

**All-time-high coal price.** During 10M21, global coal price (Newcastle coal) has reached an all-time high price at USD 270 per ton (+232% YTD), mainly due to the energy crisis in China, combined with supply disruption in both Australia and Indonesia. From the demand side, China's electricity consumption has grown rapidly from February to November (+11.0% YoY), which led to a higher import number at 292.7mn tons (+10.4% YoY) during 11M21, and the highest monthly production of the year at 370.8mn tons (+3.8% MoM) in Dec-21. From the supply side, Indonesia's coal production has struggled to fulfill the yearly production target, mainly due to heavy rainfall in several coal mines in Kalimantan and Sumatra.

**High price will not likely to sustain due to slowing demand and higher supply.** We predict that coal price may fall gradually in 1H22 due to slowing demand from China. Historically, China's electricity consumption has always been lower in 1H22, then spiked up ahead of more frequent-than-usual air conditioning usage during the summer. From the inventory point of view, we expect inventory to recover after reached its lowest in the last three years in Aug-21. Rather than importing, we believe the recovery to be driven by domestic production as China announced additional qualified 153 coal mines in Oct-21, capable of increasing production capacity by 220mn tons per year. From the supply side, Indonesia has set the FY22F coal production target at a range of 637-664mn tons. Using our assumption, we could see the coal production will be recorded at least at 624mn tons (+4.0% YoY), above the pre-pandemic level at 616mn tons. Above all, we expect a gradual coal price decline, ending up at an average price of USD 105 per ton for FY22F (-19.2% YoY).

**Road to carbon neutrality.** The COP26 was held in Glasgow on Nov-21 to address a worsened climate change during recent years. As a major global coal importer, producer, and consumer, all eyes were on China. Responding to the issue, China has committed to peak its carbon dioxide emissions before 2030 and reach carbon neutrality by 2060. However, we see that coal will remain as major fossil fuel for at least the next 2-3 years. There are two reasons behind our view, 1) Transitioning to renewable energy certainly needs time, as China will still have to face massive energy needs due to growing economy, 2) Renewable energy produces intermittent electricity, so further study is required.

**We downgrade our recommendation on the coal mining sector from OVERWEIGHT to NEUTRAL as China's demand to slow down, China's national coal inventory to bounce back, and Indonesia's production to recover to pre-pandemic level.** While we expect the coal price to decrease gradually, the coal sector will also likely be overshadowed by ESG sentiment. We maintain our BUY call for PTBA, ITMG, and UNTR as we see current valuation provides attractive upside potential. Our top pick is PTBA, as we prefer a domestic coal miner, which we expect a growing domestic market and less impacted from ESG sentiment. Downside risks to our call are lower-than-expected coal price and slower-than-expected economic recovery. Our pecking BUY orders are PTBA>ITMG>UNTR>ADRO.

Ticker	Rating	CP	TP	% Chg	FY22F/FY23F PE
PTBA IJ	BUY	2,830	3,570	26.1%	7.7x/9.3x
ITMG IJ	BUY	20,700	28,800	39.1%	8.1x/11.4x
UNTR IJ	BUY	23,525	29,800	26.7%	10.6x/10.3x
ADRO IJ	NEUTRAL	2,270	2,400	5.7%	9.5x/11.4x

**Axel Leonardo**

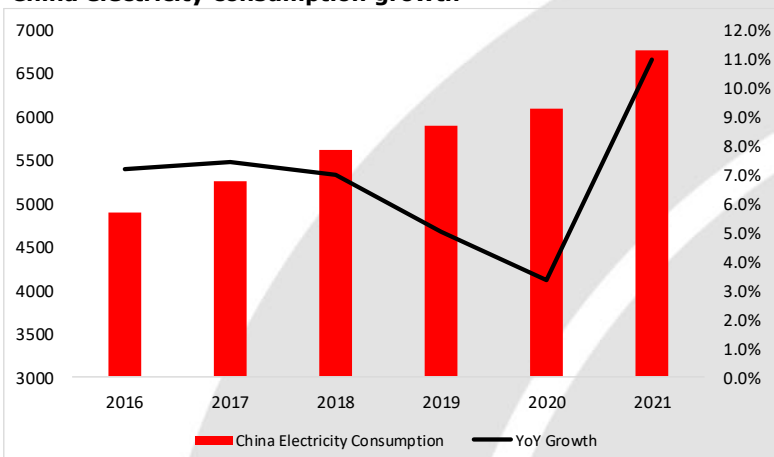
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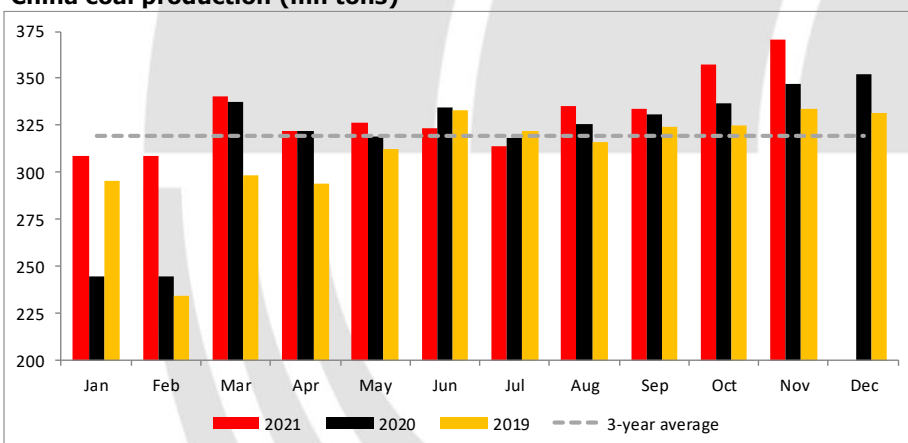
**All-time-high coal price.** During 10M21, global coal price (Newcastle coal) has reached an all-time high price at USD 270 per ton (+232% YTD), mainly due to the energy crisis in China, combined with supply disruption in both Australia and Indonesia. Rising price was also followed by Zhengzhou and ICI4 as their prices increased to CNY 2,300 per ton (+195% YTD) and USD 152 per ton (+290% YTD) respectively. Unfortunately, the high price did not sustain for long, but maintained at USD 150-200 per ton aftermath. It was still at high price, mentioning that the previous all-time high was recorded at USD 130 per ton in FY11. From the demand side, China's electricity consumption has grown rapidly from February to November (+11.0% YoY, the previous highest was recorded at 7.4% in 2017), which led to a higher import number at 292.7mn tons (+10.4% YoY) during 11M21. However, importing was not enough due to China's ban on Australia's coal, so China has also ramped up its coal production to fulfill the robust demand, reached the highest monthly production of the year at 370.8mn tons (+3.8% MoM) in Dec-21. From the supply side, Indonesia's coal production has filled 93% from the yearly target of 625mn tons per 17<sup>th</sup> Dec-21. It has improved compared to output in 1H21, which only filled 45%. The struggling has occurred mainly due to heavy rainfall in several coal mines in Kalimantan and Sumatra, which affect the mining process and the quality of coal itself. We see that the production target for FY21E will likely not achieve the target due to La Nina happening until Feb-22, probably recorded at 600mn tons (96% from yearly target). However, from export point of view, Indonesia has taken advantage of China's ban on Australia's coal, shown in export growth during 10M21 at 11.4% YoY, compared with Australia at -0.7% YoY.

