

Lean cost structure sustain earnings momentum; inline

20 May 2026



PT HM SAMPOERNA Tbk.

HMSP IJ	BUY
Sector	Cigarette
Price at 19 May 2026 (IDR)	730
Price target (IDR)	960
Upside/Downside (%)	31.0

Stock Information

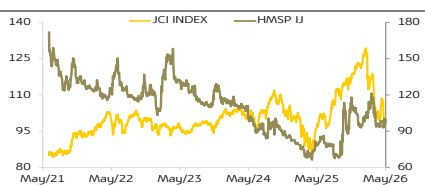
PT Hanjaya Mandala Sampoerna Tbk is a leading Indonesian tobacco manufacturer and subsidiary of Philip Morris International. The company produces and distributes a wide range of handrolled and machine-made cigarettes, and white cigarettes. Its market-leading brands include: Dji Sam Soe & Magnum, Sampoerna A & Sampoerna Kretek, Marlboro Filter Black

Market cap (IDR bn)	86,657
Shares outstanding (mn)	116,318
52-week range (IDR)	510-1,000
3M average daily vol. ('000)	48,000
3M average daily val. (IDR mn)	40,888

Shareholders (%)

First Pacific Company Limited	50.1
Public	49.9

Stock Performance



Source: Bloomberg

	1M	3M	12M
Performance	4.8	(12.0)	28.3

Analyst

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HMSP delivered positive earnings growth, came in line with our expectation, yet below consensus. The unchanged excise tax tariff coupled with well managed S&GA cost and net financing has overall underpinned the healthy earnings growth (7.2% YoY) from IDR1.92 tn to IDR2.06 tn in 1Q26. Amid the continuing sector growth pressure, total industry cigarette sales volume grew by only +3.5% YoY to 63.8bn sticks. Despite the mild growth, we like seeing HMSP continue domination with market share of 29.1%, or in line with our '26F market share for the company of 29.9%. Our conviction on the stock remains driven by: a) continuing mild cost input, b) well-managed S&GA cost and c) manageable ASP adjustment. Additionally, controllable S&GA expenses and net financing strategy will remain play significant role to support '26F earnings. Maintain BUY with DCF-based TP of IDR 960 (15.9x '26F P/E), currently at 12.1x '26F P/E, slightly above its -1SD.

Inline 1Q26 earnings

Amid the ongoing industry pressure, HMSP 1Q26 earnings still arrive within our '26F earnings for the company at a run-rate of 29.3% vs historical average of 29.8%, yet below consensus forecast (22.6% vs 29.8%). Net revenue Net revenue drops by -5.5% YoY on the back of softer sales volume. However, significant declined in cost input due to decreasing raw material, resulting to a milder grows profit pressure (-0.4% YoY). A well-managed S&GA cost (-4.3% YoY) has overall helped EBIT grew positive by +3.7% YoY from IDR2.40 tn to IDR 2.49 tn in 1Q26. On bottom line level, the growth was much stronger (+7.2% YoY) supported by a sharp decline in finance expenses and higher other operating income.

SKM continue as the backbone

On segmentation basis, SKM sales continue grew positive at +5.4% YoY (+3.5% QoQ) from IDR15.69 tn to IDR16.53 tn, accounted around 60.8% of total sales, a sharp increase by 627bps YoY compared to 54.5% in 1Q25 and 459bps higher from 56.2% in 4Q25. Robust smoke-free products growth continues, surged by 43.8% YoY to IDR637 bn from IDR443 bn in 1Q25. Despite significantly improving by massively improving by 80bps, this segment only contributed a small portion of the total sales.

Better margin from top to bottom

Excise tax accounted around 60% to total COGS. Hence, it plays vital role to overall profitability. The expenses drop (-4.0% YoY) in 1Q26 has significantly impacted to an improving (+93bps YoY) gross profit margin to 18.4% from 17.4% in 1Q25. Meanwhile successful strategic S&GA management and milder finance cost brought EBIT margin to 9.2% to 8.3% in 1Q25. Additionally, with the help from stronger other income positively impacting to HMSP's net profit margin which rose to 7.6% from 6.7% in the same period.

