

**PT Semen Indonesia (Persero), Tbk**

**BUY**

Cement, Equity  
15 May 2024

Price **IDR. 4,220**  
Target **IDR. 6,500**  
JKSE Index **7,083.763**



**Stock code**  
Bloomberg code **SMGR JI**  
Market cap (in Bn) **28,221.4**  
52-week high **7,250**  
52-week low **4,350**  
Free Float (%) **48.99%**

**Major Share Holders (%)**  
Government RI **51.01%**  
Public **48.99%**

**USD/IDR-YE**  
2023 **15,439**  
2024F (6m-avg) **15,718**

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**Investment Considerations**

**Volume decreased, while bulk increased**

- From January to March 2024, domestic cement sales volume remained flat at 14.27 million tons, with bulk cement increasing by +14.9% (Java +11.1% YoY and Outside Java +20.5% YoY), while bag cement declined by -5.5%. The decrease in the bag market was due to lower retail demand during the fasting period and the Eid holiday. Conversely, the spike in the bulk market was driven by government projects in the new capital city and infrastructure acceleration in Java.
- SMGR reported a decrease of -4.3% YoY, reaching 7.09 mt in Q1 2024 for domestic sales volume. Total sales for SMGR also decreased by -2.1% YoY to 9.17 mt in Q1 2024, despite a boost from higher export sales growth of +5.7% to 1.71 mt.
- The bulk cement contribution increased to 30.3% of SMGR's total domestic sales volume from 27% in Q1 2023, reflecting lower retail cement demand. Bulk cement rose by +7.1% to 2.15 mt, while bag cement decreased by -8.5% to 4.94 mt.
- Due to lower sales volume, SMGR's revenue also decreased by -6.3% YoY or -23.8% quarter-over-quarter (QoQ) to IDR 8.93 trillion.
- For April, sales volume is expected to remain contracted due to the long holiday, although the trend of increasing bulk cement portion is expected to continue in 2024F.

**Q1 2024: Lower Margin**

- SMGR's bottom-line profit and margin declined due to an increase in the bulk cement portion of sales volume, resulting in a lower consolidated price.
- Costs of revenue in Q1 2024 decreased by -4.9% YoY, due to lower sales volume with cost per ton decreasing by -2.8% to IDR 813 thousand. Raw material expenses also decreased by -2.4% YoY, and fuel and energy costs decreased by -1.8% YoY.
- This resulted in a lower gross profit, down by -9.8% YoY or -19.4% QoQ to IDR 2.2 trillion, leading to a gross profit margin (GPM) of 26.3%.
- SMGR's net income decreased by -16% YoY but increased by +3.4% QoQ to IDR 472 billion, with the net profit margin (NPM) gradually increasing QoQ to 5.6%.
- As SMGR maintains cost and operational efficiencies amidst a contraction in retail demand, we expect margin improvement in the second half of 2024. We project SMGR's bottom-line profit to reach IDR 2.4 trillion, representing a significant 14% YoY growth for 2024F.

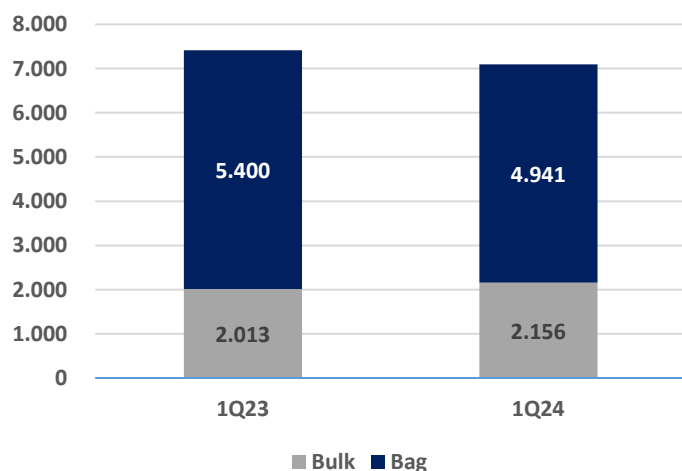
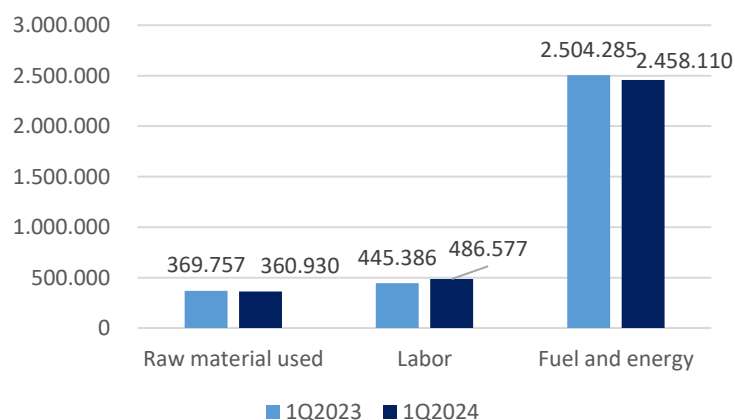
**Valuation Maintain BUY, TP 6,500**

