

# Equity Research

## Company Update

### PT Impack Pratama Industri Tbk

#### Growing Through the Roof

##### Dominant market leader in local Polycarbonate roofing with worldwide presence

PT Impack Pratama Industri Tbk (IMPC) has a long-standing experience and track record of almost 40 years as a largest producer and distributor of polycarbonate roofing and façade for housing and buildings. As a market leader (85% market share) of domestic polycarbonate roofing market and uPVC roofing (50%), polycarbonate roofing remains its core product and contributes majority of its revenue (40-50%) in the last 3-years.

Other than local market, IMPC's presence in the export market has been growing steadily with export sales contribution of 25% to total revenue as of 2019 (2014: 14%). Currently, IMPC has 12 operating subsidiaries: 4 factories in Indonesia, 4 factories in overseas (Vietnam, Malaysia, Australia, New Zealand), 2 distribution companies in Indonesia and 1 in Malaysia, and 1 real estate company in Indonesia.

##### Alderon to become the long-run growth driver

Since 2015, IMPC has successfully introduced alternative roofing products (uPVC roofing), called Alderon, which continuously growing (105% CAGR in 2015-2019). Alderon has enabled IMPC to grab industrial market, which mostly used in industrial buildings such as factory, warehouse, etc. With Indonesia's e-commerce's revenue and internet penetration is expected to grow by 19% and 11% CAGR in 2019-2025F, we believe Alderon's revenue to grow in-line at 15% CAGR.

##### Stable business given its diverse product and retail-oriented sales

In the long run, IMPC is eyeing to become a home improvement and one stop solutions' company. IMPC currently provides varieties of product from roofing, façade, sealant & adhesive, PVC compound, uPVC pipe and luxury vinyl tile. With such wide product offerings, IMPC has positioned its products from higher to lower end customer by using different brand names for different product qualities. This diversification should provide IMPC with adequate cushion against potential business downturn in certain products or customers.

As retail sales contribute around 75% to IMPC's sales, the company has enjoyed revenue and earnings' growth of 18% and 56%, respectively in 9M20 (even during Covid-19 pandemic). During pandemic condition, retail power has shown significant increase as people are trying to improve their home comfort as they spent most of their time in their home.

##### Initiating coverage with BUY ratings at TP of IDR1,500/share

We initiate our coverage on IMPC with a BUY recommendation with 13.2% price upside. Our target price of IDR1,500/share implies target EV/EBITDA of 21.0x, which is at average of IMPC's 5-year mean EV/EBITDA. On the long-run, we expect IMPC's earnings to grow by 24% CAGR in 2019-2022F supported by rising revenue and slight margin expansion (from higher factories utilization rate and its deleveraging plan).

##### VALUATION HIGHLIGHT

(IDR bn)	2018	2019	2020F	2021F	2022F
Revenue	1,395	1,496	1,723	1,894	2,205
EBITDA	216	281	324	366	423
Net income	86	104	131	166	199
EPS growth (%)	(1.0)	20.1	25.9	26.9	20.4
PER (x)	77.5	64.5	51.2	40.4	33.5
PBV (x)	4.9	4.8	4.3	4.0	3.7
EV/EBITDA (x)	33.0	25.7	22.1	19.4	16.8
Dividend yield (%)	0.7	1.2	0.1	0.8	1.0
Gearing (x)	0.5	0.5	0.4	0.4	0.3

Sucor Sekuritas

**BUY**

Current Price 1,325  
Price Target 1,500  
Upside/Downside 13.2%

14 December 2020

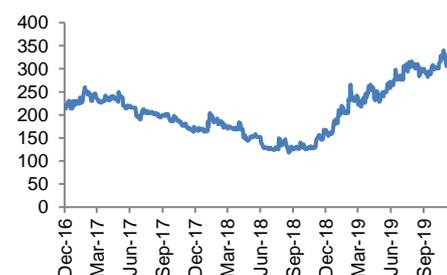
## INDONESIA

### Basic Industry

##### Stock Data

Bloomberg Ticker	IMPC IJ Equity
Outs. Share (bn)	48.2
Mkt Cap (Rp bn)	6,404
52 Week Range (Rp)	1,020-1,420
6M Avg Val (Rp bn)	1.0
YTD Returns (%)	26.2
Beta (x)	0.43

##### Share Price Performance (IDR/Share)



##### Share Performance (%)

Month	Absolute	Relative
3M	11.9	-7.5
6M	19.8	-5.2
12M	31.4	31.3

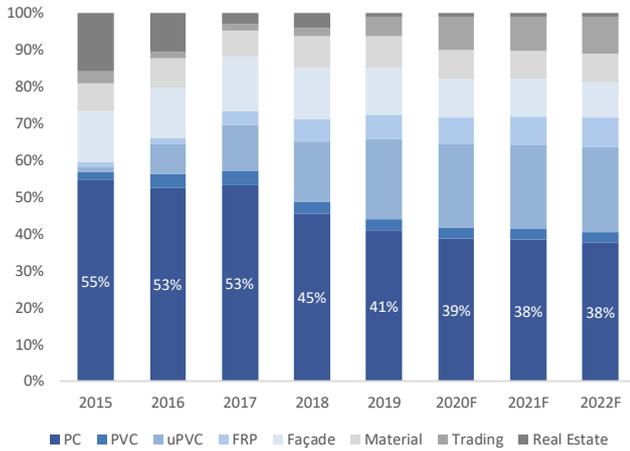
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**Dominant market leader in Polycarbonate roofing with worldwide presence**

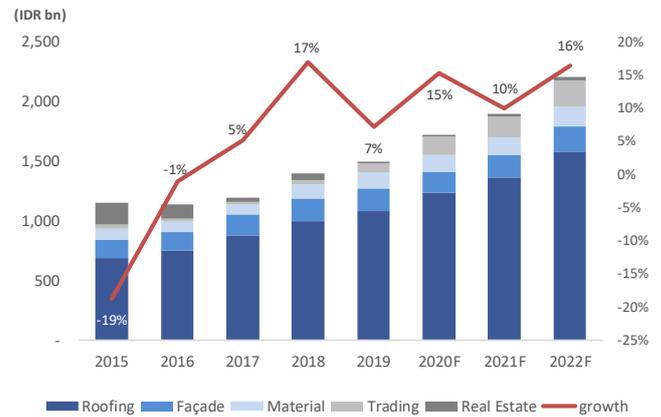
PT Impack Pratama Industri Tbk (IMPC) has a long-standing experience and track record of almost 40 years as a largest producer and distributor of polycarbonate roofing and façade for housing and buildings. As a market leader (85%) of domestic polycarbonate roofing market and uPVC roofing (50%), polycarbonate roofing remains its core product and contributes majority of its revenue (40-50%) in the last 3-years.

