

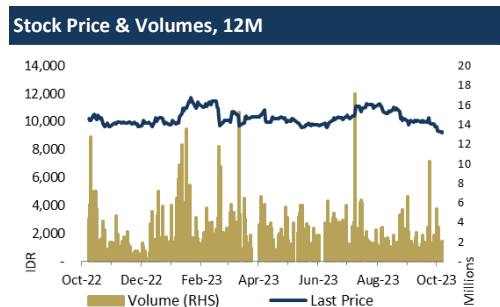
BUY (Maintain)

Target Price (IDR)	12,625
Potential Upside (%)	30.2

Price Comparison	
Cons. Target Price (IDR)	12,473
SSI vs. Cons. (%)	101.2

Stock Information	
Last Price (IDR)	9,700
Shares Issued (Mn)	3,681
Market Cap. (IDR Bn)	33,499
52-Weeks High/Low (IDR)	11,850/9,025
3M Avg. Daily Value (IDR Bn)	31.2
Free Float (%)	42.2
Shareholder Structure:	
Birchwood Omnia Ltd. (%)	51.0
Treasury (%)	6.8
Public (%)	42.2

Stock Performance				
(%)	YTD	1M	3M	12M
Absolute	(8.1)	(8.5)	(12.7)	(10.8)
JCI Return	(3.0)	(4.3)	(3.5)	(5.8)
Relative	(5.0)	(4.3)	(9.2)	(5.0)



Company Background
PT Indocement Tunggal Prakarsa Tbk (INTP) is the second-largest integrated cement producer in Indonesia with two main brands, Tiga Roda and Rajawali. Through its subsidiary, INTP produces and sells cement, ready mix, aggregate and quarry with a total production capacity of 25.5 million tons.

Daniel Widjaja
+62 21 2854 8322
Daniel.aditya@samuel.co.id

Yosua Zisokhi
+62 21 2854 8387
Yosua.Zisokhi@samuel.co.id

Expanding Market Share With Acquisition

Lower-than-expected 3Q23 results. INTP posted revenue of IDR 5.0tn in 3Q23 (+33.1% QoQ, +4.4% YoY) with a cumulative 9M23 figure of IDR 12.9tn (+10.9% YoY), in line with ours (SSI: 75.7%) and cons (73.4%). The revenue growth in 3Q23 was mainly driven by sales volume growth (due to the low-base effect in 2Q23 from the Eid holiday) to 5.0 million tons (+39.5% QoQ, +13.3% YoY), which helped offset the slight decline in ASP to IDR 902k/ton (-4.0% QoQ, -7.3% YoY). However, INTP's GPM fell to 33.4% in 3Q23 (vs. 3Q22: 35.2%), mainly due to the increase in contribution from the company's 2nd tier product amidst tight competition in the Java market (the Java market has lots of cheaper options for consumers, making it difficult for INTP's 1st tier products to compete). On its bottom line, INTP booked a net profit of IDR 569 billion in 3Q23 (+73.9% QoQ, -13.2% YoY) with a cumulative 9M23 net profit of IDR 1.3tn (+33.8% YoY), below ours (68.2%) and cons (6.2%).

Acquisition of Semen Grobogan. INTP has just signed a deal to acquire 100% of Semen Grobogan for IDR 3.9tn, less than 20% of INTP's equity (1H23: IDR 19.7tn). Semen Grobogan has an annual production capacity of 1.8 million tons of clinker and 2.5 million tons of cement, which is expected to be consolidated into INTP's production capacity in 1Q24, bringing INTP's total production capacity to 28 million tons. Semen Grobogan's products are sold mainly in Central Java with an ASP of ~IDR 65k/50 kg, with Semen Gresik (SMGR) as its main competitor. In our opinion, it will be difficult for Semen Grobogan to gain more market share in Central Java, considering that Semen Gresik is already the market leader there. However, on the other hand, this acquisition consolidates two cement players in Indonesia, making the competition less tight and reducing the possibility of price war and fluctuations (over the last 6 months, the price of bagged cement was quite flat). With this acquisition, we project INTP's sales volume to reach 18.4 million tons (+3.3% YoY) in FY24F, with an additional market share of +2-3%.

