

17 October 2023

Diversified mining and minerals processing, Equity

Price **IDR. 1810**
 Target Price **IDR. 2580**
 JKSE Index **6939.62**

Published on TradingView.com, Oct 17, 2023 04:01 UTC



Stock Code
Bloomberg code **ANTM IJ**
Market cap (IDR.bn) **43,500**
52-Week High (IDR) **2,390**
52-Week Low (IDR) **1,705**
Avg Daily. Val (IDR) **1,805**
Free Float (%) **35**

Major Shareholders (%)
INALUM **65%**
Public **35%**

USD/IDR-YE
2022A **15592**
2023F (Avg) **15703**

Key Indicators **2024F**
DER (x) **0.07**
Debt ratio (x) **0.28**

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Investment Consideration Gold sales down 13% in 2Q23

As of 2Q23, gold sales volume decreased by -13% QoQ to 6,285 Kg, while the average selling price (ASP) slightly increased by +3% QoQ. In 2Q23, ANTM's unaudited gold production volume reached 291 Kg, a slight decrease of -4% QoQ. As in previous years, in 2023, ANTM remains focused on developing its domestic customer base, aligning with the increasing public awareness of investing in gold and growing demand. We conservatively estimate gold sales volume in 2023 at 29,156 kg, a decrease of -12% YoY or down -24% from our initial estimate, despite ongoing high public interest in gold, and after adjusting for current global risk factors. We believe ANTM's strategy of developing a customer base in the domestic market will continue to increase public awareness of investing in gold.

Continuing double digit nickel production growth

ANTM's unaudited nickel ore production volume reached 6.81 million wmt, a 55% YoY increase. The unaudited nickel ore production volume slightly decreased by -0.03% QoQ in 2Q23 to 3.41 million wmt but increased significantly by +130% YoY compared to 2Q22 when it was 1.48 million wmt. The growth in nickel ore sales volume during 1H23 increased by +106% YoY to 6.27 million wmt, compared to sales volume in 1H22 of 3.04 million wmt. The growth in 1H23 production was influenced by demand recovery and normalization of nickel prices. We expect higher future nickel demand from electric vehicles to remain on track and forecast nickel production and sales volume to grow by +68% and +81% YoY, respectively, in 2023.

Targeting 10% growth in bottom line profit

ANTM's profit in 1H23 was IDR 3.8 trillion, a +24% YoY increase. This was supported by ANTAM's efforts to optimize the performance of its production and sales of nickel, gold, and bauxite-based products amidst challenging global economic conditions, and despite lower growth expectations for base metals and precious metal commodities throughout 1H23. In the next two years (2023-2024), we estimate ANTM's net profit will grow at a CAGR average of 10% compared to 2022FY, as we expect ANTM to keep production costs low and preserve cash through negotiations with creditors, banks, and suppliers. ANTM is also improving internal efficiencies in both business units and the head office.

Valuation: 43% upside

We have adjusted our valuation based on 1H23 audited results. We have downgraded our one-year target price to IDR 2,580/share, which implies a valuation of 13x PER. With 43% upside, we maintain our recommendation to BUY.

Financial ratio highlights	2019 A	2020 A	2021 A	2022 A	2023 F	2024 F
Sales growth (%)	29.62%	-16.34%	40.45%	19.47%	4.02%	13.28%
Operating Margin (%)	2.92%	7.42%	7.12%	8.58%	10.89%	10.70%
NET Profit margin (%)	0.59%	4.20%	4.84%	8.32%	8.58%	8.61%
EPS (IDR)	8.07	47.83	77.47	159.00	170.52	193.90
Current Ratio (X)	1.45	1.21	1.79	1.96	2.06	2.30
Debt Ratio (X)	0.40	0.40	0.37	0.30	0.28	0.28

Company Profile

PT Aneka Tambang, a leading Indonesian diversified mining and minerals processing company, was established on July 5, 1968. The company was previously owned by the government at 65% and the public at 35%, and it is now owned by Inalum at 65% and the public at 35%. ANTM was formed through several Indonesian Government projects and mining companies. ANTM offers various products, such as ferronickel, low and high-grade nickel ore, gold, silver, bauxite, alumina, coal, and precious metals processing services. ANTM undertakes all stages of mining and processing, including exploration, mining, smelting, refining, and marketing in relation to nickel ore, ferronickel, gold, silver, alumina, other precious metals, and coal.

