

September 9<sup>th</sup>, 2024

Teaser

Christofer Kojongian

(62 21) 8067 3000

christofer.kojongian@sucorsekuritas.com

## HARTADINATA ABADI

Indonesia's leading gold player

Estimated (Dec)	2020A	2021A	2022A	2023A
Revenue (Rp bn)	4,139	5,238	6,918	12,857
Net profit (Rp bn)	171	194	254	306
EPS (Rp)	37	42	55	66
EPS Change (YoY)	14.1	13.6	30.7	20.6
PE (x)	10.4	9.1	7.0	5.8
PBV (x)	1.3	1.2	1.0	0.9
ROE	12.6	12.8	14.8	15.5
Net gearing	1.0	1.2	1.1	1.3
Dividend yield	2.1	2.1	2.6	3.1

## Historical 5Yr Key Performance (2019–2023):

Revenue growth	297.4%	ROE	13.81%
Earnings growth	103.7%	ROIC	10.49%
FCF Growth	87.5%	Dividend Yield	2.47%
5-Yr PE	6.1	Operating Margin	7.09%
5-Yr EV/EBITDA	6.3	Net gearing	1.06

## Capitalizing on gold price momentum

HRTA's distinct business model, where profit margins are calculated based on sales volume rather than sales value, positions the company to capitalize on the rising gold price environment. The bulk of HRTA's gold jewellery is distributed via wholesalers, who compensate the company with gold (typically in the form of scrap or equivalent) in exchange. In the soaring gold price environment, HRTA stands to benefit significantly. Higher gold prices will lead to increased average selling prices (ASP) and revenue for the company. Additionally, HRTA will experience a rise in inventory value, which will be reflected in higher profit margins.

## Shifting to more profitable products

HRTA aims to enhance its profitability margin by shifting the product mix toward a more profitable jewellery product. The company has introduced innovative products to boost sales, including glow-in-the-dark jewellery and collaboration with Swarovski. Additionally, HRTA is pursuing aggressive retail store expansion, targeting 100 new outlets this year to reach more customers and increase brand awareness.

## Tailwind from export to boost cash flows

HRTA has been exporting the 22-carat jewellery to partners in India since 2023, with additional exports to the UAE and plans to expand into more Southeast Asian markets, including Thailand, Vietnam, and Singapore. The company aims to sell 400–500 kg of jewellery per month, potentially generating an additional Rp4.5tn in annual revenue. While the gross margin for these exports, at 4–5%, is lower compared to selling high-mass gold bars, the trade-off is improved cash flow due to upfront payments. Additionally, the export revenue is expected to contribute 17% to total revenue by the end of this year.

## Strong earnings growth outlook

The net profit grew significantly by 10.8% to Rp206bn, driven by robust revenue growth of 34% yoy to Rp8.2tn. This positive momentum was bolstered by strong performance in both wholesaler and retail store segments, which grew by 27% yoy and 78% yoy, respectively. We expect further improvement in the company's profitability margin as it shifts toward higher-margin jewellery products (11 to 17%) compared to gold bars (~6%). Additionally, the positive operating cash flow in 1H24 indicates stronger cash flow generation moving forward.

## Healthy balance sheet to support expansion

HRTA has strong & healthy balance sheet that should enable the company to further expand and boost market share. Although the company leverage ratio has increased over the years with net debt-to-equity at 1.2x in 1H24, it is still at healthy level below their bank loan covenant of 2.5x.

## BONDS ISSUANCE OVERVIEW

### Indicative Offering Structure

Offer Type	Penawaran Umum Berkelanjutan kepada Pemodal Profesional
Issuer	PT Hartadinata Abadi Tbk. ("HRTA" or "The Company")
Instrument Name	Obligasi Berkelanjutan II Hartadinata Abadi Tahap I Tahun 2024 "Obligasi"
Targeted Amount	Obligasi: up to Rp 1,000,000,000,000 (one trillion Rupiah)
Tenor & Coupon Range	<ul style="list-style-type: none"> <li>Series A: 3 (three) years : 6.75% - 7.50%</li> <li>Series B: 5 (five) years : 7.00% - 7.75%</li> </ul>
Rating	<i>idAAA<sub>cg</sub></i> (Triple A, Corporate Guarantee) from PEFINDO
Coupon Type	Fixed
Coupon Payment Term	Quarterly basis (30/360), bullet payment
Usage of Proceeds	<ul style="list-style-type: none"> <li>Refinancing; and</li> <li>Long-term working capital such as gold jewellery &amp; gold bar manufacture and company's golds store expansion</li> </ul>
Listing Venue	Indonesia Stock Exchange (IDX)

### Indicative Timeline

Bookbuilding Period	9 <sup>th</sup> – 24 <sup>th</sup> September 2024
Effective Date	21 <sup>th</sup> October 2024
Public Offering Period	22 <sup>th</sup> – 24 <sup>th</sup> October 2024
Allotment Date	25 <sup>th</sup> October 2024
Distribution Date	29 <sup>th</sup> October 2024
Listing Date on IDX	30 <sup>th</sup> October 2024

## Investment Thesis

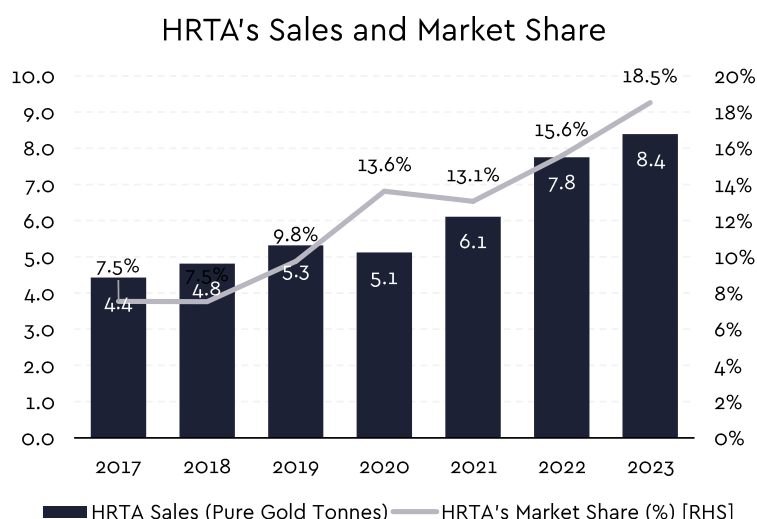
### Leading gold player with a proven track record

Established in 2004, boasting over two decades of modern gold jewellery manufacturing expertise, Hartadinata Abadi (HRTA) stands as a distinguished industry leader, commanding a significant 18.52% market share in domestic gold bar and jewelry sales.

The company's robust infrastructure includes four cutting-edge gold casting factories, each with an impressive annual output capacity of 30 tons, and a state-of-the-art gold refinery projected to achieve a 12ton output by 2024. Complementing this infrastructure are 85 proprietary retail stores and 95 pawn shops strategically located across major cities, forming a formidable retail presence.

