

Thursday, 19 May 2022

BUY
Maintain

Last price (IDR)	4,000
Target Price (IDR)	4,600
Upside/Downside	+15.0%
Previous Target Price (IDR)	4,600

Stock Statistics

Sector	Coal
Bloomberg Ticker	PTBA IJ
No of Shrs (mn)	11,520
Mkt. Cap (IDRbn/USDmn)	27,302/1,916
Avg. daily T/O (IDRbn/USDmn)	55.2/3.9

Major shareholders (%)

MIND ID	65.9
Public	34.1
Estimated free float	31.2

EPS Consensus ()

	2022F	2023F	2024F
Danareksa	1,107.9	811.4	680.4
Consensus	321.7	304.0	n/a
Danareksa/Cons	244.4	166.9	166.9

PTBA relative to JCI Index



Source : Bloomberg



Hasan Barakwan
(62-21) 5091 4100 ext
hasan.barakwan@brids.co.id

Bukit Asam (PTBA IJ)

Expect stronger performance in following quarters

Bukit Asam recorded strong performance in 1Q22, with net profits up 348% yoy to IDR2.2 tn on the back of improving ASP and volume during the period. At this stage we maintain our target price of IDR4,600 as we remain sanguine on PTBA's outlook in 2022F. Another positive is that the company offers a huge potential dividend yield at 15.4% assuming a payout rate at 90%.

Earnings up significantly in 1Q22. Bukit Asam recorded strong performance in 1Q22, with net profits up 348% yoy to IDR2.2 tn on the back of improving ASP and volume during the period. The earnings figure is below our estimate (18%) and the consensus (20%) due to a higher domestic contribution in 1Q22 compared to FY21. This was the case as in January 2022 the government banned coal exports. In 1Q22, revenues doubled to IDR8.2 tn and margins expanded across the board. Gross, operating and net margins stood at 42.1% (vs. 25.5% in 1Q21), 34.9% (vs. 12.9% in 1Q21) and 27.3% (vs. 12.5% in 1Q21).

On a quarterly basis, the company recorded negative growth in both the top line (-16.9% qoq) and earnings (-28.6% qoq).

Improving operations. Operationally, the company also recorded solid performance. Production volume in 1Q22 was recorded at 6.3 mn tons, or up 40% yoy, with sales volume up 18% yoy to 6.9 mn tons. On a quarterly basis, the company's operations showed an improvement with sales volume up 25.4% qoq. Regarding the blended ASP, PTBA's realized price in 1Q22 stood at IDR1.17 mn/ton, up 74.8% yoy from IDR669k/ton in 1Q21 and also slightly higher compared to FY21's realization (+15%).

Expect volume to ramp-up in 2Q22. Although the company experienced sluggish performance in 1Q22 with sales volume at just 18.6% of the company's FY22 target, the company remains optimistic that it can achieve its targets (both production and sales volume). As such, we maintain our FY22 volume forecast as we expect the company's sales volume to ramp up in the following quarters.

Maintain BUY. At this stage we maintain our target price of IDR4,600 as we remain sanguine on PTBA's outlook in 2022F. Another positive is that the company offers a huge potential dividend yield at 15.4% assuming a payout rate at 90%.

Key Financials

Year to 31 Dec	2020A	2021A	2022F	2023F	2024F
Revenue (bn)	17,325	27,976	40,492	36,903	36,351
EBITDA (bn)	1,885	8,941	15,249	10,460	8,445
EBITDA Growth (%)	(57.7)	374.3	70.6	(31.4)	(19.3)
Net profit (bn)	2,387	7,730	12,764	9,348	7,838
EPS (bn)	207.2	662	1,107.9	836	708
EPS growth (%)	(40.7)	223.9	65.1	(26.8)	(16.1)
BVPS (bn)	1,476.3	2,044.9	2,535.0	2,485.0	2,775.3
DPS (bn)	835	7,118	10,211	4,818	4,081
PER (x)	18.0	5.6	3.4	4.5	5.3
PBV (x)	2.5	1.8	1.5	1.5	1.3
Dividend yield (%)	1.8	15.4	22.2	10.5	8.9
EV/EBITDA (x)	12.5	3.7	2.0	2.8	3.0

