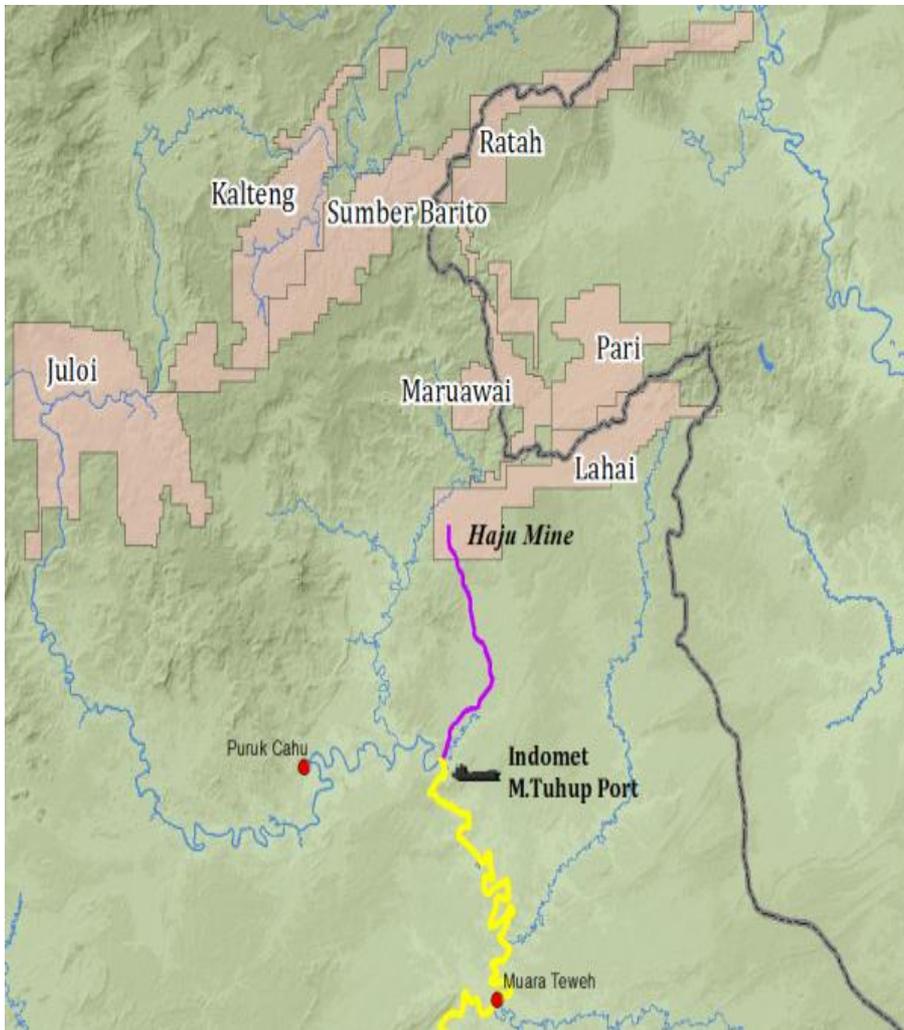
Geographical breakdown of customers (1Q17)



* Others include The USA, Vietnam, Singapore and the Netherlands.

- Most customers are sovereign backed power companies, with over 50% have had a relationship of more than a decade
- Average length of coal supply agreement is 3 to 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

Snapshot of Adaro MetCoal Companies (AMC)



- Adaro Energy completed the acquisition of AMC from BHP Billiton for 7 CCOWs in Central and East Kalimantan.
- The transaction value was \$120 million for 75% of the properties. Adaro now owns 100% of the asset.
- 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

