

# Harum Energy

BUY (unchanged)

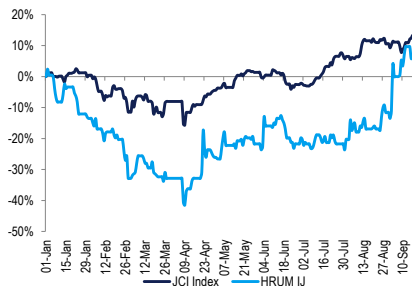
Company update | Metals | HRUM IJ | 22 September 2025

## Stock Data

Target price	Rp1,150
Prior TP	Rp1,050
Current price	Rp1,050
Upside/downside	+10%
Shares outstanding (mn)	13,518
Market cap (Rp bn)	14,329
Free float	17%
Avg. 6m daily T/O (Rp bn)	33

## Price Performance

	3M	6M	12M
Absolute	27.7%	51.4%	-22.3%
Relative to JCI	11.3%	23.0%	-26.2%
52w low/high (Rp)	605 – 1,430		



## 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

## 4Q25/1Q26F will be the inflection point driven by ore sales and BSE HPAL

- We think 4Q25/1Q26F are set to become an inflection point for HRUM with the start of ore sales from PT Position & BSE HPAL commencement
- NP growth shall be further boosted in FY27F with completion of slurry pipeline by end of FY26F & potentially higher RKAB quota approval.
- We kept our Buy rating unchanged and raised our TP to Rp1,150/share, implying FY26F 11x P/E, as we upgrade our FY25F-27F NP by +5-19%.

### 4Q25/1Q26F inflection point: ore sales and BSE HPAL

We think 4Q25/1Q26F is set to become an inflection point for HRUM's nickel business as ore sales from PT Position (1.8mn wmt target in 2H25F) is set to be delivered to company's internal nickel smelter (i.e. IMI & WMI); along with Blue Sparkling Energy (BSE) HPAL, that is set to commission by 1Q26F. As HRUM won't be recording any revenue from PT Position – 100% ore sales to internal smelter will be eliminated on consolidated basis. Ore sales will be recorded as cash-costs savings in NPI/Matte of an estimated ~US\$350/t in 4Q25F. If c.100% of nickel ore could be delivered and used for NPI/matte production on timely manner, cash-costs savings could reach ~US\$1k/t, but we think this is less realistic given recent PT Position progress, according to our discussion with HRUM.

### FY27F: further boost on slurry pipeline completion & higher ore sales

As BSE HPAL is set to start its operation in early FY26F, HRUM may have to procure limonite ore from 3<sup>rd</sup> party: Weda Bay and/or Morowali area, which shall lead to higher cash costs on its HPAL. Note that at current market price, there might be around additional US\$5-6/wmt ore premium that HRUM must paid vs. using internal limonite ore; this is equivalent to US\$700-850/t additional cost per 1 ton of MHP produced. However by FY27F, slurry pipeline shall help its MHP margin following its completion by end of FY26F & potentially higher RKAB quota (i.e. saprolite & limonite), translating into further cash costs improvement.

### Maintain Buy rating with higher TP of Rp1,150/share

We maintain our Buy rating and raised our SOTP-based TP to Rp1,150/share (from previously Rp1,050/share), as we upgrade our FY25F/26F/27F NP forecast by +19%/+5%/+18%, respectively. Our TP is implying 11x FY26F P/E or around 14x FY26F P/E for its nickel business, assuming 5x P/E valuation for HRUM's coal business. **3Q25F preview:** NP is likely to come relatively flattish on qoq basis at US\$22mn, as we expect ~20% qoq decline in coal-volume (details below). Downside risks include: higher limonite ore premium & inability to source limonite ore from 3<sup>rd</sup> party, and potential delay in limonite ore slurry pipeline.

