

14 March 2023
Coal Mining, Equity

Current Price IDR 3930
Target Price IDR. 5820
JKSE Index 6786.955



Stock Code PTBA IJ
Bloomberg code PTBA IJ
Market cap (IDR.bn) 44,690
52-Week High (IDR) 4,630
52-Week Low (IDR) 3,190
6-m Avg Daily. Val (IDR) 3,559
Free Float (%) 33.78

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

USD/IDR-YE
2021A 15573
2022F (Avg) 15374

Key Indicators
Debt/ Equity (x) 0.02
Current ratio (x) 2.87

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Investment Consideration

Targetting 40.8 mn tons coal production

In 2022FY, PTBA's coal production volume reached 37.10 mn tons or 24% growth YoY, while sales volume increased by 12% YoY to 28.8 mn tons. As of 2022FY, railway volume has reached 28.8 mn tons or +13% YoY from 25.4 mn tons in 2021FY. Sales volume of coal increased 12% YoY to 31.7 mn tons. Production and railway volume optimization has been achieved through digitalization of mine site, port and production equipment. The stripping ratio (SR) during 2022FY increased to 5.7x compared to 4.7x in 2021. In 2022FY, PTBA has also successfully entered new European markets with high sales to Italy, while sales volume to India and South Korea increased 4-fold during the year. PTBA's export sales volume reached 39% of total sales while domestic was 61% in 2022FY. We estimate 2023F coal production volume of 40.8 mn tons (inline with the company's guidance), which is an increase of 10% YoY.

Targetting slightly lower profit

PTBA recorded a significantly higher net profit in 2022, up by 59% YoY to IDR 12.6 trillion compared to IDR 7.91 trillion in 2021. Growth was supported by an increase in revenue of 46% YoY to IDR 42.6 trillion. Higher revenue was driven by sales from a higher average selling price, which increased 31% YoY to IDR. 1.3 mn/ton, higher than PTBA's guidance. Higher revenue also came from relates parties. The strong performance in 2022 has been helped by the global and domestic economic recovery which boosted demand for coal and resulted in higher coal prices. Cash costs increased 31% YoY to IDR 851,100/tons with royalty expenses up by 129% YoY, inline with the rising reference coal price and government regulations. We estimate bottom line profit this year will be slightly lower than last year as we forecast revenue will be impacted by a lower selling price compared to last year.

Valuation: 48% upside potential

We revise our target price for PTBA to IDR 5,820, which is a valuation of 6.5x PER. With 48% upside potential, we maintain our recommendation to BUY.

Financial Highlights	2019 A	2020 A	2021 A	2022 A	2023 F	2024 F
Sales growth (%)	2.93%	-20.48%	68.90%	45.75%	-0.56%	-0.10%
Net profit growth (%)	-19.25%	-41.17%	231.37%	58.90%	-4.91%	-7.77%
Operating margin (%)	23.01%	14.55%	34.03%	35.51%	34.47%	31.67%
Net profit margin (%)	18.62%	13.78%	27.03%	29.47%	28.18%	26.01%
Debt/ Equity (X)	0.03	0.03	0.03	0.03	0.02	0.02
EPS	371	213	702	1115	1061	978