FY23F and FY24F projections. Even though domestic cement consumption dropped -0.6% YoY in 9M23, we are optimistic that the full-year figure will experience positive growth in FY23F (0+1% YoY) and FY24F (+1-2% YoY), supported by infrastructure development and the recovery in demand from the property sector. Therefore, we project INTP's revenue to grow +4.8% YoY/+6.8% YoY in FY23F/24F. Regarding its net profit, we forecast a slight decline in FY23F (-3.5% YoY) before a rebound in FY24F (+8.3% YoY).

BUY, TP IDR 12,625 (20.5x FY24F P/E). Considering its 9M23 performance and acquisition of Semen Grobogan, we reiterate our BUY rating on INTP with a TP of IDR 12,625 (20.5x FY24F P/E). **Risk:** 1) Lower-than-expected demand for cement, 2) higher-than-expected coal prices and logistic costs.

Valuations (at closing price IDR 9,700 per share)					
Y/E Dec	21A	22A	23F	24F	25F
Revenue (IDR Bn)	14,772	16,328	17,114	18,278	19,597
EBITDA (IDR Bn)	3,144	3,239	3,329	3,607	3,898
EV/EBITDA (x)	8.7	9.2	8.9	8.1	7.3
Net Profit (IDR Bn)	1,788	1,842	1,778	1,924	2,101
EPS (IDR)	504	537	518	560	612
EPS Growth (%)	2.7	6.5	(3.5)	8.3	9.2
P/E Ratio (x)	19.3	18.1	18.7	17.3	15.9
BVPS (IDR)	5,809	5,698	5,679	5,722	5,774
P/BV Ratio (x)	1.7	1.7	1.7	1.7	1.7
DPS (IDR)	519	507	537	518	560
Dividend Yield (%)	5.3	5.2	5.5	5.3	5.8
ROAE (%)	8.4	9.2	9.1	9.8	10.6
ROAA (%)	6.7	7.1	6.9	7.5	8.0
Interest Coverage (x)	65.5	51.9	43.2	44.1	44.8
Net Gearing (x)	NC	NC	NC	NC	NC

Table 1. 3Q23 Results

INTP (IDR Bn)	3Q22	2Q23	3Q23	QoQ (%)	YoY (%)	9M22	9M23	YoY (%)
Revenue	4,750	3,724	4,958	33.1	4.4	11,661	12,928	10.9
Gross Profit	1,673	1,156	1,657	43.3	-1.0	3,442	4,089	18.8
Operating Profit	788	383	669	74.4	-15.1	1,053	1,506	42.9
EBITDA	1,078	714	1,021	43.0	-5.3	1,926	2,520	30.9
Net Profit	655	327	569	73.9	-13.2	947	1,267	33.8
Gross Margin	35.2%	31.0%	33.4%	237 bps	-182 bps	29.5%	31.6%	210 bps
Operating Margin	16.6%	10.3%	13.5%	319 bps	-310 bps	9.0%	11.6%	261 bps
EBITDA Margin	22.7%	19.2%	20.6%	143 bps	-210 bps	16.5%	19.5%	298 bps
Net Margin	13.8%	8.8%	11.5%	269 bps	-232 bps	8.1%	9.8%	168 bps
Operational Data	3Q22	2Q23	3Q23	QoQ (%)	YoY (%)	9M22	9M23	YoY (%)
Domestic Cement Sales	4,277	3,353	4,492	34.0	5.0	10,503	11,642	10.8
COGS	3,076	2,568	3,301	28.5	7.3	8,218	8,839	7.6
OPEX	886	773	988	27.8	11.5	2,389	2,583	8.1
Domestic Volume (000 Ton)	4,395	3,571	4,981	39.5	13.3	11,590	12,501	7.9
Domestic ASP (IDR `000/ton)	973	939	902	-4.0	-7.3	906	931	2.8
Cost/ton (IDR `000)	700	719	663	-7.9	-5.3	709	707	-0.3
Opex/ton (IDR `000)	202	216	198	-8.4	-1.6	206	207	0.2

