IPO Report

Stock Information	
Book building Period	18-25 September
Public offering Period	2-4 October
Listing on IDX	6 October
IPO Price (IDR)	670-780
Free Float (%)	3.35%

Company Background

PT Barito Renewables is part of the Barito Pacific Group focusing on geothermal energy. Barito Renewables started its operations through one of its subsidiaries, Star Energy Geothermal Group, a leading geothermal power producer.

Muhammad Farras Farhan
+62 21 2854 8346
farras.farhan@samuel.co.id

Laurencia Hiemas
+62 21 2854 8392
laurencia.hiemas@samuel.co.id

Indonesia's Most Powerful Geothermal Player

PT Barito Renewables Energy Tbk (BREN) is a subsidiary of PT Barito Pacific Tbk (BRPT) (pre-IPO stake: 66.67%), focusing on geothermal energy. BREN will hold an IPO soon, potentially raising IDR 3.1–3.7 trillion in the process. BREN emerges as Indonesia's largest geothermal player in terms of capacity (total: 885 MW) amidst rising interest in the renewable energy sector and the government's efforts to achieve 23% renewable energy mix by 2025. With a bookbuilding price range of IDR 670–780, BREN shares are offered at 14.3-16.1x FY23F EV/EBITDA.

Potentially raising IDR 3.1-3.7 trillion. With a book-building price range of IDR 670–IDR 780 per share, BREN might raise IDR 3.1-3.7 trillion in its IPO, with a market cap estimate of IDR 90–105 trillion. BREN will release 4.5 billion shares (3.35% of its total shares) to the public in its IPO. According to the company's prospectus, 71% of its IPO proceeds will be used to pay its debt to Bangkok Bank Public Company Limited, 30% to settle its payment obligation to Star Energy Oil and Gas Ltd. (SEOG), and 10% as working capital.

Strong operational performance. In 1Q23, BREN managed to produce 1,294 GWh of electricity and 481 GWh of steam from its three Geothermal Working Areas (GWA), each with an installed capacity exceeding 200 MW **(Figure 1)**, bringing its total installed capacity to 885 MW. With that kind of capacity, BREN is not only Indonesia's largest geothermal operator **(Figure 2)** but also one of the world's largest geothermal players **(Figure 3)**. In addition to its impressive capacity, BREN has proven its operational excellence, with all its power generation units operating at > 90% capacity in 1H23 **(Figures 4 and 5).**

Solid financials and future expansion plans. Supported by its massive operational capacity, BREN maintains a strong and stable financial performance, and the company currently holds several long-term sales contracts spanning 40 years. Regarding its financial numbers, BREN reported USD 147.1 million of revenue in 1Q23 (+10% yoy), USD 569.78 million in 2022 (+6.03% yoy), and USD 537.36 million (+3.2% yoy) in 2021, with EBITDA margins of 90.9%, 89.9%, and 89.0%, respectively. Going forward, BREN will focus on optimizing its existing geothermal capacity while adding new ones, including adding 15 MW to its Salak GWA using binary technology at the end of 2023 and 23 MW to its Wayang Windu Unit 3 in 2026. In addition to expanding the capacity of its existing GWAs, BREN is also working on a plan to open 3 new GWAs. **(Figure 6).**

Moderate Valuation. With a bookbuilding price range of IDR 670-780/share, BREN's valuation range comes in at 14.3x-16.1x FY23F EV/EBITDA, assuming an annualized EBITDA of USD 535 million (4% more premium than global and regional average, and 14% more premium than its closest peers, PGEO).

