

PT Semen Indonesia (Persero), Tbk

BUY

Cement, Equity
18 March 2023

Price	IDR.	5,850
Target	IDR.	7,800
JKSE Index		7,328.054



Stock code	SMGR JI
Bloomberg code	39,496.5
Market cap (in Bn)	7,250
52-week high	5,625
52-week low	48.99%
Free Float (%)	

Major Share Holders (%)	
Government RI	51.01%
Public	48.99%

USD/IDR-YE	
2023	15,439
2024F (6m-avg)	15,604

Analyst: Eka Rahmawati R
eka.rahmah@binaartha.com

Investment Considerations

Anticipating Increased Demand for Bulk Cement

- In January, domestic cement sales grew by +3.1% year-on-year (YoY) to 5.05 million tonnes (mt), driven by significant growth in the bulk market in Java (+12%) and outside Java (+26.2%). Despite this, the bag market saw a slight decrease of -2.1%, attributed to higher rainfall in January and the election season, which led to weakened demand in some areas.
- For domestic sales, SMGR reported a slight decrease of -0.2% YoY, reaching 2.46 mt in January 2024. Total sales for SMGR increased by +3.9% YoY to 3.16 mt in January, boosted by higher export sales growth of +12.5% to 0.56 mt, in line with higher sales from Vietnam facilities to 0.132 mt or +89.9% growth.
- In Q4 2024, SMGR cement sales grew by +6.1% to 11.4 mt, resulting in higher revenue of +12% YoY or +3% quarter-over-quarter (QoQ) to IDR 10.9 trillion. Bulk cement experienced a significant increase of +25%, while bag cement grew by 10.9%. For FY 2023, SMGR's revenue reached IDR 38.65 trillion, reflecting a 6% YoY increase, driven by a higher sales volume of +10% YoY, mainly from bulk (+12.8%) and export.
- For Q1 2024, we expect flat demand due to heavy rains and the election season. However, for bulk cement, we anticipate higher demand as ongoing infrastructure projects, especially supply to IKN in East Kalimantan, will boost demand. For 2024, SMGR is targeting continued single-digit growth, spurred by infrastructure projects and export sales.

4Q2023: Lower Margin

- SMGR's bottom-line profit and margin declined due to increased raw material and transportation costs in Q4 2023.
- Higher costs of revenue in Q4 2023 (+18% YoY or +9% QoQ), driven by increased raw material usage (+4.8% YoY) and higher fuel and energy costs (+10.3%), resulted in a lower gross profit, down by -2% YoY or -9% QoQ to IDR 2.74 trillion, leading to a gross profit margin (GPM) of 24.9%.
- SMGR's net income also decreased by -40% YoY or -46% QoQ to IDR 457 billion, with the net profit margin (NPM) dropping to 4.2% in Q4 2023.
- We expect margin improvement as SMGR plans to increase their average selling price (ASP) by around 1%-1.5%, depending on market conditions in 2024. We project SMGR's bottom-line profit to reach IDR 2.47 trillion, representing a significant 14% YoY growth for 2024F.

Valuation Maintain BUY, TP 7,800

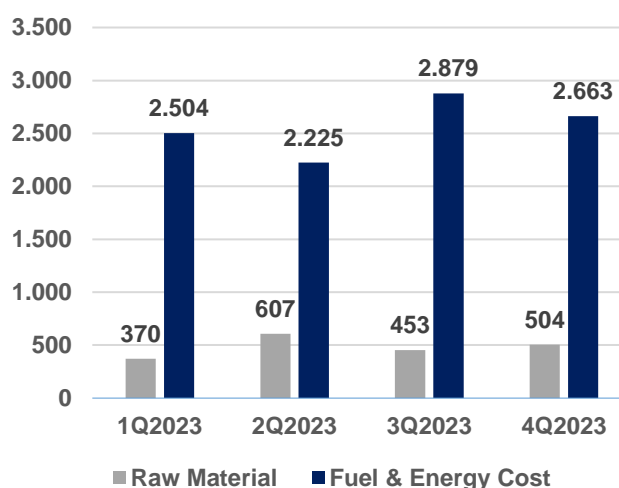
- We maintain our BUY recommendation with a target price (TP) of IDR 7,800, indicating a potential 33% upside. This valuation is based on a 19x price-to-earnings (PE) ratio for 2025F.

