

25 May 2023

Diversified mining and minerals processing, Equity

Price **IDR. 1945**
 Target Price **IDR. 3435**
 JKSE Index **6704.231**

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Stock Code
Bloomberg code **ANTM IJ**
Market cap (IDR.bn) **46,980**
52-Week High (IDR) **2,580**
52-Week Low (IDR) **1,535**
Avg Daily. Val (IDR) **1,409**
Free Float (%) **35**

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

USD/IDR-YE
2022A **15592**
2023F (Avg) **14878**

Key Indicators **2024F**
DER (x) **0.04**
Debt ratio (x) **0.26**

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Investment Consideration

Gold sales up 10% in 1Q23

Although in 1Q23, ANTM gold production volume decreased -18% YoY to 304Kg, gold sales volume increased +10% YoY to 7,223 Kg. During 2023, ANTM remains focused on their domestic customer market development which is inline with the increase in public awarness of investing in gold and growing demand for gold in the domestic market. We believe ANTM's stategy to focus on developing the customer base will increase gold sales volume in the future.

Maintaining double digit production growth

ANTM unaudited nickel ore production volume reached 3.41 mn wmt, an increase of 41% QoQ or 17% YoY. The strengthening of nickel ore production resulted in higher 1Q23 nickle ore sales of 3.44 mn wmt, up +48% YoY or +57% QoQ. The growth in 1Q23 production was also influenced by a demand recovery despite lower nickel prices. With higher future demand for nickle from electric vehicles, we estimate nickel production and sales volume to grow 70% YoY and 62% YoY respectively in 2023 and 2024.

Targeting 15% profit growth

ANTM recorded a positive net profit in 1Q23 of IDR. 1,66 trillion, up by 13% YoY. This was supported by ANTM's efforts to optimize the performance of its production and sales of nickel, gold and bauxite-based products amidst the global economic recovery and a positive outlook for metal and precious metal commodities. Within the next two years (2023-2024), we estimate ANTM's net profit will grow by an average 15% CAGR compared to 2022A as ANTM continues with their strategies to keep production costs low and preserve cash through negotiations with creditors, banks and suppliers. ANTM is also improving internal efficiencies in business units and the head office.

Valuation: 77% upside

We adjust our valuation based on 1Q23 audited results. We revise our one year target price to IDR 3,435/share or trading at 16x PER. With 77% 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%	11,74%	13,11%
Operating Margin (%)	2,92%	7,42%	7,12%	8,58%	9,36%	9,06%
NET Profit margin (%)	0,59%	4,20%	4,84%	8,32%	8,91%	8,72%
EPS (IDR)	8,07	47,83	77,47	159,00	190,38	210,68
Current Ratio (X)	1,45	1,21	1,79	1,96	1,98	2,22
Debt Ratio (X)	0,40	0,40	0,37	0,30	0,28	0,26

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 65% and public 35%, and is now owned by Inalum 65% and the public 35%. ANTM was formed by several Indonesian Government projects & 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

