

BUY (Initiation)

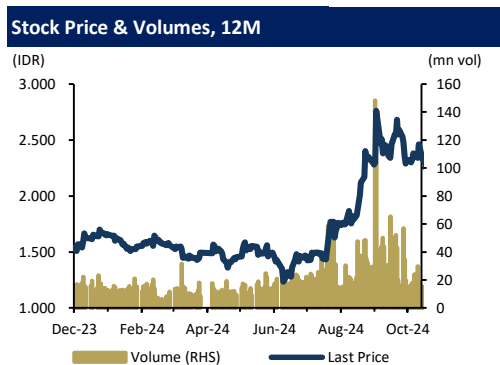
Target Price (IDR) 3,000

Potential Upside (%) 43.5

Price Comparison	
Cons. Target Price (IDR)	3,000
SSI vs. Cons. (%)	100.0

Stock Information (31 Dec 2024)	
Last Price (IDR)	2,090
Shares Issued (Mn)	13,565
Market Cap. (IDR Tn/USD Bn)	28.4/1.8
52-Weeks High/Low (IDR)	2,880/1,225
3M Avg. Daily TO (IDR Bn/USD Mn)	76.8/4.8
Free Float (%)	9.7
Shareholder Structure:	
Edwin Soeryadjaya (%)	35.8
PT.Unitras Pertama (%)	32.7
Sandiaga S. Uno (%)	21.5
Public (%)	9.7

Stock Performance				
(%)	YTD	1M	3M	12M
Absolute	(9.1)	(26.6)	(24.9)	14.1
JCI Return	0.3	(3.8)	(5.3)	(3.4)
Relative	(9.4)	(22.8)	(19.6)	17.5



Company Background

Since its establishment in 1997, PT Saratoga Investama Sedaya Tbk (IDX Code: SRTG) has actively built a strong brand as the leading investment company in Indonesia. Owned by Edwin Soeryadjaya (35.8% directly and 16.36% via PT Unitras Pertama), PT Unitras Pertama (32.7%) and Sandiaga S.Uno (21.5%), SRTG has established a diverse and attractive portfolio with quality investment assets.

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Winning Wagers

Saratoga Investama Sedaya (SRTG), Indonesia's largest listed investment management company, is in the midst of unlocking its NAV potential through recent investment in AADI's IPO which has significantly outperformed the market, up 27% since listing. That said, we expect narrowing of current 47% discount to NAV towards the 23% level, in-line with its peer comparables, reflecting TP of IDR 3,000, or 44% upside potential. Looking ahead, SRTG's strategic approach of leveraging dividend incomes to fund investments in growth-oriented and sustainable projects highlights its attractive long-term growth potential. **BUY**. Downside risks: lower NAV driven by slower economic growth, lower dividend incomes from invested entities, and suboptimal investments.

AADI's potential NAV boost, robust dividends and reduced net debt position. Alamtri Resources Indonesia (ADRO) recently spun off its subsidiary, Adaro Andalan Indonesia (AADI), through the divestment of 90.0% stake to existing shareholders. SRTG, holding 15.2% ownership in ADRO, received one-time special dividends of IDR 6.5tn (IDR 1,358/sh) which were converted to AADI shares. The attractiveness of this transaction is supported by AADI's low P/E ratio of 2.1x, presenting significant profit potential while concurrently providing compelling opportunity for SRTG to achieve substantial NAV growth. Alongside 14.1% ownership in AADI (18% of total investment value), they hold 31.6% in TBIG (29%), 15.2% in ADRO (23%), 19.1% in MDKA (15%) and 56.7% in MPMX (5%). The success of SRTG's strategic investments can be highlighted by its strong 9M24 dividend income of IDR1.7tn, with expectations for future dividends to remain stable at c. IDR 2.4tn in FY 2025-26. Regarding its NAV, SRTG recorded 9M24 NAV of IDR 56tn (+4% QoQ), driven by gains from ADRO. Looking ahead, we expect NAV to rise by 14% YoY helped by gains in shares of AADI, ADRO and MDKA. On the balance sheet front, we forecast the company's net debt of IDR 371bn in 9M24 to reverse to net cash IDR 83bn in 2025F, and IDR 240bn in 2026F, demonstrating its capacity to capitalize on future investments through organic means.

Solid management and sustainable investments to support NAV growth. SRTG demonstrated solid management under the leadership of the Soeryadjayas, as proven by 4-year NAV CAGR of 21%. Capitalizing on the growing trend towards sustainable, green projects, SRTG is strategically investing in green energy and downstream sectors through ADRO, which plans to open hydro-powered aluminum smelter. MDKA, a key component of SRTG's portfolio, is expanding into EV battery supply chain, copper processing, and nickel projects via CATL JV. Additionally, SRTG enhances its sustainability portfolio with private investments in Xurya (solar energy) and Forest Carbon (carbon offsets). These combinations of past and new green projects will result in improved sentiments on their stock investments, allowing for a tightening in their NAV band.

Initiate coverage with BUY and IDR 3,000 TP (44% upside) on 23% discount to NAV. Our positive outlook on SRTG is underpinned by resilient forecasted dividend payouts, high-quality investment assets, strong balance sheet, and NAV gain from ADRO's PUPS of AADI. We initiate our coverage with BUY rating and TP of IDR 3,000/share (SOTP-based), implying 23% discount to NAV. Risk: lower NAV drag down by slower economic growth, reduced dividend incomes from invested entities, and suboptimal investments.

Forecast and Valuations (31 Dec 2024 closing price of IDR 2,090 per share)

Y/E Dec	22A	23A	24F	25F	26F
Net Gain (Loss) on Investments in Shares	3,726	n.m.	(1,848)	9,962	5,548
Dividend Income and Other Income	2,613	2,808	9,107	2,455	2,446
Net Income	4,616	n.m.	5,359	9,371	5,920
NAV/Share (IDR)	4,587	3,687	3,980	4,740	5,187
Interest Coverage Ratio	33	n.m.	48	105	75
D/E	0.1	0.0	0.0	0.1	0.1
BVPS (IDR)	4,410	3,591	3,910	4,579	4,961
P/B (x)	0.5	0.6	0.5	0.5	0.4
DPS (IDR)	75	22	54	57	66
Dividend Yield (%)	3.6	1.1	2.6	2.7	3.2
ROAE (%)	8	n.m.	11	16	9

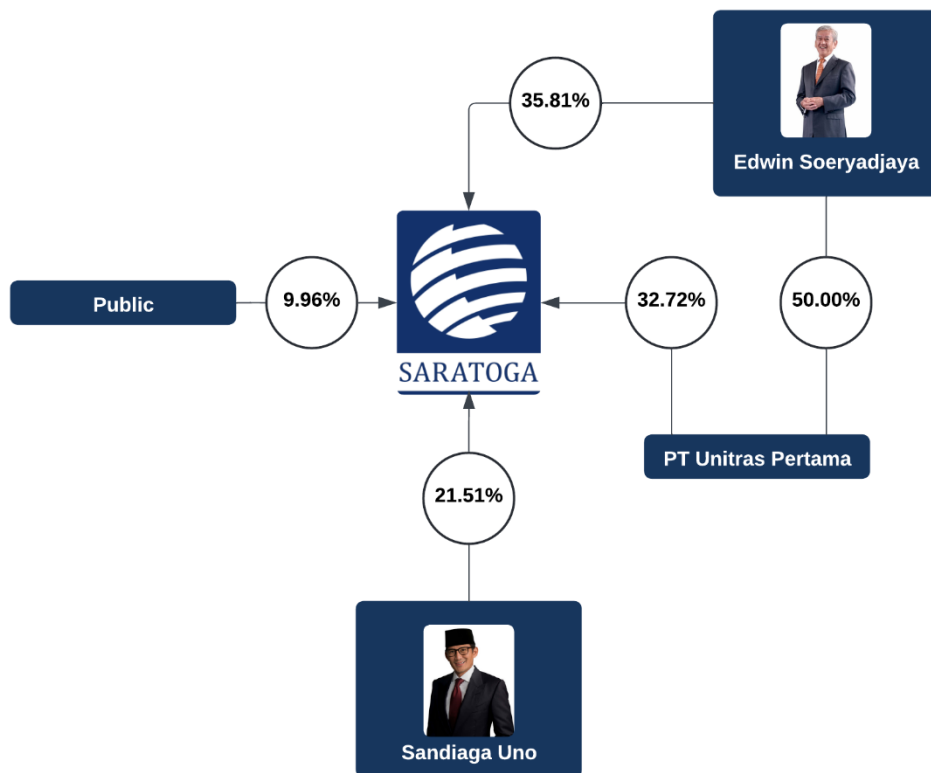
Source: Company, Bloomberg

BUSINESS OVERVIEW

Founded in 1997 by Edwin Soeryadjaya and listed on the IDX under the ticker 'SRTG' in 2013, SRTG is a leading investment company in Indonesia with Net Asset Value (NAV) of IDR 53.5 tn (USD 3.3 bn). The company focuses on early-stage, growth-stage, and special investment opportunities, actively engaging with the management of its investee companies to unlock value and enhance growth.

