



Investment Consideration

Targetting 26% new contract growth

As of 9M21, PTPP booked total new contracts of IDR 13,481 trillion which is 48% of their revised target of IDR 27.8 trillion. New contracts' based on business are: Construction 56%, EPC 2%, others 2% and subsidiaries 40%. The top new contracts during 9M21 are Junction Dawuan toll road IDR 825 billion, Pegadaian Tower IDR 594 billion, Dredging benoa IDR 583 billion, The Attorney General's Building IDR 500 billion, Papua Governor's Office IDR 357 billion. Labuan Bajo Airport Building IDR 357 billion, KIT batang road phase 1.4 IDR 350 billion, Kasawan Pura Besakih Arrangement IDR 344 billion, mandalika Infrastructure phase 2 IDR 342 billion. Based on ownership, new contracts 9M21 come from SOEs 59%, Government 32%, and private 9%. To maximize the acquisition of new contracts in 2021, PTPP will focus on strategic projects owned by SOEs and Government. In 2021, PT PP has budgeted Capex of IDR 2.74 trillion, down from their earlier target. Most of the capital expenditure will be used to finance toll road development projects. We believe PTPP will see a revenue increase compared to last year. We are conservative in PTPP's 2021 contract target but we believe PTPP's revenue will be higher than last year. We estimate revenue CAGR during 2021-2022 of 16%.

Maintaining interest bearing debt at 1.5x

As of 9M21, PTPP debt increase means a total debt / equity ratio of 2.95x compared to 2020FY at 2.82x. Most of the new debt come from short term and long term bank loans with credit facilities especially for PTPP and its subsidiaries. Interest bearing debt during 9M21 was 1.27X compared to 1.3x in 2020FY. We estimate interest bearing debt PTPP for 2022-2023 will be maintained at 1.5x

Valuation: 9% upside

We have a target price within one year of IDR 1400/share or trading at 18x PER. With 9% upside, we give our recommendation, HOLD.

Profit and Loss (IDR.bn)	2018 A	2019 A	2020 A	2021 F	2022 F	2023 F
Revenue	25,120	24,660	15,831	18,502	21,446	25,428
Cost of Revenue	(21,574)	(21,175)	(13,658)	(16,097)	(18,658)	(22,122)
Gross Profit	3,546	3,485	2,173	2,405	2,788	3,306
Operating expense	(918)	(828)	(584)	(740)	(858)	(1,017)
Operating Profit	2,628	2,657	1,590	1,665	1,930	2,288
Other income	184	(632)	(834)	(559)	(433)	(514)
PBT	2,813	2,025	756	1,106	1,497	1,775
taxes	(854)	(817)	(489)	(613)	(710)	(842)
Minority interest	(457)	(278)	(138)	(221)	(299)	(355)
EPS	242	150	21	44	79	93
Net Profit	1,502	930	129	272	487	578
EBITDA	4,070	3,351	2,154	2,876	3,344	3,944

23 November 2021
Construction, Equity

Price IDR. 1290
Target Price IDR. 1400
JKSE Index 6723.386

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TradingView

Stock Code **PTPP J**
Bloomberg code **PTPP J**
Market cap (IDR.bn) **7718.9**
52-Week High (IDR) **2360**
52-Week Low (IDR) **800**
6-m Avg Daily. Val (IDR) **1410**
Free Float (%) **48.85**

Major Shareholders (%)
Government RI **51.12%**
Koperasi Karyawan
Pemegang Saham PTPP **0.03%**
Public **48.85%**

USD/IDR-YE
2020A **14050**
2021F **14237**

Key Indicators
Debt/ Equity (x) **1.71**
Current ratio (x) **1.15**

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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

