

29 June 2022  
Coal Mining, Equity

Current Price **IDR. 4000**  
Target Price **IDR. 6560**  
JKSE Index **6976.64**

Dipublikasikan pada TradingView.com, Jun 29, 2022 10:47 UTC-7



TradingView

**Stock Code**  
**Bloomberg code** PTBA IJ  
**Market cap (IDR.bn)** 46.060  
**52-Week High (IDR)** 4,630  
**52-Week Low (IDR)** 1,995  
**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** 14278  
**2022F (Avg)** 14837

**Key Indicators**  
**Debt/ Equity (x)** 0.02  
**Current ratio (x)** 3.24

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### Investment Consideration

#### Double digit sales growth

As of 1Q22 PTBA's coal production volume reached 6.3 mn tons or 40% growth YoY, while sales volume increased 18% YoY to 7.0 mn tons from 5.9 mn tons in 1Q21. PTBA is on track to achieve their 2022 production and sales volume targets of 36.41 mn tons and 37.10 mn tons. We believe better working hours combined with better weather in recent months will improve production and sales volumes so that the company can achieve these target. Going forward, PTBA continues to work on improving operations so that performance is maintained. We adjust our coal production CAGR growth forecast to +20% in 2022 compared to 2020FY.

#### 1Q22 profit up 355%

PTBA managed to record a significantly higher net profit in 1Q22, up by 355% yoy to IDR 2.28 trillion compared to IDR 500.52 billion in 1Q21. The profit was supported by an increase in revenue of 105% YoY to IDR 8.3 trillion. This performance is helped by the global and domestic economic recovery which boosted demand for coal and resulted in higher coal prices. As of 1Q22, the average selling price of coal increased 73% YoY to IDR. 1,159,000/ton compared to IDR.670,000/ton in 1Q21. Sales demand increased significantly from India, Japan and South Korea with 149%, 106%, and 100% increases respectively. We expect this will continue in 2022 as the global economy recovers further, which will support higher coal prices. Going forward, we estimate coal price growth will slow YoY but that the higher price trend will be maintained.

#### Power Plant progress

PTBA's Coal-Based Methanol supply agreement with Pertamina and Air Product Chemical Inc (APCI) as part of a downstream gasification project at Tanjung Enim held a groundbreaking in January 2022. This 20 years project in Tanjung Enim will bring in foreign investment from APCI of USD 2.3 billion. As for the power plant, South Sumatra Mine-8 PLTU, with a capacity of 2x60 MW, as of 1Q22, progress has reached +/- 96.57% with a target to be fully commercially operational during 2022.

#### Valuation: 64% upside potential

Our target price for PTBA is revised up to IDR 6,560, which is a valuation of 7.84x PER, with 64% upside potential. We recommend to BUY.

| Profit and Loss (IDR.bn) | 2018 A        | 2019 A        | 2020 A        | 2021 A        | 2022 F        | 2023 F        | 2024 F        |
|--------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Revenue</b>           | <b>21,167</b> | <b>21,788</b> | <b>17,325</b> | <b>29,261</b> | <b>37,200</b> | <b>33,800</b> | <b>31,986</b> |
| Cost of sales            | (12,621)      | (14,176)      | (12,759)      | (15,777)      | (17,295)      | (17,606)      | (18,187)      |
| <b>Gross Profit</b>      | <b>8,546</b>  | <b>7,612</b>  | <b>4,566</b>  | <b>13,484</b> | <b>19,905</b> | <b>16,194</b> | <b>13,799</b> |
| Operating expense        | 2,322         | 2,597         | 2,046         | 3,525         | 4,983         | 4,527         | 4,284         |
| <b>Operating Profit</b>  | <b>6,224</b>  | <b>5,014</b>  | <b>2,520</b>  | <b>9,959</b>  | <b>14,922</b> | <b>11,667</b> | <b>9,514</b>  |
| Other income             | 223           | 261           | 230           | 98            | 446           | 405           | 384           |
| equity in net            |               |               |               |               |               |               |               |
| income associates        | 352           | 179           | 481           | 301           | 233           | 211           | 200           |
| and jointly              |               |               |               |               |               |               |               |
| controlled entities      |               |               |               |               |               |               |               |
| <b>PBT</b>               | <b>6,799</b>  | <b>5,455</b>  | <b>3,232</b>  | <b>10,359</b> | <b>15,601</b> | <b>12,284</b> | <b>10,098</b> |
| taxes                    | (1,678)       | (1,415)       | (824)         | (2,322)       | (3,497)       | (2,753)       | (2,263)       |
| Minority interest        | (97.166)      | 16.494        | (21.108)      | (127.775)     | (98.169)      | (91.151)      | (84.565)      |
| <b>Net Profit</b>        | <b>5,024</b>  | <b>4,057</b>  | <b>2,387</b>  | <b>7,909</b>  | <b>12,006</b> | <b>9,439</b>  | <b>7,750</b>  |
| EPS                      | 436           | 371           | 213           | 702           | 1066          | 838           | 688           |
| <b>EBITDA</b>            | <b>7,534</b>  | <b>6,250</b>  | <b>4,312</b>  | <b>11,628</b> | <b>16,871</b> | <b>13,553</b> | <b>11,368</b> |

