

21 Feb 2022

Diversified mining and minerals processing, Equity

Price **IDR. 2090**  
 Target Price **IDR. 2815**  
 JKSE Index **6892.82**

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**Stock Code**  
**Bloomberg code** **ANTM IJ**  
**Market cap (IDR.bn)** **45,180**  
**52-Week High (IDR)** **3,040**  
**52-Week Low (IDR)** **1,705**  
**Avg Daily. Val (IDR)** **1,409**  
**Free Float (%)** **35**

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

**USD/IDR-YE**  
**2021A** **14278**  
**2022F (Avg)** **14258**

**Key Indicators** **2022F**  
**DER (x)** **0.24**  
**Debt ratio (x)** **0.39**

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### Investment Consideration

#### Gold sales up again

In 4Q21, ANTM gold sales increased 46% YoY. Total gold sales volume in 2021 was 29,385 Kg an increase of 35% compared to gold sales in 2020FY of 21,797 Kg and 41% above our estimate of 20,778 Kg. In 2021, ANTM focused on developing the domestic market customer base with increased public awareness of the benefits of investing in gold and thus growing demand. We estimate that this year gold prices will still be positively affected by market volatility, threats to the US dollar as a safe haven, the development of Covid-19 cases.

#### Strategies to maintain a positive performances

ANTM is focusing on the development of domestic market sales, inline with positive demand. In 2021, ANTM's unaudited ferronickel production was 25,818 Tni with unaudited sales volume of 25,992Tni. ANTM unaudited nickle ore production was 11,01 million wmt (wet metric ton) with unaudited sales of 7,64 million wmt which was used as ore feed for ANTM's ferronickel plant as well s being sold into the domestic market. ANTM's unaudited bauxite production volume was 1,67 million wmt which was used as ore feed for alumina production as well as being sold to 3rd party customers. The unaudited bauxite sales volume was 1,42 million wmt. ANTM alumina production volume reached 95,000 tons, a 3% increase compared to 93,000 in 2020FY. The increase in volume is in line with ANTM's strategy to optimize the operations of its Tayan CGA Plant as well as prioritizing alumina marketing through subsidiary PT Indonesia Chemical Alumina. In addition, other ANTM strategies are 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: 35% upside

We adjust our valuation based on 9M21 audited results, based on EV/EBITDA , we have a one year target price of IDR.2,815/share or trading at 12x EV/EBITDA and PER 27x. With 35% upside, we recommended BUY.

Profit and Loss (IDR. in bn)	2018 A	2019 A	2020 A	2021 F	2022 F	2023 F
Sales	25.241	32.719	27.372	38.279	45.213	47.697
COGS	(21.765)	(28.271)	(22.897)	(30.853)	(36.623)	(41.442)
Gross Profit	3.476	4.447	4.476	7.426	8.591	9.721
Operating Expenses	(1.624)	(3.492)	(2.443)	(4.031)	(4.682)	(5.381)
Operating Income	1.853	956	2.032	3.395	3.909	4.340
Other Income	(587)	(269)	(391)	266	216	240
Tax Expense	(391)	(493)	(492)	(1.187)	(1.357)	(1.539)
Minority Interest	(0,002)	(0,001)	(0,001)	0,001	0,000	(0,000)
Net Income	874	194	1.149	2.473	2.768	3.042
EPS	36	8	48	103	115	127
EBITDA	2.645	2.010	3.096	4.452	5.071	5.619

## Company Profile

PT Aneka Tambang, a leading Indonesian diversified mining and minerals processing company was established in 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 metal, and coal.

