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I n d o n e s i a

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Hero Global Investment Group

Proxy For Solid Growth In Indonesia’s Renewable Energy Sector

Contents

Hero Global Investment Group

Established in 2010, HGII is a renewable hydro energy provider that operates two mini-hydro power plants (PP) in North Sumatra with a combined capacity of 19MW, namely Parmonangan 1 (10MW) and Parmongan 2 (9MW). The holding company's pipeline includes four upcoming hydro PPs with a total capacity of 58MW.Another latest catalyst news, strategic investor jumps in to HGII as strategic partner in their growing story in renewable energy in South East Asia. Shikoku Electric Power Company, Inc ("Yonden"), a listed electricity company in Tokyo Stock Exchange, will become strategic partner, with 25% shareholder post this IPO process. The pair will become prominent player in renewable energy in Indonesia.

- **The government plans to raise the proportion of power generated from renewable energy to 30% by 2030.** The Indonesian government targets to generate 30% of power from renewable energy (RE) by 2030, up from 23% RE in 2023. By 2050, the energy mix will be further enhanced to 31% RE, 20% oil, 25% coal and 24% gas. The RE target has been achieved in North Sumatra, a province with abundant hydro power.

- **Hero Global Investment Group (HGII) plans to add to the project pipeline of its subsidiaries, growing it from two mini-hydro to six, and** estimates its hydro PP capacity could grow to 77MW by 2030 from 19MW now. Project SS hydro PP (25MW) is slated to be completed in 2028, Project LSM mini-hydro PP (3MW) in 2027, Project SAND biomass PP (3MW) in 2027, Project TP hydro PP (20MW) in 2030 and Project LO mini-hydro PP (10MW) in 2029.

- **By 2030, if fund-raising goes smoothly, HGII will be one of the prominent listed private hydroelectric operator in Indonesia, along with competitors Kencana Energi Lestari and Arkora Hydro. HGII is targeting for a capacity of 80MW by 2031.** This will be backed by a healthy and strong balance sheet, good relations with local governments and a solid management team. It is attracting strategic investors to join HGII in the near future. On 8 November 24, the controlling shareholder has signed a Share Sale and Purchase Agreement in Relation to Shares in PT Hero Global Investment Tbk HGII ("SSPA") with SEP International Netherlands B.V. ("SEPI"), a wholly owned subsidiary of Shikoku Electric Power Company, Inc ("Yonden"), a listed electricity company in Tokyo, at a price in accordance with the Company's IPO price which will be determined after the IPO process is completed and will be executed no later than 1 (one) month after the shares are listed on the Indonesia Stock Exchange, equivalent to 25% of HGII's post-transaction and fully paid-up capital.

- **HGII to boast most attractive valuation among peers by 2030.** Management expects HGII's electricity generation capacity to quadruple by 2030 as net profit grows at a four-year CAGR of 43% in 2024-28 to Rp161b. Revenue is expected to grow at a four-year CAGR of 62% in 2024-28 to Rp670b in 2028. Fair equity value in the range of Rp1,136b-1,600b implies 29.1x-41.0x 2024F PE and 22.5x-31.7x 2024F EV/EBITDA.

KEY FINANCIALS

Year to 31 Dec (Rpb)	2024F	2025F	2026F	2027F	2028F
Net turnover	98	546	968	800	670
EBITDA	65	156	310	368	339
Operating profit	64	155	309	367	338
Net profit (rep./act.)	39	97	187	204	164
Net profit (adj.)	39	97	187	204	164
EPS (Rp)	6	15	29	31	25
PE (x)	39	15	8	7	9
P/B (x)	2	1.8	1.4	1.2	1.1
EV/EBITDA (x)	21	11	7.4	7.2	8.5
Dividend yield (%)	0	0	0	0	0.8
Net margin (%)	40	17	19	25	24
Net debt/(cash) to equity (%)	18	47	89	103	106
Interest cover (x)	4.9	5.3	4.4	3.5	2.7
ROE (%)	5.1	11.4	18.0	16.5	11.8

Source: HGII, UOB Kay Hian

COMPANY DESCRIPTION

Hero Global Investment Group is an independent power producer with a power purchase agreement with State Electricity Company. The company operates two mini-hydro power plants and plans to build four more, all in North Sumatera. By 2031, the resultant total capacity of 80MW will make it a prominent renewable energy provider in the industry.

POST-MONEY (INDICATIVE) SHAREHOLDINGS

Shareholders (Simplified)	(%)
Rudy Chandra	27.20
Robert Njo	26.40
Hendrianto Thamrin	26.40
Public	20.00
Total	**100.00**

Source: HGII, UOB Kay Hian

USE OF IPO PROCEEDS

Offering Size	20% new shares
Use of Proceeds	60% to development SSE 25MW 25% to development MHE 10MW 15% to increase working Capitals

