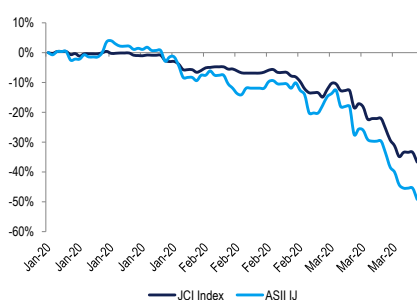


Stock Data

Target price	Rp5,000
Prior TP	Rp7,700
Current price	Rp3,520
Upside/downside	+42%
Shares outstanding (mn)	40,484
Market cap (Rp bn)	142,502
Free float	50%
Avg. 6m daily T/O (Rp bn)	199

Price Performance

	3M	6M	12M
Absolute	-49.2%	-46.5%	-51.4%
Relative to JCI	-12.7%	-10.5%	-12.6%
52w low/high (Rp)	3,520 - 7,850		



Major Shareholders

Jardine Cycle & Carriage Ltd	50.1%
Blackrock Inc	2.0%
Vanguard Group Inc	1.8%

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## Uncharted territory for ASII; we expect 25% yoy contraction in car sales

- Corona virus impact has been worse than expected – sizeable demand revision is imminent, though chance of 1998 repeat is slim, in our view.
- China’s Feb 4W volume fell 85% mom (-80% yoy). Based on this, we see a possibility of 25% drop in Indonesia’s 2020F auto volume.
- We downgrade our FY20F EPS by 24% on the back of lower 4W/2W volume, but maintain Buy with a new SOTP-based TP of Rp5,000.

### Corona virus has showed no signs of slowdown

The corona virus pandemic has proven to be worse than expected – [our strategist previously highlighted that a slowdown is imminent](#) (our economist expects FY20F GDP to be at 4-4.5% and possibly lower if the outbreak worsens). Our checks with major 4W brands also revealed that they have started to see a significant drop in new sales bookings starting mid-March.

### Expect another major volume correction, though 1998 repeat is unlikely

Over the last 25 years, there were only 6 years that auto volume experienced a sharp contraction: 2019, 2015, 2006, 1998, 1996 – the worst being in 1998 (-85% yoy) and 2006 (-40% yoy). Note that 2 of these 6 years were crisis related (1998, 2009). While we are entering uncharted territory now especially with possibility of hard landing in growth (post 1998, lowest GDP growth was at 4.6% in 2009), we believe that the chances of 1998 case to recur is quite slim while a repeat of 2006 seems more probable – although this time is without a fuel price shock (fuel price went up by 2.5x in 2005).

### How low can we go? Taking cues from China’s recent data point, we expect car sales to drop by 25% yoy in FY20F

China has seen 4W sales drop 85% mom (-80% yoy) in Feb20 amid the peak of corona virus outbreak (2k mtd vs. 67k in Feb20). Using this as a benchmark and assuming that corona virus cases peak in Apr20 in Indonesia (i.e. extremely weak Apr/May sales as May also coincides with Lebaran, though we assume that the drop is not as severe as China’s as we have not had production halt) and a subsequent mild/gradual recovery in 2H (similar to 2006), our base case pencils in a 25% drop in 4W volume (Fig 4) – assuming ASII maintain its market share. Note that we also expect Jakarta/Java (Fig 5) to see a steeper drop, while the drop in ex-Java islands should be relatively milder as most of the cases have been concentrated in Jakarta so far.

### Downgrade EPS, but maintain Buy

Downgrade FY20F EPS by 24% on the back of lower 4W/2W volumes (i.e. -25% yoy in FY20F), but maintain Buy with a lower SOTP-based TP of Rp5,000. EPS downside has been largely priced-in (ASII down 49% YTD), in our view. Short term risks are: surge in infection cases and weaker Rupiah.