Resilience market share remains

Persistent industry pressure brought total sector sales volume grew by only +3.5% YoY from 61.6 bn sticks to 63.8 bn sticks. On market share front, we like seeing HMSP still demonstrate a resilience sector domination at 29.1%, or in line with our '26F market share for the company of 29.9%. On Smoke-free products, HMSP continue saw a stronger market share by +0.2% YoY to 0.7% in 1Q26, while HTU segment also noted a higher sector domination by +0.2% YoY from 0.4% to 0.6% in 1Q26.

Navigating industry pressure

'26F performance key catalysts are: (a) steady SKM market share coupled with slightly higher SKT sales volume (b) manageable cost structure with excise tax expenses portion to stay at a low percentage and (c) a well-managed average selling price adjustment. Our concern still lies on the persistent decline in purchasing power which could driving a "downtrading" trend, as consumers shift from Tier-1 machine-made / premium cigarettes (SKM) to more affordable alternatives. We might witness the same earnings growth story in the first half of 2026. Yet, our '1H26F flattish earnings growth for HMSP (+0.87% YoY) is mainly driven by our assumption on the absence of stronger others income and milder finance expenses.

Maintain BUY

Our DCF TP of IDR960 per share pegged at 15.9x '26F P/E, while currently trading at 12.1x '26F P/E, or slightly above its -1SD. Potential upside catalysts include: a) higher-than-anticipated SKM sales volume, b) new tier-1 product line, c) manageable SKM volume growth tied with steady solid Dji Sam Soe products, d) well-managed ASP without sacrificing sales volume, e) lower-than-expected cost input and f) controllable strategic S&GA and g) stable mounting smoke-free contribution. Risks to our call: a) lower-than-expected sales volume, b) softer-than-expected average selling price adjustment, c) higher than expected input costs.

Exhibit 1: Key Statistics

Year end Dec (IDR bn)	2024A	2025A	2026F	2027F	2028F
Total Revenue	117,880	112,172	117,599	122,317	124,215
Operating Income	7,697	9,284	9,219	9,383	10,204
Net Income	6,646	6,609	7,026	7,540	8,194
EPS (IDR)	57.1	56.8	60.4	64.8	70.4
EPS growth (%)	(17.9)	(0.5)	6.3	7.3	8.7
ROE (%)	22.8	23.3	24.8	26.6	29.0
ROA (%)	12.1	12.5	13.2	13.8	14.9
PER (x)	10.6	13.0	13.0	12.3	11.4
PBV (x)	3.0	2.9	3.0	3.0	3.0
EV/EBITDA (x)	8.8	10.1	7.9	8.1	7.9
Div Yield (%)	9.4	7.6	7.6	8.2	8.8

Source: Company, KBVS Research

**Exhibit 2: HMSP 1Q26 results – selected profit and loss**

Profit and Loss (IDRbn)	3M25	3M26	YoY (%)	1Q25	1Q26	YoY (%)	4Q25	QoQ (%)	KBVS '26F	% to KBVS	Cons '26F	% to cons.
Net revenue	28,789	27,204	(5.5)	28,789	27,204	(5.5)	28,429	(4.3)				
COGS	(23,766)	(22,204)	(6.6)	(23,766)	(22,204)	(6.6)	(23,222)	(4.4)				
Gross Profit	5,022	5,000	(0.4)	5,022	5,000	(0.4)	5,207	(4.0)				
Selling and distribution expenses	(1,803)	(1,703)	(5.5)	(1,803)	(1,703)	(5.5)	(1,979)	(14.0)				
G&A expenses	(819)	(807)	(1.4)	(819)	(807)	(1.4)	(910)	(11.3)				
EBIT	2,401	2,490	3.7	2,401	2,490	3.7	2,318	7.4				
Finance income	95	90	(5.0)	95	90	(5.0)	93	(2.8)				
Finance expenses	(10)	(9)	(15.6)	(10)	(9)	(15.6)	(9)	(4.3)				
Other operating income	77	89	16.1	77	89	16.1	250	(64.3)				
Other operating expenses	(6)	(17)	176.2	(6)	(17)	176.2	(98)	(82.3)				
Shares of result associate												
Total	157	153	(2.6)	157	153	(2.6)	236	(35.0)				
Pre-tax income	2,558	2,643	3.3	2,558	2,643	3.3	2,554	3.5				
Net Income	1,918	2,056	7.2	1,918	2,056	7.2	2,098	(2.0)	7,026	29	9,116	23

