

Aneka Tambang Tbk (ANTM)

Solid Earnings Driven by Stable Gold Price

ANTM posted a strong 9M21 earnings with revenue grew by 46.7% YoY to IDR 26.5 trillion and net earnings rose 104.1% YoY to IDR 1.71 trillion. ANTM's better-than-expected results were on the back of surging global gold price (4.4% from July to August) after The Fed's tapering announcement. This also helped increase ASP by 1.7% throughout Q3-21 and boosted ANTM's domestic gold sales volume by 34.3% YoY.

Solid Result in Gold Segments

- 9M21 performance shows 19,871kg of gold was sold or amounting to IDR 17.2 trillion which is 36.3% higher than 9M20.
- Domestic portion remains a majority stake, representing almost 77.7% of total revenue from the gold segment.
- Overall, domestic demand grew significantly higher, compared to 63.4% of total sales back in 9M20. Also, ANTM's gold selling price reaches IDR 956,000/gr by 30th of September following the rebound on global prices.

Nickel's Sales Volume & Production Increases

- ANTM also displayed prospective result from its nickel segment. 9M21 revenue from nickel grew 49.2% YoY, reaching IDR7.5 trillion. Again, domestic sales proved to be a strong sales point comprising 98.8% of total nickel sales.
- Also, revenue from the nickel segment in 9M21 accounted for 30.2% of total ANTM's sales compared to 20.2% in the 9M20, signaling a promising growth in future.

Focusing on Nickel-Based Projects

- The East Halmahera ferronickel plant project, which is at 98,19% of completion by May 2021, is scheduled to be completed by December 2021.
- The smelter will create additional value to nickel products, safeguarding its raw material level and improving its storage quality. The smelter will also increase the annual production to 40,500 ton of nickel. We believe this brings significant economic value to ANTM's nickel segment.

Maintain BUY Rating

- ANTM's sentiments in 2022 are driven from the following factors: 1) stable gold price in FY22; 2) market volatility from Fed's tapering; 3) electric vehicle development that will increase the product value of nickel.
- We based this on implied PE of 29.1x (Currently 28.7x) and forward EV/EBITDA of 15.9x (currently 15.6x), with the potential upside of 22.7% from last price.
- Thus, BUY rating is retained with TP of IDR2,860.

Aneka Tambang Tbk | Summary

	2020A	2021F	2022F	2023F
Revenue	27,372	30,849	34,768	39,185
Growth	-16.3%	12.1%	11.9%	13.1%
Net Profit	1,167	2,135	2,362	2,752
Growth	459.1%	82.9%	10.6%	16.5%
EPS (IDR)	48.6	89.0	98.4	114.4
P/E	39.8x	28.7x	29.1x	27.1
P/BV	2.4x	2.9x	3.0x	2.3x
EV/EBITDA	17.3x	15.6x	15.9x	12.4x
ROE	6.1%	10.2%	10.3%	8.6%
DER	40.0%	35.4%	31.6%	18%
Dividend Yield	0.7%	0.1%	0.3%	0.2%

Unit: IDR bn, %, x

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

Company Update | Nov 30, 2021

BUY

Target Price (IDR)	2,860
Consensus Price (IDR)	3,209
TP to Consensus Price	-12.1%
Potential Upside	+22.7%

Shares data

Last Price (IDR)	2,330
Price Date as of	29-Nov-21
52 wk Range (Hi/Lo)	3440/1105
Free Float (%)	34.9
Outstanding sh. (mn)	24,030
Market Cap. (IDR bn)	56,472
Market Cap. (USD mn)	3,951
Avg. Trd Vol - 3M (mn)	103.3
Avg. Trd Val - 3M (bn)	260.2
Foreign Ownership	7.81%

Mining

Mineral

Bloomberg	ANTM IJ
Reuters	ANTM.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	16.9%	0.4%	0.8%	104.3%
Rel. Ret.	5.4%	-0.5%	-6.8%	96.0%

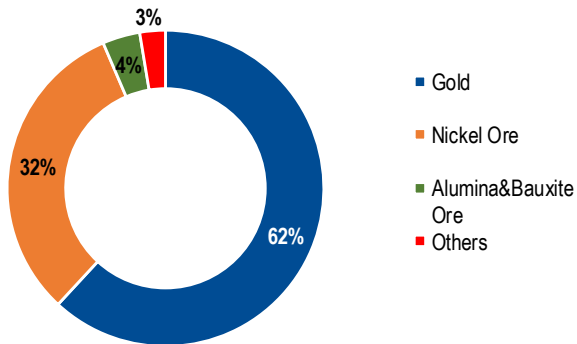
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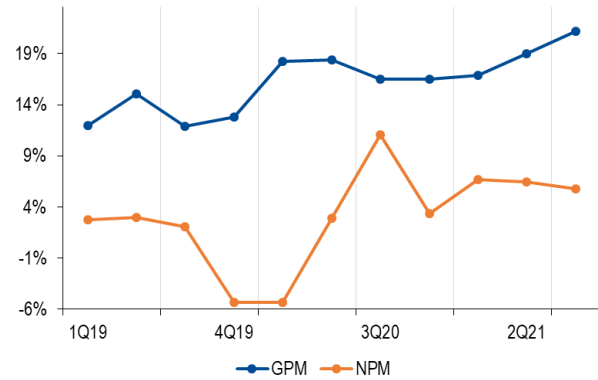
Performance Highlights in Charts

