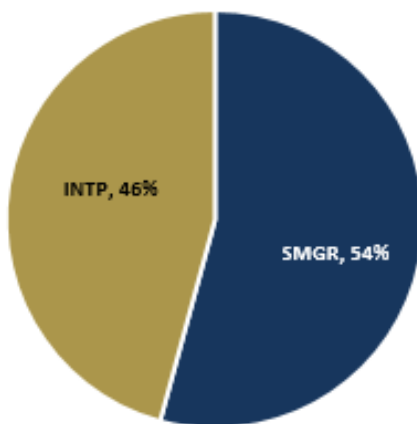


Neutral

Stock Recommendation

Ticker	Rating	Price (IDR)	TP (IDR)	Upside
SMGR	BUY	6,225	7,925	27.3%
INTP	BUY	9,300	12,625	35.8%

Sector Market Cap Weighting



11M23 Cement Sales

Pertumbuhan volume penjualan +11.3% YoY di Nov-23. Volume penjualan semen domestik mencapai 6.2 juta ton pada Nov-23 (-2.2% MoM, +11.3% YoY), dengan angka kumulatif 11M23 sebesar 57.8 juta ton (+2.5% YoY). Penurunan tipis secara MoM terutama disebabkan oleh musim hujan, yang menyebabkan keterlambatan logistik. Penjualan semen curah turun -3.1% MoM, sementara semen kantong turun -1.8% MoM. Terkait 11M23, kami melihat penjualan semen curah mengalami pertumbuhan positif, mencapai 16.6 juta ton (+11.9% YoY), sementara penjualan semen kantong turun tipis menjadi 41.4 juta ton (-0.8% YoY). Seluruh wilayah di Indonesia mencatatkan pertumbuhan penjualan semen yang signifikan pada Nov-23, baik semen kantong maupun curah; penjualan semen kantong di Pulau Jawa (+10.0% YoY) tumbuh sedikit lebih baik dibandingkan di luar Pulau Jawa (+9.3% YoY), sedangkan penjualan semen curah di luar Pulau Jawa (+36.1% YoY) mengalami pertumbuhan yang jauh lebih baik dibandingkan di Pulau Jawa (+14.8% YoY), didukung oleh proyek IKN.

Margin yang lebih baik dari INTP. INTP mencatat volume penjualan yang cukup solid di bulan Nov-23, mencapai 1.7 juta ton (+3.1% MoM, +24.0% YoY), dengan pendapatan kumulatif 11M23 sebesar 15.8 juta ton (+11,3% YoY). Pertumbuhan signifikan ini terutama didorong oleh tingginya permintaan dari Pulau Jawa (salah satunya berkat insentif pajak untuk properti residensial kelas bawah hingga menengah), sedangkan di luar Pulau Jawa, INTP telah mulai memasok semen curah ke IKN dan melakukan upaya untuk meningkatkan distribusi ke terminal-terminalnya di Sumatera Utara (Kuala Tanjung), Palembang, dan Lampung untuk memenuhi kebutuhan proyek jalan tol Trans Sumatera. Selain itu, INTP telah menyelesaikan akuisisi Semen Grobogan senilai IDR 1.5T, yang memberikan tambahan kapasitas produksi kepada perusahaan sebesar 2.5 juta ton/tahun (volume penjualan Grobogan akan dikonsolidasikan ke dalam pembukuan INTP mulai Des-23). Kami memperkirakan dampak merger akan terlihat pada tahun depan, dan kami memproyeksikan INTP akan membukukan margin keuntungan sebesar 32.0% (FY23F: 31.8%) dan margin EBITDA sebesar 19.7% (FY23F: 19.5%).

Update dari IKN. Menurut Otoritas Ibu Kota Nusantara (OIKN), sebagian besar proyek utama dan pembangunan infrastruktur (termasuk Istana Kepresidenan, jalan tol, bandara, perumahan, dan lainnya) di IKN berjalan sesuai rencana, dengan progres mencapai 60,3% per akhir Nov-23, dengan perkiraan tanggal penyelesaian pada 3Q24 (Hari Kemerdekaan Indonesia ke-79). Pasokan semen ke IKN sebagian besar didatangkan dari luar Kalimantan (c.95%). Kami memperkirakan permintaan semen dari Kalimantan akan tumbuh pesat hingga tahun 2030, sejalan dengan rencana pemerintah untuk membangun lebih banyak infrastruktur, termasuk kota digital, bandara, jalan penghubung, dan fasilitas lainnya. Kami memproyeksikan volume penjualan semen domestik akan tumbuh +2-3% YoY pada 2023F, dan akan terus tumbuh dengan laju yang stabil pada 2024F.

