

**Ciptadana**  
Research Report  
26 February 2016

# **Impack Pratama Industri**

## **On the verge of a growth spurt**

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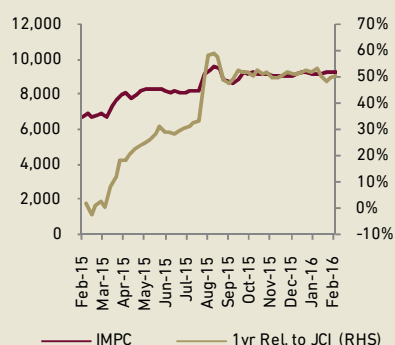
**BUY**

**TP: Rp11,100(+17.2%)**

# Impack Pratama Industri

**On the verge of a growth spurt**

Sector	Basic Industry		
Bloomberg Ticker	IMPC IJ		
<b>Share Price Performance</b>			
Last price(Rp)	9,475		
Avg. daily T/O(Rpbn/USDmn)	2.2/0.2		
	<b>3m</b>	<b>6m</b>	<b>12m</b>
Absolute (%)	2.2	-2.9	33.0
Relative to JCI (%)	-0.2	-8.8	46.6
52w High/Low price(Rp)	9,600/6,550		



Outstanding shrs (mn)	483
Mkt. Cap (Rpbn/USDmn)	4,483/334
Estimated free float (%)	32.6
<b>Major shareholders</b>	
Tunggal Jaya Investama	33.7%
Harimas Tunggal Prakarsa	33.7%

<b>EPS Consensus</b>			
	<b>Ciptadana</b>	<b>Cons.</b>	<b>% Diff</b>
2015F	169.4	178.0	-4.8
2016F	348.2	390.0	-10.7
2017F	473.3	447.0	5.9

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### A dominant leadership position

Impack Pratama (IMPC) has a solid track record of more than 33 years of experience in the plastic-based building materials (mainly polycarbonate roofing and façade for housing and commercial buildings). The company has maintained a strong presence in Indonesia, operating three plants and thirteen distribution offices in several big cities in Indonesia. The company has 70-75% market share for polycarbonate building materials and 40-50% for vinyl roofing. The excellent properties of polycarbonate such as virtually unbreakable, resistant to heat, and extremely light in weight make them the preferred material for buildings. Therefore, IMPC should be well-placed to seize opportunities from Indonesia's positive long-term outlook in property development, enabling the company to monetize its leadership position in a growing property market.

### Substantial growth ahead

Indonesia still lags in terms of per capita consumption of polycarbonate in building construction. Indonesia's polycarbonate consumption is around 59 gram/capita which is still considerably lower compared with Japan's 339 gram, Korea's 404 gram or Taiwan's 1,066 gram, thus providing room for higher polycarbonate consumption. This provides a lot of opportunities for the polycarbonate materials manufacturer such as IMPC. In tandem with the increasing standards of building, polycarbonate sheet usage in Indonesia's building construction has also grown by 15% CAGR to 12k tons in 2013-2015 and is expected to further increase by the same rate for 2016-2020 (Bayer Material Science). We see the company as being well positioned to benefit from the trend of rising polycarbonate consumption driven by growing per capita income and rising standards of building.

### Expecting a rosy outlook for the property sector in 2016 onwards

We are positive on Indonesia's property sector. As for this year, we highlight several potential catalysts that could drive demand for property including multiple rate cuts, tax amnesty, potential relaxation of mortgage disbursement regulation and foreign ownership regulation. These factors are expected to boost domestic confidence and property buying interest. We like Indonesia's strong long-term housing demand outlook supported by 1) a young demographic and large population, 2) rising urbanization rate, 3) rising income, and 4) tight supply conditions. In addition, we also see solid prospect of infrastructure progress, driving higher FDI, could support demand for investment in factory and commercial buildings.

### Initiating coverage with a Buy and TP of Rp11,100

Despite having risen 34% in the past 12 months and outperformed the JCI by 47.8% , we believe there is scope for IMPC's share price to rise further as stronger earnings in the coming years support its valuations. We initiate coverage on IMPC with a DCF-based target price of Rp11,100 and a Buy recommendation. We expect IMPC's net profit to grow at 67% CAGR in 2015-17F on rising revenue and slight margin expansion.

### Exhibit 1 : Financial Highlights

Year to 31 Dec	2013A	2014A	2015F	2016F	2017F
Revenue (Rpbn)	1,242	1,413	1,147	1,468	1,688
Operating profit (Rpbn)	277	371	241	325	419
Net profit (Rpbn)	142	177	82	168	229
EPS (Rp)	326.9	404.0	169.4	348.2	473.3
EPS growth (%)	-34.4	24.1	-53.6	105.5	35.9
EV/EBITDA (x)	14.0	10.8	16.4	12.9	10.3
PER (x)	31.5	25.4	54.7	26.6	19.6
PBV (x)	6.5	5.5	5.0	4.4	3.7
Dividend yield (%)	0.7	5.2	0.4	0.8	1.0
ROE (%)	20.7	21.5	9.2	16.7	19.1

Source : IMPC, Ciptadana Estimates

## Investment thesis

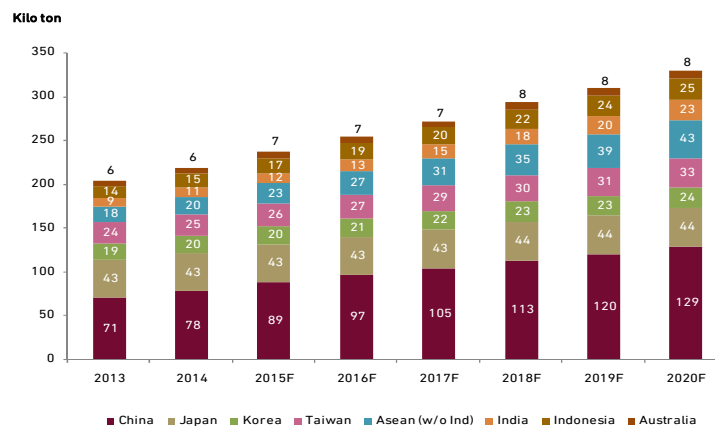
### A dominant leadership position

Impack Pratama has a solid track record of more than 33 years of experience in the plastic-based building materials (mainly polycarbonate roofing and façade for housing and commercial buildings). The company has maintained a strong presence in Indonesia, operating three plants and thirteen distribution offices in several big cities in Indonesia. The company has 70-75% market share for polycarbonate building materials and 40-50% for vinyl roofing. The excellent properties of polycarbonate such as virtually unbreakable, resistant to heat, and extremely light in weight make them the preferred material for buildings. Therefore, IMPC should be well-placed to seize opportunities from Indonesia's positive long-term outlook in property development, enabling the company to monetize its leadership position in a growing property market.

### Substantial growth ahead

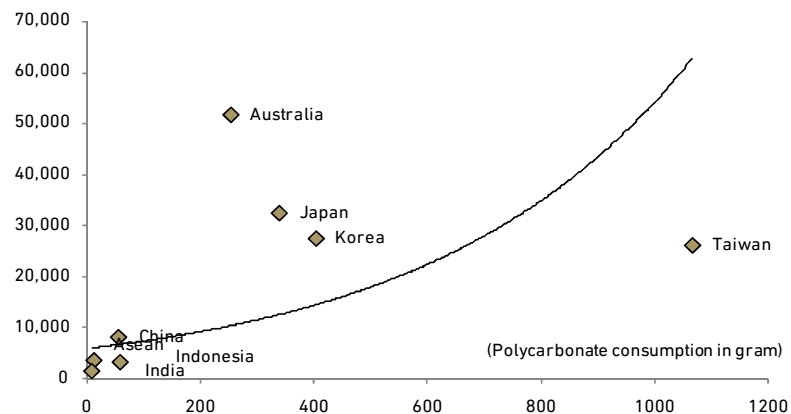
Indonesia still lags in terms of per capita consumption of polycarbonate in building construction. Indonesia's polycarbonate consumption is around 59 gram/capita which is still considerably lower compared with Japan's 339 gram, Korea's 404 gram or Taiwan's 1,066 gram, thus providing room for higher polycarbonate consumption. This provides a lot of opportunities for the polycarbonate materials manufacturer such as IMPC. In tandem with the rising standards of building, polycarbonate sheet usage in construction has also grown by 15% CAGR to 12kilo tons in 2013-2015 and is expected to further increase by the same rate to 23kilo tons for 2016-2020 according to Bayer Material Science. We see the company as being well positioned to benefit from the trend of rising polycarbonate consumption driven by growing per capita income and rising standards of building.

