

BUY | TP : IDR740

Stock Price Data

Last Price	:	IDR470
52wk High	:	IDR600
52wk Low	:	IDR312
Share Out	:	4.6bn
Market Cap	:	IDR2.2tn

Stock Price Performance

1-Day	:	-1.7%
1-Week	:	+4.0%
1-Month	:	-6.0%
3-Month	:	+48.7
Year-to-Date	:	+32.8%

Shareholders

PT Terang Anugrah Abadi (P)	:	71.0%
Public (<5%)	:	29.0%

PT Hartadinata Abadi Tbk (HRTA IJ)

Leveraging Bullion Bank Tailwinds to Sustain Double-Digit Growth

FY24: Net Profit Jumped +44.6% YoY, Beating Our Estimates

HRTA achieved a remarkable result in FY24, with a +44.6% YoY jump in net profit to IDR442.2 billion (vs IDR305.8 billion in FY23). This figure surpassed our estimate, achieving 128.4% of our FY24 target. The robust bottom-line growth was primarily fueled by a +41.8% YoY increase in revenue, which reached IDR18.2 trillion (vs IDR12.9 trillion in FY23). This increase was bolstered by total gold sales volume by +59.0% YoY to 13.3 tons (vs 8.4 tons in FY23). Moreover, HRTA maintained a stable NPM of 2.4% in FY24, which was on par with the previous year. This was made possible by a -8.1% YoY lower of OPEX. It is worth noting that the company's cash conversion cycle has continued to improve, with DSO and DIO each reduced to 19.4 days and 81.1 days, respectively (vs 25.4/95.8 days in FY23). Furthermore, despite net gearing climbed to 1.4x from 1.3x in FY23, interest coverage strengthened to 2.8x (vs 2.3x in FY23).

Another Day, Another Breakthrough

- HRTA, through its subsidiary PT Emas Murni Abadi (EMA), has signed agreements for gold refining and trading with two subsidiaries of BRMS IJ (not rated). Notably, on 13-Feb'25, EMA entered into an agreement with PT Linge Mineral Resources for a refining and trading volume of 3,600kg/year. Subsequently, on 10-Mar'25, EMA signed another agreement with PT Gorontalo Minerals, adding 5,711kg/year. As a result, EMA's total gold refining and trading volume with BRMS now stands at 9,311kg/year. Beyond BRMS, HRTA has also secured a trading agreement with PT Agincourt Resources (a subsidiary of UNTR) on 13-Feb'25. This strategic initiative is expected to strengthen HRTA's gold supply chain by diversifying its sources beyond scrap gold and securing direct supply from mining operations.
- In FY24, BRMS's gold production reached 64.9k oz (2,021kg), reflecting an impressive +177.4% YoY growth (vs 23.3k oz / 724kg in FY23). Over the long-term horizon, BRMS targets production growth to 200k oz (6,220kg) by FY29F, backed by the execution of multiple pipeline projects, particularly underground mining operations with a higher gold grade of 4.9 g/t (vs. open-pit mining at 1.1 g/t).
- On the flip side, HRTA's total manufacturing capacity currently stands at 30,000kg/year, while its refining capacity was 9,000kg/year in FY23. Notably, **HRTA expanded its refining capacity to 12,000kg/year in FY24**, with further potential increases driven by new refining partnerships. **Given that HRTA's agreement with BRMS accounts for 9,311kg per year, we estimate that approximately 22% of its refining capacity remains available.** We expect HRTA to increase refinery capacity expansion onwards, hence enabling the company to be more agile in securing additional partnerships and strengthening future profitability.

Bullion Bank Establishment to Drive Gold Demand

We believe the establishment of a bullion bank could stimulate Indonesia's gold demand in the coming years. Over the past decade, Indonesia's gold demand has averaged ~53tons/year. The bullion bank is expected to create a new market segment for gold-backed financial products, including "Gadai Emas", "Cicil Emas", and "Tabungan E-Mas", similar to the gold-backed offerings by BRIS. Notably, BRIS has reported strong growth in its gold installment product, Cicil Emas, which surged by +174.3% YoY, reaching IDR6.4 trillion as of Jan-25. We estimate that gold-backed financial products could contribute an additional 5-10tons/year to total gold demand, bringing Indonesia's total gold demand to 58-63tons/year, reflecting +9-19% YoY growth. This trend is expected to benefit HRTA's long-term business prospects.

