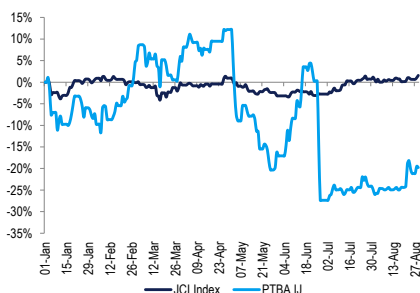


Stock Data

Target price	Rp3,400
Prior TP	Rp3,400
Current price	Rp2,960
Upside/downside	+15%
Shares outstanding (mn)	11,521
Market cap (Rp bn)	33,410
Free float	34%
Avg. 6m daily T/O (Rp bn)	134

Price Performance

	3M	6M	12M
Absolute	0.0%	-20.6%	-32.1%
Relative to JCI	-4.1%	-22.1%	-29.7%
52w low/high (Rp)	2,680 – 4,470		



Major Shareholders

Indonesia Asahan Aluminium	65.9%
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2Q23 results: 2Q23 profit grew on more resilient ICI; 1H23 in-line

- PTBA's 2Q23 core profit rose to Rp1.7tr (+14% qoq) attributed to lower cash cost (-12% qoq) and higher earnings from associates (+334% qoq).
- 1H23 sales volume was ahead (at 52%) despite lagging behind production, while ASP/cash cost was in-line (at 95/102%).
- We maintain our FY23-25F estimates for now and reiterate Hold at unchanged DCF-based TP of Rp3,400.

2Q23 earnings surprise; 1H23 still in-line

PTBA posted a solid 2Q23 net profit of Rp1.6tr (+39% qoq/-58% yoy) despite declining ASP (-9% qoq) and sales volume (-2% qoq). The stellar performance was attributed to a combination of lower cash cost (-12% qoq), and higher interest income (+20% qoq), income from associates (+334% qoq), and other income (+886% qoq). Excluding other income, its core profit stood at Rp1.7tr (+14% qoq/-58% yoy). Overall, 1H23 net profit of Rp2.8tr (-55% yoy) came in-line with ours though slightly below consensus estimates at 43/39% of FY23 forecast. Meanwhile, EBITDA of Rp3.4tr (-55% yoy) was below ours/consensus at 38/35% of estimates which we think is attributed to the lagged 2Q23 sales volume.

2Q23 production volume surged but sales volume lagged behind

2Q23 production volume surged to 12Mt (+76% qoq/+25% yoy) though sales lagged behind at 8.6Mt (-2% qoq/+13% yoy), which we believe was mainly attributed to TE-Tarahan railway derailment on Apr23. ASP declined to Rp1mn/t (-9% qoq/-23% yoy) in 2Q23, outperforming peers' ASP amid more resilient ICI prices (vs. Newcastle/global coal prices). The 2Q23 revenue drop was more than offset by the decline in cash cost (-12% qoq/+9% yoy) to Rp834k/t which reflected lower stripping ratio of 5.4x (-24% qoq/+5% yoy) as well as lower unit (US\$/t) fuel cost (-27% qoq) and opex (-4% qoq). Overall, 1H23 production/sales volume came ahead of our forecast at 56/52%, while ASP and COGS/t was in-line at 95/102%.

We maintain our FY23-25F estimates

We maintain our FY23-25F estimates for now amid in-line 1H23 performance and as we await more details from 2Q23 earnings call. We maintain our FY23-25F ASP/cash cost assumption at US\$54-77/44-53 per tonne and sales volume at 33-41Mt.

Reiterate Hold rating at TP of Rp3,400/sh

We maintain Hold on PTBA at unchanged DCF-based TP of Rp3,400 (WACC 13.7%, LT coal price of US\$90/t). PTBA is currently trading at an unattractive 5.3x FY23F P/E (40/48/25% premium to ADRO/ITMG/UNTR). Key upside/downside risks are BLU implementation and weaker coal price.

Financial Summary (Rp bn)	2021A	2022A	2023F	2024F	2025F
Revenue	29,261	42,649	38,854	40,676	34,225
EBITDA	10,839	16,033	8,911	9,860	5,728
Net profit	7,909	12,568	6,493	7,386	4,159
EPS growth	231%	59%	-48%	14%	-44%
ROE	32.9%	43.8%	26.7%	28.4%	17.0%
PER (x)	4.3	2.7	5.3	4.6	8.2
EV/EBITDA (x)	2.7	1.7	3.3	2.8	4.9
Dividend yield	2.4%	23.2%	31.3%	16.2%	16.2%
IPS vs. consensus			91%	116%	80%

