

# Company Update

Coverage Initiation

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## PT PETROSEA TBK (PTRO)

Unlocking Future Growth: Strategic Vision and Long-Term Potential



|                     |                          |
|---------------------|--------------------------|
|                     | <b>BUY</b>               |
| <b>Target Price</b> | <b>: IDR 4.500 (28%)</b> |
| Sector              | : Energy                 |
| Ticker              | : PTRO-IJ                |
| Current Price       | : IDR 3.520              |
| 52-wk Range         | : IDR 394 – IDR 3.760    |
| Free Float Rate     | : 23,33%                 |

### Investment Thesis

- **SECURING MAJOR CONTRACT AND A ROBUST REVENUE BACKLOG.** After the management transition, PTRO secured several major contracts, significantly boosting its revenue backlog by +58.5% YoY from US\$2,668.5 mn to US\$4,228.8 mn, representing a +57.1% QoQ increase.
- **VAST PORTFOLIO DIVERSIFICATION.** PTRO maintains a diversified portfolio across mining, engineering & construction, and logistics, supported by long-term contracts secured until 2032. This ensures stable revenue streams, reduces risk exposure, and locks in future revenues.
- **STRATEGIC PARTNERSHIP WITH NEW PARENT COMPANY** After its acquisition by CUAN, PTRO gained easier access to funding, allowing it to undertake larger projects and support its growth plans effectively. To further strengthen the synergy between PTRO and CUAN, the company plans to establish PT Petrosea Infrastruktur Nusantara.

### Valuation & Recommendation

- **INITIATING COVERAGE WITH BUY AT A TARGET PRICE OF IDR 4,500.** We initiate our BUY rating on PTRO with a target price of IDR 4,500 equivalent to EV/EBITDA 15.91x and P/E 5.76x in 2028F. This valuation indicates a fair price of IDR 4,500 per share, with a potential upside of 28%

### Investment Risks

- **COMMODITY PRICE VOLATILITY.** Fluctuations in global commodity prices can significantly impact revenue and profitability especially on sale of coal from CEP (PTRO's subsidiaries).
- **ENVIRONMENTAL AND SOCIAL RISKS.** Compliance with mining regulations, including Domestic Market Obligations (DMO) and environmental standards, requires proactive management to avoid penalties and disruptions.
- **PROJECT EXECUTION AND OPERATIONAL RISKS.** Delayed project execution causing high cost on PTRO's operational performance.

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**INVESTMENT THESIS**

**RESILIANCE 3Q24 REVENUE GROWTH.** PTRO delivered strong revenue growth of +21.8% YoY, increasing from US\$418.8 mn in 3Q23 to US\$509.9 mn in 3Q24, and a robust +60.3% QoQ rise from US\$318.0 mn (Exhibit 1). This performance driven by a +96.3% YoY / +60.4% QoQ growth in Construction and Engineering, significant growth in Sale of Coal +2610.1% YoY / +74.4% QoQ, and some slowing down in Mining sector -22.3% YoY but growing +60.0% QoQ.

**Exhibit 1. PTRO 9M24 Performance**

| (USD in Million)        | 9M23         | 9M24         | YoY           | 24Q2         | 24Q3         | QoQ           |
|-------------------------|--------------|--------------|---------------|--------------|--------------|---------------|
| <b>Revenue</b>          | <b>418,8</b> | <b>509,9</b> | <b>21,8%</b>  | <b>318,0</b> | <b>509,9</b> | <b>60,3%</b>  |
| <b>Gross Profit</b>     | <b>55,1</b>  | <b>71,9</b>  | <b>30,5%</b>  | <b>40,7</b>  | <b>71,9</b>  | <b>76,7%</b>  |
| margin                  | 13,2%        | 14,1%        |               | 12,8%        | 14,1%        |               |
| <b>Operating Profit</b> | <b>23,0</b>  | <b>32,5</b>  | <b>41,2%</b>  | <b>14,1</b>  | <b>32,5</b>  | <b>130,6%</b> |
| margin                  | 5,5%         | 6,4%         |               | 4,4%         | 6,4%         |               |
| <b>Net Profit</b>       | <b>10,6</b>  | <b>2,9</b>   | <b>-72,9%</b> | <b>1,3</b>   | <b>2,9</b>   | <b>116,9%</b> |
| margin                  | 2,5%         | 0,6%         |               | 0,4%         | 0,6%         |               |

Sources: PTRO, HP Analytics

**SECURING MAJOR CONTRACT AND A ROBUST REVENUE BACKLOG.** Following the management transition, PTRO secured several major contracts, significantly boosting its revenue backlog by +58.5% YoY from US\$2,668.5 mn to US\$4,228.8 mn, representing a +57.1% QoQ increase. The revenue backlog growth was driven by a +47.7% YoY / +60.6% QoQ increase in the Mining sector and a +152.3% YoY / +43.4% QoQ rise in the Construction and Engineering sector. However, the Services sector saw a decline of -32.1% YoY and -3.7% QoQ (**Exhibit 2**).

**Exhibit 2. PTRO Recent Revenue Backlog**

| (USD in Million)                    | 9M23           | 9M24           | YoY           | 24Q2           | 24Q3           | QoQ          |
|-------------------------------------|----------------|----------------|---------------|----------------|----------------|--------------|
| <b>Mining</b>                       | <b>2.367,1</b> | <b>3.495,3</b> | <b>47,7%</b>  | <b>2.176,7</b> | <b>3.495,3</b> | <b>60,6%</b> |
| % of Revenue Backlog                | 88,7%          | 82,7%          |               | 80,9%          | 82,7%          |              |
| <b>Construction and Engineering</b> | <b>286,9</b>   | <b>723,6</b>   | <b>152,3%</b> | <b>504,6</b>   | <b>723,6</b>   | <b>43,4%</b> |
| % of Revenue Backlog                | 10,7%          | 17,1%          |               | 18,7%          | 17,1%          |              |
| <b>Services</b>                     | <b>14,6</b>    | <b>9,9</b>     | <b>-32,1%</b> | <b>10,3</b>    | <b>9,9</b>     | <b>-3,7%</b> |
| % of Revenue Backlog                | 0,5%           | 0,2%           |               | 0,4%           | 0,2%           |              |
| <b>Total</b>                        | <b>2.668,5</b> | <b>4.228,8</b> | <b>58,5%</b>  | <b>2.691,6</b> | <b>4.228,8</b> | <b>57,1%</b> |

