

# Indo Tambangraya Megah Tbk (ITMG)

## Kinerja Kurang Memuaskan di 2021

Pendapatan ITMG turun sebesar 30,9% selama tahun 2020, menghasilkan laba bersih sebesar USD39 juta atau turun signifikan 69,5% YoY. Penurunan ini diakibatkan volume penjualan dan ASP yang rendah dibanding tahun sebelumnya. Kami merekomendasikan Overweight dengan Target Harga pada Rp13.075.

### Kinerja Kurang Memuaskan selama Pandemi

- ITMG berhasil mencatat pendapatan sebesar USD1,2 miliar pada 2020, atau menurun sebesar 30,9% YoY (vs USD1,7 miliar di 2019)
- Namun, ITMG berhasil untuk mencatat penurunan pada biaya operasi sebesar 34,8% selama tahun 2020.
- ITMG menghasilkan laba bersih sebesar USD39 juta pada tahun 2020, atau turun signifikan 69,5% YoY (vs USD129 juta di 2019) dikarenakan rendahnya produksi batubara, volume penjualan batubara dan rendahnya rata-rata harga penjualan ITMG dibandingkan dengan tahun sebelumnya.
- Kami berekspektasi pendapatan ITMG di 2021F akan mencapai USD1,5 miliar (28,8% YoY) dan laba bersih mencapai USD84 juta, atau meningkat sebesar 112,7% YoY. Kami memproyeksikan harga batubara akan lebih tinggi dibandingkan di tahun 2020 dan pemulihan ekonomi yang terjadi di beberapa negara seperti China dan India akan mampu meningkatkan permintaan batubara.

### Estimasi Kinerja ITMG di 2021F

- Kami berekspektasi ITMG tetap akan memiliki produksi batubara yang rendah, mencapai 19 juta ton di 2021F, mengingat cuaca ekstrim seperti hujan deras yang dapat mengganggu aktivitas pertambangan masih terjadi di Indonesia.
- Kami berestimasi volume penjualan ITMG akan mencapai 21 juta ton di 2021F sebagaimana pemulihan ekonomi diharapkan akan terjadi karena adanya vaksinasi Covid-19.
- Selanjutnya, kami melihat ASP akan stabil di USD70/ton pada 2021F seiring dengan akan berakhirnya musim dingin yang terjadi di belahan dunia utara.

### Rekomendasi Overweight dengan Target pada harga Rp13.075.

- Kami merekomendasikan Overweight untuk ITMG dengan TP di Rp13.075 (12 bulan).
- Rating overweight dikarenakan kinerja kurang memuaskan di 2020, lebih tingginya harga batubara di 2021F dikarenakan pemulihan ekonomi yang diharapkan dapat menaikkan permintaan batubara, dan cuaca ekstrim yang mengganggu aktivitas pertambangan.
- TP kami berdasarkan forward P/E sebesar 9,4x dengan potensi kenaikan sebesar 8,7%.
- ITMG saat ini diperdagangkan di 8,7x P/E.

### Indo Tambangraya Megah Tbk | Summary (USD mn)

	2020A	2021F	2022F	2023F
Revenue	1,185	1,527	1,585	1,621
Growth	-30,9%	28,8%	3,8%	2,3%
Net profit	39	84	112	117
Growth	-69,5%	112,7%	33,1%	4,6%
EPS (IDR)	491	1.040	1.384	1.500
ROE	4,6%	9,3%	11,1%	10,4%
DER	0,1x	0,0x	0,0x	0,0x
P/BV	1,3x	1,0x	0,9x	0,8x
EV/EBITDA	8,8x	7,4x	6,7x	6,6x
Dividend Yield	3,3%	7,9%	10,3%	10,9%

Source: Company Data, Bloomberg, NHHKI Research

Please consider the rating criteria & important disclaimer

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## Overweight

<b>Target Price (IDR)</b>	<b>13.075</b>
Consensus Price (IDR)	15.214
TP to Consensus Price	-14,1%
vs. Last Price	+8,7%

