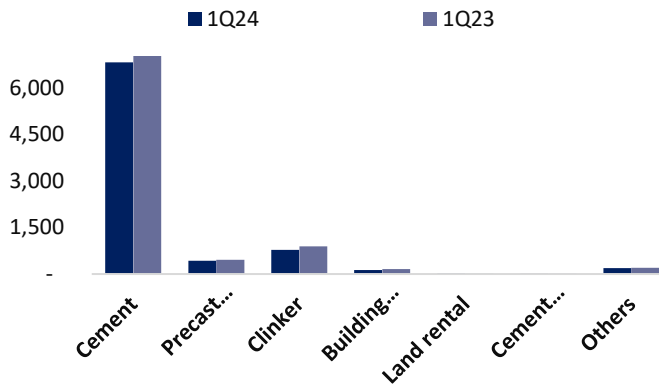
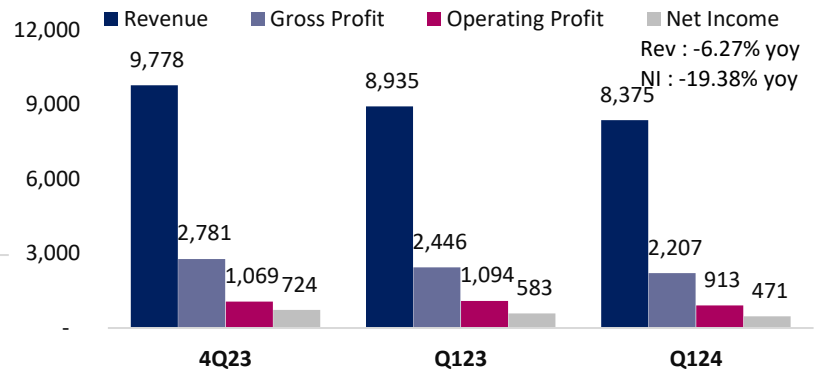


Figure 1. Revenue Segmentations QoQ



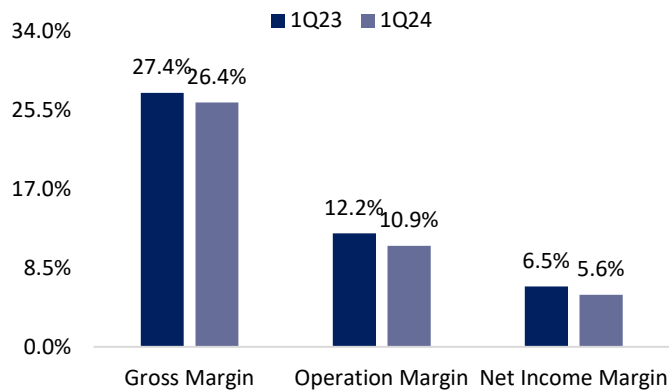
Source: Company & KSI Research

Figure 2. Income Statement 1Q24 (IDR Bn)



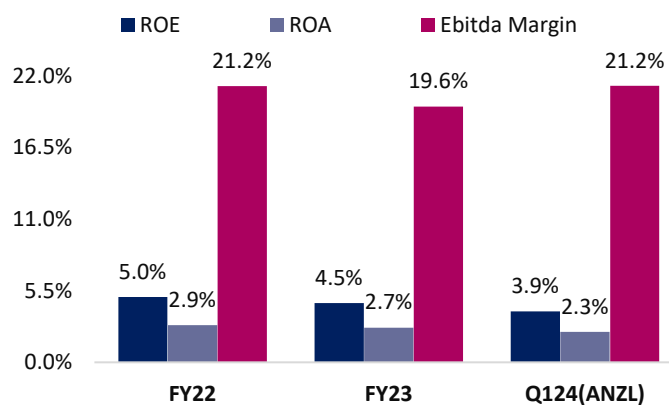
Source: Company & KSI Research

Figure 3. SMGR Margins Figure QoQ



Source: Company & KSI Research

Figure 4. Profitability Ratio



Source: Company & KSI Research

SMGR Performance Highlights

PT Semen Indonesia Tbk (SMGR) reported a decrease in net profit by -16% yoy to IDR 472Bn (Vs IDR 583Bn) This was due to a decrease in the company's revenue by -6.27% to IDR 8,375Bn (Vs IDR 8,935Bn). This was partly due to the slowdown in the domestic cement industry which contracted in Q124, especially from the bagged or retail cement segment which accounts for around 70% of the company's total revenue. However, the company managed to increase sales volume of bulk and export segments and implemented an effective cost management program. As of Q124, SIG's cement sales volume reached 9.18 million tones. The company focused on cost efficiency and cash flow management to maintain liquidity and solvency.

2024F Sectoral Outlook

Cement demand for property and housing construction remains high, with a backlog of 12.75 million units. Massive infrastructure development by the government, including the National Capital City (IKN) in East Kalimantan, will also increase capacity utilization of the domestic cement industry. Semen Indonesia currently contributes 3,000-4,000 tones of building materials daily to the construction of the IKN, and has supplied 400,000 tones of building materials from December 2022 to February 2024. This supply is used for works such as the State Palace, the Presidential Office, the Ceremony Field in the Government Centre Core Area (KIPP), and the IKN Section 3A Toll Road.

Comment

We see SMGR has the potential for performance recovery and growth in 2024 by looking at improved performance and profitability as well as business strategy to capitalize on the high demand for bulk cement. SMGR is currently trading at IDR4,070, has a fair value of IDR5,700 with a P/E of 13.21x below -1 PE Stdv 5Y and has a PBV of 0.63x still below -1 PBV Stdv 5Y.

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