

Indika Energy Tbk (INDY)

Menuai Hasil Akuisisi

Peningkatan Kepemilikan pada KIDEKO

Pada Desember 2017, INDY menyelesaikan penambahan saham di salah satu perusahaan batu bara terbesar di Indonesia, yaitu KIDEKO. Saat ini INDY menjadi **pemegang saham mayoritas KIDEKO dengan total kepemilikan saham sebesar 91%**. Kami memperkirakan bahwa penambahan kepemilikan saham KIDEKO akan mampu **mendorong pertumbuhan penjualan INDY pada 2018**.

Akuisisi DOID oleh PTRO

PTRO dikabarkan akan melakukan pembelian 38,7% saham DOID. Realisasi aksi korporasi akan meningkatkan penjualan INDY sebagai induk perusahaan PTRO. Pada 3Q17 **PTRO berkontribusi sebesar 26,0% terhadap total pendapatan INDY**. Sehingga kami memperkirakan bahwa akuisisi saham DOID akan meningkatkan kontribusi PTRO sebesar 30%-33%.

Ringkasan Kinerja 3Q17

Pada 3Q17, INDY mencatatkan kenaikan penjualan sebesar 14,5% y-y menjadi USD242 juta. Kenaikan ini ditopang oleh segmen *contracts & mining service* dan batu bara yang masing-masing membukukan peningkatan sebesar 12,7% y-y dan 18,6% y-y. Selain itu, INDY juga membukukan **lonjakan laba sebesar 387,9%** menjadi USD30 juta dari USD6 juta pada 3Q16.

Target Harga Rp5.050

Kami menggunakan estimasi *forward* EV/EBITDA sebesar 13,3x (2 SD di atas rata-rata dua tahun terakhir) sebagai basis metode valuasi. Target harga ini mengimplikasikan EV/EBITDA 2018/E sebesar 14,3x. Saat ini, INDY diperdagangkan di EV/EBITDA 2017/E sebesar 9,5x.

Indika Energy, Tbk | Summary (USD mn)

	2016/12A	2017/12E	2018/12E	2019/12E
Revenue	775	1,003	1,416	2,000
Revenue growth	-29.4%	29.4%	41.2%	41.2%
EBITDA	76	139	189	202
Net profit	(68)	110	130	133
EPS (IDR)	(13)	21	25	26
EPS growth	N/A	N/A	18.3%	2.4%
BVPS (IDR)	61	61	61	61
EBITDA margin	9.9%	13.8%	13.3%	10.1%
NPM	-8.7%	10.9%	9.2%	6.6%
ROE	-8.6%	13.8%	14.2%	12.8%
ROA	-3.3%	5.3%	5.1%	5.1%
ROIC	-1.7%	1.5%	3.2%	3.5%
P/E	N/A	211.3x	178.6x	174.5x
P/BV	11.6x	72.8x	72.8x	72.8x
EV/EBITDA	5.6x	12.8x	9.5x	8.8x
DPS (IDR)	-	-	-	-
Dividend yield	0.0%	0.0%	0.0%	0.0%

Source: Company Data, Bloomberg, NHKS Research

Please consider the rating criteria & important disclaimer

NH Korindo Sekuritas Indonesia

Hold

Dec 2018 TP (IDR)	5,050
Consensus Price (IDR)	N/A
TP to Consensus Price vs. Last Price	N/A +13.5%

Shares data

Last Price (IDR)	4,450
Price date as of	Feb 02, 2018
52 wk range (Hi/Lo)	4,470 / 685
Free float (%)	35.0
Outstanding sh.(mn)	5,210
Market Cap (IDR bn)	23,654
Market Cap (USD mn)	1,757
Avg. Trd Vol - 3M (mn)	29.62
Avg. Trd Val - 3M (bn)	95.50
Foreign Ownership	11.5%

Infrastructure

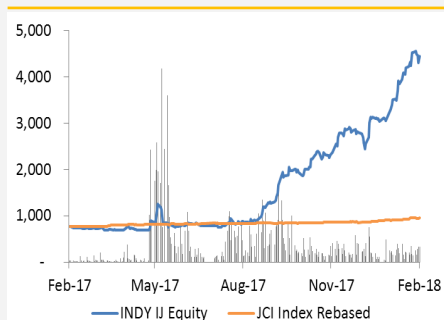
Mining Engineering

Bloomberg	INDY.IJ
Reuters	INDY.JK

Yuni

+62 21 797 6202, ext:164
yuni@nhsec.co.id

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	35.7%	35.7%	91.0%	477.9%
Rel. Ret.	31.1%	31.1%	81.1%	454.1%

Sekilas tentang INDY

INDY merupakan perusahaan yang bergerak di bidang energy, dan memiliki lini usaha berupa jasa energi, sumber daya energi, infrastruktur energy, dan penjualan batu bara.