Source: Company, KBVS Research

**Exhibit 3: HMSP 1Q26 margin and geographic sales**

Margin (%)	3M25	3M26	YoY (%)	1Q25	1Q26	YoY (%)	4Q25	QoQ (%)
GP margin	17.4	18.4	0.9	17.4	18.4	0.9	18.3	0.1
EBIT margin	8.3	9.2	0.8	8.3	9.2	0.8	8.2	1.0
Pretax margin	8.9	9.7	0.8	8.9	9.7	0.8	9.0	0.7
NP margin	6.7	7.6	0.9	6.7	7.6	0.9	7.4	0.2

Geographic sales (IDRbn)	3M25	3M26	YoY (%)	1Q25	1Q26	YoY (%)	4Q25	QoQ (%)
Export	559	467	(16)	559	467	(16)	456	3
Local	119	111	(6)	119	111	(6)	267	(58)
Local - third parties	28,112	26,625	(5)	28,112	26,625	(5)	27,706	(4)
Total	28,789	27,204	(5.5)	28,789	27,204	(5.5)	28,429	(4.3)

Source: Company, KBVS Research

**Exhibit 4: HMSP 1Q26 segmentation sales and contribution**

Segmentation sales (IDRbn)	3M25	3M26	YoY (%)	1Q25	1Q26	YoY (%)	4Q25	QoQ (%)
Machine-made clove cigarettes – SKM	15,693	16,536	5.4	15,693	16,536	5.4	15,975	3.5
Hand-rolled clove cigarettes – SKT	9,833	7,773	(21.0)	9,833	7,773	(21.0)	9,364	(17.0)
Machine-made WHITE cigarettes – SKM	1,766	1,369	(22.5)	1,766	1,369	(22.5)	1,374	(0.4)
Hand-rolled WHITE cigarettes – SKT	259	220	(15.1)	259	220	(15.1)	237	(7.4)
Smoke-free products	443	637	43.8	443	637	43.8	658	(3.3)
Others	118	92	(22.1)	118	92	(22.1)	98	(6.0)
Rel. parties export and local	677	579	(14.5)	677	579	(14.5)	723	(20.0)
Total	28,789	27,204	(5.5)	28,789	27,204	(5.5)	28,429	(4.3)

