

## PT. Indocement Tunggal Prakarsa Tbk.

**HOLD**

13 August 2019  
Basic Industry – Cement

Price IDR 21,400

Target Price IDR 22,200

JKSE Index 6,185.679



### Stock Information

Bloomberg Code	INTP IJ
Market Cap (IDR bn)	82,735.7
52-week high (IDR)	22,875
52-week low (IDR)	13,425
Shares issued (mn)	3,681.2
6-m avg. daily Val (IDR)	20.421
Free float	49%

### Major share holders

Birchwood Omnia Ltd	51%
Public	49%

### USD/ IDR – YE (IDR)

2018	14,390
2019F (6m-avg)	14,168

Analyst  
eka.rahmah@binaartha.com

### Investment Consideration

#### 1H2019 Result: Double Digit Growth

- INTP booked net revenue of IDR 6.98 trillion in 1H2019 +8% YoY with a slight increase in sales volume of 1% YoY in 1H2019 and +8% higher ASP.
- INTP maintained their cost of revenue, which only slightly increased 1% YoY. As a result, gross profit grew double digit 26% YoY to IDR 2.14 trillion from IDR 1.70 trillion in 1H2018. Fuel and power cost per ton also decreased by -9% YoY from lower oil and coal prices. Gross profit margin improved from 26.2% in 1H2018 to 30.7% in 1H2019.
- Operating profit rose sharply +132% YoY to IDR 590.2 billion from IDR 254.7 billion. As a result the operating profit margin was higher at 8.5% from 3.9% in 1H2018.
- INTP booked a bottom line profit of IDR 640 billion, up 80% YoY from IDR 355.1 billion in 1H2018. Net profit margin also improved from 5.5% to 9.2%.
- We upgrade our 2019F forecast because of higher-than-expected 1H2019 results. We now expect INTP's bottom line will grow +31% in 2019F to IDR 1.49 trillion inline with a better ASP, higher sales volume, and well managed fixed costs.

#### Higher cement sales growth compared to Industry

- INTP sales volume growth in January-June 2019 was higher than Industry domestic sales volume. 1H2019, INTP total sales volume was 8.4 million tons (mt) up 1% compared to 1H2018, while Industry domestic sales volume of 29.37 million tons was negative growth of -2.3% YoY.
- INTP market share slightly increased from 26.2% to 26.3%.
- We expect the second semester this year will see a stronger cement market from seasonality and as a result of investors wait-see position turning to action after the Government recently stated their commitment to continuing infrastructure and development projects.

#### Valuation: Hold with TP 22,200

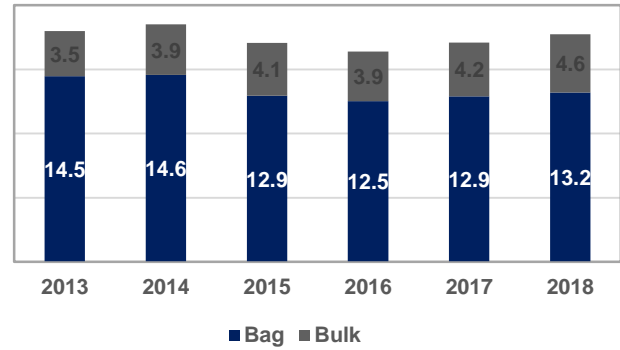
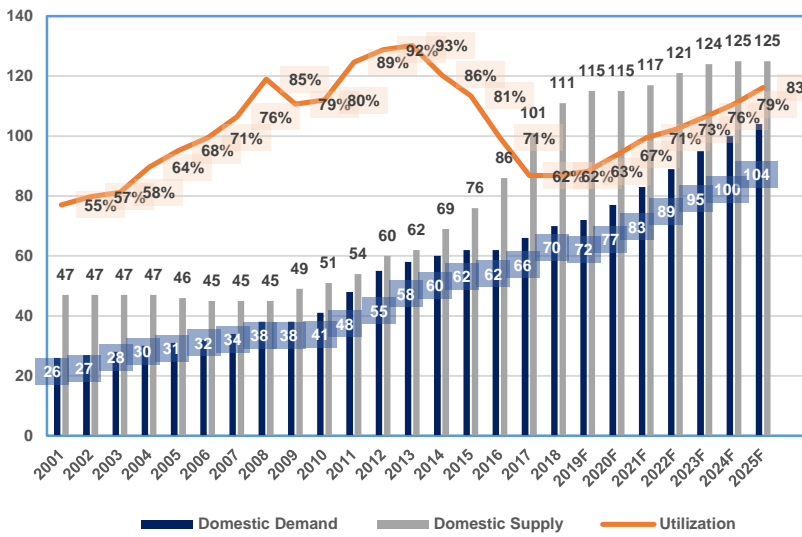
- We are targeting INTP to trade at 49x 2020F PE within a year.
- Target Price is IDR 22,200 which represents +3.7% upside. HOLD.

