

Harum Energy

HOLD (unchanged)

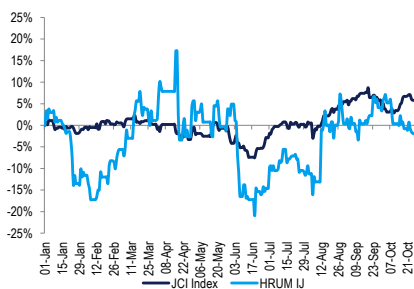
Company update | Metals | HRUM IJ | 8 April 2025

Stock Data

Target price	Rp1,450
Prior TP	Rp1,450
Current price	Rp1,185
Upside/downside	+22%
Shares outstanding (mn)	13,518
Market cap (Rp bn)	16,222
Free float	19%
Avg. 6m daily T/O (Rp bn)	31

Price Performance

	3M	6M	12M
Absolute	1.7%	-14.9%	-25.7%
Relative to JCI	-2.8%	-19.5%	-37.8%
52w low/high (Rp)	1,055 – 1,615		



Major Shareholders

Karunia Bara Perkasa	79.8%
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Ryan Winipta

PT Indo Premier Sekuritas
ryan.winipta@ipc.co.id
+62 21 5088 7168 ext. 718

Reggie Parengkuan

PT Indo Premier Sekuritas
reggie.parengkuan@ipc.co.id
+62 21 5088 7168 ext. 714

4Q24 result: miss from lower coal contribution & impairment

- HRUM reported US\$54mn NP in FY24 (-64% yoy), which came below ours & consensus forecast (42%/43% IPS/consensus).
- In 4Q24, net loss stood at US\$16mn, primarily driven by lower coal contribution and US\$45mn impairment loss from the sale of NIC.
- Our rating and TP of Rp1,450/share remain unchanged as we await details from HRUM's earnings call.

4Q24 review: lower coal & nickel contribution and impairment loss

HRUM reported US\$54mn NP in FY24 (-64% yoy), which came significantly below ours and consensus forecast (42%/43% IPS/consensus) amid US\$45mn impairment loss from the sale of NIC in addition to lower-than-expected ASP from coal & nickel business; this also translated to 4Q24 net loss of US\$16mn. Revenue were lower by 13% qoq, following lower coal ASP & volume while contribution from nickel also declined qoq albeit at a smaller magnitude vs. its coal business (-2%). As a result, GP margin declined by c.300bps qoq. Opex remain flattish on qoq basis.

Operational: lower coal ASP & nickel EBITDA

Coal sales volume declined by -19% qoq to 1.3mt in 4Q24 while ASP have also trended lower by -5% qoq to US\$84/t, which led to significant decline in coal revenue & overall GP. Cash costs also rose by +14% qoq to US\$55/t on qoq basis, owing to higher SR of 12.5x (vs. 11.7x in 3Q24). On the nickel business, HRUM no longer discloses breakdown between NPI & nickel-matte, but on the blended basis, volume were flattish qoq at 17.6kt while blended ASP slightly declined by -2% qoq. We estimate overall cash costs to improve as EBITDA improved to US\$24mn in 4Q24 (+24% qoq).

Maintain Hold rating with an unchanged TP of Rp1,450/share

We maintain our FY25F/26F forecast for now as we await details from earnings call. Hence, we maintain our Hold rating with our SOTP-based TP remain unchanged at Rp1,450/share. Upside risks include higher than expected NPI price in FY25F owing to potential China stimulus, and aggressive buyback action from HRUM's Rp1tr buyback initiatives. Downside risks include further delay in PT POS and execution risks on 67ktpa Blue Sparkling Energy (BSE) HPAL in addition to indirect downward risks from tariff imposition, which could lead to slower economic growth and lower demand for either NPI or nickel-matte.

Financial Summary (US\$ mn)	2022A	2023A	2024F	2025F	2026F
Revenue	904	926	1,441	1,655	1,986
EBITDA	471	350	316	334	476
Net profit	302	151	128	126	165
EPS growth	306%	-50%	-15%	-2%	30%
ROE	41%	17%	8%	8%	9%
PER (x)	3.6	7.2	7.9	8.0	6.2
EV/EBITDA (x)	1.5	3.0	4.8	5.8	3.9
Dividend yield	0%	0%	0%	0%	0%
IPS vs. consensus			75%	53%	35%

