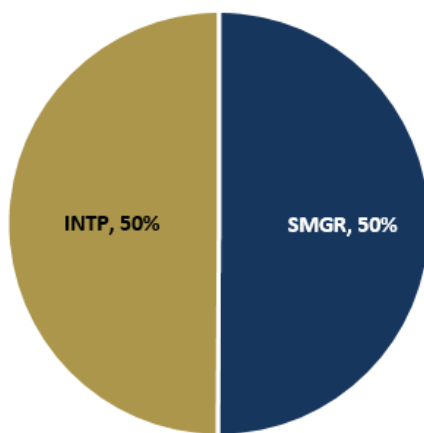


### Neutral

#### Stock Recommendation

Ticker	Rating	Price (IDR)	TP (IDR)	Upside
SMGR	BUY	5,700	9,800	71.9%
INTP	BUY	10,000	12,200	22.0%

#### Sector Market Cap Weighting



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## Expect Better Performance in 2H23

**Review 1Q23.** INTP membukukan pendapatan sebesar IDR 4.2 triliun di 1Q23 (-9.0% qoq, +19.3% yoy) dengan volume penjualan domestik sebesar 3.9 juta ton (-0.9% qoq, +3.6% yoy); kinerja top line INTP sejalan dengan perkiraan kami dan consensus (SSI: 24.9%, konsensus: 24.5%), didukung oleh kenaikan blended ASP (+13.2% yoy menjadi IDR 961rb/ton), meskipun angka tersebut lebih rendah dari 4Q22 (-9.9% qoq). Sementara itu, SMGR membukukan penjualan sebesar IDR 8.9tn (-19.5% qoq, +4.5%); penurunan penjualan terutama disebabkan oleh penurunan volume penjualan domestik menjadi 6.7 juta ton (-12.4% qoq, -0.8% yoy) dan ASP domestik menjadi IDR 910rb/ton (-8.3% qoq, +5.8% yoy). Performa top-line SMGR sedikit di bawah estimasi kami dan consensus (SSI: 23.1%, konsensus: 23.0%). Perlambatan pertumbuhan volume penjualan SMGR dan INTP terutama disebabkan oleh high base effect di 1Q22 dan liburan Ramadhan yang lebih panjang di 1Q23. Meskipun keduanya tidak membukukan kinerja yang istimewa, SMGR dan INTP berhasil meningkatkan pangsa pasar mereka di 1Q23; INTP mencatatkan 27.7% (vs. 4Q22: 24.0%, 1Q22: 25.0%) sementara SMGR membukukan 48.8% (vs. 4Q22: 46.8%, 1Q22: 48.0%). \*catatan: volume penjualan SMGR tidak dimasukkan dalam perhitungan pangsa pasar kami

**Biaya tetap tinggi bahkan dengan DMO.** Baik SMGR dan INTP telah mengamankan pasokan batubara DMO hingga April-23; namun, COGS keduanya tetap tinggi di 1Q23, akibat lonjakan biaya overhead dan dampak kenaikan bahan bakar di 3Q22 dan 4Q22 (meskipun harga bahan bakar sudah mulai ternormalisasi di 1Q23 dan kami perkirakan tidak ada kenaikan yang signifikan sepanjang sisa tahun ini). COGS total INTP naik +0.1% qoq, +14.3% yoy, dengan kenaikan biaya overhead sebesar +17.4% qoq, +32.9% yoy, sebagian karena pabrik Bosowa Maros (pabrik ini beroperasi di 50% kapasitasnya pada 1Q23, karena hanya satu dari dua lini produksi klinkernya; lini produksi kedua direncanakan mulai beroperasi pada Juni 2023). Secara keseluruhan, kenaikan biaya ini membuat total biaya/ton INTP menjadi IDR 752rb/ton (+0.9% qoq, +12.4% yoy). Sementara itu, total biaya/ton SMGR tercatat sebesar IDR 870rb/ton (-12.5% qoq, +6.8% yoy), terutama karena kenaikan biaya distribusi dan harga bahan bakar.

