KB Valbury Sekuritas

PT HM Sampoerna Tbk (HMSP)

Cigarettes

Pinning hopes on demand improvement

12 May 2022

Recommendations : BUY

Stock	
Price on 11/05/2022 (Rp)	995
12M target price (Rp)	1,130
Capital gain potential	14%

Stock Data	
Outstanding shares	116,318,076,900
Market cap (Rp)	115,736,486,515,500
Weight vs IHSG (%)	0.33

Shareholders	(%)
PT Philip Morris Indonesia	92.50%
Public	7.50%
Outstanding Shares (unit)	116,318,076,900

Price Performance	
52-week high/low	Rp1,330 /Rp885

Capital gain/(loss) (in %)

1 month	3 month	6 month	1 Year	YTD
10.56	3.11	(3.86)	(23.46)	3.11

Summary of Financial Performance

In IDR bn	2021A	2022E	2023F
Revenue	98,875	106,797	116,082
Operating Income	8,583	9,033	10,031
OPM (%)	8.68%	8.46%	8.64%
EBITDA	9,741	10,451	11,511
EV to EBITDA (x)*	9.73	9.56	8.70
Net Income	7,137	7,564	8,313
NPM (%)	7.22%	7.08%	7.16%
EPS (Rp)	61	65	71
EPS Growth (%)	(16.8%)	6.0%	9.9%
Price Earnings (x)*	15.73	15.30	13.92
Price to Book (x)*	3.85	3.95	3.94
Price to Sales (x)*	1.14	1.08	1.00
Return on Equity (%)	24.45%	25.81%	28.28%
Return on Assets (%)	13.44%	13.90%	14.70%

**) based on market price (11/05/2022) at Rp995*

Sources :Company, Bloomberg and KB Valbury Sekuritas

Analyst(s)
Devi Harjoto
Alfiansyah

Laba bersih HMPS turun 26,0% YoY pada 1Q22 menjadi Rp1,91 triliun
Peningkatan daya beli memberi peluang peningkatan ASP tahun ini
Rekomendasi "BUY" dengan target harga Rp1.130 per saham

Penurunan laba bersih akibat kenaikan cukai

Laba bersih HMSP turun 26,0% YoY pada 1Q22 menjadi Rp1,914 triliun (+21,0% QoQ). Penurunan laba bersih tersebut utamanya dipengaruhi oleh kenaikan beban pokok sebesar 18,3% YoY pada 1Q22 karena kenaikan cukai. Adapun, penjualan hanya tumbuh 11,1% YoY pada 1Q22 menjadi Rp26,2 triliun (-0,7% QoQ). Sehingga, GPM terkontraksi cukup signifikan dari 21,4% pada 1Q21 menjadi 16,3% pada 1Q22. Kemudian, beban operasional HMSP cukup terkendali, hanya tumbuh 0,7% YoY pada 1Q22 terutama dari beban penjualan. Akan tetapi, margin operasional terkontraksi dari 13,4% pada 1Q21 menjadi 9,1% pada 1Q22. Kemudian, HMSP mencatatkan penurunan pendapatan keuangan 27,6% YoY ditengah penurunan suku bunga time deposit. Dari segi neraca, HMSP mempertahankan posisi *net cash* pada 1Q22.

Kenaikan volume penjualan YoY ditengah pemulihan

Peningkatan pendapatan HMSP pada 1Q22 didorong oleh kenaikan volume yang meningkat 5,2% YoY (-5,0% QoQ) menjadi 20,9 miliar batang yang ditopang oleh penjualan segmen SKT yang secara volume naik 7,6% YoY sedangkan segmen SKM hanya tumbuh 3,7% YoY. Sedangkan, ASP tumbuh 5,7% YoY (+2,6% QoQ) menjadi Rp23.380 terutama dari Marlboro Red, Dji Sam Soe Magnum Filter. Adapun, market share HMSP turun secara QoQ sebanyak 10bps menjadi 27,8% pad 1Q22 dan 30bps YoY. Sementara itu, kontribusi penjualan SKT meningkat dari 22,6% pada 1Q21 menjadi 23,3% pada 1Q22. Untuk SKM, kontribusi menurun dari 66,6% pada 1Q21 menjadi 66,30% pada 1Q22. Hal ini sejalan dengan tren industri secara umum dimana SKT meningkat dari 20% pada 1Q21 menjadi 21,5% pada 1Q22, sedangkan SKM menurun dari 75,7% menjadi 74%.

