

**PT. Indocement Tunggal Prakarsa Tbk.**

**HOLD**

30 May 2022  
Basic Industry – Cement

Price IDR 10,225  
Target Price IDR 12,075  
JKSE Index 7,037.565



**Stock Information**

Bloomberg Code INTP IJ  
Market Cap (IDR bn) 38,100  
52-week high (IDR) 12,950  
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)**

2021 14,300  
2022F (6m-avg) 14,385

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**Investment Consideration**

**Higher ASP**

- Domestic cement sales volume grew +4.7% YoY in 1Q2022 with a contraction in bag volume of -0.6% and strong growth of bulk sales volume of +24.0%.
- INTP’s domestic sales volume contracted -0.8% with bag sales -5.7% and bulk up +20.1% mainly due to a price increase in bag cement because of higher fuel costs from higher coal prices. With another spike of coal prices in 1Q2022, there is another price hike in 2Q2022.
- In April 2022, domestic sales volume contracted -9.5% due to the national holiday and Eid Al-Fitr celebration. Bag sales contracted -14.2% YoY while bulk sales grew +5.7% YoY.
- INTP sales also contracted by -24.1% YoY with bag sales down -27.1% and bulk by a lesser -14.4% due to the price hike. The normal INTP leadership price gap has not returned to its previous level yet despite the price increases.
- Domestic demand is likely to normalize after the holiday but remain overshadowed by rising costs such as higher coal prices. We maintain our forecast for positive sales volume growth for 2022FY.

**Margin Depressed**

- Despite a net revenue increase of +3% YoY to IDR 3.56 trillion due to the higher ASP, INTP’s margin continued to be depressed by higher energy costs in 1Q2022.
- Energy costs rose +53% YoY to IDR 1.42 trillion due to the spike in coal prices. This resulted in a cost of revenue increase of +11% YoY.
- Gross profit decreased by -13% YoY to IDR 960.4 billion with a lower GPM of 27% from 36.8% in 4Q2021.
- After the ASP hike in 1Q2022 to mitigate margin contraction, INTP also raised the ASP in April 2022 by around 5% - 7% to offset higher coal prices.
- Operating profit decreased -48% YoY to IDR 207 billion with a lower OPM of 5.8% from 16.7% in 4Q2021.
- INTP net profit in 1Q2022 decreased -48% YoY to IDR 183 billion. This resulted in a lower NPM of 5.1% from 13.9% in 4Q2021.
- We revise our 2022F revenue and net profit forecasts to IDR 16.3 trillion and IDR 1.65 trillion which is growth of +10% and -7.6% respectively

**Valuation: Downgrade to HOLD with TP 12,075**

- We are now targeting INTP to trade at 25x 2023F PE within a year. Target Price is IDR 12,075 which represents +18% upside. We recommend to HOLD.

