



Buy

Price (Jan 31 st , 24)	1,310
Target Price	1,657
Potential Upside	24.57%
Market Cap	54.64 T
Number of Share	41.39 B
52w Lo/Hi	615 / 1,605

Source : IDX | Phintraco Sekuritas Research

| as of Jan 31st, 2024

IHSG vs PGEO



Source : IDX

Shareholder	%
PT. Pertamina Power Indonesia	69.01
Masdar Indonesia Solar	15.00
PT Pertamina Pedeve	5.99
Public (<5%)	10.00

Source : Company | as of fin. statement 9M2023

EPS Consensus vs Forecast

	AT	Consensus*	%Diff
2023F	45.69	52.16	-4.74%
2024F	49.33	50.30	-1.93%

Source : *marketscreener | as of Feb 1st, 2024

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PT Pertamina Geothermal Energy Tbk

(PGEO.JK / PGEO.IJ)

Clean and Green Profits in Ring of Fire

Aiming for net-zero carbon by 2060, Indonesia sets its sights on a greener future. PGEO, backed by Pertamina's operational support and government initiatives like Perpres No. 112/2022 accelerating renewable energy development, plays a crucial role. Targeting 25% renewable energy by 2025, Indonesia paves the way for PGEO's success. PGEO gains access to cost-effective green production and knowledge transfer through strategic partnerships in Japan and the Middle East. Notably, a collaboration with Tokyo Electric Power Company Holdings, Inc. (TEPCO HD) focuses on capacity expansion through hydrogen production, solidifying PGEO's position as a leader in Indonesia's renewable energy push.

Indonesia is the second largest installed geothermal in the world. It has the world's second-largest installed geothermal capacity, producing 2,356 MW which accounts for 14.6% of global production. With 351 locations having a potential of 23,356.9 MW, Indonesia can further cement its position as a geothermal energy leader. One of the advantages of geothermal energy is its reliability, as it can provide electricity 24/7, regardless of weather conditions or fluctuating oil prices.

IPO's fund allocation. PGEO is planning to use 85% of the IPO's fund for capital expenditure that will be used from 2023 to 2025, with a breakdown of 55% for increasing capacity for existing customers. 33% for new customers. 12% for digital infrastructure. That will be allocated 2023-2025. The last 15% will be used for financial facility payment. This plan will make PGEO become 1GW of its own production by 2025. Before the IPO, PGEO was the most extensive geothermal producer, with 28% of total production of geothermal producers in Indonesia.

PGEO's dividend policy. PGEO plans to distribute dividends below 50% to increase shareholder value while capturing geothermal energy potential in Indonesia. For 2022, PGEO paid its dividend payout ratio as 22% of net income in 2022.

We considered some conditions that probably affecting the company. The geothermal industry requires high capital, which makes wrong calculations impacting the finances hard enough. Furthermore, natural conditions are also one of the most significant risks that will disrupt operations. However, PGEO has a pricing policy that anchors CPI and PPI USA, which makes it possible to bargain the price of its steam/electricity.

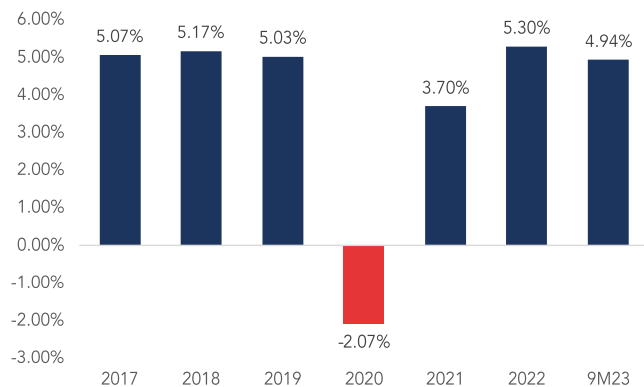
Using Discounted Free Cash Flow with Required Return as 8.24% and 4.78% Terminal Growth as the terminal value. We consider that PGEO has potential upside 24% or Rp1,657 per share (Expected EPS 2024: 49.23 IDR or 25x PER), that we attach buy rating for PGEO.