Financial Summary (Rp bn)	2018A	2019A	2020F	2021F	2022F
Revenue	239,205	237,166	207,289	229,254	249,406
EBITDA	36,290	39,636	29,517	34,990	37,119
Net profit	21,673	21,707	21,880	22,941	25,470
EPS growth	14.8%	0.2%	0.8%	4.8%	11.0%
ROE	13.1%	12.0%	11.2%	10.7%	10.9%
PER (x)	6.6	6.6	6.5	6.2	5.6
EV/EBITDA (x)	5.6	5.3	6.6	5.5	5.1
Dividend yield	5.3%	6.1%	6.1%	6.1%	6.4%
Forecast change			-24%	-8%	-3%
IPS vs. consensus			94%	95%	98%

Source: Company, Indo Premier

Share price closing as of: 23 March 2020

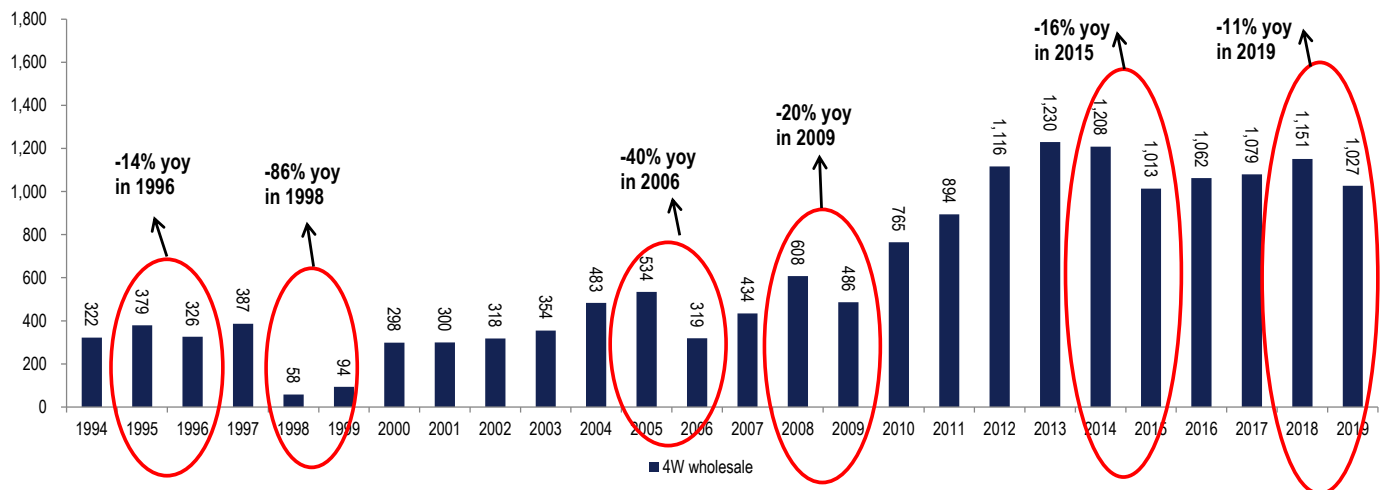
## Expect another major correction in auto volume, though repeat of 1998 is unlikely

The corona virus pandemic has proven to be worse than expected – our strategist previously highlighted that a slowdown is imminent (our economist expects FY20F GDP to be at 4-4.5% and possibly lower if the outbreak worsens). Our checks with major 4W brands also revealed that they have started to see a significant drop in new sales bookings starting mid-March (down 15-25% vs. Feb20 starting 2<sup>nd</sup> week of March 2020).

Over the last 25 years, there were only 6 years which saw double digit yoy decline in 4W volume: 2019, 2015, 2006, 1998, 1996 – the worst being in 1998 (-85% yoy) and 2006 (-40% yoy). Note that 2 of these 6 years were crisis related (1998, 2009).

While we are entering uncharted territory now with possibility of hard landing in growth (post 1998, lowest GDP growth was at 4.6% in 2009), we think that a catastrophic decline like in 1998 seems unlikely (4W volume fell 86% yoy as the crisis was concurrent with national scale riots). A repeat of 2006 (4W volume down 40%) seems more probable though the difference is that there is no shocks to fuel price (fuel prices were raised by 2.5x in 2005).

