

Gudang Garam Tbk (GGRM)

Margin Profitabilitas Alami Kontraksi

OVERWEIGHT

Target Price (IDR)	32,700
Consensus Price (IDR)	31,863
TP to Consensus Price	+2.6%
vs. Last Price	+6.6%

Shares data

Last Price (IDR)	30,675
Price date as of	June 13, 2022
52 wk range (Hi/Lo)	47,250 / 29,850
Free float (%)	23.8
Outstanding sh. (mn)	1,924
Market Cap (IDR bn)	59,021
Market Cap (USD mn)	4,020
Avg. Trd Vol - 3M (mn)	1,010
Avg. Trd Val - 3M (bn)	31,338
Foreign Ownership	6.0%

Consumer Staples

Cigarette

Bloomberg	GGRM IJ
Reuters	GGRM.IK

Sepanjang 1Q22, GGRM membukukan penurunan pendapatan 1,5% YoY menjadi Rp29,3 triliun yang tertekan oleh penurunan SKM dan SKT. Laba bersih 1Q22 ikut berkontraksi 38,3% YoY menjadi Rp1,1 triliun. Adapun, margin profitabilitas baik GPM, OPM, maupun NPM pada 1Q22 juga tercatat lebih rendah masing-masing sebesar 11,2%, 5,0%, dan 3,7%.

SKM dan SKT Belum Mampu Tumbuh

- GGRM membukukan pendapatan 1Q22 sebesar Rp29,3 triliun atau turun 1,5% YoY (vs 1Q21: Rp 29,7 triliun). Penurunan ini didukung oleh penurunan pendapatan SKM yang memiliki kontribusi sebesar 91,2% menjadi Rp26,7 triliun (-1,7% YoY) dan pendapatan SKT mengalami penurunan sebesar 6,3% YoY menjadi Rp2,0 triliun.
- Pendapatan domestik pada 1Q22 turun 1,2% YoY menjadi Rp28,9 triliun (vs 1Q21: Rp29,3 triliun) di mana pendapatan dari SKM dan SKT masing-masing turun 1,4% YoY dan 6,1% YoY. Adapun, pendapatan ekspor yang hanya berkontribusi sebesar 1,2% pada 1Q22 juga mengalami penurunan 20,8% YoY menjadi Rp346,9 miliar (vs 1Q21: Rp437,8 miliar).
- Di tengah penurunan top line pada 1Q22, kami memproyeksikan pendapatan 2022F mampu tumbuh 7,6% YoY menjadi Rp134,3 triliun (vs 2021: Rp124,9 triliun) seiring dengan diharapkan daya beli konsumen kembali pulih.

Kenaikan Cukai Menurunkan Laba

- Laba kotor 1Q22 turun 16,3% YoY menjadi Rp3,3 triliun di tengah kenaikan 0,7% YoY biaya pokok penjualan. Kenaikan ini disebabkan oleh kenaikan 6,4% YoY cukai rokok menjadi Rp25,1 triliun (vs 1Q21: Rp23,5 triliun) yang memiliki kontribusi sebesar 96,3%.
- Beban penjualan mengalami kenaikan 9,5% YoY pada 1Q22 didukung oleh kenaikan biaya transportasi, pengangkutan, iklan, promosi dan beban pemasaran lainnya sebesar 22,4% YoY menjadi Rp642,2 miliar sehingga laba usaha berkontraksi 9,8% YoY menjadi Rp5,3 triliun. Laba bersih 1Q22 pun belum mampu tumbuh, dan mencatatkan penurunan 38,3% YoY menjadi Rp1,1 triliun (vs 1Q21: Rp1,7 triliun).
- Seiring dengan penurunan laba, margin GGRM pada 1Q22 mengalami kontraksi. GPM yang berkontraksi 15,0% YoY menjadi 11,2% (vs 1Q21: 13,1%), sementara OPM dan NPM mengalami penurunan masing-masing menjadi 5,0% dan 3,7% (vs 1Q21: 7,5% dan 5,9%).

Rekomendasi OVERWEIGHT dengan TP Rp32.700/saham

- Kami memberikan rekomendasi OVERWEIGHT untuk GGRM dengan TP Rp32.700/saham dengan potensi kenaikan sebesar 6,6%. Adapun risiko dari rekomendasi kami adalah kenaikan cukai, down trading ke rokok yang lebih murah, serta daya beli konsumen.

