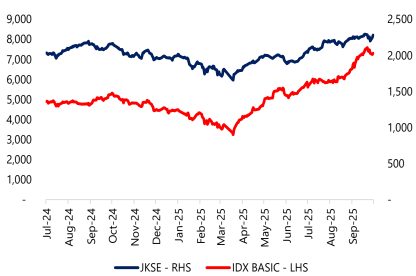
NEUTRAL

Index (*Oct 21st*, 25)	2,030.06
Number of Companies	111
Market Cap	2,443 T
52w Lo/Hi	900 / 2158
6 Months Changes	72.00%
YTD Changes	55.81%

Source : IDX | Phintraco Sekuritas Research | as of Oct 21st, 2025

IHSG vs IDX BASIC MATERIALS



Source : IDX | Phintraco Sekuritas Research

Stock	Fair Value	Potential Upside
INTP	6,000	-0.83%

as of Oct 21st, 2025

Cement

Weak Demand and High Capacity Keep Pressure on Margins

Domestic cement demand has yet to show any meaningful signs of recovery as of 9M25, with total national sales reaching 44.61 million tons (-3.1% YoY), representing only 69.7% of the FY25F estimate and remaining below the five-year average of 72% for the same period. This weakness reflects a purchasing power that has not fully recovered and a slowdown in construction activity, particularly in Jakarta and Kalimantan, which recorded the deepest contractions of -17.6% YoY and -16.8% YoY, respectively, following a decline in large-scale project activity after the government's budget adjustment. Structurally, this downtrend aligns with the government's fiscal realignment toward human capital development, as outlined in the 2025–2029 RPJMN, which prioritizes the Makan Bergizi Gratis (MBG) or Free Nutritious Meal program. This spending shift is expected to restrain the momentum of nationwide physical development, implying that cement demand in FY26F will likely remain flat (Phintas est: 0–1%), with any potential recovery hinging on improvements in household purchasing power and the realization of public housing, industrial estate, connectivity infrastructure, and other national strategic projects.

The oversupply condition remains the key structural challenge for the domestic cement industry. With an installed capacity of around 120 million tons per year, while national consumption hovers at only 62–64 million tons, industry utilization has stayed low at 52–55% throughout 2020–2025 — well below the ideal range of 70–75%. In our view, the oversupply risk will continue to loom over the industry in the coming years, particularly amid the government's fiscal policy shift, which could restrain the initiation of new construction projects With sales volume growth expected to remain limited, industry utilization is projected to move within the range of 55–58% in FY26F–FY29F, reflecting a slow and modest demand recovery that is still insufficient to absorb existing production capacity — unless there is an acceleration in the realization of large-scale projects from both public and private sectors.

Both SMGR and INTP continue to face similar pressures amid weak domestic cement demand. SMGR recorded sales of 8.44 million tons in 3Q25 (+1.65% QoQ; -3.83% YoY), with cumulative volume reaching 21.37 million tons as of 9M25 (-6.24% YoY). The domestic segment declined by -6.24% YoY to 21.38 million tons, leading SMGR's market share to fall to 47.87% in 9M25 (vs 49.46% in 9M24) as competition in the domestic market intensified. Meanwhile, INTP posted a sales volume of 5.07 million tons in 3Q25 (+25.57% QoQ; -6.99% YoY) and a total of 13.07 million tons in 9M25 (-4.5% YoY), supported by strong growth outside Java (+29.37% QoQ) despite continued contraction in the Java region. This condition kept INTP's market share relatively stable at 29.32% (vs 29.74% in 9M24), although the increase in non-Java sales has yet to fully offset the weakness in its Java market performance.

We maintain a Neutral rating on the cement sector, given the unresolved oversupply condition and the still-limited consumption outlook. The industry's installed capacity of around 120 million tons per year remains significantly higher than domestic demand, which stands at approximately 62–65 million tons. This imbalance continues to weigh on industry utilization rates and profitability margins. With limited room for volume growth, operational efficiency remains the key performance driver for cement producers. We recommend a **HOLD** rating for **INTP** with a target price of **Rp6,000 per share**, reflecting EV/EBITDA multiples of **4.56x/4.19x for FY26F and FY27F**, which already factor in the modest short-term growth outlook. Nonetheless, the company's initiatives to increase the use of alternative fuels are expected to help reduce cash costs and sustain profitability margins. A potential sector re-rating remains possible should there be an acceleration in government spending, a recovery in bulk cement demand from infrastructure projects, and a decline in energy costs that could support margin expansion going forward.