**Fig 1: Polycarbonate contribute most of IMPC's revenue**



Source: Company, Sucor Research

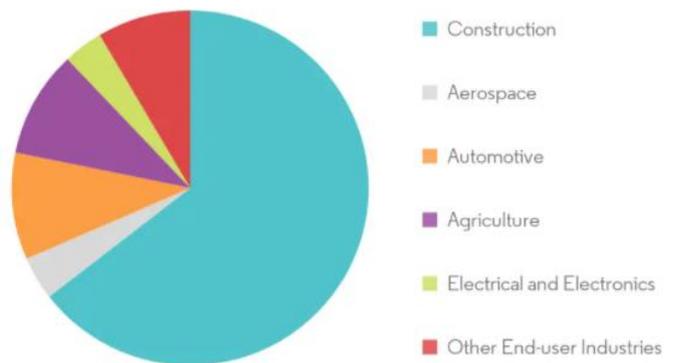
**Fig 2: Revenue to grow along with enconomic growth recovery**



Source: Company, Sucor Research

Construction was the major end-user industry for the polycarbonate sheets market, accounting for around 64% in 2020. In the construction industry, polycarbonate sheets are used in roofing, and decorative applications, due to their lightweight, easy installation. Polycarbonate roofs are the current trend in building, walkways, and other roofing because of its UV protection and energy conservation features.

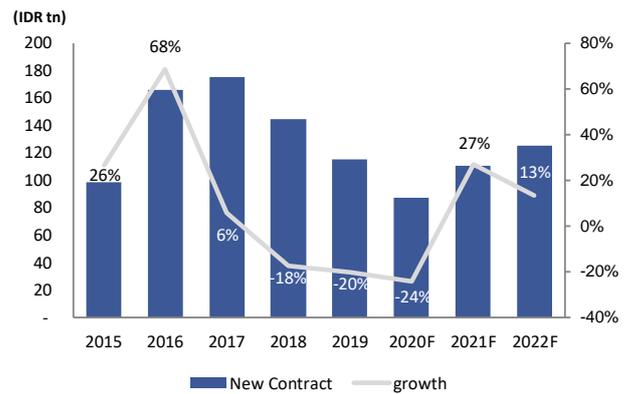
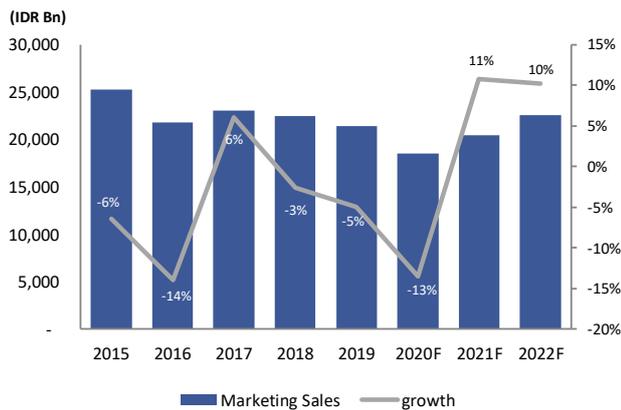
**Fig 3: Polycarbonate sheet are mostly used in the construction sector**



Source: Mordor Intelligence, Sucor Research

Given its wide application, we believe IMPC will be key beneficiaries of long-term positive outlook for construction and property sector due to large housing backlog, low mortgage penetration, low interest rate, and rising incomes. As the property and construction market rebound, we think Impack's revenue growth will also grow alongside.

**Fig 4: Marketing sales to improvement from bottom in 2020** **Fig 5: New construction project to roll out in 2021F**

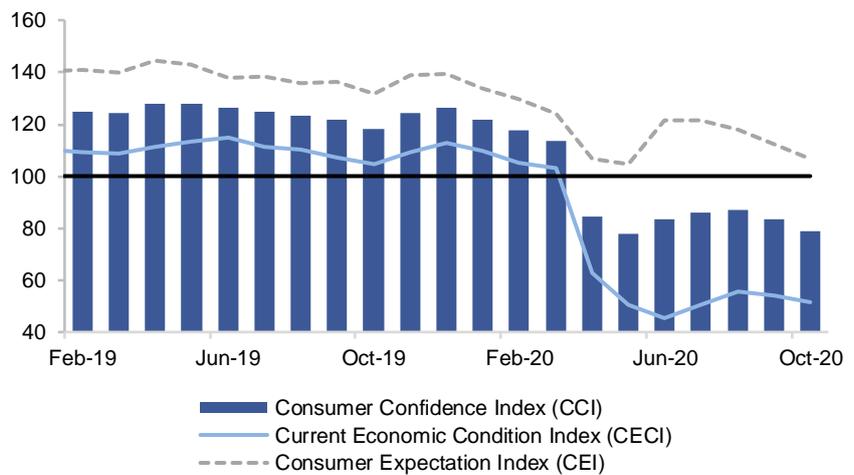


Source: Company, Sucor Research

Source: Company, Sucor Research

With this in mind, we project demand for property and home improvement project to improve as consumer spending recover from its bottom in 2020. We forecast aggregate marketing sales (BSDE, CTRA, PWON, and SMRA) to grow at 9.7% CAGR in 2020F-2023F, which will be supported by end-user demand, more mid-low product launchings (<IDR2 bn/unit), lower mortgage rate. In addition, despite current slowdown in construction sector, we believe there remains a significant volume of key infrastructure, housing and commercial projects that Indonesia will need to attract investment and provide a platform for economic recovery.

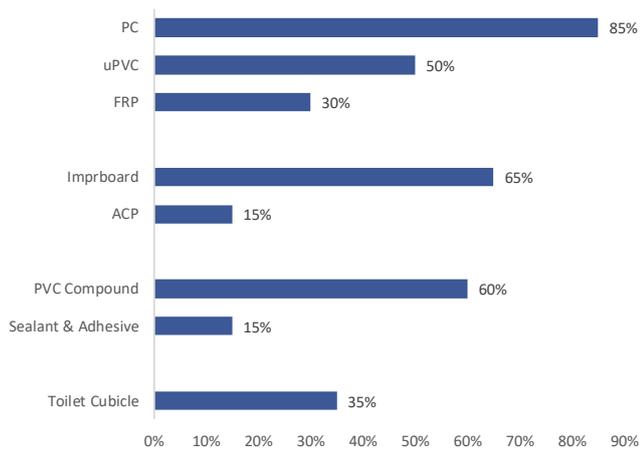
**Fig 6: Top 10 Project in Order Book**



Source: Company, Sucor Research

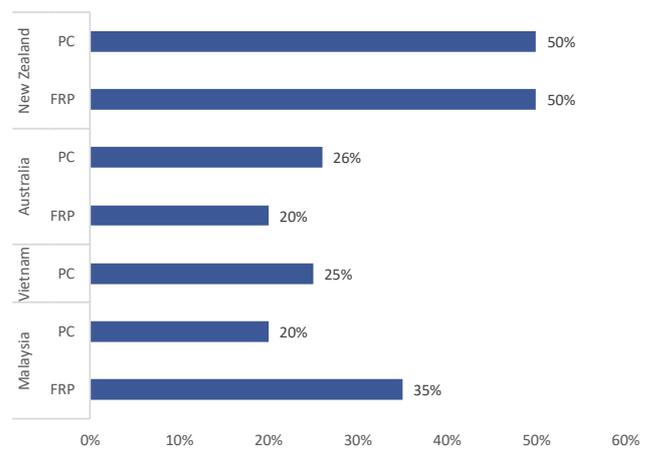
Additionally, on the back of new Omnibus Law and Job creation bill (UU Ciptaker) which intended to stimulate growth such as lower corporate tax, easing restriction for foreign investment, and more incentives to free-trade-zones. We believe economy, consumer confidence index, and purchasing power will recover in the next six months upon peaking up Covid-19's new cases and government's plans on mass vaccination in 1Q21. Thus, we expect IMPC's revenue to grow at 11% CAGR in 2020F-2023F.

