



COMPANY RESEARCH

Equity Update

Stock Rate

Industry

HOLD

Neutral

Fair Value
vs. Last Price

IDR 3,040
+7.04%

Stock Data

Ticker Code

PTBA

SubSector

Oil, Gas & Coal

Sector

Energy

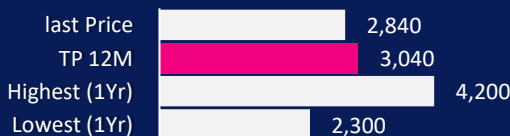
Market Cap (IDR.Tn)

32.72

Shares Issued (Bn)

11.52

Price (IDR)



Revenue 2024F (IDR Bn)

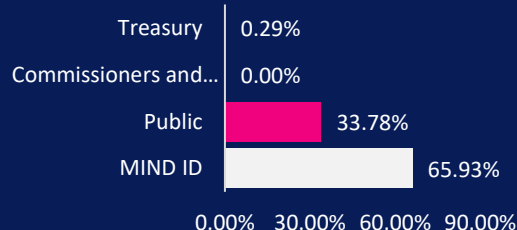


Price Performance, 1Yr (%)



Source : Bloomberg

Shareholders Composition



Sukarno Alatas

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PT Bukit Asam Tbk (PTBA)

Amid coal price pressure, there is potential for a high dividend yield

The top and bottom recorded a decline. PTBA recorded FY23 revenue of IDR 38.5 Tn or -10% y/y (vs FY22 42.6 Tn). Sales volume rose to 37 Mt or +17% y/y (vs FY22 31.7 Mt), however there was a decline in average selling price (ASP) to IDR 1,027,000 / tonne or -23% y/y (vs FY22 IDR 1,330,000 / tonne). Net profit to decrease to IDR 6.1 Tn or -51% y/y (vs FY22 IDR 12.6 Tn). Net profit margin ratio decreased to 16% (FY22 at 29%). FY23's EBITDA of IDR 9 Tn or -49% y/y (vs FY22 17.7 Tn). EBITDA margin ratio decreased to 23% (vs FY22 at 41%).

PTBA is expected to pay out another big dividend. We believe PTBA will pay dividend with dividend pay out ratio of 100% or IDR 532 per share or potential dividend yield of 18.7% (based on last price at 2,840).

PTBA plans to increase sales volume by +16.5% y/y in 2024, despite the projected downward trend in coal prices. Our expect for PTBA's future revenues is a decline to IDR 32.3 Tn or -16.1% y/y, assuming ASP at IDR 813,750 per tones or -20.8% y/y. The projected net profit is IDR 4.3 Tn or -28.4% y/y, resulting in a net profit margin ratio of 14% (vs FY23 16%).

PTBA is planning to increase its logistics capacity to speed up the use of coal reserves. This strategy will improve the efficiency and effectiveness of coal logistics, accelerate the utilization of PTBA's coal reserves, and increase its competitiveness in the coal market. The existing logistics network includes the Tanjung Enim - Kertapati Railway with a capacity of 7 million tons per year and the Tanjung Enim - Tarahan Railway with a capacity of 25 million tons per year. The logistics network to be developed is the Tanjung Enim - Keramasan Railway Line. The capacity of the project is 20 million tons per year, and it spans a distance of 158 km. The operational target for this project is the second quarter of 2025.

