INDOPREMIER

H.M. Sampoerna

BUY *(upgrade)*

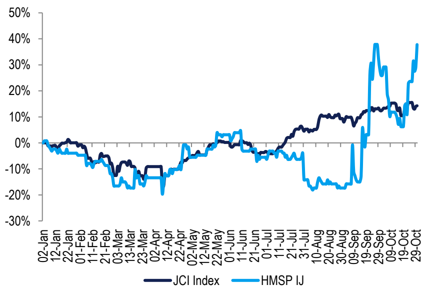
Company Update | Tobacco | HMSP IJ | 30 October 2025

Stock Data

Target price	**Rp1,150**
Prior TP	*Rp550*
Current price	Rp870
Upside/downside	*+32.2%*
Shares outstanding (mn)	116,318
Market cap (Rp bn)	101,197
Free float	8%
Avg. 6m daily T/O (Rp bn)	98

Price Performance

	3M	6M	12M
Absolute	43.4%	45.8%	28.7%
vs. JCI	35.0%	24.9%	19.6%
52w low/high			510 – 875



Major Shareholders

Phillip Morris Indonesia	93%

Strong 3Q25 earnings recovery from GPM improvement

- 9M25 net profit of Rp4.5tr (-13.7% yoy) was below our/consensus estimate, primarily due to soft 2Q25 performance.
- Strong 3Q25 net profit of Rp2.4tr (+24.9% yoy) was attributed by 3Q25 GPM improvement of +363bps yoy.
- Upgrade to BUY with TP of Rp1,150/sh following our FY25/26F earnings upgrade of 14/17%.

9M25 net profit came below our/consensus estimate

HMSP booked 9M25 net profit of Rp4.5tr (-13.7% yoy) and this was below our/consensus estimate at 73/68% (vs. 5yr avg of 78%). The earnings miss was mainly due to soft 2Q25 net profit of Rp210bn following a one-off tax expense of Rp746bn; on the other hand, 3Q25 earnings contributed 39/36% of our/consensus FY25F estimate (vs. 5yr avg of 28%). 9M25 revenue of Rp83.7tr (-5.3% yoy) was in-line with our/consensus estimates at 72/71% (vs. 5yr avg of 74%). 9M25 GPM improved to 18.4% (+285bps yoy), while opex-to-sales rose to 10.1% (+144bps yoy), resulting in EBIT margin of 8.3% (+141bps yoy).

Robust 3Q25 net profit amid GPM improvement

3Q25 revenue declined to Rp28.6tr (-6.8% yoy), weighed down by all segments (SKT/SKM/SPM's -10.5/-7.6/-7.1% yoy). 3Q25 GPM improved to 20.2% (+363bps yoy) amid flat excise tax coupled with SKM ASP hike of +5.2% yoy. However, 3Q25 opex to sales increased to 9.8% (+110bps yoy) due to higher management services to sales at +21bps yoy and transportation cost to sales at +24bps yoy. EBIT margin improved to 10.4% (+253bps yoy). In sum, 3Q25 net profit improved to Rp2.4tr (+24.9% yoy) with NPM of 8.3% (+212bps yoy).

We revised up our FY25/26F earnings by 14/17%

Following the government's decision to keep excise tax unchanged in FY26F (link to note), we expect HMSP's 9M25 GPM of 18.4% to be sustained into FY26F (vs. FY25/26F consensus estimate of 16.9/18.1%). Given the soft 9M25 sales volume growth of -1.8% yoy, we expect HMSP's ASP hike to be limited in FY26F and we currently assume ASP hike of 2% yoy. In sum, we revised up our FY25/26F earnings by 14/17% to reflect strong 3Q25 result.

Upgrade to BUY with a TP of Rp1,150/sh

We upgrade HMSP to BUY rating with a TP of Rp1,150/sh, based on 15.0x FY26F PE (its 5yr mean). We also see upside risk for the sector as MoF intensifies enforcement against illegal cigarettes. Key risk 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	113,182	116,477	125,107
EBITDA	10,074	8,880	10,541	12,025	13,003
EBITDA growth	13.7%	-11.9%	18.7%	14.1%	8.1%
Net profit	8,097	6,646	7,022	8,861	9,571
EPS (Rp)	70	57	60	76	82
EPS growth	28.0%	-17.9%	5.7%	26.2%	8.0%
ROE	27.9%	22.8%	24.9%	30.5%	31.5%
PER (x)	12.5	15.2	14.4	11.4	10.6
Dividend yield	6.3%	8.0%	6.5%	6.9%	8.7%
Forecast change			14%	17%	14%
IPS vs. consensus			106%	102%	94%

Source: Company, Indo Premier *Share price closing as of: 30 October 2025*

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Fig. 1: HMSP 3Q25 result summary

