

# Semen Indonesia Tbk (SMGR IJ)

## Efisiensi Biaya Produksi, Laba FY20 Tumbuh

Company Update | Mar 08, 2021

SMGR membukukan pendapatan FY20 sebesar Rp35,17 triliun atau turun 12,9% YoY diakibatkan oleh turunnya volume penjualan sebesar 7,9%. Namun, SMGR mampu melakukan efisiensi biaya produksi sehingga tetap mencatatkan laba Rp2,67 triliun atau naik 12,8% YoY. Kami estimasi volume penjualan SMGR akan naik pada 2021 sebesar 12%-15% YoY.

## BUY

<b>Target Price (IDR)</b>	<b>14,500</b>
Consensus Price (IDR)	14,138
TP to Consensus Price	+2.6%
vs. Last Price	+29.5%

### Shares data

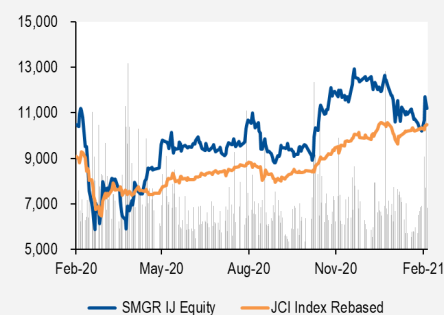
Last Price (IDR)	11,200
Price Date as of	Mar 5, 2021
52 wk Range (Hi/Lo)	13,250 / 5,475
Free Float (%)	48.9
Outstanding sh.(mn)	5,932
Market Cap (IDR bn)	65,395
Market Cap (USD mn)	4,562
Avg. Trd Vol - 3M (mn)	5.9
Avg. Trd Val - 3M (bn)	68.5
Foreign Ownership	22.2%

### Basic Industry

#### Cement

Bloomberg	SMGR IJ
Reuters	SMGR.JK

### Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	0.0%	5.4%	-4.1%	0.0%
Rel. Ret.	-11.3%	2.4%	-12.3%	-11.3%

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### Efisiensi Dorong Kenaikan Laba FY20

- Pendapatan FY20 tercatat sebesar Rp35,17 triliun (-12,9% YoY vs Rp40,36 triliun FY19), sementara pendapatan 4Q20 tercatat Rp9,54 triliun (-22% YoY, -0,5% QoQ). Hal tersebut disebabkan oleh rendahnya volume penjualan dan tingkat curah hujan yang tinggi pada 4Q20.
- Pendapatan SMGR dari segmen semen turun 12% YoY.
- Harga batu bara yang rendah pada 2020, didukung oleh efisiensi beban biaya produksi, membuat COGS mampu turun 14,8% YoY.
- Perolehan marjin FY20 naik signifikan. GPM, OPM dan NPM masing-masing tercatat 33,03%, 16%, dan 7,6%. Lebih tinggi dari FY19 senilai 31,5%, 15% dan 5,9%
- SMGR membukukan laba 4Q20 sebesar Rp1,13 triliun (+4,5% YoY). Sementara laba FY20 sebesar Rp2,67 triliun (+12,8% YoY vs Rp2,37 triliun FY19) atau 6,7% di atas estimasi kami.

### Volume Penjualan Domestik Turun, namun Ekspor Naik

- SMGR mencatatkan volume penjualan sebesar 39,89 juta ton (-7,9% YoY). Penurunan disebabkan oleh turunnya penjualan domestik (-13,2% YoY) karena demand yang rendah akibat pelemahan ekonomi dan proyek infrastruktur yang banyak tertunda.
- Di sisi lain, volume penjualan ekspor naik 23,1% didorong oleh mulai pulihnya ekonomi negara tujuan ekspor. SMGR pun mulai merambah pasar negara baru seperti Myanmar, Brunei Darussalam dan Taiwan.
- Permintaan semen nasional turun 10,4% sementara kapasitas produksi naik 2,7% menyebabkan keadaan *oversupply* pada 2020.
- Kami optimis volume penjualan SMGR pada FY21 akan membaik (+12% sampai +15% YoY), terutama dari penjualan segmen semen bulk yang akan banyak digunakan untuk proyek infrastruktur. Sentimen positif dari sektor properti (relaksasi LTV dan insentif PPN) juga berpotensi mendorong penjualan semen bag.