NETRAL. Kami mempertahankan rating NETRAL untuk sektor semen. Kami memproyeksikan volume penjualan domestik akan tumbuh +2-3% YoY pada 2023F, terutama didorong oleh semen curah. Kami memberikan rekomendasi BUY untuk SMGR (TP: IDR 7,925; 13.6x FY24F P/E) dan INTP (TP: IDR 12,625; 16.6x FY24F P/E). Risiko: 1) Fluktuasi permintaan semen, 2) kenaikan biaya bahan bakar dan distribusi.

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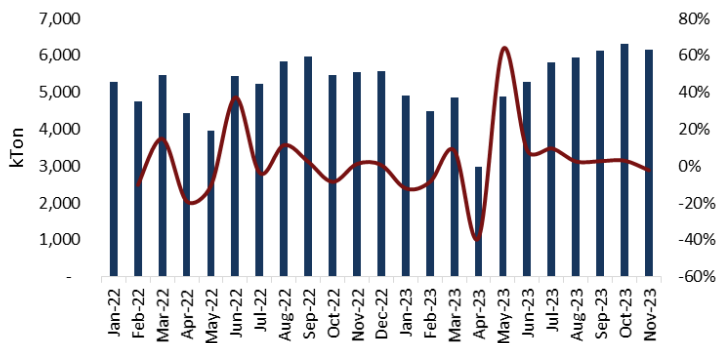
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Table 1. Valuation Highlights

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	6,225	7,925	27.3	16.3	13.6	2,573	3,097	8.8	20.3	5.4	6.2	3.1	3.8
INTP	BUY	9,300	12,625	35.8	18.0	16.6	1,778	1,924	(3.5)	8.3	9.1	9.8	6.9	7.5
Sector					17.2	15.1			2.7	14.3	7.3	8.0	5.0	5.7

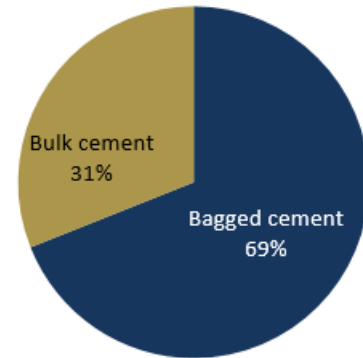
Source: Bloomberg, SSI Research (*Valuation at closing price 13/12/23)

Figure 1. Monthly Domestic Cement Consumption



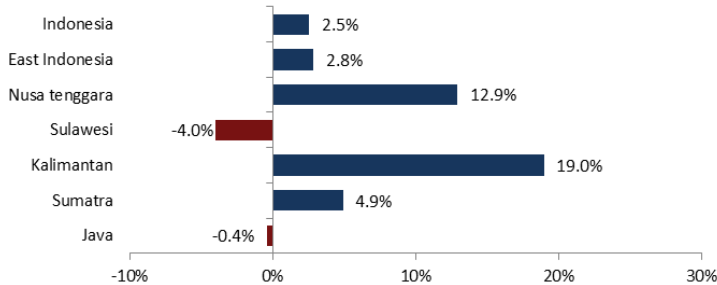
Source: ASI, SSI Research

Figure 2. Bagged and Bulk Contribution (Nov-23)



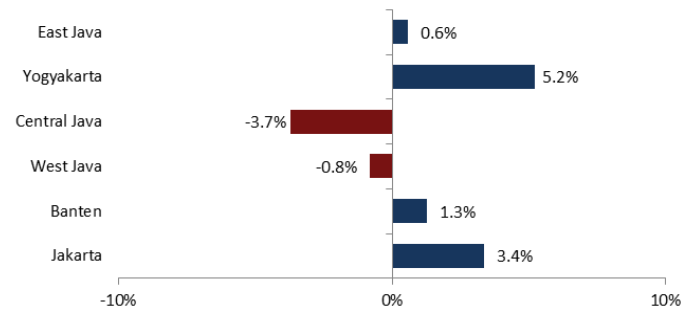
Source: ASI, SSI Research

Figure 3. Domestic Cement Consumption by Region (11M23)



