

Bukit Asam Tbk (PTBA)

Liquidity Maintains Debt Ratio Low

The increase in average coal price, both in the Newcastle Index and Indonesia Coal Index, boosted PTBA's performance in 2021. PTBA recorded a net profit of IDR 7.9 trillion or jumped 231.4% YoY. The rise in net profit is in line with revenue that grew 68.9% to IDR 29.3 trillion. Meanwhile, Cost of Revenue was recorded at IDR 15.8 trillion, or up 23.7%.

Coal Average Price Increases

- PTBA took advantage of the increase in coal prices, with the average Newcastle Index and Indonesia Coal Index booking USD 137.8 per tonne and USD 95.1 per tonne.
- The company successfully recorded growth in production volume by 21% YoY to 30Mt. The high production volume was supported by optimization of the Banko and Muara Tiga Besar areas with low stripping ratio.
- PTBA's stripping ratio was maintained in the low level of 4.7x or under the target of 5.1%. Meanwhile, the sales volume grew 9% to 28.4 million tonnes.
- The domestic market is still the largest contributor with 57%, and export market booked 43%. Export sales destination include China, Taiwan, India, the Philippines, and Japan.

Maintains Low Cost

- Cash cost of PTBA was at IDR 649 thousand/tonne or up 21% YoY, in line with the increase in production volume.
- The Company's ability to maintain low costs resulted in significant increase of Net Profit Margin from 14% to 27% in 2021.
- Meanwhile, Return on Equity also jumped from 14% to 33% in the same period.
- PTBA also managed to maintain the cost of rail and mining transportation services, despite an increase in production and sales volume.

Healthy Debt Ratio

- The net cash portion which reached 37% of total asset, supported PTBA's liquidity power. The company's net cash grew significantly by 163% YoY to IDR 13.3 trillion.
- Strong liquidity kept PTBA's debt ratio low. The increase of cash also boosted the company's current assets to jump 118% YoY to IDR 18.2 trillion.

Recommend BUY with TP of IDR 4,600

- We upgraded our recommendation to BUY for PTBA, with a higher TP of IDR 4,600 (previously IDR 3,280) for the next 12 months. This recommendation takes into account the relatively high ASP in 2022F.
- Our TP reflects forward P/E of 4.6x with a potential upside of 31.4%. PTBA is currently traded at 3.5x P/E.

Bukit Asam Tbk | Summary (IDR bn)

	2021A	2022F	2023F	2024F
Revenue	29,261	41,325	49,424	57,711
Growth	68.9%	41.2%	19.6%	16.8%
Net profit	7,909	11,499	13,737	16,055
Growth	231.4%	45.4%	19.5%	16.9%
EPS	687	998	1,192	1,394
ROE	38.4%	40.8%	41.1%	43.8%
ROA	26.3%	27.9%	28.9%	32.2%
P/E	3.9x	4.6x	4.6x	4.6x
EV/EBITDA	2.5x	3.0x	3.0x	3.0x
Dividend Yield	2.7%	4.2%	16.3%	16.7%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

Company Update | Apr. 8, 2022

Buy

Target Price (IDR)	4,600
Consensus Price (IDR)	3,994
TP to Consensus Price	+15.2%
vs. Last Price	+31.4%

Shares data

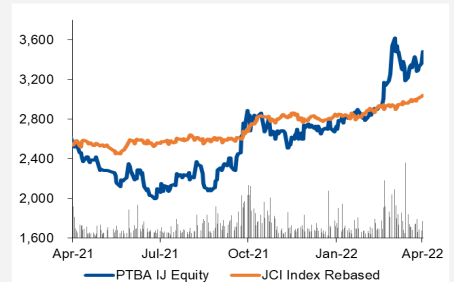
Last Price (IDR)	3,500
Price date as of	Apr. 7, 2022
52 wk range (Hi/Lo)	3,760 / 1,995
Free float	33.8%
Outstanding sh.(mn)	11,521
Market Cap (IDR bn)	40,207
Market Cap (USD mn)	2,800
Avg. Trd Vol - 3M (mn)	37.8
Avg. Trd Val - 3M (bn)	118.5
Foreign Ownership	5.8%

Energy

Oil, Gas & Coal

Bloomberg	PTBA IJ
Reuters	PTBA.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret	28.4%	-1.7%	27.5%	37.0%
Rel. Ret	19.8%	-4.9%	20.2%	17.3%