SRTG leverages strategic investments in multiple sectors to boost long-term growth and stakeholders value

Figure 1. SRTG's Ownership Structure



Edwin Soeryadjaya is the controlling shareholder with 52.17% stake, stemming from 35.81% direct ownership and 16.36% through PT Unitras Pertama.

Sources: Company, SSI Research

Focusing on key sectors. SRTG invests in key sectors that are pivotal to Indonesia's economic growth. Its prominent portfolio includes leading companies such as PT Adaro Energy Tbk. (ADRO), PT Merdeka Copper Gold Tbk. (MDKA), PT Tower Bersama Infrastructure Tbk. (TBIG), and PT Mitra Pinasthika Mustika Tbk. (MPMX). SRTG's investments provide companies with critical financial support, operational expertise, and strategic guidance, enabling them to achieve sustainable growth.

SRTG focuses on medium-to-long-term investments

Table 1. SRTG's investment timeline (2002-2006)

Year	Companies	Sector/Focus
2002-2006	PT Adaro Indonesia	Natural Resources, Coal & Energy
	PT Banyan Mas (Now: PT Tower Bersama)	Infrastructure, Telco, Tower
	PT Tenaga Listrik Gorontalo	Infrastructure, Power Generation
	PT Provident Agro Tbk.	Natural Resources, Palm Oil, Plantation
	PT Lintas Marga Sedaya	Infrastructure, Toll Road

Throughout its lifetime, SRTG has invested in various prominent companies

Sources: Company, SSI Research

Table 2. SRTG's investment timeline (2010-2014)

Year	Companies	Sector/Focus
2010	Pt Agro Maju Raya	Natural Resources, Palm Plantation
	PT Mitra Pinasthika Mustika Tbk.	Consumer, Automotive
	PT Etika Karya Usaha	Consumer, Property
2011	PT Medco Power Indonesia	Infrastructure, Power Generation
	PT Tri Wahana Universal	Infrastructure Oil Refinery
2012	Interra Resources Limited	Natural Resources, Oil & Gas
	Seroja Investment Limited	Infrastructure Freight Chartering
	Sihayo Gold Limited	Natural Resources Gold
	Sumatra Copper and Gold Plc	Natural Resources Polymetallic
2013	Finders Resources Limited	Natural Resources, Polymetallic
	PT Nusa Raya Cipta	Infrastructure, Construction
	PT Mitra Pinasthika Mustika Tbk.	Consumer, Automotive
2014	PT Trimitra Karya Jaya	Natural Resources, Gold

Sources: Company, SSI Research

SRTG actively contributes to improve its investee. SRTG works closely with its investees' management team to improve their performance, offering capital for expansion and sharing industry knowledge to enhance strategies and efficiency. Notable success stories include TBIG, ADRO, and MDKA, whose achievements following SRTG's investments are detailed below

Figure 2. TBIG's Timeline

2004	2010	2012	2017	2018	2023
Founded with 7 towers under operation	Raised IDR 1.1tn after IDX Listing	Acquired 2,500 tower assets from Indosat	13,500 sites under operation with 23,000 total tenants	Acquired 50.1% of GHON and 51% of GOLD (public tower companies)	22,000 operating sites with 42,000 total tenants (IDR 47tn mkt.cap)

Sources: Company, SSI Research

TBIG. Since its 2004 investment, SRTG has played a critical role in transforming PT Tower Bersama Infrastructure Tbk (TBIG) from a small company with just seven towers into a leading independent tower operator. SRTG facilitated key acquisitions, including assets from Mobile-8 Telecom in 2009 and Indosat in 2012, and supported TBIG's IPO in 2010, which provided vital capital for expansion.

Figure 3. ADRO's Notable Achievements

2002	2008	2010	2016	2018	2023
Coal Production of c.20mtpa	Raised IDR 12.2tn after IDX Listing	Acquired 25% of IndoMet Coal Project (100% stake in 2016)	Commenced construction of 2x1G at Batang Power Plant	Jointly acquired 80% of Kestrel Coal Resources with EMR Capital	Commenced the Mentarang Induk PLTA project with estimated capacity of 1,375 GW

Sources: Company, SSI Research

SRTG boasts diverse investment portfolio consisting of companies from various sectors

SRTG actively engages with investees' management to unlock value and boost growth

The company owns and operates Jakarta based data centers across multiple strategic locations

SRTG had significant roles in facilitating key acquisitions (e.g. Mobile-8 Telecom, Indosat) for TBIG

ADRO invests in energy projects, including hydropower and aluminum smelting, driving sustainability and resource diversification

ADRO. As an integrated pit-to-power energy producer, ADRO has maintained a robust financial position, even after the normalization of commodity prices. SRTG’s strategic investment and support have been instrumental in enabling ADRO to achieve significant milestones in 2023-2024, including the groundbreaking of Mentarang Induk Hydropower Plant project, valued at USD 2.6 billion with 1,375 MW capacity. Additionally, SRTG’s backing helped ADRO secure financing for its aluminum smelter project, with total loan of USD 1.6 billion (IDR 2.5 trillion).

The Mentarang Induk Hydropower Plant project is operated by PT Kayan Hydropower Nusantara (KHN), jointly owned by ADRO (50%), Sarawak Energy Berhad (25%), and PT Kayan Patria Pratama (25%)

Figure 4. MDKA’s Timeline

2012	2015	2017	2018	2019	2023
Established single undeveloped gold project	Listed on IDX Raised IDR 839bn	Tujuh Bukit Gold produced 141k oz of gold	Acquired 67.9% of Wetar Copper and 86.7% of Pani Gold Project	MoU with Tsingshan on Acid Iron Metal Project	Gold production of 125k oz MoU with HK Brung CATL (IDR 89.1tn mkt. cap)

Sources: Company, SSI Research

MDKA's Tujuh Bukit Copper Project is one of the world's largest undeveloped copper resources, with a potential mine life of up to 30 years

MDKA. SRTG's strategic investment and support have been instrumental in MDKA's growth and achievement of critical milestones. The company successfully launched PT Merdeka Battery Materials Tbk (MBMA) and bolstered its nickel processing capabilities by acquiring 60% stake in PT Huaneng Metal Industry for USD 75 million. With SRTG’s backing, MDKA also advanced its sustainability agenda by initiating the construction of a High-Pressure Acid Leach (HPAL) plant and enhancing its ESG credentials, leading to an ‘A’ rating from MSCI.

Huaneng Metal Industry processes low-grade nickel matte, reducing its iron content to produce high-grade nickel matte containing over 70% nickel

Strategic shift. In October 2016, Saratoga Investama Sedaya (SRTG) entered the healthcare sector by investing in PT Famon Awal Bros Sedaya (FABS), the parent company of hospitals operating under the Awal Bros brand. SRTG acquired a 3.06% stake in FABS through a capital injection of approximately IDR 75 billion, marking its strategic move into the growing healthcare industry.

