



**BUY**

**Target Price : IDR2,400**

## Stock Data

Current Price (IDR)	: 2,110
52wk Range H-L (IDR)	: 1,535 – 2,940
Share Outstanding	: 24.03 Bn
Free Float	: 13.9%
Mkt Capitalization (IDR)	: 48.06 Tn

## Major Shareholders

PT Mineral Industri Indonesia (Persero)	: 65%
Public	: 35%



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## PT Aneka Tambang Tbk (ANTM IJ)

Metal Mining

### Hitting Pay Dirt from Gold's Upsoar

#### ANTM's earnings performance in FY22 excelled from previous year

In FY22 ANTM acquired IDR45.9tn in revenue (19.5% YoY vs IDR38.5tn in FY21), reflecting 107%/123% of consensus/our estimates (IDR42.9tn/IDR37.4tn). Gross profit was recorded at IDR8.2tn (29% YoY vs IDR6.4tn in FY21), and what is noteworthy is that the GPM improved to 17.9% (vs 16.5% in FY21), reflecting a provident cash cost management amid fuel and commodity prices boom. As a result, net profit came in at IDR3.8tn (105.2% YoY vs IDR1.8tn in FY21), beating the consensus/our estimate of IDR3.5tn (107%)/IDR2.8tn (138.7%), accompanied with an OPM of 8.6% and a NPM of 8.3% (vs 7.1% and 4.8% in FY21, respectively).

#### Supported by growth in all segments

ANTM's gold segment remains the top contributor of revenue with a 69% stake and grew 22% YoY to IDR31.6tn (vs IDR25.9tn in FY21), aided by a jump in both sales volume (19% YoY) and ASP (2.4% YoY) backed by the market's puffed up risk perceptions. Ferronickel takes the second place as it pulled in IDR6.9tn or grew 12.6%, supported by a 15.8% YoY ASP hike bolstered by economic and geopolitical surprises that unfolded in FY22, despite lower sales volume (-6.9% YoY). Consequently, the domestic-based nickel ore segment also received consequential windfalls, reflected in its sales growth of 11.3% YoY. The alumina and bauxite segment also provided the last push from their sales growth of 59.7% and 23%, respectively.

#### Nickel will play a crucial role in FY23E

We view the government's policy of pouring out incentives for new EV purchases/EV conversions, spanning from April to December 2023, to be a rather inducive move aimed to kickstart downstreaming investment appetites from the largest global EV automakers such as BYD and Tesla to get ahead of the regional peers, especially Thailand. This provides opportunities for Indonesia to deepen their involvement in the nickel value chain and obtain more returns. While that is part of a longer term play, for FY23E we are looking at an additional 4t boost in ferronickel production from the new East Halmahera Plant which is set to commence operations in 2H23, translating into a 11.5% jump in the segment's sales in FY23E.

#### Conservatively bullish on gold

Recent global economic developments have hinted towards a sooner-than-expected fed fund rate reversal. From what was planned to be an enduring monetary tightening that wouldn't see a turning point until the end of FY23E, market's consensus believe the FFR cuts are to take place in Jun-23, thanks to the banking crises fear, recent labor markets data and OPEC's attempts in reviving the withering oil prices. We can therefore expect gold's bullish momentum to carry onwards given the bleak economy outlook so far. Concurrently, the market's growing affinity for gold is synchronous with ANTM's efforts in expanding their gold segment's domestic outreach, with their most recent boutique branch having opened in Pekanbaru in Apr-23. We therefore believe the gold segment's story is looking good for ANTM this year, though we see fit to hold a wait and see stance for the time being and hence the conservative view of a -10% normalization for ANTM's gold sales in FY23E.