- We maintain our BUY recommendation with a target price (TP) of IDR 6,500, indicating a potential 54% upside. This valuation is based on a 16x price-to-earnings (PE) ratio for 2025F.

Financial Highlights	2021A	2022A	2023A	2024F	2025F
Revenue (IDR Bn)	36.702	36.379	38.651	40.607	43.490
EBITDA (IDR Bn)	8.433	6.860	7.804	7.956	8.433
Net Income (IDR Bn)	2.047	2.365	2.170	2.420	2.655
EPS (IDR)	344	397	321	358	393
EBITDA Margin (%)	23,0%	18,9%	20,2%	19,6%	19,4%
PBV (x)	1,1	0,9	1,0	1,0	1,0
PER (x)	21,1	15,5	20,0	18,1	16,5

**SMGR Cement Sales in Ton**

	March			January - March		
	2024	2023	%	2024	2023	%
<b>Indonesia Facilities</b>						
Domestic	2.456.194	2.582.774	-4,9%	7.097.380	7.413.579	-4,3%
Export	514.574	541.040	-4,9%	1.710.403	1.617.546	5,7%
	<b>2.970.768</b>	<b>3.123.814</b>	<b>-4,9%</b>	<b>8.807.783</b>	<b>9.031.125</b>	<b>-2,5%</b>
<b>Vietnam Facilities</b>						
Domestic	79.448	75.454	5,3%	159.772	148.484	7,6%
Export	79.841	84.542	-5,6%	209.143	190.392	9,8%
	159.289	159.996	-0,4%	368.915	338.876	8,9%
<b>TOTAL SMGR</b>	<b>3.130.057</b>	<b>3.283.810</b>	<b>-4,7%</b>	<b>9.176.698</b>	<b>9.370.001</b>	<b>-2,1%</b>

*Source: Company*
**SMGR Bulk and Bag Composition Sales Volume In MT**

**SMGR Raw Material and Fuel & Energy Cost In IDR Billion**

*Source: Company*
**Income Statement YoY & QoQ In IDR Billion**

Income Statement (IDR Bn)	1Q2023	1Q2024	YoY	4Q2023	QoQ
<b>Revenue</b>	<b>8.935</b>	<b>8.375</b>	<b>-6,3%</b>	<b>10.991</b>	<b>-23,8%</b>
Cost of revenue	-6.489	-6.168	-4,9%	-8.253	-25,3%
<b>Gross Profit</b>	<b>2.446</b>	<b>2.207</b>	<b>-9,8%</b>	<b>2.737</b>	<b>-19,4%</b>
Operating Expense	-1.643	-1.556	-5,3%	-1.973	-21,1%
<b>Profit Before Tax</b>	<b>803</b>	<b>650</b>	<b>-19,0%</b>	<b>764</b>	<b>-14,9%</b>
Taxes	-220	-180	-18,5%	-262	-31,5%
<b>NIAT</b>	<b>583</b>	<b>471</b>	<b>-19,2%</b>	<b>502</b>	<b>-6,2%</b>
Non-controlling Interest	-21	1	-104,6%	-45	-102,2%
<b>Net Income</b>	<b>562</b>	<b>472</b>	<b>-16,0%</b>	<b>457</b>	<b>3,4%</b>
<b>EPS</b>	<b>83</b>	<b>70</b>	<b>-16,0%</b>	<b>68</b>	<b>3,4%</b>
<b>GPM</b>	<b>27,4%</b>	<b>26,3%</b>		<b>24,9%</b>	
<b>OPM</b>	<b>9,0%</b>	<b>7,8%</b>		<b>7,0%</b>	
<b>NPM</b>	<b>6,3%</b>	<b>5,6%</b>		<b>4,2%</b>	

