Buy

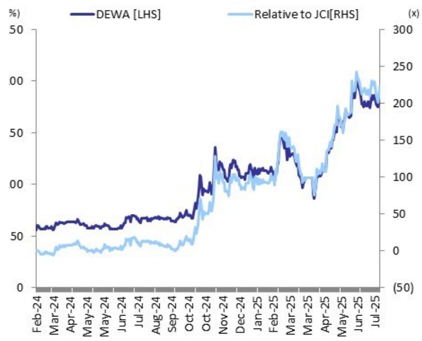
(Initiated)

Last Price (Rp)	**190**
Target Price (Rp)	**300**
Previous Target Price (Rp)	***n/a***
Upside/Downside	**+57.9%**
No. of Shares (mn)	**40,687**
Mkt Cap (Rpbn/US$mn)	**7,731/475**
Avg, Daily T/O (Rpbn/US$mn)	**67.0/4.1**
Free Float (%)	**47.5**
Major Shareholder (%)	
Adhesti Tungkas Pratama	**11.8**
Antareja Mahada Makmur	**9.7**
Goldwave Capital Limited	**9.4**

EPS Consensus (Rp)

	2025F	2026F	2027F
BRIDS	6.8	13.5	16.3
Consensus	10.1	20.5	25.8
BRIDS/Cons (%)	**(32.2)**	**(34.0)**	**(36.7)**

DEWA relative to JCI Index



Source: Bloomberg

BRI Danareksa Sekuritas Analysts

Timothy Wijaya
(62-21) 5091 4100 ext. 3504
timothy.wijaya@brids.co.id

Erindra Krisnawan, CFA
(62-21) 5091 4100 ext. 3500
erindra.krisnawan@brids.co.id

Naura Reyhan Muchlis
(62-21) 5091 4100 ext. 3507
naura.muchlis@brids.co.id

Darma Henwa (DEWA IJ)

Insourcing and Efficiency to Drive Robust FY25-27F Earnings Growth; Initiate Coverage with Buy Rating

- **DEWA has executed plans to revamp its fleet of heavy equipment through a Rp2.6tr loan and a vendor-financing deal with XCMG.**
- **We project its earnings to grow by 54% CAGR over 25-27F driven by lower subcontractor exp. as it substitutes outsourced services with own fleet.**
- **We initiate coverage with a Buy rating and DCF-based TP of Rp300 from COGS efficiencies resulting in margin improvement.**

Strategic overhaul and operational restructuring

In FY24, DEWA embarked on a broad-based transformation, starting with a leadership overhaul aimed at improving efficiency. This was followed by the securing of a Rp2.6 trillion syndicated loan from BCA to support fleet renewal, refinance costly legacy debt, and strengthen working capital. Concurrently, DEWA launched a cost rationalization program, including a c.50% workforce reduction by FY25 to streamline operations. DEWA's mining services remain fully contracted to BUMI Group subsidiaries, KPC and Arutmin, where it is executing a phased insourcing strategy to reduce reliance on subcontractors and enhance margins. From 40Mbcm of in-house volume at KPC pre-FY23, DEWA is on track to expand capacity to 60Mbcm by 1Q25 and further to 90Mbcm by 4Q25 through a Rp942bn vendor-financing agreement with XCMG, while maintaining a 31.6Mbcm capacity at Arutmin. A final insourcing phase in FY27 will raise KPC in-house capacity to 116Mbcm, consolidating operational control and unlocking significant cost efficiencies across its core mining contracts.

Rapid earnings trajectory from efficiencies

We project a modest revenue CAGR of 0.95% over 2025–27F, as the company prioritizes fleet revitalization over volume expansion, limiting growth in materials moved. However, we expect the strategic insourcing of overburden removal, enabled by the arrival of new XCMG equipment by 4Q25, to drive a -3.6% CAGR in COGS, from Rp5.5tr in 2025F to Rp5.1tr in 2027F. This cost optimization underpins EBITDA margin expansion from 15% in 2024 to 24% in 2025F and 31% by 2027F, leading to a strong net profit CAGR of 54% over the forecast period and net margin growth to 4%/8%/10% for 2025–27F. DEWA's net gearing stood at 0.33x in 2025F and is projected to decline in the following years as it starts to generate stronger cash flow. We believe this opens opportunities for DEWA to further expand its balance sheet in the future as the company explores securing new contracts.

