

Semen Indonesia Tbk (SMGR IJ)

Margin Meningkat, Capaian Laba Di Atas Ekspektasi

Company Update | Nov 16, 2020

BUY

Target Price (IDR)	13,325
Consensus Price (IDR)	11,934
TP to Consensus Price	+11.7%
vs. Last Price	+19.0%

Shares data

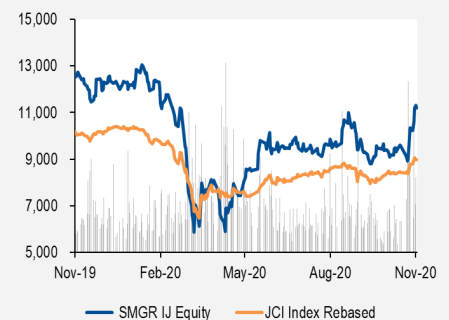
Last Price (IDR)	11,200
Price Date as of	Nov 13, 2020
52 wk Range (Hi/Lo)	13,250 / 5,475
Free Float (%)	48.9
Outstanding sh.(mn)	5,932
Market Cap (IDR bn)	66,433
Market Cap (USD mn)	4,670
Avg. Trd Vol - 3M (mn)	5.9
Avg. Trd Val - 3M (bn)	57.5
Foreign Ownership	21.6%

Basic Industry

Cement

Bloomberg	SMGR IJ
Reuters	SMGR.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-8.2%	19.8%	15.2%	-10.6%
Rel. Ret.	4.9%	13.4%	10.9%	0.5%

Ajeng Kartika Hapsari

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SMGR membukukan pendapatan sebesar Rp9,59 triliun (-18,5% YoY, +28,9% QoQ). GPM, OPM dan NPM pada 3Q20 mencatatkan level tertinggi, dikarenakan keberhasilan SMGR dalam melakukan efisiensi biaya. Namun, hingga akhir tahun volume penjualan SMGR akan dihadapkan pada tantangan seperti musim hujan dan libur panjang. Kami memprediksi penjualan dan kinerja akan membaik pada tahun depan, seiring dengan pulihnya ekonomi Indonesia dan didorong kembalinya sektor infrastruktur dan konstruksi.

Pendapatan Naik secara Kuartalan Didukung Kenaikan pada Semua Segmen

Pendapatan SMGR pada 3Q20 tercatat sebesar Rp9,59 triliun atau turun 18,5% YoY (vs Rp11,77 triliun 3Q19) atau -14,9% di bawah estimasi kami sebesar Rp11,28 triliun. Namun naik 28,9% dari kuartal sebelumnya. Kami asumsikan pelonggaran PSBB pada 3Q20 cukup efektif bagi pulihnya penjualan SMGR, karena beberapa proyek konstruksi sudah mulai kembali berjalan. Tiga segmen penjualan pun mengalami peningkatan secara kuartalan. Segmen pendapatan dari semen, klinker dan ready mix concrete masing-masingnya tercatat sebesar Rp8,06 triliun, Rp813 miliar, dan Rp473 miliar atau naik 31%, 7% dan 43% QoQ.

Capai Margin Tertinggi pada 3Q20

SMGR pun mencatatkan kinerja bottom line yang cemerlang, dengan membukukan laba 3Q20 sebesar Rp935 miliar atau naik 16,1% yoy (vs Rp806 miliar 3Q19) dan secara signifikan naik 417% QoQ (vs Rp181 miliar 2Q20). Perolehan laba berada +23% di atas estimasi kami sebesar Rp760 miliar. Selain karena angka penjualan kuartalan yang membaik, SMGR memiliki margin yang tinggi pada periode ini. GPM, OPM dan NPM naik menjadi 35,6%, 19,1%, 97% dari 28,3%, 11,3% dan 2,4% pada 2Q20. SMGR berhasil melakukan efisiensi pada biaya, mulai dari biaya produksi, pengelolaan bahan baku dengan optimalisasi komposisi bahan baku dan bahan penolong, integrasi pemasaran, distribusi, dan fungsi pengadaan, serta memanfaatkan limbah industri sebagai alternatif sumber bahan baku.

