

6 July 2022

Diversified mining and minerals processing, Equity

Price **IDR. 1720**  
 Target Price **IDR. 3030**  
 JKSE Index **6646.410**



**Stock Code**  
**Bloomberg code** **ANTM IJ**  
**Market cap (IDR.bn)** **43,500**  
**52-Week High (IDR)** **3,170**  
**52-Week Low (IDR)** **1,700**  
**Avg Daily. Val (IDR)** **1,409**  
**Free Float (%)** **35**

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

**USD/IDR-YE**  
**2021A** **14278**  
**2022F (Avg)** **14960**

**Key Indicators** **2023F**  
**DER (x)** **0.15**  
**Debt ratio (x)** **0.32**

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### Investment Consideration

#### Gold sales 60% of total

In 1Q22, ANTM gold sales volume decreased -11% YoY to 6,575 Kg. ANTM's gold sales value was IDR 5.88 trillion or 60% of total 1Q22 net sales. Meanwhile, in 1Q22, ANTM recorded gold production volume of 370 Kg from Pongkor and Cibaliung mines, an increase of 28% YoY from 1Q21 production volume of 290 Kg. In 1Q22, Gold selling prices increased 0.6% YoY to IDR 894,485/kg. We estimate that this year gold prices will remain strong due to high market volatility, threats to the US dollar as a safe haven, and Covid-19 cases. In 1Q22, ANTM focused on developing a customer base in the domestic market in line with increasing public awareness of investing in gold and therefore growing demand. To expand beyond existing offline sales, in February 2022 ANTM commenced product sales through online platform Tokopedia, with the opening of "Butik Emas ANTM official".

#### Maintaining production growth

In 1Q22, ANTM's ferronickel production was 5,681 Tni with sales volume of 5,660 Tni, an increase of 1% YoY. ANTM nickle ore production was 2.92 million wmt (wet metric ton) with sales of 2.33 million wmt which was used as ore feed for ANTM's ferronickel plant as well s being sold into the domestic market. ANTM's bauxite production volume was 469,322 wmt which was used as ore feed for alumina production as well as being sold to 3rd party customers. The bauxite sales volume was 102,373 wmt. ANTM alumina production volume reached 33,380 tons, a 121% increase compared to 15,315 ton in 1Q21. 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 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. We believe these, will maintain 2022F profit growth following on from the 1Q22 performance.

#### Valuation: 76% upside

We adjust our valuation based on 1Q22 audited results. Based on EV/EBITDA, we have a one year target price of IDR 3,070/share or trading at 13x EV/EBITDA and PER 22x. With 76% upside, we maintain our recommendation to BUY.

Profit and Loss (IDR. in bn)	2019 A	2020 A	2021 A	2022 F	2023 F	2024 F
Sales	32,719	27,372	38,446	41,426	42,745	51,600
COGS	(28,271)	(22,897)	(32,087)	(33,059)	(34,655)	(35,639)
Gross Profit	4,447	4,476	6,359	8,366	8,943	8,764
Operating Expenses	(3,492)	(2,443)	(3,621)	(4,172)	(4,484)	(4,543)
Operating Income	956	2,032	2,738	4,195	4,459	4,221
Other Income	(269)	(391)	305	145	160	170
Tax Expense	(493)	(492)	(1,182)	(1,209)	(1,282)	(1,308)
Minority Interest	(0.001)	(0.001)	0.003	(0.007)	(0.014)	(0.014)
Net Income	194	1,149	1,862	3,131	3,336	3,082
EPS	8	48	77	130	139	128
EBITDA	2,010	3,096	3,592	5,116	5,455	5,297

