

PT. Indocement Tunggal Prakarsa Tbk.

BUY

Investment Consideration

Sales continue to grow

- In a challenging cement sector with oversupply, a price war, and higher coal prices, INTP still managed to book +5% growth in cement sales volume, with INTP's domestic cement sales growing +2.2%, bag sales +3% and bulk a slight decrease of -0.6% in 2021. The Java bulk market was down -4.5% due to stricter mobility restriction for infrastructure and commercial projects while outside Java saw growth of +24.2% as more infrastructure projects were outside Java in 2021.
- The total domestic cement sales volume continues to grow +4.3% YoY with bag volume +4.7% and bulk +3.2%.
- With more easing of restrictions in early 2022 inline with a decline on covid-19 cases, In January – February 2022, domestic cement sales continue to grow +6.5% with January domestic cement sales alone +8% YoY. Bulk grew +8.3% driven by infrastructure projects such as toll roads and industrial estates, while bag grew +1.1%.
- Cement demand is likely to remain overshadowed by rising prices such as higher coal prices, which will especially affect the bag market. However, we expect positive sales volume growth in 2022 as infrastructure projects will boost domestic demand.

Lower Margin in 4Q2021

- In 4Q2021, INTP net revenue increased +6% QoQ and +3% YoY to IDR 4.16 trillion due to higher sales volume. For 2021, net revenue increased +4.1% YoY to IDR 14.77 trillion.
- With higher energy costs especially coal and higher sales volume in 4Q2021, cost of revenue increased +8% QoQ or +11% YoY. This resulted in a lower gross profit -8% YoY to IDR 1.52 trillion with a lower GPM of 36.8% from 41.5% in 4Q2020.
- To offset higher coal prices, INTP has raised ASPs with bag cement prices up 2 times or about 5%-9% and there are plans for a further increase in 1Q2022 to mitigate margin contraction.
- Operating profit decreased -5% QoQ or -9% YoY to IDR 695 billion with a lower OPM of 16.7% from 18.9% OPM in 4Q2020.
- INTP net profit in 4Q2021 still decreased -16% YoY or -7% QoQ to IDR 580 billion. This resulted in a lower NPM of 13.9% from 17.1% in 4Q2020. For 2021 net profit decreased slightly -1% YoY to IDR 1.78 trillion with a lower NPM of 12.1%
- We are expecting INTP's 2022F revenue and net profit will reach IDR 16.1 trillion and IDR 1.9 trillion which is growth of +9.3% and +9.1% respectively.

Valuation: maintain Buy with TP 13,255

- We are now targeting INTP to trade at 23x 2022F PE within a year. Target Price is IDR 13,255 which represents +23% upside.

Financial Highlights	2016A	2017A	2018A	2019A	2020A	2021A	2022F	2023F
Revenue (IDR Bn)	15.362	14.431	15.190	15.939	14.184	14.772	16.143	17.425
EBITDA (IDR Bn)	5.151	3.480	2.699	3.483	3.317	3.339	3.547	3.832
Net Profit (IDR Bn)	3.870	1.860	1.146	1.835	1.806	1.788	1.953	2.122
GPM (%)	41,2%	34,7%	28,8%	34,5%	36,1%	34,7%	34,7%	34,7%
NPM (%)	25,2%	12,9%	7,5%	11,5%	12,7%	12,1%	12,1%	12,2%
EPS (IDR)	1.051	505	311	499	491	486	530	576
ROE (%)	12,84%	6,44%	4,12%	6,62%	6,61%	6,84%	6,69%	6,93%
ROA (%)	14,81%	7,57%	4,93%	7,95%	8,15%	8,67%	8,45%	8,81%

Source: company & Binaartha

5 April 2022
Basic Industry – Cement

Price IDR 10,800

Target Price IDR 13,255

JKSE Index 7,116.218



Stock Information

Bloomberg Code	INTP IJ
Market Cap (IDR bn)	39,760
52-week high (IDR)	13,275
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)	14,308

