

# Perusahaan Gas Negara Tbk (PGAS IJ)

## Kinerja Lebih Rendah Dari Ekspektasi

PGAS melaporkan laba bersih 1H20 USD6,8 juta atau turun 88% YoY yang berarti kinerja operasional masih di bawah ekspektasi kami. Namun, segmen distribusi 1H20 berkinerja baik dengan *spread* sebesar USD2,3/MMBTU, lebih tinggi dari 1H19. Kami mempertahankan estimasi pendapatan 2020-2022F dan berharap *spread* distribusi 2020F berada di USD1,7-2,0/MMBTU. Adapun, kami mempertahankan rekomendasi BUY untuk PGAS.

### Kinerja Lemah dan Di Bawah Ekspektasi

PGAS membukukan laba bersih 1H20 sebesar USD6,8 juta (-88% YoY) yang hanya berkontribusi pada 7% dari target 2020F kami. Faktor utama dari penurunan kinerja disebabkan oleh pendapatan yang lebih rendah (-18% YoY) dan laba operasional (-23% YoY) sebagai akibat dari penurunan permintaan minyak & gas di saat kondisi pandemi. Meski kinerja 1H20 di bawah ekspektasi kami, kami tetap optimis segmen hilir akan mendukung PGAS untuk menghasilkan lebih banyak volume di 2H20.

### Segmen Distribusi Berkinerja Cukup Baik

Pada 1H20, bisnis distribusi sebenarnya berkinerja cukup baik dengan penyebaran distribusi USD2,3/MMBTU di 1H20 (vs. USD2,0/MMBTU di 1H19) dan volume distribusi yang lebih rendah sebesar 811 BBUTD (-9% YoY) ternyata di bawah prediksi kami. Kemudian, PGAS mendapatkan keuntungan biaya input gas alam yang lebih rendah dari pemasok E&P hulu sejak April. Kami melihat untuk 2020F akan ada *spread* yang menurun karena regulasi harga gas akan diberlakukan sepenuhnya pada tahun 2020. Jadi, kami mengestimasi *spread* distribusi 2020F akan berada sekitar USD1,7-2,0/MMBTU.

### Mempertahankan Estimasi 2020-2022F Kami

Kami mempertahankan estimasi pendapatan tahun 2020-2022F, dengan mempertimbangkan: 1) PGAS akan membeli gas alam hulu dengan harga lebih rendah kemudian akan membuat prospek kinerja profitabilitas yang lebih kuat; dan 2) SKK Migas tetap mendukung biaya input gas bumi PGAS dari kontraktor E&P hulu berada di level yang wajar. Asumsi kami tetap dipertahankan terutama untuk volume distribusi gas 2020F karena kami memperkirakan sulit untuk meningkatkan volume pada tahun 2020 di tengah situasi kontraksi PDB Indonesia saat ini.

### Mempertahankan Rating BUY dan Target Harga Rp1.400

Kami mempertahankan rekomendasi BUY dengan Target Harga yang sama dan menawarkan potensi kenaikan 22,3%. Target Harga berdasarkan forward EV/EBITDA 5,2x (-0,7 SD dari rata-rata historis 10 tahun). PGAS saat ini diperdagangkan pada 4,6x EV/EBITDA (pada level -1 SD dari rata-rata historis 10 tahun).

#### Perusahaan Gas Negara Tbk | Summary

	2019A	2020F	2021F	2022F
Revenue (USD mn)	3,849	3,090	3,439	3,620
Growth (%)	-0.6	-19.7	11.3	5.3
EBITDA (USD mn)	1,040	912	1,011	1,058
Net Profit (USD mn)	68	97	134	154
EPS (IDR)	39	59	80	90
Growth (%)	-80.1	50.6	35.4	12.6
P/E (x)	55.0	23.6	17.4	15.5
P/BV (x)	1.2	0.7	0.7	0.7
EV/EBITDA (x)	6.7	5.8	5.3	5.1
ROE (%)	2.1	3.0	4.1	4.5
DER (%)	128.0	127.9	136.7	132.8
Net Debt (USD mn)	1,710	1,896	1,946	2,030

