



**HOLD**

9 Feb 2021

Diversified mining and minerals processing, Equity

Price **IDR. 2780**  
 Target Price **IDR. 3025**  
 JKSE Index **6224,09**

### Investment Consideration

#### Gold sales fell in 4Q20

In 4Q20, ANTM gold sales fell -1% QoQ or -5.2% YoY. Total gold sales in 2020 were 21,797 Kg or 15% above our estimate of 18,960 Kg. In 2020, ANTM focused on the growth of gold demand in the domestic market. We estimate that this year gold prices will still be affected by the volatility of gold demand, the threat of the US dollar as a safe haven, the development of Covid-19 cases, and the development of vaccinations

#### Maintaining strategy

As mentioned in previous reports, in 2020, ANTM is focusing on the development of domestic market sales, inline with positive demand, as well as ferronikel and bauxite for export. Ferronikel sales are targeted at 27,000 Tni, and in 4Q20 sales reached 6,639 Tni and 26,163 Tni for the full year 2020FY, which is stable compared to 2019's 26,349 Tni. ANTM recorded unaudited bauxite production volume in 2020FY used for alumina production and sales to third parties of 1.55 million wmt and in the 4Q20 alone 255 thousand wmt with 4Q20 sales volume decreasing by 26% YoY or 29% QoQ. For nickel ore, the company no longer conducts export sales with a domestic market sales target of over 1 million wmt. During 4Q20, nickel ore sales were 2,086 million wmt up significantly compared to 3Q20's nickel ore sales volume of 1,04 million wmt. Domestic nickel ore sales have been supported by the issuance of MESDM regulation No. 11/2020 as described in our previous report. 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: 9% upside

We adjust our valuation based on 4Q20 unaudited result, based on EV/EBITDA, we have a one year target price of IDR.3025/share or trading at 28x EV/EBITDA. With 9% upside, we recommended HOLD.



Stock Code **ANTM IJ**  
 Bloomberg code **66320**  
 Market cap (IDR.bn) **3440**  
 52-Week High (IDR) **338**  
 52-Week Low (IDR) **1409**  
 Avg Daily. Val (IDR) **35**  
 Free Float (%) **35**

