# Cement Sector

**Sectoral Report**

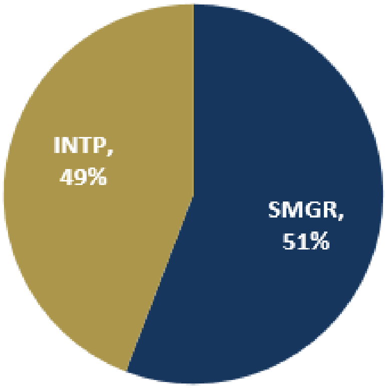
18 April 2023

JCI Index: 6,628

## Neutral

| Stock Recomendation | | | | |
|---|---|---|---|---|
| **Ticker** | **Rating** | **Price (IDR)** | **TP (IDR)** | **Upside** |
| SMGR | BUY | 6,125 | 9,800 | 58.7% |
| INTP | BUY | 10,275 | 12,200 | 18.7% |

**Sector Market Cap Weighting**





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## Start to Building Up

**Konsumsi semen nasional Mar-23 +8.5% MoM (-9.4% YoY).** Penjualan semen pada Mar-23 tercatat sebesar 4.9 juta ton (+8.5% mom, -9.4% yoy) dengan kumulatif di 1Q23 sebesar 14.3 juta ton (-6.5% yoy). Penurunan penjualan di tahun 1Q23 diakibatkan oleh adanya high based-effect di awal tahun 2022, namun dapat dilihat secara bulanan terdapat pemulihan ditopang oleh penjualan bagged semen yang tercatat sebesar 3.6 juta ton (+8.1% mom, -12.3% yoy) dan bulk semen yang tercatat sebesar 1.3 juta ton (+9.8% mom, -0.3% yoy). Kondisi pada area Jawa masih menjadi pemberat pada volume penjualan semen selama beberapa bulan terakhir terkait perang harga dimana pada Mar-23, penjualan di Jawa menurun -13.1% yoy (jawa menyumbang 51.4% dari total konsumsi semen nasional). Namun terlihat kondisi di luar Jawa relatif lebih positif dimana penjualan di Kalimantan meningkat +4.7% yoy, Nusa Tenggara +21.3% yoy, dan Indonesia bagian Timur +0.7%.

**SMGR dan INTP masih bertumbuh di domestik.** Secara head-to-head, volume penjualan nasional SMGR lebih baik dibandingkan INTP dimana volume penjualan nasional SMGR pada Mar-23 naik +9.6% mom (-10.3% yoy) menjadi sebesar 2.6 juta ton. Namun, secara kumulatif 1Q23, volume penjualan nasional SMGR masih tertekan -6.3% yoy atau sebesar 7.4 juta ton. Di sisi lain, INTP berhasil mencatatkan pertumbuhan volume penjualan pada Mar-23 +5.4% mom (+1.7% yoy) menjadi sebesar 1.3 juta ton dan secara kumulatif 1Q23, INTP volume penjualan semen tumbuh +3.4% yoy (3.95 juta ton). Hal tersebut didorong dari kerjasama dengan Semen Bosowa Maros yang mampu meningkatkan penjualan di wilayah Indonesia Timur.

**Outlook FY23F.** Hasil penjualan semen pada 1Q23 masih tertekan, namun terdapat pemulihan pada Mar-23 dimana penjualan semen mampu bertumbuh +8.5% MoM, kami melihat kedepannya penjualan semen nasional akan menunjukan peningkatan terutama setelah Hari Raya Idul Fitri (Jun-22: +37.3% mom, paska Idul Fitri). Kebanyakan proyek akan mulai kembali beroperasi dan dipacu sebelum pemilu. Ditambah musim panas yang tentunya akan menjadi pendorong penjualan semen hingga 3Q23. Proyek ibukota baru juga masih berjalan dengan kedua emiten baik SMGR dan INTP sudah mulai mendapatkan kontrak dengan sudah mengamankan sekitar 500-1000 ton semen curah untuk keperluan IKN.

