

Monday, 18 January 2021

**BUY**  
**Maintain**

Last price (IDR) 14,850  
Target Price (IDR) 18,100  
Upside/Downside +21.9%  
Previous Target Price (IDR) 18,100

**Stock Statistics**

Sector Cement  
Bloomberg Ticker INTP IJ  
No of Shrs (mn) 3,681  
Mkt. Cap (IDRbn/USDmn) 54,666/3,899  
Avg. daily T/O (IDRbn/USDmn) 52.3/3.7

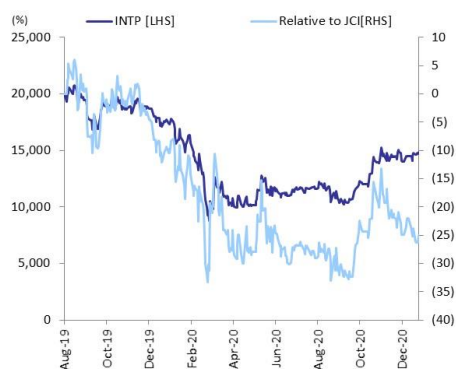
**Major shareholders (%)**

Birchwood Omnia Limited 51.0  
Public 49.0

**EPS Consensus (IDR)**

	2020F	2021F	2022F
Danareksa	403.9	469.1	586.0
Consensus	423.4	509.6	596.7
Danareksa/Cons	(4.6)	(7.9)	(1.8)

**INTP relative to JCI Index**



Source : Bloomberg



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# Indocement Tunggal Prakarsa (INTP IJ)

**Market share maintained**

**Domestic cement sales in Dec20 reached 5.74mn tons (-5.0%mom, -12.1%yoy) as sales in Java dropped by 3.9%mom. INTP's sales in Dec20 of 1.49mn tons (-0.7%mom, -8.9%yoy) came on the back of flattish sales in Western Java, INTP's home-base. INTP sold 16.19mn tons of cement in FY20. This is in-line with our target of 16.03mn tons (101%). INTP managed to maintain its market share at 25.8% in FY20 (FY19: 25.5%) as domestic consumption in FY20 reached 62.74mn tons (-10.4%yoy). We maintain our BUY call on INTP.**

**INTP sold 1.49mn tons of cement in Dec20**, or similar to sales in the previous month, -0.7%mom and -8.9%yoy. The government revoked the long public holiday policy replacing the Lebaran holidays and tightened the social gathering restrictions over Christmas and New Year. Sales in Western Java, INTP's home-base, were -0.8%mom and -13.4%yoy. The largest monthly sales contraction was seen in East Java: -7.5%mom and -10.6%yoy. However, sales in East Java accounted for only 5.6% of the total sales. By comparison, sales in Kalimantan jumped by +15.6%mom with a contribution of 5.1%.

**The FY20 sales are in-line (101%) with our target.** INTP sold 16.19mn tons of cement in 2020 (-9.4%yoy). The FY20 sales volume is in-line with our target of 16.03mn tons (101%). Sales in Western Java in 2020 dropped by 14.2%yoy, causing the sales in Java to fall by -11.4%yoy. By contrast, sales in Sumatra grew by +2.0%yoy, Sulawesi sales rose by +23.0%yoy, and sales in East Indonesia climbed +7.9%yoy. Western Java contributed 46.8% of the total sales, followed by Central Java (20.2%), and Sumatra (10.6%). INTP managed to maintain its share in the domestic market at 25.8% (FY19: 25.5%).

**Domestic cement consumption in FY20 dropped by 10.4%yoy.** Domestic cement demand in FY20 reached 62.74mn tons (-10.4%yoy) hit by the pandemic which resulted in weak economic conditions, delays in infrastructure projects development, and the implementation of social gathering restrictions in some areas. Sales in Java and Sumatra (the two biggest markets) dropped by -13.2%yoy and -3.8%yoy. Only Eastern Indonesia booked positive growth at +10.2%yoy but the area contributed only 3.2% of the demand. Monthly sales in Dec20 reached 5.74mn tons, -5.0%mom and -12.1%yoy.

