

Fundamental Analysis and Intrinsic Value of PT Semen Indonesia (Persero) Tbk (SMGR) and PT Indocement Tunggul Prakarsa Tbk (INTP) as Leading Companies in the Cement Industry in Indonesia

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Abstract

The Indonesia Stock Exchange categorizes companies into several business sectors. One of the sub sectors on the IDX is the cement sub sector. The author is interested in conducting research related to stock valuation in determining the intrinsic value of shares and measuring financial performance at PT Semen Indonesia (Persero) Tbk. (SMGR) and PT Indocement Tunggul Prakarsa Tbk. (INTP) as the leading in the cement industry in Indonesia and its relation to investment decision-making strategies. To reduce the risk in investing, investors must be able to analyze the company's financial statements, including its financial performance. The financial ratios used in this study are ROE (Return On Equity), EPS (Earning Per Share), DPS (Dividend Per Share), DPR (Dividend Payout Ratio), and PER (Price Earning Ratio). In addition, researchers also use SWOT analysis to find out the strategies that should be applied by the two companies. Based on the results of fundamental analysis and intrinsic value, it is concluded that in terms of financial ratios in the 2020-2022 period, INTP is slightly better than SMGR. However, based on intrinsic value at June 2023, SMGR is better than INTP because SMGR still tends to be undervalued when compared to INTP which tends to be highly overvalued.

Keywords

Fundamental Analysis, Intrinsic Value, Shares, SWOT Analysis, Cement Industry.

INTRODUCTION

It cannot be denied that the capital market is currently growing rapidly. This is based on the increasing number of investors and companies' participation in going public on the Indonesia Stock Exchange (IDX). The rapid growth in terms of the number of investors and go-public companies allegedly will be a breath of fresh air for an economy because one indicator of economic growth can be seen from the development of the amount of investment, especially in the capital market.

Investment is the willingness to invest a number of funds or resources today in the hope of obtaining a number of benefits in the future (Tandelilin, 2010: 14). Shares are one of the most popular investment objects for investors in trading activities in the capital market. Shares are ownership letters where investors who buy means owning part of the company's wealth. Investment in stocks is considered to have a greater risk level than other investment alternatives such as bonds, deposits, and savings.

Stock investment is a promising investment alternative because the level of return generated is quite large. But behind the opportunity for a large enough return, there are also opportunities for risks that will be faced. Stock prices that tend to fluctuate will result in a large opportunity for loss. To avoid the potential for considerable losses, investors must make a strategy in their investment decisions.

In stock analysis, there are two analyses that are quite popular in investment decision-making strategies, namely fundamental analysis and technical analysis. According to Jogiyanto (2015: 140) fundamental analysis is an analysis to calculate the intrinsic value of shares using company financial data. Meanwhile, technical analysis is a technique for predicting the direction

of stock price movements and other stock market indicators based on historical market data such as price and volume information (Tandelilin: 2010). For investors and potential investors, fundamental analysis is more appropriate for long-term investing because investors tend to calculate stock valuations that will occur in the future.

Investors today must be observant in every investment decision, therefore it is very important for investors to know the intrinsic value of a stock so that investors can compare it with the current stock market price. That way, investors can make the right decision to buy, sell or hold. If the intrinsic value of the stock is below the market price (undervalue) then investors can buy. If the intrinsic value of the stock is above the market price (overvalue) then investors can sell.

To reduce the risk in investing, investors must be able to analyze the company's financial statements, including its financial performance. According to Munawir (2014: 41), financial statements are a very important tool for obtaining information regarding the financial position and results achieved by the company. The company's good fundamental conditions can be used as a reference by investors in choosing company shares that will be used as investment options. When conducting stock valuations, investors can use financial reports as a basis of reference in knowing the company's fundamental conditions which are usually reflected in the form of financial ratios.

