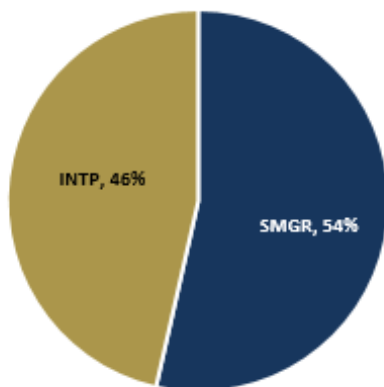


Neutral

Stock Recommendation

Ticker	Rating	Price (IDR)	TP (IDR)	Upside
SMGR	BUY	7,000	7,925	13.2%
INTP	BUY	10,750	12,625	17.4%

Sector Market Cap Weighting



Daniel Widjaja

+6221 2854 8322

daniel.aditya@samuel.co.id

Yosua Zisokhi

+6221 2854 8387

yosua.zisokhi@samuel.co.id

8M23 Cement Sales

Positive growth in Aug-23. Domestic cement sales volume went up +2.6% MoM, +1.9% YoY in Aug-23 to 6.0 million tons, bringing its cumulative 8M23 figure to 39.2 million tons (-3.1% yoy). The positive growth in August was mainly driven by bulk cement sales, which came in at 1.8 million tons (+7.4% MoM, +12.7% YoY), while bagged cement sales were relatively flat (4.2 million tons; +0.7% MoM, +0.8% YoY). The two cement companies under our coverage posted positive sales volume growth; INTP booked 1.6 million tons (+2.8% MoM, +7.9% YoY) with a cumulative 8M23 figure of 10.8 million tons (+7.7% YoY), while SMGR recorded 3.1 million tons (+4.2% MoM, +13.4% YoY) with a cumulative figure of 20.2 million tons (+6.2% YoY).

SMGR grabs more market share thanks to bulk cement. SMGR recorded a better performance than INTP in Aug-23, with a market share of 51.6% (+80bps MoM, +230bps YoY), almost double that of INTP (27.2%; -150bps MoM, +150bps YoY). Given the fact that bulk cement is currently the main driver of domestic cement sales growth (as mentioned in the previous paragraph) and the potential for the increase in demand for bulk cement from IKN (cement sales in Kalimantan grew +27.7% YoY in Aug-23) and other government projects, we believe SMGR is in a better position to grab more market share than INTP, considering its SOE status and the rather significant portion of bulk cement in its sales portfolio (in Aug-23, bulk cement contributed 30.6% of SMGR's sales [+210bps MoM, +320bps YoY]). Also, according to our research, cement prices haven't fluctuated much in the last three months, indicating that the price war in the sector has subsided, especially in Java.

FY23F and FY24F outlook. Considering the rather satisfactory cement sales volume in the first two months of 2H23 (Jul-Aug) (11.8 million tons, +6.1% YoY), we are optimistic that demand for cement will continue to recover, with an FY23F growth projection of +1-2% YoY, driven mainly by bulk cement sales (which contributed 30% of cement sales in Jul-Aug 2023, beating 1H23 avg. of 27.4%). However, we expect some slowdown in sales at the beginning of next year (FY24F) due to the possible changes in government and regulations following the election (which might lead to delays in government and private projects), and we project cement sales to be relatively flat in FY24F.

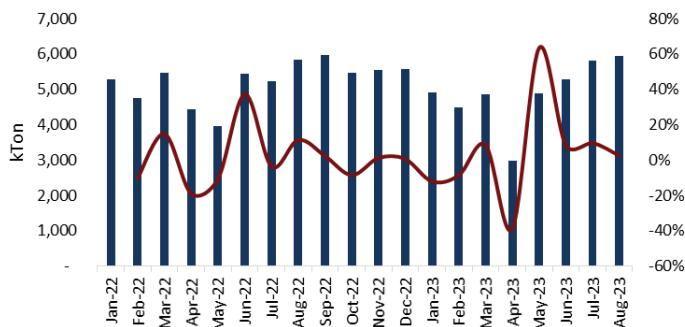
NEUTRAL. We reiterate our NEUTRAL rating for the cement sector. We project that domestic cement sales volume will grow slightly in FY23F (+1-2% YoY), driven mainly by bulk cement. We have BUY recommendations for SMGR (TP: IDR 7,925; 16.9x FY24F P/E) and INTP (TP: IDR 12,625; 20.5x FY24F P/E). Main risks: Fluctuations in cement demand, fuel cost, and distribution cost.

