



IMPACT PRATAMA INDUSTRI (IMPC)

High quality products and service excellences leads to superior market leadership



NOT RATED

3,050

Current Price (IDR)

Sharia Compliant, Member of ISSI

COMPANY UPDATE

IMPC 9M21 EBITDA/Net Profit soared 53/82% YoY to Rp 327/158 bn following better profitability despite only 28% YoY higher Revenue of Rp1.58 tn. Lower financial leverage is marked by a significant improvement in its interest coverage ratio, reaching 9.6x from only 5.4x in FY20.

Going forward, following the completion of its new factory in Surabaya which has an annual capacity of 9,000 tons of “Alderon” and “LaserTuff” roofing products - equivalent to 24% of addition to its Cikarang factory capacity of 38,000 tons, it is aiming to reach 21% and 25% YoY growth of Revenue and Net Profit this year to Rp 2.6tn and 260bn, respectively.

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Brief Company Profile

PT Impack Pratama Industri Tbk (IMPC) is primarily involve in the manufacturing and distribution of building materials. It has successfully maintaining 90% and 55% of market share in the Country's Polycarbonate Sheet and uPVC Roofing products, respectively, due to its more than 40yrs of reputation as a manufacturer of the best quality products in the market, despite having higher price point compared to others.

It has a nationwide distribution network of 12 branches, 18 distributors, 28 agents, and more than 27,300 retailers from Aceh to Papua. 70% of its sales are aimed to retail market, while the rest are to several projects, among others are Residential, Commercial and Industrial. Production facilities are located in Cikarang (38,000 tons annual capacity), Karawang (mostly producing PVC compound) and Surabaya (9,000 tons).

SolarTuff, LaserTuff, Alderon and EcoLite are some of its well-known roofing product brands, of which the segment itself contributed ~75% to the Group's consolidated sales. It has global manufacturing and distribution network in Australia, New Zealand, Malaysia, Vietnam, Singapore Thailand, Myanmar, The Philippines, Bangladesh and Qatar. It owns 51% of PT Sinar Grahamas Lestari, which managed to develop a piece of land bank which used to be the Group's land and factory assets into Altira Tower and Business Park, a prestigious office tower and shophouses complex located in the growing corridor of Yos Sudarso, Sunter, North Jakarta.

We held a conference call with the management of IMPC. Key takeaways are as following:

- IMPC recently refinanced its series B bonds with bank loans which is claimed to have lower interest rates.
- During the Extraordinary AGMS held in 15-Dec-2020, IMPC has secured shareholders' approval to perform a private placement of up to 10% of its capital, which is can still be executed until mid-December this year. Therefore, it is currently in the process of exploring future strategic partners.
- In the near future, aside from planning to acquire another recycled PET roofing production facility, it is also planning to acquire another PVC Sheet and FRP manufacturer in Malaysia and Thailand, respectively.
- To anticipate the potential increase of polycarbonate raw materials, IMPC is planning to increase product prices between 5-10% this year.
- To increase the contribution of its non-roofing products – which currently contributed ~25% to its total sales, the Company is expanding organically and inorganically to interior (cubicles, flooring) and PVC pipe & ceiling products.
- It still has 1.1ha of land behind Altira Tower and Business Park, which can potentially develop into a more productive assets, once the property market is improving.
- As for ESG compliance, aside from receiving multiple awards from GCSA, ASRA, SWA and IICD, the Company has installed solar panel to some of its production and distribution facilities. It also has a specific line of products which can recycle post-consumer waste in the form of PET bottles and LDPE plastic bags into roofing and façade products under the brand EcoLite, Alcotuff and Decobond.

Financial Performances

IMPC 9M21 EBITDA/Net Profit soared 53/82% YoY to Rp 327/158 bn following better profitability despite only 28% YoY higher Revenue of Rp1.58 tn. Lower financial leverage is marked by a significant improvement in its interest coverage ratio, reaching 9.6x from only 5.4x in FY20.

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At the current market cap of Rp14.74 tn (3050/share), IMPC is trading at 35.8/30.1x of its 21F/22F EV/EBITDA ratio. Due to its superior market leadership in polycarbonate roofing products, we are of the opinion that it deserves a premium compared to other IDXINDUST companies, which are currently trading at an average of 34-35x of its EV/EBITDA ratios.

Key Financials (Rp bn)	20A	21F	22F
Revenue	1,798	2,225	2,603
EBITDA	323	425	502
margin	18.0%	19.1%	19.3%
Net Profit	125	213	259
margin	7.0%	9.6%	9.9%
EPS	26	44	54
BVPS	303	339	387
Net debt (cash)	527	493	369
Interest coverage (x)	5.4	9.4	11.1
Current Price	3,050	3,050	3,050
PBV	10.1	9.0	7.9
EV/EBITDA	47.2	35.8	30.1
P/E	117.9	69.1	56.9
Mkt cap	14,742	14,742	14,742
EV	15,269	15,235	15,112

Shareholders

PT Harimas Tunggal Perkasa	44.4%
PT Tunggal Jaya Investama	45.6%
Haryanto Tjiptodihardjo (BOD)	1.7%
Public & others	8.3%
Total (mn shares)	4,833.5



