

## HOLD (Maintain)

Target Price (IDR) **38,000**

Potential Upside (%) **2.8**

### Price Comparison

Cons. Target Price (IDR) 39,269

SSI vs. Cons. (%) 96.8

### Stock Information

Last Price (IDR) 36,975

Shares Issued (Mn) 1,130

Market Cap. (IDR Bn) 41,779

52-Weeks High/Low (IDR) 45,650/25,500

3M Avg. Daily Value (IDR Bn) 79.3

Free Float (%) 34.7

### Shareholder Structure:

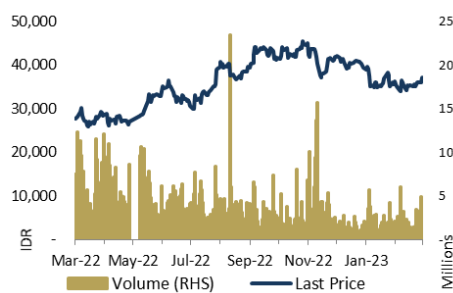
Banpu Minerals (%) 65.1

Public (%) 34.9

### Stock Performance

(%)	YTD	1M	3M	12M
Absolute	(5.3)	4.2	(12.0)	33.7
JCI Return	(0.1)	(0.3)	(2.5)	(1.1)
Relative	(5.2)	4.4	(9.5)	34.8

### Stock Price & Volumes, 12M



### Company Background

PT Indo Tambangraya Megah Tbk adalah perusahaan energi asal Indonesia. ITMG bergerak dalam kegiatan pertambangan, pengolahan, dan logistik batu bara.

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## Damp Outlook

ITMG membukukan laba bersih sebesar USD 306 juta (-29.2% QoQ; +50.2% YoY) di 4Q22, dengan angka laba bersih FY22 sebesar USD 1.2 miliar (+152.3% YoY), sejalan dengan estimasi kami (100.6%) dan sedikit lebih tinggi dari estimasi konsensus (107.1%). Di 2023F, ITMG memperkirakan akan membukukan produksi batu bara yang cenderung flat, sebesar 16.6 juta ton-17 juta ton, karena tidak adanya produksi dari tambang Embalut dan cuaca buruk. Terkait angka penjualannya, ITMG memprediksi volume penjualan batubara sebesar 21.5 juta ton-22.2 juta ton pada 2023F. Kami mempertahankan rating HOLD kami untuk ITMG dengan TP IDR 38,000 per saham, menyiratkan P/E FY23F sebesar 4.0x. TP kami berbasis DCF, dengan asumsi sebagai berikut: CoE sebesar 13.8%.

**Laba bersih sesuai estimasi.** Pendapatan ITMG turun -14.7% QoQ di 4Q22, dengan angka pendapatan FY22 sebesar USD 3.6 miliar (+75.1% YoY), sejalan dengan perkiraan kami dan di atas estimasi konsensus (masing-masing 102.8% dan 105.8%). Penurunan kuartalan di 4Q22 terutama disebabkan oleh penurunan harga batubara (USD 198/ton; -6% QoQ, +38% YoY) dan volume penjualan (5.1 juta ton; -9% QoQ, -6% YoY). Di sisi lain, stripping ratio ITMG naik +9% QoQ di 4Q22, yang menyebabkan penurunan GPM menjadi 47.8% (3Q22: 55.0%). Terkait laba bersih, ITMG membukukan laba bersih sebesar USD 306 juta (-29.2% QoQ; +50.2% YoY) di 4Q22, dengan laba bersih FY22 sebesar USD 1.2 miliar (+152.3% YoY), sejalan dengan estimasi kami dan sedikit lebih tinggi dari konsensus (masing-masing 100.6% dan 107.1%).

**Outlook 2023F.** Di 2023F, ITMG memperkirakan akan membukukan produksi batu bara yang cenderung flat, sebesar 16.6 juta ton-17 juta ton, karena tidak adanya produksi dari tambang Embalut dan cuaca buruk. Terkait angka penjualannya, ITMG memprediksi volume penjualan batubara sebesar 21.5 juta ton-22.2 juta ton pada 2023F, dengan 20% dari penjualan batubaranya akan dilakukan dengan harga tetap dan 45% akan dilakukan di harga indeks. ITMG juga memperkirakan biaya operasi yang lebih tinggi di masa depan akibat kenaikan stripping ratio (pasca aktivitas pre-stripping di tambang Indominco dan Trubaindo).

