BINA ARTHA SEKURITAS

PT Bumi Resources Tbk

Equity Research

PT BUMI ResourceS Tbk.

BUY

15 September 2022
Coal Mining, Equity

Current Price	IDR. 190
Target Price	IDR. 270
JKSE Index	7305.6



Stock Code	
Bloomberg code	BUMI IJ
Market cap (IDR.bn)	24480
52-Week High (IDR)	220
52-Week Low (IDR)	50
6-m Avg Daily. Val (IDR)	70
Free Float (%)	82.49

Major Shareholders (%)	
HSBC-FUND SVS A/C Chengdong	
Investment Corp-Self	11.52%
Watiga trust Ltd	5.99%
Public	82.49%

USD/IDR-YE	
2021A	14263
2022F (Avg)	14897

Key Indicators	
Net Debt/ Equity (x)	-0.16
Current ratio (x)	0.39

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Investment Consideration

Targeting 9% yoy production growth

As of 1H22, BUMI's combined production volume was 34.5 Mt decreased -14% YoY compared to 40.1Mt in 1H21. Coal sales volume combined was alsodecreased -16% yoy to 33,8Mt in 1H22. The decrease in coal sales volume is offset by higher FOB coal prices combined of 92% in 1H22. Based on PSAK 66, BUMI's revenue consolidates Arutmin but equity account KPC. Based on that, 1H22 BUMI's revenue booked at US$ 969 mn or increased 130% yoy while based on consolidated of KPC and Arutmin, revenue was booked at US$ 3,812 mn rises US$ 1,517mn yoy benefiting from 92% higher coal prices. We estimate CAGR revenue growth of BUMI during 2022F will be 101% yoy fully based on PSAK 66 inline with higher coal prices this year with combined production estimated to average CAGR of 6% to reach 86mn tons and 88.6 mn tons in 2022F and 2023F respectively compared to 2021A or increased 9% YoY this year.

DER to reduce

Since BUMI's debt restructuring process started in 2017, BUMI has reduced its interest bearing debt from US$ 1.36bn in 2021A to US$. 1.2bn in 1H22. BUMI's equity started to improve with total capacity deficiency attributable to owners decreasing from 2020 to 2021A as shown in the Balance sheet below. BUMI is targeting to be debt free in 2023 when all long term loan of tranche A,B,C (CDB) and CVR of US$ 1.54bn plan to be settled if EGM on Oct 11, 2022 going well. We are targeting that if all goes well, then DER to reduce to average 0.77x in 2022-2023F from 2.11x in 2021A after debt payments and restructurisation.

Valuation: 42% upside

With improvements in production particularly in Arutmin and debt restructuring as it shown in 1H22, we are targeting TP within one year of IDR. 270 which equal 10x PER with estimation of USD/IDR currency at IDR.14900 in 2023.