Sources: IMPC, IDX, Bloomberg, HP Analytics

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Financials: Impack Pratama Industri (IMPC) Income Statement

INCOME STATEMENT	2020	2021F	2022F	2023F	9M20	9M21
Revenue	1,798	2,225	2,603	2,897	1,233	1,584
growth	20.2%	23.8%	17.0%	11.3%		28.4%
Gross profit	651	811	958	1,077	443	586
margin	36.2%	36.4%	36.8%	37.2%	35.9%	37.0%
Operating profit	238	332	393	441	151	260
margin	13.2%	14.9%	15.1%	15.2%	12.3%	16.4%
Profit before tax	175	274	352	400	111	215
margin	9.8%	12.3%	13.5%	13.8%	9.0%	13.6%
Profit after tax	116	197	255	291	78	155
margin	6.4%	8.9%	9.8%	10.0%	6.3%	9.8%
Net profit	125	213	259	296	87	158
margin	7.0%	9.6%	9.9%	10.2%	7.0%	10.0%
EBITDA	323	425	502	565	215	327
margin	18.0%	19.1%	19.3%	19.5%	17.4%	20.7%
Interest coverage (x)	5.4	9.4	11.1	12.3	4.6	9.6
EPS	25.9	44.2	53.6	61.1	18.0	32.7
Current Price	3,050	3,050	3,050	3,050		
PBV	10.1	9.0	7.9	6.9		
EV/EBITDA	47.2	35.8	30.1	26.5		
P/E	117.9	69.1	56.9	49.9		
Mkt cap (Rp bn)	14,742	14,742	14,742	14,742		
EV	15,269	15,235	15,112	14,969		

CASH FLOWS	2020	2021F	2022F	2023F
Chg in net working capital	61	(137)	(107)	(120)
Net profit	125	213	259	296
Net CF from Operation	186	76	152	176
Chg in nc assets	(109)	(32)	(15)	(15)
Net CF from Investment	(109)	(32)	(15)	(15)
Chg in nc liabs	9	(27)	(89)	(101)
Chg in Equity	(7)	1	32	36
Dividend	(48)	(29)	(49)	(60)
Others	(12)	(12)	(12)	(12)
Net CF from Financing	(58)	(67)	(120)	(138)
Net Cash Flows	19	(23)	18	23
Cash beginning balance	218	237	215	233
Cash ending balance	237	215	233	255
check	-	-	-	-

Brands:



Sources: IMPC, IDX, HP Analytics

Surabaya Factory & Distribution Center



Ecolite product

▼ PET plastic bottles waste



Transformed into



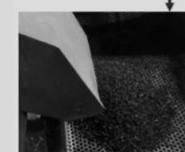
Recycled PET Roofing

Alcotuff & Decobond products

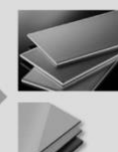
LDPE plastic bags waste



LDPE Waste collected from local communities



Transformed into



Alcotuff
Core of Alcotuff non fire-Retardant



DECOBOND
Core of Decobond

LDPE Recycled Pellets

Financials: Impack Pratama Industri (IMPC) Balance Sheet

BALANCE SHEET	2020	2021F	2022F	2023F
Cash	237	215	233	255
Trade rcvbls, 3rd parties	359	350	354	357
Inventories	604	741	749	756
Others	62	96	97	98
Total Current Assets	1,262	1,403	1,432	1,467
Investment properties	235	232	235	237
Fixed assets	908	918	927	937
Right of use assets	60	70	70	71
Goodwill	21	21	21	21
Intangible assets	162	183	184	186
Others	50	43	44	44
Total Non-current Assets	1,435	1,467	1,482	1,497
Total Assets	2,697	2,870	2,914	2,964
ST bank loans	108	137	117	93
Trade pybls, 3rd parties	175	198	169	135
Bonds pybl	100	-	-	-
Current mat of LT liabs	112	138	118	94
Others	113	160	136	109
Total Current Liabilities	608	634	539	431
LT liabs net of current mat	444	433	368	294
Bonds pybl	-	-	-	-
Others	179	163	139	111
Total Non-current Liabilities	623	596	507	405
Total Liabilities	1,231	1,230	1,046	837
Net debt (cash)	527	493	369	226
Share capital	48	48	48	48
Additional paid-in capital	169	169	169	169
Retained earnings				
Appropriated	10	10	10	10
Unappropriated	930	1,102	1,299	1,522
Others	91	91	91	92
Equity attributable to owners	1,247	1,419	1,617	1,841
Non-ctrling interest	219	220	251	286
Total Equity	1,466	1,639	1,868	2,127
Total Liabilities & Equity	2,697	2,870	2,914	2,964
Check	-	-	-	-
BVPS	303	339	387	440

Product Application


Sources: IMPC, IDX, HP Analytics

Rating Scale


BUY	: We expect the stock's total return to exceed 10% over the next 12 months.
HOLD	: We expect the stock's total return to be between 0% and positive 10% over the next 12 months.
SELL	: We expect the stock's total return to fall below 0% or more over the next 12 months.
NOT RATED	: We are not assigning any rating or price target to the stock.
OVERWEIGHT	: Fundamentals are improving.
NEUTRAL	: Fundamentals are steady.
UNDERWEIGHT	: Fundamentals are worsening.




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