

21 November 2023
Coal Mining, Equity

Current Price IDR 2420
Target Price IDR. 3055
JKSE Index 6961.79

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PTBA AGRO LESTARI Tbk, 10, IDX: 01025 H7075 L7025 C7025 0 (0.00%)
Vol. 329.8K



TradingView

Stock Code PTBA IJ
Bloomberg code PTBA IJ
Market cap (IDR.bn) 27.57
52-Week High (IDR) 4,200
52-Week Low (IDR) 2,310
6-m Avg Daily. Val (IDR) 2,400
Free Float (%) 33.78

Major Shareholders (%)
PT Indonesia Asahan Alumunium 65.93%
Others/Public 33.78%
Treasury shares 0.29%

USD/IDR-YE
2022A 15592
2023F (Avg) 15595

Key Indicators
Debt/ Equity (x) 0.03
Current ratio (x) 2.04

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Investment Consideration

Coal production maintains double digit growth

As of 9M23, PTBA's coal production volume reached 31.9 million tons, a YoY growth of 15%, while sales volume increased by 15% YoY to 27 million tons, primarily affected by export growth of 24% YoY. As of 9M23, railway volume reached 23.70 million tons, a +12% YoY increase from 21.1 million tons in 9M22. The stripping ratio (SR) during 9M23 increased to 5.8x compared to 5.5x in 9M22. In 9M23, PTBA's export sales portion reached 42%. Most of their sales contribute to the domestic market, up to 58%, while the remainder goes to Asia, with India being the highest contributor to exports. We estimate 2024F coal production volume will be 44.66 million tons, a +10% increase in CAGR compared to 2022A.

Continuing lower bottom line in 9M23

As of 9M23, PTBA recorded a revenue decrease of -11% to IDR 27.73 trillion due to a lower average selling price (ASP) -38% YoY to IDR 808,000 per ton. In 9M23, PTBA's net profit was lower, down -61% YoY to IDR 3.91 trillion compared to IDR 10 trillion in 9M22. Royalty costs increased significantly by +37% YoY during 9M23. Overall, 9M23 cash costs increased by +9% YoY mainly due to the royalty formula. We estimate that the bottom-line profit for this year will be lower, down -63% YoY from last year or -42% in CAGR compared to 2022A. We forecast that revenue will be impacted by a lower selling price compared to last year, despite production volume increases. We estimate that total revenue growth in CAGR during 2023-2024F will be lower by -7% due to the predicted ASP downtrend and volatility, but then growth will be more stable until the end of 2025 with potentially higher demand.

Valuation: 26% upside potential

Based on the 9M23 results, we revise our target price for PTBA to IDR 3,055, representing a valuation of 7.38x PER. With 26% upside potential, we maintain our recommendation to BUY.

Financial Highlights	2019 A	2020 A	2021 A	2022 A	2023 F	2024 F
Sales growth (%)	2.93%	-20.48%	68.90%	45.75%	-8.77%	-4.37%
Net profit growth (%)	-19.25%	-41.17%	231.37%	58.90%	-63.00%	-9.99%
Operating margin (%)	23.01%	14.55%	34.03%	35.51%	13.55%	12.64%
Net profit margin (%)	18.62%	13.78%	27.03%	29.47%	11.95%	11.25%
Debt/ Equity (X)	0.03	0.03	0.03	0.03	0.03	0.03
EPS	371	213	702	1115	413	371