Sources: PTRO, HP Analytics

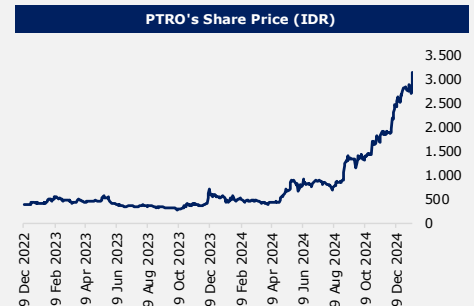
**VAST PORTFOLIO DIVERSIFICATION.** PTRO maintains a diversified portfolio across mining, engineering & construction, and logistics, supported by long-term contracts secured until 2032. This ensures stable revenue streams, reduces risk exposure, and locks in future revenues. Partnerships with global and domestic industry leaders such as Freeport, Vale, Fluor, and BP enhance PTRO's credibility and project execution reliability.

**STRATEGIC PARTNERSHIP WITH NEW PARENT COMPANY** Before partnering with CUAN, PTRO faced challenges in securing independent funding. However, after its acquisition by CUAN, PTRO gained easier access to funding, allowing it to undertake larger projects and support its growth plans effectively. To further strengthen the synergy between PTRO and CUAN, the company plans to establish PT Petrosea Infrastruktur Nusantara. This initiative aims to improve integration services between PTRO and CUAN, delivering more effective and efficient solutions to clients, this project will focus on Central Kalimantan and Eastern Indonesia. Additionally, collaboration within PT Petrindo Jaya Kreasi Tbk (CUAN)'s portfolio enables PTRO to optimize resources, technology, and operational efficiencies.

**OPTIMIZED BUSINESS OPERATIONS THROUGH DIGITALIZATION EFFORTS.**

PTRO's Minerva Digital Platform enhances efficiency and productivity across its mining and EPC operations by integrating advanced analytics, real-time data monitoring, and remote operational control through the Remote Operations Center (ROC). With over 50 digital solutions supporting more than 3,000 users, Minerva enables PTRO to optimize resources, reduce operational costs, and improve decision-making accuracy. By leveraging Minerva, PTRO is expected to achieve enhanced efficiency and cost control, contributing to higher net profit margins and a stronger competitive position in securing future contracts.

| Key Financials             |              |              |              |
|----------------------------|--------------|--------------|--------------|
| (USD in Million)           | 2023A        | 2024F        | 2025F        |
| Revenue                    | 577,62       | 954,06       | 1.044,38     |
| Gross Profit               | 82,11        | 176,91       | 184,70       |
| EBIT                       | 35,33        | 130,13       | 137,92       |
| EBITDA                     | 107,36       | 241,77       | 261,16       |
| Net Income                 | 12,20        | 80,42        | 85,40        |
| Total Assets               | 727,95       | 1.060,18     | 1.131,50     |
| Total Liabilities          | 492,32       | 824,78       | 818,52       |
| Total Equity               | 235,63       | 235,40       | 312,98       |
| ROE                        | 5,18%        | 34,16%       | 27,28%       |
| ROA                        | 1,68%        | 7,59%        | 7,55%        |
| ROIC                       | 2,95%        | 19,44%       | 13,49%       |
| Net Debt (Cash)            | (177,80)     | (178,22)     | (320,02)     |
| to Equity                  | -0,75 x      | -0,76 x      | -1,02 x      |
| to Assets                  | -0,24 x      | -0,17 x      | -0,28 x      |
| Debt-to-Equity             | 1,06 x       | 2,06 x       | 1,44 x       |
| Debt-to-Assets             | 0,34 x       | 0,46 x       | 0,40 x       |
| EPS (US\$)                 | 0,01         | 0,08         | 0,09         |
| BVPS (US\$)                | 0,02         | 0,02         | 0,03         |
| Interest Coverage          | 1,0 x        | 3,2 x        | 3,0 x        |
| <b>Current Price (IDR)</b> | <b>3.520</b> | <b>3.520</b> | <b>3.520</b> |
| P/E                        | 19,07 x      | 2,89 x       | 2,73 x       |
| P/BV                       | 9,88 x       | 9,89 x       | 7,44 x       |
| EV/EBITDA                  | 30,86 x      | 13,70 x      | 17,12 x      |



| Shareholders                 |                   |
|------------------------------|-------------------|
| PT Kreasi Jasa Persada       | 41,52%            |
| PT Caraka Reksa Optima       | 30,21%            |
| Erwin Ciputra (Komisaris)    | 0,07%             |
| Kartika Hendrawan (Direktur) | 0,02%             |
| Michael (Presiden Direktur)  | 0,01%             |
| Public*                      | 28,18%            |
| <b>Total Shares (mn)</b>     | <b>1.009</b>      |
| <b>Market Cap (IDR mn)</b>   | <b>35.502.896</b> |

**Brief Company Profile**  
 Petrosea is a multidisciplinary company with over 52 years of experience in mining contracting, engineering, procurement & construction, and oil & gas services in Indonesia. PTRO specializes in integrated pit-to-port mining, engineering & construction, and logistics services, with a strong focus on safety, health, environmental practices, quality management, and business integrity. In 1990, Petrosea became the first Indonesian engineering and construction company listed on the Indonesia Stock Exchange (IDX: PTRO). Petrosea is controlled by PT Kreasi Jasa Persada, fully owned by PT Petrindo Jaya Kreasi Tbk (CUAN).

