

BUY

TP: Rp2,400 (+36.4%)

Impack Pratama Industri

Leveraging ESG for sustainable growth

Market leader in polycarbonate building material with 40 years proven track record

Founded in 1981, Impack Pratama Industri (IMPC) is market leader in Polycarbonate (PC) building materials (mainly roofing and façade). IMPC manufactures and distributes its products through its operating subsidiaries in Indonesia, Malaysia, Vietnam, Australia and New Zealand. Domestic sales accounted for 69% of total revenue and export market made up the 31% balance. The company has 85% and 50% market share for PC roofing in Indonesia and New Zealand, respectively. The excellent properties of Polycarbonate such as its i) resistant to shock and fracture, ii) easy to bend, iii) less than half the weight of glass and iv) color 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/construction development. The company did well during Covid-19, since people have been staying home, homeowners have been taking on home renovations.

Set to capitalize on the ESG movement

We believe the company occupies a sweet spot at the intersection of industrials and sustainability. IMPC integrates UN Sustainable Development Goals (SDGs) into by formulating Four Sustainability Pillars that acts as a foundation and direction of the company. The pillars which cover i) economic growth, ii) employees and communities, iii) environmental solutions, and iv) climate change, also become the basis of the company's Environmental, Social, and Governance (ESG) practices. Several key achievements in 2020 with focus on ESG criteria include: i) the development of an innovative environmentally friendly roof product called Ecolite from recycled plastic bottles (PET) waste. Ecolite used 99 tons of recycled plastic bottles (PET) waste (~3.5 mn plastic bottles) and contributed Rp1.3 bn revenue. ii) the use of LDPE plastic waste bags as the core layer of 715 tons of LDPE scrap, equivalent of 130 mn plastic bags and contributed Rp38.7 bn revenue.

Expected to post 20.1% CAGR in earnings over 2021-23F

We expect IMPC's net profit to grow steadily at a CAGR of 20.1% over 2021-23F, after witnessing 20.0%-20.6% growth in 2019-20. Several key points that will drive the company's earnings growth include: (i) we conservatively expect higher sales volume at a CAGR of 9.0% (vs. 9.8% CAGR in 2017-20F); (ii) rising ASP at a CAGR of 2.8%; (iii) increasing gross margin on steady rise in export portion and iv) lower effective tax rate. The fluctuations in oil prices might negatively impact the cost of polycarbonates as 80.6% of IMPC's costs is raw material cost. However, we believe IMPC's good quality products and extensive network would enable the company to adjust product prices as evidenced by expanded 1Q21 gross margin to a record high of 37.7% despite 37% QoQ oil price hike.

Reinstate coverage with a Buy rating and Rp2,400 target price

We reinstate our coverage on IMPC with a Buy rating and a target price of Rp2,400 (+36.4% upside). Our TP is based on 27.6x EV/EBITDA multiple (+1stdev of mean), translating to a valuation of Rp2,396/share (rounded up to Rp2,400). Historically, the stock has been trading at an average 22.7x of 1-Yr forward EV/EBITDA. We believe the re-rated valuation is justified given the strong growth trajectory: we forecast 3-year EBITDA/earnings CAGRs of 17.7%/20.1% from 2021-23F. Improving ESG profile would translate to less susceptible to systematic risks, leading to a reduction in a company's cost of capital and increase in valuation.

Exhibit 1 : Financial Highlights

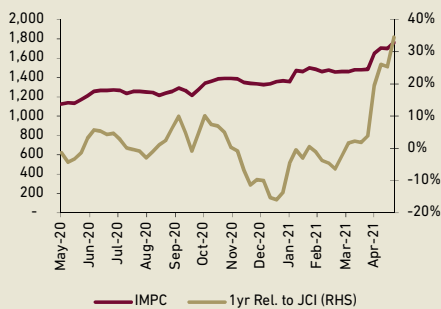
Year to 31 Dec	2019A	2020A	2021F	2022F	2023F
Revenue (Rpbn)	1,495.8	1,797.5	2,041.2	2,286.1	2,560.5
Operating profit (Rpbn)	215.6	237.7	281.7	331.5	389.2
Net profit (Rpbn)	103.7	125.1	170.7	207.3	245.9
EPS (Rp)	21.4	25.8	35.2	42.8	50.8
EPS growth (%)	20.0	20.6	36.5	21.4	18.6
EV/EBITDA (x)	33.1	28.9	24.3	20.6	17.5
PER (x)	82.2	68.2	49.9	41.1	34.7
PBV (x)	7.2	6.8	6.3	5.8	5.3
Dividend yield (%)	0.9	0.6	0.8	1.0	1.2
ROE (%)	8.8	10.0	12.7	14.2	15.4

