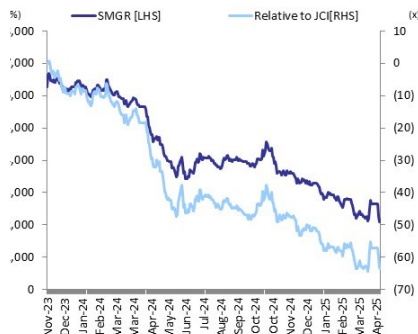


Buy

(Upgraded)

Last Price (Rp)	2,160
Target Price (Rp)	3,400
Previous Target Price (Rp)	3,900
Upside/Downside	+57.4%
No. of Shares (mn)	5,932
Mkt Cap (Rpbn/US\$mn)	12,812/763
Avg, Daily T/O (Rpbn/US\$mn)	43.1/2.6
Free Float (%)	49.0
Major Shareholder (%)	
Government	51.0
EPS Consensus (Rp)	
	2025F 2026F 2027F
BRIDS	208.1 263.6 348.2
Consensus	210.1 251.2 221.7
BRIDS/Cons (%)	(0.9) 4.9 57.0

SMGR relative to JCI Index



Source: Bloomberg

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Semen Indonesia (SMGR)

Trimming Forecasts Post 4Q24 Earnings Miss; Upgrade to Buy on Depressed Valuation

- SMGR reported 4Q24 net profit of almost Rp0, leading to FY24 net profit of Rp720bn (-67% yoy, 62%/59% of ours/cons hence, a miss).
- Due to market share strategy, we expect SMGR vol to grow by 2%/3% in FY25F/FY26F (higher than INTIP), yet we expect ASP to grow by 0.5%.
- We cut our FY25F/FY26F EPS by 23%/23%. Despite this and ASP risk, we upgrade our rating to Buy amid buyback and depressed valuation.

Weak FY24 performance due to operating leverage

SMGR reported net profit of almost Rp0 in 4Q24, leading to FY24 net profit of Rp720bn (-67% yoy, 62%/59% of ours/cons, hence a miss). Revenue was flattish at Rp9.9tr in 4Q24, leading to FY24 revenue of Rp36.2tr (-6% yoy, 100%/98% of ours/cons estimate, in line). Earnings were under pressure due to weak margin: 4Q24 GPM at 19.4% (-250 bps qoq/-560 bps yoy), which led to FY24 GPM at 21.9% (-440 bps yoy). Better 4Q24 ASP (Rp859k/t, or +1% qoq) failed to support GPM, with FY24 ASP at Rp840k/t (-2.5% yoy).

Trimming our estimate further due to expectation of weak ASP

SMGR indicated its aim to increase market share through main and fighting brands, with additional room for fighting brands by another 100-200 bps to 27%-28% of total bag sales. However, due to weak domestic and export markets, we downgrade our vol growth ests. from 2.5%/3.3% to 2%/3% in FY25F/FY26F. Nevertheless, this growth rate is still higher than our INTIP growth expectation (1.5%/2%). Due to market share strategy, we reiterate our ASP growth assumption by 0.5%/0.5% in FY25F/FY26F. We think the cost-saving strategy on fuel and electricity will take a while to support margins, while we see the near-term downside on material and packaging cost due to heightened USD. Thus, we lower our FY25F/ FY26F EBITDA margin assumption by 80/100 bps and net profit estimates by 23%/ 23%. On US tariff, management commented that it could lower profitability of cement export to US by half, although the outcome will depend on final tariff decision and profit-sharing scheme between SMGR-Taiheiyō.

Upgrade rating to Buy post share price correction, with lower TP of Rp3,400

We upgrade our SMGR rating from Hold to **Buy** due to already-depressed valuation, with buyback (~Rp300bn) as catalyst. However, we lower our DCF-based TP by 13% to Rp3,400 to reflect our lower forecast. We reiterate our preference for INTIP over SMGR in the sector. Downside risks: 1) Fighting brand portion increased more than guidance; 2) New capacity addition on industry.