Tantangan Kenaikan Volume Penjualan

Volume penjualan hingga 3Q20 tercatat sebesar 29,13 juta ton atau turun tipis 2,9% YoY. Sementara secara kuartalan meraih 11,01 juta ton atau naik 8% QoQ. Kami perkirakan penjualan pada 4Q20 akan mengalami kendala karena musim hujan yang tiba dan adanya libur panjang pada akhir tahun. Di sisi lain, market share SMGR yang didominasi oleh penjualan semen bulk, akan diuntungkan dengan pulihnya sektor infrastruktur dan konstruksi. Maka kami prediksi, penjualan semen SMGR akan kembali pulih pada tahun depan di mana proyek infrastruktur secara optimal mulai dijalankan. Seiring ekonomi negara tujuan ekspor seperti China pun membaik, dapat menjadi angin segar bagi kenaikan volumen penjualan SMGR ke depannya.

Mempertahankan Rating BUY dengan TP Rp13.325

Kami menurunkan estimasi perolehan pendapatan SMGR pada FY20 dan FY21 masing-masingnya menjadi sebesar Rp36,92 triliun (-5,9%) dan Rp39,17 triliun (-3,6%) dan merevisi naik estimasi laba FY20 dan FY21 menjadi Rp2,50 triliun (+14,2%) dan Rp2,76 triliun (+19,9%). Kami melihat belum meredanya pandemi secara signifikan hingga 3Q20 menjadi tantangan bagi penjualan semen, namun di sisi lain kami percaya SMGR mampu lebih melakukan efisiensi, baik biaya produksi maupun biaya pemasaran. Untuk itu kami mempertahankan rating buy serta merevisi turun target harga menjadi Rp13.325 dengan metode forward P/E 28,6x (+0,8 SD) dan potensial upside sebesar 19% dari harga saham saat ini.

Semen Indonesia Tbk | Summary

	2019A	2020F	2021F	2022F
Sales	40,368	36,925	39,172	40,604
Growth (%)	31.5%	-8.5%	6.1%	3.7%
EBITDA	8,680	8,668	8,777	9,080
Net Profit	2,731	2,507	2,767	2,837
EPS (IDR)	400	423	467	478
Growth (%)	-23.2%	5.7%	10.4%	2.5%
P/E	30.0x	27.2x	24.7x	24.0x
P/BV	2.1x	1.9x	1.8x	1.7x
EV/EBITDA	11.2x	10.1x	9.6x	9.0x
ROA (%)	3.6%	3.2%	3.5%	3.4%
DER (%)	7.1%	7.2%	7.5%	7.3%
Net Debt	21,954	16,166	12,944	10,257