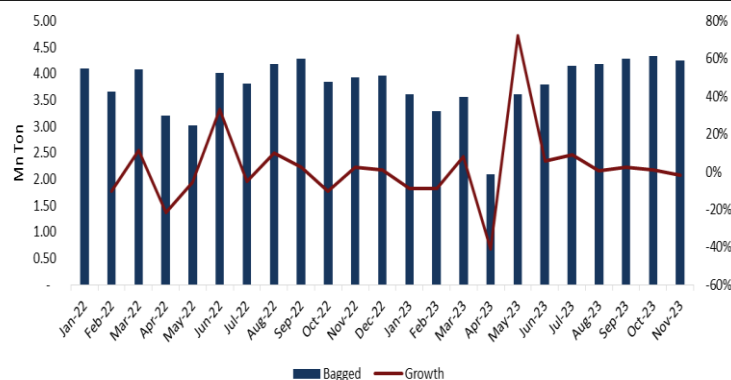
Source: ASI, SSI Research

Figure 4. Cement Consumption in Java (11M23)



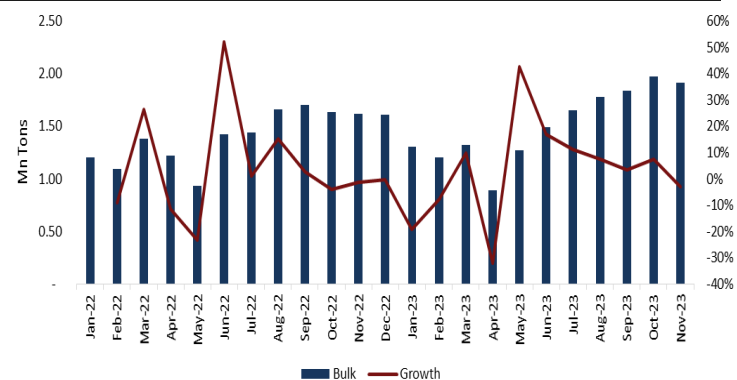
Source: ASI, SSI Research

Figure 5. Bagged Cement Sales Volume



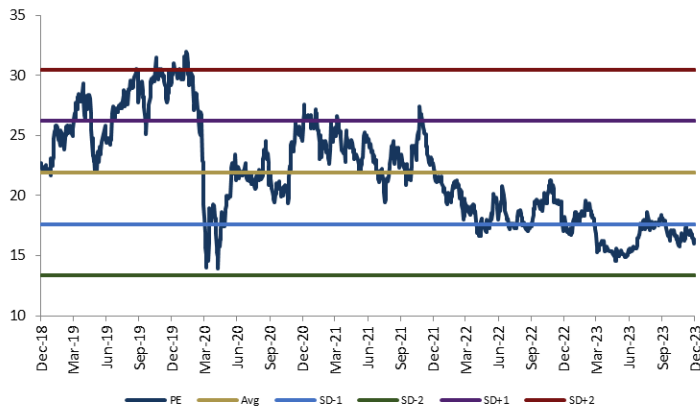
Source: ASI, SSI Research

Figure 6. Bulk Cement Sales Volume



Source: ASI, SSI Research

Figure 7. SMGR's P/E Band



Source: Company, Bloomberg, SSI Research

Figure 8. INTP's P/E Band



Source: Company, Bloomberg, SSI Research

Figure 9. IKN Development

Phase I: 2022-2024	Phase II: 2025-2029	Phase III: 2030-2034	Phase IV: 2035-2039	Phase V: 2040-2045
Initial Transfer	Building the Core of IKN	Development of IKN	Ecosystem & Synergy	World City for All
<ul style="list-style-type: none"> • Building basic infrastructure (drinking water, waste management) • Building main facilities • Initial ASN transfer • Initiation of priority economic sectors 	<ul style="list-style-type: none"> • Expansion of housing complexes • Main transportation can be use • Development of RnD 	<ul style="list-style-type: none"> • Development of other transportation services (Airports, Railroads) • Development of industrial estate • Development of smart city 	<ul style="list-style-type: none"> • Development in education and healthcare services • Capacity expansion • More housing complexes 	<ul style="list-style-type: none"> • Net zero-carbon emission (100% renewables energy) • Development of sustainable industries • Become a leading city