**Fig. 1: Summary of 4W volume – over the last 25 years, there were only 6 instances where 4W volume fell double digit yoy. The year 1998 (-86% yoy) and 2006 (-40% yoy) were the worst years**



Source: Gaikindo, Indo Premier

## How low can we go? Taking cues from China's most recent data point, we expect car sales to drop by 25% yoy in FY20F

China has seen 4W sales drop 85% mom (-80% yoy) in Feb20 amid the peak of corona virus outbreak (2k mtd vs. 67k in Feb20). For the purpose of this exercise, we assume that corona virus infection cases in Indonesia will peak in Apr20 (implying extremely weak Apr/May sales as May also coincides with Lebaran) – note that we assume a 35% mom drop in Apr, which is in-line with the historical mom drop during Lebaran month in the past 5 years. We think this is still appropriate as it should capture the significant reduction in activities that is expected to happen in Apr20 amid the peak of the corona virus outbreak, in our view. At the same time, we assume that the rate of decline will not as severe as China's (i.e. -85% mom in Feb20) as there are no production halts yet in Indonesia.

Subsequently, we also expect a mild/gradual recovery in 2H (similar to 2006). Based on these assumptions, our base case pencils in a 25% drop in 4W volume in 2020F – this assumes that ASII maintains its market share (Fig 4 for details).

Note that we also assume a more severe drop in auto volumes in Jakarta/Java region (Fig 5), while ex-Java islands should see a milder drop in volume, as most of the outbreak has been concentrated in Jakarta so far.

**Fig. 2: Summary of China's 2M20 4W sales – volumes dropped 86% mom in Feb20**

In k units	2M20	2M19	yoy%	Feb-20	Feb-19	yoy%	Jan-20	mom%
Sedan/Hatchback	834	1,566	-47%	95	580	-84%	740	-87%
MPV	90	218	-59%	15	88	-84%	76	-81%
SUV	883	1,411	-37%	112	530	-79%	771	-85%
Mini Van	24	48	-50%	3	21	-86%	21	-86%
<b>Passenger Car Total</b>	<b>1,831</b>	<b>3,243</b>	<b>-44%</b>	<b>224</b>	<b>1,220</b>	<b>-82%</b>	<b>1,607</b>	<b>-86%</b>
<b>Commercial Vehicles</b>	<b>407</b>	<b>608</b>	<b>-33%</b>	<b>86</b>	<b>262</b>	<b>-67%</b>	<b>321</b>	<b>-73%</b>
<b>Total Car Sales</b>	<b>2,238</b>	<b>3,852</b>	<b>-42%</b>	<b>310</b>	<b>1,482</b>	<b>-79%</b>	<b>1,928</b>	<b>-84%</b>

Source: Marklines, Indo Premier

**Fig. 3: Summary of China's volume seasonality – mom drop in Feb20 was almost triple the average mom drop in 2016-2019**

	Sales volume (k units)			yoy%		
	Passenger	Commercial	Total	Passenger	Commercial	Total
Feb-20	224	86	310	-86%	-73%	-84%
Jan-20	1,607	321	1,928			
Feb-19	1,220	262	1,482	-40%	-24%	-37%
Jan-19	2,024	346	2,370			
Feb-18	1,476	242	1,718	-40%	-31%	-39%
Jan-18	2,456	353	2,809			
Feb-17	1,633	307	1,939	-26%	2%	-23%
Jan-17	2,219	301	2,520			
Feb-16	1,377	204	1,581	-38%	-24%	-37%
Jan-16	2,237	269	2,506			
<b>2016-2019 average</b>				<b>-36%</b>	<b>-20%</b>	<b>-34%</b>