9M21 Revenue Breakdown



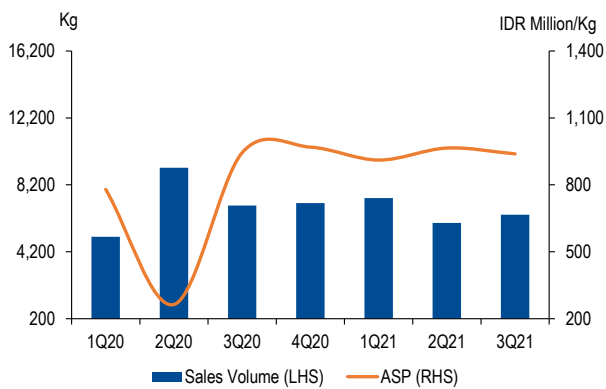
Source: Company Data, NHKSI Research

Margin Ratios



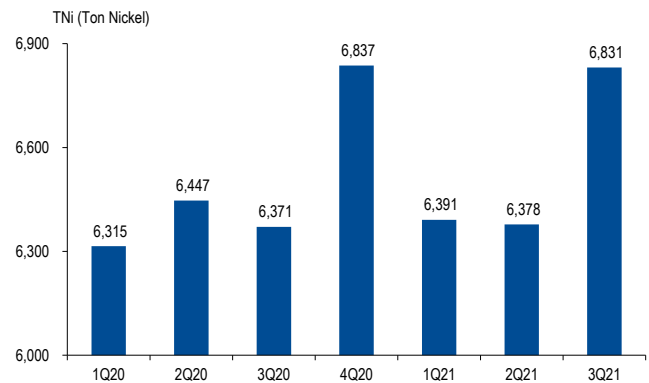
Source: Company Data, NHKSI Research

Gold Sales Volume & ASP



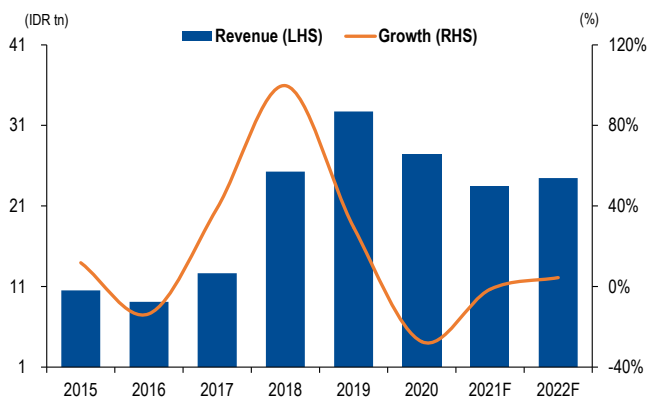
Source: Company Data, NHKSI Research

Production Ferronickel Matte



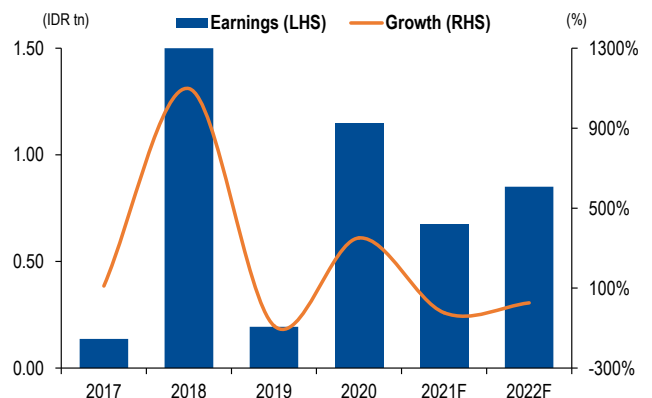
Source: Company Data, NHKSI Research

Revenue & Growth



Source: Company Data, NHKSI Research

Earnings & Growth



Source: Company Data, NHKSI Research

Company Overview



Aneka Tambang (ANTM) is a mining company whose business activities include exploration, mining, processing, and marketing such various mineral commodities as gold, nickel, nickel ore, silver, bauxite, and minerals. ANTM's products virtually are exported and sold in USD denomination, with major consumers are leading international companies in Europe and Asia. 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 advantages 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.

