

Harum Energy Tbk. (HRUM)

Diversification Efforts Continue As Coal Prices Normalize

PT Harum Energy Tbk. (HRUM) reported an overall decline in performance in 9M23 as revenue fell by 5.9% YoY (IDR 9,713 billion vs IDR 10,322 billion). This fall in sales was caused by a decline in average selling price (ASP) by 33.2% YoY (USD120.1/ton vs USD179.9/ton), in line with global coal prices. The slip in ASP is partially compensated by a boom in coal sales volume which increased by 37.5% YoY (5.3 million tons vs 3.9 million tons) as cheap coal prices and low hydroelectric output in China boosted export coal sales.

Net loss recorded in 3Q23 due to fair value adjustment

- HRUM recorded a 53.5% YoY decline in net profits (IDR 1,617 billion vs IDR 3,479 billion) with a net loss of roughly IDR 660 billion reported in 3Q23.
- This net loss is caused by the fair value adjustment of the company's investment in Infei Metal Industry (IMI); HRUM had previously purchased a further 50.99% stake in IMI for USD70.4 million.
- The negative, one-time readjustment was charged in 3Q23 to the tune of USD 69.6 million.

Brilliant Coal Production Results

- HRUM reported a sizeable 43% YoY increase in coal production, as 2 million tons of coal was produced in 3Q23 to push the total figure in 9M23 to 5.4 million tons, compared to 3.8 million tons in 9M22. This increase in production is enabled by favorable weather during the quarter.
- Coal production cash cost per ton rose slightly in the third quarter, increasing by 4.4% QoQ due to higher overburden removal costs stemming from higher strip ratio & fuel cost.
- However, overall cash cost per ton dropped by 20.6% YoY in 9M23 due to lower DMO provisions, lower average fuel prices, and lower royalty expenses.

Aggressive Maneuvers into the Nickel Industry

- As mentioned earlier, HRUM purchased a 50.99% stake in IMI for USD 70.4 million bringing its total ownership to 99.99%. IMI operates a nickel pig iron smelter with a capacity of 28,000 tons/yr.
- The company also acquired an additional 60.7% stake in Westrong Metal Industry (WMI) for IDR 3.4 trillion in 1Q24, bringing its total ownership to 80.7%. The WMI smelter is in the final stages of construction and is expected to begin commercial production in 2Q24.
- The WMI smelter has a capacity of 56,000 tons of high-grade nickel matte per year
- HRUM also provided a loan of USD 300 million to Blue Sparking Energy (BSE) which will be used in their construction of a 67,000 tons/yr capacity HPAL smelter in Weda Bay. This loan can be paid in cash or convertible to shares.

BUY Recommendation with TP at IDR 1600 (+38.5% Upside Potential)

- NHKS Research recommends a BUY rating for HRUM, with a target price of IDR 1600, implying approximately a 7.4x forward P/E ratio, which is equivalent to SD +1 distribution level for HRUM forward PE ratio over the last 3 years.
- This recommendation is driven by HRUM's continued efforts to further drive up its business in both the nickel mining and the nickel refining industry.
- Some related risks to this call include: 1) 2024 Elections 2) Continued coal oversupply & price decline 3) Chinese coal demand stagnation

Harum Energy Tbk | Summary (IDR bn)

in IDR bn	2022A	2023E	2024F	2025F
Revenue	13,459	11,749	10,828	12,124
Revenue growth	179.8%	-12.7%	-7.8%	12.0%
Net profit	4,480	2,220	2,559	3,082
EPS (IDR)	331	164	189	228
Net Profit growth	323.4%	-50.4%	15.3%	20.4%
NPM	33.3%	18.9%	23.6%	25.4%
ROE	29.1%	12.4%	14.1%	16.3%
ROA	22.6%	10.1%	11.3%	13.1%
P/E	3.5x	7.0x	6.1x	5.1x
P/BV	1.0x	0.9x	0.9x	0.8x
EV/EBITDA	2.0x	2.9x	3.1x	2.4x

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

Initiation Report | January 30 - 2024

Buy

Target Price (IDR)	1,600
Consensus Price (IDR)	1,986
TP to Consensus Price	-19.4%
Potential Upside	+38.5%

Shares data

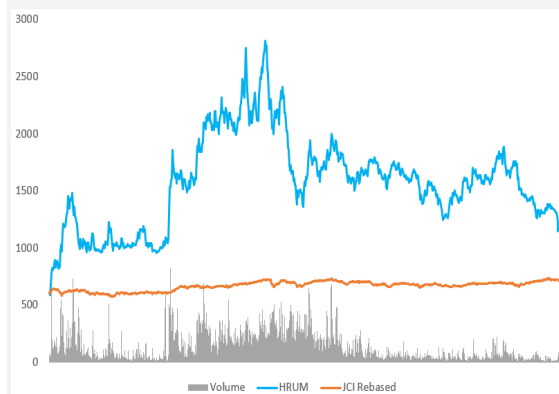
Last Price (IDR)	1,155
Price date as of	January 26, 2024
52 wk range (Hi/Lo)	1945 / 1135
Free float (%)	18.6%
Outstanding sh.(mn)	13,518
Market Cap (IDR bn)	15,613
Market Cap (USD mn)	986.2
Avg. Trd Vol - 3M (mn)	11.6
Foreign Ownership	1.2%

Mining

Coal

Bloomberg	HRUM.IJ
Reuters	HRUM.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-13.5%	-11.5%	-33.0%	-27.8%
Rel. Ret.	-11.6%	-10.1%	-39.3%	-31.3%

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Global Coal Industry Outlook

Much of the world's development in the 20th century was powered by coal. Even to this day, coal is still one of the main sources of energy globally and is the number one electricity source for a lot of developing nations. Thus, it is of no surprise that the global coal market was valued at USD 1.2 trillion in 2023.