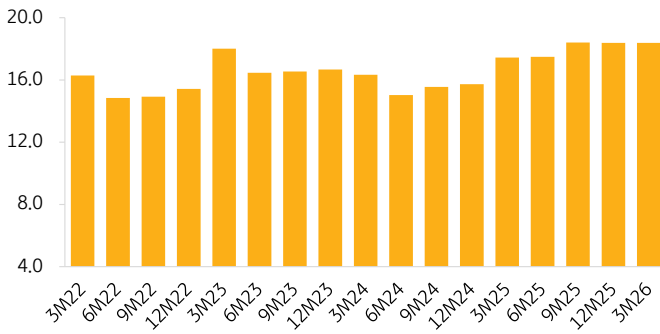
  

Segment sales contribution (%)	3M25	3M26	YoY (%)	1Q25	1Q26	YoY (%)	4Q25	QoQ (%)
Machine-made clove cigarettes – SKM	54.5	60.8	6.27	54.5	60.8	6.3	56.2	4.59
Hand-rolled clove cigarettes – SKT	34.2	28.6	(5.6)	34.2	28.6	(5.6)	32.9	(4.4)
Machine-made WHITE cigarettes – SKM	6.1	5.0	(1.1)	6.1	5.0	(1.1)	4.8	0.2
Hand-rolled WHITE cigarettes – SKT	0.9	0.8	(0.1)	0.9	0.8	(0.1)	0.8	(0.0)
Smoke-free products	1.5	2.3	0.80	1.5	2.3	0.8	2.3	0.0
Others	0.4	0.3	(0.1)	0.4	0.3	(0.1)	0.3	(0.0)
Rel. parties export and local	2.4	2.1	(0.2)	2.4	2.1	(0.2)	2.5	(0.4)
Total	100	100	-	100	100	-	100	-

Source: Company, KBVS Research

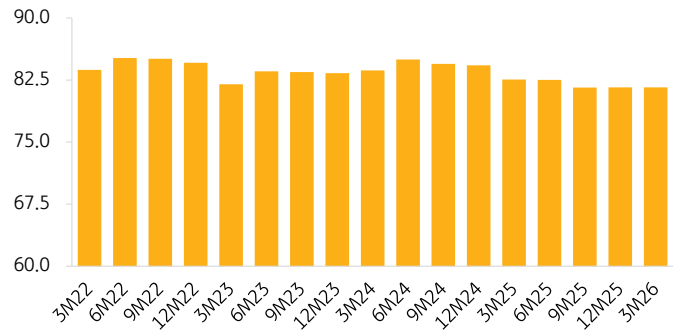
Hanjaya Mandala Sampoerna (HMSP)