Initiate with Buy rating with a DCF-based TP of Rp300

We initiate coverage with a **Buy** rating on robust earnings growth outlook from cost efficiencies through the gradual reduction of subcontractors. DEWA currently trades at 28x/14x 2025-26F PE, a premium compared to its peers, but we think this is justified given it is still in its growth phase. We employ a DCF valuation with a WACC of 12% and arrive at a valuation of Rp300/share. Our valuation has not considered potential projects outside of Bumi group, which could present upside should DEWA secure new mining contracts. Downside risks include: 1) lower contractor fees; 2) delays in project execution and heavy equipment deliveries.

Key Financials

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Revenue (Rpbn)	7,373	6,032	6,460	6,521	6,583
EBITDA (Rpbn)	1,095	886	1,554	1,905	2,057
Net Profit (Rpbn)	35	16	279	550	664
EPS (Rp)	1.6	0.7	6.8	13.5	16.3
BVPS (Rp)	150.6	151.6	122.9	136.4	152.7
PER (x)	117.6	254.2	27.7	14.0	11.6
PBV (x)	1.3	1.3	1.5	1.4	1.2
EV/EBITDA	3.8	6.1	6.0	4.6	3.6

Source: DEWA, BRIDS Estimates

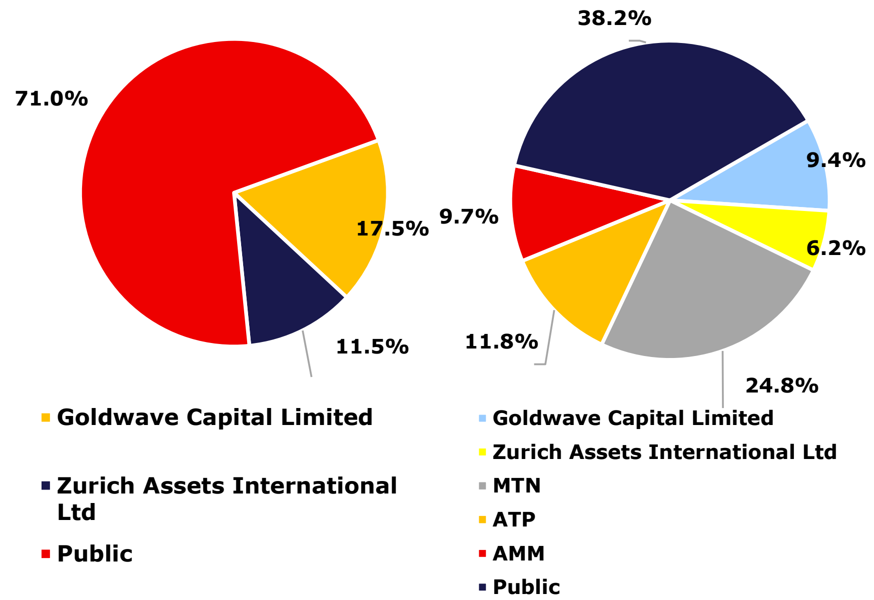
Insourcing and Efficiency to Drive Robust FY25-27F Earnings Growth; Initiate Coverage with Buy Rating

DEWA's Strategic Overhaul and Operational Restructuring

DEWA embarked on a major transformation in FY24, marked by a leadership change in Jun24 aimed at driving operational efficiency. Shortly thereafter, in Jul24, the company secured a Rp2.6tr syndicated loan led by BCA. The proceeds were allocated primarily toward the acquisition of heavy equipment (Rp2tr), refinancing of existing loans and leases at significantly lower interest rates (Rp340bn at 9%, versus legacy lease rates of up to 18%), and working capital needs (Rp260bn). In tandem, DEWA began a substantial cost optimization program, including a targeted workforce rationalization from c.5,900 employees in 2022 to c.3,000 by 2025, aimed at removing inefficiencies and overlapping roles.