HRTA has forged a formidable distribution network encompassing over 80 wholesalers and over 900 independent retail outlets nationwide. Notably, the company's manufacturing and refinery facilities operated at a 45.13% utilization rate as of 1H24, indicating substantial growth potential and minimal capital expenditure requirements in the foreseeable future.

Fig. 1: HRTA total sales volume and market share over the last seven years



Source: Company, Sucor Sekuritas

Fig. 2: Revenue contribution and GPM by Segment

Revenue by segment	2018	2019	2020	2021	2022	2023	1H24
Wholesale	89.5%	88.6%	91.3%	90.6%	90.9%	84.4%	82.6%
Store	10.4%	11.1%	7.9%	8.2%	7.8%	15.0%	16.9%
Franchise	0.1%	0.3%	0.2%	0.2%	0.2%	0.1%	0.0%
Pawn Shop		0.0%	0.6%	1.1%	1.1%	0.5%	0.5%
Refining Services						0.0%	0.0%
GPM by segment	2018	2019	2020	2021	2022	2023	1H24
Wholesale	9.4%	9.6%	9.9%	10.8%	10.1%	6.1%	4.7%
Store	8.9%	10.0%	10.1%	10.6%	12.2%	12.6%	12.2%
Franchise	39.0%	39.0%	30.4%	27.5%	22.6%	23.1%	83.6%
Pawn Shop		38.8%	43.2%	18.7%	50.9%	64.5%	69.8%
Refining Services						76.7%	24.3%
<b>Total GPM</b>	<b>9.4%</b>	<b>9.8%</b>	<b>10.2%</b>	<b>10.9%</b>	<b>10.7%</b>	<b>7.4%</b>	<b>6.3%</b>

Source: Company, Sucor Sekuritas

How does the business work?

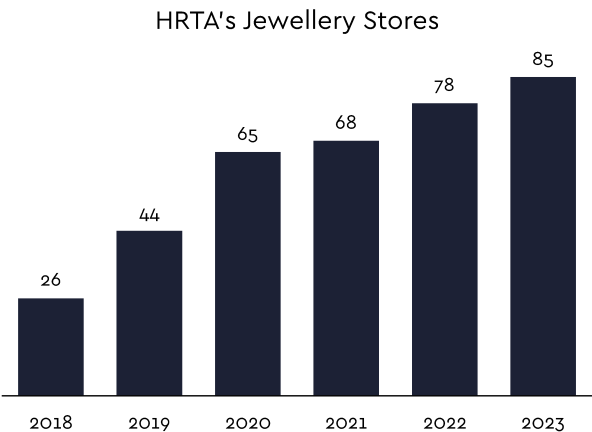
The company sells the majority (~51%) of its gold products to wholesalers and, in return, the company will receive gold (usually in the form of scrap gold or other gold equivalents) plus a margin (~10%) as payments are made in 90 days when they sell jewellery while when the company sells gold bars, they get payments in cash within 30 days. The company also runs its own jewellery store which contributes around 15-16% to total sales.

How do they plan to expand?

The company is committed to enhancing its market penetration through the expansion of its retail footprint, with plans to increase the number of retail stores from 85 in 2023 to 125 by 2025. Simultaneously, it aims to grow its pawnshop network from 91 in 2023 to 105 by 2025. This aggressive expansion of in-house retail outlets is expected to reduce dependency on wholesalers gradually while also optimizing the working capital cycle. Notably, receivables days, which currently stand at up to 90 days for gold jewellery sales to wholesalers, are anticipated to improve as a result of this strategy.

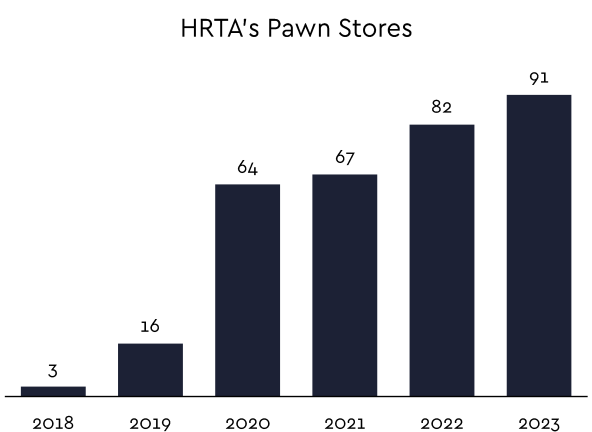
Additionally, since 2018, HRTA has been strategically expanding its pawnshop business, focusing specifically on gold pawn services with a competitive loan rate ranging from 1.8% to 2% per month for debtors. The company has witnessed a remarkable surge in the number of its pawn shops, rising from just three stores in 2017 to an impressive 91 stores by 2023. Looking ahead, HRTA aims to further bolster its pawnshop network, with 105 stores by 2025.

Fig. 3: HRTA's Jewellery Stores



Source: Company, Sucor Sekuritas

Fig. 4: Astronomical growth in Pawnshops



Source: Company, Sucor Sekuritas

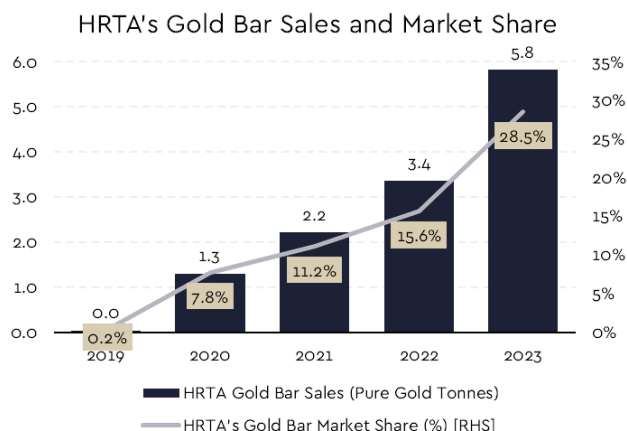
HRTA's MOAT

Formidable barriers to entry

In Indonesia, only a handful of firms specialize in gold jewelry manufacturing and trading. Given its reliance on trust and reputation, the industry falls under the high concentration-high barriers classification, with competition predominantly centered on design, product quality, and service. Over two decades, HRTA has nurtured strong relationships with wholesalers and customers, solidifying its position as a trusted and esteemed entity within the sector.

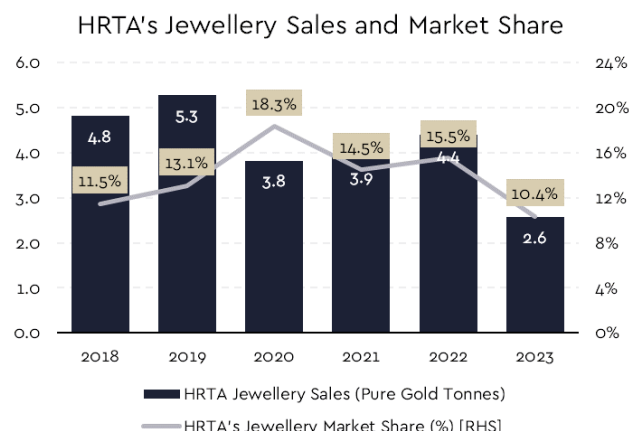
The company's robust infrastructure includes four cutting-edge gold casting factories, each with an impressive annual output capacity of 30 tons, and a state-of-the-art gold refinery projected to achieve a 12-ton output by 2024. Complementing this infrastructure are 85 proprietary retail stores and 91 pawn shops strategically located across major cities, forming a formidable retail presence.

