



PT Harum Energy Tbk (HRUM)

Nickel Smelter Shines Amid Coal Weakness, Valuation Remains Attractive

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Stock Rate

Industry

Not Rated

Neutral

Fair Value
vs. Last PriceIDR 1,180
+32%

Stock Data

Ticker Code

HRUM

Sub Sector/Industry
SectorOil, Gas & Energy
Energy

Market Cap (IDR.Tn)

11.69

Shares Issued (Bn)

13.52

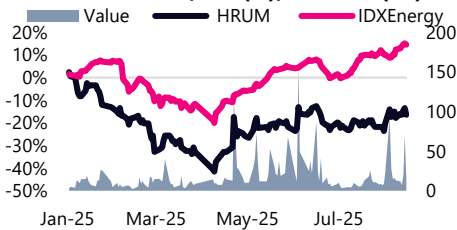
AVG 3M Turnover (Bn)

22.91

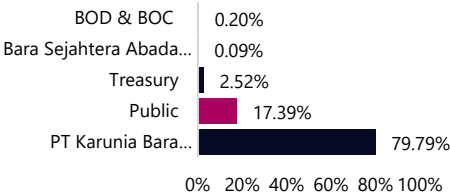
Price (IDR)



Price Performance, YTD(%), Turnover(Bn)



Shareholding After Private Placement



ESG Rating

Environmental	2.36
Social	3.59
Governance	3.77

1H25 Result: Revenue Declines Amid Weak Coal Sales but Supported by Nickel Smelter. HRUM booked revenue of US\$ 645 million in 1H25, up +8% y/y from US\$ 597 million in 1H24. The increase was driven primarily by the nickel smelter segment, which delivered the largest contribution compared to the previous period, soaring +41% y/y to US\$ 402 million, supported by a +49% y/y rise in volume despite a 5% y/y drop in nickel ASP. In contrast, revenue from the mining segment fell -21% y/y, mainly due to lower coal sales volume (-9% y/y) and a decline in coal ASP (-12% y/y). EBITDA dropped sharply by -37% y/y to US\$ 105 million, with the margin contracting to 16.31% from 27.78%. Net income also fell -20% y/y to US\$ 29.76 million, reflecting weaker core operational performance. On a quarterly basis, HRUM posted a recovery, with revenue rising +16% q/q and +5% y/y, while net income surged +334% q/q, though still down -34% y/y.

Asset and Capital Structure: Cash Position Jumps Despite Lower Profitability. Total assets rose +23% y/y to US\$ 3,160 million, driven by a +69% y/y increase in total liabilities to US\$ 1,342 million, in line with a significant rise in long-term debt (+167% y/y) despite a decline in short-term debt. Equity increased +2% y/y to US\$ 1,818 million, indicating a healthy capital position amid margin pressures.

Financial Ratios: Margins Under Pressure but Leverage Still Low. GPM narrowed to 17.94%, OPM to 11.28%, and NPM to 4.61%. ROE declined to 3.3% from 5.4% in 1H24, while ROA decreased to 1.9% from 2.9%. The capital structure remains conservative, with a DER of just 0.33x and a DAR of 0.42x, indicating low leverage. The Interest Coverage Ratio (ICR) slipped slightly to 6.86x from 6.69x, showing some pressure on interest payment capacity due to lower EBIT.

Operational Performance: Coal Down, Nickel Up. Coal production and sales fell to 2.90 million MT (-9% y/y) with ASP at US\$ 83.20/tonne (-12% y/y), reflecting softer demand and weaker prices. On the other hand, nickel sales volume surged +49% y/y to 33,385 tonnes, although ASP edged down -5% y/y to US\$ 12,050/tonne. This performance underscores a shift in revenue contribution from coal to nickel as the main growth driver, aligning with the ongoing energy transition trend.

Key Takeaways

- o **Nickel Smelter as the Main Growth Driver - 1H25 revenue grew +8% y/y to US\$ 645 million**, driven by a +41% y/y surge in nickel smelter contributions despite a 5% drop in ASP.
- o **Coal Segment Weakness - Mining revenue declined -21% y/y** due to lower coal sales volume (-9%) and ASP (-12%).
- o **Margins and Profit Under Pressure - EBITDA fell -37% y/y**, with the margin narrowing to 16.31%, while net income dropped -20% y/y, reflecting operational headwinds.
- o **Stronger Cash Position - Total assets increased +23% y/y** with a significant rise in cash, despite a +167% y/y jump in long-term debt.
- o **Shift in Focus to Nickel - Nickel sales volume rose +49% y/y**, signaling a shift in revenue contribution from coal to nickel in line with the energy transition trend.