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

USD/IDR-YE  
 2020A **14050**  
 2021F (Avg) **14003**

Key Indicators **2021F**  
 DER (x) **0.37**  
 Debt ratio (x) **0.38**

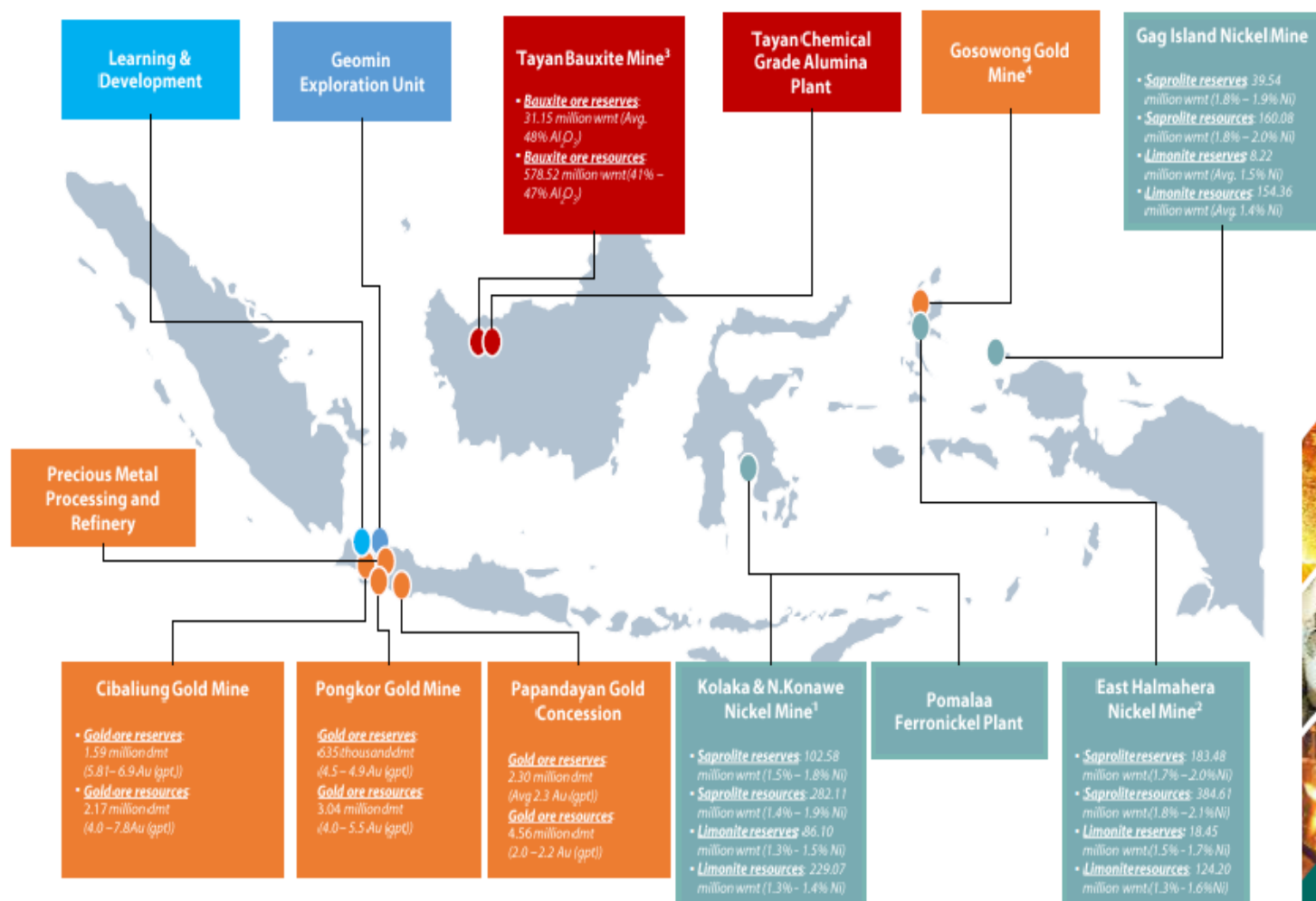
Analyst: Revita Dhiah Anggrainy  
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	Profit and Loss (IDR. in bn)	2018 A	2019 A	2020 F	2021 F	2022 F
	Sales	25.241	32.719	26.624	27.653	34.264
	COGS	(21.765)	(28.271)	(22.346)	(23.083)	(28.559)
	Gross Profit	3.476	4.447	4.278	4.570	5.705
Operating Expenses		(1.624)	(3.492)	(2.373)	(2.884)	(3.589)
	Operating Income	1.853	956	1.905	1.686	2.116
	Other Income	(587)	(269)	(451)	(376)	(479)
	Tax Expense	(391)	(493)	(386)	(332)	(412)
	Minority Interest	(0,002)	(0,001)	0,010	(0,001)	(0,002)
	Net Income	874	194	1.068	978	1.225
	EPS	36	8	44	41	51
	EBITDA	2.645	2.010	2.857	2.733	3.268

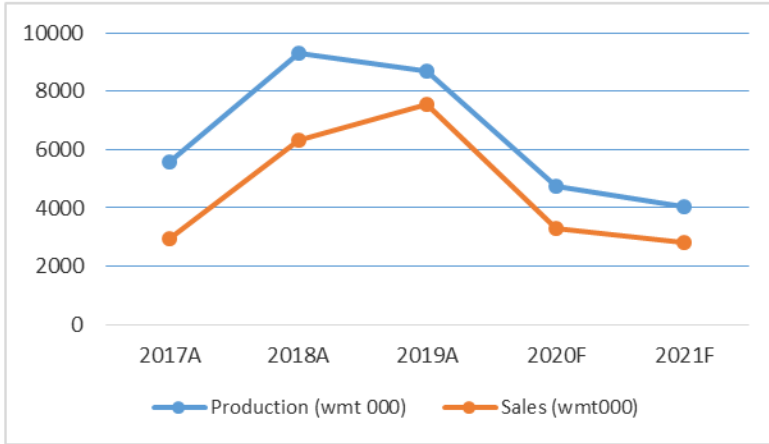
## Company Profile

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.