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

## Buy

Target Price (IDR)	1,400
Consensus Price (IDR)	1,364
TP to Consensus Price (%)	+2.6
vs. Last Price (%)	+22.3

### Shares Data

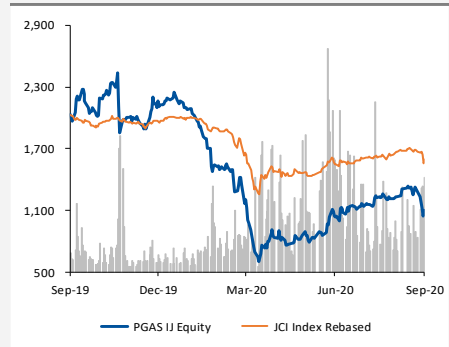
Last Price (IDR)	1,145
Price Date as of	Sep 14, 2020
52 wk Range (Hi/Lo)	2,460/605
Free Float (%)	43
Outstanding Shares (mn)	24,242
Market Cap (IDR bn)	26,787
Market Cap (USD mn)	1,784
Avg. Trd Vol - 3M (mn)	140.3
Avg. Trd Val - 3M (bn)	164.5
Foreign Ownership (%)	14.4

### Utilities

#### Energy

Bloomberg	PGAS IJ
Reuters	PGAS.JK

### Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-46.5%	-6.9%	41.4%	-41.7%
Rel. Ret.	53.5%	93.1%	141.4%	58.3%

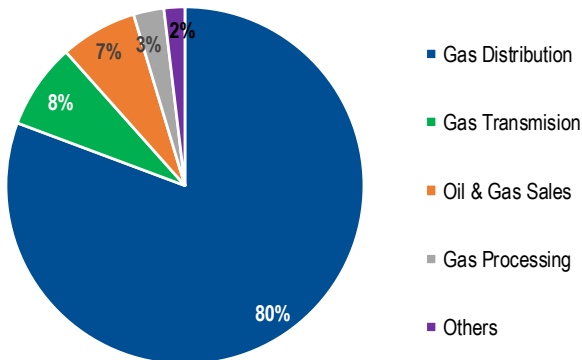


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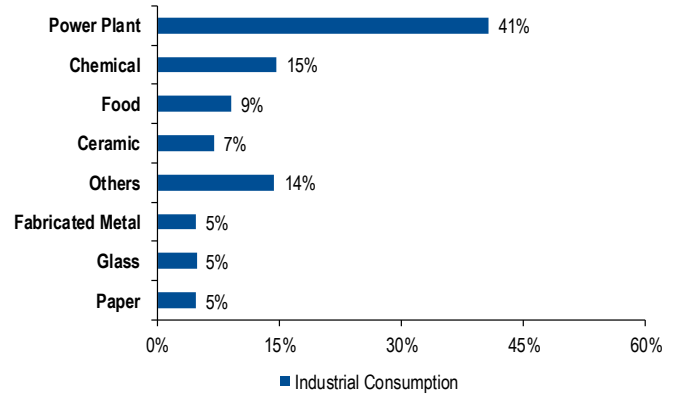
## Performance Highlights in Charts