Financial Highlights	2020A	2021A	2022A	2023A	2024F	2025F
Revenue (IDR Bn)	35.172	36.702	36.379	38.651	40.197	41.207
EBITDA (IDR Bn)	8.906	8.433	6.860	7.804	8.203	8.770
Net Income (IDR Bn)	2.792	2.047	2.365	2.170	2.472	2.736
EPS (IDR)	471	344	397	321	366	405
EBITDA Margin (%)	25,3%	23,0%	18,9%	20,2%	20,4%	21,3%
PBV (x)	2,2	1,1	0,9	1,0	1,2	1,2
PER (x)	26,4	21,1	15,5	20,0	21,3	19,2

Source: Company and Binaartha

SMGR Cement Sales in Ton

	January			January - December		
	2024	2023	%	2023	2022	%
Indonesia Facilities						
Domestic	2.469.332	2.474.326	-0,2%	33.109.178	31.632.762	4,7%
Export	560.090	497.927	12,5%	6.127.534	3.607.787	69,8%
	3.029.422	2.972.253	1,9%	39.236.712	35.240.549	11,3%
Vietnam Facilities						
Domestic	46.639	30.126	54,8%	759.654	1.062.222	-28,5%
Export	85.485	39.500	116,4%	624.347	618.318	1,0%
	132.124	69.626	89,8%	1.384.001	1.680.540	-17,6%
TOTAL SMGR	3.161.546	3.041.879	3,9%	40.620.713	36.921.089	10,0%

Source: Company
SMGR Raw Material and Fuel & Energy Cost In IDR Billion

Source: Company
Income Statement YoY & QoQ In IDR Billion

Income Statement (IDR Bn)	1Q2023	2Q2023	3Q2023	4Q2023	QoQ	4Q2022	YoY	2022A	2023A	YoY
Revenue	8.935	8.097	10.629	10.991	3%	9.778	12%	36.379	38.651	6%
Cost of revenue	-6.489	-6.127	-7.605	-8.253	9%	-6.997	18%	-25.701	-28.474	11%
Gross Profit	2.446	1.970	3.024	2.737	-9%	2.781	-2%	10.678	10.177	-5%
Operating Expense	-1.643	-1.469	-1.789	-1.973	10%	-2.025	-3%	-7.379	-6.873	-7%
Profit Before Tax	803	501	1.235	764	-38%	756	1%	3.299	3.304	0%
Taxes	-220	-193	-333	-262	-21%	-32	713%	-800	-1.008	26%
NIAT	583	309	902	502	-44%	724	-31%	2.499	2.296	-8%
Non-controlling Interest	-21	-4	-55	-45	-17%	-42	9%	-134	-125	-7%
Net Income	562	305	848	457	-46%	682	-33%	2.365	2.170	-8%
EPS	95	34	126	68	-46%	113	-40%	397	321	-19%
GPM	27,4%	24,3%	28,5%	24,9%		28,4%		29,4%	26,3%	
OPM	9,0%	6,2%	11,6%	7,0%		7,7%		9,1%	8,5%	
NPM	6,3%	3,8%	8,0%	4,2%		7,0%		6,5%	5,6%	

Source: Company

Income Statement YoY In IDR Billion

Income Statement (In IDR Bn)	2020A	2021A	2022A	2023A	2024F	2025F
Revenue	35.172	36.702	36.379	38.651	40.197	41.207
Cost of revenue	-23.555	-24.976	-25.701	-28.474	-29.545	-30.205
Gross Profit	11.617	11.727	10.678	10.177	10.652	11.002
Operating Expense	-8.128	-8.189	-7.379	-6.873	-7.034	-7.005
Profit Before Tax	3.489	3.538	3.299	3.304	3.618	3.997
Taxes	-814	-1.420	-800	-1.008	-1.085	-1.199
NIAT	2.674	2.117	2.499	2.296	2.532	2.798
Non-controlling Interest	118	-71	-134	-125	-60	-62
Net Income	2.792	2.047	2.365	2.170	2.472	2.736
EPS (In IDR)	471	344	397	321	366	405
EBITDA	8.906	8.433	6.860	7.804	8.203	8.770

Source: Company and Binaartha

Cash Flow In IDR Billion

Cash Flow (In IDR Bn)	2020A	2021A	2022A	2023A	2024F	2025F
Net Income	2.792	2.047	2.365	2.170	2.472	2.736
Depreciation	3.096	3.087	2.133	3.110	3.280	3.460
Change in WC	-660	2.530	-1.212	3.079	1.023	-1.809
Cash From Operating Activities	5.229	7.664	3.286	8.360	6.775	4.387
Change in Non-current Assets	-2.389	-6.227	-633	-1.066	-5.131	-5.328
Cash From Investing Activities	-2.389	-6.227	-633	-1.066	-5.131	-5.328
Change in Long-term liabilities	-3.472	-4.091	-2.369	-1.455	-500	2.000
Change in Bonds Payable	4	-2.995	866	-3.360	0	0
Change in Others Noncurrent Liabilities	858	498	-765	263	235	568
Change in Temporary Shirkah temporer	-219	0	669	-200	-250	0
Change in Equity	-1.031	5.175	2.000	-1.609	-1.320	-1.626
Cash From Financing Activities	-3.859	-1.413	400	-6.361	-1.835	942
Net Changes in Cash	-1.020	24	3.052	933	-190	1
Beginning Balance	3.950	2.931	2.955	6.007	6.940	6.749
Ending Balance	2.931	2.955	6.007	6.940	6.749	6.751

