Aneka Tambang Tbk (ANTM IJ)

Performance Not Affected by Pandemic

NH KORINDO SEKURITAS

Company Update | Nov 23, 2020

During the uncertain situations due to the global pandemic, ANTM managed to post a bottom line of IDR751 billion in 3Q20, +104.8% QoQ or +463.8% YoY and outperformed our previous expectations (IDR372 billion). Meanwhile, in 9M20 ANTM was able to book IDR836 billion in bottom line, increased by 48.9% YoY. Thus, we revised our forecast for 2020-2022F to adjust with the company's outlook. We maintain BUY recommendation for ANTM with higher TP: 1,480.

Bottom Line Exceeds our Expectations

In 3Q20, ANTM posted a revenue of IDR8,8 trillion, +119% QoQ or –12.9% YoY, resulting in bottom line of IDR751 billion, +104.8% QoQ or +463.8% YoY. Meanwhile in 9M20, ANTM recorded IDR18 trillion in revenue (-26% YoY) and managed to record a bottom line of IDR836 billion (+48.9% YoY) due to a significant decline in selling and marketing expense by -74.4% YoY. Thus, we expect ANTM's revenue in 2021F to be IDR23,4 trillion, -1,4% YoY as we assume the average gold price will decrease to USD1.800/ounce in 2021F alongside economic recovery.

Smelter Projects still on development

Currently, the East Halmahera ferronickel plant project still have problems with electricity supply. So the smelter is still on progress at 97,98% of completion target, adding 13.500 TNi/ annum when completed. Therefore, with Halmahera smelter targeted to complete in 2021, we see that it will have a significant increase in ANTM's nickel segment production. On the other hand, ANTM is still developing its Smelter Grade Alumina Refinery (SGAR), with estimated total production capacity of up to 1 million ton SGA/annum (stage 1) and targeted to be complete in 2023.

EV Battery factory as positive catalyst

As we know, Indonesian government has plans to build EV battery factory lead by Inalum (through ANTM), PT Pertamina (Persero), and PT PLN (Persero). We see that the plans will increase the revenue contribution of nickel segment as ANTM's nickel will be directly absorbed by the factory.

Maintain BUY Rating with Higher TP of IDR1,480

We maintain BUY recommendation for ANTM with higher TP of IDR1,480 (previously IDR1,100) as ANTM's performance is better than expected. Our new TP is based on forward EV/EBITDA 2021 of 23.8x. ANTM is currently traded at 20.4x EV/EBITDA.

Aneka Tambang Tbk | Summary

	2019A	2020F	2021F	2022F
Revenue (IDR bn)	32,719	23,759	23,424	24,462
Growth (%)	29.4	-27.4	-1.4	4.4
EBITDA (IDR bn)	2,282	3,170	2,540	3,085
Net Profit (IDR bn)	194	875	674	851
EPS (IDR)	5	23	18	22
Growth (%)	-88.2	351.2	-23.0	26.3
P/E (x)	164.7	51.5	66.8	52.9
P/BV (x)	1.8	2.4	2.3	2.3
EV/EBITDA (x)	17.8	16.8	20.9	17.0
ROE (%)	1.1	4.7	3.5	4.4
DER (%)	66.5	70.0	59.2	66.2
Net Debt (IDR bn)	4,921	4,154	4,221	4,429

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

Buy

Target Price (IDR)	**1,480**
Consensus Price (IDR)	1,216
TP to Consensus Price (%)	+21.7
vs. Last Price (%)	+17.9

