

Samuel IPO Snippet: PT Raharja Energi Cepu (RATU)



- Raharja Energi Cepu (RATU), one of RAJA's subsidiaries, deals in upstream oil & gas with two strategic operating blocks: Cepu (2.2% participating interest under PJUC) in Central Java and Jabung (8% under RETJ) in Jambi, Sumatra. Both blocks have relatively long contracts with Cepu's expiring in 2035 and Jabung's in 2043.
- RATU's operations should benefit from relatively high oil prices (2024 Ytd.Avg:USD 80.2/bbl, -2.2% YoY) and increased volumes through the two aforementioned assets, yielding 2P reserve of 199 mmbob and 8.8 mmbob. Thus far, the company achieved relatively solid 1H24 performance, reporting earnings of USD 7mn (+20.5% YoY).
- Offering 190mn new shares and 352mn divested shares from RAJA through POES, RATU's IDX listing with 20% free-float will be on 8 January 2025. IPO proceeds, which range between IDR 489-624bn (USD 30.7-39.2mn), will be fully allocated towards its subsidiaries' loan settlements amounting to USD 9.8 mn.
- With offering price range of IDR 900-1,150, RATU's valuation stands at 9.1-11.6x 2024F P/E, representing 19.8% discount on the lower-end and 2.3% premium at the higher-end of the sector's average.
- Post-IPO, RATU will conduct PO for RAJA's shareholders with implied diluted conversion ratio of 7:1. Our base case scenario reveals that investors would be better-off applying for RATU's IPO as our calculations suggest that POES exercise will lead to investors' net loss of -6% (Figure 1). Subscribe to RATU.

Key Valuations & Ratios

YE to Dec 31	2021A	2022A	2023A	1H24A	2024F
EV/EBITDA (x)	N/A	N/A	6.2	-	7.4
EPS (IDR)	14	39	154	44	99
EPS Growth (%)	N/A	188.3	293.3	20.5	127.9
P/E (x)	75.4	26.2	6.7	-	10.3
BVPS (IDR)	73	73	173	122	222
P/BV (x)	14.1	14.1	5.9	-	4.6
DPS (IDR)	45	40	54	74	74
DPR (%)	332.9	103.2	34.7	169.1	74.2
Div. Yield (%)	4.4	3.9	5.2	7.2	7.2
ROAE (%)	18.7	53.9	88.9	35.6	44.7
ROAA (%)	15.1	43.1	42.6	14.7	24.8
Net Debt (IDRbn)	1	2	15	19	14
Net Gearing (x)	0.1	0.1	0.5	0.9	0.4

Source: Company, SSI Research

Stock Data

Key Information

IPO Price Offering (IDR/share)	:	900 – 1,150
Mkt. Cap. Range (IDRtn)	:	2.4 – 3.1
Shares Outstanding (bn)	:	2.7
Majority Shareholders (%) Post-IPO & PUPS	:	RAJA – 80.0
	:	Public (RAJA's Holders) – 13.0
	:	Public – 7.0

Major Drivers

Year to 31 Dec (%)	2021A	2022A	2023A	1H24A	2024F
Revenue Growth	N/A	N/A	N/A	142.8	18.9
EBITDA Growth	N/A	N/A	N/A	97.4	(11.3)
Gross Profit Margin	N/A	N/A	56.8	40.7	40.7
EBIT Margin	N/A	N/A	55.7	39.8	39.8
EBITDA Margin	N/A	N/A	61.4	45.8	45.8
Net Profit Margin	N/A	N/A	52.0	26.6	30.3
Corporate Tax Rate	0.0	0.0	25.5	45.6	38.0

Source: Company, SSI Research

Financial Highlights

YE to Dec 31 (USDmn)	2021A	2022A	2023A	1H24A	2024F
Profit & Loss					
Revenue	-	-	47	28	56
Gross Profit	-	-	27	11	23
Operating Profit	-	-	26	11	22
EBITDA	-	-	29	13	26
EBT	2	6	33	14	27
Corporate Income Tax	0	0	(8)	(6)	(10)
Net Profit	2	6	24	7	17

Balance Sheet

Cash	2	1	13	7	12
Total Assets	14	14	57	51	68
Debt	3	3	28	25	26
Total Liabilities	3	3	30	30	30
Minority Interest	-	-	0	0	0
Shareholders' Equity	12	12	28	21	38

