

Semen Indonesia Tbk (SMGR IJ)

Pertumbuhan *Bottom Line* Masih Stagnan

Top line SMGR berkontraksi 5,9% YoY menjadi Rp8,07 triliun. Sementara penurunan beban bunga dan beban pajak membuat *bottom line* naik tipis 0,9% YoY. Di sisi lain, volume penjualan regional 1Q21 naik 2,1%. Tahun ini, SMGR meluncurkan dua produk baru yaitu Mortar Indonesia dan Semen PwrPro.

Pendapatan 1Q21 Terkontraksi

- SMGR mencatatkan pendapatan 1Q21 sebesar Rp8,07 triliun atau turun 5,9% YoY (vs Rp8,58 triliun 1Q20), yang didorong oleh penurunan 10% YoY pada penjualan segmen semen menjadi Rp6,48 triliun.
- Sementara segmen *clinker* dan *ready mix concrete* masing-masingnya tercatat senilai Rp916 miliar (+47% YoY), dan Rp386 miliar (-28% YoY)
- GPM turun menjadi 28,6% (vs 31,5% 1Q20). Selain karena volume penjualan domestik yang turun (-8,4% YoY), kami melihat tren naik harga batu bara selama 1Q21 (+52% ytd) juga menyebabkan penurunan GPM.
- Penurunan beban bunga (-27% YoY) dan beban pajak (-22% YoY), membuat SMGR berhasil membukukan laba sebesar Rp450 miliar atau naik tipis 0,9% YoY (vs Rp446 miliar 1Q20).

Meluncurkan Produk Baru Guna Dorong Kinerja

- Total volume penjualan SMGR naik 2,1% YoY menjadi 9,69 juta tons. Namun di sisi lain, ASP turun 8% YoY.
- SMGR melalui anak usahanya PT Mitra Kiara Indonesia (MKI) mengeluarkan produk baru yaitu Mortar Indonesia, dan juga meluncurkan semen PwrPro yang merupakan semen hidraulik tipe HE (*High Early*) pertama di Indonesia.
- Melihat hal tersebut, kami mengestimasi total volume penjualan SMGR FY21 akan tumbuh sekitar 6%.
- Perbaikan volume penjualan, kami lihat akan mulai terasa pada 2H21. Seiring dengan berakhirnya musim hujan, pulihnya sektor properti, dan sektor infrastruktur yang mulai terakselerasi.

Mempertahankan *rating* BUY dengan TP Rp12.275

- Kami mempertahankan *rating* buy dengan merevisi turun TP kami menjadi Rp12.275 (sebelumnya Rp14.500) untuk 12 bulan ke depan.
- TP kami berdasarkan metode *forward P/E* 21,3x (0,45 SD rata-rata 3 tahun terakhir) dengan potensial upside 18,89% dari harga saat ini.
- Kami merevisi turun pendapatan dan laba FY21E menjadi Rp37,08 triliun (-8,4%) dan Rp38,94 triliun (-9,4%).
- Kami melihat SMGR masih harus mampu untuk melakukan efisiensi biaya demi memaksimalkan perolehan *bottom line*. Di sisi lain SMGR diuntungkan dengan channel distribusi yang meluas ke seluruh Indonesia dan *market share* di atas 50%, guna memasarkan produk barunya.
- Risiko perubahan TP kami adalah: 1) volatilitas harga batu bara; 2) lambatnya pengerjaan proyek infrastruktur, 3) perubahan kebijakan pemerintah pada sektor properti dan infrastruktur.

Semen Indonesia Tbk | Summary

	2020A	2021F	2022F	2023F
Revenue	35,172	37,089	38,946	41,162
Growth	-12.9%	5.5%	5.0%	5.7%
Net Profit	2,792	2,956	3,418	3,800
EPS (IDR)	471	498	576	641
P/E	26.4x	24.6x	21.3x	19.2x
P/BV	2.1x	1.9x	1.7x	1.6x
EV/EBITDA	10.6x	10.0x	9.5x	8.9x
ROE	8.0%	8.0%	8.5%	8.8%
DER	0.7x	0.6x	0.5x	0.4x
Dividend Yield	0.3%	0.4%	0.4%	0.5%

Unit: IDR bn, %, x

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

BUY

Target Price (IDR)	12,275
Consensus Price (IDR)	13,605
TP to Consensus Price	-9.8%
vs. Last Price	+18.9%

