

Cement: 9M24 Results Round-up

3Q24 Performance

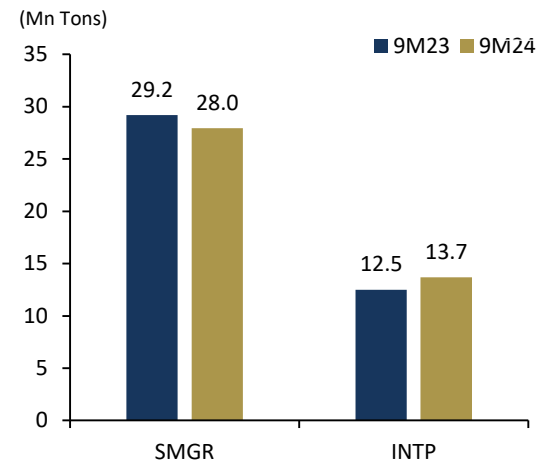
- Our cement coverage posted negative 3Q24 aggregate top-line growth of -3.3% YoY (SMGR: -7.0% YoY, INTP: +4.8% YoY) due to weak domestic sales volumes and lower ASP on down-trading and shifts in sales mix towards bulk cement. SMGR experienced -9.3% YoY drop in volumes with flattish ASP (-0.6% YoY), while INTP saw positive volume growth of +9.5% YoY, supported by the inclusion of Semen Grobogan's sales, consolidated starting in 1Q24. On the bottom line, aggregate 3Q24 net profit reached IDR 839bn (+270.9% QoQ, -40.7% YoY) caused by higher overhead costs.
- Going forward, we expect bulk cement market to gain some momentum, driven by strategic infra projects such as IKN and Jakarta's MRT 2. Additionally, the extension of VAT incentives for property market and the 3 Million Homes program, which is projected to boost domestic cement demand by c. 5-11%, may serve as additional catalysts for market growth.
- However, we maintain Neutral call for cement sector, as low domestic utilization rate (c. 55%) may intensify price war. INTP (BUY, IDR 7,700) is our top pick for the sector, supported by its cost efficiency program that helped cut the company's 3Q24 COGS/ton to IDR 626k (-6% YoY/-14% QoQ), lower than SMGR's IDR 753k (+12% YoY/+1% QoQ). Meanwhile, we assign SELL rating to SMGR, primarily due to its pivot towards low-margin 'Blue Ocean' business.

Peer Comparables

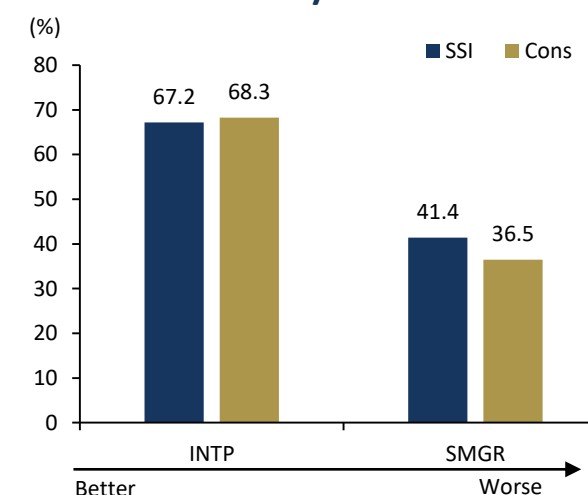
Ticker	Market		Last	Target	2025F				
	Cap	Rating	Price	Price	EPS Growth	P/B	P/E	EV/EBITDA	ROE
	(USD Mn)		(IDR)	(IDR)	(%)	(x)	(x)	(x)	(x)
1101 TT	7,711	n.a.	n.a.	n.a.	29.4	1.0	20.0	10.6	5.3
SCC TB	7,285	n.a.	n.a.	n.a.	-56.3	0.6	12.3	9.7	4.4
1102 TT	5,048	n.a.	n.a.	n.a.	-6.0	0.9	14.0	18.3	5.7
ACC IN	4,866	n.a.	n.a.	n.a.	-26.9	2.1	18.3	9.1	12.3
Regional	24,911				-13.8	1.1	16.2	11.6	6.5
INTP IJ	1,611	BUY	6,950	7,700	9.3	1.1	14.0	6.7	7.9
SMGR IJ	1,505	SELL	3,540	3,200	15.0	1.4	14.3	8.0	10.2
Local	3,117				12.1	1.2	14.1	7.3	9.0
Sector	28,027				-11.0	1.1	16.0	11.2	6.8

Sources: Company, Bloomberg, SSI Research

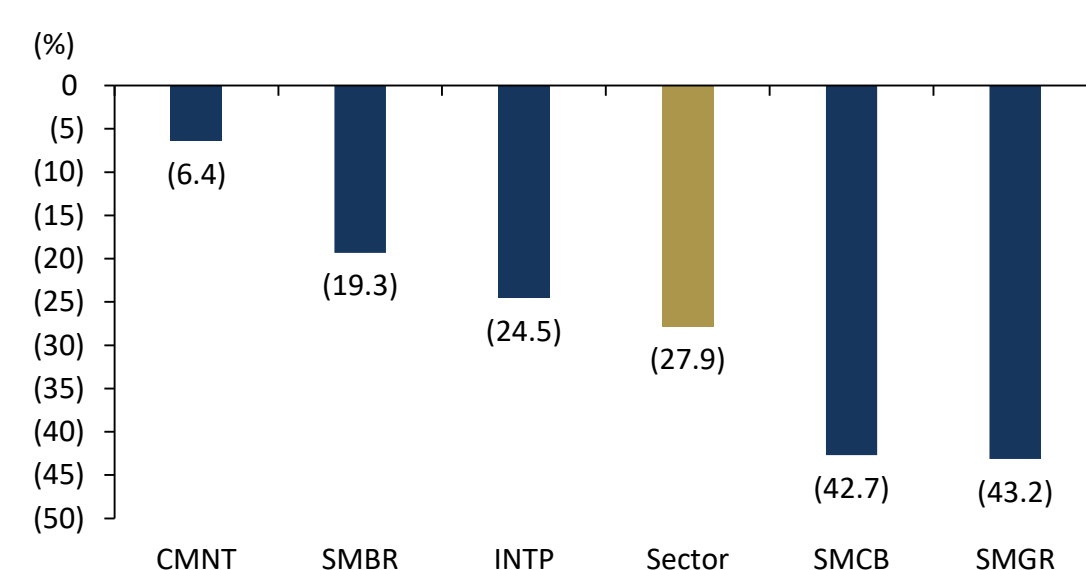
9M24 Cement Sales



9M24 Net Profit/ SSI & Cons



Ytd Relative Performance vs JCI



Analysts: Ahnaf Yassar