

# Equity Research

## INITIATION REPORT

### HARTADINATA ABADI

Gold Stock to Own in 2023

February 23<sup>rd</sup> 2023

Hartadinata Abadi (HRTA) is one of Indonesia's leading gold jewelry manufacturers and retailers. The company is set to benefit from the rising gold price environment which should translate to sharp earnings growth (+37% yoy in 2023F) and higher inventory value. HRTA is also gaining market share through extensive retail store and pawn shop expansion in recent years. Stock still trades at 4.2x 2023F PE, a huge discount compared to peers. Our TP is based on 7.8x 2023F PE (+0.5SD).

#### A vertically-integrated gold jewelry manufacturer

With over 20 years of history as modern gold jewelry manufacturer, HRTA has grown to be one of the prominent players in the industry with nearly 15% market share in domestic gold bar and jewelry sales. The company owns and operates 4 (four) gold casting factories with annual output capacity of 30 ton, 1 (one) gold refinery with up to 30-ton output by 2024, 78 own retail stores, and 81 units of pawn shops across the major cities.

The company has also established a strong distribution network with more than 80 wholesalers and 900+ independent retail stores nationwide.

#### Beneficiary of rising gold prices

HRTA's unique business model where profit margins are determined as percentage of sales volume (as opposed to sales value) allows the company to greatly benefit from the soaring gold price environment. HRTA sells the majority of its gold jewelry through wholesalers and, in return, the company will receive gold (usually in form of scrap

gold or other gold equivalent) plus margin as payments from the wholesalers. The soaring gold price environment will positively impact HRTA through higher ASP and revenue, as well as higher inventory value (will be reflected in higher profit margins).

We estimate that the company holds around 2.7-ton gold inventory as of the end of 2022, a sharp rise from estimated 1.0 ton in 2017. We expect HRTA to record sharp earnings growth of 37% yoy in 2023F to IDR345bn.

#### Perfect environment for gold stocks; highly reasonable valuation – Initiate BUY, TP IDR580

With the prospect of soaring gold price (projected to reach USD2,300/oz by end 2023), gold-related stocks are poised to outperform this year. HRTA still trades at undemanding 4.2x and 0.7x 2023F PE and PBV, a huge discount to its regional peers. We also like HRTA for its decent dividend (up to 4.2% yield, assuming stable 24% dividend payout ratio). Our TP of IDR580 is based on 7.8x 2023F PE.

## BUY

Current Price	312
Price Target	580
Upside/Downside	+85.9%

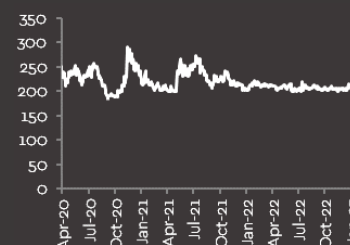
## INDONESIA

### RETAIL

#### Stock Data

Bloomberg Ticker	HRTA JJ
Outs. Share (bn)	4.6
Mkt Cap (IDR bn)	1,436.8
52 Week Range (IDR)	199 - 312
6M Avg Val (IDR bn)	1.9
YTD Returns (%)	54.5
Beta (x)	0.8

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

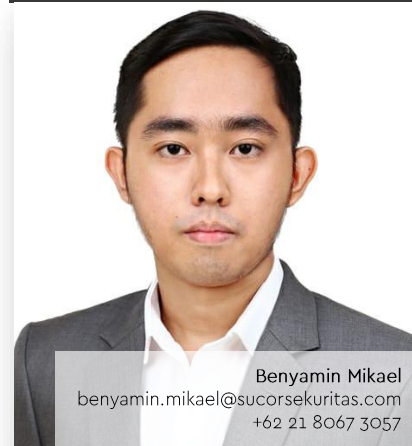


#### Share Performance (%)

Month	Absolute	Relative
3m	52.9	58.4
6m	51.5	59.3
12m	47.5	44.1

#### FINANCIAL HIGHLIGHTS

IDR bn	2020	2021	2022F	2023F	2024F
Revenue	4,139	5,238	6,725	9,229	10,227
EBITDA*	369	440	575	778	878
PATMI*	171	194	252	346	403
EPS Growth* (%)	14.1	13.6	29.4	37.4	16.6
PER (x)	8.4	7.4	5.7	4.2	3.6
PBV (x)	1.1	0.9	0.8	0.7	0.6
EV/EBITDA (x)	7.6	7.4	6.0	5.3	4.6
Dividend yield (%)	2.6	2.6	3.2	4.2	5.8
Net DER (x)	1.0	1.2	1.2	1.4	1.1



Benjamin Mikael  
benjamin.mikael@sucorsekuritas.com  
+62 21 8067 3057

## Investment Thesis

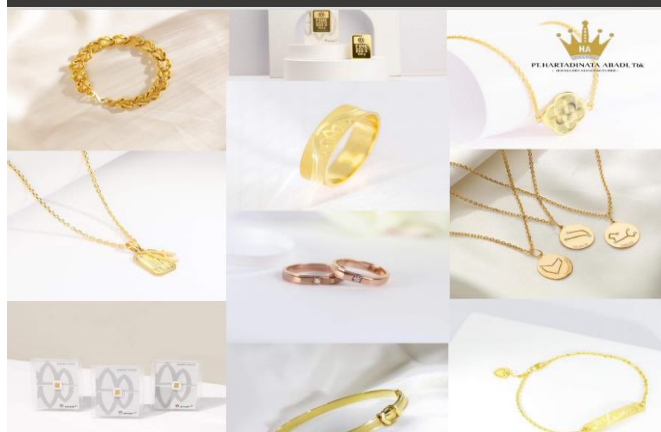
### Well-established gold jewelry manufacturer

Incorporated in 2004, with more than 20 years of history as modern gold jewelry manufacturer, Hartadinata Abadi (HRTA) has grown to be one of the most prominent players in the industry with nearly 15% market share in domestic gold bar and jewelry sales.

The company owns and operates 4 (four) gold casting factories with annual output capacity of 30 ton, 1 (one) gold refinery with up to 30-ton output by 2024, 78 own retail stores, and 81 units of pawn shops across the major cities. The company has also established a strong distribution network with more than 80 wholesalers and 900+ independent retail stores nationwide.