Key Financials

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Revenue (Rpbn)	38,651	36,186	37,372	38,826	40,835
EBITDA (Rpbn)	7,787	5,494	5,890	6,139	6,804
EBITDA Growth (%)	(2.2)	(29.5)	7.2	4.2	10.8
Net Profit (Rpbn)	2,170	720	1,235	1,563	2,066
EPS (Rp)	365.9	121.3	208.1	263.6	348.2
EPS Growth (%)	(8.2)	(66.8)	71.5	26.6	32.1
BVPS (Rp)	7,293.5	7,379.5	7,490.5	7,670.9	7,913.7
DPS (Rp)	279.1	96.4	97.1	83.3	105.4
PER (x)	8.8	26.5	15.5	12.2	9.2
PBV (x)	0.4	0.4	0.4	0.4	0.4
Dividen yield (%)	8.7	3.0	3.0	2.6	3.3
EV/EBITDA	3.6	4.8	3.9	3.2	2.2

Source: SMGR, BRIDS Estimates

Exhibit 1. SMGR's 4Q24/FY24 Earnings Result

SMGR FY24 Results

Profit & Loss, Rpbn

(Rpbn)	4Q23	3Q24	4Q24	QoQ, %	YoY, %	12M23	12M24	YoY, %	FY24 (BRIDS)	A/F, %	FY24 (Cons)	A/F, %
Revenue	10,991	9,884	9,891	0.1	(10.0)	38,651	36,186	(6.4)	36,159	100	36,977	98
Gross profit	2,737	2,159	1,914	(11.3)	(30.1)	10,177	7,931	(22.1)	8,414	94	8,639	92
Operating income	947	632	453	(28.3)	(52.2)	4,312	2,335	(45.9)	2,653	88	2,796	84
EBITDA	1,882	1,318	775	(41.2)	(58.8)	7,596	4,988	(34.3)	5,752	87	6,048	82
Net income	457	218	(0)	(100.0)	(100.0)	2,171	720	(66.8)	1,170	62	1,230	59
Margins, %												
Gross margin	24.9	21.8	19.4	(2.5)	(5.6)	26.3	21.9	(4.4)	23.3		23.4	
Operating margin	8.6	6.4	4.6	(1.8)	(4.0)	11.2	6.5	(4.7)	7.3		7.6	
EBITDA margin	17.1	13.3	7.8	(5.5)	(9.3)	19.7	13.8	(5.9)	15.9		16.4	
Net margin	4.2	2.2	(0.0)	(2.2)	(4.2)	5.6	2.0	(3.6)	3.2		3.3	

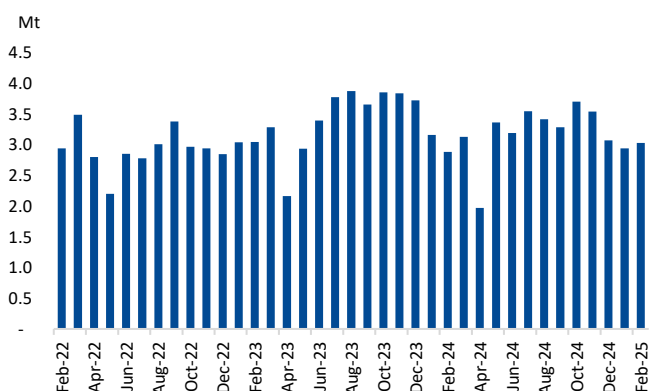
Source: Company, BRIDS Estimates

Exhibit 2. SMGR Earnings Estimate Revision

Rpbn	Prev		New		Changes (%)		Consensus		Ours vs Cons	
	FY25F	FY26F	FY25F	FY26F	FY25F	FY26F	FY25F	FY26F	FY25F	FY26F
Revenue	37,287	38,766	37,372	38,826	0%	0%	37,801	38,963	-1%	0%
Gross profit	8,802	9,263	8,175	8,478	-7%	-8%	8,804	9,176	-7%	-8%
Operating profit	2,981	3,254	2,517	2,715	-16%	-17%	2,828	3,017	-11%	-10%
EBITDA	6,135	6,462	5,851	6,099	-5%	-6%	6,103	6,326	-4%	-4%
Net profit	1,603	2,038	1,235	1,563	-23%	-23%	1,377	1,616	-10%	-3%
Gross Margin	23.6%	23.9%	21.9%	21.8%			23.3%	23.6%		
Operating Margin	8.0%	8.4%	6.7%	7.0%			7.5%	7.7%		
EBITDA Margin	16.5%	16.7%	15.7%	15.7%			16.1%	16.2%		