Investment in FABS marked Saratoga's initial venture into the healthcare industry

Figure 5. Primaya Hospital’s Notable Achievements

2016	2017	2018	2019	2020	2022
4 hospitals under the Awal Bros brand c.800 beds	Launched RS awal Bros East Bekasi	Launched RS Awal Bros Palangkaraya	Launched RS Awal Bros Inco Sorowako and North Bekasi	Rebranding to Primaya Hospital 9 hospitals, 1,000 beds	Listed on IDX, with 15 hospitals, +2,000 beds and (IDR 11tn mkt. cap.)

Sources: Company, SSI Research

As of 2023, Primaya Hospital Group manages 16 operating hospitals located across Indonesia

PRAY Divestment and Zap Investment. In early 2023, Saratoga Investama Sedaya (SRTG) completed the divestment of its entire stake in PT Famon Awal Bros Sedaya Tbk (PRAY), the operator of Primaya Hospital. The company sold all 425.45 million of its PRAY shares, strategically realizing gains from its earlier investment. Despite the divestment, SRTG remains committed to the healthcare sector. In 2022, SRTG invested in ZAP Clinic, a leading provider of beauty and laser treatments in Indonesia, specializing in aesthetic and dermatological services. Building on this momentum, SRTG acquired majority stake in Brawijaya Healthcare Group, which operates five hospitals and two clinics. Brawijaya focuses on comprehensive healthcare services, with specialized centers for cardiovascular care, oncology, pain management, and endoscopy. These strategic moves align with SRTG's long-term vision to expand and strengthen its presence in Indonesia's growing healthcare industry.

SRTG achieved success in the healthcare sector, prompting further expansion in the industry from 2022 onward

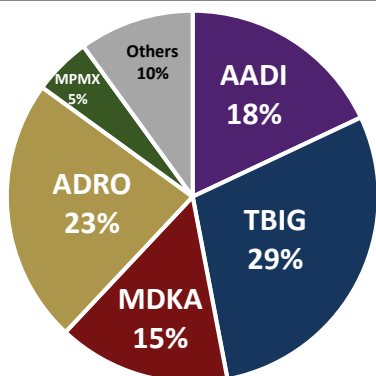
Table 3. SRTG's Investment Timeline (2016-2023)

Year	Companies	Sector/Focus
2016	PT Multia Bosco Logistik	Consumer, Cold-chain logistics
	PT Famon Awal Bros Sedaya	Consumer, Healthcare
2017	PT Deltomed Laboratories	Consumer, Herbal Medicine
2018	PT Aneka Gas Industri Tbk	Consumer, Industrial Gas
2019	Julo Teknologi Financial	Finance
2021	SIRCLO	E-Commerce Solution
	FUSE	Insurance, Technology Platform
	Xurya Daya Indonesia	Solar Energy
	City Vision	Digital Media Advertising
2022	AtriaDC	Data Center
2023	ZAP	Healthy and Beauty Clinic

Notable Divestments:

- 2016: PT Pulau Seroja Jaya, palm assets of PT Provident Agro Tbk.
- 2017: PT Lintas Marga Sedaya, PT Medco Power Indonesia
- 2018: Pt Batu Hitam Perkasa (Paiton Energy)
- 2023: PT Famon Awal Bros Sedaya Tbk. & AtriaDC

Figure 7. SRTG's Portfolio Breakdown (With AADI)



Sources: Company, SSI Research

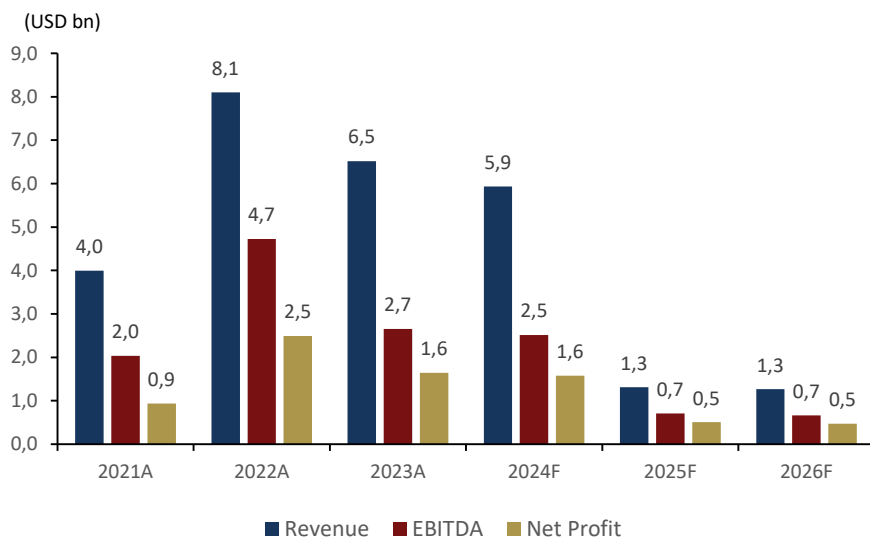
SRTG's portfolio includes ADRO, MDKA, TBIG, MPMX and the newly spun-off AADI

INVESTMENT OVERVIEW

Alamtri Resources Indonesia (ADRO, 23% of SOTP). SRTG currently holds 15.2% stake in ADRO. At the current price, the stake represents 23% (IDR 11.8tn) of SRTG’s key portfolio. Following the coal spin-off, ADRO will further delve into ‘green’ business through metallurgical coal (ADMR), mining contractor (SIS) and renewable energy production. Its renewable energy business comprises of solar PV, wind and hydro power plant, with Mentarang Induk hydro power plant (planned capacity: 1,375MW) as its flagship project. Regarding financial projections, ADRO’s numbers may decline considerably post AADI divestment. However, the company is still expected to book positive bottom line, thanks to metallurgical coal sales (ADMR) and mining contracting revenue (SIS). For 2025F and 2026F, ADRO’s revenue is anticipated to reach IDR 1.3tn, with net profit of IDR 0.5tn. Despite reduced earnings, we believe ADRO will continue distributing dividends albeit at a smaller payout ratio, supported by its strong cash position bolstered by its PUPS.

ADRO’s flagship hydro power plant, Mentarang Induk, is expected to commence commercial operations (COD) by 2030, while its green aluminum smelter is slated for COD by 2025

Figure 8. ADRO’s Financials, 2021-2026F



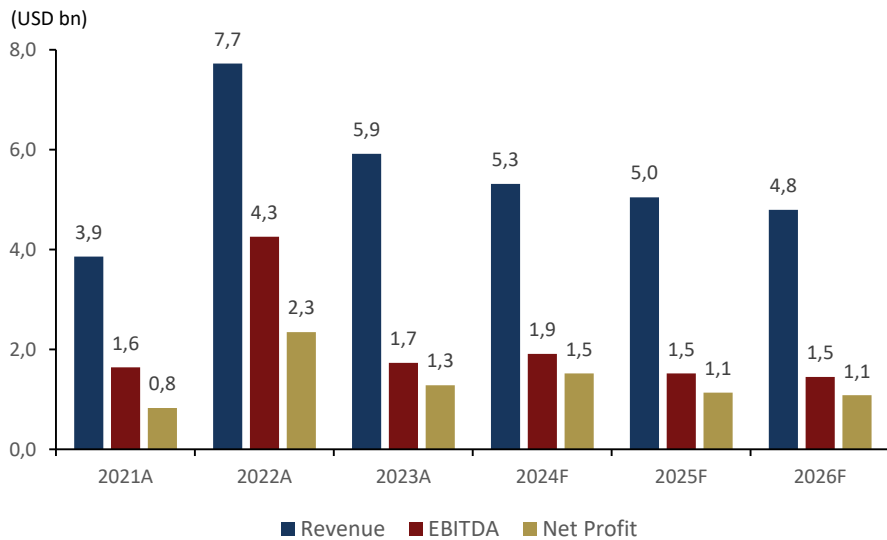
ADRO will experience diminished financial performance following the divestment of AADI; however, the company’s profitability remains solid helped by its metcoal and mining contracting

Sources: Company, SSI Research

Adaro Andalan Indonesia (AADI, 18% of SOTP). AADI oversees integrated coal mining operations, catering to both domestic and export markets. At current valuations, SRTG’s 14.1% ownership in AADI represents 18% of its SOTP, equivalent to IDR 9.3 trillion. AADI boasts robust supply chains spanning upstream and downstream operations. In addition to mining, its portfolio includes logistics, water treatment, utilities, land management, and power generation. One of the company’s key highlights is its Envirocoal product, with GAR of approximately 4,000, and offers unique environmental advantages due to its low ash, nitrogen, and sulfur content. For the financial side, we anticipate AADI’s financial performance to remain above 2021 levels, though slight declines are expected as the world transitions from coal to renewables. For 2025F and 2026F, revenue is projected at approximately USD 5.0 billion, with EBITDA of around USD 1.5 billion and net profit of USD 1.1 billion. The decline in net profit reflects the company’s true profitability, as 2024F results were bolstered by one-time earnings of USD 300 million.

