Bukit Asam Tbk (PTBA IJ)

Beli tinggi—jual lebih tinggi

Company Update | Mar 26, 2019

Kami melihat harga saham PTBA dihargai lebih premium dibanding kompetitornya berdasarkan empat alasan utama, yaitu: 1) MSCI All Country World Index (ACWI) ; 2) Porsi dividen yang besar; 3) Hilirisasi batu bara; 4) Penjualan domestik dengan porsi besar. Pandangan kami, untuk 2019E harga batu bara akan stabil pada harga rata-rata USD85/ton sehingga kinerja PTBA tidak jauh beda dengan tahun ini. Kami rekomendasikan BELI dengan menerapkan strategi buy high—sell higher, dengan target harga Rp5.100.

Saham PTBA lebih premium dibanding kompetitor

Sejak Jan-18 hingga Mar-19, saham PTBA telah menguat sebesar +62,5% di tengah penurunan saham-saham perusahaan batu bara lainnya seperti BUMI IJ; INDY IJ; ADRO IJ; HRUM IJ; ITMG IJ (–43,2%; -35,0%; -25,1%; -24,1%; +11,2%), masing-masing. Penurunan mayoritas kinerja saham batu bara tersebut efek dari kebijakan pemangkasan impor batu bara oleh Cina.

Kami melihat harga saham PTBA dihargai lebih premium dibanding kompetitornya berdasarkan empat alasan utama, yaitu: 1) Masuknya PTBA ke dalam MSCI All Country World Index (ACWI) pada Nov-18; 2) Efek pembagian dividen yang besar, kami estimasikan Dividend Payout Ratio (DPR) mencapai angka 75%; 3) Prospek menjanjikan dari hilirisasi batu bara berupa gasifikasi dan pembangkit listrik; 4) Penjualan domestik dengan porsi besar mengurangi korelasi antara kinerja saham PTBA dan penurunan harga batu bara dunia. Untuk 2019E, kami berpikir saham PTBA akan tetap dihargai lebih premium dari pada kompetitornya karena saham PTBA berkorelasi paling rendah terhadap kebijakan pemangkasan impor batu bara Cina.

Ekspektasikan harga batu bara dunia tetap stabil

Untuk tahun 2019E, kami ekspektasikan harga batu bara dunia stabil di kisaran harga USD85/ton. Melihat jumlah inventori batu bara di pembangkit listrik utama Cina masih cukup besar, kami pikir dalam jangka waktu dekat pembangkit listrik tersebut tidak akan secara agresif menambah inventorinya. Namun, untuk jangka menengah kami estimasikan permintaan batu bara Cina tetap bertumbuh minimal sebesar 2% per tahun. PTBA memiliki cash cost produksi batu bara berada di kisaran USD50/ton.

Performa yang solid akan terus berlanjut tahun 2019E-2020E

Kami masih mempertahankan estimasi penjualan dan laba bersih PTBA untuk tahun 2019E-2020E. Kami perkirakan penjualan masing-masing Rp23,4 triliun (+10,4% y-y) dan Rp27,0 triliun (+15,5% y-y), sedangkan untuk laba bersih masing-masing Rp5,6 triliun (+13,5% y-y) dan Rp6,4 triliun (+15,3% y-y). Terutama didorong oleh ASP blended yang lebih tinggi (+8,7% y-y) didorong oleh penjualan batu bara kalori tinggi hingga 4 juta ton tahun ini. Kami harap batu bara kalori tinggi mampu mencetak marjin yang lebih tebal.

Pertahankan untuk BELI

Kami pertahankan rekomendasikan BELI dengan menerapkan strategi buy high—sell higher, dengan target harga Rp5.100 berdasarkan valuasi rasio P/E forward sebesar 9,1x dengan potensi upside imbal hasil sebesar 24,2% dari level harga saham saat ini.

Risiko target harga

Risiko kunci target harga kami: 1) Penurunan harga batu bara dunia; 2) Biaya proyek hilirisasi yang melonjak; 3) Perubahan kebijakan pemerintah perihal DMO batu bara.

