

Perusahaan Gas Negara Tbk (PGAS IJ)

Top & Bottom Line mulai Membaik di 3Q20

Perbaikan kinerja di kuartal-III/2020 membuat pendapatan tumbuh 14,5% QoQ menjadi USD681,9 juta. Distribusi gas memimpin kenaikan pertumbuhan pendapatan sebesar 13,9% QoQ. PGAS kembali mencatatkan laba bersih USD46,5 juta vs rugi bersih di kuartal-II sebesar USD41,1 juta.

Perbaikan Kinerja di Kuartal-III 2020. PGAS membukukan kenaikan pendapatan sebesar USD681,9 juta (+14.5% QoQ), peroleh pendapatan PGAS setara dengan 72,0% dari target 2020E kami. Pertumbuhan pendapatan di kuartal-III didorong oleh naiknya permintaan gas menyebabkan segmen distribusi gas naik 13,9% QoQ menjadi USD560,4 juta pada 3Q20. Naiknya pendapatan di kuartal 3 menciptakan laba bersih menjadi USD46,5 juta vs rugi bersih di kuartal-II USD41,1 juta.

Sengketa Pajak Tidak Mengganggu Likuiditas PGAS. Perbedaan penafsiran dalam memahami ketentuan perpajakan terhadap pelaksanaan kewajiban pemungutan PPN atas penyerahan gas bumi membuat perseroan tersandung sengketa pajak. Hal ini akan membuat PGAS berkewajiban memenuhi kewajiban pokok lebih dari Rp3 triliun. Kami menilai adanya sengketa ini tidak akan mengganggu likuiditas perseroan. Sepanjang 9M20 PGAS mencatatkan nilai kas sebesar USD1,2 billion vs USD1,0 billion pada 9M19 (+14,8%). Disamping itu, PGAS juga masih memiliki standby loan dari bank yang bisa dikeluarkan di tahun 2021. Secara valuasi, kami melihat nilai likuiditas PGAS masih tergolong aman, dengan nilai current ratio dan cash ratio berada disekitar 2,7x dan 1,6x di 9M20.

Serap Belanja Modal USD168 Juta Hingga Oktober 2020. PGAS telah mengeluarkan belanja modal sebesar USD168 juta hingga Oktober 2020, setara 84% dari estimasi kami. Serapan belanja modal PGAS di bisnis upstream digunakan untuk mengembangkan blok minyak dan gas atau migas yang sudah ada, termasuk proyek West Pangkah dan lapangan Sidayu sebesar USD77 juta (45,8%). Di bisnis downstream digunakan untuk pengembangan pipa minyak Rokan, pengembangan pipa transmisi gas Gresik ke Semarang dan pengembangan pipa distribusi Kuala Tanjung sebesar USD88 juta (52,4%) dan di bisnis supporting digunakan untuk pengembangan serat optic sebesar USD3 juta (1,8%).

Kami Merekomendasikan Rating BUY dan Target Harga Rp2.030. Kami merekomendasikan BUY dengan Target Harga di Rp2.030 dengan potensi kenaikan 17,0%. Target Harga kami mencerminkan forward EV/EBITDA di level 5,4x (bergerak di area -1SD dari rata-rata historis 10 tahun).

Perusahaan Gas Negara Tbk | Summary

	2019	2020 E	2021 F	2022 F
Revenue (USD mn)	3,849	2,986	3,461	3,615
Growth (%)	-0.6	-22.4	15.9	4.5
EBITDA (USD mn)	1,040	946	1,210	1,232
Net Profit (USD mn)	68	145	249	256
EPS (IDR)	39	89	149	151
Growth (%)	-80.1	125.1	68.2	0.9
P/E (x)	55.0	18.6	13.7	13.5
P/BV (x)	1.2	0.9	1.0	1.0
EV/EBITDA (x)	6.7	6.4	5.7	5.7
ROE (%)	2.1	4.5	7.6	7.4
DER (x)	1.3	1.3	1.4	1.3
Net Debt (USD mn)	1,710	2,126	1,927	2,037

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

Company Update | Jan. 22, 2021

BUY

Target Price (IDR)	2,030
Consensus Price (IDR)	1,726
TP to Consensus Price (%)	+17.6
vs. Last Price (%)	+17.0