Sources: PTRO, Factset, HP Analytics

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**STRONG COMMITMENT TO ESG AND SUSTAINABILITY.** PTRO has developed and implemented a comprehensive sustainability framework based on the Measure, Monitor, Mitigate & Disclose approach. This framework aims to integrate ESG principles into all aspects of the company as part of PTRO's commitment to becoming a sustainable, multi-disciplinary provider of contract mining, engineering, procurement & construction, and oil & gas services. PTRO continuously incorporates ESG aspects into its values, culture, governance, and operations. Its strong commitment to ESG is evident through various initiatives, including emission reduction, waste recycling, water efficiency, community empowerment, and the development of social enterprises. These efforts align with PTRO's contribution to achieving the Sustainable Development Goals (SDGs).

### Exhibit 3. PTRO Run Rate

| (USD in Million)        | 9M23         | 9M24         | YoY           | FY 24P Estimates | FY 24P Run Rate |
|-------------------------|--------------|--------------|---------------|------------------|-----------------|
| <b>Revenue</b>          | <b>418,8</b> | <b>509,9</b> | <b>21,8%</b>  | <b>954,1</b>     | <b>53,4%</b>    |
| <b>Gross Profit</b>     | <b>55,1</b>  | <b>71,9</b>  | <b>30,5%</b>  | <b>176,9</b>     | <b>40,6%</b>    |
| margin                  | 13,2%        | 14,1%        |               |                  |                 |
| <b>Operating Profit</b> | <b>23,0</b>  | <b>32,5</b>  | <b>41,2%</b>  | <b>130,1</b>     | <b>25,0%</b>    |
| margin                  | 5,5%         | 6,4%         |               |                  |                 |
| <b>Net Profit</b>       | <b>10,6</b>  | <b>2,9</b>   | <b>-72,9%</b> | <b>80,4</b>      | <b>3,6%</b>     |
| margin                  | 2,5%         | 0,6%         |               |                  |                 |

Sources: PTRO, HP Analytics

### INVESTMENT CATALYSTS

**THE TRANSITORY TURBULENCE HAS SUBSIDE AFTER ACQUISITION.** In 2024, CUAN increased its share ownership in PT Petrosea Tbk. (PTRO) through its subsidiary, PT Kreasi Jaya Persada, to 41.5% of the total shares. During the transition period, PTRO faced challenges, including a decline in contract volume, which resulted in higher project costs due to underutilized operational units, placing pressure on profit margins. However, as the transition period concludes, we expecting PTRO's margins are expected to stabilize, paving the way for improved financial performance. (**Exhibit 5**).

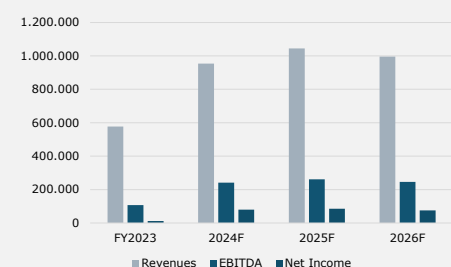
**MORE CLIENT, RISING CONTRACT VALUE AND CONTRACT UPDATES.** In 2024, PTRO secured five new contracts with Pasir Bara Prima, Global Bara Mandiri, BP Berau, Vale Indonesia, and Daya Bumindo Karunia (a subsidiary of CUAN). The largest contract, valued at up to IDR 4.6 trillion, was awarded by BP Berau for onshore early works engineering, procurement, and construction (EPC) for two projects: the Ubadari, Tangguh EGR/CCUS, and Tangguh Onshore Compression (UCC) Project. The contract extends until 2026, with progress reaching approximately 22% as of October 2024. Additionally, the Pasir Bara Prima project achieved its first cut in September 2024, recording an overburden removal volume of 200,000 BCM. Most of Petrosea's contracts now have a duration until 2028, with several contracts currently in the process of negotiation to extended beyond that timeframe.

### VALUATION & RECOMMENDATION

#### INITIATING COVERAGE WITH BUY AT A TARGET PRICE OF IDR 4,500.

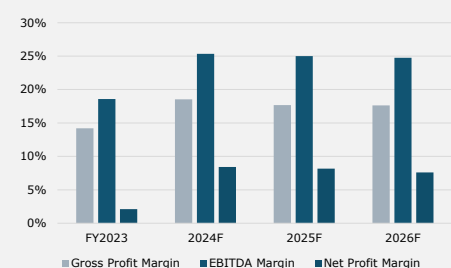
We initiate our BUY rating on PTRO with a target price of IDR 4,500 equivalent to EV/EBITDA 15.91x and P/E 5.76x in 2028F. The valuation is driven by strong projected Unlevered Free Cash Flows (UFCF) over the forecast period, supported by robust revenue growth with a projected average net profit margin of 7.48% from 2024F until 2028F. With a terminal growth rate assumption of 5.50%, Beta 1.13, and Weighted Average Cost of Capital (WACC) of 10.25%, this results in an Enterprise Value of IDR 2.8 bn. This valuation indicates a fair price of IDR 4,500 per share, with a potential upside of 28%. (**Exhibit 7**).