Source: HGII, UOB Kay Hian

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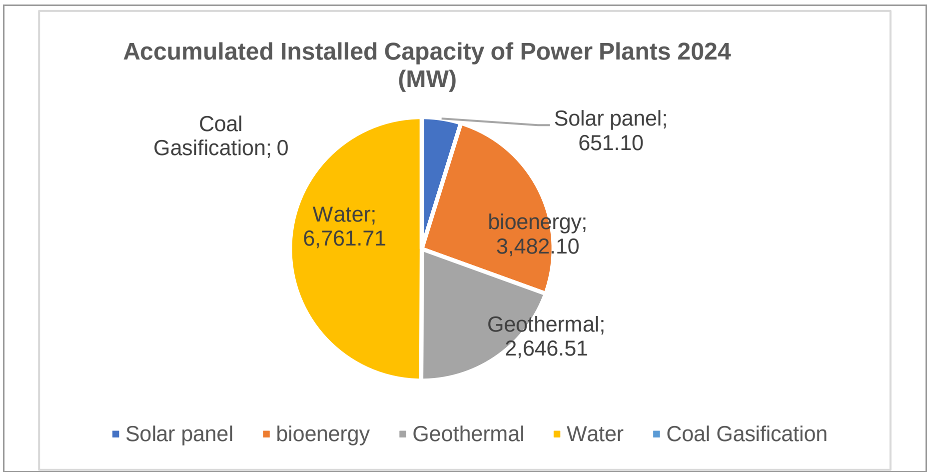
Investment Highlights

HGII is a holding company focusing on investment in Renewable Energy. Its subsidiaries operate as independent power producers (IPP) through power purchase agreements ("PPA") with the State-Owned Electricity Company, (PLN). HGII is Indonesia's leading renewable power producer and started construction of its first mini-hydro PP in 2010. Currently, it has two operating mini-hydro PP, and pipeline of two more mini-hydro and two hydro PP with a total capacity of 58MW. Going forward, other RE PP e.g. wind, solar, biogas, and biomass, in the company's future project pipeline will bring total capacity to 80MW in 2031.

Until 2031, HGII plans to build hydro PP with a total capacity of 80MW. Indonesia is committed to prioritising the clean energy transition to reduce the use of conventional fuels, targeting to increase the share of renewables in its energy mix to 23.0% by 2025 from 12.6% in 2021. State-owned PLN's draft Electricity Supply Business Plan (RUPTL) 2021-30 stated that national electricity demand will grow at a 10-year CAGR of 4.9%, which will be supported by the planned new installed capacity of 40.6 GWh with 51.6% from RE PP. Hydro/mini-hydro PP account for 25.6% (the highest share) of RE, followed by solar and geothermal at 11.5% and 8.3% respectively. Indonesia has potential for approximately 3,600GW of RE.

HGII and its subsidiaries have been generating hydro power in North Sumatera. Management added power generation lines, from one in 2017 with a capacity of 9MW to two in 2021 with a capacity of 19MW, and estimates its capacity could reach 80MW in 2031 from 19MW in 2021. Management obtained location permit for each project, environmental impact assessment, and procurement of environmental permits from local governments. In addition, it is working on a power purchase agreement (PPA) with PLN. Management is also conducting feasibility studies and tenders for choosing the construction companies. It expects the pipeline expansion to be funded by IPO, with financing to begin in 2025. Management believes the project targets can be achieved.

FIGURE 1: INDONESIAN RENEWABLE ENERGY POWER PLANTS INSTALLED YTD

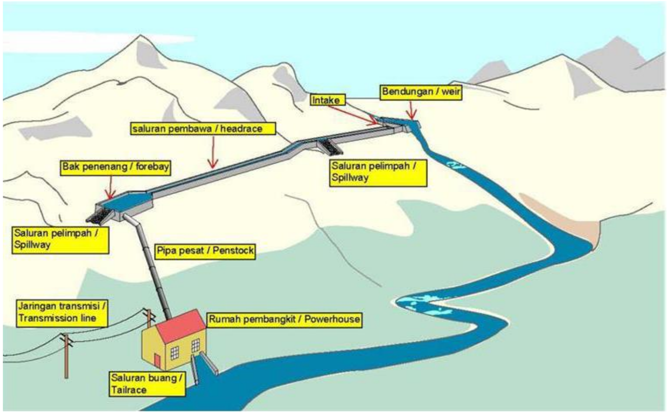


Source: Investor Daily, UOB Kay Hian

Through PLN, the government plans to encourage the optimisation of hydro electric PPs /micro-hydro PPs to replace natural gas in the provinces of Aceh and North Sumatra (Press Release Number 416. Pers/04/SJI/2024, 5 Aug 24). The Government will tap the potential of hydroelectric or micro-hydro PPs in the region. Currently, there is potential for the development of hydro PP and micro-hydro PPs that are ready for cooperation (PPAs signed), with a capacity of 5,087.26MW in Aceh and North Sumatra.

PLN's 2024-2033 RUTPL has a quota for hydroelectric PPs spread across Sumatra with a capacity of 1,200MW. The potential for hydro PPs and micro-hydro PPs in Aceh and North Sumatra can be developed using the quota for hydro PPs and micro-hydro PPs spread across Sumatra. Management believes there is potential for the expansion and development of RE businesses in North Sumatra, based on the data submitted by the Ministry of Energy and Mineral Resources.

FIGURE 2: GEOGRAPHICAL LOCATION OF INDONESIAN HYDRO POWER



Source: Ministry of Energy and Mineral Resources

FIGURE 3: FOREBAY POND AND DAM AT PARMONANGAN PLANT

Source: HGII, UOB Kay Hian

Management expects net profit to grow at a four-year CAGR of 43% from 2024-28 to Rp161b, which will be driven by the quadrupling of MW generated with the completion of hydro PPs in the pipeline up to 2030. Revenue is expected to grow at a four-year CAGR of 62% in 2024-28 to Rp670b in 2028. With HGII's experience in providing electricity, as seen from its PPA with PLN, revenue growth is expected to be sustainable in the years to come. Given its business nature as an IPP, HGII applies service concession accounting (ISAK 112), in which HGII recognises a financial asset (Unbilled Financial Asset from Service Concession Project) as the company has an unconditional right to receive cash from PLN for the construction and maintenance of concession assets (the capacity payment) instead of recognising the property, plant, and equipment (PPE) that it builds and operates.

