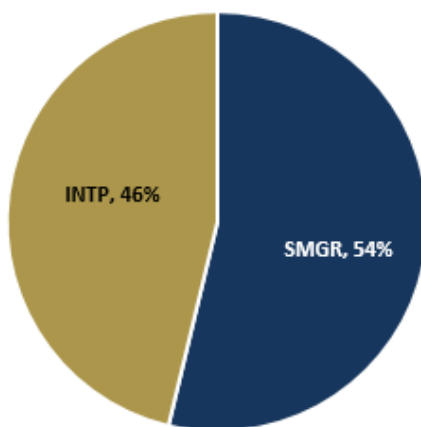


Neutral

Stock Recommendation

Ticker	Rating	Price (IDR)	TP (IDR)	Upside
SMGR	BUY	6,875	7,630	11.0%
INTP	BUY	10,350	12,200	17.9%

Sector Market Cap Weighting



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The Sun Has Finally Emerged

Konsumsi semen domestik Jun-23 naik +8.5% MoM. Volume penjualan semen domestik pada Jun-23 tercatat turun tipis -1.1% YoY namun mampu tumbuh +8.5% MoM mencapai 5.3 juta ton dengan kumulatif penjualan selama 1H23 di 27.4 juta ton (-4.9% yoy). Penurunan di 1H23 diakibatkan adanya libur Idul Adha yang lebih panjang serta pembatasan transportasi di berbagai daerah yang menghambat penjualan. Penjualan semen kantung tercatat di 3.8 juta ton (+5.6% MoM, -4.5% YoY) namun penjualan semen curah mengalami lonjakan volume dengan mencatatkan penjualan sebesar 1.5 juta ton (+16.8% MoM, +8.7% YoY). INTP mencatatkan penjualan sebesar 1.4 juta ton (+7.3% MoM, +3.5% YoY) dengan kumulatif 1H23 di 7.5 juta ton (+4.5% YoY). Sedangkan SMGR mencatatkan penjualan sebesar 2.8 juta ton (+8.5% MoM, +11.2% YoY) dengan kumulatif 1H23 di 14.2 juta ton (+1.8% YoY).

Preview 2Q23 result. Selama 2Q23, baik SMGR dan INTP mencatatkan pertumbuhan penjualan domestik sebesar +4.5% YoY dan +7.8% YoY di tengah jumlah permintaan secara industri yang masih lemah. Hal positif tersebut diikuti oleh peningkatan pangsa pasar untuk SMGR mencapai 51.8% (vs 50.2% 2Q22 *include-SMBR) dan INTP mencapai 27.2% (vs 24.0% 2Q22). Kinerja positif tersebut membuat kami optimis akan hasil 2Q23 yang akan di rilis pada akhir Jul-23 dengan SMGR diproyeksikan akan mencatatkan penjualan sebesar IDR 7.7 triliun (-13.6% QoQ, +5.4% YoY) dan INTP diproyeksikan akan mencatatkan penjualan sebesar IDR 3.4 triliun (-19.1% QoQ, +2.4% YoY) dengan asumsi ASP yang relative akan lebih stabil.

Penjualan di 2H23 berpotensi bertumbuh +7.6% YoY. Secara historikal sejak tahun 2018, kontribusi penjualan semen nasional di 1H sebesar 44-45% dibandingkan penjualan tahunan. Kami memperkirakan pada FY23, penjualan semen nasional akan bergerak flat cenderung menguat tipis sebesar +1% YoY, dan dengan asumsi penjualan semen yang akan membaik di 2H, penjualan semen akan diperkirakan mencapai 36 juta ton (+7.6% YoY) dengan kontribusi sebesar 55-56%. Penjualan pada 2H23 diproyeksikan akan meningkat berkat dorongan dari tahun pemilu terutama untuk sektor semen curah sebagai motor utama mengingat pertumbuhan 1H23 yang solid (+4.1% YoY). Sementara itu, segmen semen kantung masih akan terkendali akibat permintaan yang masih belum kunjung pulih.