Utilization of its gold casting facilities remains relatively low at 32% in 2022, indicating substantial room for growth and low capex requirements in coming years.

Fig. 2: Wide range of jewelry product



Source: Company, Sucor Sekuritas

The company sells majority (90%) of its gold products to wholesalers and, in return, the company will receive gold (usually in form of scrap gold or other gold equivalent), plus margin, as payments. The company also runs its own jewelry store which contributes around 8-10% to total sales.

Fig. 3: HRTA revenue portion by segment

	2018	2019	2020	2021 9M22	
Wholesale	89.5%	86.1%	91.3%	90.6%	90.9%
Store	10.4%	10.8%	7.9%	8.2%	7.8%
Franchise	0.1%	0.3%	0.2%	0.2%	0.2%
Pawn Shop (income bef cost of fund)	0.0%	2.9%	0.6%	1.1%	1.1%

Source: Company, Sucor Sekuritas

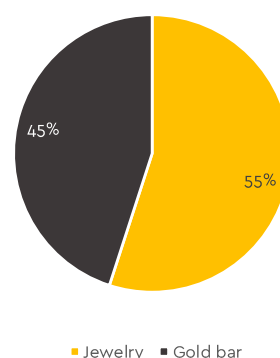
Fig. 4: HRTA gross margin breakdown

GPM	2018	2019	2020	2021 9M22	
Wholesale	9.4%	9.6%	9.9%	10.7%	10.8%
Store	8.9%	10.0%	10.1%	10.6%	11.1%
Franchise	39.0%	39.0%	30.4%	27.5%	24.3%
Pawn Shop (income bef cost of fund)		38.8%	43.2%	33.2%	49.4%
<b>Total GPM (%)</b>	<b>9.4%</b>	<b>10.6%</b>	<b>10.2%</b>	<b>10.9%</b>	<b>11.3%</b>

Source: Sucor Sekuritas

Fig. 5: Rough revenue contribution in 2022F (excl. pawn shop)

### Jewelry v.s Gold bar (%)

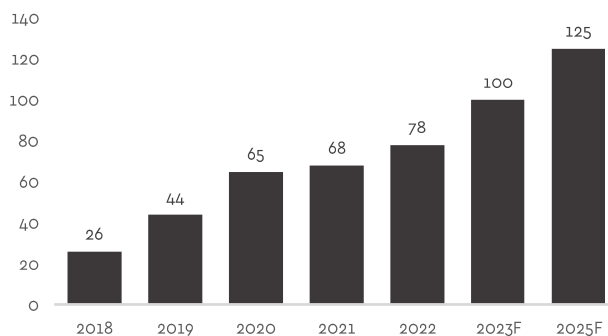


Source: Company, Sucor Sekuritas

The company aims to strengthen its market penetration by growing the number of retail stores (from 78 in 2022 to 125 by 2025) and pawn shops (from 81 in 2022 to 105 by 2025). This rapidly growing in-house retail stores will gradually lower the dependency to wholesalers as well as improving the working capital cycle (receivables days reaching up to 90 days for gold jewelry sales to wholesalers).

Fig. 6: HRTA's store expansion

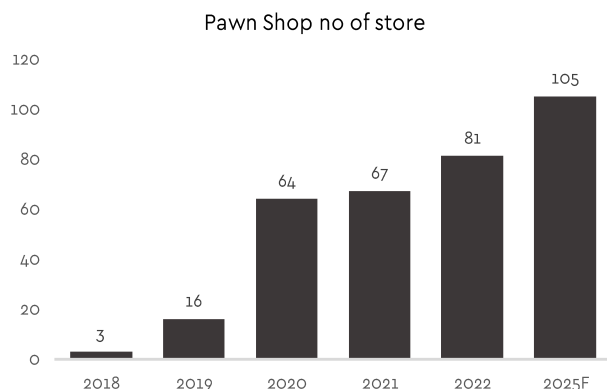
### Store Expansion



Source: Company, Sucor Sekuritas

Moreover, since 2018, HRTA has been developing its pawnshop business which specializes in gold pawn in which the company charges loan rate of 1.8–2% per month for debtor. The number of HRTA's pawn shops rose significantly, from only three stores in 2017 to 81 stores in 2022; the company further targets to operate 105 stores by 2025F.

Fig. 7: Pawn shop expansion

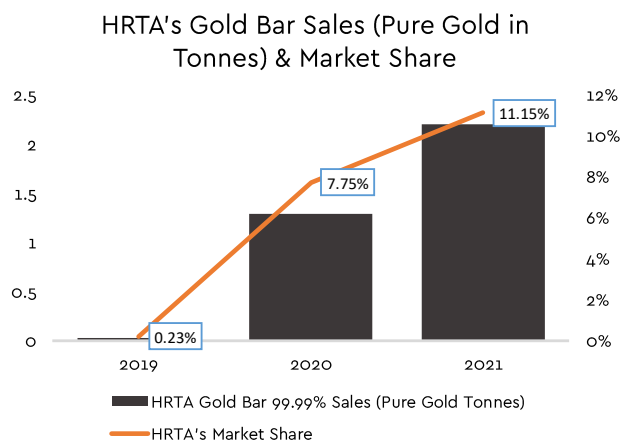


Source: Company, Sucor Sekuritas

### High barrier of entry and strong market growth

Currently, there are only a few companies in Indonesia whose core business is the manufacturing and trading of gold jewelry. As the business relies heavily on trust and reputation, the industry can be included in the high concentration-high barriers class—with competition being mostly concentrated in design, product quality, and service provided. In the span of 20 years, HRTA has developed and maintained relationships with wholesalers and customers and has become a reputable company in the industry.

