

Bukit Asam Tbk (PTBA)

FY2020 Result Below Expectations

In 2020, PTBA managed to record a top line of IDR17.3 trillion or down by 20.5% YoY and 2.7% below our expectations. It resulted in bottom line of IDR2.4 trillion, or decline significantly by 41.2% YoY driven by decrease in ASP and lower coal production. We upgrade recommendation to BUY with higher Target Price at IDR3,280.

Sluggish Performance in 2020

- PTBA posted top line of IDR17.3 trillion in 2020, or fell by 20.5% YoY (vs IDR21.8 trillion in 2019). This decline was driven by lower ASP which was down by 15.1% YoY to IDR653,507/ton and lower coal production which declined by 14.7% YoY in 2020.
- It resulted in a bottom line of IDR2.4 trillion in 2020, or declined significantly by 41.2% YoY (vs IDR4.1 trillion in 2019).
- Furthermore, the sales volume also decreased by 6.1% YoY to 26.1 million ton in 2020 (vs 21.4 million ton in 2019).
- We expect PTBA's top line in 2021F to be IDR22.5 trillion (+29.7% YoY) and bottom line to reach IDR4.3 trillion, or up by 81% YoY as we assume coal demand will recover in 2021F alongside economic recovery starting this year which will trigger higher ASP. We expect PTBA's Average Selling Price (ASP) will be around IDR942,500/ton in 2021F.

PTBA Development Projects

- Coal gasification project in which PTBA partnered up with Pertamina, and Air Products and Chemicals Inc. was already signed on February 11, 2021. So, we expect the plant to start its operation and produce DME (Dimethyl Ether) in the near future.
- We see that the gasification project will be a positive catalyst for PTBA as the coal product will not be subject to royalties (zero royalties) if it is sold for gasification process.
- On the other hand, the progress of South Sumatra Mine-Mouth Coal-Fired Power Plant 8 (PLTU 8) reached over 72% as of February 2021. It will have a capacity of 2x620 megawatts (MW) which will absorb around 5.4 million ton of coal annually. The PLTU is expected to begin commercial operations in March 2022.

Upgrade to BUY Rating with higher Target Price of IDR3,280

- We upgrade our recommendation to BUY for PTBA with higher target price of IDR3,280 (previously IDR3,030) for the next 12 month. The rating considers higher ASP in 2021F and gasification project which will begin operation shortly.
- Our target price is derived from forward P/E of 8.1x with a 18.8% potential upside from last price. PTBA is currently traded at 6.8x P/E.

Bukit Asam Tbk | Summary (IDR bn)

	2020A	2021F	2022F	2023F
Revenue	17,325	22,473	23,553	23,360
Growth	-20.5%	29.7%	4.8%	-0.8%
Net profit	2,387	4,321	4,663	4,422
Growth	-41.2%	81.0%	7.9%	-5.2%
EPS	238	140	281	304
ROE	13.5%	23.6%	22.8%	20.4%
DER	3.2%	3.2%	2.7%	2.7%
P/E	13.6x	7.3x	6.8x	7.2x
EV/EBITDA	9.0x	5.1x	4.7x	4.8x
Dividend Yield	8.5%	5.1%	10.2%	11.0%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

NH Korindo Sekuritas Indonesia



Company Update | Mar. 22, 2021

Buy

Target Price (IDR)	3,280
Consensus Price (IDR)	3,061
TP to Consensus Price	+7.2%
vs. Last Price	+18.8%

Shares data

Last Price (IDR)	2,760
Price date as of	Mar. 19, 2021
52 wk range (Hi/Lo)	3,180 / 1,385
Free float	31.2%
Outstanding sh.(mn)	11,521
Market Cap (IDR bn)	31,682
Market Cap (USD mn)	2,195
Avg. Trd Vol - 3M (mn)	57.3
Avg. Trd Val - 3M (bn)	158.4
Foreign Ownership	8.9%

Mining

Coal

Bloomberg	PTBA IJ
Reuters	PTBA.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret	-3.6%	5.9%	-10.9%	58.5%
Rel. Ret	-8.5%	5.1%	-13.5%	17.6%

