Initiation Report

December 18, 2025

ajaib RESEARCH
PT Ajaib Sekuritas Asia

RMKE

PT RMK Energy Tbk

Rail-Driven Growth

- Rail-Centric Moat: RMKE's integrated rail-based logistics platform delivers structural cost, safety, and regulatory advantages, creating high switching costs and durable throughput.
- Throughput Anchor: Musi 2 Kramasan Port is the lowest-friction rail-to-river interface in South Sumatra, supporting scalable volumes as rail capacity expands post-2026.
- Earnings Inflection: Rail-linked volume ramp drives sharp, volume-led revenue and profit growth, with margins expanding as fixed infrastructure costs are absorbed.
- **BUY at Rp7,600 TP** (21.1x 2027F PE), supported by rising free cash flow beyond peak capex, with key risks around execution, regulation, and coal prices.

Integrated Rail-Centric Coal Logistics Platform with High Switching Costs
RMKE operates as a fully integrated, rail-centric coal logistics platform with strong operating leverage and durable earnings visibility in Southern Sumatra. As the region's largest private coal logistics provider with 15+ years of operating history, RMKE controls the value chain from in-house mining via TBBE (148.3 mt resources; 75 mt reserves, SR ~4.0) to rail loading, transportation, port handling, barge loading, and coal trading, creating high switching costs and stable baseline throughput. Direct rail integration linking mines to Gunung Megang, Simpang, and Kramasan Port reduces reliance on road hauling, lowers execution and regulatory risk, and improves end-to-end cost efficiency. The ability to aggregate third-party volumes further enhances asset utilization and smooths volume volatility, positioning RMKE as a critical enabler of structurally rising coal flows with scalability driven by utilization rather than incremental capex.

Rail Cost Advantage and Kramasan Port as the Throughput Anchor
RMKE's advantage in Southern Sumatra's coal supply chain is anchored by its rail-based logistics system and the Musi 2 Kramasan Port as a throughput hub. Rail offers a structurally lower and predictable cost base at Rp806–922 per ton-km, supports large train loads of ~2,800 tons, and provides superior safety and regulatory alignment versus road hauling, enhancing reliability and social acceptance. Integration with dedicated hauling roads further improves scheduling certainty and operational resilience. Downstream, Kramasan Port benefits from close proximity to the coal basin (~140 km from Tanjung Enim) and a short river distance to anchorage (~69 nm), reducing haulage costs, shortening barge cycles, and improving vessel turnaround. With 20 MTPA of capacity and expansion potential to 28 MTPA, Kramasan serves as the lowest-friction rail-to-river interface and a natural anchor for incremental volumes as rail capacity expands beyond 2026.

Rail-Driven Volume Growth, Earnings Upscaling, and Cash-Flow Inflection
RMKE is entering a structurally strong growth phase driven by rail-anchored volume expansion, with loading barge volumes projected to rise from ~8.0 mn tons in 2025 to ~18.0 mn tons by 2027, supported by deeper rail integration and plans to connect up to 19 mining concessions with ~6.9 bn tons of reserves. This volume ramp underpins sharp, volume-led revenue growth to Rp4.3 tn in 2026F and Rp9.0 tn in 2027F, alongside strong operating leverage as infrastructure utilization improves. Profitability scales materially, with EBITDA reaching Rp1.6 tn and net profit Rp1.6 tn by 2027F, lifting margins to 17.5%. Despite aggressive growth, RMKE maintains a conservative balance sheet, with leverage peaking at 0.6x DER and capex front-loaded before tapering, positioning the company to transition into a cash-harvest phase with robust free cash flow beyond 2027.

BUY Initiation with TP of Rp7,600
We initiate a **BUY** rating on RMKE with a target price of **Rp7,600**, implying 21.1x PE on 2027F earnings. As rail-linked volumes scale, rising asset utilization and strong operating leverage are expected to translate into structurally higher free cash flow beyond the peak capex phase. **Key risks:** delays or execution shortfalls in rail and terminal infrastructure delivery, regulatory changes affecting coal transport and mining permits, congestion at rail-to-port transfer points that could cap throughput, and coal price volatility.

Key Financial Highlights

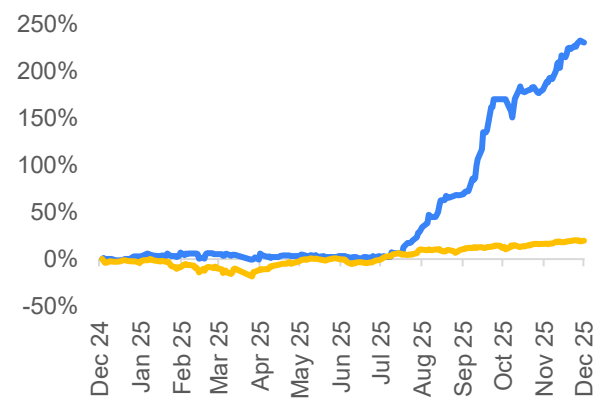
Key Metrics	2023	2024	2025F	2026F	2027F
Revenue (Rp bn)	2,553	2,461	1,768	4,254	8,952
EBITDA (Rp bn)	475	459	393	1,248	2,287
Net Profit (Rp bn)	309	272	225	832	1,570
EPS Growth (%)	-36.8	-11.8	-17.3	268.9	88.8
P/E (x)	8.4	8.0	84.4	39.5	20.9
P/BV (x)	1.8	1.3	9.7	12.0	7.9
EV/EBITDA (x)	5.8	5.6	49.8	26.7	14.5

BUY

Stock Information (as of December 17, 2025)

Last Price (Rp)	4,900
Target Price (Rp)	7,600
Potential Upside	55.1%
Market Cap (Rp tn)	21.4
52 Week Range (Rp)	4,950 - 486
Free Float	40.0%
Share Out. (bn)	4.4
Beta	1.5

1-Year Stock Performance Comparison vs JCI



Shareholders

RMKE's Shareholders	%
PT RMK Investama	56.80
Public	40.96
Others	2.24

Company Description

RMKE's Company Profile

PT RMK Energy Tbk is engaged in coal trading, unloading, loading, and crushing of coal services. The Company is engaged in coal logistics services and coal trading, which includes loading and unloading at train stations, port transportation as well as the barge loading and coal trading business.

Analyst

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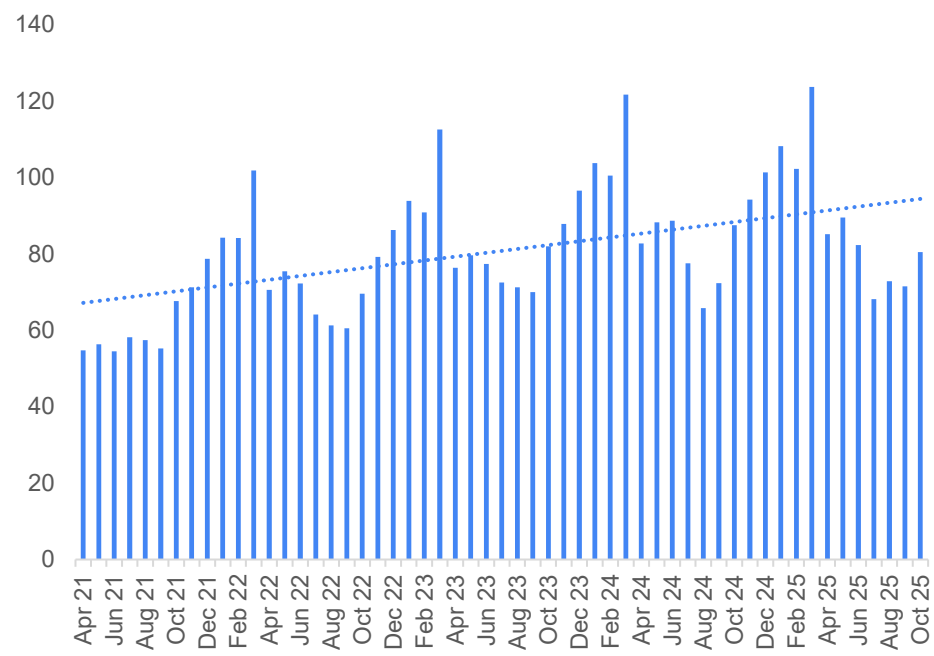
INDUSTRY OVERVIEW

India: Policy Recalibration Amid Rising Power Demand

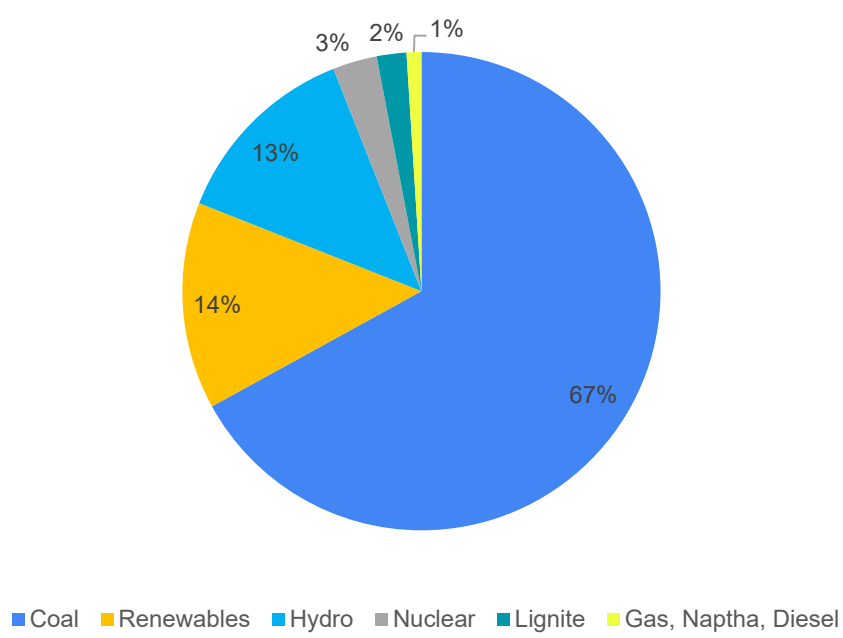
Coal rose toward USD110 per ton, nearing four-month highs, as India's long-term capacity roadmap points to structurally firm demand well into the 2040s. The proposal to expand coal-fired capacity to 420 GW by 2047—an 87% uplift from today—positions coal as a strategic reliability anchor within Prime Minister Narendra Modi's energy-independence vision, particularly as India navigates rapidly rising baseload requirements from industrial growth and the electrification of mobility and digital infrastructure. Operational data from October 2025 reinforces this trajectory: coal delivered 67% of India's total power generation (95,802 MW), while renewables remained at 14% and gas at 1%, underscoring the system's limited flexibility. Sectoral despatch patterns further validate coal's entrenched role, with the power sector absorbing 81% of all coal offtake (64.84 MT) in October and maintaining 451.9 MT YTD despite a modest –3.2% YoY decline driven by seasonal hydro strength. Looking ahead, the resurgence of non-regulated sector demand (+7.4% YTD), expected acceleration in peak-load consumption, and slow progress in large-scale storage deployment suggest India will continue to rely heavily on coal as a stabilizing baseload resource. This points to a multi-year runway for elevated seaborne thermal coal demand, even as renewable capacity additions accelerate through 2030.