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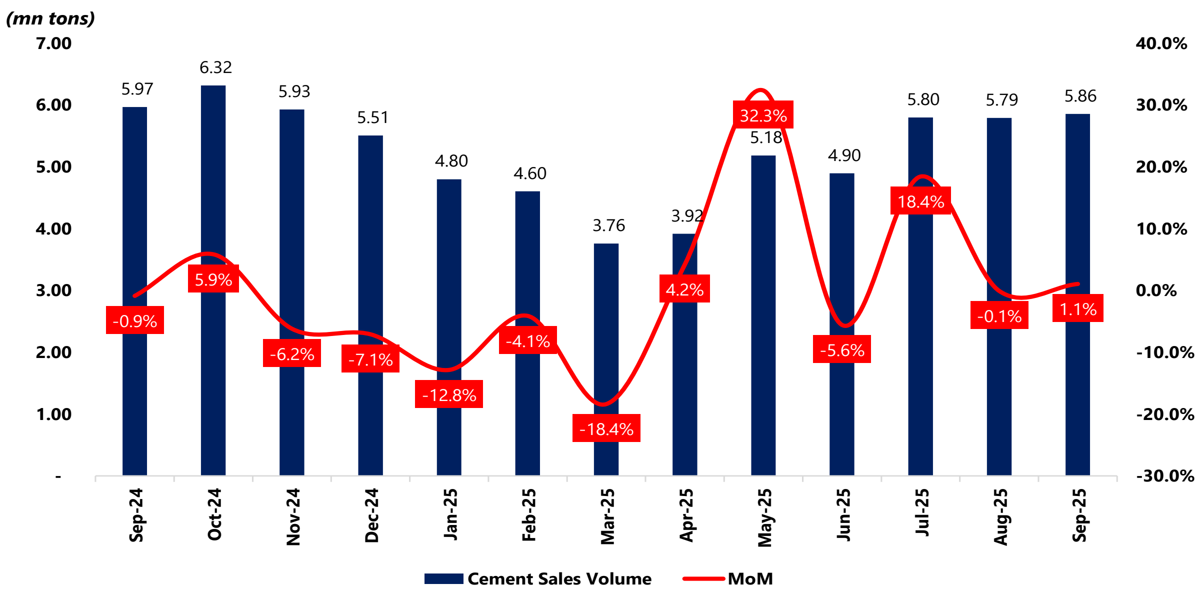
Domestic cement demand has yet to show any meaningful signs of recovery as of 9M25, with total national sales recorded at 44.61 million tons (-3.1% YoY). This figure represents only 69.7% of the estimated FY25F demand and remains below the five-year historical average of 72.0% for the same period. The relatively weak performance reflects continued pressure on household purchasing power and the slowdown in construction activity.

In terms of Regional, demand weakness was observed across several key areas, with Jakarta and Kalimantan posting the steepest contractions of 17.6% YoY and 16.8% YoY, respectively, as of 9M25 (Table 1). This decline aligns with the suspension of several large-scale projects following budget cuts, which in turn weighed on cement demand. Meanwhile, East Java, Banten, and Sumatra showed a more moderate trend, consistent with the sluggish realization of government projects and the still-subdued recovery in household spending.

From a segmental perspective, bulk cement sales experienced the sharpest decline, falling 9.84% YoY to 12.74 million tons in 9M25, reflecting the delay of major infrastructure projects that had previously served as the primary demand drivers for bulk cement. Conversely, bagged cement sales remained relatively stable at –0.11% YoY or 31.86 million tons in 9M25, indicating that retail demand remains muted despite Bank Indonesia's cumulative 125 bps rate cuts.

In our view, the ongoing weakness in cement demand aligns with the government's fiscal realignment, which has gradually shifted focus from physical infrastructure toward human capital development. This shift is reflected in the 2025–2029 RPJMN, where the Makan Bergizi Gratis (MBG) is designated as one of the national priorities. We believe this reorientation of government spending will weigh on construction activity nationwide, thereby restraining cement demand growth. Consistent with these conditions, we project cement sales volume to remain largely flat in FY26F (Phintas estimate: 0–1%), as any recovery will depend on the realization of physical development programs such as public housing, industrial estate projects, connectivity infrastructure, and other ongoing national strategic initiatives.