### Shares data

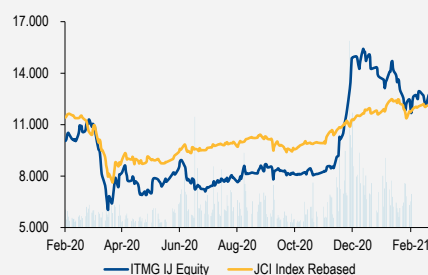
Last Price (IDR)	12.100
Price date as of	Feb. 25, 2021
52 wk range (Hi/Lo)	15.700 / 5.650
Free float	34,7%
Outstanding sh.(mn)	1.130
Market Cap (IDR bn)	13.729
Market Cap (USD mn)	975
Avg. Trd Vol - 3M (mn)	6,4
Avg. Trd Val - 3M (bn)	86,8
Foreign Ownership	98,7%

### Mining

#### Coal

Bloomberg	ITMG IJ
Reuters	ITMG.JK

### Share Price Performance



	YTD	1M	3M	12M
Abs. Ret	-12,5%	-4,2%	10,7%	13,8%
Rel. Ret	-17,0%	-4,0%	1,1%	6,2%

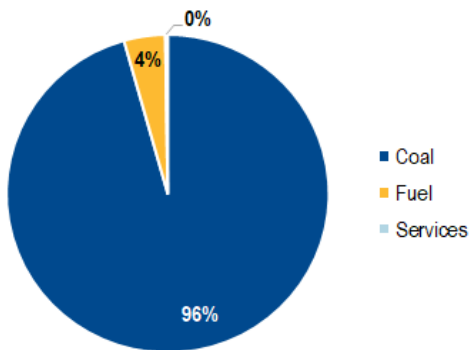
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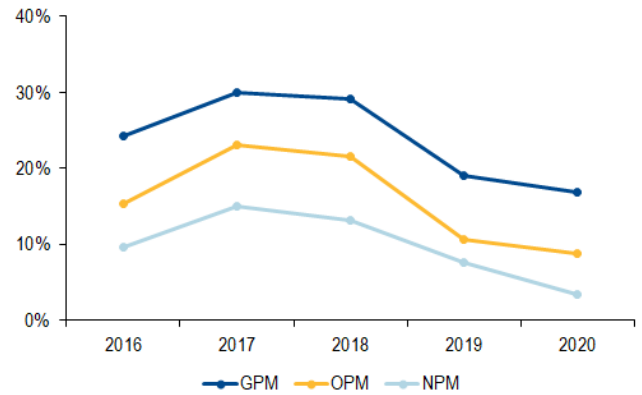
# Performance Highlights