Asset in operation

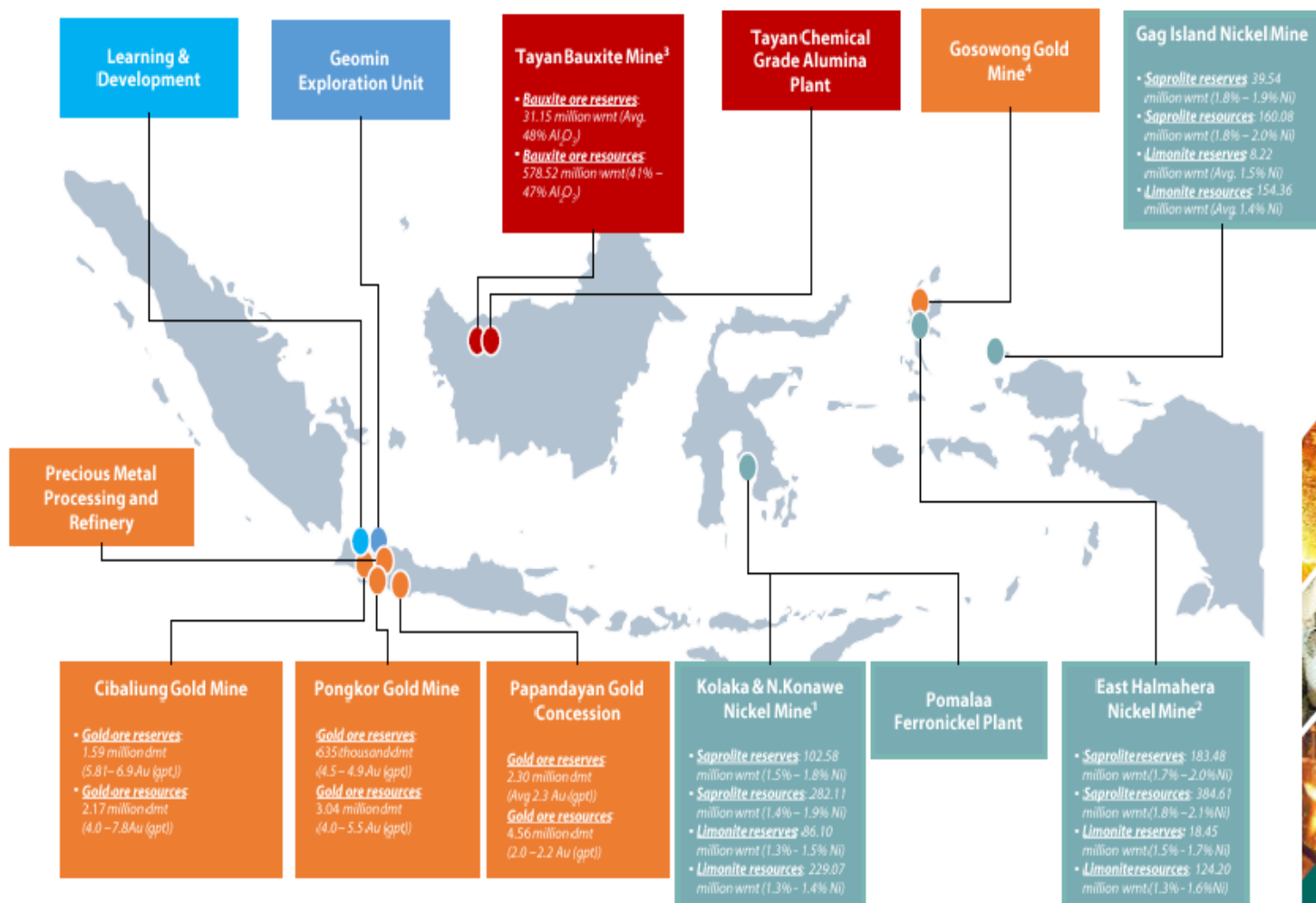


Chart: Nickle production vs sales volume (Wmt '000) yoy

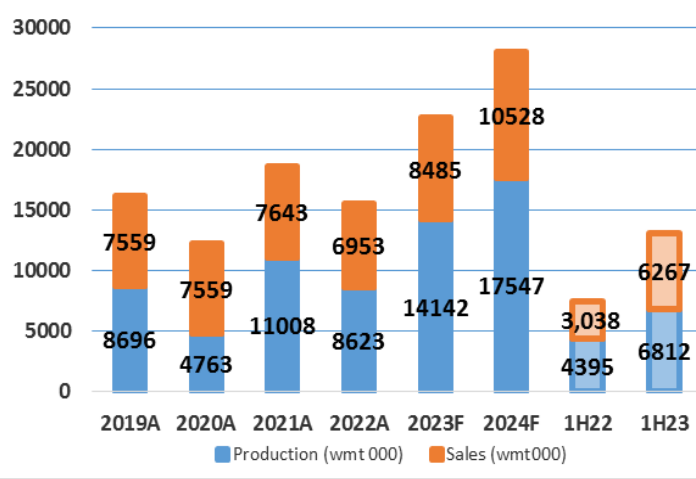


Chart: Ferronickle production vs sales volume (Tni) yoy

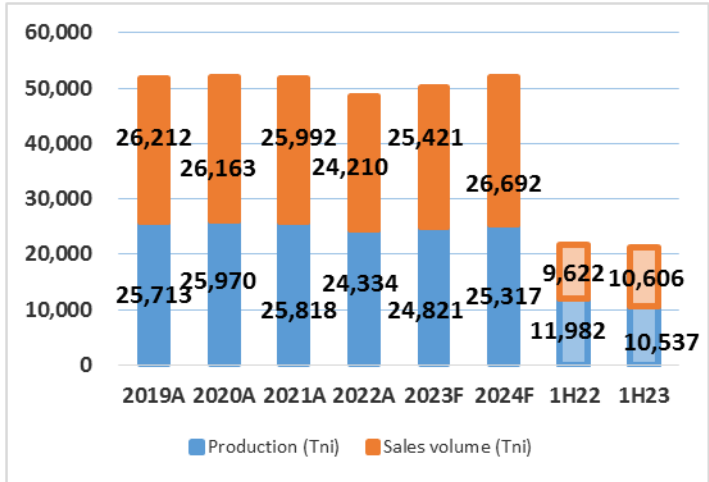