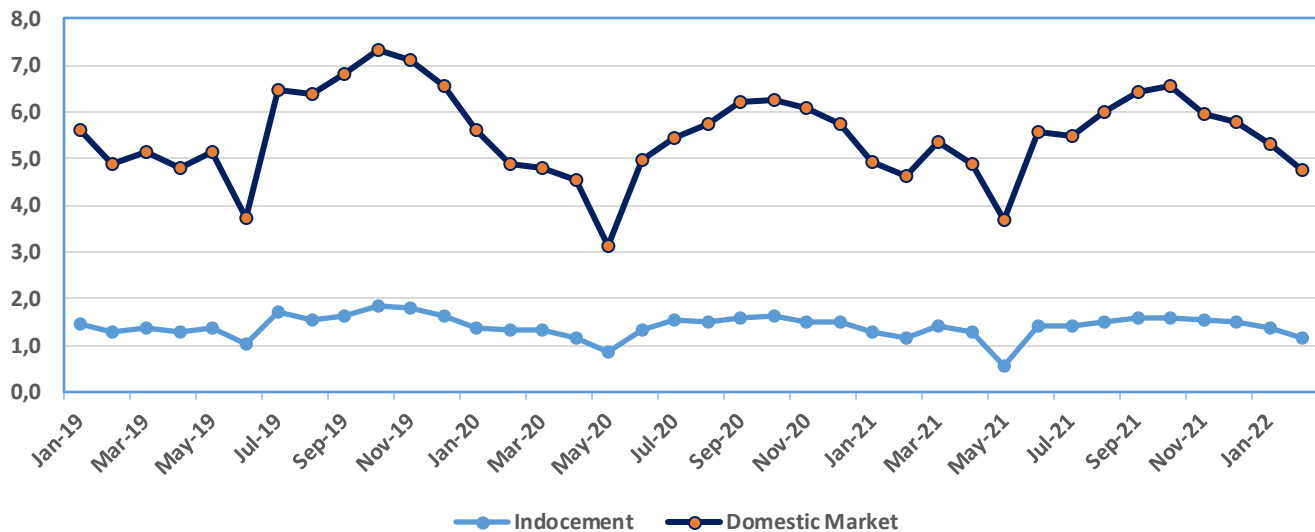
Analyst
eka.rahmah@binaartha.com

Table: Income Statement QoQ & YoY in IDR Billion

Income Statement (In IDR Bn)	1Q2021	2Q2021	3Q2021	4Q2021	QoQ	4Q2020	YoY
Revenue	3.438	3.229	3.942	4.163	6%	4.035	3%
Cost of revenue	-2.338	-2.234	-2.444	-2.629	8%	-2.359	11%
Gross Profit	1.100	995	1.498	1.534	2%	1.676	-8%
Operating Expense	-704	-748	-764	-839	10%	-914	-8%
Operating Profit	395	246	734	695	-5%	762	-9%
Other Income	44	45	75	-1	-101%	27	-104%
Profit Before Tax	439	292	809	694	-14%	789	-12%
Taxes	-88	-56	-188	-114	-39%	-99	15%
NIAT	351	235	622	580	-7%	690	-16%
Non-controlling Interest	0	0	0	0		0	
Net Income	351	235	622	580	-7%	690	-16%
EPS (In IDR)	95	64	169	158	-7%	187	-16%

Source: company

chart: Domestic Sales vs Indocement Sales 2019 – February 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	16.143	17.425
Cost of revenue	-9.423	-10.821	-10.439	-9.071	-9.646	-10.542	-11.379
Gross Profit	5.008	4.369	5.500	5.114	5.126	5.602	6.047
Operating Expense	-3.133	-3.295	-3.595	-3.238	-3.055	-3.342	-3.607
Operating Profit	1.875	1.074	1.905	1.876	2.071	2.260	2.440
Other Income	413	327	370	272	163	178	209
Profit Before Tax	2.288	1.401	2.275	2.148	2.234	2.438	2.649
Taxes	-428	-255	-440	-342	-446	-485	-527
NIAT	1.860	1.146	1.835	1.806	1.788	1.953	2.122
Non-controlling Interest	0	0	0	0	0	0	0
Net Income	1.860	1.146	1.835	1.806	1.788	1.953	2.122
EPS (In IDR)	505	311	499	491	486	530	576
EBITDA	3.480	2.699	3.483	3.317	3.339	3.547	3.832

Source: company & 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	1.953	2.122
Depreciation	1.178	1.280	1.201	1.118	1.073	1.073	1.153
Change in WC	454	-55	-140	919	-163	65	-38
Cash From Operating Activities	3.492	2.370	2.896	3.843	2.698	3.090	3.237
Capex	-1.433	-772	-606	-1.285	-827	-2.174	-2.345
Cash From Investing Activities	-1.433	-772	-606	-1.285	-827	-2.174	-2.345
Long-term liabilities	21	-239	17	-16	-61	40	44
Others Noncurrent Liabilities	-17	52	95	214	-23	77	35
Equity	-3.442	-2.481	-1.977	-2.710	-3.344	529	-1.145
Cash From Financing Activities	-3.438	-2.668	-1.864	-2.512	-3.428	645	-1.067
Net Changes in Cash	-1.379	-1.069	426	46	-1.556	1.562	-176
Beginning Balance	9.674	8.295	7.226	7.652	7.698	6.141	7.703
Ending Balance	8.295	7.226	7.652	7.698	6.141	7.703	7.528

