

PT Indo Tambangraya Megah Tbk (ITMG)

Coal Mining

Blessings from gas supply cut

06 July 2022

Recommendations : BUY

Stock

Price on 05/07/2022 (Rp)	32,500
Target price (Rp)	38,850
Capital gain potential	20%

Stock Data

Outstanding shares	1,096,555,900
Market cap (Rp)	37,287,525,000,000
Weight vs IHSG (%)	0.49

Shareholders (%)

Banpu Minerals Pte. Ltd.	65.14%
Fredi Chandra	0.12%
Public	31.79%
Treasury stock	2.95%
Outstanding Shares (unit)	1,129,925,000

Price Performance

52-week high/low	Rp37,000/Rp14,200
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Capital gain/(loss) (in %)

1 month	3 month	6 month	1 Year	YTD
-6.12	19.46	68.15	113.25	61.76

Summary of Financial Performance

In USD bn	2021A	2022E	2023F
Revenue	2,076.8	3,252.5	2,578.0
Operating Income	791.2	1,505.5	1,187.9
OPM (%)	38.10%	46.29%	46.08%
EBITDA	855.8	1,517.5	1,029.3
EV to EBITDA (x)*	1.08	0.36	0.49
Net Income	475.6	1,086.8	704.1
NPM (%)	44.13%	44.63%	45.13%
EPS (Rp)	7,888	18,026	11,678
EPS Growth (%)	1104.9%	128.5%	-35.2%
Price Earnings (x)*	3.33	1.29	1.99
Price to Book (x)*	1.30	1.06	1.01
Price to Sales (x)*	0.76	0.43	0.54
Return on Equity (%)	39.58%	81.98%	50.64%
Return on Assets (%)	28.54%	53.98%	33.40%
Tot Debt/Equity (x)	0.04	0.05	0.05

*) based on market price (05/07/2022) at Rp32,500

Sources : Company, Bloomberg and KB Valbury Sekuritas

Analyst(s)

Devi Harjoto

Alfiansyah

Laba bersih ITMG tumbuh 406,8% YoY pada 1Q22 menjadi USD213,3 juta. Harga batubara diproyeksi tetap kuat pada 2022 dampak supply gas terbatas. Rekomendasi "BUY" dengan target harga Rp38.850 per saham.

Kenaikan laba bersih dan margin yang melebar

Laba bersih ITMG naik 406,8% YoY pada 1Q22 menjadi USD213,3 juta (+4,5% QoQ). Pertumbuhan laba bersih tersebut ditopang oleh kenaikan net revenue 125,1% YoY pada 1Q22 menjadi USD639,9 -juta (-15,1% QoQ). Secara umum, kami memandang adanya larangan ekspor batubara pada Januari 2022 tidak berdampak terhadap performa ITMG. GPM ITMG meningkat signifikan dari 29,9% pada 1Q21 menjadi 52,6% pada 1Q22, ditengah kenaikan beban pokok 52,3% YoY ditengah kenaikan royalti dan cost of mining. EBITDA margin ITMG meningkat dari 30,3% pada 1Q21 menjadi 50,5% pada 1Q22. Kemudian, beban operasional ITMG naik 72,3% YoY pada 1Q22 menjadi USD36,3 juta karena kenaikan beban penjualan dari agency dan marketing. ITMG mencatatkan kenaikan beban lain-lain 258,0% YoY pada 1Q22 dari kerugian dari instrumen swap batubara dan bahan bakar. Dari segi neraca, ITMG membukukan net cash pada 1Q22.