## 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

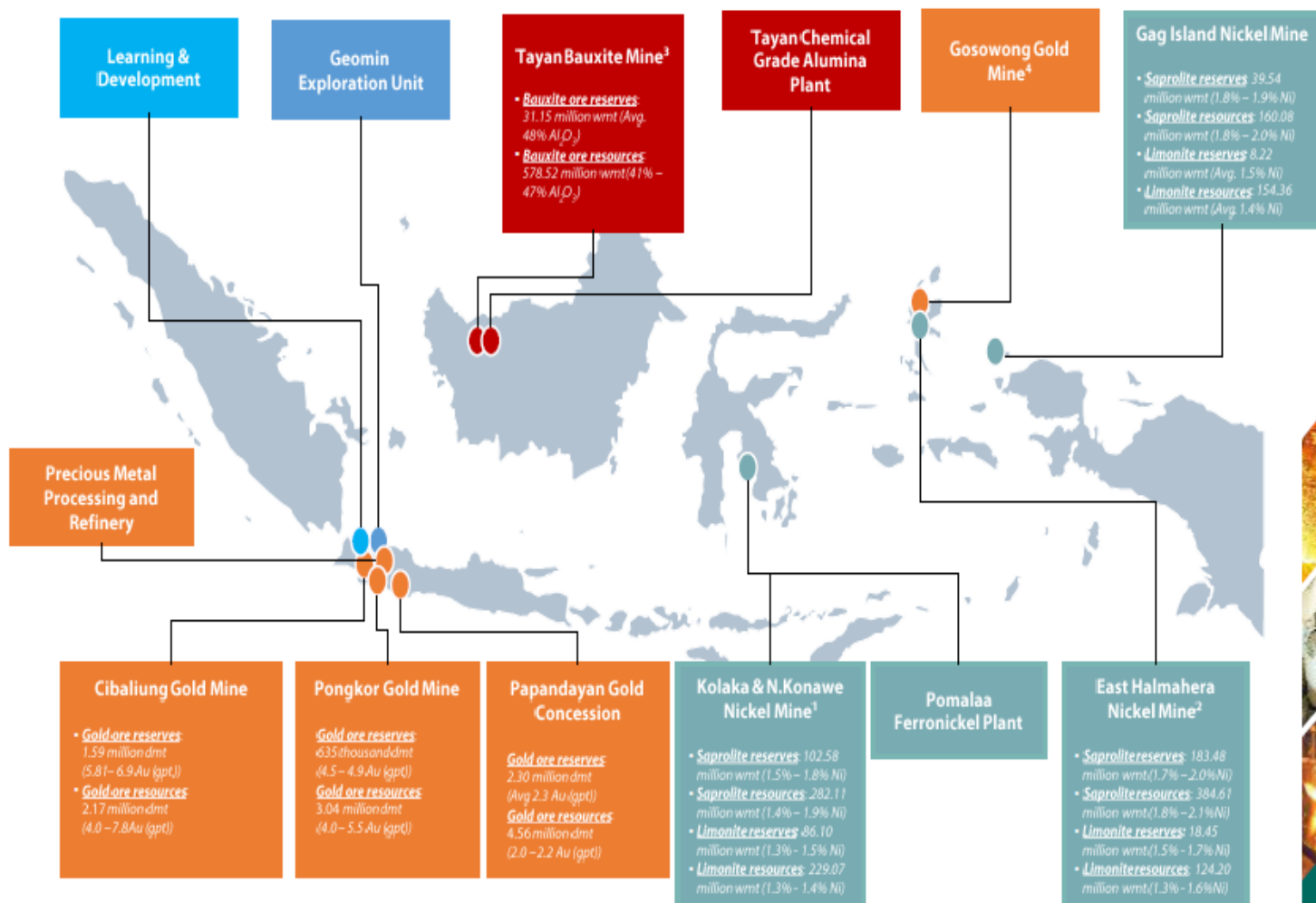


Chart: Nickle production vs sales volume (Wmt '000) yoy

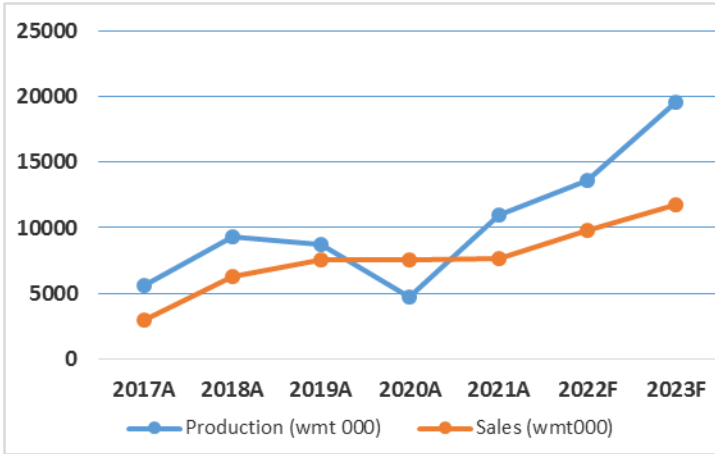


Chart: Ferronickle production vs sales volume (Tni) yoy