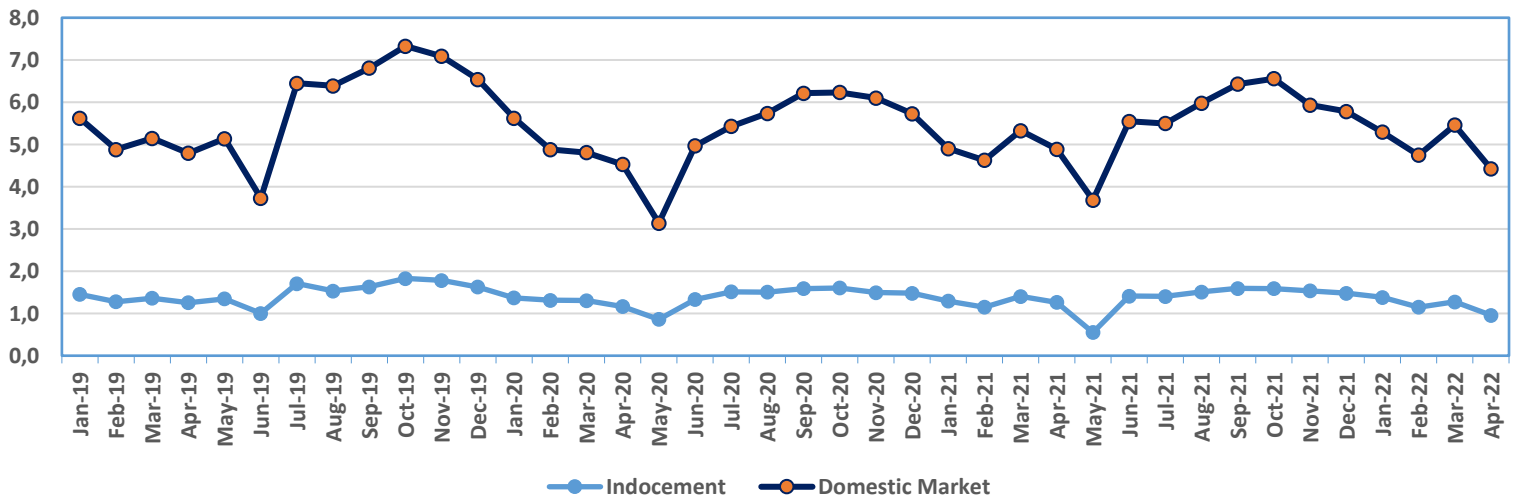
Financial Highlights	2017A	2018A	2019A	2020A	2021A	2022F	2023F
Revenue (IDR Bn)	14.431	15.190	15.939	14.184	14.772	16.374	17.836
EBITDA (IDR Bn)	3.480	2.699	3.483	3.317	3.339	3.173	3.449
Net Profit (IDR Bn)	1.860	1.146	1.835	1.806	1.788	1.653	1.814
GPM (%)	34,7%	28,8%	34,5%	36,1%	34,7%	31,5%	31,5%
NPM (%)	12,9%	7,5%	11,5%	12,7%	12,1%	10,1%	10,2%
EPS (IDR)	505	311	499	491	486	449	493
ROE (%)	6,44%	4,12%	6,62%	6,61%	6,84%	5,65%	5,92%
ROA (%)	7,57%	4,93%	7,95%	8,15%	8,67%	7,15%	7,58%

Table: Income Statement QoQ &YoY in IDR Billion

Income Statement (In IDR Bn)	1Q2021	1Q2022	YoY	4Q2021	QoQ
Revenue	3.438	3.558	3,5%	4.163	-15%
Cost of revenue	-2.338	-2.597	11,1%	-2.629	-1%
<b>Gross Profit</b>	<b>1.100</b>	<b>960</b>	<b>-12,7%</b>	<b>1.534</b>	<b>-37%</b>
Operating Expense	-704	-754	7,0%	-839	-10%
<b>Operating Profit</b>	<b>395</b>	<b>207</b>	<b>-47,7%</b>	<b>695</b>	<b>-70%</b>
Other Income	44	23	-47,8%	-1	-2348%
<b>Profit Before Tax</b>	<b>439</b>	<b>230</b>	<b>-47,7%</b>	<b>694</b>	<b>-67%</b>
Taxes	-88	-47	-46,5%	-114	-59%
<b>NIAT</b>	<b>351</b>	<b>183</b>	<b>-48,0%</b>	<b>580</b>	<b>-69%</b>
Non-controlling Interest	0	0		0	
<b>Net Income</b>	<b>351</b>	<b>183</b>	<b>-48,0%</b>	<b>580</b>	<b>-69%</b>
<b>EPS (In IDR)</b>	<b>95</b>	<b>50</b>	<b>-48,0%</b>	<b>158</b>	<b>-69%</b>
<b>GPM</b>	<b>32,0%</b>	<b>27,0%</b>		<b>36,8%</b>	
<b>OPM</b>	<b>11,5%</b>	<b>5,8%</b>		<b>16,7%</b>	
<b>NPM</b>	<b>10,2%</b>	<b>5,1%</b>		<b>13,9%</b>	

