

Semen Indonesia Tbk (SMGR IJ)

Harus Mampu Manfaatkan Pemulihan Ekonomi

Kinerja SMGR pada 1H20 mencatatkan kenaikan *bottom line* sebesar 26,6% YoY, meskipun penjualan dan laba 2Q20 kompak turun -9,5% dan -25,5%. Adanya program Pemulihan Ekonomi Nasional (PEN), di mana akan dilanjutkannya proyek infrastruktur dan konstruksi yang sempat tertunda, dapat membantu pertumbuhan volume penjualan SMGR dalam negeri. Ekspor pun tetap harus digencarkan mengingat ekonomi negara tujuan ekspor yang berangsur pulih.

Bottom Line 1H20 Cemerlang walaupun Kinerja 2Q20 Terdampak Pandemi

Pada 1H20, SMGR mencatatkan penjualan sebesar Rp16,02 triliun atau turun tipis 2% YoY (vs Rp16,35 triliun 1H19), walaupun volume penjualan meningkat 1,9% YoY menjadi 18,11 juta ton. Segmen penjualan semen tumbuh tipis 0,29%, sementara segmen *clinker* naik 11,57%, didukung oleh meningkatnya 51,12% volume ekspor *clinker* skala nasional menjadi 3,41 juta ton (vs 2,26 juta ton 1H19). Adanya kenaikan margin pada 1H20, dimana GPM berada pada level 30% (vs 28,5% 1H19), OPM sebesar 13,2% (vs 12,5% 1H19) dan NPM 3,78% (vs 2,94% 1H19) mendorong laba SMGR pada 1H20 naik 26,6% YoY atau sebesar Rp606 miliar. Sementara secara kuartalan, SMGR membukukan penjualan Rp7,44 triliun (-9,5% YoY). Pelemahan ekonomi dan penerapan PSBB pada kuartal-II membuat beberapa proyek infrastruktur dan konstruksi tertunda dan menyebabkan penjualan semen dan beton jadi/siap pakai masing-masingnya berkontraksi 6% YoY dan 45% YoY. Di sisi lain, nilai beban pajak sebesar Rp134 miliar mendorong penurunan laba 2Q20 menjadi Rp181 miliar (-25,5% YoY).

Terapkan Stop-Stand By pada Beberapa Pabrik

Penjualan semen SMGR pada 2Q20 tercatat sebesar 1,6 juta ton atau tumbuh 17% YoY dan 1,2% QoQ, meskipun terjadi penurunan volume penjualan semen secara nasional sebesar 12,52 juta ton (-8,9% YoY, -14% QoQ). Guna menghindari adanya *oversupply* sekaligus menjaga level stok minimum untuk material, SMGR menerapkan strategi *stop-stand by* pada beberapa pabrik dan menyesuaikan *demand*. Pada sisa tahun ini, kami yakin pasar penjualan semen baik domestik maupun ekspor akan membaik, didukung pulihnya ekonomi negara tujuan ekspor seperti China dan Bangladesh, di mana China mendominasi volume penjualan hampir 40% dari total ekspor semen nasional.

Rating BUY dengan Target Harga Rp11.500

Kami meyakini kinerja SMGR pada 3Q20 akan membaik dibandingkan dengan 2Q20. Hal tersebut didukung oleh adanya *re-opening* ekonomi melalui program Pemulihan Ekonomi Nasional (PEN) yang membuat proyek-proyek konstruksi dan infrastruktur kembali dilanjutkan. SMGR pun turut berpartisipasi dalam program PEN untuk pemulihan sektor perumahan. Bekerja sama dengan BTN, SMGR ditunjuk sebagai penyedia solusi konstruksi melalui layanan pembangunan rumah dengan metode ceak di tempat atau *One-Day-One-Home* (Dynamhome) yang memungkinkan proses pembangunan rumah tiga kali lebih cepat dari metode konvensional. Berdasarkan faktor tersebut, kami memberikan rekomendasi BUY dengan target harga Rp11.500 atau potensi upside 21,1% berdasarkan metode *forward P/E* 29,6x (+0,6 SD). Saat ini, SMGR diperdagangkan dengan *P/E* 2020F 24,4x.