Recommendation "HOLD"

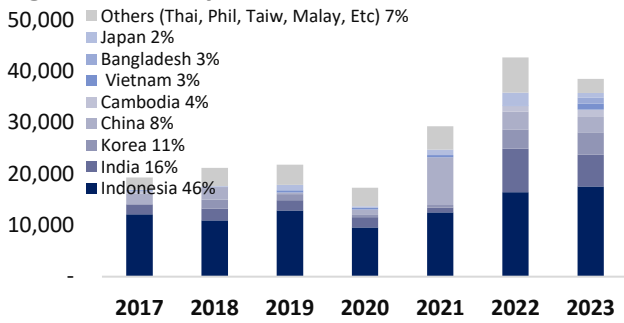
Based on DCF valuation and future opportunities, we maintain PTBA's fair value for 12M target at IDR 3,040 per share. This price reflects a P/E of 7.99x and PBV of 1.62x. Then, we project a potential total dividend yield of 11.3% (Assumption DPR at 90% from 2024F) in 2025F and 12.6% (Assumption DPR at 90% from 2025F) in 2026F. Risk: Global recession, volatile coal prices, energy transition and government policies. To mitigate existing risks, especially volatile coal prices, we strongly recommend implementing strict risk management. With a bullish scenario, it has the potential to strengthen to the resistance level of 2,940/3,000/3,070, while the support level is at 2,800/2,740.

Figure 1. Financial Highlight

year-end Dec	2021A	2022A	2023F	2024F	2025F
Revenue (IDR Bn)	29,261	42,649	38,489	32,281	29,337
Net Profit (IDR Bn)	7,909	12,568	6,106	4,373	4,880
EPS (Full amount)	702.00	1,094.00	532.00	380.71	424.82
EBITDA Margin	40%	41%	23%	21%	25%
NPM	27.0%	29.5%	15.9%	13.5%	16.6%
Div. Yield (%)	25.4%	29.6%	21.8%	11.3%	12.6%
ROE	33%	43%	28%	20%	22%
P/E (x)	3.86	3.37	4.59	7.99	7.16
P/BV (x)	1.26	1.47	1.30	1.62	1.58
EV/EBITDA (x)	1.53	1.53	2.63	4.30	3.87

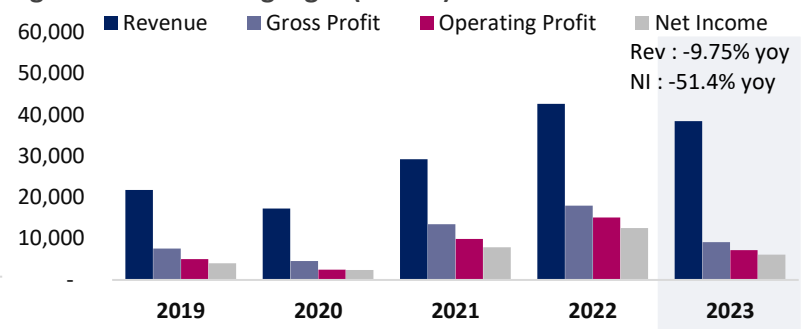
Source: PTBA and KSI Research

Figure 2. Sales by destination in FY23



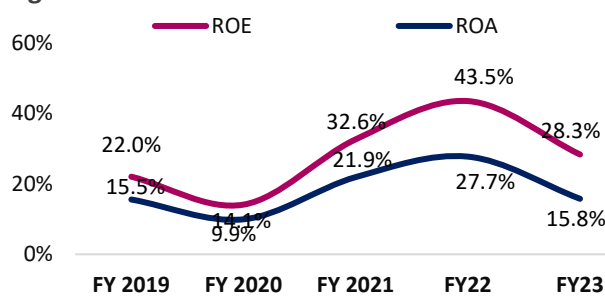
Source: PTBA and KSI Research

Figure 3. Financial Highlight (IDR Bn)



Source: PTBA and KSI Research

Figure 4. ROE vs ROA 2019 – 2023



Source: PTBA and KSI Research

Financial Review

Revenue: PTBA recorded FY23 revenue of IDR 38,489 Bn or -10% y/y (vs FY22 42,649 Bn). Sales volume rose to 37 million tonnes or +17% y/y (vs FY22 31.7 Mt), however there was a decline in average selling price (ASP) to IDR 1,027,000 / tonne or -23% y/y (vs FY22 IDR 1,330,000 /tonne). Coal production in 41.9 Mt or +13%, with a strip ratio of 6.2x or +9% y/y.

