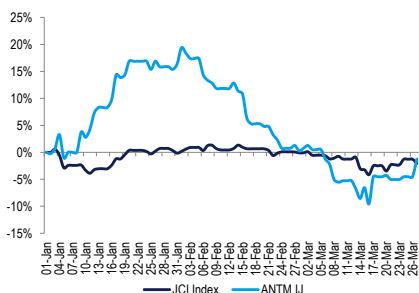


## Stock Data

Target price	Rp2,900
Prior TP	Rp3,100
Current price	Rp1,895
Upside/downside	+53%
Shares outstanding (mn)	24,031
Market cap (Rp bn)	47,100
Free float	35%
Avg. 6m daily T/O (Rp bn)	167

## Price Performance

	3M	6M	12M
Absolute	-2.0%	-3.9%	-26.3%
Relative to JCI	-0.7%	2.6%	-22.1%
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

## In-line FY22 core profit as beat in sales volume offset soft ASP

- FY22 core net profit was in-line with our forecast, driven by sales volume beat which more than offset soft ASPs.
- We expect sales volume-driven growth to continue but at a more conservative rate resulting in lowered FY23-25F estimates.
- Reiterate Buy rating with slightly lower SOTP-based TP of Rp2,900 on the back of attractive nickel resource and valuation.

### Healthy 4Q22 earnings growth, driven by strong sales volume

ANTM posted 4Q22 net profit of Rp1.2tr (+689% yoy, +8% qoq) which brought FY22 net profit to Rp3.8tr (+105% yoy), accounting for 113/109% of ours/consensus FY22 forecast. The healthy FY22 performance was attributed to strong gold/FeNi/nickel ore sales volume which offsets lower FeNi/nickel ore ASP. Excluding legal settlement provision of Rp1tr and FX gain of Rp564bn, FY22 core profit stood at Rp4.1tr (+130% yoy), in-line with our estimates (at 101% of forecast).

### FY22 sales volume beat across the board

Nickel ore sales volume improved by 28% qoq in 4Q22, reflecting demand recovery from China reopening, offsetting the drop in gold/FeNi sales volumes (-27/-9% qoq). Cumulatively, FY22 gold/FeNi/nickel ore sales volume came in above our expectation at 1.1mn oz/24k tonnes/6.9mn wmt respectively (at 107/101/112% of our FY22 forecast) which was more than enough to offset soft ASPs. Management has guided for 1mn oz/27.2k tonnes/11.3mn wmt of gold/FeNi/nickel ore sales volume in FY23 (-11/+12/+63% yoy) which we think are on the conservative side.

### Lowered FY22-FY24 estimates on more conservative ore sales volume

We adjusted our FY23/24/25F by -12/-6/-8% mainly to reflect lower FeNi and nickel ore sales volume (-19/-8/-8% and -25/17/0% respectively) to reflect more conservative project ramp-up. This is partly offset by our assumption of lower FeNi cash cost of US\$14.9k (from US\$16.4k previously) and higher gold ASP/cash cost of US\$1,900/1,300 per oz (+5/+30% respectively). Our revised estimates sees FY23F net profit growth of 2% (vs. 36% previously) but implies upside if project ramps up faster.

### Reiterate Buy rating on resource monetization and cheap valuation

We reiterate Buy rating on ANTM at a slightly lower SOTP-based TP of Rp2,900 on lower earnings due to a more conservative sales volume assumption. ANTM is currently trading at 6x FY23F EV/EBITDA (at 29% discount to its 5yr average), the cheapest among its peers (12/52% discount to INCO/MDKA) with possible catalysts from project announcement to monetize its nickel resource base.

