

# PT Indocement Tunggal Perkasa Tbk (INTP)

Company Focus

Monday, November 25, 2024

## Seasonal Sales Boost and Strategic Cost Management

**The bottom line is below our expectations.** INTP recorded revenue of IDR 5.20 trillion in 3Q24 (+28.54% QoQ, +4.81% YoY), driven by growth across all segments. Revenue from cement, the main contributor amounted to IDR 4.71 trillion (+27.66% QoQ, +3.17% YoY). Ready-mix concrete contributed IDR 467.20 billion (+36.40%QoQ, +24.58% YoY), and aggregates brought in IDR 23.41 billion (+69.35% QoQ, +6.63% YoY). This robust revenue growth was underpinned by increases in both sales volume as well as seasonal factors along with a higher ASP due to the company's making an adjustment in August/September against cost hikes. According to this result, INTP's cumulative revenue reached IDR 13.32 trillion, or slightly increased by 3.04% YoY in 9M24, translating to 70% of ours and 71% of consensus. However, the cost of revenue increased by 4.51% YoY to IDR 9.24 trillion bringing gross profit to IDR 4.08 trillion (-0.14% YoY) mainly caused by a higher manufacturing overhead from the additional operation of Maros & Grobogan. Given the results, and increase in opex, operating income also lowered to IDR 1.38 trillion, declined by 8.86% YoY or generating OPM at 10.4%, compared to 11.7% in 9M23. Moreover, INTP's net profit of IDR 1.06 trillion, falling down 16.68% YoY, which reflects 68% of ours and 66% of consensus.

**Anticipated slower demand growth in 4Q24.** Along with historical data showing the cement demand in 4Q to be strong, We anticipated the demand growth in 4Q this year will not be aggressive considering the weak purchasing power, regional election (Pilkada) in November, and Christmas holidays. By the end of the year, we expect that overall national demand will grow 2-3% YoY. Meanwhile, as of 9M24, national cement demand reached 46.03 mn tons or increased 1.62% YoY. Bulk demand remains a key driver with demand growth of +10.9% YoY, resulting in a higher composition reaching 31% compared to the last year which was only 28% along with the construction of the new capital city. Meanwhile, the bag segment was corrected by 2.0% YoY. Given the industry data, INTP recorded a domestic sales volume of 14.55 mn tons, which increased by 9.5% YoY, mainly supported by the Grobogan plant. The bulk segment boosted a demand that accelerated by +32.6% YoY, while the bag market grew by 1.4% YoY. Thus, INTP gained a market share for YtD in September 2024 at 29.7% with Java at 37.8% and outside Java at 21.1%. In contrast, sales volume from export tumbled to 189k tons (-57.5% YoY). Therefore, overall INTP's sales volume reached 14.74 mn tons (+7.28% YoY).

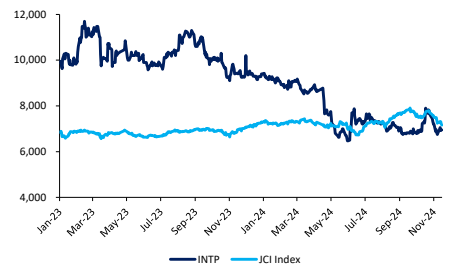
**Further rising in ASP to maintain the cost.** Despite the challenges in 9M24 performance, INTP has managed to sustain its profitability, achieving an EBITDA margin of 19.0%, (compared to 19.6% in 9M23). This was made possible through cost savings efforts on the operational side, combined with an increase in selling price. However, we anticipate a lower EBITDA margin by the end of this year, with our projection at approximately 19%, slightly lowered from 20.4% in FY23. To maintain its profitability, the company initiated a price increase in November, in a selective area relying on demand-supply dynamics. Notably, INTP has increased its ASP by around 3-4% YtD. On the other hand, the company will also monitor its fighting brand potion at around 20% is also part of the company's effort to retain its margin, as more fighting brand portions will hinder the increase in ASP. Additionally, INTP strives to enhance the use of alternative fuels, through RDF (from waste processing) & variety of biomass products. Currently, alternative fuel contributed 21.15% of the total fuel consumption rate, compared to 2023 which is only 18.3%.

**Maintained BUY with a TP of IDR 8,300 per share.** Although INTP's performance is slightly below expectations, several catalysts can improve the company's performance, such as 1) The prolonged 100% discount of VAT on house purchases (with a certain limit) until the end of the year, 2) the expectation of lower interest rate could improving demand on property, 3). the new government policy on housing programs. We maintain a buy rating for INTP with a target price of IDR 8,300 per share, reflecting 13.0x PE and 5.9x EV/EBITDA for FY25F. Risks to our call: 1) Increase in energy price (coal & oil), 2) Volatility of foreign exchange rates, 3) Increasing tight competition ahead slower demand growth than we expected, and 4) More fighting brand portion than we expected that could be dragged down the margin.

