

Sell

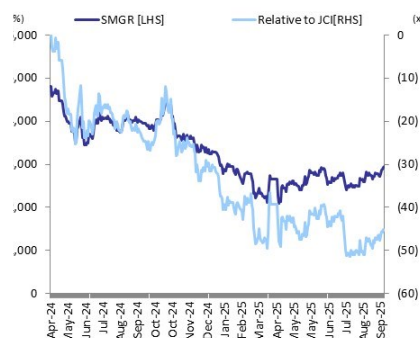
(Downgraded)

Last Price (Rp)	2,940
Target Price (Rp)	2,500
Previous Target Price (Rp)	2,700
Upside/Downside	-15.0%

No. of Shares (mn)	5,932
Mkt Cap (Rpbn/US\$mn)	17,439/1,061
Avg, Daily T/O (Rpbn/US\$mn)	33.4/2.0
Free Float (%)	48.5
Major Shareholder (%)	
Government	51.0

EPS Consensus (Rp)	2025F	2026F	2027F
BRIDS	38.9	90.8	100.4
Consensus	100.1	127.7	168.2
BRIDS/Cons (%)	(61.1)	(28.9)	(40.3)

SMGR relative to JCI Index



Source: Bloomberg

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Semen Indonesia (SMGR IJ)

Distribution Recovery May Still Take Time;

Downgrade Rating to Sell on Limited Catalysts

- Despite in-line 7M25 sales volume, we are turning more cautious on overall 2H25 outlook due to persisting weak consumer demand.
- We downgraded our FY25F EPS by 53% on slightly lower volume outlook and limited cost-control amid benign revenue/ton reflected in 1H25.
- Recent share price rally looks unwarranted given no re-rating catalysts ahead. We trimmed our TP to Rp2,500 and cut rating to Sell.

Higher Coal Costs and Limited Opex Control Reflected in Weak 2Q25

SMGR's overall 1H25 performance remained pressured despite 2Q25's slight volume improvement (+2%qoq), as higher coal prices from 2H24 raised overall fuel energy costs/ton (+2%yoy), while revenue/ton was benign at -8% yoy, compressing GPM by 340bps yoy. 1H25 revenue and gross profit run-rate were in line with our FY estimates (at 43%/43% vs. avg FY19-24 at 44%/42%), but higher opex (professional fees) and other expenses (receivables financing discounts) further pressured OPM/NPM by 38/40bps yoy in 2Q25, putting overall 1H25 OP/NP to lag ours/cons at 34%/7% run-rate (vs. avg FY19-24 at 41%/35%).

7M25 Volume In-Line, Turning More Cautious on Overall 2H25 Volume

While SMGR's 7M25 volume of 20.5mn tons (-4%yoy) were relatively in-line with our previous FY estimates at 38.6mn tons (+1%yoy), 53% run-rate (vs. avg 7M historical to FY at 54-55%), we see that Distribution initiatives (**Exhibit 10**) launched in Jul25 will take longer to lift 2H25 volume towards strong positive yoy (+3-4% yoy), as demand potentially still constrained by weak purchasing power, upcoming rainy season, and slow ramp-up in gov't infra spending. Incorporating a more cautious view in volume for the rest of FY25F, and 1H25 overall limited costs control, we trimmed our FY25F volume to 38.0mn tons (-1%yoy, implying 2H25 at 20.7mn tons +1%yoy, vs. prev. at 21.3mn tons at +4%yoy), revenue/EPs by 2%/53% to Rp35.6tr/Rp263bn.

Minimum Sustainable Re-Rate Cases; Downgrade to Sell on Limited Upside

We view the share price rally (+13%mom) as unwarranted, with risk of EPS downgrades post-3Q25 amid uncertainty in its top-line recovery. We lower our DCF-based TP from [Rp2,700](#) to Rp2,500 (implying EV/ton of US\$26.5/ton) and downgrade our rating to Sell on limited re-rating catalysts. Further upside, aside from macro recovery expectation might warrant: 1) a proven efforts on distribution improvement to arrest declining market share, 2) aggressive opex cost-control to cushion volatile revenue/ton, despite potentially controlled outlook of energy costs up until 1H26F due to stable coal prices in 2H25.