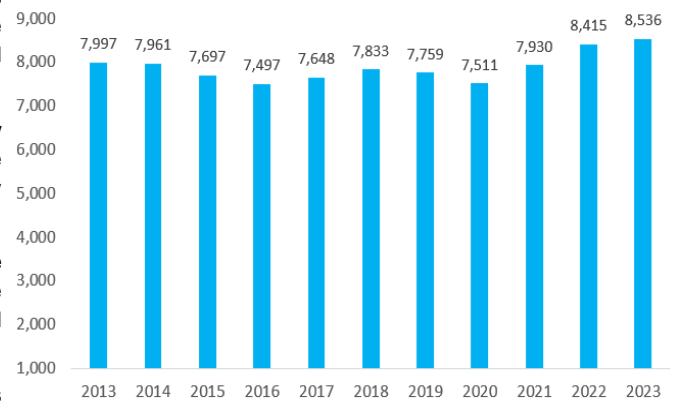
Global coal consumption reached an all time high in 2022 (8.4 billion tons) and early estimate figures show that 2023 broke that record (8.5 billion tons). China and India are leading this push, with low hydropower output last year and strong growth in electricity demand being the main catalysts.

While developing regions are keen to continue using coal to fuel their economic growth due to coal's accessibility and relatively low extraction costs, coal use in OECD nations are continuing to decline. The US, Europe, Japan, and South Korea all saw decreases in coal consumption over the last few years as the shift their focus towards renewable energy.

The high prices of 2022 means that a lot of coal producers are flushed in cash. This allowed pure coal players to expand and pursue new coal projects (mostly brownfield) while diversified miners channel their cash into the mining of other commodities, allowing for more robust and resilient income generation. However, coal prices receded in 2023 on the back of high coal supply (global production surpassed all time highs in 2022 and 2023, outpacing demand) and lower cost of energy substitutes (primarily gas). Coal producers also saw their margins take a hit in 2023 with tires, labor, explosives, and fuel become more expensive.

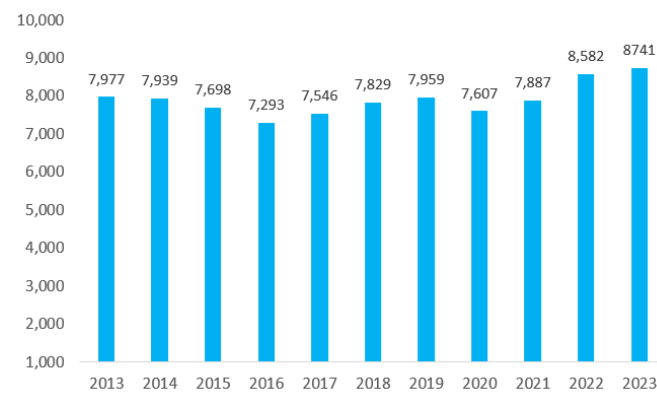
With hydropower output is expected to recover in 2024, the growth in demand/consumption of coal is forecasted to stagnate or may even dip. Along with still very high coal supply levels and an increase in the adaptation of renewable energy (especially wind and solar), coal prices are expected to gradually decline over time. Coal is still, however, a very cheap and reliable source of energy; many developing countries earmark coal as the cornerstone of their energy security strategy, while OECD countries may still use coal as a supplementary or emergency energy source similar to how Germany reactivated their coal-fired power plants following the Russian invasion of Ukraine.

Image 1. Global Coal Consumption (million metric tons)



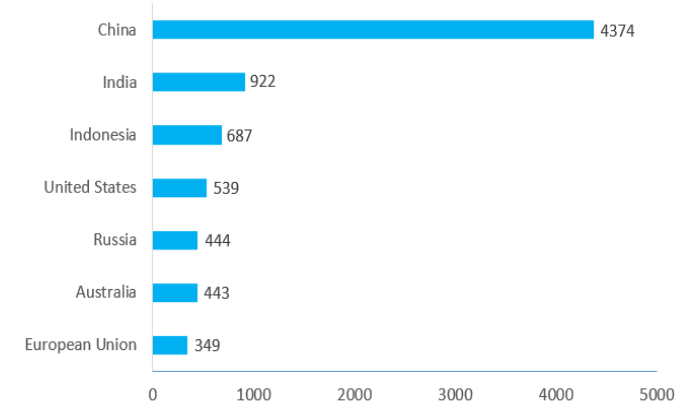
Source: International Energy Agency, NHKSI Research

Image 2. Global Coal Production (million metric tons)



