

Aneka Tambang (ANTM)

Profits Rise Despite Falling Revenue

In 9M23, PT Aneka Tambang Tbk. (ANTM) reported a slight 1.9% YoY increase in gross profit (IDR 6.1 trillion vs IDR 5.99 trillion) and an 8.5% increase in net profit (IDR 2.85 trillion vs IDR 2.62 trillion). This is despite a substantial 8.3% decline in revenues (IDR 30.9 trillion vs IDR 33.7 trillion), proving ANTM's continued success in enhancing efficiency via energy cost cuts.

Gold stays at record levels

- The global market price for gold remains at near all time high levels, as optimistic US economic data and a Fed that becomes more dovish by the day pushes up demand for the metal.
- Continued global economic uncertainty in the form of ongoing conflicts in the Middle East and Eastern Europe, as well as rising tensions between China and the US, are also key factors in driving up demand for safe haven assets such as gold.
- These 2 key sentiments have increased gold prices by over 10% in 2023, and this is reflected in ANTM's nearly 6% YoY increase in gold ASP (2,042 USD/toz vs 1,930 USD/toz).
- Bullish momentum for gold is expected to continue going into 2024, acting as a positive catalyst for ANTM.

Other commodity prices falter as global oversupply issues continue

- ANTM reported a 7.6% YoY fall in nickel ore ASP (47.4 USD/wmt vs 51.3 USD/wmt) and a 21.9% YoY decline in ferronickel ASP (15,434 USD/t vs 19,772 USD/t).
- This is no surprise as the global prices of both nickel ore and nickel products heavily declined in 2023.
- The key reason for this fall in prices is the ongoing oversupply in the global nickel market, a direct effect of the Indonesian government's nickel supply chain down streaming efforts.
- Likewise, the global price for bauxite ore declined in 2023 due to similar oversupply problems, with ANTM's bauxite ASP falling by 36.1% YoY (20.4 USD/wmt vs 31.9 USD/wmt).

ANTM down streaming projects on track to reach targets

- ANTM is focusing on several construction projects as part of their aim to further down stream their operations.
- Their ferronickel smelter in East Halmahera is currently in the commissioning stage and is expected to be able to begin production at the end of the year. This facility will have a capacity of 13,500 TNI per year.
- ANTM is also part of the consortium constructing a Smelter-Grade Alumina Refinery (SGAR) in Mempawah.
- Originally targeted to begin production in 2023, but delayed due to disagreements with JO partner Chalico, the refinery is slated to be completed in 1H25 and will be the joint-biggest SGAR in Southeast Asia.

Recommend BUY with TP of IDR2050

- We maintain our BUY recommendation for ANTM with a revised TP of IDR2050, equivalent to a forward PE ratio of 12.58, slightly below the 1-yr SD+1 band of 12.83. Price is currently trading at a forward PE ratio of 10.
- Risks: 1) Change in Government Nickel Policies 2) Hawkish Fed 3) Continued decline in nickel prices

Aneka Tambang Tbk | Summary

in IDR bn	2022A	2023E	2024F	2025F
Revenue	45,930	40,275	43,212	45,754
Revenue growth	19.5%	-12.3%	7.3%	5.9%
Net profit	3,820	3,809	3,624	3,997
EPS (IDR)	159	158	151	166
Net Profit growth	105.0%	-0.3%	-4.9%	10.3%
NPM	8.3%	9.5%	8.4%	8.7%
ROE	20.9%	15.4%	13.5%	13.8%
ROA	12.2%	10.9%	9.3%	9.5%
P/E	10.5x	10.5x	11.1x	10.0x
P/BV	1.7x	1.6x	1.4x	1.3x
EV/EBITDA	9.0x	6.6x	6.9x	6.6x

Unit: IDR bn, %, x

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

Company Update | Dec 19, 2023

Buy

Target Price (IDR)	2050
Consensus Price (IDR)	2104
TP to Consensus Price	-2.57%
Potential Upside	+22.8%

Shares data

Last Price (IDR)	1670
Price Date as of	Dec 15, 2023
52 wk Range (Hi/Lo)	2,390/1,580
Free Float (%)	34.95
Outstanding sh.(mn)	24,030
Market Cap (IDR bn)	40,254
Market Cap (USD mn)	2,594
Avg. Trd Vol - 3M (mn)	35
Foreign Ownership	5%

