

PT. Indocement Tunggul Prakarsa Tbk.

BUY

Investment Consideration

Recovery continue

- With higher activity since the lowering of the PPKM level, construction activity has picked up and had a positive effect on cement demand.
- Cement domestic demand continues to recover in the 4Q2021 as seen in October domestic sales which were up +10%-11% MoM.
- For 9M2021, domestic cement sales volume continued to grow +5.5% YoY to 46.9 million tones (mt), while for September domestic sales increased +4.1% to 6.43 mt.
- The domestic Bulk cement market growth was a stronger +7.2% YoY while the bag market grew +3.2%.
- INTP booked 13.03 mt of sales volume or +6.9% YoY growth driven by stronger domestic sales volume which increased +4.9% while export sales increased +288% YoY.
- We expect faster sales growth in 4Q2021 as October sales shows double-digit growth and most infrastructure projects are continuing in 4Q2021.

Higher Margin in 3Q2021

- In 3Q2021, INTP net revenue increased +22% QoQ but slightly decreased -1% YoY to IDR 3.94 trillion due to higher sales volume. For 9M2021, net revenue increased +4.5% YoY to IDR 10.6 trillion.
- INTP net profit in 3Q2021 still decreased -4% YoY but was higher +164% QoQ to IDR 621 billion. This resulted in a higher NPM of 15.8% from 7.3% in 2Q2021. 9M2021 net profit also increased to IDR 1.2 trillion or +8% YoY growth with a higher NPM of 11.4%
- Gross profit in 3Q2021 increased +51% QoQ but declined -4% YoY to IDR 1.5 trillion, with a higher GPM of 38% from 30.1% in 2Q2021.
- Operating profit was stable at IDR 734 billion with a higher OPM of 18.6% from +7.6% OPM in 2Q2021.
- INTP has raised ASPs recently to offset higher coal prices in 3Q2021, but the coal price is expected continue to impact INTP's performance in 4Q2021 and next year. To address this, INTP has increased LCV usage and alternative fuel from 9.3% in 2020 to 11.8% in 9M2021 and is targeting 25% LCV usage in 2025 to replace fossil fuels.
- INTP does not receive DMO supply and so there has been no effect on INTP from DMO changes.
- We are expecting INTP's 2021FY revenue and net profit will reach IDR 14.8 trillion and IDR 2.1 trillion which is growth of +4.9% and +16.7% respectively.

Valuation: maintain Buy with TP 15,250

- We are now targeting INTP to trade at 25x 2022F PE within a year. Target Price is IDR 15,250 which represents +22% upside.

Financial Highlights	2016A	2017A	2018A	2019A	2020A	2021F	2022F
Revenue (IDR Bn)	15.362	14.431	15.190	15.939	14.184	14.882	15.487
EBITDA (IDR Bn)	5.151	3.480	2.699	3.483	3.601	3.804	4.066
Net Profit (IDR Bn)	3.870	1.860	1.146	1.835	1.806	2.110	2.245
GPM (%)	41,2%	34,7%	28,8%	34,5%	36,1%	36,0%	36,0%
NPM (%)	25,2%	12,9%	7,5%	11,5%	12,7%	14,2%	14,5%
EPS (IDR)	1.051	505	311	499	491	573	610
ROE (%)	12,84%	6,44%	4,12%	6,62%	6,61%	7,54%	7,67%
ROA (%)	14,81%	7,57%	4,93%	7,95%	8,15%	9,14%	9,30%

Source: company & Binaartha

15 November 2021
Basic Industry – Cement

Price IDR 12,450

Target Price IDR 15,250

JKSE Index 6,651.054



Stock Information

Bloomberg Code INTP IJ
Market Cap (IDR bn) 45,830
52-week high (IDR) 15,975
52-week low (IDR) 8,800
Shares issued (mn) 3,681.2
Free float 49%

Major share holders

Birchwood Omnia Ltd 51%
Public 49%

USD/ IDR – YE (IDR)