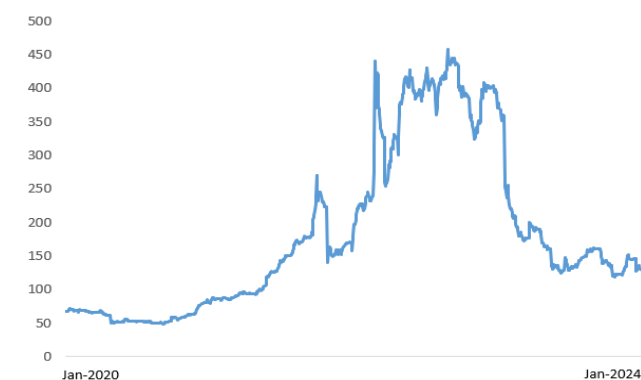
Source: International Energy Agency, NHKSI Research

Image 3. Coal Production By Country (2022, million metric tons)



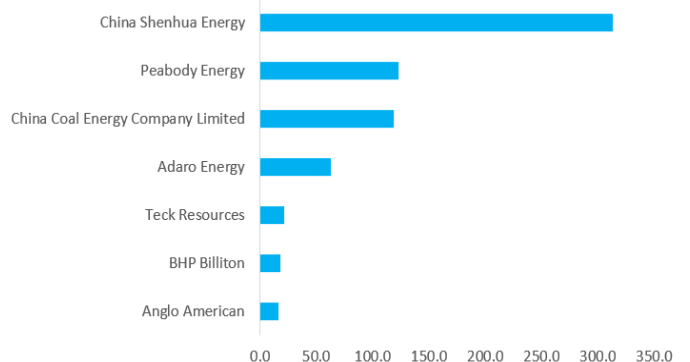
Source: International Energy Agency, NHKSI Research

Image 4. Newcastle Coal Futures (USD per MT)



Source: Bloomberg, NHKSI Research

Image 5. Selected Coal Companies - Production Volume (2022, million metric tons)



Source: Various sources, NHKSI Research

Indonesia Coal Industry At A Glance

With the 4th largest population and one of the fastest growing economies in the world, Indonesia's electricity demand is expected to grow exponentially over the next few decades. The country had an electricity generation capacity of 81.2 gigawatts in 2022, but this is forecasted to be insufficient for future growth. Thus, more power plants are scheduled to be constructed. Despite the government's continued initiative to expand the use of renewable energy sources, coal is still the cornerstone of Indonesia's energy security strategy due to its widespread availability and the low amount of capital required to build new coal-powered plants.

Indonesia possesses the 6th largest coal reserve in the world and was the 3rd biggest coal producer in 2022. The coal industry in the country is quite fragmented with a handful of large producers and a large number of small players. The coal mines are scattered throughout Indonesia's five major islands but they main coal hotspots are located in South Kalimantan, South Sumatera, and East Kalimantan. 25% of all coal produced in Indonesia are required by law to be sold domestically as Domestic Market Obligation (DMO) while the rest are sold in international markets, mainly to India and China. Indonesian coal is very competitively priced internationally due to cheap local labor, so it is of no surprise that the country made up 30% of all global coal exports in 2022, exporting 360.1 million tons and bringing in USD 46.8 billion in revenues.

Image 6. Global Coal Reserve By Country (2023, cubic km)

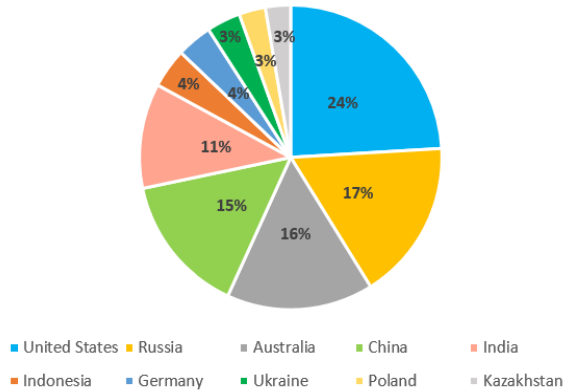
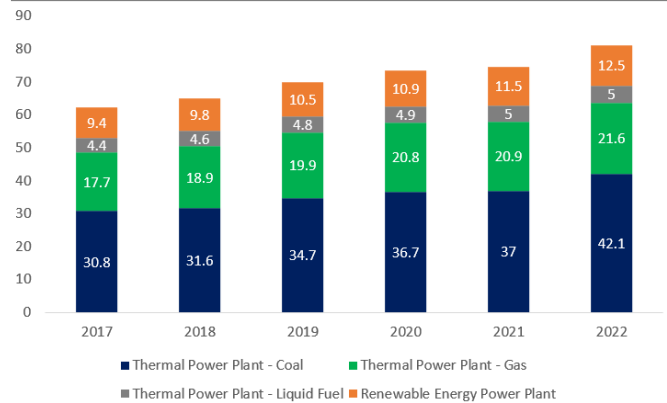


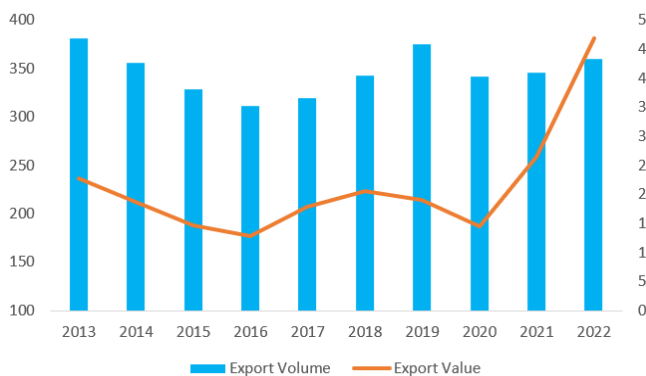
Image 7. Indonesia Power Plant Installed Capacity YoY (GW)



