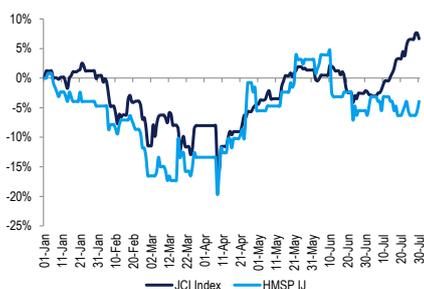


Stock Data

Target price	Rp550
Prior TP	Rp610
Current price	Rp610
Upside/downside	-10%
Shares outstanding (mn)	116,318
Market cap (Rp bn)	70,954
Free float	8%
Avg. 6m daily T/O (Rp bn)	10

Price Performance

	3M	6M	12M
Absolute	-2.4%	0.0%	-9.6%
vs. JCI	-14.3%	-5.4%	-12.7%
52w low/high	510 – 775		



Major Shareholders

Phillip Morris Indonesia	93%
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2Q25 results: soft result from higher opex and one-off tax charge

- HMSP booked 1H25 net profit of Rp2.1tr (-36% yoy), coming below ours/consensus estimate at 26/28% vs. 5yr average of 52%.
- Robust 2Q25 GPM improvement of +246bps yoy was fully offset by higher opex to sales of +172bps yoy and one-off tax charge.
- Maintain HOLD with a lower TP of Rp550/sh.

1H25 net profit came below our/consensus estimate

HMSP booked 1H25 net profit of Rp2.1tr (-35.8% yoy) and this was below our/consensus estimate at 26/28% (vs. 5yr avg of 52%) due to one-off tax charge and higher opex. Excluding this one-off tax adjustment, 1H25 core profit was broadly flat at Rp3.4tr (+1.9% yoy). 1H25 revenue of Rp55.2tr (-4.6% yoy) was in-line with our/consensus estimate at 47/46% (vs. 5yr avg of 48%). 1H25 GPM increased to 17.5% (+246bps yoy), while opex to sales rose to 10.2% (+161bps yoy), leading to EBIT margin of 7.3% (+85bps yoy).

2Q25 result was dragged by higher opex and one-off tax

2Q25 revenue declined by -8.1% yoy to Rp26.4tr (-8.4% qoq). Based on PMI disclosure, HMSP 2Q25 volume decreased by -3.6% (against industry volume growth of -7.1%), indicating an improvement in market share from 30.2% to 31.3%. 2Q25 GPM rose to 17.5% (+383bps yoy) amid flat excise tax. However, 2Q25 opex to sales increased to 11.5% (+172bps yoy) due to higher salary expense (+10.5% yoy) and A&P expense (+11.7% yoy). In sum, EBIT margin improved to 6.1% (+211bps yoy). Below operating line, the company recorded one-off tax charge of Rp746bn from prior period adjustments. In sum, 2Q25 net profit declined to Rp210bn (-80.4% yoy) with NPM of 0.8%.

We revised down our FY25F earnings by 20%

Given the absence of excise hike in FY25, we estimate a steeper excise hike than usual increase is likely to happen in FY26F (link to [note](#)). Furthermore, we note that HMSP has struggled to fully pas on excise tax increase to consumers since the post-COVID period. With a soft purchasing power, we view HMSP is unlikely to pass-on higher excise hike in FY26F, resulting in GPM pressure.

Maintain HOLD with a lower TP of Rp550

We revised down our FY25F earnings by 20% to Rp6.1tr to reflect soft 2Q25 result. In sum, we maintain our HOLD call with lower TP of Rp550/sh based on 10.5x FY25F PE (-1.5 s.d. from its 3yr avg). Key risks to our call includes soft purchasing power preventing the company to raise its price.

Financial Summary (Rp bn)	2023A	2024A	2025F	2026F	2027F
Revenue	115,983	117,880	116,886	119,723	122,729
EBITDA	10,074	8,880	9,204	8,590	8,275
EBITDA growth	13.7%	-11.9%	3.7%	-6.7%	-3.7%
Net profit	8,097	6,646	6,143	6,379	6,098
EPS (Rp)	70	57	53	55	52
EPS growth	28.0%	-17.9%	-7.6%	3.8%	-4.4%
ROE	27.9%	22.8%	22.1%	23.3%	22.3%
PER (x)	8.8	10.7	11.6	11.1	11.6
Dividend yield	9.0%	11.4%	9.3%	8.6%	8.9%
Forecast change			-20%	-13%	-17%
IPS vs. consensus			79%	74%	65%

