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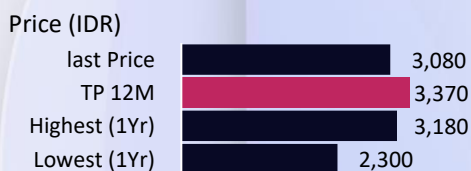


Stock Rate
Industry **HOLD**
Neutral

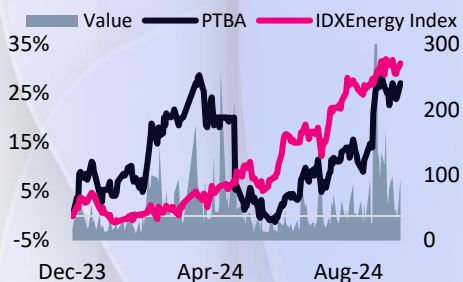
Fair Value **IDR 3,370**
vs. Last Price **+9.4%**

Stock Data
Ticker Code **PTBA**
Sub Sector **Oil, Gas & Coal**
Sector **Energy**

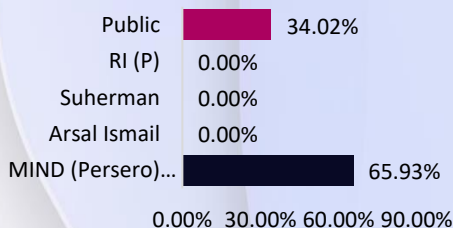
Market Cap (IDR.Tn) **35.38**
Shares Issued (Bn) **11.52**
AVG 3M Turnover (Bn) **74.39**



Price Performance, Ytd (%), Turnover



Shareholders Composition



PT Bukit Asam (Persero) Tbk (PTBA)

Domestic Market Boosts Revenue, But Profit Margins Slip

The top line growth but bottom recorded a decline. For 1H24, ITMG posted revenue of IDR 19.6 Tn or +4% y/y (vs 1H23 18.9 Tn). Sales volume rose to 20.1 million tonnes or +15% y/y (vs 1H23 17.4 Mn), however there was a decline in average selling price (ASP) to IDR 1.0 Mn / ton or -9.1% y/y (vs 1H23 IDR 1.1 Mn / ton). Net profit to decrease to IDR 2.03 Tn or -27% y/y (vs 1H23 IDR 2.78 Tn). Net profit margin ratio decreased to 10.3% (1H23 at 15%). 1H24's EBITDA of IDR 3.1 Tn or -19% y/y (vs 1H23 3.9 Tn). EBITDA margin ratio decreased to 16% (vs 1H23 at 21%). On the operational side, production was up 58% qoq and achieved 46% of target. Stripping ratio remained controlled at 5.8x, which remains within the annual target range.

Key Takeaways

- o **Domestic sales increased.** Domestic revenue increased by 11% y/y and contributed 47% (vs 1H23 44%) of total revenue. Exports to India increased significantly by 19% y/y, exports to China decreased by 71% y/y, while others increased by 29% y/y. In addition, PTBA in the second quarter gained new markets in Bangladesh 0.24 million tons, Philippines 0.12 million tons and Japan 0.02 million tons.
- o **India's coal consumption demand increased due to the second quarter being in the summer season.** Coal demand increases in the Indian summer. Another factor for the increase in demand was the growth of iron production in India by 9% y/y. In Q3, India entered the monsoon season which is expected to lower consumption. Demand projections still have a chance to grow in the fourth quarter as China enters winter.
- o **The Coal MIP regulation implemented has the potential to benefit PTBA.** For information, levies from MIP will be used to cover the difference in domestic coal selling prices for companies that carry out DMO obligations. PTBA will greatly benefit because it has a large exposure to the domestic market.

Recommendation "HOLD"

Based on DCF valuation and future opportunities, we upgrade PTBA's fair value for 12M target at IDR 3,370 per share (Prev. 3,040). This price reflects a P/E of 8.4x and PBV of 1.6x. Then, we project a potential total dividend yield of 10.7% (Assumption DPR at 90% from 2024F) in 2025F and 14.2% (Assumption DPR at 90% from 2025F) in 2026F. *Down Risk : Global slowdown, volatile coal prices, Risks of a stronger rupiah, energy transition and government policies.*

