



15 March 2022
Construction, Equity

Price IDR. 1015
Target Price IDR. 1645
JKSE Index 6918,95



Stock Code **PTPP J**
Bloomberg code **PTPP J**
Market cap (IDR.bn) **7718.9**
52-Week High (IDR) **1655**
52-Week Low (IDR) **800**
6-m Avg Daily. Val (IDR) **1410**
Free Float (%) **48.74**

Major Shareholders (%)
Government RI **51.00%**
Koperasi Karyawan
Pemegang Saham PTPP **0.03%**
Treasury **0.23%**
Public **48.74%**

USD/IDR-YE
2021A **14263**
2022F **14335**

Key Indicators
Debt/ Equity (x) **1.27**
Current ratio (x) **0.98**

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Investment Consideration Targeting 45% new contract growth

In 2021, PTPP booked total new contracts of IDR 21,34 trillion which is down 4% from 2020 new contracts of IDR 22,26 trillion. New contracts in 2021 based on business are: Construction 65%, EPC 2%, overseas 0% and subsidiaries 33%. Based on ownership, 2021 new contracts come from SOEs 55%, Government 38%, and private 7%. To maximize the acquisition of new contracts in 2022, PTPP will focus on strategic projects owned by SOEs and Government, PTPP is targeting the share of new contracts from SOEs at 49% and Government 44%. In 2022, PT PP has budgeted Capex of IDR 4.375 trillion, an increase of 37.19% from 2021. Most of the capital expenditure will be used for subsidiaries' projects. We are conservative in PTPP's 2022 contract target but we believe PTPP's revenue will be higher than last year supported by carry over contracts and the increase in new contracts. We estimate CAGR revenue growth during 2020A – 2022A of 12%.

Maintaining debt to equity at 1.45x

In 2021, PTPP debt / equity ratio was at 1.20x. Most of the new debt came from short term and long term bank loans with credit facilities especially for PTPP and its subsidiaries. We estimate PTPP interest bearing debt / equity for 2022-2023 will be maintained at an average 1.45x

Valuation: 62% upside

We have upgraded our target price within one year to IDR 1645/share or trading at 23x PER. With 62% upside, we give our recommendation, BUY.

Profit and Loss (IDR.bn)	2018 A	2019 A	2020 A	2021 A	2022 F	2023 F
Revenue	25,120	24,660	15,831	16,764	19,921	23,311
Cost of Revenue	(21,574)	(21,175)	(13,594)	(14,589)	(17,337)	(20,287)
Gross Profit	3,546	3,485	2,237	2,175	2,584	3,024
Operating expense	(918)	(828)	(584)	(625)	(797)	(932)
Operating Profit	2,628	2,657	1,653	1,549	1,787	2,091
Other income	184	(632)	(1,318)	(1,172)	(398)	(466)
PBT	2,813	2,025	335	377	1,389	1,625
taxes	(854)	(817)	(23)	(16)	(660)	(772)
Minority interest	(457)	(278)	(148)	(95)	(352)	(411)
EPS	242	150	26	43	61	71
Net Profit	1,502	930	164	266	378	442
EBITDA	4,070	3,351	1,674	2,208	3,356	3,943

Company Profile

In 1953, PT PP (Persero) was established under the name of NV Pembangunan Perumahan based on the Notarial Deed No. 48 of August 26, 1953. At the time it was established PT PP (Persero) was entrusted to build houses for the officers of PT Semen Gresik Tbk, a subsidiary of BAPINDO in Gresik. In 2009, PTPP conducted an initial public offering (IPO). PT PP (Persero) Tbk operates as a construction and investment company in Indonesia. The company operates in three categories which are upstream, midstream, and downstream through seven segments: Construction, EPC, Precast, Property and Reality, Equipment Rent Service, Infrastructure, and Energy. PTPP develops high-rise buildings, roads and bridges, dams and irrigation projects, and power plants; and develops, constructs, and operates commercial buildings, hotels, apartments, office buildings, residential properties, shopping centers, trade centers, and other facilities.