Source: Global Firepower, NHKSI Research

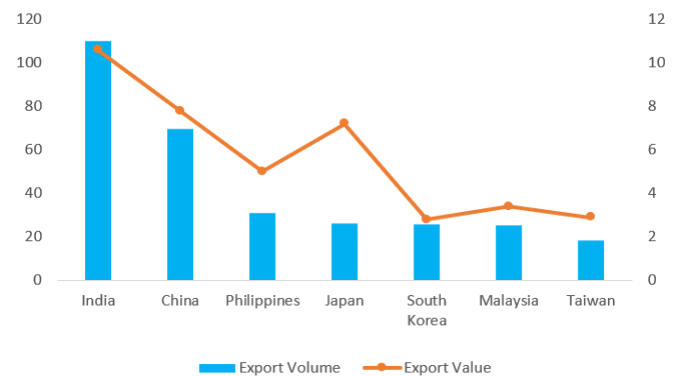
Source: Indonesian Ministry of Energy & Mineral Resources, NHKSI Research

Image 8. Indonesia Coal Export YoY (million metric tons LHS, USD billion RHS)



Source: Badan Pusat Statistik, NHKSI Research

Image 9. Indonesia Coal Export Destinations (2022, million metric tons LHS, USD billion RHS)



Source: Badan Pusat Statistik, NHKSI Research

India & China's Key Role In Indonesian Coal Market

India and China are the top two biggest coal producers and consumers in the world. These two superpowers have extremely large populations and strong industrial sectors that demand more and more electricity every year; more than half of all coal consumption are for electricity generation while industrial purposes such as steelmaking is a distant second. China and India are Indonesia's top two destinations for coal export, with a 110.2 million tons equivalent to USD 10.6 billion exported to India, while 69.7 million tons equivalent to USD 7.8 billion exported to China.

India, despite still being a distant second behind China in terms of coal consumption (1.2 billion tons vs 4.6 billion tons in 2022), just recently overtook China in terms of population. Both their population and economy is expected to still grow strongly, unlike China who is facing stagnation in both categories. Thus early estimates predict that Indonesian coal exports to India will continue to increase.

On the other hand, China's aging population and economic stagnation means that large future growth in coal consumption is unlikely. Coal has, by no means, showed any signs of decline yet; in fact coal demand has remained robust especially on the back of weak hydropower output in 2023. However, we are seeing a structural shift in China's economy away from industry & infrastructure-led, energy-intensive growth towards a more service-based economy. This means a stagnation and eventual decline in coal use is to be expected sooner or later.

With the early gusts of the winds of change away from coal showing itself, a large number of major Indonesian coal players have started divestment efforts away from coal production. Instead, they are diversifying and expanding operations into related but more promising sub-industries such as nickel mining and renewable energy generation.

Overview of Harum Energy Tbk. (HRUM)

PT Harum Energy Tbk is a holding company first established in 1995 as PT Asia Antrasit, with a portfolio of businesses engaged in mining, logistics, and processing activities. The Company's main business activities currently are in coal mining, trade, and related services through Subsidiaries and Associates. The Company has a vertically integrated production chain, allowing it to achieve operational efficiency. Harum exported coal to various Asian countries, such as China, Thailand, Bangladesh, South Korea, India, Pakistan, and the Philippines. The Company is also currently expanding its business into the mining and processing of nickel ore, which is expected to start contributing in the next few years.

Image 10. PT Harum Energy Logo



Source: HRUM, HKSI Research

Group Structure & Value Chain Overview

PT Harum Energy Tbk. utilizes several subsidiaries & associated companies to manage its various business units. The following is an overview of their group structure:

Direct Ownership	Indirect Ownership
<ul style="list-style-type: none"> PT Mahakam Sumber Jaya (MSJ): 80% ownership, coal mining. PT Santan Batubara (SBB): 99.99%, coal mining. PT Karya Usaha Pertiwi (KUP): 50.5%, coal mining. PT Bumi Karunia Pertiwi (BKP): 99.9%, coal mining. PT Tanito Harum Nickel (THN): 95%, nickel-related investments. PT Layar Lintas Jaya (LLJ): 99.11%, shipping. Harum Energy Australia (HEAL): 100%, investment. Harum Asia Capital Pte Ltd (HA Capital): 100%, investment. PT Harum Nickel Industry (HNI): 95%, nickel-related investments. 	<ul style="list-style-type: none"> PT Lotus Coalindo Marine (LCM): 35%, transportation & shipping. PT Position (POS): 51%, nickel ore mining. PT Infei Metal Industry (IMI): 99.99%, non-iron base metal manufacturing. Nickel Industries Limited: 6.53%, nickel mining & processing. PT Westrong Metal Industry: 80.7%, non-iron base metal manufacturing

Image 11. Operations at MSJ Coal Mine



Source: HRUM, NHKSI Research

Image 12. Hengjaya Nickel Mine In Morowali (Via Nickel Industries Limited)