Valuation

HGII's fair equity value is in the range of Rp1,136b-1,600b based on the acquisition prices of Kencana Energi Lestari Tbk (KEEN) and Arkora Hidro Tbk (ARKO) by Tokyo Electric Power Co Holdings (TEPCO, Japan) and United Tractor (UNTR) respectively. To value HGII , we use acquisition transaction prices in the hydro power industry of companies considered to have similar risks and returns as HGII . These imply 29.1-41.0x 2024F PE and 22.5-31.7x 2024F EV/EBITDA.

FIGURE 4: INDONESIAN PEERS FINANCIAL DATA (20 AUG 24)

				----------- PE ------		----- EV/EBITDA ---	
Company	Ticker	Price (Rp)	Mkt Cap (US$m)	2024F (x)	2025F (x)	2024F (x)	2025F (x)
Arkora Hydro	ARKO	995	189	n.a.	n.a.	n.a.	n.a.
Kencana Energy Lestari	KEEN	695	165	n.a.	n.a.	n.a.	n.a.
Terregra Asia Energy	TGRA	22	3.9	n.a.	n.a.	n.a.	n.a.
Average				n.a.	n.a.	n.a.	n.a.

Source: Bloomberg, UOB Kay Hian

FIGURE 5: ASIAN PEERS FINANCIAL DATA (20 AUG 24)

					-------------- PE -------------		--------- EV/EBITDA --------	
Company	Ticker	Country	Price (lcy)	Mkt Cap (US$m)	2024F (x)	2025F (x)	2024F (x)	2025F (x)
Huaneng Lancang River Hydr-A	600025	China	10.86	27,569.3	22.5	20.9	15.5	14.4
China Three Gorges Renewab-A	600905	China	4.19	16,913.2	14.8	12.9	11.4	11.0
China Yangtze Power Co Ltd-A	600900	China	29.12	100,488.6	21.14	20.03	14.69	13.52
Hk Electric Investments -Ss	2638	Hongkong	5.25	5,950.8	14.6	13.8	11.4	11.2
Sermsang Power Corp Co Ltd	SSP	Thailand	6.15	234.8	8.71	8.53	5.9	5.3
Ratch Group Pcl	RATCH	Thailand	30.75	1,988.7	9.23	8.04	11.49	9.61
Nhpc Ltd	NHPC	India	98.21	11,746.0	26.3	23.9	25.3	21.5
Average					**16.77**	**15.43**	**13.66**	**12.38**

Source Bloomberg

FIGURE 6: M&A OF ASIAN PEERS (20 AUG 24)

US$M Value	Average	(Rpb)
Using UNTR transaction of ARKO (EV Method)	71	1,136
Using UNTR transaction of ARKO (Equity Method)	60	960
Using ARKO Current Market Cap	127	2,032
Using KEEN Current Market Cap (EV Method)	85	1,360

Source: Bloomberg, UOB Kay Hian

HGII is valued at Rp1,136b-1,600b, implying 29.1-41.0x 2024F PE and 22.5x-31.7x 2024F EV/EBITDA. Our exercise indicates that using the current market cap method yields the highest valuation, followed by transaction methods, with PE and EV/EBITDA multiples giving the lowest value. In our view, HGII's earnings are not yet mature; thus, it will be unfair to assign the lowest valuation to the company's NPAT and EBITDA. Moreover, the actual transaction values in the market could actually support the valuation of this issue. At the upper end of the range, we reduce the maximum valuation to Rp1.6t to account for the fluctuation of ARKO's share price.

Company Profile

HGII was established in 2010 with its head office at Jl. Setiabudi Tengah No. 22, Setiabudi, Jakarta, Indonesia. HGII also has a site office in their hydro power site. HGII's main business activities are:

a) Activities of holding companies, including provision of advisory, assistance, guidance and operational services, and other organisational and management issues, such as strategic and organisational planning; and

b) Decisions related to finance; marketing objectives and policies; human resource planning, practices and policies; human resource planning, practices and policies; and production scheduling and control planning.

FIGURE 7: CORPORATE MILESTONES

2010	The company was established in September 2010.
2011	The company acquired Seluma Clean Energy (SCE).
2013	SCE signed a PPA for Parmonangan 1 PLTM with a capacity of 2 x 4.5MW on 27 Nov 13 with PLN (Persero) in North Sumatra.
2016	The company established Bina Godang Energi (BGE).
2017	The company, through SCE, achieved COD at Parmonangan 1 PLTM on 13 Jul 17.
	The company, through BGE, signed a PPA for Parmonangan 2 PLTM with a capacity of 2 x 5.0MW on 2 Aug 17 with PT PLN (Persero) North Sumatra Region.
2021	The company, through BGE, achieved COD at Parmonangan 2 PLTM on 28 May 21.
2023	The company acquired (MHE) and (SSE).
2024	The company conducted an IPO, offering 20% of its shares to the public.

