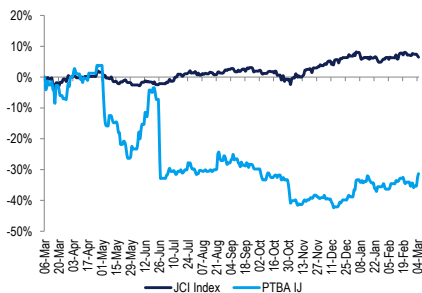


Stock Data

Target price	Rp2,750
Prior TP	Rp2,750
Current price	Rp2,740
Upside/downside	0%
Shares outstanding (mn)	11,521
Market cap (Rp bn)	31,567
Free float	34%
Avg. 6m daily T/O (Rp bn)	28

Price Performance

	3M	6M	12M
Absolute	11.4%	-6.2%	-31.3%
Relative to JCI	9.2%	-9.7%	-37.8%
52w low/high (Rp)	2,300 – 4,140		



Major Shareholders

Indonesia Asahan Aluminium	65.9%
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4Q23 results: strong beat on better than expected ASP and volume

- PTBA FY23 NP of Rp6.1tr was a strong beat vs. ours/cons at 127%/114% on higher than expected ASP and volume (at 102/101%).
- 4Q23 NP surged 132% qoq on the back of higher ASP (+17% qoq), higher sales volume (+4% qoq) and lower cash cost (-3% qoq).
- Maintain our FY24/25 estimates for now pending next week earnings call; maintain Hold at an unchanged DCF-based TP of Rp2,750.

Solid 4Q23 earnings on higher volume and ASP, as well as lower cost

PTBA FY23 NP of Rp6.1tr (-51% yoy) was well ahead of ours/consensus estimates at 127%/114% respectively. The earnings beat was primarily driven by higher than expected ASP and sales volume (at 102/101% IPS), while cash cost was slightly below (at 99% IPS) on the back of DMO reversal of Rp139bn in 4Q23. As a result, FY23 EBITDA margin of 22% was well ahead of ours (at 18%). On a quarterly basis, 4Q23 NP surged by 132% qoq to Rp2.3tr, driven by a combination of higher sales volume (+4% qoq), higher ASP (+17% qoq), and lower cash cost (-3% qoq). Consequently, EBITDA margin expanded to 31% in 4Q23 (+1,378bps). Below the operating line, income from associates surged 366% qoq to Rp201bn, and so does other income (Rp200bn, +33% qoq).

Rising ASP while railway fee declined on lower fuel surcharge

4Q23 production volume declined to 10Mt (-24% qoq), though sales volume slightly improved to 10Mt (+4% qoq). FY23 production/sales volume stood at 42/37Mt respectively (+13/+17% yoy), which came slightly above our estimates (at 104/101%). ASP improved to Rp1.1mn/t in 4Q23 (+17% qoq), outperforming ICI prices (+13% qoq), with both domestic and export selling price improving by c.+14/+20% qoq respectively based on our estimates. To our surprise, cash cost declined by only 3% qoq to Rp741k/t, despite 1) railway fee per ton improving by c.25% qoq, 2) lower effective royalty rate of 10% in 4Q23 (vs. 12% in 3Q23) and 3) DMO tariff reversal. However, this was offset by either higher mining fee per ton or higher stripping ratio, which remain undisclosed until now. Overall, FY23 ASP and cash cost accounted for 102%/99% of our FY23 estimates.

Maintain Hold rating at unchanged TP of Rp2,750/share

We maintain our FY24/25 earnings estimates for now, pending further clarity from the earnings call next week. We maintain Hold at unchanged DCF-based TP of Rp2,750. PTBA is currently trading at 7.6x FY24F P/E (68/47/39% premium to ADRO/ITMG/UNTR). Assuming 35% payout ratio, we expect dividend yield to reach 6%. Key downside risks are increasing domestic production in China and India.

Financial Summary (Rp bn)	2021A	2022A	2023F	2024F	2025F
Revenue	29,261	42,649	36,994	33,106	35,574
EBITDA	11,133	16,155	6,768	6,372	5,947
Net profit	7,909	12,568	4,792	4,160	3,767
EPS growth	231%	59%	-62%	-13%	-9%
ROE	33%	44%	23%	18%	15%
PER (x)	4.0	2.5	6.6	7.6	8.4
EV/EBITDA (x)	2.5	1.6	3.8	3.7	3.7
Dividend yield	2.6%	25.1%	39.8%	5.3%	4.6%
IPS vs. consensus			89%	86%	102%

