Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	52747.3	1.0	1.0	1.7	9.7
S&P 500	7428.8	0.2	(1.1)	1.0	8.5
FTSE 100	10871.0	0.8	2.7	3.5	9.5
AS30	9112.0	0.5	1.5	0.9	1.0
CSI 300	4569.5	(2.8)	(3.6)	(7.3)	(1.3)
FSSTI	5616.1	(0.1)	1.6	7.8	20.9
HSCEI	8436.3	0.8	0.9	10.9	(5.4)
HSI	25310.9	0.4	0.7	11.6	(1.2)
JCI	6130.6	(0.9)	(3.3)	5.3	(29.1)
KLCI	1712.5	(0.0)	(0.5)	2.8	1.9
KOSPI	6023.7	(10.8)	(10.7)	(28.2)	42.9
Nikkei 225	62364.9	(4.0)	(5.8)	(10.2)	23.9
SET	1624.5	(1.2)	(1.3)	2.1	29.0
TWSE	41603.4	(4.7)	(5.9)	(7.5)	43.6
BDI	2696	(1.7)	1.0	6.8	43.6
CPO (RM/mt)	4533	(1.5)	0.2	0.7	15.2
Brent Crude (US$/bbl)	84	(4.8)	(7.6)	16.8	38.2

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
Hybrid Post-result Group Luncheon with Plover Bay Technologies Ltd (1523 HK)	Hong Kong	31 Jul	31 Jul
Virtual Meeting with i-Tail Corporation Public Company Limited (ITC TB)	Thailand	05 Aug	05 Aug
Virtual Meeting with UOB-Kay Hian Holdings Ltd (UOBK SP)	Singapore	11 Aug	11 Aug
Hybrid Meeting with UltraGreen.ai Ltd (UGAI SP)	Singapore	13 Aug	13 Aug

Please click on the page number to move to the relevant pages

Top Stories

Initiate Coverage | Indika Energy (INDY IJ/**BUY**/Rp2,610/Target: Rp3,050) Page 2

Awak Mas remains on track for trial production in Dec 26 and commercial operations in Feb 27, with 57% construction completion in 1Q26. Output should start at 100,000 oz annually and ramp to 150,000 oz by 2029. Kideco's quota is expected to remain at 30.3mt, while a potential US$943m divestment could lead to a net cash position. INDY's 2027 net profit may reach US$101m (+125% yoy). Initiate coverage with BUY with a SOTP-based target price of Rp3,050.

Technical Analysis

Barito Pacific | BRPT IJ Page 5

Trading Buy Range: We have a technical Buy at Rp1,745, and take profit at Rp1,900.

Astra International | ASII IJ Page 5

Trading Buy Range: We have a technical Buy at Rp4,970, and take profit at Rp5,300.

Indika Energy (INDY IJ)

Gold Fuels The Next Earnings Cycle

	BUY
Share Price	Rp2,610
Target Price	Rp3,050
Upside	+16.8%

Analyst(s)
Benyamin Mikael
benyaminm@kh.co.id
+6221 2993 3914
Alden Gabriel Lam
aldengabriel@kh.co.id
+6221 2993 3970

Highlights

- **Awak Mas on track** for trial production by Dec 26 and commercial operations in Feb 27, with output of 100,000 oz p.a. initially and 150,000 oz by 2029.
- **Kideco's quota expected to remain stable at 30.3 mt,** while DMO should stay stable at 45% of production.
- **Initiate coverage with BUY and SOTP-based target price of Rp3,050.**