Valuation "Undervalued"

Trading at IDR 895, HRUM is currently valued at a forward P/E of 12x and a PBV of 0.81x, suggesting the stock is undervalued. Using a target P/E of 13x (avg 5Y company) with an estimated EPS of IDR 72.56 (annualised) and a target PBV of 1x, the fair value is estimated at IDR 1,180, implying an upside potential of around +32%. *Key downside risks include commodity price volatility, weakening export demand, cost and margin pressures, regulatory changes, and underperformance in smelter operations.*

Financial Highlight

End 31 Dec	2022A	2023A	2024A	1H24	1H25
Revenue (USD mn)	542	382	283	597	645
EBITDA (USD mn)	472.56	342.67	282.6	166	105
Net Profit (USD mn)	301.75	151.04	54.07	37	30
NPM (%)	55.7%	39.5%	19.1%	6.3%	4.6%
ROE (%)	50.1%	18.7%	6.1%	5.43%	3.27%
PE (x)	4.6x	7.7x	15.8x	7.35x	6.7x
PBV (x)	1.9x	1.3x	1.0x	1.01x	0.77x

Source: Bloomberg and KSI Research



Result 1H2025

Harum Energy Tbk PT (HRUM)

USD Mn	1H24	1H25	yoy	2Q24	1Q25	2Q25	q/q	y/y
Mining	303	239	-21%	138	123	116	-5%	-16%
Rental & Service	8	4	-49%	5	2	2	1%	-54%
Nickel Smelter	285	402	41%	188	174	228	31%	21%
Indonesia	95	144	52%	34	32	112	247%	234%
East Asia	417	359	-14%	261	164	195	19%	-25%
South Asia	24	45	89%	2	34	11	-69%	452%
Southeast Asia	61	97	59%	34	69	28	-59%	-18%
Revenue	597	645	8%	331	299	346	16%	5%
Cost of Revenue	448	529	18%	252	239	290	21%	15%
Gross Profit	149	116	-22%	79	60	56	-6%	-29%
Selling, General & Adm. Exp.	20	41	107%	19	20	21	5%	13%
EBIT	127	73	-43%	59	39	34	-11%	-42%
Finance Cost	10	15	51%	7	11	4	-64%	-38%
Pre-Tax Income	81	53	-34%	53	15	38	154%	-27%
EBITDA	166	105	-37%	48	55	50	-8%	4%
Net income	37	29.76	-20%	36	6	24	334%	-34%
EPS (Full USD)	0.0028	0.0022	-20%	0.003	0.000	0.002	334%	-34%
	FY2024	1H25		2Q24	1Q25	2Q25		
Cash and Cash Equivalents	118	257	117%	195	158	257	62.9%	32%
Short Term Debt	89	1	-99%	539	1	1	-32.2%	-100%
Long Term Debt	222	594	167%	275	503	594	18.2%	116%
Liabilities	792	1,342	69%	1,168	1,073	1,342	25.1%	15%
Equity	1,783	1,818	2.0%	1,376	1,787	1,818	2%	32%
Total Asset	2,575	3,160	23%	2,544	2,860	3,160	10%	24%
	1H24	1H25		2Q24	1Q25	2Q25		
GPM %	24.92%	17.94%	-7%	23.78%	19.92%	16.23%	-4%	-8%
OPM %	21.35%	11.28%	-10%	17.90%	12.92%	9.87%	-3%	-8%
NPM %	6.26%	4.61%	-2%	11.00%	1.86%	6.98%	5%	-4%
EBITDA %	27.78%	16.31%	-11%	14.62%	18.38%	14.52%	-4%	0%
ROE (%)	5.4%	3.3%	-2%	10.6%	1.2%	5.3%	4%	-5%
ROA (%)	2.9%	1.9%	-1%	5.7%	0.8%	3.1%	2%	-3%
	FY2024	1H25		2Q24	1Q25	2Q25		
Debt to Equity (x)	0.17x	0.33x	0.15	0.59x	0.28x	0.33x	0.05	(0.26)
DER (x)	0.44x	0.74x	0.29	0.85x	0.60x	0.74x	0.14	(0.11)
DAR (x)	0.31x	0.42x	0.12	0.46x	0.38x	0.42x	0.05	(0.03)
ICR (x)	8.69x	6.86x	(1.82)	7.37x	4.89x	12.30x	7.41	4.93
Current Ratio (x)	1.87x	2.60x	0.73	0.73x	2.95x	2.60x	(0.36)	1.86
Cash Ratio (%)	38%	91%	53%	23%	73%	91%	18%	68%