## Asset in operation

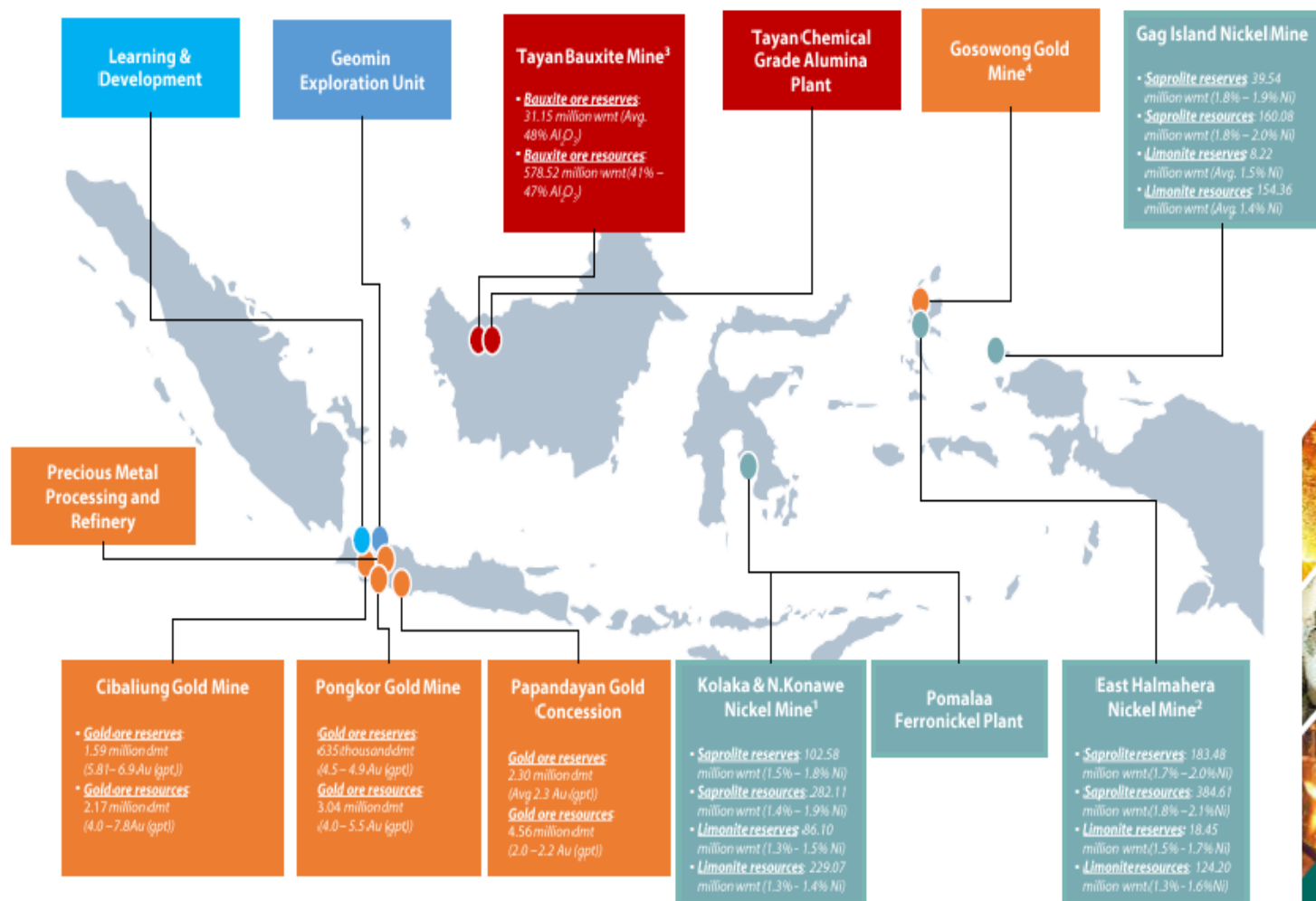


Chart: Nickle production vs sales volume (Wmt '000) yoy

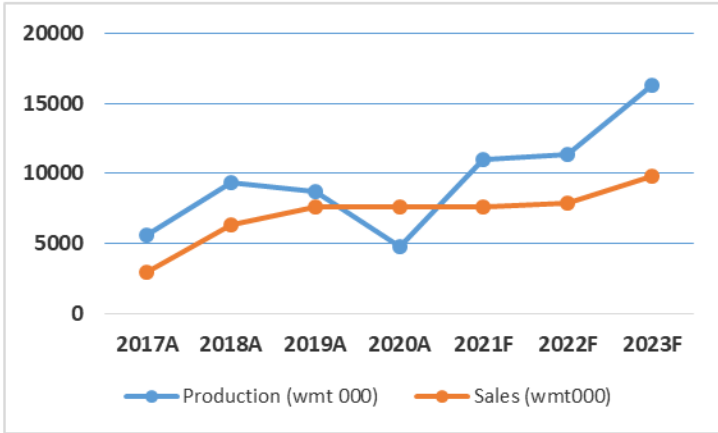


Chart: Ferronickle production vs sales volume (Tni) yoy

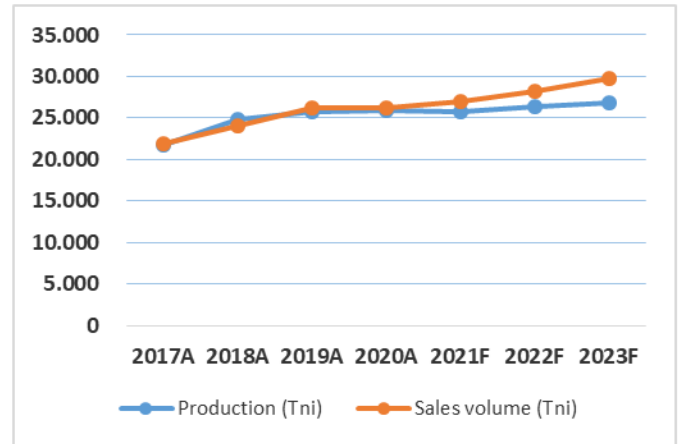