Revenue Contributions FY2020



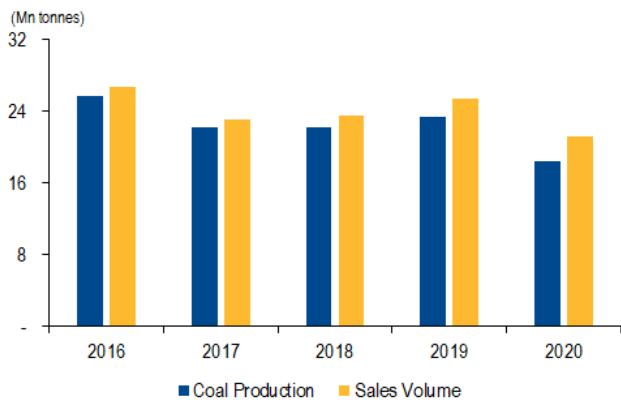
Source: Company, NHKSI Research

Margin Ratios



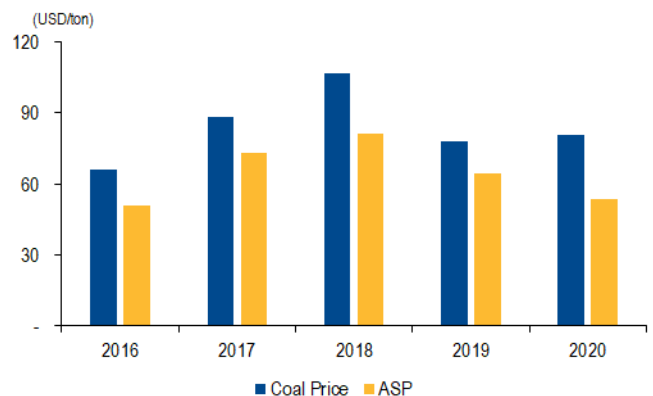
Source: Company, NHKSI Research

ITMG Coal Production and Sales Volume



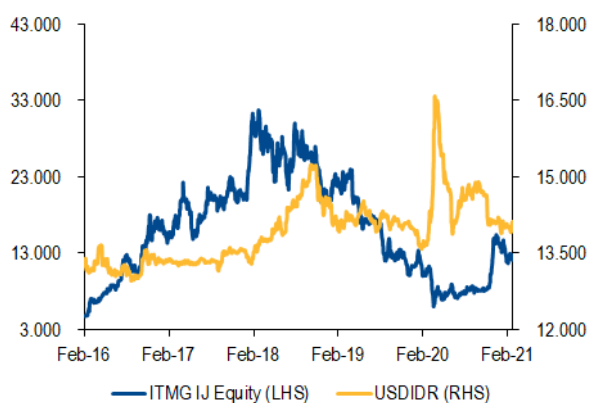
Source: Company, NHKSI Research

Coal Price and Average Selling Price



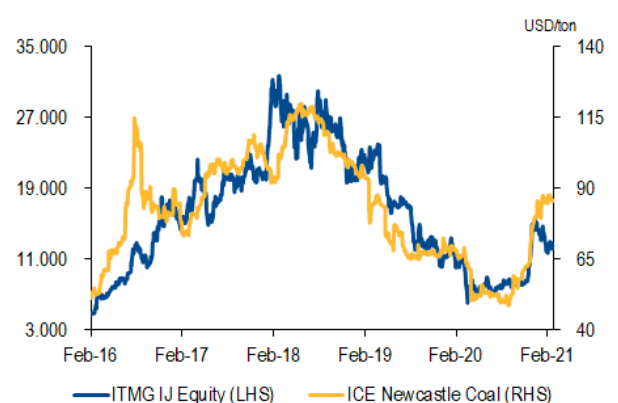
Source: Company, NHKSI Research

ITMG and Newcastle Price Movement



Source: Company, Bloomberg, NHKSI Research

ITMG and USDIDR Movement



Source: Company, Bloomberg, NHKSI Research

## Company Overview



**PT Indo Tambangraya Megah Tbk (ITMG)** didirikan pada tahun 1987, PT Indo Tambangraya Megah Tbk (ITM) adalah perusahaan pemasok batubara terkemuka Indonesia untuk pasar energi dunia. Lingkup usaha ITM mencakup operasi penambangan batubara, pengolahan dan logistik yang terintegrasi di Indonesia. Perusahaan menguasai kepemilikan saham mayoritas di empat belas anak perusahaan dan mengoperasikan tujuh konsesi tambang di pulau Kalimantan, meliputi Provinsi Kalimantan Timur, Kalimantan Tengah dan Kalimantan Selatan. ITM juga memiliki dan mengoperasikan Terminal Batubara Bontang (BoCT), tiga pelabuhan muat dan Pembangkit Listrik Bontang.

Keempat belas perusahaan tersebut adalah PT Indominco Mandiri (IMM), PT Trubaindo Coal Mining (TCM), PT Jorong Barutama Greston (JBG), PT Kitadin (Embalut & Tandung Mayang), PT Bharinto Ekatama (BEK), PT ITM Indonesia (ITMI), PT Tambang Raya Usaha Tama (TRUST), PT Nusa Persada Resources (NPR), PT Tepian Indah Sukses (TIS), PT ITM Batubara Utama (IBU), PT ITM Energi Utama (IEU), PT ITM Batubara Perkasa (IBP), PT Gasemas (GEM) dan PT Energi Batubara Perkasa (EBP).

### Global Companies Peers Comparison

Company	Market Cap (USD mn)	Asset (USD mn)	Revenue LTM (USD mn)	Net Profit LTM (USD mn)	Net Profit Growth LTM	Net Profit Margin	ROE LTM	P/E LTM	P/BV
<b>Indonesia</b>									
ITMG IJ	975	1.159	1.185	39	-69,5%	3,3%	4,5%	24,0x	1,1x
ADRO IJ	2.715	7.217	2.758	108	-78,9%	3,9%	2,9%	25,2x	0,7x
PTBA IJ	2.193	1.885	1.270	185	-36,0%	14,6%	16,0%	11,3x	1,8x
<b>India</b>									
COAL INDIA	12.508	19.904	12.610	2.358	-4,3%	18,7%	57,0%	5,4x	2,8x
<b>THAILAND</b>									
BANPU COAL	1.875	9.390	2.282	(57)	-351,9%	-2,5%	-2,9%	N/A	0,9x
<b>Australia</b>									
WHITEHAVEN COAL	1.300	3.591	1.061	(63)	N/A	-6,0%	-2,9%	N/A	0,5x
<b>CANADA</b>									
CAMECO COAL	6.420	5.937	1.344	-40	N/A	-3,0%	-1,1%	N/A	1,6x
<b>CHINA</b>									
INNER MONGOLIA	1.821	N/A	4.906	266	-40,0%	5,4%	5,4%	5,9x	0,3x
SHANXI LUAN	2.745	10.664	3.918	232	-30,2%	5,9%	6,2%	11,0x	0,7x
<b>AMERICA</b>									
PEABODY ENERGY	500	4.667	2.881	(1.870)	-785,1%	-64,9%	-105,6%	N/A	0,5x

