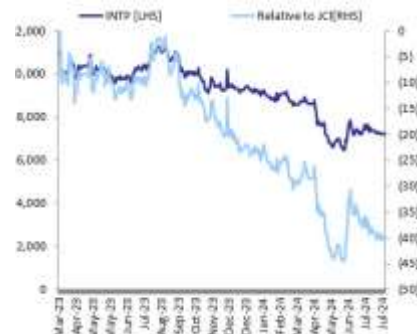


Buy

(Maintained)

Last Price (Rp)	7,200
Target Price (Rp)	8,800
Previous Target Price (Rp)	8,400
Upside/Downside	+22.2%
No. of Shares (mn)	3,681
Mkt Cap (Rpbn/US\$mn)	26,505/1,638
Avg, Daily T/O (Rpbn/US\$mn)	26.5/1.6
Free Float (%)	41.1
Major Shareholder (%)	
Birchwood Omnia Limited	51.0
EPS Consensus (Rp)	
	2024F 2025F 2026F
BRIDS	437.5 495.8 536.9
Consensus	472.0 521.3 596.7
BRIDS/Cons (%)	(7.3) (4.9) (10.0)

INTP relative to JCI Index



Source: Bloomberg

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Indocement Tunggal Prakarsa (INTP II)

Lowering FY24E/FY25E EPS est by 7%-8%; reiterate Buy on Better ASP Management

- INTP's 1H24 NP reached 25%/26% of our/consensus estimate – a miss vs seasonality of 28%, due to rising labor and raw material cost.
- Despite indicating a better Jul24 sales vol trend, mgmt. expects challenges from regional elections and fighting brand competition.
- We cut our FY24E/FY25E NP by 7%/8% due to lower ASP in FY25E and higher costs. Reiterate our Buy rating with an 8% higher TP of Rp 8,800.

1H24: missed our and consensus estimates, but ASP is better than peers

INTP's 1H24 net profit of Rp435bn (-38% yoy) accounted for 25%/26% of our/consensus estimate – a miss vs seasonality of 28%. 2Q24 NP reached Rp197bn (-17% qoq/-40% yoy), dragged down by increasing raw material prices per ton (+8% yoy) and direct labor costs (+9% yoy) in 2Q24, due to rising USD, rising clay and gypsum prices, and wage adjustments. 1H24 revenue improvement was driven mostly by volume (1H24: +10% yoy, 2Q24: +13% yoy), while ASP still fell yoy (1H24: -7%, 2Q24: -4% yoy). However, we observed a 3% qoq higher ASP in 2Q24 after the May-24 hike.

INTP is cautious on 2H24, as competition could continue

Mgmt expects challenges from regional elections and competition from fighting brands such as Semen Merdeka. Based on our tracking, Semen Merdeka is currently priced at an ~18% discount to Semen Gresik, translating to a similar gap between Semen Tiga Roda and Rajawali. However, it fears sluggish volume growth could result in a wider gap between main brand and fighting brand. INTP's fighting brand is currently at ~15% of total sales (vs ~13% in 1Q24), ~100-300bps lower than SMGR. Nevertheless, if the situation is favorable, mgmt. still expects an increase in bag prices by 1-2 times in Aug/Sep-24. Furthermore, it expects infrastructure pipeline to remain robust, with bulk segment expected to continue to grow at a faster rate (1H24 bulk/bag: +32%/+2%, inc Grobogan).

Reiterate Buy rating with a higher TP of Rp 8,800

Despite risk of competition, we note that INTP's ASP hike in 2Q24 was healthier than SMGR. We slightly adjust our revenue by 0%/0.4% in FY24E/FY25E, as we cut our ASP assumption by 0%/0.5% due to stronger growth in the bulk segment. Additionally, we cut our FY24-25F net profit est. by 7%/8%, as we priced in ~3% higher raw material costs per ton. We roll over our valuation to FY25E, and we reiterate our Buy rating with a 5% higher TP of Rp8,800. INTP currently trades at an EV/t of USD94, -1 std dev of the 5-years mean. Downside risks: 1) Sluggish vol, leading to price wars; 2) Entry of new players.

Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Revenue (Rpbn)	16,328	17,950	18,886	19,615	20,514
EBITDA (Rpbn)	3,455	3,656	3,422	3,735	3,958
EBITDA Growth (%)	3.9	5.8	(6.4)	9.2	6.0
Net Profit (Rpbn)	1,842	1,950	1,611	1,825	1,977
EPS (Rp)	500.5	529.8	437.5	495.8	536.9
EPS Growth (%)	3.0	5.9	(17.4)	13.3	8.3
BVPS (Rp)	5,315.3	5,696.3	5,976.1	6,341.6	6,730.8
DPS (Rp)	472.6	149.1	157.8	130.3	147.7
PER (x)	14.4	13.6	16.5	14.5	13.4
PBV (x)	1.4	1.3	1.2	1.1	1.1
Dividen yield (%)	6.6	2.1	2.2	1.8	2.1
EV/EBITDA	6.6	7.1	7.3	6.3	5.5

Source: INTP, BRIDS Estimates

Exhibit 1. 1H24 results summary

(Rpbn)	2Q23	1Q24	2Q24	QoQ, %	YoY, %	1H23	1H24	YoY, %	FY24E (BRIDS)	A/F, %	FY24E (Cons)	A/C, %
Revenue	3,724	4,083	4,042	(1.0)	8.5	7,970	8,125	1.9	18,886	43	18,971	43
Gross profit	1,156	1,180	1,118	(5.3)	(3.3)	2,432	2,298	(5.5)	6,074	38	6,010	38
Operating income	388	314	262	(16.5)	(32.4)	828	576	(30.5)	2,145	27	2,129	27
EBITDA	1,169	685	647	(5.5)	(44.6)	1,491	1,333	(10.6)	3,572	37	3,684	36
Net income	327	238	197	(17.4)	(39.9)	698	435	(37.8)	1,733	25	1,704	26

Margins, %

Gross margin	31.0	28.9	27.7			30.5	28.3		32.2		31.7	
Operating margin	10.4	7.7	6.5			10.4	7.1		11.4		11.2	
EBITDA margin	31.4	16.8	16.0			18.7	16.4		18.9		19.4	
Net margin	8.8	5.8	4.9			8.8	5.4		9.2		9.0	

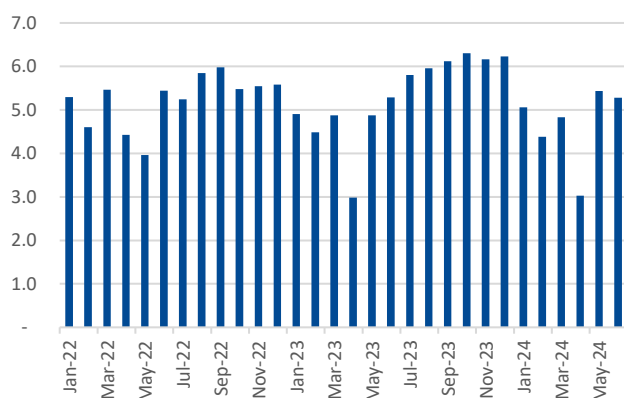
Source: Company, BRIDS Estimates

Exhibit 2. INTP Forecast revision

Rpbn	Old			New			%Changes			Consensus			% Diff ours vs cons.		
	FY24F	FY25F	FY26F	FY24F	FY25F	FY26F	FY24F	FY25F	FY26F	FY24F	FY25F	FY26F	FY24F	FY25F	FY26F
Revenue	18,886	19,703	20,700	18,886	19,615	20,514	0%	0%	-1%	18,937	19,772	20,574	0%	-1%	0%
Gross profit	6,074	6,438	6,829	5,924	6,235	6,546	-2%	-3%	-4%	5,981	6,374	6,717	-1%	-2%	-3%
Operating profit	2,145	2,466	2,724	1,995	2,263	2,441	-7%	-8%	-10%	2,121	2,311	2,526	-6%	-2%	-3%
EBITDA	3,572	3,937	4,241	3,422	3,735	3,958	-4%	-5%	-7%	3,664	3,862	4,114	-7%	-3%	-4%
Net profit	1,733	1,991	2,208	1,611	1,825	1,977	-7%	-8%	-10%	1,699	1,887	2,103	-5%	-3%	-6%
Gross Margin	32.2%	32.7%	33.0%	31.4%	31.8%	31.9%									
Operating Margin	11.4%	12.5%	13.2%	10.6%	11.5%	11.9%									
Net Margin	9.2%	10.1%	10.7%	8.5%	9.3%	9.6%									

