



SIMINVEST

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IMPACT PRATAMA INDUSTRY

EXPLORING PATHS TO BOOST SALES GROWTH

Investment thesis:

- Demonstrates an Identical Revenue Growth Pattern as 1Q23** - IMPC reported flattish YoY revenue growth in 1Q24 with total revenue of IDR744 bn (-3.8% QoQ / 0.0% YoY). This includes domestic and overseas revenue growth of IDR621 bn (-2.0% QoQ / +4.7% YoY) and IDR150 bn (-5.7% QoQ / -13.8% YoY), respectively. Domestic sales growth was led by the roofing segment (+4.8% YoY) and materials (+17.9% YoY). In contrast, overseas sales growth in roofing and materials declined by -13.9% YoY and -26.6% YoY, respectively. In total, the sales growth trend by segment also showed similar to 1Q23, where in 1Q24 roofing recorded sales of IDR612 bn (-0.8% QoQ / +0.9% YoY), facade IDR41 bn (-17.6% QoQ / -8.5% YoY), material IDR67 bn (+4.8% QoQ / -6.1% YoY), and pipe and others IDR24 bn (-44.0% QoQ / +14.9% YoY).
- Gross Margin Expanded Amidst Stagnant Sales Growth** - Despite stagnant annual sales growth, stable raw material prices led to a reduction in cost of revenues to IDR429 bn (-5.0% QoQ / -2.8% YoY), which helped gross profit grow to IDR315 bn (-2.1% QoQ / +4.1% YoY) in 1Q24. Consequently, the gross margin improved to 42.4% in 1Q24 (vs. 40.7% in 1Q23).
- Slashing Marketing Costs to Bolster Bottomline** - Operating expenses slightly decreased to IDR111 bn (-47.0% QoQ / -14.7% YoY), mainly due to cost efficiency in freight and marketing expenses, which were cut by more than 50% from IDR27 bn in 1Q23 to IDR13 bn in 1Q24. In line with this, the opex-to-sales ratio decreased to 14.9% in 1Q24 (vs. 27.1% in 4Q23, vs. 17.5% in 1Q23). This drove EBIT to IDR204 bn (+81.2% QoQ / +18.2% YoY) with an expanded EBIT margin to 27.5% (+12.9 ppt QoQ / +4.2 ppt YoY). Furthermore, a decrease in unrealized foreign exchange losses aided the growth of net profit and net margin to IDR149 bn (+65.1% QoQ / +23.0% YoY), and 20.0% (+8.3 ppt QoQ / +3.7 ppt YoY), respectively.
- Discovering Solutions to Stimulate Sales Growth** – As highlighted in our recent earnings report, roofing, which remains the primary revenue driver, continues to be the mainstay in the company's arsenal to propel sales growth. The company will concentrate on expanding its product range, particularly focusing on UPVC products, which will not only be utilized for roofing but will also venture into other areas such as wall panels, ceilings, and floors. We eagerly await further innovative offerings from the company, expected to capture the public's attention towards IMPC's offerings.

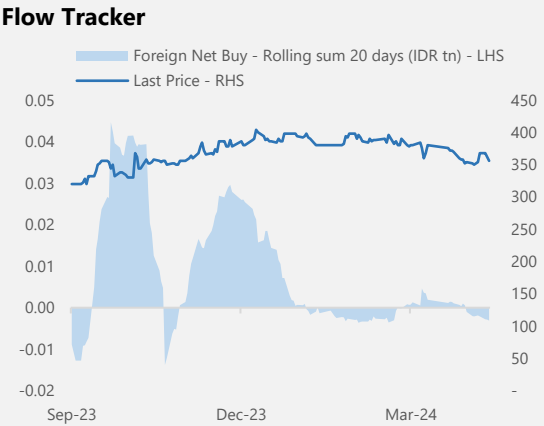
Valuation & Recommendation:

- Temporary Stagnation, Anticipating Stronger 2H24 Demand** - IMPC has faced persistent sales growth pressure over the past few quarters due to weakened consumer purchasing power from high interest rates and inflation. Roofing, accounting for over 80% of sales contribution, has not been sufficient to drive annual sales growth and even showed a decline in its overseas sales trend. However, the continued improvement in margins indicates positive sentiment for investors, in our view. We anticipate sales growth recovery in the coming quarters, supported by lower interest rates and inflation, which will boost consumer purchasing power. Following the latest price, we downgrade our rating to **ADD**, with a stable target price of IDR410, derived from a 36.0x 2025 P/E (-2.0 s.d below the 5-year mean).

