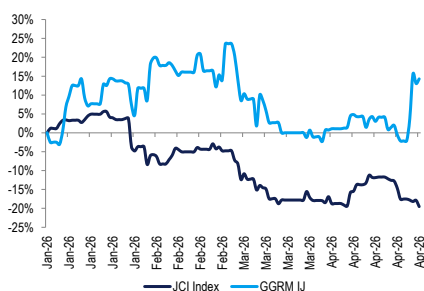


Stock Data

Target price	Rp18,700
Prior TP	Rp18,700
Current price	Rp16,000
Upside/downside	16.9%
Shares outstanding (mn)	1,924
Market cap (Rp bn)	30,785
Free float	24%
Avg. 6m daily T/O (Rp bn)	14

Price Performance

	3M	6M	12M
Absolute	6.5%	7.4%	66.7%
vs. JCI	22.9%	22.2%	64.9%
52w low/high (Rp)	8,300 – 17,650		



Major Shareholders

PT. Suryaduta Investama	69.3%
PT. Suryamitra Kusuma	6.26%

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1Q26 results: beat from margin improvement, but sales were below

- 1Q26 net profit of Rp1.5tr (+1,373% yoy) was above our/consensus estimate at 47/50% (vs. 5yr average of 35%).
- Stellar 1Q26 earnings was driven by GPM improvement of +692bps yoy to 15.6% amid SKM ASP hike of +6.8% yoy and flat excise tax.
- We maintain BUY with an unchanged TP of Rp18,700/sh, based on 11.0x FY26F PE.

1Q26 earnings were above our/consensus estimate

GGRM recorded 1Q26 net profit of Rp1.5tr (+1,373% yoy), which came above our/consensus estimates at 47/50% (vs. 5yr average of 35%) due to GPM improvement of +692bps yoy. Meanwhile, 1Q26 revenue of Rp20.1tr (-12.8% yoy) was below our/consensus estimate at 22/21% (vs. 5yr average of 28%) amid soft SKM/SKT segment.

Soft sales growth was due to ASP hike which resulted in weak volume

1Q26 revenue declined by -12.8% yoy was driven by soft SKM/SKT sales growth of -13.3/-18.3% yoy. Our latest channel check suggests that GGRM increased its SKM ASP by +6.8% yoy, implying that the -13.3% yoy decline in SKM revenue was primarily driven by a volume contraction of c.-18.4% yoy. This underperformed industry's volume growth of +3.6% yoy, according to Phillip Morris International. As a result, we view downtrading remains persistent in the cigarette sectors due to soft purchasing power.

Stellar 1Q26 earnings was driven by margin improvement

Stellar 1Q26 earnings was driven by GPM improvement of +692bps yoy to 15.6% amid SKM ASP hike of +6.8% yoy and flat excise tax. Moreover, 1Q26 opex-to-sales ratio improved to 5.8% (-199bps yoy) on the back of lower salaries-to-sales ratio of 3.2% (-101bps yoy). EBIT margin improved to 9.9% (+904bps yoy). In sum, 1Q26 net profit recovered to Rp1.5tr (+1373% yoy), implying NPM of 7.7% (+729bps yoy).

Maintain BUY with an unchanged TP of Rp18,700/sh

We are currently reviewing our forecasts as we await further clarity from the company. For now, we maintain our BUY rating with an unchanged TP of Rp18,700, based on 11.0x FY26F PE (-0.5 s.d. from its 3yr mean). Key risks to our call: softer-than-expected sales volume and downtrading trend to illegal cigarettes.