### Mempertahankan rating BUY dengan TP Rp14.500

- Kami mempertahankan *rating* buy dengan menaikkan TP menjadi Rp14.500 (sebelumnya Rp13.250) untuk 12 bulan ke depan.
- TP kami berdasarkan metode *forward* P/E 27,7x (+0,7 SD rata-rata 3 tahun terakhir) dengan potensial upside 29,5%
- *Rating* buy kami berikan dengan mempertimbangkan SMGR mampu melakukan efisiensi biaya dan juga pengelolaan arus kas yang baik. Selain itu, kami yakin penjualan dan kinerja SMGR tahun 2021 mampu tumbuh didorong oleh membaiknya ekonomi dalam negeri dan negeri tujuan ekspor.
- Di sisi lain, SMGR harus mewaspadai kemungkinan naiknya harga batu bara pada tahun ini untuk mengantisipasi kenaikan biaya produksi.
- Kami merevisi naik estimasi perolehan pendapatan/laba FY21E sebesar Rp40,48 triliun/Rp2,76 triliun (+3,4%/+12,1% dari proyeksi sebelumnya)

### Semen Indonesia Tbk | Summary

	2019A	2020A	2021F	2022F
Revenue	40,368	35,172	40,488	42,968
Growth	31.5%	-12.9%	15.1%	6.1%
Net Profit	2,371	2,674	3,103	3,711
EPS (IDR)	400	451	523	626
P/E	30.0x	21.2x	27.7x	23.2x
P/BV	2.1x	1.6x	2.2x	2.1x
EV/EBITDA	11.2x	8.7x	11.6x	10.6x
ROE	7.1%	7.7%	8.4%	9.2%
DER	83%	67%	60%	55%
Dividend Yield	1.7%	0.4%	0.3%	0.4%

