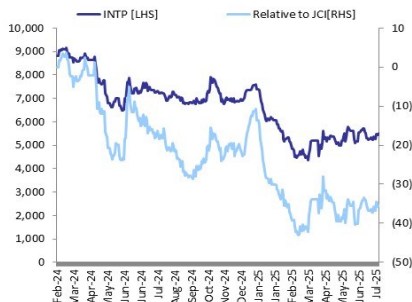


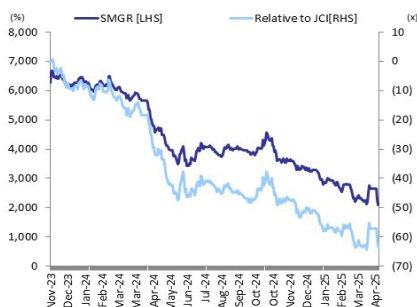
# Neutral

(Re-Initiated)

## INTP relative to JCI Index



## SMGR relative to JCI Index



Source: Bloomberg

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# Cement

## Lack of Long-Term Catalysts Despite 2H25

## Potential Recovery; Reinitiate with Neutral

- 1H25 overall volume to remain subdued at -1%yoy; 2H25 potentially recover (~+1%yoy), mainly driven by gov't spending acceleration.
- Cost-efficiency remains a key competitive edge, especially amid a price-sensitive market and relatively benign input prices.
- We are Neutral on the sector, as LT catalysts for solving the oversupply problem have yet to be seen. INTP remains our Top Pick.

### Jun25 Volume to Remain Subdued (-1% yoy); Expect Slight Recovery in 2H

We expect 1H25 volume growth to remain subdued at -0.9% yoy, in line with the 5M25 print of -0.9% yoy and our discussions with cement players which suggest that Jun25 performance will most likely be flattish or decline by a single digit versus May25. The overall 1H25 decline reflects a double-whammy from weak consumer and lower gov't expenditures. Our analysis shows similar budget disbursement slowdowns in the first year post-election, followed by catch-up spending in the following year (**Exhibit 1**). A repeat of this could uplift bulk cement demand in 2H25, although the impact may be muted this time due to budget focus reallocations towards food security and less clarity around the 3mn housing program. That said, the uptick in gov't spending in 2H (**Exhibit 2**), which aligned with cement volume seasonality (**Exhibit 3**) and higher working days in 2H25 (128days vs. 109days in 1H25), could still support 2H25 volume growth. We forecast FY25/26F volume growth at 0.1/1.5% yoy, implying a 2H25 improvement at +0.9% yoy vs. 1H25 at -0.9% yoy. On the pricing front, we believe ASP downside is limited at this stage, as price cuts could pose risks to margin (**Exhibit 5**). We estimate FY25/26F ASP growth at -1.7/+1.5% yoy.

### Cost-Efficiency Remains a Key Edge Amid a Price-Sensitive Market

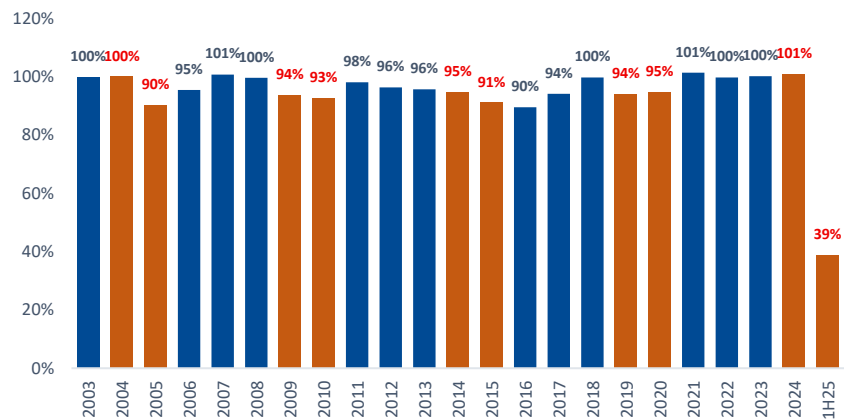
While 2H25 may see a modest volume improvement, we believe cost-efficiency will remain the key differentiator for cement players over the next 2–3 years, as top-line growth continues to face pressure from weak macro conditions and diminishing brand relevance in an increasingly price-sensitive market. An efficient distribution is critical to maintain market share, while alternative fuel usage could provide cost advantages by reducing coal dependency to fuel and power cost per ton, potentially enhancing operating leverage amid the relatively benign coal prices and USD/IDR. (we estimate +10-15/20 bps impact on GPM for every 1% movement in coal price/USD) (**Exhibit 7**).

### Valuation Discount Likely to Persist, Favor INTP on Execution

Despite attractive valuations (**Exhibit 13**), we see limited re-rating potential as oversupply concerns remain an overhang. We maintain a Neutral rating and favour companies with stronger margin discipline and better ROIC/WACC, reflecting better capital deployment amid the unattractive growth outlook. We prefer INTP over SMGR given its: 1) Better visibility on positive operating leverage from its higher alternative fuel adoption (**Exhibit 10**) 2) Better ROIC/WACC (**Exhibit 15**) 3) Fewer distribution issues vs. SMGR. Key downside risks: ODOL policy implementation (**Exhibit 16**), weaker macro and gov't spending, higher rainfall reducing workable construction days (**Exhibit 17**), rising coal prices, industry players capacity addition. Upside risks: sustainable volume recovery post 2H25.

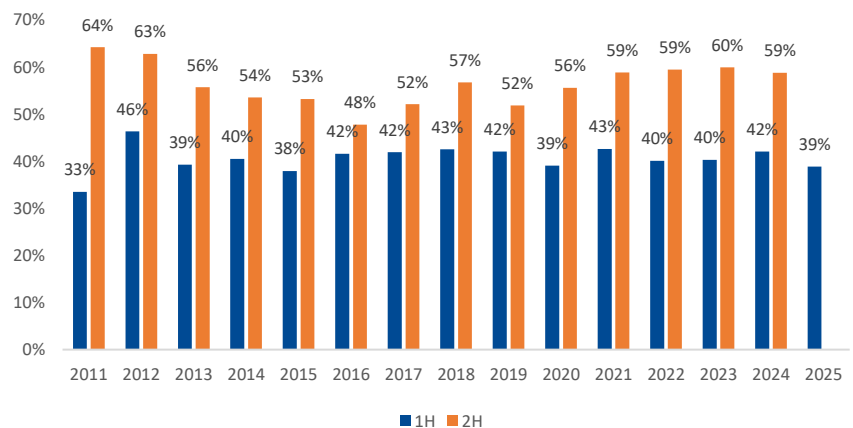
Company	Ticker	Rec	Target Price (Rp)	Market Cap. (Rp bn)	P/E (x)		P/BV (x)		ROE (%) 2026F
					2025F	2026F	2025F	2026F	
Indocement	INTP IJ	BUY	6,200	17,907.3	11.5	10.8	0.8	0.8	7.1
Semen Indonesia	SMGR IJ	HOLD	2,700	17,620.1	31.7	26.1	0.4	0.4	1.5

