

Not Rated

Petrosea

Strategic Growth and Synergies Drive Premium Valuation

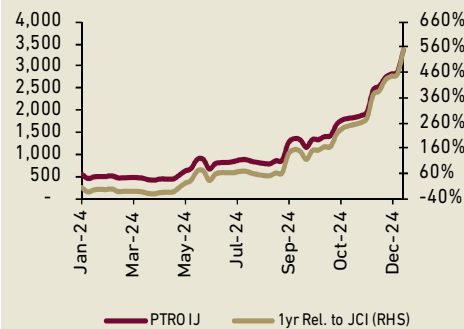
Sector Mining
Bloomberg Ticker **PTRO**

Share Price Performance

Last price (Rp) 3,380
Avg. daily T/O (Rpbn/USDmn) 114.8/7.1

| | 3m | 6m | 12m |
|---------------------|-------|-------|------|
| Absolute (%) | 156.7 | 306.7 | 31.0 |
| Relative to JCI (%) | 162.8 | 310.3 | 31.2 |

52w High/Low price (Rp) 3,760/394



Outstanding shrs (mn) 10,086.05
Mkt. Cap (Rpbn/USDmn) 34,091/2,094
Estimated free float (%) 27.3

Major shareholders

Kreasi Jaya Persada 41.5%
Caraka Reksa Optima 30.2%
Public 27.3%

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PTRO at a glance

Petrosea (PTRO) is an Indonesian multi-disciplinary company specializing in mining, E&C, and oil & gas services since 1972. Committed to sustainability, the Company integrates strong corporate governance (GCG) and Environmental, Social, and Governance (ESG) principles into its operations. Petrosea's long-standing partnerships with major clients, including Freeport Indonesia, BP Berau, Vale Indonesia, Kideco, and the Barito Group, underscore its reputation as a reputable service provider in the industry.

PTRO's Growth Potential with RATU and CUAN

We viewed that PTRO has potential for collaboration with Raharja Energi Cepu (RATU) and Petrindo Jaya Kreasi (CUAN), entities connected through the shared affiliations of their ultimate controllers, Prajogo Pangestu and Happy Hapsoro. Prajogo Pangestu currently holds a 41.52% stake in PTRO through Kreasi Jasa Persada, a subsidiary of CUAN, while Happy Hapsoro owns a 34.17% stake in PTRO via Caraka Reksa Optima:

- Synergies with RATU:** Although management did not outline immediate plans for collaboration with RATU, the shared affiliations between the stakeholders suggest promising synergies in the future. RATU's focus on upstream oil and gas aligns well with PTRO's expertise in engineering and construction as well as experience in clients such as BP Berau. Thus positioning the companies for a potentially beneficial partnership. RATU's post-IPO growth strategy, which includes acquiring participating interests in the Cepu and Kasuri blocks, could benefit from PTRO's extensive capabilities, enhancing operational efficiency and accelerating project timelines.
- Synergies with CUAN:** Management emphasized the substantial benefits from ongoing and potential future collaborations with CUAN. PTRO is already deeply involved in CUAN's coal division, Daya Bumindo Karunia, serving as the engineering and construction contractor. There are also plans to expand PTRO's involvement into CUAN's mining contracts, further strengthening the collaboration between the two entities. Additionally, PTRO is strategically positioned to secure more projects within the Barito Group, enhancing its portfolio and revenue streams.

In our view, these synergies highlight the strategic alignment and growth potential for PTRO through deeper collaboration with both RATU and CUAN, leveraging common ownership structures and complementary business capabilities to drive mutual success.

Valuation

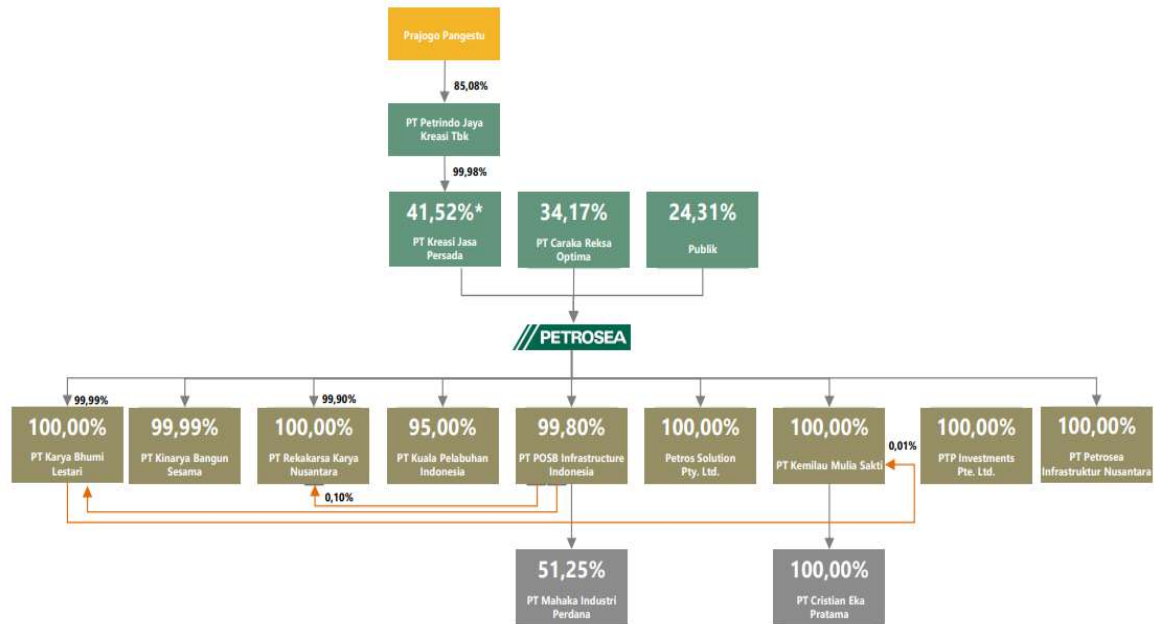
PTRO currently trades at an EV/EBITDA multiple of 20.7x on a 9M24 annualized basis, above the industry average of approximately 3.9x. This may reflect the market's confidence in PTRO's growth potential relative to its more established peers. This premium valuation is supported by several compelling factors, including the company's growth prospects through potential project expansions within the Barito Group, its stable revenue streams secured through strategic partnerships with prominent miners such as CUAN, Vale Indonesia (INCO), Freeport and Berau, among others, and the strong synergy it enjoys with the RATU Group, which positions it to unlock additional project opportunities. Taken together, these drivers could validate the company's elevated valuation and highlight its promising growth trajectory within the industry.