Figure 1. India Monthly Coal Production



Source: India Energy, Ajaib Research

Figure 2. India Power Generation During Oct'25 (142.5 GW)

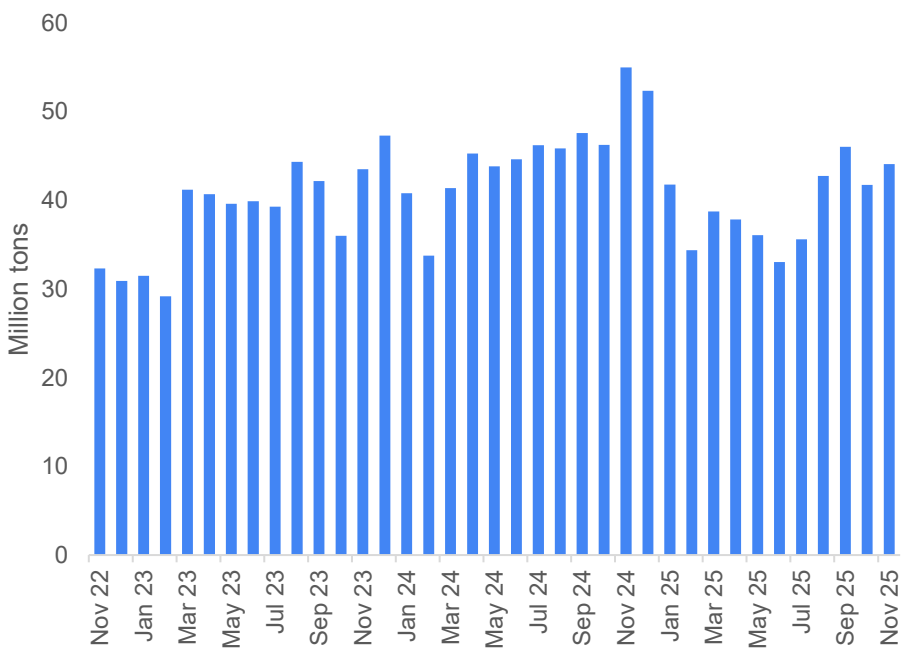


Source: India Energy, Ajaib Research

China: Import Resilience and Strong Port Stockpiles

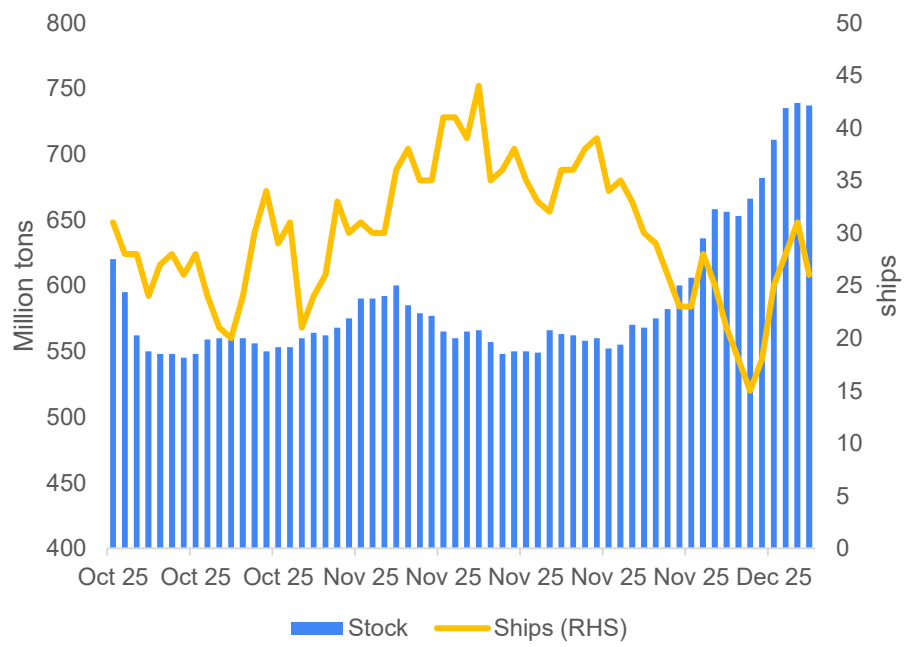
China's coal market dynamics remain a key anchor for regional pricing. Figure 1 shows monthly coal imports holding firm in the 35–50 million ton range over the past two years, with seasonal spikes underscoring strong underlying demand despite rapid renewable expansion. On the domestic logistics side, Figure 2 highlights rising coal inventories at Qinhuangdao (QHD) Port, which climbed from around 550 million tons to above 700 million tons into late 2025, supported by a rebound in vessel arrivals—fluctuating between 15 and 45 ships—indicating restocking ahead of winter and persistent supply tightness. China has also signaled continued reliance on coal until at least 2030, delaying earlier expectations of a faster phaseout. Combined with Europe's intermittent reliance and surging electricity needs from data centers, China's stance underscores how Asia—responsible for over 60% of global coal use—remains structurally tied to coal despite accelerating renewable investments.

Figure 3. Monthly Coal Impor Volume in China



Source: CCTD Coal, Ajaib Research

Figure 4. Daily Coal Stocks & Ships at QHD Port



Source: CCTD Coal, Ajaib Research

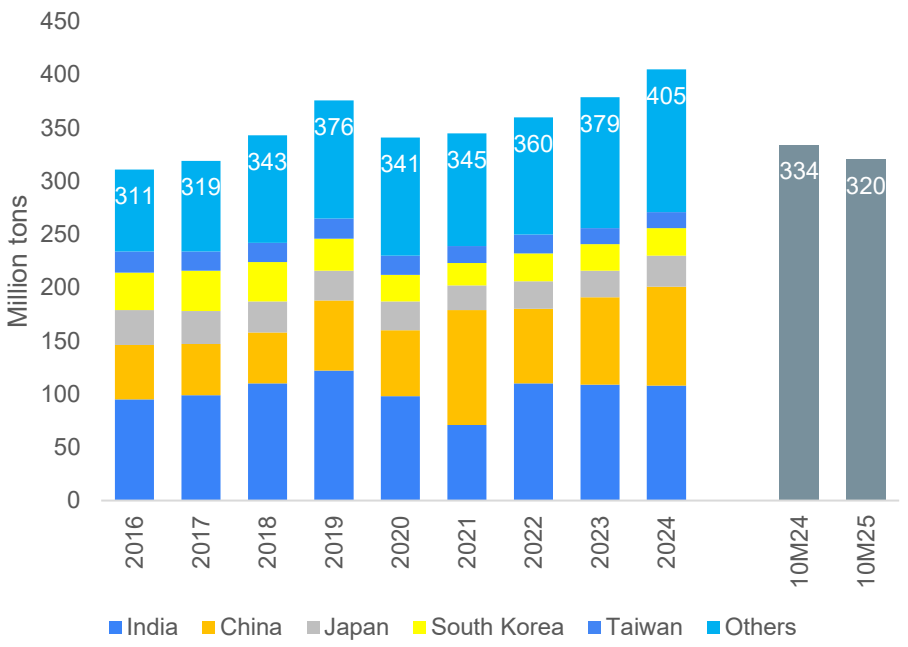
Indonesia's Export Tax Plan and Production Cuts Reshape Global Seaborne Dynamics

Indonesia's plan to introduce a 1–5% coal export tax in 2026, projected to raise ~Rp20 trillion (USD1.2bn) annually, comes as coal output and exports are already moderating. As the world's largest thermal coal exporter—shipping 555 Mt in 2024 or 45% of global seaborne supply—the country has seen Jan–Sep 2025 production fall 7.5% YoY to 585 Mt and export volumes slip 4.7% YoY to 285 Mt, driven by softer Chinese demand, which typically absorbs ~40% of shipments. With the government considering a deeper production cut to below 700 Mt in 2026 (from the current 735 Mt target), industry groups warn that a grade-based export tax, if not paired with a price-linked threshold, could squeeze margins for mid-tier and higher-strip producers. Combined with the new fiscal burden, this tightening supply posture may influence Indonesia's pricing power and supply discipline in the global seaborne market, where India and Southeast Asia—collectively ~35% of demand—remain key swing buyers.

Domestic Demand Stability and Rising DMO Risks Tighten the 2026 Policy Framework

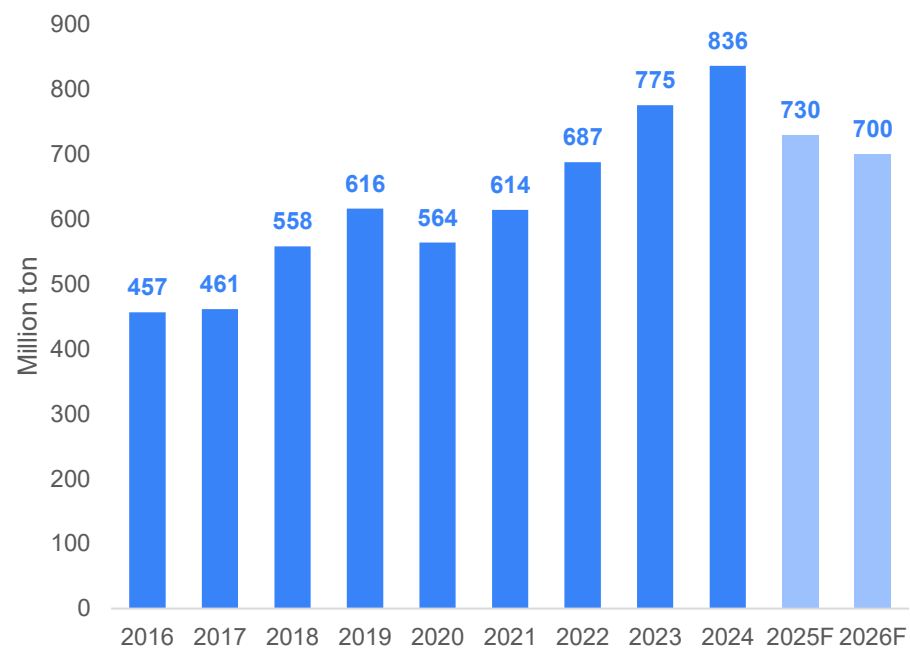
Domestic demand fundamentals are expected to remain stable, with consumption projected at ~200–230 Mt in 2026, in line with 233 Mt in 2024 and ~220 Mt in 2025, supported by unchanged PLTU capacity and muted non-power sector growth. This stability has intensified debate over the Domestic Market Obligation (DMO), currently set at 25%, as experts argue that a reduction in production without raising the DMO percentage would cut domestic supply—e.g., at 750 Mt output, the DMO volume would fall to 188 Mt, below estimated needs of ~230 Mt. Regulators are therefore weighing an increase in the DMO quota, potentially toward ~30%, to maintain supply consistency under PP 39/2025. The intersection of export taxation, production cuts, and DMO recalibration will define miners' 2026 operating landscape, shaping investment decisions, supply elasticity, and Indonesia's strategic positioning as the linchpin of Asia's coal market.

