

# Bukit Asam Tbk (PTBA)

## Export Portion Drives Net Profit Double Digit Target

PTBA's 2Q22 export portion increased to 38% (Vs. 33% 1Q22), becoming a positive catalyst for the Company which is targeting Net Profit to penetrate IDR10Trn FY22 (Vs. 1H22 IDR6.2Trn). Supported by the price of ICE Newcastle coal in 1H22, which averaged USD315/Ton, and penetrated the All Time High of more than USD415/Ton in early September 2022. Apart from India, Southeast Asia and East Asia, PTBA is also exploring demand opportunities in a number of European countries.

### Export portion increase

- PTBA's increasing export portion pushed the Average Selling Price to reach IDR1.3Mn/Ton in 2Q22 (+14% QoQ), and boosted revenue growth of more than 79% YoY in 1H22 to IDR18.4Trn.
- More detail, 2Q22 production volume which grew 52.3% QoQ, pushed production per semester 1H22 to grow 19.5% YoY to 19.5 Mt, in line with the increase in coal production in the Banko area. The Stripping Ratio in 1H22 was 5.6x, namely in 1Q22 and 2Q22, which were 6.3x and 5.2x, respectively.

### Demand remains high amid normalization

- The price of contracted coal in October 2022 on the Newcastle ICE market, which again rose to the level of USD438.87/Ton on Tuesday (20/9), after being depressed to the level of USD421.43/Ton in mid-September 2022.
- Made NHKSI Research project the Average Selling Price of coal coal remains high until FY22, has the opportunity to maintain PTBA's margins. We also see that demand from China and Southeast Asian countries remains high, amid the potential for normalization of coal prices in 4Q22.

### Domestic portion remains dominant

- On the other hand, the domestic portion is 65% or remains dominant of all sales. Of this domestic portion, as much as 7.3 million tons of coal or up to 50% of total sales in 1H22, was intended for the Perusahaan Listrik Negara (PLN) Group.
- Based on the PTBA Company Work Plan and Budget, supply to PLN is around 30% of total sales or a target of 37.1 million tons by FY22.

### Buy Recommendation with Target Price at IDR4,900

- NHKSI Research raised its recommendation from Overweight to Buy, in line with PTBA's stock price pressure since the end of May 2022. With a Target Price at IDR4,900 for the next 12-month period, supported by an increase in production capacity which makes coal reserves increase, and demand from PLN remains stable.
- Our Target Price reflects a forward P/E of 4.9x with a potential increase of 16.6%. PTBA is currently trading at 4.4x P/E. On the other hand, NHKSI Research remains wary of the potential decline in the Average Selling Price, and the progressive coal royalty rate policy that has the opportunity to suppress margins.

### 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, NHKSI Research

Please consider the rating criteria & important disclaimer

NH Korindo Sekuritas Indonesia

Company Update | Sept. 21, 2022

## Buy

|                       |        |
|-----------------------|--------|
| Target Price (IDR)    | 4,900  |
| Consensus Price (IDR) | 4,469  |
| TP to Consensus Price | +9.6%  |
| Vs. Last Price        | +16.6% |

### Shares data

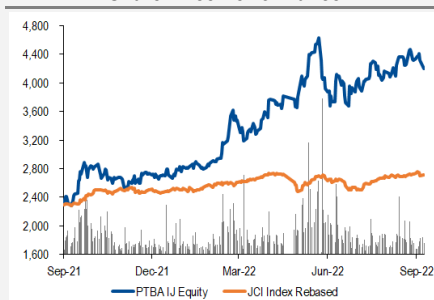
|                        |                |
|------------------------|----------------|
| Last Price (IDR)       | 4,200          |
| Price date as of       | Sept. 20, 2022 |
| 52 wk range (Hi/Lo)    | 4,630 / 2,230  |
| Free float             | 33.8%          |
| Outstanding sh.(mn)    | 11,521         |
| Market Cap (IDR bn)    | 48,271         |
| Market Cap (USD mn)    | 3,216          |
| Avg. Trd Vol - 3M (mn) | 38.1           |
| Avg. Trd Val - 3M (bn) | 157.3          |
| Foreign Ownership      | 5.6%           |

### Energy

#### Oil, Gas & Coal

|           |         |
|-----------|---------|
| Bloomberg | PTBA IJ |
| Reuters   | PTBA.JK |

