

# Indocement Tunggul Prakarsa Tbk (INTP IJ)

## Efisiensi Produksi Meningkat, Dorong Kinerja 3Q20

Company Update | Nov 27, 2020

### BUY

Target Price (IDR)	18,775
Consensus Price (IDR)	15,502
TP to Consensus Price	+21.1%
vs. Last Price	+27.7%

#### Shares data

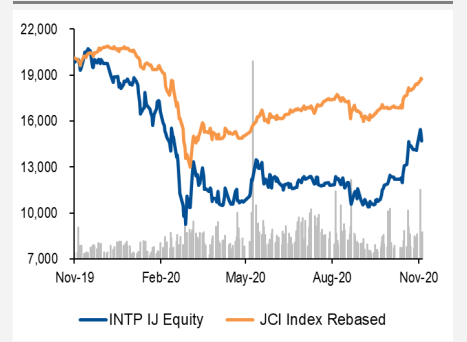
Last Price (IDR)	14,700
Price Date as of	Nov 25, 2020
52 wk Range (Hi/Lo)	22,875/ 16,725
Free Float (%)	49.0
Outstanding sh.(mn)	3,681
Market Cap (IDR bn)	54,482
Market Cap (USD mn)	3,860
Avg. Trd Vol - 3M (mn)	3.37
Avg. Trd Val - 3M (bn)	41.43
Foreign Ownership	99.8%

#### Basic Industry

##### Cement

Bloomberg	INTP IJ
Reuters	INTP.JK

#### Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-20.6%	20.2%	19.8%	-21.9%
Rel. Ret.	-11.0%	9.5%	13.4%	-14.6%

#### Ajeng Kartika Hapsari

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Kinerja INTP pada 3Q20 membaik secara kuartalan. *Top line* maupun *bottom line*, keduanya mencatatkan kenaikan 41,3% QoQ dan 829,3% QoQ. Keberhasilan efisiensi dalam penggunaan bahan bakar dan listrik, dan strategi penjualan perusahaan membuat margin naik. Sementara hingga akhir tahun, pertumbuhan penjualan semen akan dihadapkan pada tantangan akan datangnya musim hujan serta libur Panjang pada Oktober dan Desember.

#### Kinerja Top Line Mulai Pulih

INTP membukukan pendapatan pada 3Q20 sebesar Rp3,97 triliun (-9% YoY vs Rp4,36 triliun). Meskipun begitu, secara kuartalan pendapatan naik 41,3%, pun semua segmen pendapatan naik signifikan. Pendapatan dari segmen semen tercatat sebesar Rp3,78 triliun (+40,5% QoQ), segmen beton siap pakai (*ready-mix concrete*) sebesar Rp275 miliar (+64,6% QoQ), dan tambang agregat (*aggregates and quarries*) sebesar Rp10 miliar (+2.629% QoQ). Di sisi lain, volume penjualan pun ikut naik 42,5% QoQ sebesar 4,78 juta ton. Puluhnya ekonomi negara tujuan ekspor seperti China dan Philipina, menaikkan volume penjualan ekspor 233,3% QoQ menjadi 50 ribu ton.

#### Laba Cemerlang, Disokong Kenaikan Margin

Margin yang tinggi pada 3Q20 mengantarkan INTP mencatatkan laba sebesar Rp647 miliar (+829,3% QoQ, +20,7% YoY vs Rp536 miliar 3Q19). GPM naik menjadi 39,2% (vs 35,2% 3Q19) efek dari efisiensi perusahaan dalam penggunaan bahan bakar dan listrik yang turun 17% YoY. INTP saat ini meningkatkan penggunaan batubara kalori rendah (LCV) dan bahan bakar alternatif yang berkelanjutan. Kemudian, OPM naik menjadi 18,5% (vs 14,2% 3Q19) karena penurunan pada beban usaha. Selama pandemi, INTP memaksimalkan penjualan di *home-market* yaitu area Jawa Barat guna meminimalisir biaya pengangkutan dan transportasi. NPM pun naik menjadi 16,3% (vs 12,3% 3Q19).

