

# Not Rated

TP: N/A

## Bumi Resources Minerals

### Key takeaways from the meeting

#### A diversified mineral mining company with high-quality mineral

Established in 2003, BRMS is a diversified mineral mining company that has three different assets with abundant high-quality minerals. The three assets mentioned are : 1) Citra Palu Minerals, in Central Sulawesi (gold and silver mines), Gorontalo Minerals, located in Bone Bolango Regency, Gorontalo Province (copper & gold mines), and Daiiri Prima Mineral, located in Daiiri, North Sumatera (zinc and lead mines). BRMS' assets are mostly in stage of construction/development with Citra Palu Minerals gold mine is in nearly production stage.

#### Citra Palu Minerals (CPM)

BRMS owns 96.97% of CPM while the mine is regulated under a contract of work (COW) with a total concession area of 85,180 hectares. CPM's Poboaya Project has ore reserves of 3.9 mn tons ore with 5.38 gr/ton Au (certified by KCMI, the Indonesian Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves). The company has already gold processing machines that use CIS ("carbon-in-leach system") in place. CPM plans start mine commissioning in October 2019 and gold production in November 2019. The refining process will be carried out at PT Antam's smelter in Jakarta. CPM will initially produce 100,000 tons ore per annum (under ex-leached pad system) for 6 years starting in November 2019. For the second stage, BRMS will produce 80,000 tons ore under open casts system starting in 2H20.

#### Gorontalo Minerals (GM)

BRMS has an 80% effective interest in PT Gorontalo Minerals, a copper and gold asset, and the remaining 20% is owned by Aneka Tambang (ANTM). Gorontalo has Contract of Work rights to a 24,995 hectare mining concession located in the Bone Bolango Regency (Gorontalo, Sulawesi, Indonesia). GM resource is estimated at 400.6 mn tons with 0.48% Cu and 0.43 gr/ton Au based on KCMI. BRMS has signed MoU with Nusantara Smelting for opportunities to supply copper concentrates to the smelting facilities to be built by Nusantara Smelting. BRMS is also exploring opportunity to process ore into copper via sulphuric acid leaching (no need to build smelter). BRMS plans to produce 500 k tons - 1 mn tons / annum copper from GM mines in 2H21.

#### Daiiri Prima Mineral (DPM)

BRMS has a 49% stake in DPM with the remaining 51% is owned by China Nonferrous Metal Industry's Foreign Engineering & Construction Co. Ltd (NFC China). DPM project is located in North Sumatra and has JORC-compliant reserves with one of the highest zinc deposit in the world (Grades of 11.5% Zn, 6.8% Pb and 7.5 g/t Ag). DPM has 8 years mine life from Anjing Hitam site (5.8 mn tons ore), 15 years mine life from Anjing Hitam + Lae Jahe (11 mn tons ore). DPM production stage is expected to start in 1H21 at 250 k tons ore annually and increase to 500 k tons in 2022.

#### Capex , source of fund and debt

In September 2018, the company divested of 51% of its stake at DPM to China Nonferrous Metal Industry's Foreign Engineering & Construction Co. Ltd ("NFC China") worth USD198 mn. This helped strengthen BRMS financial structure. A portion the proceeds were used to repay debt, lowering company's DER and NDER to 0.17x and 0.09x at end of 1H19. The remaining portion of proceeds will be used to finance CPM capex of USD15 mn (now in restricted deposit) and start zinc mining project in Daiiri. With current low gearing, there is much room for BRMS to utilize its balance sheet.

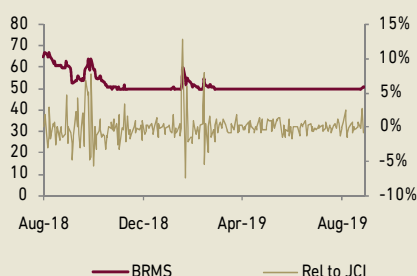
#### Valuation

Annualizing its 1H19 profits, BRMS is trading at high PER of 119x, EV/EBITDA of 153x but lower PBV of 0.4x while it has no analyst coverage. Its stock price was fluctuating around Rp50-55 a share, a level it had remained at since early 2019.

