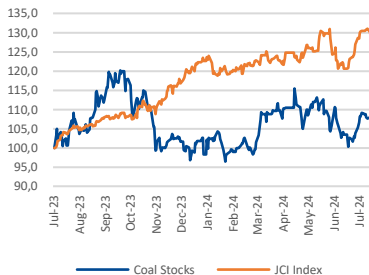


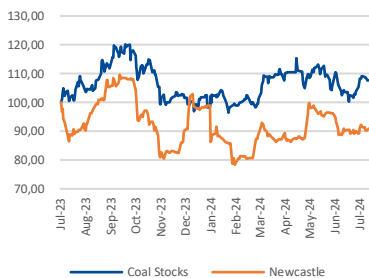
Overweight

(Upgraded)

Coal Stocks vs JCI Index



Coal Stocks vs Newcastle Px



Source: Bloomberg

BRI Danareksa Sekuritas Analysts

Erindra Krisnawan, CFA

(62-21) 5091 4100 ext. 3500

erindra.krisnawan@brids.co.id

Christian Sitorus

(62-21) 5091 4100 ext. 3506

christian.sitorus@brids.co.id

Coal Sector

Improved Price Outlook Amid Tighter 1H24 Market S-D and Rising Costs; Upgrade Sector to OW

- Stable coal prices in 1H24 have been supported by improved S-D, amid firm China, India demand and surprisingly weak Indonesia's production.
- Rising production cost for Indonesian producers shall add support for LT prices amid firm demand; we raise our FY24-25 coal price and EPS f'casts
- We upgraded the sector's rating to OW on the improved price outlook. Our preferred picks are ADRO and ITMG.

Resilient prices during the low season aided by better-than-expected S-D
Newcastle, ICI3 and ICI4 coal prices have averaged at US\$130/ \$76/ \$56/t in the low-season YTD, 2-8% above our FY24 average price forecasts. We believe that resilient prices have been supported by a better S-D condition, amid firm demand and surprisingly tighter supply from Indonesia. With inventory levels in China and India suggesting possible bottoming out of seasonal demand in Jun24, we see potential for a stronger price rebound in 4Q24 Winter season, and hence, upside in our FY24-25F price forecasts.

Strong China and India imports, tighter supplies from Indonesia and Aust.
On the demand front, China's and India's import grew at a strong rate of 12% and 11% yoy, respectively, in 5M24 (vs. FY23's 58% and 4%, and our forecast of 10% and 5% respectively). Meanwhile, supply from the main exporters, namely Indonesia and Australia, grew at slower-than-expected rate of 4% yoy and -7% yoy. Overall, the S-D in 1H24 have thus far indicated a market deficit, contrary to our earlier expectation of a slight surplus.

Indonesia: 2Q24 production may have been affected by higher rainfall

Official data from MEMR showed that Indonesia's coal production grew by only 3% yoy, with a noticeable production slowdown in May-Jun24 (-9% yoy). The soft 1H24 national production growth contrasts with the strong production growth reported by the listed coal contractors (Pama: 5M24 +16% yoy), which implies that the softer production growth in 2Q24 may likely be driven by shortfall from the smaller miners, possibly due to the unexpected increased rainfalls in certain mining regions in Jun24.

Raising our FY24-25F and LT price est. as rising cost add further support

On top of the tighter S-D condition, we believe the resilient coal price shall also be attributed to the escalation in the major miners' costs, as we noted that miners under our coverage have experienced a US\$11-20/t (14-15%) rise in their cash cost over the past 5 years. On the back of these factors, we lifted our FY24-25 coal price assumptions by 8-20% and LT price to US\$100/t (vs. \$90/t prev.) and accordingly raise our FY24-25F earnings forecast and TPs for the coal miners by 8.7-32.3%.

Upgrade sector rating to OW, top picks are ADRO, ITMG.

Amid the more favorable coal price outlook, we upgraded the sector rating to Overweight (from our tactical-driven Neutral rating prev.). Our top picks in the sector are ADRO (Buy, TP Rp3,770) and ITMG (Buy, TP Rp31,300), which we believe will benefit more from the rising export prices. Key risks are strong recovery in Indonesia's supply and weakening China demand.

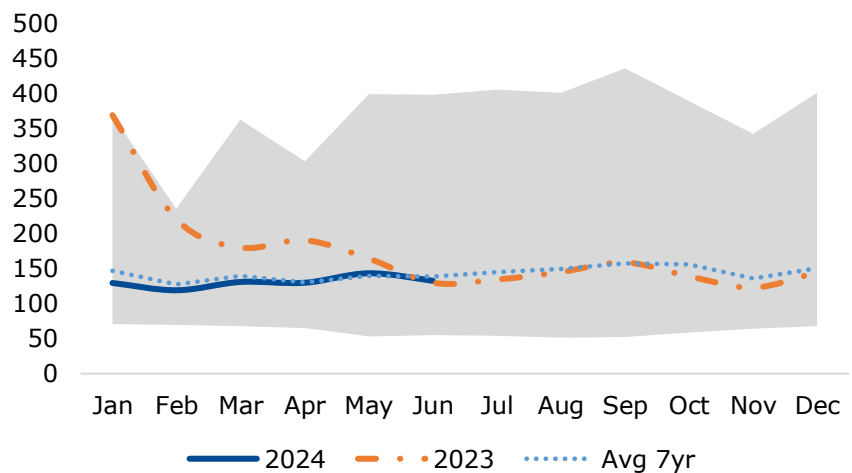
Company	Ticker	Rec	Target	Market	P/E (x)		EV/EBITDA		Div. Yield
			Price (Rp)	Cap. (RpBn)	2024F	2025F	2024F	2025F	2025F
Adaro	ADRO IJ	BUY	3,770	99,153.5	5.5	6.4	1.9	1.8	7.7%
Indo Tambangraya	ITMG IJ	BUY	31,300	29,971.3	3.7	4.6	1.2	1.5	24.3%
Bukit Asam	PTBA IJ	BUY	3,100	30,300.2	5.4	7.2	5.1	7.1	12.9%
Harum Energy	HRUM IJ	BUY	1,700	16,762.4	5.0	6.1	1.4	1.6	15.9%

Improved Price Outlook Amid Tighter 1H24 S-D Balance and Rising Costs; Upgrade Sector to OW

Coal price performance: Resilient prices during low season supported by better-than-expected S-D

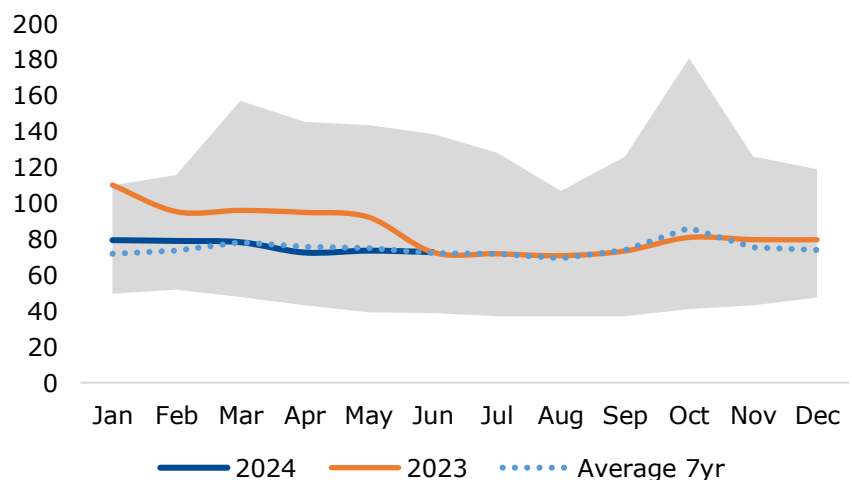
The regional (Newcastle) and Indonesian coal prices (ICI) have remained relatively stable during this year's low season, down by 4-8% in Jan-Jun24 period, inline with the price trend in the past years' soft season, albeit better than in FY23 (where prices corrected 13-24%). Newcastle and ICI3-ICI4 prices have averaged at US\$130/ \$76/ \$56/ t YTD (-42%/-22%/ -25% yoy) in 1H24 and were 2-8% above our FY24 average price forecast of (US\$125/ \$72/ 55/t), which in our view has been supported by a better S-D condition (please see below section on 1H24 coal trade).