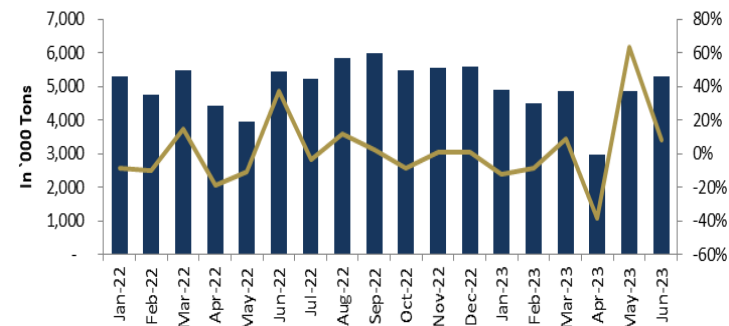
Rating NETRAL. Kami menegaskan kembali peringkat NETRAL untuk sektor semen; kami memperkirakan volume penjualan cenderung flat sepanjang FY23F (-1.0 s.d +1.0% YoY), dipengaruhi oleh pertumbuhan dari bulk cement namun bagged cement masih cenderung tertekan. Kami merekomendasi BUY untuk SMGR (TP: IDR 7,630; -1.0 SD rata-rata PER 5 tahun) dan INTP (TP: IDR 12,200; -0.7 SD rata-rata PER 5 tahun). Risiko utama: Fluktuasi permintaan semen nasional, bahan bakar dan biaya distribusi.

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	6,875	7,630	11.0	16.6	12.2	2,793	3,808	4.2	36.4	5.8	7.6	3.4	4.7
INTP	BUY	10,350	12,200	17.9	19.1	17.2	1,406	1,773	0.9	11.1	9.5	10.5	7.3	8.1
Sector					17.9	14.7			2.6	23.8	7.7	9.1	5.4	6.4

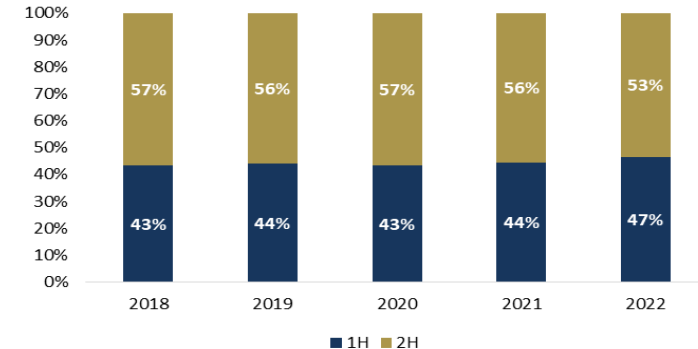
Source: Bloomberg, SSI Research (*Valuation at closing price 14/07/23)

Figure 1. Monthly National Cement Consumption



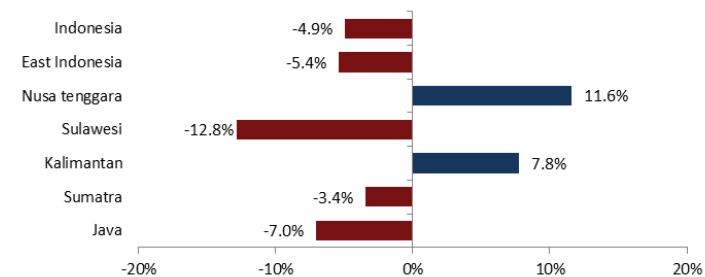
Source: ASI, SSI Research

Figure 2. 1H vs 2H Sales Volume



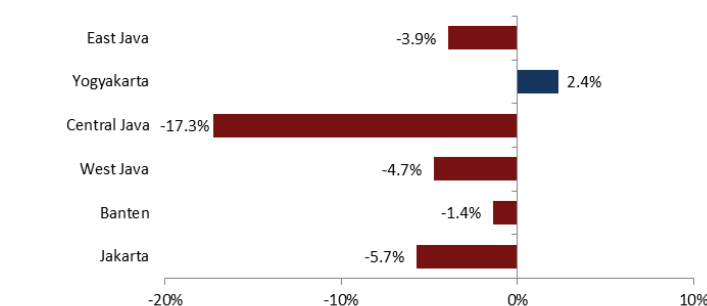
Source: ASI, SSI Research

Figure 3. National Cement Consumption by Region (1H23)



Source: ASI, SSI Research

Figure 4. Java Cement Consumption (1H23)



