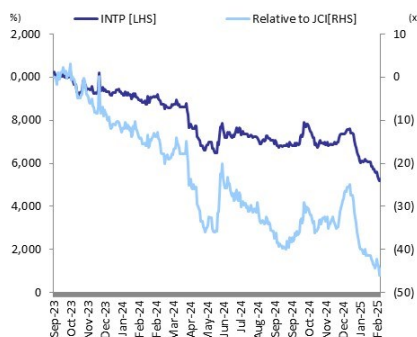


Buy

(Maintained)

Last Price (Rp)	5,250
Target Price (Rp)	8,800
Previous Target Price (Rp)	8,800
Upside/Downside	+67.6%
No. of Shares (mn)	3,681
Mkt Cap (Rpbn/US\$mn)	19,326/1,189
Avg, Daily T/O (Rpbn/US\$mn)	12.0/0.7
Free Float (%)	40.3
Major Shareholder (%)	
Birchwood Omnia Limited	51.0
EPS Consensus (Rp)	
	2024F 2025F 2026F
BRIDS	437.6 506.9 550.4
Consensus	451.4 500.4 552.8
BRIDS/Cons (%)	(3.1) 1.3 (0.4)

INTP relative to JCI Index



Source: Bloomberg

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Indocement Tunggal Prakarsa (INTP II) Decent Vol Growth Expectation in FY25F, With Less Intense Competition

- INTP's management expects 2%-3% vol. growth, and an ASP increase in May/Jun25 to pass through rising labor and industrial fuel costs.
- Mgmt sees competition from Chinese players and Semen Merdeka to be more benign, yet the outlook still hinges on strategy.
- Maintain INTP as our top pick in the cement sector. We expect better opex efficiency as RDF usage is rising.

Management expects 2%-3% vol. growth with ASP increase in mid-FY25F

We recently met with the CEO and CFO of INTP to discuss the industry and the company's outlook. Management expects INTP vol growth to reach 2%-3% in FY25F, with the bag market expected to recover, while the bulk market is expected to maintain decent growth from private projects. On Bosowa, management intends to extend its lease, which will end in Sep25. Meanwhile, mgmt expects to increase ASP by May or Jun25 to pass on rising labor and industrial fuel costs. Management expects better qoq growth in 4Q24.

Competition from Semen Merdeka has become less intense

Mgmt sees competition from Chinese players, such as Conch and Hongshi, becoming less intense over the past few years. However, it sees disruptions coming mainly from Semen Merdeka since 1Q24. Nonetheless, based on our price tracker, we see that Merdeka has become less aggressive in 2H24, with higher pricing (+8% in Dec24 vs. Sep24), thus narrowing the gap to main brand pricing (22% vs. Semen Gresik ASP in Dec24 vs. 29% in Sep24).

RDF materials as alternate fuel to enhance opex efficiency

INTP continues to push alternative fuel (AF) usage to substitute partial coal usage as a main energy source. Currently, the company uses RDF materials from Bantargebang, which produce energy that is equivalent to 75% of coal's, yet only costs 30%-40% of coal's price. Management expects larger RDF material procurement from the commencement of Lorotan RDF in late Feb25. As of 9M24, the AF ratio to total fuel usage reached 21.1% (vs. 18.3% in FY23), with a target of a 25% AF ratio in FY25F and 42% by FY30F.

Maintain Buy rating with TP of Rp8,800

We reiterate our preference for INTP as our top pick in the cement sector, with a **Buy** rating and TP of **Rp8,800**. INTP is currently trading at EV/EBITDA of 5.4x and EV/t of US\$62, both at -1 std dev of its 5-year mean. Downside risks to our call: 1) Competition heats up due to subpar market demand growth; 2) Slower progress on private and under construction projects.

Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Revenue (Rpbn)	16,328	17,950	18,516	19,067	19,764
EBITDA (Rpbn)	3,239	3,278	3,546	3,915	4,154
EBITDA Growth (%)	(2.6)	1.2	8.2	10.4	6.1
Net Profit (Rpbn)	1,842	1,950	1,611	1,866	2,026
EPS (Rp)	500.5	529.8	437.6	506.9	550.4
EPS Growth (%)	3.0	5.9	(17.4)	15.9	8.6
BVPS (Rp)	5,315.3	5,696.3	6,049.1	6,486.1	6,955.3
DPS (Rp)	472.6	149.1	84.8	70.0	81.1
PER (x)	10.5	10.0	12.1	10.4	9.6
PBV (x)	1.0	0.9	0.9	0.8	0.8
Dividen yield (%)	9.0	2.8	1.6	1.3	1.5
EV/EBITDA	4.9	5.8	4.9	4.0	3.3

