

Indocement Tunggal

Prakarsa Tbk (INTP IJ)

Tren Kuartal Kedua Kembali Terulang

Masih dibayangi oleh kondisi industri semen yang *oversupply*, membuat kinerja INTP pada 2Q19 melemah dibandingkan 1Q19. Segmen semen dan segmen ready-mix mengalami penurunan penjualan. Namun, rencana ekspansi dan produk baru yang ramah lingkungan akan menjadi kunci bagi kinerja INTP ke depan.

Kinerja Kurang Memuaskan

Pada 2Q19, INTP membukukan pendapatan Rp3,2 triliun (+6,7% YoY, -12,9% QoQ), laba kotor Rp979 miliar (-2,6% YoY, -15,9% QoQ), laba bersih Rp243 miliar (+167,6% YoY, -38,8% QoQ). Pelemahan di 2Q19 secara keseluruhan akibat lesunya penjualan semen dan INTP mengalami penurunan margin kotor menjadi 24,6% (vs 35,8% di 1Q19), margin operasi menjadi 6% (vs 10,6% di 1Q19), dan margin laba bersih menjadi 7,5% (vs 10,6% di 1Q19).

Tren Penurunan Kinerja pada 2Q

Berdasarkan tren kinerja sejak 2016, kinerja pada 2Q selalu menurun lantaran libur hari raya Lebaran yang menurunkan konsumsi domestik. Pada 2Q19, penjualan segmen semen tercatat Rp3 triliun (+8,1% YoY, -13,1% QoQ), penjualan segmen ready-mix Rp324 miliar (-11,3% YoY, -13,4% QoQ) dengan penjualan di area Jakarta, Sulawesi, dan Sumatera yang mengalami penurunan terbanyak. Kami memproyeksikan untuk 2019F, INTP akan mampu membukukan penjualan Rp15,2 triliun dengan asumsi ASP yang stabil ditopang kenaikan total penjualan dari area Jawa Barat, Jawa Tengah, dan Jawa Timur mencapai 9,6-9,8 juta ton.

Rencana Ekspansi dan Produk Baru

Tahun ini, INTP mungkin akan mengakuisisi pabrik baru di area Jawa. Jika INTP berhasil mengakuisi satu pabrik, volume penjualan di area Jawa akan meningkat. Kami yakin akuisisi ini akan mampu untuk meningkatkan volume penjualan salah satu merek semennya, Rajawali. Sebagai catatan, hingga saat ini semen merek Rajawali berkontribusi 2% dari total volume penjualan. Produk baru INTP, Tiga Roda Superslag, yang merupakan varian semen slag, mendapat manfaat dari slag semen yang digunakan untuk membangun proyek pelabuhan di Jawa Barat. Dengan demikian, Tiga Roda Superslag memiliki potensi untuk mendorong kinerja penjualan INTP ke depan.

Rating HOLD dengan Target Harga Rp22.075

Stagnasi industri semen dan valuasi INTP yang sudah premium mendasari kami untuk memberikan rekomendasi HOLD dengan target harga Rp22.075 atau potensi *upside* 7,3% berdasarkan metode *forward P/E* 42x (-0,5 SD). Saat ini, INTP diperdagangkan dengan *P/E* 2019F 51,4x.

Indocement Tunggal Prakarsa Tbk | Summary

	2018A	2019F	2020F	2021F
Sales	15,190	15,272	15,660	16,129
Growth (%)	5.3%	0.5%	2.5%	3.0%
EBITDA	2,354	2,527	3,046	3,293
Net Profit	1,146	1,345	1,749	1,933
EPS (IDR)	311	365	475	525
Growth (%)	-38.4%	17.4%	30.0%	10.5%
P/E	60.3x	51.4x	39.5x	35.7x
P/BV	3.0x	3.1x	3.0x	2.9x
EV/EBITDA	26.3x	24.5x	20.2x	18.3x
ROE (%)	4.8%	5.9%	7.7%	8.2%
DER (%)	0.5%	0.5%	0.5%	0.5%
Net Debt	-7,110	-7,277	-7,626	-8,910