**Anggaran Capex USD 84.3 juta.** ITMG telah mengalokasikan anggaran Capex sebesar USD 84.3 juta (+133.5% YoY) di 2023F. Sekitar 47.3% dari anggaran Capex ITMG akan digunakan untuk mendukung kegiatan operasionalnya, dan 21.4% akan digunakan untuk mendukung proyek greenfield. Kami mencatat bahwa ITMG memiliki 3 tambang baru yang sedang direncanakan; GPK, TIS, dan NPR. GPK diharapkan mulai beroperasi pada akhir 2023, sedangkan TIS pada 2024F.

**HOLD dengan TP IDR 38,000.** Melihat sejumlah faktor, termasuk 1) ASP yang lebih rendah karena penurunan harga batu bara, 2) volume penjualan yang lebih tinggi, dan 3) neraca yang kuat, kami mempertahankan rating HOLD dengan TP IDR 38,000, menyiratkan P/E FY23F sebesar 4.0x. TP kami berbasis DCF, dengan asumsi sebagai berikut: CoE sebesar 13,8%. Risiko: 1) harga batubara global yang di bawah perkiraan, 2) perubahan regulasi.

### Forecast and Valuation (at closing price IDR 36,975 per share)

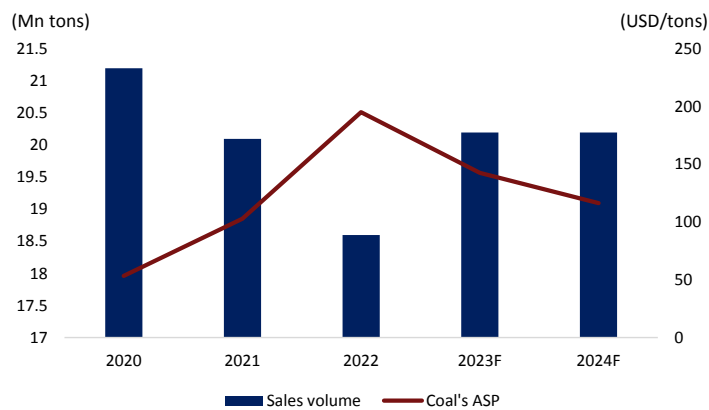
Y/E Dec (USD Mn)	20A	21A	22A	23F	24F
Revenue (USD Mn)	1,185	2,077	3,636	3,086	2,528
EBITDA (USD Mn)	167	857	1,777	953	751
EV/EBITDA (x)	16.6	2.7	0.9	1.7	2.0
Net Profit (USD Mn)	39	476	1,200	677	518
EPS (IDR)	496	6,019	15,188	8,562	6,556
P/E Ratio (x)	74.5	6.1	2.4	4.3	5.6
BVPS (IDR)	10,636	15,207	24,682	22,613	23,176
P/BV Ratio (x)	3.5	2.4	1.5	1.6	1.6
ROAE (%)	4.6	46.4	76.2	36.2	28.6
ROAA (%)	3.3	33.7	55.7	26.4	20.8
Interest Coverage (x)	29.9	294.2	501.7	374.0	320.3
Net Gearing (x)	(0.2)	(0.5)	(0.7)	(0.7)	(0.8)

**Table 1: FY22 Results**

ITMG - USD Juta	2022	2021	YoY (%)	% estimasi SSI	% estimasi Cons	4Q22	3Q22	QoQ (%)	4Q21	YoY (%)
<b>Revenue</b>	<b>3,636</b>	<b>2,077</b>	<b>75.1</b>	<b>102.9</b>	<b>105.8</b>	<b>1,020</b>	<b>1,195</b>	<b>(14.7)</b>	<b>754</b>	<b>35.3</b>
<b>Gross profit</b>	<b>1,894</b>	<b>917</b>	<b>106.6</b>			<b>488</b>	<b>658</b>	<b>(25.8)</b>	<b>386</b>	<b>26.4</b>
Margin (%)	52.1	44.2				47.8	55.0		51.2	
<b>Operating profit</b>	<b>1,683</b>	<b>792</b>	<b>112.6</b>	<b>106.2</b>	<b>107.7</b>	<b>410</b>	<b>604</b>	<b>(32.2)</b>	<b>342</b>	<b>19.6</b>
Margin (%)	46.3	38.1				40.2	50.5		45.4	
<b>Net income</b>	<b>1,200</b>	<b>476</b>	<b>152.3</b>	<b>100.6</b>	<b>107.1</b>	<b>306</b>	<b>433</b>	<b>(29.2)</b>	<b>204</b>	<b>50.2</b>
Margin (%)	33.0	22.9				30.1	36.2		27.1	
EPS - USD	1.1	0.4								
BPS - USD	1.8	1.1								
Cash	1,430	691								
Interest Bearing Debt	49	42								
Equity	1,950	1,202								
<b>Net Gearing</b>	<b>(0.7)</b>	<b>(0.5)</b>								