Company profile

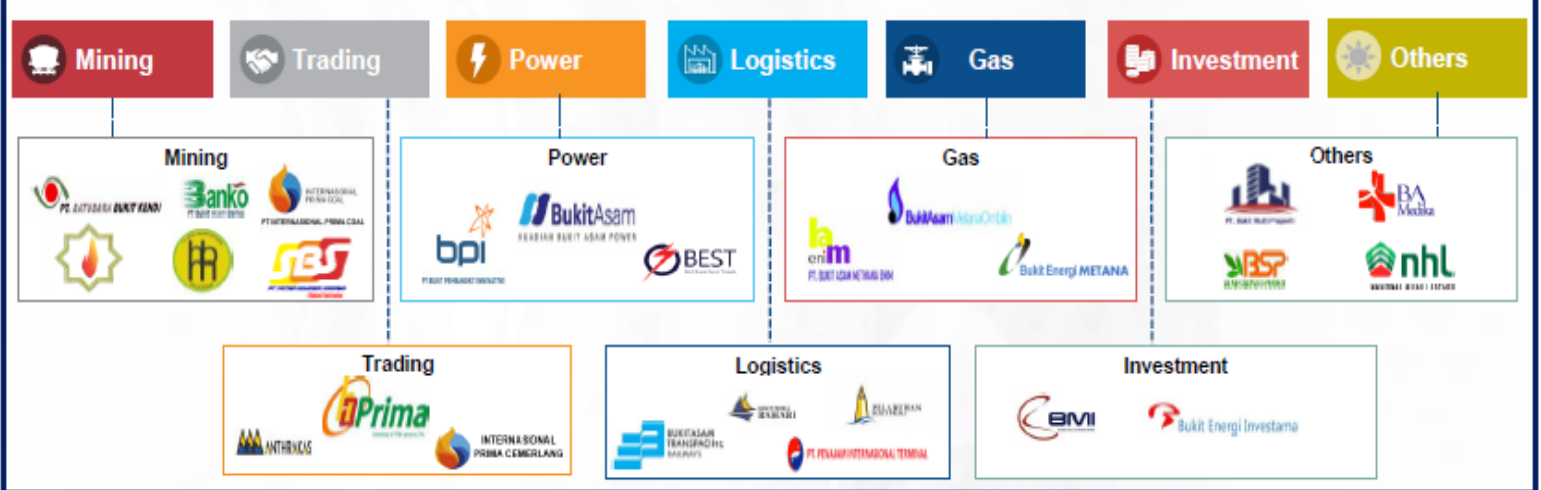
PT Bukit Asam Tbk began production for commercial purposes in 1938. After the Dutch Colonial era ended in Indonesia, Indonesian employees demanded a national mine. In 1950, the government of Indonesia founded Perusahaan Negara Tambang Arang Bukit Asam (PN TABA). On March 1st, 1981, PN TABA changed its status to a Limited Company under the name of PT Bukit Asam (Persero), later known as PTBA. In 1990, to support the development of the national coal industry, the government merged Perum Tambang Batubara and PTBA into a single entity. On December 23rd, 2002, the company listed itself as a public company on the Indonesia Stock Exchange. November 29th, 2017, was a historic day for PTBA as it organized an Extraordinary General Meeting of Shareholders with three agendas: Approval of the change of the company's articles of association related to a change in the company's status from "persero" to "non-persero," related to government regulation circa 47/2017. Concerning the increase of Indonesia's equity participation in PT Inalum (Persero), a stock split, and a change in the company's board of directors. With the change of ownership from the Republic of Indonesia to PT Inalum (Persero), three companies became holders of a Mining State-Owned Enterprise (BUMN), with Inalum at the helm. PTBA continues to diversify its sources of revenue, with the development of other businesses in power generation, logistics, and other support for the company's core coal mining business.