## Income Statement YoY In IDR Billion

Income Statement (In IDR Bn)	2021A	2022A	2023A	2024F	2025F
Revenue	36.702	36.379	38.651	40.607	43.490
Cost of revenue	-24.976	-25.701	-28.474	-29.927	-31.965
<b>Gross Profit</b>	<b>11.727</b>	<b>10.678</b>	<b>10.177</b>	<b>10.680</b>	<b>11.525</b>
Operating Expense	-8.189	-7.379	-6.873	-7.309	-7.828
<b>Profit Before Tax</b>	<b>3.538</b>	<b>3.299</b>	<b>3.304</b>	<b>3.370</b>	<b>3.697</b>
Taxes	-1.420	-800	-1.008	-910	-998
<b>NIAT</b>	<b>2.117</b>	<b>2.499</b>	<b>2.296</b>	<b>2.460</b>	<b>2.699</b>
Non-controlling Interest	-71	-134	-125	-41	-43
<b>Net Income</b>	<b>2.047</b>	<b>2.365</b>	<b>2.170</b>	<b>2.420</b>	<b>2.655</b>
EPS (In IDR)	344	397	321	358	393
<b>EBITDA</b>	<b>8.433</b>	<b>6.860</b>	<b>7.804</b>	<b>7.956</b>	<b>8.433</b>

Source: Company and Binaartha

## Cash Flow In IDR Billion

Cash Flow (In IDR Bn)	2021A	2022A	2023A	2024F	2025F
Net Income	2.047	2.365	2.170	2.420	2.655
Depreciation	3.087	2.133	3.110	3.280	3.460
Change in WC	2.530	-1.212	3.079	1.017	-1.826
<b>Cash From Operating Activities</b>	<b>7.664</b>	<b>3.286</b>	<b>8.360</b>	<b>6.717</b>	<b>4.289</b>
Change in Non-current Assets	-6.227	-633	-1.066	-5.187	-5.583
<b>Cash From Investing Activities</b>	<b>-6.227</b>	<b>-633</b>	<b>-1.066</b>	<b>-5.187</b>	<b>-5.583</b>
Change in Long-term liabilities	-4.091	-2.369	-1.455	50	2.000
Change in Bonds Payable	-2.995	866	-3.360	0	0
Change in Others Noncurrent Liabilities	498	-765	263	317	963
Change in Temporary Shirkah temporer	0	669	-200	-250	0
Change in Equity	5.175	2.000	-1.609	-1.218	-1.341
<b>Cash From Financing Activities</b>	<b>-1.413</b>	<b>400</b>	<b>-6.361</b>	<b>-1.101</b>	<b>1.622</b>
<b>Net Changes in Cash</b>	<b>24</b>	<b>3.052</b>	<b>933</b>	<b>429</b>	<b>328</b>
<b>Beginning Balance</b>	<b>2.931</b>	<b>2.955</b>	<b>6.007</b>	<b>6.940</b>	<b>7.369</b>
<b>Ending Balance</b>	<b>2.955</b>	<b>6.007</b>	<b>6.940</b>	<b>7.369</b>	<b>7.697</b>