Recommendation: Maintain BUY with a Higher TP of IDR740/share

This year, gold prices reached a high of USD3,167/oz, which is significantly higher than our initial forecast of USD2,900/oz ([read our report](#)). The primary reason for this was the increased market uncertainty that resulted from the emergence of a "Trade War 2.0" narrative. Based on our 3 factor model (UST TIPS, DXY, and CPI index; R²: 89%), **we have revised our gold price assumption upward to USD3,305/oz, which represents a +34% premium to our estimated fair value of USD2,467/oz.** Our model assumes US inflation at +2.5% YoY. This upward revision is expected to lift HRTA's blended ASP by +20.0% YoY in FY25F. Furthermore, based on our moderate conservative approach, we project a increase of +33.0% YoY in gold sales volume to 17.7 tons. This increase is attributed to the rising demand, which shall be bolstered by partnerships with PT Pegadaian and BRIS. As a consequence, we anticipate that revenue and net profit are projected to rise by +59.6%/33.8% YoY, respectively, in FY25F. In light of these developments, **we maintain our BUY recommendation on HRTA with a higher TP of IDR740/share**, which implies FY25F PE/PBV of 5.8x/1.2x, respectively. Nevertheless, we acknowledge the potential down side risks associated with potential increases in mining royalty rates or related tariffs, which could have a detrimental impact on the raw material cost structure and ASP.



Research Analyst

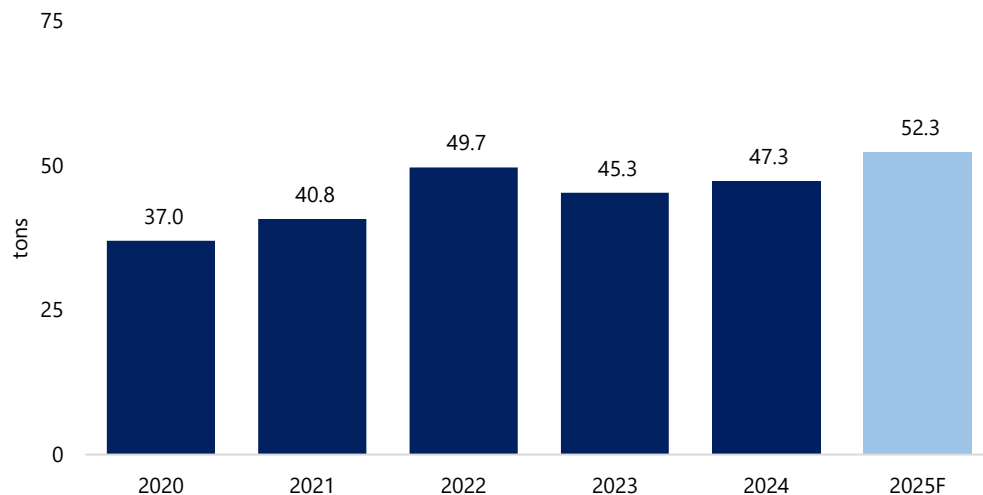
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Key Financial Highlight	FY22	FY23	FY24	FY25E	FY26F
Revenue (IDR Bn)	6,918.5	12,857.0	18,228.6	29,092.9	33,608.8
EBITDA (IDR Bn)	562.7	727.1	900.7	1,102.5	1,292.4
Net Income (IDR Bn)	253.5	305.8	442.2	591.5	736.1
ROA (%)	6.6	6.1	7.4	8.8	10.0
ROE (%)	14.7	15.5	18.8	20.9	21.5
PE (x)	9.4	7.8	5.4	4.0	3.3
PBV (x)	1.4	1.2	1.0	0.8	0.7
EPS (IDR)	55.1	66.4	96.0	128.4	159.8

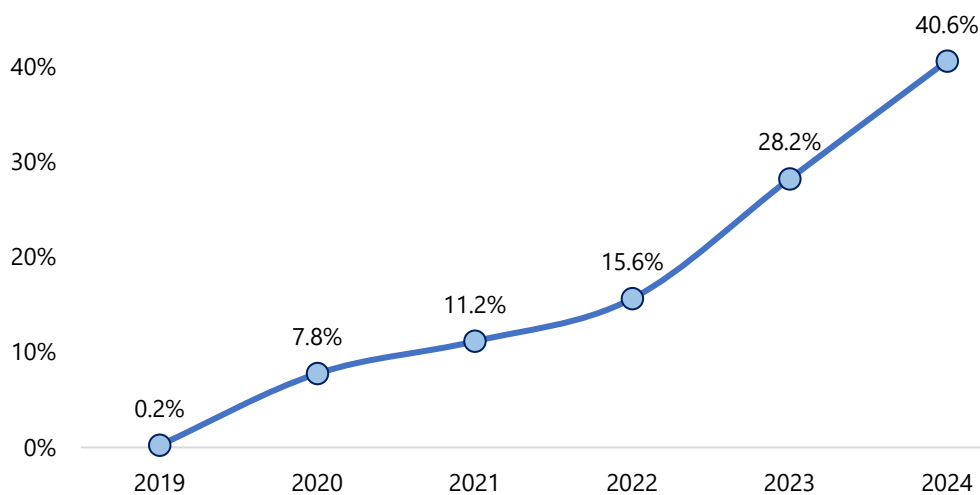
Sources : Company, MNCS research

Exhibit 01. We estimate that the positive momentum from bullion bank initiatives could add approx. 5–10 tons of domestic gold demand volume annually in FY25F