**Fig 7: IMPC's market shares in Indonesia**



Source: Company, Sucor Research

**Fig 8: IMPC's growing overseas market shares**



Source: Company, Sucor Research

### Export Sales

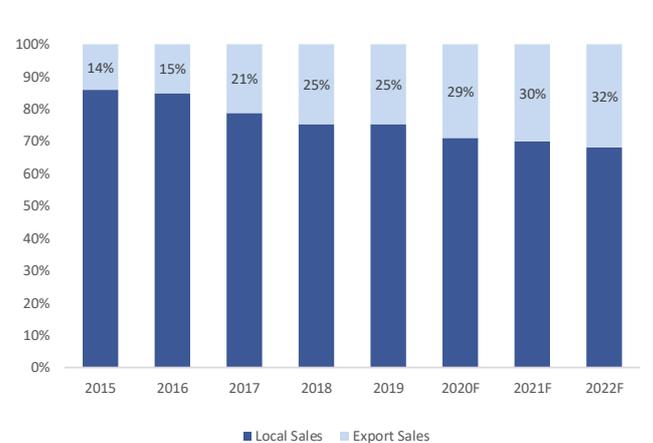
Despite its long track record in domestic market, IMPC's presence in the export market also has been growing steadily. Export sales' contribution has growing constantly since 2014, which currently contribute about 25% of 2019's revenue (2014: 14%). Currently, IMPC has 12 operating subsidiaries: 4 factories in Indonesia, 4 factories in overseas (Vietnam, Malaysia, Australia, New Zealand), 2 distribution companies in Indonesia and 1 in Malaysia, and 1 real estate company in Indonesia. The export revenue portion grew quite significantly to 32% in 9M20 from only 14% in 2015. This is expected to further increase, as IMPC has just complete the construction of factories in Malaysia and the acquisition of assets and business in Australia.

**Fig 9: Export sales to grow by 24% CAGR in 2019-2022F**



Source: Company, Sucor Research

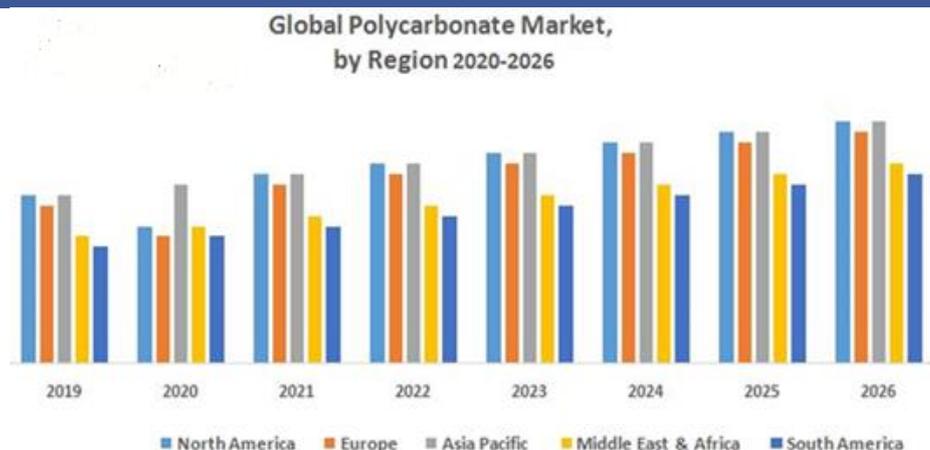
**Fig 10: Export sales currently contribute around 25%**



Source: Company, Sucor Research

We believe IMPC's export sales still has plenty room for growth given increasing global polycarbonate market. Currently, IMPC has penetrated overseas market (Vietnam, Singapore, Malaysia, New Zealand, and Australia) through its subsidiaries. Going forward, Asia Pacific offer stunning opportunities as polycarbonate requirements from automotive and construction industries expected to rise significantly as a result of rising investments in passenger car production and public infrastructure. It is estimated that, the global polycarbonates market was value at USD16.4 bn in 2019 and expected to grow by 6.5% CAGR to USD27.1 bn by 2026.

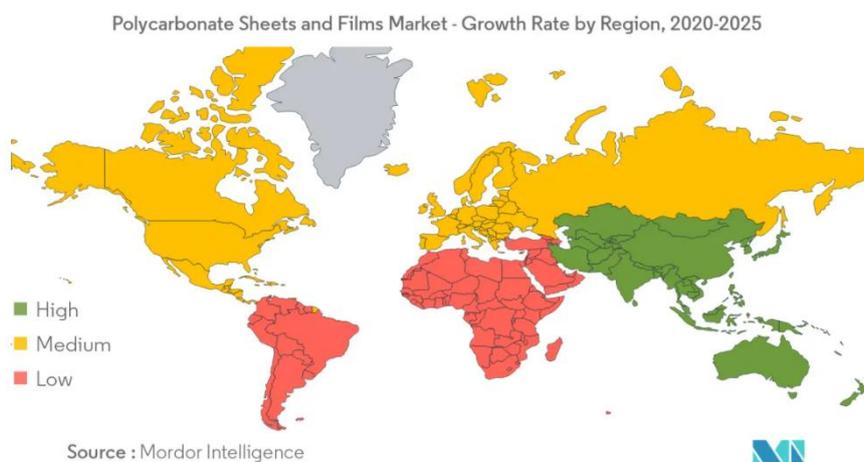
Fig 11: Our forecast vs. Consensus



Source: Maximize Market Research Pvt, Sucor Research

Based on geography, Asia Pacific held majority of the polycarbonate sheets market share in 2018 and is likely to grow at an upward trajectory to 2025. The growth will be attributed to rising building & construction industry in the region, which will have a strong demand for polycarbonate sheets for various applications in the coming years. The Asia-Pacific construction sector has been witnessing a steady growth in the recent past, owing to the presence of fast-growing economies, rapid urbanization, and rising infrastructure spending.

Fig 12: Top 10 Project in Order Book



Source : Mordor Intelligence

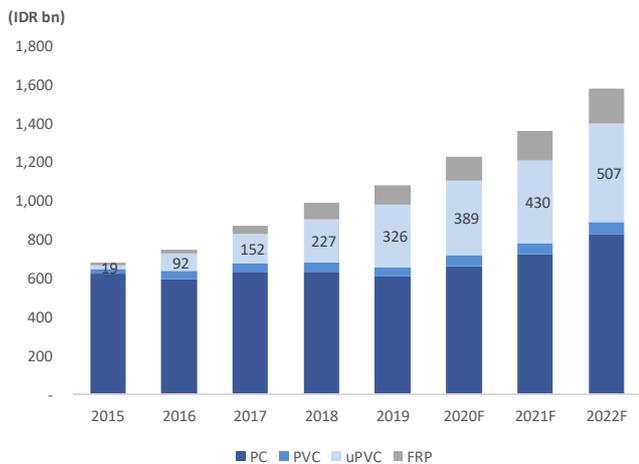
Source: Mordor Intelligence, Sucor Research

Last but not least, the increasing presence of foreign companies in Asia-Pacific has also created a demand for the construction of new offices, buildings, production houses, thereby, driving the growth in the construction sector in the region.

