

### Investment Consideration IDR 15.78 trillion new contracts

In 8M22, PTPP has booked total new contracts of IDR 15.78 trillion which is up 56% from 8M21's IDR 10.12 trillion. New contracts in 8M22 based on business category are: Construction 65%, EPC 9%, Infra & Civil Work 49%, building 27%, Toll road & bridge 24%, subsidiaries 26%. Based on ownership, 8M22 new contracts come from SOEs 65%, Government 30%, and private 5%. To maximize the acquisition of new contracts in 2022, PTPP will focus on strategic projects owned by SOEs and the Government. PTPP is targeting the share of new contracts from SOEs at 49% and Government 44%. In 2022, PTPP has budgeted Capex of IDR 4.375 trillion, an increase of 37.19% from 2021. Top 3 new contracts up to August include Kalibaru port part 1B, IDR 3,837 billion, Pipe line Semarang Batang IDR 1,060 billion, KKT Kariangau- SP Tempadung toll road IDR 687 billion. During 8M22, PTPP has already spent IDR 1.89 trillion, mostly (64%) for subsidiaries, inline with the plan to use most of this year's capital expenditure for subsidiaries' projects. We maintain our more conservative target for PTPP's 2022 new contracts but believe that revenue will be higher than last year supported by carry over contracts as well as the increase in new contracts. We maintain our CAGR revenue growth during 2021A – 2023F of 17.9%.

### Maintaining debt to equity at 1.43x

In 2021, PTPP debt / equity ratio was 1.20X Most of the new debt came from short term and long term bank loans and credit facilities for PTPP and its subsidiaries. We estimate PTPP interest bearing debt / equity for 2022-2023 will be maintained at an average of 1.43x

### Valuation: 66% upside

We maintain our target price within one year of IDR 1645/share or trading at 23x PER. With 66% upside, we maintain our recommendation, BUY.

Financial Highlights	2018 A	2019 A	2020 A	2021 A	2022 F	2023 F	2024 F
Sales growth (%)	16.82%	-1.83%	35.80%	5.89%	18.83%	17.02%	20.90%
Operating Margin(%)	10.46%	10.77%	10.44%	9.24%	8.97%	8.97%	8.97%
EBITDA margin(%)	16.20%	13.59%	10.57%	13.17%	17.19%	17.30%	6.97%
NET Profit margin(%)	5.98%	3.77%	1.04%	1.59%	1.90%	1.90%	1.90%
Debt/ equity (X)	0.66	0.97	1.27	1.20	1.34	1.51	1.66
Current ratio (X)	1.42	1.32	1.21	1.12	1.02	1.01	1.02
EPS	242.3	150.1	26.5	42.9	60.9	71.3	86.2

23 September 2022  
Construction, Equity

Price IDR. 990  
Target Price IDR. 1645  
JKSE Index 7195.488



Stock Code PTPP JI  
Bloomberg code PTTP JI  
Market cap (IDR.bn) 6370  
52-Week High (IDR) 1370  
52-Week Low (IDR) 860  
6-m Avg Daily. Val (IDR) 890  
Free Float (%) 48.73

Major Shareholders (%)  
Government RI 51.00%  
Koperasi Karyawan  
Pemegang Saham PTPP 0.03%  
Public 48.73%  
Treasury 0.23%

USD/IDR-YE  
2021A 14263  
2022F 14980

Key Indicators  
Debt/ Equity (x) 1.46  
Current ratio (x) 0.96

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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 dated 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**