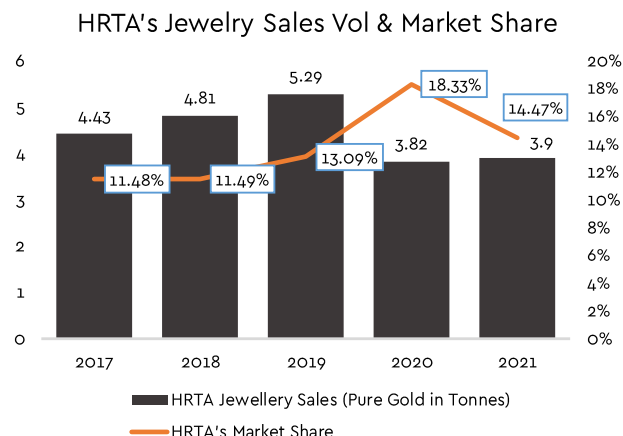
Fig. 8: HRTA's gold bar sales volume & market share



Source: Company, Sucor Sekuritas

By 2021, HRTA kick-started collaboration with leading fine gold manufacturer in Indonesia, PT Aneka Tambang (Antam), through Emaskita (gold bar) and Kencana brand (jewelry with 99.99% gold content), making it the only company with such cooperation with Antam. Subsequently, HRTA's fine gold market share grew significantly from 0.2% in 2017 to 11.1% in 2021. Similarly, HRTA's jewelry market share expanded from 11.5% in 2017 to 14.5% in 2021.

Fig. 9: HRTA's jewelry sales volume & market share



Source: Company, Sucor Sekuritas

### Gold price projection amid monetary dilemma in 2023

Assuming that the Fed would take a dovish stance by the second half of this year at the earliest, followed by the reimplementation of quantitative easing to counter recession, we project that gold price will benefit from such scenario. Our economist projects gold price to spike to USD2,100–2,300/oz in 2023F, sharply higher from the average USD1,800/oz in previous year.

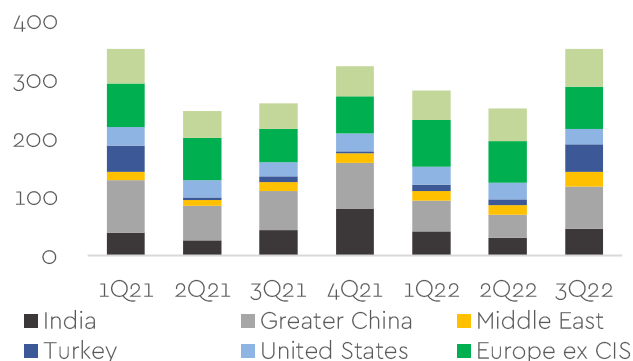
While the negative correlation between real rates and gold has been broken several times, we expect it to revert back to pre-pandemic condition as strong physical gold demand and gradual gold accumulation by institutions increase.

The purchase of physical gold is projected to grow with key physical markets such as India and China buying massive volume of gold. Take China as an example: physical gold demand from the country nearly doubled on qoq basis to 70 tons in 3Q22 as consumers and investors accumulated heavily during the low prices period in 2Q22.

India also saw a 6% yoy growth demand in 3Q22. Meanwhile, gold purchases by central banks and other official institutions were also strong.

After all, with the looming recessions, there will be limited choices of assets. Therefore, we believe gold prices will increase along with the declining real interest in 2023F.

Fig. 10: China's physical gold demand doubled in 3Q22



Source: Sucor Sekuritas

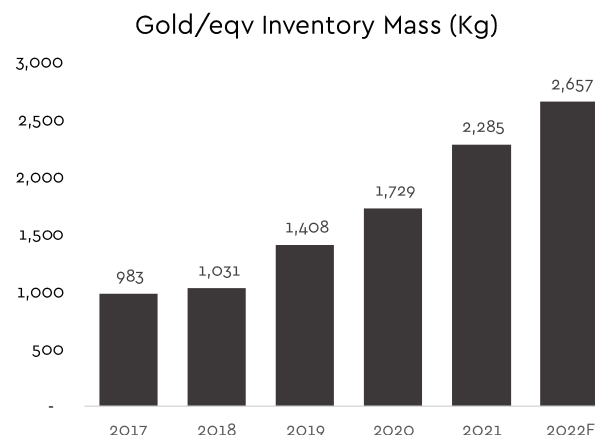
### Clear beneficiary of higher gold price

HRTA's unique business model where profit margins are determined as percentage of sales volume (as opposed to sales value) allows the company to greatly benefit from the soaring gold price environment. HRTA sells majority of its gold jewelry through wholesalers and, in return, the company will receive gold (usually in form of scrap gold or other gold equivalent) plus margin as payments from the wholesalers.

The soaring gold price environment will positively impact HRTA through higher ASP and revenue, as well as higher inventory value (will be reflected in higher profit margins).

We estimate that the company holds around 2.7-ton gold inventory by the end of 2022, a sharp rise from estimated 1.0 ton in 2017. This estimate is calculated from inventory level divided by the average gold price in the respective year.

Fig. 11: HRTA's inventory mass (kg equivalent in gold)

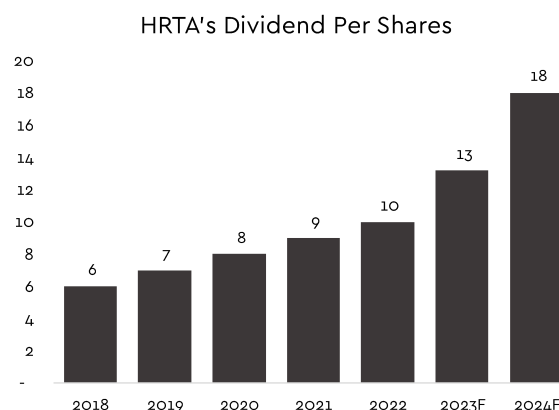


Source: Sucor Sekuritas

### Decent dividend yield

The company had consistently paid dividend to investors since IPO in 2017, and the dividend amount had also grew significantly from IDR6 in 2018 to IDR 10 in 2022. We expect HRTA to continue distributing dividends amounting to IDR13 and IDR18 per share in 2023F and 2024F, respectively, assuming a constant dividend payout ratio of 24%. This will translate into an attractive yield of 4.2% (2023F) and 5.8% (2024F).

