



ANTM IJ	HOLD
Sector	Base Metal
Price at 11 Jan 2023 (IDR)	1,635
Price target (IDR)	1,820
Upside/Downside (%)	11.3

Stock Information

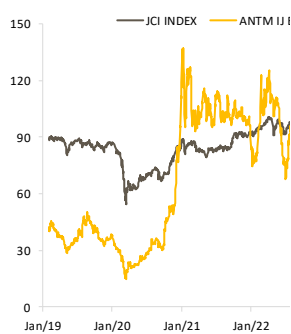
Aneka Tambang Tbk. operates as a diversified mining and metals company. The Company engages in exploration, excavation, processing, and marketing of nickel ore, ferronickel, gold, silver, bauxite, and coal. Aneka Tambang serves mining industry worldwide.

Market cap (IDR bn)	39,290.3
Shares outstanding (mn)	24,030.8
52-week range (IDR)	1,580 – 2,390
3M average daily vol. ('000)	37,093.3
3M average daily val. (IDR mn)	63,132.9

Shareholders (%)

Inalum	65.0
Public	35.0

Stock Performance



Source: Bloomberg

	1M	3M	12M
Performance	0.9	(7.6)	(23.0)

Analyst

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ANTM and CBL are partnering to build EV battery ecosystem in Indonesia. The HPAL and the EV battery (material, cells, and recycling) project is expected to be profitable boosted by the expertise of CATL and Lygend. We expect ANTM to partially fund its equity participation in this project using the IDR7.0 tn proceed from the recent divestment of SDA and FHT to CBL. We upgrade to BUY on ANTM with a higher target price of IDR1,820 using DCF-based TP (WACC: 11.5%; LTG: -3%), which implied to 11.1x '24F EV/EBITDA. The upgrade is also reflects the cash generated from the divestment of SDA and FHT.

ANTM and CBL to build EV battery ecosystem in Indonesia

ANTM and CBL (through HKCBL & SGCBL) are set to pioneer global coverage of nickel mining through their giga factory battery production, including recycling. The involvement in EV battery ecosystem should bring value accretive to ANTM and eventually enhance its valuation. Note that ANTM is indirectly investing in the EV battery ecosystem through IBC with 25% stake. A capital injection of IDR10 tn will be carried out for each project within the JV companies between HKCBL or SGCBL (both are subsidiaries of CBL) and IBC, covering battery material, battery cell, and battery recycling. IBC, with a significant 30-40% stake in each project, further solidifies ANTM's involvement. Additionally, ANTM will coalesce with CBL in the HPAL project, holding a 30% stake and injecting an initial capital of IDR10 tn. Further details of the production capacity for the EV battery-related ecosystem and the HPAL project are yet to be disclosed.

What are the implications of the recent transaction?

We expect ANTM to derive part of the funding for these ventures from the recent divestment of SDA and FHT to CBL, providing ANTM with infusion of fresh cash totaling IDR7.0 tn. The divestment of a 49% stake in SDA will contribute IDR6.25 tn in cash to ANTM. It's worth noting that, in accordance with PSAK 38, ANTM will not recognize any gain from the divestment, as it does not result in a loss of control over the company. SDA has major reserves of nickel with 59.8m wmt of limonite ore and 139.3m wmt which could support on the HPAL development in the coming years, SDA aims to produce 13.5m wmt of nickel ore in 2029. Additionally, ANTM will register IDR5.8 tn in additional paid-in capital, reflecting the variance in the disposal of the business. Simultaneously, the divestment of a 51% stake in FHT to CBL will bring in IDR781 bn in cash for ANTM, accompanied by a gain of IDR599 bn from the divestment. ANTM and CBL are strategically collaborating to establish an industrial estate through FHT.

How these investments will create value?