Sector	Construction
Bloomberg Ticker	BRMS IJ

#### Share Price Performance

Last price (Rp)	51		
Avg. daily T/O (Rpbn/USDmn)	1.7/0.11		
	<b>3m</b>	<b>6m</b>	<b>12m</b>
Absolute (%)	2.0	2.0	-19.0
Relative to JCI (%)	4.9	6.0	-22.1
52w High/Low price (Rp)	64/50		



Outstanding shrs (mn)	62,322
Mkt. Cap (Rpbn/USDmn)	3,116/207
Estimated free float (%)	20.1

#### Major shareholders

Bumi Resources	35.7%
Public	20.1%

#### EPS Consensus

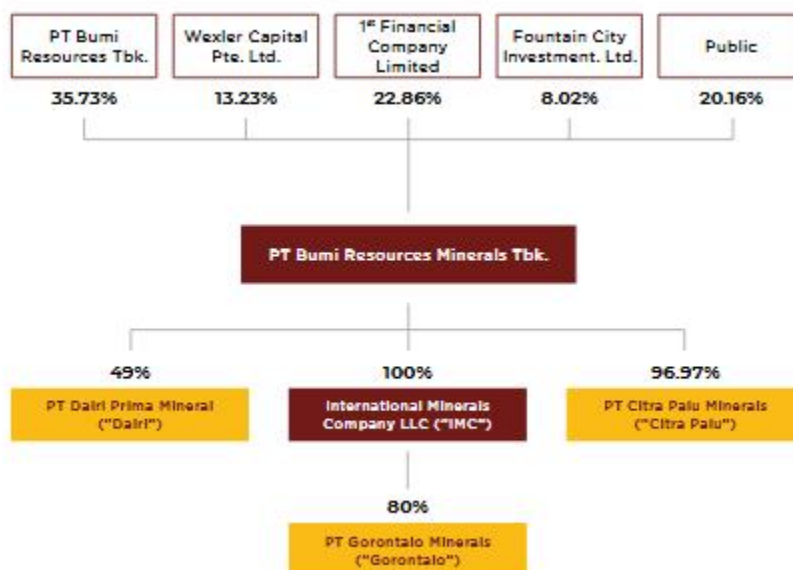
	Ciptadana	Cons.	% Diff
2019F	n/a	n/a	n/a
2020F	n/a	n/a	n/a
2021F	n/a	n/a	n/a

#### Arief Budiman

+62 21 2557 4800 ext. 819  
budimanarief@ciptadana.com

<http://www.ciptadana.com>

**Exhibit 1: Company's structure**



Source: Company presentation

## EQUITY RESEARCH

### HEAD OF RESEARCH

#### Arief Budiman

Strategy, Automotive, Heavy Equipment,  
Construction, Oil & Gas and Shipping  
T +62 21 2557 4800 ext 819  
E [budimanarief@ciptadana.com](mailto:budimanarief@ciptadana.com)

### ANALYST

#### Fahressi Fahalmesta

Cement, Toll Road, Poultry  
T +62 21 2557 4800 ext 735  
E [fahalmestafahressi@ciptadana.com](mailto:fahalmestafahressi@ciptadana.com)

### ANALYST

#### Thomas Radityo

Coal, Metal Mining  
T +62 21 2557 4800 ext 739  
E [radityothomas@ciptadana.com](mailto:radityothomas@ciptadana.com)

### ANALYST

#### Erni Marsella Siahaan, CFA

Banking  
T +62 21 2557 4800 ext 919  
E [siahaanerni@ciptadana.com](mailto:siahaanerni@ciptadana.com)

### ANALYST

#### Gani

Telco, Tower, Media  
T +62 21 2557 4800 ext 734  
E [gani@ciptadana.com](mailto:gani@ciptadana.com)

### ANALYST

#### Yasmin Soulisha

Property, Plantations  
T +62 21 2557 4800 ext 799  
E [soulisayasmin@ciptadana.com](mailto:soulisayasmin@ciptadana.com)

### ANALYST

#### Robert Sebastian

Retail, Healthcare  
T +62 21 2557 4800 ext 760  
E [sebastianrobert@ciptadana.com](mailto:sebastianrobert@ciptadana.com)

