

## HOLD (Maintain)

Target Price (IDR) 26,000 (Unchanged)  
Potential Upside (%) 4.6

### Price Comparison

Cons. Target Price (IDR)	29,512
SSI vs. Cons. (%)	88.1

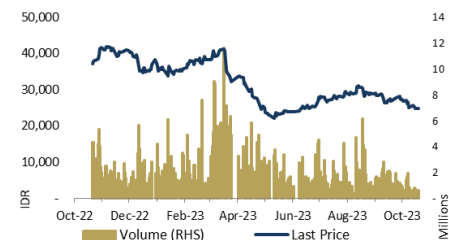
### Stock Information

Last Price (IDR)	24,850
Shares Issued (Mn)	1,130
Market Cap. (IDR Bn)	27,966
52-Weeks High/Low (IDR)	42,350/22,125
3M Avg. Daily Value (IDR Bn)	47.5
Free Float (%)	34.7
<b>Shareholder Structure:</b>	
Banpu Minerals (%)	65.1
Public (%)	34.9

### Stock Performance

(%)	YTD	1M	3M	12M
Absolute	(36.6)	(9.0)	(10.3)	(34.1)
JCI Return	(0.1)	(1.2)	(0.5)	(3.5)
Relative	(36.5)	(7.8)	(9.8)	(30.6)

### Stock Price & Volumes, 12M



### Company Background

PT Indo Tambangraya Megah Tbk adalah perusahaan tambang asal Indonesia. Perusahaan ini bergerak dalam bidang pertambangan, pengolahan, dan logistik. Bisnis utamanya terdiri dari penambangan batu bara dan penjualan batu bara.

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## Hurt by Coal Slump

ITMG membukukan laba bersih sebesar USD 99 juta (-20.4% QoQ; -77.2% YoY) di 3Q23, dengan laba bersih kumulatif 9M23 sebesar USD 406 juta (-54.6% YoY), sejalan dengan estimasi kami namun lebih rendah dari konsensus (73.4% dan 65.1%). Kami melihat bahwa penurunan tarif pajak efektif menjadi 21% (2Q23: 23%) dan keuntungan dari swap batu bara dan bahan bakar menjadi faktor yang mencegah penurunan laba yang lebih parah. Untuk saat ini, kami tidak merubah proyeksi kami, karena kami masih menunggu informasi lebih lanjut dari analyst meeting yang akan diadakan dalam waktu dekat. Oleh karena itu, kami mempertahankan rating HOLD dengan TP sebesar IDR 26,000, yang menyiratkan 5.8x P/E FY24F. TP kami berbasis DCF, dengan asumsi CoE sebesar 13.8%. Risiko: 1) harga batu bara global yang lebih rendah dari perkiraan, 2) perubahan regulasi.

**Laba sesuai estimasi kami.** Pendapatan ITMG turun -14.0% QoQ di 3Q23, dengan pendapatan kumulatif 9M23 sebesar USD 1.8 miliar (-30.2% YoY), sesuai dengan estimasi kami namun di bawah konsensus (75.7% dan 69.9%). Penurunan QoQ di 3Q23 terutama disebabkan oleh pelemahan harga batu bara (menjadi USD 98.7/ton; -13.0% QoQ) dan volume penjualan (menjadi 5.3 juta ton; -1.9% QoQ). Terkait bottom line, ITMG membukukan laba bersih sebesar USD 99 juta (-20.4% QoQ; -77.2% YoY) di 3Q23, dengan laba bersih kumulatif 9M23 sebesar USD 406 juta (-54.6% YoY), sesuai dengan perkiraan kami, namun lebih rendah dari konsensus (73.4% dan 65.1%). Kami melihat bahwa penurunan tarif pajak efektif menjadi 21% (2Q23: 23%) dan keuntungan dari swap batu bara dan bahan bakar menjadi faktor yang mencegah penurunan laba yang lebih parah.

