BINAARTHA SEKURITAS

Equity Research

PT. Indocement Tunggal Prakarsa Tbk.

BUY

12 Sept 2024
Basic Industry – Cement

Price	**IDR**	**6,800**
Target Price	**IDR**	**8,600**
JKSE Index	**7,721.846**	

Stock Information

Bloomberg Code	INTP IJ
Market Cap (IDR bn)	25,032.4
52-week high (IDR)	11,500
52-week low (IDR)	6,650
Shares issued (mn)	3,681.2
Free float	49%

Major share holders

Birchwood Omnia Ltd	51%
Public	49%

USD/ IDR – YE (IDR)

2023	15,439
2024F (6m-avg)	16,040

Analyst
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Investment Consideration

Sales: Bulk Share Increased

- Domestic cement sales volume grew by +2.2% to 28.02 million tons (mt) in 1H 2024. Bulk cement sales rose by +13.2% to 8.46 mt, while bagged cement sales fell by -1.9% to 19.55 mt. The decline in bagged cement sales was attributed to weakened purchasing power, whereas the increase in bulk sales was spurred by government projects in the new capital city and infrastructure development in Java.
- The share of bulk cement in the domestic market increased to 30% in 1H 2024 from 27% in 1H 2023, reflecting a trend driven by infrastructure projects since early 2024.
- INTP reported a total sales volume growth of +8% YoY to 9.03 mt, with domestic sales reaching 8.87 mt, up by +10% YoY, largely due to operations at Semen Grobogan. Bagged cement sales saw a slight increase of +1.9%, while bulk cement surged by +32.2% YoY. INTP's domestic market share rose to 29.4% from 27.4%.
- INTP passed on additional costs from the weakening Rupiah against the USD through higher ASP in 2Q2024, leading to a -4.2% drop in bag sales in June. Depending on market conditions, INTP is considering a price hike in 2H 2024.
- In July, demand for both bagged and bulk cement improved, with expectations for this trend to continue due to the dry season. However, higher prices and reduced purchasing power may dampen overall demand. Management maintains a 2%-3% domestic sales target for 2024.

Q2 2024 Results: Weakening Margins

- INTP's margins have been gradually decreasing since Q1 2024 due to a higher proportion of bulk cement sales, competitive pricing strategies, and the weakening Rupiah.
- Net profit fell by -40% YoY and -17.4% QoQ to IDR 197 billion, with the Net Profit Margin (NPM) dropping to 4.9% from 8.8% in Q2 2023.
- The cost of revenue increased by 13.8% YoY to IDR 2.92 trillion, influenced by higher raw material costs, transportation rates, and a 21.7% YoY depreciation of the Rupiah, along with a 22.8% YoY rise in direct labor costs. This resulted in a -73.3% YoY decrease in gross profit to IDR 1.12 trillion, with the Gross Profit Margin (GPM) at 27.7%.
- Margin recovery is anticipated with increased demand during the dry season and potential price adjustments in 2H 2024.

Valuation: Maintain BUY with TP 8.600

- We project INTP to trade at a 17.6x 2025F Price-to-Earnings (PE) ratio, setting a target price of IDR 8,600, suggesting a potential upside of +26.4%. Therefore, we maintain our BUY recommendation.

Financial Highlights	2021A	2022A	2023A	2024F	2025F
Revenue (IDR Bn)	14.772	16.328	17.950	19.428	20.217
EBITDA (IDR Bn)	3.339	3.449	3.634	2.989	3.370
Net Profit (IDR Bn)	1.788	1.843	1.950	1.511	1.736
GPM (%)	34,7%	31,5%	32,6%	30,0%	31,0%
NPM (%)	12,1%	11,3%	10,9%	7,8%	8,6%
EPS (IDR)	486	501	568	440	506
PBV (x)	2,2	1,9	1,5	1,3	1,2
PER (x)	24,9	19,8	16,5	18,6	16,2
EV/EBITDA	11,5	9,3	8,5	8,9	7,9
ROE (%)	6,84%	7,17%	6,58%	5,19%	5,59%
ROA (%)	8,67%	9,42%	9,30%	6,88%	7,65%

