

**PT. Indocement Tunggal Prakarsa Tbk.**

**BUY**

**Investment Consideration**

**Bulk sales recovery**

- The domestic Bulk cement market started to recover in April after months of contraction due to the restart of infrastructure projects from the end of March 2021.
- As of April 2021, the domestic cement market grew +8.6% MoM to 4.89 Million Tons (MT) or +3.7% YTD to 19.76 mt. The bulk market grew double digits +13.8% YoY while the bag market growth was +7.1%.
- INTP booked 1.27 mt sales volume driven by bulk sales volume up +18.9% YoY and bag sales volume +8.6% YoY.
- For 1Q2021 sales volume, INTP booked total cement sales volume of 4.24 mt higher by +5.5% YoY inline with the increases of domestic cement sales volume +2.2% YoY to 14.8 mt.
- The positive growth in bulk cement indicates a faster recovery of major infrastructure and commercial projects, so we are expecting higher cement demand in 2H2021.

**1Q2021: Stable Margin**

- In 1Q2021, INTP net revenue increased +2.2% to IDR 3.44 trillion, less than the growth of sales volume (+5.5%) due to lower average prices.
- INTP net profit in 1Q2021 decreased +12.6% YoY to IDR 351.3 billion due to lower finance income, normalized income tax expense (from 22% to 25%) and a lower ASP. This resulted in a lower NPM of 10.2% from 11.9% in 1Q2020.
- Gross profit in 2020 slightly increased +3.3% YoY to IDR 1.09 trillion, with a slightly higher GPM at 32%.
- Operating profit increased +2.4% YoY to IDR 395.5 billion with a stable OPM at 11.5%.
- EBITDA also increased +1.4% to IDR 731 billion with a stable Ebitda margin at 21.4%.
- We are expecting INTP's 2021FY revenue and net profit will reach IDR 15 trillion and IDR 1.9 trillion which is growth of +5.9% and +6.4% respectively.

**Valuation: maintain Buy with TP 15,170**

- As we expect the recovery to continue giving a more positive sentiment towards the cement sector, we maintain our recommendation to BUY.
- We are now targeting INTP to trade at 27x 2022F PE within a year. Target Price is IDR 15,170 which represents +24% upside.

Financial Highlights	2016A	2017A	2018A	2019A	2020A	2021F	2022F
Revenue (IDR Bn)	15.362	14.431	15.190	15.939	14.184	15.015	15.767
EBITDA (IDR Bn)	5.151	3.480	2.699	3.483	3.601	3.857	4.180
Net Profit (IDR Bn)	3.870	1.860	1.146	1.835	1.806	1.922	2.069
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%	12,8%	13,1%
EPS (IDR)	1.051	505	311	499	491	522	562
ROE (%)	12,84%	6,44%	4,12%	6,62%	6,61%	6,73%	6,94%
ROA (%)	14,81%	7,57%	4,93%	7,95%	8,15%	8,33%	8,60%

Source: company & Binaartha

19 May 2021  
Basic Industry – Cement

Price IDR 12,250

Target Price IDR 15,170

JKSE Index 5,834.394



**Stock Information**

Bloomberg Code	INTP IJ
Market Cap (IDR bn)	44,730
52-week high (IDR)	15,975
52-week low (IDR)	10,125
Shares issued (mn)	3,681.2
Free float	49%