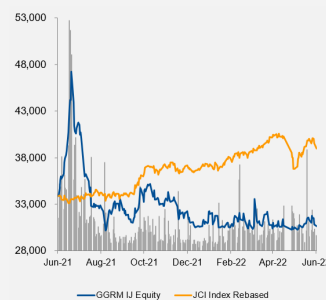
Gudang Garam Tbk | Summary (IDR bn)

	2021A	2022E	2022F	2023F
Revenue	124,881	134,322	145,739	158,418
Growth	9.1%	7.6%	8.5%	8.7%
Net Profit	5,605	5,582	5,643	5,911
Growth	-26.7%	-0.4%	1.1%	4.8%
EPS (IDR)	2,913	2,901	2,933	3,072
P/E	10.5x	11.3x	11.1x	10.6x
P/BV	1.0x	1.0x	1.0x	1.0x
EV/EBITDA	5.9x	6.8x	7.0x	6.6x
ROE	9.5%	9.2%	9.0%	9.2%
DER	0.2x	0.2x	0.2x	0.2x
Dividend Yield	8.5%	6.0%	5.7%	5.4%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	0.0%	0.5%	0.4%	-15.3%
Rel. Ret.	-5.0%	-5.5%	-0.2%	-25.9%

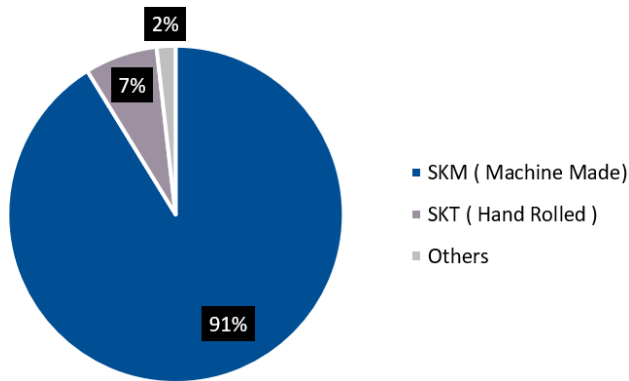
Cindy Alicia Ramadhania

+62 21 5088 9129

cindy.alicia@nhsec.co.id

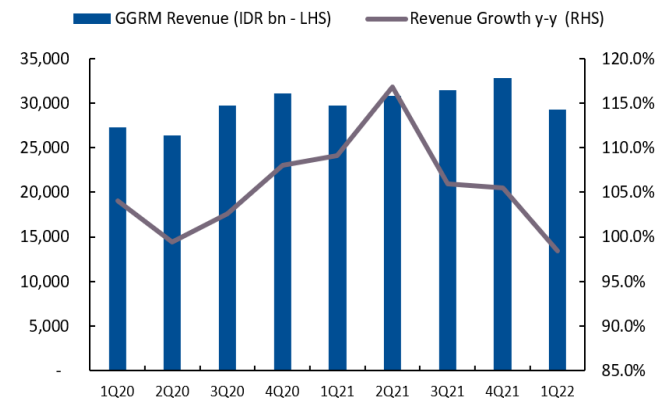
Performance Highlights in Charts

GGRM Revenue Breakdown | 1Q22



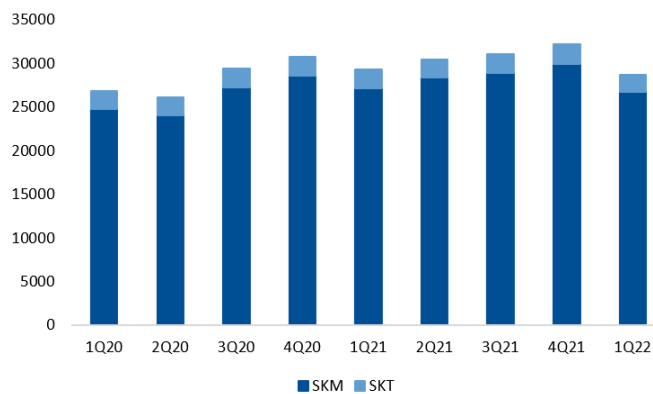
Source: Company Data, NHKSI Research

GGRM Quarterly Revenue (IDR bn) | 1Q20 - 1Q22



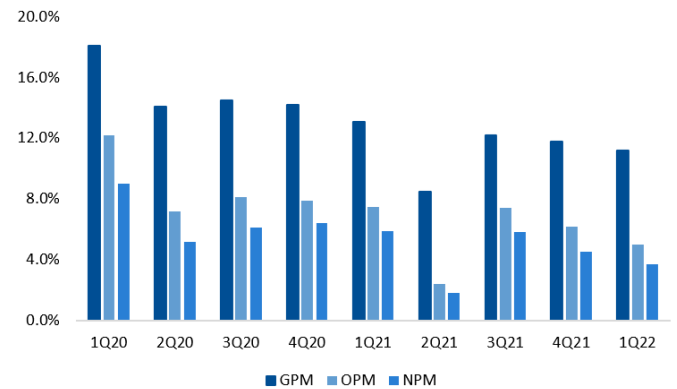
Source: Company Data, NHKSI Research

SKM and SKT Sales (IDR Bn) | 1Q20 - 1Q22



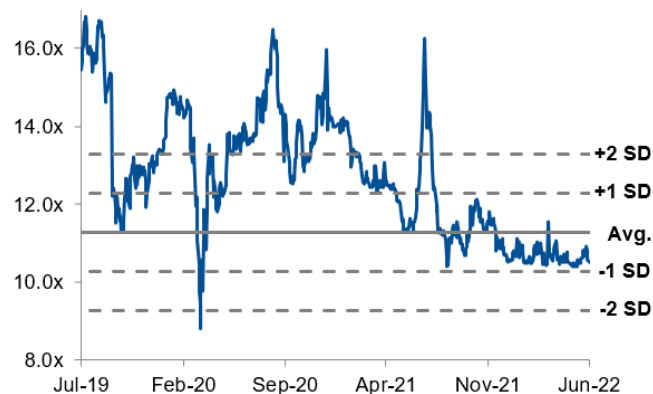
