

## PT Perusahaan Gas Negara Tbk

**BUY**

Infrastructure, Energy  
17 May 2022

Price IDR. 1,820  
Target IDR. 2,320  
JKSE Index 7,050.326



**Stock code**  
Bloomberg code PGAS IJ  
Market cap (in Bn) 34,540  
52-week high 1,640  
52-week low 960  
6-m avg.dail.val (IDR) 1,416  
Free Float (%) 43.00%

**Major Share Holders (%)**  
PERTAMINA 57.00%  
Public 43.00%

**USD/IDR-YE**  
2021 14,300  
2022F (6m-avg) 14,385

Analyst:  
Eka Rahmawati Rahman

### Investment Considerations

#### Upstream revenue jumps

- PGAS revenue jumped +14.2% YoY to USD 836.9 million in 1Q2022 due to higher crude oil and gas prices which meant upstream Oil & gas revenue jumped +140% to USD 122 million.
- Gas trading and transmission sales also increased +1.7% YoY to USD 667 million as gas sales volume was higher from strong industrial demand.
- In term of gross profit margin, trading and transmission margins were lower at 13.8% compared to 15.8% in the 1Q2021. While the exploration and production of oil and gas jumped to 31.9% from -40% in 1Q2021 due to higher crude and oil prices.
- We revise up our 2022F revenue target as the demand for gas continues to recover with higher crude oil and gas prices. We are now expecting a better 2022F with revenue reaching USD 3.5 billion or +15% growth.

#### 1Q2022: Higher Margin

- PGAS booked net profit growth of +92.4% YoY to USD 118.5 million in 1Q2022. The growth came mainly from higher revenue from higher crude oil and gas prices, as well as a forex gain. The net profit margin increased to 14.2% from 2.3% in 4Q2021.
- PGAS also booked higher operating profit +60.8% YoY to USD 154.3 million with lower operating expenses. This resulted in a higher OPM of 18.4% in 1Q2022 from 13% in 1Q2021.
- Profit before taxes was also higher +61% YoY to USD 168.1 million helped by lower finance costs, down -4% YoY and a larger forex gain, +50.5% YoY.
- As we have revised up PGAS's top line, we expect PGAS's net profit in 2022F will reach USD 379.5 million or +25% YoY as we expect continued strength from the upstream business.

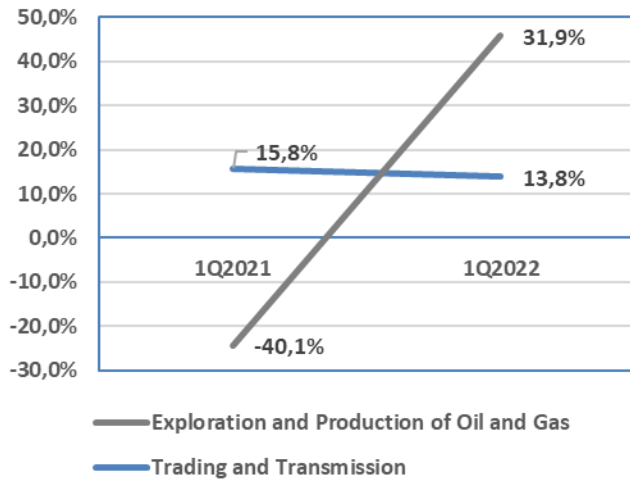
#### Valuation: BUY, with TP 2,320

- We maintain our recommendation to buy as we expect the upward trend will continue. Our DCF valuation with WACC at 11.8%, gives a target price of IDR 2,320 or 27% upside which is a 9.4x PE valuation within one year.