Source: Company, SSI Research

Figure 1. Semen Grobogan's Factory



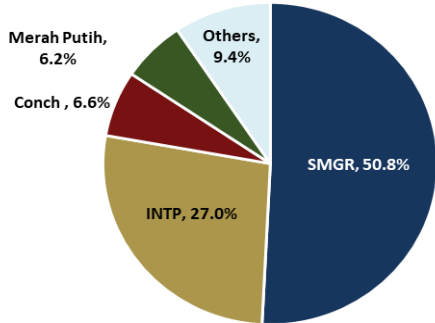
Source: Company, SSI Research

Figure 2. Cement Prices Comparison (40kg, Semarang)

 <p>PreOrder</p> <p>semen tiga roda 40 kg</p> <p>Rp55.000</p> <p>Grosir</p> <p>Semarang</p>	 <p>Semen grobogan 40kg</p> <p>MURAH</p> <p>Rp51.000</p> <p>PRC Semarang</p>	 <p>Semen Gresik 40kg Area Semarang</p> <p>Rp59.852</p>
---	---	---

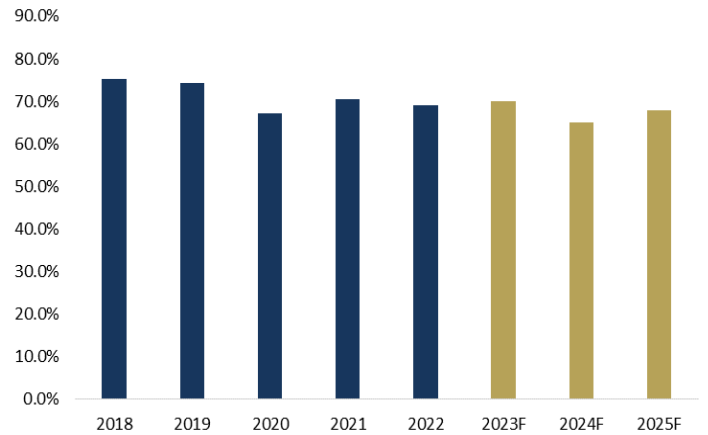
Source: Tokopedia, SSI Research

Figure 3. Cement Market Share in Indonesia (Sep-23)



