



adaro



Delivering Positive Energy

Spring 2013

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Agenda

- I. Corporate Information
- II. Adaro's Strategy
- III. Industry Outlook

I. Corporate Information



Adaro Energy Snapshot

- Largest single-location coal producer in southern hemisphere
- Top 5 thermal coal exporter globally
- Largest supplier to domestic market
- One of the world's lowest cost coal producers
- Envirocoal among world's most 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">■ 2010A: 42.2 Mt■ 2011A: 47.7 Mt■ 2012A: 47.2 Mt (5 year CAGR 6%)
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">■ 53 customers in 15 countries■ Blue-chip power generation utilities
Pricing	<ul style="list-style-type: none">■ All price negotiation or index-linked■ Adjustment for heat content
JORC reserves / resources	<ul style="list-style-type: none">■ Reserves: 1.1 Bt as of YE2012■ Resources: 12.3 Bt (includes 7 Bt option)
Location	<ul style="list-style-type: none">■ South, East, Central Kalimantan, South Sumatra
License	<ul style="list-style-type: none">■ First generation Coal Cooperation Agreement valid until 2022 (AI)

Key Messages

- On track to deliver on our long-term strategy to create maximum value from Indonesian coal.
- Focus on core business, operational excellence, risk reduction and customers.
- Monitor and reduce expenses and capital expenditures to preserve cash.
- Continue to improve efficiency and create reliable, safe, long-term growth.
- Maintain strong capital structure and margins.

Recent Performance

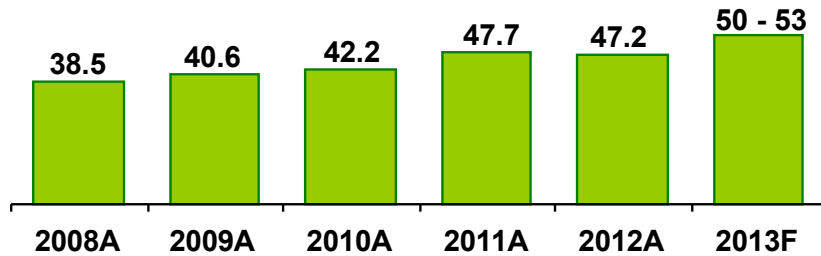
- **EBITDA** of US\$1.1 billion for 2012 was within guidance and we maintained amongst the industry best EBITDA margin of 29.2%.
- **Adaro Energy coal cash cost** of US\$38.95 per tonne was just below guidance of US\$39 to US\$42 per tonne.
- **Liquidity** and our **Balance Sheet** remain strong with access to cash of nearly US\$920 million and net debt.
- **Production volume** in 4Q12 of 13.31 million tonnes (Mt) was our best ever for quarterly production. We produced 47.19 Mt in 2012.
- **Production volume of E4000** (Wara) increased 102% q-o-q to 2.61 million tonnes with 2012 production of 7.63 Mt.
- **Overburden removal** was 331.48 million bank cubic meters (Mbcm) in 2012, exceeding our overburden removal target for this year of 321 Mbcm.

Adaro's Operational and Financial Highlights

OPERATIONAL	FY 2012	FY 2011	% Change
Production (Mt)	47.19	47.67	-1.0%
Sales (Mt)	48.62	50.78	-4.3%
OB removal (Mbcm)	331.48	299.27	10.8%
FINANCIAL (US\$ millions, unless indicated)	FY 2012	FY 2011	% Change
Net revenue	3,722	3,987	-6.6%
Cost of revenue	(2,680)	(2,559)	4.7%
Gross Profit	1,043	1,428	-27.0%
Net income	383	552	-30.6%
EBITDA	1,088	1,474	-26.2%
EBITDA margin	29.2%	37.0%	-7.7%
Interest bearing debt	2,445	2,105	16.2%
Cash and cash equivalents	500	559	-10.5%
Net debt	1,945	1,546	25.8%
Net debt to equity (x)	0.65	0.63	-
Net debt to last twelve months EBITDA (x)	1.79	1.05	-
Free cash flow (EBITDA - capex)	598	849	-29.5%
Cash from operations to capex (x)	0.9	1.1	-
Earnings per share (EPS) in US\$	0.01205	0.01721	-30.0%

2013 Guidance

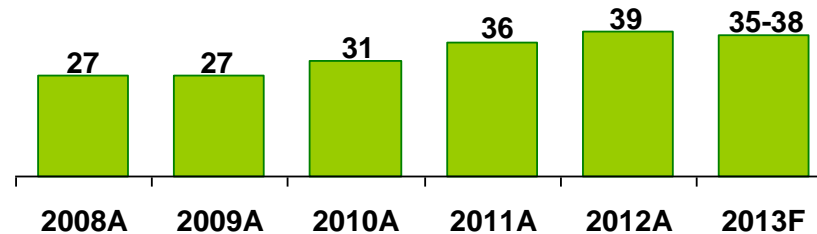
Production Volumes (Mt)



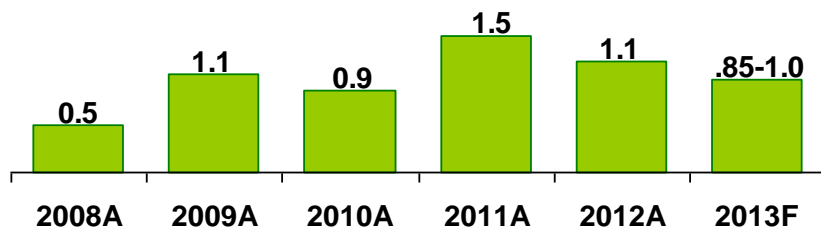
Consolidated Strip Ratio (x)