PTBA's diversified business

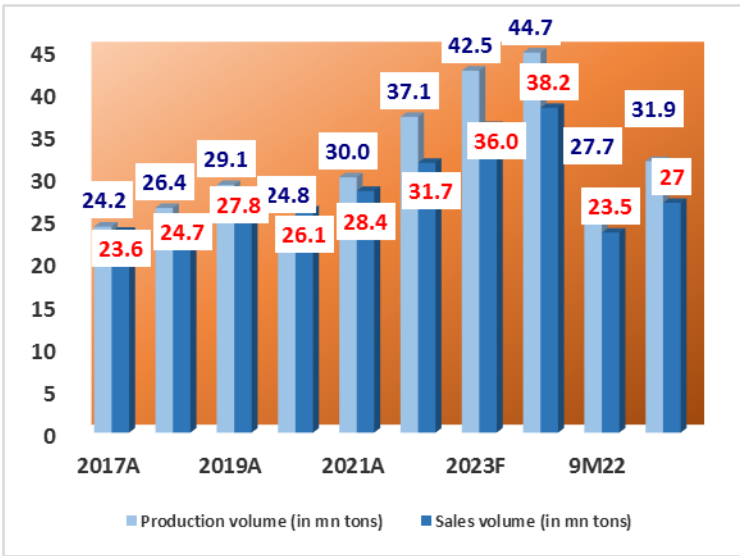


PT Indonesia Asahan Aluminium (Persero) owns ~65,93% of total shares

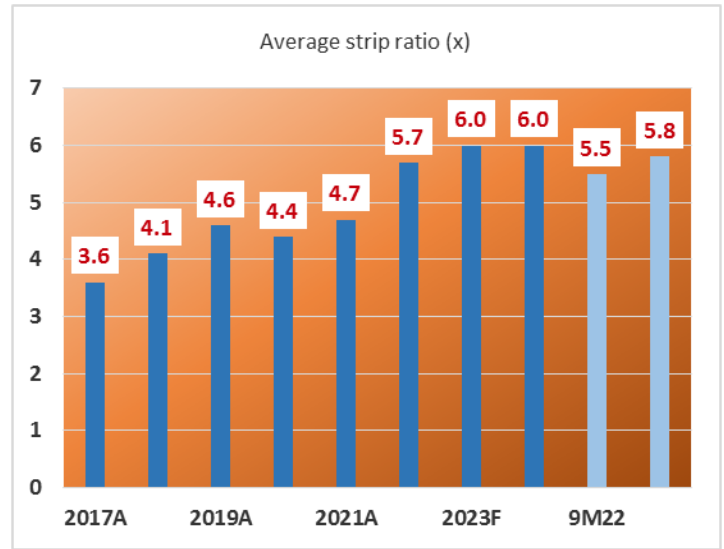
The Subsidiaries and Indirect Subsidiaries