Company Structure

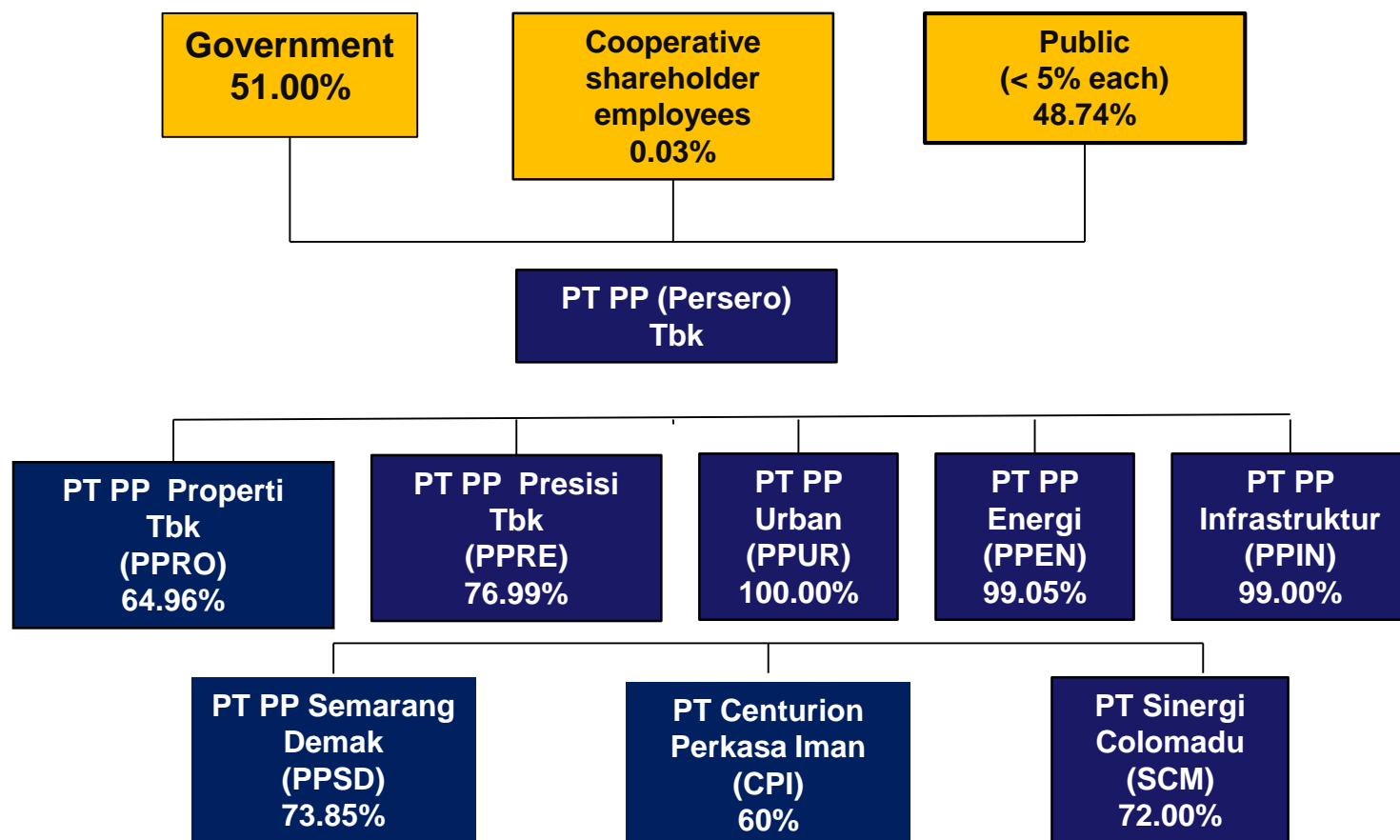


Chart: PTPP's New Contract (IDR. In trillion)



Chart: PTPP's projects based on project owner

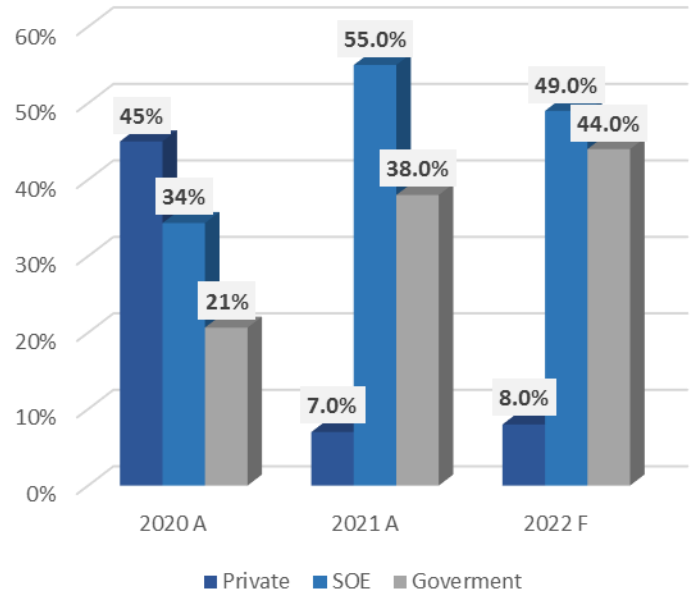


Chart: Contract based on type of project (%)