### 1H20 Revenue Breakdown



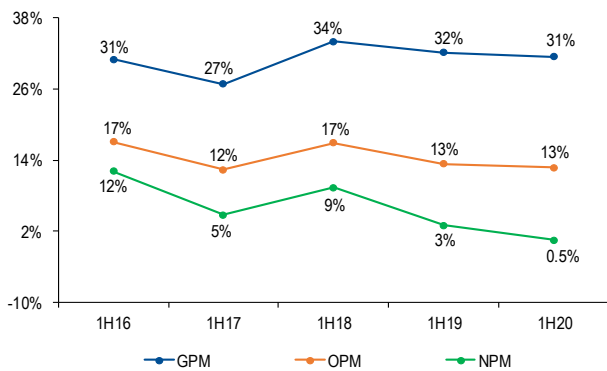
Source: Company Data, NHKSI Research

### 1H20 Industrial Consumption



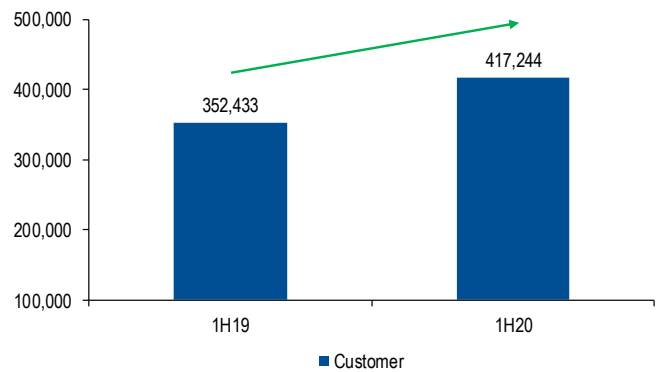
Source: Company Data, NHKSI Research

### Margin Ratios



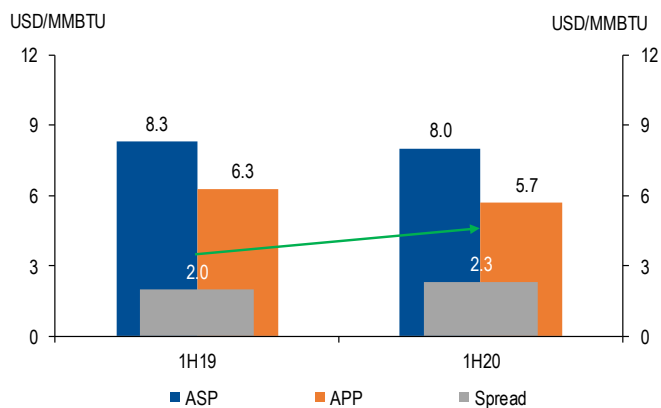
Source: Company Data, NHKSI Research

### Number of Customers



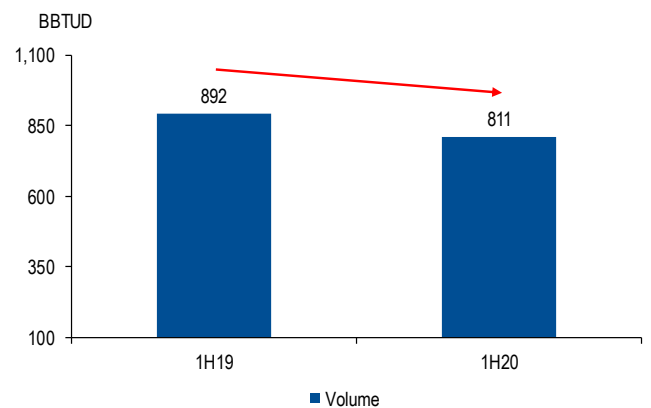
Source: Company Data, NHKSI Research

### Gas Pricing



Source: Company Data, NHKSI Research

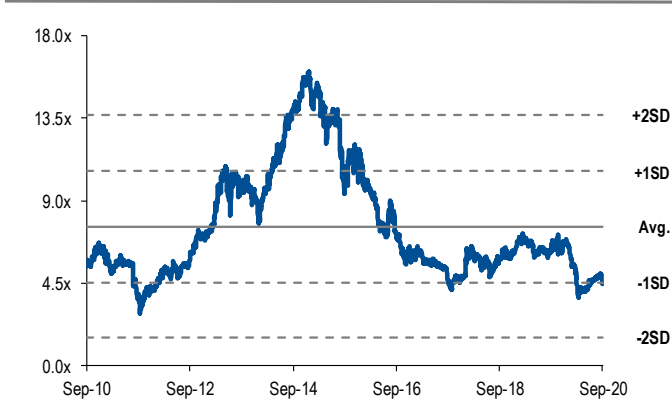
### Gas Distribution Volume



Source: Company Data, NHKSI Research

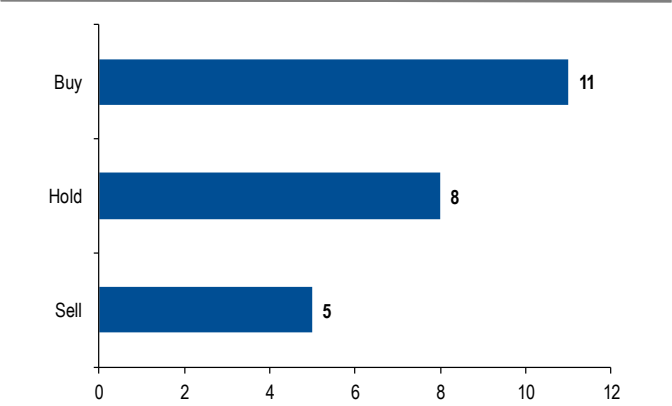
## Valuation & Other Highlights in Charts