### Alderon to become the long-run growth driver

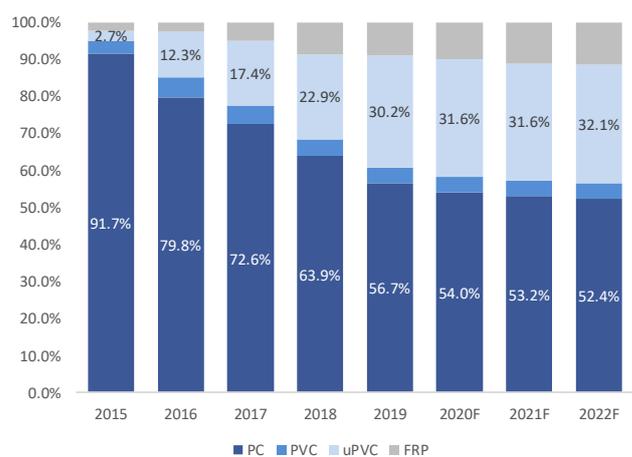
Since 2015, IMPC has successfully introduced alternative roofing products (uPVC roofing), called Alderon, which continuously growing (105% CAGR in 2015-2019). Alderon is the most trusted and popular brand for uPVC roofing in Indonesia with excellent chemical and impact resistant, sound insulation, low maintenance and environmentally friendly. Impack acquired Alderon in April 2015 as an already established market leader in corrugated roofing. Demand for Alderon has been very strong ytd, contributing around 30% towards roofing's revenue (See Fig. 13 and 14).

**Fig 13: uPVC revenue to grow by 16% CAGR in 2019-2022F**



Source: Company, Sucor Research

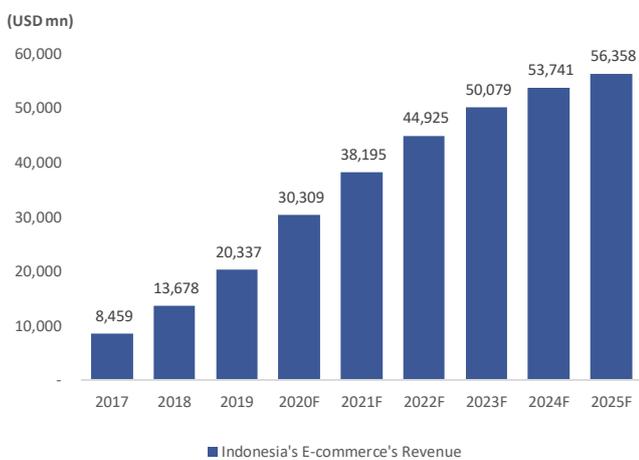
**Fig 14: uPVC revenue to contribute 32% to roofing's revenue**



Source: Company, Sucor Research

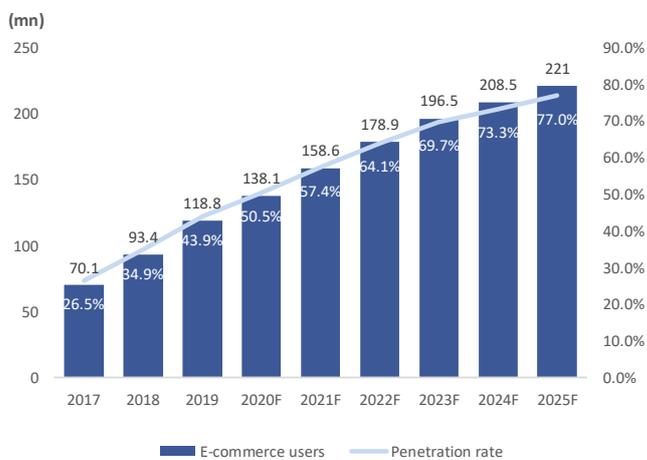
Alderon has enabled IMPC to grab industrial market, which mostly used in industrial buildings such as factory, warehouse, etc. We believe uPVC roofing will contribute at least 30-35% of Impack's revenue medium-term driven by booming e-commerce industry creating strong demand for warehouses. With Indonesia's e-commerce's revenue and internet penetration is expected to grow by 19% and 11% CAGR in 2019-2025F, we believe revenue from uPVC to grow in-line at 13% CAGR.

**Fig 15: Indonesia E-commerce revenue to grow by 19% CAGR**



Source: Company, Sucor Research

**Fig 16: E-commerce user to grow by 11% CAGR in 2019-2025F**



Source: Company, Sucor Research

Fig 17: Alderon used as alternative residential roofing



Source: Company, Sucor Research

Fig 18: Alderon used at Tokma Supermarket's roofing



Source: Company, Sucor Research

**Alderon RS to gain the market share of Asbestos and Zinc in the long-run**

Alderon RS is a single-ply uPVC roof which has a price point around 20% lower compare to its predecessor Alderon. This product was launched with an aim to tackle the asbestos and zinc (seng) roofing market, which remain the main preference in Indonesia. The prospect for the Alderon RS remain bright as the market share for Asbestos and Zinc in Indonesia worth around IDR7-8 tn/year. Alderon RS is considerably 20% more expensive compare to asbestos and zinc given its premium advantages (see Fig. x). However we believe the range of advantages Alderon RS' brings justifies the premium price.

Fig 19: Aldeon RS premium quality vs. Asbestos and Zinc

Alderon RS	Asbestos + Zinc roofing
Doesn't retain heat	Retains heat
Corrosion free	Corrosive material
Self-extinguishing if catches fire	Needs to be extinguished
Easy to install (street workers can install without much knowledge)	Hard to install (needs people with knowledge to install)
Starts from 0.9 mm thickness	Starts from 0.4mm thickness

Source: Company, Sucor Research

Fig 20: Alderon RS roofing



Source: Company, Sucor Research

Fig 21: Alderon RS roofing



Source: Company, Sucor Research

Fig 22: Asbestos roofing



Source: Various Sources, Sucor Research

Fig 23: Zinc (Seng) roofing



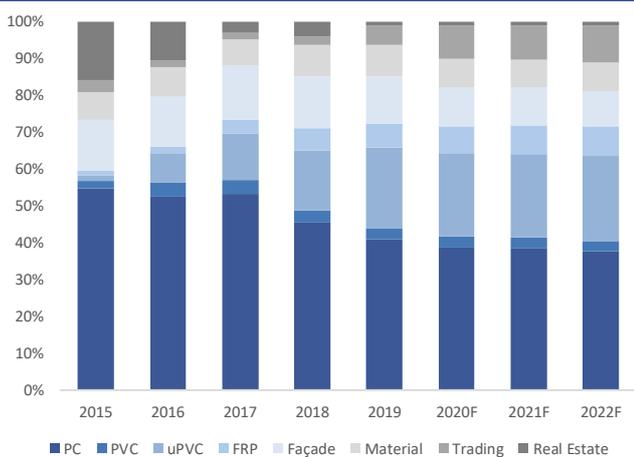
Source: Various Sources, Sucor Research

Given 20% price premium, Alderon RS might be catered towards more of the middle income population (vs. lower-middle income which uses Asbestos and Zinc). However, in the long run, as income rises followed by improving standard of living and concern for environment, we expect Alderon RS to gain more market share of Asbestos and Zinc.