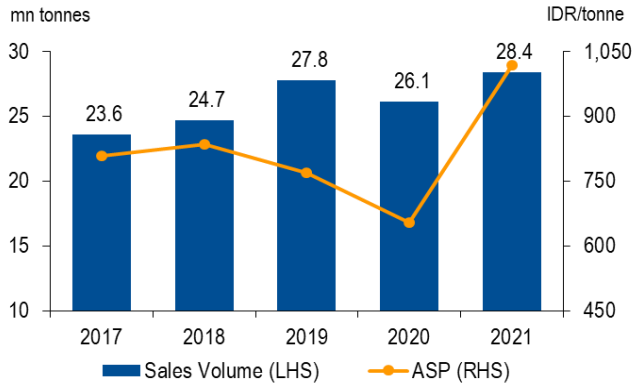
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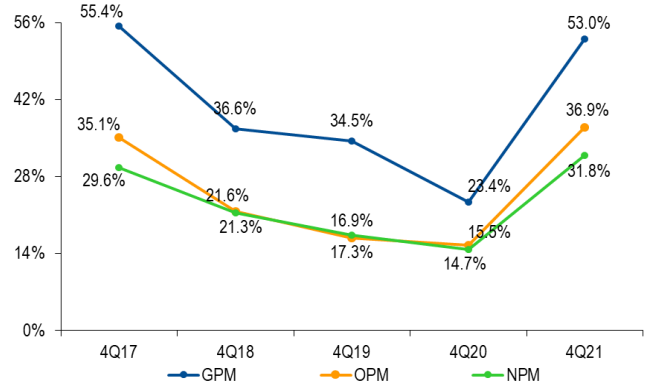
Performance Highlights

