Harum Energy

BUY *(unchanged)*

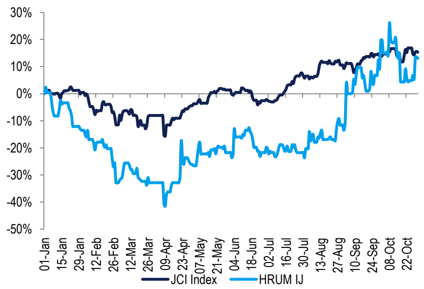
Company update | Metals | HRUM IJ | 31 October 2025

Stock Data

Target price	**Rp1,150**
Prior TP	*Rp1,150*
Current price	Rp1,170
Upside/downside	*-2%*
Shares outstanding (mn)	13,518
Market cap (Rp bn)	15,816
Free float	17%
Avg. 6m daily T/O (Rp bn)	58

Price Performance

	3M	6M	12M
Absolute	48.1%	52.9%	-3.3%
Relative to JCI	39.0%	32.3%	-11.4%
52w low/high (Rp)			605 – 1,305



Major Shareholders

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3Q25 results: lower NP qoq on higher interest expenses

- HRUM reported US$37mn NP in 9M25 (-47% yoy), below our and consensus FY25F forecasts (47% IPS/55% consensus).
- In 3Q25, HRUM reported NP of US$8m (-77% yoy/-69% qoq), mainly dragged by higher interest expenses of US$28mn (vs. US$4mn in 2Q25).
- We are awaiting further details from management and kept our Buy rating with an unchanged of TP Rp1,150/share.

3Q25 review: higher interest expenses led to lower NP qoq

HRUM reported US$37mn NP in 9M25 (-47% yoy), below ours and consensus FY25F forecasts (47% IPS/55% consensus) due to interest expenses of US$28mn that were booked in 3Q25. In 3Q25, HRUM reported US$8mn NP (-77% yoy/-69% qoq) despite revenue improving by +9% qoq, driven by higher nickel sales volume (+13% qoq), while the coal business was relatively flattish qoq. Gross profit improved by +6% qoq as coal cash costs stayed flattish qoq and nickel cash costs improved, resulting in higher nickel GP of US$17mn in 3Q25 (vs. US$10mn in 2Q25). Opex remained flattish qoq at US$23mn. However, below the operating line, the sharp increase in interest expenses —following a US$381mn loan drawdown— was the key factor behind the lower NP of US$8mn in 3Q25.

Operational: coal business flattish while nickel performance improved

Coal ASP was relatively flattish qoq at US$77/t, as the sales mix between domestic and export customers remained similar to 2Q25. Coal sales volume reached 1.5Mt (-2% qoq), with 4Q25F volume expected to decline to 1.1–1.4Mt, in line with the company's FY25F target of 5–5.3Mt (9M25: 3.9Mt). SR rose to 11x in 3Q25, leading to slightly higher cash costs of US$48/t. Meanwhile, the nickel segment showed broad-based improvement: nickel sales volume rose +13% qoq to 20.9kt, EBITDA improved +10% qoq to US$21.8mn, and nickel matte sales grew +15% qoq—benefiting from stronger matte prices during 3Q25. PT Position also sold 270k wmt of nickel ore since Jul25, albeit the progress was below their RKAB quota approval of 1.8mn wmt in FY25F.

Maintain Buy rating with an unchanged TP of Rp1,150/share

We maintain our NP estimates pending management's clarification. Accordingly, we maintain our Buy rating with an unchanged TP of Rp1,150/share. HRUM share price currently trades at 11x FY26F P/E. Downside risks include delay in BSE HPAL commencement, and uncertainty on RKAB quota approval, particularly for FY26F.

Financial Summary (US$ mn)	2023A	2024A	2025F	2026F	2027F
Revenue	926	1,295	1,435	1,733	1,757
EBITDA	350	281	244	368	383
Net profit	151	54	67	84	96
EPS growth	-50%	-64%	23%	27%	14%
ROE	17%	6%	7%	8%	8%
PER (x)	4.8	12.7	10.2	8.0	7.0
EV/EBITDA (x)	2.0	2.8	4.1	2.9	2.0
Dividend yield	0%	0%	0%	0%	0%
IPS vs. consensus			61%	53%	43%