Chart: Nickle production vs sales volume (Wmt '000) QoQ

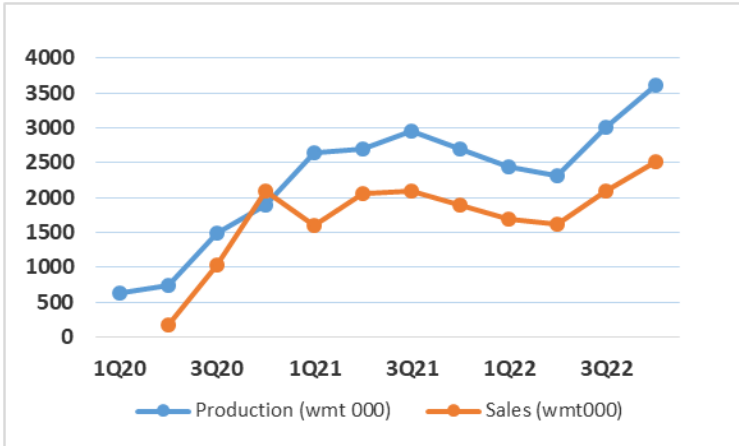


Chart: Ferronickle production vs sales volume (Tni) QoQ

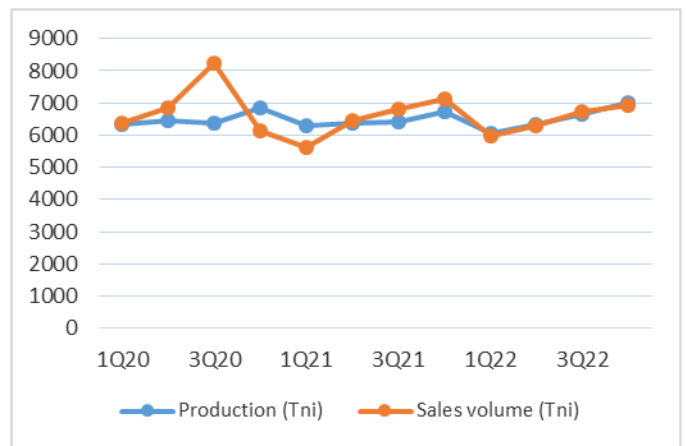


Chart: Gold sales volume (Kg) YoY

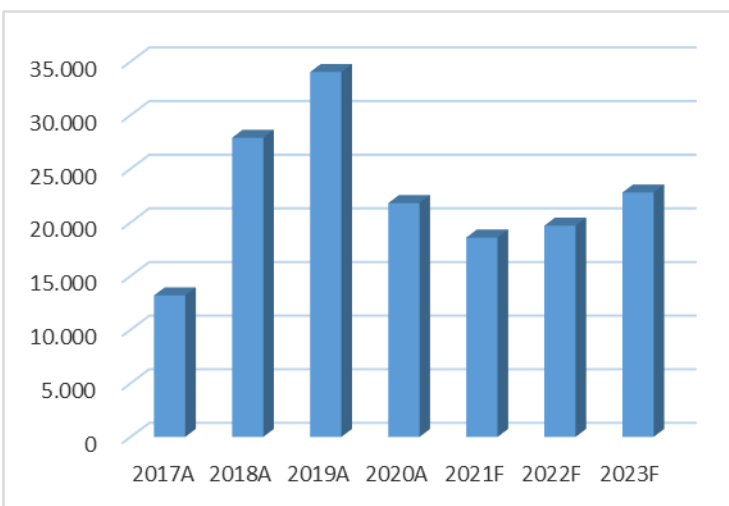


