

# PT. Kapuas Prima Coal Tbk.

## More Than Words

### STRONG 1H19 RESULTS

**More Than Estimate.** ZINC recorded a Revenue increase of 24% YoY in 2Q19 (or up 15% QoQ) to IDR 231 billion, and Operating Income reached IDR 103 billion, or grew 32% YoY (+ 68% QoQ). Net Income surged 147% YoY to IDR 71 billion compared to 2Q18 of IDR 29 billion.

**Managed to a Better Margins.** One of the achievements was due to the ability of management to increase margins. Operating Margin grew to 44.7% in 2Q19 compared to 7.8% in 4Q18 while Net Margin grew to 41% from 6.8% in the same period.

### STABLE METAS PRICES & GROWING DEMAND FROM "EV"

**Stable Global Metas Prices.** Another positive catalyst for ZINC is the stabilization of metal commodity prices. The price of zinc, which was corrected below 10% in May 2019, is now beginning to stabilize, while the price of lead has actually increased nearly 10% in June 2019.

**"EV" is the New Demand Driver for Zinc.** The projected increase in sales of electric vehicles can be a catalyst for a number of metal commodities, especially zinc. Based on Bloomberg Intelligence projections, electric vehicle sales grew by a CAGR of 15.8% between 2019-2040, from 2.6 million units in 2019 to 56.2 million units in 2040. As a result, zinc demand could reach 843 thousand mt in 2040 from the current 32 thousand mt.

### VALUATION & RECOMMENDATION

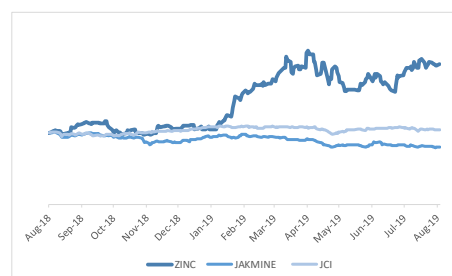
By using the DCF we arrived at the conclusion of the **fair value** or 12mo the target price for ZINC was **IDR 1,165** per share. The target price reflects PER'20F 8.9x and PBV'20F 2.0x. Our assumption are WACC 8.2% and terminal growth 3.0% There for we recommend a **Strong Buy** for ZINC with an upside potential of 106% comparing to Thursday (22/8) closing price of IDR 565.

26 August 2019

## Strong Buy

Price (22/08)	IDR 565
<b>Target Price</b>	<b>IDR 1,165</b>
Ticker	ZINC
Industry	Base metal

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### Company Description:

ZINC is a mining & trading company, focusing on 3 major products: zinc, lead & silver. It has a mining licence (IUP) for 5,569 Ha located at Bintang Mengalih Village, Belantikan Raya Sub-district, Lamandau Regency, Central Kalimantan.

The next development ZINC will complete the smelter and will export in the form of ingots. In addition ZINC will also conduct underground mining.

### Stock Data

52-week Range (IDR)	645   281
Mkt Cap (IDR tn)	14.3
JCI Weight	0.21%
Shares O/S (bn)	25.3
Shares Float	20.8%
YTD Change	+76.6%

### Share Holders:

PT. Sarana Inti Selaras	20.30%
Sim Antony	15.13%
Kioe Nata	13.05%
Budi Mulio Utomo	10.54%
Haroen Soedjatmiko	9.57%
William	9.56%
Public/Others (<5%)	21.85%

	FY17	FY18	FY19E	FY20F	FY21F	FY22F
Revenue (IDR tn)	436	755	2,389	2,920	4,002	4,183
Profit before income tax (IDR bn)	70	144	668	828	1,168	1,204
Net income (IDR mn)	45	110	536	664	939	967
EPS (IDR)	9.0	21.8	106.1	131.6	185.9	191.6
BV (IDR)	141.0	260.9	444.6	572.8	762.2	915.5
Revenue growth (%)	215.2%	73.1%	216.6%	22.3%	37.1%	4.5%
Net Income growth (%)	-229.5%	143.5%	386.6%	24.0%	41.3%	3.0%
Current ratio (X)	1.1	1.2	1.0	1.2	1.1	1.2
Debt-to-equity (X)	0.3	0.5	0.3	0.2	0.1	0.0
ROE (%)	9.4%	18.7%	52.7%	42.9%	40.8%	31.5%
P/E (X)	130.0	53.4	11.0	8.9	6.3	6.1
P/BV (X)	8.3	4.5	2.6	2.0	1.5	1.3

Source : Bloomberg, MCS Research

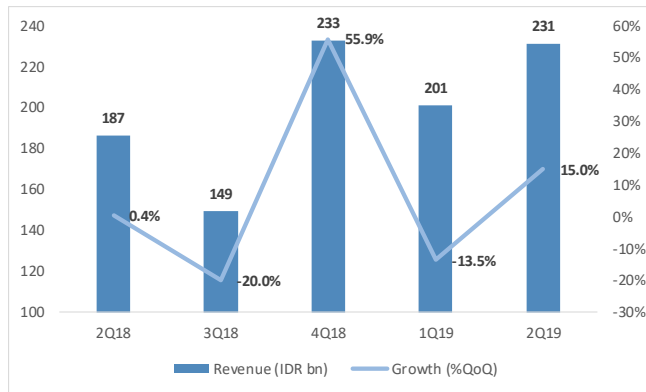
## I. STRONG 1H19 RESULTS

### I.1. More Than Estimate

Revenue grew by 24% YoY at 2Q19 while Net Income rose by 147% YoY.

