Equity Research Report

Sharia Compliant (ISSI Index)

PT RAHARJA ENERGI CEPU TBK (RATU)

"Management Transformation and National Production Target Support Synergy"

	BUY
Target Harga	**: IDR 7.320 (13%)**
Sector	: Energi
Ticker	: RATU
Current Price	: IDR 6.475
52-wk Range	: IDR 1.435 – IDR 9.900
Free Float Percentage	: 30,0%

Main Thesis

- **Significant Bottom-Line Growth Despite Slight Revenue Decline in 1Q25.** The management's success in maintaining cost efficiency and optimizing production processes has been the key driver behind RATU's strong earnings growth.
- **Leadership Transformation and Synergy Toward Sustainable Expansion.** The new management team is expected to add strategic value through broadened professional experience in supporting RATU's long-term growth.
- **Supportive Government Policy and Production Capacity Optimization.** RATU's strategically positioned to support the government's energy independence targets through its oil and gas production in the Cepu and Jabung Blocks.
- **Potential Acquisition of Minority Shares in a Major Oil and Gas Block.** RATU is currently in the process of acquiring a minority shares in a sizable Indonesian oil and gas block, which is expected to contribute to its financial performance.
- **Risk Mitigation Through Long-Term Exploration Contracts.** RATU holds participating interests in the Cepu and Jabung working areas, with contracts valid until 2035 and 2043, respectively.

Valuation & Recommendation

INITIATING COVERAGE WITH BUY AT A TARGET PRICE OF IDR 7.320. We initiate our BUY rating on RATU with a target price of IDR 7.320 equivalent to EV/EBITDA 33,6x and P/E 63,7x in 2025F, with a potential upside of 13%.

Investment Risk

- **Commodity Price Volatility.** Fluctuations in crude oil and natural gas prices can have a material impact on RATU's financial and operational performance
- **Dependence On Block Operators & Exploration Uncertainty.** RATU's financial performance is highly dependent on the quantity and quality of the wells managed by these operators.
- **Natural Production Decline.** Oil and gas reservoirs naturally experience natural decline and reduced output, leading to a gradual decline in production volumes.

Investment Thesis

Exhibit 1. Comparison of RATU's Revenue 1Q24 vs 1Q25

(USD K)	Actual 1Q24	Actual 1Q25	YoY	Actual to Forecast 1Q25	Actual to Forecast 2025F	Achieved
Revenue	**13.495,3**	**13.246,8**	**-1,8%**	**13.246,8**	**64.544,6**	**20,5%**
Gross Profit	**4.471,9**	**7.053,3**	**57,7%**	**7.053,3**	**24.215,7**	**29,1%**
margin	*33,1%*	*53,2%*				
Operating Profit	**4.390,0**	**6.819,3**	**55,3%**	**6.819,3**	**23.279,8**	**29,3%**
margin	*32,5%*	*51,5%*				
Net Profit	**3.606,6**	**5.924,2**	**64,3%**	**5.924,2**	**19.014,4**	**31,2%**
margin	*26,7%*	*44,7%*				

Source: RATU, HP Analytics

SIGNIFICANT BOTTOM-LINE GROWTH DESPITE SLIGHT REVENUE DECLINE IN 1Q25

PT Raharja Energi Cepu Tbk (RATU) recorded a slight year-on-year revenue decline of 1,8% in 1Q25, reaching USD 13,2 million. However, operational efficiency has driven substantial improvements in profitability. Gross profit surged by 57,7% YoY to USD 7,1 million, operating profit rose 55,3% to USD 6,8 million, and net profit jumped 64,3% to USD 5,9 million. These gains were supported by cost optimization and improved production capacity, which significantly lifted margins: gross margin rose from 33,1% to 53,2%, operating margin from 32,5% to 51,5% and net margin from 26,7% to 44,7%. (Exhibits 1 & 2)

We forecast RATU's 2025 revenue to reach USD 64,5 million with a net profit of USD 19,0 million. The 1Q25 performance aligns with our full-year projections, with revenue achieving 20,5% of the forecast target, gross profit 29,1%, operating profit 29,3%, and net profit 31,2%. We value RATU's robust earnings growth primarily driven by effective cost management and increasingly optimized production processes.

LEADERSHIP TRANSFORMATION AND SYNERGY TOWARD SUSTAINABLE EXPANSION

Following the Annual General Meeting on April 30, 2025, RATU underwent management restructuring as part of its strategy to strengthen governance and accelerate business expansion. The restructuring included the appointment of Sumantri as President Director, Alexandra Sinta Wahjudewanti and Adrian Hartadi as Directors, as well as Orias Petrus Moedak as President Commissioner and Merly as Commissioner. This new leadership composition is expected to add strategic value through broadened professional experience in supporting RATU's long-term growth. (Exhibit 7)

SUPPORTIVE GOVERNMENT POLICY AND PRODUCTION CAPACITY OPTIMIZATION

The Indonesian government targets increasing national oil production to 605 KBOPD by 2025 and 1 MMBOPD by 2030, as part of its energy independence agenda and efforts to reduce import reliance. RATU is strategically positioned to support this initiative, with oil production in the Cepu Block rising from an average of 147 KBOPD in 2024 to 153 KBOPD during January–March 2025, while production in the Jabung Block remained stable at around 50 KBOEPD, consistent with the previous year.

POTENTIAL ACQUISITION OF MINORITY SHARES IN A MAJOR OIL AND GAS BLOCK

RATU is currently in the process of acquiring a minority share in a sizable Indonesian oil and gas block, which is expected to contribute meaningfully to its financial performance. The addition of this new asset would support production growth and revenue expansion, while maintaining long-term operational stability.

RISK MITIGATION THROUGH LONG-TERM EXPLORATION CONTRACTS

RATU holds participating interests in the Cepu and Jabung working areas, with contracts valid until 2035 and 2043, respectively. These blocks are managed by experienced operators, ensuring optimal reserve management and gradual production decline. This underpins sustainable revenue streams through to the end of each concession period.

Key Financials

(USD K)	2024A	2025F	2026F
Revenue	57.743,4	64.544,6	55.356,4
Gross Profit	22.445,2	24.215,7	29.000,2
EBIT	20.506,9	23.279,8	28.036,2
EBITDA	30.127,6	35.457,2	41.362,8
Net Income	13.870,4	19.014,4	23.238,4
Total Assets	52.824,4	75.013,7	94.418,3
Total Liabilities	25.424,5	18.473,0	13.935,3
Total Equity	27.399,9	56.540,7	80.483,1
ROE	50,6%	33,6%	28,9%
ROA	26,3%	25,3%	24,6%
ROIC	28,1%	26,2%	25,4%
Net Debt (Cash)	11.635,0	(21.600,5)	(27.980,1)
to Equity	42,5%	-78,8%	-49,5%
to Assets	22,0%	-40,9%	-37,3%
Debt-to-Equity	0,8 x	0,3 x	0,1 x
Debt-to-Liabilites	0,9 x	0,9 x	0,8 x
Debt-to-Assets	0,4 x	0,2 x	0,1 x
EPS (IDR)	82,6	114,9	140,4
BPVS (IDR)	163,1	341,5	486,1
Interest Coverage	10,3 x	20,7 x	27,5 x
Current Price (IDR)	6.475	6.475	6.475
P/E	78,4 x	56,4 x	46,1 x
EV/EBITDA	36,5 x	29,6 x	25,2 x
P/BV	39,7 x	19,0 x	13,3 x

