

## BUY (Maintain)

Target Price (IDR)	230 (from 250)
Potential Upside (%)	18.6

Price Comparison	
Cons. Target Price (IDR)	229
SSI vs. Cons. (%)	100.4

Stock Information	
Last Price (IDR)	194
Shares Issued (Mn)	141,784
Market Cap. (IDR Bn)	27,081
52-Weeks High/Low (IDR)	262/114
3M Avg. Daily Value (IDR Bn)	92.9
Free Float (%)	47.6
Shareholder Structure:	
Emirates Tarian Global Ventures (%)	25.1
Others (%)	22.8
Public (%)	52.1

Stock Performance				
(%)	YTD	1M	3M	12M
Absolute	18.9	(10.8)	10.5	6.8
JCI Return	(2.8)	(4.0)	(3.3)	(5.5)
Relative	21.6	(6.8)	13.8	12.3

### 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.

Juan Harahap

+62 21 28548846

Juan.oktavianus@samuel.co.id

Haikal Putra Samsul

+62 21 2854 8353

haikal.putra@samuel.co.id

## Expect Better Earnings Next Quarter

*Even though we expect BRMS to book better earnings in 4Q23 with its 2nd gold processing plant running at full capacity, the company might still miss our current full-year earnings forecast. Thus, we decided to trim our 2023F and 2024F earnings forecasts by 29.3% and 37.0%, respectively. As we toned down our forecast, we decided to lower our TP to IDR 230 (prev: IDR 250), though we still kept our BUY rating. Downside risks: 1) lower-than-expected global commodity prices, 2) regulatory changes*

**Stellar earnings in 9M23.** BRMS reported robust revenue growth in 3Q23, posting USD 17mn (+68.4% QoQ; +507.9% YoY), which translates to cumulative 9M23 revenue of USD 33mn (+293.5% YoY), falling short of ours and cons at 59.5% and 67.0% respectively. The robust growth in 3Q23 was mainly driven by higher gold sales volume (8.8k oz, +74.3% QoQ, partly thanks to additional output from its 2<sup>ND</sup> plant), which offset the drop in gold ASP to USD 1,916 per oz (-3.3% QoQ). We believe BRMS will be able to book even better numbers in 4Q23 BRMS, given the fact that (1) its 2<sup>nd</sup> plant will start running at full capacity in 4Q23, (2) gold has a relatively favorable outlook in 4Q23; with global uncertainty following the Israel-Hamas war, investors might shift to safe-haven assets, including gold.

**Forecast adjustments.** On its bottom line, BRMS posted a net profit of USD 5mn (+43.1% QoQ; +86.3% YoY), translating into a cumulative 9M23 net profit of USD 10mn (+62.2% YoY), below ours and cons at 49.9% and 64.5% respectively. Even though we expect BRMS to book better earnings in 4Q23 with its 2nd gold processing plant running at full capacity, the company might still miss our current full-year earnings forecast, as the company's OpEx is higher than our estimate. Hence, we decided to raise our OpEx assumption to better reflect the company's current condition. Lastly, we decided to trim our 2023F and 2024F earnings forecasts by 29.3% and 37.0%, respectively

**BUY, TP: IDR 230 per share.** As we toned down our forecast, we decided to lower our TP to IDR 230 (prev: IDR 250), though we still kept our BUY rating for BRMS. **Downside risks:** 1) lower-than-expected global commodity prices, 2) regulatory changes.

### Valuations (at closing price IDR 194 per share)

Y/E Dec	21A	22A	23F	24F	25F
Revenue (USD Mn)	11	12	55	85	157
EBITDA (USD Mn)	2	2	19	28	49
EV/EBITDA (x)	2,457	1,257	750	93	65
Net Profit (USD Mn)	69	14	15	20	36
Net Profit Growth (%)	1,648.3	(80.2)	8.5	31.6	83.2
EPS (IDR)	7	1	2	2	4
P/E Ratio (x)	27.8	134.0	123.5	93.8	51.2
BVPS (IDR)	89	101	103	105	109
P/BV Ratio (x)	2.2	1.9	1.9	1.9	1.8
DPS (IDR)	-	-	-	-	-
Dividend Yield (%)	-	-	-	-	-
ROAE (%)	10.1	1.5	1.5	2.0	3.6
ROAA (%)	8.8	1.3	1.3	1.7	2.9
Interest Coverage (x)	NM	NM	NM	NM	NM
Net Gearing (x)	NC	0.0	NC	NC	NC