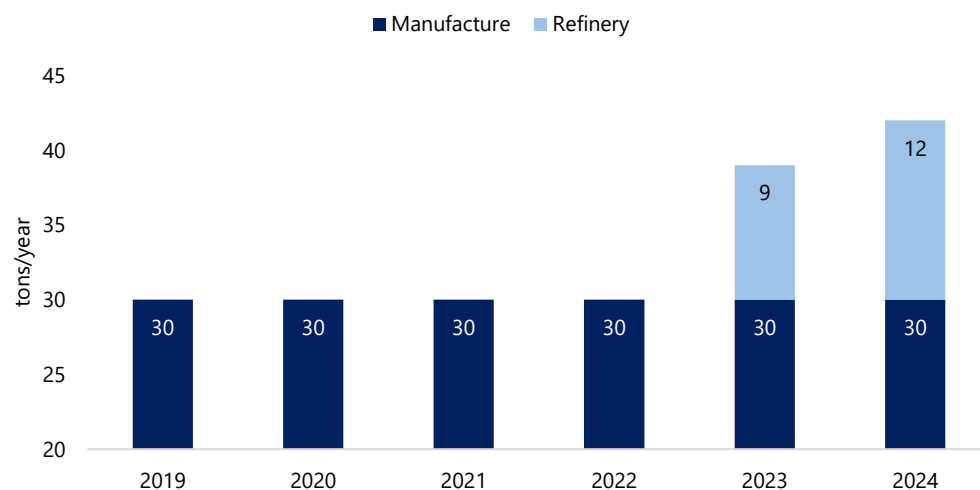
Sources : World Gold Council, MNCS Research

Exhibit 02. HRTA's gold bar market share continues to grow



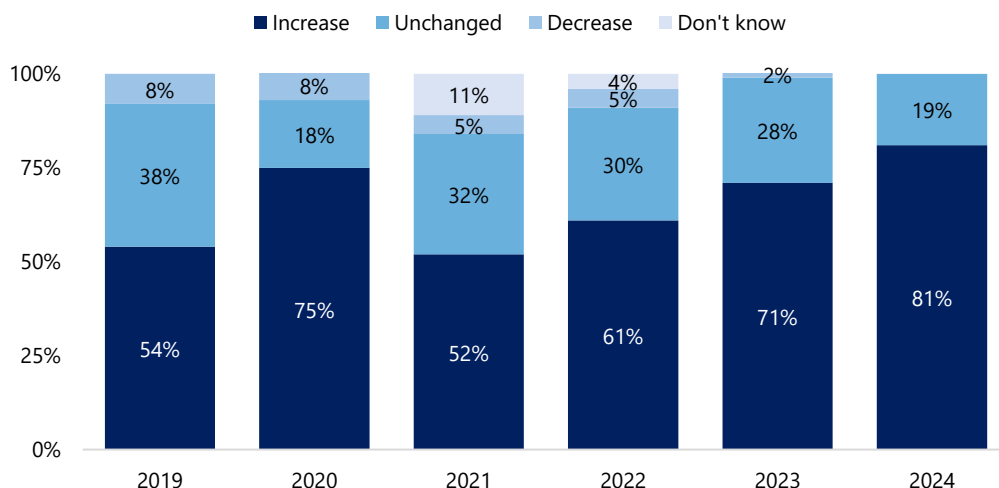
Sources : Company, MNCS Research

Exhibit 03. HRTA's refinery capacity climbed to 12tons/year in FY24, ready to accommodate new orders



