

Record 1Q26 sets the stage for capacity-led growth

22 May 2026



PGEO IJ	BUY
Sector	Energy
Price at 22 May 2026 (IDR)	925
Price target (IDR)	1,100
Upside/Downside (%)	18.9

Stock Information

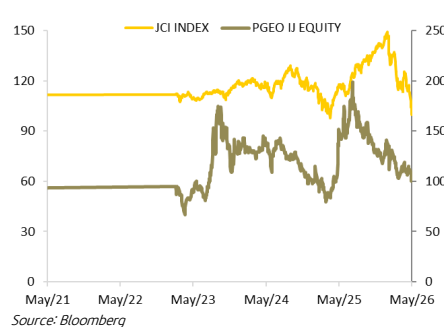
Pertamina Geothermal Energy (PGEO) is a subsidiary of Pertamina Power Indonesia engaged in the end-to-end utilization and management of geothermal energy. As one of Indonesia's leading green energy companies, PGEO focuses on developing Geothermal Power Plants (PLTP) across various regions of Indonesia.

Market cap (IDR bn)	38,547
Shares outstanding (mn)	41,899
52-week range (IDR)	890-1,855
3M average daily vol. ('000)	21,347
3M average daily val. (IDR mn)	21,949

Shareholders (%)

Pertamina Power Indonesia	68.8
Masdar Indonesia Solar	14.96
Holdings RSC Limited	
PT Pertamina Pedeve Indonesia	5.97
Public	10.24

Stock Performance



	1M	3M	12M
Performance (%)	(10.6)	(19.2)	(32.6)

PGEO delivered a strong 1Q26, with revenue rising +14.82% YoY to USD116.56 mn, EBITDA up +15.00% YoY to USD96.54 mn, and net profit jumping +40.02% YoY to USD 43.90mn on the back of record production of 1,370 GWh (+15.22% YoY) and capacity factor of 90.77% (+430bps YoY). The quarter underscored the strength of PGEO's operating base, with the first full-quarter contribution from Lumut Balai Unit 2, higher utilization across key fields, and a favorable forex swing further amplifying earnings growth. Looking ahead, the company remains on track to expand installed capacity to >1.7GW by 2033, with FY26F likely to be a consolidation year before growth accelerates more meaningfully in FY27F-FY28F as new projects begin contributing. Maintain BUY with TP of IDR 1,100/share.

1Q26: Record production, earnings surge on FX tailwind

PGEO delivered a standout 1Q26 performance as record-high production and a powerful forex reversal combined to drive a near-doubling of bottom-line growth. Revenue rose +14.82% YoY to USD116.56 mn, broadly in line with ours/cons. FY26F estimates (25.8%/25.8%), underpinned by a +15.22% YoY leap in consolidated electricity and steam output to 1,370 GWh as blended capacity factor improved by +430bps YoY to 90.77%. Despite higher depreciation expenses following the Jun '25 commercialization of Lumut Balai Unit 2, gross profit grew +15.14% YoY to USD67.57 mn with margin essentially stable at 57.97% (+16bps YoY). EBITDA rose +15.00% YoY to USD96.54 mn, with margin ticking up 12bps to 82.82%. The headline, however, was at the bottom line, where net income surged 40.02% YoY to USD43.90mn, reaching 28.5%/27.6% of our/FY26F consensus forecasts, on the back of USD12.21mn swing in forex (1Q25: USD8.9 mn loss, 1Q26: USD3.3 mn gain).

Future expansion: Path to 1GW by 2028

PGEO continues to advance an aggressive geothermal expansion pipeline, with a long-term roadmap stretching to >1.7GW in capacity by 2033. Near-term expansion will be driven by several flagship developments, including Hululais Unit 1&2 (110MW, targeted COD 2028), a co-generation program of up to 230MW across multiple sites (targeted COD 2028-2033), Gunung Tiga (2x27.5MW, targeted COD 2029-2030), and Lumut Balai Unit 3&4 (2x55MW, targeted COD 2029 and 2032). Beyond greenfield capacity, PGEO is actively diversifying into new revenue streams, including a Geothermal Green Data Centre (5MW scalable capacity, commissioning: 2028), a green hydrogen pilot plant leveraging geothermal-powered AEM electrolyzer technology (commissioning; 4Q26), and the Flow2Max real-time two-phase flow measurement system, already patented in six countries and targeting eight commercial installations in FY26F. These initiatives should strengthen PGEO's long-term strategic positioning by opening new monetization avenues beyond conventional electricity and steam sales.

