

Pertamina Geothermal Energy

HOLD (unchanged)

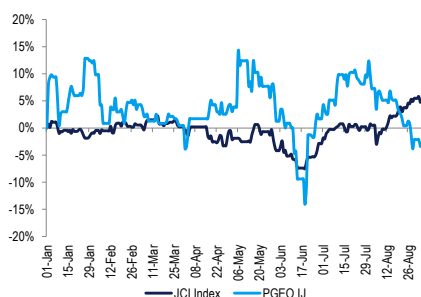
Company update | PGEO IJ | 28 October 2024

Stock Data

Target price	Rp1,250
Prior TP	Rp1,250
Current price	Rp1,125
Upside/downside	+11%
Shares outstanding (mn)	41,500
Market cap (Rp bn)	46,895
Free float	10%
Avg. 6m daily T/O (Rp bn)	19

Price Performance

	3M	6M	12M
Absolute	-6.6%	-6.6%	-17.8%
Relative to JCI	-14.9%	-11.3%	-26.7%
52w low/high (Rp)	1,000 – 1,605		



Major Shareholders

Pertamina Power Indonesia	68.8%
Masdar Indonesia Solar Holdings	15.0%
Pertamina Pedeve Indonesia	6.0%

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3Q24 results: EBITDA in-line with consensus

- PGEO reported US\$337mn EBITDA (-3% yoy) in 9M24, in-line with ours and consensus forecast (75%/74% IPS/consensus).
- In 3Q24, PGEO EBITDA stood at US\$86mn (flat yoy/+4% qoq), as there are no additional plant capacity while ASP was flattish on yoy basis.
- Maintain our Hold rating with an unchanged TP of Rp1,250/share.

9M24 review: EBITDA in-line, NP beat on other income

PGEO reported US\$337mn EBITDA (-3% yoy) in 9M24, which was in-line with ours and consensus forecast (75%/74% IPS/consensus), with limited ASP increase from electricity sales as U.S PPI were below c.2% level YTD, leading to flat electricity ASP, limited ASP increase from steam (c.2% yoy), while no additional plant has been added on yoy basis. 9M24 NP stood at US\$134mn (flat yoy), beat against consensus forecast (84% consensus) on higher than expected other income (i.e. forex gain of US\$13mn in 9M24) albeit in-line with our forecast (74% IPS). Nevertheless, we think EBITDA shall represent PGEO's operational performance better than NP.

3Q24 review: remains in-line with ours and consensus expectation

In 3Q24, PGEO reported US\$86mn EBITDA (flat yoy/+4% qoq), which was in-line with our 3Q24F earnings preview. Revenue was flattish on yoy basis (Fig. 1) while GPM stood at c.57% (70bps decline yoy), potentially on higher MESOP and depreciation expenses (+1% yoy). Below operating line, PGEO reported forex loss of US\$4mn in 3Q24, leading to NP decline (-7% yoy) to US\$38mn.

3Q24 operational review: Jul24 and Aug24 in-line with expectation

PGEO has yet to disclose its 9M24 operational performance, but it shall be more or less in-line with market expectation, following flattish revenue delivery on both yoy and qoq basis in 3Q24. As per its latest disclosure (8M24), total power generation reached 3,180 GWh (66% of FY24F outlook of 4,764GWh), with Kamojang, Lahendong, Ulubelu, Lumut Balai, and Karaha geothermal plants achieving 66-68% of FY24F target (Fig. 2)

Maintain Hold rating with unchanged TP of Rp1,250/share

We maintain our Hold rating with an unchanged TP of Rp1,250/share. Our TP of Rp1,250/share is derived from 10-year DCF model (WACC 10.1%). Downside risks include slower than expected commencement in Lumut Balai Unit 2 (55MW) and execution risks on its co-generation projects.

Financial Summary (US\$ mn)	2022A	2023A	2024F	2025F	2026F
Revenue	386	406	405	438	496
EBITDA	306	330	337	357	389
Net profit	127	164	181	188	209
EPS growth	50%	28%	11%	4%	11%
ROE	10%	8%	9%	9%	10%
PER (x)	23.0	17.9	16.2	15.6	14.0
EV/EBITDA (x)	11.8	9.0	8.6	7.9	7.1
Dividend yield	3%	1%	4%	5%	5%
IPS vs. consensus			113%	113%	121%

Source: Company, Indo Premier

Share price closing as of: 25 October 2024

Fig. 1: 3Q24/9M24 financial results summary

PGEO 9M24 results	9M24	9M23	yoy%	3Q24	3Q23	yoy%	2Q24	qoq%	IPS FY24F	% of IPS	Cons FY24F	% of cons
Revenue	306	309	-1%	102	102	0%	100	2%	405	76%	412	74%
Cost of revenue	(132)	(126)	5%	(44)	(43)	2%	(44)	-1%	(179)	74%	(177)	75%
Gross profit	174	183	-5%	58	59	-1%	56	4%	227	77%	235	74%
Gross margin	57%	59%		57.0%	57.7%		55.7%		56%		57%	
Operating expenses	(3)	(3)	9%	0	(1)	-104%	(1)	-102%	(6)	50%	(3)	85%
EBIT	171	180	-5%	58	58	0%	55	7%	221	77%	232	74%
EBIT margin	56%	58%		57%	57%		54%		55%		56%	
Depreciation & Amortization	83	81	3%	28	27	1%	28	-1%	117	72%	111	75%
EBITDA	254	261	-3%	86	86	0%	83	4%	337	75%	343	74%
EBITDA margin	83%	85%		84%	84%		82%		83%		83%	
Finance income	25	13	91%	5	5	-9%	9	-48%	40	62%		
Finance costs	(17)	(18)	-8%	(6)	(6)	-2%	(6)	1%	(24)	69%		
Other inc. (exp.)	14	23	-38%	(3)	2	-234%	12	-123%	30	48%		
Pre-tax profit	193	198	-2%	55	60	-8%	70	-21%	267	72%	239	81%
Income tax	(59)	(64)	-8%	(17)	(19)	-10%	(21)	-19%	(86)	69%		
Minorities	0	0	-4%	0	(0)	-367%	(0)	-367%	0	#DIV/0!		
Net profit	134	134	0%	38	41	-7%	49	-23%	181	74%	160	84%
Net margin	44%	43%		37%	40%		49%		45%		39%	

