

24 October 2023  
Coal Mining, Equity

Current Price IDR 2660  
Target Price IDR. 3450  
JKSE Index 6800.14

### Investment Consideration

#### Coal production remains double-digit

In 1H23, PTBA's coal production volume reached 18.8 million tons, a YoY growth of 18.2%, while sales volume increased by 19.2% YoY to 17.4 million tons. As of 1H23, railway volume has reached 15.5 million tons, a +16.5% YoY increase from 13.3 million tons in 1H22. The stripping ratio (SR) during 1H23 increased to 6.0x compared to 5.6x in 1H22. In 1H23, PTBA's export sales portion reached 41%, up from 35% in 1H22. Sales to Southeast Asia in 1H23 reached over 2 million tons, the second-highest after India, and will become an opportunity for further growth. We maintain our estimate of 2023F coal production volume at 40.8 million tons, in line with the company's guidance, representing a 10% YoY increase.

#### Lower 1H23 bottom line

As of 1H23, PTBA recorded a revenue increase of +2.4% to IDR 18.9 trillion due to a +19.2% increase in coal sales volume to 17.4 million tons, offsetting a lower average selling price (ASP) -14% YoY to IDR 1.1 million per ton. In 1H23, PTBA's net profit was lower, down -55% YoY to IDR 2.78 trillion compared to IDR 6.16 trillion in 1H22. The downtrend was supported by higher costs in coal railway services, up 43% YoY to IDR 4.05 trillion compared to IDR 2.83 trillion in 1H22. Total mining costs recorded a +21% YoY increase, with cash cost per ton up +21% YoY. Royalty costs increased significantly by +120% YoY during 1H23. We estimate that the bottom-line profit for this year will be lower, down -31% YoY from last year. 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 remain flat due to the predicted ASP downtrend and volatility, remaining stable until the end of 2025 with potentially high demand.

#### Valuation: 30% upside potential

Based on the 1H23 results, we revise our target price for PTBA to IDR 3,450, which represents a valuation of 5x PER. With 30% 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%	-0.56%	-0.10%
Net profit growth (%)	-19.25%	-41.17%	231.37%	58.90%	-30.57%	-11.01%
Operating margin (%)	23.01%	14.55%	34.03%	35.51%	24.67%	21.77%
Net profit margin (%)	18.62%	13.78%	27.03%	29.47%	20.58%	18.33%
Debt/ Equity (X)	0.03	0.03	0.03	0.03	0.03	0.02
EPS	371	213	702	1115	774	689

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Bukit Asam Tbk PT, Indonesia, Jakarta:PTBA, D



Stock Code PTBA IJ  
Bloomberg code PTBA IJ  
Market cap (IDR.bn) 30.9  
52-Week High (IDR) 4,200  
52-Week Low (IDR) 2,640  
6-m Avg Daily. Val (IDR) 3,000  
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) 15800