Financial Summary (US\$ mn)	2023A	2024A	2025F	2026F	2027F
Revenue	926	1,295	1,301	1,768	2,208
EBITDA	350	281	230	345	626
Net profit	151	54	79	89	114
EPS growth	-50%	-64%	47%	12%	29%
ROE	17%	6%	8%	8%	10%
PER (x)	5.7	15.8	10.8	9.7	7.5
EV/EBITDA (x)	2.4	3.4	5.1	3.6	1.5
Dividend yield	0%	0%	0%	0%	0%
IPS vs. consensus			111%	127%	70%

Source: Company, Indo Premier

Share price closing as of: 19 September 2025

**3Q25F preview: NP to remain relatively flattish on qoq basis on lower coal sales volume**

We expect HRUM to record US\$22mn NP in 3Q25F, relatively flattish vs. US\$24mn NP in 2Q25, as we expect coal-sales to decline in-line with its RKAB quota of ~5Mt. We estimated that coal ASP is set to be flattish at around US\$77/t, given similar domestic customer proportion vs. 2Q25, which often is lower priced vs. export market.

Additionally, on nickel, we expect slight cash costs improvement of around US\$150/t, following the start of ore delivery from PT Position in 3Q25F, albeit in still relatively limited amount, according to our discussion with company. Thus, 9M25F NP is expected to stood at US\$52mn, in-line with consensus (73%).

**Fig. 1: Old vs New forecast**

HRUM US\$ mn	New forecast			Forecast change			Consensus			IPS vs Consensus		
	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F
Revenues	1,301	1,768	2,208	-9%	2%	26%	1,447	1,790	2,259	90%	99%	98%
Gross profit	242	345	619	-6%	-7%	61%	263	312	489	92%	110%	127%
Operating profit	153	253	524	-5%	-8%	84%	190	284	463	81%	89%	113%
EBITDA	230	345	626	-6%	-6%	63%	199	322	577	115%	107%	109%
NPAT	79	89	114	19%	5%	18%	71	70	164	111%	127%	70%
<b>%-y</b>												
Revenues	41%	36%	25%				56%	24%	26%			
Gross profit	-37%	43%	80%				-31%	29%	57%			
Operating profit	-47%	65%	107%				-34%	49%	63%			
EBITDA	-34%	50%	81%				-43%	62%	79%			
NPAT	-48%	12%	29%				-53%	-2%	134%			
Gross margin	18.6%	19.5%	28.0%				18.2%	17.4%	21.7%	0.4%	2.1%	6.4%
Operating margin	11.8%	14.3%	23.7%				13.1%	15.8%	20.5%	-1.3%	-1.6%	3.2%
EBITDA margin	17.7%	19.5%	28.4%				13.8%	18.0%	25.5%	3.9%	1.5%	2.8%
NPAT margin	6.1%	5.0%	5.2%				4.9%	3.9%	7.2%	1.2%	1.1%	-2.1%

Source: Company, Indo Premier

**Fig. 2: Sum of the parts (SOTP) valuation**

Assets	Enterprise value (US\$ mn)	Attributable to HRUM	Enterprise value (US\$ mn)	Methodology
Coal	244	100.0%	244	5.0x FY25F P/E
PT Position (POS)	364	50.9%	185	DCF (9.5% WACC)
Westrong Metal Industri	729	41.2%	300	DCF (9.0% WACC)
Blue Sparkling Energy	1,635	26.0%	425	DCF (9.5% WACC)
Infei Metal Industri	196	50.9%	100	DCF (9.0% WACC)
<b>Total</b>	<b>3,169</b>		<b>1,255</b>	
Net attributable debt - FY26F	309			
<b>Equity value (US\$ mn)</b>	<b>945</b>			
<b>NAV/share (TP)</b>	<b>1,150</b>			

Source: Company, Indo Premier

Income Statement (US\$ mn)	2023A	2024A	2025F	2026F	2027F
Net revenue	926	1,295	1,301	1,768	2,208
Cost of sales	(543)	(1,012)	(1,059)	(1,423)	(1,589)
<b>Gross profit</b>	<b>382</b>	<b>283</b>	<b>242</b>	<b>345</b>	<b>619</b>
SG&A Expenses	(96)	(68)	(88)	(92)	(96)
<b>Operating profit</b>	<b>287</b>	<b>215</b>	<b>153</b>	<b>253</b>	<b>524</b>
Net interest	13	(25)	(16)	(39)	(28)
Income from associates/JV	25	(7)	0	0	0
Others	(62)	(69)	(9)	0	0
<b>Pre-tax income</b>	<b>263</b>	<b>115</b>	<b>128</b>	<b>213</b>	<b>495</b>
Income tax	(67)	(37)	(26)	(24)	(23)
Minority interest	(45)	(24)	(23)	(100)	(358)
<b>Net income</b>	<b>151</b>	<b>54</b>	<b>79</b>	<b>89</b>	<b>114</b>