Source: Company, Indo Premier

Share price closing as of: 29 August 2023

Fig. 1: 3M23 earnings summary

PTBA 1H23 Result	1H23	1H22	yoy%	2Q23	2Q22	yoy%	1Q23	qoq%	IPS FY23F	% of IPS	Cons FY23F	% of cons
Revenue	18,859	18,423	2%	8,901	10,218	-13%	9,957	-11%	38,854	49%	38,892	48%
COGS	(14,760)	(10,071)	47%	(6,860)	(5,317)	29%	(7,900)	-13%	(27,766)	53%	(28,041)	53%
Gross profit	4,099	8,352	-51%	2,041	4,901	-58%	2,058	-1%	11,088	37%	10,851	38%
Gross profit margin (%)	22%	45%		23%	48%		21%		29%		28%	
Opex	(1,352)	(1,394)	-3%	(654)	(794)	-18%	(699)	-6%	(3,581)	38%	(1,947)	69%
EBIT	2,747	6,957	-61%	1,388	4,106	-66%	1,359	2%	7,508	37%	8,904	31%
EBIT margin (%)	15%	38%		16%	40%		14%		19%		23%	
Depreciation and amortization	635	559	14%	338	320	6%	297	14%	1,404	45%	677	94%
EBITDA	3,382	7,517	-55%	1,726	4,426	-61%	1,656	4%	8,911	38%	9,581	35%
EBITDA margin (%)	18%	41%		19%	43%		17%		23%		25%	
Interest income	409	208	97%	223	104	115%	186	20%	450	91%		
Interest expenses	(111)	(64)	75%	(65)	(39)	67%	(46)	42%	(214)	52%		
Profit from JV/associate	327	489	-33%	266	410	-35%	61	334%	829	40%		
Others	269	234	15%	309	220	40%	(39)	-886%	0			
Profit before tax	3,642	7,825	-53%	2,121	4,802	-56%	1,521	39%	8,572	42%	9,470	38%
Tax expenses	(756)	(1,549)	-51%	(422)	(827)	-49%	(335)	26%	(1,886)	40%		
Tax rate	21%	20%		20%	17%		22%		22%			
Minority interest	(110)	(119)	-8%	(86)	(94)	-8%	(23)	273%	(193)	57%		
Net profit	2,776	6,157	-55%	1,613	3,881	-58%	1,163	39%	6,493	43%	7,117	39%
Net margin	15%	33%		18%	38%		12%		17%		18%	

Source: Company, Indo Premier

Fig. 2: 3M23 operational summary

Operational summary	1H23	1H22	yoy%	2Q23	2Q22	yoy%	1Q23	qoq%	IPS FY23F	% of IPS	PTBA target	% of target
Production volume (m tonnes)	18.8	15.9	18%	12.0	9.6	25%	6.8	76%	33.3	56%	41.0	46%
Sales volume (m tonnes)	17.4	14.6	19%	8.6	7.6	13%	8.8	-2%	33.3	52%	41.0	42%
Domestic volume (m tonnes)	10.3	9.5	9%	5.1	4.8	6%	5.2	-2%	20.3	51%	N/A	N/A
Export volume (m tonnes)	7.1	5.1	39%	3.5	2.8	25%	3.6	-3%	13.0	55%	N/A	N/A
ASP (Rp k/tonne)	1,068	1,200	-11%	1,035	1,344	-23%	1,131	-9%	1,123	95%	N/A	N/A
COGS/tonne (Rp k/tonne)	848	690	23%	798	700	14%	898	-11%	834	102%	N/A	N/A
Strip ratio (x)	0.0	5.6	-100%	(4.0)	5.1	-178%	7.1	-157%	6.3	0%	6.3	0%

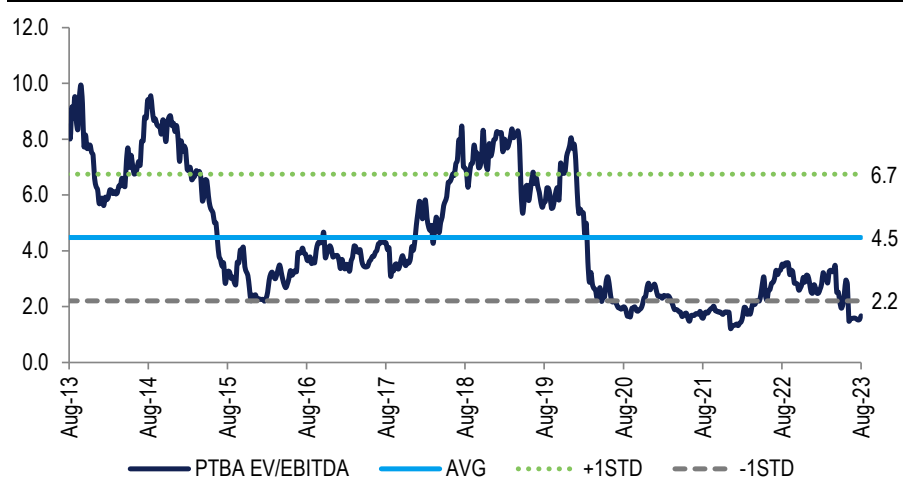
Source: Company, Indo Premier

Fig. 3: DCF valuation

Valuation summary	
Sum of PV of FCFF	34,493
Add: Cash & Marketable Sec	4,972
Less: Debt	2
Total value	39,463
Total Share (million)	11,521
Fair Value IDR	3,400
Current share price	2,960
Upside	15%