Financial Highlights	2017A	2018A	2019A	2020A	2021A	2022F	2023F
Revenue (USD Mn)	3.571	3.870	3.849	2.886	3.036	3.502	3.870
Gross Profit (USD Mn)	1.182	1.309	1.227	470	587	700	774
GPM (%)	33%	34%	32%	16%	19%	20%	20%
Net Profit (USD Mn)	196	305	68	-264	304	380	419
NPM (%)	6%	8%	2%	-9%	10%	11%	11%
EPS (USD)	0,01	0,01	0,003	-0,011	0,013	0,016	0,017
EBITDA (USD Mn)	764	996	668	215	781	939	1.025
EBITDA Margin (%)	21%	26%	17%	7%	26%	27%	26%
Tot debt/ equity (x)	1,0	1,8	1,6	2,0	1,7	1,6	1,5
Current Ratio (X)	2,7	1,5	2,0	1,7	2,5	2,4	2,6

Source: Company and Binaartha

Chart: Margin Segment



Source: Company

Table: Income Statement in USD. Million QoQ

Income Statement in USD Mn.	1Q2021	1Q2022	YoY	4Q2021	QoQ
<b>Revenues</b>	<b>733,1</b>	<b>836,9</b>	<b>14,2%</b>	<b>782,0</b>	<b>7,0%</b>
Cost of Revenues	(531,7)	(650,8)	22,4%	(906,7)	-28,2%
<b>Gross Profit</b>	<b>201,5</b>	<b>186,1</b>	<b>-7,6%</b>	<b>(124,6)</b>	<b>-249,3%</b>
Operating Income (Expense)	(105,5)	(31,8)	-69,9%	219,1	-114,5%
<b>Operating Profit</b>	<b>95,9</b>	<b>154,3</b>	<b>60,8%</b>	<b>94,5</b>	<b>63,4%</b>
Others Income (Expense)	8,4	13,8	64,3%	(13,2)	-204,3%
<b>PBT</b>	<b>104,3</b>	<b>168,1</b>	<b>61,1%</b>	<b>81,2</b>	<b>107,0%</b>
Tax	(27,6)	(28,4)	2,8%	(46,5)	-38,9%
Non-controlling interest	(15,1)	(21,2)	40,2%	(17,0)	24,7%
<b>Net Profit</b>	<b>61,6</b>	<b>118,5</b>	<b>92,4%</b>	<b>17,8</b>	<b>567,4%</b>
<b>EPS (USD)</b>	<b>0,003</b>	<b>0,005</b>	<b>92,4%</b>	<b>0,001</b>	<b>567,4%</b>
<b>GPM</b>	<b>27,5%</b>	<b>22,2%</b>		<b>-15,9%</b>	
<b>OPM</b>	<b>13,1%</b>	<b>18,4%</b>		<b>12,1%</b>	
<b>NPM</b>	<b>8,4%</b>	<b>14,2%</b>		<b>2,3%</b>	

Source: Company

Table: Income Statement in USD. Million YoY

Income Statement in USD Mn.	2017A	2018A	2019A	2020A	2021A	2022F	2023F
<b>Revenues</b>	<b>2.969,5</b>	<b>3.870,3</b>	<b>3.848,7</b>	<b>2.885,5</b>	<b>3.036,1</b>	<b>3.501,7</b>	<b>3.870,2</b>
Cost of Revenues	(2.172,4)	(2.560,8)	(2.621,3)	(2.415,5)	(2.449,3)	(2.801,4)	(3.096,2)
<b>Gross Profit</b>	<b>797,1</b>	<b>1.309,5</b>	<b>1.227,3</b>	<b>470,0</b>	<b>586,9</b>	<b>700,3</b>	<b>774,0</b>
Operating Income (Expense)	(420,2)	(664,2)	(681,0)	(166,3)	(166,5)	(157,6)	(174,2)
<b>Operating Profit</b>	<b>376,9</b>	<b>645,3</b>	<b>546,3</b>	<b>303,7</b>	<b>420,3</b>	<b>542,8</b>	<b>599,9</b>
Others Income (Expense)	(101,5)	(60,4)	(266,5)	(479,1)	47,6	56,0	61,9
<b>PBT</b>	<b>275,4</b>	<b>584,9</b>	<b>279,9</b>	<b>(175,3)</b>	<b>468,0</b>	<b>598,8</b>	<b>661,8</b>
Tax	(127,8)	(220,3)	(166,9)	(40,4)	(103,4)	(131,7)	(145,6)
Non-controlling interest	(4,6)	(59,6)	(45,4)	(49,0)	(60,7)	(87,5)	(96,8)
<b>Net Profit</b>	<b>143,0</b>	<b>305,0</b>	<b>67,5</b>	<b>(264,8)</b>	<b>303,9</b>	<b>379,5</b>	<b>419,5</b>
<b>EPS (USD)</b>	<b>0,006</b>	<b>0,013</b>	<b>0,003</b>	<b>(0,011)</b>	<b>0,013</b>	<b>0,016</b>	<b>0,017</b>
<b>EBITDA</b>	<b>621,4</b>	<b>996,5</b>	<b>676,8</b>	<b>218,8</b>	<b>781,4</b>	<b>938,5</b>	<b>1.025,3</b>