Source: Marklines, Indo Premier

**Fig. 4: Simulation of FY20F volume – our base case assumes 25% drop in 4W volume in 2020F**

in units	National 4W volume	yoy%	Remarks
Jan-20	79,983	-2%	Actual data
Feb-20	79,573	-3%	Actual data
Mar-20F	59,680	-34%	Drop 25% mom
Apr-20F	38,792	-54%	Drop 35% mom (corona virus peak - in-line historical Lebaran seasonality as a benchmark)
May-20F	38,792	-54%	Lebaran month - assume no recovery
Jun-20F	59,680	0%	Gradual recovery starting Jun-Dec20 (gradual recovery in Jun-3Q - back to Mar20 volume)
Jul-20F	59,680	-33%	Gradual recovery starting Jun-Dec20 (gradual recovery in Jun-3Q - back to Mar20 volume)
Aug-20F	59,680	-34%	Gradual recovery starting Jun-Dec20 (gradual recovery in Jun-3Q - back to Mar20 volume)
Sep-20F	59,680	-36%	Gradual recovery starting Jun-Dec20 (gradual recovery in Jun-3Q - back to Mar20 volume)
Oct-20F	79,573	-17%	Gradual recovery starting Jun-Dec20 (full recovery in 4Q - back to Feb20 volume)
Nov-20F	79,573	-12%	Gradual recovery starting Jun-Dec20 (full recovery in 4Q - back to Feb20 volume)
Dec-20F	79,573	-8%	Gradual recovery starting Jun-Dec20 (full recovery in 4Q - back to Feb20 volume)

Quarterly volume	National 4W volume	yoy%
1Q19	253,794	
2Q19	227,278	
3Q19	272,507	
4Q19	273,366	
<b>FY19 volume</b>	<b>1,026,945</b>	
1Q20F	219,236	-14%
2Q20F	137,263	-40%
3Q20F	179,039	-34%
4Q20F	238,719	-13%
<b>FY20F volume</b>	<b>774,257</b>	<b>-25%</b>

Source: Gaikindo, Indo Premier

**Fig. 5: Breakdown of 4W volume by region – expect a steeper volume drop in Jakarta/Java**

Auto by region	Sales proportion (Gaikindo data based on 2018)	2019 4W volume (k units)	Assumed growth in 2020F	2020F 4W volume (k units)	As % of total
Jakarta	18%	188	-35%	122	16%
Banten	6%	66	-30%	46	6%
West Java	19%	199	-30%	138	18%
Central Java	8%	86	-30%	60	8%
East Java	13%	135	-30%	94	12%
Jogja	2%	18	-30%	13	2%
<b>Total Java</b>	<b>67%</b>	<b>693</b>	<b>-32%</b>	<b>474</b>	<b>61%</b>
Sumatera	16%	162	-5%	153	20%
Kalimantan	6%	61	-5%	58	7%
Sulawesi	7%	67	-5%	63	8%
East Indonesia	1%	9	-5%	8	1%
Bali + NTT	3%	35	-5%	33	4%
<b>Total Ex-Java</b>	<b>33%</b>	<b>334</b>	<b>-10%</b>	<b>301</b>	<b>39%</b>
<b>Total National</b>	<b>100%</b>	<b>1,027</b>	<b>-25%</b>	<b>774</b>	<b>100%</b>

Source: Gaikindo, Indo Premier

## Downgrade EPS, but maintain Buy

We downgrade our FY20F EPS by 24% on the back of lower 4W/2W volumes (-25% yoy in FY20F) – concurrently, we also assume lower distribution margins and higher credit costs for financial services along with the lower demand.

Nonetheless, we maintain our Buy rating with a lower SOTP-based TP of Rp5,000. EPS downside risks has been largely priced-in (ASII down 49% YTD), in our view. Short term risks are surge in infection cases and weaker Rupiah. Recovery will be contingent on a swift outbreak containment.

Fig. 6: Summary of forecast changes – we downgrade our FY20-22F EPS by 3-24% to take into account the impact of the recent corona virus outbreak