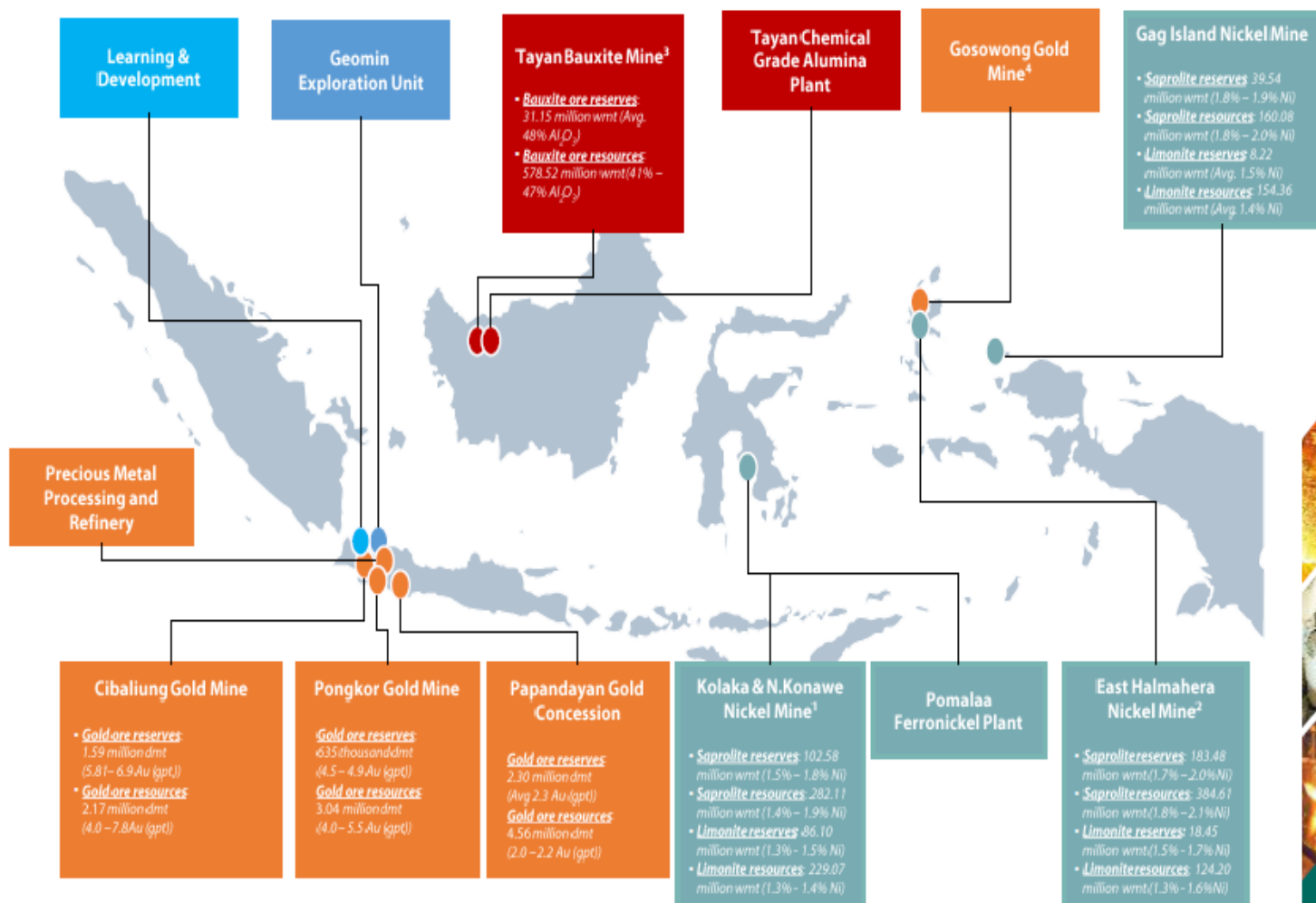


Chart: Nickle production vs sales volume (Wmt '000) yoy

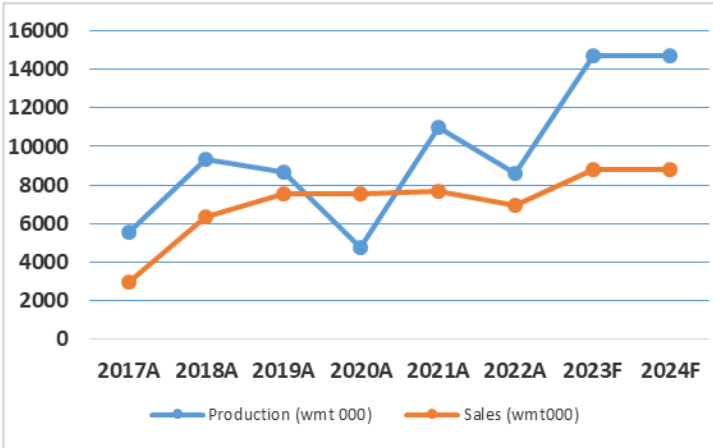


Chart: Ferronickle production vs sales volume (Tni) yoy

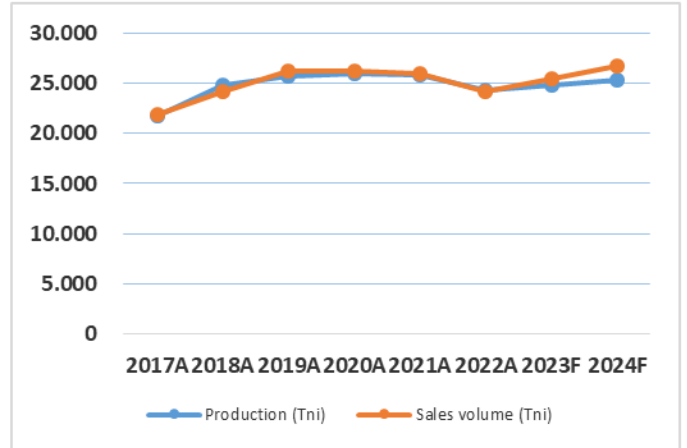


Chart: Nickle production vs sales volume (Wmt '000) QoQ