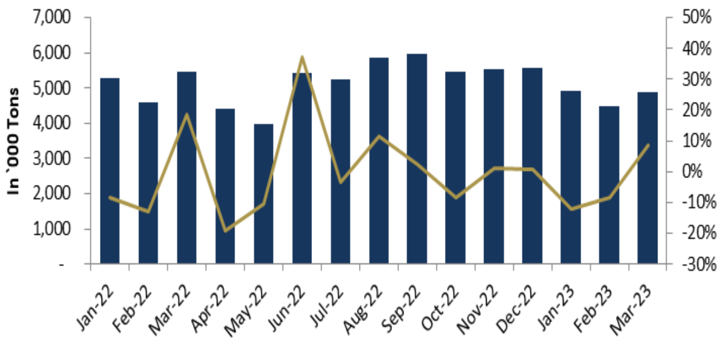
**Rating: Neutral.** Kami tetap mempertahankan rating NEUTRAL untuk sektor semen dengan proyeksi volume penjualan semen nasional tumbuh 2-3% yoy. Kami memberikan rekomendasi BUY untuk SMGR dengan TP IDR 9,800 (-0.75x rata-rata PER 5 tahun) dan untuk INTP kami merekomendasikan BUY dengan TP IDR 12,200 (-0.70x SD rata-rata PER 5 tahun). Risiko utama: Penurunan permintaan semen dan peningkatan beban transportasi.

**Table 1. Valuation Highlights**

| Ticker | Rating | CP | TP | Upside | P/E (X) | | NP (IDRbn) | | EPSG (%) | | ROE (%) | | ROA (%) | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | (IDR) | (IDR) | (%) | 2023F | 2024F | 2023F | 2024F | 2023F | 2024F | 2023F | 2024F | 2023F | 2024F |
| SMGR | BUY | 6,125 | 9,800 | 58.7 | 12.4 | 9.4 | 3,334 | 4,394 | 24.4 | 31.8 | 6.9 | 8.6 | 4.1 | 5.4 |
| INTP | BUY | 10,275 | 12,200 | 18.7 | 19.0 | 17.1 | 1,406 | 1,773 | 59.4 | 26.1 | 7.3 | 9.0 | 5.8 | 7.2 |
| **Sector** | | | | | **15.7** | **13.3** | | | **41.9** | **29.0** | **4.9** | **7.1** | **5.0** | **6.3** |