RATU's Sensitivity Analysis

Equity Value per Share

Terminal Growth Rate:

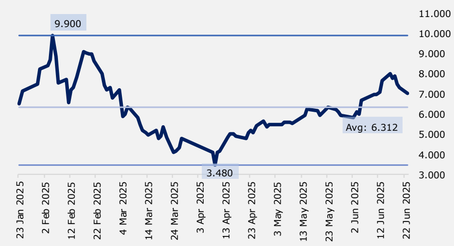
WACC:	4,5%	4,8%	**5,0%**	5,3%	5,5%
7,4%	IDR 8.180	IDR 8.870	IDR 9.710	IDR 10.740	IDR 12.040
7,9%	IDR 7.110	IDR 7.620	IDR 8.200	IDR 8.900	IDR 9.740
8,3%	IDR 6.460	IDR 6.860	**IDR 7.320**	IDR 7.860	IDR 8.490
8,9%	IDR 5.700	IDR 6.000	IDR 6.330	IDR 6.720	IDR 7.150
9,4%	IDR 5.210	IDR 5.450	IDR 5.710	IDR 6.010	IDR 6.350

Shareholders

PT Rukun Raharja Tbk.	69,996%
PT Rukun Prima Sarana	0,004%
Masyarakat*	30,000%
Total Shares (mn)	2.715
Market Cap (IDR mn)	17.579.973

*below 5%ownership

RATU's Share Price (IDR)



Daily Trading Information

	Last 5 Days	Last 10 Days	Last 20 Days
ADT Value (IDR B)	84,1	98,9	111,6
ADT Volume (M Shares)	12,5	13,8	16,3
ADT Price (IDR)	6.704,2	7.150,0	6.854,8

Brief Company Profile

PT Raharja Energi Cepu (RATU) is an investment company operating in the oil and gas sector, established in 2006. RATU holds a portfolio of strategic assets in two of Indonesia's key oil and gas blocks: the Cepu Block and the Jabung Block. Through PT Petrogas Jatim Utama Cendana (PJUC), which holds a 2,2423% participating interest in the Cepu Block, and PT Raharja Energi Tanjung Jabung (RETJ), which holds an 8% participating interest in the Jabung Block, RATU engages in the exploration, extraction, and sale of oil and gas.

Source: RATU, HP Analytics

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Investment Risk

COMMODITY PRICE VOLATILITY
Fluctuations in crude oil and natural gas prices can have a material impact on RATU's financial and operational performance. Changes in commodity prices directly affect the company's selling prices, which in turn influence its revenue. As a company operating in the extractive industry, RATU's profitability is largely driven by the spread between the selling price of oil and gas and its operational and exploitation costs. A decline in oil and gas prices could negatively affect RATU's average selling price (ASP).

DEPENDENCE ON BLOCK OPERATORS & EXPLORATION UNCERTAINTY
RATU does not engage directly in daily operational activities within its oil and gas working areas. Instead, it relies on experienced operators with strong track records in exploration and production. RATU's financial performance is highly dependent on the quantity and quality of the wells managed by these operators. Various risks may lead operators to scale down or cease drilling activities, potentially resulting in penalties if RATU fails to meet oil and gas delivery obligations as stipulated in its agreements.

REGULATORY RISK
RATU's business operations are highly regulated and subject to government oversight. Oil and gas companies must comply with a range of policies and government interventions. RATU is required to adhere to the Production Sharing Contract (PSC), Cost Recovery mechanisms, and Domestic Market Obligation (DMO), all of which may affect its cost structure and selling prices. Regulatory compliance is critical to ensuring the timely acquisition, renewal, and extension of necessary permits and licenses.

NATURAL PRODUCTION DECLINE
Over time, oil and gas reservoirs naturally experience natural decline and reduced output, leading to a gradual decline in production volumes from existing wells. In the Cepu Block, production at the Banyu Urip field has entered a natural decline phase following its production peak, despite ongoing optimization efforts. Without additional exploration or development activities to identify new reserves, this decline will gradually erode revenue. Hence, RATU's ability to pursue further exploration and deploy technologies to maximize remaining reserves is vital to maintaining production stability and long-term financial performance.

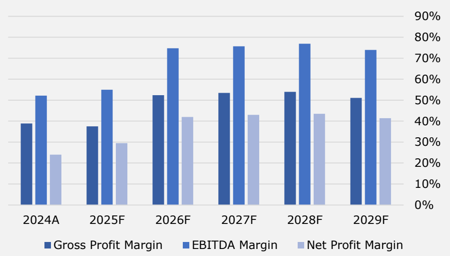
ESG-RELATED RISKS
The mining industry is often perceived as environmentally and socially intensive. As a player in the extractive sector, RATU faces growing pressure to improve its ESG (Environmental, Social, and Governance) performance particularly in reducing its carbon footprint, managing social impacts, and maintaining transparent governance with local communities. Failure to meet ESG standards may result in legal sanctions, increased operational costs, and competitive disadvantages against peers with stronger ESG practices, potentially threatening market share.

Exhibit 2. Reduction in RATU's Cost of Revenue and Operating Expenses

(USD K)	Actual 1Q24	1Q25	YoY
Cost of Revenue	**9.023,4**	**6.193,5**	**-31,4%**
to Revenue	*66,9%*	*46,8%*	
Operating Expenses	**81,9**	**234,0**	**185,7%**
to Revenue	*0,6%*	*1,8%*	

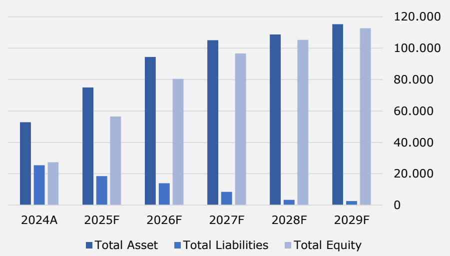
Source: RATU, HP Analytics

Exhibit 3. RATU's Profitability Margins



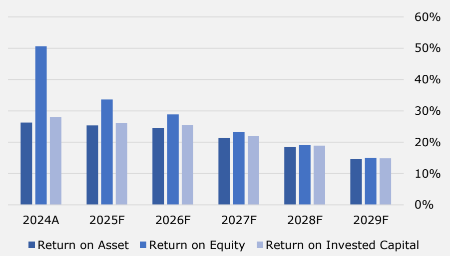
Source: RATU, HP Analytics

Exhibit 4. RATU's Total Assets



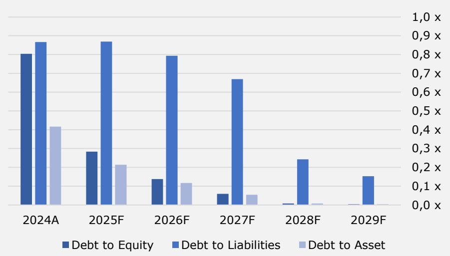
Source: RATU, HP Analytics

Exhibit 5. RATU's Profitability Ratios



Source: RATU, HP Analytics

Exhibit 6. RATU's Solvability Ratios



Source: RATU, HP Analytics

Valuation

Based on the Discounted Cash Flow (DCF) method, using a Weighted Average Cost of Capital (WACC) of 8,3%, with a Beta of 0,6, Market Risk Premium of 6,9%, Cost of Equity at 9,3%, Cost of Debt at 4,9%, and a terminal growth rate of 5,0%, we project an equity value of USD 1.212,1 million. This implies a fair value of IDR 7.320 per share, equivalent to EV/EBITDA 33,6x and P/E 63,7x in 2025F, with a potential upside of 13%.