Chart: Nickle production vs sales volume (Wmt '000) QoQ

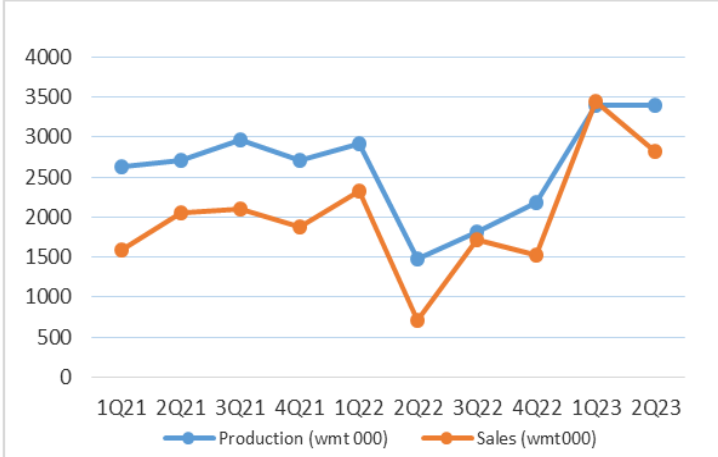


Chart: Ferronickle production vs sales volume (Tni) QoQ

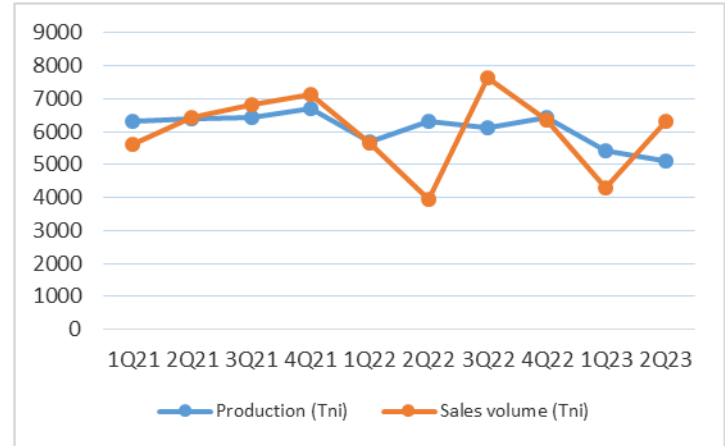


Chart: Gold sales volume (Kg) YoY

