BINAARTHA SEKURITAS

PT Bukit Asam,Tbk

Equity Research
BukitAsam beyondcoal

BUY

12 November 2021
Coal Mining, Equity

Current Price	IDR. 2680
Target Price	IDR. 3670
JKSE Index	6657.31

Stock Code	
Bloomberg code	PTBA IJ
Market cap (IDR.bn)	24,380
52-Week High (IDR)	3,180
52-Week Low (IDR)	1,995
6-m Avg Daily. Val (IDR)	2,336
Free Float (%)	33.78

Major Shareholders (%)	
PT Indonesia Asahan Alumunium	65.93%
Others/Public	33.78%
Treasury shares	0.29%

USD/IDR-YE	
2020A	14050
2021F (Avg)	14268

Key Indicators	
Debt/ Equity (x)	0.03
Current ratio (x)	2.49

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

Investment Consideration

Sales on track

As of 9M21, PTBA's coal sales volume increased 12% YoY to 20.9 mn tons from 18.6 mn tons in 9M20. PTBA is on track to achieve their 2021 production and sales volume targets of 29,5 mn tons and 30,7 mn tons. This represents a 13% yoy increases of sales in 9M21. Even though in 1Q21 there was a decrease in sales due to high rainfall in Tanjung Enim which affected operations. PTBA remains optimistic that 4Q21 production will improve in line with improved weather and better working hours. The 9M21 production has reached 92% of 2020FY's forecast. PTBA continues to work on improving operations and to make efficiencies so that performance is maintained. We estimate coal production growth CAGR of 11% in 2022 compared to 2020FY.

3Q21 profit up 580% yoy

PTBA managed to record a significantly higher net profit as of 9M21 , up by 176% yoy to IDR. 4.77 trillion and for the 3Q21 alone, up 580% yoy or 134% QoQ. The profit achievement was supported by an increase in revenue of 51% YoY to IDR. 19.4 trillion. This performance is in line with the global and national economic recovery that boosted demand for coal and resulted in rising coal prices. We expect this will continue in 2022 as coal demand continues to improve as the global economy recovers further.

Power Plant progress

PTBA's Coal–Based Methanol supply agreement with Pertamina and Air Product Chemical Inc as part of a downstream gasification project at Tanjung Enim has signed a cooperation agreement in Feb 2021. It will use 6 mn tons of coal to produce a target of 1,4 mn tons p.a. of methanol. Commercial operation is targeted for 2Q 2024. For the Power plant, South Sumatra Mine-8 PLTU with a capacity of 2x60 MW; as of 1Q21, progress has reached +/- 75,6% with a target commercial operation for unit 1 in 4Q20 and unit 2 in 1Q22.

Valuation: 37% upside potential

Our target price for PTBA is revised up to IDR 3,670, which is a valuation of 9,71x PER with 37% upside potential. We give our recommendation to BUY.

Profit and Loss (IDR.bn)	2018 A	2019 A	2020 A	2021 F	2022 F	2023 F
Revenue	**21,167**	**21,788**	**17,325**	**21,564**	**22,888**	**23,829**
Cost of revenue	(12,621)	(14,176)	(12,759)	(14,860)	(14,451)	(15,598)
Gross Profit	**8,546**	**7,612**	**4,566**	**6,704**	**8,438**	**8,231**
Operating expense	2,322	2,597	2,046	2,888	3,066	3,192
Operating Profit	**6,224**	**5,014**	**2,520**	**3,815**	**5,372**	**5,040**
Other income	223	261	230	259	275	286
equity in net income associates and jointly controlled entities	352	179	481	135	143	149
PBT	**6,799**	**5,455**	**3,232**	**4,209**	**5,790**	**5,475**
taxes	(1,678)	(1,415)	(824)	(1,092)	(1,502)	(1,420)
Minority interest	(97.166)	16.494	(21.108)	(55.973)	(60.402)	(64.261)
Net Profit	**5,024**	**4,057**	**2,387**	**3,061**	**4,228**	**3,991**
EPS	436	371	213	274	378	356
EBITDA	**7,534**	**6,250**	**4,542**	**5,535**	**7,307**	**6,928**