Shares Data

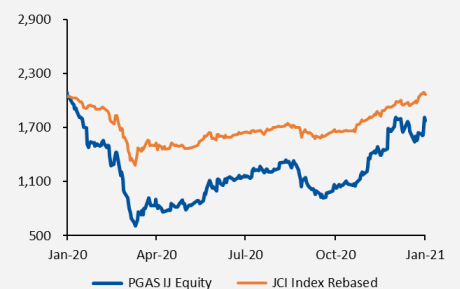
Last Price (IDR)	1,735
Price Date as of	Jan. 20, 2021
52 wk Range (Hi/Lo)	2,000/605
Free Float (%)	43.0
Outstanding Shares (mn)	24,242
Market Cap (IDR bn)	43,271
Market Cap (USD mn)	3,086
Avg. Trd Vol - 3M (mn)	278.0
Avg. Trd Val - 3M (bn)	434.7
Foreign Ownership (%)	13.2

Utilities

Energy

Bloomberg	PGAS IJ
Reuters	PGAS.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-18.9%	-3.3%	66.0%	-11.7%
Rel. Ret.	-21.3%	-7.6%	40.0%	-14.7%

Restu Pamungkas

+62 21 5088 9133

restu.pamungkas@nhsec.co.id

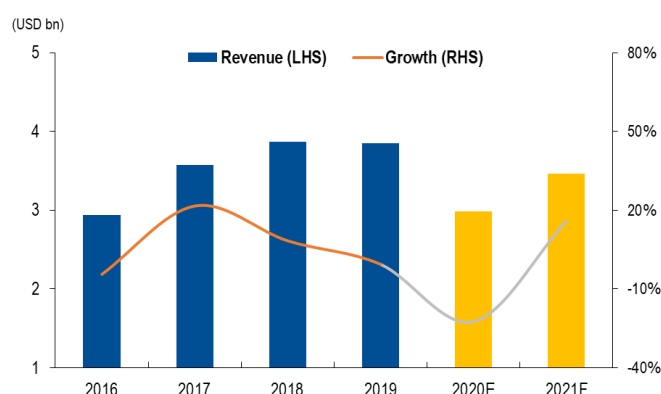
Company Profile & Performance Forecast



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

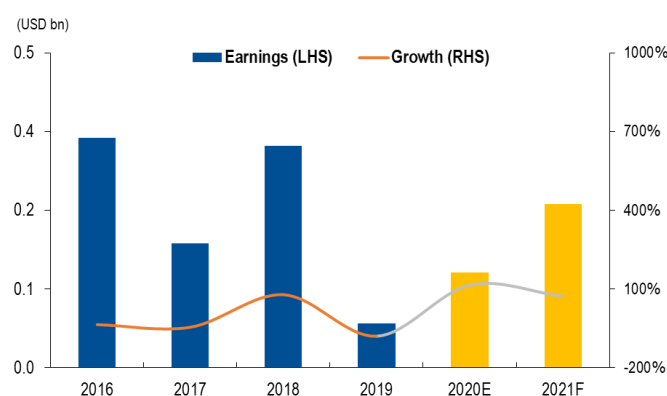
telah beroperasi di 66 kabupaten/kota, di 17 provinsi di Indonesia dan terus melakukan ekspansi. Segmen pengguna end user gas bumi yang menerima layanan energi baik gas bumi PGN mulai dari rumah tangga, transportasi (SPBG), pelanggan kecil, komersial, industri dan pembangkit listrik. Portofolio pengelolaan 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

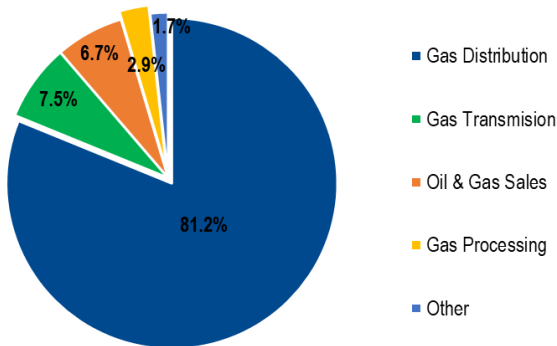
	Market Cap (USD mn)	Total Asset (USD mn)	Sal. Growth* (%)	NP Growth* (%)	Div. Yield (%)	ROE* (%)	EV/EBITDA (x)	P/BV (x)
Indonesia								
PERUSAHAAN GAS NEGARA TBK	3,094	7,374	-0.6	N/A	2.3	-0.3	4.4	1.2
China								
CHINA GAS HOLDINGS LTD	20,071	14,458	0.3	5.2	1.7	23.2	10.3	3.5
ENN ENERGY HOLDINGS LTD	17,513	11,667	15.6	13.7	1.4	19.9	11.3	4.2
CHINA RESOURCES GAS GROUP LTD	12,060	10,402	9.1	-4.6	2.2	16.0	9.8	3.0
KUNLUN ENERGY CO LTD	8,009	21,239	7.4	1.8	4.0	10.1	4.5	1.0
Japan								
TOKYO GAS CO LTD	105	355	1.8	31.2	3.6	6.7	6.4	0.5
South Korea								
KOREA GAS CORP	2,820	34,037	-4.6	N/A	1.1	-6.4	9.9	0.4
India								
GAIL INDIA LTD	8,481	9,939	-4.6	43.9	4.7	19.8	4.6	1.3
INDRAPRASTHA GAS LTD	5,377	1,001	12.5	48.3	0.5	25.8	16.2	7.3
GUJARAT GAS LTD	3,497	1,051	32.9	186.5	0.3	43.4	10.6	7.7