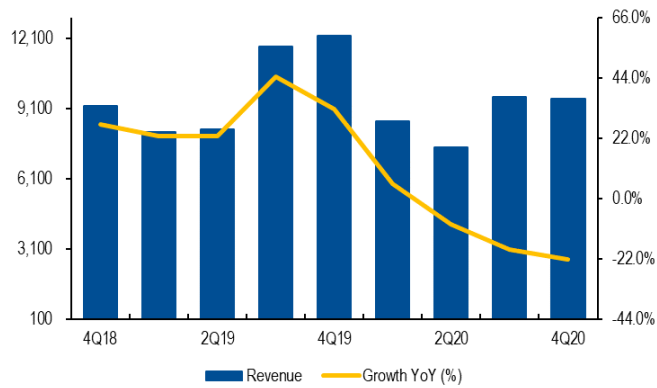
Unit: IDR bn, %, x

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

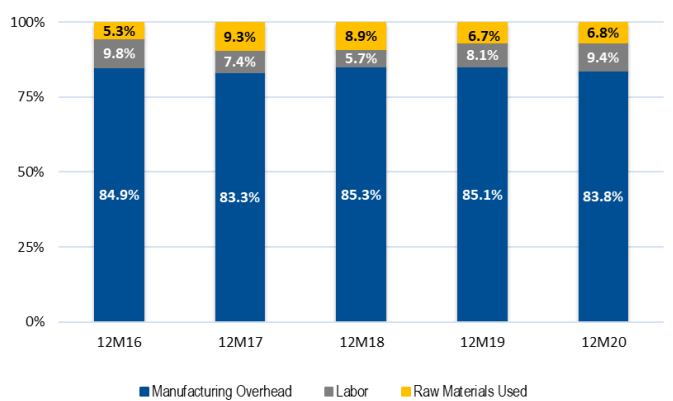
### Performance Highlights in Chart

SMGR Quarterly Revenue (IDR bn) | 4Q18 - 4Q20



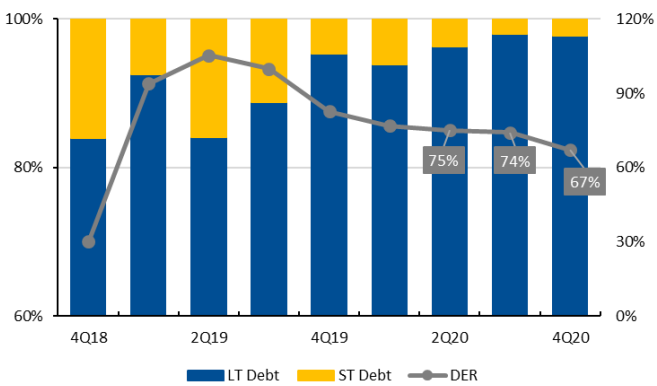
Source: Company Data, NHKSI Research

12M20 Manufacturing Cost Breakdown



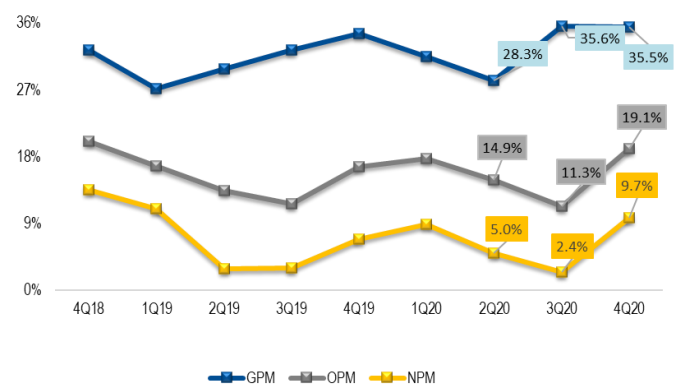
Source: Company Data, NHKSI Research

### Debt Portion



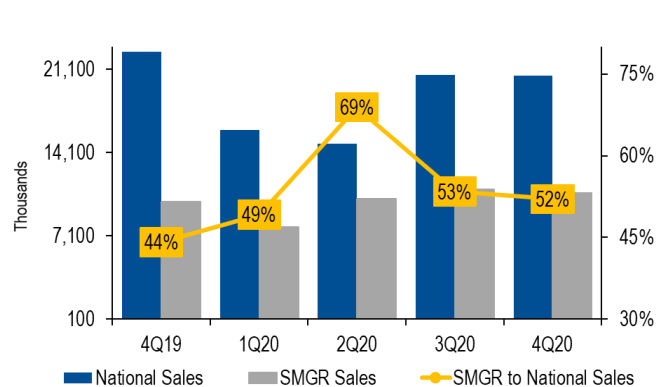
Source: Company Data, NHKSI Research

### Margin Ratios



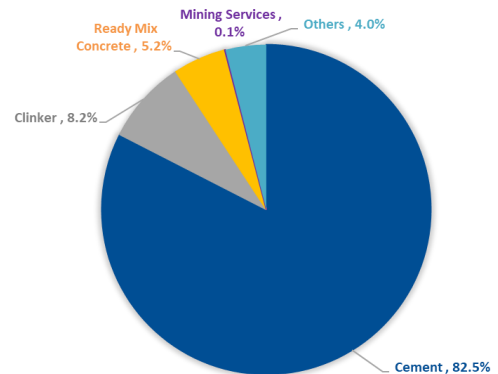
Source: Company Data, NHKSI Research

### Domestic Sales Volume (Tons) & Market Share



Source: Company Data, NHKSI Research

### FY20 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
<b>Indonesia</b>									
SEMEN INDONESIA TBK	4,562	5,602	2,417	192	16.73%	7.9%	8.4%	23.4x	1.9x
INDOCEMENT TUNGGAL PRAKARSA TBK	3,390	2,001	1,019	123	4.24%	12.0%	7.9%	27.4x	2.2x
SOLUSI BANGUN INDONESIA TBK	917	1,489	695	45	30.44%	6.4%	8.9%	20.2x	1.7x
SEMEN BATURAJA TBK	648	402	119	(7)	-	-6.1%	-3.1%	-	2.8x
<b>Malaysia</b>									
CAHYA MATA SARAWAK BHD	585	1,114	268	46	22.11%	17.3%	3.2%	12.3x	0.9x
<b>Thailand</b>									
SIAM CITY CEMENT PUB CO LTD	1,523	2,589	1,343	118	16.58%	8.8%	11.4%	12.6x	1.4x
<b>Philippines</b>									
HOLCIM PHILIPPINES INC	815	-	525	42	-42.51%	7.9%	-	19.1x	-
<b>China</b>									
ANHUI CONCH CEMENT CO LTD-H	40,189	25,674	24,307	4,925	4.81%	20.3%	24.7%	6.3x	1.4x
CHINA NATIONAL BUILDING MA-H	11,652	64,128	35,277	1,662	6.21%	4.7%	13.3%	7.1x	0.9x
HUAXIN CEMENT CO LTD-B	6,192	5,263	4,194	788	-16.50%	18.8%	26.4%	5.2x	1.3x
<b>India</b>									
ULTRATECH CEMENT LTD	26,738	10,526	5,852	820	141.93%	14.0%	16.0%	33.6x	5.0x
SHREE CEMENT LTD	14,160	2,646	1,816	217	52.61%	11.9%	13.4%	65.9x	7.9x
AMBUJA CEMENTS LTD	7,935	5,437	3,309	319	12.91%	9.6%	10.1%	24.5x	2.5x

