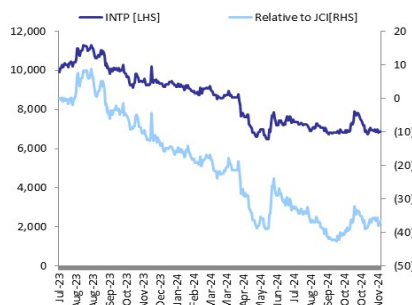


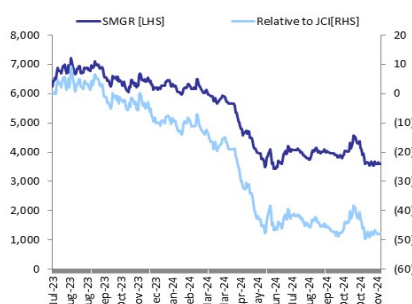
Neutral

(Maintained)

INTP relative to JCI Index



SMGR relative to JCI Index



Source: Bloomberg

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Cement

Bag pricing continue to improve in Nov24; A conservative outlook from SMGR meeting

- SMGR/INTP pricing improved by 0.4%/0.6% mom, with Semen Merdeka positioning remaining at Tier 3 albeit with pricing improvement.
- We also met with SMGR management, who guides for a conservative 2025 outlook as the bag market remains challenging.
- We maintain a Neutral stance for the sector amid a lack of near-term catalysts. Our top pick remains INTP (Buy, TP Rp8,800).

Nov24 Pricing: Improvement in mom basis; Merdeka is still at Tier 3

SMGR/INTP aggregate pricing improved by 0.4%/0.6% mom, bringing 3M improvement to 2.3%/3%. All SMGR and INTP products had price increases, with the exception of Semen Gresik (-1.4% mom, but on 3M still improved by 0.9%). Semen Merdeka/Semen Jempolan pricing is at a 23%/26% discount to their respective main brands, with price improvement of 2.9%/8.7% mom. This positioning is an improvement from a 26%/32% discount to the main brand in Oct24. Overall, we see improvement in bag cement pricing, yet still see SMGR's pricing as slightly off. Additionally, we are still worried about Merdeka availability and positioning in the market, which, despite the price increase, is still priced at Tier 3 (Tier 2 discount is at 12-16% of the main brand).

KTA from SMGR Meeting: Conservative View for 2025

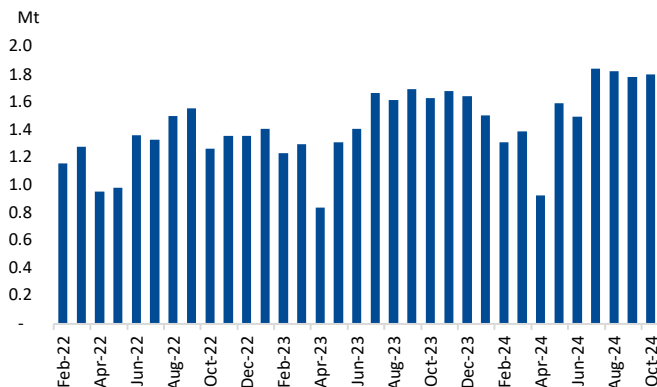
We met with SMGR's management to discuss business development and the outlook for FY25. Overall, SMGR's objective is to preserve cash flow for the rest of FY24 and guide 3%-4% sales volume growth for FY25F. It expects the cement industry will not revert back to FY23 levels yet, amid some government policies that may be put into effect by 2Q25. The bag market remains challenging until now, amid pressure in the mid-low segment. Meanwhile, it expects the 3mn housing program to not disrupt pricing in the bag market, yet it remains conservative in guiding growth from this program. On Semen Merdeka, despite the improved pricing, it admits that the market is challenging to raise prices as all cement companies are trying to cover their fixed costs in the current weak market. Hence, most players are prioritizing volume over ASP. SMGR is currently pursuing diversification that is still related to the cement business, such as waste management upstream (sourcing alternative materials for fuel), stabilization products (i.e., products to harden soft soil, which it sources the technology from TCC), chemical business (sourcing more ready-mix materials), and aggregate business (i.e., interlock brick materials). Capex for these diversifications will reach Rp1-1.5tr for the next 3 years, and management expects revenue streams to be significant by FY28F (~Rp1tr) with 20-30% EBITDA margin.

