

## Not Rated

## PT Bumi Resources Minerals (BRMS)

### CPM site visit affirms plan to raise FY24 production volume

Last Price (Rp) 159

No. of Shares (mn) 141,784

Mkt Cap (Rpbn/US\$m) 22,544/1,447

Avg, Daily T/O (Rpbn/US\$m) 45.1/2.9

Free Float (%) 47.2

#### Major Shareholder (%)

Emirates Tarian Global Ventures SPC 25.1

PT Bumi Resources Tbk 15.7

- We visited BRMS' second gold plant (CPM) in Palu, whose annual production is now estimated to be 4,500 tpd.
- CPM's third facility is scheduled to begin operation in 4Q24 with average capacity of 4,000 tpd, following raised production rate in FY24.
- BRMS currently trades at EV/resources of US\$99/oz, with potential earnings growth driver from higher production.

#### Two factories with ramped up production rates in FY24

We recently visited BRMS' second gold plant (CPM) in Palu, Central Sulawesi. The CPM gold plant is located in Poboya, at only around 45 minutes from the Palu commercial airport. The mine comprises of six blocks with a total of 85k hectare of mining concessions. The first gold CIL plant produces 500 tpd and the second plant produces 4,000 tpd on average annually. The third facility, which has similar capacity as the second plant, is expected to begin production in 4Q24.

#### Ample Room to Increase Production Capacity

BRMS' management expects to further boost the production rate of its second plant in FY24 to 3,000-4,000tons/day. We noted that this is supported by a full facility in its production process: a) Jaw crusher to break ore into 100mm sizes; b) Sag mill which breaks ore into 20mm sizes. c) Hydrocyclone which separates the fine grains from the coarse grains. d) leach tank (which has a capacity of 850m<sup>3</sup>) where it is mixed with Carbon and HCN. Finally, the carbon carried out elution and electrowinning before the drying process and further development into dore bullion.

#### Proper test to Produce High Quality Ore

We visited the drilling location where samples of ore will be taken. According to its latest report, BRMS total resources currently hovers at 11.8 mn oz with average gold grade at 1.2gr/ton with total reserves of 4.4 mn oz and average gold grade reserve at 1.6 gr/t. BRMS processing plant facility in Poboya utilize Carbon in Leach recovery process and the company mentioned for its 3<sup>rd</sup> processing plant and Gorontalo asset will also utilize similar recovery process.

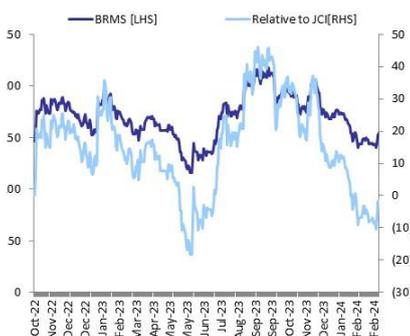
#### A Pure Gold Play Proxy

The management targets total production volume to reach 35k oz in FY24, or up by around 40% from its FY23 production target of 20-25k oz. We expect the ramping-up of gold production in 2024 coupled with improving gold prices to boost BRMS' earnings. BRMS currently trades at EV/resources of US\$99/oz.

#### Key Financials

Year to 31 Dec	2020	2021	2022	9M22	9M23
Revenue (US\$m)	8	11	12	8	33
EBITDA (US\$m)	1	2	3	2	13
EBITDA Growth (%)	0.0	159.0	43.1	18.4	456.2
Net Profit (US\$m)	4	69	14	6	10
EPS Growth (%)	200.0	922.3	(82.1)	(32.7)	48.0
PER (x)	174.0	17.0	94.9	182.2	123.1
PBV (x)	0.873	1.082	1.111	1.118	1.101
EV/EBITDA	1.8	0.7	0.5	0.3	0.0

#### BRMS relative to JCI Index



Source: Bloomberg

#### BRI Danareksa Sekuritas Analysts

##### Christian Sitorus

(62-21) 5091 4100 ext. 3506

christian.sitorus@brids.co.id

##### Hasan Barakwan

(62-21) 5091 4100 x. 3530

hasan.barakwan@brids.co.id

**Exhibit 1. Peers Comparison**

Company	EV (in USD mn)	Resources (in oz)	Reserves (in oz)	Average grade resources (g/t Au)	Average grade reserves (g/t Au)	EV/Resources (USD/oz)	EV/Reserves (USD/oz)	Processing Method
BRMS	1,173	11,876,122	4,401,294	1.2	1.6	99	266	CIL
PSAB	714	5,015,000	2,754,000	1.0	1.1	142	259	Heap Leach
ARCI	943	5,528,000	3,884,000	1.2	1.2	171	243	CIL

