

April 6, 2018
Coal Mining Contractor, Equity

Current Price IDR. 1035
Target Price IDR. 1540

JKSE Index 6157.10

Investment Consideration Results match target

As of 2017FY, DOID managed to book revenue up 25% year-on-year to US\$. 765 million which is inline with our target on the back of volume growth and higher rates from coal price index linked contracts. Net Income increased 26% year-on-year to US\$47million after taking into account certain non-recurring charges which is also inline with our target. In 2018, we maintain our target even though volume in January was lower.

DMO price cap

The DMO selling price is set for domestic power plants at US\$. 70 or HBA whichever is lower. Compliance with DMO rules means miners are obliged to provide 10% additional production volume. The DMO applies to only 20-25% of BUMA's customers production and it will not impact to BUMA while global coal price continue to sustain at current levels.

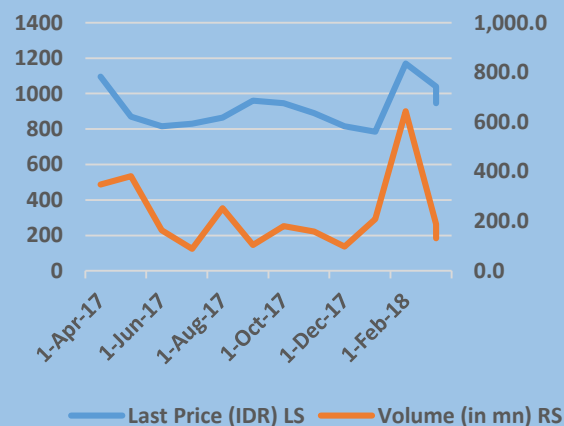
\$1bn More Contract

During 4M18, Through its subsidiary BUMA, DOID has achieved additional volume growth from three new and existing contracts. In March 2018, BUMA entered into new life-of-mine contracts with PT Tanah Bumbu Resources, a subsidiary of Geo Energy Resources Limited and two other customers, PT Sungai Danau Jaya (SDJ) and PT Angsana Energy (AJE) with total contract value of over US\$ 500 million. In April, BUMA signed a contract extension with PT Angsana Jaya Energy for another 3 years up to 2020 with approximate value of over US\$ 143 million. In addition, BUMA has also signed a new contract with PT Insani Baraperkasa (IBP), a subsidiary of PT Resources Alam Tbk (RAIN) located in East Kalimantan with contract value approximately US\$ 340 million. The signing of IBP with two other contracts take BUMA's total order book from US\$ 5 billion at the beginning of 2018 up to US\$ 6.0 billion.

Valuation: 49% upside. Reiterate BUY

Based on our optimistic coal price outlook for this year and despite lower volume during January 2018, we maintain our targets for 2018F giving us a higher target price of IDR. 1540/share which represents 14.4 PER and offers 49% upside potential. We reiterate BUY.

Profit and Loss (US\$.mn)	2014 A	2015 A	2016 A	2017 A	2017F	2018 F
Revenue	607	566	611	765	723	878
Cost of sales	(485)	(440)	(447)	(539)	(521)	(632)
Gross Profit	123	126	164	225	202	246
Operating expense	(42)	(38)	(42)	(53)	(43)	(61)
Operating Profit	80	88	122	172	159	184
Other income	(52)	(93)	(62)	(85)	(96)	(88)
PBT	28	(6)	61	87	63	97
taxes	(12)	(3)	(24)	(40)	(19)	(29)
Net Profit	16	(8)	37	47	44	68
EPS	0.002	(0.001)	0.004	0.006	0.005	0.008
EBITDA	185.86	185.95	215.99	279.76	264.69	310.37



Stock Code DOID IJ
Bloomberg code DOID IJ
Market cap (IDR.bn) 9750.8
52-Week High (IDR) 1250
52-Week Low (IDR) 665
6-m Avg Daily. Val (IDR) 929
Free Float (%) 52.486

Major Shareholders (%)
PT Northstar Tambang
Persada Ltd 38.161%
Others 9.353%
Public 52.486%

USD/IDR-YE
2017A 13555
2018F (Avg) 13563

Key Indicators
Net Debt/ Equity (x) 1.65
Current ratio (x) 1.78

Analyst: Revita Dhiah Anggrainy
revita.anggrainy@binaartha.com

Balance Sheet (US\$.mn)