Financial Summary (Rp bn)	2024A	2025A	2026F	2027F	2028F
Revenue	98,655	89,370	91,943	99,338	107,336
EBITDA	4,684	5,165	7,178	7,747	8,381
EBITDA growth	-54.8%	10.3%	39.0%	7.9%	8.2%
Net profit	981	1,557	3,284	3,686	4,140
EPS (Rp)	510	809	1,707	1,916	2,151
EPS growth	-81.6%	58.7%	111.0%	12.3%	12.3%
ROE	1.6%	2.5%	5.2%	5.6%	6.1%
PER (x)	27.7	17.4	11.0	9.8	8.7
Dividend yield	0.0%	2.7%	2.7%	5.6%	6.3%
Forecast change			0%	0%	0%
IPS vs. consensus			106%	95%	118%

Sources: Company, Indo Premier

Share price closing as of: 30 April 2026

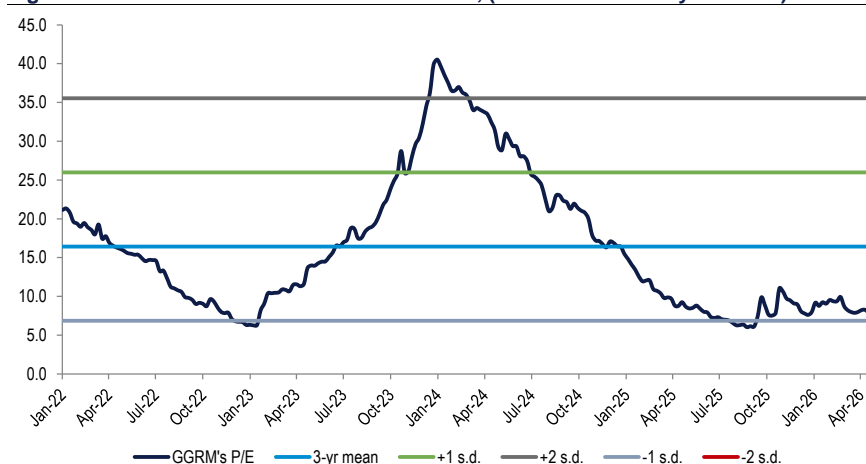
Fig. 1: GGRM's 1Q26 results summary

(Rp bn)	1Q26	1Q25	% YoY	4Q25	%QoQ	IPS FY26F	% IPS	Cons FY26F	% Cons	5yr avg
Total sales	20,114	23,066	-12.8%	22,043	-8.8%	91,943	22%	94,490	21%	28%
Total COGS	(16,973)	(21,061)	-19.4%	(19,363)	-12.3%					
Gross profit	3,141	2,005	56.6%	2,680	17.2%					
Opex	(1,176)	(1,808)	-35.0%	(1,815)	-35.2%					
EBIT	1,966	198	892.8%	865	127.2%	4,351	45%	3,739	53%	33%
Other income (charges)	55	108	N/A	74	-25.2%					
PBT	2,019	195	934.8%	932	116.6%					
Tax benefit (expense)	(481)	(88)	448.8%	(483)	-0.4%					
Net profit	1,538	104	1372.9%	450	242.0%	3,284	47%	3,091	50%	35%
Margins										
Gross margin	15.6%	8.7%	6.92%	12.2%	3.46%					
EBIT margin	9.9%	0.9%	9.04%	4.0%	5.88%					
Net margin	7.7%	0.5%	7.29%	2.1%	5.66%					
<i>**Based on cigarette sales</i>										
Segment information										
Revenue breakdown										
SKM	17,877	20,629	-13.3%	19,410	-7.9%					
SKT	1,721	2,107	-18.3%	1,980	-13.1%					
Others	516	330	56.3%	652	-21%					
Revenue contribution										
SKM	88.9%	89.4%		88.1%						
SKT	8.6%	9.1%		9.0%						
Others	2.6%	1.4%		3.0%						

Sources: Company, Bloomberg, Indo Premier

*Indo Premier Estimate

Fig. 2: GGRM is traded at 7.7x 12M forward P/E, (-0.8 s.d. from its 5-year mean)