Gross profit: FY23 gross profit of IDR 9,157 Bn or -49% y/y (vs FY22 IDR 17,966 Bn). Gross profit margin ratio decreased to 24% (vs FY22 at 42%).

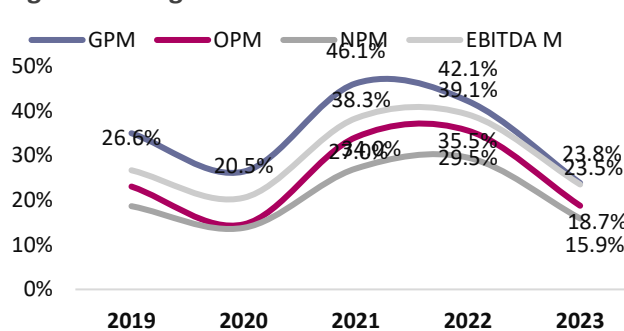
Operating profit: FY23's operating profit of IDR 7,203 Bn or -52% y/y (vs FY22 15,145 Bn). Operating profit margin ratio decreased to 19% (vs FY22 at 36%).

EBITDA: FY23's EBITDA of IDR 9,034 Bn or -46% y/y (vs FY22 16,687 Bn). EBITDA margin ratio decreased to 23% (vs FY22 at 39%).

Net Income: Net profit to decrease to IDR 6,106 Bn or -51% y/y (vs FY22 IDR 12,568 Bn). Net profit margin ratio decreased to 16% (FY22 at 29%) or below AVG peers at 17%. In Q423, net income increased to IDR 2,327 Bn or +132% q/q / -9% y/y, with net profit margin to 22% compared to Q323 11% & Q422 22%.

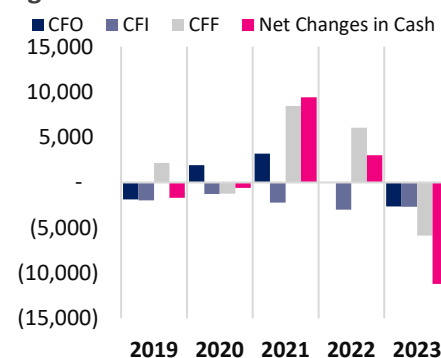
Total assets decreased to IDR 38,765 Bn or -15% y/y. Cash balance at the end of FY23 also decreased by 67% to IDR 5,556 Bn. Cash and cash equivalents represented 14% of total assets. Shareholder's equity stood at IDR 21,563 Bn, representing an decrease of 25% y/y driven by a decrease in net profit, a decrease in fixed assets, an increase in liabilities, and dividend payments. Then **total liabilities** increased to IDR 17,202 Bn, or +5% y/y (FY23 DER 0.80x vs. FY22 0.57x & AVG peers 0.55x).