Fig. 5: HRTA's gold bar sales volume & market share



Source: Company, Sucor Sekuritas

Fig. 6: Growing pure gold contribution to revenue



Source: Company, Sucor Sekuritas

### Dynamics of Gold Price Evolution

Gold is trading above \$2,000 per ounce in early 2024. Analysts expect that even later in the year, gold prices may remain above \$2,000 per ounce, reaching new historical highs. Among the factors favoring this are geopolitical uncertainty, the likely weakening of the U.S. dollar, and potential interest rate cuts.

For nearly a century, the ebb and flow of gold value hinged on the intricate dance between Western and Eastern markets. Western nations dictated supply and demand, while their Eastern counterparts served as transaction counterparts. Consequently, fluctuations in physical gold transactions, notably by nations like Great Britain and Switzerland, mirrored corresponding shifts in gold prices, with increases or decreases synchronously influencing one another. This symbiotic relationship facilitated the movement of gold from West to East and vice versa.

A second influential factor historically shaping gold prices was the interplay between gold prices and the real yield on U.S. government bonds. As real yields declined, investors flocked to gold, disillusioned with the diminishing appeal of bonds. Conversely, when real yields ascended, investors gravitated back towards bonds.

However, a paradigm shift has emerged since the close of 2022, defying conventional wisdom. Despite the U.S. ten-year bond yield surging to 4.33%, surpassing 2022 peaks and marking a 15-year high, gold prices failed to retreat. Instead, they surged from November 2022 to August 2023 by a significant 16%, soaring from \$1,643 to \$1,954 per ounce.

Simultaneously, the historical correlation between gold transaction volumes and gold prices has faltered. Since the third quarter of 2022, the UK and Switzerland have transitioned into net exporters of gold, traditionally signaling a decline in gold prices. However, contrary to expectations, gold prices have not responded accordingly. Consequently, the West's influence on precious metal pricing appears to have waned significantly.

### What affects gold price in 2024?

#### Increasing geopolitical tensions are fueling a rise in the value of gold

Following the geopolitical events of 2022, dollar assets have grown riskier for numerous nations. Central banks across the Global South, Eastern Europe, and the Middle East have been proactively bolstering their gold reserves since late 2022. As per a World Gold Council (WGC) report, central banks acquired 800 tons of gold in the initial nine months of 2023, marking a 14% increase year-on-year. The heightened demand from central banks propelled the value of gold by 10% in 2023.

#### The sustained stabilization of inflation will further bolster gold prices

In 2022, global inflation surged to its highest levels in decades, but it peaked by the end of 2023. Analysts widely anticipate further easing of inflationary pressures throughout 2024. Conventionally, gold prices have shown a negative correlation with inflation rates. As inflation rates decrease, interest rates on government bonds also tend to decline. Consequently, the relative appeal of non-interest-bearing assets like gold rises.

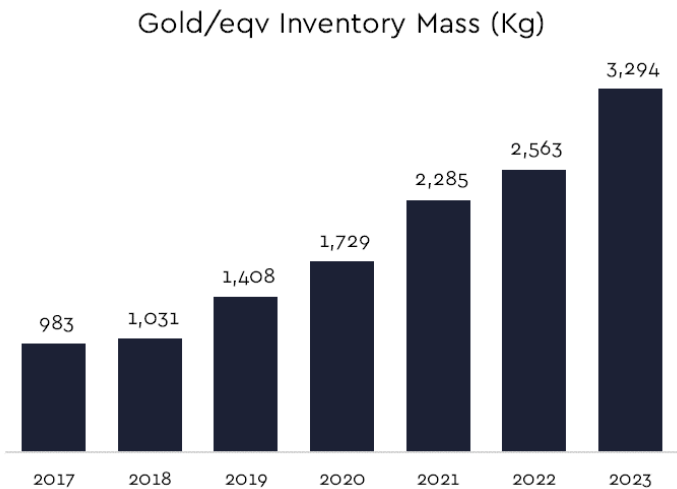
#### A Prominent beneficiary of heightened gold prices

HRTA's innovative business model, which bases profit margins on sales volume rather than sales value, positions the company to reap significant benefits from the surging gold price landscape. The majority of HRTA's gold jewelry sales occur through wholesalers, who compensate the company with gold (often in the form of scrap gold or equivalent) along with a margin.

The rising gold price environment is poised to positively impact HRTA, leading to increased average selling prices (ASP) and revenue, as well as a boost in inventory value that will reflect in higher profit margins.

By the end of 2023, it is estimated that the company hold approximately 3.3 tons of gold inventory, a substantial increase from the estimated 1.0 tons in 2017. This calculation is derived from the inventory level divided by the average gold price in the respective year.

Fig. 7: Gold/eqv Inventory Mass



Source: Company, Sucor Sekuritas

## Indonesia Jewellery Industry Outlook

### Developing gold & jewellery business

Indonesia's consumer demand (in tons) of bar & coin and jewellery combined may have been stagnant in 2010–2023. However, we see that the gold & jewellery market value has doubled over time (from Rp20.8tn to Rp43.6tn). This is mainly driven by the increase in gold price and depreciation of the Rupiah exchange rate relative to US Dollar. As gold is denominated in dollars, the fluctuation of the dollar value has an equivalent impact on the price of gold. Fiat (paper currency) has the propensity to depreciate over time, and if this holds true, gold may continue to rise as investors turn to it as a hedge. This will further cement the long-standing belief that gold will be a reliable store of wealth in the future.