As per the company statement's projections, the HPAL project is expected to yield approximately 15.2% of IRR. This aligns reasonably well with industry standards for HPAL projects, which typically boast around a 20% IRR at the current nickel price, especially when factoring in the positive impact of cobalt credits. It's worth noting that CATL, the major EV battery producer in the world and the major shareholder of CBL, has demonstrated a strong financial performance, averaging 23% ROE over the past 2 years.

We upgrade to BUY with TP IDR1,820 (previously IDR1,580)

We upgrade to BUY on ANTM with a higher target price of IDR1,820 using DCF-based TP (WACC: 11.5%; LTG: -3%), which implied to 11.1x '24F EV/EBITDA. The upgrade is following the cash generated from the divestment of SDA and FHT. Like other nickel producers, ANTM is facing the challenge on the declined nickel price in 2024F.

Exhibit 1 : Key Statistics

Year end Dec (IDR bn)	2021	2022	2023E	2024F	2025F
Revenue (Rp bn)	38,446	45,930	45,927	50,961	54,085
Net Income (Rp bn)	1,862	3,821	3,762	2,277	2,275
EPS (IDR)	77	159	157	95	95
P/E	21.1	10.3	10.4	17.3	17.3
EV/EBITDA	10.7	8.3	6.7	9.6	9.8
P/BV	1.9	1.7	1.2	1.2	1.2
ROE	8.9	16.1	11.9	7.1	6.9
Dividend Yield (%)	1.0	2.3	4.7	4.7	4.7
Net gearing (%)	(3.5)	(8.1)	(34.2)	(33.8)	(34.3)

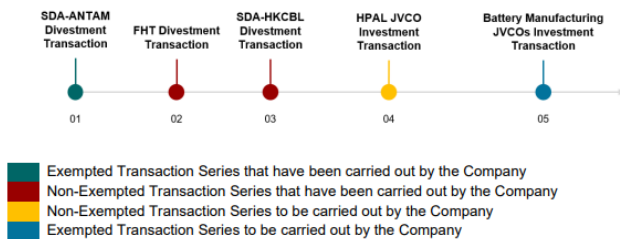
Source: Company, KBVS Research

Exhibit 3: ANTM's Valuation Summary

DCF Valuation (IDR bn)	2024F	2025F	2026F	2027F	2028F
Net Profit	2,277	2,275	3,788	4,803	4,926
Interest expense (1-tax)	126	107	88	69	50
Depreciation & Amortization	683	692	696	702	706
Reinvested Capital:	(882)	(719)	(434)	(487)	(449)
Working Capital	(444)	(251)	(59)	(94)	(51)
Capex	(438)	(467)	(375)	(393)	(397)
FCFF	2,204	2,355	4,138	5,087	5,234
PV FCFF	1,978	1,896	2,989	3,297	3,043
PV Terminal value	20,423				
Net Debt	(10,160)				
Equity Value	43,786				
Minority Interest	0				
Target 12 M (IDR/share)	1,822				
Round-down (IDR/share)	1,820				

Source: KBVS Research

Exhibit 3: Illustration related to the entire transaction series



Source: Company, KBVS Research

Exhibit 4: EV battery ecosystem projects detail

Shareholders	Battery material JVCO	Battery Cells JCVO	Battery Recycling JVCO	HPAL JVCO
ANTM				30%
IBC	30%	30%	40%	
HKCBL	70%		60%	70%
SGCBL		70%		
Business Activities	- The development, construction, operation, and maintenance of a battery material plant	- The development, construction, operation, and maintenance of a battery cell plant	- The development, construction, operation, and maintenance of a battery recycling plant	- Engaged in The development, construction, ownership financing, operation and maintenance of HPAL Facilities for The production and sale of MHP
	- Sales, both domestically in Indonesia and internationally, of battery materials for the production of Li-ion batteries	- Sales, both domestically in Indonesia and internationally, of electric motorized vehicles and energy storage system	- Sales, both domestically within Indonesia and internationally, of recycled battery products	
Capital Structure	IDR 10 tn	IDR 10 tn	IDR 10 tn	IDR 10tn

