Production Ramp Supports a Path to Profitability

1 September 2026

EMAS IJ	BUY
Sector	Metal Mining
Price 1 Sept '26 (IDR)	8,800
Price target (IDR)	10,700
Upside/Downside (%)	21.6

Stock Information

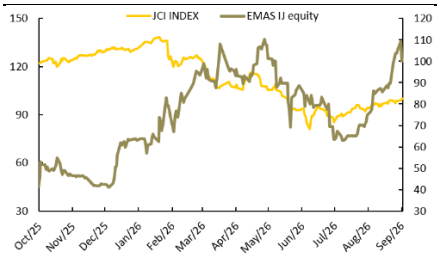
EMAS holds one of the largest gold reserves in Asia at 5.2Moz, with just 135 ha explored out of a 14,670 ha tenement, backed by Indonesia's first IDX-HKEX dual listing in over two decades

Market cap (IDR bn)	141,421
Shares outstanding (mn)	14,731
52-week range (IDR)	3,100 – 10,175
3M average daily vol. ('000)	24,380
3M average daily val. (IDR mn)	174,182

Shareholders (%)

PT Merdeka Copper Gold Tbk	63.6
Public	24.7
JPMCB-DR FBO HDR Holder	6.3
Winato Kartono	3.6
Others	1.8

Stock Performance



Source: Bloomberg

	1M	3M	12M
Performance	33.3	12.8	(n.a)

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EMAS delivered a strong operational recovery in 2Q26, with revenue rising to USD28.2 mn from USD2.6 mn in 1Q26. This brought 1H26 revenue to USD30.9 mn (vs. USD0.1 mn in 1H25) — representing 20.6% and 6.4% of our and consensus FY26F estimates, respectively. The improvement was driven by production ramp-up to 15.6k oz and a sharp increase in sales volume to 6.4k oz, although ASP declined -14.5% QoQ to USD4,382/oz. Gross margin remained robust at 46.1%; however, a USD7.3 mn one-off expense associated with the Hong Kong secondary listing distorted the bottom line, resulting in a 2Q26 net loss of -USD3.9 mn and a 1H26 net loss of -USD14.9 mn. We raise our FY26F production forecast to 52k oz, from 50k oz previously. Although we lower our FY26F-27F gold-price assumptions to USD4,500/oz/USD4,550/oz, we raise our FY26F revenue forecast to USD167 mn on the back of higher sales volumes and incremental contribution from silver. We expect EMAS to achieve profitability in FY26F, with net profit of USD20 mn, We maintain our BUY rating and raise our DCF-based TP to IDR10,700/share (+21.6% upside), from IDR7,400/share.

Production ramp enters high gear

EMAS's 2Q26 revenue rose sharply to USD28.2 mn (1Q26: USD2.6 mn), bringing 1H26 revenue to USD30.9 mn (1H25: USD0.1 mn), representing 20.6%/6.4% of our/consensus FY26F estimates. The result was driven by gold production of 15.6k oz, from 1.8k oz in 1Q26, alongside a substantial increase in sales volume to 6.4k oz, ~11.5 times the preceding quarter's record of 516 oz. Revenue growth was nevertheless partly tempered by a -14.5% QoQ decline in ASP to USD4,382/oz in 2Q26. For 2H26F, we forecast production of 34.6k oz (vs. 17.4k oz in 1H26), and sales volume of 29.4k oz (vs. 7.0k oz in 1H26). Accordingly, we raise our FY26F production forecast to 52k oz, from 50k oz previously, reflecting a more confident outlook for the production ramp-up.

One-off listing costs mask stronger operations

Gross profit increased to USD13.0 mn in 2Q26, translating into a robust gross margin of 46.1%. Operating profit reached USD10.1 mn, while EBITDA stood at USD18.4 mn, implying operating and EBITDA margins of 35.9% and 65.1%, respectively. However, the stronger operating result was offset by elevated other expenses, mainly attributable to USD7.3 mn of one-off costs related to EMAS's secondary listing on the Hong Kong Stock Exchange. Consequently, EMAS recorded a 2Q26 net loss of -USD3.9 mn, although this narrowed substantially from a USD10.9mn loss in 1Q26. The cumulative 1H26 net loss stood at -USD14.9mn, lower than the -USD16.1mn loss reported in 1H25. Excluding the listing-related charge, the quarter would have reflected a materially stronger earnings trajectory.