Source: Company, Indo Premier

Share price closing as of: 30 July 2025

Fig. 1: HMSP 2Q25 result summary

(Rp bn)	2Q25	2Q24	% YoY	1Q25	%QoQ	6M25	6M24	% YoY	IPS. FY25F	% IPS	Cons. FY25F	% Cons	5yr avg
Net sales	26,384	28,710	-8.1%	28,789	-8.4%	55,173	57,817	-4.6%	116,886	47%	119,480	46%	48%
COGS	(21,760)	(24,777)	-12.2%	(23,766)	-8.4%	(45,526)	(49,128)	-7.3%					
Gross profit	4,625	3,933	17.6%	5,022	-7.9%	9,647	8,689	11.0%					
Opex	(3,021)	(2,794)	8.1%	(2,622)	15.2%	(5,643)	(4,981)	13.3%					
EBIT	1,604	1,139	40.8%	2,401	-33.2%	4,004	3,708	8.0%	9,520	42%	9,138	44%	52%
Other income (charges)	(505)	57	-983.8%	71	-815.7%	(434)	172	#####					
PBT	1,190	1,358	-12.4%	2,558	-53.5%	3,748	4,225	-11.3%					
Tax benefit (expense)	(980)	(289)	239.6%	(640)	53.1%	(1,620)	(908)	78.3%					
Net profit	210	1,070	-80.4%	1,918	-89.0%	2,128	3,317	-35.8%	8,038	26%	7,698	28%	52%
Margins													
Gross margin	17.5%	13.7%	3.83%	17.4%	0.08%	17.5%	15.0%	2.46%					
EBIT margin	6.1%	4.0%	2.11%	8.3%	-2.26%	7.3%	6.4%	0.85%					
Net margin	0.8%	3.7%	-2.93%	6.7%	-5.87%	3.9%	5.7%	-1.88%					
Opex to sales	-11.5%	-9.7%	-1.72%	-9.1%	-2.34%	-10.2%	-8.6%	-1.61%					
Revenue breakdown													
SKM	14,372	16,598	-13.4%	15,693	-8.4%	30,065	33,885	-11.3%					
SKT	9,101	9,289	-2.0%	9,833	-7.4%	18,934	18,394	2.9%					
SPM	1,247	1,797	-30.6%	1,766	-29.4%	3,013	3,658	-17.6%					
Others (include SPT)	1,664	1,026	62.2%	1,497	11.2%	3,161	1,880	68.1%					
Revenue contribution by segment													
SKM	54.5%	57.8%		54.5%		54.5%	58.6%						
SKT	34.5%	32.4%		34.2%		34.3%	31.8%						
SPM	4.7%	6.3%		6.1%		5.5%	6.3%						
Others	6.3%	3.6%		5.2%		5.7%	3.3%						
Export	454.7	289.9	56.8%	558.6	-18.6%	1,013.3	495.5	104.5%					

Source: Company, Indo Premier

Fig. 2: HMSP Earnings changes

	Previous		Current		Changes	
	2025F	2026F	2025F	2026F	2025F	2026F
Financial Perform. (Rp bn)						
Net sales	116,421	119,258	116,886	119,723	0.4%	0.4%
Gross profit	20,129	20,554	20,594	20,844	2.3%	1.4%
EBIT	9,055	8,504	8,018	7,343	-11.5%	-13.6%
Net profit	7,682	7,266	6,143	6,379	-20.0%	-12.2%
EPS (Rp)	66	62	53	55	-20.0%	-11.6%
Profitability (%)						
Gross margin	17.3%	17.2%	17.6%	17.4%	0.3%	0.2%
EBIT margin	7.8%	7.1%	6.9%	6.1%	-0.9%	-1.0%
Net profit margin	6.6%	6.1%	5.3%	5.3%	-1.3%	-0.8%

Source: PMI, Indo Premier

Fig. 3: PMI volume

	2Q25	2Q24	% YoY	1Q25	% QoQ	1H25	1H24	% YoY
HSMP volume (bn sticks)	18.9	19.6	-3.6%	20.4	-7.4%	39.3	39.9	-1.5%
Industry volume (bn sticks)	60.4	65.0	-7.1%	66.1	-8.6%	126.5	132.1	-4.2%
HMSP market share (%)	31.3%	30.2%		30.9%		31.1%	30.2%	

Source: PMI, Indo Premier

Fig. 4: HMSP is currently trading at 8.9x fwd. 12M P/E, or around 1.5 s.d. below its 3-year mean