AADI produces highly desirable premium products, most notably its envirocoal, with low ash, nitrogen and sulphur content

Figure 9. AADI Financials, 2021-2026F



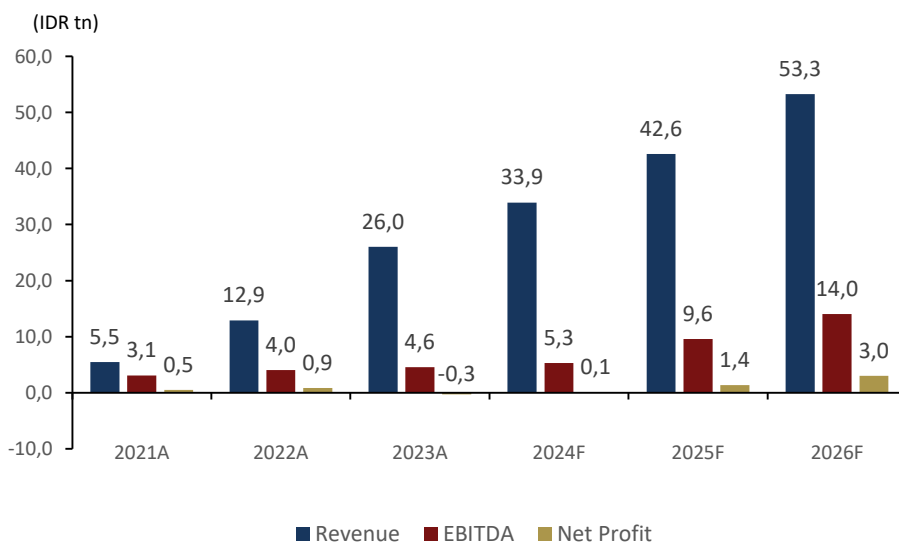
Sources: Company, SSI Research

Merdeka Copper Gold (MDKA, 15% of SOTP). Saratoga holds 19.1% stake in MDKA, which, at current price, represents 15% (IDR 7.5 trillion) of its entire portfolio. MDKA's recent initiatives include Pani (gold) and Tujuh Bukit (copper) projects. The Pani mining site contains an estimated 6.9 Moz of gold, while the Tujuh Bukit mine holds 8.2 MT of copper and 27.9 Moz of gold. Furthermore, through a joint venture with CATL, MDKA is advancing the development of High-Pressure Acid Leach (HPAL) plant, expected to enhance future metal yields and bolster its production capabilities. MDKA's strong topline growth is driven by its aggressive expansion, particularly into the nickel industry through MBMA. Over the next few years, MDKA is poised to achieve critical milestones, including the commissioning of the Pani gold mine by late 2025 and advancements in downstream nickel refining through MBMA, positioning the company for sustained financial growth.

AADI's revenue and profitability may slightly decline; however, its overall financial position should remain robust

MDKA possesses large amounts of gold and copper resources in Pani and Tujuh Bukit projects

Figure 10. MDKA Financials, 2021-2026F



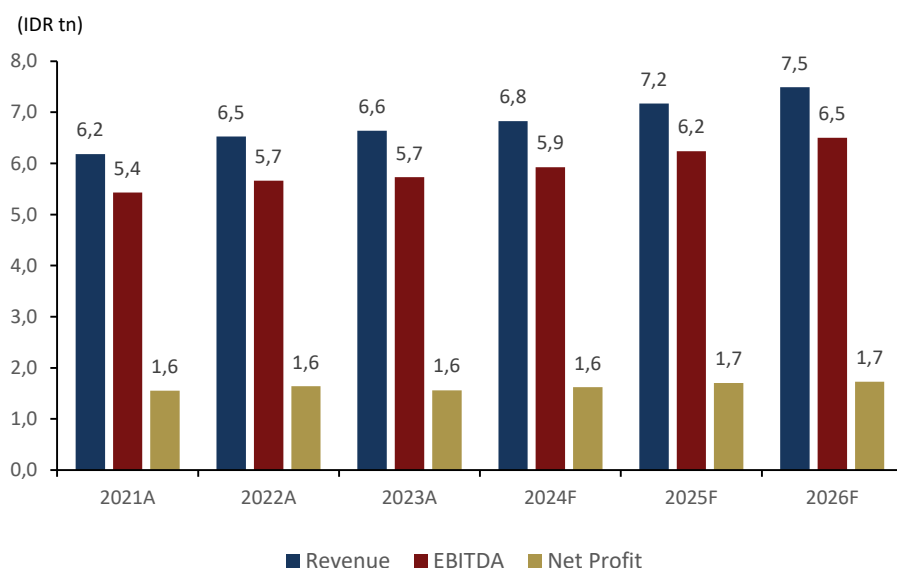
Sources: Company, Bloomberg

Accompanied by substantial revenue growth, MDKA is on track to book positive bottom line by end-2024

Tower Bersama Infrastructure (TBIG, 29% of SOTP). SRTG holds 31.6% stake (IDR 15.0tn) in TBIG, one of Indonesia’s largest telecommunications tower companies. The company currently operates 23,565 towers with 42,430 tenants, achieving tenancy ratio of 1.80x, the highest among its peers. Currently, Indonesia serves 60.8% of the total addressable market with fiber optic, leaving significant room for further development. Additionally, intensified competition among mobile network operators (MNOs) is increasing demand for telecommunications towers in underserved regions, such as eastern Indonesia, which could lead to new tower projects for TBIG. While TBIG’s financials remain stable, the company is expected to achieve conservative growth of approximately +3.9% YoY in the coming years. This modest growth reflects the telecommunications tower industry’s maturity and saturation in densely populated areas. Nevertheless, TBIG continues to operate as high-margin business and is projected to maintain its bottom-line margin above 20%, highlighting its strong profitability and operational efficiency.

While TBIG’s tower portfolio is nearing peak maturity, the tenancy ratio still has room for improvement; TBIG’s future growth largely hinges on its strategy to further penetrate the fiber optic market, which currently accounts for approximately 8% of its topline revenue

Figure 11. TBIG Financials, 2021-2026F



TBIG’s financial performance remains relatively stable, with profit margins maintained above 20%

Sources: Company, SSI Research

Others (16% of SOTP). ‘Others’ category in SRTG’s portfolio comprises several notable private and listed companies, including Samator Indo Gas Tbk. (AGII), Provident Investasi Bersama Tbk. (PALM), Nusa Raya Cipta Tbk (NRCA), Forest Carbon (FC), Xurya Daya Indonesia (Xurya), Brawijaya Healthcare, and ZAP.

Other private companies not mentioned in this section are available in Table 1-3

Samator Indo Gas Tbk. (AGII). Established in 1916, Samator Indo Gas Tbk (AGII) is an industrial gas company with over a century of experience in producing and distributing gases such as oxygen, nitrogen, argon, and specialty gases. In addition to gas production, AGII offers system installation and specialty gas trading services. AGII’s 56th plant, situated in the Batang Integrated Industrial Estate, is equipped with advanced Air Separation Units and eco-friendly solar panels. The facility can produce 7,000 cubic meters of Liquid Oxygen and Liquid Nitrogen, as well as 280 cubic meters of Liquid Argon, per hour.