Exhibit 2: Polycarbonate sheet usage by country



Source: Bayer Material Science

Exhibit 3: Correlation of polycarbonate consumption and GDP/capita

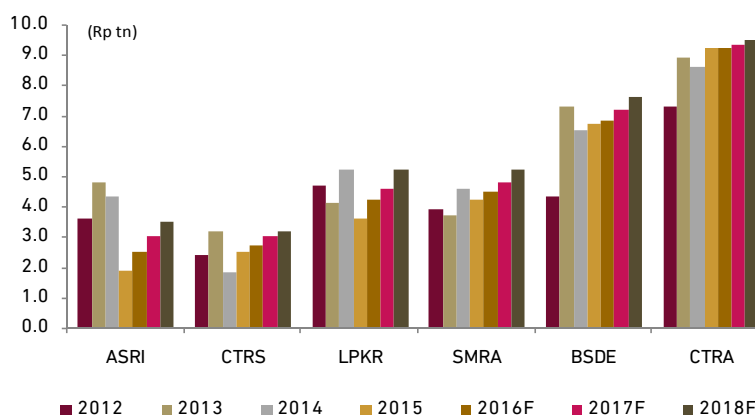


Source: Bayer Material Science

**Expecting a rosy outlook for the property sector in 2016 onwards**

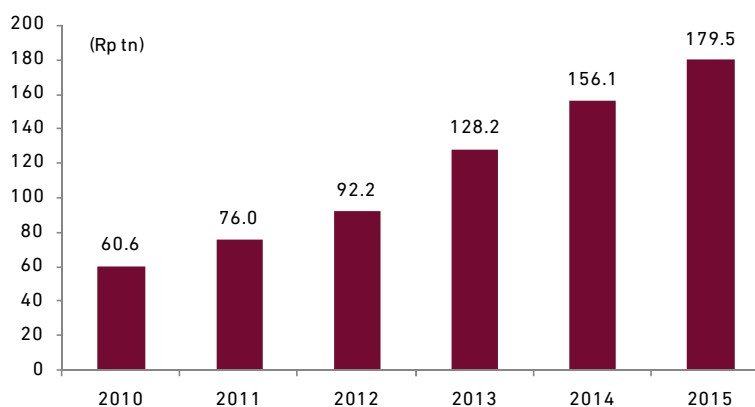
We are positive on Indonesia’s property sector. As for this year, we highlight several potential catalysts that could drive demand for property including multiple rate cuts (our economist expects BI policy rate to decline by 75bps to 6.75% this year), tax amnesty plan, potential relaxation of mortgage disbursement regulation and foreign ownership regulation. These factors are expected to boost domestic confidence and property buying interest. We like Indonesia’s strong long-term housing demand outlook supported by 1) a young demographic (median age of 28 years) and large population (the world’s fourth largest population of 250 mn people), 2) rising urbanization rate (Indonesia’s urban penetration rate is 53% , implying further upside) , 3) rising income on higher GDP (we expect GDP growth to increase from 4.8% in 2015 to 5.1% in 2016) , and 4) tight supply conditions (Indonesia is plagued by a backlog of 13.5 mn housing units). In addition, we also see solid prospect of infrastructure progress, which could drive higher FDI and subsequently support demand for construction of factory and commercial buildings.

**Exhibit 4: Marketing sales trend of Indonesia listed property companies**



Source: Ciptadana and companies

**Exhibit 5: Indonesian direct investment (DDI and FDI) grew by 24% CAGR in 2010-15**



Source: CEIC data

**Valuation and recommendation**

Despite having risen 33.9% in the past 12 months and outperformed the JCI by 47.8%, we believe there is scope for IMPC's share price to rise further as stronger earnings in the coming years support its valuations. We initiate coverage on IMPC with a target price of Rp.11,100 and a Buy recommendation. We use DCF based valuation which represent the inherent value of the company to derive our target price, assuming an 11.3% WACC and 5% terminal growth. The more detailed calculation and assumption for our target price is depicted in the following table. Moreover, we expect IMPC's net profit to grow at 67% CAGR in 2015-17F on rising revenue and slight margin expansion. Key risks to our assumptions including worse- than-expected Indonesian property sector and GDP growth.

**Exhibit 6: Our DCF-based target price calculation**

In Rp bn	2016F	2017F	2018F	2019F	2020F	2021F
EBITDA	370	464	555	615	757	787
Tax	(68)	(93)	(117)	(93)	(132)	(139)
Working capital	(98)	(194)	(312)	(116)	(154)	(146)
Capex	(192)	(52)	(55)	(56)	(112)	(143)
FCF	12	126	71	350	359	360
PV FCF	12	113	57	254	234	211
Terminal value						6,168
PV TV						4,791
Enterprises Value	5,671					
Cash	204					
Debt	510					
Equity value	5,365					
Outstanding share (mn)	483					
<b>Target price</b>	<b>11,100</b>					

Source: Ciptadana estimates

WACC calculation	
<b>Weighting</b>	
Debt	29.3%
Equity	70.7%
<b>Cost of debt</b>	
Interest for debt	9.0%
Tax	20.0%
kd	7.2%
<b>Cost of equity</b>	
Rf	7.8%
Market premium	5.5%
Beta	1.08
ke	13.6%
<b>WACC</b>	<b>11.3%</b>
<b>Terminal Growth</b>	<b>5.0%</b>

## Financial Outlook

### Expecting total revenue to grow 20% CAGR from diversified business

IMPC has three business lines which include 1) manufacture: producing plastic-based building materials (roofing, façade, and PVC compound), 2) distribution: distributing its manufacture products and third party products and 3) Real estate: selling and renting office tower and office block. After witnessing a 19% YoY decline in total revenue in 2015 on economic slowdown, we foresee 28% and 15% YoY rise in IMPC revenue in 2016F and 2017F respectively, translating at 21% CAGR in 2015-17F. This will be mainly driven mainly by higher sales volume of manufacture segment which is expected to drive 33% CAGR in segment revenue in 2015-17F. We also foresee distribution segment to book 27% CAGR in revenue growth in 2015-17F as it generally moves in tandem with manufacture segment. We conservatively forecast revenue from real estate segment to drop by 51% YoY in 2016 before rebounding by 15% YoY in 2017 as we see the property sector start to feel the positive impact from lower interest rate in second semester of 2016.