Exhibit 1. Newcastle Coal Price (US\$/t)



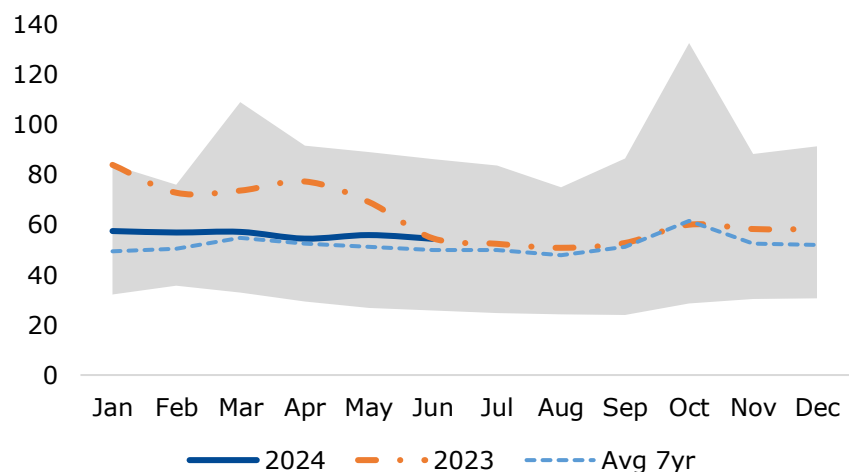
Source: Bloomberg, BRIDS

Exhibit 2. ICI-3 Coal Price (US\$/t)



Source: Coal Mining Indonesia, BRIDS

Exhibit 3. ICI4 Coal Price (US\$/t)

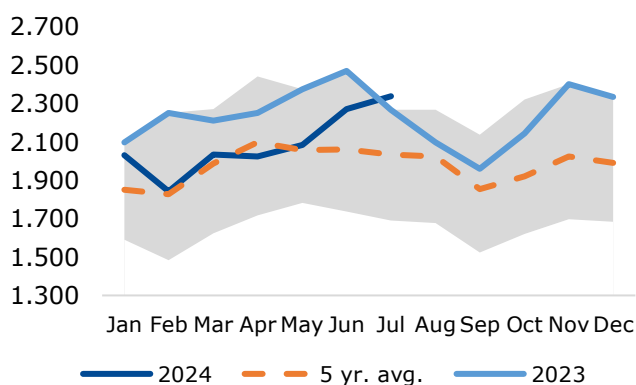


Source: Coal Mining Indonesia, BRIDS

Possible bottoming out of seasonal demand

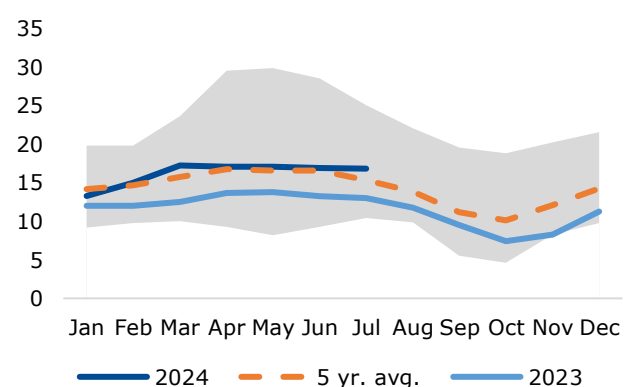
Latest coal inventory level at China ports have fallen from its peak (albeit still above the levels in the past five years) while India's inventory has remained flat. In our view, this suggests a possible bottoming out of seasonal demand in Jun24, which combined with the tight supply from Indonesia, implies a potential for a stronger price rebound in the 4Q24 Winter season, and hence, upside in our FY24-25 forecasts.

Exhibit 4. China Inventory (Mt)



Source: Bloomberg, BRIDS

Exhibit 5. India Inventory (Mt)

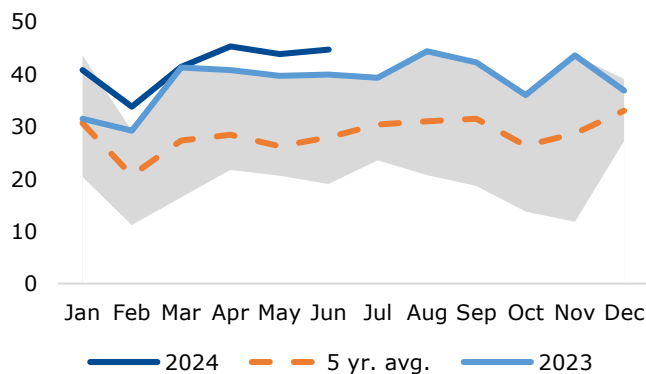


Source: Bloomberg, BRIDS

1H24 coal trade: Strong China and India import, tighter supplies from Indonesia and Australia

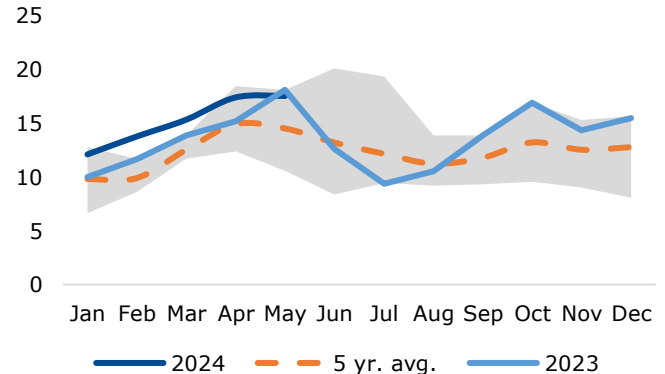
On the demand front, China's and India's imports grew at a strong rate of 12% and 11% yoy, respectively, in 5M24 (vs. FY23 58% and 4%, and our forecast of 10% and 5% respectively). Meanwhile, supply from the main exporters, namely Indonesia and Australia, grew at slower-than-expected rate of 4% yoy and -7% yoy, respectively. Overall, the S-D in 1H24 have thus far indicated a market deficit, contrary to our earlier expectation of a slight surplus.

Exhibit 6. China Import (Mt)



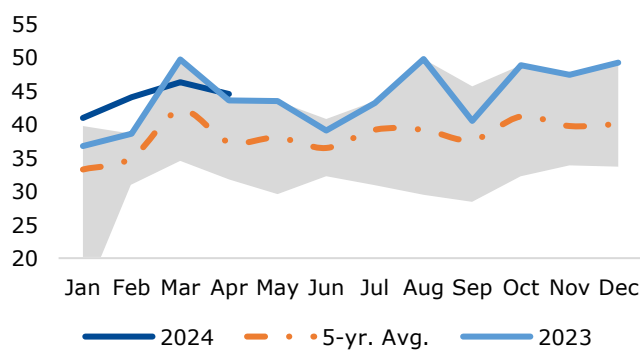
Source: Bloomberg, BRIDS

Exhibit 7. India Import (Mt)



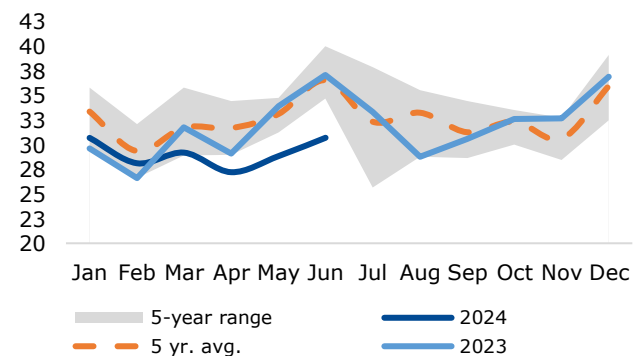
Source: Bloomberg, BRIDS

Exhibit 8. Indonesia Export (Mt)



Source: Bloomberg, BRIDS

Exhibit 9. Australia Export (Mt)



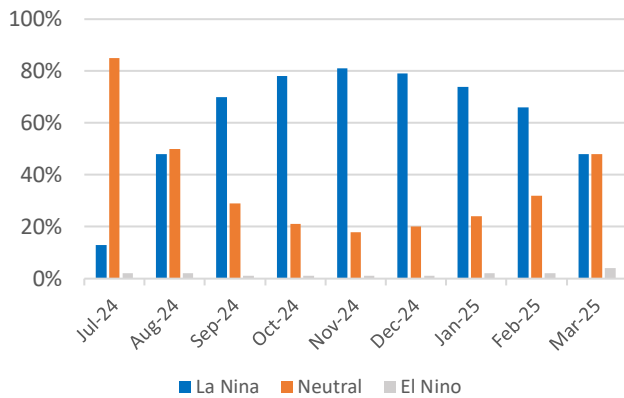
Source: Blomberg, BRIDS

Indonesia export: 2Q24 production may have been affected by higher rainfall

Official data from MEMR showed that Indonesia's coal production reached 391Mt in 1H24, reflecting a growth of only 3% yoy, with a noticeable production slowdown in May-Jun24 (-9% yoy). The soft 1H24 national production growth contrasts with the strong production growth reported by the listed coal contractors (Pama: 5M24 +16% yoy) and our conversations with major miners, which indicate that production is on track to meet their FY24 target.

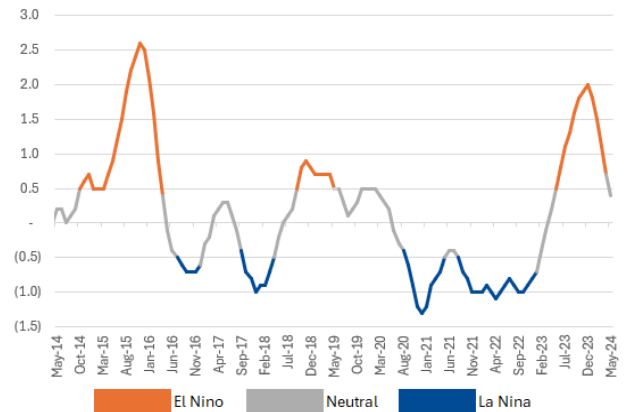
This discrepancy implies that the softer production growth in 2Q24 may primarily affect the smaller miners. As our channel checks thus far indicate limited evidence of delayed permitting for the small miners, the subdued production could be attributed to the unexpected increased rainfalls in certain mining regions in Jun24. With the lingering possibility of La Nina occurring (in Sep-Oct24, based on ENSO forecast), this implies that the market may see risk of further supply constraints in 2H24.