Chart: Gold sales volume (Kg) QoQ

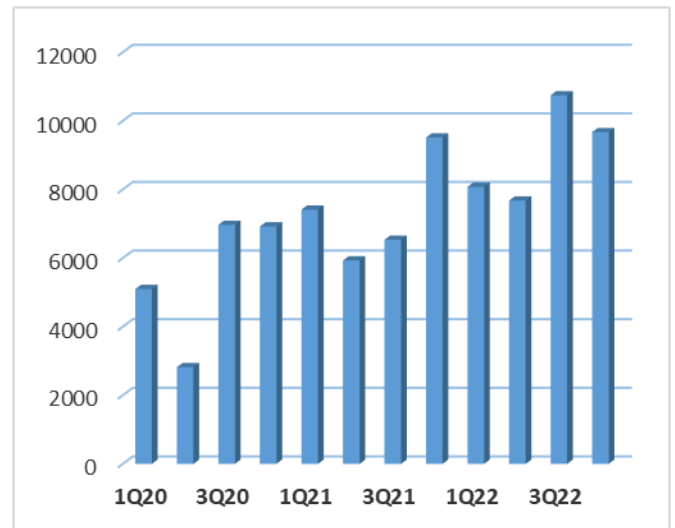


Chart: Bauxite production vs sales volume (Wmt '000) yoy

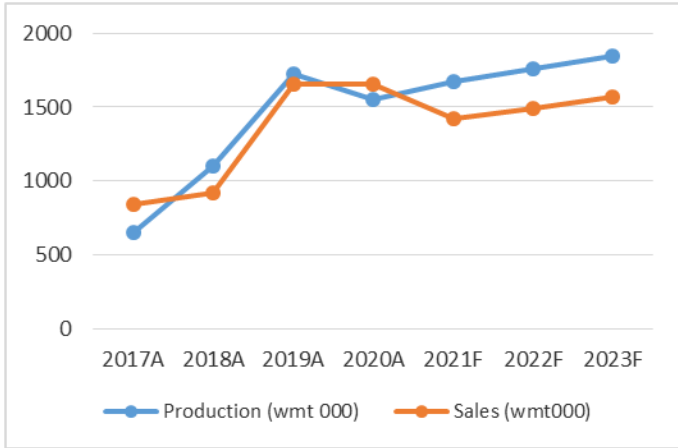


Chart: Bauxite production vs sales volume (Wmt 000) QoQ