**Stable business given its diverse product and retail-oriented sales**

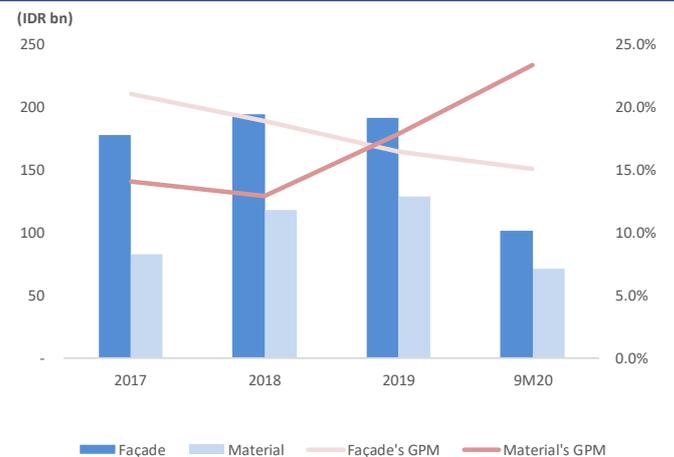
In the long run, IMPC is eyeing to become a home improvement and one stop solutions' company. Other than company's main business in roofing, façade, sealant & adhesive and PVC compound, IMPC currently provides varieties of product such as, uPVC pipe and luxury vinyl tile. With such wide product offerings, IMPC has positioned its products from higher to lower end customer by using different brand names for different product qualities. This diversification should provide IMPC with adequate cushion against potential business downturn in certain products or customers.

Fig 24: Less dependency towards particular revenue segment



Source: Company, Sucor Research

Fig 25: Material segment's margin continuously improving

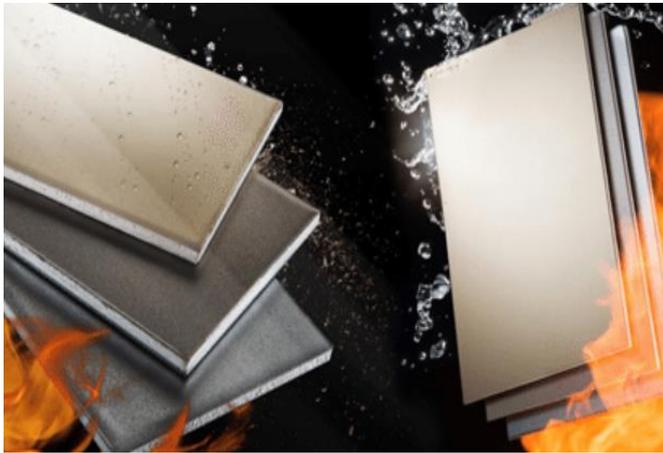


Source: Company, Sucor Research

Impack's strategy to diversify its revenue sources has been on going from more than 6 years, where the company ventured into the Aluminium Composite Panel (ACP) market in February 2014 and into the sealant market a year later in February 2015. Usage of ACP in property sector includes both the interior and exterior parts of the building. The current market leader for ACP

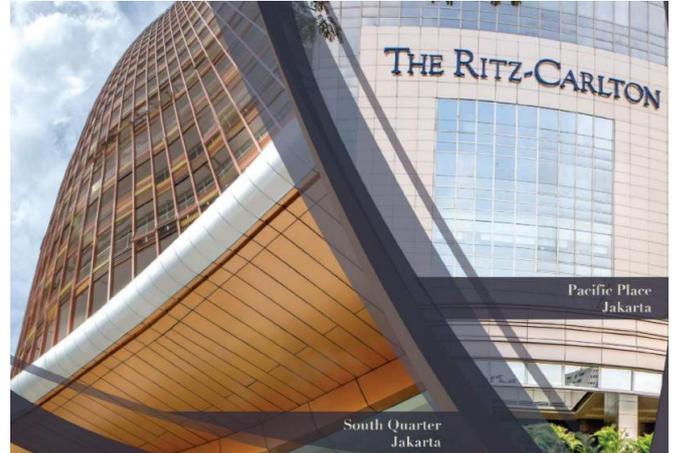
is imported products from China, where contributed around 50% of Indonesia’s ACP market share. However, the imported products market share has been decreased significantly since 2016 (70%) as government starts to reduce product import and increasing TKDN’s requirement. We believe Impack would continue to gradually eat up the imported ACP products in the next few years given its strong brand presence.

Fig 26: ACP (Alcotuff) is fire and fade resistant



Source: Company, Sucor Research

Fig 27: ACP’s application at South Quarter & Pacific Place



Source: Company, Sucor Research

In addition to its diverse business portfolios, IMPC also has its own extensive distribution network. Its main products are distributed mainly through its subsidiary, PT Mulford Indonesia, across 12 cities in Indonesia together with 50 distributors and more than 5,000+ retailers. Given its own distribution channel, any additional new products in the future will have limited Capex (other than heavy machinery) as IMPC could use their existing distribution line.

Fig 28: Strong 9M20 and 3Q20’s performance despite pandemic condition

(IDR bn)	9M20	9M19	yoy	3Q20	2Q20	qoq	yoy
<b>Revenue</b>	<b>1,233</b>	<b>1,042</b>	<b>18.3%</b>	<b>465</b>	<b>356</b>	<b>30.9%</b>	<b>27.1%</b>
COGS	(791)	(703)	12.5%	(298)	(232)	28.5%	20.3%
<b>Gross profit</b>	<b>443</b>	<b>339</b>	<b>30.5%</b>	<b>168</b>	<b>124</b>	<b>35.3%</b>	<b>41.2%</b>
Opex	(292)	(205)	42.0%	(103)	(93)	10.5%	47.2%
<b>Operating profit</b>	<b>151</b>	<b>134</b>	<b>12.8%</b>	<b>65</b>	<b>31</b>	<b>108.7%</b>	<b>32.8%</b>
Other Income	34	11	209%	27	3	800.0%	736%
Other Expense	(22)	(22)	0.0%	0	(55)	-100.5%	-104.0%
Interest expense	(51)	(53)	-3.4%	(16)	(17)	-6.0%	-8.0%
<b>Income before tax</b>	<b>112</b>	<b>70</b>	<b>59.1%</b>	<b>76</b>	<b>(38)</b>	<b>-298.0%</b>	<b>185.2%</b>
Tax expense	(34)	(25)	35.5%	(20)	7	-368.0%	182.4%
Minority interest	(9)	(10)	-14.1%	(1)	(1)	119.2%	-58.0%
<b>Net profit</b>	<b>87</b>	<b>55</b>	<b>56.4%</b>	<b>57</b>	<b>(30)</b>	<b>-289.5%</b>	<b>150.0%</b>
Gross margin	35.9%	32.5%		36.0%	34.9%		
Operating margin	12.3%	12.9%		14.0%	8.8%		
Net margin	7.0%	5.3%		12.3%	-8.5%		