Source : Bloomberg

Sector	Basic Industry
Bloomberg Ticker	IMPC IJ

Share Price Performance

Last price (Rp)	1,760		
Avg. daily T/O (Rpbn/USDmn)	2.2/0.2		
	3m	6m	12m
Absolute (%)	18.5	27.1	32.8
Relative to JCI (%)	26.1	27.2	36.3
52w High/Low price (Rp)	1,760/1,090		



Outstanding shrs (mn)	4,834
Mkt. Cap (Rpbn/USDmn)	8,507/599
Estimated free float (%)	8.5

Major shareholders

Tunggal Jaya Investama	45.6%
Harimas Tunggal Perkarsa	44.4%

EPS Consensus

	Ciptadana	Cons.	% Diff
2021F	35.2	34.0	3.7
2022F	42.8	45.0	-4.9
2023F	50.8	58.0	-12.5

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Market leader in polycarbonate building material with 40 years proven track record

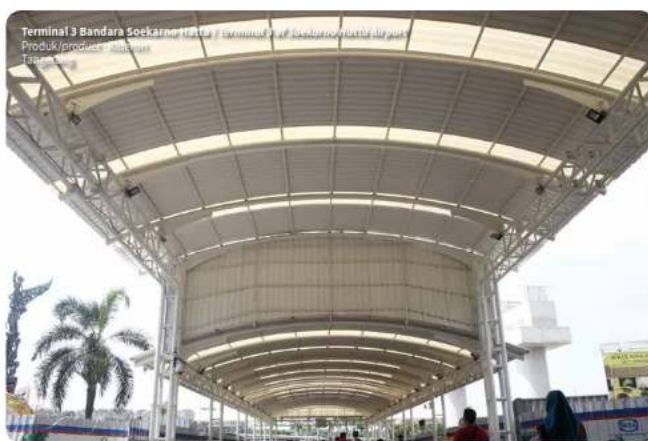
Founded in 1981, Impack Pratama Industri (IMPC) is market leader in polycarbonate building materials (mainly roofing and façade for buildings and housings). IMPC manufactures and distributes its products through its operating subsidiaries in Indonesia (7 offices), Malaysia (2 offices), and each one office in Vietnam, Australia and New Zealand. Besides roofing (71.5% of total revenue) and façade products (10.0% of revenue), IMPC produces other materials (7.6% of revenue) such as PVC compound and Sealant. The company also trades toilet cubical and other 3rd party products (9.8% of revenue). Through its property unit, the company also sells and rents and sells office tower (Altira Office Tower) and office park (Altira Office Park) which are located in North Jakarta but only contributes 1.2% to total revenue. Among company’s popular brand are : SolarTuff, Twinlite, Alderon, Alcotuff, Topglass, Laserlite, and Alsynite. Most of IMPC’s polycarbonate products are warranted for a period of 15 years against excessive loss of light transmission and or surface yellowing on the UV protected surface which enable the company to sell at higher prices than competitors.

Exhibit 2: IMPC’s major brands



Source : Company’s presentation material

Exhibit 3: IMPC’s product at Terminal 3 Soekarno Hatta airport and One Pacific Place mall in Jakarta