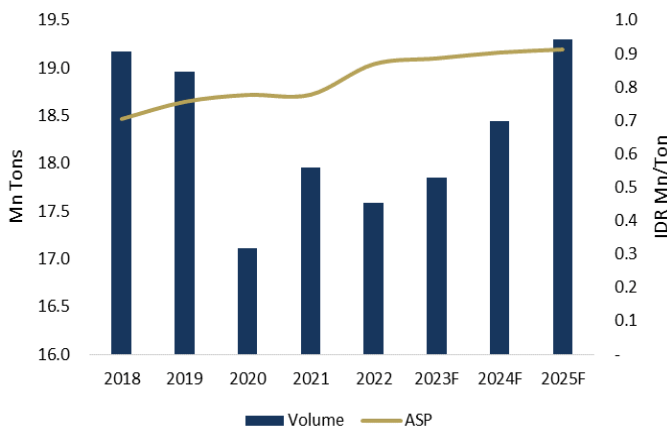
Source: Company, SSI Research

Figure 4. INTP's Utilization Rate



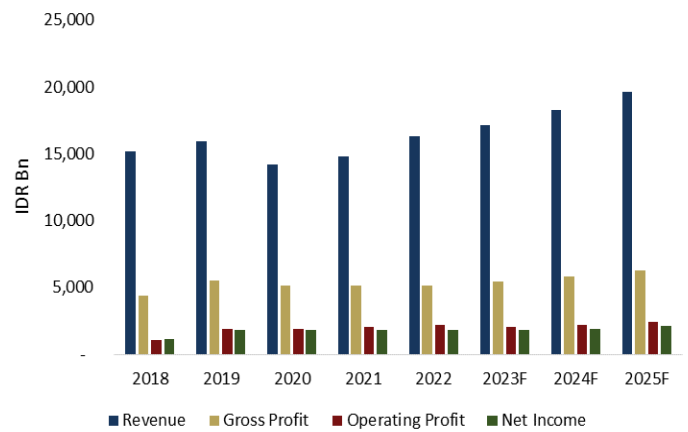
Source: Company, SSI Research

Figure 5. INTP's Volume and ASP



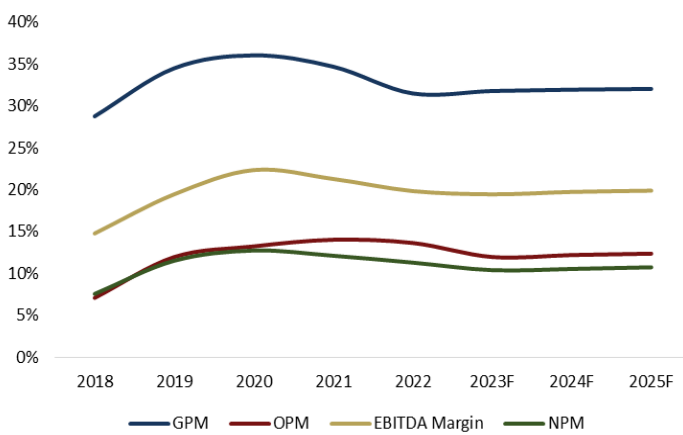
Source: Company, SSI Research

Figure 6. Financial Performance Trajectory



Source: Company, SSI Research

Figure 7. Profitability Margins



Source: Company, SSI Research

Figure 8. P/E Band



Source: Bloomberg, Company, SSI Research

Key Financial Figures

Profit and Loss					
Y/E Dec (IDR Bn)	21A	22A	23F	24F	25F
Revenue	14,772	16,328	17,114	18,278	19,597
Cost of Revenue	(9,646)	(11,185)	(11,673)	(12,437)	(13,317)
Gross Profit	5,126	5,143	5,442	5,841	6,280
Operating Expense	(3,219)	(3,334)	(3,495)	(3,732)	(4,002)
G&A Expense	(622)	(719)	(754)	(805)	(863)
Selling & Marketing Expense	(2,597)	(2,615)	(2,741)	(2,928)	(3,139)
Other Income (Expense)	163	418	100	120	144
Operating Profit	2,071	2,226	2,047	2,228	2,422
EBITDA	3,144	3,239	3,329	3,607	3,898
Interest Income	257	126	222	224	257
Interest Expense	(32)	(43)	(47)	(51)	(54)
Forex Gain (Loss)	-	-	-	-	-
Others	24	23	24	26	28
Pre-tax Profit	2,234	2,289	2,209	2,391	2,611
Taxes	(446)	(447)	(431)	(467)	(510)
Minority Interest	-	-	-	-	-
Net Profit	1,788	1,842	1,778	1,924	2,101