Source: Company, Indo Premier

Fig. 4: EV/EBITDA band



Source: Company, Indo Premier

Income Statement (Rp bn)	2021A	2022A	2023F	2024F	2025F
Net revenue	29,261	42,649	38,854	40,676	34,225
Cost of sales	(15,777)	(24,682)	(27,766)	(28,115)	(25,797)
Gross profit	13,484	17,966	11,088	12,560	8,427
SG&A Expenses	(3,594)	(3,343)	(3,581)	(3,869)	(3,946)
Operating profit	9,890	14,623	7,508	8,691	4,481
Net interest	98	228	235	208	240
Forex gain (loss)	0	0	0	0	0
Others	370	1,352	829	829	829
Pre-tax income	10,359	16,202	8,572	9,728	5,550
Income tax	(2,322)	(3,423)	(1,886)	(2,140)	(1,221)
Minority interest	(128)	(212)	(193)	(202)	(170)
Net income	7,909	12,568	6,493	7,386	4,159

Balance Sheet (Rp bn)	2021A	2022A	2023F	2024F	2025F
Cash & equivalent	4,394	7,030	4,972	6,704	5,821
Receivable	3,100	3,510	3,238	3,390	2,852
Inventory	1,208	3,837	1,642	1,663	1,526
Other current assets	9,510	10,055	10,055	10,055	10,055
Total current assets	18,212	24,432	19,906	21,811	20,254
Fixed assets	8,321	8,410	8,794	8,781	8,792
Other non-current assets	9,591	12,517	12,517	12,517	12,517
Total non-current assets	17,912	20,927	21,311	21,298	21,309
Total assets	36,124	45,359	41,217	43,109	41,563

ST loans	4	2	2	2	2
Payable	1,270	1,936	1,983	2,008	1,843
Other payables	6,227	8,764	8,764	8,764	8,764
Current portion of LT loans	0	0	0	0	0
Total current liab.	7,501	10,702	10,749	10,774	10,609
Long term loans	2	0	0	0	0
Other LT liab.	4,367	5,741	5,741	5,741	5,741
Total liabilities	11,870	16,443	16,491	16,516	16,350

Equity	1,746	1,746	1,746	1,746	1,746
Retained earnings	22,113	26,292	21,910	23,574	22,024
Minority interest	394	878	1,071	1,273	1,443
Total SHE + minority int.	24,254	28,916	24,727	26,594	25,213
Total liabilities & equity	36,124	45,359	41,217	43,109	41,563

Source: Company, Indo Premier

Cash Flow Statement (Rp bn)	2021A	2022A	2023F	2024F	2025F
Net income	7,909	12,568	6,493	7,386	4,159
Depr. & amortization	949	1,410	1,404	1,169	1,247
Changes in working capital	6,063	382	(2,515)	148	(509)
Others	(4,125)	(1,832)	5,222	(93)	1,188
Cash flow from operating	10,795	12,527	10,604	8,609	6,086
Capital expenditure	(1,343)	(1,441)	(1,788)	(1,156)	(1,259)
Others	(8,496)	147	0	0	0
Cash flow from investing	(9,839)	(1,294)	(1,788)	(1,156)	(1,259)
Loans	(107)	(4)	0	0	0
Equity	0	0	0	0	0
Dividends	(835)	(7,909)	(10,682)	(5,519)	(5,540)
Others	31	(756)	(193)	(202)	(170)
Cash flow from financing	(912)	(8,669)	(10,875)	(5,721)	(5,710)
Changes in cash	45	2,565	(2,059)	1,732	(883)

Key Ratios	2021A	2022A	2023F	2024F	2025F
Gross margin	46%	42%	29%	31%	25%
Operating margin	34%	34%	19%	21%	13%
Pre-tax margin	35%	38%	22%	24%	16%
Net margin	27%	29%	17%	18%	12%
ROA	22%	28%	16%	17%	10%
ROE	33%	44%	27%	28%	17%
Acct. receivables TO (days)	29	28	30	30	30
Inventory TO (days)	13	22	22	22	22
Payable TO (days)	23	24	26	26	26
Debt to equity	0.0	0.0	0.0	0.0	0.0
Interest coverage ratio (x)	N/A	N/A	N/A	N/A	N/A
Net gearing	(0.2)	(0.2)	(0.2)	(0.3)	(0.2)

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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