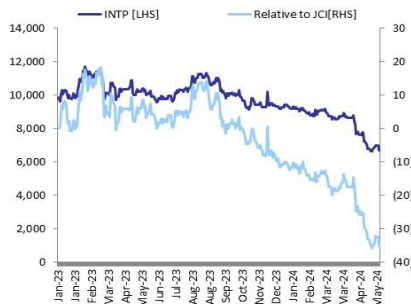


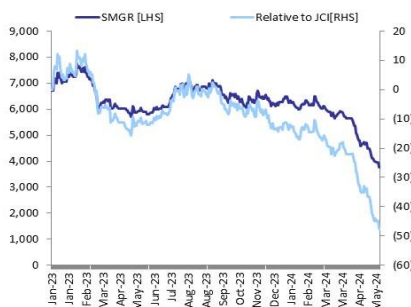
Neutral

(Downgraded)

INTP relative to JCI Index



SMGR relative to JCI Index



Source: Bloomberg

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Cement

Downgrade sector to Neutral on weak ASP and lower demand; cut our FY24F/25F EPS by 20%-21%

- Given weak ASP, we lower our FY24F/ FY25F EPS by 21%/20% as we cut our FY24 ASP hike assumption to 0% to -1.5% (vs. +1%-2% prev.).
- We also expect lower FY24F/FY25F vol growth of 1.5%/2.5% (from 2.6%/3%), as we observe slower bagged cement market recovery.
- We downgrade our sector rating to Neutral from Overweight; we switch our top pick to INTP, but with an 16% lower TP of Rp 8,400.

Weak volumes in 4M24 led to lower ASP

Cement producers recorded earnings misses in 1Q24, with SMGR/INTP's net profit only reaching 17%/ 11% of our FY24F estimate/the consensus vs the 1Q seasonal average of 19%, due mostly to lower ASP. Contrary to our thesis of stable ASPs, SMGR/INTP recorded ASP declines of -3%/-9% yoy in 1Q24 (-3%/-5% qoq. On the volume front, SMGR sold 11.1Mt in 4M24 (-3.4% yoy, including exports), while INTP sold 5.1 Mt (+7% yoy, or -0.8% yoy if we exclude the newly-acquired Grobogan). INTP's 4M24 volume is inline at 26% of our FY24 projection, while SMGR's is slightly below our expectation at 27% of the FY24F target. Our price tracker indicates +2/-1% ASP changes for SMGR/INTP from Mar24 to May24, yet based on our discussions with the companies, pricing is still under pressure.

Cutting our EPS estimates by 20%-23% due to weak ASP and lower vol

Given the current volume and ASP trajectory, we now see that our initial thesis for a stable ASP outlook is no longer valid. The current weak demand has led producers to initiate price discounts to secure sales volume. As such, we reduce our FY24F ASP hike assumption to 0% to -1.5% from +1-2% prev. In addition, we also reduce our long-term ASP growth estimates to 1.5%-2.5% from 2-3% prev. as we expect price competition to persist while additional capacity is still to come to market (i.e., Hongshi). We also trim our FY24F/FY25F vol growth to 1.5%/2.5% from 2.6%/3%, as we expect recovery in the bagged cement segment to take longer to materialize due to the weak property market. As such, we cut our FY24F/FY25F revenue by 3%/4% due to lower ASP expectations and lower vol growth, our FY24F/FY25F EBITDA by 11%/10%, and our FY24F/FY25F EPS by 21%/20%.

Downgrade the sector to Neutral with lower TPs; INTP is our new top pick

Due to lower ASP and volume growth expectations, we downgrade our sector rating to **Neutral** from **Overweight**. While we see limited downside risk following the 14%-22% share price correction in the past month and as valuations are now at -2SD (based on EV/t), our Neutral sector rating reflects our view that ASP pressure stemming from weak volume sales will persist in FY24, with an anticipated recovery only in FY25. Our FY25 outlook indicates a rebound in volume growth and a return of ASP to FY23 levels. We are switching our top pick to INTP (**Buy**, with a 16% lower TP of Rp 8,400), due to: 1) cost savings from Grobogan, which we expect to reduce transportation costs/ton by 2.5%-3%, and 2) less impact on the company from the upcoming Hongshi Aceh plant. We also maintain our **Buy** rating on SMGR, with a 22% lower TP of Rp 6,700. Potential upside risks to our call include a faster recovery in the property sector and the ability of cement players to increase ASP. Downside risks include the return of price wars and slower progress on IKN.

Company	Ticker	Rec	Target Price (Rp)	Market Cap. (RpBn)	P/E (x)		P/BV (x)		ROE (%) 2025F
					2024F	2025F	2024F	2025F	
Indocement	INTP IJ	BUY	8,400	24,664.3	14.2	12.4	1.1	1.0	8.7
Semen Indonesia	SMGR IJ	BUY	6,700	22,421.1	10.7	8.6	0.5	0.5	5.9

Downgrade sector to Neutral on weak ASP and lower demand; cut our FY24F/25F EPS by 20%-21%

Cement producers recorded poor 1Q24 performance, with SMGR/INTP earnings only reaching 17%/11% of our estimates/the consensus vs average seasonality of 19%, with lower ASP as the main culprit. Contrary to our thesis of a stable ASP outlook, SMGR/INTP's ASP declined by 3%/9% yoy in 1Q24, or 3%/5% qoq. This reflects: 1) higher bulk cement sales volume ratios (SMGR and INTP both at 30-31% in 1Q24, vs. 27% in 1Q23); 2) higher fighting brand sales volume ratios (SMGR's at 18% in 1Q24 vs. 15% in 1Q23, INTP's at 19% in 1Q24 vs. 12%); and 3) discounts applied by cement players to secure volume, which peaked in Mar/Apr, based on SMGR/INTP indications.