### Exhibit 7: Our key assumptions for IMPC's revenue

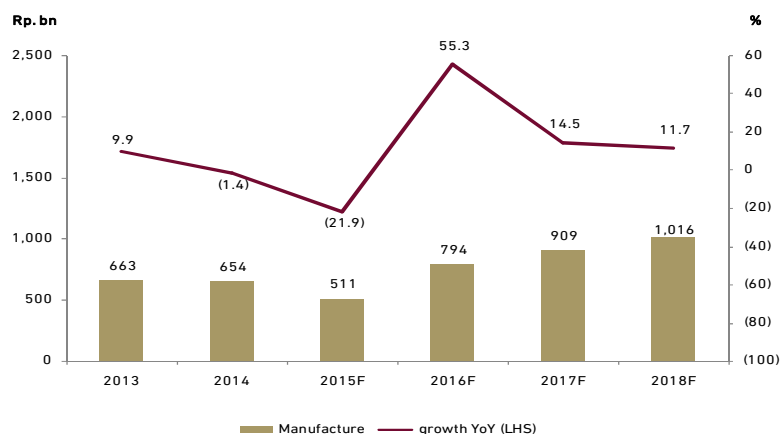
Rp bn	2014	2015F	2016F	2017F	2018F	CAGR 2015-17F
<b>Total revenue</b>	<b>1,413.3</b>	<b>1,146.8</b>	<b>1,468.3</b>	<b>1,688.2</b>	<b>1,917.4</b>	<b>21.3</b>
YoY growth	13.8%	-18.9%	28.0%	15.0%	13.6%	
Gross margin	37.4%	35.9%	36.6%	36.9%	37.4%	
<b>Manufacture rev</b>	<b>654.3</b>	<b>511.1</b>	<b>793.9</b>	<b>909.2</b>	<b>1,015.8</b>	<b>33.4</b>
YoY growth	9.9%	-21.9%	55.3%	14.5%	11.7%	
Total vol (ton)						
Roofing	9,262	7,453	12,625	14,655	16,211	
Façade	2,496	1,986	2,385	2,505	2,630	
Material	3,324	2,654	2,752	2,903	2,903	
<b>Total</b>	<b>15,081</b>	<b>12,569</b>	<b>18,293</b>	<b>20,227</b>	<b>21,841</b>	<b>26.9</b>
ASP (Rp '000/kg)						
Roofing	48.1	47.9	47.0	47.8	48.3	
Façade	40.3	42.8	49.8	53.2	57.3	
Material	32.5	20.6	22.9	24.0	26.8	
<b>Total</b>	<b>43.4</b>	<b>40.7</b>	<b>43.4</b>	<b>45.0</b>	<b>46.5</b>	<b>5.1</b>
<b>Distribution rev</b>	<b>460.4</b>	<b>403.1</b>	<b>561.6</b>	<b>649.4</b>	<b>744.6</b>	<b>26.9</b>
YoY growth	-0.6%	-12.4%	39.3%	15.6%	14.7%	
<b>Real estate rev</b>	<b>298.5</b>	<b>232.6</b>	<b>112.7</b>	<b>129.5</b>	<b>156.9</b>	<b>-25.4</b>
YoY growth	159.5%	-22.1%	-51.5%	14.9%	21.1%	

Source: Company and Ciptadana estimates

### Manufacture to remain revenue contributor with steady margin

Manufacture segment has been IMPC's core business and the largest contributor to total revenue of around 52-54% (before elimination). The segment saw 21.9% drop in manufacture revenue in 2015 due to Indonesia's unfavorable property sales and economy slowdown. We estimate that revenue to improve in 2016 onwards, growing by 55.3% YoY in 2016F and 14.5% in 2017F on the back of better property (residential, commercial and industrial) outlook mentioned before in the investment thesis section. IMPC's high quality products, market leader position and extensive network would support higher sales. We also see IMPC will grab higher sales to industrial segment via its newly acquired Alderon brand, which is a high quality roofing mostly used in industrials building (factory, warehouse etc).

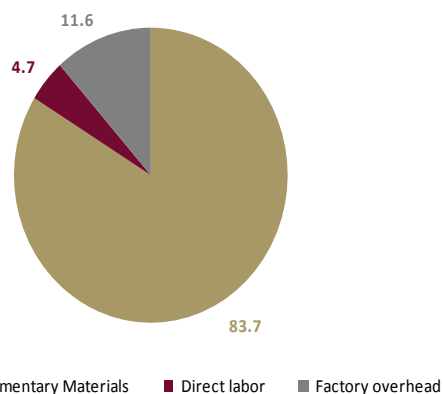
**Exhibit 8: Manufacture revenue and growth**



Source: Company and Ciptadana estimates

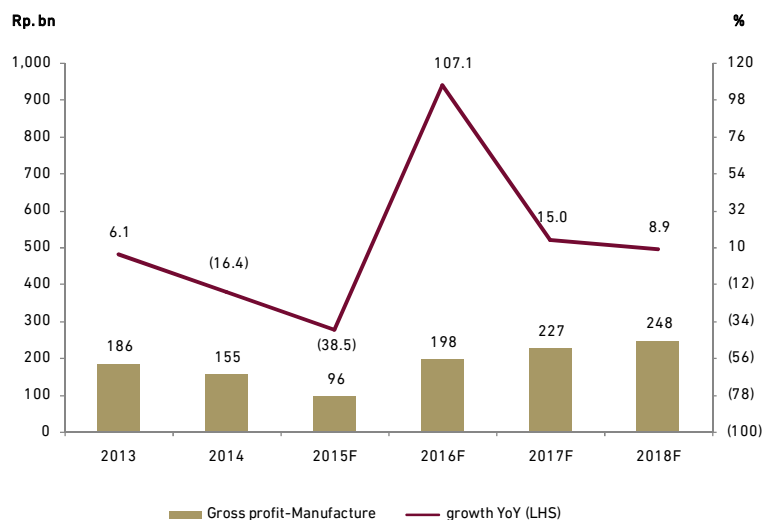
We forecast manufacture gross margin will be steady at around 23-24% on the back of support from weakening plastic beans price due to oil price slump as well as lower unit cost on rising production. Note that raw materials and supplementary materials accounted for around 84% of its manufacture COGS composition. IMPC's position as market leader and its extensive networks would enable it to adjust the roofing products price. Thus, we expect gross profit from manufacture segment to grow at CAGR of 53% in 2015-17F.

**Exhibit 9: Manufacture COGS breakdown**



Source: Company and Ciptadana estimates

**Exhibit 10: Manufacture gross profit and growth**

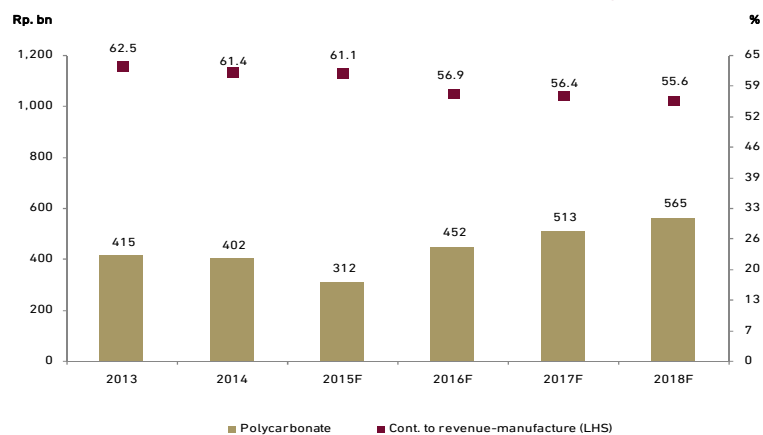


Source: Company and Ciptadana estimates

**Market leader's establishment on polycarbonate product**

Polycarbonate sub-segment which serve B2C segment is major contributor to around 56-62% of manufacture revenue. Indonesia has low penetration of polycarbonate consumption should support IMPC as market leader with 70-75% market share in Indonesia. We forecast polycarbonate product still to contribute above 50% of manufacture revenue going forward despite declining on rising contribution from other product that will be mentioned in the following paragraph. In addition, IMPC also dominates the vinyl roofing and reinforced polyester market with 40-50% and 30-40% market shares correspondingly. Note that the competition landscape of roofing business predominated by large of small players and sole traders, which benefit IMPC as market leaders.