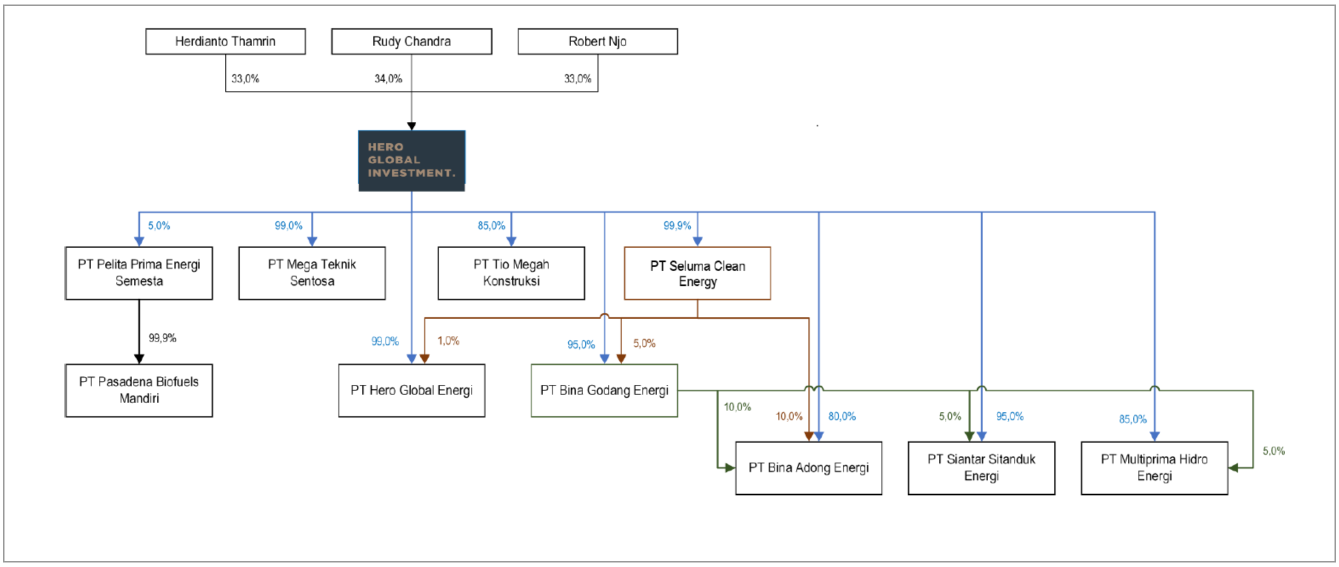
Source: HGII

ORGANISATIONAL STRUCTURE

Sole ultimate beneficial owner. The controller and ultimate beneficial owner (UBO) of HGII are Rudy Chandra, Robert Njo and Hendrianto Thamrin.

On 8 November 24, the controlling shareholder has signed a Share Sale and Purchase Agreement in Relation to Shares in PT Hero Global Investment Tbk ("SSPA") with SEP International Netherlands B.V. ("SEPI"), a wholly owned subsidiary of Shikoku Electric Power Company, Inc ("Yonden"),a listed electricity company in Tokyo, at a price in accordance with the Company's IPO price which will be determined after the IPO process is completed and will be executed no later than 1 (one) month after the shares are listed on the Indonesia Stock Exchange , equivalent to 25% of HGII's post-transaction and fully paid-up capital, and the three original controlling shareholders still control 55% of the company after the transaction.

FIGURE 8: ORGANISATIONAL STRUCTURE



Source: HGII

MANAGEMENT PROFILE

FIGURE 9: BOARD OF COMMISSIONERS

Name	Position	Description
Teddy Thamrin Chandra (Age: 33) 	**President Commissioner** (2016-Present)	Mr Teddy Thamrin Chandra earned his Master of Business Administration in Accounting in 2012 and BSBA in 2008, both from the University of San Francisco, California. He previously also earned an IB diploma from the International School of Penang (Uplands) Malaysia. Work experience: • President Commissioner of the company (2016-Present) • Direktur, SG Enviro, Singapore (2023-Present) • Direktur, Hvala and Hvala 1, Singapore (2023-Present) • Commissioner, Bina Godang Energi, Indonesia (2016-Present) • Commissioner, Seluma Clean Energy, Indonesia (2016-Present) • Financial Analyst, Shanghai Fosun High Technology (Group) Co, PRC subsidiaries of Fosun International (SFHK:0656)
Ratna Ningsih (Age: 61) 	**Independent Commissioner** (2024-Present)	Mrs Ratna Ningsih earned a bachelor's degree in Economics (majoring in Accounting) from the University of Trisakti in 1986. Work experience: • Independent Commissioner of the company (2024-Present) • Consultant, Bank Ina Perdana (2024-Present) • Credit Director, Bank KEB Hana Indonesia (Hana Bank) (2020-24) • Head, CFS Asset Quality Management; Head, CFS Credit Approval, Bank Maybank Indonesia (2008-18) • Head, Bank Wide Risk Management, Head, Commercial & Consumer Credit Risk Management, Head, Mortgage Loan, Branch Banking Leader, Bank International Indonesia (now Bank Maybank Indonesia), Jakarta (1988-2018)

