

BUY (Maintained)

Target Price (IDR) 230
Potential Upside (%) 59.7

Price Comparison

Cons. Target Price (IDR)	N/A
SSI vs. Cons. (%)	N/A

Stock Information

Last Price (IDR)	144
Shares Issued (Mn)	141,784
Market Cap. (IDR Bn)	20,417
52-Weeks High/Low (IDR)	226/114
3M Avg. Daily Value (IDR Bn)	28.2
Free Float (%)	47.2

Shareholder Structure:

Emirates Tarian Global Ventures SPC (%)	25.1
1st Financial Company Ltd (%)	10.1
Sugiman Halim (%)	7.3
PT Bumi Resources (%)	20.1
Public (%)	37.4

Stock Performance

(%)	YTD	1M	3M	12M
Absolute	(15.3)	(10.0)	(2.0)	(3.4)
JCI Return	(2.6)	(2.8)	(3.0)	5.5
Relative	(12.7)	(7.2)	1.0	(8.9)

Stock Price & Volumes, 12M



Company Background

Bumi Resources Minerals is a company engaged in mineral mining. BRMS operates five main businesses; CPM (Citra Palu Minerals); GM (Gorontalo Minerals), SHS (Suma Heksa Sinergi), LMR (Linge Mineral Resources), and DPM (Dairi Prima Minerals), producing gold, copper, zinc, and lead.

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Improved Earnings Ahead

Bottom line: Expect some catching up going forward. BRMS should book higher net earnings in the upcoming quarters on the back of margin expansions caused by: 1) improved ore grade to 1.5g/t (1Q24: 1g/t), which would lead to lower raw materials cost/ton; 2) lower waste content, post BRMS having opened new drilling hole in 1Q24. That said, on the bottom line, we expect 1Q24 net profit of USD 3.6mn (+69% YoY), below our estimate (19%), to substantially improve going forward. On the top line, driven by a combination of higher sales volume (9,623oz, +278% YoY) and ASP (USD 2,083, +10% YoY), BRMS already posted robust 1Q24 revenue of USD 20mn (+46% QoQ; +250% YoY), reaching 28% of our FY24F top line, above SSI's estimate.

Upgrading our gold forecasts with higher volume and price assumptions. We adjust upwards our forecasts partly due to higher gold production volume forecast to 43ktpa (prev: 35ktpa), as we expect recovery in ore grades ahead and increased production volumes from the new gold plant in Palu, Central Sulawesi (estimated operation date: 2H24). In addition, we respectively upgrade our 24F-25F global gold price assumption to USD2,300 per oz and USD2,600 per oz (Previously: 2,250 and 2,350) on potentially elevated gold prices as the Fed starts its rate cut cycle in a few months period. Hence, we increase our 24F-25F net income forecasts by 1% and 7% to USD19mn and USD35mn respectively.

On-the-ground check: growth from expansions to complete 2 new gold plants. We recently visited BRMS' operational site in Palu. Several things caught our eye during the visit: 1) there are no issues with the new RKAB (mining permit). Hence, we expect the expansion plan to run smoothly; 2) BRMS' Plant 2 can already hit full capacity by 2Q24, boosting our optimism that BRMS could post gold production volume of 43ktpa in 2024F (1Q24: 9ktpa). Moreover, our talks with the management reveal USD 119mn capex in FY24, doubling from FY23 level to allow completion of Plant 3 and 4 projects in Palu and Gorontalo. Furthermore, BRMS' would attempt to secure funds to start monetizing other assets, including: 1) copper mine in Gorontalo; 2) gold mines in Banten and Aceh.

BUY with IDR 230 TP. On the back of expansion plans and gold exposure to fuel its growth, BRMS remains a BUY with SOTP-based TP of IDR 230, particularly given the Salim Group entry which we believe should improve BRMS' GCG. **Downside risks:** 1) lower-than-expected gold prices on weaker demand; 2) uncertainties caused by the Fed; and 3) execution risks on their upcoming pipeline projects.