Unit: USD mn, %, X

Source: Bloomberg, NHKSI Research

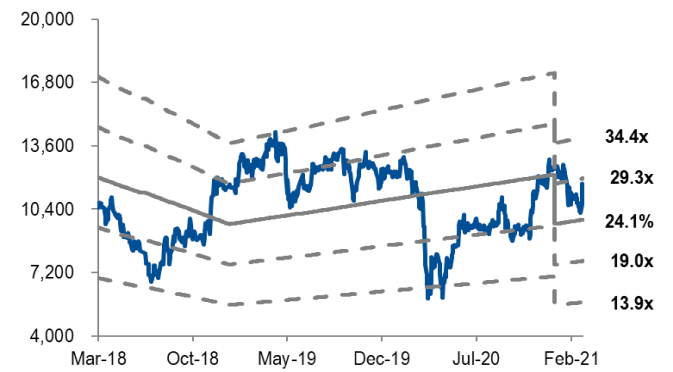
## Valuation Highlights in Charts

3-Years Forward P/E Band



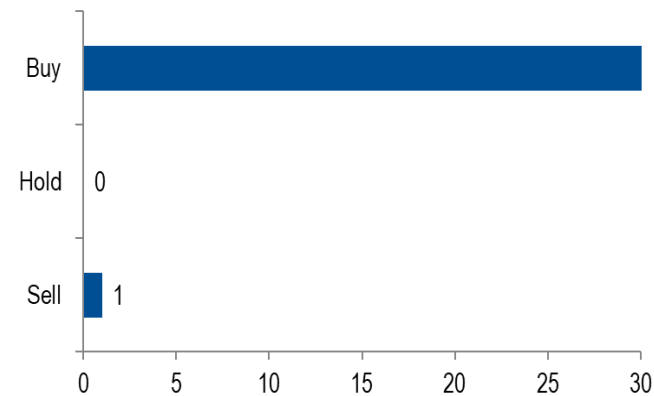
Source: Bloomberg, NHKSI Research

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	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%

Source: NHKSI Research, Bloomberg

## Summary of Financials

## INCOME STATEMENT

(IDR bn)	2019/12A	2020/12A	2021/12F	2022/12F
<b>Sales</b>	<b>40,368</b>	<b>35,172</b>	<b>40,488</b>	<b>42,968</b>
Growth	31.5%	-12.9%	15.1%	6.1%
COGS	(27,654)	(23,555)	(27,648)	(29,059)
<b>Gross Profit</b>	<b>12,714</b>	<b>11,617</b>	<b>12,841</b>	<b>13,909</b>
Gross Margin	31.5%	33.0%	31.7%	32.4%
Operating Expenses	(6,529)	(5,969)	(6,758)	(7,231)
<b>EBIT</b>	<b>6,185</b>	<b>5,648</b>	<b>6,083</b>	<b>6,677</b>
EBIT Margin	15.3%	16.1%	15.0%	15.5%
Depreciation	(2,495)	(3,424)	(3,021)	(3,072)
<b>EBITDA</b>	<b>8,680</b>	<b>9,073</b>	<b>9,104</b>	<b>9,750</b>
EBITDA Margin	21.5%	25.8%	22.5%	22.7%
Interest Expenses	(3,205)	(2,321)	(2,138)	(1,990)
<b>EBT</b>	<b>3,196</b>	<b>3,489</b>	<b>4,202</b>	<b>4,995</b>
Income Tax	(825)	(814)	(981)	(1,166)
Minority Interest	(21)	(118)	(118)	(118)
<b>Net Profit</b>	<b>2,371</b>	<b>2,674</b>	<b>3,103</b>	<b>3,711</b>
Growth	-23.2%	12.8%	16.0%	19.6%
Net Profit Margin	5.9%	7.6%	7.7%	8.6%

