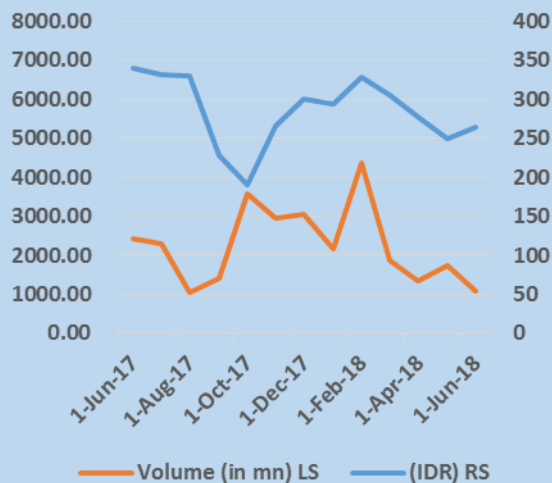




June 6, 2018
Coal Mining, Equity

Current Price IDR. 262
Target Price IDR. 495
JKSE Index 6088.791



Investment Consideration Targeting 9% production growth a year

As of 1Q18, BUMI posted significant revenue growth of 2914% from USD. 10,3 mn in 1Q17 to USD. 310.5 mn in 1Q18 while bottom line grew by 2.4% yoy to USD. 90,16 mn in 1Q18 based on accounting for joint venture agreements. This is because since January 2018, BUMI has an economic interest of 90% in Arutmin, so Arutmin is consolidated to revenue while KPC is still equity accounted. In full consolidation, BUMI's revenue grew 11%yoy while the bottom line grew 18% yoy. During 1Q18, coal mined and coal sales from Arutmin also increased 24.6% and 14.7% yoy while KPC's coal mined and coal sales decreased -8.5% and -4.2% yoy respectively. We estimate CAGR revenue growth of BUMI during 2018-2019 will be 10% yoy fully consolidated with combined production estimated to average CAGR growth of 9% to reach 90.4mn tons and 99.4 mn tons in 2018F and 2019F compared to 2% CAGR growth in 2015-2017A

Increase in Equity

Since BUMI's debt restructuring process started last year, BUMI has reduced its debt from USD 4.4bn in 2016FY to USD. 1.6bn in 2017FY. BUMI's equity started to improve with total capacity deficiency attributable to owners decreasing from 2016A to 2017A as shown in the Balance sheet below. We are targeting DER to reduce to average 1.35x within 2018-2019 with debt payments of USD 200-400mn USD per annum.

Valuation: significant upside

With improvements in production particularly in Arutmin and debt restructuring as it shown in 1Q18, we are targeting TP within one year of IDR. 495 which would equal 5x PER compared to currently 2x PER which is still undervalued.

Based on PSAK 66

Profit and Loss (US\$.mn)	2015 A	2016 A	2017 A	2018 F	2019 F
Revenue	40.51	23.37	17.37	1199.59	1226.53
Cost of sales	0.00	0.00	0.00	(759.42)	(807.44)
Gross Profit	40.51	23.37	17.37	440.17	419.09
Operating expense	49.88	28.76	38.44	66.03	62.86
Operating Profit	(9.37)	(5.39)	(21.07)	374.14	356.23
Other income	(2031.19)	(4.00)	330.80	181.51	252.76
PBT	(2040.56)	(9.38)	309.73	555.66	608.99
taxes	(144.92)	129.64	(66.98)	(116.69)	(127.89)
Minority interest	260.07	(52.56)	130.51	(15.83)	(16.19)
Net Profit	(1925.41)	67.69	373.25	423.14	464.91
EPS	(52.57)	1.85	5.71	6.47	7.11
EBITDA	(1585.49)	246.73	517.55	752.01	760.86

Based on full consolidation

Profit and Loss (US\$.mn)	2015 A	2016 A	2017 A	2018 F	2019 F
Revenue	2,026	3,774	4,995	5,856	6,045
Cost of revenue	(1,707)	(3,069)	(3,586)	(4,217)	(4,352)
Gross Profit	319	705	1,409	1,640	1,693
Operating expense	(370)	(424)	(347)	(410)	(423)
Operating Profit	(52)	281	1,062	1,230	1,269
Other income	(2,096)	(123)	23	27	28
PBT	(2,148)	158	1,085	1,257	1,298
taxes	33	22	(596)	(692)	(714)
Minority interest	(189)	112	115	143	119
Net Profit	(2,115)	180	489	566	584

Stock Code
Bloomberg code BUMI IJ
Market cap (IDR.bn) 17260
52-Week High (IDR) 394
52-Week Low (IDR) 166
6-m Avg Daily. Val (IDR) 284
Free Float (%) 77.29