Note: * = Last 12 Month (LTM)

Source: Bloomberg, NHKSI Research

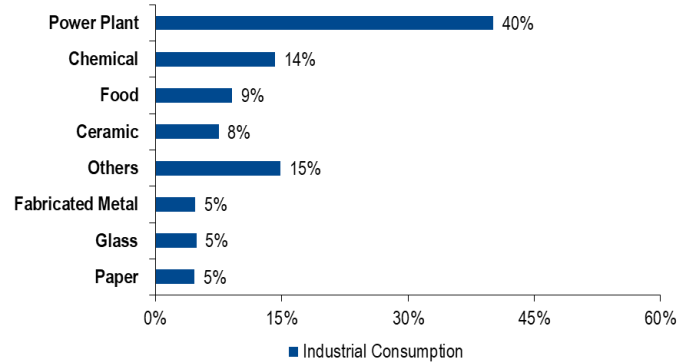
Performance Highlights & Valuation in Charts

3Q20 Revenue Breakdown



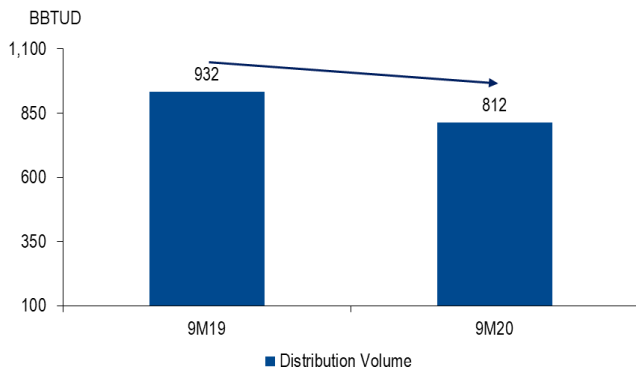
Source: Company Data, NHKSI Research

3Q20 Industrial Consumption



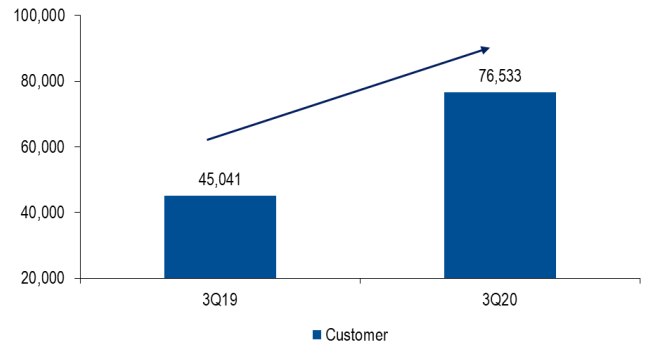
Source: Company Data, NHKSI Research

Distribution Volume (-12.9% YoY)



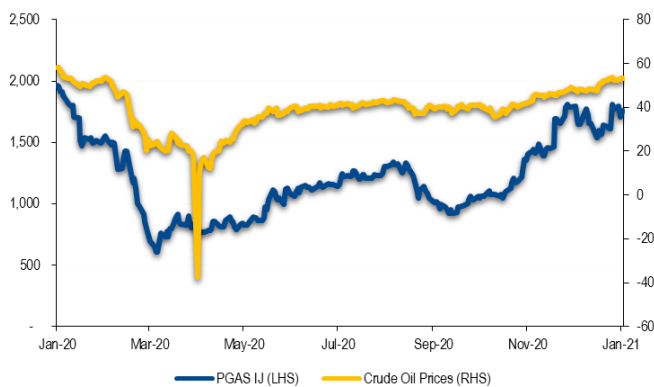
Source: Company Data, NHKSI Research

Number of Customers (+69.9% YoY)



