Semen Indonesia Tbk (SMGR)

Menghadapi Biaya yang Lebih Tinggi

Meskipun SMGR mencatat pertumbuhan yang tinggi di 3Q21, kinerja YTD sedikit lebih rendah dari tahun lalu. Industri semen menghadapi harga batu bara yang tinggi; menjadi tantangan berat bagi profitabilitas perusahaan. Ke depannya, SMGR akan bergantung pada kemungkinan perpanjangan insentif pemerintah seperti: pembatasan harga batu bara, dan skema PPN ditanggung pemerintah.

Kinerja Solid meskipun Margin Lebih Rendah

- SMGR membukukan kinerja kuartalan yang sangat baik, dengan pendapatan 3Q21 sebesar Rp 9,1 triliun (naik 12,1% qoq). Angka ini menghasilkan laba bersih melonjak 72,7% QoQ ke Rp 594 miliar.
- Namun, pendapatan 9M21 sedikit turun sebesar 1,1% YoY ke Rp 25,3 triliun (vs Rp 25,6 T di 9M20); mencapai sekitar 70,5% perkiraan FY21 kami. Sementara itu, laba bersih juga turun Rp 1,39 T (-10,0% YoY).
- Margin melemah secara menyeluruh di 9M21; dengan GPM, OPM, dan NPM masing-masing turun 2,7%/2,0%/0,5%. Kami melihat bahwa harga batu bara di 3Q21 adalah katalis utama yang menyebabkan kontraksi profitabilitas.

Mengandalkan Harga Khusus Batu Bara untuk Industri Semen

- Saat ini, skema PPN ditanggung pemerintah untuk rumah tapak dijadwalkan untuk berakhir pada Desember 2021. Kami melihat kemungkinan perpanjangan program ini dapat menjadi katalis positif bagi SMGR.
- Lebih lanjut, pemerintah telah mengalokasikan Rp 384,8 triliun untuk Anggaran Infrastruktur 2022. Meskipun kami yakin anggaran ini cukup besar, angka ini masih lebih rendah 7,8% dibandingkan alokasi pada 2021.
- Tantangan utama bagi SMGR harga batu bara yang lebih tinggi, yang dapat menekan margin perusahaan. Namun, Kementerian Energi dan Sumber Daya Mineral mengeluarkan regulasi untuk membatasi harga batubara paling tinggi di USD 90/ton untuk industri Semen dan Pupuk hingga Maret 2022.
- Selain itu, Harga Batu Bara Acuan (HBA) ditetapkan pada USD 159,79/ton di Desember 2021; turun 25,7% dari harga tertingginya di USD 215/ton pada November.

Mempertahankan BUY dengan TP yang Lebih Rendah

- Kami mempertahankan rekomendasi BUY untuk SMGR; menyesuaikan target harga kami ke Rp 9.500/saham. TP kami merefleksikan 2022F P/E 17,5x (-1 StD dari rata-rata 3 tahun). Resiko utama rekomendasi kami termasuk: 1) Harga batu bara tetap tinggi; 2) Tidak ada insentif lebih lanjut untuk sektor properti; 3) Pengetatan kembali PPKM yang dapat memperlambat pemulihan ekonomi.

Semen Indonesia Tbk | Summary

	2020/12A	2021/12E	2022/12E	2023/12E
Sales	35,172	36,107	37,720	39,334
Sales Growth	*-12.9%*	*2.7%*	*4.5%*	*4.3%*
Net profit	2,792	2,872	3,228	3,517
EPS (IDR)	471	484	544	593
P/E	26.4x	19.6x	17.5x	16.0x
P/BV	2.1x	1.5x	1.4x	1.3x
EV/EBITDA	10.6x	8.9x	8.1x	7.8x
ROE	*8.0%*	*7.8%*	*8.3%*	*8.6%*
DER	0.7x	0.6x	0.5x	0.4x
Dividen Yield	0.3%	2.0%	2.0%	2.3%
BVPS (IDR)	6,011	6,349	6,705	7,087
EBITDA margin	*25.8%*	*23.9%*	*24.5%*	*24.2%*
NPM	*7.9%*	*8.0%*	*8.6%*	*8.9%*
ROE	*8.0%*	*7.8%*	*8.3%*	*8.6%*
DPS (IDR)	40	188	194	218

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

NH KORINDO SEKURITAS INDONESIA

Company Report | December 17, 2021

BUY

Target Price	**9,500**
Consensus Price (IDR)	11,200
TP to Consensus Price	-15.2%
Potential Upside	+25.4%

