

Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	49077.2	1.2	(0.2)	2.0	2.1
S&P 500	6875.6	1.2	(1.3)	0.6	0.4
FTSE 100	10138.1	0.1	(0.5)	2.4	2.1
AS30	9108.6	(0.3)	(0.5)	1.2	1.0
CSI 300	4723.1	0.1	(0.4)	2.4	2.0
FSSTI	4809.9	(0.4)	(0.1)	4.3	3.5
HSCEI	9123.0	0.3	(2.1)	2.1	2.3
HSI	26585.1	0.4	(1.5)	3.5	3.7
JCI	9010.3	(1.4)	0.7	4.2	4.2
KLCI	1705.8	0.4	(0.3)	2.1	1.5
KOSPI	4909.9	0.5	4.0	19.6	16.5
Nikkei 225	52774.6	(0.4)	(2.9)	4.7	4.8
SET	1317.6	1.6	5.9	3.8	4.6
TWSE	31246.4	(1.6)	1.0	11.0	7.9
BDI	1803	4.3	15.1	(10.9)	(3.9)
CPO (RM/mt)	4057	1.1	0.7	3.9	3.1
Brent Crude (US\$/bbl)	65	0.7	(1.8)	8.1	7.4

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
Hybrid Small & Mid-Caps Corporate Day	Singapore	23 Jan	23 Jan
Virtual Meeting with Karrie International Holdings Ltd (1050 HK)	Hong Kong	26 Jan	26 Jan
Engagement Session with Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz	Malaysia	30 Jan	30 Jan

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Top Stories

Company Update | Archi Indonesia (ARCI IJ/BUY/Rp2,030/Target: Rp2,750)

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We upgrade our earnings forecast to US\$204m for 2026, driven by higher gold prices and improving production. We maintain our BUY call with a higher target price of Rp2,750 on higher 2026 EBITDA. Production growth is supported by higher grades and underground mining, while a higher free float (~15%) improves potential inclusion in a VanEck small-cap gold index.

Technical Analysis

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Trading Buy Range: We have a technical Buy at Rp2,480, and take profit at Rp2,640.

Gudang Garam | GGRM IJ

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Trading Buy Range: We have a technical Buy at Rp16,000, and take profit at Rp17,500.

Disclaimer: In Traders' Corner, technical analysis is carried out purely based on charting patterns, price movements and trends, and is thus independent of the fundamental research views of our analysts. As a result, and from time to time, we may make a technical recommendation that is opposite to our fundamental BUY/HOLD/SELL rating.

Archi Indonesia (ARCI IJ)

Riding The Gold Rally With Higher Output

Highlights

- We upgrade our earnings forecast to US\$204m for 2026.
- Global gold prices provide a strong catalyst for ARCI, whose 2026 production is set to improve with higher grades. With its free float rising to 15%, ARCI now qualifies for potential inclusion in a small-cap VanEck index.
- Maintain BUY, with a higher target price of Rp2,750 (9.8x 2026F EV/EBITDA).

Analysis

- **We upgrade our 2026 earnings forecasts by 39.8%**, driven by higher gold price and production assumptions. We now assume a conservative gold price of US\$4,500/oz, following UOB Bank's upgrade to its 2026 gold outlook to US\$4,400-5,000/oz, from US\$4,300-4,600/oz previously. The revision reflects gold's strong rally to around US\$4,200/oz in early-December (c.60% YTD, among the strongest annual performances since the late-1970s). While near-term consolidation risks have emerged, the medium-term bullish outlook remains intact, underpinned by safe-haven demand, robust ETF inflows, sustained central bank purchases, rising inventories on COMEX / SHFE, expectations of further Federal Reserve easing, and elevated geopolitical risks, particularly related to Iran and Greenland.
- **Stronger production outlook.** We forecast 2026 gold sales volume to rise to 135,900 oz (from 120,000 oz in 2025), supported by improved gold grades and incremental contribution from underground mining. Over the medium term, increased utilisation of lower-grade material through improved processing optionality could provide an additional volume uplift, lifting gold sales volume to about 201,000 oz by 2030 (with 2025-30F CAGR ~13.8%).
- **Potential inclusion in VanEck Junior Gold Miner ETF.** Following Basis Utama Prima's divestment of its entire 6.1% stake in ARCI on 30 Sep 25, the company's free float increased to around 15%, strengthening its eligibility for inclusion in the VanEck Junior Gold Miner ETF.
- **Production upside from Kopra underground project.** ARCI's subsidiary, Tambang Tondano Nusajaya (TTN), signed a Rp350b, 34-month underground mining development services contract with Macmahon Indonesia for the Kopra project. The scope includes mine development, blasting, material loading and hauling, and tunnel maintenance. This development is expected to unlock production potential, with meaningful contribution anticipated by 2027 at the latest.