Source: HGII, UOB Kay Hian

FIGURE 10: BOARD OF DIRECTORS

Name	Position	Description
Robin Sunyoto (Age: 36) 	**President Director** (2022-Present)	Mr Robin Sunyoto earned his Master of Applied Finance in 2009 and Bachelor of Commerce majoring in Accounting and Finance in 2008, both from Monash University, Melbourne Australia. Work experience: • President Director of the company (2015-Present) • Director, Pasadena Biofuels Mandiri (2022-Present) • Director, Bina Godang Energi (2016- Present) • President Director, Seluma Clean Energy (2011-Present)
Anche Anthonius (Age: 60) 	**Director** (2023-Present)	Mr Anche Anthonius earned a Bachelor of Economics (majoring in Accounting) from University of Sumatera Utara in Medan in 1986. Work experience: • Director of the company (2016-Present) • Director, Seluma Clean Energy (2016-Present) • Director, Tirta Darussalam Internusa (2010-Present) • Finance Director, Royal Cuisine Indonesia (2005-10) • Operational Director, Agrina Sawit Perdana, Jakarta (1998- 2005) • Project Coordinator, Bina Reksa Estate (1996-98) • Division Head, Trans Sumatera Agung (1988-98) • EDP Division Staff, Raja Garuda Mas (1987-88) • Auditor, Johan Malonda and Partner (1986-87)
Hugofeber Parluhutan (Age: 43) 	**Director** (2024-Present)	Mr Hugofeber Parluhutan obtained a Bachelor of Economics (in Accounting) from University Indonesia in 2004 in Jakarta. He also obtained certification for Certified Public Accountant (CPA) Indonesia and Chartered Accountant (CA) from Institute of Indonesian Accounting in 2007 and 2005 respectively. Work experience: • Director of the company (2024-Present) • Finance Director, Ingria Pratama Capitalindo Tbk (2022-Present) • Commissioner, Jayama Mitra Consultant (2022-Present) • Principal, HM Consulting (2016-Present) • GM Finance, Solusi Tunas Pratama (2010-16) • Finance Accounting Manager, Metropolis Group (2009-10) • Senior Auditor, RSM Chio Lim Singapore / Member Firm of RSM International (2008) • Manager, RSM AAJ Associate/Member Firm of RSM International (2003-09)

Source: HGII

COMPETITORS' AND HGII'S ASSETS

FIGURE 11: TURBINE GENERATOR AT PARMONANGAN 1 MINI-HYDRO PP

Source: HGII, UOB Kay Hian

FIGURE 12: TURBINE GENERATOR AT PARMONANGAN 2 MINI-HYDRO PP

Source: HGII, UOB Kay Hian

Parmonangan 1 mini-hydro PP commenced operations in Jul 17 and it is the company's first mini-hydro PP. The plant was built and operated by Seluma Clean Energy (SCE), a subsidiary of HGII (90% ownership). Parmonangan 1 was developed in a 3.7-ha watershed location in Tapanuli Utara, North Sumatra with a total capacity of 9MW and will operate for 20 years under the build-own-operation (BOO) scheme. Parmonangan 1 can produce up to 51,246MWh of electricity per year with a utilisation rate of 65%.

Parmonangan 2 mini-hydro PP commenced operations in May 21 and it is the company's second mini-hydro PP. The plant was built and operated by Bina Godang Energi (BGE), a subsidiary of HGII (90% ownership). Parmonangan 2 was developed in a 3.7-ha watershed location in Tapanuli Utara, North Sumatra with a total capacity of 10MW and will operate for 25 years under the BOOT scheme. Parmonangan 2 can produce up to 59,130MWh of electricity per year with a utilisation rate of 68%.

Project SS hydro PP (25MW) is slated to be built by 2025 and to commence operations in 2027. It is the company's third hydro PP. The plant will be built and operated by SSE, a subsidiary of HGII (95% ownership in SSE, 5% BGE). The Project SS was developed in a watershed location in Humbang Hasundutan regency, North Sumatra with a total capacity of 25MW and will operate for 30 years under the BOOT scheme. It can produce up to 131,400MWh of electricity per year with a utilisation rate of 60%.

Project LSM mini-hydro PP (3MW) is slated to be built by 2026 and to commence operations in Jul 27. It is the company's fourth hydro PP. The company that will operate this plant has not been finalised. LSM was developed in a watershed location in Dairi regency, North Sumatra with a total capacity of 3MW and will operate for 30 years under the BOOT scheme. LSM can produce up to 14,454MWh of electricity per year with a utilisation rate of 55%.

Project SAND biomass PP (3MW) is slated to be built by 2026 and to commence operations in Oct 27. It is the company's first biomass PP. The company that will operate this plant has not been finalised. SAND is developed in a location in West Kalimantan with a total capacity of 3MW and will operate for 25 years under the BOOT scheme. SAND can produce up to 22,338MWh of electricity per year with a utilisation rate of 85%.

Project TP hydro PP (20MW) is slated to be built by 2028 and to commence operations in Jul 31. It is the company's fifth hydro PP and will be built and operated by Bina Adong Energy (BAE), a subsidiary of HGII (80% ownership in HGII, 10% SCE, 10% BGE). TP was developed in a watershed location in Dairi, North Sumatra with a total capacity of 20MW and will operate for 30 years under the BOOT scheme. It can produce up to 105,120MWh of electricity per year with a utilisation rate of 60%.

Project LO PP (10MW) is slated to be built by 2025 and to commence operations in 2027. It is the company's sixth hydro PP. The plant will be built and operated by Multiprima Hidro Energy (MHE), a subsidiary of HGII (85% ownership in HGII, 15% BGE). Project LO was developed in a watershed location in West Pakpak, North Sumatra with a total capacity of 10MW and will operate for 30 years under the BOOT scheme. LO can produce up to 125,000GWh of electricity per year with a utilisation rate of 65%.