#### Recommendation BUY for ANTM with TP: IDR2,400

We recommend a **BUY** call for ANTM with a target price of **IDR2,400** (13.7% upside), implying PE/PBV of 14.67x/2.23x in FY23E. ANTM's valuation is also attractive as it is currently traded below its -1 STD 5-year EV/EBITDA band. We hold a conservative view for ANTM's performance this year while the odds are seemingly tilted towards a positive outlook for gold and nickel. Downside risks to our call include: 1) Fed Fund rate's delayed pivoting, 2) delayed ferronickel plant commencement, and 3) brewing global economic recession.

IDR bn	Key Financial Highlights				
	FY20	FY21	FY22	FY23E	FY24E
Revenue	27,372.46	38,445.60	45,930.36	44,256.08	46,407.16
EBITDA	3,095.92	3,591.88	4,755.80	5,266.64	5,491.54
Net Income	1,149.35	1,861.74	3,820.96	3,930.80	4,194.70
ROA (%)	3.62	5.66	11.36	10.95	10.85
ROE (%)	6.04	8.93	16.11	15.17	14.65
PE (x)	17.05	30.81	13.12	14.67	13.75
PBV (x)	1.03	2.75	2.11	2.23	2.01

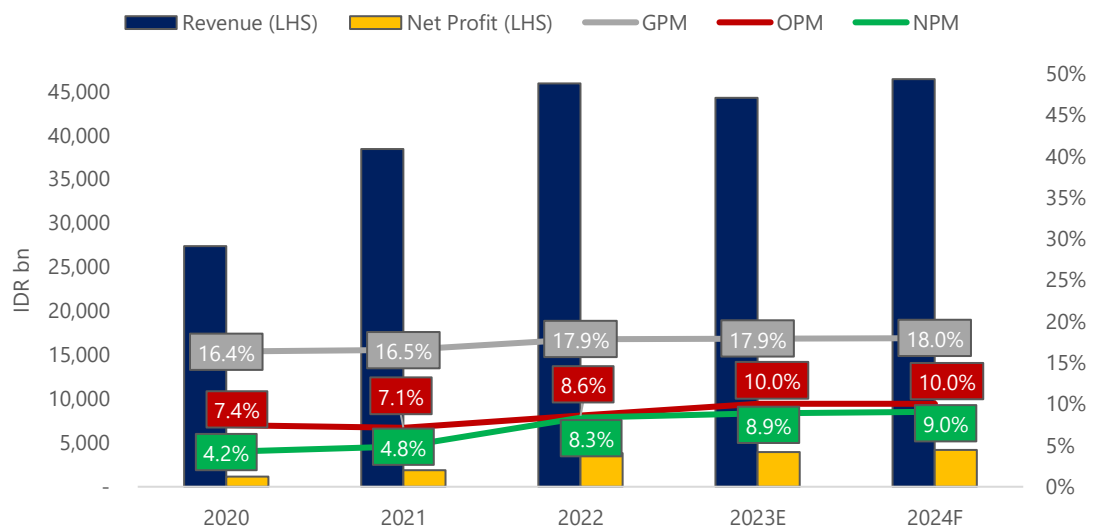
**Exhibit 1. FY22 results vs estimates summary**

IDR bn	3Q22	4Q22	% QoQ	FY21	FY22	% YoY	% MNCS	% Consensus
<b>Revenue</b>	<b>14,910</b>	<b>12,247</b>	<b>-17.9%</b>	<b>38,446</b>	<b>45,930</b>	<b>19.5%</b>	<b>122.8%</b>	<b>106.9%</b>
COGS	6,220	10,024	61.1%	32,087	37,720	17.6%		
<b>Gross Profit</b>	<b>1,958</b>	<b>2,223</b>	<b>13.6%</b>	<b>6,359</b>	<b>8,211</b>	<b>29.1%</b>		
Gross Margin	7.4%	9.7%		16.5%	17.9%			
<b>Operating Profit</b>	<b>1,277</b>	<b>1,200</b>	<b>-6.0%</b>	<b>2,738</b>	<b>3,942</b>	<b>44.0%</b>	<b>99.9%</b>	<b>96.3%</b>
Operating Margin	8.6%	9.8%		7.1%	8.6%			
Pre-Tax Profit	1,438	1,564	8.8%	3,044	5,215	71.3%		
<b>Net Profit</b>	<b>1,101</b>	<b>1,194</b>	<b>8.5%</b>	<b>1,862</b>	<b>3,821</b>	<b>105.2%</b>	<b>138.7%</b>	<b>107.3%</b>
Net Margin	13.1%	18.2%		4.8%	8.3%			