**Table 1: BRMS's 9M23 results**

BRMS - USD Mn	9M23	9M22	YoY (%)	% estimasi SSI	% estimasi Cons	3Q23	2Q23	QoQ (%)	3Q22	YoY (%)
<b>Revenue</b>	<b>33</b>	<b>8</b>	<b>293.5%</b>	<b>59.5</b>	<b>67.0</b>	<b>17</b>	<b>10</b>	<b>68.4%</b>	<b>3</b>	<b>507.9%</b>
<b>Gross profit</b>	<b>17.5</b>	<b>5.0</b>	<b>253.8%</b>			<b>8.6</b>	<b>5.3</b>	<b>63.9%</b>	<b>1.8</b>	<b>370.1%</b>
<i>Margin (%)</i>	<i>53.6</i>	<i>59.6</i>				<i>51.1</i>	<i>52.5</i>		<i>66.1</i>	
<b>Operating profit</b>	<b>10</b>	<b>2</b>	<b>525.5%</b>	<b>43.0</b>	<b>45.8</b>	<b>5</b>	<b>3</b>	<b>46.3%</b>	<b>0.8</b>	<b>528.1%</b>
<i>Margin (%)</i>	<i>30.2</i>	<i>19.0</i>				<i>28.8</i>	<i>33.1</i>		<i>27.9</i>	
<b>Net income</b>	<b>10</b>	<b>6</b>	<b>62.2%</b>	<b>49.9</b>	<b>64.5</b>	<b>5</b>	<b>3</b>	<b>43.1%</b>	<b>3</b>	<b>86.3%</b>
<i>Margin (%)</i>	<i>32.0</i>	<i>77.7</i>				<i>29.1</i>	<i>34.3</i>		<i>95.0</i>	
EPS - USD	0	0								
BVS - USD	8	8								
Cash	10	70								
Interest Bearing Debt	57	95								
Equity	966	947								
<b>Net Gearing</b>	<b>0.0</b>	<b>0.0</b>								

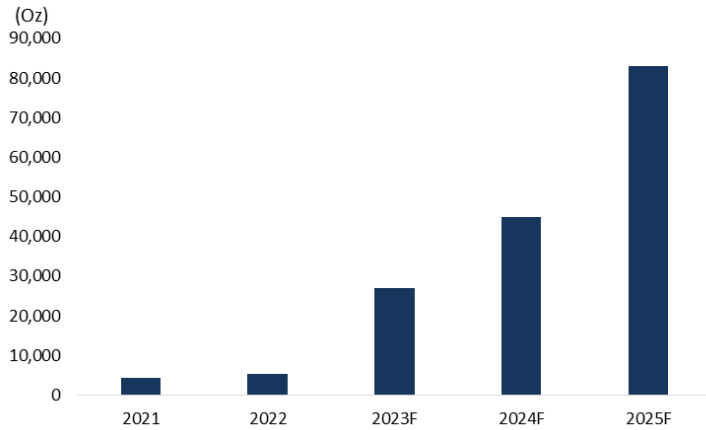
Source: Company, SSI Research

**Table 2: BRMS's forecast changes**

	Before			Revision			Percentage		
	2023F	2024F	2025F	2023F	2024F	2025F	2023F	2024F	2025F
Revenue	55	85	157	55	85	157	0.1%	0.4%	0.0%
<i>growth (%)</i>	<i>372.3</i>	<i>54.5</i>	<i>84.7</i>	<i>372.8</i>	<i>55.0</i>	<i>83.8</i>			
Operating Profit	23	36	61	16	25	45	-31.5%	-31.3%	-25.4%
<i>growth (%)</i>	<i>2,063.1</i>	<i>56.5</i>	<i>69.4</i>	<i>1,380.7</i>	<i>57.2</i>	<i>83.8</i>			
Net profit	21	31	50	15	20	36	-29.3%	-37.0%	-28.4%
<i>growth (%)</i>	<i>53.5</i>	<i>47.6</i>	<i>61.3</i>	<i>8.5</i>	<i>31.6</i>	<i>83.2</i>			