**Exhibit 1. Gov't Expenditures Realization (% to Budget): Post-Election Period Shows Tendency to Slowdown**



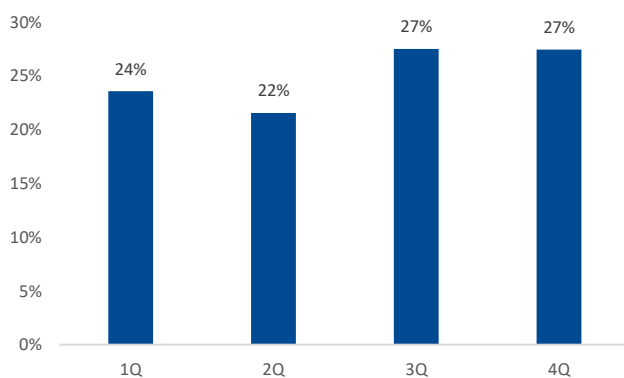
Source: Bank Indonesia, BRIDS

**Exhibit 2. 2H Seasonal Uptick in Budget Realization (%to FY Actual Expenditures)**



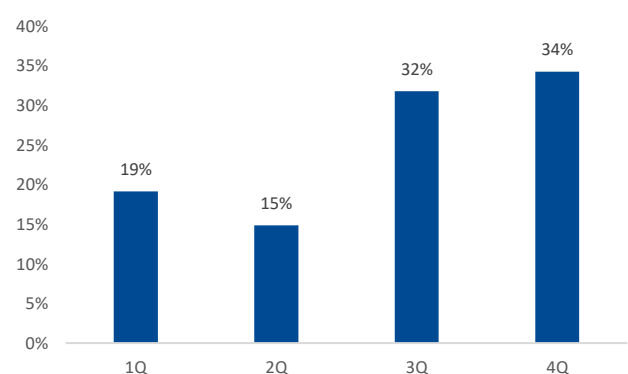
Source: MoF, BRIDS Economic Research

**Exhibit 3. Seasonality of Cement Sales Volume (Average of Quarterly Contribution to FY, FY19-FY24)**



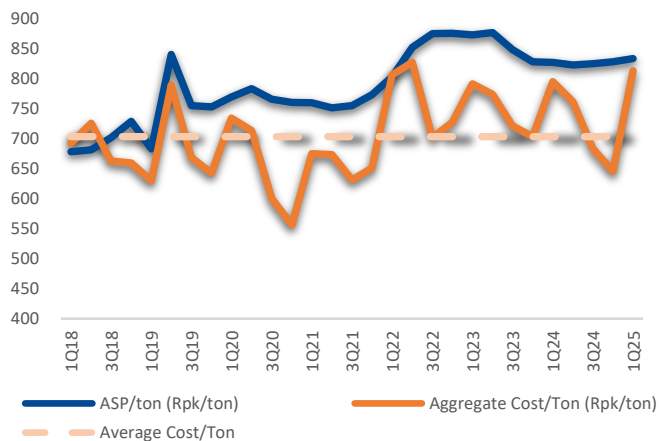
Source: Company, BRIDS

**Exhibit 4. Seasonality of Cement Players' Net Profit (Average of Quarterly Contribution to FY, FY19-FY24)**



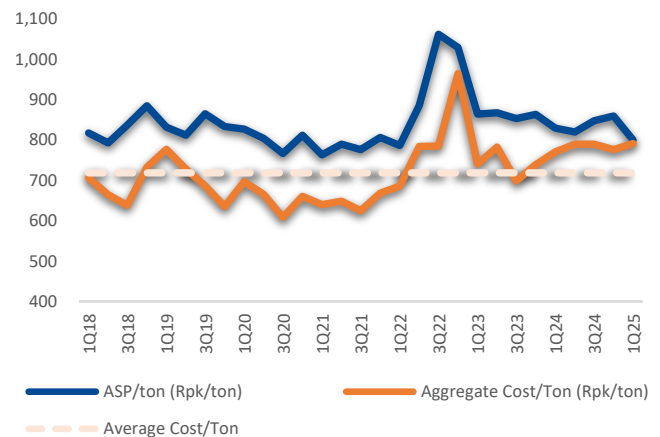
Source: Company, BRIDS

Exhibit 5. INTP's ASP vs. Cost per Ton Development



Source: Company, BRIDS. Aggregate Costs component includes: Manufacturing Costs, Packing Costs, Delivery Costs.

Exhibit 6. SMGR's ASP vs. Cost per Ton Development



Source: Company, BRIDS. Aggregate Costs component includes: Manufacturing Costs, Packing Costs, Delivery Costs.

Exhibit 7. Coal Price and USD/IDR Sensitivity Analysis to Cement Players' Gross Profit Margin

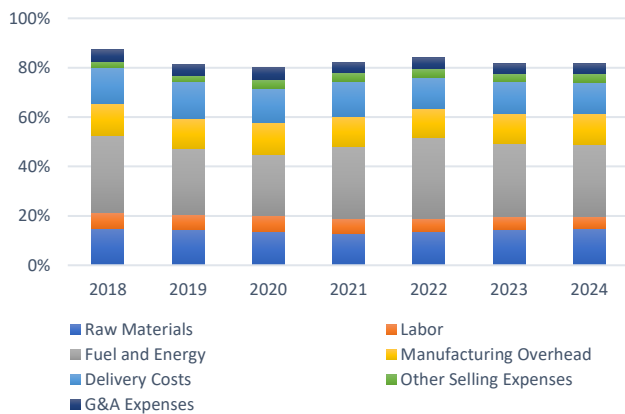
SMGR					INTP				
Δ ICI4	ICI 4 (USD/t)	GPM	2025F Δ GPM		Δ ICI4	ICI 4 (USD/t)	GPM	2025F Δ GPM	
-2%	44.1	20.8%	0.3%		-2%	44.1	33.3%	0.3%	
-1%	44.6	20.7%	0.2%		-1%	44.6	33.1%	0.1%	
0%	45.0	20.5%	0.0%		0%	45.0	33.0%	0.0%	
1%	45.5	20.4%	-0.2%		1%	45.5	32.8%	-0.1%	
2%	45.9	20.2%	-0.3%		2%	45.9	32.7%	-0.3%	

SMGR					INTP				
Δ USD/IDR	USD/IDR	GPM	2025F Δ GPM		Δ USD/IDR	USD/IDR	GPM	2025F Δ GPM	
-2%	15,959	21.0%	0.4%		-2%	15,959	33.4%	0.4%	
-1%	16,122	20.8%	0.2%		-1%	16,122	33.2%	0.2%	
0%	16,285	20.5%	0.0%		0%	16,285	33.0%	0.0%	
1%	16,448	20.3%	-0.2%		1%	16,448	32.8%	-0.2%	
2%	16,611	20.1%	-0.4%		2%	16,611	32.6%	-0.4%	

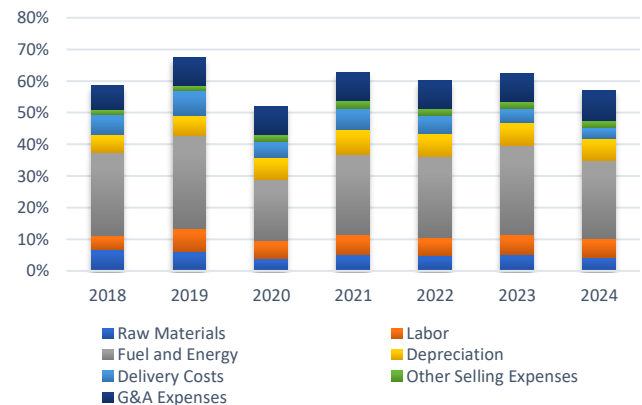
Source: BRIDS Estimates

Exhibit 8. INTP's Cost Structure Evolution



Source: Company, BRIDS

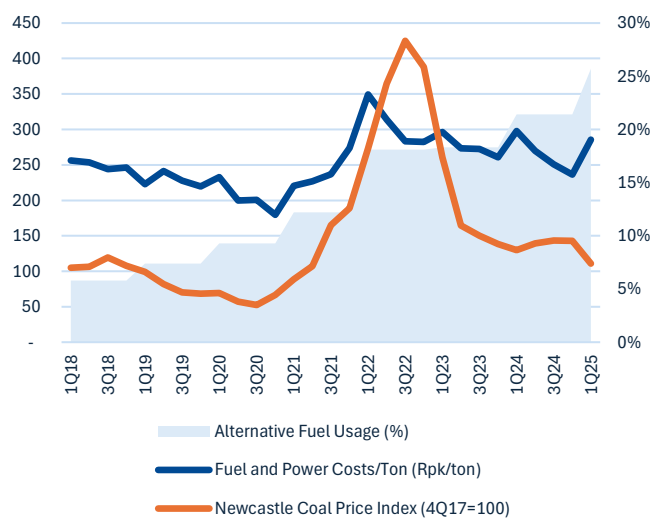
Exhibit 9. SMGR's Cost Structure Evolution



Source: Company, BRIDS

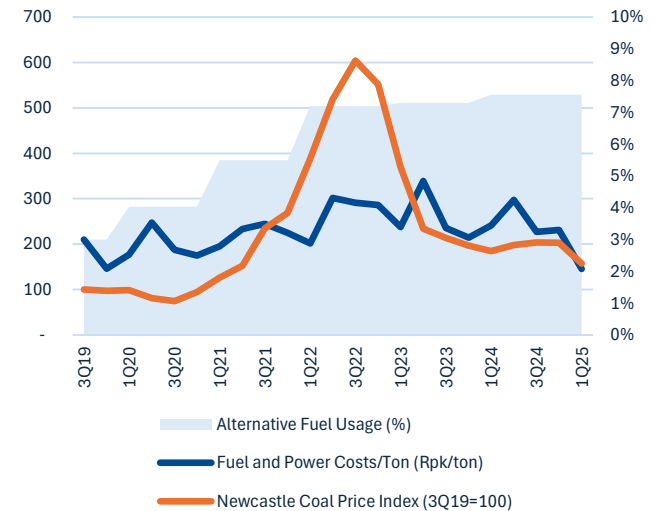
The increase in alternative fuel usage could help to further decouple the power cost/ton with movement of global coal price, despite current usage still not fully translated into cement players' profitability margin due to <30% contribution. INTP leads with ~25% alternative fuel usage and aiming to reach 42% by 2030.