Key Financials

Year to 31 Dec (US\$m)	2023	2024	2025F	2026F	2027F
Net turnover	250	288	563	838	966
EBITDA	81	78	268	467	552
Operating profit	56	57	241	435	517
Net profit (rep./act.)	15	10	105	204	252
Net profit (adj.)	15	10	105	204	252
EPS (Rp)	9.3	6.6	68.4	138.9	176.9
PE (x)	217.9	308.6	29.7	14.6	11.5
P/B (x)	12.4	11.7	9.0	5.8	4.3
EV/EBITDA (x)	45.0	46.4	13.1	7.1	5.5
Dividend yield	n.a	n.a	1.0	1.4	2.8
Net margin (%)	27.9	21.0	43.5	52.4	54.0
Net debt/(cash) to equity (%)	150.8	146.0	114.9	60.3	24.8
Interest cover (x)	1.8	1.5	5.6	8.8	12.1
ROE (%)	11.3	7.1	35.8	46.8	50.2
Consensus net profit			90	149	192
UOBKH/Consensus (x)			1.2	1.4	1.3

Source: ARCI, Bloomberg, UOB Kay Hian

BUY (Maintained)

Share Price	Rp2,030
Target Price	Rp2,750
Upside	35.5%
Previous TP	Rp2,050

Analyst(s)

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Stock Data

GICS Sector:	Materials
Bloomberg ticker:	ARCI IJ
Share issued (m):	25,235
Market cap (Rpb):	51,227
Market cap (US\$m):	3,025
3-mth avrg daily t'over (US\$m):	15.1

Price Performance (%)

52-week high/low	Rp2,120/Rp228			
1mth	3mth	6mth	1yr	YTD
28.1	53.2	165.4	725.2	25.3

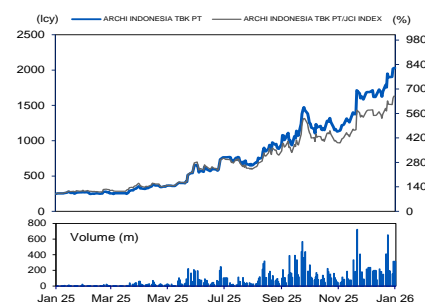
Major Shareholders

Rajawali Corpora	85.0
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Balance Sheet Metrics

FY26 NAV/Share (Rp)	246
FY26 Net Cash/Share (Rp)	n.a.

Price Chart



Source: Bloomberg

Company Description

Archi Indonesia explores and develops gold and silver projects. The mining company serves customers worldwide.

- **Reserves poised for a major upgrade.** ARCI's current gold reserves are estimated at 3.2m oz, based on the latest Joint Ore Reserves Committee (JORC) compliant statement in Dec 20. The estimate was made when gold prices were around US\$1,800/oz, over 50% below current levels. Key contributions come from Toka (0.8-1.0 g/t), Araren (2.0-3.0 g/t), and Marawuwung (~300,000 oz at 1.0-1.5 g/t). With rising gold prices and ongoing exploration at Marawuwung, Kopra, and Araren, a JORC update is expected by year-end. The developments are likely to unlock significant reserve upside.

Valuation/Recommendation

- **Maintain BUY with higher target price of Rp2,750** based on 2026F 9.8x of 2026F EV/EBITDA, or a four-year mean. ARCI appeals with its strong earnings growth in the next three years and potential for reserve addition, monetisation of its underground mine, and its 40 MW geothermal development.

Earnings Revision/Risk

- **Risks** include: a) Project delays and operational disruptions from natural disasters, b) regulatory uncertainty, and c) commodity price volatility.
- **We upgrade our earnings forecast for 2026 by 39.8%**, respectively, mainly due to higher gold price and production assumption.

Estimated Reserve

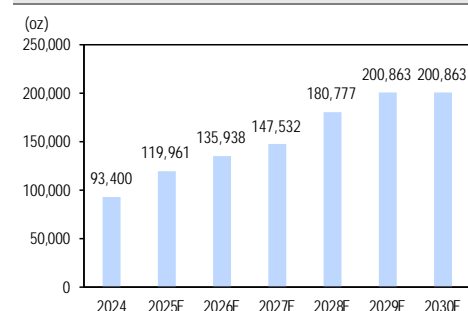
Year to 31 Dec	New		Original		Diff (%)	
(US\$m)	2025F	2026F	2025F	2026F	2025F	2026F
Sales volume ('000 oz)	120	136	120	131.0	0.0	3.8
Gold ASP (US\$/oz)	3,400	4,500	3,400	3,800	0.0	18.4
Revenue	563	838	563	682	0.0	22.9
Gross Profit	245	439	245	323	0.0	35.9
EBITDA	268	467	268	349	0.0	33.7
Net Income	105	204	105	146	0.0	39.8

Source: UOB Kay Hian

Share Price Catalyst

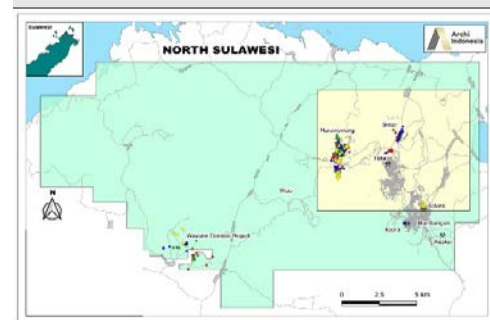
- a) Stronger production volume in 2026, b) higher gold grade, c) potential VanEck Gold Index inclusion, and d) JORC reserve upgrade.