Company profile

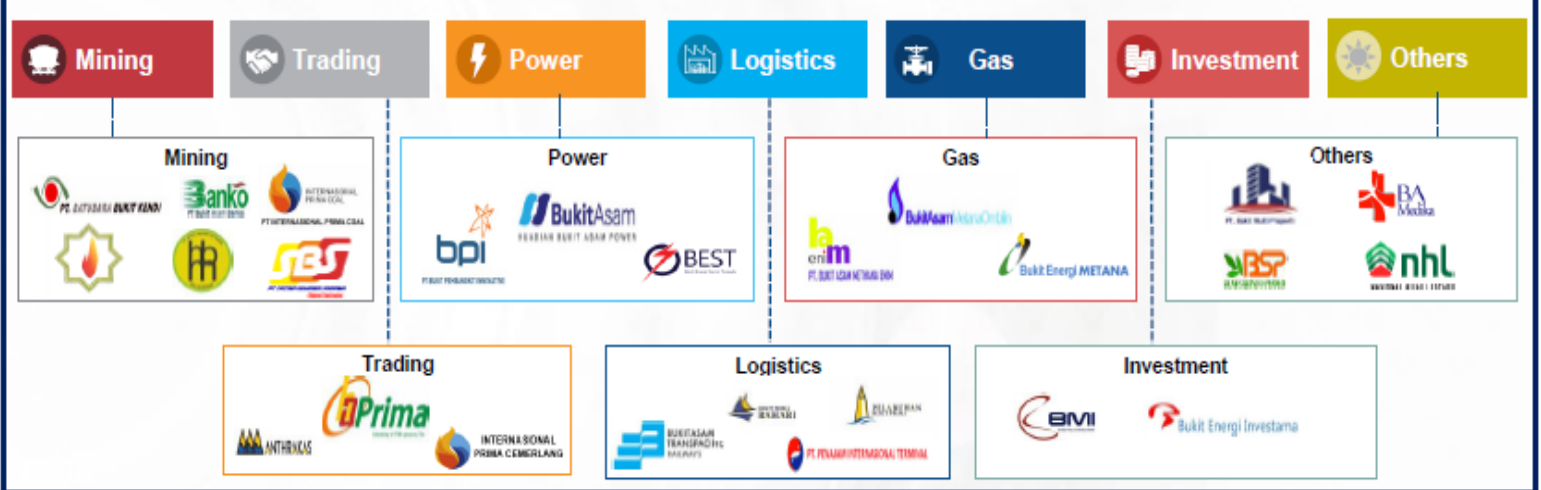
PT Bukit Asam Tbk started production for commercial purposes in 1938. After the Dutch Colonial era ended in Indonesia, the Indonesian employees demanded a national mine. In 1950, the government of Indonesia founded Perusahaan Negara Tambang Arang Bukit Asam (PN TABA). On March 1st, 1981, PN TABA changed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

PTBA’s diversified business

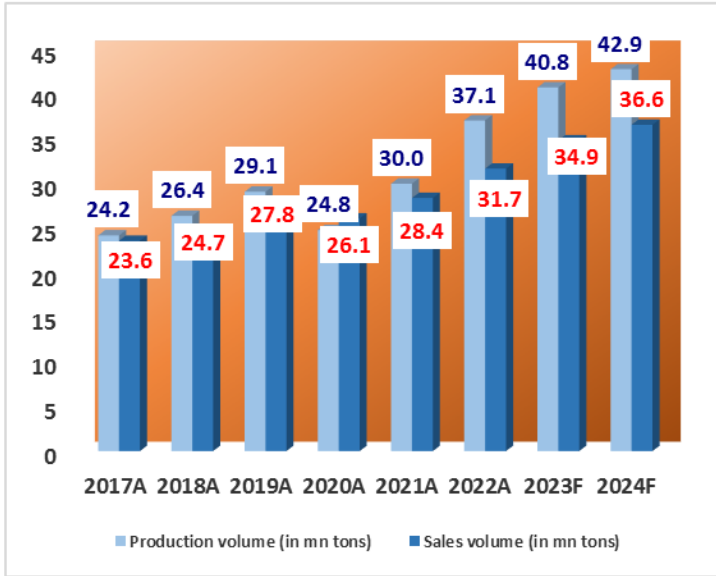


PT Indonesia Asahan Aluminium (Persero) owns ~65,93% of total shares

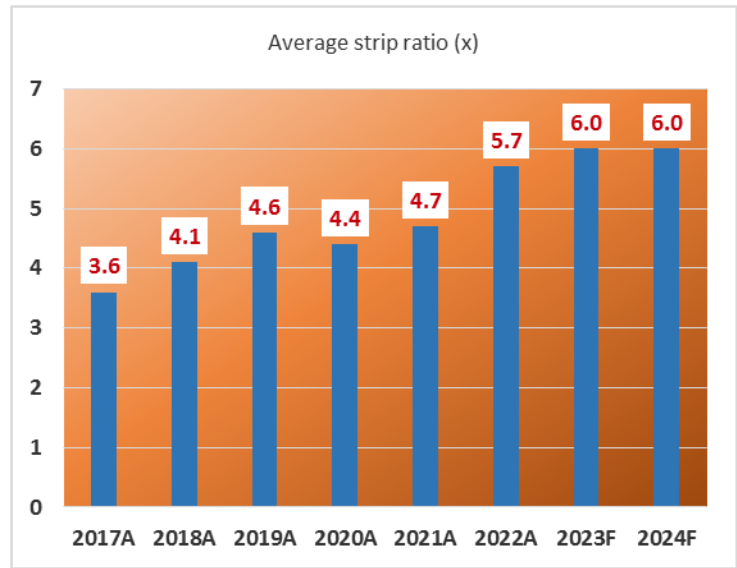
The Subsidiaries and Indirect Subsidiaries