Figure 5. Margin Ratio 2019 – 1H23



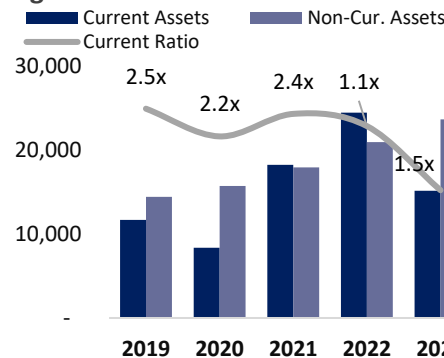
Source: PTBA and KSI Research

Figure 6. Cashflow Activities



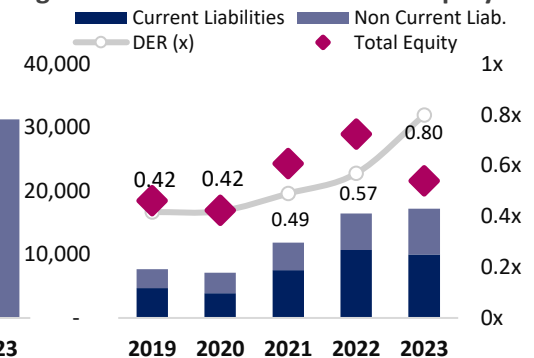
Source: PTBA and KSI Research

Figure 7. Non vs Current Assets



Source: PTBA and KSI Research

Figure 8. Total Liabilities vs Total Equity



Source: PTBA and KSI Research

Figure 9. Financial Performances

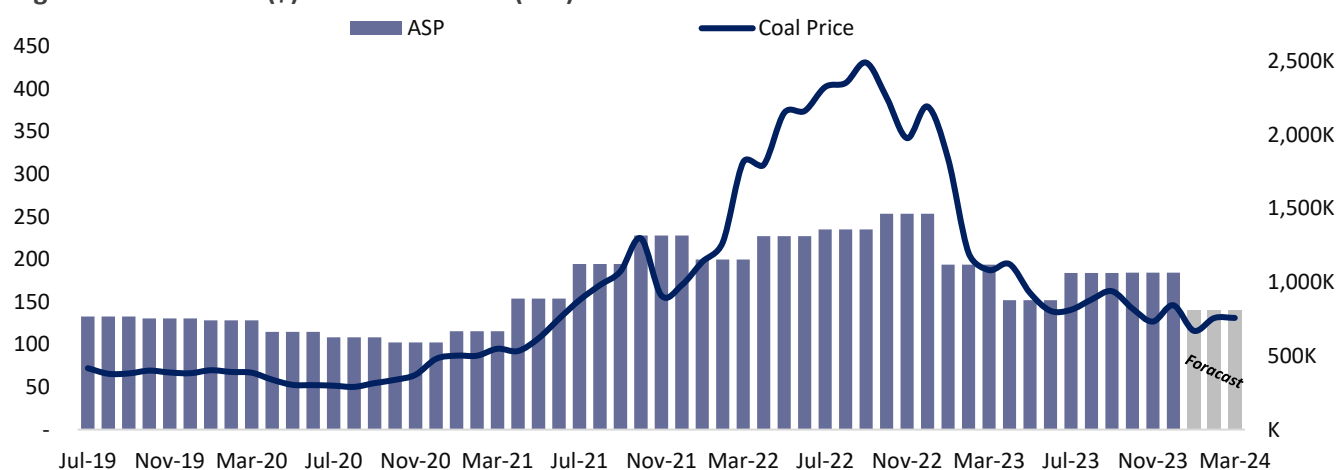
Unit: IDR billion	4Q22	3Q23	4Q23	q/q (%)	y/y (%)	FY22	FY23	y/y (%)
Sales Volume (Mt)	8.2	9.6	10	4%	22%	31.7	37	17%
ASP (IDR Tho/ton)	1,393	913	1,067	17%	-23%	1,330	1,027	-23%
Coal Mining & Trading	11,425	8,706	10,637	22%	-7%	42,099	37,972	-10%
Others	152	173	114	-34%	-25%	550	517	-6%
Total Revenues	11,578	8,879	10,751	21%	-7%	42,649	38,489	-10%
Gross Profit	4,090	1,825	3,233	77%	-21%	17,966	9,157	-49%
<i>GPM (%)</i>	<i>35%</i>	<i>21%</i>	<i>30%</i>			<i>42%</i>	<i>24%</i>	
General & Adm. Expense	900	474	359	-24%	-60%	2,390	1,937	-19%
Others	219	127	(38)	-130%	-117%	5,211	3,891	-25%
Operating Income	2,971	1,224	2,912	138%	-2%	15,145	7,203	-52%
<i>OPM (%)</i>	<i>26%</i>	<i>14%</i>	<i>27%</i>			<i>36%</i>	<i>19%</i>	
EBITDA	3,389	1,956	3,233	65%	-5%	16,687	9,034	-46%
<i>EBITDA M (%)</i>	<i>29%</i>	<i>22%</i>	<i>30%</i>			<i>39%</i>	<i>23%</i>	
Finance Costs	74	30	21	-28%	-71%	140	116	-17%
Finance Income	131	107	68	-37%	-48%	428	584	37%
Profit Before Income Tax	3,356	1,380	3,133	127%	-7%	16,202	8,154	-50%
Income Tax	754	358	747	109%	-1%	3,423	1,862	-46%
Net Profit	2,566	1,004	2,327	132%	-9%	12,568	6,106	-51%
<i>NPM (%)</i>	<i>22%</i>	<i>11%</i>	<i>22%</i>			<i>29%</i>	<i>16%</i>	