Source: Company Data, NHKSI Research

GGRM Quarterly Margins | 1Q20 - 1Q22



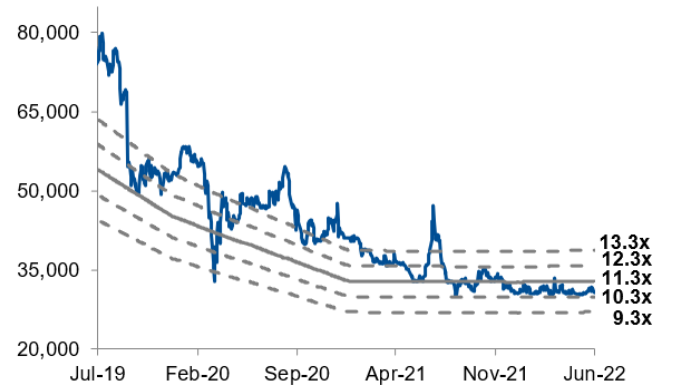
Source: Company Data, NHKSI Research

Forward P/E Band | Last 3 Years



Source: Company Data, NHKSI Research

Dynamic Forward P/E Band | Last 3 Years



Source: Company Data, NHKSI Research

Summary of Financials

INCOME STATEMENT

(IDR bn)	2021/12A	2022/12E	2023/12E	2024/12E
Sales	124,881	134,322	145,739	158,418
<i>Growth</i>	9.1%	7.6%	8.5%	8.7%
COGS	(110,609)	(119,467)	(130,107)	(141,770)
Gross Profit	14,273	14,855	15,632	16,648
<i>Gross Margin</i>	11.4%	11.1%	10.7%	10.5%
Operating Expenses	(6,928)	(7,388)	(8,161)	(8,791)
EBIT	7,345	7,467	7,471	7,857
<i>EBIT Margin</i>	5.9%	5.6%	5.1%	5.0%
Depreciation	2,897	2,717	2,780	2,798
EBITDA	10,242	10,185	10,250	10,655
<i>EBITDA Margin</i>	8.2%	7.6%	7.0%	6.7%
Interest Expenses	(75)	(229)	(152)	(190)
EBT	7,287	7,256	7,336	7,684
Income Tax	(1,682)	(1,675)	(1,693)	(1,773)
Minority Interest	-	-	-	-
Net Profit	5,605	5,582	5,643	5,911
<i>Growth</i>	-26.7%	-0.4%	1.1%	4.8%
<i>Net Profit Margin</i>	4.5%	4.2%	3.9%	3.7%