### 10-Year Forward EV/EBITDA Band



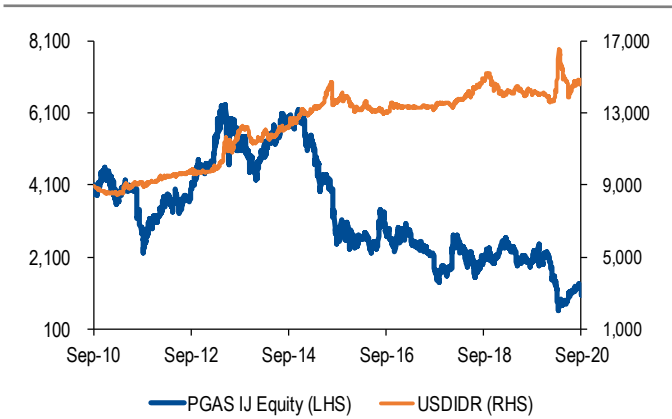
Source: Bloomberg, NHKSI Research

### Recommendation by Analysts



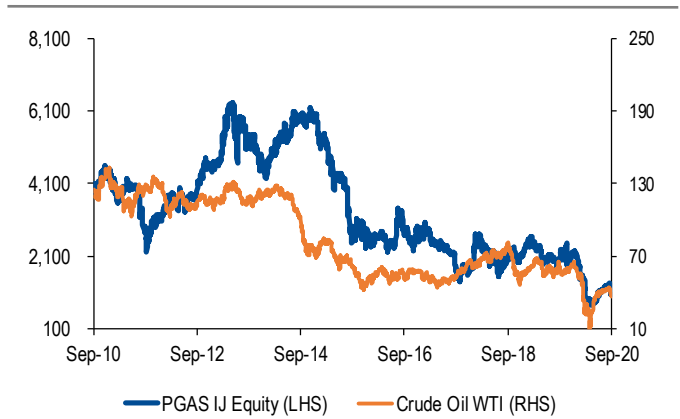
Source: Bloomberg, NHKSI Research

### PGAS & USDIDR Movement



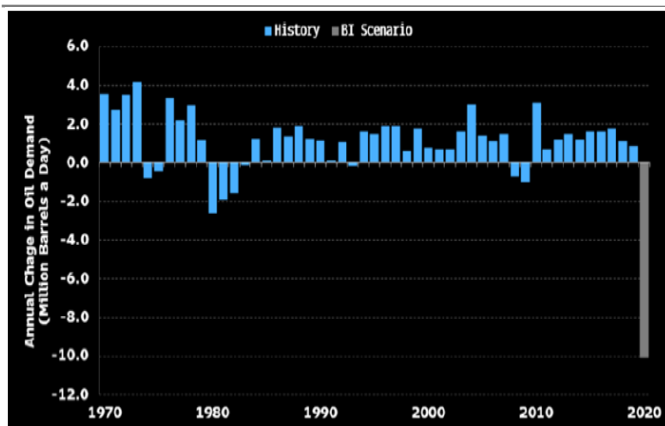
Source: Bloomberg, NHKSI Research

### PGAS & Crude Oil Prices Movement



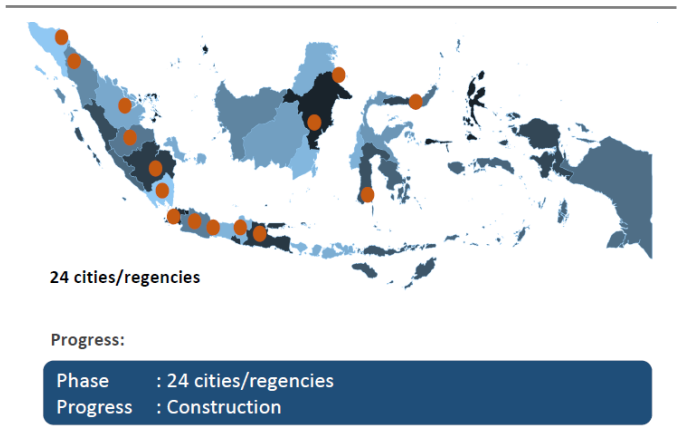
Source: Bloomberg, NHKSI Research

### Global Oil Demand



Source: Bloomberg

### City Gas Project



Source: Company Data

## Financial Review

## Quarterly Review

	2Q19	3Q19	4Q19	1Q20	2Q20					3Q20E
					Actual	Estimate	YoY %	QoQ %	Surprise %	
<b>Income Statement</b>										
Revenue	929	1,022	1,021	874	595	655	-35.9	-31.9	-9.1	763
Gross Profit	295	307	340	287	175	191	-40.5	-38.9	-7.9	227
EBIT	86	136	107	155	31	66	-63.4	-79.8	-52.6	86
EBITDA	263	247	250	241	139	319	-47.4	-42.4	-56.6	253
Net Profit	-11	75	-62	48	-41	14	-5.7	-12.4	-9.1	1
<b>Margin</b>										
Gross Margin	31.7	30.0	33.3	32.9	29.5	29.1	-2.3	-3.4	0.4	29.8
EBIT Margin	9.2	13.3	10.5	17.8	5.3	10.1	-4.0	-12.5	-4.8	11.3