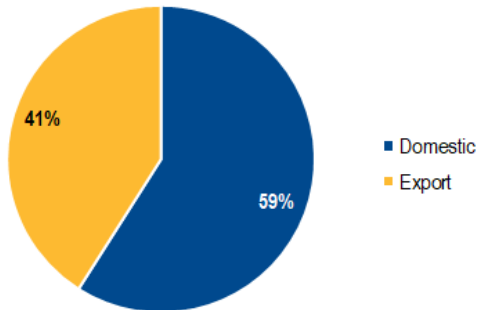
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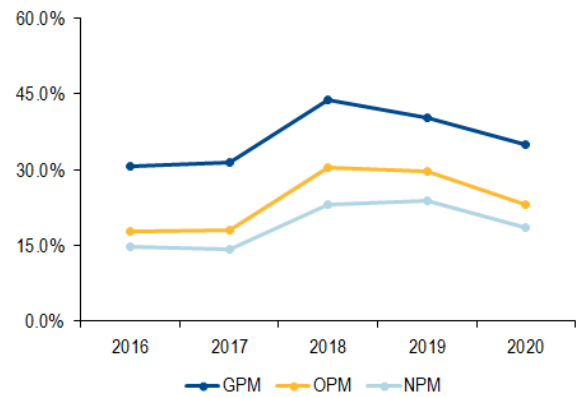
Performance Highlights

Composition of Sales in FY2020



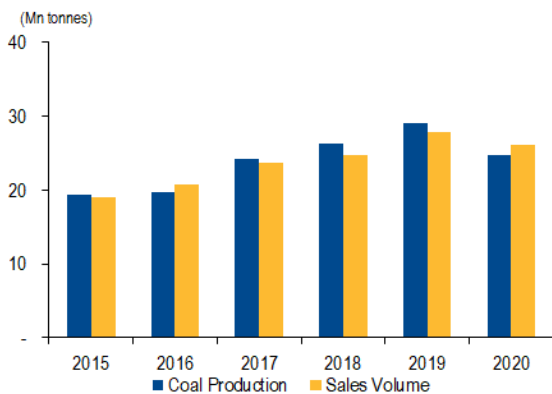
Source: Company, NHKSI Research

Margin Ratios



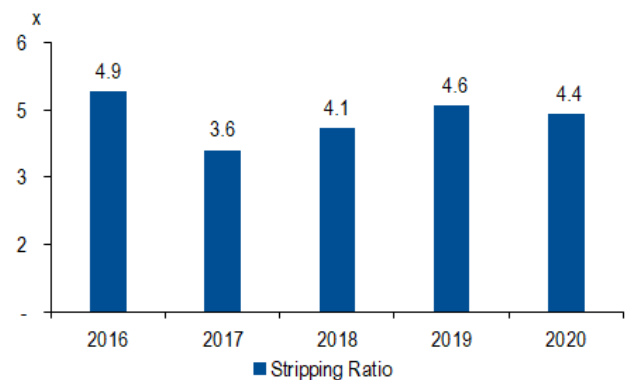
Source: Company, NHKSI Research

Coal Production and Sales Volume



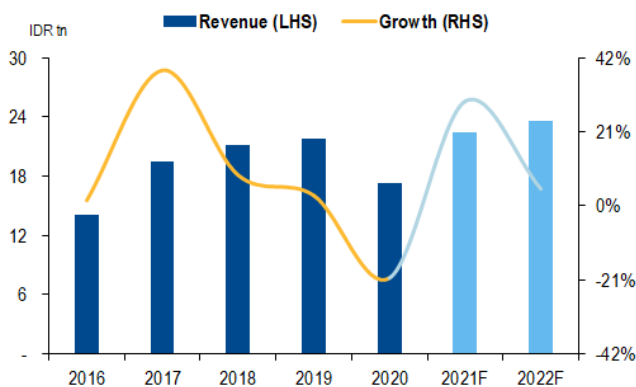
Source: Company, NHKSI Research

Stripping Ratio



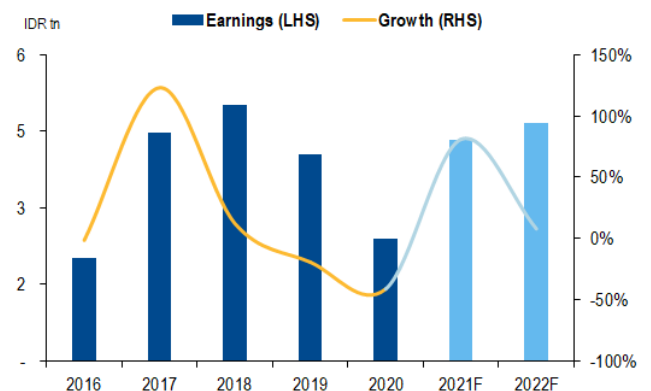
Source: Company, NHKSI Research

Revenue & Growth Movement



Source: Company, NHKSI Research

Earnings & Growth Movement



Source: Company, NHKSI Research

Company Overview



PT Bukit Asam Tbk (PTBA) was legally established on March 2, 1981 based on Government Regulation No. 42 of 1980 concerning the Investment of the Republic of Indonesia State Equity for the Incorporation of Tambang Batu Bara Bukit Asam State-Owned Enterprise. The Company has a very long history in the national coal industry. The operation of the company was marked by the operation of the Air Laya mine in Tanjung Enim in 1919 by the Dutch Colonial Government. At that time, the open pit mining method was still used.