Source: Company BRIDS Estimates

**Exhibit 2. Coreshed**



Source: BRIDS Team

**Exhibit 3. Internal Laboratory**



Source: BRIDS Team

**Exhibit 4. Drilling Activities**



Source: BRIDS Team

**Exhibit 5. Nursery**



Source: BRIDS Team

**Exhibit 6a. Jaw- Crusher**



Source: BRIDS Team

**Exhibit 6b. Belt from Jaw Crusher to the next process**



Source: BRIDS Team

**Exhibit 7a. Sag Mill & Ball Mill**



Source: BRIDS Team

**Exhibit 7b. Internals of the Sag Mill & Ball Mill**



Source: BRIDS Team

**Exhibit 8. Hydrocyclone**



Source: BRIDS Team

**Exhibit 9. Carbon and HCN Tank**



Source: BRIDS Team

**Exhibit 10. Carbon Sieve**



Source: BRIDS Team

**Exhibit 11. Elution & Electrowinning**



Source: BRIDS Team

Exhibit 12. Furnace



Source: BRIDS Team

Exhibit 13. Dore Bullion



Source: BRIDS Team

**Exhibit 14. Income Statement**

Year to 31 Dec (US\$m)	2020	2021	2022	9M22	9M23
<b>Revenue</b>	<b>8</b>	<b>11</b>	<b>12</b>	<b>8</b>	<b>33</b>
COGS	(2)	(4)	(5)	(3)	(15)
<b>Gross profit</b>	<b>6</b>	<b>6</b>	<b>7</b>	<b>5</b>	<b>18</b>
<b>EBITDA</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>13</b>
<b>Oper. profit</b>	<b>(0)</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>10</b>
Interest income	0	0	0	0	0
Interest expense	0	0	0	0	0
Forex Gain/(Loss)	(0)	1	1	1	(0)
Income From Assoc. Co's	0	0	0	0	0
Other Income (Expenses)	14	119	18	0	0
<b>Pre-tax profit</b>	<b>14</b>	<b>121</b>	<b>33</b>	<b>4</b>	<b>10</b>
Income tax	(10)	(52)	(19)	3	(0)
Minority interest	(0)	(1)	(0)	(0)	(0)
<b>Net profit</b>	<b>4</b>	<b>69</b>	<b>14</b>	<b>6</b>	<b>10</b>
<b>Core Net Profit</b>	<b>4</b>	<b>69</b>	<b>14</b>	<b>6</b>	<b>10</b>

**Exhibit 15. Balance Sheet**

Year to 31 Dec (US\$m)	2020	2021	2022	9M22	9M23
Cash & cash equivalent	2	60	10	70	10
Receivables	1	0	0	0	2
Inventory	9	7	9	8	16
Other Curr. Asset	36	182	158	216	151
Fixed assets - Net	155	438	519	507	557
Other non-curr.asset	386	293	384	300	379
<b>Total asset</b>	<b>588</b>	<b>980</b>	<b>1,080</b>	<b>1,101</b>	<b>1,115</b>
ST Debt	0	34	9	38	18
Payables	67	50	54	51	80
Other Curr. Liabilities	1	1	3	3	3
Long Term Debt	0	12	54	57	40
Other LT. Liabilities	34	5	4	5	9
<b>Total Liabilities</b>	<b>101</b>	<b>101</b>	<b>125</b>	<b>153</b>	<b>149</b>
Shareholder's Funds	746	1,087	1,163	1,155	1,173
Minority interests	(258.97)	(207.57)	(207.51)	(207.48)	(207.33)
<b>Total Equity &amp; Liabilities</b>	<b>588</b>	<b>980</b>	<b>1,080</b>	<b>1,101</b>	<b>1,115</b>

**Exhibit 16. Cash Flow**

Year to 31 Dec (US\$m)	2020	2021	2022	9M22	9M23
Net income	4	69	14	6	10
Depreciation and Amort.	1	1	2	1	3
Change in Working Capital	0	0	0	0	0
Other Oper. Cash Flow	4	3	4	2	9
<b>Operating Cash Flow</b>	<b>(1)</b>	<b>(67)</b>	<b>(11)</b>	<b>(6)</b>	<b>(5)</b>
Capex	(2)	(149)	(78)	(68)	(17)
Others Inv. Cash Flow	(0)	(83)	(50)	(31)	6
<b>Investing Cash Flow</b>	<b>(2)</b>	<b>(232)</b>	<b>(128)</b>	<b>(99)</b>	<b>(12)</b>
Net change in debt	0	46	18	49	(6)
New Capital	0	272	61	61	0
Dividend payment	0	0	0	0	0
Other Fin. Cash Flow	0	(31)	(5)	(3)	9
<b>Financing Cash Flow</b>	<b>0</b>	<b>287</b>	<b>74</b>	<b>107</b>	<b>2</b>
<b>Net Change in Cash</b>	<b>1</b>	<b>58</b>	<b>(50)</b>	<b>9</b>	<b>(0)</b>
Cash - begin of the year	1	2	60	60	10
Cash - end of the year	2	60	10	70	10