Major Shareholders (%)
HSBC-FUND SVS A/C Chengdong
Investment Corp-Self 22.71%
Public 77.29%

USD/IDR-YE
2017A 13555
2018F (Avg) 13691

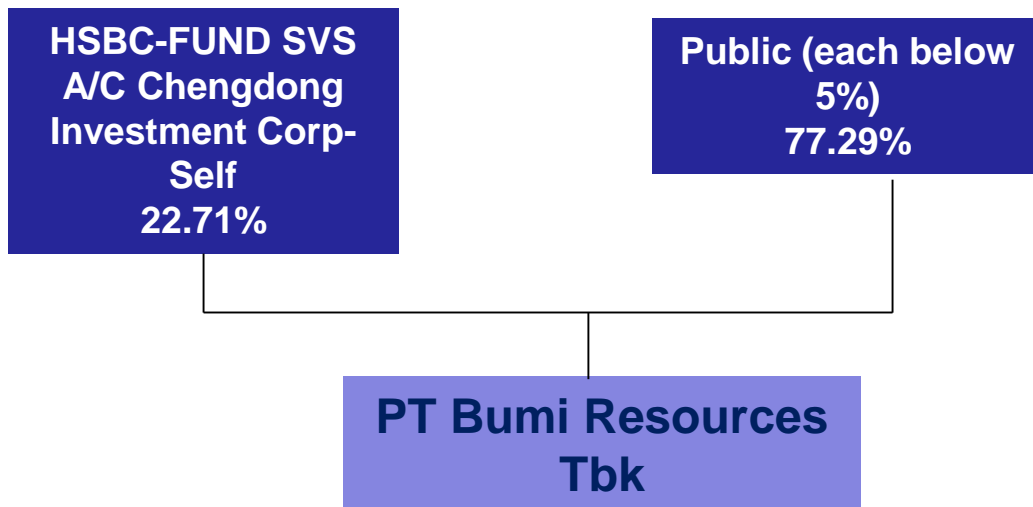
Key Indicators
Net Debt/ Equity (x) 0.58
Current ratio (x) 0.80

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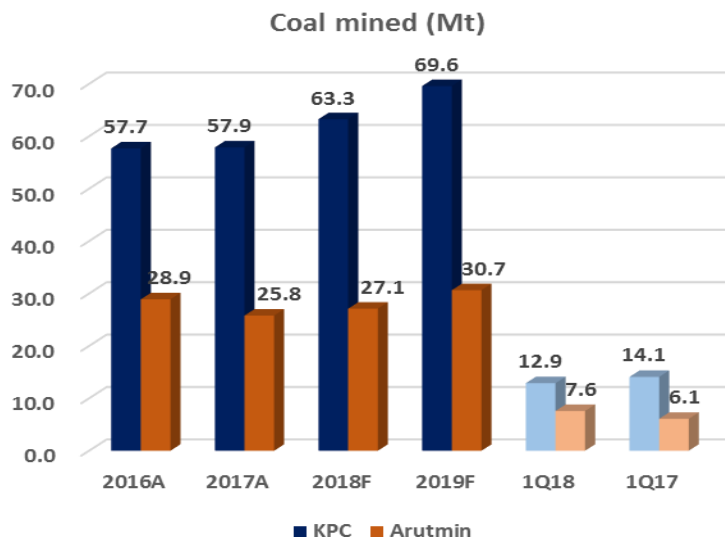
Company Profile

PT Bumi Resources Tbk (BUMI) was established in 1973 under the name of PT Bumi Modern, initially engaged in the hospitality and tourism businesses. Following the initial public offering in 1990, BUMI transformed itself into an oil, natural gas and mining business. Along with the boom in the national mining industry, BUMI grew rapidly and expanded its business by engaging in the exploration of Indonesian natural resources, including coal and other mining commodities. To date, BUMI is acknowledged as the largest thermal coal exporter in the world. In addition, BUMI's business portfolio also includes other mining ventures. BUMI has also taken on the role of strategic investor. BUMI has widespread operational areas ranging from North Sumatra (Dairi Prima Mineral), South Sumatra (Pendopo Energi Batubara), Sulawesi (Gorontalo Minerals & Citra Palu Minerals), East Kalimantan (Kaltim Prima Coal), South Kalimantan (Arutmin Indonesia). In 2016, the Company's restructuring plan won 99.8% support from voting secured creditors and 100% of voting unsecured creditors. Bumi Resources announced termination of PKPU proceedings and ratification of a composition agreement of Yemen (Gallo Oil).