Steady FY26F before multiple step-ups in the coming years

We expect FY26F to be a 'consolidation' year, with full-year contribution from Lumut Balai Unit 2 and higher asset utilization as main growth drivers. We forecast revenue at USD450.8 mn (+4.2% YoY), EBITDA of USD345.5 mn (+3.9% YoY, margin 76.6%), and net profit of USD155.2 mn (+12.2% YoY), on total production of ~5,200 GWh. FY27F should mark the next leg of capacity growth, led by the addition of Ulubelu Binary Units 1-3 (30MW), which would lift installed capacity to 757MW. We forecast FY27F revenue of USD480.7mn (+6.6% YoY), EBITDA of USD368.6mn (+6.7% YoY), and net profit of USD168.1mn (+8.3% YoY). The more meaningful step-up should come in FY28F, when a broader set of projects starts contributing, including Hululais Unit 1&2 and several binary and low-pressure developments, lifting installed capacity to ~947MW. We forecast FY28F revenue of USD624.8mn (+30.0% YoY), EBITDA of USD480.1mn (+30.1% YoY, margin: 76.8%), and net profit of USD227.1mn (+35.1% YoY).

Maintain BUY with TP of IDR 1,100

We maintain our BUY rating on PGEO with a DCF-based TP of IDR1,100/share, implying 6.7x FY26F EV/EBITDA, with the following assumptions: WACC of 11.1% and terminal growth of 2.5%. The stock is currently trading at 5.3x '26F EV/EBITDA, below -1SD of its 1-year EV/EBITDA band, implying attractive valuation. Our positive view is supported by PGEO's resilient operating cash flow profile, visible multi-year expansion pipeline, strategic importance in Indonesia's energy transition, and growing optionality from new geothermal-linked businesses such as green hydrogen, data centres, and other. Key risks include potential project delays, weaker-than-expected capacity factor, FX volatility, and regulatory or tariff changes.

Exhibit 1: Key Statistics

Year end Dec	2024A	2025A	2026F	2027F	2028F
Revenue (USD mn)	407	433	451	481	625
EBITDA (USD mn)	323	332	345	369	480
Net profit (USD mn)	160	138	154	167	226
EPS (IDR)	61	53	63	68	91.2
EPS growth (%)	-2.1	-14.1	18.	8.3	35.0
ROAE (%)	8.1	6.9	10.2	10.1	12.0
ROAA (%)	5.4	4.6	5.1	5.3	6.7
PBV (x)	0.9	1.3	1.8	1.8	1.7
PER (x)	11.7	18.9	23.8	22.0	16.3

Source: Company, KBVS Research

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Exhibit 2: 1Q26 results

(USD mn)	1Q26	1Q25	YoY (%)	4Q25	QoQ(%)	26F KBVS	%	26F Cons	%
Revenue	117	102	14,8%	114	2,4%	451	25,8%	452	25,8%
COGS	(49)	(43)	14,4%	(59)	-17,6%				
Gross Profit	68	59	15,1%	54	24,2%	238	28,4%	260	26,0%
EBITDA	96	84	14,3%	80	20,0%	345	27,8%	364	26,4%
Net Interest expense	(2)	(1)	25,6%	(1)	26,8%				
Other income (exp.)	3	(9)		5	-28,0%				
Pre-tax income	64	45	41,1%	83	-23,6%				
Taxes	(20)	(14)	43,5%	(15)	32,3%				
Minorities	(0)	(0)	-4,8%	(0)					
Net income (parent)	44	31	40,0%	68	-35,9%	154	28,5%	159	27,6%
Margins (%)									
Gross Profit Margin	58%	58%	0,2%	48%	10%				
EBITDA Margin	82%	83%	-0,4%	70%	12%				
Net Income Margin	38%	31%	6,8%	60%	-22%				