Figure 1. Financial Highlight

End 31 Dec (IDR Bn)	2022A	2023A	2024F	2025F	2026F
Revenue (IDR Bn)	42,649	38,489	43,535	46,830	39,407
Net Profit (IDR Bn)	12,568	6,106	4,218	5,622	4,523
EPS (Full amount)	1,094	532	367	489	394
EBITDA Margin	41%	23%	16%	19%	18%
NPM	29.5%	15.9%	9.7%	12.0%	11.5%
Div. Yield (%)	29.6%	21.8%	10.7%	14.2%	8.9%
ROE	43%	28%	19%	25%	20%
P/E (x)	3.4	4.6	8.4	6.3	7.9
P/BV (x)	1.5	1.3	1.6	1.6	1.6
EV/EBITDA (x)	1.5	2.6	4.6	3.6	4.2

Source : Company & Bloomberg

Financial Exhibits

Figure 2. Result 1H2024, Revised

IDR Bn	1H23	1H24	yoy	2023	2024	2024			KSI 2024F	
				Q2	Q1	Q2	yoy	qoq	Old	New
Indonesia	8,350	9,279	11%	4,223	4,703	4,576	8%	-3%		
India	3,093	3,670	19%	1,019	1,832	1,838	80%	0%		
China	2,369	679	-71%	646	335	344	-47%	3%		
Others	5,046	6,015	19%	3,013	2,540	3,475	15%	37%		
Revenue	18,859	19,643	4%	8,901	9,410	10,233	15%	9%	31,561	43,535
Costs of revenue	14,760	16,239	10%	6,860	7,990	8,249	20%	3%	24,933	37,464
Gross profit	4,099	3,404	-17%	2,041	1,419	1,984	-3%	40%	6,628	9,366
Operating profit	3,016	2,517	-17%	1,423	733	1,199	-16%	64%	4,935	5,065
EBITDA	3,909	3,149	-19%	2,063	1,266	1,883	-9%	49%	6,761	7,116
Net income	2,776	2,033	-27%	1,613	791	1,242	-23%	57%	4,032	4,369
EPS (Full IDR)	242	177	-27%	140	69	108	-23%	57%	351	380
Liabilities	43,116	36,576	-15%							
Equity	18,466	19,525	6%							
Total Asset	61,582	56,101	-9%							
<i>GPM %</i>	22%	17%		23%	15%	19%			21%	22%
<i>OPM %</i>	16%	13%		16%	8%	12%			16%	12%
<i>Ebitda Margin %</i>	21%	16%		23%	13%	18%			21%	16%
<i>NPM %</i>	15%	10.3%		18.1%	8%	12.14%			13%	10%
<i>ROE (%)</i>	30%	21%								
<i>ROA (%)</i>	9%	7%								

Source : Company & Bloomberg

We revised our projection for performance in 2024F, the projection is higher than our previous projection, as coal prices are higher than we previously expected.

Figure 3. Bloomberg (Last 16 Oct 2024) vs Kiwoom Consensus

	2024F	2025F	2026F		2024F	2025F	2026F
Revenue (Bn IDR)				Kiwoom Estimates			
Kiwoom Estimates	43,535	46,830	39,407	PE (x)	8.4	6.3	7.9
Bloomberg Consensus	39,041	39,978	41,859	PBV (x)	1.6	1.6	1.6
				EV/Ebitda	4.6	3.6	4.2
Net Income (Bn IDR)				Dividen Yield (%)	11.0	14.6	9.2
Kiwoom Estimates	4,218	5,622	4,523	Bloomberg Estimates			
Bloomberg Consensus	4,507	4,586	4,761	PE (x)	7.68	7.82	7.99
				PBV (x)	1.59	1.46	1.35
				EV/Ebitda	4.64	5.09	4.42
				Dividen Yield (%)	8.15	8.53	8.44