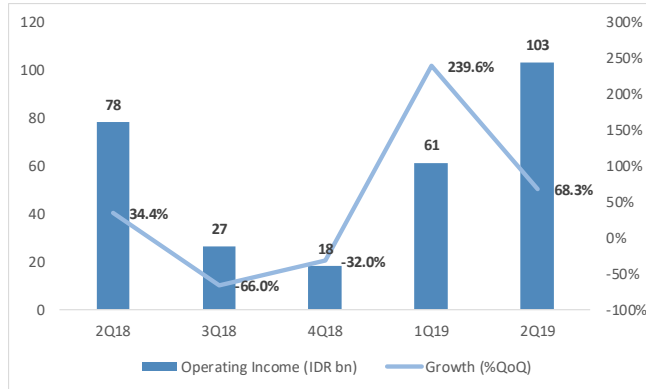
ZINC recorded a performance above our estimate for 2Q19, where Total Revenue grew 24% YoY (15% QoQ) to IDR 231 billion. Meanwhile Gross Profit grew 32% YoY (55% QoQ) and Operating Income grew 32% YoY (68% QoQ). Net income in 2Q19 reached IDR 71 billion, up 147% YoY (68% QoQ).

Graph 1 - Total Revenue



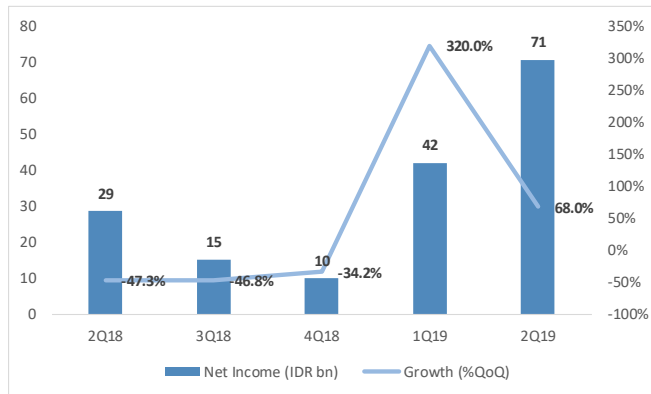
Source : MCS Research, the Company, Bloomberg

Graph 2 - Operating Income



Source : MCS Research, the Company, Bloomberg

**Graph 3 - Net Income**



Source : MCS Research, the Company, Bloomberg

**I.2. Managed to a Better Margin**

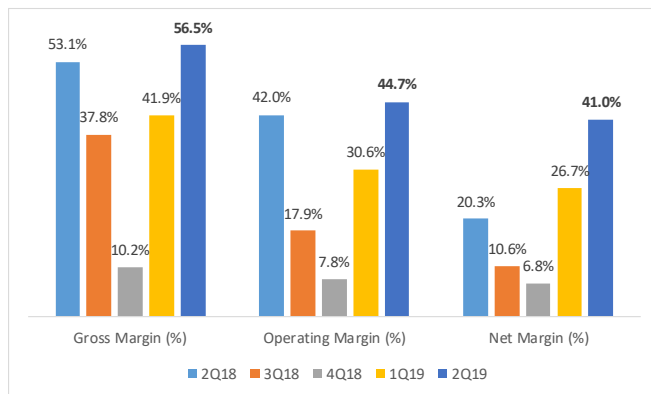
Net Margin improved by 3,420 bps to 41% at 2Q19.

One thing that made ZINC perform so well in 2Q19 was management's ability to increase their margins. Gross Margin grew 4,630 bps to 56.5% in 2Q19 compared to 10.2% in 4Q18. Meanwhile Operating Margin rose to 44.7% in 2Q19 from 7.8% in 4Q18, or grew by 3,690 bps. And finally Net Margin reached 41.0% in 2Q19 (the highest since 2Q18) from 6.8% in 4Q18.

High margins will be the benchmark.

We view this margin improvement to be a benchmark for ZINC going forward, especially with the stable price of metal commodities and the added value of ZINC ingot products when two smelters are operating at full capacity.

**Graph 4 - Improving Margins**



Source : MCS Research, the Company, Bloomberg

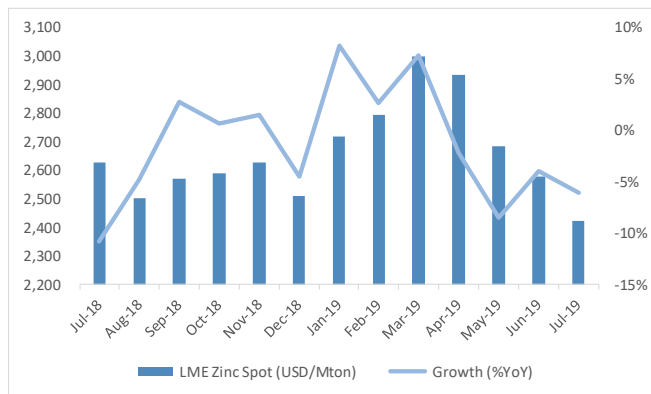
## II. STABLE METAL PRICES AND GROWING DEMAND FROM "EV"