Exhibit 10. Power Cost vs. Alternative Fuel Usage (INTP)



Source: Company, BRIDS

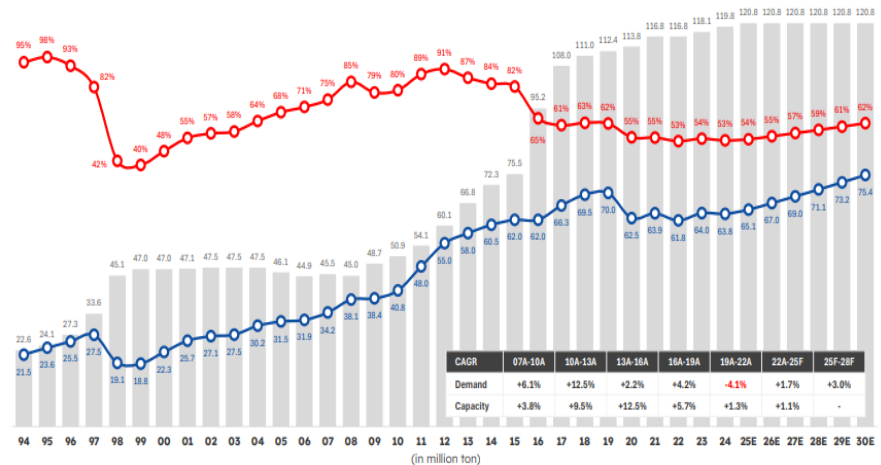
Exhibit 11. Power Cost vs. Alternative Fuel Usage (SMGR)



Source: Company, BRIDS

Underutilization remains key concerns, hindering cement players' re-rate despite trading at a historically low EV/ton, reflecting the unattractiveness or slow growth outlook ahead.

Exhibit 12. Underutilization of Cement Industry

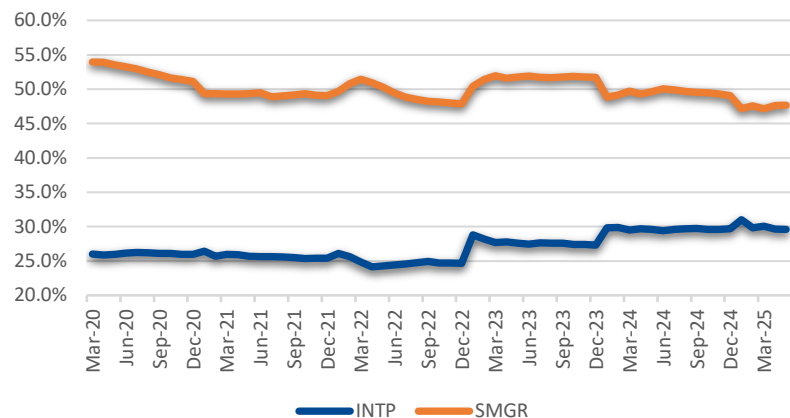


Source: INTP, Ministry of Industry

Exhibit 13. Cement Players EV/ton Band (US\$/ton)



Source: Company, Bloomberg, BRIDS

**Exhibit 14. Market Share Development: SMGR's Impacted Market Share due to Distribution Issues**


Source: Company, BRIDS

**Exhibit 15. Peers Comparison**

Ticker	Company Name	Mkt. Cap (USDmn)	P/E (x)		P/BV (x)		Dividend Yield (%)		EPS Growth (%)		ROIC/WACC (x)	EV/ton (USD/ton)
			2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F		
INTP IJ	Indocement Tunggal Prakarsa	1,151.4	12.0	11.2	0.8	0.8	3.6	3.8	(22.6)	7.0	0.5	28.0
SMGR IJ	Semen Indonesia Persero Tbk P	1,165.6	34.0	28.0	0.4	0.4	2.5	3.0	(0.2)	0.2	0.2	28.6
<b>ASEAN Cement</b>												
LMC MK	Malayan Cement Bhd	1,590.6	12.4	12.3	1.0	0.9	2.6	2.6	42.7	0.6	0.8	94
SCC TB	Siam Cement PCL/The	6,297.6	25.2	16.1	0.6	0.6	2.6	3.3	43.0	56.1	(0.1)	n.a
SCCC TB	Siam City Cement PCL	1,348.9	10.8	10.0	1.2	1.2	7.0	7.2	(16.2)	7.3	1.5	83
<b>China Cement</b>												
000877 CH	TianShan Material Co Ltd	4,757.4	15.5	12.8	0.4	0.4	n.a	n.a	(526.2)	21.0	0.2	46
1313 HK	China Resources Building	1,592.3	9.5	8.3	0.3	0.3	6.2	7.5	492.8	14.8	0.1	72
600585 CH	Anhui Conch Cement Co Ltd	15,967.1	10.9	10.1	0.6	0.6	4.8	5.1	37.0	7.8	0.3	35
<b>Taiwan Cement</b>												
1101 TT	TCC Group Holdings Co Ltd	6,460.3	17.1	15.4	0.8	0.8	4.3	4.9	12.2	12.1	0.5	163
1102 TT	Asia Cement Corp	5,158.8	13.5	12.3	0.8	0.8	5.0	4.7	(8.6)	9.6	0.3	154
<b>Japan Cement</b>												
5233 JT	Taiheiyo Cement Corp	2,948.5	7.0	6.4	0.7	0.6	2.2	2.6	50.2	8.8	0.9	115
5232 JT	Sumitomo Osaka Cement Co Ltd	852.9	13.9	8.5	0.6	0.6	3.2	3.2	(35.6)	62.0	0.4	61

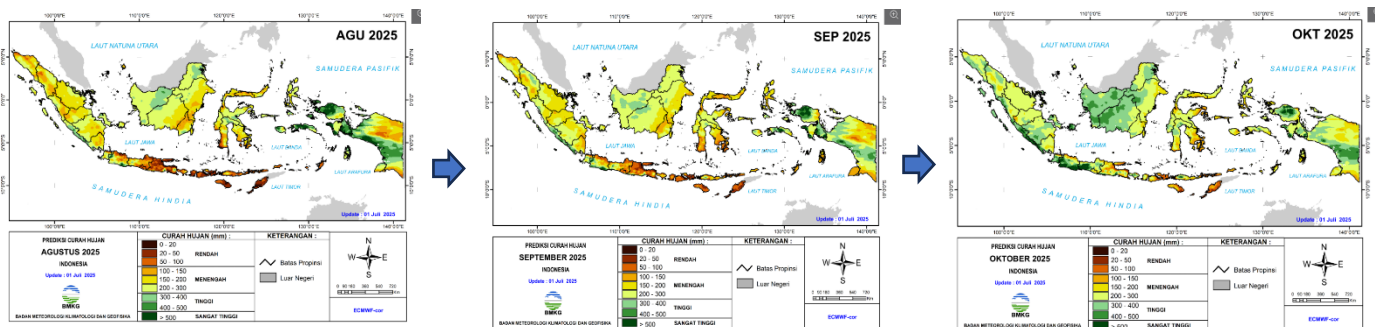
Source: Company, Bloomberg, BRIDS

**Exhibit 16. ODOL Policy Development**

Year	Description
2009	Law No. 22 of 2009 concerning Road Traffic and Transportation.
↓	
2012	Government Regulation No. 55 of 2012, which regulates load limits and vehicle dimensions.
↓	
2019	Minister of Transportation Regulation No. 60 of 2019 concerning procedures for determining the types and functions of vehicles.
↓	
2025	The government had planned to implement the Zero ODOL policy effectively in 2023, but it was postponed due to strong resistance from the industrial and logistics sectors, pushing the target to 2025.
↓	
2025	Currently, the government is revisiting the plan to enforce the Zero ODOL policy starting in 2026; however, the roadmap and regulations are still under discussion.

Source: Various

**Exhibit 17. BMKG Rainfall Forecast: Higher Intensity Expected in 4Q**



Source: BMKG

**Exhibit 18. Major Gov't Infra Project 2025**

Project	Area
PLTM Bendungan Way Sekampung	Lampung
PLTM Bendungan Tapin	South Kalimantan
PLTM Bendungan Leuwikeris	West Java
PLTM Bendungan Cipanas	West Java
PLTM Bendungan Karalloe	South Sulawesi
Tol Gilimanuk-Mengwi	Bali
Tol Pejagan - Cilacap	Central Java
Tol Sentul Selatan - Karawang Barat	West Java
TPA Sampah Terpadu Managgar	East Kalimantan
Giant Sea Wall	DKI Jakarta, West Java, East Java, Banten and Central Java
Bendungan Way Apu	Maluku
Bendungan Jragung	Central Java
Bendungan Mbay	East Nusa Tenggara
Bendungan Bulango Ulu	Gorontalo
Pelabuhan Patimban	West Java
Jakarta Metropolitan MRT	DKI Jakarta
Tol Serang - Panimbang	Banten
Tol Probolinggo - Banyuwangi	East Java

Source: DPR RI, Various

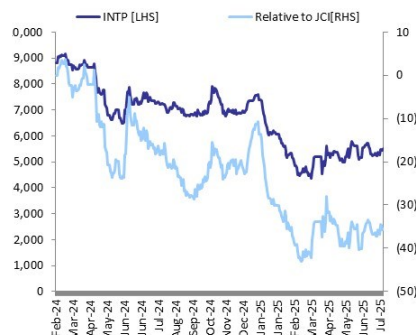


# Buy

(Re-Initiated)

Last Price (Rp)	5,500
Target Price (Rp)	6,200
Previous Target Price (Rp)	8,500
Upside/Downside	+12.7%
No. of Shares (mn)	3,395
Mkt Cap (Rpbn/US\$mn)	18,671/1,152
Avg, Daily T/O (Rpbn/US\$mn)	17.7/1.1
Free Float (%)	40.0
Major Shareholder (%)	
Heidelberg Materials AG	56.0
EPS Consensus (Rp)	
	2025F 2026F 2027F
BRIDS	457.6 489.4 524.9
Consensus	545.9 575.9 640.9
BRIDS/Cons (%)	(16.2) (15.0) (18.1)

## INTP relative to JCI Index



Source: Bloomberg

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# Indocement Tunggal Prakarsa (INTP II) Better Return Profile Amid Unattractive Industry Growth Outlook; Re-Initiate with Buy Rating

- We expect a modest 1H25 volume, translating to downside risk in 1H25 consensus EPS. Cost-efficiency could be an upside risk.
- INTP's alternative fuel usage could provide future positive operating leverage, while its ROIC/WACC profile is better than peers.
- Maintain Buy with a lower DCF-based TP of Rp6,200. INTP remains our Top Pick in the sector.