**BUY**

Current Price (IDR) (22/11)	7,000
<b>Target price (IDR)</b>	<b>8,300</b>
Upside/Downside (%)	18.6%
52 Week High (IDR)	10,200
52 Week Low (IDR)	6,275
Major Shareholders:	
Heidelberg Materials AG	51.00%
Public and others	49.00%

## Stock Price Movement



Source: Bloomberg, Shinhan Sekuritas Indonesia

Anissa Septiwijaya

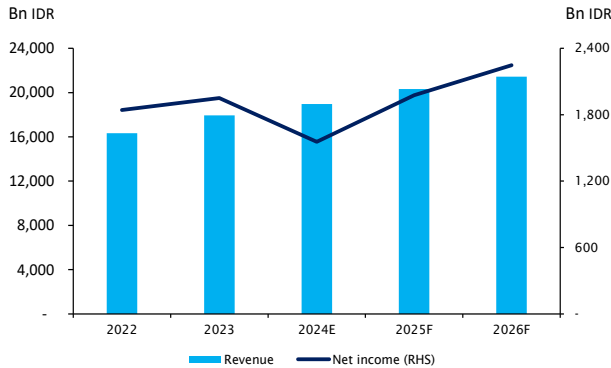
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# PT Indocement Tunggal Perkasa Tbk (INTP)

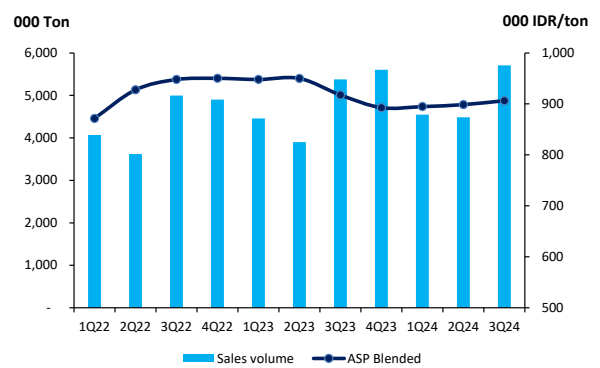
## Company Focus

### Revenue and Net Income



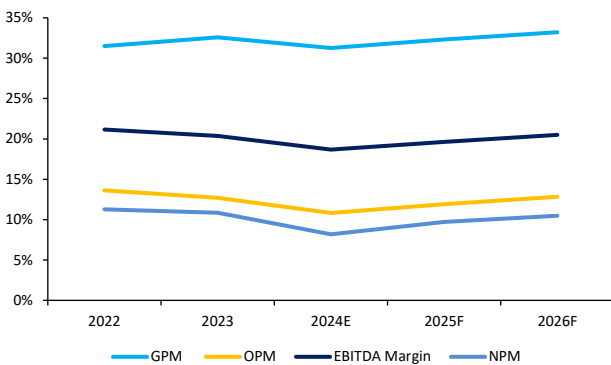
Source: Company, Shinhan Sekuritas Indonesia

### Sales volume vs blended ASP



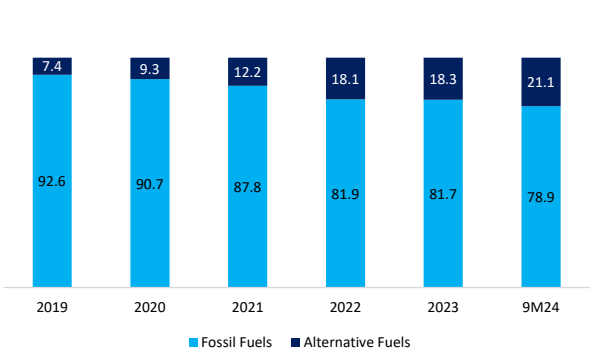
Source: Company, Shinhan Sekuritas Indonesia

### Profitability margin



Source: Company, Shinhan Sekuritas Indonesia

### Fuel Consumption Rate %



Source: Speedtest Global Index, Shinhan Sekuritas Indonesia

### INTP EV/EBITDA Band



Source: Company, Shinhan Sekuritas Indonesia

### INTP PE Band



Source: Company, Shinhan Sekuritas Indonesia

# PT Indocement Tungal Perkasa Tbk (INTP)

## Income Statement

Year-End 31 Dec (Bn IDR)	2022	2023	2024F	2025F	2026F
<b>Sales</b>	<b>16,328</b>	<b>17,950</b>	<b>18,957</b>	<b>20,328</b>	<b>21,436</b>
COGS	(11,185)	(12,103)	(13,033)	(13,759)	(14,316)
<b>Gross Profit</b>	<b>5,143</b>	<b>5,847</b>	<b>5,925</b>	<b>6,569</b>	<b>7,120</b>
EBITDA	3,455	3,656	3,543	3,992	4,397
Operating Expenses	(3,334)	(3,626)	(3,934)	(4,207)	(4,430)
<b>Operating Profit</b>	<b>2,226</b>	<b>2,282</b>	<b>2,052</b>	<b>2,424</b>	<b>2,751</b>
Pre-Tax Profit	2,289	2,396	1,993	2,533	2,882
Income Tax Expenses	(447)	(446)	(439)	(557)	(634)
<b>Net Profit</b>	<b>1,842</b>	<b>1,950</b>	<b>1,555</b>	<b>1,975</b>	<b>2,248</b>
EPS (IDR)	500	530	422	537	611