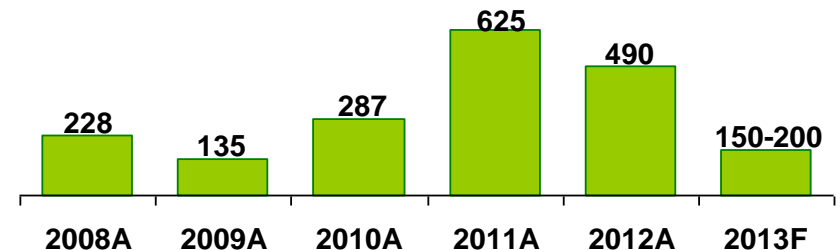
Coal Cash Cost (US\$/t)



EBITDA (US\$ billions)



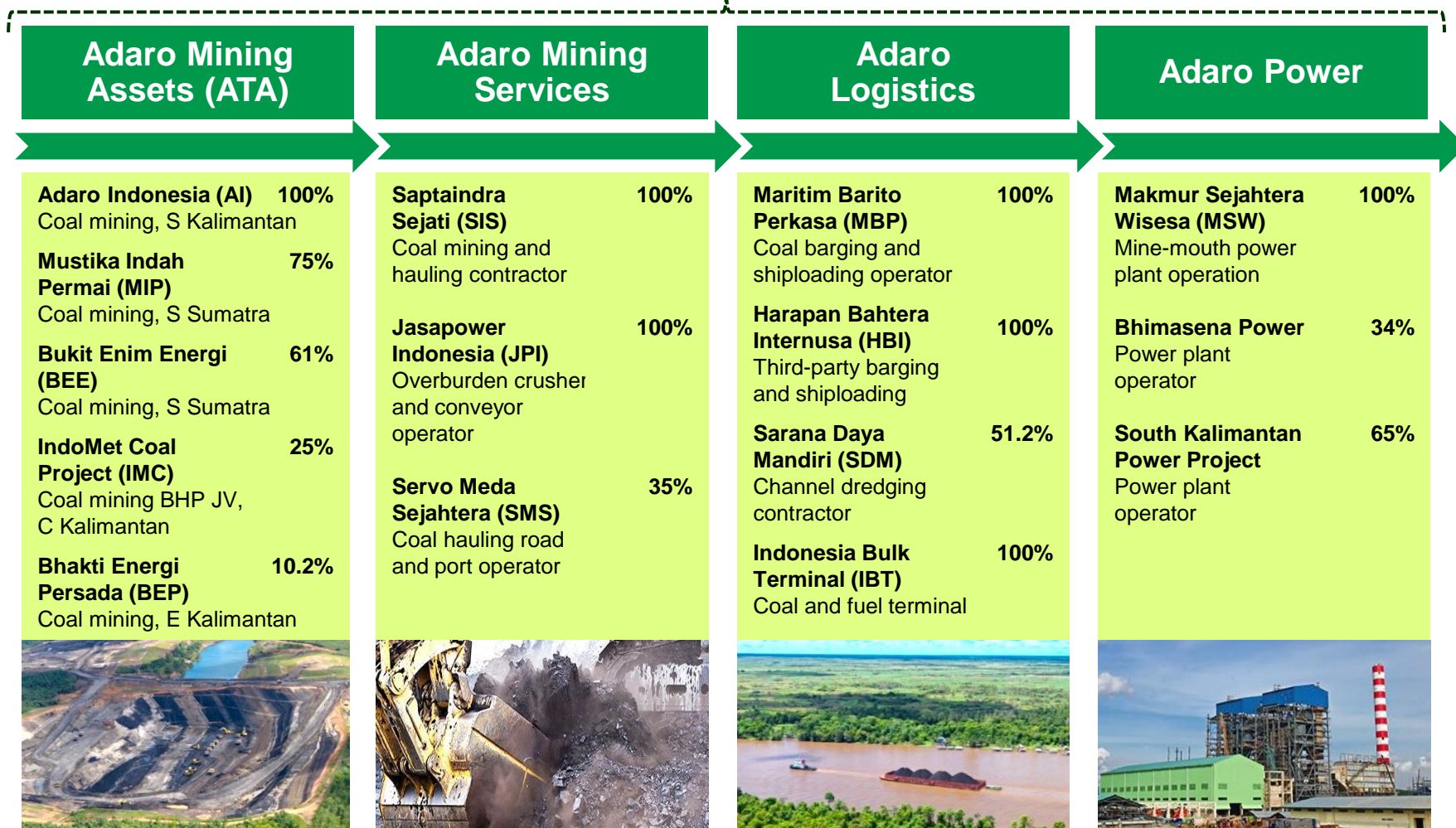
Capital Expenditure (US\$ millions)



Creating Sustainable Value from Indonesian Coal

Pit to Power Integration

PT Adaro Energy



*Simplified Corporate Structure

Adaro Energy Mining Assets

12 billion tonnes of coal resources are attributable to Adaro across 5 locations and 17 mining concessions, eight of which are CCoWs and the remaining IUPs

1

Adaro Indonesia:
Existing, South Kalimantan sub-bituminous coal
Resources of 4.7 billion tonnes

2

MIP: 75% stake
South Sumatra sub-bituminous coal
Resources of 282 million tonnes

3

BEE: 61.04% stake
South Sumatra sub-bituminous coal
Geological study phase

4

BEP: 10.22% stake with option to acquire up to 90%
East Kalimantan sub-bituminous coal

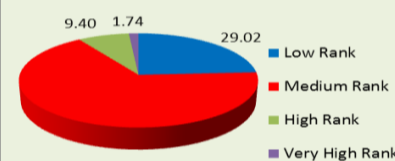
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IMC: 25% joint venture with BHP
Central Kalimantan coking coal
Resources of 774 million tonnes