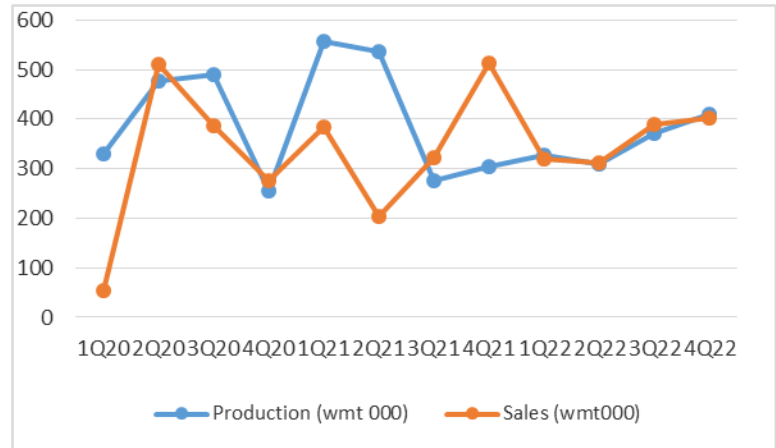


Chart: Ferronickle Average Selling Price (US\$/lb) YoY

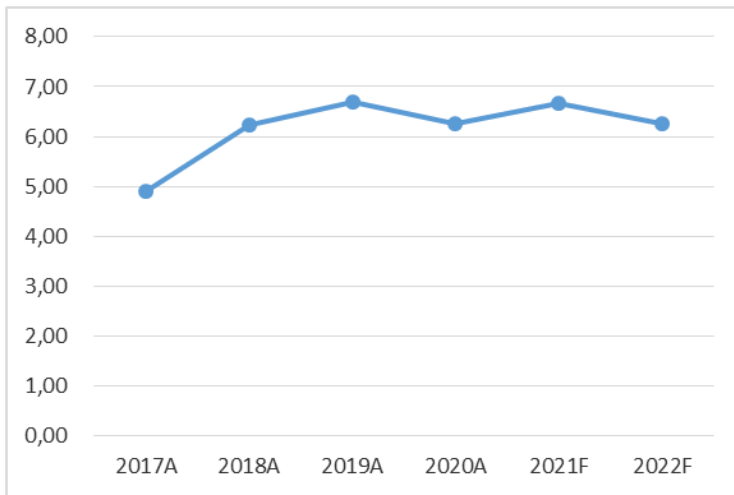


Chart: Gold Average selling price (US\$/Toz)

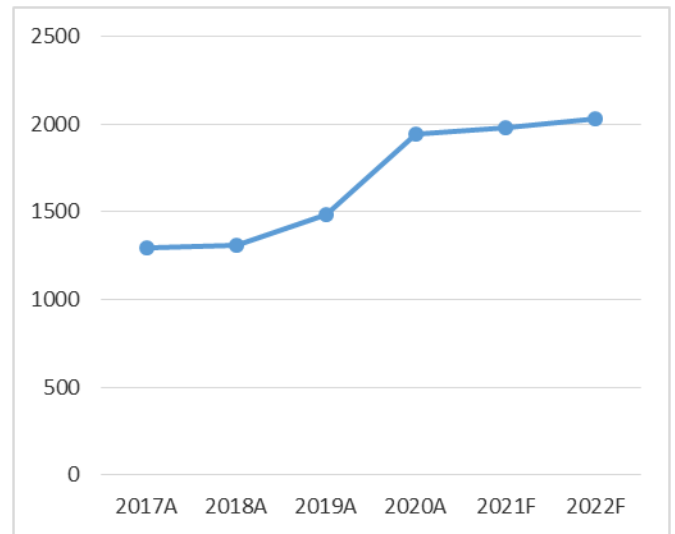
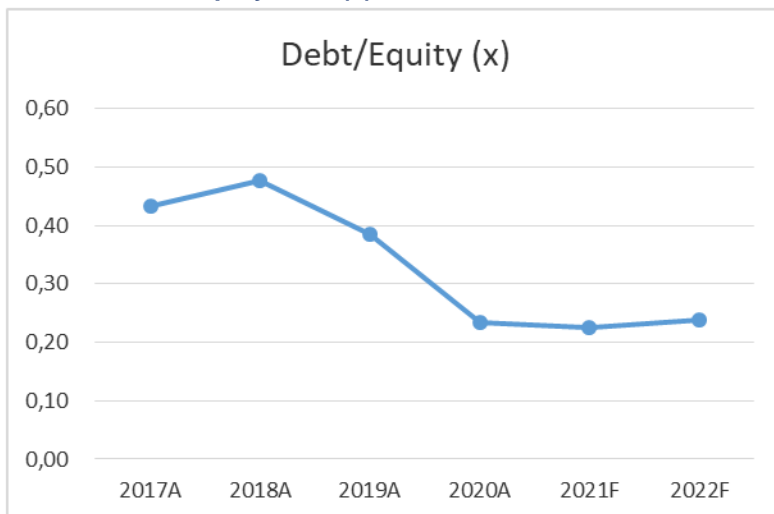