Mining

Metal

Bloomberg	ANTM IJ
Reuters	ANTM.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-15.87%	3.09%	-12.11%	-13.92%
Rel. Ret.	-20.84%	-1.71%	-15.43%	-19.64%

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Performance Highlights in Charts

ANTM Quarterly Revenue (IDR bn) | 3Q21 - 3Q23



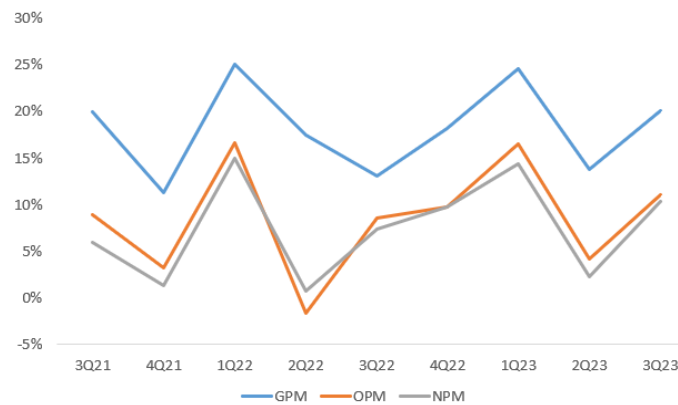
Source: Company Data, NHKSI Research

ANTM Gold Sales Volume (kg) | 3Q21 - 3Q23



Source: Company Data, NHKSI Research

ANTM Profit Margins | 3Q21 - 3Q23



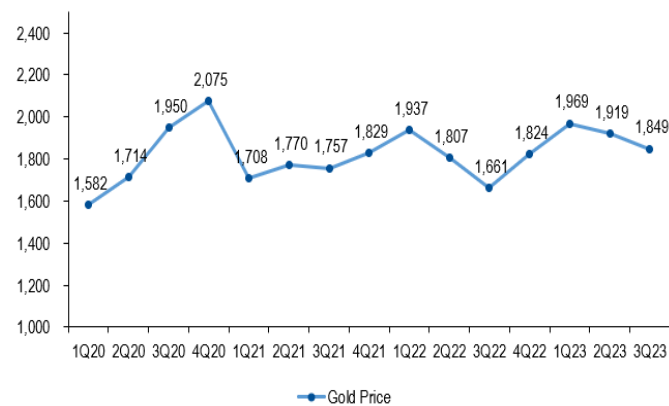
Source: Company Data, NHKSI Research

ANTM Nickel Ore Sales Volume (Thousand WMT) | 9M23



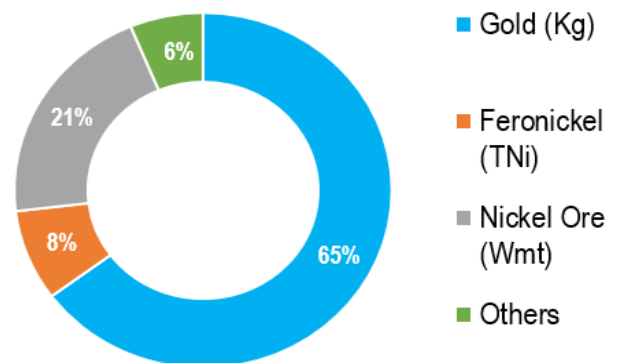
Source: Company Data, NHKSI Research

Gold Price (USD/oz) | 1Q20 - 3Q23



Source: Company Data, NHKSI Research

ANTM Revenue Breakdown | 3Q23



Source: Company Data, NHKSI Research

Summary of Financials

INCOME STATEMENT

(IDR bn)	2022/12A	2023/12F	2024/12F	2025/12F
Revenue	45,930	40,275	43,212	45,754
Growth	19.5%	-12.3%	7.3%	5.9%
COGS	(37,720)	(32,148)	(35,351)	(37,180)
Gross Profit	8,210	8,127	7,860	8,574
Gross Margin	17.9%	20.2%	18.2%	18.7%
Operating Expenses	(4,269)	(3,591)	(3,457)	(3,998)
EBIT	3,941	4,536	4,403	4,577
EBIT Margin	8.6%	11.3%	10.2%	10.0%
Depreciation	857	1,340	1,059	1,113
EBITDA	4,798	5,876	5,462	5,690
EBITDA Margin	10.4%	14.6%	12.6%	12.4%
Interest Expenses	(92)	(94)	(65)	(73)
EBT	5,214	4,974	5,152	5,446
Income Tax	(1,394)	(1,166)	(1,528)	(1,449)
Minority Interest	-	-	-	-
Net Profit	3,820	3,809	3,624	3,997
Growth	105.0%	-0.3%	-4.9%	10.3%
Net Profit Margin	8.3%	9.5%	8.4%	8.7%

BALANCE SHEET

(IDR bn)	2022/12A	2023/12F	2024/12F	2025/12F
Cash	4,476	9,179	10,513	11,218
Receivables	1,833	1,603	1,643	1,666
Inventories	2,906	2,848	3,732	3,831
Total Current Assets	10,723	15,274	17,549	18,393
Net Fixed Assets	17,712	17,626	19,779	21,495
Other Non Current Asss	4,230	4,504	3,200	3,890
