

IMPACT PRATAMA INDUSTRI (IMPC)

Widening its impact to Eastern Indonesia



HOLD

3,780

Target Price (IDR)

8% Potential Return

Current Price: 3,500

ESG Compliant, member of: ESG Sector Leaders IDX KEHATI, ESG Quality 45 IDX KEHATI

Sharia Compliant, member of: ISSI

COMPANY UPDATE

We initiate IMPC with a HOLD rating at a TP of 3,780 (8% potential return from the current 3,550), due to its current focus on building the infrastructure and networks for a greater impact in the eastern areas of Indonesia.

Our TP is reflecting 37.7/36.9 of its 22F/23F 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 a median of 7.62x its EV/EBITDA ratios. In addition, IMPC also has a superior profitability compared to its peers, which is marked by 15.5%/14.6% and 18.9%/19.1% of 22F/23F ROE and EBITDA margin, vs. IDXINDUS median of only 6.14% and 10.59%, respectively.

DISCLAIMER:

This report is issued by PT Henan Putihrai Sekuritas, a member of the Indonesia Stock Exchanges (IDX) and registered and supervised by the Financial Services Authority (OJK). This report and any electronic access hereto are restricted and intended solely for the clients and related entities and the use of the intended recipient it is addressed of PT Henan Putihrai Sekuritas.

This report may contain confidential and/or legally privileged information. It is not reproduced, copied, or made available for others. Under no circumstances is it considered as a selling offer or solicitation of securities buying. Any recommendation contained herein may not be suitable for all investors. In considering any investments you should make your own independent assessment and seek your own professional financial and legal advice. Although the information hereof is obtained from reliable sources, its accuracy and completeness cannot be guaranteed. PT Henan Putihrai Sekuritas specifically disclaims all liability for any direct, indirect, consequential or other losses or damages including loss of profits incurred by you or any third party that may arise from any reliance on this report or for the reliability, accuracy, completeness or timeliness thereof.

If you are not the intended recipient or have received this communication in error, please notify us immediately. If you are not the intended recipient, any use of, reliance on, reference to, disclosure of, alteration to or copying and/or distribution of the information contained in report, for any purpose is strictly prohibited and may be unlawful. PT Henan Putihrai Sekuritas shall not be liable for any loss and/or damage caused by viruses transmitted by this report or its attachments nor for the proper and complete transmission of the information contained in this communication nor for any delay in its receipt. All rights reserved by PT Henan Putihrai Sekuritas. For further information please contact number (+62 21) 2525 888.

Initiating a HOLD rating at a TP of 3,780 (8% potential return from the current 3,500)

We initiate IMPC with a HOLD rating at a TP of 3,780 (8% potential return from the current 3,550), due to its current focus on building the infrastructure and networks for a greater impact in the eastern areas of Indonesia.

Our TP is reflecting 37.7/36.9 of its 22F/23F 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 a median of 7.62x its EV/EBITDA ratios. In addition, IMPC also has a superior profitability compared to its peers, which is marked by 15.5%/14.6% and 18.9%/19.1% of 22F/23F ROE and EBITDA margin, vs. IDXINDUS median of only 6.14% and 10.59%, respectively.

1Q22 Financial and Operational Performances

1Q22 Net Profit soared 32.4% YoY/57.2% QoQ to Rp82 bn with a high margin of 11.6% with the 'Manufacture' segment being the highest contributor to revenue/gross profit with an accumulative 1Q22 contribution of 40%/73%.

Despite a lower gross profit/operating margin of 34.1%/16.1% in 1Q22, gross profit/operational profit still managed to grow 15.2%/23.6% YoY to Rp 240/113 bn. Lower financial leverage is marked by a substantial improvement in its interest coverage ratio, reaching 14.1x from 9.2x in 2021. The Company is giving a guidance of a 16.7% revenue growth to Rp2.6tn and a 23.8% Net profit growth to Rp260 bn, with an annual capex of Rp180 bn. IMPC claims the endemic will boost revenue from project-based sales which contributed 18% in 1Q22.

To accommodate manufacturing for its new uPVC roofing product line, IMPC is developing a new plant in Cikarang, which is expected to be operational by the end of the third quarter of this year. Although PVC roofing is still the main contributor to revenue, uPVC roofing products surged 50% YoY. Currently, uPVC roofing production is operational in its recently established plant in Rungkut, Surabaya with a utilization rate of 58.8% of monthly capacity. Further bolstering its presence in Eastern Indonesia, its Surabaya Distribution Centre (SDC) has begun operation since March 2022, sparking 1Q22 stellar 31.6% YoY and 15.7% QoQ jump in the 'distribution' revenue segment. Its subsidiary branches Mulford Surabaya, Kediri, and Makassar has recorded 27% YoY sales growth as well, targeting Eastern Indonesia. Aside from two production units generating 4,673 kWp/year, it has signed to install SUN Energy's rooftop solar panels at Unit 2 Cikarang with a peak capacity of 4,473 kWp/year. The installation is set for this year.