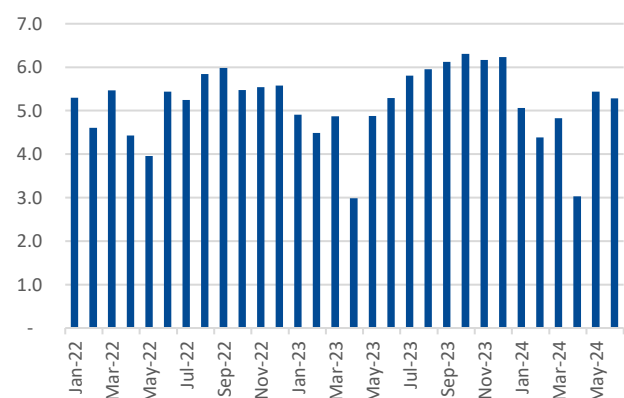
Source: BRIDS Estimates, Bloomberg

Exhibit 3. Industry Sales Volume (In Mt)



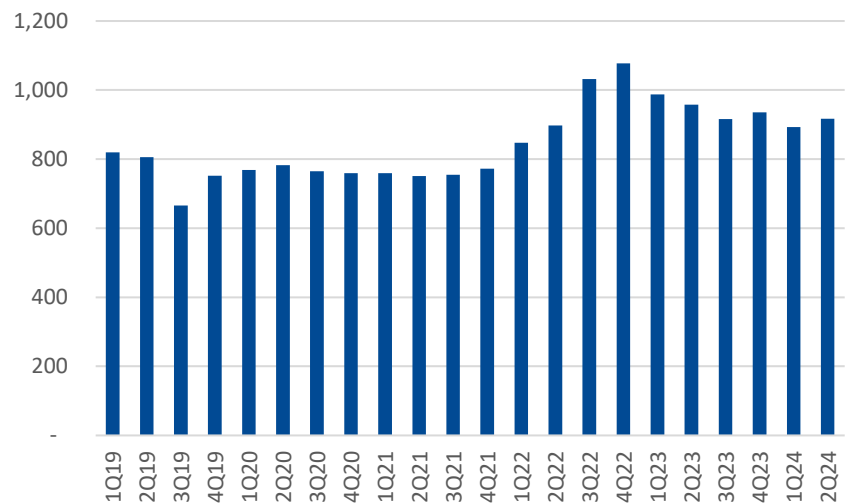
Source: ASI

Exhibit 4. INTP Sales Volume (In Mt)



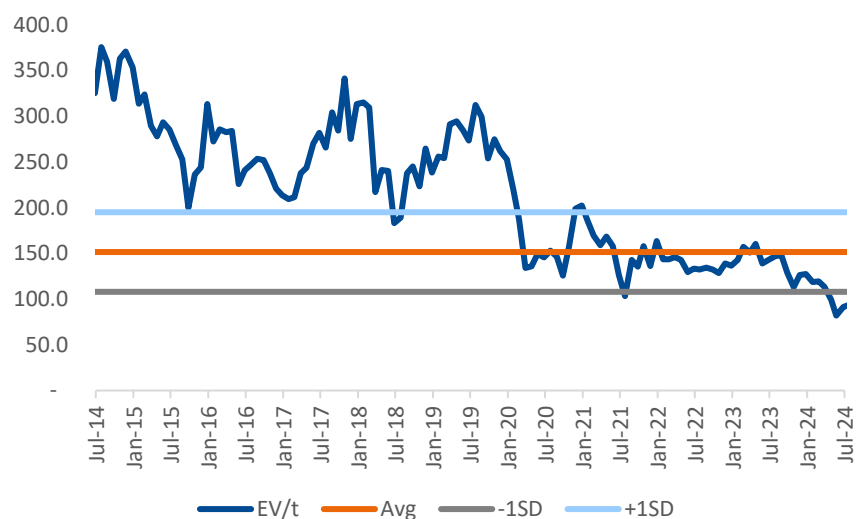
Source: Company

Exhibit 5. INTP ASP (In '000 Rp)