Source: INTP, BRIDS Estimates

Decent Vol Growth Expectation in FY25F, with Less Intense Competition

Management expects 2%-3% vol growth with ASP increase in mid-FY25F

We recently met with the CEO and CFO of INTP to discuss the industry and the company's outlook. Management expects INTP vol growth to reach 2%-3% in FY25F, with the bag market expected to recover, while the bulk market is expected to maintain decent growth from private projects (MRT, LRT, Kendal Industrial Estate, Batang Industrial Estate, and toll roads owned by private entities). Mgmt expects growth from these private projects to be able to offset weaker growth from government projects due to a lower infra budget, although it sees that toll roads that have reached the construction phase will remain unaffected by the budget cuts.

On Bosowa, management intends to extend its lease, which will end in Sep25. Meanwhile, mgmt expects to increase ASP by May or Jun25 to pass on rising labor and industrial fuel costs. Management expects better qoq growth in 4Q24.

Competition from Semen Merdeka has become less intense

Mgmt sees competition from Chinese players, such as Conch and Hongshi, becoming less intense over the past few years. However, it sees disruptions coming mainly from Semen Merdeka since 1Q24. Nonetheless, based on our price tracker, Merdeka has become less aggressive in 2H24, with higher pricing (+8% in Dec24 vs. Sep24), thus narrowing the gap to main brand pricing (22% vs. Semen Gresik ASP in Dec24 vs. 29% in Sep24).

Management expects a better competitive landscape with more rationale among players, although it will depend on how cement players react to their peers' strategies.

RDF materials as alternate fuel to enhance opex efficiency

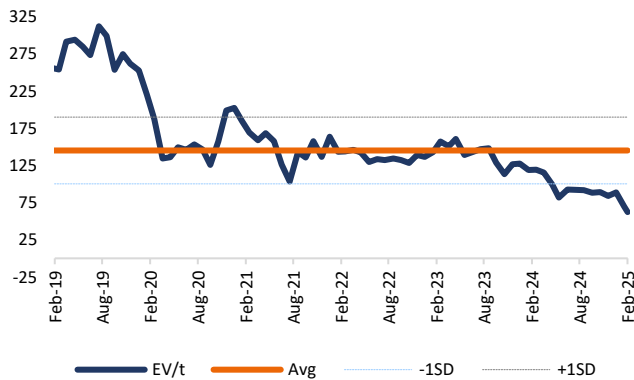
INTP continues to push alternative fuel (AF) usage to substitute partial coal usage as a main energy source. Currently, the company uses RDF materials from Bantargebang, which produce energy that is equivalent to 75% of coal's, yet only costs 30%-40% of coal's price. Management expects larger RDF material procurement from the commencement of Lorotan RDF in late Feb25. As of 9M24, the AF ratio to total fuel usage reached 21.1% (vs. 18.3% in FY23), with a target of a 25% AF ratio in FY25F and 42% by FY30F.

INTP is also in the process of using RDF material for the Grobogan plant (which currently uses biomass as an alternate fuel, thus capex for modification is relatively small) and Maros (still not using any alternate fuel, which would require capex in the future). As of 9M24, the AF ratio to total fuel usage reached 21.1% (vs. 18.3% in 2023), with a target of a 25% AF ratio in FY25F and 42% in FY30F.

Maintain BUY with TP of Rp8,800

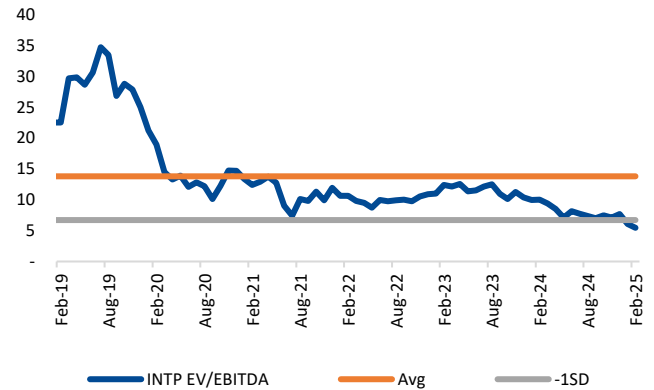
We reiterate our preference for INTP as our top pick in the cement sector, with a **Buy** rating and TP of **Rp8,800**. INTP is currently trading at EV/EBITDA of 5.4x and EV/t of US\$62, both at -1 std dev of its 5-year mean. Downside risks to our call: 1) Competition heats up due to subpar market demand growth; 2) Slower progress on private and under construction projects.