Key Indicators  
Debt/ Equity (x) 0.02  
Current ratio (x) 2.35

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**Company profile**

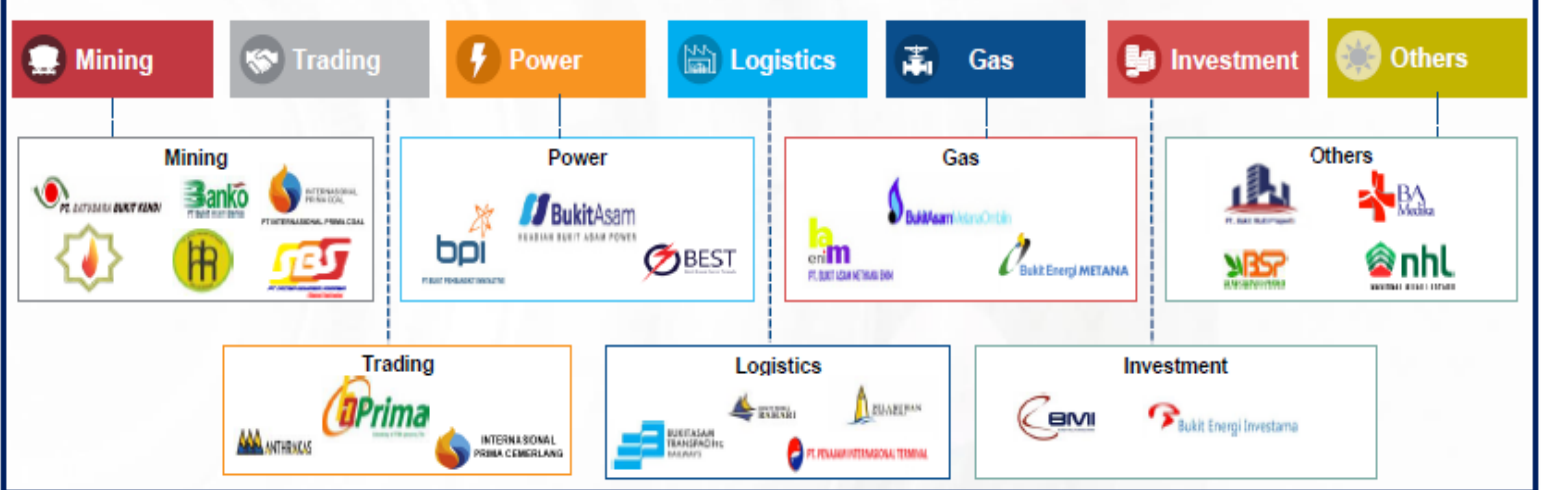
PT Bukit Asam Tbk began production for commercial purposes in 1938. After the Dutch Colonial era ended in Indonesia, Indonesian employees demanded a national mine. In 1950, the government of Indonesia founded Perusahaan Negara Tambang Arang Bukit Asam (PN TABA). On March 1st, 1981, PN TABA changed its 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 of 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**