Key Financials

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Revenue (Rpbn)	38,651	36,186	35,571	36,721	37,909
EBITDA (Rpbn)	7,787	5,494	4,991	5,252	5,380
EBITDA Growth (%)	(2.2)	(29.5)	(9.2)	5.2	2.4
Net Profit (Rpbn)	2,170	720	263	613	678
EPS (Rp)	321.5	106.6	38.9	90.8	100.4
EPS Growth (%)	(19.0)	(66.8)	(63.5)	133.3	10.6
BVPS (Rp)	6,408.2	6,483.7	6,522.6	6,580.3	6,603.5
DPS (Rp)	245.2	84.7	96.1	33.1	77.3
PER (x)	9.1	27.6	75.5	32.4	29.3
PBV (x)	0.5	0.5	0.5	0.4	0.4
Dividen yield (%)	8.3	2.9	3.3	1.1	2.6
EV/EBITDA	3.7	4.9	5.2	4.4	3.9

Source: SMGR, BRIDS Estimates

Distribution Recovery Might Still Take Time Downgrade Rating to Sell on Limited Catalysts

Retail Bag Cement Price Tracker

Our recent bag cement price tracker showed across the board price decreases in Aug25 (declined ranging -2 to -5% mom), yet already recovering to its Jul25 level in Sep25, with an average market price increases of 3%yoy. This indicates a potential healthier trajectory for revenue/ton ahead despite lingering challenges in volume growth. Our price tracker is based on sampling of 40-50kg cement price from ~60 online retailers across key Indonesian region (Java, Sumatera, Sulawesi, Kalimantan).

Exhibit 1. Price Tracker

Average Price/kg																MoM		YoY
No	Brand	Company	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Aug-25	Sep-25	Sep-25
1	Semen Bosowa	INTP	1,461	1,461	1,461	1,461	1,461	1,461	1,461	1,461	1,461	1,461	1,461	1,388	1,461	-5%	5%	0%
2	Semen Grobogan	INTP	1,299	1,299	1,299	1,299	1,299	1,299	1,299	1,299	1,299	1,299	1,403	1,333	1,403	-5%	5%	8%
3	Semen Jempolan	INTP	1,080	1,010	1,098	1,098	1,076	1,076	1,076	1,076	1,076	1,085	1,076	1,022	1,076	-5%	5%	0%
4	Semen Rajawali	INTP	1,197	1,228	1,238	1,244	1,244	1,244	1,244	1,244	1,258	1,456	1,246	1,183	1,266	-5%	7%	6%
5	Semen Tiga Roda	INTP	1,496	1,496	1,496	1,473	1,466	1,487	1,487	1,487	1,487	1,495	1,547	1,457	1,537	-6%	5%	3%
6	Semen Baturaja	SMGR	1,480	1,480	1,480	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,425	1,500	-5%	5%	1%
7	Semen Dynamix	SMGR	1,446	1,446	1,448	1,487	1,487	1,487	1,487	1,487	1,487	1,499	1,499	1,435	1,499	-4%	4%	4%
8	Semen Gresik	SMGR	1,581	1,588	1,556	1,553	1,553	1,550	1,547	1,547	1,547	1,547	1,547	1,470	1,591	-5%	8%	1%
9	Semen Merdeka	SMGR	1,038	1,080	1,088	1,100	1,088	1,063	1,063	1,063	1,063	1,063	1,075	1,021	1,075	-5%	5%	4%
10	Semen Padang	SMGR	1,473	1,473	1,501	1,501	1,464	1,467	1,467	1,467	1,502	1,502	1,502	1,427	1,502	-5%	5%	2%
11	Semen Tonasa	SMGR	1,525	1,525	1,550	1,550	1,550	1,550	1,650	1,650	1,700	1,700	1,725	1,639	1,725	-5%	5%	13%
12	Semen Conch	Conch	1,379	1,379	1,379	1,379	1,379	1,379	1,379	1,399	1,399	1,399	1,399	1,366	1,438	-2%	5%	4%
13	Semen Merah putih	Cemindo Gemilang	1,430	1,430	1,430	1,430	1,438	1,438	1,438	1,438	1,438	1,438	1,438	1,366	1,438	-5%	5%	1%
14	Semen Singa Merah	Imasco	1,236	1,236	1,236	1,236	1,261	1,261	1,261	1,261	1,261	1,261	1,261	1,204	1,268	-5%	5%	3%