Source: Company & Binaartha

Table: Cash Flow in USD. Million YoY

Cash Flow (In USD Mn)	2017A	2018A	2019A	2020A	2021A	2022F	2023F
Net Income	196	305	68	-264	304	380	419
Depreciation	199	258	260	261	160	160	165
Change in WC	-248	722	-496	387	-165	-84	10
<b>Cash From Operating Activities</b>	<b>147</b>	<b>1.285</b>	<b>-168</b>	<b>383</b>	<b>299</b>	<b>455</b>	<b>595</b>
Capex	-1.437	224	41	-624	48	-656	-572
<b>Cash From Investing Activities</b>	<b>-1.437</b>	<b>224</b>	<b>41</b>	<b>-624</b>	<b>48</b>	<b>-656</b>	<b>-572</b>
Long-term Bank Loans	-883	83	-139	-3	50	26	85
Bonds Payables	620	3	3	3	3	0	0
Others Noncurrent Liabilities	445	16	20	379	-103	149	118
Equity	944	-1.414	-35	-14	26	40	52
<b>Cash From Financing Activities</b>	<b>1.126</b>	<b>-1.311</b>	<b>-152</b>	<b>366</b>	<b>-25</b>	<b>215</b>	<b>256</b>
<b>Net Changes in Cash</b>	<b>-164</b>	<b>197</b>	<b>-280</b>	<b>125</b>	<b>322</b>	<b>14</b>	<b>278</b>
<b>Beginning Balance</b>	<b>1.304</b>	<b>1.140</b>	<b>1.338</b>	<b>1.058</b>	<b>1.182</b>	<b>1.504</b>	<b>1.518</b>
<b>Ending Balance</b>	<b>1.140</b>	<b>1.338</b>	<b>1.058</b>	<b>1.182</b>	<b>1.504</b>	<b>1.518</b>	<b>1.797</b>