Forecast and Valuations (@ IDR 144 per share)

Y/E Dec	22A	23A	24F	25F	26F
Revenue (USD Mn)	12	47	101	146	198
EBITDA (USD Mn)	2	20	41	54	75
EV/EBITDA (x)	929	558	69	34	25
Net Profit (USD Mn)	14	14	19	34	47
Net Profit Growth (%)	(80.2)	1.7	33.3	80.9	38.6
EPS (IDR)	1	1	2	4	5
P/E Ratio (x)	99.5	97.8	73.4	40.6	29.3
BVPS (IDR)	101	103	105	109	114
P/BV Ratio (x)	1.4	1.4	1.4	1.3	1.3
DPS (IDR)	-	(0)	-	-	-
Dividend Yield (%)	-	(0.3)	-	-	-
ROAE (%)	1.5	1.4	1.9	3.3	4.4
ROAA (%)	1.3	1.3	1.6	2.6	3.4
Net Gearing (x)	0.0	NC	NC	NC	NC

Table 1. 1Q24 results

BRMS 1Q24 Results (USD mn)	1Q23	4Q23	1Q24	QoQ (%)	YoY (%)	3M23	3M24	YoY (%)	3M24/SSI (%)
Revenue	6	14	20	46.3	250.3	6	20	250.3	27.5
Gross Profit	4	9	9	2.1	145.0	4	9	145.0	22.8
Operating Profit	2	7	5	(30.8)	195.3	2	5	195.3	20.8
Net Profit	2	3	4	4.3	68.9	2	4	68.9	18.9
Key Ratios									
GPM (%)	62.6	62.7	43.8	-	-	62.6	43.8	-	-
OPM (%)	29.1	51.9	24.6	-	-	29.1	24.6	-	-
NPM (%)	36.6	24.7	17.6	-	-	36.6	17.6	-	-

Source: Company, SSI Research

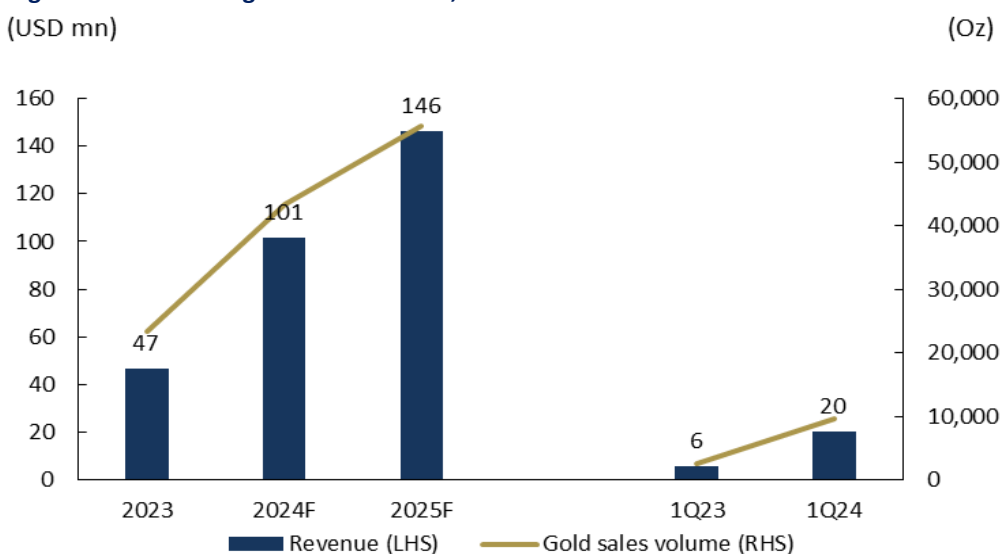
Earnings appear below our estimate at 19% despite robust 1Q24 revenue growth, though we expect better earnings in the upcoming quarters

Table 2. Forecast changes

	Before			Revision			Percentage		
	2024F	2025F	2026F	2024F	2025F	2026F	2024F	2025F	2026F
Revenue	78	118	190	101	146	198	29.8%	23.6%	3.9%
growth (%)	67.5%	51.5%	60.7%	117.4%	44.3%	35.0%			
Operating Profit	24	38	63	27	49	68	14.4%	28.4%	7.7%
growth (%)	38.8%	61.0%	65.1%	58.7%	80.7%	38.5%			
Net profit	19	33	54	19	35	48	1.2%	6.5%	-10.4%
growth (%)	36.0%	72.0%	64.8%	37.6%	80.9%	38.6%			