In Feb25, DEWA completed a debt-to-equity conversion through a non-preemptive rights issuance (NPR), issuing 18.8 billion new shares at Rp75 per share—equivalent to Rp1.4tr in payables. The transaction resulted in a 46% equity dilution, with new shareholders MTN, ATP, and AMM acquiring 24.2%, 11.8%, and 9.7% stakes, respectively. Consequently, BUMI's effective ownership—via Goldwave Capital and Zurich Assets—declined to 15.5%. On April 30th, DEWA held its second Extraordinary General Meeting of Shareholders (EGMS) and approved the change in its corporate status from a foreign investment company (PMA) to a domestic investment company (PMDN), signaling a shift in strategic direction and regulatory alignment.

Exhibit 1. Pre vs. post NPR shareholding structure



Source: Company, BRIDS

Fleet Expansion Plan: Driving Operational Leverage

DEWA's mining services are fully contracted to BUMI Group subsidiaries—Kaltim Prima Coal (KPC) and Arutmin Indonesia. Prior to its operational revitalization in FY23, DEWA handled 40 million bank cubic meters (Mbcm) of overburden removal in-house for KPC, while subcontracting a significantly larger volume of 108Mbcm under the same contract.

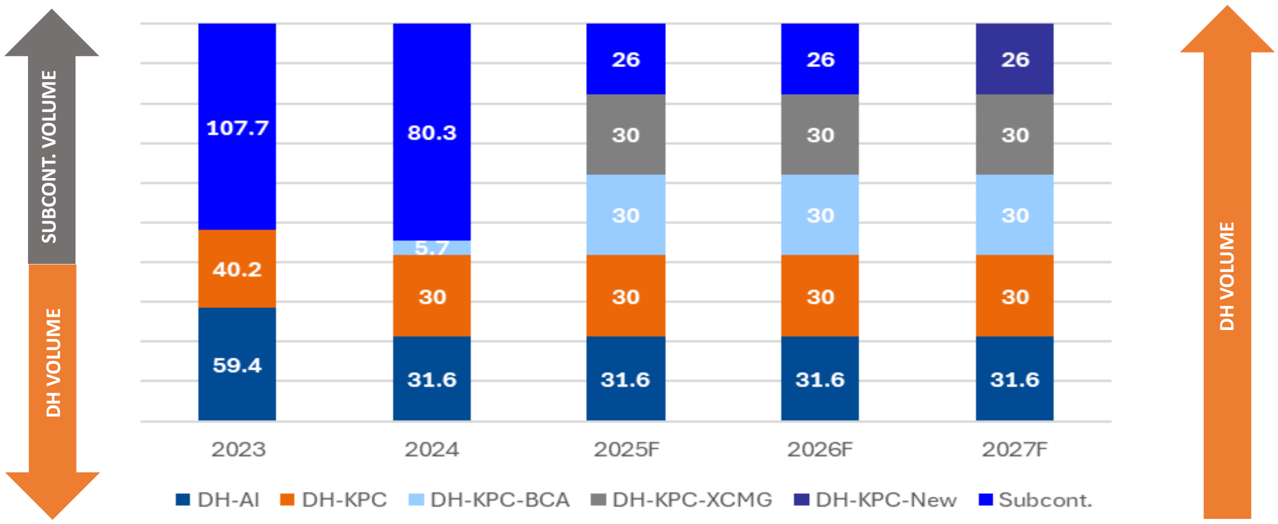
Following the Rp2.6tr syndicated facility secured from BCA in Jul24, DEWA commenced a major fleet upgrade to support insourcing efforts. The additional equipment will increase its in-house capacity at KPC by 30Mbcm to a total of 60Mbcm. However, as the full delivery of the new fleet is expected by Mar 2025, the associated cost efficiencies from reduced reliance on subcontractors are likely to be reflected only from 2Q25 onward.

In addition, DEWA has finalized a vendor financing agreement with XCMG worth Rp942bn, with the first tranche of equipment for delivery in Jun25 and completion targeted by Oct25. This initiative adds another 30Mbcm of annual production capacity, further displacing subcontractor reliance. By 4Q25, DEWA's in-house capacity at KPC is set to reach 90Mbcm, complemented by its 31.6Mbcm capacity at Arutmin, providing meaningful room for margin expansion through improved cost control.

