

Semen Indonesia Tbk (SMGR IJ)

Beban Keuangan Turun, Kinerja Terdongkrak

Company Update | August 16, 2021

Pendapatan dan laba SMGR pada 2Q21 kompak tumbuh 9,3% YoY dan 4,2% YoY. Volume penjualan ekspor naik 35,5% YoY. Namun, penjualan domestik turun 1,5%. Kami lihat, SMGR harus kembali memaksimalkan penjualan domestik. Karena prediksi kami, penjualan ekspor akan cenderung melambat akibat penerapan *lockdown* di beberapa wilayah tujuan ekspor.

BUY

Target Price (IDR)	12,275
Consensus Price (IDR)	12,000
TP to Consensus Price	+2.3%
Potential Upside	+38.3%

Shares data

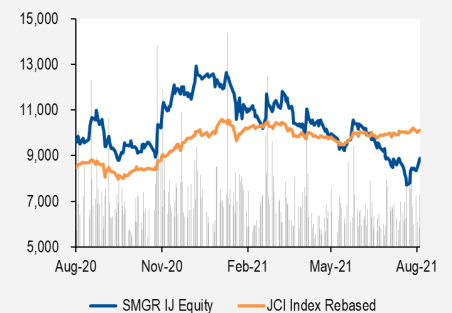
Last Price (IDR)	8,875
Price Date as of	Aug 13, 2021
52 wk Range (Hi/Lo)	13,000 / 7,675
Free Float (%)	48.9
Outstanding sh.(mn)	5,932
Market Cap (IDR bn)	61,688
Market Cap (USD mn)	4,314
Avg. Trd Vol - 3M (mn)	4.19
Avg. Trd Val - 3M (bn)	43.71
Foreign Ownership	22.7%

Basic Industry

Cement

Bloomberg	SMGR IJ
Reuters	SMGR.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-29.4%	3.2%	-10.6%	-8.7%
Rel. Ret.	-30.0%	1.1%	-14.0%	-25.9%

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Kinerja 2Q21 Sejalan dengan Proyeksi Kami

- Pendapatan SMGR pada 2Q21 naik 9,3% YoY menjadi Rp8,13 triliun atau lebih tinggi 2,1% dari proyeksi kami. Sementara pendapatan 1H21 tercatat sebesar Rp16,21 triliun (+1,2% YoY vs Rp16,02 triliun 1H20).
- Pendapatan dari penjualan semen pada 2Q21 naik 5% YoY. Disusul *clinker* dan *ready mix* yang juga naik 34% YoY dan 5% YoY.
- Cost of revenue* 2Q21 tercatat 9,7% lebih tinggi YoY, sejalan dengan kenaikan volume penjualan. Meskipun begitu, angka margin 2Q21 masih cenderung flat.
- Beban keuangan turun 28% YoY, membuat laba 2Q21 dibukukan sebesar Rp344 miliar atau atau +4,2% YoY. Perolehan tersebut +0,2% di atas estimasi kami.

Volume Penjualan Ekspor Naik 35,5% YoY

- Volume penjualan pada 1H21 secara total sebesar 19,15 juta ton atau naik 5,7% YoY.
- Volume penjualan domestik turun tipis -1,5% YoY, sementara ekspor naik 35,5%.
- Di sisi lain, ASP 2Q21 tercatat sebesar Rp860.000/ton (-0,4% YoY, +3% QoQ).
- Pada 2H21 kami estimasi kenaikan volume penjualan sebesar 6%-8% dan akan lebih banyak berasal dari area domestik. Kami melihat hal ini disebabkan ancaman penyebaran varian delta pada beberapa negara tujuan ekspor, seperti China yang sempat menerapkan *lock down* pada Juni 2021.

Manfaatkan Dana *Right Issue* untuk *Early Repayment*

- SMGR, melalui anak usahanya yaitu SMCB, telah berhasil melakukan kerjasama dengan Taiheiyo melalui skema *right issue* dengan total perolehan dana Rp3,1 triliun. Dana tersebut digunakan untuk tambahan *early repayment* hutang sebanyak Rp4,9 triliun.
- Hal tersebut membuat hutang 2Q21 turun 27% YoY. Maka dari itu, hingga tahun ini kami estimasi DER dapat turun menjadi 57% (vs 67,2% FY20).