Fig. 8: Indonesia consumer demand (tons)



Source: World Gold Council, Sucor Sekuritas

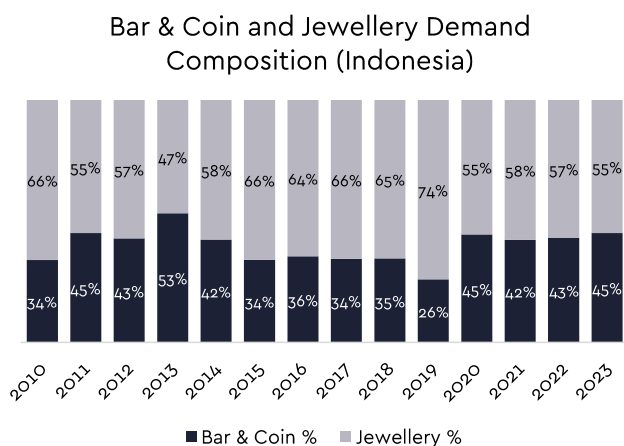
Fig. 9: Indonesia consumer demand (in Rp tn)



Source: World Gold Council, Sucor Sekuritas

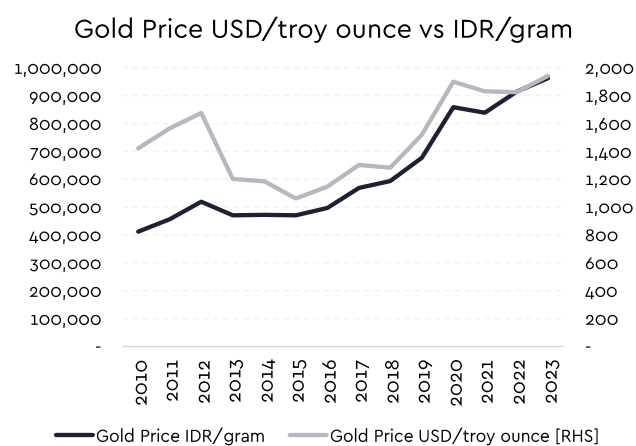
With gold typically being priced in US\$, the movement of gold price (per troy ounce) as adjusted to US\$ is inversely related. In the absence of other factors, a stronger US\$ pushes gold prices lower, while a weaker US\$ elevates gold prices due to rising demand. In comparison to US\$, the price of gold is more stable in Rp, with a 10-year CAGR of 7.4%. Particularly, in the 2013 timeframe, gold prices in Rp only plummeted by -6.2% while the average international gold price fell by -15.4%. However, in 2014 and 2015, despite a large drop in global gold prices, the value of gold in Rp increased due to a weaker Indonesian currency exchange rate against the US\$.

Fig. 10: Indonesia bar & coin and jewelry demand composition



Source: World Gold Council, Sucor Sekuritas

Fig. 11: Gold price vs US\$/Rp



Source: World Gold Council, Sucor Sekuritas

### Higher GDP capita translates into more gold and jewellery demand

The continuation of HRTA's operational activity is affected by the national economic situation. Particularly, when HRTA operates in an industry whose customers are entirely located in Indonesia, domestic economic conditions strongly dictate spending power.

Indonesia's GDP per capita rose by 56% from US\$3,178 in 2010 to US\$4,942 in 2023, and increased purchasing power tends to encourage Indonesians to consume more during periods in which the country's GDP is on the rise. In conjunction with the rising demand for the company's products, the rising spending power of Indonesians will therefore drive company's sales.

### Potential upside on gold demand in Indonesia

In 2023, consumer demand among countries ranked China as the world's biggest gold consumer, followed by India, the Middle East, the United States, and Germany—while Indonesia ranked sixth. According to published research, since the consumers were first permitted to purchase gold in the 1990s—as well as the growing urban population, rapid middle-class affluence growth, and rising real incomes—China quickly became the world's largest producer and consumer of gold.

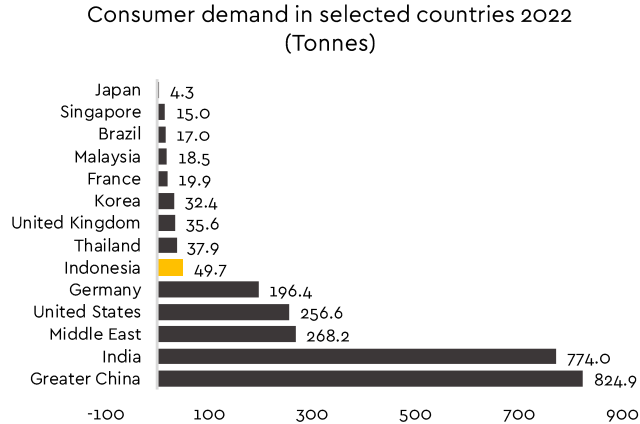
Meanwhile, India was named the second largest jewelry market in the world—particularly gold jewelry which can either be worn or used as an investment.

Fig. 12: Indonesia GDP per capita (in US\$)



Source: IMF, Sucor Sekuritas

Fig. 13: Consumer demand in selected countries 2022 (tons)



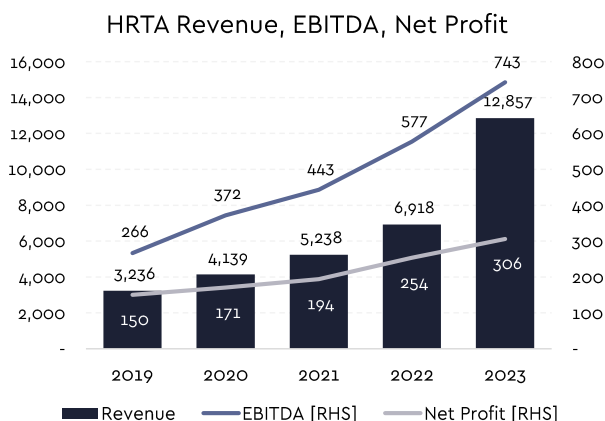
Source: World Gold Council, Sucor Sekuritas

## Financial performance

### Remarkable earnings surge fueled by escalating volume and revenue expansion

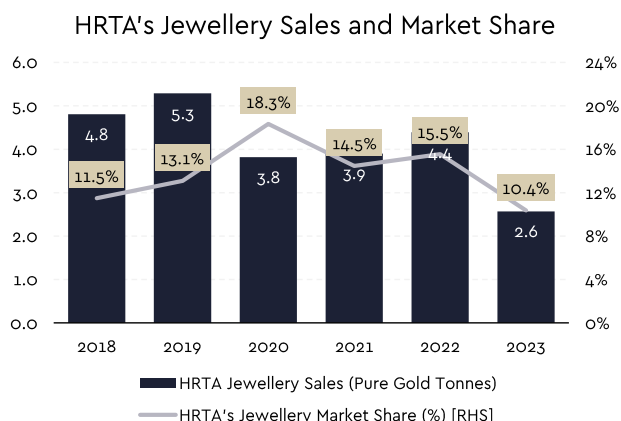
Over the past three years (2020 – 2023), HRTA has achieved substantial earnings growth with a 21.4% CAGR driven by strong revenue growth of 45.9% CAGR over the same period. Moreover, this positive momentum continued into 1H24 with earnings grew by 11% yoy to Rp206bn. The remarkable sales volume growth has been fueled by a steady recovery in domestic gold jewelry sales, driven by improving purchasing power, increasing export demand, and rising gold prices. Additionally, the company ongoing expansion of retail stores and pawnshops has helped gain market share and further boost sales.

