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Results Update

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IMPACK PRATAMA INDUSTRI

BUY

In-Line 9M24; Expecting Strong 4Q24

Financial Highlights

Estimated (Dec)	2023A	2024F	2025F	2026F
Revenue (Rp bn)	2,860	3,532	4,319	4,918
Net Income (Rp bn)	431	555	614	721
EPS (Rp)	8	10	11	13
EPS Change (% YoY)	40.0	28.8	10.8	17.3
P/E (x)	42.1	32.7	29.5	25.2
EV/EBITDA (x)	26.4	20.0	18.1	15.6
P/BV (x)	7.3	8.5	7.4	6.3
ROE (%)	17.3	26.0	25.0	25.0
ROIC (%)	17.5	19.7	21.4	23.8
Dividend Yield (%)	0.9	1.3	1.7	1.9

Stock Data

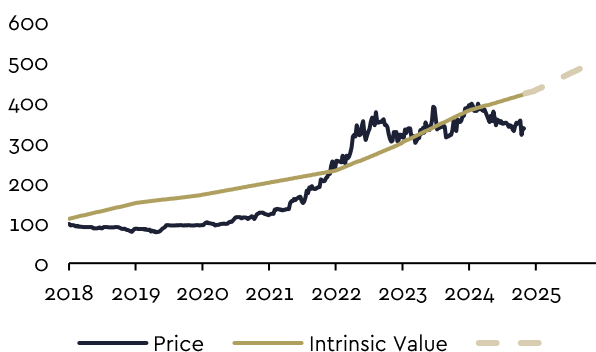
Bloomberg Ticker:	IMPC IJ
Last Price:	Rp336
Target Price (Upside):	Rp430 (+28%)
52-Week Range:	Rp320-Rp404
Market Capitalization:	Rp17.80tn
Shares Outstanding:	54.27bn
6M Avg Trading Value:	Rp3.79bn

All figures are in local currency (Indonesian Rupiah) except where otherwise stated.

Historical 5-Yr Key Performance (2019-2023):

Revenue Growth	91%	ROE (avg.)	12%
Earnings Growth	315%	ROIC (avg.)	11%
FCF Growth	N/A	Div. Yield (avg.)	1%
5-Yr PE (avg.)	47.15x	Op. Margin (avg.)	16%
5-Yr EV/EBITDA (avg.)	25.05x	Net Gearing (avg.)	22%

IMPC Share Price vs. Intrinsic Value



EPS Consensus (Rp)

	2024F	2025F	2026F
Sucor estimates	10	12	14
Consensus	N/A	N/A	N/A
Sucor/Consensus	N/A	N/A	N/A

Strong top line growth from acquisition

IMPC's top line surged in 3Q24 to Rp981bn (+42.2% qoq, +40.8% yoy), primarily propelled by the consolidation of Mulford Holdings' revenue contribution of approximately Rp200bn. While earnings also increased to Rp130bn (+10.1% qoq, +2.2% yoy), growth was tempered by lower profit margins in the distribution business within Mulford.

Year-to-date, 9M24 earnings aligned with our estimates, reaching Rp397bn (+16.7% yoy) and representing 72% of our full-year projections (vs. 64% average in the past five years, excluding the COVID-19 period).

Robust operational performance continues

Aside from the Mulford consolidation, IMPC's 9M24 top line was strengthened by solid operational performance. Roofing revenue rose to Rp1.74tn (+9.3% yoy), driven by strong uPVC roofing sales volume (+27.3% yoy). Additional growth came from the façade and pipe segments, with revenues of Rp157bn (+9.1% yoy) and Rp72bn (+17.2% yoy), respectively. However, PC roofing, FRP roofing, and material segments declined, extending trends observed in 1H24. Excluding the acquisition, IMPC's 9M24 top line grew by an estimated +6% yoy, reaching around Rp2.2tn.

