

PT. HM SAMPOERNA Tbk.

HOLD

6 April 2022
Non Cyclical - Tobacco

| | | |
|--------------|-----|-----------|
| Price | IDR | 920 |
| Target Price | IDR | 1,060 |
| JKSE Index | | 7,148.299 |



Stock Information

| | |
|--------------------------|----------------|
| Bloomberg Code | HMSP IJ |
| Market Cap (IDR bn) | 107.010 |
| 52-week high (IDR) | 1,405 |
| 52-week low (IDR) | 900 |
| Shares issued (mn) | 116,318 |
| 6-m avg. daily Val (IDR) | 1,110 |
| Free float | 7.50% |

Major share holders

| | |
|----------------------------|--------|
| PT Philip Morris Indonesia | 92.50% |
| Public | 7.50% |

USD/ IDR – YE (IDR)

| | |
|----------------|--------|
| 2021 | 14,300 |
| 2022F (6m-avg) | 14,308 |

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Investment Consideration

Fastest Growth Quarter

- In 4Q2021 HMSP's sales increased +7% YoY or 6% QoQ to IDR 26.35 trillion the highest QoQ growth in 2021. For the full year 2021, HMSP recorded sales growth of +7% YoY to IDR 98.8 trillion after 2 years of decreases.
- HMSP sales volume increased +4.1% YoY to 82.8 billion units. Sampoerna's brands grew +15% YoY while Dji Sam Soe decreased -8.6% YoY in 2021.
- Hand-rolled white cigarettes (SPT) recorded a 3,115% YoY sales growth to IDR 544.8 billion, while the biggest contributor to sales is still machine-made clove cigarettes (SKM) with a 66% contribution of IDR 65.2 trillion in 2021.
- Hand-rolled Kretek (SKT) sales grew +7% YoY to IDR 22.8 trillion and Machine-Made White (SPM) cigarettes increased +6% to IDR 9.4 trillion.
- The growth in 2021 reflects higher prices but offset by a lower market share, mainly due to smokers down-trading to lower tier cigarettes with significantly lower retail prices. We expect more growth in 2022F inline with a recovery in domestic consumption.

Slightly higher margin QoQ

- HMSP margins slightly increased in 4Q2021 with higher volumes and higher ASPs.
- Despite the growth in sales in 4Q2021, HMSP net profit decreased by -5.3% YoY but grew +11.4% QoQ to IDR 1.58 trillion with a slightly higher net profit margin of 6% from 5.7% in 3Q2021. For 2021FY, net profit declined by -17% YoY to IDR 7.13 trillion.
- HMSP's cost of sales increased +10.3% YoY or +5.6% QoQ to IDR 22.1 trillion in 4Q2021. This resulted in a lower gross profit -7.8% YoY but +7.3% QoQ to IDR 4.18 trillion with a slightly higher gross profit margin of 15.9% from 15.7%.
- Profit before tax decreased by -6.4% YoY but was higher +11.5% QoQ to IDR 2.04 trillion.
- With the recovery in sales volume, we expect HMSP's sales will grow +8% YoY to reach IDR 107 trillion in 2022F with slightly higher bottom line growth of +6% YoY to give a net profit of IDR 7.59 trillion.

Valuation: TP 1,060 HOLD

- We are targeting HMSP to trade at a 15x 2023F PE within a year. Target Price is IDR 1,060 which represents 15% upside. We maintain our recommendation to HOLD.

| Financial Highlights | 2018A | 2019A | 2020A | 2021A | 2022F | 2023F |
|----------------------|-------------|-------------|------------|------------|-------------|-------------|
| Revenue (IDR Mn) | 106.741.891 | 106.055.176 | 92.425.210 | 98.874.784 | 107.155.343 | 116.203.339 |
| EBITDA (IDR Mn) | 18.944.751 | 19.687.317 | 12.186.746 | 9.821.619 | 10.667.980 | 11.600.538 |
| Net Profit (IDR Mn) | 13.538.418 | 13.721.513 | 8.581.378 | 7.137.097 | 7.590.885 | 8.231.845 |
| EPS (IDR) | 116 | 118 | 74 | 61 | 65 | 71 |
| GPM (%) | 23,9% | 24,6% | 20,3% | 17,1% | 17,0% | 17,0% |
| OPM (%) | 15,8% | 16,1% | 11,3% | 8,8% | 8,8% | 8,8% |
| ROE (%) | 38,3% | 38,5% | 28,4% | 24,4% | 24,7% | 25,4% |
| ROA (%) | 35,8% | 32,9% | 20,9% | 17,3% | 16,9% | 17,4% |