Figure 5. Indonesia Coal Export Volume



Source: BPS, Ajaib Research

Figure 6. Indonesia Coal Production Volume

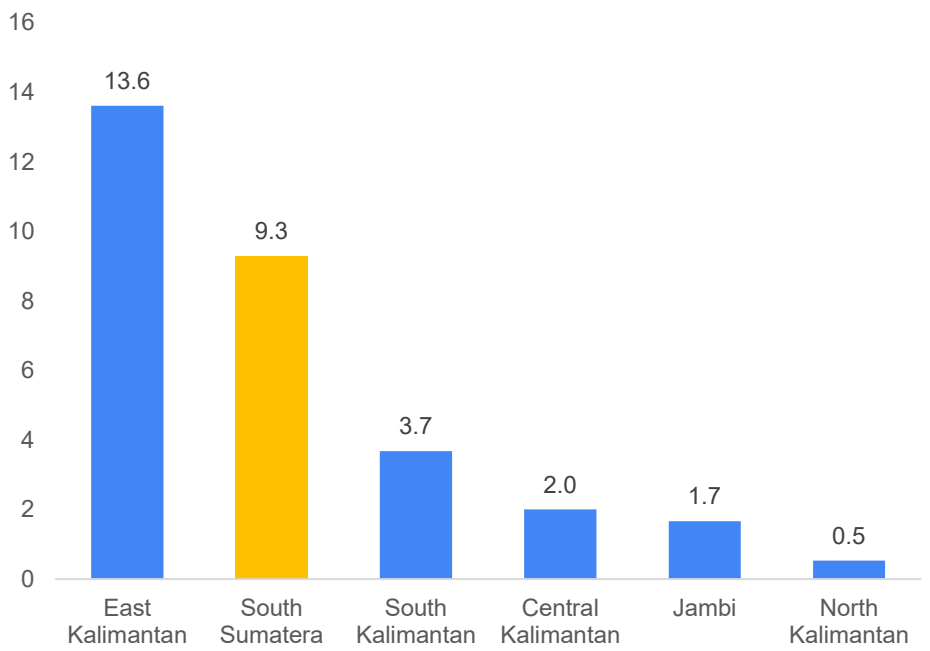


Source: KESDM, Ajaib Research

South Sumatra: Logistics as the Key Unlock for Latent Coal Supply

South Sumatra holds a clear structural advantage within Indonesia's coal ecosystem, anchored by a large yet underutilized resource base and improving logistics connectivity. With approximately 8.9 billion tons of coal reserves—nearly 28% of national reserves—the province ranks as Indonesia's second-largest reserve holder, ensuring long-term resource security. Yet it contributes only around 12% of national coal production, underscoring that output is constrained less by geology or mining economics—supported by relatively low stripping ratios—and more by logistics and evacuation bottlenecks. High long-haul transportation costs driven by elevated tariffs, coupled with limited loading and unloading capacity at key rail and port nodes, restrict throughput and increase turnaround risk. These inefficiencies are further exacerbated by social friction arising from coal hauling on public roads, including congestion, accidents, and infrastructure damage, which heighten regulatory and operational disruption risks. Against this backdrop, South Sumatra's growing integration with rail-based logistics and dedicated coal hauling roads represents a structural unlock rather than a marginal efficiency gain. As rail and port infrastructure expands, incremental production is likely to be released in a more controlled and sustainable manner, positioning logistics investment—not new mine development—as the primary catalyst for volume growth and reinforcing South Sumatra's role as a long-duration, scalable coal supply hub within Indonesia's value chain.

Figure 7. Indonesia Coal Reserves by Region



Source: Ditjen Minerba, KESDM, Ajaib Research

Figure 8. Coal Logistics Comparison

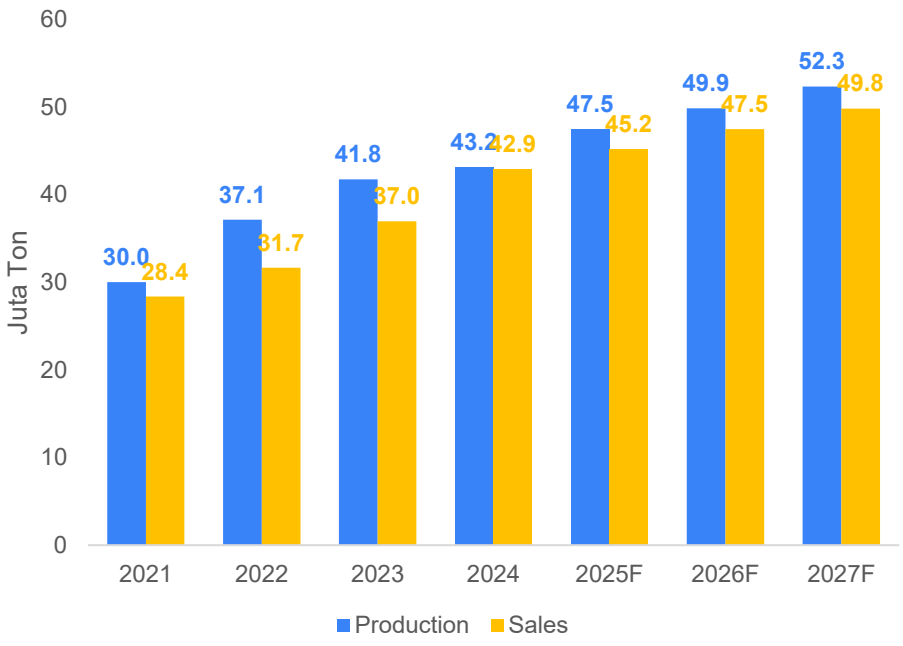
Metric	Railway	Barge/Shipping
Unit Cost	Medium	Lowest
Scalability	High, schedule-driven	Very high, volume-driven
Reliability	High, predictable	Moderate, weather-dependent
Transit Speed	Faster	Slower
Capex Intensity	High upfront	Medium
Regulatory & Social Risk	Low	Very low
Best Role	Mine-to-port evacuation	Port-to-market bulk transport

Source: Ajaib Research

Lahat–Muara Enim as South Sumatra's Primary Coal Growth Engine

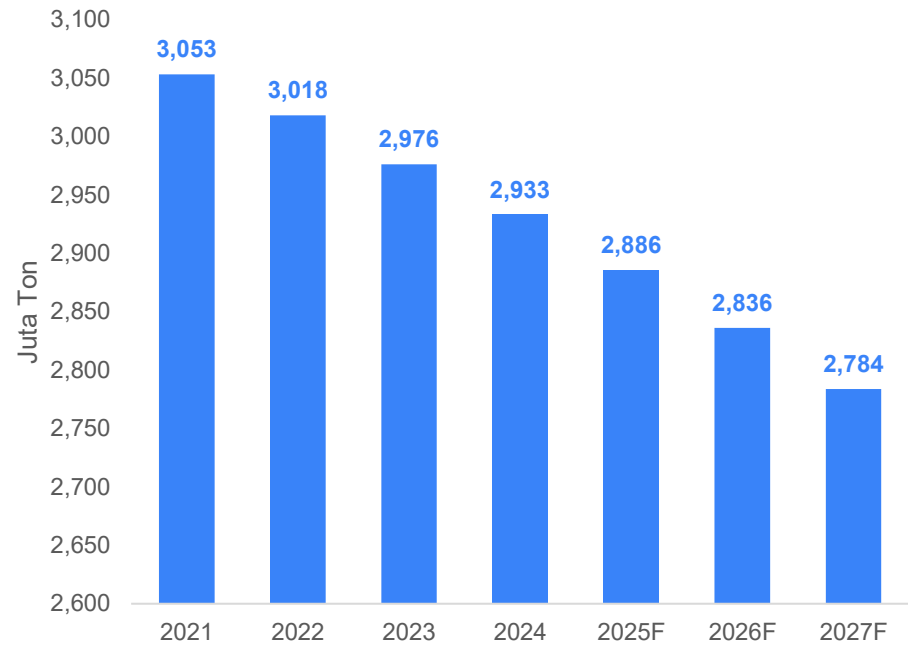
The Lahat–Muara Enim corridor represents the structural core of South Sumatra's coal industry, supported by a highly concentrated reserve base and anchored by PT Bukit Asam (PTBA). With approximately 60% of regional coal reserves under PTBA's control, the basin benefits from significant scale, long mine life, and strong state-backed execution capability. PTBA's production of around 42 Mtpa in 2024, together with its ambition to scale output to 100 Mtpa by 2030, implies a step-change in volumes that is explicitly dependent on the expansion of rail infrastructure, terminal capacity, and collaboration with third-party ports—underscoring logistics, rather than geology, as the primary binding constraint. The presence of multiple large private producers—including Pendopo Energi Batubara (Bumi Group), Musi Inti Persada (Alamtri Group), Bumi Sekundang Enim Energi (Baramulti Group), Dizamatra Powerindo, and Manambang Muara Enim—further reinforces the corridor's role as a multi-operator hub with strong aggregation potential. Taken together, the concentration of reserves, scale producers, and planned logistics expansion positions Lahat–Muara Enim as the key growth engine of South Sumatra's coal output, with downstream infrastructure readiness emerging as the critical determinant of the pace at which production targets can be realized.

Figure 9. PTBA's Coal Production and Sales Volume Projections



Source: PTBA, Ajaib Research

Figure 10. PTBA's Coal Reserves Projections



Source: PTBA, Ajaib Research

South Sumatra: Coal Logistics Reform Signals Structural Shift Toward Dedicated Infrastructure

The South Sumatra Governor Instruction dated 2 July 2025 represents a decisive logistics reform rather than a coal-restrictive policy, aimed at eliminating coal haulage on public roads and accelerating the transition to dedicated mining roads by 1 January 2026. By banning coal trucks from public roads and critical infrastructure points—most notably the Air Lawar Bridge—the regulation directly addresses safety, congestion, and infrastructure degradation risks, while forcing miners to internalize logistics externalities. In the near term, the policy introduces execution risk and potential volume bottlenecks, particularly for small-to-mid-scale producers lacking access to private haul roads, which could temporarily constrain coal evacuation and raise transport costs. However, from a forward-looking perspective, the instruction is structurally positive for sector governance, as it incentivizes infrastructure investment, favors integrated producers with established rail or river logistics, and reduces the likelihood of recurring social and regulatory disruptions. Over the medium term, the shift toward dedicated logistics is likely to improve supply reliability, lower policy uncertainty, and accelerate industry consolidation, reinforcing South Sumatra's role as a more orderly and investable coal production hub rather than undermining long-term coal output.