Bukit Asam Tbk | Summary

	2017	2018	2019E	2020E
Sales	19,471	21,200	23,403	27,033
Growth	38.5	8.9	10.4	15.5
EBITDA	6,584	7,153	8,018	9,180
Net Profit	4,476	4,943	5,611	6,471
EPS (IDR)	389	429	487	562
Growth	123.1	10.4	13.5	15.3
P/E	6.3	9.8	8.7	7.5
P/BV	2.1	3.0	2.7	2.4
EV/EBITDA	3.6	5.8	5.1	4.4
ROE	36.8	32.9	32.7	33.8
Debt/equity	7.1	5.1	2.5	3.0
Net debt	-2,582	-5,469	-5,804	-6,451

Unit: IDR bn, %, x
Source: Company Data, Bloomberg, NHKS Research

Please consider the rating criteria & important disclaimer

Buy (maintain)

Dec 2019 TP (IDR)	**5,100**
Consensus Price (IDR)	4,538
TP to Consensus Price	+12.3%
vs. Last Price	+24.2%

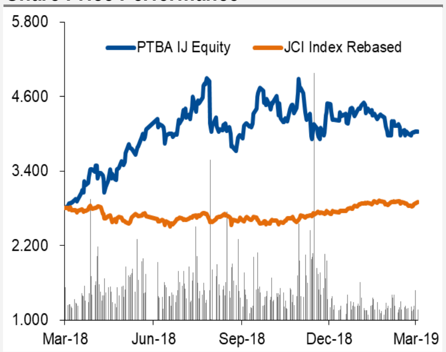
Shares data

Last Price (IDR)	4,100
Price date as of	Mar 22, 2019
52 wk range (Hi/Lo)	4,900 / 3,080
Free float (%)	35.0
Outstanding sh.(mn)	11,521
Market Cap (IDR bn)	46,313
Market Cap (USD mn)	3,261
Avg. Trd Vol - 3M (mn)	14.66
Avg. Trd Val - 3M (bn)	62.08
Foreign Ownership	8.0%

Mining
Coal

Bloomberg	**PTBA IJ**
Reuters	**PTBA.JK**

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	18,5%	14,3%	14,3%	-33,6%
Rel. Ret.	15,6%	14,9%	10,0%	-33,1%

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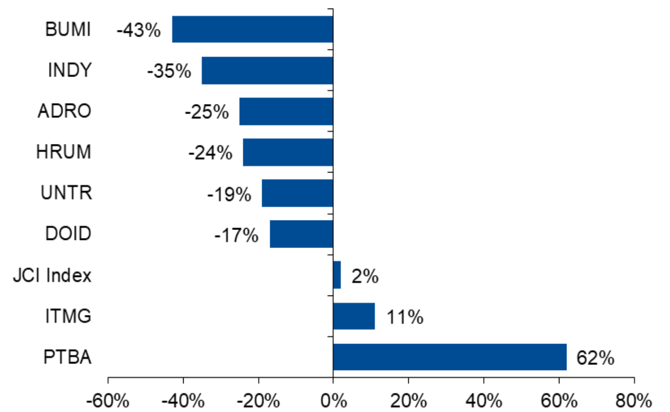
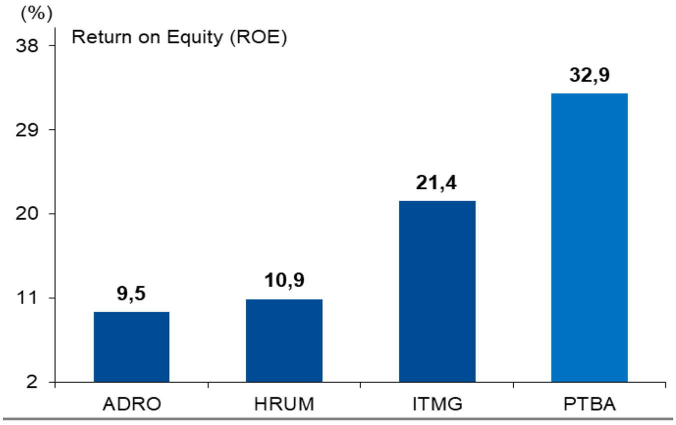
Performance highlights in chart