Semen Indonesia Tbk | Summary

	2019A	2020F	2021F	2022F
Sales	40,368	39,238	40,640	41,255
Growth (%)	31.5%	-2.8%	3.6%	1.5%
EBITDA	8,680	8,260	9,816	9,739
Net Profit	2,731	2,194	2,308	2,654
EPS (IDR)	400	370	389	447
Growth (%)	-23.2%	-7.5%	5.2%	15.0%
P/E	30.0x	31.3x	29.6x	25.7x
P/BV	2.1x	1.9x	1.8x	1.8x
EV/EBITDA	11.2x	11.4x	9.6x	9.8x
ROA (%)	3.6%	2.8%	2.9%	3.2%
DER (%)	7.1%	6.3%	6.3%	7.0%
Net Debt	21,954	21,624	21,532	22,597

Unit: IDR bn, %, x

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

Company Update | Aug 18, 2020

BUY

Target Price (IDR)	11,500
Consensus Price (IDR)	11,343
TP to Consensus Price	+1.4%
vs. Last Price	+21.1%

Shares data

Last Price (IDR)	9,500
Price Date as of	Aug 14, 2020
52 wk Range (Hi/Lo)	13,500 / 5,475
Free Float (%)	48.9
Outstanding sh.(mn)	5,932
Market Cap (IDR bn)	56,349
Market Cap (USD mn)	3,774
Avg. Trd Vol - 3M (mn)	5.0
Avg. Trd Val - 3M (bn)	47.2
Foreign Ownership	22.5%

Basic Industry

Cement

Bloomberg	SMGR IJ
Reuters	SMGR.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-22.1%	-1.6%	10.8%	-26.1%
Rel. Ret.	-5.6%	-4.9%	-5.5%	-9.8%

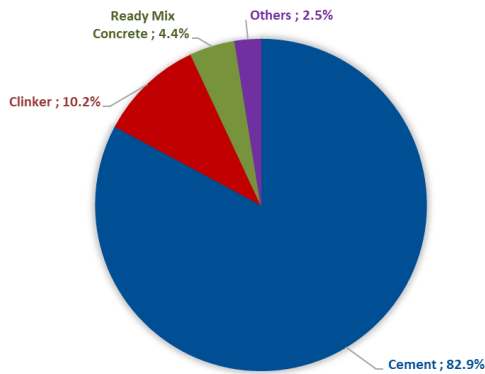
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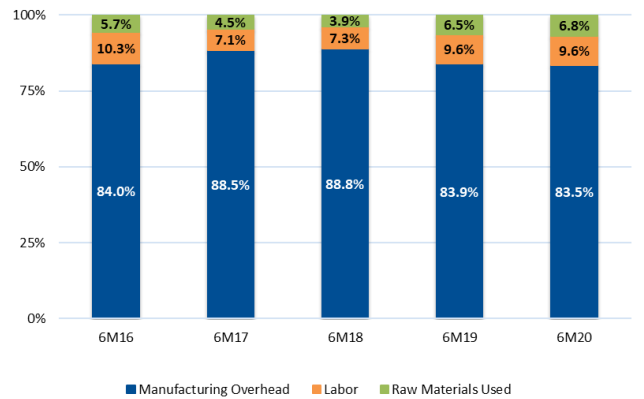
Performance Highlights in Chart