### Company profile

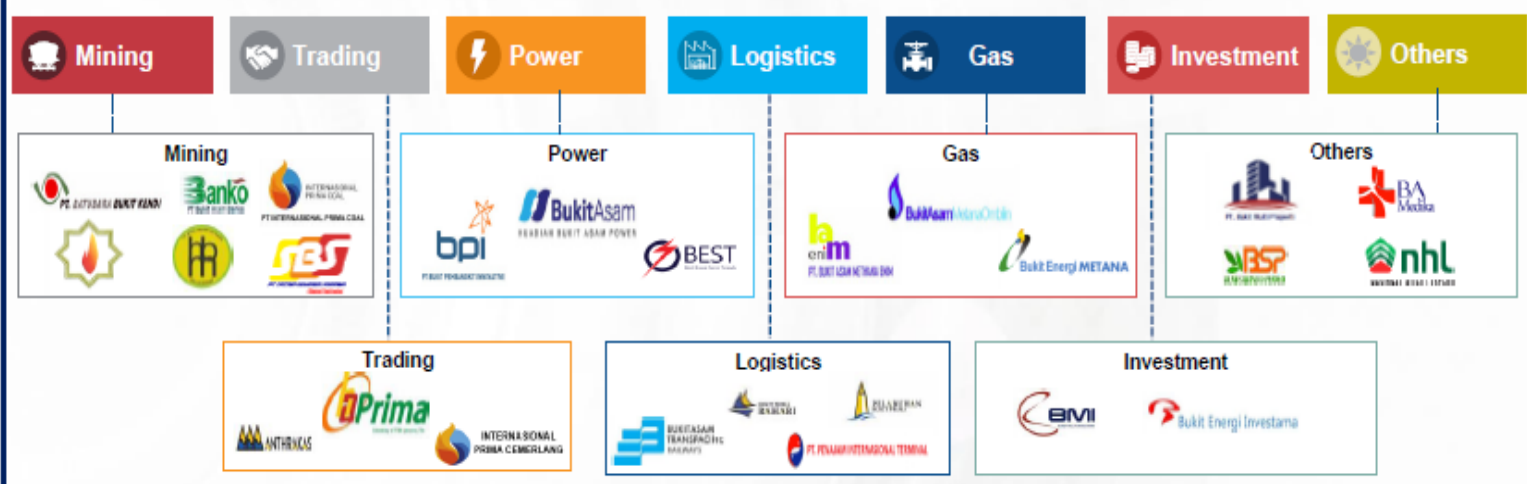
PT Bukit Asam Tbk started production for commercial purposes in 1938. After the Dutch Colonial era ended in Indonesia, the Indonesian employees demanded a change into a national mine. In 1950, the government of Indonesia founded Perusahaan Negara Tambang Arang Bukit Asam (PN TABA). On March 1, 1981, 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