Figure 1. Cement Sales Volume



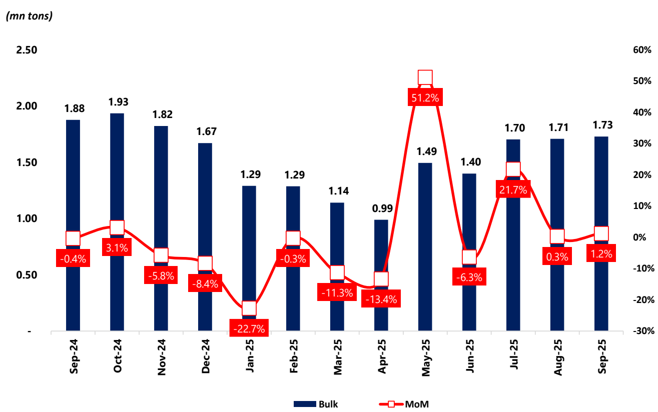
Source : ASI | Phintraco Sekuritas Research

Table 1. Monthly Region Cement Sales Volume Trends

Regions	Jul-25	Aug-25	Sep-25	MoM (%)	YoY (%)	9M24	9M25	YoY (%)
Jakarta	195,690	192,530	208,566	8.3%	-11.8%	1,892,430	1,560,125	-17.6%
Banten	343,071	305,696	310,302	1.5%	-8.9%	2,446,007	2,533,733	3.6%
West Java	846,233	814,207	831,284	2.1%	-9.8%	7,024,874	6,487,874	-7.6%
Central Java	740,247	731,805	771,884	5.5%	5.6%	5,839,245	5,625,595	-3.7%
Yogyakarta	96,308	86,669	89,258	3.0%	-12.6%	785,075	695,744	-11.4%
East Java	788,936	796,757	782,490	-1.8%	10.4%	5,776,148	6,078,692	5.2%
Java	**3,010,485**	**2,927,664**	**2,993,784**	**2.3%**	**-1.5%**	**23,763,779**	**22,981,763**	**-3.3%**
Western Java	**1,384,994**	**1,312,433**	**1,350,152**	**2.9%**	**-9.9%**	**11,363,311**	**10,581,732**	**-6.9%**
Mid Java	**836,555**	**818,474**	**861,142**	**5.2%**	**3.4%**	**6,624,320**	**6,321,339**	**-4.6%**
Sumatera	1,282,944	1,272,173	1,284,844	1.0%	-3.5%	9,811,003	10,016,990	2.1%
Kalimantan	464,732	484,758	481,189	-0.7%	-11.4%	4,107,693	3,419,437	-16.8%
Sulawesi	454,424	468,420	479,395	2.3%	-2.2%	3,885,001	3,645,684	-6.2%
Nusa Tenggara	401,674	453,288	437,766	-3.4%	16.3%	2,981,004	3,031,554	1.7%
East Indonesia	**183,933**	**188,102**	**178,996**	**-4.8%**	**-4.9%**	**1,484,061**	**1,513,333**	**2.0%**
Outside Java	**2,787,707**	**2,866,741**	**2,862,190**	**-0.2%**	**-2.3%**	**22,268,762**	**21,626,998**	**-2.9%**
Indonesia	**5,798,192**	**5,794,405**	**5,855,974**	**1.1%**	**-1.9%**	**46,032,541**	**44,608,761**	**-3.1%**

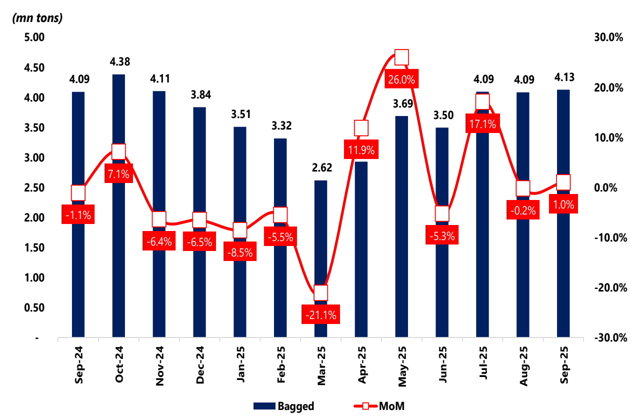
Source : ASI | Phintraco Sekuritas Research

Figure 2. Bulk Cement Sales Volume



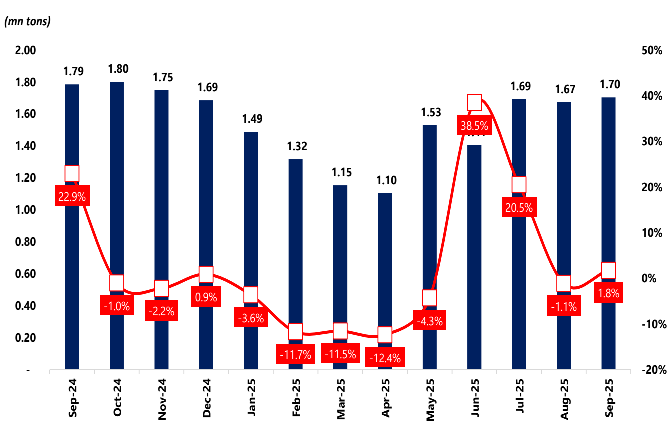
Source : ASI | Phintraco Sekuritas Research

