

# Petrosea Tbk.(PTRO)

## New Contracts Expected to Boost Earnings

**Petrosea (PTRO) reported a 24.5% YoY increase in revenue to IDR 10.96 trillion for FY24 as several new projects are initiated. Contract mining segment is still the main contributor to the company's topline at IDR 5.52 trillion; however we saw a 91.2% YoY increase in revenue from the EPC segment to IDR 4.74 trillion as the company shifts its focus to this more profitable and robust segment.**

### Bottom line falls as preparation continues for new projects

- PTRO reported the signing of several new contracts throughout FY24 with an estimated backlog of IDR 64.3 trillion. The company also signed a giant USD 1 billion contract with Vale in January 2025.
- With all these new projects coming in, PTRO announced a CAPEX budget of USD 400 million in 4Q24 for the FY24-25 period. This budget will be allocated mainly to the purchase of new heavy equipment as the company prepares to begin execution of the new contracts. As of the end of FY24, 33.5% of this total budget has been realized, with most of the rest expected to be realized in 1H25.
- Preparation for the new projects has caused expenses for FY24 to inflate, while revenue will only start being realized in the FY25 books, explaining the company's 17% YoY decline in net income.
- We expect bottom line to strongly improve in FY25. Aside from the earlier mentioned Vale contracts, the company also obtained massive projects across the contract mining & EPC segments with Pasir Bara Prima, BP Berau, and Global Bara Mandiri.

### MSCI & declining coal prices

- In a recent announcement, MSCI opted not to include PTRO in its index rebalancing prompting some unfavorable sentiment in the market. However, it needs to be noted that MSCI has opened a channel for market participants to give their inputs regarding the suitability of adding PTRO to the index for its next reshuffling, fueling optimism that PTRO will be added during the next rebalancing in May 2025.
- Coal price decline has been a cause for concern as well in FY25, with ICI prices across all CV levels falling by double digits. This has caused concerns among coal producers, with mining contracting companies expected to be indirectly affected and face stagnating demand.
- However, PTRO's recent focus on expanding its EPC business segment as well as the long contract length of its projects will be helpful in mitigating the impact of weak coal prices on its performance.

### Rated BUY with TP at IDR 4,300

- NHKS Research gives a BUY rating for PTRO with a TP of IDR 4,300.
- PTRO currently trades at an EV/EBITDA of 23.2x, while peer average is currently at 18.5x. We forecast PTRO's EBITDA to reach IDR 2.68 trillion in FY2027, and thus a TP of IDR 4,300 implying an EV/EBITDA of 18.6x would be fair value.
- Risks: 1) Continued volatility in commodity prices 2) Project delays 3) Changes in government policies

### Petrosea Tbk | Summary (IDR bn)

in IDR bn	2024A	2025F	2026F	2027F
Revenue	10,955	13,147	14,625	15,924
Revenue growth	24.5%	20.0%	11.2%	8.9%
Net profit	153.8	811.0	925.0	1,013.0
EPS (IDR)	15.2	80.4	91.7	100.4
Net Profit growth	-17.3%	427.3%	14.1%	9.5%
NPM	1.4%	6.2%	6.3%	6.4%
ROE	3.8%	17.6%	17.7%	17.2%
ROA	1.1%	4.6%	5.0%	5.4%
P/E	181.2x	62.2x	54.5x	49.8x
P/BV	6.9x	11.0x	9.7x	8.6x
EV/EBITDA	21.2x	25.1x	23.1x	21.3x

Source: Company Data, Bloomberg, NHKS Research

Please consider the rating criteria & important disclaimer

Initiation Report | Mar 12, 2025

## BUY

<b>Target Price (IDR)</b>	<b>4,300</b>
Consensus Price (IDR)	5,250
TP to Consensus Price	-18.1%
Potential Upside	+34.8%

