

PT. Indocement Tunggal Prakarsa Tbk.

Investment Consideration

BUY

Highest sales volume in October; softer outlook for Q4 2024

- The domestic cement industry consistently achieves its highest sales volume in October. In October 2024, sales volume increased slightly by 0.2% YoY to 6.32 million tons (mt), while cumulative January–October 2024 sales volume grew by 1.4% YoY to 52.35 mt. Bulk cement sales, however, declined by 2.0%, largely due to the completion of phase 1 projects for the new capital city, particularly in Kalimantan. In contrast, bagged cement sales rebounded with a 1.2% YoY increase.
- Indocement Tunggal Prakarsa (INTP) reported strong total sales volume growth of 10.5% YoY to 1.8 mt, driven by a 2.6% YoY increase in bagged cement sales and a robust 30.4% YoY surge in bulk cement sales, primarily due to operational improvements at the Semen Grobogan plant. For 9M 2024, INTP recorded a total sales volume of 14.5 mt, reflecting a 9.4% YoY increase, with significant contributions from the Grobogan plant.
- To mitigate the impact of a weakening Rupiah against the USD, INTP implemented price increases in Q2 2024 and Q4 2024, resulting in a year-to-date price hike of approximately 3%–4%. Depending on market conditions, an additional price adjustment is under consideration for year-end.
- Looking ahead, softer cement demand is anticipated in Q4 2024, influenced by the regional elections in November and the rainy season. While management maintains a domestic sales growth target of 2%–3% for 2024, it expects growth to moderate to 1%–2% in 2025, supported by anticipated housing program stimulus and recovery in the property sector.

Q3 2024 Results: Margins Recovery in Progress

- INTP's margins improved significantly in Q3 2024, supported by price hikes, efficiency programs, and operational cost-saving measures. Net profit rose by 9.2% YoY and 216% QoQ to IDR 621 billion, with the Net Profit Margin (NPM) recovering to 12% from 4.9% in Q2 2024. Gross profit grew by 7.7% YoY and 59.6% QoQ to IDR 1.78 trillion, with the Gross Profit Margin (GPM) increasing to 34.3%.
- Cost of revenue rose by 3.3% YoY and 16.7% QoQ, driven by higher raw material costs (7% YoY, 11.8% QoQ) and increased manufacturing overhead (14.9% YoY, 6.4% QoQ), particularly at the Maros and Grobogan plants. A 18.5% QoQ increase in fuel and power costs was partially offset by an annual decline of 2.3%, attributed to greater adoption of alternative fuels, which accounted for 21.1% of total fuel consumption in 2024 compared to 18.3% in 2023. This is expected to increase to 25% by 2026.
- The Grobogan plant's operations in Central Java contributed to reduced delivery, loading, and transportation costs, which declined by 3.7% QoQ. Looking ahead, margin recovery is expected to continue, driven by increased demand and government stimulus for the property sector in 2025.

Valuation: Maintain BUY with TP 8.400

- INTP is forecasted to trade at a 17.0x 2025F Price-to-Earnings (P/E) ratio, with a target price (TP) of IDR 8,400, indicating a 22% upside potential. Therefore, our BUY recommendation is maintained.

Financial Highlights	2021A	2022A	2023A	2024F	2025F
Revenue (IDR Bn)	14.772	16.328	17.950	18.910	19.672
EBITDA (IDR Bn)	3.339	3.449	3.634	3.169	3.509
Net Profit (IDR Bn)	1.788	1.843	1.950	1.604	1.826
GPM (%)	34,7%	31,5%	32,6%	31,0%	31,5%
NPM (%)	12,1%	11,3%	10,9%	8,5%	9,3%
EPS (IDR)	486	501	568	467	532
PBV (x)	2,2	1,9	1,5	1,3	1,3
PER (x)	24,9	19,8	16,5	18,0	15,8
EV/EBITDA	11,5	9,3	8,5	8,4	7,7
ROE (%)	6,84%	7,17%	6,58%	5,55%	6,03%
ROA (%)	8,67%	9,42%	9,30%	7,31%	8,03%