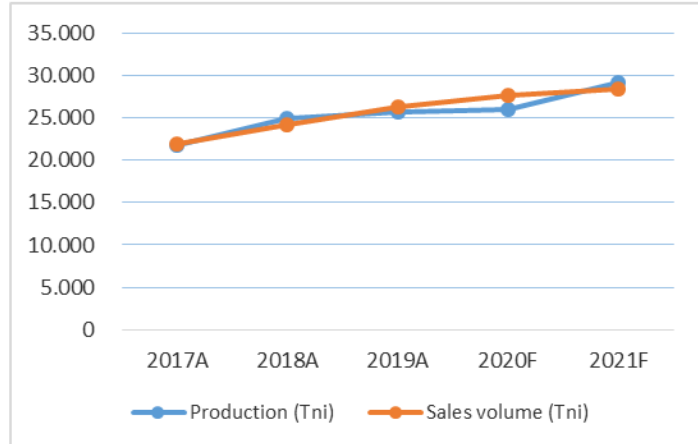
## Asset in operation



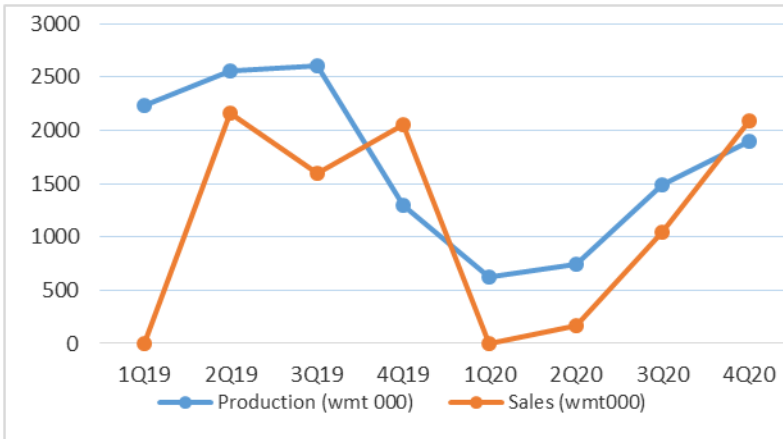
**Chart: Nickle production vs sales volume (Wmt '000) yoy**



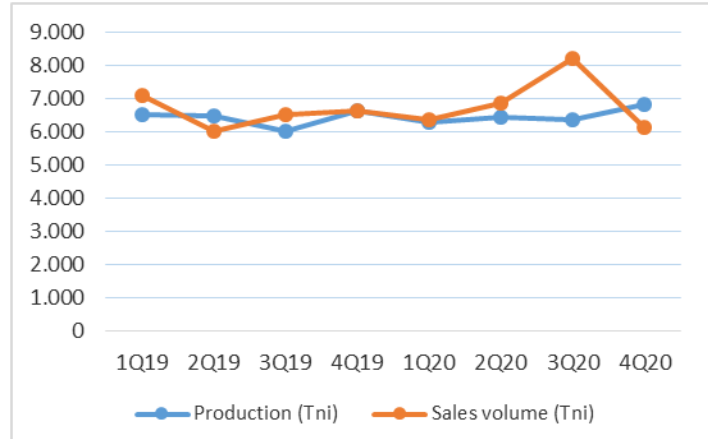
**Chart: Ferronickle production vs sales volume (Tni) yoy**