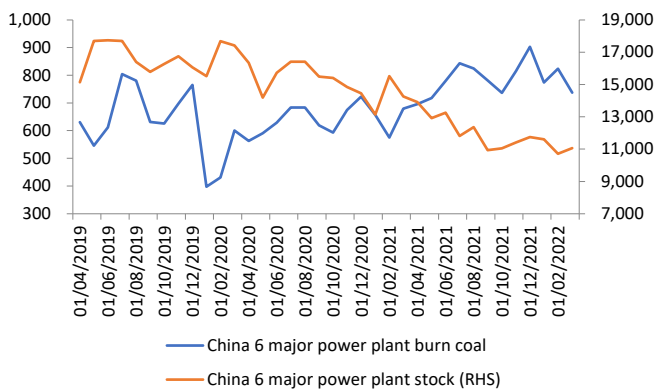
Source : PTBA, Danareksa Estimates

Exhibit 1. PTBA 1Q22 Result Highlights

	3M22	3M21	%yoy	1Q22	4Q21	%qoq
Financials (IDRbn)						
Revenue	8,205	3,995	105%	8,205	9,880	-16.9%
Gross profit	3,451	1,018	239%	3,451	5,233	-34.1%
Operating profit	2,865	515	457%	2,865	3,643	-21.4%
Pretax profit	3,023	617	390%	3,023	3,913	-22.7%
Net profit	2,243	501	348%	2,243	3,141	-28.6%
Margins						
Gross margin	42.1%	25.5%		53.0%	29.1%	
Operating margin	34.9%	12.9%		36.9%	16.4%	
Pretax margin	36.8%	15.4%		39.6%	19.2%	
Net margin	27.3%	12.5%		31.8%	14.1%	

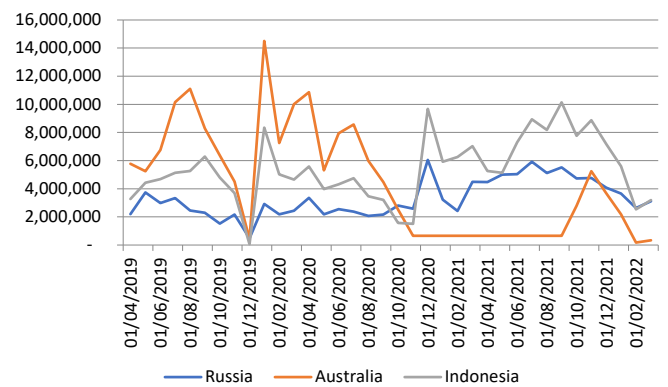
Source: Company, Bloomberg, Danareksa Estimates

Exhibit 2. China's 6 major power plants demand and inventory



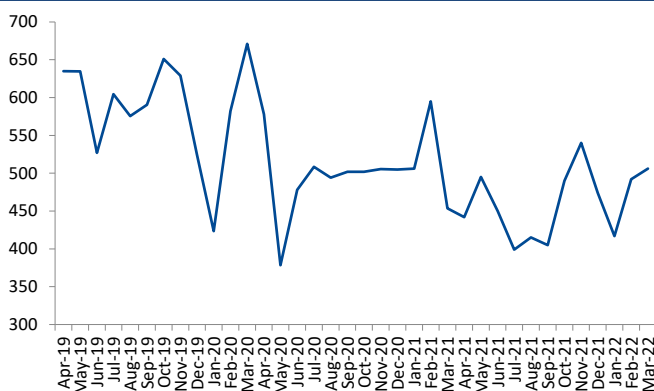
Source: Bloomberg

Exhibit 3. China coal imports (in tons)



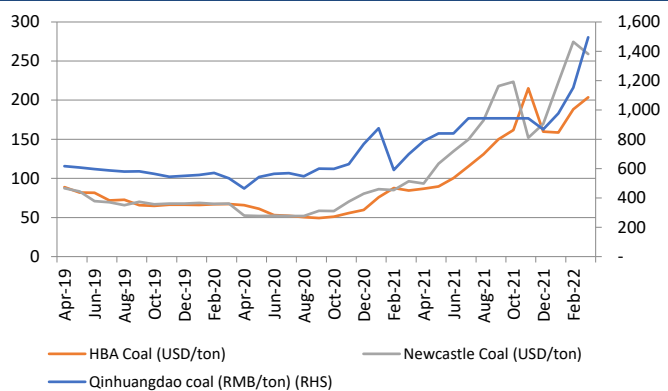
Source: Bloomberg

Exhibit 4. Qinhuangdao inventory level ('0000 tons)



Source: Bloomberg

Exhibit 5. Coal price continue to surge for across benchmark



Source: Bloomberg

Exhibit 6. Income Statement

Year to 31 Dec (bn)	2020A	2021A	2022F	2023F	2024F
Revenue	17,325	27,976	40,492	36,903	36,351
COGS	(12,759)	(16,113)	(21,804)	(22,440)	(23,232)
Gross profit	4,566	11,864	18,688	14,462	13,120
EBITDA	1,885	8,941	15,249	10,460	8,445
Oper. profit	2,520	9,613	15,988	11,222	9,231
Interest income	363	239	502	800	818
Interest expense	(133)	(212)	(283)	(297)	(313)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	0	0	0	0	0
Other Income (Expenses)	481	496	511	526	542
Pre-tax profit	3,232	10,135	16,718	12,251	10,277
Income tax	(824)	(2,384)	(3,933)	(2,882)	(2,418)
Minority interest	(21)	(21)	(21)	(21)	(21)
Net profit	2,387	7,730	12,764	9,348	7,838
Core Net Profit	2,387	7,730	12,764	9,348	7,838