28 November 2024
Basic Industry – Cement

Price IDR 6,875

Target Price IDR 8,400

JKSE Index 7,245.888



Stock Information

Bloomberg Code	INTP IJ
Market Cap (IDR bn)	25,676.6
52-week high (IDR)	10,200
52-week low (IDR)	6,275
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)	15,845

Analyst
eka.rahmah@binaartha.com

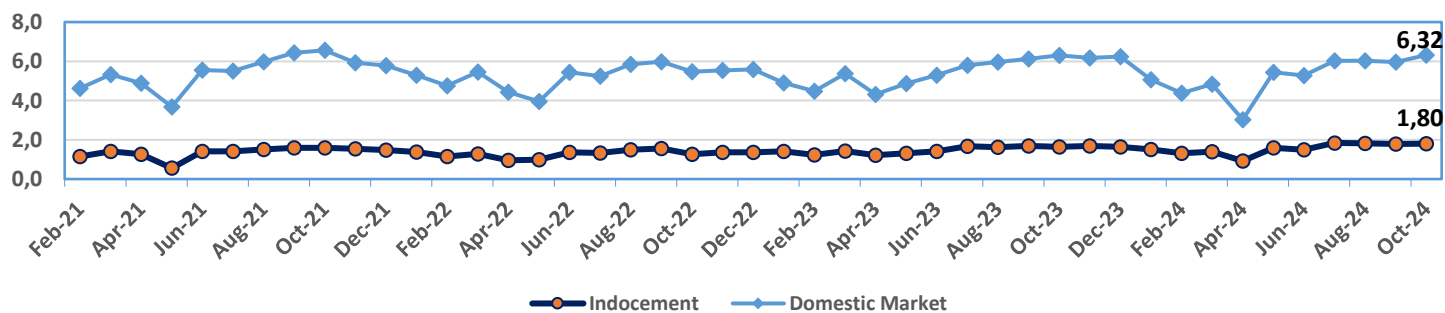
Income Statement QoQ & YoY in IDR Billion

Income Statement (In IDR Bn)	1Q2024	2Q2024	3Q2024	QoQ	3Q2023	YoY	9M2023	9M2024	YoY
Revenue	4.083	4.042	5.196	28,5%	4.958	4,8%	12.928	13.321	3%
Cost of revenue	-2.902	-2.924	-3.411	16,7%	-3.301	3,3%	-8.839	-9.238	5%
Gross Profit	1.180	1.118	1.785	59,6%	1.657	7,7%	4.089	4.083	0%
Operating Expense	-866	-856	-998	16,5%	-1.095	-8,9%	-2.602	-2.720	5%
Operating Profit	314	262	787	200,5%	562	40,1%	1.486	1.363	-8%
Other Income	-16	-17	-0	-98,3%	159	-100,2%	117	-33	-128%
Profit Before Tax	298	245	787	220,9%	721	9,1%	1.604	1.330	-17%
Taxes	-60	-48	-166	241,6%	-152	8,7%	-337	-274	-19%
NIAT	238	197	621	215,9%	569	9,2%	1.267	1.056	-17%
Non-controlling Interest	0	0	0		0		0	0	
Net Income	238	197	621	215,9%	569	9,2%	1.267	1.056	-17%
EPS (In IDR)	69	57	181	215,9%	166	9,2%	369	308	-17%