Source: Various Online Cement Retailers, BRIDS

Exhibit 2. 2Q25 Results Summary

SMGR (in Rpb, unless stated)	2Q24	1Q25	2Q25	QoQ, %	YoY, %	6M24	6M25	YoY, %	FY25 (BRIDS)	A/F, %	FY25 (Cons)	A/C, %
Revenue	8,036	7,655	7,954	3.9	(1.0)	16,411	15,609	(4.89)	36,264	43	36,233	43
Gross profit	1,651	1,561	1,574	0.8	(4.7)	3,858	3,136	(18.72)	7,336	43	8,032	39
Operating income	338	302	304	0.7	(10.0)	1,251	605	(51.59)	1,750	35	2,312	26
Net income	30	43	(3)	(106)	(108.8)	501	40	(92.03)	556	7	948	4
Margins, %												
Gross margin	20.5	20.4	19.8	(0.6)	(0.8)	23.5	20.1	(3.4)	20.2		22.2	
Operating margin	4.2	3.9	3.8	(0.1)	(0.4)	7.6	3.9	(3.7)	4.8		6.4	
Net margin	0.4	0.6	(0.0)	(0.6)	(0.4)	3.1	0.3	(2.8)	1.5		2.6	
Operational Metrics												
Volume (Mn Tons)	8.5	8.6	8.7	1.9	2.4	17.7	17.3	(2.23)	38.7			
Cost per ton (Rp/Ton)												
Raw Material cost/ton sales vol	44.5	37.4	38.2	2.0	(14.3)	41.8	37.8	(9.68)	43.9			
Direct Labor cost/ton sales vol	65.1	59.5	49.8	(16.3)	(23.4)	58.9	54.6	(7.15)	67.2			
Fuel and power cost/ton sales vol	259.1	278.6	257.4	(7.6)	(0.7)	263.8	267.9	1.58	228.2			
Delivery cost /ton	42.9	40.0	39.8	(0.6)	(7.1)	42.8	39.9	(6.67)	42.5			

Source: Company, BRIDS

Exhibit 3. Forecast Changes Summary

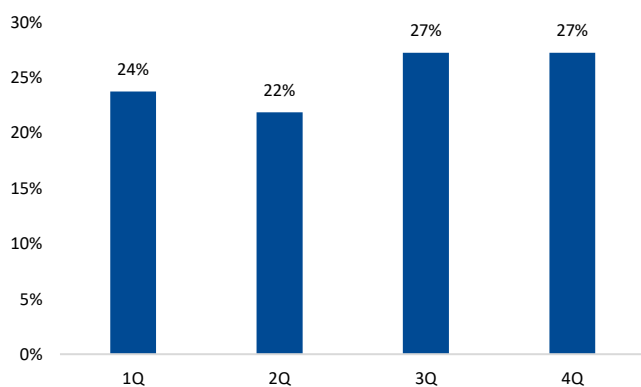
Financials, Rpbm	2025F			2026F			2027F		
	Prev	New	% changes	Prev	New	% changes	Prev	New	% changes
Revenue	36,264	35,571	-2%	37,439	36,721	-2%	38,653	37,909	-2%
Gross Profit	7,336	7,146	-3%	8,025	7,823	-3%	8,142	7,934	-3%
Operating Profit	1,750	1,576	-10%	1,845	1,741	-6%	1,932	1,824	-6%
Net Profit	556	263	-53%	674	613	-9%	735	678	-8%

Margin	2025F			2026F			2027F		
	Prev	New	% changes	Prev	New	% changes	Prev	New	% changes
Gross Profit	20%	20%	0%	21%	21%	0%	21%	21%	0%
Operating Profit	5%	4%	0%	5%	5%	0%	5%	5%	0%
Net Profit	2%	1%	-1%	2%	2%	0%	2%	2%	0%