FIGURE 13:HGII HYDRO POWER& BIOMASS PIPELINE

Hero Global Investment (HGII)	COD Schedule	Capacity (MW)
Parmonangan 1	2017	9
Parmonangan 2	2021	10
Project SS	2028	25
Project LSM	2027	3
Project SAND	2027	3
Project TP	2030	20
Project LO	2029	10
Total		**80**

Note: The blue cells denote operating PPs.
Source: HGII, UOB Kay Hian

Within six years, HGII will have an operating capacity of 80MW compared with its competitors KEEN with 49.0MW and ARKO with 17.4MW (Figure 15 and 16). Given HGII's experience in constructing and operating hydro PP, its projects could take comparatively less time to complete (9MW and 10MW – around three years from PPA signed). We believe within five years, HGII will actualise its plan to commence its pipeline project operations. HGII beats ARKO in terms of total pipeline projects (80.0MW vs 68.5MW) with all projects located in adjacent locations in North Sumatra.

FIGURE 14: KEEN AND ARKO OPERATING AND HYDRO POWER PIPELINES

Kencana Energi (KEEN)	Location	Capacity (MW)
PLTA Pakkat	North Sumatera	18
PLTA Air Putih	Bengkulu	21
PLTM Ma'dong	South Sulawesi	10
PLTMH Ordi Hulu	North Sumatera	10
Pakkat 2	North Sumatera	35
Kalaena	South Sulawesi	75
Salu Uro	South Sulawesi	90
Total		264
Arkora Hidro (ARKO)		**Capacity (MW)**
PLTMH Cikopo	West Java	7.4
PLTMH Tomasa	Central Sulawesi	10
PLTMH Yaentu	Central Sulawesi	10
PLTMH Kukusan 2	Lampung	5.4
PLTMH TKR	Southeast Sulawesi	10
PLTMH O3	Southeast Sulawesi	6.2
PLTMH TMN	South Sulawesi	10
PLTMH NLO	Jambi	5
PLTMH WKS	Lampung	4.5
Total		**68.5**

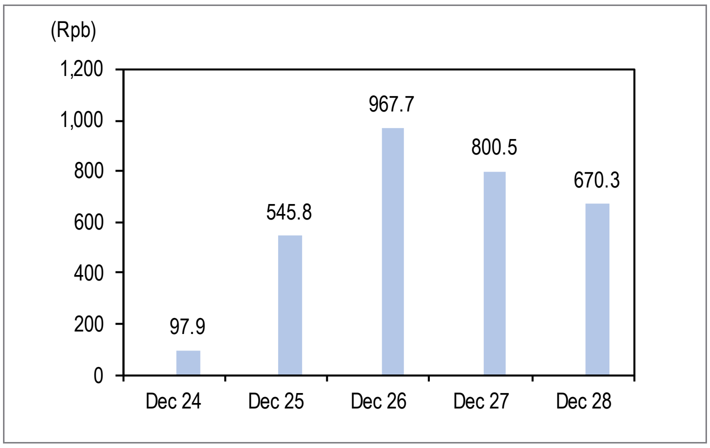
Note: The blue rows denote operating PPs.
Source: Respective companies, UOB Kay Hian

Earnings Outlook

Net profit to grow at four-year CAGR of 43% in 2024-28. Management expects at 2028 net profit to rise four-year 43% CAGR from Rp39b to Rp161b as construction of three out of four hydro PPs will be completed by then, boosting concession interest income, construction service income and electricity sales.

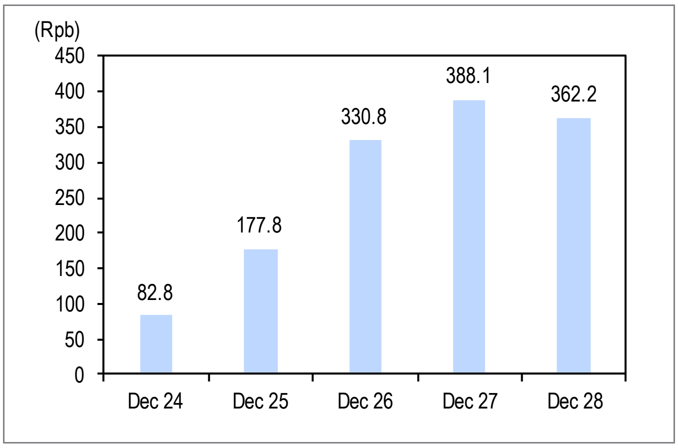
Revenue to grow at four-year CAGR of 62% in 2024-28 to Rp670b, mainly contributed by construction revenue, concession interest income and electricity sales. In 2028, revenue growth is expected to grow at a four-year 62% of CAGR as HGII expects electricity sales to rocket as completed PP construction will increase electricity sales. Construction revenue and concession interest income from the construction of four pipeline projects during 2025-28 will boost revenue. Given its business nature as an IPP, HGII applies service concession accounting (ISAK 112), in which HGII recognises a financial asset (Unbilled Financial Asset from Service Concession Project) as it has an unconditional right to receive cash from PLN for the construction and maintenance of concession assets (capacity payment) instead of recognising the assets it builds and operates.