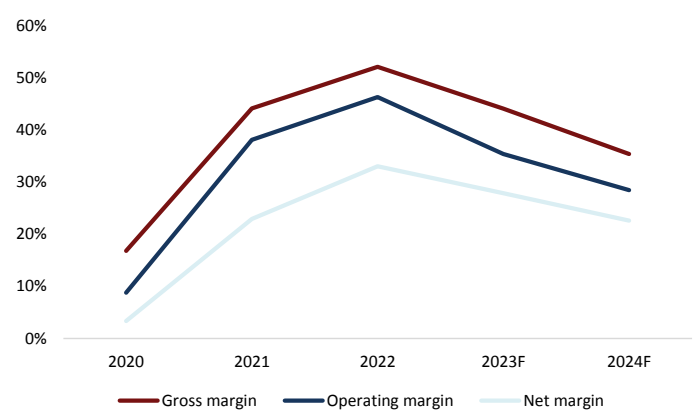
Source: Company, SSI Research

**Figure 1: Sales Volume**



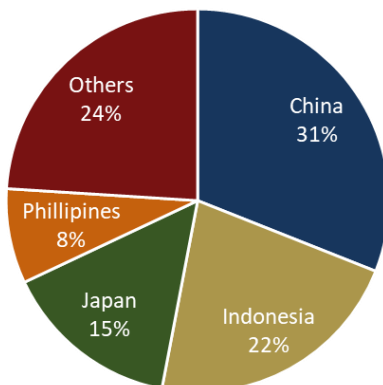
Source: Company, SSI Research

**Figure 2: Margins**



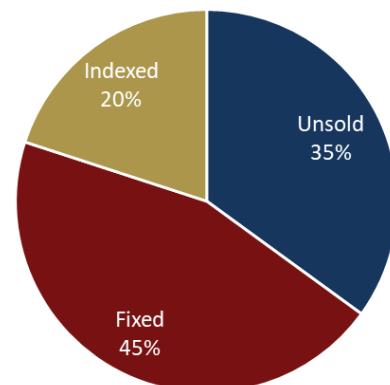
Source: Company, SSI Research

**Figure 3: Coal Sales Destination**



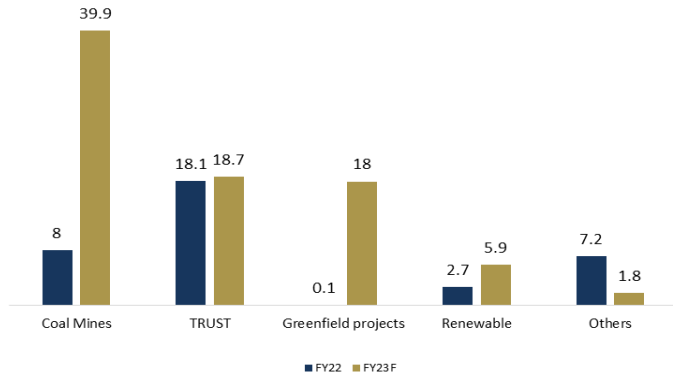
Source: Company, SSI Research

**Figure 4: Indicative Coal Sales FY23**



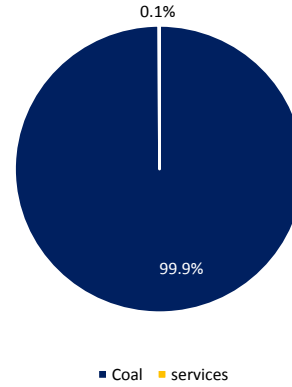
Source: Company, SSI Research

**Figure 5: Capital Expenditure 2023 (USD mn)**



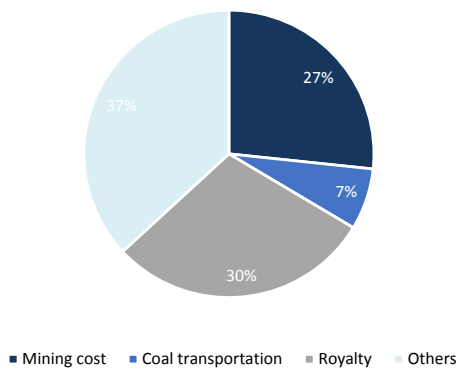
Source: Company, SSI Research

**Figure 6: Revenue Breakdown**



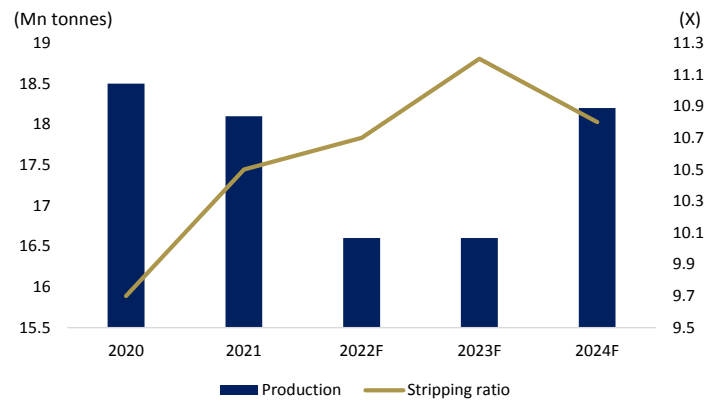
Source: Company, SSI Research

**Figure 7: COGS breakdown**



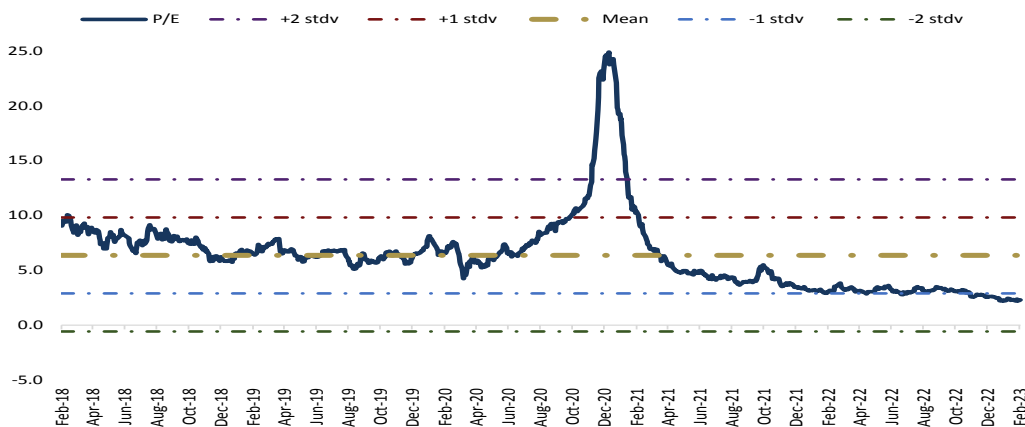
Source: Company, SSI Research

**Figure 8: Production and stripping ratio trend**



Source: Company, SSI Research

**Figure 9: ITMG's P/E Band**



Source: Company, SSI Research