Source: company

chart: Domestic Sales vs Indocement Sales 2019 – April 2022 in Million Tons



Source: company

Table: Income Statement YoY in IDR Billion

Income Statement (In IDR Bn)	2017A	2018A	2019A	2020A	2021A	2022F	2023F
Revenue	14.431	15.190	15.939	14.184	14.772	16.374	17.836
Cost of revenue	-9.423	-10.821	-10.439	-9.071	-9.646	-11.216	-12.218
<b>Gross Profit</b>	<b>5.008</b>	<b>4.369</b>	<b>5.500</b>	<b>5.114</b>	<b>5.126</b>	<b>5.158</b>	<b>5.618</b>
Operating Expense	-3.133	-3.295	-3.595	-3.238	-3.055	-3.275	-3.567
<b>Operating Profit</b>	<b>1.875</b>	<b>1.074</b>	<b>1.905</b>	<b>1.876</b>	<b>2.071</b>	<b>1.883</b>	<b>2.051</b>
Other Income	413	327	370	272	163	180	214
<b>Profit Before Tax</b>	<b>2.288</b>	<b>1.401</b>	<b>2.275</b>	<b>2.148</b>	<b>2.234</b>	<b>2.063</b>	<b>2.265</b>
Taxes	-428	-255	-440	-342	-446	-411	-451
<b>NIAT</b>	<b>1.860</b>	<b>1.146</b>	<b>1.835</b>	<b>1.806</b>	<b>1.788</b>	<b>1.653</b>	<b>1.814</b>
Non-controlling Interest	0	0	0	0	0	0	0
<b>Net Income</b>	<b>1.860</b>	<b>1.146</b>	<b>1.835</b>	<b>1.806</b>	<b>1.788</b>	<b>1.653</b>	<b>1.814</b>
EPS (In IDR)	505	311	499	491	486	449	493
<b>EBITDA</b>	<b>3.480</b>	<b>2.699</b>	<b>3.483</b>	<b>3.317</b>	<b>3.339</b>	<b>3.173</b>	<b>3.449</b>

Source: company &amp; Binaartha

Table: Cash Flow YoY in IDR Billion

Cash Flow (In IDR Bn)	2017A	2018A	2019A	2020A	2021A	2022F	2023F
Net Income	1.860	1.146	1.835	1.806	1.788	1.653	1.814
Depreciation	1.178	1.280	1.201	1.118	1.073	1.073	1.153
Change in WC	454	-55	-140	919	-163	58	-44
<b>Cash From Operating Activities</b>	<b>3.492</b>	<b>2.370</b>	<b>2.896</b>	<b>3.843</b>	<b>2.698</b>	<b>2.783</b>	<b>2.924</b>
Change in Non-Current Asset	-1.433	-772	-606	-1.285	-827	-2.181	-2.351
<b>Cash From Investing Activities</b>	<b>-1.433</b>	<b>-772</b>	<b>-606</b>	<b>-1.285</b>	<b>-827</b>	<b>-2.181</b>	<b>-2.351</b>
Long-term liabilities	21	-239	17	-16	-61	47	50
Others Noncurrent Liabilities	-17	52	95	214	-23	83	39
Equity	-3.442	-2.481	-1.977	-2.710	-3.344	829	-988
<b>Cash From Financing Activities</b>	<b>-3.438</b>	<b>-2.668</b>	<b>-1.864</b>	<b>-2.512</b>	<b>-3.428</b>	<b>960</b>	<b>-899</b>
<b>Net Changes in Cash</b>	<b>-1.379</b>	<b>-1.069</b>	<b>426</b>	<b>46</b>	<b>-1.556</b>	<b>1.562</b>	<b>-326</b>
Beginning Balance	9.674	8.295	7.226	7.652	7.698	6.141	7.704
Ending Balance	8.295	7.226	7.652	7.698	6.141	7.704	7.378