#### China electricity consumption growth



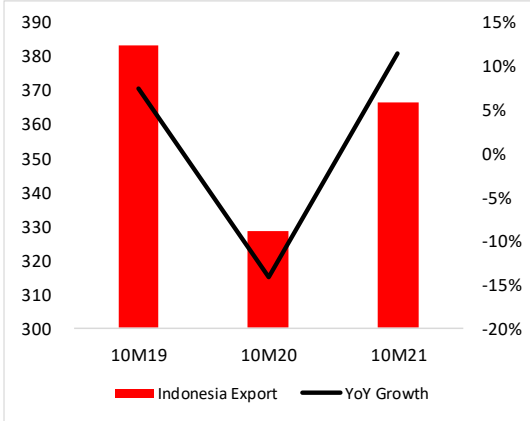
Source: Bloomberg, Sinarmas Investment Research

#### China coal production (mn tons)



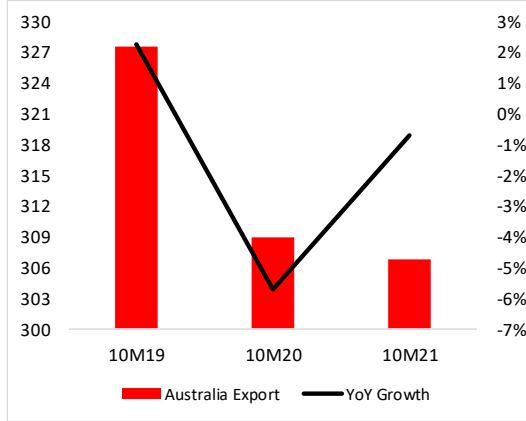
Source: Bloomberg, Sinarmas Investment Research

### Indonesia coal export (mn tons)



Source: Bloomberg, Sinarmas Investment Research

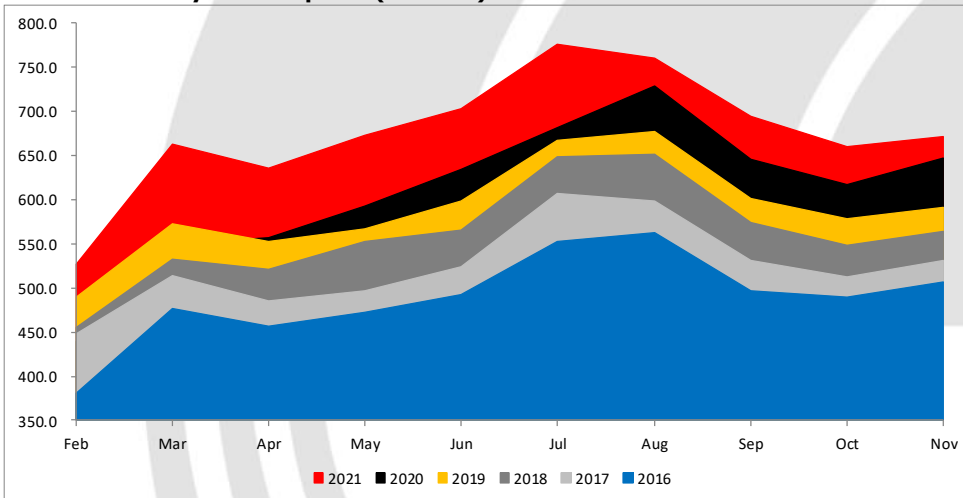
### Australia coal export (mn tons)



Source: Bloomberg, Sinarmas Investment Research

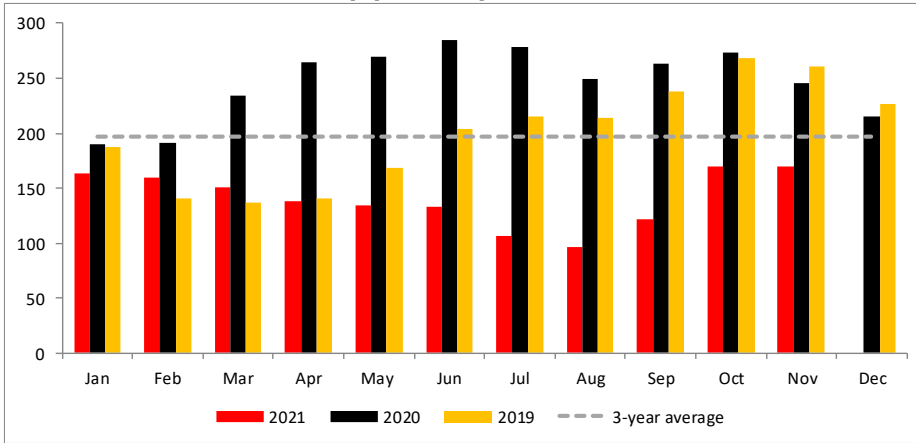
**High price will not likely to sustain due to slowing demand and higher supply.** We predict that coal price may fall gradually in 1H22 due to slowing demand from China. Historically, China's electricity consumption has always been lower in 1H22, then spiked up ahead of more frequent-than-usual air conditioning usage during the summer. Also, as said in the previous point that yearly electricity consumption has already grown 11%, we see that for FY22F, the growth should be slowing down as the China economic recovery post-pandemic is still unstable. From the inventory point of view, China coal was recorded at 170mn tons in Nov-21, gradually improving from its lowest in the last three years in Aug-21. Looking forward, we see that inventory will continue to recover, reaching above its 3-year average level at 192mn tons. We expect inventory recovery to be driven by domestic production rather than importing, as China announced additional qualified 153 coal mines in Oct-21, capable of increasing production capacity by 220mn tons per year. From the supply side, Indonesia has set the FY22F coal production target at a range of 637-664mn tons. Since 2016, Indonesia has historically fulfilled at least 96% of their production target. Using that assumption, we could see the coal production will be recorded at least at 624mn tons (+4.0% YoY), above the pre-pandemic level at 616mn tons. Above all, after weighing on mentioned factors above, we expect a gradual coal price decline, ending up at an average price of USD 105 per ton for FY22F (-19.2% YoY).

### China electricity consumption (bn kWh)



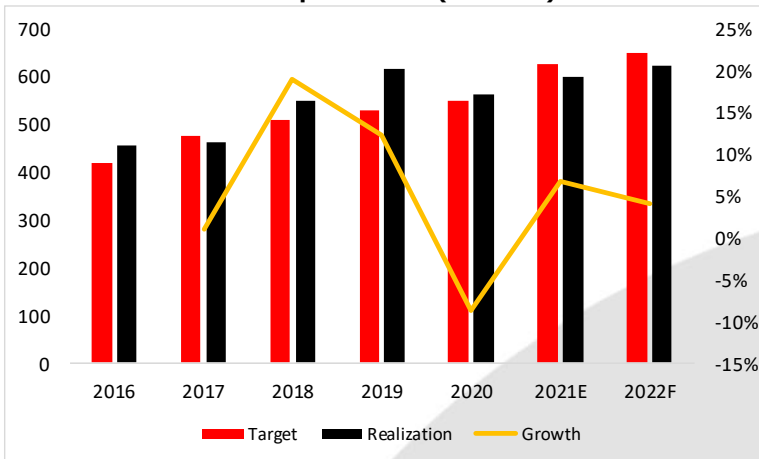
Source: Bloomberg, Sinarmas Investment Research

### China national coal inventory (mn tons)



Source: Bloomberg, Sinarmas Investment Research

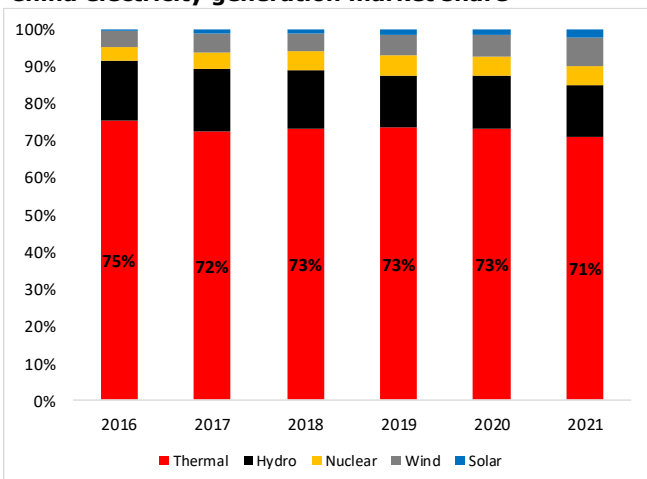
### Indonesia national coal production (mn tons)