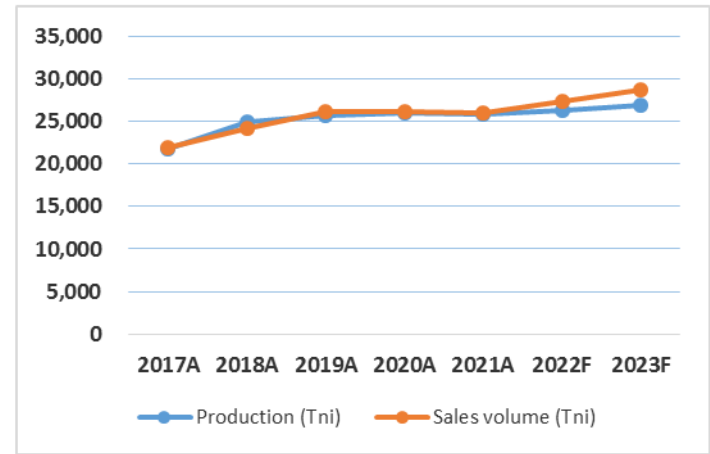


Chart: Nickle production vs sales volume (Wmt '000) QoQ

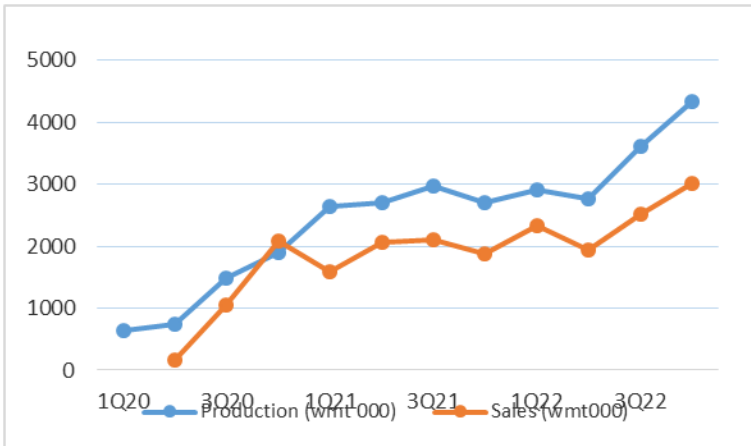


Chart: Ferronickle production vs sales volume (Tni) QoQ

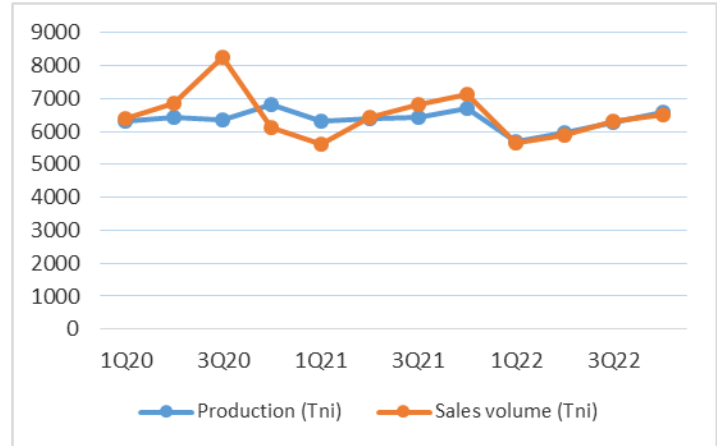


Chart: Gold sales volume (Kg) YoY