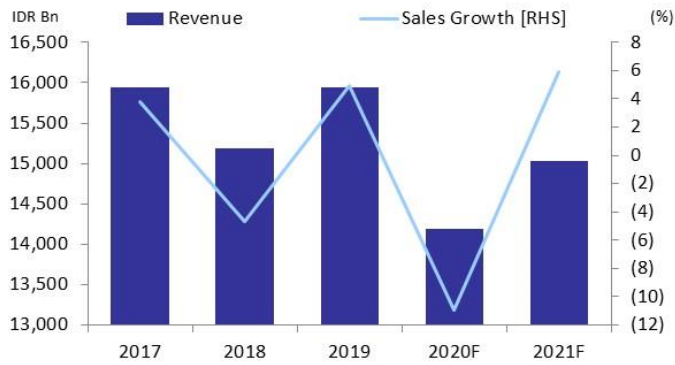
**Maintain BUY.** We expect sales volume in FY21 to reach 16.6mn tons (+3.6%yoy) and ASP to grow by +2.0%yoy. INTP is our top pick in the sector as we believe that the two new players will have only a small to medium impact on INTP's market share as the new players will not enter INTP's home-based market. Our TP is set at IDR18,100, implying 38.6x 21PE, translating to USD166.0 EV/ton. INTP is trading at EV/ton of USD133.8 vs. SMGR's USD127 EV/ton.

**Key Financials**

Year to 31 Dec	2018A	2019A	2020F	2021F	2022F
Revenue (IDRbn)	15,190	15,939	14,196	15,031	16,160
EBITDA (IDRbn)	2,006	3,198	2,733	3,105	3,472
EBITDA Growth (%)	(56.5)	59.4	(14.5)	13.6	11.8
Net profit (IDRbn)	1,146	1,835	1,487	1,727	2,157
EPS (IDR)	311.3	498.6	403.9	469.1	586.0
EPS growth (%)	(66.0)	60.2	(19.0)	16.1	24.9
BVPS (IDR)	6,308.1	6,269.7	6,175.0	6,240.2	6,357.2
DPS (IDR)	700.0	550.0	498.6	403.9	469.1
PER (x)	47.7	29.8	36.8	31.7	25.3
PBV (x)	2.4	2.4	2.4	2.4	2.3
Dividend yield (%)	4.7	3.7	3.4	2.7	3.2
EV/EBITDA (x)	23.7	14.7	17.1	15.0	13.2

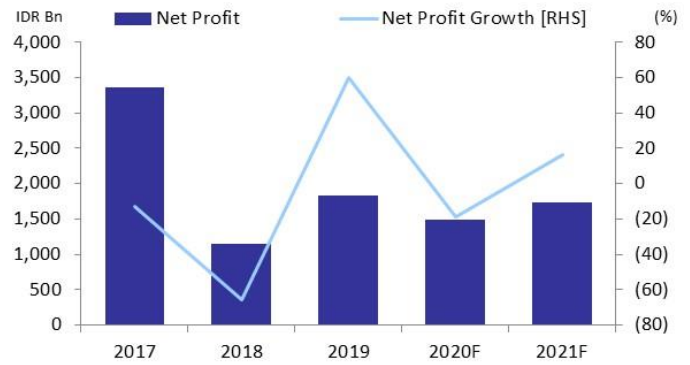
Source : INTP, Danareksa Estimates

**Exhibit 1. Revenues and Growth**



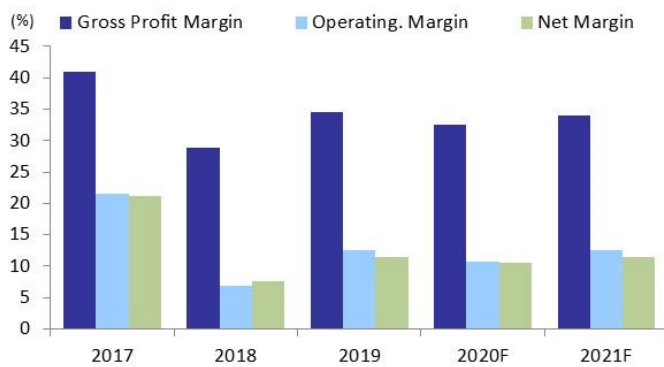
Source: Company, Danareksa Sekuritas estimates

