

**Company Update**
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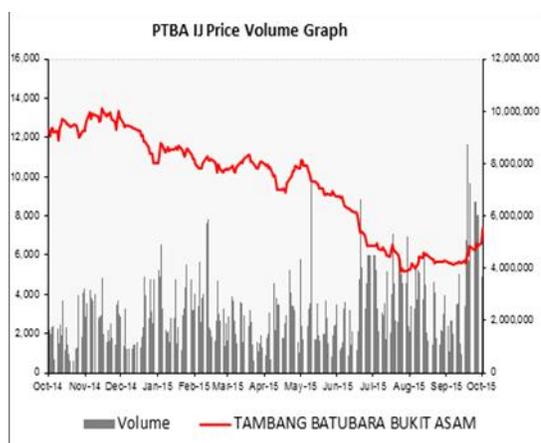
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**PT Bukit Asam (Persero) Tbk provides coal mining activities. The company offers services including general surveying, exploration, exploitation, production, transportation, and marketing of coal.**

**PTBA IJ**

Current Price: IDR 7,325

**52-Week Target Price: IDR 7,600**


Source: Bloomberg, Sinarmas Investment Research

**Share Price Performance**

Price (IDR)	7,325
52-Week High (12/05/14)	13,650
52-Week Low (08/18/15)	5,025
YTD Change /%	-5,175/-41.4%

**Stock Information**

Market Cap. (IDR bn)	16,877.8
Shares Out./Float. (mn)	2,304.1/676.0
IPO Date	23/12/2002

Source: Bloomberg, Sinarmas Investment Research

**PT Bukit Asam (Persero) Tbk**
**Superb 9M15 Results**
**HOLD**
**HOLD with Upgraded TP IDR 7,600**

With the recent stock rallied, we change our recommendation for the stock to HOLD rating with upgraded 52-week target price to IDR 7,600. We increase our ASP assumption on the back of the company's strategy to sell higher coal calories for export orientation will help its ASP to be better than our previous estimate. The target price reflects 7.0x PER FY16F.

**9M15 Superb Financial Results**

The company reported its superb 9M15 financial results by booked sales revenue increased by 8.8% YoY from IDR 9.7tn to IDR 10.5tn (73.4% of our FY15 estimate) on the back of total coal sales volume increased by 8% YoY to 14.35 MT while ASP decreased by 2% YoY to IDR 712,099 per ton. On the other hand, the company has successfully managed its cost efficiency especially in 3Q15 by lowering its stripping ratio from 4.49x in 2Q15 to 4.13x in 3Q15 and cash cost (including royalty) was decreased by 11% YoY to IDR 563,012 per ton. Thus, net profit was booked decrease by 5.5% YoY to IDR 1.5tn, which represents 85.6% of our FY15 estimate and 100% of consensus FY15 estimate.

**Strong Production and Sales**

On the operational side, amid the global economy slow down, 9M15 production volume was increased by 13% YoY from 12.47 MT to 14.08 MT and railway capacity was also increased by 9% YoY to 11.94 MT on the back of the infrastructure expansion. Moreover, in order to control its profit and benefited from rupiah depreciation, the company prioritized to produce high coal calories to export. The company sold 48% of its total 9M15 sales for export orientation and 52% for domestic consumption.

<b>F/S (in billion of IDR)</b>	<b>9M15</b>	<b>9M14</b>	<b>% YoY</b>
Revenue	10,501	9,656	+8.8%
Cost of Revenue	7,538	6,589	+14.4%
Gross Profit	2,963	3,066	-3.4%
Operating Profit	1,798	1,851	-2.9%
Net Profit	1,504	1,592	-5.5%
EPS (full amount)	697	728	-4.3%
Cash and Cash Equivalents	4,119	4,039	+2.0%
Total Assets	16,158	14,812	+9.1%

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<b>(in MT)</b>	<b>1Q15</b>	<b>2Q15</b>	<b>3Q15</b>	<b>% QoQ</b>	<b>9M15</b>	<b>9M14</b>	<b>% YoY</b>
Sales Volume	4.58	4.45	5.31	+19.3%	14.34	13.23	+8.4%
Production Volume	3.26	5.06	5.76	+13.8%	14.08	12.47	+12.9%
Trading/Purchase Volume	0.44	0.38	0.35	-7.9%	1.17	1.40	-16.4%
Railway Capacity Volume	3.59	3.88	4.47	+15.2%	11.94	11.00	+8.5%
Stripping Ratio (x)	5.59	4.49	4.13				

<i>in billion of IDR</i>	<b>FY13</b>	<b>FY14</b>	<b>FY15E</b>	<b>FY16F</b>	<b>FY17F</b>
<b><u>I/S</u></b>					
Revenues	11,209	13,077	14,588	18,629	18,779
Cost of Revenues	7,745	9,056	10,091	12,893	12,994
Gross Profit	3,463	4,021	4,496	5,735	5,785
Operating Expenses	1,310	1,711	1,986	2,471	2,524
Operating Income	2,152	2,310	2,510	3,264	3,261
Other Income (Expenses)	308	364	(172)	(110)	(100)
Income Before Tax Expense	2,461	2,674	2,337	3,154	3,160
Tax Expense	607	655	584	788	790
Net Income	1,854	2,019	1,753	2,365	2,365
Total Comprehensive Income	2,351	2,123	1,753	2,365	2,365
Basic EPS (Full Amount)	822	927	805	1,086	1,089
<b><u>B/S</u></b>					
Cash and cash equivalents	3,343	4,039	3,890	3,688	2,868
Trade receivables	1,427	1,439	1,731	2,130	2,188
Inventories	901	1,033	1,163	1,478	1,494
Prepaid taxes	285	238	195	275	270
Investment in joint venture	628	936	931	1,261	1,235
Deferred development expenditure	862	1,459	1,375	1,917	1,851
Fixed assets	2,803	3,987	4,721	5,455	6,189
Other assets	1,428	1,681	2,099	2,438	2,556
<b>TOTAL ASSETS</b>	<b>11,677</b>	<b>14,812</b>	<b>16,105</b>	<b>18,642</b>	<b>18,651</b>
Trade payables	471	545	611	778	786
Accrued expenses	1,082	1,203	1,375	1,735	1,760
Bank borrowings	77	2,255	2,001	2,001	631
Post-employment benefits obligation	1,743	1,562	1,999	2,387	2,490
Other liabilities	752	576	767	897	948
<b>TOTAL LIABILITIES</b>	<b>4,125</b>	<b>6,141</b>	<b>6,753</b>	<b>7,798</b>	<b>6,615</b>
Share capital	1,152	1,152	1,152	1,152	1,152
Additional paid-in-capital	30	30	30	30	30
Treasury Shares	(1,899)	(1,899)	(1,899)	(1,899)	(1,899)
Retained earnings	8,093	9,205	9,949	11,438	12,625
Non-controlling Interest	114	117	119	123	127
Other equity	61	65	1	1	1
<b>TOTAL EQUITY</b>	<b>7,551</b>	<b>8,670</b>	<b>9,352</b>	<b>10,844</b>	<b>12,036</b>

Source: Company, Sinarmas Investment Research

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