

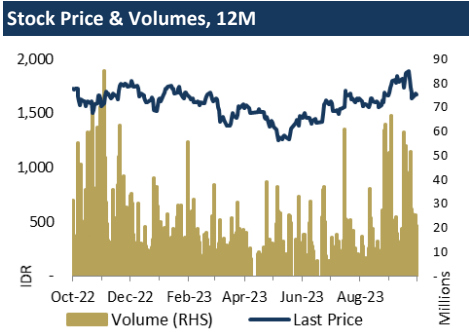
BUY (Maintain)

Target Price (IDR) **2,500**
Potential Upside (%) **49.3**

Price Comparison	
Cons. Target Price (IDR)	2,240
SSI vs. Cons. (%)	111.6

Stock Information	
Last Price (IDR)	1,675
Shares Issued (Mn)	13.518
Market Cap. (IDR Bn)	22,643
52-Weeks High/Low (IDR)	1,945/1,205
3M Avg. Daily Value (IDR Bn)	37.0
Free Float (%)	18.6
Shareholder Structure:	
PT Karunia Bara Perkasa (%)	79.80
PT Bara Sejahtera Abadi (%)	0.1
Treasury Stocks (%)	1.5
Public	18.6

Stock Performance				
(%)	YTD	1M	3M	12M
Absolute	3.4	(1.2)	4.0	(3.2)
JCI Return	1.2	(0.5)	2.0	(0.1)
Relative	2.2	(0.7)	2.1	(3.1)



Company Background
Didirikan pada tahun 1995, Harum Energy (HRUM) utamanya bergerak dalam kegiatan pertambangan batubara dan logistik di Kalimantan Timur, Indonesia. Saat ini, HRUM sudah mulai mendiversifikasi bisnisnya ke pertambangan nikel melalui kerja sama operasi.

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Digging Deeper into Minerals

HRUM telah resmi mengakuisisi 51% saham PT Infei Metal Industry (IMI) dari Central Halmahera Holding Pte Ltd senilai USD 70.4 juta (IDR 1,1 triliun), yang memberikan HRUM kendali penuh (99.99% kepemilikan) smelter IMI dengan harga USD 7,414/ ton, di bawah rata-rata saat ini yang sebesar USD 9,889/ton. Kami yakin akuisisi ini akan menjadi sentimen positif bagi HRUM, karena akan membantu HRUM memperkuat posisinya di sektor mineral. Kami mempertahankan rating BUY untuk HRUM dengan target harga IDR 2,500 per saham, yang menyiratkan 10.4x 2024F P/E.

Akuisisi smelter IMI. Pada September 2023, HRUM mengakuisisi sisa 51% saham IMI dari Central Halmahera Holding Pte Ltd dengan nilai transaksi USD 70.4 juta (IDR 1.1tn). Jika ditotal, HRUM telah menginvestasikan USD 207.6 juta (IDR 3.1 triliun), setara dengan USD 7,414/ton melalui anak perusahaannya PT Tanito Harum Nickel dan PT Harum Nickel Perkasa, untuk mengakuisisi IMI dan mendapatkan kontrol penuh atas smelternya, dan kinerja keuangannya akan dikonsolidasikan sepenuhnya ke dalam lapkeu HRUM mulai 3Q23. Untuk diketahui, angka investasi HRUM untuk mengakuisisi smelter IMI lebih rendah dari rata-rata saat ini (dari akuisisi sejenis) yang sebesar USD 9,889/ton.

Laba yang lebih besar di 2H23. Kami memperkirakan HRUM akan mencatatkan laba yang lebih besar dari bisnis nikelnya di semester kedua 2023, karena tambang nikel dan smelter keduanya diperkirakan akan mulai beroperasi pada semester kedua 2023. Sebelumnya, HRUM telah mengisyaratkan smelter keduanya, dengan total kapasitas 57ktpa, akan memulai aktivitas produksi pada 4Q23. Kami memproyeksikan tambang nikel akan menyumbang 3.8% terhadap laba HRUM di 2023F, dan smelter keduanya akan mulai memberikan kontribusi pada 2024F.