Indonesia coal company price return Jan-18 to Mar-19



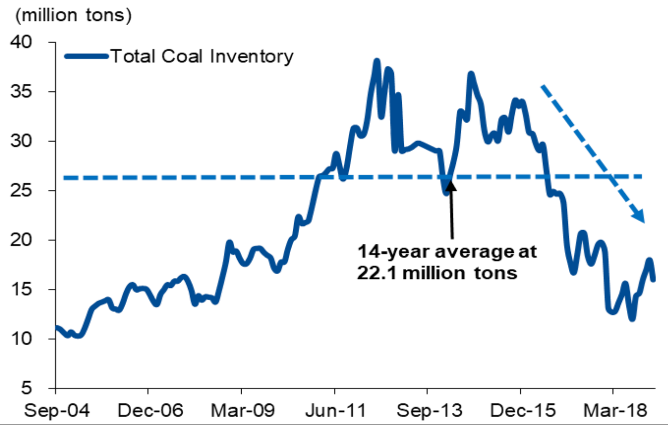
Source: JPMorgan, Bloomberg, NHKS Research

ROE number beat peer's on low cost maintaining



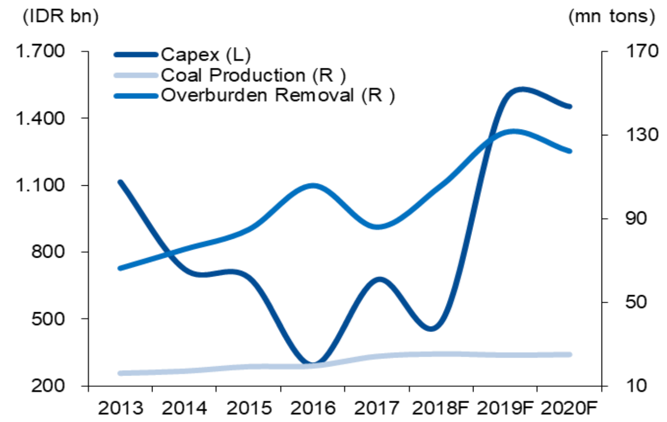
Source: Company Data, NHKS Research

China's coal inventory below average



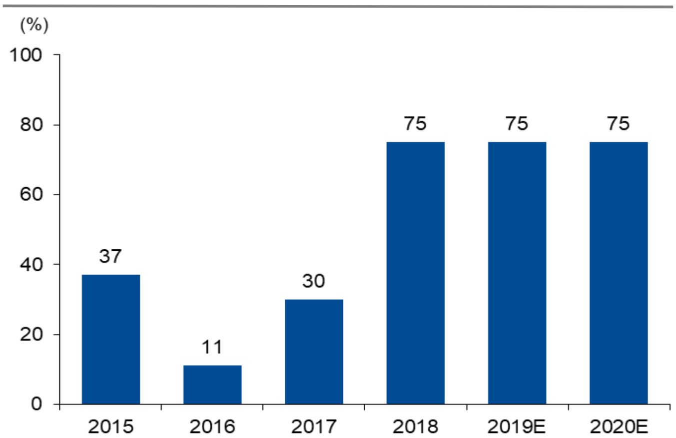
Source: Company Data, NHKS Research

Capex, coal production, overburden removal movement



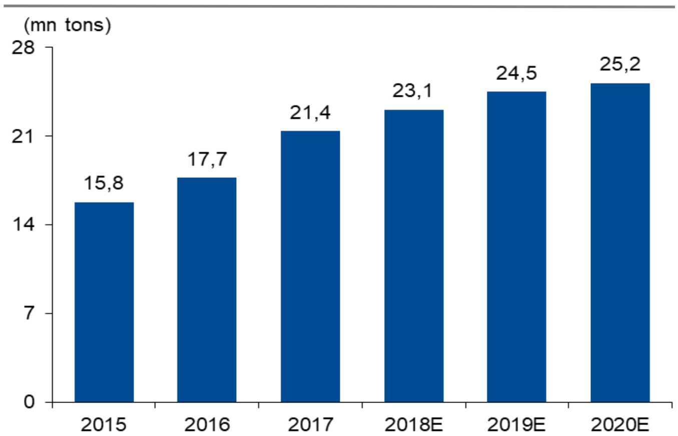
Source: Company Data, NHKS Research

Deviden payout ratio estimate



Source: Company Data, NHKS Research

Increasing railway coal capacity on progress



Source: Company Data, NHKS Research

Valuation highlights in chart

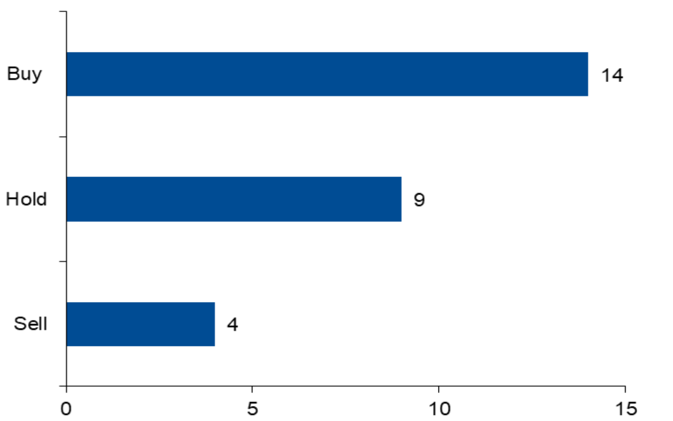
12-month forward P/E band

Source: Bloomberg, NHKS Research

12-month dynamic forward P/E band

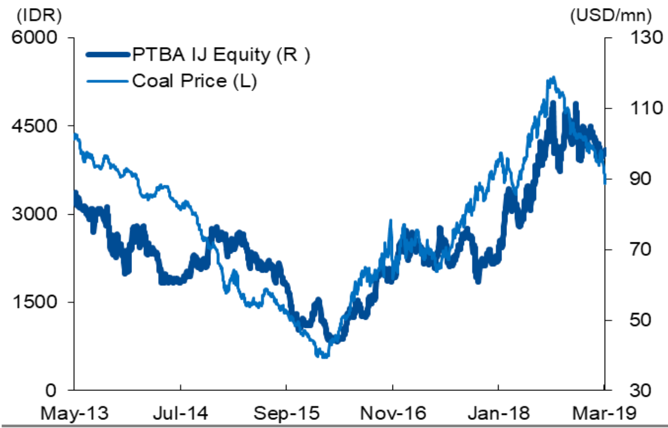
Source: Company Data, NHKS Research

Consensus of analyst recommendation



Source: Company Data, NHKS Research