Source: Bloomberg, Sinarmas Investment Research

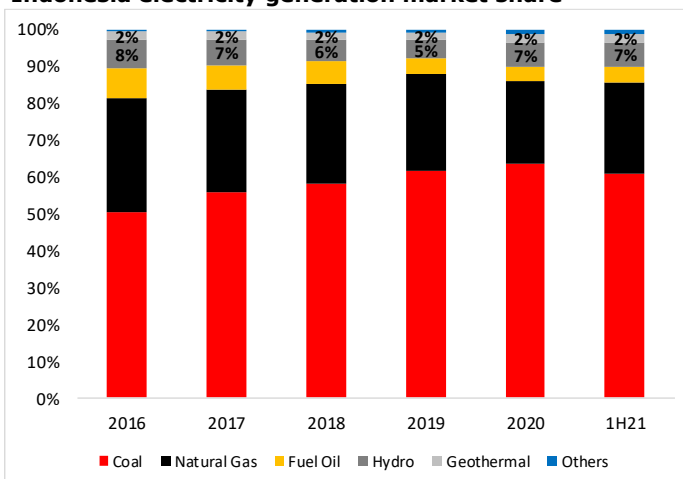
**Road to carbon neutrality.** As climate change has worsened from time to time, the moment has come for countries to take this issue seriously. The COP26 was held in Glasgow on Nov-21 to address this issue. As one of the sources of CO<sub>2</sub> emissions, Coal is responsible for more than 40% of total emissions by fossil fuel, approximately at 14-15 billion tons of CO<sub>2</sub> per year. As a major global coal importer, producer, and consumer, all eyes were on China. Responding to the issue, China has committed to peak its carbon dioxide emissions before 2030 and reach carbon neutrality by 2060. Coal is mainly used by China to generate electricity, which accounts for ~70% compared with other sources, such as hydro, nuclear, wind, and solar. From our point of view, coal certainly will phase out in the long-term, but nowhere near in the short-term. For the next 2-3 years, we see that coal will remain as major fossil fuel, especially for China. There are two reasons behind our view, 1) Transitioning to renewable energy certainly needs time, as China will still have to face massive energy needs due to growing economy, 2) Renewable energy produces intermittent electricity, so further study is required. As for Indonesia, we believe it will even take longer, as the infrastructure for renewable energy to generate electricity is far behind China. Currently, renewable energy (hydro and geothermal) only takes less than 10% of total electricity generation by the Indonesia State Electricity Company (PLN). Economically, using renewable energy as electricity generation cost less in USA, China, and India, according to International Energy Agency (IEA). However, Japan still finds it more expensive. We believe there more countries shares the same position as Japan. Therefore, in order to reach cost equality also needs time.

### China electricity generation market share



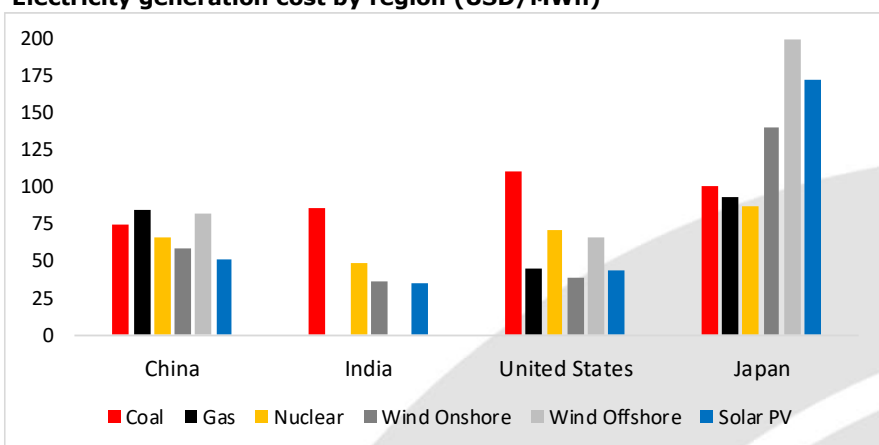
Source: Bloomberg, Sinarmas Investment Research

### Indonesia electricity generation market share



Source: PLN, Sinarmas Investment Research

### Electricity generation cost by region (USD/MWh)



Source: International Energy Agency, Sinarmas Investment Research

**We downgrade our recommendation on the coal mining sector from OVERWEIGHT to NEUTRAL as China's demand to slow down, China's national coal inventory to bounce back, and Indonesia's production to recover to pre-pandemic level.** While we expect the coal price to decrease gradually, the coal sector will also likely be overshadowed by ESG sentiment. We maintain our BUY call for PTBA, ITMG, and UNTR as we see current valuation provides attractive upside potential. Our top pick is PTBA, as we prefer a domestic coal miner. We expect the domestic demand driven by electricity generation to grow as the population increases. We also observe that Indonesia has a stronger dependency on coal than China, as the renewable energy infrastructure is far from well-established from both operational and economic points of view. This may lead PTBA to be less impacted by ESG sentiment. However, we also like ITMG due to its attractive dividend potential and UNTR due to its diverse business segments. As for ADRO, we downgrade our rating from BUY to NEUTRAL due to its valuation. Downside risks to our call are lower-than-expected coal price and slower-than-expected economic recovery.

Ticker	Rating	CP	TP	% Chg	FY22F/FY23F PE
PTBA IJ	BUY	2,830	3,570	26.1%	7.7x/9.3x
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ADRO IJ	NEUTRAL	2,270	2,400	5.7%	9.5x/11.4x



**We maintain our BUY call on PT Bukit Asam Tbk. (PTBA), with a 52-week target price of IDR 3,570**, derived from DCF valuation (13.3% WACC). Our target price implies 7.7x/9.3x FY22F/23F PE with 26.1% upside potential. We maintain our buy call on PTBA as the recent price still provides attractive upside potential. As a domestic player, we see that PTBA offers less risk as Indonesia still relies heavily on coal to generate electricity, while it has 60% of Indonesia's electricity generation market share. At the current price, PTBA offers an attractive potential dividend yield of 14.6%/13.1% for FY22F/23F, assuming an 80% dividend payout ratio. Downside risks to our call are lower-than-expected coal price and lower-than-expected domestic demand.

**Revisiting our earnings estimate.** We revised up our coal price assumption to USD 105/85 per ton for export price and USD 70/70 per ton for domestic price for FY22F/23F, supported by recent high coal price and the Domestic Market Obligation (DMO) policy. In terms of sales contribution, we expect demand to be driven domestically by the Indonesia State Electricity Company (PLN). As the population grows and the economy continues to recover from the pandemic, electricity consumption will increase simultaneously, pushing more demand for coal. As a result, we estimate coal sales volume at 31.3/32.5mn tons for FY22F/23F. All of these should translate to a higher revenue/NPAT of IDR 25.5tn/5.3tn and IDR 24.8tn/4.5tn for FY22F/23F.

**Dominated by domestic market.** PTBA's domestic market share is the largest among stocks under our coverage, with ~60% of total revenue, advantageous for PTBA as domestic demand will continue to grow, driven by PLN as ~90% of domestic coal is used to generate electricity. In the last five years, electricity sold by PLN has increased at an average of 3.2%, with negative growth recorded only in FY20 due to lower demand caused by the pandemic. On the downside, the current DMO policy capped the coal price at USD 70 per ton, while Newcastle coal price sits at ~USD 200 per ton. There is a pretty significant price disparity, which limits PTBA's revenue in the midst of high price coal.

**Valuation.** At the current price, PTBA is traded at 6.1x/7.3x FY22F/23F PE. While PTBA has IDR 4.8tn of cash (~15% of market cap) and is a major domestic player, we see limited downside risk for the stock.