EBITDA Margin	28.3	24.2	24.5	27.5	23.3	48.8	-5.1	-4.3	-25.5	33.2
Net Profit Margin	3.6	7.3	-6.9	10.7	0.0	2.2	-3.6	-10.7	-2.2	0.2

Unit: IDR bn, %

Source: Company Data, NHKSI Research

## Earnings Revisions

		2020F	2021F	2022F
<b>Income Statement</b>				
Revenue	-Maintain	3,090	3,429	3,620
	-Previous	3,090	3,429	3,620
	-Change %	0.0	0.0	0.0
	-Consensus	3,017	3,189	3,354
Gross Profit	-Maintain	936	1,082	1,178
	-Previous	936	1,082	1,178
	-Change %	0.0	0.0	0.0
	-Consensus	934	1,008	1,066
EBIT	-Maintain	383	463	529
	-Previous	383	463	529
	-Change %	0.0	0.0	0.0
	-Consensus	368	390	420
EBITDA	-Revised	912	1,011	1,058
	-Previous	1,191	1,485	1,704
	-Change %	-23.4	-31.9	-37.9
	-Consensus	759	826	885
Net Profit	-Maintain	97	134	154
	-Previous	97	134	154
	-Change %	0.0	0.0	0.0
	-Consensus	89	147	181
<b>Margin</b>				
Gross Margin	-Maintain	30.3	31.5	32.5
	-Previous	30.3	31.5	32.5
EBIT Margin	-Maintain	12.4	13.5	14.6
	-Previous	12.4	13.5	14.6
EBITDA Margin	-Revised	29.5	29.4	29.2
	-Previous	38.5	43.2	47.1
Net Profit Margin	-Maintain	3.1	3.9	4.3
	-Previous	3.1	3.9	4.3