Fig 14. HRTA's revenue, EBITDA, and earnings trend



Source: Company, Sucor Sekuritas

Fig. 15: Jewellery sales volume & HRTA's market share

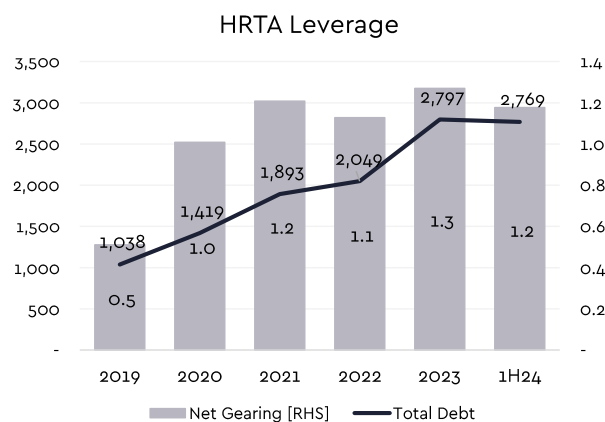


Source: Company, Sucor Sekuritas

### Improving leverage profile

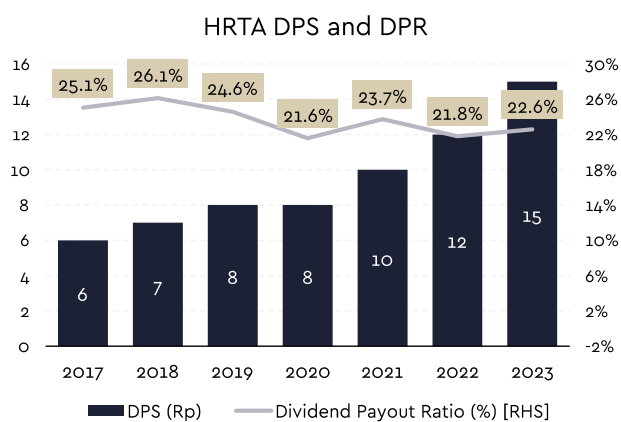
Although HRTA's net gearing has continuously increased to 1.2x in 1H24, we believe HRTA will manage to maintain its leverage ratio at a healthy level below bank loan covenants which allow at a maximum of 2.5x.

Fig. 16: HRTA's leverage profile



Source: Company, Sucor Sekuritas

Fig. 17: HRTA's dividend policy

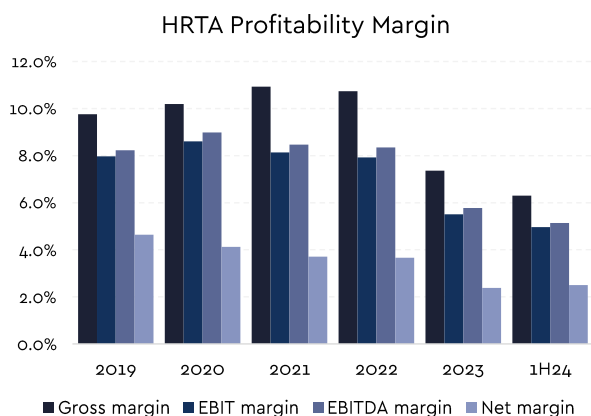


Source: Company, Sucor Sekuritas

### Margins on a declining trend but expect to improve as export volume decreases

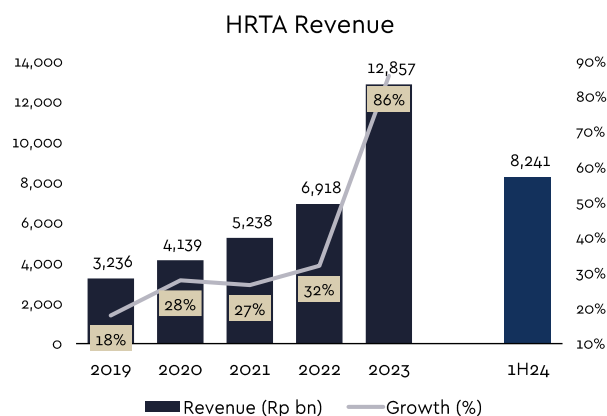
The company has grown its revenue phenomenally through exports which has improved cash flow as payments for exports are made through cash, not scrap gold. However, this has come at the cost of declining overall margins for HRTA. Notably, HRTA expects to reduce its portion of exports to maintain overall margins at healthy levels. Note that gross and net margins in 1H24 have declined to 6.3% and 2.5%, respectively.

Fig.18 HRTA profitability margins



Source: Company, Sucor Sekuritas

Fig. 19: HRTA revenue performance

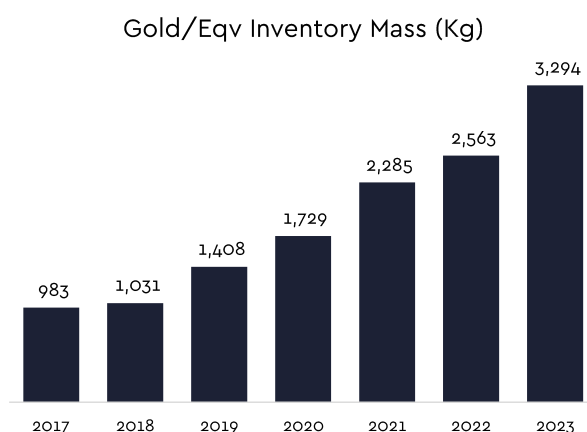


Source: Company, Sucor Sekuritas

### Negative Operating Cash Flow is countered by highly liquid gold inventory

The company has operated often through negative operating cash flows, during their expansion phase as payments are made through scrap gold and not cash when they sell to their domestic wholesalers. However, if there is a sudden need for cash, the company believes they can easily liquidate their inventory of gold for sudden needs of cash. As of 2023, the company owns an estimated 3,294kg of gold inventory.

Fig. 20: Gold/Equivalent Inventory Mass (Kg)



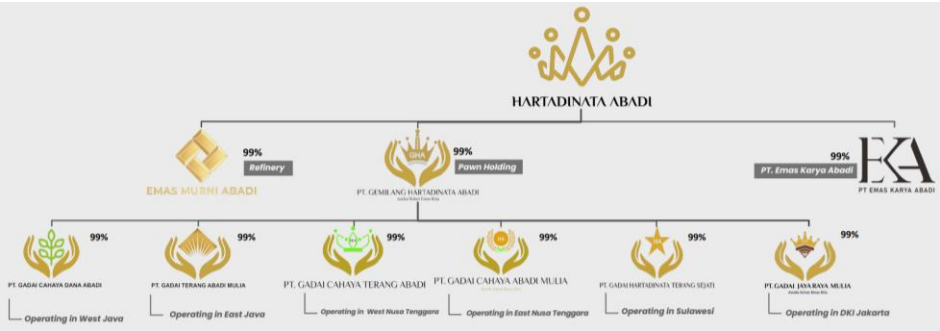
Source: Company, Sucor Sekuritas

## Company Profile

For nearly two decades, HRTA has been a cornerstone of the Indonesian market, delivering beauty, innovation, and exceptional service through its exquisite jewelry offerings. Operating as an integrated business entity, HRTA leverages its competitive edge through four cutting-edge factories dedicated to crafting high-quality jewelry products. Additionally, the company maintains a comprehensive distribution network that spans the domestic market, encompassing wholesalers, gold shops, franchises, and HRTA's extensive network of proprietary retail stores. This strategic approach ensures HRTA's continued success and prominence within the Indonesian jewelry industry.