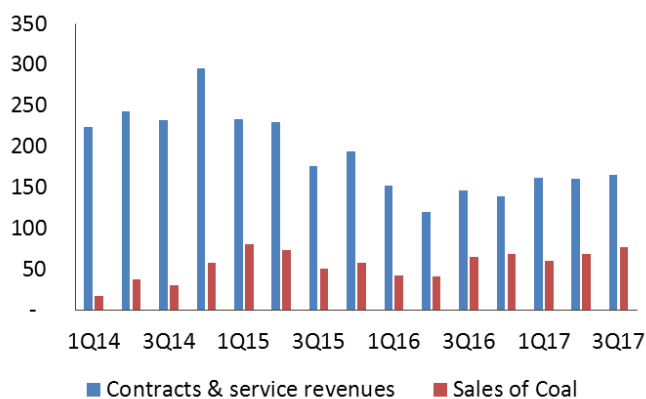
Layanan INDY di bidang jasa energi meliputi rekayasa teknik, pengadaan & konstruksi (EPC), operasi & pemeliharaan (O&M), serta logistik yang dioperasikan oleh dua anak perusahaan utamanya, yaitu Petrosea dan Tripatra. INDY menyediakan pelayanan lengkap, yang meliputi *pit-to-port* (integrasi bisnis dari hulu hingga hilir), *life-of-mine* pertambangan batu bara, dan industri minyak dan gas.

Di lini usaha sumber daya energi, INDY fokus di kegiatan eksplorasi, produksi dan pengolahan batu bara yang dikembangkan melalui anak perusahaannya, yaitu Kideko Jaya Agung, dan Santan Batubara.

Kideko, yang berlokasi di Kalimantan Timur, merupakan produsen batu bara terbesar ketiga di Indonesia dengan luas konsesi 50.921 hektare dan kapasitas produksi batu bara sebesar 55 juta ton/ tahun.

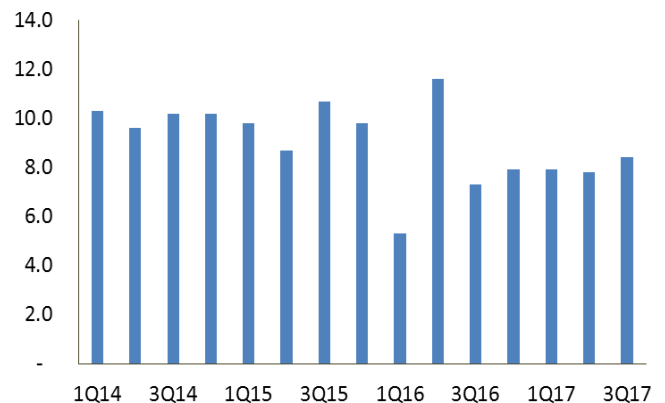
Operational Performance

Quarterly Segments Performance (USD mn)



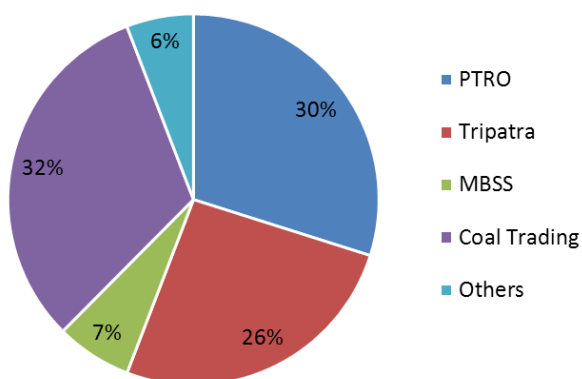
Source: Company, NHKS research

Kideko Production Volume (mn ton)