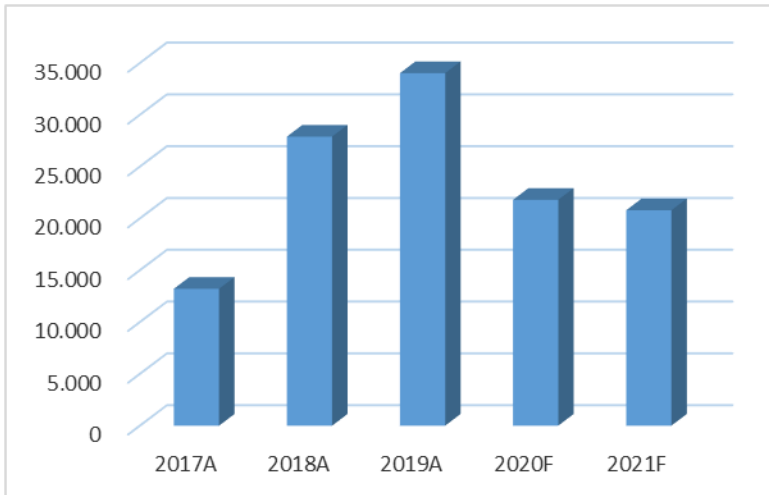
**Chart: Nickle production vs sales volume (Wmt '000) QoQ**