Figure 11. Summary of the Governor of South Sumatra Instruction No. 500.11/004/INSTRUKSI/DISHUB/2025

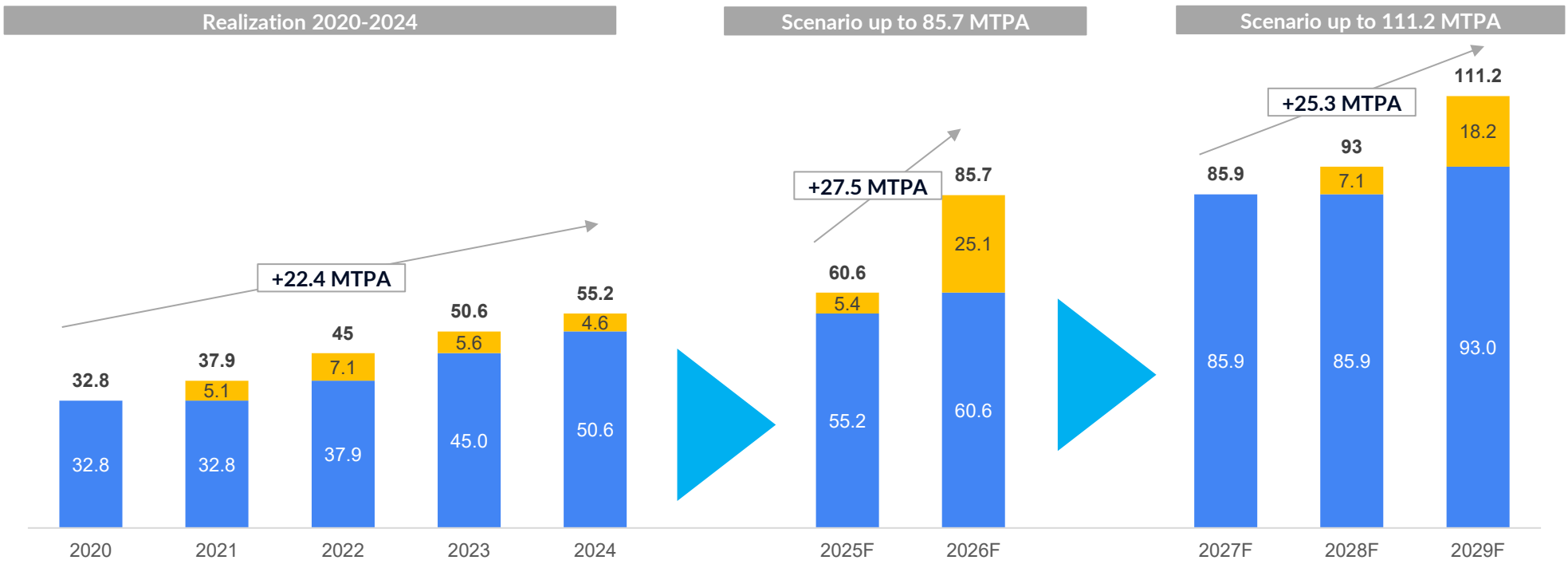
Aspect	Summary	Key Implication
Objective & Scope	Regulation aims to ensure traffic safety and public road protection; applies to all coal transportation vehicles and operators	Coal logistics face stricter provincial control
Core Compliance Requirements	Vehicles must be roadworthy, non-ODOL, properly covered, and load/unload only at approved, non-disruptive locations	Higher compliance standards and enforcement risk
Public Road Restriction	Coal transportation is prohibited from using public roads and must shift to dedicated mining roads	Structural shift away from road-based trucking
Restricted Route	Coal trucks are banned from crossing the Air Lawang Bridge (Muara Lawai–Merapi Timur)	Forces rerouting and logistics reconfiguration
Implementation Timeline	Full ban on public road usage effective **1 January 2026**	Clear deadline; operational readiness required
Infrastructure & Enforcement	Government to accelerate dedicated road development and strengthen supervision	Infrastructure readiness becomes critical
Strategic Impact	Encourages migration to rail-based and integrated logistics solutions	Positive for rail & terminal operators; negative for non-compliant trucking

Source: Governor of South Sumatera, Ajaib Research

Structural Upscaling of Coal Rail Logistics Driven by Capacity Expansion

KAI's coal rail volumes have increased steadily from 32.8 MTPA in 2020 to 55.2 MTPA in 2024, before accelerating to a projected ~59–60 MTPA in 2025 and 68.45 MTPA in 2026, implying an ~80% expansion over five years and a solid 12–13% CAGR through 2026. This growth is structurally driven by capacity expansion rather than end-demand alone, with the key step-up coming from the commissioning of TULS Kramasan and Tanjung Enim Baru (TLS 6 & 7), which together add ~27.5 MTPA of incremental capacity. Further upside is expected from shortcut mining pits and the Tarahan 2 port, lifting potential throughput to 93.0 MTPA by 2028 and 111.2 MTPA by 2029. The sharp acceleration between 2025 and 2026 highlights infrastructure debottlenecking rather than organic volume creep, underscoring rail capacity as the binding determinant of future coal flows. Strategically, this trajectory reinforces rail's role as a lower-risk, policy-aligned transport mode, improves supply-chain reliability for miners, enhances asset utilization and operating leverage for KAI, and positions coal rail infrastructure as a critical bottleneck asset with pricing power—while also implying the need for sustained capex to prevent constraints from re-emerging beyond 2026.

Figure 12. Volume Realization and Long Term Coal Volume Projection by KAI

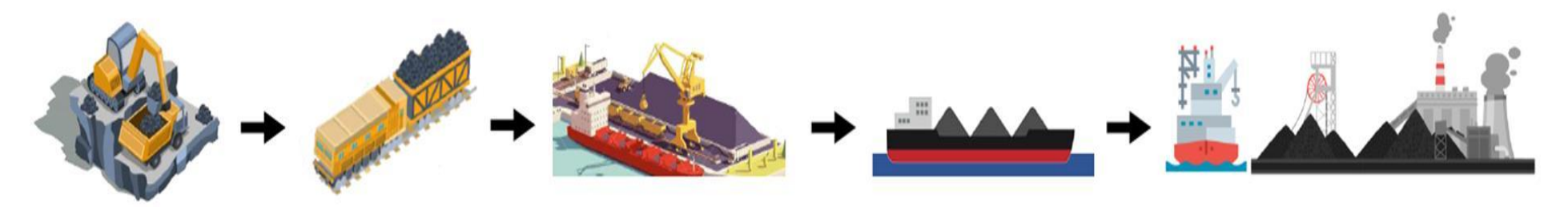


Source: KAI, Ajaib Research

Southern Sumatera Coal Logistics Anchored by Rail

The coal logistics value chain in Southern Sumatra is fundamentally rail-centric, with railway transport serving as the primary throughput enabler linking upstream mining output to downstream power generation. While coal supply at the mine level is relatively secure—supported by stockpiling and privately funded loading terminals—system reliability increasingly depends on rail-side readiness, including track capacity, terminal availability, level-crossing constraints, and the development of triple-track sections to ease congestion and shorten cycle times. Downstream, the transition from rail to port introduces heightened execution risk, as unloading performance is constrained by partner-owned facilities and structural limitations of the Musi River, such as navigability, operating-hour restrictions, silting, and bridge clearance and security issues, all of which can cap daily evacuation volumes. The value chain is therefore infrastructure- and coordination-driven rather than demand-driven, requiring tight synchronization among KAI, terminal operators, port handlers, and river and sea transport providers. As volumes scale, bottlenecks are most likely to emerge at rail-to-port interfaces and river logistics, rather than at mine output, underscoring the strategic importance of intermodal coordination, targeted infrastructure upgrades, and proactive capacity planning to sustain reliable end-to-end coal delivery to power plants.

Figure 13. Coal Supply Chain and Railway Transport in Southern Sumatera



Coal Loading Terminal:
- Preparation of coal stockpiles at mining loading points to ensure coal supply is met;
- Provision of coal loading terminal infrastructure by coal owners and/or partners..

Railways
- Infrastructure Readiness;
- Facilities readiness;
- Operational Readiness;
- Triple Track Development;
- Level Crossing.

Port/Train Unloading
- Readiness of Unloading Facilities by Partners

River/Sea
- Issues of the Musi River
- Navigability of the Musi River;
- Operational Hours of the Musi River;
- Silting of the Musi River; Bridge Security.

Freight Vessel / Barge

Unloading Port

Target Power Plant

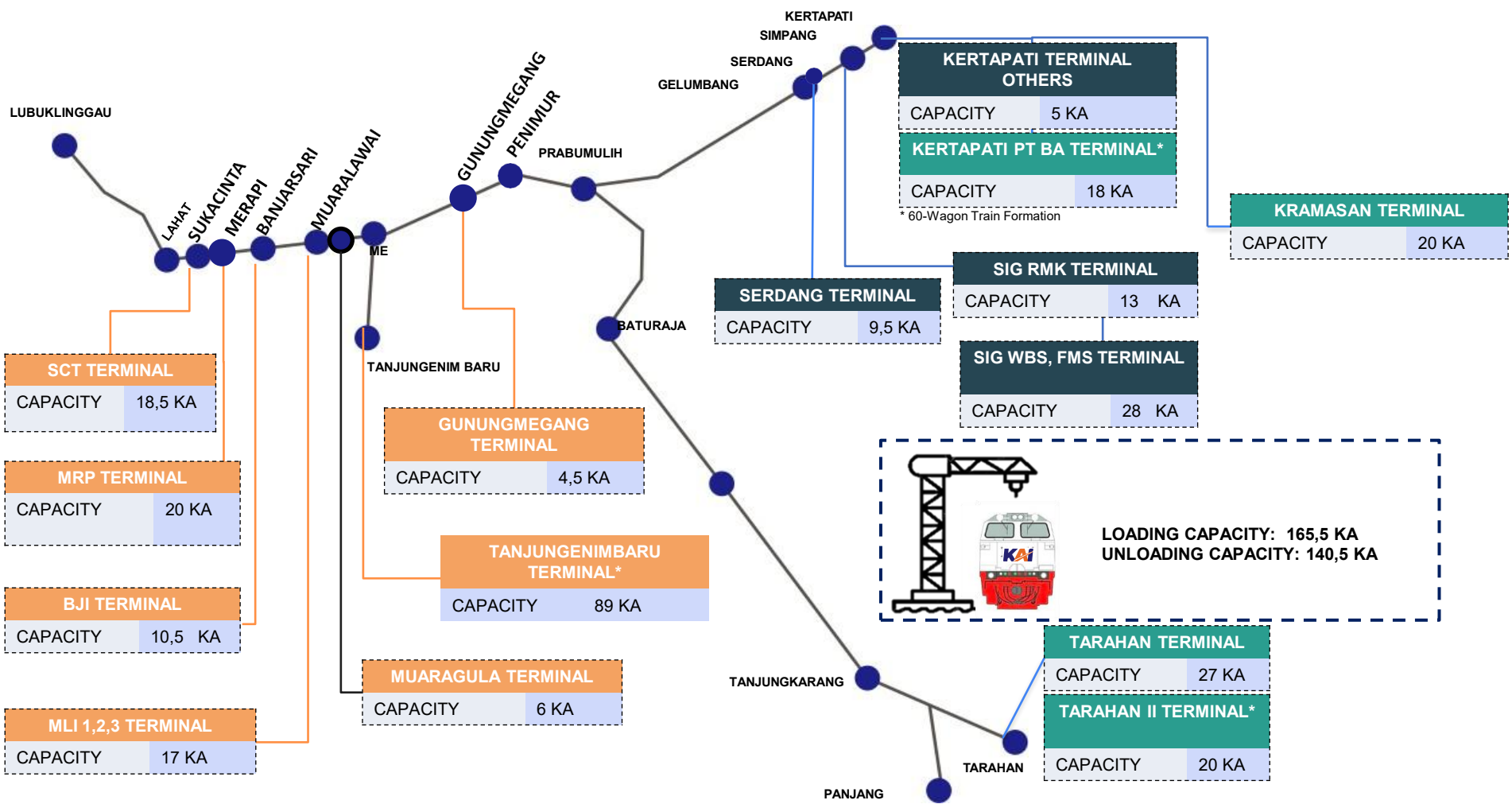
In carrying out its transportation function, KAI always coordinates intensively with partners who manage coal loading/unloading terminals.

