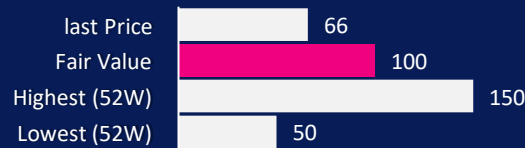


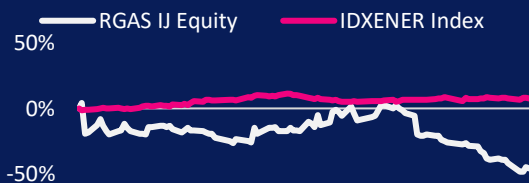
**COMPANY RESEARCH**
**Equity Update**
**Stock Rate** **BUY**

 Industry Neutral

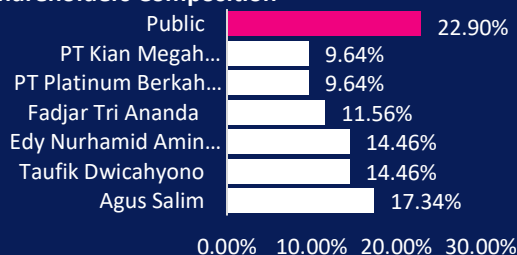
 Fair Value IDR 100  
 vs. Last Price +51.5%
**Stock Data**

 Ticker Code RGAS  
 Sub-Sector Oil, Gas & Coal  
 Sector Energy

 Market Cap (IDR.Bn) 96.31  
 Shares Issued (Bn) 1.46
**Price (IDR)**

**Revenue 2023F (IDR Bn)**

**Price Performance, 1Yr (%)**


Source : Bloomberg

**Shareholders Composition**

**KSI Research Team**  
[research@kiwoom.co.id](mailto:research@kiwoom.co.id)
**PT Kian Santang Muliatama Tbk (RGAS)**
**Showing Resilience: Revenue Declines Slightly, Profitability Improves in FY23**

**Top line down, bottom line grows slightly.** In FY23, RGAS posted revenue of IDR 64.4 billion or -2% y/y. The largest decrease in revenue occurred in trading to IDR 50.8 billion or -12.54% y/y, while increasing revenue from Inspection Services to 8.4 billion or +263% y/y and construction services 5.2 billion or +6.13% y/y. RGAS managed to reduce the cost of revenue to 62% (vs FY2022 75%), so that gross profit managed to increase to IDR 24 billion or +50% y/y and resulted in a GPM ratio of 38% (vs FY2022 25%). But RGAS suffered an increase in operational expenses (excluding D&A) to 23% (vs FY2022 11%) resulting in an OPM ratio of 14.9% (vs FY2022 13.9%). Net profit then managed to increase to 6.5 billion or +3.2% y/y, resulting in an NPM ratio of 10.1% (vs 9.5%).

**RGAS Health Level is very good.** In FY2023, RGAS booked total liabilities of 4.7 billion or -45% y/y. Furthermore, RGAS currently has no interest-bearing debt. The debt-to-equity ratio decreased to 0.056x (vs 2022 at 0.19x) or below AVG peers at 0.60x.

**RGAS still has high cash,** with a cash ratio of 579% (vs FY2022 222%). In accordance with the target use of funds post IPO, the funds will be used for expansion, one of which is for the acquisition of PT Kian Santang (already acquired and adjusted in the latest LK), PT Karya Instrumindo and buying the Ergas and Kians brands.

**RGAS planning business expansion.** RGAS is targeting product diversification expansion to expand the gas network. This target is in line with the government's target of 95 million household gas connections by 2060. In line with business expansion plans and future product demand opportunities, it will potentially increase RGAS's revenue in the future.