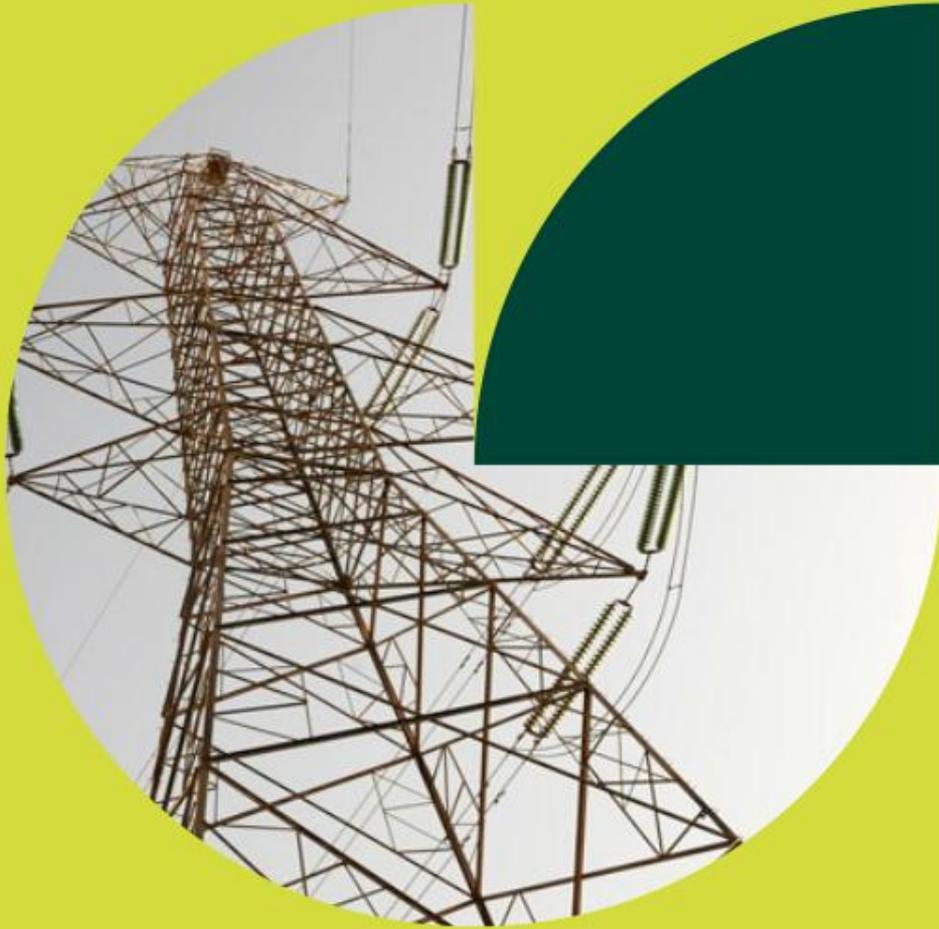


Ensuring operational excellence

Strengthens Adaro's Earnings Profile as Contribution to Parent Co Increases

- Key part of our vertical integration.
- Ensures operational excellence, productivity improvement and timely reliable delivery to customers.
- Non coal mining business accounted for 31% of Adaro Energy EBITDA in 2016. This contribution is expected to grow going forward.
- Actively pursue third-party revenue growth from these businesses.





Adaro Power



Building the foundation of Adaro's future

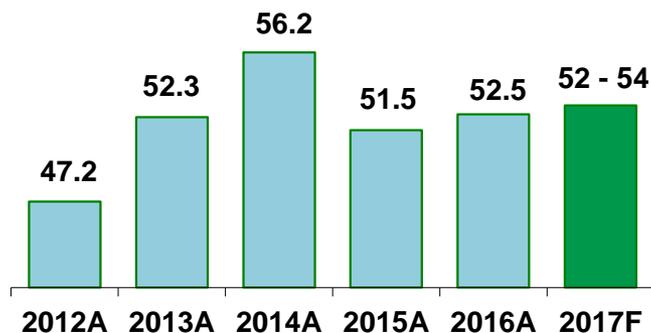
	Bhimasena Power Indonesia	Tanjung Power Indonesia
Capacity	2x1000 MW	2x100 MW
Stake Acquired	34%	65%
Partner(s)	J-Power (34%), Itochu (32%)	Korea EWP (35%)
Location	Central Java	South Kalimantan
Development Progress	<ul style="list-style-type: none"> Signed 25 years PPA with PLN Total Capex: US\$4.2 billion Concluded financing close on June 6th, 2016. Expected COD: 2020 Expected coal requirement: 7 Mtpa 	<ul style="list-style-type: none"> Signed PPA with PLN Total Capex: \$545 million Concluded financing close in Jan 2017 Expected COD: 2019 Expected coal requirement: 1 Mtpa
Financing	Non-recourse project debt financing. Combination of ECA and commercial loan	Non-recourse project debt financing. Combination of ECA and commercial loan
Expected Debt vs. Equity	80:20	75:25