Asia Pacific Companies Peers Analysis

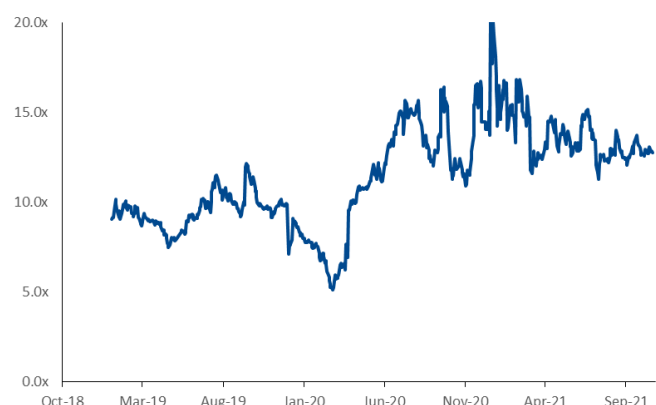
		Market Cap (USD mn)	Asset (USD mn)	Sales LTM (USD mn)	Net Profit LTM (USD)	Net Profit Growth	Net Profit Margin	ROE	EV/ EBITDA	P/BV
Indonesia										
ANEKA TAMBANG	ANTM IJ EQUITY	4,029	2,327	641	38	-71.5%	6.0%	10.3%	14.8x	2.9x
MERDEKA COPPER	MDKA IJ EQUITY	5,808	1,191	89	11	-53.5%	12.3%	0.6%	48.9x	8.1x
China										
ZHONGJIN GOLD CORP	600489 CH EQUI- TY	6,295	7,949	2,276	75	-7.0%	3.3%	7.9%	NA	1.6x
YINTAI RESOURCES	000975 CH EQUI- TY	3,658	2,399	366	57	7.6%	15.8%	13.4%	NA	2.4x
INNER MONGOLIA	000060 CH EQUI- TY	35,579	12,971	4,405	405	14.6%	9.2%	28.4%	NA	6.9x
Taiwan										
KING SLIDE WORKS	2059 TT EQUITY	1,330	525	64	23	128.3%	35.9%	14.9%	14.3x	3.7x
Australia										
OZ MINERAL *	OZL AU EQUITY	6,233	3,660	928	147	29.3%	15.8%	6.8%	10.6x	2.4x

Unit: USD mn, %, X

Source: Bloomberg, NHKSI Research

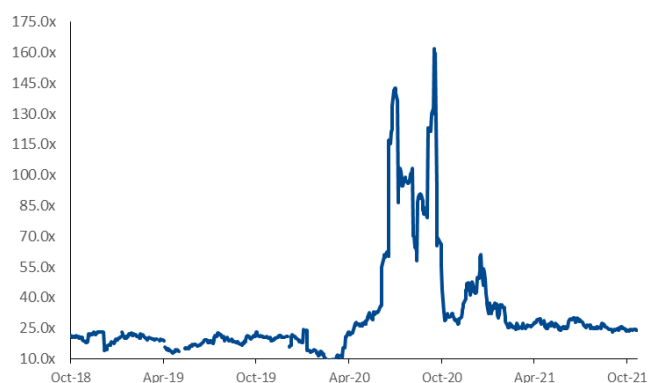
Valuation Highlights in Charts

3-Years Forward EV/EBITDA Band



Source: Bloomberg, NHKSI Research

3-Years Dynamic Forward P/E band



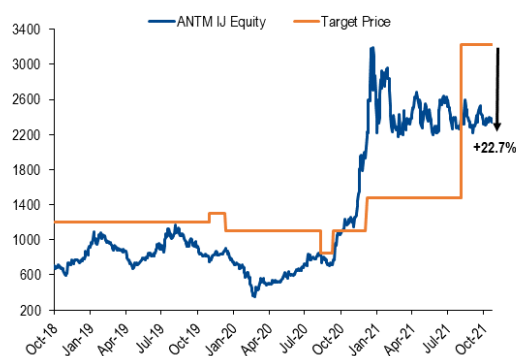
Source: Bloomberg, NHKSI Research

Analysts' Recommendation



Source: Bloomberg, NHKSI Research

Closing and Target Price Update



Source: Bloomberg, NHKSI Research

Rating and Target Price Update

Target Price

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
2021.11.31	Buy	IDR2,860	IDR 3,209