Balance Sheet					
Y/E Dec (IDR Bn)	21A	22A	23F	24F	25F
Cash	6,141	4,526	4,575	5,248	6,040
Receivables	2,587	2,652	2,726	2,620	2,528
Inventory	2,267	2,831	2,918	3,109	3,329
Others	341	304	282	282	282
Total Current Asset	11,337	10,312	10,501	11,259	12,179
Net Fixed Asset	14,342	14,895	14,613	14,234	13,758
Other Assets	457	499	499	499	499
Total Asset	26,136	25,706	25,613	25,992	26,436
Payables	2,083	1,835	1,886	2,010	2,152
ST. Debt and CMLTD	162	354	340	362	388
Other Current Liabilities	2,402	2,634	2,593	2,640	2,693
Current Liability	4,647	4,822	4,819	5,011	5,233
LT. Debt	114	634	609	648	694
Other LT. Liabilities	755	683	683	683	683
Total Liability	5,515	6,139	6,111	6,343	6,610
Minority Interest	-	-	-	-	-
Total Equity	20,621	19,567	19,502	19,649	19,826

Cash Flow					
Y/E Dec (IDR Bn)	21A	22A	23F	24F	25F
Net Profit	1,788	1,842	1,778	1,924	2,101
D&A	1,073	1,012	1,282	1,379	1,476
Changes in Working Capital	(71)	(607)	(129)	85	68
Operating CF	2,791	2,247	2,931	3,388	3,645
Capital Expenditure	(1,018)	(1,565)	(1,000)	(1,000)	(1,000)
Others	191	(42)	-	-	-
Investing CF	(827)	(1,607)	(1,000)	(1,000)	(1,000)
Dividend Paid	(1,841)	(1,741)	(1,842)	(1,778)	(1,924)
Net Borrowing	(225)	712	(39)	62	71
Others	(1,539)	(1,226)	0	(0)	-
Financing CF	(3,604)	(2,255)	(1,881)	(1,715)	(1,853)
Net - Cash flow	(1,641)	(1,615)	49	673	792
Adjustment	85	(1)	-	-	-
Cash at Beginning	7,698	6,141	4,526	4,575	5,248
Cash at Ending	6,141	4,526	4,575	5,248	6,040

Key Ratios					
Y/E Dec	21A	22A	23F	24F	25F
Gross Profit Margin (%)	34.7	31.5	31.8	32.0	32.0
Operating Margin (%)	14.0	13.6	12.0	12.2	12.4
Pretax Margin (%)	15.1	14.0	12.9	13.1	13.3
Net Profit Margin (%)	12.1	11.3	10.4	10.5	10.7
Revenue Growth (%)	4.1	10.5	4.8	6.8	7.2
EBITDA Margin (%)	21.3	19.8	19.5	19.7	19.9
EBITDA Growth (%)	(0.8)	3.0	2.8	8.4	8.1
Debt to Equity (x)	0.0	0.1	0.0	0.1	0.1

Major Assumptions					
Y/E Dec	21A	22A	23F	24F	25F
Sales Volume (000 Ton)	17,960	17,586	17,850	18,446	19,298
ASP Growth (%)	0.1	11.7	2.0	2.0	1.0
Utilization Rate (%)	70.4	69.0	70.0	65.0	68.0