(USD K)

DCF Method	2024A	2025F	2026F	2027F	2028F	2029F
Earnings Before Interest - After Tax	23.877,6	30.279,8	34.976,1	33.479,5	30.306,2	25.555,0
Depreciation & Amortization	3.370,7	7.000,0	6.940,0	6.594,0	6.421,8	5.828,9
Earnings Before Interest D&A - After Tax	**27.248,3**	**37.279,9**	**41.916,1**	**40.073,5**	**36.728,0**	**31.383,8**
Capital Expenditure	(1.241,6)	2.513,3	(10.251,4)	(8.733,1)	1.019,9	1.008,1
Change in Net Working Capital	260,2	(2.941,1)	2.830,0	416,2	1.127,7	795,6
Free Cash Flow	**26.266,9**	**36.852,1**	**34.494,8**	**31.756,6**	**38.875,6**	**33.187,5**
Discounted Cash Flow		**34.023,5**	**29.402,6**	**24.990,9**	**28.245,0**	**22.261,5**

Terminal Growth Rate	5,0%
WACC	8,3%
Sum of FCF	1.190.467
Net Debt (Cash) 2025F	(21.601)
Equity Value	1.212.068
Shares Outstanding (mn)	2.715
Equity Value per Share (USD)	0,4
USD/IDR	16.400
Equity Value per Share (IDR)	**7.320**

Source: RATU, HP Analytics

Overview

Company Overview
PT Raharja Energi Cepu (RATU), referred to as "the company", was established on 16 October 2006 under the name PT Syabas Usaha Migas. RATU is an investment holding company managing significant assets in Indonesia's oil and gas industry. In 2007, the company took a strategic step by acquiring a 49% stake in PT Petrogas Jatim Utama Cendana (PJUC). Since 2009, PJUC has held a 2,2423% participating interest in the Cepu Block, which serves as the primary investment base for REC through oil and gas exploration and production activities. Operations in the Cepu Block are governed by a Production Sharing Contract (PSC) with the government, under which PJUC contributes to block operations and sells extracted oil and gas, with revenue distribution managed in accordance with the PSC terms.

In 2011, the company was acquired by Daewoo Shipbuilding & Marine Engineering Co. Ltd. and subsequently renamed PT DSME ENR CEPU. In 2018, the company was acquired by PT Rukun Raharja Tbk and rebranded as PT Raharja Energi Cepu. In 2022, REC expanded its business by establishing PT Raharja Energi Tanjung Jabung (RETJ), and in 2023, RETJ acquired an 8% participating interest in the Jabung Block. The activities in the Jabung Block, which include oil and gas extraction and sales, serve to diversify and strengthen the company’s revenue portfolio.

Through PJUC and RETJ, REC operates in two strategic blocks: Cepu and Jabung, both of which are integral to the company’s growth and revenue diversification strategy. These participations not only generate income from direct operations but also reinforce REC's position as a key player in Indonesia's energy industry, supporting the energy needs of multiple sectors such as industry, transportation, and power generation.

IPO Fund Allocation Plan
RATU raised IPO proceeds amounting to IDR 218.561.870.000*, equivalent to USD 13.099.159 (Net proceeds after deduction of divestment proceeds by RAJA).
The IPO proceeds will be allocated as follows:

- 88% will be used to support working capital for subsidiaries and associates through shareholder loans, consisting of:
  - IDR 157.364.546.400 to PT Raharja Energi Tanjung Jabung (RETJ) for operational activities, particularly to fulfill cash call obligations from Petrochina International Jabung Ltd. in managing the Jabung Working Area.
  - IDR 34.969.899.200 to PT Petrogas Jatim Utama Cendana (PJUC) for operational purposes, specifically to fulfill cash call obligations from ExxonMobil Cepu Ltd.
- The remaining approximately 12% will be used for general working capital, including remuneration for employees and company management (Board of Directors and Board of Commissioners), as well as other operational expenses.

**IPO proceeds stated are before deduction of public offering expenses.*

Board of Commissioners and Board of Directors Profile

Orias Petrus Moedak, President Commissioner
Orias Petrus Moedak, an Indonesian citizen, holds a Bachelor's degree in Economics majoring in Accounting from Universitas Padjadjaran, earned in 1990. He brings extensive leadership experience across the energy, mining, and infrastructure sectors. Prior to his appointment as President Commissioner of PT Raharja Energi Cepu Tbk, he served as an Independent Commissioner at PT Rukun Raharja Tbk from 2022 to 2025.

Taufik Ahmad, Independent Commissioner
Taufik Ahmad, an Indonesian citizen aged 61, holds a Bachelor's degree in Accounting from the University of Texas at Austin, USA (1987), and a Master’s degree in Finance from Universitas Indonesia (1998). Appointed as Independent Commissioner of RATU since September 2024, he has 33 years of experience in the oil and gas industry.

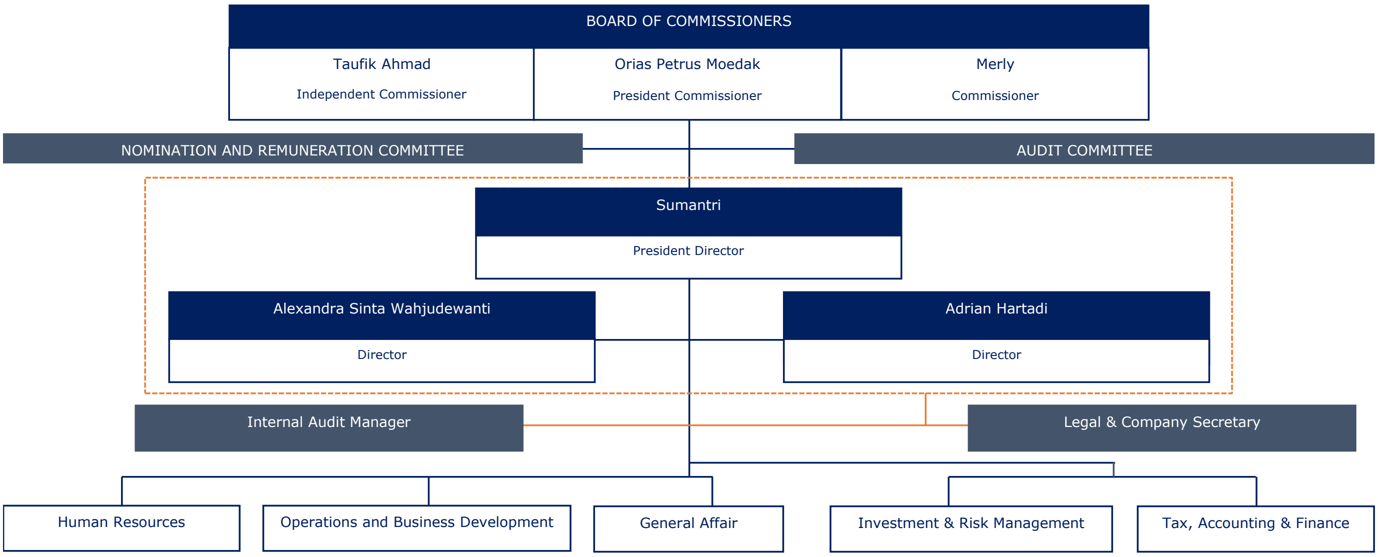
Merly, Commissioner
Merly, an Indonesian citizen, holds a Bachelor's degree in Accounting and Finance from Universitas Trisakti, obtained in 1997. She possesses broad experience in finance and energy, particularly in the renewable energy sector. In addition to serving as Commissioner at PT Raharja Energi Cepu Tbk, she also holds positions in several leading companies, including her current role as Director at PT Chandra Daya Investasi (2025–present).