**Exhibit 2. Net Profits and Growth**



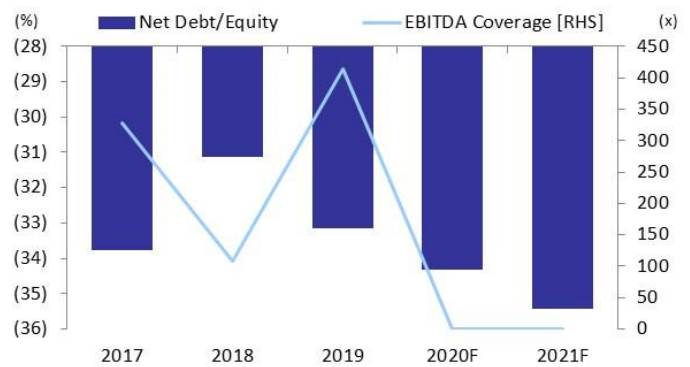
Source: Company, Danareksa Sekuritas estimates

**Exhibit 3. Margins**



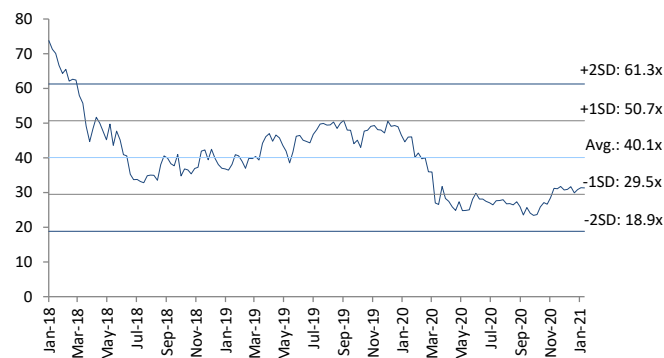
Source: Company, Danareksa Sekuritas estimates

**Exhibit 4. Gearing Level**



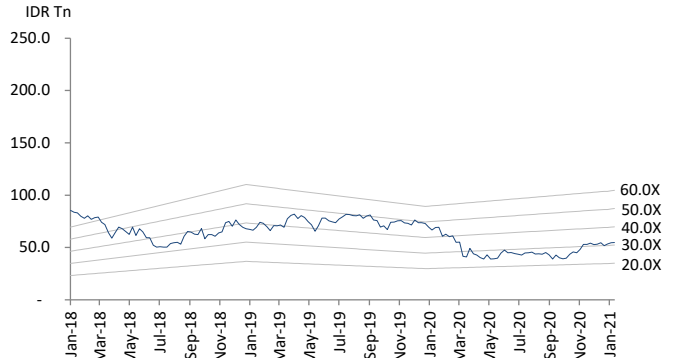
Source: Company, Danareksa Sekuritas estimates