#### Tantangan Akhir Tahun dan Tahun Depan

Menghadapi penghujung tahun 2020, kami estimasi pertumbuhan penjualan semen pada 4Q20 akan melambat hingga 30% dibandingkan 3Q20, karena dihadapkan pada datangnya musim hujan dan libur panjang pada Oktober dan Desember. Kami optimis INTP masih akan mencatatkan margin yang tinggi, karena INTP pun masih terus memaksimalkan penggunaan bahan bakar alternatif yang dapat menggantikan konsumsi batu bara hingga 30%. Sedangkan untuk tahun 2021, kinerja INTP akan dipengaruhi oleh perkembangan kasus covid-19. Selain itu, masuknya dua pemain baru pada 2021 yaitu PT Semen Grobogan dan Hongsi Holdings Group juga akan memperketat persaingan bisnis terutama di pulau Jawa. Namun kami yakin INTP masih mampu unggul dengan kekuatan distribusi dan penerapan sistem digital melalui *Sales Force Automation (SFA)*. Namun adanya Omnibus Law dan peningkatan anggaran infrastruktur untuk tahun 2021, memungkinkan timbulnya efek multiplier dari pembangunan infrastruktur yang akan mendorong pengembangan kawasan industri dan pabrik.

#### Rekomendasi BUY dengan TP Rp18.775

Dengan berbagai tantangan tersebut, kami estimasikan pendapatan INTP untuk FY20 dan FY21 sebesar Rp14,70 triliun (-7,8% YoY) dan Rp15,72 triliun (+7,0% YoY). Kami memberikan rekomendasi BUY dengan target harga Rp18.775 atau potensi *upside* 27,7% dari harga saham terakhir, berdasarkan metode *forward P/E* 30,8x (-0,6 SD). Risiko dari target harga kami adalah 1) kasus covid-19 naik, sehingga PSBB kembali diperketat, 2) volatilitas harga batu bara, dan 3) hadirnya pemain baru yang dapat menyebabkan *oversupply*.

#### Indocement Tunggul Prakarsa Tbk | Summary

	2019A	2020F	2021F	2022F
Sales	15,939	14,701	15,724	16,511
Growth (%)	4.9%	-7.8%	7.0%	5.0%
EBITDA	3,106	3,028	3,757	4,042
Net Profit	1,835	1,773	2,248	2,464
EPS (IDR)	499	482	611	669
Growth (%)	60.2%	-3.4%	26.7%	9.6%
P/E	37.0x	39.0x	30.7x	28.1x
P/BV	2.9x	3.0x	3.0x	3.0x
EV/EBITDA	19.4x	20.3x	16.3x	15.0x
ROE (%)	7.9%	7.7%	9.8%	10.6%
DER (%)	0.5%	0.5%	0.5%	0.6%
Net Debt	-7,541	-7,526	-7,746	-8,418