Unit: IDR bn, %, x

Source: Company Data, Bloomberg, NHKS Research

Please consider the rating criteria & important disclaimer

Hold

Dec 2020 TP (IDR)	22,075
Consensus Price (IDR)	19,589
TP to Consensus Price	12.7%
vs. Last Price	7.3%

Shares data

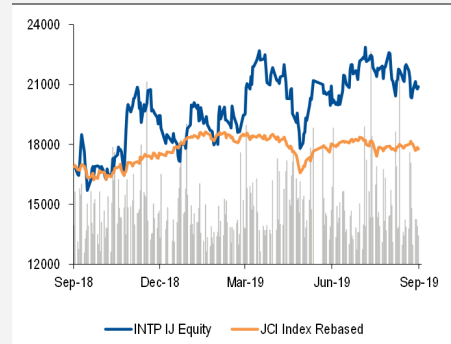
Last Price (IDR)	20,575
Price Date as of	Sep 20, 2019
52 wk Range (Hi/Lo)	22,875 / 15,475
Free Float (%)	49.0
Outstanding sh.(mn)	3,681
Market Cap (IDR bn)	76,938
Market Cap (USD mn)	5,465
Avg. Trd Vol - 3M (mn)	1.98
Avg. Trd Val - 3M (bn)	42.30
Foreign Ownership	99.9%

Basic Industry

Cement

Bloomberg	INTP IJ
Reuters	INTP.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	13.7%	-8.8%	2.5%	21.9%
Rel. Ret.	12.9%	-7.7%	4.1%	16.9%

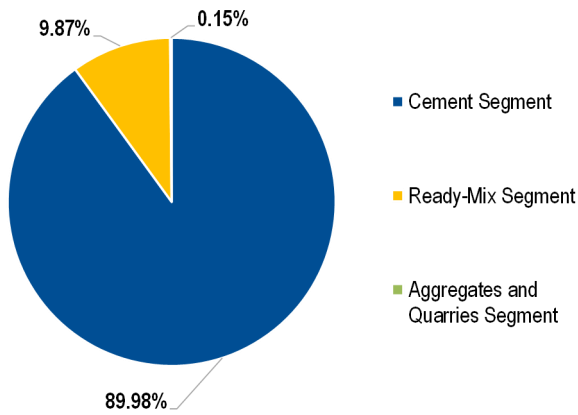
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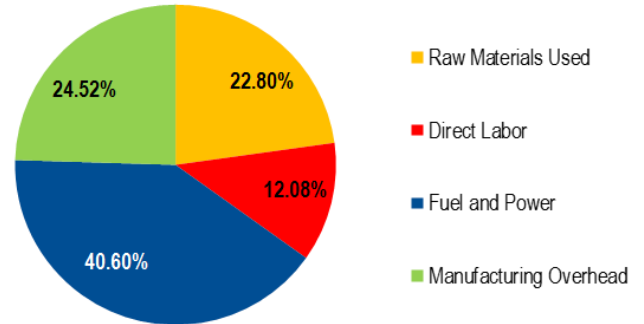
Performance Highlights in Charts