Growth, % yoy	2025F			2026F			2027F		
	Prev	New	% changes	Prev	New	% changes	Prev	New	% changes
Revenue	0%	-2%	-2%	3%	3%	0%	3%	3%	0%
Gross Profit	-8%	-10%	-2%	9%	9%	0%	1%	1%	0%
Operating Profit	-25%	-32%	-7%	5%	10%	5%	5%	5%	0%
Net Profit	-23%	-63%	-41%	21%	133%	112%	9%	11%	1%

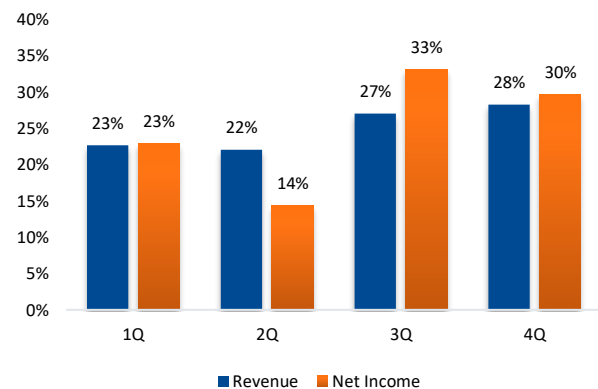
Source: BRIDS Estimates

Exhibit 4. Seasonality of SMGR Sales Volume (Average of Quarterly Contribution to FY, FY19-FY24)



Source: Company, BRIDS

Exhibit 5. Seasonality of SMGR' Revenue/Net Profit (Average of Quarterly Contribution to FY, FY19-FY24)



Source: Company, BRIDS

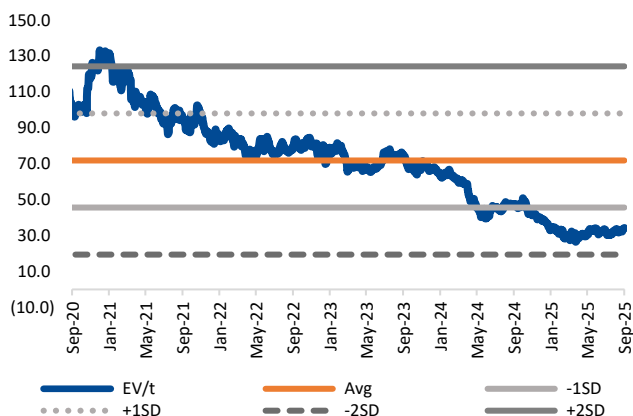
Exhibit 6. SMGR's Valuation Summary

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	1	2	3	4	5	6	7	8	9	10
EBIT * (1-tax)	1,173	1,296	1,357	1,513	1,362	1,768	2,194	2,652	2,816	2,985
Depreciation	3,592	3,639	3,689	3,742	3,783	3,827	3,884	3,940	4,000	4,063
Change in working capital	701	(76)	(21)	(44)	(3)	(90)	(94)	(100)	(63)	(65)
Capex	1,779	1,836	1,895	1,565	1,616	1,896	1,846	1,926	1,961	1,996
FCFF	3,688	3,022	3,129	3,646	3,525	3,609	4,137	4,566	4,792	4,987
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	3,195	2,268	2,035	2,054	1,721	1,526	1,515	1,449	1,318	1,188
Terminal value										39,537
PV of terminal value										9,417

NPV	Rpbn	27,684	Assumptions		
Net debt (as of end 2025)	Rpbn	5,965	Market return (Rm)	%	14.22%
Minority Interest	Rpbn	4,517		%	6.59%
Equity value	Rpbn	17,203		%	7.63%
Outstanding share	Bn sh	6.75	Tax rate	%	25.60%
Equity value per share	Rp/sh	2,548	Adjusted Beta	x	1.39
Target price	Rp/sh	2,500	Debt portion	x	18%
Current price	Rp/sh	2,940	Cost of equity	%	17.20%
% upside/(downside)	%	-15.0%	Cost of debt	%	10.04%
Rating		SELL	WACC	%	15.4%
			Terminal growth	%	2.5%