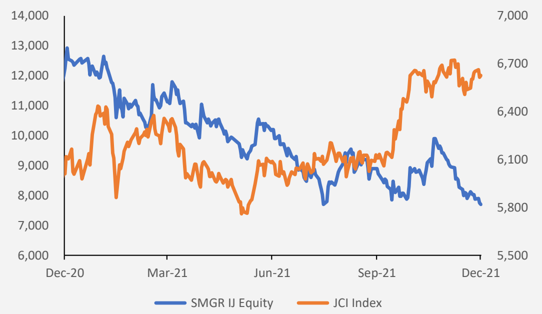
Shares data	
Last Price (IDR)	7,575
Price date as of	December 16, 2021
52 wk range (Hi/Lo)	13,000 / 7,500
Free float	48.9%
Outstanding sh.(mn)	5,931
Market Cap (IDR bn)	44,931
Market Cap (USD mn)	3,129
Avg. Trd Vol - 3M (mn)	17.2
Avg. Trd Val - 3M (bn)	146.7
Foreign Ownership	21.8%

Consumer Non-Cyclicals

Food and Beverages

Bloomberg	**SMGR IJ**
Reuters	**SMGR.JK**

Share Performance



	YTD	1M	3M	12M
Abs. Ret	-39.0%	-17.4%	-13.2%	-39.8%
Rel. Ret	-49.3%	-16.5%	-21.1%	-47.5%

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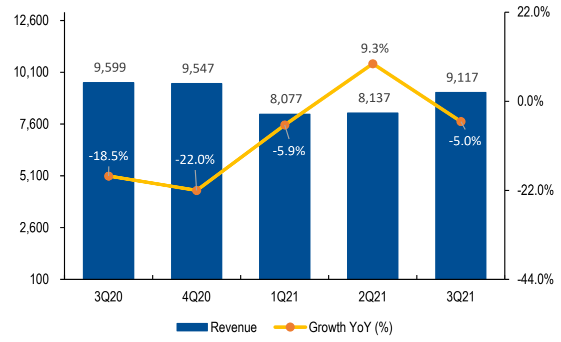
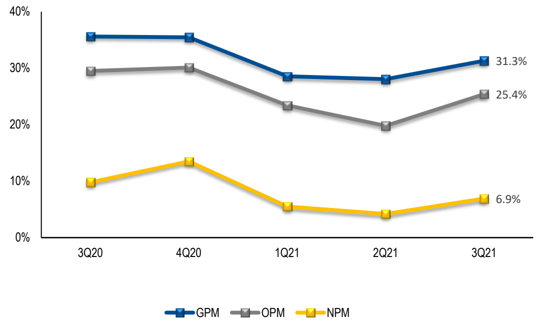
Performance Highlights

Revenue Growth



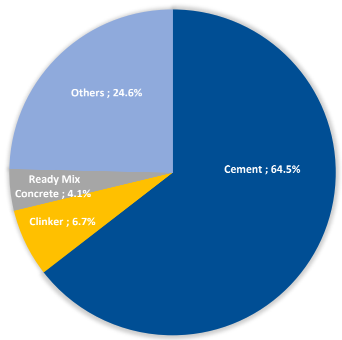
Source: Bloomberg, NHKSI Research

Profitability Margin



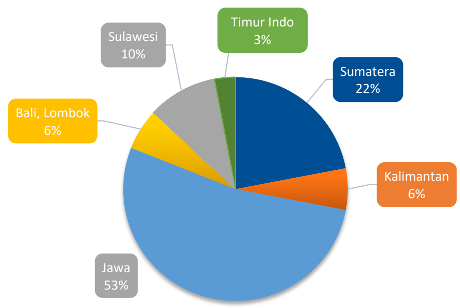
Source: Bloomberg, NHKSI Research

Revenue Breakdown 9M21 (by Segment)



Source: Company Data, NHKSI Research

Domestic Demand Spread



Source: Company Data, NHKSI Research

SMGR Blended Forward P/E Ratio (3-year)

Source: Bloomberg, NHKSI Research

SMGR Price/Book Value Ratio (3-year)

Source: Bloomberg, NHKSI Research

Summary of Financials

INCOME STATEMENT

(IDR bn)	2020/12A	2021/12F	2022/12F	2023/12F
Sales	**35,172**	**36,107**	**37,720**	**39,334**
Growth	-12.9%	2.7%	4.5%	4.3%
COGS	(23,555)	(24,551)	(25,195)	(26,509)
Gross Profit	**11,617**	**11,557**	**12,525**	**12,825**
Gross Margin	33.0%	32.0%	33.2%	32.6%
Operating Expenses	(5,969)	(5,945)	(6,348)	(6,544)
EBIT	**5,648**	**5,612**	**6,177**	**6,281**
EBIT Margin	16.1%	15.5%	16.4%	16.0%
Depreciation	(3,424)	(3,028)	(3,054)	(3,231)
EBITDA	**9,073**	**8,640**	**9,231**	**9,512**
EBITDA Margin	25.8%	23.9%	24.5%	24.2%
Interest Expenses	(2,321)	(1,835)	(2,061)	(1,814)
EBT	**3,489**	**3,913**	**4,322**	**4,714**
Income Tax	(814)	(1,036)	(1,144)	(1,247)
Minority Interest	(118)	50	50	50
Net Profit	**2,792**	**2,872**	**3,228**	**3,517**
Growth	17.7%	2.9%	12.4%	8.9%
Net Profit Margin	7.9%	8.0%	8.6%	8.9%