Income Statement (Rp bn)	2020F	2021F	2022F	2020F	2021F	2022F	2020F	2021F	2022F
Net Revenue	207,289	229,254	249,406	235,355	248,583	262,620	-12%	-8%	-5%
Cost of Sales	(162,415)	(181,067)	(196,703)	(184,583)	(195,522)	(206,115)	-12%	-7%	-5%
<b>Gross Profit</b>	<b>44,873</b>	<b>48,188</b>	<b>52,703</b>	<b>50,772</b>	<b>53,061</b>	<b>56,505</b>	<b>-12%</b>	<b>-9%</b>	<b>-7%</b>
SG&A Expenses	(24,436)	(22,629)	(25,628)	(24,189)	(25,633)	(28,121)	1%	-12%	-9%
<b>Operating Profit</b>	<b>20,437</b>	<b>25,559</b>	<b>27,075</b>	<b>26,583</b>	<b>27,428</b>	<b>28,383</b>	<b>-23%</b>	<b>-7%</b>	<b>-5%</b>
Net Interest	(1,272)	(1,005)	(1,113)	(1,172)	(1,041)	(901)	9%	-3%	24%
Income from JV/associates	5,231	7,741	9,824	8,215	8,605	9,414	-36%	-10%	4%
Others-Net *	8,948	2,980	3,242	9,313	3,232	3,414	-4%	-8%	-5%
<b>Pre-Tax Income</b>	<b>33,344</b>	<b>35,275</b>	<b>39,028</b>	<b>42,939</b>	<b>38,224</b>	<b>40,310</b>	<b>-22%</b>	<b>-8%</b>	<b>-3%</b>
Income Tax	(7,169)	(7,584)	(8,391)	(9,232)	(8,218)	(8,667)	-22%	-8%	-3%
Minorities	(4,295)	(4,750)	(5,168)	(4,876)	(5,151)	(5,441)	-12%	-8%	-5%
<b>Net Income</b>	<b>21,880</b>	<b>22,941</b>	<b>25,470</b>	<b>28,831</b>	<b>24,855</b>	<b>26,202</b>	<b>-24%</b>	<b>-8%</b>	<b>-3%</b>

Source: Company, Indo Premier

Fig. 7: Breakdown of forecast changes by segment – major revision in auto and financial services to account for lower auto volumes

Revenue by segment (Rp bn)	New			Previous			Changes		
	2020F	2021F	2022F	2020F	2021F	2022F	2020F	2021F	2022F
Auto	81,209	101,212	113,691	106,275	117,330	124,033	-24%	-14%	-8%
Financial services	18,976	19,749	21,049	21,961	22,895	23,845	-14%	-14%	-12%
Heavy equipment and mining	78,749	79,241	84,915	78,749	79,241	84,915	0%	0%	0%
Plantation	18,321	18,504	18,689	18,321	18,504	18,689	0%	0%	0%
IT and others	13,249	13,911	14,607	13,249	13,911	14,607	0%	0%	0%
<b>Total</b>	<b>210,504</b>	<b>232,618</b>	<b>252,952</b>	<b>238,554</b>	<b>251,882</b>	<b>266,090</b>	<b>-12%</b>	<b>-8%</b>	<b>-5%</b>

Net profit segment (Rp bn)	New			Previous			Changes		
	2020F	2021F	2022F	2020F	2021F	2022F	2020F	2021F	2022F
Auto	3,490	9,251	10,928	8,586	10,755	10,980	-59%	-14%	0%
Financial services	3,140	5,318	6,227	5,234	6,121	7,087	-40%	-13%	-12%
Heavy equipment and mining	5,325	6,519	6,536	5,325	6,519	6,536	0%	0%	0%
Plantation	803	878	784	803	878	784	0%	0%	0%
IT and others *	9,121	974	994	8,883	928	973	3%	5%	2%
<b>Total</b>	<b>21,880</b>	<b>22,941</b>	<b>25,470</b>	<b>28,831</b>	<b>24,855</b>	<b>26,202</b>	<b>-24%</b>	<b>-8%</b>	<b>-3%</b>

\*net profit from IT and others include one-off gain from BNLI

Source: Company, Indo Premier

Fig. 8: New TP summary – we revise our SOTP-based TP to Rp5,000/sh

Valuation summary	Valuation method	2021F net profit (Rp bn) *	Target market cap (Rp bn)	Target/implied P/E (x)
Automotive	P/E	9,251	138,771	15.0
Heavy equipment	SOTP	6,519	47,321	7.3
Financial services	SOTP	5,318	53,100	10.0
Plantation	Market value	878	7,396	8
Infra and others	P/E	974	9,736	10.0
<b>Total asset value (Rp bn)</b>		<b>22,941</b>	<b>256,325</b>	<b>11.2</b>
Cash (Rp bn - 2021)			35,499	
Debt (Rp bn - 2021)			88,529	
<b>Total equity value (Rp bn)</b>		<b>22,941</b>	<b>203,294</b>	<b>8.9</b>
No of shares (in bn)			40	
<b>Target price per share (Rp/share)</b>			<b>5,000</b>	
Implied target 2021F P/E (x)			8.9	
Current share price (Rp/share)			3,520	
<b>Upside from current price</b>			<b>42%</b>	