**Exhibit 5. PE Band Chart**

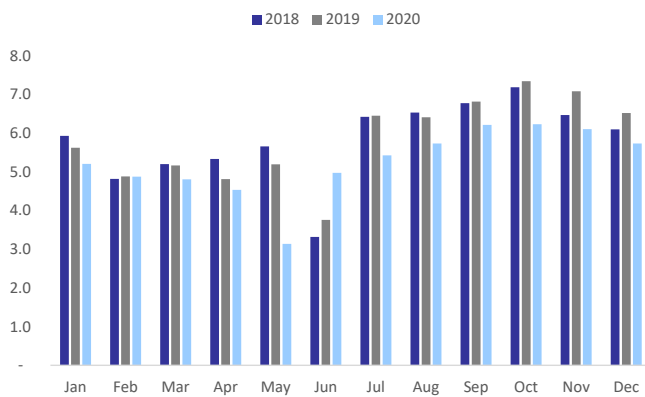


Source: Bloomberg, Danareksa Sekuritas estimates

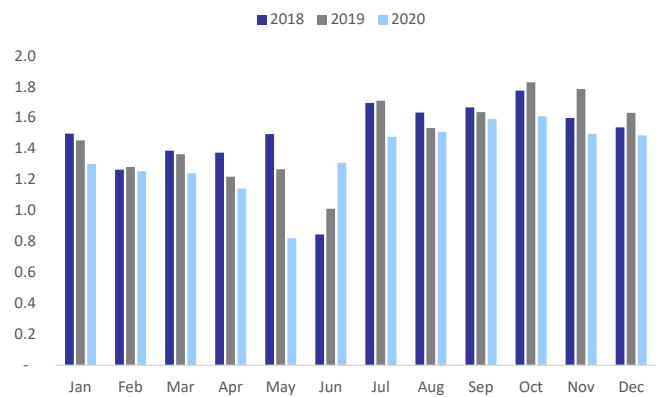
**Exhibit 6. Share Price Chart**



Source: Bloomberg, Danareksa Sekuritas estimates

**Exhibit 7. Monthly domestic cement sales**


Source: Company, Danareksa Sekuritas estimates

**Exhibit 8. Monthly INTP cement sales**


Source: Company, Danareksa Sekuritas estimates

**Exhibit 9. INTP sales breakdown**

Mn tons	Dec-19	Nov-20	Dec-20	% yoy	% mom	%	12M19	12M20	% yoy	%
Jakarta	0.17	0.15	0.14	-14.1%	-1.0%	9.8%	1.83	1.54	-15.5%	9.5%
Banten	0.15	0.12	0.12	-17.5%	-2.9%	8.3%	1.50	1.35	-9.4%	8.4%
West Java	0.49	0.43	0.43	-11.9%	-0.1%	28.8%	5.51	4.69	-15.0%	28.9%
Ctrl Java	0.28	0.28	0.27	-1.7%	-2.8%	18.8%	3.24	3.06	-5.5%	18.9%
Yogya.	0.02	0.02	0.02	1.1%	-11.4%	1.4%	0.23	0.21	-5.6%	1.3%
E.Java	0.09	0.08	0.08	-10.6%	-7.4%	5.6%	1.07	0.98	-8.4%	6.1%
W. Java	0.80	0.70	0.70	-13.4%	-0.8%	47.0%	8.84	7.58	-14.2%	46.8%
C. Java	0.30	0.30	0.29	-1.5%	-3.4%	20.2%	3.46	3.27	-5.5%	20.2%
Java	1.19	1.09	1.07	-10.4%	-2.2%	72.9%	13.36	11.84	-11.4%	73.1%
Sumatra	0.16	0.16	0.16	0.6%	0.1%	10.6%	1.68	1.71	2.0%	10.6%
Kalimantan	0.09	0.08	0.09	-5.0%	15.6%	5.1%	0.84	0.80	-5.6%	4.9%
Sulawesi	0.05	0.05	0.05	0.2%	-2.8%	3.2%	0.35	0.43	23.0%	2.7%
Nusa Tgg.	0.13	0.10	0.11	-14.6%	4.4%	6.9%	1.41	1.26	-10.6%	7.8%
East Ind.	0.02	0.02	0.02	5.4%	-3.4%	1.2%	0.18	0.19	7.9%	1.2%
<b>INTP - total</b>	<b>1.63</b>	<b>1.50</b>	<b>1.49</b>	<b>-8.9%</b>	<b>-0.7%</b>	<b>100.0%</b>	<b>17.86</b>	<b>16.19</b>	<b>-9.4%</b>	<b>100.0%</b>
Market sh	25.0%	24.5%	25.9%				25.5%	25.8%		