2Q20 Revenue Breakdown



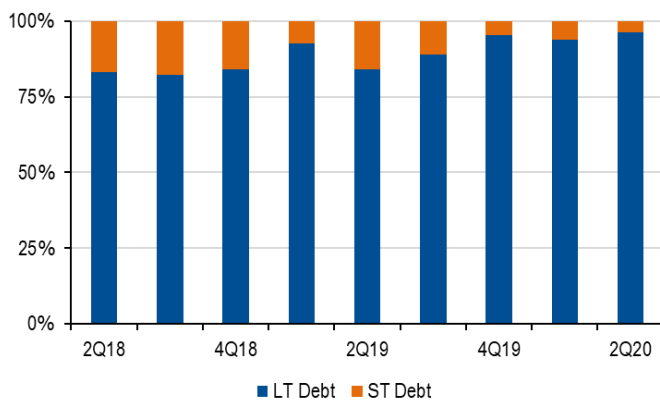
Source: Company Data, NHKSI Research

6M20 Manufacturing Cost Breakdown



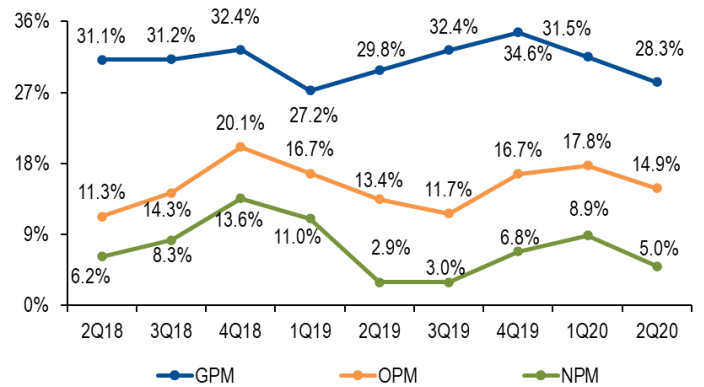
Source: Company Data, NHKSI Research

Debt Portion



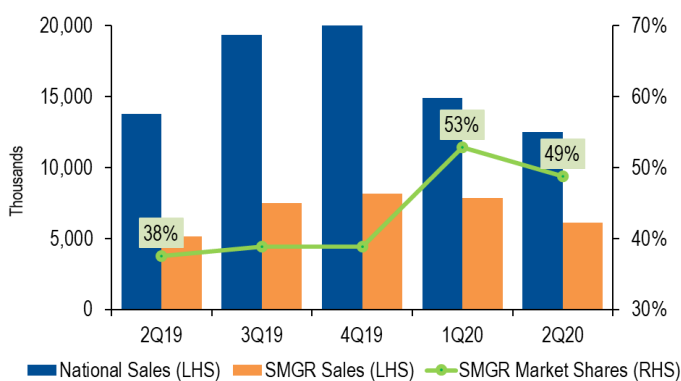
Source: Company Data, NHKSI Research

Margin Ratios



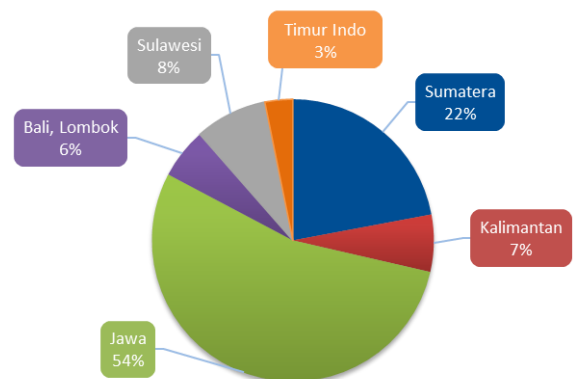
Source: Company Data, NHKSI Research

Domestic Sales Volume (Tons) & Market Share



Source: Company Data, NHKSI Research

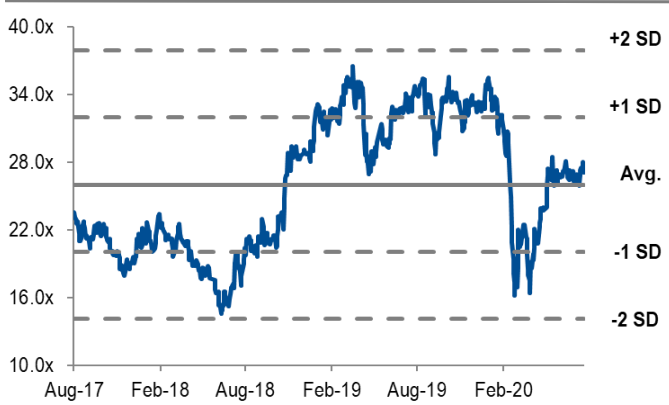
Market Demand by Geography



Source: Company Data, NHKSI Research

Valuation Highlights in Chart

3-Year Forward P/E Band



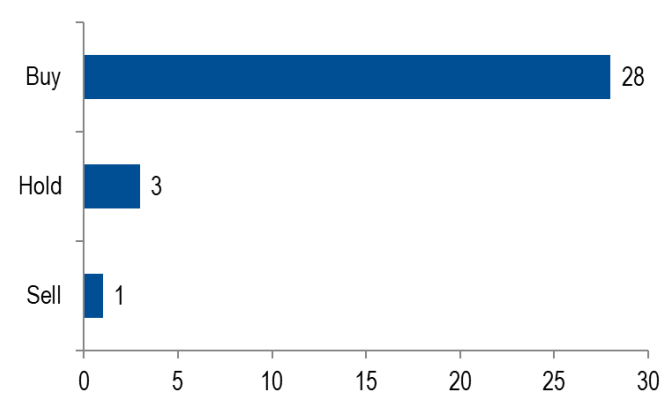
Source: Bloomberg, NHKSI Research

3-Year Dynamic Forward P/E Band



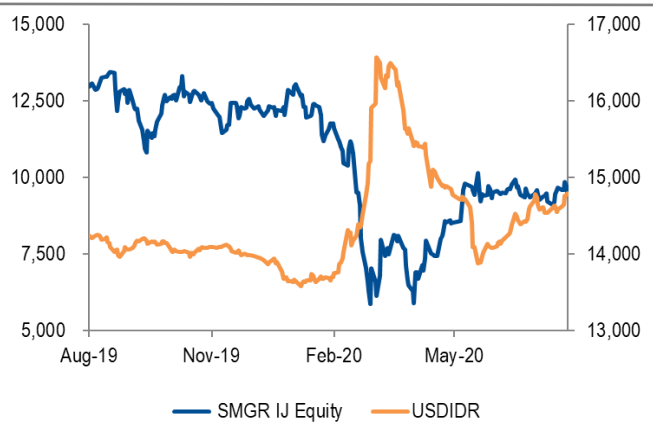