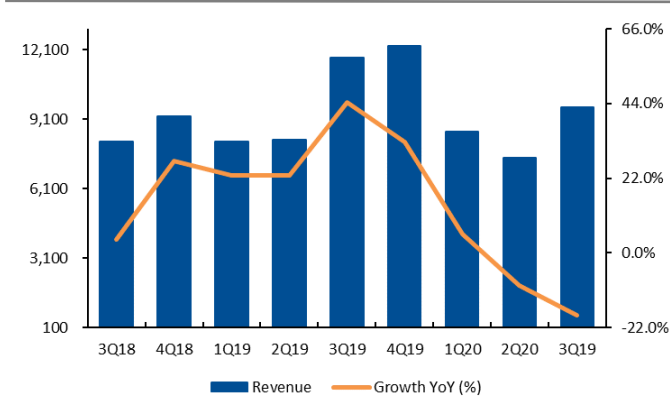
Unit: IDR bn, %, x

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

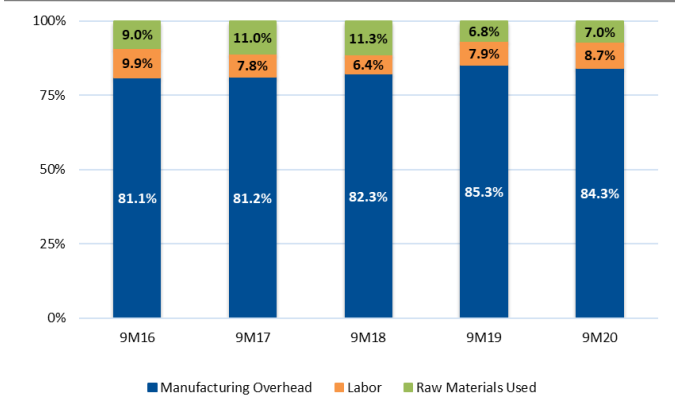
Performance Highlights in Chart

SMGR Quarterly Revenue (IDR bn) | 3Q18 - 3Q20



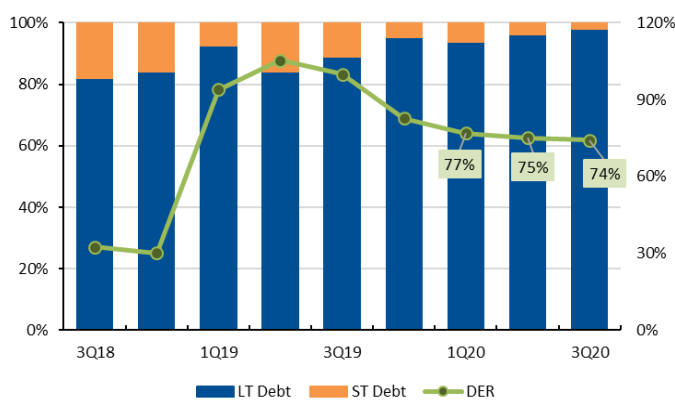
Source: Company Data, NHKSI Research

9M20 Manufacturing Cost Breakdown



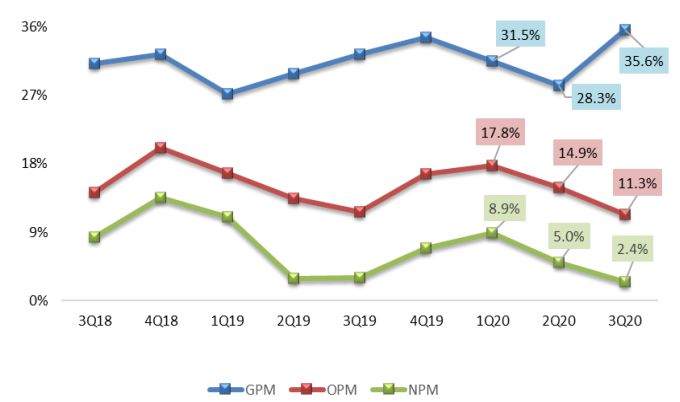
Source: Company Data, NHKSI Research

Debt Portion



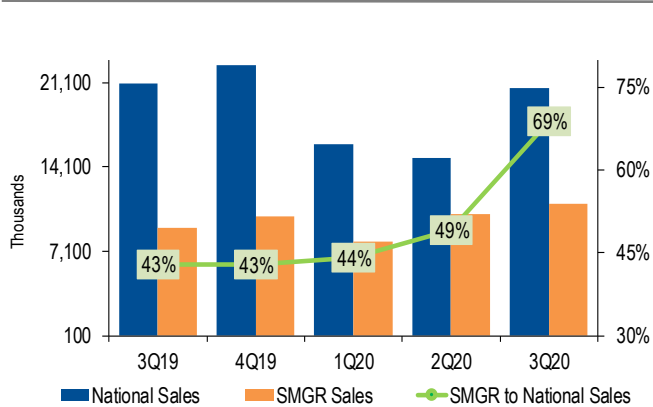
Source: Company Data, NHKSI Research

Margin Ratios



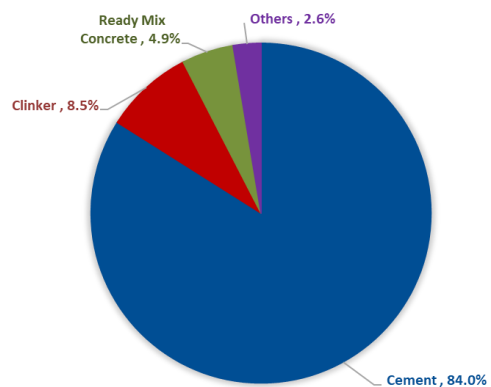
Source: Company Data, NHKSI Research

Domestic Sales Volume (Tons) & Market Share



Source: Company Data, NHKSI Research

3Q20 Revenue Breakdown



Source: Company Data, NHKSI Research

Quarterly Review

	3Q19	4Q19	1Q20	2Q20	3Q20					4Q20E
					Actual	Estimate	Y-Y	Q-Q	Surprise	
Income statement										
Sales	11,772	12,245	8,580	7,446	9,599	11,284	-18.5%	28.9%	-14.9%	11,300
Gross Profit	3,811	4,238	2,704	2,108	3,418	3,552	-10.3%	62.1%	-3.8%	3,595
EBIT	1,961	2,174	1,274	843	1,835	1,658	-6.4%	117.8%	10.7%	1,823
EBITDA	2,725	2,826	2,071	1,399	2,806	2,324	3.0%	100.5%	20.7%	2,392