Maintain Neutral rating for sector due to lack of near-term catalysts

We maintain our **Neutral** rating for the sector. Despite volume recovery in the past few months, we do not see near-term catalysts that could significantly boost sales volume. Our top pick remains INTP (**Buy, TP Rp8,800**), which currently trades at EV/t of USD89 (-1 std dev of its 5-year mean). We have a **Neutral** rating for SMGR with a TP of **Rp3,900**. SMGR is currently trading at EV/t of US\$60 (-1.5 std dev of its 5-years mean). Upside risks: 1) Significant recovery in the bag segment; 2) Less intense competition in pricing. Downside risks: 1) Growth in the bulk segment with significantly lower prices; 2) Entry of new players.

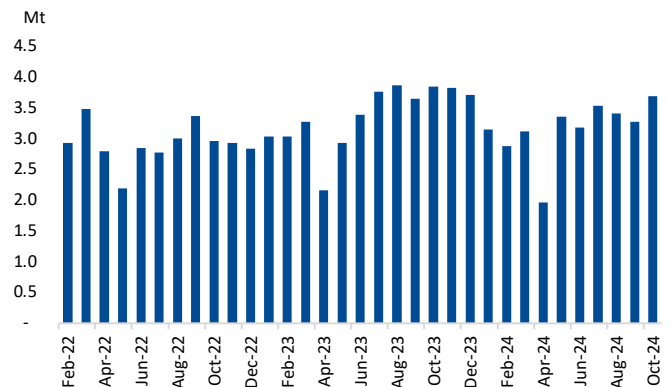
Company	Ticker	Rec	Target Price (Rp)	Market Cap. (RpBn)	P/E (x)		P/BV (x)		ROE (%) 2025F
					2024F	2025F	2024F	2025F	
Indocement	INTP IJ	BUY	8,800	25,400.5	15.8	13.6	1.1	1.1	8.1
Semen Indonesia	SMGR IJ	HOLD	3,900	21,412.8	18.3	13.4	0.5	0.5	3.6

Exhibit 1. INTP Monthly Sales Volumes



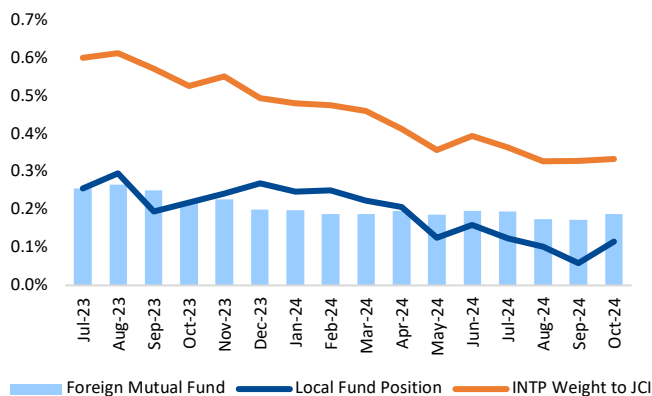
Source: Company

Exhibit 2. SMGR Monthly Sales Volumes



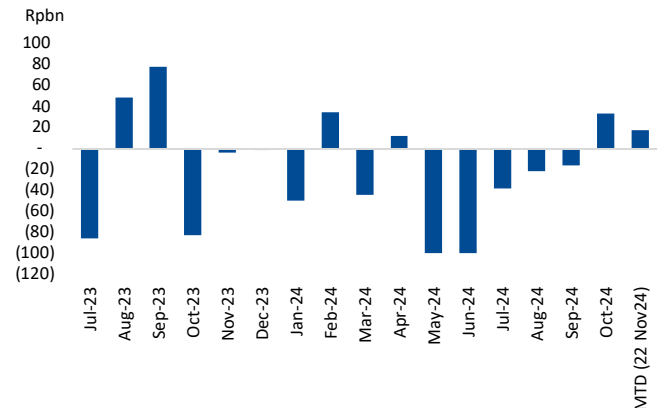
Source: Company

Exhibit 3. INTP Weighting and Fund Position



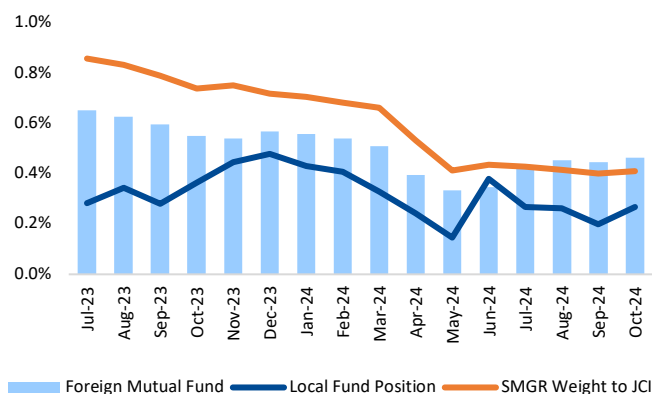
Source: KSEI, BRIDS

Exhibit 4. INTP Historical Foreign Flows (as of 22nd Nov24)