Analysis

- **The Awak Mas gold project remains on track** for trial production by Dec 26 and commercial operations in Feb 27, with construction focusing on engineering, procurement, and construction (EPC) works, haul roads, a tailings storage facility, a waste area, pre-mining activities, camp and office facilities, and transmission infrastructure. The initial output is targeted at 100,000 oz a year, with potential ramp-up to 150,000 oz by 2029, supported by 1.9m oz of reserves, an estimated mine life until 2041, cash cost of about US$1,150/oz, all-in sustaining cost (AISC) of about US$1,300/oz, and all-in cost including royalties of around US$1,800/oz.
- **Kideco's mining quota is unlikely to be adjusted.** Indika Energy (INDY) expects its subsidiary Kideco Jaya Agung's (Kideco) coal production quota to remain at 30.3m tonnes. This is also in line with reports that coal miners such as Kideco that supply the national electricity utility company have not faced quota cuts. INDY's domestic market obligations (DMO) are also expected to remain stable, as its current DMO level of 45% of production is already well above the government's target of 25%.
- **Net profit is poised to jump to US$101m in 2027, driven by the Awak Mas project.** We expect net profit to surge in 2027 to US$101m (+125% yoy), driven by gold production of about 80,000 oz in 2027. Gold output could rise to 100,000 oz and gold prices to US$4,080/oz in 2028. On an annual basis, we project net profit growth of 642% in 2026, 125% in 2027 and 38.0% in 2028. The significant earnings growth in 2026 is due to coal price hikes, followed by a boost from the Awak Mas project when it commences operations in 2027. The contribution from gold to total net profit in 2027 is estimated at 75% with a revenue contribution of around 13%.
- **Initiate coverage with BUY and SOTP-based target price of Rp3,050.** We assume WACC of 9.12% and terminal value growth rate of -5% for Awak Mas. INDY trades at 7.7x 2027F PE, which is slightly above coal players' average but below gold players'. With the completion of the Awak Mas facility and management's target for a lower coal revenue contribution, INDY could re-rate due to its lower exposure to coal.

Key Financials

Year to 31 Dec (US$m)	2024	2025	2026F	2027F	2028F
Net turnover	2,447	2,031	2,195	2,478	2,611
EBITDA	158	114	160	271	351
Operating profit	158	114	160	271	351
Net profit (rep./act.)	12	6	39	96	139
EPS (Rp)	35.0	18.7	136.1	340.3	511.3
PE (x)	75.2	140.3	19.3	7.7	5.1
P/B (x)	0.7	0.7	0.6	0.6	0.5
EV/EBITDA (x)	12.0	16.0	12.5	6.9	4.9
Dividend yield	3.4	0.6	0.4	2.9	6.7
Net margin (%)	0.3	1.8	3.9	5.3	6.1
Net debt/(cash) to equity (%)	49.6	48.3	70.4	58.3	46.3
Interest cover (x)	1.7	1.7	2.4	4.6	7.0
ROE (%)	0.9	0.5	3.2	7.5	10.3
UOBKH/Consensus (x)	-	-	1.2	0.5	0.7

Source: INDY, Bloomberg, UOB Kay Hian

Stock Data

GICS sector	Energy
Bloomberg ticker:	INDY IJ
Shares issued (m):	5,210.2
Market cap (Rpb):	13,599
Market cap (US$m):	753
3-mth avg daily t'over (US$m):	3.3

Price Performance (%)

52 weeks high/low Rp4,370/Rp1,250

1mth	3mth	1mth	3mth	1mth
42.5	(28.9)	42.5	(28.9)	42.5

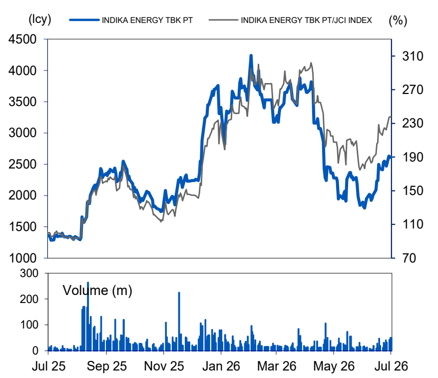
Major Shareholders

Major Shareholders	(%)
Indika Inti Invest	37.8
Teladan Resources	28.1

Balance Sheet Metrics

FY26 NAV/Share (Rp)	4,662
FY26 Net Debt/Share (Rp)	736

Price Chart



Source: Bloomberg

Company Description

Indika Energy provides energy services, resources and infrastructure, primarily in the areas of coal production, engineering, procurement and construction services, and power generation services.