**Recommendation "BUY"**

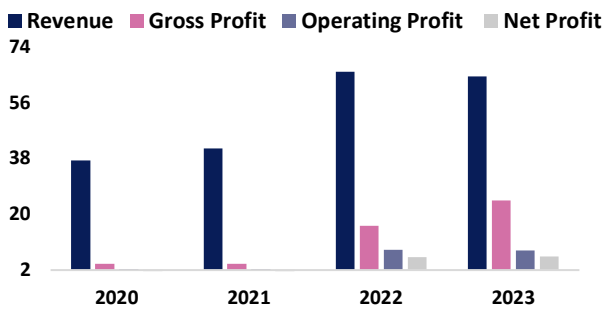
Based on blended valuation (Multiple PE, PBV & DCF) and future opportunities, we maintain RGAS's fair value for 12M target at IDR 100 per share. This price reflects a P/E of 24.8x and PBV of 1.61x. Current price (IDR 64) trade at PE est. 14.4x (vs AVG 9.61x and Highest 30.15x) and PBV est. 1.1x (vs AVG 0.75x and Highest 3.28x). *Downside risks: energy transition, regulatory uncertainty, commodity price fluctuations, competition and technological advances.*

**Figure 1. Financial Highlight**

year-end Dec	2021A	2022A	2023A	2024F	2025F
Revenue (IDR Mn)	41,244	66,009	64,392	68,899	73,722
Net Profit (IDR Mn)	1,673	6,275	6,478	5,889	3,448
EPS (Full amount)	836,650	5.58	4.44	4.04	2.36
EBITDA Margin (%)	6%	14%	17%	15%	10%
NPM (%)	4.1%	9.5%	10.1%	8.5%	4.7%
ROE (%)	29%	14%	8%	6%	4%
DER (x)	2.34	0.190	0.056	0.08	0.08
Current ratio (x)	6.16	16.51	11.75	11.48	11.92
P/E (x)	Na	661.56	549.61	24.78	42.31
P/BV (x)	Na	91.65	41.70	1.61	1.56
EV/EBITDA (x)	Na	451.84	324.37	10.59	14.92