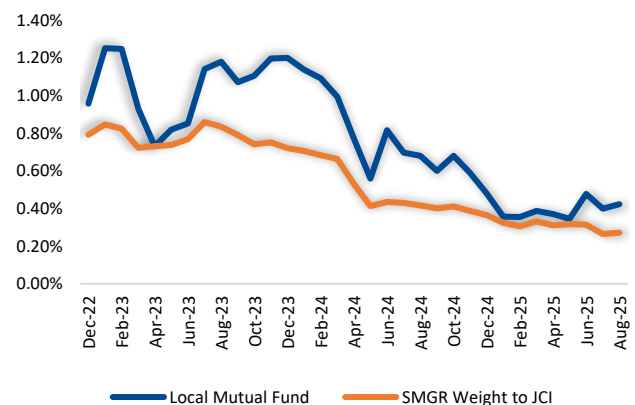
Source: BRIDS Estimates

Exhibit 7. SMGR's EV/ton Band



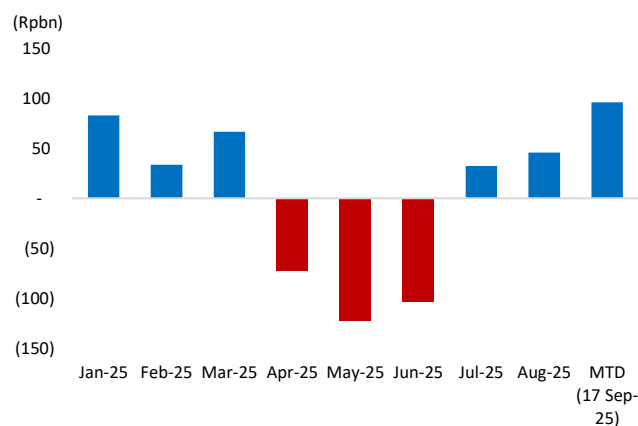
Source: Company, Bloomberg, BRIDS Estimates