## 2Q25 Performance to Remain Relatively Muted

We expect relatively modest 2Q25 top-line growth for INTP (+~2%yoy), given the persistently weak cement sales volume throughout 5M25. Our latest discussion with the company indicates a flattish or slightly declining Jun25 volume compared to May25, implying potential overall 2Q25/1H25 volume growth of +2/-2%yoy. Assuming flattish ASP and cost structure qoq, we estimate 1H25 results (**exh.1**) to reach 23% of consensus FY25F net profit forecast. Considering INTP's historical earnings seasonality (**exh.3**), which skews toward 2H (1H typically forms ~35% of FY earnings), we estimate the 1H25 performance implies potential FY25 net profit of Rp1.3–1.5tr — suggesting a possible 20–25% downgrade from consensus following 2Q25 results. Incorporating the historical trend and 1H25 volumes estimate, we trimmed our FY25F/26F net profit forecasts by 29% to Rp1.5/Rp1.6tr. Upside risks to the results may come from INTP's cost efficiency.

## Better Return Profile with Room for Upside in Operating Leverage

Despite the industry headwinds of underutilization and weak volume growth due to weak consumer and gov't spending, we see INTP's cost-efficiency effort through higher alternative fuel usage could further offer efficiency to overall power cost (**exh.9**). This should potentially provide positive operating leverage, given total power/coal cost constitutes ~33%/17-21% to revenue. INTP's profitability profile also appears relatively better compared to SMGR, as measured through ROIC/WACC, signaling a better balance sheet deployment amid the unattractive volume growth outlook.

## Maintain Buy with a Lower TP of Rp6,200

We maintain our Buy rating on INTP yet lower our DCF-based TP to Rp6,200. The stock currently trades at a historically low EV/ton valuation (**exh.7**), largely reflecting the unattractive growth outlook (Volume FY25F/26F at -2/+2%yoy and ASP FY25F/26F at -3/+3%) but is overlooking its potential future operating leverage. Post-2Q25 results shall be a safer entry window for the stock to avoid the downside risks of lower ASP or elevated operating costs, which may cause further downgrade in EPS consensus numbers.

## Key Financials

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Revenue (Rpbn)	17,950	18,549	17,818	18,386	18,974
EBITDA (Rpbn)	3,595	3,879	3,399	3,588	3,725
EBITDA Growth (%)	18.4	7.9	(12.4)	5.5	3.8
Net Profit (Rpbn)	1,950	2,008	1,553	1,661	1,782
EPS (Rp)	568.4	591.5	457.6	489.4	524.9
EPS Growth (%)	7.4	4.1	(22.6)	7.0	7.3
BVPS (Rp)	6,111.6	6,514.3	6,716.3	7,008.0	7,321.4
DPS (Rp)	159.9	90.9	255.6	197.7	211.5
PER (x)	9.3	8.9	11.5	10.8	10.0
PBV (x)	0.9	0.8	0.8	0.8	0.7
Dividen yield (%)	3.0	1.7	4.8	3.7	4.0
EV/EBITDA	4.9	4.1	4.2	3.6	3.0

Source: INTP, BRIDS Estimates

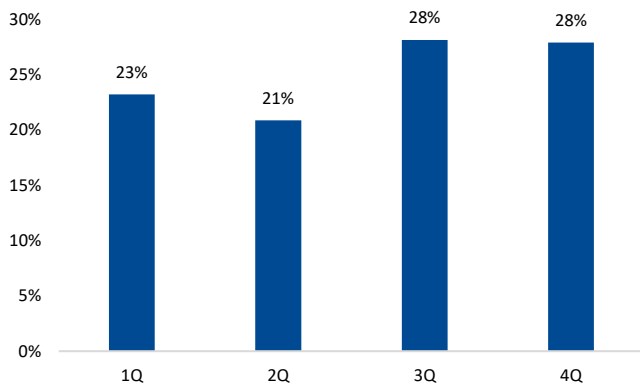


### Exhibit 1. 2Q25 Results Estimates

INTP (in Rpbn, unless stated)	2Q24	1Q25	2Q25F	qoq, %	yoy, %	6M24	6M25F	yoy, %	FY25F BRIDS	FY25F Cons.	A/BRIDS,%	A/Cons.,%
Revenue	4,042	3,976	4,121	3.7	2.0	8,125	8,097	(0.3)	17,818	18,879	45.4	42.9
COGS	(2,924)	(2,856)	(2,960)	3.7	1.2	(5,826)	(5,816)	(0.2)	(12,147)	(12,668)	47.9	45.9
Gross Profit	1,118	1,120	1,161	3.7	3.8	2,298	2,280	(0.8)	5,671	6,211	40.2	36.7
Opex	(858)	(847)	(878)	3.7	2.3	(1,735)	(1,726)	(0.5)	(3,860)	(3,875)	44.7	44.5
Operating Profit	260	272	282	3.7	8.7	563	555	(1.6)	1,810	2,336	30.6	23.7
Pretax Profit	251	272	304	11.8	21.2	555	575	3.6	2,004	2,419	28.7	23.8
Net Profit	197	211	236	11.8	19.7	435	446	2.6	1,553	1,920	28.7	23.2
Gross margin (%)	27.7	28.2	28.2	-	0.5	56.3	57.4	1.1	31.8	32.9		
Opex to revenue (%)	21.2	21.3	21.3	-	0.1	42.5	43.4	0.9	21.7	20.5		
Operating margin (%)	6.4	6.9	6.9	-	0.4	13.8	14.0	0.2	10.2	12.4		
Pretax margin (%)	6.2	6.8	7.4	0.5	1.2	13.6	14.5	0.9	11.2	12.8		
Net margin (%)	4.9	5.3	5.7	0.4	0.8	10.6	11.2	0.6	8.7	10.2		

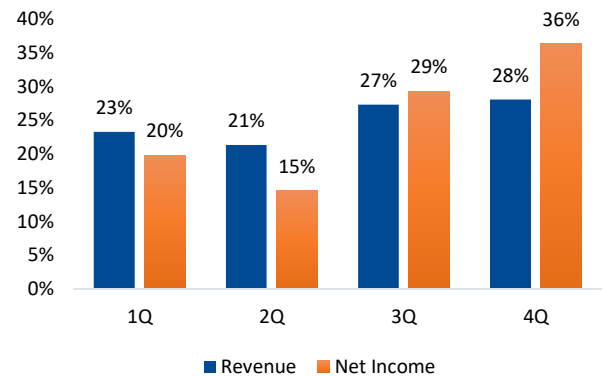
Source: BRIDS Estimates

### Exhibit 2. Seasonality of INTP Sales Volume (Average of Quarterly Contribution to FY, FY19-FY24)



Source: Company, BRIDS

### Exhibit 3. Seasonality of INTP' Revenue/Net Profit (Average of Quarterly Contribution to FY, FY19-FY24)



Source: Company, BRIDS

### Exhibit 4. Forecast Changes Summary

Financials, Rpbn	2025F			2026F			2027F		
	Prev	New	% changes	Prev	New	% changes	Prev	New	% changes
Revenue	19,099	17,818	-7%	19,798	18,386	-7%	20,799	18,974	-9%
Gross Profit	6,483	5,671	-13%	6,794	5,730	-16%	7,156	5,963	-17%
Operating Profit	2,707	1,810	-33%	2,905	1,956	-33%	3,141	2,049	-35%
Net Profit	2,176	1,553	-29%	2,341	1,661	-29%	2,539	1,782	-30%

Margin	2025F			2026F			2027F		
	Prev	New	% changes	Prev	New	% changes	Prev	New	% changes
Gross Profit	34%	32%	-2%	34%	31%	-3%	34%	31%	-3%
Operating Profit	14%	10%	-4%	15%	11%	-4%	15%	11%	-4%
Net Profit	11%	9%	-3%	12%	9%	-3%	12%	9%	-3%