Source : Company’s presentation material

Exhibit 4: IMPC's product at pedestrian bridge in Jakarta



Exhibit 5: IMPC's product at pawn office



Exhibit 6: Company's product at ceramic plant



Exhibit 7: Company's product at LRT project Jakarta



Exhibit 8: Company's product for wet market project



Exhibit 9: IMPC's product for home improvement project

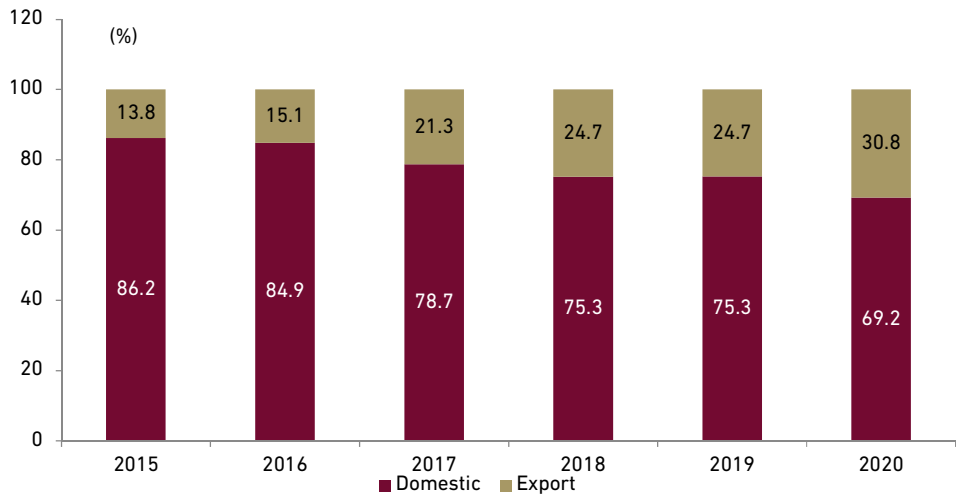


Source : Company's presentation material

Rising export sales support higher margins

The company sees rising exports sales portion from 13.8% in 2015 to 30.7% in 2020. We believe this has helped the company to yield better margins, in addition to its high-quality products, as export prices are typically higher than domestic price. As an example the company sold PC Roofing at Rp89.5 mn/ton at export market which is 9.3% more expensive than local price of Rp81.9 mn. IMPC saw its gross margin gradually expanded from 32.3% in 2015 to 36.2% in 2020. Export sales also provides natural hedge as around 39% costs and 19% of debts are exposed to foreign currencies (USD, AUD, NZD, MYR) movement. On market share, the company has around 85% and 50% market share for polycarbonate roofing in Indonesia and New Zealand, respectively.

Exhibit 10: IMPC domestic and export sales portion



Source : Company

Exhibit 11: Company's market share

Product	Market Share				
	Indonesia	Malaysia	Vietnam	Australia	NZ
Roofing					
PC	85%	20%	25%	26%	50%
uPVC	50%				
FRP	30%	35%		20%	50%
Façade					
ACP	15%				
Impraboard	65%				
Material					
PVC Compound	60%				
Sealant & Adhesive	15%				
Trading					
Toilet Cubical	35%				

Source : Company's internal research

The excellent properties of polycarbonate such its i) resistant to shock and fracture, ii) easy to bend, iii) less than half the weight of glass and is considered almost unbreakable, giving it a very clear advantage over glass in safety and iv) transmits light but color too, 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/construction development.

Home improvement businesses see resilient demand during pandemic

The company did well during pandemic situation although Covid-19 has had a devastating impact on the Indonesia and its export markets economy which hit construction/property sectors particularly hard. Since the pandemic started and people have been staying home, homeowners have been taking on projects like landscaping, deck-building or other home renovations. Hardware stores and other businesses that sell materials in those areas have actually done better than projected in the last few months. On home improvement, polycarbonate can be used for garden canopy/veranda, carport roof, etc. Around 70% of IMPC sales volume comes from retailers that sells company’s product to individual housing. The remaining 30% volume is sold to government infrastructure and commercial projects (Airport, MRT, LRT, factories, hospitals, wet markets and property developers etc). Management also believes that IMPC grabs significant market share from competitors that face operational and financial problems during pandemic.