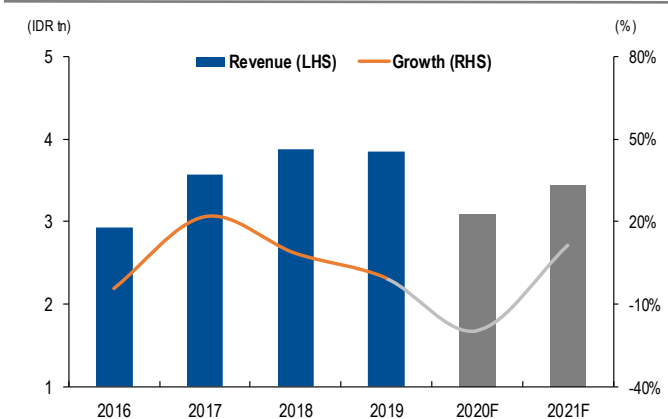
Unit: IDR bn, %

Source: Company Data, NHKSI Research

## Company Overview

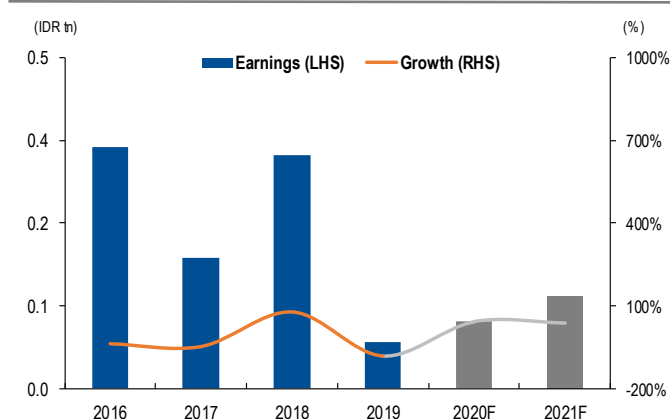
PT Perusahaan Gas Negara Tbk (PGAS) sebagai Subholding Gas, mengintegrasikan infrastruktur gas bumi di Indonesia dan mengupayakan peningkatan akses energi di area Indonesia dengan penggunaan moda infrastruktur pipa maupun non pipa. Saat ini, PGAS telah beroperasi di 66 kabupaten/kota, di 17 provinsi di Indonesia dan terus melakukan ekspansi. Segmen pengguna end user gas bumi yang menerima layanan energi baik gas bumi PGN mulai dari rumah tangga, transportasi (SPBG), pelanggan kecil, komersial, industri dan pembangkit listrik. Portofolio pengelolaan infrastruktur hilir gas bumi PGAS hingga 2019 mencakup 96% dari infrastruktur hilir gas bumi yang sudah terbangun dan beroperasi. Adapun untuk pengelolaan jaringan gas bumi rumah tangga dan pelanggan kecil sesuai penugasan Pemerintah dan Program Sayang Ibu mencakup 49 Kabupaten/Kota di seluruh Indonesia dengan panjang pipa jargas yang dikelola sekitar 3.000 Km.