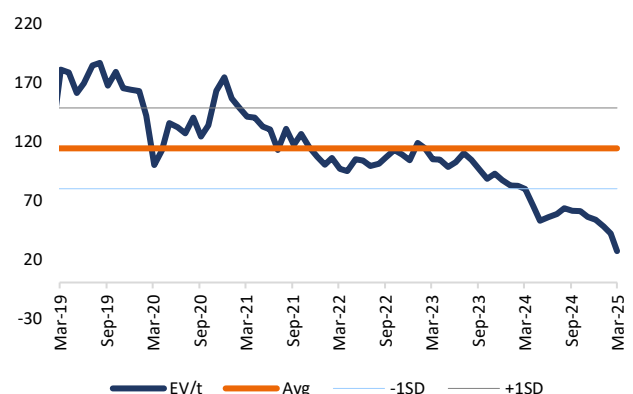
Source: Company, BRIDS Estimates

Exhibit 3. SMGR Monthly Sales Volume



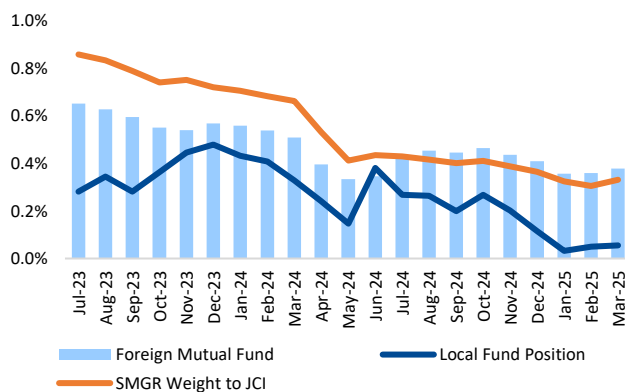
Source: Company, BRIDS Estimates

Exhibit 4. SMGR EV/t Band



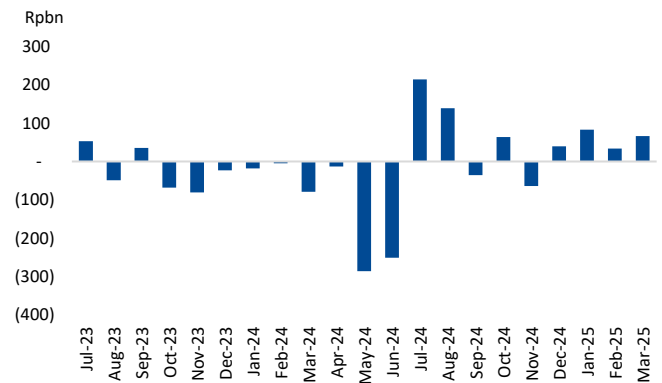
Source: Company, BRIDS Estimates

Exhibit 5. SMGR Weighting and Fund Position



Source: KSEI, BRIDS

Exhibit 6. SMGR Historical Foreign Flows (as Mar25)



Source: IDX, BRIDS

Exhibit 7. SMGR Valuation Summary

	2024	2025	2026	2027	2028	2029
	0	0	1	2	3	4
EBIT * (1-tax)	1,751	1,888	2,036	2,497	3,149	3,836
Depreciation	3,287	3,333	3,384	3,435	3,486	3,536
Change in working capital	158	(399)	(305)	(425)	(329)	(359)
Capex	1,888	2,000	2,000	2,000	2,000	2,000
Minority interest	52	52	52	52	52	52
FCFF	3,256	2,770	3,063	3,455	4,254	4,961
Discount factor	1.00	1.00	1.17	1.36	1.59	1.86
Present value of FCFF	3,256	2,770	2,624	2,535	2,674	2,671
Terminal value		20,539	22,710	25,619	31,542	36,786
PV of terminal value		20,539	19,453	18,797	19,823	19,802

NPV	IDR Bn	26,726
Net debt (as of end 2025)	IDR Bn	4,059
Equity value	IDR Bn	22,667
Outstanding share	Bn sh	6.75
Equity value per share	IDR/sh	3,358
Target price	IDR/sh	3,400

