

PT. Indocement Tunggal Prakarsa Tbk.

BUY

Investment Consideration

Highest cement sales in July, softer in August

- INTP recorded robust cement sales performance, outpacing the market. In August, INTP achieved a notable +7.8% increase in cement sales volume, totaling 1.6 million tons (mt), with bag cement growing by +7% and bulk cement by +9.8%. By contrast, in July, INTP reported a remarkable double-digit growth of +25.3% YoY, reaching 1.7 mt of cement, with bag cement growing by +23.1% and bulk cement by +31.9%. From January to August 2023, INTP's cement sales continued to grow at +8.5% YoY, reaching 10.8 mt, with a significant contribution from its Maros operation.
- Domestic cement sales showed a softer performance in August compared to the surge in July. In August, domestic demand slowed to +4% YoY following a remarkable +12.3% increase in July, reaching 5.95 million tonnes (mt) of cement. Bagged cement sales saw a slight uptick of +0.8%, while bulk cement experienced substantial growth of +12.7%. From January to August, domestic cement demand decreased by -1.3% YoY, totaling 39.18 mt, primarily due to lower demand in the first half of 2023.
- For the first half of 2023, INTP's market share improved from 24.7% to 27.4%, driven by an overall volume growth of +5.4% (bag cement grew by +2.9%, and bulk cement grew by +13.4%). This achievement stands out when compared to the domestic market, which continued to face pressure with a -4.9% decline.
- For the remainder of the year, cement demand is expected to rise due to ongoing infrastructure projects, both government and private, as well as increased demand resulting from El Niño, which has extended the dry season in 2H2023.

Higher Margin in 2Q2023

- INTP achieved higher margins in 2Q2023, attributed to DMO coal price changes compared to 2Q2022. Despite a notable increase in sales volume in 2Q2023, INTP's sales rose by +11% YoY to IDR 3.72 trillion. The average selling price also saw slight improvements in 2Q2023.
- INTP's bottom line saw a substantial increase of +200% YoY, reaching IDR 327 billion, with the Net Profit Margin (NPM) rising to 8.8% from 3.3% in 2Q2022. This growth was primarily due to lower energy costs and higher finance income, offsetting the increase in raw material costs.
- Fuel and power costs decreased by -6.0% YoY to IDR 1.06 trillion, inline with the securing of 100% of coal supply at DMO prices, while raw material costs increased by +12.7% due to higher prices of limestone and gypsum. This resulted in a higher cost of revenue of +1% YoY, while gross profit still increased by +43% YoY to IDR 1.15 trillion with a higher GPM of 31%.
- INTP's bottom line saw a substantial increase of +200% YoY, reaching IDR 327 billion, with the Net Profit Margin (NPM) rising to 8.8% from 3.3% in 2Q2022. This growth was primarily due to lower energy costs and higher finance income, offsetting the increase in raw material costs.

Valuation: Maintain BUY with TP 13.500

- Regarding valuation, we are setting a target for INTP to trade at a 23X 2024F Price-to-Earnings (PE) ratio within a year, with a target price of IDR 13,500, representing a potential upside of +34%. Therefore, we maintain our recommendation to BUY.

Financial Highlights	2020A	2021A	2022A	2023F	2024F
Revenue (IDR Bn)	14.184	14.772	16.328	17.990	19.576
EBITDA (IDR Bn)	3.317	3.339	3.344	3.477	3.763
Net Profit (IDR Bn)	1.806	1.788	1.843	1.943	2.114
GPM (%)	36,1%	34,7%	31,5%	31,0%	31,0%
NPM (%)	12,7%	12,1%	11,3%	10,8%	10,8%
EPS (IDR)	491	486	501	566	616
PBV (x)	2	2	2	2	2
PER (x)	29	25	21	24	22
ROE (%)	6,61%	6,84%	7,17%	7,18%	7,42%
ROA (%)	8,15%	8,67%	9,42%	8,98%	9,35%

Source: company & Binaartha

11 October 2023
Basic Industry – Cement

Price	IDR	10,100
Target Price	IDR	13,500
JKSE Index		6,922.188



INTP RG

Stock Information

Bloomberg Code	INTP IJ
Market Cap (IDR bn)	37,180
52-week high (IDR)	11,850
52-week low (IDR)	9,000
Shares issued (mn)	3,681.2
Free float	49%

Major share holders

Birchwood Omnia Ltd	51%
Public	49%

USD/ IDR – YE (IDR)