Financial Summary (Rp bn)	2021A	2022A	2023F	2024F	2025F
Revenue	38,446	45,930	43,432	44,398	45,896
EBITDA	4,957	4,801	7,122	7,068	7,823
Net profit	1,862	3,821	3,915	3,874	4,360
EPS growth	62%	105%	2%	-1%	13%
ROE	9.3%	17.2%	15.5%	13.7%	13.8%
PER (x)	24.5	11.9	11.6	11.8	10.4
EV/EBITDA (x)	9.3	9.2	5.7	5.3	4.3
Dividend yield	0.9%	0.9%	1.8%	1.9%	1.8%
IPS vs. consensus			103%	88%	75%

Source: Company, Indo Premier

Share price closing as of: 27 March 2023

Fig. 1: FY22 result summary

ANTM FY22 results (Rp bn)	FY22	FY21	yoy%	4Q22	4Q21	yoy%	3Q22	qoq%	IPS FY22F	% of IPS	Cons FY22F	% of cons
Revenue	45,930	38,446	19%	12,247	11,969	2%	14,910	-18%	42,153	109%	42,926	107%
COGS	(37,720)	(32,087)	18%	(10,024)	(10,747)	-7%	(12,953)	-23%	(33,726)	112%	(34,918)	108%
<b>Gross Profit</b>	<b>8,211</b>	<b>6,359</b>	<b>29%</b>	<b>2,223</b>	<b>1,222</b>	<b>82%</b>	<b>1,958</b>	<b>14%</b>	<b>8,427</b>	<b>97%</b>	<b>8,008</b>	<b>103%</b>
Gross Profit Margin (%)	18%	17%		18%	10%		13%		20%		19%	
Total Opex	(4,269)	(3,621)	18%	(1,023)	(831)	23%	(681)	50%	(4,325)	99%	(3,915)	109%
<b>EBIT</b>	<b>3,942</b>	<b>2,738</b>	<b>44%</b>	<b>1,200</b>	<b>391</b>	<b>207%</b>	<b>1,277</b>	<b>-6%</b>	<b>4,102</b>	<b>96%</b>	<b>4,093</b>	<b>96%</b>
EBIT Margin (%)	9%	7%		10%	3%		9%		10%		10%	
Income from associates and JV	931	453	106%	258	110	135%	117	120%	897	104%		
Interest income	85	90	-5%	27	25	6%	17	59%	130	66%		
Interest expenses	(381)	(359)	6%	(252)	(67)	278%	19	-1407%	(313)	122%		
Forex gain	564	61	N/A	277	10	2752%	25	1009%				
Others	74	61	20%	53	45	18%	(18)	-404%				
<b>Pre-tax profit</b>	<b>5,215</b>	<b>3,044</b>	<b>71%</b>	<b>1,564</b>	<b>514</b>	<b>204%</b>	<b>1,438</b>	<b>9%</b>	<b>4,816</b>	<b>108%</b>	<b>4,770</b>	<b>109%</b>
Tax expenses	(1,394)	(1,182)	18%	(369)	(362)	2%	(337)	10%	(1,445)	96%	(1,276)	109%
Tax rate	27%	39%		24%	71%		23%		30%		27%	
Minority interests	(0)	(0)	-97%	(0)	(0)	-71%	0	-155%	0			
<b>Net profit</b>	<b>3,821</b>	<b>1,862</b>	<b>105%</b>	<b>1,194</b>	<b>151</b>	<b>689%</b>	<b>1,101</b>	<b>8%</b>	<b>3,371</b>	<b>113%</b>	<b>3,494</b>	<b>109%</b>
Net profit margin	8%	5%		10%	1%		7%		8%		8%	
<b>Core profit</b>	<b>4,085</b>	<b>1,776</b>	<b>130%</b>	<b>1,046</b>	<b>113</b>	<b>826%</b>	<b>1,056</b>	<b>-1%</b>	<b>4,038</b>	<b>101%</b>	<b>3,494</b>	<b>117%</b>