Stock Informations

Y/E Dec	20A	21A	22A	1Q22	1Q23
Revenue (USD mn)	521	537	570	134	147
Net Operating Income (USD mn)	402	(39)	(39)	103	115
EBITDA (USD mn)	461	478	512	119	134
Net Profit (USD mn)	58	85	91	22	29
EPS Growth (%)		45.4	7.8		31.0
EBITDA Margin (%)	88.6	89.0	89.9	89.0	90.9
ROA (%)	3.5	4.6	5.1	1.2	1.1
ROE (%)	13.9	16.2	39.7	4.0	8.4

Figure 1. BREN's Geothermal Reserve

No	Geothermal Working Area (GWA)	Installed Capacity (MW)	Take-or-pay	BREN Ownership	Field Operator	Power Plant Operator	JOC Average Years Remaining Contracts	ESC Average Years Remaining Contracts
1	Wayang Windu	230,5	95%	76.1%(1)	SEGWWL	SEGWWL	2039	2039
2	Salak	381	90% - 95%	90%(2)	SEGSL	PT Indonesia Power (Unit 1-3) SEGSPL (Unit 4-6)	2040	2040
3	Darajat	274,5	80% - 95%	76.1%(1)	SEGDII	PT Indonesia Power (Unit 1) SEGDII (Unit 2-3)	2041 (Unit 1,2) 2047 (Unit 3)	2041 (Unit 1,2) 2047 (Unit 3)
	Total	**885**						

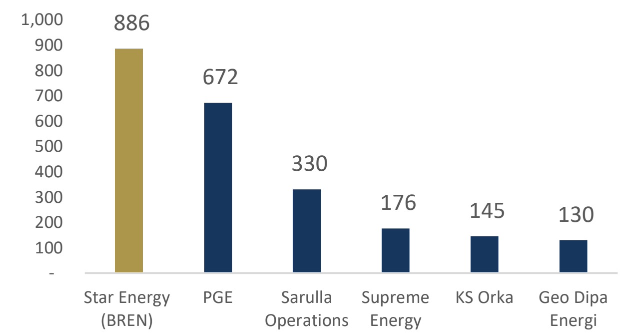
*BREN: Barito Renewables Energy; SEGWWL: Star Energy Geothermal Wayang Windu, Ltd; SEGSL: Star Energy Geothermal Salak, Ltd; SEGSPL: Star Energy Geothermal Salak Pratama, Ltd; SEGDII: Star Energy Geothermal Darajat II, Limited

(1): Mitsubishi owned 4% and Ayala owned 19.8%

(2): Mitsubishi owned 10%

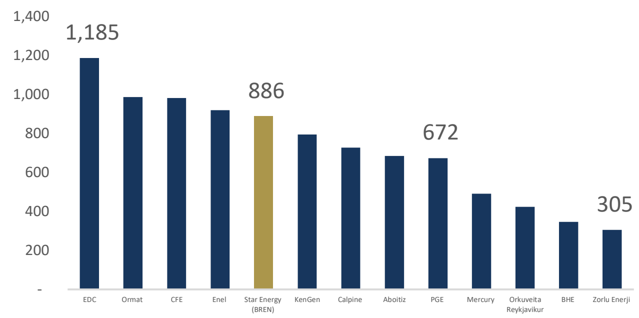
Source: Company, SSI Research

Figure 2. Domestic Geothermal Players' Installed Capacity (MW)



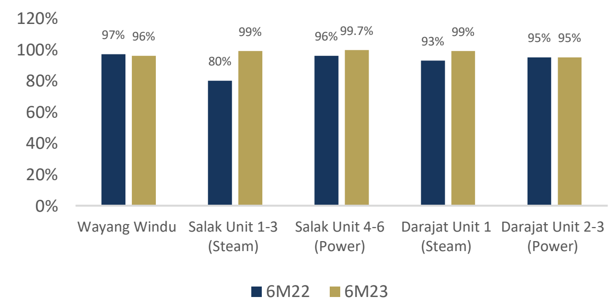
Source: Wood Mackanzie, Company, SSI Research

Figure 3. International Geothermal Industry Players (MW)