**Chart: Ferronickle production vs sales volume (Tni) QoQ**



**Chart: Gold sales volume (Kg) YoY**



**Chart: Gold sales volume (Kg) QoQ**

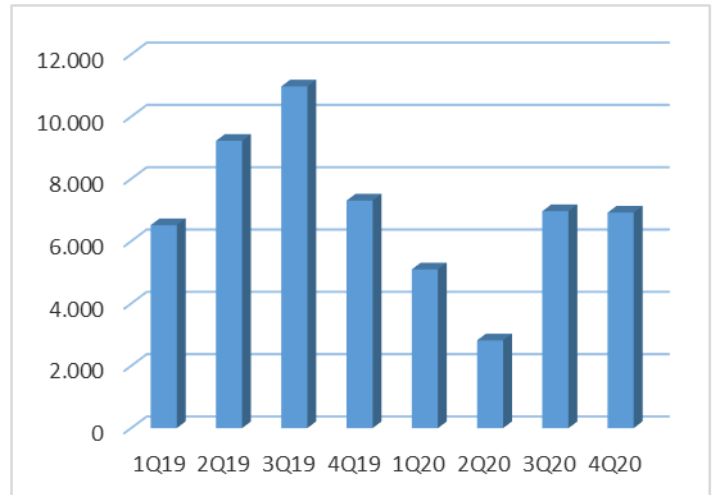


Chart: Bauxite production vs sales volume (Wmt '000) yoy

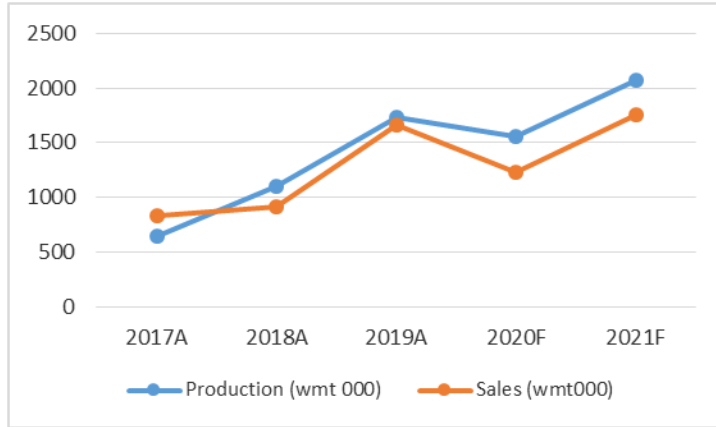


Chart: Bauxite production vs sales volume (Wmt 000) QoQ

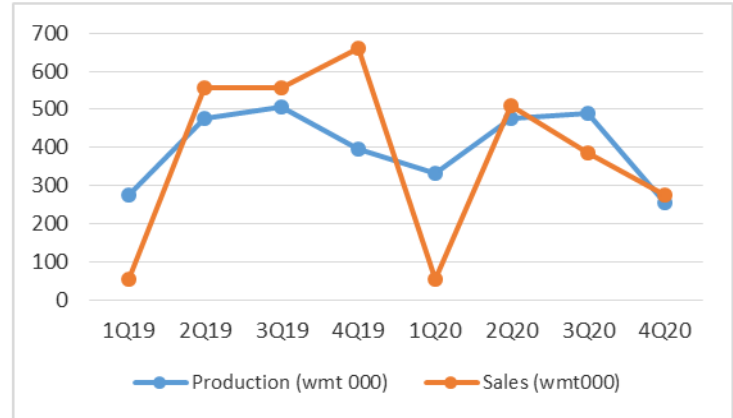


Chart: Ferronickel Average Selling Price (US\$/lb) YoY

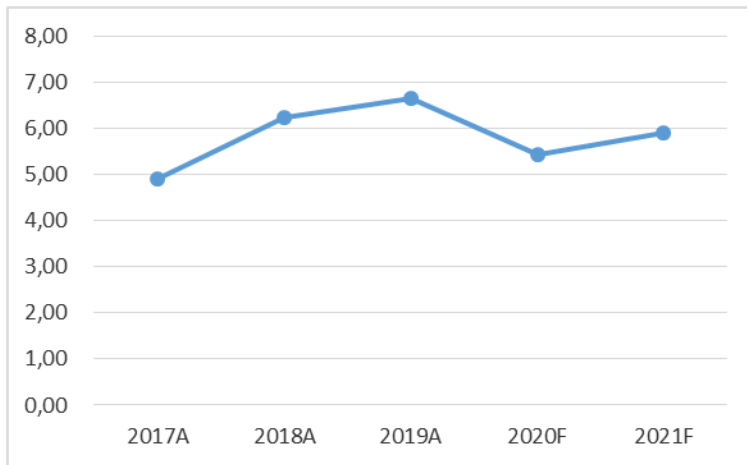


Chart: Gold Average selling price (US\$/Toz)

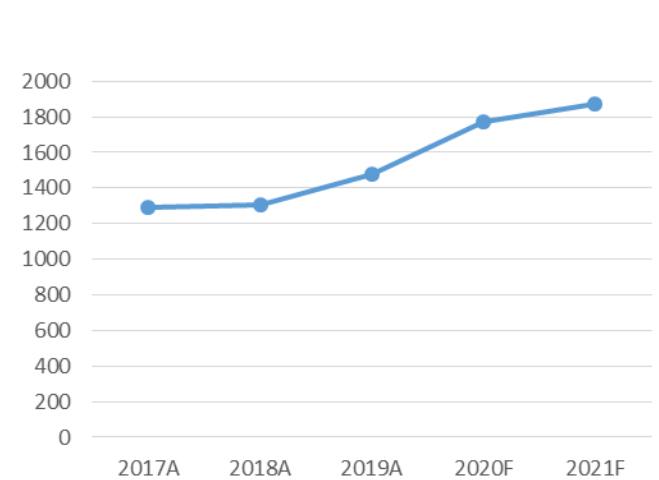
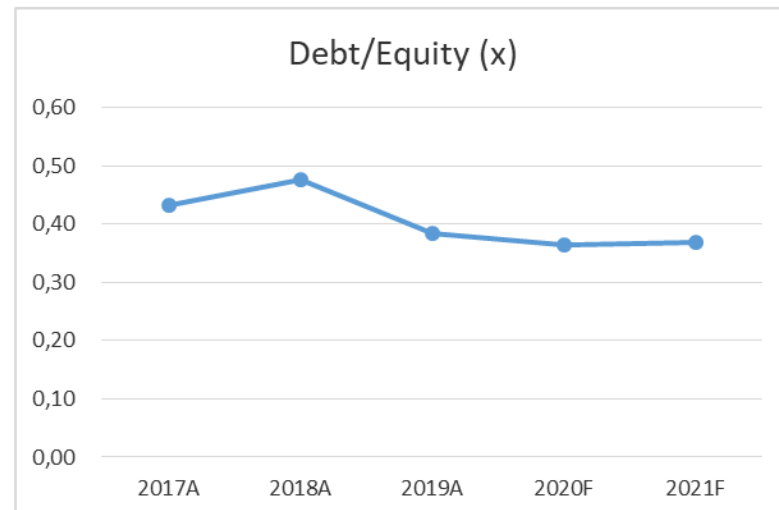