FIGURE 15: REVENUE FORECASTS



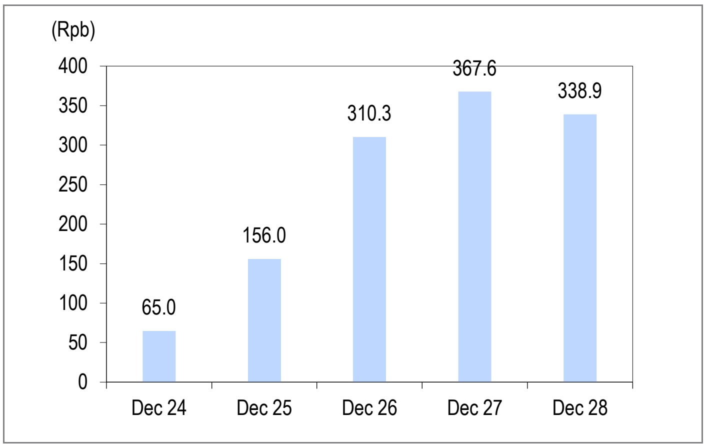
Source: HGII, UOB Kay Hian

FIGURE 16: GROSS PROFIT FORECASTS



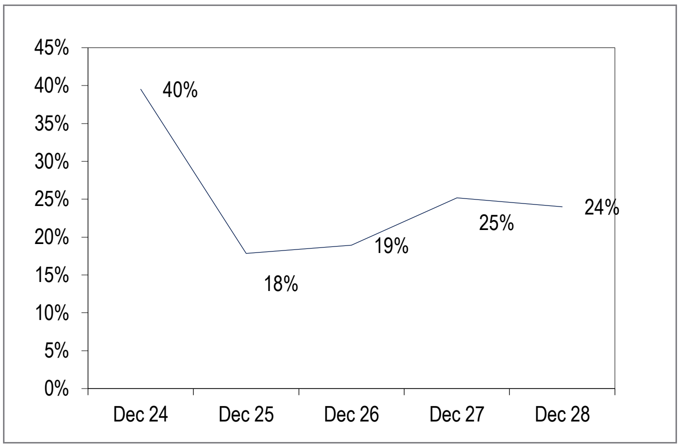
Source: HGII, UOB Kay Hian

FIGURE 17: EBITDA FORECASTS



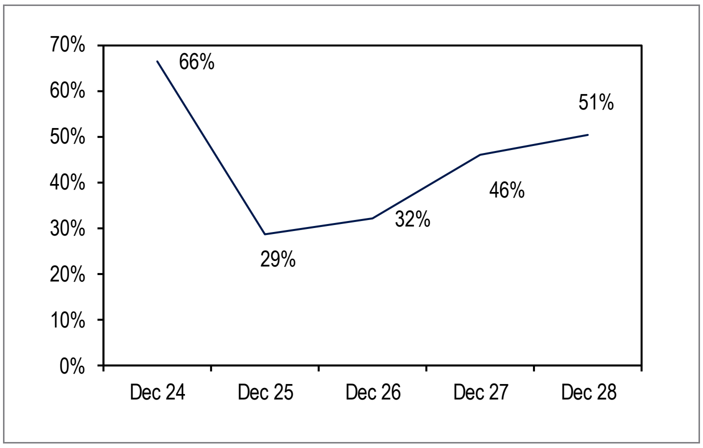
Source: HGII, UOB Kay Hian

FIGURE 18: NET MARGIN FORECASTS



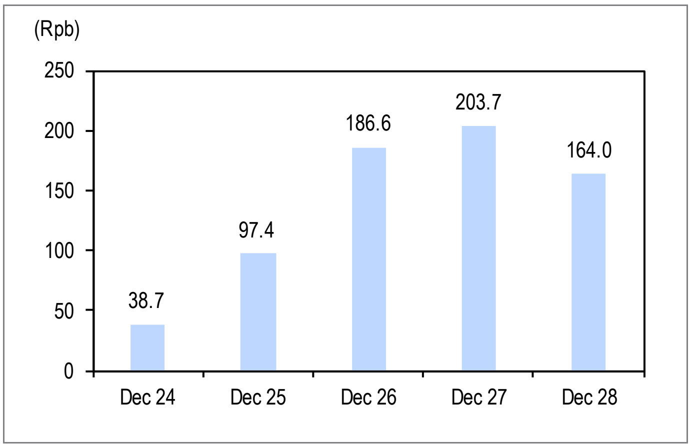
Source: HGII, UOB Kay Hian

FIGURE 19: EBITDA MARGIN FORECASTS



Source: HGII, UOB Kay Hian

FIGURE 20: NET PROFIT FORECASTS



Source: HGII, UOB Kay Hian

Risk Factors

a) Dependence on only one main customer, namely PLN, through its subsidiary, and dependence as a parent entity on the performance of the subsidiary

b) Hydrology (or hydrological cycle) and geomorphology affect the output of hydro PPs.

c) Loss of revenue after the PPA owned by the subsidiary expires and failure to extend work contracts.

d) Changes in government policies and regulations in the hydroelectric industry.

e) Business competition, claims or lawsuits.

f) Delay in the start of mini-hydro operational activities, due to obstacles related to ownership, acquisitions, permits for the use of land for mini-hydro facilities, and community resistance.

g) Natural disasters and events beyond the company's control.

h) Macro or global economic conditions.