Balance Sheet (US\$ mn)	2023A	2024A	2025F	2026F	2027F
Cash & equivalent	157	118	213	245	522
Receivable	111	147	108	147	184
Inventory	78	140	88	138	154
Other current assets	86	175	189	189	189
<b>Total current assets</b>	<b>432</b>	<b>580</b>	<b>598</b>	<b>719</b>	<b>1,049</b>
Fixed assets	170	976	1,241	1,526	1,493
Other non-current assets	1,030	1,018	1,190	1,008	842
<b>Total non-current assets</b>	<b>1,201</b>	<b>1,994</b>	<b>2,432</b>	<b>2,535</b>	<b>2,335</b>
<b>Total assets</b>	<b>1,633</b>	<b>2,575</b>	<b>3,030</b>	<b>3,254</b>	<b>3,384</b>

ST loans	0	0	0	0	0
Payable	80	122	103	138	154
Other payables	51	60	60	60	60
Current portion of LT loans	0	0	0	0	0
Other current liabilities	126	128	128	128	128
<b>Total current liab.</b>	<b>257</b>	<b>310</b>	<b>291</b>	<b>327</b>	<b>343</b>
Long term loans	137	222	522	622	622
Other LT liab.	65	259	354	354	354
<b>Total non-current liabilities</b>	<b>202</b>	<b>481</b>	<b>877</b>	<b>977</b>	<b>977</b>
<b>Total liabilities</b>	<b>458</b>	<b>792</b>	<b>1,168</b>	<b>1,303</b>	<b>1,319</b>

Equity	199	199	199	199	199
Retained earnings	694	748	828	916	1,030
Minority interest	282	836	836	836	836
<b>Total SHE + minority int.</b>	<b>1,175</b>	<b>1,783</b>	<b>1,862</b>	<b>1,951</b>	<b>2,065</b>
<b>Total liabilities &amp; equity</b>	<b>1,633</b>	<b>2,575</b>	<b>3,030</b>	<b>3,254</b>	<b>3,384</b>

Source: Company, Indo Premier

Cash Flow Statement (US\$ mn)	2023A	2024A	2025F	2026F	2027F
Net income	87	58	79	89	114
Depr. & amortization	55	66	68	83	93
Changes in working capital	(106)	(154)	57	(54)	(37)
Others	0	0	0	0	0
<b>Cash flow from operating</b>	<b>36</b>	<b>(30)</b>	<b>204</b>	<b>119</b>	<b>170</b>
Capital expenditure	(153)	(869)	(365)	(402)	(93)
Others	(335)	204	(44)	215	200
<b>Cash flow from investing</b>	<b>(487)</b>	<b>(665)</b>	<b>(410)</b>	<b>(186)</b>	<b>107</b>
Loans	207	103	300	100	0
Equity	31	554	0	0	0
Dividends	0	0	0	0	0
Others	0	0	0	0	0
<b>Cash flow from financing</b>	<b>238</b>	<b>657</b>	<b>300</b>	<b>100</b>	<b>0</b>
FX effect	0	0	0	0	0
<b>Changes in cash</b>	<b>(213)</b>	<b>(39)</b>	<b>94</b>	<b>32</b>	<b>277</b>

Key Ratios	2023A	2024A	2025F	2026F	2027F
Gross margin	41%	22%	19%	20%	28%
Operating margin	31%	17%	12%	14%	24%
Pre-tax margin	28%	9%	10%	12%	22%
Net margin	16%	4%	6%	5%	5%
ROA	9%	2%	3%	3%	3%
ROE	17%	6%	8%	8%	10%
Acct. receivables TO (days)	8.3	8.8	12.0	12.0	12.0
Inventory TO (days)	7.0	7.2	12.0	10.3	10.3
Payable TO (days)	6.8	8.3	10.3	10.3	10.3
Debt to equity	0.0	0.0	0.0	0.0	0.0
Interest coverage ratio (x)	47.3	6.6	6.5	5.1	10.5
Net gearing	(0.0)	0.1	0.3	0.4	0.1

Source: Company, Indo Premier