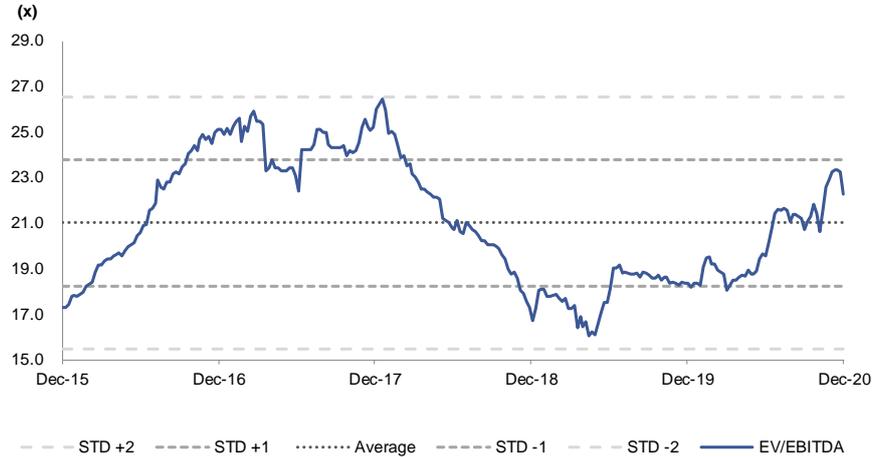
Source: Company, Sucor Research

As retail sales contribute around 75% to IMPC’s sales, the company has enjoyed revenue and earnings’ growth of 18% and 57%, respectively in 9M20 (even during Covid-19 pandemic). During pandemic condition, retail power has shown significant increase as people are trying to improve their home comfort as they spent most of their time in their home.

### Initiating coverage with BUY ratings at TP of IDR1,500/share

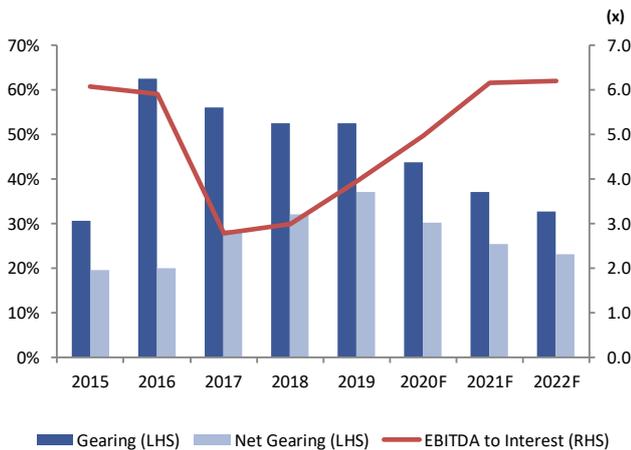
We initiate our coverage on IMPC with a BUY recommendation with 13.2% price upside. Our target price of IDR1,500/share implies target EV/EBITDA of 21.0x, which is at average of IMPC's 5-year mean EV/EBITDA. On the long-run, we expect IMPC's earnings to grow by 24% CAGR in 2019-2022F supported by rising revenue and slight margin expansion (from higher factories utilization rate and its deleveraging plan).

Fig 29: IMPC trades near its 1SD of its 5-years historical EV/EBITDA



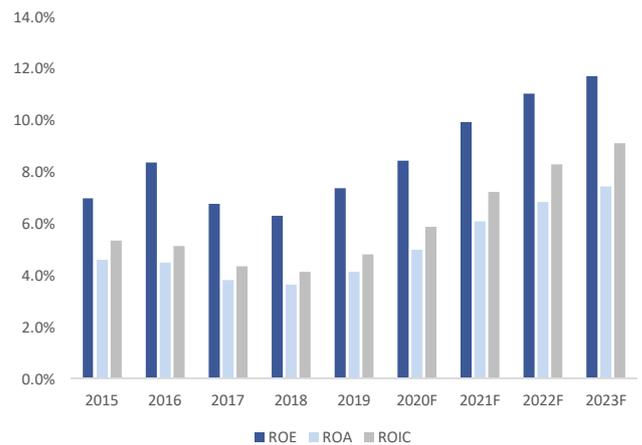
Management of Impack Pratama has been prudent in its financial management utilizing very little debt to grow. From 2015-19, gross gearing and net gearing stood at average at 51% and 27%, respectively. IMPC's interest bearing debt has been very stable at IDR740 bn level since 2016, while company's equity has been continuously growing at 9% CAGR in 2016-2019. EBITDA to interest ratio remain intact at 3.0-6.1x in 2015-2019, which we believe is more than ample cushion to cover interest payment. With IMPC's plan to deleveraging (around IDR80 bn installment/annum), we expect EBITDA to interest ratio to gradually rise.

