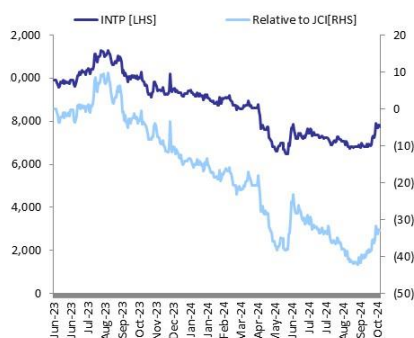


# Buy

(Maintained)

Last Price (Rp)	7,725		
Target Price (Rp)	8,800		
Previous Target Price (Rp)	8,800		
Upside/Downside	+13.9%		
No. of Shares (mn)	3,681		
Mkt Cap (Rpbn/US\$m)	28,438/1,825		
Avg, Daily T/O (Rpbn/US\$m)	23.2/1.5		
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	431.1	479.8	561.8
BRIDS/Cons (%)	1.5	3.3	(4.4)

## INTP relative to JCI Index



Source: Bloomberg

### BRI Danareksa Sekuritas Analysts

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## Indocement Tunggal Prakarsa (INTP IJ) KTA from Concall: A More Promising Outlook

- Though the detailed scheme on 3mn housing is not yet clear, INTP believes the program may boost demand for both bag and bulk.
- IKN construction is still ongoing at a slower pace post- Aug 17<sup>th</sup> ceremony, but other infra projects are still ongoing and pushing bulk sales vol.
- We reiterate BUY on INTP with a TP of Rp8,800. 3mn housing scheme should bring a brighter outlook on LT cement vol. demand.

### 3mn housings: beneficial for vol. demand, but the amount is not certain yet

Albeit the detailed scheme is not clear yet, INTP believes the 3mn housing program may boost industry vol. demand for both bag and bulk. Furthermore, if the housing is built in remote areas, there should even be more cement demand for facilities and road access that need to be built. INTP estimates that 2-3 tons/house of cement is needed for landed houses type 30, and an additional 1 ton/house if it is built using precast material. For apartments, INTP mentioned that ~20% of the budget is usually allocated for cement, vs. ~10% for landed housing.

### Bulk demand still predominates overall sales volume

According to INTP, IKN construction is still ongoing, albeit at a slower pace post the Aug 17th ceremony. Nonetheless, other infra projects (i.e. MRT, LRT, toll roads) are still ongoing, thus pushing the bulk segment to grow (+31% yoy in Sep24). Meanwhile, the bag segment is slowing down (-4.9% yoy in Sep24) due to rising prices in 2Q-3Q24 by most players. Thus, INTP's bulk ratio to total sales rose to 34%-35% of total sales. On pricing, INTP indicated that they have increased the bulk price, but not by a large margin.

### Other developments: increasing fighting brand and stabilizing raw material

Fighting brand to total bag sales is currently slightly above 20%, rising from 20% last year, as purchasing power has weakened and more people are less loyal to certain brands. Meanwhile, on raw material prices, the increase is not as steep as in 2Q24, due to the normalization of the USDIDR exchange rate. These two factors would have a slight negative impact on GPM likely in 3Q24E, although we believe it would be offset by rising prices on bag and the impact of higher volume growth.

### Reiterate BUY on INTP; brighter long-term outlook for cement volume

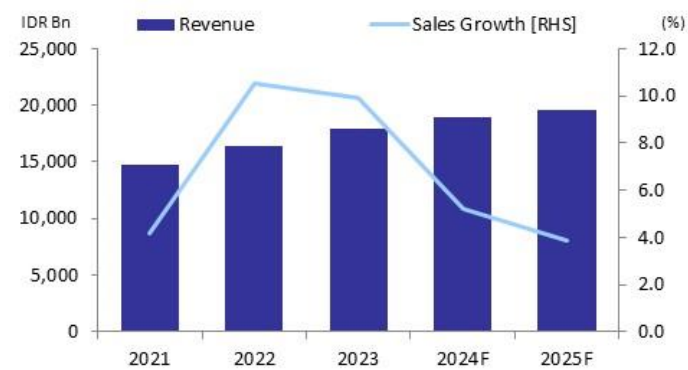
We reiterate BUY on INTP with a TP of Rp8,800, and as our top pick in cement. INTP currently trades at US\$95/t (-1.5 std dev of the 5-year mean). We continue to expect INTP to record in line 3Q24E results, as we observe better vol. growth and better ASP situation in 3Q24 compared to 1H24. We believe the 3mn housing program should bring a positive impact to cement sales vol., yet the actual amount would depend on the scheme and other variables (e.g., location, house spec, mix of landed/apartment/renovation, land procurement).

