

## IPO Report

Stock Information	
Book building Period	31 May – 16 June
Public offering Period	03 Jul – 05 Jul
Listing on IDX	07 Jul
IPO Price (IDR)	1,695
Free Float (%)	8.80
Shareholder Structure:	
PT Sumber Gemilang Persada	32.44
Public	8.80
Others	58.76

### Company Background

Amman Mineral Internasional (AMMN) is a company engaged in copper and gold mining with two mines under its management, Batu Hijau and Elang

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## Big Copper Player Coming In

**Amman Mineral Internasional (AMMN) is a company engaged in copper and gold mining with two mines under its management, Batu Hijau and Elang. With an offering price of IDR 1,695 per share, AMMN may raise up to IDR 10.8tn from its IPO. AMMN will issue 6.3bn new shares, equivalent to 8.8% of its issued and paid-up capital. The company plans to use its IPO proceeds to support its ore processing expansion & power plant project, smelter project, and debt repayment. AMMN's valuation stands at 7.4x FY22 P/E (17.7% discount to industry average) and 5.2x EV/EBITDA (3.6% premium to industry average).**

**IPO proceeds allocation.** Amman Mineral Internasional (AMMN) is a company engaged in copper and gold mining with two mines under its management, Batu Hijau and Elang. The Batu Hijau mine is the second largest copper producer in Indonesia, while the Elang mine, which is still in 'exploration' stage, is expected to become one of the mines with the largest copper and gold deposits in the world. With an offering price of IDR 1,695 per share, AMMN may raise up to IDR 10.8tn from its IPO. AMMN will issue 6.3bn new shares, equivalent to 8.8% of its issued and paid-up capital. According to the company's IPO prospectus, the company's IPO proceeds allocation is as follows: 1) 17% will be used to support its smelter project, 2) 28% will be used to repay the company's debt to Amman Mineral Nusa Tenggara (AMNT), 3) the rest of the IPO proceeds will be used to provide capital injection to AMNT through the acquisition of new shares issued by AMNT, which AMNT will then use to fund its ore processing expansion and power plant projects.

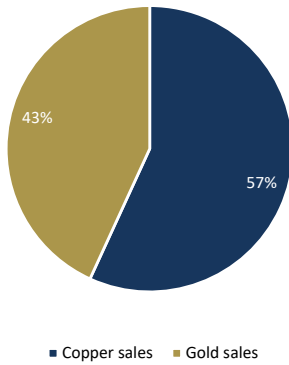
**Added value from expansion projects.** AMMN aims to complete its smelter construction in 2024, with a capacity of 900k tons of copper concentrates per annum. AMMN expects this smelter to be fully commissioned in 2025. The smelter will transform AMMN into an integrated mining company, and it will produce copper cathodes as well as gold and silver bars. AMMN also plans to expand the capacity of its ore processing plant to 85mtpa to help the company absorb additional ores from Phase 8 and Elang mines.

**Elang as a future project.** According to the company's prospectus, the Batu Hijau mine is expected to remain operational until 2030. To replace the mine, AMMN plans to start the development of the Elang mine in 2027. Mining activities in the Elang mine are expected to run from 2031 to 2046.

**Competitive valuation.** In 2022, AMMN booked a net profit of USD 1.1bn. With shares outstanding of 6.3bn and a USD/IDR exchange rate assumption of IDR 15,000, AMMN's valuation stands at 7.4x FY22 P/E (a 17.7% discount to industry average) and 5.2x EV/EBITDA (3.6% premium to industry average).

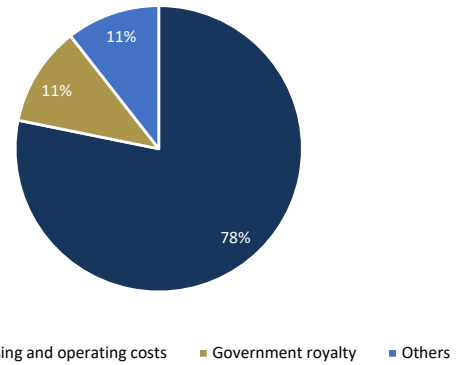
Stock informations			
Y/E Dec	20A	21A	22A
Revenue (USD mn)	1,003	1,299	2,830
Gross Profit (USD mn)	359	653	1,639
Operating Profit (USD mn)	266	557	1,527
Net Profit (USD mn)	86	317	1,093
Gross Profit Margin (%)	35.8	50.3	57.9
Operating Profit Margin (%)	26.5	42.9	54.0
Net Profit Margin (%)	8.6	24.4	38.6