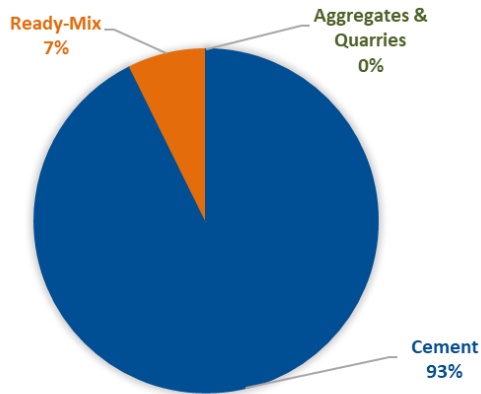
Unit: IDR bn, %, x

Source: Company Data, Bloomberg, NHKS Research

Please consider the rating criteria & important disclaimer

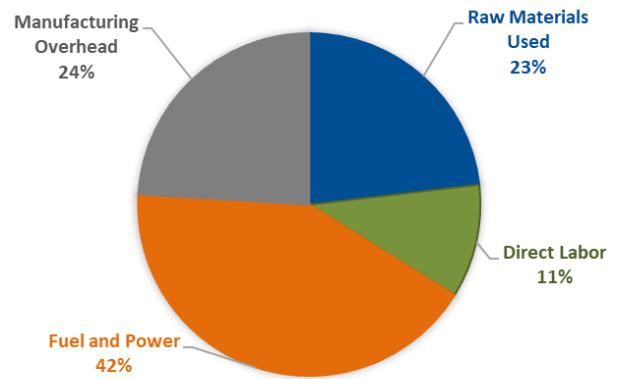
### Performance Highlights in Charts

9M20 Revenue Breakdown



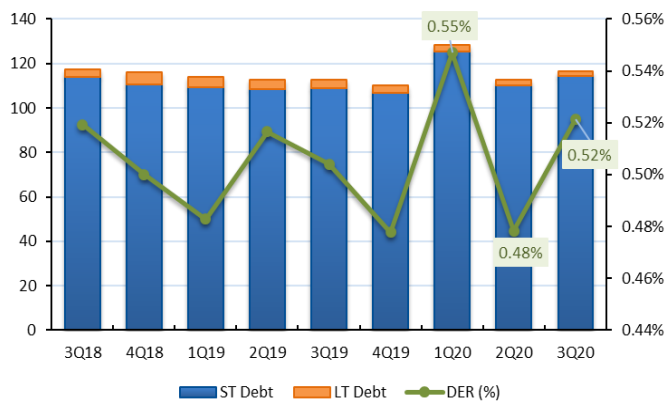
Source: Company Data, NHKSI Research

9M20 Manufacturing Cost Breakdown



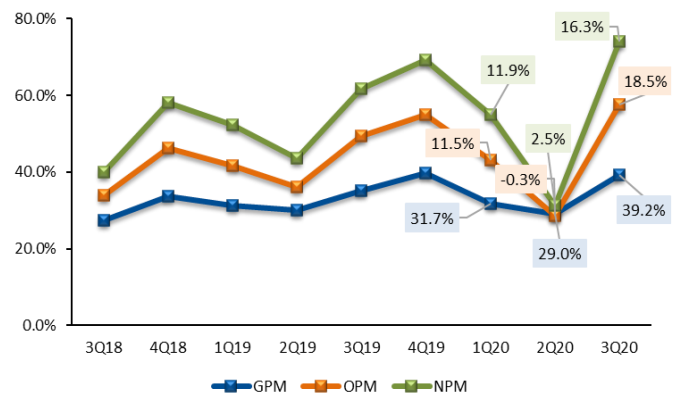
Source: Company Data, NHKSI Research

Debt Portion



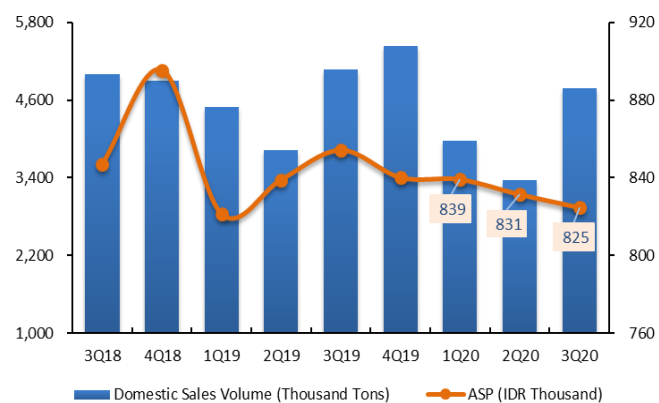
Source: Company Data, NHKSI Research

Margin Ratios



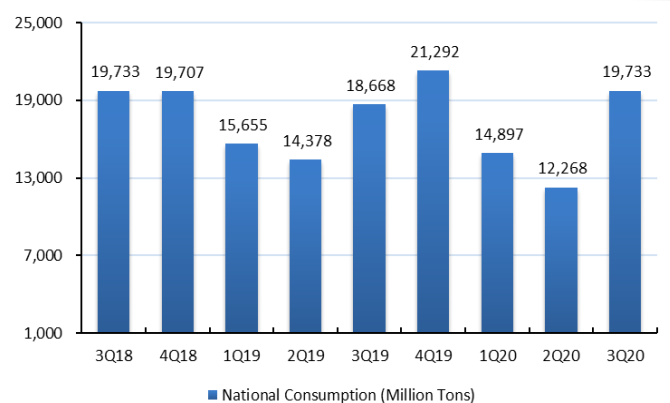
Source: Company Data, NHKSI Research

Domestic Sales Volume & Market Shares



Source: Company Data, NHKSI Research

National Consumption



Source: Company Data, NHKSI Research

## Quarterly Review

	3Q19	4Q19	1Q20	2Q20	3Q20			4Q20E
					Actual	Estimate	Y-Y	
<b>Income statement</b>								
Sales	4,365	4,591	3,363	2,812	3,974	-9.0%	41.3%	4,551
Gross Profit	1,535	1,823	1,064	815	1,558	1.5%	91.0%	1,723
EBIT	618	696	386	(9)	736	19.0%	-	714
EBITDA	911	1,023	718	234	1,047	14.9%	346.4%	1,029
Net Profit	536	660	400	70	647	20.7%	829.3%	657
<b>Margin</b>								
Gross Margin	35.2%	39.7%	31.7%	29.0%	39.2%	4.0%	10.2%	37.9%
EBIT Margin	14.2%	15.2%	11.5%	-0.3%	18.5%	4.4%	18.8%	15.7%
EBITDA Margin	20.9%	15.2%	21.3%	8.3%	26.3%	5.5%	18.0%	22.6%
Net Profit Margin	12.3%	14.4%	11.9%	2.5%	16.3%	4.0%	13.8%	14.4%

Unit: IDR bn, %

Source: Company Data, NHKSI Research

## Earnings Revision

		2020F	2021F	2022F
<b>Income Statement</b>				