AGII operates 57 plants and 103 gas stations across 29 provinces in Indonesia

Provident Investasi Bersama Tbk. (PALM). Established in 2006 and listed on the IDX in 2018, Provident Investasi Bersama Tbk (PALM) is an investment company with a diverse portfolio. PALM strategically targets high-growth industries, including palm oil, mining, energy, transportation, and urban development, positioning itself as a key player in Indonesia's dynamic economic landscape.

Nusa Raya Cipta Tbk. (NRCA). Founded in 1975, NRCA specializes in providing construction services for large-scale infrastructure, residential, and commercial projects across Indonesia. The company delivers integrated solutions from planning to construction and maintenance, catering to both public and private sectors. Focusing on innovation, sustainability, and safety, NRCA aligns with industry best practices and continues to expand its portfolio into property development.

Forest Carbon (FC). Established in 2012, Forest Carbon is a premium carbon project developer specializing in the full lifecycle of project development, including securing investment, designing and delivering projects, and managing carbon sales. Its flagship initiative, the Sumatra Merang Peatland Project, serves as a successful business model for peatland restoration. The project has achieved remarkable outcomes, including 23% increase in forest coverage (22,000 hectares), protection of endangered species, and provision of health, education, and job opportunities for local communities.

Xurya Daya Indonesia (Xurya). Established in 2018, Xurya is a renewable energy company focused on accelerating the transition to solar energy for industrial players through long-term lease contracts. The company currently manages 186 rooftop solar assets, with 43 additional sites under construction. Xurya's portfolio serves diverse sectors, including manufacturing, logistics, hotels, and shopping malls.

ZAP. Founded in 2009 as a home-service therapy provider, ZAP expanded into clinic operations in 2014, specializing in hair removal and facial treatments. Today, ZAP operates over 100 clinics across 20 cities, catering to middle and upper-middle-class customers through three distinct brands: ZAP and ZAP Premier for women, and Menology for men. In addition to its clinic services, ZAP is expanding its presence in the beauty and wellness sector through its retail skincare line, Juva. Targeting the mass market, Juva products are available both online and in physical stores, enabling ZAP to capitalize on Indonesia's growing demand for beauty and wellness solutions.

Brawijaya Healthcare Group. Brawijaya Healthcare operates a network of five hospitals and two clinics in Jakarta and Bandung. Originally established in 2006 as Brawijaya Women & Children Hospital, the group has since expanded its services to cater to broader healthcare needs. A key highlight is the BraveHeart Center, one of Indonesia's leading cardiovascular facilities. Equipped with advanced technology and staffed by top specialists, the center provides cutting-edge care, reinforcing Brawijaya's reputation for medical excellence.

Established as a holding company, PALM was eventually restructured into an investment company in August 2022

NRCA works on complex construction projects such as roads, bridges, and industrial plants

Through the Sumatra Merang Peatland Project, the company has raised over EUR 5mn in investment capital

Xurya provides solar energy solutions, covering feasibility studies, installation, and ongoing operation and maintenance

SRTG made strategic investment in ZAP to capitalize in growing beauty and wellness trends, with clinics spread across 20 cities

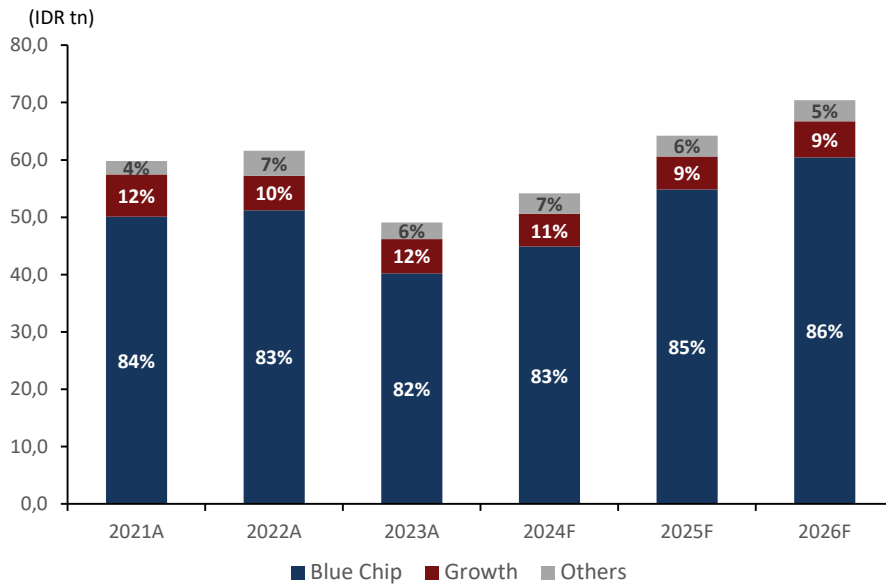
SRTG completed the acquisition of majority stake in Brawijaya in 1H24

FINANCIAL OVERVIEW

Strong topline growth propelled by one-time dividend. We forecast SRTG's 2024F topline to turn positive, driven primarily by an estimated special dividend of IDR 6.5 trillion from ADRO's PUPS, supplemented by recurring dividends of IDR 2.5 trillion bringing the total to IDR 9.1 trillion. They are expected to record loss on investments of IDR 1.8 trillion by 2024F driven by a decline in MDKA share prices, despite slight gains in AADI and ADRO. This results in a total revenue forecast of ~IDR 7.3 trillion for 2024F. Although the coal sector is experiencing rising pressures, we expect the one-time IDR 6.5 trillion dividend to be fully reinvested in AADI shares, reflecting the importance of coal operations to Saratoga's recurring income and AADI's attractive valuation, highlighted by its low P/E ratio of 2.1x.

We project 2024F topline of IDR 7.3 trillion, comprising of one-time dividends of IDR 6.5 trillion, recurring dividends of IDR 2.5 trillion, and share loss of IDR 1.8 trillion

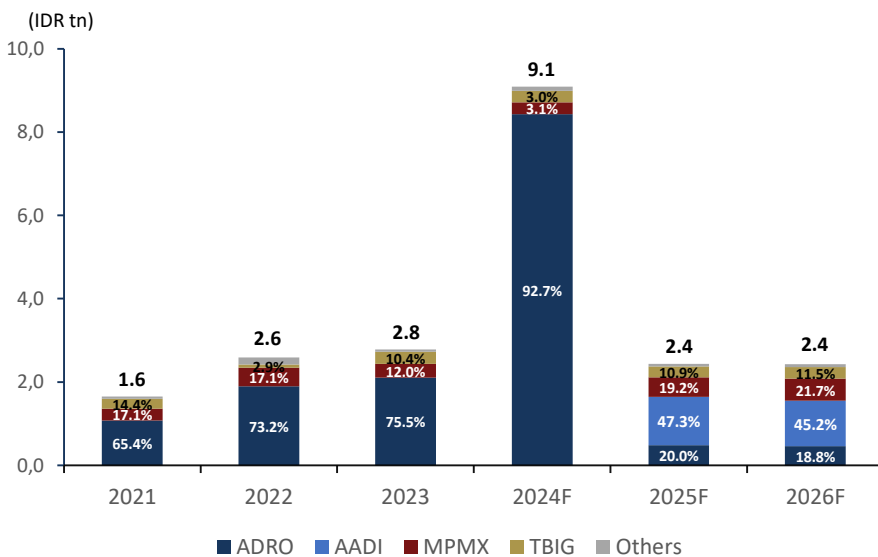
Figure 12. SRTG's Investment Proportion, 2021-2026F



We anticipate investments in shares to steadily climb through 2024F and 2025F, before reaching maturity at ~IDR 70 trillion by 2026F