Source: Company, BRIDS

Exhibit 6. EV/t Band



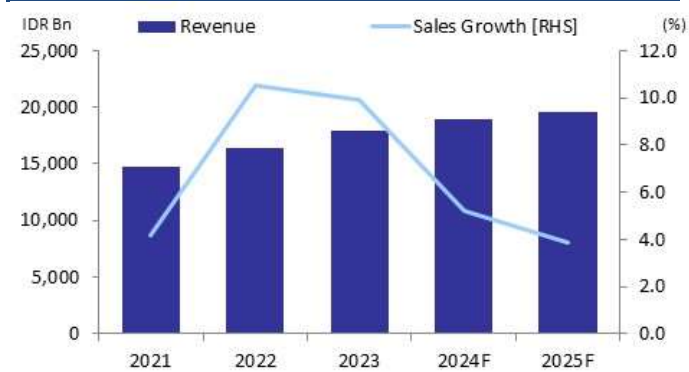
Source: Company, Bloomberg, BRIDS

Exhibit 7. Valuation Summary

		2025	2026	2027	2028	2029
EBIT * (1-tax)	+	1,765	1,904	2,075	2,258	2,451
Depreciation	+	1,472	1,517	1,562	1,607	1,652
Change in working capital	+	(36)	(61)	(96)	(102)	(108)
Capex	-	1,200	1,200	1,200	1,200	1,200
Minority interest	-	-	-	-	-	-
FCFF		2,001	2,159	2,342	2,563	2,794
Discount factor		1.00	1.12	1.25	1.39	1.55
Present value of FCFF		2,001	1,935	1,880	1,844	1,801
Terminal value		22,102	23,854	25,869	28,311	30,872
PV of terminal value		22,102	21,374	20,770	20,368	19,901
NPV	IDR Bn	29,361				
Net debt (as of end 2022)	IDR Bn	(3,102)				
Equity value	IDR Bn	32,464				
Outstanding share	Bn sh	3.68				
Equity value per share	IDR/sh	8,819				
Target price	IDR/sh	8,800				

