

PT. Indocement Tunggal Prakarsa Tbk.

HOLD

Investment Consideration

Volume 2019FY: Slight growth in December

- INTP domestic cement sales volume for December was +7.4% higher than a year ago with double digit growth in West Java and Sumatra, which boosted INTP home (W Java) market share from 45.3% to 46.7% and Sumatra from 9.1% to 11.6% vs. last December.
- Total sales volume in 2019 was 18.95 million tons -1.1% lower than 2018.
- The Indonesia cement market in 2019 was slightly higher +0.6% yoy at 69.99 million tons, while in December the domestic market grew 7.2% yoy to 6.54 million tons.
- We expect 1Q2020 cement demand will be slow as the year started with heavy rainfall which is expected to continue throughout 1Q2020.

9M2019: Margin Rise

- INTP booked net revenue of IDR 11.35 trillion in 9M2019 +5.3% YoY while cost of revenue was maintained. As a result, gross profit grew double digit 27.8% YoY to IDR 3.68 trillion from IDR 2.88 trillion in 9M2018. Gross profit margins improved from 26.7% in 9M2018, and 30.7% in 1H2019 to 32.4% in 9M2019.
- Operating profit rose sharply +130% YoY to IDR 1.21 trillion from IDR 526.7 billion. As a result the operating profit margin was higher at 10.7% from 4.9% in 9M2018.
- INTP booked a bottom line profit of IDR 1.17 trillion, up 90% YoY from IDR 617.7 billion in 9M2018. Net profit margin also improved from 5.7% to 10.4%.
- We maintain our 2019F forecast that INTP will grow net profit +34% to IDR 1.53 trillion with a better ASP, higher sales volume, and well managed costs.

Valuation: maintain Hold with TP 22,000

- We are targeting INTP to trade at 50x 2020F PE within a year.
- Target Price is IDR 22,000 which represents +19% upside. HOLD.

Table: Income Statement YoY (in IDR Bn)

Income Statement (In IDR Bn)	2015A	2016A	2017A	2018A	2019F	2020F	2021F
Revenue	17,798	15,362	14,431	15,190	16,348	17,298	18,303
Cost of revenue	(9,889)	(9,030)	(9,423)	(10,821)	(11,329)	(11,987)	(12,684)
Gross Profit	7,909	6,331	5,008	4,369	5,019	5,310	5,619
Operating Expense	(2,852)	(2,687)	(3,133)	(3,295)	(3,597)	(3,806)	(4,027)
Operating Profit	5,057	3,645	1,875	1,074	1,422	1,505	1,592
Other Income	588	502	413	327	490	519	549
Profit Before Tax	5,645	4,146	2,288	1,401	1,913	2,024	2,142
Taxes	(1,288)	(276)	(428)	(255)	(377)	(399)	(422)
NIAT	4,357	3,870	1,860	1,146	1,536	1,625	1,720
Non-controlling Interest	0	0	0	0	0	0	0
Net Income	4,357	3,870	1,860	1,146	1,536	1,625	1,720
EPS (In IDR)	1,183	1,051	505	311	417	441	467
EBITDA	6,618	5,151	3,480	2,699	3,039	3,122	3,318

Source: company & Binaartha

23 January 2020
Basic Industry – Cement

Price IDR 18,350

Target Price IDR 22,000

JKSE Index 6,233.453



Stock Information

Bloomberg Code INTP IJ
Market Cap (IDR bn) 67,642
52-week high (IDR) 22,875
52-week low (IDR) 17,200
Shares issued (mn) 3,681.2
6-m avg. daily Val (IDR) 20,283
Free float 49%