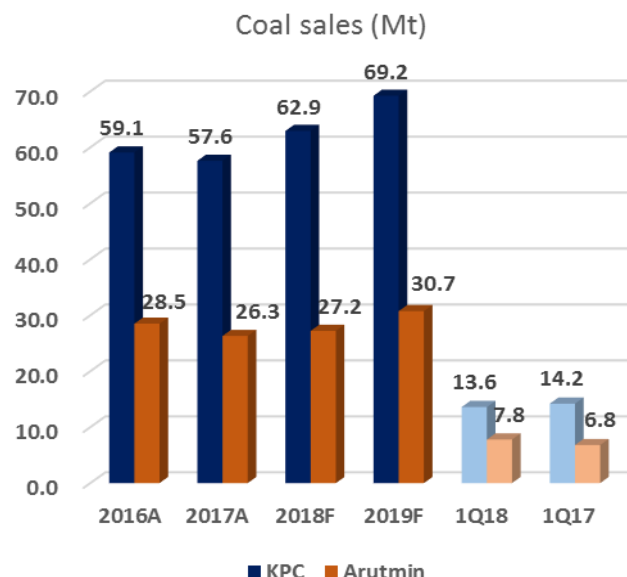
Company structure As of 1Q18



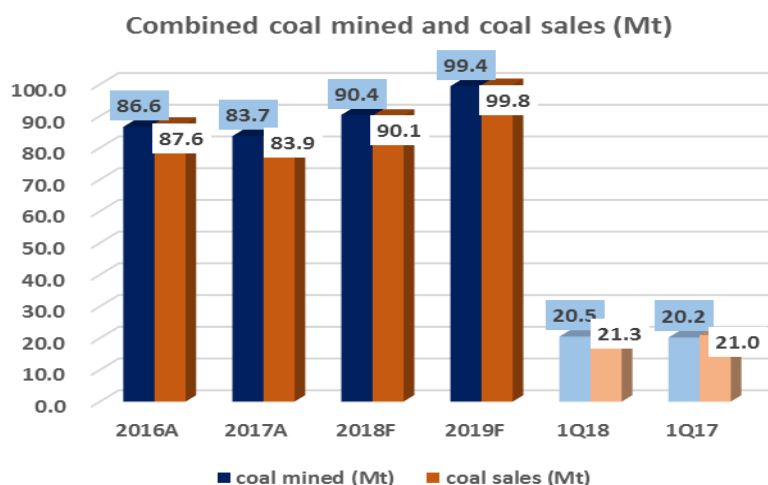
KPC's and Arutmin's coal mined (Mt) yoy



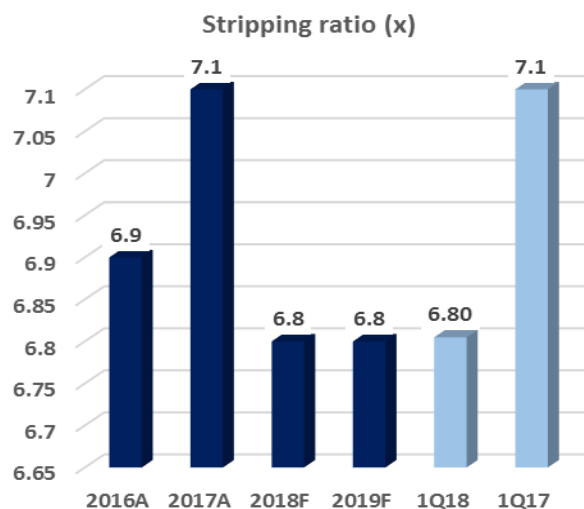
KPC's and Arutmin's coal sales (Mt) yoy



BUMI's coal mined (Mt) yoy



BUMI's strip ratio (x) yoy



BUMI's full consolidation profit and Loss 1Q18 yoy comparison

Profit and Loss (US\$. In mn)	1Q18	1Q17	Growth
Revenues	1,285	1,162	11%
Cost of revenues	(879)	(833)	6%
Gross Profit	406	329	23%
Operating expense	(62)	(102)	-39%
Operating Profit	343	227	51%
Other income	(42)	81	-152%
Pretax income(PBT)	301	309	-3%
taxes	(142)	(174)	-18%
Minority interest	68	46	48%
owners of the parents	90	88	2%
Net Profit	159	134	18%

BUMI's based on PSAK 66 profit and Loss 1Q18 yoy comparison

Profit and Loss (US\$. In mn)	1Q18	1Q17	Growth (%)
Revenues	310	10	2914%
Cost of revenues	(201)		
Gross Profit	109	10	958%
Operating expense	(27)	(15)	84%
Operating Profit	82	(5)	-1915%
Other income	38	91	-58%
Pretax income(PBT)	120	86	39%
taxes	(26)	0	-78359%
Minority interest	(4)	2	-328%
Net Profit	90	88	2%
EPS	0.00	0.00	
EBITDA	173	131	32%

Balance Sheet (US\$.mn)