Highlights (IDR Bn)	2020	2021E	2022F	2023F	2024F
Revenue	17,325	26,157	25,466	24,800	23,080
% growth	-20.5%	51.0%	-2.6%	-2.6%	-6.9%
Gross Profit	4,566	10,193	9,108	7,709	6,247
Net Profit	2,387	5,949	5,344	4,454	3,551
% growth	-41.2%	149.3%	-10.2%	-16.6%	-20.3%
Gross Margin	26.4%	39.0%	35.8%	31.1%	27.1%
Net Margin	13.9%	22.9%	21.2%	18.1%	15.5%
Return on Equity	14.1%	28.3%	24.7%	20.4%	16.2%
Return on Assets	9.9%	19.6%	17.3%	14.3%	11.6%
EPS (IDR)	207	516	464	387	308

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Sector	Coal Mining
Bloomberg Ticker	PTBA IJ
Market Cap. (IDR tn)	32.6
Share Out./Float (mn)	11,520/3,890
Current Price	2,830
FY22F Target Price	3,570
Upside	26.1%

**Share Price Performance**

52W High (18/01/21)	3,020
52W Low (29/06/21)	1,995
52W Beta	1.1
YTD Change	4.4%

**Relative Valuations**

Trailing P/E	5.8x
Forward P/E	6.1x
P/BV	1.56x
EV/EBITDA	3.5x

<b>Income Statement (IDR Bn)</b>	<b>2020</b>	<b>2021E</b>	<b>2022F</b>	<b>2023F</b>	<b>2024F</b>
<b>Revenue</b>	<b>17,325</b>	<b>26,157</b>	<b>25,466</b>	<b>24,800</b>	<b>23,080</b>
Cost of Revenue	(12,759)	(15,963)	(16,358)	(17,090)	(16,833)
<b>Gross Profit</b>	<b>4,566</b>	<b>10,193</b>	<b>9,108</b>	<b>7,709</b>	<b>6,247</b>
General & Administrative Expenses	(1,440)	(2,048)	(1,887)	(1,748)	(1,585)
Selling and Marketing Expenses	(692)	(850)	(847)	(845)	(827)
Other Income (Expenses)	86	28	31	32	33
<b>EBIT</b>	<b>2,520</b>	<b>7,322</b>	<b>6,405</b>	<b>5,149</b>	<b>3,868</b>
<b>EBITDA</b>	<b>3,551</b>	<b>8,511</b>	<b>7,594</b>	<b>6,382</b>	<b>5,139</b>
Net Financing Income (Expenses)	230	244	336	386	442
Gain/(loss) of JV	481	436	446	456	466
<b>EBT</b>	<b>3,232</b>	<b>8,003</b>	<b>7,188</b>	<b>5,992</b>	<b>4,776</b>
Tax Expenses	(824)	(2,001)	(1,797)	(1,498)	(1,194)
Non Controlling Interest	21	53	47	39	31
<b>Net Profit</b>	<b>2,387</b>	<b>5,949</b>	<b>5,344</b>	<b>4,454</b>	<b>3,551</b>

<b>Balance Sheet (IDR Bn)</b>	<b>2020</b>	<b>2021E</b>	<b>2022F</b>	<b>2023F</b>	<b>2024F</b>
Cash & Equivalents	4,341	5,818	6,087	6,591	6,959
Trade Receivables	1,986	2,998	2,919	2,842	2,645
Other Current Assets	2,445	3,668	3,710	3,751	3,654
<b>Total Current Assets</b>	<b>8,771</b>	<b>12,484</b>	<b>12,716</b>	<b>13,184</b>	<b>13,258</b>
Fixed Assets	7,864	7,802	7,545	7,230	6,826
Other Non Current Assets	7,422	10,113	10,563	10,646	10,472
<b>Total Assets</b>	<b>24,057</b>	<b>30,399</b>	<b>30,824</b>	<b>31,060</b>	<b>30,556</b>
Accruals & Trade Payables	2,069	2,880	2,955	3,006	2,948
Bank Loans	107	2	2	2	2
Other Current Liabilities	1,697	2,634	2,284	2,110	1,886
<b>Total Current Liabilities</b>	<b>3,872</b>	<b>5,516</b>	<b>5,241</b>	<b>5,118</b>	<b>4,835</b>
Other Non Current Liabilities	3,245	3,851	3,920	4,060	3,820
<b>Total Liabilities</b>	<b>7,118</b>	<b>9,367</b>	<b>9,161</b>	<b>9,178</b>	<b>8,656</b>
Share & APIC	1,434	1,434	1,434	1,434	1,434
Treasury Shares	(415)	(415)	(415)	(415)	(415)
Retained Earnings	15,521	19,561	20,145	20,324	20,311
Non Controlling Interest	176	228	276	315	346
Other Equity	223	223	223	223	223
<b>Total Equity</b>	<b>16,939</b>	<b>21,032</b>	<b>21,663</b>	<b>21,882</b>	<b>21,901</b>
<b>Total Equity &amp; Liabilities</b>	<b>24,057</b>	<b>30,399</b>	<b>30,824</b>	<b>31,060</b>	<b>30,556</b>

Source: Company Data, Sinarmas Investment Research

Cash Flow (IDR Bn)	2020	2021E	2022F	2023F	2024F
<b>Net Income</b>	<b>2,387</b>	<b>5,949</b>	<b>5,344</b>	<b>4,454</b>	<b>3,551</b>
Depreciation & Amortization	1,127	1,293	1,297	1,345	1,385
Change in Working Capital	1,705	(490)	(184)	(42)	65
<b>Cash Flow from Operating</b>	<b>5,219</b>	<b>6,753</b>	<b>6,456</b>	<b>5,757</b>	<b>5,001</b>
Capital Expenditure	(1,567)	(1,046)	(891)	(868)	(808)
Change in Long Term Assets	(668)	(2,876)	(599)	(244)	1
Change in Long Term Liabilities	170	283	157	218	(150)
<b>Cash Flow from Investing</b>	<b>(2,065)</b>	<b>(3,639)</b>	<b>(1,333)</b>	<b>(895)</b>	<b>(957)</b>
Change in Share & APIC	-	-	-	-	-
Change in Short Term Loans	210	(102)	(53)	(46)	(54)
Change in Long Term Loans	91	323	(89)	(78)	(90)
Dividends Paid	(3,923)	(1,909)	(4,760)	(4,275)	(3,564)
Others	53	53	47	39	31
<b>Cash Flow from Financing</b>	<b>(3,569)</b>	<b>(1,636)</b>	<b>(4,854)</b>	<b>(4,360)</b>	<b>(3,675)</b>
Change in Cash	(416)	1,477	269	503	369
Beginning Cash	4,757	4,341	5,818	6,087	6,591
<b>Ending Cash</b>	<b>4,341</b>	<b>5,818</b>	<b>6,087</b>	<b>6,591</b>	<b>6,959</b>

Financial Ratio & Key Assumptions	2020	2021E	2022F	2023F	2024F
<b>Profitability</b>					
Return on Equity	14.1%	28.3%	24.7%	20.4%	16.2%
Return on Assets	9.9%	19.6%	17.3%	14.3%	11.6%
Gross Margin	26.4%	39.0%	35.8%	31.1%	27.1%
Operating Margin	14.5%	28.0%	25.2%	20.8%	16.8%
EBITDA Margin	20.5%	32.5%	29.8%	25.7%	22.3%
Net Profit Margin	13.9%	22.9%	21.2%	18.1%	15.5%
<b>Liquidity</b>					
Current Ratio (x)	2.3	2.3	2.4	2.6	2.7
<b>Solvency</b>					
Debt to Equity (x)	0.1	0.1	0.0	0.0	0.0
Debt to Assets (x)	0.0	0.0	0.0	0.0	0.0
<b>Valuation</b>					
Price to Earning (PE)	13.6	6.9	7.7	9.3	11.6
Price to Book (PBV)	1.9	2.0	1.9	1.9	1.9
<b>Key Assumptions</b>					
Coal Price (\$/ton)	60.0	130.0	105.0	85.0	68.0
ASP Blended (\$/ton)	45.1	62.0	57.5	53.8	48.6
Coal Sales Volume (mn Tons)	24.8	29.8	31.3	32.5	33.5
Stripping Ratio	4.4	4.5	4.5	4.5	4.5