Looking ahead, DEWA plans to fully internalize the remaining subcontracted volume at KPC. The final phase of this transition—covering an additional 26Mbcm—is slated to begin in FY27. Upon completion, DEWA will manage 116Mbcm of in-house capacity at KPC, effectively consolidating operational control and maximizing efficiency gains across its core contracts.

Aside from existing operations, we acknowledge that the management is exploring multiple options to expand its operations outside of Bumi resources group, which could provide an upside in the future.

Exhibit 2. Capacity growth (Mbcm)



Source: Company, BRIDS

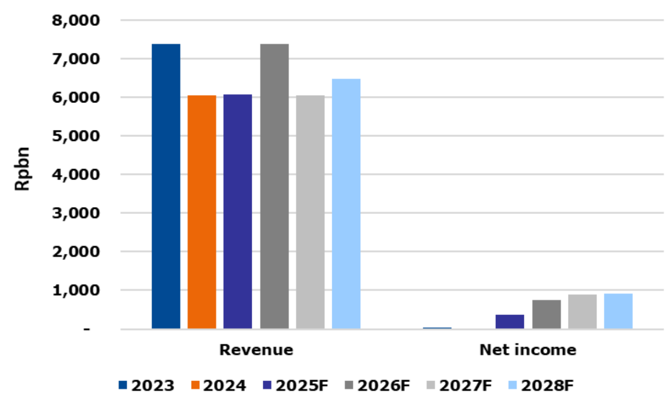
Earnings outlook

We estimate DEWA to post a flattish revenue CAGR of 0.95% over the period of 2025-27F, and a much stronger net profit CAGR of 54% over the same period. Our estimate includes a nearly flattish revenue growth as the company will be focusing mainly on revamping its fleet of heavy equipment, thus, there is limited to no growth in the materials moved. However, we expect it to significantly reduce its subcontractors as most of the new equipment will arrive by 4Q25. Thus, we assume a -3.6% CAGR for COGS from Rp5.5tr in 2025F to Rp5.1tr in 2027F. This, in turn, would boost EBITDA margin from 15% in 2024 to 24% in 2025 and 31% by 2027.

However, as the heavy equipment revamp requires it to take on sizable loan, we expect its interest-bearing liabilities to rise from Rp373bn in 2023 to Rp2.3tr in 2025F and incur an annual interest expense of Rp214bn. Thus, its net margin growth shall be more conservative at 4%/8%/10% for the period of 2025-27F.

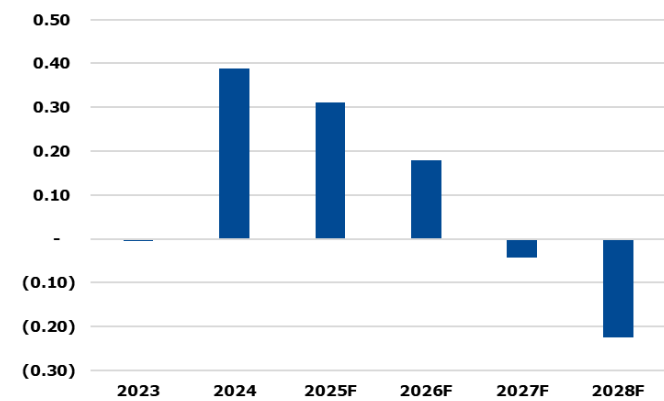
Despite taking on new loans, DEWA's net gearing stood at 0.33x in 2025F and is expected to trend down in the following years as it starts to generate stronger cash flow. Nonetheless, we believe this opens opportunities for DEWA to take on additional loans in the future, when it replaces the remaining 26mbcm with its own fleet.