**Optimisme untuk 2H23.** Jika melihat data historis, volume penjualan semen pada 1H biasanya lebih rendah dari 2H karena musim hujan dan libur Ramadhan. Sejak 2018, penjualan domestik 1Q dan 2Q hanya menyumbang 20-23% dari volume penjualan tahunan, dan penjualan biasanya mulai meningkat di 3Q dengan peningkatan volume penjualan rata-rata +30.4% (lihat figure 4). Selain itu, kami melihat potensi katalis lain untuk penjualan semen, yaitu Pemilu (yang akan diadakan pada 1Q24), yang akan mendorong peningkatan permintaan dan daya beli, terutama di pasar ritel (semen kantong). Namun, kami yakin semen curah (1Q23: +6.0% yoy) akan tetap menjadi penggerak utama industri semen Indonesia di 2H23, terutama dengan adanya potensi permintaan dari proyek IKN di Kalimantan.

**Rating NETRAL.** Kami menegaskan kembali peringkat NETRAL kami untuk sektor semen; kami memperkirakan adanya kenaikan volume penjualan di 2H23, terutama dengan potensi permintaan yang besar dari proyek-proyek di luar Jawa. Kami memiliki rekomendasi BUY untuk SMGR (TP: IDR 9,800; -0.75x rata-rata PER 5 tahun) dan INTP (TP: IDR 12,200; -0.70x rata-rata PER 5 tahun). Risiko utama: permintaan semen yang menurun dan kenaikan biaya distribusi.

8 May 2023

JCI Index: 6,788

**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
SMGR	BUY	5,700	9,800	71.9	11.5	8.8	3,334	4,394	24.4	31.8	6.9	8.6	4.1	5.4
INTP	BUY	10,000	12,200	22.0	18.5	16.6	1,406	1,773	59.4	26.1	7.3	9.0	5.8	7.2
<b>Sector</b>					<b>15.0</b>	<b>12.7</b>			<b>41.9</b>	<b>29.0</b>	<b>4.9</b>	<b>7.1</b>	<b>5.0</b>	<b>6.3</b>

Source: Bloomberg, SSI Research

**Table 2. SMGR 1Q23 Results**

SMGR (IDR Bn)	1Q22	4Q22	1Q23	QoQ (%)	YoY (%)	FY23/SSI	FY23/Cons
<b>Revenue</b>	8,554	11,098	8,935	-19.5	4.5	23.1	23.0
<b>Gross Profit</b>	2,449	3,335	2,446	-26.6	-0.1	20.6	20.9
<b>Operating Profit</b>	1,068	1,260	1,099	-12.7	2.9	20.0	20.7
<b>EBITDA</b>	1,912	2,193	1,884	-14.1	-1.5	21.1	21.7
<b>Net Profit</b>	506	715	562	-21.4	11.1	16.9	18.2
<b>Gross Margin</b>	28.6%	30.0%	27.4%	-2.7%	-1.3%		
<b>Operating Margin</b>	12.5%	11.3%	12.3%	1.0%	-0.2%		
<b>Net Margin</b>	5.9%	6.4%	6.3%	-0.1%	0.4%		
<b>Operational Data</b>	<b>1Q22</b>	<b>4Q22</b>	<b>1Q23</b>	<b>QoQ (%)</b>	<b>YoY (%)</b>		
<b>Domestic Cement Sales</b>	6,803	7,703	6,746	-12.4	-0.8		
<b>COGS</b>	6,105	7,763	6,489	-16.4	6.3		
<b>OPEX</b>	1,381	2,075	1,347	-35.1	-2.5		
<b>Domestic Volume (Mn Ton)</b>	7,908	7,762	7,414	-4.5	-6.3		
<b>Domestic ASP (IDR `000/ton)</b>	860	992	910	-8.3	5.8		
<b>Cost/ton (IDR `000)</b>	772	1,000	875	-12.5	13.4		
<b>Opex/ton (IDR `000)</b>	175	267	182	-32.0	4.0		