Exhibit 1 : Financial Highlights

| Year to 31 Dec | 2019A | 2020A | 2021A | 2022A | 2023A |
|--------------------------|--------|--------|--------|--------|--------|
| Revenue (USDmn) | 466 | 341 | 416 | 476 | 578 |
| Operating profit (USDmn) | 57 | 45 | 43 | 58 | 31 |
| EBITDA (USDmn) | 127 | 110 | 113 | 123 | 103 |
| Net profit (USDmn) | 31 | 32 | 34 | 41 | 12 |
| EPS (USDCents) | 0.0031 | 0.0032 | 0.0034 | 0.0041 | 0.0012 |
| EPS growth (%) | 36 | 5 | 5 | 21 | -70 |
| EV/EBITDA (x) | 16.5 | 18.9 | 18.5 | 17.1 | 20.4 |
| PER (x) | 70.9 | 68.7 | 64.9 | 53.6 | 183.3 |
| Dividend yield (%) | 7.7 | 5.6 | 5.3 | 4.1 | 21.8 |
| ROE (%) | 15.5 | 14.6 | 13.8 | 14.7 | 4.6 |

Source : PTRO, Ciptadana Estimates

Exhibit 2: Organizational structure



Source: PTRO

Exhibit 3: Benchmark

| Company | Ticker | Market Cap (Rp bn) | FY24F | |
|--------------------|--------|--------------------|--------------|------------|
| | | | PER | EV/EBITDA |
| Darma Henwa | DEWA | 2,448 | 194.3 | 2.0 |
| Delta Dunia Makmur | DOID | 4,246 | 396.3 | 3.0 |
| RMK Energy | RMKE | 2,275 | 8.6 | 8.0 |
| United Tractor | UNTR | 96,144 | 4.6 | 2.7 |
| Average | | | 150.9 | 3.9 |

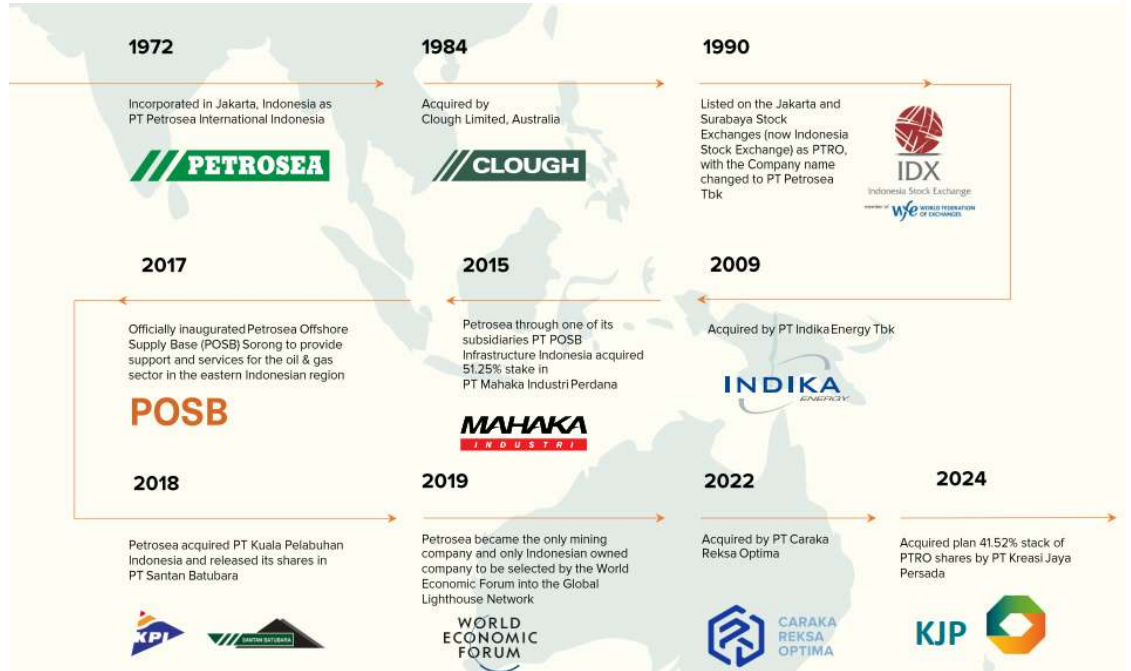
Source: Bloomberg

Exhibit 4: Project map



Source: PTRO

Exhibit 5: Company Milestones



Source: PTRO

Exhibit 6: PTRO Sorong facilities



Source: PTRO

Analyst Certification

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