



Source: Bloomberg

Stock Profile

Bloomberg Ticker	HRTA IJ
Avg Turnover (IDR/USD)	24.2bn/1.47m
Net Gearing (%)	136
Market Cap (IDRbn)	3,085
Beta (x)	0.89
BVPS (IDR)	507
52-wk Price low/high (IDR)	312 – 790
Free float (%)	28

Major Shareholders (%)

Terang Anugerah Abadi	71.0
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Share Performance (%)

	1m	3m	6m	12m
Absolute	18.6	46.9	68.3	72.7
Relative	11.3	44.0	73.6	76.2

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Investment Merits

- Strong revenue growth driven by gold demand and retail network expansion
- Solid financial performance, with growing margins and a resilient domestic market base
- Conservative balance sheet with low gearing, supporting growth and inventory flexibility

Company Profile

Hartadinata Abadi (HRTA), established in 1989, is a leading Indonesian gold jewellery manufacturer and retailer headquartered in Bandung. Specialising in *shariah*-compliant gold bars and jewellery under its internationally recognised EMASKU brand, HRTA operates a vertically integrated supply chain, combining manufacturing, distribution, and retail with over 80 wholesalers and 900 retail stores nationwide. While Indonesia remains its primary market, HRTA began exporting its 22k gold jewellery in 2023, primarily to India and the United Arab Emirates.

Highlights

To strengthen its branding. HRTA is pursuing London Bullion Market Association (LBMA) certification by end-2025 or early 2026, to narrow its pricing gap with competitor Aneka Tambang (ANTM IJ), whose rates are currently at a 3-4% premium. This may widen HRTA's bullion margin by 1-2%. The company has secured supply agreements with miners including Agincourt (Astra Group) and Bumi Resources Minerals (BMRS IJ, NR). HRTA's raw material sourcing strategy lends it a competitive advantage, with 60% coming from gold scrap (largely from accounts receivable when wholesalers pay in gold) and 40% from miners, with occasional imports when domestic supply is insufficient. Management is actively seeking strategic investors for two business segments: i) The pawn business, currently the third largest in Indonesia with IDR450bn in outstanding loans, to accelerate growth without burdening HRTA's balance sheet; and ii) the retail business, which is open to forming potential partnerships with regional players looking to enter Indonesia.

Nurtured by future prospects in additional domestic demand. The company began global distribution efforts in 2023, including exports to partners in India and more recently, Vietnam. HRTA has established strategic relationships with bullion banks in Indonesia – contributing 20-30% to consolidated revenue (as per 1Q25), with minimum expected sales of 500kg per month. HRTA is receiving inquiries from Indonesian financial institutions interested in purchasing bullion for investment purposes. HRTA is positioning to benefit from the broader formalisation of Indonesia's gold ecosystem, which it estimates at IDR400trn per year in gold transactions. The company's research indicates that the proper implementation of the bullion bank system could increase Indonesia's GDP by 1.3% and create 800,000+ new jobs annually. Bank Indonesia's gold reserves (78 tonnes) represent only 4% of total FX reserves, far below the global central bank average of c.20%, implying the potential for significant future gold purchases by the central bank.

Company Report Card

FY24 results highlights. FY24 topline surged to IDR18.2trn (+42% YoY), mainly driven by the increase in pure gold sales volumes (FY24's 15.1 tonnes vs FY23's 12.9 tonnes) and a higher ASP (FY24's IDR1.2m/gram vs FY23's IDR988k/gram). Production volume rose (FY24: 19.2 tonnes of jewellery and gold bar; +16.45% YoY), supported by the new refinery casting facility that added c.12 tonnes of capacity, lifting utilisation rates. The stronger volume sold alleviated the rising cost from raw materials purchased – FY24's GPM contracted a bit to 6% (vs FY23's c.7%). All in, the reported bottomline grew by 45% YoY to IDR442bn (with NPM at 2.4%, relatively similar to last year).

Manageable balance sheet; good ROE intact. HRTA's FY24 net debt level rose (FY24's IDR3.2trn vs FY23's IDR2.5trn), mainly from increased bank loans – which subsequently pushed the net gearing ratio upwards (FY24's 1.4x vs FY23's 1.3x). 93% of the company's current assets consisted of gold inventory. The reading on ROE shows a significant improvement – the ratio stood at 20.5% compared to the 5-year average of c.16%.

Management team. President Commissioner Ferriyady Hartadinata, founder of HRTA, brings over 22 years of experience in gold jewellery production and marketing. President Director Sandra Sunanto held leadership roles at Kurnia Asta Surya, YOGYA Group, and Indomobil Multi Jasa before leading HRTA in 2017. Director of Business and Operations Yudho Jatmiko previously held roles in Kawan Lama Sejahtera and YOGYA Retail Group, before transitioning to his current role in 2021.

Investment Case

Global economic uncertainty and the initial weakness in equity indices early this year continue to support the gold price sentiment. This keeps the demand for gold level, as it is an alternative investment that is firmly in the public's favour, even as prices hit record highs (at c.USD3,400 per oz in early May, +47% YoY). HRTA's core sentiment will remain underpinned by domestic demand, further enhanced by long-term prospects created by the gold bullion banks in Indonesia. Management is targeting close to 50% YoY growth in net profit for FY25, on the back of higher gold sales volumes (+30-35% YoY target) and the expectation of a higher ASP. This is a fully plausible assumption, given the excellent start to the year, which looks set to persist through to the year-end. This will indicate a moderate FV of IDR860 (P/E target at c.6x vs 4.5x), which is at a slight premium to its 5-year historical average, but justified by the strong momentum in earnings growth, a sturdy ROE, and the inevitable sentiment towards gold.

Profit & Loss (IDRbn)	Dec-22	Dec-23	Dec-24
Total turnover (IDRbn)	6,918	12,857	18,229
Reported net profit (IDRbn)	254	306	442
Recurring net profit (IDRbn)	254	306	442
Recurring net profit growth (%)	30.7	20.6	44.6
Recurring EPS (IDR)	55.0	66.4	96.0
DPS (IDR)	10.0	12.0	15.0
Dividend Yield (%)	1.4	1.7	2.1
Recurring P/E (x)	12.9	10.7	7.4
Return on average equity (%)	14.8	16.6	20.5
P/B (x)	1.9	1.7	1.4
P/CF (x)	582.9	(6.4)	(5.8)

Source: Company data, RHB

Balance Sheet (IDRbn)	Dec-22	Dec-23	Dec-24
Total current assets	3,574	4,720	5,534
Total assets	3,849	5,029	5,960
Total current liabilities	951	2,136	2,699
Total non-current liabilities	1,175	921	911
Total liabilities	2,127	3,057	3,610
Shareholder's equity	1,717	1,967	2,339
Minority interest	5	6	10
Other equity	1	1	1
Total liabilities & equity	3,849	5,029	5,960
Total debt	2,043	2,787	3,415
Net debt	1,937	2,494	3,201

Source: Company data, RHB

Cash Flow (IDRbn)	Dec-22	Dec-23	Dec-24
Cash flow from operations	6	(509)	(561)
Cash flow from investing activities	(112)	(53)	(141)
Cash flow from financing activities	150	749	623
Cash at beginning of period	62	106	293
Net change in cash	44	187	(79)
Ending balance cash	106	293	214

Source: Company data, RHB