Major share holders

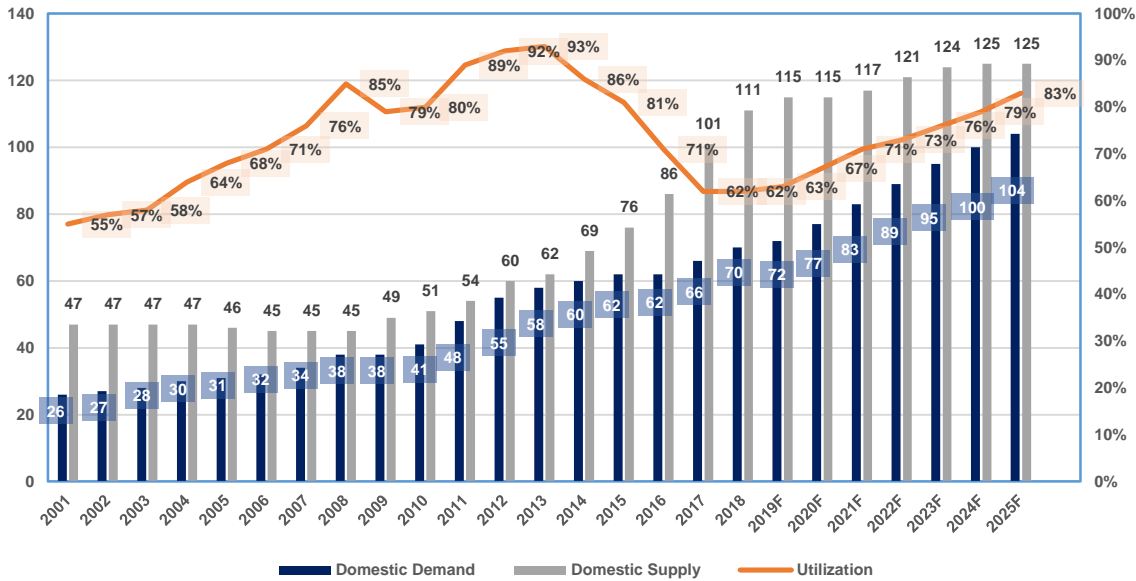
Birchwood Omnia Ltd 51%
Public 49%

USD/ IDR – YE (IDR)