Exhibit 5: Expecting higher GPM on softer cost input



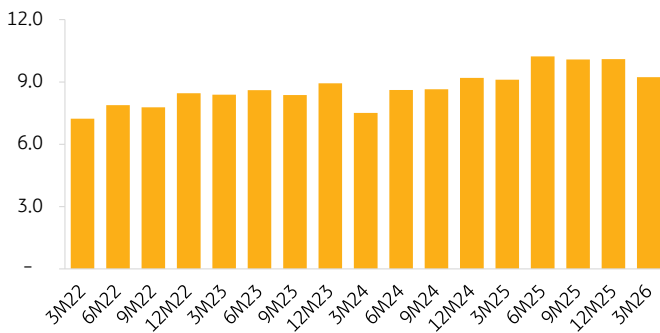
Source: Company, KBVS Research

Exhibit 6: Excise tax to cost input will continue to play crucial role



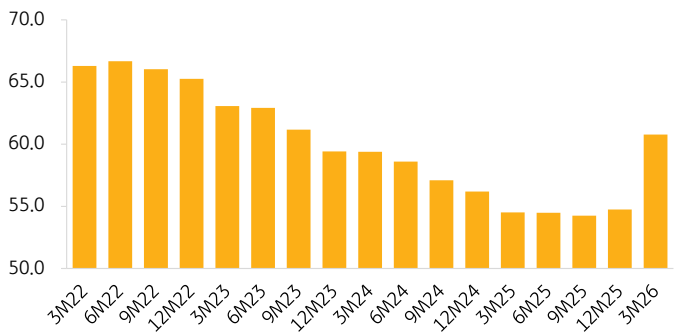
Source: Company, KBVS Research

Exhibit 7: Well-manage S&GA strategic as additional catalyst



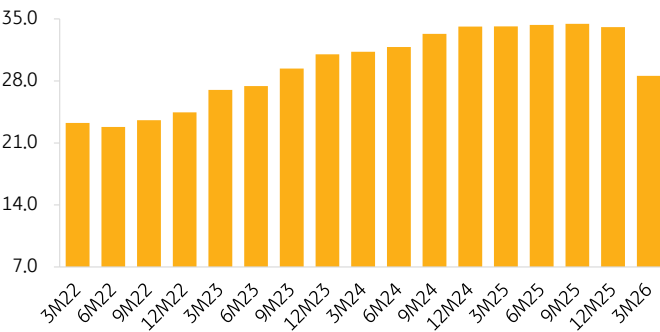
Source: Company, KBVS Research

Exhibit 8: Machine-made clove cigarettes remain as the revenue back bone



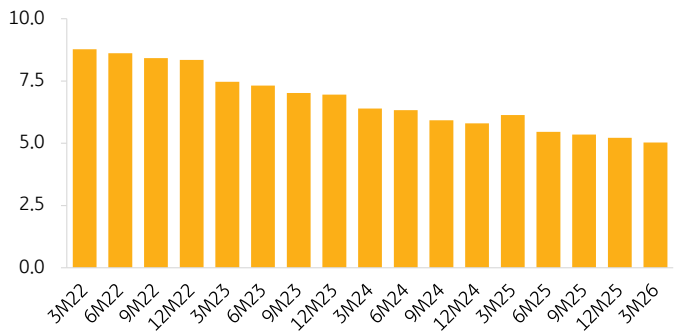
Source: Company, KBVS Research

Exhibit 9: Expect much higher SKT demand



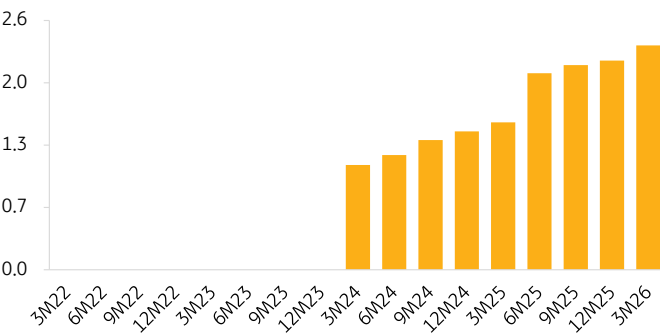
Source: Company, KBVS Research

Exhibit 10: White cigarette SKM demand could remain intact



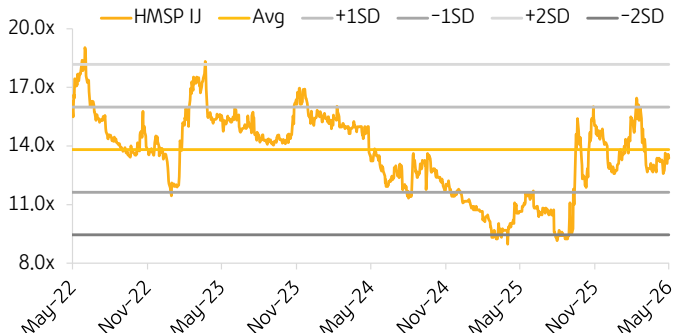
Source: Company, KBVS Research

Exhibit 11: Robust smoke-free Products. Yet remain small



Source: Company, KBVS Research

Exhibit 12: Currently trading at 12.1x '26F P/E, slightly above its -1SD



Source: Company, KBVS Research

FINANCIAL TABLES

**Exhibit 13: Profit & Loss**

Year End Dec (IDR bn)	2024A	2025A	2026F	2027F	2028F
<b>Revenues</b>	117,880	112,172	117,599	122,317	124,215
Cost of revenues	(99,346)	(91,554)	(95,389)	(98,198)	(97,532)
<b>Gross profit</b>	18,534	20,618	22,210	24,120	26,682
Operating expenses	(10,837)	(11,333)	(12,991)	(14,736)	(16,478)
<b>Operating income</b>	7,697	9,284	9,219	9,383	10,204
<b>EBITDA</b>	8,301	10,363	10,076	10,254	11,056
Net financing	681	308	570	545	499
Other income/(expenses)	307	(166)	231	507	865
<b>Pretax profit</b>	8,686	9,426	10,020	10,436	11,568
Tax expenses	(2,040)	(2,817)	(2,994)	(2,896)	(3,375)
<b>Net profit</b>	6,646	6,609	7,026	7,540	8,194