Shares data

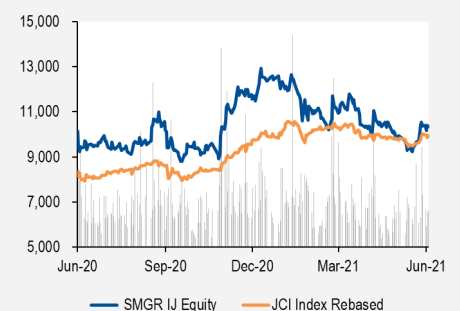
Last Price (IDR)	10,325
Price Date as of	June 10, 2021
52 wk Range (Hi/Lo)	13,000 / 8,600
Free Float (%)	48.9
Outstanding sh.(mn)	5,932
Market Cap (IDR bn)	61,688
Market Cap (USD mn)	4,314
Avg. Trd Vol - 3M (mn)	4.2
Avg. Trd Val - 3M (bn)	43.71
Foreign Ownership	22.7%

Basic Industry

Cement

Bloomberg	SMGR IJ
Reuters	SMGR.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-17.9%	3.8%	-8.6%	11.9%
Rel. Ret.	-17.9%	1.6%	-6.1%	-12.2%

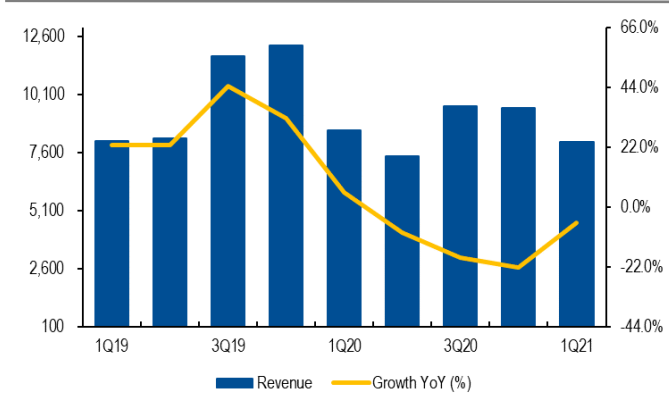
Ajeng Kartika Hapsari

(021) 5088 9130

ajeng@nhsec.co.id

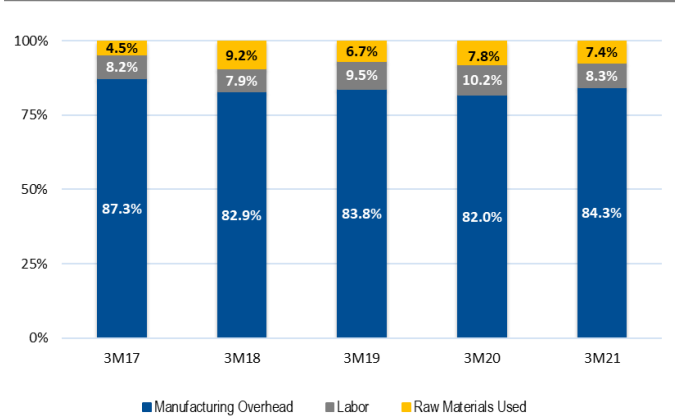
Performance Highlights in Chart

SMGR Quarterly Revenue (IDR bn) | 1Q19 - 1Q21



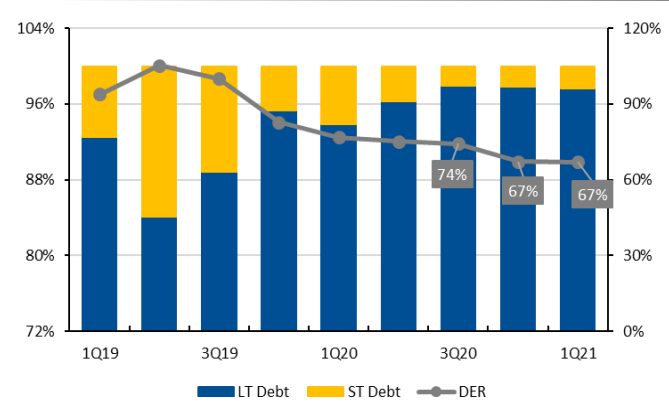
Source: Company Data, NHKSI Research

Manufacturing Cost Breakdown



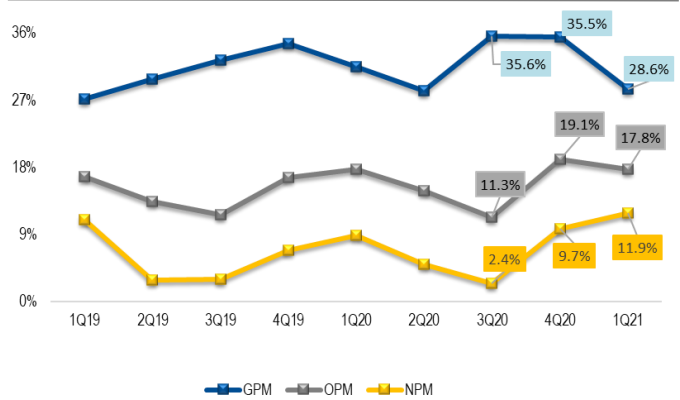
Source: Company Data, NHKSI Research

Debt Portion



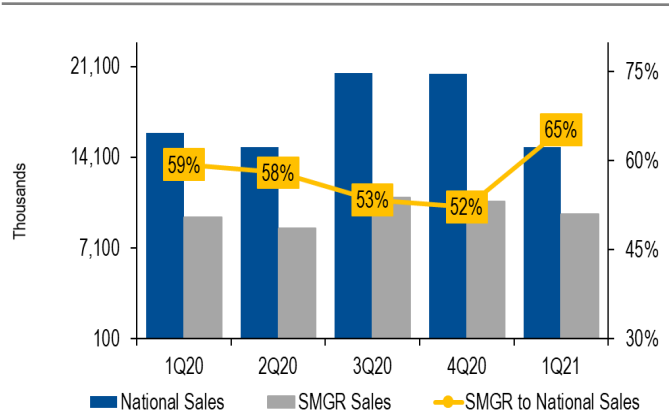
Source: Company Data, NHKSI Research

Margin Ratios



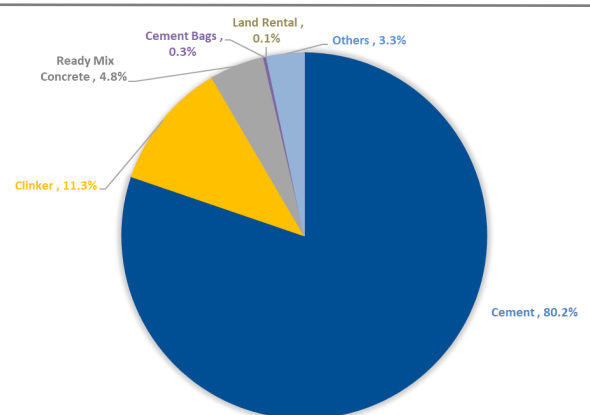
Source: Company Data, NHKSI Research

Domestic Sales Volume (Tons) & Market Share



Source: Company Data, NHKSI Research

