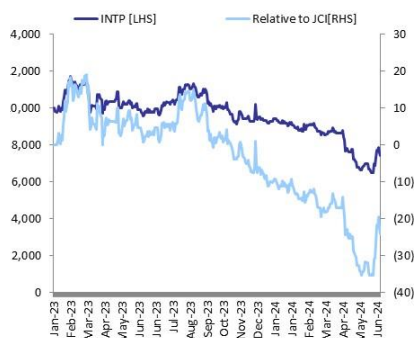


# Buy

(Maintained)

Last Price (Rp)	7,400
Target Price (Rp)	8,400
Previous Target Price (Rp)	8,400
Upside/Downside	+13.5%
No. of Shares (mn)	3,681
Mkt Cap (Rpbn/US\$mn)	27,241/1,674
Avg, Daily T/O (Rpbn/US\$mn)	23.0/1.4
Free Float (%)	42.2
Major Shareholder (%)	
Heidelberg Materials SG	54.7
EPS Consensus (Rp)	
	2024F 2025F 2026F
BRIDS	470.9 540.8 599.8
Consensus	463.4 526.5 596.0
BRIDS/Cons (%)	1.6 2.7 0.6

## INTP relative to JCI Index



Source: Bloomberg

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# Indocement Tunggal Prakarsa (INTP II)

## May24 sales volume: solid industry and INTP sales

- Industry/INTP recorded 11%/21% yoy vol growth in May24, causing the 5M24 sales vol to expand by 3%/10% yoy.
- INTP bulk sales grew further in May24 (+50% yoy) vs bagged (+9%-11% yoy), bringing some risk to ASP despite recent bagged price increases.
- We think the coming 1-2 months data will be crucial for the 2024 outlook. Reiterate Buy rating on INTP with a TP of Rp 8,400.

## May24 industry sales volume showed 11% yoy growth vs 1.5% yoy in Apr

Based on INTP data, May24 cement industry volume grew to 5.4 Mt (+11% yoy, +8% yoy if we exclude Grobogan). 5M24 sales volume reached 22.7 Mt (+3% yoy, +0.3% yoy if we exclude Grobogan). Kalimantan remains the strongest driver (May24/5M24 vol +32% yoy/+23% yoy) due to the IKN and Kaltara projects, followed by Nusa Tenggara (May24/5M24 vol: +24% yoy/14% yoy) due to infrastructure projects. As most of the demand comes from infrastructure, bulk cement sales expanded by 24% yoy/14% yoy in May24/5M24, while bagged cement sales recorded 7% yoy/-1% yoy growth in May24/5M24.

## INTP May24 vol also grew briskly by 9% yoy even excluding Grobogan

INTP sales vol reached 1.6 Mt in May24 (+21% yoy, or +9% yoy excluding Grobogan). Cumulative Jan-May24 sales vol reached 6.7 Mt (+10% yoy, +1.3% yoy excluding Grobogan), which constitutes 35% of our FY24 target – inline with seasonality. Like the industry, INTP's sales were mostly driven by Kalimantan (up by 55% yoy/17% yoy in May24/5M24) and Nusa Tenggara (up by 13% yoy/9% yoy in May24/5M24). Meanwhile, strong growth in Central Java was mostly due to Grobogan inclusion. In May24, bulk cement continued to be the main driver for INTP (+50% yoy expansion in both Java and non-Java), while bagged cement sales also grew but at a slower pace (+11% yoy in Java, +9% yoy in non-Java). INTP's market share normalized in May24 to 29.3%, inline with the Jan-Mar24 average, after spiking to ~30% in Apr24.