Source: NHKSI Research, Bloomberg

Summary of Financials

INCOME STATEMENT

(IDR bn)	2020/12A	2021/12E	2022/12E	2023/12E
Net Sales	27,372	30,849	34,768	39,185
<i>Growth</i>	29.5%	12.7%	12.7%	12.7%
COGS	(22,897.0)	(25,805.7)	(29,083.8)	(31,500.0)
Gross Profit	4,475	5,043	5,684	7,685
<i>Gross Margin</i>	16.3%	16.3%	16.3%	19.6%
Operating Expenses	(2,443.5)	(1,850.9)	(2,086.1)	(3,526.6)
EBIT	2,032	3,193	3,598	4,158
<i>EBIT Margin</i>	7.4%	10.3%	10.3%	10.6%
Depreciation	1,099.3	1,088.7	1,078.0	2,148.7
EBITDA	3,131	4,281	4,676	6,307
<i>EBITDA Margin</i>	11.4%	13.9%	13.4%	16.1%
Interest Expenses	(298.0)	(37.3)	(100.7)	(96.4)
EBT	1,660	2,847	3,150	3,670
Income Tax	(492.0)	(711.7)	(787.4)	(917.5)
Minority Interest	-	-	-	-
Net Profit	1,168	2,135	2,362	2,752
<i>Growth</i>	459.1%	82.9%	10.6%	16.5%
<i>Net Profit Margin</i>	4.3%	6.9%	6.8%	7.0%

BALANCE SHEET

(IDR bn)	2020/12A	2021/12E	2022/12E	2023/12E
Cash	3,984	4,976	5,920	6,483
Receivables	1,344	1,803	2,417	3,073
Inventories	2,626	2,211	2,120	2,245
Total Current Assets	9,151	9,884	11,502	12,075
Net Fixed Assets	19,638	19,442	19,053	24,153
Other Non Current Assets	2,941	3,051	2,996	2,996
Total Non Current Asset	22,579	22,493	22,049	27,148
Total Assets	31,730	32,376	33,551	39,223
Payables	2,409	2,306	2,233	1,198
ST Bank Loan	4,277	3,833	3,379	3,691
Total Current Liabilities	7,553	6,688	6,189	3,064
LT Debt	3,475	3,115	2,764	2,188
Total Liabilities	12,690	11,465	10,617	7,115
Capital Stock & APIC	6,338	6,338	6,338	6,338
Retained Earnings	8,786	10,921	13,283	15,079
Shareholders' Equity	19,040	20,912	22,934	32,108
	39.7%	-45.3%	-16.4%	

CASH FLOW STATEMENT

(IDR bn)	2020/12A	2021/12E	2022/12E	2023/12E
Operating Cash Flow	2,219	4,823	4,455	1,454
Investing Cash Flow	(567)	(2,287)	(872)	(8,030)
Financing Cash Flow	(1,218)	(1,240)	(4,383)	6,942
Net Changes in Cash	433	1,295	944	366

Source: Company Data, NHKSI Research

PROFITABILITY & STABILITY

	2020/12A	2021/12E	2022/12E	2023/12E
ROE	6.1%	10.2%	10.3%	8.6%
ROA	3.7%	6.6%	7.0%	7.0%
Inventory Turnover	12.4x	12.8x	182.5x	121.7x
Receivable Turnover	23.3x	19.6x	2.6x	2.2x
Payables Turnover	12.5x	13.1x	91.3x	60.8x
Dividend Yield	0.7%	0.1%	0.3%	0.2%
Payout Ratio	26.2%	3.2%	7.3%	6.3%
DER	0.4x	0.3x	0.3x	0.2x
Equity Ratio	60.0%	64.6%	68.4%	81.9%
Debt Ratio	40.0%	35.4%	31.6%	18%
Current Ratio	121.2%	147.8%	185.8%	394%
Quick Ratio	0.9x	1.1x	1.5x	3.2x
Par Value (IDR)	100	100	100	100
Total Shares (mn)	24,031	24,031	24,031	24,031
Share Price (IDR)	1,935	2,550	2,867	3,108
Market Cap (IDR tn)	46.5	61.3	68.9	74.7

VALUATION INDEX

	2020/12A	2021/12E	2022/12E	2023/12E
Price /Earnings	39.8x	28.7x	29.1x	27.1
Price /Book Value	2.4x	2.9x	3.0x	2.3x
PE/EPS Growth	0.1x	0.3x	2.7x	1.6x
EV/EBITDA	17.3x	15.6x	15.9x	12.4x
EV/EBIT	26.7x	21.0x	20.7x	18.8x
EV (IDR bn)	54,184	66,904	74,522	78,221
Sales CAGR (3-Yr)	6.9%	2.0%	12.7%	10.9%
Basic EPS (IDR)	48.6	89.0	98.4	114.7
BVPS (IDR)	792.30	870.20	954.34	1,336
DPS (IDR)	13	3	7	7

OWNERSHIP

Shareholders		%
Indonesia Asahan Alumunium	65.0%	
Vanguard Group	1.2%	
Blackrock Group	1.2%	
Schroder Investment	0.8%	
By Geography		%
Indonesia	88.8%	
United States	4.5%	
Luxemborg	1.4%	
Norway	1.2%	

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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