Sumantri, President Director
Sumantri, an Indonesian citizen aged 49, earned his Bachelor's degree in Economics from Universitas Indonesia in 2002. Appointed as President Director of RATU since September 2024, he also holds several other roles within the corporate group. He brings nearly 20 years of cross-industry experience, including his previous role as Director of Business Development at PT Rukun Raharja Tbk.

Alexandra Sinta Wahjudewanti, Director
Alexandra Sinta Wahjudewanti, an Indonesian citizen aged 52, holds a Bachelor's degree in Petroleum Engineering from Institut Teknologi Bandung (1995), a Postgraduate Diploma in Geothermal Energy from the University of Auckland, New Zealand (1996), a Master’s degree in Human Resource Management from Universitas Atmajaya (2004), and a Doctorate in Management Science from the School of Business and Management, Institut Teknologi Bandung (2024). She currently serves as Director of PT Raharja Energi Cepu Tbk and as Technical Director of PT Petrogas Jatim Utama Cendana.

Adrian Hartadi, Director
Adrian Hartadi, an Indonesian citizen, holds a Bachelor's degree in Petroleum Engineering from Institut Teknologi Bandung (2012) and a Master's degree in Geoscience and Engineering from IFP School, Rueil Malmaison, France. Appointed as Director at PT Raharja Energi Cepu Tbk, he previously served as Deputy Finance Director at PT Raharja Energi Cepu Tbk (2025) and currently holds the role of GM – Business Development at PT Chandra Daya Investasi (2024–present).

<u>Exhibit 7. RATU's Management Structure</u>



Source: RATU & HP Analytics

<u>Business Process</u>
The Company generates revenue through ownership and management of entities engaged in oil and gas mining operations, with two strategic entities: RETJ as a Subsidiary and PJUC as an Associate Company.

RETJ, which is 99% owned by the Company, serves as the primary revenue driver. Established in 2022, RETJ operates commercially in the Jabung Working Area located in Jambi Province, Sumatra Island. The company is engaged in upstream oil and gas mining activities.

PJUC, as an Associate Company in which the Company holds a 49% stake, operates in the Cepu Working Area in East Java, one of the largest oil fields in Indonesia. PJUC focuses on oil mining and trading activities.

The Company positions itself to capitalize on the evolving dynamics of the global and regional energy markets. RATU's business process is concentrated in upstream oil and gas activities, which include:

A. Production Sharing Contract (PSC)
   The block operator enters into a Production Sharing Contract (PSC) with the government, granting the right to operate and explore oil and gas resources within the working area. Other companies, including RATU, may invest through Participating Interest arrangements.
B. Extraction Process
   Following the PSC agreement, the operator initiates exploration and hydrocarbon extraction within the oil and gas block. The discovered hydrocarbons are then distributed to buyers.
C. Lifting Process
   The extracted hydrocarbons are sold to downstream companies, which then distribute the products to end users in accordance with market demand.
D. Revenue
   Proceeds from hydrocarbon sales are allocated among the government, the operator, and the Participating Interest holders in accordance with the PSC terms. This revenue is recorded by the RATU Group as part of its operating income.

<u>Production and Reserves</u>
PJUC, operating in the Cepu Block, reported stable production in 2024, averaging 147 KBOPD, with a peak of 149 KBOPD in June. In the period of January–March 2025, average production increased to 153 KBOPD.

RETJ, operating in the Jabung Block, maintained stable production levels, averaging around 50 KBOEPD.

Industry Outlook

Key Market Insights

Oil and natural gas remain two of the most critical energy components utilized across sectors ranging from transportation to industry. These resources possess essential physical and chemical properties for energy production, making them highly valuable. Their primary applications include electricity generation, heating, transportation fuels, and the production of petrochemical products. Advancements in exploration, drilling, and production technologies have enabled companies to extract hydrocarbons from more challenging reserves, thereby increasing global output. Additionally, rising investments in exploration and production technologies, spurred by stable global oil and gas prices are expected to continue supporting the sector's expansion. Long-term demand is projected to grow, particularly driven by developing countries and large-scale manufacturing industries.

Oil and Gas Industry Trends

Oil and gas prices have experienced significant fluctuations due to various global factors. Currently, crude oil benchmarks such as Brent and WTI are being shaped by post-pandemic economic recovery, geopolitical tensions, and OPEC+ policy actions (EIA Petroleum & Other Liquids). Price increases have been supported by supply constraints from key producing countries, while energy demand, especially from developing economies, continues to rise. Natural gas prices, particularly LNG, are influenced by surging demand in Asia and Europe, as well as supply disruptions from the Russia–Ukraine war.

Crude oil prices surpassed USD 80 per barrel in early January, driven by tighter sanctions on Russian and Iranian oil and cold weather in North America. However, prices trended downward from late April to early May due to escalating trade tensions that weighed on global financial and commodity markets, along with OPEC+'s decision to continue easing production cuts. Bearish sentiment eased after the U.S. reached a trade agreement with the UK on May 8, followed by a 90-day pact with China on May 12. Nonetheless, increasing trade uncertainty is expected to continue pressuring the global economy and, indirectly, oil demand. Brent crude prices fell Brent crude oil prices fell to USD 60 per barrel throughout May before recovering to around USD 66 per barrel.

Global natural gas demand continued to rise during the 2024/25 winter season, led by Europe and North America, supported by robust storage capacity that maintained supply stability. However, demand growth is expected to slow in 2025 due to tighter markets and global economic uncertainty. Low gas inventories and reduced pipeline exports from Russia have kept the market tight, driving European LNG imports close to record levels. In contrast, China's LNG imports are projected to decline due to subdued domestic demand and intensified competition from Europe for flexible cargoes. Throughout 2025, natural gas prices are expected to move within a range of USD 3,04 to 4,49 per MMBtu.

Supply and Demand Trends

Demand for oil and gas remains high as sectors like transportation, manufacturing, and power generation continue to heavily rely on fossil fuels. In transportation, crude oil is essential for fuels used in vehicles, aircraft, and ships, making it a vital component of the global economy. Industries such as manufacturing and petrochemicals require natural gas as both feedstock and an energy source in production processes, while electricity in many countries is still largely generated from oil and gas-powered plants.

In developing nations, rapid urbanization and industrialization have triggered a surge in energy consumption. Growing urban populations and expanding economies demand more energy to meet rising needs in electricity, transportation, and industrial output. For instance, countries like India and China are seeing increased oil and gas demand aligned with their economic growth.