Set to capitalize on the ESG movement

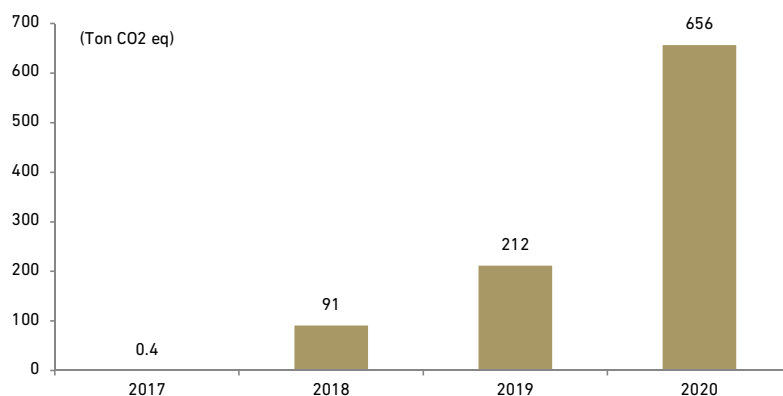
We believe IMPC occupies a sweet spot at the intersection of industrials and sustainability. IMPC integrates UN Sustainable Development Goals (SDGs) into by formulating Four Sustainability Pillars that acts as a foundation and direction of the company. The pillars which cover i) economic growth, ii) employees and communities, iii) environmental solutions , and iv) climate change, also become the basis of the company’s Environmental, Social, and Governance (ESG) practices.

Below are several key achievements in 2020 with focus on ESG criteria:

1. IMPC developed the Solar Table Dryer that functions as a simple portable dryer for small families of farmers and had installed 189 SDD throughout Indonesia which saw 479 tons of CO2 eq emission reduction.
2. IMPC developed an innovative environmentally friendly roof product called Ecolite from recycled plastic bottles (PET) waste. The Ecolite roof consists of 70% PET bottle waste from consumers and 30% industrial waste. Ecolite used 99 tons of recycled plastic bottles (PET) waste, or the equivalent of 3.5 mn plastic bottles and contributed Rp1.3 bn revenue.
3. The company used LDPE plastic waste bags as the core layer of 715 tons of LDPE scrap, equivalent of 130 mn plastic bags and contributed Rp38.7 bn revenue.
4. IMPC managed to reuse 3,088 tons out of 3,415 tons of wasted generated to produce environmentally friendly product materials.

We expect the company’s commitment to using recycled materials would give a positive impact on the environment while growing its business and increasing revenue for the long-term and makes it hugely appealing to environmentally conscious investors. In our view, companies with strong ESG profiles are more competitive than their peers due to the more efficient use of resources, better human capital development, or better innovation management. We also see company with better ESG practices are holding up relatively well during the current COVID-19 pandemic judging from IMPC’s solid 2020 and 1Q21 operational and financial results.

Exhibit 12: IMPC’s emission reduction performance



Source: Company

Exhibit 13: Solar Table Dryer



Source: Company

Exhibit 14: In-house recycling process



Source: Company

Impressive 1Q21 and 2021 earnings picture

IMPC reported revenue growth of 34% YoY to Rp552.5 bn in 1Q21 which further drove operating profit to jump by 67% YoY to Rp91.4 bn as revenue grew at higher pace than COGS (+32% YoY) and Opex (+21% YoY). Headline net profit grew by only 3% YoY to Rp61.7 bn as the company booked lower forex gain (-88% YoY). Excluding forex gain and other expenses, IMPC earnings would have risen by 133% YoY to Rp56.9 bn. On quarterly basis, IMPC saw its earnings growing by 61% QoQ and 11% QoQ as operating profit managed to grow by 6% QoQ. Coupled with lower other expenses and tax expenses. On profitability, GPM expanded by 1.1% YoY and 0.8% QoQ to 37.7% which is the highest level based on data we track from 2011-2020. Operating margin increased by 8.1% YoY and 1.2% QoQ to 16.5%. We believe solid 1Q21 numbers indicated strong earnings for full-year 2021 as it already accounted for 37.3% of company's internal target of Rp165.3 while revenue met 28.9% target.