Sources: Company, SSI Research

Figure 13. Dividends by Company



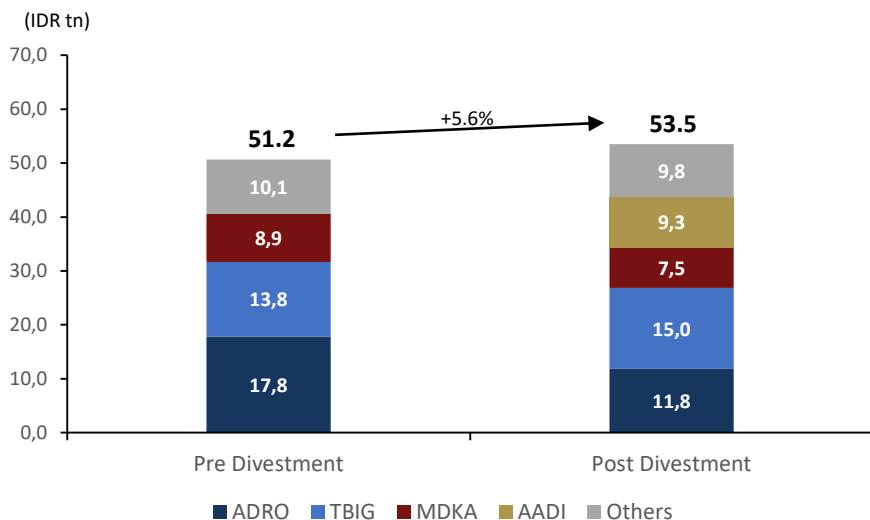
Dividends are the cornerstone of SRTG's recurring income, with key contributions from ADRO, AADI, MPMX, and TBIG

Sources: Company, SSI Research

AADI to boost NAV. The spinoff of AADI is anticipated to directly boost SRTG’s NAV through the conversion of special dividends. Based on AADI’s PUPS price of IDR 5,960 and SRTG’s 15.2% stake in ADRO, SRTG’s NAV is projected to increase by IDR 6.5 trillion from special dividends. Once converted, this will translate into 14.1% stake in AADI. At the current share price of IDR 2,090, SRTG is trading at > 40% discount to NAV, presenting compelling valuation gap. The significant NAV uplift underscores AADI’s potential to strengthen SRTG’s financial position and highlights its undervalued status.

Special dividends, if converted to AADI shares, would result in SRTG owning 14.1% stake in AADI

Figure 14. Increase in SRTG’s NAV, as on 31 Dec 2024



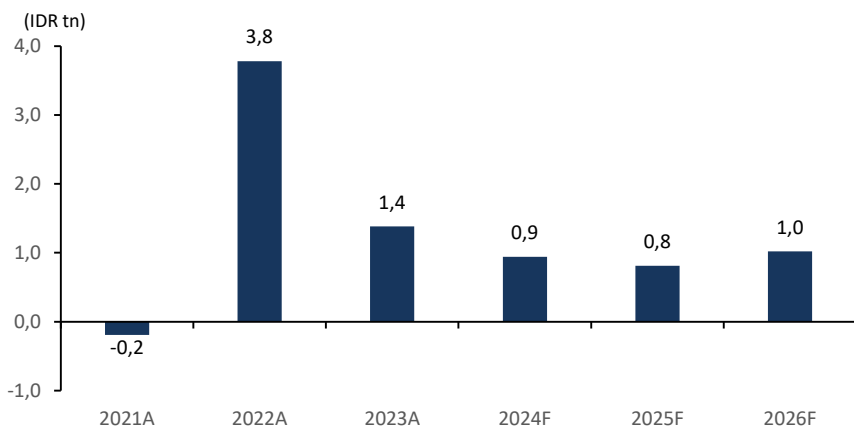
SRTG’s NAV has increased by IDR 2.3 trillion by end of 2024, mainly driven by an increase in AADI share prices

Sources: Company, SSI Research

Resilient free cash flow for future investments. Saratoga has consistently demonstrated its ability to maintain resilient free cash flow (FCF), driven by robust dividend income. Despite slight pressures in coal sector, dividend income is expected to remain strong, exceeding IDR 2 trillion, with significant contributions from AADI, ADRO, MPMX, and TBIG. The stable inflow supports SRTG’s ability to generate consistent FCF, projected to hover around IDR 1 trillion. The stability of its FCF underscores the company’s financial strength while providing flexibility to reinvest in strategic opportunities, ensuring sustained growth and attractive shareholder returns.

SRTG’s free cash flow (FCF) typically mirrors its dividend income, as its holdings are generally maintained over longer horizons

Figure 15. SRTG’s Unlevered Free cash flow



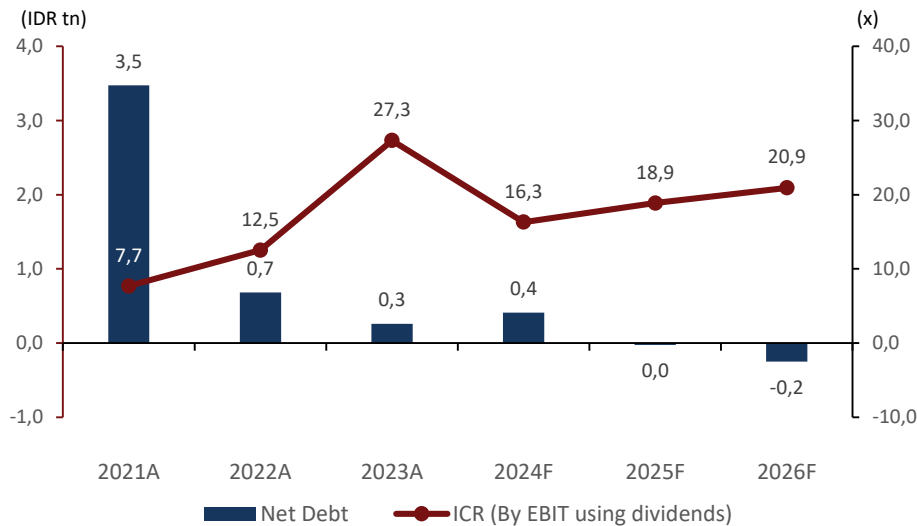
Lack of notable CapEx, coupled with stable debt levels, leads to consistent unlevered FCF

Sources: Company, SSI Research

Effective capital structure thanks to robust ICR. Saratoga has consistently maintained a high ICR, underscoring its capability to expand its portfolio organically. Projections for the coming years indicate that this ratio is expected to remain above 15.0, given that loans are only utilized for enticing investment opportunity. From liquidity standpoint, Saratoga's operating cash flow, bolstered by its steady income, is more than adequate to meet its debt obligations. This provides ample flexibility to reinvest in high-growth opportunities while maintaining strong debt service coverage.

SRTG demonstrates prudent liquidity management with abundant cash flows to meet its obligations

Figure 16. SRTG's ICR and Net Debt



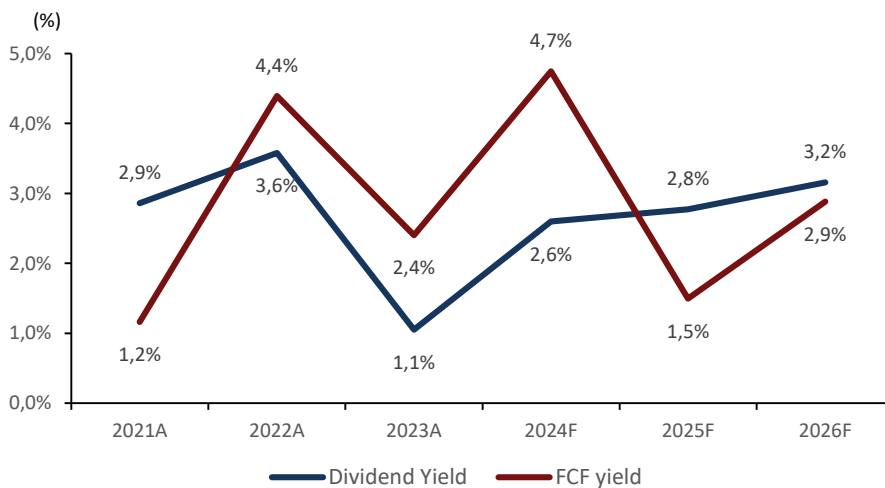
ICR is projected to remain strong for years to come

Sources: Company, SSI Research

Maximize shareholder value through dividend distributions. Saratoga has consistently maintained significant dividend payouts to shareholders, reflecting its resilient financial performance. In recent years, SRTG has sustained dividend yield of 2.5%, demonstrating its commitment to rewarding shareholders despite fluctuations in free cash flow (FCF) yield. While 2024F dividend payouts are expected to be slightly lower than in previous years, we forecast SRTG's dividend yield to remain above 2% in the coming years, supported by lower debt levels and better free cash flow.