Strong 4Q24 performance expected

We reaffirm our full-year 2024 earnings forecast of Rp555bn, expecting strong 4Q24 performance based on typical seasonal trends. Additionally, our recent visit to IMPC's newest Batang plant signals an additional Alderon line will be operational by November. However, we have adjusted our 2025-26F earnings estimates to Rp614bn (+10.8% yoy) and Rp721bn (+17% yoy), as we anticipate slightly lower margins due to Mulford's consolidation. This margin impact is likely temporary, as management's vertical integration strategy between IMPC and Mulford Holdings is expected to enhance margins within 12-18 months.

Reiterate BUY with a higher TP of Rp430

We maintain our BUY recommendation and raise our TP to Rp430/sh as we roll forward our valuation to 2025F. Our DCF-based TP is based on a 13% cost of equity and a 5% terminal growth rate, implying 38x 2025F PE. We continue to favor IMPC for its (1) market-leading position in innovative products like PC and uPVC roofing and ceiling, (2) expansive growth opportunities both domestically and internationally, and (3) proven ability and willingness for strategic acquisitions that solidify its market dominance.

Fig. 1: IMPC 9M24 results highlight

IMPC 9M24 Highlights									
Rp bn	9M24	9M23	yoy	3Q24	3Q23	yoy	2Q24	qoq	Ours
Revenue	2,415	2,087	15.7%	981	697	40.8%	690	42.2%	68.4%
COGS	(1,455)	(1,233)	18.0%	(615)	(405)	51.9%	(412)	49.3%	
Gross profit	960	854	12.4%	366	292	25.4%	278	31.7%	63.5%
Operating expense	(408)	(360)	13.3%	(176)	(123)	42.9%	(121)	45.2%	
EBIT	552	494	11.8%	190	169	12.7%	157	21.3%	68.2%
Finance income	3	2	7.1%	1	1	3.1%	1	-26.2%	
Finance costs	(43)	(29)	49.2%	(26)	(10)	149.6%	(9)	171.1%	
Final Income tax	(2)	(2)		(1)	(1)		(1)		
Other income/(expenses)	13	(12)	-207.7%	10	14	-28.2%	10	-2.1%	
Pre-tax profit	522	453	15.3%	174	172	1.1%	158	10.5%	72.8%
Tax	(122)	(103)	18.1%	(43)	(44)	-2.2%	(39)	10.2%	
Minority interest	(2)	(9)		(1)	(1)		(1)		
Net profit	397	341	16.7%	130	128	2.2%	118	10.1%	71.7%
Gross Margin	39.8%	40.9%		37.4%	40.3%		41.9%		
EBIT Margin	22.8%	23.7%		19.4%	22.7%		24.3%		
Net Margin	16.5%	16.3%		13.3%	17.2%		18.3%		

Source: Company, Sucor Sekuritas

Fig. 2: IMPC 9M24 revenue and volume breakdown

	Sales (in IDR bn)			Volume (in MT)		
	9M24	9M23	yoy %	9M24	9M23	yoy %
Roofing	1,745.0	1,597	9.26%	43,768	37,363	17%
PC	664.9	691	-3.83%	6,090	7,199	-15%
uPVC	922.0	741	24.39%	36,457	28,628	27.35%
FRP	158.1	165	-3.87%	1,221	1,536	-21%
Façade	157.1	144	9.10%	3,881	3,598	8%
Materials	67.2	73	-8.41%	1,700	1,902	-11%
Pipe & Utilities	72.2	62	17.23%	4,269	3,503	22%
Trading (Third Party)	350.5	175	100.10%	4,965	4,757	4%
Real estate	23.4	36				
Total	4,160.2	3,684		102,351	2,816	