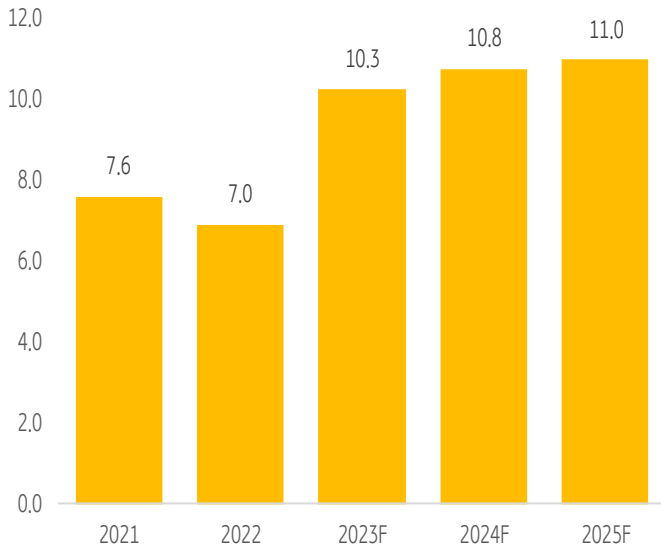
Source: Company, KBVS Research

Exhibit 5: SDA's reserves & resources (2022)

	Reserve (m wmt)	Avg Nickel Grade
Limonite	59,8	1.31%
Saprolite	139,3	1.84%
Total	199.1	1.68%
IUP Area	14,421 ha	
Location	Halmahera	
Production target	13.5m wmt in 2029	

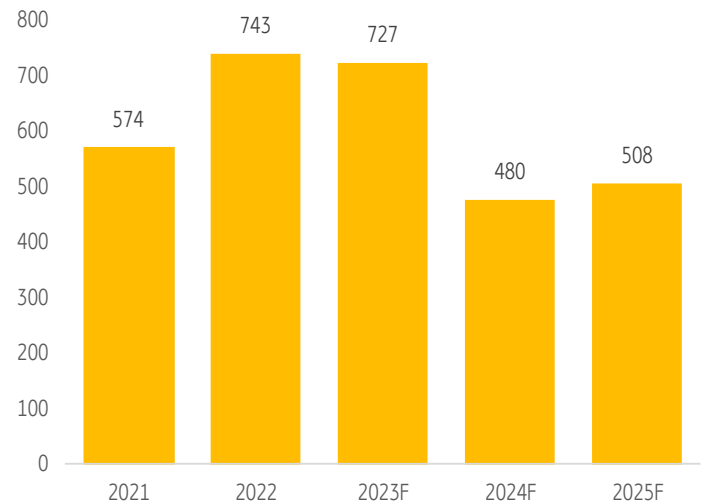
Source: Company, KBVS Research

Exhibit 6: ANTM's nickel sales ore volume forecast (M wmt)



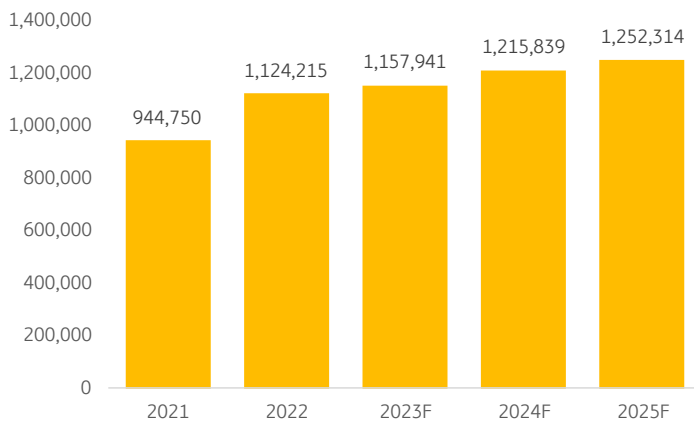
Source: Company, KBVS Research

Exhibit 7: ANTM's nickel ore ASP forecast (IDR k/wmt)