Source: Company, KBVS Research

**Exhibit 14: Balance Sheet**

Year End Dec (IDR bn)	2024A	2025A	2026F	2027F	2028F
Cash	2,370	4,775	4,652	4,476	4,616
Receivables	4,269	3,391	3,510	3,972	3,313
Loan to related party	7,191	4,025	8,232	7,828	6,967
Inventories	22,023	20,411	20,870	20,969	22,926
Other current assets	2,665	3,761	3,340	3,369	3,502
<b>Total current assets</b>	<b>38,518</b>	<b>36,362</b>	<b>40,604</b>	<b>40,614</b>	<b>41,325</b>
Fixed assets – net	9,444	8,751	8,299	7,853	7,447
Investment properties – net	337	316	407	516	648
Others	712	669	265	193	23
Other Long-Term Assets	5,280	5,464	4,997	5,518	5,549
<b>Total non-current assets</b>	<b>15,773</b>	<b>15,200</b>	<b>13,967</b>	<b>14,080</b>	<b>13,667</b>
<b>Total assets</b>	<b>54,291</b>	<b>51,563</b>	<b>54,571</b>	<b>54,695</b>	<b>54,992</b>
Accruals	411	309	346	379	383
Bank borrowings	-	-	-	-	-
Payables	6,679	5,504	6,526	6,815	6,853
Other payables	15,197	13,614	15,882	15,904	16,192
Other Current Liabilities	1,383	1,201	1,263	1,356	1,381
<b>Total current liabilities</b>	<b>23,670</b>	<b>20,628</b>	<b>24,018</b>	<b>24,454</b>	<b>24,809</b>
<b>Total liabilities</b>	<b>25,934</b>	<b>23,212</b>	<b>26,212</b>	<b>26,434</b>	<b>26,749</b>
Long-term debt	232	194	106	(220)	(356)
Other non liabilities	2,033	2,390	2,088	2,200	2,296
<b>Total non-current liabilities</b>	<b>2,264</b>	<b>2,584</b>	<b>2,194</b>	<b>1,980</b>	<b>1,940</b>
<b>Shareholder's equity</b>	<b>28,356</b>	<b>28,351</b>	<b>28,359</b>	<b>28,260</b>	<b>28,243</b>
<b>Total liabilities and equity</b>	<b>54,291</b>	<b>51,563</b>	<b>54,571</b>	<b>54,695</b>	<b>54,992</b>

Source: Company, KBVS Research

**Exhibit 15: Cash Flow**

Year End Dec (IDR bn)	2024A	2025A	2026F	2027F	2028F
Net income	6,646	6,609	7,026	7,540	8,194
Depreciation & amortization	624	615	766	761	720
Changes in working capital	(206)	4,222	(2,492)	(234)	(192)
Others	1,796	(2,703)	1,456	484	(23)
<b>CF from operating activities</b>	<b>8,859</b>	<b>8,744</b>	<b>6,756</b>	<b>8,551</b>	<b>8,699</b>
Decr. (incr.) in fixed assets	(793)	99	(405)	(425)	(446)
Deferred tax asset	(45)	23	(5)	(28)	(13)
Prepaid income tax	(308)	(165)	877	(422)	152
Other non-current assets	0	0	0	0	0
Others	0	0	0	0	0
<b>CF from investing activities</b>	<b>(1,146)</b>	<b>(43)</b>	<b>467</b>	<b>(874)</b>	<b>(307)</b>
Net change in gross debt	(58)	(38)	(87)	(326)	(137)
Employee benefit obligation	178	357	(302)	112	96
Other financing activities	(8,159)	(6,615)	(7,018)	(7,639)	(8,211)
<b>CF from financing activities</b>	<b>(8,039)</b>	<b>(6,296)</b>	<b>(7,407)</b>	<b>(7,853)</b>	<b>(8,252)</b>
Net Changes in Cash	(326)	2,405	(184)	(177)	141
Cash at beginning of period	2,695	2,370	4,775	4,652	4,476
<b>Cash at ending of period</b>	<b>2,370</b>	<b>4,775</b>	<b>4,652</b>	<b>4,476</b>	<b>4,616</b>
<b>Net Changes in Cash</b>	<b>2,630</b>	<b>10,134</b>	<b>2,760</b>	<b>1,678</b>	<b>2,749</b>
Cash at beginning of period	25,946	28,576	38,710	41,470	43,148
Cash at end of period	28,576	38,710	41,470	43,148	45,896