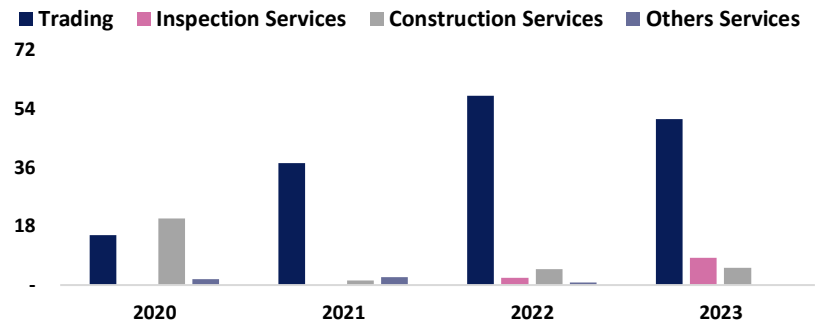
Source: RGAS and Kiwoom Research

**Figure 2. Financial Highlight (IDR Bn)**



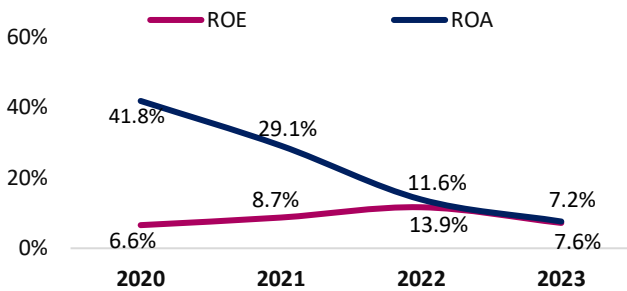
Source: RGAS and Kiwoom Research

**Figure 3. Revenue Breakdown (IDR Bn)**



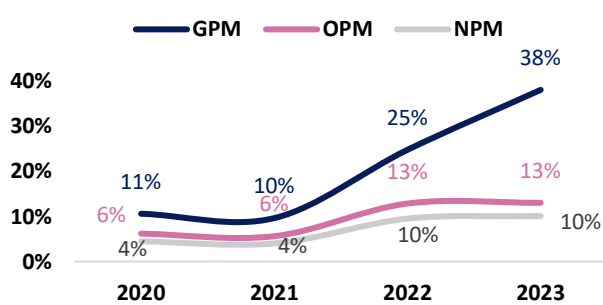
Source: RGAS and Kiwoom Research

**Figure 4. ROE vs ROA 2020 – 2023**



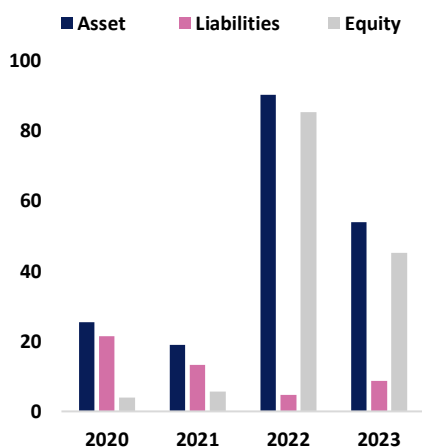
Source: RGAS and Kiwoom Research

**Figure 5. Margin Ratio 2019 – 1H23**



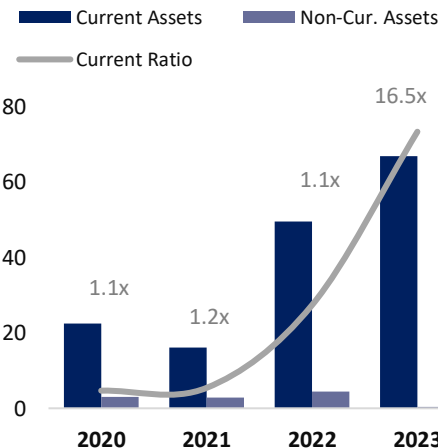
Source: RGAS and Kiwoom Research

**Figure 6. Balance Sheet (IDR Bn)**



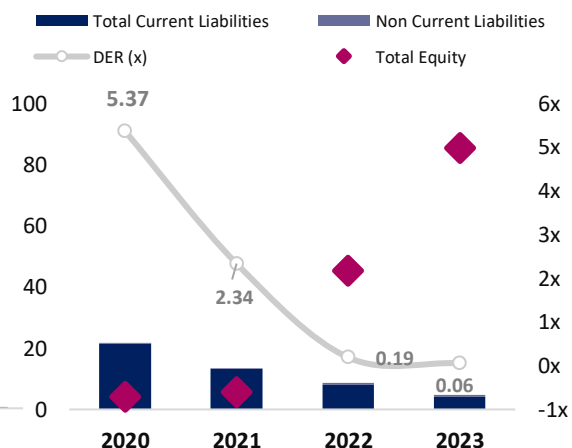
Source: RGAS and Kiwoom Research

**Figure 7. Non vs Current Assets**



Source: RGAS and Kiwoom Research

**Figure 8. Total Liabilities vs Total Equity**



Source: RGAS and Kiwoom Research

**Financial Review**

**Revenue :** In 2023FY RGAS posted revenue of IDR 66 billion or a decrease of -2.45% YoY. The decline in revenue was driven by lower revenue due to lower revenue in the trading segment (78% contribution) which fell by 12.5% YoY or to IDR 50.8 billion (22FY 58.1 billion). Meanwhile, inspection services revenue recorded an increase of 262.4% YoY or to IDR 8.39 billion (22FY IDR 2.31 billion).

**Gross profit :** In 2023 gross profit of IDR 16.35 billion or +49.93% YoY (vs 2022FY of IDR 16.35 billion). Gross profit margin ratio increased to 38% (vs 2022FY at 25%).

**Operating profit :** In 2023 operating profit of IDR 8.38 billion or -1.26% YoY (vs 2022FY of IDR 8.49 billion). Operating profit margin ratio stable at 13% (vs 2022FY at 13%).