SMGR's total volume reached 11.1 Mt in 4M24 (including exports), representing a decline of 3.4% yoy. Its domestic-only volume stood at 8.5 Mt, down 4.2% yoy. In comparison, INTP's volume reached 5.1 Mt, showing a 7% yoy increase (or -0.8% year-on-year if we exclude Grobogan). INTP's volume remains in line with our estimate, representing 26% of our FY24F forecast, while SMGR's volume slightly lagged behind our estimate, reaching 27% of the FY24F target (compared to a typical seasonality range of 28-35%).

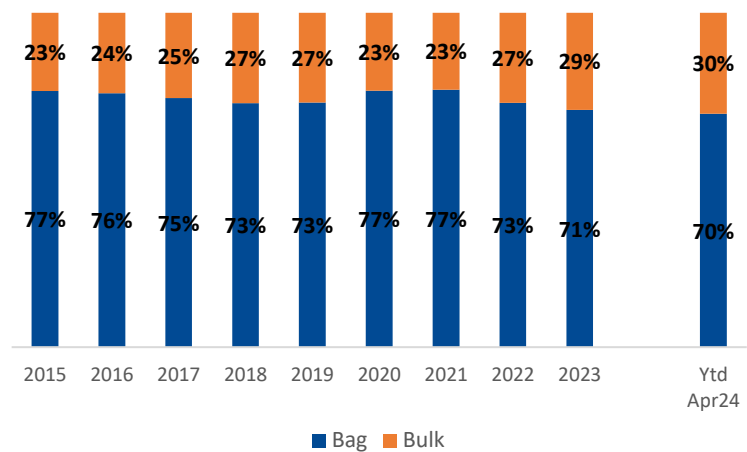
Given the current market conditions, we believe our thesis of stable ASP is no longer valid. The weak market has prompted producers to offer price discounts to increase sales volume. As a result, we revise our ASP assumption for 2024F to 0% to -1.5% from +1-2% prev. Additionally, we adjust our long-term ASP growth estimate to 1.5%-2% from 2-3% prev. Furthermore, as we see that more time is needed for the property market to recover (as indicated by the 4M24 ytd bagged cement volume decline by 4% yoy), we trim our FY24F/FY25F vol growth to 1.5%/2.5% from 2.6%/3%.

In light of the lower ASP expectations and sales vol, we downgrade our sector rating to **Neutral** from Overweight. We revise down our FY24F/FY25F revenue projections by 3%/4%, respectively, due to the lower ASP expectations and sales vol. FY24F/FY25F EBITDA is also adjusted downwards by 11%/10%, and FY24F/FY25F EPS by 21%/20%. Despite our FY24F EPS estimate being 12% lower than the market estimate, we believe the recent decline in share prices (14%-22% over the past month) and the valuations reaching up to -2 times its average standard deviation (based on EV/t), indicate that the downside risk to the share prices is relatively limited. Despite this, our Neutral sector rating reflects our view that ASP pressure (as 5M24 prices have not reverted to early FY24 prices) stemming from weak sales volume (especially from the bagged cement sector, as 4M24 bagged cement sales still declined by 4% yoy) will persist in FY24, with an anticipated recovery only in FY25. Our FY25F estimates indicate recovery in vol growth (2.5% vs 1.7% in FY24F), and ASP reverting back to the FY23 level.

We switch our preference to INTP as our top pick and reiterate our **BUY** rating but with an 16% lower TP at **Rp 8,400**, due to: 1) cost savings from Grobogan (which we expect to lower transportation costs/ton by 2.5%-3%); and 2) the company is less affected by the upcoming Hongshi plant in Aceh (Sumatra only contributes ~10% of INTP's sales vs SMGR's ~21%). We also have a **BUY** rating on **SMGR** with a 22% lower TP at **Rp 6,700**. We still expect the ROE to recover to 5-7% for SMGR and to 7.6-9% for INTP (higher than the FY18-19 average of 6.4%) despite challenges, especially on the ASP front

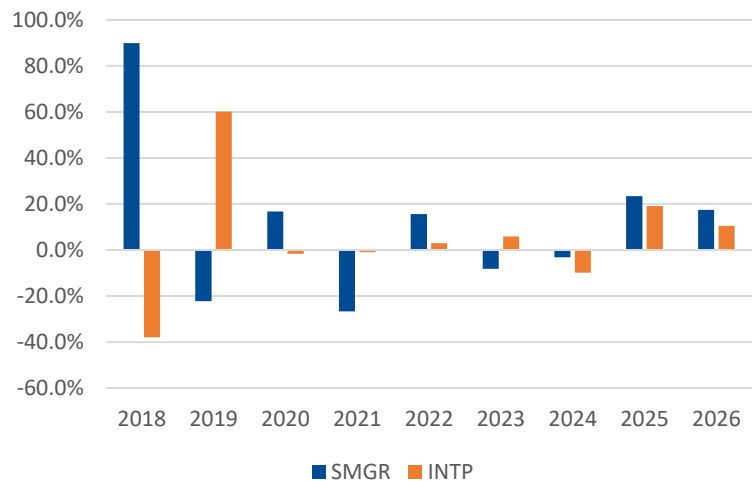
Upside risks from our sector call: upside risks from our sector call: 1) faster recovery in the property sector; and 2) players are able to hike ASP. Downside risks: 1) price wars intensify; and 2) slower progress on IKN.