### II.1. Stable Global Metal Prices

*Global metal prices start to stabilizing.*

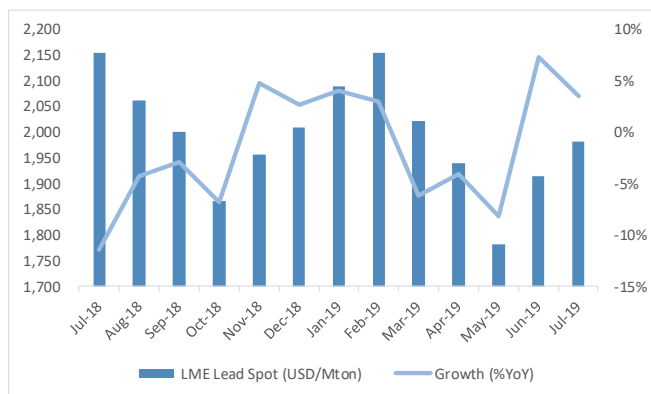
The stabilization of global commodity prices, especially metal commodities, has become a positive catalyst for ZINC's performance. The decline in the prices of the three global metals that became ZINC's main products; zinc, lead and iron ore, began to decrease in 2Q19. For example, the price of zinc which experienced a correction of 9% YoY in May 2019 has now begun to stabilize where the correction rate is only 4% -6% YoY. The price of lead, after being corrected almost by 10% YoY in May, is currently recording an increase of 4% -7% YoY. And finally, the price of iron ore has been slightly corrected in July 2019. We hope that the trade war between the United States and China will fade as a positive catalyst for metal commodity price movements.

**Graph 5 - Stabilize Zinc Price**



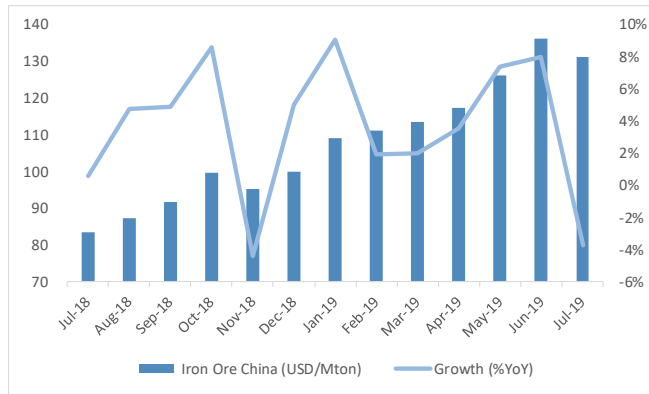
Source: Bloomberg

**Graph 6 - Stabilize Lead Price**



Source: Bloomberg

**Graph 7 - Slightly Iron Ore Price**



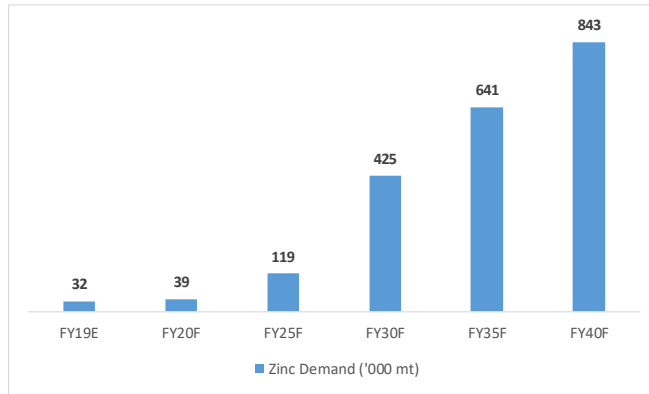
Source: Bloomberg

**II.2. Electric Vehicles is the New Demand Driver for Zinc**

*Demand for zinc could rise by CAGR 16.9% between 2019 to 2040 due to electric vehicle sales, according to Bloomberg Intelligence.*

Based on a study conducted by Bloomberg Intelligence, demand for electric vehicles will be a positive catalyst for rising demand for metal commodities such as aluminum, copper, graphite, lithium, zinc and rare earth. For example, demand for aluminum is projected to grow to 11.2 million mt in 2040 compared to 476 thousand mt in 2019. Nickel demand will increase to 1.9 million mt in 2040 from 53 thousand in 2019. Specifically for zinc, which is one of the ZINC products, is projected will grow by a CAGR 16.9% between 2019 to 2040 to 843 thousand mt from 32 thousand mt.

**Graph 8 - Increasing Demand of Zinc Due to Electric Vehicle**



Source: Bloomberg Intelligence

### III. VALUATION and RECOMMENDATION

#### III.1. Valuation

Use DCF as valuation methodology, main assumptions are WACC at 8.2% & terminal growth at 3.0% ...

... our **fair value** for ZINC is at **IDR 1,165** per share.

