

Tuesday, 11 May 2021

BUY
Maintain

Last price (IDR) 12,450
Target Price (IDR) 16,800
Upside/Downside +34.9%
Previous Target Price (IDR) 16,800

Stock Statistics

Sector Cement
Bloomberg Ticker INTF JJ
No of Shrs (mn) 3,681
Mkt. Cap (IDRbn/USDmn) 45,831/3,228
Avg. daily T/O (IDRbn/USDmn) 54.0/3.8

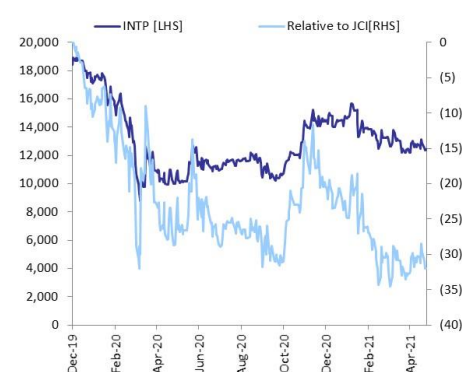
Major shareholders (%)

Birchwood Omnia Limited 51.0
Public 49.0

EPS Consensus (IDR)

	2021F	2022F	2023F
Danareksa	538.1	618.9	679.0
Consensus	529.7	604.6	642.3
Danareksa/Cons	1.6	2.4	5.7

INTP relative to JCI Index



Source : Bloomberg



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Indocement Tunggal Prakarsa (INTP JJ)

Strong yearly sales in April 21

INTP saw strong yoy sales growth in April 21 but lower mom sales. Sales in Apr21 reached 1.27mn tons (+10.8%yoy, -10.0%mom). Sales were supported by strong bulk sales on the back of major infrastructure developments and the kick-off of new projects ahead of the Lebaran holiday. YTD, INTP sold 5.12mn tons of cement in 4M21, up 3.3%yoy. The 4M21 sales are 30.6% of our FY21 target, still in-line as we expect 3.5%yoy growth in 2021. We maintain our BUY call on INTP.

INTP recorded strong yoy sales growth in Apr21 but lower sales on a monthly basis given the start of Ramadan. Sales volume in Apr reached 1.27mn tons (+10.8%yoy, -10.0%mom). The sales were driven by bulk sales which were up by +18.9%yoy, while bagged sales grew by +8.3%yoy. This indicates a faster pace of infrastructure development and the kick-off of new projects prior to the Lebaran holiday. Regionally, sales in Western Java, INTP's home base, were up by 12.9%yoy but -9.8%mom. Only Sulawesi and Nusa Tenggara showed higher monthly sales. However, these two regions only contributed 3.0% and 8.0% of the total sales. Nonetheless, INTP's Apr sales were better than the sector's, as reflected in INTP's higher market share at 25.9% vs. 25.4% in the previous year.

YTD, INTP sold 5.12mn tons of cement in 4M21, up 3.3%yoy. Sales in Western Java slipped -0.6%yoy on the back of weak sales in Feb21. Sumatra recorded strong growth (+12.4% yoy) to 0.58mn tons, giving an 11.3% contribution to sales. The strongest growth was seen in sales in Sulawesi which were up by +67.4%yoy on the back of the reallocation of a floating terminal from East Kalimantan to Konawe, South East Sulawesi since May20.

Domestic cement sales in Apr21 reached 4.89mn tons (+8.6%yoy, -8.3%mom) supported by strong bulk sales. Bulk sales jumped by +13.8%yoy, while bagged sales grew by +7.1%yoy. By area, sales in Java grew by +9.7%yoy but were -6.6%mom, while sales in Sumatra were -1.3%yoy and -10.4%mom. The strongest yoy growth was seen in Eastern Indonesia (up by +22.7%yoy). Cumulatively, domestic cement sales reached 19.76mn tons (up by +3.7%yoy) as sales in Java rose by 2.8%yoy and Sumatra sales grew by +4.7%yoy. Java and Sumatra together contributed 75.8% of the domestic demand.