Source: Bloomberg

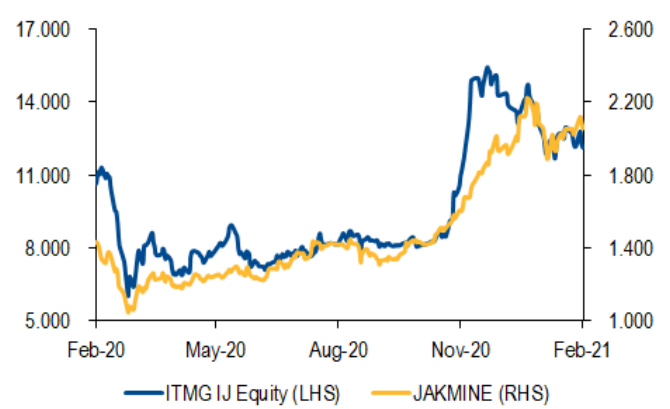
## Valuation Highlights

5-Year Forward P/E Band



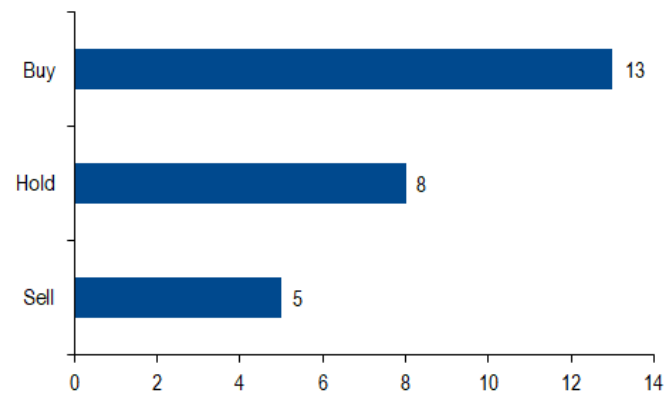
Source: Bloomberg, NHKSI Research

ITMG vs JAKMINE



Source: Bloomberg, NHKSI Research

Analyst Coverage Rating



Source: Bloomberg

Closing and Target Price



Source: NHKSI Research

## Rating and Target Price Update

Target Price

Date	Rating	Target Price	Last Price	Consensus	vs Last Price	vs Consensus
24/02/2021	Overweight	13.075 (12 Month)	12.125	15.214	+8,7%	-14,1%

Source: NHKSI Research, Bloomberg

## Summary of Financials

### INCOME STATEMENT

(USD mn)	2020/12A	2021/12E	2022/12E	2023/12E
<b>Revenues</b>	<b>1.185</b>	<b>1.527</b>	<b>1.585</b>	<b>1.621</b>
Growth (% y/y)	-30,9%	28,8%	3,8%	2,3%
Cost of Revenues	(986)	(1.271)	(1.276)	(1.293)
<b>Gross Profit</b>	<b>199</b>	<b>257</b>	<b>309</b>	<b>328</b>
Gross Margin	16,8%	16,8%	19,5%	20,2%
Operating Expenses	(95)	(122)	(137)	(146)
<b>EBIT</b>	<b>104</b>	<b>134</b>	<b>172</b>	<b>182</b>
EBIT Margin	8,8%	8,8%	10,8%	11,3%
Depreciation	44	47	42	44
<b>EBITDA</b>	<b>148</b>	<b>182</b>	<b>214</b>	<b>226</b>
EBITDA Margin	12,5%	11,9%	13,5%	14,0%
Interest Expenses	(3)	(2)	(2)	(2)
<b>EBT</b>	<b>73</b>	<b>109</b>	<b>145</b>	<b>151</b>
Income Tax	(35)	(27)	(36)	(38)
Minority Interest	2	2	3	4
<b>Net Profit</b>	<b>39</b>	<b>84</b>	<b>112</b>	<b>117</b>
Growth (% y/y)	-69,5%	112,7%	33,1%	4,6%
Net Profit Margin	3,3%	5,5%	7,0%	7,2%