### Exhibit 4. PTRO Total Revenues



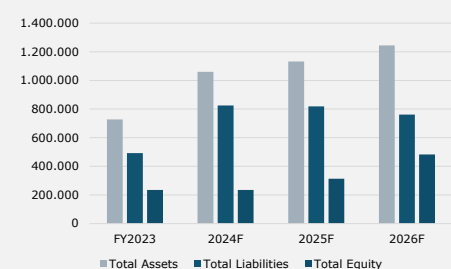
Sources: PTRO, HP Analytics

### Exhibit 5. PTRO Margins



Sources: PTRO, HP Analytics

### Exhibit 6. PTRO Total Assets



Sources: PTRO, HP Analytics

### Exhibit 7. DCF-Valuation Method and Sensitivity Analysis

| Discounted Cash Flow                |                  |           |           |                  |           |           |
|-------------------------------------|------------------|-----------|-----------|------------------|-----------|-----------|
| (USD in Million)                    |                  |           |           |                  |           |           |
| Terminal Growth Rate                | 5,50%            |           |           |                  |           |           |
| WACC                                | 10,21%           |           |           |                  |           |           |
| Beta                                | 1,13             |           |           |                  |           |           |
| Enterprise Value                    | 2.797            |           |           |                  |           |           |
| Net Debt (Cash)                     | (178)            |           |           |                  |           |           |
| Equity Value                        | 2.975            |           |           |                  |           |           |
| Shares Outstanding (mn)             | 9.917            |           |           |                  |           |           |
| <b>Equity Value Per Share (IDR)</b> | <b>4.500</b>     |           |           |                  |           |           |
| <b>Potential Upside</b>             | <b>28%</b>       |           |           |                  |           |           |
| Sensitivity Analysis                |                  |           |           |                  |           |           |
| WACC                                | Long term growth |           |           |                  |           |           |
|                                     |                  | 4,50%     | 5,00%     | 5,50%            | 6,00%     | 6,50%     |
|                                     | 9,21%            | IDR 4.700 | IDR 5.200 | IDR 5.900        | IDR 6.800 | IDR 8.000 |
|                                     | 9,71%            | IDR 4.200 | IDR 4.600 | IDR 5.100        | IDR 5.800 | IDR 6.700 |
|                                     | 10,21%           | IDR 3.700 | IDR 4.100 | <b>IDR 4.500</b> | IDR 5.000 | IDR 5.700 |
| 10,71%                              | IDR 3.400        | IDR 3.700 | IDR 4.000 | IDR 4.400        | IDR 4.900 |           |
| 11,21%                              | IDR 3.100        | IDR 3.300 | IDR 3.600 | IDR 3.900        | IDR 4.400 |           |

Sources: PTRO, HP Analytics

Overview

Company Profile

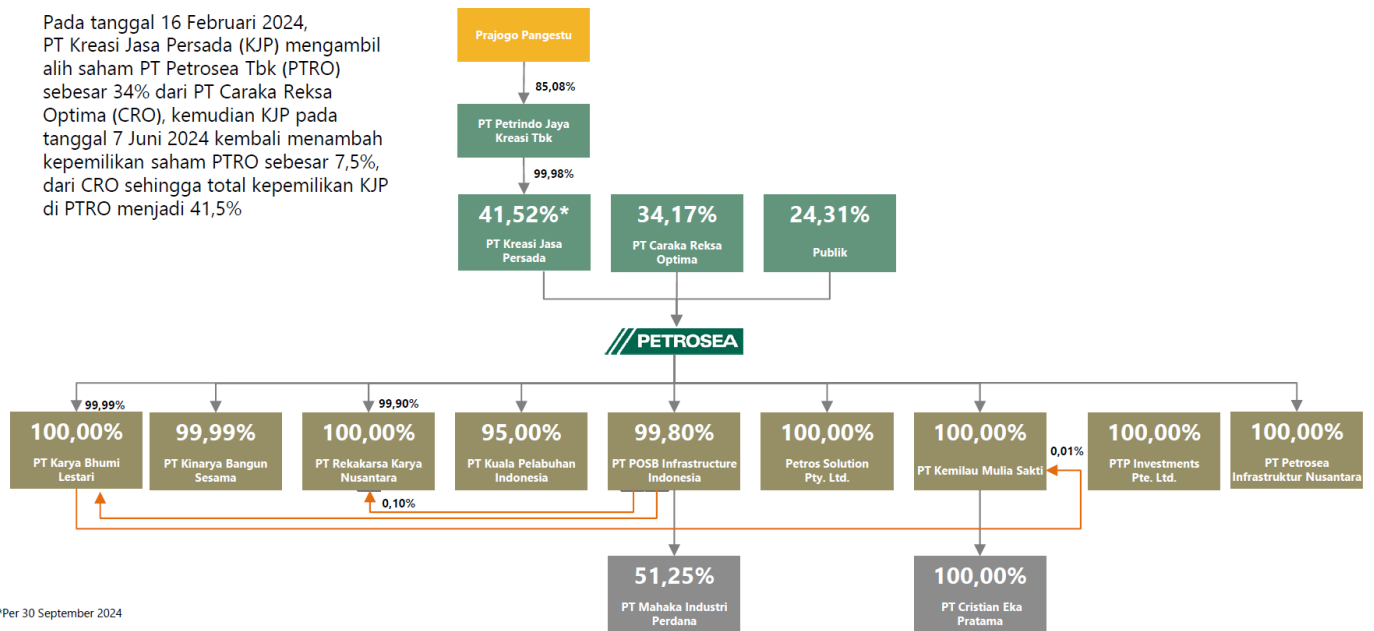
Petrosea is a multidisciplinary company engaged in mining contracting, engineering, procurement & construction, and oil & gas services with a footprint in Indonesia for over 52 years. PTRO strength is in the ability to provide integrated pit-to-port mining services, integrated engineering & construction capabilities, as well as logistics services, with a strong commitment to the implementation of safety, occupational health & environmental practices, quality management, and business integrity. In 1990, Petrosea became the first Indonesian engineering and construction company to be listed on the Indonesia Stock Exchange (IDX: PTRO). Petrosea is controlled by PT Kreasi Jasa Persada, which is fully owned by PT Petrindo Jaya Kreasi Tbk (CUAN).

Company Structure

Struktur Kepemilikan Dengan Pengendali Baru



Pada tanggal 16 Februari 2024, PT Kreasi Jasa Persada (KJP) mengambil alih saham PT Petrosea Tbk (PTRO) sebesar 34% dari PT Caraka Rekza Optima (CRO), kemudian KJP pada tanggal 7 Juni 2024 kembali menambah kepemilikan saham PTRO sebesar 7,5% dari CRO sehingga total kepemilikan KJP di PTRO menjadi 41,5%



\*Per 30 September 2024

Business Operations:

Three main business lines of operation:

- Contract Mining:** Petrosea differentiates its mining services from competitors by offering integrated mining solutions tailored to the needs of each project, supported by the Minerva Digital Platform which utilizes the latest technology to enhance operational efficiency and productivity. Petrosea provides mining project services from pit-to-port, including:
  - Open-pit mining contract services
  - Civil construction and infrastructure, including roads, tailing dams, and supporting facilities
  - Mining project management services, including equipment and mine owner operators, as well as subcontractors
  - Technical consulting services and feasibility studies
  - Mine planning and optimization services
  - The Minerva digital platform solutions applicable to mining operations
- Engineering, Procurement, and Construction:** Petrosea has integrated the use of digital technology, human resources, and the application of proper processes and procedures to enable the Company to consistently deliver innovative and cost-effective EPC solutions to all valued customers. For the mineral and infrastructure industries, Petrosea provides engineering, procurement, construction, and operational services, including:
  - Technical due diligence
  - Conceptual to full bankable feasibility studies
  - Front-end engineering design
  - Detailed engineering design
  - Project management
  - Plant and equipment hire
  - Procurement and logistics
  - Operation and maintenance services
  - Construction & commissioning

3. **Logistic and Support:** Petrosea provides services for the oil & gas industry in Indonesia through Petrosea Offshore Supply Base (POSB) located in Sorong, West Papua, which consistently delivers international standard and cost-effective services to all our clients.

Logistics & Support Services

- Bonded Logistics Center (PLB)

- Logistics & freight forwarding services

Supply Base Management

- Quayside operations

- Transportation and port management

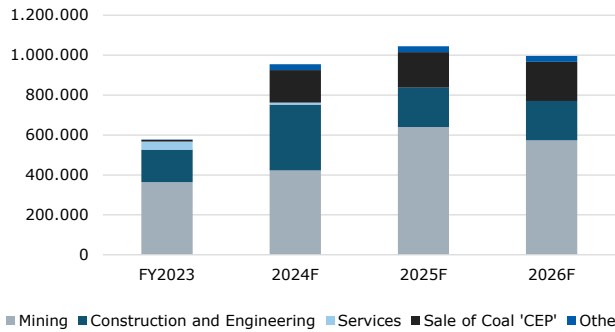
- Other services such as manifestation, handling material parts, shipping agents, waste management, bulk management, tracking goods, inspection, certification, and providing technology services

**Cristian Eka Pratama 'CEP':**

CEP is engaged in coal mining operations and holds a Mining Business License - Production Operation (IUP-OP), with its operational area located in Tering District, West Kutai Regency, East Kalimantan Province. With significant reserves and operational capabilities, holding reserves totaling 71.16 million tons.