### RESEARCH ASSISTANT

#### Sumarni

T +62 21 2557 4800 ext 920  
E [sumarni@ciptadana.com](mailto:sumarni@ciptadana.com)

### TECHNICAL ANALYST

#### Trevor Gasman

T +62 21 2557 4800 ext 934  
E [gasmantrevor@ciptadana.com](mailto:gasmantrevor@ciptadana.com)

## EQUITY SALES

### DIRECTOR OF INSTITUTIONAL EQUITY SALES

#### Dadang Mulyana

Plaza ASIA Office Park unit 2  
Jl. Jend. Sudirman Kav. 59  
Jakarta - 12190  
T +62 21 2557 4800 ext 838  
F +62 21 2557 4900  
E [mulyanadadang@ciptadana.com](mailto:mulyanadadang@ciptadana.com)

## BRANCH OFFICES

### JAKARTA - MANGGA DUA

Komplek Harco Mangga Dua  
Rukan Blok C No.10  
Jl. Mangga Dua Raya  
Jakarta - 10730  
T +62 21 600 2850  
F +62 21 612 1049

### JAKARTA - PURI KENCANA

Perkantoran Puri Niaga III  
Jl. Puri Kencana Blok M8 No.2E  
Kembangan  
Jakarta - 11610  
T +62 21 5830 3450  
F +62 21 5830 3449

### SURABAYA

Intiland Tower Surabaya  
Ground Floor Suite 5 & 6  
Jl. Panglima Sudirman 101-103  
Surabaya - 60271  
T +62 31 534 3938  
F +62 31 534 3886

### **Analyst Certification**

Each contributor to this report hereby certifies that all the views expressed accurately reflect his or her personal views about the companies, securities and all pertinent variables. It is also certified that the views and recommendations contained in this report are not and will not be influenced by any part or all of his or her compensation.

### **Disclaimer**

This report does not constitute an offer to buy or sell any security/instrument, invitation to offer or recommendation to enter into any transaction. Nor are we acting in any other capacity as a fiduciary to you. When making an investment decision, you should determine, without reliance upon us or our affiliates, the economic risks and merits (and independently determine that you are able to assume these risks) as well as the legal, tax and accounting characterizations and consequences of any such transaction. In this regard, by accepting this report, you acknowledge that (a) we are not in the business of providing (and you are not relying on us for) legal, tax or accounting advice, (b) there may be legal, tax or accounting risks associated with any transaction, (c) you should receive (and rely on) separate and qualified legal, tax and accounting advice and (d) you should apprise senior management in your organization as to such legal, tax and accounting advice (and any risks associated with any transaction and our disclaimer as to these matters).

The information contained in this report is based on material we believe to be reliable; however, we do not represent that it is accurate, current, complete, or error free. Assumptions, estimates and opinions contained in this report constitute our judgment as of the date of the document and are subject to change without notice. Any projections are based on a number of assumptions as to market conditions and there can be no guarantee that any projected results will be achieved. Past performance is not a guarantee of future results. PT CIPTADANA SEKURITAS ASIA AND ITS AFFILIATES SPECIFICALLY DISCLAIMS ALL LIABILITY FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL OR OTHER LOSSES OR DAMAGES INCLUDING LOSS OF PROFITS INCURRED BY YOU OR ANY THIRD PARTY THAT MAY ARISE FROM ANY RELIANCE ON THIS REPORT OR FOR THE RELIABILITY, ACCURACY, COMPLETENESS OR TIMELINESS THEREOF.

Disclaimer: This document is not intended to be an offer, or a solicitation of an offer, to buy or sell relevant securities (i.e. securities mentioned herein or of the same issuer and options, warrants or rights to or interest in any such securities). The information and opinions contained in this document have been compiled from or arrived at in good faith from sources believed to be reliable. No representation or warranty, expressed or implied, is made by PT CIPTADANA SEKURITAS ASIA or any other member of the Ciptadana Capital, including any other member of the Ciptadana Group of Companies from whom this document may be received, as to the accuracy or completeness of the information contained herein. All opinions and estimates in this report constitute our judgment as of this date and there can be no assurance that future results or events will be consistent with any such opinions, forecasts or estimates. The information in this document is subject to change without notice; its accuracy is not guaranteed; and it may be incomplete or condensed.