Source: HRUM, NHKSI Research

Coal Mining

Harum Energy holds a majority stake in several coal mining mines in East and Central Kalimantan, mostly operating in the medium to high calorie coal segment. This includes thermal coal (for electricity generation) and coking coal (for steel manufacturing):

- 20,380 hectare coal mine in Kutai, East Kalimantan under MSJ
- 14,210 hectare coal mine in Kutai, East Kalimantan under SBB
- 4,188 hectare coal mine in Gunung Timang, Central Kalimantan under BKP
- 2,662 hectare coal mine in Marang Kayu, East Kalimantan under KUP
- 4,017 hectare nickel mine in Weda Bay, North Maluku under POS

Coal Operations & Logistics

Prior to mining, vegetation is cleared, and the top soil (overburden) is also removed and stockpiled for use in the post-extraction rehabilitation of mining areas. The Company uses open-pit and strip mining techniques to extract coal from their mining sites. Coal seams are mined to a maximum depth of around 60 meters using hydraulic excavators and off-highway dump trucks, starting at shallow cover and continuing down dip.

After extraction, coal is transported directly to the company's coal processing, stock-piling, and barge loading facilities using trucks via hauling roads. Hauling distance is always below 50 km in order to maximize efficiency and reduce cost. Once processed, coal is either added to the coal stockpile or moved to a barge using a barge-loader, with each barge having an average capacity of 8,000 tons.

These barges then transport the coal to open sea transshipment anchorages such as Muara Jawa or Muara Berau, where it can be transferred into the customer's vessels using either the vessels' own cranes or using separate floating cranes.

Barging and transshipment operations (including floating crane activities) are conducted by the Company's subsidiary, LLJ, which owns and operates a fleet of tugboats and barges. LLJ has a 35.0% interest in LCM that operates a number of floating cranes.

Harum's mining operations (and coal mines in general) are greatly affected by weather. Heavy precipitation during the Indonesian monsoon season from October to January can slow or even stop overburden removal and mining activities, often causing 10-15% reduction in production volume.

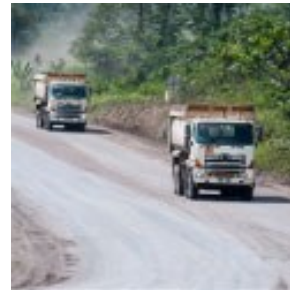
This is why Harum maintains a 2 week coal stock pile at their Separi facility and smaller stockpiles along the hauling route to limit the risk of transport delays due to weather conditions.

Image 13. Thermal Coal (LHS) & Coking Coal (RHS)



Source: HRUM, NHKSI Research

Image 14. HRUM Hauling Route



Source: HRUM, NHKSI Research

Image 15. HRUM Stockpiling & Crushing Operations



Source: HRUM, NHKSI Research

Image 16. Coal Barging



Source: Flickr, NHKSI Research

Coal Marketing

A vast majority of Harum’s coal are exported to other countries. In 2022, only 10% of the company’s coal sales come from domestic sales. China is the largest customer by far, making up 56% of the company’s coal sales in 2022, with Japan at 15% and Indian at 9% completing the podium. Most of Harum’s exported coal are thermal coal since they are primarily purchased for electricity generation. Indonesian coal companies prefer selling their product internationally rather than domestically since they can get a better price for their coal.

Image 17. Coal Sale Destinations (2022)

Country	Percentage of Total
China	56%
Japan	15%
Indonesia	10%
India	9%
Taiwan	5%
Thailand	2%
The Netherlands	2%
Cambodia	1%

Source: HRUM, NHKSI Research

Nickel Mining & Smelter

Through PT Position, HRUM owns 51% of a 4,017 hectare nickel ore mine located in East Halmahera, North Maluku. As of the end of 2023, this mine is not yet operational and is still in the process of acquiring the necessary permits required to construct the relevant mining infrastructure, and other pre-operating activities. HRUM targets the mine to commence operation in 2024.

HRUM is also ramping up their activities in nickel processing. In September 2023, they acquired full control over PT Infei Metal Industry (IMI), increasing their stake from 49% to 99.99%. IMI operates an RKEF nickel smelter in Weda Bay Industrial Park (IWIP), Central Halmahera with an annual production capacity of 28,000 tons of nickel pig iron (NPI). IMI reported a USD 38.8 million net profit for the time period 9M23.

Other than that, HRUM also has a 80.7% stake in PT Westrong Metal Industry (WMI). This second smelter is also located in IWIP but is still in the final stages of construction, with a target of beginning production in Q2 2024. Once completed, this RKEF smelter will have a maximum annual production capacity of 56,000 tons of high-grade nickel matte.

Image 18. Nickel Pig Iron



Source: Media Nikel Indonesia, NHKSI Research

Image 20. IMI Smelter In Weda Bay Industrial Park



Source: HRUM, NHKSI Research

Image 19. WMI Smelter Under Construction (Sep 2023)



Source: HRUM, NHKSI Research

Corporate Social Responsibility (CSR)

HRUM is committed to several CSR programs and initiatives in order to reduce its negative externalities and improve good mining practice. Some of these initiatives include:

- Environmental preservation through land reclamation & revegetation, watershed rehabilitation, and biodiversity management
- Responsible waste & effluent management through proper disposal, recycling, and waste treatment
- Ethical water use and management by reducing pipeline leaks, controlling water overflow in ponds, and educating employees about saving water
- Reducing environmental footprint by switching from diesel fuel to more environmentally friendly sources of energy, namely electricity and biofuel
- Lowering air-polluting emissions by using environmentally friendly equipment
- Promoting a safe working environment through proper safety training, establishing the Mahakam Safety Management System (MSMS), dust control, provision of proper lighting, control of chemical and biological factors, and other OHS programs
- Empower local communities near mining areas through road paving, school scholarships, basic food assistance, fostering of fisheries, planting rice fields, MSME development specifically for people with disabilities, building religious sites, flood disaster management, village waste management, infrastructure, construction, etc.