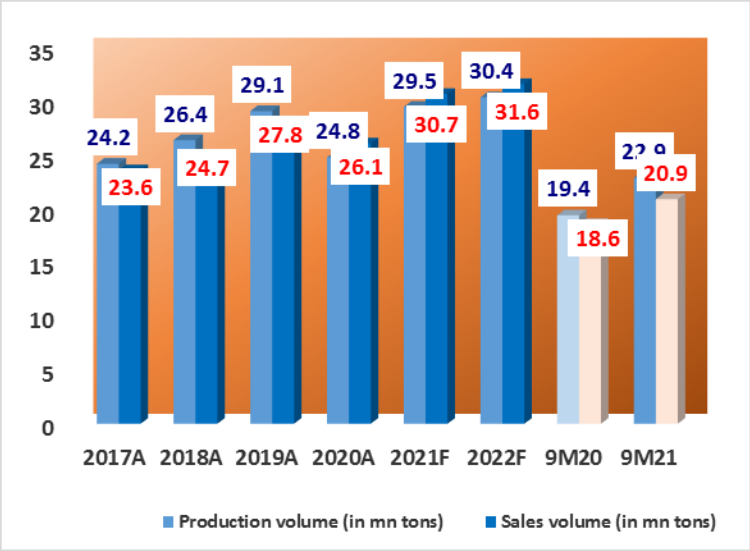
Company profile

PT Bukit Asam Tbk started production for commercial purposes in 1938. After the Dutch Colonial era ended in Indonesia, the Indonesian employees demanded a change into a national mine. In 1950, the government of Indonesia founded Perusahaan Negara Tambang Arang Bukit Asam (PN TABA). On March 1, 1981, PN TABA changed its status into a Limited Company under the name of PT Bukit Asam (Persero), which was later called PTBA or the Company. In order to aid the national coal industry development, in 1990 the government merged Perum Tambang Batubara and the Company into a single entity. On December 23, 2002, the Company listed itself as a public company on the Indonesia Stock Exchange. November 29, 2017 was a historic day for PTBA as it organized an Extraordinary General Meeting of Shareholders with three agendas: Approval of the change of company's articles of association related to a change of the company's status from "persero" to "non-persero" related with government regulation 47/2017. Concerning the increase of Indonesia's equity participation in PT Inalum (Persero), a stock split, and a change of the company's board of directors. With the change of ownership from the Republic Indonesia to PT Inalum (persero), three companies become the holders of Mining State – Owned Enterprises (BUMN), with Inalum at the head. PTBA continues to diversify its source of revenues – The Company's core coal mining business is supported by the development of other businesses in power generation, logistics and others.