## PROFITABILITY &amp; STABILITY

	2019/12A	2020/12A	2021/12F	2022/12F
ROE	7.1%	7.7%	8.4%	9.2%
ROA	3.6%	3.4%	3.9%	4.5%
Inventory Turnover	6.8x	5.1x	5.8x	5.5x
Receivables Turnover	6.6x	5.7x	6.8x	6.8x
Payables Turnover	5.5x	3.9x	4.2x	4.2x
Dividend Yield	1.7%	0.4%	0.3%	0.4%
Payout Ratio	-0.5%	-2.4%	-2.5%	-2.2%
DER	82.7%	67.2%	60.0%	55.0%
Net Gearing	67.3%	57.4%	44.7%	36.3%
Equity Ratio	42.5%	45.7%	48.0%	49.9%
Debt Ratio	35.1%	30.7%	28.8%	27.4%
Financial Leverage	235.5%	218.8%	208.2%	200.5%
Current Ratio	136.6%	135.8%	145.1%	169.9%
Quick Ratio	-7.5%	-5.6%	-5.8%	-3.7%
Par Value (IDR)	100	100	100	100
Total Shares (mn)	5,932	5,932	5,932	5,932
Share Price (IDR)	12,000	9,575	14,500	14,500
Market Cap (IDR tn)	71.2	56.8	86.0	86.0

## BALANCE SHEET

(IDR bn)	2019/12A	2020/12A	2021/12F	2022/12F
Cash	4,008	2,991	5,163	6,955
Receivables	6,490	5,777	6,126	6,462
Inventories	4,642	4,548	4,937	5,716
<b>Total Current Assets</b>	<b>16,716</b>	<b>15,625</b>	<b>18,600</b>	<b>22,837</b>
Net Fixed Assets	56,602	56,053	56,181	55,731
Other Non Current Assets	2,110	2,256	1,685	1,672
<b>Total Non Current Assets</b>	<b>63,091</b>	<b>62,381</b>	<b>61,705</b>	<b>61,058</b>
<b>Total Assets</b>	<b>79,807</b>	<b>78,006</b>	<b>80,305</b>	<b>83,895</b>
Payables	5,670	6,521	6,720	7,196
Current Maturities of LT Debt	2,080	1,614	1,937	1,957
<b>Total Current Liabilities</b>	<b>12,240</b>	<b>11,506</b>	<b>12,822</b>	<b>13,438</b>
LT Debt	24,750	21,844	20,464	20,187
<b>Total Liabilities</b>	<b>45,915</b>	<b>42,353</b>	<b>41,736</b>	<b>42,062</b>
Capital Stock	593	593	593	593
Retained Earnings	29,774	32,040	34,873	38,271
<b>Shareholders' Equity</b>	<b>33,892</b>	<b>35,653</b>	<b>38,569</b>	<b>41,834</b>

## VALUATION INDEX

	2019/12A	2020/12A	2021/12F	2022/12F
Price/Earnings	30.0x	21.2x	27.7x	23.2x
PE/EPS Growth	-0.1x	0.2x	0.2x	0.1x
Price/Book Value	2.1x	1.6x	2.2x	2.1x
EV/EBITDA	11.2x	8.7x	11.6x	10.6x
EV (IDR bn)	96,827	79,237	105,547	103,488
Sales CAGR (3-Yr)	15.6%	8.1%	9.7%	2.1%
Net Profit CAGR (3-Yr)	-1.1%	34.3%	23.0%	42.6%
Basic EPS (IDR)	399.77	450.87	523.13	625.72
BVPS (IDR)	5,714	6,011	6,502	7,053
DPS (IDR)	207.6	40.3	45.5	52.8

## TOP OWNERSHIP

	%
<b>Shareholders</b>	
Rep. of Indonesia	51.0
Invesco Ltd	2.3
Vanguard Group Inc	1.7
Norges Bank	1.2
Others	43.8
<b>By Geography</b>	
Indonesia	77.8
United States	9.7
Luxembourg	5.3
Norway	1.8

## CASH FLOW STATEMENT

(IDR bn)	2019/12A	2020/12A	2021/12F	2022/12F
Operating Cash Flow	5,609	7,221	6,070	4,811
Investing Cash Flow	(17,161)	(2,251)	(2,898)	(2,439)
Financing Cash Flow	10,285	(6,003)	(1,000)	(580)
<b>Net Changes in Cash</b>	<b>(1,267)</b>	<b>(1,033)</b>	<b>2,172</b>	<b>1,792</b>

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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