Net Profit	806	1,085	425	181	935	760	16.1%	416.8%	23.0%	966
Margin										
Gross Margin	32.4%	34.6%	31.5%	28.3%	35.6%	31.5%	3.2%	7.3%	13.1%	31.8%
EBIT Margin	16.7%	17.8%	14.9%	11.3%	19.1%	14.7%	2.5%	7.8%	30.1%	16.1%
EBITDA Margin	20.5%	29.1%	24.1%	18.8%	29.2%	20.6%	6.1%	10.4%	41.9%	21.2%
Net Profit Margin	11.0%	8.9%	5.0%	2.4%	9.7%	6.7%	2.9%	7.3%	44.6%	8.5%

Unit: IDR bn, %

Source: Company Data, NHKSI Research

Earnings Revision

		2020F	2021F	2022F
Income Statement				
Sales	-Revised	36,925	39,172	40,604
	-Previous	39,238	40,640	41,255
	-Change	-5.9%	-3.6%	-1.6%
Gross Profit	-Revised	11,825	12,440	12,949
	-Previous	11,994	12,610	13,614
	-Change	-1.4%	-1.3%	-4.9%
EBIT	-Revised	5,504	5,971	6,833
	-Previous	5,504	5,971	6,833
	-Change	4.9%	1.2%	-7.7%
EBITDA	-Revised	8,668	8,777	9,080
	-Previous	8,260	9,816	9,739
	-Change	4.9%	-10.6%	-6.8%
Net Profit	-Revised	2,507	2,767	2,837
	-Previous	2,194	2,308	2,654
	-Change	14.2%	19.9%	6.9%
Margin				
Gross Margin	-Revised	32.0%	31.8%	31.9%
	-Previous	30.6%	31.0%	33.0%
EBIT Margin	-Revised	15.6%	15.4%	15.5%
	-Previous	14.0%	14.7%	16.6%
EBITDA Margin	-Revised	23.5%	22.4%	22.4%
	-Previous	21.1%	24.2%	23.6%
Net Profit Margin	-Revised	6.8%	7.1%	7.0%
	-Previous	5.6%	5.7%	6.4%