Source: Company, SSI Research

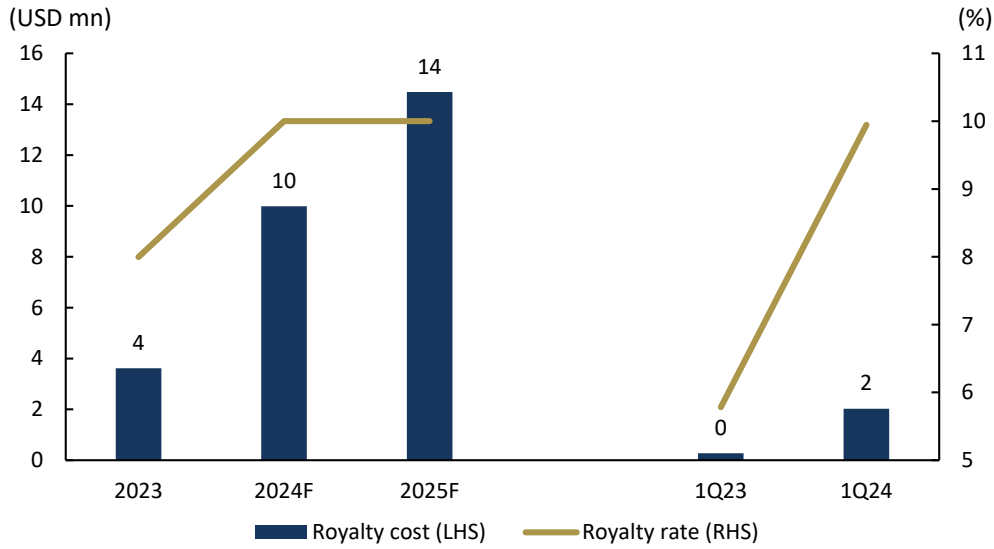
Figure 1. Revenue vs gold sales volumes, 2023-2025F



Source: Company, SSI Research

Higher gold production in 1Q24 on the back of higher utilization rate of BRMS' 2nd plant; we expect the 3rd plant to commence production in 2H24

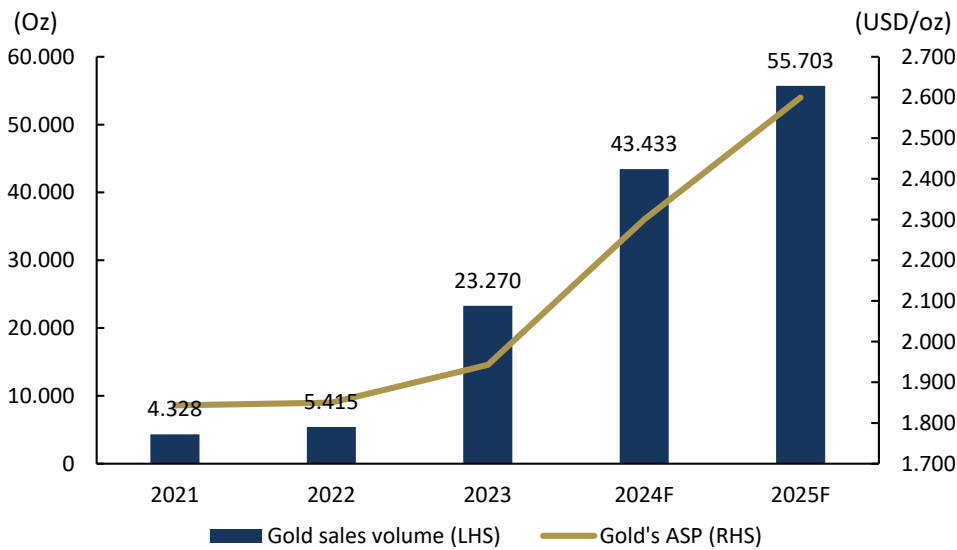
Figure 2. BRMS' royalty cost trend, 2023-2025F