Despite the global push for an energy transition to more renewable sources such as solar, wind, and hydropower, oil and gas continue to play a vital role in maintaining energy stability. Transitioning to renewables requires time, significant capital, and new infrastructure, which positions oil and gas as the dominant energy source in the short to medium term, especially in countries where renewable infrastructure is underdeveloped.

Oil and gas supply is governed by several key factors, including OPEC+ policy. As a coalition of oil-exporting nations, OPEC+ plays a major role in setting global production quotas, which directly influence international oil prices. When OPEC+ restricts output, prices generally rise due to tighter supply conditions.

Geopolitical factors also affect supply. Conflicts or tensions in oil-producing regions, such as the Middle East, often disrupt supply flows to international markets. Sanctions on Russia as one of the largest oil and gas producers, due to the war in Ukraine, have significantly impacted global supply, particularly for natural gas in Europe, which is heavily dependent on Russian exports. These disruptions create supply chain instability and price spikes. Despite the global shift toward clean energy, some major oil-producing nations, such as Saudi Arabia and Russia, continue to invest in oil and gas infrastructure to ensure long-term supply security.

Environmental Regulations

Environmental regulations have become increasingly stringent amid global efforts to reduce carbon emissions. Key trends include:

A. Transition to Renewable Energy
   Many countries and major oil companies are beginning to invest in clean energy sources such as wind, solar, and hydrogen to reduce dependence on fossil fuels.
B. Net Zero Emissions Policy (2060)

Indonesia has committed to achieving net zero emissions by mid-century (2050–2060), encouraging a transition from fossil fuels to cleaner alternatives such as wind, solar, and hydrogen. Major economies such as the European Union, China, and the United States have introduced strict policies to reduce fossil fuel use in order to cut greenhouse gas emissions.

For oil and gas companies, this means reducing their carbon footprint through initiatives such as:

A. Reducing gas flaring
B. Adopting Carbon Capture and Storage (CCS) technologies
C. Investing in renewable energy projects and diversifying energy portfolios

Indonesia's commitment to reach net zero emissions by 2060 implies that oil and gas companies must begin transitioning toward cleaner, low-carbon energy sources. One related policy currently under discussion is the New and Renewable Energy (EBT) Bill, which mandates oil and gas companies to allocate a portion of their profits toward renewable energy projects such as solar and wind power generation. Major Indonesian oil companies like Pertamina have already begun investing in renewable projects and reducing fossil fuel reliance.
Government regulatory efforts already implemented include:

A. Emissions Reduction Technologies
The application of Carbon Capture and Storage (CCS) technology is a key strategy to cut carbon emissions during oil and gas production by capturing CO_2 before it is released into the atmosphere and storing it underground. Some environmental regulations have encouraged or mandated CCS use, particularly in large industrial facilities. Major oil and gas firms such as Chevron and Shell have begun investing in CCS projects to meet emissions standards and ensure operational sustainability.
B. Declining Investment in Oil and Gas Projects
Pressure from regulators, investors, and global civil society to cut carbon emissions has led to reduced investment in new oil and gas projects especially in developed countries. Major financial institutions and banks such as BlackRock and Goldman Sachs are increasingly reluctant to fund fossil fuel projects that pose high emission risks. As a result, major oil companies like ExxonMobil, BP, and Shell have started shifting their capital toward renewable energy initiatives, focusing on wind, solar, hydrogen development, and battery technologies for energy storage.

Industry Growth Factors
The fluctuation of global oil and gas prices significantly influences the profitability of oil and gas companies. An increase in commodity prices typically drives higher production and investment. When oil prices rise, exploration and investment activities accelerate; conversely, low prices may lead to project delays or scaled-down production. However, rising global energy demand often puts upward pressure on energy prices, allowing the industry to continue growing.

The post-pandemic global economic recovery and supply disruptions due to economic and geopolitical conflicts have reignited exploration and production activity in Indonesia. Several key drivers supporting the oil and gas sector include:

A. New Projects and Rising Investment Value
Between 2024 and 2025, various new projects have been initiated in line with Indonesia’s energy self-sufficiency goals, including the development of LNG through BP’s Tangguh Train 3 and the Sakakemang working area gas project. SKK Migas has also set a target of increasing oil production to 1 million barrels per day by 2030 as part of the national energy strategy. During January–March 2025, upstream oil and gas investment reached USD 2.71 billion, up 10.6% from the same period in the previous year at USD 2.45 billion.
B. Domestic Energy Demand and Production Targets
With a population exceeding 270 million, Indonesia presents substantial energy demand, particularly in transportation, industry, and power generation. Economic growth and urbanization continue to drive domestic energy needs, serving as a key catalyst for the oil and gas sector. The government has set a target of 605 KBOPD for oil production in 2025. However, actual output as of March 2025 stood at 580 KBOPD, slightly below the target and leaving room for industry expansion to meet production goals.
C. Technological Advancements
The adoption of advanced technologies such as horizontal drilling, fracking, and deepwater drilling enables the exploration and production of oil and gas from previously inaccessible reserves. Furthermore, Carbon Capture and Storage (CCS) technology helps the industry comply with environmental regulations. Digital technologies and automation are increasingly applied across upstream operations, from exploration to distribution. The use of the Internet of Things (IoT) and big data analytics enhances efficiency and productivity in oil and gas field operations.

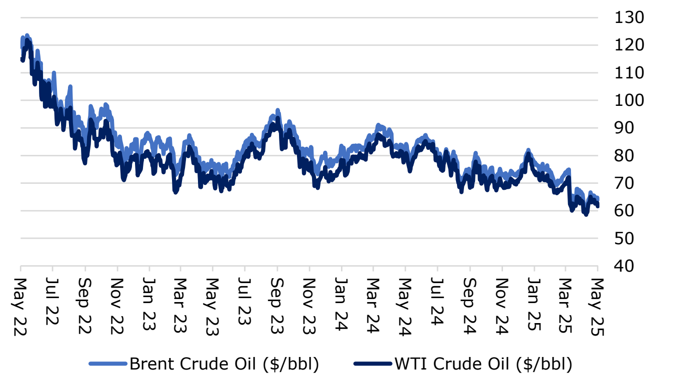
Industry Challenges
Despite its potential, the industry faces several constraints:

A. Declining Output from Mature Fields
A significant portion of Indonesia’s oil and gas production comes from fields that have been in operation for decades and are experiencing natural declines in productivity. This situation is worsened by the lack of major new reserve discoveries. Nevertheless, the government is developing strategies to accelerate new reserve discoveries to support its goal of reaching 1 million barrels per day by 2030.
B. Project Delays
Several large-scale exploration projects have been delayed or scaled back during this period. For instance, the development of the major gas field in the Masela Block by Inpex faced delays in the final investment decision phase.
C. Regulatory Uncertainty

Inconsistent policy changes and legal uncertainties have dampened investor interest, especially in long-term exploration projects that require regulatory and fiscal stability. One major bottleneck is overlapping licensing regulations, which hinder smooth operational execution. The government has shown commitment to simplifying and streamlining regulations to create a more efficient permitting process and a more conducive investment climate.