Source: KAI, Ajaib Research

Distributed Rail Terminal Network to Support Scalable and Resilient Coal Evacuation

By 2029, KAI plans to operate a geographically distributed terminal network engineered to accommodate structurally higher coal volumes while minimizing single-node dependency risk. The system is anchored by a few large-scale terminals—most notably Tanjung Enim Baru (89 KA) and Kertapati PT BA Terminal (18 KA, alongside 5 KA of other capacity)—which function as primary consolidation hubs, while a wide base of mid- to small-scale terminals (typically 4.5–28 KA) provides feeder flexibility across mining clusters. Aggregated loading capacity of 165.5 KA versus unloading capacity of 140.5 KA signals an intentional upstream buffer to prevent mine-side congestion and ensure rail assets remain fully utilized, even if downstream river or port constraints intermittently tighten. Strategically, the dispersion of capacity along the network mitigates operational disruptions, supports incremental mine tie-ins, and aligns with the earlier-identified rail-to-port bottleneck risk by oversupplying loading relative to unloading. Overall, the slide implies a shift from reactive capacity additions to a planned, system-wide optimization approach, positioning the Southern Sumatra rail network to sustainably handle post-2026 volume growth without sacrificing reliability or turnaround efficiency.

Figure 14. KAI Terminal Capacity Program for 2029

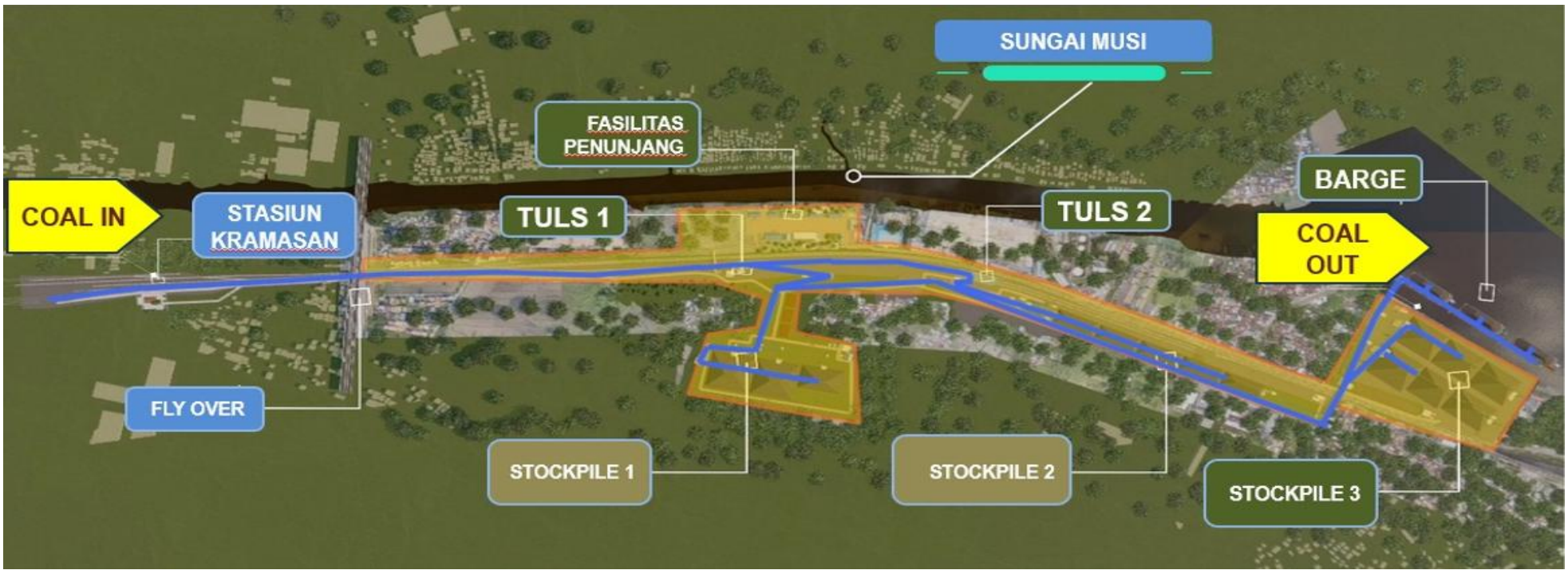


Source: KAI, Ajaib Research

Kramasan Terminal as the Key Rail-to-River Throughput Anchor

The Kramasan Palembang terminal represents a critical downstream debottlenecking investment, engineered to translate rising rail volumes into reliable river evacuation capacity of up to 20 MTPA. The facility features an integrated bottom-dump unloading system with dual TULS lines feeding three stockpiles, enabling parallel train unloading, effective buffering, and continuous barge loading via high-capacity ship loaders (3,000 tons per hour)—materially reducing wagon turnaround times and minimizing rail dwell. Its direct adjacency to the Musi River positions Kramasan as a strategic rail-to-barge interface, while supporting infrastructure—including flyover access, auxiliary facilities, and multiple stockpiles—enhances operational resilience against river traffic congestion and tidal constraints. From a system perspective, the project directly addresses the rail-to-river transfer bottleneck identified earlier, shifting constraint risk downstream and improving end-to-end throughput certainty. Strategically, Kramasan functions not merely as an incremental terminal, but as a throughput anchor that stabilizes network utilization, enables higher train frequency, and underwrites the sustainability of Southern Sumatra's coal logistics growth beyond 2026.

Figure 15. Coal Loading/Unloading Terminal Development Project in Kramasan Palembang (Cap. 20 MTPA)



Source: KAI, Ajaib Research

BUSINESS DESCRIPTION

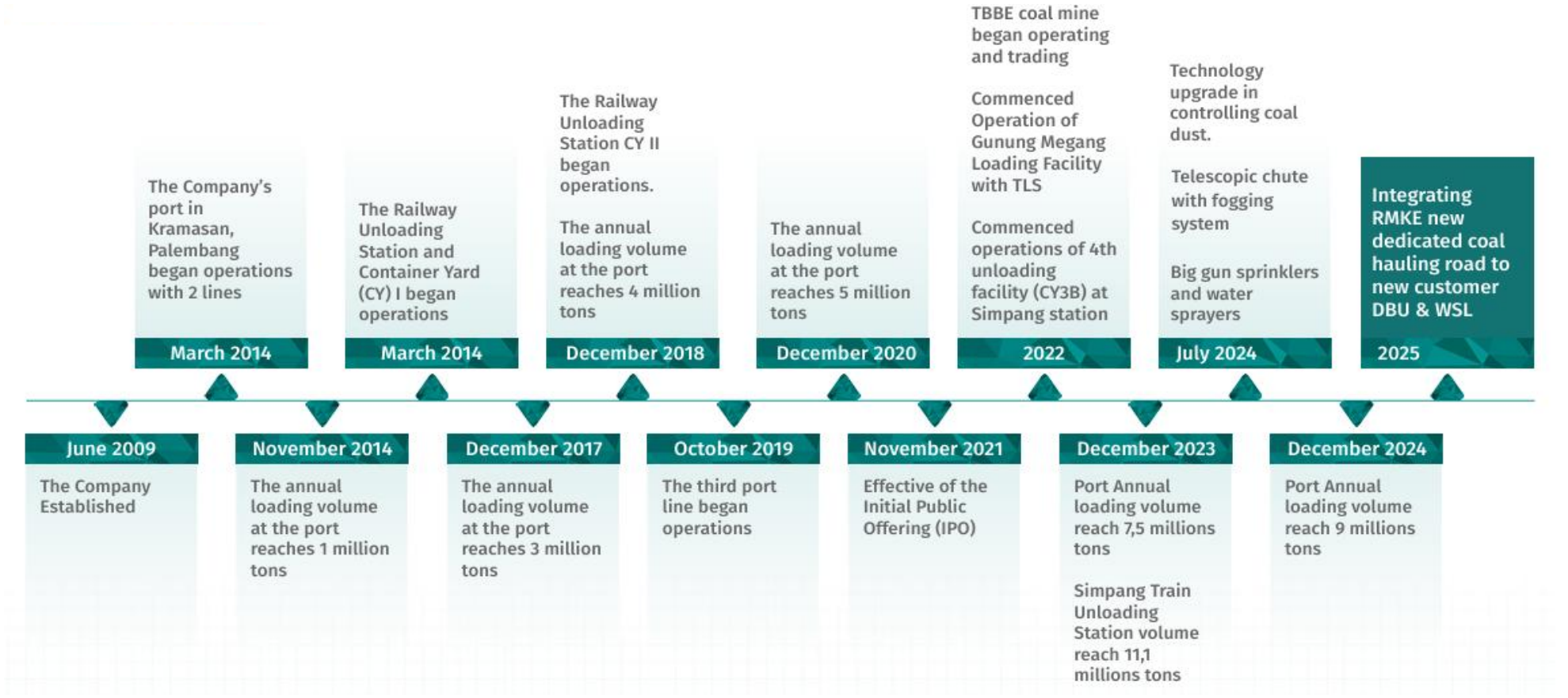
Integrated Coal Logistics Platform with Strong Operating Leverage

PT RMK Energy Tbk (RMKE) operates as an integrated, infrastructure-backed coal logistics platform rather than a pure transport operator—a distinction that underpins its earnings durability and strategic leverage in Southern Sumatra's coal value chain. With over 15 years of operating history and scale leadership as the largest private coal logistics provider in the region, RMKE benefits from entrenched relationships with miners, rail operators, and port users, creating high switching costs and resilient baseline throughput. Its vertically integrated model spans the logistics stack—from rail loading and unloading to port handling, barge loading, containerized coal transport, and equipment rental—allowing RMKE to capture value across multiple nodes instead of a single margin layer. Coal trading further enhances asset returns by monetizing idle capacity, smoothing volume volatility, and enabling regional price arbitrage across South Sumatra and Jambi.