We use the Discounted Cash Flow model methodology to conduct valuations for the Company's shares. The basic assumption we use is WACC of 8.2% and terminal growth of 3.0%. In our model, we project the present value of FCF of IDR 6.2 trillion. Taking into account Cash of IDR 12 billion and Total Debt of IDR 346 billion, we arrived at value of equity of IDR 5.8 trillion.

By using the DCF we arrived at the conclusion of the **fair value** or 12mo the target price for ZINC was **IDR 1,165** per share. The target price reflects PER'20F 8.9x and PBV'20F 2.0x.

ASSUMPTION	
Cost of Debt (Net)	7.3%
Cost of Equity	8.2%
<b>WACC</b>	<b>8.2%</b>
<b>Terminal Growth</b>	<b>3.0%</b>

	FY19E	FY20F	FY21F	FY22F	FY23F	FY24F	FY25F	FY26F	FY27F	Terminal
Operating Profit	674	832	1,163	1,202	1,242	1,268	1,295	1,323	1,352	
-Income Tax	132	162	227	234	242	248	253	259	264	
Operating Profit After Tax	542	670	936	968	1,001	1,020	1,042	1,064	1,088	
+Depreciation	43	50	55	73	90	106	121	136	151	
-Capital Expenditure	199	140	483	476	412	412	412	412	412	
-Change Working Capital	-45	168	-32	181	201	373	478	197	425	
<b>FCFF</b>	<b>431</b>	<b>411</b>	<b>540</b>	<b>384</b>	<b>478</b>	<b>341</b>	<b>272</b>	<b>591</b>	<b>402</b>	<b>7,782</b>
PV of FCFF	399	352	427	281	323	213	157	315	198	3,550
<b>Value of the Firm</b>	<b>6,215</b>									
Cash	12									
Total Debt	346									
<b>Value of Equity</b>	<b>5,881</b>									
<b>Fair Value per Share</b>	<b>1,165</b>									

#### III.2. Recommendation

We recommend **Strong Buy**.

We recommend **Strong Buy** for ZINC shares with a target price of **IDR 1,165** per share. By comparing to the closing price of ZINC on Thursday (22/08) at IDR 565 level, there is still a potential price increase of 106%.

For information, we submit our criteria in determining our recommendations:

- Strong Buy : potential price increase more than 40% in the next 12 months;
- Buy : potential price increase between 10% to 40% in the next 12 months;
- Neutral : potential price increase between 0% to 9% in the next 12 months;
- Reduce : potential price decrease (negative returns) in the next 12 months;
- No Rating : stocks not in our coverage.

## Appendix 1-Balanced Sheet Statement (Quarterly)

(In IDR bn)

BALANCED SHEET	2Q18	3Q18	4Q18	1Q19	2Q19
<b>Total Assets</b>					
+ Cash, Cash Equivalents & STI	7	23	69	13	12
+ Accounts & Notes Receiv	15	2	2	0	42
+ Inventories	79	87	114	115	90
+ Other ST Assets	259	412	246	243	263
<b>Total Current Assets</b>	<b>360</b>	<b>524</b>	<b>430</b>	<b>371</b>	<b>407</b>
+ Property, Plant & Equip, Net	506	514	611	628	650
+ Property, Plant & Equip	796	812	920	946	978
- Accumulated Depreciation	290	299	309	318	328
+ LT Investments & Receivables	0	0	0	0	0
+ Other LT Assets	58	52	276	303	243
<b>Total Noncurrent Assets</b>	<b>564</b>	<b>565</b>	<b>887</b>	<b>932</b>	<b>893</b>
<b>Total Assets</b>	<b>924</b>	<b>1,089</b>	<b>1,317</b>	<b>1,303</b>	<b>1,300</b>
<b>Liabilities &amp; Shareholders' Equity</b>					
+ Payables & Accruals	75	67	80	58	67
+ ST Debt	128	124	131	100	150
+ ST Borrowings	114	114	90	60	112
+ ST Lease Liabilities	13	11	12	11	14
+ ST Finance Leases	13	11	12	11	14
+ Current Portion of LT Debt	0	0	28	28	24
+ Other ST Liabilities	109	181	156	164	37
<b>Total Current Liabilities</b>	<b>312</b>	<b>372</b>	<b>366</b>	<b>322</b>	<b>253</b>
+ LT Debt	26	110	171	163	165
+ LT Borrowings	0	96	156	150	148
+ LT Lease Liabilities	26	14	15	13	17
+ LT Finance Leases	26	14	15	13	17
+ Other LT Liabilities	23	28	192	188	191
<b>Total Noncurrent Liabilities</b>	<b>49</b>	<b>139</b>	<b>363</b>	<b>351</b>	<b>356</b>
<b>Total Liabilities</b>	<b>360</b>	<b>511</b>	<b>729</b>	<b>673</b>	<b>609</b>
+ Share Capital & APIC	537	537	537	537	537
+ Common Stock	505	505	505	505	505
+ Additional Paid in Capital	32	32	32	32	32
- Treasury Stock	0	0	0	0	0
+ Retained Earnings	26	41	51	93	154
+ Other Equity	0	0	0	0	0
Equity Before Minority Interest	564	578	588	630	691
+ Minority/Non Controlling Interest	0	0	0	0	0
<b>Total Equity</b>	<b>564</b>	<b>578</b>	<b>588</b>	<b>630</b>	<b>691</b>
<b>Total Liabilities &amp; Equity</b>	<b>924</b>	<b>1,089</b>	<b>1,317</b>	<b>1,303</b>	<b>1,300</b>

