

PT. Indocement Tunggal Prakarsa Tbk.

BUY

Investment Consideration

Expecting lower domestic sales in 1Q2023

- Domestic cement sales in 1Q2023 are still under pressure from prolonged heavy rains. The start of fasting will also tend to reduce cement consumption.
- In 2022, domestic cement sales volume weakened -3.4% YoY to 63.03 million tones (mt) led by a contraction in bag sales volume of -8.7% YoY due to price increases, while the bulk market maintained growth of +14.5%.
- For January - February 2023 cement sales, the domestic market was still under pressure with volume declining -2.6% YoY to 9.39 mt due to prolonged heavy rains in February, while the bag market weakened -6.5% YoY and the bulk market grew by +10.2%.
- Despite the decrease in domestic volumes, INTP had a +6.7% YoY sales volume increase in February with bag sales volume increasing +2.9% and bulk sales volume +19.6%.
- We maintain our forecast for positive sales volume growth in 2023 as domestic demand is likely to recover from ongoing infrastructure projects which will boost cement consumption.

4Q2022: Margin recover continue

- The 60% DMO price of coal in 2H2022 had a positive impact on the recovery in INTP's margins in 3Q2022 and 4Q2022.
- In 4Q2022, INTP sales increased +12% YoY but declined -2% QoQ to IDR 4.66 trillion, in line with an ASP hike in September bringing the total number of ASP hikes to 3 in 2022.
- INTP bottom line increased 54% YoY or +37% QoQ to IDR 896 billion and the NPM increased to 19.2% from 13.8% in 3Q2022.
- Energy costs decreased -2.3% QoQ to IDR 1.38 trillion in 4Q2022 inline with the securing of 60% of coal supply at DMO prices.
- This resulted in a lower QoQ cost of revenue -4% QoQ and a gross profit increase of +11% YoY or +2% QoQ to IDR 1.7 trillion with a higher GPM of 36.4%.
- We expect INTP will maintain better margins amid softer coal prices and with 100% DMO prices in 1Q2023. We are forecasting an INTP profit of IDR 1.9 trillion this year, which is an increase of +4.7% YoY.

Valuation: Maintain BUY with TP 13.100

- We are now targeting INTP to trade at 23x 2024F PE within a year. Target Price is IDR 13,100 which represents +25% upside. We maintain our recommendation to BUY.

Financial Highlights	2019A	2020A	2021A	2022A	2023F	2024F
Revenue (IDR Bn)	15.939	14.184	14.772	16.328	17.990	19.576
EBITDA (IDR Bn)	3.483	3.317	3.339	3.344	3.461	3.747
Net Profit (IDR Bn)	1.835	1.806	1.788	1.843	1.929	2.099
GPM (%)	34,5%	36,1%	34,7%	31,5%	31,0%	31,0%
NPM (%)	11,5%	12,7%	12,1%	11,3%	10,7%	10,7%
EPS (IDR)	499	491	486	501	524	570
PBV (x)	3	2	2	2	2	2
PER (x)	38	29	25	21	25	23
ROE (%)	6,62%	6,61%	6,84%	7,17%	6,91%	7,13%
ROA (%)	7,95%	8,15%	8,67%	9,42%	8,91%	9,28%

Source: company & Binaartha

5 April 2023
Basic Industry – Cement

Price IDR 10,450

Target Price IDR 13,100

JKSE Index 6,833.178



Stock Information

Bloomberg Code	INTP IJ
Market Cap (IDR bn)	38,468
52-week high (IDR)	11,850
52-week low (IDR)	8,975
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)	15,294

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Table: Income Statement QoQ &YoY in IDR Billion

Income Statement (In IDR Bn)	1Q2022	2Q2022	3Q2022	4Q2022	QoQ	4Q2021	YoY
Revenue	3.558	3.353	4.750	4.667	-2%	4.163	12%
Cost of revenue	-2.597	-2.545	-3.076	-2.967	-4%	-2.629	13%
Gross Profit	960	808	1.674	1.701	2%	1.534	11%
Operating Expense	-754	-680	-858	-625	-27%	-839	-26%
Operating Profit	207	128	816	1.076	32%	695	55%
Other Income	23	10	23	7	-69%	-1	-793%
Profit Before Tax	230	138	838	1.083	29%	694	56%
Taxes	-47	-29	-183	-187	2%	-114	65%
NIAT	183	109	655	896	37%	580	54%
Non-controlling Interest	0	0	0	0		0	
Net Income	183	109	655	896	37%	580	54%
EPS (In IDR)	50	30	178	243	37%	158	54%
GPM	27,0%	24,1%	35,2%	36,4%		36,8%	
OPM	5,8%	3,8%	17,2%	23,1%		16,7%	
NPM	5,1%	3,3%	13,8%	19,2%		13,9%	