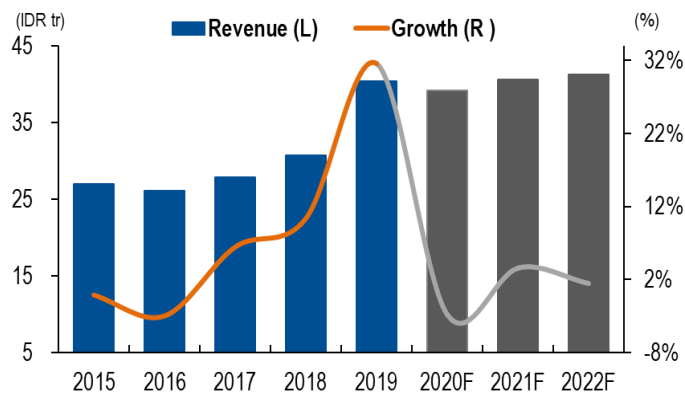
Unit: IDR bn, %

Source: Company Data, NHKS Research

Company Overview

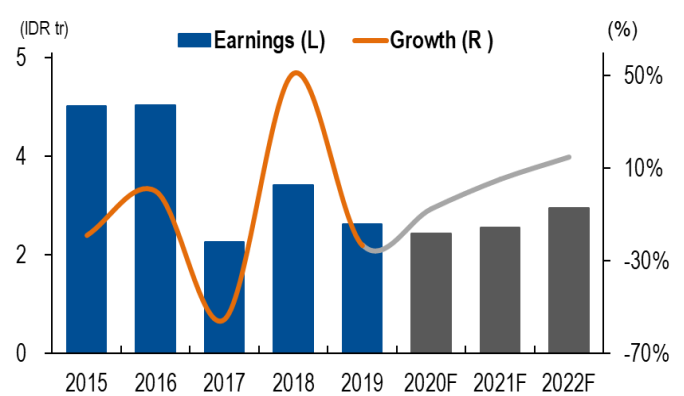
- PT Semen Indonesia (Persero) Tbk merupakan perusahaan BUMN yang bergerak di bidang industri bahan bangunan dengan semen sebagai produk utama. Perusahaan didirikan pada 1957 di Gresik dan menjadi perusahaan BUMN pertama yang *go public*.
- Sampai akhir tahun 2018, perusahaan memiliki dan mengoperasikan 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

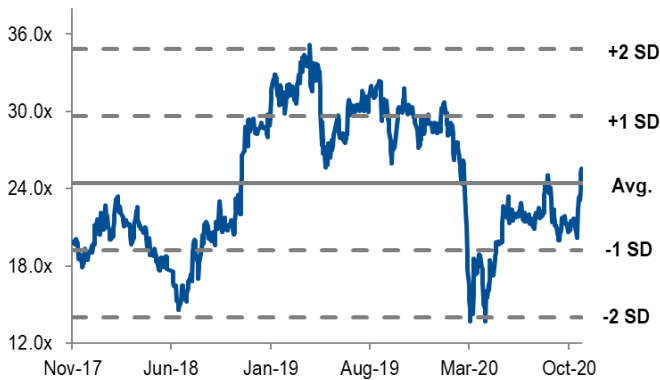
	Market Cap (USD mn)	Asset (USD mn)	Sales LTM (USD mn)	Net Profit LTM (USD mn)	Net Profit Growth LTM	Net Profit Margin	ROE LTM	P/E LTM	P/BV
Indonesia									
SEMEN INDONESIA TBK	4,670	5,763	2,617	182	15.41%	7.0%	8.1%	25.2x	2.0x
INDOCEMENT TUNGGAL PRAKARSA TBK	3,726	2,001	1,019	123	4.24%	12.0%	7.9%	29.8x	2.4x
SOLUSI BANGUN INDONESIA TBK	582	1,413	772	60	4.14%	7.8%	13.0%	9.6x	1.2x
SEMEN BATURAJA TBK	394	402	119	-7	-58.31%	-6.1%	-3.1%	245.6x	1.7x
Malaysia									
CAHYA MATA SARAWAK BHD	359	1,114	329	26	-48.74%	8.0%	4.2%	13.3x	0.6x
Thailand									
SIAM CITY CEMENT PUB CO LTD	1,323	2,628	1,393	104	9.11%	7.4%	9.8%	12.4x	1.2x
Philippines									
HOLCIM PHILIPPINES INC	826	884	569	54	2.07%	9.6%	9.9%	14.5x	1.4x
China									
ANHUI CONCH CEMENT CO LTD-H	42,077	25,674	24,307	4,925	4.81%	20.3%	24.7%	6.9x	1.6x
CHINA NATIONAL BUILDING MA-H	11,531	64,128	35,277	1,662	6.21%	4.7%	13.3%	7.2x	0.9x
HUAXIN CEMENT CO LTD-B	6,696	5,263	4,194	788	-16.50%	18.8%	26.4%	5.5x	1.4x
India									
ULTRATECH CEMENT LTD	18,984	10,526	5,852	820	141.93%	14.0%	16.0%	24.3x	3.6x
SHREE CEMENT LTD	11,329	2,646	1,816	217	52.61	11.9%	13.4%	53.8x	6.4x
AMBUJA CEMENTS LTD	6,856	5,642	3,850	298	-3.78%	7.7%	9.0%	24.4x	2.1x