Sales	-Revised	14,701	15,724	16,511
	-Previous			
	-Change			
Gross Profit	-Revised	5,161	4,954	6,252
	-Previous			
	-Change			
EBIT	-Revised	1,827	2,403	2,652
	-Previous			
	-Change			
EBITDA	-Revised	3,028	3,757	4,042
	-Previous			
	-Change			
Net Profit	-Revised	1,773	2,248	2,464
	-Previous			
	-Change			
<b>Margin</b>				
Gross Margin	-Revised	35.1%	37.9%	37.9%
	-Previous			
EBIT Margin	-Revised	12.4%	15.3%	16.1%
	-Previous			
EBITDA Margin	-Revised	20.6%	23.9%	24.5%
	-Previous			
Net Profit Margin	-Revised	12.1%	14.3%	14.9%
	-Previous			

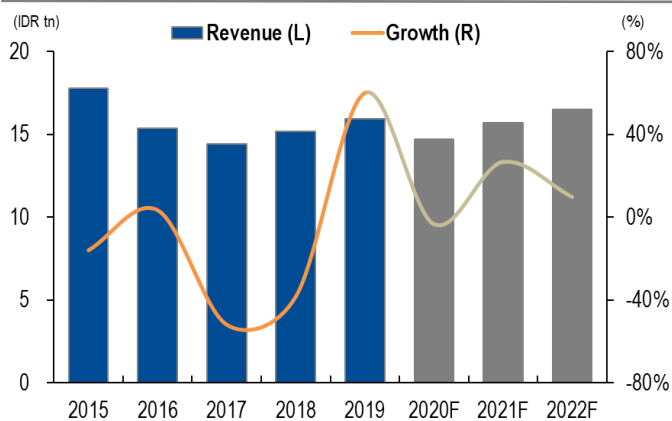
Unit: IDR bn, %

Source: Company Data, NHKSI Research

## Company Overview

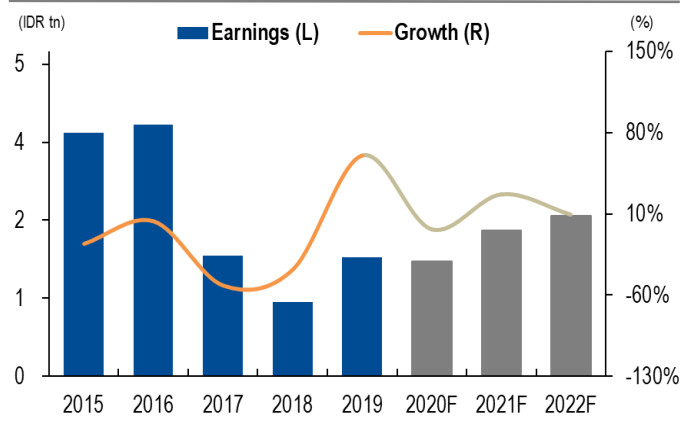
- PT Indocement Tunggal Prakarsa Tbk didirikan pada 1985 dengan meleburkan 6 perusahaan dan 8 pabrik dalam satu manajemen yang terintegrasi. Pada 1989, PT Indocement Tunggal Prakarsa Tbk melakukan IPO dengan kode INTP.
- Saat ini, INTP memiliki 13 pabrik dengan total kapasitas produksi per tahun mencapai 24,9 juta ton semen. Sepuluh pabrik berlokasi di Kompleks Pabrik Citeureup, Bogor, Jawa Barat; dua pabrik berlokasi di Kompleks Pabrik Palimanan, Cirebon, Jawa Barat; serta satu pabrik berlokasi di Kompleks Pabrik Tarjun, Kotabaru, Kalimantan Selatan.
- INTP memiliki merek semen yang sudah terkenal, yaitu semen Tiga Roda. Pada 2017, INTP meluncurkan merek baru, yaitu semen Rajawali dan juga meluncurkan semen protland, yaitu Tiga Roda Supeslag yang merupakan semen ramah lingkungan dengan emisi karbon dioksida yang lebih rendah.