Maintain BUY. INTP's cement sales in 4M21 of 5.12mn tons (+3.3%yoy) are 30.6% of our FY21 target of 16.8mn tons. We foresee FY21 sales volume growth of 3.5%yoy - more conservative than the management's estimate of 5%yoy. We expect sales in May to be lower than in Apr due to the Lebaran holiday. Our conservative growth target also takes into consideration the fact that the pandemic is not over yet. INTP is trading at EV/ton of USD107.1 compared to SMGR's USD105.1. We maintain our forecast and BUY recommendation on INTP.

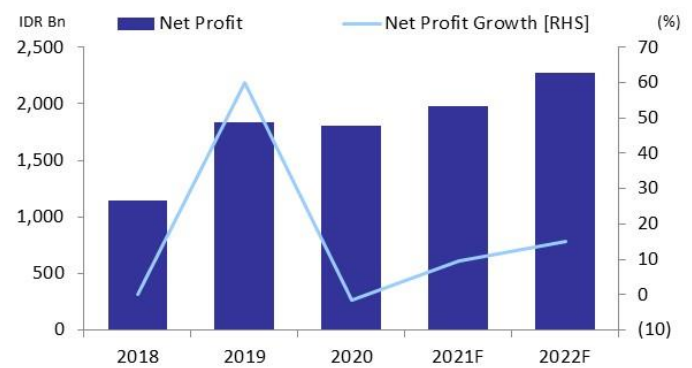
Key Financials

Year to 31 Dec	2019A	2020A	2021F	2022F	2023F
Revenue (IDRbn)	15,939	14,184	15,339	16,466	17,620
EBITDA (IDRbn)	3,198	3,362	3,398	3,682	3,821
EBITDA Growth (%)	59.4	5.1	1.1	8.4	3.8
Net profit (IDRbn)	1,835	1,806	1,981	2,278	2,500
EPS (IDR)	498.6	490.7	538.1	618.9	679.0
EPS growth (%)	60.2	(1.6)	9.7	15.0	9.7
BVPS (IDR)	6,269.7	6,024.1	6,071.5	6,152.3	6,212.5
DPS (IDR)	550.0	500.0	490.7	538.1	618.9
PER (x)	24.9	25.3	23.0	20.0	18.3
PBV (x)	2.0	2.1	2.0	2.0	2.0
Dividend yield (%)	4.4	4.0	4.0	4.3	5.0
EV/EBITDA (x)	11.9	11.3	10.8	9.8	9.3