## Reiterate Buy rating; the next 1-2 months sales should reveal a clearer outlook

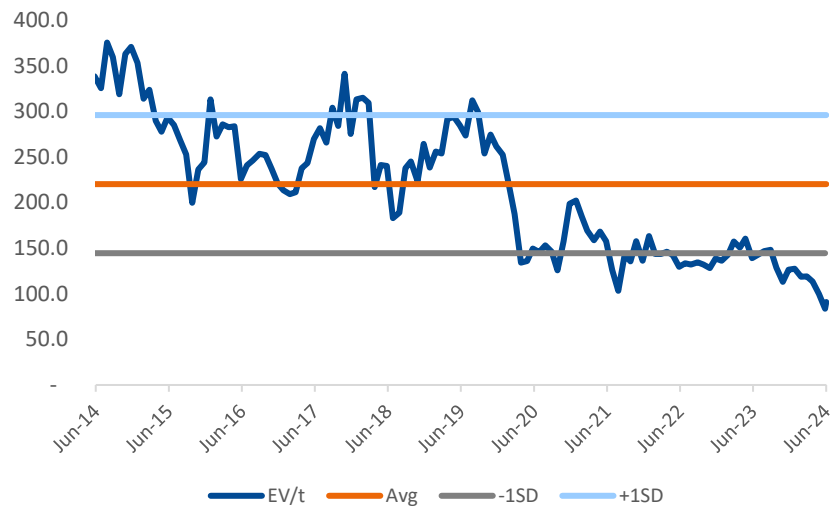
While the May24 sales depict a decent recovery from Apr24 for both the industry and INTP, we think it is premature to conclude that this trend will persist going forward (especially based on the 3M rolling INTP sales vol – see figure 5), as the May24 sales might be distorted by the shift in the period when Lebaran fell in FY24 vs FY23. Furthermore, for INTP, significant growth in bulk cement sales in May24 (+50% yoy) vs bagged cement sales (+9%-11% yoy) might present a risk to blended ASP despite recent adjustments in bagged cement prices (~1% increment to INTP's ASP in Jun24, based on our estimates). We reiterate our Buy rating on INTP (TP: Rp 8,400), which currently trades at EV/t of US\$91 (-1.5 std dev of its 7-year average). Key risks include: 1) price wars due to market share competition and 2) new cement players installing more capacity.

## Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Revenue (Rpbn)	16,328	17,950	18,886	19,703	20,700
EBITDA (Rpbn)	3,455	3,656	3,572	3,937	4,241
EBITDA Growth (%)	3.9	5.8	(2.3)	10.2	7.7
Net Profit (Rpbn)	1,842	1,950	1,733	1,991	2,208
EPS (Rp)	500.5	529.8	470.9	540.8	599.8
EPS Growth (%)	3.0	5.9	(11.1)	14.8	10.9
BVPS (Rp)	5,315.3	5,696.3	6,009.4	6,409.9	6,848.6
DPS (Rp)	472.6	149.1	157.8	140.2	161.1
PER (x)	14.8	14.0	15.7	13.7	12.3
PBV (x)	1.4	1.3	1.2	1.2	1.1
Dividen yield (%)	6.4	2.0	2.1	1.9	2.2
EV/EBITDA	6.9	7.3	7.2	6.1	5.2