1Q21 Revenue Breakdown



Source: Company Data, NHKSI 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.

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	4,314	5,602	2,383	192	8.78%	8.1%	8.4%	22.1x	1.8x
INDOCEMENT TUNGGAL PRAKARSA TBK	3,005	1,964	980	121	-4.44%	12.3%	7.6%	24.5x	1.9x
SOLUSI BANGUN INDONESIA TBK	919	1,489	702	51	7.00%	7.2%	10.1%	17.9x	1.7x
SEMEN BATURAJA TBK	479	412	123	6	-	5.2%	2.7%	72.1x	2.0x
Malaysia									
CAHYA MATA SARAWAK BHD	394	1,109	250	61	87.70%	24.4%	9.2%	17.5x	0.6x
Thailand									
SIAM CITY CEMENT PUB CO LTD	1,702	2,589	1,333	126	36.14%	9.5%	12.1%	13.5x	1.6x
Philippines									
HOLCIM PHILIPPINES INC	907	862	522	50	-27.03%	9.7%	8.4%	17.6x	1.4x
China									
ANHUI CONCH CEMENT CO LTD-H	37,735	30,790	27,694	5,322	11.10%	19.2%	23.3%	5.2x	1.1x
CHINA NATIONAL BUILDING MA-H	10,793	69,919	36,961	1,965	11.52%	5.3%	14.7%	5.5x	0.8x
HUAXIN CEMENT CO LTD-B	5,967	6,730	4,682	888	5.72%	19.0%	26.2%	4.6x	1.1x
India									
ULTRATECH CEMENT LTD	26,596	11,780	6,026	736	-6.05%	12.2%	13.1%	36.5x	4.4x
SHREE CEMENT LTD	14,043	2,941	1,816	308	48.83%	17.0%	16.0%	44.8x	6.7x
AMBUJA CEMENTS LTD	9,096	5,437	3,252	319	12.91%	9.8%	10.1%	28.1x	2.9x