Mempertahankan *rating BUY* dengan TP Rp12.275

- Kami tidak melakukan revisi signifikan pada estimasi kinerja FY21, melihat kinerja 2Q21 sejalan dengan proyeksi kami.
- Untuk itu, kami mempertahankan *rating buy* dan TP sebesar Rp12.275. Berdasarkan metode forward P/E 21,6x (0,4 SD rata-rata 3 tahun terakhir) dengan potensial upside 38,31% dari harga terakhir.
- Saat ini, SMGR diperdagangkan pada level P/E 17,69x.

Semen Indonesia Tbk | Summary

	2020A	2021F	2022F	2023F
Revenue	35,172	37,257	39,195	41,503
Growth	-12.9%	5.9%	5.2%	5.9%
Net Profit	2,792	2,956	3,377	3,758
EPS (IDR)	471	498	569	634
P/E	26.4x	24.6x	21.6x	19.4x
P/BV	2.1x	1.9x	1.8x	1.7x
EV/EBITDA	10.6x	10.9x	9.7x	9.2x
ROE	8.0%	8.1%	8.7%	9.2%
DER	0.7x	0.6x	0.5x	0.4x
Dividend Yield	0.3%	1.5%	1.6%	1.9%

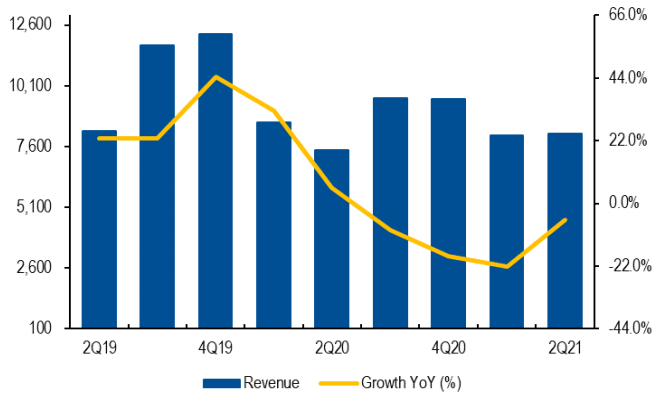
Unit: IDR bn, %, x

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

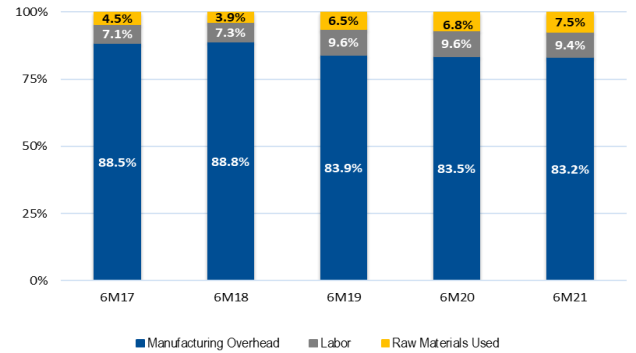
Performance Highlights in Chart

SMGR Quarterly Revenue (IDR bn) | 2Q19 - 2Q21



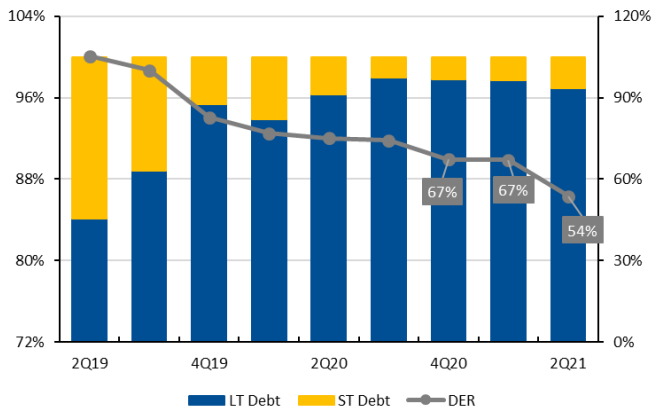
Source: Company Data, NHKSI Research

Manufacturing Cost Breakdown



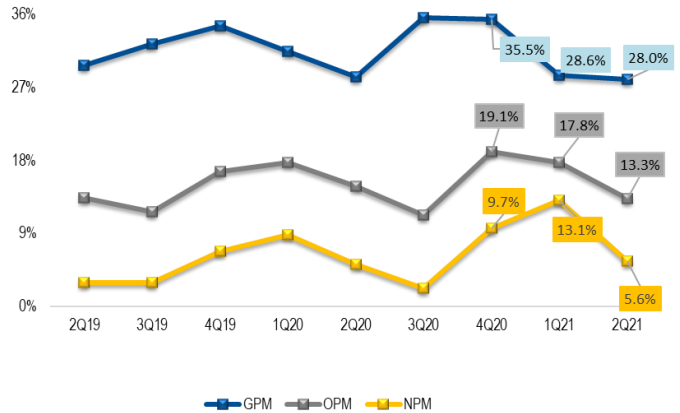
Source: Company Data, NHKSI Research

Debt Portion



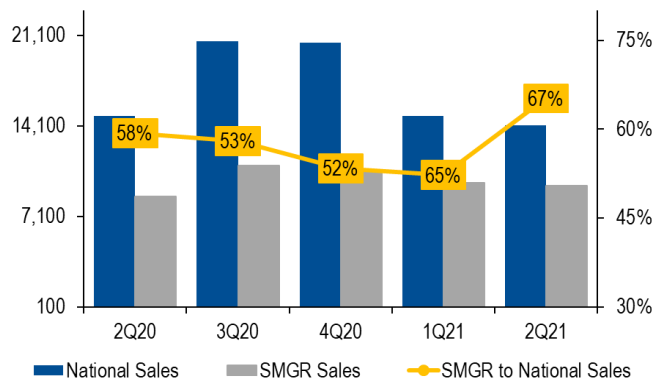
Source: Company Data, NHKSI Research