Exhibit 3. Dewa's Revenue and Net income growth estimate



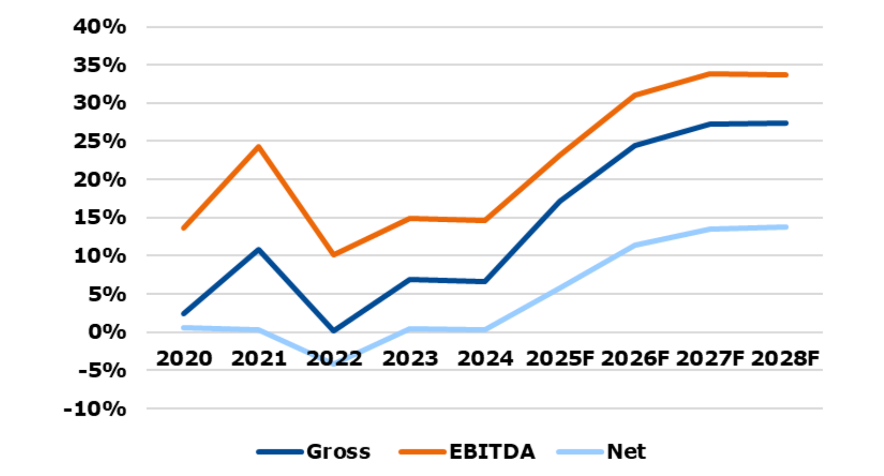
Source: Company,Bloomberg, BRIDS Estimates

Exhibit 4. Dewa's Net gearing



Source: Company ,Bloomberg, BRIDS Estimates

Exhibit 5. DEWA's Gross, EBITDA, and Net margin



Source: Company, BRIDS estimate

Valuation and rating

DEWA currently trades at 28x/14x 2025-26F PE, a premium compared to its peers. We view this premium as justified, given the company's ongoing growth phase. Our forecasts and valuation do not yet incorporate potential new projects outside the Bumi Resources Group, which could represent upside should DEWA successfully secure additional mining contracts. Nonetheless, we employ a DCF valuation for its mining operations with a WACC of 12% and 0% long-term growth and arrive at a valuation of Rp300/share.

We initiate coverage with a **Buy** rating on attractive earnings growth potential from cost efficiencies through the gradual reduction of subcontractors. Downside risks include: 1) lower contractor fee; 2) delays in project execution and heavy equipment deliveries.

Exhibit 6. DCF valuation

DCF (IDRbn)	2025	2026	2027	2028	2029	2030
EBIT	672	1,023	1,175	1,205	1,437	1,672
Tax	(148)	(225)	(259)	(265)	(316)	(368)
Depreciation	882	882	882	882	882	882
Capital Expenditure	(1,500)	(750)	(200)	(200)	(200)	(200)
Changes in Working Capital	(932)	(38)	(23)	(13)	(13)	(13)
FCFF	(1,026)	891	1,576	1,609	1,789	1,973
PV FCFF	**(1,026)**	**796**	**1,257**	**1,146**	**1,138**	**1,121**
TV						16,472
PV of TV						9,356
Net (debt)/Cash						- 1,558
NPV						**12,229**
Outstanding Share						40.7
Target Price (Rp)						**300**
Upside (Downside)						57.1%

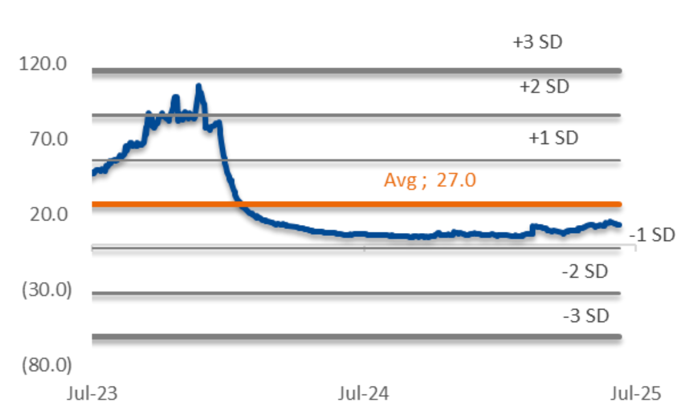
Source: Company, BRIDS

Exhibit 7. Peers comparable

Company	Mkt.Cap (USD mn.)	PE		PB		ROA		ROE	
		25F	26F	25F	26F	25F	26F	25F	26F
UNITED TRACTORS TBK PT	5,174.4	4.8	5.0	0.8	0.7	10.1	9.3	17.4	15.3
MACMAHON HOLDINGS LTD	423.3	6.6	5.9	0.9	0.8	2.9	3.4	15.1	14.8
NRW HOLDINGS LTD	916.4	11.3	10.4	2.1	2.0	9.1	9.0	16.0	18.9
PERENTI LTD	1,045.4	9.5	8.5	0.9	0.8	9.4	10.2	9.6	10.2
	Average.	**8.0**	**7.5**	**1.2**	**1.1**	**7.9**	**8.0**	**14.5**	**14.8**