Terbantu dari peningkatan daya beli

Kami memproyeksikan pertumbuhan pendapatan HMSP akan tumbuh 8% YoY dengan perolehan laba bersih sebesar Rp7,56 triliun tahun ini, ditengah perbaikan daya beli. Kami menilai kenaikan cukai terutama untuk SKM yang lebih tinggi dibandingkan SKT ditengah daya beli yang baru pulih mendorong adanya *shifting* segmen SKM menjadi SKT. Sehingga, kami memprediksi pendapatan dari segmen SKT dapat mencapai 24% tahun ini. Adapun, pada 2Q22 kami memperkirakan margin akan turun lebih lanjut mengingat bertepatan karena seasonal berkaintan dengan bulan Ramadhan, namun rebound pada 3Q-4Q22. Akan tetapi, kami menilai bahwa penguatan daya beli yang berlanjut ditengah membaiknya makro ekonomi dapat membawa peluang untuk menaikkan ASP. Akan tetapi, kami memproyeksi market share menurun menjadi 27,5-27,6% pada 2022.

Rekomendasi BUY ditengah fundamental yang kuat

Kami menaikkan rekomendasi dari HOLD menjadi BUY saham HMSP dengan target harga Rp1.130 per saham, yang merefleksikan valuasi PE2022E pada 15,30x. Kami juga memfaktorisasi katalis yang dapat membatasi kinerja, yakni: 1) restriksi dari produk tembakau karena kampanye hidup sehat; 2) pangsa pasar yang cenderung stagnan; 3) peningkatan cukai yang stabil cukup tinggi dan 4) inflasi yang cenderung lebih tinggi pada 2H22. Namun, kami melihat sentimen positif dari 1) konsumsi tembakau yang meningkat karena daya beli yang menguat ditengah pandemi yang cenderung terkendali; 2) neraca HMSP yang kuat; 3) diversifikasi produk dan inovasi produk; 4) brand perseroan yang kuat dan 5) pangsa pasar yang cenderung stabil.

PT HM Sampoerna Tbk (HMSP)

Cigarettes

FINANCIAL OVERVIEW

Income Statement (Rp bn)	1Q2021	1Q2022	YoY Change	4Q2021	1Q2022	QoQ Change
Net Sales	**23,558**	**26,161**	*11.0%*	**26,356**	**26,161**	*(0.7%)*
Cost of Revenue	(18,521)	(21,901)	*18.3%*	(22,171)	(21,901)	*(1.2%)*
Gross Profit	**5,037**	**4,260**	*(15.4%)*	**4,185**	**4,260**	*1.8%*
Gross Margin (%)	***21.4%***	***16.3%***		***15.9%***	***16.3%***	
Operating Expenses	(1,879)	(1,892)	*0.7%*	(2,256)	(1,892)	*(16.1%)*
Operating Profit	**3,158**	**2,368**	*(25.0%)*	**1,929**	**2,368**	*22.8%*
Operating Margin (%)	***13.4%***	***9.1%***		***7.3%***	***9.1%***	
Non-Operating Income (Losses)	154	116	*(24.7%)*	115	116	*1.3%*
Pretax Income	**3,312**	**2,484**	*(25.0%)*	**2,044**	**2,484**	*21.6%*
Income Tax (Expense)/ Benefit	726	569	*(21.6%)*	(461)	(569)	*23.4%*
Profit for This Year	**2,586**	**1,915**	*(26.0%)*	**1,582**	**1,914**	*21.0%*
Net Profit (Losses)	**2,586**	**1,915**	*(26.0%)*	**1,582**	**1,914**	*21.0%*
Profit Margin (%)	***11.0%***	***7.3%***		***6.0%***	***7.3%***	