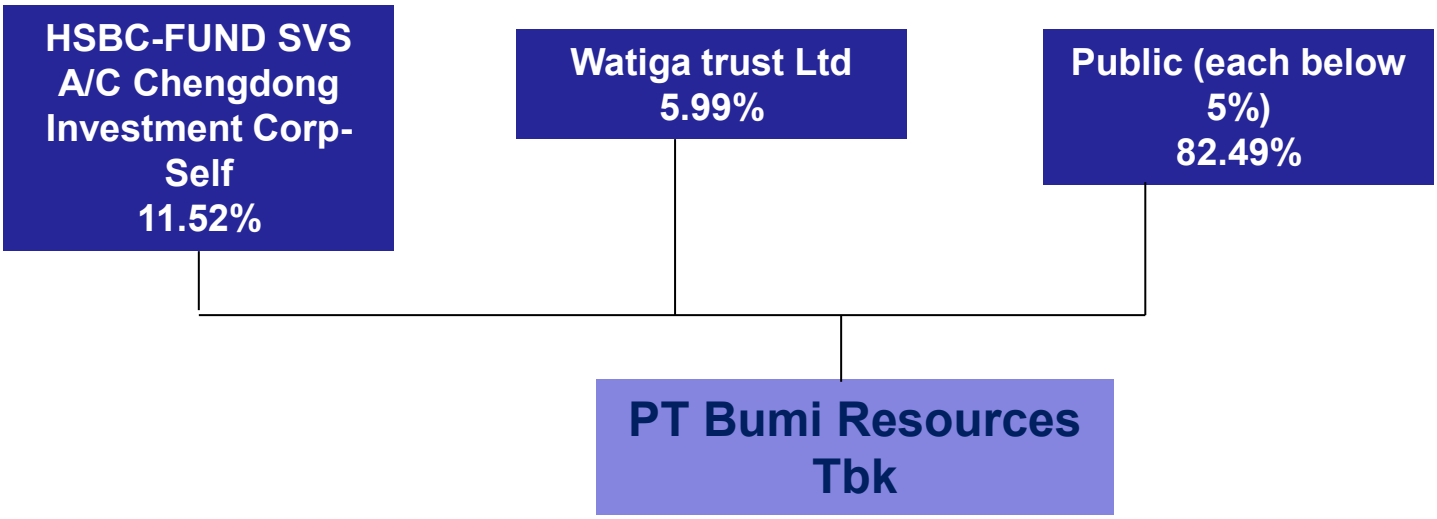
Based on PSAK 66

Financial Highlights	2019 A	2020 A	2021 A	2022 F	2023 F	2024 F
Sales growth (%)	0.07%	-28.95%	27.55%	101.07%	-1.51%	17.80%
Operating Margin(%)	2.91%	3.60%	12.29%	15.28%	13.78%	14.53%
Net Profit margin(%)	0.61%	-42.76%	16.66%	16.04%	16.04%	15.83%
Net Debt/Equity (x)	2.78	10.15	1.76	0.94	-0.16	-0.35
Current ratio (X)	0.39	0.31	0.27	0.39	0.40	0.47