Source: Company, KBVS Research

**Exhibit 16: Key performance metrics**

Year End Dec (%)	2024A	2025A	2026F	2027F	2028F
Gross profit margin	15.7	18.4	18.9	19.7	21.5
Operating profit margin	6.5	8.3	7.8	7.7	8.2
Net profit margin	5.6	5.9	6.0	6.2	6.6
ROE	22.8	23.3	24.8	26.6	29.0
ROA	12.1	12.5	13.2	13.8	14.9
DER	1.0	0.8	0.7	0.4	(0.8)
Net gearing (x)	(8.1)	(7.5)	(16.2)	(16.0)	(16.6)
Interest coverage ratio (x)	226.6	199.1	227.7	220.2	219.2
PER (x)	10.6	13.0	13.0	12.3	11.4
PBV (x)	2.9	3.0	3.0	3.0	3.0
EV/EBITDA (x)	8.8	10.1	7.9	8.1	7.9
Dividend Yield	9.4	7.6	7.6	8.2	8.8

Source: Company, KBVS Research

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T. (0361) 3338080

### Palembang

Komplek PTC Mall Blok I No. 7  
Jl. R. Sukanto  
Palembang 30114  
T. (0711) 2005050

### Semarang

Jl. Gajahmada 23A,  
Kecamatan Semarang Tengah,  
Kelurahan Kembang Sari 50241  
T. (024) 40098080

### Pontianak

Jl. Prof. M Yamin No. 14  
Kotabaru, Pontianak Selatan  
Kalimantan Barat 78116  
T. (0561) 8069000

### Pekanbaru

Jl. Tuanku Tambusai, Komplek CNN  
Blok A No. 3 Pekanbaru 28291  
T. (0761) 839393

### Jakarta – Puri Indah

Rukan Grand Aries Niaga Blok E1 No. IV  
Jl. Taman Aries, Kembangan  
Jakarta Barat 11620  
T. (021) 22542390

### Bandung

Jl. Abdul Rivai No. 1A,  
Kel. Pasirkaliki, Kec. Cicendo  
Bandung 40171  
T. (022) 3003133

### Yogyakarta

Jl. Magelang KM 5,5 No. 75  
Yogyakarta 55000  
T. (0274) 8099090

### Surabaya

Pakuwon Center Lt 21  
Jl. Embong Malang No.1  
Surabaya 60261  
T. (031) 21008080

### Makassar

Komplek Ruko Citraland City Losari  
Business Park, Blok B2 No. 09  
Jl. Citraland Boulevard Makassar 90111  
T. (0411) 6000818

### Jakarta – Pluit

Jl. Pluit Putra Raya No. 2  
Jakarta Utara 14450  
T. (021) 6692119

### Malang

Jl. Pahlawan Trip No. 7  
Malang 65112  
T. (0341) 585888

### Banjarmasin

Jl. Gatot Subroto No. 33  
Banjarmasin 70235  
T. (0511) 3265918

### Padang

Jl. Proklamasi No. 60A  
Padang Timur 25121  
T. (0751) 8688080

### Medan

Komplek Golden Trade Center  
Jl. Jenderal Gatot Subroto No. 18-19  
Medan 20112  
T. (061) 50339090

## Investment Gallery

**Jakarta**  
Citra Garden 6 Ruko Sixth Avenue  
Blok J.1 A/18, Cengkareng  
Jakarta Barat 11820  
T. (021) 52392181

**Semarang**  
Jl. Jati Raya No. D6,  
Srandol Wetan, Banyumanik,  
Semarang 50263  
T. (024) 8415195

**Salatiga**  
Jl. Diponegoro No. 68  
Salatiga 50711  
T. (0298) 313007

**Jambi**  
Jl. Orang Kayo Hitam  
No. 48 B  
Jambi Timur 36123  
T. (0741) 3068533