

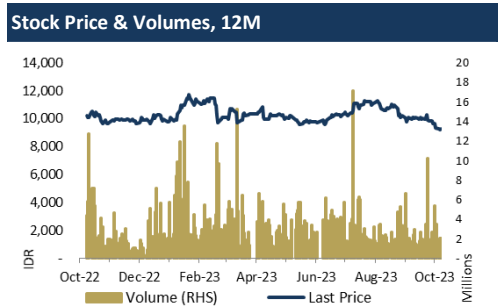
BUY (Maintain)

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 merupakan produse semen terintegrasi terbesar kedua di Indonesia dengan 2 merek utama, Tiga Toda dan Rajawali. Melalui anak usahanya, INTP memproduksi dan menjual semen, ready mix, agregat dan quarry dengan total kapasitas produksi mencapai 25.5 juta ton.

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Expanding Market Share With Acquisition

Kinerja 3Q23 di bawah ekspektasi. INTP membukukan pendapatan sebesar IDR 5.0tn di 3Q23 (+33.1% QoQ, +4.4% YoY) dengan angka kumulatif 9M23 sebesar IDR 12.9tn (+10.9% YoY), sejalan dengan estimasi kami (SSI: 75.7%) dan konsensus (73.4%). Pertumbuhan pendapatan di 3Q23 terutama didorong oleh pertumbuhan volume penjualan (karena low-base effect di 2Q23 akibat libur Idul Fitri) menjadi 5.0 juta ton (+39.5% QoQ, +13.3% YoY), sementara ASP turun tipis ke IDR 902 ribu/ton (-4.0% QoQ, -7.3% YoY). GPM INTP turun ke 33.4% pada 3Q23 (vs. 3Q22: 35.2%) terutama karena naiknya kontribusi dari produk tier 2 (Semen Rajawali), di tengah ketatnya persaingan di pulau Jawa. Terkait laba bersih, INTP berhasil membukukan laba bersih sebesar IDR 569 miliar di 3Q23 (+73.9% QoQ, -13.2% YoY) dengan laba bersih kumulatif 9M23 sebesar IDR 1.3tn (+33.8% YoY), di bawah estimasi kami (68.2%) dan konsensus (6.2%).

Dampak akuisisi Semen Grobogan. INTP baru saja menandatangani perjanjian untuk mengakuisisi 100% saham Semen Grobogan dengan nilai transaksi IDR 3.9tn, kurang dari 20% ekuitas perseroan (1H23: IDR 19.7tn). Semen Grobogan memiliki kapasitas produksi tahunan sebanyak 1.8 juta ton clinker dan 2.5 juta ton semen, yang kemungkinan akan mulai terkonsolidasi ke INTP pada 1Q24, sehingga INTP akan memiliki total kapasitas produksi sebesar 28 juta ton semen. Semen Grobogan sendiri beroperasi di Jawa Tengah dengan harga jual rata-rata sekitar IDR 65 ribu/50 kg, dengan Semen Gresik (SMGR) sebagai kompetitor utama. Kami melihat bahwa akan sulit bagi Semen Grobogan untuk merebut pangsa pasar di Jawa Tengah, mengingat Semen Gresik sudah menjadi *market leader* di sana. Namun di sisi lain, akuisisi tersebut mengonsolidasikan dua pemain semen di Indonesia, sehingga persaingan semakin longgar dan potensi untuk perang dan fluktuasi harga semakin kecil, terlihat dari 6 bulan terakhir dimana harga semen kantung cenderung flat. Dengan akuisisi ini, kami memproyeksikan bahwa volume penjualan INTP dapat mencapai 18.4 juta ton (+3.3% YoY) pada FY24F dengan tambahan pangsa pasar sebesar +2-3%.

Proyeksi FY23F dan FY24F. Meskipun konsumsi semen nasional di 9M23 masih tertekan sebesar -0.6% YoY, kami optimis konsumsi semen di FY23F masih dapat tumbuh tipis (0-1% YoY) dan kembali tumbuh 1-2% YoY di FY24F, didukung pembangunan infrastruktur dan mulai pulihnya permintaan dari sektor properti. Karenanya, kami memproyeksikan pendapatan INTP akan tumbuh +4.8% YoY/+6.8% YoY di FY23F/24F. Terkait laba bersih, kami memperkirakan penurunan tipis (-3.5% YoY) di FY23F sebelum kembali naik +8.3% YoY di FY24F.

BUY dengan TP IDR 12,625 (P/E 20.5x FY24F). Melihat performa INTP di 9M23 dan strategi perseroan dalam mengakuisisi Semen Grobogan, kami menegaskan rating BUY untuk INTP dengan TP di IDR 12,625 (20.5x P/E FY24F). **Risiko:** 1) Permintaan semen yang melemah, 2) Kenaikan harga batu bara dan biaya logistik.