Exhibit 10. ENSO probabilities



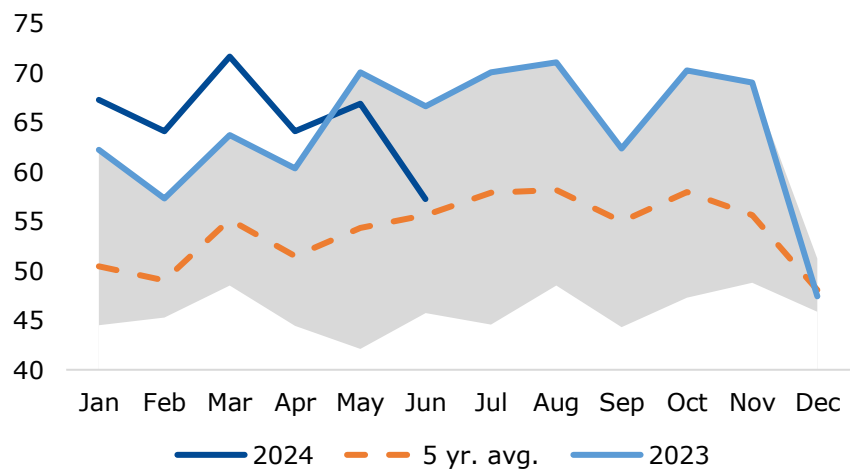
Source: IRI Columbia

Exhibit 11. ENSO cycles



Source: NOAA, Brds

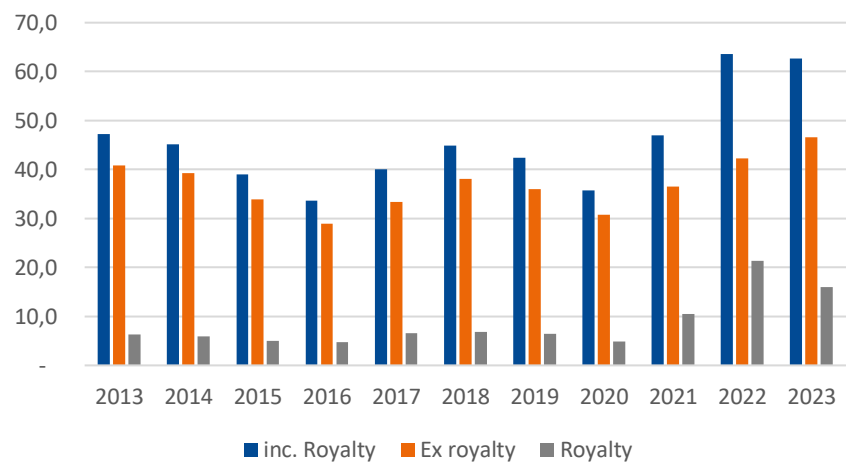
Exhibit 12. Indonesia Coal Production (Mt)



Source: ESDM, BRIDS

Lifting our FY24-25F coal price assumptions

We believe the resilient coal price should also be attributed to the escalation in the major miners' cash cost. We noted that cash cost of miners under our coverage have experienced a rise of US\$11-20/t (14-15%) over the past five years, with a significant portion (c.50%) driven by the increase in royalty rate as some miners shifted to IUPK license upon the expiry of their CCOW.

Exhibit 13. Indonesia coal miners cash cost. (US\$/t)


Source: Company, BRIDS

Given the higher cost, along with the improved market balance, we revise our FY24-25 and LT coal price assumptions. Our latest projections for FY24/ FY25/ LT prices are as follows: Newcastle: US\$135/ \$120/ \$100t; ICI3: US\$79/ S\$72/ \$65; ICI4: US\$59 / \$54/ \$48 (vs. previous FY24/ 25F/ LT forecasts of Newc: \$125/ \$100/ 90; ICI3: \$72/ \$61/ \$55; ICI4: \$54, \$50, \$45). Consequently, we have raised our FY24-25F earnings forecast and TPs for coal miners under our coverage to reflect the higher price assumptions.

Exhibit 14. Coal price forecast revision.

	Previous			Revised			% Of changes		
	2024F	2025F	LT	2024F	2025F	LT	2024F	2025F	LT
Newcastle	125	100	90	135	120	100	8.0%	20.0%	11.1%
ICI 3	72	61	55	79	72	65	9.7%	18.0%	18.2%
ICI 4	54	50	45	59	54	48	9.3%	8.0%	6.7%

Source: Various sources, BRIDS Estimates

Exhibit 15. Earnings revision summary

(US\$Mn)	New			Old			Diff.		
	2024F	2025F	2026F	2024F	2025F	2026F	2024F	2025F	2026F
Revenue									
ADRO	6,270	5,860	5,372	6,270	5,283	5,372	0.0%	10.9%	0.0%
ITMG	2,480	2,451	2,201	2,304	2,221	2,309	7.6%	10.4%	-4.7%
*PTBA	35,542	35,098	36,876	34,330	34,200	35,692	3.5%	2.6%	3.3%
Net Profit									
ADRO	1,162	997	747	1,162	753	747	0.0%	32.4%	0.1%
ITMG	501	410	230	410	284	286	22.1%	44.2%	-19.8%
*PTBA	5,580	4,233	4,015	5,010	3,862	3,452	11.4%	9.6%	16.3%

*in Rpb

Source: Bloomberg, BRIDS Estimates

Sector rating and picks

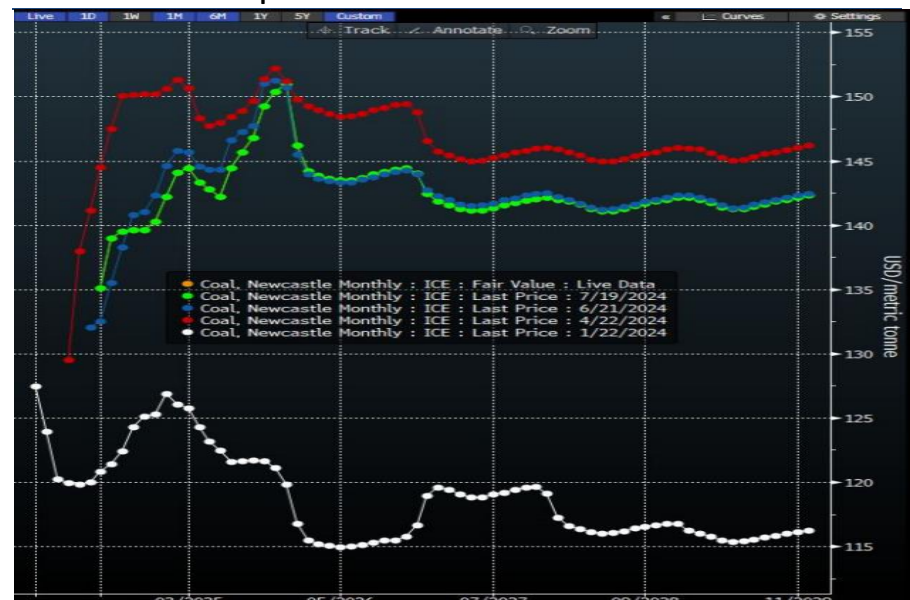
Upgrade sector rating to OW, top picks are ADRO, ITMG.

Amid the more favorable coal price outlook, we raise our sector rating to Overweight (from our tactical-driven Neutral rating previously). Our top picks in the sector are ADRO (Buy, TP Rp3,770) and ITMG (Buy, TP Rp31,300), which we believe shall benefit more from the rising export prices.

What's priced in?

The Indonesian coal stocks have rallied recently, partly reflecting the resilient coal price. Based on our DCF valuation, we believe current prices have reflected LT Newcastle coal price of US\$90-95/t (vs. our assumptions of US\$100/t). We think the higher price expectation is justified by the similar increase in latest Newcastle futures' price curve, which has jumped to US\$150/t (vs. US\$129/t in Jan24) for the FY25 delivery – back to the price expectation in Jul23. Thus, any further evidence of tightening S-D in the coming months may drive higher price expectations.

Exhibit 16. Newcastle price curves



Source: Bloomberg

Exhibit 17. Coal sector valuation

Ticker	Current price (Rp)	Target Price (Rp)	Market Cap (Rpbn)	Up/down side	Rating	Current PE (x)		EV/EBITDA		PB (x)		ROE (%)		Div. Yield
						2024E	2025E	2024E	2025E	2024E	2025E	2024E	2025E	
Coal mining						4.9	6.0	2.4	3.0	1.1	1.1	22.8%	18.3%	15.2%
ADRO	3,100	3,770	99,154	21.6%	BUY	5.5	6.4	1.9	1.8	0.9	0.9	17.3%	13.8%	7.7%
ITMG	26,525	31,300	29,971	18.0%	BUY	3.7	4.6	1.2	1.5	1.0	1.1	28.0%	23.5%	24.3%
PTBA	2,630	3,100	30,300	17.9%	BUY	5.4	7.2	5.1	7.1	1.3	1.3	24.5%	18.4%	12.9%
HRUM	1,240	1,700	16,762	37.1%	BUY	5.0	6.1	1.4	1.6	1.1	1.1	21.3%	17.6%	15.9%

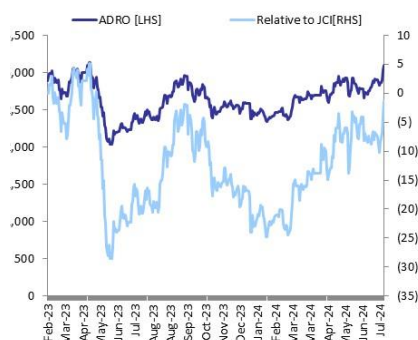
Source: Bloomberg, BRIDS Estimates

Buy

(Maintained)

Last Price (Rp)	3,190
Target Price (Rp)	3,770
Previous Target Price (Rp)	2,850
Upside/Downside	+18.2%
No. of Shares (mn)	31,986
Mkt Cap (Rpbn/US\$mn)	102,035/6,291
Avg, Daily T/O (Rpbn/US\$mn)	109.4/6.7
Free Float (%)	39.9
Major Shareholder (%)	
PT Adaro Strategic	43.9
Garibaldi Thohir	6.2
EPS Consensus (US\$cents)	
	2024F 2025F 2026F
BRIDS	3.6 3.1 2.3
Consensus	3.7 3.3 3.0
BRIDS/Cons (%)	(1.8) (5.5) (22.1)

ADRO relative to JCI Index



Source: Bloomberg

BRI Danareksa Sekuritas Analysts

Erindra Krisnawan, CFA

(62-21) 5091 4100 ext. 3500
erindra.krisnawan@brids.co.id

Christian Sitorus

(62-21) 5091 4100 x. 3506
Christian.sitorus@brids.co.id

Adaro Energy (ADRO IJ)

Raising our FY24-25F est. and TP on better coal price outlook; remains our preferred sector pick

- Amid tighter S-D in 1H24 and rising production cost for Indonesian producers, we upgrade our FY24-25 coal price assumptions by 8-20% and LT Newcastle price to US\$100/t
- We raised our FY25F net profit forecast by 32.4% on the back of our revised coal price forecast, translating to 11% ASP upgrade
- We maintain Buy rating with higher DCF-based TP of Rp3,770; ADRO's exposure into non-coal commodities warrants a premium versus peers

Improved coal price outlook

On the back of the rising production cost and better-than-expected S-D condition, we revise our FY24-25 coal price assumptions by 8-20% and LT Newcastle price to US\$100/t (vs. \$90/t prev.).