Sources : Company and KB Valbury Sekuritas

FINANCIAL TABLES

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Year End Dec (Rp bn)	2020A	2021A	2022E	2023F	2024F
Revenue	**92,425**	**98,875**	**106,797**	**116,082**	**126,867**
Revenue growth yoy	*(12.9%)*	*7.0%*	*8.0%*	*8.7%*	*9.3%*
- Cost of Goods Sold	(73,654)	(81,955)	(88,530)	(95,994)	(104,660)
Gross Income	**18,771**	**16,920**	**18,267**	**20,087**	**22,208**
- Operating Expenses	(8,369)	(8,336)	(9,234)	(10,056)	(11,442)
Operating Income	**10,402**	**8,583**	**9,033**	**10,031**	**10,766**
Op income growth yoy	*(39.1%)*	*(17.5%)*	*5.2%*	*11.0%*	*7.3%*
- Non Operating Gains (Losses)	759	569	1,033	1,015	1,044
EBITDA	**11,730**	**9,741**	**10,451**	**11,511**	**11,790**
Pretax Income	**11,161**	**9,152**	**10,066**	**11,046**	**11,809**
- Income Tax Expense	(2,580)	(2,015)	(2,502)	(2,733)	(2,911)
Profit for This Year	**8,581**	**7,137**	**7,564**	**8,313**	**8,898**
Net Income	**8,581**	**7,137**	**7,564**	**8,313**	**8,898**
Net income growth yoy	*(37.5%)*	*(16.8%)*	*6.0%*	*9.9%*	*7.0%*
EPS (IDR)	**74**	**61**	**65**	**71**	**76**
Dividends Per Share (IDR)	**73**	**73**	**64**	**71**	**76**

Sources: Company, Bloomberg and KB Valbury Sekuritas

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Year End Dec (Rp bn)	2020A	2021A	2022E	2023F	2024F
Total Current Assets	**41,092**	**41,323**	**42,254**	**44,072**	**45,538**
+ Cash & Near Cash Items	15,804	17,844	16,244	15,972	14,961
+ Accounts & Notes Receivable	3,648	2,381	2,637	2,849	3,100
+ Inventories	18,094	17,782	19,698	21,281	23,157
+ Other Current Assets	3,545	3,317	3,674	3,970	4,320
Total Long-Term Assets	**8,582**	**11,767**	**12,178**	**12,474**	**12,595**
+ Property, Plant & Equip, Net	6,692	6,149	6,164	6,167	6,109
Property, Plant & Equip	14,411	14,481	15,640	16,886	17,187
Accumulated Depreciation	7,719	8,332	9,476	10,719	11,078
+ Long Term Investments	422	401	419	438	458
+ Other Long Term Assets	1,468	5,217	5,595	5,870	6,028
Total Assets	**49,674**	**53,090**	**54,432**	**56,546**	**58,133**
Total Current Liabilities	**16,744**	**21,964**	**22,979**	**24,838**	**26,187**
+ Payables & Accruals	15,784	20,870	21,842	23,729	25,100
+ Short Term Borrowings	117	159	188	146	110
+ Other Short Term Liabilities	842	936	949	963	977
Total Long Term Liabilities	**2,689**	**1,935**	**2,147**	**2,313**	**2,503**
+ Long Term Borrowings	194	188	214	245	298
+ Other Long Term Borrowings	2,495	1,747	1,933	2,068	2,204
Total Liabilities	**19,433**	**23,899**	**25,126**	**27,151**	**28,690**
+ Share Capital & APIC	21,052	21,106	21,106	21,106	21,106
+ Retained Earnings & Other Eq.	8,574	7,469	7,583	7,665	7,710
+ Other Equity	616	616	617	624	628
Total Equity	**30,241**	**29,191**	**29,306**	**29,395**	**29,443**
Total Liabilities & Equity	**49,674**	**53,090**	**54,432**	**56,546**	**58,133**
Book Value Per Share (IDR)	**260**	**251**	**252**	**253**	**253**