PTBA's stock price correlated with coal price movement



Source: Company Data, NHKS Research

Quarterly review

	4Q17	1Q18	2Q18	3Q18	4Q18					1Q19E
					Actual	Estimate	Y-Y	Q-Q	Surprise	
Income statement										
Sales	6,249	5,749	4,776	5,544	5,131	6,915	82.1	-7.4	-25.8	5,812
Gross Profit	3,460	2,582	1,842	2,319	1,878	2,817	54.3	-19.0	-33.3	2,662
EBIT	2,192	2,040	1,483	1,800	1,109	2,026	50.6	-38.4	-45.2	2,110
EBITDA	2,477	2,204	1,672	1,991	1,286	2,217	51.9	-35.4	-42.0	2,295
Net Profit	1,851	1,451	1,125	1,273	1,094	1,588	59.1	-14.0	-31.1	1,490
Margin										
Gross Margin	55.4	44.9	38.6	41.8	36.6	40.7	66.1	-5.2	-4.1	45.8
EBIT Margin	35.1	35.5	31.0	32.5	21.6	29.3	61.6	-10.8	-7.7	36.3
EBITDA Margin	39.6	38.3	35.0	35.9	25.1	32.1	63.2	-10.9	-7.0	39.5
Net Profit Margin	29.6	25.2	23.6	23.0	21.3	23.0	72.0	-1.6	-1.6	25.6
Operational data										
Production volume	6.4	6.3	5.9	6.4	6.1	7.2	-4.6	4.6	-15.2	6.7
Sales volume	6.4	6.3	5.9	6.4	6.1	34.7	-4.6	4.6	-15.2	6.7
Average Selling Price (ASP)	71.0	67.1	58.0	59.2	56.5	67.2	-20.4	-4.5	-15.9	58.2