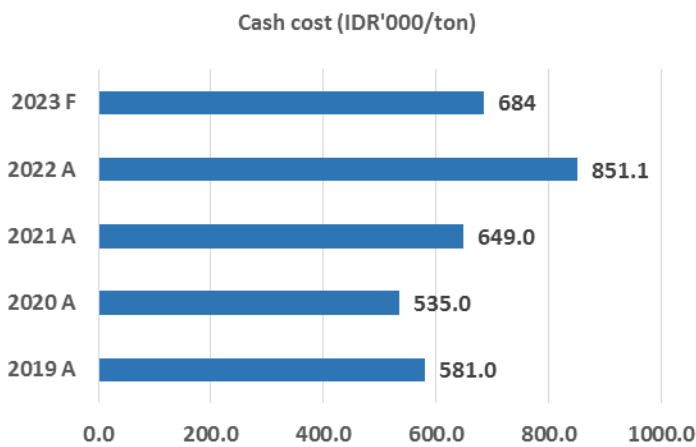
Production and sales volume (Mt) yoy



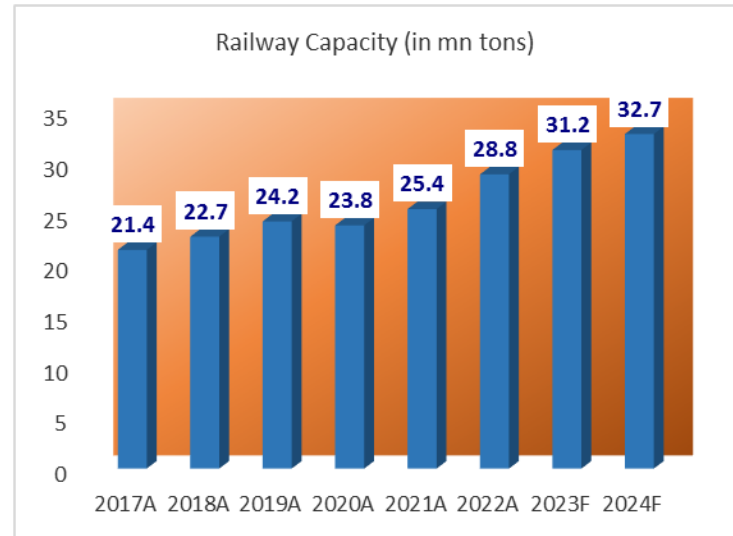
Average Stripping ratio (x) yoy



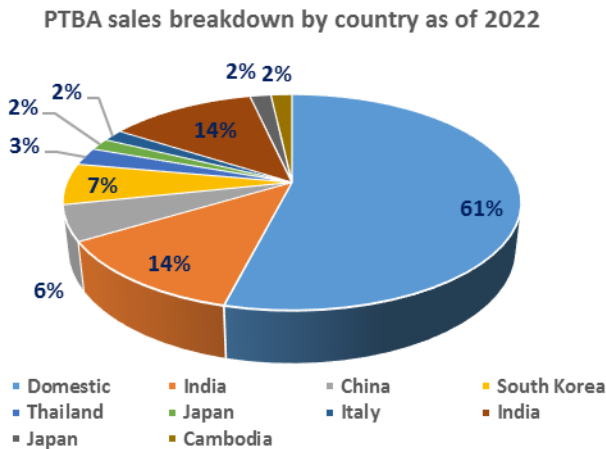
PTBA's Cash cost yoy (IDR.000/ton)