Source: Ministry of Public Works and Spatial Planning

Figure 10. Presidential Palace Target and Realization



Source: Ministry of Public Works and Spatial Planning

Figure 11. Ministry Complex Target and Realization



Source: Ministry of Public Works and Spatial Planning



Figure 12. Ceremonial Complex Target and Realization



Source: Ministry of Public Works and Spatial Planning



Figure 13. Toll Roads Target and Realization



Source: Ministry of Public Works and Spatial Planning



Figure 14. 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	8,142	15.2	14.3	8.9	8.3	0.7	0.7	4.3	4.4
TANGSHAN JIDON-A	CN	000401 CH	2,513	24.8	17.9	8.4	6.4	0.6	0.6	1.3	3.5
CONCH CEMENT-H	CN	914 HK	14,966	6.9	5.9	3.7	3.2	0.4	0.4	6.4	7.1
CHINA NATL BDG-H	CN	3323 HK	3,489	7.1	4.6	8.7	7.8	0.2	0.2	3.3	4.8
CHINA NATL BDG-H	CN	3323 HK	3,489	7.1	4.6	8.7	7.8	0.2	0.2	3.3	4.8
AMBUJA CEMENTS	IN	ACEM IN	12,136	32.5	29.9	17.9	15.5	3.0	2.7	10.0	9.9
ACC LTD	IN	ACC IN	4,924	24.0	20.1	14.1	11.8	2.6	2.4	11.5	12.5
ULTRATECH CEMENT	IN	UTCEM IN	33,755	36.7	30.3	20.9	17.8	4.6	4.1	13.5	14.3
SHREE CEMENT	IN	SRCM IN	12,362	45.8	39.9	23.5	19.6	5.0	4.6	11.0	12.1
ASIA CEMENT CORP	TW	1102 TT	4,815	12.3	12.4	14.2	13.6	0.9	0.9	6.7	6.3
TAIWAN CEMENT	TW	1101 TT	7,858	27.7	20.9	15.5	14.0	1.1	1.1	4.0	5.3
SSANGYONG C&E CO	KR	003410 KS	2,302	34.1	31.1	9.3	9.4	1.8	1.8	5.6	6.0
SAMPYO CEMENT CO	KR	038500 KS	265	9.9	9.0	6.1	5.9	0.5	0.5	4.9	5.2
SIAM CEMENT PCL	TH	SCC TB	11,041	12.7	11.5	13.2	11.2	0.9	0.8	7.2	7.2
HOLCIM LTD	US	HOLN SW	44,253	12.8	12.1	7.8	7.5	1.3	1.3	10.3	10.8
HEIDELBERG MATER	DE	HEI GR	16,330	7.8	7.5	5.4	5.3	0.8	0.8	11.1	10.6
ADBRI LTD	AU	ABC AU	915	12.8	12.9	7.0	6.8	1.0	0.9	7.8	6.7
BORAL LTD	AU	BLD AU	3,726	27.2	23.2	10.7	9.8	2.5	2.3	9.6	9.1
EAGLE MATERIALS	US	EXP US	6,709	13.6	12.5	9.2	8.8	4.7	3.9	36.9	32.0
CEMEX SAB-CPO	MX	CEMEXCPO M	10,841	11.5	8.9	6.1	5.6	0.9	0.8	8.9	10.1
SEMEN INDONESIA	ID	SMGR IJ	2,714	16.1	13.9	6.8	6.4	0.9	0.9	5.9	6.6
INDOCEMENT TUNGG	ID	INTP IJ	2,205	16.7	14.7	8.3	7.3	1.6	1.5	9.6	10.4
Global Weighted Average			209,751	20.3	17.6	11.9	10.6	2.1	1.9	10.2	10.6

Source: Companies, Bloomberg, SSI Research (*Valuation at closing price 13/12/23)

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