Significant gains boost SRTG's ability to sustain solid dividend payouts

Figure 17. Dividend and FCF yields, 2021-2026F



SRTG's FCF yield is consistently similar to its dividend yields, indicating stability in the company's dividend policy

Sources: Company, SSI Research

Valuation

We used SOTP method to calculate SRTG's valuation, in which we value the company's NAV (post-AAID) at IDR 53.5tn. Our TP of IDR 3,000 implies 23% discount to NAV, reflecting 43.5% potential upside, despite SRTG's 30.7% outperformance against JCI. Downside risk: economic downturn that may adversely affect Indonesia's growth prospects, leading to lower NAV and dividend income.

Downside risk: lower NAV driven by slower economic growth, lower dividend incomes from invested entities, and suboptimal investments

Figure 18. Discount to NAV Valuation

NAV Calculation (Share price as of 31 Dec 2024)						
Saratoga NAV	Ownership	# of Shares (in bn)	Share Price	Market Cap (IDR tn)	NAV (IDR tn)	
Adaro Andalan Indonesia (AADI)	14.1%	7.8	8,475	66.0	9.3	
Alamtri Resources Indonesia (ADRO)	15.2%	32.0	2,430	77.7	11.8	
Tower Bersama (TBIG)	31.6%	22.7	2,100	47.6	15.0	
Merdeka (MDKA)	19.1%	24.5	1,615	39.5	7.5	
Mitra Pinasthika (MPMX)	56.7%	4.5	985	4.4	2.5	
Aneka Gas (AGII)	10.0%	3.1	1,400	4.3	0.4	
Provident Agro (PALM)	4.5%	15.7	438	6.9	0.3	
Nusa Raya Cipta (NRCA)	7.0%	2.5	352	0.9	0.1	
Others					4.5	
Sum of Investee Companies Value (Rp tn)					51.5	
(+) Cash and cash equivalents					0.9	
(+) Investment ST					2.3	
(-) Interest bearing debt					1.2	
Total NAV					53.5	
Total NAV (Rp tn)		53.5				
NAV/share (Rp/sh)		3,945				
Current Price (SRTG)		2,090				
Discount to NAV		47.0%				
Target Disc. To NAV		23%				
Target Price (Rp/sh)		3,000				
Upside		43.5%				

Sources: Company, SSI Research

Our TP of IDR 3,000 implies narrowing discount to NAV from 47% to 23%

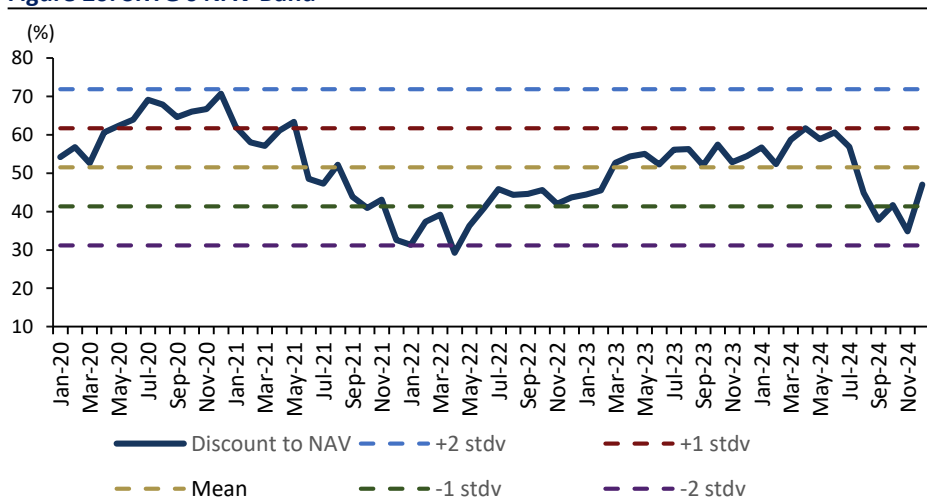
Figure 19. Peer Comparables

Company Name	Company Ticker	Market Cap (USD Mn)	PER (x)		PBV (x)		ROE (%)		NAV Current (USD Mn)	Disc to NAV Current (%)
			2024F	2025F	2024F	2025F	2024F	2025F		
PROSPECT CAPITAL	PSEC US	1,866	8.0	9.2	0.5	0.5	8.7	8.0	3,511	(46.9)
SIXTH STREET SPE	TSXL UN	1,988	9.3	9.7	1.2	1.2	12.5	12.6	1,597	24.4
SARATOGA INVESTAMA	SRTG IJ	1,751	4.4	3.9	0.7	0.6	4.3	3.6	3,307	(47.0)
OAKTREE SPECIALTY	OCSL US	1,257	7.4	7.8	0.9	0.9	11.7	11.4	1,496	(16.0)
JAFCO GROUP CO LIMITED	8595 JT	772	12.6	11.1	0.8	0.8	6.7	7.2	890	(13.3)
MOLTEN VENTURES	GROW LN	745	33.4	7.0	0.5	0.5	2.3	7.5	1,494	(50.2)
Weighted AVERAGE		1,579	10.1	8.0	0.8	0.8	8.4	8.6	2,291	(22.6)
MEDIAN		1,504	8.7	8.5	0.7	0.7	7.7	7.8	1,547	(22.9)
MAX		1,988	33.4	11.1	1.2	1.2	12.5	12.6	3,511	19.7
MIN		745	4.4	3.9	0.5	0.5	2.3	3.6	890	(50.2)

Sources: Company, SSI Research

SRTG's peers are investment management companies with similar market cap as on 31 Dec 2024

Figure 20. SRTG's NAV Band



As on 31-Dec, SRTG's discount to NAV stands at 47.0%

Sources: Company, SSI Research

Figure 21. Management Profile

Board of Commissioners	Position	Years of Experience
 <p>Edwin Soeryadjaya was appointed as the Company's President Commissioner through EGMS on 22 January 1997, a position he still holds today. He also serves as the Supervisor of the Investment Committee and as a member of the Nomination and Remuneration Committee.</p>	<p>President Commissioner</p>	<p>46</p>
 <p>Joyce Soeryadjaya Kerr, a 73-year-old Indonesian citizen, was appointed as Commissioner on 31 August 1999. She also serves as Commissioner at PT Unitras Pertama, one of the Company's major shareholders. She holds a Bachelor of Science in Language, Art, and Science (German) from the University of Southern California.</p>	<p>Vice-President Commissioner</p>	<p>25</p>
 <p>Indra Cahya Uno was appointed as the Company's Commissioner on 14 May 2013. He also serves as Commissioner at ANTV and Indivara Group, founded PT TPS Consulting Indonesia, leads social initiatives like OK OCE Indonesia, and holds a PhD in Strategic Management and multiple degrees in Business and Aerospace Engineering.</p>	<p>Commissioner</p>	<p>21</p>
 <p>Prof. Sidharta Utama, Ph.D., CA, CFA, was first appointed as the Company's Independent Commissioner in 2013. is a professor at the University of Indonesia specializing in corporate governance. He serves on financial and governance boards and is an Independent Commissioner at PT Astra Graphia Tbk and PT Bukalapak Tbk. He holds a Ph.D. from Texas A&M, an MBA from Indiana University, and a Bachelor's in Economics from the University of Indonesia.</p>	<p>Commissioner</p>	<p>25</p>
 <p>Appointed in 2013, Anangga W. Roosdiono chairs the Nomination, Remuneration, and Audit Committees. He is the founder of Roosdiono & Partners, a lecturer at the Bandung Institute of Technology, and a key figure in arbitration and legal associations. He holds a Law degree from the University of Indonesia, an LLM from the University of Denver, and a Doctorate from Pelita Harapan University.</p>	<p>Commissioner</p>	<p>33</p>