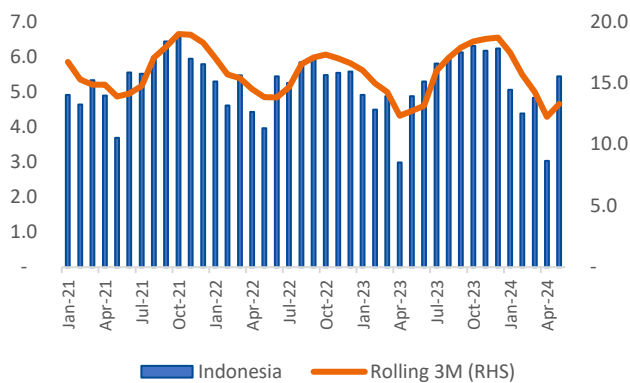
Source: INTP, BRIDS Estimates

Exhibit 1. INTP EV/t Band



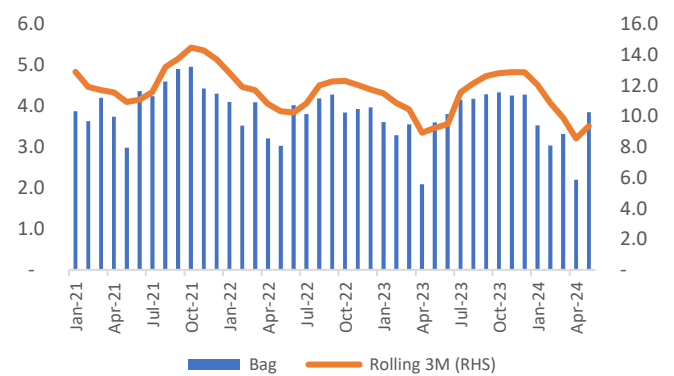
Source: Company, BRIDS Estimates

Exhibit 2. Industry Total Sales Volume (in Mt)



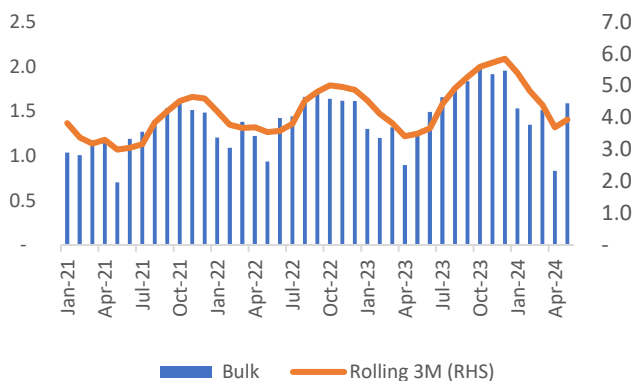
Source: Ministry of Industry, INTP, BRIDS

Exhibit 3. Industry Bagged Cement Sales Volume (in Mt)



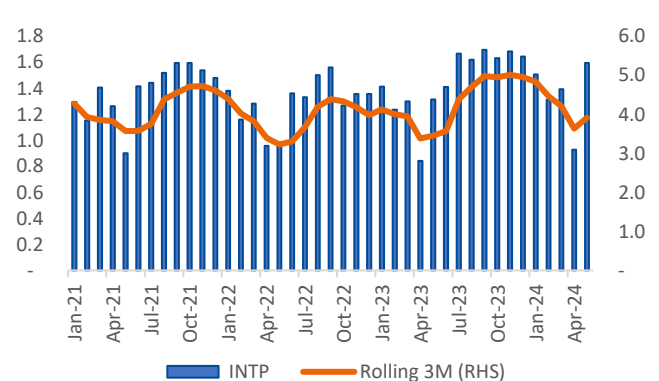
Source: INTP, BRIDS

Exhibit 4. Industry Bulk Sales Volume (in Mt)



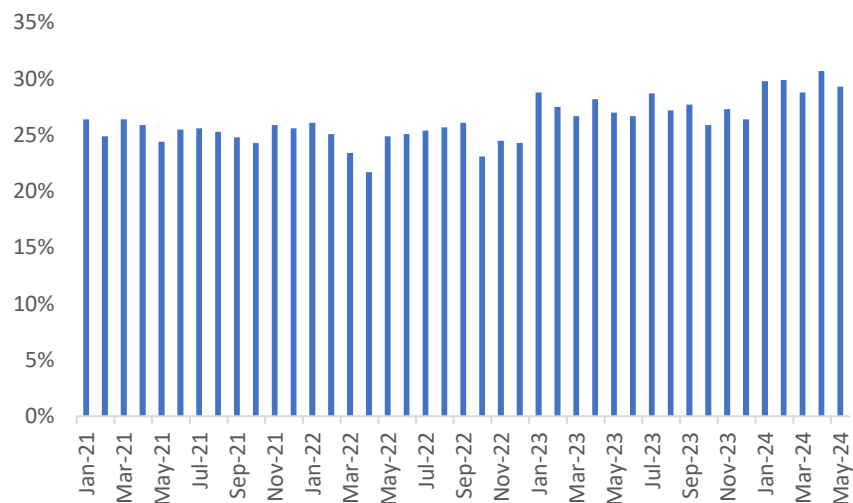
Source: Ministry of Industry, INTP, BRIDS