Source: Company and Binaartha

Company Profile

PT HM Sampoerna Tbk. business activities are manufacturing, trading (including transportation/distributing and warehousing as well as other supporting services activities) in the tobacco products industry. The company's shares have been traded on the Indonesia Stock Exchange since 1990 with the ticker HMSP. HMSP's portfolio offers a wide range of products across Machine-Made Kretek Higher Tar (SKM HT), Machine-Made Kretek Low Tar (SKM LT), Hand-rolled Kretek (SKT), Machine-Made White (SPM) and Hand-rolled White (SPT) categories. HMSP's cigarette brands are Dji Sam Soe, Sampoerna Kretek, Sampoerna A, Sampoerna U, Philip Morris, and Marlboro.



Source: Company

Table: Income Statement In IDR Mn QoQ & YoY

| Income Statement (IDR Mn) | 1Q2021 | 2Q2021 | 3Q2021 | 4Q2021 | QoQ | 4Q2020 | YoY |
|---------------------------|-------------------|-------------------|-------------------|-------------------|--------------|-------------------|--------------|
| Net Sales | 23.558.050 | 24.070.071 | 24.891.139 | 26.355.524 | 5,9% | 24.646.500 | 6,9% |
| Cost of Goods Sold | -18.520.712 | -20.272.254 | -20.991.216 | -22.170.831 | 5,6% | -20.109.279 | 10,3% |
| Gross Profit | 5.037.338 | 3.797.817 | 3.899.923 | 4.184.693 | 7,3% | 4.537.221 | -7,8% |
| Operating Expense | -1.850.690 | -1.946.904 | -2.162.125 | -2.242.898 | 3,7% | -2.493.041 | -10,0% |
| Operating Income | 3.186.648 | 1.850.913 | 1.737.798 | 1.941.795 | 11,7% | 2.044.180 | -5,0% |
| Other Income | 125.796 | 111.658 | 95.686 | 101.872 | 6,5% | 138.349 | -26,4% |
| PBT | 3.312.444 | 1.962.571 | 1.833.484 | 2.043.667 | 11,5% | 2.182.529 | -6,4% |
| Taxes | -726.160 | -414.874 | -413.001 | -461.034 | 11,6% | -511.951 | -9,9% |
| PAT | 2.586.284 | 1.547.697 | 1.420.483 | 1.582.633 | 11,4% | 1.670.578 | -5,3% |
| Non-controlling interest | 0 | 0 | 0 | 0 | | 0 | |
| Net Profit | 2.586.284 | 1.547.697 | 1.420.483 | 1.582.633 | 11,4% | 1.670.578 | -5,3% |
| EPS | 22 | 13 | 12 | 14 | 11,4% | 14 | -5,3% |
| GPM (%) | 21,4% | 15,8% | 15,7% | 15,9% | | 18,4% | |
| OPM (%) | 13,5% | 7,7% | 7,0% | 7,4% | | 8,3% | |
| NPM (%) | 11,0% | 6,4% | 5,7% | 6,0% | | 6,8% | |

Source: Company

Table: Income Statement in IDR Million YoY

| Income Statement (IDR Mn) | 2017A | 2018A | 2019A | 2020A | 2021A | 2022F | 2023F |
|---------------------------|-------------------|--------------------|--------------------|-------------------|-------------------|--------------------|--------------------|
| Net Sales | 99.091.484 | 106.741.891 | 106.055.176 | 92.425.210 | 98.874.784 | 107.155.343 | 116.203.339 |
| Cost of Goods Sold | -74.875.642 | -81.251.100 | -79.932.195 | -73.653.975 | -81.955.013 | -88.938.935 | -96.448.771 |
| Gross Profit | 24.215.842 | 25.490.791 | 26.122.981 | 18.771.235 | 16.919.771 | 18.216.408 | 19.754.568 |
| Operating Expense | -8.104.497 | -8.608.863 | -9.045.894 | -8.328.881 | -8.202.617 | -8.786.738 | -9.528.674 |
| Operating Income | 16.111.345 | 16.881.928 | 17.077.087 | 10.442.354 | 8.717.154 | 9.429.670 | 10.225.894 |
| Other Income | 783.461 | 1.079.341 | 1.182.336 | 719.112 | 435.012 | 428.621 | 464.813 |
| PBT | 16.894.806 | 17.961.269 | 18.259.423 | 11.161.466 | 9.152.166 | 9.858.292 | 10.690.707 |
| Taxes | -4.224.272 | -4.422.851 | -4.537.910 | -2.580.088 | -2.015.069 | -2.267.407 | -2.458.863 |
| PAT | 12.670.534 | 13.538.418 | 13.721.513 | 8.581.378 | 7.137.097 | 7.590.885 | 8.231.845 |
| Non-controlling interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net Profit | 12.670.534 | 13.538.418 | 13.721.513 | 8.581.378 | 7.137.097 | 7.590.885 | 8.231.845 |
| EPS | 109 | 116 | 118 | 74 | 61 | 65 | 71 |
| EBITDA | 17.785.191 | 18.944.751 | 19.687.317 | 12.186.746 | 9.821.619 | 10.667.980 | 11.600.538 |

