

Not Rated

Last Price (Rp)	262
Target Price (Rp)	n/a
Upside/Downside	n/a
No. of Shares (mn)	24,821
Mkt Cap (Rpbn/US\$mn)	6,503/410
Avg, Daily T/O (Rpbn/US\$mn)	21.7/1.4

Key Financials:

	2021	2022	2023
EPS (US\$)	0.0	0.0	0.0
PER (x)	8.0	6.6	6.2
PBV (x)	0.9	0.7	0.6
EV/EBITDA (x)	1.0	1.8	1.9
ROAA (%)	4.2	5.9	5.3
ROAE (%)	9.6	12.0	11.0

Energi Mega Persada (ENRG IJ)

Growth prospects aplenty

- ENRG produces 46MBOEPD of both Oil (17%) and Gas (83%) with five main assets including Bentu, Kangean, Sengkang, Malacca, and B block.
- Mgmt expects a 10%-15% production growth in FY25-26 from the newly acquired Siak and Kampar from PHE, as well as the Sengkang block.
- ENRG trades at 6.3x FY24 TTM PE and 0.6x FY24 TTM PB. Downside risks include lower oil price, increasing cost, and poor exploration result.

ENRG: prepared to scale

ENRG is an oil and gas producer that is mainly focused on North Sumatra, East Java, and South Sulawesi. As of 9M24, it produces on average 46.1 MBOEPD that consists of 17% oil and 83% gas. There are five main producing assets, namely Malacca (5.8 MBOEPD), Bentu (12.7 MBOEPD), Sengkang (5.8 MBOEPD), Kangean (11.5 MBOEPD), and B block (8.6 MBOEPD), which represent 96.5% of daily production. ENRG has been aggressive in the acquisition of assets, with recent purchases of a 90% stake in Siak and Kampar blocks (2 MBOEPD) from PHE in March, followed by the acquisition of a 51% stake in Sengkang block (6 MBOEPD) in October, after an initial 49% stake in 2022.

Organic growth outlook seems prominent

ENRG is targeting a 10%-15% yoy production growth in FY25-26, derived from an increase in production of Siak and Kampar from 2,000 BOEPD to 2,500 BOEPD after the acquisition in Mar24, and an increase of contribution from Sengkang of 11,900 BOEPD (from 5,850 BOEPD in 9M24) after the acquisition of the remaining 51% stake in October. In the medium to long term, ENRG aims for production uplift from Gebang PSC of c. 40 MMSCF by 2H26 and up to 140 MMSCF by 2029, equivalent to c. 25 MBOEPD or c. 54% of annual production rate. The increase in Gebang production is expected to cover the natural decline in Kangean PSC.

Healthy financials backed by efficient operation

ENRG has mostly clean onshore gas projects, which makes its cash cost quite competitive at US\$2/MMBTU for gas and c. US\$30-32/bbl for oil. Meanwhile, its gas ASP is mostly fixed at US\$6/MMBTU and oil ASP hovers at US\$83/bbl in 9M24. Thus, it has managed to achieve robust EBITDA/Net margin of 56%/16%. On the liabilities front, ENRG holds a long-term loan of US\$203mn from Mandiri with an 8.5%-9.5% interest rate, bringing its net gearing ratio to 0.19x.

Inexpensive valuation with foreseeable growth

Aside from organic growth, ENRG is constantly looking for inorganic growth domestically, though criteria are tight with EV/Resource set at <US\$3/MMBTU. Nonetheless, we believe its current valuation stands comparatively discounted to its peers at 6.3x FY24 TTM PE and 0.6x FY24 TTM PB, where upside comes from volume growth whilst downside risks include lower oil price.