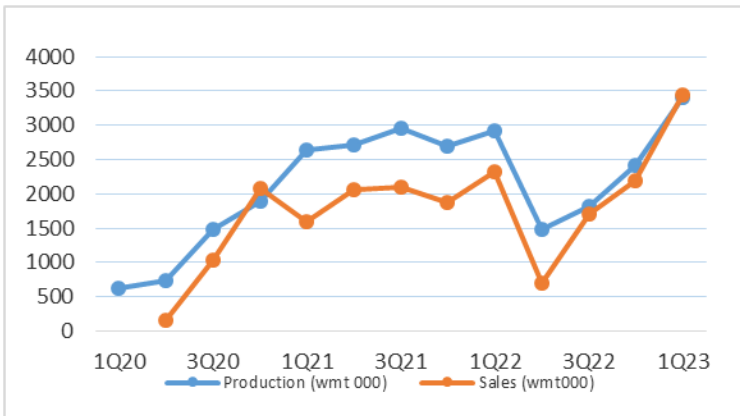


Chart: Ferronickle production vs sales volume (Tni) QoQ

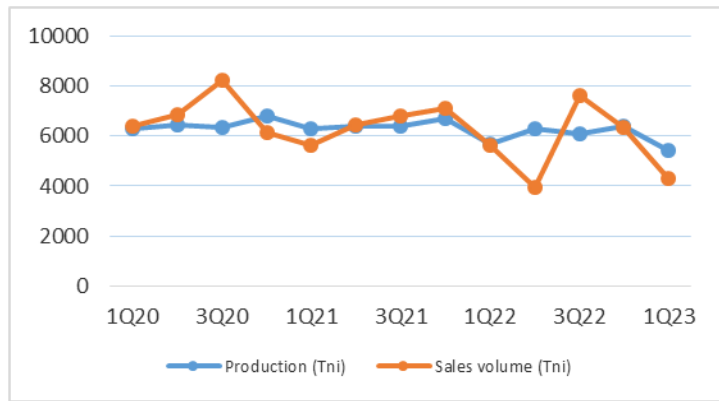


Chart: Gold sales volume (Kg) YoY

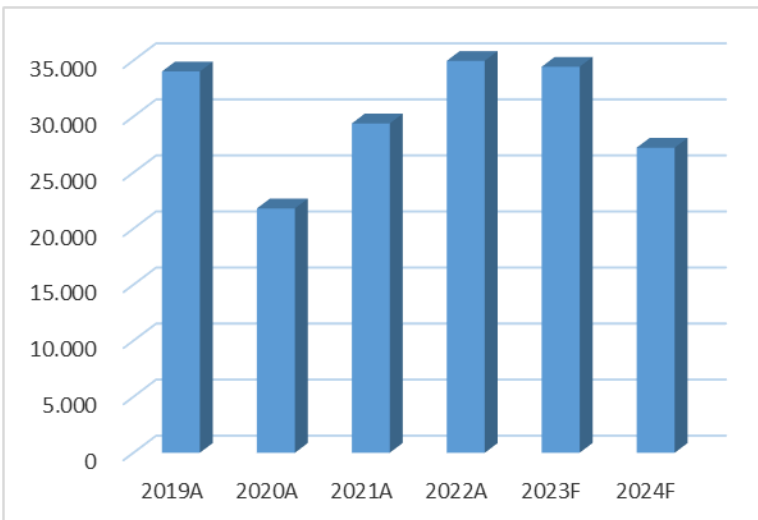


Chart: Gold sales volume (Kg) QoQ

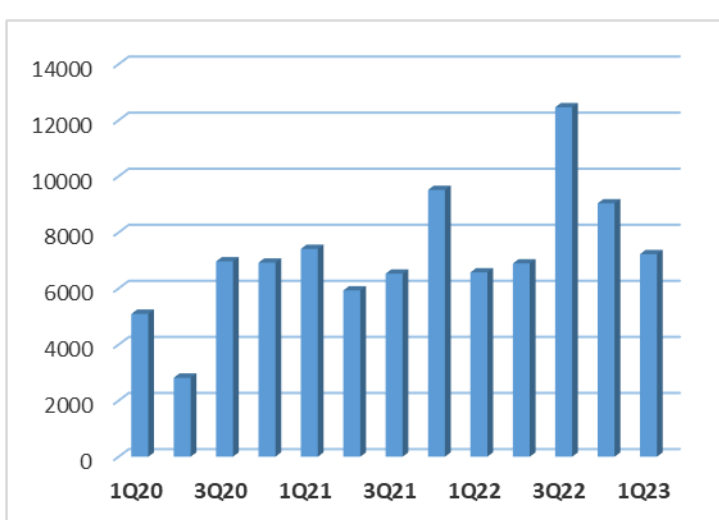


Chart: Bauxite production vs sales volume (Wmt '000) yoy