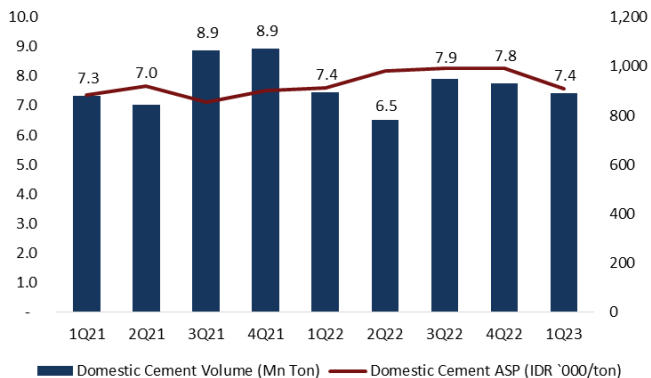
Source: Company, SSI Research

**Table 3. INTP 1Q23 Results**

INTP (IDR Bn)	1Q22	4Q22	1Q23	QoQ (%)	YoY (%)	FY23/SSI	FY23/Cons
<b>Revenue</b>	3,558	4,667	4,246	-9.0	19.3	24.9	24.5
<b>Gross Profit</b>	960	1,701	1,276	-25.0	32.8	20.6	21.0
<b>Operating Profit</b>	184	755	454	-39.9	147.2	20.0	19.0
<b>EBITDA</b>	468	1,111	785	-29.3	67.9	22.1	21.8
<b>Net Profit</b>	183	896	371	-58.5	103.4	20.0	18.5
<b>Gross Margin</b>	27.0%	36.4%	30.1%	-6.4%	3.1%		
<b>Operating Margin</b>	5.2%	16.2%	10.7%	-5.5%	5.5%		
<b>Net Margin</b>	5.1%	19.2%	8.7%	-10.4%	3.6%		
<b>Operational Data</b>	<b>1Q22</b>	<b>4Q22</b>	<b>1Q23</b>	<b>QoQ (%)</b>	<b>YoY (%)</b>		
<b>Domestic Cement Sales</b>	3,237	4,256	3,797	-10.8	17.3		
<b>COGS</b>	2,597	2,967	2,970	0.1	14.3		
<b>OPEX</b>	777	945	822	-13.0	5.8		
<b>Domestic Volume (Mn Ton)</b>	3,815	3,990	3,952	-0.9	3.6		
<b>Domestic ASP (IDR `000/ton)</b>	848	1,067	961	-9.9	13.2		
<b>Cost/ton (IDR `000)</b>	681	743	751	1.1	10.4		
<b>Opex/ton (IDR `000)</b>	204	237	208	-12.2	2.2		