6M19 Revenue Breakdown



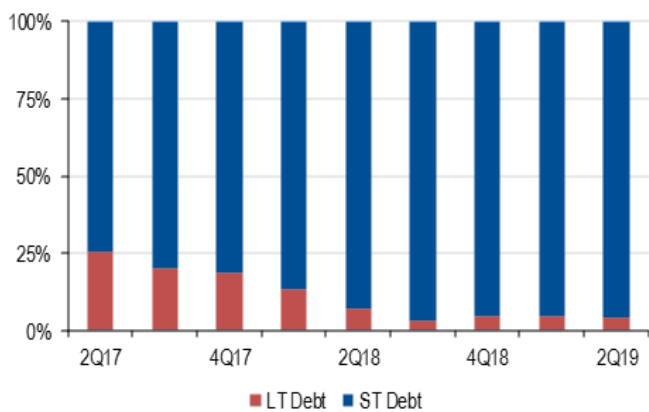
Source: Company Data, NHKS Research

Manufacturing Cost Breakdown



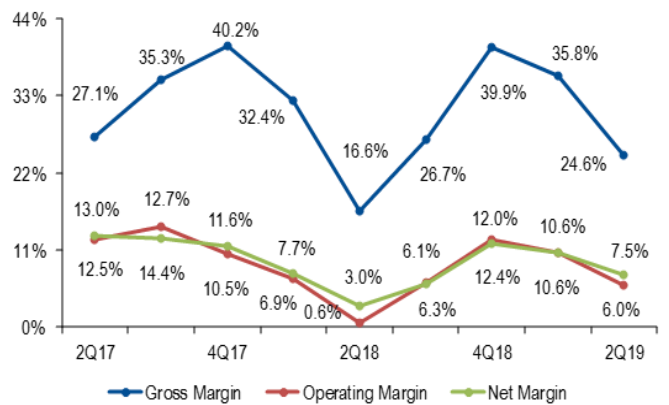
Source: Company Data, NHKS Research

ST Debt & LT Debt



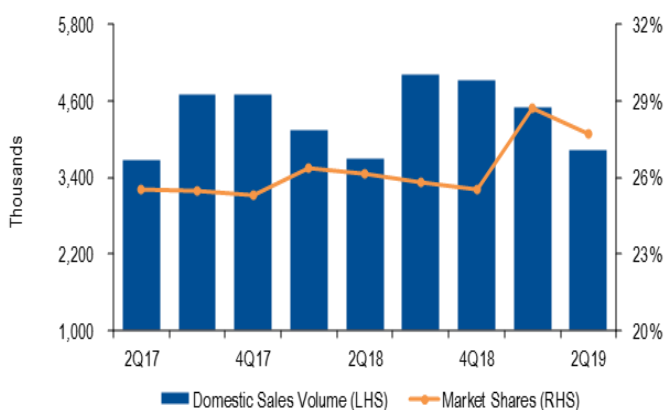
Source: Company Data, NHKS Research

Margin Ratio



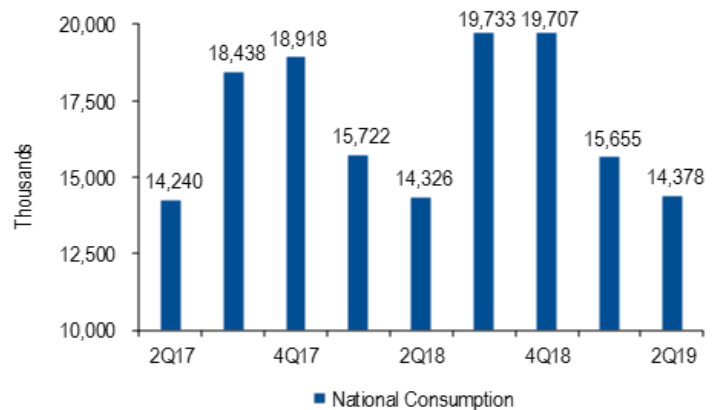
Source: Company Data, NHKS Research

Domestic Sales Volume & Market Shares



Source: Company Data, NHKS Research

National Consumption



Source: Company Data, NHKS Research

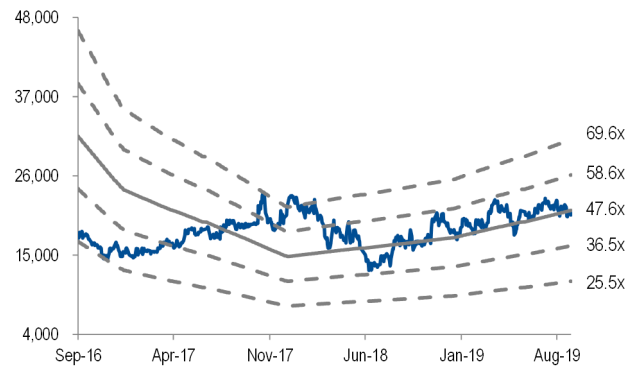
Valuation Highlights in Charts

3-Year Forward P/E Band



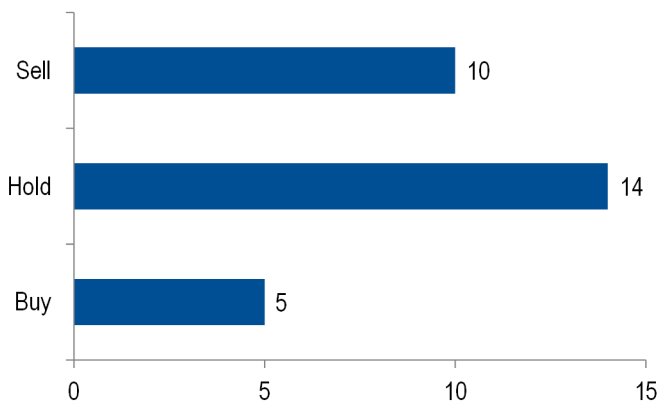
Source: Bloomberg, NHKS Research

3-Year Dynamic Forward P/E Band



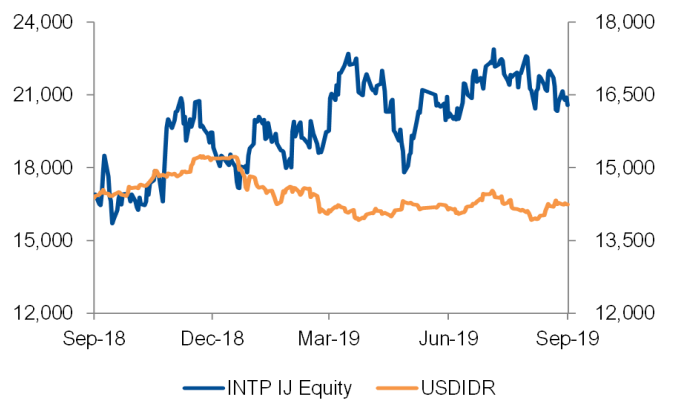