Fig. 12: HRTA's dividend per share projection



Source: Sucor Sekuritas

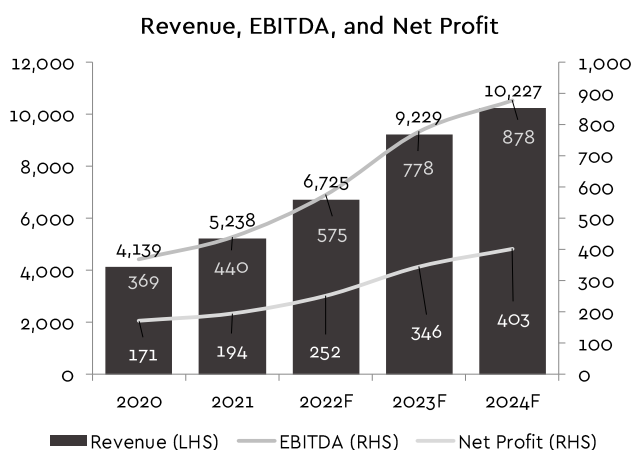
## Financial performance

### Sharp earnings growth driven by recovery in jewelry sales volume, higher margin from increasing ASP

We expect HRTA to record sharp earnings growth of 37% yoy in 2023F to IDR345 bn. Continuous recovery in domestic gold jewelry sales volume from improving purchasing power, coupled with increasing gold price momentum, will help boost sales volume and selling prices.

Additionally, the company's consistent retail stores expansions will also help boost market share. HRTA's newly launched gold bar "EMASKU", which weighs from 250 gr to 1 kg per gold bar, will significantly contribute to revenue growth starting 2H23.

Fig. 13: HRTA's revenue, EBITDA, and earnings trend (in IDR bn)

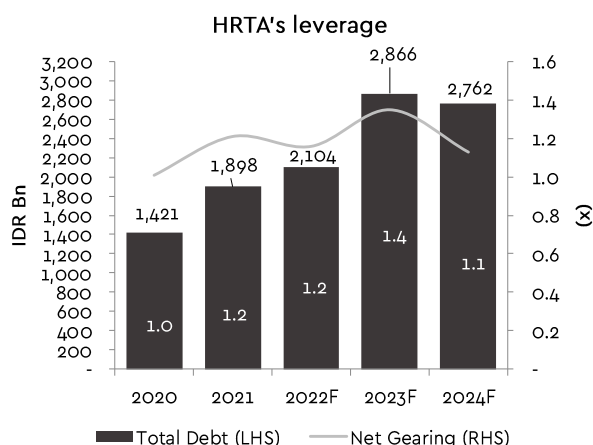


Source: Company, Sucor Sekuritas

### Improving leverage profile

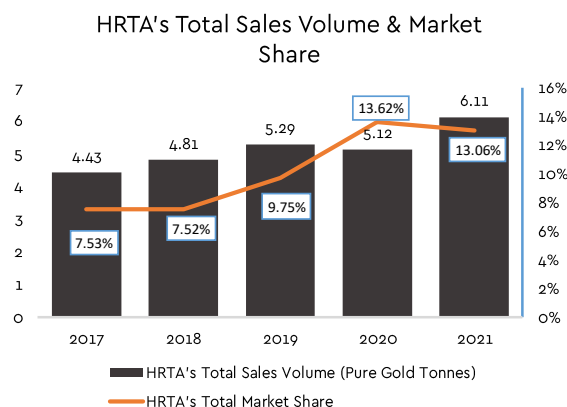
We expect HRTA's net gearing to peak at 1.4x in 2023F and should start to gradually decline in 2024F onwards. HRTA's improving profitability and stronger capital position should help lower the working capital loans.

Fig. 14: HRTA's leverage profile



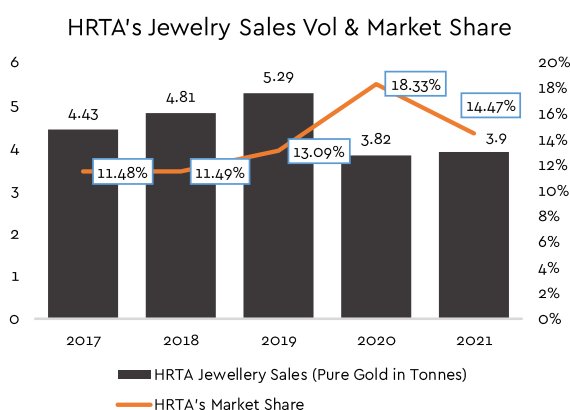
Source: Company, Sucor Sekuritas

Fig. 15: HRTA's dividend per share projection



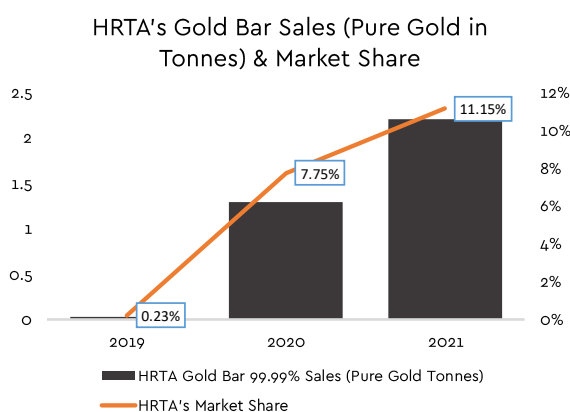
Source: Company, Sucor Sekuritas

Fig. 16: Jewelry sales volume & HRTA's market share



Source: Sucor Sekuritas

Fig. 17: Gold bar sales volume & HRTA's market share



Source: Sucor Sekuritas

## Perfect environment for gold stocks; highly reasonable valuation

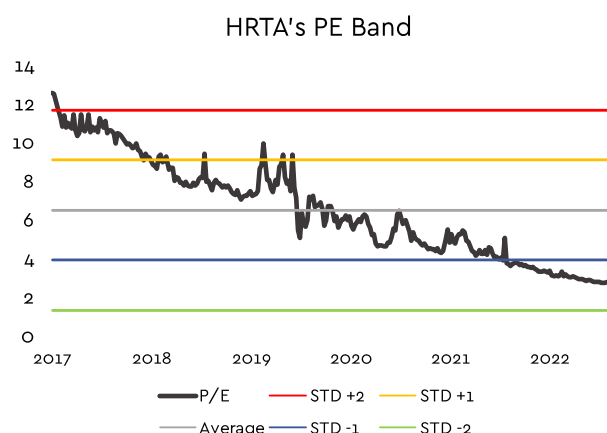
### Initiate BUY; TP IDR580

We initiate coverage on Hartadinata Abadi (HRTA) with target price of IDR580 based on 7.8x 2023F PE or equivalent to +0.5SD of its 5-year mean. Note that our target valuation multiple remains conservative and far below the industry average of 12.3x PE.