Margin Ratios



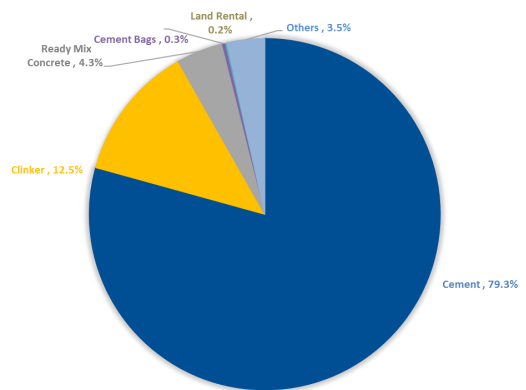
Source: Company Data, NHKSI Research

Domestic Sales Volume (Tons) & Market Share



Source: Company Data, NHKSI Research

2Q21 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	3,681	5,602	2,453	206	18.02%	8.4%	8.9%	17.8x	1.6x
INDOCEMENT TUNGGAL PRAKARSA TBK	2,720	1,964	1,018	133	15.47%	13.1%	8.3%	20.3x	1.7x
SOLUSI BANGUN INDONESIA TBK	1,210	1,489	739	57	-4.83%	7.7%	11.1%	18.1x	1.9x
SEMEN BATURAJA TBK	428	412	126	10	-	8.3%	4.5%	40.2x	1.8x
Malaysia									
CAHYA MATA SARAWAK BHD	279	1,109	250	61	87.70%	24.4%	9.2%	12.7x	0.4x
Thailand									
SIAM CITY CEMENT PUB CO LTD	1,437	2,589	1,336	141	32.91%	10.5%	13.0%	11.1x	1.4x
Philippines									
HOLCIM PHILIPPINES INC	847	862	584	68	27.07%	11.6%	11.6%	13.1x	1.5x
China									
ANHUI CONCH CEMENT CO LTD-H	32,962	30,790	27,694	5,322	11.10%	19.2%	23.3%	5.3x	1.1x
CHINA NATIONAL BUILDING MA-H	11,206	69,919	36,961	1,965	11.52%	5.3%	14.7%	5.8x	0.8x
HUAXIN CEMENT CO LTD-B	5,251	6,730	4,682	888	5.72%	19.0%	26.2%	4.1x	1.0x
India									
ULTRATECH CEMENT LTD	28,831	11,780	5,960	736	-5.08%	12.3%	13.1%	40.2x	4.8x
SHREE CEMENT LTD	12,868	2,941	1,816	308	48.83%	17.0%	16.0%	41.7x	6.2x
AMBUJA CEMENTS LTD	10,683	5,437	3,252	319	12.91%	9.8%	10.1%	33.5x	3.5x