Source: Bloomberg, BRIDS

Exhibit 8. DEWA's P/E Band (2-year)



Source: Company, Bloomberg, BRIDS Estimates

Exhibit 9. WACC assumption for DCF

Cost of Capital	%	
Cost of Equity		13.3%
Risk Free	7.0%	
Adjusted Beta	0.90	
Risk Premium	7.0%	
Cost of Debt		7.4%
Interest	9.5%	
Tax	22%	
Capital Structure		
Equity (IDRbn)	7,771	77.5%
Debt (IDRbn)	2,251	22.5%
Growth	0%	
WACC		12.0%

Source: Company, Bloomberg, BRIDS Estimates

Business Background

DEWA is an Indonesian mining contractor which provides comprehensive services to the coal and mineral mining industries. Established on October 8, 1991, the company became a foreign investment entity in 1996 following the majority acquisition by Australia-based Henry Walker Group Ltd. With over three decades of experience, DEWA has built core competencies across the mining value chain, including site development, production support, and infrastructure solutions.

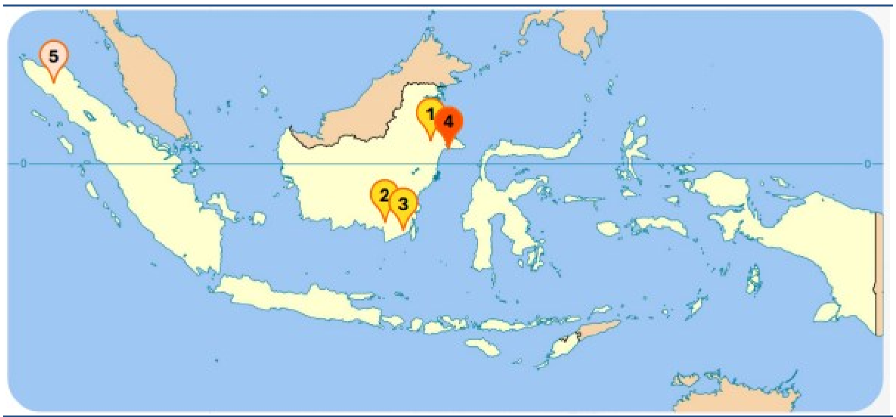
DEWA's service portfolio encompasses land clearing, topsoil management, drilling and blasting, overburden removal, coal extraction, ROM coal handling, hauling, and coal barging. It also undertakes mining infrastructure development such as road and bridge construction, mineral processing plant installation, earthworks, and exploration drilling.

As of 2025, DEWA is actively involved in five key projects, four of which are in operation:

- **Bengalon** (East Kalimantan): a coal site operated by Kaltim Prima Coal (KPC)
- **Asam Asam** (South Kalimantan): a coal site under Arutmin Indonesia
- **Kintap** (South Kalimantan): another Arutmin coal site
- **Lubuk Tutung Port** (East Kalimantan): a coal port handling site operated by Dire Pratama