Growth, % yoy	2025F			2026F			2027F		
	Prev	New	% changes	Prev	New	% changes	Prev	New	% changes
Revenue	3%	-4%	-7%	4%	3%	0%	5%	3%	-2%
Gross Profit	7%	-6%	-13%	5%	1%	-4%	5%	4%	-1%
Operating Profit	13%	-23%	-36%	7%	8%	1%	8%	5%	-3%
Net Profit	8%	-23%	-31%	8%	7%	-1%	8%	7%	-1%

Source: BRIDS Estimates

### Exhibit 5. INTP's Valuation Summary

FCFF Projection INTP		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
		1	2	3	4	5	6	7	8	9	10
EBIT * (1-tax)	+	1,403	1,516	1,588	1,476	1,469	1,455	1,598	1,752	1,916	1,997
Depreciation	+	1,589	1,632	1,675	1,714	1,755	1,795	1,837	1,880	1,923	1,968
Change in working capital	+	71	(40)	(29)	(48)	(39)	(53)	(40)	(41)	(42)	(53)
Capex	-	1,033	1,066	1,100	979	1,010	1,010	1,051	1,072	1,092	1,137
<b>FCFF</b>		<b>2,030</b>	<b>2,041</b>	<b>2,134</b>	<b>2,164</b>	<b>2,175</b>	<b>2,187</b>	<b>2,344</b>	<b>2,518</b>	<b>2,704</b>	<b>2,776</b>
Growth		-13%	1%	5%	1%	1%	1%	7%	7%	7%	3%
Discount factor		1.14	1.31	1.50	1.71	1.96	2.24	2.57	2.94	3.36	3.84
Present value of FCFF		1,774	1,559	1,425	1,263	1,109	975	913	858	805	722
Terminal value											23,884
PV of terminal value											6,214
<b>NPV</b>	<b>Rpbn</b>	<b>17,617</b>	<b>Assumptions</b>								
Net debt (as of end 2025)	Rpbn	(3,477)	Market return (Rm)		%		14.4%				
Minority Interest	Rpbn	-	Risk free rate		%		6.6%				
Equity value	Rpbn	21,095	Market risk premium		%		7.8%				
Outstanding share	Bn sh	3	Tax rate		%		22.5%				
Equity value per share	Rp/sh	6,214	Adjusted Beta		%		1.03				
<b>Target price</b>	<b>Rp/sh</b>	<b>6,200</b>	Debt portion 2025		%		2.6%				
Current price	Rp/sh	5,500	Cost of equity		%		14.7%				
% upside/(downside)	%	12.7%	Cost of debt		%		6.7%				
<b>Rating</b>		<b>BUY</b>	<b>WACC</b>		%		<b>14.4%</b>				
			Terminal growth		%		2.5%				

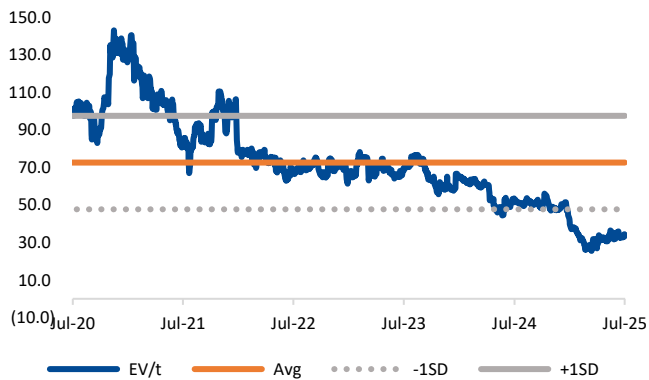
Source: BRIDS Estimates

### Exhibit 6. Peers Comparison

Ticker	Company Name	Mkt. Cap (USDmn)	P/E (x)		P/BV (x)		Dividend Yield (%)		EPS Growth (%)		ROIC/WACC (x)	EV/ton (USD/ton)
			2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F		
INTP IJ	Indocement Tunggal Prakarsa	1,151.4	12.0	11.2	0.8	0.8	3.6	3.8	(22.6)	7.0	0.5	28.0
SMGR IJ	Semen Indonesia Persero Tbk P	1,165.6	34.0	28.0	0.4	0.4	2.5	3.0	(0.2)	0.2	0.2	28.6
<b>ASEAN Cement</b>												
LMC MK	Malayan Cement Bhd	1,590.6	12.4	12.3	1.0	0.9	2.6	2.6	42.7	0.6	0.8	94
SCC TB	Siam Cement PCL/The	6,297.6	25.2	16.1	0.6	0.6	2.6	3.3	43.0	56.1	(0.1)	n.a
SCCC TB	Siam City Cement PCL	1,348.9	10.8	10.0	1.2	1.2	7.0	7.2	(16.2)	7.3	1.5	83
<b>China Cement</b>												
000877 CH	TianShan Material Co Ltd	4,757.4	15.5	12.8	0.4	0.4	n.a	n.a	(526.2)	21.0	0.2	46
1313 HK	China Resources Building	1,592.3	9.5	8.3	0.3	0.3	6.2	7.5	492.8	14.8	0.1	72
600585 CH	Anhui Conch Cement Co Ltd	15,967.1	10.9	10.1	0.6	0.6	4.8	5.1	37.0	7.8	0.3	35
<b>Taiwan Cement</b>												
1101 TT	TCC Group Holdings Co Ltd	6,460.3	17.1	15.4	0.8	0.8	4.3	4.9	12.2	12.1	0.5	163
1102 TT	Asia Cement Corp	5,158.8	13.5	12.3	0.8	0.8	5.0	4.7	(8.6)	9.6	0.3	154
<b>Japan Cement</b>												
5233 JT	Taiheiyo Cement Corp	2,948.5	7.0	6.4	0.7	0.6	2.2	2.6	50.2	8.8	0.9	115
5232 JT	Sumitomo Osaka Cement Co Ltd	852.9	13.9	8.5	0.6	0.6	3.2	3.2	(35.6)	62.0	0.4	61

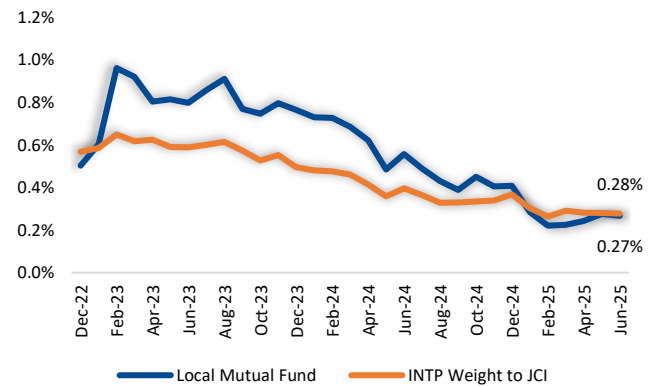
Source: Company, Bloomberg, BRIDS

Exhibit 7. INTP's EV/ton Band



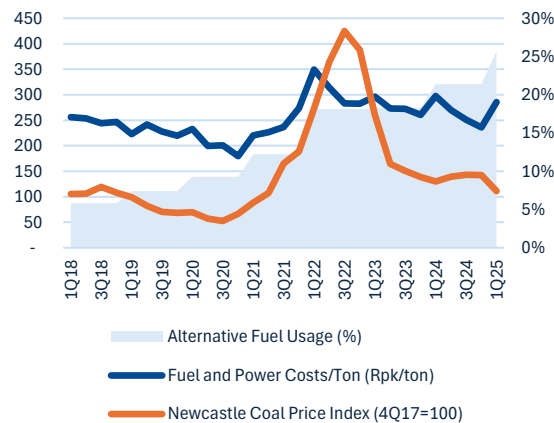
Source: Company, Bloomberg, BRIDS Estimates

Exhibit 8. Domestic Fund Positioning



Source: KSEI, BRIDS

Exhibit 9. Power Cost vs. Alternative Fuel Usage (INTP)



Source: Company, Bloomberg, BRIDS

**Exhibit 10. Income Statement**

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
<b>Revenue</b>	<b>17,950</b>	<b>18,549</b>	<b>17,818</b>	<b>18,386</b>	<b>18,974</b>
COGS	(12,103)	(12,488)	(12,147)	(12,657)	(13,011)
<b>Gross profit</b>	<b>5,847</b>	<b>6,061</b>	<b>5,671</b>	<b>5,730</b>	<b>5,963</b>
<b>EBITDA</b>	<b>3,595</b>	<b>3,879</b>	<b>3,399</b>	<b>3,588</b>	<b>3,725</b>
<b>Oper. profit</b>	<b>2,221</b>	<b>2,336</b>	<b>1,810</b>	<b>1,956</b>	<b>2,049</b>
Interest income	182	133	133	121	224
Interest expense	(61)	(182)	(134)	(134)	(181)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	31	145	140	144	149
Other Income (Expenses)	62	58	55	57	59
<b>Pre-tax profit</b>	<b>2,434</b>	<b>2,491</b>	<b>2,004</b>	<b>2,144</b>	<b>2,299</b>
Income tax	(484)	(483)	(451)	(482)	(517)
Minority interest	0	0	0	0	0
<b>Net profit</b>	<b>1,950</b>	<b>2,008</b>	<b>1,553</b>	<b>1,661</b>	<b>1,782</b>
<b>Core Net Profit</b>	<b>1,950</b>	<b>2,008</b>	<b>1,553</b>	<b>1,661</b>	<b>1,782</b>