Source: Company

**Exhibit 10. Domestic cement sales breakdown**

Mn tons	Dec-19	Nov-20	Dec-20	% yoy	% mom	%	12M19	12M20	% yoy	%
Jakarta	0.36	0.25	0.26	-28.0%	4.1%	4.0%	4.09	2.83	-30.8%	4.5%
Banten	0.31	0.28	0.27	-12.4%	-3.5%	4.6%	3.45	2.86	-17.1%	4.6%
West Java	1.05	1.03	0.99	-6.0%	-3.8%	16.8%	11.68	10.67	-8.6%	17.0%
Ctrl Java	0.80	0.78	0.75	-7.1%	-3.9%	12.7%	9.14	8.27	-9.6%	13.2%
Yogya.	0.09	0.10	0.09	0.1%	-6.5%	1.6%	1.39	1.04	-25.0%	1.7%
E.Java	0.87	0.75	0.70	-19.4%	-6.6%	12.2%	9.43	8.35	-11.5%	13.3%
<i>W. Java</i>	<i>1.72</i>	<i>1.55</i>	<i>1.51</i>	<i>-11.7%</i>	<i>-2.5%</i>	<i>25.4%</i>	<i>19.22</i>	<i>16.36</i>	<i>-14.9%</i>	<i>26.1%</i>
<i>C. Java</i>	<i>0.90</i>	<i>0.88</i>	<i>0.84</i>	<i>-6.3%</i>	<i>-4.2%</i>	<i>14.4%</i>	<i>10.54</i>	<i>9.31</i>	<i>-11.6%</i>	<i>14.8%</i>
Java	3.48	3.18	3.05	-12.2%	-3.9%	52.0%	39.19	34.02	-13.2%	54.2%
Sumatra	1.35	1.41	1.34	-1.1%	-5.0%	23.0%	14.34	13.80	-3.8%	22.0%
Kalimantan	0.44	0.41	0.40	-10.2%	-3.1%	6.7%	4.46	3.98	-10.8%	6.3%
Sulawesi	0.62	0.59	0.51	-17.4%	-13.5%	9.7%	6.10	5.37	-12.0%	8.6%
Nusa Tgg.	0.43	0.31	0.27	-36.7%	-12.7%	5.1%	4.15	3.58	-13.8%	5.7%
East Ind.	0.21	0.21	0.17	-18.7%	-20.0%	3.5%	1.81	2.00	10.2%	3.2%
<b>Indonesia</b>	<b>6.53</b>	<b>6.11</b>	<b>5.74</b>	<b>-12.1%</b>	<b>-6.0%</b>	<b>100.0%</b>	<b>70.05</b>	<b>62.74</b>	<b>-10.4%</b>	<b>100.0%</b>

Source: Company

### Exhibit 11. Income Statement

Year to 31 Dec (IDRbn)	2018A	2019A	2020F	2021F	2022F
<b>Revenue</b>	<b>15,190</b>	<b>15,939</b>	<b>14,196</b>	<b>15,031</b>	<b>16,160</b>
COGS	(10,821)	(10,439)	(9,589)	(9,913)	(10,356)
<b>Gross profit</b>	<b>4,369</b>	<b>5,500</b>	<b>4,607</b>	<b>5,119</b>	<b>5,804</b>
<b>EBITDA</b>	<b>2,006</b>	<b>3,198</b>	<b>2,733</b>	<b>3,105</b>	<b>3,472</b>
<b>Oper. profit</b>	<b>1,046</b>	<b>1,997</b>	<b>1,516</b>	<b>1,880</b>	<b>2,395</b>
Interest income	332	360	383	312	326
Interest expense	(19)	(8)	0	0	0
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	13	17	18	18	19
Other Income (Expenses)	28	(92)	(92)	(92)	(92)
<b>Pre-tax profit</b>	<b>1,401</b>	<b>2,275</b>	<b>1,824</b>	<b>2,119</b>	<b>2,647</b>
Income tax	(255)	(440)	(338)	(392)	(490)
Minority interest	0	0	0	0	0
<b>Net profit</b>	<b>1,146</b>	<b>1,835</b>	<b>1,487</b>	<b>1,727</b>	<b>2,157</b>
<b>Core Net Profit</b>	<b>1,146</b>	<b>1,835</b>	<b>1,487</b>	<b>1,727</b>	<b>2,157</b>