PT Pertamina Geothermal Energy Tbk						
(in Thousand USD)	FY21	FY22	YoY	9M22	9M23	YoY
Revenue	368,824	386,068	4.68%	287,399	308,927	7.49%
COGS	-73,977	-66,180	-10.54%	-41,945	-45,127	7.59%
Gross Profit	294,847	319,888	8.49%	245,454	263,800	7.47%
Operating Income	143,269	208,381	45.45%	179,383	203,048	13.19%
Net Income	85,042	127,319	49.71%	111,429	133,485	19.79%
EPS (USD)	0.0021	0.0031	49.68%	0.0027	0.0032	19.79%
EPS (IDR)	29.27	47.87	63.53%	40.98	44.48	8.54%
USD/IDR	14,250	15,565	9.23%	15,225	15,450	1.48%
Gross Profit Margin (%)	79.94%	82.86%	292 bps	85.41%	85.39%	-1 bps
Operating Income Margin (%)	38.84%	53.98%	1513 bps	62.42%	65.73%	331 bps
Net Profit Margin (%)	23.06%	32.98%	992 bps	38.77%	43.21%	444 bps

Source : Company | Phintraco Sekuritas Research

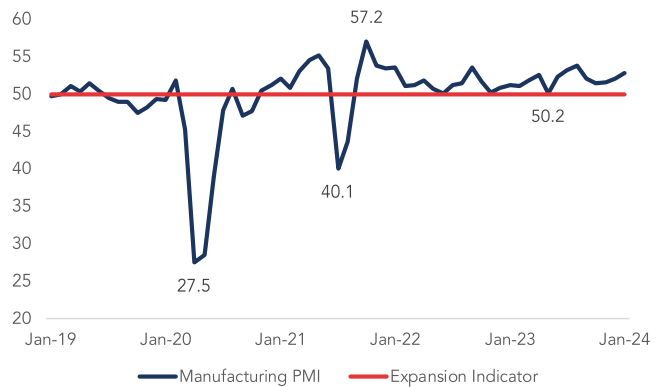
Macro Economy Highlights

Figure 1. Gross Domestic Product Growth (%)



Source : BPS | Trading Economics | Phintraco Sekuritas Research

Figure 2. Indonesia's Manufacturing Index



Source : BPS | Trading Economics | Phintraco Sekuritas Research

Performance Highlights

Figure 3. Wilayah Kerja Panas Bumi (WKP)