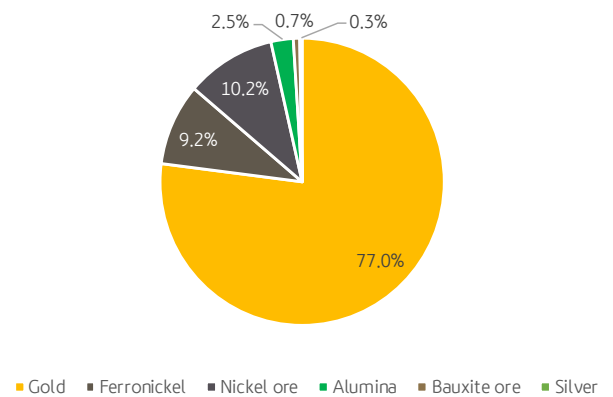
Source: Company, KBVS Research

Exhibit 8: ANTM's gold sales volume (t Oz)



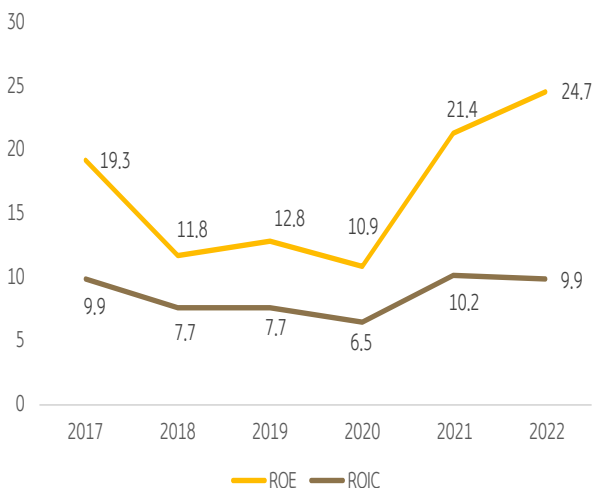
Source: Company, KBVS Research

Exhibit 9: ANTM's revenue breakdown % (2024F)



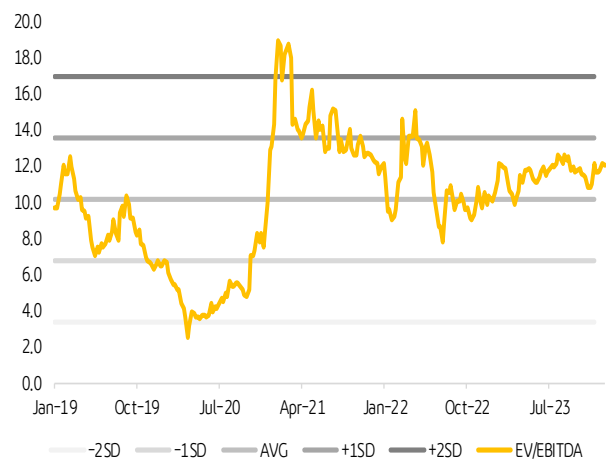
Source: KBVS Research

Exhibit 10: CATL's ROE & ROIC % (2017-2022)



Source: CATL, KBVS Research

Exhibit 11: ANTM's EV/EBITDA



Source: Company, KBVS Research

Exhibit 12: Profit & Loss summary

Profit & Loss (Rp bn)	2021	2022	2023F	2024F	2025F
Revenue	38,446	45,930	45,927	50,961	54,085
Cost of revenue	(32,087)	(37,720)	(38,103)	(43,812)	(46,713)
Gross profit	6,359	8,211	7,824	7,148	7,373
Operating expenses	(3,621)	(4,269)	(4,234)	(4,868)	(5,190)
Operating profit	2,738	3,942	3,590	2,280	2,183
EBITDA	3,615	4,487	4,264	2,963	2,874
Other op. income/exp	122	638	77	75	76
Finance income	90	85	90	252	252
Finance expense	(359)	(381)	(181)	(172)	(146)
Inc/loss from assoc.	453	931	978	684	753
Pre-tax profit	3,044	5,215	5,153	3,120	3,117
Tax expense	(1,182)	(1,394)	(1,391)	(842)	(842)
Minority interest	(0)	0	0	0	0
Net profit	1,862	3,821	3,762	2,277	2,275
EPS (IDR)	77	159	157	95	95