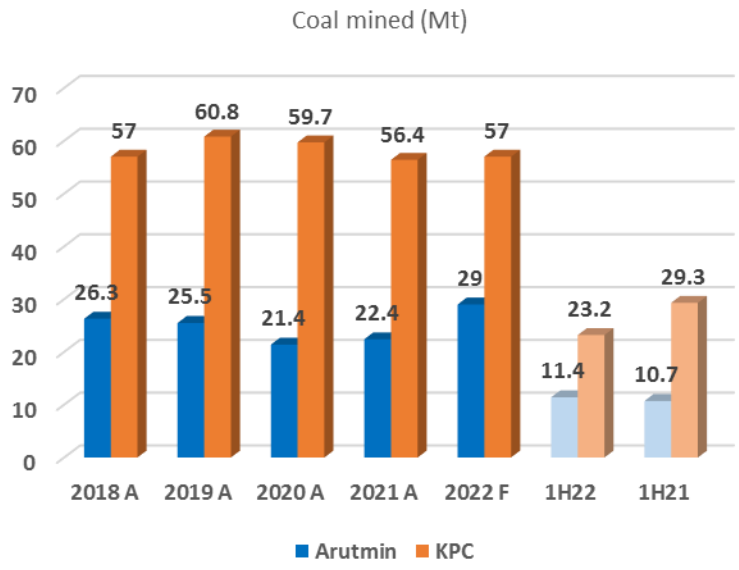
Company Profile

PT Bumi Resources Tbk (BUMI) was established in 1973 under the name of PT Bumi Modern, initially engaged in the hospitality and tourism businesses. Following the initial public offering in 1990, BUMI transformed itself into an oil, natural gas and mining business. Along with the boom in the national mining industry, BUMI grew rapidly and expanded its business by engaging in the exploration of Indonesian natural resources, including coal and other mining commodities. To date, BUMI is acknowledged as the largest thermal coal exporter in the world. In addition, BUMI's business portfolio also includes other mining ventures. BUMI has also taken on the role of strategic investor. BUMI has widespread operational areas ranging from North Sumatra (Dairi Prima Mineral), South Sumatra (Pendopo Energi Batubara), Sulawesi (Gorontalo Minerals & Citra Palu Minerals), East Kalimantan (Kaltim Prima Coal), South Kalimantan (Arutmin Indonesia). In 2016, the Company's restructuring plan won 99.8% support from voting secured creditors and 100% of voting unsecured creditors. Bumi Resources announced termination of PKPU proceedings and ratification of a composition agreement.of Yemen (Gallo Oil).