Figure 3. Bagged Cement Sales Volume



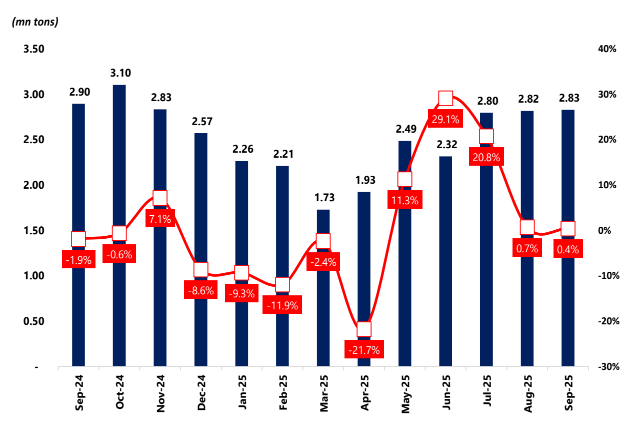
Source : ASI | Phintraco Sekuritas Research

Figure 4. INTP Cement Sales Volume



Source : ASI | Phintraco Sekuritas Research

Figure 5. SMGR Cement Sales Volume



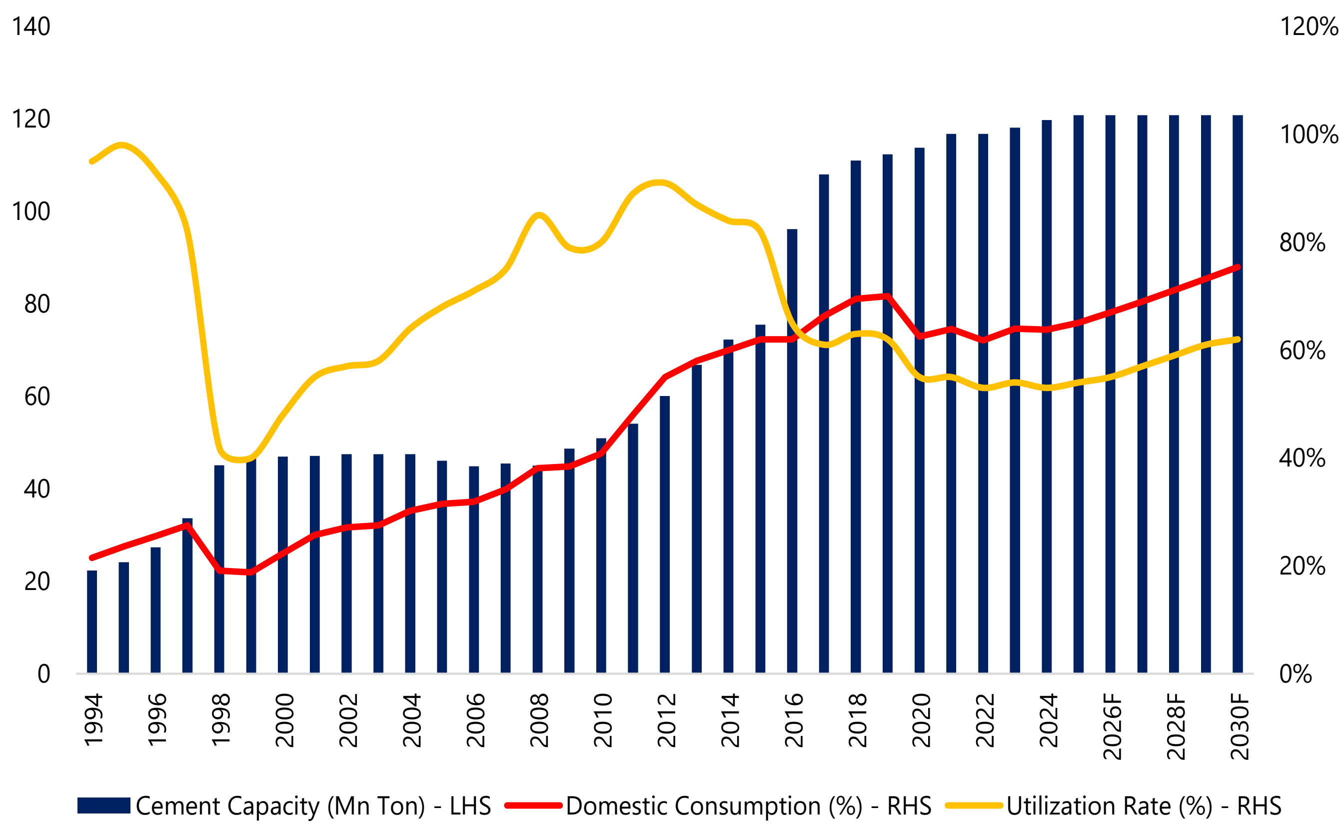
Source : ASI | Phintraco Sekuritas Research