Table 2. Peers Comparison

Company Ticker	Country	Company Ticker	Market Cap (USD Mn)	PER (x)		EV/EBITDA (x)		PBV (x)		ROE (%)	
				2023F	2024F	2023F	2024F	2023F	2024F	2023F	2024F
XINJIANG TIAN-A	CN	000877 CH	8,475	13.5	14.0	8.9	8.3	0.7	0.7	4.8	4.8
TANGSHAN JIDON-A	CN	000401 CH	2,568	18.4	17.8	7.8	6.4	0.6	0.6	2.3	3.7
CONCH CEMENT-H	CN	914 HK	16,223	7.6	6.5	3.9	3.4	0.5	0.5	6.9	7.7
CHINA NATL BDG-H	CN	3323 HK	4,022	7.2	4.4	8.8	7.5	0.3	0.3	3.8	5.7
CHINA NATL BDG-H	CN	3323 HK	4,022	7.2	4.4	8.8	7.5	0.3	0.3	3.8	5.7
AMBUJA CEMENTS	IN	ACEM IN	9,691	26.3	23.7	15.3	12.6	2.3	2.1	9.8	9.7
ACC LTD	IN	ACC IN	4,156	20.9	17.6	12.1	10.3	2.2	2.0	11.1	12.3
ULTRATECH CEMENT	IN	UTCEN IN	29,041	31.7	26.3	18.0	15.5	4.0	3.6	13.4	14.2
SHREE CEMENT	IN	SRCM IN	11,008	45.6	35.0	21.5	18.0	4.5	4.0	10.8	12.4
ASIA CEMENT CORP	TW	1102 TT	4,368	11.2	11.4	13.7	13.1	0.9	0.9	7.0	6.7
TAIWAN CEMENT	TW	1101 TT	7,072	20.2	17.3	16.6	14.1	1.1	1.0	4.9	5.4
SSANGYONG C&E CO	KR	003410 KS	2,048	29.6	30.2	9.7	9.7	1.7	1.7	6.0	5.7
SAMPYO CEMENT CO	KR	038500 KS	247	9.8	9.1	6.3	6.2	0.5	0.4	4.9	5.0
SIAM CEMENT PCL	TH	SCC TB	9,510	12.5	11.3	12.5	10.6	0.9	0.8	7.3	7.3
HOLCIM LTD	US	HOLN SW	35,800	10.9	10.2	6.9	6.6	1.1	1.1	10.2	10.7
HEIDELBERG MATER	DE	HEI GR	13,394	6.9	6.6	5.0	4.9	0.7	0.7	10.8	10.6
ADBRI LTD	AU	ABC AU	822	12.2	12.2	6.8	6.6	0.9	0.9	7.8	6.7
BORAL LTD	AU	BLD AU	3,147	26.6	22.7	10.0	9.2	2.3	2.1	8.0	8.5
EAGLE MATERIALS	US	EXP US	5,369	11.0	10.1	7.7	7.3	3.8	3.0	35.1	29.5
CEMEX SAB-CPO	MX	CEMEXCPO M	8,711	8.6	7.2	4.9	4.6	0.7	0.7	9.5	9.9
SEMEN INDONESIA	ID	SMGR IJ	2,571	15.1	12.8	6.6	6.2	0.9	0.9	6.1	7.0
INDOCEMENT TUNGG	ID	INTP IJ	2,100	15.6	13.8	8.1	7.4	1.6	1.5	10.1	11.1
Global Weighted Average			184,365	17.7	15.3	10.7	9.4	1.8	1.6	10.0	10.4

Source: Bloomberg, SSI Research (closing price at 3/11/2023)

Research Team			
Prasetya Gunadi	Head of Equity Research, Strategy, Banking, Digital Banks	prasetya.gunadi@samuel.co.id	+6221 2854 8320
Lionel Priyadi	Macro Equity Strategist	lionel.priyadi@samuel.co.id	+6221 2854 8854
Muhamad Alfatih, CSA, CTA, CFTe	Senior Technical Analyst	m.alfatih@samuel.co.id	+6221 2854 8129
Yosua Zisokhi	Cement , Cigarette, Paper, Plantation,Telco Infra, Chemicals	yosua.zisokhi@samuel.co.id	+6221 2854 8387
M. Farras Farhan	Media, Poultry, Oil & Gas, Technology	farras.farhan@samuel.co.id	+6221 2854 8346
Pebe Peresia	Automotive, Consumer Staples, Retail	pebe.peresia@samuel.co.id	+6221 2854 8339
Juan Oktavianus Harahap	Coal, Metal Mining	juan.oktavianus@samuel.co.id	+6221 2854 8846
Jonathan Guyadi	Banking, Healthcare, Telco	jonathan.guyadi@samuel.co.id	+6221 2854 8321
Adolf Richardo	Editor	adolfo.richardo@samuel.co.id	+6221 2864 8397
Ashalia Fitri Yuliana	Research Associate	ashalia.fitri@samuel.co.id	+6221 2854 8389
Daniel Aditya Widjaja	Research Associate	daniel.aditya@samuel.co.id	+6221 2854 8322
Laurencia Hiemas	Research Associate	laurencia.hiemas@samuel.co.id	+6221 2854 8392
Brandon Boedhiman	Research Associate	brandon.boedhiman@samuel.co.id	+6221 2854 8392
Haikal Putra Samsul	Research Associate	haikal.putra@samuel.co.id	+6221 2854 8353