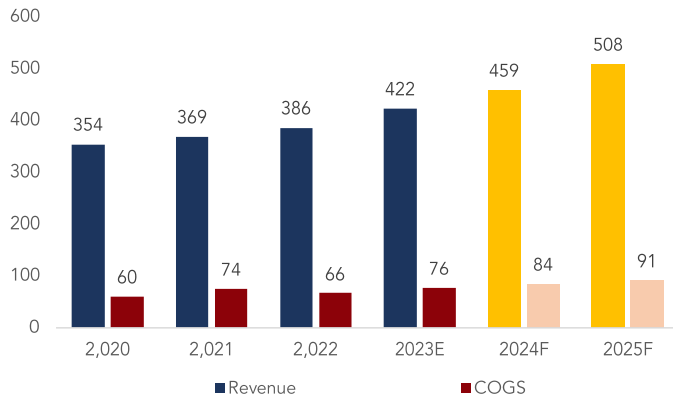


■ Development ■ Exploration ■ Joint Operation Contract ■ Own operation

Source : Company | Phintraco Sekuritas Research

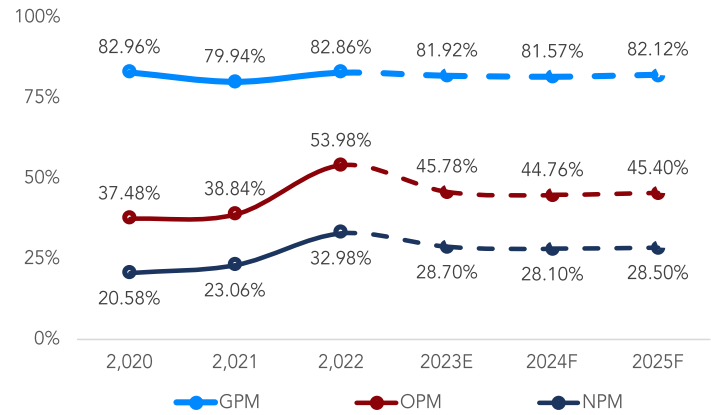
Performance Highlights

Figure 4. Revenue & COGS



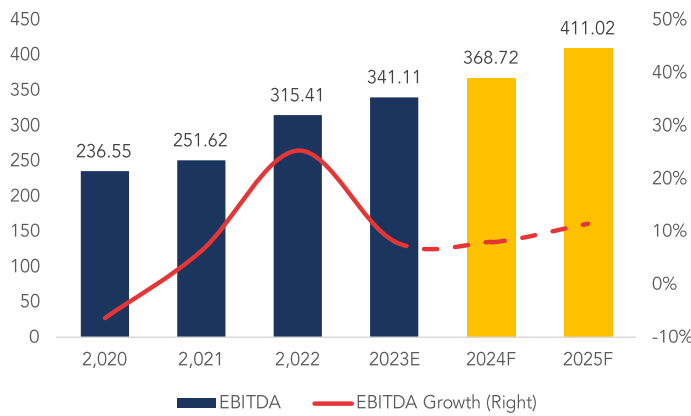
Source : Company | Phintraco Sekuritas Research

Figure 6. Profitability Margins



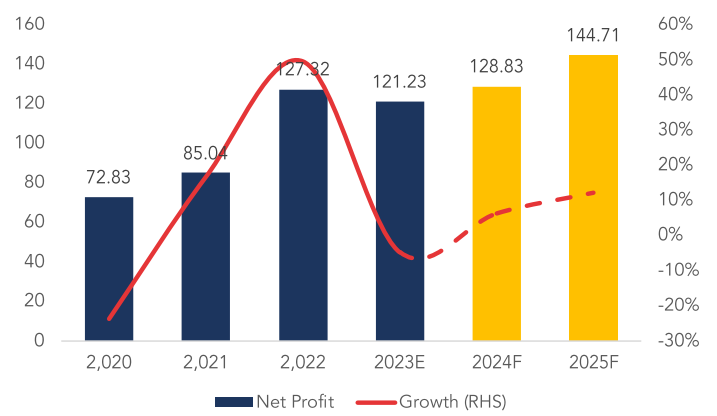
Source : Company | Phintraco Sekuritas Research

Figure 7. EBITDA & Growth



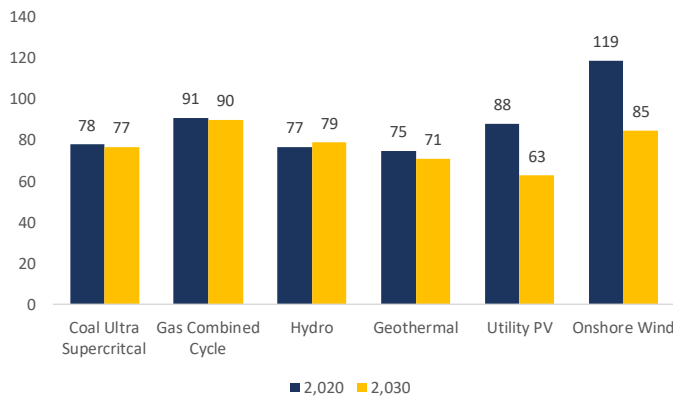
Source : Company | Phintraco Sekuritas Research

Figure 8. Net Profit & Growth



Source : Company | Phintraco Sekuritas Research

Figure N. Levelised Cost of Energy in Indonesia (USD/MWh)