**Exhibit 11: Polycarbonate revenue and contribution to manufacture segment**



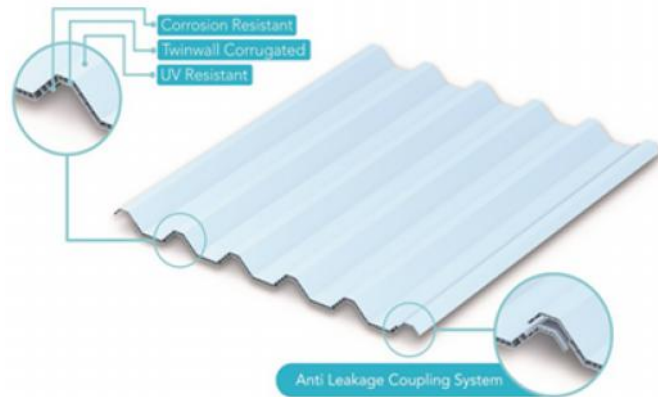
Source: Company and Ciptadana estimates

**New selling channel through Alderon product**

IMPC used to sell to retail (B2C) segment and in April-2015 the company acquired Alderon (uPVC double walls roofing) distribution business to expand project-based building (B2B) material market. Note that Alderon would support IMPC to grab industrial market, since Alderon has better quality to insulate heat and sound, anti-corrosive materials, and better durability than metal. In line with the management strategy to expand the production line for Alderon, we foresee the impact of Alderon will be significant to manufacture revenue. We estimate Alderon segment could contribute around 20-30% in 2016 onwards. Currently IMPC currently undertake renovation rooftop projects for Uniqlo and Nike factories building.

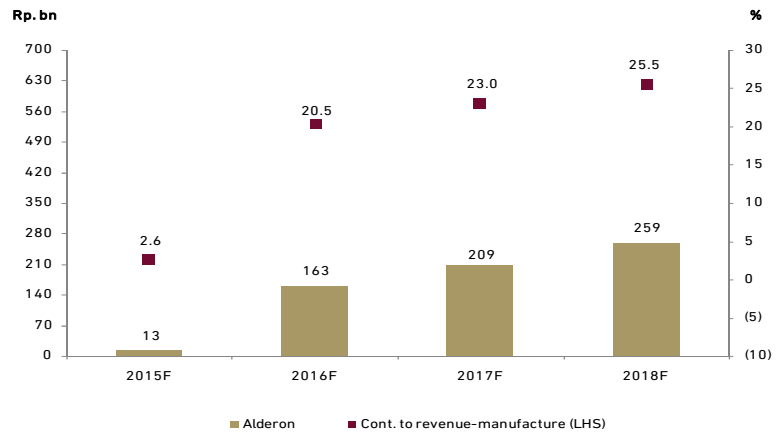


**Exhibit 12: Alderon anatomy**



Source: Company

**Exhibit 13: Alderon revenue and contribution to manufacture segment**

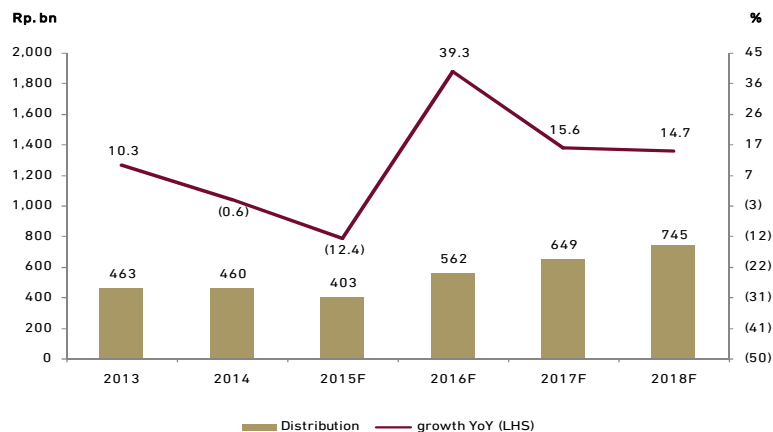


Source: Company and Ciptadana estimates

**Distribution arms; second-largest revenue contributor**

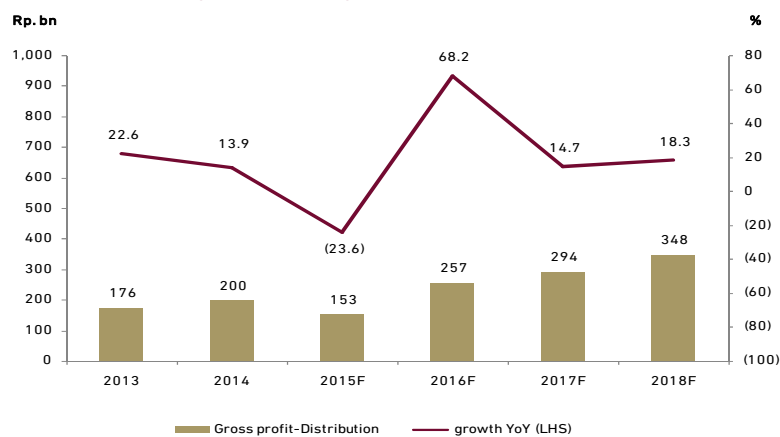
IMPC's main distribution channel is its subsidiary PT Mulford Indonesia which is supported by several branches in 13 cities, such as Jakarta, Serpong, Bandung, Tasikmalaya, Cirebon, Purwokerto, Yogyakarta, Surabaya, Kediri, Medan, Pekanbaru, Makassar, and Sukabumi. As for Alderon, IMPC distributes the product through its subsidiary PT Alderon Pratama Indonesia. Distribution segment has supported IMPC revenue by contributing around 34% to total revenue (before elimination) and yield gross margin of 37-39%.

**Exhibit 14: Distribution revenue and growth**



Source: Company and Ciptadana estimates

**Exhibit 15: Distribution gross profit and growth**

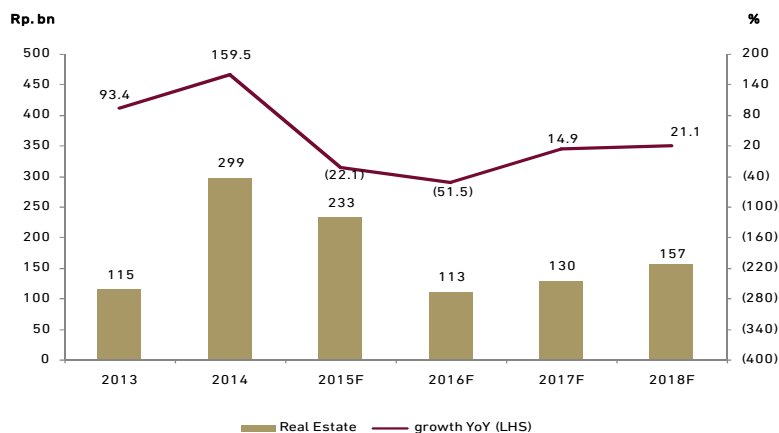


Source: Company and Ciptadana estimates

**Real estate segment; generating the highest margin**

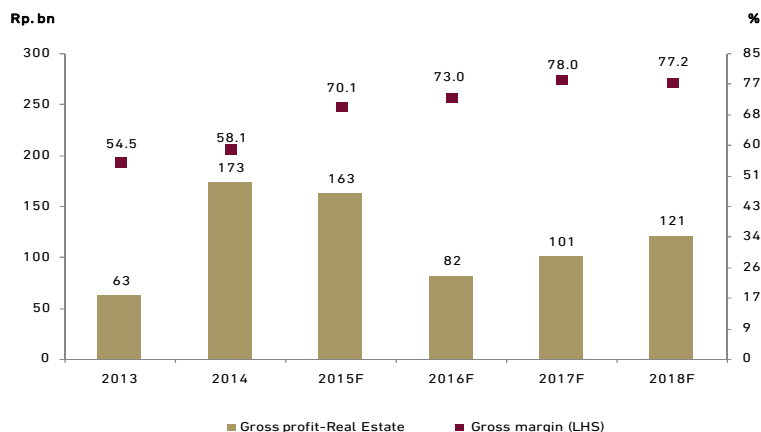
Started in 2014, IMPC has side business in premium real estate segment, called Altira Business Park (office tower and office block) by developing its land bank located at its ex-factory in Sunter. As at end of 9M15 the company has recorded sales of 16 floors in office tower and 42 units in office block. IMPC initially had 33 floors and 84 units of office tower and office block, correspondingly. Going forward, despite expecting property revenue to still grow, we estimate the contribution to total revenue will be slower to around 8% in 2016 onward from 12% previously, since IMPC will focus more on manufacture segment. Despite of this the segment gross margin is forecast to stay above 70% since IMPC developed its property business without using bank loan.