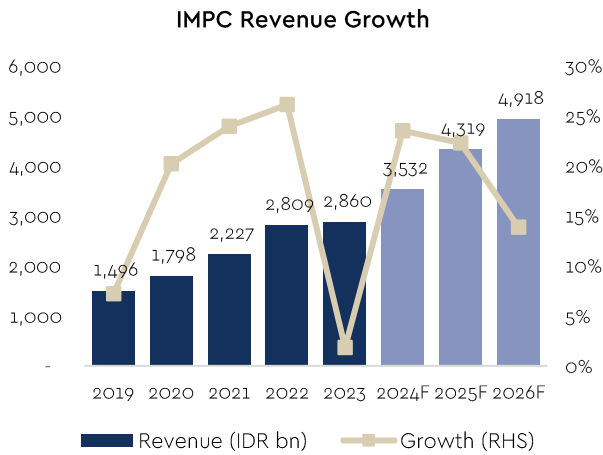
Source: Company, Sucor Sekuritas

Fig. 3: IMPC projection revision

PT Impack Pratama Industri Tbk (IMPC) IDR bn (Unless Stated)	--- New ---		--- Previous ---		--- Diff (%) ---	
	2025F	2026F	2025F	2025F	2025F	2026F
Revenue	4,319	4,918	4,319	4,918	0.0%	0.0%
Cost of revenue	(2,604)	(2,983)	(2,561)	(2,934)	1.7%	1.7%
Gross profit	1,714	1,935	1,758	1,984	-2.5%	-2.5%
Selling expenses	(505)	(570)	(484)	(551)	4.3%	3.4%
G&A expenses	(327)	(347)	(316)	(343)	3.4%	1.2%
Operating profit	883	1,018	958	1,090	-7.8%	-6.6%
EBITDA	1,038	1,181	1,113	1,253	-6.7%	-5.8%
Finance income	1	4	1	5	0.0%	-16.1%
Finance expense	(92)	(84)	(92)	(84)	0.0%	0.0%
Other income/exp	8	1	8	1	0.0%	0.0%
Pre-tax profit	800	939	875	1,012	-8.6%	-7.2%
Tax expense	(176)	(206)	(192)	(223)	-8.6%	-7.2%
Minority interest	(9)	(11)	(9)	(11)	0.0%	0.0%
Net profit	614	721	673	778	-8.7%	-7.3%

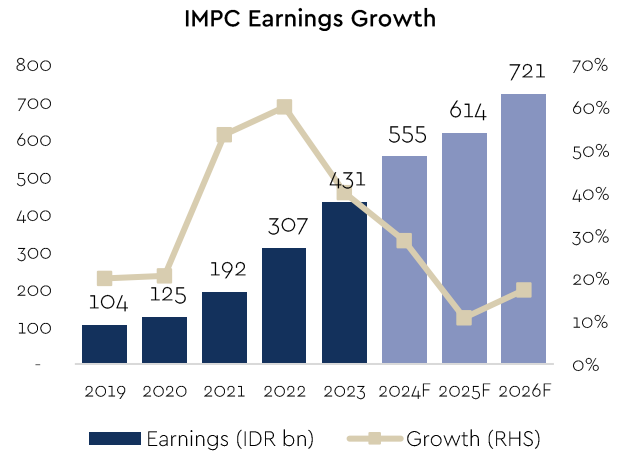
Source: Company, Sucor Sekuritas

Fig. 4: IMPC revenue and growth projections (2019-26F)



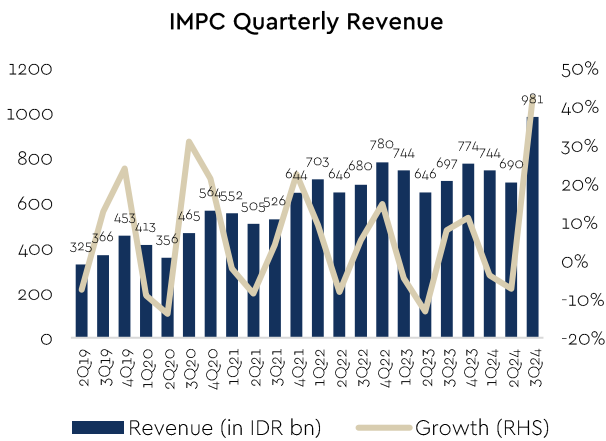
Source: Company, Sucor Sekuritas

Fig. 5: IMPC earnings and growth projections (2019-26F)