HRTA boasts three subsidiaries, each specializing in distinct sectors: PT. Emas Karya Abadi specializes in jewellery distribution through community, PT. Gemilang Hartadinata Abadi specializes in gold pawnshops, and Emas Murni Abadi focuses on refinery operations. In response to the rapid pace of technological advancement and evolving market dynamics, HRTA is embarking on a comprehensive digital transformation initiative.

Fig. 21: HRTA's Subsidiary



Source: Company, Sucor Sekuritas

Fig. 22: HRTA's omnichannel ecosystem



Source: Company, Sucor Sekuritas

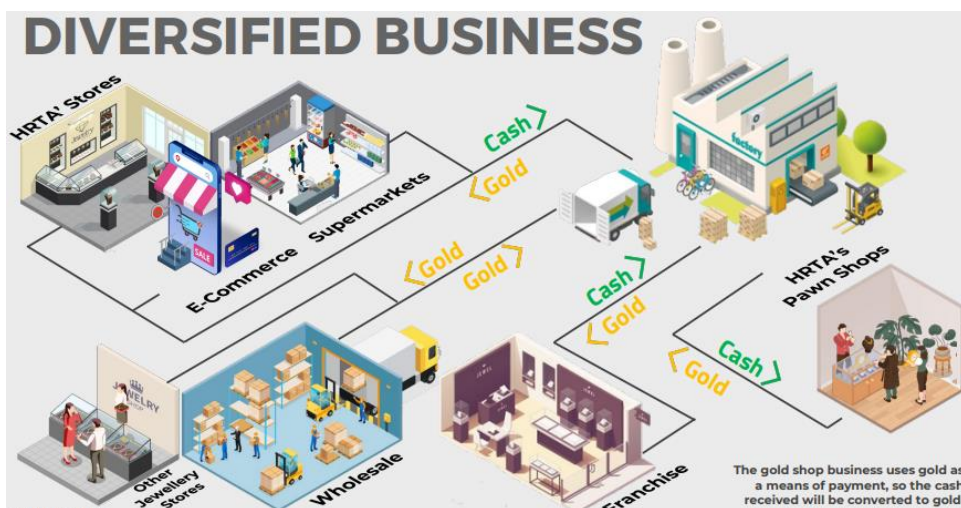
## Business Model

The company operates four gold casting factories with an annual output capacity of 30 tons each, alongside one gold refinery with a projected 12-ton output by 2024. It also owns 85 retail stores and 95 pawn shops across major cities, with a strong distribution network comprising over 80 wholesalers and 900+ independent retail stores nationwide.

Despite a low 55% utilization of its gold casting facilities in 2023, there is significant room for growth with minimal capex requirements in the coming years. The company primarily sells 51% of its gold products to wholesalers, receiving gold and a margin as payments when they sell jewellery and receiving cash as payments when they sell gold bars, while its own jewellery stores contribute around 16% to total sale

Furthermore, since 2018, HRTA has been expanding its pawnshop business, focusing primarily on gold pawn services with a loan rate ranging from 1.8%-2% per month for debtors.

Fig. 23: HRTA Business Model



Source: Company, Sucor Sekuritas

Fig. 24: Gold Value Chain



Source: Company, Sucor Sekuritas

## Management Profile

Fig. 25: HRTA's Board of Commissioner and Directors

### Board of Commissioners



#### Ferriyady Hartadinata

President Commissioner

- 25+ years of experience
- Founder of PT Hartadinata Abadi Tbk, started his 7-year term as president commissioner in 2017
- Holds a Master of Business Administration from Jakarta Institute of Education and Management Development



#### Supriyadi Husman

Independent Commissioner

- 25+ years of experience
- Joined PT Hartadinata Abadi Tbk in 2017, started his 7-year term as independent commissioner in the same year
- Holds a Master's degree in Management from Bhayangkara Jaya University Bachelor of International Trade Science from Chuo University



#### Fendy Wijaya

Commissioner

- 25+ years of experience
- Joined PT Hartadinata Abadi Tbk in 2003, started his 7-year term as commissioner in 2017
- Holds a Bachelor's degree in Engineering in Maranatha Christian University

### Board of Directors



#### Sandra Sunanto

President Director

- 25+ years of experience
- Joined PT Hartadinata Abadi Tbk in 2014, started his 7-year term as director in 2017
- Holds a Doctorate's degree in Management from Erasmus Rotterdam University



#### Ong Deny

Finance and Business Support Director

- 25+ years of experience
- Joined PT Hartadinata Abadi Tbk in 2016, started his 7-year term as director in 2017
- Holds a Bachelor's degree in Accounting from Xavier University, Philippines



#### Cucun Muliawan

Director

- 25+ years of experience
- Joined PT Hartadinata Abadi Tbk in 2012, started his 7-year term as director in 2017
- Holds a Bachelor's degree in Management from Maranatha Christian University



#### Yudho Jatmiko

Director

- 15+ years of experience
- Holds a Master of Business Administration from Bandung Institute of Technology

Source: Company, Sucor Sekuritas

## Macroeconomic Outlook

### Riding lower policy rate's opportunity

US inflation and personal spending have been slowing and are nearing the Federal Reserve's target, while the manufacturing sector continues to decelerate, as indicated by ISM reports. The US labor market is also slowing down, raising expectations for a rate cut by the Fed in September onwards. Furthermore, the Federal Reserve Bank of Atlanta predicts a bleak outlook for the US economy in 2024-25.

Meanwhile, China's economy presents a mixed outlook, with recent indicators showing a stagnating manufacturing sector as the PMI Manufacturing contracts in the last several months while inflation remains stable. The People's Bank of China has stated that both monetary and fiscal policies will remain accommodative to sustain economic activity.

On the domestic side, Indonesia's inflation rate has met Bank Indonesia's (BI) target of 2.5% this year, leading BI to maintain the BI-Rate at 6.25% to support rupiah exchange rate. Additionally, the trade balance continues to post a surplus, marking the second-longest run of surplus in history. We expect these indicators will support rupiah's strength along with the prospect of lower interest rates by the end of the year. Due to strong fundamental and the end of fighting inflation in 2024, we expect BI to start implementing easy monetary policy by cutting the interest rate in Sep-Oct onwards while injecting liquidity to maintain economic growth for the remainder of the year. Consequently, the Indonesian 10-year government bond yield potentially reaches 5.8% by Dec-24. On the bond market, we do not foresee Sukuritas Rupiah Bank Indonesia (SRBI) to create a crowding-out effect in Indonesia's financial system. SRBI has been very successful in attracting foreign capital, as reflected by the increase in non-residents' ownership of BI's instrument to combat capital outflow. Moreover, BI has been boosting liquidity through its bond-buying operations, maintaining bond yields at current levels, indicating that BI remains the lender of last resort for liquidity provision in the system.