In-House Mining as an Anchor for Volume Security and Vertical Integration

RMKE operates in-house mining assets in South Sumatra through PT Truba Bara Banyu Enim (TBBE), serving as a strategically integrated upstream pillar that secures baseline volumes for its coal logistics business. With 148.3 million tons of resources and 75 million tons of proven reserves, TBBE provides long mine-life visibility, while coal quality in the GAR 3,000–4,200 kcal/kg range is well aligned with core domestic and regional thermal coal demand. A low stripping ratio of 4.0 underpins competitive mining costs and stable margins, reinforcing the mine's role as a reliable anchor supply. Crucially, the mine's proximity and direct integration into RMKE's rail-based logistics network—connecting to the Gunung Megang loading station, Simpang unloading facilities, and Kramasan Port—reduces reliance on third-party haulage, lowers execution risk, and enhances end-to-end cost control. Strategically, TBBE strengthens RMKE's vertical integration by ensuring consistent throughput for its logistics assets while preserving optional upside from third-party coal aggregation as regional volumes expand.

Figure 16. RMKE's Milestones



Source: Company

End-to-End Rail-Centric Logistics Process

RMKE's integrated, rail-based coal logistics business process, designed to provide end-to-end volume control from mine to port while minimizing execution and regulatory risk. RMKE aggregates coal from both in-house and third-party mines, enhancing throughput scalability, before channeling volumes through the Gunung Megang Loading Station and other RMKE-operated loading facilities in Lahat, where the Train Loading System (TLS) enables rapid and standardized wagon loading. Coal is then transported via dedicated rail corridors, shifting logistics away from road haulage and aligning with increasingly strict regional restrictions on public-road coal transport. At the downstream end, coal is discharged at the Simpang Unloading Station, equipped with five tracks, a container yard, and gantry cranes, allowing efficient train sequencing and reduced dwell time. The final transfer occurs at RMKE's Kramasan Port, where three barge-loading conveyor lines support parallel loading and smooth handover to river transport. Structurally, this rail-centric, vertically integrated model enhances reliability, reduces bottlenecks, and positions RMKE as a critical logistics enabler for structurally rising coal volumes in Southern Sumatra.

Figure 17. RMKE's Coal Logistics Business Process

Source: Company, Ajaib Research

COMPETITIVE POSITIONING

Rail-Based Logistics as a Structural Advantage

RMKE's rail-based coal logistics represents a structurally superior transport solution across cost, scale, safety, and reliability in Southern Sumatra. Rail offers a low and predictable tariff of Rp806–922 per ton-km—materially below long-haul road hauling—while enabling large, consolidated volumes of ~2,800 tons per train that enhance unit economics and reduce handling intensity. Beyond economics, rail is the safest and most socially acceptable transport mode, reducing public road congestion, accident risk, and infrastructure damage amid tightening regulatory scrutiny on coal hauling. When integrated with dedicated hauling roads, the system delivers higher scheduling certainty and operational resilience, reinforcing RMKE's positioning as a high-throughput, low-risk, and policy-aligned logistics partner within the regional coal supply chain.

Musi 2 Kramasan Port as the Throughput Anchor

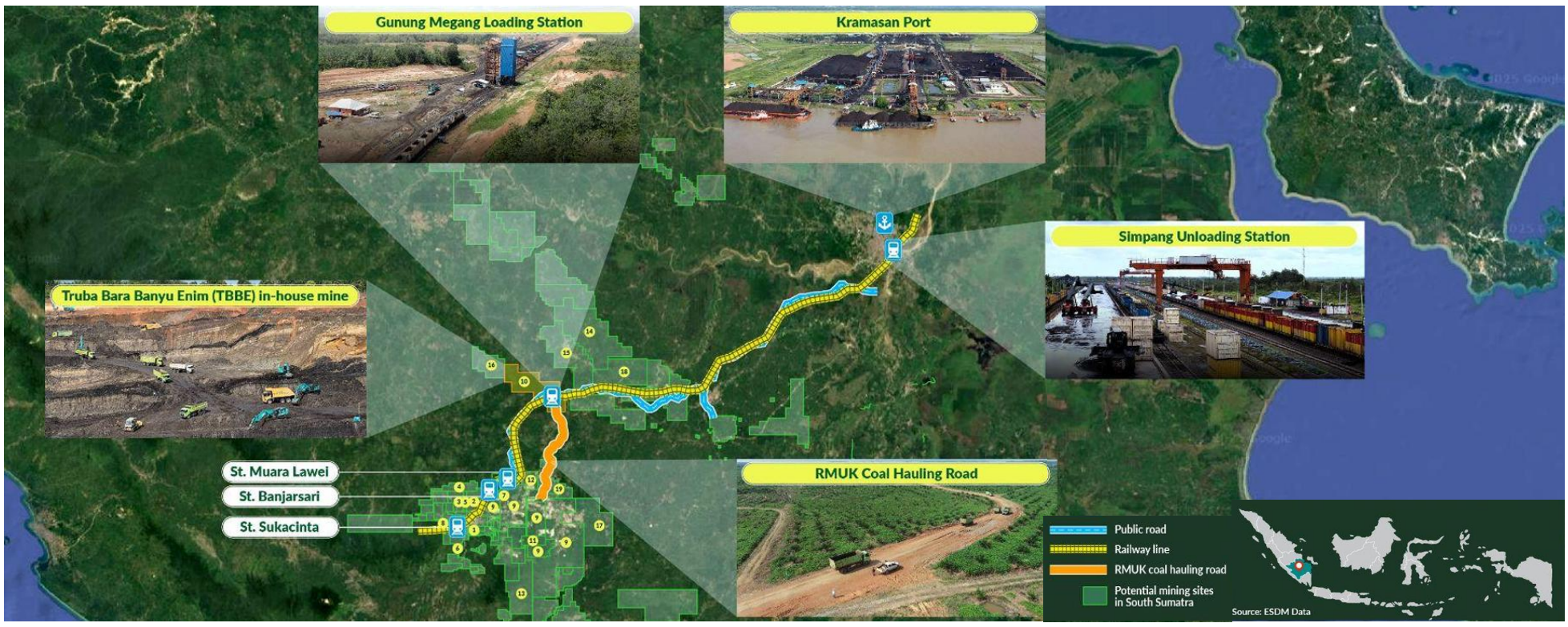
RMKE's Musi 2 Kramasan Port stands out as the most strategically advantaged export gateway in South Sumatra due to its proximity, cost efficiency, and expansion optionality. Located just ~140 km from Tanjung Enim and ~69 nautical miles from anchorage, Kramasan materially lowers rail haulage and river transport costs while shortening barge cycles and vessel turnaround compared with Kertapati, Tarahan, and private road-based ports. With current capacity of 20 MTPA and a clear upgrade path to 28 MTPA—contrasting with Tarahan's full utilization—Kramasan provides both immediate throughput and scalable growth. Collectively, these advantages position it as the lowest-friction rail-to-river interface and a natural anchor for incremental coal volumes as rail capacity expands post-2026.

Figure 18. Southern Sumatera's Port Comparison

Metric	RMKE Musi 2 Kramasan Port	Kertapati Port	Tarahan Port (Lampung)	Private Road-Based Port
Distance from Tanjung Enim	~140 km	~160 km	~420 km	~140 km
Current Capacity	20 MTPA	~7 MTPA	~27 MTPA	~21 MTPA
Tariff	Rp806–922 / ton-km	Rp806–922 / ton-km	Rp806–922 / ton-km	>Rp1,200 / ton-km
River / Sea Distance to Anchorage	~70 nm	~70 nm	Direct sea access	~110 nm
Role in Future Growth	Primary growth anchor	Supporting / transitional	Legacy high-volume outlet	Declining relevance
Status and Development Plan	Upgrading to 28 Mtpa	A future port, Keramasan Port 1 st phase 20 Mtpa 2nd phase + 20 Mtpa	Running at full Capacity	Port in Muara Lematang, longer distance for transshipment (110nm vs 70nm)

Source: Company, Ajaib Research

Figure 19. Overview of Mine-to-Port Logistics in South Sumatera



Source: Company, Ajaib Research

COMPANY UPDATE

Capital-Efficient Debottlenecking and Technology-Led Capacity Upside

The completion and trial of a new dedicated hauling road in Enim Regency materially reduces dependence on public roads, lowers social and regulatory friction, and provides immediate evacuation optionality for nearby mines, with anchor clients (WSL and DBU) already integrated and additional third-party volumes representing incremental upside. Capacity expansions at key nodes—doubling loading station throughput from 4 to 8 mtpa via a new container yard and lifting port capacity from 20 to 28 mtpa through an additional line—directly address system constraints, enabling higher rail and barge utilization without requiring new mine supply. Concurrently, the shift toward electrification (100% electric loading stations and partial electrification at unloading stations and ports) structurally lowers operating costs, reduces diesel exposure, and aligns the asset base with tightening ESG and regulatory expectations. The technology roadmap (AI integration, dedicated 5G connectivity, and EV feasibility studies) supports higher asset productivity and predictive operations as volumes scale, while bond-based financing strengthens working capital flexibility to absorb higher throughput. Collectively, these initiatives reflect a capital-efficient strategy focused on unlocking latent capacity, improving cost competitiveness, and enhancing system reliability, positioning RMKE to capture incremental volume growth with limited execution risk.

Figure 20. RMKE's Progress in 2025

Indicator	2025 Initiative	Check List
New hauling road facility	Completion and trial of newly constructed hauling road in Enim Regency, South Sumatra	Done
Integrating dedicated coal hauling road to multiple coal mines	PT Wiraduta Sejahtera Langgeng (WSL)	Done
	PT Duta Bara Utama (DBU)	Done
	Prospective mining clients	Ongoing
Loading station capacity enhancement	Construction of new Container Yard (CY) at loading station, expanding capacity from 4 mn mt/year to 8 mn mt/year	Ongoing
Port capacity enhancement	Construction of Line 1 capacity expansion, increasing capacity from 20 mn mt/year to 28 mn mt/year	Ongoing
Energy transition to electric power sources	Loading station 100% electric; unloading station & port 50% electric	Done; Ongoing
Technological roadmap	Integrating AI into operations; implementing dedicated 5G connectivity at port; feasibility study on EV transition to reduce diesel dependency and operating costs	Ongoing
Funding diversification	Obtaining bond-based financing to strengthen working capital	Done

Source: Company, Ajaib Research

Disciplined Capital-Market Funding to Support Scalable Growth and Liquidity Flexibility

The bond structure highlights RMKE's disciplined approach to balance-sheet management, combining funding flexibility with prudent risk positioning. Through a Sustainable Public Offering (PUB) framework of up to Rp1.5 trillion, the company initiates Phase I issuance of Rp400 billion via two tranches: a short-dated Series A (Rp116 billion, 7.25% p.a., 367 days) that supports near-term liquidity, and a longer-tenor Series B (Rp284 billion, 8.75% p.a., 3 years) that extends maturity and stabilizes funding costs. The idA (Single A) rating from Pefindo underscores RMKE's solid credit profile and predictable cash flows, while the clean-basis (unsecured) structure reflects lender confidence in the company's operating resilience rather than asset pledges. Proceeds are earmarked primarily for working capital and intercompany loans, directly supporting higher throughput, faster cash conversion, and scaling of logistics operations as capacity expands. Overall, the structure signals a shift toward more diversified, capital-market-based funding to underpin growth, enhance liquidity flexibility, and reduce reliance on shorter-term bank facilities as RMKE's logistics platform scales.

