

1H17 Financial result. PTBA showed a strong financial performance result in 1H17. Revenue was recorded at IDR 8.97 tn (+32.7% YoY) which was mainly driven by higher ASP compared to last year. Meanwhile, net income was recorded at IDR 1.7 tn (+142.2% YoY) translating to 19.2% net margin (vs 10.5% in 1H16). Better margin was impacted by higher ASP and lower than expected stripping ratio in 1H17 at 3.9 (-29.1% YoY). Weighted ASP in 1H17 was recorded at IDR 770.861 per ton (+17.0% YoY) while cash cost was recorded at IDR 578.756 per ton (-10.2% YoY).

2Q17 operational performance. In 2Q17, PTBA coal production was recorded at 4.94 Mt (+13.0% YoY, +10.0% QoQ, 39.2% FY17 target) while sales volume was recorded at 5.92 Mt (+23.59% YoY, +8.82% QoQ, 41.6% FY17 target). Lower than expected production result was impacted by heavy rainfall that still last until 2Q17. Moreover, trading and purchasing activities have not performed well as 2Q17 result recorded at 0.12 Mt (-74% YoY). Due to soft operational performance and trading activities, the company revised down their FY17 target production and sales volume to 23.17 Mt (vs 27.28 Mt previously) and 21.92 Mt (vs 24.06 Mt previously) respectively. Trading and purchase activity target is also reduced to become 0.4 Mt (vs 3.02 Mt previously).

Long term plan. Going forward, the company is discussing a future plan to develop three more railway projects to connect with three additional ports, namely Prajin port, Kramasan port and Srengsem port. Total additional capacity combined are predicted to be around 35-50 Mt p.a. The company expects the project to be completed by 2022-2024. Meanwhile, for the South Sumatera 8 power plant project, the company revised their projection date to 2023 from previously 2019.

	FY17(E) Old	FY17(E) New	% Change	1H17 (A)
Sales Volume	27.28	23.17	-15.07%	11.36
Production	24.06	21.92	-8.89%	9.43
Trading/Purchase	3.02	0.4	-86.75%	0.17
Railway Capacity	21.70	20.48	-5.62%	10.23
Strip Ratio	4.50	4.47	-0.67%	3.93

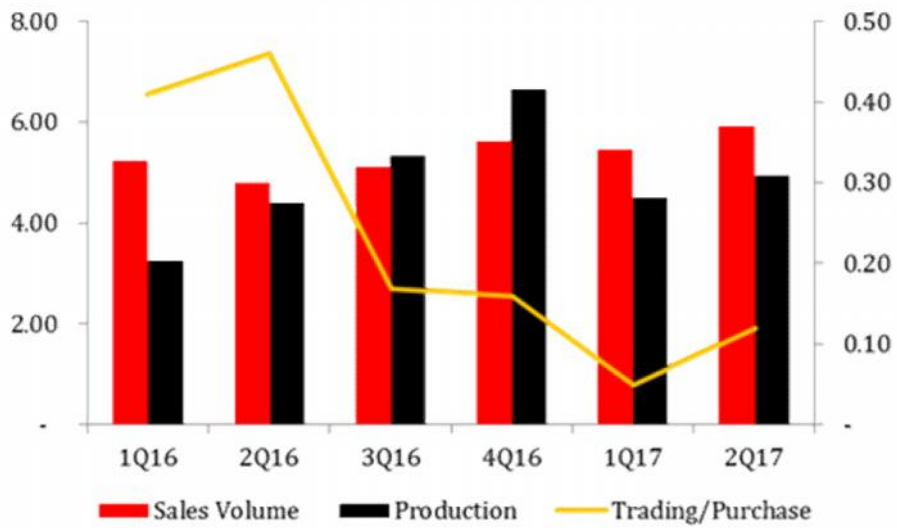
Source: Company Data, Sinarmas Investment Research

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