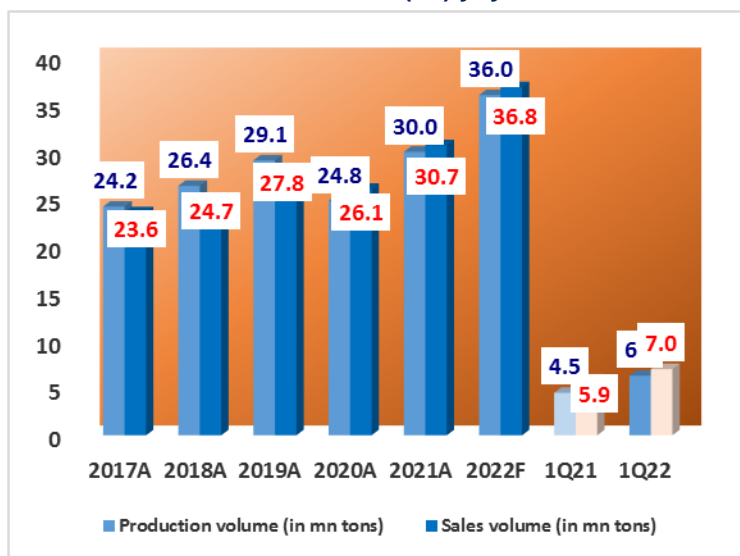


PT Indonesia Asahan Aluminium (Persero) owns ~65,93% of total shares

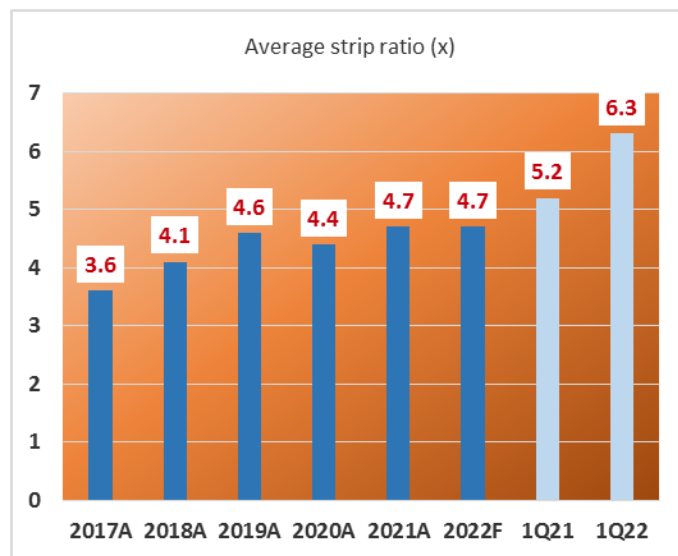
#### The Subsidiaries and Indirect Subsidiaries