Penyesuaian proyeksi; BUY dengan TP yang tetap. Kami merevisi perkiraan volume penjualan batubara menjadi 7 juta ton (sebelumnya: 5.4 juta ton), terutama karena produksi batubara yang lebih tinggi dari perkiraan pada 1H23 (HRUM mengisyaratkan bahwa perseroan akan mempertahankan tingkat produksi batubaranya pada 3Q23). Selain itu, kami merevisi perkiraan opex untuk HRUM seiring dengan penurunan perkiraan biaya provisi DMO pada 2023F. Selanjutnya, kami menyesuaikan asumsi harga nikel untuk tahun 2023F dan 2024F masing-masing menjadi USD 22,500 per ton dan USD 22,000 per ton. Terakhir, kami menyesuaikan proyeksi jangka panjang untuk harga nikel menjadi USD 20,500 per ton (sebelumnya: USD 22,500). Dengan mempertimbangkan seluruh faktor-faktor tersebut, kami memutuskan untuk mempertahankan TP kami di IDR 2,500 per saham, yang menyiratkan P/E 2024F sebesar 10.4x. Risiko: merosotnya harga komoditas, perubahan regulasi.

Valuations (at closing price IDR 1,675 per share)					
Y/E Dec	21A	22A	23F	24F	25F
Revenue (USD Mn)	336	904	907	1,156	1,051
EBITDA (USD Mn)	148	471	392	350	294
EV/EBITDA (x)	5.2	1.8	2.5	2.9	3.0
Net Profit (USD Mn)	74	302	263	224	191
Net Profit Growth (%)	26.0	306.0	(12.9)	(14.6)	(14.7)
EPS (IDR)	393	324	282	241	205
P/E Ratio (x)	4.3	5.2	5.9	7.0	8.2
BVPS (IDR)	3,446	1,064	1,221	1,353	1,466
P/BV Ratio (x)	0.5	1.6	1.4	1.2	1.1
DPS (IDR)	37	83	129	113	96
Dividend Yield (%)	2.2	5.0	7.7	6.7	5.7
ROAE (%)	13.4	36.7	24.7	18.7	14.6
ROAA (%)	10.8	28.0	20.3	16.3	12.8
Interest Coverage (x)	42.7	137.1	N/A	N/A	N/A
Net Gearing (x)	NC	NC	NC	NC	NC

Table 1. HRUM's acquisition timeline

Date	Acquisition Price (USD Mn)	% Shares
22-Feb-21	69	24.5%
30-Jul-21	41	14.7%
13-Jan-21	27	9.8%
26-Sep-23	70	51.0%
Total	207.6	100%

Source: Company, SSI Research

Table 2. HRUM's forecast changes

	Before			Revision			Percentage		
	2023F	2024F	2025F	2023F	2024F	2025F	2023F	2024F	2025F
Revenue	714	556	n.a	907	1,156	1,051	27.0%	108.0%	n.a
growth (%)	-21.1%	-22.1%	n.a	0.2%	27.5%	-9.1%			n.a
Operating Profit	317	189	n.a	371	327	271	16.9%	72.9%	n.a
growth (%)	-28.0%	-40.4%	n.a	-15.8%	-11.8%	-17.0%			n.a
Net profit	222	181	n.a	263	224	191	18.4%	24.0%	n.a
growth (%)	-26.4%	-18.5%	n.a	-12.9%	-14.6%	-14.7%			n.a