Chart: Debt to Equity ratio (x) YoY



## Profit and Loss (IDR. in bn) yoy

Profit and Loss (IDR. in bn)	2018 A	2019 A	2020 F	2021 F	2022 F
Sales	25.241	32.719	26.624	27.653	34.264
COGS	(21.765)	(28.271)	(22.346)	(23.083)	(28.559)
<b>Gross Profit</b>	<b>3.476</b>	<b>4.447</b>	<b>4.278</b>	<b>4.570</b>	<b>5.705</b>
Operating Expenses	(1.624)	(3.492)	(2.373)	(2.884)	(3.589)
<b>Operating Income</b>	<b>1.853</b>	<b>956</b>	<b>1.905</b>	<b>1.686</b>	<b>2.116</b>
Other Income	(587)	(269)	(451)	(376)	(479)
Tax Expense	(391)	(493)	(386)	(332)	(412)
Minority Interest	(0,002)	(0,001)	0,010	(0,001)	(0,002)
<b>Net Income</b>	<b>874</b>	<b>194</b>	<b>1.068</b>	<b>978</b>	<b>1.225</b>
EPS	36	8	44	41	51
<b>EBITDA</b>	<b>2.645</b>	<b>2.010</b>	<b>2.857</b>	<b>2.733</b>	<b>3.268</b>

## Balance Sheet (IDR. in bn) yoy

Balance Sheet (IDR. in bn)	2017A	2018A	2019 A	2020 F	2021 F	2022 F
Cash and cash equivalent	5.551	4.299	3.636	3.288	3.686	3.179
Trade Account Receivable	971	944	1.002	1.094	1.364	1.314
inventory	1.258	1.846	1.796	3.574	3.182	3.473
Other current asset	1.222	254	1.230	1.331	1.936	2.398
asset classified as held for sale	0	0	0	0	0	0
<b>Current Asset</b>	<b>9.002</b>	<b>7.342</b>	<b>7.665</b>	<b>9.288</b>	<b>10.168</b>	<b>10.365</b>
Fixed Asset	14.093	19.490	18.866	18.843	19.576	21.913
other long term asset	6.919	5.364	3.664	3.195	3.318	4.112
<b>Total non current Asset</b>	<b>21.012</b>	<b>24.853</b>	<b>22.530</b>	<b>22.038</b>	<b>22.894</b>	<b>26.025</b>
<b>Total Asset</b>	<b>30.014</b>	<b>32.195</b>	<b>30.195</b>	<b>31.325</b>	<b>33.062</b>	<b>36.390</b>
Trade Account Payable	806	868	740	802	985	1.126
Short Term bank loans	2.716	1.452	1.408	1.327	1.247	1.210
Other short term liabilities	2.030	3.242	3.145	2.662	2.765	3.426
<b>Total current liabilities</b>	<b>5.552</b>	<b>5.562</b>	<b>5.293</b>	<b>4.792</b>	<b>4.997</b>	<b>5.763</b>
bond	2.097	2.098	2.099	2.099	2.099	2.099
investment loans	3.200	5.250	3.466	3.659	4.159	5.159
other long term liabilities	674	837	1.204	1.358	1.410	1.747
<b>Total long term/ non current liabilities</b>	<b>5.971</b>	<b>8.185</b>	<b>6.768</b>	<b>7.116</b>	<b>7.669</b>	<b>9.006</b>
<b>Total Liabilities</b>	<b>11.524</b>	<b>13.747</b>	<b>12.061</b>	<b>11.908</b>	<b>12.666</b>	<b>14.769</b>
non controlling interest	0,02	0,02	0,02	0,02	0,02	0,02
<b>Total Equities</b>	<b>18.490</b>	<b>18.448</b>	<b>18.133</b>	<b>19.418</b>	<b>20.396</b>	<b>21.621</b>
<b>Total Liabilities &amp; Equity</b>	<b>30.014</b>	<b>32.195</b>	<b>30.195</b>	<b>31.325</b>	<b>33.062</b>	<b>36.390</b>