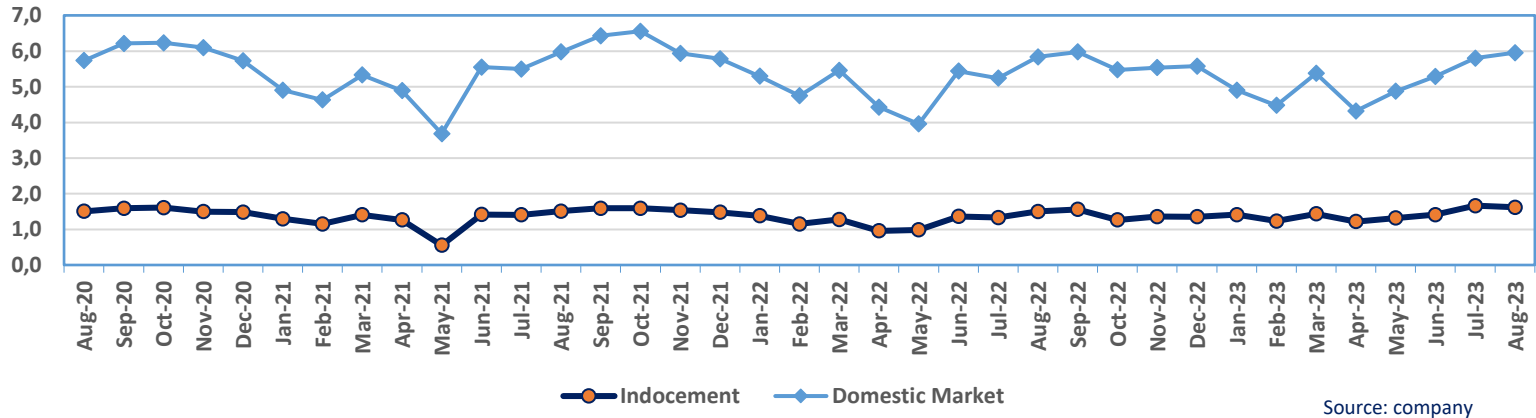
2022	15,592
2023F (6m-avg)	15,461

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Table: Income Statement QoQ &YoY in IDR Billion

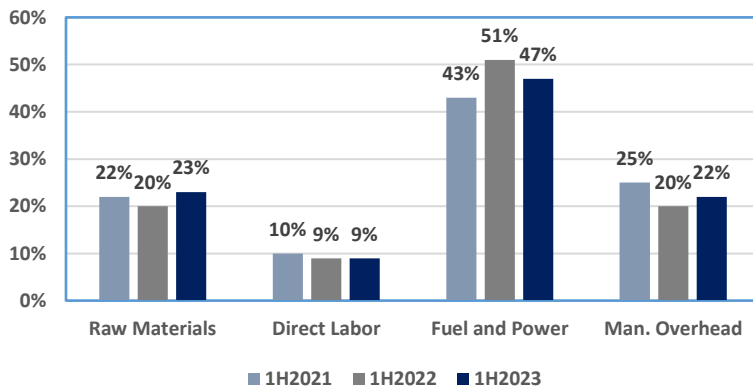
Income Statement (In IDR Bn)	1Q2023	2Q2023	QoQ	2Q2022	YoY	1H2022	1H2023	YoY
Revenue	4.246	3.724	-12%	3.353	11%	6.911	7.970	15%
Cost of revenue	-2.970	-2.568	-14%	-2.545	1%	-5.142	-5.538	8%
Gross Profit	1.276	1.156	-9%	808	43%	1.769	2.432	37%
Operating Expense	-835	-672	-20%	-680	-1%	-1.434	-1.507	5%
Operating Profit	441	484	10%	128	278%	335	925	176%
Other Income	27	-69	-354%	10	-782%	33	-42	-227%
Profit Before Tax	468	415	-11%	138	200%	368	883	140%
Taxes	-97	-88	-10%	-29	201%	-76	-184	142%
NIAT	371	327	-12%	109	200%	292	698	140%
Non-controlling Interest	0	0		0		0	0	
Net Income	371	327	-12%	109	200%	292	698	140%
EPS (In IDR)	108	95	-12%	30	222%	79	204	157%
GPM	30,1%	31,0%		24,1%		25,6%	30,5%	
OPM	10,4%	13,0%		3,8%		4,8%	11,6%	
NPM	8,7%	8,8%		3,3%		4,2%	8,8%	

chart: Domestic Sales vs Indocement Sales 2020 – August 2023 in Million Tons



Source: company

chart: INTP Manufacturing Cost



Source: company

Table: Income Statement YoY in IDR Billion

Income Statement (In IDR Bn)	2019A	2020A	2021A	2022A	2023F	2024F
Revenue	15.939	14.184	14.772	16.328	17.990	19.576
Cost of revenue	-10.439	-9.071	-9.646	-11.185	-12.413	-13.507
Gross Profit	5.500	5.114	5.126	5.143	5.577	6.069
Operating Expense	-3.595	-3.238	-3.055	-2.917	-3.058	-3.328
Operating Profit	1.905	1.876	2.071	2.226	2.519	2.741
Other Income	370	272	163	63	-90	-98
Profit Before Tax	2.275	2.148	2.234	2.289	2.429	2.643
Taxes	-440	-342	-446	-447	-486	-529
NIAT	1.835	1.806	1.788	1.843	1.943	2.114
Non-controlling Interest	0	0	0	0	0	0
Net Income	1.835	1.806	1.788	1.843	1.943	2.114
EPS (In IDR)	499	491	486	501	566	616
EBITDA	3.483	3.317	3.339	3.344	3.477	3.763