Source: Company, SSI Research

12 October 2023

JCI Index: 6,931

Key Financial Figures

Profit and Loss					
Y/E Dec (USD Mn)	21A	22A	23F	24F	25F
Revenue	336	904	907	1,156	1,051
COGS	(162)	(363)	(442)	(729)	(680)
Gross Profit	175	541	465	427	371
Selling Expenses	(16)	(65)	(47)	(64)	(63)
G&A Expenses	(26)	(36)	(47)	(37)	(37)
Operating Profit	132	440	371	327	271
EBITDA	148	471	392	350	294
Other Income/Expenses - Net	(8)	(1)	-	-	-
Finance Income	1	2	4	5	5
Finance Costs	(3)	(3)	-	-	-
Final Tax Expense	-	-	-	-	-
Net gain/(loss) From Associate and JV	6	39	39	22	24
Pretax Income	128	478	413	353	301
Income taxes	(29)	(98)	(83)	(71)	(60)
Loss from Discontinued Operation	(0)	-	-	-	-
Minority Interest	24	78	68	58	49
Net Profit	74	302	263	224	191

Balance Sheet					
Y/E Dec (USD Mn)	21A	22A	23F	24F	25F
Cash and Cash Equivalent	149	371	412	496	607
Account Receivables	23	69	46	59	53
Inventory	21	43	39	65	60
Others	54	36	26	29	33
Total Current Assets	248	519	523	649	754
Net Fixed Assets	59	52	53	51	44
Net Mine Properties	267	273	283	286	278
Other Assets	301	434	447	460	474
Total Assets	875	1,279	1,307	1,446	1,550
Account Payables	17	21	23	38	36
Accrued Expenses	17	62	63	64	65
ST Debt	17	-	-	-	-
Other ST liabilities	30	143	68	68	68
Total Current Liabilities	81	226	154	170	168
LT Debt	83	-	-	-	-
Other LT Liabilities	60	61	14	14	15
Total Liabilities	223	287	169	185	183
Minority Interest	182	258	262	266	270
Total Equity	651	992	1,138	1,261	1,367

Cash Flow					
Y/E Dec (USD Mn)	21A	22A	23F	24F	25F
Net Profit	74	302	263	224	191
D&A	16	30	22	23	23
Changes in Working Capital	13	(15)	(46)	(23)	7
Others	(170)	(6)	(48)	(15)	(16)
Operating Cash Flow	(66)	311	191	209	205
Capital Expenditure	(217)	(30)	(33)	(23)	(8)
Investing Cash Flow	(217)	(30)	(33)	(23)	(8)
Change in Debt	99	(99)	-	-	-
Dividend	(7)	(77)	(121)	(105)	(90)
Other Financing	229	17	4	4	4
Financing Cash Flow	222	(60)	(117)	(101)	(86)
Net - Cash Flow	(62)	221	41	85	111
Cash at beginning	211	149	371	412	496
Cash at ending	149	371	412	496	607

Key Ratios					
Y/E Dec (USD Mn)	21A	22A	23F	24F	25F
Gross Profit Margin (%)	52.0%	59.9%	51.3%	37.0%	35.3%
Operating Profit Margin (%)	39.3%	48.7%	40.9%	28.3%	25.8%
EBITDA Margin (%)	44.0%	52.0%	43.3%	30.2%	28.0%
Pre-Tax Margin (%)	37.9%	52.8%	45.6%	30.5%	28.6%
Net Profit Margin (%)	22.1%	33.4%	29.0%	19.4%	18.2%
Revenue Growth (%)	113.0%	169.0%	0.2%	27.5%	-9.1%
EBITDA Growth	624.1%	217.9%	-16.6%	-10.9%	-15.8%
Net Gearing (x)	(0.1)	(0.4)	(0.4)	(0.4)	(0.4)

Major Assumptions					
Y/E Dec (USD Mn)	21A	22A	23F	24F	25F
Coal sales (Mn tons)	3.5	5.0	7.0	6.0	6.0
NPI sales (kt)	-	23,500	28,000	72,000	72,000
Global coal price (USD/ton)	136.68	346	172	140	110
Global nickel price (USD/ton)	19,185	26,000	22,500	22,000	21,000

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