Source: Bloomberg, NHKSI Research

Recommendations by Analysts



Source: Bloomberg, NHKSI Research

Stock and USDIDR Correlated



Source: Bloomberg, NHKSI Research

Quarterly Review

	2Q19	3Q19	4Q19	1Q20	2Q20			3Q20E	
					Actual	Estimate	Y-Y		Q-Q
Income statement									
Sales	8,224	11,772	12,245	8,580	7,446		-9.5%	-13.2%	11,284
Gross Profit	2,451	3,811	4,238	2,704	2,108		-14.0%	-22.0%	3,552
EBIT	958	1,961	2,174	1,274	843		-12.1%	-33.9%	1,658
EBITDA	1,541	2,725	2,826	2,071	1,399		-9.2%	-32.4%	2,324
Net Profit	243	806	1,085	425	181		-25.5%	-57.5%	760
Margin									
Gross Margin	31.2%	32.4%	27.2%	29.8%	32.4%		-1.5%	-3.2%	31.5%
EBIT Margin	20.1%	16.7%	13.4%	11.7%	16.7%		-0.3%	-3.5%	14.7%
EBITDA Margin	25.6%	20.5%	19.6%	24.0%	23.1%		0.1%	-5.3%	20.6%
Net Profit Margin	13.6%	11.0%	2.9%	3.0%	6.8%		-0.5%	-2.5%	6.7%