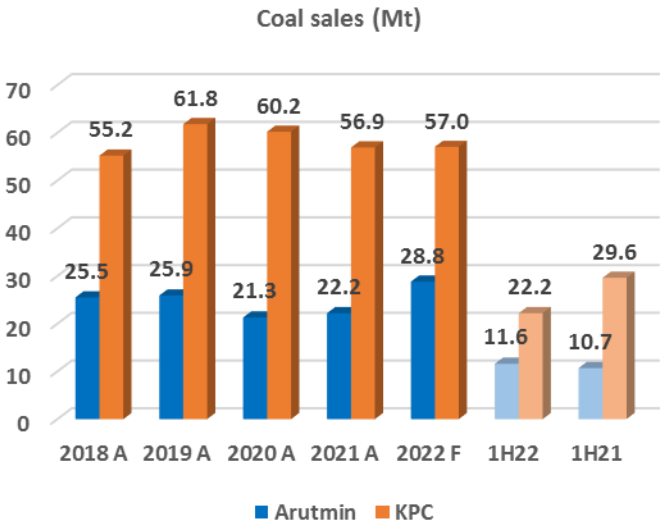
Company structure As of 1H22



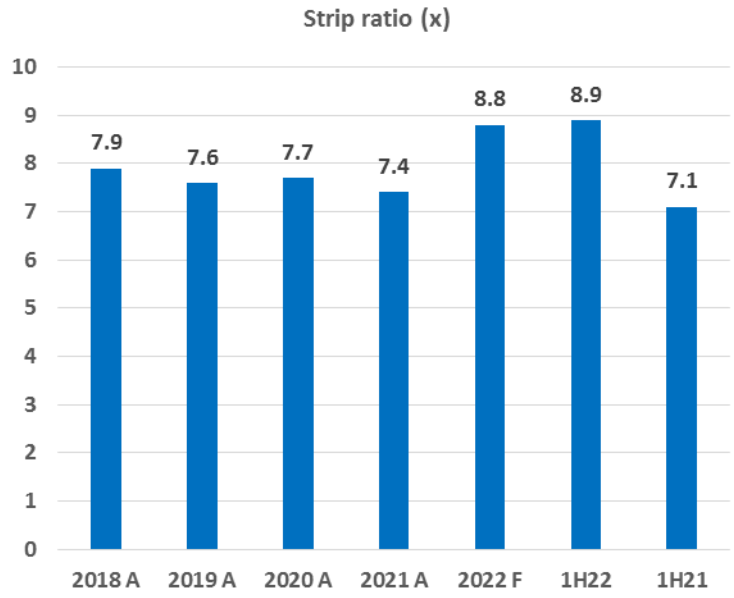
KPC's and Arutmin's coal mined (Mt) yoy



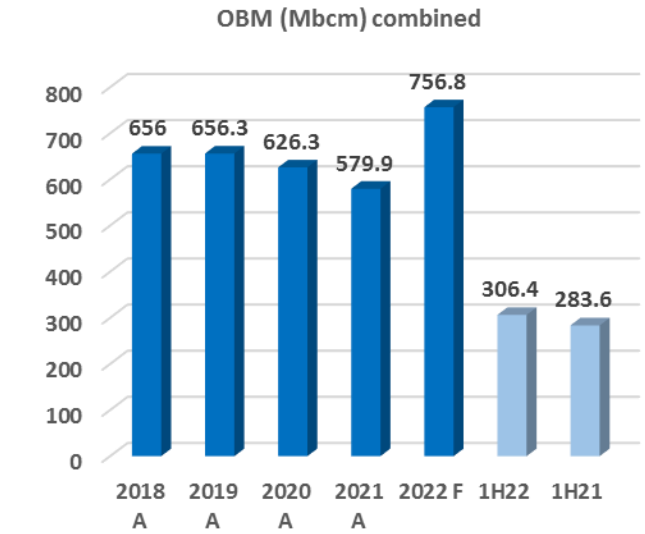
KPCs and Arutmin's coal sales (Mt) yoy



BUMI's combined strip ratio (x) yoy



BUMI's combined OBM volume (Mbcm) yoy



Balance Sheet

Balance sheet (US$.mn)	2019 A	2020 A	2021 A	2022 F	2023 F
Cash and cash equivalent	44.65	56.14	220.98	443.52	173.84
ST Investment	12.74	11.24	12.31	12.31	12.31
Trade Account Receivable	192.08	97.38	189.07	305.48	300.87
inventory	28.40	27.32	30.48	77.96	76.12
Other current asset	176.13	205.29	322.74	506.81	399.33
Current Asset	**454.00**	**397.38**	**775.58**	**1346.08**	**962.48**
Net Fixed Asset	26.32	20.00	144.53	186.57	262.50
other long term asset	1718.11	1520.74	1790.24	1925.89	1597.34
Mining properties	1504.37	1490.43	1513.44	1621.81	1597.34
Total non current Asset	**3248.80**	**3031.17**	**3448.20**	**3734.27**	**3457.18**
Total Asset	**3702.81**	**3428.55**	**4223.79**	**5080.35**	**4419.66**
Account payable	213.65	222.17	171.08	299.37	300.58
Short Term bank loans	54.00	0.00	30.00	30.00	30.00
accrued expenses	479.18	633.50	881.92	1216.35	1198.00
current maturities long term liabilities					
long term loan	0.00	0.00	1319.22	1233.28	0.00
estimated liability for restoration and rehabilitation	7.91	14.38	13.75	14.19	21.96
Lease liablities	0.00	25.47	27.02	20.27	39.93
Other Current liablities	418	403	434	608	799
Total current liabilities	**1,173**	**1,299**	**2,877**	**3,422**	**2,389**
Long term loans	1,407	1,402	12	10	10
Estimated liab for restoration & rehabilitation	204.42	185.82	181.62	202.73	239.60
Lease liablities	100.00	208.88	181.86	223.00	259.57
Other Long term liabilities	308.86	200.37	324.44	344.63	698.84
Total long term/ non current liabilities	**2,020.02**	**1,997.25**	**700.15**	**780.43**	**1,208.08**
Total Liabilities	**3,192.87**	**3,295.91**	**3,577.34**	**4,202.07**	**3,597.22**
Minority interest	**703.74**	**731.45**	**1,127.11**	**1,205.58**	**1,103.91**
total capital deficiency attributable to owners of the parent company	**(193.80)**	**(598.81)**	**(480.66)**	**(327.30)**	**(281.48)**
Total Equities	**509.94**	**132.64**	**646.45**	**878.28**	**822.44**
Total Liabilities and equity	**3,702.81**	**3,428.55**	**4,223.79**	**5,080.35**	**4,419.66**