Exhibit 1. INTP EV/t Band



Source: Company, BRIDS Estimates

Exhibit 2. INTP EV/EBITDA Band



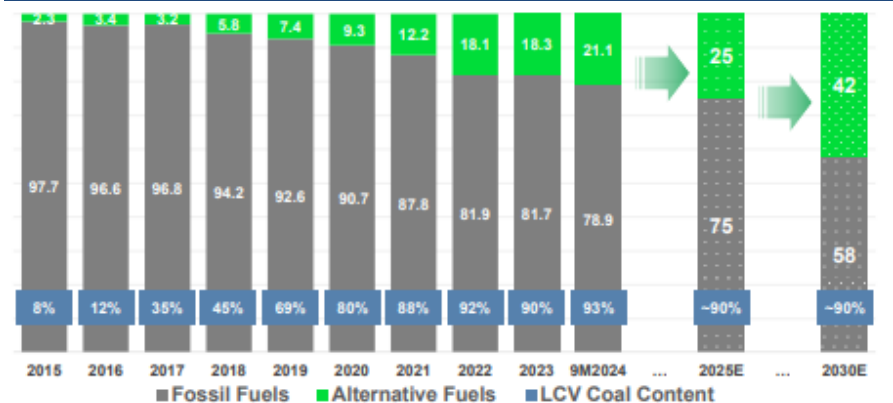
Source: Company, BRIDS Estimates

Exhibit 3. SMGR & INTP Historical Price

Brand (Avg price Rp/kg)	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	% MoM
Semen Padang	1,374	1,409	1,409	1,431	1,431	1,401	-2.1%
Semen Gresik	1,477	1,500	1,511	1,491	1,489	1,541	3.5%
Semen Dynamix	1,505	1,505	1,505	1,507	1,533	1,533	0.0%
Semen Tonasa	1,525	1,525	1,525	1,550	1,550	1,550	0.0%
Semen Rajawali	1,213	1,231	1,257	1,265	1,270	1,270	0.0%
Semen Grobogan	1,263	1,281	1,281	1,281	1,281	1,281	0.0%
Semen Baturaja	1,290	1,310	1,310	1,310	1,320	1,320	0.0%
Semen Bosowa	1,461	1,461	1,461	1,461	1,461	1,461	0.0%
Semen Tiga Roda	1,457	1,496	1,496	1,496	1,473	1,466	-0.5%
Semen Merdeka	-	1,066	1,113	1,145	1,149	1,145	-0.4%
Semen Jempolan	-	1,080	1,010	1,098	1,098	1,076	-2.0%