**Exhibit 11. Balance Sheet**

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
Cash & cash equivalent	3,185	4,497	4,076	7,538	9,202
Receivables	2,786	2,880	2,721	2,808	2,897
Inventory	2,905	2,593	2,674	2,786	2,864
Other Curr. Asset	352	419	324	334	345
Fixed assets - Net	19,156	18,747	18,353	17,788	17,213
Other non-curr.asset	1,266	1,284	880	908	937
<b>Total asset</b>	<b>29,650</b>	<b>30,420</b>	<b>29,028</b>	<b>32,161</b>	<b>33,458</b>
ST Debt	2,416	2,333	481	2,415	2,456
Payables	2,712	2,790	2,708	2,812	2,894
Other Curr. Liabilities	2,240	2,052	2,032	2,097	2,164
Long Term Debt	389	106	118	131	144
Other LT. Liabilities	923	1,025	889	917	946
<b>Total Liabilities</b>	<b>8,680</b>	<b>8,306</b>	<b>6,228</b>	<b>8,371</b>	<b>8,604</b>
Shareholder's Funds	20,970	22,114	22,800	23,790	24,854
Minority interests	0	0	0	0	0
<b>Total Equity &amp; Liabilities</b>	<b>29,650</b>	<b>30,420</b>	<b>29,028</b>	<b>32,161</b>	<b>33,458</b>

**Exhibit 12. Cash Flow**

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
Net income	1,950	2,008	1,553	1,661	1,782
Depreciation and Amort.	1,374	1,543	1,589	1,632	1,675
Change in Working Capital	228	40	71	(40)	(29)
Other Oper. Cash Flow	0	0	0	0	0
<b>Operating Cash Flow</b>	<b>3,552</b>	<b>3,591</b>	<b>3,214</b>	<b>3,253</b>	<b>3,429</b>
Capex	(5,646)	(1,134)	(1,033)	(1,066)	(1,100)
Others Inv. Cash Flow	(756)	(19)	243	(28)	(29)
<b>Investing Cash Flow</b>	<b>(6,402)</b>	<b>(1,153)</b>	<b>(791)</b>	<b>(1,095)</b>	<b>(1,129)</b>
Net change in debt	1,817	(366)	(1,840)	1,946	54
New Capital	0	0	0	0	0
Dividend payment	(549)	(308)	(868)	(671)	(718)
Other Fin. Cash Flow	241	(453)	(136)	28	29
<b>Financing Cash Flow</b>	<b>1,510</b>	<b>(1,128)</b>	<b>(2,843)</b>	<b>1,303</b>	<b>(635)</b>
<b>Net Change in Cash</b>	<b>(1,340)</b>	<b>1,311</b>	<b>(420)</b>	<b>3,461</b>	<b>1,664</b>
Cash - begin of the year	4,526	3,185	4,497	4,076	7,538
Cash - end of the year	3,185	4,497	4,076	7,538	9,202

**Exhibit 13. Key Ratio**

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
<b>Growth (%)</b>					
Sales	9.9	3.3	(3.9)	3.2	3.2
EBITDA	18.4	7.9	(12.4)	5.5	3.8
Operating profit	22.8	5.2	(22.5)	8.1	4.8
Net profit	5.9	3.0	(22.6)	7.0	7.3
<b>Profitability (%)</b>					
Gross margin	32.6	32.7	31.8	31.2	31.4
EBITDA margin	20.0	20.9	19.1	19.5	19.6
Operating margin	12.4	12.6	10.2	10.6	10.8
Net margin	10.9	10.8	8.7	9.0	9.4
ROAA	7.0	6.7	5.2	5.4	5.4
ROAE	9.6	9.3	6.9	7.1	7.3
<b>Leverage</b>					
Net Gearing (x)	0.0	(0.1)	(0.2)	(0.2)	(0.3)
Interest Coverage (x)	36.7	12.9	13.5	14.6	11.3

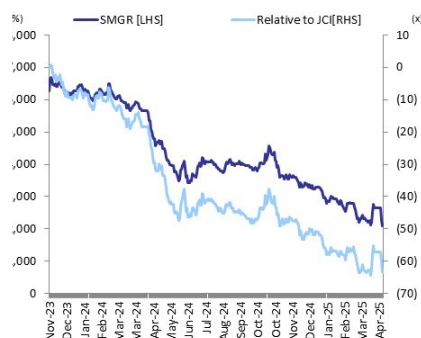
Source: INTP, BRIDS Estimates

# Hold

(Re-Initiated)

Last Price (Rp)	2,800
Target Price (Rp)	2,700
Previous Target Price (Rp)	3,400
Upside/Downside	-3.6%
No. of Shares (mn)	5,932
Mkt Cap (Rpbn/US\$mn)	16,608/1,025
Avg, Daily T/O (Rpbn/US\$mn)	36.6/2.3
Free Float (%)	48.5
Major Shareholder (%)	
Government	51.0
Public	49.0
EPS Consensus (Rp)	
	2025F 2026F 2027F
BRIDS	82.4 99.8 108.9
Consensus	141.7 168.9 214.7
BRIDS/Cons (%)	(41.9) (40.9) (49.3)

## SMGR relative to JCI Index



Source: Bloomberg

## BRI Danareksa Sekuritas Analysts

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# Semen Indonesia (SMGR IJ)

## Fairly Valued Amid Lack of Growth Catalysts; Re-Initiate with Hold Rating

- Given weak indicative sales volume in 2Q25, we estimate 1H25 results may prompt a ~40% downgrade to the current FY25F consensus.
- Limited cost-control efforts and distribution issues continue to hinder SMGR's competitiveness, limiting near-term earnings upside.
- With weak ROIC/WACC and lack of catalysts, we reinitiate with Hold rating and lower TP to Rp2,700, as valuation fairly reflects current risks.

### 2Q25 Performance to Remain Relatively Muted

We expect a flattish 2Q25 top-line growth for SMGR, given the persistently weak cement sales volume throughout 5M25. Our latest discussion with the company suggests a flattish or slightly declining Jun25 volume vs. May25, implying 2Q25/1H25 volume growth of -2%/-1%yoy. Assuming flattish ASP and improved 2Q25 operating/net profit margin of 5.0%/1.3% (vs. 1Q25 low-base of 3.9%/0.6%, due to higher opex and tax-bracket), we estimate 1H25 results (**Exhibit 1**) to reach only 16% of consensus FY25F net profit. Considering SMGR's historical earnings seasonality (**Exhibit 3**), where 1H typically forms ~37% of FY earnings, the 1H25 performance implies potential FY25 net profit of ~Rp400-600bn — suggesting a ~40% downside to current consensus. Incorporating the historical trend and 1H25 trajectory, we trimmed our FY25F/26F net profit forecasts by 55/57% to Rp550/674bn. Upside risks may come from further cost efficiency or better-than-expected ASP/volume.

### Tough Backdrop of Limited Cost-Control and Distribution Issues

SMGR's long-term growth story will remain in its market share control. However, we see headwinds from disruption in market share (**Exhibit 10**) due to distribution issues and limited cost-control initiatives (e.g., alternative fuel usage only at ~7% vs. INTP's at ~25%). Combined with weak consumer amid price-sensitive market dynamics, the backdrop limits re-rating potential as neither volume growth nor margin expansion are feasible to achieve.

### Re-Initiate with Hold; Lower DCF-based TP to Rp2,700

We believe that the current price fairly reflects SMGR's value, with limited short-term re-rating catalysts. The new management offers hopes for resolution of key issues, but we believe this will take time. We expect consensus EPS downgrades are still likely post-2Q25. SMGR's ROIC/WACC lags peers, suggesting weaker balance-sheet deployment and limited justification for higher valuation amid unattractive growth outlook (FY25/26F Volume +1%/+2%yoy; ASP -2%/+2%yoy). That said, upside risks could emerge from a sustained volume recovery post-2H25, particularly in the bulk segment, if gov't infra spending accelerates and SMGR is selected as a key supplier.