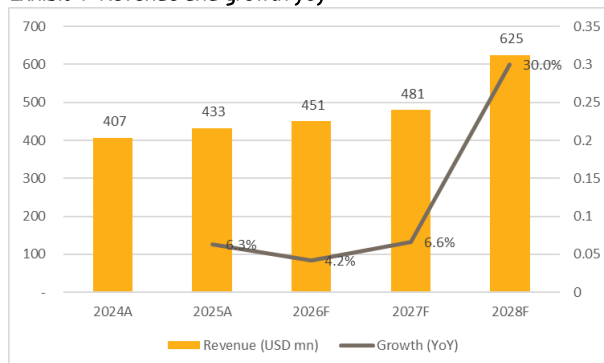
Source: Company, KBVS Research

Exhibit 3: EV/EBITDA Band



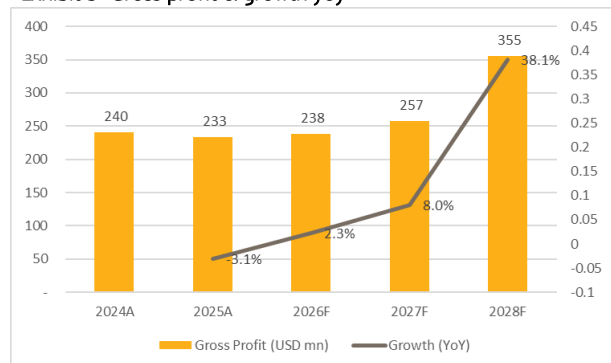
Source: Company, KBVS Research

Exhibit 4: Revenue and growth yoy



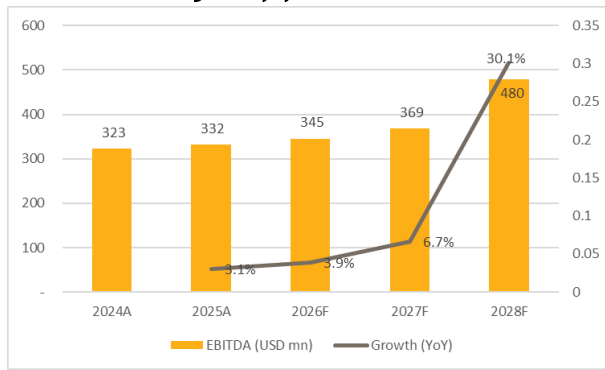
Source: Company, KBVS Research

Exhibit 5: Gross profit & growth yoy



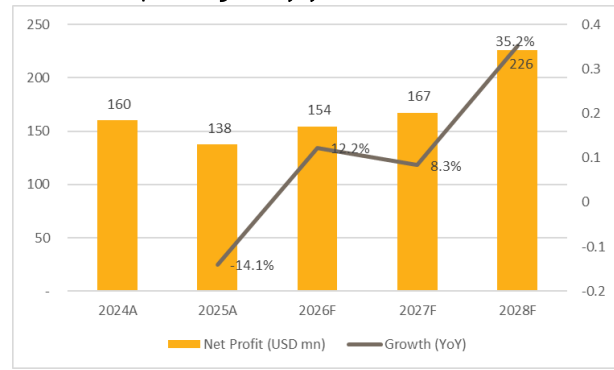
Source: Company, KBVS Research

Exhibit 6: EBITDA & growth yoy



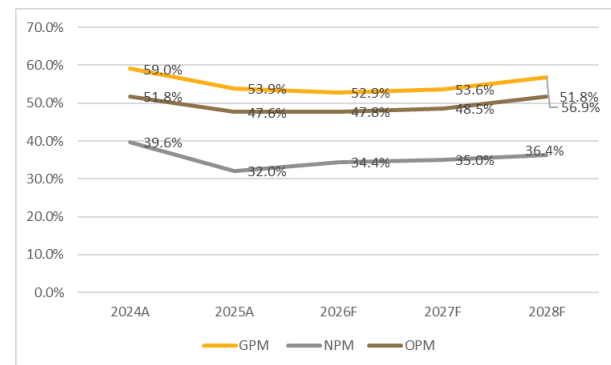
Source: Company, KBVS Research

Exhibit 7: Net profit & growth yoy



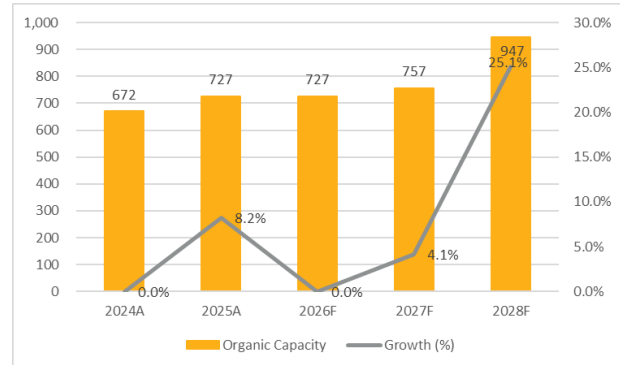
Source: Company, KBVS Research

Exhibit 8: Profitability margins



Source: Company, KBVS Research

Exhibit 9: Organic capacity growth



Source: Company, KBVS Research

Exhibit 10. DCF Valuation

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
EBIT (1-t)	154	163	227	259	345	413	513	543	571	599
D&A	131	136	157	181	214	257	289	321	336	345
Capex	(130)	(482)	(585)	(775)	(992)	(765)	(490)	(185)	(150)	(130)
Chg. In WC	(1)	(6)	(28)	(14)	(38)	(30)	(30)	(25)	(20)	(20)
Net FCF	153	(188)	(230)	(349)	(471)	(125)	282	654	737	794
PV of FCF	138	(152)	(168)	(230)	(279)	(67)	136	283	287	279
Enterprise value	2,664									