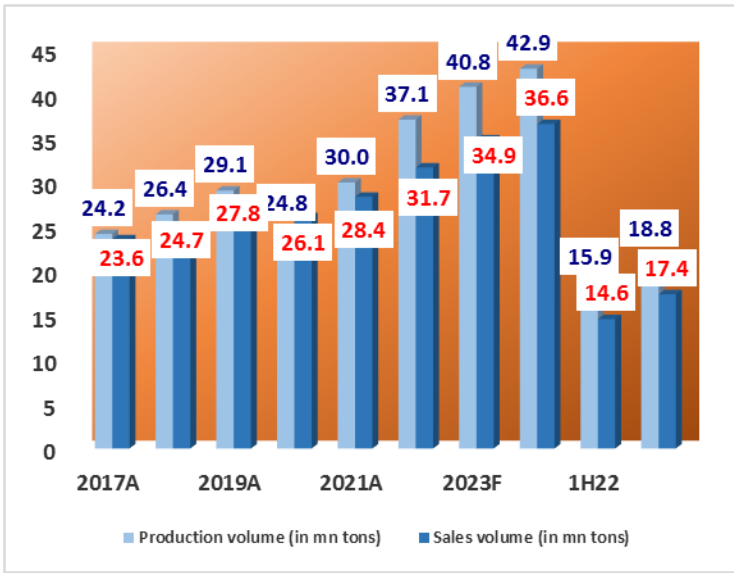


PT Indonesia Asahan Aluminium (Persero) owns ~65,93% of total shares

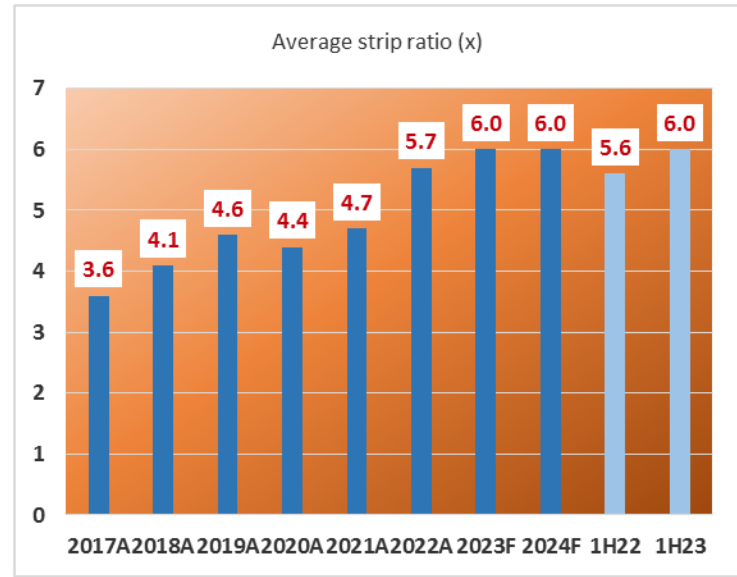
**The Subsidiaries and Indirect Subsidiaries**



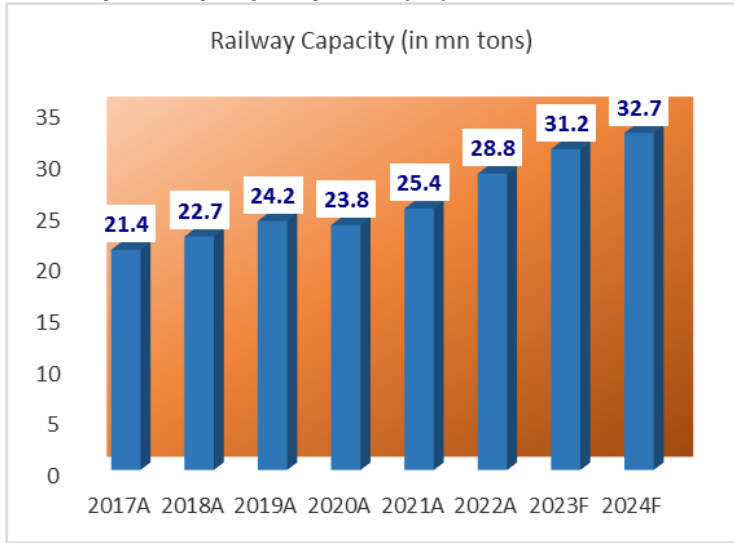
Production and sales volume (Mt) yoy



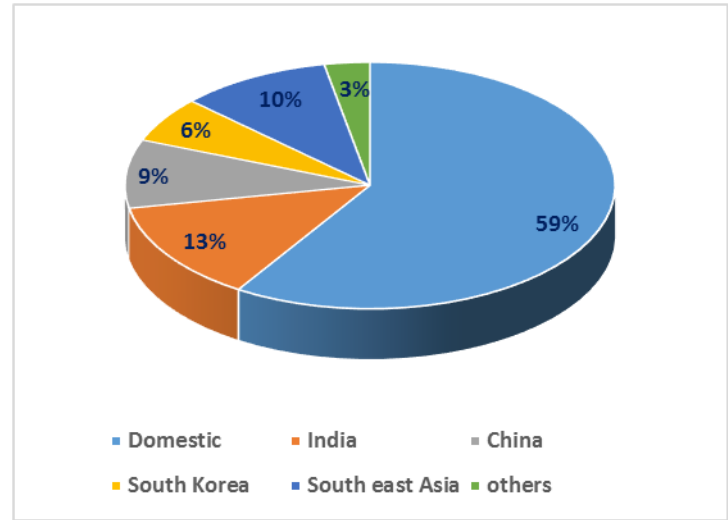
Average Stripping ratio (x) yoy



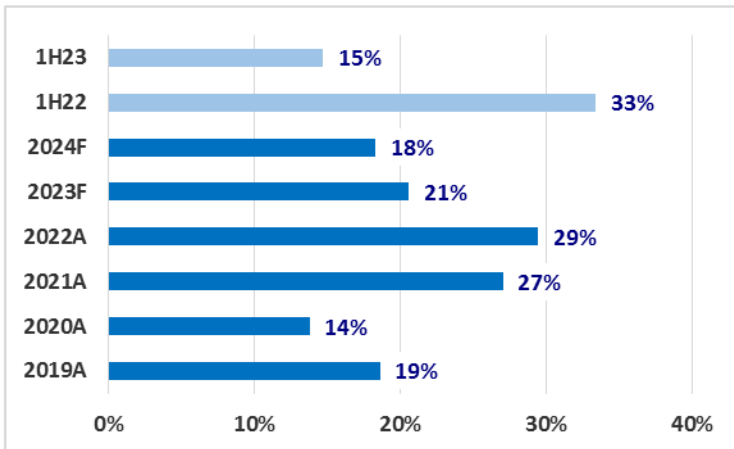
Railway railway capacity YoY (Mt)