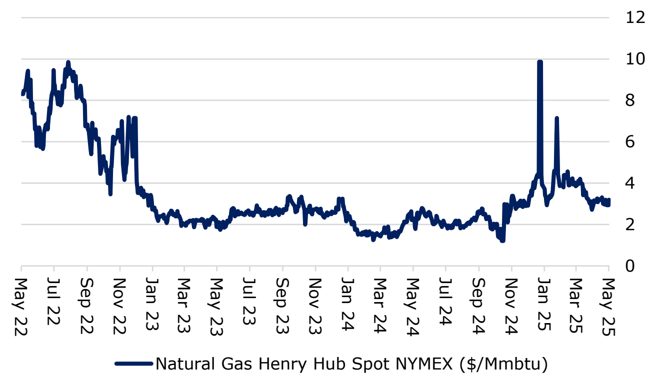
D. Infrastructure and Technological Constraints
Aging production facilities and the limited adoption of modern technology remain major hurdles in significantly enhancing operational efficiency and production capacity. Therefore, supportive policies and initiatives that encourage infrastructure modernization and the deployment of advanced technologies are essential to sustainably optimize production capabilities.

Exhibit 8. Historical Crude Oil Prices



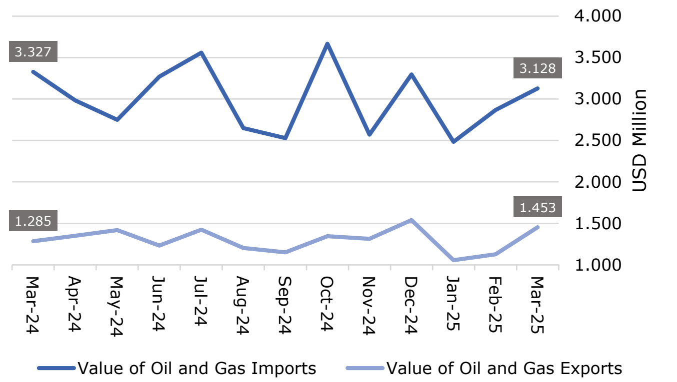
Source: Factset, HP Analytics

Exhibit 9. Historical Natural Gas Price



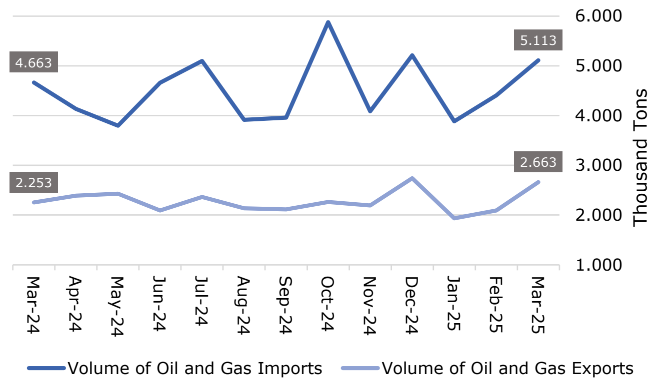
Source: Factset, HP Analytics

Exhibit 10. Oil and Gas Import and Export Value



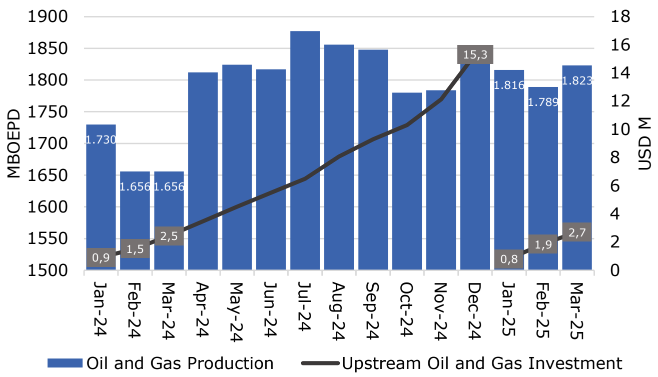
Source: BPS, HP Analytics

Exhibit 11. Oil and Gas Import and Export Volume



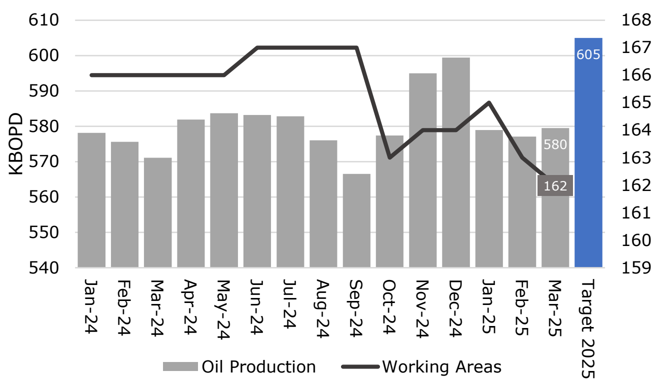
Source: BPS, HP Analytics

Exhibit 12. Oil and Gas Sector Production and Investment Value



Source: SKK Migas, HP Analytics

Exhibit 13. Oil Production and Working Areas



Source: SKK Migas, HP Analytics

Exhibit 14. RATU's Peers Comparison

RATU
Comparable Companies, as of 2 July 2025

Ticker	Country	Sector	Company's Name	Last Stock Price	Market Cap (in millions)	Enterprise Value (in millions)	EV/EBIT	EV/EBITDA	P/E	P/BV	P/S	Net Profit Margin	Currency
OIL & GAS COMPANY													
MEDC-ID	INDONESIA	Energy Minerals	PT MEDCO ENERGI INTERNASIONAL TBK	1.260	31.671.653	79.626.060	6,8x	4,7x	4,7x	0,7x	0,8x	15,4%	IDR
ENRG-ID	INDONESIA	Energy Minerals	PT ENERGI MEGA PERSADA TBK	334	8.290.291	12.672.866	5,2x	3,6x	4,8x	0,6x	0,3x	16,1%	IDR
SUNI-ID	INDONESIA	Energy Minerals	PT SUNINDO PRATAMA TBK	790	1.975.000	1.817.448	6,8x	9,5x	9,5x	1,9x	2,5x	19,8%	IDR
AKRA-ID	INDONESIA	Energy Minerals	PT AKR CORPORINDO TBK	1.170	23.485.965	26.485.165	11,3x	9,9x	9,9x	0,6x	1,8x	5,7%	IDR
APEX-ID	INDONESIA	Energy Minerals	PT APEXINDO PRATAMA DUTA TBK	141	500.052	2.165.467	26,2x	49,2x	47,3x	0,3x	0,4x	0,6%	IDR
RUIS-ID	INDONESIA	Energy Minerals	PT RADIANT UTAMA INTERINSCO TBK	214	164.780	504.066	8,1x	9,7x	9,7x	0,1x	0,2x	0,6%	IDR
ESSA-ID	INDONESIA	Energy Minerals	PT ESSA INDUSTRIES INDONESIA TBK	585	10.077.781	11.056.325	8,9x	15,1x	19,5x	2,2x	1,5x	15,0%	IDR
ELSA-ID	INDONESIA	Energy Minerals	PT ELNUSA TBK	466	3.401.101	1.451.148	2,0x	4,3x	4,4x	0,2x	0,6x	5,3%	IDR
INVESTMENT SERVICES COMPANY													
AKSI-ID	INDONESIA	Finance	PT MINERAL SUMBERDAYA MANDIRI TBK	274	197.280	136.763	-	13,0x	5,3x	0,4x	1,0x	-4,6%	IDR
BPTR-ID	INDONESIA	Finance	PT BATAVIA PROSPERINDO TRANS TBK	90	318.060	1.741.352	11,8x	6,4x	7,1x	0,4x	0,4x	7,5%	IDR
PANS-ID	INDONESIA	Finance	PT PANIN SEKURITAS TBK	1.610	1.159.200	1.261.879	7,3x	10,1x	10,1x	3,1x	0,8x	30,7%	IDR
SRTG-ID	INDONESIA	Finance	PT SARATOGA INVESTAMA SEDAYA TBK	1.575	21.364.615	22.671.024	70,7x	19,0x	8,6x	3,9x	0,5x	111,7%	IDR
RELI-ID	INDONESIA	Finance	PT RELIANCE SEKURITAS TBK	440	792.000	448.812	25,3x	42,9x	53,2x	15,9x	1,3x	38,9%	IDR
AMOR-ID	INDONESIA	Finance	PT ASHMORE ASSET MANAGEMENT INDONESIA TBK	535	1.188.889	1.044.074	9,9x	16,8x	16,1x	4,8x	5,5x	30,5%	IDR
OIL & GAS INTERNATIONAL COMPANY													
1605-JP	JAPAN	Energy Minerals	INPEX CORPORATION	1.999	284.004.890	404.086.541	3,1x	5,8x	5,7x	1,1x	0,5x	18,9%	JPY
HBR-GB	UNITED KINGDOM	Energy Minerals	HARBOUR ENERGY PLC	2	62.398.856	153.699.588	4,5x	2,6x	70,9x	0,8x	0,4x	-1,5%	GBP
883-HK	HONG KONG	Energy Minerals	CNOOC LIMITED	18	1.800.403.359	1.426.095.712	3,3x	2,5x	6,1x	1,0x	1,9x	33,5%	HKD
