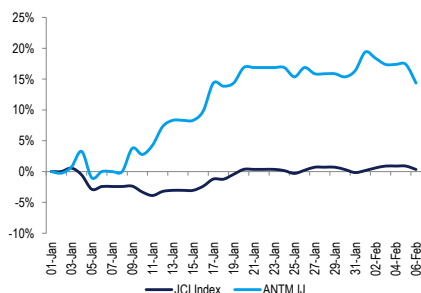


Stock Data

Target price	Rp3,100
Prior TP	Rp3,100
Current price	Rp2,220
Upside/downside	+40%
Shares outstanding (mn)	24,031
Market cap (Rp bn)	53,348
Free float	35%
Avg. 6m daily T/O (Rp bn)	173

Price Performance

	3M	6M	12M
Absolute	18.5%	12.4%	25.4%
Relative to JCI	21.0%	15.4%	23.3%
52w low/high (Rp)	1,540 – 2,900		



Major Shareholders

Indonesia Asahan Aluminium	65.0%
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Erindra Krisnawan, CFA

PT Indo Premier Sekuritas
erindra.krisnawan@ipc.do.id
+62 21 5088 7168 ext. 718

Reggie Parengkuan

PT Indo Premier Sekuritas
reggie.parengkuan@ipc.do.id
+62 21 5088 7168 ext. 714

Potential FY22 revenue beat along with ample upside to valuation

- We expect FY22 revenue beat led by stronger nickel ore sales.
- We see upside on our valuation from resource monetization projects which may include RKEF and HPAL.
- Reiterate Buy rating and TP of Rp3,100, with possible catalysts from project progress.

A strong 4Q22 nickel ore sales may lead to FY22 revenue beat

ANTM sold 291k oz/6.9k tonnes/2.2mn wmt of gold/Feni/nickel ore in 4Q22 (-27/-9/+28% qoq, -5/-2/+17% yoy), driven by strong production recovery in 4Q22 (2-32% qoq). Cumulatively, this brought FY22 sales volume to account for 107/101/112% of our FY22F which we estimate to translate to FY22 revenue of Rp45-46tr (109/107% of ours/ consensus FY22F). We maintain our FY23F revenue growth forecast of +6% amid expectation of further FeNi and nickel ore sales volume growth (+40/94% yoy).

4Q22 margin may remain soft, though outlook shall improve

We estimate its FeNi margin may remain soft in 4Q22 as the slight improvement in FeNi ASP may be offset by higher cash cost. Despite the widening NPI's discount to LME, Indonesia NPI ASP (using NIC's ASP as a proxy) rose in 4Q22, which we expect to also result in ANTM's FeNi ASP to improve by +1-2% (see figure 8 for Feni historical discount to LME vs. NPI). We expect ore cost to increase in-line with +16% qoq increase in LME price. While ANTM has transitioned to MFO to reduce exposure to coal price, this shall impact FY23 cost amid flat MFO price in 4Q22 (Rp17-18k/l).

Progressing with resource unlocking

Recent news article reported that ANTM and LG is finalizing its JV for the integrated battery supply chain development. In Jan23, ANTM has also signed CSPA with subsidiary of Brunp Lygend on project which may entail development of 8 lines of RKEF and HPAL with a capacity of 55k tonnes MHP p.a. in East Halmahera. We have yet to formally include the valuation of the projects, pending further details. Assuming industry capex intensity for HPAL of US\$24k/t, project commissioning in 2027 and ANTM 25% stake, we estimate NPV of US\$376mn (Rp235/ share) for the potential of 110kt of HPAL projects, hence possible upside for ANTM's valuation.

Reiterate Buy and SOTP of Rp3,100 on attractive valuation

We maintain our FY22-24 earnings estimate, with 32% EPS growth in FY23 driven by sales volume improvement, and SOTP-based TP of Rp3,100/sh for now. We reiterate our Buy rating on attractive valuation of 5x EV/EBITDA (41% disc to 10yr mean) and possible catalysts from further project progress. Key risks are weaker metal prices and project delays.