The oversupply condition remains the primary challenge in the domestic cement industry. With an installed capacity of approximately 120 million tons per year, while domestic consumption stands at only 62–64 million tons, industry utilization has remained low at around 52–55% throughout 2020–2025. This level is well below the ideal range of 70 –75% needed to maintain operational efficiency and profitability margins. Compared to the pre-pandemic period, utilization has fallen by more than 10 percentage points, signaling weak cement demand in the domestic market.

We view the oversupply risk as a persistent structural challenge for the cement industry in the coming years. The government's policy shift toward human capital development is expected to reduce budget allocations for new infrastructure projects. This shift could dampen national cement demand growth and prolong the imbalance between production capacity and domestic consumption.

Given the relatively limited sales volume growth outlook, we expect industry utilization to remain at low levels, in the range of 53–57%. Any improvement in utilization will largely depend on the realization of government projects, the recovery of domestic purchasing power, and the progress of large-scale private sector projects that could act as catalysts to support cement demand going forward.

Figure 6. Capacity, Consumption, and Utilization of Indonesia's Cement Industry

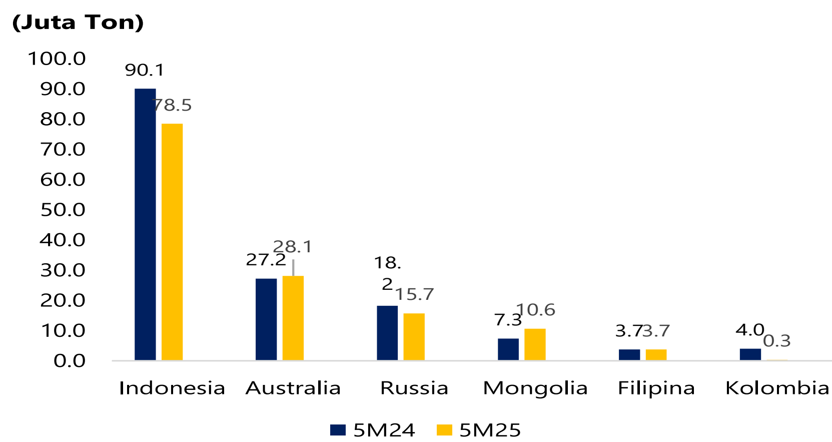


Source : Ministry of Industry | Phintraco Sekuritas Research

Thermal coal prices have continued to weaken, with the average Newcastle Coal price hovering around USD 105.85/MT. This decline aligns with reduced demand from the two largest importers: (1) China and (2) India. In China, import volumes have decreased amid rising domestic production capacity and a broader shift toward cleaner energy sources. Meanwhile, India has increasingly relied on domestic supply while diversifying its import sources to regions such as Tanzania and South Africa. This shift in trade patterns has constrained Indonesia's export growth and resulted in a decline in national coal export volumes.