Net debt (USD mn)	34
Equity value (USD mn)	2,630
Shares outstand. (bn)	41.9
Fair Value (USD)	0.0623
Fair Value (IDR)	1,100

Source: Company, KBVS Research

Exhibit 11: Profit & loss summary

Year End Dec (USD mn)	2024A	2025A	2026F	2027F	2028F
Revenue	407	433	451	481	625
COGS	167	200	212	223	269
Gross profit	240	233	238	257	355
Operating expenses	(30)	(31)	(32)	(34)	(44)
EBIT	211	206	215	233	324
EBITDA	323	333	346	369	480
Pre-tax profit	229	197	221	239	323
Net profit	161	139	155	168	227
EPS (IDR)	62	53	63	68	92
EPS growth	-2%	-14%	19%	8%	35%

Source: Company, KBVS Research

Exhibit 12: Balance sheet

Year End Dec (USD mn)	2024A	2025A	2026F	2027F	2028F
Cash & equivalent	655	718	752	520	363
Accounts receivables	128	126	132	140	182
Inventories	18	28	30	31	38
Others	27	8	9	9	12
Total current assets	829	881	922	700	595
Fixed assets – Net	2,025	2,000	1,999	2,345	2,773
Others	144	153	160	171	222
Total non-current assets	2,169	2,153	2,159	2,515	2,995
Total assets	2,997	3,034	3,081	3,216	3,590
ST borrowing	15	16	16	19	22
Accounts payable	97	89	94	99	119
Others	115	110	115	122	159
Total current liabilities	227	214	225	240	301
LT bank loan	328	335	335	393	464
Others non-current liabilities	433	440	458	489	635
Total non-current liabilities	761	775	793	881	1,099
Total liabilities	989	989	1,018	1,121	1,400
Shareholders equity	1,474	1,484	1,484	1,484	1,484
APIC	188	211	211	211	211
Minority interests	0.4	0.4	0.5	0.5	0.5
Retained earnings	188	211	211	211	211
Others	14	20	20	22	28
Total Equity	2,009	2,046	2,063	2,095	2,190
Total Liabilities & Equity	2,997	3,035	3,081	3,216	3,590

Source: Company, KBVS Research

Exhibit 13: Cash flow

Year End Dec (USD mn)	2024A	2025A	2026F	2027F	2028F
Net profit	161	139	155	168	227
D&A	112	126	131	136	157
Changes in working capital	27	(16)	(1)	(5)	(28)
Others	18	18	18	18	18
Operating cash flow	300	268	284	298	353
Capital expenditures	(195)	(102)	(130)	(482)	(585)
Others	16	(9)	(7)	(11)	(51)
Investing cash flow	(180)	(111)	(136)	(492)	(636)
Changes in LT borrowings	13	7	(0)	58	72
Changes in ST borrowings	(0)	0	0	3	3
Cash dividends paid	(128)	(139)	(138)	(138)	(138)
Equity financing	9	32	-	-	-
Others	(36)	7	24	39	190
Financing cash flow	(142)	(93)	(114)	(38)	127
Net change in cash	(23)	63	34	(232)	(156)
Cash in beginning of the year	678	655	718	752	520
Cash at the end of the year	655	718	752	520	363

Source: Company, KBVS Research

Exhibit 14: Ratio analysis

Year End Dec	2024A	2025A	2026F	2027F	2028F
Growth					
Revenue	0.2%	6.3%	4.2%	6.6%	30.0%
Gross profit	-3.1%	-3.0%	2.2%	8.0%	38.1%
Operating profit	-7.1%	-2.3%	4.6%	8.2%	38.9%
EBITDA	-4.3%	3.1%	3.9%	6.7%	30.1%
Net profit	-2.1%	-14.1%	11.9%	8.3%	35.1%
Profitability					
Gross margin	59.0%	53.9%	52.9%	53.6%	56.9%
Operating margin	51.8%	47.6%	47.8%	48.5%	51.8%
EBITDA margin	79.4%	77.0%	76.8%	76.8%	76.8%
Net margin	39.6%	32.0%	34.4%	35.0%	36.4%
ROAA	5.4%	4.6%	5.1%	5.3%	6.7%
ROAE	8.1%	6.9%	10.2%	10.1%	12.0%
Solvency (x)					
Current ratio	3.65	4.11	4.10	2.92	1.98
Quick ratio	3.56	3.98	3.96	2.79	1.85
Debt to equity	0.17	0.17	0.17	0.20	0.22
Interest coverage	61.4%	58.8%	61.5%	56.7%	66.6%
Net gearing	(0.16)	(0.18)	(0.19)	(0.05)	0.06

Source: Company, KBVS Research

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