Source: Bloomberg, Company, MNCS Research

**ANTM is consistent in maintaining their profitability margins in an upward trend.**

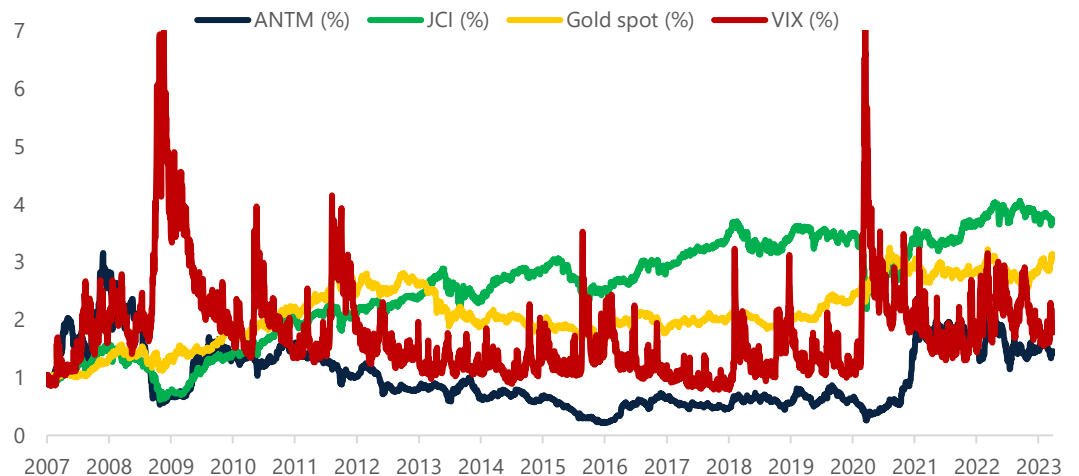
**Exhibit 2. ANTM's performance over the years**



Source: Company, MNCS Research

**ANTM's exhibits a clear inverse relationship towards spikes in VIX index. Though movements seem to be in a sideways trend, recent macro developments might stir the trend direction upwards.**

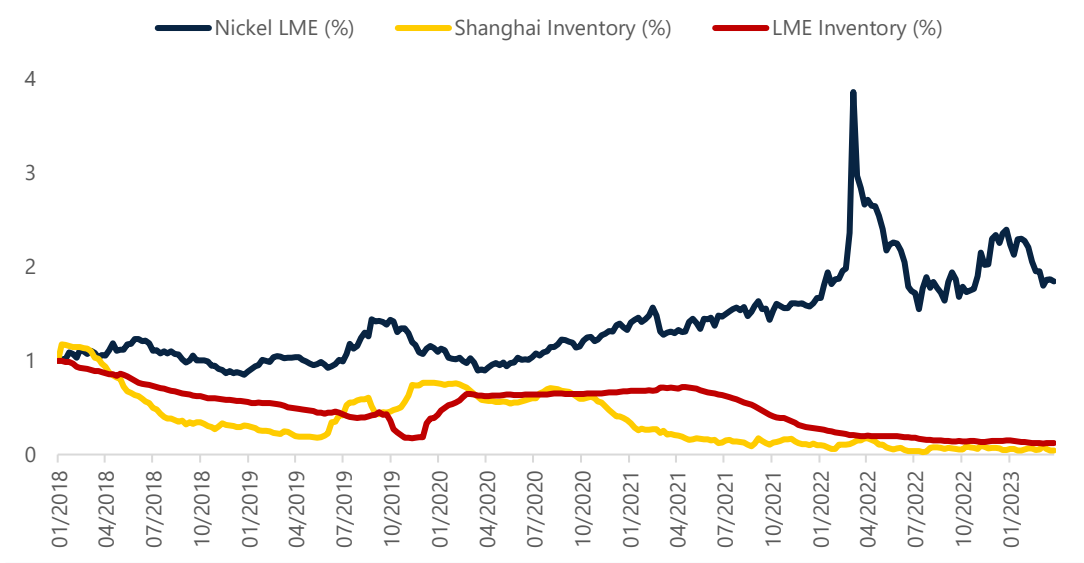
**Exhibit 3. Gold's opportunity to rush beyond its all-time high is now**