\*) 2021 net profit already adjusted for ownership

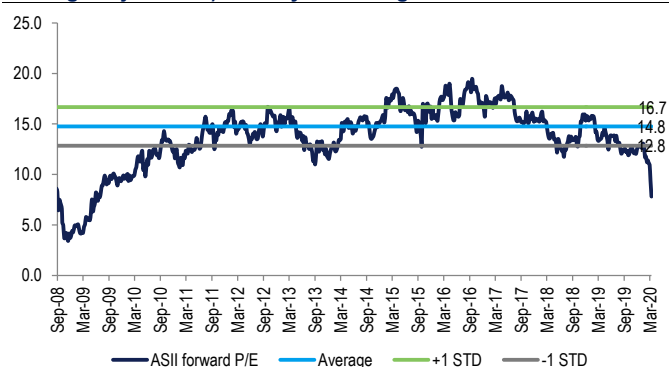
Source: Company, Indo Premier

Fig. 9: Assuming worst case scenario, we think that there is 47% downside to FY20F EPS (case 3 – assuming 35% drop in 4W/2W volume in FY20F as well as lower margin and higher CoC)

Summary of EPS downside from corona virus impact	Case 1	Case 2	Case 3	Weighted
EPS downside from lower auto volume	-12.6%	-15.0%	-17.5%	-14.5%
EPS downside from lower auto distribution margin	-3.7%	-5.0%	-6.2%	-4.7%
EPS downside from lower auto manufacturing margin	-1.6%	-2.6%	-4.4%	-2.5%
EPS downside from higher credit costs on financial services	-1.9%	-2.8%	-5.7%	-3.0%
<b>Total EPS downside from auto business</b>	<b>-19.8%</b>	<b>-25.4%</b>	<b>-33.7%</b>	<b>-24.8%</b>
EPS downside assuming worst case scenario for UNTR	-2.1%	-4.1%	-6.3%	-3.8%
EPS downside assuming worst case scenario for AALI	-2.2%	-4.3%	-6.5%	-3.9%
<b>Total EPS downside from commodity business</b>	<b>-4.3%</b>	<b>-8.4%</b>	<b>-12.7%</b>	<b>-7.6%</b>
<b>Total EPS downside risk from corona virus impact</b>	<b>-24.1%</b>	<b>-33.8%</b>	<b>-46.5%</b>	<b>-32.5%</b>

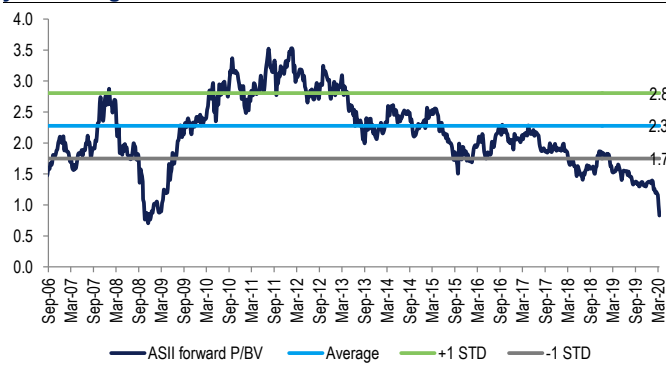
Source: Company, Indo Premier

Fig. 10: ASII's forward P/E – now trading c.6.5x 2020F P/E (post earnings adjustment) vs. 10-year average of c.15x P/E