### 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)	15.4	14.6	17.7	15.6	14.4
PBV (x)	1.5	1.4	1.3	1.2	1.1
Dividen yield (%)	6.1	1.9	2.0	1.7	1.9
EV/EBITDA	7.2	7.7	7.9	6.8	6.0

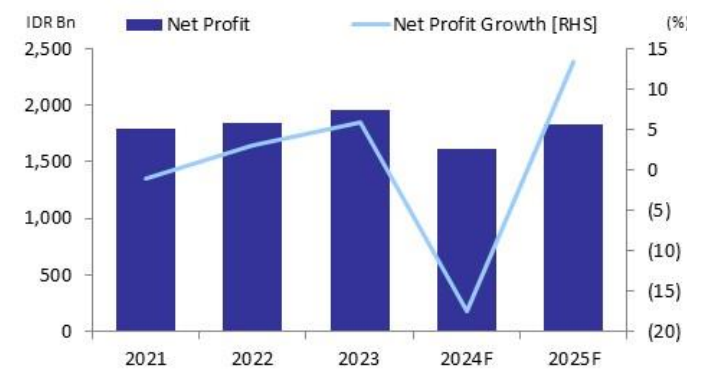
Source: INTP, BRIDS Estimates

**Exhibit 1. Revenue and Growth**



Source: Company, BRIDS Estimates

**Exhibit 2. Net Profit and Growth**



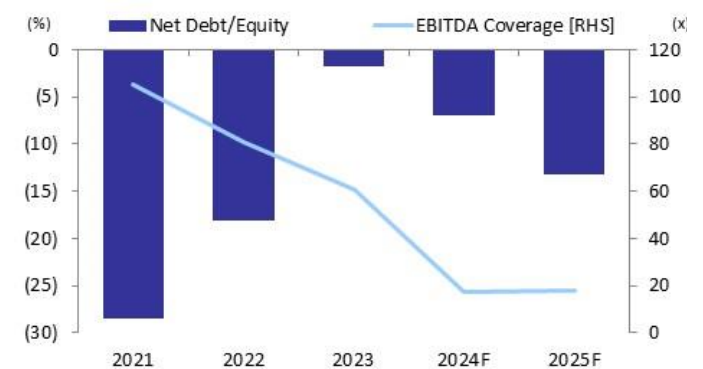
Source: Company, BRIDS Estimates

**Exhibit 3. Margins**



Source: Company, BRIDS Estimates

**Exhibit 4. Gearing Level**



Source: Company, BRIDS Estimates

**Exhibit 5. 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>19,615</b>	<b>20,514</b>
COGS	(11,185)	(12,103)	(12,962)	(13,379)	(13,968)
<b>Gross profit</b>	<b>5,143</b>	<b>5,847</b>	<b>5,924</b>	<b>6,235</b>	<b>6,546</b>
<b>EBITDA</b>	<b>3,455</b>	<b>3,656</b>	<b>3,422</b>	<b>3,735</b>	<b>3,958</b>
<b>Oper. profit</b>	<b>2,226</b>	<b>2,282</b>	<b>1,995</b>	<b>2,263</b>	<b>2,441</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>2,021</b>	<b>2,286</b>	<b>2,474</b>
Income tax	(468)	(484)	(410)	(461)	(497)
Minority interest	0	0	0	0	0
<b>Net profit</b>	<b>1,842</b>	<b>1,950</b>	<b>1,611</b>	<b>1,825</b>	<b>1,977</b>
<b>Core Net Profit</b>	<b>1,842</b>	<b>1,950</b>	<b>1,611</b>	<b>1,825</b>	<b>1,977</b>

**Exhibit 6. 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
<b>Total asset</b>	<b>25,706</b>	<b>29,650</b>	<b>28,931</b>	<b>30,434</b>	<b>32,067</b>
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
<b>Total Liabilities</b>	<b>6,139</b>	<b>8,680</b>	<b>6,932</b>	<b>7,089</b>	<b>7,289</b>
Shareholder's Funds	19,567	20,970	21,999	23,345	24,778
Minority interests	0	0	0	0	0
<b>Total Equity &amp; Liabilities</b>	<b>25,706</b>	<b>29,650</b>	<b>28,931</b>	<b>30,434</b>	<b>32,067</b>

**Exhibit 7. 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)
<b>Operating Cash Flow</b>	<b>2,347</b>	<b>3,657</b>	<b>2,945</b>	<b>3,251</b>	<b>3,413</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)	(480)	(544)
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>(688)</b>	<b>(752)</b>
<b>Net Change in Cash</b>					
Cash - begin of the year	<b>1,366</b>	<b>3,494</b>	<b>3,559</b>	<b>3,963</b>	<b>4,071</b>
Cash - end of the year	6,141	4,526	3,185	2,344	3,907

**Exhibit 8. Key Ratio**

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
<b>Growth (%)</b>					
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
<b>Profitability (%)</b>					
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
<b>Leverage</b>					
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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<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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