

PT. Indocement Tunggul Prakarsa Tbk.

BUY

Investment Consideration

Bulk Cement Increase

- Domestic cement sales volume remained flat at 14.27 million tons (mt) in Q1 2024, with bulk cement increasing by +14.9% (Java +11.1% YoY and Outside Java +20.5% YoY), while bagged cement declined by -5.5%. The decrease in the bag market was due to lower retail demand during the fasting period and Eid holidays. Meanwhile, the spike in the bulk market was driven by government projects in the new capital city and infrastructure acceleration in Java.
- The proportion of bulk cement in the domestic market also rose to 30.7% in Q1 2024, up from 26.8% in Q1 2023, fueled by infrastructure projects.
- INTP reported a positive domestic sales volume growth of +4.1% YoY to 4.48 mt, outperforming the industry primarily due to operations at Semen Grobogan. Bagged cement saw a slight decline of -0.8%, while bulk cement surged by +28.8% YoY in Q1 2024. INTP's domestic market share stood at 29.5% in Q1 2024.
- INTP's cement sales decreased by -3.8% YoY to IDR 4.08 trillion in Q1 2024, attributed to a lower consolidated price from an increased sales composition of bulk cement products.
- For April, sales volume is expected to contract due to extended holidays, though the trend of increasing bulk cement sales is anticipated to continue in 2024. Retail demand is expected to rise, peaking in the second half of 2024.

Q1 2024 Results: lower margin

- INTP experienced a decrease in margin due to the increased share of bulk cement and competitive pricing strategies, resulting in a lower consolidated price.
- INTP's net profit declined by -36% YoY and -65% QoQ, reaching IDR 238 billion, with the Net Profit Margin (NPM) falling to 5.8% from 8.7% in Q1 2023.
- Cost of revenue dropped by -2.3% YoY to IDR 2.9 trillion, driven by efficiencies in direct labor (-7.2% YoY) and packing costs (-5.5%). This led to a -7.5% YoY decrease in gross profit to IDR 1.18 trillion, with a reduced Gross Profit Margin (GPM) of 28.9%.
- As INTP expanded operations in Semen Grobogan, which included costs such as delivery and advertising, the operating profit margin was compressed to 7.7% in Q1 2024. Delivery and selling expenses rose by +6.2% to IDR 690.2 billion, and general and administrative expenses increased by +8% to IDR 186.3 billion.

Valuation: Maintain BUY with TP 8.970

- Regarding valuation, we project INTP to trade at an 18X 2025F Price-to-Earnings (PE) ratio within a year, setting a target price of IDR 8,970, representing a potential upside of +34%. Therefore, we maintain our recommendation to BUY.

Financial Highlights	2020A	2021A	2022A	2023A	2024F	2025F
Revenue (IDR Bn)	14.184	14.772	16.328	17.950	20.482	21.324
EBITDA (IDR Bn)	3.317	3.339	3.344	3.453	2.963	3.203
Net Profit (IDR Bn)	1.806	1.788	1.843	1.950	1.560	1.710
GPM (%)	36,1%	34,7%	31,5%	32,6%	29,0%	29,5%
NPM (%)	12,7%	12,1%	11,3%	10,9%	7,6%	8,0%
EPS (IDR)	491	486	501	568	455	498
PBV (x)	2	2	2	2	1	1
PER (x)	29	25	21	17	20	18
ROE (%)	6,61%	6,84%	7,17%	6,58%	5,29%	5,61%
ROA (%)	8,15%	8,67%	9,42%	9,30%	7,11%	7,52%

Source: company & Binaartha

14 May 2024
Basic Industry – Cement

Price	IDR	6,675
Target Price	IDR	8,970
JKSE Index		7,099.261



Stock Information

Bloomberg Code	INTP IJ
Market Cap (IDR bn)	24,572.2
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)	15,714