Equity Institutional Team			
Widya Meidrianto	Head of Institutional Equity Sales	widya.meidrianto@samuel.co.id	+6221 2854 8317
Ronny Ardianto	Institutional Equity Sales	ronny.ardianto@samuel.co.id	+6221 2854 8399
Fachruly Fiater	Institutional Sales Trader	fachruly.fiater@samuel.co.id	+6221 2854 8325
Lucia Irawati	Institutional Sales Trader	lucia.irawati@samuel.co.id	+6221 2854 8173
Alexander Tayus	Institutional Equity Dealer	alexander.tayus@samuel.co.id	+6221 2854 8319
Leonardo Christian	Institutional Equity Dealer	leonardo.christian@samuel.co.id	+6221 2854 8147

Equity Retail Team			
Joseph Soegandhi	Director of Equity	joseph.soegandhi@samuel.co.id	+6221 2854 8872
Damargumilang	Head of Equity Retail	damargumilang@samuel.co.id	+6221 2854 8309
Anthony Yunus	Head of Equity Sales	anthony.yunus@samuel.co.id	+6221 2854 8314
Clarice Wijana	Head of Equity Sales Support	clarice.wijana@samuel.co.id	+6221 2854 8395
Gitta Wahyu Retnani	Equity Sales & Trainer	gitta.wahyu@samuel.co.id	+6221 2854 8365
Vincentius Darren	Equity Sales	darren@samuel.co.id	+6221 2854 8348
Michael Alexander	Equity Sales	michael.alexander@samuel.co.id	+6221 2854 8369
Sylviawati	Equity Sales	sylviawati@samuel.co.id	+6221 2854 8112
Handa Sandiawan	Equity Sales	handa.sandiawan@samuel.co.id	+6221 2854 8302
Denzel Obaja	Equity Sales	denzel.obaja@samuel.co.id	+6221 2854 8342
Wahyudi Budiyo	Dealer	wahyudi.budiyo@samuel.co.id	+6221 2854 8152

Fixed Income Sales Team			
R. Virine Tresna Sundari	Head of Fixed Income	virine.sundari@samuel.co.id	+6221 2854 8170
Rudianto Nugroho	Fixed Income Sales	rudianto.nugroho@samuel.co.id	+6221 2854 8306
Sany Rizal Keliobas	Fixed Income Sales	sany.rizal@samuel.co.id	+6221 2854 8337
Safitri	Fixed Income Sales	safitri@samuel.co.id	+6221 2854 8376
Khairanni	Fixed Income Sales	khairanni@samuel.co.id	+6221 28548104
Saldy Achmad Yanuar	Fixed Income Sales	saldy.achmad@samuel.co.id	+6221 28548384
Nadya Attahira	Fixed Income Sales	nadya.attahira@samuel.co.id	+6221 2854 8305

DISCLAIMER: Analyst Certification: The views expressed in this research accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research. The analyst(s) principally responsible for the preparation of this research has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations. This document is for information only and for the use of the recipient. It is not to be reproduced or copied or made available to others. Under no circumstances is it to be considered as an offer to sell or solicitation to buy any security. Any recommendation contained in this report may not be suitable for all investors. Moreover, although the information contained herein has been obtained from sources believed to be reliable, its accuracy, completeness and reliability cannot be guaranteed. All rights reserved by PT Samuel Sekuritas Indonesia.