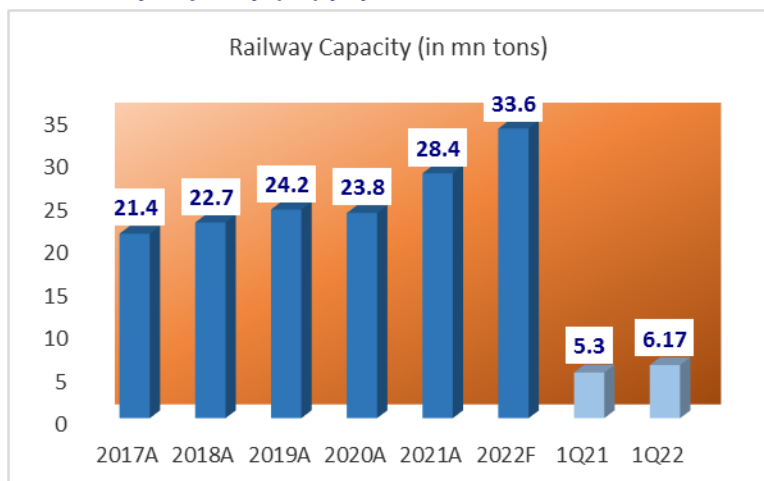
Production and sales volume (Mt) yoy



Average Stripping ratio (x) yoy



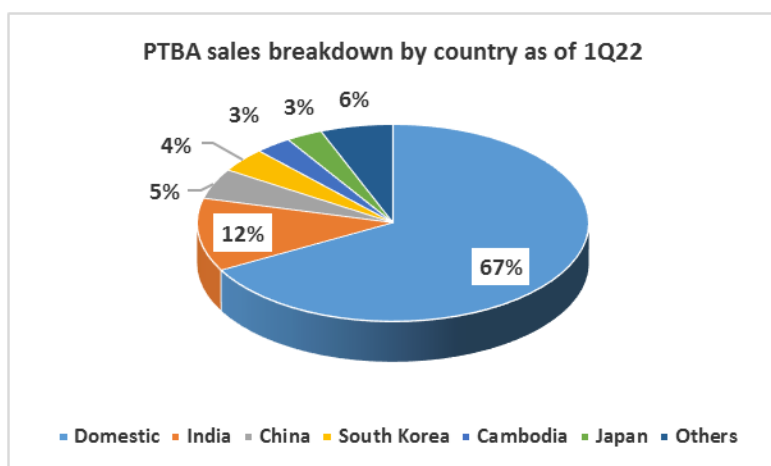
Railway capacity (Mt) yoy



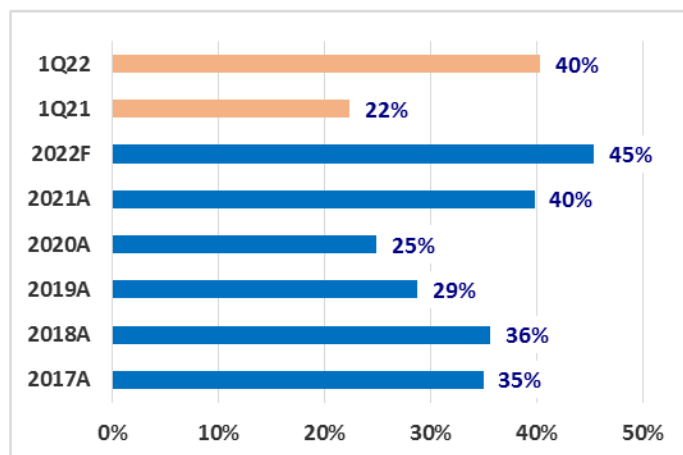
Railway upgrade capacity plans (Mt)

|                         | Previous capacity (Mtpa) | Est.upgrade capacity (Mtpa) |
|-------------------------|--------------------------|-----------------------------|
| <b>Existing railway</b> |                          |                             |
| TE - Kertapati          | 5                        | 7 (2021)                    |
| TE - Tarahan            | 20,3                     | 25 (2Q21)                   |
| <b>New railway</b>      |                          |                             |
| 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) 1Q22



Ebitda Margin (%) yoy



## Profit and Loss (IDR.bn)

| Profit and Loss (IDR.bn) | 2018 A        | 2019 A        | 2020 A        | 2021 A        | 2022 F        | 2023 F        | 2024 F        |
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| Other income             | 223           | 261           | 230           | 98            | 446           | 405           | 384           |
| equity in net income     |               |               |               |               |               |               |               |
| associates and jointly   | 352           | 179           | 481           | 301           | 233           | 211           | 200           |
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| <b>PBT</b>               | <b>6,799</b>  | <b>5,455</b>  | <b>3,232</b>  | <b>10,359</b> | <b>15,601</b> | <b>12,284</b> | <b>10,098</b> |
| taxes                    | (1,678)       | (1,415)       | (824)         | (2,322)       | (3,497)       | (2,753)       | (2,263)       |
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| <b>Net Profit</b>        | <b>5,024</b>  | <b>4,057</b>  | <b>2,387</b>  | <b>7,909</b>  | <b>12,006</b> | <b>9,439</b>  | <b>7,750</b>  |
| EPS                      | 436           | 371           | 213           | 702           | 1066          | 838           | 688           |
| <b>EBITDA</b>            | <b>7,534</b>  | <b>6,250</b>  | <b>4,312</b>  | <b>11,628</b> | <b>16,871</b> | <b>13,553</b> | <b>11,368</b> |