(Rp bn)	1Q22	1Q21	YoY	4Q21	QoQ
Revenue	703	552	27,3%	644	9,2%
Gross profit margin	240 34,1%	208 37,7%	15,2%	221 34,4%	8,4%
Op. Profit margin	113 16,1%	91 16,5%	23,6%	72 11,2%	56,2%
Net profit margin	82 11,6%	62 11,2%	32,4%	52 8,1%	57,2%

Investment Risks

- Delays in starting operations in its new uPVC roofing plant.
- Higher-than-expected capex is needed to begin operations in its new factory.

Key Financials (Rp bn)	21A	22F	23F
Revenue	2.227	2.630	2.630
EBITDA margin	427 19,2%	496 18,9%	501 19,1%
Net Profit margin	210 9,4%	266 10,1%	289 11,0%
EPS	43	55	60
BVPS	347	407	469
Net debt (cash)	485	411	240
Interest coverage (x)	9,2	10,1	10,1
Current Price	3.500	3.500	3.500
PBV	10,1	8,6	7,5
EV/EBITDA	40,8	34,9	34,2
P/E	80,5	63,6	58,5
Mkt cap	16.917	16.917	16.917
EV	17.403	17.328	17.157

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

Brief Company Profile

PT Impack Pratama Industri Tbk (IMPC) is primarily involve in the manufacturing and distribution of building materials. It has successfully maintained 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 strong and ever-growing local presence with 12 branches, 174 sub-distributors, and 5 manufacturing facilities. Having 3 factory units in Cikarang and 1 unit in Karawang, IMPC built a new unit in Surabaya along with its Surabaya Distribution Centre (SDC). Outside of Indonesia, it holds manufacturing facilities and networks in Malaysia, Vietnam, Australia, and New Zealand. Furthering its reach, the company has appointed agencies throughout Asia in The Philippines,

Sources: IMPC, IDX, Bloomberg, HP Analytics

Analysts:
Robertus Hardy
robertus.hardy@henanputihrai.com
Ezaridho Ibtnutama
ezaridho.ibnutama@henanputihrai.com

(Jr. Research Associate)

Financials: Impack Pratama (IMPC)

INCOME STATEMENT	2021A	2022F	2023F	2024F
Revenue	2.227	2.630	2.630	2.630
growth	23,9%	18,1%	0,0%	0,0%
Gross profit	808	906	915	924
margin	36,3%	34,5%	34,8%	35,2%
Operating profit	332	427	431	435
margin	14,9%	16,2%	16,4%	16,6%
Profit before tax	276	372	403	407
margin	12,4%	14,2%	15,3%	15,5%
Profit after tax	207	266	289	293
margin	9,3%	10,1%	11,0%	11,2%
Net profit	210	266	289	293
margin	9,4%	10,1%	11,0%	11,2%
EBITDA	427	496	501	506
margin	19,2%	18,9%	19,1%	19,2%
Interest coverage (x)	9,2	10,1	10,1	10,1
EPS	43,5	55,0	59,8	60,7
Current Price	3.500	3.500	3.500	3.500
PBV	10,1	8,6	7,5	6,6
EV/EBITDA	40,8	34,9	34,2	33,5
P/E	80,5	63,6	58,5	57,7
Mkt cap (Rp bn)	16.917	16.917	16.917	16.917
EV	17.403	17.328	17.157	16.967
Target Price	3.780	3.780	3.780	3.780
PBV	10,9	9,3	8,1	7,1
EV/EBITDA	44,0	37,7	36,9	36,2
P/E	87,0	68,7	63,2	62,3
Mkt cap (Rp bn)	18.271	18.271	18.271	18.271
EV	18.756	18.682	18.511	18.321

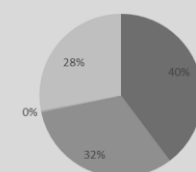
CASH FLOWS	2021A	2022F	2023F	2024F
Chg in net working capital	(199)	(118)	(143)	(117)
Net profit	210	266	289	293
Net CF from Operation	11	148	146	176
Chg in nc assets	(43)	(27)	(15)	(15)
Net CF from Investment	(43)	(27)	(15)	(15)
Chg in nc liabs	(78)	(139)	(81)	(65)
Chg in Equity	(4)	37	39	39
Dividend	(29)	(49)	(62)	(67)
Others	34	34	35	35
Net CF from Financing	(77)	(116)	(69)	(58)
Net Cash Flows	(109)	5	62	103
Cash beginning balance	237	129	134	196
Cash ending balance	129	134	196	298
check	(0)	-	-	-