Source: PTBA and KSI Research

Figure 10. Operational Highlight

Unit: Mt	4Q22	3Q23	4Q23	q/q (%)	y/y (%)	FY22	FY23	y/y (%)
Coal Production	9.4	13.1	10.0	-24%	6%	37.1	41.9	13%
Overburden (Mbcm)	59.1	73.4	45.5	-38%	-23%	211.5	261.5	24%
Stripping R (x)	6.3	5.6	4.6	-19%	-28%	5.7	6.2	9%

Source: PTBA and KSI Research

Figure 11. Coal Price (\$) vs ASP Historical (IDR)


Source: PTBA and KSI Research

Valuation & Dividend Potential

We used the DCF valuation method to determine the fair price of PTBA. Our assumptions included a beta of 0.78x, a risk-free rate of 6.63%, a risk premium of 6.28%, a WACC of 11.29%, and a perpetuity growth rate of -1%. Based on these assumptions, we arrived at a fair value of **IDR 3,040 per share**. Currently priced (2,840), it trades at a PE of 5.36x vs 5Y AVG at 6.4x and a PBV of 1.53x vs 5Y AVG of 1.6x.

Figure 12. DCF Valuation Method

DCF (IDR Bn)	2024F	2025F	2026F	2027F	2028F	2029F
EBIT	4,373	5,767	4,746	4,134	4,094	3,790
marginal tax rate	23%	23%	23%	23%	23%	23%
EBIT (1-tax)	3,375	4,450	3,662	3,190	3,159	2,925
+ D & A	1,391	1,494	1,354	1,263	1,221	1,130
- Capex	(2,500)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
Changes in working capital	319	(501)	793	1,952	879	964
Free Cash Flow	2,585	3,444	3,809	4,405	3,259	3,019
Terminal Value						24,327
Discount Factor	1.00	0.90	0.81	0.73	0.65	0.59
Firm Value	29,111	Key Assumption				
Cash	7,087	Perpetuity Growth -1.00%				
Interest Bearing Debt	1,220	Beta 0.78				
Equity Value	34,978	RF 6.63%				
Share	11	RP 6.28%				
Fair Value (IDR)	3,040	Cost of Equity 11.53%				
Last Price	IDR 2,840	Cost of Debt 6.99%				
Potential Upside (%)	7.04%	WACC 11.29%				

Source: Bloomberg and KSI Research

Figure 13. Scenario analysis for NI & Market Ratio

2024F	Profit	EPS	DPS	Fair V	Div. yield
Rev. Gr	4,373	381	343	3,040	11.27%
-24%	3,963	345	310	3,050	10.18%
-22%	4,067	354	319	3,050	10.45%
-20%	4,171	363	327	3,040	10.75%
-18%	4,276	372	335	3,040	11.02%
-16%	4,373	381	343	3,040	11.27%
-14%	4,484	390	351	3,040	11.56%
-12%	4,589	399	360	3,030	11.86%