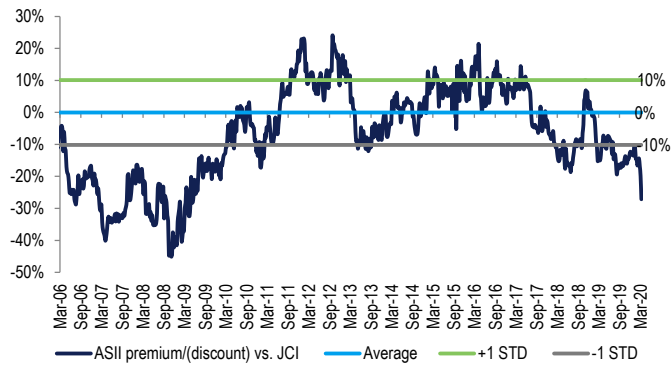
Source: Bloomberg, Company, Indo Premier

Fig. 11: ASII's forward P/BV – now trading 0.9x 2020F P/BV vs. 10-year average of 2.3x P/BV



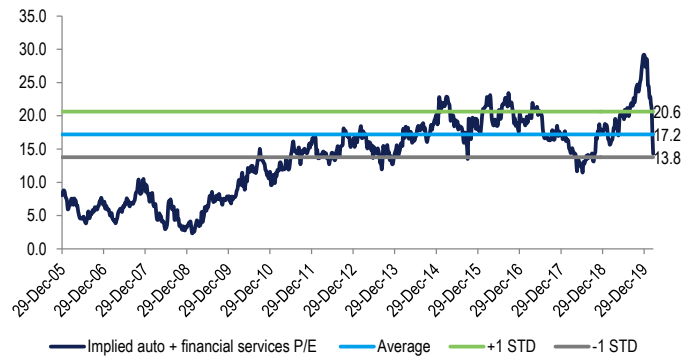
Source: Bloomberg, Company, Indo Premier

**Fig. 12: ASII's forward P/E now trades at a 27% discount to JCI's forward P/E (10-year low) vs. 10-year average of par**



Source: Bloomberg, Company, Indo Premier

**Fig. 13: Implied auto + financial services P/E – now trading at 14x P/E vs. 10-year average of 17x P/E**



Source: Bloomberg, Company, Indo Premier

Income Statement (Rp bn)	2018A	2019A	2020F	2021F	2022F
Net revenue	239,205	237,166	207,289	229,254	249,406
Cost of sales	(188,436)	(186,927)	(162,415)	(181,067)	(196,703)
<b>Gross profit</b>	<b>50,769</b>	<b>50,239</b>	<b>44,873</b>	<b>48,188</b>	<b>52,703</b>
SG&A Expenses	(23,901)	(24,055)	(24,436)	(22,629)	(25,628)
<b>Operating profit</b>	<b>26,868</b>	<b>26,184</b>	<b>20,437</b>	<b>25,559</b>	<b>27,075</b>
Net interest	(1,246)	(2,429)	(1,272)	(1,005)	(1,113)
Forex gain (loss)	(87)	(57)	0	0	0
Others	9,460	10,356	14,179	10,722	13,066
<b>Pre-tax income</b>	<b>34,995</b>	<b>34,054</b>	<b>33,344</b>	<b>35,275</b>	<b>39,028</b>
Income tax	(7,623)	(7,433)	(7,169)	(7,584)	(8,391)
Minority interest	(5,699)	(4,914)	(4,295)	(4,750)	(5,168)
<b>Net income</b>	<b>21,673</b>	<b>21,707</b>	<b>21,880</b>	<b>22,941</b>	<b>25,470</b>