Figure 21. RMKE's Bond Structure

Aspect	Details
Issuer	PT RMK Energy Tbk (RMKE)
Offering Framework	Sustainable Public Offering (PUB)
Total PUB Target	Rp1.5 trillion
Phase I Issuance	Rp400 billion
Series A	Rp116 billion, 7.25% p.a., 367 days
Series B	Rp284 billion, 8.75% p.a., 3-year tenor
Credit Rating	idA (Single A) – Pefindo
Collateral	Unsecured (clean basis)
Use of Proceeds	Working capital and loans to subsidiaries
Strategic Rationale	Enhance liquidity flexibility, support throughput growth, and diversify funding away from bank loans

Source: Company, Ajaib Research

FINANCIAL ANALYSIS

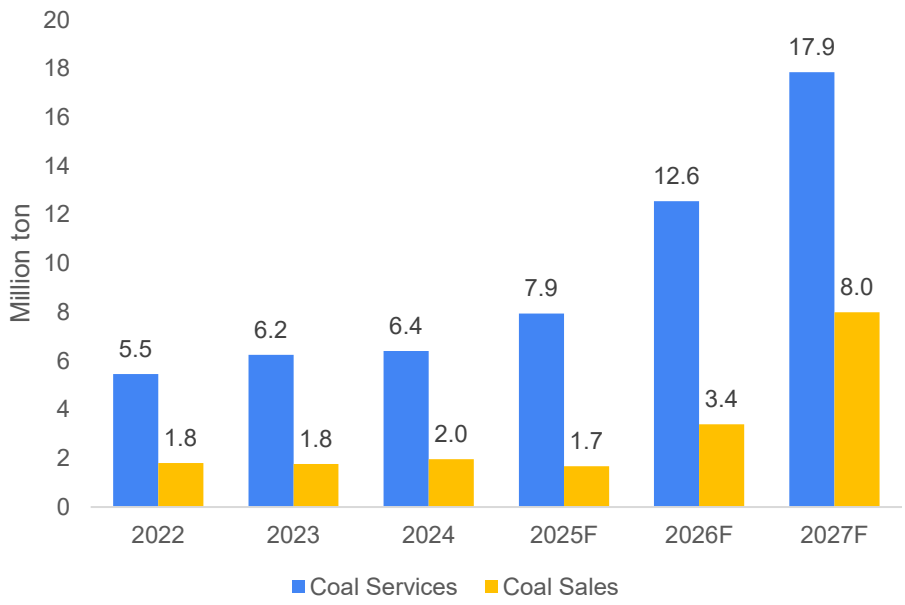
Rail-Anchored Volume Expansion with Long-Dated Resource Visibility

Coal volume projections point to a structurally strong ramp-up in RMKE's mining services and coal logistics, anchored by deeper rail integration. Loading barge volumes are forecast to increase from ~8.0 mn tons in 2025 to ~18.0 mn tons by 2027, reflecting accelerating downstream evacuation as rail-fed supply scales. Throughput at the Gunung Megang Station rises rapidly from 1.4 mn tons to a plateau of ~14.2 mn tons by 2027, suggesting early node saturation and a shift of incremental volume growth toward other rail-connected loading points. This expansion is underpinned by RMKE's plan to connect up to 19 mining concessions to the railway network by 2030, with an aggregate reserve base of ~6.9 billion tons that provides exceptional long-term volume visibility. As a result, logistics and rail capacity—rather than coal availability—emerge as the binding constraint. In parallel, coal sales volumes from in-house and third-party sources are projected to scale from 1.7 mn tons in 2025 to ~8.0 mn tons by 2027, supported by rising rail connectivity, improved loading and port capacity, and RMKE's ability to aggregate third-party volumes onto its integrated logistics platform.

Volume-Driven Revenue Upscaling and Embedded Operating Leverage

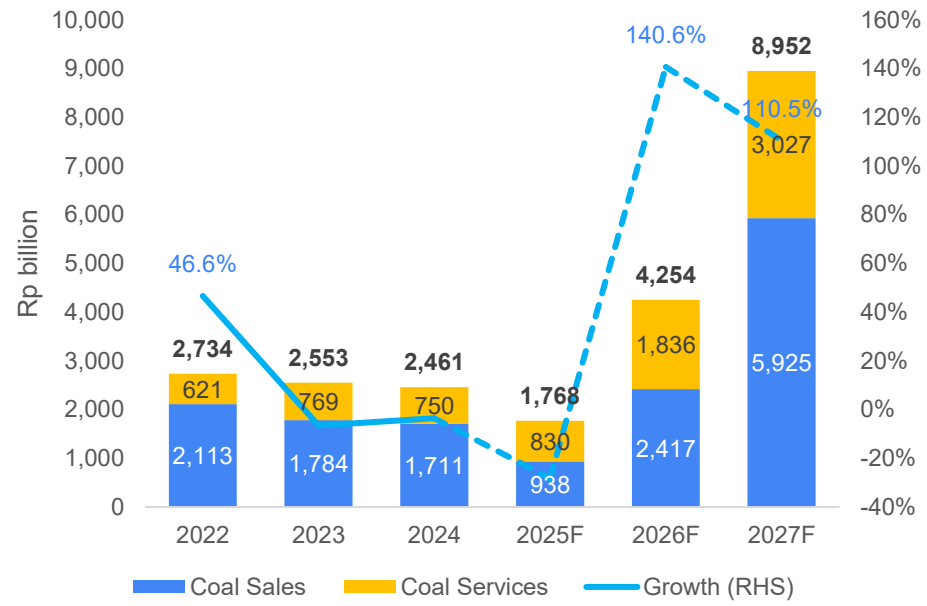
Revenue is projected to rise to Rp4.3 tn in 2026F (+141% YoY) and further to Rp9.0 tn in 2027F (+110% YoY), driven primarily by volume expansion rather than pricing. Growth is supported by higher rail-linked evacuation, increased barge loading, and expanding third-party coal aggregation as logistics connectivity scales. The sharp acceleration between 2026 and 2027—when revenue more than doubles—coincides with step-ups in rail access and new mine tie-ins, highlighting the strong operating leverage inherent in RMKE's infrastructure-heavy model. Importantly, revenue momentum remains resilient even as certain facilities reach maturity, reflecting effective diversification of throughput across multiple mining concessions rather than reliance on any single asset.

Figure 22. RMKE's Coal Volume by Segment Projections



Source: Company, Ajaib Research

Figure 23. RMKE's Revenue Breakdown Projections



Source: Company, Ajaib Research

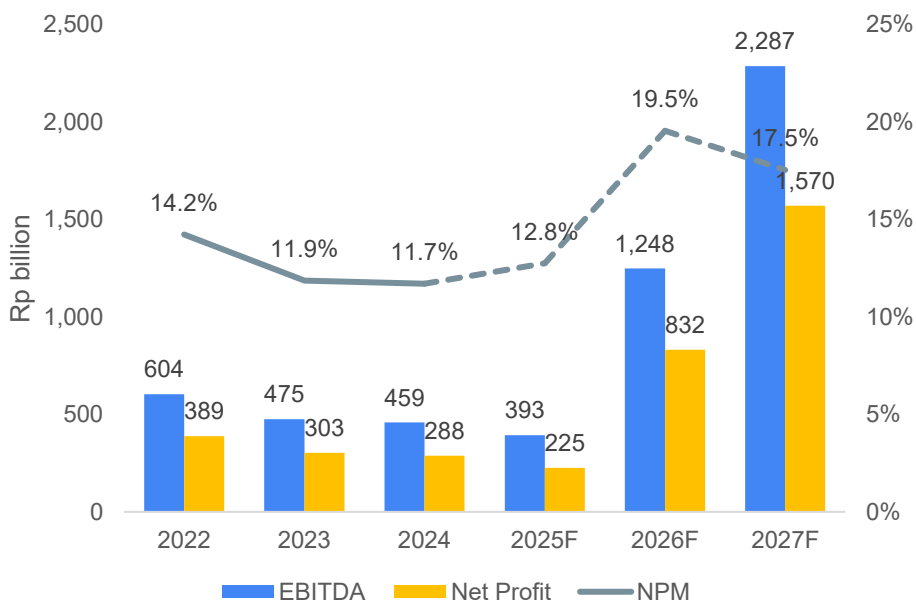
Margin Expansion from Network Scale and Asset Utilization

Profitability metrics underscore strong operating leverage as rising volumes increasingly absorb fixed infrastructure costs. EBITDA is projected to expand to Rp1.2 tn in 2026F (+128% YoY) and further to Rp1.6 tn in 2027F (+83% YoY), while net profit accelerates to Rp832 bn (+269% YoY) and Rp1.6 tn (+89% YoY) over the same period, signaling margin expansion rather than dilution. Net profit growth outpacing revenue growth in the outer years reflects improving asset utilization, declining unit logistics costs, and a rising contribution from integrated services across rail, port, and mining operations. This is further evidenced by net profit margin expansion to 17.5% in 2027F, up from 12.8% in 2025F, indicating a structural improvement in earnings quality as the network densifies and reinforcing the scalability of RMKE's integrated logistics platform.

Disciplined Balance Sheet and Transition to Cash-Harvest Phase

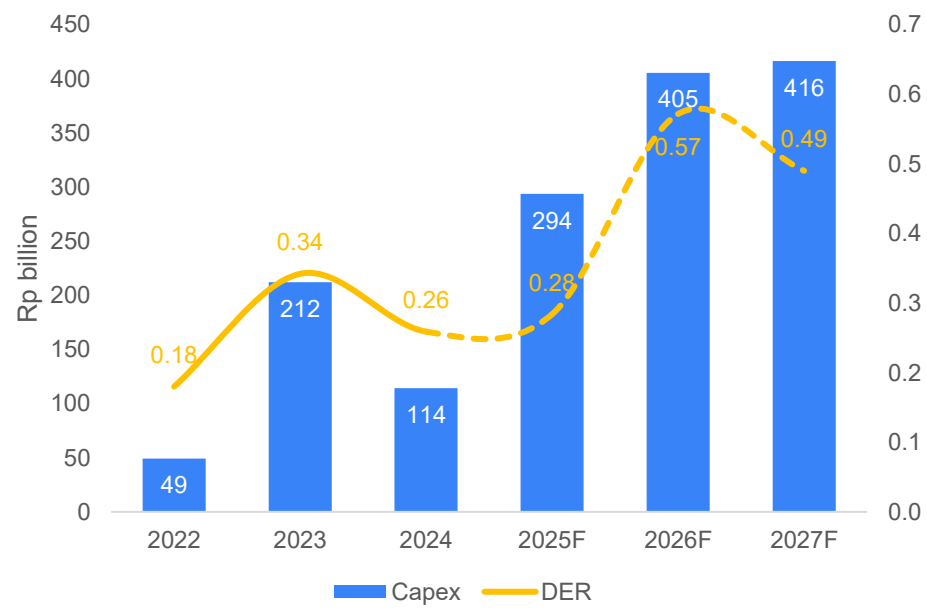
Despite aggressive volume growth, RMKE maintains conservative leverage, with DER peaking at just 0.6x in 2026 before declining to 0.5x by 2027 as cash generation strengthens. Capex is front-loaded—rising from Rp294 bn in 2025 to Rp416 bn in 2027—to fund rail connectivity, loading stations, and port capacity, before normalizing sharply to Rp20 bn by 2030. This capex tapering, combined with rising profitability, implies a transition from an expansion phase to a cash-harvest phase post-2028. Strategically, the combination of low leverage, declining capex intensity, and long-dated reserve visibility across connected mining concessions positions RMKE to deliver strong free cash flow and balance-sheet resilience well beyond 2030.