Source: Company & Binaartha

Table: Statement of Financial Position in USD. Million YoY

Statement of Financial Position (In USD Mn)	2017A	2018A	2019A	2020A	2021A	2022F	2023F
<b>ASSETS</b>							
<b>CURRENT ASSETS</b>							
Cash and Cash Equivalents	1.056	1.338	1.058	1.182	1.504	1.518	1.797
Trade Accounts Receivable	529	746	645	537	462	591	654
Inventory	61	79	71	69	55	63	70
Others Current Assets	162	311	435	217	170	210	232
<b>Total Current Assets</b>	<b>1.808</b>	<b>2.474</b>	<b>2.209</b>	<b>2.006</b>	<b>2.191</b>	<b>2.382</b>	<b>2.753</b>
<b>NONCURRENT ASSETS</b>							
Fixed Assets	1.706	2.861	2.748	2.698	2.650	2.730	2.813
Oil and Gas Properties	1.595	1.411	1.396	1.276	1.193	1.376	1.521
Trade Receivables	437	287	162	163	141	170	187
Other Noncurrent Assets	747	906	859	1.392	1.335	1.540	1.702
<b>Total Noncurrent Assets</b>	<b>4.485</b>	<b>5.466</b>	<b>5.165</b>	<b>5.528</b>	<b>5.320</b>	<b>5.816</b>	<b>6.223</b>
<b>TOTAL ASSETS</b>	<b>6.293</b>	<b>7.939</b>	<b>7.374</b>	<b>7.534</b>	<b>7.511</b>	<b>8.198</b>	<b>8.976</b>
<b>LIABILITIES AND EQUITY</b>							
<b>LIABILITIES</b>							
<b>CURRENT LIABILITIES</b>							
Short-term Bank Loans	23	23	186	30	19	21	24
Trade Payables	190	449	441	215	298	302	334
Accruals	192	255	317	570	376	374	414
Others Current Liabilities	62	877	179	368	188	275	304
<b>Total Current Liabilities</b>	<b>467</b>	<b>1.605</b>	<b>1.123</b>	<b>1.183</b>	<b>881</b>	<b>974</b>	<b>1.076</b>
<b>NONCURRENT LIABILITIES</b>							
Long-term bank	414	497	357	354	404	430	516
Bonds Payables	1.955	1.959	1.961	1.964	1.967	1.967	1.967
Others Noncurrent Liabilities	270	678	698	1.077	973	1.123	1.241
<b>Total Noncurrent Liabilities</b>	<b>2.640</b>	<b>3.133</b>	<b>3.016</b>	<b>3.395</b>	<b>3.345</b>	<b>3.520</b>	<b>3.724</b>
<b>TOTAL LIABILITIES</b>	<b>3.106</b>	<b>4.737</b>	<b>4.139</b>	<b>4.579</b>	<b>4.226</b>	<b>4.494</b>	<b>4.800</b>
Non-controlling interest	19	627	673	722	760	875	968
<b>EQUITY</b>	<b>3.168</b>	<b>2.575</b>	<b>2.561</b>	<b>2.234</b>	<b>2.526</b>	<b>2.830</b>	<b>3.209</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>6.293</b>	<b>7.939</b>	<b>7.374</b>	<b>7.535</b>	<b>7.512</b>	<b>8.199</b>	<b>8.977</b>

Source: Company & Binaartha

Table: Ratio Highlights YoY

Growth (% YoY)	2017A	2018A	2019A	2020A	2021A	2022F	2023F
Sales	22%	8%	-1%	-25%	5%	15%	11%
OP	16%	25%	-15%	-44%	38%	29%	11%
EBITDA	16%	30%	-33%	-68%	264%	20%	9%
NP	-35%	55%	-78%	-492%	215%	25%	11%
EPS	-35%	55%	-78%	-492%	215%	25%	11%

Profitability							
Gross Margin (%)	33%	34%	32%	16%	19%	20%	20%
Operating Margin(%)	14%	17%	14%	11%	14%	16%	16%
EBITDA margin(%)	21%	26%	17%	7%	26%	27%	26%
NET Profit margin(%)	6%	8%	2%	-9%	10%	11%	11%
ROA(%)	2%	4%	1%	-4%	4%	5%	5%
ROE(%)	5%	12%	3%	-12%	12%	13%	13%

Stability							
Tot debt/ equity (x)	1,0	1,8	1,6	2,0	1,7	1,6	1,5
Current Ratio (X)	2,7	1,5	2,0	1,7	2,5	2,4	2,6

Per Share data (USD)							
EPS	0,008	0,013	0,003	-0,011	0,013	0,016	0,017
EBITDA/share	0,03	0,04	0,03	0,01	0,03	0,04	0,04

Source: Company & Binaartha

**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**  
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