Financial ratios that are sufficiently used to analyze stock valuations are: ROE (*Return On Equity*), EPS (*Earning Per Share*), DPS (*Dividend Per Share*), DPR (*Dividend Payout Ratio*), and PER (*Price Earning Ratio*): ROE (*Return On Equity*), EPS (*Earning Per Share*), DPS (*Dividend Per Share*), DPR (*Dividend Payout Ratio*), and PER (*Price Earning Ratio*). Assessment of these ratios can be seen from the development of each variable in time series or period to period. After knowing the condition of the company as seen from the development of its fundamental variables, investors can then conduct stock analysis to determine the true value or intrinsic value of the company's shares which will be the investment choice. In determining the intrinsic value of shares, you can use the *Price Earning Ratio* approach.

After knowing the true value or intrinsic value of shares, investors and analysts can then measure the company's financial performance to support investment decisions taken later so that the expected return can be realized optimally. The results of financial performance analysis can provide an overview of the company's condition or the factors that cause this condition. That way, an appropriate policy can be taken in making decisions by the investors themselves.

State-Owned Enterprises (BUMN) is a form of government investment that manages the livelihood of many people. SOEs have an important role in the implementation of the national economy in order to realize the welfare of society. Currently, there are 115 state-owned companies grouped into 14 sectors. SOEs in the construction and building sector are state-owned companies engaged in construction work. According to Law No.2 of 2017, construction is the whole or part of activities that include the construction, operation, maintenance, supervision, demolition, and rebuilding of a building.

Meanwhile, Privately Owned Enterprises (BUMS) is a type of business entity where almost all of the capital is owned by private or non-government parties. BUMS itself aims to obtain optimal profits while being able to develop its business and capital. This of course will greatly support government programs to absorb labor from the people of Indonesia. Even so, BUMS is a private or non-government business entity. Examples of BUMS that have been operating in Indonesia include the health sector, industrial sector, trade sector, transportation sector, and so on.

Indonesia is one of the countries that produces quite a lot of cement and drives national economic growth. Cement is one of the pillars of economic development in Indonesia in a certain period (Budiono & Purba, 2020). Its role as one of the main components in infrastructure and building development makes cement one of the backbones of a country's progress anywhere in the world (Kosajan et al., 2021).

Currently, the Indonesia Stock Exchange categorizes companies into several business sectors according to the main activities of the company. One of the sub sectors on the IDX is the cement sub-sector. The cement sub-sector is categorized by the IDX for companies that are listed with the main business of producing cement products in Indonesia. The cement sub-sector consists of Cemindo Gemilang Tbk (CMNT), Indocement Tunggal Prakarsa Tbk (INTP), Semen Baturaja (Persero) Tbk (SMBR), Solusi Bangun Indonesia Tbk (SMCB), Semen Indonesia (Persero) Tbk (SMGR), Waskita Beton Precast Tbk (WSBP), and Wijaya Karya Beton Tbk (WTON). The following is the market share of cement companies in Indonesia in FY 2020 and 2021 quoting from the Annual Report of PT Semen Indonesia (Persero) Tbk.

Table 1 Market Share of Cement Companies in Indonesia FY 2020 and 2021

	FY20 Market Share	FY21 Market Share	FY21 Capacity Share
Semen Indonesia (SMGR)	51,1%	49,3%	42,2%
Indocement (INTP)	25,9%	25,4%	20,9%
Conch	6,1%	7,3%	7,3%
Merah Putih (CMNT)	4,4%	6,2%	8,9%
Semen Bosowa	3,4%	3,0%	5,2%
Semen Baturaja (SMBR)	3,1%	3,0%	3,2%
Jui Shin	2,0%	2,0%	1,5%
Semen Jawa (SCG)	1,9%	1,8%	1,5%
Semen Bima (STAR)	1,6%	1,8%	1,5%
Semen Kupang	0,4%	0,3%	0,3%
Semen Grobogan	N/A	N/A	2,5%
Singa Merah	N/A	N/A	2,5%
Semen Serang	N/A	N/A	1,0%
Semen Jakarta	N/A	N/A	0,8%
Hippo	N/A	N/A	0,4%

Based on some of the things that have been conveyed above, the author is interested in conducting research related to stock valuation in determining the intrinsic value of shares and measuring financial performance in the company PT Semen Indonesia (Persero) Tbk. (SMGR) and PT Indocement Tunggal Prakarsa Tbk. (INTP) as the leader in the cement industry in Indonesia and its relation to investment decision-making strategies.