Source: company &amp; Binaartha

Table: Statement of Financial Position YoY in IDR Billion

Statement of Financial Position (In IDR Bn)	2017A	2018A	2019A	2020A	2021A	2022F	2023F
<b>ASSETS</b>							
<b>CURRENT ASSETS</b>							
Cash and Cash Equivalents	8.295	7.226	7.652	7.698	6.141	7.704	7.378
Trade Accounts Receivable	2.504	2.993	3.090	2.621	2.587	2.865	3.121
Inventories	1.769	1.838	1.895	1.824	2.267	2.456	2.675
Others Current Assets	316	260	193	157	341	327	357
<b>Total Current Assets</b>	<b>12.883</b>	<b>12.316</b>	<b>12.829</b>	<b>12.299</b>	<b>11.337</b>	<b>13.353</b>	<b>13.531</b>
<b>NONCURRENT ASSETS</b>							
Fixed Assets	14.979	14.637	14.080	14.397	14.342	15.416	16.569
Other Noncurrent Assets	1.001	836	798	648	457	491	535
<b>Total Noncurrent Assets</b>	<b>15.981</b>	<b>15.473</b>	<b>14.878</b>	<b>15.045</b>	<b>14.799</b>	<b>15.907</b>	<b>17.104</b>
<b>TOTAL ASSETS</b>	<b>28.864</b>	<b>27.789</b>	<b>27.708</b>	<b>27.345</b>	<b>26.136</b>	<b>29.259</b>	<b>30.635</b>
<b>LIABILITIES AND EQUITY</b>							
<b>LIABILITIES</b>							
<b>CURRENT LIABILITIES</b>							
Short-term liability	141	182	189	343	319	360	392
Trade Account Payable	2.207	2.578	2.516	2.319	2.955	3.275	3.567
Others Current Liabilities	1.131	1.165	1.169	1.553	1.373	1.523	1.659
<b>Total Current Liabilities</b>	<b>3.479</b>	<b>3.926</b>	<b>3.873</b>	<b>4.216</b>	<b>4.647</b>	<b>5.158</b>	<b>5.618</b>
<b>NONCURRENT LIABILITIES</b>							
Long-term liability	808	569	586	571	509	557	606
Others Noncurrent Liabilities	20	72	168	382	359	442	482
<b>Total Noncurrent Liabilities</b>	<b>828</b>	<b>641</b>	<b>754</b>	<b>952</b>	<b>869</b>	<b>999</b>	<b>1.088</b>
<b>TOTAL LIABILITIES</b>	<b>4.307</b>	<b>4.567</b>	<b>4.627</b>	<b>5.168</b>	<b>5.515</b>	<b>6.157</b>	<b>6.706</b>
Non-controlling interest	0	0	0	0	0	0	0
<b>EQUITY</b>	<b>24.557</b>	<b>23.222</b>	<b>23.080</b>	<b>22.176</b>	<b>20.621</b>	<b>23.103</b>	<b>23.929</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>28.864</b>	<b>27.789</b>	<b>27.708</b>	<b>27.345</b>	<b>26.136</b>	<b>29.259</b>	<b>30.635</b>

Source: company &amp; Binaartha

Table: Ratio Highlights YoY

Growth (% YoY)	2017A	2018A	2019A	2020A	2021A	2022F	2023F
Revenue	-6,06%	5,26%	4,93%	-11,01%	4,14%	10,84%	8,93%
OP	-48,56%	-42,71%	77,36%	-1,53%	10,39%	-9,07%	8,93%
EBITDA	-32,44%	-22,44%	29,05%	-4,77%	0,65%	-4,97%	8,69%
NP	-51,95%	-38,38%	60,16%	-1,58%	-0,99%	-7,60%	9,79%
EPS	-51,95%	-38,38%	60,16%	-1,58%	-0,99%	-7,60%	9,79%
<b>Profitability</b>							
GPM(%)	34,70%	28,76%	34,51%	36,05%	34,70%	31,50%	31,50%
Operating Margin(%)	12,99%	7,07%	11,95%	13,23%	14,02%	11,50%	11,50%
EBITDA margin(%)	24,12%	17,77%	21,85%	23,39%	22,60%	19,38%	19,34%
NET Profit margin(%)	12,89%	7,54%	11,51%	12,73%	12,11%	10,09%	10,17%
ROA(%)	6,44%	4,12%	6,62%	6,61%	6,84%	5,65%	5,92%
ROE(%)	7,57%	4,93%	7,95%	8,15%	8,67%	7,15%	7,58%
<b>Stability</b>							
Tot debt/ equity (x)	0,175	0,197	0,200	0,233	0,267	0,266	0,280
Int. Coverage (x)	132	61	237	35	57	45	60
Current Ratio (X)	3,70	3,14	3,31	2,92	2,44	2,59	2,41
<b>Per Share data (IDR)</b>							
EPS	505	311	499	491	486	449	493
BV	6.671	6.308	6.270	6.024	5.602	6.276	6.500
SPS	3.920	4.126	4.330	3.853	4.013	4.448	4.845
EBITDA/share	945	733	946	901	907	862	937

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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