Exhibit 8. Domestic Fund Positioning



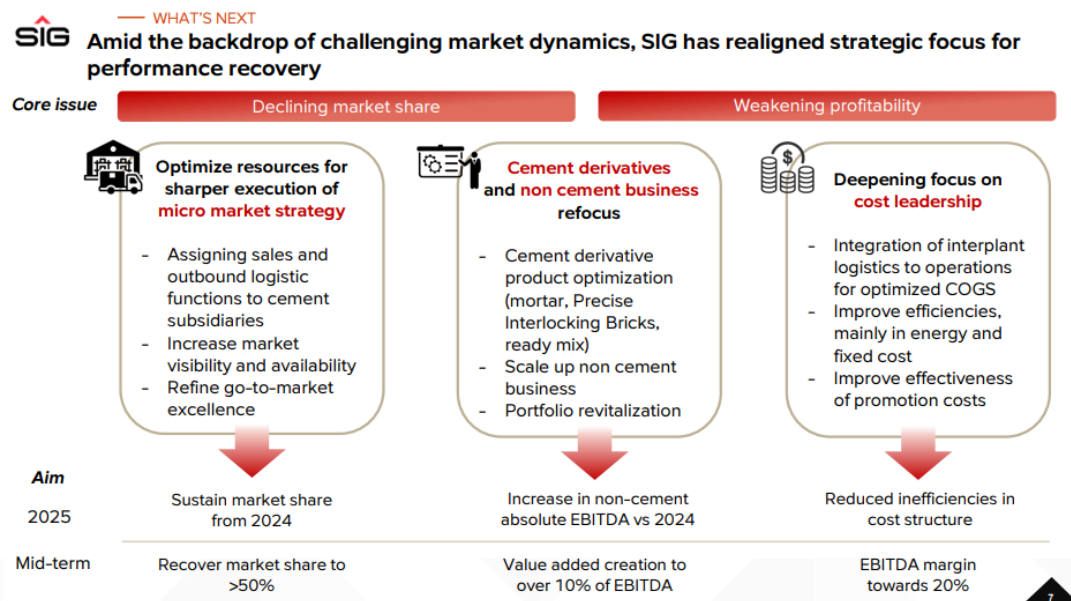
Source: KSEI, BRIDS

Exhibit 9. Monthly Foreign Flow Development



Source: IDX, BRIDS

Exhibit 10. SMGR's Transformation Strategy



Source: Company

Exhibit 11. Income Statement

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
Revenue	38,651	36,186	35,571	36,721	37,909
COGS	(28,474)	(28,255)	(28,425)	(28,898)	(29,976)
Gross profit	10,177	7,931	7,146	7,823	7,934
EBITDA	7,787	5,494	4,991	5,252	5,380
Oper. profit	4,504	2,207	1,399	1,613	1,691
Interest income	207	260	82	169	244
Interest expense	(1,390)	(1,204)	(1,083)	(864)	(927)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	(17)	(12)	(19)	(22)	(17)
Other Income (Expenses)	0	0	0	0	0
Pre-tax profit	3,304	1,251	379	896	990
Income tax	(1,008)	(480)	(97)	(238)	(263)
Minority interest	(125)	(52)	(19)	(44)	(49)
Net profit	2,170	720	263	613	678
Core Net Profit	2,170	720	263	613	678

Exhibit 12. Balance Sheet

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
Cash & cash equivalent	6,940	3,659	4,823	6,966	9,022
Receivables	6,269	5,771	5,632	5,814	6,002
Inventory	5,134	5,193	5,194	5,281	5,478
Other Curr. Asset	1,381	1,530	1,009	1,042	1,076
Fixed assets - Net	56,771	55,498	53,067	50,674	48,317
Other non-curr.asset	5,267	5,271	4,159	4,294	4,433
Total asset	81,821	76,993	74,147	74,342	74,607
ST Debt	1,831	1,868	1,934	2,003	2,073
Payables	8,462	8,128	8,401	8,547	8,863
Other Curr. Liabilities	2,456	2,659	2,429	2,508	2,589
Long Term Debt	13,987	8,998	8,853	8,281	7,837
Other LT. Liabilities	7,283	7,033	3,979	4,108	4,241
Total Liabilities	34,020	28,686	25,596	25,445	25,603
Shareholder's Funds	43,261	43,772	44,034	44,424	44,580
Minority interests	4,539	4,536	4,517	4,473	4,424
Total Equity & Liabilities	81,821	76,993	74,147	74,342	74,607

Exhibit 13. Cash Flow

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
Net income	2,170	720	263	613	678
Depreciation and Amort.	3,284	3,287	3,592	3,639	3,689
Change in Working Capital	(840)	158	701	(76)	(21)
Other Oper. Cash Flow	1,400	692	(2,321)	766	754
Operating Cash Flow	6,014	4,857	2,236	4,942	5,100
Capex	(2,249)	(2,014)	(1,161)	(1,246)	(1,332)
Others Inv. Cash Flow	1,198	243	1,251	39	110
Investing Cash Flow	(1,050)	(1,771)	89	(1,207)	(1,222)
Net change in debt	(917)	(8,054)	(429)	(1,289)	(1,036)
New Capital	0	0	0	0	0
Dividend payment	(1,655)	(572)	(649)	(224)	(522)
Other Fin. Cash Flow	(1,392)	(842)	(435)	(864)	(927)
Financing Cash Flow	(3,964)	(9,468)	(1,512)	(2,377)	(2,485)
Net Change in Cash	999	(6,383)	813	1,358	1,393
Cash - begin of the year	6,007	6,940	3,659	4,823	6,966
Cash - end of the year	6,940	3,659	4,823	6,966	9,022

Exhibit 14. Key Ratio

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Growth (%)					
Sales	6.2	(6.4)	(1.7)	3.2	3.2
EBITDA	(2.2)	(29.5)	(9.2)	5.2	2.4
Operating profit	(2.6)	(51.0)	(36.6)	15.3	4.9
Net profit	(8.2)	(66.8)	(63.5)	133.3	10.6
Profitability (%)					
Gross margin	26.3	21.9	20.1	21.3	20.9
EBITDA margin	20.1	15.2	14.0	14.3	14.2
Operating margin	11.7	6.1	3.9	4.4	4.5
Net margin	5.6	2.0	0.7	1.7	1.8
ROAA	2.6	0.9	0.3	0.8	0.9
ROAE	5.0	1.7	0.6	1.4	1.5
Leverage					
Net Gearing (x)	0.2	0.1	0.1	0.1	0.0
Interest Coverage (x)	3.2	1.8	1.3	1.9	1.8

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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