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Stock Rate

Industry

HOLD
UNDERWEIGHT

Fair Value
vs. Last Price

IDR 2,870
4.74%

Stock Data

Ticker Code

SMGR

Sub Sector

Basic Materials

Sector

Basic Materials

Market Cap (IDR.Tn)

18.6

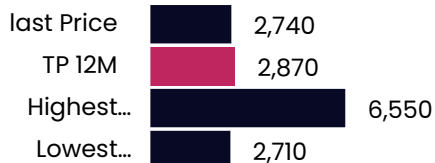
Shares Issued (Bn)

6.76

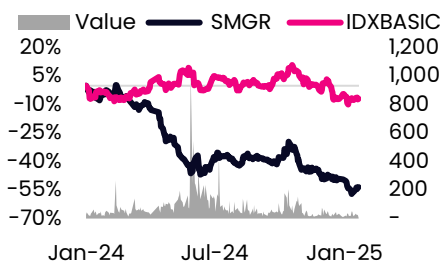
AVG 3M Turnover (IDR Bn)

29.0

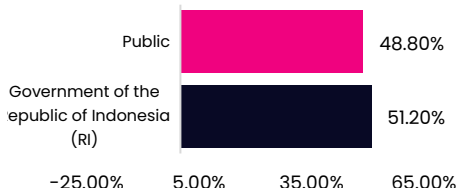
Price (IDR)



Price Performance, 1Y (%) Turnover (Bn)



Shareholders Composition



ESG Rating

Environmental

4.31

Social

2.91

Governance

4.53

Source: Bloomberg

PT Semen Indonesia Tbk (SMGR)

SIG's Strategic Moves to Combat Industry Headwinds

SIG hit by weakening cement industry: Profit plummets by -58

PT Semen Indonesia (Persero) Tbk or SIG recorded revenue of IDR 26,295 Bn in 9M24 -4.93% yoy (Vs IDR 27,661Bn at 9M23), net profit -58.69% yoy to IDR 720Bn (Vs IDR 1,794Bn at 9M23). The decline in performance was still due to the weak demand for bagged cement amidst the unrecovered industry condition. However, SIG managed to increase bulk cement sales and lower financial expenses from IDR 1,034Bn at 9M23 to IDR 938Bn at 9M24 -9.28%.

Key Takeaways

- o **SMGR's Ambitious Expansion Plans for IKN and National Infrastructure.** Semen Indonesia (SMGR) has reinforced its market position in the Capital City of the Archipelago (IKN) development project. By forming strategic alliances with Karya Logistic Nusantara and Bina Karya, SMGR is not only enhancing its cement distribution capabilities but also expanding its aggregate supply network. SMGR is targeting a production of 0.7-0.8 million tonnes of cement per year, with the goal of controlling 70% of the market share in IKN. Additionally, SMGR will provide eco-friendly cement for national infrastructure projects, which include 19 strategic initiatives and 58 non-strategic initiatives. This strategy is expected to generate an additional margin of Rp13,000/tonnes and increase market share in the bulk cement segment.
- o **Multi-brand strategy as SMGR's new weapon.** In light of ongoing profitability challenges, Semen Indonesia (SMGR) will implement price adjustments for bagged cement and pursue renegotiations of bulk cement price contracts. This strategy is designed to enhance profit margins. Furthermore, SMGR will adopt a multi-brand approach, positioning Semen Merdeka as the flagship brand to compete in the market. With the dynamic pricing strategy and micro-market approach, SMGR anticipates increasing Merdeka Cement's market share to 26% by the end of the year.

Recommendation "Hold"

Currently SMGR shares are trading at PE(TTM) 15.75 (below 5y AVG PE at 19.44x), PBV 0.43x (below 5Y AVG at 1.28x) and EV/Ebitda 5.00x (Below 3Y AVG at 7.89x). Therefore, we currently give rating HOLD on SMGR shares with a base target price of 12M at IDR 2,870/shares (4.74%). *Downside risks: Domestic cement oversupply, declining demand, production cost pressures, currency fluctuations and global interest rate policies*