PTBA sales breakdown by country 1H23



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	42,410	42,366	47,053
Cost of sales	(14,176)	(12,759)	(15,777)	(24,682)	(26,268)	(27,470)	(28,873)
<b>Gross Profit</b>	<b>7,612</b>	<b>4,566</b>	<b>13,484</b>	<b>17,966</b>	<b>16,142</b>	<b>14,896</b>	<b>18,180</b>
Operating expense	2,597	2,046	3,525	2,821	5,681	5,675	6,302
<b>Operating Profit</b>	<b>5,014</b>	<b>2,520</b>	<b>9,959</b>	<b>15,145</b>	<b>10,462</b>	<b>9,221</b>	<b>11,877</b>
Other income	261	230	98	228	509	508	564
equity in net income							
associates and jointly	179	481	301	829	424	424	471
controlled entities							
<b>PBT</b>	<b>5,455</b>	<b>3,232</b>	<b>10,359</b>	<b>16,202</b>	<b>11,395</b>	<b>10,153</b>	<b>12,912</b>
taxes	(1,415)	(824)	(2,322)	(3,423)	(2,554)	(2,276)	(2,894)
Minority interest	16.494	(21.108)	(127.775)	(211.845)	(114.370)	(112.008)	(125.153)
<b>Net Profit</b>	<b>4,057</b>	<b>2,387</b>	<b>7,909</b>	<b>12,568</b>	<b>8,726</b>	<b>7,765</b>	<b>9,893</b>
EPS	371	213	702	1115	774	689	878
<b>EBITDA</b>	<b>6,250</b>	<b>4,312</b>	<b>11,628</b>	<b>17,791</b>	<b>12,983</b>	<b>11,701</b>	<b>14,565</b>

## 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	8,726.20	7,765.43	9,892.93
+Depreciation	667.28	947.92	1,110.88	1,429.97	1,429.71	1,389.28	1,494.76
- Change in WC	(2,042.01)	2,080.88	(6,165.71)	(383.37)	(3,882.47)	(86.48)	(787.97)
<b>Cash From Operating Activities</b>	<b>2,682.16</b>	<b>5,415.62</b>	<b>2,854.29</b>	<b>13,614.19</b>	<b>6,273.45</b>	<b>9,068.23</b>	<b>10,599.72</b>
capex	(2,339.19)	(2,222.15)	(3,330.69)	(4,444.83)	(3,516.75)	(5,236.10)	(4,956.65)
<b>cash from investing activities</b>	<b>(2,339.19)</b>	<b>(2,222.15)</b>	<b>(3,330.69)</b>	<b>(4,444.83)</b>	<b>(3,516.75)</b>	<b>(5,236.10)</b>	<b>(4,956.65)</b>
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	77.68	(0.88)	93.73
Other Long term liabilities	168.07	169.89	897.86	1,227.84	(305.71)	(4.85)	515.52
equity	(1,903.76)	(3,870.45)	(594.59)	(7,905.26)	(5,980.06)	(5,077.57)	(4,964.17)
<b>cash from financing activities</b>	<b>(1,887.32)</b>	<b>(3,609.32)</b>	<b>529.64</b>	<b>(6,533.21)</b>	<b>(6,208.09)</b>	<b>(5,083.30)</b>	<b>(4,354.92)</b>
<b>Net Changes in Cash</b>	<b>(1,544.36)</b>	<b>(415.85)</b>	<b>53.25</b>	<b>2,636.15</b>	<b>(3,451.39)</b>	<b>(1,251.17)</b>	<b>1,288.15</b>
<b>Beginning Balance</b>	<b>6,301.16</b>	<b>4,756.80</b>	<b>4,340.95</b>	<b>4,394.20</b>	<b>7,030.34</b>	<b>3,578.96</b>	<b>2,327.79</b>
<b>Ending balance</b>	<b>4,756.80</b>	<b>4,340.95</b>	<b>4,394.20</b>	<b>7,030.34</b>	<b>3,578.96</b>	<b>2,327.79</b>	<b>3,615.94</b>