### Exhibit 12. Balance Sheet

Year to 31 Dec (IDRbn)	2018A	2019A	2020F	2021F	2022F
Cash & cash equivalent	7,226	7,652	7,806	8,141	8,834
Receivables	2,966	2,984	2,638	2,752	2,915
Inventory	1,838	1,895	1,802	1,859	1,924
Other Curr. Asset	286	298	271	271	277
Fixed assets - Net	14,637	14,080	13,909	13,694	13,773
Other non-curr.asset	836	798	802	822	844
<b>Total asset</b>	<b>27,789</b>	<b>27,708</b>	<b>27,228</b>	<b>27,538</b>	<b>28,568</b>
ST Debt	0	0	0	0	0
Payables	2,578	2,516	2,344	2,308	2,525
Other Curr. Liabilities	1,348	1,358	1,360	1,471	1,835
Long Term Debt	0	0	0	0	0
Other LT. Liabilities	641	754	792	787	805
<b>Total Liabilities</b>	<b>4,567</b>	<b>4,627</b>	<b>4,496</b>	<b>4,566</b>	<b>5,165</b>
Shareholder's Funds	23,222	23,080	22,732	22,972	23,402
Minority interests	0	0	0	0	0
<b>Total Equity &amp; Liabilities</b>	<b>27,789</b>	<b>27,708</b>	<b>27,228</b>	<b>27,538</b>	<b>28,568</b>

### Exhibit 13. Cash Flow

Year to 31 Dec (IDRbn)	2018A	2019A	2020F	2021F	2022F
Net income	1,146	1,835	1,487	1,727	2,157
Depreciation and Amort.	959	1,201	1,217	1,225	1,077
Change in Working Capital	(78)	(136)	342	(88)	319
Other Oper. Cash Flow	(313)	(353)	(383)	(312)	(326)
<b>Operating Cash Flow</b>	<b>1,714</b>	<b>2,547</b>	<b>2,663</b>	<b>2,551</b>	<b>3,228</b>
Capex	(621)	(634)	(1,032)	(1,010)	(1,157)
Others Inv. Cash Flow	502	388	365	293	304
<b>Investing Cash Flow</b>	<b>(119)</b>	<b>(246)</b>	<b>(668)</b>	<b>(717)</b>	<b>(853)</b>
Net change in debt	8	(6)	(7)	(12)	45
New Capital	0	0	0	0	0
Dividend payment	2,577	2,025	1,835	1,487	1,727
Other Fin. Cash Flow	(95)	155	0	0	0
<b>Financing Cash Flow</b>	<b>2,490</b>	<b>2,174</b>	<b>1,829</b>	<b>1,475</b>	<b>1,772</b>
<b>Net Change in Cash</b>	<b>4,085</b>	<b>4,475</b>	<b>3,824</b>	<b>3,309</b>	<b>4,147</b>
Cash - begin of the year	8,295	7,226	7,652	7,806	8,141
Cash - end of the year	7,226	7,652	7,806	8,141	8,834

### Exhibit 14. Key Ratios

Year to 31 Dec	2018A	2019A	2020F	2021F	2022F
<b>Growth (%)</b>					
Sales	(4.7)	4.9	(10.9)	5.9	7.5
EBITDA	(56.5)	59.4	(14.5)	13.6	11.8
Operating profit	(69.5)	90.8	(24.1)	24.0	27.4
Net profit	(66.0)	60.2	(19.0)	16.1	24.9
<b>Profitability (%)</b>					
Gross margin	28.8	34.5	32.5	34.1	35.9
EBITDA margin	13.2	20.1	19.3	20.7	21.5
Operating margin	6.9	12.5	10.7	12.5	14.8
Net margin	7.5	11.5	10.5	11.5	13.3
ROAA	4.0	6.6	5.4	6.3	7.7
ROAE	4.8	7.9	6.5	7.6	9.3
<b>Leverage</b>					
Net Gearing (x)	(0.3)	(0.3)	(0.3)	(0.4)	(0.4)
Interest Coverage (x)	56.1	258.1	0.0	0.0	0.0

Source : INTP, Danareksa Estimates

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