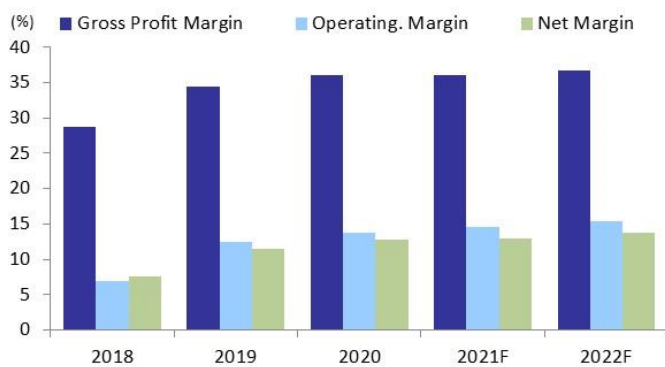
Source : INTP, BRI Danareksa Estimates

Exhibit 1. Revenues and Growth

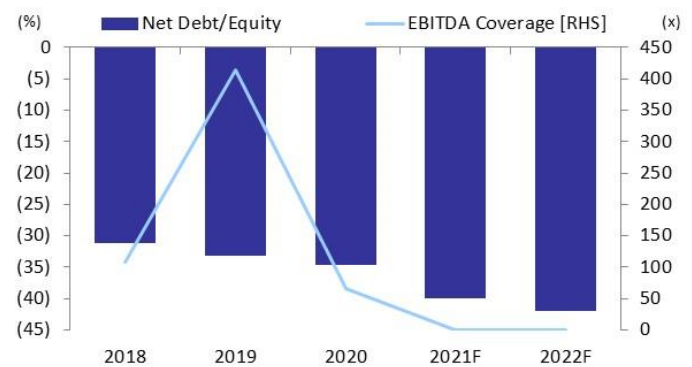

Source: Company, BRI Danareksa Sekuritas estimates

Exhibit 2. Net Profits and Growth


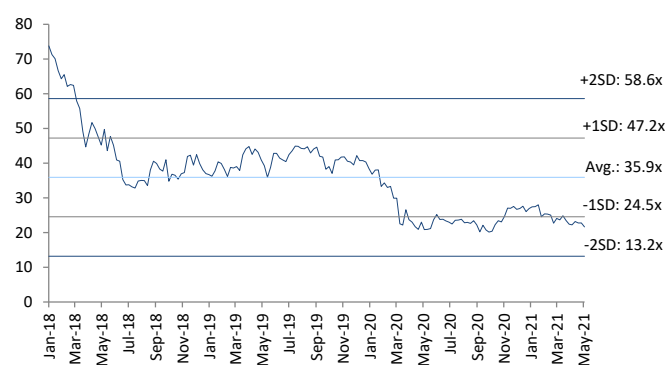
Source: Company, BRI Danareksa Sekuritas estimates

Exhibit 3. Margins


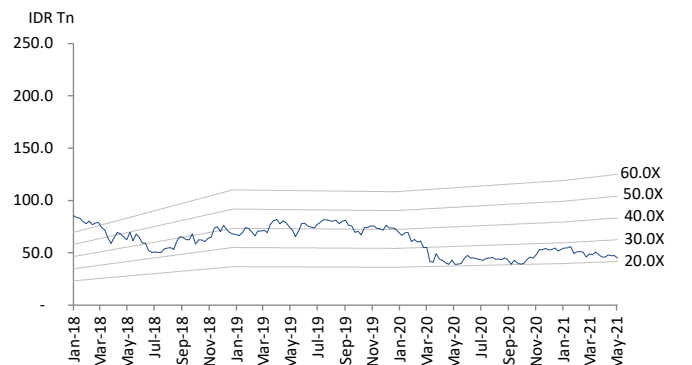
Source: Company, Danareksa Sekuritas estimates

Exhibit 4. Gearing Level


Source: Company, Danareksa Sekuritas estimates

Exhibit 5. PE Band Chart


Source: Bloomberg, BRIDanareksa Sekuritas estimates

Exhibit 6. Share Price Chart


Source: Bloomberg, BRIDanareksa Sekuritas estimates

Exhibit 7. INTP cement sales breakdown

Mn tons	Apr-20	Mar-21	Apr-21	% yoy	% mom	%	4M20	4M21	% yoy	%
Jakarta	0.10	0.13	0.12	21.1%	-7.2%	9.3%	0.53	0.48	-7.9%	9.5%
Banten	0.10	0.12	0.11	7.5%	-13.6%	8.8%	0.45	0.44	-2.0%	8.7%
West Java	0.32	0.40	0.36	11.9%	-9.5%	28.3%	1.41	1.45	2.6%	28.2%
Ctrl Java	0.24	0.25	0.25	2.8%	-1.8%	18.0%	0.88	0.94	7.2%	18.4%
Yogya.	0.02	0.02	0.02	19.6%	1.0%	1.3%	0.06	0.07	4.1%	1.3%
E.Java	0.07	0.07	0.06	-8.0%	-11.9%	5.2%	0.31	0.34	8.4%	6.6%
<i>W. Java</i>	<i>0.52</i>	<i>0.65</i>	<i>0.59</i>	<i>12.9%</i>	<i>-9.8%</i>	<i>46.4%</i>	<i>2.39</i>	<i>2.37</i>	<i>-0.6%</i>	<i>46.4%</i>
<i>C. Java</i>	<i>0.26</i>	<i>0.27</i>	<i>0.27</i>	<i>3.8%</i>	<i>-1.6%</i>	<i>19.3%</i>	<i>0.94</i>	<i>1.01</i>	<i>7.0%</i>	<i>19.7%</i>
Java	0.84	1.00	0.92	9.4%	-7.6%	70.8%	3.64	3.66	0.5%	71.6%
Sumatra	0.14	0.16	0.14	-0.6%	-13.0%	11.6%	0.51	0.58	12.4%	11.3%
Kalimantan	0.05	0.08	0.06	21.6%	-18.5%	5.5%	0.25	0.28	8.8%	5.4%
Sulawesi	0.02	0.04	0.05	155.8%	19.4%	3.0%	0.10	0.17	67.4%	3.3%
Nusa Tgg.	0.06	0.11	0.07	19.2%	-35.1%	8.0%	0.37	0.38	2.0%	7.4%
East Ind.	0.02	0.01	0.01	-43.8%	7.7%	0.9%	0.06	0.06	-9.8%	1.1%
INTP - total	1.14	1.41	1.27	10.8%	-10.0%	100.0%	4.95	5.12	3.3%	100.0%
Market sh	25.4%	26.4%	25.9%	2.0%	-1.9%		26.0%	25.9%		