PROFITABILITY & STABILITY

	2021/12A	2022/12E	2023/12E	2024/12E
ROE	9.5%	9.2%	9.0%	9.2%
ROA	6.2%	6.1%	6.0%	6.0%
Inventory Turnover	2.3x	2.4x	2.4x	2.4x
Receivable Turnover	45.0x	45.0x	45.0x	45.0x
Payables Turnover	3.3x	3.8x	3.5x	3.7x
Dividend Yield	8.5%	6.0%	5.7%	5.4%
Payout Ratio	65.4%	66.9%	63.9%	60.0%
DER	0.2x	0.2x	0.2x	0.2x
Net Gearing	0.2x	0.2x	0.2x	0.2x
Equity Ratio	65.9%	66.0%	66.3%	65.4%
Debt Ratio	11.2%	13.6%	10.7%	11.7%
Financial Leverage	142.7%	151.6%	151.1%	151.9%
Current Ratio	209.1%	210.1%	217.7%	222.0%
Quick Ratio	0.4x	0.4x	0.3x	0.3x
Par Value (IDR)	500	500	500	500
Total Shares (mn)	1,924	1,924	1,924	1,924
Share Price (IDR)	30,600	32,700	32,700	32,700
Market Cap (IDR tn)	58.9	62.9	62.9	62.9

BALANCE SHEET

(IDR bn)	2021/12A	2022/12E	2023/12E	2024/12E
Cash	4,170	3,460	2,083	2,934
Receivables	2,774	2,984	3,237	3,519
Inventories	47,456	50,173	55,232	59,862
Total Current Assets	59,313	60,287	64,184	70,386
Net Fixed Assets	29,780	30,788	29,049	27,395
Other Non Current Assets	872	1,037	986	965
Total Non Current Asset	30,652	31,826	30,035	28,360
Total Assets	89,964	92,113	94,219	98,746
Payables	1,002	1,233	1,261	1,418
ST Bank Loan	9,980	12,329	9,861	11,382
Total Current Liabilities	28,369	28,695	29,477	31,701
LT Debt	123	199	179	176
Total Liabilities	30,676	31,299	31,743	34,185
Capital Stock	1,016	1,016	1,016	1,016
Retained Earnings	58,306	59,831	61,493	63,578
Shareholders' Equity	59,288	60,814	62,475	64,561

CASH FLOW STATEMENT

(IDR bn)	2021/12A	2022/12E	2023/12E	2024/12E
Operating Cash Flow	5,325	4,592	6,399	4,061
Investing Cash Flow	(4,844)	(3,974)	(1,724)	(1,342)
Financing Cash Flow	(1,086)	(1,327)	(6,052)	(1,867)
Net Changes in Cash	(605)	(710)	(1,377)	851

VALUATION INDEX

	2021/12A	2022/12E	2023/12E	2024/12E
Price /Earnings	10.5x	11.3x	11.1x	10.6x
PE/EPS Growth	-0.4x	-27.0x	10.2x	2.2x
Price /Book Value	1.0x	1.0x	1.0x	1.0x
EV/EBITDA	5.9x	6.8x	7.0x	6.6x
EV/EBIT	8.2x	9.2x	9.6x	9.0x
EV (IDR bn)	60,255	68,818	71,952	70,842
Sales CAGR (3-Yr)	11.2%	9.3%	6.7%	8.4%
Net Income CAGR (3-Yr)	-0.5%	-10.4%	-19.9%	-9.6%
Basic EPS (IDR)	2,913	2,901	2,933	3,072
BVPS (IDR)	30,814	31,607	32,470	33,554
DPS (IDR)	2,600	1,950	1,853	1,760

OWNERSHIP

	%
Top Shareholders	
Suryaduta Investama	69.3
Suryamitra Kusuma	6.3
Vanguard Group	0.8
Blacrock Inc	0.7
By Geography	
Indonesia	94.0
United States	3.3
Unknown	0.8
Japan	0.5

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

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.