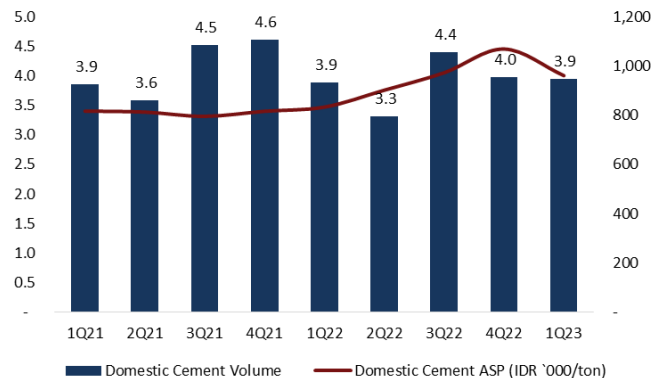
Source: Company, SSI Research

**Figure 1. SMGR Domestic Sales Volume and ASP**



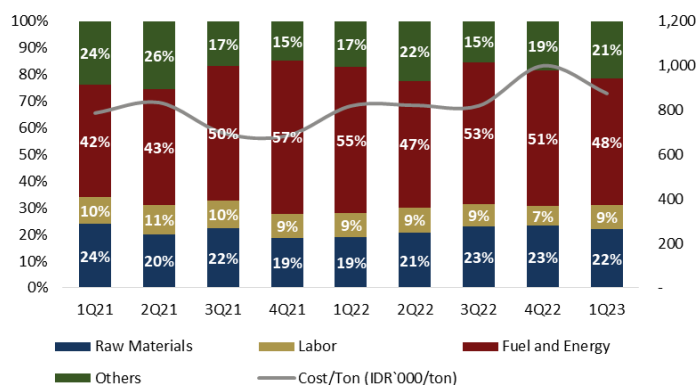
Source: Company, SSI Research

**Figure 2. INTP Domestic Sales Volume and ASP**



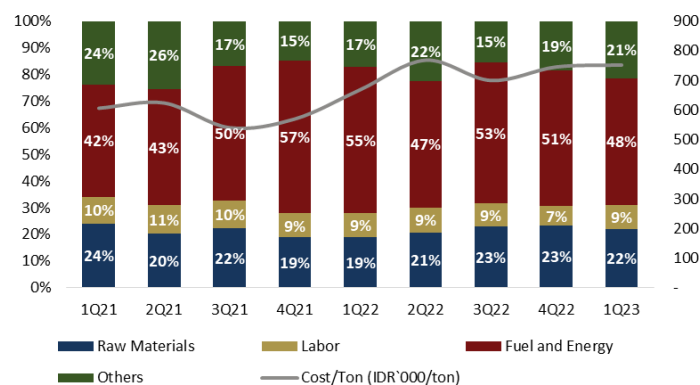
Source: Company, SSI Research

**Figure 3. SMGR Cost Breakdown**



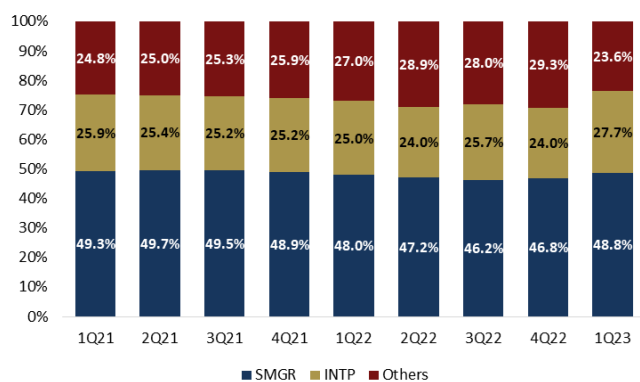
Source: Company, SSI Research

**Figure 4. INTP Cost Breakdown**



Source: Company, SSI Research

**Figure 3. National Cement Market Shares by Volume**



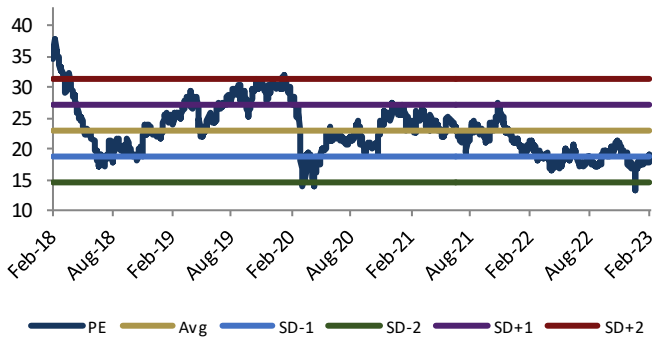
Source: Companies, ASI, SSI Research

**Figure 4. National Cement Consumption Seasonality**

Seasonality	2018	2019	2020	2021	2022
1Q	21.8%	23.6%	23.3%	22.8%	24.6%
2Q	21.7%	20.5%	19.9%	21.7%	21.9%
3Q	28.1%	27.1%	27.9%	27.5%	27.1%
4Q	28.4%	28.9%	28.8%	28.0%	26.3%