MATERIAL AND METHOD

a. Capital Market

1. Definition of Capital Market

Based on Law No. 8 of 1995 concerning the Capital Market, what is meant by the capital market is activities related to public offerings and securities trading, public companies related to the securities they issue, and professional institutions related to securities. Capital market activities are generally carried out by institutions including stock exchanges (*stock markets*), clearing houses, custodian institutions, and of course securities companies and other financial institutions. Similar to the function of the capital market in general, the capital market also functions as a means to bring together sellers and buyers. The capital market has an important role in encouraging a country's economy because the capital market provides facilities that are able to bring together the owners of funds with those who need funds, besides that the

capital market provides the possibility and opportunity to obtain returns for fund owners, according to the characteristics of the investment chosen.

2. Types of Capital Markets

Offering shares to the public can be done in several ways, according to the type and form of capital market where these securities are traded. According to Sunariyah (2011: 12), there are 4 types of capital markets, namely: the primary market, secondary market, third market, and fourth market.

3. The Role of the Capital Market

Over the last decade, the capital market has begun to play an important role in the mobility of funds to support national development. Access to funds from the capital market has invited many national companies to absorb public funds for various purposes. According to Darmadji and Hendy M (2002: 2), the capital market has a big role for the economy of a country because the capital market performs two functions at once, namely economic functions and financial functions. The capital market is said to have an economic function because it provides a facility or vehicle that brings together investors and issuers. The capital market is also said to have a financial function, because the capital market provides the possibility and opportunity to obtain returns for fund owners, according to the characteristics of the investment chosen.

b. Shares

1. Definition of Shares

It cannot be denied that stocks are one of the most popular capital market instruments among investors. This is because stocks are one type of investment that is easy to do and provides a fairly attractive rate of return. The benefits that will be obtained from investing in this form are capital gains and dividends. In addition to getting benefits in the form of capital gains and dividends, shareholders will have voting rights at the general meeting of shareholders (GMS). To obtain capital, the company receives deposits from investors. As proof of deposit, proof of ownership in the form of shares is issued to the parties who deposit capital. The owner of the company is the party who owns the shares so they are called shareholders (Anggara, 2019).

2. Types of Shares

In the capital market, there are various types of shares known. Shares develop into various kinds and types with the level of risk and return inherent in them. According to Hadi (2015: 68), there are 4 types of shares, namely ordinary shares, preferred shares, shares on appointment, and shares on behalf.

3. Advantages and Disadvantages of Buying Shares

Every investment decision has its reward and risk according to the type of investment made by the investor. Likewise with stock investment. According to Darmadji and Hendy (2011: 100), the advantages and disadvantages of shares include capital gains, dividends, capital losses, not getting dividends, bankrupt or liquidated companies, and delisting.

4. Stock Valuation Analysis

To minimize the risk of investing in stocks, investors must conduct a stock valuation correctly. That way, investors will be able to determine their portfolio appropriately so that maximum profits can be obtained in the future. According to Sunariyah (2010: 176), to determine the value of shares, investors must first analyze the shares in the capital market to determine shares or make a portfolio that can provide optimal returns.

Approaches in Fundamental Analysis

According to Eduardus Tandelilin (2010: 303), there are two approaches used in determining the intrinsic value of a stock based on fundamental analysis, namely:

a. Present Value Approach

The present value approach is done by calculating all the cash flows that shareholders will receive from stock in the future. And then discounted at the discount rate. In this case, the intrinsic value of a stock will be equal to the discounted value of all cash flows that investors will receive in the future.

b. Price Earning Ratio Approach

The Price Earning Ratio approach is one approach that is quite easy to do which covers the company as a whole in estimating the future value of shares. According to Tandelilin (2010: 320), in the PER approach or also called the multiplier approach, investors will calculate how many times the earning value is reflected in the price of a stock. In other words, the price-earning ratio will describe the comparison between the share price and the company's earnings. The greater the earnings, the lower the PER of the stock, and vice versa, the smaller the earnings, the higher the PER.

