

### PT Perusahaan Gas Negara Tbk

**BUY**

Infrastructure, Energy  
24 March 2022

Price IDR. 1,425  
Target IDR. 2,070  
JKSE Index 6,996.115



**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) 14,352

Analyst:  
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#### Investment Considerations

##### Upstream continue to grow

- With higher crude oil and gas prices and increased demand, PGAS' upstream business continued to grow in 2021. PGAS booked a revenue increase of +5.16% YoY to US\$ 3.03 billion. The revenue achievement is in line with our estimate of US\$ 3.04 billion.
- For 4Q2021, PGAS booked slightly lower revenue -1% QoQ of US\$ 782 million.
- The Oil & gas business increased significantly +62.2% to US\$ 331 million with a 10.9% total revenue contribution.
- Gas trading and distribution had the highest contribution at 77.1% of total sales with 1.8% YoY growth to US\$ 2.34 billion. Industrial gas consumption demand was strong. The gas distribution margin or spread in 2021 was higher at US\$ 1.92/MMBTU compared to US\$ 1.88/ MMBTU in 2020. QoQ the distribution margin also increased from US\$ 1.64 / MMBTU in 3Q2021 to 2.21/MMBTU in 4Q2021.
- As the demand for gas continues to recover with higher crude oil and gas prices, we are expecting a better 2022F with revenue reaching US\$ 3.33 billion or 10% growth.

##### Triple-digit Profit growth

- PGAS booked triple-digit net profit growth in 2021 of 214.5% YoY to US\$ 303.28 million from a net loss in 2020 of US\$ 264.7 million. The growth came mainly from higher revenue, a gain in forex, plus the reversal of provisions from tax disputes of US\$ 27.4 million as well as a higher profit from joint ventures of more than US\$ 90.3 million. The net profit margin increased to 10% from -9% in 2020.
- PGAS also booked higher operating profit +38.4% YoY to US\$ 420 million from a higher gross profit of US\$586.9 million up +24.8% YoY with a higher GPM of 19% in 2021 from 16% in 2020.
- We expect PGAS's net profit in 2022F will reach US\$ 349 million or +15% growth as we are expecting more reversals of tax provisions plus we expect the upstream segment to continue to grow.

##### Valuation: BUY, with TP 2,070

- We maintain our recommendation to buy as we expect the upward trend will continue. Our DCF valuation with WACC at 15.9%, gives a target price of IDR 2,070 or 45% upside which is a 9.2x 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	3.333	3.645
Gross Profit (USD Mn)	1.182	1.309	1.227	470	587	800	875
GPM (%)	33%	34%	32%	16%	19%	24%	24%
Net Profit (USD Mn)	196	305	68	-264	304	349	382
NPM (%)	6%	8%	2%	-9%	10%	10%	10%
EPS (USD)	0,01	0,01	0,003	-0,011	0,013	0,014	0,016
EBITDA (USD Mn)	764	996	668	215	781	853	923
EBITDA Margin (%)	21%	26%	17%	7%	26%	26%	25%
Tot debt/ equity (x)	1,0	1,8	1,6	2,0	1,7	1,5	1,5
Current Ratio (X)	2,7	1,5	2,0	1,7	2,5	2,6	2,7

Source: Company and Binaartha

Table: Revenue Breakdown YoY (in USD Mn)

Business Segment	2020	2021	(%)
Distribution/Trading	2.300	2.342	1,8%
Transmission	240	212	-11,7%
Oil Transportation	18	19	5,6%
Oil & Gas	240	331	37,9%
Fiber Optic	19	22	15,8%
Gas Processing	38	38	0,0%
Regasification	46	48	4,3%
Others	21	24	14,3%