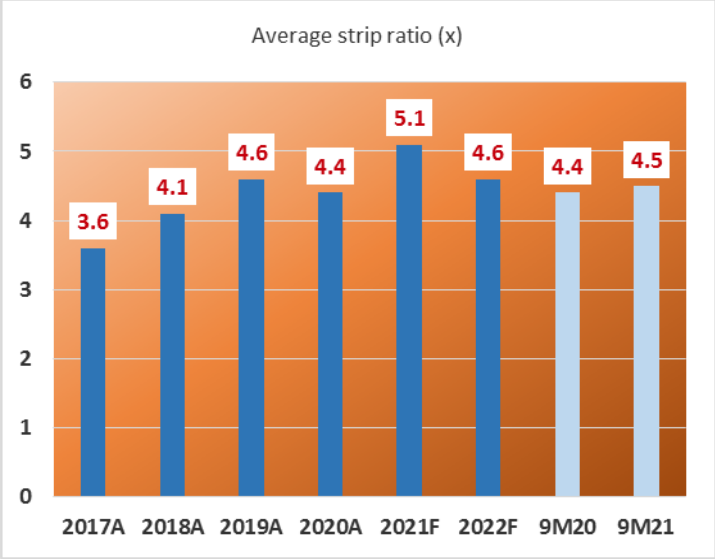
PTBA's diversified business

Source: Company

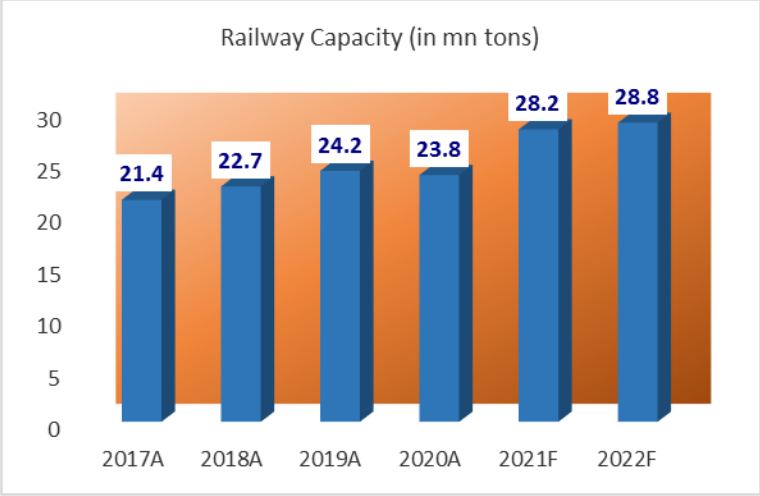
Production and sales volume (Mt) yoy



Average Stripping ratio (x) yoy



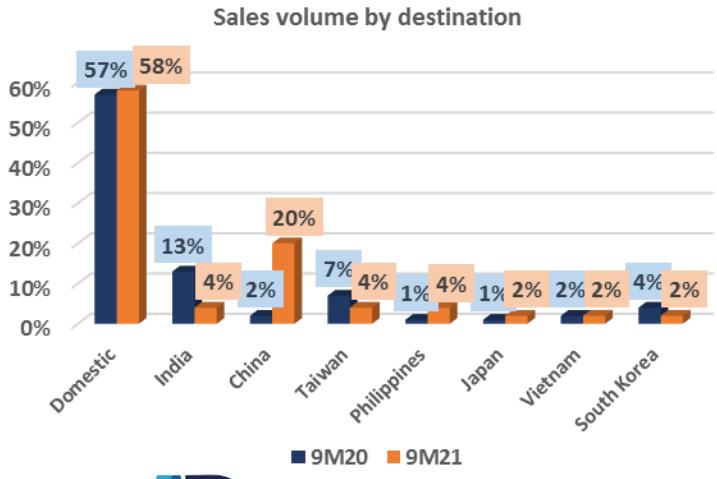
Railway capacity (Mt) yoy



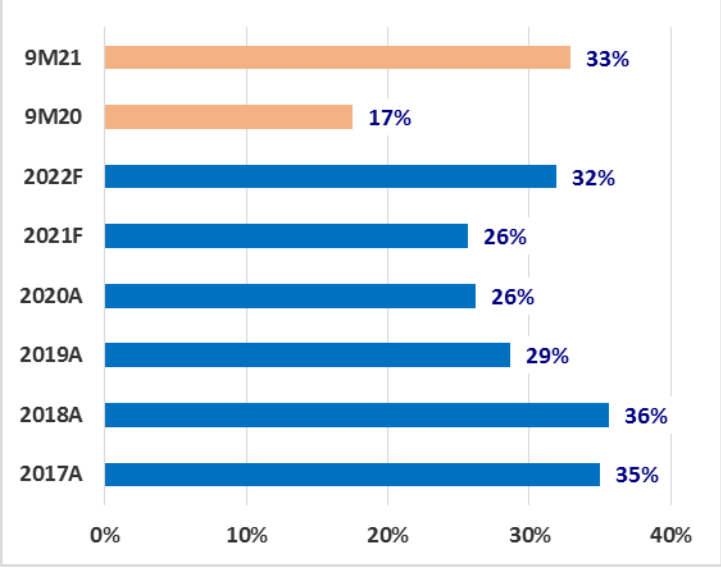
Railway upgrade capacity plans (Mt)

Existing railway	Previous capacity (Mtpa)	Est.upgrade capacity (Mtpa)
TE - Kertapati	5	7 (2021)
TE - Tarahan	20,3	25 (2Q21)
New railway		
TE - Perajen	na	10 (1Q25)
TE - Kramasan (PT KAI)	na	10 (2024)
Tarahan 2	na	20 (2025)