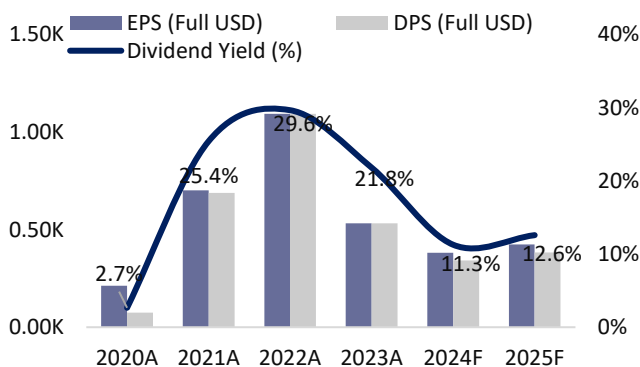
Source: Bloomberg and KSI Research

Figure 14. Sensitivity analysis for fair value

Fair Value		Perpetuity Growth					
WACC	IDR 3,040	-3%	-2%	-1%	0%	1%	2%
9%	3,190	3,320	3,480	3,670	3,910	4,210	
10%	3,000	3,110	3,240	3,390	3,580	3,810	
11%	2,840	2,930	3,040	3,160	3,310	3,490	
12%	2,740	2,820	2,920	3,020	3,150	3,300	
13%	2,620	2,690	2,760	2,850	2,960	3,080	
14%	2,510	2,570	2,630	2,710	2,790	2,890	
15%	2,410	2,460	2,520	2,580	2,650	2,730	

Source: Bloomberg and KSI Research

Figure 15. Dividend yield Estimated



Source: Bloomberg and KSI Research

EPS 23	Last Price	DPR assumptions					
532	2,880	100%	90%	80%	70%	60%	50%
Dividend yield		18%	17%	15%	13%	11%	9%

PTBA is expected to distribute dividends at a ratio of 100% of FY23 performance. The company has distributed dividends of IDR 532 per share. FY2023 EPS is Rp 532 per share. FY23 dividend is estimated at IDR 532 per share and potential dividend yield of 18.7% (based on last price at 2,840).

Based on the history of the last 5 years, the scheduled dividend payments have been made in June (3 times), April (1 time) and May (1 time).

Financial Exhibits

Company profile

PT. Bukit Asam Tbk (PTBA) is engaged in coal mining, including general surveying, exploration, exploitation, processing, refining, transportation and trading, maintenance of special coal port facilities for internal and external needs, operation of steam power plants for internal and external needs and providing consulting services related to the coal mining industry and its derivative products and plantation development.

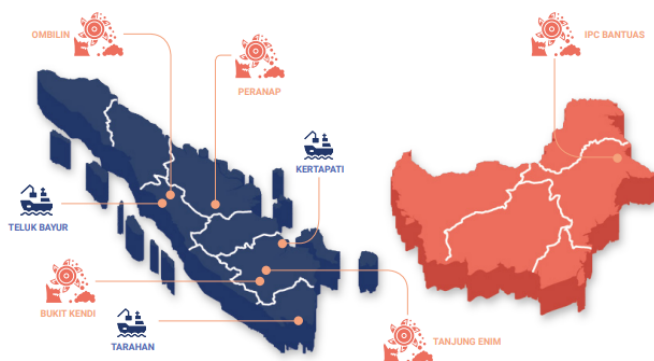
Coal Resources : 5.81 billion ton

Coal Reserves : 2.98 billion ton

Bukit Asam Group Profile



Operational Area:



Target for 2024

- Coal production : 41.34 Mt or -1.3% y/y (vs 2023A 41.9 mt)
- Railway transportation : 33.69 Mt or +3.9% y/y (vs 2023A 32.4 Mt)
- Sales volume: 43.11 Mt or +16.5% y/y (vs 2023A 37 mt)
- Strip ratio: 6.44x (vs 2023A 6.2x).
- Capital expenditures: IDR 2.85 T