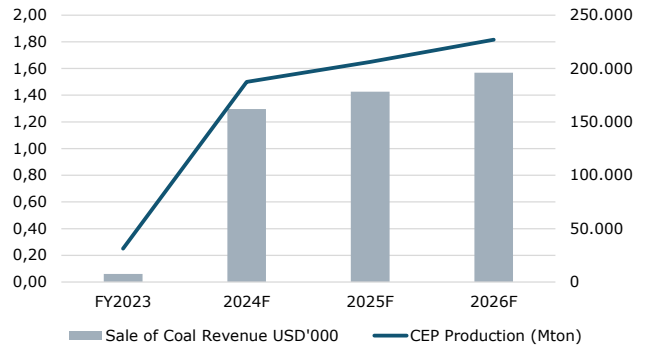
**Exhibits**

**Exhibit 8. PTRO Revenue Breakdown**



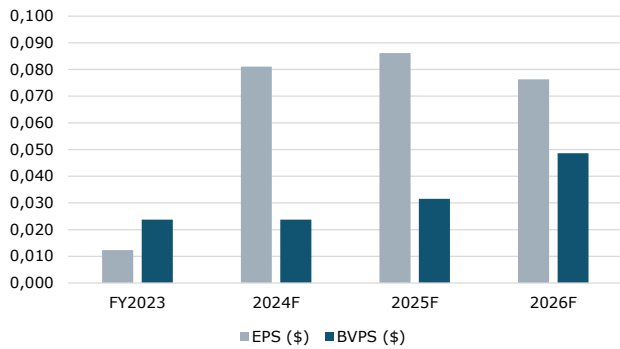
Sources: PTRO, HP Analytics

**Exhibit 9. Revenue from Sale of Coal & CEP Production**



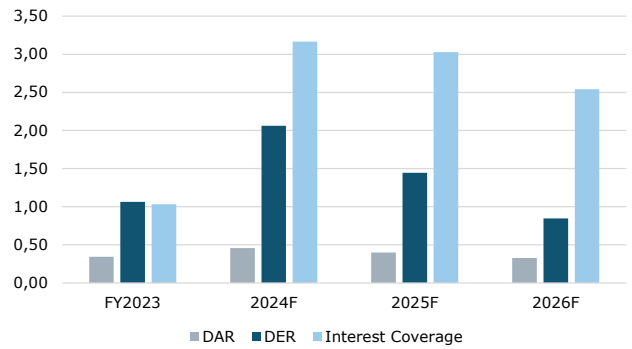
Sources: PTRO, HP Analytics

**Exhibit 10. PTRO EPS and BVPS Projections**



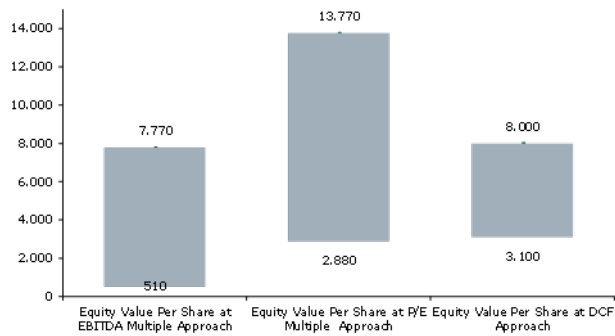
Sources: PTRO, HP Analytics

**Exhibit 11. PTRO Leverage Ratio**



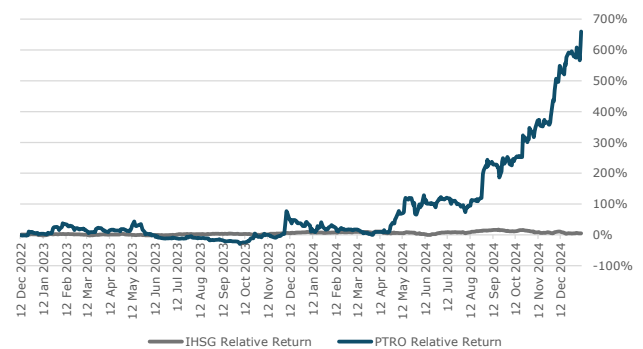
Sources: PTRO, HP Analytics

**Exhibit 12. PTRO Football Field Analysis**



Sources: PTRO, HP Analytics

**Exhibit 13. Relative Return of IHSG Price and PTRO Price**



Sources: Facset, HP Analytics

**Exhibit 14. PTRO Peers Comparison**

| PT PETROSEA TBK (PTRO)  |                  |               |                            |                  |                         |                               |                |               |               |              |            |
|---|------------------|---------------|----------------------------|------------------|-------------------------|-------------------------------|----------------|---------------|---------------|--------------|------------|
| Comparable Companies, as of 14 January 2025                                 |                  |               |                            |                  |                         |                               |                |               |               |              |            |
| Ticker  | Country          | Sector        | Company's Name             | Last Stock Price | Market Cap (in Million) | Enterprise Value (in Million) | Net Income     | EV / EBITDA   | P/E           | PBV          | Currency   |
| <b>PTRO-ID</b>  | <b>INDONESIA</b> | <b>Energy</b> | <b>Petrosea</b>            | <b>3.520</b>     | <b>35.502.896</b>       | <b>36.744.704</b>             | <b>185.816</b> | <b>43,8 x</b> | <b>19,1 x</b> | <b>9,9 x</b> | <b>IDR</b> |
| <b>Mining, Engineering &amp; Construction Companies</b>                     |                  |               |                            |                  |                         |                               |                |               |               |              |            |
| HILL-ID   | INDONESIA        | Energy        | Hillcon                    | 2.350            | 7.105.403               | 9.134.782                     | 351.078        | 13,4 x        | 72,0 x        | 4,5 x        | IDR        |
| MAHA-ID   | INDONESIA        | Energy        | Mandiri Herindo Adiperkasa | 161              | 2.849.886               | 2.614.545                     | 267.946        | 4,0 x         | 7,8 x         | 1,8 x        | IDR        |
| MYOH-ID   | INDONESIA        | Energy        | Samindo Resources          | 1.615            | 3.560.000               | 2.629.979                     | 281.482        | 3,7 x         | 8,8 x         | 1,5 x        | IDR        |
| DOID-ID   | INDONESIA        | Energy        | Delta Dunia Makmur         | 545              | 4.404.984               | 15.372.007                    | 548.468        | 2,7 x         | -             | 0,6 x        | IDR        |
| UNTR-ID   | INDONESIA        | Energy        | United Tractors            | 25.400           | 97.241.690              | 84.532.284                    | 20.611.775     | 2,1 x         | 4,7 x         | 1,0 x        | IDR        |
| ABMM-ID   | INDONESIA        | Energy        | ABM Investama              | 3.460            | 9.746.204               | 13.181.897                    | 4.401.714      | 2,7 x         | 3,5 x         | 0,8 x        | IDR        |
| <b>Engineering &amp; Construction Companies</b>                             |                  |               |                            |                  |                         |                               |                |               |               |              |            |
| WSKT-ID   | INDONESIA        | Construction  | Waskita Karya Persero      | 202              | 6.120.000               | -                             | (3.770.396)    | -             | -             | 1,1 x        | IDR        |
| MTRA-ID   | INDONESIA        | Construction  | Mitra Pemuda               | 244              | 187.880                 | 236.215                       | (80.926)       | -3,3 x        | -             | -            | IDR        |
| SUPR-ID   | INDONESIA        | Construction  | Solusi Tunas Pratama       | 43.875           | 49.911.307              | 51.671.626                    | 1.128.336      | 32,1 x        | 40,2 x        | 7,9 x        | IDR        |
| WIKA-ID   | INDONESIA        | Construction  | Wijaya Karya Persero       | 214              | 9.728.759               | 29.616.511                    | (7.128.264)    | 185,7 x       | -             | 0,3 x        | IDR        |
| BALI-ID   | INDONESIA        | Construction  | Bali Towerindo Sentra      | 1.475            | 6.865.864               | 9.748.274                     | 150.499        | 15,7 x        | 21,6 x        | 1,3 x        | IDR        |
| IBST-ID   | INDONESIA        | Construction  | Inti Bangun Sejahtera      | 5.625            | 6.788.297               | 8.155.224                     | 38.295         | 17,2 x        | 197,5 x       | 1,2 x        | IDR        |
| <b>Average (Mining, Engineering &amp; Construction Company) - Domestic:</b> |                  |               |                            |                  |                         |                               |                | <b>4,8x</b>   | <b>19,4x</b>  | <b>1,7x</b>  |            |
| <b>Average (Engineering &amp; Construction Company) - Domestic:</b>         |                  |               |                            |                  |                         |                               |                | <b>49,5x</b>  | <b>86,4x</b>  | <b>2,4x</b>  |            |

Sources: Factset, HP Analytics



## Financials

(USD in Million)

