

PT. Indocement Tunggal Prakarsa Tbk.

BUY

Investment Consideration

Cement sales recovery

- Domestic Cement sales continued to recover in June with +13.8% YoY growth to 5.55 million tones (mt). The domestic Bulk cement market growth was strongest at +20.9% YoY while the bag market grew +12%.
- For 1H2021 domestic cement sales are up +7.3% to 29 mt from 27 mt last year.
- INTP booked 1.4 mt June sales volume, growth of +8% YoY driven by strong growth in Java +8.2%, while outside java growth was +7.4%.
- For 1H2021, INTP sales volume was 7.42 mt, up by +5% YoY inline with the market demand.
- The positive growth in bulk cement indicates a faster recovery of major infrastructure and commercial projects, however the recent spike of covid-19 cases followed by new restrictions (PPKM) has limited mobility even for the construction sector. We expect flat growth for 3Q2021 cement sales, but we expect the growth recovery to continue after the easing of PPKM.

2Q2021: Higher Margin

- In 2Q2021, INTP net revenue increased +14.8% to IDR 3.22 trillion, -6% lower QoQ. For 1H2021, net revenue increased +8% YoY to IDR 6.6 trillion.
- INTP net profit in 2Q2021 increased significantly +238% YoY to IDR 235 billion despite the lower profit in 2Q2020. This resulted in a higher NPM of 7.3% from 2.5% in 2Q2020. 1H2021 net profit also increased to IDR 586.5 billion or +25% YoY with a higher NPM at 8.8%
- Gross profit in 2Q2021 increased +22% YoY to IDR 994 billion, with a slightly higher GPM of 31%.
- Operating profit increased significantly +2763% YoY to IDR 246 billion with a positive OPM of 7.6% from -0.3% OPM at 2Q2020.
- For 1H2021, EBITDA also increased +33% to IDR 1.28 trillion with a higher Ebitda margin at 19.2%.
- 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 14,300

- 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 25x 2022F PE within a year. Target Price is IDR 14,300 which represents +41% 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	3.527	3.801
Net Profit (IDR Bn)	3.870	1.860	1.146	1.835	1.806	1.955	2.106
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%	13,0%	13,4%
EPS (IDR)	1.051	505	311	499	491	531	572
ROE (%)	12,84%	6,44%	4,12%	6,62%	6,61%	6,98%	7,19%
ROA (%)	14,81%	7,57%	4,93%	7,95%	8,15%	8,47%	8,75%

Source: company & Binaartha

9 August 2021
Basic Industry – Cement

Price IDR 10,150

Target Price IDR 14,300

JKSE Index 6,203.431



Stock Information

Bloomberg Code	INTP IJ
Market Cap (IDR bn)	36,540
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

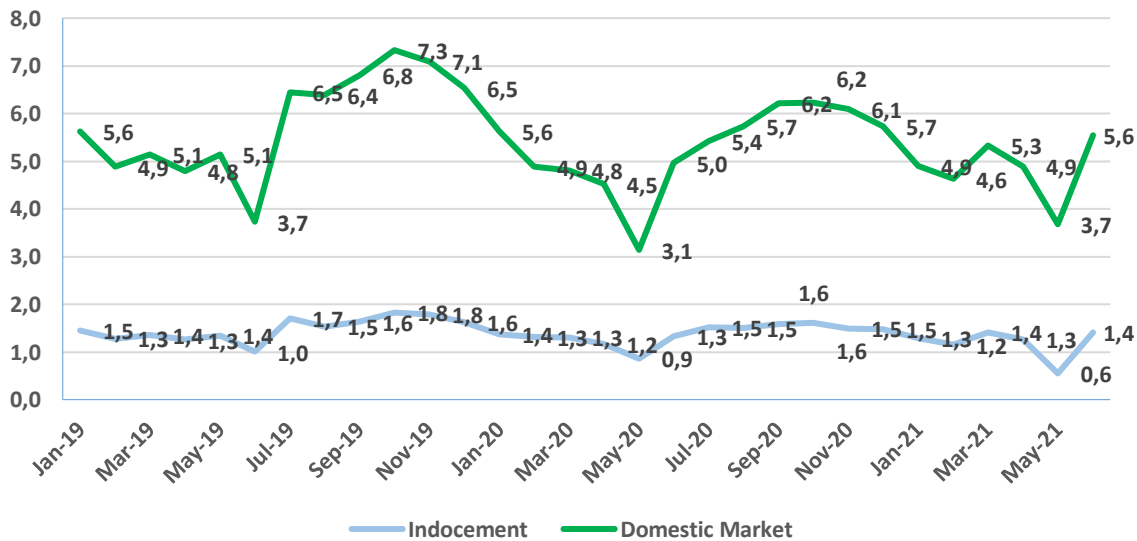
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Table: Income Statement QoQ & YoY in IDR Billion