Unit: USD mn, %, X

Source: Bloomberg, NHKSI Research

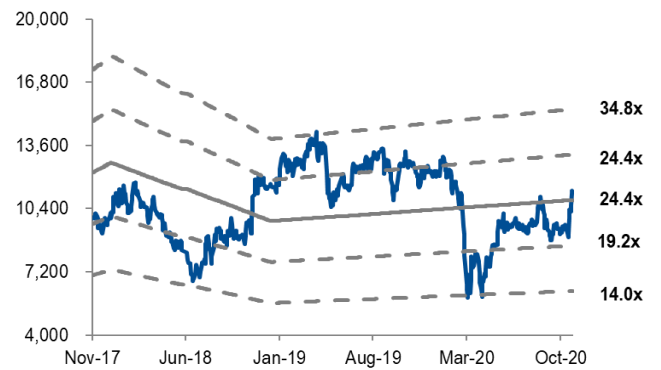
Valuation Highlights in Charts

3-Years Forward P/E Band



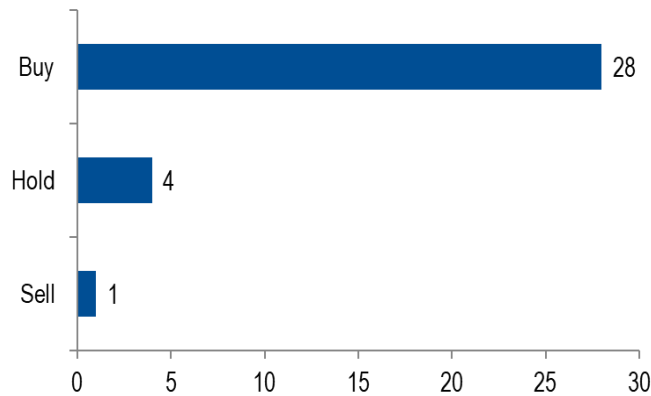
Source: Bloomberg, NHKSI Research

3-Years Dynamic Forward P/E band



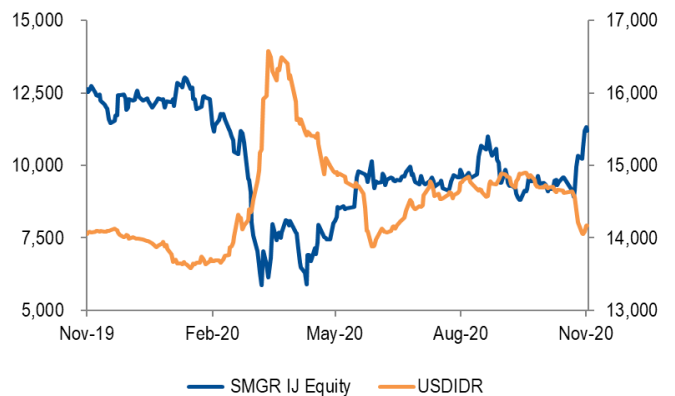
Source: Bloomberg, NHKSI Research

Analysts' Recommendation



Source: Bloomberg, NHKSI Research

Correlation between SMGR and USDIDR



Source: Bloomberg, 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
2020.11.16	Buy	IDR13,250	IDR11,934

Source: NHKSI Research

NH Korindo Sekuritas Indonesia (NHKSI) Stock Ratings

- Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
- Rating system based on a stock's potential upside from the date of publication
 - Buy : Greater than +15%
 - Overweight : +5% to 15%
 - Hold : -5% to +5%
 - Underweight : -5% to -15%
 - Sell : Less than -15%

Summary of Financials

INCOME STATEMENT

(IDR bn)	2019/12A	2020/12F	2021/12F	2022/12F
Sales	40,368	36,925	39,172	40,604
Growth	31.5%	-8.5%	6.1%	3.7%
COGS	(27,654)	(25,100)	(26,732)	(27,655)
Gross Profit	12,714	11,825	12,440	12,949
Gross Margin	31.5%	32.0%	31.8%	31.9%
Operating Expenses	(6,529)	(6,051)	(6,396)	(6,643)
EBIT	6,185	5,775	6,044	6,305
EBIT Margin	15.3%	15.6%	15.4%	15.5%
Depreciation	(2,495)	(2,893)	(2,733)	(2,775)
EBITDA	8,680	8,668	8,777	9,080
EBITDA Margin	21.5%	23.5%	22.4%	22.4%
Interest Expenses	(3,205)	(2,322)	(2,258)	(2,460)
EBT	3,196	3,618	3,996	4,097
Income Tax	(825)	(1,121)	(1,238)	(1,269)
Minority Interest	(21)	9	9	9
Net Profit	2,371	2,507	2,767	2,837
Growth	-23.2%	5.7%	10.4%	2.5%
Net Profit Margin	5.9%	6.8%	7.1%	7.0%