Balance sheet (US\$.mn)	2014A	2015A	2016A	2017A	2018F
Cash and cash equivalent	75.09	70.62	66.94	67.50	59.07
Trade Account Receivable	144.97	139.22	144.91	174.78	202.00
inventory	23.67	19.82	18.29	28.43	35.13
Other current asset	58.18	78.18	69.15	82.21	99.24
Current Asset	301.91	307.84	299.29	352.91	395.44
Net Fixed Asset	426.65	379.31	405.93	484.37	513.59
other long term asset	179.09	144.65	177.06	108.30	114.17
Total non current Asset	605.74	523.95	582.99	592.67	627.76
Total Asset	907.65	831.80	882.28	945.58	1,023.20
AP	28.72	26.90	79.61	101.58	96.61
Short Term bank loans	9.92	16.60	61.03	11.78	11.78
Other Current liabilities	88.47	59.02	78.66	105.03	114.17
Total current liabilities	127.10	102.53	219.31	218.39	222.56
Long term liabilities	662.08	614.32	501.36	502.08	560.13
Other Long term liabilities	33.55	29.95	35.14	47.94	52.69
Total long term/ non current liabilities	695.64	644.27	536.50	550.02	612.83
Total Liabilities	822.74	746.80	755.81	768.41	835.38
Total Equities	84.91	85.00	126.47	177.17	187.82
Total Liabilities and equity	907.65	831.80	882.28	945.58	1,023.20

Cash Flow (US\$.mn)

Cash Flow (in US\$. mn)	2014A	2015A	2016A	2017A	2018F
+ Net Income	16.31	(8.31)	37.09	46.75	67.62
+Depreciation	105.53	98.38	93.77	108.08	125.94
- Change in WC	(193.00)	(34.99)	121.65	(53.97)	(46.79)
Cash From Operating Activities	(71.17)	55.09	252.51	100.85	146.77
capex	(51.44)	(16.60)	(152.80)	(117.76)	(161.03)
cash from investing activities	(51.44)	(16.60)	(152.80)	(117.76)	(161.03)
Long term liabilities	(32.33)	(47.76)	(112.96)	0.72	58.05
Other Long term liabilities	14.58	(3.61)	5.19	12.80	4.75
equity	0.19	8.40	4.38	3.95	(56.98)
cash from financing activities	(17.56)	(42.97)	(103.39)	17.47	5.83
Net Changes in Cash	(140.18)	(4.48)	(3.68)	0.57	(8.43)
Beginning Balance	215.27	75.09	70.62	66.93	67.50
Ending balance	75.09	70.62	66.93	67.50	59.07

Ratio Highlights

	2014A	2015A	2016 A	2017 A	2018F
Growth (% YoY)					
Sales	-12.59%	-6.88%	8.06%	25.09%	14.86%
OP	25.93%	9.00%	39.59%	40.47%	7.42%
EBITDA	-0.10%	0.05%	16.16%	29.52%	10.94%
NP	-155.52%	-150.94%	-546.50%	26.04%	44.66%
EPS	-155.33%	-150.75%	-543.92%	24.19%	42.89%
Profitability					
Operating Margin(%)	13.23%	15.48%	20.00%	22.45%	21.00%
EBITDA margin(%)	30.60%	32.88%	35.34%	36.59%	35.34%
NET Profit margin(%)	2.68%	-1.47%	6.07%	6.11%	7.70%
ROA(%)	1.80%	-1.00%	4.20%	4.94%	4.30%
ROE(%)	19.20%	-9.77%	29.33%	26.39%	23.43%
Solvability					
Net debt/ tot. Equity (X)	3.21	3.01	2.29	1.60	1.65
Debt Ratio (x)	0.74	0.76	0.64	0.54	0.56
Int. Coverage (x)	14.50	12.28	11.43	14.73	11.81
Liquidity					
Current ratio (x)	2.38	3.00	1.36	1.62	1.78
Per Share data (USD)					
EPS	0.002	(0.001)	0.004	0.006	0.008
BVS	0.010	0.010	0.015	0.021	0.022

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
(62-21) 520-6678 ext.612

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