Unit: IDR bn, %

Source: Company Data, NHKSI Research

Earnings Revision

		2020F	2021F	2022F
Income Statement				
Sales	-Revised	39,238	40,640	41,255
	-Previous			
	-Change			
Gross Profit	-Revised	11,994	12,610	13,614
	-Previous			
	-Change			
EBIT	-Revised	5,504	5,971	6,833
	-Previous			
	-Change			
EBITDA	-Revised	8,260	9,816	9,739
	-Previous			
	-Change			
Net Profit	-Revised	2,194	2,308	2,654
	-Previous			
	-Change			
Margin				
Gross Margin	-Revised	30.8%	31.0%	33.0%
	-Previous			
EBIT Margin	-Revised	14.0%	14.7%	16.6%
	-Previous			
EBITDA Margin	-Revised	21.1%	24.2%	23.6%
	-Previous			
Net Profit Margin	-Revised	5.6%	5.7%	6.4%
	-Previous			

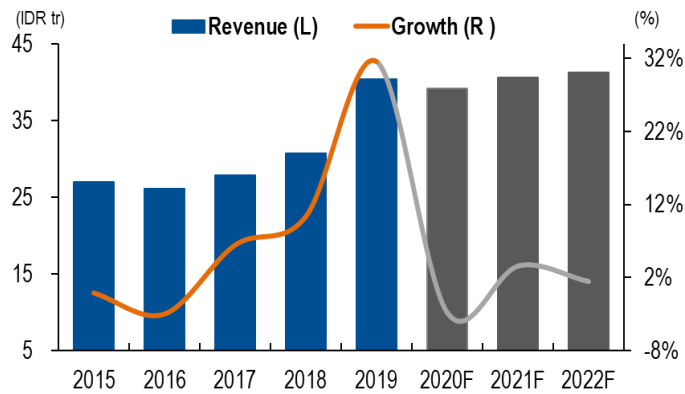
Unit: IDR bn, %

Source: Company Data, NHKS Research

Company Overview

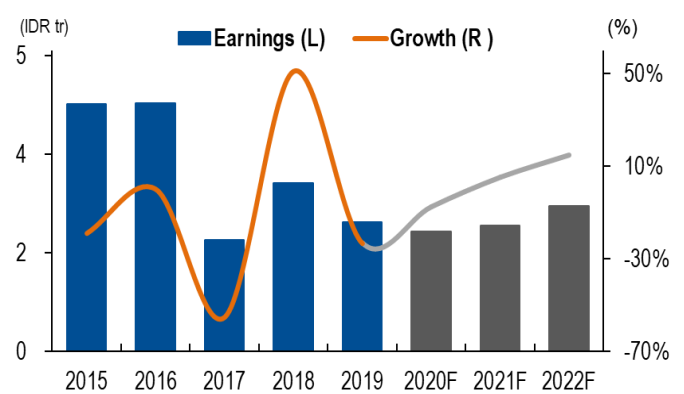
- PT Semen Indonesia (Persero) Tbk merupakan perusahaan BUMN yang bergerak di bidang industri bahan bangunan dengan semen sebagai produk utama. Perusahaan didirikan pada 1957 di Gresik dan jmenjadi perusahaan BUMN pertama yang *go public*.
- Sampai akhir tahun 2018, perusahaan memiliki dan mengoperasikan 5 pabrik semen terintegrasi di Indarung (Sumatera Barat), Tuban (Jawa Timur), Pangkep (Sulawesi Selatan), Rembang (Jawa Tengah), dan Quan Ninh (Vietnam).
- Perusahaan memiliki 4 merek produk unggulan yang tersebar di pasar domestik dan mancanegara, yaitu Semen Gresik, Semen Padang, Semen Tonasa, dan Thai Long Cement.
- Pada 31 Januari 2019, PT Semen Indonesia (Persero) Tbk melalui anak usahanya PT Semen Indonesia Industri Bangunan resmi mengakuisisi 80,6% kepemilikan saham Holderfin B.V. di PT Holcim Indonesia Tbk.
- PT Holcim Indonesia Tbk saat ini telah menjadi anak usaha dan berganti nama menjadi PT Solusi Bangun Indonesia Tbk.