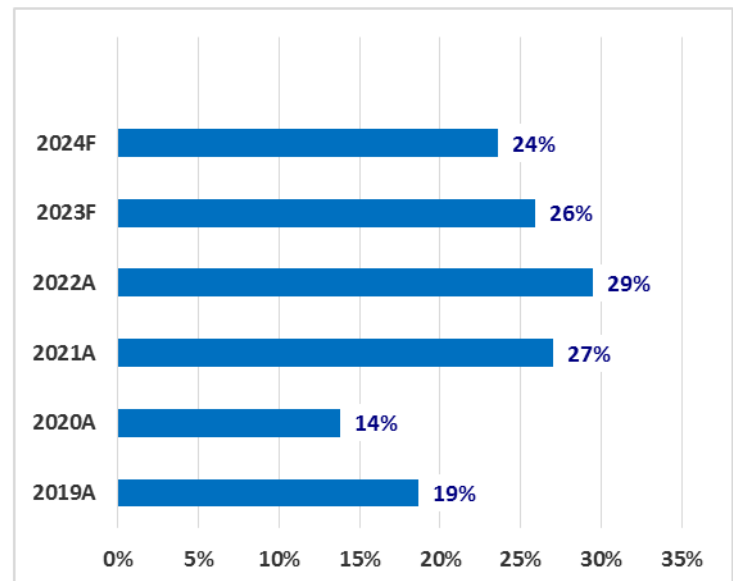
Railway railway capacity YoY (Mt)



PTBA sales breakdown by country 2022



Net profit Margin (%) yoy



Profit and Loss

Profit and Loss (IDR.bn)	2019 A	2020 A	2021 A	2022 A	2023 F	2024 F	2025 F
Revenue	21,788	17,325	29,261	42,649	42,410	42,366	47,053
Cost of sales	(14,176)	(12,759)	(15,777)	(24,682)	(22,113)	(23,274)	(23,968)
Gross Profit	7,612	4,566	13,484	17,966	20,298	19,092	23,085
Operating expense	2,597	2,046	3,525	2,821	5,681	5,675	6,302
Operating Profit	5,014	2,520	9,959	15,145	14,617	13,417	16,783
Other income	261	230	98	228	509	508	564
equity in net income							
associates and jointly	179	481	301	829	424	424	471
controlled entities							
PBT	5,455	3,232	10,359	16,202	15,550	14,349	17,817
taxes	(1,415)	(824)	(2,322)	(3,423)	(3,485)	(3,216)	(3,994)
Minority interest	16.494	(21.108)	(127.775)	(211.845)	(114.370)	(112.008)	(125.153)
Net Profit	4,057	2,387	7,909	12,568	11,950	11,021	13,699
EPS	371	213	702	1115	1061	978	1216
EBITDA	6,250	4,312	11,628	17,791	16,844	15,905	19,428

Cash Flow

Cash Flow (in IDR. bn)	2019A	2020A	2021A	2022A	2023F	2024F	2025F
+ Net Income	4,056.89	2,386.82	7,909.11	12,567.58	11,950.18	11,021.09	13,698.73
+Depreciation	667.28	947.92	1,110.88	1,429.97	1,135.36	1,397.50	1,451.84
- Change in WC	(2,042.01)	2,080.88	(6,165.71)	(383.37)	(3,552.31)	(83.23)	(718.20)
Cash From Operating Activities	2,682.16	5,415.62	2,854.29	13,614.19	9,533.22	12,335.35	14,432.38
capex	(2,339.19)	(2,222.15)	(3,330.69)	(4,444.83)	(4,979.66)	(3,129.37)	(4,860.08)
cash from investing activities	(2,339.19)	(2,222.15)	(3,330.69)	(4,444.83)	(4,979.66)	(3,129.37)	(4,860.08)
Long term liabilities	(223.37)	(4.13)	(3.75)	(2.24)	0.00	0.00	0.00
Financial lease	71.73	95.36	230.12	146.45	77.68	(0.88)	93.73
Other Long term liabilities	168.07	169.89	897.86	1,227.84	(305.71)	(4.85)	515.52
equity	(1,903.76)	(3,870.45)	(594.59)	(7,905.26)	(5,980.06)	(6,953.40)	(7,060.24)
cash from financing activities	(1,887.32)	(3,609.32)	529.64	(6,533.21)	(6,208.09)	(6,959.13)	(6,450.99)
Net Changes in Cash	(1,544.36)	(415.85)	53.25	2,636.15	(1,654.53)	2,246.84	3,121.31
Beginning Balance	6,301.16	4,756.80	4,340.95	4,394.20	7,030.34	5,375.82	7,622.66
Ending balance	4,756.80	4,340.95	4,394.20	7,030.34	5,375.82	7,622.66	10,743.97