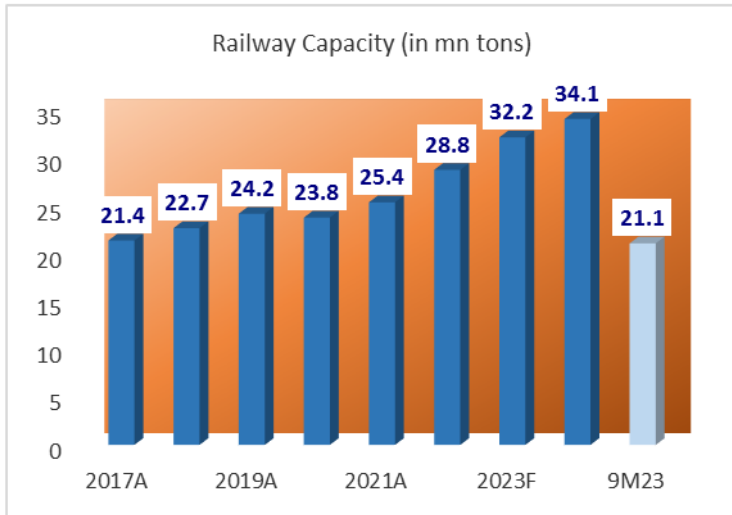
Production and sales volume (Mt) yoy



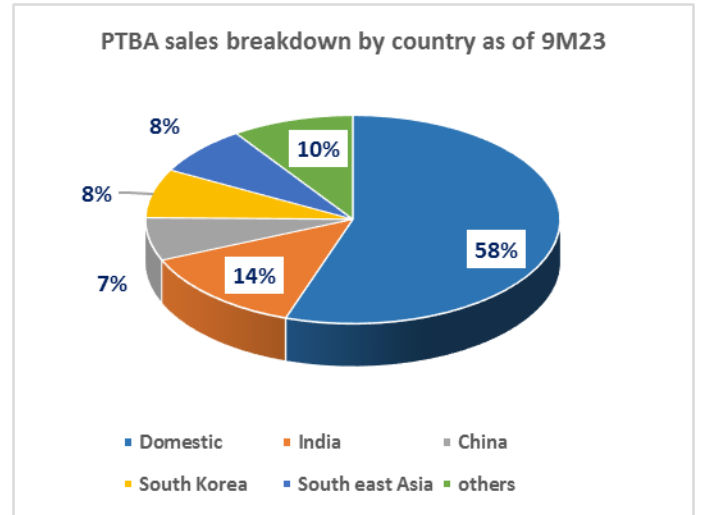
Average Stripping ratio (x) yoy



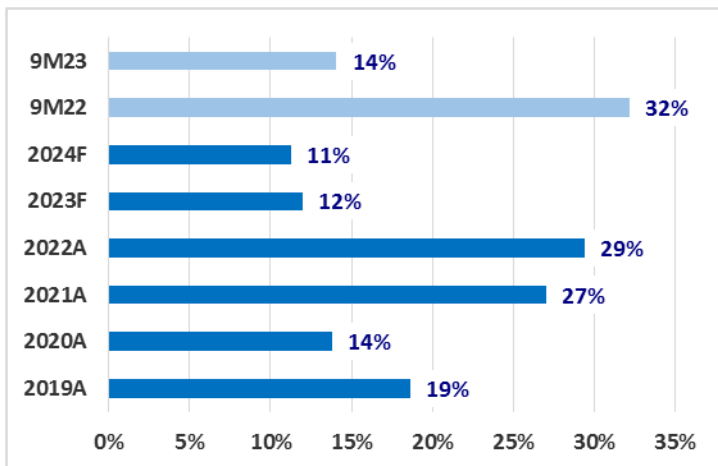
Railway railway capacity YoY (Mt)



PTBA sales breakdown by country 9M23



Net profit Margin (%) yoy



Profit and Loss

Profit and Loss (IDR.bn)	2019 A	2020 A	2021 A	2022 A	2023 F	2024 F	2025 F
Revenue	21,788	17,325	29,261	42,649	38,908	37,206	42,937
Cost of sales	(14,176)	(12,759)	(15,777)	(24,682)	(28,966)	(28,563)	(29,273)
Gross Profit	7,612	4,566	13,484	17,966	9,942	8,644	13,664
Operating expense	2,597	2,046	3,525	2,821	4,669	3,721	4,294
Operating Profit	5,014	2,520	9,959	15,145	5,273	4,923	9,370
Other income	261	230	98	228	467	446	515
equity in net income associates and jointly controlled entities	179	481	301	829	389	372	429
PBT	5,455	3,232	10,359	16,202	6,129	5,741	10,315
taxes	(1,415)	(824)	(2,322)	(3,423)	(1,374)	(1,287)	(2,312)
Minority interest	16.494	(21.108)	(127.775)	(211.845)	(104.926)	(98.366)	(114.205)
Net Profit	4,057	2,387	7,909	12,568	4,650	4,356	7,889
EPS	371	213	702	1115	413	387	700
EBITDA	6,250	4,312	11,628	17,791	7,718	7,052	11,660

Cash Flow

Cash Flow (in IDR. bn)	2019A	2020A	2021A	2022A	2023F	2024F	2025F
+ Net Income	4,056.89	2,386.82	7,909.11	12,567.58	4,650.11	4,356.08	7,888.71
+Depreciation	667.28	947.92	1,110.88	1,429.97	1,429.71	1,157.73	1,168.03
- Change in WC	(2,042.01)	2,080.88	(6,165.71)	(383.37)	4,424.58	(1,571.43)	(289.70)
Cash From Operating Activities	2,682.16	5,415.62	2,854.29	13,614.19	10,504.39	3,942.38	8,767.04
capex	(2,339.19)	(2,222.15)	(3,330.69)	(4,444.83)	(1,140.00)	(3,276.12)	(4,341.70)
cash from investing activities	(2,339.19)	(2,222.15)	(3,330.69)	(4,444.83)	(1,140.00)	(3,276.12)	(4,341.70)
Long term liabilities	(223.37)	(4.13)	(3.75)	(2.24)	0.00	0.00	0.00
Financial lease	71.73	95.36	230.12	146.45	7.64	(34.04)	114.61
Other Long term liabilities	168.07	169.89	897.86	1,227.84	(301.87)	(576.29)	630.35
equity	(1,903.76)	(3,870.45)	(594.59)	(7,905.26)	(6,006.51)	(2,718.46)	(2,761.27)
cash from financing activities	(1,887.32)	(3,609.32)	529.64	(6,533.21)	(6,300.74)	(3,328.79)	(2,016.31)
Net Changes in Cash	(1,544.36)	(415.85)	53.25	2,636.15	3,063.65	(2,662.54)	2,409.03
Beginning Balance	6,301.16	4,756.80	4,340.95	4,394.20	7,030.34	10,093.99	7,431.45
Ending balance	4,756.80	4,340.95	4,394.20	7,030.34	10,093.99	7,431.45	9,840.48