Source: Company, Indo Premier

Fig. 2: FY22 operational summary

Revenue breakdown	FY22	FY21	yoy%	4Q22	4Q21	qoq%	3Q22	qoq%	IPS FY22F	% of IPS	Cons FY21F	% of cons
Gold	31,625	25,942	22%	8,095	8,268	-2%	11,248	-28%	28,928	109%		
Ferronickel	6,854	6,356	8%	1,944	2,012	-3%	1,791	9%	6,890	99%		
Nickel ore	5,169	4,384	18%	1,604	1,132	42%	1,235	30%	4,747	109%		
Bauxite ore	618	503	23%	182	182	0%	161	13%	550	112%		
Alumina	1,313	932	41%	309	294	5%	391	-21%				
Silver	120	116	4%	28	25	14%	26	9%				
Coal	0	12	-100%	0	(0)	-100%	0	#DIV/0!				
Other precious metals	0	1	-51%	0	0	422%	0	-35%				
<b>Products</b>	<b>45,701</b>	<b>38,245</b>	<b>19%</b>	<b>12,162</b>	<b>11,912</b>	<b>2%</b>	<b>14,851</b>	<b>-18%</b>				
Purification of precious metals :	229	80	188%	85	57	50%	59	44%				
Services	229	80	188%	85	57	50%	59	44%				
<b>Total Revenue</b>	<b>45,930</b>	<b>38,325</b>	<b>20%</b>	<b>12,247</b>	<b>11,969</b>	<b>2%</b>	<b>14,910</b>	<b>-18%</b>				

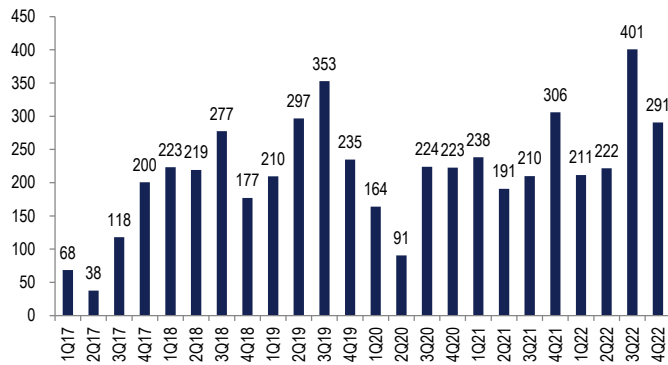
Source: Company, Indo Premier

Fig. 3: Forecast changes summary

Forecast changes (US\$ mn)	Previous			New			Changes		
	2022F	2023F	2024F	2022F	2023F	2024F	2022F	2023F	2024F
Net revenue	44,672	43,855	44,234	43,432	44,398	45,896	-3%	1%	4%
Cost of sales	(35,518)	(35,349)	(34,853)	(35,166)	(36,190)	(36,956)	-1%	2%	6%
<b>Gross profit</b>	<b>9,154</b>	<b>8,507</b>	<b>9,381</b>	<b>8,267</b>	<b>8,207</b>	<b>8,940</b>	<b>-10%</b>	<b>-4%</b>	<b>-5%</b>
SG&A Expenses	(3,574)	(3,508)	(3,539)	(3,475)	(3,552)	(3,672)	-3%	1%	4%
<b>Operating profit</b>	<b>5,580</b>	<b>4,998</b>	<b>5,842</b>	<b>4,792</b>	<b>4,656</b>	<b>5,269</b>	<b>-14%</b>	<b>-7%</b>	<b>-10%</b>
Net interest	(120)	(58)	3	(149)	(90)	(28)	24%	55%	-1189%
Others	915	934	952	950	969	988	4%	4%	4%
<b>Pre-tax income</b>	<b>6,376</b>	<b>5,873</b>	<b>6,797</b>	<b>5,593</b>	<b>5,534</b>	<b>6,228</b>	<b>-12%</b>	<b>-6%</b>	<b>-8%</b>
Income tax	(1,913)	(1,762)	(2,039)	(1,678)	(1,660)	(1,868)	-12%	-6%	-8%
Minority interest	0	0	0	0	0	0	N/A	N/A	N/A
<b>Net income</b>	<b>4,463</b>	<b>4,111</b>	<b>4,758</b>	<b>3,915</b>	<b>3,874</b>	<b>4,360</b>	<b>-12%</b>	<b>-6%</b>	<b>-8%</b>