Investment Decision Making

The decision to choose shares is important for investors. After assessing the price of a stock, investors can find out whether the stock price is fair, too cheap, or too expensive so that investors can make the right and profitable decisions.

Table 2.1 Decision-Making Principles

Condition	Description	Investment Decision
Intrinsic Value > Market Value	<i>Undervalued</i>	Buying Shares
Intrinsic Value < Market Value	<i>Overvalued</i>	Selling Shares
Intrinsic Value = Market Value	<i>Correctly Valued</i>	Holding Shares

Resource: Tandelilin (2010: 32)

c. Object of Research

The objects in this study are companies engaged in the Cement Industry, BUMN and BUMS, which are listed on the Indonesia Stock Exchange during the 2019-2021 period. The following are the objects in this study: PT Semen Indonesia (Persero) Tbk and PT Indocement Tunggul Prakarsa Tbk.

d. Data Collection Technique

The type of data used in this study is secondary data. The data in this study uses data obtained from prospectuses taken from the Indonesia Stock Exchange website, annual reports for the 2020-2022 period, public exposure materials and the websites of each company. Secondary data in this study was obtained using the documentation method, namely by collecting and studying the required data and documents.

2.5 Data Analysis Technique

The data analysis used in this research is descriptive analysis with a qualitative approach which is calculated by fundamental theories. The aspects studied are the fairness of the stock price and the company's financial performance. The stages in data analysis in this study, namely:

1. Determine the condition of the company using SWOT analysis (Strengths, Weaknesses, Opportunities, Threats)
2. Describing the company's financial condition that has been interpreted in fundamental ratios including EPS, ROE, PER, DPR, and DPS.
3. Calculate the intrinsic value of shares using the PER approach.
4. Determine the investment decision to be taken by comparing the intrinsic value of shares with the current market share price and supported by the company's financial performance conditions.

RESULTS AND DISCUSSION

SWOT Strategy of PT Semen Indonesia (Persero) Tbk

Strengths:

- a. Controlling the cement market share in Indonesia (49.3%) and production capacity reaching 42.2% of all cement companies in Indonesia.
- b. Is the largest cement producer in the Southeast Asia region with an installed capacity in 2021 of 52.6 million tons per year.
- c. Has an extensive distribution network throughout Indonesia and the region, with 21 integrated plants in 8 locations, 6 grinding plants, and 26 packing plants.
- d. Working on non-cement products such as ready mix concrete and precast, as well as cement derivatives to diversify the business.
- e. Has 4 strategic initiatives to drive sustainable business: Domestic Market Leadership, Moving Closer to Customers with Solutions & Products, Operational Excellence & Value Chain Digitization, and Driving Sustainable Growth.
- f. Has SIG digital marketing platforms (SobatBangun, AksesToko, and SIG official store).

Weakness:

- a. Semen Indonesia has an excess supply of cement of 53.8 metric tons.
- b. SMGR's revenue in the last 3 years has always decreased.
- c. SMGR's operating profit in the last 3 years has decreased from IDR 6.2 T to IDR 5 T at the end of 2021.
- d. Total production has always decreased in the last 3 years. Total production is only 64% of total production capacity.
- e. The high level of competition by second-tier players with low prices, as well as the presence of new players, makes the Company unable to optimize the increase in selling prices.
- f. The number of assets owned by the company in the last 3 years has always decreased.

Opportunities:

- a. The plan to purchase SMGR shares which has a market share of 3% will further strengthen SMGR's position as the ruler of the cement market in Indonesia.
- b. The government's role in increasing infrastructure development in Indonesia.
- c. National Domestic Cement grew by 4.3% in 2021 & is expected to grow by 4-5% in 2022.
- d. Semen Indonesia can reduce interest-bearing debt with a position as of June 2022 of IDR 17.4 T from the previous IDR 23.4 T in June 2021.
- e. Opportunities from the development of IKN are estimated to provide a potential national demand in 20 years of 21 million tons of cement.
- f. The potential for cooperation with PT Bukit Asam Tbk. (PTBA) for the development of Solar Power Plants (PLTS) in SMGR's operational areas.