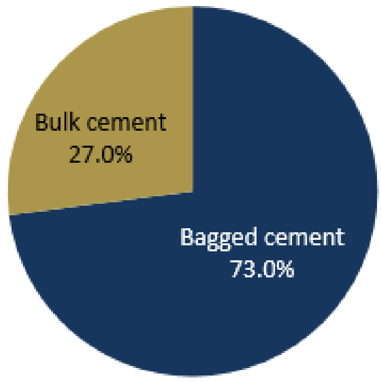
*Source: Bloomberg, SSI Research*

**Figure 1. Monthly National Cement Consumption**



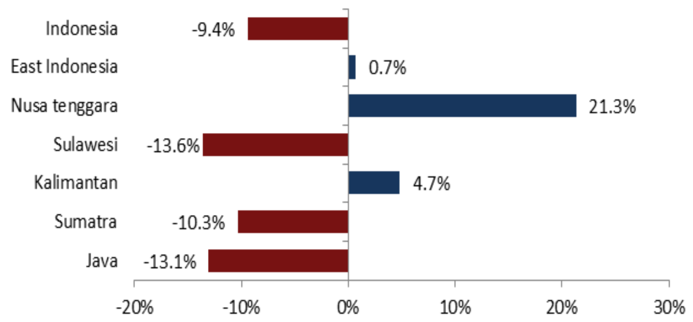

*Source: ASI, SSI Research*

**Figure 2. Bagged vs Bulk Cement Market Share (1Q23)**



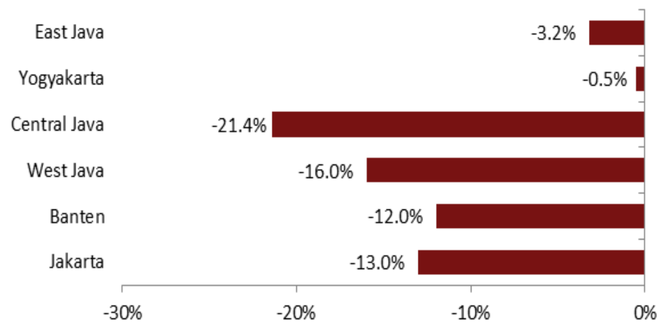

*Source: ASI, SSI Research*

**Figure 3. National Cement Consumption by Region (1Q23)**



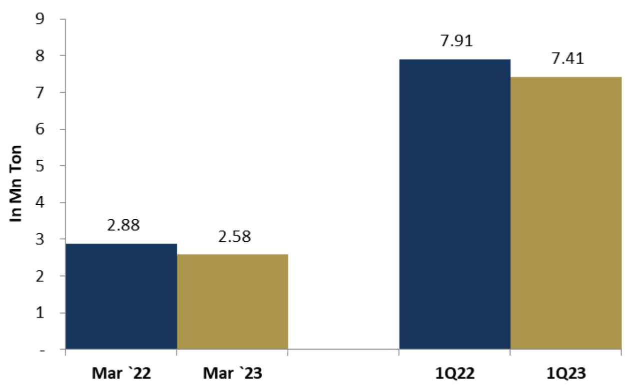

*Source: ASI, SSI Research*

**Figure 4. Java Cement Consumption (1Q23)**



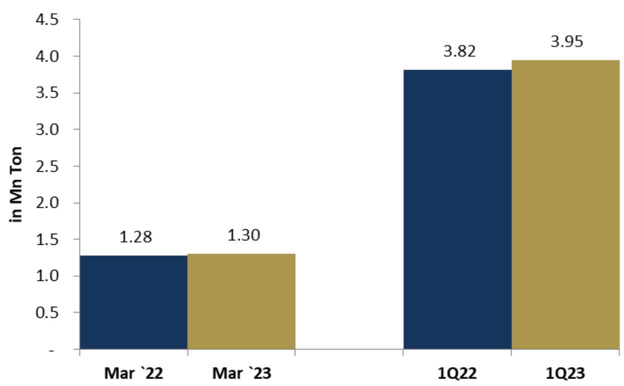

*Source: ASI, SSI Research*

**Figure 5. SMGR Sales Volume (1Q23)**



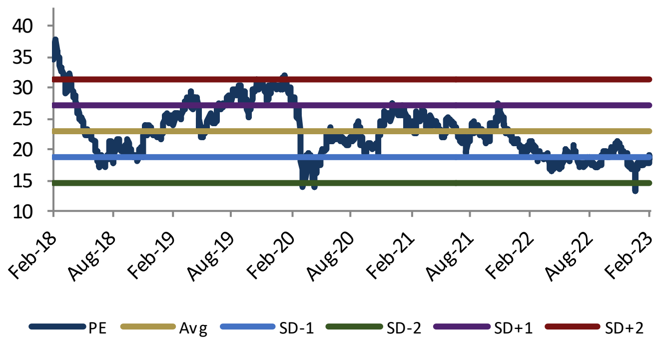

*Source: Company, SSI Research*

**Figure 6. INTP Sales Volume (1Q23)**



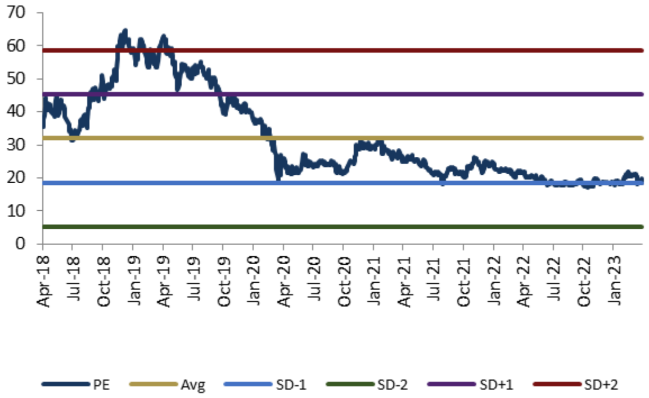

*Source: Company, ASI, SSI Research*

**Figure 7. SMGR's PE Band**




*Source: Bloomberg, Company, SSI Research*

**Figure 8. INTP's PE Band**




*Source: Bloomberg, Company, SSI Research*

**Table 2. Peers Comparison**

| Company Ticker | Country | Company Ticker | Market Cap (USD Mn) | PER (x) 2023F | 2024F | EV/EBITDA (x) 2023F | 2024F | PBV (x) 2023F | 2024F | ROE (%) 2023F | 2024F |
|---|---|---|---|---|---|---|---|---|---|---|---|
| XINJIANG TIAN-A | CN | 000877 CH | 11,590 | 10.0 | 8.6 | 6.9 | 6.3 | 0.8 | 0.8 | 8.2 | 8.9 |
| TANGSHAN JIDON-A | CN | 000401 CH | 3,514 | 9.6 | 10.0 | 6.0 | 5.6 | 0.7 | 0.7 | 7.2 | 7.2 |
| CONCH CEMENT-H | CN | 914 HK | 20,849 | 6.4 | 5.8 | 3.9 | 3.6 | 0.6 | 0.6 | 9.8 | 10.2 |
| CHINA NATL BDG-H | CN | 3323 HK | 6,275 | 3.8 | 3.3 | 6.6 | 5.8 | 0.4 | 0.3 | 9.6 | 10.5 |
| CHINA NATL BDG-H | CN | 3323 HK | 6,275 | 3.8 | 3.3 | 6.6 | 5.8 | 0.4 | 0.3 | 9.6 | 10.5 |
| AMBUJA CEMENTS | IN | ACEM IN | 9,519 | 28.2 | 24.4 | 13.1 | 11.0 | 2.5 | 2.2 | 9.1 | 9.6 |