Revenue and Growth Movement



Source: Company Data, NHKSI Research

Earnings and Growth Movement



Source: Company Data, NHKSI Research

Asia Pacific Companies Peers Analysis

	Market Cap (USD mn)	Asset (USD mn)	Sales LTM (USD mn)	Net Profit LTM (USD mn)	Net Profit Growth LTM	Net Profit Margin	ROE LTM	P/E LTM	P/BV
Indonesia									
SEMEN INDONESIA TBK	4,914	3,603	2,065	190	-13.46%	9.2%	9.0%	26.6x	2.3x
INDOCEMENT TUNGGAL PRAKARSA TBK	5,230	2,124	1,056	77	-49.70%	7.3%	4.6%	69.9x	3.3x
SOLUSI BANGUN INDONESIA TBK	1,004	1,444	710	-53	4.14%	-7.5%	-10.6%	N/A	2.2x
SEMEN BATURAJA TBK	1,326	372	138	6	-58.31%	4.2%	2.4%	245.6x	5.5x
Malaysia									
CAHYA MATA SARAWAK BHD	872	997	447	68	10.65%	15.2%	11.6%	13.3x	1.5x
Thailand									
SIAM CITY CEMENT PUB CO LTD	2,136	2,501	1,384	97	38.35%	7.0%	9.1%	22.3x	2.1x
Philippines									
HOLCIM PHILIPPINES INC	737	712	699	38	-48.34%	5.5%	9.1%	19.5x	1.8x
China									
ANHUI CONCH CEMENT CO LTD-H	25,598	18,741	13,713	3,403	86.05%	24.8%	25.1%	8.7x	2.0x
CHINA NATIONAL BUILDING MA-H	6,551	53,359	26,073	1,069	133.51%	4.1%	11.2%	6.0x	0.7x
HUAXIN CEMENT CO LTD-B	3,563	4,687	3,840	679	231.08%	17.7%	34.4%	4.3x	1.3x
India									
ULTRATECH CEMENT LTD	15,765	8,775	4,804	345	-18.15%	7.2%	8.8%	50.0x	4.2x
SHREE CEMENT LTD	8,298	2,324	1,525	215	3.37%	14.1%	16.7%	42.3x	6.6x
AMBUJA CEMENTS LTD	6,196	5,560	3,627	233	37.22%	6.4%	7.5%	28.8x	2.1x

Unit: USD mn, %, X

Source: Bloomberg, NHKSI Research

Summary of Financials

INCOME STATEMENT					PROFITABILITY & STABILITY				
(IDR bn)	2019/12A	2020/12F	2021/12F	2022/12F		2019/12A	2020/12F	2021/12F	2022/12F
Sales	40,368	39,238	40,640	41,255	ROE	7.1%	6.3%	6.3%	7.0%
Growth	31.5%	-2.8%	3.6%	1.5%	ROA	3.6%	2.8%	2.9%	3.2%
COGS	(27,654)	(27,244)	(28,030)	(27,641)	ROIC	6.5%	4.9%	5.1%	5.5%
Gross Profit	12,714	11,994	12,610	13,614	Cash Dividend (IDR bn)	1,232	946	876	921
Gross Margin	31.5%	30.6%	31.0%	33.0%	Dividend Yield	1.7%	1.4%	1.3%	1.4%
Operating Expenses	(6,529)	(6,491)	(6,639)	(6,781)	Payout Ratio	51.9%	43.1%	38.0%	34.7%
EBIT	6,185	5,504	5,971	6,833	DER	82.7%	82.9%	84.2%	87.8%
EBIT Margin	15.3%	14.0%	14.7%	16.6%	Net Gearing	92.3%	92.6%	93.7%	97.2%
Depreciation	(2,495)	(2,757)	(3,844)	(2,905)	LT Debt to Equity	79.2%	79.1%	79.8%	82.9%
EBITDA	8,680	8,260	9,816	9,739	Capitalization Ratio	45.3%	45.3%	45.7%	46.8%
EBITDA Margin	21.5%	21.1%	24.2%	23.6%	Equity Ratio	42.5%	45.7%	45.6%	45.3%
Interest Expenses	(3,205)	(2,161)	(2,430)	(2,776)	Debt Ratio	35.1%	37.9%	38.4%	39.7%
EBT	3,196	3,583	3,778	4,340	Financial Leverage	196.6%	227.0%	219.1%	220.1%
Income Tax	(825)	(1,378)	(1,453)	(1,670)	Current Ratio	136.6%	155.3%	170.1%	190.2%
Minority Interest	(21)	(17)	(17)	(17)	Par Value (IDR)	100	100	100	100
Net Profit	2,371	2,194	2,308	2,654	Total Shares (mn)	5,932	5,932	5,932	5,932
Growth	-23.2%	-7.5%	5.2%	15.0%	Share Price (IDR)	12,000	11,500	11,500	11,500
Net Profit Margin	5.9%	5.6%	5.7%	6.4%	Market Cap (IDR tn)	71.2	68.2	68.2	68.2