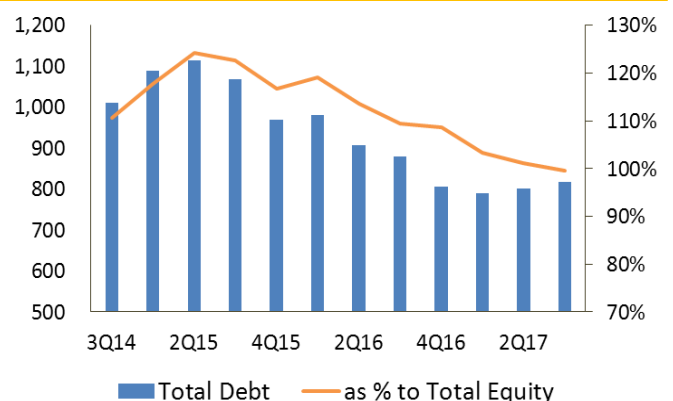
Source: Company, NHKS research

Segments Contribution | 3Q17



Source: Company, NHKS research

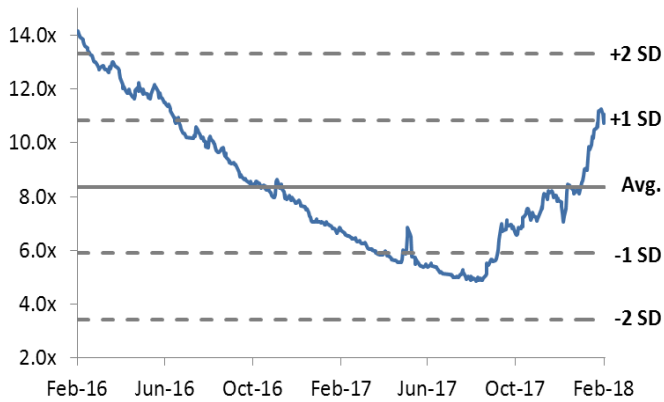
Total Debt (USD mn)



Source: Company, NHKS research

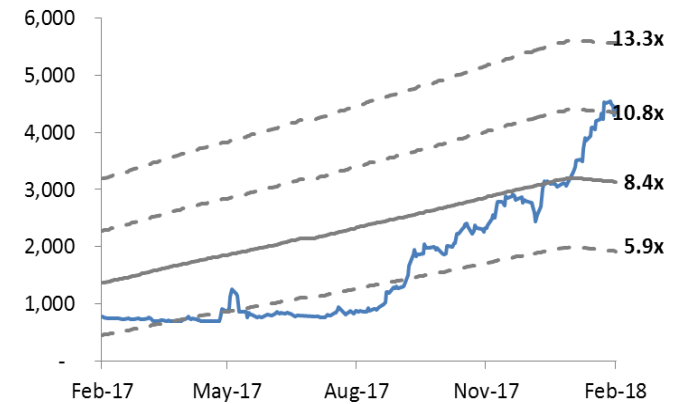
Multiple Valuation

Forward EV/EBITDA band | Last 2 years



Source: NHKS research

Dynamic Forward EV/EBITDA band | Last 1 year



Source: NHKS research

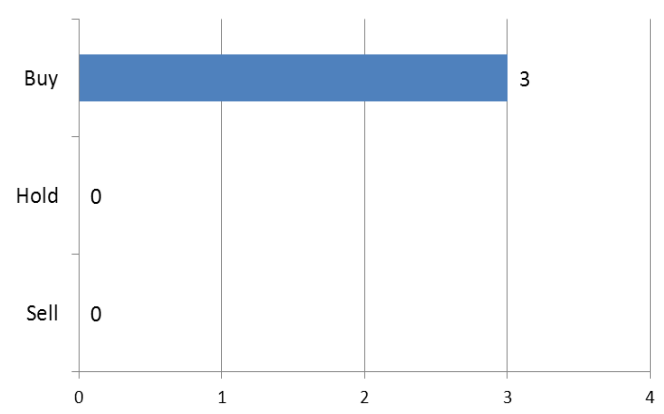
Rating and target price update

Target Price Revision

Date	Rating	Target Price	Last Price	Consensus	vs Last Price	vs Consensus
05/02/2018	Buy	5,050	4,450	N/A	+13.5%	N/A