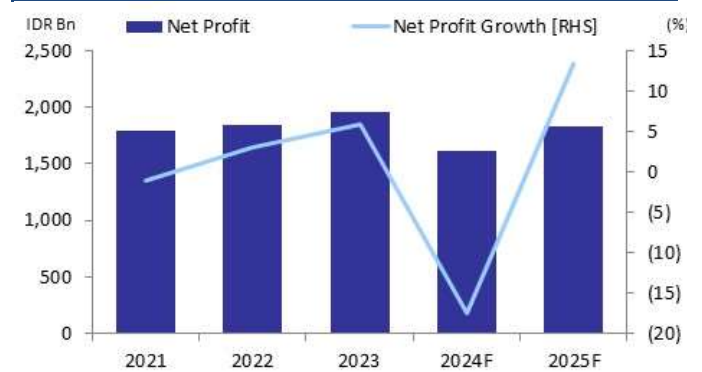
Source: BRIDS Estimates

Exhibit 8. Revenue and Growth



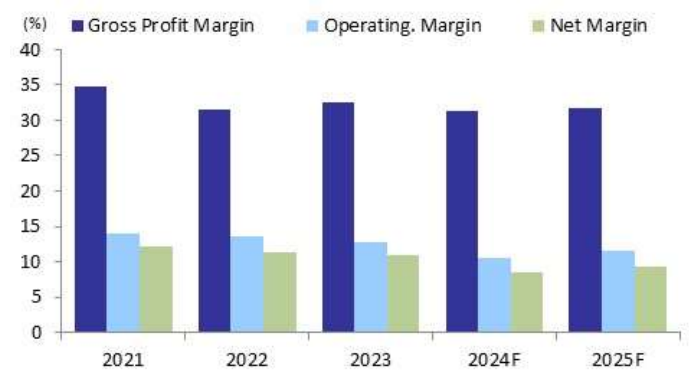
Source: Company, BRIDS Estimates

Exhibit 9. Net Profit and Growth



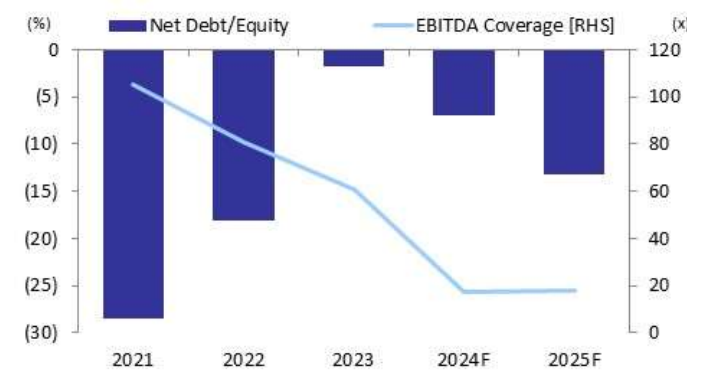
Source: Company, BRIDS Estimates

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
Revenue	16,328	17,950	18,886	19,615	20,514
COGS	(11,185)	(12,103)	(12,962)	(13,379)	(13,968)
Gross profit	5,143	5,847	5,924	6,235	6,546
EBITDA	3,455	3,656	3,422	3,735	3,958
Oper. profit	2,226	2,282	1,995	2,263	2,441
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
Pre-tax profit	2,311	2,434	2,021	2,286	2,474
Income tax	(468)	(484)	(410)	(461)	(497)
Minority interest	0	0	0	0	0
Net profit	1,842	1,950	1,611	1,825	1,977
Core Net Profit	1,842	1,950	1,611	1,825	1,977

Exhibit 13. Balance Sheet

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Cash & cash equivalent	4,526	3,185	2,344	3,907	5,578
Receivables	2,686	2,786	2,929	3,040	3,178
Inventory	2,831	2,905	3,111	3,211	3,352
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
Total asset	25,706	29,650	28,931	30,434	32,067
ST Debt	354	2,416	416	416	416
Payables	2,583	2,712	2,905	2,998	3,130
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
Total Liabilities	6,139	8,680	6,932	7,089	7,289
Shareholder's Funds	19,567	20,970	21,999	23,345	24,778
Minority interests	0	0	0	0	0
Total Equity & Liabilities	25,706	29,650	28,931	30,434	32,067

Exhibit 14. Cash Flow

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Net income	1,842	1,950	1,611	1,825	1,977
Depreciation and Amort.	1,228	1,374	1,427	1,472	1,517
Change in Working Capital	(607)	228	(79)	(36)	(61)
Other Oper. Cash Flow	(116)	105	(13)	(10)	(19)
Operating Cash Flow	2,347	3,657	2,945	3,251	3,413
Capex	1,200	1,200	1,200	1,200	1,200
Others Inv. Cash Flow	45	(572)	191	200	210
Investing Cash Flow	1,245	628	1,391	1,400	1,410
Net change in debt	712	(183)	0	0	0
New Capital	0	0	0	0	0
Dividend payment	(1,740)	(549)	(581)	(480)	(544)
Other Fin. Cash Flow	(1,198)	(61)	(196)	(209)	(209)
Financing Cash Flow	(2,226)	(792)	(777)	(688)	(752)
Net Change in Cash	1,366	3,494	3,559	3,963	4,071
Cash - begin of the year	6,141	4,526	3,185	2,344	3,907
Cash - end of the year	4,526	3,185	2,344	3,907	5,578

Exhibit 15. Key Ratio

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Growth (%)					
Sales	10.5	9.9	5.2	3.9	4.6
EBITDA	3.9	5.8	(6.4)	9.2	6.0
Operating profit	7.5	2.5	(12.6)	13.4	7.9
Net profit	3.0	5.9	(17.4)	13.3	8.3
Profitability (%)					
Gross margin	31.5	32.6	31.4	31.8	31.9
EBITDA margin	21.2	20.4	18.1	19.0	19.3
Operating margin	13.6	12.7	10.6	11.5	11.9
Net margin	11.3	10.9	8.5	9.3	9.6
ROAA	7.1	7.0	5.5	6.1	6.3
ROAE	9.2	9.6	7.5	8.1	8.2
Leverage					
Net Gearing (x)	(0.2)	0.0	(0.1)	(0.1)	(0.2)
Interest Coverage (x)	51.9	37.7	10.2	10.9	11.7

Source : INTP, BRIDS Estimates

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INVESTMENT RATING

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

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