Shares Data

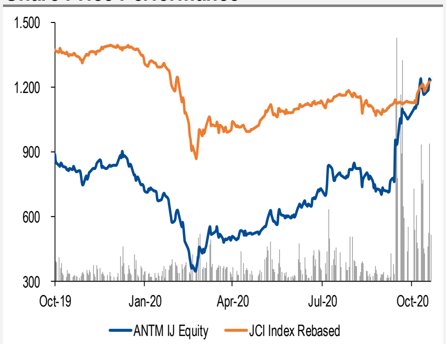
Last Price (IDR)	1,255
Price Date as of	Nov 23, 2020
52 wk Range (Hi/Lo)	1,255/338
Free Float (%)	35
Outstanding Shares (mn)	24,031
Market Cap (IDR bn)	19,705
Market Cap (USD mn)	1,351
Avg. Trd Vol - 3M (mn)	112.2
Avg. Trd Val - 3M (bn)	78.2
Foreign Ownership (%)	96,2

Mining

Metal

Bloomberg	**ANTM IJ**
Reuters	**ANTM.JK**

Share Price Performance

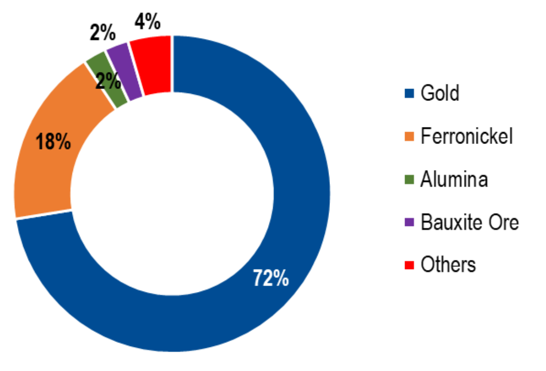


	YTD	1M	3M	12M
Abs. Ret.	47.0%	17.1%	55.3%	47.9%
Rel. Ret.	58.2%	7.9%	49.3%	57.0%

NH Korindo Research Team

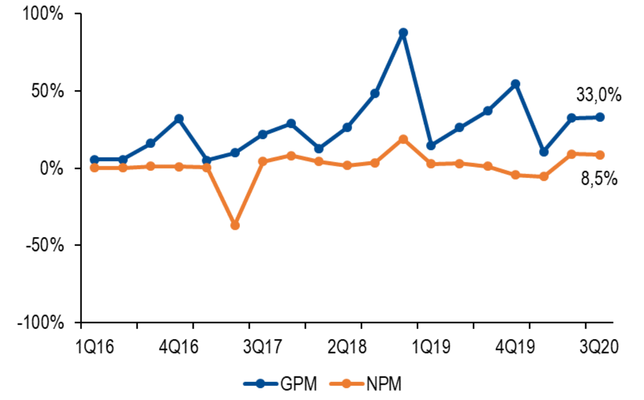
Performance Highlights in Charts

9M20 Revenue Breakdown



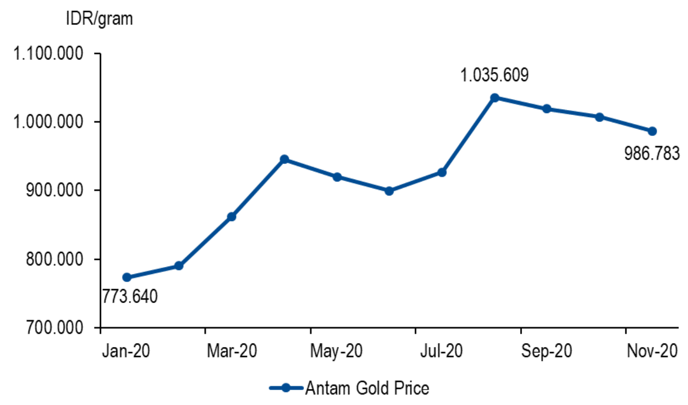
Source: Company Data, NHKSI Research

Margin Ratios



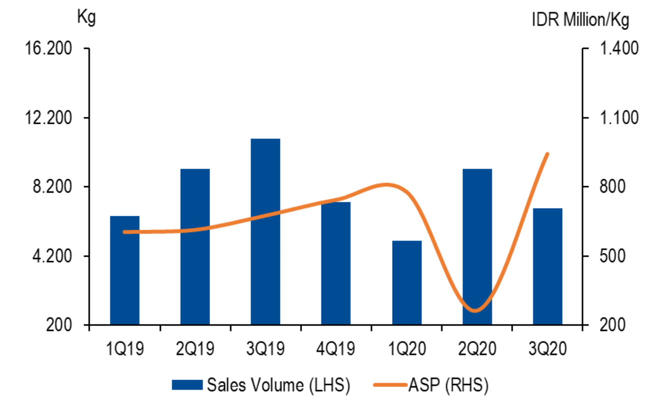
Source: Company Data, NHKSI Research

Average Gold Price (Antam Gold)