## Cash Flow (IDR.bn)

| Cash Flow (in IDR. bn)                | 2018A             | 2019A             | 2020A             | 2021A             | 2022F             | 2023F             | 2024F             |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| + Net Income                          | 5,023.95          | 4,056.89          | 2,386.82          | 7,909.11          | 12,006.36         | 9,439.22          | 7,750.29          |
| +Depreciation                         | 631.05            | 667.28            | 947.92            | 1,110.88          | 1,110.88          | 1,110.88          | 1,110.88          |
| - Change in WC                        | 2,859.29          | (2,042.01)        | 2,080.88          | (6,165.71)        | (2,009.51)        | 631.80            | 308.86            |
| <b>Cash From Operating Activities</b> | <b>8,514.29</b>   | <b>2,682.16</b>   | <b>5,415.62</b>   | <b>2,854.29</b>   | <b>11,107.74</b>  | <b>11,181.89</b>  | <b>9,170.03</b>   |
| capex                                 | (2,507.57)        | (2,339.19)        | (2,222.15)        | (3,330.69)        | (5,750.03)        | (2,183.42)        | (2,168.05)        |
| <b>cash from investing activities</b> | <b>(2,507.57)</b> | <b>(2,339.19)</b> | <b>(2,222.15)</b> | <b>(3,330.69)</b> | <b>(5,750.03)</b> | <b>(2,183.42)</b> | <b>(2,168.05)</b> |
| Long term liabilities                 | 197.56            | (223.37)          | (4.13)            | (3.75)            | 0.00              | 0.00              | 0.00              |
| Financial lease                       | (269.75)          | 71.73             | 95.36             | 230.12            | 231.52            | (78.18)           | (41.72)           |
| Other Long term                       |                   |                   |                   |                   |                   |                   |                   |
| liabilities                           | (634.54)          | 168.07            | 169.89            | 897.86            | 824.67            | (417.40)          | (222.75)          |
| equity                                | (2,554.24)        | (1,903.76)        | (3,870.45)        | (594.59)          | (4,120.98)        | (6,028.85)        | (4,733.31)        |
| <b>cash from financing activities</b> | <b>(3,260.97)</b> | <b>(1,887.32)</b> | <b>(3,609.32)</b> | <b>529.64</b>     | <b>(3,064.79)</b> | <b>(6,524.43)</b> | <b>(4,997.78)</b> |
| <b>Net Changes in Cash</b>            | <b>2,745.76</b>   | <b>(1,544.36)</b> | <b>(415.85)</b>   | <b>53.25</b>      | <b>2,292.91</b>   | <b>2,474.03</b>   | <b>2,004.20</b>   |
| <b>Beginning Balance</b>              | <b>3,555.41</b>   | <b>6,301.16</b>   | <b>4,756.80</b>   | <b>4,340.95</b>   | <b>4,394.20</b>   | <b>6,687.11</b>   | <b>9,161.14</b>   |
| <b>Ending balance</b>                 | <b>6,301.16</b>   | <b>4,756.80</b>   | <b>4,340.95</b>   | <b>4,394.20</b>   | <b>6,687.11</b>   | <b>9,161.14</b>   | <b>11,165.34</b>  |

## Balance Sheet (IDR.bn)

| Balance sheet (IDR.bn)                | 2018A            | 2019A            | 2020A            | 2021A            | 2022F            | 2023F            | 2024F            |
|---------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Cash and cash equivalent              | 6,301.16         | 4,756.80         | 4,340.95         | 4,394.20         | 6,687.11         | 9,161.14         | 11,165.34        |
| Trade Account Receivable              | 2,521.26         | 2,482.84         | 1,578.87         | 3,099.84         | 4,178.59         | 3,889.35         | 3,768.25         |
| inventory                             | 1,383.06         | 1,551.14         | 805.44           | 1,207.59         | 1,184.56         | 1,205.91         | 1,245.72         |
| Other current asset                   | 897.62           | 2,709.56         | 1,639.11         | 9,509.88         | 11,159.90        | 10,140.10        | 9,595.88         |
| <b>Current Asset</b>                  | <b>11,426.68</b> | <b>11,679.88</b> | <b>8,364.36</b>  | <b>18,211.50</b> | <b>23,210.16</b> | <b>24,396.51</b> | <b>25,775.18</b> |
| Net Fixed Asset other long term asset | 6,547.59         | 7,272.75         | 7,863.62         | 8,321.23         | 8,337.85         | 10,441.77        | 12,206.42        |
| LT Investment and receivables         | 1,879.15         | 2,043.04         | 1,890.17         | 2,147.52         | 3,425.61         | 3,380.03         | 3,198.63         |
|                                       | 4,319.52         | 5,102.38         | 5,938.62         | 8,193.21         | 10,787.90        | 9,802.10         | 9,276.02         |
| <b>Non current Asset</b>              | <b>12,746.26</b> | <b>14,418.17</b> | <b>15,692.40</b> | <b>17,912.20</b> | <b>22,551.36</b> | <b>23,623.90</b> | <b>24,681.07</b> |
| <b>Total Asset</b>                    | <b>24,172.93</b> | <b>26,098.05</b> | <b>24,056.76</b> | <b>36,123.70</b> | <b>45,761.51</b> | <b>48,020.41</b> | <b>50,456.25</b> |
| Trade payable                         | 1,048.00         | 1,020.09         | 697.38           | 1,270.36         | 1,528.75         | 1,481.66         | 1,489.77         |
| Accrued expenses                      | 1,274.20         | 1,630.18         | 1,371.26         | 1,855.64         | 2,944.28         | 2,675.23         | 2,531.65         |
| Short Term bank loans                 | 85.48            | 152.35           | 106.88           | 3.70             | 3.89             | 4.08             | 4.28             |
| Other Current liabilities             | 2,528.02         | 1,888.62         | 1,696.94         | 4,370.94         | 3,719.97         | 3,380.03         | 3,198.63         |
| <b>Current liabilities</b>            | <b>4,935.70</b>  | <b>4,691.25</b>  | <b>3,872.46</b>  | <b>7,500.65</b>  | <b>8,196.89</b>  | <b>7,541.01</b>  | <b>7,224.33</b>  |
| Long term loans                       | 233.49           | 10.12            | 5.99             | 2.24             | 2.24             | 2.24             | 2.24             |
| Financial lease                       | 226.86           | 298.59           | 393.95           | 624.07           | 855.59           | 777.41           | 735.68           |
| Other Long term liabilities           | 2,507.19         | 2,675.27         | 2,845.16         | 3,743.02         | 4,567.70         | 4,150.30         | 3,927.55         |
| <b>Non current liabilities</b>        | <b>2,967.54</b>  | <b>2,983.98</b>  | <b>3,245.10</b>  | <b>4,369.33</b>  | <b>5,425.53</b>  | <b>4,929.95</b>  | <b>4,665.47</b>  |
| <b>Total Liabilities</b>              | <b>7,903.24</b>  | <b>7,675.23</b>  | <b>7,117.56</b>  | <b>11,869.98</b> | <b>13,622.41</b> | <b>12,470.95</b> | <b>11,889.81</b> |
| <b>Total Equities</b>                 | <b>16,269.70</b> | <b>18,422.83</b> | <b>16,939.20</b> | <b>24,253.72</b> | <b>32,139.10</b> | <b>35,549.46</b> | <b>38,566.44</b> |
| <b>Total Liabilities and equity</b>   | <b>24,172.93</b> | <b>26,098.05</b> | <b>24,056.76</b> | <b>36,123.70</b> | <b>45,761.51</b> | <b>48,020.41</b> | <b>50,456.25</b> |