Exhibit 1. Bulk & Bagged Cement Ratio



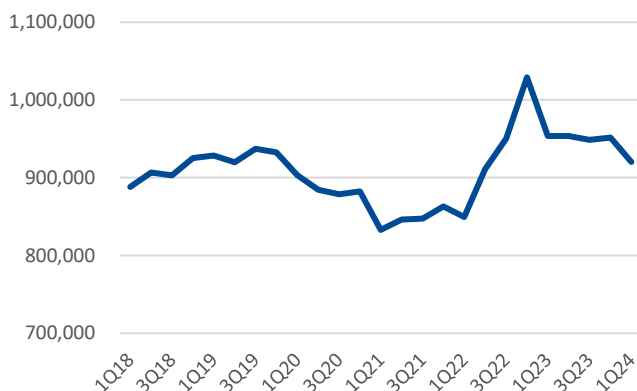
Source: Indonesia Cement Association

Exhibit 2. SMGR/INTP's earnings growth 2018-2026F



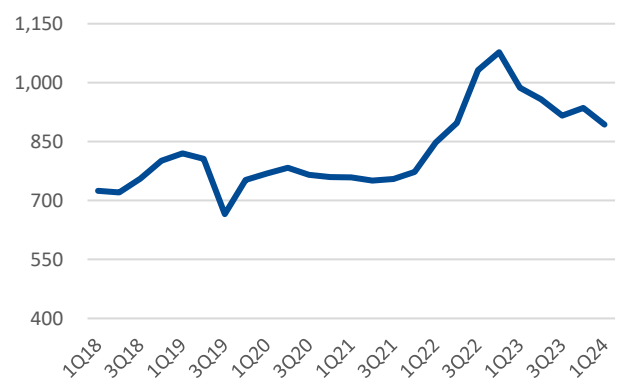
Source: Companies, BRIDS Estimates

Exhibit 3. SMGR ASP Movement



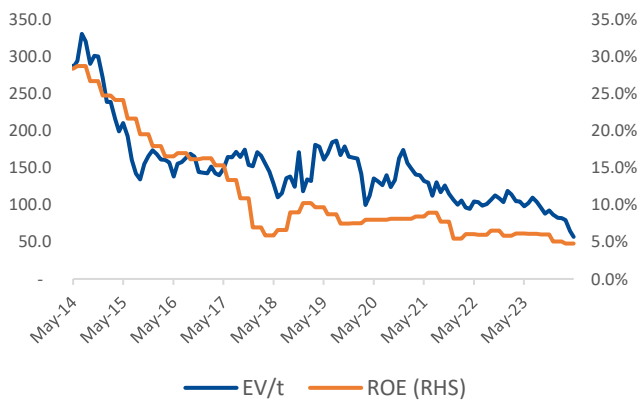
Source: SMGR

Exhibit 4. INTP ASP Movement



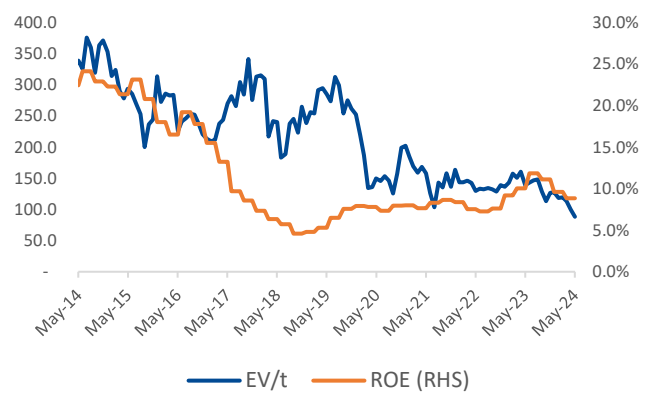
Source: INTP

Exhibit 5. SMGR EV/t vs. ROE



Source: Bloomberg

Exhibit 6. INTP EV/t vs. ROE



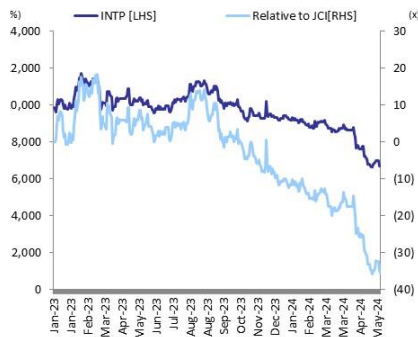
Source: Bloomberg

Buy

(Maintained)

Last Price (Rp)	6,700		
Target Price (Rp)	8,400		
Previous Target Price (Rp)	10,000		
Upside/Downside	+25.4%		
No. of Shares (mn)	3,681		
Mkt Cap (Rpbn/US\$mn)	24,664/1,533		
Avg, Daily T/O (Rpbn/US\$mn)	19.8/1.2		
Free Float (%)	42.2		
Major Shareholder (%)	Birchwood Omnia Limited 51.0		
EPS Consensus (Rp)	2024F	2025F	2026F
BRIDS	470.9	540.8	599.8
Consensus	485.4	576.6	655.1
BRIDS/Cons (%)	(3.0)	(6.2)	(8.5)

INTP relative to JCI Index



Source: Bloomberg

Indocement Tunggal Prakarsa (INTP IJ) Expecting Efficiencies from Grobogan, yet Lower ASP and Vol Expectations Lead to FY24-25 EPS cuts

- INTP's Apr24 sales vol was broadly inline, while the 1Q24 ASP was weak (-9% yoy); we cut our ASP estimate to 0%/+2.2% for FY24F/FY25F.
- We also cut our FY24F/FY25F vol growth to +2%/+2% yoy. However, we expect 5% lower transportation costs/ton due to Grobogan synergy.
- We cut our FY24F/FY25F EPS by 16%/17%, and reiterate our BUY rating on INTP with an 16% lower DCF-based TP at Rp 8,400.