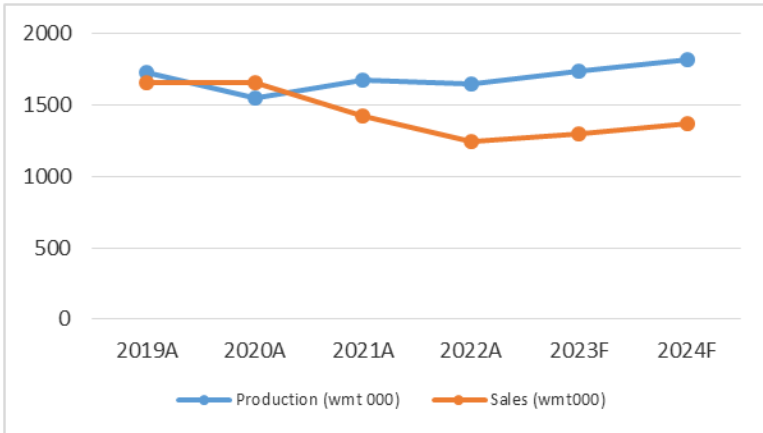


Chart: Bauxite production vs sales volume (Wmt 000) QoQ

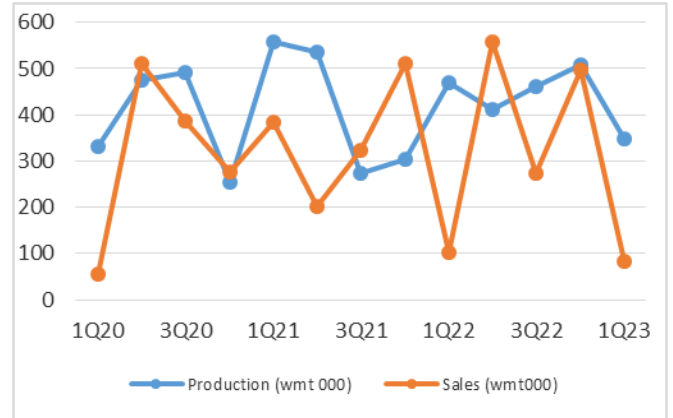


Chart: Ferronickle Average Selling Price (US\$/lb) YoY

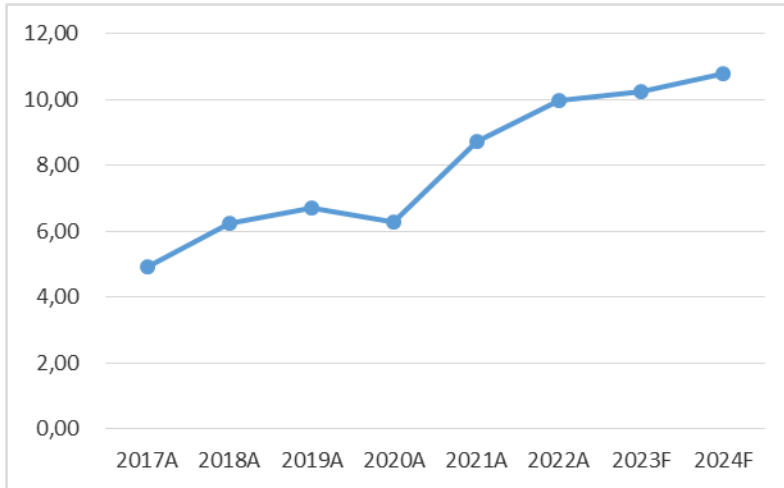


Chart: Gold Average selling price (US\$/Toz)