Image 21. Village Health Program



Source: HRUM, NHKSI Research

Image 22. Local Business Empowerment



Source: HRUM, NHKSI Research

Image 23. Tree Planting Initiative



Source: HRUM, NHKSI Research

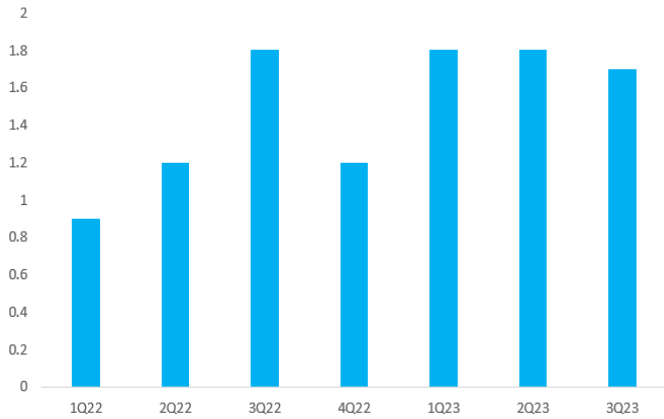
Image 24. Clean Water Infrastructure Inauguration



Source: HRUM, NHKSI Research

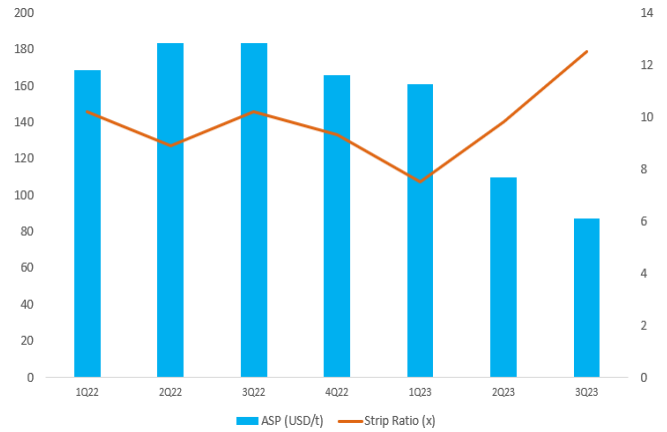
Performance Highlight Of HRUM

Image 25. HRUM Coal Sales Volume (Millions of tons) | 1Q22-3Q23



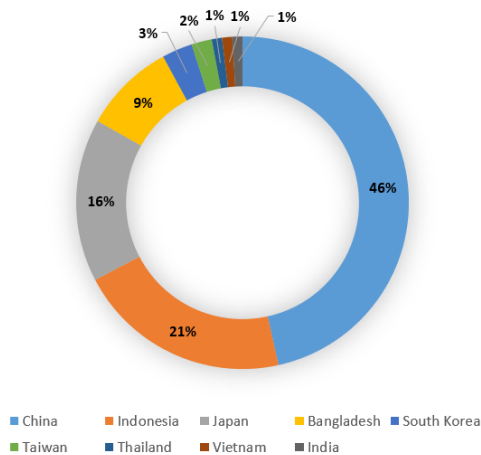
Source: HRUM, NHKSI Research

Image 26. HRUM ASP (LHS) & Strip Ratio (RHS) | 1Q22-3Q23



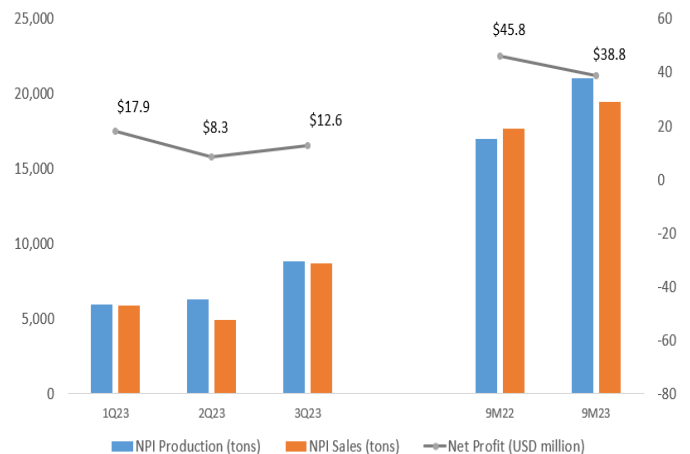
Source: HRUM, NHKSI Research

Image 27. HRUM Coal Sales Destination By Volume | 9M23



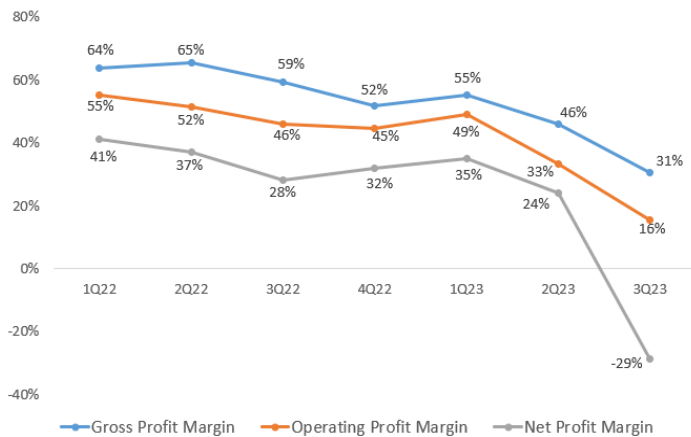
Source: HRUM, NHKSI Research

Image 28. IMI Nickel Pig Iron Production (LHS), Sales Volume (LHS), & Net Income (RHS)



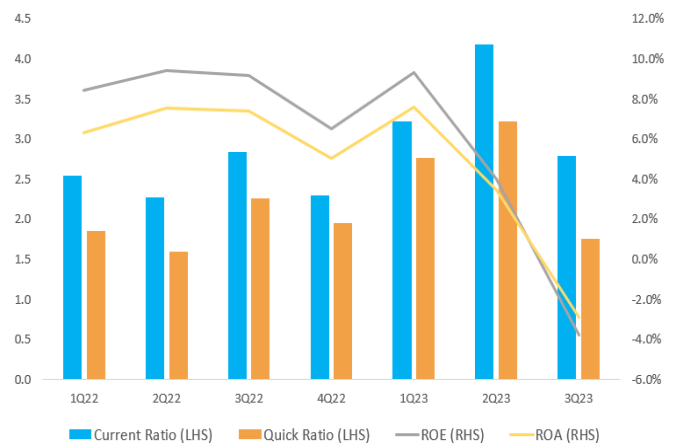
Source: HRUM, NHKSI Research

Image 29. HRUM Profit Margins | 1Q22-3Q23



Source: HRUM, NHKSI Research

Image 30. HRUM Key Ratios | 1Q22-3Q23



Source: HRUM, NHKSI Research

Management Profile

Board of Directors



Ray Antonio Gunara
President Director

Source: HRUM, NHKSI Research



Kenneth Scott Andrew Thompson
Director

Source: HRUM, NHKSI Research



Then Min Ho (Hadi Tanjaya)
Independent Director

Source: HRUM, NHKSI Research

Management Profile Board of Commissioners



Lawrence Barki
President Commissioner

Source: HRUM, NHKSI Research



Drs. Yun Mulyana
Commissioner

Source: HRUM, NHKSI Research



Steven Scott Barki
Commissioner

Source: HRUM, NHKSI Research



