

SELL (Maintain)

Target Price (IDR) 950 (Unchanged)
Potential Upside (%) (6.4)

Price Comparison

| | |
|--------------------------|-------|
| Cons. Target Price (IDR) | 1,315 |
| SSI vs. Cons. (%) | 72.2 |

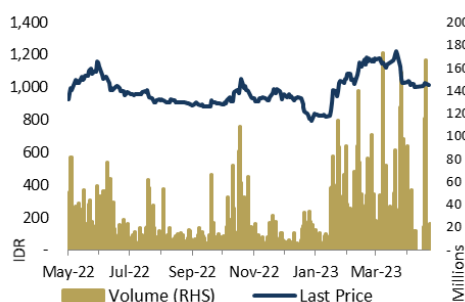
Stock Information

| | |
|-------------------------------|-----------|
| Last Price (IDR) | 1,015 |
| Shares Issued (Mn) | 116,318 |
| Market Cap. (IDR Bn) | 118,063 |
| 52-Weeks High/Low (IDR) | 1,235/780 |
| 3M Avg. Daily Value (IDR Bn) | 62.9 |
| Free Float (%) | 7.5 |
| Shareholder Structure: | |
| Philip Morris Indonesia (%) | 92.5 |
| Public (%) | 7.5 |

Stock Performance

| (%) | YTD | 1M | 3M | 12M |
|------------|------|--------|-------|-------|
| Absolute | 20.8 | (9.8) | (2.4) | 4.6 |
| JCI Return | 0.2 | 0.9 | 0.0 | (5.1) |
| Relative | 20.6 | (10.6) | (2.4) | 9.7 |

Stock Price & Volumes, 12M



Company Background

PT Hanjaya Mandala Sampoerna Tbk, adalah salah satu produsen rokok terbesar di Indonesia, dengan beragam produk yang didistribusikan di dalam dan luar negeri. Perusahaan memproduksi dan mendistribusikan rokok jenis SKT, SKM dan SPM dengan merek terkenal seperti Sampoerna A, Dji Sam Soe, dan Marlboro.

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Still Many Challenges Ahead

Volume tertekan. Pada 1Q23, penjualan rokok HMSP terpangkas -5.7% yoy menjadi 19.7 miliar batang. Meski ada penurunan volume penjualan, HMSP berhasil menaikkan pangsa pasarnya menjadi 28.5% (vs 28.3% di 1Q22) akibat turunnya volume penjualan keseluruhan industri rokok Indonesia sebesar -6.5% yoy. Lemahnya konsumsi rokok nasional ditenggarai oleh mulai naiknya harga rokok di 1Q23 oleh sejumlah produsen termasuk HMSP.

1Q23 Result. Revenue per sticks HMSP naik +9.0% yoy, yang membuat pendapatan 1Q23 HMSP masih naik +3.1% yoy, atau setara 22.9% target FY23F SSI dan 22.7% target FY23F consensus. EBITDA pun naik +9.0% yoy didukung oleh efisiensi yang dilakukan perusahaan yang salah satunya adalah berkurangnya cukai per batang -0.5% yoy menjadi IDR 838/batang di tengah penurunan volume yang membuat total beban cukai turun -6.3% yoy. Hal tersebut membuat 1Q23 EBITDA margin berada di level 10.7% (vs 10.1% di 1Q22).

FY23F Projection. Performa 1Q23 HMSP didukung keberhasilan menaikkan revenue/sticks di tengah belum berlaku sepenuhnya penjualan cukai dengan tariff 2023 serta membaiknya daya beli masyarakat. Namun kami menilai pada 2Q23, dengan telah berlakunya tarif cukai yang baru, kami memperkirakan HMSP akan kesulitan untuk mempertahankan margin keuntungan di level saat ini tanpa kehilangan volume penjualan lebih banyak. Pemakaian pita cukai 2023 diperkirakan akan menambah ~10% beban cukai yang membuat EBITDA margin dan NPM FY23F diperkirakan akan berada di level di level 10.0% dan 6.8%. Kami memproyeksikan EBITDA akan tumbuh +25.4% yoy dan laba bersih +19.1% yoy di FY23F. Pada FY24F, dengan pertumbuhan tarif cukai yang sama dengan tahun 2023, serta masih kesulitannya HMSP untuk menumbuhkan volume, maka EBITDA dan laba bersih diperkirakan akan melemah masing-masing -5.2% yoy dan -6.6% yoy.

Rekomendasi: SELL TP IDR 950/saham. Meskipun kinerja keuangan 1Q23 cukup baik, namun HMSP masih memiliki tantangan dari kenaikan beban cukai yang lebih tinggi pada 2Q23, serta kesulitannya untuk mendorong volume penjualan. Oleh sebab itu, kami masih merekomendasikan SELL saham HMSP dengan TP 950/saham. Upside Risk: Kenaikan volume dan harga jual rokok di atas ekspektasi.