### Revenue and Growth Movements



Source: Company Data, NHKSI Research

### Earnings and Growth Movements



Source: Company Data, NHKSI Research

### Asia Pacific Companies Peers Analysis

	Market Cap (USD mn)	Asset (USD mn)	Sales LTM (USD mn)	Net Profit LTM (USD mn)	Net Profit Growth LTM	Net Profit Margin	ROE LTM	P/E LTM	P/BV
<b>Indonesia</b>									
INDOCEMENT TUNGGAL PRAKARSA TBK	3,860	2,001	1,019	123	4.2%	12.0%	7.9%	30.7x	2.4x
SEMEN INDONESIA TBK	5,011	5,763	2,617	182	15.4%	7.0%	8.1%	26.8x	2.1x
SOLUSI BANGUN INDONESIA TBK	608	1,413	772	60	-	7.8%	13.0%	10.0x	1.2x
SEMEN BATURAJA TBK	697	402	119	-7	-	-6.1%	-3.1%	N/A	2.9x
<b>Malaysia</b>									
CAHYA MATA SARAWAK BHD	416	1,114	319	20	-14.6%	6.3%	4.2%	19.9x	0.6x
<b>Thailand</b>									
SIAM CITY CEMEN PUB CO LTD	1,337	2,628	1,393	104	-6.0%	7.4%	9.8%	12.6x	1.2x
<b>Philippines</b>									
HOLCIM PHILLIPINES INC	887	884	569	54	34.7%	9.6%	9.9%	15.5x	1.5x
<b>China</b>									
ANHUI CONCH CEMENT CO LTD-H	42,034	25,674	23,307	4,925	23.0%	20.3%	24.7%	6.6x	1.5x
CHINA NATIONAL BUILDING MA-H	11,688	64,128	35,277	1,662	37.9%	4.7%	13.3%	7.2x	0.9x
HUAXIN CEMENT CO LTD-B	6,710	5,263	4,194	788	49.0%	18.8%	26.4%	5.6x	1.4x
<b>India</b>									
ULTRATECH CEMENT LTD	18,774	10,526	5,852	820	9.6%	14.0%	16.0%	23.8x	3.5x
SHREE CEMENT LTD	11,676	2,646	1,816	217	-27.3%	11.9%	13.4%	54.8x	6.5x
AMBUJA CEMENTS LTD	6,899	5,263	3,850	298	43.6%	7.7%	9.0%	24.3x	2.1x