FIGURE 21: PROFIT & LOSS

Year to 31 Dec (Rpb)	2024F	2025F	2026F	2027F	2028F
Revenue, net	98	546	968	800	670
Operating expenses	(19)	(22)	(21)	(21)	(25)
EBIT	**64**	**155**	**310**	**367**	**338**
Other non-operating income	0.3	0.3	0.4	0.4	0.7
Net interest income/(expense)	(13)	(29)	(70)	(105)	(127)
Pre-tax profit	**51**	**124**	**236**	**260**	**208**
Tax	(12)	(29)	(54)	(59)	(48)
Minorities	0	0	0	0.0	0
Net profit(rep./act.)	**39**	**97**	**187**	**204**	**164**
Net profit(adj.)	**39**	**97**	**187**	**204**	**164**
Deprec. &amort.	(1)	(1)	(1)	(1)	(1.3)
EBITDA	65	156	310	368	339
Per share data (US cent)					
EPS - diluted	6.0	15.0	28.7	31.3	25.2
Reported EPS - diluted	6.0	15.0	28.7	31.3	25.2
Book value per shares (BVPS)	116.5	131.1	159.3	190.3	213.5

Source: HGII, UOB Kay Hian

FIGURE 22: BALANCE SHEET

Year to 31 Dec (Rpb)	2024F	2025F	2026F	2027F	2028F
Cash/Near cash equiv.	268	213	105	99	99
Accounts receivable/debtors	10	10	9	12	28
Financial assets from concession-current	89	84	79	105	242
Other receivable	0.9	0.1	0.1	0.1	0.1
Prepaid Tax	0.2	0.2	0.2	0.2	0.2
Prepaid Expense	1.0	1.0	1.0	1.0	1.0
Current assets	**369**	**308**	**195**	**217**	**370**
Fixed assets	13	13	12	16	17
Financial assets from concession-non-current	613	1,044	1,904	2,484	2,710
Investment in associate's assets	0.2	0.2	0.2	0.2	0.2
Other non-current assets	0.2	7	25	50	68
Total non-current assets	**627**	**1,064**	**1,942**	**2,551**	**2,795**
Total assets	**996**	**1,372**	**2,136**	**2,768**	**3,165**
Accounts payable/creditors	7	3	3	3	3
Short-term debt/borrowings	32	25	31	66	122
Other current liabilities	7.8	7.8	7.8	7.8	7.8
Current liabilities	**47**	**35**	**41**	**76**	**132**
Long-term debt	106	376	890	1,213	1,348
Employee benefit liabilities	3	3	3	3	3
Deferred tax liabilities	82	106	167	239	294
Total non-current liabilities	192	485	1,060	1,455	1,645
Total liabilities	**239**	**520**	**1,101**	**1,531**	**1,777**
Minority interest	0	0	0	0	0
Shareholders' equity	757	852	1,035	1,237	1,388
Liabilities and shareholders' funds	**996**	**1,372**	**2,136**	**2,768**	**3,165**

Source: HGII, UOB Kay Hian

FIGURE 23: CASH FLOW

Year to 31 Dec (Rpb)	2024F	2025F	2026F	2027F	2028F
Operating cashflows	**24**	**(294)**	**(567)**	**(271)**	**(126)**
Pre-tax profit	**51**	**124**	**236**	**260**	**208**
Tax	(12)	(29)	(54)	(59)	(48)
Deprec. & amort.	(1)	(1)	(1)	(1)	(1)
Working capital changes	(197)	(18)	(1)	64	209
Others	183	(370)	(747)	(535)	(494)
Cash from investing activities	**(12)**	**0**	**0**	**(5)**	**(2)**
Capex (growth)	(2)	0	0	(5)	(2)
Others	(10)	0	0	0	0
Cash from financing activities	**237**	**240**	**459**	**269**	**128**
Proceeds from borrowings	0	276	484	300	204
Loan repayment	(33)	(36)	(25)	(31)	(66)
Additional Paid Capital/IPO	270	0	0	0	0
Others	0	0	0	0	(10)
Net increase/(decrease) in cash	249	(55)	(108)	(7)	0
Beginning cash	19	268	213	105	99
End cash	268	213	105	99	99

Source: HGII, UOB Kay Hian

FIGURE 24: KEY METRICS

Year to 31 Dec (%)	2024F	2025F	2026F	2027F	2028F
Growth					
Turnover	(5.09)	457.38	77.28	(17.28)	(16.26)
EBITDA	48.49	140.22	98.87	18.45	(7.81)
Pre-tax profit	53.48	146.71	90.18	9.28	(19.35)
Net profit	48.05	151.76	91.54	9.16	(19.52)
Net profit (adj.)	48.05	151.76	91.54	9.16	(19.52)
EPS	48.05	151.76	91.54	9.16	(19.52)
Profitability					
EBITDA margin	66.3	28.6	32.1	45.9	50.6
EBIT margin	65.6	28.5	32.0	45.8	50.4
Gross margin	84.6	32.6	34.2	48.5	54.0
Net margin	39.5	17.9	19.3	25.5	24.5
ROE	5.1	11.4	18.0	16.5	11.8
ROA	3.9	7.1	8.7	7.4	5.2
Leverage					
Interest cover (x)	4.9	5.3	4.4	3.5	2.7
Debt to total capital	13.9	29.2	43.1	46.2	46.5
Debt to equity	18.3	47.0	89.0	103.4	106.0
Net debt/(cash) to equity	(17.1)	22.0	78.8	95.4	98.8
Current ratio (x)	7.9	8.7	4.8	2.9	2.8

Source: HGII, UOB Kay Hian

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