3M/12M Rating **NEUTRAL/ADD**
3M/12M TP **IDR380/IDR410**

Stock Information	
Ticker	IMPC
Share price	364
52-week range.	304 – 430
Share Out. (mn)	54.3
Market Cap. (IDR tn)	19.4
Daily turnover (bn)	4.1
Free Float (%)	12.1

Key Shareholders (%)	
PT Harimas Tunggal Perkasa	43.9



Key Financial Highlights				
IDR bn	2023	2024F	2025F	
Revenue	2,860	3,382	4,021	
Gross Profit	1,176	1,387	1,649	
Operating Profit	606	710	844	
Net Profit	431	511	610	
Net Margin	15%	15%	15%	
EPS	7.9	9.4	11.2	

Source: Bloomberg, SimInvest Research

Share Price Performance			
	3M	6M	12M
Absolute	-6%	1%	10%
Relative to JCI	-4%	-3%	5%

Bloomberg ESG Rating	
Environmental	N/A
Social	N/A
Governance	N/A

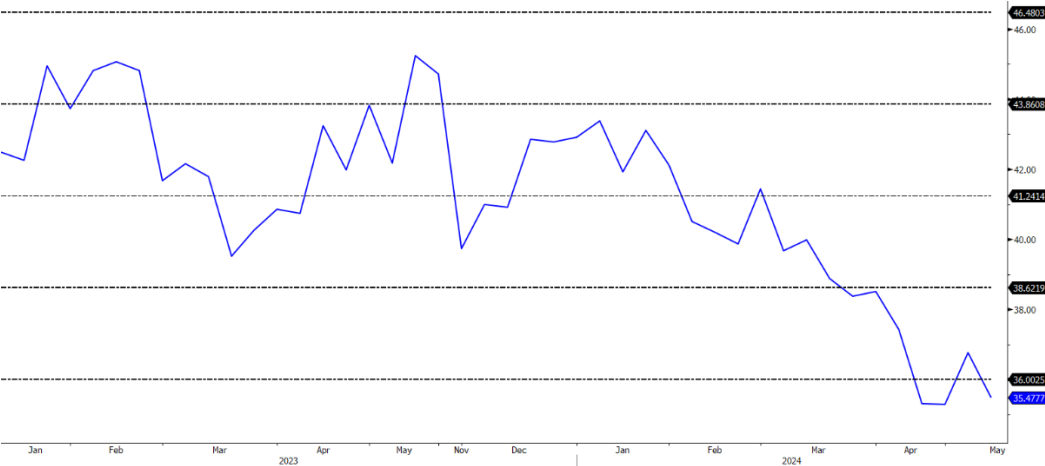


IMPC 1Q24 earnings results

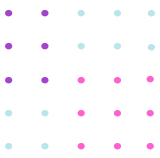
IDR bn	1Q23	4Q23	1Q24	QOQ	YoY	2024F	% SIM
Revenue	744	774	744	-3.8%	0.0%	3,382	22%
Gross Profit	303	322	315	-2.1%	4.1%	1,387	23%
Operating Profit	173	113	204	81.2%	18.2%	710	29%
Pretax Profit	151	115	190	64.5%	25.5%	685	28%
Net Profit	121	90	149	65.1%	23.0%	511	29%
Revenue by Geography:							
Domestic	593	634	621	-2.0%	4.7%		
Overseas	175	160	150	-5.7%	-13.8%		
Sales Discount & Returns	(23)	(20)	(27)	38.2%	16.2%		
Revenue by Segment:							
Roofing	607	617	612	-0.8%	0.9%		
Façade	45	50	41	-17.6%	-8.5%		
Material	72	64	67	4.8%	-6.1%		
Pipe and Others	21	42	24	-44.0%	14.9%		
Profitability:							
Gross Margin	40.7%	41.6%	42.4%	0.7%	1.7%		
Operating Margin	23.2%	14.6%	27.5%	12.9%	4.2%		
Net Margin	16.2%	11.6%	20.0%	8.3%	3.7%		

Source: Company, SimInvest Research

IMPC P/E band



Source: Bloomberg, SimInvest Research

**SIMINVEST RATINGS GUIDE**

BUY	: Share price may rise by more than 15% over the next 12 months.
ADD	: Share price may range between 10% to 15% over the next 12 months.
NEUTRAL	: Share price may range between –10% to +10% over the next 12 months.
REDUCE	: Share price may range between –10% to –15% over the next 12 months.
SELL	: Share price may fall by more than 15% over the next 12 months.

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