Exhibit 5. INTP Sales Volume (in Mt)



Source: INTP, BRIDS

Exhibit 6. INTP Market Share



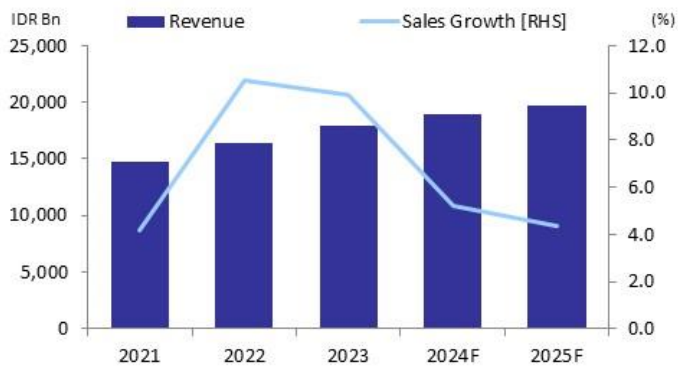
Source: INTP

Exhibit 7. Cement Sales Vol Based on Region (as of May24)

	Industry					INTP					Industry			INTP		
	May-23	Apr-24	May-24	mom	yoy	May-23	Apr-24	May-24	mom	yoy	5M23	5M24	yoy	5M23	5M24	yoy
Jakarta	198,062	94,521	225,159	138%	14%	116,659	53,499	127,215	138%	9%	904,031	926,890	3%	568,035	529,273	-7%
Banten	254,496	132,079	284,125	115%	12%	114,523	62,870	125,583	100%	10%	1,222,048	1,138,879	-7%	559,316	530,332	-5%
West Java	772,046	462,009	860,667	86%	11%	346,649	239,783	420,005	75%	21%	3,439,884	3,440,985	0%	1,617,599	1,723,596	7%
Central Java	585,458	409,230	712,242	74%	22%	191,445	188,246	301,991	60%	58%	2,380,344	2,829,004	19%	742,879	1,232,459	66%
Yogyakarta	89,832	46,849	100,907	115%	12%	19,134	16,444	32,189	96%	68%	380,321	376,925	-1%	65,088	123,816	90%
East Java	680,263	354,725	729,153	106%	7%	74,149	35,827	71,457	99%	-4%	2,975,599	2,911,356	-2%	284,752	304,066	7%
Sumatra	1,075,554	662,765	1,113,877	68%	4%	154,880	94,113	150,373	60%	-3%	4,849,524	4,800,202	-1%	709,401	654,554	-8%
Kalimantan	359,498	262,947	475,412	81%	32%	70,821	62,581	109,820	75%	55%	1,625,221	2,001,968	23%	372,515	435,719	17%
Sulawesi	426,406	306,367	427,951	40%	0%	79,312	59,435	93,721	58%	18%	2,204,141	2,035,608	-8%	440,924	385,246	-13%
Nusa Tenggara	280,184	181,170	346,822	91%	24%	110,392	75,729	125,203	65%	13%	1,310,014	1,489,857	14%	557,844	607,302	9%
East Indonesia	154,316	116,401	159,703	37%	3%	35,956	40,391	37,371	-7%	4%	837,711	786,835	-6%	184,469	208,994	13%
<b>TOTAL</b>	<b>4,876,115</b>	<b>3,029,063</b>	<b>5,436,018</b>	<b>79%</b>	<b>11%</b>	<b>1,313,919</b>	<b>928,918</b>	<b>1,594,929</b>	<b>72%</b>	<b>21%</b>	<b>22,128,838</b>	<b>22,738,509</b>	<b>3%</b>	<b>6,102,822</b>	<b>6,735,357</b>	<b>10%</b>