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

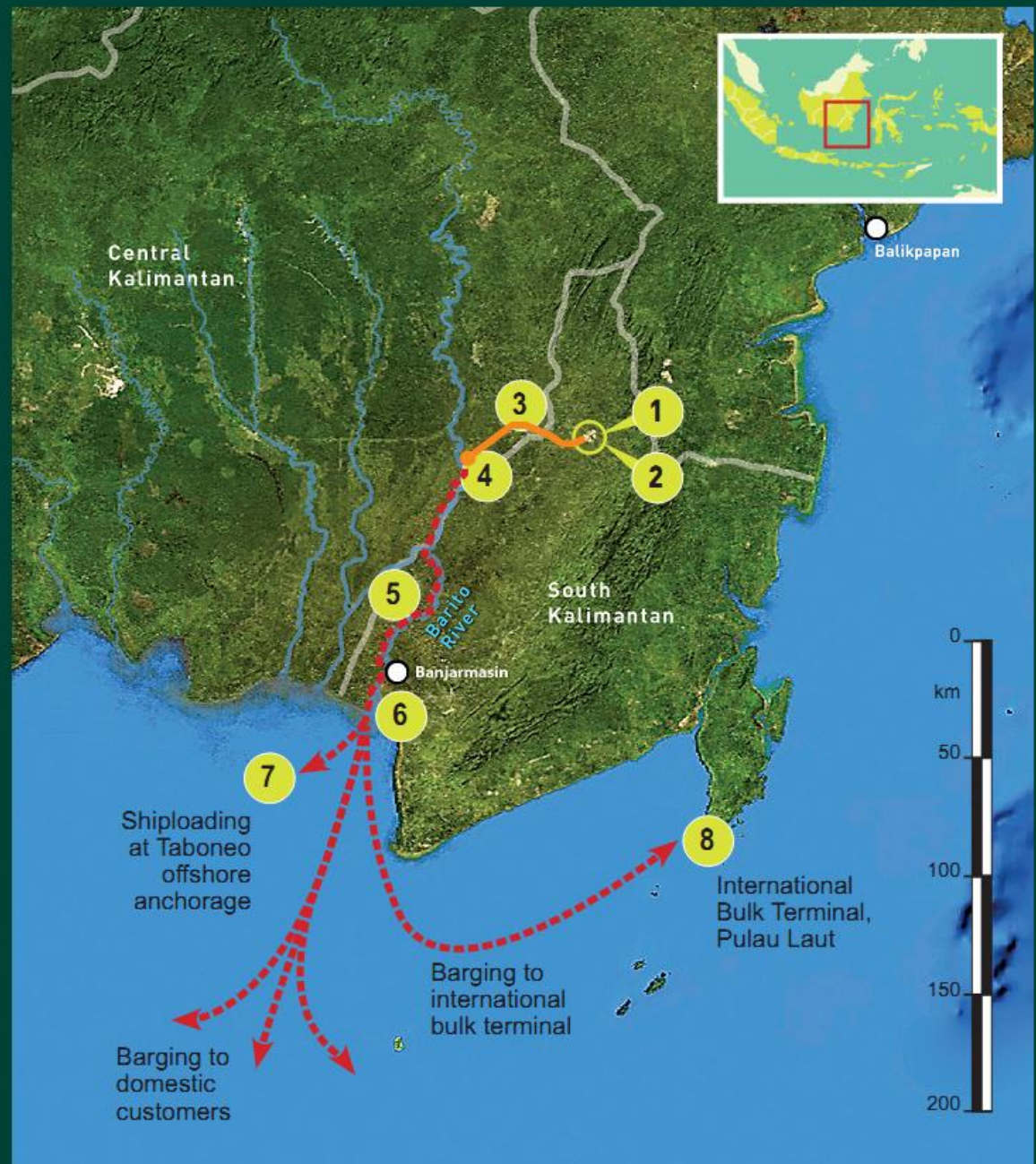


Source: Ministry of Energy and Mineral Resources

Adaro Indonesia Core Operations

Adaro Energy's mines at Tabalong in South Kalimantan account for all of the Group's coal production. Adaro Indonesia and other key subsidiaries form the main part of the coal supply chain, with help from third-party contractors.

- 1 Coal mining license holder is PT Adaro Indonesia
- 2 Contract mine operations by PT Saptaindra Sejati (SIS)
- 3 Coal hauling road owned and operated by Adaro Indonesia
- 4 Coal crushing and barge loading at Kelanis river bulk terminal by Adaro Indonesia.
- 5 Coal barging to the sea along Barito River by PT Maritim Barito Perkasa (MBP)
- 6 River channel operation and maintenance by PT Sarana Daya Mandiri (SDM)
- 7 Shiploading and sea barging by PT Maritim Barito Perkasa (MBP)
- 8 Coal terminal and fuel supply services by PT Indonesia Bulk Terminal (IBT)



Supply Chain Vertical Integration

Coal Mining

- Adaro Indonesia (AI) produced 47.2 Mt in 2012 from a single Coal Cooperation Agreement (CCA) area in S Kalimantan.
- **921 Mt of Reserves and 4.7 Bt of Resources** in S Kalimantan.
- Saptaindra Sejati (SIS) provides ~35% of AI mining and overburden removal.



Coal Hauling

- 80km **private paved haul road** using chipseal, which improves the operational efficiency.
- More than 350 units of 130 tonnes capacity truck trailers in operation.



Supply Chain Vertical Integration

Coal Processing & Barge Loading

At **Kelanis river terminal**:

- Expanding to reach 70 Mt coal-handling capacity per year.
- 450,000 tonne stockpile + 80,000 tonnes ROM capacity.
- 2 barge loading jetties with a loading rate of 5,000 tonnes/hr each.



Barging

- Supported by our subsidiary, PT Maritim Barito Perkasa (MBP).
- **55 sets of tugs and barges** used by Adaro with an average capacity of 11,750dwt, including three sets of 18,000dwt units.



Supply Chain Vertical Integration

Barito River Channel

- Sarana Daya Mandiri (SDM), dredged the river channel in 2009, increasing **capacity to 200 Mt** per year and now manages and maintains the channel.
- Adaro owns 51.2% of SDM with the local port authority and local government owning the remaining interest.