| Income Statement                    | 2022A        | 2023A        | 2024F        | 2025F          | 2026F        | 2027F        |
|-------------------------------------|--------------|--------------|--------------|----------------|--------------|--------------|
| <b>Revenues</b>                     | <b>476,3</b> | <b>577,6</b> | <b>954,1</b> | <b>1.044,4</b> | <b>995,9</b> | <b>800,4</b> |
| Cost of revenues                    | (380,8)      | (495,5)      | (777,1)      | (859,7)        | (820,4)      | (664,2)      |
| <b>Gross profit</b>                 | <b>95,5</b>  | <b>82,1</b>  | <b>176,9</b> | <b>184,7</b>   | <b>175,5</b> | <b>136,2</b> |
| Selling and administration expenses | (34,6)       | (46,8)       | (46,8)       | (46,8)         | (46,8)       | (46,8)       |
| <b>Operating profit</b>             | <b>60,9</b>  | <b>35,3</b>  | <b>130,1</b> | <b>137,9</b>   | <b>128,7</b> | <b>89,4</b>  |
| Interest expenses                   | (7,4)        | (19,8)       | (32,9)       | (36,5)         | (38,6)       | (30,8)       |
| Interest income                     | 1,0          | 1,1          | 4,7          | 4,6            | 3,7          | 2,9          |
| Others net/ (loss)                  | (1,7)        | 3,9          | 2,2          | 4,7            | 4,3          | 4,3          |
| <b>Profit before tax</b>            | <b>52,9</b>  | <b>20,5</b>  | <b>104,1</b> | <b>110,6</b>   | <b>98,1</b>  | <b>65,8</b>  |
| Tax expenses                        | (11,7)       | (8,0)        | (22,9)       | (24,3)         | (21,6)       | (14,5)       |
| <b>Net profit for the year</b>      | <b>41,2</b>  | <b>12,4</b>  | <b>81,2</b>  | <b>86,3</b>    | <b>76,5</b>  | <b>51,3</b>  |
| Non-controlling interest            | 0,2          | 0,2          | 0,8          | 0,9            | 0,9          | 0,6          |
| <b>PATMI</b>                        | <b>40,9</b>  | <b>12,2</b>  | <b>80,4</b>  | <b>85,4</b>    | <b>75,7</b>  | <b>50,7</b>  |

(USD in Million)

| Balance Sheet                        | 2022A        | 2023A        | 2024F          | 2025F          | 2026F          | 2027F          |
|--------------------------------------|--------------|--------------|----------------|----------------|----------------|----------------|
| Cash & Cash Equivalents              | 61,8         | 73,0         | 307,1          | 132,1          | 241,2          | 310,3          |
| Receivables                          | 122,6        | 199,1        | 250,3          | 283,5          | 282,8          | 232,6          |
| Inventories                          | 18,5         | 19,2         | 25,4           | 31,5           | 32,1           | 24,4           |
| Contract Assets                      | 12,3         | 5,8          | 9,0            | 10,0           | 9,5            | 7,7            |
| Other Current Assets                 | 42,5         | 18,7         | 18,7           | 18,7           | 18,7           | 18,7           |
| <b>Total Current Assets</b>          | <b>257,7</b> | <b>315,7</b> | <b>610,5</b>   | <b>475,8</b>   | <b>584,3</b>   | <b>593,7</b>   |
| Long-term Receivables                | 32,5         | 0,6          | 17,1           | 23,1           | 27,2           | 13,7           |
| Fixed Assets                         | 232,8        | 230,7        | 262,6          | 462,6          | 462,6          | 462,6          |
| Other Non-current Assets             | 73,5         | 180,8        | 170,0          | 170,0          | 170,0          | 170,0          |
| <b>Total Non-current Assets</b>      | <b>338,8</b> | <b>412,2</b> | <b>449,7</b>   | <b>655,7</b>   | <b>659,9</b>   | <b>646,3</b>   |
| <b>Total Assets</b>                  | <b>596,4</b> | <b>727,9</b> | <b>1.060,2</b> | <b>1.131,5</b> | <b>1.244,2</b> | <b>1.240,1</b> |
| Account Payables                     | 120,2        | 140,6        | 220,5          | 243,9          | 232,8          | 188,4          |
| Dividend Payables                    | 0,3          | 0,9          | 1,3            | 1,3            | 1,2            | 0,8            |
| Taxes Payables                       | 5,5          | 3,2          | 9,2            | 9,8            | 8,7            | 5,8            |
| Other Current Liabilities            | 95,9         | 127,3        | 253,1          | 250,5          | 230,3          | 202,9          |
| <b>Total Current Liabilities</b>     | <b>221,9</b> | <b>272,0</b> | <b>484,0</b>   | <b>505,5</b>   | <b>472,9</b>   | <b>398,0</b>   |
| Bank Loan                            | 28,3         | 148,7        | 174,3          | 155,3          | 134,7          | 112,4          |
| Bond Payables                        | 0,0          | 0,0          | 100,0          | 94,7           | 94,7           | 74,7           |
| Other Non-current Liabilities        | 48,2         | 71,7         | 66,4           | 63,1           | 59,5           | 56,9           |
| <b>Total Non-current Liabilities</b> | <b>76,5</b>  | <b>220,3</b> | <b>340,8</b>   | <b>313,0</b>   | <b>288,8</b>   | <b>244,0</b>   |
| <b>Total Liabilities</b>             | <b>298,4</b> | <b>492,3</b> | <b>824,8</b>   | <b>818,5</b>   | <b>761,7</b>   | <b>642,0</b>   |
| Capital Stock                        | 33,4         | 33,4         | 33,4           | 33,4           | 33,4           | 33,4           |
| Additional Paid-in Capital           | (4,6)        | (4,6)        | (4,6)          | (4,6)          | (4,6)          | (4,6)          |
| Retained Earnings                    | 275,9        | 212,1        | 214,5          | 292,7          | 461,9          | 576,1          |
| Non-controlling Interest             | 0,8          | 0,8          | 0,8            | 0,8            | 0,8            | 0,8            |
| Others                               | (7,5)        | (6,1)        | (8,8)          | (9,4)          | (9,1)          | (7,7)          |
| <b>Total Equity</b>                  | <b>298,0</b> | <b>235,6</b> | <b>235,4</b>   | <b>313,0</b>   | <b>482,5</b>   | <b>598,1</b>   |
| <b>Total Liabilities and Equity</b>  | <b>596,4</b> | <b>727,9</b> | <b>1.060,2</b> | <b>1.131,5</b> | <b>1.244,2</b> | <b>1.240,1</b> |