Source: Ministry of Industry, INTP, BRIDS

**Exhibit 8. Revenue and Growth**



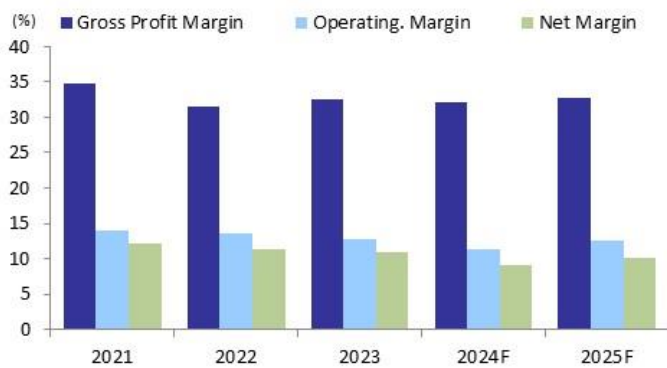
Source: Company, BRIDS Estimates

**Exhibit 9. Net Profit and Growth**



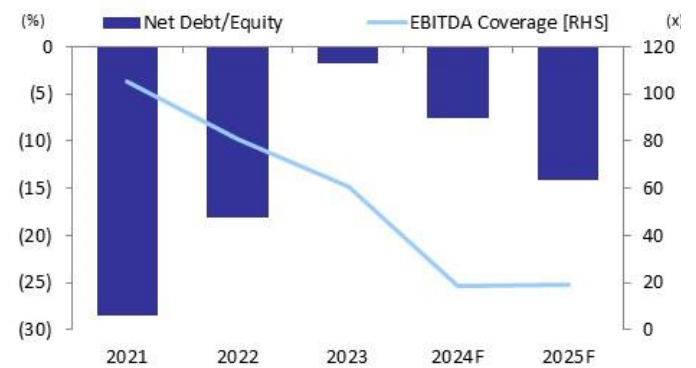
Source: Company, BRIDS Estimates

**Exhibit 10. Margins**



Source: Company, BRIDS Estimates

**Exhibit 11. Gearing Level**



Source: Company, BRIDS Estimates

**Exhibit 12. Income Statement**

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
<b>Revenue</b>	<b>16,328</b>	<b>17,950</b>	<b>18,886</b>	<b>19,703</b>	<b>20,700</b>
COGS	(11,185)	(12,103)	(12,812)	(13,265)	(13,870)
<b>Gross profit</b>	<b>5,143</b>	<b>5,847</b>	<b>6,074</b>	<b>6,438</b>	<b>6,829</b>
<b>EBITDA</b>	<b>3,455</b>	<b>3,656</b>	<b>3,572</b>	<b>3,937</b>	<b>4,241</b>
<b>Oper. profit</b>	<b>2,226</b>	<b>2,282</b>	<b>2,145</b>	<b>2,466</b>	<b>2,724</b>
Interest income	104	182	191	200	210
Interest expense	(43)	(61)	(196)	(209)	(209)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	23	31	31	31	31
Other Income (Expenses)	0	0	0	0	0
<b>Pre-tax profit</b>	<b>2,311</b>	<b>2,434</b>	<b>2,171</b>	<b>2,489</b>	<b>2,757</b>
Income tax	(468)	(484)	(438)	(498)	(549)
Minority interest	0	0	0	0	0
<b>Net profit</b>	<b>1,842</b>	<b>1,950</b>	<b>1,733</b>	<b>1,991</b>	<b>2,208</b>
<b>Core Net Profit</b>	<b>1,842</b>	<b>1,950</b>	<b>1,733</b>	<b>1,991</b>	<b>2,208</b>