In 2017, the Company entered a new chapter by officially joining the Holding of Mining SOEs together with PT Aneka Tambang Tbk and PT Timah Tbk, with PT Indonesia Asahan Aluminium (Persero) as the holding company. The merger of the Company into the holding also provided a domino effect in the corporate culture, including the change of the name of PT Bukit Asam (Persero) Tbk into PT Bukit Asam Tbk. It was expected to be able to increase business capacity and funding, more effective management of mineral resources and coal, increase added value through downstreaming and increasing local content, as well as cost efficiency from synergies carried out.

Global Companies Peers Comparison

Company	Market Cap (USD mn)	Asset (USD mn)	Revenue LTM (USD mn)	Net Profit LTM (USD mn)	Net Profit Mar- gin	ROE LTM	P/E LTM	P/BV
Indonesia								
ADRO IJ	2,815	6,382	2,535	147	5.8%	3.9%	19.2x	0.8x
ITMG IJ	961	1,159	1,185	39	3.3%	4.5%	23.7x	1.1x
PTBA IJ	2,195	1,728	1,191	164	13.8%	13.6%	12.9x	1.8x
BUMI IJ	314	3,703	949	(206)	-21.8%	N/A	N/A	N/A
India								
COAL INDIA	11,615	19,904	12,610	2,358	18.7%	57.0%	5.0x	2.6x
THAILAND								
BANPU PUBLIC	1,828	9,390	2,282	(57)	-2.5%	-2.9%	N/A	0.9x
Australia								
WHITEHAVEN COAL	1,362	3,591	1,061	(63)	-6.0%	-2.9%	N/A	0.6x
CANADA								
CAMECO COAL	7,641	5,937	1,344	-40	-3.0%	-1.1%	N/A	1.9x
CHINA								
INNER MONGOLIA	1,864	N/A	4,906	266	5.4%	5.4%	6.2x	0.3x
SHANXI LUAN	2,759	10,664	3,918	232	5.9%	6.2%	11.2x	0.7x
AMERICA								
PEABODY ENERGY	375	4,667	2,881	(1,870)	-64.9%	-105.6%	N/A	0.4x

Source: Bloomberg

Valuation Highlights

5-Year Forward P/E Band



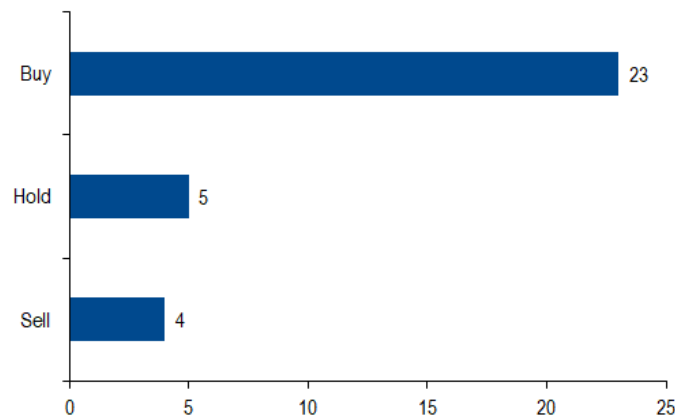
Source: Bloomberg, NHKSI Research

PTBA vs JAKMINE



Source: Bloomberg, NHKSI Research

Analyst Coverage Rating



Source: Bloomberg

Closing and Target Price



Source: NHKSI Research

Rating and Target Price Update

Target Price

Date	Rating	Target Price	Last Price	Consensus	vs Last Price	vs Consensus
14/01/2021	Hold	3,030	3,000	2,781	+1.0%	+8.8%
19/03/2021	Buy	3,280	2,750	3,061	+18.8%	+7.2%