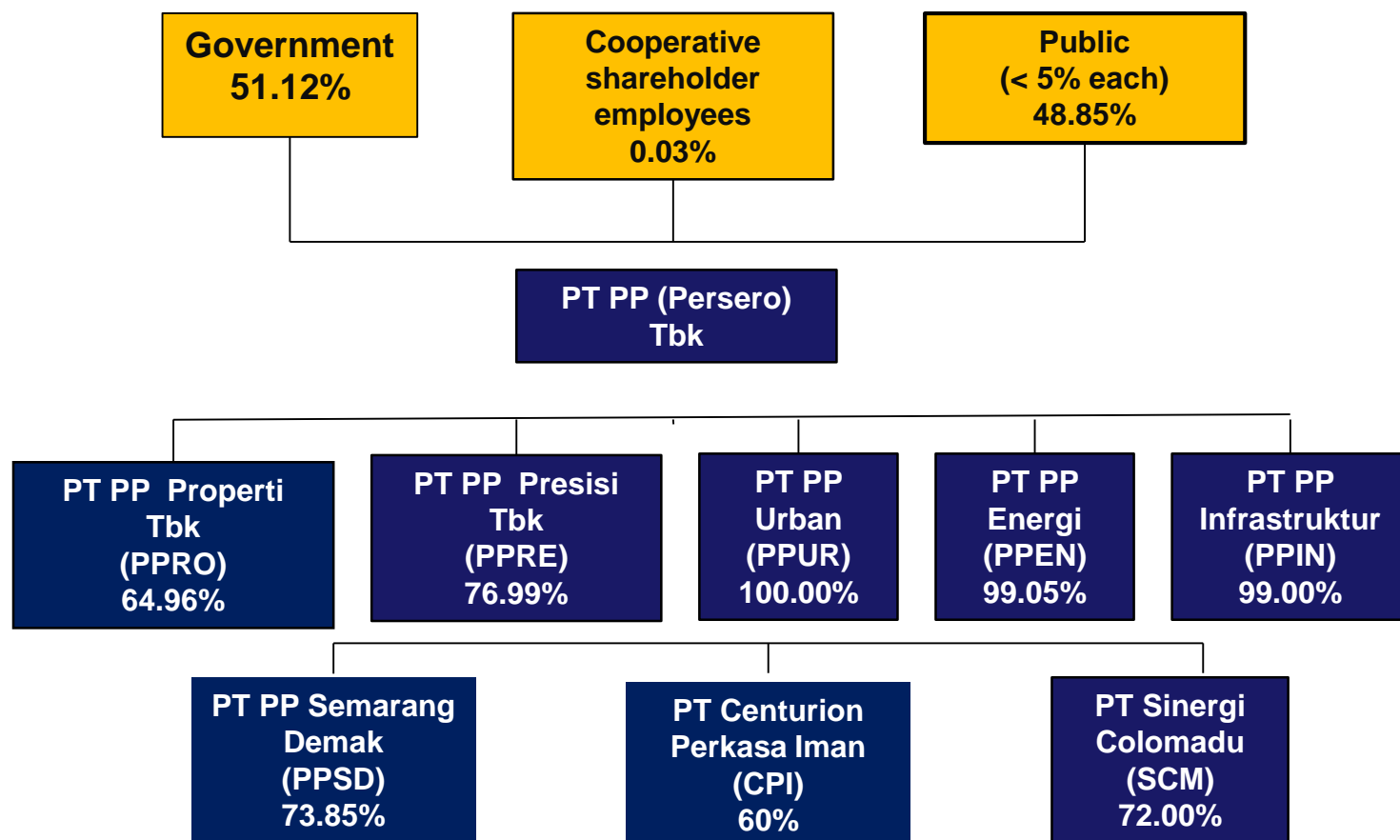


Chart: PTPP's New Contract (IDR. In trillion)