# Indo Tambangraya Megah

Bloomberg: ITMG.IJ | Reuters: ITMG.JK

Coal Mining Sector



2 March 2023

JCI Index: 6,845

Profit and Loss					
Y/E Dec (USD Mn)	2020	2021	2022	2023F	2024F
Revenue	1,185	2,077	3,636	3,086	2,528
COGS	986	1,160	1,742	1,961	1,703
<b>Gross Profit</b>	<b>199</b>	<b>917</b>	<b>1,894</b>	<b>1,125</b>	<b>826</b>
Selling Expenses	75	100	170	206	135
G&A Expenses	20	25	42	62	38
<b>Operating Income</b>	<b>104</b>	<b>791</b>	<b>1,683</b>	<b>857</b>	<b>653</b>
<b>EBITDA</b>	<b>167</b>	<b>857</b>	<b>1,777</b>	<b>953</b>	<b>751</b>
EBITDA Margin (%)	14	41	49	31	30
Interest Expense	(3)	(3)	(3)	(2)	(2)
Interest Income	3	3	9	16	16
Loss on Derivatives Transaction	(7)	(158)	(102)	-	-
Others	(24)	(12)	(42)	-	-
<b>Pre-tax Income</b>	<b>73</b>	<b>621</b>	<b>1,545</b>	<b>870</b>	<b>666</b>
Taxes	(35)	(146)	(345)	(195)	(149)
Minority Interest	2	0	1	1	1
<b>Net Profit</b>	<b>39</b>	<b>476</b>	<b>1,200</b>	<b>677</b>	<b>518</b>