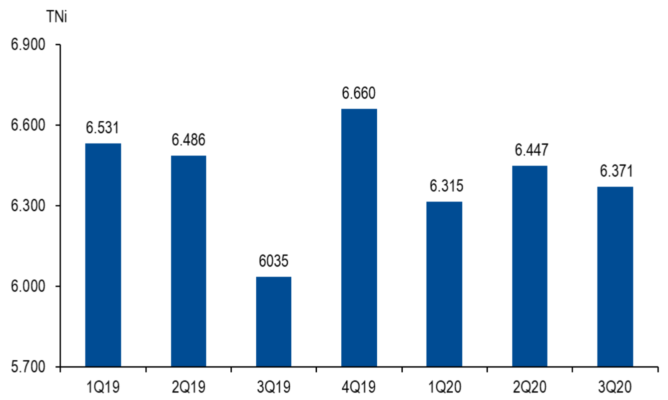
Source: Company Data, NHKSI Research

Gold Sales Volume & ASP



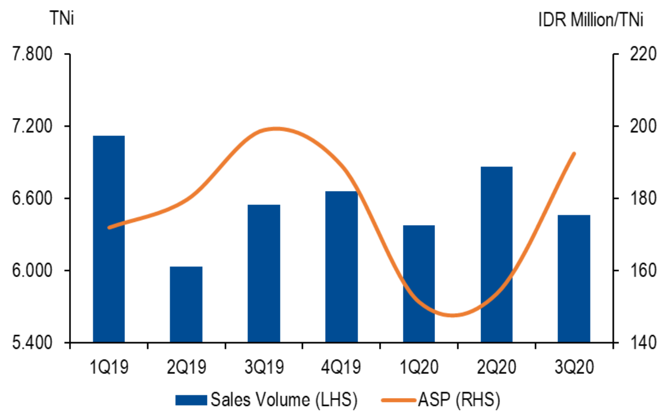
Source: Company Data, NHKSI Research

Ferronickel Production



Source: Company Data, NHKSI Research

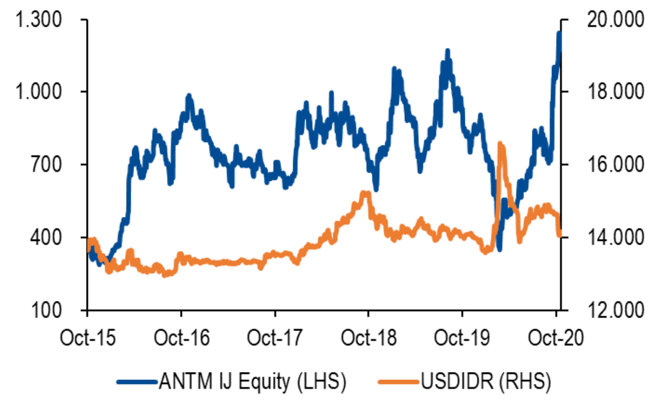
Ferronickel Sales Volume & ASP



Source: Company Data, NHKSI Research

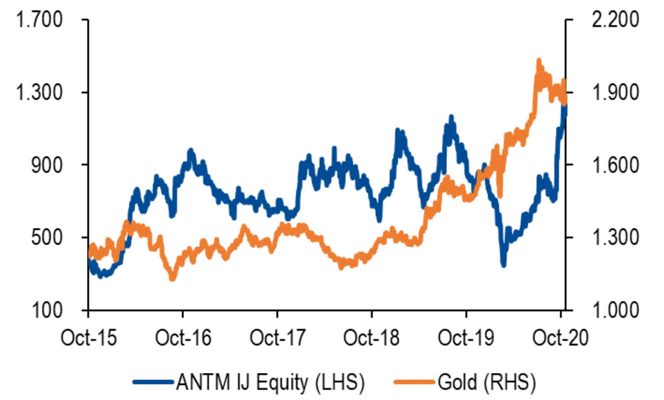
Other Highlights in Charts

ANTM & USDIDR Movement



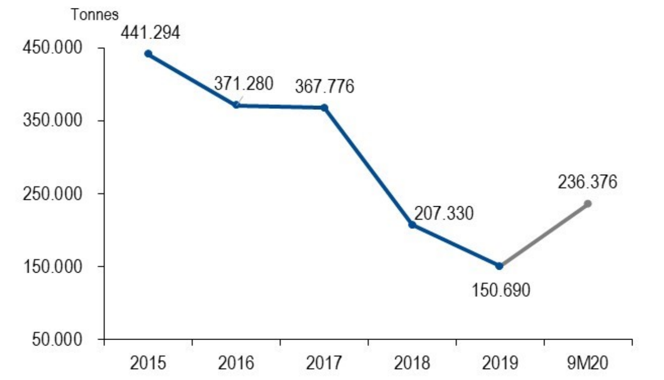
Source: Bloomberg, NHKSI Research

ANTM & Gold Prices Movement



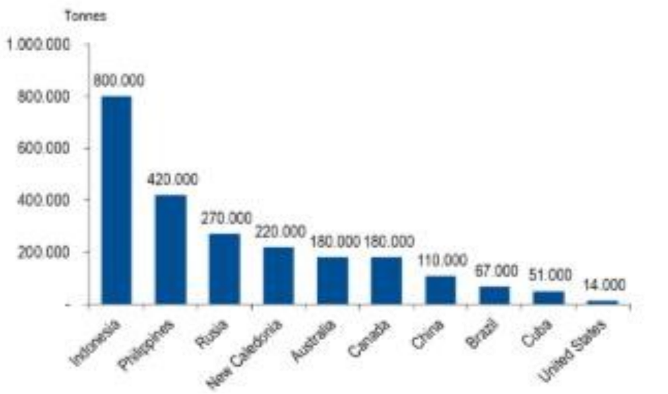
Source: Bloomberg, NHKSI Research

LME Nickel Inventory



Source: Bloomberg, NHKSI Research

Top Nickel Production by Country (FY2019)



Source: US Geological Survey (USGS), NHKSI Research

Financial Review

Earnings Revisions