Financial Summary (Rp bn)	2020A	2021A	2022F	2023F	2024F
Revenue	27,372	38,446	42,153	44,672	43,855
EBITDA	3,431	4,957	6,390	7,966	7,524
Net profit	1,149	1,862	3,371	4,463	4,111
EPS growth	493%	62%	81%	32%	-8%
ROE	6.2%	9.3%	15.2%	17.7%	14.6%
PER (x)	46.4	28.7	15.8	12.0	13.0
EV/EBITDA (x)	16.6	10.9	8.0	6.0	5.9
Dividend yield	0.1%	0.8%	1.2%	2.2%	2.9%
IPS vs. consensus			98%	117%	93%

Source: Company, Indo Premier

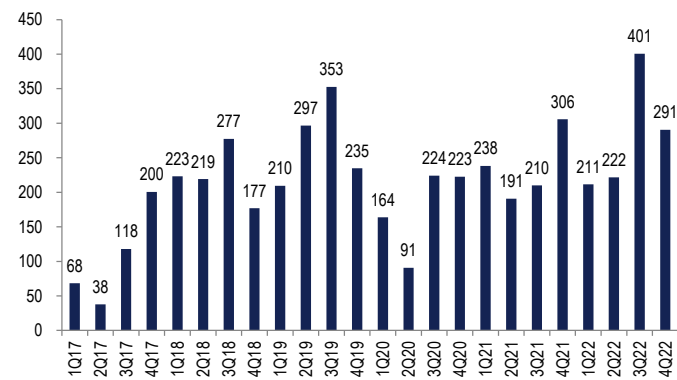
Share price closing as of: 9 February 2023

Fig. 1: FY22 operational summary

Sales volume breakdown	FY22	FY21	yoy%	4Q22	4Q21	yoy%	3Q22	qoq%	IPS FY22F	% of IPS
Gold (k oz)	1,124	945	19%	291	306	-5%	401	-27%	1,050	107%
Ferronickel (k tons)	24	26	-7%	6.9	7	-2%	8	-9%	24	101%
Nickel ore (k w mt)	6,953	7,641	-9%	2,200	1,885	17%	1,714	28%	6,200	112%
Bauxite ore (k w mt)	1,241	1,422	-13%	305	512	-40%	274	11%	1,000	124%
Alumina (k tons)	144	133	8%	30	39	-24%	40	-27%		
Silver (k oz)	369	321	15%	85	71	20%	89	-5%		

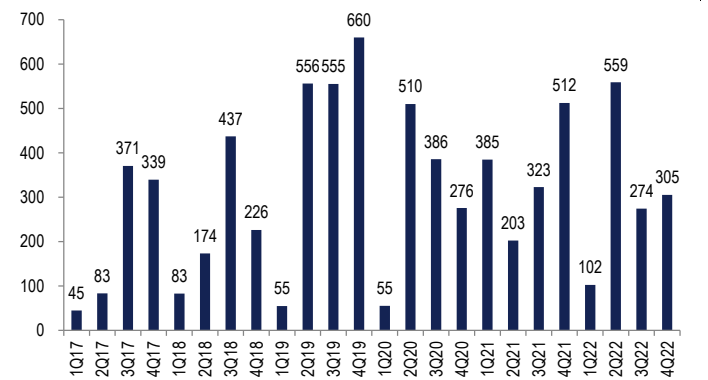
Source: Company, Indo Premier

Fig. 2: Quarterly gold sales volume (k oz)



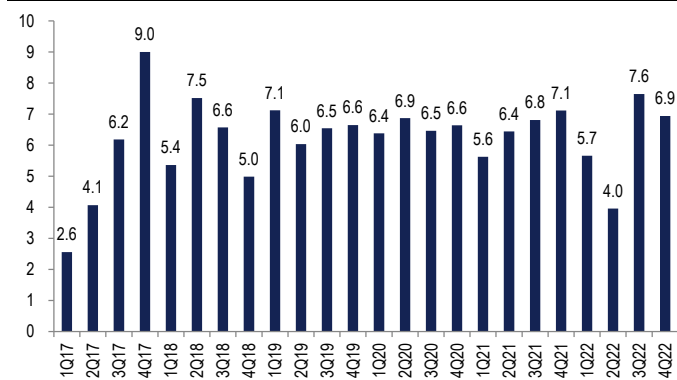
Source: Company, Indo Premier

Fig. 3: Quarterly bauxite sales volume (k wmt)



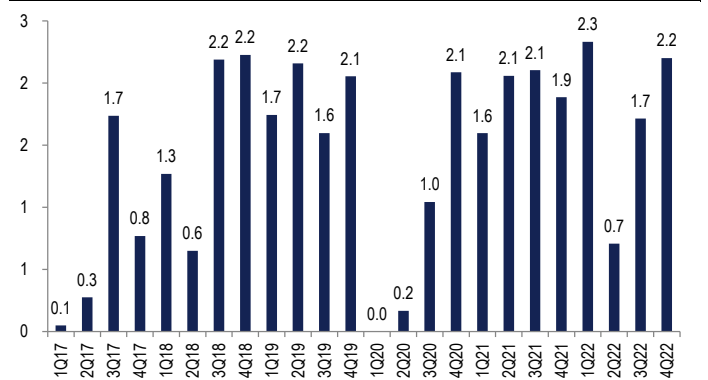
Source: Company, Indo Premier

Fig. 4: Quarterly ferronickel sales volume (k tonnes)