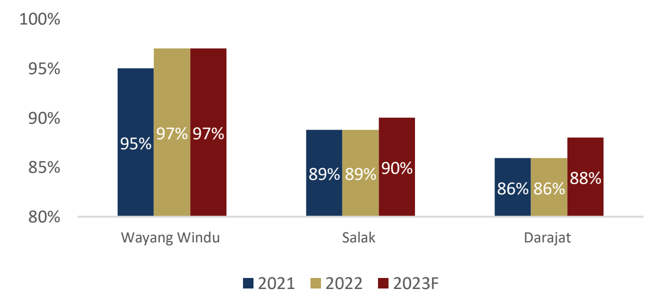
Source: Wood Mackanzie, Company, SSI Research

Figure 4. Average Net Capacity (1)



Source: Company, SSI Research

Figure 5. Average Net Capacity (2)



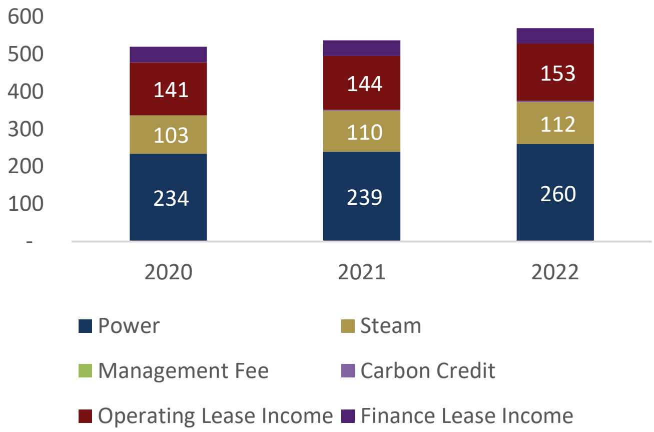
Source: Company, SSI Research

Figure 6. BREN's Geothermal Capacity Development

Area	Type	Installed Capacity (MW)	BREN Ownership	Year
Exploration				
Hamiding	-	-	90%	
Sekincau	-	-	76.1%	2023F - 2030F
Salak Unit 7	-	-	76.1%	
Wayang Windu Unit 3	-	23	76.1%	2026
Development				
Salak	Binary	15	76.1%	2023

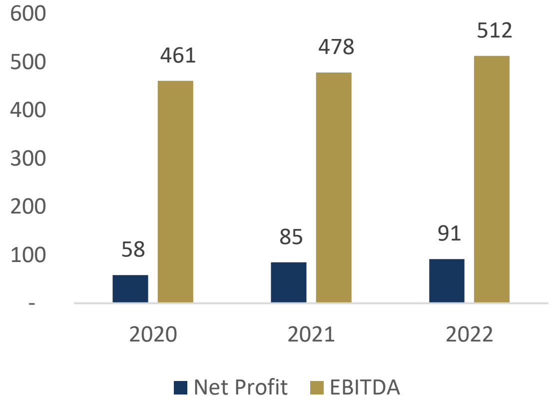
Source: Company, SSI Research

Figure 7. Revenue Breakdown



Source: Company

Figure 8. EBITDA & Net Profit Growth (in USDmn)



Source: Company

Figure 9. Post-IPO Scenario

in USDmn (unless stated)	Pre-IPO FY 22			Post-IPO FY23F (Annualized)		
IPO Price	670	725	780	670	725	780
Shares Outstanding	130	130	130	134	134	134
Public Offering				3.4%	3.4%	3.4%
Max Proceeds (IDRbn)				3,015	3,263	3,510
Market Cap (IDRbn)	86,900	94,100	101,200	90,000	97,300	104,700
Balance Sheet						
Cash	169	169	169	370	387	403
Asset	3,394	3,394	3,394	3,595	3,611	3,628
Liabilities	2,959	2,959	2,959	2,959	2,959	2,959
Equity	435	435	435	636	653	669
Debt	2,027	2,027	2,027	2,027	2,027	2,027
Income Statement						
Net Revenue	570	570	570	588	588	588
Net Operating Income	444	444	444	462	462	462
EBITDA	512	512	512	535	535	535
Net Profit	91	91	91	117	117	117
Key Ratios						
P/E (x)	63.7	68.9	74.1	51.3	55.4	59.7
EV/EBITDA (x)	14.9	15.9	16.8	14.3	15.2	16.1
EBITDA Margin (%)	90.0	90.0	90.0	91.0	91.0	91.0
Net Profit Margin (%)	16.0	16.0	16.0	19.9	19.9	19.9
ROA (%)	2.7	2.7	2.7	3.3	3.2	3.2
ROE (%)	21.0	21.0	21.0	18.4	17.9	17.5
Net Gearing (x)	4.3	4.3	4.3	2.6	2.5	2.4