Unit: USD mn, %, X

Source: Bloomberg, NHKSI Research

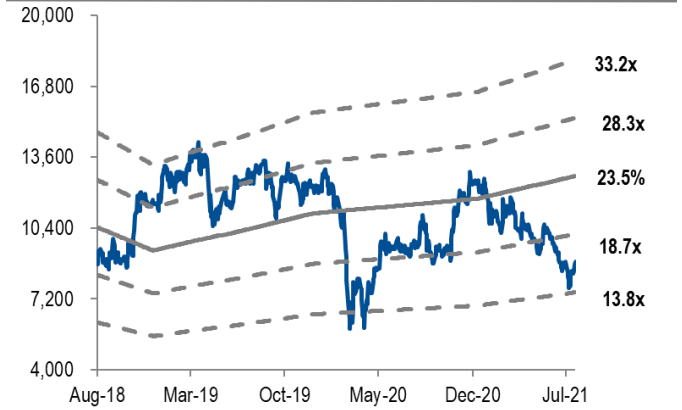
Valuation Highlights in Charts

3-Years Forward P/E Band



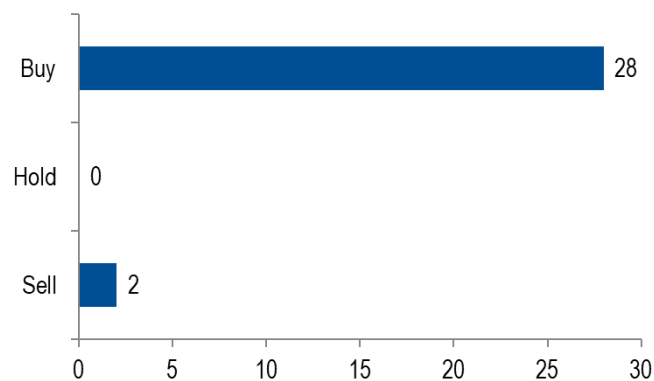
Source: Bloomberg, NHKSI Research

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	Potential Upside	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%
16/08/2021	Buy	12,275 (12 Month)	8,875	12,000	38.3%	2.3%