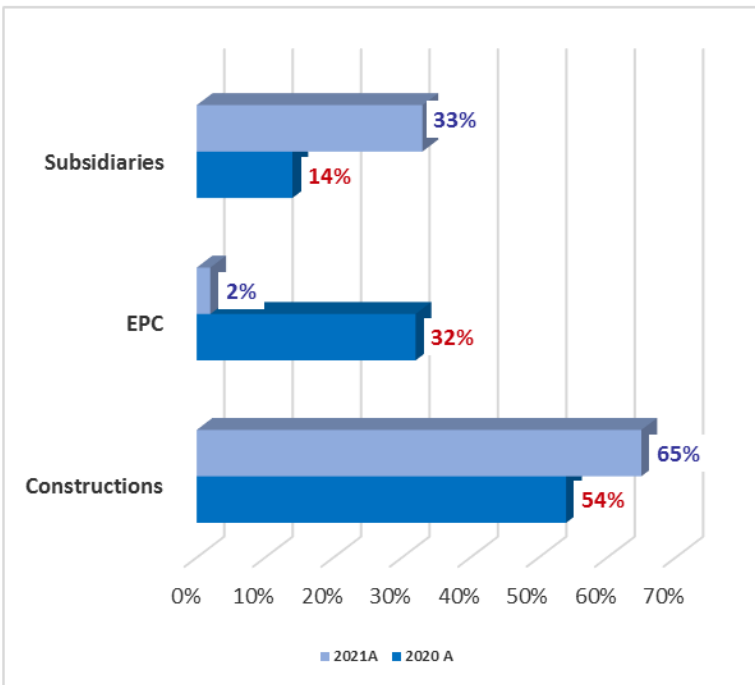
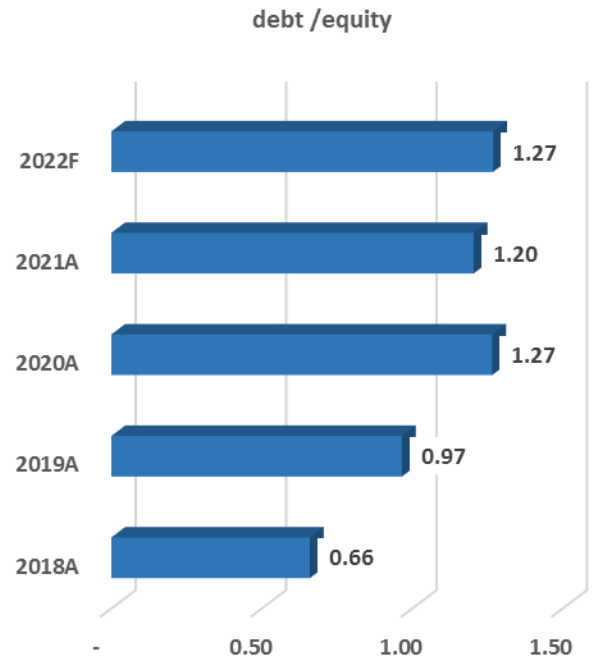


Chart: Debt/equity (x) yoy



Profit and Loss

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Cash Flow

Cash Flow (IDR. bn)	2018 A	2019 A	2020 A	2021 A	2022 F	2023 F
+ Net Income	1,502	930	164	266	378	442
Depreciation	498	544	444	488	536	648
- Change in WC	(2537)	2189	1749	1443	3044	684
Cash From Operating Activities	(537)	3,664	2,357	2,197	3,957	1,774
capex	(1,313)	(1,364)	(136)	1,037	(2,967)	(2,333)
Other non current asset	(2,324)	(1,788)	(2,233)	(3,819)	(2,476)	(856)
cash from investing activities	(3,637)	(3,152)	(2,369)	(2,782)	(5,444)	(3,189)
Long term loans						
Related parties	798	94	1,132	(1,218)	771	576
Third Parties	(432)	612	1,252	(264)	(781)	237
advances from project owners and consumers	102	45	(56)	1,102	390	419
Finance lease obligation	39	(133)	(84)	121	41	44
MTN	280	(1,110)	(585)	15	0	0
bond	2,111	2,282	(1,699)	(668)	0	0
other long term liabilities	(29)	(151)	168	532	200	215
Equity	571	(1,694)	(1,709)	57	(237)	(240)
cash from financing activities	3,439	(55)	(1,580)	(323)	384	1,251
Net Changes in Cash	(736)	458	(1,593)	(909)	(1,102)	(164)
Beginning Balance	9,383	8,647	9,105	7,512	6,603	5,501
Ending balance	8,647	9,105	7,512	6,603	5,501	5,337