Threats:

- a. Dependence on coal is still quite high, so the company has increased the selling price of cement.
- b. Domestic cement production is in oversupply condition.
- c. Increase in commodity prices, such as coal, has increased production costs.
- d. The cement industry is quite sensitive to trends in economic growth, consumer buying interest, and the domestic property sector.
- e. Increasing competition in the cement industry.
- f. The first phase of Carbon Tax has been launched for coal power plants in 2022. ODOL (Over Dimension & Overloading) policy will still be a major risk for the Cement Industry.
- g. The Covid-19 condition that has not fully recovered and global geopolitical threats are still obstacles that remain to be watched out for.

SWOT Strategy of PT Indocement Tunggal Prakarsa Tbk

Strengths:

- a. Controlled by HeidelbergCement AG, a German multinational corporation and one of the world's largest producers of building materials.
- b. After Dividend Payment and Share Buyback, INTP still maintains a Strong Cash Position at IDR 6.1 trillion with zero debt.
- c. Is the company that has the highest level of social media engagement among competitors.
- d. Has a sustainability strategy that is running according to the company's target. Use of alternative fuels by 12.2% and significant reduction of Scope 1 carbon emissions and dust emissions. So it received the Indonesian SDGs Award (ISDA) 2021 Gold category.
- e. As a brand equity leader by achieving the highest "TOP Brand" score for 13 consecutive years and an increase of 4 bps to 48.1%.
- f. Having a Digital Sales Transformation program in the form of a TIRO System, Home Master Platform, and Supply Chain Optimization.

Weakness:

- a. Dividend Payout Ratio has been too high at an average of 141.6% in the last 3 years, indicating that the company is paying higher amounts to shareholders & tending to unsustainable actions.
- b. INTP's profit fell drastically by 50.3% from Rp 586.58 billion to Rp 291.55 billion in the first semester of 2022.
- c. Sales volume is still concentrated in Java Island which is 74.5% of the Company's total sales.
- d. INTP Stock Market Capitalization continues to decline in line with the significant decline in share prices in the last 3 years.
- e. The amount of assets owned by the company in the last 5 years has always decreased.

Opportunities:

- a. The government's role in increasing infrastructure development in Indonesia.
- b. Investments made by INTP in the last 2 years (purchase of 2 barges, packing terminals, and bulk carriers) are expected to improve supply chain quality.
- c. Domestic National Cement grew by 4.3% in 2021 & is expected to grow by 4-5% in 2022.
- d. The share buyback program with a budget of up to IDR 3 trillion, can keep INTP's share price stable & potentially achieve capital gains in the future.
- e. The opportunity from the development of IKN is estimated to provide a potential national demand in 20 years of 21 million tons of cement.

- f. INTP took over the ownership of PT Cipta Armada Bersama (CAB) shares to support business activities, especially in the field of transportation of goods by sea.

Threats:

- Dependence on coal is still quite high, so the company has increased the selling price of cement.
- Domestic cement production is in oversupply.
- Increase in commodity prices, such as coal, has increased production costs.
- The cement industry is quite sensitive to trends in economic growth, consumer buying interest, and the domestic property sector.
- Increasing competition in the cement industry.
- The first phase of Carbon Tax has been launched for coal power plants in 2022. ODOL (Over Dimension & Overloading) policy will still be a major risk for the Cement Industry.
- The Covid-19 condition that has not fully recovered and global geopolitical threats are still obstacles that remain to be watched out for.