Source: NHKSI Research, Bloomberg

Summary of Financials

INCOME STATEMENT

(IDR bn)	2020/12A	2021/12E	2022/12E	2023/12E
Revenues	17,325	22,473	23,553	23,360
Growth (% y/y)	-20.5%	29.7%	4.8%	-0.8%
Cost of Revenues	(12,759)	(14,533)	(15,042)	(15,271)
Gross Profit	4,566	7,940	8,511	8,089
Gross Margin	26.4%	35.3%	36.1%	34.6%
Operating Expenses	(2,046)	(2,900)	(3,084)	(3,043)
EBIT	2,520	5,041	5,427	5,045
EBIT Margin	14.5%	22.4%	23.0%	21.6%
Depreciation	1,041	1,167	1,282	1,519
EBITDA	3,561	6,208	6,710	6,564
EBITDA Margin	20.6%	27.6%	28.5%	28.1%
Interest Expenses	(133)	(162)	(157)	(162)
EBT	3,232	5,827	6,291	5,962
Income Tax	(824)	(1,457)	(1,573)	(1,490)
Minority Interest	(21)	(49)	(55)	(49)
Net Profit	2,387	4,321	4,663	4,422
Growth (% y/y)	-41.2%	81.0%	7.9%	-5.2%
Net Profit Margin	13.8%	19.2%	19.8%	18.9%

PROFITABILITY & STABILITY

	2020/12A	2021/12E	2022/12E	2023/12E
ROE	13.5%	23.6%	22.8%	20.4%
ROA	9.5%	16.4%	15.8%	14.4%
Inventory Turnover	11.7x	12.9x	10.4x	10.6x
Receivables Turnover	8.5x	9.0x	6.8x	7.2x
Payables Turnover	14.9x	19.0x	17.3x	16.3x
Dividend Yield	8.5%	5.1%	10.2%	11.0%
Payout Ratio	67.5%	67.5%	75.0%	75.0%
DER	3.2%	3.2%	2.7%	2.7%
Net Gearing	-22%	-23%	-22%	-21%
Equity Ratio	70.4%	68.7%	70.1%	71.2%
Debt Ratio	2.2%	2.2%	1.9%	1.9%
Financial Leverage	141.8%	144.0%	144.1%	141.5%
Current Ratio	216.0%	239.4%	244.1%	230.7%
Quick Ratio	195.2%	210.9%	215.6%	202.7%
Par Value (IDR)	100	100	100	100
Total Shares (mn)	11,521	11,521	11,521	11,521
Share Price (IDR)	2,810	2,750	2,750	2,750
Market Cap (IDR tn)	32.4	31.7	31.7	31.7

BALANCE SHEET

(IDR bn)	2020/12A	2021/12E	2022/12E	2023/12E
Cash	4,341	5,126	5,237	5,294
Receivables	1,579	3,421	3,537	2,928
Inventories	805	1,443	1,445	1,443
Total Current Assets	8,364	12,105	12,349	11,882
Net Fixed Assets	7,864	8,703	9,452	10,373
Other Non Current Assets	7,829	7,948	8,417	8,821
Total Non Current Assets	15,692	16,651	17,869	19,194
Total Assets	24,057	28,756	30,218	31,076
Payables	697	834	906	966
ST Debt	532	521	441	483
Total Current Liabilities	3,872	5,056	5,058	5,150
LT Debt	6	117	121	123
Total Liabilities	7,118	9,010	9,026	8,944
Capital Stock + APIC	1,434	1,434	1,434	1,434
Retained Earnings	15,521	18,230	19,653	20,578
Shareholders' Equity	16,939	19,746	21,193	22,132

VALUATION INDEX

	2020/12A	2021/12E	2022/12E	2023/12E
Price /Earnings	13.6x	7.3x	6.8x	7.2x
PE/EPS Growth	-0.3x	0.1x	0.9x	-1.4x
Price /Book Value	1.9x	1.6x	1.5x	1.4x
EV/EBITDA	9.0x	5.1x	4.7x	4.8x
EV (IDR bn)	32,154	31,394	31,203	31,285
Revenues CAGR (3-Yr)	-6.5%	1.0%	10.8%	1.3%
Net Income CAGR (3-Yr)	-22.0%	2.1%	25.0%	0.8%
Basic EPS (IDR)	207	375	405	384
BVPS (IDR)	1,470	1,714	1,840	1,921
DPS (IDR)	238	140	281	304

CASH FLOW STATEMENT

(IDR bn)	2020/12A	2021/12E	2022/12E	2023/12E
Operating Cash Flow	2,081	(1,772)	(131)	616
Investing Cash Flow	(1,274)	(959)	(1,218)	(1,325)
Financing Cash Flow	(1,223)	3,516	1,460	766
Net Changes in Cash	(416)	785	111	56

Source: Company Data, NHKSI Research

OWNERSHIP

Top Shareholders	%
PT Inalum	65.9
PT Bukit Asam Tbk	2.9
Blackrock	1.5
Others	29.7
By Geography	%
Indonesia	91.1
United States	5.8
Luxembourg	0.8
Ireland	0.6
Others	1.8

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%

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