Sources: Company, SSI Research

Board of Directors	Position	Years of Experience
 <p>Appointed as President Director in 2015, Michael W. P. Soeryadjaya also chairs the Company’s Investment Committee. He has extensive expertise in mergers and acquisitions, contributing to successful IPOs and investments. Michael holds additional roles as Director at PT Adaro Energy Indonesia Tbk and Commissioner at PT Samator Indo Gas Tbk and PT Merdeka Battery Materials Tbk. He earned a Bachelor of Arts in Business Administration from Pepperdine University.</p>	<p>President Director</p>	<p>9</p>
 <p>Before her appointment as Finance Director of the Company in 2018, Lany D. Wong previously served as CFO at PT Dharma Satya Nusantara Tbk and PT Medco Energi Internasional Tbk. She also held strategic roles in Medco and worked at PricewaterhouseCoopers, Arthur Andersen, and Astra International. She has an Economics degree from the University of Indonesia, a Master in Finance from Texas A&M University, and is a CFA Charterholder</p>	<p>Finance Director</p>	<p>18</p>
 <p>Devin Wirawan was appointed as Investment Director in 2019. He holds a bachelor's degree in Finance and Management Information Systems from the University of Minnesota. Prior to joining Saratoga’s investment team in 2009, he worked as Strategy and Trading Analyst at various firms in the US and Singapore. Devin has held executive roles at PT Medco Power Indonesia and PT Paiton Energy and currently serves as a Director at Xurya Pte. Ltd.</p>	<p>Investment Director</p>	<p>24</p>

Sources: Company, SSI Research

Financial Highlights

Income Statement	FY21A	FY22A	FY23A	FY24F	FY25F	FY26F
Revenue	26,073	6,344	(10,991)	7,297	12,427	8,004
COGS	-	-	-	-	-	-
Gross Profit	-	-	-	-	-	-
SG&A	(153)	(232)	(222)	(224)	(243)	(255)
Others	(32)	(68)	(1)	(54)	(49)	(53)
Adj. EBITDA	25,888	6,044	(11,214)	7,020	12,136	7,696
D&A	-	-	-	-	-	-
Adj. EBIT	25,888	6,044	(11,214)	7,020	12,136	7,696
Net Interest	(192)	(185)	(95)	(145)	(115)	(103)
Adj. PBT	25,696	5,859	(11,309)	6,874	12,020	7,594
Tax	(804)	(1,232)	1,158	(1,512)	(2,644)	(1,671)
Minority Interest	(2)	2	10	(2)	3	5
Adj. Net Income	24,890	4,628	(10,141)	5,360	9,379	5,928
Reported EPS	1,834.87	341.19	(747.63)	395.17	691.40	437.02
Adj. EPS	1,834.87	341.19	(747.63)	395.17	691.40	437.02
DPS	59.70	74.73	21.95	54.26	57.92	65.98
Payout Ratio (%)	49.1	39.1	10.7	30.2	32.4	35.0

*Payout ratio is based on dividend incomes only

Balance Sheet	FY21A	FY22A	FY23A	FY24F	FY25F	FY26F
Cash and Cash Equivalents	462	863	665	1,031	1,171	1,264
Accounts Receivable	859	1,247	1,130	128	137	149
Inventories	-	-	-	-	-	-
Other Current Assets	3	3	5	6	9	19
Current Assets	1,324	2,113	1,800	1,164	1,318	1,432
PP&E	-	-	-	-	-	-
LT Investments	59,695	61,518	49,008	54,045	64,115	70,294
Other Non-Current Assets	132	140	137	142	144	145
Total Assets	61,152	63,771	50,945	55,351	65,577	71,871
Short Term Borrowings	-	-	-	-	-	-
Payables	4	17	5	9	9	10
Other Short Term Liabilities	14	18	5	17	18	14
Current Liabilities	18	34	11	26	27	24
Long-Term Debt	3,935	1,544	926	1,444	1,145	1,021
Other Long-Term Liabilities	1,183	2,376	1,220	711	2,145	3,371
Total Liabilities	5,137	3,955	2,157	2,180	3,317	4,415
Shareholder's Equity	55,994	59,816	48,709	53,041	62,109	67,292
Minority Interests	21	1	80	129	151	164
Total Liabilities & Equity	61,152	63,771	50,945	55,351	65,577	71,871
BVPS	4,128	4,410	3,591	3,910	4,579	4,961
y/y Growth (%)	78.5	6.8	-18.6	8.9	17.1	8.3
Net Debt/(Cash)	3,473	681	261	413	(26)	(243)

SRTG is set to achieve strong revenues in upcoming years, driven by gains from AADI and recurring dividends

SRTG's asset value experienced significant decline in 2023A due to sharp drop in MDKA prices; however, we expect the value of its long-term investments to rebound to previous levels, driven by recovery of MDKA prices and the company's stake in AADI

Cash Flow Statement	FY21A	FY22A	FY23A	FY24F	FY25F	FY26F
Operating Cash Flow	(377)	3,637	1,299	828	721	942
o/w Depre. & Amor.	-	-	-	-	-	-
o/w Working Cap.	-	-	-	-	-	-
Investing Cash Flow	(1)	(5)	0	(3)	(1)	(1)
o/w CapEx	-	-	-	-	-	-
As % of Sales (%)	-	-	-	-	-	-
Financing Cash Flow	409	(3,231)	(1,497)	(459)	(580)	(848)
o/w Dividends Paid	(296)	(810)	(1,014)	(298)	(736)	(786)
o/w Shares Iss./(Repd.)	15	10	9	-	-	-
o/w Net Debt Issued/(Repaid)	706	(2,391)	(618)	518	(298)	(125)
Net Change in Cash	32	401	(198)	366	140	92
Beginning Cash	431	462	863	665	1,031	1,171
Ending Cash	462	863	665	1,031	1,171	1,264
Adj. FCF to the Firm	(191)	3,783	1,384	941	811	1,022
y/y Growth (%)	n.m.	n.m.	(63.4)	n.m.	(13.8)	25.9

SRTG's cash position to consistently grow in subsequent years asserts their financial health

Ratio Analysis	FY21A	FY22A	FY23A	FY24F	FY25F	FY26F
Gross Margin (%)	-	-	-	-	-	-
EBITDA Margin (%)	99.3	95.3	n.m.	96.2	97.7	96.2
EBIT Margin (%)	99.3	95.3	n.m.	96.2	97.7	96.2
Net Profit Margin (%)	95.5	73.0	n.m.	73.5	75.5	74.1
ROE (%)	57.0	8.0	-18.7	10.5	16.3	9.2
ROA (%)	51.7	7.4	-17.7	10.1	15.5	8.6
ROCE (%)	53.8	9.7	-19.6	13.2	20.1	11.2
SG&A/Sales (%)	0.6	3.7	n.m.	3.1	2.0	3.2
Net Debt/Equity (x)	0.1	0.1	0.0	0.0	0.0	0.0
Net Debt/EBITDA (x)	0.2	0.5	-0.1	0.2	0.2	0.4
Sales/Assets (x)	0.4	0.1	-0.2	0.1	0.2	0.1
Assets/Equity (x)	1.1	1.1	1.0	1.0	1.1	1.1
Interest Cover(x)	134.7	32.7	-117.9	48.3	105.3	74.9
Operating Leverage (%)	103.7	101.3	104.5	97.7	103.7	102.8
Tax Rate (%)	3.1	21.0	10.2	22.0	22.0	22.0
Revenue y/y Growth (%)	183.6	-75.7	-273.3	n.m.	70.3	-35.6
EBITDA y/y Growth (%)	190.4	-76.7	-285.6	n.m.	72.9	-36.6
EPS y/y Growth (%)	182.0	-81.5	-319.9	n.m.	74.9	-36.8

SRTG's net debt has consistently remained low and may revert to net cash in the coming years

Valuation	FY21A	FY22A	FY23A	FY24F	FY25F	FY26F
P/E (x)	1.1	6.1	-2.8	5.3	3.0	4.8
P/BV (x)	0.5	0.5	0.6	0.5	0.5	0.4
EV/EBITDA (x)	1.2	4.8	(2.6)	4.1	2.3	3.7
Dividend Yield (%)	2.9	3.6	1.1	2.6	2.8	3.2

Dividend yield is expected to grow and remain above 2.5, supported by strong cash positions

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