Inline 1Q24 sales volume but ASP was very weak

INTP's ASP declined by 9% yoy in 1Q24 (5% qoq), due to a higher bulk cement ratio (31% of total sales vol. in 1Q24, up from 27% in 1Q23) and a higher fighting brand ratio (19% of the total vs. 1Q23). Competition was also relatively stiff in Mar-Apr24, although INTP sales reached 5.1 Mt in 4M24 (+7% yoy or -0.8% yoy if we exclude Grobogan), which is broadly in-line at 26% of our FY24 est. However, as we expect the bagged cement market to remain weak in FY24F (-7% yoy) and our price tracker indicates INTP's pricing still fell further by ~1% in May24 vs Mar24, we change our FY24F/FY25F ASP estimates to 0%/+2.2% (from +2%/2% prev), implying that the FY25F ASP is returning to the FY23 level. For similar reasons, we also trim our FY24F/FY25F sales vol to +2%/+2% from +3%/2%.

Expecting more upside from Grobogan

We expect further upside from the Grobogan acquisition, especially on transportation costs per ton, as INTP could supply Central Java with cement from the Grobogan plant rather than its West Java plant. As of 1Q24, transportation costs per ton declined to Rp 126k/ton (-3.5%), although the potential of Grobogan is not yet fully realized, as Grobogan only contributes ~8% of INTP's total volume currently vs ~18% of INTP's demand from Central Java. Thus, we assume transportation costs per ton could decline further (FY24F/FY25F: -3%/-2.5% yoy), as Grobogan optimization is ongoing, which would enhance FY24F/FY25F EPS by 3%/6% vs flattish transportation costs per ton.

Cutting our EPS by 16%-17%. Reiterate BUY rating with a lower TP of Rp 8,900.

Due to lower ASP and sales vol assumptions, we lower our revenue estimates by 3%/3% for FY24F/FY25F, FY24F/FY25F EBITDA by 10%/8%, and EPS by 16%/17%. Our new EPS is 6%/3% lower compared to the FY24F/FY25F consensus. We reiterate our BUY rating on INTP but with an 16% lower DCF-based TP of Rp 8,400. INTP is currently trading at EV/t of USD 86/t (-1.5 std dev of its 7-year average). Downside risks to our call include 1) Grobogan efficiencies are not realized; 2) lower demand from infrastructure projects; and 3) persisting price competition.

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Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Revenue (Rpbn)	16,328	17,950	18,886	19,703	20,700
EBITDA (Rpbn)	3,455	3,656	3,572	3,937	4,241
EBITDA Growth (%)	3.9	5.8	(2.3)	10.2	7.7
Net Profit (Rpbn)	1,842	1,950	1,733	1,991	2,208
EPS (Rp)	500.5	529.8	470.9	540.8	599.8
EPS Growth (%)	3.0	5.9	(11.1)	14.8	10.9
BVPS (Rp)	5,315.3	5,696.3	6,009.4	6,409.9	6,848.6
DPS (Rp)	472.6	149.1	157.8	140.2	161.1
PER (x)	13.4	12.6	14.2	12.4	11.2
PBV (x)	1.3	1.2	1.1	1.0	1.0
Dividen yield (%)	7.1	2.2	2.4	2.1	2.4
EV/EBITDA	6.1	6.6	6.4	5.4	4.6

Source: INTP, BRIDS Estimates

Exhibit 1. INTP Earnings Revision

Rpb	Old			New			%Changes			Consensus			% Diff ours vs cons.		
	FY24F	FY25F	FY26F	FY24F	FY25F	FY26F	FY24F	FY25F	FY26F	FY24F	FY25F	FY26F	FY24F	FY25F	FY26F
Revenue	19,442	20,247	21,462	18,886	19,703	20,700	-3%	-3%	-4%	19,121	20,003	20,733	-1%	-1%	0%
Gross profit	6,402	6,783	7,361	6,074	6,438	6,829	-5%	-5%	-7%	6,173	6,566	6,931	-2%	-2%	-1%
Operating profit	2,559	2,804	3,178	2,145	2,466	2,724	-16%	-12%	-14%	2,222	2,450	2,712	-3%	1%	0%
EBITDA	3,986	4,275	4,695	3,572	3,937	4,241	-10%	-8%	-10%	3,682	4,058	4,340	-3%	-3%	-2%
Net profit	2,072	2,388	2,699	1,733	1,991	2,208	-16%	-17%	-18%	1,842	2,049	2,289	-6%	-3%	-4%
Gross Margin	32.9%	33.5%	34.3%	32.2%	32.7%	33.0%									
Operating Margin	13.2%	13.8%	14.8%	11.4%	12.5%	13.2%									
Net Margin	10.7%	11.8%	12.6%	9.2%	10.1%	10.7%									

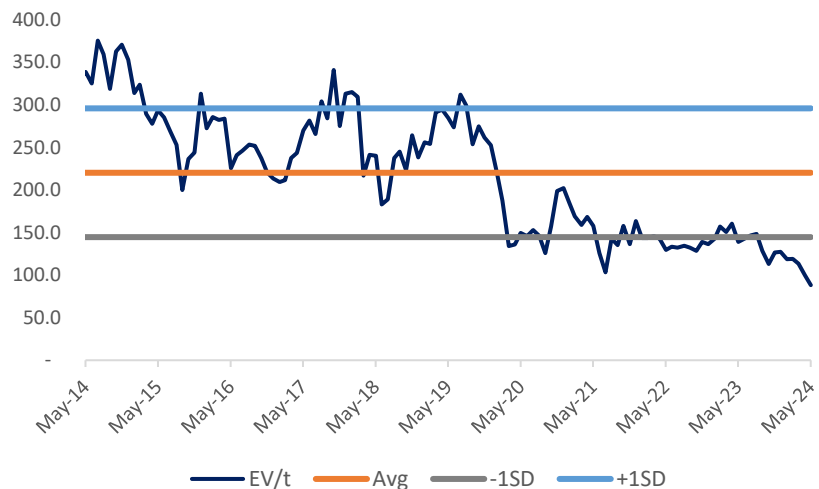
Source: Bloomberg, BRIDS Estimates

Exhibit 2. INTP Valuation

NPV	IDR Bn	29,231
Net debt (as of end 2022)	IDR Bn	(1,665)
Equity value	IDR Bn	30,896
Outstanding share	Bn sh	3.68
Equity value per share	IDR/sh	8,393
Target price	IDR/sh	8,400
Current price	IDR/sh	6,700
% upside/(downside)	%	25.4%
Rating		BUY