Unit: USD mn, %, X

Source: Bloomberg, NHKSI Research

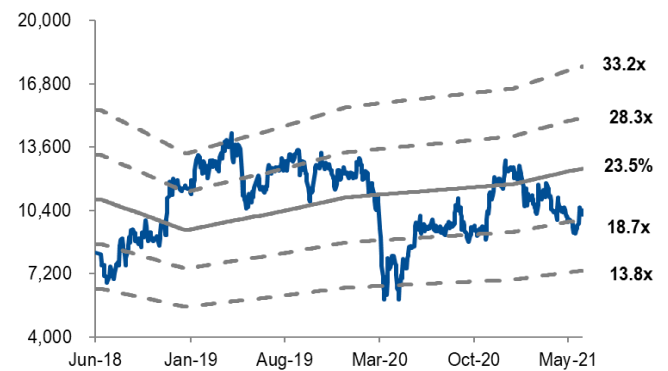
Valuation Highlights in Charts

3-Years Forward P/E Band



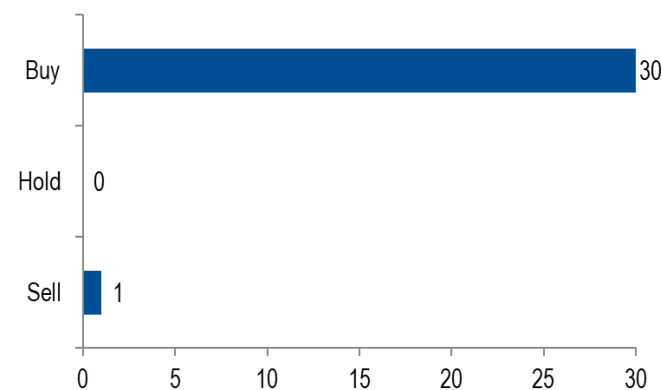
Source: Bloomberg, NHKSI Research

3-Years Dynamic Forward P/E band



Source: Bloomberg, NHKSI Research

Analysts' Recommendation



Source: Bloomberg, NHKSI Research

Closing and Target Price Update



Source: Bloomberg, NHKSI Research

Rating and Target Price Update

Target Price

Date	Rating	Target Price	Last Price	Consensus	vs Last Price	vs Consensus
11/08/2020	Buy	11,500 (12 Month)	9,500	11,343	21.1%	1.4%
16/11/2020	Buy	13,325 (12 Month)	11,200	11,934	19.0%	11.7%
08/03/2021	Buy	14,500 (12 Month)	11,200	14,138	29.5%	2.6%
11/06/2021	Buy	12,275 (12 Month)	10,325	13,605	18.9%	-9.8%

Source: NHKSI Research, Bloomberg

Summary of Financials

INCOME STATEMENT

(IDR bn)	2020/12A	2021/12F	2022/12F	2023/12F
Sales	35,172	37,089	38,946	41,162
Growth	-12.9%	5.5%	5.0%	5.7%
COGS	(23,555)	(24,879)	(25,836)	(27,459)
Gross Profit	11,617	12,210	13,109	13,703
Gross Margin	33.0%	32.9%	33.7%	33.3%
Operating Expenses	(5,969)	(6,263)	(6,658)	(6,998)
EBIT	5,648	5,946	6,452	6,705
EBIT Margin	16.1%	16.0%	16.6%	16.3%
Depreciation	(3,424)	(2,569)	(3,057)	(3,236)
EBITDA	9,073	8,515	9,508	9,941
EBITDA Margin	25.8%	23.0%	24.4%	24.2%
Interest Expenses	(2,321)	(2,190)	(2,108)	(1,898)
EBT	3,489	3,952	4,582	5,093
Income Tax	(814)	(996)	(1,154)	(1,283)
Minority Interest	(118)	(9)	(9)	(9)
Net Profit	2,792	2,956	3,418	3,800
Growth	17.8%	5.8%	15.6%	11.2%
Net Profit Margin	7.9%	8.0%	8.8%	9.2%

PROFITABILITY & STABILITY

	2020/12A	2021/12F	2022/12F	2023/12F
ROE	8.0%	8.0%	8.5%	8.8%
ROA	3.5%	3.8%	4.3%	4.7%
Inventory Turnover	5.1x	5.4x	5.4x	5.6x
Receivables Turnover	5.7x	6.0x	5.9x	5.9x
Payables Turnover	3.9x	3.7x	3.8x	4.0x
Dividend Yield	0.3%	0.4%	0.4%	0.5%
Payout Ratio	8.6%	9.5%	8.7%	9.1%
DER	0.7x	0.6x	0.5x	0.4x
Net Gearing	0.6x	0.5x	0.4x	0.3x
Equity Ratio	45.7%	49.0%	52.2%	54.7%
Debt Ratio	30.7%	27.9%	25.1%	23.5%
Financial Leverage	226.9%	211.2%	197.6%	187.0%
Current Ratio	135.8%	134.1%	156.5%	180.9%
Quick Ratio	-5.6%	-10.2%	-9.9%	-13.9%
Par Value (IDR)	100	100	100	100
Total Shares (mn)	5,932	5,932	5,932	5,932
Share Price (IDR)	12,425	12,275	12,275	12,275
Market Cap (IDR tn)	73.7	72.8	72.8	72.8