Exhibit 15: 1Q21 solid results

Rp bn	1Q21	1Q20	YoY	1Q21	4Q20	QoQ
Revenue	552.5	412.5	34%	552.5	564.2	-2%
Cost of revenue	-344.1	-261.5	32%	-344.1	-355.7	-3%
Gross profit	208.3	151.0	38%	208.3	208.4	0%
<i>Gross margin (%)</i>	<i>37.7%</i>	<i>36.6%</i>	<i>1.1%</i>	<i>37.7%</i>	<i>36.9%</i>	<i>0.8%</i>
Operating expenses	-116.9	-96.4	21%	-116.9	-121.8	-4%
Operating profit	91.4	54.6	67%	91.4	86.6	6%
<i>Operating margin</i>	<i>16.5%</i>	<i>8.5%</i>	<i>8.1%</i>	<i>16.5%</i>	<i>15.4%</i>	<i>1.2%</i>
Forex gain (loss)	6.3	52.2	-88%	6.3	-7.7	n/a
Interest income	1.5	1.5	0%	1.5	1.6	-6%
Interest expense	-13.7	-17.4	-21%	-13.7	-10.5	30%
Other income (exp)	-1.5	-17.0	-91%	-1.5	-5.3	-71%
Total other inc (exp)	-7.3	19.3	-54%	-7.3	-21.9	-66%
Pre-tax profit	84.1	74.0	14%	84.1	64.6	30%
Tax	-24.0	-20.9	15%	-24.0	-26.9	-11%
PBMI	60.1	53.0	13%	60.1	37.7	59%
MI	1.6	6.6	-75%	1.6	-18.0	n/a
Net profit	61.7	59.7	3%	61.7	38.3	61%
<i>Net margin</i>	<i>11.2%</i>	<i>14.5%</i>	<i>-3.3%</i>	<i>11.2%</i>	<i>6.8%</i>	<i>4.4%</i>

Source : Company and Ciptadana estimates

Expected to post 20% CAGR in earnings over 2021-23F

We expect IMPC's net profit to grow steadily a CAGR of 20.1% from 2021F to 2023F, after witnessing 20.0% and 20.6% growth in 2019 and 2020, respectively. Several key points that will drive the company's earnings growth include: (i) we conservatively expect higher sales volume at a CAGR of 9.0% (vs. 9.8% CAGR in 2017-2020F) supported by gradual economic recovery; (ii) rising ASP at a CAGR of 2.8%; (iii) increasing gross margin assumption from 36.8% to 38.2% on steady rise in export portion and iv) lower effective tax rate of 29% vs. 31-34% in 2019-2020 as we see revenue contribution from property segment, which is subject to final tax of revenue, to decline going forward to 0.8-0.9% from 1%-4% in the past view years.

The fluctuations in crude oil prices might negatively impact the cost of polycarbonates where around 80.6% of IMPC's costs is material costs (raw and supplementary) followed by factory overhead of 12.6% and direct labor of 6.8%. However, we believe IMPC's good quality products and extensive network would enable the company to adjust product prices to mitigate rising cost. It is proven by 80bps QoQ and 110bps YoY gross margin expansion to a record high of 37.7% in 1Q21 despite Brent crude price changed by +37% QoQ and -3 % YoY to USD61/bbl in 1Q21.