Source: company & Binaartha

Table: Statement of Financial Position YoY in IDR Billion

Statement of Financial Position (In IDR Bn)	2017A	2018A	2019A	2020A	2021A	2022F	2023F
ASSETS							
CURRENT ASSETS							
Cash and Cash Equivalents	8.295	7.226	7.652	7.698	6.141	7.703	7.528
Trade Accounts Receivable	2.504	2.993	3.090	2.621	2.587	2.825	3.049
Inventories	1.769	1.838	1.895	1.824	2.267	2.422	2.614
Others Current Assets	316	260	193	157	341	323	349
Total Current Assets	12.883	12.316	12.829	12.299	11.337	13.273	13.539
NONCURRENT ASSETS							
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	484	523
Total Noncurrent Assets	15.981	15.473	14.878	15.045	14.799	15.900	17.092
TOTAL ASSETS	28.864	27.789	27.708	27.345	26.136	29.173	30.631
LIABILITIES AND EQUITY							
LIABILITIES							
CURRENT LIABILITIES							
Short-term liability	141	182	189	343	319	355	383
Trade Account Payable	2.207	2.578	2.516	2.319	2.955	3.229	3.485
Others Current Liabilities	1.131	1.165	1.169	1.553	1.373	1.501	1.621
Total Current Liabilities	3.479	3.926	3.873	4.216	4.647	5.085	5.489
NONCURRENT LIABILITIES							
Long-term liability	808	569	586	571	509	549	592
Others Noncurrent Liabilities	20	72	168	382	359	436	470
Total Noncurrent Liabilities	828	641	754	952	869	985	1.063
TOTAL LIABILITIES	4.307	4.567	4.627	5.168	5.515	6.070	6.552
Non-controlling interest	0	0	0	0	0	0	0
EQUITY	24.557	23.222	23.080	22.176	20.621	23.103	24.079
TOTAL LIABILITIES & EQUITY	28.864	27.789	27.708	27.345	26.136	29.173	30.631

Source: company & Binaartha

Table: Ratio Highlights YoY

Growth (% YoY)	2016A	2017A	2018A	2019A	2020A	2021A	2022F	2023F
Revenue	-13,69%	-6,06%	5,26%	4,93%	-11,01%	4,14%	9,28%	7,94%
OP	-27,93%	-48,56%	-42,71%	77,36%	-1,53%	10,39%	9,14%	7,94%
EBITDA	-22,16%	-32,44%	-22,44%	29,05%	-4,77%	0,65%	6,23%	8,04%
NP	-11,16%	-51,95%	-38,38%	60,16%	-1,58%	-0,99%	9,17%	8,66%
EPS	-11,16%	-51,95%	-38,38%	60,16%	-1,58%	-0,99%	9,17%	8,66%
Profitability								
GPM(%)	41,22%	34,70%	28,76%	34,51%	36,05%	34,70%	34,70%	34,70%
Operating Margin(%)	23,72%	12,99%	7,07%	11,95%	13,23%	14,02%	14,00%	14,00%
EBITDA margin(%)	33,53%	24,12%	17,77%	21,85%	23,39%	22,60%	21,97%	21,99%
NET Profit margin(%)	25,19%	12,89%	7,54%	11,51%	12,73%	12,11%	12,10%	12,18%
ROA(%)	12,84%	6,44%	4,12%	6,62%	6,61%	6,84%	6,69%	6,93%
ROE(%)	14,81%	7,57%	4,93%	7,95%	8,15%	8,67%	8,45%	8,81%
Stability								
Tot debt/ equity (x)	0,153	0,175	0,197	0,200	0,233	0,267	0,263	0,272
Int. Coverage (x)	327	132	61	237	35	57	54	71
Current Ratio (X)	4,53	3,70	3,14	3,31	2,92	2,44	2,61	2,47
Per Share data (IDR)								
EPS	1.051	505	311	499	491	486	530	576
BV	7.101	6.671	6.308	6.270	6.024	5.602	6.276	6.541
SPS	4.173	3.920	4.126	4.330	3.853	4.013	4.385	4.734
EBITDA/share	1.399	945	733	946	901	907	964	1.041

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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