Source: Company and Binaartha

## Statement of Financial Position In IDR Billion

Statement of Financial Position (In IDR Bn)	2021A	2022A	2023A	2024F	2025F
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and Cash Equivalents	2.955	6.007	6.940	7.369	7.697
Trade Accounts Receivable	5.691	5.521	5.788	5.279	5.654
Inventories	4.849	5.610	5.134	5.279	5.654
Others Current Assets	2.691	1.740	1.922	1.827	1.740
<b>Total Current Assets</b>	<b>16.186</b>	<b>18.879</b>	<b>19.783</b>	<b>19.754</b>	<b>20.744</b>
<b>NONCURRENT ASSETS</b>					
Fixed Assets	58.839	57.806	56.771	58.411	60.141
Other Noncurrent Assets	6.742	6.275	5.267	5.533	5.926
<b>Total Noncurrent Assets</b>	<b>65.581</b>	<b>64.081</b>	<b>62.038</b>	<b>63.944</b>	<b>66.067</b>
<b>TOTAL ASSETS</b>	<b>81.766</b>	<b>82.960</b>	<b>81.821</b>	<b>83.698</b>	<b>86.811</b>
<b>LIABILITIES AND EQUITY</b>					
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Short-term Loans	3.058	500	4.895	4.895	2.895
Trade Account Payable	7.855	8.096	8.096	8.121	8.698
Others Current Liabilities	3.719	4.465	3.121	3.655	3.914
<b>Total Current Liabilities</b>	<b>14.632</b>	<b>13.061</b>	<b>16.112</b>	<b>16.671</b>	<b>15.507</b>
<b>NONCURRENT LIABILITIES</b>					
Long-term bank	10.097	7.728	6.273	6.323	8.323
Bond Payable	4.074	4.940	1.580	1.580	1.580
Others Noncurrent Liabilities	8.306	7.541	7.804	8.121	9.084
<b>Total Noncurrent Liabilities</b>	<b>22.478</b>	<b>20.210</b>	<b>15.658</b>	<b>16.025</b>	<b>18.988</b>
<b>TOTAL LIABILITIES</b>	<b>37.110</b>	<b>33.271</b>	<b>31.770</b>	<b>32.695</b>	<b>34.494</b>
Non-controlling interest	4.362	4.491	4.539	4.873	5.219
<b>EQUITY</b>	<b>38.514</b>	<b>42.748</b>	<b>43.261</b>	<b>44.130</b>	<b>45.098</b>
<b>TEMPORARY SYIRKAH TEMPORER</b>	<b>1.781</b>	<b>2.450</b>	<b>2.250</b>	<b>2.000</b>	<b>2.000</b>
<b>TOTAL TEMPORARY SYIRKAH TEMPORER, LIABILITIES &amp; EQUITY</b>	<b>81.766</b>	<b>82.960</b>	<b>81.821</b>	<b>83.698</b>	<b>86.811</b>

Source: Company and Binaartha

## Ratio Highlights YoY

Growth (% YoY)	2021A	2022A	2023A	2024F	2025F
Sales	4,4%	-0,9%	6,2%	5,1%	7,1%
OP	1,4%	-6,8%	0,1%	2,0%	9,7%
EBITDA	-5,3%	-18,7%	13,8%	2,0%	6,0%
NP	-26,7%	15,5%	-8,2%	11,5%	9,7%
EPS	-27,0%	15,4%	-19,0%	11,5%	9,7%
<b>Profitability</b>					
Gross Profit Margin (%)	32,0%	29,4%	26,3%	26,3%	26,5%
Operating Margin(%)	9,6%	9,1%	8,5%	8,3%	8,5%
EBITDA margin(%)	23,0%	18,9%	20,2%	19,6%	19,4%
NET Profit margin(%)	5,6%	6,5%	5,6%	6,0%	6,1%
ROA(%)	2,5%	2,9%	2,7%	2,9%	3,1%
ROE(%)	5,3%	5,5%	5,0%	5,5%	5,9%
<b>Stability</b>					
Net debt/ equity (x)	0,4	0,3	0,3	0,3	0,3
Int. Coverage (x)	1,2	1,8	1,7	1,9	2,1
Current Ratio (X)	1,1	1,4	1,2	1,2	1,3
<b>Per Share data</b>					
EPS (IDR)	344	397	321	358	393
PBV (x)	1,1	0,9	1,0	1,0	1,0
PER (x)	21,1	15,5	20,0	18,1	16,5
EBITDA/share	1.417	1.151	1.156	1.178	1.249

**Stock Ratings:**

- Buy : a recommendation to purchase the security with upside potential of **20% or greater**  
Hold : a recommendation to neither buy nor sell a security with upside potential of **0-19%**.  
Sell : a recommendation to close out a long position in a security with upside potential **below 0% or negative**.

**RESEARCH TEAM**  
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