Exhibit 16: IMPC historical numbers and our key assumptions

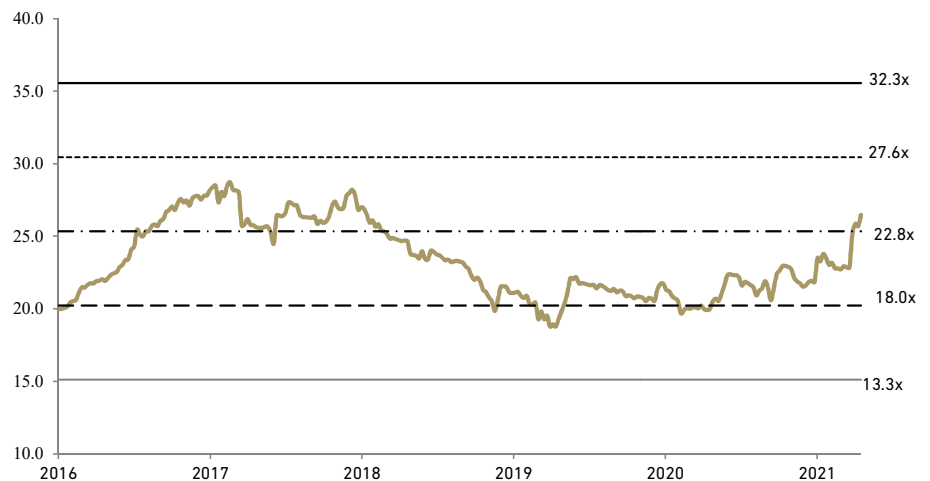
	2017	2018	2019	2020	2021F	2022F	2023F
Roofing							
Volume (ton)	19,302	21,587	23,877	30,144	32,857	35,814	39,038
ASP/ton (Rp mn)	45.3	46.0	45.2	42.3	44.0	45.2	46.5
Revenue (Rp bn)	874.3	992.9	1,080.0	1,274.2	1,447.0	1,620.6	1,815.1
Façade							
Volume (ton)	4,635	4,771	4,601	4,300	4,687	5,109	5,569
ASP/ton (Rp mn)	38.4	40.8	41.7	40.5	42.2	43.3	44.5
Revenue (Rp bn)	178.2	194.7	191.9	174.0	197.6	221.3	247.9
Material							
Volume (ton)	3,699	4,396	4,516	4,149	4,522	4,929	5,373
ASP/ton (Rp mn)	22.4	26.9	28.6	29.1	30.3	31.2	32.0
Revenue (Rp bn)	83.0	118.1	129.0	120.8	137.1	153.6	172.0
Pipe							
Volume (ton)				1,519	1,656	1,805	1,967
ASP/ton (Rp mn)				15.3	15.9	16.4	16.8
Revenue (Rp bn)				23.2	26.4	29.6	33.1
Trading (3rd pty) Rp bn	20.0	31.3	80.9	185.7	213.1	240.7	271.6
Real estate (Rp bn)	37.6	58.3	14.0	19.6	20.0	20.4	20.8
Total Volume (ton)	27,636	30,754	32,993	40,112	43,723	47,658	51,947
Total Revenue (Rp bn)	1,193.1	1,395.3	1,495.8	1,797.5	2,041.2	2,286.1	2,560.5
Gross profit (Rp bn)	384.5	416.6	494.7	651.2	751.2	857.3	978.1
Gross margin	32.2%	29.9%	33.1%	36.2%	36.8%	37.5%	38.2%
Operating profit (Rp bn)	166.7	174.2	215.6	237.7	281.7	331.5	389.2
Net profit (Rp bn)	87.3	86.4	103.7	125.1	170.7	207.3	245.9
EBITDA (Rp bn)	220.2	236.1	273.4	312.7	370.1	435.8	512.3

Source : Company and Ciptadana

Reinstate coverage with a Buy rating and Rp2,400 TP

We reinstate our coverage on IMPC with a Buy rating and target price of Rp2,400 (+36.4% upside). Our TP is based on 27.6x EV/EBITDA multiple (+1stdev of mean), translating to a valuation of Rp2,396/share (rounded up to Rp2,400). Historically, the stock has been trading at an average 22.7x of 1-Yr Forward EV/EBITDA (Exhibit 14). We believe the re-rated valuation is justified given the strong growth trajectory: we forecast 3-year EBITDA/earnings CAGRs of 17.7%/20.1% from 2021-23F. Moreover, an improving ESG profile means a company is becoming less susceptible to systematic risks leading to a reduction in a company's cost of capital and increase in valuation.

Exhibit 17: IMPC forward EV/EBITDA band



Source : Bloomberg and Ciptadana

Maintaining strong balance sheet and profitable margins

IMPC shows a stellar balance sheet with gearing and net gearing level standing at 0.5x and 0.4x as at end of December 2020. The company's bond is rated idA- by Pefindo rating agency reflecting a strong capacity to meet its long-term financial commitments relative to that of other Indonesian obligors. The company has strong cash flow generation abilities with cash flow from operation has always been positive for many years. The company also benefits from being the first to offer its high-quality products and focused businesses dominating its markets which lead to higher margins for early adopters.

Announcing private placement

IMPC is proposing to place up to 483 mn new shares in the company via non-preemptive right issue (private placement). The placement shares represent about 10% of the firm's existing issued share capital of 4.83 bn shares. The net proceeds will go towards capital expenditures for the growth of the group's business, acquisition plan, working capital purpose and repayment of bond amounting to Rp100 bn that will mature in December 2021. The private placement will be carried out within two years after getting approval from the company's EGM held in 15-Dec-2020. With the assumption that all the shares have been issued, the existing shareholders will be diluted to a maximum of 9.09% from its ownership prior to the placement exercise. Management expects the private placement to increase the company's shareholder base, the stock's free float to 18.5% and liquidity on the Indonesia Stock Exchange (IDX).