BALANCE SHEET					VALUATION INDEX				
(IDR bn)	2019/12A	2020/12F	2021/12F	2022/12F		2019/12A	2020/12F	2021/12F	2022/12F
Cash	4,008	5,884	7,226	9,010	Price/Earnings	30.0x	31.1x	29.6x	25.7x
Receivables	6,490	5,443	6,916	7,431	Price/Book Value	2.1x	1.9x	1.8x	1.8x
Inventories	4,642	4,582	4,908	5,020	Price/Sales	1.8x	1.7x	1.7x	1.7x
Total Current Assets	16,716	17,908	21,514	24,311	PE/EPS Growth	-0.1x	-0.4x	0.6x	0.2x
Net Fixed Assets	56,602	54,220	54,405	56,284	EV/EBITDA	11.2x	11.4x	9.6x	9.8x
Other Non Current Assets	2,110	1,898	1,632	1,689	EV/EBIT	15.7x	17.0x	15.8x	13.9x
Total Assets	79,807	78,232	81,482	86,007	EV (IDR bn)	96,827	93,781	94,116	95,219
Payables	5,670	5,325	5,473	5,429	Sales CAGR (3-Yr)	15.6%	12.2%	9.8%	0.7%
Other Liabilities	3,278	2,731	2,985	2,873	EPS CAGR (3-Yr)	29.1%	9.6%	21.7%	30.8%
LT Debt	24,750	26,152	27,117	29,697	Basic EPS (IDR)	399.77	369.93	389.04	447.41
Total Liabilities	45,915	42,502	44,312	47,088	Diluted EPS (IDR)	400	370	389	447
Capital Stock	593	593	593	593	BVPS (IDR)	5,714	6,024	6,267	6,562
Retained Earnings	29,774	31,401	32,833	34,566	Sales PS (IDR)	6,806	6,615	6,851	6,955
Shareholders' Equity	33,892	35,731	37,170	38,920	DPS (IDR)	207.6	159.6	147.7	155.3

CASH FLOW STATEMENT					TOP OWNERSHIP			
(IDR bn)	2019/12A	2020/12F	2021/12F	2022/12F	By Geography	% Shareholders	%	
Operating Cash Flow	5,609	4,676	4,290	4,391	Indonesia	77.5	Rep. of Indonesia	51.0
Investing Cash Flow	(17,161)	(3,653)	(3,754)	(4,577)	United States	9.7	Invesco Ltd	2.0
Financing Cash Flow	10,285	853	806	1,970	Luxembourg	5.3	Vanguard Group Inc	1.8
Net Changes in Cash	(1,267)	1,876	1,342	1,784	Norway	1.8	Blackrock	1.6

Source: Company Data, NHKSI Research

Closing and target price update



Source: Bloomberg, NHKSI Research

Rating and target price update

Date	Rating	Target price	Consensus
2017.08.03	Hold	IDR11,900	IDR9,969
2017.12.04	Buy	IDR11,550	IDR10,771
2018.12.04	Hold	IDR13,500	IDR12,025
2019.08.02	Hold	IDR14,200	IDR13,699
2019.11.11	Hold	IDR14,300	IDR14,327
2020.08.14	Buy	IDR11,500	IDR11,343

Source: NHKSI Research

NHKS stock ratings

- Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
- Buy: greater than +15%, Hold: -15% to +15%, Sell: less than -15%.
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