Unit: IDR bn, %, USD/ton
Source: Company Data, NHKS Research

Earnings revision

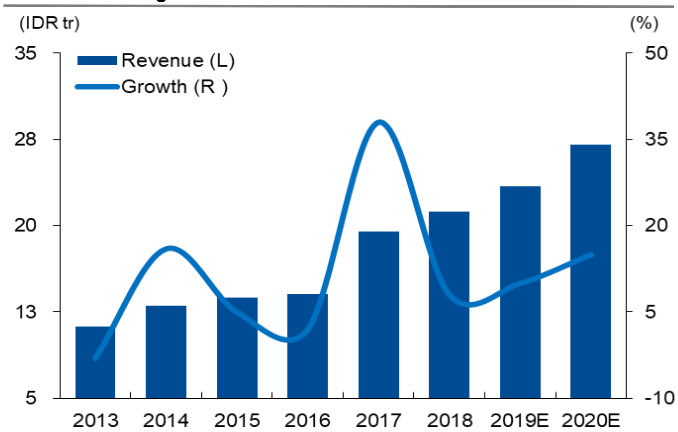
		2016	2017	2018	2019E	2020E
Income statement						
Sales	-Revised	14,059	19,471	21,200	23,403	27,033
	-Previous	14,021	19,221	23,776	24,758	26,438
	-Change	0.3	1.3	-10.8	-5.5	2.2
Gross Profit	-Revised	4,401	8,507	8,621	9,638	11,063
	-Previous	4,201	8,307	9,908	10,484	11,107
	-Change	4.8	2.4	-13.0	-8.1	-0.4
EBIT	-Revised	2,481	5,899	6,432	7,221	8,271
	-Previous	2,381	5,599	7,502	7,978	8,431
	-Change	4.2	5.4	-14.3	-9.5	-1.9
EBITDA	-Revised	2,909	6,584	7,153	8.018	9,180
	-Previous	2,809	6,484	8,234	8,756	9,308
	-Change	3.6	1.5	-13.1	-8.4	-1.4
Net Profit	-Revised	2,006	4,476	4,943	5,611	6,471
	-Previous	1,998	4,276	5,680	6,112	6,465
	-Change	0.4	4.7	-13.0	-8.2	0.1
Margin						
Gross Margin	-Revised	31.2	44.5	41.3	41.5	41.4
	-Previous	30.5	43.6	42.3	42.5	42.4
EBIT Margin	-Revised	18.5	30.6	30.5	31.6	31.3
	-Previous	17.6	29.9	32.7	32.7	32.2
EBITDA Margin	-Revised	21.6	34.3	34.7	34.9	34.1
	-Previous	20.8	34.4	35.7	35.8	35.2
Net Profit Margin	-Revised	14.7	23.4	23.9	24.8	24.2
	-Previous	14.9	22.1	24.3	25.3	24.3

Unit: IDR bn, %
Source: Company Data, NHKS Research

Company Overview

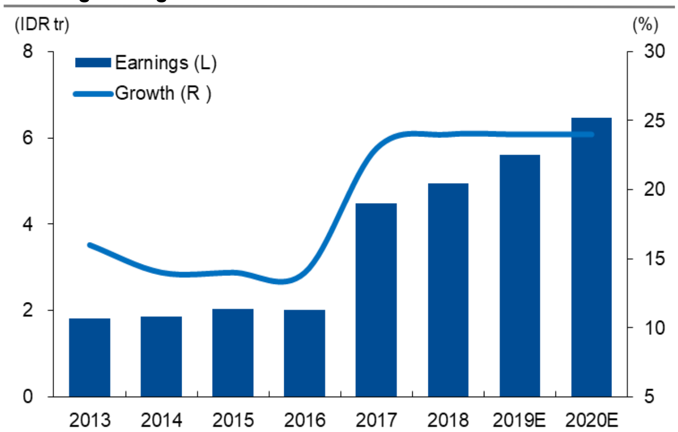
- PT Bukit Asam (PTBA IJ) adalah perusahaan milik negara yang bergerak di industri tambang batu bara berkalori mid to low (4.800kcal/kg hingga kalori 6.700kcal/kg).
- Konsesi tambang PTBA dengan total cadangan sekitar 11,5 miliar ton mayoritas berada di wilayah Sumatera Selatan.
- Pembentukan holding pertambangan dibawah PT Asahan Aluminium (Inalum) oleh pemerintah pada 29 November 2017, diikuti aksi stock split dengan rasio 1:5 oleh PTBA pada 14 Desember 2017.
- Untuk 2019E, PTBA akan menambah lini bisnis di segmen hilirisasi batu bara, yaitu gasifikasi batu bara. Ada beberapa proyek gasifikasi yang dijalankan PTBA diantaranya: 1) Kerja sama proyek dengan PT Pertamina dan Air products yang menghasilkan Dimethyl Ether (DME); 2) Kerja sama proyek dengan PT Pupuk Indonesia dan PT Chandra Asri Petrochemicals yang menghasilkan urea untuk pupuk dan polypropylene untuk bahan baku plastik. Kedua proyek tersebut diestimasikan akan mulai beroperasi tahun 2022 dan diharapkan mampu mendorong kinerja profitabilitas perseroan.