Exhibit 7. Balance Sheet

Year to 31 Dec (bn)	2020A	2021A	2022F	2023F	2024F
Cash & cash equivalent	4,341	9,135	14,552	14,872	18,714
Receivables	1,579	3,497	5,062	4,613	4,544
Inventory	805	1,696	2,295	2,362	2,445
Other Curr. Asset	1,639	2,866	3,593	3,478	3,526
Fixed assets - Net	7,864	9,045	9,115	8,861	8,584
Other non-curr.asset	8,073	8,430	8,756	9,097	9,452
Total asset	24,301	34,669	43,372	43,282	47,266
ST Debt	532	2,314	3,088	3,236	3,417
Payables	697	1,421	1,922	1,978	2,048
Other Curr. Liabilities	2,643	3,297	4,440	4,582	4,806
Long Term Debt	400	1,543	2,058	2,157	2,278
Other LT. Liabilities	2,845	2,341	2,442	2,462	2,486
Total Liabilities	7,118	10,915	13,951	14,416	15,035
Shareholder's Funds	17,007	23,558	29,203	28,627	31,971
Minority interests	176	197	218	239	260
Total Equity & Liabilities	24,301	34,669	43,372	43,282	47,266

Exhibit 8. Cash Flow

Year to 31 Dec (bn)	2020A	2021A	2022F	2023F	2024F
Net income	2,387	7,730	12,764	9,348	7,838
Depreciation and Amort.	0	0	0	0	0
Change in Working Capital	0	0	0	0	0
Other Oper. Cash Flow	(230)	(27)	(219)	(504)	(505)
Operating Cash Flow	2,157	7,703	12,544	8,844	7,334
Capex	0	0	0	0	0
Others Inv. Cash Flow	363	239	502	800	818
Investing Cash Flow	363	239	502	800	818
Net change in debt	0	0	0	0	0
New Capital	0	0	0	0	0
Dividend payment	0	0	0	0	0
Other Fin. Cash Flow	(133)	(212)	(283)	(297)	(313)
Financing Cash Flow	(133)	(212)	(283)	(297)	(313)
Net Change in Cash	2,387	7,730	12,764	9,348	7,838
Cash - begin of the year	4,757	4,341	9,135	14,552	14,872
Cash - end of the year	4,341	9,135	14,552	14,872	18,714

Exhibit 9. Key Ratios

Year to 31 Dec	2020A	2021A	2022F	2023F	2024F
Growth (%)					
Sales	(20.5)	61.5	44.7	(8.9)	(1.5)
EBITDA	(57.7)	374.3	70.6	(31.4)	(19.3)
Operating profit	(49.7)	281.4	66.3	(29.8)	(17.7)
Net profit	(40.7)	223.9	65.1	(26.8)	(16.1)
Profitability (%)					
Gross margin	26.4	42.4	46.2	39.2	36.1
EBITDA margin	10.9	32.0	37.7	28.3	23.2
Operating margin	14.5	34.4	39.5	30.4	25.4
Net margin	13.8	27.6	31.5	25.3	21.6
ROAA	9.5	26.2	32.7	21.6	17.3
ROAE	13.5	38.1	48.4	32.3	25.9
Leverage					
Net Gearing (x)	(0.2)	(0.2)	(0.3)	(0.3)	(0.4)
Interest Coverage (x)	19.0	45.3	56.5	37.8	29.5

Source : PTBA, Danareksa Estimates

DISCLAIMER

The information contained in this report has been taken from sources which we deem reliable. However, none of P.T. Danareksa Sekuritas and/or its affiliated companies and/or their respective employees and/or agents makes any representation or warranty (express or implied) or accepts any responsibility or liability as to, or in relation to, the accuracy or completeness of the information and opinions contained in this report or as to any information contained in this report or any other such information or opinions remaining unchanged after the issue thereof.

We expressly disclaim any responsibility or liability (express or implied) of P.T. Danareksa Sekuritas, its affiliated companies and their respective employees and agents whatsoever and howsoever arising (including, without limitation for any claims, proceedings, action, suits, losses, expenses, damages or costs) which may be brought against or suffered by any person as a result of acting in reliance upon the whole or any part of the contents of this report and neither P.T. Danareksa Sekuritas, its affiliated companies or their respective employees or agents accepts liability for any errors, omissions or mis-statements, negligent or otherwise, in the report and any liability in respect of the report or any inaccuracy therein or omission therefrom which might otherwise arise is hereby expressly disclaimed.

The information contained in this report is not to be taken as any recommendation made by P.T. Danareksa Sekuritas or any other person to enter into any agreement with regard to any investment mentioned in this document. This report is prepared for general circulation. It does not have regard to the specific person who may receive this report. In considering any investments you should make your own independent assessment and seek your own professional financial and legal advice.