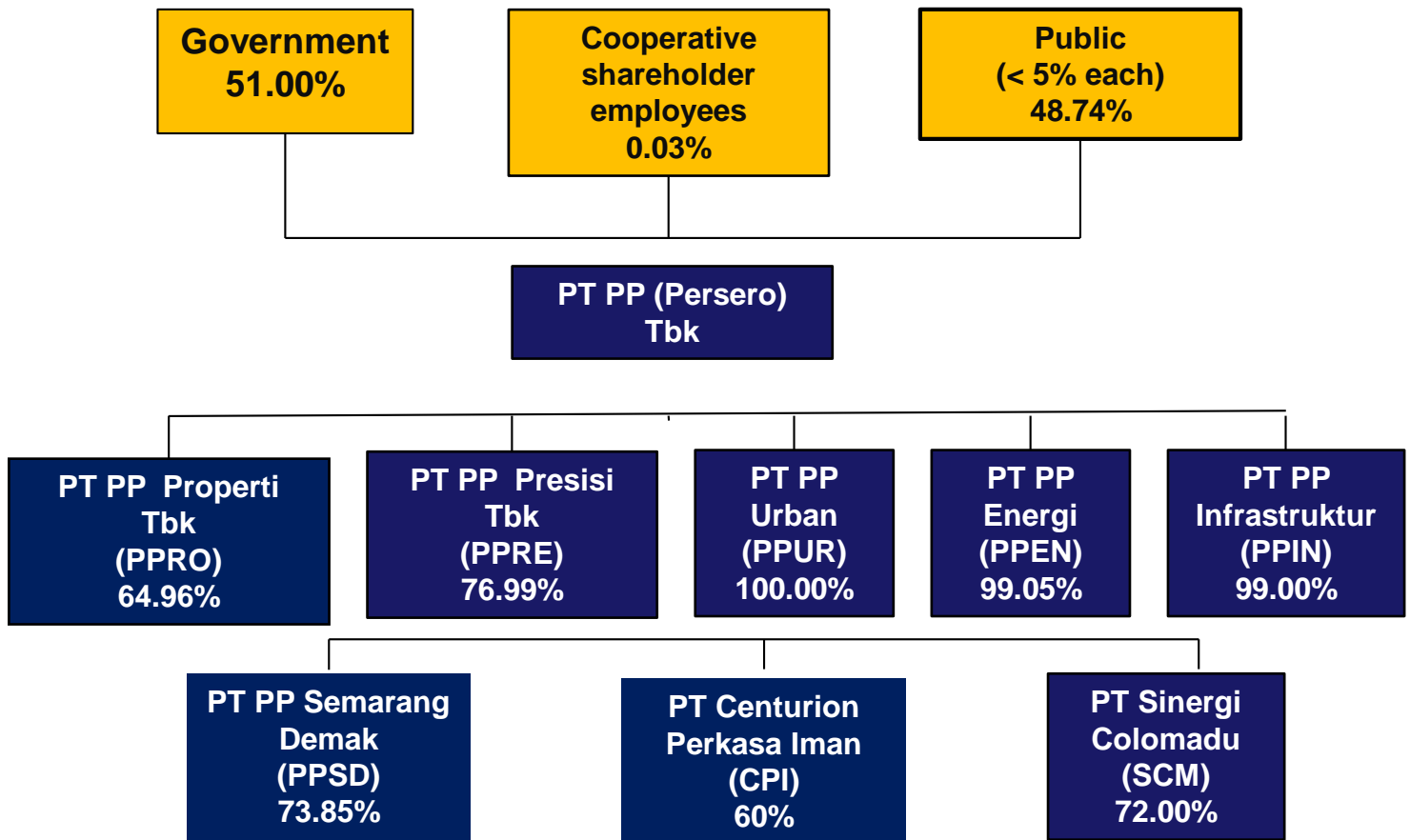


Chart: PTPP's New Contract (IDR. In trillion)