Valuations (at closing price IDR 1,015 per share)

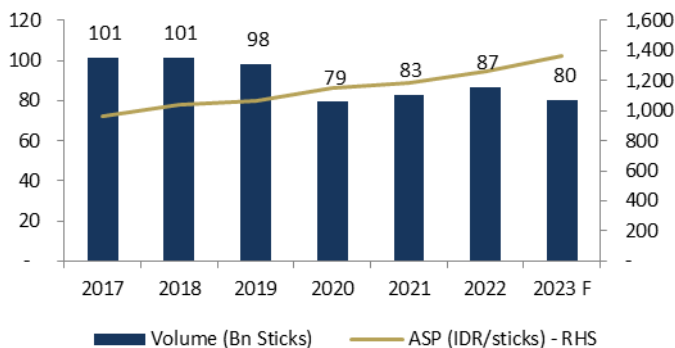
| Y/E Dec | 21A | 22A | 23F | 24F | 25F |
|-----------------------|--------|---------|---------|---------|---------|
| Revenue (IDR Bn) | 98,875 | 111,211 | 111,072 | 115,331 | 123,228 |
| EBITDA (IDR Bn) | 9,741 | 8,860 | 11,107 | 10,535 | 12,188 |
| EV/EBITDA (x) | 10.1 | 12.8 | 10.3 | 10.9 | 9.4 |
| Net Profit (IDR Bn) | 7,137 | 6,324 | 7,530 | 7,033 | 8,269 |
| EPS (IDR) | 61 | 54 | 65 | 60 | 71 |
| EPS Growth (%) | (16.8) | (11.4) | 19.1 | (6.6) | 17.6 |
| P/E Ratio (x) | 16.3 | 18.4 | 15.4 | 16.5 | 14.1 |
| BVPS (IDR) | 251 | 242 | 251 | 245 | 254 |
| P/BV Ratio (x) | 4.0 | 4.1 | 4.0 | 4.1 | 3.9 |
| DPS (IDR) | 73 | 63 | 56 | 67 | 62 |
| Dividend Yield (%) | 6.3 | 5.6 | 6.7 | 6.2 | 7.3 |
| ROAE (%) | 24.0 | 22.0 | 26.2 | 24.4 | 28.5 |
| ROAA (%) | 13.9 | 11.7 | 13.7 | 12.9 | 15.0 |
| Interest Coverage (x) | 151.8 | 154.9 | 218.2 | 235.7 | 330.1 |
| Net Gearing (x) | NC | NC | NC | NC | NC |

Table 1: 1Q23 Result

| HMSP (IDR Bn) | 1Q22 | 4Q22 | 1Q23 | QoQ (%) | YoY (%) | FY23/SSI | FY23/Cons |
|------------------|--------|--------|--------|---------|---------|----------|-----------|
| Revenue | 26,161 | 27,813 | 26,966 | -3.0 | 3.1 | 22.9 | 22.7 |
| Gross Profit | 4,260 | 4,652 | 4,856 | 4.4 | 14.0 | 26.7 | 24.1 |
| Operating Profit | 2,368 | 1,654 | 2,595 | 56.9 | 9.6 | 28.7 | 25.8 |
| EBITDA | 2,640 | 1,935 | 2,877 | 48.7 | 9.0 | 27.5 | 26.3 |
| Net Profit | 1,915 | 1,422 | 2,160 | 51.9 | 12.8 | 29.4 | 26.3 |
| | | | | | | | |
| Gross Margin | 16.3% | 16.7% | 18.0% | 1.3% | 1.7% | | |
| Operating Margin | 9.1% | 5.9% | 9.6% | 3.7% | 0.6% | | |
| EBITDA Margin | 10.1% | 7.0% | 10.7% | 3.7% | 0.6% | | |
| Net Margin | 7.3% | 5.1% | 8.0% | 2.9% | 0.7% | | |
| | | | | | | | |
| Volume | 20.9 | 21.2 | 19.7 | -7.1 | -5.7 | | |
| Industry volume | 73.9 | 74.8 | 69.1 | -7.6 | -6.5 | | |
| | | | | | | | |
| Revenue/sticks | 1,242 | 1,287 | 1,355 | 5.3 | 9.0 | | |