Royalty rate increased to 10% as gold prices exceeded USD 2,000/oz

Source: Company, SSI Research

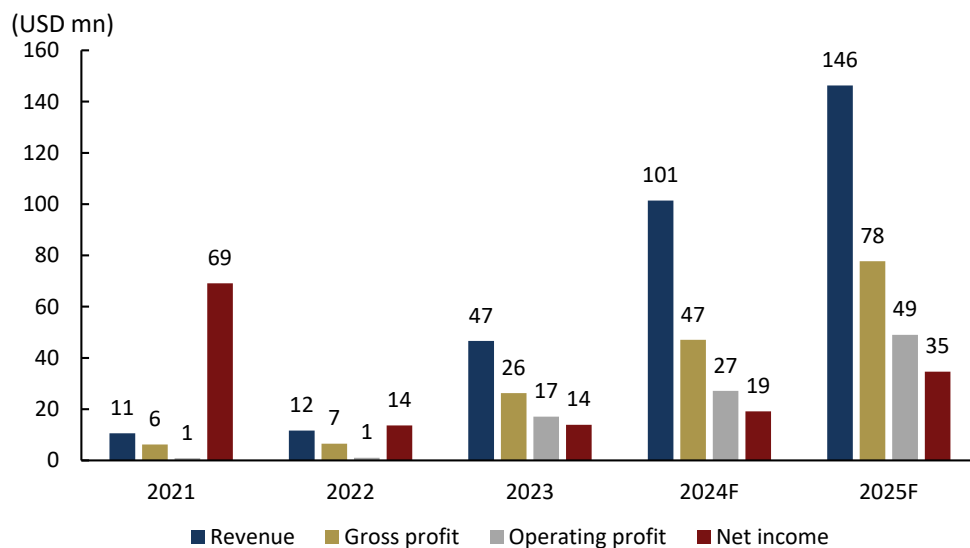
Figure 3. Volumes and ASP Trajectory, 2021-2025F



We expect gold prices to remain elevated, driven by Fed rate cuts in the following months; on the operational side, the company's 3rd plant will support gold sales volumes to reach 43ktpa and 56ktpa in 2024F and 2025F

Source: Company, SSI Research

Figure 4. BRMS' profitability trend, 2021- 2025F



Along with robust operational figures, BRMS' net profit to grow by 38% and 81% in 2024F and 2025F respectively

Source: Company, SSI Research

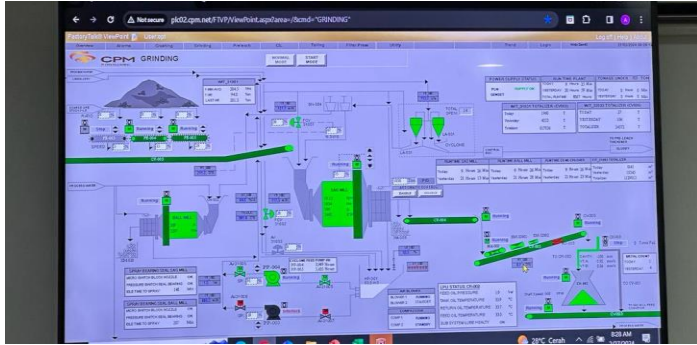
Table 3. Peer Comparables

Company Ticker	Market Cap. (IDR Tn)	Rating	TP (IDR)	Ytd Net Buy (Sell) (IDR Bn)	2024F			
					PER (x)	EV/Reserve (USD/Ton)	EPS Gwt (%)	ROE (%)
AMMN IJ	722	HOLD	10,000	367	36.6	2,656	363.2	21.4
UNTR IJ	84	HOLD	26,000	(343)	4.8	709	(17.6)	20.1
MDKA IJ	67	BUY	3,300	(1,800)	84.1	913	N/A	2.9
ANTM IJ	38	HOLD	1,600	(390)	13.2	11,756	8.0	9.1
BRMS IJ	20	BUY	230	(140)	73.5	1,395	31.6	2.0
ARCI IJ*	8	-	N/A	6	N/A	279	N/A	N/A
Sector	938				36.7	2,676	279.0	18.8

BRMS' 2024F EV/Reserve stands at USD 1,395/ton, 48% discount to peers

Source: Companies, Bloomberg, SSI Research

Figure 5. CIL Plant at Full Capacity



Source: Company, SSI Research

Figure 6. CIL Tanks in Plant 2 (Palu)



Source: Company, SSI Research

Figure 7. Dore Bullion Sample



Source: Company, SSI Research

Figure 8. SAG Mill in Plant 2 (Palu)