Financial and Operational Performance:

(Rp bn)	1Q22	1Q21	YoY	4Q21	QoQ
Revenue					
Manufacture	635	521	22,1%	629	1,1%
Distribution	510	387	31,6%	441	15,7%
Real Estate	5	5	11,3%	5	6,3%
Others	(448)	(360)	24,2%	(431)	3,9%
Gross Profit					
Manufacture	176	147	19,4%	147	19,3%
Distribution	59	55	6,1%	55	6,4%
Real Estate	4	4	9,9%	4	3,7%
Others	1	2	-32,3%	15	-90,2%
Margins					
Manufacture	27,7%	28,3%		23%	
Distribution	11,5%	14,3%		13%	
Real Estate	73,0%	73,9%		75%	
Others	-0,3%	-0,6%		-3%	

1Q22 Revenue Contribution:

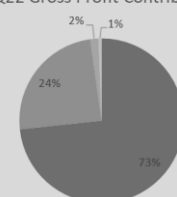
1Q22 Revenue Contribution



■ Manufacture ■ Distribution ■ Real Estate ■ Others

1Q22 Gross Profit Contribution:

1Q22 Gross Profit Contribution



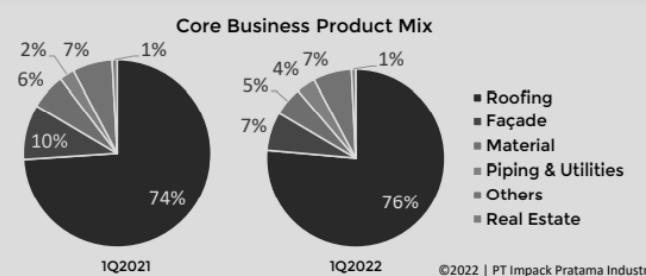
■ Manufacture ■ Distribution ■ Real Estate ■ Others

Sources: IMPC, IDX, HP Analytics

Financials: Impack Pratama (IMPC)

BALANCE SHEET	2021A	2022F	2023F	2024F
Cash	129	134	196	298
Trade rcvbls, 3rd parties	372	454	458	463
Inventories	777	777	785	793
Others	106	147	149	150
Total Current Assets	1.383	1.512	1.588	1.704
Investment properties	239	247	250	252
Fixed assets	920	931	940	950
Right of use assets	71	71	71	72
Goodwill	21	21	21	21
Intangible assets	180	183	185	187
Others	47	52	53	53
Total Non-current Assets	1.478	1.505	1.520	1.536
Total Assets	2.861	3.017	3.108	3.240
ST bank loans	69	105	84	67
Trade pybls, 3rd parties	243	201	161	128
Bonds pybl	-	-	-	-
Current mat of LT liabs	128	141	113	91
Others	200	198	158	127
Total Current Liabilities	640	645	516	413
LT liabs net of current mat	418	298	238	191
Bonds pybl	-	-	-	-
Others	128	108	87	69
Total Non-current Liabilities	545	406	325	260
Total Liabilities	1.185	1.052	841	673
Net debt (cash)	485	411	240	50
Share capital	48	48	48	48
Additional paid-in capital	169	169	169	169
Retained earnings				
Appropriated	10	10	10	10
Unappropriated	1.145	1.396	1.659	1.920
Others	93	94	95	96
Equity attributable to owners	1.465	1.718	1.981	2.243
Non-ctrling interest	212	248	286	324
Total Equity	1.677	1.966	2.267	2.567
Total Liabilities & Equity	2.861	3.017	3.108	3.240
Check	-	-	-	-
BVPS	347	407	469	531

1Q22 and 1Q21 IMPC Product Contribution:

1Q22 and 1Q21 IMPC Product Contribution:

IMPC's Cikarang Factory:


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.




PT Henan Putihrai Sekuritas

Penthouse @ Tamara Center
Jl. Jenderal Sudirman 24
Jakarta 12920

Customer Service

 **(021) 2525 888**

 **0888 2525 888**

hpfinancials.co.id

Surabaya

Lobby @ Sheraton Hotel
Jln. Embong Malang 25 – 31
Surabaya 60261
P (031) 534 3838
F (031) 534 8686

Bandung

Menara Asia Afrika Lt 11
Jl. Asia Afrika No. 133-137
Bandung 40112
P (022) 423 4050
F (022) 423 9330

Medan

Jalan S Parman No 215-D
Medan 20112
P (061) 88816580

Terdaftar dan diawasi oleh