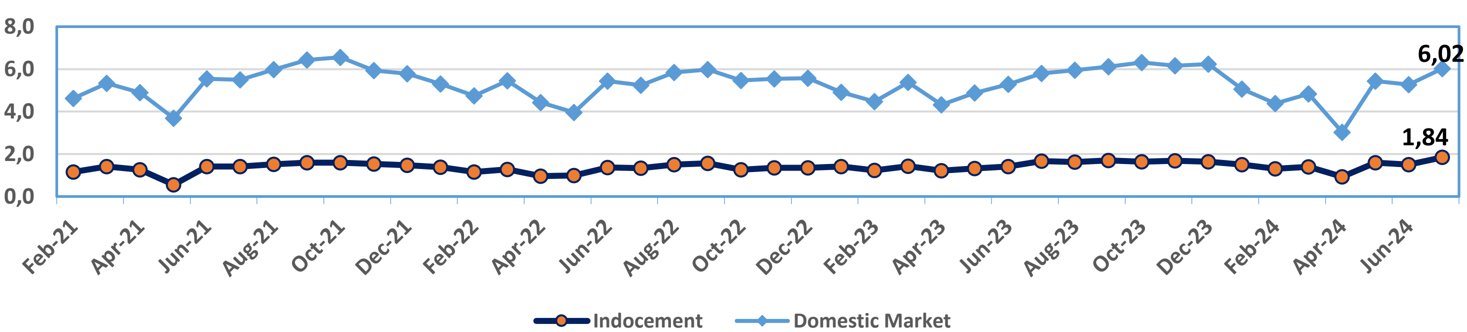
Source: company & Binaartha

Income Statement QoQ & YoY in IDR Billion

Income Statement (In IDR Bn)	1Q2024	2Q2024	QoQ	2Q2023	YoY	1H2023	1H2024	YoY
Revenue	**4.083**	**4.042**	**-1,0%**	**3.724**	**8,5%**	**7.970**	**8.125**	**2%**
Cost of revenue	-2.902	-2.924	0,7%	-2.568	13,8%	-5.538	-5.826	5%
Gross Profit	**1.180**	**1.118**	**-5,3%**	**1.156**	**-3,3%**	**2.432**	**2.298**	**-5%**
Operating Expense	-866	-856	-1,2%	-672	27,4%	-1.507	-1.723	14%
Operating Profit	**314**	**262**	**-16,5%**	**484**	**-45,9%**	**925**	**576**	**-38%**
Other Income	-16	-17	6,2%	-69	-75,7%	-42	-33	-22%
Profit Before Tax	**298**	**245**	**-17,7%**	**415**	**-40,9%**	**883**	**543**	**-38%**
Taxes	-60	-48	-19,2%	-88	-44,6%	-184	-108	-41%
NIAT	**238**	**197**	**-17,4%**	**327**	**-39,9%**	**698**	**435**	**-38%**
Non-controlling Interest	0	0		0		0	0	
Net Income	**238**	**197**	**-17,4%**	**327**	**-39,9%**	**698**	**435**	**-38%**
EPS (In IDR)	**69**	**57**	**-17,4%**	**95**	**-39,9%**	**204**	**127**	**-38%**
GPM	**28,9%**	**27,7%**		**31,0%**		**30,5%**	**28,3%**	
OPM	**7,7%**	**6,5%**		**13,0%**		**11,6%**	**7,1%**	
NPM	**5,8%**	**4,9%**		**8,8%**		**8,8%**	**5,4%**	