Raising our FY25F net profit forecast

Consequently, we have raised our FY25F net profit forecast for ADRO by 32.4%. Our revised net profit forecast now reflects FY25 EPS growth of -14%, implying a less sharp earnings contraction compared to our previous estimates (35% decrease)

Maintain Buy rating with higher TP of Rp3,770

We have also raised our DCF-based TP to Rp3,770 to reflect our more optimistic earnings outlook. We maintain our Buy rating on ADRO on the improving earnings growth outlook, as we expect ADRO to be among the beneficiaries of the improved coal price. ADRO is also our preferred pick in the sector, owing to its stronger progress on non-thermal coal businesses, which should garner better ESG score for investors. Key risks are: 1) Production miss due to unfavorable weather conditions. 2) Project delays and capex

Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Revenue (US\$mn)	8,102	6,518	6,270	5,860	5,372
EBITDA (US\$mn)	4,799	2,510	2,126	1,926	1,597
EBITDA Growth (%)	143.2	(47.7)	(15.3)	(9.4)	(17.1)
Net Profit (US\$mn)	2,493	1,641	1,162	997	747
EPS (US\$cents)	7.8	5.1	3.6	3.1	2.3
EPS Growth (%)	167.1	(34.2)	(29.2)	(14.1)	(25.1)
BVPS (US\$cents)	18.8	21.2	21.0	22.6	13.2
DPS (US\$cents)	2.7	2.9	2.0	1.5	1.1
PER (x)	2.5	3.8	5.4	6.3	8.4
PBV (x)	1.0	0.9	0.9	0.9	1.5
Dividen yield (%)	13.7	14.8	10.0	7.7	5.3
EV/EBITDA	0.8	1.5	1.8	1.8	4.3

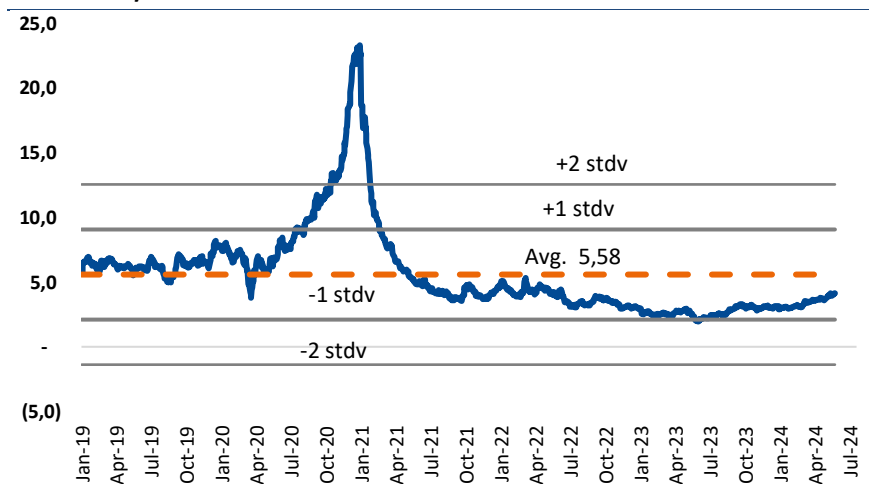
Source: ADRO, BRIDS Estimates

Exhibit 1. Earnings revision summary

US\$m n	New			Old			Diff.		
	2024F	2025F	2026F	2024F	2025F	2026F	2024F	2025F	2026F
Revenue	6,270	5,860	5,372	6,270	5,283	5,372	0.0%	10.9%	0.0%
Gross profit	2,068	1,828	1,460	2,068	1,444	1,460	0.0%	26.6%	0.0%
Operating profit	1,679	1,445	1,080	1,679	1,089	1,080	0.0%	32.7%	0.0%
Pre-tax profit	1,694	1,455	1,090	1,694	1,099	1,090	0.0%	32.4%	0.0%
Net Income	1,162	997	747	1,162	753	747	0.0%	32.4%	0.1%
Gross Margin	33%	31%	27%	33%	27%	27%			
Operating Margin	27%	25%	20%	27%	21%	20%			
Net Margin	19%	17%	14%	19%	14%	14%			
Coal Production	68.8	70.0	71.0	68.8	70.0	71.0	0.0%	0.0%	0.0%
Coal Sales Volume	68.8	70.0	71.0	68.8	70.0	71.0	0.0%	0.0%	0.0%
ASP	84.1	76.8	68.7	84.1	68.7	68.7	0.0%	11.8%	0.0%

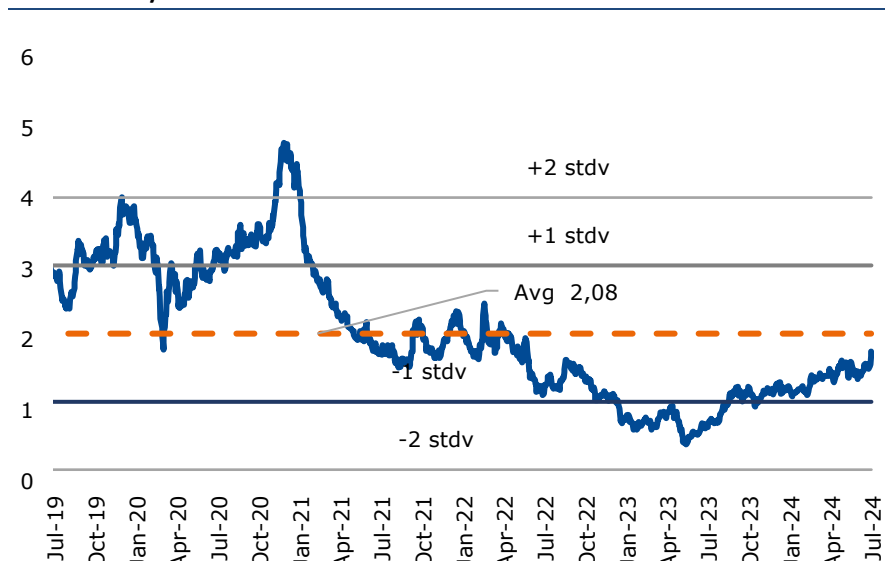
Source: Company, BRIDS Estimates

Exhibit 2. P/E Band.



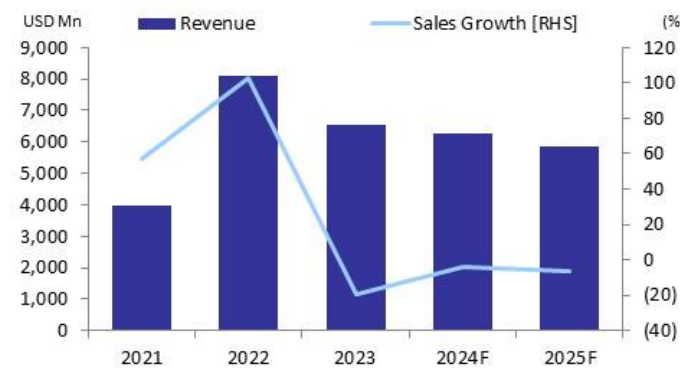
Source: Company, BRIDS Estimates

Exhibit 3. EV/EBITDA Band.