Key Financials

Year to 31 Dec	2020A	2021A	2022A	2023A	9M24A
Revenue (US\$mn)	325	406	452	421	320
EBITDA (US\$mn)	233	273	295	254	172
Net Profit (US\$mn)	54	40	67	68	51
EPS (US\$)	0.01	0.00	0.00	0.00	0.00
BVPS (US\$)	0.03	0.02	0.02	0.03	0.03
PER (x)	3.5	8.0	6.6	6.2	6.2
PBV (x)	0.6	0.9	0.7	0.6	0.6
EV/EBITDA	0.7	1.0	1.8	1.9	2.4

Source: ENRG

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Exhibit 1. ENRG’s portfolio



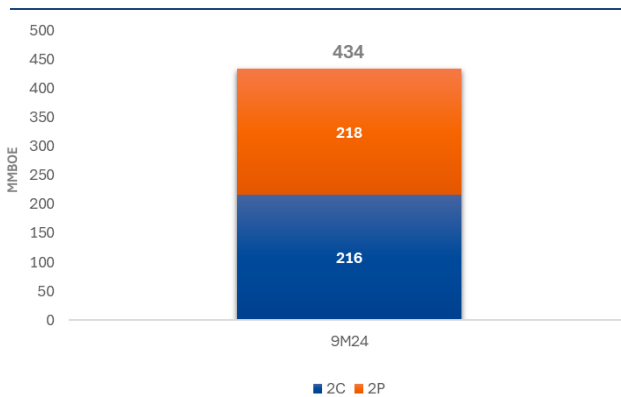
Source: Company

Exhibit 2. Acquisition history

2020	2021	2022	2023	2024
Increased stake in Malacca Strait Block from 60.49% to 100%	Increased stake in Kangean Block from 50% to 75%	Acquired 49% stake in Sengkang Block	Acquired 64% stake in Bireun Sigli Block	Acquired 90% stake in Siak Block & Kampar Block
	Acquired 100% stake in South CPP Block		Acquired 100% Stake in PT Sulawesi Regas Satu	Acquired a Floating Storage & Regasification Unit (EDN-1) Acquired a Floating Storage & Offloading Unit (Gandini)
				Acquired additional 51% stake in Sengkang Block