Source: company

Domestic cement sales Vs INTP cement sales 2021 – July 2024 in Million Tons



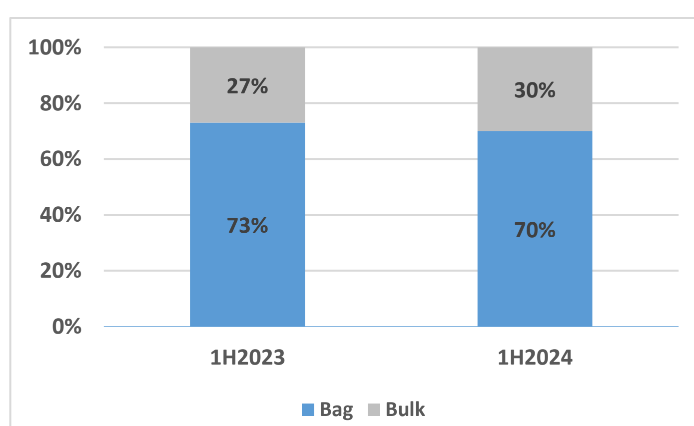
Source: company

INTP Cost of Sales in IDR Billion

	2Q2023	2Q2024	%
Raw material used	559	681	21,7%
Direct Labor	201	247	22,8%
Fuel and Power	1.066	1.209	13,4%
Manufacting Overhead	519	556	7,1%
Packing cost	219	204	-7,0%

Source: company

Domestic Bag vs Bulk Market



Source: company

Income Statement YoY in IDR Biillion

Income Statement (In IDR Bn)	2021A	2022A	2023A	2024F	2025F
Revenue	**14.772**	**16.328**	**17.950**	**19.428**	**20.217**
Cost of revenue	-9.646	-11.185	-12.103	-13.600	-13.950
Gross Profit	**5.126**	**5.143**	**5.847**	**5.829**	**6.267**
Operating Expense	-3.055	-2.917	-3.565	-3.886	-4.043
Operating Profit	**2.071**	**2.226**	**2.282**	**1.943**	**2.224**
Other Income	163	63	114	-78	-81
Profit Before Tax	**2.234**	**2.289**	**2.396**	**1.865**	**2.143**
Taxes	-446	-447	-446	-354	-407
NIAT	**1.788**	**1.843**	**1.950**	**1.511**	**1.736**
Non-controlling Interest	0	0	0	0	0
Net Income	**1.788**	**1.843**	**1.950**	**1.511**	**1.736**
EPS (In IDR)	486	501	568	440	506
EBITDA	**3.339**	**3.449**	**3.634**	**2.989**	**3.370**

Source: company & Binaartha

Cash Flow YoY in IDR Biillion

Cash Flow (In IDR Bn)	2021A	2022A	2023A	2024F	2025F
Net Income	1.788	1.843	1.950	1.511	1.736
Depreciation	1.073	1.012	996	996	1.048
Change in WC	-163	-415	2.290	-1.736	1.295
Cash From Operating Activities	**2.698**	**2.439**	**5.236**	**770**	**4.079**
Change in Non-Current Asset	-827	-1.607	-6.023	-2.086	-2.151
Cash From Investing Activities	**-827**	**-1.607**	**-6.023**	**-2.086**	**-2.151**
Long-term liabilities	-61	-125	-7	70	-43
Others Noncurrent Liabilities	-23	574	2	133	-58
Equity	-3.344	-2.897	-548	-536	-980
Cash From Financing Activities	**-3.428**	**-2.448**	**-553**	**-332**	**-1.081**
Net Changes in Cash	**-1.556**	**-1.616**	**-1.340**	**-1.648**	**847**
Beginning Balance	**7.698**	**6.141**	**4.526**	**3.185**	**1.538**
Ending Balance	**6.141**	**4.526**	**3.185**	**1.538**	**2.385**