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 Location



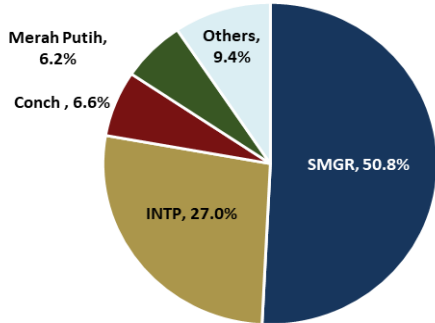
Source: Company, SSI Research

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>
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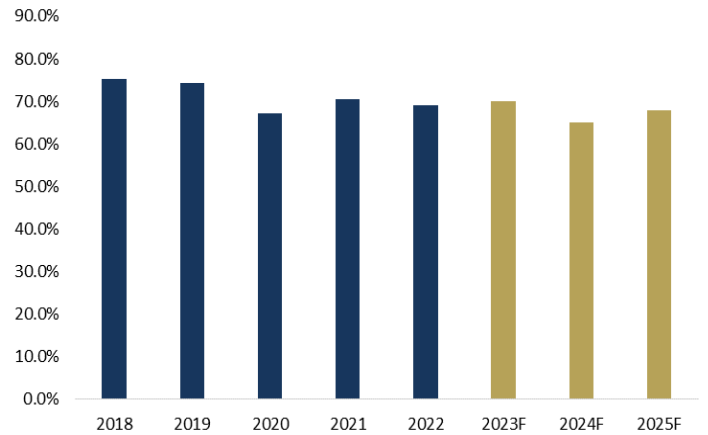
Source: Tokopedia, SSI Research

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



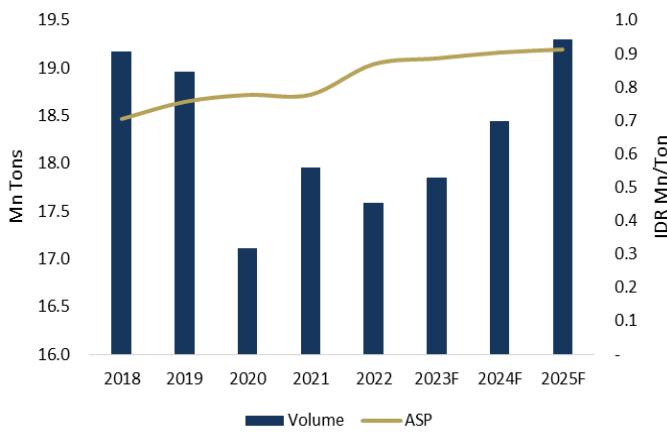
Source: Company, SSI Research

Figure 4. INTP's Utilization Rate



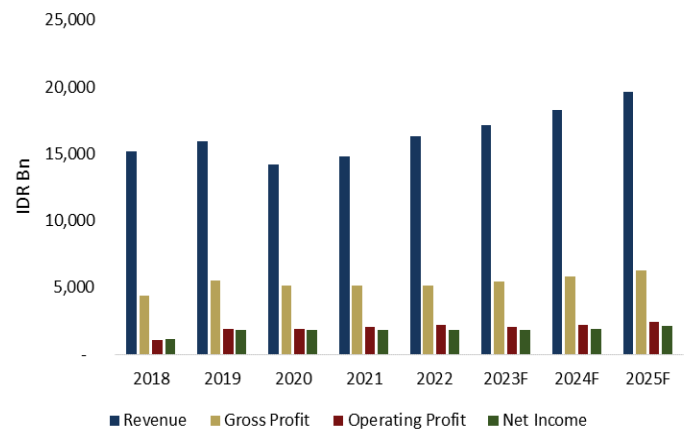
Source: Company, SSI Research

Figure 5. INTP's Volume and ASP



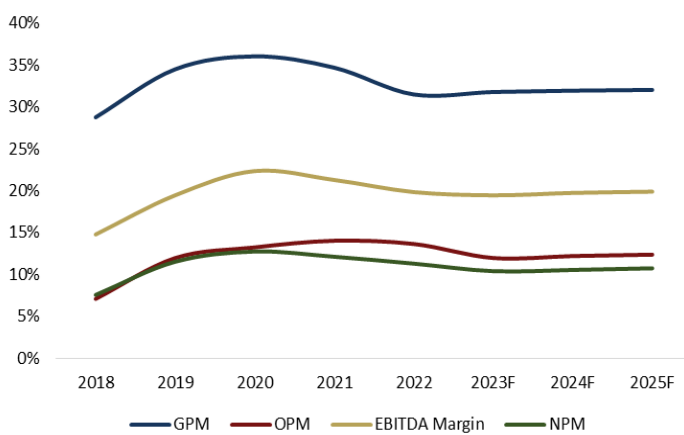
Source: Company, SSI Research

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)

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