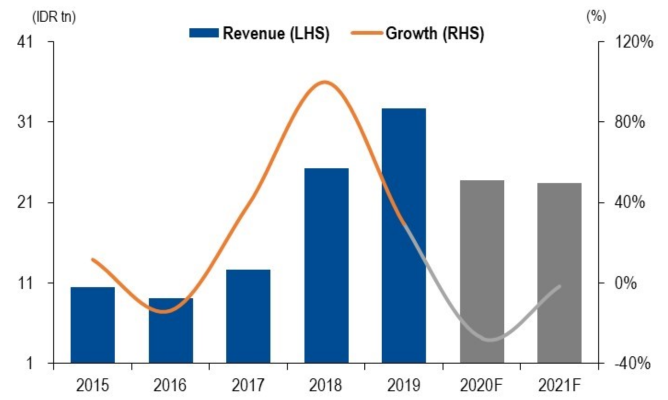
		2020F	2021F	2022F
Sales	Revised	23.759	23.424	24.462
	Previous	21.826	25.671	31.862
	Change	*8,9%*	*-8,8%*	*-23,2%*
Gross Profit	Revised	3.229	3.045	3.180
	Previous	3.087	3.659	4.637
	Change	*4,6%*	*-16,8%*	*-31,4%*
Gross Margin	Revised	*13,6%*	*13,0%*	*13,0%*
	Previous	*14,1%*	*14,3%*	*14,6%*
EBIT	Revised	1.566	1.171	1.468
	Previous	592	724	994
	Change	*164,7%*	*61,8%*	*47,6%*
EBIT Margin	Revised	*6,6%*	*5,0%*	*6,0%*
	Previous	*2,7%*	*2,8%*	*3,1%*
EBITDA	Revised	3.170	2.540	3.085
	Previous	1.808	2.244	2.951
	Change	*75,4%*	*13,2%*	*4,5%*
EBITDA Margin	Revised	*13,3%*	*10,8%*	*12,6%*
	Previous	*8,3%*	*8,7%*	*9,3%*
Net Profit	Revised	875	674	851
	Previous	288	350	478
	Change	*203,8%*	*92,4%*	*78,1%*
Net Margin	Revised	*3,7%*	*2,9%*	*3,5%*
	Previous	*1,3%*	*1,4%*	*1,5%*