Source: Bloomberg, NHKS Research

Recommendations by Analysts



Source: Bloomberg, NHKS Research

Stock and USDIDR Correlated Negatively



Source: Bloomberg, NHKS Research

Quarterly Review

	2Q18	3Q18	4Q18	1Q19	2Q19					3Q19E
					Actual	Estimate	Y-Y	Q-Q	Surprise	
Income statement										
Sales	3,045	4,288	4,417	3,733	3,250		6.7%	-12.9%		3,980
Gross Profit	713	1,179	1,491	1,164	979		37.4%	-15.9%		1,196
EBIT	18	272	547	395	195		980.3%	-50.6%		190
EBITDA	313	616	868	702	470		50.1%	-33.3%		14.4%
Net Profit	91	263	528	397	243		167.6%	-38.8%		241
Margin										
Gross Margin	23.4%	27.5%	33.7%	31.2%	30.1%		6.7%	-1.0%		30.0%
EBIT Margin	0.6%	6.3%	12.4%	10.6%	6.0%		6.7%	-1.0%		4.8%
EBITDA Margin	10.3%	14.4%	19.6%	18.8%	14.5%		4.2%	-4.3%		14.4%
Net Profit Margin	3.0%	6.1%	12.0%	10.6%	7.5%		4.5%	-3.2%		6.1%