Source: Bloomberg, MNCS Research

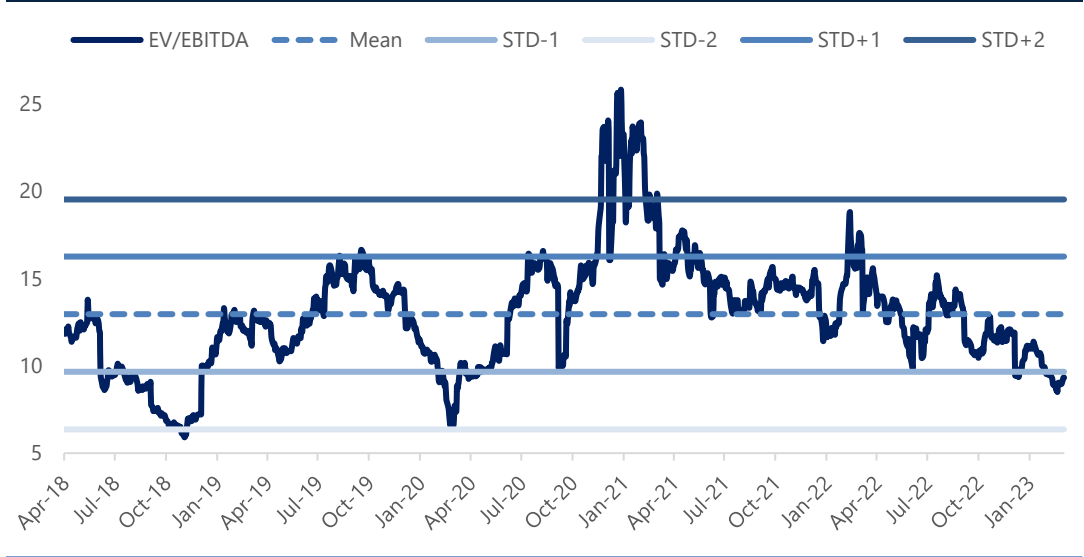
**LME and Shanghai inventories have yet to pick up again despite pandemic relaxations and recovery in manufacturing activity, paving the way for nickel prices to strengthen this year.**