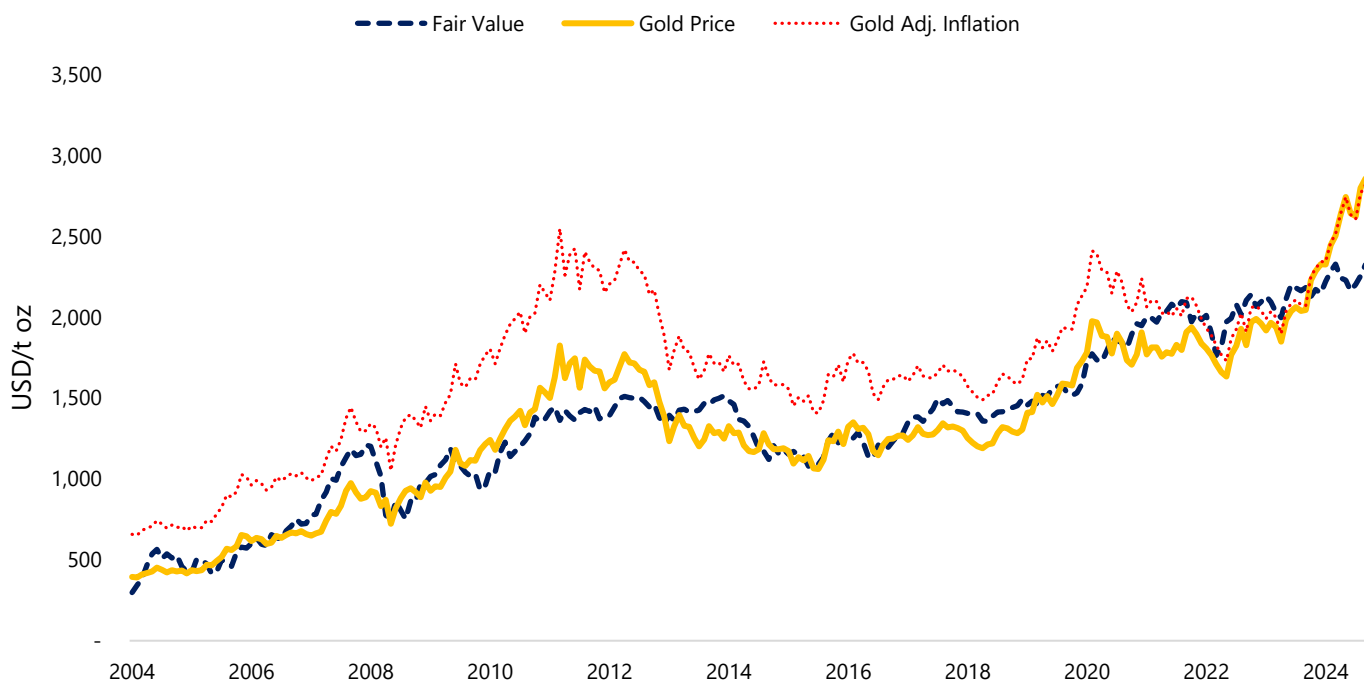
Sources : Company, MNCS Research

Exhibit 04. A survey of 69 central banks globally reveals expectations regarding changes in gold holdings over the next 12 months



Sources : World Gold Council, MNCS Research

Exhibit 05. Despite trading at a 30% premium to its fair value, gold continues to be viewed as a favorable asset, supported by its role as a hedge against macroeconomic and geopolitical uncertainties



Sources : Bloomberg, MNCS Research

Exhibit 06. Financial Projections

Income Statement						Balance Sheet					
in Billion IDR	FY22	FY23	FY24	FY25E	FY26F	in Billion IDR	FY22	FY23	FY24	FY25E	FY26F
Revenue	6,918.5	12,857.0	18,228.6	29,092.9	33,608.8	Cash & Equivalents	106.0	292.6	213.5	178.0	125.5
COGS	(6,175.6)	(11,910.3)	(17,131.9)	(27,762.4)	(32,062.6)	Trade Receivables	806.4	907.8	980.9	1,454.6	1,587.1
Gross Profit	742.8	946.7	1,096.8	1,330.5	1,546.3	Inventory	2,339.7	3,169.0	3,858.7	3,855.9	4,364.1
Selling Expense	(23.1)	(23.3)	(9.9)	(12.3)	(14.3)	Others Current Assets	321.9	351.1	480.7	688.3	719.4
G&A Expense	(171.6)	(215.8)	(209.8)	(248.9)	(275.6)	Total Current Assets	3,574.0	4,720.4	5,533.9	6,176.8	6,796.1
Operating Profit	548.1	707.7	877.1	1,069.3	1,256.4	Fixed Assets-net	204.0	232.9	391.6	483.3	497.3
Finance Income	2.2	2.3	2.7	4.2	3.5	Other Non-Current Assets	71.1	76.1	34.3	46.0	45.1
Finance Expense	(217.1)	(304.8)	(310.2)	(307.6)	(307.5)	Total Non-Current Assets	275.0	309.0	425.9	529.3	542.4
Other Income (Expense)	(7.0)	(9.0)	(2.5)	(6.5)	(7.5)	TOTAL ASSETS	3,849.1	5,029.5	5,959.8	6,706.1	7,338.5
PBT	326.2	396.2	567.1	759.3	944.9	Trade Payables	4.3	4.7	2.5	4.0	4.6
Tax Income (Expense)	(72.1)	(89.9)	(124.4)	(167.0)	(207.9)	Short-term Debt	885.3	1,892.6	2,528.7	2,496.4	2,495.2
Minority Interest	(0.6)	(0.5)	(0.5)	(0.7)	(0.9)	Other Current Liabilities	61.9	238.5	167.6	267.4	308.9
Net Income	253.5	305.8	442.2	591.5	736.1	Total Current Liabilities	951.5	2,135.9	2,698.8	2,767.9	2,808.8
EPS (IDR)	55.1	66.4	96.0	128.4	159.8	Long-term Debt	1,163.3	306.1	895.6	1,082.5	1,082.0
						Other Long-term Liabilities	11.7	16.7	15.6	25.0	28.8
						Total LT-Liabilities	1,175.0	322.8	911.2	1,107.5	1,110.8
						Total Equity	1,722.6	1,972.6	2,349.8	2,830.7	3,418.9
						TOTAL LIABILITY AND EQUITY	3,849.1	4,431.3	5,959.8	6,706.1	7,338.5