Source: Company, SSI Research

Analysts: Farras Farhan, Hernanda Cahyo

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Figure 1. PUPS Scenario

Figure 1

PUPS Scenarios													
Bull Scenario													
No	Stock	Lot	Share Price	Value (IDRmn)	Capital Gain/ (Loss)	Upside	Remarks						
1	RAJA	72	2,590	18.6	(2.8)	-15%	Assuming RAJA's share price drop -15% while RATU's price experience by 7x ARA with IDR 1,150 in IPO price						
2	RATU	10	1,150	1.2	5.5	477%							
Net RAJA & RATU				19.8	2.7	14%							
Base Scenario													
No	Stock	Lot	Share Price	Value (IDRmn)	Capital Gain/ (Loss)	Upside	Remarks						
1	RAJA	72	2,590	18.6	(4.7)	-25%	Assuming RAJA's share price drop -25% (1x ARB) while RATU's price experience by 5x ARA with IDR 1,150 in IPO price						
2	RATU	10	1,150	1.2	3.5	305%							
Net RAJA & RATU				19.8	(1.2)	-6%							
Bear Scenario													
No	Stock	Lot	Share Price	Value (IDRmn)	Capital Gain/ (Loss)	Upside	Remarks						
1	RAJA	72	2,590	18.6	(4.7)	-25%	Assuming RAJA's share price drop -25% (1x ARB) while RATU's price experience by 3x ARA with IDR 1,150 in IPO price						
2	RATU	10	1,150	1.2	2.2	195%							
Net RAJA & RATU				19.8	(2.4)	-12%							

Source: Company, SSI Research

Figure 2. Peer Comparables

Figure 2

Ticker	Market Cap (IDR Tn)	EPS Growth (%)		Div. Yield (%)		P/E (x)		P/B (x)		EV/EBITDA (x)		ROE (%)	
		24F	25F	24F	25F	24F	25F	24F	25F	24F	25F	24F	25F
ARAMCO AB	29,739	(10.5)	(1.4)	6.5	4.8	17.1	17.3	4.9	4.8	7.9	8.0	26.5	25.5
XOM US	7,591	(9.5)	1.7	3.6	3.7	13.3	13.1	1.8	1.8	6.8	6.4	14.0	13.4
CVX US	4,202	(8.1)	10.1	4.4	4.6	13.8	12.5	1.8	1.7	6.4	6.1	12.2	12.9
SHELL NA	3,052	0.5	(8.1)	4.5	4.7	4.0	3.9	1.0	0.9	3.5	3.8	13.9	11.9
COP US	2,012	(14.4)	2.9	3.2	3.2	12.3	12.0	2.3	2.3	5.6	5.0	18.5	16.9
Global Avg.	46,596	(9.6)	(0.1)	5.5	4.5	15.1	15.1	3.8	3.7	7.2	7.2	22.0	21.1
MEDC IJ	26	21.3	(0.7)	3.8	3.8	4.0	4.1	0.7	0.7	3.8	4.0	18.2	15.5
RAJA IJ	11	(1.9)	21.3	1.7	2.0	27.4	22.6	3.7	3.4	14.3	12.3	14.4	15.7
Domestic Avg.	37	14.5	5.7	3.2	3.3	10.8	9.5	1.6	1.4	6.8	6.4	17.1	15.6