**Major share holders**

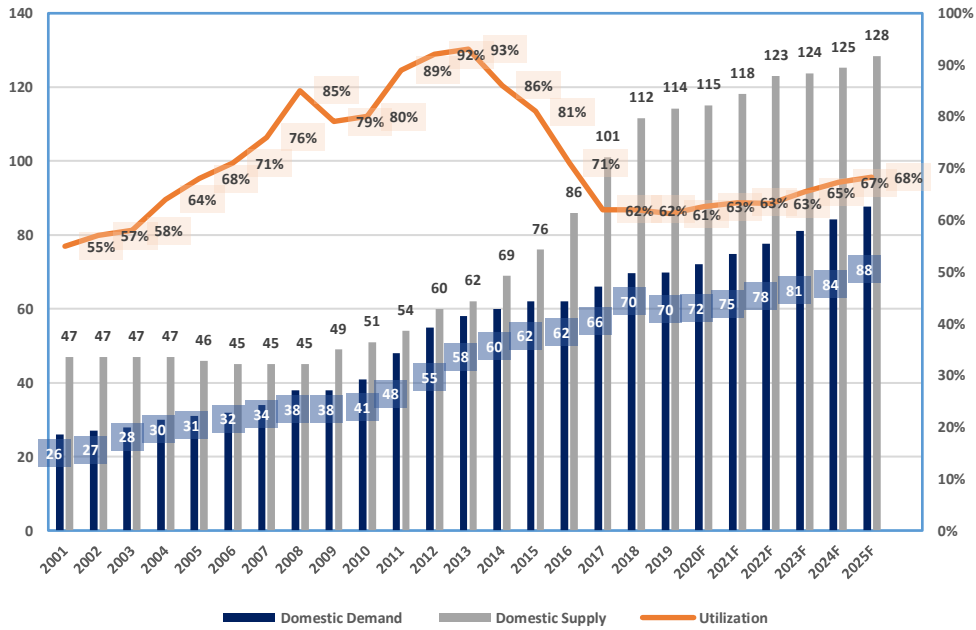
Birchwood Omnia Ltd	51%
Public	49%

**USD/ IDR – YE (IDR)**

2020	14,175
2021F (6m-avg)	14,557

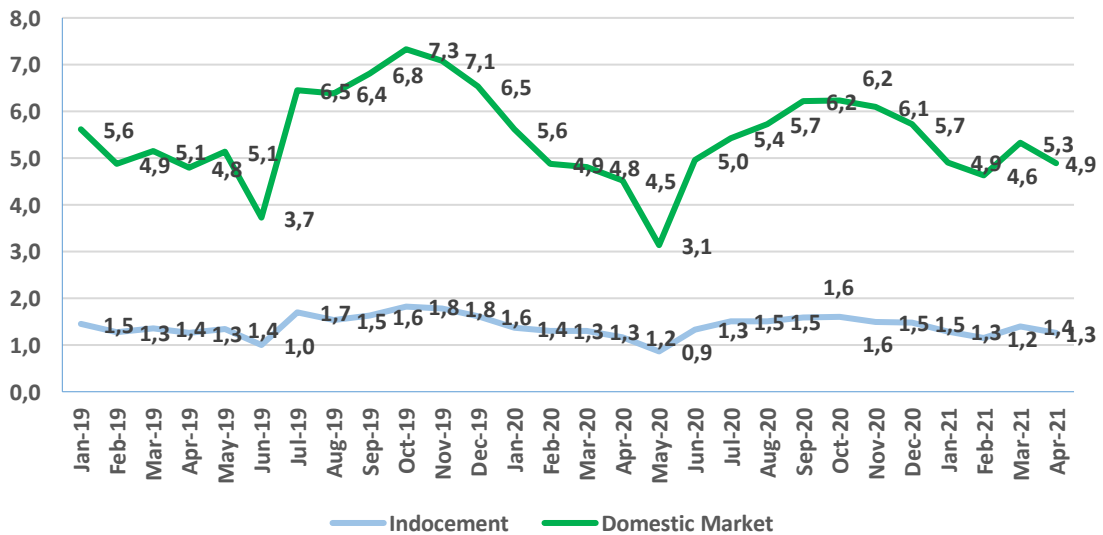
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chart: Domestic Cement Industry Supply and Demand YoY in Million Tons