Source : Bloomberg, Company, MCS Research

(In IDR bn)

BALANCED SHEET	2Q19	2Q18	%YoY	1Q19	%QoQ
<b>Total Assets</b>					
+ Cash, Cash Equivalents & STI	12	7	60.8%	13	-10.5%
+ Accounts & Notes Receiv	42	15	179.8%	0	
+ Inventories	90	79	14.5%	115	-21.5%
+ Other ST Assets	263	259	1.6%	243	8.4%
<b>Total Current Assets</b>	<b>407</b>	<b>360</b>	<b>13.0%</b>	<b>371</b>	<b>9.6%</b>
+ Property, Plant & Equip, Net	650	506	28.5%	628	3.4%
+ Property, Plant & Equip	978	796	22.9%	946	3.3%
- Accumulated Depreciation	328	290	13.2%	318	3.2%
+ LT Investments & Receivables	0	0		0	
+ Other LT Assets	243	58	318.1%	303	-19.8%
<b>Total Noncurrent Assets</b>	<b>893</b>	<b>564</b>	<b>58.4%</b>	<b>932</b>	<b>-4.1%</b>
<b>Total Assets</b>	<b>1,300</b>	<b>924</b>	<b>40.7%</b>	<b>1,303</b>	<b>-0.2%</b>
<b>Liabilities &amp; Shareholders' Equity</b>					
+ Payables & Accruals	67	75	-10.7%	58	14.6%
+ ST Debt	150	128	17.0%	100	50.6%
+ ST Borrowings	112	114	-1.8%	60	87.1%
+ ST Lease Liabilities	14	13	1.2%	11	22.1%
+ ST Finance Leases	14	13	1.2%	11	22.1%
+ Current Portion of LT Debt	24	0		28	-15.5%
+ Other ST Liabilities	37	109	-66.3%	164	-77.7%
<b>Total Current Liabilities</b>	<b>253</b>	<b>312</b>	<b>-18.7%</b>	<b>322</b>	<b>-21.2%</b>
+ LT Debt	165	26	543.4%	163	1.4%
+ LT Borrowings	148	0		150	-1.1%
+ LT Lease Liabilities	17	26	-32.9%	13	28.9%
+ LT Finance Leases	17	26	-32.9%	13	28.9%
+ Other LT Liabilities	191	23	723.5%	188	1.2%
<b>Total Noncurrent Liabilities</b>	<b>356</b>	<b>49</b>	<b>628.8%</b>	<b>351</b>	<b>1.3%</b>
<b>Total Liabilities</b>	<b>609</b>	<b>360</b>	<b>69.0%</b>	<b>673</b>	<b>-9.5%</b>
+ Share Capital & APIC	537	537	0.0%	537	0.0%
+ Common Stock	505	505	0.0%	505	0.0%
+ Additional Paid in Capital	32	32	0.0%	32	0.0%
- Treasury Stock	0	0		0	
+ Retained Earnings	154	26	481.1%	93	65.3%
+ Other Equity	0	0		0	
Equity Before Minority Interest	691	564	22.6%	630	9.6%
+ Minority/Non Controlling Interest	0	0		0	
<b>Total Equity</b>	<b>691</b>	<b>564</b>	<b>22.6%</b>	<b>630</b>	<b>9.6%</b>
<b>Total Liabilities &amp; Equity</b>	<b>1,300</b>	<b>924</b>	<b>40.7%</b>	<b>1,303</b>	<b>-0.2%</b>

Source : Bloomberg, Company, MCS Research

## Appendix 2-Profit & Loss Statement (Quarterly)

(In IDR bn)

INCOME STATEMENT	2Q18	3Q18	4Q18	1Q19	2Q19
<b>Revenue</b>	<b>187</b>	<b>149</b>	<b>233</b>	<b>201</b>	<b>231</b>
- Cost of Revenue	88	93	209	117	101
+ Cost of Goods & Services	80	93	181	110	93
+ Depreciation & Amortization	7	0	28	7	8
<b>Gross Profit</b>	<b>99</b>	<b>56</b>	<b>24</b>	<b>84</b>	<b>131</b>
- Operating Expenses	21	30	6	23	27
+ Selling, General & Admin	15	20	24	21	25
+ Depreciation & Amortization	6	9	0	2	3
+ Prov For Doubtful Accts	0	0	0	0	0
+ Other Operating Expense	0	0	-18	0	0
<b>Operating Income (Loss)</b>	<b>78</b>	<b>27</b>	<b>18</b>	<b>61</b>	<b>103</b>
- Non-Operating (Income) Loss	21	8	9	5	17
+ Interest Expense, Net	-2	-2	-2	5	5
+ Interest Expense	1	3	4	6	5
- Interest Income	3	5	6	0	0
+ Foreign Exch (Gain) Loss	20	8	0	-8	3
+ (Income) Loss from Affiliates	0	-1	1	1	0
+ Other Non-Op (Income) Loss	3	2	9	6	9
<b>Pretax Income (Loss), Adjusted</b>	<b>58</b>	<b>19</b>	<b>10</b>	<b>57</b>	<b>86</b>
- Abnormal Losses (Gains)	1	-0	0	0	0
<b>Pretax Income (Loss), GAAP</b>	<b>57</b>	<b>19</b>	<b>9</b>	<b>57</b>	<b>86</b>
- Income Tax Expense (Benefit)	28	4	-1	15	16
<b>Income (Loss) Incl. MI</b>	<b>29</b>	<b>15</b>	<b>10</b>	<b>42</b>	<b>71</b>
- Minority Interest	0	0	0	0	0
<b>Net Income Avail to Common, GAAP</b>	<b>29</b>	<b>15</b>	<b>10</b>	<b>42</b>	<b>71</b>