2020 14,175
2021F (6m-avg) 14,312

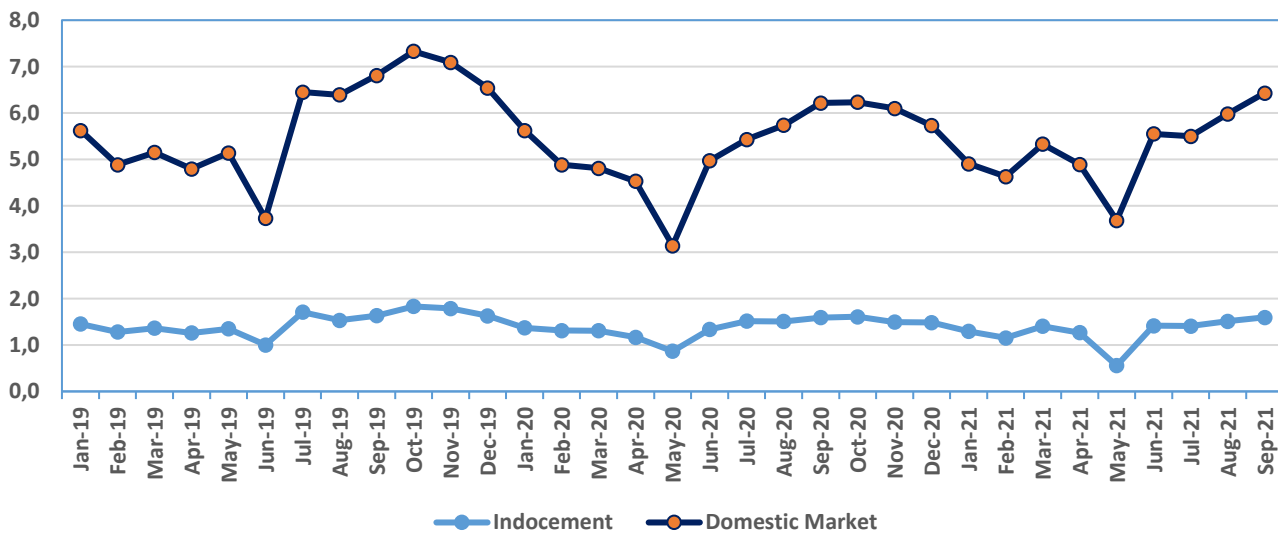
Analyst
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Table: Income Statement QoQ & YoY in IDR Billion

Income Statement (In IDR Bn)	1Q2021	2Q2021	3Q2021	QoQ	9M2020	9M2021	YoY
Revenue	3.438	3.229	3.942	22%	10.150	10.609	5%
Cost of revenue	-2.338	-2.234	-2.444	9%	-6.712	-7.016	5%
Gross Profit	1.100	995	1.498	51%	3.437	3.592	5%
Operating Expense	-704	-748	-764	2%	-2.324	-2.216	-5%
Operating Profit	395	246	734	198%	1.114	1.376	24%
Other Income	44	45	75	65%	246	164	-33%
Profit Before Tax	439	292	809	178%	1.360	1.540	13%
Taxes	-88	-56	-188	233%	-243	-332	37%
NIAT	351	235	622	164%	1.117	1.208	8%
Non-controlling Interest	0	0	0	100%	0	0	100%
Net Income	351	235	622	164%	1.117	1.208	8%
EPS (In IDR)	95	64	169	164%	303	328	8%

Source: company

chart: Domestic Sales vs Indocement Sales 2019 – September 2021 in Million Tons



Source: company

Table: Income Statement YoY in IDR Billion

Income Statement (In IDR Bn)	2016A	2017A	2018A	2019A	2020A	2021F	2022F
Revenue	15.362	14.431	15.190	15.939	14.184	14.882	15.487
Cost of revenue	-9.030	-9.423	-10.821	-10.439	-9.071	-9.524	-9.912
Gross Profit	6.331	5.008	4.369	5.500	5.114	5.357	5.575
Operating Expense	-2.687	-3.133	-3.295	-3.595	-3.238	-2.976	-3.097
Operating Profit	3.645	1.875	1.074	1.905	1.876	2.381	2.478
Other Income	502	413	327	370	272	223	294
Profit Before Tax	4.146	2.288	1.401	2.275	2.148	2.604	2.772
Taxes	-276	-428	-255	-440	-342	-495	-527
NIAT	3.870	1.860	1.146	1.835	1.806	2.110	2.245
Non-controlling Interest	0	0	0	0	0	0	0
Net Income	3.870	1.860	1.146	1.835	1.806	2.110	2.245
EPS (In IDR)	1.051	505	311	499	491	573	610
EBITDA	5.151	3.480	2.699	3.483	3.601	3.804	4.066

Source: company & Binaartha

Table: Cash Flow YoY in IDR Billion

Cash Flow (In IDR Bn)	2016A	2017A	2018A	2019A	2020A	2021F	2022F
Net Income	3.870	1.860	1.146	1.835	1.806	2.110	2.245
Depreciation	993	1.178	1.280	1.201	1.402	1.152	1.244
Change in WC	228	454	-55	-140	919	-293	75
Cash From Operating Activities	5.091	3.492	2.370	2.896	4.127	2.968	3.564
Capex	-2.215	-1.433	-772	-606	-1.569	-2.325	-2.438
Cash From Investing Activities	-2.215	-1.433	-772	-606	-1.569	-2.325	-2.438
Long-term liabilities	87	21	-239	17	-16	25	24
Others Noncurrent Liabilities	-347	-17	52	95	214	-10	46
Equity	-1.598	-3.442	-2.481	-1.977	-2.710	-1.206	-1.191
Cash From Financing Activities	-1.858	-3.438	-2.668	-1.864	-2.512	-1.191	-1.120
Net Changes in Cash	1.018	-1.379	-1.069	426	46	-548	6
Beginning Balance	8.656	9.674	8.295	7.226	7.652	7.698	7.150
Ending Balance	9.674	8.295	7.226	7.652	7.698	7.150	7.156