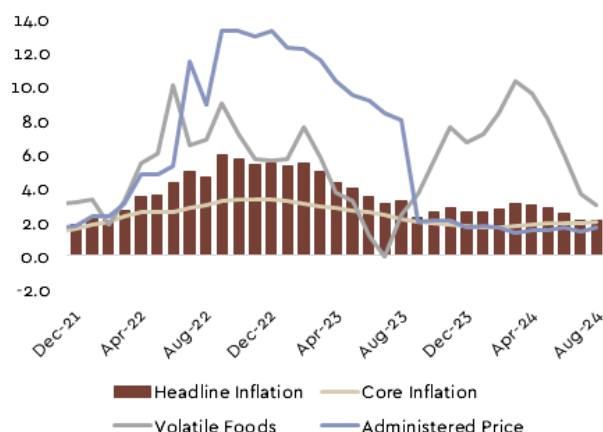
Looking ahead to 2025, the prudent government budget provides a clearer outlook that the government's spending will focus on bolstering the domestic consumption in 2025. Considering a strong fundamental, Indonesia could potentially receive a rating upgrade due to prudent budget and positive fundamental performance.

Fig. 26: BI-Rate vs CPI (%yoy)



Source: Bloomberg, BPS, Sucor Sekuritas

Fig. 27: Inflation based on components (%yoy)



Source: BPS, Sucor Sekuritas

Fig. 28: Government Budget Outlook Comparison

Indicator	LKPP 2019	LKPP 2020	LKPP 2021	LKPP 2022	LKPP 2023	APBN 2024	RAPBN 2025*	Description	2024 APBN	2024 Outlook	2025 RAPBN
GDP Growth (%YoY)	5	-2.1	3.7	5.3	5.1	5.2	5.2	Gov't Revenue	2,802.30	2,802.50	2,996.90
Inflation (% YoY)	2.7	1.7	1.9	5.5	2.6	2.8	2.5	Domestic Revenue	2,801.90	2,767.50	2,996.30
Exchange Rate (Rp/US\$)	14,146	14,577	14,312	14,871	15,255	15,000	16,100	Tax Revenue	2,309.90	2,218.40	2,490.90
10Y Government Bond Yield (%)	5.6	5.9	6.4	7	6.6	6.7	7.1	Non-Tax Revenue	492	549.1	505.4
Brent (US\$/barel)	62	40	68	97	78.4	82	82	Grant	0.4	34.9	0.6
Oil Lifting (th per day)	746	707	660	612	604.7	635	600	Gov't Expenditure	3,325.10	3,412.20	3,613.10
Lifting Gas (th barrel equiv. to oil per day)	1,057	983	995	954	1,000	1,033	1,005	Central Government	2,467.50	2,558.20	2,693.20
								K/L Expenditure	1,090.80	1,198.80	976.8
								Non-K/L Expenditure	1,376.70	1,359.40	1,716.40
								Regional Transfer	857.6	854	919.9
								Primary Balance	-25.5	-110.8	-63.3
								Surplus/Deficit	-522.8	-609.7	-616.2
								% of GDP	-2.29	-2.7	-2.53
								Budget Financing	522.8	609.7	616.2

Source: Indonesia Ministry of Finance, Sucor Sekuritas

Fig. 29: Bank Indonesia Monetary Operation

Ownership Position of SRBI					
Date	Bank	Non-Bank		Others	Total
		Resident	Non-resident		
Sep-23	66.53	0.1	4.88	1.05	72.56
Oct-23	116.12	0.17	13.87	2.82	132.98
Nov-23	159.21	0.17	37.27	1.58	198.23
Dec-23	189.28	0.18	62.17	14.53	266.16
Jan-24	264.52	0.18	83.74	9.89	358.33
Feb-24	296.99	0.19	87.69	14.53	399.4
Mar-24	311.72	1.02	82.35	9.89	404.98
Apr-24	320.38	1.98	75.15	13.23	410.74
May-24	384.55	7.02	152.18	14.49	558.24
Jun-24	461.29	41.38	192.52	25.87	721.06

Indonesian Government Bond Ownership (Rp Tn)					
Description	Dec-20	Dec-21	Dec-22	Dec-23	Jun-24
Banks	1,375.57	1,591.12	1,697.43	1,495.19	1,280.60
Bank Indonesia	454.36	801.46	1,020.02	1,095.51	1,338.63
Mutual Funds	161.33	157.93	145.82	177.80	179.23
Insurance Company and Pension Fund	542.82	655.24	873.03	1,041.40	1,103.54
Foreign Holders	973.91	891.34	762.19	842.05	808.10
Individual	131.24	221.41	344.30	435.28	498.13
Others	231.54	360.47	466.65	551.98	593.96
Total	3,870.76	4,678.98	5,309.43	5,639.21	5,802.20

Source: Indonesia Ministry of Finance, Sucor Sekuritas

## Summary Financials

Fig. 30: HRTA Key Financial Highlights

Profit & Loss (IDR bn)	2019	2020	2021	2022	2023	1H24
Revenue	3,236	4,139	5,238	6,918	12,857	8,241
Cost of revenue	(2,920)	(3,717)	(4,665)	(6,176)	(11,910)	(7,722)
Gross profit	316	422	573	743	947	519
Selling expenses	(20)	(13)	(12)	(23)	(23)	(6)
G&A expenses	(37)	(46)	(127)	(160)	(191)	(92)
Other operating expenses	(0)	(6)	(8)	(12)	(25)	(12)
Operating profit	258	356	426	548	708	409
EBITDA	266	372	443	577	743	424
Non operating inc./ (loss)	(58)	(138)	(178)	(222)	(312)	(144)
Others	(8)	(16)	(17)	(29)	(35)	(15)
Pre-tax profit	200	218	248	326	396	265
Tax expense	(50)	(47)	(54)	(72)	(90)	(59)
Minority interest	0	0	(0)	(1)	(0)	(0)
Net profit	150	171	194	254	306	206
EPS	33	37	42	55	66	45

Balance Sheet (IDR bn)	2019	2020	2021	2022	2023	1H24
Cash and equivalents	419	50	62	106	293	287
Inventories	952	1,482	1,916	2,340	3,169	3,319
Net- Fixed assets	96	149	154	226	259	291
Other assets	843	1,149	1,346	1,178	1,309	1,329
Total Assets	2,311	2,831	3,478	3,849	5,029	5,225
Trade payables	56	46	59	66	66	119
Short-term debt + CMLTD	161	163	649	885	1,893	1,960
Long-term debt	876	1,256	1,243	1,163	904	809
Other liabilities	6	9	11	12	194	229
Total Liabilities	1,100	1,474	1,963	2,127	3,057	3,116
Minority interest	0	4	5	5	6	6
Paid capital	665	665	665	665	665	665
Retained earnings	546	688	847	1,053	1,303	1,439
Other equities	(0)	0	(1)	(1)	(1)	(1)
Total Equity	1,211	1,357	1,516	1,723	1,973	2,109