Source: company

chart: Domestic Sales vs Indocement Sales 2019 – February 2023 in Million Tons

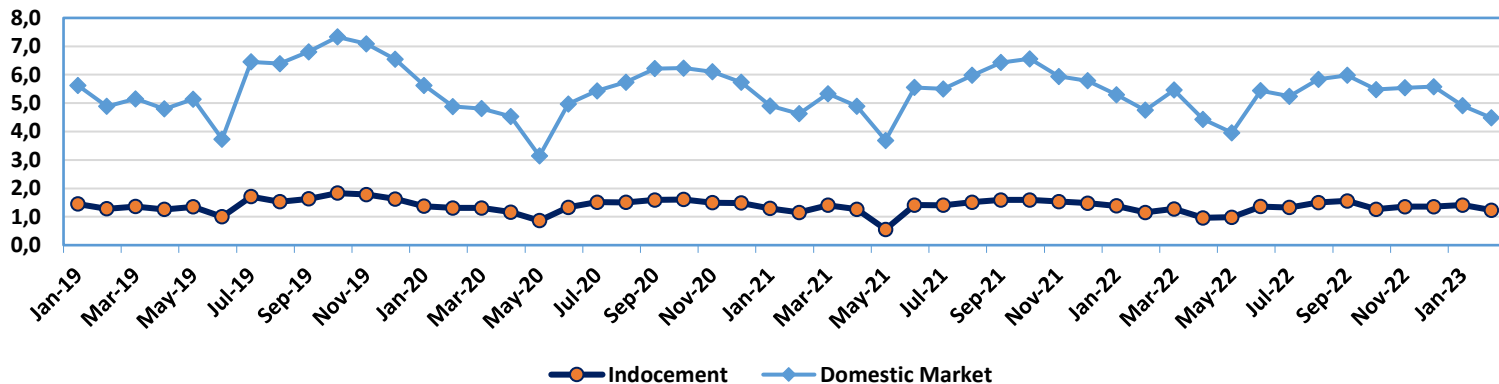


chart: Fuel and Energy Cost in IDR Billion

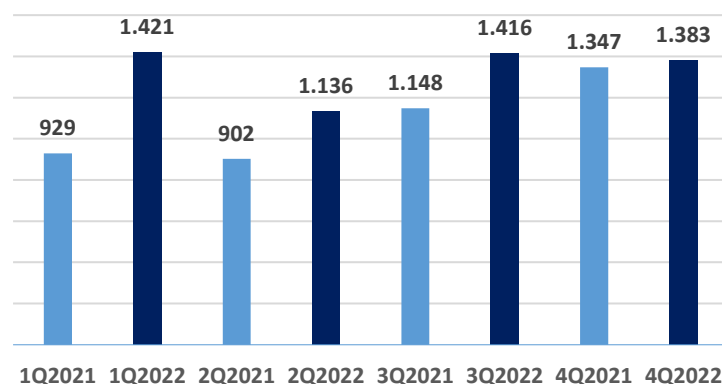


Table: Income Statement YoY in IDR Billion

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	-3.238	-3.524
Operating Profit	1.905	1.876	2.071	2.226	2.339	2.545
Other Income	370	272	163	63	72	78
Profit Before Tax	2.275	2.148	2.234	2.289	2.411	2.623
Taxes	-440	-342	-446	-447	-482	-525
NIAT	1.835	1.806	1.788	1.843	1.929	2.099
Non-controlling Interest	0	0	0	0	0	0
Net Income	1.835	1.806	1.788	1.843	1.929	2.099
EPS (In IDR)	499	491	486	501	524	570
EBITDA	3.483	3.317	3.339	3.344	3.461	3.747

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	1.929	2.099
Depreciation	1.201	1.118	1.073	1.012	1.012	1.081
Change in WC	-140	919	-163	-415	-314	-10
Cash From Operating Activities	2.896	3.843	2.698	2.439	2.627	3.170
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	148	-1.134
Cash From Financing Activities	-1.864	-2.512	-3.428	-2.448	234	-1.011
Net Changes in Cash	426	46	-1.556	-1.616	796	-50
Beginning Balance	7.226	7.652	7.698	6.141	4.526	5.322
Ending Balance	7.652	7.698	6.141	4.526	5.322	5.271

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	5.322	5.271
Trade Accounts Receivable	3.090	2.621	2.587	2.686	3.055	3.272
Inventories	1.895	1.824	2.267	2.831	2.731	2.972
Others Current Assets	193	157	341	270	357	356
Total Current Assets	12.829	12.299	11.337	10.312	11.464	11.871
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	27.911	29.446
LIABILITIES AND EQUITY						
LIABILITIES						
CURRENT LIABILITIES						
Short-term liability	189	343	319	416	423	479
Trade Account Payable	2.516	2.319	2.955	2.583	2.699	2.936
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	4.864	5.312
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	6.267	6.839
Non-controlling interest	0	0	0	0	0	0
EQUITY	23.080	22.176	20.621	19.567	21.643	22.608
TOTAL LIABILITIES & EQUITY	27.708	27.345	26.136	25.706	27.911	29.446

Source: company & Binaartha

Table: Ratio Highlights YoY

Growth (% YoY)	2019A	2020A	2021A	2022A	2023F	2024F
Revenue	4,93%	-11,01%	4,14%	10,54%	10,18%	8,82%
OP	77,36%	-1,53%	10,39%	7,51%	5,04%	8,82%
EBITDA	29,05%	-4,77%	0,65%	0,16%	3,50%	8,25%
NP	60,16%	-1,58%	-0,99%	3,02%	4,67%	8,82%
EPS	60,16%	-1,58%	-0,99%	3,02%	4,67%	8,82%
Profitability						
GPM(%)	34,51%	36,05%	34,70%	31,50%	31,00%	31,00%
Operating Margin(%)	11,95%	13,23%	14,02%	13,64%	13,00%	13,00%
EBITDA margin(%)	21,85%	23,39%	22,60%	20,48%	19,24%	19,14%
NET Profit margin(%)	11,51%	12,73%	12,11%	11,28%	10,72%	10,72%
ROA(%)	6,62%	6,61%	6,84%	7,17%	6,91%	7,13%
ROE(%)	7,95%	8,15%	8,67%	9,42%	8,91%	9,28%
Stability						
Tot debt/ equity (x)	0,200	0,233	0,267	0,314	0,290	0,303
Int. Coverage (x)	237	35	57	43	50	49
Current Ratio (X)	3,31	2,92	2,44	2,14	2,36	2,23
Per Share data						
EPS (IDR)	499	491	486	501	524	570
PBV (x)	3	2	2	2	2	2
PER (x)	38	29	25	21	25	23
EBITDA/share	946	901	907	908	940	1.018

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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