2019 13,970
2020F (6m-avg) 13,654

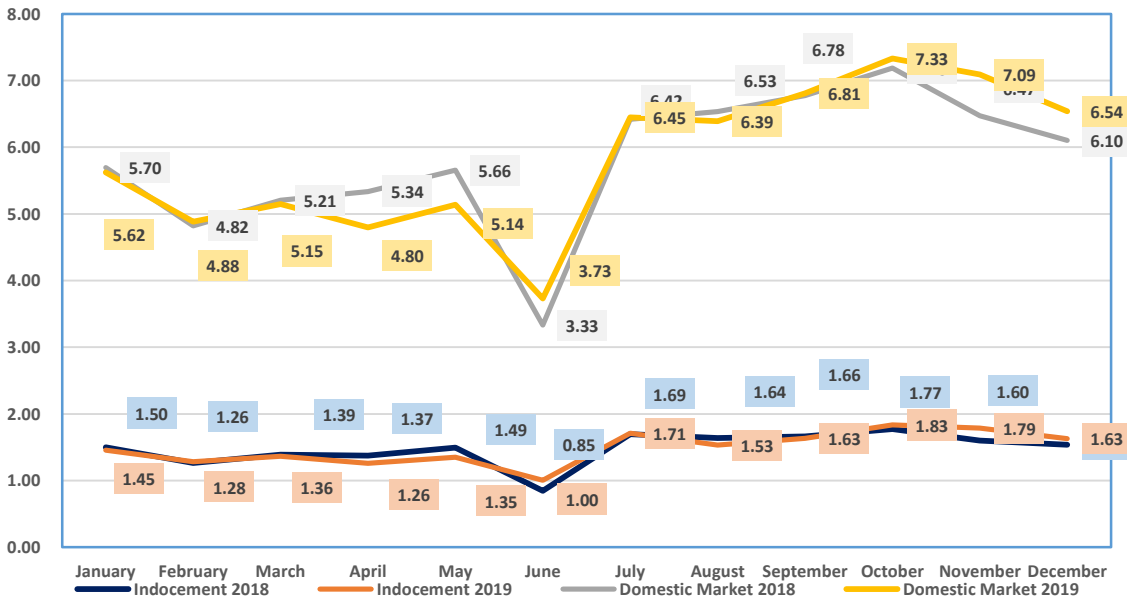
Analyst
eka.rahmah@binaartha.com

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



Source: company

chart: Domestic Sales vs Indocement Sales 2018FY – 2019FY in Million Tons



Source: company

Table: Statement of Financial Position YoY in IDR Billion

Statement of Financial Position (In IDR Bn)	2015A	2016A	2017A	2018A	2019F	2020F	2021F
ASSETS							
CURRENT ASSETS							
Cash and Cash Equivalents	8,656	9,674	8,295	7,226	6,554	7,847	6,648
Trade Accounts Receivable	2,535	2,605	2,504	2,993	3,270	2,823	3,231
Inventories	1,609	1,780	1,769	1,838	1,962	1,971	2,086
Others Current Assets	335	365	316	260	490	346	458
Total Current Assets	13,134	14,425	12,883	12,316	12,275	12,988	12,422
NONCURRENT ASSETS							
Fixed Assets	13,814	14,644	14,979	14,637	14,253	15,330	16,489
Other Noncurrent Assets	691	1,082	1,001	836	817	778	824
Total Noncurrent Assets	14,505	15,726	15,981	15,473	15,070	16,109	17,313
TOTAL ASSETS	27,638	30,151	28,864	27,789	27,346	29,097	29,735
LIABILITIES AND EQUITY							
LIABILITIES							
CURRENT LIABILITIES							
Short-term liability	114	106	141	182	157	166	175
Trade Account Payable	1,641	2,126	2,207	2,578	1,445	2,249	2,105
Others Current Liabilities	933	956	1,131	1,165	1,254	1,384	1,301
Total Current Liabilities	2,688	3,188	3,479	3,926	2,856	3,798	3,581
NONCURRENT LIABILITIES							
Long-term liability	700	787	808	569	572	605	641
Others Noncurrent Liabilities	385	37	20	72	123	130	138
Total Noncurrent Liabilities	1,085	824	828	641	695	736	779
TOTAL LIABILITIES	3,772	4,012	4,307	4,567	3,551	4,534	4,360
Non-controlling interest	0	0	0	0	0	0	0
EQUITY	23,866	26,139	24,557	23,222	23,795	24,563	25,375
TOTAL LIABILITIES & EQUITY	27,638	30,151	28,864	27,789	27,346	29,097	29,735

Source: company & Binaartha

Table: Cash Flow YoY in IDR Billion

Cash Flow (In IDR Bn)	2015A	2016A	2017A	2018A	2019F	2020F	2021F
Net Income	4,357	3,870	1,860	1,146	1,536	1,625	1,720
Depreciation	946	993	1,178	1,280	1,106	1,077	1,159
Change in WC	(220)	228	454	(55)	(1,702)	1,524	(851)
Cash From Operating Activities	5,082	5,091	3,492	2,370	941	4,226	2,028
Capex	(2,652)	(2,215)	(1,433)	(772)	(704)	(2,116)	(2,363)
Cash From Investing Activities	(2,652)	(2,215)	(1,433)	(772)	(704)	(2,116)	(2,363)
Long-term liabilities	323	87	21	(239)	3	33	35
Others Noncurrent Liabilities	(78)	(347)	(17)	52	51	7	8
Equity	(5,276)	(1,598)	(3,442)	(2,481)	(963)	(857)	(907)
Cash From Financing Activities	(5,030)	(1,858)	(3,438)	(2,668)	(909)	(817)	(864)
Net Changes in Cash	(2,601)	1,018	(1,379)	(1,069)	(672)	1,294	(1,200)
Beginning Balance	11,256	8,656	9,674	8,295	7,226	6,554	7,847
Ending Balance	8,656	9,674	8,295	7,226	6,554	7,847	6,648

Source: company & Binaartha

Table: Ratio Highlights YoY

Growth (% YoY)	2015A	2016A	2017A	2018A	2019F	2020F	2021F
Revenue	-10.99%	-13.69%	-6.06%	5.26%	7.62%	5.81%	5.81%
OP	-15.37%	-27.93%	-48.56%	-42.71%	32.41%	5.81%	5.81%
EBITDA	-13.94%	-22.16%	-32.44%	-22.44%	12.60%	2.71%	6.29%
NP	-17.39%	-11.16%	-51.95%	-38.38%	34.03%	5.81%	5.81%
EPS	-17.39%	-11.16%	-51.95%	-38.38%	34.03%	5.81%	5.81%
Profitability							
GPM(%)	44.44%	41.22%	34.70%	28.76%	30.70%	30.70%	30.70%
Operating Margin(%)	28.41%	23.72%	12.99%	7.07%	8.70%	8.70%	8.70%
EBITDA margin(%)	37.18%	33.53%	24.12%	17.77%	18.59%	18.05%	18.13%
NET Profit margin(%)	24.48%	25.19%	12.89%	7.54%	9.40%	9.40%	9.40%
ROA(%)	15.76%	12.84%	6.44%	4.12%	5.62%	5.59%	5.78%
ROE(%)	18.25%	14.81%	7.57%	4.93%	6.45%	6.62%	6.78%
Stability							
Tot debt/ equity (x)	0.158	0.153	0.175	0.197	0.149	0.185	0.172
Int. Coverage (x)	164	327	132	61	77	80	98
Current Ratio (X)	4.89	4.53	3.70	3.14	4.30	3.42	3.47
Per Share data (IDR)							
EPS	1,183	1,051	505	311	417	441	467
BV	6,483	7,101	6,671	6,308	6,464	6,672	6,893
SPS	4,835	4,173	3,920	4,126	4,441	4,699	4,972
EBITDA/share	1,798	1,399	945	733	826	848	901

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
(62 21) 520 6678 ext. 611

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