### Shares data

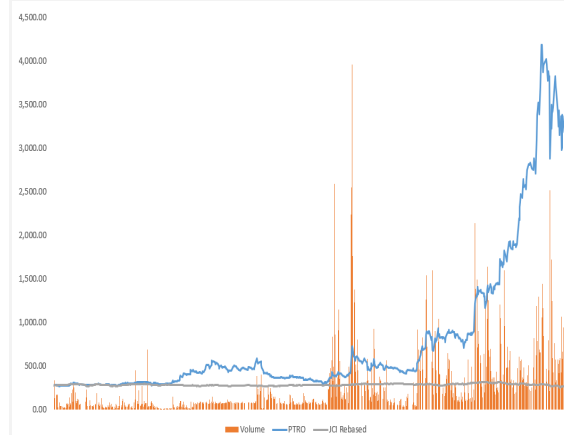
Last Price (IDR)	3,190
Price date as of	Mar 11, 2025
52 wk range (Hi/Lo)	4,560 / 394
Free float (%)	26.19%
Outstanding sh.(mn)	10,086.1
Market Cap (IDR bn)	32,174.5
Market Cap (USD mn)	1,870.9
Avg. Trd Vol - 3M (mn)	97.9

### Mining

#### Coal

Bloomberg	PTRO IJ
Reuters	PTRO.JK

### Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	15.5%	-0.9%	20.8%	566.0%
Rel. Ret.	23.0%	-1.1%	33.1%	577.3%

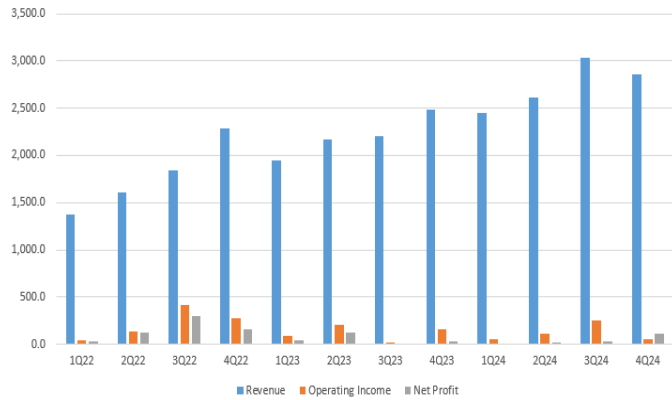
### Axell Ebenhaezer - Mining & Property