Source: Company, SSI Research

Figure 10. Peers Comparison (Valuation)

Ticker	Name	Market Cap (USDMn)	EV/EBITDA (%)		PE (x)		ROA (%)		ROE (%)	
			2023F	2024F	2023F	2024F	2023F	2024F	2023F	2024F
ORA US	Ormat Technologies Inc.	4,442	12.6	11.2	34.5	27.7	5.7	5.7	9.1	9.3
FGEN PM	First Gen Corp	1,121	2.6	2.5	3.4	3.5	5.4	5.0	11.9	11.7
6504 JT	Fuji Electric Co	7,004	7.6	6.9	15.1	13.8	8.2	7.7	11.9	11.8
GE US	General Electric Co	126,872	12.9	9.9	50.0	27.3	3.3	3.2	7.7	15.2
CEG US	Constellation Energy	35,613	12.3	10.8	22.7	19.0	-	-	13.6	15.5
VWS DC	Vestas Wind Systems A/s	22,592	22.7	11.9	1903.8	29.8	-0.2	3.0	0.9	19.9
688223 CH	Jinko Solar Co Ltd	13,559	10.1	8.1	13.4	10.7	5.6	6.5	22.4	22.3
CSIQ US	Canadian Solar Inc	1,725	4.3	3.6	4.7	4.4	4.1	3.6	15.4	13.0
BEP US	Brookfield Renewable	12,666	24.9	22.0	-	688.9	-0.1	0.1	-0.4	0.8
DQ US	Daqo New Energy	2,443	0.7	1.0	3.5	5.7	9.1	5.5	10.5	6.1
AQN CN	Algonquin Power & Utilities	4,911	12.1	11.5	13.5	12.5	-	-	7.6	7.9
FGEN PM	First Gen Corporation	1,121	2.6	2.5	3.4	3.5	5.4	5.0	11.9	11.7
MCY NZ	Mercury NZ Limited	5,123	12.6	12.0	34.1	30.7	3.3	3.4	5.5	6.0
PGEO IJ	Pertamina Geothermal	4,105	12.5	12.4	24.8	1.6	5.2	5.4	8.5	7.5
	Average		***13.7***	***10.6***	***209.5***	***58.2***	***2.7***	***2.9***	***8.6***	***14.5***

Source: Bloomberg, SSI Research

Research Team			
Prasetya Gunadi	Head of Equity Research, Strategy, Banking, Digital Banks	prasetya.gunadi@samuel.co.id	+6221 2854 8320
Lionel Priyadi	Macro Equity Strategist	lionel.priyadi@samuel.co.id	+6221 2854 8854
Muhamad Alfatih, CSA, CTA, CFTe	Senior Technical Analyst	m.alfatih@samuel.co.id	+6221 2854 8129
Yosua Zisokhi	Cement , Cigarette, Paper, Plantation,Telco Infra, Chemicals	yosua.zisokhi@samuel.co.id	+6221 2854 8387
M. Farras Farhan	Media, Poultry, Oil & Gas, Technology	farras.farhan@samuel.co.id	+6221 2854 8346
Pebe Peresia	Automotive, Consumer Staples, Retail	pebe.peresia@samuel.co.id	+6221 2854 8339
Juan Oktavianus Harahap	Coal, Metal Mining	juan.oktavianus@samuel.co.id	+6221 2854 8846
Jonathan Guyadi	Banking, Healthcare, Telco	jonathan.guyadi@samuel.co.id	+6221 2854 8321
Adolf Richardo	Editor	adolf.richardo@samuel.co.id	+6221 2864 8397
Ashalia Fitri Yuliana	Research Associate	ashalia.fitri@samuel.co.id	+6221 2854 8389
Daniel Aditya Widjaja	Research Associate	daniel.aditya@samuel.co.id	+6221 2854 8322
Laurencia Hiemas	Research Associate	laurencia.hiemas@samuel.co.id	+6221 2854 8392
Brandon Boedhiman	Research Associate	brandon.boedhiman@samuel.co.id	+6221 2854 8392
Haikal Putra	Research Associate	haikal.putra@samuel.co.id	+6221 2854 8353