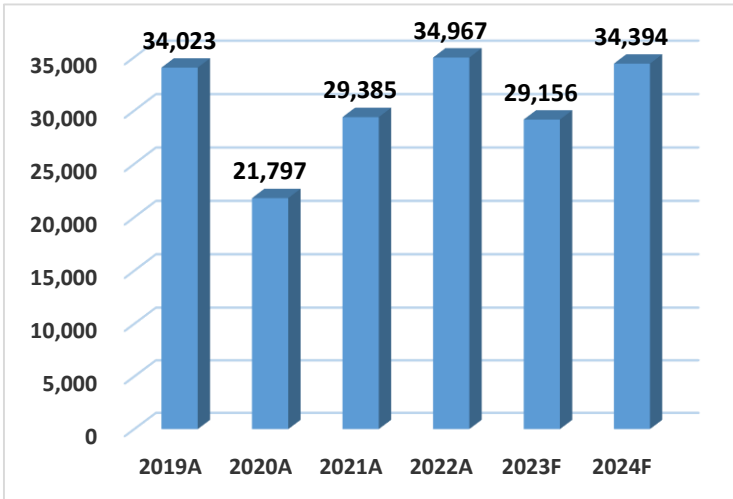


Chart: Gold sales volume (Kg) QoQ

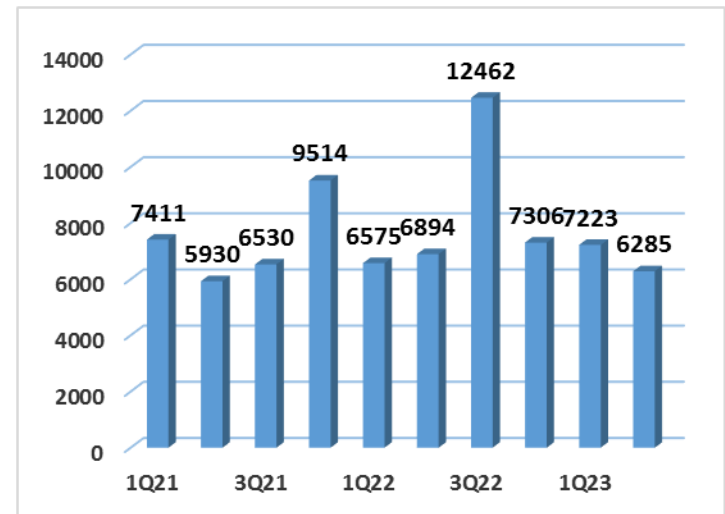


Chart: Ferronickle Average Selling Price (US\$/lb) YoY

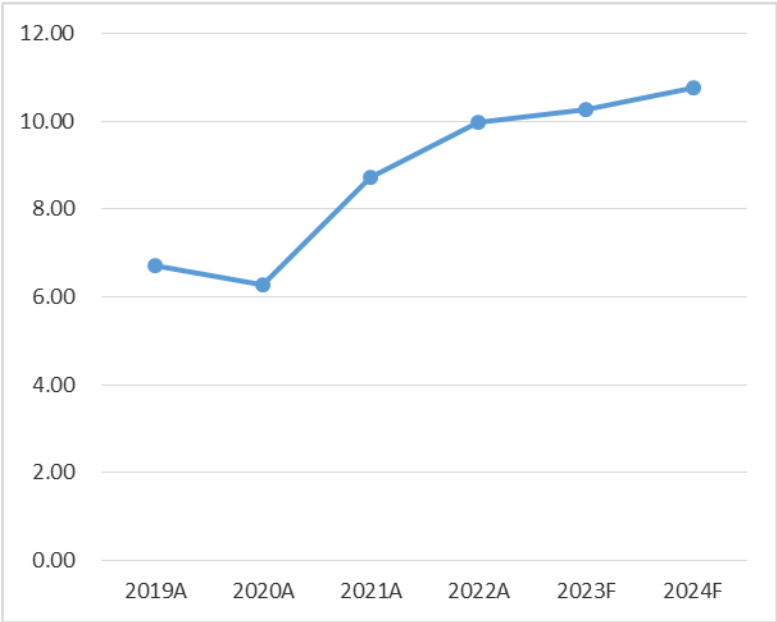


Chart: Gold Average selling price (US\$/Toz)