Revenue and growth movement



Source: Company Data, NHKS Research

Earnings and growth movement



Source: Company Data, NHKS Research

Global coal companies peers analysis

Company	Market Cap	Asset	Sales	Net Profit LTM	Net Profit Growth LTM	Net Profit Margin	ROE	P/E LTM	P/BV
Indonesia									
Adaro Energy	3,228	7,061	3,620	418	-13.6	11.5	11.7	7.7	0.9
Bukit Asam	**3,238**	**1,676**	**1,488**	**353**	**12.2**	**23.7**	**33.9**	**8.4**	**2.6**
Indo Tambangraya	1,820	1,443	2,008	262	3.7	13.0	27.1	6.8	1.8
India									
Coal India	21,261	19,572	12,673	1,089	-24.3	8.6	31.6	21.1	7.5
Thailand									
Banpu Coal	2,596	8,485	3,491	207	-15.3	5.9	8.0	12.3	1.0
Australia									
Whitehaven Coal	3,192	3,420	1,780	429	13.7	24.1	16.8	7.4	1.3
Canada									
Cameco Coal	4,737	5,886	1,614	128	N/A	8.0	3.4	34.2	1.3
China									
Inner Mongolia	3,582	12,996	5,582	773	3.1	13.9	16.8	5.3	0.8
Shanxi Luan	3,536	10,216	3,353	476	16,.6	14.2	14.0	7.6	1.0
America									
Peabody Energy	3,198	7,424	5,582	647	40.1	11.6	16.8	9.0	1.0

Unit: IDR bn, %, X
Source: Bloomberg, NHKS Research

Summary of Financials

INCOME STATEMENT

(IDR bn)	2017/12A	2018/12A	2019/12E	2020/12E
Sales	19,471	21,200	23,403	27,033
Growth	*38.5%*	*8.9%*	*10.4%*	*15.5%*
COGS	(10,965)	(12,579)	(13,765)	(15,970)
Gross Profit	8,507	8,621	9,638	11,063
Gross Margin	*43.7%*	*40.7%*	*41.2%*	*40.9%*
Operating Expenses	(2,608)	(2,189)	(2,417)	(2,792)
EBIT	5,899	6,432	7,221	8,271
EBIT Margin	*30.3%*	*30.3%*	*30.9%*	*30.6%*
Depreciation	686	721	796	908
EBITDA	6,584	7,153	8,018	9,180
EBITDA Margin	33.8%	33.7%	34.3%	34.0%
Interest Expenses	(178)	(147)	(126)	(68)
EBT	6,102	6,804	7,669	8,865
Income Tax	(1,554.4)	(1,768.7)	(1,953.2)	(2,273.7)
Minority Interest	(70.8)	(91.7)	(104.1)	(120.1)
Net Profit	4,476	4,943	5,611	6,471
Growth	*123.1%*	*10.4%*	*13.5%*	*15.3%*
Net Profit Margin	*23.0%*	*23.3%*	*24.0%*	*23.9%*

PROFITABILITY & STABILITY

	2017/12A	2018/12A	2019/12E	2020/12E
ROE	36.8%	32.9%	32.7%	33.8%
ROA	22.1%	21.4%	22.9%	25.2%
ROIC	29.8%	27.8%	29.2%	29.4%
Cash Dividend(IDR bn)	N/A	3,357	3,707	4,208
Dividend Yield	N/A	6.9%	7.8%	8.9%
Payout Ratio	N/A	67.9%	66.1%	65.0%
DER	7.1%	5.1%	2.5%	3.0%
Net Gearing	6%	5%	2%	3%
LT Debt to Equity	3.9%	2.8%	1.4%	1.7%
Capitalization Ratio	6.6%	4.9%	2.4%	2.9%
Equity Ratio	62.8%	67.3%	72.6%	76.6%
Debt Ratio	4.4%	3.4%	1.8%	2.3%
Financial Leverage	153.5%	142.8%	133.9%	130.5%
Current Ratio	246.3%	237.8%	283.1%	364.6%
Par Value (IDR)	100	100	100	100
Total Shares (mn)	11,521	11,521	11,521	11,521
Share Price (IDR)	2,460	4,220	4,100	4,100
Market Cap (IDR tn)	28.3	48.6	47.2	47.2