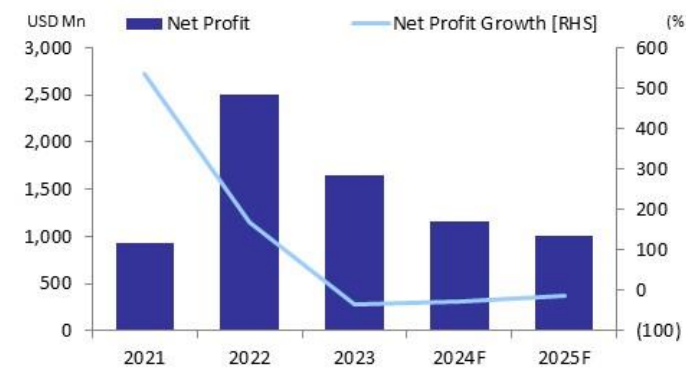
Source: Company, BRIDS Estimates

Exhibit 4. Revenue and Growth



Source: Company, BRIDS Estimates

Exhibit 5. Net Profit and Growth



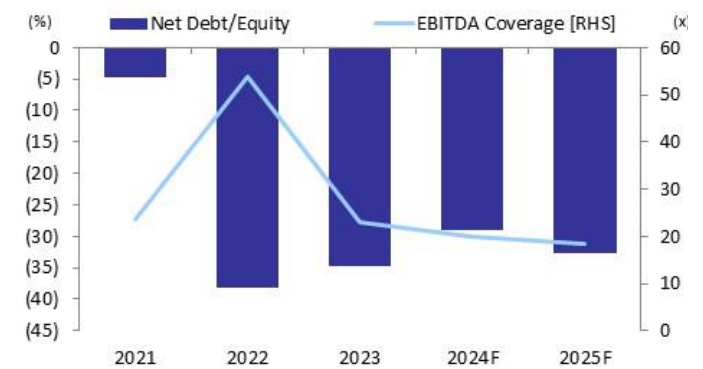
Source: Company, BRIDS Estimates

Exhibit 6. Margins



Source: Company, BRIDS Estimates

Exhibit 7. Gearing Level



Source: Company, BRIDS Estimates

Exhibit 8. Income Statement

Year to 31 Dec (US\$m)	2022A	2023A	2024F	2025F	2026F
Revenue	8,102	6,518	6,270	5,860	5,372
COGS	(3,449)	(3,980)	(4,202)	(4,031)	(3,912)
Gross profit	4,653	2,537	2,068	1,828	1,460
EBITDA	4,799	2,510	2,126	1,926	1,597
Oper. profit	4,277	2,193	1,679	1,445	1,080
Interest income	48	140	20	19	20
Interest expense	(89)	(109)	(107)	(105)	(103)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	210	108	113	113	113
Other Income (Expenses)	31	(38)	(10)	(18)	(20)
Pre-tax profit	4,476	2,294	1,694	1,455	1,090
Income tax	(1,645)	(439)	(373)	(320)	(240)
Minority interest	(338)	(213)	(160)	(137)	(103)
Net profit	2,493	1,641	1,162	997	747
Core Net Profit	2,493	1,641	1,162	997	747

Exhibit 9. Balance Sheet

Year to 31 Dec (US\$m)	2022A	2023A	2024F	2025F	2026F
Cash & cash equivalent	4,067	3,311	3,113	3,601	151
Receivables	665	542	643	588	542
Inventory	199	171	166	159	154
Other Curr. Asset	283	230	209	197	180
Fixed assets - Net	1,452	1,754	2,098	2,190	2,271
Other non-curr.asset	4,011	4,416	4,153	4,219	4,238
Total asset	10,782	10,473	10,470	11,043	7,625
ST Debt	176	252	253	256	261
Payables	333	345	531	516	499
Other Curr. Liabilities	1,939	1,539	483	455	417
Long Term Debt	1,404	487	469	447	428
Other LT. Liabilities	404	441	517	503	485
Total Liabilities	4,255	3,064	2,252	2,177	2,089
Shareholder's Funds	6,025	6,773	6,716	7,228	4,218
Minority interests	503	636	1,501	1,638	1,318
Total Equity & Liabilities	10,782	10,473	10,470	11,043	7,625

Exhibit 10. Cash Flow

Year to 31 Dec (US\$mn)	2022A	2023A	2024F	2025F	2026F
Net income	2,493	1,641	1,162	997	747
Depreciation and Amort.	521	317	447	481	517
Change in Working Capital	625	(84)	(501)	35	17
Other Oper. Cash Flow	181	(212)	(303)	(5)	(6)
Operating Cash Flow	3,820	1,663	804	1,508	1,275
Capex	0	0	0	0	0
Others Inv. Cash Flow	(1,115)	(819)	(643)	(652)	(632)
Investing Cash Flow	(1,115)	(819)	(643)	(652)	(632)
Net change in debt	2	(885)	(5)	(15)	(14)
New Capital	247	161	184	137	(3,741)
Dividend payment	(861)	(930)	(631)	(486)	(336)
Other Fin. Cash Flow	163	54	93	(4)	(1)
Financing Cash Flow	(449)	(1,601)	(359)	(368)	(4,093)
Net Change in Cash	2,256	(756)	(199)	488	(3,450)
Cash - begin of the year	1,811	4,067	3,311	3,113	3,601
Cash - end of the year	4,067	3,311	3,113	3,601	151

Exhibit 11. Key Ratio

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Growth (%)					
Sales	102.9	(19.6)	(3.8)	(6.5)	(8.3)
EBITDA	143.2	(47.7)	(15.3)	(9.4)	(17.1)
Operating profit	179.9	(48.7)	(23.4)	(13.9)	(25.3)
Net profit	167.1	(34.2)	(29.2)	(14.1)	(25.1)
Profitability (%)					
Gross margin	57.4	38.9	33.0	31.2	27.2
EBITDA margin	59.2	38.5	33.9	32.9	29.7
Operating margin	52.8	33.7	26.8	24.7	20.1
Net margin	30.8	25.2	18.5	17.0	13.9
ROAA	27.1	15.4	11.1	9.3	8.0
ROAE	49.1	25.7	17.2	14.3	13.1
Leverage					
Net Gearing (x)	(0.4)	(0.3)	(0.3)	(0.3)	0.1
Interest Coverage (x)	47.9	20.0	15.7	13.8	10.5

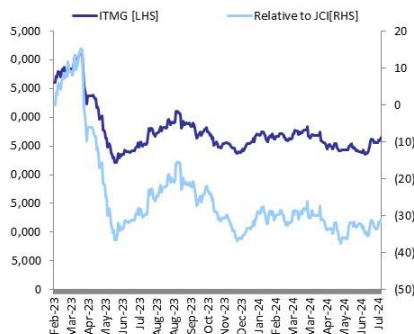
Source : ADRO, BRIDS Estimates

Buy

(Maintained)

Last Price (Rp)	27,350
Target Price (Rp)	31,300
Previous Target Price (Rp)	28,800
Upside/Downside	+14.4%
No. of Shares (mn)	1,130
Mkt Cap (Rpbn/US\$mn)	30,903/1,905
Avg, Daily T/O (Rpbn/US\$mn)	34.9/2.1
Free Float (%)	34.7
Major Shareholder (%)	
Banpu Minerals	65.1
EPS Consensus (US\$cents)	
	2024F 2025F 2026F
BRIDS	44.3 36.3 20.3
Consensus	34.1 26.4 21.3
BRIDS/Cons (%)	30.0 37.4 (4.6)

ITMG relative to JCI Index



Source: Bloomberg

Indo Tambangraya (ITMG IJ)

Improving earnings and steady dividend outlook amid better coal price prospect

- Amid tighter S-D in 1H24 and rising production cost for Indonesian producers, we upgrade our FY24-25 coal price assumptions by 8-20% and LT Newcastle price to US\$100/t
- We raised our FY24-25F net profit forecast by 22 -44% on the back of our revised coal price forecast, translating to 8-11% ASP upgrade
- We maintain Buy rating with higher DCF-based TP of Rp31,300 on improving growth and ITMG's superior dividend yield.

Improved coal price outlook

On the back of the rising production cost and better-than-expected S-D condition, we revise our FY24-25 coal price assumptions by 8-20% and LT Newcastle price to US\$100/t (vs. \$90/t prev.).

Raising our FY24-25F net profit forecast and TP

Consequently, we have raised our FY24-25F net profit forecast for ITMG by 22-44%. Our revised net profit forecast now reflects FY24/25 EPS growth of 0.3/-18.2%, implying a less sharp earnings contraction compared to our previous estimates (18/31% decrease). We believe consensus estimates for ITMG remains on the conservative side, implying room for upside if ITMG delivers 2Q24 earnings.

Maintain Buy rating with higher TP of Rp31,300

We have also raised our DCF-based TP to Rp31,300 to reflect our more optimistic earnings outlook. We maintain our Buy rating on ITMG on the improving earnings growth outlook and superior dividend yield versus peers. Key risks are: 1) Downside in Newcastle price, if supply from Australia improves. 2) Production miss due to unfavorable weather conditions

BRI Danareksa Sekuritas Analysts

Erindra Krisnawan, CFA

(62-21) 5091 4100 ext. 3500

erindra.krisnawan@brids.co.id

Christian Sitorus

(62-21) 5091 4100 x. 3506

Christian.sitorus@brids.co.id

Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Revenue (US\$mn)	3,636	2,374	2,480	2,451	2,201
EBITDA (US\$mn)	1,759	649	768	638	382
EBITDA Growth (%)	104.4	(63.1)	18.2	(16.9)	(40.1)
Net Profit (US\$mn)	1,199	500	501	410	230
EPS (US\$cents)	106.1	44.2	44.3	36.3	20.3
EPS Growth (%)	152.3	(58.3)	0.3	(18.2)	(44.0)
BVPS (US\$cents)	173.0	158.2	158.3	154.2	146.3
DPS (US\$cents)	47.6	101.7	44.3	40.3	28.3
PER (x)	1.6	3.8	3.8	4.6	8.3
PBV (x)	1.0	1.1	1.1	1.1	1.2
Dividen yield (%)	28.2	60.3	26.3	23.9	16.8
EV/EBITDA	0.3	1.7	1.2	1.5	2.8