Balance sheet (US\$.mn)	2015A	2016A	2017A	2018F	2019F
Cash and cash equivalent	8.49	2.81	41.42	219.57	334.94
ST Investment	12.63	12.52	12.52	119.96	119.96
Trade Account Receivable	0.92	0.00	170.40	299.90	306.63
inventory	0.00	0.00	30.60	71.98	73.59
Other current asset	519.92	513.82	503.15	599.80	613.26
Current Asset	541.96	529.15	758.08	1311.20	1448.38
Net Fixed Asset	226.27	224.27	51.21	95.77	106.06
other long term asset	2298.80	2019.61	2744.29	2879.02	2943.67
exploration and evaluation assets	327.25	329.17	142.92	155.95	183.98
Total non current Asset	2852.31	2573.05	2938.41	3130.74	3233.71
Total Asset	3394.28	3102.19	3696.50	4441.94	4682.10
Account payable	62.12	51.54	181.09	239.92	245.31
Short Term bank loans	220.78	190.96	54.00	54.00	36.80
accrued expenses	746.19	31.18	410.00	659.78	674.59
convertible bond	375.00	0.00	0.00	0.00	0.00
Other Current liabilities	4,070	491	687	720	859
Total current liabilities	5,474	764	1,332	1,673	1,815
Long term loans	0.30	3,864	1,598	1,298	848
Estimated liab for restoration & rehabilitation	0.00	0.00	126.09	126.09	126.09
convertible bonds	0.00	434.39	0.00	0.00	0.00
Other Long term liabilities	824.73	824.51	353.49	719.76	735.92
Total long term/ non current liabilities	825.04	5,122.70	2,077.71	2,143.97	1,710.13
Total Liabilities	6,299.19	5,886.97	3,410.15	3,817.41	3,525.39
Minority interest	(121.68)	(69.14)	725.16	665.37	799.55
total capital deficiency attributable to owners of the parent company	(2,783.23)	(2,715.63)	(438.81)	(40.84)	357.16
Total Equities	(2,904.91)	(2,784.77)	286.35	624.53	1,156.70
Total Liabilities and equity	3,394.28	3,102.19	3,696.50	4,441.94	4,682.10

Profit and Loss (US\$. In mn)

Profit and Loss (US\$.mn)	2015 A	2016 A	2017 A	2018 F	2019 F
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EBITDA	(1585.49)	246.73	517.55	752.01	760.86

Cash Flow (US\$.mn)

Cash Flow (in US\$. mn)	2016A	2017A	2018F	2019F
+ Net Income	67.69	373.25	423.14	464.91
+Depreciation	1.29	1.16	27.21	41.18
- Change in WC	(4,702.75)	377.85	(33.96)	120.00
Cash From Operating Activities	(4,633.77)	752.25	416.39	626.09
capex	277.98	(366.52)	(219.54)	(144.16)
cash from investing activities	277.98	(366.52)	(219.54)	(144.16)
Long term loans	3,863	(2,266)	(300)	(450)
Estimated liab for restoration & rehabilitation	0	126	0	0
convertible bonds	434	(434)	0	0
Other Long term liabilities	(0.22)	(471)	366	16
equity	52	2,698	(85)	67
cash from financing activities	4,350.11	(347.12)	(18.70)	(366.57)
Net Changes in Cash	(5.68)	38.61	178.15	115.37
Beginning Balance	8.49	2.81	41.42	219.57
Ending balance	2.81	41.42	219.57	334.94

Ratio Highlights

Ratio Highlights	2015 A	2016 A	2017 A	2018 F	2019 F
Growth (% YoY) (based on PSAK 66)					
Sales		-42.30%	-25.70%	6807.44%	2.25%
OP		-42.55%	291.22%	-1875.69%	-4.79%
EBITDA		-115.56%	109.76%	45.30%	1.18%
NP		-103.52%	451.39%	13.36%	9.87%
EPS		-103.52%	208.92%	13.36%	9.87%
Profitability					
Operating Margin(%)	-23.14%	-23.04%	-121.33%	31.19%	29.04%
EBITDA margin(%)	-3914.16%	1055.63%	2980.12%	62.69%	62.03%
NET Profit margin(%)	-4753.33%	289.63%	2149.25%	35.27%	37.90%
ROA(%)	-56.73%	2.18%	10.10%	9.53%	9.93%
ROE(%)	66.28%	-2.43%	130.35%	67.75%	40.19%
Stability					
Net debt/ Equity (X)	(0.20)	(1.46)	6.07	2.02	0.58
Current ratio (X)	0.10	0.69	0.57	0.78	0.80
Int. Coverage (x)	(4.50)	(0.04)	1.50	3.29	5.50
Per Share data (USD)					
EPS	(52.568)	1.848	5.709	6.472	7.111
BVS	(0.079)	(0.076)	0.004	0.010	0.018

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.

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