**Produksi tetap kuat.** Volume produksi batu bara ITMG naik ke 5.3 juta ton (+20.5% QoQ) di 3Q23, lebih tinggi dari guidance perusahaan sebesar 4.8 juta ton. Pertumbuhan ini terutama didorong oleh peningkatan produksi dari tambang Trubaindo dan Bharinto, mencapai 1.0 juta ton (+42.9% QoQ) dan 2.3 juta ton (+27.8% QoQ). Sementara itu, stripping ratio ITMG turun menjadi 11.7x (2Q23:12,5x) di 3Q23.

**Penurunan laba bersih di 4Q23.** Per 12 November 2023, harga batu bara global sudah turun -8.5% QoQ; dengan asumsi target volume penjualan ITMG tetap di 20 juta ton, kami memperkirakan laba bersih ITMG akan kembali menurun di 4Q23. Untuk saat ini, kami tidak merubah proyeksi kami, karena kami masih menunggu informasi lebih lanjut dari analyst meeting yang akan diadakan pada 15 November 2023.

**HOLD dengan TP IDR 26,000.** Kami mempertahankan rating HOLD dengan TP sebesar IDR 26,000, yang menyiratkan 5.8x P/E FY24F. TP kami berbasis DCF, dengan asumsi CoE sebesar 13.8%. Risiko: 1) harga batu bara global yang lebih rendah dari perkiraan, 2) perubahan regulasi.

### Valuations (at closing price IDR 24,850 per share)

Y/E Dec	21A	22A	23F	24F	25F
Revenue (USD Mn)	2,077	3,636	2,413	1,987	1,868
EBITDA (USD Mn)	857	1,777	794	541	456
EV/EBITDA (x)	1.5	0.3	0.9	1.1	1.1
Net Profit (USD Mn)	476	1,200	553	356	290
Net Profit Growth (%)	1,104.9	152.3	(53.9)	(35.7)	(18.5)
EPS (IDR)	6,019	15,188	6,999	4,500	3,669
P/E Ratio (x)	4.1	1.6	3.6	5.5	6.8
BVPS (IDR)	15,207	24,682	21,809	21,760	22,503
P/BV Ratio (x)	1.6	1.0	1.1	1.1	1.1
DPS (IDR)	1,351	6,813	9,872	4,549	2,925
Dividend Yield (%)	5.4	27.4	39.7	18.3	11.8
ROAE (%)	46.4	76.2	30.1	20.7	16.6
ROAA (%)	33.7	55.7	22.0	15.0	12.1
Interest Coverage (x)	294.2	501.7	337.9	241.7	195.1
Net Gearing (x)	NC	NC	NC	NC	NC

**Table 1. 9M23 results**

ITMG - USD Mn	9M23	9M22	YoY (%)	% estimasi SSI	% estimasi Cons	3Q23	2Q23	QoQ (%)	3Q22	YoY (%)
<b>Revenue</b>	<b>1,827</b>	<b>2,616</b>	<b>(30.2)</b>	<b>75.7</b>	<b>69.8</b>	<b>527</b>	<b>614</b>	<b>(14.0)</b>	<b>1,195</b>	<b>(55.9)</b>
<b>Gross profit</b>	<b>610</b>	<b>1,407</b>	<b>(56.6)</b>			<b>152</b>	<b>191</b>	<b>(20.6)</b>	<b>658</b>	<b>(76.9)</b>
<i>Margin (%)</i>	<i>33.4</i>	<i>53.8</i>				<i>28.8</i>	<i>31.2</i>		<i>55.0</i>	
<b>Operating profit</b>	<b>489</b>	<b>1,273</b>	<b>(61.6)</b>	<b>70.0</b>	<b>59.8</b>	<b>115</b>	<b>153</b>	<b>(24.8)</b>	<b>604</b>	<b>(80.9)</b>
<i>Margin (%)</i>	<i>26.8</i>	<i>48.7</i>				<i>21.8</i>	<i>25.0</i>		<i>50.5</i>	
<b>Net income</b>	<b>406</b>	<b>894</b>	<b>(54.6)</b>	<b>73.4</b>	<b>65.1</b>	<b>99</b>	<b>124</b>	<b>(20.4)</b>	<b>433</b>	<b>(77.2)</b>
<i>Margin (%)</i>	<i>22.2</i>	<i>34.2</i>				<i>18.7</i>	<i>20.2</i>		<i>36.2</i>	
EPS - USD	0.4	0.8								
BPS - USD	1.5	1.8								
Cash	872	1,251								
Interest Bearing Debt	38	56								
Equity	1,690	1,942								
<b>Net Gearing</b>	<b>NC</b>	<b>NC</b>								