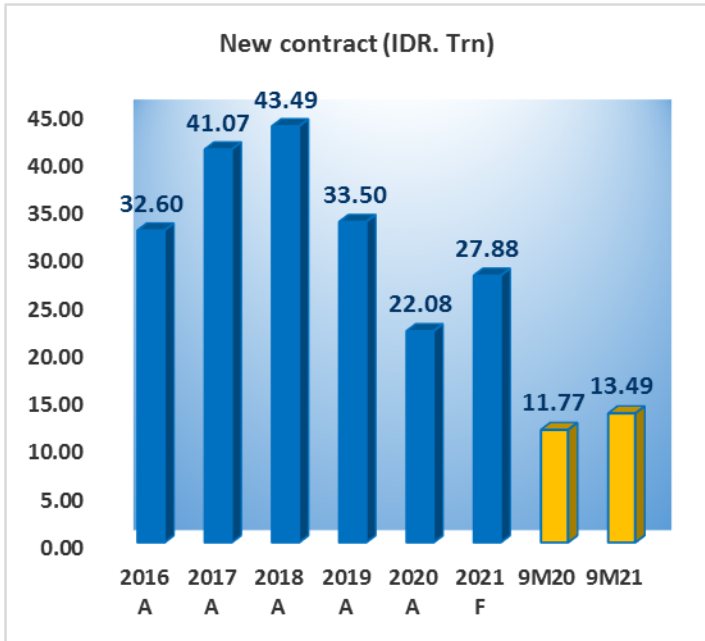


Chart: PTPP's projects based on project owner

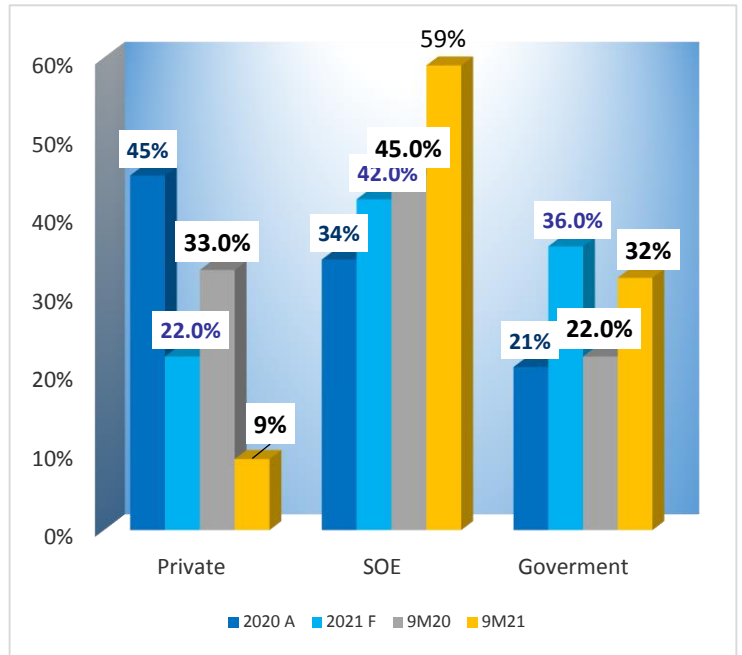


Chart: Contract based on type of project (%)