Source: Company and Binaartha

Table: Cash Flow in IDR Million YoY

| Cash Flow (In IDR Mn) | 2017A | 2018A | 2019A | 2020A | 2021A | 2022F | 2023F |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|-------------------|-------------------|-------------------|
| Net Income | 12.670.534 | 13.538.418 | 13.721.513 | 8.581.378 | 7.137.097 | 7.590.885 | 8.231.845 |
| Depreciation | 864.852 | 952.987 | 1.374.440 | 975.297 | 612.925 | 753.800 | 847.896 |
| Change in WC | 1.967.188 | 6.674.602 | 3.372.401 | 1.605.149 | 7.028.305 | 531.669 | -255.539 |
| Cash From Operating Activities | 15.502.574 | 21.166.007 | 18.468.354 | 11.161.824 | 14.778.327 | 8.876.354 | 8.824.201 |
| Change in Non-current Assets | -964.781 | -763.214 | -1.809.294 | -351.898 | -3.797.856 | -1.202.170 | -2.153.721 |
| Cash From Investing Activities | -964.781 | -763.214 | -1.809.294 | -351.898 | -3.797.856 | -1.202.170 | -2.153.721 |
| Employee benefits liabilities | 432.476 | -36.908 | -72.878 | 310.722 | -706.676 | 195.296 | 162.864 |
| Others Noncurrent Liabilities | 207.848 | -58.033 | 118.110 | -117.352 | -47.331 | 79.954 | 32.535 |
| Equity | -12.732.563 | -12.293.150 | -13.400.036 | -14.019.682 | -8.187.117 | -6.022.224 | -6.539.578 |
| Cash From Financing Activities | -12.092.239 | -12.388.091 | -13.354.804 | -13.826.312 | -8.941.124 | -5.746.973 | -6.344.179 |
| Net Changes in Cash | 2.445.554 | 8.014.702 | 3.304.256 | -3.016.386 | 2.039.347 | 1.927.210 | 326.301 |
| Beginning Balance | 5.056.183 | 7.501.737 | 15.516.439 | 18.820.695 | 15.804.309 | 17.843.656 | 19.770.866 |
| Ending Balance | 7.501.737 | 15.516.439 | 18.820.695 | 15.804.309 | 17.843.656 | 19.770.866 | 20.097.168 |