We also like HRTA for its strong growth profile with consistent increase in market share in recent years.

*Risk to our call:* The intense working capital requirement for the gold jewelry manufacturing industry will remain as the main challenges that the industry has to face given the long cash conversion cycle (up to 200 days). This usually leads to high leverage profile, and without proper management, it may also affect overall profitability and cash flow generation.

Fig. 18: HRTA's PE Band



Source: Bloomberg, Sucor Sekuritas

Fig. 19: HRTA's peers comparison

Company	Market Cap (US\$m)	PE		P/B		EV/EBITDA		ROE		Div. Yield 2023F (%)
		2022F (x)	2023F (x)	2022F (x)	2023F (x)	2022F (x)	2023F (x)	2022F (x)	2023F (%)	
Hartadinata Abadi	1,437	5.7	4.2	0.8	0.7	6.0	5.3	14.6	17.2	4.2
Lao Feng Xiang	2,888	13.8	12.1	2.5	2.2	5.3	4.7	18.1	18.0	3.7
Luk Fook Holdings Intl	1,875	11.3	10.0	1.6	1.1	6.1	5.5	11.1	11.9	4.7
Chow Tai Fook Jewellery Group	19,937	21.7	22.3	4.9	4.2	14.8	14.5	20.9	19.0	3.2
Chow Tai Seng Jewellery	2,486	14.0	12.0	4.3	2.3	n.a	n.a	19.3	19.9	3.5
Phu Nhuan Jewelry	1,147	14.7	13.1	6.9	2.6	11.0	9.8	24.5	22.3	2.0
<b>Average</b>		<b>13.5</b>	<b>12.3</b>	<b>3.5</b>	<b>2.2</b>	<b>8.6</b>	<b>8.0</b>	<b>18.1</b>	<b>18.0</b>	<b>3.6</b>

Source: Bloomberg, Sucor Sekuritas

## Indonesia Jewelry Industry Outlook

### Developing gold & jewelry business

Indonesia's consumer demand (in tonnes) of bar & coin and jewelry combined may have been stagnant in 2010–2022. However, we see that the gold & jewelry market value has doubled over time (from IDR20.8 tn to IDR45.4 tn). This is mainly driven by the increase in gold price and depreciation of IDR exchange rate relatively to US\$ by 73%. As gold is denominated in dollars, the fluctuation of the dollar value has equivalent impact on the price of gold. Fiat (paper currency) has the propensity to depreciate over time, and if this holds true, gold may continue to rise as investors turn to it as hedge. This will further cement the long-standing belief that gold is a reliable store of wealth in the far future.

Fig. 20: Indonesia consumer demand (tonnes)



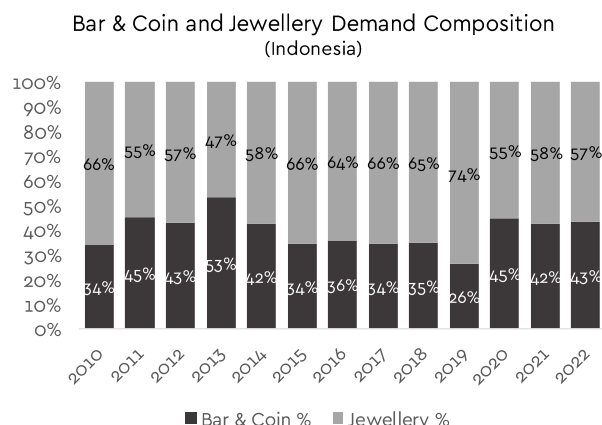
Source: World Gold Council, Sucor Research

Fig. 21: Indonesia consumer demand (IDR tn)



Source: World Gold Council, Sucor Research

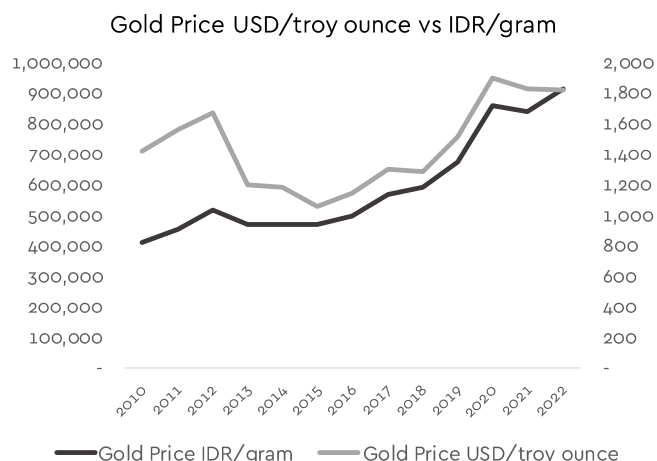
Fig. 22: Indonesia bar & coin and jewelry demand composition



Source: World Gold Council, Sucor Research

With gold typically being priced in USD, the movement of gold price (per troy ounce) as adjusted to USD is inversely related. In the absence of other factors, a stronger USD pushes gold prices lower, while a weaker USD elevates gold prices due to rising demand. In comparison to USD, the price of gold is more stable in IDR, with a 10-year CAGR of 5.8%. Particularly, in the 2013 timeframe, gold prices in IDR only plummeted by -6.2% while the average international gold price fell by -15.41%. However, in 2014 and 2015, despite a large drop in global gold prices, the value of gold in IDR increased due to a weaker rupiah exchange rate against the US dollar.

Fig. 23: Gold price vs USD/IDR



Source: World Gold Council, Sucor Research



## Higher GDP capita translates into more gold and jewelry demand

The continuation of HRTA's operational activity is affected by the national economic situation. Particularly, when HRTA operates in an industry whose customers are entirely located in Indonesia, domestic economic conditions strongly dictate spending power.