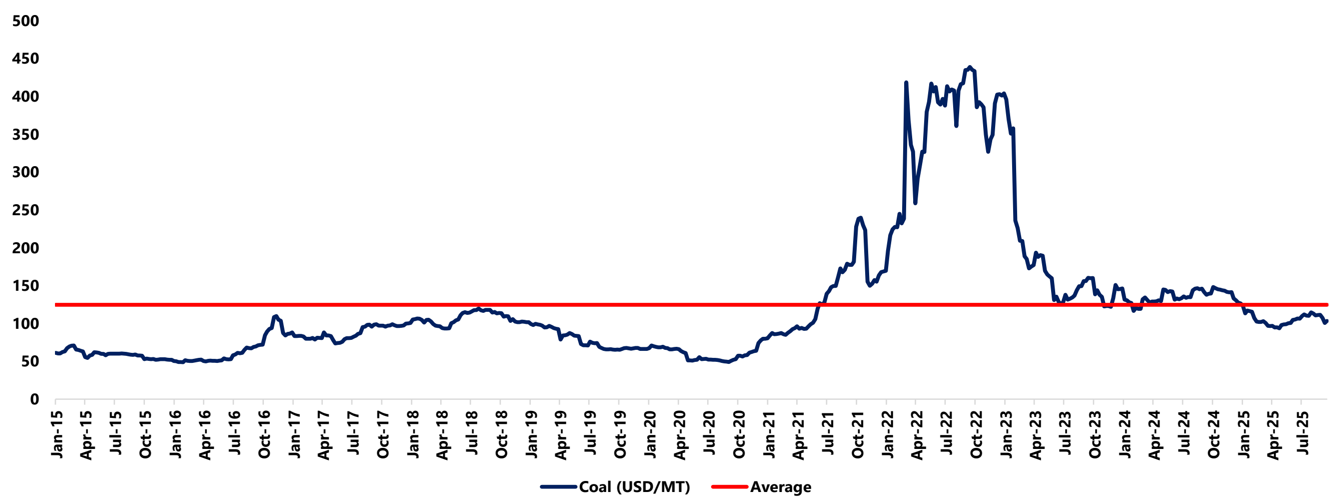
The downward trend in coal prices serves as a positive catalyst for the cement industry, given that fuel and energy costs still account for roughly 30–40% of total COGS. With coal prices remaining relatively affordable, cost pressures are expected to remain manageable. In addition, several cement producers have initiated measures to increase the use of alternative fuels—including refuse-derived fuel (RDF), biomass, and industrial waste—to further enhance operational efficiency amid subdued demand conditions. Assuming coal prices continue to trade at a discount to their multi-year average, we expect energy costs for the cement sector to remain stable or slightly decline, thereby supporting overall cash cost stability and sustaining profitability margins going forward.

Figure 7. Top Coal Exporting Countries to China



Source : Various Resources | Phintraco Sekuritas Research

Figure 8. Newcastle Coal Prices (USD/MT)



Source : Bloomberg | Phintraco Sekuritas Research

INTP's cement sales in 3Q25 reached 5.07 million tons (+25.57% QoQ; -6.99% YoY), bringing total volume in 9M25 to 13.07 million tons (-4.5% YoY). This figure represents around 62.8% of our FY25F target. The rebound in the third quarter was supported by increased demand from both Java and non-Java regions, with sales in Java rising 23.4% QoQ, while non-Java regions grew even stronger at 29.37% QoQ. This uptick aligns with the seasonal trend in which infrastructure and private construction activities typically accelerate in the third quarter ahead of year-end.

INTP's performance up to 9M25 remains heavily concentrated in Java, which contributed about 65% of total domestic sales. However, this region recorded the steepest contraction compared to areas outside Java, particularly in Yogyakarta (-25% YoY), Jakarta (-13.6% YoY), and West Java (-9.9% YoY). The weakness in these key markets has been the main factor restraining national volume growth, given Java's significant contribution to total sales. Meanwhile, several regions outside Java such as Sumatra and Nusa Tenggara posted positive growth of +18.3% YoY and +9.60% YoY, respectively, although their contribution remains relatively minor and insufficient to offset the decline in the core Java market.

From a market share perspective, INTP managed to maintain its national position at 29.32% in 9M25 (vs 29.74% in 9M24). The slight decline was mainly driven by weaker sales in Java, where market share dropped to 63.6% (vs 65.7% in 9M24). Conversely, market share outside Java improved to 36.4% (vs 34.6% in 9M24). Nevertheless, the growth in non-Java regions has yet to fully compensate for the contraction in the Java market, given Java's dominant contribution to INTP's overall sales mix.

Table 2. Summary of INTP by Region in Indonesia

Regions	Jul-25	Aug-25	Sep-25	MoM (%)	YoY (%)	9M24	9M25	YoY (%)
Jakarta	114,479	110,705	119,925	8.3%	-8.6%	1,056,986	913,545	-13.6%
Banten	149,922	126,252	125,983	-0.2%	-20.6%	1,108,455	1,077,764	-2.8%
West Java	415,500	391,634	403,173	2.9%	-10.6%	3,488,960	3,143,054	-9.9%
Central Java	305,722	307,358	316,472	3.0%	-2.5%	2,520,527	2,394,743	-5.0%
Yogyakarta	23,018	20,887	22,672	8.5%	-28.8%	243,911	182,677	-25.1%
East Java	78,894	78,879	73,554	-6.8%	4.8%	570,732	606,922	6.3%
Java	**1,086,785**	**1,036,393**	**1,062,793**	**2.5%**	**-9.0%**	**8,989,790**	**8,318,183**	**-7.5%**
Western Java	**680,032**	**628,655**	**649,423**	**3.3%**	**-12.3%**	**5,549,289**	**5,134,584**	**-7.5%**
Mid Java	**328,766**	**328,208**	**339,290**	**3.4%**	**-4.8%**	**2,764,257**	**2,577,079**	**-6.8%**
Sumatera	203,988	213,725	218,423	2.2%	18.1%	1,354,559	1,601,919	18.3%
Kalimantan	92,946	106,647	98,163	-8.0%	-25.3%	944,332	755,234	-20.0%
Sulawesi	79,979	89,468	93,961	5.0%	-6.9%	771,554	687,280	-10.9%
Nusa Tenggara	189,992	197,634	197,870	0.1%	19.2%	1,274,371	1,397,241	9.6%
East Indonesia	41,385	32,354	31,145	-3.7%	-5.5%	353,570	315,752	-10.7%
Outside Java	**607,720**	**639,283**	**641,131**	**0.3%**	**4.2%**	**4,697,038**	**4,758,412**	**1.3%**
Indonesia	**1,693,072**	**1,674,583**	**1,704,088**	**1.8%**	**-4.5%**	**13,684,202**	**13,069,597**	**-4.5%**