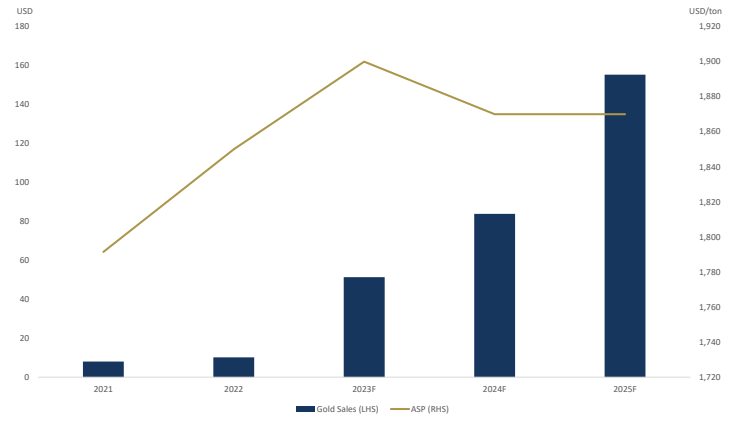
Source: Company, SSI Research

**Figure 2: BRMS's Gold Production**



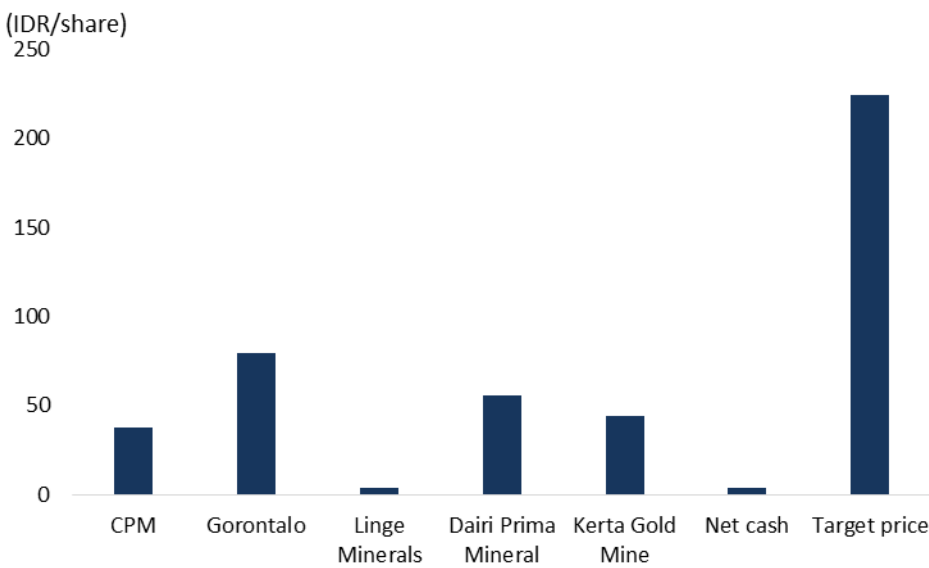
Source: Company, SSI Research

**Figure 3: BRMS's Sales Volume & ASP**



Source: Company, SSI Research

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



Source: Company, SSI Research

## Key Financial Figures

Profit and Loss					
Y/E Dec (USD Mn)	21A	22A	23F	24F	25F
Revenue	11	12	55	85	157
COGS	(4)	(5)	(26)	(39)	(72)
<b>Gross Profit</b>	<b>6</b>	<b>7</b>	<b>30</b>	<b>46</b>	<b>85</b>
Operating Expenses	(5)	(6)	(14)	(21)	(39)
<b>Operating Profit</b>	<b>1</b>	<b>1</b>	<b>16</b>	<b>25</b>	<b>45</b>
<b>EBITDA</b>	<b>2</b>	<b>2</b>	<b>19</b>	<b>28</b>	<b>49</b>
Interest Income	0	0	0	0	0
Interest Expenses	-	-	-	-	-
Other Income/Expenses	120	31	-	-	-
<b>Pre-tax Income</b>	<b>121</b>	<b>33</b>	<b>16</b>	<b>25</b>	<b>46</b>
Income Taxes	(52)	(19)	(1)	(6)	(10)
Minority Interest	(1)	-	-	-	-
<b>Net Profit</b>	<b>69</b>	<b>14</b>	<b>15</b>	<b>20</b>	<b>36</b>

Balance Sheet					
Y/E Dec (USD Mn)	21A	22A	23F	24F	25F
Cash	60	10	30	42	88
Trade receivables	-	-	-	-	-
Inventories	7	9	35	54	100
Others	182	158	158	158	158
<b>Total Current Assets</b>	<b>249</b>	<b>178</b>	<b>224</b>	<b>254</b>	<b>347</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>1,142</b>	<b>1,188</b>	<b>1,301</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>970</b>	<b>990</b>	<b>1,026</b>

Cash Flow					
Y/E Dec (USD Mn)	21A	22A	23F	24F	25F
Net Profit	69	14	15	20	36
D&A	1	1	4	3	3
Changes in Working Capital	7	(2)	31	18	41
Others	(197)	30	(1)	-	-
<b>Operating Cash Flow</b>	<b>(121)</b>	<b>43</b>	<b>49</b>	<b>40</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>20</b>	<b>11</b>	<b>47</b>
Cash at beginning	2	60	10	30	42
Cash at ending	60	10	30	42	88

Key Ratios					
Y/E Dec (USD Mn)	21A	22A	23F	24F	25F
Gross Profit Margin (%)	59%	56%	54%	54%	54%
Operating Profit Margin (%)	8%	9%	29%	29%	29%
EBITDA Margin (%)	14%	21%	35%	32%	31%
Pre-Tax Margin (%)	1147%	279%	29%	29%	29%
Net Profit Margin (%)	653%	118%	27%	23%	23%
Revenue Growth (%)	27%	10%	373%	55%	84%
EBITDA Growth	93%	62%	689%	42%	78%
Net Gearing (x)	NC	0.0	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