**Exhibit 16: Real estate revenue and growth**



Source: Company and Ciptadana estimates

**Exhibit 17: Real estate gross profit and margin**



Source: Company and Ciptadana estimates

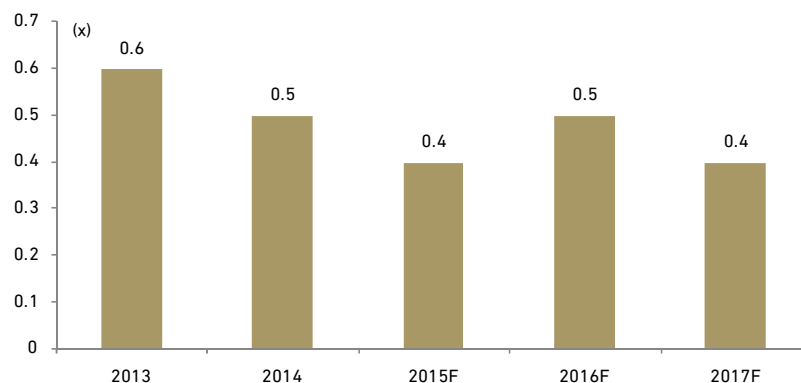
**Net profit to grow at 67% CAGR in 2015-17F**

We expect IMPC's net profit to more than double (106% YoY) in 2016 to Rp168 bn on rising revenue and stable margins and the low base effect from weak profit in 2015. We expect gross and operating margin to slightly expand by 70 bps and 110 bps to 35.9% and 22.1% in 2016 as compared to 2015's figures. Note that, we conservatively forecast that margins in 2016 onward are still lower than 2014's margin. As for 2017, we foresee the company to book 36% YoY growth in net profit to Rp229 bn, still on the combination of rising revenue and stable margin, which lead the company to register 67% CAGR in net profit in 2015-17F.

**Strong balance sheet**

The company's debt-to-equity ratio stood at 0.4x as at end of 2015, with net gearing at 0.3x. The company had a total debt of Rp340 bn and cash of Rp108 bn. We expect company's debt-to-equity level to slightly increase to 0.6x in 2016 as we assume total debt to raise to Rp510 bn to mainly finance company's expansion in machinery to produce more Alderon product. IMPC's average working trade receivables turnover was 50 days in 2015 with average inventory turnover at 234 days, and the average trade payables stood at 35 days, which all lead to cash conversion cycle of 249 days.

**Exhibit 18: IMPC's DER to remain manageable**



Source: Company and Ciptadana estimates

## **SWOT Analysis**

### **Strengths**

#### 1) Quality and reputation

Throughout the history, Impack Pratama is always recognized by its high reputation in producing supreme quality and highly reliable plastic-based building materials. In regard to this, strict monitoring policy is always implemented in order to maintain the quality of products from raw materials quality to product distribution. In short, the company always strives to produce and provide innovative, creative, and high quality products that deliver positive value to Indonesian community.

#### 2) Timely distribution

Distribution is also a backbone of business growth of Impack Pratama. The company operates its distribution and trading activities through the Subsidiary, PT Mulford Indonesia that is operating in 13 different cities in Indonesia, including Jakarta, Serpong, Sukabumi, Bandung, Cirebon, Tasikmalaya, Purwokerto, Yogyakarta, Kediri, Surabaya, Makassar, Pekanbaru, and Medan. PT Mulford Indonesia was founded in 1989 and is actively engaged in plastic distribution with the Impack Pratama's ownership of 99.90% and investment in 1996. As each business unit is equipped with extensive warehousing facilities to sustain product availability, supported by effective inventory management system and distribution centers in various locations in Indonesia, timely product distribution becomes one of the key strengths of the company.

#### 3) International distribution

Impack Pratama delivers its products to both domestic and global markets. In detail, the company and subsidiaries sold approximately  $\pm 90\%$  of their production to domestic market and  $\pm 10\%$  to international market. As for the subsidiary in Vietnam, namely Impack Vietnam Co. Ltd), the company's product sales reached to  $\pm 2\%$ . The company's international market destinations include Australia, New Zealand, Vietnam, Thailand, Malaysia, Singapore and Middle East.

### **Weaknesses**

#### 1) Production plant capitalization

Impack Pratama has been focusing its strategy to increase the production capacity of its existing plant in Cikarang, Karawang, and Long Thanh District (Vietnam). Cikarang plant has two different sites in Hyundai Industrial Area and Delta Silicon II Industrial area with optimum production capacity of 7,488 tons and 16,650 tons respectively. Meanwhile, Karawang Plant has optimal capacity of 1,764 tons for roofing production and 5,544 tons for materials production. The plant in Long Thanh District has optimum production capacity of 5,040 tons for roofing production. However, Impack Pratama has not fully utilized these existing production capacities from Cikarang, Karawang, and Long Thanh District. The company's plants are now running at 60-70% utilization rate.

### **Opportunities**

#### 1) International expansion opportunity

Following the regional plan for ASEAN Free Market (AFM), it is expected that there will be more opportunity for Impack Pratama to expand its production and product distribution across ASEAN countries. This opportunity, combined with company's past experience in distributing to international markets, is expected to support the long-term growth of Impack Pratama.

#### 2) Long-term demand from property sector

Despite of volatility in rupiah and indecisive government policy, current lower interest rates, tight supply (Indonesia is plagued by a backlog of 13.5 mn housing units), combined with government's support to local housing sector is expected to increase long-term demand and growth of Indonesian property sector. As the majority of Impack Pratama's revenue is driven by sales of Polycarbonate Roofing, the positive outlook of housing sector demand is expected to grow company's revenue in the long-term. The market share of Impack Pratama for Polycarbonate product in Indonesia is approximately 70 – 75%, enabling the company to monetize its leadership position in a growing property market

**Threats**

## 1) Foreign exchange rate fluctuations

Company's financial performance is partly influenced by foreign exchange fluctuations as some portion of raw materials is imported. Nevertheless, IMPC exports 10% of its product, which helps offset partially their currency risk on account of imports of raw materials such as plastic component (resin).

## 2) Substitute products (metal and glass)

Polycarbonate materials, which are company's main product, have a few disadvantages when they're compared to metal or glass. The biggest disadvantage is their high price. These materials are much more expensive than metals or glass and as a result. Another downfall to polycarbonate sheets is that they are not scratch resistant and denting on the surface is possible if extra care is not taken.

## Company brief history

Established in 1981, Impack Pratama has consistently focused its strategy to produce high-quality building materials and deliver customer satisfaction. This is an important factor that strengthens its position as the market leader in Indonesian plastic-based building materials industry (primarily polycarbonate roofing and façade).

The company is mainly engaged in manufacturing and distributing plastic building materials such as fiberglass, polycarbonate, aluminum composite panel, ventilator, and other plastic and non-plastic building materials or equipment. In addition to its core business, the company is also conducting trading business related to the mentioned products, including import, export, local trading as well as land transportation. IMPC also established property business in 2014 by developing office tower of 33 floors and 84 units of office block in Sunter (located at its old factory compound). The detailed corporate timeline of Impack Pratama is illustrated with the table below.