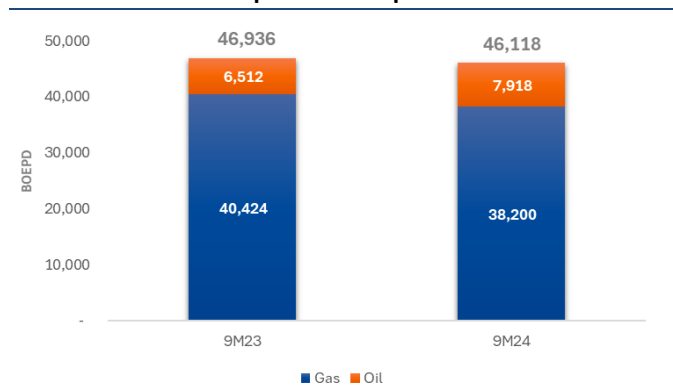
Source: Company

Exhibit 3. 2P + 2C reserve



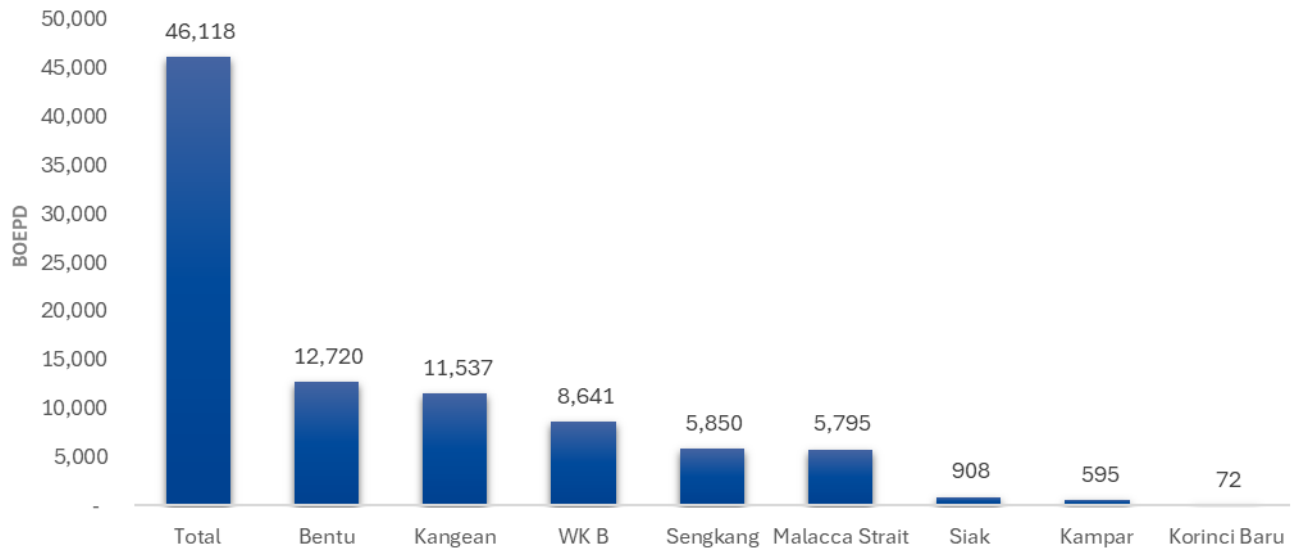
Source: Company

Exhibit 4. Oil and Gas production split



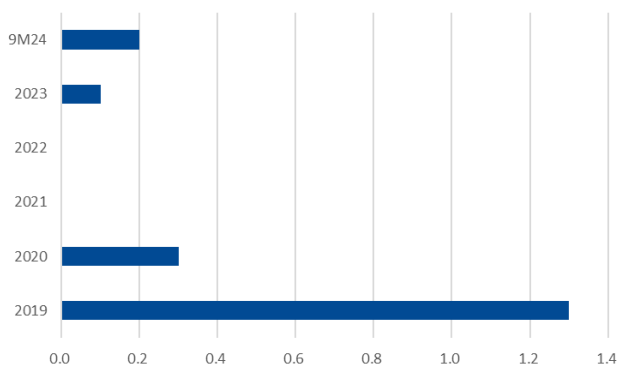
Source: Company

Exhibit 5. Production by area



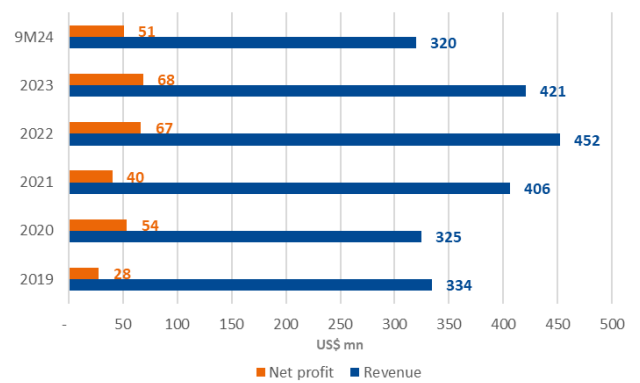
Source: Company

Exhibit 6. Net gearing ratio



Source: Company, BRIDS

Exhibit 7. Revenue and net profit



Source: Company, BRIDS

Exhibit 8. Trailing PB band



Source: Company, Bloomberg, BRIDS

Exhibit 9. Trailing PE band



Source: Company, Bloomberg, BRIDS

Exhibit 10. Comparable

Date	17-Nov-24	Company	Mkt.Cap (USD mn.)	PE		PB		ROA		ROE	
				24F	25F	24F	25F	24F	25F	24F	25F
ENRG IJ	ENRG IJ Equity	ENERGI MEGA PERSADA TBK PT	396.5	5.5	5.5	0.6	0.5	4.8	4.7	11.5	11.7
W. Europe				12.5	6.5	1.1	1.3	3.7	5.4	9.6	16.7
ITH LN	ITH LN Equity	ITHACA ENERGY PLC	2,109.0	8.6	6.0	0.7	0.8	1.5	4.5	8.0	8.5
BNOR NO	BNOR NO Equity	BLUENORD ASA	1,382.4	30.4	5.3	2.0	3.1	0.7	7.0	4.2	36.9
SHELL LN	SHELL LN Equity	SHELL PLC	199,576.2	7.7	8.1	1.1	1.0	9.3	8.9	14.0	12.0
BP/ LN	BP/ LN Equity	BP PLC	77,629.6	7.9	7.4	1.1	1.0	3.9	4.2	14.4	14.3
DNO NO	DNO NO Equity	DNO ASA	866.3	7.9	5.7	0.7	0.7	3.1	2.4	7.3	11.8
N. America				12.9	12.6	1.7	1.6	6.6	6.3	15.7	13.6
XOM US	XOM US Equity	EXXON MOBIL CORP	524,378.7	14.8	14.3	1.9	1.9	7.9	7.0	14.1	13.4
KOS US	KOS US Equity	KOSMOS ENERGY LTD	1,835.7	8.4	7.2	1.3	1.0	6.0	6.6	26.1	18.4
OXY US	OXY US Equity	OCCIDENTAL PETROLEUM CORP	46,889.0	15.0	15.3	1.6	1.5	4.2	3.2	11.5	10.5