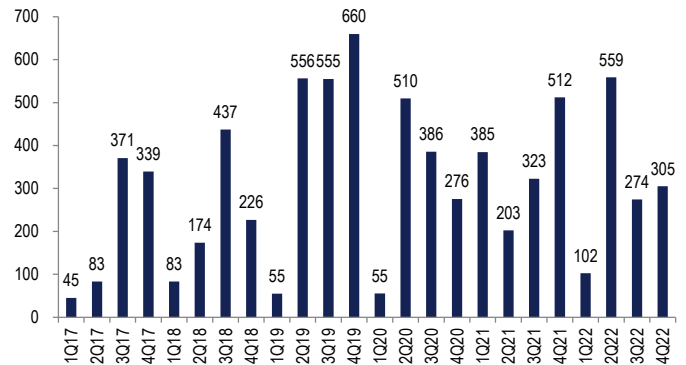
Source: Company, Indo Premier

**Fig. 4: Quarterly gold sales volume (k oz)**



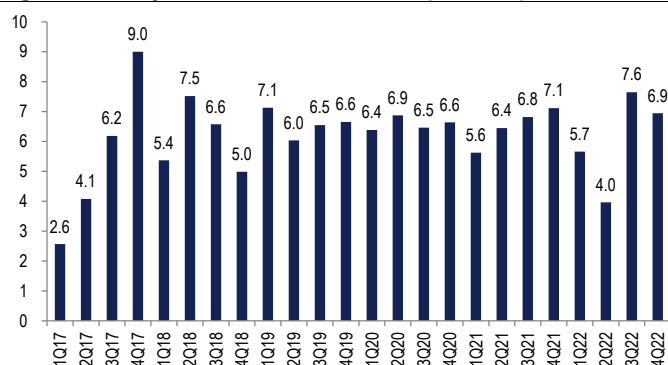
Source: Company, Indo Premier

**Fig. 5: Quarterly bauxite sales volume (k wmt)**



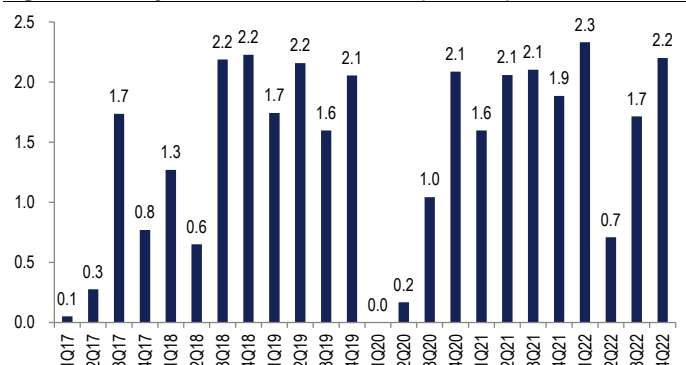
Source: Company, Indo Premier

**Fig. 6: Quarterly ferronickel sales volume (k tonnes)**



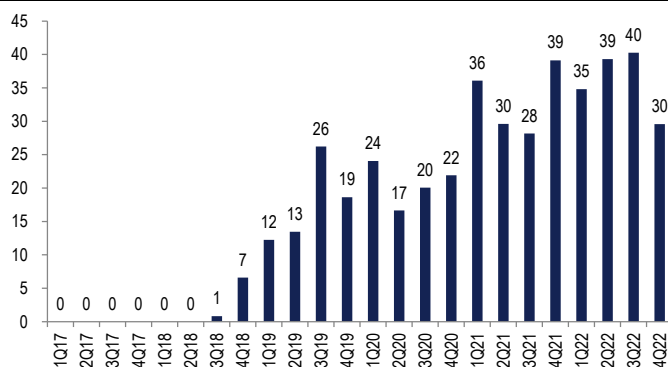
Source: Company, Indo Premier

**Fig. 7: Quarterly nickel ore sales volume (mn wmt)**



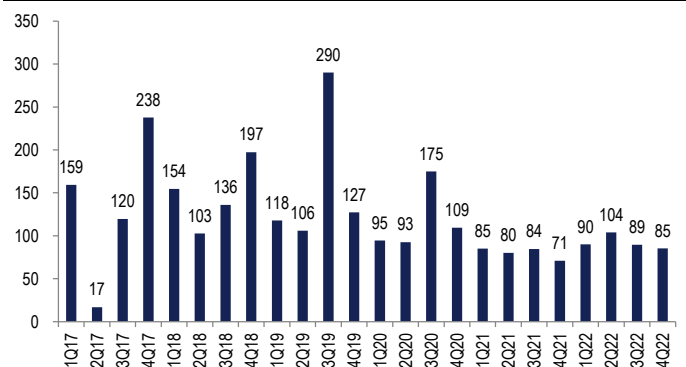
Source: Company, Indo Premier

**Fig. 8: Quarterly alumina sales volume (k tonnes)**



Source: Company, Indo Premier

**Fig. 9: Quarterly silver sales volume (k oz)**



Source: Company, Indo Premier

Fig. 10: SOTP valuation

ANTM valuation	Rp tr	% of total	Remarks
Gold	3.6	5%	WACC: 10.9%, long-term gold price assumption of US\$1800/oz WACC: 10.9%, long-term nickel price assumption of US\$16.5k/oz Target multiple of 3x FY21F EV/EBITDA
Nickel	56.8	83%	
Others	3.4	5%	
<b>Asset value</b>	<b>63.8</b>	<b>93%</b>	
Net cash	4.9	7%	
<b>Equity value</b>	<b>68.7</b>	<b>100%</b>	
No of shares	24.0		
<b>Target price</b>	<b>2,900</b>		
Current share price	1,895		
<b>Upside</b>	<b>53%</b>		

Source: Company, Indo Premier

Fig. 11: Valuation band



Source: Company, Indo Premier

Income Statement (Rp bn)	2021A	2022A	2023F	2024F	2025F
Net revenue	38,446	45,930	43,432	44,398	45,896
Cost of sales	(32,087)	(37,720)	(35,166)	(36,190)	(36,956)
<b>Gross profit</b>	<b>6,359</b>	<b>8,211</b>	<b>8,267</b>	<b>8,207</b>	<b>8,940</b>
SG&A Expenses	(3,621)	(4,269)	(3,475)	(3,552)	(3,672)
<b>Operating profit</b>	<b>2,738</b>	<b>3,942</b>	<b>4,792</b>	<b>4,656</b>	<b>5,269</b>