Chart: Debt to Equity ratio (x) YoY



Profit and Loss

Profit and Loss (IDR. in bn)	2018 A	2019 A	2020 A	2021 F	2022 F	2023 F
Sales	25.241	32.719	27.372	38.279	46.026	48.031
COGS	(21.765)	(28.271)	(22.897)	(30.853)	(37.281)	(37.814)
<b>Gross Profit</b>	<b>3.476</b>	<b>4.447</b>	<b>4.476</b>	<b>7.426</b>	<b>8.745</b>	<b>9.020</b>
Operating Expenses	(1.624)	(3.492)	(2.443)	(4.031)	(4.766)	(4.927)
<b>Operating Income</b>	<b>1.853</b>	<b>956</b>	<b>2.032</b>	<b>3.395</b>	<b>3.979</b>	<b>4.094</b>
Other Income	(587)	(269)	(391)	266	219	219
Tax Expense	(391)	(493)	(492)	(1.187)	(1.381)	(1.409)
Minority Interest	(0,002)	(0,001)	(0,001)	0,001	(0,000)	(0,000)
<b>Net Income</b>	<b>874</b>	<b>194</b>	<b>1.149</b>	<b>2.473</b>	<b>2.817</b>	<b>2.905</b>
<b>EPS</b>	<b>36</b>	<b>8</b>	<b>48</b>	<b>103</b>	<b>117</b>	<b>121</b>
<b>EBITDA</b>	<b>2.645</b>	<b>2.010</b>	<b>3.096</b>	<b>4.452</b>	<b>5.142</b>	<b>5.372</b>

Balance Sheet

Balance Sheet (IDR. in bn)	2018A	2019 A	2020 A	2021 F	2022 F	2023 F
Cash and cash equivalent	4.299	3.636	3.984	6.776	5.960	6.969
Trade Account Receivable	944	1.002	1.344	1.888	1.765	1.974
inventory	1.846	1.796	2.626	4.405	5.674	5.264
Other current asset	254	1.230	1.196	766	921	1.441
asset classified as held for sale	0	0	0	0	0	0
<b>Current Asset</b>	<b>7.342</b>	<b>7.665</b>	<b>9.151</b>	<b>13.834</b>	<b>14.321</b>	<b>15.647</b>
Fixed Asset	19.490	18.866	18.248	18.134	20.459	22.505
other long term asset	5.364	3.664	4.331	4.976	5.523	5.764
<b>Total non current Asset</b>	<b>24.853</b>	<b>22.530</b>	<b>22.579</b>	<b>23.110</b>	<b>25.982</b>	<b>28.268</b>
<b>Total Asset</b>	<b>32.195</b>	<b>30.195</b>	<b>31.730</b>	<b>36.944</b>	<b>40.302</b>	<b>43.915</b>
Trade Account Payable	868	740	673	1.363	1.639	1.447
Short Term bank loans	1.452	1.408	1.072	1.008	977	997
bond (current portion)			2.099	2.099	0	0
Other short term liabilities	3.242	3.145	3.710	4.593	5.523	5.764
<b>Total current liabilities</b>	<b>5.562</b>	<b>5.293</b>	<b>7.553</b>	<b>9.063</b>	<b>8.140</b>	<b>8.208</b>
<b>bond</b>	<b>2.098</b>	<b>2.099</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
investment loans	5.250	3.466	3.388	3.888	4.888	5.888
other long term liabilities	837	1.204	1.749	2.297	2.762	2.402
<b>Total long term/ non current liabilities</b>	<b>8.185</b>	<b>6.768</b>	<b>5.137</b>	<b>6.184</b>	<b>7.649</b>	<b>8.289</b>
<b>Total Liabilities</b>	<b>13.747</b>	<b>12.061</b>	<b>12.690</b>	<b>15.248</b>	<b>15.789</b>	<b>16.497</b>
non controlling interest	0,02	0,02	0,02	0,02	0,02	0,02
<b>Total Equities</b>	<b>18.448</b>	<b>18.133</b>	<b>19.039</b>	<b>21.696</b>	<b>24.514</b>	<b>27.418</b>
<b>Total Liabilities &amp; Equity</b>	<b>32.195</b>	<b>30.195</b>	<b>31.730</b>	<b>36.944</b>	<b>40.302</b>	<b>43.915</b>