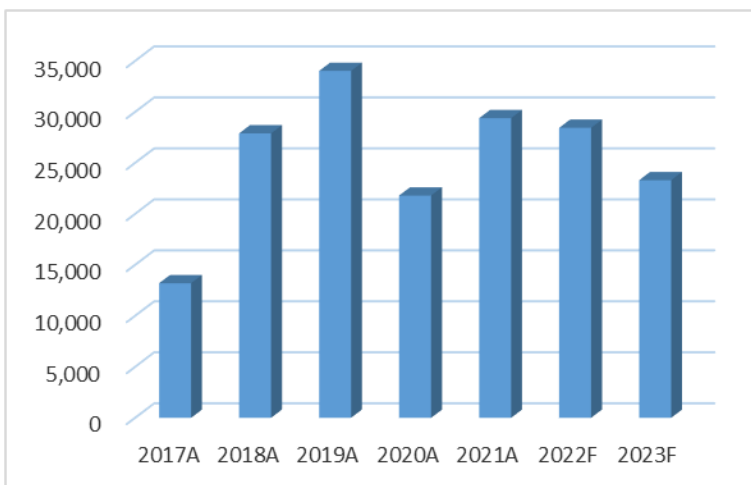


Chart: Gold sales volume (Kg) QoQ

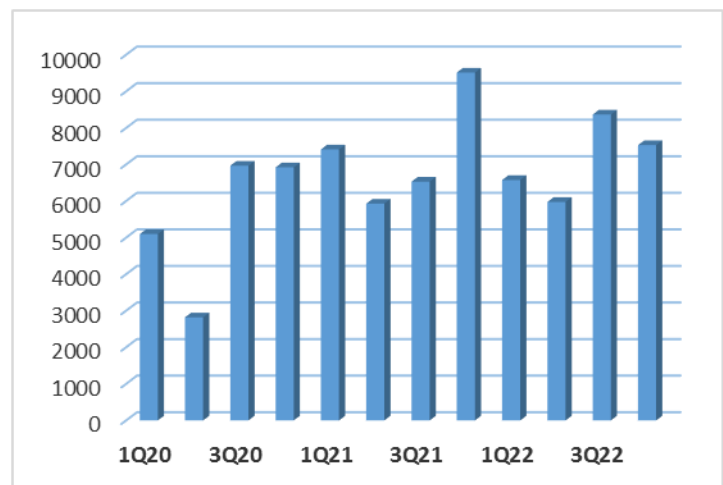


Chart: Bauxite production vs sales volume (Wmt '000) yoy

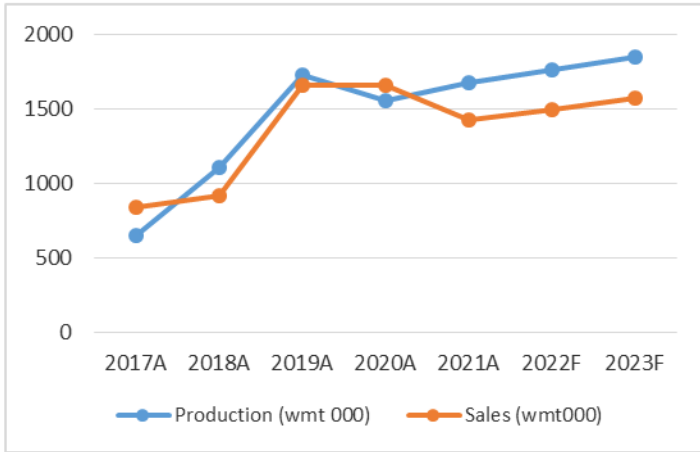


Chart: Bauxite production vs sales volume (Wmt 000) QoQ