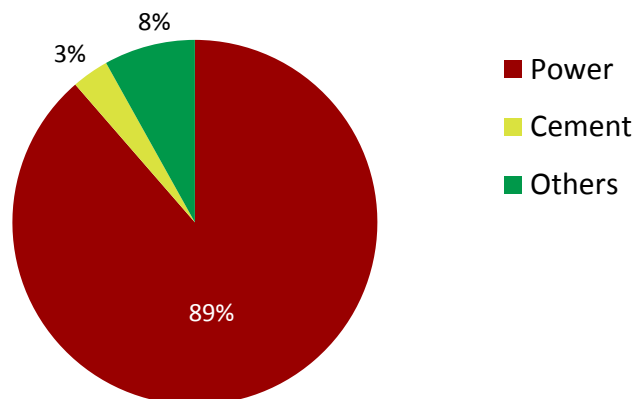
Shiploading and Port

- **Offshore loading at Taboneo:** capacity up to 165,000 tonnes/day: 5 floating cranes (15,000-20,000 tonnes/day, 1 trans-shipper (35,000 tonnes/day), up to 4 self-loading geared vessels.
- **IBT port and fuel terminal JV with Shell:** coal loading capacity 12 Mt/year, fuel storage capacity 80,000 kiloliters.

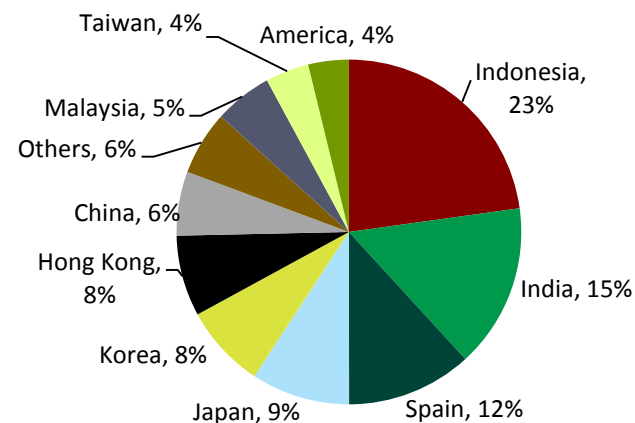


Diversified Customer Base with Long-term Contracts

Customer type by % volume (FY12)

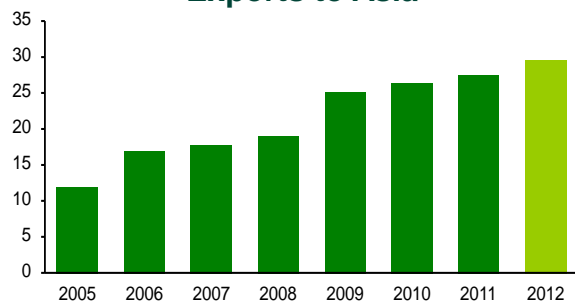


Geographical breakdown of customers (FY12)

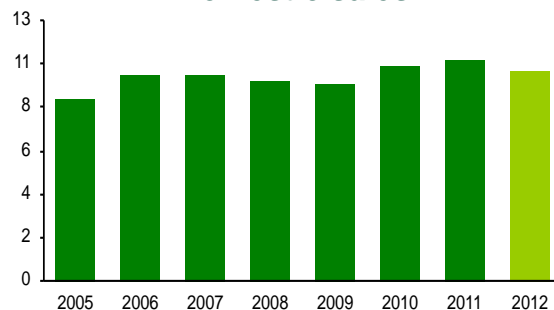


Mostly sovereign backed power companies, over 50% have relationship more than 10 years

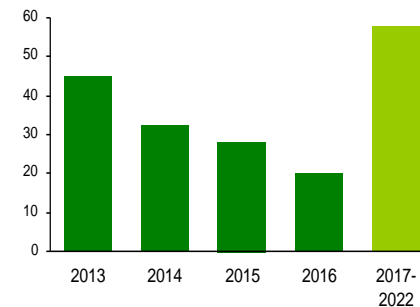
Exports to Asia



Domestic sales



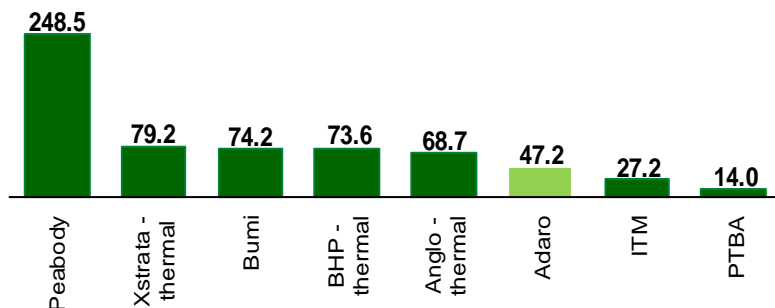
Contracted tonnage (Mt)



Indonesia & Asia are key sales destinations; Europe & Americas accounted for 16% in 2012

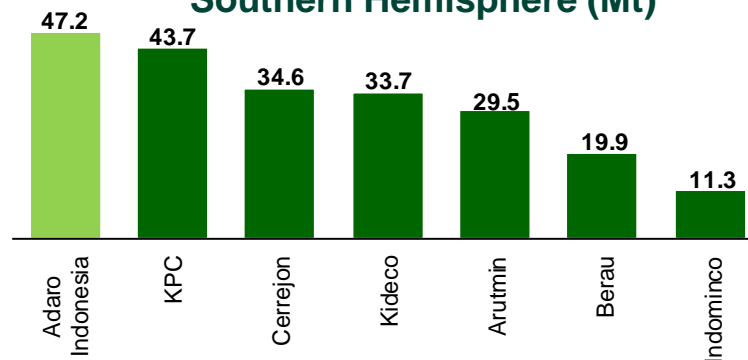
Significant Scale and Profitability

2012 Production Volumes (Mt)



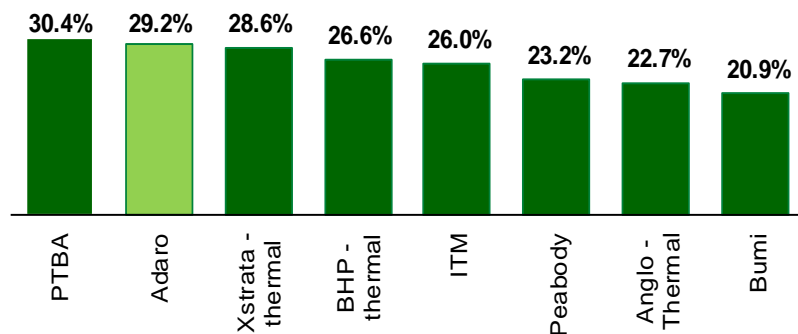
Source: Company Filings and Presentations