Table 1. Valuation Highlights

Ticker	Rating	CP (IDR)	TP (IDR)	Upside (%)	P/E (X)		NP (IDRbn)		EPSG (%)		ROE (%)		ROA (%)	
					2023F	2024F	2023F	2024F	2023F	2024F	2023F	2024F	2023F	2024F
SMGR	BUY	7,000	7,925	13.2	16.9	14.9	2,793	3,164	4.2	13.3	5.8	6.3	3.4	3.9
INTP	BUY	10,750	12,625	17.4	19.9	17.5	1,859	2,113	0.9	13.7	9.5	10.7	7.3	8.2
Sector					18.4	16.2			2.6	13.5	7.7	8.5	5.4	6.1

Source: Bloomberg, SSI Research (*Valuation at closing price 15/08/23)

Figure 1. Monthly National Cement Consumption



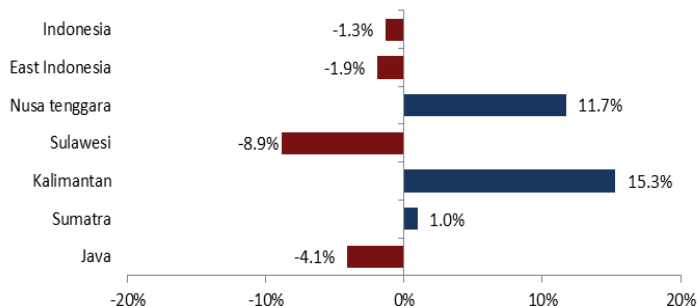
Source: ASI, SSI Research

Figure 2. Bagged Cement Price Comparison

Jakarta (40 kg)	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23
Tiga Roda	58,000	59,000	58,000	58,000	58,000	58,000
Semen Gresik	58,000	57,000	54,500	56,400	56,200	56,400
Rajawali	46,500	48,000	46,500	46,500	46,500	46,500
Garuda Conch	43,500	43,500	46,000	47,000	46,000	46,000
Merah Putih	52,500	54,500	54,500	54,500	54,500	54,500
Grobogan	N/A	49,000	50,000	50,000	50,000	50,000
Dynamix	N/A	54,000	55,000	56,700	55,000	54,900
Semen Padang	N/A	46,900	46,000	45,000	45,000	45,000
Semen Jakarta	N/A	47,000	43,000	43,500	42,400	42,400

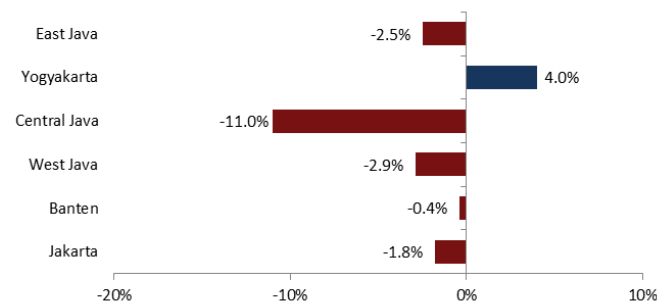
Source: Various Resources, SSI Research

Figure 3. Domestic Cement Consumption by Region (8M23)



Source: ASI, SSI Research

Figure 4. Java Cement Consumption (8M23)