Source: company

chart: Domestic Sales vs Indocement Sales 2019 – April 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
<b>Revenue</b>	<b>15.362</b>	<b>14.431</b>	<b>15.190</b>	<b>15.939</b>	<b>14.184</b>	<b>15.015</b>	<b>15.767</b>
Cost of revenue	-9.030	-9.423	-10.821	-10.439	-9.071	-9.609	-10.091
<b>Gross Profit</b>	<b>6.331</b>	<b>5.008</b>	<b>4.369</b>	<b>5.500</b>	<b>5.114</b>	<b>5.405</b>	<b>5.676</b>
Operating Expense	-2.687	-3.133	-3.295	-3.595	-3.238	-3.303	-3.469
<b>Operating Profit</b>	<b>3.645</b>	<b>1.875</b>	<b>1.074</b>	<b>1.905</b>	<b>1.876</b>	<b>2.102</b>	<b>2.207</b>
Other Income	502	413	327	370	272	300	378
<b>Profit Before Tax</b>	<b>4.146</b>	<b>2.288</b>	<b>1.401</b>	<b>2.275</b>	<b>2.148</b>	<b>2.402</b>	<b>2.586</b>
Taxes	-276	-428	-255	-440	-342	-480	-517
<b>NIAT</b>	<b>3.870</b>	<b>1.860</b>	<b>1.146</b>	<b>1.835</b>	<b>1.806</b>	<b>1.922</b>	<b>2.069</b>
Non-controlling Interest	0	0	0	0	0	0	0
<b>Net Income</b>	<b>3.870</b>	<b>1.860</b>	<b>1.146</b>	<b>1.835</b>	<b>1.806</b>	<b>1.922</b>	<b>2.069</b>
EPS (In IDR)	1.051	505	311	499	491	522	562
<b>EBITDA</b>	<b>5.151</b>	<b>3.480</b>	<b>2.699</b>	<b>3.483</b>	<b>3.601</b>	<b>3.857</b>	<b>4.180</b>

Source: company &amp; 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	1.922	2.069
Depreciation	993	1.178	1.280	1.201	1.402	1.402	1.539
Change in WC	228	454	-55	-140	919	242	97
<b>Cash From Operating Activities</b>	<b>5.091</b>	<b>3.492</b>	<b>2.370</b>	<b>2.896</b>	<b>4.127</b>	<b>3.565</b>	<b>3.704</b>
Capex	-2.215	-1.433	-772	-606	-1.569	-2.875	-3.096
<b>Cash From Investing Activities</b>	<b>-2.215</b>	<b>-1.433</b>	<b>-772</b>	<b>-606</b>	<b>-1.569</b>	<b>-2.875</b>	<b>-3.096</b>
Long-term liabilities	87	21	-239	17	-16	30	30
Others Noncurrent Liabilities	-347	-17	52	95	214	-7	19
Equity	-1.598	-3.442	-2.481	-1.977	-2.710	-1.019	-1.108
<b>Cash From Financing Activities</b>	<b>-1.858</b>	<b>-3.438</b>	<b>-2.668</b>	<b>-1.864</b>	<b>-2.512</b>	<b>-995</b>	<b>-1.059</b>
<b>Net Changes in Cash</b>	<b>1.018</b>	<b>-1.379</b>	<b>-1.069</b>	<b>426</b>	<b>46</b>	<b>-305</b>	<b>-451</b>
<b>Beginning Balance</b>	<b>8.656</b>	<b>9.674</b>	<b>8.295</b>	<b>7.226</b>	<b>7.652</b>	<b>7.698</b>	<b>7.393</b>
<b>Ending Balance</b>	<b>9.674</b>	<b>8.295</b>	<b>7.226</b>	<b>7.652</b>	<b>7.698</b>	<b>7.393</b>	<b>6.942</b>