BALANCE SHEET

(IDR bn)	2017/12A	2018/12A	2019/12E	2020/12E
Cash	3,555	6,301	6,255	7,060
Receivables	5,344	2,782	3,630	3,776
Inventories	1,156	1,551	1,411	1,214
Total Current Assets	11,118	11,739	12,252	13,072
Net Fixed Assets	7,699	8,427	9,386	10,099
Other Non Current Assets	3,171	4,007	3,158	3,337
Total Assets	21,987	24,173	24,795	26,508
Payables	886	1,048	905	845
ST Bank Loan	441	372	203	273
LT Debt	533	460	248	336
Total Liabilities	8,187	7,903	6,784	6,199
Capital Stock + APIC	1,183	1,183	1,183	1,183
Retained Earnings	14,565	16,815	18,719	20,982
Shareholders' Equity	13,800	16,270	18,011	20,309

VALUATION INDEX

	2017/12A	2018/12A	2019/12E	2020/12E
Price /Earnings	6.3x	9.8x	8.4x	7.3x
Price /Book Value	2.1x	3.0x	2.6x	2.3x
Price/Sales	1.5x	2.3x	2.0x	1.7x
PE/EPS Growth	0.1x	0.9x	0.6x	0.5x
EV/EBITDA	3.6x	5.8x	4.9x	4.2x
EV/EBIT	4.0x	6.4x	5.4x	4.7x
EV (IDR bn)	23,620	41,166	39,348	38,716
Sales CAGR (3-Yr)	14.2%	15.6%	18.5%	11.6%
EPS CAGR (3-Yr)	31.1%	31.5%	35.5%	13.1%
Basic EPS (IDR)	389	429	487	562
Diluted EPS (IDR)	389	429	487	562
BVPS (IDR)	1,198	1,412	1,563	1,763
Sales PS (IDR)	1,690	1,840	2,031	2,346
DPS (IDR)	N/A	291	322	365

CASH FLOW STATEMENT

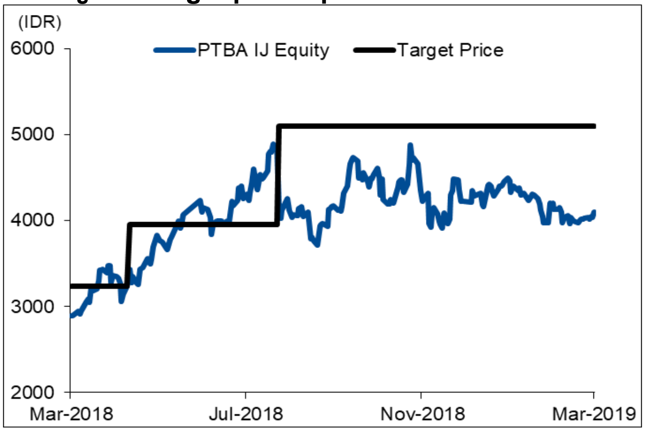
(IDR bn)	2017/12A	2018/12A	2019/12E	2020/12E
Operating Cash Flow	2,415	7,201	5,410	6,551
Investing Cash Flow	(536)	(1,324)	(1,205)	(1,732)
Financing Cash Flow	(2,007)	(3,115)	(4,252)	(4,014)
Net Changes in Cash	(128)	2,763	(46)	805

OWNERSHIP

By Geography	%	Shareholders	%
Indonesia	89.3	Republic of Indonesia	65.0
United States	5.0	Vanguard	1.2
Luxembourg	1.6	Skandinaviska	1.0
Sweden	1.2	Dimensional Fund	0.7

Source: Company data, NHKS Research

Closing and target price update



Source: NHKS Research

Rating and target price update

Date	Rating	Target price	Consensus
2017.10.25	Buy	Rp3,235(12M)	Rp2,912
2018.04.25	Buy	Rp3,950(12M)	Rp3,675
2018.08.07	Buy	Rp5,375(12M)	Rp4,600
2019.03.26	Buy	Rp5,100(12M)	Rp4,538

Source: NHKS Research

NHKS stock ratings

- Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
- Buy: greater than +15%, Hold: -15% to +15%, Sell: less than -15%.
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