Silver adds a further upside lever

We lower our FY26-27F gold-price assumptions to USD4,500/oz and USD4,550/oz, respectively, reflecting the -7.0% correction in global gold prices during 2Q26, when prices averaged USD4,224/oz, vs. USD4,860/oz in 1Q26. Nevertheless, we expect EMAS's financial performance to strengthen meaningfully in 2H26F, supported by higher gold sales volumes and the commencement of silver sales. EMAS produced 33.3k oz of silver in 1H26, which remained in inventory as of end-Jun '26. We raise our FY26F gold sales volume forecast to 36.4k oz (prev: 32.5k oz), reflecting a faster inventory drawdown following the sizeable production-to-sales gap in 1H26. Combined with higher production forecast, this leads us to raise FY26F revenue to USD167 mn. We now expect EMAS to turn profitable in FY26F, forecasting net profit of USD20 mn versus a net loss in our previous estimates.

Maintain BUY with DCF-based TP of IDR10,700/share, 21.6% upside

We maintain our BUY rating and raise our DCF-based TP to IDR 10,700/share from IDR 7,400, implying 21.6% upside. Our TP implies EV/resources of USD 1,489/oz and EV/reserves of USD 2,004/oz. EMAS currently trades at IDR 8,800/share, equivalent to EV/resources of USD 1,134/oz and EV/reserves of USD 1,527/oz. Key catalysts include: 1) production ramp-up, 2) higher gold prices, 3) CIL commissioning in FY28F, and 4) rising gold demand from technology and investment sectors. Key risks include: 1) production delays, 2) lower gold prices, 3) softer gold demand, and 4) higher royalties or export duties.

Exhibit 1: Key statistics

Year end Dec (IDR bn)	2024A	2025A	2026F	2027F	2028F
Revenue (USD mn)	1.7	0.1	167	373	978
EBITDA (USD mn)	3.1	0.4	49	135	329
Net profit (USD mn)	(12.7)	(27.5)	20	91	271
EPS (IDR)	0.0	(30.8)	23.3	107.6	323.7
ROE (%)	(5.9)	(8.4)	5.2	20.5	43.2
ROA (%)	(3.0)	(4.3)	2.5	9.8	22.4
PER (x)	n.a	n.a	378.2	81.8	27.2
EV/EBITDA (x)	n.a	n.a	160.9	58.1	23.1
Net gearing (x)	0.5	0.6	0.8	0.7	0.3

Sources: Company, KBVS Research

Financial highlights

Exhibit 2: Results 1H26

Merdeka Gold Resources (EMAS) (USD mn)	2Q25	1Q26	2Q26	qoq (%)	yoy (%)	1H25	1H26	yoy (%)	1H26/ KBVS (%)	1H26/ Cons' (%)
Revenue	0.1	2.6	28.2	n.a	n.a	0.1	30.9	n.a	20.6	6.4
Gross profit	0.0	0.5	13.0	n.a	n.a	0.0	13.5	n.a	24.3	5.9
Operating profit	(1.0)	(7.2)	10.1	n.a	n.a	(3.5)	2.9	n.a	8.5	1.3
EBITDA	(0.9)	(0.6)	18.4	n.a	n.a	(3.5)	17.8	n.a	39.7	6.2
Net profit	(6.8)	(10.9)	(3.9)	n.a	n.a	(16.1)	(14.9)	n.a	n.a	n.a
Gross profit margin (%)	22.3	17.4	46.1	-	-	22.3	43.6	-	-	-
Operating profit margin (%)	-	-	35.9	-	-	-	9.4	-	-	-
EBITDA margin (%)	-	-	65.1	-	-	-	57.7	-	-	-
Net profit margin (%)	-	-	-	-	-	-	-	-	-	-

Sources: Company, KBVS Research

Exhibit 3: Operational numbers

Production	Unit	1Q26	2Q26
Gold	oz	1,818	15,594
Silver	oz	3,496	29,796
Sales			
Gold	oz	516	6,439
Silver	oz	0	0
ASP			
Gold	USD/oz	5,123	4,382
Silver	USD/oz	0	0