Source: Company, SSI Research

**Table 2. Operational figures**

Operational	Unit	9M23	9M22	YoY (%)	3Q23	2Q23	QoQ (%)	SSI Est. (%)
<b>Sales Volume</b>	<b>Mn Tons</b>	<b>15.3</b>	<b>13.8</b>	<b>10.9</b>	<b>5.3</b>	<b>5.4</b>	<b>(1.9)</b>	<b>70.8</b>
Indominco	Mn Tons	4.8	5.1	(5.9)	1.6	1.8	(11.1)	
Trubaindo	Mn Tons	2.1	2.2	(4.5)	0.8	0.6	33.3	
Bharinto	Mn Tons	4.9	3.6	36.1	1.6	1.7	(5.9)	
Jorong	Mn Tons	0.5	0.7	(28.6)	0.2	0.1	100.0	
Others	Mn Tons	3.0	1.9	57.9	1.0	1.1	(9.1)	
<b>Average Selling Price</b>	<b>USD/Ton</b>	<b>119.4</b>	<b>189.7</b>	<b>(37.1)</b>	<b>98.7</b>	<b>113.5</b>	<b>(13.0)</b>	
<b>Production Volume</b>	<b>Mn Tons</b>	<b>13.4</b>	<b>12.3</b>	<b>8.9</b>	<b>5.3</b>	<b>4.4</b>	<b>20.5</b>	<b>80.7</b>
Indominco	Mn Tons	4.9	5.2	(5.8)	1.7	1.7	-	
Trubaindo	Mn Tons	2.3	2.3	-	1.0	0.7	42.9	
Bharinto	Mn Tons	5.8	4.0	45.0	2.3	1.8	27.8	
Jorong	Mn Tons	0.4	0.7	(42.9)	0.2	0.1	100.0	
<b>Average Strip Ratio</b>	<b>Times</b>	<b>11.9</b>	<b>10.6</b>	<b>12.3</b>	<b>11.7</b>	<b>12.5</b>	<b>(6.4)</b>	
Indominco	Times	13.3	9.6	38.5	13.9	14.1	(1.4)	
Trubaindo	Times	15.2	13.3	14.3	13.1	16.1	(18.6)	
Bharinto	Times	9.5	9.3	2.2	9.7	9.6	1.0	
Jorong	Times	11.7	14.3	(18.2)	10.4	11.0	(5.5)	

Source: Company, SSI Research

## Key Financial Figures

Profit and Loss					
Y/E Dec (USD Mn)	2021	2022	2023F	2024F	2025F
Revenue	2,077	3,636	2,413	1,987	1,868
COGS	1,160	1,742	1,568	1,402	1,357
<b>Gross Profit</b>	<b>917</b>	<b>1,894</b>	<b>845</b>	<b>585</b>	<b>510</b>
Selling Expenses	100	170	119	111	115
G&A Expenses	25	42	28	30	37
<b>Operating Income</b>	<b>791</b>	<b>1,683</b>	<b>699</b>	<b>444</b>	<b>359</b>
<b>EBITDA</b>	<b>857</b>	<b>1,777</b>	<b>794</b>	<b>541</b>	<b>456</b>
EBITDA Margin (%)	41	49	33	27	24
Interest Expense	(3)	(3)	(2)	(2)	(2)
Interest Income	3	9	15	15	16
Loss on Derivatives Transaction	(158)	(102)	-	-	-
Others	(12)	(42)	-	-	-
<b>Pre-tax Income</b>	<b>621</b>	<b>1,545</b>	<b>711</b>	<b>457</b>	<b>372</b>
Taxes	(146)	(345)	(159)	(102)	(83)
Minority Interest	0	1	1	1	1
<b>Net Profit</b>	<b>476</b>	<b>1,200</b>	<b>553</b>	<b>356</b>	<b>290</b>