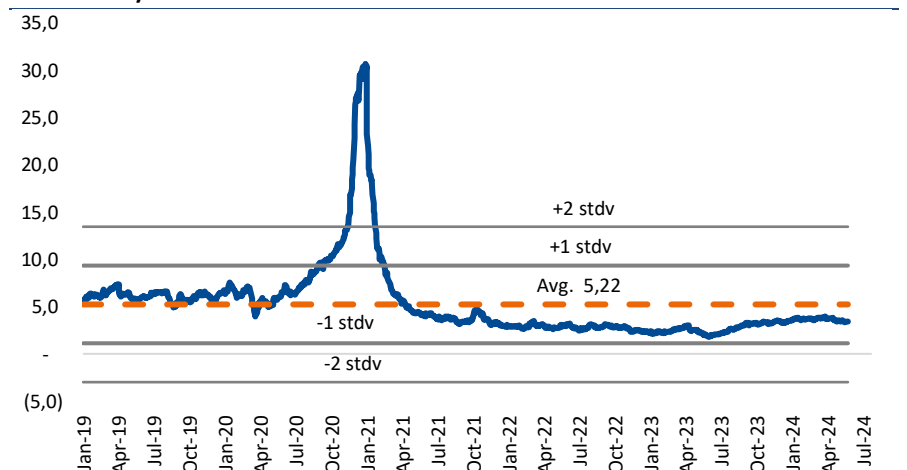
Source: ITMG, BRIDS Estimates

Exhibit 1. Earnings revision summary

(US\$Mn)	New			Old			Diff.		
	2024F	2025F	2026F	2024F	2025F	2026F	2024F	2025F	2026F
Revenue	2,480	2,451	2,201	2,304	2,221	2,309	7.6%	10.4%	-4.7%
Gross profit	876	736	472	739	547	558	18.6%	34.6%	-15.4%
Operating profit	711	580	322	582	401	404	22.3%	44.7%	-20.2%
Pre-tax profit	716	586	328	586	406	409	22.1%	44.2%	-19.8%
Net Income	501	410	230	410	284	286	22.1%	44.2%	-19.8%
Gross Margin	35%	30%	21%	32%	25%	24%			
Operating Margin	29%	24%	15%	25%	18%	17%			
Net Margin	20%	17%	10%	18%	13%	12%			
Coal Production	20.2	22.8	23.0	20.2	22.8	23.0	0.0%	0.0%	0.0%
Coal Sales Volume	25.3	25.8	26.0	25.3	25.8	26.0	0.0%	0.0%	0.0%
ASP	93.9	91.0	80.6	86.9	82.1	84.8	8.0%	10.9%	-4.9%

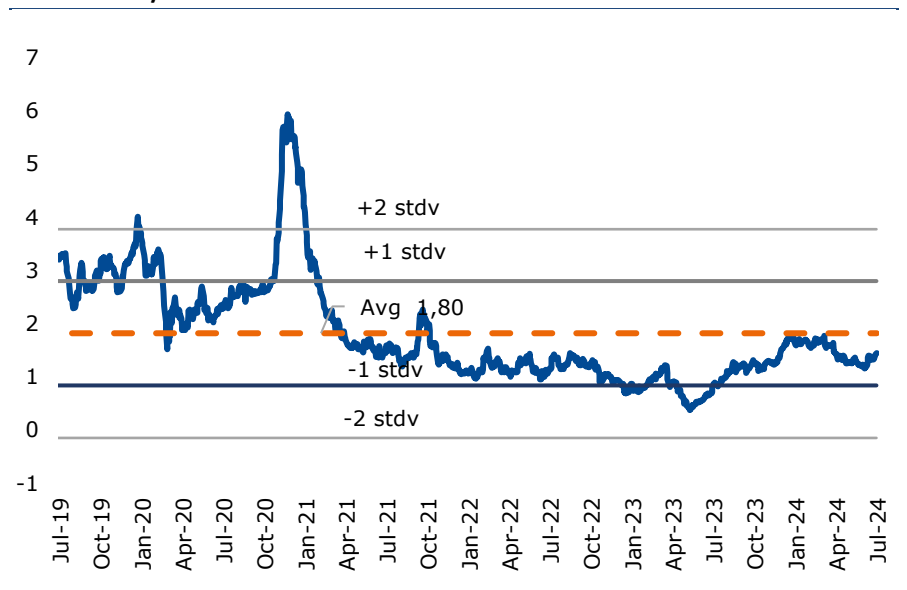
Source: BRIDS Estimates

Exhibit 2. P/E Band.



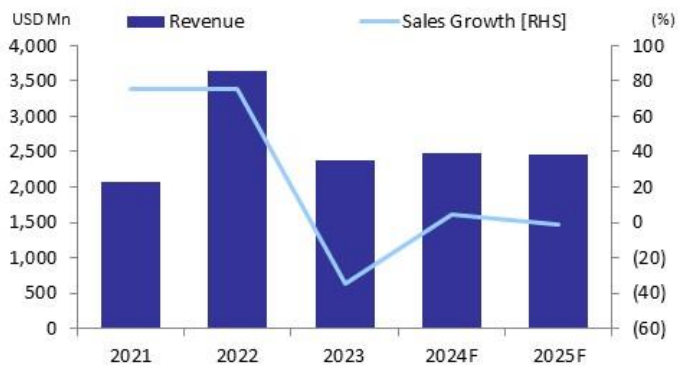
Source: Company, BRIDS Estimates

Exhibit 3. EV/EBITDA Band.



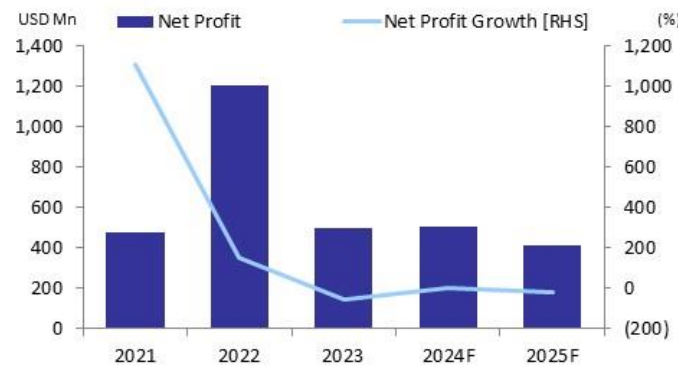
Source: Company, BRIDS Estimates

Exhibit 4. Revenue and Growth



Source: Company, BRIDS Estimates

Exhibit 5. Net Profit and Growth



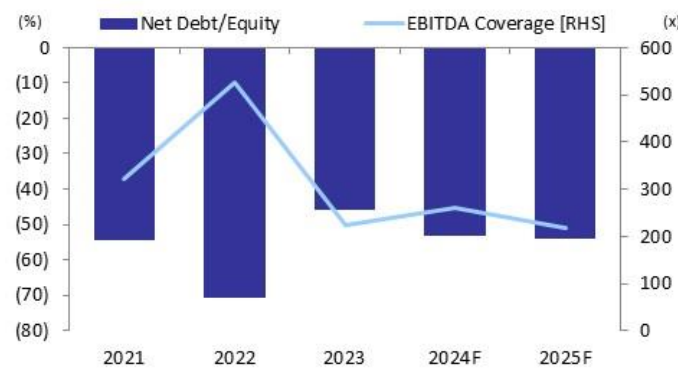
Source: Company, BRIDS Estimates

Exhibit 6. Margins



Source: Company, BRIDS Estimates

Exhibit 7. Gearing Level



Source: Company, BRIDS Estimates

Exhibit 8. Income Statement

Year to 31 Dec (US\$mn)	2022A	2023A	2024F	2025F	2026F
Revenue	3,636	2,374	2,480	2,451	2,201
COGS	(1,742)	(1,632)	(1,604)	(1,715)	(1,729)
Gross profit	1,894	743	876	736	472
EBITDA	1,759	649	768	638	382
Oper. profit	1,683	605	711	580	322
Interest income	9	35	8	9	9
Interest expense	(3)	(3)	(3)	(3)	(3)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	0	0	0	0	0
Other Income (Expenses)	(143)	7	0	0	0
Pre-tax profit	1,545	644	716	586	328
Income tax	(345)	(144)	(215)	(176)	(98)
Minority interest	0	0	0	0	0
Net profit	1,199	500	501	410	230
Core Net Profit	1,199	500	501	410	230

Exhibit 9. Balance Sheet

Year to 31 Dec (US\$mn)	2022A	2023A	2024F	2025F	2026F
Cash & cash equivalent	1,430	851	985	973	848
Receivables	289	210	166	131	120
Inventory	96	98	79	70	71
Other Curr. Asset	94	121	121	121	121
Fixed assets - Net	151	168	216	272	326
Other non-curr.asset	580	740	732	725	718
Total asset	2,640	2,188	2,298	2,292	2,204
ST Debt	37	22	22	22	22
Payables	154	115	225	263	265
Other Curr. Liabilities	395	158	158	158	158
Long Term Debt	13	8	8	8	8
Other LT. Liabilities	91	97	97	97	97
Total Liabilities	690	399	509	548	550
Shareholder's Funds	1,955	1,788	1,788	1,743	1,653
Minority interests	(5)	1	1	1	1
Total Equity & Liabilities	2,640	2,188	2,298	2,292	2,203

Exhibit 10. Cash Flow

Year to 31 Dec (US\$mn)	2022A	2023A	2024F	2025F	2026F
Net income	1,199	500	501	410	230
Depreciation and Amort.	77	44	57	58	59
Change in Working Capital	63	(237)	173	82	12
Other Oper. Cash Flow	(14)	(17)	0	0	0
Operating Cash Flow	1,325	290	730	550	301
Capex	(36)	(53)	(97)	(107)	(107)
Others Inv. Cash Flow	(35)	(85)	0	0	0
Investing Cash Flow	(71)	(138)	(97)	(107)	(107)
Net change in debt	0	0	0	0	0
New Capital	44	0	0	0	0
Dividend payment	(538)	(1,150)	(500)	(456)	(320)
Other Fin. Cash Flow	(38)	(1)	0	0	0
Financing Cash Flow	(532)	(1,150)	(500)	(456)	(320)
Net Change in Cash	722	(998)	133	(12)	(125)
Cash - begin of the year	691	1,430	851	985	973
Cash - end of the year	1,430	851	985	973	848