Source : Company & Bloomberg

Valuation

Figure 4. Fair Value

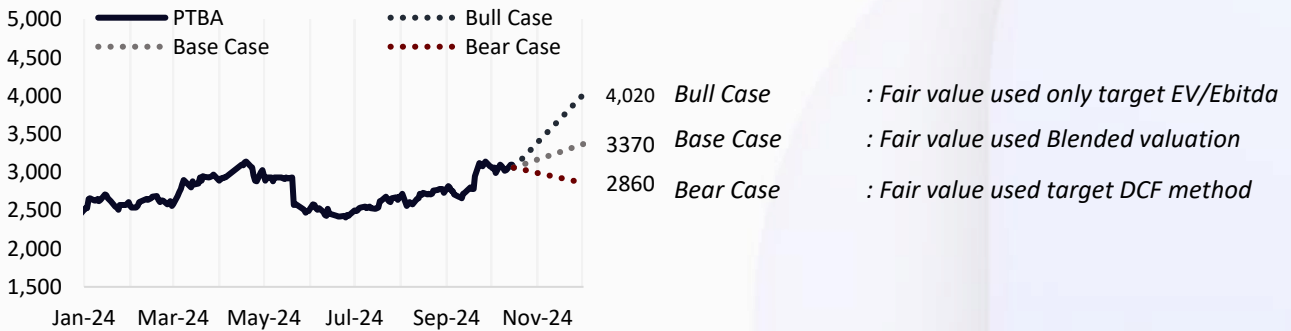
DCF (IDR Bn)	2024F	2025F	2026F	2027F	2028F	2029F
EBIT	4,369	5,784	4,660	3,921	3,494	3,113
marginal tax rate	23%	23%	23%	23%	23%	23%
EBIT (1-tax)	3,371	4,463	3,596	3,026	2,696	2,402
+ D & A	2,051	2,206	1,856	1,562	1,392	1,240
- Capex	(2,200)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
Changes in working capital	(1,761)	(36)	2,432	2,630	1,589	1,197
Free Cash Flow	1,461	4,633	5,884	5,217	3,676	2,840
Terminal Value						23,996
Discount Factor	1.00	0.88	0.77	0.68	0.60	0.53
Firm Value	29,132	Key Assumption				
Cash	5,038	Perpetuity Growth 2.5%				
Interest Bearing Debt	1,223	Beta 0.80				
Equity Value	32,947	RF 6.68%				
Share	11	RP 10.49%				
Fair Value (IDR)	2,860	Cost of Equity 15.07%				
Last Price	IDR 3,080	Cost of Debt 6.79%				
Potential Upside (%)	-7.1%	WACC 14.63%				

Multiple Valuation	Base Amount	Target Multiple	Value (Bn)	Weight (%)	The Value of the firm
PE (Net Income)	4,369	8.9	38,884	30%	11,665
EV/EBITDA	7,116	6.5	46,253	30%	13,876
DCF	32,947		32,947	40%	13,179

Source : Company & Bloomberg

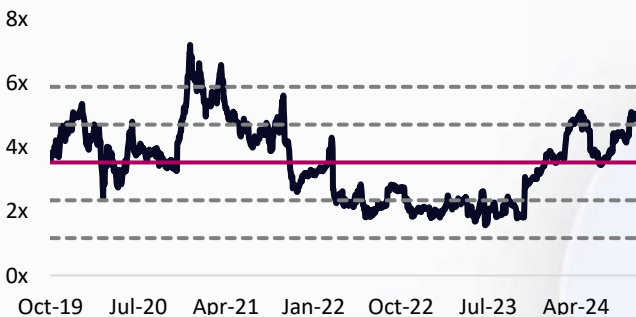
Total Value (USD Mn)	38,720
Share (Mn)	11
Target Price (IDR)	3,370
Last Price (15 Oct 24)	IDR 3,080
Potential Upside (%)	9.4%

Figure 5. Risk Reward (1:3.8x)



Source : Company & Bloomberg

Figure 6. Historical EV/Ebitda – 5Y



Source : Company & Bloomberg

Figure 7. Historical PE – 5Y



Source : Company & Bloomberg

Financial Exhibits

Year-end 31 Dec (IDR Bn)	2021A	2022A	2023A	2024F	2025F	2026F
Revenue	29,261	42,649	38,489	43,535	46,830	39,407
Costs of revenue	15,777	24,682	29,332	36,134	37,464	31,526
Gross profit	13,484	17,967	9,157	7,401	9,366	7,881
Operating profit	9,959	15,145	7,203	5,065	6,854	5,499
EBITDA	11,631	17,673	9,034	7,116	9,059	7,355
Income before tax	10,359	16,202	8,154	5,935	7,789	6,286
Tax expenses	2,322	3,423	1,862	1,355	1,778	1,435
Minority interests	127.8	211.9	186.7	211.1	227.1	191.1
Net income	7,909	12,568	6,106	4,369	5,784	4,660
EPS (IDR)	702.00	1,094	532	380	503	406

Balance sheet

Year-end 31 Dec (IDR Bn)	2021A	2022A	2023A	2024F	2025F	2026F
Cash and equivalents	13,747	16,743	5,556	5,038	5,308	7,536
Account receivables	3,100	3,510	3,797	4,450	4,786	4,028
Inventories	1,208	3,837	5,500	5,462	5,663	4,766
Fixed assets	10,469	11,336	11,911	12,060	11,855	11,998
Other assets	7,368	9,745	11,789	12,120	13,091	11,016
Total assets	36,124	45,359	38,765	39,359	40,895	39,506
S-T liabilities	421	592	558	561	574	585
Other S-T liabilities	7,080	10,110	9,410	11,349	12,207	10,273
L-T liabilities	626	771	744	662	678	691
Other L-T liabilities	3,743	4,971	6,490	5,123	5,246	5,346
Total liabilities	11,870	16,443	17,202	17,694	18,706	16,895
Equity	24,254	28,916	21,563	21,665	22,189	22,611
BVPS (IDR)	2,152	2,517	1,877	1,886	1,932	1,968