Source: NHKSI Research, Bloomberg

Summary of Financials

INCOME STATEMENT					PROFITABILITY & STABILITY				
(IDR bn)	2020/12A	2021/12F	2022/12F	2023/12F		2020/12A	2021/12F	2022/12F	2023/12F
Sales	35,172	37,257	39,195	41,503	ROE	8.0%	8.1%	8.7%	9.2%
Growth	-12.9%	5.9%	5.2%	5.9%	ROA	3.5%	3.8%	4.4%	4.8%
COGS	(23,555)	(25,169)	(26,095)	(27,835)	Inventory Turnover	5.1x	5.4x	5.4x	5.6x
Gross Profit	11,617	12,088	13,100	13,668	Receivables Turnover	5.7x	6.0x	5.9x	5.9x
Gross Margin	33.0%	32.4%	33.4%	32.9%	Payables Turnover	3.9x	3.7x	3.8x	4.0x
Operating Expenses	(5,969)	(6,231)	(6,654)	(6,993)	Dividend Yield	0.3%	1.5%	1.6%	1.9%
EBIT	5,648	5,857	6,446	6,674	Payout Ratio	8.6%	37.8%	35.0%	36.0%
EBIT Margin	16.1%	15.7%	16.4%	16.1%	DER	0.7x	0.6x	0.5x	0.4x
Depreciation	(3,424)	(2,739)	(3,057)	(3,237)	Net Gearing	0.6x	0.5x	0.4x	0.4x
EBITDA	9,073	8,596	9,503	9,912	Equity Ratio	45.7%	48.5%	51.6%	53.6%
EBITDA Margin	25.8%	23.1%	24.2%	23.9%	Debt Ratio	30.7%	27.6%	24.8%	23.0%
Interest Expenses	(2,321)	(2,009)	(2,062)	(1,818)	Financial Leverage	226.9%	212.4%	199.8%	190.1%
EBT	3,489	4,021	4,610	5,129	Current Ratio	135.8%	125.4%	137.9%	149.3%
Income Tax	(814)	(1,074)	(1,231)	(1,370)	Quick Ratio	-5.6%	-10.2%	-10.6%	-14.4%
Minority Interest	(118)	(2)	(2)	(2)	Par Value (IDR)	100	100	100	100
Net Profit	2,792	2,956	3,377	3,758	Total Shares (mn)	5,932	5,932	5,932	5,932
Growth	17.8%	5.9%	14.3%	11.3%	Share Price (IDR)	12,425	12,275	12,275	12,275
Net Profit Margin	7.9%	7.9%	8.6%	9.1%	Market Cap (IDR tn)	73.7	72.8	72.8	72.8

BALANCE SHEET					VALUATION INDEX				
(IDR bn)	2020/12A	2021/12F	2022/12F	2023/12F		2020/12A	2021/12F	2022/12F	2023/12F
Cash	2,991	2,071	1,750	1,663	Price/Earnings	26.4x	24.6x	21.6x	19.4x
Receivables	5,777	6,650	6,667	7,473	PE/EPS Growth	0.1x	0.4x	0.2x	0.2x
Inventories	4,548	4,739	4,868	5,133	Price/Book Value	2.1x	1.9x	1.8x	1.7x
Total Current Assets	15,625	16,501	16,833	18,356	EV/EBITDA	10.6x	10.9x	9.7x	9.2x
Net Fixed Assets	56,053	55,752	55,092	55,517	EV (IDR bn)	96,142	93,901	91,856	90,961
Other Non Current Assets	2,256	1,673	1,653	1,665	Sales CAGR (3-Yr)	8.1%	6.7%	-1.0%	5.7%
Total Non Current Assets	62,381	61,263	60,399	60,542	Net Profit CAGR (3-Yr)	36.3%	21.1%	38.2%	35.6%
Total Assets	78,006	77,765	77,232	78,898	Basic EPS (IDR)	470.76	498.37	569.40	633.50
Payables	6,521	6,912	6,840	6,914	BVPS (IDR)	6,011	6,354	6,722	7,125
Current Maturities of LT Debt/ST De	1,614	1,902	1,551	1,410	DPS (IDR)	40.3	188.3	199.3	227.8
Total Current Liabilities	11,506	13,158	12,210	12,291					
LT Debt	21,844	18,761	17,018	16,199					
Total Liabilities	42,353	40,074	37,363	36,639					
Capital Stock	593	593	593	593					
Retained Earnings	32,040	33,879	36,074	38,481					
Shareholders' Equity	35,653	37,691	39,869	42,260					

CASH FLOW STATEMENT					TOP OWNERSHIP				
(IDR bn)	2020/12A	2021/12F	2022/12F	2023/12F					
Operating Cash Flow	7,221	4,937	5,439	5,613	Shareholders				%
Investing Cash Flow	(2,251)	(2,469)	(2,213)	(3,367)	Rep. of Indonesia				51.1
Financing Cash Flow	(6,003)	(3,388)	(3,547)	(2,333)	Invesco Ltd				1.8
Net Changes in Cash	(1,033)	(920)	(320)	(87)	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

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%

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