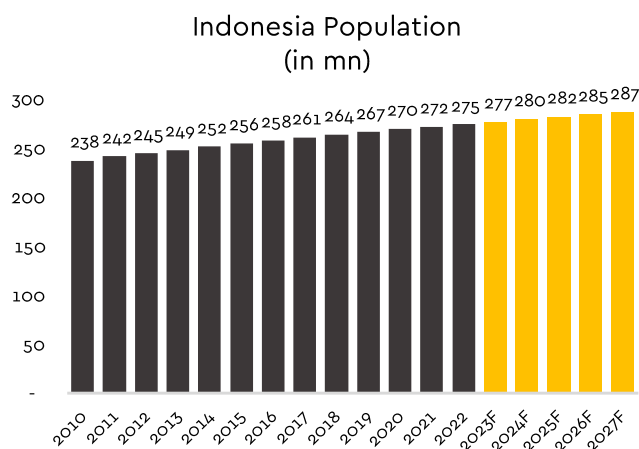
Indonesia's GDP per capita in rose by 48% from USD3,178 in 2010 to USD4,691 in 2022, and increased purchasing power tend to encourage Indonesians to consume more during periods in which the country's GDP is on the rise. In conjunction with the rising demand for the company's products, the rising spending power of Indonesians will therefore drive company's sales.

Fig. 24: Indonesia GDP per capita (in USD)



Source: IMF, Sucor Research

Fig. 25: Indonesia Population (in mn)



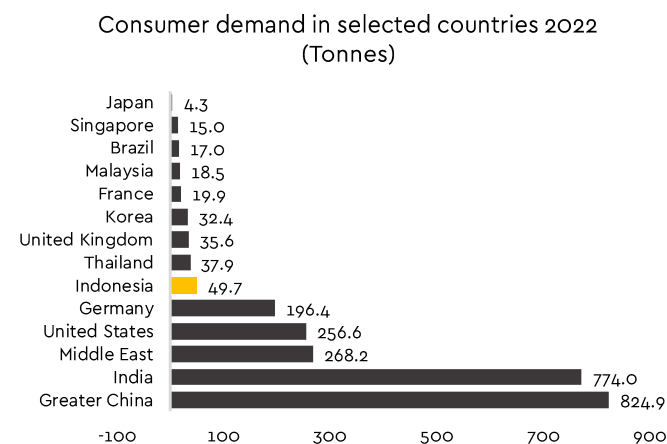
Source: IMF, Sucor Research

## Potential upside on gold demand in Indonesia

In 2022, consumer demand among countries ranked China as the world's biggest gold consumer, followed by India, the Middle East, the United States, and Germany—while Indonesia ranked sixth. According to a research, since the consumers were first permitted to purchase gold in the 1990s—as well as the growing urban population, rapid middle class affluence growth, and rising real incomes—China quickly became the world's largest producer and consumer of gold.

Meanwhile, India was named the second largest jewelry market in the world—particularly gold jewelry which can either be worn or used as investment.

Fig. 26: Consumer demand in selected countries 2022 (tonnes)



Source: World Gold Council, Sucor Research



## Company Profile

Through its jewelry products and retail network, HRTA has been serving the Indonesian market with beauty, innovation, and service for nearly 20 years. With an integrated business, HRTA builds its competitive advantage through four factories that produce quality jewelry products as well as distribution network that covers domestic market through a web of wholesalers, gold shops, franchises, and HRTA's own retail store network.

Fig. 27: HRTA's company structure

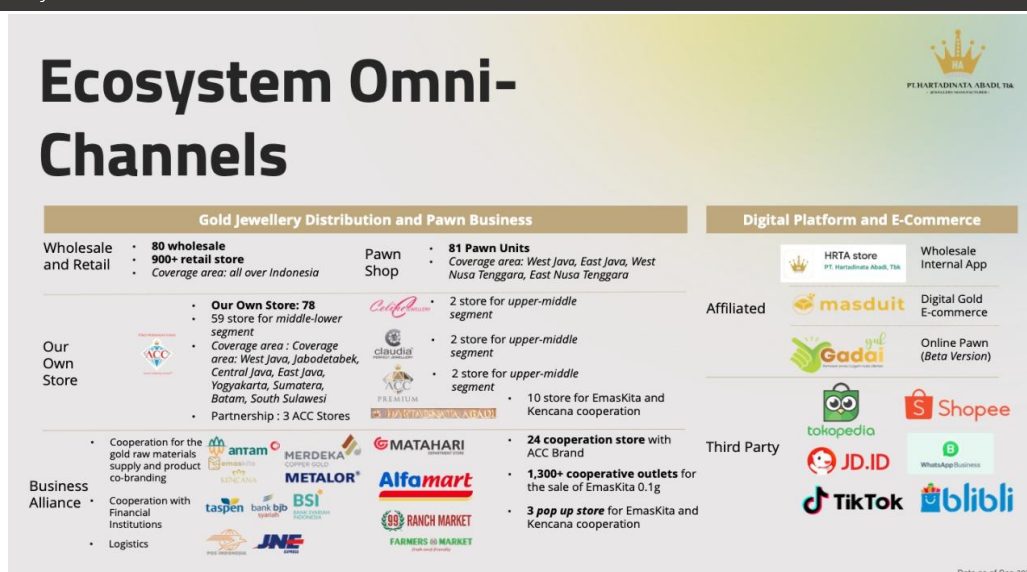


Source: HRTA, Sucor Sekuritas

HRTA has three subsidiaries; PT. Aurum Digital Internusa (Masdui) engages in the field of digital application, PT. Gemilang Hartadinata Abadi is in the field of gold pawnshops, and Emas Murni Abadi focuses in refinery.

Facing rapid technological developments and increasingly instantaneous market demands, HRTA is now carrying out digital transformation to collaborate with e-commerce platforms, such as Shopee and Tokopedia, to target end-user markets. On the B2B side, HRTA is also doing the same thing to digitize the market through the Hartadinata mobile application which will speed up and increase transactions.