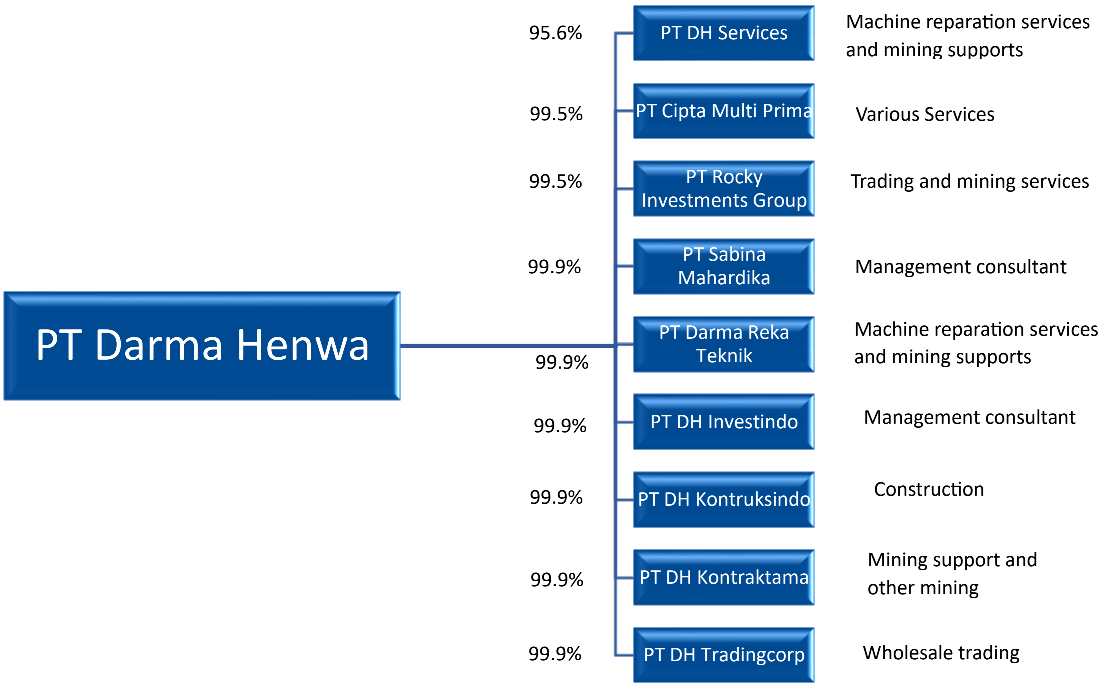
In addition, DEWA is developing a gold mining project in Aceh through its subsidiary Gayo Mineral Resources, under the holding entity Sabina Mahardika, marking its strategic entry into the mineral sector.

Exhibit 10. DEWA's project area



Source: Company

Exhibit 11. DEWA corporate structure



Source: Company

Exhibit 12. Income Statement

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
Revenue	**7,373**	**6,032**	**6,460**	**6,521**	**6,583**
COGS	(6,860)	(5,631)	(5,497)	(5,205)	(5,112)
Gross profit	**513**	**401**	**963**	**1,317**	**1,471**
EBITDA	**1,095**	**886**	**1,554**	**1,905**	**2,057**
Oper. profit	**230**	**167**	**672**	**1,023**	**1,175**
Interest income	3	5	7	14	25
Interest expense	(160)	(85)	(214)	(214)	(214)
Forex Gain/(Loss)	(9)	(3)	0	0	0
Income From Assoc. Co's	0	0	0	0	0
Other Income (Expenses)	(33)	(28)	(35)	(35)	(35)
Pre-tax profit	**33**	**56**	**431**	**788**	**952**
Income tax	3	(40)	(151)	(236)	(285)
Minority interest	0	0	(1)	(2)	(2)
Net profit	**35**	**16**	**279**	**550**	**664**
Core Net Profit	**44**	**19**	**279**	**550**	**664**

Exhibit 13. Balance Sheet

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
Cash & cash equivalent	387	347	693	1,263	2,511
Receivables	1,775	1,614	1,593	1,608	1,623
Inventory	412	402	467	442	434
Other Curr. Asset	333	392	392	392	392
Fixed assets - Net	2,552	3,417	4,109	4,052	3,444
Other non-curr.asset	2,679	2,634	2,634	2,634	2,634
Total asset	**8,138**	**8,806**	**9,889**	**10,391**	**11,040**
ST Debt	373	258	710	710	710
Payables	2,364	2,530	1,304	1,256	1,240
Other Curr. Liabilities	1,456	827	827	827	827
Long Term Debt	0	1,372	1,541	1,541	1,541
Other LT. Liabilities	656	509	509	509	509
Total Liabilities	**4,848**	**5,496**	**4,890**	**4,842**	**4,827**
Shareholder'sFunds	3,292	3,313	5,001	5,551	6,215
Minority interests	(2)	(2)	(2)	(2)	(2)
Total Equity & Liabilities	**8,138**	**8,806**	**9,889**	**10,391**	**11,040**