(Rp bn)	3Q25	3Q24	% YoY	2Q25	%QoQ	9M25	9M24	% YoY	IPS. FY25F	% IPS	Cons. FY25F	% Cons	5yr avg
Net sales	**28,570**	**30,651**	**-6.8%**	**26,384**	**8.3%**	**83,743**	**88,468**	**-5.3%**	**116,886**	**72%**	**117,242**	**71%**	**74%**
COGS	(22,806)	(25,580)	-10.8%	(21,760)	4.8%	(68,332)	(74,709)	-8.5%					
Gross profit	**5,763**	**5,071**	**13.7%**	**4,625**	**24.6%**	**15,411**	**13,759**	**12.0%**					
Opex	(2,801)	(2,668)	5.0%	(3,021)	-7.3%	(8,444)	(7,649)	10.4%					
EBIT	**2,962**	**2,403**	**23.3%**	**1,604**	**84.7%**	**6,966**	**6,110**	**14.0%**	**8,018**	**87%**	**8,590**	**81%**	**79%**
Other income (charges)	106	(121)	N/A	(505)	N/A	(328)	52	N/A					
PBT	**3,124**	**2,447**	**27.7%**	**1,190**	**162.6%**	**6,872**	**6,672**	**3.0%**					
Tax benefit (expense)	(741)	(539)	37.5%	(980)	-24.3%	(2,361)	(1,448)	63.1%					
Net profit	**2,383**	**1,908**	**24.9%**	**210**	**1033.9%**	**4,511**	**5,224**	**-13.7%**	**6,143**	**73%**	**6,633**	**68%**	**78%**
Margins													
Gross margin	20.2%	16.5%	3.63%	17.5%	2.64%	18.4%	15.6%	2.85%					
EBIT margin	10.4%	7.8%	2.53%	6.1%	4.29%	8.3%	6.9%	1.41%					
Net margin	8.3%	6.2%	2.12%	0.8%	7.54%	5.4%	5.9%	-0.52%					
Opex to sales	-9.8%	-8.7%	-1.10%	-11.5%	1.64%	-10.1%	-8.6%	-1.44%					
Revenue breakdown													
SKM	15,368	16,630	-7.6%	14,372	6.9%	45,432	50,515	-10.1%					
SKT	9,910	11,074	-10.5%	9,101	8.9%	28,844	29,468	-2.1%					
SPM	1,469	1,581	-7.1%	1,247	17.8%	4,482	5,239	-14.4%					
Others (include SPT)	1,823	1,366	33.5%	1,664	9.6%	4,985	3,246	53.5%					
Revenue contribution by segment													
SKM	53.8%	54.3%	-0.47%	54.5%	-0.7%	54.3%	57.1%	-2.85%					
SKT	34.7%	36.1%	-1.44%	34.5%	0.2%	34.4%	33.3%	1.13%					
SPM	5.1%	5.2%	-0.02%	4.7%	0.4%	5.4%	5.9%	-0.57%					
Others	6.4%	4.5%	1.93%	6.3%	0.1%	6.0%	3.7%	2.28%					
Export	686.2	474.8	44.5%	454.7	50.9%	1,699.5	970.3	75.2%					

Source: Company, Indo Premier

Fig. 2: HMSP Earnings changes

	Previous		Current		Changes	
	2025F	2026F	2025F	2026F	2025F	2026F
Financial Perform. (Rp bn)						
Net sales	116,886	117,251	113,182	116,477	*-3.2%*	*-0.7%*
Gross profit	20,594	21,780	21,048	22,834	*2.2%*	*4.8%*
EBIT	8,018	8,935	9,354	10,779	*16.7%*	*20.6%*
Net profit	6,143	7,592	7,022	8,861	*14.3%*	*16.7%*
EPS (Rp)	53	65	60	76	*14.3%*	*16.7%*
Profitability (%)						
Gross margin	17.6%	18.6%	18.6%	19.6%	*1.0%*	*1.0%*
EBIT margin	6.9%	7.6%	8.3%	9.3%	*1.4%*	*1.6%*
Net profit margin	5.3%	6.5%	6.2%	7.6%	*0.9%*	*1.1%*