Performa terbantu peningkatan ASP

Kenaikan net revenue ITMG pada tahun lalu ditopang oleh kenaikan ASP yang mencapai 120,9% YoY menjadi USD150,4 per MT (-4,9% QoQ). Adapun, volume penjualan meningkat 4,9% YoY pada 1Q22 menjadi 4,3 juta MT, seiring dengan produksi yang mencapai 3,8 juta MT atau naik 4,8% YoY (-18,9% QoQ). Porsi penjualan domestic ITMG mencapai 21% pada 1Q22, sedangkan porsi penjualan terbesar yakni Cina dengan 31%, dan Jepang dengan 15%. Adapun, strip ratio turun YoY dari 11,5x pada 1Q21 menjadi 11,1x pada 1Q22. Dari segi biaya, ditengah kenaikan energy, biaya produksi cenderung meningkat 17,7% YoY, sehingga menyebabkan cost per ton naik 43,6% YoY menjadi USD74.5 per MT, yang utamanya disebabkan oleh kenaikan fuel 62,2% YoY.

ASP masih kuat namun resiko meningkat ditengah ketidakpastian global

Kami memperkirakan pendapatan ITMG dapat tumbuh 56% YoY pada 2022, didukung oleh proyeksi kami atas permintaan high CV yang masih tetap kuat ditengah diversifikasi permintaan dari gas alam terutama dari Eropa, terutama menjadi sasaran pengurangan supply gas dari Rusia. Sedangkan, bagi sisi supply, prediksi cuaca yang lebih basah di Indonesia dan Australia. Kami memproyeksi ASP akan tetap kuat pada 2H22 kendati ada ketidakpastian dari kebijakan covid-19 Cina yang dinamis. Cina juga berencana untuk mengimpor batubara Rusia dengan harga diskon, disamping memacu produksi domestic terutama di Shanxi untuk menurunkan inflasi PPI. Adapun, The Fed juga akan menaikkan suku bunga secara agresif sepanjang tahun ini mempunyai resiko perlambatan pemulihan dan peralihan aset safe haven seperti obligasi AS dari pasar komoditas. Dari segi penjualan, kami memproyeksi volume dapat mencapai 20 juta MT tahun ini, dengan produksi mencapai 17,5 juta MT.

Rekomendasi BUY ditengah neraca yang kuat

Kami merekomendasikan "BUY" dengan target harga Rp38.850 per saham, yang merepresentasikan valuasi PE 2022E sebesar 1,29x. Rekomendasi kami berdasarkan pertimbangan faktor 1) adanya disrupsi dari geopolitik dan diversifikasi energy dari gas alam; 2) demand batubara HCV asal Indonesia ditengah sengketa Cina- Australia; 3) neraca ITMG yang kokoh dengan posisi net cash dan 4) dolar AS yang terapresiasi. Namun, kami mencatat beberapa resiko yakni 1) koreksi harga batubara ditengah kenaikan supply dari Cina dan kenaikan suku bunga ;2) pergeseran permintaan batubara pada sumber renewable; dan 3) kenaikan harga energy yang dapat mengurangi margin.

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FINANCIAL OVERVIEW

Income Statement (USD mn)	1CQ2021	1CQ2022	YoY Change	4Q2021	1Q2022	QoQ Change
Net revenue	284	640	125.1%	753	640	(15.1%)
Cost of Revenue	(199)	(304)	52.3%	(368)	(304)	(17.5%)
Gross Profit	85	336	296.2%	385	336	(12.8%)
Gross Margin (%)	29.9%	52.6%		51.2%	52.6%	
Operating Expenses	(21)	(36)	72.2%	(44)	(36)	(16.6%)
Operating Profit	64	300	370.3%	342	300	(12.3%)
Operating Margin (%)	22.4%	46.9%		45.4%	46.9%	
EBITDA	86	323	275.6%	371	323	(12.9%)
EBITDA Margin (%)	28.8%	49.3%		47.3%	49.3%	
Non-Operating Income (Losses)	(7)	(25)	255.9%	(73)	(25)	(65.0%)
Pretax Income	57	275	384.7%	269	275	2.0%
Income Tax (Expense)/ Benefit	(15)	(61)	320.3%	(65)	(61)	(5.9%)
Profit for This Year	42	213	407.1%	204	213	4.6%
Net Profit (Losses)	42	213	406.8%	204	213	4.5%
Profit Margin (%)	14.8%	33.3%		27.1%	33.3%	