(USD in Million)

| Cash Flow                                     | 2022A         | 2023A          | 2024F         | 2025F          | 2026F         | 2027F         |
|---|---------------|----------------|---------------|----------------|---------------|---------------|
| Net income                                    | 41,2          | 12,4           | 80,4          | 85,4           | 75,7          | 50,7          |
| Depreciation & amortization                   | 64,5          | 72,0           | 111,6         | 123,2          | 117,7         | 95,8          |
| Change in net working capital                 | (22,9)        | 6,1            | 151,3         | (18,8)         | (32,1)        | (15,3)        |
| Other operating cash flow                     | 6,7           | 17,2           | 17,2          | 17,2           | 17,2          | 17,2          |
| <b>Cash from operating activities</b>         | <b>89,4</b>   | <b>107,8</b>   | <b>360,6</b>  | <b>207,1</b>   | <b>178,5</b>  | <b>148,4</b>  |
| Acquisitions of property, plant and equipment | (54,5)        | (62,1)         | (66,2)        | (200,0)        | 0,0           | 0,0           |
| Other investing activities                    | (36,0)        | (94,9)         | (2,0)         | 0,0            | 0,0           | 0,0           |
| <b>Cash from investing activities</b>         | <b>(90,5)</b> | <b>(157,0)</b> | <b>(68,2)</b> | <b>(200,0)</b> | <b>0,0</b>    | <b>0,0</b>    |
| Receipts from/(payment for) bank loans        | 45,0          | (8,0)          | (91,9)        | (135,3)        | (31,8)        | (31,8)        |
| Proceeds from bond issuance                   | 0,0           | 0,0            | 100,0         | 0,0            | 0,0           | 0,0           |
| Payment of bond issuance                      | 0,0           | 0,0            | 0,0           | (14,0)         | (8,3)         | (28,3)        |
| Payment of dividends by the Company           | 0,0           | (75,4)         | (28,1)        | (29,9)         | (26,5)        | (17,7)        |
| Others financing activities                   | (70,1)        | 142,4          | (39,5)        | (4,2)          | (4,1)         | (2,8)         |
| <b>Cash from financing activities</b>         | <b>(25,1)</b> | <b>59,1</b>    | <b>(59,6)</b> | <b>(183,4)</b> | <b>(70,7)</b> | <b>(80,7)</b> |
| <b>Net change in cash during period</b>       | <b>(26,2)</b> | <b>9,9</b>     | <b>232,7</b>  | <b>(176,3)</b> | <b>107,8</b>  | <b>67,7</b>   |
| Changes in foreign exchanges                  | (1,4)         | 1,4            | 1,4           | 1,4            | 1,4           | 1,4           |
| Cash at Beginning of the Period               | 89,3          | 61,8           | 73,0          | 307,1          | 132,1         | 241,2         |
| <b>Cash at End of Period</b>                  | <b>61,8</b>   | <b>73,0</b>    | <b>307,1</b>  | <b>132,1</b>   | <b>241,2</b>  | <b>310,3</b>  |

Sources: PTRO, HP Analytics

## Key Ratios

| Growth Rate | 2022A | 2023A   | 2024F  | 2025F | 2026F   | 2027F   |
|-------------|-------|---------|--------|-------|---------|---------|
| Revenue     | 14,6% | 21,3%   | 65,2%  | 9,5%  | (4,6%)  | (19,6%) |
| EBIT        | 36,1% | (42,0%) | 268,4% | 6,0%  | (6,7%)  | (30,5%) |
| EBITDA      | 9,4%  | (14,4%) | 125,2% | 8,0%  | (5,6%)  | (24,9%) |
| Net Income  | 21,4% | (70,2%) | 559,2% | 6,2%  | (11,4%) | (33,0%) |

| Margins             | 2022A  | 2023A  | 2024F  | 2025F  | 2026F  | 2027F  |
|---------------------|--------|--------|--------|--------|--------|--------|
| Gross Profit Margin | 20,05% | 14,21% | 18,54% | 17,69% | 17,62% | 17,02% |
| EBIT Margin         | 12,79% | 6,12%  | 13,64% | 13,21% | 12,93% | 11,17% |
| EBITDA Margin       | 26,33% | 18,59% | 25,34% | 25,01% | 24,75% | 23,13% |
| Net Profit Margin   | 8,59%  | 2,11%  | 8,43%  | 8,18%  | 7,60%  | 6,33%  |

| Operating Return Ratio | 2022A | 2023A | 2024F | 2025F | 2026F | 2027F |
|------------------------|-------|-------|-------|-------|-------|-------|
| Return on Asset        | 6,9%  | 1,7%  | 7,6%  | 7,5%  | 6,1%  | 4,1%  |
| Return on Equity       | 13,7% | 5,2%  | 34,2% | 27,3% | 15,7% | 8,5%  |

| Leverage          | 2022A  | 2023A  | 2024F  | 2025F  | 2026F  | 2027F  |
|-------------------|--------|--------|--------|--------|--------|--------|
| Debt to Asset     | 0,19 x | 0,34 x | 0,46 x | 0,40 x | 0,33 x | 0,28 x |
| Debt to Equity    | 0,39 x | 1,06 x | 2,06 x | 1,44 x | 0,85 x | 0,57 x |
| Interest Coverage | 7,12 x | 1,03 x | 3,17 x | 3,03 x | 2,54 x | 2,14 x |

| Dividend                  | 2022A | 2023A  | 2024F  | 2025F  | 2026F  | 2027F  |
|---------------------------|-------|--------|--------|--------|--------|--------|
| Dividend Per Share (US\$) | 0     | 0,0077 | 0,0028 | 0,0030 | 0,0027 | 0,0018 |
| Dividend Yield            | 0,0%  | 3,3%   | 1,0%   | 1,1%   | 1,0%   | 0,6%   |

Sources: PTRO, HP Analytics

**Rating Scale**


|                    |  |
|--------------------|--|
| <b>BUY</b>         | : We expect the stock's total return to exceed + 10% over the next 12 months.                  |
| <b>HOLD</b>        | : We expect the stock's total return to fall between - 10 % and + 10% over the next 12 months. |
| <b>SELL</b>        | : We expect the stock's total return to fall below - 10% over the next 12 months.              |
| <b>NOT RATED</b>   | : We are not assigning any rating or price target to the stock.                                |
| <b>OVERWEIGHT</b>  | : Fundamentals are improving.  |
| <b>NEUTRAL</b>     | : Fundamentals are steady.   |
| <b>UNDERWEIGHT</b> | : Fundamentals are worsening.  |



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