Net interest	(269)	(296)	(149)	(90)	(28)
Forex gain (loss)	61	564	0	0	0
Others	514	1,005	950	969	988
<b>Pre-tax income</b>	<b>3,044</b>	<b>5,215</b>	<b>5,593</b>	<b>5,534</b>	<b>6,228</b>
Income tax	(1,182)	(1,394)	(1,678)	(1,660)	(1,868)
Minority interest	(0)	(0)	0	0	0
<b>Net income</b>	<b>1,862</b>	<b>3,821</b>	<b>3,915</b>	<b>3,874</b>	<b>4,360</b>
Balance Sheet (Rp bn)	2021A	2022A	2023F	2024F	2025F
Cash & equivalent	5,089	4,476	7,926	11,325	15,240
Receivable	1,448	1,833	1,833	1,833	1,833
Inventory	3,107	2,906	2,906	2,906	2,906
Other current assets	2,084	2,480	2,480	2,480	2,480
<b>Total current assets</b>	<b>11,728</b>	<b>11,695</b>	<b>15,144</b>	<b>18,543</b>	<b>22,458</b>
Fixed assets	16,864	16,472	16,059	15,633	15,181
Other non-current assets	4,324	5,471	5,523	5,579	5,639
<b>Total non-current assets</b>	<b>21,188</b>	<b>21,942</b>	<b>21,583</b>	<b>21,212</b>	<b>20,819</b>
<b>Total assets</b>	<b>32,916</b>	<b>33,637</b>	<b>36,727</b>	<b>39,755</b>	<b>43,278</b>
ST loans	2,168	927	927	927	927
Payable	1,399	1,302	1,302	1,302	1,302
Other payables	328	276	276	276	276
Current portion of LT loans	2,667	3,468	3,468	3,468	3,468
<b>Total current liab.</b>	<b>6,562</b>	<b>5,972</b>	<b>5,972</b>	<b>5,972</b>	<b>5,972</b>
Long term loans	3,703	2,082	2,082	2,082	2,082
Other LT liab.	1,813	1,871	1,871	1,871	1,871
<b>Total liabilities</b>	<b>5,517</b>	<b>3,954</b>	<b>3,954</b>	<b>3,954</b>	<b>3,954</b>
Equity	10,566	10,570	10,570	10,570	10,570
Retained earnings	10,272	13,143	16,232	19,260	22,783
Minority interest	0	0	0	0	0
<b>Total SHE + minority int.</b>	<b>20,837</b>	<b>23,712</b>	<b>26,802</b>	<b>29,830</b>	<b>33,352</b>
<b>Total liabilities &amp; equity</b>	<b>32,916</b>	<b>33,637</b>	<b>36,727</b>	<b>39,755</b>	<b>43,278</b>