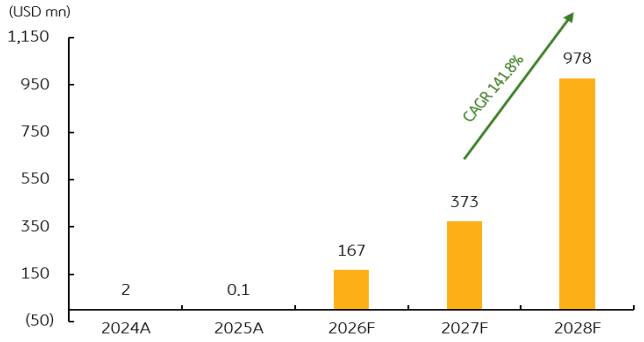
Sources: Company, KBVS Research

Exhibit 4: Earnings changes

(USD mn)	New			Old			Changes (%)		
	26F	27F	28F	26F	27F	28F	26F	27F	28F
Revenues	167	373	978	150	329	765	11.9	13.5	27.9
Gross profit	63	174	456	55	157	391	14.2	10.9	16.9
EBITDA	49	135	329	45	122	295	9.9	10.0	11.5
EBIT	38	118	310	34	110	280	13.2	8.1	10.7
Net profit	20	91	271	14	81	241	41.9	13.2	12.5

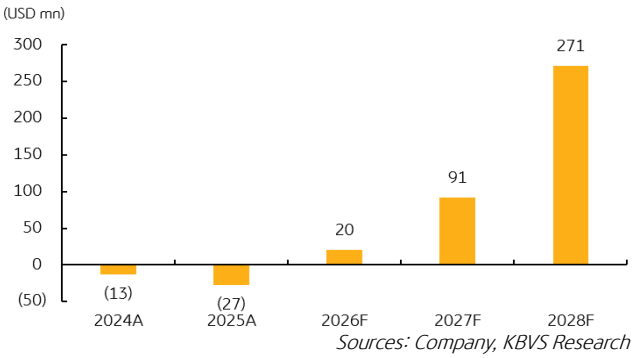
Sources: Company, KBVS Research

Exhibit 5: Revenue and growth



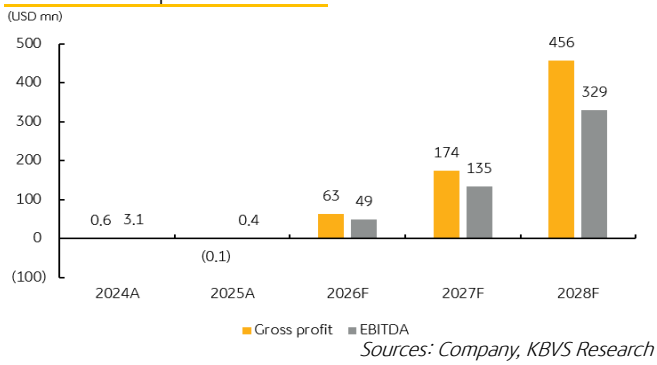
Sources: Company, KBVS Research

Exhibit 6: Net profit



Sources: Company, KBVS Research

Exhibit 7: Gross profit and EBITDA



Sources: Company, KBVS Research

Exhibit 8: Peer comparable

Ticker	Market cap (USD mn)	EPS growth (%)		P/E (x)		P/BV (x)		EV/EBITDA (x)		ROE (%)	
		26F	27F	26F	27F	26F	27F	26F	27F	26F	27F
BRMS	5.9	99.4	150.7	n.a	41.7	4.6	4.2	46.4	31.0	5.8	8.7
EMAS	7.5	n.a	n.	n.a	99.4	23.1	18.4	n.a	70.1	5.2	20.5
ANTM	4.2	8.6	15.6	7.3	6.7	1.8	1.7	5.0	4.6	25.9	25.7
AMMN	17.9	n.a	38.5	19.0	13.7	2.8	1.4	11.0	8.8	14.6	22.7
ARCI	1.9	66.7	50.0	12.5	7.5	3.7	2.8	7.5	6.6	35.8	34.1
Sector		**20.0**	**46.4**	**10.5**	**34.3**	**7.1**	**5.3**	**13.5**	**24.1**	**13.7**	**21.0**