**Net Income :** Net profit increase to IDR 6.48 billion or +3.40% YoY (vs 2022FY of IDR 6.27 billion). Net profit margin ratio stable to 10% (2022 at 10%).

**ROE ratio** currently still relatively low. The ROE ratio in 2023 has decreased to 7.6% vs 2022 of 11.6%, while the ROA is calculated at 7.2% vs 2022 of 11.6%.

**Currently, DER ratio is decreasing** to 0.06x (vs 2022 at 0.10x), then current ratio increase to 16.5x (vs 2022 at 1.10x). The decline in DER ratio and the rise in current ratio was due to an decrease in current liabilities of -49.64% YoY, while current assets rose by 35.08% YoY.



## Financial Exhibits

### Company profile

PT Kian Santang Muliatama Tbk (RGAS) was established on November 28, 2018. The company is currently engaged in supporting services for the gas industry, including the provision of products (spare parts) to engineering, procurement and construction (EPC). The company was listed on the Indonesia Stock Exchange on November 08, 2023, by issuing 334.2 million shares.

### Company Business:

- **Produk & Manufacturing**

The Company sells a wide range of products related to gas installation such as Ergas converter, Household gas regulators & meters (Ergas), transition fittings (Kians), pressure gauges, gas odorizing system, Metering & Regulating Station (MRS), Regulating Station (RS), gas filters.

- **EPC**

The Company has the ability to carry out Engineering, Procurement, Construction works, such as the construction of gas facilities, construction of household gas networks (city gas), civil works (oil and gas and non-oil and gas), construction of clean water networks.

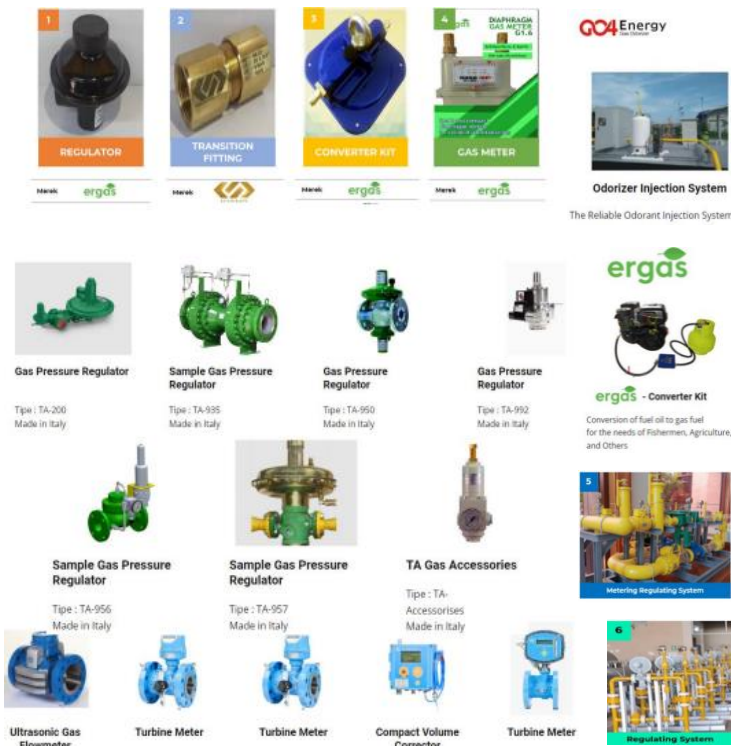
- **Services**

Provides calibration (wet cal), gas equipment repair, testing & commissioning services.

- **Trading**

Menyediakan layanan pekerja kalibrasi (wet cal), repair gas equipment, testing & komisioning.