Exhibit 11. Key Ratio

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Growth (%)					
Sales	75.1	(34.7)	4.4	(1.1)	(10.2)
EBITDA	104.4	(63.1)	18.2	(16.9)	(40.1)
Operating profit	112.7	(64.0)	17.5	(18.5)	(44.4)
Net profit	152.3	(58.3)	0.3	(18.2)	(44.0)
Profitability (%)					
Gross margin	52.1	31.3	35.3	30.0	21.4
EBITDA margin	48.4	27.3	31.0	26.0	17.3
Operating margin	46.3	25.5	28.7	23.7	14.6
Net margin	33.0	21.0	20.2	16.7	10.4
ROAA	55.7	20.7	22.3	17.9	10.2
ROAE	75.8	26.7	28.0	23.2	13.5
Leverage					
Net Gearing (x)	(0.7)	(0.5)	(0.5)	(0.5)	(0.5)
Interest Coverage (x)	501.7	207.8	242.5	197.7	109.9

Source : ITMG, BRIDS Estimates

Buy

(Maintained)

Last Price (Rp)	2,680
Target Price (Rp)	3,100
Previous Target Price (Rp)	2,750
Upside/Downside	+15.7%
No. of Shares (mn)	11,520
Mkt Cap (Rpbn/US\$mn)	30,874/1,903
Avg, Daily T/O (Rpbn/US\$mn)	48.3/3.0
Free Float (%)	34.0
Major Shareholder (%)	
MIND ID	65.9
Public	34.1
EPS Consensus (Rp)	
	2023F 2024F 2025F
BRIDS	484.3 367.5 348.5
Consensus	443.2 396.4 341.7
BRIDS/Cons (%)	9.3 (7.3) 2.0

PTBA relative to JCI Index



Source: Bloomberg

BRI Danareksa Sekuritas Analysts

Erindra Krisnawan, CFA

(62-21) 5091 4100 ext. 3500

erindra.krisnawan@brids.co.id

Christian Sitorus

(62-21) 5091 4100 x. 3506

Christian.sitorus@brids.co.id

Bukit Asam (PTBA IJ)

Raising our FY24-25F est. and TP on better coal price outlook

- Amid tighter S-D in 1H24 and rising production cost for Indonesian producers, we upgrade our FY24-25 coal price assumptions by 8-20% and LT Newcastle price to US\$100/t
- We raised our FY24-25F net profit forecast by 11.4-9.6% on the back of our revised coal price forecast, translating to 4-3% ASP upgrade
- We maintain Buy rating with higher DCF-based TP of Rp3,100 on improving growth and decent dividend yield outlook of 12.7%

Improved coal price outlook

On the back of the rising production cost and better-than-expected S-D condition, we revise our FY24-25 coal price assumptions by 8-20% and LT Newcastle price to US\$100/t (vs. \$90/t prev.).

Raising our FY24-25F net profit forecast and TP

Consequently, we have raised our FY24-25F net profit forecast for PTBA by 11.4-9.6%. Our revised net profit forecast now reflects FY24/25 EPS growth of -8.6/-24.1%, implying a less sharp earnings contraction compared to our previous estimates (18/23% decrease).

Maintain Buy rating with higher TP of Rp3,100

We have also raised our DCF-based TP to Rp3,100 to reflect our more optimistic earnings outlook. We maintain our Buy rating on PTBA on the improving earnings growth outlook and superior dividend yield versus peers. Key risks are: 1) Production miss due to unfavorable weather conditions. 2) ASP miss on higher portion of domestic sales.

Key Financials

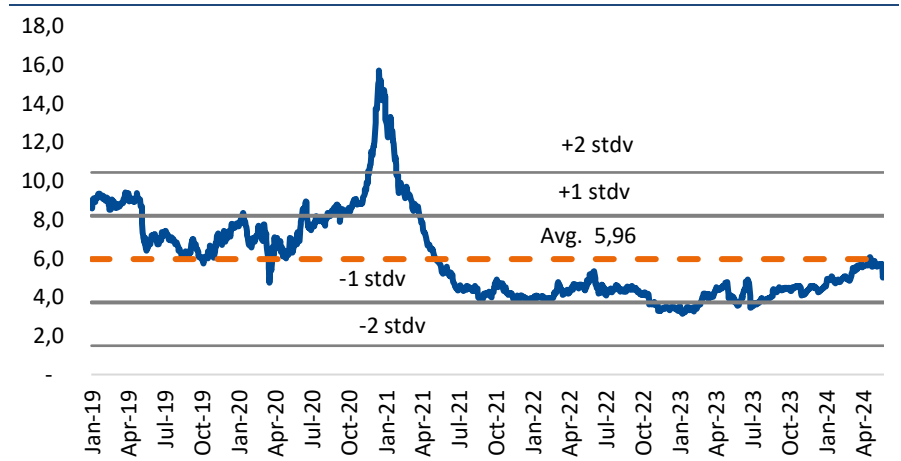
Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Revenue (Rpbn)	42,649	38,489	35,542	35,098	36,876
EBITDA (Rpbn)	14,407	6,441	6,086	4,457	3,665
EBITDA Growth (%)	55.1	(55.3)	(5.5)	(26.8)	(17.8)
Net Profit (Rpbn)	12,568	6,106	5,580	4,233	4,015
EPS (Rp)	1,090.9	530.0	484.3	367.5	348.5
EPS Growth (%)	58.9	(51.4)	(8.6)	(24.1)	(5.2)
BVPS (Rp)	2,491.8	1,860.6	1,974.0	2,002.4	2,093.7
DPS (Rp)	686.5	1,090.9	371.0	339.0	257.2
PER (x)	2.5	5.1	5.5	7.3	7.7
PBV (x)	1.1	1.4	1.4	1.3	1.3
Dividend yield (%)	25.6	40.7	13.8	12.7	9.6
EV/EBITDA	1.7	4.4	5.2	7.2	9.0

Source: PTBA, BRIDS Estimates

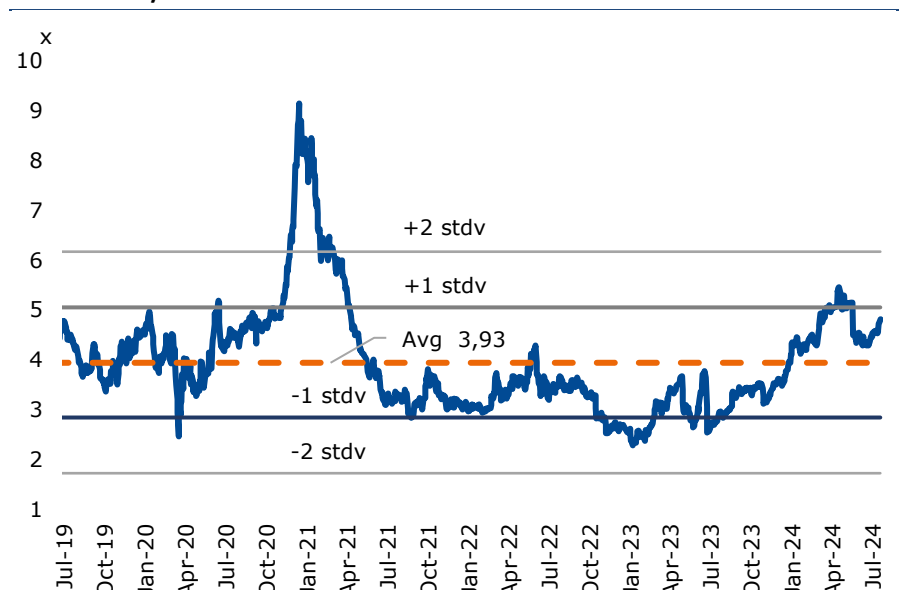
Exhibit 1. Earnings revision summary

(Rpbn)	New			Old			Diff.		
	2024F	2025F	2026F	2024F	2025F	2026F	2024F	2025F	2026F
Revenue	35,542	35,098	36,876	34,330	34,200	35,692	3.5%	2.6%	3.3%
Gross profit	8,829	7,229	6,465	8,086	6,782	5,794	9.2%	6.6%	11.6%
Operating profit	6,871	5,266	4,498	6,128	4,820	3,826	12.1%	9.3%	17.6%
Pre-tax profit	7,472	5,728	5,317	6,734	5,246	4,592	11.0%	9.2%	15.8%
Net Income	5,580	4,233	4,015	5,010	3,862	3,452	11.4%	9.6%	16.3%
Gross Margin	25%	21%	18%	24%	20%	16%			
Operating Margin	19%	15%	12%	18%	14%	11%			
Net Margin	16%	12%	11%	15%	11%	10%			
Coal Sales Volume	40.9	42.6	46.3	40.9	42.6	46.3	0.0%	0.0%	0.0%
Blended ASP	869.3	824.5	796.9	839.7	803.4	771.4	3.5%	2.6%	3.3%

Source: BRIDS Estimates

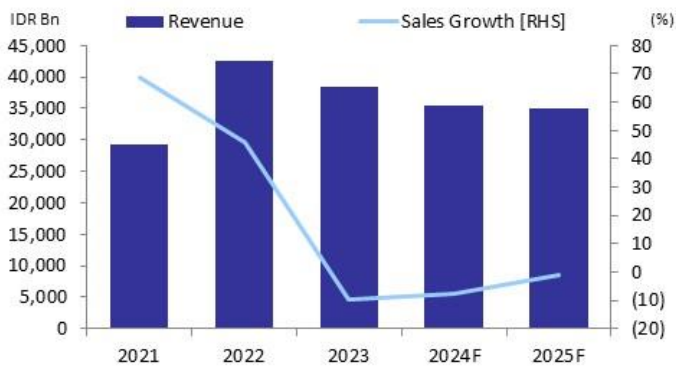
Exhibit 2. P/E Band.