Figure 24. RMKE's Profitability Projections



Source: Company, Ajaib Research

Figure 25. RMKE's Capex and DER Projections



Source: Company, Ajaib Research

VALUATION

DCF-Based Valuation Reflecting Long-Duration Cash Flow Upside

The valuation of RMKE using a Discounted Cash Flow (DCF) approach results in a target price of **Rp7,600** per share, implying an FY2027F PE of **21.1x,** which reflects the company's strong long-term cash flow generation from its integrated, rail-centric coal logistics platform. The DCF incorporates a multi-year ramp-up in rail-linked evacuation, barge loading, and mining services volumes, underpinned by RMKE's plan to connect up to 19 mining concessions with an aggregate reserve base of ~6.9 billion tons, providing long-duration throughput visibility. As volumes scale, improving asset utilization and operating leverage are expected to drive structurally higher free cash flow beyond the peak capex phase. Nevertheless, the valuation remains sensitive to execution risks around infrastructure delivery and rail connectivity, regulatory developments affecting coal transport and mining permits, potential congestion at rail-to-port interfaces, and volatility in coal prices that could influence miner production behavior and delay volume realization, which may ultimately impact cash flow assumptions and intrinsic value.

Figure 26. DCF Valuation

Account (Rp bn)	2025F	2026F	2027F	2028F	2029F	2030F
EBIT	319	1,148	2,158	3,173	3,827	4,856
Income tax expense	(64)	(235)	(443)	(659)	(806)	(1,037)
Capex	(294)	(405)	(416)	(332)	(332)	(32)
Depreciation & amortization	73	100	129	154	178	193
Change in WC	(216)	(446)	(964)	(1,436)	(547)	(595)
FCFF	**(180)**	**163**	**463**	**900**	**2,320**	**3,385**
Total enterprise value						**30,857**
Cash (+)						1,051
Debt (-)						-1,567
Equity value						**33,475**
Number of shares (bn)						**4**
Target price (Rp)						**7,600**

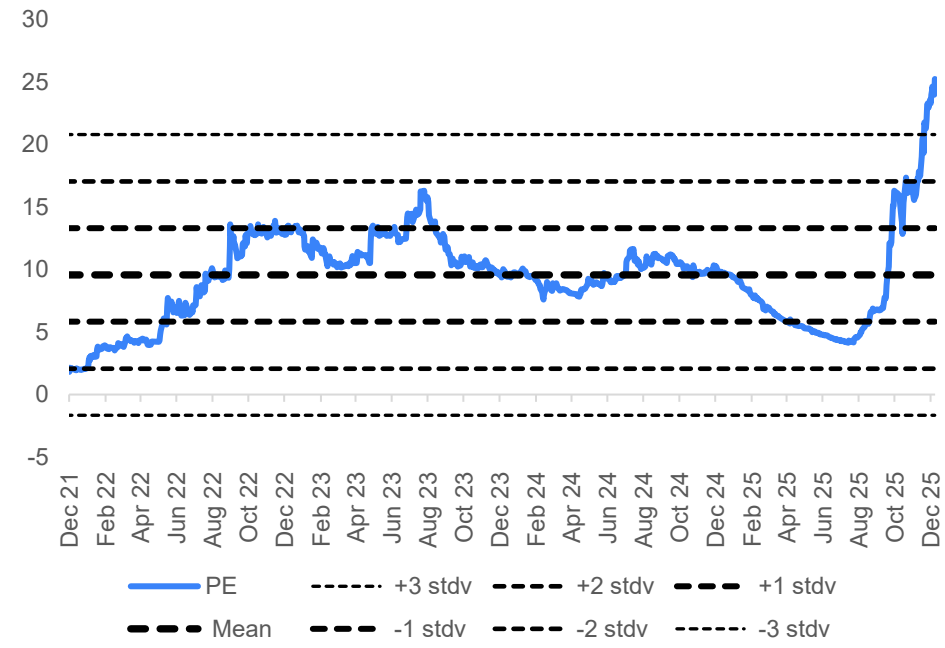
Source: Ajaib Research

Figure 27. DCF Main Assumption

Key Metrics	2025	2026	2027
Coal Price (USD/ton)	106	115	120
Coal Service Volume (million ton)	7.9	12.6	17.9
Coal Sales Volume (million ton)	1.7	3.4	8.0
Strip Ratio (x)	4.36	2.5	4.0
OB Removal (mbcm)	1.4	1.5	4.0
Transport KAI (Rp/ton/km)	805.8	838.0	871.5

Source: Ajaib Research

Figure 28. RMKE's Forward PE Band



Source: Bloomberg, Ajaib Research

Figure 29. Peers Valuation Comparison

Ticker	Mkt Cap (Rp trillion)	PE (x)		EV/EBITDA (x)		ROE (%)		PB (x)	PE Gth (%)	EPS Gth (%)
		2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F	2026F
RMKE IJ	21.2	95.1	31.4	55.8	20.8	11.8	27.5	10.9	-67.0	2.6
DEWA IJ	22.6	101.4	47.5	15.9	11.4	5.8	15.2	6.6	-53.2	2.1
601006 CH	256.7	14.4	13.3	5.2	5.0	4.4	4.6	0.7	-7.7	0.3
AZJ AU	68.6	14.6	13.0	6.8	6.5	10.3	11.3	1.5	-10.7	6.0
UNP US	2,334.5	20.1	18.7	13.7	12.9	40.0	40.6	7.7	-7.0	0.3
Average		**49.1**	**24.8**	**19.5**	**11.3**	**14.5**	**19.9**	**5.5**	**-29.1**	**2.3**
Median		**20.1**	**18.7**	**13.7**	**11.4**	**10.3**	**15.2**	**6.6**	**-10.7**	**2.1**

Source: Bloomberg, Ajaib Research

Financial Statement

Income Statement (Rp bn)	2023	2024	2025F	2026F	2027F
Revenue	**2,553**	**2,461**	**1,768**	**4,254**	**8,952**
Cost of revenue	-2,064	-2,001	-1,369	-3,024	-6,710
Gross Profit	**489**	**460**	**399**	**1,230**	**2,242**
OpEx	-74	-80	-79	-82	-84
Operating Profit	**416**	**380**	**319**	**1,148**	**2,158**
EBITDA	475	459	393	1,248	2,287
Net Interest Expense & Others	-20	-31	-30	-82	-145
Pre-tax profit	**396**	**350**	**289**	**1,066**	**2,013**
Income Tax	-87	-77	-64	-235	-443
NPAT	**309**	**272**	**225**	**832**	**1,570**
Minority Interest	0	0	0	0	0
Net Profit	**309**	**272**	**225**	**832**	**1,570**
EPS (Rp)	71	62	52	190	359

Cashflow Statement (Rp bn)	2023	2024	2025F	2026F	2027F
Net Profit	309	272	225	832	1,570
D&A	59	78	73	100	129
Changes in Working Capital	-59	70	-216	-446	-964
Others	-33	-471	30	82	145
Operating Cash Flow	**276**	**-50**	**113**	**568**	**880**
Capital Expenditure	-246	-177	-294	-405	-416
Changes in other assets	0	0	91	0	0
Investing Cash Flow	**-246**	**-177**	**-202**	**-405**	**-416**
Net - Borrowing	-51	283	77	902	291
Dividend Payment	0	0	0	-45	-166
Others	-31	-28	0	0	0
Financing Cash Flow	**-81**	**255**	**77**	**857**	**125**
Net - Cash Flow	-52	28	-12	1,019	588
Cash at beginning	67	15	44	32	1,051
Cash at ending	**15**	**44**	**32**	**1,051**	**1,639**

Balance Sheet (Rp bn)	2023	2024	2025F	2026F	2027F
Cash & equivalents	15	44	32	1,051	1,639
Receivables	288	214	207	515	1,173
Inventories	73	33	228	504	1,118
Others	832	921	830	830	830
Total Current Assets	**1,209**	**1,212**	**1,297**	**2,900**	**4,760**
Fixed Assets	788	852	1,053	1,368	1,667
Mining Properties	134	170	189	207	224
Other Non-Current Assets	116	138	138	138	138
Total Non-Current Assets	**1,039**	**1,160**	**1,380**	**1,713**	**2,029**
Total Assets	**2,248**	**2,371**	**2,677**	**4,614**	**6,789**
ST. Debt	68	331	104	14	14
Payables	192	148	121	259	566
Other current Liability	396	35	35	35	35
Total Current Liability	**656**	**513**	**259**	**307**	**614**
LT. Debt	96	117	451	1,553	2,017
Other LT Liabilities	11	13	13	13	13
Total Non-Current Liability	**107**	**129**	**463**	**1,566**	**2,030**
Total Liability	**763**	**642**	**723**	**1,872**	**2,644**
Total Equity	**1,485**	**1,729**	**1,955**	**2,741**	**4,145**
Total Liabilities & Equity	**2,248**	**2,371**	**2,677**	**4,614**	**6,789**

Key Ratios (%)	2023	2024	2025F	2026F	2027F
Gross Profit Margin	19.2	18.7	22.6	28.9	25.0
EBITDA Margin	18.6	18.6	22.2	29.3	25.5
Net Profit Margin	12.1	11.1	12.8	19.5	17.5
EPS Growth	-36.8	-11.8	-17.3	268.9	88.8
Return on Asset	13.7	11.5	8.4	18.0	23.1
Return on Equity	20.8	15.8	11.5	30.3	37.9
Debt to Equity	11.1	25.9	28.4	57.2	49.0
Net Gearing	6.5	25.0	26.2	56.0	23.6

Source: Company, Ajaib Research

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Rating for Sectors:
Overweight : We expect the industry to perform better than the primary market index (JCI) over the next 12 months.
Neutral : We expect the industry to perform in line with the primary market index (JCI) over the next 12 months.
Underweight : We expect the industry to underperform the primary market index (JCI) over the next 12 months.

Rating for Stocks:
Buy : The stock is expected to give total return (price appreciation + dividend yield) of > +10% over the next 12 months.
Hold : The stock is expected to give total return of > 0% to ≤ +10% over the next 12 months.
Sell : The stock is expected to give total return of < 0% over the next 12 months.
Outperform : The stock is expected to do slightly better than the market return. Equal to “moderate buy”
Underperform : The stock is expected to do slightly worse than the market return. Equal to “moderate sell”

Analyst Certification:
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PREPARED BY AJAIB RESEARCH TEAM

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