Fundamental Analysis using Financial Ratio

a. Earning per Share (EPS)

Tabel 4.1 Earning per Share (EPS) PT. Semen Indonesia (Persero) Tbk. (SMGR) and PT. Indocement Tunggul Prakarsa Tbk. (INTP) Periode 2020-2022 (rupiah)

No	Code	Year			Average	Max	Min
		2020	2021	2022			
1	SMGR	471	344	397	404	471	344
2	INTP	490	486	529	501	529	486

Resource : Annual Report SMGR and INTP Period 2020 - 2022

b. Return on Equity (ROE)

Table 4.2 Return on Equity (ROE) PT. Semen Indonesia (Persero) Tbk. (SMGR) and PT. Indocement Tunggul Prakarsa Tbk. (INTP) Periode 2020-2022 (%)

No	Code	Year			Average	Max	Min
		2020	2021	2022			
1	SMGR	8,2	5,3	5,5	6,3	8,2	5,3
2	INTP	8,0	8,4	9,2	8,5	9,2	8,0

Resource : Annual Report SMGR and INTP Period 2020 - 2022

c. Price Earning Ratio (PER)

Table 4.3 Price Earning Ratio (PER) PT. Semen Indonesia (Persero) Tbk. (SMGR) and PT. Indocement Tunggul Prakarsa Tbk. (INTP) Periode 2020-2022

No	Code	Year			Average	Max	Min
		2020	2021	2022			
1	SMGR	26,38	21,08	16,56	21,34	26,38	16,56
2	INTP	29,54	24,90	18,71	24,38	29,54	18,71

Resource : Annual Report SMGR and INTP Period 2020 - 2022

d. Dividend Payout Ratio (DPR)

Table 4.4 Dividend Payout Ratio (DPR) PT. Semen Indonesia (Persero) Tbk. (SMGR) and PT. Indocement Tunggal Prakarsa Tbk. (INTP) Periode 2019-2021

No	Code	Year			Average	Max	Min
		2020	2021	2022			
1	SMGR	40	50,66	70	53,5	50,66	40
2	INTP	147,6	102,8	32	94,1	147,6	32

Resource : Annual Report SMGR and INTP Period 2020 - 2022

e. Dividend per Share (DPS)

Table 4.5 Dividend per Share (DPS) PT. Semen Indonesia (Persero) Tbk. (SMGR) and PT. Indocement Tunggal Prakarsa Tbk. (INTP) Periode 2019-2021 (rupiah)

No	Code	Year			Average	Max	Min
		2020	2021	2022			
1	SMGR	188,30	172,64	245	201,9	245	172,64
2	INTP	725	500	160	462,6	725	160

Resource : Annual Report SMGR and INTP Period 2020 – 2022

Intrinsic Value

Table 4.6 Intrinsic Value Shares PT. Semen Indonesia (Persero) Tbk. (SMGR) and PT. Indocement Tunggal Prakarsa Tbk. (INTP) (rupiah)

No	Nama Perusahaan	Nilai Intrinsik
1	PT. Semen Indonesia (Persero) Tbk. (SMGR)	Rp 8118,62
2	PT. Indocement Tunggal Prakarsa Tbk. (INTP)	Rp 7643,45

Discussion

a. SWOT Strategy analysis

Based on the results of the analysis through the SWOT strategy, the details of the strategies that can be carried out are as follows:

1. Horizontal Integration

From the SWOT matrix, it is concluded that the intensity of competition in the industry is high, so the company should implement a horizontal integration strategy that seeks greater ownership over competitors. This strategy can also be done by acquisitions and increasing the types of products and services for buyers. PT Semen Indonesia (Persero) Tbk (SMGR) is the ruler of the cement market in Indonesia, which is 49.3% and the leader in production capacity reaching 42.2% of all cement companies in Indonesia. SMGR in the future will increasingly implement a horizontal integration strategy, namely by acquiring another cement company, PT Semen Baturaja (Persero) Tbk (SMBR). This strategy will certainly further expand the SMGR market, considering that SMBR has a market share of 3% so the overall market share

of SMGR will increase to 52.3% or in other words control more than half of the cement market in Indonesia.

Indocement Tunggal Prakarsa Tbk (INTP) currently has a market share of 25.4%, which is quite far from SMGR. So the strategy of acquiring ownership of competitors is not the right step. INTP can carry out a horizontal integration strategy by increasing the types of products and services for buyers. In the 2021 Annual Report, INTP successfully launched new products TR-10 Multipurpose, TR-15 Thinbed, and TR-20 Plaster Plus. INTP can also expand services for buyers, currently, INTP has 13 Cement Warehouses, 1 Pallet Warehouse, 1 Container Warehouse, and Terminals spread across various regions in Indonesia.