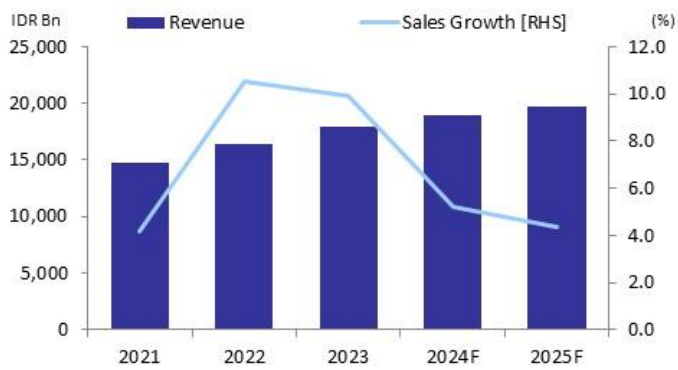
Source: BRIDS Estimates

Exhibit 3. INTP EV/t Band



Source: BRIDS Estimates

Exhibit 4. Revenue and Growth



Source: Company, BRIDS Estimates

Exhibit 5. Net Profit and Growth



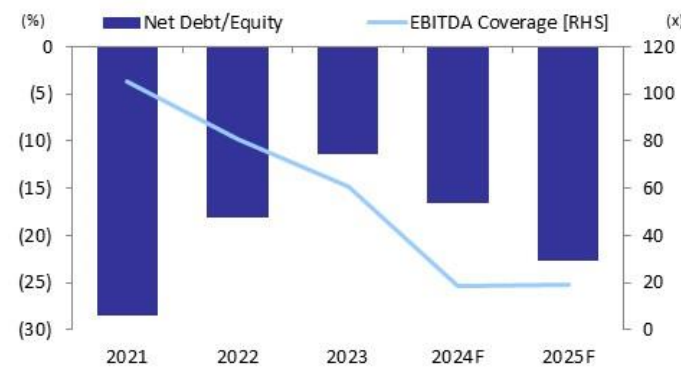
Source: Company, BRIDS Estimates

Exhibit 6. Margins



Source: Company, BRIDS Estimates

Exhibit 7. Gearing Level



Source: Company, BRIDS Estimates

Exhibit 8. Income Statement

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Revenue	16,328	17,950	18,886	19,703	20,700
COGS	(11,185)	(12,103)	(12,812)	(13,265)	(13,870)
Gross profit	5,143	5,847	6,074	6,438	6,829
EBITDA	3,455	3,656	3,572	3,937	4,241
Oper. profit	2,226	2,282	2,145	2,466	2,724
Interest income	104	182	191	200	210
Interest expense	(43)	(61)	(196)	(209)	(209)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	23	31	31	31	31
Other Income (Expenses)	0	0	0	0	0
Pre-tax profit	2,311	2,434	2,171	2,489	2,757
Income tax	(468)	(484)	(438)	(498)	(549)
Minority interest	0	0	0	0	0
Net profit	1,842	1,950	1,733	1,991	2,208
Core Net Profit	1,842	1,950	1,733	1,991	2,208

Exhibit 9. Balance Sheet

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Cash & cash equivalent	4,526	3,185	2,469	4,147	5,985
Receivables	2,686	2,786	2,929	3,054	3,206
Inventory	2,831	2,905	3,075	3,184	3,329
Other Curr. Asset	270	352	352	352	352
Fixed assets - Net	14,895	19,156	18,929	18,657	18,341
Other non-curr.asset	499	1,266	1,266	1,266	1,266
Total asset	25,706	29,650	29,020	30,660	32,478
ST Debt	354	2,416	416	416	416
Payables	2,583	2,712	2,871	2,973	3,108
Other Curr. Liabilities	1,886	2,240	2,318	2,399	2,484
Long Term Debt	634	389	389	389	389
Other LT. Liabilities	683	923	904	887	870
Total Liabilities	6,139	8,680	6,898	7,063	7,267
Shareholder's Funds	19,567	20,970	22,122	23,596	25,211
Minority interests	0	0	0	0	0
Total Equity & Liabilities	25,706	29,650	29,020	30,660	32,478

Exhibit 10. Cash Flow

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Net income	1,842	1,950	1,733	1,991	2,208
Depreciation and Amort.	1,228	1,374	1,427	1,472	1,517
Change in Working Capital	(607)	228	(76)	(51)	(77)
Other Oper. Cash Flow	(116)	105	(13)	(10)	(19)
Operating Cash Flow	2,347	3,657	3,070	3,402	3,629
Capex	1,200	1,200	1,200	1,200	1,200
Others Inv. Cash Flow	45	(572)	191	200	210
Investing Cash Flow	1,245	628	1,391	1,400	1,410
Net change in debt	712	(183)	0	0	0
New Capital	0	0	0	0	0
Dividend payment	(1,740)	(549)	(581)	(516)	(593)
Other Fin. Cash Flow	(1,198)	(61)	(196)	(209)	(209)
Financing Cash Flow	(2,226)	(792)	(777)	(725)	(801)
Net Change in Cash	1,366	3,494	3,684	4,078	4,238
Cash - begin of the year	6,141	4,526	3,185	2,469	4,147
Cash - end of the year	4,526	3,185	2,469	4,147	5,985