Profit and Loss

Profit and Loss (USD.mn)	2019 A	2020 A	2021 A	2022 F	2023 F
Revenue	**1112.57**	**790.44**	**1008.21**	**2027.26**	**1996.67**
Cost of sales	(1007.48)	(698.52)	(806.48)	(1560.99)	(1567.29)
Gross Profit	**105.08**	**91.91**	**201.74**	**466.27**	**429.38**
Operating expense	72.73	63.44	77.88	156.59	154.23
Operating Profit	**32.35**	**28.47**	**123.86**	**309.68**	**275.15**
Other income	(51.37)	(350.91)	167.20	187.65	194.68
PBT	**(19.02)**	**(322.44)**	**291.06**	**497.32**	**469.83**
taxes	28.49	(14.91)	(67.68)	(115.65)	(93.97)
Minority interest	(2.63)	(0.67)	(55.36)	(56.52)	(55.67)
Net Profit	**6.84**	**(338.02)**	**168.02**	**325.16**	**320.19**
EPS/1000 shares	0.10	(4.95)	2.26	2.26	1.79
EBITDA	**137.70**	**(98.79)**	**125.57**	**311.43**	**277.02**

Cash Flow

Cash Flow (in US$. mn)	2019 A	2020 A	2021 A	2022 F	2023 F
+ Net Income	6.84	(338.02)	168.02	325.16	320.19
+Depreciation	9.43	10.38	1.71	1.75	1.87
- Change in WC	(23.12)	193.93	1,365.16	196.49	(918.57)
Cash From Operating Activities	**(6.85)**	**(133.71)**	**1,534.88**	**523.40**	**(596.51)**
capex (non current asset)	187.63	207.25	(418.74)	(287.82)	275.22
cash from investing activities	**187.63**	**207.25**	**(418.74)**	**(287.82)**	**275.22**
Long term loans	(100.16)	(4.55)	(1,389.95)	(2.16)	0.00
Estimated liab for restoration & rehabilitation	3.69	(18.60)	(4.20)	21.10	36.88
long term loan	0	0	1,319	1,233	0
estimated liability for restoration and rehabilitation	8	14	14	14	22
Lease liabilities	59.85	108.88	(27.02)	41.14	36.57
Other Long term liabilities	(187.52)	(108.50)	124.07	20.20	354.20
equity	(0.52)	(39.27)	345.79	(93.32)	(376.04)
cash from financing activities	**(224.66)**	**(62.05)**	**(951.31)**	**(13.04)**	**51.61**
Net Changes in Cash	(43.88)	11.49	164.84	222.54	(269.68)
Beginning Balance	88.53	44.65	56.14	220.98	443.52
Ending balance	44.65	56.14	220.98	443.52	173.84

Financial Ratio Highlights

Ratio Highlights	2019 A	2020 A	2021 A	2022 F	2023 F
Growth (% YoY)					
Sales	0.07%	-28.95%	27.55%	101.07%	-1.51%
OP	-16.27%	-11.99%	335.01%	150.02%	-11.15%
EBITDA	-58.75%	-171.74%	-227.11%	148.01%	-11.05%
NP	-96.90%	-5041.85%	-149.71%	93.52%	-1.53%
EPS	-96.90%	-4835.26%	-145.66%	-0.07%	-20.87%
Profitability					
Operating Margin(%)	2.91%	3.60%	12.29%	15.28%	13.78%
EBITDA margin(%)	12.38%	-12.50%	12.45%	15.36%	13.87%
NET Profit margin(%)	0.61%	-42.76%	16.66%	16.04%	16.04%
ROA(%)	0.18%	-9.86%	3.98%	6.40%	7.24%
ROE(%)	1.34%	-254.85%	25.99%	37.02%	38.93%
Stability					
Debt/ Equity (X)	2.86	10.57	2.11	1.45	0.05
Current ratio (X)	0.39	0.31	0.27	0.39	0.40
Int. Coverage (x)	0.13	1.45	(1.36)	(2.44)	(90.18)
Per Share data (USD)					
EPS	0.105	(4.954)	2.262	2.261	1.789
BVS	7.800	1.944	8.703	8.183	7.663

Stock Ratings:
Buy: a recommendation to purchase the security with upside potential of 20% or greater
Hold: a recommendation to neither buy nor sell a security with upside potential of 0-19%.
Sell: a recommendation to close out a long position in a security with upside potential below 0% or negative.

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