Financial Highlight

(IDR Bn)	2022A	2023A	2024F	2025F	2026F
Revenue	36,379	38,651	39,038	40,756	41,987
Net Profit	2,365	2,171	2,654	3,040	3,762
EPS (Full)	350.28	321.48	393.04	450.20	557.22
EBITDA Margin	22%	20%	19%	19%	20%
NPM	6.5%	5.6%	6.8%	7.5%	9.0%
Div. Yield (%)	5.3%	5.0%	6%	6%	8%
ROE	5%	5%	5%	6%	7%
P/E (x)	18.77	19.91	6.97	6.09	4.92
P/BV (x)	0.94	0.90	0.38	0.37	0.36
EV/EBITDA (x)	6.66	6.56	3.59	3.02	2.51

Source: Company and KSI Research



Financial Exhibits

Result 9M2024

IDR Bn	9M23	9M24	yoy	Quarters					KSI Forecast		
				3Q24	2Q24	3Q24	qoq	yoy	2024F	2025F	2025F
Domestic	24,354	23,631	-3.0%	9,459	7,205	9,135	27%	-3%	35,274	36,921	36,884
Overseas	3,307	2,664	-19.4%	1,170	831	749	-10%	-36%	3,764	3,835	3,872
Revenue	27,661	26,295	-4.9%	10,629	8,036	9,884	23%	-7%	39,038	40,756	41,987
Cost of Revenue	20,221	20,278	0.3%	7,605	6,385	7,725	21%	2%	28,639	29,263	29,263
Gross Profit	7,440	6,017	-19.1%	3,024	1,651	2,159	31%	-29%	10,399	11,493	12,024
Operation Profit	3,366	1,882	-44.1%	1,496	338	632	87%	-58%	4,348	4,854	5,233
EBITDA	5,840	4,332	-25.8%	2,361	1,160	1,443	24%	-39%	7,236	7,845	8,340
Net Income	1,794	742	-58.7%	902	33	238	628%	-74%	2,654	3,040	3,762
EPS (Full IDR)	254.00	107.00	-57.9%	125.56	4.39	32.33	636%	-74%	393	450	557
Leabilities	34,484	30,808	-10.7%	34,484	30,266	30,808	2%	-11%	33,310	34,216	35,127
Equity	47,200	47,859	1.4%	47,200	47,753	47,859	0%	1%	48,815	49,829	51,087
Net Asset	81,684	78,667	-3.7%	81,684	78,019	78,667	1%	-4%	82,125	84,046	86,214
GPM (%)	27%	23%		28%	21%	22%			27%	28%	29%
OPM (%)	12%	7%		14%	4%	6%			11%	12%	12%
Ebitda Margin (%)	21%	16%		22%	14%	15%			19%	19%	20%
NPM (%)	6%	3%		8%	0%	2%			7%	7%	9%
ROE (%)	4%	2%		2%	0%	0%			5%	6%	7%
ROA (%)	2%	1%		1%	0%	0%			3%	4%	4%

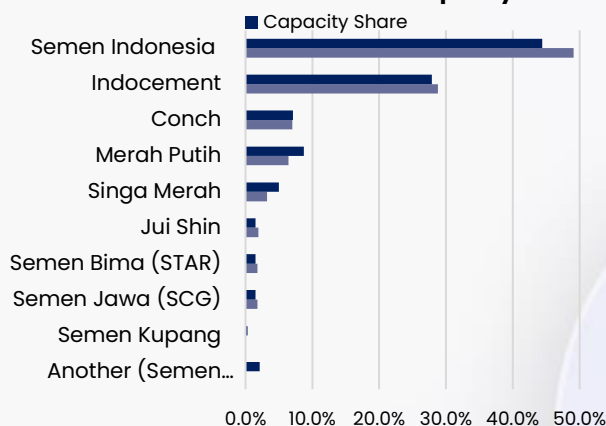
Source : Company & Bloomberg

Bloomberg (Last 04 Dec 2024) Vs Kiwoom Consensus

	2024F	2025F	2026F		2024F	2025F	2026F
Revenue (IDR Bn)				Kiwoom Estimates			
Kiwoom Consensus	39,038	40,756	41,987	PE (x)	6.97	6.09	4.92
Bloomberg Consensus	37,485	38,652	40,066	PBV (x)	0.38	0.37	0.36
				EV/Ebitda (x)	3.59	3.02	2.51
				Dividend Yield (%)	5.7	6.5	8.00
Net income (IDR Bn)				Bloomberg Estimates			
Kiwoom Consensus	2,654	3,040	3,762	PE (x)	17.16	14.35	12.12
Bloomberg Consensus	1,379	1,555	1,822	PBV (x)	0.52	0.51	0.5
				EV/Ebitda (x)	5.39	5.16	4.9
				Dividend Yield (%)	3.28	2.79	3.16