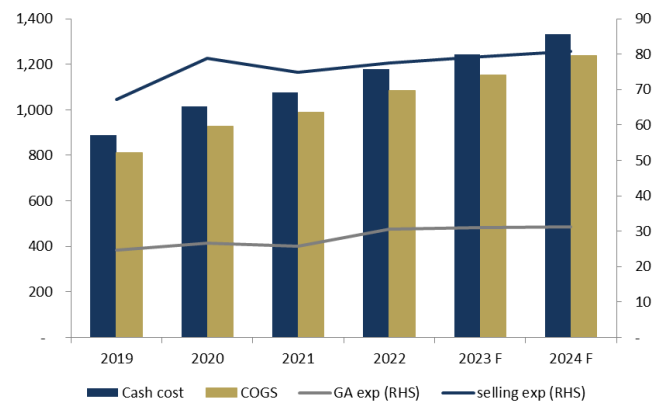
Source: Company, SSI Research

Figure 1. Sales Volume & ASP



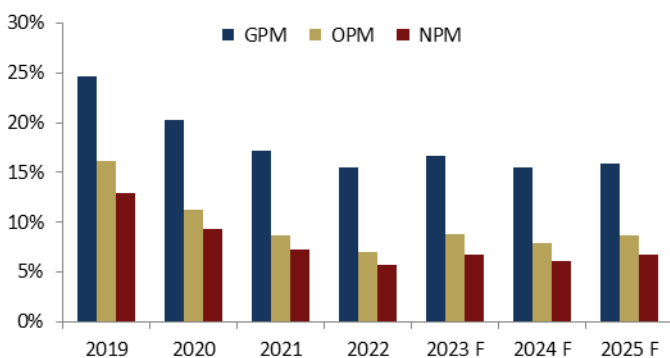
Source: Company, SSI Research

Figure 2. Cost Breakdown



Source: Company, SSI Research

Figure 3. Profitability Margins



Source: Company, SSI Research

Figure 4. P/E Band



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Source: Bloomberg, Company, SSI Research

Key Financial Figures

| Profit and Loss | | | | | |
|-----------------------------|----------|----------|----------|----------|-----------|
| Y/E Dec (IDR Bn) | 21A | 22A | 23F | 24F | 25F |
| Revenue | 98,875 | 111,211 | 111,072 | 115,331 | 123,228 |
| Cost of Revenue | (81,955) | (94,053) | (92,535) | (97,446) | (103,660) |
| Gross Profit | 16,920 | 17,158 | 18,538 | 17,885 | 19,568 |
| Operating Expense | (8,336) | (9,405) | (8,849) | (8,821) | (8,883) |
| G&A Expense | (2,134) | (2,665) | (2,490) | (2,465) | (2,464) |
| Selling & Marketing Expense | (6,203) | (6,740) | (6,359) | (6,356) | (6,419) |
| Other Income (Expense) | - | - | - | - | - |
| Operating Profit | 8,583 | 7,753 | 9,689 | 9,063 | 10,685 |
| EBITDA | 9,741 | 8,860 | 11,107 | 10,535 | 12,188 |
| Interest Income | 484 | 464 | 100 | 70 | 59 |
| Interest Expense | (57) | (50) | (44) | (38) | (32) |
| Share of JV | 8 | 5 | 5 | 5 | 5 |
| Other Income (Expense) | 134 | 102 | 102 | 102 | 102 |
| Pre-tax Profit | 9,152 | 8,273 | 9,851 | 9,201 | 10,818 |
| Taxes | (2,015) | (1,949) | (2,321) | (2,168) | (2,549) |
| Minority Interest | - | - | - | - | - |
| Net Profit | 7,137 | 6,324 | 7,530 | 7,033 | 8,269 |

| Balance Sheet | | | | | |
|---------------------------|--------|--------|--------|--------|--------|
| Y/E Dec (IDR Bn) | 21A | 22A | 23F | 24F | 25F |
| Cash | 17,844 | 3,283 | 2,299 | 1,943 | 2,500 |
| Receivables | 2,381 | 2,946 | 3,085 | 3,204 | 3,423 |
| Inventory | 17,782 | 18,375 | 20,563 | 21,113 | 22,460 |
| Others | 3,317 | 16,759 | 16,254 | 16,237 | 16,241 |
| Total Current Asset | 41,323 | 41,363 | 42,201 | 42,497 | 44,624 |
| Net Fixed Asset | 6,039 | 6,697 | 5,902 | 5,064 | 4,205 |
| Other Assets | 5,729 | 6,727 | 6,790 | 6,854 | 6,919 |
| Total Asset | 53,090 | 54,787 | 54,894 | 54,415 | 55,748 |
| Payables | 4,244 | 5,539 | 4,627 | 4,872 | 5,183 |
| ST. Debt and CMLTD | 159 | 148 | 131 | 113 | 95 |
| Other Current Liabilities | 17,561 | 18,860 | 18,874 | 18,889 | 18,904 |
| Current Liability | 21,964 | 24,546 | 23,632 | 23,875 | 24,183 |
| LT. Debt | 188 | 337 | 299 | 259 | 218 |
| Other LT. Liabilities | 1,747 | 1,734 | 1,751 | 1,769 | 1,787 |
| Total Liability | 23,899 | 26,617 | 25,682 | 25,903 | 26,187 |
| Minority Interest | - | - | - | - | - |
| Total Equity | 29,191 | 28,170 | 29,211 | 28,512 | 29,560 |