### PROFITABILITY & STABILITY

	2020/12A	2021/12E	2022/12E	2023/12E
ROE	4,6%	9,3%	11,1%	10,4%
ROA	3,3%	6,7%	8,1%	7,8%
Inventory Turnover	12,1x	18,8x	16,5x	16,2x
Receivables Turnover	11,4x	14,5x	11,5x	11,6x
Payables Turnover	14,1x	13,9x	10,5x	10,9x
Dividend Yield	3,3%	7,9%	10,3%	10,9%
Payout Ratio	0,1%	0,1%	0,1%	0,1%
DER	0,1x	0,0x	0,0x	0,0x
Net Gearing	-22%	-39%	-42%	-46%
Equity Ratio	73,0%	71,5%	73,5%	75,2%
Debt Ratio	3,7%	1,0%	1,1%	1,2%
Financial Leverage	136,8%	138,5%	137,9%	134,5%
Current Ratio	202,6%	221,2%	258,3%	286,6%
Quick Ratio	173,5%	196,2%	231,1%	259,7%
Par Value (IDR)	500	500	500	500
Total Shares (mn)	1.130	1.130	1.130	1.130
Share Price (IDR)	13.850	12.125	12.125	12.125
Market Cap (IDR tn)	15,6	13,7	13,7	13,7

### BALANCE SHEET

(USD mn)	2020/12A	2021/12E	2022/12E	2023/12E
Cash	231	383	464	560
Receivables	75	136	140	138
Inventories	60	75	80	80
<b>Total Current Assets</b>	<b>420</b>	<b>660</b>	<b>763</b>	<b>847</b>
Net Fixed Assets	196	192	195	197
Other Non Current Assets	543	479	486	521
<b>Total Non Current Assets</b>	<b>739</b>	<b>671</b>	<b>682</b>	<b>718</b>
<b>Total Assets</b>	<b>1.159</b>	<b>1.331</b>	<b>1.444</b>	<b>1.566</b>
Payables	62	121	122	116
ST Debt	8	4	5	6
<b>Total Current Liabilities</b>	<b>207</b>	<b>299</b>	<b>295</b>	<b>296</b>
LT Debt	36	9	11	13
<b>Total Liabilities</b>	<b>312</b>	<b>380</b>	<b>382</b>	<b>389</b>
Capital Stock + APIC	393	393	393	393
Retained Earnings	485	582	694	810
<b>Shareholders' Equity</b>	<b>846</b>	<b>952</b>	<b>1.062</b>	<b>1.177</b>

### VALUATION INDEX

	2020/12A	2021/12E	2022/12E	2023/12E
Price /Earnings	28,2x	11,7x	8,8x	8,1x
PE/EPS Growth	-0,4x	0,1x	0,3x	1,0x
Price /Book Value	1,3x	1,0x	0,9x	0,8x
EV/EBITDA	8,8x	7,4x	6,7x	6,6x
EV (IDR bn)	18.401	18.923	20.042	21.633
Revenues CAGR (3-Yr)	-16,1%	-3,8%	10,2%	2,0%
Net Income CAGR (3-Yr)	-46,8%	-13,4%	41,5%	11,7%
Basic EPS (IDR)	491	1.040	1.384	1.500
BVPS (IDR)	10.523	11.791	13.156	15.100
DPS (IDR)	460	958	1.249	1.316

### CASH FLOW STATEMENT

(USD mn)	2020/12A	2021/12E	2022/12E	2023/12E
Operating Cash Flow	96	2	(24)	12
Investing Cash Flow	1	68	(10)	(37)
Financing Cash Flow	(24)	82	116	121
<b>Net Changes in Cash</b>	<b>72</b>	<b>151</b>	<b>81</b>	<b>96</b>

Source: Company Data, NHKSI Research

### OWNERSHIP

Top Shareholders	%
Banpu Minerals	65,1
Vanguard Group Inc	1,1
Schroder Investment	0,9
Others	32,9
By Geography	%
Singapore	90,1
United States	6,2
Indonesia	1,3
Luxembourg	0,7
Others	1,80

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2. Rating system based on a stock's potential upside from the date of publication
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  - Overweight : +5% to +15%
  - Hold : -5% to +5%
  - Underweight : -5% to -15%
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