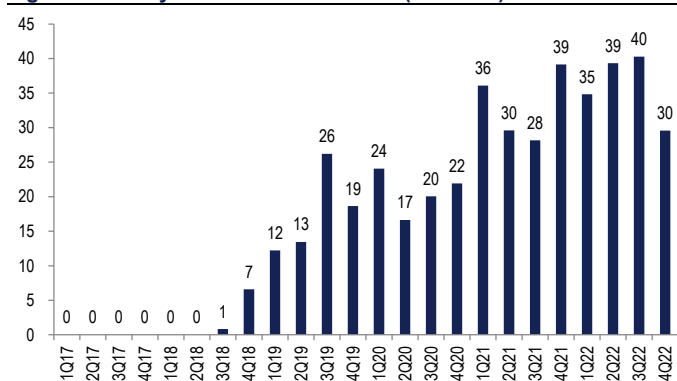
Source: Company, Indo Premier

Fig. 5: Quarterly nickel ore sales volume (mn wmt)



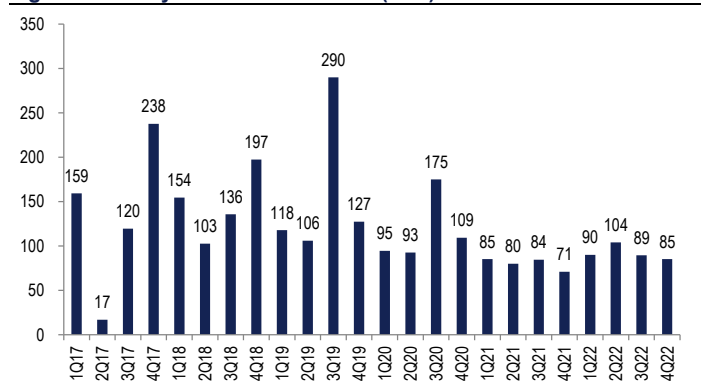
Source: Company, Indo Premier

Fig. 6: Quarterly alumina sales volume (k tonnes)



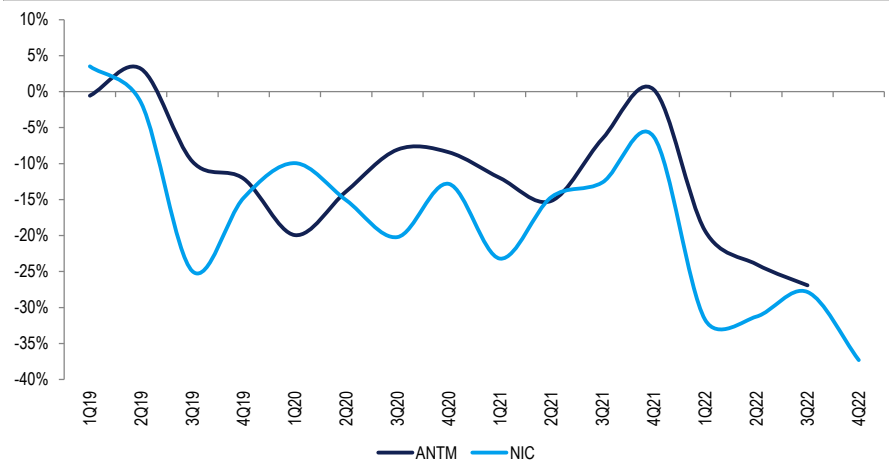
Source: Company, Indo Premier

Fig. 7: Quarterly silver sales volume (k oz)



Source: Company, Indo Premier

Fig. 8: ANTM FeNi vs. NIC NPI discount to LME - since 1Q22, ASP for ANTM's FeNi has reflected wider discounts to LME (average 9M22 of 23% vs. 6% pre-covid) which we think was attributable to the oversupply condition in Class-2 nickel markets



Source: Company, Indo Premier

Fig. 9: SOTP valuation

ANTM valuation	Rp tr	% of total	Remarks
Gold	4.6	6%	WACC: 10.9%, long-term gold price assumption of US\$1800/oz
Nickel	67.2	89%	WACC: 10.9%, long-term nickel price assumption of US\$16.5k/oz
Others	2.2	3%	Target multiple of 3x FY21F EV/EBITDA
Asset value	74.0	98%	
Net cash	1.3	2%	
Equity value	75.4	100%	
No of shares	24.0		
Target price	3,100		
Current share price	2,220		
Upside	40%		

