

Bukit Asam Tbk (PTBA)

Books Growth in 1Q22

The increase in the average selling price of coal still underpins PTBA's performance, which recorded IDR 8.2 trillion operating revenue in 1Q22, growing 105.4% YoY. This increase also boosted net profit growth by 354.6% YoY to IDR 2.3 trillion. PTBA was also able to increase its sales volume, up 18.6% YoY to 6.9 million tons. Coal prices that remain high, and the progress of a number of strategic projects will support PTBA's performance in 2022.

Coal Average Selling Price Increase

- PTBA continues taking advantage of the increase in coal prices, targeting an increase in coal production to 36.4 million tons in 2022, 21.2% growth from last year's realization of 30 million tons. The relatively high price of coal has become a momentum to boost the Company's performance.
- Meanwhile, sales volume is targeted to increase by 30.8% to 37.1 million tons in the same period. Meanwhile, the Company also targets transportation to increase by 23.9% to 31.5 million tons in the same period.

Asset Growth

- PTBA posted a 58.9% YoY increase in assets to IDR 38.9 trillion in 1Q22. Cash and cash equivalents was recorded at IDR 6.1 trillion, up 37.7% YoY in the same period. Meanwhile, total liabilities increased to IDR 12.5 trillion in 1Q22, compared to 1Q21 of IDR 6.9 trillion.

Progress of Several Strategic Projects

- The Sumsel-8 Mine Mouth PLTU, has reached almost 97% construction completion, and is expected to be commercially operational in 2022. This strategic project with a capacity of 2x620MW worth USD 1.68 billion is part of the 35,000 MW project.
- PTBA also has other projects, including: Downstream Baubara Gasification in Tanjung Enim, and Industrial Estate - Bukit Asam Coal Based Industrial Estate (BACBIE), Tanjung Enim.

Overweight Recommendation with TP at IDR 4,900

- NHKS Research recommends Overweight for PTBA, with a 6.5% higher TP to IDR 4,900 (previously IDR 4,600) for the next 12 months.
- This recommendation takes into account the average selling price of coal that will remain high in 2022, which will maintain margins as well as the increase in production capacity which makes coal reserves increase.
- Our TP represents a forward P/E of 4.9x with a potential increase of 10.6%. PTBA is currently trading at 4.4x 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	4.9x	4.9x	4.9x
EV/EBITDA	2.5x	3.2x	3.2x	3.2x
Dividend Yield	2.7%	4.0%	15.3%	15.7%

Source: Company Data, Bloomberg, NHKS Research

Please consider the rating criteria & important disclaimer

Company Update | May 31, 2022

Overweight

Target Price (IDR)	4,900
Consensus Price (IDR)	4,275
TP to Consensus Price	+14.6%
vs. Last Price	+10.6%

Shares data

Last Price (IDR)	4,430
Price date as of	May 30, 2022
52 wk range (Hi/Lo)	4,540 / 1,995
Free float	33.8%
Outstanding sh.(mn)	11,521
Market Cap (IDR bn)	51,266
Market Cap (USD mn)	3,497
Avg. Trd Vol - 3M (mn)	54.6
Avg. Trd Val - 3M (bn)	197.1
Foreign Ownership	5.7%

Energy

Oil, Gas & Coal

Bloomberg	PTBA IJ
Reuters	PTBA.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret	62.4%	18.9%	38.8%	107.5%
Rel. Ret	57.3%	23.1%	37.4%	87.6%

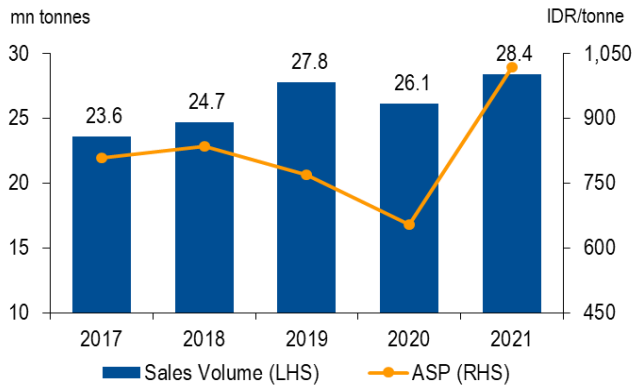
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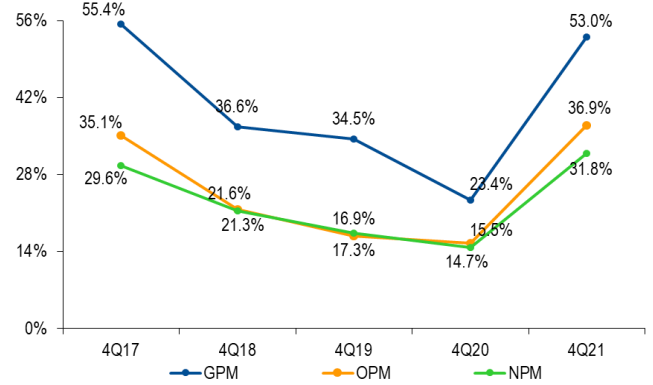
Performance Highlights