Unit: IDR bn, %

Source: Company Data, NHKS Research

Earnings Revision

		2019F	2020F	2021F
Income Statement				
Sales	-Revised	15,272	15,660	16,129
	-Previous	15,678	16,462	
	-Change	-2.6%	-4.9%	
Gross Profit	-Revised	4,841	5,105	5,307
	-Previous	4,703	5,103	
	-Change	2.9%	0.0%	
EBIT	-Revised	1,241	1,723	1,936
	-Previous	1,343	1,591	
	-Change	-7.6%	8.3%	
EBITDA	-Revised	2,527	3,046	3,293
	-Previous	2,614	2,898	
	-Change	-3.3%	5.1%	
Net Profit	-Revised	1,345	1,749	1,933
	-Previous	1,366	1,590	
	-Change	-1.5%	10.0%	
Margin				
Gross Margin	-Revised	31.7%	32.6%	32.9%
	-Previous	30.0%	31.0%	
EBIT Margin	-Revised	8.1%	11.0%	12.0%
	-Previous	8.6%	9.7%	
EBITDA Margin	-Revised	16.5%	19.4%	20.4%
	-Previous	16.7%	17.6%	
Net Profit Margin	-Revised	8.8%	11.2%	12.0%
	-Previous	8.7%	9.7%	

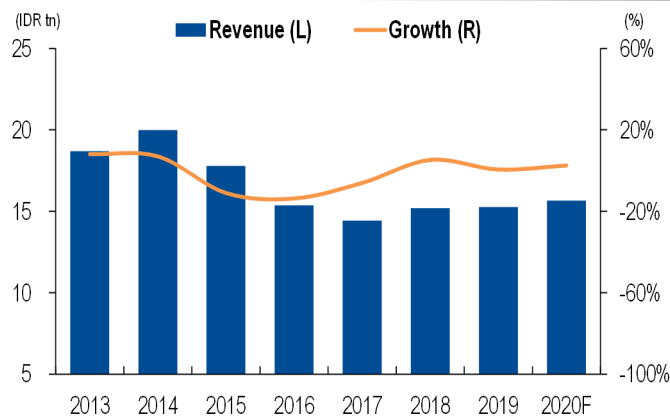
Unit: IDR bn, %

Source: Company Data, NHKS Research

Company Overview

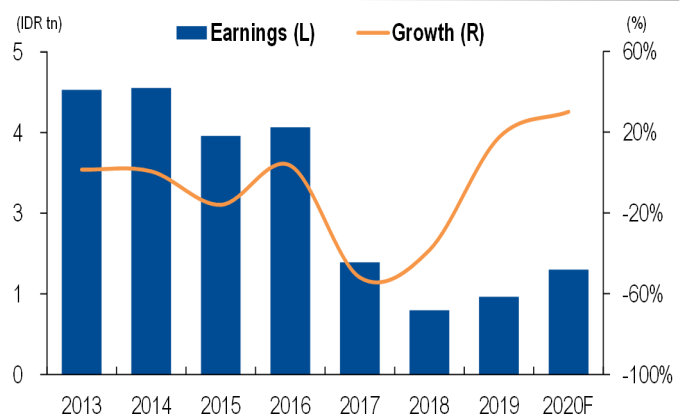
- PT Indocement Tunggal Prakarsa Tbk didirikan pada 1985 dengan meleburkan 6 perusahaan dan 8 pabrik dalam satu manajemen yang terintegrasi. Pada 1989, PT Indocement Tunggal Prakarsa Tbk melakukan IPO dengan kode INTIP.
- Saat ini, INTIP memiliki 13 pabrik dengan total kapasitas produksi per tahun mencapai 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.
- INTIP memiliki merek semen yang sudah terkenal, yaitu semen Tiga Roda. Pada 2017, INTIP 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, NHKS Research