Source: company & Binaartha

Statement of Financial Position YoY in IDR Biillion

Statement of Financial Position (In IDR Bn)	2021A	2022A	2023A	2024F	2025F
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	6.141	4.526	3.185	1.538	2.385
Trade Accounts Receivable	2.587	2.686	2.786	2.720	2.830
Inventories	2.267	2.831	2.905	2.998	2.830
Others Current Assets	341	270	352	351	381
Total Current Assets	**11.337**	**10.312**	**9.228**	**7.607**	**8.427**
NONCURRENT ASSETS					
Fixed Assets	14.342	14.895	19.156	20.152	21.199
Other Noncurrent Assets	457	499	1.266	1.360	1.415
Total Noncurrent Assets	**14.799**	**15.394**	**20.422**	**21.512**	**22.615**
TOTAL ASSETS	**26.136**	**25.706**	**29.650**	**29.119**	**31.041**
LIABILITIES AND EQUITY					
LIABILITIES					
CURRENT LIABILITIES					
Short-term bank loan	0	0	2.000	0	1.000
Short-term liability	319	416	415	413	468
Trade Account Payable	2.955	2.583	1.747	1.943	2.022
Others Current Liabilities	1.373	1.824	3.206	3.303	3.437
Total Current Liabilities	**4.647**	**4.822**	**7.368**	**5.659**	**6.926**
NONCURRENT LIABILITIES					
Long-term liability	509	384	376	447	404
Others Noncurrent Liabilities	359	933	936	1.069	1.011
Total Noncurrent Liabilities	**869**	**1.317**	**1.312**	**1.515**	**1.415**
TOTAL LIABILITIES	**5.515**	**6.139**	**8.680**	**7.174**	**8.341**
Non-controlling interest	0	0	0	0	0
EQUITY	**20.621**	**19.567**	**20.970**	**21.945**	**22.700**
TOTAL LIABILITIES & EQUITY	**26.136**	**25.706**	**29.650**	**29.119**	**31.041**

Source: company & Binaartha

Ratio Highlights YoY

Growth (% YoY)	2020A	2021A	2022A	2023A	2024F	2025F
Revenue	-11,01%	4,14%	10,54%	9,93%	8,24%	4,06%
OP	-1,53%	10,39%	7,51%	2,50%	-14,86%	14,46%
EBITDA	-4,77%	0,65%	3,29%	5,38%	-17,76%	12,75%
NP	-1,58%	-0,99%	3,02%	5,85%	-22,54%	14,90%
EPS	-1,58%	-0,99%	3,02%	13,57%	-22,54%	14,90%
Profitability						
GPM(%)	36,05%	34,70%	31,50%	32,57%	30,00%	31,00%
Operating Margin(%)	13,23%	14,02%	13,64%	12,71%	10,00%	11,00%
EBITDA margin(%)	23,39%	22,60%	21,12%	20,25%	15,38%	16,67%
NET Profit margin(%)	12,73%	12,11%	11,28%	10,87%	7,78%	8,59%
ROA(%)	6,61%	6,84%	7,17%	6,58%	5,19%	5,59%
ROE(%)	8,15%	8,67%	9,42%	9,30%	6,88%	7,65%
Stability						
Tot debt/ equity (x)	0,233	0,267	0,314	0,414	0,327	0,367
Int. Coverage (x)	35	57	43	32	38	41
Current Ratio (X)	2,92	2,44	2,14	1,25	1,34	1,22
Per Share data						
EPS (IDR)	491	486	501	568	440	506
BV	6.024	5.602	5.315	6.112	6.396	6.616
Price	14.475	12.100	9.900	9.400	8.200	8.200
PBV (x)	2,4	2,2	1,9	1,5	1,3	1,2
PER (x)	29,5	24,9	19,8	16,5	18,6	16,2
EV/EBITDA	13,7	11,5	9,3	8,5	8,9	7,9
EBITDA/share	901	907	937	1.059	871	982

Source: company & Binaartha

Stock Ratings:
Buy : a recommendation to purchase the security with upside potential of **12.50% or greater**
Hold : a recommendation to neither buy nor sell a security with upside potential of 6.25%**-12.49%.**
Sel : a recommendation to close out a long position in a security with upside potential **below 6.24% or negative.**

RESEARCH TEAM
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