Year	Events
1981	<ul style="list-style-type: none"> <li>The company was incorporated with the name of PT Impack Pratama Industries Co. Ltd.</li> </ul>
1982	<ul style="list-style-type: none"> <li>The company commenced production of Impraboard®, the first and only manufacturer of polypropylene twinwall sheet, and also commenced production of plastic cups.</li> </ul>
1984	<ul style="list-style-type: none"> <li>The company diversified its business into rigid pVC compound with a distinctive and reputable polyvic® brand name</li> </ul>
1990	<ul style="list-style-type: none"> <li>The company acquired 100% shares in Mulford holding Group, a major plastic sheet distributor in Australia and New Zealand.</li> </ul>
1992	<ul style="list-style-type: none"> <li>The company commenced production of SolarTuff® and Impralon®, the first corrugated and solid flat polycarbonate sheet in Southeast Asia</li> </ul>
1993	<ul style="list-style-type: none"> <li>The company changed its name into PT Impack Pratama Industri.</li> </ul>
1995	<ul style="list-style-type: none"> <li>The company relocated the Polyvic Division to Cikarang on a 26,000 m2 land area with an increased installed capacity of 15,000 tons/annum.</li> <li>The company acquired 100% of assets and business of the plastic Sheet Manufacturing Division of Marley plastic in Australia, which was later renamed Laserlite pty. Ltd.</li> </ul>
1996	<ul style="list-style-type: none"> <li>The company commenced the first and only high-quality vinyl roofing sheet production facility in Indonesia under the brand name Laserlite plus®.</li> <li>The company achieved ISO 9002 accreditation for polycarbonate Division.</li> </ul>
1997	<ul style="list-style-type: none"> <li>The company commenced production of Twinlite®, the first twinwall polycarbonate sheet in Indonesia.</li> </ul>
1998	<ul style="list-style-type: none"> <li>The company acquired 100% shares of PT Unipack Plasindo Corp., a major producer of PVC compound and packaging company.</li> </ul>
1999	<ul style="list-style-type: none"> <li>The company acquired 100% shares of alsynite roofing pty. Ltd.(Sydney), a major producer of Frp roofing sheets and ventilation in Australia.</li> <li>The company divested Laserlite pty. Ltd. to a European Multinational company.</li> </ul>
2000	<ul style="list-style-type: none"> <li>The company achieved ISO 9002 accreditation on our polyvic Division.</li> <li>The company commenced production of Supervinyl® doors panel &amp; frame.</li> </ul>
2002	<ul style="list-style-type: none"> <li>The company doubled the installed capacity of our Twinwall polycarbonate sheet.</li> <li>The company launched the Twinlite® X-3, a three-layer structured polycarbonate sheet.</li> </ul>

2003	<ul style="list-style-type: none"> <li>The company conducted divestment on shares of Mulford holding Group in December 2003.</li> <li>The company conducted divestment on shares of alsynite roofing pty. Ltd. (Sydney) in December 2003.</li> </ul>
2004	<ul style="list-style-type: none"> <li>The company expanded its 4th line of polycarbonate sheet to bring the installed capacity to 12,600 MT/ annum.</li> <li>The subsidiary of PT Kreasi Dasatama, which manufactures twinwall polypropylene products and sheets, achieved ISO 9001:2000, and at the same time expanded the installed capacity of manufacturing Twinwall polypropylene sheet to 5,000 MT/annum.</li> </ul>
2005	<ul style="list-style-type: none"> <li>The company doubled the installed capacity for PVC corrugated roofing sheets for 2,800 MT/annum.</li> </ul>
2009	<ul style="list-style-type: none"> <li>The company invested in 5th line of polycarbonate sheet production to provide installed capacity of 16,800 MT/annum.</li> <li>The company launched the first embossed polycarbonate sheet in Indonesia.</li> <li>The company commenced production of polycarbonate profile (H joint and U profile).</li> </ul>
2011	<ul style="list-style-type: none"> <li>The company relocated polycarbonate sheet and polypropylene sheet factories to a new location of 84,400 sqm.</li> </ul>
2012	<ul style="list-style-type: none"> <li>Through its Subsidiary of PT Sinar Grahamas Lestari, the company commenced project of 32-floor office tower in 26,000 sqm land.</li> <li>The company invested in the 4th line of polypropylene twinwall sheet production to bring up the installed capacity to 8,000MT/annum.</li> </ul>
2013	<ul style="list-style-type: none"> <li>The company started twinwall polycarbonate sheet production in Vietnam with an installed capacity of 4,200 MT/annum.</li> </ul>
2014	<ul style="list-style-type: none"> <li>The company launched production of premium aluminum composite panel, "alcotuff" and "alcolite", characterized by outstanding fire resistant feature, with installed capacity of 2,500,000sqm/annum.</li> <li>The company with it subsidiary PT Unipack Plasindo purchased 10 ha land area in Delta Silicon VIII – Cikarang, for further expansion in building material production.</li> <li>The company listed its share in Indonesia Stock Exchange.</li> </ul>
2015	<ul style="list-style-type: none"> <li>Started production of Sealtuff through PT. Master Sepadan Indonesia</li> <li>Purchased 1.2 Ha land next to Altira Business Park that is planned to build for future property development expansion</li> <li>Purchased Alderon distribution business and invest in polycarbonate solid sheet line in Vietnam.</li> <li>Acquired Alderon Roofing machines to enlarge capacity.</li> </ul>

Source: Company

## Products Overview

### The advantages of polycarbonate roofing

Polycarbonate panels can withstand force and are virtually unbreakable. The UV blockage is another huge advantage of these panels, making them the perfect material choice for constructing roofing and awnings in housing commercial buildings. This combination allows the panels to reflect infrared rays from the sun; thus reducing the amount of direct solar energy allowed to pass through. As the panels are extremely light in weight, they can be easily transported and installed wherever they are required. The excellent properties of polycarbonate panels make them also the preferred material for building greenhouses. These panels are resistant to heat, sunlight, snow, and rain, which enable them to last for many years without fading or discoloring.



**Company's more product details**

1)

**SolarTuff®**

SolarTuff is a premium corrugated polycarbonate-roofing sheet with both excellent transparency and supreme toughness. Its convenient installation and design flexibility, combined with a wide range of available colors make SolarTuff a prevalent selection for architectural needs. Despite its flexibility, SolarTuff has excellent impact resistance that can resist severe weather condition and climate changes events. Applications of SolarTuff include sky roofing, transparent roofing, green house glazing, terrace, and other outdoors applications.

2)

**TWINLite®**  
Premium Quality Multi-wall Polycarbonate Roofing Sheet

Twinlite is a high quality multi-wall polycarbonate-roofing sheet that has been produced and developed for more than 20 years. Using the latest co-extrusion UV resistant technology, Twinlite reduces heat and absorbs almost 100% of sunlight UV radiation, while also delivers natural lighting and energy saving. The quality of Twinlite is reflected through its superior impact resistance performance, as Twinlite is 250 times stronger than glass and 20 times stronger than acrylic. Twinlite might be applied to transparent roofing for shopping centers, skylight, greenhouses, heat insulation panels, and other outdoors applications.

3)

**Alcotuff**  
simply the best

Alcotuff is a premium aluminum composite panel for premium building with Fire Resistant, combined with excellent design. Its easy installation, easy cleaning characteristics, and combined with many colors and sizes selection, make Alcotuff a perfect choice to develop a new brand image for many corporate offices, buildings, hospitalities, financial centers, and many others.

4)

**Alderon®**  
INNOVATIVE BUILDING MATERIALS

Alderon is premium vinyl composite twin wall corrugated roofing with UV resistant feature that protect the roof from light radiation and severe weather condition. Its superior chemical resistant and environmental friendly properties make Alderon a perfect choice to apply in chemical factory, chemical warehouse, animal and fish farms, patio, canopies, pergolas, and car service center.