## Ratio Highlights

| Ratio Highlights            | 2018 A | 2019 A  | 2020 A  | 2021 A  | 2022 F | 2023 F  | 2024 F  |
|-----------------------------|--------|---------|---------|---------|--------|---------|---------|
| <b>Growth (% YoY)</b>       |        |         |         |         |        |         |         |
| Sales                       | 8.71%  | 2.93%   | -20.48% | 68.90%  | 27.13% | -9.14%  | -5.37%  |
| OP                          | 5.52%  | -19.44% | -49.74% | 295.13% | 49.84% | -21.82% | -18.45% |
| EBITDA                      | 10.71% | -17.04% | -31.01% | 169.66% | 45.09% | -19.67% | -16.12% |
| NP                          | 12.23% | -19.25% | -41.17% | 231.37% | 51.80% | -21.38% | -17.89% |
| EPS                         | 2.68%  | -14.83% | -42.55% | 228.95% | 51.80% | -21.38% | -17.89% |
| <b>Profitability</b>        |        |         |         |         |        |         |         |
| Operating Margin(%)         | 29.40% | 23.01%  | 14.55%  | 34.03%  | 40.11% | 34.52%  | 29.75%  |
| EBITDA margin(%)            | 35.59% | 28.69%  | 24.89%  | 39.74%  | 45.35% | 40.10%  | 35.54%  |
| NET Profit margin(%)        | 23.73% | 18.62%  | 13.78%  | 27.03%  | 32.28% | 27.93%  | 24.23%  |
| ROA(%)                      | 20.78% | 15.54%  | 9.92%   | 21.89%  | 26.24% | 19.66%  | 15.36%  |
| ROE(%)                      | 30.88% | 22.02%  | 14.09%  | 32.61%  | 37.36% | 26.55%  | 20.10%  |
| <b>Stability</b>            |        |         |         |         |        |         |         |
| Debt/ Equity (X)            | 0.03   | 0.03    | 0.03    | 0.03    | 0.03   | 0.02    | 0.02    |
| Current ratio (X)           | 2.32   | 2.49    | 2.16    | 2.43    | 2.83   | 3.24    | 3.57    |
| Int. Coverage (x)           | 65.66  | 42.73   | 24.39   | 65.38   | 98.48  | 77.53   | 63.74   |
| <b>Per Share data (IDR)</b> |        |         |         |         |        |         |         |
| EPS                         | 436    | 371     | 213     | 702     | 1066   | 838     | 688     |
| BVS                         | 1,412  | 1,599   | 1,470   | 2,105   | 2,790  | 3,086   | 3,348   |

**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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