Source: Company

Table: Income Statement in USD. Million QoQ

Income Statement in USD Mn.	1Q2021	2Q2021	3Q2021	4Q2021	QoQ
<b>Revenues</b>	<b>733,1</b>	<b>731,4</b>	<b>789,6</b>	<b>782,0</b>	<b>-1,0%</b>
Cost of Revenues	(531,7)	(482,6)	(528,3)	(906,7)	71,6%
<b>Gross Profit</b>	<b>201,5</b>	<b>248,8</b>	<b>261,2</b>	<b>(124,6)</b>	<b>-147,7%</b>
Operating Income (Expense)	(105,5)	(134,0)	(146,1)	219,1	-250,0%
<b>Operating Profit</b>	<b>95,9</b>	<b>114,8</b>	<b>115,2</b>	<b>94,5</b>	<b>-18,0%</b>
Others Income (Expense)	8,4	35,9	16,6	(13,2)	-179,9%
<b>PBT</b>	<b>104,3</b>	<b>150,7</b>	<b>131,7</b>	<b>81,2</b>	<b>-38,3%</b>
Tax	(27,6)	(6,1)	(23,2)	(46,5)	100,6%
Non-controlling interest	(15,1)	(9,7)	(19,0)	(17,0)	-10,8%
<b>Net Profit</b>	<b>61,6</b>	<b>135,0</b>	<b>89,5</b>	<b>17,8</b>	<b>-80,2%</b>
<b>EPS (USD)</b>	<b>0,003</b>	<b>0,006</b>	<b>0,004</b>	<b>0,001</b>	<b>-80,2%</b>
<b>GPM</b>	<b>27,5%</b>	<b>34,0%</b>	<b>33,1%</b>	<b>-15,9%</b>	
<b>OPM</b>	<b>13,1%</b>	<b>15,7%</b>	<b>14,6%</b>	<b>12,1%</b>	
<b>NPM</b>	<b>8,4%</b>	<b>18,5%</b>	<b>11,3%</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>3.333,3</b>	<b>3.645,0</b>
Cost of Revenues	(2.172,4)	(2.560,8)	(2.621,3)	(2.415,5)	(2.449,3)	(2.533,3)	(2.770,2)
<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>800,0</b>	<b>874,8</b>
Operating Income (Expense)	(420,2)	(664,2)	(681,0)	(166,3)	(166,5)	(183,3)	(200,5)
<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>616,7</b>	<b>674,3</b>
Others Income (Expense)	(101,5)	(60,4)	(266,5)	(479,1)	47,6	(83,3)	(91,1)
<b>PBT</b>	<b>275,4</b>	<b>584,9</b>	<b>279,9</b>	<b>(175,3)</b>	<b>468,0</b>	<b>533,3</b>	<b>583,2</b>
Tax	(127,8)	(220,3)	(166,9)	(40,4)	(103,4)	(117,3)	(128,3)
Non-controlling interest	(4,6)	(59,6)	(45,4)	(49,0)	(60,7)	(66,7)	(72,9)
<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>349,3</b>	<b>382,0</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>0,014</b>	<b>0,016</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>853,4</b>	<b>923,1</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	349	382
Depreciation	199	258	260	261	160	160	165
Change in WC	-248	722	-496	387	-165	-96	8
<b>Cash From Operating Activities</b>	<b>147</b>	<b>1.285</b>	<b>-168</b>	<b>383</b>	<b>299</b>	<b>413</b>	<b>555</b>
Capex	-1.437	224	41	-624	48	-508	-522
<b>Cash From Investing Activities</b>	<b>-1.437</b>	<b>224</b>	<b>41</b>	<b>-624</b>	<b>48</b>	<b>-508</b>	<b>-522</b>
Long-term Bank Loans	-883	83	-139	-3	50	5	76
Bonds Payables	620	3	3	3	3	0	0
Others Noncurrent Liabilities	445	16	20	379	-103	95	100
Equity	944	-1.414	-35	-14	26	28	45
<b>Cash From Financing Activities</b>	<b>1.126</b>	<b>-1.311</b>	<b>-152</b>	<b>366</b>	<b>-25</b>	<b>128</b>	<b>221</b>