Cash Flow						Ratios					
in Billion IDR	FY22	FY23	FY24	FY25E	FY26F		FY22	FY23	FY24	FY25E	FY26F
Net Income	253.5	305.8	442.2	591.5	736.1	Revenue Growth (%)	32.1	85.8	41.8	59.6	15.5
D&A	14.6	19.4	23.6	33.3	36.0	Operating Profit Growth (%)	28.7	29.1	23.9	21.9	17.5
Changes in WC	(200.6)	(930.3)	(765.2)	(469.3)	(640.0)	Net Profit Growth (%)	30.7	20.6	44.6	33.8	24.4
Others	(22.9)	146.6	(201.3)	(107.7)	10.3						
Operating CF	44.6	(458.4)	(500.6)	47.8	142.5	Receivable Days (x)	42.0	25.4	19.4	18.0	17.0
Capex	(77.2)	(48.4)	(182.6)	(125.0)	(50.0)	Inventory Days (x)	136.4	95.8	81.1	50.0	49.0
Others	(34.9)	(5.0)	42.6	(11.7)	0.9	Payable Days (x)	0.2	0.1	0.1	0.1	0.1
Investing CF	(112.1)	(53.4)	(139.9)	(136.7)	(49.1)	DER (x)	1.2	1.4	1.5	1.2	1.0
Dividend Paid	(46.1)	(55.3)	(69.1)	(110.5)	(147.9)	Net Gearing Ratio (x)	1.1	1.3	1.4	1.1	1.0
Net Change in Debt	155.9	748.3	627.4	154.6	(1.8)	Interest Coverage (x)	2.5	2.3	2.8	3.5	4.1
Equity Fund Raised	-	-	-	-	-						
Others	1.2	5.4	3.2	9.3	3.9	Dividend Yield (%)	129.7	56.7	62.1	83.8	86.6
Financing CF	111.0	698.4	561.5	53.4	(145.8)	P/S (x)	2.3	2.9	4.6	6.2	7.7
Cash at Beginning	62.5	106.0	292.6	213.5	178.0	Gross Profit Margin (%)	10.7	7.4	6.0	4.6	4.6
Cash at Ending	106.0	292.6	213.5	178.0	125.5	Operating Profit Margin (%)	7.9	5.5	4.8	3.7	3.7
						EBITDA Margin (%)	8.1	5.7	4.9	3.8	3.8
						Net Income Margin (%)	3.7	2.4	2.4	2.0	2.2
						BVPS (IDR)	374.0	428.3	510.2	614.7	742.4

Sources : Company, MNCS Research

MNC Research Industry Ratings Guidance

- **OVERWEIGHT** : Stock's total return is estimated to be above the average total return of our industry coverage universe over next 6-12 months
- **NEUTRAL** : Stock's total return is estimated to be in line with the average total return of our industry coverage universe over next 6-12 months
- **UNDERWEIGHT** : Stock's total return is estimated to be below the average total return of our industry coverage universe over next 6-12 months

MNC Research Investment Ratings Guidance

- **BUY** : Share price may exceed 10% over the next 12 months
- **HOLD** : Share price may fall within the range of +/- 10% of the next 12 months
 - **SELL** : Share price may fall by more than 10% over the next 12 months
 - **Not Rated** : Stock is not within regular research coverage

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