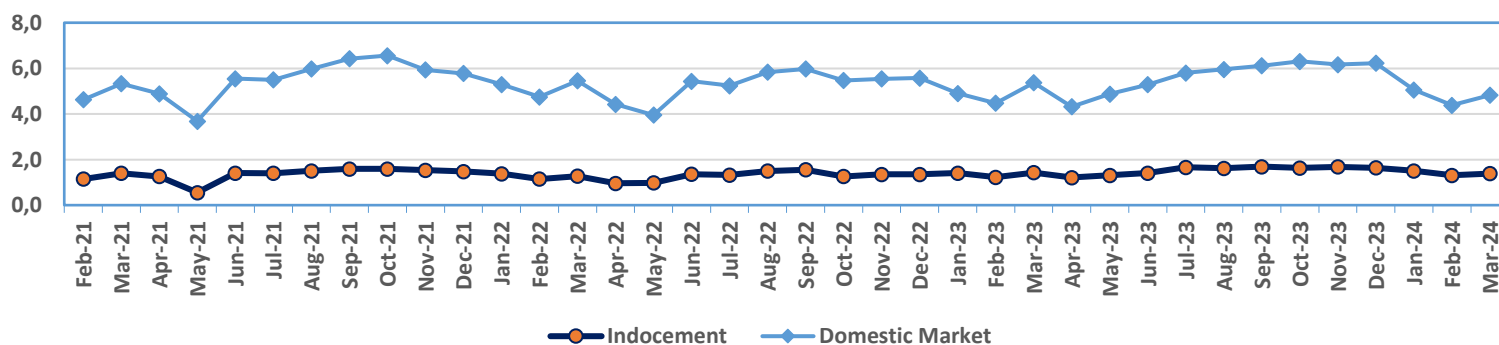
Analyst
eka.rahmah@binaartha.com

Income Statement QoQ & YoY in IDR Billion

Income Statement (In IDR Bn)	1Q2023	1Q2024	YoY	4Q2023	QoQ
Revenue	4.246	4.083	-3,8%	5.022	-18,7%
Cost of revenue	-2.970	-2.902	-2,3%	-3.264	-11,1%
Gross Profit	1.276	1.180	-7,5%	1.758	-32,9%
Operating Expense	-835	-866	3,7%	-963	-10,0%
Operating Profit	441	314	-28,8%	796	-60,6%
Other Income	27	-16	-158,0%	-3	398,0%
Profit Before Tax	468	298	-36,3%	792	-62,4%
Taxes	-97	-60	-38,0%	-109	-45,2%
NIAT	371	238	-35,9%	683	-65,1%
Non-controlling Interest	0	0		0	
Net Income	371	238	-35,9%	683	-65,1%
EPS (In IDR)	108	69	-35,9%	199	-65,1%
GPM	30,1%	28,9%		35,0%	
OPM	10,4%	7,7%		15,8%	
NPM	8,7%	5,8%		13,6%	

Source: company

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



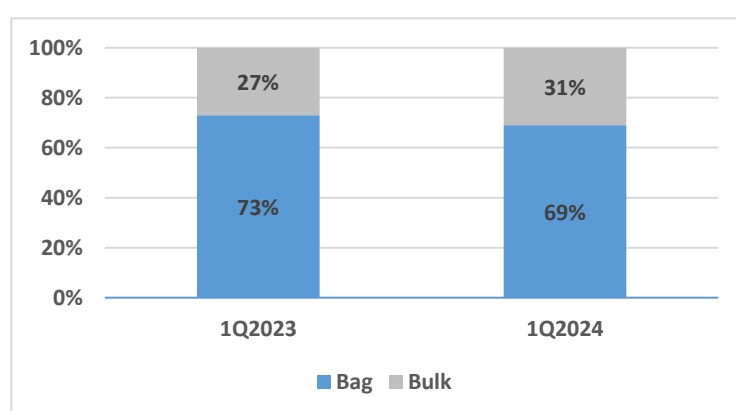
Source: company

INTP Cost of Sales in IDR Billion

	1Q2023	1Q2024	%
Raw material used	609	619	1,7%
Direct Labor	251	233	-7,2%
Fuel and Power	1.322	1.354	2,4%
Manufacturing Overhead	593	654	10,2%
Packing cost	237	224	-5,5%

Source: company

Domestic Bag vs Bulk Market



Source: company

Income Statement YoY in IDR Billion

Income Statement (In IDR Bn)	2019A	2020A	2021A	2022A	2023A	2024F	2025F
Revenue	15.939	14.184	14.772	16.328	17.950	20.482	21.324
Cost of revenue	-10.439	-9.071	-9.646	-11.185	-12.103	-14.542	-15.033
Gross Profit	5.500	5.114	5.126	5.143	5.847	5.940	6.291
Operating Expense	-3.595	-3.238	-3.055	-2.917	-3.565	-4.096	-4.265
Operating Profit	1.905	1.876	2.071	2.226	2.282	1.843	2.026
Other Income	370	272	163	63	114	82	85
Profit Before Tax	2.275	2.148	2.234	2.289	2.396	1.925	2.111
Taxes	-440	-342	-446	-447	-446	-366	-401
NIAT	1.835	1.806	1.788	1.843	1.950	1.560	1.710
Non-controlling Interest	0	0	0	0	0	0	0
Net Income	1.835	1.806	1.788	1.843	1.950	1.560	1.710
EPS (In IDR)	499	491	486	501	568	455	498
EBITDA	3.483	3.317	3.339	3.344	3.453	2.963	3.203