Exhibit 18: ESG review

Company description	Building material producer
<p>ESG-related opportunity or risk assessment</p>	<p>Environmental</p> <ol style="list-style-type: none"> In response to the environmental challenges, the company integrates Environmental Waste Management System with reference to ISO 14001:2015 into daily operations and implements a circular economy policy to transform raw materials from post-industrial/post-consumer waste into green solutions. Collaborates with Covestro (Thailand) Co. Ltd. with the aim of improving existing post-harvest management by disseminating Solar Dryer Domes (SDD) to small-holder farmers and agriculture cooperatives among underserved communities. SDD also enables the farmers to dry agricultural as well as fisheries products under more hygienic conditions, utilising solar energy as a renewable energy source. IMPC's head office in Altira Business Park received a "Gold" certificate from the Green Building Council Indonesia and can save energy usage by up to 37%, and reduced emissions by 167 tons of CO₂ eq. It also starts using solar powered renewable energy using solar panels at marketing office and plan to install more solar panels in other facilities <p>Social</p> <ol style="list-style-type: none"> Prioritises and fosters employment opportunities for local workers by filtering the prospective employees based on the company's requirements. Conducts Occupational Health and Safety (OHS) and sustainability awareness training, along with fire and earthquake drills regularly More than 180 SDD have been installed across Indonesia and continuously yield positive social impacts by uplifting the livelihoods of more than 25,000 beneficiaries from underserved communities. Since 2019, the company has prioritized national suppliers to support the national economy and provide jobs for the community. Some of Impack's products have Domestic Component Level (TKDN) of 26-68%. <p>Governance</p> <ol style="list-style-type: none"> The ability to achieve predetermined economic growth in 2020 despite the impacts of Covid-19 pandemic. Fully integrates UN Sustainable Development Goals (SDGs) into by formulating <i>Four Sustainability Pillars</i> that acts as a foundation and direction of the company. The pillars cover economic growth, employees and communities, environmental solutions and climate change. Translates the <i>Four Sustainability Pillars</i> into quantitative targets to measure and track company's contribution towards the SDG. The company has appointed Director of Sustainability whose primary responsibility is to oversee and incorporate sustainability into daily operations. Female directors comprise 25% (two people out of eight) of the seats on the Board of Directors and the presence of one independent commissioner in the Board of Commissioners.

Source : Company and Ciptadana

Exhibit 19 - Income Statement

Year to 31 Dec (Rpbn)	2019A	2020A	2021F	2022F	2023F
Revenue	1,495.8	1,797.5	2,041.2	2,286.1	2,560.5
COGS	-1,001.0	-1,146.3	-1,290.0	-1,428.8	-1,582.4
Gross profit	494.7	651.2	751.2	857.3	978.1
Oper. expenses	-279.1	-413.5	-469.5	-525.8	-588.9
Oper. profit	215.6	237.7	281.7	331.5	389.2
EBITDA	273.4	312.7	370.1	435.8	512.3
Interest income	10.8	6.3	6.8	6.9	7.1
Interest expense	-71.0	-66.4	-62.5	-61.0	-64.1
Other income (exp.)	1.4	-2.2	1.8	2.3	2.4
Pre-tax profit	132.6	175.5	227.7	279.7	334.5
Income tax	-40.8	-59.7	-66.0	-81.1	-97.0
Minority interest	10.6	9.3	9.0	8.7	8.4
Net profit	103.7	125.1	170.7	207.3	245.9