Unit: USD mn, %, X

Source: Bloomberg, NHKSI Research

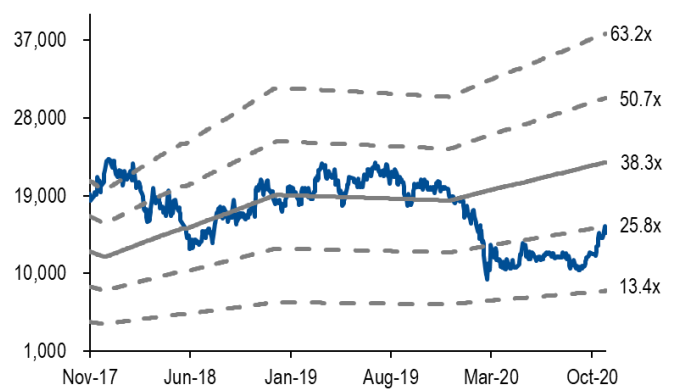
### Valuation Highlights in Charts

#### 3-Years Forward P/E Band



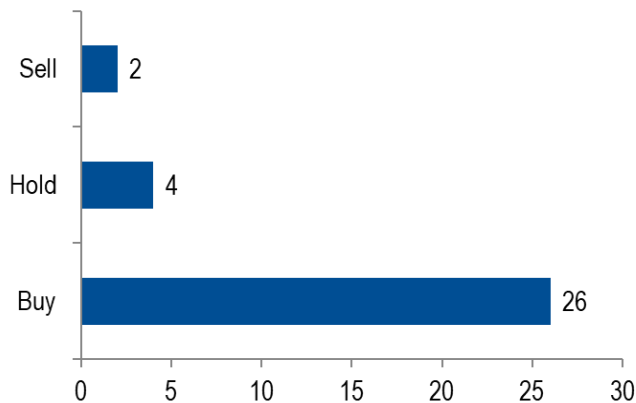
Source: Bloomberg, NHKSI Research

#### 3-Years Dynamic Forward P/E band



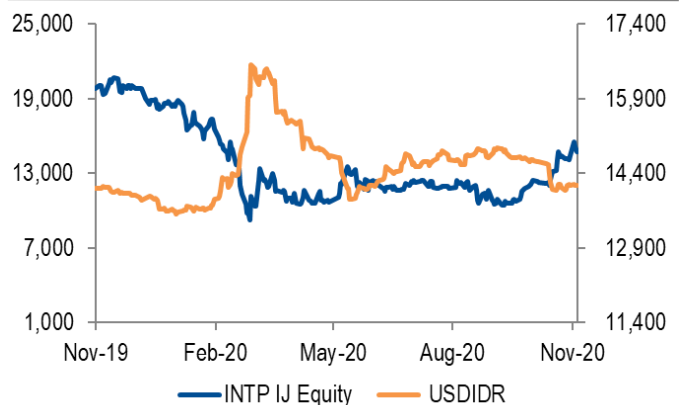
Source: Bloomberg, NHKSI Research

#### Analysts' Recommendation



Source: Bloomberg, NHKSI Research

#### Correlation between INTP and USDIDR



Source: Bloomberg, NHKSI Research

#### Closing and Target Price Update



Source: Bloomberg, NHKSI Research

#### Rating and Target Price Update

Date	Rating	Target Price	Consensus
10.08.2017	Hold	IDR19,275	IDR15,214
22.11.2017	Hold	IDR21,575	IDR18,134
13.11.2018	Hold	IDR19,950	IDR16,346
22.09.2019	Hold	IDR22,075	IDR19,589
18.11.2019	Hold	IDR21,000	IDR20,040
27.11.2020	Buy	IDR18,775	IDR15,502

Source: NHKSI Research

#### NH Korindo Sekuritas Indonesia (NHKSI) Stock Ratings

- Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
- Rating system based on a stock's potential upside from the date of publication
  - Buy : Greater than +15%
  - Overweight : +5% to 15%
  - Hold : -5% to +5%
  - Underweight : -5% to -15%
  - Sell : Less than -15%

## Summary of Financials

INCOME STATEMENT					PROFITABILITY & STABILITY				
(IDR bn)	2019/12A	2020/12F	2021/12F	2022/12F		2019/12A	2020/12F	2021/12F	2022/12F
<b>Sales</b>	<b>15,939</b>	<b>14,701</b>	<b>15,724</b>	<b>16,511</b>	ROE	7.9%	7.7%	9.8%	10.6%
<i>Growth</i>	4.9%	-7.8%	7.0%	5.0%	ROA	6.6%	6.5%	8.3%	9.0%
COGS	(10,439)	(9,540)	(9,770)	(10,259)	ROIC	32.4%	38.3%	43.8%	49.4%
<b>Gross Profit</b>	<b>5,500</b>	<b>5,161</b>	<b>5,954</b>	<b>6,252</b>	Cash Dividend (IDR bn)	2,025	1,841	2,208	2,199
<i>Gross Margin</i>	34.5%	35.1%	37.9%	37.9%	Dividend Yield	3.0%	2.7%	3.2%	3.2%
Operating Expenses	(3,595)	(3,333)	(3,551)	(3,601)	Payout Ratio	110.3%	103.8%	98.2%	89.3%
<b>EBIT</b>	<b>1,905</b>	<b>1,827</b>	<b>2,403</b>	<b>2,650</b>	DER	0.5%	0.5%	0.5%	0.6%
<i>EBIT Margin</i>	12.0%	12.4%	15.3%	16.1%	Net Gearing	0.5%	0.6%	0.6%	0.6%
Depreciation	(1,201)	(1,201)	(1,354)	(1,391)	LT Debt to Equity	0.5%	0.5%	0.5%	0.6%
<b>EBITDA</b>	<b>3,106</b>	<b>3,028</b>	<b>3,757</b>	<b>4,042</b>	Capitalization Ratio	0.5%	0.5%	0.5%	0.6%
<i>EBITDA Margin</i>	19.5%	20.6%	23.9%	24.5%	Equity Ratio	83.3%	85.8%	84.1%	84.6%
Interest Expenses	(8)	(18)	(16)	(16)	Debt Ratio	0.4%	0.4%	0.5%	0.5%
<b>EBT</b>	<b>2,274</b>	<b>2,159</b>	<b>2,760</b>	<b>3,026</b>	Financial Leverage	119.9%	118.3%	117.7%	118.5%
Income Tax	(439)	(385)	(513)	(562)	Current Ratio	331.2%	408.0%	362.9%	388.7%
Minority Interest	-	-	-	-	Par Value (IDR)	500	500	500	500
<b>Net Profit</b>	<b>1,835</b>	<b>1,773</b>	<b>2,248</b>	<b>2,464</b>	Total Shares (mn)	3,681	3,681	3,681	3,681
<i>Growth</i>	60.2%	-3.4%	26.7%	9.6%	Share Price (IDR)	18,450	18,775	18,775	18,775
<i>Net Profit Margin</i>	11.5%	12.1%	14.3%	14.9%	Market Cap (IDR tn)	67.9	69.1	69.1	69.1

