

1Q21 Results: In-line with our estimate. In 1Q21, INTP recorded revenue of IDR 3.4tn (+2.2% YoY), driven by higher blended ASP (+0.9% YoY) and higher sales volume (1.4% YoY). On margin side, GPM increased to 32.0% (vs. 31.7% in 1Q20) lifted by lower fuel and power cost (-0.2% YoY). Opex to sales decreased to 21.4% (vs. 22.9% in 1Q20), mainly due to lower transportation cost to sales of 13.3% (vs. 15.2% in 1Q20), thanks to Tarjun Plants. Hence, it brought operating profit to IDR 364bn (+24.1% YoY) with OPM of 10.6%. EBITDA improved to IDR 700bn (12.0% YoY) with EBITDA margin of 20.4%. To notes, INTP has fully implemented the new PSAK 73 in FY20. However, due to lower finance income (-42.5% YoY), lower other operating income (-66.4% YoY), and higher tax rate of 20.0% (vs. 12.6% in 1Q20), INTP posted lower net profit of IDR 351bn (-12.3% YoY) with NPM of 10.2%. In all, INTP's top-line and bottom-line reached 22%/22% and 19%/18% of our/consensus estimate, roughly in-line as we factor weaker seasonality in 1H.

Margin expansion. In 3M21, INTP posted cement sales volume of 3.8mn tons (+1.4% YoY), mainly driven by Ex-Java sales volume of 1.1mn tons (+11.2% YoY), while Java's sales volume at 2.7mn tons (-2.2% YoY), with market share of 25.9% (vs. 26.0% in 3M20). We noticed that Tarjun Plants gave a huge contribution to INTP's Ex-Java segment, shown by 11.2% sales volume growth in Ex-Java. We believe this should lower INTP's transportation cost and provide margin expansion. Going forward, we believe that INTP is the best proxy to capture Java cement volume recovery, mainly due to relaxation from PPKM to micro-scale PPKM. In addition, due to tarjun plants, we believe margin (OPM level) should sustain onwards. Hence, we maintain our sales volume growth assumption of 5.3%/6.0% in FY21E/22F with OPM of 13.2%/14.0% in FY21E/22F.

We reiterate our BUY RATING on PT Indocement Tunggal Prakarsa Tbk. (INTP) with FY21E target price of IDR 18,300, derived from FY21E 18.5x EV/EBITDA (+0.5SD from its 5-yr average). Overall, we are more positive to INTP as the company continued to grab more market share in Ex-Java region, while we believe INTP is the best proxy to Java recovery. In addition, with strong balance sheet, we estimate that INTP will distribute the dividend with >100% dividend payout ratio. Downside risks to our call are: 1) prolonged economic recovery, 2) price war, and 3) higher input cost.

Highlights (IDR Bn)	2019	2020	2021E	2022F	2023F
Revenue	15,939	14,184	15,440	16,643	17,620
% growth	4.9%	-11.0%	8.9%	7.8%	5.9%
Gross Profit	5,500	5,114	5,382	5,970	6,495
EBITDA	3,139	3,166	3,270	3,596	3,941
Net Profit	1,835	1,806	1,841	2,082	2,357
% growth	60.2%	-1.6%	1.9%	13.1%	13.2%
Gross Margin (%)	34.5%	36.1%	34.9%	35.9%	36.9%
Net Margin (%)	11.5%	12.7%	11.9%	12.5%	13.4%
EBITDA Margin (%)	19.7%	22.3%	21.2%	21.6%	22.4%
Return on Equity (%)	7.9%	8.0%	8.3%	9.3%	10.4%
Return on Assets (%)	6.6%	6.6%	6.8%	7.6%	8.4%
EPS	499	491	500	566	641

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Sector	Cement
Bloomberg Ticker	INTP IJ
Market Cap. (IDR tn)	46.2
Share Out./Float (mn)	3,681/1,803
Current Price	12,550
FY21E Target Price	18,300
Upside	45.8%