Unit: IDR bn, %
Source: Company Data, NHKSI Research

Company Overview

Aneka Tambang (ANTM) is a mining company whose business activities include exploration, mining, processing, and marketing various mineral commodities as gold, nickel, nickel ore, silver, bauxite, and minerals. ANTM's products are virtually exported and sold in USD denomination, with leading international companies in Europe and Asia as consumers. In ASEAN, ANTM is the sole gold producer to hold the international certificate of 99% gold purity certified by the London Bullion Market Association (LBMA). The certification gives an advantage for ANTM to penetrate the international gold trading markets. ANTM's market capitalization in Asia is still relatively smaller than that of its peers, but its sales are higher than its peers. In years ahead, ANTM will continue to expand its mining business in order to improve its competitiveness.

Revenue & Growth Movement



Source: Company Data, NHKSI Research

Earnings & Growth Movement

Source: Company Data, NHKSI Research

Asia Pacific Peers Comparison

	Market Cap (USD mn)	Total Asset (USD mn)	Total Sales* (USD mn)	Net Profit* (USD mn)	NPM* (%)	ROE (%)	EV/EBITDA (x)	P/BV (x)
Indonesia								
MERDEKA COPPER GOLD TBK	2,882	951	409	67	16.3	14.5	10.9	5.5
ANEKA TAMBANG TBK	2,047	2,181	1,812	32	2.4	2.4	7.8	1.5
J RESOURCES ASIA PASIFIK TBK	395	991	242	-7	-3.0	-2.4	6.3	1.4
China								
ZHONGJIN GOLD CORP	7,069	6,448	6,242	130	2.1	4.9	N/A	2.0
YINTAI RESOURCES	4,028	1,707	1,102	166	15.1	12.6	N/A	2.8
INNER MONGOLIA	2,679	2,918	3,910	120	3.1	7.4	N/A	1.5
Taiwan								
KING SLIDE WORKS	952	425	164	41	25.2	11.6	8.3	2.5
Australia								
MINERAL RESOURCES	4,112	3,191	1,427	674	47.2	55.4	2.2	2.5
OZ MINERALS	3,581	2,679	848	134	15.8	6.8	9.0	1.6
INDEPENDENCE GROUP	2,078	1,580	593	104	17.6	8.2	5.1	1.5

Note: * = Last Twelve Months (LTM)