Average Selling Price Vs. Sales Volume



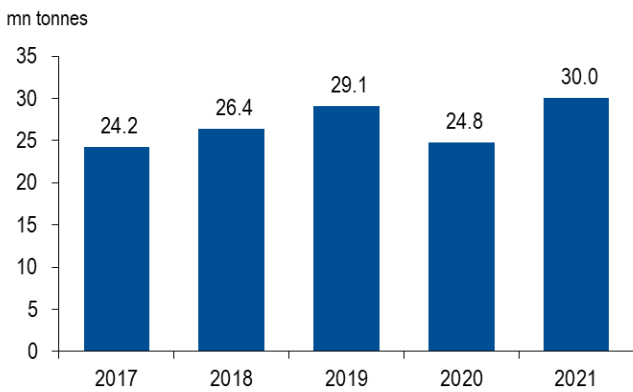
Source: Company, NHKSI Research

Margin Ratios



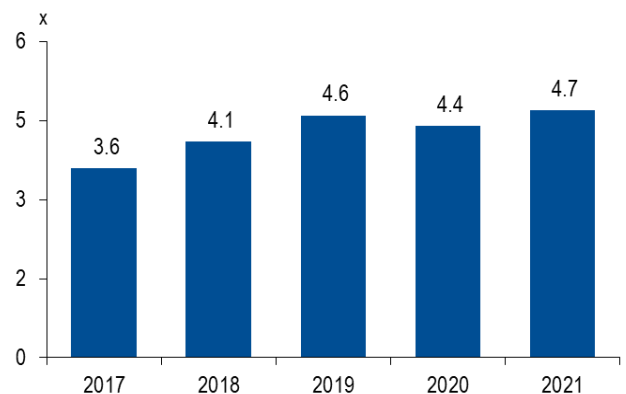
Source: Company, NHKSI Research

Coal Production



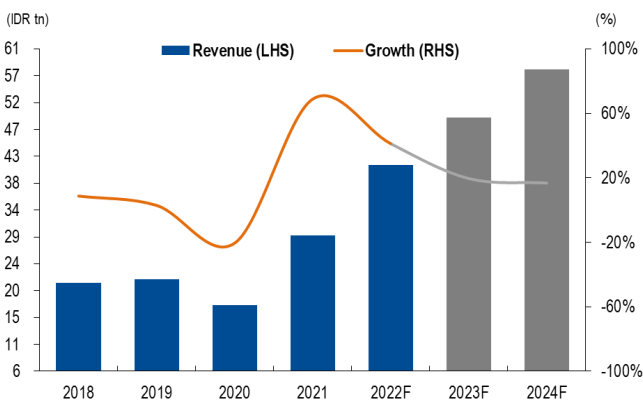
Source: Company, NHKSI Research

Stripping Ratio



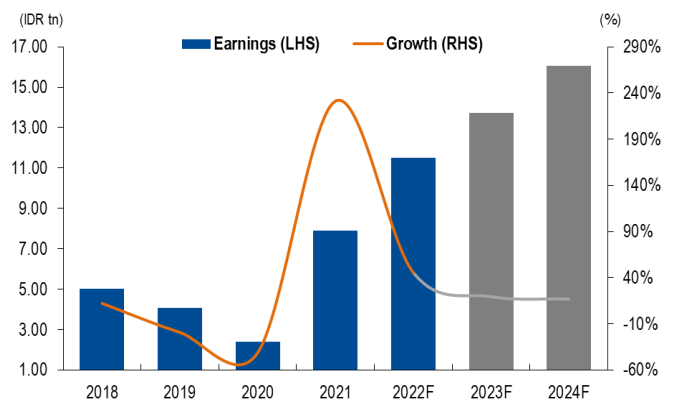
Source: Company, NHKSI Research

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%	4.0%	15.3%	15.7%
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	4,900	5,854	6,842
Market Cap (IDR tn)	31.2	56.5	67.4	78.8

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	4.9x	4.9x	4.9x
Price/Book Value	1.3x	1.8x	1.9x	2.0x
Price/Sales	1.1x	1.4x	1.4x	1.4x
PE/EPS Growth	0.0x	0.1x	0.3x	0.3x
EV/EBITDA	2.5x	3.2x	3.2x	3.2x
EV/EBIT	2.8x	3.4x	3.4x	3.4x
EV (IDR bn)	28,074	49,040	58,436	68,315
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, 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%

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