### Share Price Performance



|          | YTD   | 1M    | 3M    | 12M   |
|----------|-------|-------|-------|-------|
| Abs. Ret | 55.0% | -0.2% | 12.6% | 83.4% |
| Rel. Ret | 45.6% | -0.6% | 9.4%  | 65.0% |

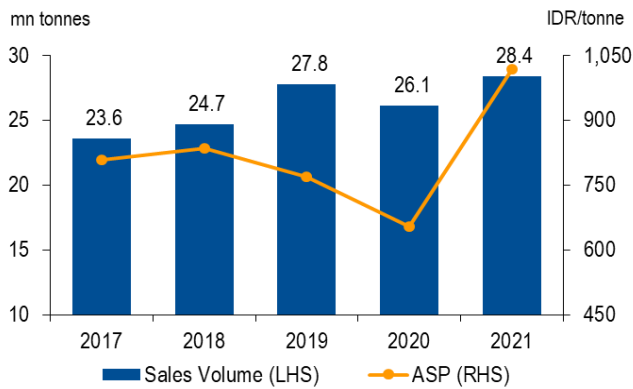
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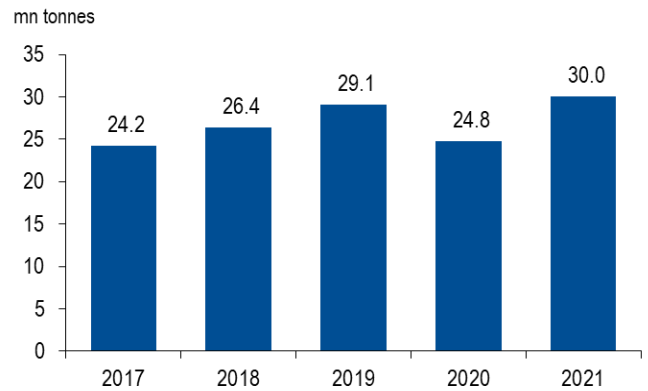
# Performance Highlights