Source: Company, Cement Association

Exhibit 8. Domestic cement sales breakdown

Mn tons	Apr-20	Mar-21	Apr-21	% yoy	% mom	%	4M20	4M21	% yoy	%
Jakarta	0.19	0.24	0.22	14.1%	-7.6%	4.5%	1.01	0.88	-13.0%	4.5%
Banten	0.18	0.28	0.25	33.3%	-11.0%	5.0%	0.87	1.03	18.1%	5.2%
West Java	0.74	0.89	0.80	8.4%	-10.5%	16.4%	3.20	3.33	4.3%	16.9%
Ctrl Java	0.64	0.69	0.69	7.9%	-0.2%	14.0%	2.36	2.58	9.6%	13.1%
Yogya.	0.07	0.10	0.10	34.4%	-2.2%	2.0%	0.30	0.36	20.3%	1.8%
E.Java	0.58	0.63	0.59	1.2%	-6.3%	12.0%	2.59	2.43	-6.3%	12.3%
<i>W. Java</i>	<i>1.11</i>	<i>1.41</i>	<i>1.27</i>	<i>13.5%</i>	<i>-10.1%</i>	<i>25.9%</i>	<i>5.08</i>	<i>5.24</i>	<i>3.2%</i>	<i>26.5%</i>
<i>C. Java</i>	<i>0.71</i>	<i>0.79</i>	<i>0.79</i>	<i>10.7%</i>	<i>-0.4%</i>	<i>16.1%</i>	<i>2.66</i>	<i>2.95</i>	<i>10.8%</i>	<i>14.9%</i>
Java	2.41	2.82	2.64	9.7%	-6.6%	54.0%	10.33	10.61	2.8%	53.7%
Sumatra	1.07	1.18	1.06	-1.3%	-10.4%	21.6%	4.18	4.38	4.7%	22.1%
Kalimantan	0.28	0.34	0.33	19.0%	-3.2%	6.8%	1.25	1.25	-0.1%	6.3%
Sulawesi	0.39	0.51	0.48	20.6%	-7.6%	9.7%	1.63	1.90	16.0%	9.6%
Nusa Tgg.	0.22	0.29	0.23	2.7%	-20.8%	4.7%	1.06	0.98	-7.0%	5.0%
East Ind.	0.13	0.18	0.16	22.7%	-13.1%	3.3%	0.61	0.65	6.8%	3.3%
Indonesia	4.50	5.33	4.89	8.6%	-8.3%	100.0%	19.05	19.76	3.7%	100.0%