Source : Bloomberg, Company, MCS Research

(In IDR bn)

INCOME STATEMENT	2Q19	2Q18	%YoY	1Q19	%QoQ
<b>Revenue</b>	<b>231</b>	<b>187</b>	<b>24.0%</b>	<b>201</b>	<b>15.0%</b>
- Cost of Revenue	101	88	14.9%	117	-14.0%
+ Cost of Goods & Services	93	80	15.5%	110	-15.4%
+ Depreciation & Amortization	8	7	7.6%	7	7.2%
<b>Gross Profit</b>	<b>131</b>	<b>99</b>	<b>32.2%</b>	<b>84</b>	<b>55.3%</b>
- Operating Expenses	27	21	32.7%	23	20.3%
+ Selling, General & Admin	25	15	70.3%	21	20.8%
+ Depreciation & Amortization	3	6	-58.0%	2	14.8%
+ Prov For Doubtful Accts	0	0		0	
+ Other Operating Expense	0	0		0	
<b>Operating Income (Loss)</b>	<b>103</b>	<b>78</b>	<b>32.0%</b>	<b>61</b>	<b>68.3%</b>
- Non-Operating (Income) Loss	17	21	-17.2%	5	258.5%
+ Interest Expense, Net	5	-2	-301.8%	5	-12.3%
+ Interest Expense	5	1	460.5%	6	-13.5%
- Interest Income	0	3	-98.3%	0	-59.5%
+ Foreign Exch (Gain) Loss	3	20	-82.7%	-8	-143.3%
+ (Income) Loss from Affiliates	0	0		1	-77.6%
+ Other Non-Op (Income) Loss	9	3	164.9%	6	35.9%
<b>Pretax Income (Loss), Adjusted</b>	<b>86</b>	<b>58</b>	<b>49.6%</b>	<b>57</b>	<b>52.3%</b>
- Abnormal Losses (Gains)	0	1		0	
<b>Pretax Income (Loss), GAAP</b>	<b>86</b>	<b>57</b>	<b>51.4%</b>	<b>57</b>	<b>52.3%</b>
- Income Tax Expense (Benefit)	16	28	-45.1%	15	7.0%
<b>Income (Loss) Incl. MI</b>	<b>71</b>	<b>29</b>	<b>147.1%</b>	<b>42</b>	<b>68.0%</b>
- Minority Interest	0	0		0	
<b>Net Income Avail to Common, GAAP</b>	<b>71</b>	<b>29</b>	<b>147.1%</b>	<b>42</b>	<b>68.0%</b>

Source : Bloomberg, Company, MCS Research



### Appendix 3-Balanced Sheet Statement (Yearly)

(In IDR bn)