Source : Bloomberg & KSI Research

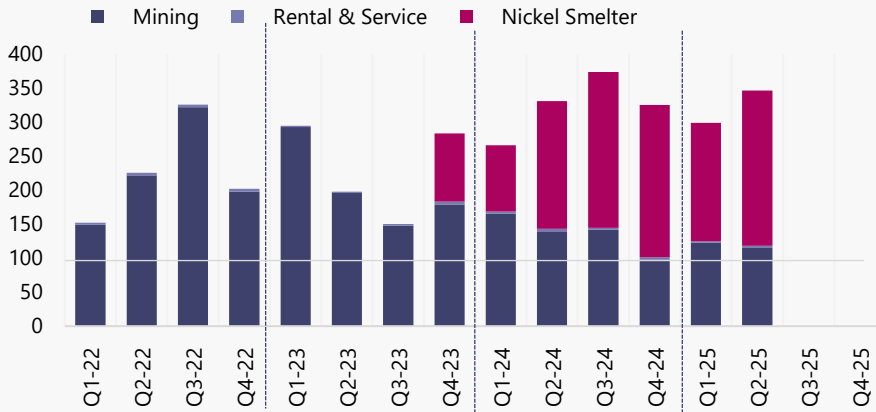
Operational Performances

	1H24	1H25	yoy	2Q24	1Q25	2Q25	q/q	y/y
Coal (MT)								
Sales Volume	3.20	2.90	-9%	1.60	1.40	1.50	7%	-6%
ASP (\$/tonne)	94.50	83.20	-12%	88.60	89.60	77.30	-14%	-13%
Nickel (tonnes)								
Sales Volume	22,383	33,385	49%	13,874	14,909	18,476	24%	33%
ASP (\$/tonne)	12,740	12,050	-5%	13,537	11,678	12,350	6%	-9%

Source : Bloomberg & KSI Research

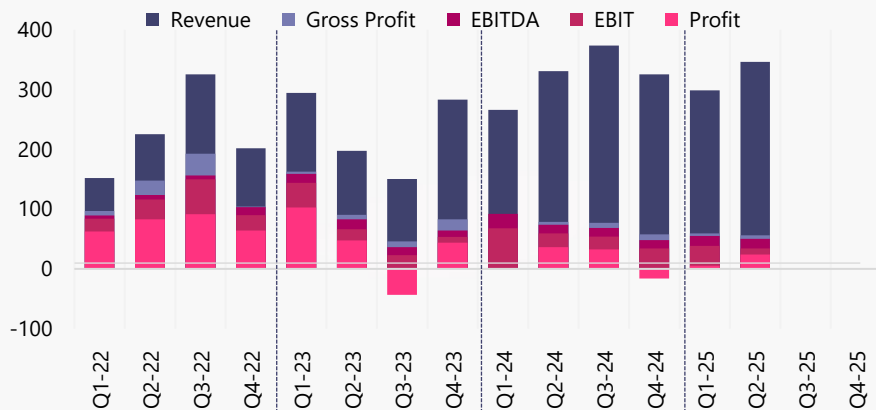


Historical Quarterly Revenue Breakdown (USD Mn)



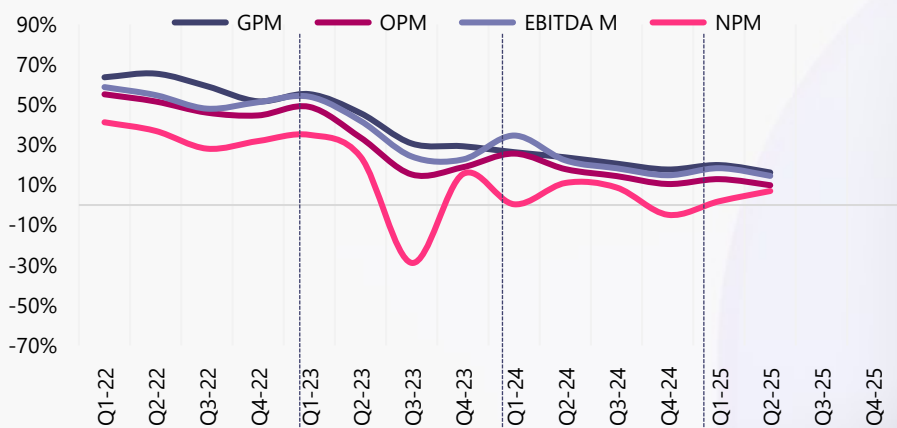
Source : Bloomberg & KSI Research

Historical Performances Quarters (USD Mn)



Source : Bloomberg & KSI Research

Profitability Ratio



Source : Bloomberg & KSI 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
NOT RATED	: Stock is not within regular research coverage	Over the next 12 month (excluding dividend)



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