Source: Company, Indo Premier

Share price closing as of: 5 March 2024

Fig. 1: FY23 earnings summary

PTBA FY23 results	FY23	FY22	% yoy	4Q23	4Q22	% yoy	3Q23	% qoq	IPS FY23F	% of IPS	Cons FY23F	% of cons
Revenue	38,489	42,649	-10%	10,751	11,578	-7%	8,879	21%	36,994	104%	38,382	100%
COGS	(29,332)	(24,682)	19%	(7,518)	(7,487)	0%	(7,054)	7%	(29,171)	101%	(28,999)	101%
Gross profit	9,157	17,966	-49%	3,233	4,090	-21%	1,825	77%	7,823	117%	9,383	98%
Gross profit margin (%)	24%	42%		30%	35%		21%		21%		24%	
Opex	(2,593)	(3,343)	-22%	(543)	(1,271)	-57%	(697)	-22%	(2,667)	97%	(3,551)	73%
EBIT	6,564	14,623	-55%	2,690	2,820	-5%	1,128	139%	5,156	127%	5,832	113%
EBIT margin (%)	17%	34%		25%	24%		13%		14%		15%	
Depreciation & amortization	1,829	1,533	19%	648	450	44%	405	60%	1,612	114%	1,564	117%
EBITDA	8,394	16,155	-48%	3,338	3,270	2%	1,533	118%	6,768	124%	7,396	113%
EBITDA margin (%)	22%	38%		31%	28%		17%		18%		19%	
Interest income	584	428	37%	68	131	-48%	107	-37%	622	94%		
Interest expense	(204)	(200)	2%	(36)	(91)	-60%	(57)	-37%	(232)	88%		
Income from associates	571	829	-31%	201	235	-15%	43	366%	400	143%		
Others	638	523	22%	210	260	-19%	159	33%	400	160%		
Profit before tax	8,154	16,202	-50%	3,133	3,356	-7%	1,380	127%	6,347	128%	7,080	115%
Income tax	(1,862)	(3,423)	-46%	(747)	(754)	-1%	(358)	109%	(1,396)	133%		
Tax rate (%)	23%	21%		24%	22%		26%		22%			
Minority interest	(187)	(212)	-12%	(59)	(36)	67%	(18)	236%	(159)	118%		
Net profit	6,106	12,568	-51%	2,327	2,566	-9%	1,004	132%	4,792	127%	5,370	114%
Net margin (%)	16%	29%		22%	22%		11%		17%			
Core profit	5,613	12,155	-54%	2,166	2,365	-8%	886	144%	4,480	125%		

Source: Company, Indo Premier

Fig. 2: FY23 operational summary

Operational summary	FY23	FY22	% yoy	4Q23	4Q22	% yoy	3Q23	% qoq	IPS FY23F	% of IPS	Cons FY23F	% of cons
Production volume (Mt)	41.9	37.1	13%	10.0	9.4	6%	13.1	-24%	40.2	104%		
Sales volume (Mt)	37.0	31.7	17%	10.0	8.2	22%	9.6	4%	36.7	101%		
Domestic portion	21.4	19.3	11%	5.7	4.9	18%	5.4	6%	21.3	101%		
Export portion	15.6	12.4	26%	4.3	3.3	28%	4.2	1%	15.4	101%		
Railway volume (Mt)	32	29	13%	9	8	13%	8	6%	32	101%		
ASP (Rp k/t)	1,026	1,328	-23%	1,064	1,393	-24%	911	17%	1,008	102%		
Domestic	795	1,328	-40%	854	839	2%	749	14%	778	102%		
Export	1,343	840	60%	1,346	2,201	-39%	1,119	20%	1,326	101%		
Cash cost (Rp k/t)	813	836	-3%	741	1,013	-27%	765	-3%	824	99%		

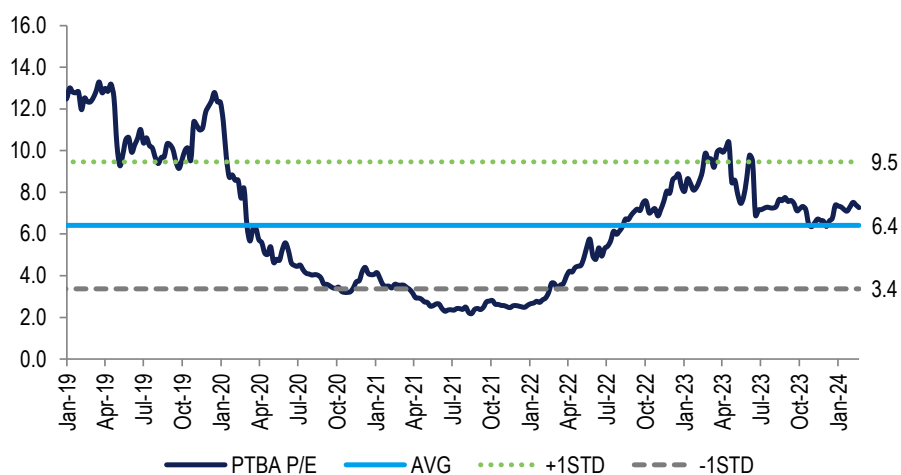
Source: Company, Indo Premier

Fig. 3: DCF valuation

DCF valuation summary	
Sum of FCFF PV	25,752
Cash	7,027
Debt	1,362
Equity value	31,416
Outstanding shares	11.5
Target price (Rp/sh)	2,750
Current price	2,740
Upside/downside	0%
Implied FY24F P/E	7.6