Source : Company Prospectus | Phintraco Sekuritas Research



Key Financial Figures

(in Million USD)						
INCOME STATEMENT	FY20	FY21	FY22	9M23	FY23E	FY24F
Revenue	354	369	386	309	422	459
Growth		4.20%	4.68%	7.49%	9.41%	8.56%
Cost of Goods Sold	(60)	(74)	(66)	(45)	(76)	(84)
Gross Profit	294	295	320	264	346	374
GPM Margin	82.96%	79.94%	82.86%	85.39%	81.92%	81.57%
EBITDA	237	252	315	284	341	369
EBITDA Margin	66.83%	68.22%	81.70%	91.97%	80.76%	80.41%
EBIT	133	143	208	203	193	205
EBIT Margin	37.48%	38.84%	53.98%	65.73%	45.78%	44.76%
Other Income/(Charge)						
Interest Income	1	1	1	13	4	4
Interest Expense	(23)	(15)	(15)	(18)	(13)	(13)
Net Interest Income (Expenses)	(22)	(14)	(14)	(5)	(9)	(9)
Profit Before Tax	111	130	195	198	185	197
EBT Margin	31.28%	35.12%	50.45%	63.99%	59.81%	46.53%
Net Profit After Tax	73	85	127	133	121	129
NPM Margin	20.58%	23.06%	32.98%	43.21%	39.24%	30.50%

Source : Company | Phintraco Sekuritas Research

(in Million USD)						
BALANCE SHEET	FY20	FY21	FY22	9M23	FY23E	FY24F
Asset						
Cash	155	125	262	683	680	664
Accounts Receivable	138	125	123	139	148	153
Inventories	15	16	20	29	23	23
Total Current Assets	320	280	433	879	893	885
Fixed Assets	2,078	1,957	1,902	1,881	2,037	2,180
Total Non Current Assets	2,232	2,118	2,042	2,027	2,194	2,374
Total Asset	2,551	2,397	2,475	2,906	3,088	3,259
Liabilities						
Accounts Payable	69	73	66	79	81	88
Total Current Liabilities	675	200	858	220	399	466
Long-Term Debt	814	338	328	311	328	328
Total Non Current Liabilities	854	968	362	747	766	773
Total Liabilities	1,529	1,168	1,220	967	1,165	1,239
Equity	1,023	1,229	1,256	1,939	1,923	2,020

Source : Company | Phintraco Sekuritas Research

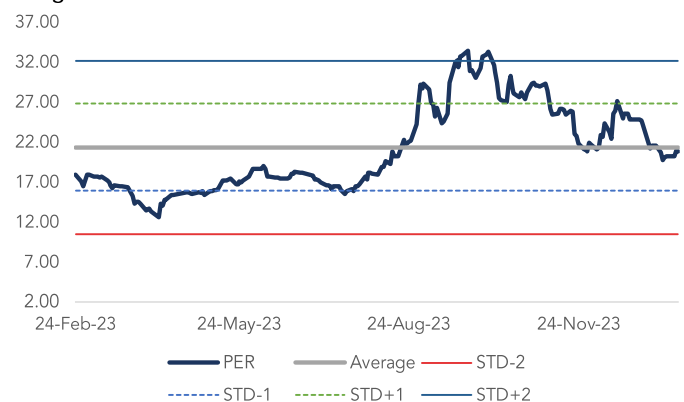
(in Million USD)						
CASH FLOW	FY20	FY21	FY22	9M23	FY23E	FY24F
Cash Flow from Operating						
Net Income	73	85	127	133	121	129
Depreciation & Amortization	156	156	106	81	158	175
Working Capital	(37)	21	(7)	3	(13)	7
Others	51	(485)	648	(667)	(488)	53
Net-CFFO	243	(224)	875	(449)	(222)	364
Cash Flow from Investing						
CAPEX	(62)	(40)	(49)	(60)	(309)	(338)
Others	(20)	(2)	18	(5)	(1)	(17)
Net-CFFI	(83)	(42)	(30)	(65)	(310)	(355)
Cash Flow from Financing						
Ch. in Long-term liabilities	(153)	(476)	(10)	(16)	-	-
Ch. in other non-current liab.	11	590	(596)	402	404	8
Equity	11	121	(101)	550	546	(32)
Net-CFFF	(131)	236	(708)	935	950	(24)
NET CASH FLOW	29	(30)	137	421	417	(16)