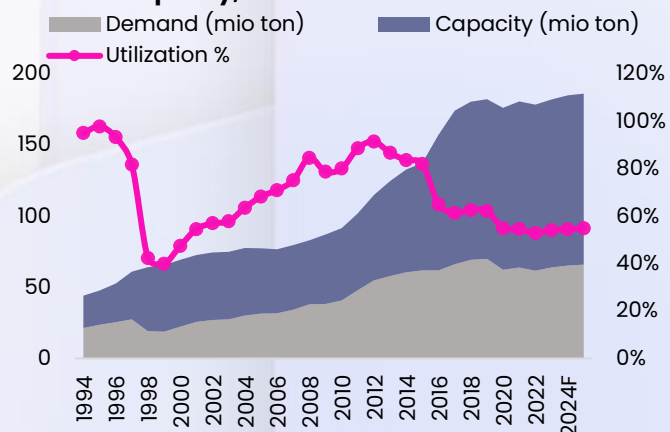
Source : Company & Bloomberg

Cement Market Share & Production Capacity



Source : KSI Research

Cement Capacity, Demand & Utilization



Source : KSI Research, Indonesia Cement Association & Bloomberg



Financial Exhibits

Year-end 31 Dec (IDR Bn)	2021A	2022A	2023A	2024F	2025F	2026F
Revenue	34,958	36,379	38,651	39,038	40,756	41,987
Costs of revenue	24,005	25,701	28,474	28,639	29,263	29,963
Gross profit	10,953	10,678	10,177	10,399	11,493	12,024
Operating profit	4,989	4,584	4,312	4,348	4,854	5,233
EBITDA	8,231	7,905	7,591	7,236	7,845	8,340
Income before tax	3,505	3,304	3,298	3,935	4,489	5,517
Tax expenses	1,388	800	1,008	1,155	1,317	1,619
Minority interests	61.2	134.2	125.1	126.4	131.9	135.9
Net income	2,021	2,365	2,171	2,654	3,040	3,762
EPS (IDR)	341	350	321	393	450	557

Balance sheet

Year-end 31 Dec (IDR Bn)	2021A	2022A	2023A	2024F	2025F	2026F
Cash and equivalents	3,828	6,067	7,000	6,825	9,450	12,549
Account receivables	5,513	5,521	5,788	6,188	6,461	6,656
Inventories	4,616	5,610	5,134	6,168	6,303	6,453
Fixed assets	54,744	57,821	56,785	55,378	53,933	52,418
Other assets	7,710	7,849	7,022	7,469	7,799	8,137
Total assets	76,504	82,960	81,821	82,125	84,046	86,214
S-T liabilities	3,913	1,275	5,193	5,304	5,414	5,550
Other S-T liabilities	10,298	11,787	10,918	9,213	9,618	9,909
L-T liabilities	12,936	13,077	8,375	9,031	9,218	9,451
Other L-T liabilities	9,575	9,583	9,533	9,763	9,966	10,217
Total liabilities	36,721	35,721	34,020	33,310	34,216	35,127
Equity	39,783	47,239	47,801	48,815	49,829	51,087
BVPS (IDR)	6,707	6,997	7,080	7,230	7,380	7,567