2012 Largest Producing Concession in Southern Hemisphere (Mt)



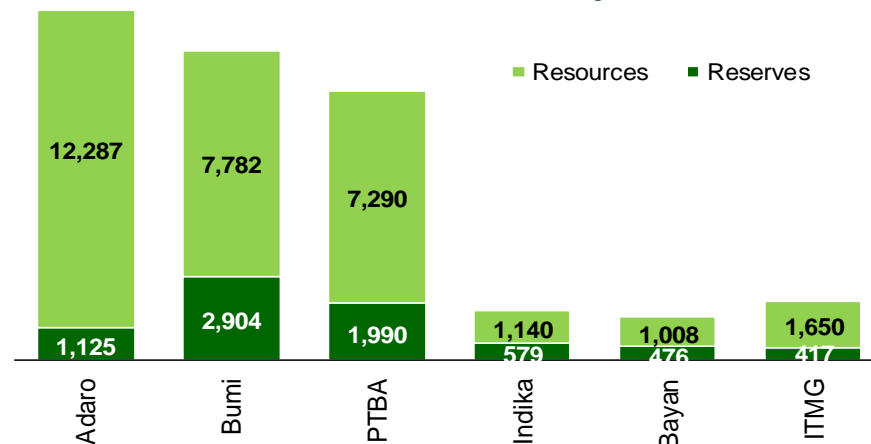
Source: Company Filings, Indonesian Coal Report

FY 2012 EBITDA Margin



Source: Bloomberg, Company Filings, *Bumi LTM 9/30/12

Reserves and Resources Comparison



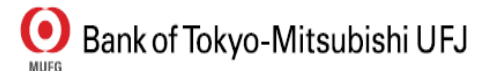
Source: Company Filings, *Adaro Energy's consolidated equity adjusted resources and reserves includes option to control 7 billion tonnes

Exceptional Access to Capital

- 2009: US\$800 million 10-year, non call 5, Reg S/144A, Guaranteed Senior Notes
 - Currently rated at Ba1 and BB+
 - Received total commitments of US\$6 billion
- 2009: US\$500 million 5-year, amortizing revolving credit facility
 - Received total commitments of US\$1.83 billion with one bank committing US\$525 million
- 2011: US\$400 million 7-year, concluded with 12 banks
 - Undrawn US\$80 million
 - Received total commitments of US\$1.68 billion with 2 banks committing US\$400 million each
- 2011: US\$750 million 10-year bank loans club deals with key relationship banks
 - Undrawn US\$300 million
 - Received total commitments of US\$1 billion
- 2012: US\$160 million 7 year, concluded with 10 banks
 - Received total commitments of US\$915 million with one bank committing US\$165 million
- 2012: US\$40 million 7-year revolving loan, concluded with 4 banks
 - Undrawn US\$40 million

At end of December 2012, we had approximately \$420 million undrawn facilities.

Key Lenders to the Group



Reputable Shareholders and Experienced Management

Reputable and Supportive Shareholders

- Edwin Soeryadjaya
 - Teddy Rachmat
 - Boy Garibaldi Thohir
 - Benny Subianto
 - Sandiaga Uno
- together hold 64%

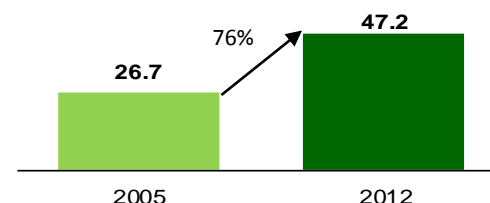
Strong Corporate Governance Structure In Line with International Best Practices

- No family has outright control
- Two of six Commissioners are independent
- Audit Committee consists of all independent members
- Conduct regular internal audit of operations
- Disclosure exceeds international standards

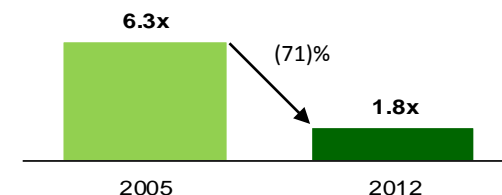
Management Team with Proven Track Record

- More than 100 years of combined industry experience
- Combined 64 years at Adaro Energy

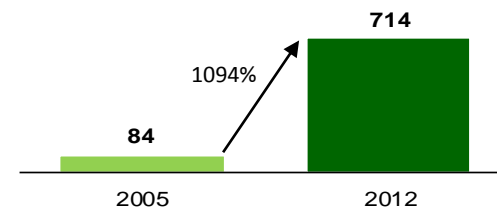
Production (Mt)



Net Debt/EBITDA



PBT (US\$ millions)



CSR Commitment has been Recognized



PROPER Gold Award for the year 2012
Adaro Indonesia received the highest level PROPER award for environmental rehabilitation excellence. The only Indonesian mining company to receive this award. Presented by Minister of Environment of Republic of Indonesia.



Primaniyarta Award in 2007, 2010 and 2011
Best performing exporters from the Ministry of Trade. Presented by Indonesia's Vice President Boediono.



PROPER Green Award for the years 2006, 2008, 2010 and 2011
Adaro Indonesia is the only Indonesian mining company to receive this award for four times.



Aditama Gold Award in 2010, 2011 and 2012
For environmental excellence in the coal sector. Presented by Director General of Mineral Coal and Geothermal (ESDM).