Source: company & Binaartha

Table: Cash Flow YoY in IDR Billion

Cash Flow (In IDR Bn)	2019A	2020A	2021A	2022A	2023F	2024F
Net Income	1.835	1.806	1.788	1.843	1.943	2.114
Depreciation	1.201	1.118	1.073	1.012	1.012	1.081
Change in WC	-140	919	-163	-415	-1.382	48
Cash From Operating Activities	2.896	3.843	2.698	2.439	1.573	3.243
Change in Non-Current Asset	-606	-1.285	-827	-1.607	-2.065	-2.209
Cash From Investing Activities	-606	-1.285	-827	-1.607	-2.065	-2.209
Long-term liabilities	17	-16	-61	-125	30	36
Others Noncurrent Liabilities	95	214	-23	574	56	87
Equity	-1.977	-2.710	-3.344	-2.897	133	-1.143
Cash From Financing Activities	-1.864	-2.512	-3.428	-2.448	220	-1.019
Net Changes in Cash	426	46	-1.556	-1.616	-272	15
Beginning Balance	7.226	7.652	7.698	6.141	4.526	4.254
Ending Balance	7.652	7.698	6.141	4.526	4.254	4.268

Source: company & Binaartha

Table: Statement of Financial Position YoY in IDR Billion

Statement of Financial Position (In IDR Bn)	2019A	2020A	2021A	2022A	2023F	2024F
ASSETS						
CURRENT ASSETS						
Cash and Cash Equivalents	7.652	7.698	6.141	4.526	4.254	4.268
Trade Accounts Receivable	3.090	2.621	2.587	2.686	3.055	3.272
Inventories	1.895	1.824	2.267	2.831	2.940	3.029
Others Current Assets	193	157	341	270	357	356
Total Current Assets	12.829	12.299	11.337	10.312	10.605	10.925
NONCURRENT ASSETS						
Fixed Assets	14.080	14.397	14.342	14.895	15.907	16.988
Other Noncurrent Assets	798	648	457	499	540	587
Total Noncurrent Assets	14.878	15.045	14.799	15.394	16.447	17.575
TOTAL ASSETS	27.708	27.345	26.136	25.706	27.052	28.500
LIABILITIES AND EQUITY						
LIABILITIES						
CURRENT LIABILITIES						
Short-term liability	189	343	319	416	374	407
Trade Account Payable	2.516	2.319	2.955	2.583	1.889	2.055
Others Current Liabilities	1.169	1.553	1.373	1.824	1.742	1.896
Total Current Liabilities	3.873	4.216	4.647	4.822	4.005	4.358
NONCURRENT LIABILITIES						
Long-term liability	586	571	509	384	414	450
Others Noncurrent Liabilities	168	382	359	933	989	1.077
Total Noncurrent Liabilities	754	952	869	1.317	1.403	1.527
TOTAL LIABILITIES	4.627	5.168	5.515	6.139	5.409	5.885
Non-controlling interest	0	0	0	0	0	0
EQUITY	23.080	22.176	20.621	19.567	21.643	22.615
TOTAL LIABILITIES & EQUITY	27.708	27.345	26.136	25.706	27.052	28.500

Source: company & Binaartha

Table: Ratio Highlights YoY

Growth (% YoY)	2020A	2021A	2022A	2023F	2024F
Revenue	-11,01%	4,14%	10,54%	10,18%	8,82%
OP	-1,53%	10,39%	7,51%	13,12%	8,82%
EBITDA	-4,77%	0,65%	0,16%	3,97%	8,23%
NP	-1,58%	-0,99%	3,02%	5,45%	8,82%
EPS	-1,58%	-0,99%	3,02%	13,14%	8,82%
Profitability					
GPM(%)	36,05%	34,70%	31,50%	31,00%	31,00%
Operating Margin(%)	13,23%	14,02%	13,64%	14,00%	14,00%
EBITDA margin(%)	23,39%	22,60%	20,48%	19,33%	19,22%
NET Profit margin(%)	12,73%	12,11%	11,28%	10,80%	10,80%
ROA(%)	6,61%	6,84%	7,17%	7,18%	7,42%
ROE(%)	8,15%	8,67%	9,42%	8,98%	9,35%
Stability					
Tot debt/ equity (x)	0,233	0,267	0,314	0,250	0,260
Int. Coverage (x)	35	57	43	54	54
Current Ratio (X)	2,92	2,44	2,14	2,65	2,51
Per Share data					
EPS (IDR)	491	486	501	566	616
PBV (x)	2	2	2	2	2
PER (x)	29	25	21	24	22
EBITDA/share	901	907	908	1.013	1.097

Source: company & Binaartha

Stock Ratings:

- Buy : a recommendation to purchase the security with upside potential of **20% or greater**
- Hold : a recommendation to neither buy nor sell a security with upside potential of **0-19%**.
- Sel : a recommendation to close out a long position in a security with upside potential **below 0% or negative**.

RESEARCH TEAM
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