Table: Income Statement YoY (in IDR Bn)

Income Statement (In IDR Bn)	2015A	2016A	2017A	2018A	2019F	2020F
Revenue	17,798	15,362	14,431	15,190	15,947	17,760
Cost of revenue	(9,889)	(9,030)	(9,423)	(10,821)	(11,051)	(12,308)
Gross Profit	7,909	6,331	5,008	4,369	4,896	5,452
Operating Expense	(2,852)	(2,687)	(3,133)	(3,295)	(3,508)	(3,907)
Operating Profit	5,057	3,645	1,875	1,074	1,387	1,545
Other Income	588	502	413	327	478	533
Profit Before Tax	5,645	4,146	2,288	1,401	1,866	2,078
Taxes	(1,288)	(276)	(428)	(255)	(368)	(409)
NIAT	4,357	3,870	1,860	1,146	1,498	1,669
Non-controlling Interest	0	0	0	0	0	0
Net Income	4,357	3,870	1,860	1,146	1,498	1,669
EPS (In IDR)	1,183	1,051	505	311	407	453
EBITDA	6,618	5,151	3,480	2,699	2,992	3,176

chart: Domestic Cement Industry Supply and Demand YoY in Million Tons

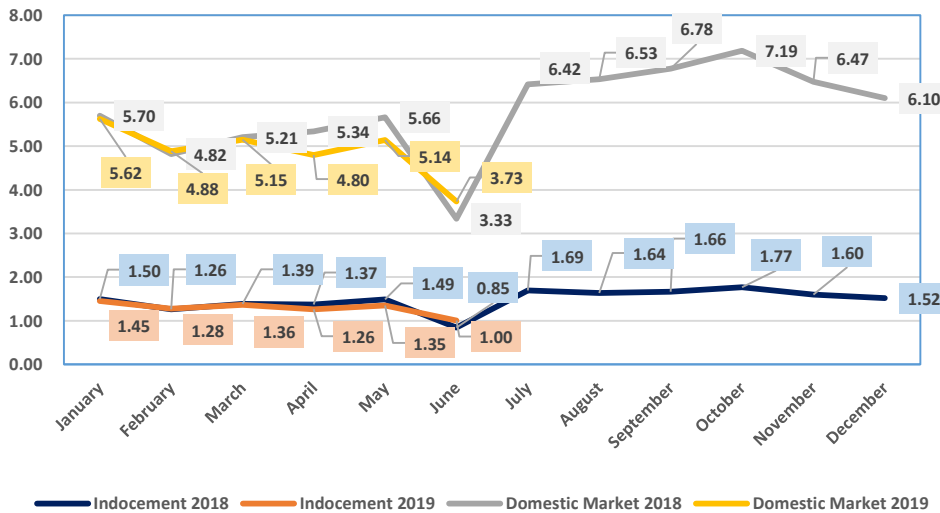
chart: Bulk and Bag Sales Volume YoY in Million Tons



Source: company

Source: company

chart: Domestic Sales vs Indocement Sales 2018FY – 1H2019 in Million Tons



Source: company

Table: Statement of Financial Position YoY in IDR Billion

Statement of Financial Position (In IDR Bn)	2014A	2015A	2016A	2017A	2018A	2019F	2020F
<b>ASSETS</b>							
<b>CURRENT ASSETS</b>							
Cash and Cash Equivalents	11,256	8,656	9,674	8,295	7,226	8,335	8,039
Trade Accounts Receivable	2,671	2,535	2,605	2,504	2,993	2,721	3,030
Inventories	1,666	1,609	1,780	1,769	1,838	1,914	2,024
Others Current Assets	494	335	365	316	260	319	320
<b>Total Current Assets</b>	<b>16,087</b>	<b>13,134</b>	<b>14,425</b>	<b>12,883</b>	<b>12,316</b>	<b>13,289</b>	<b>13,413</b>
<b>NONCURRENT ASSETS</b>							
Fixed Assets	12,144	13,814	14,644	14,979	14,637	14,253	15,330
Other Noncurrent Assets	655	691	1,082	1,001	836	797	799
<b>Total Noncurrent Assets</b>	<b>12,798</b>	<b>14,505</b>	<b>15,726</b>	<b>15,981</b>	<b>15,473</b>	<b>15,050</b>	<b>16,130</b>
<b>TOTAL ASSETS</b>	<b>28,885</b>	<b>27,638</b>	<b>30,151</b>	<b>28,864</b>	<b>27,789</b>	<b>28,339</b>	<b>29,542</b>
<b>LIABILITIES AND EQUITY</b>							
<b>LIABILITIES</b>							
<b>CURRENT LIABILITIES</b>							
Short-term liability	123	114	106	141	182	153	170
Trade Account Payable	1,767	1,641	2,126	2,207	2,578	2,451	2,729
Others Current Liabilities	1,371	933	956	1,131	1,165	1,223	1,362
<b>Total Current Liabilities</b>	<b>3,261</b>	<b>2,688</b>	<b>3,188</b>	<b>3,479</b>	<b>3,926</b>	<b>3,826</b>	<b>4,261</b>
<b>NONCURRENT LIABILITIES</b>							
Long-term liability	377	700	787	808	569	598	666
Others Noncurrent Liabilities	463	385	37	20	72	120	72
<b>Total Noncurrent Liabilities</b>	<b>840</b>	<b>1,085</b>	<b>824</b>	<b>828</b>	<b>641</b>	<b>718</b>	<b>737</b>
<b>TOTAL LIABILITIES</b>	<b>4,100</b>	<b>3,772</b>	<b>4,012</b>	<b>4,307</b>	<b>4,567</b>	<b>4,545</b>	<b>4,999</b>
Non-controlling interest	0	0	0	0	0	0	0
<b>EQUITY</b>	<b>24,785</b>	<b>23,866</b>	<b>26,139</b>	<b>24,557</b>	<b>23,222</b>	<b>23,795</b>	<b>24,544</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>28,885</b>	<b>27,638</b>	<b>30,151</b>	<b>28,864</b>	<b>27,789</b>	<b>28,339</b>	<b>29,542</b>