PROFITABILITY & STABILITY

	2019/12A	2020/12F	2021/12F	2022/12F
ROE	7.1%	7.2%	7.5%	7.3%
ROA	3.6%	3.2%	3.5%	3.4%
ROIC	6.5%	6.4%	6.6%	6.8%
Cash Dividend (IDR bn)	1,232	946	1,001	1,104
Dividend Yield	1.7%	1.4%	1.5%	1.6%
Payout Ratio	51.9%	37.8%	36.2%	38.9%
DER	82.7%	65.0%	60.0%	55.0%
Net Gearing	92.3%	72.6%	66.7%	60.9%
LT Debt to Equity	79.2%	58.2%	55.4%	50.0%
Capitalization Ratio	45.3%	39.4%	37.5%	35.5%
Equity Ratio	42.5%	46.0%	46.8%	46.9%
Debt Ratio	35.1%	29.9%	28.1%	25.8%
Financial Leverage	196.6%	226.1%	215.4%	213.5%
Current Ratio	136.6%	159.4%	174.3%	169.7%
Par Value (IDR)	100	100	100	100
Total Shares (mn)	5,932	5,932	5,932	5,932
Share Price (IDR)	12,000	11,500	11,500	11,500
Market Cap (IDR tn)	71.2	68.2	68.2	68.2

BALANCE SHEET

(IDR bn)	2019/12A	2020/12F	2021/12F	2022/12F
Cash	4,008	6,258	8,553	10,310
Receivables	6,490	4,739	5,027	6,869
Inventories	4,642	5,539	6,768	7,711
Total Current Assets	16,716	18,157	22,064	26,773
Net Fixed Assets	56,602	54,104	53,189	52,373
Other Non Current Assets	2,110	1,894	1,596	1,571
Total Assets	79,807	78,362	80,890	84,608
Payables	5,670	4,460	5,838	5,070
Other Liabilities	3,278	3,471	3,842	7,494
LT Debt	24,750	19,987	19,742	18,592
Total Liabilities	45,915	42,292	43,020	44,962
Capital Stock	593	593	593	593
Retained Earnings	29,774	31,714	33,480	35,212
Shareholders' Equity	33,892	36,069	37,870	39,645

VALUATION INDEX

	2019/12A	2020/12F	2021/12F	2022/12F
Price/Earnings	30.0x	27.2x	24.7x	24.0x
Price/Book Value	2.1x	1.9x	1.8x	1.7x
Price/Sales	1.8x	1.8x	1.7x	1.7x
PE/EPS Growth	-0.1x	0.5x	0.2x	1.0x
EV/EBITDA	11.2x	10.1x	9.6x	9.0x
EV/EBIT	15.7x	15.1x	13.9x	12.9x
EV (IDR bn)	96,827	87,248	84,260	81,624
Sales CAGR (3-Yr)	15.6%	9.9%	8.5%	0.2%
EPS CAGR (3-Yr)	29.1%	14.6%	29.3%	28.0%
Basic EPS (IDR)	399.77	422.64	466.50	478.26
Diluted EPS (IDR)	400	423	467	478
BVPS (IDR)	5,714	6,081	6,385	6,684
Sales PS (IDR)	6,806	6,225	6,604	6,845
DPS (IDR)	207.6	159.6	168.7	186.2

CASH FLOW STATEMENT

(IDR bn)	2019/12A	2020/12F	2021/12F	2022/12F
Operating Cash Flow	5,609	5,125	5,638	5,543
Investing Cash Flow	(17,161)	(1,640)	(1,653)	(1,807)
Financing Cash Flow	10,285	(1,234)	(1,690)	(1,979)
Net Changes in Cash	(1,267)	2,250	2,295	1,757

TOP OWNERSHIP

By Geography	% Shareholders	%
Indonesia	78.5 Rep. of Indonesia	51.0
United States	9.7 Invesco Ltd	2.2
Luxembourg	4.0 Vanguard Group Inc	1.8
Norway	1.8 Blackrock	1.7

Source: Company Data, NHKSI Research

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