Source: Company, Indo Premier

Fig. 4: PTBA P/E band



Source: Company, Indo Premier

Income Statement (Rp bn)	2021A	2022A	2023F	2024F	2025F
Net revenue	29,261	42,649	36,994	33,106	35,574
Cost of sales	(15,777)	(24,682)	(29,171)	(26,013)	(28,833)
Gross profit	13,484	17,966	7,823	7,093	6,741
SG&A Expenses	(3,594)	(3,343)	(2,667)	(2,456)	(2,634)
Operating profit	9,890	14,623	5,156	4,637	4,107
Net interest	98	228	391	572	683
Forex gain (loss)	301	829	400	300	200
Others	69	523	400	0	0
Pre-tax income	10,359	16,202	6,347	5,510	4,990
Income tax	(2,322)	(3,423)	(1,396)	(1,212)	(1,098)
Minority interest	(128)	(212)	(159)	(138)	(125)
Net income	7,909	12,568	4,792	4,160	3,767

Balance Sheet (Rp bn)	2021A	2022A	2023F	2024F	2025F
Cash & equivalent	4,394	7,030	7,027	9,387	10,824
Receivable	3,100	3,510	4,110	3,678	3,953
Inventory	1,208	3,837	2,917	2,601	2,883
Other current assets	9,510	10,055	2,181	2,181	2,181
Total current assets	18,212	24,432	16,235	17,847	19,841
Fixed assets	8,321	8,410	9,166	9,804	10,341
Other non-current assets	9,591	12,517	12,649	12,777	12,899
Total non-current assets	17,912	20,927	21,815	22,580	23,240
Total assets	36,124	45,359	38,050	40,428	43,081
ST loans	1,270	1,936	2,244	2,001	2,218
Payable	1,555	1,510	1,510	1,510	1,510
Other payables	421	592	592	592	592
Current portion of LT loans	4,254	6,664	6,664	6,664	6,664
Total current liab.	7,501	10,702	11,010	10,767	10,984
Long term loans	626	771	771	771	771
Other LT liab.	3,743	4,971	4,971	4,971	4,971
Total non-current liabilities	4,369	5,741	5,741	5,741	5,741
Total liabilities	11,870	16,443	16,751	16,508	16,725
Equity	1,152	1,152	1,152	1,152	1,152
Retained earnings	22,113	26,292	18,516	20,999	23,310
Minority interest	988	1,472	1,631	1,769	1,893
Total SHE + minority int.	24,254	28,916	21,299	23,919	26,356
Total liabilities & equity	36,124	45,359	38,050	40,428	43,081

Source: Company, Indo Premier

Cash Flow Statement (Rp bn)	2021A	2022A	2023F	2024F	2025F
Net income	7,909	12,568	4,792	4,160	3,767
Depr. & amortization	1,242	1,533	1,612	1,735	1,840
Changes in working capital	(1,350)	(2,374)	628	505	(339)
Others	2,994	802	8,033	138	125
Cash flow from operating	10,795	12,527	15,064	6,538	5,393
Capital expenditure	(1,977)	(2,369)	(2,500)	(2,500)	(2,500)
Others	(7,862)	1,074	0	0	0
Cash flow from investing	(9,839)	(1,294)	(2,500)	(2,500)	(2,500)
Loans	704	467	0	0	0
Equity	115	315	0	0	0
Dividends	(835)	(7,909)	(12,568)	(1,677)	(1,456)
Others	(895)	(1,541)	0	0	0
Cash flow from financing	(912)	(8,669)	(12,568)	(1,677)	(1,456)
Changes in cash	53	2,636	(4)	2,361	1,437

Key Ratios	2021A	2022A	2023F	2024F	2025F
Gross margin	46%	42%	21%	21%	19%
Operating margin	34%	34%	14%	14%	12%
Pre-tax margin	35%	38%	17%	17%	14%
Net margin	27%	29%	13%	13%	11%
ROA	22%	28%	13%	10%	9%
ROE	33%	44%	23%	18%	15%
Acct. receivables TO (days)	9.4	12.2	9.0	9.0	9.0
Inventory TO (days)	13.1	6.4	10.0	10.0	10.0
Payable TO (days)	12.4	12.8	13.0	13.0	13.0
Debt to equity	0.0	0.0	0.1	0.1	0.1
Interest coverage ratio (x)	70.3	80.7	29.2	27.5	25.7
Net gearing	(0.1)	(0.2)	(0.3)	(0.3)	(0.4)

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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