Dody Hasril
Independent Commissioner

Source: HRUM, NHKSI Research



Astria Wizayanti
Independent Commissioner

Source: HRUM, NHKSI Research

Valuation of HRUM

Below we have compared HRUM with some of its peers in the coal industry. These companies are all based in Indonesia and are listed on the Indonesian Stock Exchange (IDX).

The peers can be seen in the data below:

Image 31. Coal Companies Peer Comparison

Name	Ticker	Mkt Cap (IDR Bn)	Net Sales T12M (IDR Bn)	Net Income T12M (IDR Bn)	P/E	P/B	ROE	Dividend Yield	Gross Profit Margin
HARUM ENERGY TBK PT	HRUM IJ	15,411	12,849	3,403	5.6	1.2	21.8%	6.6%	30.7%
BARAMULTI SUKSESSARANA TBK PT	BSSR IJ	9,707	17,691	2,560	3.7	2.7	67.0%	18.9%	23.0%
SUMBER GLOBAL ENERGY PT	SGER IJ	9,471	12,489	504	17.5	7.2	41.8%	1.2%	1.1%
INDIKA ENERGY TBK PT	INDY IJ	7,164	53,282	3,557	2.0	0.4	18.1%	15.1%	14.4%
MITRABARA ADIPERDANA TBK PT	MBAP IJ	5,277	3,828	613	8.0	1.7	19.5%	28.1%	18.8%
GOLDEN EAGLE ENERGY TBK PT	SMMT IJ	2,536	1,107	247	10.2	2.6	26.2%	12.4%	4.0%
RMK ENERGY TBK PT	RMKE IJ	2,516	2,734	389	5.3	2.1	39.0%	1.2%	21.5%
TBS ENERGI UTAMA TBK PT	TOBA IJ	2,012	8,175	251	11.8	0.4	3.1%	5.1%	14.8%
RESOURCE ALAM INDONESIA TBK PT	KKGI IJ	1,892	4,756	559	3.0	0.8	29.2%	6.6%	5.6%
Mean		6,221	12,990	1,343	7.4	2.1	29.5%	10.6%	14.9%

Source: Bloomberg, NHKSI Research

Looking at the table above, we can see that HRUM could be considered slightly undervalued. Its price-to-earnings (PE) ratio is recorded at 5.6x at last filing, well below the sample mean of 7.4x. HRUM also posted a price-to-book (PB) value of only 1.2x, nearly half of the sample mean at 2.1x.