Source: ASI, SSI Research

Figure 5. Bagged Cement Sales Volume



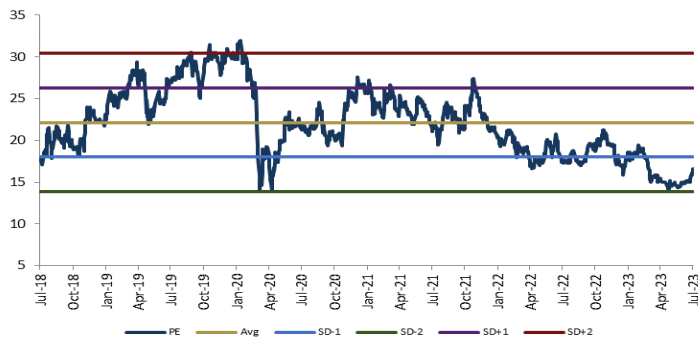
Source: ASI, SSI Research

Figure 6. Bulk Cement Sales Volume



Source: ASI, SSI Research

Figure 7. SMGR P/E Band



Source: ASI, SSI Research

Figure 8. INTP P/E Band



Source: ASI, SSI Research

Figure 9. 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	9,773	9.3	8.1	6.9	6.4	0.7	0.7	7.8	8.4
TANGSHAN JIDON-A	CN	000401 CH	2,735	10.6	10.1	6.7	5.7	0.6	0.6	4.8	6.0
CONCH CEMENT-H	CN	914 HK	16,479	5.8	5.1	3.0	2.7	0.5	0.5	8.9	9.6
CHINA NATL BDG-H	CN	3323 HK	4,830	4.3	3.2	7.8	6.8	0.3	0.3	6.7	8.9
CHINA NATL BDG-H	CN	3323 HK	4,830	4.3	3.2	7.8	6.8	0.3	0.3	6.7	8.9
AMBUJA CEMENTS	IN	ACEM IN	10,088	30.8	28.0	15.9	13.3	2.7	2.4	9.0	9.4
ACC LTD	IN	ACC IN	4,050	25.1	17.9	13.7	10.6	2.2	2.1	9.0	11.8
ULTRATECH CEMENT	IN	UTCEN IN	28,989	32.3	27.2	17.8	15.5	3.9	3.5	12.9	13.6
SHREE CEMENT	IN	SRCM IN	10,611	43.4	33.5	20.6	17.3	4.3	3.9	10.6	12.0
ASIA CEMENT CORP	TW	1102 TT	5,020	12.6	11.3	15.3	14.6	0.9	0.9	7.2	7.5
TAIWAN CEMENT	TW	1101 TT	8,510	25.6	20.6	18.5	14.5	1.2	1.1	5.1	6.0
SSANGYONG C&E CO	KR	003410 KS	1,997	19.3	17.6	8.7	8.7	1.6	1.6	8.3	9.2
SAMPYO CEMENT CO	KR	038500 KS	286	10.6	9.9	6.6	6.6	0.5	0.5	4.9	5.0
SIAM CEMENT PCL	TH	SCC TB	11,211	12.8	10.6	11.9	9.8	1.0	0.9	8.1	8.8
HOLCIM LTD	US	HOLN SW	39,672	11.8	11.1	6.2	6.0	1.2	1.1	10.2	10.5
HEIDELBERG MATER	DE	HEI GR	15,630	7.7	7.4	5.2	5.0	0.8	0.7	10.4	10.2
ADBRI LTD	AU	ABC AU	1,101	15.6	15.3	7.7	7.4	1.1	1.1	7.5	7.3
BORAL LTD	AU	BLD AU	3,219	38.7	28.8	11.9	10.3	2.3	2.2	6.3	8.3
EAGLE MATERIALS	US	EXP US	6,517	13.6	12.5	9.6	9.1	4.5	3.7	34.7	30.0
CEMEX SAB-CPO	MX	CEMEXCPO N	10,182	11.0	9.5	5.8	5.5	0.9	0.8	9.1	9.5
SEMEN INDONESIA	ID	SMGR IJ	3,036	16.1	13.6	7.0	6.6	1.0	1.0	6.3	7.2
INDOCEMENT TUNGG	ID	INTP IJ	2,523	17.6	15.5	9.2	8.4	1.7	1.7	9.6	10.8
Global Weighted Average			201,290	17.7	15.1	10.4	9.1	1.8	1.6	10.2	10.8

Source: Companies, Bloomberg, SSI Research (*Valuation at closing price 14/07/23)

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