**Exhibit 4. Is the inventory flatline a predicament of a price rally?**



Source: Bloomberg, MNCS Research

**Exhibit 5. ANTM is currently traded below its 5-year STD-1 EV/EBITDA band**



Source: Bloomberg, MNCS Research

**Exhibit 6. ANTM financial highlights**

Income Statement						Balance Sheet					
IDR bn	2020	2021	2022	2023F	2024F	IDR bn	2020	2021	2022	2023F	2024F
<b>Revenue</b>	<b>27,372.46</b>	<b>38,445.60</b>	<b>45,930.36</b>	<b>44,256.08</b>	<b>46,407.16</b>	Cash and cash equivalents	3,984.39	5,089.16	4,476.49	5,844.79	7,223.36
Cost of Goods Sold	22,896.68	32,086.53	37,719.84	36,318.91	38,055.77	Trade Receivables	1,344.20	1,447.68	1,832.62	2,001.76	1,855.28
<b>Gross Profit</b>	<b>4,475.78</b>	<b>6,359.06</b>	<b>8,210.52</b>	<b>7,937.17</b>	<b>8,351.39</b>	Inventory	2,626.02	3,107.31	2,906.07	3,197.09	3,582.98
Operating Expenses	2,443.47	3,620.92	4,268.65	3,492.33	3,707.34	Other Current Assets	1,103.41	2,172.93	2,445.33	2,433.23	2,568.48
Other Operating Expenses	-	-	-	-	-	<b>Total Current Assets</b>	<b>9,150.51</b>	<b>11,728.14</b>	<b>11,694.78</b>	<b>13,432.86</b>	<b>15,166.96</b>
<b>Operating Profit</b>	<b>2,032.30</b>	<b>2,738.14</b>	<b>3,941.87</b>	<b>4,444.84</b>	<b>4,644.05</b>	Fixed Assets – net	18,248.07	16,863.75	16,471.56	17,198.80	18,078.88
Finance Cost	(565.45)	(359.09)	(381.09)	(323.22)	(308.58)	Other Non-Current Assets	4,330.93	4,324.26	5,470.93	5,253.25	5,431.31
Finance Income	110.38	89.74	85.30	78.52	69.93	<b>Total Non-Current Assets</b>	<b>22,579.00</b>	<b>21,188.01</b>	<b>21,942.49</b>	<b>22,452.06</b>	<b>23,510.19</b>
Other Income (Expenses)	63.95	574.72	1,568.69	1,073.66	1,197.58	<b>TOTAL ASSETS</b>	<b>31,729.51</b>	<b>32,916.15</b>	<b>33,637.27</b>	<b>35,884.91</b>	<b>38,677.15</b>
<b>Profit Before Income Tax</b>	<b>1,641.18</b>	<b>3,043.51</b>	<b>5,214.77</b>	<b>5,273.80</b>	<b>5,602.98</b>	Trade Payables	672.75	1,399.45	1,301.57	1,660.12	1,602.24
Income Tax Expenses	(491.82)	(1,181.77)	(1,393.81)	(1,343.00)	(1,408.28)	Short-term Debt	4,204.38	2,168.28	926.61	892.83	866.13
<b>Profit of the Year</b>	<b>1,149.35</b>	<b>1,861.74</b>	<b>3,820.96</b>	<b>3,930.80</b>	<b>4,194.70</b>	Other current liabilities	2,676.14	2,994.66	3,743.49	3,607.03	3,782.35
Minority Interest	0.00	(0.00)	(0.00)	0.00	0.00	<b>Total Current Liabilities</b>	<b>7,553.26</b>	<b>6,562.38</b>	<b>5,971.66</b>	<b>6,159.98</b>	<b>6,250.72</b>
<b>Net Profit</b>	<b>1,149.35</b>	<b>1,861.74</b>	<b>3,820.96</b>	<b>3,930.80</b>	<b>4,194.70</b>	Long-term Debt	3,387.66	3,703.35	2,082.13	2,006.23	1,905.92
						Other Long-term liabilities	1,749.15	1,813.32	1,871.42	1,803.20	1,890.84
						<b>Total Long-term Liabilities</b>	<b>5,136.80</b>	<b>5,516.67</b>	<b>3,953.55</b>	<b>3,809.43</b>	<b>3,796.77</b>
						<b>Total Equity</b>	<b>19,039.45</b>	<b>20,837.10</b>	<b>23,712.06</b>	<b>25,915.50</b>	<b>28,629.66</b>
						<b>TOTAL LIABILITY AND EQUITY</b>	<b>31,729.51</b>	<b>32,916.15</b>	<b>33,637.27</b>	<b>35,884.91</b>	<b>38,677.15</b>