Source: Company, Indo Premier

Share price closing as of: 8 April 2025

Fig. 1: 4Q24/FY24 financial summary

HRUM FY24 results	FY24	FY23	% yoy	4Q24	4Q23	% yoy	3Q24	% qoq	IPS FY24F	% of IPS	Cons FY24F	% of IPS
Revenues	1,295	926	40%	325	283	15%	373	-13%	1,441	90%	1,370	95%
Cost of revenues	(1,012)	(543)	86%	(268)	(200)	34%	(296)	-10%	(1,135)	89%	(1,003)	101%
Gross profit	283	382	-26%	58	83	-31%	77	-25%	306	93%	367	77%
Gross profit margin (%)	22%	41%		17.7%	29%		20.6%		21%		27%	
Operating expenses	(68)	(96)	-29%	(23)	(30)	-21%	(23)	1%	(61)	112%	(122)	56%
EBIT	215	287	-25%	34	53	-36%	54	-37%	245	88%	244	88%
EBIT margin (%)	17%	31%		10%	19%		14%		17%		18%	
Depreciation	66	49	36%	14	9	57%	15	-7%	71	94%	66	101%
EBITDA	282	336	-16%	48	62	-23%	69	-30%	316	89%	310	91%
EBITDA margin (%)	22%	36%		15%	22%		18%		22%		23%	
Finance income	8	19	-60%	2	11	-84%	2	-22%	6	125%		N/A
Finance costs	(33)	(6)	437%	(9)	(3)	246%	(13)	-32%	(23)	143%		N/A
Profit from JV/Asso	(7)	25	-128%	(7)	(1)	456%	(1)	410%	7	-93%		N/A
Other inc. (exp.)	(69)	(62)	11%	(37)	5	-906%	10	-470%	(39)	178%		N/A
Profit before tax	115	263	-56%	(17)	65	-127%	51	-134%	198	58%	209	55%
Income tax	(37)	(67)	-44%	1	(14)	-105%	(10)	-106%	(37)	100%		N/A
Tax rate (%)	33%	26%		4%	22%		20%		19%			
Minorities	(24)	(45)	-47%	1	(7)	-114%	(8)	-112%	(32)	73%		N/A
Net profit	54	151	-64%	(16)	44	-136%	33	-149%	128	42%	125	43%
Net margin (%)	4%	16%		-5%	15%		9%		9%		9%	
Core profit	100	197	-49%	20	40	-51%	25	-20%	159	63%	125	80%

Source: Company, Indo Premier

Income Statement (US\$ mn)	2022A	2023A	2024F	2025F	2026F
Net revenue	904	926	1,441	1,655	1,986
Cost of sales	(363)	(543)	(1,135)	(1,286)	(1,482)
Gross profit	541	382	306	369	505
SG&A Expenses	(101)	(96)	(61)	(120)	(125)
Operating profit	440	287	245	249	380
Net interest	(1)	13	(16)	(16)	(10)
Income from associates/JV	39	25	7	14	14
Others	(1)	(62)	(39)	0	0
Pre-tax income	478	263	198	247	384
Income tax	(98)	(67)	(37)	(16)	(43)
Minority interest	(78)	(45)	(32)	(105)	(177)
Net income	302	151	128	126	165

Balance Sheet (US\$ mn)	2022A	2023A	2024F	2025F	2026F
Cash & equivalent	371	157	255	328	310
Receivable	69	111	173	199	239
Inventory	43	78	167	189	217
Other current assets	36	86	86	86	86
Total current assets	519	432	681	802	853
Fixed assets	52	170	1,155	2,129	2,098
Other non-current assets	708	1,030	1,132	685	759
Total non-current assets	760	1,201	2,287	2,815	2,857
Total assets	1,279	1,633	2,968	3,616	3,710

ST loans	0	0	0	0	0
Payable	21	80	167	189	217
Other payables	64	51	51	51	51
Current portion of LT loans	0	0	0	0	0
Other current liabilities	146	126	126	126	126
Total current liab.	230	257	344	366	395
Long term loans	1	137	757	1,257	1,157
Other LT liab.	55	65	65	65	65
Total non-current liabilities	57	202	822	1,322	1,222
Total liabilities	287	458	1,165	1,687	1,616

Equity	199	199	199	199	199
Retained earnings	543	694	822	948	1,113
Minority interest	251	282	782	782	782
Total SHE + minority int.	992	1,175	1,803	1,929	2,093
Total liabilities & equity	1,279	1,633	2,968	3,616	3,710

Source: Company, Indo Premier

Cash Flow Statement (US\$ mn)	2022A	2023A	2024F	2025F	2026F
Net income	368	87	128	126	165
Depr. & amortization	31	55	62	76	86
Changes in working capital	44	(106)	(64)	(26)	(40)
Others	0	0	0	0	0
Cash flow from operating	444	36	126	176	211
Capital expenditure	(31)	(153)	(1,023)	(1,121)	(128)
Others	(131)	(335)	(125)	518	0
Cash flow from investing	(162)	(487)	(1,148)	(603)	(128)
Loans	(99)	207	620	500	(100)
Equity	116	31	500	0	0
Dividends	(77)	0	0	0	0
Others	0	0	0	0	0
Cash flow from financing	(61)	238	1,120	500	(100)
FX effect	0	0	0	0	0
Changes in cash	221	(213)	98	73	(17)

Key Ratios	2022A	2023A	2024F	2025F	2026F
Gross margin	60%	41%	21%	22%	25%
Operating margin	49%	31%	17%	15%	19%
Pre-tax margin	53%	28%	14%	15%	19%
Net margin	33%	16%	9%	8%	8%
ROA	24%	9%	4%	3%	4%
ROE	41%	17%	8%	8%	9%
Acct. receivables TO (days)	13.1	8.3	8.3	8.3	8.3
Inventory TO (days)	8.4	7.0	6.8	6.8	6.8
Payable TO (days)	17.4	6.8	6.8	6.8	6.8
Debt to equity	0.0	0.0	0.0	0.0	0.0
Interest coverage ratio (x)	137.1	47.3	10.8	7.9	13.1
Net gearing	(0.5)	(0.0)	0.3	0.6	0.5

Source: Company, Indo Premier