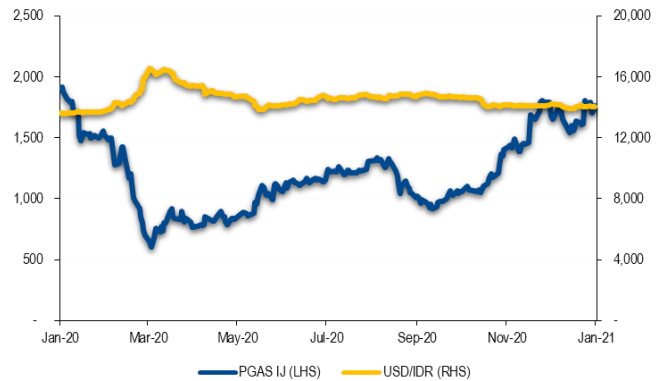
Source: Company Data, NHKSI Research

PGAS & Crude Oil Prices Movement



Source: Bloomberg, NHKSI Research

PGAS & USD/IDR Movement



Source: Bloomberg, NHKSI Research

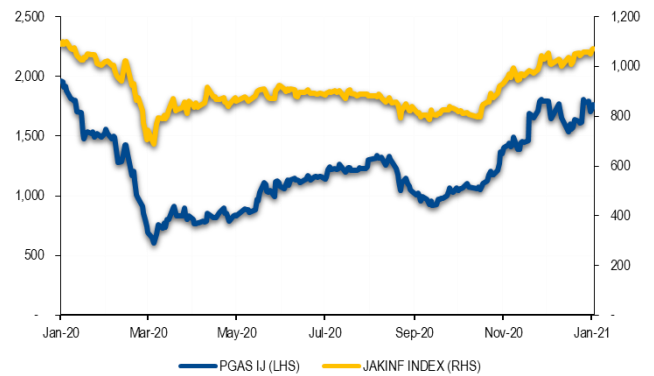
Valuation & Other Highlight in Charts

10-Year Forward EV/EBITDA Band



Source: Bloomberg, NHKSI Research

PGAS & JAKINF INDEX



Source: Bloomberg, NHKSI Research

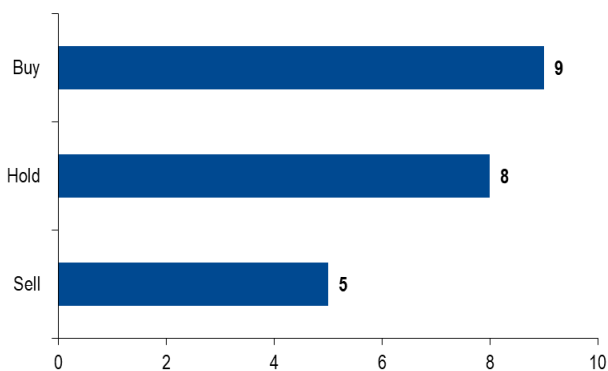
Rating and Target Price Update

Target Price

Date	Rating	Target Price	Last Price	Consensus	vs Last Price	vs Consensus
01/22/2020	Buy	2,030 (12 Month)	1,735	1,726	+17.0%	+17.6%

Source: NHKSI Research, Bloomberg

Analyst Coverage Rating



Source: Bloomberg

Closing and Target Price



Source: NHKSI Research

Summary of Financial's

INCOME STATEMENT					PROFITABILITY & STABILITY				
(USD mn)	2019	2020 E	2021 F	2022 F		2019	2020 E	2021 F	2022 F
Revenue	3,849	2,986	3,461	3,615	ROE	2.1%	4.5%	7.6%	7.4%
<i>Growth</i>	-0.6%	-22.4%	15.9%	4.5%	ROA	0.9%	2.0%	3.3%	3.1%
COGS	(2,621)	(1,903)	(2,173)	(2,259)	ROIC	3.5%	4.4%	7.3%	7.4%
Gross Profit	1,227	1,083	1,287	1,356	Cash Dividend (USDmn)	97	68	145	249
<i>Gross Margin</i>	31.9%	36.3%	37.2%	37.5%	Dividend Yield	2.6%	2.4%	4.1%	7.0%
Operating Expenses	(709)	(550)	(623)	(649)	Payout Ratio	15.7%	24.1%	33.0%	43.2%
EBIT	518	533	664	707	DER	128.0%	127.5%	140.4%	129.3%
<i>EBIT Margin</i>	13.5%	17.9%	19.2%	19.6%	Net Gearing	90%	97%	108%	112%
Depreciation	522	413	546	525	LT Debt to Equity	78.2%	87.9%	89.5%	90.1%
EBITDA	1,040	946	1,210	1,232	Capitalization Ratio	46.0%	47.4%	48.6%	48.4%
<i>EBITDA Margin</i>	27.0%	31.7%	35.0%	34.1%	Equity Ratio	43.9%	44.0%	41.6%	43.6%
Interest Expenses	(210)	(185)	(195)	(204)	Debt Ratio	37.3%	39.6%	39.3%	40.8%
EBT	280	439	576	613	Financial Leverage	227.8%	234.2%	234.7%	229.3%
Income Tax	(167)	(223)	(161)	(172)	Current Ratio	196.6%	208.2%	207.7%	251.4%
Minority Interest	(45)	(72)	(166)	(185)	Par Value (IDR)	100	100	100	100
Net Profit	68	145	249	256	Total Shares (mn)	24,242	24,242	24,242	24,242
<i>Growth</i>	-80.0%	114.6%	71.6%	2.9%	Share Price (IDR)	2,170	1,650	2,040	2,040
<i>Net Profit Margin</i>	1.8%	4.9%	7.2%	7.1%	Market Cap (IDR tn)	52.6	40.0	49.5	49.5