Sources: Company, KBVS Research

Financial tables

Exhibit 9: Profit and Loss

Year end Dec (IDR mn)	2024A	2025A	2026F	2027F	2028F
Revenue	**2**	**0.1**	**167**	**373**	**978**
CoGS	(1)	(0)	(104)	(199)	(521)
Gross profit	**1**	**(0)**	**63**	**174**	**456**
Operating expenses	(1)	(9)	(25)	(56)	(147)
Operating profit	**(0)**	**(10)**	**38**	**118**	**310**
EBITDA	**3**	**0**	**49**	**135**	**329**
Finance income	1	1	1	2	4
Pre-tax profit	**(15)**	**(25)**	**23**	**102**	**296**
Income tax	2	(2)	(3)	(10)	(25)
Profit for period	**(13)**	**(27)**	**20**	**91**	**271**
Minority interest	0	0	0	0	0
Net profit	**(13)**	**(27)**	**20**	**91**	**271**

Source: Company, KBVS Research

Exhibit 10: Balance Sheet

Year end of Dec (IDR bn)	2024A	2025A	2026F	2027F	2028F
Cash and cash equivalent	67	45	50	75	159
Receivables	0	0	25	67	177
Inventories	1	11	28	60	150
Total current assets	**71**	**61**	**109**	**207**	**491**
PPE	149	317	360	434	516
Mining properties	83	306	310	314	318
Others	2	3	3	3	3
Total assets	**530**	**741**	**841**	**1,022**	**1,400**
ST. debt	7	11	0	0	0
Payables	10	23	28	65	179
Total current liabilities	**56**	**68**	**62**	**99**	**213**
LT. debt	4	260	332	382	372
Other non current liabilities	7	13	13	13	13
Total liabilities	**257**	**360**	**440**	**530**	**637**
Minority interest	0	0	0	0	0
Total Equity	**273**	**381**	**401**	**492**	**763**

Source: Company, KBVS Research

Exhibit 11: Cash Flow

Year end Dec (USD mn)	2024A	2025A	2026F	2027F	2028F
Net profit	(13)	(27)	20	91	271
Depreciation and amortization	4	10	11	16	20
Change in working capital	26	(4)	(38)	(36)	(87)
Operating cash flow	10	(36)	(8)	71	202
PPE	(80)	(168)	(43)	(74)	(82)
Mining properties	(83)	(223)	(4)	(4)	(4)
Investing cash flow	**(138)**	**(211)**	**(62)**	**(99)**	**(111)**
Debt issuance	53	89	75	53	(6)
Equity issuance	131	135	0	0	0
Financing cash flow	**183**	**225**	**75**	**53**	**(6)**
Net cash flow	55	(22)	5	25	84
Cash at beginning	12	67	45	50	75
Cash at ending	**67**	**45**	**50**	**75**	**159**

Source: Company, KBVS Research

Exhibit 12: Key Performance Metrics

Year end Dec	2024A	2025A	2026F	2027F	2028F
Growth (%)					
Revenue	25.5	(92.5)	n.a	123.3	161.8
Gross profit	26.1	(76.4)	n.a	91.6	161.8
EBIT	(73.7)	n.a	n.a	209.5	161.8
EBITDA	(323.2)	(85.6)	n.a	172.7	144.8
Net profit	85.8	116.5	n.a	353.2	196.6
Profitability (%)					
Gross margin	32.6	(110.6)	37.9	46.7	46.7
EBIT margin	(25.7)	n.a	22.9	31.7	31.7
EBITDA margin	175.6	335.4	29.5	36.0	33.7
Net margin	(725.9)	n.a	12.1	24.5	27.7
ROE	(5.9)	(8.4)	5.2	20.5	43.2
ROA	(3.0)	(4.3)	2.5	9.8	22.4
Solvency (x)					
Current ratio	1.3	0.9	1.7	2.1	2.3
Quick ratio	1.2	0.7	1.2	1.4	1.6
Net gearing	0.5	0.6	0.8	0.7	0.3

Source: Company, KBVS Research

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