PTBA sales breakdown by country (on sales distribution/ton) 9M21 vs 9M20



Ebitda Margin (%) yoy



BINAARTHA SEKURITAS

Source: Binaartha & Company

Profit and Loss (IDR.bn)

Profit and Loss (IDR.bn)	2018 A	2019 A	2020 A	2021 F	2022 F	2023 F
Revenue	**21,167**	**21,788**	**17,325**	**21,564**	**22,888**	**23,829**
Cost of revenue	(12,621)	(14,176)	(12,759)	(14,860)	(14,451)	(15,598)
Gross Profit	**8,546**	**7,612**	**4,566**	**6,704**	**8,438**	**8,231**
Operating expense	2,322	2,597	2,046	2,888	3,066	3,192
Operating Profit	**6,224**	**5,014**	**2,520**	**3,815**	**5,372**	**5,040**
Other income	223	261	230	259	275	286
equity in net income associates and jointly controlled entities	352	179	481	135	143	149
PBT	**6,799**	**5,455**	**3,232**	**4,209**	**5,790**	**5,475**
taxes	(1,678)	(1,415)	(824)	(1,092)	(1,502)	(1,420)
Minority interest	(97.166)	16.494	(21.108)	(55.973)	(60.402)	(64.261)
Net Profit	**5,024**	**4,057**	**2,387**	**3,061**	**4,228**	**3,991**
EPS	436	371	213	274	378	356
EBITDA	**7,534**	**6,250**	**4,542**	**5,535**	**7,307**	**6,928**

Balance Sheet (IDR.bn)

Balance sheet (IDR.bn)	2018A	2019A	2020A	2021F	2022F	2023F
Cash and cash equivalent	6,301.16	4,756.80	4,340.95	4,197.64	5,742.00	4,539.58
Trade Account Receivable	2,521.26	2,482.84	1,578.87	2,363.22	2,633.74	3,003.12
inventory	1,383.06	1,551.14	805.44	1,628.55	1,623.24	1,794.80
Other current asset	897.62	2,709.56	1,639.11	1,940.79	2,288.85	2,859.49
Current Asset	**11,426.68**	**11,679.88**	**8,364.36**	**10,130.19**	**12,287.83**	**12,196.99**
Net Fixed Asset	6,547.59	7,272.75	7,863.62	8,247.98	8,326.68	9,625.65
other long term asset	1,879.15	2,043.04	1,890.17	1,940.79	2,288.85	2,859.49
LT Investment and receivables	4,319.52	5,102.38	5,938.62	6,038.01	6,637.65	7,625.31
Non current Asset	**12,746.26**	**14,418.17**	**15,692.40**	**16,226.78**	**17,253.18**	**20,110.45**
Total Asset	**24,172.93**	**26,098.05**	**24,056.76**	**26,356.97**	**29,541.02**	**32,307.45**
Trade payable	1,048.00	1,020.09	697.38	886.21	940.62	1,044.56
Acrued expenses	1,274.20	1,630.18	1,371.26	1,706.78	1,811.58	1,886.03
Short Term bank loans	85.48	152.35	106.88	112.23	117.84	123.73
Other Current liablities	2,528.02	1,888.62	1,696.94	1,940.79	2,059.96	2,621.20
Current liabilities	**4,935.70**	**4,691.25**	**3,872.46**	**4,646.00**	**4,930.00**	**5,675.52**
Long term loans	233.49	10.12	5.99	5.99	5.99	5.99
Financial lease	226.86	298.59	393.95	495.98	526.43	548.07
Other Long term liabilities	2,507.19	2,675.27	2,845.16	2,647.86	2,810.44	2,925.94
Non current liabilities	**2,967.54**	**2,983.98**	**3,245.10**	**3,149.83**	**3,342.87**	**3,480.00**
Total Liabilities	**7,903.24**	**7,675.23**	**7,117.56**	**7,795.83**	**8,272.87**	**9,155.53**
Total Equities	**16,269.70**	**18,422.83**	**16,939.20**	**18,561.14**	**21,268.15**	**23,151.92**
Total Liabilities and equity	**24,172.93**	**26,098.05**	**24,056.76**	**26,356.97**	**29,541.02**	**32,307.45**

Source: Binaartha & Company

Cash Flow (IDR.bn)