1 November 2023

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Research Team			
Prasetya Gunadi	Head of Equity Research, Strategy, Banking, Digital Banks	prasetya.gunadi@samuel.co.id	+6221 2854 8320
Lionel Priyadi	Macro Equity Strategist	lionel.priyadi@samuel.co.id	+6221 2854 8854
Muhamad Alfatih, CSA, CTA, CFTe	Senior Technical Analyst	m.alfatih@samuel.co.id	+6221 2854 8129
Yosua Zisokhi	Cement, Cigarette, Paper, Plantation, Telco Infra, Chemicals	yosua.zisokhi@samuel.co.id	+6221 2854 8387
M. Farras Farhan	Media, Poultry, Oil & Gas, Technology	farras.farhan@samuel.co.id	+6221 2854 8346
Pebe Peresia	Automotive, Consumer Staples, Retail	pebe.peresia@samuel.co.id	+6221 2854 8339
Juan Oktavianus Harahap	Coal, Metal Mining	juan.oktavianus@samuel.co.id	+6221 2854 8846
Jonathan Guyadi	Banking, Healthcare, Telco	jonathan.guyadi@samuel.co.id	+6221 2854 8321
Adolf Richardo	Editor	adolfrichardo@samuel.co.id	+6221 2864 8397
Ashalia Fitri Yuliana	Research Associate	ashalia.fitri@samuel.co.id	+6221 2854 8389
Daniel Aditya Widjaja	Research Associate	daniel.aditya@samuel.co.id	+6221 2854 8322
Laurencia Hiemas	Research Associate	laurencia.hiemas@samuel.co.id	+6221 2854 8392
Brandon Boedhiman	Research Associate	brandon.boedhiman@samuel.co.id	+6221 2854 8392
Haikal Putra Samsul	Research Associate	haikal.putra@samuel.co.id	+6221 2854 8353

Equity Institutional Team			
Widya Meidrianto	Head of Institutional Equity Sales	widya.meidrianto@samuel.co.id	+6221 2854 8317
Ronny Ardianto	Institutional Equity Sales	ronny.ardianto@samuel.co.id	+6221 2854 8399
Fachruly Fiater	Institutional Sales Trader	fachruly.fiater@samuel.co.id	+6221 2854 8325
Lucia Irawati	Institutional Sales Trader	lucia.irawati@samuel.co.id	+6221 2854 8173
Alexander Tayus	Institutional Equity Dealer	alexander.tayus@samuel.co.id	+6221 2854 8319
Leonardo Christian	Institutional Equity Dealer	leonardo.christian@samuel.co.id	+6221 2854 8147

Equity Retail Team			
Joseph Soegandhi	Director of Equity	joseph.soegandhi@samuel.co.id	+6221 2854 8872
Damargumilang	Head of Equity Retail	damargumilang@samuel.co.id	+6221 2854 8309
Anthony Yunus	Head of Equity Sales	anthony.yunus@samuel.co.id	+6221 2854 8314
Clarice Wijana	Head of Equity Sales Support	clarice.wijana@samuel.co.id	+6221 2854 8395
Gitta Wahyu Retnani	Equity Sales & Trainer	gitta.wahyu@samuel.co.id	+6221 2854 8365
Vincentius Darren	Equity Sales	darren@samuel.co.id	+6221 2854 8348
Michael Alexander	Equity Sales	michael.alexander@samuel.co.id	+6221 2854 8369
Sylviawati	Equity Sales	sylviawati@samuel.co.id	+6221 2854 8112
Handa Sandiawan	Equity Sales	handa.sandiawan@samuel.co.id	+6221 2854 8302
Denzel Obaja	Equity Sales	denzel.obaja@samuel.co.id	+6221 2854 8342
Wahyudi Budiyo	Dealer	wahyudi.budiyo@samuel.co.id	+6221 2854 8152

Fixed Income Sales Team			
R. Virine Tresna Sundari	Head of Fixed Income	virine.sundari@samuel.co.id	+6221 2854 8170
Rudianto Nugroho	Fixed Income Sales	rudianto.nugroho@samuel.co.id	+6221 2854 8306
Sany Rizal Keliobas	Fixed Income Sales	sany.rizal@samuel.co.id	+6221 2854 8337
Safitri	Fixed Income Sales	safitri@samuel.co.id	+6221 2854 8376
Khairanni	Fixed Income Sales	khairanni@samuel.co.id	+6221 28548104
Saldy Achmad Yanuar	Fixed Income Sales	saldy.achmad@samuel.co.id	+6221 28548384
Nadya Attahira	Fixed Income Sales	nadya.attahira@samuel.co.id	+6221 2854 8305

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