Fig. 28: HRTA's ecosystem



Source: HRTA, Sucor Sekuritas

Fig. 29: HRTA's factory



Source: HRTA, Sucor Sekuritas

## Management Profile







Fig. 30: HRTA's Board of Commissioner and Directors

Name		Historical Background
	Ferriyady Hartadinata	<p>Current Position: President Commissioner</p> <ul style="list-style-type: none"> <li>- Obtained a Bachelor's degree in Economics from Bandung Raya University</li> <li>- Has more than 25 years of experience in gold and jewelry industry, having held President Director role in PT Hartadinata since 2004</li> <li>- Is the founder of PT Hartadinata Abadi Tbk, started his 6-year term as president commissioner in 2017</li> </ul>
	Fendy Wijaya	<p>Current Position: Commisioner</p> <ul style="list-style-type: none"> <li>- Obtained a Bachelor's degree in Engineering in Maranatha Chistian University</li> <li>- Has more than 25 years of experience in marketing and operations in various industries, including retail and distribution</li> <li>- Joined PT Hartadinata Abadi Tbk in 2003, started his 6 year term as commissioner in 2017</li> </ul>
	Drs Suprihadi Husman	<p>Current Position: Independent Commissioner</p> <ul style="list-style-type: none"> <li>- Obtained a Master's degree in Management from Bhayangkara Jaya University</li> <li>- Has more than 25 years of experience in Law enforcement</li> <li>- Joined PT Hartadinata Abadi Tbk in 2017, started his 6 year term as independent commissioner in the same year</li> </ul>
	Sandra Sunanto	<p>Current position: President Director</p> <ul style="list-style-type: none"> <li>- Obtained a Doctorate's degree in Management from Erasmus Rotterdam University</li> <li>- Has more than 25 years of experience in business development and market research in various industries, including retail and manufacturing</li> <li>- Joined PT Hartadinata Abadi Tbk in 2014, started his 6 year term as director in 2017</li> </ul>
	Ong Deny	<p>Current Position: Director of Finance</p> <ul style="list-style-type: none"> <li>- Obtained a Bachelor's degree in Accounting from Xavier University, Philippines</li> <li>- Has more than 25 years of experience in corporate finance from various industries including retail at PT Plaza Indonesia Realty Tbk, manufacturing, and property</li> <li>- Joined PT Hartadinata Abadi Tbk in 2016, started his 6 year term as director in 2017</li> </ul>
	Cuncun Muliawan	<ul style="list-style-type: none"> <li>- Current Position: Director of Production &amp; Operation</li> <li>- Obtained a Bachelor's degree in Management from Maranatha Chistian University</li> <li>- Has more than 25 years of experience in jewelry marketing</li> <li>- Joined PT Hartadinata Abadi Tbk in 2012, started his 6 year term as Director in 2017</li> </ul>

Source: HRTA, Sucor Sekuritas

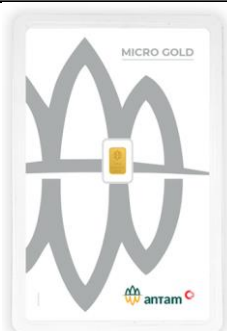


## Company Product

Fig. 31: HRTA's selected jewelry product

Name		Description
	Dragon Scale Chain Bracelet	One of the company's best products.  The bracelet product variation consists of 375, 700, 750 contents that can be blended with platinum and diamond.
	Bangkok Bracelet	One of the company's prime products.  The majority of Bangkok bracelets are marketed with 300 and 375 contents with appealing and up-to-date design.
	Ring	Public's favorite jewelry product.  The company offers rings for women and men with classic and modern design.
	Pendant	Pendant is a complementary product from a necklace that has quite a potential market.  The company produces various kinds of pendant designs that target young consumers.
	Earring & Stud Earring	One of the products that are highly in demand (especially female customers) besides ring are earrings and stud earrings.  Earrings and stud earrings product also become focus of development for the company's products in the future.
	Necklace	The newest product by the company.  Currently, necklace production is still in the design and production development phase, and the product marketing is still in the low scale along with the market exploration.

Source: HRTA, Sucor Sekuritas

Fig. 32: HRTA's selected fine gold product

Name	Description
 <p>EmasKita: Micro Gold (0.1 &amp; 0.25 g) and Fine Gold Bar (0.5 – 100 g)</p>	<p>Collaboration product with PT Aneka Tambang Tbk (ANTM) through its subsidiary, PT Emas Antam Indonesia (EAI).</p> <p>The gold is equipped with gold bullion protect to anticipate counterfeit gold bullion by affixing security ink on the surface of gold products.</p>
 <p>Fine Gold Jewelry 99.99%</p>	<p>Collaboration product with PT Aneka Tambang Tbk (ANTM) through its subsidiary, PT Emas Antam Indonesia (EAI).</p> <p>Contains 99.99% of gold.</p>
 <p>Emasku: Kilobar</p>	<p>Collaboration product with PT Aneka Tambang Tbk (ANTM) through its subsidiary, PT Emas Antam Indonesia (EAI).</p> <p>The newest fine gold product developed by HRTA, Emasku is available in 250 gram, 500 gram and 1kg fractions.</p> <p>Offer several protections, including:</p> <ul style="list-style-type: none"> <li>- Gold quality grade certificate issued by EIA as an assayer,</li> <li>- Serial number of the gold bar as a unique code for the product,</li> <li>- Each gold bar is packaged with a certificate sheet which has 8 security features.</li> </ul>

Source: HRTA, Sucor Sekuritas

## Financial Summary

Fig. 33: Income statement and balance sheet

Profit & Loss (IDR Bn)	2020	2021	2022F	2023F	2024F	Balance Sheet (IDR Bn)	2020	2021	2022F	2023F	2024F
Revenue	4,139	5,238	6,725	9,229	10,227	Cash and equivalents	50	62	108	157	133
Cost of revenue	(3,717)	(4,665)	(5,973)	(8,201)	(9,080)	Trade receivables	941	1,032	767	934	894
Gross profit	422	573	752	1,028	1,147	Inventories	1,482	1,916	2,425	3,291	3,644
G&A Expenses	(53)	(135)	(180)	(233)	(268)	Fixed Asset	134	141	178	211	210
Selling Expenses	(13)	(12)	(15)	(40)	(25)	Other assets	223	327	432	481	515
Operating profit	355	426	557	756	854	<b>Total Assets</b>	<b>2,831</b>	<b>3,478</b>	<b>3,911</b>	<b>5,074</b>	<b>5,397</b>
EBITDA	369	440	575	778	878	Trade payables	5	7	8	10	12
Other op. income/exp	1	0	1	1	1	Short-term debt + CMLTD	148	655	883	1,710	2,412
Finance income	4	1	1	1	2	Long-term debt	1,273	1,243	1,221	1,156	350
Finance expense	(142)	(179)	(236)	(315)	(339)	Other liabilities	46	58	77	192	298
Inc./loss from assoc.	-	-	-	-	-	<b>Total Liabilities</b>	<b>1,473</b>	<b>1,963</b>	<b>2,189</b>	<b>3,068</b>	<b>3,071</b>
Pre-tax profit	218	248	323	443	517	Minority interest	4	5	5	5	5
Tax expense	(47)	(54)	(71)	(98)	(114)	Paid capital	665	665	665	665	665
Minority interest	-	-	-	-	-	Retained earnings	689	847	1,052	1,337	1,657
Net income	171	194	252	346	403	Other equities	0	(1)	(1)	(1)	(1)
EPS (IDR)	37	42	55	75	88	<b>Total Equity</b>	<b>1,358</b>	<b>1,516</b>	<b>1,721</b>	<b>2,006</b>	<b>2,326</b>

