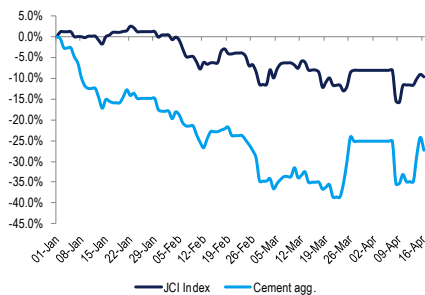


Sector Index Performance

	3M	6M	12M
Absolute	-12.2%	-34.8%	-48.6%
Relative to JCI	-4.2%	-18.7%	-37.9%



Summary Valuation Metrics

P/E (x)	2025F	2026F	2027F
INTP IJ	10.2	9.6	8.9
SMGR IJ	13.2	11.3	10.0
EV/EBITDA (x)	2025F	2026F	2027F
INTP IJ	4.6	4.4	4.2
SMGR IJ	4.4	4.3	4.1
Div. Yield	2025F	2026F	2027F
INTP IJ	3.3%	4.7%	5.8%
SMGR IJ	3.0%	3.3%	3.6%

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Mar25 volume: weak sales even after accounting for Eid seasonality

- Overall domestic volume down by -21% yoy to 3.9mt in Mar25 as both bag and bulk dropped by -20% and -24% respectively.
- SMGR volume fell by -30% yoy in Mar25 vs. INTP's -17% yoy.
- We maintain a cautious outlook as we expect overall FY25 demand to be in negative territory (-2 to -5% on FY basis)

Weak Mar25 sales even after accounting for seasonality

Domestic cement volume declined sharply by -21% yoy (-18% mom) to 3.9mt in Mar25, likely due to shorter working days as many construction workers in major cities returned to their hometowns ahead of the Eid al-Fitr holiday (falls on 31st of Mar25). This drop was steeper compared to Apr22 (4.4mt, -10% yoy/-20% mom) when Eid al-Fitr falls on 2nd of May22 – we use 2022 Eid as a benchmark given the timing similarity. On cumulative basis, national cement sales fell by -7% yoy in 1Q25 mainly driven by -16% yoy decline in bulk sales amid minimal progress on IKN, while bag sales performed slightly better (-4% yoy). Regionally cement volume in Java contracted by -6% yoy, performing better than ex-Java areas which declined -8% yoy.

Steep drop in SMGR volume, while INTP held up better

The big 2 players saw a sharper volume decline of -25% yoy in Mar25, driven primarily by SMGR, which reported a -30% yoy drop in sales, while INTP fared relatively better with a -17% yoy decline. The difference in performance can be attributed to their regional exposure – SMGR has a heavier reliance on ex-Java markets (54% of total sales vs. INTP of 36%), where the decline was more severe. Among smaller players, only Merah Putih recorded growth (+1% yoy), while Conch/Siam declined by -10% and Hongshi at -38% yoy.

Price hike challenges loom for SMGR amid market share decline

The recent sales volume trend has led to a decline in market share for SMGR, falling to 46.1% in 3M25 from 48.8% in 3M24. In contrast, INTP managed to maintain its market share at 29.4% in 3M25, slightly up from 29.0% in 3M24. We believe this shall result in muted ASP increase by SMGR. Our channel check across Java indicate that retail cement prices remained flat on a mom basis/+1% YTD.

Maintain Neutral as fundamentals remain challenging despite attractive valuation

We expect cement demand to remain sluggish throughout FY25 at -5% to -2% - despite FY24 low base (-1% yoy), driven by weak purchasing power affecting bag demand and infra budget cut which shall affect bulk demand. Note that, bulk cement accounted for 31% in FY24 vs. 27% in FY19.