GPM	28,9%	27,7%	34,3%		33,4%		31,6%	30,7%
OPM	7,7%	6,5%	15,1%		11,3%		11,5%	10,2%
NPM	5,8%	4,9%	12,0%		11,5%		9,8%	7,9%

Source: company

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



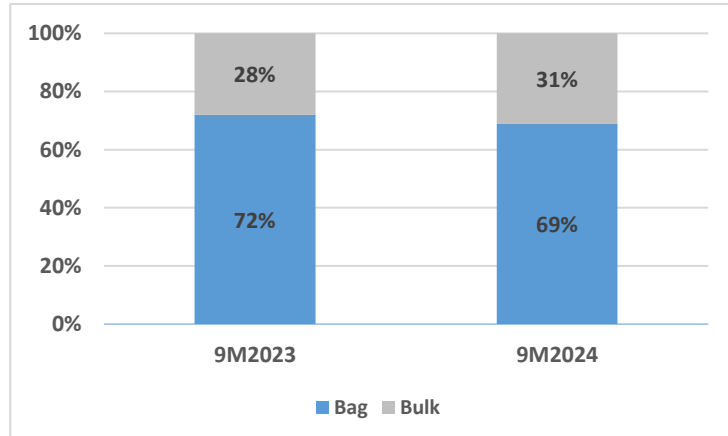
Source: company

INTP Cost of Sales in IDR Billion

	3Q2023	3Q2024	YoY %	2Q2024	QoQ %
Raw material used	712	761	7,0%	681	11,8%
Direct Labor	233	228	-1,9%	247	-7,6%
Fuel and Power	1.466	1.432	-2,3%	1.209	18,5%
Manufacturing Overhead	515	591	14,9%	556	6,4%
Packing cost	285	243	-14,8%	204	19,1%
Delivery, loading, and transportation	669	644	-3,7%	516	24,9%

Source: company

Domestic Bag vs Bulk Market



Source: company

Income Statement YoY in IDR Billion

Income Statement (In IDR Bn)	2020A	2021A	2022A	2023A	2024F	2025F
Revenue	14.184	14.772	16.328	17.950	18.910	19.672
Cost of revenue	-9.071	-9.646	-11.185	-12.103	-13.048	-13.475
Gross Profit	5.114	5.126	5.143	5.847	5.862	6.197
Operating Expense	-3.238	-3.055	-2.917	-3.565	-3.782	-3.836
Operating Profit	1.876	2.071	2.226	2.282	2.080	2.361
Other Income	272	163	63	114	-76	-79
Profit Before Tax	2.148	2.234	2.289	2.396	2.004	2.282
Taxes	-342	-446	-447	-446	-401	-456
NIAT	1.806	1.788	1.843	1.950	1.604	1.826
Non-controlling Interest	0	0	0	0	0	0
Net Income	1.806	1.788	1.843	1.950	1.604	1.826
EPS (In IDR)	491	486	501	568	467	532
EBITDA	3.317	3.339	3.449	3.634	3.169	3.509

Source: company & Binaartha

Cash Flow YoY in IDR Billion

Cash Flow (In IDR Bn)	2021A	2022A	2023A	2024F	2025F
Net Income	1.788	1.843	1.950	1.604	1.826
Depreciation	1.073	1.012	996	996	1.022
Change in WC	-163	-415	2.290	-1.644	385
Cash From Operating Activities	2.698	2.439	5.236	956	3.233
Change in Non-Current Asset	-827	-1.607	-6.023	-1.363	-1.579
Cash From Investing Activities	-827	-1.607	-6.023	-1.363	-1.579
Long-term liabilities	-61	-125	-7	58	-41
Others Noncurrent Liabilities	-23	574	2	48	0
Equity	-3.344	-2.897	-548	-628	-1.024
Cash From Financing Activities	-3.428	-2.448	-553	-522	-1.065
Net Changes in Cash	-1.556	-1.616	-1.340	-929	589
Beginning Balance	7.698	6.141	4.526	3.185	2.256
Ending Balance	6.141	4.526	3.185	2.256	2.845

