

## BUY (Maintain)

Target Price (IDR)	250
Potential Upside (%)	20.2

### Price Comparison

Cons. Target Price (IDR)	208
SSI vs. Cons. (%)	120.2

### Stock Information

Last Price (IDR)	208
Shares Issued (Mn)	141,784
Market Cap. (IDR Bn)	28,640
52-Weeks High/Low (IDR)	262/114
3M Avg. Daily Value (IDR Bn)	55.2
Free Float (%)	46.8

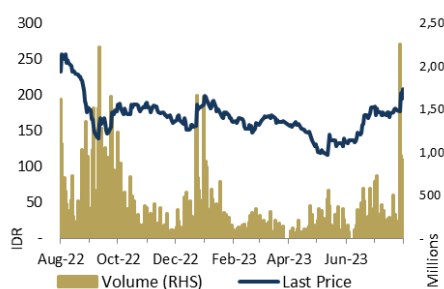
### Shareholder Structure:

Emirates Tarian Global Ventures (%)	25.1
Others (%)	23.1
Public (%)	51.8

### Stock Performance

(%)	YTD	1M	3M	12M
Absolute	27.0	9.8	59.1	(12.9)
JCI Return	0.9	0.2	2.4	(3.9)
Relative	26.2	9.6	56.6	(9.0)

### Stock Price & Volumes, 12M



### Company Background

Bumi Resources Minerals is a company engaged in mineral mining. BRMS operates three main businesses; CPM (Citra Palu Minerals); GM (Gorontalo Minerals) and DPM (Dairi Prima Minerals), producing gold, copper, zinc, and lead.

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## Robust earnings outlook driven by higher volume

Looking back to our notes on BRMS' 1H23 results, you might notice that its 1H23 earnings were way below estimates (26.5% of SSI's 2023F estimate). However, we believe that this is nothing to worry about, as we expect BRMS to book stellar earnings in 2H23, supported by additional gold output from the company's 2nd gold processing plant. As we start to include the Kerta gold mine in our valuation, we decided to reiterate our BUY rating with a new SOTP-based TP of IDR 250 per share (Prev: IDR 200 per share).

**Stellar earnings in 2H23.** We expect BRMS to book stellar earnings in 2H23, supported by additional gold output from the company's 2nd gold processing plant. We noticed that starting in July 2023, both of the company's plants have been processing 2,400 tons of ore per day (vs 1H23:1,000 tons per day), and the company expects its 2nd plant to run at full capacity (4,000 tons of ore per day) in September 2023. Please note that by the end of 1H23, BRMS had produced 7.6k oz of gold, 31.6% of our 2023F production forecast.

**Resilient gold prices.** Gold prices went up by 4.5% YoY in 1H23, mainly thanks to (1) relatively stable USD index and Fed rate, (2) event-risk hedging, and (3) demand from central banks. We expect gold prices to remain resilient in 2H23, driven by (1) concerns about global economic prospects, especially in China, and (2) geopolitical tensions; these factors might encourage investors to shift to 'safe haven' instruments, including gold.

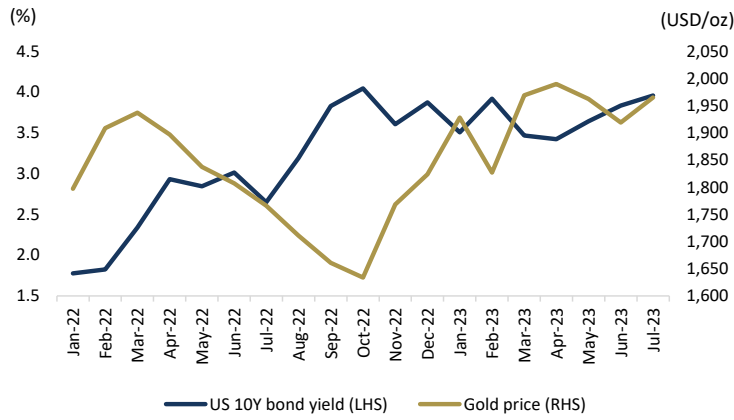
**More expansions.** Going forward, BRMS projects to book gold production volumes of >40k oz in 2023F and >70k oz in 2024F, supported by the additional processing capacity from its 3rd plant in Palu (total capacity: 4ktpa) and 4th plant in Gorontalo (2ktpa). Both of those plants are expected to commence production activities in 1Q24 and 2Q24, respectively.

**BUY, TP: IDR 250 per share.** BRMS acquired an 80% stake in the Kerta gold mine as part of its receivable settlement agreement with PT Suma Heksa Sinergi in 2022. For information, the mine has 18mn tons of mineral reserves and 75mn tons of mineral reserves, with an average gold grade of 1.07 g/t. As we start to include the Kerta gold mine in our valuation, we decided to reiterate our BUY rating with a new SOTP-based TP of IDR 250 per share (Prev: IDR 200 per share). Downside risks: 1) lower-than-expected global commodity prices, 2) regulatory changes.