5)

**LASERLITE®**  
Impact Pratama

Laserlite is a high quality polycarbonate roof sheet that is originated from Australia. The distinctive feature of Laserlite can be found in its premium protective material, namely Advanced Weatherguard technology that has longer life of the sheet, better sheet color and clarity over time, and better protection from UV radiations in comparison to other polycarbonate corrugated sheet products.

6)



Alcolite is a lightweight aluminum composite panel that is made of a fire-retarding mineral core, placed between a PVDF-coated aluminum and polyester service coating. Its flatness and lightweight makes Alcolite to be easily installed and worked. Alcolite can be used in ceiling, roofing, fencing, fascia, external cladding, and signage as well as corporate identity.

7)



Sealtuff is a premium sealant, which is specially designed for demanding building construction and engineering industries by preventing general staining issues including migration staining, dirt streaking, and hydrophobic staining, while also has superior long-term tear resistance.

8)



Alsynite is a premium Fibre Reinforced Polyester sheet that has supreme long-term weathering characteristics. Its high-resistance makes Alsynite a perfect selection for roofing and cladding applications.

9)



Impraboard is a carton plastic sheet, manufactured by a subsidiary of Impack Pratama Industri, namely Kreasi Dasatama. Kreasi Dasatama was incorporated in 1981. As the biggest plastic manufacturer in Indonesia, Impraboard is supplied to many different industries including food and beverage, packaging, digital printing, advertising, automotive, agriculture, and other industries. Advanced technology, combined with experienced talents are the key success factors for the reputation of Kreasi Dasatama.

## Management

### Board of Commissioners

Position	Education Background	Professional Experience
<b>President Commissioner:</b> Handoyo Tjiptodihardjo	Graduated from High School in 1952	<ul style="list-style-type: none"> <li>• President Commissioner of PT Impack Pratama Industri Tbk (2007-present)</li> <li>• Commissioner of PT Tunggal Jaya Investama (2007-present)</li> <li>• Commissioner of PT Harimas Tunggal Perkasa (2007-present)</li> <li>• President Commissioner of PT Impack Pratama Industri Tbk (August 2014-present)</li> <li>• Commissioner of PT Impack Pratama Industri (1993-2011)</li> <li>• Commissioner of PT Impack Pratama Industri (1988-2007, 2011-August 2014)</li> <li>• Commissioner of PT Cypress Adimulia (1998-present)</li> <li>• President Commissioner of PT Abadi Adimulia (1998-present)</li> <li>• Commissioner of PT Tunggal Jaya Indah (1998-present)</li> <li>• Director of PT Tunggal Jaya Investama (1999-2007)</li> <li>• Director of PT Harimas Tunggal Perkasa (1988-2007)</li> <li>• Director of PT Impack Pratama Industri (1981-1988)</li> <li>• President Director of PT Cypress Adimulia (1977-1998)</li> <li>• President Director of PT Abadi Adimulia (1973-1998)</li> <li>• President Director of PT Tunggal Jaya Indah (1958-1998).</li> </ul>
<b>Independent Commissioner:</b> Cornelius Wielim Pranata	Bachelor of Business Administration degree in Finance from University of Toledo, Ohio, in 1988  Master of Business Administration in Finance from University of Toledo, Ohio, in 1989.	<ul style="list-style-type: none"> <li>• Independent Commissioner of PT Impack Pratama Industri Tbk (2014-present)</li> <li>• Director of UOB Kay Hian Pte.Ltd., Singapore (2007-present)</li> <li>• Director of Mooresrowland Corporate Advisory Pte. Ltd., Singapore (2003-2007)</li> <li>• Associate Director in PricewaterhouseCoopers Corporate Finance, Singapore (2000-2003)</li> <li>• Corporate Finance Group – Vice President in RGM International Pte. Ltd. (1999-2000)</li> <li>• Corporate Director of PLB Engineering Bhd., Malaysia (1998-1999).</li> </ul>

Source: Company

**Board of Directors**

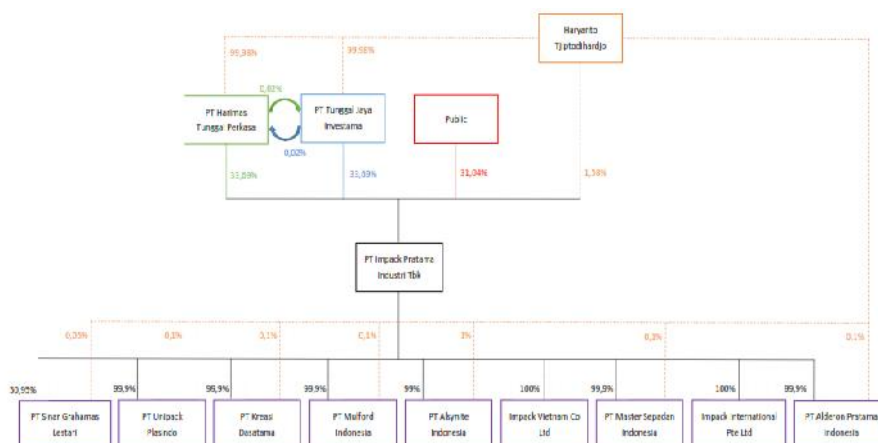
Position	Education Background	Professional Experience
<b>President Director:</b> Haryanto Tjiptodihardjo	Master of Business Administration degree from Woodbury University, USA, in 1986  Bachelor of Science in Industrial and Systems Engineering from University of Southern California, USA, in 1983	President Director of PT Impack Pratama Industri Tbk (1993-present) Director of PT Harimas Tunggal Perkasa (2007-present) Director of PT Tunggal Jaya Investama (2007-present) Commissioner of PT Unipack Plasindo (1999-present) Commissioner of PT Abadi Adimulia (1998-present) Commissioner of PT Sinar Grahamas Lestari (1996-present) Commissioner of PT Indah Cup Success Makmur (1996-present) President Commissioner of PT Kreasi Dasatama (1996-present) Sales Division of PT Abadi Adimulia (1988-1996) President Director of PT Kreasi Dasatama (1988-1996) Director of PT Impack Pratama Industri (1988-1993) Commissioner of PT Impack Pratama Industri (1986-1988).
<b>Director:</b> Lindawati	Bachelor of Economics majoring in Economics from Atmajaya University, 1990.	Director of PT Impack Pratama Industri Tbk with responsibility in the fields of finance and accounting (2009-present) President Director of PT Unipack Plasindo (2009-present) Director of PT Unipack Plasindo (1998-2009) Accounting Manager of PT Impack Pratama Industri (1995-2009) Internal Audit of PT Indocement Tunggal Prakarsa (1990-1995) Auditor of KAP Hans Tuanokotta Mustofa (1988-1990)
<b>Director:</b> Janto Salim	Master of Science majoring in Interdisciplinary Studies from Texas Tech University, USA, 1992 Bachelor of Business Administration majoring in Management from Texas Tech University, USA, 1991 Bachelor of Business Administration majoring in Marketing from Texas Tech University, USA, 1990	Director of PT Impack Pratama Industri Tbk with responsibility in the fields marketing (2014-present) President Director of PT Mulford Indonesia (2009-present) Director of PT Mulford Indonesia (2004-2009) Marketing Manager of PT Impack Pratama Industri (1994-2004) Export Sales Manager of PT Impack Pratama Industri (1994-1996) Assistant Manager in PT Bank Bali (1993-1994).