Source: Company and Binaartha

Table: Statement of Financial Position in IDR Million YoY

| ASSETS | 2017A | 2018A | 2019A | 2020A | 2021A | 2022F | 2023F |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| CURRENT ASSETS | | | | | | | |
| Cash and Cash Equivalents | 7.501.737 | 15.516.439 | 18.820.695 | 15.804.309 | 17.843.656 | 19.770.866 | 20.097.168 |
| Trade Accounts Receivable | 3.597.922 | 3.507.601 | 3.254.954 | 3.648.322 | 2.896.599 | 2.678.884 | 2.905.083 |
| Inventories | 18.023.238 | 15.183.197 | 16.376.231 | 18.093.707 | 17.781.747 | 18.931.469 | 20.530.007 |
| Others Current Assets | 5.057.456 | 3.624.246 | 3.245.135 | 3.545.300 | 2.801.103 | 3.515.775 | 3.779.427 |
| Total Current Assets | 34.180.353 | 37.831.483 | 41.697.015 | 41.091.638 | 41.323.105 | 44.896.994 | 47.311.685 |
| NONCURRENT ASSETS | | | | | | | |
| Fixed Assets | 6.890.750 | 7.288.435 | 7.297.912 | 6.582.808 | 6.038.643 | 6.792.443 | 7.640.339 |
| Goodwill | 60.423 | 60.423 | 60.423 | 60.423 | 60.423 | 65.483 | 71.013 |
| Other Noncurrent Assets | 2.009.537 | 1.422.079 | 1.847.456 | 1.939.161 | 5.668.257 | 5.357.767 | 5.810.167 |
| Total Noncurrent Assets | 8.960.710 | 8.770.937 | 9.205.791 | 8.582.392 | 11.767.323 | 12.215.693 | 13.521.518 |
| TOTAL ASSETS | 43.141.063 | 46.602.420 | 50.902.806 | 49.674.030 | 53.090.428 | 57.112.687 | 60.833.203 |
| LIABILITIES AND EQUITY | | | | | | | |
| LIABILITIES | | | | | | | |
| CURRENT LIABILITIES | | | | | | | |
| Trade Account Payable | 3.666.441 | 3.450.070 | 3.802.004 | 3.467.567 | 4.244.097 | 3.981.154 | 4.457.674 |
| Excise Tax Payable | 0 | 0 | 5.423.392 | 9.547.748 | 14.835.154 | 16.073.301 | 17.430.501 |
| Others Current Liabilities | 2.816.528 | 5.343.929 | 3.502.280 | 3.728.519 | 2.885.008 | 4.088.152 | 4.087.283 |
| Total Current Liabilities | 6.482.969 | 8.793.999 | 12.727.676 | 16.743.834 | 21.964.259 | 24.142.607 | 25.975.457 |
| NONCURRENT LIABILITIES | | | | | | | |
| Employee benefits liabilities | 2.239.240 | 2.202.332 | 2.129.454 | 2.440.176 | 1.733.500 | 1.928.796 | 2.091.660 |
| Others Noncurrent Liabilities | 305.869 | 247.836 | 365.946 | 248.594 | 201.263 | 281.217 | 313.753 |
| Total Noncurrent Liabilities | 2.545.109 | 2.450.168 | 2.495.400 | 2.688.770 | 1.934.763 | 2.210.014 | 2.405.413 |
| TOTAL LIABILITIES | 9.028.078 | 11.244.167 | 15.223.076 | 19.432.604 | 23.899.022 | 26.352.620 | 28.380.870 |
| Non-controlling interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| EQUITY | 34.112.985 | 35.358.253 | 35.679.730 | 30.241.426 | 29.191.406 | 30.760.067 | 32.452.332 |
| TOTAL LIABILITIES & EQUITY | 43.141.063 | 46.602.420 | 50.902.806 | 49.674.030 | 53.090.428 | 57.112.687 | 60.833.202 |

Source: Company and Binaartha

Table: Ratio Highlights YoY

| | 2017A | 2018A | 2019A | 2020A | 2021A | 2022F | 2023F |
|-----------------------------|-------|-------|-------|-------|-------|-------|-------|
| Growth (% YoY) | | | | | | | |
| Revenue | 4% | 8% | -1% | -13% | 7% | 8% | 8% |
| OP | 1% | 5% | 1% | -39% | -17% | 8% | 8% |
| EBITDA | 0% | 7% | 4% | -38% | -19% | 9% | 9% |
| NP | -1% | 7% | 1% | -37% | -17% | 6% | 8% |
| EPS | 0% | 7% | 4% | -38% | -19% | 9% | 9% |
| Profitability | | | | | | | |
| Gross Profit Margin (%) | 24% | 24% | 25% | 20% | 17% | 17% | 17% |
| Operating Margin(%) | 16% | 16% | 16% | 11% | 9% | 9% | 9% |
| EBITDA margin(%) | 18% | 18% | 19% | 13% | 10% | 10% | 10% |
| NET Profit margin(%) | 13% | 13% | 13% | 9% | 7% | 7% | 7% |
| ROA(%) | 37% | 36% | 33% | 21% | 17% | 17% | 17% |
| ROE(%) | 37% | 38% | 38% | 28% | 24% | 25% | 25% |
| Stability | | | | | | | |
| Int. Coverage (x) | 496 | 444 | 257 | 172 | 126 | 136 | 133 |
| Current Ratio (X) | 5 | 4 | 3 | 2 | 2 | 2 | 2 |
| Per Share data (IDR) | | | | | | | |
| EPS | 109 | 116 | 118 | 74 | 61 | 65 | 71 |
| EBITDA/share | 153 | 163 | 169 | 105 | 84 | 92 | 100 |

Source: Company and Binaartha

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%**.

Sel : a recommendation to close out a long position in a security with upside potential **below 0% or negative**.

RESEARCH TEAM
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