### Valuations (at closing price IDR 208 per share)

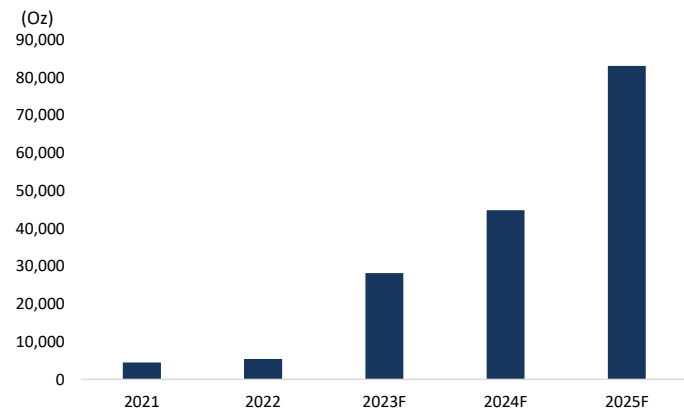
Y/E Dec	21A	22A	23F	24F	25F
Revenue (USD Mn)	11	12	55	85	157
EBITDA (USD Mn)	2	2	27	39	64
EV/EBITDA (x)	2,635	1,349	804	73	49
Net Profit (USD Mn)	69	14	21	31	50
Net Profit Growth (%)	1,648.3	(80.2)	50.7	51.0	61.8
EPS (IDR)	7	1	2	3	5
P/E Ratio (x)	29.8	143.7	95.3	63.1	39.0
BVPS (IDR)	89	101	103	107	112
P/BV Ratio (x)	2.3	2.1	2.0	2.0	1.9
DPS (IDR)	-	-	-	-	-
Dividend Yield (%)	-	-	-	-	-
ROAE (%)	10.1	1.5	2.1	3.1	4.9
ROAA (%)	8.8	1.3	1.9	2.6	4.0
Interest Coverage (x)	NM	NM	NM	NM	NM
Net Gearing (x)	NC	NC	NC	NC	NC