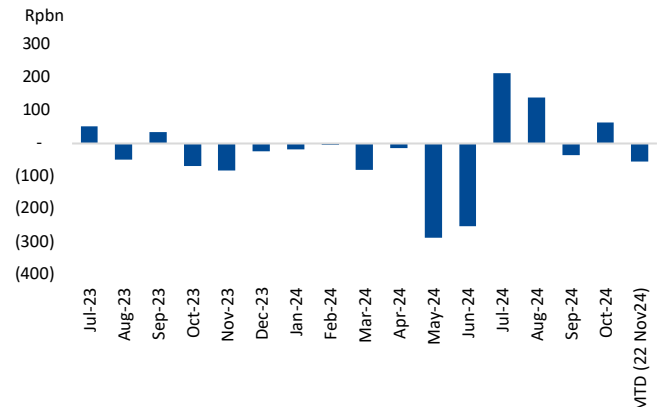
Source: IDX, BRIDS

Exhibit 5. SMGR Weighting and Fund Position



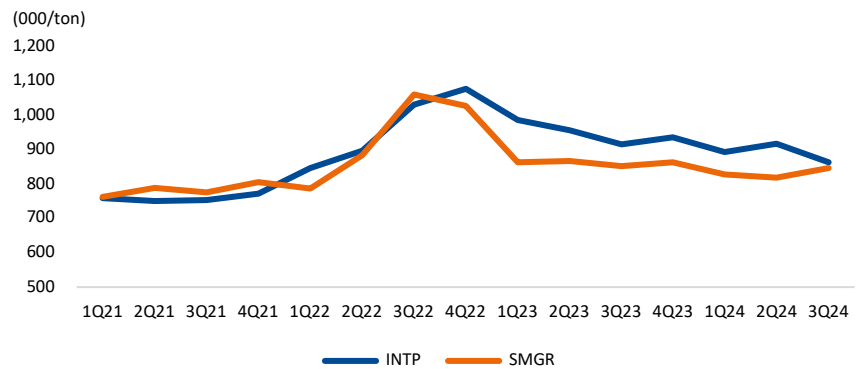
Source: KSEI, BRIDS

Exhibit 6. SMGR Historical Foreign Flows (as of 22nd Nov24)



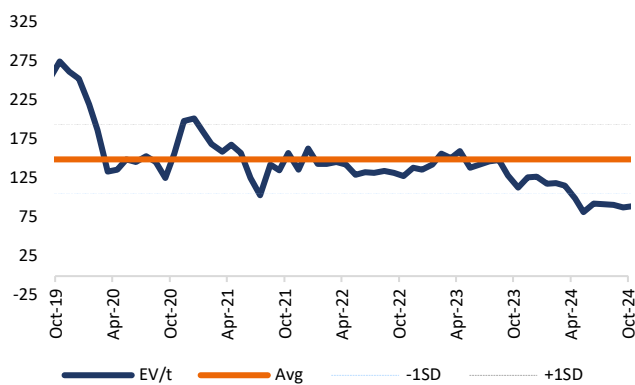
Source: IDX, BRIDS

Exhibit 7. SMGR and INTP Quarterly ASP



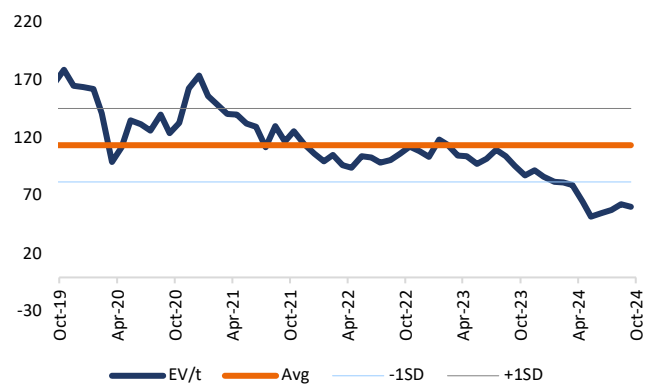
Source: Company

Exhibit 8. INTP EV/t Band



Source: Bloomberg, Company, BRIDS Estimates

Exhibit 9. SMGR EV/t Band



Source: Bloomberg, Company, 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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