Source: Company Data, Sinarmas Investment Research



**We maintain our BUY call on PT Indo Tambangraya Megah Tbk. (ITMG), with a 52-week target price of IDR 28,800,** derived from DCF valuation (14.0% WACC). Our target price implies 8.1x/11.4x FY22F/23F PE with 39.1% potential upside. We maintain our buy call on ITMG as the recent price still provides attractive upside potential. While the global economy gradually recovers, ITMG should be benefitted the most, with ~80% of the revenue generated from the export market, including China, Japan, Philippines, and Thailand. To note, ITMG's export market share is the largest among stocks under our coverage. At the current price, ITMG offers an attractive potential dividend yield of 16.5%/11.8% for FY22F/23F, assuming an 80% dividend payout ratio. Downside risks to our call are lower-than-expected coal price and slower-than-expected global economic recovery.

**Revisiting our earnings estimate.** We revised up our coal price assumption to USD 105/85 per ton for FY22F/23F, supported by the recent high coal price. In terms of sales contribution, we expect demand to be driven by China from the export market as ITMG has 28% of market share to China. Although China has a better infrastructure and cheaper cost in using renewable energy to generate electricity than most countries, we see that China will remain using coal for the next 2-3 years due to the growing demand for electricity generation. As a result, we estimate coal sales volume at 20.8/21.4mn tons for FY22F/23F. All of these should translate to a higher revenue/NPAT of USD 1.7bn/282mn and USD 1.5bn/200mn for FY22F/23F.

**New mine to operate.** Graha Panca Karsa (GPK), acquired by the company back in 2020, will operate in 2022. GPK mine is located in East Kalimantan, consists of low calories (3,900 kcal/kg) and low Sulphur coal product type. This addition provides variety to ITMG's product portfolio as it was dominated by high and medium CV coal, 47% and 48%, respectively. While the trial production started with ~10k tons during 4Q21, GPK is expected to produce 1mn tons for FY22F/23F, before growing to 3mn from 2025 onward.

**Valuation.** At current price, ITMG is traded at 5.8x/8.2x FY22F/FY23F PE. While ITMG has an ample cash of USD 510mn (~32% of market cap), no debt in its capital structure, and attractive dividend yield potential of ~16%, we see limited downside risk for the stock.

Highlights (USD Mn)	2020	2021E	2022F	2023F	2024F
Revenue	1,185	1,900	1,720	1,547	1,374
% growth	-30.9%	60.3%	-9.5%	-10.0%	-11.2%
Gross Profit	199	705	533	403	378
Net Profit	39	392	283	200	191
% growth	-69.5%	894.3%	-28.0%	-29.1%	-4.9%
Gross Margin	16.8%	37.1%	31.0%	26.1%	27.5%
Net Margin	3.3%	20.7%	16.4%	12.9%	13.9%
Return on Equity	4.6%	41.1%	26.5%	18.6%	17.4%
Return on Assets	3.3%	30.1%	19.1%	13.4%	12.8%
EPS (USD)	0.03	0.35	0.25	0.18	0.17

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### Stock Information

Sector	Coal Mining
Bloomberg Ticker	ITMG IJ
Market Cap. (IDR tn)	23.4
Share Out./Float (mn)	1,129/392
Current Price	20,700
FY22F Target Price	28,800
Upside	39.1%

### Share Price Performance

52W High (12/10/21)	27,750
52W Low (10/03/21)	11,425
52W Beta	1.3
YTD Change	1.5%

### Relative Valuations

Trailing P/E	5.8x
Forward P/E	5.8x
P/BV	1.51x
EV/EBITDA	2.0x

<b>Income Statement (USD Mn)</b>	<b>2020</b>	<b>2021E</b>	<b>2022F</b>	<b>2023F</b>	<b>2024F</b>
<b>Revenue</b>	<b>1,185</b>	<b>1,900</b>	<b>1,720</b>	<b>1,547</b>	<b>1,374</b>
Cost of Revenue	(986)	(1,195)	(1,186)	(1,144)	(996)
<b>Gross Profit</b>	<b>199</b>	<b>705</b>	<b>533</b>	<b>403</b>	<b>378</b>
Selling Expenses	(75)	(123)	(108)	(94)	(83)
General & Administrative Expenses	(20)	(27)	(27)	(27)	(26)
Other Income (Expenses)	(31)	-	-	-	-
<b>EBIT</b>	<b>73</b>	<b>556</b>	<b>398</b>	<b>282</b>	<b>269</b>
<b>EBITDA</b>	<b>249</b>	<b>737</b>	<b>571</b>	<b>448</b>	<b>430</b>
Net Financing Income (Expenses)	(0)	1	2	1	0
<b>EBT</b>	<b>73</b>	<b>556</b>	<b>400</b>	<b>283</b>	<b>269</b>
Tax Expenses	(35)	(167)	(120)	(85)	(81)
<b>Net Profit</b>	<b>39</b>	<b>392</b>	<b>283</b>	<b>200</b>	<b>191</b>

<b>Balance Sheet (USD Mn)</b>	<b>2020</b>	<b>2021E</b>	<b>2022F</b>	<b>2023F</b>	<b>2024F</b>
Cash & Equivalents	231	583	572	746	902
Trade Receivables	75	163	152	136	117
Other Current Assets	114	192	166	149	128
<b>Total Current Assets</b>	<b>420</b>	<b>938</b>	<b>890</b>	<b>1,031</b>	<b>1,147</b>
Fixed Assets	196	178	173	168	160
Deferred Exploration & Development	169	161	153	146	139
Other Non Current Assets	374	173	289	147	31
<b>Total Assets</b>	<b>1,159</b>	<b>1,450</b>	<b>1,505</b>	<b>1,491</b>	<b>1,477</b>
Trade Payables	62	114	113	110	90
Accrued Expenses	96	120	118	112	97
Other Current Liabilities	49	44	80	68	51
<b>Total Current Liabilities</b>	<b>207</b>	<b>279</b>	<b>311</b>	<b>289</b>	<b>238</b>
Provision for Mine Rehabilitation	37	37	37	38	38
Other Non Current Liabilities	68	72	84	87	92
<b>Total Liabilities</b>	<b>312</b>	<b>388</b>	<b>433</b>	<b>414</b>	<b>368</b>
Share & APIC	393	393	393	393	393
Retained Earnings	485	705	717	725	759
Other Equity	(32)	(36)	(38)	(41)	(43)
<b>Total Equity</b>	<b>846</b>	<b>1,062</b>	<b>1,072</b>	<b>1,077</b>	<b>1,109</b>
<b>Total Equity &amp; Liabilities</b>	<b>1,159</b>	<b>1,450</b>	<b>1,505</b>	<b>1,491</b>	<b>1,477</b>

Source: Company Data, Sinarmas Investment Research

Cash Flow (USD Mn)	2020	2021E	2022F	2023F	2024F
<b>Net Income</b>	<b>39</b>	<b>392</b>	<b>283</b>	<b>200</b>	<b>191</b>
Depreciation & Amortization	176	181	173	166	161
Change in Working Capital	(99)	96	(70)	(12)	12
<b>Cash Flow from Operating</b>	<b>314</b>	<b>477</b>	<b>525</b>	<b>378</b>	<b>340</b>
Capital Expenditure	20	30	42	41	39
Change in Long Term Assets	157	(76)	234	(29)	(9)
Change in Long Term Liabilities	14	4	12	3	6
Others	(3)	0	0	0	0
<b>Cash Flow from Investing</b>	<b>(161)</b>	<b>50</b>	<b>(264)</b>	<b>(8)</b>	<b>(25)</b>
Change in Share & APIC	-	-	-	-	-
Change in Short Term Loans	(3)	0	0	0	0
Change in Long Term Loans	-	-	-	-	-
Dividends Paid	68	173	270	193	156
Others	(10)	(4)	(3)	(2)	(2)
<b>Cash Flow from Financing</b>	<b>(81)</b>	<b>(177)</b>	<b>(272)</b>	<b>(195)</b>	<b>(158)</b>
Change in Cash	72	351	(11)	174	156
Beginning Cash	159	231	583	572	746
<b>Ending Cash</b>	<b>231</b>	<b>583</b>	<b>572</b>	<b>746</b>	<b>902</b>