<b>Net Changes in Cash</b>	<b>-164</b>	<b>197</b>	<b>-280</b>	<b>125</b>	<b>322</b>	<b>34</b>	<b>254</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>1.538</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>1.538</b>	<b>1.792</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	1.140	1.338	1.058	1.182	1.504	1.538	1.792
Trade Accounts Receivable	713	746	645	537	462	562	616
Inventory	74	79	71	69	55	67	73
Others Current Assets	308	311	435	217	170	200	219
<b>Total Current Assets</b>	<b>2.236</b>	<b>2.474</b>	<b>2.209</b>	<b>2.006</b>	<b>2.191</b>	<b>2.367</b>	<b>2.700</b>
<b>NONCURRENT ASSETS</b>							
Fixed Assets	2.897	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	1.310	1.432
Trade Receivables	458	287	162	163	141	161	176
Other Noncurrent Assets	997	906	859	1.392	1.335	1.466	1.603
<b>Total Noncurrent Assets</b>	<b>5.948</b>	<b>5.466</b>	<b>5.165</b>	<b>5.528</b>	<b>5.320</b>	<b>5.668</b>	<b>6.025</b>
<b>TOTAL ASSETS</b>	<b>8.183</b>	<b>7.939</b>	<b>7.374</b>	<b>7.534</b>	<b>7.511</b>	<b>8.035</b>	<b>8.725</b>
<b>LIABILITIES AND EQUITY</b>							
<b>LIABILITIES</b>							
<b>CURRENT LIABILITIES</b>							
Short-term Bank Loans	23	23	186	30	19	20	22
Trade Payables	360	449	441	215	298	288	315
Accruals	289	255	317	570	376	356	390
Others Current Liabilities	170	877	179	368	188	262	287
<b>Total Current Liabilities</b>	<b>842</b>	<b>1.605</b>	<b>1.123</b>	<b>1.183</b>	<b>881</b>	<b>927</b>	<b>1.013</b>
<b>NONCURRENT LIABILITIES</b>							
Long-term bank	414	497	357	354	404	409	486
Bonds Payables	1.955	1.959	1.961	1.964	1.967	1.967	1.967
Others Noncurrent Liabilities	662	678	698	1.077	973	1.069	1.169
<b>Total Noncurrent Liabilities</b>	<b>3.031</b>	<b>3.133</b>	<b>3.016</b>	<b>3.395</b>	<b>3.345</b>	<b>3.445</b>	<b>3.621</b>
<b>TOTAL LIABILITIES</b>	<b>3.873</b>	<b>4.737</b>	<b>4.139</b>	<b>4.579</b>	<b>4.226</b>	<b>4.372</b>	<b>4.635</b>
Minority interest	570	627	673	722	760	833	911
<b>EQUITY</b>	<b>3.741</b>	<b>2.575</b>	<b>2.561</b>	<b>2.234</b>	<b>2.526</b>	<b>2.830</b>	<b>3.179</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>8.183</b>	<b>7.939</b>	<b>7.374</b>	<b>7.535</b>	<b>7.512</b>	<b>8.035</b>	<b>8.725</b>

Source: Company & Binaartha

Table: Ratio Highlights YoY

Growth (% YoY)	2017A	2018A	2019A	2020A	2021A	2022F	2023F
Sales	22%	8%	-1%	-25%	5%	10%	9%
OP	16%	25%	-15%	-44%	38%	47%	9%
EBITDA	16%	30%	-33%	-68%	264%	9%	8%
NP	-35%	55%	-78%	-492%	215%	15%	9%
EPS	-35%	55%	-78%	-492%	215%	15%	9%

  

Profitability							
Gross Margin (%)	33%	34%	32%	16%	19%	24%	24%
Operating Margin(%)	14%	17%	14%	11%	14%	19%	19%
EBITDA margin(%)	21%	26%	17%	7%	26%	26%	25%
NET Profit margin(%)	6%	8%	2%	-9%	10%	10%	10%
ROA(%)	2%	4%	1%	-4%	4%	4%	4%
ROE(%)	5%	12%	3%	-12%	12%	12%	12%

  

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

  

Per Share data (USD)							
EPS	0,008	0,013	0,003	-0,011	0,013	0,014	0,016
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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