Source: BRIDS Survey

Exhibit 4. INTP's Fuel Consumption Trend



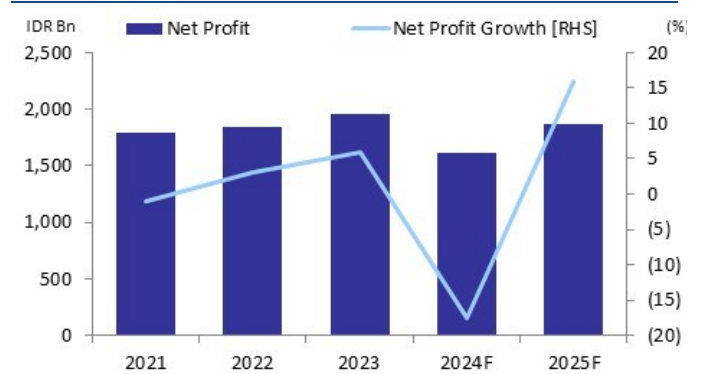
Source: INTP

Exhibit 5. Revenue and Growth



Source: Company, BRIDS Estimates

Exhibit 6. Net Profit and Growth



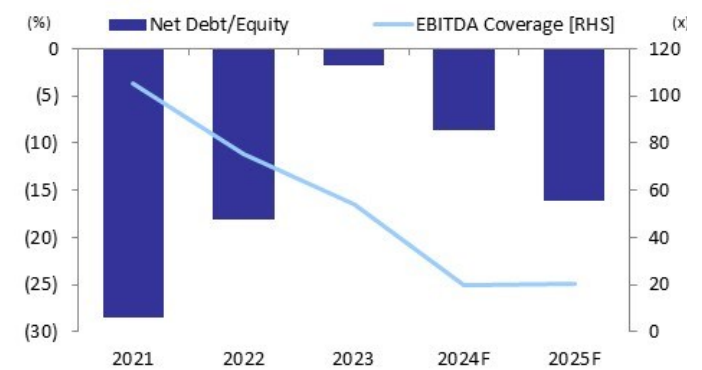
Source: Company, BRIDS Estimates

Exhibit 7. Margins



Source: Company, BRIDS Estimates

Exhibit 8. Gearing Level



Source: Company, BRIDS Estimates

Exhibit 9. Income Statement

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Revenue	16,328	17,950	18,516	19,067	19,764
COGS	(11,185)	(12,103)	(12,667)	(12,907)	(13,294)
Gross profit	5,143	5,847	5,849	6,160	6,469
EBITDA	3,239	3,278	3,546	3,915	4,154
Oper. profit	2,226	2,282	2,062	2,384	2,577
Interest income	104	182	109	114	120
Interest expense	(43)	(61)	(181)	(193)	(193)
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	2,336	2,535
Income tax	(468)	(484)	(410)	(470)	(509)
Minority interest	0	0	0	0	0
Net profit	1,842	1,950	1,611	1,866	2,026
Core Net Profit	1,842	1,950	1,611	1,866	2,026

Exhibit 10. Balance Sheet

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Cash & cash equivalent	4,526	3,185	2,532	4,446	6,507
Receivables	2,686	2,786	2,872	2,956	3,063
Inventory	2,831	2,905	3,040	3,098	3,191
Other Curr. Asset	270	352	352	352	352
Fixed assets - Net	14,895	19,156	18,872	18,541	18,164
Other non-curr.asset	499	1,266	1,266	1,266	1,266
Total asset	25,706	29,650	28,934	30,660	32,542
ST Debt	354	2,416	313	313	313
Payables	2,583	2,712	2,839	2,892	2,979
Other Curr. Liabilities	1,886	2,240	2,318	2,399	2,484
Long Term Debt	634	389	292	292	292
Other LT. Liabilities	683	923	904	887	870
Total Liabilities	6,139	8,680	6,666	6,783	6,938
Shareholder's Funds	19,567	20,970	22,268	23,877	25,604
Minority interests	0	0	0	0	0
Total Equity & Liabilities	25,706	29,650	28,934	30,660	32,542

Exhibit 11. Cash Flow

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Net income	1,842	1,950	1,611	1,866	2,026
Depreciation and Amort.	1,012	996	1,484	1,531	1,577
Change in Working Capital	(607)	228	(18)	(6)	(27)
Other Oper. Cash Flow	(116)	105	53	61	56
Operating Cash Flow	2,131	3,279	3,130	3,451	3,633
Capex	1,200	1,200	1,200	1,200	1,200
Others Inv. Cash Flow	45	(572)	109	114	120
Investing Cash Flow	1,245	628	1,309	1,314	1,320
Net change in debt	712	(183)	(200)	0	0
New Capital	0	0	0	0	0
Dividend payment	(1,740)	(549)	(312)	(258)	(299)
Other Fin. Cash Flow	(1,198)	(61)	(181)	(193)	(193)
Financing Cash Flow	(2,226)	(792)	(693)	(451)	(492)
Net Change in Cash	1,150	3,115	3,746	4,315	4,461
Cash - begin of the year	6,141	4,526	3,185	2,532	4,446
Cash - end of the year	4,526	3,185	2,532	4,446	6,507

Exhibit 12. Key Ratio

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Growth (%)					
Sales	10.5	9.9	3.2	3.0	3.7
EBITDA	(2.6)	1.2	8.2	10.4	6.1
Operating profit	7.5	2.5	(9.6)	15.6	8.1
Net profit	3.0	5.9	(17.4)	15.9	8.6
Profitability (%)					
Gross margin	31.5	32.6	31.6	32.3	32.7
EBITDA margin	19.8	18.3	19.1	20.5	21.0
Operating margin	13.6	12.7	11.1	12.5	13.0
Net margin	11.3	10.9	8.7	9.8	10.3
ROAA	7.1	7.0	5.5	6.3	6.4
ROAE	9.2	9.6	7.5	8.1	8.2
Leverage					
Net Gearing (x)	(0.2)	0.0	(0.1)	(0.2)	(0.2)
Interest Coverage (x)	51.9	37.7	11.4	12.3	13.3

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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