Earnings and Growth Movements



Source: Company Data, NHKS 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
Indonesia									
INDOCEMENT TUNGGAL PRAKARSA TBK	5,374	1,926	1,086	99	9.0%	9.1%	6.5%	52.9x	3.5x
SEMEN INDONESIA TBK	5,383	3,546	2,335	179	37.0%	7.7%	8.7%	29.2x	2.5x
SOLUSI BANGUN INDONESIA TBK	729	1,294	723	-39	34.2%	-5.4%	-8.9%	N/A	1.7x
SEMEN BATURAJA TBK	512	384	142	4	-46.0%	2.9%	1.7%	122.6x	2.1x
Malaysia									
CAHYA MATA SARAWAK BHD	582	1,015	431	53	-14.6%	12.2%	8.8%	11.2x	1.0x
Thailand									
SIAM CITY CEMEN PUB CO LTD	2,009	2,461	1,446	90	1.1%	6.2%	8.6%	22.0x	2.0x
Philippines									
HOLCIM PHILLIPINES INC	1,705	901	611	46	11.6%	7.4%	10.2%	37.0x	3.4x
China									
ANHUI CONCH CEMENT CO LTD-H	31,246	21,741	22,609	4,714	45.7%	20.9%	30.0%	6.9x	1.9x
CHINA NATIONAL BUILDING MA-H	7,725	63,507	34,561	1,633	37.9%	4.7%	14.0%	5.5x	0.7x
HUAXIN CEMENT CO LTD-B	5,238	4,821	4,351	920	83.6%	21.1%	39.6%	4.6x	1.6x
India									
ULTRATECH CEMENT LTD	15,100	9,309	5,261	348	9.6%	6.6%	8.9%	44.2x	3.8x
SHREE CEMENT LTD	9,098	2,235	1,796	144	-27.3%	8.0%	10.8%	64.5x	6.7x
AMBUJA CEMENTS LTD	5,446	5,358	3,810	319	43.6%	8.4%	10.1%	17.8x	1.7x

Unit: USD mn, %, X

Source: Bloomberg, NHKS Research

Summary of Financials

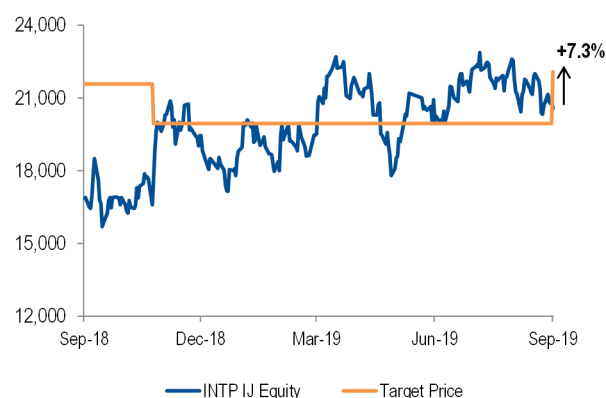
INCOME STATEMENT					PROFITABILITY & STABILITY				
(IDR bn)	2018/12A	2019/12F	2020/12F	2021/12F		2018/12A	2019/12F	2020/12F	2021/12F
Sales	15,190	15,272	15,660	16,129	ROE	4.8%	5.9%	7.7%	8.2%
<i>Growth</i>	5.3%	0.5%	2.5%	3.0%	ROA	4.0%	4.9%	6.4%	6.9%
COGS	(10,821)	(10,431)	(10,555)	(10,823)	ROIC	18.8%	22.2%	29.8%	34.4%
Gross Profit	4,369	4,841	5,105	5,307	Cash Dividend (IDR bn)	2,025	1,076	1,400	1,547
<i>Gross Margin</i>	28.8%	31.7%	32.6%	32.9%	Dividend Yield	2.9%	1.6%	2.0%	2.2%
Operating Expenses	(3,295)	(3,600)	(3,382)	(3,371)	Payout Ratio	176.7%	80.0%	80.0%	80.0%
EBIT	1,074	1,241	1,723	1,936	DER	0.5%	0.5%	0.5%	0.5%
<i>EBIT Margin</i>	7.1%	8.1%	11.0%	12.0%	Net Gearing	0.6%	0.6%	0.6%	0.5%
Depreciation	(1,280)	(1,286)	(1,323)	(1,358)	LT Debt to Equity	0.5%	0.5%	0.5%	0.5%
EBITDA	2,354	2,527	3,046	3,293	Capitalization Ratio	0.5%	0.5%	0.5%	0.5%
<i>EBITDA Margin</i>	15.5%	16.5%	19.4%	20.4%	Equity Ratio	83.6%	83.6%	83.5%	84.1%
Interest Expenses	(19)	(16)	(18)	(19)	Debt Ratio	0.4%	0.4%	0.5%	0.4%
EBT	1,400	1,657	2,148	2,372	Financial Leverage	118.6%	119.6%	119.7%	119.3%
Income Tax	(254)	(312)	(398)	(439)	Current Ratio	313.7%	327.7%	339.4%	368.0%
Minority Interest	-	-	-	-	Par Value (IDR)	500	500	500	500
Net Profit	1,146	1,345	1,749	1,933	Total Shares (mn)	3,681	3,681	3,681	3,681
<i>Growth</i>	-38.4%	17.4%	30.0%	10.5%	Share Price (IDR)	18,775	18,775	18,775	18,775
<i>Net Profit Margin</i>	7.5%	8.8%	11.2%	12.0%	Market Cap (IDR tn)	69.1	69.1	69.1	69.1