Balance Sheet (Rp bn)	2018A	2019A	2020F	2021F	2022F
Cash & equivalent	25,193	24,330	35,499	38,181	37,933
Receivable	31,220	29,367	34,414	31,087	40,172
Inventory	26,505	24,287	25,687	30,026	30,498
Other current assets	50,691	51,074	51,074	51,074	51,074
<b>Total current assets</b>	<b>133,609</b>	<b>129,058</b>	<b>146,674</b>	<b>150,368</b>	<b>159,677</b>
Fixed assets	96,558	99,140	101,880	105,349	109,509
Other non-current assets	114,544	123,760	116,012	125,249	136,767
<b>Total non-current assets</b>	<b>211,102</b>	<b>222,900</b>	<b>217,891</b>	<b>230,598</b>	<b>246,276</b>
<b>Total assets</b>	<b>344,711</b>	<b>351,958</b>	<b>364,565</b>	<b>380,966</b>	<b>405,954</b>
ST loans	19,588	15,427	15,346	15,346	15,346
Payable	42,263	30,087	28,973	26,740	33,784
Other payables	28,675	28,123	28,123	28,123	28,123
<b>Total current liab.</b>	<b>90,526</b>	<b>73,637</b>	<b>72,442</b>	<b>70,209</b>	<b>77,253</b>
Long term loans	66,326	76,874	73,183	72,879	69,361
Other LT liab.	13,496	14,684	14,684	14,684	14,684
<b>Total liabilities</b>	<b>79,822</b>	<b>91,558</b>	<b>87,867</b>	<b>87,563</b>	<b>84,045</b>
Equity	9,215	7,360	7,360	7,360	7,360
Retained earnings	127,732	140,487	153,684	167,874	184,167
Minority interest	37,416	38,916	43,211	47,961	53,129
<b>Total SHE + minority int.</b>	<b>174,363</b>	<b>186,763</b>	<b>204,255</b>	<b>223,195</b>	<b>244,655</b>
<b>Total liabilities &amp; equity</b>	<b>344,711</b>	<b>351,958</b>	<b>364,565</b>	<b>380,966</b>	<b>405,954</b>

Source: Company, Indo Premier



Cash Flow Statement (Rp bn)	2018A	2019A	2020F	2021F	2022F
Net income	21,673	21,707	21,880	22,941	25,470
Depr. & amortization	9,422	13,452	9,079	9,431	10,044
Changes in working capital	(11,562)	(9,965)	(5,666)	(4,741)	(4,207)
Others	8,159	(6,019)	(532)	(2,667)	(4,250)
<b>Cash flow from operating</b>	<b>27,692</b>	<b>19,175</b>	<b>24,761</b>	<b>24,964</b>	<b>27,057</b>
Capital expenditure	(19,832)	(15,900)	(1,138)	(13,225)	(14,611)
Others	(9,899)	1,714	0	0	0
<b>Cash flow from investing</b>	<b>(29,731)</b>	<b>(14,186)</b>	<b>(1,138)</b>	<b>(13,225)</b>	<b>(14,611)</b>
Loans	10,936	6,387	(3,772)	(305)	(3,518)
Equity					
Dividends	(7,489)	(8,669)	(8,683)	(8,752)	(9,176)
Others	(8,320)	(3,132)	0	0	0
<b>Cash flow from financing</b>	<b>(4,873)</b>	<b>(5,414)</b>	<b>(12,455)</b>	<b>(9,057)</b>	<b>(12,694)</b>
<b>Changes in cash</b>	<b>(6,912)</b>	<b>(425)</b>	<b>11,169</b>	<b>2,682</b>	<b>(247)</b>

Key Ratios	2018A	2019A	2020F	2021F	2022F
Gross margin	21.2%	21.2%	21.6%	21.0%	21.1%
Operating margin	11.2%	11.0%	9.9%	11.1%	10.9%
Pre-tax margin	14.6%	14.4%	16.1%	15.4%	15.6%
Net margin	9.1%	9.2%	10.6%	10.0%	10.2%
ROA	6.8%	6.2%	6.1%	6.2%	6.5%
ROE	13.1%	12.0%	11.2%	10.7%	10.9%
ROIC	8.7%	7.8%	5.7%	6.8%	6.8%
Acct. receivables TO (days)	43.2	46.6	56.2	52.1	52.1
Inventory TO (days)	44.6	49.6	56.2	56.2	56.2
Payable TO (days)	69.5	70.6	66.4	56.2	56.2
Debt to equity	49%	49%	43%	40%	35%
Interest coverage ratio (x)	11.7	9.0	9.0	11.6	11.9
Net gearing	35%	36%	26%	22%	19%

Source: Company, Indo Premier

## **INVESTMENT RATINGS**

BUY	: Expected total return of 10% or more within a 12-month period
HOLD	: Expected total return between -10% and 10% within a 12-month period
SELL	: Expected total return of -10% or worse within a 12-month period

## **ANALYSTS CERTIFICATION**

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

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