Cash Flow (IDR bn)	2019	2020	2021	2022	2023	1H24
Net income	150	171	194	254	306	206
Depreciation	8	16	17	29	35	15
Change in working capital	(383)	(833)	(610)	(252)	(735)	(72)
Cash flow from operations	(225)	(647)	(399)	31	(394)	149
Capex	(11)	(51)	(21)	(82)	(49)	(47)
Others	(4)	(10)	(2)	(2)	(9)	(6)
Cash flow from investments	(16)	(61)	(24)	(85)	(58)	(52)
Changes in debt	679	340	471	177	705	(33)
Changes in equity	-	-	-	-	-	-
Dividends paid	(32)	-	(37)	(46)	(55)	(69)
Others	-	(2)	0	(34)	(11)	0
Cash flow from financing	646	338	435	97	639	(102)
Net Cash Flow	406	(369)	12	44	187	(6)

Key Ratios (%)	2019	2020	2021	2022	2023	1H24
Revenue growth	17.8	27.9	26.6	32.1	85.8	33.5
EBIT growth	24.1	38.0	19.7	28.6	29.1	4.5
EBITDA growth	23.5	39.6	19.2	30.2	28.6	4.8
Net profit growth	21.6	13.8	13.6	30.7	20.6	10.8
Gross margin	9.8	10.2	10.9	10.7	7.4	6.3
EBIT margin	8.0	8.6	8.1	7.9	5.5	5.0
EBITDA margin	8.2	9.0	8.5	8.3	5.8	5.1
Net margin	4.6	4.1	3.7	3.7	2.4	2.5
ROA	6.5	6.0	5.6	6.6	6.1	3.9
ROE	12.4	12.6	12.8	14.8	15.5	9.8
ROIC	10.2	11.0	10.7	11.7	12.8	9.5
Net gearing (x)	0.5	1.0	1.2	1.1	1.3	1.2
Net debt/EBITDA (x)	2.3	3.7	4.1	3.4	3.4	2.9

Source: Company, Sucor Sekuritas

**Sucor Sekuritas  
rating definition,  
analysts certification,  
and important disclosure**

**Ratings for Sectors**

- Overweight : We expect the industry to perform better than the primary market index (JCI) over the next 12 months.
- Neutral : We expect the industry to perform in line with the primary market index (JCI) over the next 12 months.
- Underweight : We expect the industry to underperform the primary market index (JCI) over the next 12 months

**Ratings for Stocks**

- Buy : We expect this stock to give return (excluding dividend) of above 10% over the next 12 months.
- Hold : We expect this stock to give return of between -10% and 10% over the next 12 months.
- Sell : We expect this stock to give return of -10% or lower over the next 12 months

**Analyst Certification**

The research analyst(s) primarily responsible for the preparation of this research report hereby certify that all of the views expressed in this research report accurately reflect their personal views about any and all of the subject securities or issuers. The research analyst(s) also certify that no part of their compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report.

**Disclaimers**

This document has been prepared for general circulation based on information obtained from sources believed to be reliable but we do not make any representations as to its accuracy or completeness. PT Sucor Sekuritas accepts no liability whatsoever for any direct or consequential loss arising from any use of this document or any solicitations of an offer to buy or sell any securities. PT Sucor Sekuritas and its directors, officials and/or employees may have positions in, and may affect transactions in securities mentioned herein from time to time in the open market or otherwise, and may receive brokerage fees or act as principal or agent in dealings with respect to these companies. PT Sucor Sekuritas may also seek investment banking business with companies covered in its research reports. As a result investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

## Sales Office & Research PT. Sucor Sekuritas

### HEAD OFFICE

PT. Sucor Sekuritas  
Sahid Sudirman Center, 12<sup>th</sup> Floor  
Jl.Jend Sudirman Kav.86  
Jakarta10220, Indonesia  
Ph: (+621) 8067 3000  
Fax: (+621) 2788 9288

### JAKARTA

Ruko Inkopal Block A No. 23A  
Jl.Boulevard Barat Raya  
Jakarta Utara 14240  
Ph: (+621) 4585 9114  
Fax: (+621) 4585 9227

Kantor Cabang Pantai Indah Kapuk  
Jl. Camar Indah 1 De No.8  
RT 005/006 Kapuk Muara, Penjaringan Jakarta Utara 14460  
Ph: (+621) 588 6010

### GALERI INVESTASI

Universitas Tarumanegara  
Fakultas Ekonomi  
Lab. Pasar Modal Ged. A Lt.7  
Jl. Tanjung Duren Raya No.1 Jakarta Barat 11470  
Ph: (+621) 565 550 814  
Fax: (+621) 565 5508

Altira (War Room@Cafe Rahasia Saham)  
Altira Business Park, Pordium 3  
Jl. Yos Sudarso Kav 85 No.15, Sunter, Jakarta Utara

### GADING SERPONG

Ruko Pisa Grande Blok A No.2  
Jl. Paramount Boulevard, Curug Sangereng Kecamatan Kelapa Dua  
Tangerang, Banten 15810  
Ph: (+621) 542 10990

### GALERI INVESTASI

Swiss German University  
EduTown BSD City  
Fakultas Business Administration&Humanity  
Tangerang 15339

### PONTIANAK

Jl Teuku Umar  
Pontianak Mall c23-24 Lt 2  
PhL (+62561) 760001

### SEMARANG

Jl. D.I Panjaitan 90 B  
Kel. Jagalan  
Kec. Semarang Tengah, Semarang 50135  
Ph: (024) 86042220

### GALERI INVESTASI

Universitas Pelita Harapan Fakultas Ekonomi  
Jl. M.H Thamrin Boulevard 1100 Lippo Village Tangerang 15811  
Ph: (+621) 547 0901

### BANDUNG

Ruko Paskal Hyper Square Blok B No. 66  
Jl. Hegarmanah No. 57 Bandung 40141  
Ph: (+622) 203 3065  
Fax: (+622) 203 2809

### JAMBI

GALERI INVESTASI  
Universitas Adiwangsa Jambi  
Jl. Sersan Muslim No. 24, Thehok, Kec Jambi Selatan, Kota Jambi

### SURABAYA

Gd. Spazio Lt 2 Unit 208  
Jl. Mayjen Yono Soewoyo Kav.3 Graha Famili  
Surabaya 60226  
Ph: (+631) 600 39701

### Surabaya 2

SCG Surabaya  
Jl. Slamet No.37  
Surabaya 60272  
Ph: (+631) 547 9252  
Fax: (+631) 547 0598

### Surabaya 3

Ruko Pakuwon Town Square AA 2-50  
Jl. Kejawan Putih Mutiara  
Surabaya 60112  
Ph: (+631) 5825 3448  
Fax: (+631) 5825 3449

### GALERI INVESTASI

Universitas Negeri Surabaya Gedung Bisnis Centre Fakultas  
Ekonomi, Kampus Ketintang  
Jl. Ketintang Surabaya 60231  
Ph: (+631) 8297123

### GALERI INVESTASI

Universitas Katolik Widya Mandala Fak. Bisnis  
Jl. Dinoyo 42-44 Surabaya 60265  
Ph: (+631) 567 8478