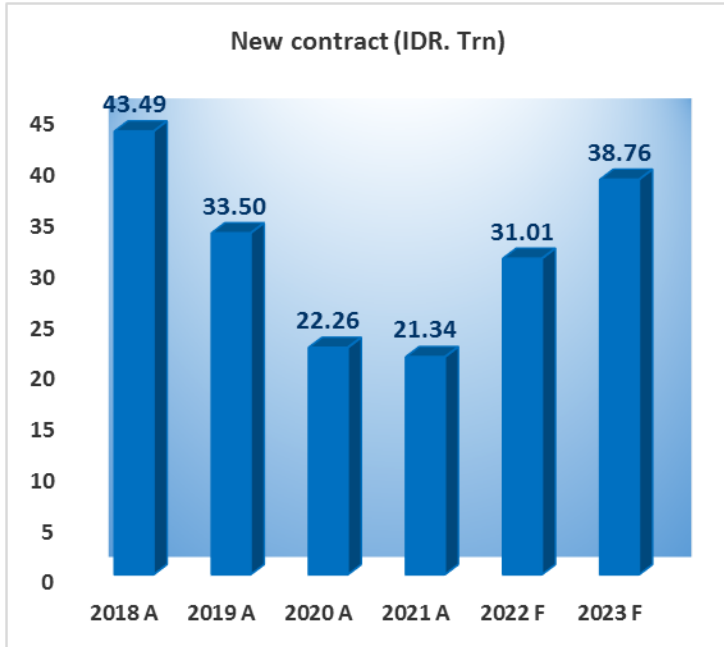


Chart: PTPP's projects based on project owner 8M22

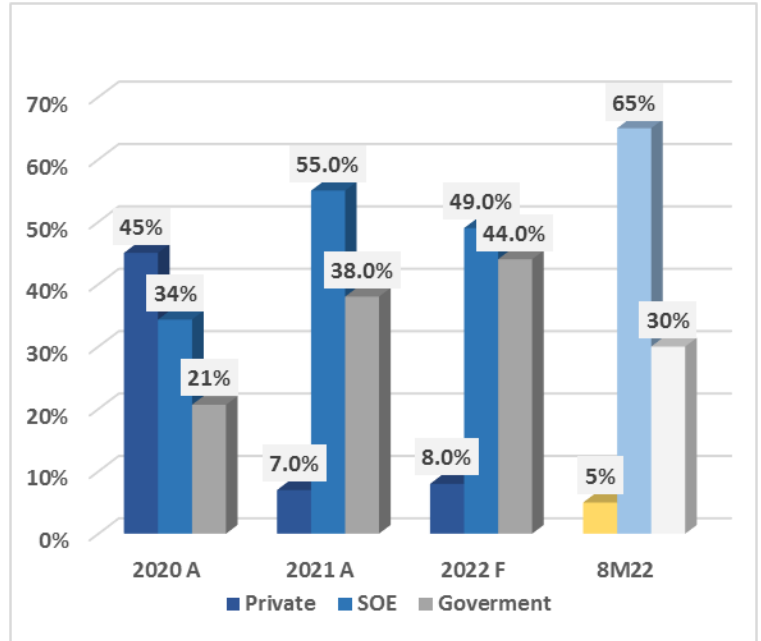


Chart: Contract based on type of project (%) 8M22

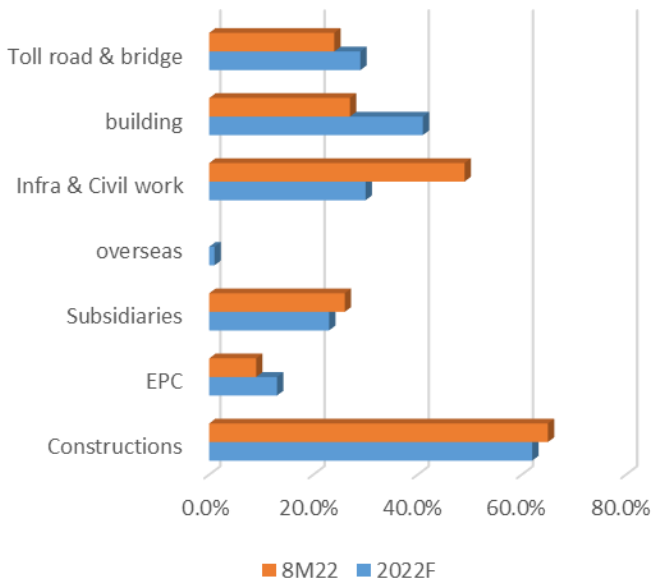
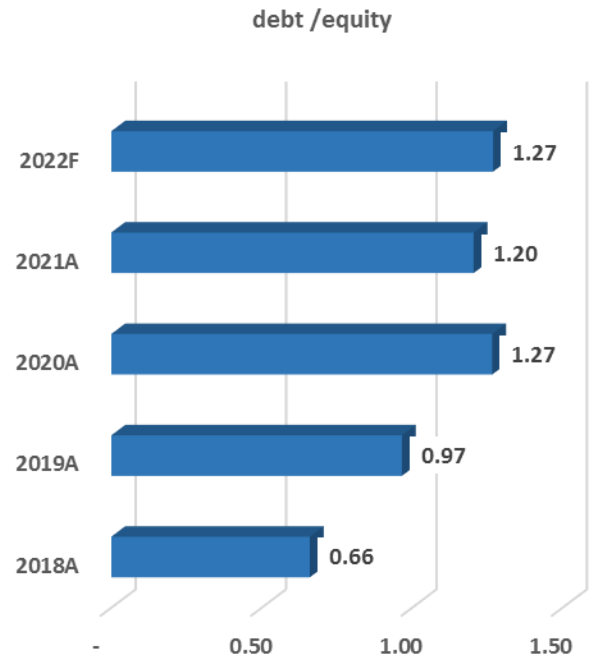