(021) 5088 9133

Axell.Ebenhaezer@nhsec.co.id

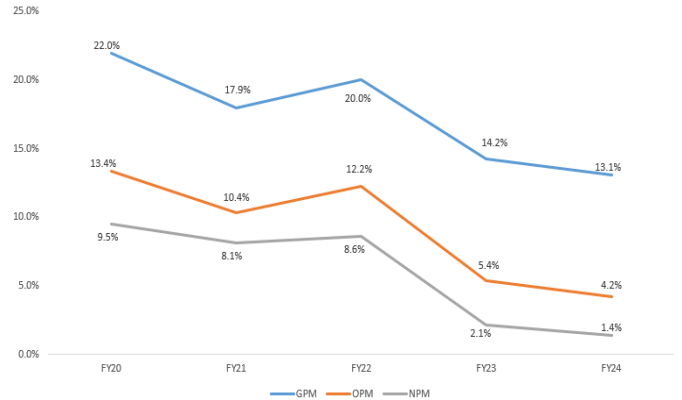
# Performance Highlight Of PTRO

**PTRO Quarterly Performance (1Q22-4Q24, IDR Billion)**



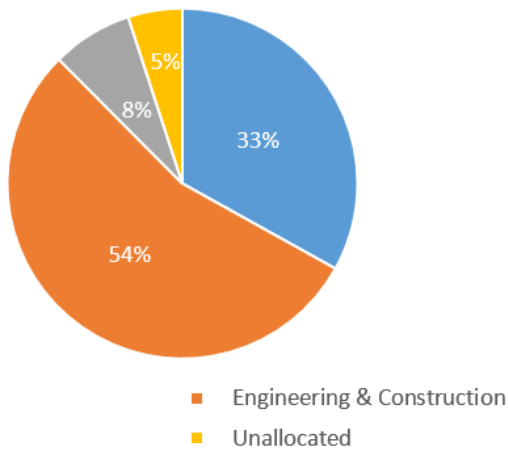
Source: PTRO, NHKSI Research

**PTRO Margin Ratios (FY20-FY25)**



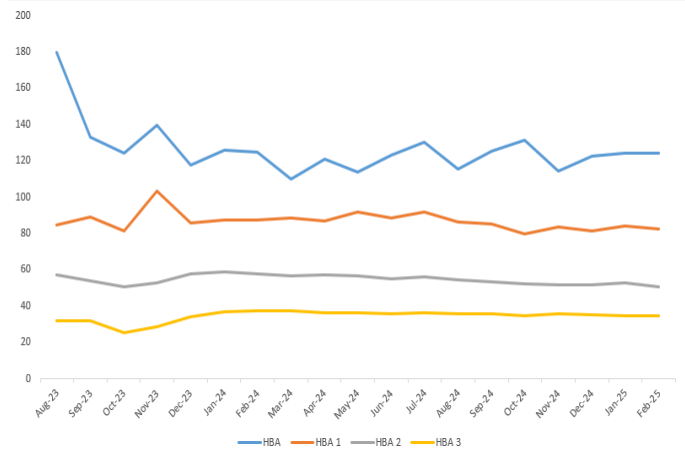
Source: PTRO, NHKSI Research

**PTRO Revenue Breakdown (FY25)**



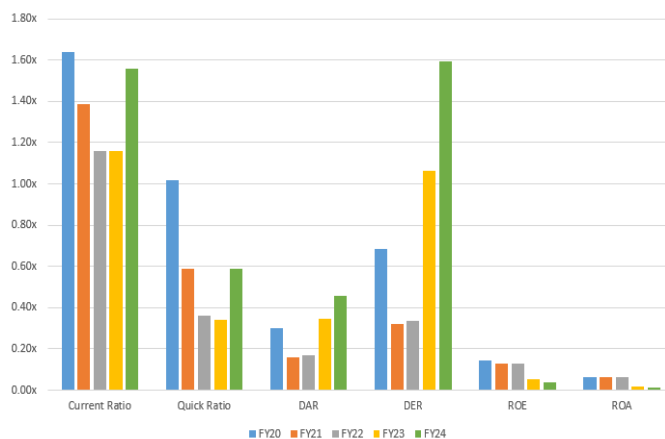
Source: PTRO, NHKSI Research

**Monthly Harga Batubara Acuan (Aug 2023-Feb 2025, USD/Ton)**



Source: PTRO, NHKSI Research

**PTRO Key Ratios (FY20-FY25)**



Source: PTRO, NHKSI Research

## Summary of Financials

### INCOME STATEMENT

(IDR bn)	2024/12A	2025/12F	2026/12F	2027/12F
Revenue	10,955	13,147	14,625	15,924
Growth	24.5%	20.0%	11.2%	8.9%
COGS	9,524	11,072	12,275	13,269
<b>Gross Profit</b>	<b>1,432</b>	<b>2,074</b>	<b>2,350</b>	<b>2,655</b>
Gross Margin	13.1%	15.8%	16.1%	16.7%
Operating Expenses	973	840	941	1,037
<b>EBIT</b>	<b>459</b>	<b>1,234</b>	<b>1,408</b>	<b>1,618</b>
EBIT Margin	4.2%	9.4%	9.6%	10.2%
Depreciation	1,071	1,042	1,070	1,061
<b>EBITDA</b>	<b>1,530</b>	<b>2,276</b>	<b>2,479</b>	<b>2,679</b>
EBITDA Margin	14.0%	17.3%	16.9%	16.8%
Interest Expenses	325	283	356	449
<b>EBT</b>	<b>125</b>	<b>947</b>	<b>1,074</b>	<b>1,174</b>
Income Tax	(33)	132	146	157
Minority Interest	4	4	4	4
<b>Net Profit</b>	<b>154</b>	<b>811</b>	<b>925</b>	<b>1,013</b>
Growth	-17.3%	427.3%	14.1%	9.5%
Net Profit Margin	1.4%	6.2%	6.3%	6.4%