Cash Flow						Ratios					
IDR bn	2020	2021	2022	2023F	2024F	IDR bn	2020	2021	2022	2023F	2024F
Net Income	1,149.35	1,861.74	3,820.96	3,930.80	4,194.70	Revenue Growth	-16.34%	40.45%	19.47%	-3.65%	4.86%
Depreciation	1,063.62	853.74	813.93	821.80	847.49	Gross Profit Growth	0.64%	42.08%	29.12%	-3.33%	5.22%
Change in Working Capital	(1,238.58)	141.93	(281.59)	(101.61)	(297.28)	Operating Profit Growth	112.67%	34.73%	43.96%	12.76%	4.48%
Change in others	1,224.36	775.43	211.57	(618.44)	(398.70)	Net Income Growth	492.91%	61.98%	105.24%	2.87%	6.71%
<b>CFO</b>	<b>2,198.75</b>	<b>3,632.83</b>	<b>4,564.88</b>	<b>4,032.55</b>	<b>4,346.21</b>	GPM	16.35%	16.54%	17.88%	17.93%	18.00%
Short Term Investment	-	-	-	-	-	OPM	7.42%	7.12%	8.58%	10.04%	10.01%
Long Term Investment	(327.42)	(698.41)	(937.69)	98.72	(126.83)	EBITDA Margin	174.96%	143.01%	78.61%	1.46%	6.71%
Capex	(544.10)	(486.66)	(751.29)	(976.67)	(1,269.67)	NPM	4.20%	4.84%	8.32%	8.88%	9.04%
Change in other	(1,178.37)	(993.52)	(1,632.25)	316.39	(304.88)	ROA	3.62%	5.66%	11.36%	10.95%	10.85%
<b>CFI</b>	<b>(1,395.05)</b>	<b>(781.76)</b>	<b>(1,445.85)</b>	<b>(759.00)</b>	<b>(1,447.73)</b>	ROE	6.04%	8.93%	16.11%	15.17%	14.65%
Short Term Debt	1,210.99	(2,036.10)	(1,241.67)	(33.78)	(26.71)	DER (x)	0.67	0.58	0.42	0.38	0.35
Long Term Debt	(2,176.50)	315.70	(1,621.22)	(75.90)	(100.31)	Current Ratio (x)	1.21	1.79	1.96	2.18	2.43
Equity Financing	0.00	(0.00)	(0.00)	(0.00)	0.00	Quick Ratio (x)	0.34	0.41	0.37	0.39	0.40
Dividend	(67.85)	(402.27)	(930.87)	(1,573.11)	(1,678.72)	Receivable Days	17.92	13.74	14.56	16.51	14.59
<b>CFD</b>	<b>(455.56)</b>	<b>(1,746.30)</b>	<b>(3,731.71)</b>	<b>(1,905.25)</b>	<b>(1,519.91)</b>	Payable Days	10.72	15.92	12.59	16.68	15.37
<b>Net Cash Increase</b>	<b>348.14</b>	<b>1,104.77</b>	<b>(612.67)</b>	<b>1,368.30</b>	<b>1,378.57</b>	Inventory Days	41.86	35.35	28.12	32.13	34.37
<b>Closing Balance</b>	<b>3,984.39</b>	<b>5,089.16</b>	<b>4,476.49</b>	<b>5,844.79</b>	<b>7,223.36</b>						

Sources: Company, MNCS Research

### MNC Research Industry Ratings Guidance

**OVERWEIGHT:** Stock's total return is estimated to be above the average total return of our industry coverage universe over next 6-12 months

**NEUTRAL:** Stock's total return is estimated to be in line with the average total return of our industry coverage universe over next 6-12 months

**UNDERWEIGHT:** Stock's total return is estimated to be below the average total return of our industry coverage universe over next 6-12 months

### MNC Research Investment Ratings Guidance

**BUY :** Share price may exceed 10% over the next 12 months

**HOLD :** Share price may fall within the range of +/- 10% of the next 12 months

**SELL :** Share price may fall by more than 10% over the next 12 months

**Not Rated :** Stock is not within regular research coverage

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