Cash Flows Statement

Year-end 31 Dec (IDR Bn)	2021A	2022A	2023A	2024F	2025F	2026F
Net Income	7,909	12,568	6,106	4,369	5,784	4,660
Depreciation	1,242	1,542	1,832	2,051	2,206	1,856
Change in working capital	(5,964)	(14,133)	(10,574)	(5,177)	(7,683)	(6,719)
Operating cash flow	3,187	(24)	(2,637)	1,243	306	(203)
Capital expenditure	(955)	(889)	(937)	(2,200)	(2,000)	(2,000)
Others	(1,498)	(2,328)	(2,160)	(239)	(890)	2,005
Investing cash flow	(2,220)	(3,015)	(2,690)	(414)	(700)	1,897
Dividend paid	7,758	12,568	6,111	3,932	5,205	3,262
Net change in debt	226	144	(27)	(81)	16	13
Others	454	(6,678)	(11,945)	(5,198)	(4,557)	(2,740)
Financing cash flow	8,439	6,034	(5,860)	(1,347)	664	535
Effect of Foreign Exc. Rates	-	-	-	-	-	-
Change in cash	9,406	2,996	(11,187)	(518)	270	2,229
Beginning cash flow	4,341	13,747	16,743	5,556	5,038	5,308
Ending cash flow	13,747	16,743	5,556	5,038	5,308	7,536

Source : Company & Bloomberg

Key Ratios

	2021A	2022A	2023A	2024F	2025F	2026F
Revenue Growth (%)	69%	46%	-10%	13%	8%	-16%
Gross Profit Growth (%)	195%	33%	-49%	-19%	27%	-16%
Operating Profit Growth (%)	295%	52%	-52%	-30%	35%	-20%
EBITDA Growth (%)	215%	49%	-46%	-21%	27%	-19%
Net Profit Growth (%)	231%	59%	-51%	-28%	32%	-19%
EPS Growth (%)	230%	56%	-51%	-29%	32%	-19%
Gross margin (%)	46%	42%	24%	17%	20%	20%
EBITDA margin (%)	38%	39%	23%	16%	19%	19%
EBIT margin (%)	34%	36%	19%	12%	15%	14%
Pretax margin (%)	35%	38%	21%	14%	17%	16%
Net margin (%)	27%	29%	16%	10%	12%	12%
ROE (%)	33%	43%	28%	20%	26%	21%
ROA (%)	22%	28%	16%	11%	14%	12%
Current ratio (x)	2.4x	2.3x	1.5x	1.3x	1.3x	1.5x
Quick ratio (x)	2.3x	1.9x	1.0x	0.8x	0.8x	1.1x
Gearing (%)	4%	5%	6%	6%	6%	6%
Net gearing (%)	-52%	-53%	-20%	-18%	-18%	-28%
LT D/Equity (x)	0.03x	0.03x	0.03x	0.03x	0.03x	0.03x
DER (x)	0.49x	0.57x	0.80x	0.82x	0.84x	0.75x
DAR (x)	0.33x	0.36x	0.44x	0.45x	0.46x	0.43x
Interest Coverage (x)	63x	108x	62x	30x	37x	36x
Receivable turn over (x)	12.51	12.90	10.53	10.56	10.14	8.94
AR turnover (days)	38.67	30.04	36.01	37.31	37.31	37.31
Inventory turnover (days)	27.94	56.74	68.44	55.17	55.17	55.17
Cash Ratio	183%	156%	56%	42%	42%	69%
Sustainable Growth (%)	1%	0%	0%	2%	3%	6%
Earning Yield (%)	26%	30%	22%	12%	16%	13%
Dividend Yield (%)	25%	30%	22%	11%	15%	9%
PE (x)	3.9x	3.4x	4.6x	8.2x	6.2x	7.6x
PBV (x)	1.3x	1.5x	1.3x	1.6x	1.6x	1.6x
P/Sales	1.0x	1.0x	0.7x	0.8x	0.8x	0.9x
EV/Ebitda	1.6x	1.6x	2.6x	4.5x	3.5x	4.0x

Source : Company & Bloomberg

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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