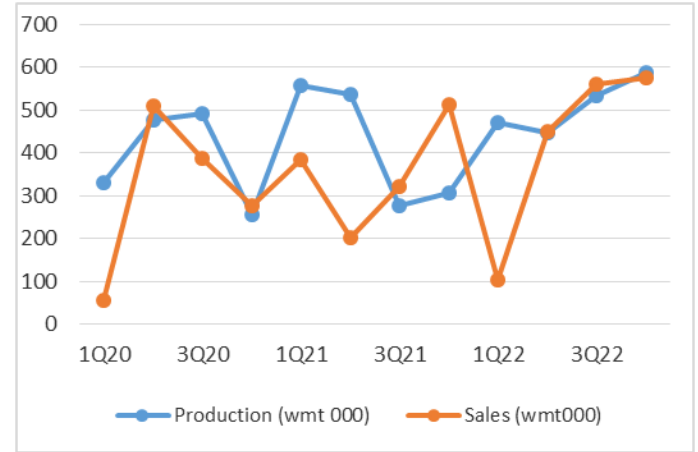


Chart: Ferronickle Average Selling Price (US\$/lb) YoY

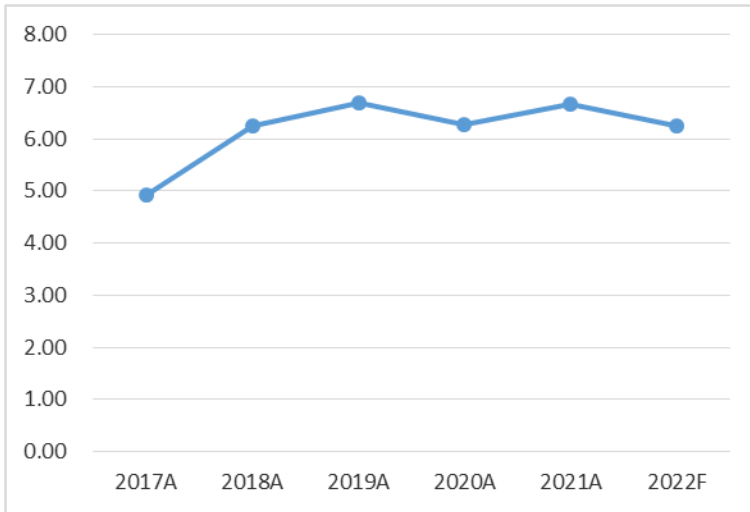


Chart: Gold Average selling price (US\$/Toz)

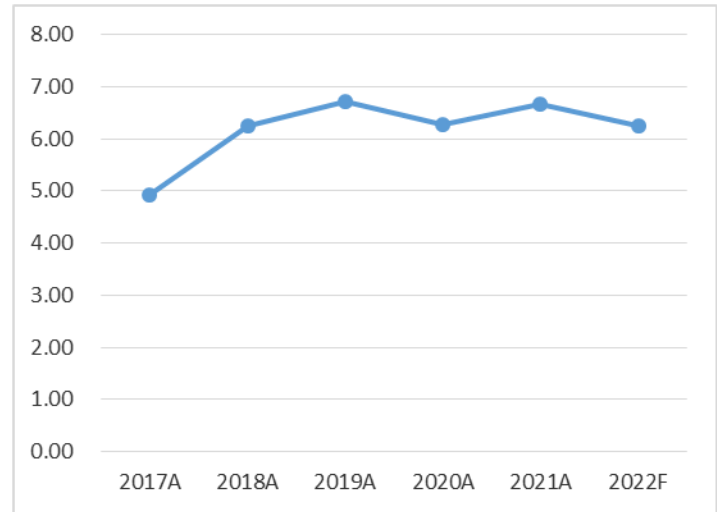
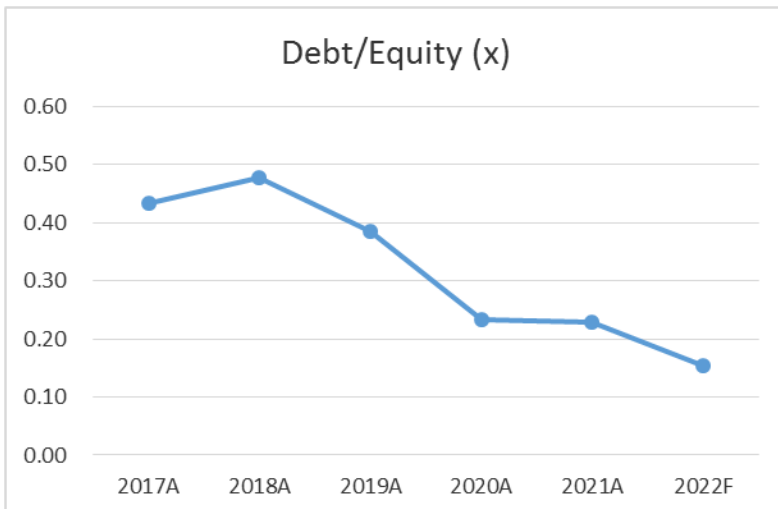