Source : Company | Phintraco Sekuritas Research

RATIOS	FY20	FY21	FY22	9M23	FY23E	FY24F
Profitability Ratio (%)						
GPM	82.96%	79.94%	82.86%	85.39%	81.92%	81.57%
OPM (EBITDA Margin)	37.48%	38.84%	53.98%	65.73%	45.78%	44.76%
NPM	20.58%	23.06%	32.98%	43.21%	28.70%	28.10%
ROA	2.85%	3.55%	5.14%	4.59%	3.93%	3.95%
ROE	7.12%	6.92%	10.14%	6.88%	6.30%	6.38%
ROIC	2.34%	2.74%	4.00%	0.00%	3.84%	3.25%
Activity Ratio (X)						
Inventory Turnover	4.14	4.49	3.30	1.55	3.29	3.62
Receivables Turnover	2.56	2.96	3.13	2.23	2.86	2.99
Payables Turnover	0.88	1.02	1.01	0.57	0.94	0.97
Days of Inventory	88.40	81.23	110.76	176.69	111.00	101.00
Days of Receivables	143.16	123.29	116.50	122.69	127.65	122.48
Days of Payables	415.91	358.13	361.56	476.69	386.80	379.12
Cash Operating Cycle	(184.36)	(153.61)	(134.30)	(177.31)	(148.15)	(155.65)
Leverage Ratio (%)						
Debt to Asset Ratio	31.89%	39.13%	37.48%	24.42%	23.51%	22.27%
Debt to Equity Ratio	79.55%	76.32%	73.89%	36.60%	37.75%	35.94%
Liabilities to Asset Ratio	59.91%	48.73%	49.27%	33.27%	37.72%	38.03%
Liabilities to Equity Ratio	149.44%	95.04%	97.14%	49.86%	60.56%	61.37%
Interest Rate	2.22%	1.53%	1.57%	2.51%	1.56%	1.53%
Liquidity Ratio (X)						
Current Ratio	0.47	1.40	0.51	4.00	2.24	1.90
Quick Ratio	0.45	1.32	0.48	3.87	2.18	1.85
Cash Ratio	0.23	0.63	0.31	3.11	1.70	1.43
Price Ratio						
Share Price	N/A	N/A	N/A	1,445	1,170	1,657
Outstanding Shares (in Billion)	N/A	N/A	N/A	41.40	41.40	41.40
EPS (IDR) (annualized)	N/A	N/A	N/A	44	46	49
BVPS (IDR)	N/A	N/A	N/A	646	725	773
RPS (IDR)	N/A	N/A	N/A	103	159	176
PER(X)	N/A	N/A	N/A	32.48	25.61	33.59
PBV(X)	N/A	N/A	N/A	2.24	1.61	2.14
P/R(X)	N/A	N/A	N/A	14.04	7.35	9.44
EV/EBITDA (annualized)	N/A	N/A	N/A	9.68	9.24	11.91
Dividends						
DPS	N/A	N/A	N/A	-	11	12
DPR	N/A	N/A	N/A	0%	25%	25%
Div. Yield	N/A	N/A	N/A	0.00%	0.98%	0.74%

Source : Company | Phintraco Sekuritas Research

Figure 9. PER BAND





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Rating for Stocks :

- Buy : The stock is expected to give total return (price appreciation + dividend yield) of $> +10\%$ over the next 12 months.
- Hold : The stock is expected to give total return of $> 0\%$ to $\leq +10\%$ over the next 12 months.
- Sell : The stock is expected to give total return of $< 0\%$ over the next 12 months.
- Outperform : The stock is expected to do slightly better than the market return. Equal to "moderate buy"
- Underperform : The stock is expected to do slightly worse than the market return. Equal to "moderate sell"

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Kantor Cabang & Mitra GI BEI



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