| ACC LTD | IN | ACC IN | 4,052 | 24.7 | 17.7 | 12.5 | 9.3 | 2.2 | 2.0 | 9.0 | 12.1 |
| ULTRATECH CEMENT | IN | UTCEM IN | 26,982 | 42.9 | 29.1 | 21.8 | 16.9 | 4.1 | 3.7 | 9.8 | 13.0 |
| SHREE CEMENT | IN | SRCM IN | 11,369 | 63.1 | 37.1 | 30.1 | 21.0 | 5.0 | 4.6 | 7.6 | 12.1 |
| ASIA CEMENT CORP | TW | 1102 TT | 5,099 | 13.6 | 11.1 | 12.4 | 12.2 | 1.0 | 0.9 | 6.8 | 7.7 |
| TAIWAN CEMENT | TW | 1101 TT | 8,941 | 21.8 | 18.6 | 15.0 | 14.2 | 1.2 | 1.2 | 5.8 | 6.6 |
| SSANGYONG C&E CO | KR | 003410 KS | 2,290 | 19.2 | 17.2 | 9.6 | 9.2 | 1.9 | 1.9 | 9.6 | 11.2 |
| SAMPYO CEMENT CO | KR | 038500 KS | 307 | 17.6 | 14.3 | 7.8 | 7.1 | 0.6 | 0.6 | 3.3 | 4.0 |
| SIAM CEMENT PCL | TH | SCC TB | 10,969 | 12.5 | 9.6 | 11.1 | 9.1 | 1.0 | 0.9 | 7.9 | 9.4 |
| HOLCIM LTD | US | HOLN SW | 39,864 | 11.7 | 11.0 | 6.5 | 6.3 | 1.2 | 1.1 | 10.0 | 10.6 |
| HEIDELBERGCEMENT | DE | HEI GR | 14,680 | 8.1 | 7.7 | 5.3 | 5.1 | 0.8 | 0.7 | 9.5 | 9.5 |
| ADBRI LTD | AU | ABC AU | 729 | 11.4 | 10.7 | 6.2 | 5.8 | 0.8 | 0.7 | 7.3 | 7.5 |
| BORAL LTD | AU | BLD AU | 2,885 | 36.8 | 26.7 | 11.3 | 9.6 | 2.1 | 2.0 | 6.4 | 8.2 |
| EAGLE MATERIALS | US | EXP US | 5,182 | 11.9 | 11.8 | 8.2 | 8.3 | 4.6 | 3.7 | 37.2 | 32.4 |
| CEMEX SAB-CPO | MX | CEMEXCPO N | 9,081 | 7.4 | 9.2 | 6.3 | 6.0 | 0.8 | 0.3 | 8.4 | 9.0 |
| **SEMEN INDONESIA** | **ID** | **SMGR IJ** | **2,763** | **12.6** | **11.1** | **6.2** | **5.8** | **0.9** | **0.8** | **6.8** | **7.4** |
| **INDOCEMENT TUNGG** | **ID** | **INTP IJ** | **2,558** | **17.9** | **15.3** | **9.5** | **8.2** | **1.8** | **1.7** | **9.8** | **11.4** |
| **Global Weighted Average** | | | **205,774** | **19.1** | **14.7** | **10.8** | **9.1** | **1.8** | **1.6** | **9.7** | **10.8** |

*Source: Bloomberg, SSI Research*

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