Cash Flow (IDR. In bn) yoy

Cash Flow (IDR. in bn)	2017A	2018A	2019A	2020F	2021F	2022F
+ Net Income	137	874	194	1068	978	1225
+Depreciation	773	793	1054	952	1047	1152
- Change in WC	756	418	(1255)	(2472)	(276)	61
<b>Cash From Operating Activities</b>	<b>1666</b>	<b>2085</b>	<b>(7)</b>	<b>(452)</b>	<b>1749</b>	<b>2437</b>
capex	(1907)	(6189)	(430)	(929)	(1780)	(3489)
other long term asset	(527)	1556	1700	469	(123)	(793)
<b>cash from investing activities</b>	<b>(2434)</b>	<b>(4634)</b>	<b>1270</b>	<b>(460)</b>	<b>(1903)</b>	<b>(4282)</b>
<b>bond</b>	(899)	0,61	0,66	0,18	0,20	0,20
Investment loans	(453)	2049	(1784)	194	500	1000
other long term liabilities	103	164	367	154	52	337
Equity	(55)	(916)	(509)	216	0,0009	0,0025
<b>cash from financing activities</b>	<b>(1304)</b>	<b>1297</b>	<b>(1926)</b>	<b>564</b>	<b>553</b>	<b>1337</b>
Net Changes in Cash	(2073)	(1252)	(663)	(348)	398	(508)
<b>Beginning Balance</b>	<b>7623</b>	<b>5551</b>	<b>4299</b>	<b>3636</b>	<b>3288</b>	<b>3686</b>
<b>Ending balance</b>	<b>5551</b>	<b>4299</b>	<b>3636</b>	<b>3288</b>	<b>3686</b>	<b>3179</b>

Ratio Highlights

Growth (% YoY)	2017 A	2018 A	2019 A	2020 F	2021 F	2022 F
Sales	38,96%	99,48%	29,62%	-18,63%	3,86%	23,91%
OP	7263,93%	208,48%	-48,42%	99,38%	-11,50%	25,50%
EBITDA	122,18%	92,55%	-24,03%	42,16%	-4,34%	19,56%
Net profit	110,63%	540,57%	-77,83%	451,10%	-8,47%	25,31%
EPS	110,63%	540,57%	-77,83%	451,10%	-8,47%	25,31%
<b>Profitability (%)</b>						
Operating Margin	4,75%	7,34%	2,92%	7,16%	6,10%	6,18%
EBITDA margin	10,86%	10,48%	6,14%	10,73%	9,88%	9,54%
NET Profit margin	1,08%	3,46%	0,59%	4,01%	3,54%	3,58%
ROA	0,45%	2,72%	0,64%	3,81%	3,33%	3,69%
ROE	0,74%	4,74%	1,07%	5,50%	4,79%	5,67%
<b>Liquidity</b>						
Current Ratio (X)	1,62	1,32	1,45	1,94	2,03	1,80
Cash Ratio	1,00	0,77	0,69	0,69	0,74	0,55
<b>Solvability</b>						
Debt/Equity (x)	0,43	0,48	0,38	0,36	0,37	0,39
Int. Coverage (x)	0,75	1,12	2,94	6,13	5,22	5,78
Debt Ratio	0,38	0,43	0,40	0,38	0,38	0,41
<b>Per Share data (Rp)</b>						
EPS	5,68	36,39	8,07	44,46	40,69	50,99
BVPS	769,45	767,70	754,59	808,04	848,73	899,72

**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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