Source : ASI | Phintraco Sekuritas Research

SMGR maintained its position as the market leader amid weak domestic cement demand. The company recorded sales volume of 8.44 million tons in 3Q25 (+1.65% QoQ; -3.83% YoY), bringing total sales for 9M25 to 21.37 million tons (-6.24% YoY). This performance reflects a deeper decline compared to the industry average and aligns with the slowdown in demand from both infrastructure projects and the retail segment.

SMGR's Indonesia operations remain the main revenue driver, with total sales reaching 26.43 million tons in 9M25 (-1.50% YoY). Domestic sales fell -6.24% YoY to 21.38 million tons, in line with subdued national demand, while exports rose significantly by +25.28% YoY to 5.05 million tons, supported by higher shipments to South Asia and Africa. On the other hand, the company's Vietnam operations posted a volume of 1.03 million tons (-8.29% YoY), with export volumes down -16.58% YoY.

From a market share perspective, SMGR's share declined to 47.87% in 9M25 (vs 49.46% in 9M24). The drop was primarily driven by weaker domestic sales and intensifying competition in the national cement market, as several producers adopted more aggressive pricing strategies to maintain plant utilization amid sluggish demand conditions.

Table 3. Summary of SMGR from Indonesia and Vietnam Facilities

Regions	Jul-25	Aug-25	Sep-25	MoM (%)	YoY (%)	9M24	9M25	YoY (%)
Indonesia Facilities								
Domestic	2,797,720	2,817,037	2,828,792	0.42%	-2.32%	22,797,471	21,375,655	-6.24%
Export	332,278	563,526	524,377	-6.95%	62.33%	4,031,435	5,050,577	25.28%
Total	**3,129,998**	**3,380,563**	**3,353,169**	**-0.81%**	**4.17%**	**26,828,906**	**26,426,232**	**-1.50%**
Vietnam Facilities								
Domestic	57,320	78,567	61,037	-22.31%	-9.34%	715,687	690,165	-3.57%
Export	-	41,700	50,240	20.48%	N/A	408,489	340,775	-16.58%
Total	**57,320**	**120,267**	**111,277**	**-7.48%**	**65.28%**	**1,124,176**	**1,030,940**	**-8.29%**

Source : Company Presentation | Phintraco Sekuritas Research

We maintain a Neutral rating on the cement sector, as the persistent oversupply condition remains unresolved. The industry's installed capacity of 120 million tons per year continues to far exceed domestic demand of roughly 62–65 million tons, exerting pressure on both utilization rates and profitability margins across the industry. From a demand standpoint, consumption prospects remain relatively limited due to the government's policy shift toward human capital development, which is expected to constrain the pace of national cement demand growth in general.

National cement consumption still awaits new catalysts. Although Bank Indonesia has lowered its benchmark interest rate, household purchasing power has yet to recover fully, keeping demand for construction materials—particularly in the bagged cement segment—muted. Housing construction and renovation activities have also shown little improvement, suggesting that short-term cement volume recovery will largely depend on private sector projects and the realization of government strategic initiatives.