CVX US	CVX US Equity	CHEVRON CORP	290,086.5	15.2	13.5	1.9	1.9	8.2	8.5	12.1	13.2
SU CN	SU CN Equity	SUNCOR ENERGY INC	51,076.4	11.2	12.5	1.6	1.6	6.8	#N/A N/A	14.6	12.5
APAC - Developed				9.5	15.7	0.8	0.7	8.9	8.6	12.6	12.2
1662 JP	1662 JP Equity	JAPAN PETROLEUM EXPLORATION	1,857.4	6.6	6.3	0.6	0.5	8.6	7.3	10.6	8.8
BPT AU	BPT AU Equity	BEACH ENERGY LTD	1,865.1	8.9	7.3	0.8	0.8	5.9	8.8	4.4	11.5
467 HK	467 HK Equity	UNITED ENERGY GROUP LTD	1,012.6	2.4	2.6	0.5	0.5	12.6	10.9	24.4	20.0
KAR AU	KAR AU Equity	KAROON ENERGY LTD	695.1	3.7	3.6	0.7	0.6	13.3	13.7	19.2	17.4
STX AU	STX AU Equity	STRIKE ENERGY LTD	416.7	26.1	58.8	1.5	1.3	4.1	2.3	4.2	3.5
APAC - Emerging				5.0	5.2	1.0	0.6	7.1	6.7	14.3	12.1
MEDC IJ	MEDC IJ Equity	MEDCO ENERGI INTERNASIONAL T	1,762.7	4.5	5.2	0.7	0.7	4.9	5.4	18.4	14.9
857 HK	857 HK Equity	PETROCHINA CO LTD-H	194,662.2	5.7	5.7	0.6	0.6	5.9	5.5	10.7	10.2
386 HK	386 HK Equity	CHINA PETROLEUM & CHEMICAL-H	98,205.5	7.9	7.2	0.6	0.5	3.0	3.2	7.2	7.7
OGDC PA	OGDC PA Equity	OIL & GAS DEVELOPMENT CO LTD	3,004.7	3.8	4.4	0.7	0.6	13.7	11.9	18.7	14.5
HIBI MK	HIBI MK Equity	HIBISCUS PETROLEUM BHD	336.7	3.1	3.5	2.2	0.6	7.8	7.4	16.5	13.1
Average.				10.0	10.0	1.1	1.1	6.6	6.8	13.0	13.6

Source: Company, BRIDS

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INVESTMENT RATING

BUY	Expected total return of 10% or more within a 12-month period
HOLD	Expected total return between -10% and 10% within a 12-month period
SELL	Expected total return of -10% or worse within a 12-month period

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