Source: Company, KBVS Research

Exhibit 13: Balance sheet

Balance Sheet (Rp bn)	2021	2022	2023F	2024F	2025F
Cash and equivalents	5,089	4,476	12,609	12,599	12,777
Trade receivables	1,448	1,833	1,656	1,856	1,990
Inventories	3,107	2,906	2,964	3,391	3,597
Net- Fixed assets	16,864	16,472	16,072	15,692	15,323
Other assets	6,408	7,951	8,160	8,379	8,605
Total Assets	32,916	33,637	41,460	41,917	42,291
Trade payables	1,399	1,302	1,270	1,453	1,542
Short-term debt + CMLTD	652	481	491	501	511
Long-term debt	3,703	2,082	1,323	1,219	1,004
Other liabilities	6,324	6,060	6,780	6,557	6,447
Total Liabilities	12,079	9,925	9,865	9,730	9,504
Minority interest	0	0	0	0	0
Paid capital	3,935	3,935	9,755	9,755	9,755
Retained earnings	0	0	0	0	0
Other equities	16,902	19,777	21,840	22,431	23,032
Total Equity	20,837	23,712	31,596	32,186	32,787

Source: Company, KBVS Research

Exhibit 14: Profit & Loss summary

Cash Flow (Rp bn)	2021	2022	2023F	2024F	2025F
Net income	1,862	3,821	3,762	2,277	2,275
Depreciation & amortization	2,210	756	673	683	692
Change in working capital	(284)	79	139	(392)	(198)
Cash flow from operations	3,787	4,655	4,574	2,569	2,769
Capex	(788)	(402)	(333)	(369)	(392)
Others	(92)	(1,059)	(92)	(94)	(96)
Cash flow from investments	(881)	(1,462)	(425)	(463)	(488)
Changes in debt	(1,738)	(2,860)	(138)	(429)	(429)
Changes in equity	312	4	6,032	222	233
Dividends paid	(402)	(931)	(1,910)	(1,909)	(1,908)
Others	26	(19)	-	-	-
Cash flow from financing	(1,802)	(3,806)	3,984	(2,116)	(2,104)
Net Cash Flow	1,105	(613)	8,132	(10)	178

Source: Company, KBVS Research

Exhibit 15: Cash flow

Key Ratios (%)	2021	2022	2023F	2024F	2025F
Revenue growth	40.5	19.5	(0.0)	11.0	6.1
EBIT growth	85.4	71.3	(1.2)	(39.5)	(0.1)
EBITDA growth	15.9	24.1	(5.0)	(30.5)	(3.0)
Net profit growth	62.0	105.2	(1.6)	(39.5)	(0.1)
Gross margin	16.5	17.9	17.0	14.0	13.6
EBIT margin	7.1	8.6	7.8	4.5	4.0
EBITDA margin	9.4	9.8	9.3	5.8	5.3
Net margin	4.8	8.3	8.2	4.5	4.2
ROA	5.7	11.4	9.1	5.4	5.4
ROE	8.9	16.1	11.9	7.1	6.9
Net gearing (x)	(0.0)	(0.1)	(0.3)	(0.3)	(0.3)
Net debt/EBITDA (x)	(0.2)	(0.4)	(2.5)	(3.7)	(3.9)
Interest coverage ratio (x)	7.6	10.3	19.9	13.2	14.9

Source: Company, KBVS Research

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