Exhibit 14. Cash Flow

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
Net income	35	16	279	550	664
Depreciation and Amort.	865	719	882	882	882
Change in Working Capital	(243)	276	(1,030)	(38)	(23)
OtherOper. Cash Flow	578	(1,602)	(932)	57	607
Operating Cash Flow	**1,235**	**(590)**	**(802)**	**1,451**	**2,131**
Capex	(832)	(713)	(882)	(882)	(882)
Others Inv. Cash Flow	0	0	0	0	0
Investing Cash Flow	**(832)**	**(713)**	**(882)**	**(882)**	**(882)**
Net change in debt	(349)	1,257	621	0	0
New Capital	(5)	0	1,409	0	0
Dividend payment	0	0	0	0	0
Other Fin. Cash Flow	0	0	0	0	0
Financing Cash Flow	**(355)**	**1,257**	**2,030**	**0**	**0**
Net Change in Cash	**49**	**(45)**	**347**	**569**	**1,249**
Cash - begin of the year	304	387	347	693	1,263
Cash - end of the year	387	347	693	1,263	2,511

Exhibit 15. Key Ratio

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Growth (%)					
Sales	21.5	(18.2)	7.1	0.9	0.9
EBITDA	78.6	(19.1)	75.4	22.6	8.0
Operating profit	(221.2)	(27.5)	302.6	52.1	14.9
Net profit	(114.2)	(53.7)	1,606.0	97.4	20.7
Profitability (%)					
Gross margin	7.0	6.6	14.9	20.2	22.4
EBITDA margin	14.9	14.7	24.1	29.2	31.2
Operating margin	3.1	2.8	10.4	15.7	17.9
Net margin	0.5	0.3	4.3	8.4	10.1
ROAA	0.4	0.2	3.0	5.4	6.2
ROAE	1.1	0.5	6.7	10.4	11.3
Leverage					
Net Gearing (x)	0.0	0.4	0.3	0.2	0.0
Interest Coverage (x)	1.4	2.0	3.1	4.8	5.5

Source: DEWA, BRIDS Estimates

BRI Danareksa Equity Research Team		
Erindra Krisnawan, CFA	Head of EQR, Strategy, Automotive, Telco, Technology	erindra.krisnawan@brids.co.id
Timothy Wijaya	Metal, Coal, and Oil & Gas	timothy.wijaya@brids.co.id
Victor Stefano	Banks, Poultry	victor.stefano@brids.co.id
Ismail Fakhri Suweleh	Healthcare, Property, Cement, Tollroad	ismail.suweleh@brids.co.id
Christy Halim	Consumer, Retailers	christy.halim@brids.co.id
Kafi Ananta Azhari	Research Associate, Co-coverage (Telco, Technology)	kafi.azhari@brids.co.id
Ni Putu Wilastita Muthia Sofi	Research Associate	wilastita.sofi@brids.co.id
Naura Reyhan Muchlis	Research Associate	naura.muchlis@brids.co.id
Sabela Nur Amalina	Research Associate	sabela.amalina@brids.co.id

BRI Danareksa Economic Research Team		
Helmy Kristanto	Chief Economist, Macro Strategy	helmy.kristanto@brids.co.id
Dr. Telisa Aulia Falianty	Senior Advisor	telisa.falianty@brids.co.id
Kefas Sidauruk	Economist	kefas.sidauruk@brids.co.id

BRI Danareksa Institutional Equity Sales Team		
Yofi Lasini	Head of Institutional Sales and Dealing	yofi.lasini@brids.co.id
Novrita Endah Putrianti	Institutional Sales Unit Head	novrita.putrianti@brids.co.id
Ehrliech Suhartono	Institutional Sales Associate	ehrliech@brids.co.id
Adeline Solaiman	Institutional Sales Associate	adeline.solaiman@brids.co.id
Andreas Kenny	Institutional Sales Associate	andreas.kenny@brids.co.id
Jason Joseph	Institutional Sales Associate	Jason.joseph@brids.co.id

BRI Danareksa Sales Traders		
Mitcha Sondakh	Head of Sales Trader	mitcha.sondakh@brids.co.id
Suryanti Salim	Sales Trader	suryanti.salim@brids.co.id

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