Source: Company, Indo Premier

Income Statement (Rp bn)	2023A	2024A	2025F	2026F	2027F
Net revenue	115,983	117,880	116,886	119,723	122,729
Cost of sales	(96,653)	(99,346)	(96,292)	(98,879)	(101,563)
Gross profit	19,330	18,534	20,594	20,844	21,166
SG&A Expenses	(10,366)	(10,837)	(12,576)	(13,501)	(14,198)
Operating profit	8,964	7,697	8,018	7,343	6,968
Net interest	699	681	681	681	681
Forex gain (loss)	0	0	0	0	0
Others	649	307	305	312	320
Pre-tax income	10,311	8,686	9,004	8,337	7,969
Income tax	(2,214)	(2,040)	(2,861)	(1,958)	(1,872)

Minority interest	0	0	0	0	0
Net income	8,097	6,646	6,143	6,379	6,098

Balance Sheet (Rp bn)	2023A	2024A	2025F	2026F	2027F
Cash & equivalent	2,695	2,370	3,766	4,221	4,224
Receivable	3,612	4,269	3,907	4,002	4,102
Inventory	19,014	22,023	19,888	20,422	20,977
Other current assets	14,745	9,856	9,840	9,903	9,970
Total current assets	40,066	38,518	37,400	38,548	39,273
Fixed assets	9,253	9,444	9,258	9,012	8,705
Other non-current assets	60	60	60	60	60
Total non-current assets	15,250	15,773	15,586	15,340	15,034
Total assets	55,316	54,291	52,987	53,889	54,307
ST loans	0	0	0	0	0
Payable	6,844	6,679	6,553	6,730	6,912
Other payables	13,015	13,935	13,768	14,103	14,458
Current portion of LT loans	0	0	0	0	0
Total current liab.	23,303	23,670	23,473	24,063	24,682
Long term loans	0	0	0	0	0
Other LT liab.	2,144	2,264	2,247	2,296	2,348
Total liabilities	25,446	25,934	25,720	26,359	27,030
Equity	21,087	21,102	21,102	21,102	21,102
Retained earnings	8,167	6,638	6,165	6,428	6,175
Minority interest	0	0	0	0	0
Total SHE + minority int.	29,870	28,356	27,267	27,530	27,277
Total liabilities & equity	55,316	54,291	52,987	53,889	54,307

Source: Company, Indo Premier

Cash Flow Statement (Rp bn)	2023A	2024A	2025F	2026F	2027F
EBIT	8,964	7,697	8,018	7,343	6,968
Depr. & amortization	0	0	1,186	1,246	1,306
Changes in working capital	(534)	1,590	2,317	(103)	(103)
Others	(2,148)	(9,287)	(1,875)	(965)	(871)
Cash flow from operating	6,282	0	9,646	7,522	7,301
Capital expenditure	(1,072)	0	(1,000)	(1,000)	(1,000)
Others	744	0	0	0	0
Cash flow from investing	(328)	0	(1,000)	(1,000)	(1,000)
Loans	0	0	0	0	0
Equity	0	0	0	0	0
Dividends	(6,363)	(8,061)	(6,616)	(6,115)	(6,350)

Others	(179)	8,061	(633)	49	52
Cash flow from financing	(6,542)	0	(7,250)	(6,067)	(6,299)
Changes in cash	(588)	0	1,397	455	3

Key Ratios	2023A	2024A	2025F	2026F	2027F
Gross margin	16.7%	15.7%	17.6%	17.4%	17.2%
Operating margin	7.7%	6.5%	6.9%	6.1%	5.7%
Pre-tax margin	8.9%	7.4%	7.7%	7.0%	6.5%
Net margin	7.0%	5.6%	5.3%	5.3%	5.0%
ROA	14.7%	12.1%	11.5%	11.9%	11.3%
ROE	27.9%	22.8%	22.1%	23.3%	22.3%
Acct. receivables TO (days)	11.0	12.2	12.2	12.2	12.2
Inventory TO (days)	70.6	75.4	75.4	75.4	75.4
Payable TO (days)	29.1	24.8	24.8	24.8	24.8
Debt to equity	N/A	N/A	N/A	N/A	N/A
Interest coverage ratio (x)	214.7	194.6	202.7	185.6	176.1
Net gearing	-9.0%	-8.4%	-13.8%	-15.3%	-15.5%

Source: Company, Indo Premier

INVESTMENT 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

ANALYSTS CERTIFICATION

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

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