Chart: Debt to Equity ratio (x) YoY



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>
bond	2.098	2.099	0	0	0	0
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)	2019A	2020A	2021A	2022F	2023F	2024F
+ Net Income	194	1149	1862	3131	3336	3082
+Depreciation	1054	1064	854	922	996	1077
- Change in WC	(1255)	1123	(2464)	(527)	375	(249)
<b>Cash From Operating Activities</b>	<b>(7)</b>	<b>3336</b>	<b>252</b>	<b>3526</b>	<b>4706</b>	<b>3910</b>
capex	(430)	(446)	531	(3784)	(2590)	(2799)
other long term asset	1700	(667)	7	(647)	(158)	(547)
<b>cash from investing activities</b>	<b>1270</b>	<b>(1113)</b>	<b>537</b>	<b>(4431)</b>	<b>(2748)</b>	<b>(3346)</b>
bond	0.66	(2099)	0.00	0.00	0.00	0.00
Investment loans	(1784)	(78)	316	(1000)	500	500
other long term liabilities	367	545	64	672	(348)	443
Equity	(509)	(243)	(64.1)	376	0.0013	(3082)
<b>cash from financing activities</b>	<b>(1926)</b>	<b>(1875)</b>	<b>316</b>	<b>49</b>	<b>152</b>	<b>(2140)</b>
Net Changes in Cash	(663)	348	1105	(857)	2110	(1575)
<b>Beginning Balance</b>	<b>4299</b>	<b>3636</b>	<b>3984</b>	<b>5089</b>	<b>4232</b>	<b>6342</b>
<b>Ending balance</b>	<b>3636</b>	<b>3984</b>	<b>5089</b>	<b>4232</b>	<b>6342</b>	<b>4767</b>

Financial Ratio Highlights

Ratio Highlights	2019 A	2020 A	2021 A	2022 F	2023 F	2024 F
<b>Growth (%)</b>						
Sales	29.62%	-16.34%	40.45%	7.75%	3.18%	20.72%
OP	-48.42%	112.67%	34.73%	53.19%	6.29%	-5.33%
EBITDA	-24.03%	54.05%	16.02%	42.44%	6.61%	-2.88%
Net profit	-77.83%	492.90%	61.98%	68.16%	6.55%	-7.60%
EPS	-77.83%	492.90%	61.98%	68.16%	6.55%	-7.60%
<b>Profitability (%)</b>						
Operating Margin	2.92%	7.42%	7.12%	10.13%	10.43%	8.18%
EBITDA margin	6.14%	11.31%	9.34%	12.35%	12.76%	10.27%
NET Profit margin	0.59%	4.20%	4.84%	7.56%	7.80%	5.97%
ROA	0.64%	3.62%	5.66%	9.72%	9.76%	8.07%
ROE	1.07%	6.04%	8.93%	12.86%	12.05%	11.14%
<b>Liquidity</b>						
Current Ratio (X)	1.45	1.21	1.79	1.70	1.88	1.58
Cash Ratio	0.69	0.53	0.78	0.61	0.85	0.53
<b>Solvability</b>						
Debt/Equity (x)	0.38	0.23	0.23	0.15	0.15	0.17
Int. Coverage (x)	2.94	2.90	8.48	34.49	32.23	27.32
Debt Ratio	0.40	0.40	0.37	0.33	0.32	0.36
<b>Per Share data (Rp)</b>						
EPS	8.07	47.83	77.47	130.28	138.82	128.27
BVPS	754591	792294	867100	1013036	1151852	1151852

**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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