BALANCE SHEET

(IDR bn)	2020/12A	2021/12F	2022/12F	2023/12F
Cash	2,991	3,210	4,187	5,529
Receivables	5,777	6,594	6,639	7,385
Inventories	4,548	4,632	4,880	4,987
Total Current Assets	15,625	17,407	19,297	21,918
Net Fixed Assets	56,053	55,740	55,065	55,462
Other Non Current Assets	2,256	1,672	1,652	1,664
Total Non Current Assets	62,381	61,251	60,372	60,486
Total Assets	78,006	78,659	79,669	82,404
Payables	6,521	6,758	6,858	6,710
Current Maturities of LT Debt/ST De	1,614	1,944	1,619	1,503
Total Current Liabilities	11,506	12,984	12,330	12,116
LT Debt	21,844	19,172	17,762	17,267
Total Liabilities	42,353	40,140	38,056	37,359
Capital Stock	593	593	593	593
Retained Earnings	32,040	34,714	37,834	41,289
Shareholders' Equity	35,653	38,518	41,613	45,045

VALUATION INDEX

	2020/12A	2021/12F	2022/12F	2023/12F
Price/Earnings	26.4x	24.6x	21.3x	19.2x
PE/EPS Growth	0.1x	0.4x	0.1x	0.2x
Price/Book Value	2.1x	1.9x	1.7x	1.6x
EV/EBIT DA	10.6x	10.9x	9.5x	8.9x
EV (IDR bn)	96,142	93,225	90,241	88,269
Sales CAGR (3-Yr)	8.1%	6.5%	-1.2%	5.4%
Net Profit CAGR (3-Yr)	36.3%	21.0%	38.7%	36.1%
Basic EPS (IDR)	470.76	498.27	576.25	640.72
BVPS (IDR)	6,011	6,494	7,016	7,594
DPS (IDR)	40.3	47.5	50.3	58.1

TOP OWNERSHIP

Shareholders	%
Rep. of Indonesia	51.1
Invesco Ltd	1.8
Vanguard Group Inc	1.8
Schroder Investment Mgmt Group	1.6
Others	43.8
By Geography	%
Indonesia	77.3
United States	9.0
Luxembourg	6.1
Norway	1.8

CASH FLOW STATEMENT

(IDR bn)	2020/12A	2021/12F	2022/12F	2023/12F
Operating Cash Flow	7,221	4,766	5,479	5,655
Investing Cash Flow	(2,251)	(2,458)	(2,198)	(3,338)
Financing Cash Flow	(6,003)	(2,090)	(2,304)	(974)
Net Changes in Cash	(1,033)	219	977	1,342

Source: Company Data, NHKSI Research

NH Korindo Sekuritas Indonesia (NHKSI) Stock Ratings

1. Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
2. 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%

DISCLAIMER

This document is strictly confidential and is being supplied to you solely for your information. The recipients of this report must make their own independent decisions regarding any securities or financial instruments mentioned herein. This document may not be quoted, reproduced, exhibited, redistributed, transmitted, edited, translated, or published, in whole or in part, for any purpose without notice. Any failure to comply with this restriction may constitute a violation of civil or criminal laws.

This report and any electronic access hereto are restricted and intended only for the clients and related entities of PT NH Korindo Sekuritas Indonesia. This report is only for information and recipient use. It is not reproduced, copied, or made available for others. Under no circumstances is it considered as a selling offer or solicitation of securities buying. Any recommendation contained herein may not be suitable for all investors. Although the information hereof is obtained from reliable sources, its accuracy and completeness cannot be guaranteed. PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, and agents are held harmless from any responsibility and liability for claims, proceedings, action, losses, expenses, damages, or costs filed against or suffered by any person as a result of acting pursuant to the contents hereof. Neither is PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, nor agents are liable for errors, omissions, misstatements, negligence, inaccuracy contained herein. All rights reserved by PT NH Korindo Sekuritas Indonesia.