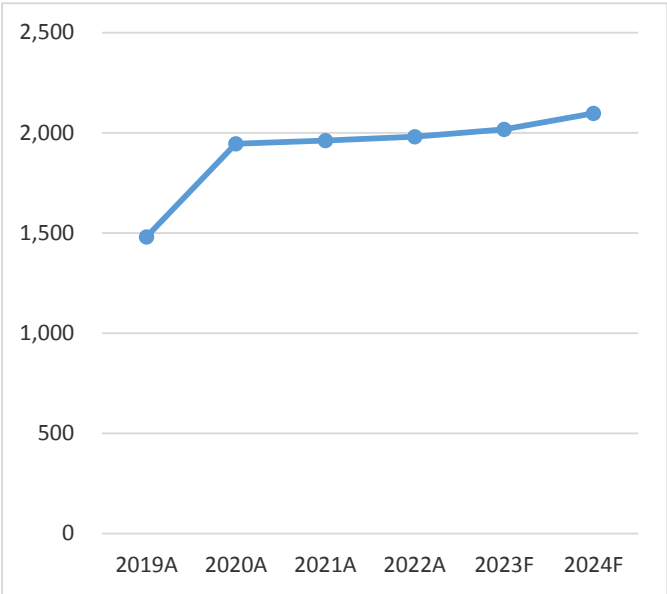
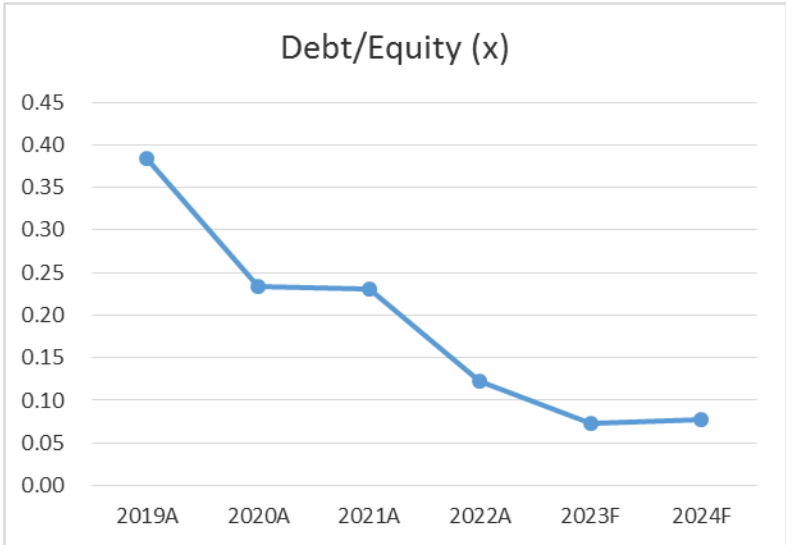


Chart: Debt to Equity ratio (x) YoY



Profit and Loss

Profit and Loss (IDR. in bn)	2019 A	2020 A	2021 A	2022 A	2023 F	2024 F	2025 F
Sales	32,719	27,372	38,446	45,930	47,777	54,121	62,210
COGS	(28,271)	(22,897)	(32,087)	(37,720)	(36,771)	(37,524)	(39,796)
Gross Profit	4,447	4,476	6,359	8,211	9,794	10,509	11,240
Operating Expenses	(3,492)	(2,443)	(3,621)	(4,269)	(4,589)	(4,717)	(5,018)
Operating Income	956	2,032	2,738	3,942	5,205	5,792	6,222
Other Income	(269)	(391)	305	1,273	138	151	161
Tax Expense	(493)	(492)	(1,182)	(1,394)	(1,255)	(1,293)	(1,376)
Minority Interest	(0.001)	(0.001)	0.003	0.001	9.008	9.292	9.873
Net Income	194	1,149	1,862	3,821	4,098	4,659	5,018
EPS	8.07	47.83	77.47	159.00	170.52	193.90	208.79
EBITDA	2,010	3,096	3,592	4,755	6,054	6,702	7,316