Platinum Category in Indonesian Corporate Social Responsibility Awards 2008 and 2011
This award is presented every three years. In 2011, we received two platinum awards for free cataract eradication and clean water programs. Presented by Minister of Social Affairs of Republic of Indonesia.



Platts Top 250 Global Energy Awards in 2011 and 2012
No 9 in Coal and Consumables Energy in Asia and No 12 in Coal and Consumable Energy Globally.



Platinum Category in GKPM Awards 2010, 2011 and 2012
In 2012, we received three platinum awards for high-yield rubber plantations development program, microfinance programs and empowerment of poor households program. Presented by Minister of People's Welfare of Republic of Indonesia.



One of the largest Taxpayers in 2008 and 2009
Presented by the Indonesian Government Tax Office.

II. Adaro's Strategy



Our Strategy to Create Long-term Value

Organic growth

from our current reserve base

- Organic growth in South Kalimantan, primarily from Wara.
- Focus on long-term, reliable production from Tutupan and Paringin.

Improve efficiency

of our coal supply chain and focus on cost control

- Our overburden crusher and conveyor (OPCC) and 2x30MW mine-mouth power plant will be operational in 2013, creating cost savings.
- Focus on improving the cycle time in coal hauling, similar to how we reduced barging cycle time by more than one day.

Increase reserves and diversify products, locations and licenses

- Focus on mine readiness for new coal concessions in Kalimantan and Sumatra.
- Expect mining to begin in 2H13 at IMC, our coking coal JV with BHP.

Deepen integration

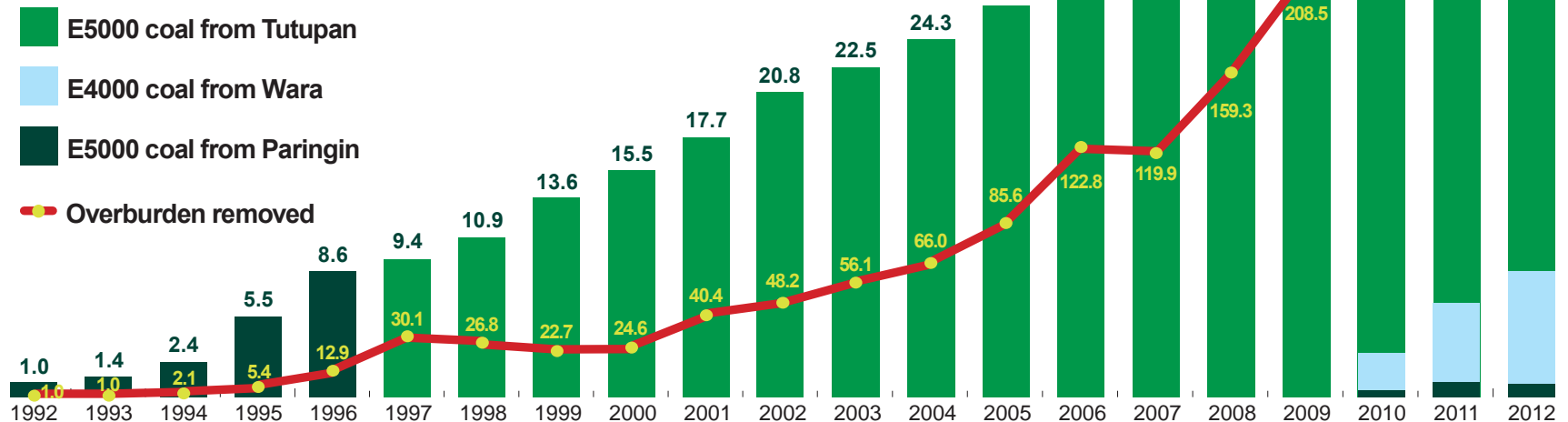
by moving downstream into power generation

- Full integration of our coal supply chain from pit to port to power.
- Partnered with blue chip power utilities on projects, including a 2x1000MW in Central Java and a 2x100MW in South Kalimantan.

Proven Track Record of Production Growth

	Units	2013 Guidance	2012 Actual	2011 Actual	2010 Actual
Production volume	Mt	50 – 53	47.2	47.7	42.2
E5000	Mt	37	39.5	42.3	39.7
E4700	Mt	8	n.a.	n.a.	n.a.
E4000	Mt	8	7.6	5.4	2.5
Strip ratio	bcm/tonne	5.75	6.4	5.9	5.5

Coal production volume (Mt) and overburden stripping (Mbcm) by Adaro Indonesia at its South Kalimantan concession mines



Improving Efficiency and Cost Control

Adaro has consistently engaged in cost-reduction projects, including sealing the haul road, dredging the Barito River channel and pioneering the Taboneo offshore anchorage

Project	Purpose	Cost	Spend to 2012	Completion
Overburden Crusher Conveyor (OPCC)	Transport 34 Mbcm of overburden annually	US\$212m	US\$205.6m	2013
Mine-mouth Power Plant 2 x 30MW	Power operations in S. Kalimantan and our OPCC	US\$160m	US\$156m	2013
Kelanis River Terminal	Expand our capacity to 70 Mt from 55 Mt	US\$55m	US\$42.6m	2013



Engineering works for overburden conveyor



MSW steam turbine generator buildings



Barge loading at Kelanis River Terminal

Acquired Assets

Acquisition	Price/ Ownership	Date	Location	Asset	License / Expiry	Expected Operation
IndoMet Coal (IMC) JV with BHP	US\$335m 25%	Mar 2010	Central Kalimantan	Greenfield - coking coal	CCA 30 years after mining start	2013
Mustika Indah Permai (MIP)	US\$222.5m 75%	Aug 2011	South Sumatra	Greenfield - thermal coal	IUP 2030	2013 - 2014
Bukit Enim Energi (BEE)	US\$67m 61%	Oct 2011	South Sumatra	Greenfield - thermal coal	IUP 2031	TBA
Servo Meda Sejahtera (SMS)	US\$22m 35%	Oct 2011	South Sumatra	Logistics: Haul road and port	unlimited	Soft launch in 2012
Bhakti Energi Persada (BEP)	US\$66m 10.22%, option up to 90%	May 2012	East Kalimantan	Greenfield - thermal coal	IUP 2031-38	2014