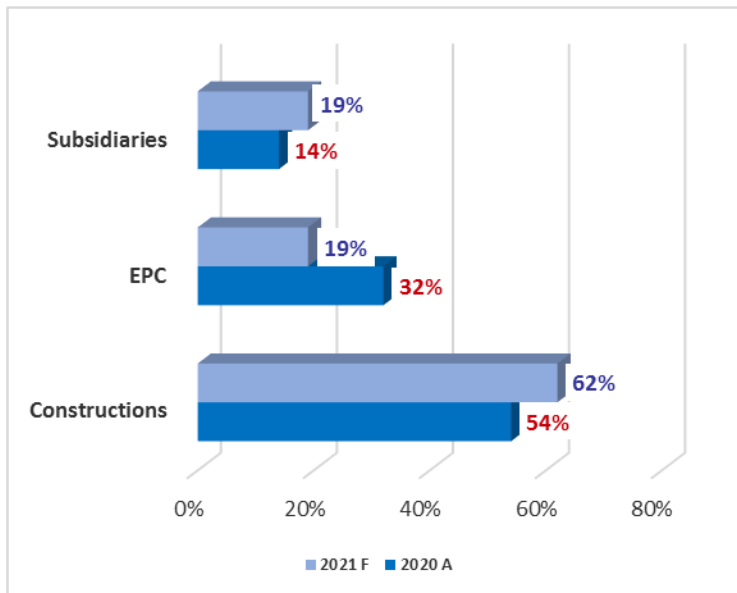
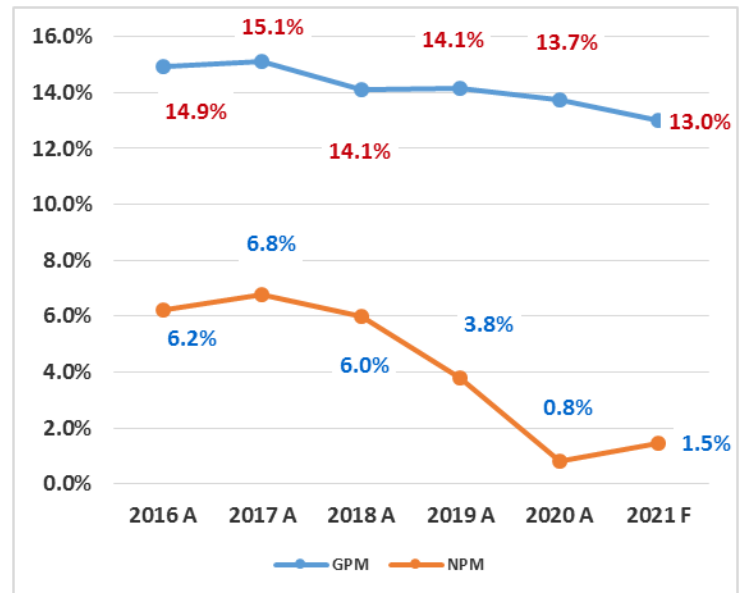


Chart: GPM and NPM yoy



Profit and Loss (IDR.bn)

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taxes	(854)	(817)	(489)	(613)	(710)	(842)
Minority interest	(457)	(278)	(138)	(221)	(299)	(355)
EPS	242	150	21	44	79	93
Net Profit	1,502	930	129	272	487	578
EBITDA	4,070	3,351	2,154	2,876	3,344	3,944

Cash Flow (IDR.bn)

Cash Flow (IDR. bn)	2018 A	2019 A	2020 A	2021 F	2022 F	2023 F
+ Net Income	1,502	930	129	272	487	578
Depreciation	498	544	503	511	542	656
- Change in WC	(2537)	2189	1749	(42)	1030	1768
Cash From Operating Activities	(537)	3,664	2,381	740	2,059	3,001
capex	(1,313)	(1,364)	(196)	(1,133)	(918)	(2,360)
Other non current asset	(2,324)	(1,788)	(2,233)	2,014	(1,657)	(970)
cash from investing activities	(3,637)	(3,152)	(2,429)	881	(2,575)	(3,330)
Long term loans						
Related parties	798	94	1,132	791	(336)	796
Third Parties	(432)	612	1,252	(589)	(349)	279
advances from project owners and consumers	102	45	(56)	164	180	244
Finance lease obligation	39	(133)	(84)	134	37	50
MTN	280	(1,110)	(585)	15	0	0
bond	2,111	2,282	(1,699)	326	0	0
other long term liabilities	(29)	(151)	168	(258)	43	58
Equity	571	(1,694)	(1,674)	(1,139)	(170)	(872)
cash from financing activities	3,439	(55)	(1,545)	(556)	(595)	555
Net Changes in Cash	(736)	458	(1,593)	1,065	(1,112)	226
Beginning Balance	9,383	8,647	9,105	7,512	8,577	7,465
Ending balance	8,647	9,105	7,512	8,577	7,465	7,691