Balance Sheet					
Y/E Dec (USD Mn)	2021	2022	2023F	2024F	2025F
Cash	691	1,430	1,314	1,393	1,497
Receivables	187	280	202	160	153
Inventories	62	96	68	54	52
Others	48	102	102	102	102
<b>Total Current Asset</b>	<b>988</b>	<b>1,909</b>	<b>1,685</b>	<b>1,708</b>	<b>1,803</b>
Net Fixed Asset	166	151	116	79	38
Other Assets	512	580	580	580	580
<b>Total Assets</b>	<b>1,666</b>	<b>2,640</b>	<b>2,381</b>	<b>2,368</b>	<b>2,421</b>
Payables	85	144	123	113	108
ST Debt	22	37	27	27	27
Other Current Liabilities	258	405	405	405	405
<b>Current Liability</b>	<b>365</b>	<b>586</b>	<b>554</b>	<b>544</b>	<b>539</b>
LT Debt	30	13	13	13	13
Other LT Liabilities	70	91	91	91	91
<b>Total Liability</b>	<b>465</b>	<b>690</b>	<b>658</b>	<b>649</b>	<b>643</b>
Minority Interest	(0)	0	(0)	0	0
<b>Total Equity</b>	<b>1,202</b>	<b>1,950</b>	<b>1,723</b>	<b>1,719</b>	<b>1,778</b>
<b>Total Liability and Equity</b>	<b>1,666</b>	<b>2,640</b>	<b>2,381</b>	<b>2,368</b>	<b>2,421</b>

Cash Flow					
Y/E Dec (USD Mn)	2021	2022	2023F	2024F	2025F
Net Profit	476	1,200	553	356	290
D&A	66	94	96	97	97
Change in working capital	(91)	(68)	85	46	4
Other Operating	168	99	-	-	-
<b>Operating Cash Flow</b>	<b>618</b>	<b>1,325</b>	<b>734</b>	<b>498</b>	<b>391</b>
Capex	(12)	(28)	(60)	(60)	(56)
Other Investing	(13)	(43)	-	-	-
<b>Investing Cash Flow</b>	<b>(25)</b>	<b>(71)</b>	<b>(60)</b>	<b>(60)</b>	<b>(56)</b>
Dividend	(107)	(538)	(780)	(359)	(231)
Net Borrowing	(13)	(2)	(10)	-	-
Other Financing	(15)	36	0	-	-
<b>Financing Cash Flow</b>	<b>(134)</b>	<b>(505)</b>	<b>(790)</b>	<b>(359)</b>	<b>(231)</b>
<b>Net - Cash Flow</b>	<b>459</b>	<b>750</b>	<b>(117)</b>	<b>79</b>	<b>104</b>
Forex Gain/(Loss)	1	(10)	-	-	-
<b>Cash at Beginning</b>	<b>231</b>	<b>691</b>	<b>1,430</b>	<b>1,314</b>	<b>1,393</b>
<b>Cash at Ending</b>	<b>691</b>	<b>1,430</b>	<b>1,314</b>	<b>1,393</b>	<b>1,497</b>

Key Ratios					
Y/E Dec (USD Mn)	2021	2022	2023F	2024F	2025F
Gross Profit Margin (%)	44.1	52.1	35.0	29.4	27.3
Operating Profit Margin (%)	38.1	46.3	28.9	22.4	19.2
Pretax Margin (%)	29.9	42.5	29.5	23.0	19.9
Net Profit Margin (%)	22.9	33.0	22.9	17.9	15.5
Revenue Growth (%)	75.2	75.1	(33.6)	(17.6)	(6.0)
EBITDA Growth (%)	411.9	107.4	(55.3)	(31.9)	(15.7)
Debt to Equity (x)	0.0	0.0	0.0	0.0	0.0

Major Assumptions					
Y/E Dec (USD Mn)	2021	2022	2023F	2024F	2025F
Coal production volume	18.1	16.6	16.6	18.2	18.2
Coal sales volume (tons)	20.1	18.9	21.6	21.85	21.85
Coal ASP (USD/tons)	103	192	112	91	85
Overburden (Mbcm)	213.6	199.2	185.9	200.2	200.2
Stripping ratio (x)	11.8	12.0	11.2	11.0	11.0

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