Figure 1. AMMN's revenue breakdown



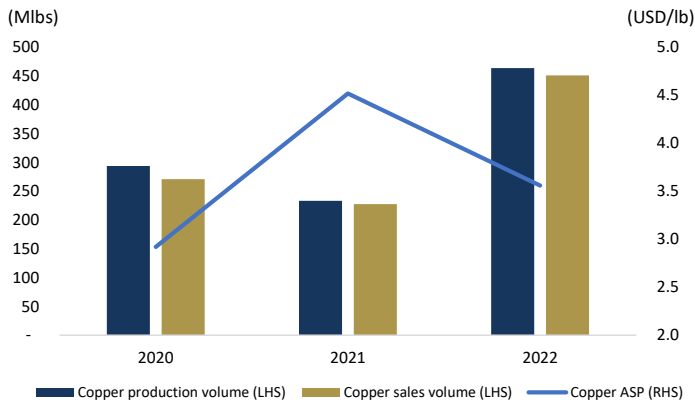
Source: Company, SSI Research

Figure 2. AMMN's COGS breakdown



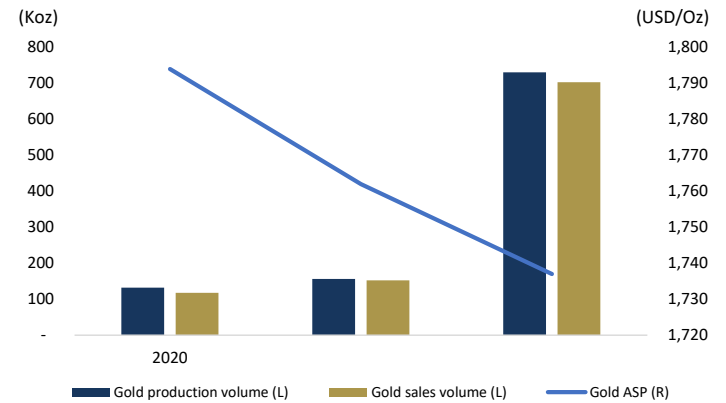
Source: Company, SSI Research

Figure 3. AMMN's copper operational trend



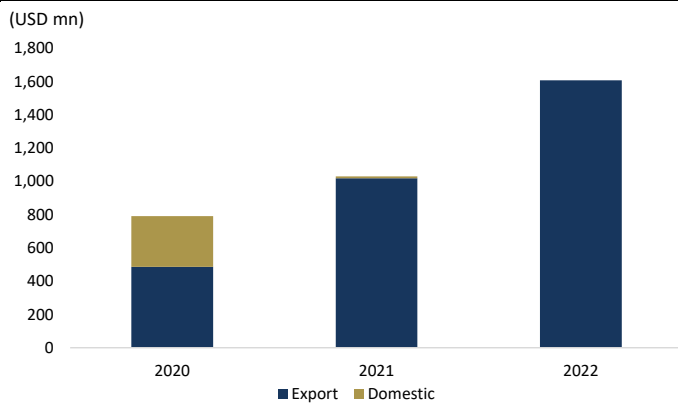
Source: Company, SSI Research

Figure 4. AMMN's gold operational trend



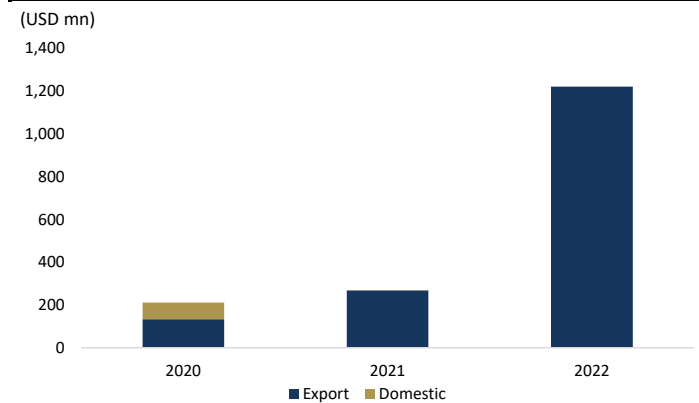
Source: Company, SSI Research

Figure 5. AMMN's copper destination breakdown



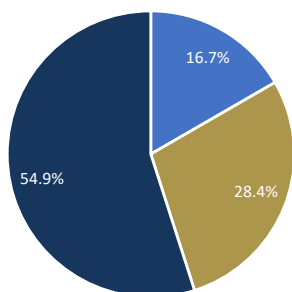
Source: Company, SSI Research

Figure 6. AMMN's gold destination breakdown



Source: Company, SSI Research

Figure 7. AMMN's IPO proceeds breakdown



■ Smelter project ■ Debt repayment ■ Ore processing plant & pwer plant project

Source: Company, SSI Research

Figure 9. Peers comparison

Company Name	Company Ticker	Market Cap (IDR Bn)	PER (x)		EV/EBITDA (x)		PBV (x)		ROE (%)		ROA	
			2022	2023F	2022	2023F	2022	2023F	2022	2023F	2022	2023F
IGO LTD	IGO AU	117,904	7.6	8.1	5.7	7.4	2.5	2.1	36.6	28.0	23.1	21.0
BHP GROUP LTD	BHP AU	2,293,677	10.7	11.4	5.6	5.8	3.4	3.1	32.1	29.2	17.1	17.7
NICKEL INDUSTRIE	NIC AU	27,687	8.2	7.2	3.7	3.2	0.9	0.8	14.3	13.9	14.2	11.9
LUNDIN MINING CO	LUN CN	91,088	13.2	10.1	5.8	4.5	1.2	1.1	8.9	10.0	4.1	4.9
NORILSK NICKEL	GMKN RM	379,558	7.3	6.2	5.1	4.7	2.8	2.4	40.0	39.9	45.8	34.5
CHINA SHENHUA-H	1088 HK	1,135,166	6.9	7.3	4.3	4.7	1.1	1.0	16.0	14.9	10.8	10.4
GLENORE PLC	GLEN LN	1,088,121	7.9	8.8	4.4	4.4	1.6	1.5	17.0	17.0	6.4	6.5
<b>Industry average</b>			<b>9.0</b>	<b>9.4</b>	<b>5.0</b>	<b>5.2</b>	<b>2.4</b>	<b>2.2</b>	<b>23.6</b>	<b>21.8</b>	<b>17.4</b>	<b>15.3</b>

Source: Bloomberg, SSI Research

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