Source: Company, SSI Research

Figure 9. Furnace Process



Source: Company, SSI Research

Figure 10. Dore Cleaning Process



Source: Company, SSI Research

Key Financial Figures

Profit and Loss

Y/E Dec (USD Mn)	22A	23A	24F	25F	26F
Revenue	12	47	101	146	198
COGS	(5)	(20)	(54)	(69)	(91)
Gross Profit	7	26	47	78	107
Operating Expenses	(6)	(9)	(20)	(29)	(39)
Operating Profit	1	17	27	49	68
EBITDA	2	20	41	54	75
Interest Income	0	0	0	0	0
Interest Expenses	-	-	-	-	-
Other Income/Expenses	31	0	(0)	(0)	(0)
Pre-tax Income	33	17	27	49	68
Income Taxes	(19)	(3)	(8)	(14)	(19)
Minority Interest	-	(0)	(0)	(1)	(1)
Net Profit	14	14	19	35	48

Robust earnings growth in 2026 with 5-year CAGR of 28%, driven by stellar sales volume growth on the back of capacity expansions

Balance Sheet

Y/E Dec (USD Mn)	22A	23A	24F	25F	26F
Cash	10	5	11	31	58
Trade receivables	-	0	1	1	1
Inventories	9	5	40	51	67
Others	158	136	136	136	136
Total Current Assets	178	146	188	220	264
Fixed assets	174	198	296	334	386
Mining properties	216	243	251	258	262
Other Assets	512	518	518	518	518
Total Assets	1,080	1,105	1,253	1,330	1,430
Trade payables	10	14	140	202	273
ST Debt	9	21	25	15	6
Other ST Liabilities	-	-	-	-	-
Total Current Liabilities	66	84	214	267	328
LT Debt	9	21	-	-	-
Other LT Liabilities	49	30	46	35	24
Total Liabilities	125	136	260	302	353
Minority Interest	(208)	(207)	(207)	(206)	(205)
Total Equity	955	969	993	1,028	1,077

Strong financial structure and low debt exposure help minimize the risk of interest expense amidst the Fed's 'higher-for-longer' rate stance

Source: Company, SSI Research

Cash Flow					
Y/E Dec (USD Mn)	22A	23A	24F	25F	26F
Net Profit	14	14	19	35	48
D&A	1	3	14	5	7
Changes in Working Capital	(2)	9	90	51	54
Others	30	37	-	-	-
Operating Cash Flow	43	63	123	91	109
Capital Expenditure	(173)	(60)	(119)	(51)	(63)
Investing Cash Flow	(173)	(60)	(119)	(51)	(63)
Change in Debt	18	(9)	(2)	(20)	(20)
Other Financing	62	0	4	1	1
Financing Cash Flow	80	(9)	2	(19)	(19)
Net - Cash Flow	(50)	(6)	6	21	27
Cash at beginning	60	10	5	11	31
Cash at ending	10	5	11	31	58

With its two gold plant projects in Palu and Gorontalo, BRMS' capital expenditures are expected to increase in FY24F

Key Ratios					
Y/E Dec (USD Mn)	22A	23A	24F	25F	26F
Gross Profit Margin (%)	56%	56%	46%	53%	54%
Operating Profit Margin (%)	9%	37%	27%	34%	34%
EBITDA Margin (%)	21%	44%	40%	37%	38%
Pre-Tax Margin (%)	279%	37%	27%	34%	34%
Net Profit Margin (%)	118%	30%	19%	24%	24%
Revenue Growth (%)	10%	301%	117%	44%	35%
EBITDA Growth	62%	730%	101%	33%	38%
Net Gearing (x)	0.0	NC	NC	NC	NC

Favorable margins thanks to higher production coupled with elevated gold prices

Major Assumptions					
Y/E Dec (USD Mn)	22A	23A	24F	25F	26F
Gold sales volume (Oz)	5,415	23,270	43,433	55,703	81,713
Global gold price assumption (USD/oz)	1,850	1,943	2,300	2,600	2,400

Source: Company, SSI Research

Gold price as of 14 May 2024 is at USD 2,358/oz, while the rest of the year average requires USD 2,385/oz to reach our FY24 gold price average of USD 2,300/oz

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