BALANCED SHEET	FY16	FY17	FY18	FY19E	FY20F	FY21F	FY22F	FY23F	FY24F	FY25F
<b>Total Assets</b>										
+ Cash, Cash Equivalents & STI	13	66	69	142	164	209	217	225	230	236
+ Accounts & Notes Receiv	0	3	2	61	74	102	106	111	114	118
+ Inventories	95	76	114	259	303	394	409	424	435	447
+ Other ST Assets	1	77	246	392	659	769	952	1,192	1,249	1,281
<b>Total Current Assets</b>	<b>109</b>	<b>222</b>	<b>430</b>	<b>853</b>	<b>1,201</b>	<b>1,473</b>	<b>1,684</b>	<b>1,952</b>	<b>2,029</b>	<b>2,081</b>
+ Property, Plant & Equip, Net	364	385	611	767	857	1,285	1,688	2,010	2,316	2,608
+ <i>Property, Plant &amp; Equip</i>	628	658	920	1,119	1,259	1,742	2,218	2,630	3,042	3,454
- <i>Accumulated Depreciation</i>	264	273	309	351	401	456	529	620	726	846
+ Other LT Assets	84	105	276	624	835	1,091	1,251	1,524	1,581	1,629
<b>Total Noncurrent Assets</b>	<b>448</b>	<b>490</b>	<b>887</b>	<b>1,392</b>	<b>1,693</b>	<b>2,376</b>	<b>2,939</b>	<b>3,534</b>	<b>3,898</b>	<b>4,237</b>
<b>Total Assets</b>	<b>557</b>	<b>712</b>	<b>1,317</b>	<b>2,245</b>	<b>2,893</b>	<b>3,849</b>	<b>4,623</b>	<b>5,486</b>	<b>5,927</b>	<b>6,318</b>
<b>Liabilities &amp; Shareholders' Equity</b>										
+ Payables & Accruals	50	59	80	229	278	378	394	412	424	436
+ ST Debt	120	111	131	139	160	141	118	129	94	94
+ <i>ST Borrowings</i>	93	94	90	95	96	94	94	94	94	94
+ <i>ST Capital Leases</i>	5	5	12	15	14	5	0	0	0	0
+ <i>Current Portion of LT Debt</i>	22	13	28	29	50	42	24	35	0	0
+ Other ST Liabilities	14	31	156	467	576	799	836	875	602	164
<b>Total Current Liabilities</b>	<b>184</b>	<b>202</b>	<b>366</b>	<b>835</b>	<b>1,014</b>	<b>1,318</b>	<b>1,348</b>	<b>1,415</b>	<b>1,120</b>	<b>694</b>
+ LT Debt	22	11	171	172	108	60	36	1	1	0
+ <i>LT Borrowings</i>	20	7	156	152	102	59	35	0	0	0
+ <i>LT Capital Leases</i>	3	3	15	20	6	1	1	1	1	0
+ Other LT Liabilities	203	21	192	222	222	172	166	195	110	90
<b>Total Noncurrent Liabilities</b>	<b>226</b>	<b>31</b>	<b>363</b>	<b>394</b>	<b>330</b>	<b>232</b>	<b>201</b>	<b>195</b>	<b>111</b>	<b>90</b>
<b>Total Liabilities</b>	<b>410</b>	<b>233</b>	<b>729</b>	<b>1,228</b>	<b>1,344</b>	<b>1,549</b>	<b>1,550</b>	<b>1,611</b>	<b>1,231</b>	<b>784</b>
+ Share Capital & APIC	250	537	537	537	537	537	537	537	537	537
+ <i>Common Stock</i>	250	505	505	505	505	505	505	505	505	505
+ <i>Additional Paid in Capital</i>	0	32	32	32	32	32	32	32	32	32
- Treasury Stock	0	0	0	0	0	0	0	0	0	0
+ Retained Earnings	-103	-58	51	480	1,011	1,762	2,536	3,338	4,159	4,997
<b>Equity Before Minority Interest</b>	<b>147</b>	<b>479</b>	<b>588</b>	<b>1,017</b>	<b>1,549</b>	<b>2,300</b>	<b>3,074</b>	<b>3,875</b>	<b>4,696</b>	<b>5,534</b>
+ Minority/Non Controlling Interest	0	0	0	0	0	0	0	0	0	0
<b>Total Equity</b>	<b>147</b>	<b>479</b>	<b>588</b>	<b>1,017</b>	<b>1,549</b>	<b>2,300</b>	<b>3,074</b>	<b>3,875</b>	<b>4,696</b>	<b>5,534</b>
<b>Total Liabilities &amp; Equity</b>	<b>557</b>	<b>712</b>	<b>1,317</b>	<b>2,245</b>	<b>2,893</b>	<b>3,849</b>	<b>4,623</b>	<b>5,485</b>	<b>5,927</b>	<b>6,318</b>
<b>Book Value per Share (BVPS)</b>	<b>110</b>	<b>141</b>	<b>261</b>	<b>445</b>	<b>573</b>	<b>762</b>	<b>915</b>	<b>1,086</b>	<b>1,174</b>	<b>1,251</b>

Source : Bloomberg, Company, MCS Research

## Appendix 4-Profit & Loss Statement (Yearly)

(In IDR bn)