Source: Bloomberg, SSI Research

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Figure 3. Dividend

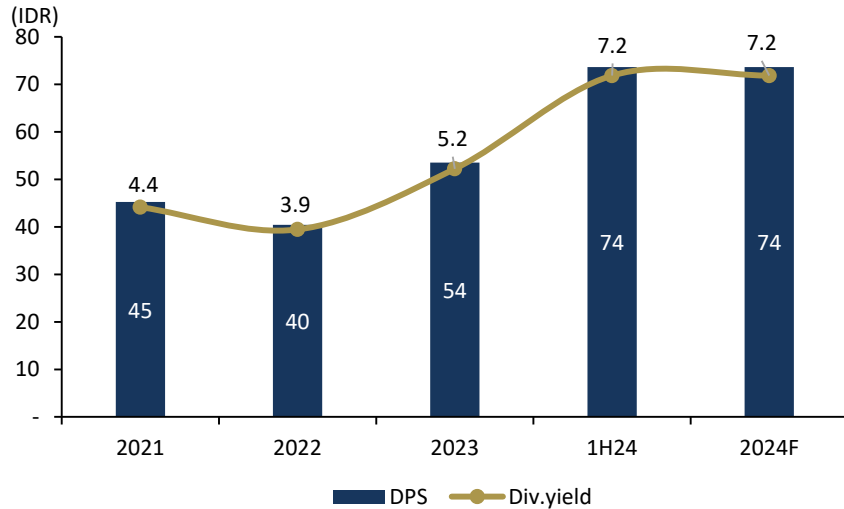


Figure 3

Figure 4. Capital Structure

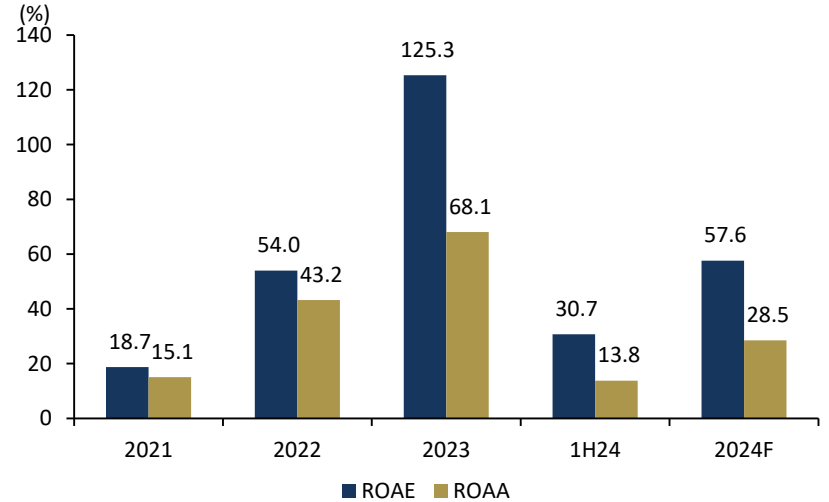


Figure 4

Source: Company, SSI Research

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Figure 5. Earnings

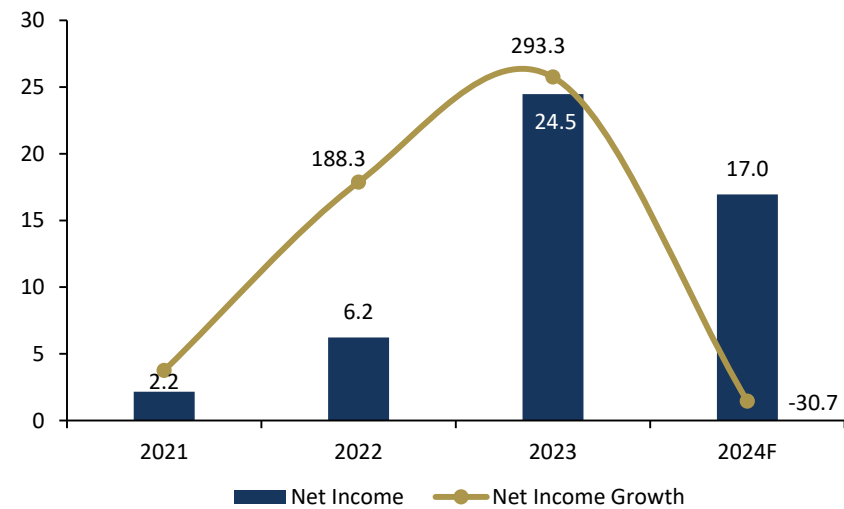


Figure 5

Figure 6. Gearing

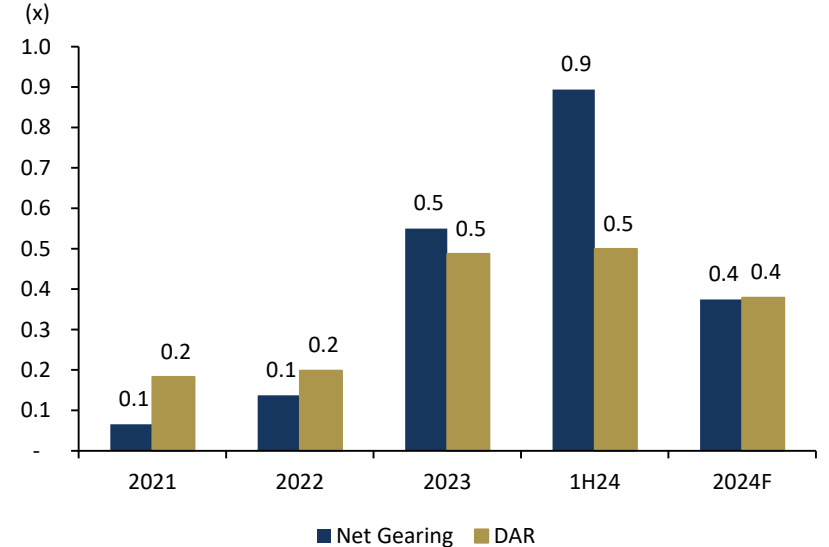


Figure 6

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