### BALANCE SHEET

(IDR bn)	2024/12A	2025/12F	2026/12F	2027/12F
Cash	1,869	2,407	2,575	2,199
Receivables	2,731	2,903	2,968	2,918
Inventories	314	349	367	399
<b>Total Current Assets</b>	<b>5,793</b>	<b>6,537</b>	<b>6,869</b>	<b>6,577</b>
Net Fixed Assets	5,744	8,019	8,529	8,645
Other Non Current Assets	2,568	3,027	3,163	3,373
<b>Total Assets</b>	<b>14,105</b>	<b>17,583</b>	<b>18,561</b>	<b>18,595</b>
Payables	2,505	2,571	2,641	2,700
ST Debt	992	998	832	858
LT Debt	5,476	8,178	8,662	7,879
<b>Total Liabilities</b>	<b>10,043</b>	<b>12,982</b>	<b>13,349</b>	<b>12,720</b>
Common Stock	544	544	544	544
Retained Earnings	3,557	4,091	4,699	5,366
<b>Shareholders' Equity</b>	<b>4,062</b>	<b>4,601</b>	<b>5,212</b>	<b>5,875</b>

### CASH FLOW STATEMENT

(IDR bn)	2024/12A	2025/12F	2026/12F	2027/12F
Operating Cash Flow	443	1,447	1,857	1,853
Investing Cash Flow	(2,053)	(3,330)	(1,684)	(1,125)
Financing Cash Flow	2,318	2,434	7	(1,081)
<b>Net Changes in Cash</b>	<b>665</b>	<b>538</b>	<b>168</b>	<b>(376)</b>

### PROFITABILITY & STABILITY

	2024/12A	2025/12F	2026/12F	2027/12F
ROE	3.8%	17.6%	17.7%	17.2%
ROA	1.1%	4.6%	5.0%	5.4%
Inventory Turnover	34.9	31.7	33.4	33.3
Days Inventory Outstanding	10.5	11.5	10.9	11.0
Receivables Turnover	4.0	4.5	4.9	5.5
Account Receivable Days	91.0	80.6	74.1	66.9
Dividend Yield	0.19%	0.86%	0.98%	1.08%
Payout Ratio	34.2%	34.2%	34.2%	34.2%
DER	1.6	2.0	1.8	1.5
Current Ratio	1.6	1.7	1.8	1.8
Quick Ratio	0.6	0.7	0.8	0.7
DAR	46%	52%	51%	47%
Total Shares (mn)	10,086	10,086	10,086	10,086
Share Price (IDR)	2,763	3,190	3,190	3,190
Market Cap (IDR tn)	27.87	32.17	32.17	32.17

### VALUATION INDEX

	2024/12A	2025/12F	2026/12F	2027/12F
Price/Earnings	181.2x	39.7x	34.8x	31.8x
Price/Book Value	6.9x	7.0x	6.2x	5.5x
EV/EBITDA	21.2x	17.1x	15.8x	14.5x
EV (IDR bn)	32,467	38,944	39,094	38,713
BVPS (IDR)	402.7	456.1	516.7	582.4
Basic EPS (IDR)	15.2	80.4	91.7	100.4

### TOP OWNERSHIP

Shareholders	%
PT Kreasi Jasa Persada	41.5
PT Caraka Reksa Optima	30.2
Others	28.3

Source: PTRO, 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%

### DISCLAIMER

This document is strictly confidential and is being supplied to you solely for your information. The recipients of this report must make their own independent decisions regarding any securities or financial instruments mentioned herein. This document may not be quoted, reproduced, exhibited, redistributed, transmitted, edited, translated, or published, in whole or in part, for any purpose without notice. Any failure to comply with this restriction may constitute a violation of civil or criminal laws.

This report and any electronic access hereto are restricted and intended only for the clients and related entities of PT NH Korindo Sekuritas Indonesia. This report is only for information and recipient use. It is not reproduced, copied, or made available for others. Under no circumstances is it considered as a selling offer or solicitation of securities buying. Any recommendation contained herein may not be suitable for all investors. Although the information hereof is obtained from reliable sources, its accuracy and completeness cannot be guaranteed. PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, and agents are held harmless from any responsibility and liability for claims, proceedings, action, losses, expenses, damages, or costs filed against or suffered by any person as a result of acting pursuant to the contents hereof. Neither is PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, nor agents are liable for errors, omissions, misstatements, negligence, inaccuracy contained herein.

All rights reserved by PT NH Korindo Sekuritas Indonesia