PTTEP-TH	THAILAND	Energy Minerals	PTT EXPLORATION & PRODUCTION PLC	111	220.011.429	209.695.856	3,0x	6,0x	6,0x	1,5x	0,9x	25,2%	THB
1663-JP	JAPAN	Energy Minerals	K&O ENERGY GROUP, INC.	2.777	8.878.829	5.184.860	5,2x	10,4x	16,3x	0,9x	0,8x	6,7%	JPY
INVESTMENT SERVICES INTERNATIONAL COMPANY													
TCPC-US	UNITED STATES	Finance	BLACKROCK TCP CAPITAL CORP.	8	10.642.370	27.203.865	57,8x	57,8x	25,4x	4,5x	0,9x	-32,8%	USD
PFLT-US	UNITED STATES	Finance	PENNANTPARK FLOATING RATE CAPITAL LTD.	10	16.657.722	35.897.429	13,8x	12,5x	8,3x	3,9x	1,0x	49,2%	USD
532166-IN	INDIA	Finance	ALKA SECURITIES LTD	1	16.163	17.074	373,4x	181,2x	1271,4x	-	17,1x	7,2%	INR
532642-IN	INDIA	Finance	JSW HOLDINGS LIMITED	21.434	45.035.672	45.022.467	166,4x	77,5x	51,4x	69,2x	-	91,7%	INR
PHC-PH	PHILIPPINES	Finance	PHILCOMSAT HOLDINGS CORP.	1	401.069	329.964	49,2x	45,7x	10,4x	0,7x	0,7x	30,8%	PHP
						Oil & Gas Company Domestic Peers Median:	7,4x	9,6x	9,6x	0,6x	0,7x	10,4%	
						Oil & Gas Company Domestic Peers Mean:	9,4x	13,2x	13,7x	0,8x	1,0x	9,8%	
						Investment Services Company Domestic Peers Median:	11,8x	14,9x	9,3x	3,5x	0,9x	30,6%	
						Investment Services Company Domestic Peers Mean:	25,0x	18,0x	16,7x	4,8x	1,6x	35,8%	
						Oil & Gas Company International Peers Median:	3,3x	5,8x	6,1x	1,0x	0,8x	18,9%	
						Oil & Gas Company International Peers Mean:	3,8x	5,5x	21,0x	1,1x	0,9x	16,5%	
						Investment Services Company International Peers Median:	57,8x	57,8x	25,4x	4,2x	0,9x	30,8%	
						Investment Services Company International Peers Mean:	132,1x	74,9x	273,4x	19,6x	4,9x	29,2%	
						Total Peers Oil & Gas Company Median:	5,2x	6,0x	9,5x	0,8x	0,8x	15,2%	
						Total Peers Oil & Gas Company Mean:	7,3x	10,2x	16,5x	0,9x	1,0x	12,9%	
						Total Peers Investment Services Company Median:	37,3x	19,0x	10,4x	3,9x	0,9x	30,7%	
						Total Peers Investment Services Company Mean:	78,6x	43,9x	133,4x	10,7x	2,9x	32,8%	
						Total Peers Median:	8,9x	10,2x	9,8x	1,0x	0,8x	15,8%	
						Total Peers Mean:	38,3x	25,7x	70,1x	5,2x	1,8x	21,8%	

Source: Factset, HP Analytics

Showcase

Cepu Working Area

Jabung Working Area

Source: RATU

Financial (Consolidated)

(USD K)

Income Statement	2024A	2025F	2026F	2027F	2028F	2029F
Revenue	**57.743,4**	**64.544,6**	**55.356,4**	**52.181,2**	**46.160,2**	**40.700,8**
Cost of Revenue	(35.298,3)	(40.328,9)	(26.356,2)	(24.302,8)	(21.253,1)	(19.921,3)
Gross Profit	**22.445,2**	**24.215,7**	**29.000,2**	**27.878,3**	**24.907,1**	**20.779,5**
Operating Expenses	(1.938,2)	(935,9)	(964,0)	(992,9)	(1.022,7)	(1.053,4)
Operating Profit	**20.506,9**	**23.279,8**	**28.036,2**	**26.885,4**	**23.884,4**	**19.726,1**
Interest Expenses	(1.987,6)	(1.126,8)	(1.021,1)	(633,8)	(242,4)	(38,0)
Share of Profit of Associate	6.154,7	5.058,5	6.264,2	5.876,6	5.068,3	4.398,0
Other Income (Expense)	95,3	118,9	122,5	126,1	129,9	133,8
Profit before Tax	**24.769,2**	**27.330,3**	**33.401,7**	**32.254,3**	**28.840,2**	**24.219,9**
Tax	(10.813,6)	(8.199,1)	(10.020,5)	(9.676,3)	(8.652,1)	(7.266,0)
Profit of the Year	**13.955,6**	**19.131,2**	**23.381,2**	**22.578,0**	**20.188,1**	**16.954,0**
Non-controlling Interest	85,2	116,8	142,8	137,9	123,3	103,5
Net Profit	**13.870,4**	**19.014,4**	**23.238,4**	**22.440,1**	**20.064,9**	**16.850,4**
Depreciation & Amortization	3.370,7	7.000,0	6.940,0	6.594,0	6.421,8	5.828,9
EBITDA	**30.127,6**	**35.457,2**	**41.362,8**	**39.482,2**	**35.504,4**	**30.086,8**

(USD K)