Chart: Debt/equity (x) yoy



## Profit and Loss

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

## 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
<b>Cash From Operating Activities</b>	<b>(537)</b>	<b>3,664</b>	<b>2,357</b>	<b>2,197</b>	<b>3,957</b>	<b>1,774</b>
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)
<b>cash from investing activities</b>	<b>(3,637)</b>	<b>(3,152)</b>	<b>(2,369)</b>	<b>(2,782)</b>	<b>(5,444)</b>	<b>(3,189)</b>
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)
<b>cash from financing activities</b>	<b>3,439</b>	<b>(55)</b>	<b>(1,580)</b>	<b>(323)</b>	<b>384</b>	<b>1,251</b>
Net Changes in Cash	(736)	458	(1,593)	(909)	(1,102)	(164)
<b>Beginning Balance</b>	<b>9,383</b>	<b>8,647</b>	<b>9,105</b>	<b>7,512</b>	<b>6,603</b>	<b>5,501</b>
<b>Ending balance</b>	<b>8,647</b>	<b>9,105</b>	<b>7,512</b>	<b>6,603</b>	<b>5,501</b>	<b>5,337</b>

## Balance Sheet

Balance sheet (IDR.bn)	2018 A	2019 A	2020 A	2021 A	2022 F	2023 F
<b>Current Asset</b>						
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
<b>Total Current Asset</b>	<b>37,534</b>	<b>38,568</b>	<b>33,925</b>	<b>33,732</b>	<b>33,315</b>	<b>35,268</b>
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
<b>Total Non Current Asset</b>	<b>15,015</b>	<b>17,622</b>	<b>19,548</b>	<b>21,842</b>	<b>26,750</b>	<b>29,291</b>
<b>Total Asset</b>	<b>52,549</b>	<b>56,190</b>	<b>53,472</b>	<b>55,574</b>	<b>60,065</b>	<b>64,560</b>
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
<b>Total Current Liabilities</b>	<b>26,523</b>	<b>29,288</b>	<b>27,987</b>	<b>30,146</b>	<b>33,875</b>	<b>36,677</b>
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
<b>Total Non Current Liabilities</b>	<b>9,711</b>	<b>11,350</b>	<b>11,479</b>	<b>11,098</b>	<b>11,719</b>	<b>13,210</b>
<b>Total Liabilities</b>	<b>36,234</b>	<b>40,638</b>	<b>39,465</b>	<b>41,244</b>	<b>45,594</b>	<b>49,887</b>
<b>Equity</b>	<b>16,316</b>	<b>15,552</b>	<b>14,007</b>	<b>14,330</b>	<b>14,471</b>	<b>14,672</b>
<b>Liabilities + equity</b>	<b>52,549</b>	<b>56,190</b>	<b>53,472</b>	<b>55,574</b>	<b>60,065</b>	<b>64,560</b>

## Ratio Highlights

Ratio Highlights	2018 A	2019 A	2020 A	2021 A	2022 F	2023 F
<b>Growth (% YoY)</b>						
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%
<b>Profitability</b>						
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%
<b>Stability</b>						
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
<b>Per Share data (Rp)</b>						
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.

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