Balance Sheet					
Y/E Dec (USD Mn)	2020	2021	2022	2023F	2024F
Cash	231	691	1,430	1,316	1,439
Receivables	75	187	280	258	203
Inventories	60	62	96	87	69
Others	43	48	102	102	102
<b>Total Current Asset</b>	<b>410</b>	<b>988</b>	<b>1,909</b>	<b>1,762</b>	<b>1,813</b>
Net Fixed Asset	196	166	151	133	111
Other Assets	553	512	580	580	580
<b>Total Assets</b>	<b>1,159</b>	<b>1,666</b>	<b>2,640</b>	<b>2,476</b>	<b>2,504</b>
Payables	62	85	144	153	137
ST Debt	28	22	37	27	27
Other Current Liabilities	117	258	405	405	405
<b>Current Liability</b>	<b>207</b>	<b>365</b>	<b>586</b>	<b>585</b>	<b>568</b>
LT Debt	36	30	13	13	13
Other LT Liabilities	69	70	91	91	91
<b>Total Liability</b>	<b>312</b>	<b>465</b>	<b>690</b>	<b>689</b>	<b>673</b>
Minority Interest	-	(0)	0	0	0
<b>Total Equity</b>	<b>846</b>	<b>1,202</b>	<b>1,950</b>	<b>1,787</b>	<b>1,831</b>
<b>Total Liability and Equity</b>	<b>1,159</b>	<b>1,666</b>	<b>2,640</b>	<b>2,476</b>	<b>2,504</b>

Cash Flow					
Y/E Dec (USD Mn)	2020	2021	2022	2023F	2025F
Net Profit	39	476	1,200	677	165
D&A	64	66	94	96	101
Change in working capital	86	(91)	(68)	41	49
Other Operating	(16)	168	99	-	-
<b>Operating Cash Flow</b>	<b>173</b>	<b>618</b>	<b>1,325</b>	<b>813</b>	<b>315</b>
Capex	(19)	(12)	(28)	(77)	(58)
Other Investing	(26)	(13)	(43)	-	-
<b>Investing Cash Flow</b>	<b>(45)</b>	<b>(25)</b>	<b>(71)</b>	<b>(77)</b>	<b>(58)</b>
Dividend	(65)	(107)	(538)	(840)	(363)
Net Borrowing	54	(13)	(2)	(10)	-
Other Financing	(45)	(15)	36	0	-
<b>Financing Cash Flow</b>	<b>(55)</b>	<b>(134)</b>	<b>(505)</b>	<b>(850)</b>	<b>(363)</b>
<b>Net - Cash Flow</b>	<b>73</b>	<b>459</b>	<b>750</b>	<b>(114)</b>	<b>(105)</b>
Forex Gain/(Loss)	(0)	1	(10)	-	-
<b>Cash at Beginning</b>	<b>159</b>	<b>231</b>	<b>691</b>	<b>1,430</b>	<b>1,439</b>
<b>Cash at Ending</b>	<b>231</b>	<b>691</b>	<b>1,430</b>	<b>1,316</b>	<b>1,334</b>

Key Ratios					
Y/E Dec (USD Mn)	2020	2021	2022	2023F	2025F
Gross Profit Margin (%)	16.8	44.1	52.1	36.4	18.4
Operating Profit Margin (%)	8.8	38.1	46.3	27.8	10.3
Pretax Margin (%)	6.1	29.9	42.5	28.2	11.1
Net Profit Margin (%)	3.3	22.9	33.0	21.9	8.6
Revenue Growth (%)	(30.9)	75.2	75.1	(15.1)	(24.1)
EBITDA Growth (%)	(27.8)	411.9	107.4	(46.4)	(60.2)
Debt to Equity (x)	0.1	0.0	0.0	0.0	0.0

Major Assumptions					
Y/E Dec (USD Mn)	2020	2021	2022	2023F	2025F
Coal production volume	18.5	18.1	16.6	16.6	18.2
Coal sales volume (tons)	21.2	20.1	18.6	21.6	22.45
Coal ASP (USD/tons)	53	103	195	143	85
Overburden (Mbcm)	203.5	213.6	199.2	207.5	214.8
Stripping ratio (x)	11.0	11.8	12.0	12.5	11.8

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