PT Semen Indonesia (Persero) Tbk (SMGR) and PT Indocement Tunggal Prakarsa Tbk (INTP) must have varied types of products tailored to the needs of buyers to improve the company's competitive position compared to competitors. Buyers also prioritize the benefits obtained through the cement sold, therefore in addition to increasing the types of products, the company must also improve services for buyers, such as promotions, marketing programs, and consultation outlets for buyers to increase awareness for residents outside the local area and can provide input for buyers on the types and uses of each cement product produced.

2. Market Penetration

When viewed from SWOT, the company should carry out promotions by expanding the marketing area so that products can be reached in all corners of Indonesia. Therefore, this market penetration strategy is suitable to be applied to PT Semen Indonesia (Persero) Tbk (SMGR) and PT Indocement Tunggal Prakarsa Tbk (INTP). This strategy can be done by providing good service and expanding distribution coverage. Service to buyers is one of the appropriate strategies to be carried out by the company. Services that can be provided to buyers include enlarging marketing areas and increasing programs such as special events to make buyers more aware. Currently, SMGR has a SIG digital marketing platform (SobatBangun, AksesToko, and SIG official store), while INTP has a Digital Sales Transformation program in the form of the TIRO System, Home Master Platform, and Supply Chain Optimization. The importance of a wide distribution range and the availability of substitute products that have more affordable price performance, therefore SMGR and INTP should continue to expand their reach to remote areas of the country.

3. Product Development

When viewed from SWOT, the company should do product differentiation to have unique product characteristics compared to competitors. This strategy is also appropriate because buyers also have diverse needs and buyers contribute to the company's revenue. Therefore, this product development strategy is suitable to be applied to SMGR and INTP. By increasing innovation in machinery such as adjusting installed capacity and used capacity to the needs of buyers, it is hoped that the company can synergize between production volume and cement sales to buyers so that there is no excess or shortage in the company's cement production.

b. Fundamental Analysis using Financial Ratio

a) Earning per Share (EPS)

Based on Table 4.1, the highest EPS during the 2020-2022 period was owned by INTP in 2022, which amounted to 529 and an average of 501. Meanwhile, in the same period, SMGR only obtained an average of 404. Both EPS movements are quite volatile, but have a significant increase in 2022.

b) Return on Equity (ROE)

Based on Table 4.2, the highest ROE during the 2020-2022 period was owned by INTP in 2022, which amounted to 9.2% and an average of 8.5%. Meanwhile, in the same period, SMGR

only obtained an average of 6.3%. During this period, the ROE owned by INTIP always increased, while SMGR tended to decrease.

c) Price Earning Ratio (PER)

Based on Table 4.3, the highest PER during the 2020-2022 period was owned by INTIP in 2020, which amounted to 29.54 times with an average of 24.38 times. Meanwhile, in the same period, SMGR obtained an average of 21.34 times. In the 2020-2022 period, the PER owned by INTIP and SMGR decreased.

d) Dividend Payout Ratio (DPR)

Based on Table 4.4, the highest DPR during the 2020-2022 period was owned by INTIP in 2020, which amounted to 147.6% with an average of 94.1%. Meanwhile, in the same period, SMGR obtained an average of 53.5%. In the 2020-2022 period, the DPR owned by SMGR increased every year.

e) Dividend per Share (DPS)

Based on Table 4.5, the highest DPS during the 2020-2022 period was owned by INTIP in 2020, which amounted to 725 with an average of 462.6. While in the same period, SMGR obtained an average of 201.9. In the 2020-2022 period, the DPS owned by INTIP decreased every year.

c. Intrinsic Value

Analysis of the calculation of the intrinsic value of shares using the EPS (Earning Per Share) Growth method. EPS (Earning Per Share) Growth is one method of calculating intrinsic value by determining the company's profit growth over the last 5-10 years using the Compound Annual Growth Rate (CAGR) formula.