Financial Ratio & Key Assumptions	2020	2021E	2022F	2023F	2024F
<b>Profitability</b>					
Return on Equity	4.6%	41.1%	26.5%	18.6%	17.4%
Return on Assets	3.3%	30.1%	19.1%	13.4%	12.8%
Gross Margin	16.8%	37.1%	31.0%	26.1%	27.5%
Operating Margin	6.2%	29.2%	23.1%	18.2%	19.6%
EBITDA Margin	21.0%	38.8%	33.2%	28.9%	31.3%
Net Profit Margin	3.3%	20.7%	16.4%	12.9%	13.9%
<b>Liquidity</b>					
Current Ratio (x)	2.0	3.4	2.9	3.6	4.8
<b>Solvency</b>					
Debt to Equity (x)	0.0	0.0	0.0	0.0	0.0
Debt to Assets (x)	0.0	0.0	0.0	0.0	0.0
<b>Valuation</b>					
Price to Earning (PE)	27.3	5.8	8.1	11.4	11.9
Price to Book (PBV)	1.3	2.1	2.1	2.1	2.1
<b>Key Assumptions</b>					
Coal Price (\$/ton)	60.1	130.0	105.0	85.0	68.0
ASP Blended (\$/ton)	53.6	90.3	77.3	67.3	57.7
Coal Sales Volume (mn Tons)	21.2	19.6	20.8	21.4	21.9
Stripping Ratio	10.1	10.7	9.8	9.3	8.7

Source: Company Data, Sinarmas Investment Research

**We maintain our BUY call on PT United Tractors Tbk. (UNTR), with FY22F target price of IDR 29,800.** Our target price implies 10.5x/10.2x FY22F/23F PE with 26.7% potential upside. We maintain our buy call on UNTR as recent price still provide attractive upside potential. Among stocks under our coverage, UNTR has the most diverse revenue stream, having gold and construction segments in addition to coal-related businesses. They may lift UNTR's revenue, especially for gold segment, should something unexpected happened with coal-related businesses, which provide less risk. Downside risks to our call are lower-than-expected coal price and lower-than expected Komatsu and PAMA sales volume.

**Revisiting our earnings estimate.** We revised up our coal price assumption to USD 105/85 per ton for FY22F/23F. While coal price is still at favorable level, we expect a higher demand for heavy equipment (Komatsu) and mining contracting (PAMA), which mainly drive UNTR's revenue (~70% of total revenue). As a result, we estimate Komatsu sales at 3,500/3,700 units, PAMA OB removal at 870.4/887.8mn bcm, and PAMA coal production at 119.2/121.6mn tons for FY22F/23F. All of these should translate to a higher revenue/NPAT of IDR 78.4bn/10.5bn and IDR 80.2bn/10.8bn for FY22F/23F.

**Solid operational performance.** Based on the latest result, all the coal-related business recorded a excellent performance. In the heavy equipment segment, Komatsu sales was recorded at 360 units (-9.1% MoM, +164.7% YoY) on November, translating into cumulative number of 2,950 units during 11M21 (+99.2% YoY). Negative growth on monthly basis was caused by high-base effect, while the recorded sales was the second highest during the year. Moving to mining contracting segment, PAMA OB removal and coal production were booked at 781.9mn bcm (+2.5% YoY) and 106.5mn tons (+1.6% YoY) during 11M21. Going forward, based on management guidance, Komatsu sales and PAMA coal production were expected to grow to 3,700 units/3% for FY22F. However, we have a more conservative view due to economic recovery uncertainty. Therefore, we expect Komatsu to be sold at 3,500 units and PAMA coal production growth at 2%.

**Valuation.** At current price, UNTR is traded at 8.3x/8.1x FY22F/FY23F PE. It sits at a discount valuation from 5-year PE mean at -0.7 SD. Hence, we see limited downside risk for the stock.

Highlights (IDR Bn)	2020	2021E	2022F	2023F	2024F
Revenue	60,347	75,220	78,431	80,186	82,018
% growth	-28.5%	24.6%	4.3%	2.2%	2.3%
Gross Profit	12,989	18,105	17,470	17,927	18,415
Net Profit	6,003	10,114	10,533	10,891	11,490
% growth	-46.9%	68.5%	4.1%	3.4%	5.5%
Gross Margin	21.5%	24.1%	22.3%	22.4%	22.5%
Net Margin	9.3%	12.6%	12.6%	12.7%	13.1%
Return on Equity	9.1%	13.9%	12.9%	12.2%	11.8%
Return on Assets	5.3%	9.0%	8.6%	8.4%	8.4%
EPS (IDR)	2,712	2,824	2,920	3,080	3,251

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Sector	Coal Mining
Bloomberg Ticker	UNTR IJ
Market Cap. (IDR tn)	87.7
Share Out./Float (mn)	3,730/1,506
Current Price	23,525
FY22F Target Price	29,800
Upside	26.7%

**Share Price Performance**

52W High (05/10/21)	27,700
52W Low (14/07/21)	18,525
52W Beta	0.8
YTD Change	6.2%

**Relative Valuations**

Trailing P/E	10.3x
Forward P/E	8.3x
P/BV	1.32x
EV/EBITDA	3.6x

<b>Income Statement (IDR Bn)</b>	<b>2020</b>	<b>2021E</b>	<b>2022F</b>	<b>2023F</b>	<b>2024F</b>
<b>Revenue</b>	<b>60,347</b>	<b>75,220</b>	<b>78,431</b>	<b>80,186</b>	<b>82,018</b>
- Heavy Equipment	13,404	20,569	24,200	25,977	27,815
- Mining Contracting	29,207	30,389	30,953	32,204	33,505
- Coal Mining	9,530	14,117	13,318	11,886	10,278
- Gold Mining	7,004	8,813	8,408	8,206	8,205
- Construction	1,202	1,332	1,552	1,913	2,213
Cost of Revenue	(47,357)	(57,115)	(60,962)	(62,258)	(63,603)
<b>Gross Profit</b>	<b>12,989</b>	<b>18,105</b>	<b>17,470</b>	<b>17,927</b>	<b>18,415</b>
General & Administrative Expenses	(3,353)	(4,067)	(3,591)	(3,732)	(3,874)
Selling Expenses	(1,342)	(1,038)	(1,095)	(1,146)	(1,199)
Other Income (Expenses)	(824)	(536)	(538)	(604)	(550)
<b>EBIT</b>	<b>7,470</b>	<b>12,464</b>	<b>12,246</b>	<b>12,445</b>	<b>12,793</b>
<b>EBITDA</b>	<b>15,568</b>	<b>22,731</b>	<b>24,317</b>	<b>26,661</b>	<b>29,538</b>
Net Financing Income (Expenses)	(781)	(700)	5	227	590
Gain/(loss) of JV	323	402	419	429	438
<b>EBT</b>	<b>7,011</b>	<b>12,166</b>	<b>12,670</b>	<b>13,101</b>	<b>13,821</b>
Tax Expenses	(1,379)	(2,677)	(2,787)	(2,882)	(3,041)
<b>Net Profit</b>	<b>6,003</b>	<b>10,114</b>	<b>10,533</b>	<b>10,891</b>	<b>11,490</b>