In terms of financial performance, HRUM also recorded competitive numbers compared to its peers. Net revenue over the past 12 months stands at IDR 12.8 trillion, similar to the sample mean, and is 3rd among the peers listed above. HRUM also recorded the highest gross profit margin (30.7%) at last filing, much lower than the sample mean of 14.9%, while net income T12M is also very high above the average.

Taking into consideration the above factors, we initiate this coverage of HRUM with a target price of IDR 1600, implying approximately a 7.4x forward P/E ratio, which is equivalent to SD +1 distribution level for HRUM forward PE ratio over the last 3 years. We believe that this target price is quite conservative in relation to its peers and also considering the potential future expansion in its nickel business.

The biggest risks of this call include decline in coal prices due to continued oversupply, stagnant/declining demand from China with the recovery of hydroelectricity output & its continued economic stagnation, and changes in government regulations surrounding nickel & coal following the 2024 presidential elections.

Summary of Financials

INCOME STATEMENT

(IDR bn)	2022/12A	2023/12F	2024/12F	2025/12F
Revenue	13,459	11,749	10,828	12,124
Growth	179.8%	-12.7%	-7.8%	12.0%
COGS	5,420	6,407	6,274	6,630
Gross Profit	8,039	5,342	4,554	5,495
Gross Margin	59.7%	45.5%	42.1%	45.3%
Operating Expenses	(1,503)	(1,260)	(1,246)	(1,349)
EBIT	6,536	4,082	3,308	4,145
EBIT Margin	48.6%	34.7%	30.6%	34.2%
Depreciation	485	957	971	1,154
EBITDA	7,021	5,038	4,279	5,299
EBITDA Margin	52.2%	42.9%	39.5%	43.7%
Interest Expenses	(9)	113	(43)	(48)
EBT	7,088	3,924	4,315	5,164
Income Tax	1,453	995	988	1,183
Minority Interest	1,157	709	768	898
Net Profit	4,480	2,220	2,559	3,082
Net Profit Margin	33.3%	18.9%	23.6%	25.4%
Growth	323.4%	-50.4%	15.3%	20.4%

BALANCE SHEET

(IDR bn)	2022/12A	2023/12F	2024/12F	2025/12F
Cash	5,746	5,326	6,308	6,891
Receivables	1,074	1,040	1,092	1,284
Inventories	670	532	505	537
Total Current Assets	8,053	8,859	9,906	10,513
Net Fixed Assets	5,078	6,341	6,373	6,682
Other Non Current Assets	6,700	6,797	6,360	6,404
Total Assets	19,830	21,997	22,639	23,599
Payables	3,483	2,751	2,613	2,780
ST Debt	17	-	-	-
LT Debt	18	22	55	57
Total Liabilities	4,443	4,023	4,428	4,738
Common Stock	448	438	432	439
Retained Earnings	8,417	10,668	11,669	12,457
Shareholders' Equity	15,387	17,974	18,211	18,861

CASH FLOW STATEMENT

(IDR bn)	2022/12A	2023/12F	2024/12F	2025/12F
Operating Cash Flow	6,049	4,296	3,530	4,236
Investing Cash Flow	(1,630)	(3,076)	(1,713)	(2,505)
Financing Cash Flow	(1,105)	(1,572)	(835)	(1,147)
Net Changes in Cash	3,315	(351)	982	583

PROFITABILITY & STABILITY

	2022/12A	2023/12F	2024/12F	2025/12F
ROE	29.1%	12.4%	14.1%	16.3%
ROA	22.6%	10.1%	11.3%	13.1%
Inventory Turnover	17.5	20.4	21.4	22.6
Days Inventory Outstanding	20.8	17.9	17.0	16.2
Receivables Turnover	10.9	10.4	9.9	9.4
Account Receivable Days	33.4	35.1	36.8	38.6
Dividend Yield	5.8%	1.2%	2.1%	1.4%
Payout Ratio	20.3%	8.5%	12.9%	7.1%
DER	0.2%	0.1%	0.3%	0.3%
Current Ratio	230%	329%	340%	306%
Quick Ratio	1.8	2.2	2.3	2.2
DAR	0.2%	0.1%	0.2%	0.2%
Total Shares (mn)	13,518	13,518	13,518	13,518
Share Price (IDR)	1,155	1,155	1,155	1,155
Market Cap (IDR tn)	15.61	15.61	15.61	15.61

VALUATION INDEX

	2022/12A	2023/12F	2024/12F	2025/12F
Price/Earnings	3.5x	7.0x	6.1x	5.1x
Price/Book Value	1.0x	0.9x	0.9x	0.8x
EV/EBITDA	2.0x	2.9x	3.1x	2.4x
EV (IDR bn)	13,902	14,703	13,221	12,455
BVPS (IDR)	1,138	1,330	1,347	1,395
Basic EPS (IDR)	331	164	189	228

TOP OWNERSHIP

Shareholders	%
PT Karunia Bara Perkasa	79.8
Treasury Stock	1.5
Bara Sejahtera Abadi	0.1

By Geography	%
Indonesia	98.8
USA	1.1
Ireland	0.1

Source: Company Data, Bloomberg, NHKSI Research

NH Korindo Sekuritas Indonesia (NHKSI) Stock Ratings

1. Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
2. Rating system based on a stock's potential upside from the date of publication
 - Buy : Greater than +15%
 - Overweight : +5% to 15%
 - Hold : -5% to +5%
 - Underweight : -5% to -15%
 - Sell : Less than -15%

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