AWAK MAS Project Still On Track

- **The Awak Mas gold project remains on track,** with construction on schedule to meet its target for trial production by end-26 and commercial operations in 1Q27. Current works are focusing on EPC; mine haul roads; site and community roads; a tailings storage facility (TSF); a waste area; pre-mining activities; camp and office facilities; and transmission infrastructure. In 1Q26, construction of the project was 57% completed.
- **Production outlook.** The Awak Mas project is designed as an open-pit mining operation using carbon-in-leach (CIL) processing technology which typically supports gold recovery of 85-95%, depending on ore characteristics and plant performance. Trial production is targeted to commence by Dec 26, followed by full commercial production in Feb 27, with an initial output of 100,000 oz per year and potential ramp-up to 150,000 oz by 2029. Cost-wise, cash cost is estimated at US$1,150/oz, AISC at US$1,300/oz, and all-in cost including royalties at US$1,800/oz.
- **Coal unit's mining quota is expected to remain unchanged** at 30.3 mt. This is in line with reports that coal miners supplying Perusahaan Listrik Negara (PLN), including Kideco, have not faced quota cuts. The company's DMO is also expected to remain stable, as its current DMO level of 45% of production is already well above the government's average target of 30-35%.
- **Outcome of Kideco divestment.** We estimate a potential Kideco divestment could generate around US$943m in enterprise value, based on 2026 reserves of 377.2mt and US$2.5/t EV/reserve. The divestment could support INDY's re-rating and transition into a non-coal business and even generate a modest US$7m gain versus Kideco's estimated US$935m carrying value. While earnings would decline after 2026 due to the loss of Kideco's contribution, the proceeds could significantly deleverage INDY, potentially reducing debt-to-equity from 0.75x to 0x and shifting the company to a net cash position from 2027 onwards. Additionally, the significant reduction of its coal business could accelerate INDY's transformation into a gold- and green-focused company. The shift in business profile could support a re-rating as INDY transitions from a coal-related company into a non-coal business. Our base case does not include the divestment scenario, and the implied PE for gold only is 11.0x in 2027 and 8.5x in 2028.

Valuation/Recommendation

- **Initiate coverage with BUY and an SOTP-based target price of Rp3,050.** We assume WACC of 9.12% and terminal value growth rate of -5% for the Awak Mas facility.

SOTP Valuation

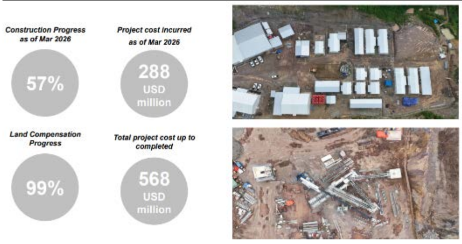
Description	Method	Values (US$m)
Awak Mas	DCF	792
Kideco	EV/Reserve	926
Enterprise Value		1,718
Net Debt		838
Equity Value		880
O/S		5,207
NAV/share (Rp)		3,041
Adj-up (Rp)		3,050

Source: UOB Kay Hian

Key Risks

- **Key risks** include: a) project delays, b) regulatory uncertainty, and c) commodity price volatility.

Awak Mas Project Progress

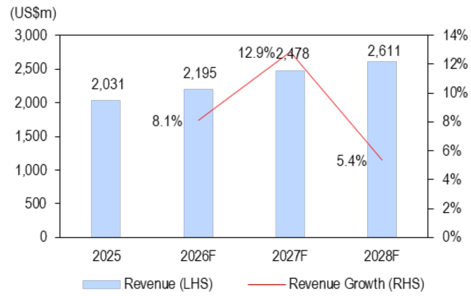


Source: INDY, UOB Kay Hian

Scenario Analysis

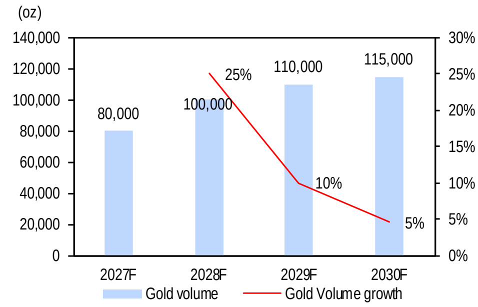
Source: UOB Kay Hian

INDY's Revenue Projection



Source: UOB Kay Hian

INDY's Gold Volume Growth



Source: UOB Kay Hian

Profit & Loss

Year to 31 Dec (US$m)	2025	2026F	2027F	2028F
Net turnover	235	141	57	109
EBITDA	64	51	41	61
Deprec. & amort.	41	24	18	19
EBIT	23	27	23	42
Total other non-operating income	50	20	14	15
Net interest income/(expense)	(58)	(44)	(27)	(26)
Pre-tax profit	15	3	11	32
Tax	(14)	(1)	(2)	(7)
Minorities	0	0	0	0
Net profit	1	2	8	24
Net profit (adj.)	1	2	8	24