Cash Flow

Cash Flow (IDR. in bn)	2018A	2019A	2020A	2021F	2022F	2023F
+ Net Income	874	194	1149	2473	2817	2905
+Depreciation	793	1054	1064	1057	1162	1279
- Change in WC	418	(1255)	1123	(382)	(2226)	(250)
<b>Cash From Operating Activities</b>	<b>2085</b>	<b>(7)</b>	<b>3336</b>	<b>3149</b>	<b>1754</b>	<b>3934</b>
capex	(6189)	(430)	(446)	(943)	(3487)	(3325)
other long term asset	1556	1700	(667)	(645)	(547)	(241)
<b>cash from investing activities</b>	<b>(4634)</b>	<b>1270</b>	<b>(1113)</b>	<b>(1588)</b>	<b>(4034)</b>	<b>(3565)</b>
bond	0,61	0,66	(2098,52)	0,00	0,00	0,00
Investment loans	2049	(1784)	(78)	500	1000	1000
other long term liabilities	164	367	545	548	465	(360)
Equity	(916)	(509)	(243)	183,3538	0,0027	0,0017
<b>cash from financing activities</b>	<b>1297</b>	<b>(1926)</b>	<b>(1875)</b>	<b>1231</b>	<b>1465</b>	<b>640</b>
Net Changes in Cash	(1252)	(663)	348	2792	(816)	1008
<b>Beginning Balance</b>	<b>5551</b>	<b>4299</b>	<b>3636</b>	<b>3984</b>	<b>6776</b>	<b>5960</b>
<b>Ending balance</b>	<b>4299</b>	<b>3636</b>	<b>3984</b>	<b>6776</b>	<b>5960</b>	<b>6969</b>

Financial Ratio Highlights

Ratio Highlights	2018 A	2019 A	2020 A	2021 F	2022 F	2023 F
<b>Growth (%)</b>						
Sales	99,48%	29,62%	-16,34%	39,85%	20,24%	4,36%
OP	208,48%	-48,42%	112,67%	67,06%	17,20%	2,88%
EBITDA	92,55%	-24,03%	54,05%	43,80%	15,49%	4,49%
Net profit	540,57%	-77,83%	492,90%	115,21%	13,90%	3,10%
EPS	540,57%	-77,83%	492,90%	115,21%	13,90%	3,10%
<b>Profitability (%)</b>						
Operating Margin	7,34%	2,92%	7,42%	8,87%	8,65%	8,52%
EBITDA margin	10,48%	6,14%	11,31%	11,63%	11,17%	11,19%
NET Profit margin	3,46%	0,59%	4,20%	6,46%	6,12%	6,05%
ROA	2,72%	0,64%	3,62%	8,20%	8,20%	7,86%
ROE	4,74%	1,07%	6,04%	11,40%	11,49%	10,59%
<b>Liquidity</b>						
Current Ratio (X)	1,32	1,45	1,21	1,53	1,76	1,91
Cash Ratio	0,77	0,69	0,53	0,75	0,73	0,85
<b>Solvability</b>						
Debt/Equity (x)	0,48	0,38	0,23	0,23	0,24	0,25
Int. Coverage (x)	1,12	2,94	11,00	22,34	21,39	18,72
Debt Ratio	0,43	0,40	0,40	0,41	0,39	0,38
<b>Per Share data (Rp)</b>						
EPS	36,39	8,07	47,83	102,93	117,24	120,87
BVPS	767,70	754,59	792,29	902,85	1020,09	1140,96

**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.

**RESEARCH TEAM**

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