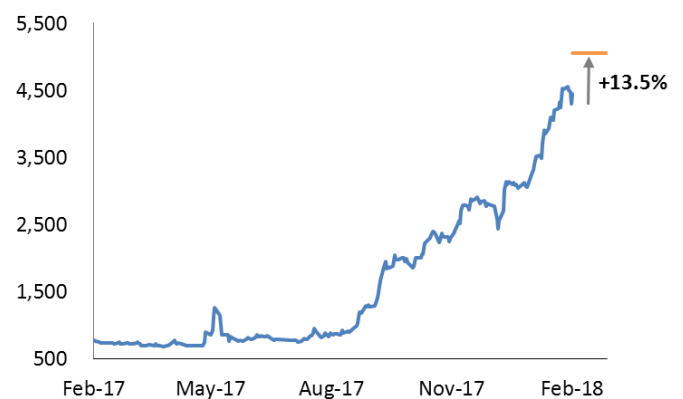
Source: NHKS research, Bloomberg

Analyst Coverage Rating



Source: Bloomberg

Closing and Target Price



Source: NHKS research

NH Korindo Sekuritas Indonesia (NHKS) stock ratings

- Period: End of year target price
- Rating system based on a stock's absolute return from the date of publication
 - Buy : Greater than +15%
 - Hold : -15% to +15%
 - Sell : Less than -15%

Summary of Financials

INDY Summary		
Last Price (IDR)	February 2, 2018	4,450
Target Price (IDR)	Dec 2018	5,050
Analyst: Yuni	Rating:	Hold

INCOME STATEMENT

In USD mn	2016/12A	2017/12E	2018/12E	2019/12E
Sales	775	1,003	1,416	2,000
Growth (% y/y)	-29.4%	29.4%	41.2%	41.2%
COGS	(687)	(879)	(1,183)	(1,671)
Gross Profit	89	125	233	329
Gross Margin	11.4%	12.4%	16.4%	16.4%
Operating Expenses	(125)	(90)	(153)	(239)
EBIT	(36)	35	80	90
EBIT Margin	-4.7%	3.5%	5.6%	4.5%
Depreciation	84	97	109	113
EBITDA	76	139	189	202
EBITDA Margin	9.9%	13.8%	13.3%	10.1%
Interest Expenses	(58)	(69)	(71)	(91)
EBT	(115)	106	124	128
Income Tax	(11)	4	10	9
Minority Interest	(37)	(4)	(4)	(4)
Net Profit	(68)	110	130	133
Growth (% y/y)	N/A	N/A	18.3%	2.4%
Net Profit Margin	-8.7%	10.9%	9.2%	6.6%

BALANCE SHEET

In USD mn	2016/12A	2017/12E	2018/12E	2019/12E
Cash	244	1,066	489	769
Receivables	110	180	271	373
Inventories	10	29	29	55
Total Current Assets	667	1,403	1,067	1,467
Net Fixed Assets	537	537	558	575
Other Non Current Assets	618	677	837	863
Total Assets	1,822	2,618	2,462	2,905
Payables	116	197	132	374
ST Borrowing	122	135	174	195
Other Current Liab.	75	181	166	168
LT Debt	683	1,118	898	944
Other Non Current Liab.	85	137	119	124
Total Liabilities	1,081	1,768	1,489	1,805
Shareholders' Equity	318	319	319	319

CASH FLOW STATEMENT

In USD mn	2016/12A	2017/12E	2018/12E	2019/12E
Net Income	(68)	110	130	133
Deprec & Amortization	113	104	109	113
Chg. In Working Capital	79	263	(320)	123
CFO	124	477	(81)	369
Capex	6	(86)	(130)	(130)
CFI	32	(56)	(308)	(151)
Dividends Paid	-	-	(8)	(4)
Net Borrowing (PMT)	(172)	396	(182)	68
CFF	(171)	400	(188)	62
Net Changes in Cash	(15)	821	(577)	279

OWNERSHIP

By Geography	% Shareholders	%
Indonesia	88.5	Indika Mitra Energy 63.5
United States	8.8	JP Morgan 5.2
Unknown	2.6	Danu Eddy J 1.6
Ireland	0.1	Dimensional Fund Adv 0.5