Source: Company and Binaartha

Statement of Financial Position In IDR Billion

Statement of Financial Position (In IDR Bn)	2020A	2021A	2022A	2023A	2024F	2025F
ASSETS						
CURRENT ASSETS						
Cash and Cash Equivalents	2.931	2.955	6.007	6.940	6.749	6.751
Trade Accounts Receivable	6.038	5.691	5.521	5.788	5.226	5.357
Inventories	4.548	4.849	5.610	5.134	5.226	5.357
Others Current Assets	2.048	2.691	1.740	1.922	1.809	1.648
Total Current Assets	15.565	16.186	18.879	19.783	19.009	19.113
NONCURRENT ASSETS						
Fixed Assets	56.053	58.839	57.806	56.771	58.411	60.141
Other Noncurrent Assets	6.388	6.742	6.275	5.267	5.477	5.615
Total Noncurrent Assets	62.442	65.581	64.081	62.038	63.888	65.756
TOTAL ASSETS	78.006	81.766	82.960	81.821	82.898	84.869
LIABILITIES AND EQUITY						
LIABILITIES						
CURRENT LIABILITIES						
Short-term Loans	1.596	3.058	500	4.895	4.895	2.895
Trade Account Payable	6.828	7.855	8.096	8.096	8.039	8.241
Others Current Liabilities	3.082	3.719	4.465	3.121	3.618	3.709
Total Current Liabilities	11.506	14.632	13.061	16.112	16.552	14.845
NONCURRENT LIABILITIES						
Long-term bank	14.188	10.097	7.728	6.273	5.773	7.773
Bond Payable	7.069	4.074	4.940	1.580	1.580	1.580
Others Noncurrent Liabilities	7.808	8.306	7.541	7.804	8.039	8.607
Total Noncurrent Liabilities	29.066	22.478	20.210	15.658	15.393	17.961
TOTAL LIABILITIES	40.572	37.110	33.271	31.770	31.944	32.805
Non-controlling interest	1.480	4.362	4.491	4.539	4.824	4.945
EQUITY	34.173	38.514	42.748	43.261	44.130	45.119
TEMPORARY SYIRKAH	1.781	1.781	2.450	2.250	2.000	2.000
TEMPORER						
TOTAL TEMPORARY SYIRKAH						
TEMPORER, LIABILITIES & EQUITY	78.006	81.766	82.960	81.821	82.898	84.869

Source: Company and Binaartha

Ratio Highlights YoY

Growth (% YoY)	2020A	2021A	2022A	2023A	2024F	2025F
Sales	-12,9%	4,4%	-0,9%	6,2%	4,0%	2,5%
OP	9,2%	1,4%	-6,8%	0,1%	9,5%	10,5%
EBITDA	1,8%	-5,3%	-18,7%	13,8%	5,1%	6,9%
NP	16,7%	-26,7%	15,5%	-8,2%	13,9%	10,7%
EPS	16,7%	-27,0%	15,4%	-19,0%	13,9%	10,7%
Profitability						
Gross Profit Margin (%)	33,0%	32,0%	29,4%	26,3%	26,5%	26,7%
Operating Margin(%)	9,9%	9,6%	9,1%	8,5%	9,0%	9,7%
EBITDA margin(%)	25,3%	23,0%	18,9%	20,2%	20,4%	21,3%
NET Profit margin(%)	7,9%	5,6%	6,5%	5,6%	6,2%	6,6%
ROA(%)	3,6%	2,5%	2,9%	2,7%	3,0%	3,2%
ROE(%)	8,2%	5,3%	5,5%	5,0%	5,6%	6,1%
Stability						
Net debt/ equity (x)	0,7	0,4	0,3	0,3	0,3	0,3
Int. Coverage (x)	1,2	1,2	1,8	1,7	1,9	2,1
Current Ratio (X)	1,4	1,1	1,4	1,2	1,1	1,3
Per Share data						
EPS (IDR)	471	344	397	321	366	405
PBV (x)	2,2	1,1	0,9	1,0	1,2	1,2
PER (x)	26,4	21,1	15,5	20,0	21,3	19,2
EBITDA/share	1.501	1.417	1.151	1.156	1.215	1.299

Stock Ratings:

- Buy : a recommendation to purchase the security with upside potential of **20% or greater**
Hold : a recommendation to neither buy nor sell a security with upside potential of **0-19%**.
Sell : a recommendation to close out a long position in a security with upside potential **below 0% or negative**.

RESEARCH TEAM
(62 21) 520 6678 ext. 611

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