Exhibit 20 - Balance Sheet

Year to 31 Dec (Rpbn)	2019A	2020A	2021F	2022F	2023F
Cash & cash equivalent	218.3	237.5	249.3	261.8	274.9
Acct, receivables	292.1	363.2	412.4	461.9	517.4
Inventory	573.1	603.7	665.8	722.7	784.3
Other curr, asset	91.2	57.6	51.8	46.7	42.0
Total current asset	1,174.70	1,262.0	1,379.4	1,493.1	1,618.6
Fixed assets - net	851.6	967.8	1,099.0	1,230.9	1,378.6
Other non-curr.asset	474.8	467.4	341.4	276.3	272.9
Total asset	2,501.1	2,697.1	2,819.8	3,000.2	3,270.0
ST debt + curr. maturity	275.9	320.3	310.0	297.5	320.0
Acct, payable	165.8	177.6	199.8	221.3	245.1
Other curr. liab	37.4	110.5	132.6	159.1	191.0
Long term debt	464	444.2	410.0	405.0	418.4
Other non-curr, liab,	149.7	179.3	215.2	258.2	309.8
Total liabilities	1,092.80	1,231.2	1,267.6	1,341.1	1,484.3
Shareholder equity	1177.8	1,247.4	1,344.7	1,462.5	1,600.2
Minority interest	230.5	218.5	207.5	196.5	185.5
Total liab + SHE	2,501.10	2,697.1	2,819.8	3,000.2	3,270.0

Exhibit 21 : Per Share Data

Year to 31 Dec(Rp)	2019A	2020A	2021F	2022F	2023F
EPS	21.4	25.8	35.2	42.8	50.8
BVPS	243.2	257.6	277.7	302.0	330.4
DPS	16.1	11.0	13.3	17.9	21.7
FCF per share	-1.9	23.2	25.1	23.5	16.5

Source : IMPC, Ciptadana Estimates

Exhibit 22 - Cash Flow

Year to 31 Dec (Rpbn)	2019A	2020A	2021F	2022F	2023F
Net income	103.7	125.1	170.7	207.3	245.9
Depreciation	69.7	79.8	88.4	104.3	123.1
Chg in working cap.	-36.8	22.1	3.8	-65.8	-141.6
Other	0.0	0.0	0.0	0.0	0.0
CF-Oper activities	136.6	227.0	262.9	245.8	227.4
Capital expenditure	-145.7	-129.8	-131.2	-131.9	-147.7
Others	0.0	15.1	-10.0	0.0	0.0
CF-Investing activities	-145.7	-114.7	-141.2	-131.9	-147.7
Net change in debt	-2.0	-34.5	-44.5	-17.5	35.9
Net change in equity	0.0	0.0	0.0	0.0	0.0
Dividend payment	-77.8	-53.3	-64.3	-86.6	-104.9
Other financing	29.4	5.0	-1.1	2.7	2.4
CF-Financing activities	-50.4	-82.8	-109.8	-101.4	-66.6
Net cash flow	-62.3	19.2	11.9	12.5	13.1
Cash - begin of the year	280.6	218.3	237.5	249.3	261.8
Cash - end of the year	218.3	237.5	249.3	261.8	274.9

Exhibit 23 : Key Ratios

Year to 31 Dec	2019A	2020A	2021F	2022F	2023F
Growth					
Revenue (%)	7.2	20.2	13.6	12.0	12.0
Operating profit (%)	17.7	13.5	18.5	17.7	17.4
Net profit (%)	20.0	20.6	36.5	21.4	18.6
Profitability Ratios					
Gross margin (%)	33.1	36.2	36.8	37.5	38.2
Operating margin (%)	14.4	13.2	13.8	14.5	15.2
EBITDA margin (%)	18.3	17.4	18.1	19.1	20.0
Net margin (%)	6.9	7.0	8.4	9.1	9.6
ROA (%)	4.1	4.6	6.1	6.9	7.5
ROE (%)	8.8	10.0	12.7	14.2	15.4
Liquidity Ratios					
Current ratio (x)	2.5	2.1	2.1	2.2	2.1
Quick ratio (x)	1.3	1.1	1.1	1.1	1.1
Cash conversion cycle (days)	216.8	206.6	202.7	198.9	195.1
Activity Ratio					
Inventory turnover (days)	206.1	189.6	185.8	182.1	178.4
Receivable turnover (days)	70.3	72.7	72.5	72.3	72.1
Payable turnover (days)	59.6	55.8	55.7	55.6	55.5
Solvency Ratio					
Interest cover (x)	3.9	4.7	5.9	7.1	8.0
Debt to equity ratio (x)	0.5	0.5	0.5	0.4	0.4
Net debt to equity (x)	0.4	0.4	0.3	0.3	0.3

Source : IMPC, Ciptadana Estimates

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