Source: company &amp; Binaartha

Table: Statement of Financial Position YoY in IDR Billion

Statement of Financial Position (In IDR Bn)	2016A	2017A	2018A	2019A	2020A	2021F	2022F
<b>ASSETS</b>							
<b>CURRENT ASSETS</b>							
Cash and Cash Equivalents	9.674	8.295	7.226	7.652	7.698	7.393	6.942
Trade Accounts Receivable	2.605	2.504	2.993	3.090	2.621	2.655	2.759
Inventories	1.780	1.769	1.838	1.895	1.824	1.843	1.860
Others Current Assets	365	316	260	193	157	150	158
<b>Total Current Assets</b>	<b>14.425</b>	<b>12.883</b>	<b>12.316</b>	<b>12.829</b>	<b>12.299</b>	<b>12.042</b>	<b>11.720</b>
<b>NONCURRENT ASSETS</b>							
Fixed Assets	14.644	14.979	14.637	14.080	14.397	15.799	17.338
Other Noncurrent Assets	1.082	1.001	836	798	648	719	738
<b>Total Noncurrent Assets</b>	<b>15.726</b>	<b>15.981</b>	<b>15.473</b>	<b>14.878</b>	<b>15.045</b>	<b>16.518</b>	<b>18.076</b>
<b>TOTAL ASSETS</b>	<b>30.151</b>	<b>28.864</b>	<b>27.789</b>	<b>27.708</b>	<b>27.345</b>	<b>28.560</b>	<b>29.795</b>
<b>LIABILITIES AND EQUITY</b>							
<b>LIABILITIES</b>							
<b>CURRENT LIABILITIES</b>							
Short-term liability	106	141	182	189	343	450	473
Trade Account Payable	2.126	2.207	2.578	2.516	2.319	2.402	2.523
Others Current Liabilities	956	1.131	1.165	1.169	1.553	1.652	1.734
<b>Total Current Liabilities</b>	<b>3.188</b>	<b>3.479</b>	<b>3.926</b>	<b>3.873</b>	<b>4.216</b>	<b>4.504</b>	<b>4.730</b>
<b>NONCURRENT LIABILITIES</b>							
Long-term liability	787	808	569	586	571	601	631
Others Noncurrent Liabilities	37	20	72	168	382	375	394
<b>Total Noncurrent Liabilities</b>	<b>824</b>	<b>828</b>	<b>641</b>	<b>754</b>	<b>952</b>	<b>976</b>	<b>1.025</b>
<b>TOTAL LIABILITIES</b>	<b>4.012</b>	<b>4.307</b>	<b>4.567</b>	<b>4.627</b>	<b>5.168</b>	<b>5.480</b>	<b>5.755</b>
Non-controlling interest	0	0	0	0	0	0	0
<b>EQUITY</b>	<b>26.139</b>	<b>24.557</b>	<b>23.222</b>	<b>23.080</b>	<b>22.176</b>	<b>23.079</b>	<b>24.040</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>30.151</b>	<b>28.864</b>	<b>27.789</b>	<b>27.708</b>	<b>27.345</b>	<b>28.560</b>	<b>29.795</b>

Source: company &amp; Binaartha

Table: Ratio Highlights YoY

<b>Growth (% YoY)</b>	<b>2016A</b>	<b>2017A</b>	<b>2018A</b>	<b>2019A</b>	<b>2020A</b>	<b>2021F</b>	<b>2022F</b>
Revenue	-13,69%	-6,06%	5,26%	4,93%	-11,01%	5,85%	5,01%
OP	-27,93%	-48,56%	-42,71%	77,36%	-1,53%	12,05%	5,01%
EBITDA	-22,16%	-32,44%	-22,44%	29,05%	3,40%	7,09%	8,36%
NP	-11,16%	-51,95%	-38,38%	60,16%	-1,58%	6,40%	7,64%
EPS	-11,16%	-51,95%	-38,38%	60,16%	-1,58%	6,40%	7,64%
<b>Profitability</b>							
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%	14,00%	14,00%
EBITDA margin(%)	33,53%	24,12%	17,77%	21,85%	25,39%	25,69%	26,51%
NET Profit margin(%)	25,19%	12,89%	7,54%	11,51%	12,73%	12,80%	13,12%
ROA(%)	12,84%	6,44%	4,12%	6,62%	6,61%	6,73%	6,94%
ROE(%)	14,81%	7,57%	4,93%	7,95%	8,15%	8,33%	8,60%
<b>Stability</b>							
Tot debt/ equity (x)	0,153	0,175	0,197	0,200	0,233	0,237	0,239
Int. Coverage (x)	327	132	61	237	35	37	37
Current Ratio (X)	4,53	3,70	3,14	3,31	2,92	2,67	2,48
<b>Per Share data (IDR)</b>							
EPS	1.051	505	311	499	491	522	562
BV	7.101	6.671	6.308	6.270	6.024	6.269	6.531
SPS	4.173	3.920	4.126	4.330	3.853	4.079	4.283
EBITDA/share	1.399	945	733	946	978	1.048	1.135

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**  
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