Share Price Performance

52W High (19/01/21)	15,975
52W Low (09/11/20)	10,125
52W Beta	1.4
YTD Change	-13.3%

Relative Valuations

Trailing P/E	37.3x
Forward P/E	36.6x
EV/EBITDA	18.5x
P/BV	3.0x

INTP 1Q20 Earnings summary

IDR Bn	1Q20	4Q20	1Q21	%QoQ	%YoY	3M20	3M21	%YoY	% DH	% Cons
Net Revenues	3,363	4,035	3,438	-14.8%	2.2%	3,363	3,438	2.2%	22%	22%
COGS	(2,298)	(2,359)	(2,338)	-0.9%	1.7%	(2,298)	(2,338)	1.7%		
Gross Profit	1,064	1,676	1,100	-34.4%	3.3%	1,064	1,100	3.3%		
Operating Profit	294	832	364	-56.2%	24.1%	294	364	24.1%		
EBITDA	625	1,349	700	-48.1%	12.0%	625	700	12.0%		
Net Income	400	690	351	-49.1%	-12.3%	400	351	-12.3%	19%	18%
Margin										
Gross Margin	31.7%	41.5%	32.0%			31.7%	32.0%			
Opex to Sales	22.9%	20.9%	21.4%			22.9%	21.4%			
Operating Margin	8.7%	20.6%	10.6%			8.7%	10.6%			
EBITDA Margin	18.6%	33.4%	20.4%			18.6%	20.4%			
Net Margin	11.9%	17.1%	10.2%			11.9%	10.2%			
Revenue Contribution										
Java	2,559	-	2,545	NA	-0.5%	2,559	2,545	-0.5%		
Ex Java	774	-	845	NA	9.1%	774	845	9.1%		
Operational										
Sales Volume (mn tons)	3.8	4.6	3.9	-16.1%	1.4%	3.8	3.9	1.4%		
Java Sales Volume (mn tons)	2.8	3.3	2.7	-17.7%	-2.2%	2.8	2.7	-2.2%		
Java Sales Volume (mn tons)	1.0	1.3	1.1	-11.9%	11.2%	1.0	1.1	11.2%		
Blended ASP (IDR k/ton)	885	879	892	1.5%	0.9%	885	892	0.9%		
Java ASP (IDR k/ton)	914	NA	929	NA	1.7%	914	929	1.7%		
Ex-Java ASP (IDR k/ton)	774	NA	759	NA	-1.9%	774	759	-1.9%		
Cost/ton (IDR k/ton)	605	514	607	18.1%	0.4%	605	607	0.4%		

Source: Company Data, Sinarmas Investment Research

Income Statement (IDR Bn)	2019	2020	2021E	2022F	2023F
Revenue	15,939	14,184	15,440	16,643	17,620
% growth	4.9%	-11.0%	8.9%	7.8%	5.9%
COGS	(10,439)	(9,071)	(10,057)	(10,673)	(11,125)
Gross Profit	5,500	5,114	5,382	5,970	6,495
% growth	25.9%	-7.0%	5.3%	10.9%	8.8%
Operating Expenses	3,503	3,154	3,346	3,638	3,852
Opex to Sales (%)	22.0%	22.2%	21.7%	21.9%	21.9%
Operating Profit	1,997	1,960	2,036	2,331	2,644
% growth	90.9%	-1.9%	3.9%	14.5%	13.4%
EBITDA	3,139	3,166	3,270	3,596	3,941
% growth	41.9%	0.8%	3.3%	10.0%	9.6%
Other Income	278	188	237	239	267
Net Financing	353	257	316	324	357
PBT	2,275	2,148	2,273	2,570	2,910
Tax	(440)	(342)	(432)	(488)	(553)
Minority Interest	-	-	-	-	-
Net Income	1,835	1,806	1,841	2,082	2,357
% growth	60.2%	-1.6%	1.9%	13.1%	13.2%