Balance Sheet

Balance sheet (IDR.bn)	2019A	2020A	2021A	2022A	2023F	2024F	2025F
Cash and cash equivalent	4,757	4,341	4,394	7,030	5,376	7,623	10,744
Trade Account Receivable	2,483	1,579	3,100	3,510	5,810	5,804	6,575
inventory	1,551	805	1,208	3,837	1,757	1,849	1,970
Other current asset	2,710	1,639	9,510	10,055	12,299	12,286	13,175
Current Asset	11,680	8,364	18,212	24,432	25,241	27,562	32,463
Net Fixed Asset	7,273	7,864	8,321	8,410	10,352	12,099	13,913
other long term asset	2,043	1,890	2,148	2,926	2,545	2,542	2,823
LT Investment and receivables	5,102	5,939	7,443	9,591	11,875	11,863	13,175
Non current Asset	14,418	15,692	17,912	20,927	24,771	26,503	29,911
Total Asset	26,098	24,057	36,124	45,359	50,013	54,065	62,375
Trade payable	1,020	697	1,270	1,936	1,975	1,973	2,192
Accrued expenses	1,630	1,371	1,856	4,485	3,393	3,389	3,764
Short Term bank loans	152	107	4	4	4	4	4
Other Current liabilities	1,889	1,697	4,371	4,277	4,241	4,237	4,705
Current liabilities	4,691	3,872	7,501	10,702	9,613	9,603	10,666
Long term loans	10	6	2	-	-	-	-
Financial lease	299	394	624	771	848	847	941
Other Long term liabilities	2,675	2,845	3,743	4,971	4,665	4,660	5,176
Non current liabilities	2,984	3,245	4,369	5,741	5,513	5,508	6,117
Total Liabilities	7,675	7,118	11,870	16,443	15,127	15,111	16,782
Total Equities	18,423	16,939	24,254	28,916	34,886	38,954	45,592
Total Liabilities and equity	26,098	24,057	36,124	45,359	50,013	54,065	62,375

Financial Ratio Highlights

Ratio Highlights	2019 A	2020 A	2021 A	2022 A	2023 F	2024 F	2025 F
Growth (% YoY)							
Sales	2.9%	-20.5%	68.9%	45.8%	-0.6%	-0.1%	11.1%
OP	-19.4%	-49.7%	295.1%	52.1%	-3.5%	-8.2%	25.1%
EBITDA	-17.0%	-31.0%	169.7%	53.0%	-5.3%	-5.6%	22.1%
NP	-19.2%	-41.2%	231.4%	58.9%	-4.9%	-7.8%	24.3%
EPS	-14.8%	-42.5%	228.9%	58.9%	-4.9%	-7.8%	24.3%
Profitability							
Operating Margin(%)	23%	15%	34%	36%	34%	32%	36%
EBITDA margin(%)	29%	25%	40%	42%	40%	38%	41%
NET Profit margin(%)	19%	14%	27%	29%	28%	26%	29%
ROA(%)	16%	10%	22%	28%	24%	20%	22%
ROE(%)	22%	14%	33%	43%	34%	28%	30%
Stability							
Debt/ Equity (X)	0.03	0.03	0.03	0.03	0.02	0.02	0.02
Current ratio (X)	2.49	2.16	2.43	2.28	2.63	2.87	3.04
Int. Coverage (x)	42.73	24.39	65.38	102.27	98.15	90.57	112.46
Per Share data (IDR)							
EPS	371	213	702	1115	1061	978	1216
BVS	1,599	1,470	2,105	2,510	3,028	3,381	3,957

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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