## 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	3,579	2,328	3,616
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	2,087	2,183	2,373
Other current asset	2,710	1,639	9,510	10,055	12,299	12,286	13,175
<b>Current Asset</b>	<b>11,680</b>	<b>8,364</b>	<b>18,212</b>	<b>24,432</b>	<b>23,775</b>	<b>22,600</b>	<b>25,738</b>
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
<b>Non current Asset</b>	<b>14,418</b>	<b>15,692</b>	<b>17,912</b>	<b>20,927</b>	<b>23,014</b>	<b>26,861</b>	<b>30,323</b>
<b>Total Asset</b>	<b>26,098</b>	<b>24,057</b>	<b>36,124</b>	<b>45,359</b>	<b>46,789</b>	<b>49,461</b>	<b>56,061</b>
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
<b>Current liabilities</b>	<b>4,691</b>	<b>3,872</b>	<b>7,501</b>	<b>10,702</b>	<b>9,613</b>	<b>9,603</b>	<b>10,666</b>
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
<b>Non current liabilities</b>	<b>2,984</b>	<b>3,245</b>	<b>4,369</b>	<b>5,741</b>	<b>5,513</b>	<b>5,508</b>	<b>6,117</b>
<b>Total Liabilities</b>	<b>7,675</b>	<b>7,118</b>	<b>11,870</b>	<b>16,443</b>	<b>15,127</b>	<b>15,111</b>	<b>16,782</b>
<b>Total Equities</b>	<b>18,423</b>	<b>16,939</b>	<b>24,254</b>	<b>28,916</b>	<b>31,662</b>	<b>34,350</b>	<b>39,279</b>
<b>Total Liabilities and equity</b>	<b>26,098</b>	<b>24,057</b>	<b>36,124</b>	<b>45,359</b>	<b>46,789</b>	<b>49,461</b>	<b>56,061</b>

## Financial Ratio Highlights

Ratio Highlights	2019 A	2020 A	2021 A	2022 A	2023 F	2024 F	2025 F
<b>Growth (% YoY)</b>							
Sales	2.9%	-20.5%	68.9%	45.8%	-0.6%	-0.1%	11.1%
OP	-19.4%	-49.7%	295.1%	52.1%	-30.9%	-11.9%	28.8%
EBITDA	-17.0%	-31.0%	169.7%	53.0%	-27.0%	-9.9%	24.5%
NP	-19.2%	-41.2%	231.4%	58.9%	-30.6%	-11.0%	27.4%
EPS	-14.8%	-42.5%	228.9%	58.9%	-30.6%	-11.0%	27.4%
<b>Profitability</b>							
Operating Margin(%)	23%	15%	34%	36%	25%	22%	25%
EBITDA margin(%)	29%	25%	40%	42%	31%	28%	31%
NET Profit margin(%)	19%	14%	27%	29%	21%	18%	21%
ROA(%)	16%	10%	22%	28%	19%	16%	18%
ROE(%)	22%	14%	33%	43%	28%	23%	25%
<b>Stability</b>							
Debt/ Equity (X)	0.03	0.03	0.03	0.03	0.03	0.02	0.02
Current ratio (X)	2.49	2.16	2.43	2.28	2.47	2.35	2.41
Int. Coverage (x)	42.73	24.39	65.38	102.27	71.92	64.09	81.50
<b>Per Share data (IDR)</b>							
EPS	371	213	702	1115	774	689	878
BVS	1,599	1,470	2,105	2,510	2,748	2,982	3,409

**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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