Sources: Company, Bloomberg and KB Valbury Sekuritas

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year End Dec (Rp bn)	2020A	2021A	2022E	2023F	2024F
Net Income	8,581	7,137	7,564	8,313	8,898
+ Depreciation & Amortization	1,328	1,158	1,144	1,244	1,359
+ Other Non-Cash Adjustments	2,048	2,011	1,987	2,160	2,360
Cash From Operating Activities	**11,958**	**10,306**	**10,695**	**11,716**	**12,617**
+ Disposal of Fixed Assets	5	60	62	65	68
+ Capital Expenditures	(567)	(412)	(910)	(989)	(1,080)
+ Change in Investment	0	0	18	19	20
+ Other Investing Activities	(307)	684	(360)	(255)	(139)
Cash From Investing Activities	**(869)**	**331**	**(1,207)**	**(1,179)**	**(1,151)**
+ Dividends Paid	(13,935)	(8,468)	(10,851)	(10,500)	(12,083)
+ Change in long Term Borr.	(164)	(209)	(247)	(308)	(397)
+ Other Financing Activities	(7)	79	10	(1)	3
Cash From Financing Activities	**(14,106)**	**(8,598)**	**(11,087)**	**(10,810)**	**(12,477)**
Net Changes in Cash	**(3,016)**	**2,039**	**(1,599)**	**(273)**	**(1,011)**

Sources: Company, Bloomberg and KB Valbury Sekuritas

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RATIO ANALYSIS

Year End Dec	2020A	2021A	2022E	2023F	2024F
Valuation Ratios					
Price Earnings	19.27	15.73	15.30	13.92	13.01
EV to EBIT	14.41	11.04	10.73	9.75	9.70
EV to EBITDA	12.78	9.73	9.56	8.70	8.58
Price to Sales	1.79	1.14	1.08	1.00	0.91
Price to Book	5.47	3.85	3.95	3.94	3.93
Dividend Yield	5.1%	7.5%	6.4%	7.1%	7.6%
Profitability Ratios					
Gross Margin	20.31%	17.11%	17.10%	17.30%	17.50%
EBITDA Margin	12.69%	9.85%	9.79%	9.92%	9.29%
Operating Margin	11.25%	8.68%	8.46%	8.64%	8.49%
Profit Margin	9.28%	7.22%	7.08%	7.16%	7.01%
Return on Assets	17.28%	13.44%	13.90%	14.70%	15.31%
Return on Equity	28.38%	24.45%	25.81%	28.28%	30.22%
Leverage & Coverage Ratios					
Current Ratio	2.45	1.88	1.84	1.77	1.74
Quick Ratio	1.37	1.07	0.98	0.92	0.85
Interest Coverage Ratio (EBIT/I)	352.97	283.94	169.55	190.40	188.05
Tot Debt/Capital	0.00	0.00	0.00	0.00	0.00
Tot Debt/Equity	0.01	0.01	0.01	0.01	0.01
Others					
Asset Turnover	1.86	1.86	1.96	2.05	2.18
Accounts Receivable Turnover	25.33	41.53	40.49	40.74	40.92
Accounts Payable Turnover	5.86	4.74	4.89	4.89	5.05
Inventory Turnover	5.11	5.56	5.42	5.45	5.48

**) based on market price (11/05/2022) at Rp995*

Sources: Company, Bloomberg and KB Valbury Sekuritas

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