Balance Sheet

Balance sheet (IDR.bn)	2018 A	2019 A	2020 A	2021 A	2022 F	2023 F
Current Asset						
Cash	8,647	9,105	7,512	6,603	5,501	5,337
Short term Investment	389	564	500	408	429	450
AR	10,285	4,445	5,211	5,385	5,458	6,387
Inventory	4,659	9,566	9,525	10,915	9,975	11,672
Other Current Asset	13,554	14,886	11,177	10,420	11,953	11,423
Total Current Asset	37,534	38,568	33,925	33,732	33,315	35,268
Trade account receivable current portion		287	210	842	797	932
Fixed Asset	6,605	7,425	7,117	5,593	8,025	9,710
Other non current Asset	8,409	9,911	12,220	15,408	17,929	18,649
Total Non Current Asset	15,015	17,622	19,548	21,842	26,750	29,291
Total Asset	52,549	56,190	53,472	55,574	60,065	64,560
Trade Account Payable	19,571	18,100	15,526	16,067	19,102	18,521
Short Term bank loans	2,465	3,708	5,058	6,581	7,239	8,687
MTN	200	1,230	680	120	300	600
Advances from project owners and consumers	935	2,879	2,273	1,186	1,594	1,865
Finance lease obligation	166	185	126	118	159	186
Bonds payable	200	300	2,112	2,809	3,090	3,553
Other Short term liabilities	2,985	2,886	2,211	3,264	2,391	3,264
Total Current Liabilities	26,523	29,288	27,987	30,146	33,875	36,677
Long term loans						
Related parties	2,608	2,702	3,834	2,616	3,387	3,963
Third Parties	575	1,187	2,439	2,175	1,394	1,632
advances from project owners and consumers	980	1,026	970	2,072	2,462	2,881
Finance lease obligation	313	180	97	218	259	303
MTN	1,710	600	15	30	30	30
bond	3,010	5,292	3,593	2,925	2,925	2,925
Other Long term liabilities	513	362	530	1,062	1,262	1,477
Total Non Current Liabilities	9,711	11,350	11,479	11,098	11,719	13,210
Total Liabilities	36,234	40,638	39,465	41,244	45,594	49,887
Equity	16,316	15,552	14,007	14,330	14,471	14,672
Liabilities + equity	52,549	56,190	53,472	55,574	60,065	64,560

Ratio Highlights

Ratio Highlights	2018 A	2019 A	2020 A	2021 A	2022 F	2023 F
Growth (% YoY)						
Sales	16.82%	-1.83%	-35.80%	5.89%	18.83%	17.02%
OP	4.08%	1.08%	-37.76%	-6.30%	15.36%	17.02%
EBITDA	20.10%	-17.66%	-50.06%	31.94%	52.01%	17.47%
NP	3.36%	-38.06%	-82.37%	62.13%	41.97%	17.02%
EPS	3.36%	-38.06%	-82.37%	62.13%	41.97%	17.02%
Profitability						
Operating Margin(%)	10.46%	10.77%	10.44%	9.24%	8.97%	8.97%
EBITDA margin(%)	16.20%	13.59%	10.57%	13.17%	16.85%	16.91%
NET Profit margin(%)	5.98%	3.77%	1.04%	1.59%	1.90%	1.90%
ROA(%)	2.86%	1.66%	0.31%	0.48%	0.63%	0.68%
ROE(%)	9.21%	5.98%	1.17%	1.86%	2.61%	3.01%
Stability						
Debt/ equity (X)	0.66	0.97	1.27	1.20	1.27	1.46
Current ratio (X)	1.42	1.32	1.21	1.12	0.98	0.96
Per Share data (Rp)						
EPS	242.3	150.1	26.5	42.9	60.9	71.3
BVS	2,632	2,508	2,259	2,311	2,334	2,367

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%.

Sell: a recommendation to close out a long position in a security with upside potential below 0% or negative.

RESEARCH TEAM
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