Source: Company, Indo Premier

Cash Flow Statement (Rp bn)	2021A	2022A	2023F	2024F	2025F
Net income	2,738	3,942	4,792	4,656	5,269
Depr. & amortization	2,219	859	2,330	2,412	2,554
Changes in working capital	(226)	113	0	0	0
Others	311	(806)	(877)	(782)	(909)
<b>Cash flow from operating</b>	<b>5,043</b>	<b>4,108</b>	<b>6,245</b>	<b>6,286</b>	<b>6,914</b>
Capital expenditure	(1,185)	(1,700)	(1,970)	(2,042)	(2,162)
Others	(545)	917	0	0	0
<b>Cash flow from investing</b>	<b>(1,730)</b>	<b>(783)</b>	<b>(1,970)</b>	<b>(2,042)</b>	<b>(2,162)</b>
Loans	(1,720)	(2,863)	0	0	0
Equity	312	4	0	0	0
Dividends	(402)	(402)	(826)	(846)	(837)
Others	(411)	(817)	0	0	0
<b>Cash flow from financing</b>	<b>(2,222)</b>	<b>(4,078)</b>	<b>(826)</b>	<b>(846)</b>	<b>(837)</b>
<b>Changes in cash</b>	<b>1,091</b>	<b>(753)</b>	<b>3,449</b>	<b>3,399</b>	<b>3,915</b>

Key Ratios	2021A	2022A	2023F	2024F	2025F
Gross margin	16.5%	17.9%	19.0%	18.5%	19.5%
Operating margin	7.1%	8.6%	11.0%	10.5%	11.5%
Pre-tax margin	7.9%	11.4%	12.9%	12.5%	13.6%
Net margin	4.8%	8.3%	9.0%	8.7%	9.5%
ROA	5.8%	11.5%	11.1%	10.1%	10.5%
ROE	9.3%	17.2%	15.5%	13.7%	13.8%
Acct. receivables TO (days)	13	13	15	15	15
Inventory TO (days)	33	29	30	29	29
Payable TO (days)	12	13	14	13	13
Debt to equity	28.2%	12.7%	11.2%	10.1%	9.0%
Interest coverage ratio (x)	13.8	12.6	27.6	27.4	30.3
Net gearing	4%	-6%	-18%	-28%	-37%

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

## ANALYSTS CERTIFICATION

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

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