Source: Bloomberg, NHKSI Research

Financial Summary

INCOME STATEMENT				
(IDR bn)	**2019/12A**	**2020/12F**	**2021/12F**	**2022/12F**
Revenue	**32.719**	**23.759**	**23.424**	**24.462**
Growth	*29,4%*	*-27,4%*	*-1,4%*	*4,4%*
COGS	(28.271)	(20.530)	(20.379)	(21.282)
Gross Profit	**4.447**	**3.229**	**3.045**	**3.180**
Gross Margin	*13,6%*	*13,6%*	*13,0%*	*13,0%*
Operating Expenses	(3.492)	(1.663)	(1.874)	(1.712)
EBIT	**956**	**1.566**	**1.171**	**1.468**
EBIT Margin	*2,9%*	*6,6%*	*5,0%*	*6,0%*
Depreciation	1.326	1.604	1.369	1.617
EBITDA	**2.282**	**3.170**	**2.540**	**3.085**
EBITDA Margin	*7,0%*	*13,3%*	*10,8%*	*12,6%*
Interest Expenses	(233)	(832)	(755)	(824)
EBT	**687**	**1.166**	**898**	**1.135**
Income Tax	(493)	(292)	(225)	(284)
Minority Interest	-	-	-	-
Net Profit	**194**	**875**	**674**	**851**
Growth	*-88,2%*	*351,2%*	*-23,0%*	*26,3%*
Net Profit Margin	*0,6%*	*3,7%*	*2,9%*	*3,5%*

PROFITABILITY & STABILITY				
	2019/12A	**2020/12F**	**2021/12F**	**2022/12F**
ROE	1,1%	4,7%	3,5%	4,4%
ROA	0,6%	2,8%	2,1%	2,7%
ROIC	1,0%	4,1%	3,2%	3,9%
Cash Dividend (IDR bn)	306	164	126	159
Dividend Yield	1,0%	0,4%	0,3%	0,4%
Payout Ratio	157,9%	18,7%	18,7%	18,7%
DER	66,5%	70,0%	59,2%	66,2%
Net Gearing	87,0%	90,4%	72,4%	77,6%
LT Debt to Equity	30,7%	37,3%	28,7%	34,3%
Capitalization Ratio	32,1%	33,6%	29,2%	32,3%
Equity Ratio	60,1%	58,8%	62,8%	60,2%
Debt Ratio	28,3%	29,7%	25,9%	28,6%
Financial Leverage	168,5%	162,6%	163,1%	159,5%
Current Ratio	144,8%	182,6%	151,0%	163,9%
Par Value (IDR)	100	100	100	100
Total Shares (mn)	38.000	38.000	38.000	38.000
Share Price (IDR)	840	1.185	1.185	1.185
Market Cap (IDR tn)	31,9	45,0	45,0	45,0

BALANCE SHEET				
(IDR bn)	**2019/12A**	**2020/12F**	**2021/12F**	**2022/12F**
Cash	3.636	5.381	3.806	4.714
Receivables	1.002	950	937	978
Inventories	1.796	1.304	1.295	1.352
Total Current Assets	**7.665**	**9.062**	**7.229**	**8.101**
Net Fixed Assets	18.866	19.910	20.690	20.784
Other Non Current Asse	2.123	1.541	1.520	1.587
Total Assets	**30.195**	**32.094**	**30.936**	**31.919**
Payables	740	926	920	960
ST Bank Loan	2.993	2.493	2.452	2.555
LT Debt	5.564	7.043	5.575	6.588
Total Liabilities	**12.061**	**13.210**	**11.504**	**12.712**
Capital Stock	2.403	2.403	2.403	2.403
Retained Earnings	7.432	8.143	8.691	9.383
Shareholders' Equity	**18.133**	**18.884**	**19.432**	**19.207**

VALUATION INDEX				
	2019/12A	**2020/12F**	**2021/12F**	**2022/12F**
Price/Earnings	164,7x	51,5x	66,8x	52,9x
Price/Book Value	1,8x	2,4x	2,3x	2,3x
Price/Sales	1,0x	1,9x	1,9x	1,8x
PE/EPS Growth	-1,9x	0,1x	-2,9x	2,0x
EV/EBITDA	17,8x	16,8x	20,9x	17,0x
EV/EBIT	42,6x	33,9x	45,4x	35,7x
EV (IDR bn)	40.724	53.107	53.174	52.464
Sales CAGR (3-Yr)	53,2%	23,4%	-2,5%	-9,2%
EPS CAGR (3-Yr)	44,1%	85,7%	-25,6%	63,7%
Basic EPS (IDR)	5	23	18	22
Diluted EPS (IDR)	5	23	18	22
BVPS (IDR)	477	497	511	505
Sales PS (IDR)	861	625	616	644
DPS (IDR)	8	4	3	4