Exhibit 11. Key Ratio

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Growth (%)					
Sales	10.5	9.9	5.2	4.3	5.1
EBITDA	3.9	5.8	(2.3)	10.2	7.7
Operating profit	7.5	2.5	(6.0)	14.9	10.5
Net profit	3.0	5.9	(11.1)	14.8	10.9
Profitability (%)					
Gross margin	31.5	32.6	32.2	32.7	33.0
EBITDA margin	21.2	20.4	18.9	20.0	20.5
Operating margin	13.6	12.7	11.4	12.5	13.2
Net margin	11.3	10.9	9.2	10.1	10.7
ROAA	7.1	7.0	5.9	6.7	7.0
ROAE	9.2	9.6	8.0	8.7	9.0
Leverage					
Net Gearing (x)	(0.2)	0.0	(0.1)	(0.1)	(0.2)
Interest Coverage (x)	51.9	37.7	10.9	11.8	13.1

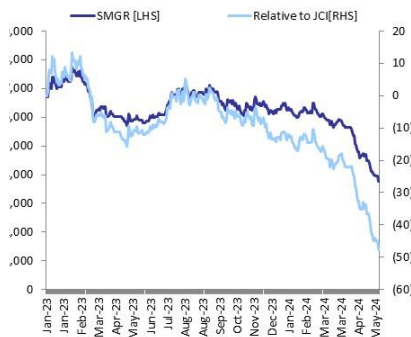
Source : INTP, BRIDS Estimates

Buy

(Maintained)

Last Price (Rp)	3,780
Target Price (Rp)	6,700
Previous Target Price (Rp)	8,600
Upside/Downside	+77.2%
No. of Shares (mn)	5,932
Mkt Cap (Rpbn/US\$m)	22,421/1,393
Avg, Daily T/O (Rpbn/US\$m)	57.5/3.6
Free Float (%)	48.8
Major Shareholder (%)	
Government	51.0
EPS Consensus (Rp)	
	2024F 2025F 2026F
BRIDS	354.2 437.2 513.1
Consensus	374.7 440.5 509.0
BRIDS/Cons (%)	(5.5) (0.8) 0.8

SMGR relative to JCI Index



Source: Bloomberg

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Semen Indonesia (SMGR IJ)

We cut our FY24F/FY25F EPS by 26%/23% on lower ASP and sales volume

- SMGR's 1Q24 ASP fell 3% yoy/qoq after being relatively stable for the past 8 quarters, while Apr24 vol was also weak (-3.4% yoy).
- We change our FY24F/FY25F ASP assumption to -1.5%/+1.5% (vs. +1%/+1.5% prev.) and vol growth to +1%/+3% (vs +3%/+3.5% prev).
- We cut our FY24F/FY25F EPS by 26%/23%. Reiterate BUY on SMGR with a 22% lower DCF-based TP of Rp 6,700.

Unexpected weak ASP in 1Q24; expect the FY24F ASP to trend down

Contrary to our initial thesis of stable ASP in FY24, SMGR's ASP declined by 3% yoy in 1Q24 (3% qoq vs 4Q23), due to a higher bulk cement ratio (31% of total sales vol. in 1Q24 vs. 27% in 1Q23) and a higher fighting brand ratio (18% of the total vs. 15% in 1Q23). The lower ASP in 1Q24 reflects a reversal of steady ASP over the past 8 quarters. Our price tracker indicates that there is ~2% price recovery in May24 vs Mar24, although SMGR claimed pricing pressure was persisting in May24 vs Mar24, although SMGR claimed pricing pressure was persisting in May24 vs Mar24, although SMGR claimed pricing pressure was persisting in May24 vs Mar24. Given the weak ASP trend, we change our FY24F/FY25F ASP assumption to -1.5%/+1.5% from +1%/+1.5%, implying FY25F ASP will revert to the FY23 level. We expect bagged cement market recovery to only take place by FY25F.

Apr24 volume is weak, but expect volume to catch up in 2H24F

SMGR volume reached 11.1 Mt in 4M24 (-3.4% yoy, including exports), while its domestic-only volume reached 8.5 Mt (-4.2% yoy). This represents 27% of our estimate, below the 28%-35% seasonality in Jan-Apr. This also implies SMGR's market share dropped to 47.3% in Apr24, the lowest in one year. We still, however, foresee a recovery in 2H24F, but we think our initial target of 3% in FY24F will be difficult to achieve due to the slower bagged cement market, as indicated by the higher bulk portion to total sales. Thus, we trim our FY24F sales vol estimate to 1% and our FY25F sales vol estimate to 3% (prev 3.5%). We expect completion of the Tuban port in 2H24F to help SMGR to expand its export market, which would help to boost FY25F sales vol.

Cutting our EPS by 23%-26%. Reiterate BUY with a lower TP of Rp 6,700

Due to lower ASP assumptions, we lower our revenue estimates by 4%/5% for FY24F/FY25F, while cutting our FY24F/FY25F EBITDA estimates by 13%/12%, and our EPS by 26%/23%. We think the 22% share price decline in the last one month prices in most of the downside, as SMGR currently trades at EV/t of USD 61/t, - 2 std dev of its 7-year average. We reiterate our **BUY** rating on SMGR but with a 22% lower DCF-based TP of **Rp6,700**. Downside risks to our call: 1) slower IKN progress; and 2) intensifying price wars.

Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Revenue (Rpbn)	36,379	38,651	38,669	40,421	42,440
EBITDA (Rpbn)	7,959	7,787	7,158	7,672	8,217
EBITDA Growth (%)	(7.9)	(2.2)	(8.1)	7.2	7.1
Net Profit (Rpbn)	2,365	2,170	2,101	2,593	3,044
EPS (Rp)	398.7	365.9	354.2	437.2	513.1
EPS Growth (%)	15.5	(8.2)	(3.2)	23.4	17.4
BVPS (Rp)	7,207.0	7,293.5	7,355.0	7,508.8	7,672.2
DPS (Rp)	172.6	279.1	292.7	283.4	349.8
PER (x)	9.5	10.3	10.7	8.6	7.4
PBV (x)	0.5	0.5	0.5	0.5	0.5
Dividen yield (%)	4.6	7.4	7.7	7.5	9.3
EV/EBITDA	4.2	4.0	3.9	3.2	2.7

Source: SMGR, BRIDS Estimates

Exhibit 1. SMGR Earnings Revision

Rpbn	Old			New			%Changes			Consensus			% Diff ours vs cons.		
	FY24F	FY25F	FY26F	FY24F	FY25F	FY26F	FY24F	FY25F	FY26F	FY24F	FY25F	FY26F	FY24F	FY25F	FY26F
Revenue	40,265	42,332	44,869	38,669	40,421	42,440	-4%	-5%	-5%	40,217	42,282	44,581	-4%	-4%	-5%
Gross profit	10,673	11,334	12,172	9,394	9,929	10,522	-12%	-12%	-14%	10,855	11,618	12,562	-13%	-15%	-16%
Operating profit	4,765	5,248	5,780	3,749	4,204	4,691	-21%	-20%	-19%	4,580	5,066	5,434	-18%	-17%	-14%
EBITDA	8,101	8,642	9,232	7,085	7,598	8,144	-13%	-12%	-12%	7,886	8,402	8,918	-10%	-10%	-9%
Net profit	2,853	3,366	3,849	2,101	2,593	3,044	-26%	-23%	-21%	2,548	2,982	3,452	-18%	-13%	-12%
Gross Margin	26.5%	26.8%	27.1%	24.3%	24.6%	24.8%									
Operating Margin	11.8%	12.4%	12.9%	9.7%	10.4%	11.1%									
Net Margin	7.1%	8.0%	8.6%	5.4%	6.4%	7.2%									

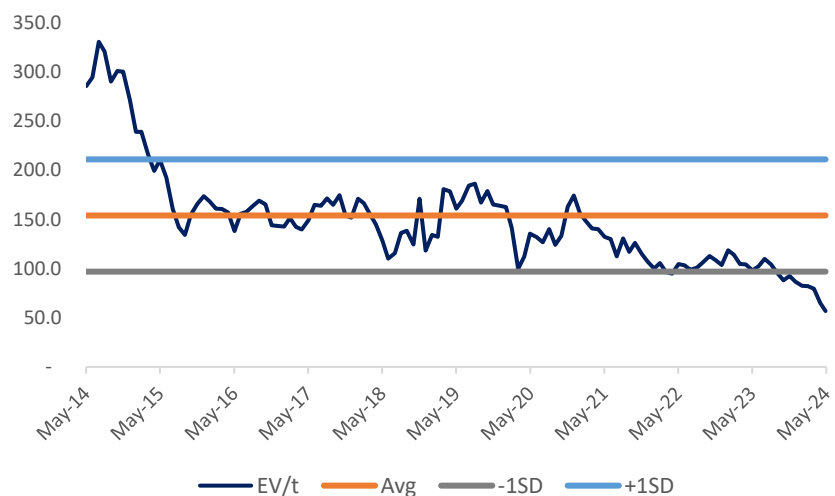
Source: Bloomberg, BRIDS Estimates

Exhibit 2. SMGR Valuation

NPV	IDR Bn	51,181
Net debt (as of end 2024)	IDR Bn	5,725
Equity value	IDR Bn	45,456
Outstanding share	Bn sh	6.75
Equity value per share	IDR/sh	6,734
Target price	IDR/sh	6,700
Current price	IDR/sh	3,780
% upside/(downside)	%	77.2%
Rating		BUY