<b>Balance Sheet (IDR Bn)</b>	<b>2020</b>	<b>2021E</b>	<b>2022F</b>	<b>2023F</b>	<b>2024F</b>
Cash & Equivalents	20,499	24,315	27,538	29,755	31,844
Trade Receivables	10,024	13,883	14,476	14,800	15,138
Inventories	8,002	10,723	11,446	11,689	11,942
Other Current Assets	5,671	6,249	7,279	7,540	7,716
<b>Total Current Assets</b>	<b>44,196</b>	<b>55,171</b>	<b>60,738</b>	<b>63,784</b>	<b>66,641</b>
Fixed Assets	24,319	26,874	30,946	35,628	41,012
Mining Properties	12,960	11,828	10,696	9,562	8,428
Other Non Current Assets	18,326	16,621	16,055	15,549	15,922
<b>Total Assets</b>	<b>99,801</b>	<b>110,494</b>	<b>118,435</b>	<b>124,524</b>	<b>132,002</b>
Accruals & Trade Payables	14,102	15,759	16,190	16,116	16,094
Current Long Term Loans	2,468	2,611	3,574	2,681	2,184
Short Term Bank Loans	696	593	505	430	366
Other Current Liabilities	3,677	3,988	4,369	4,698	5,074
<b>Total Current Liabilities</b>	<b>20,944</b>	<b>22,951</b>	<b>24,638</b>	<b>23,925</b>	<b>23,719</b>
Long Term Bank Loans	8,436	6,706	5,331	4,238	3,369
Other Non Current Liabilities	7,274	7,745	8,363	8,990	9,787
<b>Total Liabilities</b>	<b>36,654</b>	<b>37,402</b>	<b>38,332</b>	<b>37,153</b>	<b>36,876</b>
Share & APIC	10,636	10,636	10,636	10,636	10,636
Retained Earnings	49,492	57,354	64,091	71,030	78,433
<b>Total Equity</b>	<b>63,147</b>	<b>73,092</b>	<b>80,103</b>	<b>87,371</b>	<b>95,126</b>
<b>Total Equity &amp; Liabilities</b>	<b>99,801</b>	<b>110,494</b>	<b>118,435</b>	<b>124,524</b>	<b>132,002</b>

Source: Company Data, Sinarmas Investment Research



Cash Flow (IDR Bn)	2020	2021E	2022F	2023F	2024F
<b>Net Income</b>	<b>6,003</b>	<b>10,114</b>	<b>10,533</b>	<b>10,891</b>	<b>11,490</b>
Depreciation & Amortization	8,098	10,267	12,071	14,216	16,745
Change in Working Capital	3,106	(5,190)	(1,533)	(574)	(413)
Others	(395)	2,083	274	329	352
<b>Cash Flow from Operating</b>	<b>16,811</b>	<b>17,274</b>	<b>21,346</b>	<b>24,863</b>	<b>28,175</b>
Capital Expenditure	(4,948)	(12,821)	(16,143)	(18,898)	(22,129)
Change in Long Term Assets	2,132	2,837	1,698	1,639	762
Change in Long Term Liabilities	(132)	471	618	627	797
<b>Cash Flow from Investing</b>	<b>(2,949)</b>	<b>(9,514)</b>	<b>(13,827)</b>	<b>(16,632)</b>	<b>(20,570)</b>
Change in Share & APIC	-	-	-	-	-
Change in Short Term Loans	291	39	875	(968)	(561)
Change in Long Term Loans	(2,176)	(1,730)	(1,375)	(1,093)	(869)
Dividends Paid	(3,571)	(2,253)	(3,796)	(3,953)	(4,086)
<b>Cash Flow from Financing</b>	<b>(5,455)</b>	<b>(3,944)</b>	<b>(4,296)</b>	<b>(6,014)</b>	<b>(5,516)</b>
Change in Cash	8,408	3,816	3,224	2,217	2,089
Beginning Cash	12,091	20,499	24,315	27,538	29,755
<b>Ending Cash</b>	<b>20,499</b>	<b>24,315</b>	<b>27,538</b>	<b>29,755</b>	<b>31,844</b>

Financial Ratio & Key Assumptions	2020	2021E	2022F	2023F	2024F
<b>Profitability</b>					
Return on Equity	9.1%	13.9%	12.9%	12.2%	11.8%
Return on Assets	5.3%	9.0%	8.6%	8.4%	8.4%
Gross Margin	21.5%	24.1%	22.3%	22.4%	22.5%
Operating Margin	12.4%	16.6%	15.6%	15.5%	15.6%
EBITDA Margin	25.8%	30.2%	31.0%	33.2%	36.0%
Net Profit Margin	9.3%	12.6%	12.6%	12.7%	13.1%
<b>Liquidity</b>					
Current Ratio (x)	2.1	2.4	2.5	2.7	2.8
<b>Solvency</b>					
Debt to Equity (x)	0.2	0.1	0.1	0.1	0.1
Debt to Assets (x)	0.1	0.1	0.1	0.1	0.0
<b>Valuation</b>					
Price to Earning (PE)	16.5	11.0	10.5	10.2	9.7
Price to Book (PBV)	1.6	1.5	1.4	1.3	1.2
<b>Key Assumptions</b>					
Komatsu Sales (units)	1,564	3,000	3,500	3,700	3,900
PAMA OB Removal (bcm)	825	853	870	888	906
PAMA Coal Production (mn Tons)	115	117	119	122	124

Source: Company Data, Sinarmas Investment Research

**We downgrade our rating for PT Adaro Energy Tbk. (ADRO) from BUY to NEUTRAL with a 52-week target price of IDR 2,400**, derived from DCF valuation (12.0% WACC). Our target price implies 9.5x/11.4x FY22F/23F PE with 5.7% upside potential. We downgrade our rating as the recent price rally closes the price gap to our target price, partly due to management's buyback action from 27<sup>th</sup> Sept-21 for three months. To note, management will extend further until 23<sup>rd</sup> Mar-22. Nonetheless, at the current price, ADRO still offers an attractive potential dividend yield of ~5.5%, assuming a 50% dividend payout ratio. Downside risks to our call are lower-than-expected coal price and slower-than-expected global economic recovery.

**Revisiting our earnings estimate.** We revised up our coal price assumption to USD 105/85 per ton for FY22F/23F, supported by the recent high coal price. In terms of sales contribution, we expect demand to be driven by Southeast Asia and East Asia from the export market as ADRO has 22% and 20% of market share, respectively. While the ESG issue may be an obstacle for coal demand in the long-term, we see that coal will maintain its position as the primary fuel for electricity generation for the next 2-3 years, especially in Southeast Asia, due to cheaper costs. As a result, we estimate coal sales volume at 57.0/58.5mn tons for FY22F/23F. All of these should translate to a higher revenue/NPAT of USD 3.7bn/568mn and USD 3.5bn/474mn for FY22F/23F.

**Diversifying business segments.** ADRO diversified to metallurgical coal through its subsidiary, Adaro Metcoal Companies (AMC). Metallurgical coal is an essential ingredient in steel production, differs from thermal coal, which is used as the main fuel to produce steam. AMC coal production has slowly ramped up, recorded only at 0.22mn tons in FY16, before growing more than eight times to 1.88mn tons in FY20. From the demand side, steel production and consumption are forecasted to grow, with demand is expected to reach ~400mn tons in 2030. In the long-term, we see this segment as one of the main driver for ADRO's revenue, gradually replacing thermal coal as the global countries are going toward carbon neutrality.

**Valuation.** At the current price, ADRO is traded at 9.0x/10.7x FY22F/23F PE. While the PE almost reaches our target price, ADRO has a strong cost control and ample cash of 1.5bn (~27% of market cap).