Balance Sheet

Year to 31 Dec (US$m)	2025	2026F	2027F	2028F
Fixed assets	352	141	146	151
Other LT assets	681	681	681	681
Cash/ST investment	31	213	226	225
Other current assets	535	413	392	405
Total assets	1,600	1,448	1,446	1,463
ST debt	139	156	162	167
Other current liabilities	313	382	364	372
LT debt	411	173	173	153
Other LT liabilities	142	142	142	142
Shareholders' equity	466	468	477	501
Minority Interest	128	128	128	128
Total liabilities & equity	1,600	1,448	1,446	1,463

Cash Flow

Year to 31 Dec (US$m)	2025	2026F	2027F	2028F
Operating	(26)	217	30	38
Pre-tax profit	15	3	11	32
Tax	(14)	(1)	(2)	(7)
Deprec. & amort.	41	24	18	19
Working capital changes	(73)	191	4	(5)
Other operating cashflows	5	0	0	0
Investing	8	187	(23)	(23)
Capex (growth)	(41)	(35)	(20)	(20)
Others	49	222	(3)	(3)
Financing	(20)	(223)	6	(15)
Dividend payments	0	0	0	0
Issue of shares	0	0	0	0
Proceeds from borrowings	(100)	(223)	6	(15)
Others/interest paid	80	0	0	0
Net cash inflow (outflow)	(38)	182	13	(1)
Beginning cash & cash equivalent	69	31	213	226
Changes due to forex impact	0	0	0	0
Ending cash & cash equivalent	31	213	226	225

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	27.1	36.1	71.9	56.1
Pre-tax margin	6.6	2.2	19.4	29.1
Net margin	0.5	1.4	14.4	22.3
ROA	0.1	0.1	0.6	1.7
ROE	0.2	0.3	1.4	3.9
Growth				
Turnover	(58.2)	(39.9)	(59.6)	90.3
EBITDA	(65.4)	(19.9)	(19.5)	48.4
Pre-tax profit	(62.9)	(79.7)	253.5	184.9
Net profit	(83.3)	87.5	304.0	194.1
Net profit (adj.)	(83.3)	87.5	304.0	194.1
EPS	(83.3)	87.5	304.0	194.1
Leverage				
Debt to total capital	92.7	55.1	55.4	50.9
Debt to equity	118.1	70.1	70.2	63.8

Source: ChartGenie

Barito Pacific (BRPT IJ)

Technical BUY with 8.5% potential return

Resistance: Rp1,925, Rp2,090

Support: Rp1,690, Rp1,660

Stop-loss: Rp1,660

Share price closed higher and formed a neutral candlestick. Price advanced with better momentum; hence, we see potential for price to make more rallies and challenge the resistance at Rp1,925 and Rp2,090. Technical indicator RSI is sloping upwards and above its midline, while the MACD remains on a bullish crossover. Buy at Rp1,745 and take profit at Rp1,900.

Approximate timeframe: 2-4 weeks.

Source: ChartGenie

Astra International (ASII IJ)

Technical BUY with 6.5% potential return

Resistance: Rp5,300, Rp5,650

Support: Rp4,900, Rp4,730

Stop-loss: Rp4,890

Share price closed higher and formed a neutral candlestick. Price advanced with better momentum; hence, we see potential for more rallies ahead and price could challenge the resistance at Rp5,300 and Rp5,650. Technical indicator RSI is sloping upwards and above its midline, while the MACD remains on a bullish crossover. Buy at Rp4,970 and take profit at Rp5,300.

Approximate timeframe: 2-4 weeks.

Our institutional research has a fundamental BUY and target price of Rp7,100.

ANALYST(S)

Maskun Ramli, CFTe
+6221 2993 3915
maskunramli@kh.co.id