Sources : Company and KB Valbury Sekuritas

FINANCIAL TABLES

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Year End Dec (USD mn)	2020A	2021A	2022E	2023F	2024F
Revenue	1,185.3	2,076.8	3,252.5	2,578.0	2,172.1
Revenue growth yoy	(30.9%)	75.2%	56.6%	(20.7%)	(15.7%)
- Cost of Goods Sold	(986.2)	(1,160.3)	(1,800.9)	(1,414.5)	(1,181.0)
Gross Income	199.2	916.5	1,451.7	1,163.5	991.2
- Operating Expenses	(95.2)	(125.4)	(53.8)	(24.4)	(43.2)
Operating Income	103.9	791.2	1,505.5	1,187.9	948.0
Op income growth yoy	(42.4%)	661.4%	90.3%	(21.1%)	(20.2%)
- Non Operating Gains (Losses)	(31.4)	(170.1)	(203.5)	(241.8)	(262.2)
EBITDA	173.3	855.8	1,517.5	1,029.3	690.2
Pretax Income	72.6	621.1	1,302.0	946.1	685.8
- Income Tax Expense	34.7	145.7	217.0	245.3	270.2
Profit for This Year	37.8	475.4	1,085.0	700.8	415.6
- Minority Interests	(1.6)	(0.2)	(1.8)	(3.3)	(3.6)
Net Income	39.5	475.6	1,086.8	704.1	419.3
Net income growth yoy	(69.5%)	1104.9%	128.5%	(35.2%)	(40.5%)
EPS (IDR)	655	7,888	18,026	11,678	6,954
Dividends Per Share (IDR)	604	5,413	16,234	10,573	6,339

Sources: Company, Bloomberg and KB Valbury Sekuritas

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Year End Dec (USD mn)	2020A	2021A	2022E	2023F	2024F
Total Current Assets	412.4	988.0	1,308.6	1,360.3	1,421.8
+ Cash & Near Cash Items	231.5	691.0	923.9	965.1	1,010.1
+ Accounts & Notes Receivable	74.7	186.8	241.9	248.6	258.9
+ Inventories	60.2	62.4	80.9	83.1	86.5
+ Other Current Assets	46.1	47.8	61.9	63.6	66.2
Total Long-Term Assets	746.2	678.2	704.7	747.6	764.5
+ Property, Plant & Equip, Net	528.7	429.3	452.8	485.7	493.4
Property, Plant & Equip	2,004.2	2,074.4	2,159.1	2,197.3	2,232.5
Accumulated Depreciation	1,475.5	1,645.2	1,706.4	1,711.6	1,739.1
+ Other Long Term Assets	217.5	249.0	251.9	261.9	271.1
Total Assets	1,158.6	1,666.2	2,013.3	2,107.9	2,186.3
Total Current Liabilities	207.3	364.7	528.4	546.7	576.0
+ Accounts Payable	62.3	85.3	179.8	178.2	178.5
+ Short Term Borrowings	28.3	21.6	26.0	28.7	31.7
+ Other Short Term Liabilities	116.7	257.9	322.7	339.8	365.8
Total Long Term Liabilities	105.0	99.9	159.2	170.8	183.9
+ Long Term Borrowings	36.5	30.4	37.9	39.7	41.5
+ Other Long Term Borrowings	68.5	69.5	121.3	131.1	142.4
Total Liabilities	312.3	464.7	687.7	717.5	759.8
+ Share Capital & APIC	392.9	392.9	392.9	392.9	392.9
+ Retained Earnings	485.2	854.3	962.3	1,028.9	1,066.0
+ Other Equity	(4.7)	(18.7)	(21.0)	(22.5)	(23.3)
Equity Before Minority Interest	854.1	1,209.3	1,334.2	1,399.4	1,435.6
+ Minority Interest	(7.8)	(7.7)	(8.5)	(9.0)	(9.2)
Total Equity	846.3	1,201.6	1,325.6	1,390.4	1,426.4
Total Liabilities & Equity	1,158.6	1,666.2	2,013.3	2,107.9	2,186.3
Book Value Per Share (IDR)	14,037	19,929	21,987	23,061	23,659