Balance Sheet	2024A	2025F	2026F	2027F	2028F	2029F
Cash	10.395,0	37.648,4	39.035,7	41.608,9	47.702,2	56.562,6
Account Receivables	11.760,1	14.028,0	11.652,5	11.162,5	9.795,6	8.671,9
Other Current Assets	336,5	-	-	-	-	-
Total Current Assets	**22.491,6**	**51.676,4**	**50.688,2**	**52.771,4**	**57.497,8**	**65.234,5**
Fixed Assets - Net	24,4	53,3	46,8	43,6	72,5	66,0
Oil and gas properties	21.709,0	14.906,2	35.441,1	44.171,8	43.115,8	42.107,7
Investment in associates	8.559,8	8.360,6	8.225,0	8.123,3	8.044,9	7.943,6
Other Non-Current Assets	39,6	17,2	17,2	17,2	17,2	17,2
Total Non-Current Assets	**30.332,7**	**23.337,3**	**43.730,2**	**52.355,9**	**51.250,4**	**50.134,6**
Total Assets	**52.824,4**	**75.013,7**	**94.418,3**	**105.127,3**	**108.748,3**	**115.369,0**
Payables	2.643,9	2.004,3	2.448,9	2.364,5	2.114,3	1.775,7
Current Maturities of Bank Loans	6.274,5	4.642,9	5.003,3	4.465,1	-	-
Other Loans	362,3	349,4	371,1	394,1	418,3	403,7
Other Current Liabilities	717,3	347,3	357,2	367,9	378,9	389,3
Total Current Liabilities	**9.998,1**	**7.343,9**	**8.180,5**	**7.591,6**	**2.911,5**	**2.568,7**
LT Bank Loans	13.542,0	9.468,4	4.465,1	-	-	-
Other Loans	1.851,2	1.587,2	1.216,1	822,0	403,7	-
Employee Benefit Obligations	33,2	73,6	73,6	73,6	73,6	73,6
Total Non-Current Liabilities	**15.426,3**	**11.129,2**	**5.754,8**	**895,6**	**477,3**	**73,6**
Total Liabilities	**25.424,5**	**18.473,0**	**13.935,3**	**8.487,2**	**3.388,7**	**2.642,3**
Capital Stock	2.313,8	2.431,2	2.431,2	2.431,2	2.431,2	2.431,2
Additional Paid-in Capital	2,0	12.983,8	12.983,8	12.983,8	12.983,8	12.983,8
Retained Earnings	24.898,0	40.901,1	64.882,6	81.046,9	89.788,4	97.173,4
Non-controlling Interests	186,1	224,6	185,5	178,2	156,2	138,4
Total Equity	**27.399,9**	**56.540,7**	**80.483,1**	**96.640,1**	**105.359,5**	**112.726,8**
Total Liabilities & Equity	**52.824,4**	**75.013,7**	**94.418,3**	**105.127,3**	**108.748,3**	**115.369,0**

(USD K)

Cash Flow Statement	2024A	2025F	2026F	2027F	2028F	2029F
Net Profit	13.870,4	19.014,4	23.238,4	22.440,1	20.064,9	16.850,4
Depreciation and Amortization	3.370,7	7.000,0	6.940,0	6.594,0	6.421,8	5.828,9
Changes in Net Working Capital	260,2	(2.941,1)	2.830,0	416,2	1.127,7	795,6
Other Operating Cash Flow	(6.263,9)	-	-	-	-	-
Cash from Operations	**11.237,3**	**23.073,4**	**33.008,4**	**29.450,4**	**27.614,4**	**23.474,9**
Disposal/(Acquisitions) of Fixed Assets	(2,4)	(36,1)	-	(2,4)	(36,1)	-
Disposal/(Addition) of Oil and Gas Properties	(1.239,2)	2.549,4	(10.251,4)	(8.730,7)	1.056,0	1.008,1
Others	7.587,4	-	-	-	-	-
Cash from Investing	**6.345,8**	**2.513,3**	**(10.251,4)**	**(8.733,1)**	**1.019,9**	**1.008,1**
Receipts from/(Payments for) Bank Loan	(5.642,0)	(4.619,8)	(5.543,8)	(5.543,8)	(4.619,8)	-
Receipts from/(Payments for) Other Loans	(362,6)	(380,5)	(456,6)	(456,6)	(456,6)	(455,9)
Proceeds from IPO	-	13.099,2	-	-	-	-
Payments for Dividend	(14.075,0)	(6.432,3)	(15.369,3)	(12.143,7)	(17.464,5)	(15.166,8)
Others	-	-	-	-	-	-
Cash from Financing	**(20.079,6)**	**1.666,6**	**(21.369,7)**	**(18.144,1)**	**(22.540,9)**	**(15.622,6)**
Net Cash Flow	**(2.496,4)**	**27.253,3**	**1.387,3**	**2.573,2**	**6.093,3**	**8.860,4**
Effect of Exchange Rate	8,6	0,0	0,0	0,0	0,0	0,0
Cash at the Beginning of the Period	12.882,8	10.395,0	37.648,4	39.035,7	41.608,9	47.702,2
Cash at the End of the Period	**10.395,0**	**37.648,4**	**39.035,7**	**41.608,9**	**47.702,2**	**56.562,6**

Source: RATU, HP Analytics

Key Ratios

Growth Rate	2024A	2025F	2026F	2027F	2028F	2029F
Revenue	22,7%	11,8%	-14,2%	-5,7%	-11,5%	-11,8%
Gross Profit	-16,0%	7,9%	19,8%	-3,9%	-10,7%	-16,6%
Operating Profit (EBIT)	-21,7%	13,5%	20,4%	-4,1%	-11,2%	-17,4%
EBITDA	-17,4%	17,7%	16,7%	-4,5%	-10,1%	-15,3%
Net Profit	-42,9%	37,1%	22,2%	-3,4%	-10,6%	-16,0%

Margins	2024A	2025F	2026F	2027F	2028F	2029F
Gross Profit	38,9%	37,5%	52,4%	53,4%	54,0%	51,1%
Operating Profit (EBIT)	35,5%	36,1%	50,6%	51,5%	51,7%	48,5%
EBITDA	52,2%	54,9%	74,7%	75,7%	76,9%	73,9%
Net Profit	24,0%	29,5%	42,0%	43,0%	43,5%	41,4%

Profitability	2024A	2025F	2026F	2027F	2028F	2029F
Return on Equity (ROE)	50,6%	33,6%	28,9%	23,2%	19,0%	14,9%
Return on Asset (ROA)	26,3%	25,3%	24,6%	21,3%	18,5%	14,6%
Return on Invested Capital (ROIC)	28,1%	26,2%	25,4%	21,9%	18,9%	14,9%

Solvency	2024A	2025F	2026F	2027F	2028F	2029F
Debt-to-Equity	0,8 x	0,3 x	0,1 x	0,1 x	0,0 x	0,0 x
Debt-to-Liabilities	0,9 x	0,9 x	0,8 x	0,7 x	0,2 x	0,2 x
Debt-to-Asset	0,4 x	0,2 x	0,1 x	0,1 x	0,0 x	0,0 x

Interest	2024A	2025F	2026F	2027F	2028F	2029F
Interest Coverage Ratio	10,3 x	20,7 x	27,5 x	42,4 x	98,5 x	518,9 x

Source: RATU, HP Analytics

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