### Key Financials

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Revenue (Rpbn)	38,651	36,186	36,264	37,439	38,653
EBITDA (Rpbn)	7,787	5,494	5,369	5,336	5,469
EBITDA Growth (%)	(2.2)	(29.5)	(2.3)	(0.6)	2.5
Net Profit (Rpbn)	2,170	720	556	674	735
EPS (Rp)	321.5	106.6	82.4	99.8	108.9
EPS Growth (%)	(19.0)	(66.8)	(22.7)	21.1	9.1
BVPS (Rp)	6,408.2	6,483.7	6,566.1	6,595.8	6,619.9
DPS (Rp)	245.2	84.7	96.1	70.1	84.9
PER (x)	8.1	24.5	31.7	26.1	24.0
PBV (x)	0.4	0.4	0.4	0.4	0.4
Dividen yield (%)	9.4	3.2	3.7	2.7	3.3
EV/EBITDA	3.4	4.5	4.4	3.9	3.4

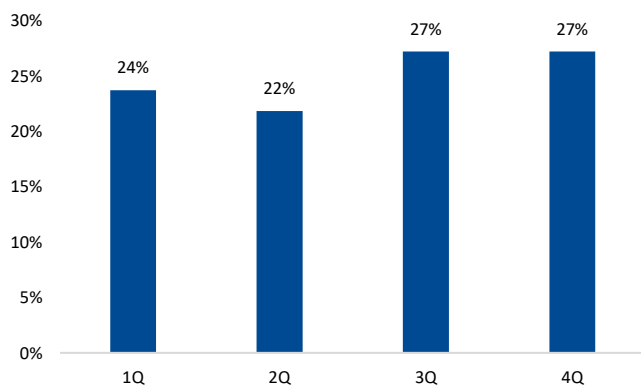
Source: SMGR, BRIDS Estimates

### Exhibit 1. 2Q25 Results Estimates

(Rpbn)	2Q24	1Q25	2Q25F	QoQ, %	YoY, %	1H24	1H25F	YoY, %	FY25 (BRIDS)	A/F, %	FY25 (Cons)	A/C, %
Revenue	8,036	7,655	8,072	5.5	0.4	16,411	15,727	(4.2)	36,264	43.4	36,233	43.4
Gross profit	1,651	1,561	1,646	5.5	(0.3)	3,858	3,208	(16.9)	7,336	43.7	8,131	39.5
Operating profit	338	302	403	33.7	19.5	1,251	705	(43.6)	1,750	40.3	2,391	29.5
Net income	30	43	107	150.6	260.0	501	149	(70.2)	556	26.8	948	15.8
<b>Margins, %</b>												
Gross margin	20.5	20.4	20.4	0.0	(0.2)	23.5	20.4		20.2		22.4	
Operating margin	4.2	3.9	5.0	1.1	0.8	7.6	4.5		4.8		6.6	
Net margin	0.4	0.6	1.3	0.8	1.0	3.1	0.9		1.5		2.6	

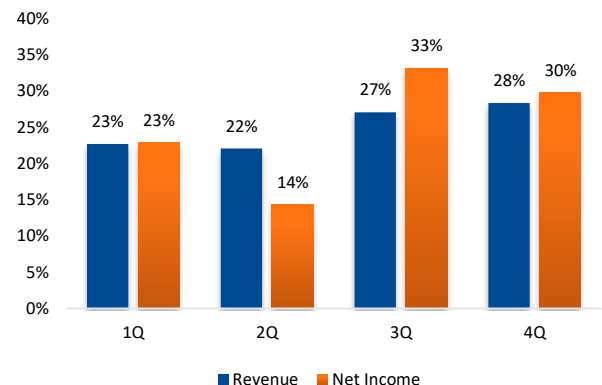
Source: BRIDS Estimates

### Exhibit 2. Seasonality of SMGR Sales Volume (Average of Quarterly Contribution to FY, FY19-FY24)



Source: Company, BRIDS

### Exhibit 3. Seasonality of SMGR' Revenue/Net Profit (Average of Quarterly Contribution to FY, FY19-FY24)



Source: Company, BRIDS

### Exhibit 4. Forecast Changes Summary

Financials, Rpbn	2025F			2026F			2027F		
	Prev	New	% changes	Prev	New	% changes	Prev	New	% changes
Revenue	37,372	36,264	-3%	38,826	37,439	-4%	40,835	38,653	-5%
Gross Profit	8,175	7,336	-10%	8,478	8,025	-5%	9,236	8,142	-12%
Operating Profit	2,517	1,750	-30%	2,715	1,845	-32%	3,330	1,932	-42%
Net Profit	1,235	556	-55%	1,563	674	-57%	2,066	735	-64%

Margin	2025F			2026F			2027F		
	Prev	New	% changes	Prev	New	% changes	Prev	New	% changes
Gross Profit	22%	20%	-2%	22%	21%	0%	23%	21%	-2%
Operating Profit	7%	5%	-2%	7%	5%	-2%	8%	5%	-3%
Net Profit	3%	2%	-2%	4%	2%	-2%	5%	2%	-3%

Growth, % yoy	2025F			2026F			2027F		
	Prev	New	% changes	Prev	New	% changes	Prev	New	% changes
Revenue	3%	0%	-3%	4%	3%	-1%	5%	3%	-2%
Gross Profit	3%	-8%	-11%	4%	9%	6%	9%	1%	-8%
Operating Profit	8%	-25%	-33%	8%	5%	-2%	23%	5%	-18%
Net Profit	72%	-23%	-94%	27%	21%	-6%	32%	9%	-23%

Source: BRIDS Estimates



### Exhibit 5. SMGR's Valuation Summary

		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
		1	2	3	4	5	6	7	8	9	10
EBIT * (1-tax)		1,302	1,373	1,437	1,599	1,448	1,863	2,299	2,768	2,939	3,115
Depreciation		3,592	3,640	3,691	3,746	3,789	3,834	3,892	3,949	4,011	4,075
Change in working capital		676	(78)	(22)	(45)	(4)	(92)	(96)	(102)	(65)	(67)
Capex		1,813	1,872	1,933	1,596	1,648	1,934	1,883	1,964	2,000	2,036
FCFF		3,758	3,063	3,174	3,704	3,584	3,671	4,212	4,651	4,885	5,087
Discount factor		1.15	1.33	1.54	1.78	2.05	2.37	2.73	3.15	3.64	4.20
Present value of FCFF		3,255	2,299	2,064	2,086	1,749	1,551	1,542	1,475	1,342	1,211
Terminal value											40,310
PV of terminal value											9,595
NPV	Rpbn	28,169	<div>Assumptions</div> <div>Market return (Rm) % 14.22%</div> <div>Risk free rate % 6.59%</div> <div>Market risk prn % 7.63%</div> <div>Tax rate % 25.60%</div> <div>Adjusted Beta x 1.39</div> <div>Debt portion x 18%</div> <div>Cost of equity % 17.20%</div> <div>Cost of debt % 10.04%</div> <div>WACC % 15.4%</div> <div>Terminal growth % 2.5%</div>								
Net debt (as of end 2025)	Rpbn	5,760									
Minority Interest	Rpbn	4,496									
Equity value	Rpbn	17,913									
Outstanding share	Bn sh	6.75									
Equity value per share	Rp/sh	2,653									
Target price	Rp/sh	2,700									
Current price	Rp/sh	2,800									
% upside/(downside)	%	-3.6%									
Rating		HOLD									

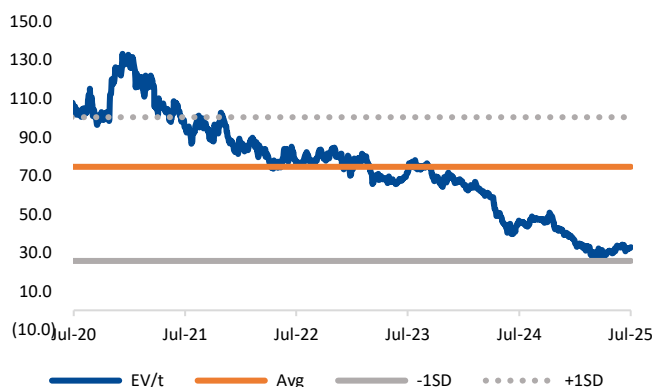
Source: BRIDS Estimates

### Exhibit 6. Peers Comparison

Ticker	Company Name	Mkt. Cap (USDmn)	P/E (x)		P/BV (x)		Dividend Yield (%)		EPS Growth (%)		ROIC/WACC (x)	EV/ton (USD/ton)
			2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F		
INTP IJ	Indocement Tunggal Prakarsa	1,151.4	12.0	11.2	0.8	0.8	3.6	3.8	(22.6)	7.0	0.5	28.0
SMGR IJ	Semen Indonesia Persero Tbk P	1,165.6	34.0	28.0	0.4	0.4	2.5	3.0	(0.2)	0.2	0.2	28.6
	<b>ASEAN Cement</b>											
LMC MK	Malayan Cement Bhd	1,590.6	12.4	12.3	1.0	0.9	2.6	2.6	42.7	0.6	0.8	94
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000877 CH	TianShan Material Co Ltd	4,757.4	15.5	12.8	0.4	0.4	n.a	n.a	(526.2)	21.0	0.2	46
1313 HK	China Resources Building	1,592.3	9.5	8.3	0.3	0.3	6.2	7.5	492.8	14.8	0.1	72
600585 CH	Anhui Conch Cement Co Ltd	15,967.1	10.9	10.1	0.6	0.6	4.8	5.1	37.0	7.8	0.3	35
	<b>Taiwan Cement</b>											
1101 TT	TCC Group Holdings Co Ltd	6,460.3	17.1	15.4	0.8	0.8	4.3	4.9	12.2	12.1	0.5	163
1102 TT	Asia Cement Corp	5,158.8	13.5	12.3	0.8	0.8	5.0	4.7	(8.6)	9.6	0.3	154
	<b>Japan Cement</b>											
5233 JT	Taiheiyo Cement Corp	2,948.5	7.0	6.4	0.7	0.6	2.2	2.6	50.2	8.8	0.9	115
5232 JT	Sumitomo Osaka Cement Co Ltd	852.9	13.9	8.5	0.6	0.6	3.2	3.2	(35.6)	62.0	0.4	61