### Revenue & Growth Movement



Source: Company Data, NHKSI Research

### Earnings & Growth Movement



Source: Company Data, NHKSI Research

### Asia Peers Comparison

	Market Cap (USD mn)	Total Asset (USD mn)	Sal. Growth* (%)	NP Growth* (%)	Div. Yield (%)	ROE* (%)	EV/EBITDA (x)	P/BV (x)
<b>Indonesia</b>								
PERUSAHAAN GAS NEGARA TBK	1,840	7,374	-0.6	-88.7	3.7	0.8	4.8	0.7
<b>China</b>								
CHINA GAS HOLDINGS LTD	14,679	14,458	0.3	11.7	2.3	24.5	12.2	2.9
ENN ENERGY HOLDINGS LTD	12,570	11,667	15.6	13.7	1.9	19.9	11.1	3.2
CHINA RESOURCES GAS GROUP LTD	10,734	10,402	9.1	-4.6	2.4	16.0	9.8	2.7
KUNLUN ENERGY CO LTD	5,854	21,239	7.4	1.8	5.5	10.1	4.5	0.8
<b>Japan</b>								
TOKYO GAS CO LTD	104	355	1.8	48.9	3.5	7.2	5.8	0.5
<b>South Korea</b>								
KOREA GAS CORP	1,848	34,037	-4.6	N/A	1.6	-5.4	9.9	0.3
<b>India</b>								
GAIL INDIA LTD	5,674	9,939	-4.6	43.9	7.9	19.8	4.6	0.8
INDRAPRASTHA GAS LTD	3,912	1,001	12.5	48.3	N/A	25.8	16.2	5.4
GUJARAT GAS LTD	2,858	1,051	32.9	186.5	0.4	43.4	10.6	6.3

Note: \* = Last Twelve Months (LTM)

Source: Bloomberg, NHKSI Research

## Financial Summary

INCOME STATEMENT					PROFITABILITY & STABILITY				
(USD mn)	2019/12A	2020/12F	2021/12F	2022/12F		2019/12A	2020/12F	2021/12F	2022/12F
<b>Revenue</b>	<b>3,849</b>	<b>3,090</b>	<b>3,439</b>	<b>3,620</b>	ROE	2.1%	3.0%	4.1%	4.5%
<i>Growth</i>	-0.6%	-19.7%	11.3%	5.3%	ROA	0.9%	1.3%	1.8%	1.9%
COGS	(2,621)	(2,154)	(2,357)	(2,441)	ROIC	3.5%	3.5%	5.2%	5.6%
<b>Gross Profit</b>	<b>1,227</b>	<b>936</b>	<b>1,082</b>	<b>1,178</b>	Cash Dividend (USDmn)	97	68	97	134
<i>Gross Margin</i>	31.9%	30.3%	31.5%	32.5%	Dividend Yield	2.6%	2.8%	4.0%	5.5%
Operating Expenses	(709)	(553)	(619)	(650)	Payout Ratio	15.7%	24.1%	41.9%	43.2%
<b>EBIT</b>	<b>518</b>	<b>383</b>	<b>463</b>	<b>529</b>	DER	128.0%	127.9%	136.7%	132.8%
<i>EBIT Margin</i>	13.5%	12.4%	13.5%	14.6%	Net Gearing	90%	98%	110%	114%
Depreciation	522	529	548	529	LT Debt to Equity	78.2%	83.0%	87.4%	86.5%
<b>EBITDA</b>	<b>1,040</b>	<b>912</b>	<b>1,011</b>	<b>1,058</b>	Capitalization Ratio	46.0%	47.4%	48.7%	48.4%
<i>EBITDA Margin</i>	27.0%	29.5%	29.4%	29.2%	Equity Ratio	43.9%	43.9%	42.2%	43.0%
Interest Expenses	(210)	(247)	(259)	(272)	Debt Ratio	37.3%	39.5%	40.1%	40.3%
<b>EBT</b>	<b>280</b>	<b>231</b>	<b>310</b>	<b>369</b>	Financial Leverage	228.0%	232.4%	234.7%	232.8%
Income Tax	(167)	(98)	(87)	(103)	Current Ratio	196.6%	198.3%	200.1%	203.7%
Minority Interest	(45)	(37)	(89)	(111)	Par Value (IDR)	100	100	100	100
<b>Net Profit</b>	<b>68</b>	<b>97</b>	<b>134</b>	<b>154</b>	Total Shares (mn)	24,242	24,242	24,242	24,242
<i>Growth</i>	-80.0%	43.5%	38.1%	14.9%	Share Price (IDR)	2,170	1,400	1,400	1,400
<i>Net Profit Margin</i>	1.8%	3.1%	3.9%	4.3%	Market Cap (IDR tn)	52.6	33.9	33.9	33.9