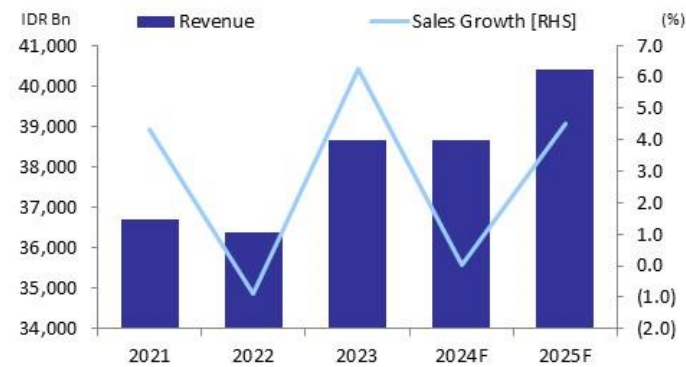
Source: BRIDS Estimates

Exhibit 3. SMGR EV/t Band



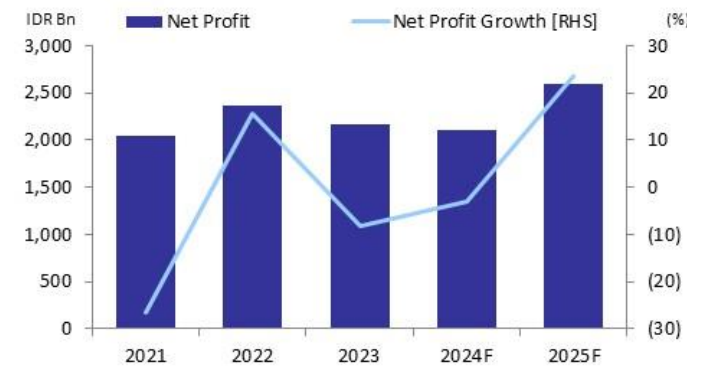
Source: Bloomberg, BRIDS Estimates

Exhibit 4. Revenue and Growth



Source: Company, BRIDS Estimates

Exhibit 5. Net Profit and Growth



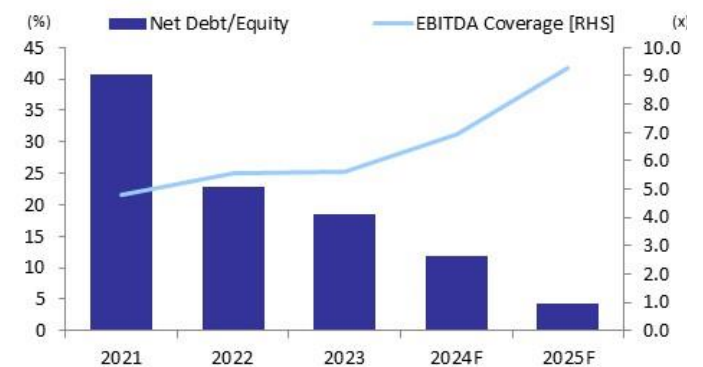
Source: Company, BRIDS Estimates

Exhibit 6. Margins



Source: Company, BRIDS Estimates

Exhibit 7. Gearing Level



Source: Company, BRIDS Estimates

Exhibit 8. Income Statement

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Revenue	36,379	38,651	38,669	40,421	42,440
COGS	(25,701)	(28,474)	(29,275)	(30,491)	(31,917)
Gross profit	10,678	10,177	9,394	9,929	10,522
EBITDA	7,959	7,787	7,158	7,672	8,217
Oper. profit	4,625	4,504	3,822	4,277	4,764
Interest income	99	207	240	240	240
Interest expense	(1,428)	(1,390)	(1,036)	(825)	(702)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	2	(17)	(18)	(19)	(20)
Other Income (Expenses)	0	0	0	0	0
Pre-tax profit	3,299	3,304	3,008	3,674	4,282
Income tax	(800)	(1,008)	(782)	(955)	(1,113)
Minority interest	(134)	(125)	(125)	(125)	(125)
Net profit	2,365	2,170	2,101	2,593	3,044
Core Net Profit	2,365	2,170	2,101	2,593	3,044

Exhibit 9. Balance Sheet

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Cash & cash equivalent	6,007	6,940	8,244	10,560	11,633
Receivables	5,885	6,269	6,186	6,496	6,849
Inventory	5,610	5,134	5,662	5,897	6,173
Other Curr. Asset	1,317	1,381	1,519	1,671	1,838
Fixed assets - Net	57,806	56,771	54,987	53,145	52,245
Other non-curr.asset	6,275	5,267	5,424	5,598	5,788
Total asset	82,960	81,821	82,089	83,439	84,606
ST Debt	1,274	1,831	2,032	1,901	1,769
Payables	8,450	8,462	9,014	9,412	9,875
Other Curr. Liabilities	3,336	2,456	2,702	2,972	3,269
Long Term Debt	15,527	13,987	11,937	10,798	9,236
Other LT. Liabilities	7,133	7,283	8,012	8,813	9,694
Total Liabilities	35,721	34,020	33,696	33,895	33,843
Shareholder's Funds	42,748	43,261	43,626	44,539	45,508
Minority interests	4,491	4,539	4,766	5,005	5,255
Total Equity & Liabilities	82,960	81,821	82,089	83,439	84,606

Exhibit 10. Cash Flow

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Net income	2,365	2,170	2,101	2,593	3,044
Depreciation and Amort.	3,333	3,284	3,336	3,394	3,453
Change in Working Capital	200	(840)	213	(28)	(36)
Other Oper. Cash Flow	1,011	1,400	1,735	1,607	1,575
Operating Cash Flow	6,909	6,014	7,385	7,566	8,035
Capex	(2,300)	(2,249)	(1,552)	(1,552)	(2,552)
Others Inv. Cash Flow	1,573	1,198	92	77	61
Investing Cash Flow	(728)	(1,050)	(1,460)	(1,475)	(2,491)
Net change in debt	(6,202)	(917)	(5,197)	(1,561)	(2,408)
New Capital	4,841	0	0	0	0
Dividend payment	(1,024)	(1,655)	(1,736)	(1,681)	(2,075)
Other Fin. Cash Flow	(3,375)	(1,392)	(1,036)	(825)	(702)
Financing Cash Flow	(5,760)	(3,964)	(7,969)	(4,067)	(5,185)
Net Change in Cash	422	999	(2,044)	2,024	360
Cash - begin of the year	2,955	6,007	6,940	8,244	10,560
Cash - end of the year	6,007	6,940	8,244	10,560	11,633

Exhibit 11. Key Ratio

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Growth (%)					
Sales	(0.9)	6.2	0.0	4.5	5.0
EBITDA	(7.9)	(2.2)	(8.1)	7.2	7.1
Operating profit	(11.2)	(2.6)	(15.1)	11.9	11.4
Net profit	15.5	(8.2)	(3.2)	23.4	17.4
Profitability (%)					
Gross margin	29.4	26.3	24.3	24.6	24.8
EBITDA margin	21.9	20.1	18.5	19.0	19.4
Operating margin	12.7	11.7	9.9	10.6	11.2
Net margin	6.5	5.6	5.4	6.4	7.2
ROAA	2.9	2.6	2.6	3.1	3.6
ROAE	5.8	5.0	4.8	5.9	6.8
Leverage					
Net Gearing (x)	0.2	0.2	0.1	0.0	0.0
Interest Coverage (x)	3.2	3.2	3.7	5.2	6.8

Source : SMGR, BRIDS Estimates

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INVESTMENT RATING

BUY	Expected total return of 10% or more within a 12-month period
HOLD	Expected total return between -10% and 10% within a 12-month period
SELL	Expected total return of -10% or worse within a 12-month period

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