Total Assets	32,665	37,404	40,529	43,778
Payables	2,828	3,780	4,046	4,412
ST Debt	1,010	2,150	2,582	3,004
LT Debt	2,145	999	960	805
Total Liabilities	9,926	11,617	12,616	13,870
Capital Stock	2,403	2,403	2,403	2,403
Retained Earnings	13,143	15,027	16,932	18,694
Shareholders' Equity	23,713	25,787	27,913	29,908

CASH FLOW STATEMENT

(IDR bn)	2022/12A	2023/12F	2024/12F	2025/12F
Operating Cash Flow	4,107	6,670	4,952	5,358
Investing Cash Flow	(783)	12	(2,322)	(2,721)
Financing Cash Flow	(4,078)	(1,932)	(1,327)	(1,968)
Net Changes in Cash	(614)	4,688	1,334	705

PROFITABILITY & STABILITY

	2022/12A	2023/12F	2024/12F	2025/12F
ROE	20.9%	15.4%	13.5%	13.8%
ROA	12.2%	10.9%	9.3%	9.5%
Inventory Turnover	12.5	11.2	10.7	9.8
Days Inventory Outstanding	29.1	32.7	34.0	37.1
Receivables Turnover	28.0	23.4	26.6	27.6
Account Receivable Days	13.0	15.6	13.7	13.2
Dividend Yield (%)	2.3%	4.8%	4.3%	5.6%
Payout Ratio (%)	50.0%	50.0%	45.1%	61.7%
DER	13.3%	12.2%	12.7%	12.7%
Financial Leverage	9.7%	8.4%	8.7%	8.7%
Current Ratio	1.8	1.8	1.7	1.7
Quick Ratio	1.1	1.3	1.2	1.2
Par Value (IDR)	100	100	100	100
Total Shares (mn)	24,031	24,031	24,031	24,031
Share Price (IDR)	1,670	1,670	1,670	1,670
Market Cap (IDR tn)	40.1	40.1	40.1	40.1

VALUATION INDEX

	2022/12A	2023/12F	2024/12F	2025/12F
Price/Earnings	10.5x	10.5x	11.1x	10.0x
Price/Book Value	1.7x	1.6x	1.4x	1.3x
PE/EPS Growth	0.1x	-36.2x	-2.3x	1.0x
EV/EBITDA	9.0x	6.6x	6.9x	6.6x
EV (IDR bn)	43,042	38,524	37,804	37,598
Sales CAGR (3-Yr)	12.0%	13.8%	4.0%	-0.1%
Basic EPS (IDR)	159	158	151	166
Diluted EPS (IDR)	159	158	151	166
BVPS (IDR)	987	1,073	1,162	1,245

TOP OWNERSHIP

Shareholders	%
PT Mineral Industri Indonesia	65.0
Vanguard Group	1.5
BlackRock Inc	1.0
Others	32.5

By Geography	%
Indonesia	90.6
USA	4.8
Others	4.7

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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