Cash Flows Statement

Year-end 31 Dec (IDR Bn)	2021A	2022A	2023A	2024F	2025F	2026F
Net Income	2,021	2,365	2,171	2,654	3,040	3,762
Depreciation	2,633	2,693	2,628	2,888	2,990	3,108
Change in working capital	(1,862)	(7,576)	(1,720)	(8,646)	(6,006)	(6,850)
Operating cash flow	2,792	(2,518)	3,079	(3,104)	24	20
Capital expenditure	1,520	7,700	1,380	1,481	1,546	1,593
Others	(135)	224	1,005	(377)	(244)	(175)
Investing cash flow	1,208	(2,847)	2,044	1,029	1,196	1,337
Dividend paid	(1,021)	(1,655)	(572)	(1,048)	(1,198)	(1,481)
Net change in debt	(8,908)	141	(4,702)	656	188	233
Others	5,723	9,120	1,084	2,292	2,416	2,990
Financing cash flow	(4,206)	7,605	(4,190)	1,900	1,405	1,741
Change in cash	(206)	2,239	932	(175)	2,626	3,099
Beginning cash flow	4,034	3,828	6,067	7,000	6,825	9,450
Ending cash flow	3,828	6,067	7,000	6,825	9,450	12,549

Source : Company & Bloomberg



Financial Ratio

Growth (%)	2021A	2022A	2023A	2024F	2025F	2026F
Revenue Growth	-1%	4%	6%	1%	4%	3%
Gross Profit Growth	-6%	-3%	-5%	2%	11%	5%
Operatioan Profit Growth	-13%	-8%	-6%	1%	12%	8%
Ebitda Growth	-10%	-4%	-4%	-5%	8%	6%
Net Income Growth	-28%	17%	-8%	22%	15%	24%
EPS Growth	-28%	3%	-8%	22%	15%	24%
Gross margin (%)	31%	29%	26%	27%	28%	29%
EBITDA margin (%)	24%	22%	20%	19%	19%	20%
EBIT margin (%)	14%	13%	11%	11%	12%	12%
Pretax margin (%)	10%	9%	9%	10%	11%	13%
Net margin (%)	6%	7%	6%	7%	7%	9%
ROE (%)	5%	5%	5%	5%	6%	7%
ROA (%)	3%	3%	3%	3%	4%	4%
Current ratio (x)	1.45	1.23	1.45	1.61	1.79	2.00
Gearing (%)	(0.07)	(0.10)	(0.10)	(0.11)	(0.11)	(0.11)
Net gearing (%)	0.42	0.30	0.28	0.29	0.29	0.29
LT D/Equity (x)	0.57	0.48	0.37	0.39	0.39	0.39
DER (x)	0.92	0.76	0.71	0.68	0.69	0.69
DAR (x)	0.48	0.43	0.42	0.41	0.41	0.41
AP turnover (days)	69.67	72.61	68.86	72.02	77.78	77.70
AR turnover (days)	47.8	51.3	50.7	52.8	55.8	55.4
Inventory turnover (x)	5.2	5.0	5.3	5.1	4.7	4.7
Cash Ratio	27%	46%	43%	47%	63%	81%
Sustainable Growth (%)	3%	2%	3%	3%	4%	4%
Earning Yield (%)	5%	5%	5%	14%	16%	20%
Dividend Yield (%)	2%	4%	2%	6%	6%	8%
PE (x)	21.20	18.77	19.91	6.97	6.09	4.92
PBV (x)	1.08	0.94	0.90	0.38	0.37	0.36
P/Sales (x)	1.23	1.22	1.12	0.47	0.45	0.44
EV/EBITDA (RHS)	6.79	6.66	6.56	3.59	3.02	2.51

Source : Company & Bloomberg



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Kiwoom Sekuritas Guide to Sector/Industry/Stock Ratings

Sector/Industry

OVERWEIGHT : Sector & Industry Outlook has potential and good condition
NEUTRAL : Sector & Industry Outlook Stable or tend to be stagnant
UNDERWEIGHT : Sector & Industry Outlook has challenges and bad condition

Stock

BUY	: Stock Performance > +15%	Over the next 12 month (excluding dividend)
TRADING BUY	: Stock Performance, range between +5% to +15%	Minor to Medium Term
HOLD	: Stock Performance, range between -10% to +15%	Over the next 12 month (excluding dividend)
SELL	: Stock Performance > -15%	Over the next 12 month (excluding dividend)
TRADING SELL	: Stock Performance, range between -5% to -15%	Minor to Medium Term
NOTE RATE	: Stock is not within regular research coverage	Over the next 12 month (excluding dividend)



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Terdaftar dan
diawasi oleh :  Otoritas
Jasa
Keuangan

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