<p><b>Director:</b> Nga Seg Min</p>	<p>Bachelor of Accountancy majoring in Accounting from National University of Singapore, Singapore, 1983.</p>	<p>Director of PT Impack Pratama Industri Tbk with responsibility in the fields of business development and strategic planning and marketing (2013-present) Director of Mulford International Pte. Ltd., Singapore (1990-present) President Director of PT Guru Indonesia (1995-2002) Business Development Manager of PT Guru Indonesia (1991-1994) General Manager of Unitraco Pte. Ltd., Singapore (1987-1991) Senior Accountant, Recovery KPMG (1983-1987).</p>
<p><b>Director:</b> David Herman Liasdanu</p>	<p>Bachelor of Economics majoring in accounting from University of Tarumanegara, 1990.</p>	<p>Director of PT Impack Pratama Industri Tbk with responsibility in the fields of general affairs and human resources (2009-present) Director of PT Sinar Grahamas Lestari (2009-present) PVD Head Division of PT Impack Pratama Industri (2007-2009) Internal Audit Manager of PT Impack Pratama Industri (1999-2007) Senior Associate Pricewaterhousecoopers FAS (1998-1999) Corporate Planning, Business Development and Credit Manager of PT Duta Anggada Realty (1997-1998) Deputy Accounting Manager of PT Sungai Budi Group (1994-1996) Senior Auditor at KAP KPMG Hanadi Sudjendro (1990-1994).</p>
<p><b>Independence Director:</b> Paulus Allend Wibowo</p>	<p>Bachelor of Electrical Engineering majoring in Computer and Control System from Christian University of Maranatha, Bandung, 1997</p>	<p>Independent Director of PT Impack Pratama Industri Tbk with responsibility in the fields of operations (August 2014-present) Group Audit Operational Manager of PT Impack Pratama Industri (May-August 2014) Regional Manager of PT Mulford Indonesia (2009-2011) Branch Manager of PT Mulford Indonesia (2006-2009)</p>

Source: Company

**Company's structure**

**Exhibit 19: Company's Structure**



Source: Company

**Company's projects**

**Exhibit 20: Alcotuff is used in Sahid Sudirman and South Quarter projects.**



Source: Company

**Exhibit 21: Alderon is used in Nike Plant project**



**Exhibit 22 - Income Statement**

Year to 31 Dec (Rpbn)	2013A	2014A	2015F	2016F	2017F
<b>Revenue</b>	<b>1,242</b>	<b>1,413</b>	<b>1,147</b>	<b>1,468</b>	<b>1,688</b>
COGS	-817	-885	-735	-931	-1,065
<b>Gross profit</b>	<b>424</b>	<b>529</b>	<b>411</b>	<b>537</b>	<b>623</b>
Oper. expenses	-147	-158	-170	-212	-204
<b>Oper. Profit</b>	<b>277</b>	<b>371</b>	<b>241</b>	<b>325</b>	<b>419</b>
<b>EBITDA</b>	<b>321</b>	<b>419</b>	<b>287</b>	<b>370</b>	<b>464</b>
Interest income	0	0	0	0	0
Interest expense	-26	-32	-44	-56	-58
Other income (exp.)	-4	17	-18	3	10
<b>Pre-tax profit</b>	<b>248</b>	<b>355</b>	<b>180</b>	<b>272</b>	<b>371</b>
Income tax	-62	-66	-45	-68	-93
Minority interest	-43	-113	-53	-36	-50
<b>Net profit</b>	<b>142</b>	<b>177</b>	<b>82</b>	<b>168</b>	<b>229</b>

**Exhibit 23 - Balance Sheet**

Year to 31 Dec (Rpbn)	2013A	2014A	2015F	2016F	2017F
Cash & cash equivalent	370	392	119	204	230
Acct, receivables	178	166	152	312	345
Inventory	420	536	471	677	774
Other curr, asset	188	115	310	223	328
<b>Total current asset</b>	<b>1,157</b>	<b>1,209</b>	<b>1,052</b>	<b>1,415</b>	<b>1,676</b>
Fixed assets - net	435	398	466	613	620
Other non-curr.asset	53	129	171	153	153
<b>Total asset</b>	<b>1,645</b>	<b>1,737</b>	<b>1,689</b>	<b>2,181</b>	<b>2,449</b>
ST debt + curr. maturity	309	319	239	3	3
Acct, payable	116	114	108	157	192
Advances received	224	100	22	14	14
Other curr. liab	54	50	39	179	185
Long term debt	84	94	101	507	501
Other non-curr, liab,	102	76	77	91	91
<b>Total liabilities</b>	<b>889</b>	<b>752</b>	<b>585</b>	<b>950</b>	<b>985</b>
Shareholder equity	687	822	889	1,010	1,197
Minority interest	70	163	215	221	267
<b>Total liab + SHE</b>	<b>1,645</b>	<b>1,737</b>	<b>1,689</b>	<b>2,181</b>	<b>2,449</b>

**Exhibit 24 - Per Share Data**

(Rp)	2013A	2014A	2015F	2016F	2017F
EPS	326.9	404.0	169.4	348.2	473.3
BVPS	1,420.1	1,700.8	1,839.1	2,090.3	2,476.5
DPS	62.1	486.2	33.9	69.6	94.7
FCF per share	205.2	-48.9	-492.7	-122.1	58.4

Source : IMPC, Ciptadana Estimates

**Exhibit 25 - Cash Flow**

Year to 31 Dec (Rpbn)	2013A	2014A	2015F	2016F	2017F
Net income	142	177	82	168	229
Depreciation	44	48	46	45	45
Chg in working cap.	-5	-161	-211	-98	-194
Other	0	0	0	0	0
<b>CF-Oper activities</b>	<b>182</b>	<b>64</b>	<b>-83</b>	<b>115</b>	<b>80</b>
Capital expenditure	-80	-11	-114	-192	-52
Others	-3	-77	-42	18	0
<b>CF-Investing activities</b>	<b>-83</b>	<b>-88</b>	<b>-156</b>	<b>-174</b>	<b>-51</b>
Net change in debt	42	20	-73	170	-6
Net change in equity	0	5	0	0	0
Dividend payment	-30	-235	-16	-34	-46
Other financing	-45	256	55	7	50
<b>CF-Financing activities</b>	<b>-33</b>	<b>46</b>	<b>-35</b>	<b>144</b>	<b>-2</b>
<b>Net cash flow</b>	<b>66</b>	<b>22</b>	<b>-273</b>	<b>85</b>	<b>26</b>
Cash - begin of the year	304	370	392	119	204
Cash - end of the year	370	392	119	204	230

**Exhibit 26 - Key Ratios**

Year to 31 Dec	2013A	2014A	2015F	2016F	2017F
<b>Growth</b>					
Revenue (%)	18.2	13.8	-18.9	28.0	15.0
Operating profit (%)	69.1	33.7	-34.9	34.8	29.0
Net profit (%)	-34.4	24.1	-53.6	105.5	35.9
<b>Profitability Ratios</b>					
Gross margin (%)	34.2	37.4	35.9	36.6	36.9
Operating margin (%)	22.3	26.2	21.0	22.1	24.8
EBITDA margin (%)	25.9	29.6	25.0	25.2	27.5
Net margin (%)	11.5	12.5	7.1	11.5	13.6
ROA (%)	8.6	10.2	4.8	7.7	9.3
ROE (%)	20.7	21.5	9.2	16.7	19.1
<b>Liquidity Ratios</b>					
Current ratio (x)	1.6	2.1	2.6	4.0	4.3
Quick ratio (x)	1.0	1.2	1.4	2.1	2.3
Cash conversion cycle (days)	206.1	235.9	249.0	290.0	298.3
<b>Activity Ratio</b>					
Inventory turnover (days)	187.6	221.0	233.7	265.2	265.1
Receivable turnover (days)	52.4	44.5	50.7	57.6	71.0
Payable turnover (days)	34.0	29.6	35.3	32.9	37.7
<b>Solvency Ratio</b>					
Interest cover (x)	12.5	13.0	6.6	6.6	8.1
Debt to equity ratio (x)	0.6	0.5	0.4	0.5	0.4
Net debt to equity (x)	0.0	0.0	0.2	0.3	0.2

Source : IMPC, Ciptadana Estimates



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**Analyst Certification**

Each contributor to this report hereby certifies that all the views expressed accurately reflect his or her personal views about the companies, securities and all pertinent variables. It is also certified that the views and recommendations contained in this report are not and will not be influenced by any part or all of his or her compensation.

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