Fig 30: Gearing to come down while EBITDA to interest rise



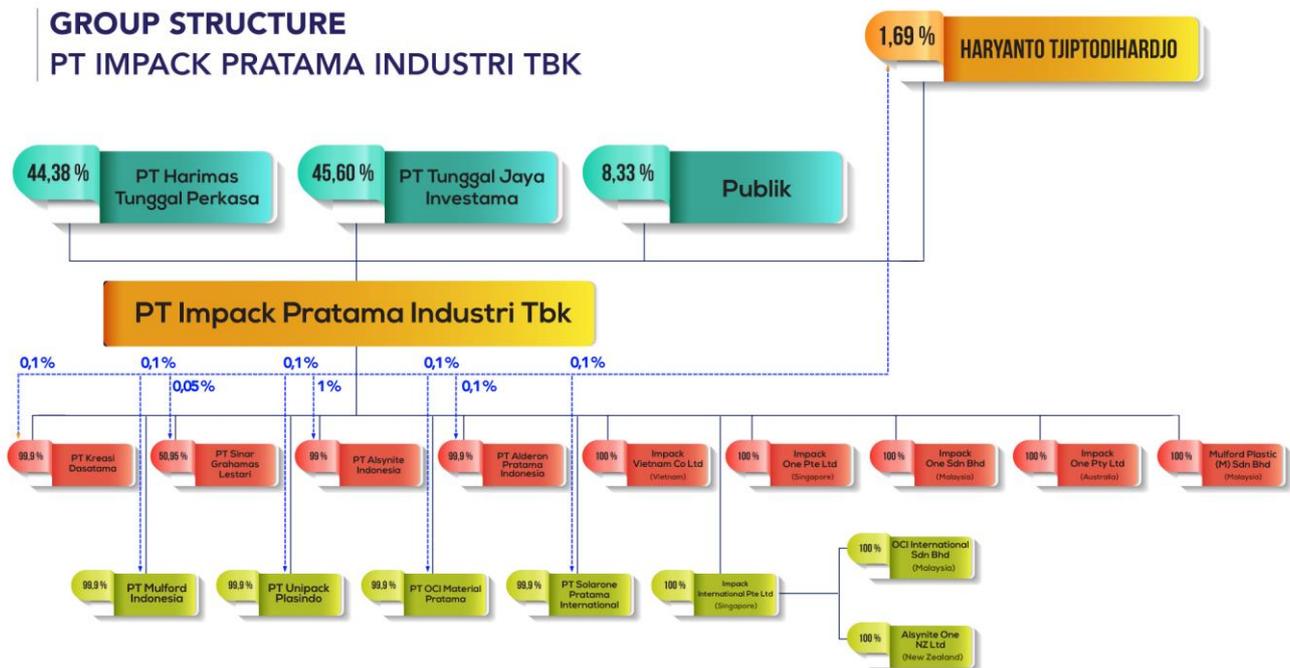
Source: Company, Sucor Research

Fig 31: Expect profitability to increase going forward



Source: Company, Sucor Research

Fig 32: IMPC Group structure



Source: Company, Sucor Research

Fig. 33: ESG Review

**Environmental**

- Through an inclusive business partnership with Covestro Thailand Co Ltd., the company has launched the Solar Dryer Dome (SDD), a drying facility for harvest yields that operate using renewable energy from sunlight (vs. electrical dryer machine). SDD has reduced carbon emissions by more than 200 tons CO2 Eq, post-harvest damaged crops (zero waste) while still providing faster drying time (up to 70%) and better returns.
- The company is also committed to implement green environment through its day-to-day operations. For example: As of the end of 2019, Impack used recycled Polyethylene as the core layer of our aluminium composite panel (ACP) products, equivalent to the amount of 65,000,000 plastic bags.
- As part of “Towards Zero Waste Campaign”, IMPC has been using recycle materials for its product and buy-back program, re-purchase old roofing and scraps from customers to be recycled as environmentally friendly materials.
- IMPC’s Headquarter building in Altira Business Park has managed to reduce energy by 37.1% and has a Gold certificate from the Green Building Council.

**Social**

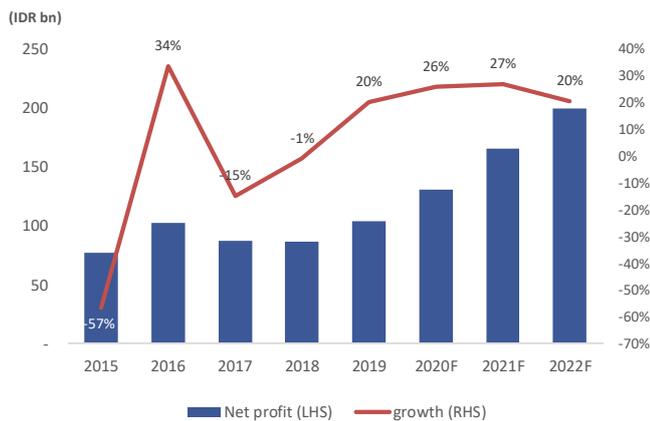
- Not only addressing to environmental issues, SDD also plays positive roles to social aspects. Through SDD products, the company supports to improve the livelihood of farmers in remote areas by increasing the quality and quantity of their harvests. The company has installed 120 SDD units, while continuously help improving the welfare of 19,000 disadvantaged farmers all over Indonesia and Malaysia.
- The Occupational Health and Safety (OHS) program is a high priority for the company to ensure all employees to receive the best treatment and adequate resources. Some efforts to maintain a proper OHS are providing safety equipment, routine training, nutritional and medical benefits, etc in accordance with Occupational Safety and Security Standards according to ISO 14001:2015.
- The company avoids using any toxic materials and produces solid hollow roofing to protect consumers from Ultraviolet (UV) rays. Quality Control is conducted regularly every production phase.

**Governance**

- Other than profitability, IMPC has set 1. Economic performance, 2. Community empowerment and assistance (insurance, education, training, etc), 3. Implication of Climate Change, 4. Supply Chain (promoting local suppliers) as a quantitative target to measure and track company’s progress and contributions towards Sustainable Development Growth (SDGs)
- IMPC has a (dedicated) Director of Sustainability to implement sustainability practice in daily operation, product innovation, and environmental performance to ensure the execution of the “Towards Zero Waste” policy.
- In terms of Diversity of governance bodies and employees, IMPC currently has two females director (out of eight) in their Board of Director.