Source: Bloomberg, Indo Premier

Fig. 2: PGEO's 8M24 operational performance

GWh	1H24	7M24	8M24		%	Outlook 2024
Kamojang	865	1,017	1,154		66%	1,744
Lahendong	434	501	578		67%	862
Ulubelu	790	930	1,060		67%	1,587
Lumut Balai	242	282	323		68%	473
Karaha	46	56	65		66%	98
Total	2,377	2,787	3,180		67%	4,764

Source: Bloomberg, Indo Premier

Fig. 3: Peers comparison table

Ticker	Company	Rating	Target price (Rp/share)	P/E			EV/EBITDA			Dividend yield (%)		
				24F	25F	26F	24F	25F	26F	24F	25F	26F
AKRA IJ	AKR Corporindo	Buy	2,000	10.6	10.6	9.5	6.9	7.7	6.5	1.8%	2.8%	8.4%
MEDC IJ	Medco Energi Internasional	Buy	1,700	5.2	6.1	6.1	3.8	3.6	3.6	3.3%	3.4%	3.9%
PGEO IJ	Pertamina Geothermal	Hold	1,250	16.2	15.6	14.0	8.6	7.9	7.1	4.4%	4.6%	4.8%
PGAS IJ	Perusahaan Gas Negara	Hold	1,675	6.4	7.0	7.4	3.3	3.4	3.4	8.3%	10.9%	9.9%

Source: Bloomberg, Indo Premier

Income Statement (US\$ mn)	2022A	2023A	2024F	2025F	2026F
Net revenue	386	406	405	438	496
Cost of sales	(173)	(179)	(179)	(195)	(227)
Gross profit	213	227	227	243	270
SG&A Expenses	(12)	(6)	(6)	(6)	(6)
Operating profit	201	222	221	237	264
Net interest	(14)	(2)	16	19	24
Others	7	21	30	20	20
Pre-tax income	195	241	267	276	308
Income tax	(67)	(77)	(86)	(89)	(99)
Minority interest	0	0	0	0	0
Net income	127	164	181	188	209

Balance Sheet (US\$ mn)	2022A	2023A	2024F	2025F	2026F
Cash & equivalent	262	678	758	844	879
Receivable	123	136	136	147	167
Inventory	20	23	23	25	29
Other current assets	28	27	27	27	27
Total current assets	433	863	943	1,042	1,100
Fixed assets	104	109	109	109	109
Other non-current assets	1,938	1,992	1,964	1,924	1,948
Total non-current assets	2,042	2,101	2,073	2,033	2,057
Total assets	2,475	2,964	3,016	3,075	3,158

ST loans	0	0	0	0	0
Payable	66	83	82	90	104
Other payables	98	26	26	26	26
Current portion of LT loans	0	0	0	0	0
Other current liabilities	695	136	119	119	119
Total current liab.	858	244	228	235	250
Long term loans	328	315	729	729	729
Other LT liab.	34	434	35	35	35
Total non-current liabilities	362	749	764	764	764
Total liabilities	1,220	993	992	1,000	1,014

Equity	1,075	1,654	1,654	1,654	1,654
Retained earnings	165	298	351	403	471
Minority interest	16	19	19	19	19
Total SHE + minority int.	1,256	1,971	2,024	2,076	2,144
Total liabilities & equity	2,475	2,964	3,016	3,075	3,158

Source: Company, Indo Premier

Cash Flow Statement (US\$ mn)	2022A	2023A	2024F	2025F	2026F
Net income	130	164	181	188	209
Depr. & amortization	105	108	117	120	126
Changes in working capital	46	(31)	0	(6)	(9)
Others	0	0	0	0	0
Cash flow from operating	281	241	298	302	325
Capital expenditure	(47)	(157)	(88)	(80)	(150)
Others	18	(6)	0	0	0
Cash flow from investing	(29)	(164)	(88)	(80)	(150)
Loans	(13)	(214)	(1)	0	0
Equity	(1)	582	0	0	0
Dividends	(100)	(30)	(128)	(136)	(141)
Others	0	0	0	0	0
Cash flow from financing	(115)	338	(129)	(136)	(141)
Changes in cash	137	415	80	86	35

Key Ratios	2022A	2023A	2024F	2025F	2026F
Gross margin	55%	56%	56%	55%	54%
Operating margin	52%	55%	55%	54%	53%
Pre-tax margin	50%	59%	66%	63%	62%
Net margin	33%	40%	45%	43%	42%
ROA	5%	6%	6%	6%	7%
ROE	10%	8%	9%	9%	10%
Acct. receivables TO (days)	3.1	3.0	3.0	3.0	3.0
Inventory TO (days)	8.6	7.9	7.9	7.9	7.9
Payable TO (days)	2.6	2.2	2.2	2.2	2.2
Debt to equity	0.8	0.4	0.4	0.4	0.3
Interest coverage ratio (x)	20.6	13.6	13.9	14.7	16.1
Net gearing	0.5	0.0	(0.0)	(0.1)	(0.1)

Source: Company, Indo Premier