Equity Institutional Team			
Benny Bambang Soebagjo	Head of Institutional Equity Sales	benny.soebagjo@samuel.co.id	+6221 2854 8312
Ronny Ardianto	Institutional Equity Sales	ronny.ardianto@samuel.co.id	+6221 2854 8399
Anthony Yunus	Institutional Equity Sales	anthony.yunus@samuel.co.id	+6221 2854 8314
Widya Meidrianto	Institutional Equity Sales	widya.meidrianto@samuel.co.id	+6221 2854 8317
Fachruly Fiater	Institutional Sales Trader	fachruly.fiater@samuel.co.id	+6221 2854 8325
Lucia Irawati	Institutional Sales Trader	lucia.irawati@samuel.co.id	+6221 2854 8173
Alexander Tayus	Institutional Equity Dealer	alexander.tayus@samuel.co.id	+6221 2854 8319
Leonardo Christian	Institutional Equity Dealer	leonardo.christian@samuel.co.id	+6221 2854 8147

Equity Retail Team			
Joseph Soegandhi	Head of Equity	joseph.soegandhi@samuel.co.id	+6221 2854 8872
Damargumilang	Head of Equity Retail	damargumilang@samuel.co.id	+6221 2854 8309
Clarice Wijana	Head of Equity Sales Support	clarice.wijana@samuel.co.id	+6221 2854 8395
Gitta Wahyu Retnani	Equity Sales & Trainer	gitta.wahyu@samuel.co.id	+6221 2854 8365
Vincentius Darren	Equity Sales	darren@samuel.co.id	+6221 2854 8348
Michael Alexander	Equity Sales	michael.alexander@samuel.co.id	+6221 2854 8369
Sylviawati	Equity Sales	sylviawati@samuel.co.id	+6221 2854 8112
Wandha Ahmad	Equity Sales	wandha.ahmad@samuel.co.id	+6221 2854 8316
Handa Sandiawan	Equity Sales	handa.sandiawan@samuel.co.id	+6221 2854 8302
Denzel Obaja	Equity Sales	denzel.obaja@samuel.co.id	+6221 2854 8342
Wahyudi Budiyono	Dealer	wahyudi.budiyono@samuel.co.id	+6221 2854 8152

Fixed Income Sales Team			
R. Virine Tresna Sundari	Head of Fixed Income	virine.sundari@samuel.co.id	+6221 2854 8170
Rudianto Nugroho	Fixed Income Sales	rudianto.nugroho@samuel.co.id	+6221 2854 8306
Sany Rizal Keliobas	Fixed Income Sales	sany.rizal@samuel.co.id	+6221 2854 8337
Safitri	Fixed Income Sales	safitri@samuel.co.id	+6221 2854 8376
Khairanni	Fixed Income Sales	khairanni@samuel.co.id	+6221 28548104
Saldy Achmad Yanuar	Fixed Income Sales	saldy.achmad@samuel.co.id	+6221 28548384
Nadya Attahira	Fixed Income Sales	nadya.attahira@samuel.co.id	+6221 2854 8305