Average Selling Price Vs. Sales Volume



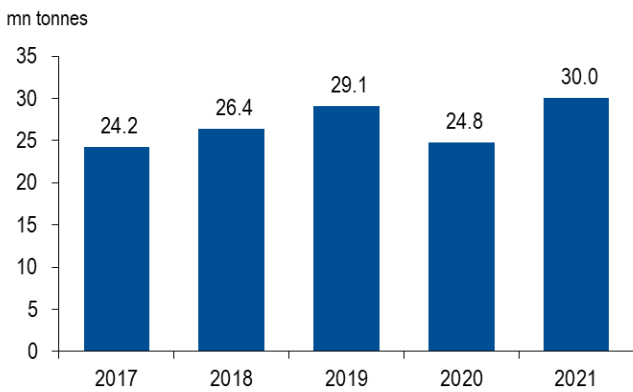
Source: Company, NHKSI Research

Margin Ratios



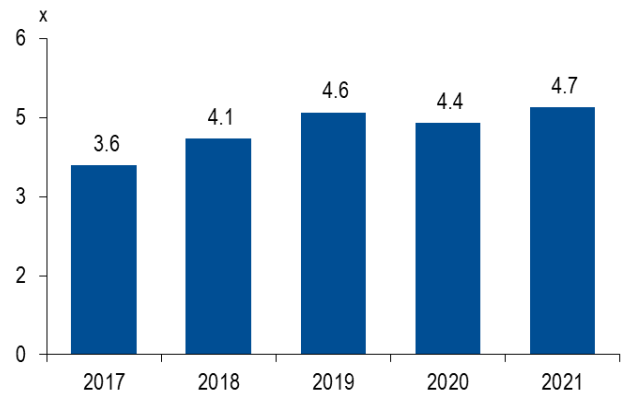
Source: Company, NHKSI Research

Coal Production



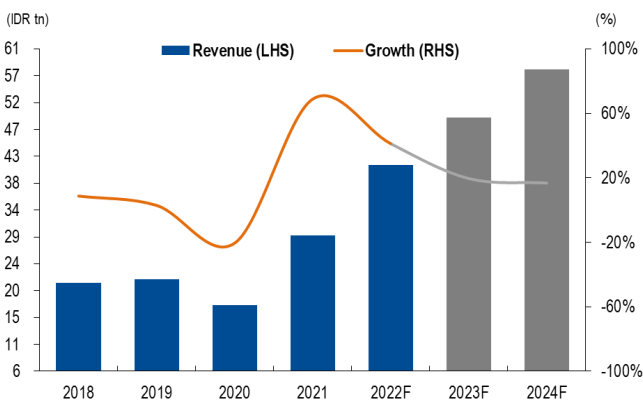
Source: Company, NHKSI Research

Stripping Ratio



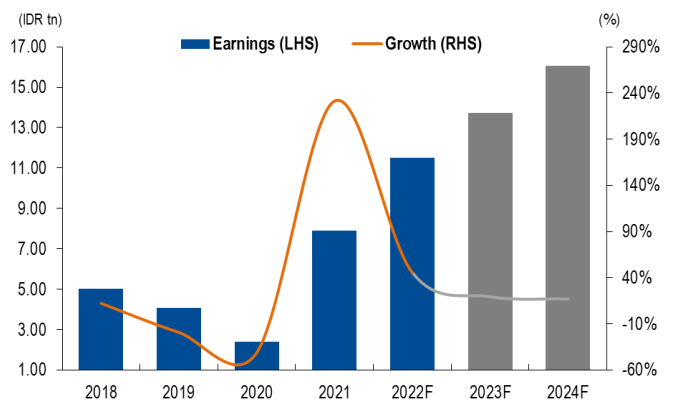
Source: Company, NHKSI Research

Revenue & Growth Movement



Source: Company, NHKSI Research

Earnings & Growth Movement



Source: Company, NHKSI Research

Summary of Financials

INCOME STATEMENT

(IDR bn)	2021/12A	2022/12F	2023/12F	2024/12F
Revenue	29,261	41,325	49,424	57,711
<i>Growth</i>	68.9%	41.2%	19.6%	16.8%
COGS	(15,777)	(21,872)	(26,158)	(30,544)
Gross Profit	13,484	19,453	23,266	27,167
<i>Gross Margin</i>	46.1%	43.9%	47.1%	47.1%
Operating Expenses	(3,525)	(5,061)	(6,052)	(7,067)
EBIT	9,959	14,392	17,213	20,099
<i>EBIT Margin</i>	34.0%	34.8%	34.8%	34.8%
Depreciation	1,217	780	1,196	1,267
EBITDA	11,176	15,172	18,409	21,366
<i>EBITDA Margin</i>	38.2%	36.7%	37.2%	37.0%
Interest Expenses	(111)	(170)	(223)	(241)
EBT	10,359	14,976	17,892	20,911
Income Tax	(2,322)	(3,292)	(3,933)	(4,597)
Minority Interest	(128)	(186)	(222)	(259)
Net Profit	7,909	11,499	13,737	16,055
<i>Growth</i>	231.4%	45.4%	19.5%	16.9%
<i>Net Profit Margin</i>	27.0%	27.8%	27.8%	27.8%

PROFITABILITY & STABILITY

	2021/12A	2022/12F	2023/12F	2024/12F
ROE	38.4%	40.8%	41.1%	43.8%
ROA	26.3%	27.9%	28.9%	32.2%
ROIC	30.5%	33.5%	37.0%	39.1%
Cash Dividend (IDR bn)	835	2,243	10,349	12,364
Dividend Yield	2.7%	4.2%	16.3%	16.7%
Payout Ratio	10.6%	19.5%	75.3%	77.0%
DER	48.9%	43.8%	40.6%	31.5%
Net Gearing	4%	4%	4%	4%
LT Debt to Equity	2.6%	2.6%	2.3%	2.5%
Capitalization Ratio	4.1%	4.1%	4.1%	4.1%
Equity Ratio	67.1%	69.5%	71.1%	76.0%
Debt Ratio	2.9%	3.0%	3.0%	3.2%
Financial Leverage	146.0%	142.2%	135.8%	131.5%
Current Ratio	242.8%	224.2%	222.0%	274.0%
Par Value (IDR)	100	100	100	100
Total Shares (mn)	11,521	11,521	11,521	11,521
Share Price (IDR)	2,710	4,600	5,496	6,423
Market Cap (IDR tn)	31.2	53.0	63.3	74.0

BALANCE SHEET

(IDR bn)	2021/12A	2022/12F	2023/12F	2024/12F
Cash	4,394	7,582	8,603	10,260
Receivables	3,100	5,151	8,661	7,466
Inventories	1,208	1,906	3,827	2,867
Total Current Assets	18,212	21,269	23,021	22,524
Net Fixed Assets	10,469	17,179	17,466	19,662
Other Non Current Asset	7,443	7,739	8,450	8,450
Total Assets	36,124	46,186	48,937	50,636
Payables	1,270	1,994	2,521	2,751
ST Bank Loan	421	521	670	675
LT Debt	626	851	816	969
Total Liabilities	11,870	14,077	14,136	12,139
Capital Stock + APIC	1,183	1,746	1,746	1,746
Retained Earnings	22,677	31,369	34,757	38,448
Shareholders' Equity	24,254	32,109	34,801	38,497

VALUATION INDEX

	2021/12A	2022/12F	2023/12F	2024/12F
Price/Earnings	3.9x	4.6x	4.6x	4.6x
Price/Book Value	1.3x	1.7x	1.8x	1.9x
Price/Sales	1.1x	1.3x	1.3x	1.3x
PE/EPS Growth	0.0x	0.1x	0.2x	0.3x
EV/EBITDA	2.5x	3.0x	3.0x	3.0x
EV/EBIT	2.8x	3.2x	3.2x	3.2x
EV (IDR bn)	28,074	45,584	54,307	63,489
Sales CAGR (3-Yr)	27.7%	28.5%	32.7%	38.4%
EPS CAGR (3-Yr)	52.0%	37.0%	39.8%	58.2%
Basic EPS (IDR)	687	998	1,192	1,394
Diluted EPS (IDR)	687	998	1,192	1,394
BVPS (IDR)	2,105	2,787	3,021	3,342
Sales PS (IDR)	2,540	3,587	4,290	5,009
DPS (IDR)	73	195	898	1,073

CASH FLOW STATEMENT

(IDR bn)	2021/12A	2022/12F	2023/12F	2024/12F
Operating Cash Flow	10,795	14,297	14,933	17,322
Investing Cash Flow	(9,839)	(7,790)	(2,983)	(3,463)
Financing Cash Flow	(912)	(3,319)	(10,930)	(12,202)
Net Changes in Cash	45	3,188	1,020	1,658

TOP OWNERSHIP

By Geography	% Shareholders	%
Indonesia	94.2 Inalum	65.9
United States	4.2 Vanguard Group	1.3
Luxembourg	0.8 Dimensional Fund	0.7
Others	0.9 Others	32.2

Source: Company Data, NHHKI 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%

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