Balance Sheet (IDR Bn)	2019	2020	2021E	2022F	2023F
Cash and Cash Equivalent	7,652	7,698	7,377	8,125	8,916
Trade Receivables	3,021	2,621	2,938	3,132	3,307
Inventories	1,895	1,824	1,843	2,009	2,120
Other Current Assets	7,905	7,847	7,564	8,309	9,096
Total Current Assets	12,829	12,299	12,353	13,458	14,533
Fixed Assets	14,080	14,397	14,035	13,537	13,065
Other Non Current Assets	798	648	648	648	648
Total Assets	27,708	27,345	27,036	27,643	28,246
Trade Payables	1,749	1,580	1,690	1,813	1,898
Bank Loans	-	-	-	-	-
Other Current Liabilities	2,125	2,636	2,183	2,425	2,668
Total Current Liabilities	3,873	4,216	3,872	4,238	4,567
Other Non Current Liabilities	754	952	952	952	952
Total Liabilities	4,627	5,168	4,825	5,191	5,519
Share & APIC	4,539	4,539	4,539	4,539	4,539
Retained Earnings	18,703	17,637	17,672	17,912	18,188
Non Controlling Interest	-	-	-	-	-
Other Components of Equity	(162)	-	-	-	-
Total Equity	23,080	22,176	22,211	22,452	22,727
Total Equity & Liabilities	27,708	27,345	27,036	27,643	28,246

Source: Company data, Sinarmas Investment Research

Cash Flow (IDR Bn)	2019	2020	2021E	2022F	2023F
Net Income	1,835	1,806	1,841	2,082	2,357
Depreciation	1,195	1,294	1,066	1,265	1,298
Chg. in NWC	148	(276)	176	188	137
Chg. in Other CT Assets	2	(104)	37	(3)	(2)
Chg. in Other CT Liabilities	10	539	(505)	195	179
CF from Operating	2,890	4,019	2,190	3,356	3,699
Capital Expenditure	638	1,611	704	766	826
Chg. in LT Assets	(37)	(150)	-	-	-
Chg in LT Liabilities	113	198	-	-	-
CF from Investing	(487)	(1,263)	(704)	(766)	(826)
Chg. in Share & APIC	-	-	-	-	-
Chg. in Debt	-	-	-	-	-
Dividends Paid	2,025	2,873	1,806	1,841	2,082
Others	48	162	-	-	-
CF from Financing	(1,977)	(2,710)	(1,806)	(1,841)	(2,082)
Change in Cash	426	46	(321)	748	791
Beginning Cash	7,226	7,652	7,698	7,377	8,125
Ending Cash	7,652	7,698	7,377	8,125	8,916

Financial Ratio	2019	2020	2021E	2022F	2023F
Profitability					
ROE	7.9%	8.0%	8.3%	9.3%	10.4%
ROA	6.6%	6.6%	6.8%	7.6%	8.4%
Gross Margin	34.5%	36.1%	34.9%	35.9%	36.9%
Operating Margin	12.5%	13.8%	13.2%	14.0%	15.0%
EBITDA Margin	19.7%	22.3%	21.2%	21.6%	22.4%
Net Margin	11.5%	12.7%	11.9%	12.5%	13.4%
Liquidity					
Current Ratio	3.3	2.9	3.2	3.2	3.2
Valuation					
Price to Earning (PE)	36.7	37.3	36.6	32.3	28.6
Price to Book (PBV)	2.9	3.0	3.0	3.0	3.0
EV/EBITDA	12.5	19.1	18.5	16.8	15.4
Key Assumptions					
Coal Prices (USD/Mt.)	80.4	60.2	75.0	70.0	70.0
USDIDR	14,140	14,529	14,000	14,500	14,500
Sales Volume Growth (YoY)	0.4%	-10.0%	5.3%	6.0%	4.0%
ASP Growth (YoY)	5.0%	0.0%	1.5%	1.7%	1.8%
Market Share	26.0%	26.0%	26.1%	26.1%	26.1%

Source: Company data, Sinarmas Investment Research

SINARMAS SEKURITAS INVESTMENT RATINGS GUIDE

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