Balance Sheet

Balance sheet (IDR.bn)	2019A	2020A	2021A	2022A	2023F	2024F	2025F
Cash and cash equivalent	4,757	4,341	4,394	7,030	1,589	(516)	2,186
Trade Account Receivable	2,483	1,579	3,100	3,510	5,810	5,804	6,575
inventory	1,551	805	1,208	3,837	2,272	2,377	2,373
Other current asset	2,710	1,639	9,510	10,055	12,299	12,286	13,175
Current Asset	11,680	8,364	18,212	24,432	21,970	19,950	24,309
Net Fixed Asset other long term asset	7,273	7,864	8,321	8,410	10,291	12,456	14,325
LT Investment and receivables	2,043	1,890	2,148	2,926	2,545	2,542	2,823
	5,102	5,939	7,443	9,591	10,178	11,863	13,175
Non current Asset	14,418	15,692	17,912	20,927	23,014	26,861	30,323
Total Asset	26,098	24,057	36,124	45,359	44,984	46,811	54,632
Trade payable	1,020	697	1,270	1,936	1,975	1,973	2,192
Accrued expenses	1,630	1,371	1,856	4,485	3,393	3,389	3,764
Short Term bank loans	152	107	4	4	4	4	4
Other Current liabilities	1,889	1,697	4,371	4,277	4,241	4,237	4,705
Current liabilities	4,691	3,872	7,501	10,702	9,613	9,603	10,666
Long term loans	10	6	2	-	-	-	-
Financial lease	299	394	624	771	848	847	941
Other Long term liabilities	2,675	2,845	3,743	4,971	4,665	4,660	5,176
Non current liabilities	2,984	3,245	4,369	5,741	5,513	5,508	6,117
Total Liabilities	7,675	7,118	11,870	16,443	15,127	15,111	16,782
Total Equities	18,423	16,939	24,254	28,916	29,857	31,700	37,849
Total Liabilities and equity	26,098	24,057	36,124	45,359	44,984	46,811	54,632

Financial Ratio Highlights

Ratio Highlights	2019 A	2020 A	2021 A	2022 A	2023 F	2024 F	2025 F
Growth (% YoY)							
Sales	2.9%	-20.5%	68.9%	45.8%	-8.8%	-4.4%	15.4%
OP	-19.4%	-49.7%	295.1%	52.1%	-65.2%	-6.6%	90.3%
EBITDA	-17.0%	-31.0%	169.7%	53.0%	-56.6%	-8.6%	65.3%
NP	-19.2%	-41.2%	231.4%	58.9%	-63.0%	-6.3%	81.1%
EPS	-14.8%	-42.5%	228.9%	58.9%	-63.0%	-6.3%	81.1%
Profitability							
Operating Margin(%)	23%	15%	34%	36%	14%	13%	22%
EBITDA margin(%)	29%	25%	40%	42%	20%	19%	27%
NET Profit margin(%)	19%	14%	27%	29%	12%	12%	18%
ROA(%)	16%	10%	22%	28%	11%	10%	15%
ROE(%)	22%	14%	33%	43%	17%	15%	23%
Stability							
Debt/ Equity (X)	0.03	0.03	0.03	0.03	0.03	0.03	0.03
Current ratio (X)	2.49	2.16	2.43	2.28	2.12	2.02	2.10
Int. Coverage (x)	42.73	24.39	65.38	102.27	38.30	37.50	58.41
Per Share data (IDR)							
EPS	371	213	702	1115	413	387	700
BVS	1,599	1,470	2,105	2,510	2,392	2,534	2,979

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 0-19%.

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

RESEARCH TEAM
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