Source: company & Binaartha

Table: Statement of Financial Position YoY in IDR Billion

Statement of Financial Position (In IDR Bn)	2016A	2017A	2018A	2019A	2020A	2021F	2022F
ASSETS							
CURRENT ASSETS							
Cash and Cash Equivalents	9.674	8.295	7.226	7.652	7.698	7.150	7.156
Trade Accounts Receivable	2.605	2.504	2.993	3.090	2.621	2.632	2.710
Inventories	1.780	1.769	1.838	1.895	1.824	1.827	1.827
Others Current Assets	365	316	260	193	157	149	155
Total Current Assets	14.425	12.883	12.316	12.829	12.299	11.757	11.848
NONCURRENT ASSETS							
Fixed Assets	14.644	14.979	14.637	14.080	14.397	15.549	16.793
Other Noncurrent Assets	1.082	1.001	836	798	648	670	619
Total Noncurrent Assets	15.726	15.981	15.473	14.878	15.045	16.219	17.412
TOTAL ASSETS	30.151	28.864	27.789	27.708	27.345	27.976	29.260
LIABILITIES AND EQUITY							
LIABILITIES							
CURRENT LIABILITIES							
Short-term liability	106	141	182	189	343	357	372
Trade Account Payable	2.126	2.207	2.578	2.516	2.319	1.637	1.704
Others Current Liabilities	956	1.131	1.165	1.169	1.553	1.935	2.013
Total Current Liabilities	3.188	3.479	3.926	3.873	4.216	3.929	4.089
NONCURRENT LIABILITIES							
Long-term liability	787	808	569	586	571	595	619
Others Noncurrent Liabilities	37	20	72	168	382	372	418
Total Noncurrent Liabilities	824	828	641	754	952	967	1.038
TOTAL LIABILITIES	4.012	4.307	4.567	4.627	5.168	4.896	5.126
Non-controlling interest	0	0	0	0	0	0	0
EQUITY	26.139	24.557	23.222	23.080	22.176	23.079	24.134
TOTAL LIABILITIES & EQUITY	30.151	28.864	27.789	27.708	27.345	27.976	29.260

Source: company & Binaartha

Table: Ratio Highlights YoY

Growth (% YoY)	2016A	2017A	2018A	2019A	2020A	2021F	2022F
Revenue	-13,69%	-6,06%	5,26%	4,93%	-11,01%	4,92%	4,06%
OP	-27,93%	-48,56%	-42,71%	77,36%	-1,53%	26,93%	4,06%
EBITDA	-22,16%	-32,44%	-22,44%	29,05%	3,40%	5,62%	6,88%
NP	-11,16%	-51,95%	-38,38%	60,16%	-1,58%	16,78%	6,44%
EPS	-11,16%	-51,95%	-38,38%	60,16%	-1,58%	16,78%	6,44%
Profitability							
GPM(%)	41,22%	34,70%	28,76%	34,51%	36,05%	36,00%	36,00%
Operating Margin(%)	23,72%	12,99%	7,07%	11,95%	13,23%	16,00%	16,00%
EBITDA margin(%)	33,53%	24,12%	17,77%	21,85%	25,39%	25,56%	26,25%
NET Profit margin(%)	25,19%	12,89%	7,54%	11,51%	12,73%	14,18%	14,50%
ROA(%)	12,84%	6,44%	4,12%	6,62%	6,61%	7,54%	7,67%
ROE(%)	14,81%	7,57%	4,93%	7,95%	8,15%	9,14%	9,30%
Stability							
Tot debt/ equity (x)	0,153	0,175	0,197	0,200	0,233	0,212	0,212
Int. Coverage (x)	327	132	61	237	35	44	45
Current Ratio (X)	4,53	3,70	3,14	3,31	2,92	2,99	2,90
Per Share data (IDR)							
EPS	1.051	505	311	499	491	573	610
BV	7.101	6.671	6.308	6.270	6.024	6.269	6.556
SPS	4.173	3.920	4.126	4.330	3.853	4.043	4.207
EBITDA/share	1.399	945	733	946	978	1.033	1.104

Source: company & 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
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