Source: company & Binaartha

Cash Flow YoY in IDR Billion

Cash Flow (In IDR Bn)	2020A	2021A	2022A	2023A	2024F	2025F
Net Income	1.806	1.788	1.843	1.950	1.560	1.710
Depreciation	1.118	1.073	1.012	996	996	0
Change in WC	919	-163	-415	2.290	-1.759	311
Cash From Operating Activities	3.843	2.698	2.439	5.236	797	2.021
Change in Non-Current Asset	-1.285	-827	-1.607	-6.023	-1.340	-1.073
Cash From Investing Activities	-1.285	-827	-1.607	-6.023	-1.340	-1.073
Long-term liabilities	-16	-61	-125	-7	95	-45
Others Noncurrent Liabilities	214	-23	574	2	191	-60
Equity	-2.710	-3.344	-2.897	-548	-584	-930
Cash From Financing Activities	-2.512	-3.428	-2.448	-553	-299	-1.035
Net Changes in Cash	46	-1.556	-1.616	-1.340	-842	-87
Beginning Balance	7.652	7.698	6.141	4.526	3.185	2.343
Ending Balance	7.698	6.141	4.526	3.185	2.343	2.256

Source: company & Binaartha

Statement of Financial Position YoY in IDR Billion

Statement of Financial Position (In IDR Bn)	2020A	2021A	2022A	2023A	2024F	2025F
ASSETS						
CURRENT ASSETS						
Cash and Cash Equivalents	7.698	6.141	4.526	3.185	2.343	2.256
Trade Accounts Receivable	2.621	2.587	2.686	2.786	2.868	2.985
Inventories	1.824	2.267	2.831	2.905	3.161	2.985
Others Current Assets	157	341	270	352	370	402
Total Current Assets	12.299	11.337	10.312	9.228	8.742	8.629
NONCURRENT ASSETS						
Fixed Assets	14.397	14.342	14.895	19.156	20.152	21.199
Other Noncurrent Assets	648	457	499	1.266	614	640
Total Noncurrent Assets	15.045	14.799	15.394	20.422	20.766	21.839
TOTAL ASSETS	27.345	26.136	25.706	29.650	29.508	30.468
LIABILITIES AND EQUITY						
LIABILITIES						
CURRENT LIABILITIES						
Short-term bank loan	0	0	0	2.000	0	0
Short-term liability	343	319	416	415	435	493
Trade Account Payable	2.319	2.955	2.583	1.747	2.048	2.132
Others Current Liabilities	1.553	1.373	1.824	3.206	3.482	3.625
Total Current Liabilities	4.216	4.647	4.822	7.368	5.965	6.251
NONCURRENT LIABILITIES						
Long-term liability	571	509	384	376	471	426
Others Noncurrent Liabilities	382	359	933	936	1.127	1.066
Total Noncurrent Liabilities	952	869	1.317	1.312	1.598	1.493
TOTAL LIABILITIES	5.168	5.515	6.139	8.680	7.563	7.743
Non-controlling interest	0	0	0	0	0	0
EQUITY	22.176	20.621	19.567	20.970	21.945	22.724
TOTAL LIABILITIES & EQUITY	27.345	26.136	25.706	29.650	29.508	30.468

Source: company & Binaartha

Ratio Highlights YoY

Growth (% YoY)	2020A	2021A	2022A	2023A	2024F	2025F
Revenue	-11,01%	4,14%	10,54%	9,93%	14,11%	4,11%
OP	-1,53%	10,39%	7,51%	2,50%	-19,22%	9,89%
EBITDA	-4,77%	0,65%	0,16%	3,24%	-14,19%	8,12%
NP	-1,58%	-0,99%	3,02%	5,85%	-20,04%	9,65%
EPS	-1,58%	-0,99%	3,02%	13,57%	-20,04%	9,65%
Profitability						
GPM(%)	36,05%	34,70%	31,50%	32,57%	29,00%	29,50%
Operating Margin(%)	13,23%	14,02%	13,64%	12,71%	9,00%	9,50%
EBITDA margin(%)	23,39%	22,60%	20,48%	19,24%	14,47%	15,02%
NET Profit margin(%)	12,73%	12,11%	11,28%	10,87%	7,61%	8,02%
ROA(%)	6,61%	6,84%	7,17%	6,58%	5,29%	5,61%
ROE(%)	8,15%	8,67%	9,42%	9,30%	7,11%	7,52%
Stability						
Tot debt/ equity (x)	0,233	0,267	0,314	0,414	0,345	0,341
Int. Coverage (x)	35	57	43	32	37	38
Current Ratio (X)	2,92	2,44	2,14	1,25	1,47	1,38
Per Share data						
EPS (IDR)	491	486	501	568	455	498
PBV (x)	2	2	2	2	1	1
PER (x)	29	25	21	17	20	18
EBITDA/share	901	907	908	1.006	864	934

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
(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.