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



Figure 8. INTP P/E Band



Source: Company, Bloomberg, SSI Research

Source: Company, Bloomberg, 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	9,179	14.3	14.9	8.7	8.2	0.8	0.8	4.9	4.9
TANGSHAN JIDON-A	CN	000401 CH	2,769	23.0	18.1	8.2	6.8	0.6	0.6	1.7	4.0
CONCH CEMENT-H	CN	914 HK	17,777	7.3	6.3	4.3	3.7	0.5	0.5	7.7	8.4
CHINA NATL BDG-H	CN	3323 HK	4,452	5.5	4.0	8.4	7.2	0.3	0.3	5.4	7.4
CHINA NATL BDG-H	CN	3323 HK	4,452	5.5	4.0	8.4	7.2	0.3	0.3	5.4	7.4
AMBUJA CEMENTS	IN	ACEM IN	10,635	29.0	30.4	13.9	13.7	2.3	2.3	9.2	9.8
ACC LTD	IN	ACC IN	4,581	23.7	18.5	14.0	11.2	2.5	2.2	10.7	12.8
ULTRATECH CEMENT	IN	UTCEM IN	30,324	33.2	27.6	18.7	16.0	4.2	3.7	13.2	14.1
SHREE CEMENT	IN	SRCM IN	11,635	50.1	37.1	23.3	19.4	4.8	4.3	10.1	11.4
ASIA CEMENT CORP	TW	1102 TT	4,475	11.2	11.2	14.4	13.3	0.9	0.9	6.9	7.0
TAIWAN CEMENT	TW	1101 TT	7,844	21.7	17.3	16.1	12.7	1.2	1.1	5.0	6.2
SSANGYONG C&E CO	KR	003410 KS	2,157	28.3	27.6	9.7	9.8	1.8	1.9	6.4	6.9
SAMPYO CEMENT CO	KR	038500 KS	281	10.9	10.2	6.6	6.5	0.5	0.5	4.9	5.0
SIAM CEMENT PCL	TH	SCC TB	10,432	12.0	10.7	12.0	10.1	0.9	0.9	8.6	8.1
HOLCIM LTD	US	HOLN SW	37,903	11.2	10.5	7.0	6.7	1.2	1.1	10.3	10.9
HEIDELBERG MATER	DE	HEI GR	15,025	7.6	7.2	5.4	5.2	0.8	0.7	10.7	10.4
ADBRI LTD	AU	ABC AU	887	12.9	12.9	7.1	6.8	1.0	0.9	7.8	6.6
BORAL LTD	AU	BLD AU	3,206	26.7	23.2	10.1	9.3	2.3	2.1	8.0	8.5
EAGLE MATERIALS	US	EXP US	6,163	12.6	11.4	8.9	8.3	4.4	3.4	35.4	30.5
CEMEX SAB-CPO	MX	CEMEXCPO N	9,936	9.9	8.7	6.1	5.7	0.8	0.8	9.6	9.8
SEMEN INDONESIA	ID	SMGR IJ	3,065	16.7	13.9	7.3	6.8	1.0	1.0	6.3	7.3
INDOCEMENT TUNGG	ID	INTP IJ	2,545	18.4	16.2	10.1	9.1	1.9	1.8	10.0	11.0
Global Weighted Average			199,722	18.5	16.0	11.0	9.7	1.9	1.7	10.1	10.6

Source: Companies, Bloomberg, SSI Research (*Valuation at closing price 15/08/23)

Research Team			
Prasetya Gunadi	Head of Equity Research, Strategy, Banking, Digital Banks	prasetya.gunadi@samuel.co.id	+6221 2854 8320
Lionel Priyadi	Macro Equity Strategist	lionel.priyadi@samuel.co.id	+6221 2854 8854
Muhamad Alfatih, CSA, CTA, CFTe	Senior Technical Analyst	m.alfatih@samuel.co.id	+6221 2854 8129
Yosua Zisokhi	Cement , Cigarette, Paper, Plantation,Telco Infra, Chemicals	yosua.zisokhi@samuel.co.id	+6221 2854 8387
M. Farras Farhan	Media, Poultry, Oil & Gas, Technology	farras.farhan@samuel.co.id	+6221 2854 8346
Pebe Peresia	Automotive, Consumer Staples, Retail	pebe.peresia@samuel.co.id	+6221 2854 8339
Juan Oktavianus Harahap	Coal, Metal Mining	juan.oktavianus@samuel.co.id	+6221 2854 8846
Jonathan Guyadi	Banking, Healthcare, Telco	jonathan.guyadi@samuel.co.id	+6221 2854 8321
Adolf Richardo	Editor	adolf.richardo@samuel.co.id	+6221 2864 8397
Ashalia Fitri Yuliana	Research Associate	ashalia.fitri@samuel.co.id	+6221 2854 8389
Daniel Aditya Widjaja	Research Associate	daniel.aditya@samuel.co.id	+6221 2854 8322
Laurencia Hiemas	Research Associate	laurencia.hiemas@samuel.co.id	+6221 2854 8392
Brandon Boedhiman	Research Associate	brandon.boedhiman@samuel.co.id	+6221 2854 8392
Haikal Putra	Research Associate	haikal.putra@samuel.co.id	+6221 2854 8353