| Cash Flow | | | | | |
|----------------------------|---------|----------|---------|---------|---------|
| Y/E Dec (IDR Bn) | 21A | 22A | 23F | 24F | 25F |
| Net Profit | 7,137 | 6,324 | 7,530 | 7,033 | 8,269 |
| D&A | 1,158 | 1,107 | 1,418 | 1,471 | 1,503 |
| Changes in Working Capital | 6,442 | (12,320) | (3,057) | (756) | (1,638) |
| Operating CF | 14,737 | (4,889) | 5,891 | 7,749 | 8,134 |
| Capital Expenditure | (69) | (1,453) | (286) | (268) | (250) |
| Others | (4,477) | (1,011) | (46) | (47) | (47) |
| Investing CF | (4,546) | (2,464) | (332) | (315) | (297) |
| Dividend Paid | (8,468) | (7,363) | (6,524) | (7,768) | (7,256) |
| Net Borrowing | 35 | 138 | (55) | (58) | (59) |
| Others | 125 | 258 | (109) | (115) | (118) |
| Financing CF | (8,378) | (7,243) | (6,579) | (7,826) | (7,315) |
| Net - Cash flow | 1,813 | (14,596) | (1,019) | (392) | 522 |
| Adjustment | 227 | 35 | 35 | 35 | 35 |
| Cash at Beginning | 15,804 | 17,844 | 3,283 | 2,299 | 1,943 |
| Cash at Ending | 17,844 | 3,283 | 2,299 | 1,943 | 2,500 |

| Key Ratios | | | | | |
|-------------------------|--------|-------|-------|-------|------|
| Y/E Dec | 21A | 22A | 23F | 24F | 25F |
| Gross Profit Margin (%) | 17.1 | 15.4 | 16.7 | 15.5 | 15.9 |
| Operating Margin (%) | 8.7 | 7.0 | 8.7 | 7.9 | 8.7 |
| Pretax Margin (%) | 9.3 | 7.4 | 8.9 | 8.0 | 8.8 |
| Net Profit Margin (%) | 7.2 | 5.7 | 6.8 | 6.1 | 6.7 |
| Revenue Growth (%) | 7.0 | 12.5 | (0.1) | 3.8 | 6.8 |
| EBITDA Margin (%) | 9.9 | 8.0 | 10.0 | 9.1 | 9.9 |
| EBITDA Growth (%) | (17.0) | (9.0) | 25.4 | (5.2) | 15.7 |
| Debt to Equity (x) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| Major Assumptions | | | | | |
|------------------------------|------|------|------|------|------|
| Y/E Dec | 21A | 22A | 23F | 24F | 25F |
| Sales Volume (bn stick) | 82.8 | 86.8 | 80.3 | 78.7 | 77.9 |
| Market Share (%) | 28.0 | 28.0 | 28.5 | 28.5 | 28.5 |
| ASP growth | 2.7 | 6.9 | 8.0 | 6.0 | 8.0 |
| Excise tax growth (%) | 5.5 | 9.1 | 10.5 | 10.0 | 10.0 |
| Cash cost / stick growth (%) | 5.9 | 9.6 | 5.6 | 7.0 | 7.0 |

Table 2. 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 |
| JAPAN TOBACCO | JP | 2914 JP | 43,050 | 11.8 | 11.4 | 7.4 | 7.3 | 1.4 | 1.3 | 13.5 | 13.5 |
| BRIT AMER TOBACC | MY | ROTH MK | 676 | 10.5 | 10.3 | 8.9 | 8.7 | 7.6 | 7.4 | 75.0 | 74.9 |
| ITC LTD | IN | ITC IN | 63,897 | 27.7 | 24.9 | 20.1 | 18.1 | 7.8 | 7.5 | 29.0 | 30.7 |
| KT&G CORP | KR | 033780 KS | 8,791 | 11.2 | 10.4 | 6.7 | 6.3 | 1.2 | 1.1 | 10.2 | 10.6 |
| GUDANG GARAM TBK | ID | GGRM IJ | 3,730 | 10.9 | 10.6 | 6.8 | 6.1 | 0.9 | 0.9 | 7.8 | 8.4 |
| HM SAMPOERNA TBK | ID | HMSP IJ | 8,045 | 14.4 | 13.6 | 10.7 | 9.9 | 3.9 | 3.8 | 28.3 | 28.9 |
| Global Weighted Average | | | 128,189 | 19.8 | 18.2 | 13.9 | 12.8 | 4.8 | 4.6 | 22.1 | 23.0 |

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