Fig. 1: Mar25 cement volume highlights

Domestic volume (in k tonnes)	Mar-25	Mar-24	yoy%	Feb-25	mom%	3M25	3M24	yoy%
Java total	1,958	2,513	-22%	2,447	-20%	6,963	7,441	-6%
Ex Java total	1,897	2,390	-21%	2,253	-16%	6,496	7,098	-8%
Total	3,855	4,903	-21%	4,700	-18%	13,459	14,539	-7%
Bag	2,691	3,369	-20%	3,391	-21%	9,675	10,033	-4%
Bulk	1,164	1,534	-24%	1,310	-11%	3,784	4,507	-16%

Source: Indonesia Cement Association, Indo Premier

Fig. 2: Mar25 cement volume summary

National cement volume summary (k tonnes)	Mar-25	Mar-24	yoy%	Feb-25	mom%	3M25	3M24	yoy%
Jakarta	151	213	-29%	181	-17%	503	618	-19%
West Java	593	779	-24%	735	-19%	2,116	2,316	-9%
Central Java	452	565	-20%	552	-18%	1,594	1,716	-7%
Yogyakarta	61	77	-21%	78	-22%	217	230	-5%
East Java	474	630	-25%	613	-23%	1,750	1,828	-4%
Banten	226	248	-9%	288	-22%	783	734	7%
Java total	1,958	2,513	-22%	2,447	-20%	6,963	7,441	-6%
Sumatra	888	1,054	-16%	1,082	-18%	3,082	3,059	1%
Kalimantan	273	433	-37%	338	-19%	990	1,265	-22%
Sulaw esi	318	431	-26%	377	-16%	1,121	1,301	-14%
Bali + Nusa Tenggara	254	296	-14%	289	-12%	815	962	-15%
East Indo	163	175	-7%	167	-2%	488	511	-4%
Ex Java total	1,897	2,390	-21%	2,253	-16%	6,496	7,098	-8%
Total	3,855	4,903	-21%	4,700	-18%	13,459	14,539	-7%
Bag	2,691	3,369	-20%	3,391	-21%	9,675	10,033	-4%
Bulk	1,164	1,534	-24%	1,310	-11%	3,784	4,507	-16%
Summary by player								
SIG	1,730	2,456	-30%	2,211	-22%	6,205	7,097	-13%
INTP	1,155	1,393	-17%	1,319	-12%	3,963	4,212	-6%
Big 2 total	2,885	3,850	-25%	3,529	-18%	10,168	11,309	-10%
Non big 2 total	970	1,053	-8%	1,171	-17%	3,291	3,230	2%

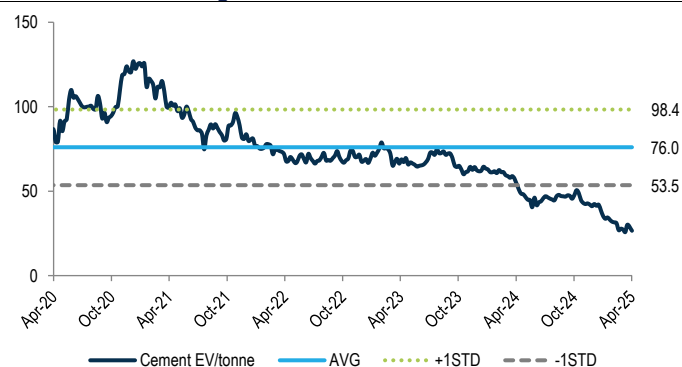
Source: Indonesia Cement Association, Indo Premier

Fig. 3: Cement forward EV/EBITDA – now trading at 4.5x FY25F EV/EBITDA vs. 5Y average of 8.8x EV/EBITDA



Source: Bloomberg, Company, Indo Premier

Fig. 4: Cement forward EV/tonne – now trading at US\$29.9 FY24F EV/tonne vs. 5Y average of US\$76 EV/tonne



Source: Bloomberg, Company, Indo Premier

Fig. 5: Peer comparison

Ticker	Closing Price	P/E (x)			EV/EBITDA (x)			P/BV (x)		
		FY25F	FY26F	FY27F	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F
INTP	5,275	10.2	9.6	8.9	4.6	4.4	4.2	0.8	0.8	0.7
SMGR	2,450	13.2	11.3	10.0	4.4	4.3	4.1	0.4	0.4	0.4

Source: Bloomberg, Company, Indo Premier

Share price closing as of: 16 April 2025

SECTOR RATINGS

- OVERWEIGHT : An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation
- NEUTRAL : A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation
- UNDERWEIGHT : An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation

COMPANY RATINGS

- 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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