Sales Volume



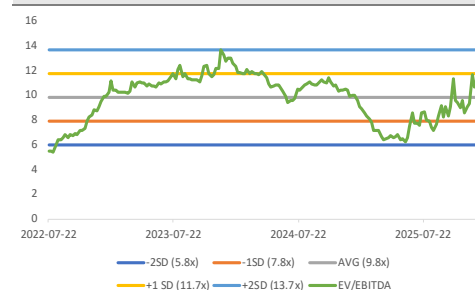
Source: UOB Kay Hian

Production Sites



Source: ARCI, UOB Kay Hian

EV/EBITDA



Source: Bloomberg, UOB Kay Hian

Profit & Loss

Year to 31 Dec (US\$m)	2024	2025F	2026F	2027F
Net turnover	288	563	838	966
EBITDA	78	268	467	552
Deprec. & amort.	21	27	32	35
EBIT	57	241	435	517
Total other non-operating income	0	0	0	0
Associate contributions	1	2	2	2
Net interest income/(expense)	(37)	(41)	(44)	(34)
Pre-tax profit	21	202	392	485
Tax	(10)	(97)	(188)	(233)
Minorities	(0)	(0)	(0)	(0)
Net profit	10	105	204	252
Core Profit	10	105	204	252

Balance Sheet

Year to 31 Dec (US\$m)	2024	2025F	2026F	2027F
Fixed assets	650	713	821	867
Other LT assets	89	175	260	300
Cash/ST investment	5	126	229	211
Other current assets	121	231	289	320
Total assets	865	1,244	1,599	1,697
ST debt	64	125	186	130
Other current liabilities	78	153	227	262
LT debt	339	400	350	250
Other LT liabilities	112	218	325	375
Shareholders' equity	273	348	510	681
Minority interest	0	0	0	0
Total liabilities & equity	865	1,244	1,599	1,698

Cash Flow

Year to 31 Dec (US\$m)	2024	2025F	2026F	2027F
Operating	101	12	168	251
Pre-tax profit	21	202	392	485
Tax	(10)	(97)	(188)	(233)
Deprec. & amort.	21	27	32	35
Working capital changes	35	(35)	17	4
Non-cash items	34	(85)	(85)	(40)
Investing	(128)	(90)	(140)	(81)
Capex (growth)	(138)	(29)	(31)	(32)
Others	10	(61)	(109)	(49)
Financing	22	199	76	(188)
Dividend payments	(30)	(42)	(82)	(101)
Issue of shares	(0)	0	0	0
Proceeds from borrowings	15	122	11	(156)
Loan repayment	(17)			
Others/interest paid	25	107	107	50
Net cash inflow (outflow)	(5)	121	103	(18)
Beginning cash & cash equivalent	9	5	126	229
Ending cash & cash equivalent	5	126	229	211

Key Metrics

Year to 31 Dec (%)	2024	2025F	2026F	2027F
Profitability				
EBITDA margin	27.0	47.6	55.7	57.2
Pre-tax margin	7.1	35.8	46.8	50.2
Net margin	6.0	3.6	18.6	24.3
ROA	1.2	9.9	14.4	15.3
ROE	3.9	33.8	47.6	42.4
Growth				
Turnover	15.2	95.7	48.9	15.3
EBITDA	(4.2)	245.2	74.1	18.4
Pre-tax profit	(27.2)	882.1	94.6	23.7
Net profit	(30.6)	910.4	94.6	23.7
Net profit (adj.)	(30.6)	910.4	94.6	23.7
EPS	(30.6)	910.4	94.6	23.7
Leverage				
Debt to total capital	147.6	151.0	105.2	55.8
Debt to equity	147.6	151.0	105.2	55.8
Net debt/(cash) to equity	146.0	114.9	60.3	24.8
Interest cover (x)	2.6	2.1	6.6	10.6



Source: ChartGenie



Source: ChartGenie

Bukit Asam (PTBA IJ)

Technical BUY with 6.5% potential return

Resistance: Rp2,590, Rp2,640

Support: Rp2,460, Rp2,360

Stop-loss: Rp2,450

Share price closed slightly higher and formed a neutral candlestick. Price advanced with better momentum and higher trading volume; hence, we see potential for price to make more rallies and challenge the resistance at Rp2,590 and Rp2,640. Technical indicator RSI is sloping upwards and in its overbought zone, while the MACD remains on a bullish crossover. Buy at Rp2,480 and take profit at Rp2,640.

Approximate timeframe: 2-4 weeks.

Gudang Garam (GGRM IJ)

Technical BUY with 9% potential return

Resistance: Rp16,375, Rp17,825

Support: Rp7,025, Rp6,825

Stop-loss: Rp7,000

Share price closed slightly higher and formed a neutral candlestick. Momentum is looking more positive; hence we see potential for bullish pressure to take place and price could challenge the resistance at Rp16,375 and Rp17,825. Technical indicator RSI is sloping upwards and approaching its overbought zone, while the MACD remains on a bullish crossover. Buy at Rp16,000 and take profit at Rp17,500.

Approximate timeframe: 2-4 weeks.

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