INCOME STATEMENT	FY16	FY17	FY18	FY19E	FY20F	FY21F	FY22F	FY23F	FY24F	FY25F
<b>Revenue</b>	<b>138</b>	<b>436</b>	<b>755</b>	<b>2,389</b>	<b>2,920</b>	<b>4,002</b>	<b>4,183</b>	<b>4,371</b>	<b>4,502</b>	<b>4,637</b>
- Cost of Revenue	118	290	483	1,465	1,788	2,436	2,558	2,684	2,775	2,867
+ Cost of Goods & Services	95	267	455	1,431	1,748	2,392	2,500	2,612	2,690	2,770
+ Depreciation & Amortization	23	23	28	34	40	44	58	73	85	97
<b>Gross Profit</b>	<b>20</b>	<b>146</b>	<b>272</b>	<b>923</b>	<b>1,133</b>	<b>1,566</b>	<b>1,625</b>	<b>1,687</b>	<b>1,728</b>	<b>1,770</b>
- Operating Expenses	27	65	90	250	301	403	423	444	460	475
+ Selling, General & Admin	20	60	82	241	291	392	409	426	439	451
+ Depreciation & Amortization	6	5	8	9	10	11	15	18	21	24
<b>Operating Income (Loss)</b>	<b>-6</b>	<b>81</b>	<b>182</b>	<b>674</b>	<b>832</b>	<b>1,163</b>	<b>1,202</b>	<b>1,242</b>	<b>1,268</b>	<b>1,295</b>
- Non-Operating (Income) Loss	9	11	38	6	4	-5	-3	-5	-12	-12
+ Interest Expense	11	8	12	24	20	15	12	10	7	7
- Interest Income	2	2	11	12	14	18	18	19	20	20
+ Foreign Exch (Gain) Loss	-4	-1	22	-6	-3	-3	4	4	1	1
+ (Income) Loss from Affiliates	1	2	3	0	0	0	0	0	0	0
+ Other Non-Op (Income) Loss	4	4	12	0	0	0	0	0	0	0
<b>Pretax Income (Loss), Adjusted</b>	<b>-15</b>	<b>70</b>	<b>144</b>	<b>668</b>	<b>828</b>	<b>1,168</b>	<b>1,204</b>	<b>1,248</b>	<b>1,280</b>	<b>1,307</b>
- Abnormal Losses (Gains)	15	4	0	0	0	0	0	0	0	0
<b>Pretax Income (Loss), GAAP</b>	<b>-31</b>	<b>66</b>	<b>144</b>	<b>668</b>	<b>827</b>	<b>1,168</b>	<b>1,204</b>	<b>1,247</b>	<b>1,279</b>	<b>1,307</b>
- Income Tax Expense (Benefit)	4	21	33	132	162	227	234	242	248	253
<b>Income (Loss) Incl. MI</b>	<b>-35</b>	<b>45</b>	<b>110</b>	<b>536</b>	<b>665</b>	<b>941</b>	<b>970</b>	<b>1,005</b>	<b>1,031</b>	<b>1,053</b>
- Minority Interest	0	0	0	0	1	2	3	4	5	6
<b>Net Income Avail to Common, GAAP</b>	<b>-35</b>	<b>45</b>	<b>110</b>	<b>536</b>	<b>664</b>	<b>939</b>	<b>967</b>	<b>1,001</b>	<b>1,026</b>	<b>1,047</b>
<b>Earnings per Share (EPS)</b>	<b>-7</b>	<b>9</b>	<b>22</b>	<b>106</b>	<b>132</b>	<b>186</b>	<b>192</b>	<b>198</b>	<b>203</b>	<b>207</b>

Source : Bloomberg, Company, MCS Research

## Appendix 5-Financial Ratio (Yearly)

RATIO	FY16	FY17	FY18	FY19E	FY20F	FY21F	FY22F	FY23F	FY24F	FY25F
<b>LIQUIDITY &amp; TURNOVER</b>										
Current ratio (X)	0.6	1.1	1.2	1.0	1.2	1.1	1.2	1.4	1.8	3.0
Account Receivable (Day)		2.5	0.7	9.3	9.3	9.3	9.3	9.3	9.3	9.3
Inventory (Day)	362.6	103.5	91.2	66.0	63.3	60.0	59.7	59.3	59.1	58.8
Account Payable (Day)	132.9	49.6	38.5	35.0	34.8	34.4	34.4	34.4	34.4	34.3
Cash Convention Cycle (Day)		56.4	53.5	40.2	37.8	34.9	34.5	34.2	34.0	33.8
<b>GROWTH</b>										
Revenue growth (%)	-56.0%	215.2%	73.1%	216.6%	22.3%	37.1%	4.5%	4.5%	3.0%	3.0%
Operating income growth (%)	-145.9%	-1443.1%	125.0%	270.7%	23.4%	39.8%	3.3%	3.4%	2.1%	2.1%
Profit before income tax growth (%)	-7.5%	-551.8%	105.7%	364.1%	23.9%	41.1%	3.1%	3.6%	2.6%	2.1%
Net income growth (%)	99.4%	-229.5%	143.5%	386.6%	24.0%	41.3%	3.0%	3.5%	2.5%	2.1%
<b>PROFITABILITY</b>										
Gross profit margin (%)	14.8%	33.5%	36.0%	38.7%	38.8%	39.1%	38.8%	38.6%	38.4%	38.2%
Operating income margin (%)	-4.4%	18.5%	24.1%	28.2%	28.5%	29.1%	28.7%	28.4%	28.2%	27.9%
Net income margin (%)	-25.3%	10.4%	14.6%	22.4%	22.8%	23.5%	23.1%	22.9%	22.8%	22.6%
Return on equity (%)	-23.8%	9.4%	18.7%	52.7%	42.9%	40.8%	31.5%	25.8%	21.9%	18.9%
Return on assets (%)	-6.3%	6.4%	8.4%	23.9%	23.0%	24.4%	20.9%	18.3%	17.3%	16.6%
<b>LEVERAGE</b>										
Debt-to-equity (X)	0.97	0.25	0.51	0.31	0.17	0.09	0.05	0.03	0.02	0.02
Debt-to-asset (X)	0.26	0.17	0.23	0.14	0.09	0.05	0.03	0.02	0.02	0.01
<b>VALUATION</b>										
Price to earnings ratio (X)		130.0	53.4	11.0	8.9	6.3	6.1	5.9	5.7	5.6
Price to book ratio (X)	10.6	8.3	4.5	2.6	2.0	1.5	1.3	1.1	1.0	0.9

Source : MCS Research

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