BALANCE SHEET					VALUATION INDEX				
(IDR bn)	2019/12A	2020/12F	2021/12F	2022/12F		2019/12A	2020/12F	2021/12F	2022/12F
Cash	7,652	7,646	7,872	8,550	Price/Earnings	37.0x	39.0x	30.7x	28.1x
Receivables	2,984	2,503	3,011	2,779	Price/Book Value	2.9x	3.0x	3.0x	3.0x
Inventories	1,895	1,974	2,133	2,180	Price/Sales	4.3x	4.7x	4.4x	4.2x
<b>Total Current Assets</b>	<b>12,829</b>	<b>12,408</b>	<b>13,289</b>	<b>13,786</b>	PE/EPS Growth	0.1x	-1.2x	0.1x	0.3x
Net Fixed Assets	14,080	13,703	13,336	12,980	EV/EBITDA	19.4x	20.3x	16.3x	15.0x
Other Non Current Assets	694	598	657	687	EV/EBIT	31.7x	33.7x	25.5x	22.9x
<b>Total Assets</b>	<b>27,708</b>	<b>26,801</b>	<b>27,373</b>	<b>27,544</b>	EV (IDR bn)	60,377	61,589	61,369	60,697
Payables	1,749	1,283	1,822	1,438	Sales CAGR (3-Yr)	1.2%	0.6%	1.2%	1.2%
Other Liabilities	2,768	2,396	2,392	2,667	EPS CAGR (3-Yr)	-22.0%	-1.6%	25.2%	10.3%
LT Debt	110	120	126	132	Basic EPS (IDR)	499	482	611	669
<b>Total Liabilities</b>	<b>4,627</b>	<b>3,799</b>	<b>4,340</b>	<b>4,237</b>	Diluted EPS (IDR)	499	482	611	669
Capital Stock	1,841	1,841	1,841	1,841	BVPS (IDR)	6,270	6,248	6,257	6,331
Retained Earnings	18,703	18,636	18,676	18,940	Sales PS (IDR)	4,330	3,993	4,271	4,485
<b>Shareholders' Equity</b>	<b>23,080</b>	<b>23,002</b>	<b>23,033</b>	<b>23,307</b>	DPS (IDR)	550.0	500.0	599.7	597.4

CASH FLOW STATEMENT					TOP OWNERSHIP			
(IDR bn)	2019/12A	2020/12F	2021/12F	2022/12F	By Geography	% Shareholders	%	
Operating Cash Flow	3,531	2,471	3,561	3,914	United Kingdom	840.9	Birchwood Omnia Ltd	51.0
Investing Cash Flow	(1,046)	(711)	(1,125)	(1,053)	United States	10.0	Invesco Ltd	2.8
Financing Cash Flow	(2,026)	(1,839)	(2,210)	(2,184)	Luxembourg	1.9	Vabguard Group Inc	1.2
<b>Net Changes in Cash</b>	<b>458</b>	<b>(79)</b>	<b>226</b>	<b>678</b>	Ireland	1.3	Blackrock	0.8

Source: Company Data, NHKSI Research

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