BALANCE SHEET					VALUATION INDEX				
(USD mn)	2019/12A	2020/12F	2021/12F	2022/12F		2019/12A	2020/12F	2021/12F	2022/12F
Cash	1,040	1,049	1,179	1,253	Price/Earnings	55.0x	23.6x	17.4x	15.5x
Receivables	510	591	615	654	Price/Book Value	1.2x	0.7x	0.7x	0.7x
Inventories	71	65	64	63	Price/Sales	1.0x	0.8x	0.7x	0.7x
<b>Total Current Assets</b>	<b>2,209</b>	<b>1,989</b>	<b>2,294</b>	<b>2,330</b>	PE/EPS Growth	-0.7x	0.5x	0.5x	1.0x
Net Fixed Assets	4,250	4,530	4,561	4,574	EV/EBITDA	6.7x	5.8x	5.3x	5.1x
Other Non Current Asset	915	941	938	953	EV/EBIT	13.4x	13.7x	11.5x	10.2x
<b>Total Assets</b>	<b>7,374</b>	<b>7,460</b>	<b>7,792</b>	<b>8,137</b>	EV (IDR bn)	6,926	5,249	5,329	5,414
Payables	260	212	240	255	Sales CAGR (3-Yr)	9.5%	-4.7%	-3.9%	-2.0%
ST Bank Loan	221	230	248	258	EPS CAGR (3-Yr)	-41.0%	-17.8%	-26.0%	31.9%
LT Debt	2,529	2,716	2,877	3,025	Basic EPS (IDR)	39	59	80	90
<b>Total Liabilities</b>	<b>4,139</b>	<b>4,188</b>	<b>4,501</b>	<b>4,642</b>	Diluted EPS (IDR)	39	59	80	90
Capital Stock + APIC	344	344	344	344	BVPS (IDR)	1,868	1,890	1,901	2,019
Retained Earnings	2,729	2,672	2,506	2,526	Sales PS (IDR)	2,223	1,784	1,986	2,090
<b>Shareholder' Equity</b>	<b>3,234</b>	<b>3,273</b>	<b>3,291</b>	<b>3,495</b>	DPS (IDR)	56	39	56	77

CASH FLOW STATEMENT					TOP OWNERSHIP		
(USD mn)	2019/12A	2020/12F	2021/12F	2022/12F	By Geography	% Shareholders	%
Operating Cash Flow	893	554	632	708	Indonesia	85.6	Pertamina 57.0
Investing Cash Flow	(1,736)	(194)	(769)	(843)	United States	6.9	Norges Bank 1.8
Financing Cash Flow	762	(222)	266	209	Norway	2.7	Vanguard Group 1.6
<b>Net Changes in Cash</b>	<b>(81)</b>	<b>138</b>	<b>129</b>	<b>74</b>	Luxembourg	1.6	FMR 1.2

Source: Company Data, NHKSI Research

## Closing &amp; Target Price Update



Source: Bloomberg, NHKSI Research

## Rating &amp; Target Price Update

Date	Rating	Target Price	Consensus
2016.12.16	Buy	IDR2,900	IDR3,058
2018.09.10	Buy	IDR2,600	IDR2,438
2020.07.16	Buy	IDR1,400	IDR1,112
2020.09.15	Buy	IDR1,400	IDR1,364

Source: NHKSI Research

## NHKSI Stock Ratings

- Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
- Buy: greater than +15%, Hold: -15% to +15%, Sell: less than -15%.
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