Balance Sheet (IDR.bn)

Balance sheet (IDR.bn)	2018 A	2019 A	2020 A	2021 F	2022 F	2023 F
Current Asset						
Cash	8,647	9,105	7,512	8,577	7,465	7,691
Short term Investment	389	564	500	525	551	579
AR	10,285	4,445	5,211	5,576	5,876	6,966
Inventory	4,659	9,566	9,525	9,261	10,735	12,728
Other Current Asset	13,554	14,886	11,177	11,101	12,867	12,714
Total Current Asset	37,534	38,568	33,925	35,040	37,493	40,677
Trade account receivable current portion		287	210	241	279	331
Fixed Asset	6,605	7,425	7,117	7,740	8,116	9,821
Other non current Asset	8,409	9,911	12,220	10,176	11,795	12,714
Total Non Current Asset	15,015	17,622	19,548	18,156	20,190	22,865
Total Asset	52,549	56,190	53,472	53,197	57,683	63,542
Trade Account Payable	19,571	18,100	15,526	14,701	17,627	20,203
Short Term bank loans	2,465	3,708	5,058	6,575	7,232	8,679
MTN	200	1,230	680	320	420	600
Advances from project owners and consumers	935	2,879	2,273	2,035	2,359	2,797
Finance lease obligation	166	185	126	148	172	203
Bonds payable	200	300	2,112	1,812	1,993	2,292
Other Short term liabilities	2,985	2,886	2,211	2,405	2,788	2,543
Total Current Liabilities	26,523	29,288	27,987	27,996	32,590	37,316
Long term loans						
Related parties	2,608	2,702	3,834	4,626	4,289	5,086
Third Parties	575	1,187	2,439	1,850	1,501	1,780
advances from project owners and consumers	980	1,026	970	1,133	1,313	1,557
Finance lease obligation	313	180	97	231	268	317
MTN	1,710	600	15	30	30	30
bond	3,010	5,292	3,593	3,920	3,920	3,920
Other Long term liabilities	513	362	530	272	315	374
Total Non Current Liabilities	9,711	11,350	11,479	12,062	11,636	13,063
Total Liabilities	36,234	40,638	39,465	40,057	44,226	50,380
Equity	16,316	15,552	14,007	13,140	13,457	13,163
Liabilities + equity	52,549	56,190	53,472	53,197	57,683	63,542

Ratio Highlights (IDR.bn)

Ratio Highlights	2018 A	2019 A	2020 A	2021 F	2022 F	2023 F
Growth (% YoY)						
Sales	16.82%	-1.83%	-35.80%	16.87%	15.91%	18.57%
OP	4.08%	1.08%	-40.16%	4.75%	15.91%	18.57%
EBITDA	20.10%	-17.66%	-35.74%	33.55%	16.25%	17.97%
NP	3.36%	-38.06%	-86.16%	111.28%	79.11%	18.57%
EPS	3.36%	-38.06%	-86.16%	111.28%	79.11%	18.57%
Profitability						
Operating Margin(%)	10.46%	10.77%	10.04%	9.00%	9.00%	9.00%
EBITDA margin(%)	16.20%	13.59%	13.60%	15.55%	15.59%	15.51%
NET Profit margin(%)	5.98%	3.77%	0.81%	1.47%	2.27%	2.27%
ROA(%)	2.86%	1.66%	0.24%	0.51%	0.84%	0.91%
ROE(%)	9.21%	5.98%	0.92%	2.07%	3.62%	4.39%
Stability						
Debt/ equity (X)	0.80	1.14	1.44	1.65	1.71	2.10
Current ratio (X)	1.42	1.32	1.21	1.25	1.15	1.09
Per Share data (Rp)						
EPS	242.3	150.1	20.8	43.9	78.6	93.2
BVS	2,632	2,508	2,259	2,119	2,171	2,123

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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