Source: Company, Indo Premier *Share price closing as of: 31 October 2025*

Fig. 1: 9M25/3Q25 financial summary

HRUM 9M25 results	9M25	9M24	% yoy	3Q25	3Q24	% yoy	2Q25	% qoq	IPS FY25F	% of IPS	Cons FY25F	% of IPS
Revenues	1,024	970	6%	379	373	1%	346	9%	1,301	79%	1,420	72%
Cost of revenues	(848)	(744)	14%	(319)	(296)	8%	(290)	10%	(1,059)	80%	(1,160)	73%
Gross profit	**176**	**226**	**-22%**	**60**	**77**	**-22%**	**56**	**6%**	**242**	**73%**	**260**	**68%**
Gross profit margin (%)	17%	23%		15.8%	21%		16.2%		19%		18%	
Operating expenses	(66)	(44)	49%	(23)	(23)	1%	(22)	6%	(88)	75%	(78)	85%
EBIT	**109**	**181**	**-40%**	**36**	**54**	**-32%**	**34**	**7%**	**153**	**71%**	**182**	**60%**
EBIT margin (%)	11%	19%		10%	14%		10%		12%		13%	
Depreciation	47	53	-12%	14	15	-2%	16	-12%	77	61%	60	78%
EBITDA	**156**	**234**	**-33%**	**51**	**69**	**-26%**	**50**	**1%**	**230**	**68%**	**242**	**64%**
EBITDA margin (%)	15%	24%		13%	18%		15%		18%		17%	
Finance income	7	6	22%	3	2	29%	3	-4%	8	98%		N/A
Finance costs	(44)	(24)	86%	(28)	(13)	113%	(4)	596%	(24)	186%		N/A
Profit from JV/Asso	0	0	-100%	0	(1)	-100%	0	N/A	0	N/A		N/A
Other inc. (exp.)	(9)	(32)	-71%	(0)	10	-104%	5	-108%	(9)	102%		N/A
Profit before tax	**64**	**133**	**-52%**	**10**	**51**	**-80%**	**38**	**-73%**	**128**	**50%**	**133**	**48%**
Income tax	(22)	(38)	-43%	(7)	(10)	-36%	(7)	-8%	(26)	83%		N/A
Tax rate (%)	34%	29%		63%	20%		19%		20%			
Minorities	(5)	(25)	-80%	4	(8)	-144%	(7)	-154%	(23)	21%		N/A
Net profit	**37**	**70**	**-47%**	**8**	**33**	**-77%**	**24**	**-69%**	**79**	**47%**	**67**	**55%**
Net margin (%)	4%	7%		2%	9%		7%		6%		5%	
Core profit	**43**	**92**	**-53%**	**8**	**25**	**-69%**	**20**	**-62%**	**86**	**50%**	**67**	**64%**

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)
Gross profit	**382**	**283**	**242**	**345**	**619**
SG&A Expenses	(96)	(68)	(88)	(92)	(96)
Operating profit	**287**	**215**	**153**	**253**	**524**
Net interest	13	(25)	(16)	(39)	(28)
Income from associates/JV	25	(7)	0	0	0
Others	(62)	(69)	(9)	0	0
Pre-tax income	**263**	**115**	**128**	**213**	**495**
Income tax	(67)	(37)	(26)	(24)	(23)
Minority interest	(45)	(24)	(23)	(100)	(358)
Net income	**151**	**54**	**79**	**89**	**114**

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
Total current assets	**432**	**580**	**598**	**719**	**1,049**
Fixed assets	170	976	1,241	1,526	1,493
Other non-current assets	1,030	1,018	1,190	1,008	842
Total non-current assets	**1,201**	**1,994**	**2,432**	**2,535**	**2,335**
Total assets	**1,633**	**2,575**	**3,030**	**3,254**	**3,384**
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
Total current liab.	**257**	**310**	**291**	**327**	**343**
Long term loans	137	222	522	622	622
Other LT liab.	65	259	354	354	354
Total non-current liabilities	**202**	**481**	**877**	**977**	**977**
Total liabilities	**458**	**792**	**1,168**	**1,303**	**1,319**
Equity	199	199	199	199	199
Retained earnings	694	748	828	916	1,030
Minority interest	282	836	836	836	836
Total SHE + minority int.	**1,175**	**1,783**	**1,862**	**1,951**	**2,065**
Total liabilities & equity	**1,633**	**2,575**	**3,030**	**3,254**	**3,384**

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
Cash flow from operating	**36**	**(30)**	**204**	**119**	**170**
Capital expenditure	(153)	(869)	(365)	(402)	(93)
Others	(335)	204	(44)	215	200
Cash flow from investing	**(487)**	**(665)**	**(410)**	**(186)**	**107**
Loans	207	103	300	100	0
Equity	31	554	0	0	0
Dividends	0	0	0	0	0
Others	0	0	0	0	0
Cash flow from financing	**238**	**657**	**300**	**100**	**0**
FX effect	0	0	0	0	0
Changes in cash	(213)	(39)	94	32	277

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