Based on the calculation, the 5-year Compound Annual Growth Rate (CAGR) value of PT Semen Indonesia (Persero) Tbk (SMGR) is 5.99% and PT Indocement Tunggul Prakarsa Tbk (INTIP) is 1.26%. After the EPS Growth analysis, the intrinsic value of SMGR and INTIP shares is obtained which is listed in table 4.6.

The Intrinsic Value of PT Semen Indonesia (Persero) Tbk (SMGR) shares on June 16, 2023 using the Earning Per Share Growth method is IDR 8,118. The Intrinsic Value of PT Indocement Tunggul Prakarsa Tbk (INTIP) shares on June 16, 2023 using the Earning Per Share Growth method is IDR 7,643.

CONCLUSION

Based on the analysis and discussion above, the following conclusions can be obtained:

a. Based on SWOT analysis

1. PT Semen Indonesia (Persero) Tbk. (SMGR) has strengths as a cement market leader in Indonesia and is the largest cement producer in the Southeast Asia region, has a distribution network throughout Indonesia and the Region, has strategic initiatives in driving sustainable business, and has a Digital marketing platform. While in terms of weaknesses, SMGR in the last 3 years has always experienced a decline in revenue, operating profit, total assets, and cement Opportunities that can improve SMGR's performance are the planned purchase of SMGR shares which can increase market share, potential cooperation with PTBA for the development of PLTS, opportunities from the construction of IKN and the estimated national cement demand that will grow 4-5% in 2022.
2. Indocement Tunggul Prakarsa Tbk (INTIP) is part of the HeidelbergCement Group AG which is one of the largest integrated building materials producers in the world, making

INTP experienced controllers in the international market, currently, INTP also continues to maintain a strong cash position and with zero loans, has a sustainability strategy and a digital sales transformation program. While in terms of weaknesses, INTP is still too dependent on sales in Java, the Dividend Payout Ratio is too high and the company's total assets have always decreased in the last 5 years. Opportunities that can improve INTP's performance are investments that focus on improving the supply chain, share buyback programs and opportunities from the development of IKN, and the estimated national cement demand that will grow 4-5% in 2022.

3. SMGR and INTP both have threats in the form of high dependence on coal, thus making production costs higher, domestic cement production is also in a state of oversupply, and competition in the cement industry is increasing. ODOL (Over Dimension & Overloading) policy will still be a major risk for the Cement Industry. The Covid-19 condition that has not fully recovered and global geopolitical threats are also still obstacles that need to be watched out for.

b. Based on Fundamental Analysis

Based on the EPS value in the 2020-2022 period, INTP is better than SMGR, this can be seen from the increase obtained by INTP from 2020 to 2022, which amounted to 7.96%, while in the same period the trend obtained by SMGR tended to be negative. Based on the ROE ratio, the trend shown by INTP is very good where in the period 2020 to 2022 it always increases, when compared to SMGR which tends to decrease. Based on the PER ratio, both companies show the same improvement from 2020 to 2022. Based on the DPR value of the two companies, it shows the opposite behavior, SMGR increases the DPR value while INTP decreases it. This is likely due to differences in company strategies in utilizing the profits they earned in the 2020-2022 period. With the difference in DPR issued by the company, it will be directly proportional to the DPS obtained by the shareholders of the two companies.

c. Based on Intrinsic Value

The Intrinsic Value of PT Semen Indonesia (Persero) Tbk (SMGR) shares on June 16, 2023 using the Earning Per Share Growth method is IDR 8,118. The Intrinsic Value of PT Indocement Tunggul Prakarsa Tbk (INTP) shares on June 16, 2023 using the Earning Per Share Growth method is IDR 7,643. When compared between the intrinsic value and the share price, it can be said that SMGR stock is still undervalued (the value of the stock is lower when compared to its intrinsic value). As for INTP, if compared between the intrinsic value and the share price, it can be said that INTP shares are highly overvalued (the value of the stock is higher when compared to its intrinsic value).

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