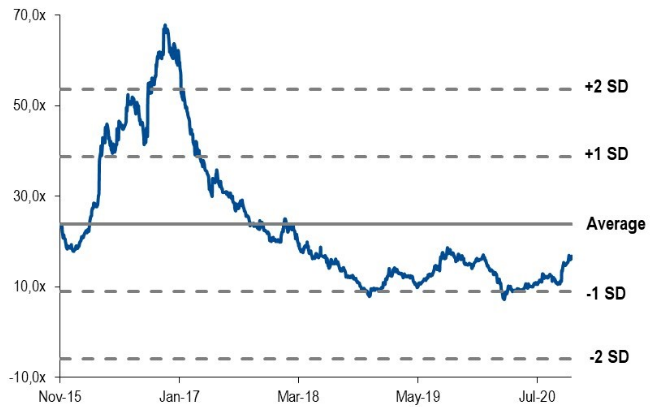
CASH FLOW STATEMENT				
(IDR bn)	**2019/12A**	**2020/12F**	**2021/12F**	**2022/12F**
Operating Cash Flow	1.634	1.805	810	1.955
Investing Cash Flow	(885)	(865)	(703)	(1.038)
Financing Cash Flow	(1.363)	854	(1.635)	40
Net Changes in Cash	**(615)**	**1.793**	**(1.528)**	**957**

TOP OWNERSHIP			
By Geography	**%**	**Shareholders**	**%**
Unknown	92,7	Inalum	65,0
United States	5,0	Vanguard Group	1,2
Norway	0,8	Dimensional Fund	1,0
Luxembourg	0,5	Blackrock	0,7

Source: Company Data, NHKSI Research

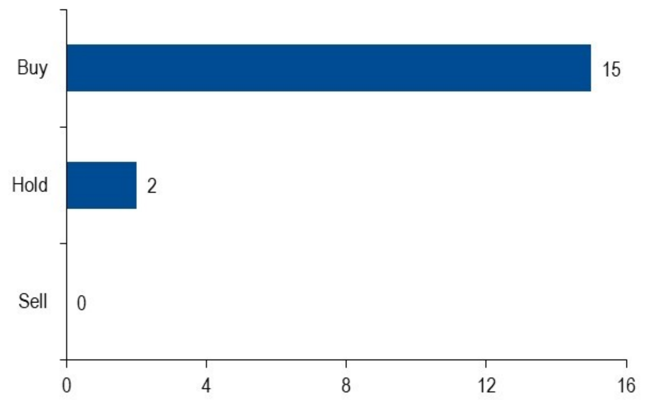
Valuation

5-Year Forward EV/EBITDA Band



Source: Bloomberg, NHKSI Research

Recommendation by Analysts



Source: Bloomberg, NHKSI Research

Closing & Target Price Update

Source: Bloomberg, NHKSI Research

Rating & Target Price Update

Date	Rating	Target Price	Consensus
2018.03.19	Buy	IDR990	IDR1,030
2018.08.05	Buy	IDR985	IDR1,065
2018.09.18	Buy	IDR1,200	IDR1,238
2019.10.20	Buy	IDR1,300	IDR1,181
2019.11.25	Buy	IDR1,100	IDR1,226
2020.07.24	Buy	IDR850	IDR719
2020.09.02	Buy	IDR1,100	IDR785
2020.11.13	Buy	IDR1,480	IDR1,216

Source: NHKSI Research

NH Korindo Sekuritas Indonesia (NHKSI) Stock Ratings

1. Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
2. Rating system based on a stock's potential upside from the date of publication
   - Buy : Greater than +15%
   - Overweight : +5% to 15%
   - Hold : -5% to +5%
   - Underweight : -5% to –15%
   - Sell : Less than -15%