BALANCE SHEET					VALUATION INDEX				
In IDR bn	2018/12A	2019/12F	2020/12F	2021/12F		2018/12A	2019/12F	2020/12F	2021/12F
Cash	7,226	7,397	7,752	9,022	Price/Earnings	60.3x	51.4x	39.5x	35.7x
Receivables	2,966	2,514	2,978	2,679	Price/Book Value	3.0x	3.1x	3.0x	2.9x
Inventories	1,838	1,638	1,879	1,728	Price/Sales	4.5x	4.5x	4.4x	4.3x
Total Current Assets	12,316	11,859	12,903	13,717	PE/EPS Growth	-0.2x	0.3x	0.1x	0.3x
Net Fixed Assets	14,637	14,317	13,934	13,544	EV/EBITDA	26.3x	24.5x	20.2x	18.3x
Other Non Current Assets	730	693	832	863	EV/EBIT	57.7x	49.8x	35.7x	31.1x
Total Assets	27,789	26,961	27,761	28,215	EV (IDR bn)	62,005	61,838	61,489	60,205
Payables	1,760	1,555	1,799	1,640	Sales CAGR (3-Yr)	-5.1%	-0.2%	2.8%	2.0%
Other Liabilities	2,691	2,744	2,652	2,724	EPS CAGR (3-Yr)	-32.6%	-29.7%	-2.0%	19.0%
LT Debt	116	120	126	112	Basic EPS (IDR)	311	365	475	525
Total Liabilities	4,567	4,419	4,577	4,477	Diluted EPS (IDR)	311	365	475	525
Capital Stock	1,841	1,841	1,841	1,841	BVPS (IDR)	6,308	6,124	6,298	6,449
Retained Earnings	18,892	18,213	18,886	19,420	Sales PS (IDR)	4,126	4,149	4,254	4,382
Shareholders' Equity	23,222	22,542	23,183	23,739	DPS (IDR)	550.0	292.4	380.2	420.1

CASH FLOW STATEMENT					TOP OWNERSHIP		
In IDR bn	2018/12A	2019/12F	2020/12F	2021/12F	By Geography	% Shareholders	%
Operating Cash Flow	1,985	3,376	2,574	3,669	United Kingdom	79.2	Birchwood Omnia Ltd 51.0
Investing Cash Flow	(505)	(1,169)	(1,117)	(1,006)	United States	14.3	Invesco Ltd 3.4
Financing Cash Flow	(2,579)	(2,018)	(1,102)	(1,392)	Luxembourg	1.7	Standard Life Aberdeen 2.8
Net Changes in Cash	(1,099)	189	355	1,271	Ireland	1.7	Blackrock 1.4

Source: Company Data, NHKS Research

Closing and target price update



Source: Bloomberg, NHKS Research

Rating and target price update

Date	Rating	Target price	Consensus
2015.07.11	Buy	IDR23,300	IDR22,514
2016.01.29	Buy	IDR24,250	IDR19,811
2016.12.22	Buy	IDR20,050	IDR16,150
2017.08.10	Hold	IDR19,275	IDR15,214
2017.11.22	Hold	IDR21,575	IDR18,134
2018.11.13	Hold	IDR19,950	IDR16,346
2019.09.22	Hold	IDR22,075	IDR19,589

Source: NHKS Research

NHKS stock ratings

- Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
- Buy: greater than +15%, Hold: -15% to +15%, Sell: less than -15%.
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