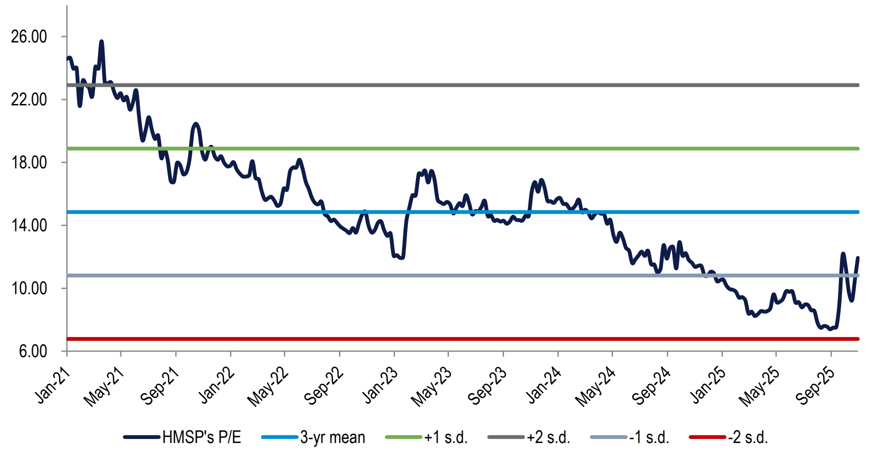
Source: Company, Indo Premier

Fig. 3: PMI volume 9M25 Volume data

	3Q25	3Q24	% YoY	2Q25	% QoQ	9M25	9M24	% YoY
HMSP volume (bn sticks)	20.2	20.7	*-2.4%*	18.9	*6.9%*	59.4	60.5	*-1.8%*
Industry volume (bn sticks)	65.8	67.6	*-2.7%*	60.4	*8.9%*	192.3	199.7	*-3.7%*
HMSP market share (%)	30.7%	30.6%		31.3%		30.9%	30.3%	

Source: PMI, Indo Premier

Fig. 4: HMSP is currently trading at 11.9x fwd. 12M P/E, or around 0.8 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	113,182	116,477	125,107
Cost of sales	(96,653)	(99,346)	(92,134)	(93,643)	(100,694)
Gross profit	**19,330**	**18,534**	**21,048**	**22,834**	**24,413**
SG&A Expenses	(10,366)	(10,837)	(11,694)	(12,056)	(12,716)
Operating profit	**8,964**	**7,697**	**9,354**	**10,779**	**11,696**
Net interest	699	681	681	681	681
Forex gain (loss)	0	0	0	0	0
Others	649	307	118	121	130
Pre-tax income	**10,311**	**8,686**	**10,153**	**11,581**	**12,508**
Income tax	(2,214)	(2,040)	(3,131)	(2,720)	(2,938)
Minority interest	0	0	0	0	0
Net income	**8,097**	**6,646**	**7,022**	**8,861**	**9,571**

Balance Sheet (Rp bn)	2023A	2024A	2025F	2026F	2027F
Cash & equivalent	2,695	2,370	4,805	7,027	8,009
Receivable	3,612	4,269	3,783	3,893	4,182
Inventory	19,014	22,023	19,029	19,341	20,797
Other current assets	14,745	9,856	9,757	9,830	10,023
Total current assets	**40,066**	**38,518**	**37,374**	**40,091**	**43,011**
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**	**52,960**	**55,432**	**58,045**
ST loans	0	0	0	0	0
Payable	6,844	6,679	6,271	6,373	6,853
Other payables	13,015	13,935	13,328	13,711	14,728
Current portion of LT loans	0	0	0	0	0
Total current liab.	**23,303**	**23,670**	**22,630**	**23,175**	**24,892**
Long term loans	0	0	0	0	0
Other LT liab.	2,144	2,264	2,184	2,240	2,389
Total liabilities	**25,446**	**25,934**	**24,814**	**25,415**	**27,280**
Equity	21,087	21,102	21,102	21,102	21,102
Retained earnings	8,167	6,638	7,044	8,914	9,663
Minority interest	0	0	0	0	0
Total SHE + minority int.	**29,870**	**28,356**	**28,146**	**30,017**	**30,765**
Total liabilities & equity	**55,316**	**54,291**	**52,960**	**55,432**	**58,045**

Source: Company, Indo Premier

Cash Flow Statement (Rp bn)	2023A	2024A	2025F	2026F	2027F
EBIT	8,964	7,697	9,354	10,779	11,696
Depr. & amortization	0	0	1,186	1,246	1,306
Changes in working capital	(534)	1,590	2,540	49	(221)
Others	(2,148)	(4,123)	(2,332)	(1,917)	(2,126)
Cash flow from operating	**6,282**	**5,164**	**10,748**	**10,157**	**10,656**
Capital expenditure	(1,072)	(1,528)	(1,000)	(1,000)	(1,000)
Others	744	4,307	0	0	0
Cash flow from investing	**(328)**	**2,779**	**(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)	(6,991)	(8,822)
Others	(179)	(208)	(697)	57	148
Cash flow from financing	**(6,542)**	**(8,269)**	**(7,313)**	**(6,935)**	**(8,674)**
Changes in cash	**(588)**	**(326)**	**2,435**	**2,222**	**982**

Key Ratios	2023A	2024A	2025F	2026F	2027F
Gross margin	16.7%	15.7%	18.6%	19.6%	19.5%
Operating margin	7.7%	6.5%	8.3%	9.3%	9.3%
Pre-tax margin	8.9%	7.4%	9.0%	9.9%	10.0%
Net margin	7.0%	5.6%	6.2%	7.6%	7.6%
ROA	14.7%	12.1%	13.1%	16.4%	16.9%
ROE	27.9%	22.8%	24.9%	30.5%	31.5%
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	236.5	272.5	295.7
Net gearing	-9.0%	-8.4%	-17.1%	-23.4%	-26.0%

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

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