Income Statement (in IDR Bn)	1Q2021	2Q2021	QoQ	1H2020	1H2021	YoY
Revenue	3.438	3.229	-6%	6.175	6.667	8%
Cost of revenue	-2.338	-2.234	-4%	-4.295	-4.573	6%
Gross Profit	1.100	995	-10%	1.880	2.094	11%
Operating Expense	-704	-748	6%	-1.502	-1.452	-3%
Operating Profit	395	246	-38%	378	642	70%
Other Income	44	45	4%	172	89	-48%
Profit Before Tax	439	292	-34%	550	731	33%
Taxes	-88	-56	-36%	-80	-144	81%
NIAT	351	235	-33%	470	587	25%
Non-controlling Interest	0	0	0%	0	0	0%
Net Income	351	235	-33%	470	587	25%
EPS (in IDR)	95	64	-33%	128	159	25%

Source: company

chart: Domestic Sales vs Indocement Sales 2019 – June 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	15.015	15.767
Cost of revenue	-9.030	-9.423	-10.821	-10.439	-9.071	-9.609	-10.091
Gross Profit	6.331	5.008	4.369	5.500	5.114	5.405	5.676
Operating Expense	-2.687	-3.133	-3.295	-3.595	-3.238	-3.303	-3.469
Operating Profit	3.645	1.875	1.074	1.905	1.876	2.102	2.207
Other Income	502	413	327	370	272	225	300
Profit Before Tax	4.146	2.288	1.401	2.275	2.148	2.327	2.507
Taxes	-276	-428	-255	-440	-342	-372	-401
NIAT	3.870	1.860	1.146	1.835	1.806	1.955	2.106
Non-controlling Interest	0	0	0	0	0	0	0
Net Income	3.870	1.860	1.146	1.835	1.806	1.955	2.106
EPS (In IDR)	1.051	505	311	499	491	531	572
EBITDA	5.151	3.480	2.699	3.483	3.601	3.527	3.801

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	1.955	2.106
Depreciation	993	1.178	1.280	1.201	1.402	1.152	1.244
Change in WC	228	454	-55	-140	919	-299	70
Cash From Operating Activities	5.091	3.492	2.370	2.896	4.127	2.808	3.420
Capex	-2.215	-1.433	-772	-606	-1.569	-2.331	-2.443
Cash From Investing Activities	-2.215	-1.433	-772	-606	-1.569	-2.331	-2.443
Long-term liabilities	87	21	-239	17	-16	30	30
Others Noncurrent Liabilities	-347	-17	52	95	214	-7	50
Equity	-1.598	-3.442	-2.481	-1.977	-2.710	-1.052	-1.128
Cash From Financing Activities	-1.858	-3.438	-2.668	-1.864	-2.512	-1.028	-1.048
Net Changes in Cash	1.018	-1.379	-1.069	426	46	-552	-71
Beginning Balance	8.656	9.674	8.295	7.226	7.652	7.698	7.146
Ending Balance	9.674	8.295	7.226	7.652	7.698	7.146	7.075

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	7.146	7.075
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
Total Current Assets	14.425	12.883	12.316	12.829	12.299	11.795	11.852
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	676	631
Total Noncurrent Assets	15.726	15.981	15.473	14.878	15.045	16.225	17.423
TOTAL ASSETS	30.151	28.864	27.789	27.708	27.345	28.019	29.276
LIABILITIES AND EQUITY							
LIABILITIES							
CURRENT LIABILITIES							
Short-term liability	106	141	182	189	343	360	378
Trade Account Payable	2.126	2.207	2.578	2.516	2.319	1.652	1.734
Others Current Liabilities	956	1.131	1.165	1.169	1.553	1.952	2.050
Total Current Liabilities	3.188	3.479	3.926	3.873	4.216	3.964	4.162
NONCURRENT LIABILITIES							
Long-term liability	787	808	569	586	571	601	631
Others Noncurrent Liabilities	37	20	72	168	382	375	426
Total Noncurrent Liabilities	824	828	641	754	952	976	1.056
TOTAL LIABILITIES	4.012	4.307	4.567	4.627	5.168	4.940	5.219
Non-controlling interest	0	0	0	0	0	0	0
EQUITY	26.139	24.557	23.222	23.080	22.176	23.079	24.057
TOTAL LIABILITIES & EQUITY	30.151	28.864	27.789	27.708	27.345	28.019	29.276

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%	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%	-2,07%	7,77%
NP	-11,16%	-51,95%	-38,38%	60,16%	-1,58%	8,22%	7,72%
EPS	-11,16%	-51,95%	-38,38%	60,16%	-1,58%	8,22%	7,72%
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%	14,00%	14,00%
EBITDA margin(%)	33,53%	24,12%	17,77%	21,85%	25,39%	23,49%	24,11%
NET Profit margin(%)	25,19%	12,89%	7,54%	11,51%	12,73%	13,02%	13,36%
ROA(%)	12,84%	6,44%	4,12%	6,62%	6,61%	6,98%	7,19%
ROE(%)	14,81%	7,57%	4,93%	7,95%	8,15%	8,47%	8,75%
Stability							
Tot debt/ equity (x)	0,153	0,175	0,197	0,200	0,233	0,214	0,217
Int. Coverage (x)	327	132	61	237	35	41	42
Current Ratio (X)	4,53	3,70	3,14	3,31	2,92	2,98	2,85
Per Share data (IDR)							
EPS	1.051	505	311	499	491	531	572
BV	7.101	6.671	6.308	6.270	6.024	6.269	6.535
SPS	4.173	3.920	4.126	4.330	3.853	4.079	4.283
EBITDA/share	1.399	945	733	946	978	958	1.033

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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