### RGAS Products :



Source: RGAS and Kiwoom Research

Figure 12. Financial Statement (IDR Mn)

Income Statement	2022A	2023A	2024F	2025F
<b>Revenue</b>	66,009	64,392	68,899	73,722
Costs of revenue	49,656	39,873	48,229	55,292
<b>Gross profit</b>	16,353	24,518	20,670	18,431
<b>Operating profit</b>	9,148	9,644	8,921	5,859
<b>EBITDA</b>	9,148	10,904	10,297	7,332
<b>Income before tax</b>	8,490	8,383	7,623	4,471
Tax expenses	2,216	1,895	1,723	1,011
Minority interests	-	10.3	11.0	11.8
<b>Net income</b>	6,275	6,478	5,889	3,448
<b>EPS (Full IDR)</b>	5.58	4.44	4.04	2.36
Balance Sheet	2022A	2023A	2024F	2025F
Cash and equiv.	17,821	23,422	36,894	36,555
Account receivables	21,386	14,232	20,985	22,454
Inventories	9,273	14,022	14,158	16,231
Fixed assets	4,279	10,765	10,077	9,342
Other Assets	1,149	27,798	15,940	17,056
<b>Total Assets</b>	53,909	90,239	98,055	101,639
Payables & Accruals	7,797	3,935	6,245	6,682
<b>Total CL</b>	<b>8,038</b>	<b>4,048</b>	<b>6,366</b>	<b>6,812</b>
Other L-T liabilities	578	729	966	999
<b>Total NCL</b>	<b>578</b>	<b>729</b>	<b>966</b>	<b>999</b>
<b>Total Equity</b>	<b>45,293</b>	<b>85,462</b>	<b>90,723</b>	<b>93,828</b>
<b>BVPS (Full IDR)</b>	<b>40</b>	<b>59</b>	<b>62</b>	<b>64</b>
Cash Flow	2022A	2023A	2024F	2025F
Net Income	6,275	6,478	5,889	3,448
Depreciation	657	1,260	1,376	1,473
Change in W/C	(30,307)	(23,583)	575	(8,210)
<b>CFO</b>	<b>(23,374)</b>	<b>(15,844)</b>	<b>7,840</b>	<b>(3,289)</b>
Capital expenditure	(3,564)	(7,509)	(689)	(737)
<b>CFI</b>	<b>(1,639)</b>	<b>(18,972)</b>	<b>134</b>	<b>(188)</b>
Others	40,166	40,319	5,498	3,138
<b>CFF</b>	<b>40,166</b>	<b>40,319</b>	<b>5,498</b>	<b>3,138</b>
Change in cash	15,153	5,503	13,472	(339)
<b>Beginning</b>	2,765	17,918	23,422	36,894
<b>Ending cash flow</b>	17,918	23,422	36,894	36,555
Key Ratios	2022A	2023A	2024F	2025F
Growth Revenue (%)	60%	-2%	7%	7%
Gross margin (%)	25%	38%	30%	25%
EBITDA margin (%)	14%	17%	15%	10%
Pretax margin (%)	13%	13%	11%	6%
Net margin (%)	9.5%	10.1%	9%	5%
ROE (%)	14%	8%	6%	4%
Current ratio (x)	16.51	11.75	11.48	11.92
AR turnover (days)	118	81	111	111
ITO (days)	68	128	107	107
AP turnover (days)	29	57	51	47

Source: RGAS and Kiwoom Research

## Kiwoom Sekuritas Guide to Sector/Industry/Stock Ratings

### Sector/Industry

OVERWEIGHT	: Sector & Industry Outlook has potential and good condition
NEUTRAL	: Sector & Industry Outlook Stable or tend to be stagnant
UNDERWEIGHT	: Sector & Industry Outlook has challenges and bad condition

### Stock

BUY	: Stock Performance > +15%	Over the next 12 month (excluding dividend)
TRADING BUY	: Stock Performance, range between +5% to +15%	Minor to Medium Term
HOLD	: Stock Performance, range between -10% to +15%	Over the next 12 month (excluding dividend)
SELL	: Stock Performance > -15%	Over the next 12 month (excluding dividend)
TRADING SELL	: Stock Performance, range between -5% to -15%	Minor to Medium Term
NOTE RATE	: Stock is not within regular research coverage	Over the next 12 month (excluding dividend)



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