Source: Company, Cement Association

Exhibit 9. Income Statement

Year to 31 Dec (IDRbn)	2019A	2020A	2021F	2022F	2023F
Revenue	15,939	14,184	15,339	16,466	17,620
COGS	(10,439)	(9,071)	(9,804)	(10,431)	(11,137)
Gross profit	5,500	5,114	5,535	6,035	6,483
EBITDA	3,198	3,362	3,398	3,682	3,821
Oper. profit	1,997	1,960	2,227	2,547	2,799
Interest income	360	386	308	358	381
Interest expense	(8)	(51)	0	0	0
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	17	15	16	16	17
Other Income (Expenses)	(92)	(84)	(84)	(84)	(84)
Pre-tax profit	2,275	2,226	2,466	2,837	3,113
Income tax	(440)	(419)	(486)	(559)	(613)
Minority interest	0	0	0	0	0
Net profit	1,835	1,806	1,981	2,278	2,500
Core Net Profit	1,835	1,806	1,981	2,278	2,500

Exhibit 10. Balance Sheet

Year to 31 Dec (IDRbn)	2019A	2020A	2021F	2022F	2023F
Cash & cash equivalent	7,652	7,698	8,946	9,519	10,199
Receivables	2,984	2,585	2,753	2,910	3,066
Inventory	1,895	1,824	1,969	2,114	2,248
Other Curr. Asset	298	193	194	197	200
Fixed assets - Net	14,080	14,397	13,179	13,201	13,336
Other non-curr.asset	798	648	671	680	689
Total asset	27,708	27,345	27,712	28,621	29,738
ST Debt	0	0	0	0	0
Payables	2,516	2,319	2,283	2,543	3,021
Other Curr. Liabilities	1,358	1,896	2,154	2,516	2,939
Long Term Debt	0	0	0	0	0
Other LT. Liabilities	754	952	924	913	909
Total Liabilities	4,627	5,168	5,362	5,973	6,869
Shareholder's Funds	23,080	22,176	22,351	22,648	22,870
Minority interests	0	0	0	0	0
Total Equity & Liabilities	27,708	27,345	27,712	28,621	29,738

Exhibit 11. Cash Flow

Year to 31 Dec (IDRbn)	2019A	2020A	2021F	2022F	2023F
Net income	1,835	1,806	1,981	2,278	2,500
Depreciation and Amort.	1,201	1,402	1,171	1,135	1,022
Change in Working Capital	(136)	771	(167)	334	614
Other Oper. Cash Flow	(353)	(335)	(308)	(358)	(381)
Operating Cash Flow	2,547	3,645	2,676	3,390	3,755
Capex	(634)	(1,711)	33	(1,157)	(1,157)
Others Inv. Cash Flow	388	527	300	349	371
Investing Cash Flow	(246)	(1,184)	332	(808)	(786)
Net change in debt	(6)	390	46	(28)	(11)
New Capital	0	0	0	0	0
Dividend payment	2,025	1,841	1,806	1,981	2,278
Other Fin. Cash Flow	155	67	0	0	0
Financing Cash Flow	2,174	2,298	1,852	1,953	2,267
Net Change in Cash	4,475	4,759	4,861	4,534	5,237
Cash - begin of the year	7,226	7,652	7,698	8,946	9,519
Cash - end of the year	7,652	7,698	8,946	9,519	10,199

Exhibit 12. Key Ratios

Year to 31 Dec	2019A	2020A	2021F	2022F	2023F
Growth (%)					
Sales	4.9	(11.0)	8.1	7.3	7.0
EBITDA	59.4	5.1	1.1	8.4	3.8
Operating profit	90.8	(1.9)	13.6	14.4	9.9
Net profit	60.2	(1.6)	9.7	15.0	9.7
Profitability (%)					
Gross margin	34.5	36.1	36.1	36.7	36.8
EBITDA margin	20.1	23.7	22.2	22.4	21.7
Operating margin	12.5	13.8	14.5	15.5	15.9
Net margin	11.5	12.7	12.9	13.8	14.2
ROAA	6.6	6.6	7.2	8.1	8.6
ROAE	7.9	8.0	8.9	10.1	11.0
Leverage					
Net Gearing (x)	(0.3)	(0.3)	(0.4)	(0.4)	(0.4)
Interest Coverage (x)	258.1	38.4	0.0	0.0	0.0

Source : INTP, Bri Danareksa Estimates

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