Sources: Bloomberg, Indo Premier

Income Statement (Rp bn)	2024A	2025A	2026F	2027F	2028F
Net revenue	98,655	89,370	91,943	99,338	107,336
Cost of sales	(89,276)	(80,385)	(80,968)	(87,609)	(94,567)
Gross profit	9,380	8,984	10,975	11,729	12,770
SG&A Expenses	(7,690)	(6,628)	(6,624)	(6,862)	(7,321)
Operating profit	1,689	2,356	4,351	4,867	5,449
Net interest	(503)	(278)	(388)	(388)	(388)
Forex gain (loss)	33	12	0	0	0
Others	181	464	250	250	250
Pre-tax income	1,401	2,554	4,214	4,730	5,311
Income tax	(420)	(994)	(927)	(1,041)	(1,168)
Minority interest	(0)	(3)	(3)	(3)	(3)
Net income	981	1,557	3,284	3,686	4,140

Balance Sheet (Rp bn)	2024A	2025A	2026F	2027F	2028F
Cash & equivalent	3,706	3,613	14,405	18,962	24,133
Receivable	1,841	1,923	1,936	2,092	2,260
Inventory	40,426	33,389	36,066	37,824	39,532
Other current assets	1,618	513	521	546	572
Total current assets	47,591	39,438	52,928	59,423	66,497
Fixed assets	22,058	20,209	18,432	16,602	14,720
Goodwill	14,330	14,902	14,902	14,902	14,902
Total non-current assets	37,348	35,813	34,037	32,207	30,324
Total assets	84,939	75,252	86,965	91,630	96,822
ST loans	9,375	762	8,396	8,396	8,396
Payable	1,127	683	912	986	1,065
Other payables	209	209	215	233	252
Current portion of LT loans	0	0	0	0	0
Total current liab.	20,824	10,725	19,079	19,942	20,869
Long term loans	0	0	0	0	0
Other LT liab.	2,198	1,956	1,995	2,108	2,230
Total liabilities	23,023	12,681	21,074	22,050	23,099
Equity	1,016	1,016	1,016	1,016	1,016
Retained earnings	60,934	61,585	64,869	68,555	72,695
Minority interest	0	3	6	9	12
Total SHE + minority int.	61,917	62,571	65,891	69,580	73,723
Total liabilities & equity	84,939	75,252	86,965	91,630	96,822

Sources: Company, Indo Premier

Cash Flow Statement (Rp bn)	2024A	2025A	2026F	2027F	2028F
EBIT	1,689	2,356	4,351	4,867	5,449
Depr. & amortization	2,995	2,808	2,827	2,880	2,933
Changes in working capital	1,282	6,574	(1,978)	(1,075)	(976)
Others	561	(133)	(1,065)	(1,178)	(1,306)
Cash flow from operating	6,527	11,606	4,135	5,494	6,099
Capital expenditure	(5,698)	(2,478)	(1,050)	(1,050)	(1,050)
Others	2,624	349	0	0	0
Cash flow from investing	(3,074)	(2,129)	(1,050)	(1,050)	(1,050)
Loans	3,312	(8,500)	7,634	0	0
Equity	0	0	0	0	0
Dividends	0	(962)	(962)	(2,030)	(2,278)
Others	(7,062)	0	73	113	122
Cash flow from financing	(3,750)	(9,462)	6,745	(1,917)	(2,156)
Changes in cash	(280)	32	9,830	2,527	2,893

Key Ratios	2024A	2025A	2026F	2027F	2028F
Gross margin	9.5%	10.1%	11.9%	11.8%	11.9%
Operating margin	1.7%	2.6%	4.7%	4.9%	5.1%
Pre-tax margin	1.4%	2.9%	4.6%	4.8%	4.9%
Net margin	1.0%	1.7%	3.6%	3.7%	3.9%
ROA	1.1%	1.9%	4.1%	4.2%	4.6%
ROE	1.6%	2.5%	5.2%	5.6%	6.1%
Acct. receivables TO (days)	7.0	7.7	7.7	7.7	7.7
Inventory TO (days)	177.7	167.6	162.6	157.6	152.6
Payable TO (days)	4.5	4.1	4.1	4.1	4.1
Debt to equity	15.1%	1.2%	12.9%	12.6%	12.3%
Interest coverage ratio (x)	3.4	6.7	11.2	12.6	14.1
Net gearing	9.2%	-4.6%	-7.8%	-11.4%	-15.3%

Sources: 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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