- Commercially and financially attractive with solid IRR and low-cost long-term project financing.
- Creates captive demand for Adaro's coal and helps meet our domestic market obligation.
- Provides a stable revenue stream and helps to lessen volatility in Adaro's business model.
- Contributes to the development of Indonesia's energy needs.
- Extending beyond coal to gas and renewables to replicate Indonesia's energy mix.

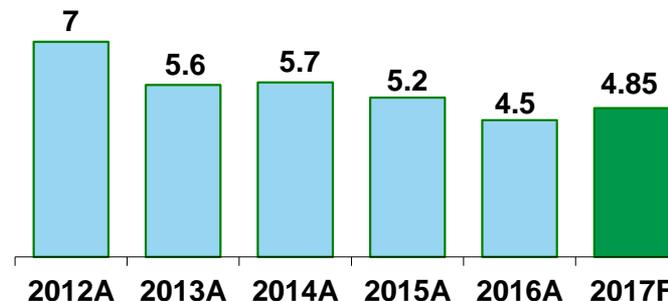
Adaro Energy 2017 guidance



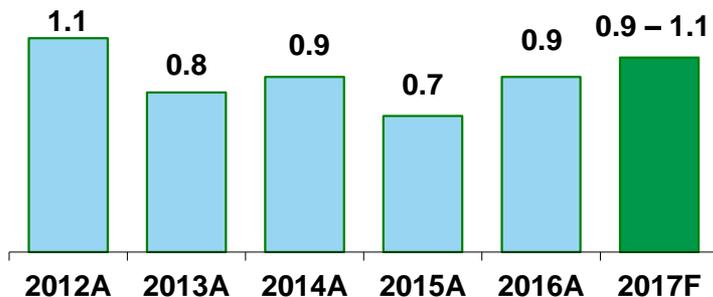
Coal production (Mt)



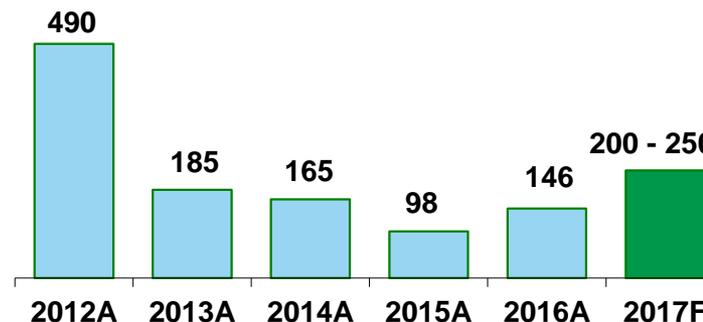
Consolidated planned strip ratio (bcm/t)



Operational EBITDA (US\$ billions)



Capital expenditure (US\$ million)



Conclusions and takeaways

- Coal market is poised to reach supply and demand balance.
- Indonesia to lessen coal export and focus on the domestic market.
- Long term fundamental for coal remains promising.
 - Indonesia, Southeast Asia and India will be the main drivers.
- Our resilient business model is geared up to take the opportunity.
 - Multiple opportunities across the value chain.
 - Each engine of growth is expected to grow along with the growth of coal fired power generations in Indonesia and Southeast Asia.
- Adaro's financials is the strongest in its history.

Thank You