Source: Company, Indo Premier

Fig. 10: Valuation band



Source: Company, Indo Premier

Income Statement (Rp bn)	2020A	2021A	2022F	2023F	2024F
Net revenue	27,372	38,446	42,153	44,672	43,855
Cost of sales	(22,897)	(32,087)	(33,726)	(35,518)	(35,349)
Gross profit	4,476	6,359	8,427	9,154	8,507
SG&A Expenses	(2,443)	(3,621)	(4,325)	(3,574)	(3,508)
Operating profit	2,032	2,738	4,102	5,580	4,998
Net interest	(455)	(269)	(183)	(120)	(58)
Forex gain (loss)	(134)	61	0	0	0
Others	198	514	897	915	934
Pre-tax income	1,641	3,044	4,816	6,376	5,873
Income tax	(492)	(1,182)	(1,445)	(1,913)	(1,762)
Minority interest	0	0	0	0	0
Net income	1,149	1,862	3,371	4,463	4,111

Balance Sheet (Rp bn)	2020A	2021A	2022F	2023F	2024F
Cash & equivalent	3,984	5,089	8,162	11,815	14,755
Receivable	1,344	1,448	1,448	1,448	1,448
Inventory	2,626	3,107	3,107	3,107	3,107
Other current assets	1,196	2,084	2,084	2,084	2,084
Total current assets	9,151	11,728	14,801	18,454	21,394
Fixed assets	18,248	16,864	16,459	16,036	15,589
Other non-current assets	4,331	4,324	4,376	4,429	4,485
Total non-current assets	22,579	21,188	20,835	20,465	20,074
Total assets	31,730	32,916	35,636	38,919	41,468

ST loans	2,105	2,168	2,168	2,168	2,168
Payable	673	1,399	1,399	1,399	1,399
Other payables	456	328	328	328	328
Current portion of LT loans	2,220	2,667	2,667	2,667	2,667
Total current liab.	5,454	6,562	6,562	6,562	6,562
Long term loans	3,388	3,703	3,703	3,703	3,703
Other LT liab.	3,848	1,813	1,813	1,813	1,813
Total liabilities	7,236	5,517	5,517	5,517	5,517

Equity	10,253	10,566	10,566	10,566	10,566
Retained earnings	8,786	10,272	12,991	16,274	18,824
Minority interest	0	0	0	0	0
Total SHE + minority int.	19,039	20,837	23,557	26,840	29,389
Total liabilities & equity	31,729	32,916	35,636	38,919	41,468

Source: Company, Indo Premier

Cash Flow Statement (Rp bn)	2020A	2021A	2022F	2023F	2024F
Net income	2,032	2,738	4,102	5,580	4,998
Depr. & amortization	1,399	2,219	2,288	2,386	2,526
Changes in working capital	(96)	(226)	0	0	0
Others	(1,116)	311	(731)	(1,117)	(887)
Cash flow from operating	2,219	5,043	5,659	6,849	6,637
Capital expenditure	(887)	(1,185)	(1,935)	(2,016)	(2,135)
Others	320	(545)	0	0	0
Cash flow from investing	(567)	(1,730)	(1,935)	(2,016)	(2,135)
Loans	(966)	(1,720)	0	0	0
Equity	33	312	0	0	0
Dividends	(68)	(402)	(652)	(1,180)	(1,562)
Others	(218)	(411)	0	0	0
Cash flow from financing	(1,218)	(2,222)	(652)	(1,180)	(1,562)
Changes in cash	433	1,091	3,073	3,653	2,940

Key Ratios	2020A	2021A	2022F	2023F	2024F
Gross margin	16.4%	16.5%	20.0%	20.5%	19.4%
Operating margin	7.4%	7.1%	9.7%	12.5%	11.4%
Pre-tax margin	6.0%	7.9%	11.4%	14.3%	13.4%
Net margin	4.2%	4.8%	8.0%	10.0%	9.4%
ROA	3.7%	5.8%	9.8%	12.0%	10.2%
ROE	6.2%	9.3%	15.2%	17.7%	14.6%
Acct. receivables TO (days)	16	13	13	12	12
Inventory TO (days)	35	33	34	32	32
Payable TO (days)	11	12	15	14	14
Debt to equity	39.9%	28.2%	24.9%	21.9%	20.0%
Interest coverage ratio (x)	6.1	13.8	20.4	25.4	24.0
Net gearing	19%	4%	-10%	-22%	-30%

Source: Company, Indo Premier

INVESTMENT RATINGS

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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