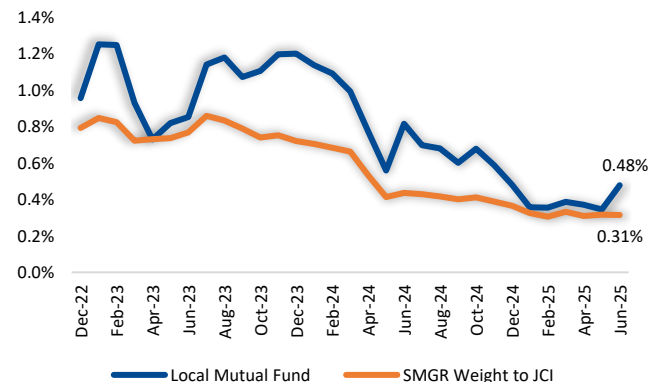
Source: Company, Bloomberg, BRIDS

### Exhibit 7. SMGR's EV/ton Band



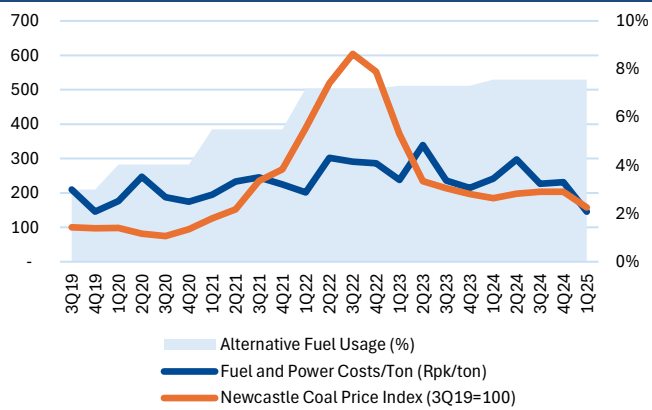
Source: Company, Bloomberg, BRIDS Estimates

### Exhibit 8. Domestic Fund Positioning



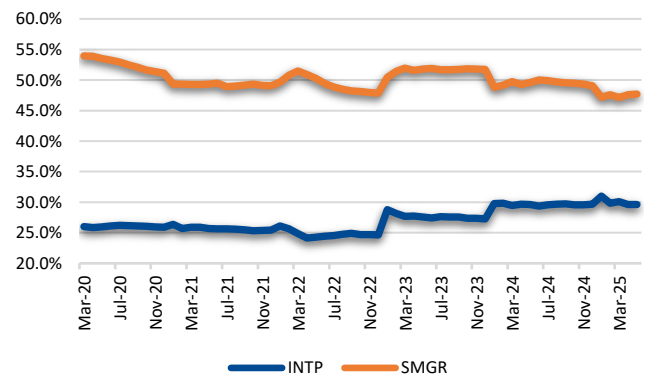
Source: KSEI, BRIDS

Exhibit 9. Power Cost vs. Alternative Fuel Usage (SMGR)



Source: Company, BRIDS

Exhibit 10. Market Share Development



Source: Company, BRIDS

**Exhibit 11. Income Statement**

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
<b>Revenue</b>	<b>38,651</b>	<b>36,186</b>	<b>36,264</b>	<b>37,439</b>	<b>38,653</b>
COGS	(28,474)	(28,255)	(28,929)	(29,414)	(30,511)
<b>Gross profit</b>	<b>10,177</b>	<b>7,931</b>	<b>7,336</b>	<b>8,025</b>	<b>8,142</b>
<b>EBITDA</b>	<b>7,787</b>	<b>5,494</b>	<b>5,369</b>	<b>5,336</b>	<b>5,469</b>
<b>Oper. profit</b>	<b>4,504</b>	<b>2,207</b>	<b>1,776</b>	<b>1,696</b>	<b>1,777</b>
Interest income	207	260	128	176	243
Interest expense	(1,390)	(1,204)	(1,084)	(865)	(928)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	(17)	(12)	(19)	(23)	(18)
Other Income (Expenses)	0	0	0	0	0
<b>Pre-tax profit</b>	<b>3,304</b>	<b>1,251</b>	<b>802</b>	<b>984</b>	<b>1,074</b>
Income tax	(1,008)	(480)	(205)	(262)	(286)
Minority interest	(125)	(52)	(40)	(49)	(53)
<b>Net profit</b>	<b>2,170</b>	<b>720</b>	<b>556</b>	<b>674</b>	<b>735</b>
<b>Core Net Profit</b>	<b>2,170</b>	<b>720</b>	<b>556</b>	<b>674</b>	<b>735</b>

**Exhibit 12. Balance Sheet**

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
Cash & cash equivalent	6,940	3,659	5,031	6,950	8,976
Receivables	6,269	5,771	5,742	5,928	6,120
Inventory	5,134	5,193	5,286	5,375	5,576
Other Curr. Asset	1,381	1,530	1,029	1,062	1,097
Fixed assets - Net	56,771	55,498	53,102	50,743	48,420
Other non-curr.asset	5,267	5,271	4,240	4,378	4,519
<b>Total asset</b>	<b>81,821</b>	<b>76,993</b>	<b>74,698</b>	<b>74,712</b>	<b>74,993</b>
ST Debt	1,831	1,868	1,935	2,005	2,077
Payables	8,462	8,128	8,550	8,700	9,023
Other Curr. Liabilities	2,456	2,659	2,476	2,557	2,639
Long Term Debt	13,987	8,998	8,856	8,286	7,845
Other LT. Liabilities	7,283	7,033	4,057	4,188	4,324
<b>Total Liabilities</b>	<b>34,020</b>	<b>28,686</b>	<b>25,875</b>	<b>25,736</b>	<b>25,909</b>
Shareholder's Funds	43,261	43,772	44,328	44,529	44,691
Minority interests	4,539	4,536	4,496	4,447	4,394
<b>Total Equity &amp; Liabilities</b>	<b>81,821</b>	<b>76,993</b>	<b>74,698</b>	<b>74,712</b>	<b>74,993</b>

**Exhibit 13. Cash Flow**

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
Net income	2,170	720	556	674	735
Depreciation and Amort.	3,284	3,287	3,592	3,640	3,691
Change in Working Capital	(840)	158	676	(78)	(22)
Other Oper. Cash Flow	1,400	692	(2,318)	758	755
<b>Operating Cash Flow</b>	<b>6,014</b>	<b>4,857</b>	<b>2,508</b>	<b>4,994</b>	<b>5,160</b>
Capex	(2,249)	(2,014)	(1,196)	(1,281)	(1,368)
Others Inv. Cash Flow	1,198	243	1,218	43	106
<b>Investing Cash Flow</b>	<b>(1,050)</b>	<b>(1,771)</b>	<b>22</b>	<b>(1,238)</b>	<b>(1,262)</b>
Net change in debt	(917)	(8,054)	(426)	(1,286)	(1,033)
New Capital	0	0	0	0	0
Dividend payment	(1,655)	(572)	(649)	(473)	(573)
Other Fin. Cash Flow	(1,392)	(842)	(435)	(865)	(928)
<b>Financing Cash Flow</b>	<b>(3,964)</b>	<b>(9,468)</b>	<b>(1,509)</b>	<b>(2,624)</b>	<b>(2,535)</b>
<b>Net Change in Cash</b>	<b>999</b>	<b>(6,383)</b>	<b>1,020</b>	<b>1,132</b>	<b>1,362</b>
Cash - begin of the year	6,007	6,940	3,659	5,031	6,950
Cash - end of the year	6,940	3,659	5,031	6,950	8,976

**Exhibit 14. Key Ratio**

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
<b>Growth (%)</b>					
Sales	6.2	(6.4)	0.2	3.2	3.2
EBITDA	(2.2)	(29.5)	(2.3)	(0.6)	2.5
Operating profit	(2.6)	(51.0)	(19.5)	(4.5)	4.8
Net profit	(8.2)	(66.8)	(22.7)	21.1	9.1
<b>Profitability (%)</b>					
Gross margin	26.3	21.9	20.2	21.4	21.1
EBITDA margin	20.1	15.2	14.8	14.3	14.1
Operating margin	11.7	6.1	4.9	4.5	4.6
Net margin	5.6	2.0	1.5	1.8	1.9
ROAA	2.6	0.9	0.7	0.9	1.0
ROAE	5.0	1.7	1.3	1.5	1.6
<b>Leverage</b>					
Net Gearing (x)	0.2	0.1	0.1	0.1	0.0
Interest Coverage (x)	3.2	1.8	1.6	2.0	1.9

Source: SMGR, BRIDS Estimates

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<b>HOLD</b>	Expected total return between -10% and 10% within a 12-month period
<b>SELL</b>	Expected total return of -10% or worse within a 12-month period

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