BALANCE SHEET					VALUATION INDEX				
(USD mn)	2019	2020 E	2021 F	2022 F		2019	2020 E	2021 F	2022 F
Cash	1,040	709	1,267	1,300	Price/Earnings	55.0x	18.6x	13.7x	13.5x
Receivables	510	467	747	521	Price/Book Value	1.2x	0.9x	1.0x	1.0x
Inventories	71	51	68	50	Price/Sales	1.0x	1.0x	1.0x	1.0x
Total Current Assets	2,209	1,580	2,552	2,283	PE/EPS Growth	-0.7x	0.2x	0.2x	4.6x
Net Fixed Assets	4,250	4,623	4,624	4,641	EV/EBITDA	6.7x	6.4x	5.7x	5.7x
Other Non Current Assets	915	964	949	970	EV/EBIT	13.4x	11.4x	10.3x	9.9x
Total Assets	7,374	7,168	8,125	8,174	EV (IDR bn)	6,926	6,080	6,862	6,973
Payables	260	168	249	209	Sales CAGR (3-Yr)	9.5%	-5.8%	-3.7%	-2.1%
ST Bank Loan	221	68	167	127	EPS CAGR (3-Yr)	-41.0%	-6.0%	-9.0%	56.3%
LT Debt	2,529	2,768	3,027	3,211	Basic EPS (IDR)	39	89	149	151
Total Liabilities	4,139	4,017	4,745	4,609	Diluted EPS (IDR)	39	89	149	151
Capital Stock + APIC	344	344	344	344	BVPS (IDR)	1,868	1,819	1,952	2,059
Retained Earnings	2,729	2,579	2,626	2,633	Sales PS (IDR)	2,223	1,724	1,999	2,088
Shareholder' Equity	3,234	3,150	3,380	3,565	DPS (IDR)	56	39	84	144

CASH FLOW STATEMENT					TOP OWNERSHIP			
(USD mn)	2019	2020 E	2021 F	2022 F	By Geography	% Top Shareholders	%	
Operating Cash Flow	893	506	751	803	Indonesia	86.8	Pertamina	57.0
Investing Cash Flow	(1,736)	(324)	(591)	(842)	United States	5.4	Norges Bank	1.8
Financing Cash Flow	762	(263)	397	73	Norway	2.7	Vanguard Group	1.6
Net Changes in Cash	(81)	(82)	557	34	Luxembourg	1.6	Blackrock	1.1

Source: Company Data, 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%

DISCLAIMER

This document is strictly confidential and is being supplied to you solely for your information. The recipients of this report must make their own independent decisions regarding any securities or financial instruments mentioned herein. This document may not be quoted, reproduced, exhibited, redistributed, transmitted, edited, translated, or published, in whole or in part, for any purpose without notice. Any failure to comply with this restriction may constitute a violation of civil or criminal laws.

This report and any electronic access hereto are restricted and intended only for the clients and related entities of PT NH Korindo Sekuritas Indonesia. This report is only for information and recipient use. It is not reproduced, copied, or made available for others. Under no circumstances is it considered as a selling offer or solicitation of securities buying. Any recommendation contained herein may not be suitable for all investors. Although the information hereof is obtained from reliable sources, its accuracy and completeness cannot be guaranteed. PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, and agents are held harmless from any responsibility and liability for claims, proceedings, action, losses, expenses, damages, or costs filed against or suffered by any person as a result of acting pursuant to the contents hereof. Neither is PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, nor agents are liable for errors, omissions, misstatements, negligence, inaccuracy contained herein. All rights reserved by PT NH Korindo Sekuritas Indonesia.