Source: PTBA & KSI Research

Figure 16. Financial Statement (IDR Bn)

Income Statement	2022A	2023A	2024F	2025F
Revenue	42,649	38,489	32,281	29,337
Costs of revenue	24,682	29,332	25,179	21,709
Gross profit	17,967	9,157	7,102	7,628
Operating profit	15,145	7,203	5,370	6,054
EBITDA	17,673	9,034	6,761	7,318
Income before tax	16,202	8,154	5,870	6,508
Tax expenses	3,423	1,862	1,340	1,486
Minority interests	212	187	157	142
Net income	12,568	6,106	4,373	4,880
EPS (IDR)	1,094	532	381	425
Balance Sheet	2022A	2023A	2024F	2025F
Cash & equivalents	16,743	5,556	7,087	7,816
Account receivables	3,510	3,797	3,299	2,998
Inventories	3,837	5,500	3,806	3,282
Fixed assets	11,336	11,911	13,019	13,755
Other assets	9,745	11,844	9,013	8,168
Total assets	45,359	38,765	36,369	36,173
S-T liabilities	592	558	560	571
Other S-T liabilities	10,110	9,410	8,415	7,647
L-T liabilities	771	744	661	674
Other L-T liabilities	4,971	6,490	5,112	5,217
Total liabilities	16,443	17,202	14,748	14,110
Equity	28,916	21,563	21,621	22,063
BVPS (Full USD)	2,517	1,877	1,882	1,921
Cash Flow	2022A	2023A	2024F	2025F
Net Income	12,568	6,106	4,373	4,880
Depreciation	1,542	1,832	1,391	1,264
Change in W/C	(14,133)	(10,574)	(4,552)	(6,049)
Others	(24)	(2,637)	1,212	95
CFO	(889)	(937)	(2,500)	(2,000)
Capital expenditure	(2,328)	(2,160)	2,800	795
CFI	(3,015)	(2,690)	1,722	74
Dividends Paid	(12,568)	(6,111)	(3,936)	(4,392)
Net Change Debt	144	(27)	(83)	14
Others	18,458	278	2,616	4,939
CFE	6,034	(5,860)	(1,403)	560
Change in cash	2,996	(11,187)	1,531	729
Beginning	13,747	16,743	5,556	7,087
Ending cash flow	16,743	5,556	7,087	7,816
Key Ratios	2022A	2023A	2024F	2025F
Gross margin (%)	42%	24%	22%	26%
EBITDA margin (%)	41%	23%	21%	25%
Pretax margin (%)	38%	21%	18%	22%
Net margin (%)	29.5%	15.9%	14%	17%
ROE (%)	43%	28%	20%	22%
Current ratio (x)	1.52	1.61	1.75	1.62
Gearing (%)	5%	6%	6%	6%
Net gearing (%)	57%	80%	68%	64%
AR turnover (days)	30	36	37	37
Inventory TO (days)	57	68	55	55
AP turnover (days)	119	91	96	119

Source: PTBA and KSI Research

Kiwoom Sekuritas Guide to Sector/Industry/Stock Ratings

Sector/Industry

OVERWEIGHT	: Sector & Industry Outlook has potential and good condition
NEUTRAL	: Sector & Industry Outlook Stable or tend to be stagnant
UNDERWEIGHT	: Sector & Industry Outlook has challenges and bad condition

Stock

BUY	: Stock Performance > +15%	Over the next 12 month (excluding dividend)
TRADING BUY	: Stock Performance, range between +5% to +15%	Minor to Medium Term
HOLD	: Stock Performance, range between -10% to +15%	Over the next 12 month (excluding dividend)
SELL	: Stock Performance > -15%	Over the next 12 month (excluding dividend)
TRADING SELL	: Stock Performance, range between -5% to -15%	Minor to Medium Term
NOTE RATE	: Stock is not within regular research coverage	Over the next 12 month (excluding dividend)



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