**Exhibit 13. Balance Sheet**

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Cash & cash equivalent	4,526	3,185	2,469	4,147	5,985
Receivables	2,686	2,786	2,929	3,054	3,206
Inventory	2,831	2,905	3,075	3,184	3,329
Other Curr. Asset	270	352	352	352	352
Fixed assets - Net	14,895	19,156	18,929	18,657	18,341
Other non-curr.asset	499	1,266	1,266	1,266	1,266
<b>Total asset</b>	<b>25,706</b>	<b>29,650</b>	<b>29,020</b>	<b>30,660</b>	<b>32,478</b>
ST Debt	354	2,416	416	416	416
Payables	2,583	2,712	2,871	2,973	3,108
Other Curr. Liabilities	1,886	2,240	2,318	2,399	2,484
Long Term Debt	634	389	389	389	389
Other LT. Liabilities	683	923	904	887	870
<b>Total Liabilities</b>	<b>6,139</b>	<b>8,680</b>	<b>6,898</b>	<b>7,063</b>	<b>7,267</b>
Shareholder's Funds	19,567	20,970	22,122	23,596	25,211
Minority interests	0	0	0	0	0
<b>Total Equity &amp; Liabilities</b>	<b>25,706</b>	<b>29,650</b>	<b>29,020</b>	<b>30,660</b>	<b>32,478</b>

**Exhibit 3. Cash Flow**

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Net income	1,842	1,950	1,733	1,991	2,208
Depreciation and Amort.	1,228	1,374	1,427	1,472	1,517
Change in Working Capital	(607)	228	(76)	(51)	(77)
Other Oper. Cash Flow	(116)	105	(13)	(10)	(19)
<b>Operating Cash Flow</b>	<b>2,347</b>	<b>3,657</b>	<b>3,070</b>	<b>3,402</b>	<b>3,629</b>
Capex	1,200	1,200	1,200	1,200	1,200
Others Inv. Cash Flow	45	(572)	191	200	210
<b>Investing Cash Flow</b>	<b>1,245</b>	<b>628</b>	<b>1,391</b>	<b>1,400</b>	<b>1,410</b>
Net change in debt	712	(183)	0	0	0
New Capital	0	0	0	0	0
Dividend payment	(1,740)	(549)	(581)	(516)	(593)
Other Fin. Cash Flow	(1,198)	(61)	(196)	(209)	(209)
<b>Financing Cash Flow</b>	<b>(2,226)</b>	<b>(792)</b>	<b>(777)</b>	<b>(725)</b>	<b>(801)</b>
<b>Net Change in Cash</b>	<b>1,366</b>	<b>3,494</b>	<b>3,684</b>	<b>4,078</b>	<b>4,238</b>
Cash - begin of the year	6,141	4,526	3,185	2,469	4,147
Cash - end of the year	4,526	3,185	2,469	4,147	5,985

**Exhibit 15. Key Ratio**

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
<b>Growth (%)</b>					
Sales	10.5	9.9	5.2	4.3	5.1
EBITDA	3.9	5.8	(2.3)	10.2	7.7
Operating profit	7.5	2.5	(6.0)	14.9	10.5
Net profit	3.0	5.9	(11.1)	14.8	10.9
<b>Profitability (%)</b>					
Gross margin	31.5	32.6	32.2	32.7	33.0
EBITDA margin	21.2	20.4	18.9	20.0	20.5
Operating margin	13.6	12.7	11.4	12.5	13.2
Net margin	11.3	10.9	9.2	10.1	10.7
ROAA	7.1	7.0	5.9	6.7	7.0
ROAE	9.2	9.6	8.0	8.7	9.0
<b>Leverage</b>					
Net Gearing (x)	(0.2)	0.0	(0.1)	(0.1)	(0.2)
Interest Coverage (x)	51.9	37.7	10.9	11.8	13.1

Source : SMGR, BRIDS Estimates

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<b>BUY</b>	Expected total return of 10% or more within a 12-month period
<b>HOLD</b>	Expected total return between -10% and 10% within a 12-month period
<b>SELL</b>	Expected total return of -10% or worse within a 12-month period

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