Source: Company, BRIDS Estimates

Exhibit 3. EV/EBITDA Band.


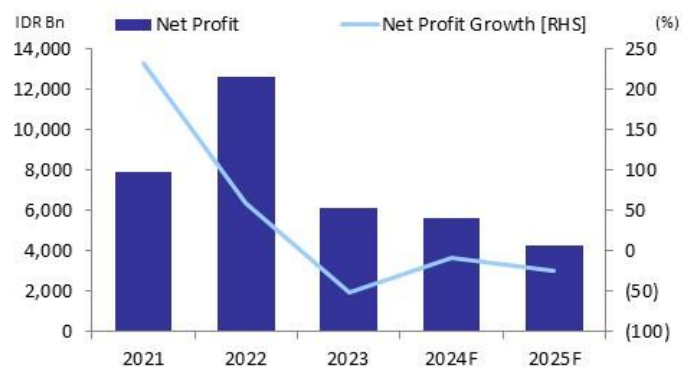
Source: Company, BRIDS Estimates

Exhibit 4. Revenue and Growth



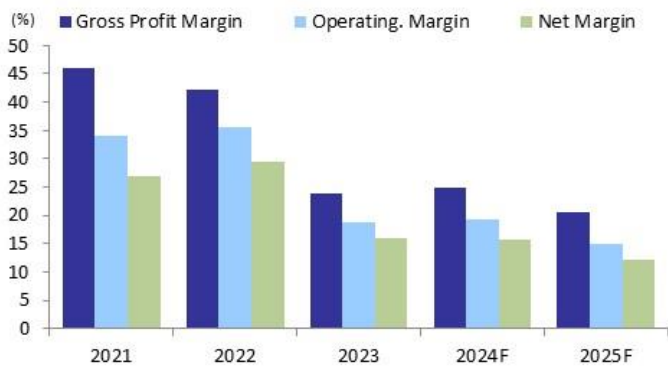
Source: Company, BRIDS Estimates

Exhibit 5. Net Profit and Growth



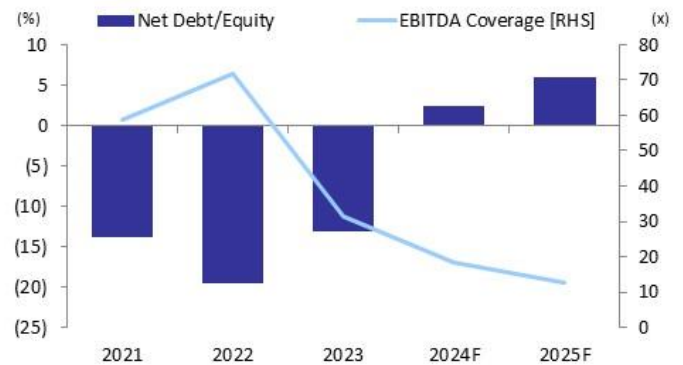
Source: Company, BRIDS Estimates

Exhibit 6. Margins



Source: Company, BRIDS Estimates

Exhibit 7. Gearing Level



Source: Company, BRIDS Estimates

Exhibit 8. Income Statement

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Revenue	42,649	38,489	35,542	35,098	36,876
COGS	(24,682)	(29,332)	(26,713)	(27,869)	(30,410)
Gross profit	17,966	9,157	8,829	7,229	6,465
EBITDA	14,407	6,441	6,086	4,457	3,665
Oper. profit	15,145	7,203	6,871	5,266	4,498
Interest income	428	584	344	200	137
Interest expense	(200)	(204)	(331)	(345)	(374)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	0	0	0	0	0
Other Income (Expenses)	829	571	588	606	1,057
Pre-tax profit	16,202	8,154	7,472	5,728	5,317
Income tax	(3,423)	(1,862)	(1,706)	(1,308)	(1,115)
Minority interest	(212)	(187)	(187)	(187)	(187)
Net profit	12,568	6,106	5,580	4,233	4,015
Core Net Profit	12,568	6,106	5,580	4,233	4,015

Exhibit 9. Balance Sheet

Year to 31 Dec (Rpbn)	2021A	2022A	2023F	2024F	2025F
Cash & cash equivalent	7,030	4,139	2,403	1,643	1,266
Receivables	3,510	3,797	4,443	4,387	4,609
Inventory	3,837	5,500	2,812	2,934	3,201
Other Curr. Asset	10,055	1,713	3,491	3,387	3,402
Fixed assets - Net	8,410	8,566	8,584	8,284	7,960
Other non-curr.asset	12,517	15,051	16,776	18,776	21,109
Total asset	45,359	38,765	38,509	39,410	41,548
ST Debt	592	558	547	536	525
Payables	1,936	2,082	2,355	2,457	2,681
Other Curr. Liabilities	8,174	7,328	5,043	5,223	5,654
Long Term Debt	771	744	2,408	2,506	2,720
Other LT. Liabilities	4,971	6,490	5,100	5,119	5,161
Total Liabilities	16,443	17,202	15,453	15,841	16,740
Shareholder's Funds	28,705	21,435	22,740	23,068	24,119
Minority interests	211	129	315	502	689
Total Equity & Liabilities	45,359	38,765	38,509	39,410	41,548

Exhibit 10. Cash Flow

Year to 31 Dec (Rpbn)	2021A	2022A	2023F	2024F	2025F
Net income	12,568	6,106	5,580	4,233	4,015
Depreciation and Amort.	672	738	762	785	809
Change in Working Capital	(3,849)	5,173	(317)	91	(356)
Other Oper. Cash Flow	3,295	519	(1,431)	230	504
Operating Cash Flow	12,686	12,537	4,594	5,339	4,972
Capex	0	0	0	0	0
Others Inv. Cash Flow	(3,670)	(3,511)	(2,318)	(2,299)	(2,631)
Investing Cash Flow	(3,670)	(3,511)	(2,318)	(2,299)	(2,631)
Net change in debt	315	(61)	1,654	87	203
New Capital	(7,922)	(13,376)	(4,274)	(3,906)	(2,963)
Dividend payment	0	0	0	0	0
Other Fin. Cash Flow	1,228	1,519	(1,391)	19	42
Financing Cash Flow	(6,379)	(11,918)	(4,011)	(3,800)	(2,718)
Net Change in Cash	2,636	(2,891)	(1,736)	(760)	(377)
Cash - begin of the year	4,394	7,030	4,139	2,403	1,643
Cash - end of the year	7,030	4,139	2,403	1,643	1,266

Exhibit 11. Key Ratios

Year to 31 Dec	2021A	2022A	2023F	2024F	2025F
Growth (%)					
Sales	45.8	(9.8)	(7.7)	(1.3)	5.1
EBITDA	55.1	(55.3)	(5.5)	(26.8)	(17.8)
Operating profit	52.1	(52.4)	(4.6)	(23.4)	(14.6)
Net profit	58.9	(51.4)	(8.6)	(24.1)	(5.2)
Profitability (%)					
Gross margin	42.1	23.8	24.8	20.6	17.5
EBITDA margin	33.8	16.7	17.1	12.7	9.9
Operating margin	35.5	18.7	19.3	15.0	12.2
Net margin	29.5	15.9	15.7	12.1	10.9
ROAA	30.8	14.5	14.4	10.9	9.9
ROAE	47.6	24.4	25.3	18.5	17.0
Leverage					
Net Gearing (x)	(0.2)	(0.1)	0.0	0.1	0.1
Interest Coverage (x)	75.7	35.3	20.7	15.3	12.0

Source : PTBA, BRIDS Estimates

BRI Danareksa Equity Research Team

Erindra Krisnawan, CFA	Head of Equity Research, Strategy, Coal	erindra.krisnawan@brids.co.id
Natalia Sutanto	Consumer, Cigarettes, Pharmaceuticals, Retail	natalia.sutanto@brids.co.id
Niko Margaronis	Telco, Tower, Technology, Media	niko.margaronis@brids.co.id
Timothy Wijaya	Metal, Oil and Gas	timothy.wijaya@brids.co.id
Victor Stefano	Banks, Poultry, Property, Industrial Estate	victor.stefano@brids.co.id
Ismail Fakhri Suweleh	Healthcare	ismail.suweleh@brids.co.id
Ni Putu Wilastita Muthia Sofi	Research Associate	wilastita.sofi@brids.co.id
Naura Reyhan Muchlis	Research Associate	naura.muchlis@brids.co.id
Sabela Nur Amalina	Research Associate	sabela.amalina@brids.co.id
Christian Immanuel Sitorus	Research Associate	christian.sitorus@brids.co.id

BRI Danareksa Economic Research Team

Helmy Kristanto	Chief Economist, Macro Strategy	helmy.kristanto@brids.co.id
Dr. Telisa Aulia Falianty	Senior Advisor	telisa.falianty@brids.co.id
Kefas Sidauruk	Economist	kefas.sidauruk@brids.co.id

BRI Danareksa Institutional Equity Sales Team

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

BRI Danareksa Sales Traders

Mitcha Sondakh	Head of Sales Trader	mitcha.sondakh@brids.co.id
Suryanti Salim	Sales Trader	suryanti.salim@brids.co.id

INVESTMENT RATING

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

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