## Average Selling Price Vs. Sales Volume



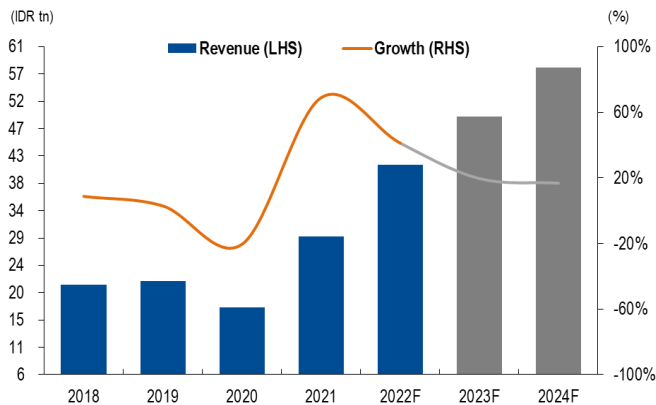
Source: Company, NHKSI Research

## Coal Production



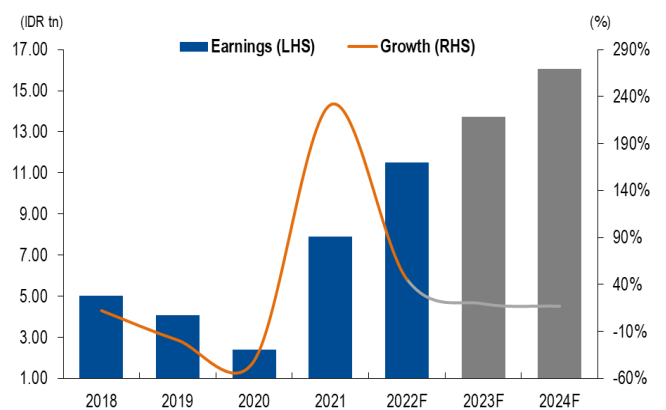
Source: Company, NHKSI Research

## Coal Production



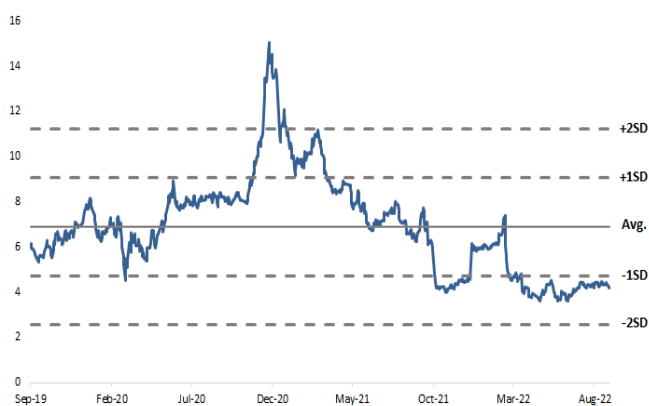
Source: Company, NHKSI Research

## Stripping Ratio



Source: Company, NHKSI Research

## P/E | Last 3-Years



Source: Company, NHKSI Research

## EV/EBITDA | Last 3-Years



Source: Company, NHKSI Research

## Summary of Financials

### INCOME STATEMENT

| (IDR bn)                 | 2021/12A      | 2022/12F      | 2023/12F      | 2024/12F      |
|--------------------------|---------------|---------------|---------------|---------------|
| <b>Revenue</b>           | <b>29,261</b> | <b>41,325</b> | <b>49,424</b> | <b>57,711</b> |
| <i>Growth</i>            | 68.9%         | 41.2%         | 19.6%         | 16.8%         |
| COGS                     | (15,777)      | (21,872)      | (26,158)      | (30,544)      |
| <b>Gross Profit</b>      | <b>13,484</b> | <b>19,453</b> | <b>23,266</b> | <b>27,167</b> |
| <i>Gross Margin</i>      | 46.1%         | 43.9%         | 47.1%         | 47.1%         |
| Operating Expenses       | (3,525)       | (5,061)       | (6,052)       | (7,067)       |
| <b>EBIT</b>              | <b>9,959</b>  | <b>14,392</b> | <b>17,213</b> | <b>20,099</b> |
| <i>EBIT Margin</i>       | 34.0%         | 34.8%         | 34.8%         | 34.8%         |
| Depreciation             | 1,217         | 780           | 1,196         | 1,267         |
| <b>EBITDA</b>            | <b>11,176</b> | <b>15,172</b> | <b>18,409</b> | <b>21,366</b> |
| <i>EBITDA Margin</i>     | 38.2%         | 36.7%         | 37.2%         | 37.0%         |
| Interest Expenses        | (111)         | (170)         | (223)         | (241)         |
| <b>EBT</b>               | <b>10,359</b> | <b>14,976</b> | <b>17,892</b> | <b>20,911</b> |
| Income Tax               | (2,322)       | (3,292)       | (3,933)       | (4,597)       |
| Minority Interest        | (128)         | (186)         | (222)         | (259)         |
| <b>Net Profit</b>        | <b>7,909</b>  | <b>11,499</b> | <b>13,737</b> | <b>16,055</b> |
| <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         |
| <b>Total Current Assets</b> | <b>18,212</b> | <b>21,269</b> | <b>23,021</b> | <b>22,524</b> |
| Net Fixed Assets            | 10,469        | 17,179        | 17,466        | 19,662        |
| Other Non Current Asset     | 7,443         | 7,739         | 8,450         | 8,450         |
| <b>Total Assets</b>         | <b>36,124</b> | <b>46,186</b> | <b>48,937</b> | <b>50,636</b> |
| Payables                    | 1,270         | 1,994         | 2,521         | 2,751         |
| ST Bank Loan                | 421           | 521           | 670           | 675           |
| LT Debt                     | 626           | 851           | 816           | 969           |
| <b>Total Liabilities</b>    | <b>11,870</b> | <b>14,077</b> | <b>14,136</b> | <b>12,139</b> |
| Capital Stock + APIC        | 1,183         | 1,746         | 1,746         | 1,746         |
| Retained Earnings           | 22,677        | 31,369        | 34,757        | 38,448        |
| <b>Shareholders' Equity</b> | <b>24,254</b> | <b>32,109</b> | <b>34,801</b> | <b>38,497</b> |

### 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)     |
| <b>Net Changes in Cash</b> | <b>45</b> | <b>3,188</b> | <b>1,020</b> | <b>1,658</b> |

### 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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