

PLN (PLN IJ)

FUNDAMENTAL VIEW ¹

As of 13 Aug 2025

- PLN enjoys extremely strong ties with the Government of Indonesia (Gol) given its critical policy role of electrifying the nation. Post the launch of Indonesia's sovereign wealth fund Danantara, PLN is now indirectly owned by the Gol through Danantara.
- PLN delivered a robust set of 1H25 results, with total revenue and EBITDA up 5% and 9% YoY respectively driven by resilient power demand across Indonesia
- Looking ahead, we expect PLN's credit metrics to improve in FY25 supported by higher YoY EBITDA, though partially weighed upon by higher capex; we anticipate FY25 EBITDA growth to be in the mid to high single-digit % YoY, mainly attributable to Indonesia's healthy economic growth, supporting power demand; we also expect power tariffs to remain flat.

RISKS & CATALYSTS

As of 13 Aug 2025

- The company provides subsidized electricity to certain households for which it subsequently receives reimbursements from the Gol; though these payments tend to get delayed during major events such as COVID-19 pandemic.
- In order to increase the country's electrification ratio to 97%, the company had been mandated by the Gol to develop large electricity capacities through the Fast Track II and 35,000 MW Programs. Implementation of such complex programs has required significant capital expenditure, which has led PLN's FCF to fall deep into the red in recent years and created a funding gap.
- The success of the above programs is also contingent on the company's ability to source coal cheaply, select quality contractors, acquire land rights and receive adequate subsidy reimbursements from the Gol.
- Being primarily a thermal power producer, PLN may be viewed unfavourably from an ESG perspective.

KEY METRICS

As of 13 Aug 2025

IDR BN	FY22	FY23	FY24	1H24	1H25
Debt to Book Cap	28.9%	27.8%	27.3%	27.5%	27.2%
Net Debt to Book Cap	25.2%	23.7%	23.0%	25.4%	23.9%
Debt/Total Equity	40.7%	38.5%	37.5%	38.0%	37.3%
Debt/Total Assets	24.6%	23.4%	22.5%	22.9%	22.1%
Gross Leverage	4.2x	4.3x	3.7x	4.3x	3.5x
Net Leverage	3.7x	3.7x	3.1x	4.0x	3.1x
Interest Coverage	4.3x	3.6x	3.7x	3.2x	3.7x
EBITDA Margin	30.1%	26.4%	29.1%	29.5%	30.7%

BUSINESS DESCRIPTION

As of 13 Aug 2025

- PLN is involved in the entire electricity value-chain, from power generation, to transmission, distribution and retail.
- It alone accounts for 76% (~47 GW) of Indonesia's generation capacity (of which 8 GW is renewable capacity), while IPPs provide the remainder.
- The company controls and operates the entire transmission and distribution network in the country. It is the sole buyer of electricity produced by IPPs, through power purchase agreements (PPAs).
- It sells electricity to well-diversified off-takers – 41% to households, 25% to industrial customers, 21% to businesses and 12% to others.
- Since 2015, the Gol has gradually implemented monthly tariff adjustments for 13 customer groups, so that rates charged to customers are better matched with production costs.
- However, under the Public Service Obligation (PSO), the company will continue to sell electricity at subsidized rates of 50% to 450-volt amperes (VA) power households and 25% to 900 VA power households. The Gol subsequently reimburses the company for the difference between the subsidized tariff rate and production cost, typically within 2-3 months.

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