Highlights (USD Mn)	2020	2021E	2022F	2023F	2024F
Revenue	2,535	3,697	3,744	3,460	2,924
% growth	-26.7%	45.9%	1.3%	-7.6%	-15.5%
Gross Profit	577	1,255	1,179	986	637
Net Profit	147	564	568	474	284
% growth	-63.6%	282.6%	0.7%	-16.5%	-40.1%
Gross Margin	22.8%	33.9%	31.5%	28.5%	21.8%
Net Margin	5.8%	15.2%	15.2%	13.7%	9.7%
Return on Equity	3.7%	12.2%	11.5%	9.2%	5.4%
Return on Assets	2.3%	7.1%	6.7%	6.1%	3.8%
EPS (USD)	0.005	0.018	0.018	0.015	0.009

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Sector	Coal Mining
Bloomberg Ticker	ADRO IJ
Market Cap. (IDR tn)	72.6
Share Out./Float (mn)	31,985/13,978
Current Price	2,270
FY22F Target Price	2,400
Upside	5.7%

**Share Price Performance**

52W High (11/01/22)	2,470
52W Low (04/02/21)	1,150
52W Beta	1.5
YTD Change	0.9%

**Relative Valuations**

Trailing P/E	11.0x
Forward P/E	9.0x
P/BV	1.25x
EV/EBITDA	4.1x

<b>Income Statement (USD Mn)</b>	<b>2020</b>	<b>2021E</b>	<b>2022F</b>	<b>2023F</b>	<b>2024F</b>
<b>Revenue</b>	<b>2,535</b>	<b>3,697</b>	<b>3,744</b>	<b>3,460</b>	<b>2,924</b>
Cost of Revenue	(1,958)	(2,443)	(2,565)	(2,473)	(2,287)
<b>Gross Profit</b>	<b>577</b>	<b>1,255</b>	<b>1,179</b>	<b>986</b>	<b>637</b>
Operating Expenses	(165)	(216)	(221)	(214)	(197)
Other Income (Expenses)	(126)	-	-	-	-
<b>EBIT</b>	<b>285</b>	<b>1,039</b>	<b>958</b>	<b>772</b>	<b>440</b>
<b>EBITDA</b>	<b>730</b>	<b>1,512</b>	<b>1,468</b>	<b>1,318</b>	<b>1,019</b>
Net Financing Income (Expenses)	(54)	(91)	(59)	3	6
Gain/(loss) of JV	(9)	(41)	47	33	46
<b>EBT</b>	<b>222</b>	<b>907</b>	<b>946</b>	<b>808</b>	<b>492</b>
Tax Expenses	(64)	(300)	(335)	(298)	(186)
Non Controlling Interest	11	43	43	36	22
<b>Net Profit</b>	<b>147</b>	<b>564</b>	<b>568</b>	<b>474</b>	<b>284</b>

<b>Balance Sheet (USD Mn)</b>	<b>2020</b>	<b>2021E</b>	<b>2022F</b>	<b>2023F</b>	<b>2024F</b>
Cash & Equivalents	1,174	2,879	3,540	3,134	3,241
Trade Receivables	248	362	367	339	286
Other Current Assets	157	360	385	349	253
<b>Total Current Assets</b>	<b>1,732</b>	<b>3,602</b>	<b>4,292</b>	<b>3,822</b>	<b>3,780</b>
Mining Properties	1,369	1,259	1,130	982	816
Fixed Assets	1,539	1,509	1,463	1,380	1,245
Other Non Current Assets	1,741	1,573	1,595	1,600	1,593
<b>Total Assets</b>	<b>6,382</b>	<b>7,942</b>	<b>8,479</b>	<b>7,784</b>	<b>7,433</b>
Bank Loans	588	857	868	802	678
Other Current Liabilities	553	992	1,167	1,091	878
<b>Total Current Liabilities</b>	<b>1,145</b>	<b>1,850</b>	<b>2,035</b>	<b>1,893</b>	<b>1,556</b>
Bank Loans	865	924	927	175	148
Other Non Current Liabilities	419	551	571	543	488
<b>Total Liabilities</b>	<b>2,430</b>	<b>3,325</b>	<b>3,533</b>	<b>2,612</b>	<b>2,192</b>
Share & APIC	1,497	1,497	1,497	1,497	1,497
Retained Earnings	2,347	2,837	3,123	3,313	3,360
Non Controlling Interest	240	283	326	362	384
Other Equity	(132)	-	-	-	-
<b>Total Equity</b>	<b>3,952</b>	<b>4,617</b>	<b>4,946</b>	<b>5,172</b>	<b>5,241</b>
<b>Total Equity &amp; Liabilities</b>	<b>6,382</b>	<b>7,942</b>	<b>8,479</b>	<b>7,784</b>	<b>7,433</b>

Source: Company Data, Sinarmas Investment Research

Cash Flow (USD Mn)	2020	2021E	2022F	2023F	2024F
<b>Net Income</b>	<b>147</b>	<b>564</b>	<b>568</b>	<b>474</b>	<b>284</b>
Depreciation & Amortization	504	473	510	545	579
Change in Working Capital	(204)	246	144	(5)	(54)
<b>Cash Flow from Operating</b>	<b>448</b>	<b>1,282</b>	<b>1,221</b>	<b>1,015</b>	<b>810</b>
Capital Expenditure	(80)	(259)	(262)	(242)	(205)
Mining properties	(76)	(73)	(73)	(73)	(73)
Change in Long Term Assets	110	168	(22)	(5)	7
Change in Long Term Liabilities	(176)	132	20	(28)	(55)
<b>Cash Flow from Investing</b>	<b>(223)</b>	<b>(32)</b>	<b>(336)</b>	<b>(348)</b>	<b>(325)</b>
Change in Share & APIC	-	-	-	-	-
Change in Short Term Loans	92	295	12	(72)	(136)
Change in Long Term Loans	(540)	59	2	(751)	(27)
Dividends Paid	(89)	(74)	(282)	(284)	(237)
Others	(90)	175	43	36	22
<b>Cash Flow from Financing</b>	<b>(627)</b>	<b>455</b>	<b>(224)</b>	<b>(1,071)</b>	<b>(378)</b>
Change in Cash	(402)	1,706	660	(405)	106
Beginning Cash	1,576	1,174	2,879	3,540	3,134
<b>Ending Cash</b>	<b>1,174</b>	<b>2,879</b>	<b>3,540</b>	<b>3,134</b>	<b>3,241</b>

Financial Ratio & Key Assumptions	2020	2021E	2022F	2023F	2024F
<b>Profitability</b>					
Return on Equity	3.7%	12.2%	11.5%	9.2%	5.4%
Return on Assets	2.3%	7.1%	6.7%	6.1%	3.8%
Gross Margin	22.8%	33.9%	31.5%	28.5%	21.8%
Operating Margin	11.2%	28.1%	25.6%	22.3%	15.1%
EBITDA Margin	28.8%	40.9%	39.2%	38.1%	34.9%
Net Profit Margin	5.8%	15.2%	15.2%	13.7%	9.7%
<b>Liquidity</b>					
Current Ratio (x)	1.0	1.6	1.7	1.7	2.1
<b>Solvency</b>					
Debt to Equity (x)	0.4	0.4	0.4	0.2	0.2
Debt to Assets (x)	0.2	0.2	0.2	0.1	0.1
<b>Valuation</b>					
Price to Earning (PE)	21.4	9.5	9.5	11.3	18.9
Price to Book (PBV)	0.8	1.2	1.1	1.0	1.0
<b>Key Assumptions</b>					
Coal Price (\$/ton)	60.1	130.0	105.0	85.0	68.0
ASP Blended (\$/ton)	43.2	63.0	61.6	55.3	46.4
Coal Sales Volume (mn Tons)	54.1	55.2	57.0	58.5	58.1
Stripping Ratio	3.8	4.8	5.0	5.0	5.0

Source: Company Data, Sinarmas Investment Research

## SINARMAS SEKURITAS INVESTMENT RATINGS GUIDE

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