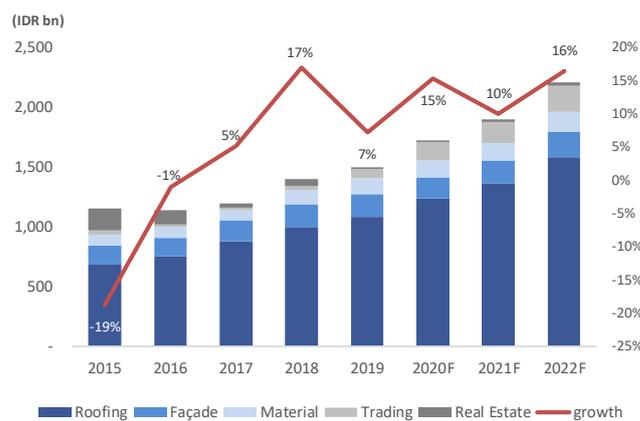
Source: Company, Sucor Research

**Fig 34: Earnings to grow by**



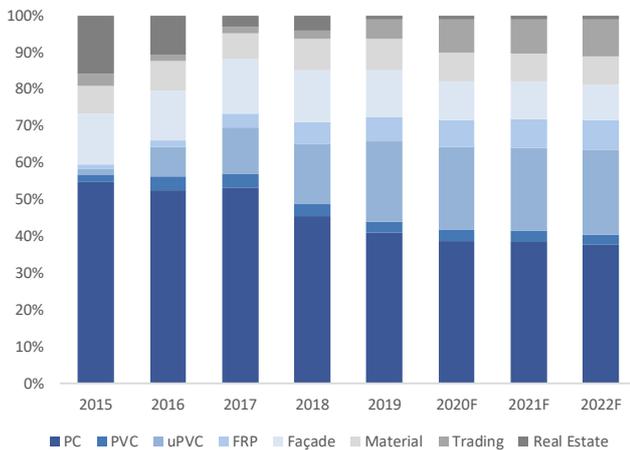
Source: Company, Sucor Research

**Fig 35: Revenue to grow by**



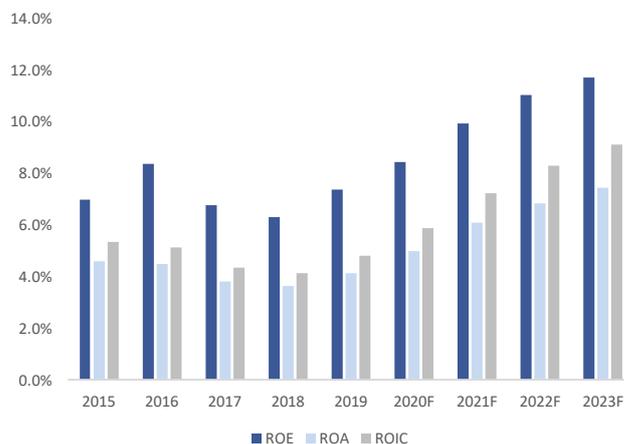
Source: Company, Sucor Research

**Fig 36: Revenue by segment 2015-2022F**



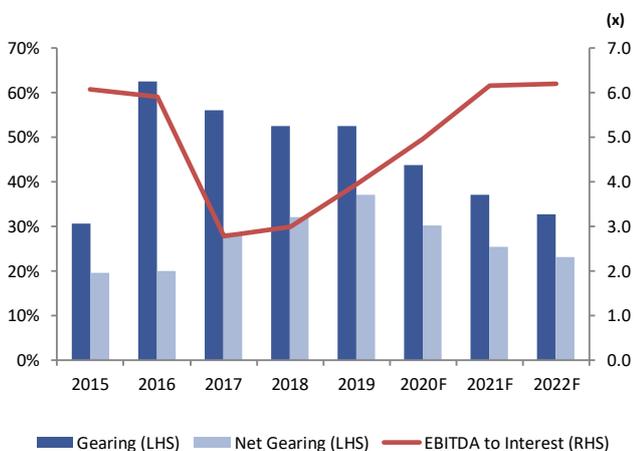
Source: Company, Sucor Research

**Fig 37: Profitability ratio to improve going forward**



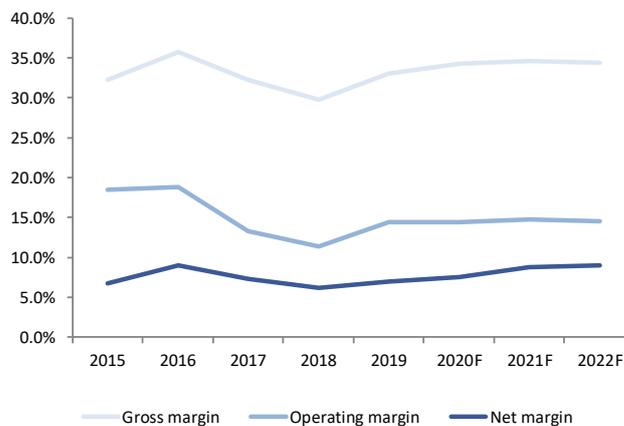
Source: Company, Sucor Research

**Fig 38: Gearing to go down due constant deleveraging plan**



Source: Company, Sucor Research

**Fig 39: Margin to gradually expand from lower interest**



Source: Company, Sucor Research

## Appendix

**Fig 40: Income statement and balance sheet**

Profit & Loss (IDR bn)						Balance Sheet (IDR bn)					
	2018	2019	2020F	2021F	2022F		2018	2019	2020F	2021F	2022F
<b>Revenue</b>	<b>1,395</b>	<b>1,496</b>	<b>1,723</b>	<b>1,894</b>	<b>2,205</b>	Cash and equivalents	281	218	210	194	175
Cost of revenue	(980)	(1,001)	(1,133)	(1,238)	(1,446)	Trade receivables	255	292	334	361	426
<b>Gross profit</b>	<b>415</b>	<b>495</b>	<b>591</b>	<b>656</b>	<b>759</b>	Inventories	544	573	636	600	626
Selling expenses	(111)	(125)	(157)	(173)	(202)	Net- Fixed assets	940	1,084	1,074	1,131	1,182
G&A expenses	(146)	(155)	(185)	(203)	(236)	Other assets	350	334	365	428	503
<b>Operating profit</b>	<b>158</b>	<b>216</b>	<b>249</b>	<b>280</b>	<b>321</b>	<b>Total Assets</b>	<b>2,370</b>	<b>2,501</b>	<b>2,619</b>	<b>2,714</b>	<b>2,912</b>
<b>EBITDA</b>	<b>216</b>	<b>281</b>	<b>324</b>	<b>366</b>	<b>423</b>	Trade payables	78	118	124	127	159
Other income	50	15	15	13	13	Short-term debt + CMLTD	189	276	304	301	340
Other Expense	(16)	(24)	(28)	(25)	(28)	Long-term debt	532	464	374	319	253
Finance expense	(72)	(71)	(65)	(59)	(57)	Other liabilities	199	235	269	300	351
Inc (Exp) from Associates	-	-	-	-	-	<b>Total Liabilities</b>	<b>998</b>	<b>1,093</b>	<b>1,072</b>	<b>1,047</b>	<b>1,103</b>
<b>Pre-tax profit</b>	<b>119</b>	<b>135</b>	<b>171</b>	<b>209</b>	<b>249</b>	Minority interest	256	230	234	231	229
Tax expense	(14)	(42)	(49)	(53)	(62)	Paid capital	217	217	217	217	217
Minority interest	19	(11)	(9)	(10)	(12)	Retained earnings	827	875	1,000	1,114	1,248
<b>Net profit</b>	<b>86</b>	<b>104</b>	<b>131</b>	<b>166</b>	<b>199</b>	Other equities	72	86	95	105	114
EPS (IDR)	18	21	27	34	41	<b>Total Equity</b>	<b>1,372</b>	<b>1,408</b>	<b>1,547</b>	<b>1,668</b>	<b>1,809</b>

Source: Company, Sucor Research

**Fig 41: Cash flow and key ratios**

Cash Flow (IDR bn)						Key Ratios (%)					
	2018	2019	2020F	2021F	2022F		2018	2019	2020F	2021F	2022F
Net income	86	104	131	166	199	Revenue growth	17.0	7.2	15.2	9.9	16.4
Depreciation & amortization	52	56	56	60	64	EBIT growth	(0.6)	36.4	15.5	12.6	14.7
Change in working capital	(96)	33	(88)	6	(55)	EBITDA growth	1.6	30.0	15.4	13.2	15.5
<b>Cash flow from operations</b>	<b>42</b>	<b>193</b>	<b>99</b>	<b>231</b>	<b>208</b>	Net profit growth	(1.0)	20.1	25.9	26.9	20.4
Capex	(86)	(143)	(103)	(116)	(115)	Gross margin	29.7	33.1	34.3	34.6	34.4
Others	(22)	(33)	(41)	(45)	(61)	EBIT margin	11.3	14.4	14.4	14.8	14.6
<b>Cash flow from investments</b>	<b>(108)</b>	<b>(176)</b>	<b>(144)</b>	<b>(161)</b>	<b>(176)</b>	EBITDA margin	15.5	18.8	18.8	19.3	19.2
Changes in debt	(1)	19	(61)	(58)	(27)	Net margin	6.2	6.9	7.6	8.7	9.0
Changes in equity	21	(12)	13	6	7	ROA	3.6	4.1	5.0	6.1	6.8
Dividends paid	(44)	(78)	(5)	(52)	(66)	ROE	6.3	7.4	8.4	9.9	11.0
Others	15	48	34	18	33	Net gearing (x)	0.3	0.4	0.3	0.3	0.2
<b>Cash flow from financing</b>	<b>(8)</b>	<b>(23)</b>	<b>(19)</b>	<b>(85)</b>	<b>(52)</b>	Net debt/EBITDA (x)	2.0	1.9	1.4	1.2	1.0
<b>Net Cash Flow</b>	<b>(74)</b>	<b>(6)</b>	<b>(65)</b>	<b>(15)</b>	<b>(20)</b>	Interest coverage ratio (x)	2.2	3.0	3.8	4.7	5.6

Source: Company, Sucor Research

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- Overweight : We expect the industry to perform better than the primary market index (JCI) over the next 12 months.  
Neutral : We expect the industry to perform in line with the primary market index (JCI) over the next 12 months.  
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- Buy : We expect this stock to give return (excluding dividend) of above 10% over the next 12 months.  
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Sell : We expect this stock to give return of -10% or lower over the next 12 months

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The research analyst(s) primarily responsible for the preparation of this research report hereby certify that all of the views expressed in this research report accurately reflect their personal views about any and all of the subject securities or issuers. The research analyst(s) also certify that no part of their compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report.

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