After investing more than US\$700m, we have largely completed our acquisition program

South Sumatra Strategy

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

	Total (Mt)	Total Moisture %	Ash % (GAR)	Total Sulfur % (GAR)	Calorific Value (kcal/kg, GAR)
Resources	286.4	33.9	5.5	0.4	4,345
Reserves	272.6	34.1	6.0	0.4	4,281



The key advantages of our investments in South Sumatra:

- Provide Adaro Energy entry into the South Sumatra coal industry.
- MIP coal trademarked as “Ultima” with favorable environmental characteristics.
- Projects are in close proximity to land transportation, in particular the SMS dedicated hauling road.

Deepen Integration by Moving into Power

	Bhimasena Power 2 x 1000 MW	South Kalimantan 2 x 100MW
Stake Acquired	34%	65%
Partner(s)	J-Power (34%) and Itochu (32%)	Korea EWP (35%)
Location	Central Java	South Kalimantan
Rationale	<ul style="list-style-type: none"> • Commercially and financially attractive with solid IRR and low-cost long-term project financing • Creates a new captive market and helps meet our DMO • Helps to lessen volatility in Adaro's business model • Contributes to the development of our country's energy needs 	
Development Progress	<ul style="list-style-type: none"> • Signed 25 years PPA with PLN • Financial Close in 2013 • Total Capex: US\$4 billion 	<ul style="list-style-type: none"> • Consortium announced as the sole qualified bidder • PPA pending signing
Financing	Combination of ECA and commercial loan	
Expected Debt vs. Equity	80:20	75:25

Diversify and Secure Predictable Long-term Demand for Our Coal

III. Industry Outlook



Historical Newcastle Thermal Coal Price

McCloskey Newcastle



- Wood Mackenzie expects little movement in Newcastle benchmark price in 2013 as market continues to rationalize supply. In 2014, when supply and demand are rebalanced, a notable price rebound will occur as demand increases continue.