Equity Institutional Team			
Benny Bambang Soebagio	Head of Institutional Equity Sales	benny.soebagio@samuel.co.id	+6221 2854 8312
Ronny Ardianto	Institutional Equity Sales	ronny.ardianto@samuel.co.id	+6221 2854 8399
Anthony Yunus	Institutional Equity Sales	anthony.yunus@samuel.co.id	+6221 2854 8314
Widya Meidrianto	Institutional Equity Sales	widya.meidrianto@samuel.co.id	+6221 2854 8317
Fachruly Fiater	Institutional Sales Trader	fachruly.fiater@samuel.co.id	+6221 2854 8325
Lucia Irawati	Institutional Sales Trader	lucia.irawati@samuel.co.id	+6221 2854 8173
Alexander Tayus	Institutional Equity Dealer	alexander.tayus@samuel.co.id	+6221 2854 8319
Leonardo Christian	Institutional Equity Dealer	leonardo.christian@samuel.co.id	+6221 2854 8147

Equity Retail Team			
Joseph Soegandhi	Head of Equity	joseph.soegandhi@samuel.co.id	+6221 2854 8872
Damargumilang	Head of Equity Retail	damargumilang@samuel.co.id	+6221 2854 8309
Clarice Wijana	Head of Equity Sales Support	clarice.wijana@samuel.co.id	+6221 2854 8395
Gitta Wahyu Retnani	Equity Sales & Trainer	gitta.wahyu@samuel.co.id	+6221 2854 8365
Vincentius Darren	Equity Sales	darren@samuel.co.id	+6221 2854 8348
Michael Alexander	Equity Sales	michael.alexander@samuel.co.id	+6221 2854 8369
Sylviawati	Equity Sales	sylviawati@samuel.co.id	+6221 2854 8112
Wandha Ahmad	Equity Sales	wandha.ahmad@samuel.co.id	+6221 2854 8316
Handa Sandiawan	Equity Sales	handa.sandiawan@samuel.co.id	+6221 2854 8302
Denzel Obaja	Equity Sales	denzel.obaja@samuel.co.id	+6221 2854 8342
Wahyudi Budiyo	Dealer	wahyudi.budiyo@samuel.co.id	+6221 2854 8152

Fixed Income Sales Team			
R. Virine Tresna Sundari	Head of Fixed Income	virine.sundari@samuel.co.id	+6221 2854 8170
Rudianto Nugroho	Fixed Income Sales	rudianto.nugroho@samuel.co.id	+6221 2854 8306
Sany Rizal Keliobas	Fixed Income Sales	sany.rizal@samuel.co.id	+6221 2854 8337
Safitri	Fixed Income Sales	safitri@samuel.co.id	+6221 2854 8376
Khairanni	Fixed Income Sales	khairanni@samuel.co.id	+6221 28548104
Saldy Achmad Yanuar	Fixed Income Sales	saldy.achmad@samuel.co.id	+6221 28548384
Nadya Attahira	Fixed Income Sales	nadya.attahira@samuel.co.id	+6221 2854 8305

DISCLAIMER: Analyst Certification: The views expressed in this research accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research. The analyst(s) principally responsible for the preparation of this research has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations. This document is for information only and for the use of the recipient. It is not to be reproduced or copied or made available to others. Under no circumstances is it to be considered as an offer to sell or solicitation to buy any security. Any recommendation contained in this report may not be suitable for all investors. Moreover, although the information contained herein has been obtained from sources believed to be reliable, its accuracy, completeness and reliability cannot be guaranteed. All rights reserved by PT Samuel Sekuritas Indonesia.