PROFITABILITY & STABILITY

	2020/12A	2021/12F	2022/12F	2023/12F
ROE	8.0%	7.8%	8.3%	8.6%
ROA	3.5%	3.7%	4.2%	4.5%
Inventory Turnover	5.1x	4.8x	5.2x	5.3x
Receivables Turnover	5.7x	5.7x	5.8x	5.8x
Payables Turnover	3.9x	3.7x	3.8x	4.0x
Dividend Yield	0.3%	2.0%	2.0%	2.3%
Payout Ratio	8.6%	38.9%	35.6%	36.7%
DER	0.7x	0.6x	0.5x	0.4x
Net Gearing	0.6x	0.5x	0.4x	0.4x
Equity Ratio	45.7%	48.6%	51.5%	53.8%
Debt Ratio	30.7%	27.7%	24.7%	23.1%
Financial Leverage	226.9%	212.1%	199.7%	189.8%
Current Ratio	135.8%	129.0%	141.2%	155.4%
Quick Ratio	-5.6%	-5.9%	-13.0%	-8.4%
Par Value (IDR)	100	100	100	100
Total Shares (mn)	5,932	5,932	5,932	5,932
Share Price (IDR)	12,425	9,500	9,500	9,500
Market Cap (IDR tn)	73.7	56.3	56.3	56.3

BALANCE SHEET

(IDR bn)	2020/12A	2021/12F	2022/12F	2023/12F
Cash	2,991	2,390	2,063	1,974
Receivables	5,777	6,816	6,191	7,476
Inventories	4,548	5,703	3,980	6,117
Total Current Assets	**15,625**	**16,322**	**16,933**	**17,904**
Net Fixed Assets	56,053	55,672	54,925	55,172
Other Non Current Assets	2,256	1,670	1,648	1,655
Total Non Current Assets	62,381	61,181	60,228	60,187
Total Assets	**78,006**	**77,503**	**77,161**	**78,091**
Payables	6,521	6,582	6,696	6,403
Current Maturities of LT Debt/ST De	1,614	1,900	1,547	1,403
Total Current Liabilities	11,506	12,657	11,992	11,518
LT Debt	21,844	18,745	16,977	16,113
Total Liabilities	**42,353**	**39,844**	**37,388**	**36,058**
Capital Stock	593	593	593	593
Retained Earnings	32,040	33,795	35,874	38,099
Shareholders' Equity	**35,653**	**37,659**	**39,773**	**42,034**

VALUATION INDEX

	2020/12A	2021/12F	2022/12F	2023/12F
Price/Earnings	26.4x	19.6x	17.5x	16.0x
PE/EPS Growth	0.1x	0.7x	0.1x	0.2x
Price/Book Value	2.1x	1.5x	1.4x	1.3x
EV/EBITDA	10.6x	8.9x	8.1x	7.8x
EV (IDR bn)	96,142	77,155	75,141	74,249
Sales CAGR (3-Yr)	8.1%	5.6%	-2.2%	3.8%
Net Profit CAGR (3-Yr)	36.3%	19.9%	36.1%	32.6%
Basic EPS (IDR)	470.65	484.21	544.26	592.88
BVPS (IDR)	6,011	6,349	6,705	7,087
DPS (IDR)	40.3	188.3	193.7	217.8

CASH FLOW STATEMENT

(IDR bn)	2020/12A	2021/12F	2022/12F	2023/12F
Operating Cash Flow	7,221	5,142	5,287	5,366
Investing Cash Flow	(2,251)	(2,389)	(2,124)	(3,183)
Financing Cash Flow	(6,003)	(3,355)	(3,489)	(2,272)
Net Changes in Cash	**(1,033)**	**(601)**	**(327)**	**(90)**

TOP OWNERSHIP

Shareholders	**%**
Rep. of Indonesia	51.0
Vanguard Group Inc	1.9
Schroder PlC	1.8
Invesco Ltd	1.8
Others	43.5
By Geography	**%**
Indonesia	78.2
United States	9.2
Luxembourg	6.4
Others	6.3

Source: Bloomberg, 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