**Figure 1: Bond yield vs. global gold prices trend**



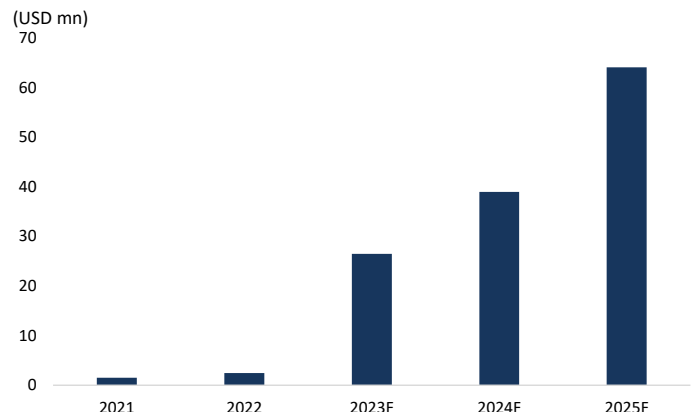
Source: Company, SSI Research

**Figure 2: Gold production volume trend**



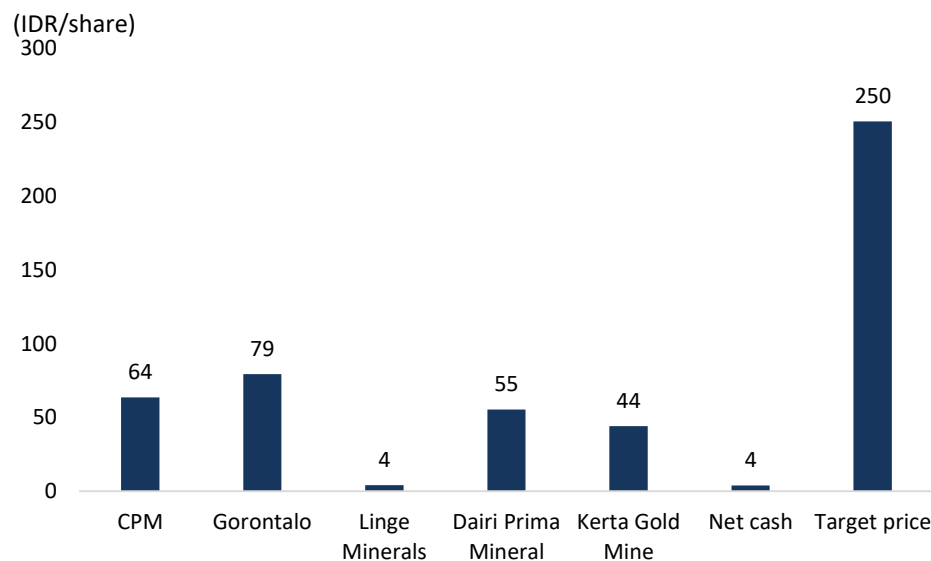
Source: Company, SSI Research

**Figure 3: BRMS' EBITDA trend**



Source: Company, SSI Research

**Figure 4: BRMS' SOTP valuation breakdown**



Source: Company, SSI Research

# Bumi Resources Minerals

Bloomberg: BRMS.IJ | Reuters: BRMS.JK

Metal Mining Sector



24 August 2023

JCI Index: 6,921

Profit and Loss					
Y/E Dec (USD Mn)	21A	22A	23F	24F	25F
Revenue	11	12	55	85	157
COGS	(4)	(5)	(29)	(45)	(88)
<b>Gross Profit</b>	<b>6</b>	<b>7</b>	<b>26</b>	<b>40</b>	<b>68</b>
Operating Expenses	(5)	(6)	(3)	(4)	(8)
<b>Operating Profit</b>	<b>1</b>	<b>1</b>	<b>23</b>	<b>36</b>	<b>61</b>
EBITDA	2	2	27	39	64
Interest Income	0	0	0	0	1
Interest Expenses	-	-	-	-	-
Other Income/Expenses	120	31	3	3	3
<b>Pre-tax Income</b>	<b>121</b>	<b>33</b>	<b>26</b>	<b>40</b>	<b>65</b>
Income Taxes	(52)	(19)	(6)	(9)	(14)
Minority Interest	(1)	-	-	-	-
<b>Net Profit</b>	<b>69</b>	<b>14</b>	<b>21</b>	<b>31</b>	<b>50</b>

Balance Sheet					
Y/E Dec (USD Mn)	21A	22A	23F	24F	25F
Cash	60	10	31	51	98
Trade receivables	-	-	-	-	-
Inventories	7	9	41	62	122
Others	182	158	158	158	158
<b>Total Current Assets</b>	<b>249</b>	<b>178</b>	<b>230</b>	<b>272</b>	<b>379</b>
Fixed assets	139	170	183	193	205
Mining properties	170	210	213	219	227
Other Assets	422	522	522	522	522
<b>Total Assets</b>	<b>980</b>	<b>1,080</b>	<b>1,148</b>	<b>1,206</b>	<b>1,333</b>
Trade payables	10	10	67	103	190
ST Debt	34	9	8	6	5
Other ST Liabilities	30	-	-	-	-
<b>Total Current Liabilities</b>	<b>84</b>	<b>66</b>	<b>122</b>	<b>157</b>	<b>242</b>
LT Debt	4	9	-	-	-
Other LT Liabilities	13	49	50	42	33
<b>Total Liabilities</b>	<b>101</b>	<b>125</b>	<b>172</b>	<b>199</b>	<b>275</b>
Minority Interest	(208)	(208)	(208)	(208)	(208)
<b>Total Equity</b>	<b>880</b>	<b>955</b>	<b>976</b>	<b>1,007</b>	<b>1,058</b>

Cash Flow					
Y/E Dec (USD Mn)	21A	22A	23F	24F	25F
Net Profit	69	14	21	31	50
D&A	1	1	4	3	3
Changes in Working Capital	7	(2)	25	15	26
Others	(197)	30	(1)	-	-
<b>Operating Cash Flow</b>	<b>(121)</b>	<b>43</b>	<b>49</b>	<b>49</b>	<b>80</b>
Capital Expenditure	(191)	(173)	(19)	(19)	(24)
<b>Investing Cash Flow</b>	<b>(191)</b>	<b>(173)</b>	<b>(19)</b>	<b>(19)</b>	<b>(24)</b>
Change in Debt	46	18	(10)	(10)	(10)
Other Financing	324	62	0	-	-
<b>Financing Cash Flow</b>	<b>370</b>	<b>80</b>	<b>(10)</b>	<b>(10)</b>	<b>(10)</b>
<b>Net - Cash Flow</b>	<b>58</b>	<b>(51)</b>	<b>21</b>	<b>20</b>	<b>47</b>
Cash at beginning	2	60	10	31	51
<b>Cash at ending</b>	<b>60</b>	<b>10</b>	<b>31</b>	<b>51</b>	<b>98</b>

Key Ratios					
Y/E Dec (USD Mn)	21A	22A	23F	24F	25F
Gross Profit Margin (%)	59%	56%	47%	47%	44%
Operating Profit Margin (%)	8%	9%	42%	42%	39%
EBITDA Margin (%)	14%	21%	48%	46%	41%
Pre-Tax Margin (%)	1147%	279%	48%	47%	41%
Net Profit Margin (%)	653%	118%	37%	37%	32%
Revenue Growth (%)	27%	10%	373%	55%	84%
EBITDA Growth	93%	62%	979%	47%	64%
Net Gearing (x)	NC	NC	NC	NC	NC

Major Assumptions					
Y/E Dec (USD Mn)	21A	22A	23F	24F	25F
Gold sales volume (Oz)	4,453	5,415	28,184	44,831	83,076
Global gold price assumption (USD/oz)	1,791	1,850	1,900	1,870	1,870

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