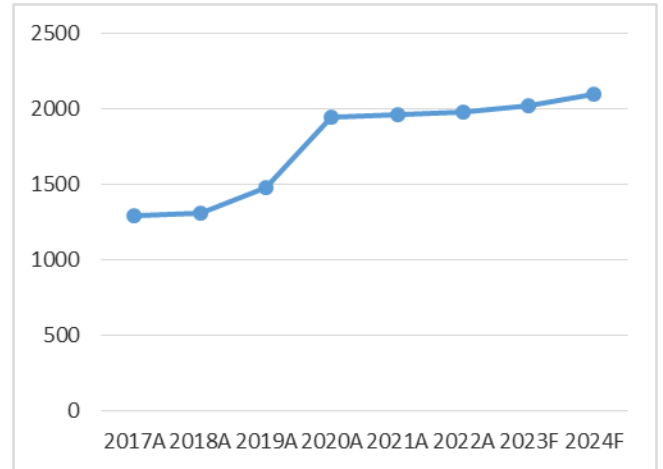
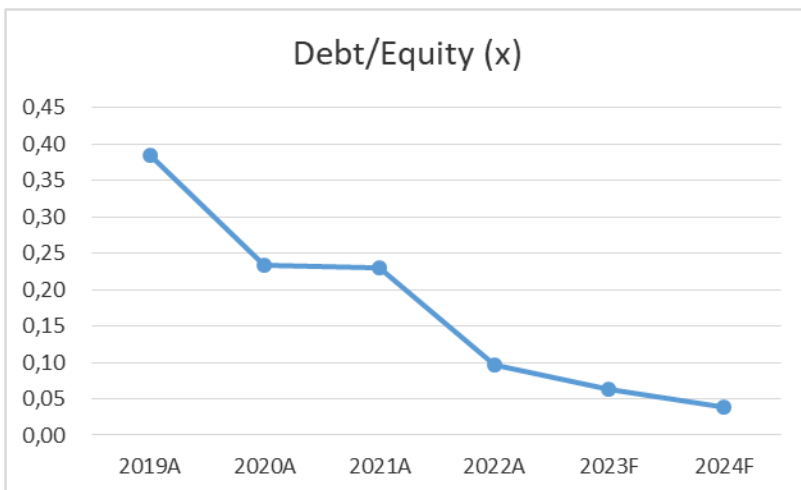


Chart: Debt to Equity ratio (x) YoY



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	52.200	59.345	67.863
COGS	(28.271)	(22.897)	(32.087)	(37.720)	(42.078)	(44.255)	(44.366)
Gross Profit	4.447	4.476	6.359	8.211	10.122	10.736	11.837
Operating Expenses	(3.492)	(2.443)	(3.621)	(4.269)	(5.242)	(5.359)	(5.222)
Operating Income	956	2.032	2.738	3.942	4.880	5.377	6.615
Other Income	(269)	(391)	305	1.273	1.374	1.467	1.510
Tax Expense	(493)	(492)	(1.182)	(1.394)	(1.607)	(1.670)	(1.698)
Minority Interest	(0,001)	(0,001)	0,003	0,001	0,000	0,000	0,000
Net Income	194	1.149	1.862	3.821	4.648	5.174	6.427
EPS	8	48	77	159	193	215	267
EBITDA	2.010	3.096	3.592	4.756	5.952	6.545	7.888