Source: company & Binaartha

Statement of Financial Position YoY in IDR Billion

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	2.256	2.845
Trade Accounts Receivable	2.587	2.686	2.786	2.647	2.754
Inventories	2.267	2.831	2.905	2.836	2.951
Others Current Assets	341	270	352	342	371
Total Current Assets	11.337	10.312	9.228	8.082	8.921
NONCURRENT ASSETS					
Fixed Assets	14.342	14.895	19.156	19.654	20.165
Other Noncurrent Assets	457	499	1.266	1.135	1.180
Total Noncurrent Assets	14.799	15.394	20.422	20.788	21.345
TOTAL ASSETS	26.136	25.706	29.650	28.870	30.266
LIABILITIES AND EQUITY					
LIABILITIES					
CURRENT LIABILITIES					
Short-term bank loan	0	0	2.000	0	1.000
Short-term liability	319	416	415	402	455
Trade Account Payable	2.955	2.583	1.747	1.891	1.967
Others Current Liabilities	1.373	1.824	3.206	3.215	2.721
Total Current Liabilities	4.647	4.822	7.368	5.508	6.143
NONCURRENT LIABILITIES					
Long-term liability	509	384	376	435	393
Others Noncurrent Liabilities	359	933	936	983	984
Total Noncurrent Liabilities	869	1.317	1.312	1.418	1.377
TOTAL LIABILITIES	5.515	6.139	8.680	6.926	7.520
Non-controlling interest	0	0	0	0	0
EQUITY	20.621	19.567	20.970	21.945	22.746
TOTAL LIABILITIES & EQUITY	26.136	25.706	29.650	28.870	30.266

Source: company & Binaartha

Ratio Highlights YoY

Growth (% YoY)	2021A	2022A	2023A	2024F	2025F
Revenue	4,14%	10,54%	9,93%	5,35%	4,03%
OP	10,39%	7,51%	2,50%	-8,85%	13,49%
EBITDA	0,65%	3,29%	5,38%	-12,82%	10,73%
NP	-0,99%	3,02%	5,85%	-17,78%	13,84%
EPS	-0,99%	3,02%	13,57%	-17,78%	13,84%
Profitability					
GPM(%)	34,70%	31,50%	32,57%	31,00%	31,50%
Operating Margin(%)	14,02%	13,64%	12,71%	11,00%	12,00%
EBITDA margin(%)	22,60%	21,12%	20,25%	16,76%	17,84%
NET Profit margin(%)	12,11%	11,28%	10,87%	8,48%	9,28%
ROA(%)	6,84%	7,17%	6,58%	5,55%	6,03%
ROE(%)	8,67%	9,42%	9,30%	7,31%	8,03%
Stability					
Tot debt/ equity (x)	0,267	0,314	0,414	0,316	0,331
Int. Coverage (x)	57	43	32	42	44
Current Ratio (X)	2,44	2,14	1,25	1,47	1,45
Per Share data					
EPS (IDR)	486	501	568	467	532
PBV (x)	2,2	1,9	1,5	1,3	1,3
PER (x)	24,9	19,8	16,5	18,0	15,8
EV/EBITDA	11,5	9,3	8,5	8,4	7,7
EBITDA/share	907	937	1.059	924	1.023

Source: company & Binaartha

Stock Ratings:

- Buy : a recommendation to purchase the security with upside potential of **12.00% or greater**
- Hold : a recommendation to neither buy nor sell a security with upside potential of 6.00%-**11.99%**.
- Sel : a recommendation to close out a long position in a security with upside potential **below 5.99% or negative.**

RESEARCH TEAM
(62 21) 520 6678 ext. 611

Disclaimer; PT Binaartha Sekuritas has compiled this report in good faith, using information believed to be reliable. PT Binaartha Sekuritas and its analysts take no responsibility for the accuracy of the information contained in this report. This report has been produced for distribution to clients of PT Binaartha Sekuritas only. This report is not an invitation to buy or sell any security. PT Binaartha Sekuritas may have used the information in this report prior to publication. The company or its clients may have positions in or may from time to time buy or sell the securities mentioned in this report or other related securities.