Balance Sheet

Balance Sheet (IDR. in bn)	2019 A	2020 A	2021 A	2022 A	2023 F	2024 F	2025 F
Cash and cash equivalent	3,636	3,984	5,089	4,476	6,909	9,971	11,202
Trade Account Receivable	1,002	1,344	1,448	1,833	1,963	2,372	2,897
inventory	1,796	2,626	3,107	2,906	3,927	4,448	5,113
Other current asset	1,230	1,196	2,084	2,480	2,389	2,706	3,733
Current Asset	7,665	9,151	11,728	11,695	15,189	19,498	22,945
Fixed Asset	18,866	18,248	16,864	16,472	17,479	18,862	20,371
other long term asset	3,664	4,331	4,324	5,471	5,733	6,494	8,087
Total non current Asset	22,530	22,579	21,188	21,942	23,212	25,357	28,459
Total Asset	30,195	31,730	32,916	33,637	38,400	44,855	51,404
Trade Account Payable	740	673	1,399	1,302	1,440	1,779	2,216
Short Term bank loans	1,408	1,072	1,089	189	193	196	200
bond (current portion)		2,099	0	0	0	0	0
Other short term liabilities	3,145	3,709	4,074	4,481	5,733	6,494	6,843
Total current liabilities	5,293	7,553	6,562	5,972	7,366	8,470	9,259
bond	2,099	0	0	0	0	0	0
investment loans	3,466	3,388	3,703	2,703	1,823	2,323	2,823
other long term liabilities	1,204	1,749	1,813	1,250	1,433	1,624	1,866
Total long term/ non current liabilities	6,768	5,137	5,517	3,954	3,257	3,947	4,690
Total Liabilities	12,061	12,690	12,079	9,925	10,622	12,417	13,949
non controlling interest	0.02	0.02	0.02	0.00	0.02	0.02	0.03
Total Equities	18,133	19,039	20,837	23,712	27,778	32,437	37,455
Total Liabilities & Equity	30,195	31,730	32,916	33,637	38,400	44,855	51,404

Cash Flow

Cash Flow (IDR. in bn)	2019A	2020A	2021A	2022A	2023F	2024F	2025F
+ Net Income	194	1149	1862	3821	4098	4659	5018
+Depreciation	1054	1064	854	813	850	910	1093
- Change in WC	(1255)	1123	(2464)	(1170)	333	(143)	(1428)
Cash From Operating Activities	(7)	3336	252	3464	5280	5427	4683
capex	(430)	(446)	531	(421)	(1857)	(2294)	(2602)
other long term asset	1700	(667)	7	(1147)	(262)	(761)	(1593)
cash from investing activities	1270	(1113)	537	(1568)	(2119)	(3055)	(4195)
bond	0.66	(2099)	0.00	0.00	0.00	0.00	0.00
Investment loans	(1784)	(78)	316	(1000)	(880)	500	500
other long term liabilities	367	545	64	(563)	183	190	243
Equity	(509)	(243)	(64.1)	(946)	(31.8747)	0	0
cash from financing activities	(1926)	(1875)	316	(2509)	(729)	690	743
Net Changes in Cash	(663)	348	1105	(613)	2433	3062	1231
Beginning Balance	4299	3636	3984	5089	4476	6909	9971
Ending balance	3636	3984	5089	4476	6909	9971	11202

Financial Ratio Highlights

Ratio Highlights	2019 A	2020 A	2021 A	2022 A	2023 F	2024 F	2025 F
Growth (%)							
Sales	29.62%	-16.34%	40.45%	19.47%	4.02%	13.28%	14.95%
OP	-48.42%	112.67%	34.73%	43.96%	32.04%	11.28%	7.44%
EBITDA	-24.03%	54.05%	16.02%	32.39%	27.32%	10.70%	9.16%
Net profit	-77.83%	492.90%	61.98%	105.24%	7.24%	13.71%	7.68%
EPS	-77.83%	492.90%	61.98%	105.24%	7.24%	13.71%	7.68%
Profitability (%)							
Operating Margin	2.92%	7.42%	7.12%	8.58%	10.89%	10.70%	10.00%
EBITDA margin	6.14%	11.31%	9.34%	10.35%	12.67%	12.38%	11.76%
NET Profit margin	0.59%	4.20%	4.84%	8.32%	8.58%	8.61%	8.07%
ROA	0.64%	3.62%	5.66%	11.36%	13.01%	13.36%	12.48%
ROE	1.07%	6.04%	8.93%	16.11%	14.75%	14.36%	13.40%
Liquidity							
Current Ratio (X)	1.45	1.21	1.79	1.96	2.06	2.30	2.48
Cash Ratio	0.69	0.53	0.78	0.75	0.94	1.18	1.21
Solvability							
Debt/Equity (x)	0.38	0.23	0.23	0.12	0.07	0.08	0.08
Int. Coverage (x)	2.94	2.90	8.48	53.87	79.19	70.46	63.07
Debt Ratio (X)	0.40	0.40	0.37	0.30	0.28	0.28	0.27
Per Share data (Rp)							
EPS	8.07	47.83	77.47	159.00	170.52	193.90	208.79
BVPS	755	792	867	987	1156	1350	1559

Stock Ratings:

Buy: a recommendation to purchase the security with upside potential of 20% or greater

Hold: a recommendation to neither buy nor sell a security with upside potential of 0-20%.

Sell: a recommendation to close out a long position in a security with upside potential below 0% or negative.

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