**Exhibit 1. Key Ratio**

Year to 31 Dec	2020	2021	2022	9M22	9M23
<b>Growth (%)</b>					
Sales	87.1	26.8	10.1	1.0	293.5
EBITDA	0.0	159.0	43.1	18.4	456.2
Operating profit	82.4	0.0	23.2	18.0	525.5
Net profit	207.7	1,648.3	(80.2)	(6.3)	62.2
<b>Profitability (%)</b>					
Gross margin	71.9	58.7	56.4	59.6	53.6
EBITDA margin	8.3	17.0	22.2	28.1	39.7
Operating margin	(1.5)	8.2	9.1	19.0	30.2
Net margin	47.4	653.4	117.3	77.7	32.0
ROAA	0.6	8.8	1.3	0.6	1.0
ROAE	0.5	7.5	1.2	0.0	0.0
<b>Leverage</b>					
Net Gearing (x)	(0.0)	(0.0)	0.1	0.0	0.0
Interest Coverage (x)	(27.1)	29.7	21.4	33.7	936.5

Source : BRMS

**BRI Danareksa Equity Research Team**

Erindra Krisnawan, CFA	Head of Equity Research, Strategy, Coal	<a href="mailto:erindra.krisnawan@brids.co.id">erindra.krisnawan@brids.co.id</a>
Natalia Sutanto	Consumer, Cigarettes, Pharmaceuticals, Retail	<a href="mailto:natalia.sutanto@brids.co.id">natalia.sutanto@brids.co.id</a>
Niko Margaronis	Telco, Tower, Technology, Media	<a href="mailto:niko.margaronis@brids.co.id">niko.margaronis@brids.co.id</a>
Hasan Barakwan	Metal, Oil and Gas	<a href="mailto:hasan.barakwan@brids.co.id">hasan.barakwan@brids.co.id</a>
Victor Stefano	Banks, Poultry	<a href="mailto:victor.stefano@brids.co.id">victor.stefano@brids.co.id</a>
Ismail Fakhri Suweleh	Healthcare, Property, Industrial Estate	<a href="mailto:ismail.suweleh@brids.co.id">ismail.suweleh@brids.co.id</a>
Richard Jerry Tambayong	Automotive, Cement	<a href="mailto:richard.jerry@brids.co.id">richard.jerry@brids.co.id</a>
Ni Putu Wilastita Muthia Sofi	Research Associate	<a href="mailto:wilastita.sofi@brids.co.id">wilastita.sofi@brids.co.id</a>
Naura Reyhan Muchlis	Research Associate	<a href="mailto:naura.muchlis@brids.co.id">naura.muchlis@brids.co.id</a>
Sabela Nur Amalina	Research Associate	<a href="mailto:sabela.amalina@brids.co.id">sabela.amalina@brids.co.id</a>
Christian Immanuel Sitorus	Research Associate	<a href="mailto:christian.sitorus@brids.co.id">christian.sitorus@brids.co.id</a>

**BRI Danareksa Economic Research Team**

Helmy Kristanto	Chief Economist, Macro Strategy	<a href="mailto:helmy.kristanto@brids.co.id">helmy.kristanto@brids.co.id</a>
Dr. Telisa Aulia Falianty	Senior Advisor	<a href="mailto:telisa.falianty@brids.co.id">telisa.falianty@brids.co.id</a>
Kefas Sidauruk	Economist	<a href="mailto:kefas.sidauruk@brids.co.id">kefas.sidauruk@brids.co.id</a>

**BRI Danareksa Institutional Equity Sales Team**

Yofi Lasini	Head of Institutional Sales and Dealing	<a href="mailto:yofi.lasini@brids.co.id">yofi.lasini@brids.co.id</a>
Novrita Endah Putrianti	Institutional Sales Unit Head	<a href="mailto:novrita.putrianti@brids.co.id">novrita.putrianti@brids.co.id</a>
Ehrlich Suhartono	Institutional Sales Associate	<a href="mailto:ehrliech@brids.co.id">ehrliech@brids.co.id</a>
Yunita Nababan	Institutional Sales Associate	<a href="mailto:yunita@brids.co.id">yunita@brids.co.id</a>
Adeline Solaiman	Institutional Sales Associate	<a href="mailto:adeline.solaiman@brids.co.id">adeline.solaiman@brids.co.id</a>
Andreas Kenny	Institutional Sales Associate	<a href="mailto:andreas.kenny@brids.co.id">andreas.kenny@brids.co.id</a>
Christy Halim	Institutional Sales Associate	<a href="mailto:christy.halim@brids.co.id">christy.halim@brids.co.id</a>
Jason Joseph	Institutional Sales Associate	<a href="mailto:jason.joseph@brids.co.id">jason.joseph@brids.co.id</a>

**BRI Danareksa Sales Traders**

Mitcha Sondakh	Head of Sales Trader	<a href="mailto:mitcha.sondakh@brids.co.id">mitcha.sondakh@brids.co.id</a>
Suryanti Salim	Sales Trader	<a href="mailto:suryanti.salim@brids.co.id">suryanti.salim@brids.co.id</a>

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<b>BUY</b>	Expected total return of 10% or more within a 12-month period
<b>HOLD</b>	Expected total return between -10% and 10% within a 12-month period
<b>SELL</b>	Expected total return of -10% or worse within a 12-month period

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