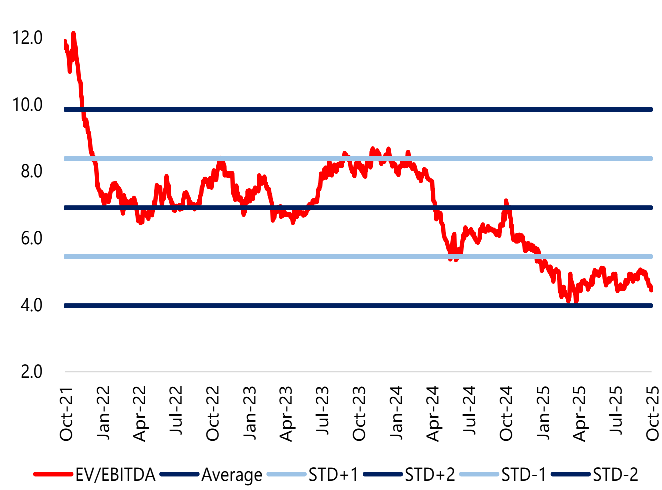
With limited room for volume acceleration, efficiency at the company level will be the key game changer. We maintain a HOLD recommendation for INTP with a target price of Rp6,000 per share. The current valuation implies EV/EBITDA multiples of 4.56x/4.19x for FY26F and FY27F, which we believe already reflect the constrained short-term growth outlook. Nevertheless, cost-efficiency efforts through the adoption of alternative fuels are expected to help manage cash costs and sustain profitability margins going forward. A potential sector re-rating remains possible should the following materialize: 1) acceleration in government spending, 2) recovery in bulk cement demand from infrastructure projects, and 3) a decline in energy costs, which could support margin improvement across the sector.

Table 4. Peers Comparables

Company Name	Ticker	Market Cap	PER (x)		PBV (x)		EV/EBITDA		ROE (%)		EPS Growth (%)	
		(IDR Bn)	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F
PT Indocement Tunggal Prakarsa Tbk	INTP IJ	21,533	11.53	10.84	0.92	0.88	4.79	4.79	8.21	8.32	(10.16)	6.33
PT Semen Indonesia (Persero) Tbk	SMGR IJ	17,622	28.46	20.76	0.40	0.39	5.30	4.78	1.40	1.87	(14.30)	37.11
Weighted Average			**19.15**	**15.30**	**0.69**	**0.66**	**5.02**	**4.79**	**5.14**	**5.42**	**(12.02)**	**20.18**

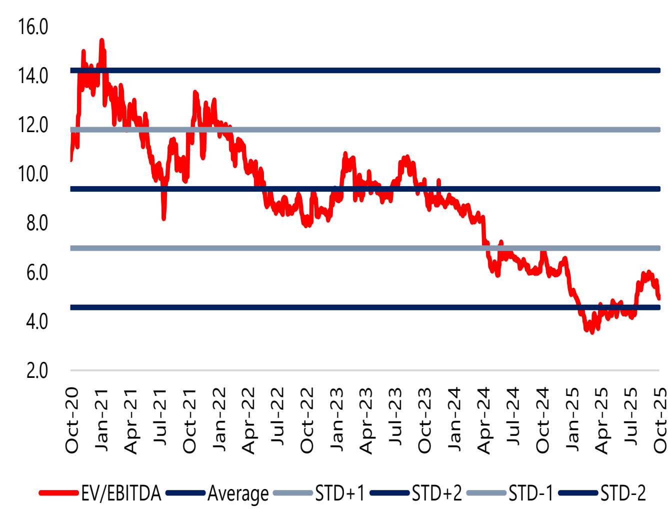
Source : Bloomberg | Phintraco Sekuritas Research

Figure 9. EV/EBITDA SMGR



Source : Bloomberg | Phintraco Sekuritas Research

Figure 10. EV/EBITDA INTP



Source : Bloomberg | Phintraco Sekuritas Research

Glossarium

CFFO	: *Cash Flow from Operating*
CFFI	: *Cash Flow from Investing*
CFFF	: *Cash Flow from Financing*
EBITDA	: *Earning Before Interest, Tax, Depreciation & Amortization*
EBIT	: *Earning Before Interes & Tax*
EBT	: *Earning Before Tax*
OPM	: *Operating Profit Margin*
NPM	: *Net Profit Margin*
ROA	: *Return on Asset*
ROE	: *Return on Equity*
EPS	: *Earning per Share*
BVPS	: *Book Value per Share*
RPS	: *Revenue per Share*
PER	: *Price to Earning Ratio*
PBV	: *Price to Book Value*
DPS	: *Dividend per Share*
DPR	: *Dividend Payout Ratio*
EV	: *Enterprise Value*

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Rating for Stocks :

Buy : The stock is expected to give total return (price appreciation + dividend yield) of > +10% over the next 12 months.

Hold : The stock is expected to give total return of > -10% to ≤ +10% over the next 12 months.

Sell : The stock is expected to give total return of < -10% over the next 12 months.

Outperform : The stock is expected to do slightly better than the market return. Equal to "moderate buy"

Underperform : The stock is expected to do slightly worse than the market return. Equal to "moderate sell"

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Kantor Cabang & Mitra GI BEI