Source: Company, Sucor Sekuritas

Fig. 34: Cash flow and key ratios

Cash Flow (IDR Bn)	2020	2021	2022F	2023F	2024F	Key Ratios (%)	2020	2021	2022F	2023F	2024F
Net income	171	194	252	346	403	Revenue growth	27.9	26.6	28.4	37.2	10.8
Depreciation & Amort.	13	14	19	22	24	EBIT growth	38.3	19.8	30.7	35.8	13.0
Change in working capi	(831)	(607)	(326)	(1,047)	(322)	EBITDA growth	38.4	19.2	30.8	35.3	12.8
Operating Cashflow	(647)	(399)	(56)	(678)	106	Net profit growth	14.1	13.6	29.4	37.4	16.6
Capex	(49)	(21)	(54)	(54)	(21)	Gross margin	10.2	10.9	11.2	11.1	11.2
Others	(11)	(3)	(1)	(1)	(1)	EBIT margin	8.6	8.1	8.3	8.2	8.3
Investing Cashflow	(61)	(24)	(55)	(55)	(22)	EBITDA margin	8.9	8.4	8.6	8.4	8.6
Changes in debt	377	(33)	(59)	(367)	(208)	Net margin	4.1	3.7	3.7	3.7	3.9
Changes in equity	-	-	279	-	-	ROA	6.0	5.6	6.4	6.8	7.5
Dividends paid	(37)	(37)	(46)	(61)	(83)	ROE	12.6	12.8	14.6	17.2	17.3
Others	(2)	504	(18)	1,210	185	Net gearing (x)	1.0	1.2	1.2	1.4	1.1
Financing Cashflow	338	435	156	782	(107)	Net debt/EBITDA (x)	3.7	4.2	3.5	3.5	3.0
Net Cash Flow	(369)	12	45	49	(24)	Interest coverage ratio (x)	2.6	2.5	2.4	2.5	2.6

Source: Company, Sucor Sekuritas



**Sucor Sekuritas  
rating definition,  
analysts certification,  
and important disclosure**

**Ratings for Sectors**

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.
Underweight	: We expect the industry to underperform the primary market index (JCI) over the next 12 months

**Ratings for Stocks**

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

**Analyst Certification**

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### PT. Sucor Sekuritas

<p>HEAD OFFICE PT. Sucor Sekuritas Sahid Sudirman Center, 12<sup>th</sup> Floor Jl.Jend Sudirman Kav.86 Jakarta10220, Indonesia Ph: (+621) 8067 3000 Fax: (+621) 2788 9288</p> <p>JAKARTA Ruko Inkopal Block A No. 23A Jl.Boulevard Barat Raya Jakarta Utara 14240 Ph: (+621) 4585 9114 Fax: (+621) 4585 9227</p> <p>Kantor Cabang Pantai Indah Kapuk Jl. Camar Indah 1 De No.8 RT 005/006 Kapuk Muara, Penjaringan Jakarta Utara 14460 Ph: (+621) 588 6010</p> <p>GALERI INVESTASI Universitas Tarumanegara Fakultas Ekonomi Lab. Pasar Modal Ged. A Lt.7 Jl. Tanjung Duren Raya No.1 Jakarta Barat 11470 Ph: (+621) 565 550 814 Fax: (+621) 565 5508</p> <p>Altira (War Room@Cafe Rahasia Saham) Altira Business Park, Pordium 3 Jl. Yos Sudarso Kav 85 No.15, Sunter, Jakarta Utara</p> <p>TANGERANG Kantor Cabang Serpong Ruko PDA No.9 Jl.Raya Boulevard Gading Serpong Tangerang 15339 Ph: (+621) 542 10990</p> <p>GALERI INVESTASI Swiss German University EduTown BSD City Fakultas Business Administration&amp;Humanity Tangerang 15339</p> <p>PONTIANAK Jl. Teuku Umar Pontianak Mal C23-24 Lt 2 Ph: (+62561) 760001</p>	<p>GALERI INVESTASI Universitas Pelita Harapan Fakultas Ekonomi Jl. M.H Thamrin Boulevard 1100 Lippo Village Tangerang 15811 Ph: (+621) 547 0901</p> <p>BANDUNG Ruko Paskal Hyper Square Blok B No. 66 Jl. Hegarmanah No. 57 Bandung 40141 Ph: (+622) 203 3065 Fax: (+622) 203 2809</p> <p>JAMBI GALERI INVESTASI Universitas Adiwangsa Jambi Jl. Sersan Muslim No. 24, Thehok, Kec Jambi Selatan, Kota Jambi</p> <p>SURABAYA Gd. Spazio Lt 2 Unit 208 Jl. Mayjen Yono Soewoyo Kav.3 Graha Famili Surabaya 60226 Ph: (+631) 600 39701</p> <p>Surabaya 2 SCG Surabaya Jl. Slamet No.37 Surabaya 60272 Ph: (+631) 547 9252 Fax: (+631) 547 0598</p> <p>Surabaya 3 Ruko Pakuwon Town Square AA 2-50 Jl. Kejawen Putih Mutiara Surabaya 60112 Ph: (+631) 5825 3448 Fax: (+631) 5825 3449</p> <p>GALERI INVESTASI Universitas Negeri Surabaya Gedung Bisnis Centre Fakultas Ekonomi, Kampus Ketintang Jl. Ketintang Surabaya 60231 Ph: (+631) 8297123</p> <p>GALERI INVESTASI Universitas Katolik Widya Mandala Fak. Bisnis Jl. Dinoyo 42-44 Surabaya 60265 Ph: (+631) 567 8478</p>
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