Cash Flow (in IDR. bn)	2017A	2018A	2019A	2020A	2021F	2022F	2023F
+ Net Income	4,476.44	5,023.95	4,056.89	2,386.82	3,061.48	4,227.75	3,990.54
+Depreciation	599.70	631.05	667.28	947.92	982.95	1,047.49	1,082.47
- Change in WC	(3,416.62)	2,859.29	(2,042.01)	2,080.88	(1,135.60)	(329.28)	(366.06)
Cash From Operating Activities	**1,659.53**	**8,514.29**	**2,682.16**	**5,415.62**	**2,908.84**	**4,945.96**	**4,706.95**
capex	(1,242.59)	(2,507.57)	(2,339.19)	(2,222.15)	(1,517.33)	(2,073.90)	(3,939.74)
cash from investing activities	**(1,242.59)**	**(2,507.57)**	**(2,339.19)**	**(2,222.15)**	**(1,517.33)**	**(2,073.90)**	**(3,939.74)**
Long term liabilities	(131.42)	197.56	(223.37)	(4.13)	0.00	0.00	0.00
Financial lease	(87.05)	(269.75)	71.73	95.36	102.03	30.45	21.63
Other Long term liabilities	911.12	(634.54)	168.07	169.89	(197.30)	162.59	115.50
equity	(1,228.86)	(2,554.24)	(1,903.76)	(3,870.45)	(1,439.54)	(1,520.74)	(2,106.77)
cash from financing activities	**(536.22)**	**(3,260.97)**	**(1,887.32)**	**(3,609.32)**	**(1,534.81)**	**(1,327.70)**	**(1,969.63)**
Net Changes in Cash	**(119.28)**	**2,745.76**	**(1,544.36)**	**(415.85)**	**(143.31)**	**1,544.37**	**(1,202.42)**
Beginning Balance	**3,674.69**	**3,555.41**	**6,301.16**	**4,756.80**	**4,340.95**	**4,197.64**	**5,742.00**
Ending balance	**3,555.41**	**6,301.16**	**4,756.80**	**4,340.95**	**4,197.64**	**5,742.00**	**4,539.58**

Ratio Highlights

Ratio Highlights	2018 A	2019 A	2020 A	2021 F	2022 F	2023 F
Growth (% YoY)						
Sales	8.71%	2.93%	-20.48%	24.47%	6.14%	4.11%
OP	5.52%	-19.44%	-49.74%	51.38%	40.79%	-6.18%
EBITDA	10.71%	-17.04%	-27.33%	21.87%	32.00%	-5.18%
NP	12.23%	-19.25%	-41.17%	28.27%	38.09%	-5.61%
EPS	2.68%	-14.83%	-42.55%	28.27%	38.09%	-5.68%
Profitability						
Operating Margin(%)	29.40%	23.01%	14.55%	17.69%	23.47%	21.15%
EBITDA margin(%)	35.59%	28.69%	26.22%	25.67%	31.92%	29.08%
NET Profit margin(%)	23.73%	18.62%	13.78%	14.20%	18.47%	16.75%
ROA(%)	20.78%	15.54%	9.92%	11.62%	14.31%	12.35%
ROE(%)	30.88%	22.02%	14.09%	16.49%	19.88%	17.24%
Stability						
Debt/ Equity (X)	0.03	0.03	0.03	0.03	0.03	0.03
Current ratio (X)	2.32	2.49	2.16	2.18	2.49	2.15
Int. Coverage (x)	65.66	42.73	24.39	55.02	71.48	64.84
Per Share data (IDR)						
EPS	436	371	213	274	378	356
BVS	1,412	1,599	1,470	1,658	1,900	2,068

Source: Binaartha & Company

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

Disclaimer; PT Binaartha Sekuritas has compiled this report in good faith, using information believed to be reliable. PT Binaartha and its analyst take no responsibility for the accuracy of the information contained in this report. This report has been produced for distribution to clients of PT Binaartha Sekuritas only. This report is not an invitation to buy or sell any security. PT Binaartha Sekuritas may have used the information in this report prior to publication. The company or its clients may have positions in or may from time to time buy or sell the securities mentioned in this report or other related securities.

BINAARTHA
SEKURITAS