Source: Company, Shinhan Sekuritas Indonesia

## Balance Sheet

Year-End 31 Dec (Bn IDR)	2022	2023	2024F	2025F	2026F
<b>Assets</b>					
Cash & Cash Equivalents	4,526	3,185	3,602	3,064	4,481
Accounts Receivable	2,652	2,742	2,896	3,105	3,275
Inventories	2,831	2,905	3,128	3,302	3,436
Other Current Assets	304.21	395.99	398.45	401.79	404.50
<b>Total Current Assets</b>	<b>10,312</b>	<b>9,228</b>	<b>10,024</b>	<b>9,873</b>	<b>11,596</b>
Net Fixed Assets	14,895	19,156	19,576	19,439	19,247
Other Assets	499	1,266	1,266	1,266	1,266
<b>Total Assets</b>	<b>25,706</b>	<b>29,650</b>	<b>30,865</b>	<b>30,579</b>	<b>32,108</b>
<b>Liabilities and equities</b>					
Accounts Payables	2,583	2,712	2,921	3,083	3,208
Other Short-Term Liabilities	2,239	4,656	4,656	2,656	2,656
<b>Total Current Liabilities</b>	<b>4,822</b>	<b>7,368</b>	<b>7,577</b>	<b>5,739</b>	<b>5,864</b>
Long-Term Borrowings	634	389	389	389	389
Other Long-Term Liabilities	683	923	961	1,002	1,048
<b>Total Liabilities</b>	<b>6,139</b>	<b>8,680</b>	<b>8,926</b>	<b>7,130</b>	<b>7,301</b>
<b>Minority Interest</b>	-	-	-	-	-
<b>Shareholders' equity</b>	<b>19,567</b>	<b>20,970</b>	<b>21,939</b>	<b>23,448</b>	<b>24,808</b>
BVPS (IDR)	5,315	5,696	5,960	6,370	6,739

Source: Company, Shinhan Sekuritas Indonesia

## Cash Flows

Year-End 31 Dec (Bn IDR)	2022	2023	2024F	2025F	2026F
<b>Net Profit</b>	<b>1,842</b>	<b>1,950</b>	<b>1,555</b>	<b>1,975</b>	<b>2,248</b>
Change in Working Capital	(1,003)	(45)	(171)	(224)	(181)
<b>CFs from Operating</b>	<b>2,247</b>	<b>3,174</b>	<b>2,464</b>	<b>2,888</b>	<b>3,260</b>
<b>CFs from Investing</b>	<b>(1,607)</b>	<b>(6,023)</b>	<b>(1,500)</b>	<b>(1,000)</b>	<b>(1,000)</b>
<b>CFs from Financing</b>	<b>(2,255)</b>	<b>1,508</b>	<b>(547)</b>	<b>(2,425)</b>	<b>(843)</b>
Net Inc./((Dec.) in Cash	(1,615)	(1,341)	416	(537)	1,416
<b>Cash at End. Period</b>	<b>4,526</b>	<b>3,185</b>	<b>3,602</b>	<b>3,064</b>	<b>4,481</b>

Source: Company, Shinhan Sekuritas Indonesia

## Key Ratio

Year-End 31 Dec	2022	2023	2024F	2025F	2026F
<b>Profitability</b>					
Gross Margin	31.5%	32.6%	31.3%	32.3%	33.2%
Operating Margin	13.6%	12.7%	10.8%	11.9%	12.8%
EBITDA Margin	21.2%	20.4%	18.7%	19.6%	20.5%
Profit Margin	11.3%	10.9%	8.2%	9.7%	10.5%
ROA	7.2%	6.6%	5.0%	6.5%	7.0%
ROE	9.4%	9.3%	7.1%	8.4%	9.1%
<b>Growth</b>					
Revenue	10.5%	9.9%	5.6%	7.2%	5.5%
Gross Profit	0.3%	13.7%	1.3%	10.9%	8.4%
Operating Profit	7.5%	2.5%	-10.1%	18.1%	13.5%
EBITDA	5.4%	5.8%	-3.1%	12.7%	10.1%
Net Profit	3.0%	5.9%	-20.3%	27.0%	13.8%
<b>Solvability</b>					
Current Ratio (x)	2.1	1.3	1.3	1.7	2.0
Quick Ratio (x)	1.6	0.9	0.9	1.1	1.4
Debt to Equity (x)	0.1	0.1	0.1	0.0	0.0
Interest Coverage (x)	51.9	37.7	9.9	54.8	62.2

Source: Company, Shinhan Sekuritas Indonesia



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