PROFITABILITY & STABILITY

	2016/12A	2017/12E	2018/12E	2019/12E
ROE	-8.6%	13.8%	14.2%	12.8%
ROA	-3.3%	5.3%	5.1%	5.1%
ROIC	-1.7%	1.5%	3.2%	3.5%
EBITDA/Equity	9.7%	17.5%	20.7%	19.5%
EBITDA/Assets	3.9%	6.3%	7.4%	7.5%
Cash Dividend (IDR bn)	0.0%	0.0%	0.0%	0.0%
Dividend Yield (%)	0.0%	0.0%	0.0%	0.0%
Payout Ratio (%)	0.0%	0.0%	0.0%	0.0%
DER	118.8%	168.8%	127.2%	118.8%
Net Gearing	165.2%	223.0%	161.8%	146.3%
LT Debt to Equity	214.9%	351.1%	281.8%	296.3%
Capitalization Ratio	73.5%	81.8%	79.5%	80.4%
Equity Ratio	40.7%	32.4%	39.5%	37.9%
Debt Ratio	48.3%	54.8%	50.3%	45.0%
Financial Leverage	252.6%	279.2%	278.7%	258.9%
Current Ratio	213.3%	273.5%	226.0%	199.0%
Quick Ratio	116.5%	248.5%	166.9%	162.3%
Cash Ratio	78.1%	207.7%	103.5%	104.2%
Cash Conversion Cycle	12.0	(4.1)	16.3	12.7
Par Value (IDR)	100	100	100	100
Total Shares (mn)	5,210	5,210	5,210	5,210
Share Price (IDR)	705	4,450	4,450	4,450
Market Cap (IDR tn)	3.7	23.2	23.2	23.2

VALUATION INDEX

	2016/12A	2017/12E	2018/12E	2019/12E
Price /Earnings	N/A	211.3x	178.6x	174.5x
Price /Book Value	11.6x	72.8x	72.8x	72.8x
Price/Sales	4.7x	23.1x	16.4x	11.6x
PE/EPS Growth	N/A	N/A	9.7x	73.3x
EV/EBITDA	5.6x	12.8x	9.5x	8.8x
EV/EBIT	N/A	51.0x	22.5x	19.8x
EV (IDR bn)	4,461	23,704	24,085	23,874
Sales CAGR (3-Yr)	-3.5%	-3.3%	8.9%	37.1%
EPS CAGR (3-Yr)	2.7%	-258.3%	-242.8%	-225.3%
Basic EPS (IDR)	(13)	21	25	26
Diluted EPS (IDR)	(13)	21	25	26
BVPS (IDR)	61	61	61	61
Sales PS (IDR)	149	193	272	384
DPS (IDR)	-	-	-	-

DCF, RIM & EVA

	2016/12A	2017/12E	2018/12E	2019/12E
DCF (USD mn)				
NOPAT	(33)	34	73	83
+Depr./Amor.	113	104	109	113
-CAPEX	6	(86)	(130)	(130)
-Incr. (Decr.) in Working Cap.	79	263	(320)	123
(Unlevered) FCFF	165	315	(268)	189
WACC				
Cost of Debt (Tax Adj.)	10.8%	0.0%	0.3%	0.3%
Cost of Equity (COE)	10.3%	6.4%	6.4%	6.4%
WACC (%)	10.4%	6.0%	6.1%	6.1%
RIM				
Spread (FROE-COE) (%)	-19.4%	6.5%	6.9%	5.7%
Residual Income (USD mn)	(144)	55	67	62
Equity Charge (USD mn)	76	55	62	71
EVA				
Invested Capital (USD mn)	1,621	2,283	2,211	2,408
ROIC-WACC (%)	-12.4%	-4.6%	-2.8%	-2.6%
EVA (USD mn)	(201)	(104)	(62)	(64)

DISCLAIMER

This report and any electronic access hereto are restricted and intended only for the clients and related entity of PT NH Korindo Sekuritas Indonesia. This report is only for information and recipient use. It is not reproduced, copied, or made available for others. Under no circumstances is it considered as a selling offer or solicitation of securities buying. Any recommendation contained herein may not suitable for all investors. Although the information here is obtained from reliable sources, its accuracy and completeness cannot be guaranteed. PT NH Korindo Sekuritas Indonesia, its affiliated companies, respective employees, and agents disclaim any responsibility and liability for claims, proceedings, action, losses, expenses, damages, or costs filed against or suffered by any person as a result of acting pursuant to the contents hereof. Neither is PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, nor agents liable for errors, omissions, misstatements, negligence, inaccuracy arising herefrom.

All rights reserved by PT NH Korindo Securities Indonesia