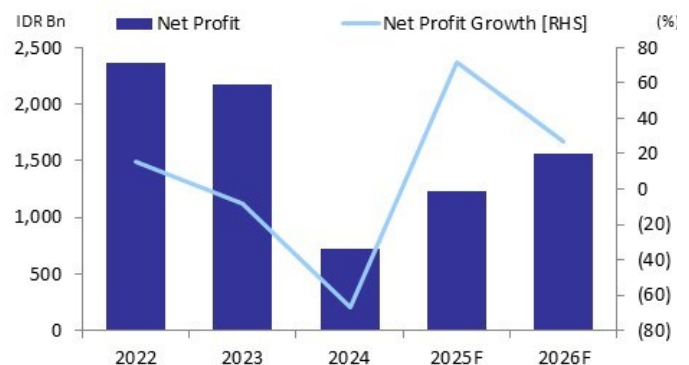
Source: BRIDS Estimates

Exhibit 8. Revenue and Growth



Source: Company, BRIDS Estimates

Exhibit 9. Net Profit and Growth



Source: Company, BRIDS Estimates

Exhibit 10. Margins



Source: Company, BRIDS Estimates

Exhibit 11. Gearing Level



Source: Company, BRIDS Estimates

Exhibit 12. Income Statement

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
Revenue	38,651	36,186	37,372	38,826	40,835
COGS	(28,474)	(28,255)	(29,197)	(30,348)	(31,598)
Gross profit	10,177	7,931	8,175	8,478	9,236
EBITDA	7,787	5,494	5,890	6,139	6,804
Oper. profit	4,504	2,207	2,557	2,755	3,370
Interest income	207	260	260	260	260
Interest expense	(1,390)	(1,204)	(1,112)	(876)	(830)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	(17)	(12)	(12)	(13)	(14)
Other Income (Expenses)	0	0	0	0	0
Pre-tax profit	3,304	1,251	1,693	2,126	2,786
Income tax	(1,008)	(480)	(406)	(510)	(669)
Minority interest	(125)	(52)	(52)	(52)	(52)
Net profit	2,170	720	1,235	1,563	2,066
Core Net Profit	2,170	720	1,235	1,563	2,066

Exhibit 13. Balance Sheet

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
Cash & cash equivalent	6,940	3,659	6,525	9,595	13,179
Receivables	6,269	5,771	6,377	6,707	7,138
Inventory	5,134	5,193	5,335	5,546	5,774
Other Curr. Asset	1,381	1,530	1,760	2,024	2,327
Fixed assets - Net	56,771	55,498	53,533	51,518	49,452
Other non-curr.asset	5,267	5,271	5,271	5,271	5,271
Total asset	81,821	76,993	78,879	80,746	83,236
ST Debt	1,831	1,868	1,868	1,868	1,868
Payables	8,462	8,128	8,574	8,934	9,325
Other Curr. Liabilities	2,456	2,659	2,792	2,932	3,078
Long Term Debt	13,987	8,998	8,716	8,002	7,413
Other LT. Liabilities	7,283	7,033	7,737	8,510	9,361
Total Liabilities	34,020	28,686	29,687	30,246	31,045
Shareholder's Funds	43,261	43,772	44,430	45,500	46,940
Minority interests	4,539	4,536	4,762	5,001	5,251
Total Equity & Liabilities	81,821	76,993	78,879	80,746	83,236

Exhibit 14. Cash Flow

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
Net income	2,170	720	1,235	1,563	2,066
Depreciation and Amort.	3,284	3,287	3,333	3,384	3,435
Change in Working Capital	(840)	158	(399)	(305)	(425)
Other Oper. Cash Flow	1,400	692	1,782	1,628	1,671
Operating Cash Flow	6,014	4,857	5,951	6,270	6,746
Capex	(2,249)	(2,014)	(1,369)	(1,369)	(1,369)
Others Inv. Cash Flow	1,198	243	253	252	251
Investing Cash Flow	(1,050)	(1,771)	(1,116)	(1,117)	(1,117)
Net change in debt	(917)	(8,054)	(563)	(1,428)	(1,179)
New Capital	0	0	0	0	0
Dividend payment	(1,655)	(572)	(576)	(494)	(625)
Other Fin. Cash Flow	(1,392)	(842)	(1,112)	(876)	(830)
Financing Cash Flow	(3,964)	(9,468)	(2,251)	(2,798)	(2,634)
Net Change in Cash	999	(6,383)	2,584	2,356	2,995
Cash - begin of the year	6,007	6,940	3,659	6,525	9,595
Cash - end of the year	6,940	3,659	6,525	9,595	13,179

Exhibit 15. Key Ratio

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Growth (%)					
Sales	6.2	(6.4)	3.3	3.9	5.2
EBITDA	(2.2)	(29.5)	7.2	4.2	10.8
Operating profit	(2.6)	(51.0)	15.9	7.7	22.3
Net profit	(8.2)	(66.8)	71.5	26.6	32.1
Profitability (%)					
Gross margin	26.3	21.9	21.9	21.8	22.6
EBITDA margin	20.1	15.2	15.8	15.8	16.7
Operating margin	11.7	6.1	6.8	7.1	8.3
Net margin	5.6	2.0	3.3	4.0	5.1
ROAA	2.6	0.9	1.6	2.0	2.5
ROAE	5.0	1.7	2.8	3.5	4.5
Leverage					
Net Gearing (x)	0.2	0.1	0.1	0.0	(0.1)
Interest Coverage (x)	3.2	1.8	2.3	3.1	4.1

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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