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	4.617	7.224	9.439
Trade Account Receivable	1.002	1.344	1.448	1.833	2.145	2.439	2.789
inventory	1.796	2.626	3.107	2.906	4.290	5.203	5.950
Other current asset	1.230	1.196	2.084	2.480	2.610	2.967	2.715
Current Asset	7.665	9.151	11.728	11.695	13.663	17.833	20.892
Fixed Asset	18.866	18.248	16.864	16.472	17.523	19.525	21.590
other long term asset	3.664	4.331	4.324	5.471	8.352	8.308	10.179
Total non current Asset	22.530	22.579	21.188	21.942	25.875	27.833	31.770
Total Asset	30.195	31.730	32.916	33.637	39.538	45.666	52.661
Trade Account Payable	740	673	1.399	1.302	1.573	1.951	2.417
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	5.220	5.935	6.108
Total current liabilities	5.293	7.553	6.562	5.972	6.986	8.082	8.725
bond	2.099	0	0	0	0	0	0
investment loans	3.466	3.388	3.703	2.082	1.582	1.082	582
other long term liabilities	1.204	1.749	1.813	1.871	2.610	2.967	3.393
Total long term/ non current liabilities	6.768	5.137	5.517	3.954	4.192	4.049	3.975
Total Liabilities	12.061	12.690	12.079	9.925	11.178	12.131	12.700
non controlling interest	0,02	0,02	0,02	0,02	0,02	0,03	0,02
Total Equities	18.133	19.039	20.837	23.712	28.360	33.534	39.961
Total Liabilities & Equity	30.195	31.730	32.916	33.637	39.538	45.666	52.661

Cash Flow

Cash Flow (IDR. in bn)	2019A	2020A	2021A	2022F	2023F	2024F	2025F
+ Net Income	194	1149	1862	3821	4648	5174	6427
+Depreciation	1054	1064	854	814	1072	1168	1273
- Change in WC	(1255)	1123	(2464)	(1170)	(813)	(467)	(201)
Cash From Operating Activities	(7)	3336	252	3465	4907	5875	7499
capex	(430)	(446)	531	(422)	(2123)	(3170)	(3339)
other long term asset	1700	(667)	7	(1147)	(2881)	44	(1871)
cash from investing activities	1270	(1113)	537	(1568)	(5004)	(3126)	(5210)
bond	0,66	(2099)	0,00	0,00	0,00	0,00	0,00
Investment loans	(1784)	(78)	316	(1621)	(500)	(500)	(500)
other long term liabilities	367	545	64	58	739	357	426
Equity	(509)	(243)	(64,1)	(946)	0,0066	0	(0)
cash from financing activities	(1926)	(1875)	316	(2509)	239	(143)	(74)
Net Changes in Cash	(663)	348	1105	(613)	141	2606	2215
Beginning Balance	4299	3636	3984	5089	4476	4617	7224
Ending balance	3636	3984	5089	4476	4617	7224	9439

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%	13,65%	13,69%	14,35%
OP	-48,42%	112,67%	34,73%	43,96%	23,81%	10,17%	23,03%
EBITDA	-24,03%	54,05%	16,02%	32,40%	25,15%	9,96%	20,52%
Net profit	-77,83%	492,90%	61,98%	105,24%	21,65%	11,32%	24,21%
EPS	-77,83%	492,90%	61,98%	105,24%	21,65%	11,32%	24,21%
Profitability (%)							
Operating Margin	2,92%	7,42%	7,12%	8,58%	9,35%	9,06%	9,75%
EBITDA margin	6,14%	11,31%	9,34%	10,35%	11,40%	11,03%	11,62%
NET Profit margin	0,59%	4,20%	4,84%	8,32%	8,90%	8,72%	9,47%
ROA	0,64%	3,62%	5,66%	11,36%	13,31%	13,46%	14,87%
ROE	1,07%	6,04%	8,93%	16,11%	16,39%	15,43%	16,08%
Liquidity							
Current Ratio (X)	1,45	1,21	1,79	1,96	1,96	2,21	2,39
Cash Ratio	0,69	0,53	0,78	0,75	0,66	0,89	1,08
Solvability							
Debt/Equity (x)	0,38	0,23	0,23	0,10	0,06	0,04	0,02
Int. Coverage (x)	2,94	2,90	8,48	68,61	105,30	159,94	310,23
Debt Ratio (X)	0,40	0,40	0,37	0,30	0,28	0,27	0,24
Per Share data (Rp)							
EPS	8,07	47,83	77,47	159,00	193,42	215,31	267,44
BVPS	755	792	867	987	1180	1395	1663

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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