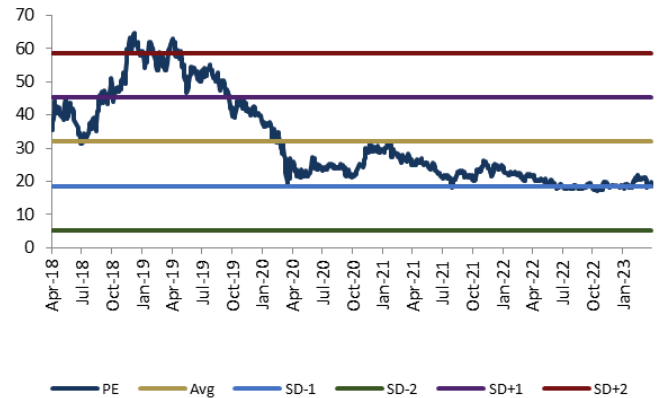
Source: ASI, SSI Research

Figure 7. SMGR's PE Band



Source: Bloomberg, Company, SSI Research

Figure 8. INTP's PE Band



Source: Bloomberg, Company, SSI Research

Table 4. Peers Comparison

Company Ticker	Country	Company Ticker	Market Cap (USD Mn)	PER (x)		EV/EBITDA (x)		PBV (x)		ROE (%)	
				2023F	2024F	2023F	2024F	2023F	2024F	2023F	2024F
XINJIANG TIAN-A	CN	000877 CH	10,805	9.5	8.0	6.9	6.2	0.8	0.7	8.1	8.9
TANGSHAN JIDON-A	CN	000401 CH	3,262	9.9	10.4	6.5	6.0	0.7	0.7	5.8	6.5
CONCH CEMENT-H	CN	914 HK	19,692	6.3	5.7	3.5	3.1	0.6	0.6	9.5	10.0
CHINA NATL BDG-H	CN	3323 HK	5,803	4.2	3.4	7.3	6.4	0.4	0.3	8.2	9.7
CHINA NATL BDG-H	CN	3323 HK	5,803	4.2	3.4	7.3	6.4	0.4	0.3	8.2	9.7
AMBUJA CEMENTS	IN	ACEM IN	9,820	30.0	26.0	14.1	11.8	2.6	2.3	9.0	9.4
ACC LTD	IN	ACC IN	4,078	25.5	18.2	13.9	10.3	2.2	2.1	9.1	12.0
ULTRATECH CEMENT	IN	UTCEM IN	26,973	30.2	25.7	16.6	14.6	3.7	3.3	12.6	13.4
SHREE CEMENT	IN	SRCM IN	10,834	70.9	36.9	29.0	20.6	4.8	4.4	7.2	11.5
ASIA CEMENT CORP	TW	1102 TT	5,117	13.6	12.1	12.4	12.3	1.0	1.0	6.8	7.5
TAIWAN CEMENT	TW	1101 TT	9,172	24.1	22.0	15.7	14.8	1.3	1.2	5.4	6.3
SSANGYONG C&E CO	KR	003410 KS	2,256	20.6	19.1	9.3	9.3	1.9	1.9	9.1	9.9
SAMPYO CEMENT CO	KR	038500 KS	288	16.6	13.5	7.6	7.0	0.5	0.5	3.3	4.0
SIAM CEMENT PCL	TH	SCC TB	11,557	12.8	10.7	11.5	9.6	1.0	0.9	8.0	9.1
HOLCIM LTD	US	HOLN SW	41,131	11.8	11.1	6.5	6.3	1.2	1.1	10.1	10.6
HEIDELBERGCEMENT	DE	HEI GR	14,896	8.1	7.7	5.3	5.1	0.8	0.7	9.7	8.9
ADBRI LTD	AU	ABC AU	691	10.9	10.3	6.0	5.7	0.7	0.7	7.2	7.4
BORAL LTD	AU	BLD AU	2,960	37.3	27.0	11.4	9.7	2.2	2.1	6.4	8.2
EAGLE MATERIALS	US	EXP US	5,639	13.0	12.8	8.9	9.0	5.0	4.0	37.0	31.3
CEMEX SAB-CPO	MX	CEMEXCPO N	9,134	10.0	5.3	5.7	5.4	0.8	0.8	8.3	8.7
SEMEN INDONESIA	ID	SMGR IJ	2,622	12.2	10.4	5.9	5.5	0.8	0.8	6.9	7.7
INDOCEMENT TUNGG	ID	INTP IJ	2,508	17.1	14.8	9.0	7.9	1.7	1.7	9.8	11.3
Global Weighted Average			205,041	18.3	14.5	10.2	8.9	1.7	1.6	10.0	10.6

Source: Bloomberg, SSI Research

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