Source: company &amp; Binaartha

Table: Cash Flow YoY in IDR Billion

Cash Flow (In IDR Bn)	2015A	2016A	2017A	2018A	2019F	2020F
Net Income	4,357	3,870	1,860	1,146	1,498	1,669
Depreciation	946	993	1,178	1,280	1,106	1,077
Change in WC	(220)	228	454	(55)	37	15
<b>Cash From Operating Activities</b>	<b>5,082</b>	<b>5,091</b>	<b>3,492</b>	<b>2,370</b>	<b>2,642</b>	<b>2,761</b>
Capex	(2,652)	(2,215)	(1,433)	(772)	(684)	(2,157)
<b>Cash From Investing Activities</b>	<b>(2,652)</b>	<b>(2,215)</b>	<b>(1,433)</b>	<b>(772)</b>	<b>(684)</b>	<b>(2,157)</b>
Long-term liabilities	323	87	21	(239)	29	68
Others Noncurrent Liabilities	(78)	(347)	(17)	52	48	(49)
Equity	(5,276)	(1,598)	(3,442)	(2,481)	(925)	(920)
<b>Cash From Financing Activities</b>	<b>(5,030)</b>	<b>(1,858)</b>	<b>(3,438)</b>	<b>(2,668)</b>	<b>(848)</b>	<b>(901)</b>
<b>Net Changes in Cash</b>	<b>(2,601)</b>	<b>1,018</b>	<b>(1,379)</b>	<b>(1,069)</b>	<b>1,109</b>	<b>(297)</b>
Beginning Balance	11,256	8,656	9,674	8,295	7,226	8,335
Ending Balance	8,656	9,674	8,295	7,226	8,335	8,039

Source: company &amp; Binaartha

Table: Ratio Highlights YoY

Growth (% YoY)	2015A	2016A	2017A	2018A	2019F	2020F
Revenue	-10.99%	-13.69%	-6.06%	5.26%	4.98%	11.37%
OP	-15.37%	-27.93%	-48.56%	-42.71%	29.16%	11.37%
EBITDA	-13.94%	-22.16%	-32.44%	-22.44%	10.85%	6.15%
NP	-17.39%	-11.16%	-51.95%	-38.38%	30.74%	11.37%
EPS	-17.39%	-11.16%	-51.95%	-38.38%	30.74%	11.37%
<b>Profitability</b>						
GPM(%)	44.44%	41.22%	34.70%	28.76%	30.70%	30.70%
Operating Margin(%)	28.41%	23.72%	12.99%	7.07%	8.70%	8.70%
EBITDA margin(%)	37.18%	33.53%	24.12%	17.77%	18.76%	17.88%
NET Profit margin(%)	24.48%	25.19%	12.89%	7.54%	9.40%	9.40%
ROA(%)	15.76%	12.84%	6.44%	4.12%	5.29%	5.65%
ROE(%)	18.25%	14.81%	7.57%	4.93%	6.30%	6.80%
<b>Stability</b>						
Tot debt/ equity (x)	0.158	0.153	0.175	0.197	0.191	0.204
Int. Coverage (x)	164	327	132	61	77	82
Current Ratio (X)	4.89	4.53	3.70	3.14	3.47	3.15
<b>Per Share data (IDR)</b>						
EPS	1,183	1,051	505	311	407	453
BV	6,483	7,101	6,671	6,308	6,464	6,667
SPS	4,835	4,173	3,920	4,126	4,332	4,825
EBITDA/share	1,798	1,399	945	733	813	863

Source: company &amp; Binaartha

**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%**.
- Sel : a recommendation to close out a long position in a security with upside potential **below 0% or negative**.

**RESEARCH TEAM**  
**(62 21) 520 6678 ext. 611**

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