Sources: Company, Bloomberg and KB Valbury Sekuritas

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year End Dec (USD mn)	2020A	2021A	2022E	2023F	2024F
Net Income	39.5	475.6	1,086.8	704.1	419.3
+ Depreciation & Amortization	69.4	64.6	61.2	5.2	27.6
+ Other Non-Cash Adjustments	63.9	77.5	73.4	6.2	33.1
Cash From Operating Activities	172.7	617.7	1,221.4	715.5	480.0
+ Disposal of Fixed Assets	1.5	0.2	0.3	0.3	0.3
+ Capital Expenditures	(27.3)	(22.4)	(25.0)	(27.8)	(23.4)
+ Other Investing Activities	(19.0)	(2.6)	(2.9)	(10.0)	(9.3)
Cash From Investing Activities	(44.8)	(24.7)	(27.7)	(37.5)	(32.4)
+ Dividends Paid	(64.8)	(106.7)	(978.8)	(637.5)	(382.2)
+ Change in Short Term Bor.	(15.6)	0.0	4.4	2.7	3.0
+ Change in Long Term Bor.	25.2	(27.7)	13.5	(1.2)	(23.2)
+ Other Financing Activities	(0.5)	0.9	0.1	(1.0)	(0.2)
Cash From Financing Activities	(55.7)	(133.5)	(960.8)	(636.9)	(402.6)
Net Changes in Cash	72.3	459.5	232.9	41.2	45.0

Sources: Company, Bloomberg and KB Valbury Sekuritas

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RATIO ANALYSIS

Year End Dec	2020A	2021A	2022E	2023F	2024F
Valuation Ratios					
Price Earnings*	24.67	3.33	1.29	1.99	3.35
EV to EBIT*	8.73	1.16	0.34	0.49	0.65
EV to EBITDA*	5.24	1.08	0.36	0.49	0.67
Price to Sales*	0.91	0.76	0.43	0.54	0.65
Price to Book*	1.27	1.30	1.06	1.01	0.98
Dividend Yield*	4.03%	23.27%	69.78%	45.45%	27.25%
Profitability Ratios					
Gross Margin	16.80%	44.13%	44.63%	45.13%	45.63%
EBITDA Margin	14.62%	41.21%	46.66%	39.92%	31.78%
Operating Margin	8.77%	38.10%	46.29%	46.08%	43.64%
Profit Margin	3.33%	22.90%	33.41%	27.31%	19.30%
Return on Assets	3.41%	28.54%	53.98%	33.40%	19.18%
Return on Equity	4.66%	39.58%	81.98%	50.64%	29.39%
Leverage & Coverage Ratios					
Current Ratio	1.99	2.71	2.48	2.49	2.47
Quick Ratio	1.70	2.54	2.32	2.34	2.32
Tot Debt/Capital	0.07	0.03	0.05	0.05	0.05
Tot Debt/Equity	0.08	0.04	0.05	0.05	0.05
Others					
Asset Turnover	1.02	1.25	1.62	1.22	0.99
Accounts Receivable Turnover	15.88	11.12	13.44	10.37	8.39
Accounts Payable Turnover	19.01	24.36	18.09	14.47	12.17
Inventory Turnover	19.68	33.26	40.22	31.03	25.10

*) based on market price (05/07/2022) at Rp32,500

Sources: Company, Bloomberg and KB Valbury Sekuritas

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