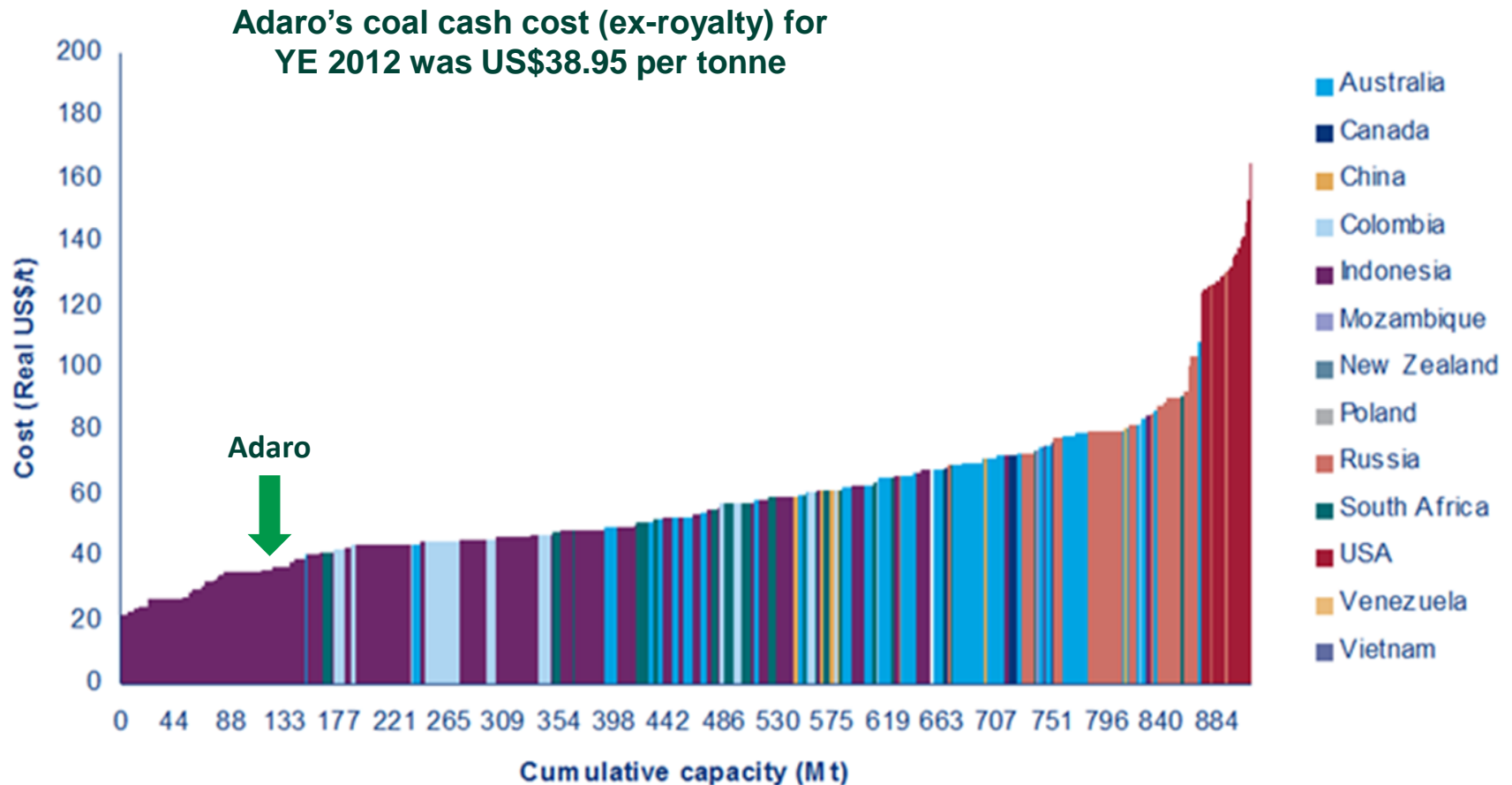
Landed Cost by Origin

Origin	CV	FOB cost (US\$)	Freight (US\$)	CIF (US\$)	CIF South China @ 6000 (US\$)
Indonesia	4700	49.00	8.00	57.00	72.77
South Africa	6000	62.00	15.00	77.00	77.00
Colombia	6000	53.00	26.50	79.50	79.50
USA - Illinios	6000	60.00	25.00	85.00	85.00
Australia	6000	73.00	13.50	86.50	86.50
Russia	6000	79.00	8.00	87.00	87.00
USA - PRB	4700	67.00	15.50	82.50	105.32
USA - CAPP	6500	112.00	27.00	139.00	128.31

Source: Wood Mackenzie, 2011; AXS Marine, November 29th 2012; Adaro Analysis, 2012

- Indonesia's greatest advantage is its low costs. The average Indonesian coal production cost is ~US\$51/tonne with some producer costs upwards of US\$70 per tonne.

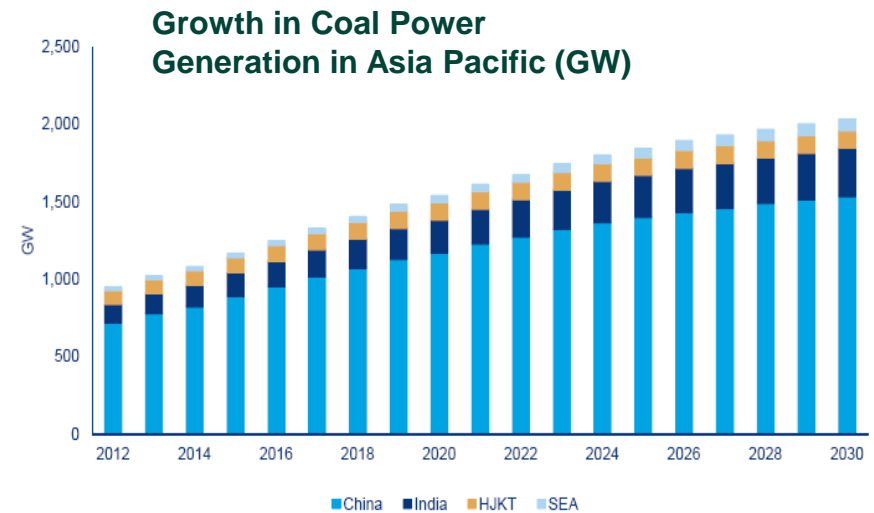
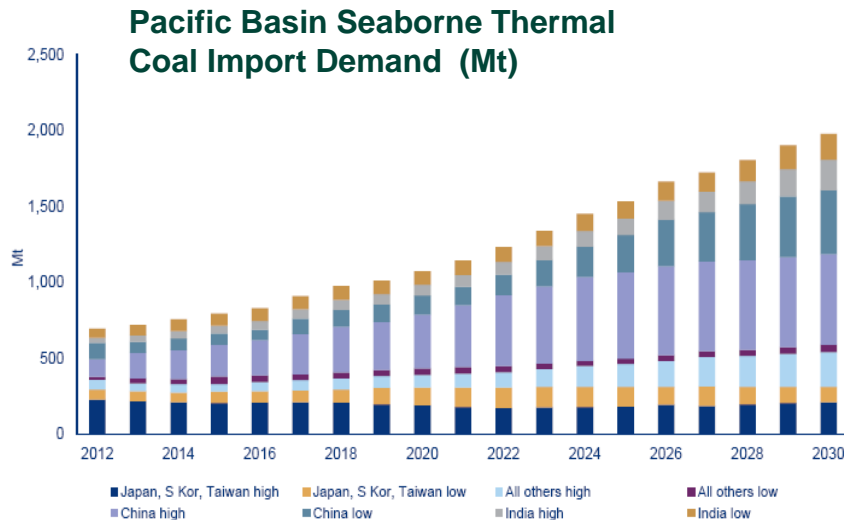
Global Cost Curve



Source: Wood Mackenzie, 2011

Fundamentals Remain Intact

- Seaborne import demand for thermal coal totaled ~909 Mt in 2012 and is expected to increase to 1,721 Mt by 2025, with growth primarily in Asia.
- Low rank coal will continue to be an important component of the fuel supply mix in Asia, contributing 35% to 40% of seaborne demand.
- Wood Mackenzie expects 216GW of coal-fired generation capacity to be commissioned in the next three years. The greatest growth will occur in China and India as they are expected to add an average 55GW and 12GW of coal-fired capacity, respectively, each year until 2020.
- IEA expects coal to rival oil as the world's top energy source by 2017 and pass oil within a decade.



Source: Wood Mackenzie (November 2012)

Demand in China and India Still Strong

CHINA: Lower but Stable Growth Rate in the Future

- Chinese coal imports reached another record high at 242.5 Mt in 2012.

	2011	2012
Imports (Mt)	176.0	242.5

Source: China
Coal Resource

- Wood Mackenzie expects China's thermal imports to be 241 Mt and 267 Mt in 2013 and 2014, respectively.
- McCloskey reported China's State Grid expects power demand to grow 7% to 9% and 79GW of new capacity to be added in 2013 (35.4GW coal-fired), taking total capacity to 1,210GW.

INDIA: Thermal Coal Import to Grow Substantially

- Indian coal imports increased to more than 140 Mt in 2012, of which approximately 100 Mt consisted of thermal coal due to a growing shortfall in available domestic coal supply.

	2011	2012
Imports (Mt)	120.9	142.3

Source: Salva
Resources

- The power sector is expected to be the major demand driver and remain dependent on coal-fired capacity for base load requirements.

Thank You

Delivering
Positive
Energy