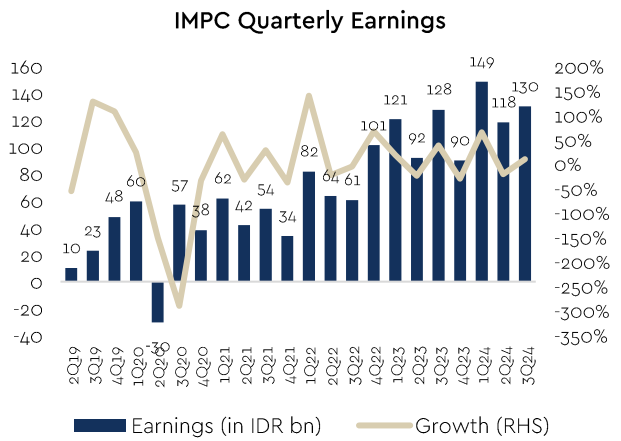
Source: Company, Sucor Sekuritas

Fig. 6: IMPC quarterly revenue (1Q19-2Q24)



Source: Company, Sucor Sekuritas

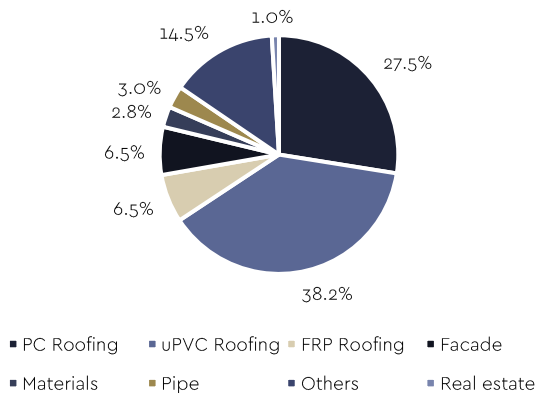
Fig. 7: IMPC quarterly earnings (2Q19-3Q24)



Source: Company, Sucor Sekuritas

Fig. 8: IMPC 9M24 revenue contribution per product type (%)

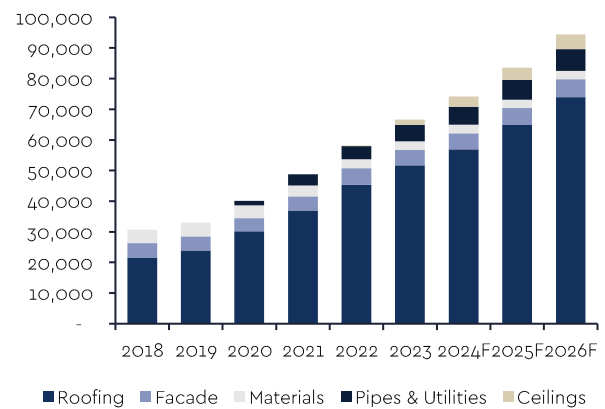
IMPC Revenue Contribution per Product Type



Source: Company, Sucor Sekuritas

Fig. 9: IMPC volume sold continued to increase

IMPC Volume Sold (in MT)



Source: Company, Sucor Sekuritas

Summary Financials

Fig. 10: IMPC Key Financial Highlights

Profit & Loss (Rp bn)						Balance Sheet (Rp bn)					
	2022	2023	2024F	2025F	2026F		2022	2023	2024F	2025F	2026F
Revenue	2,809	2,860	3,532	4,319	4,918	Cash and equivalents	204	263	105	346	563
Cost of revenue	(1,830)	(1,684)	(2,021)	(2,604)	(2,983)	Trade receivables	482	518	687	688	760
Gross profit	979	1,176	1,511	1,714	1,935	Inventories	937	854	1,196	1,249	1,388
Selling expenses	(300)	(334)	(404)	(505)	(570)	Net - Fixed assets	1,088	1,210	1,383	1,346	1,331
G&A expenses	(231)	(235)	(298)	(327)	(347)	Other assets	724	752	892	908	964
Operating profit	447	606	810	883	1,018	Total Assets	3,435	3,597	4,262	4,537	5,006
EBITDA	544	693	959	1,038	1,181	Trade payables	266	183	415	369	431
Finance income	1	3	4	1	4	Short-term debt + CMLTD	155	233	523	439	428
Finance expense	(47)	(39)	(98)	(92)	(84)	Long-term debt	335	176	586	570	482
Other income/exp	12	(1)	1	8	1	Other liabilities	455	517	605	702	787
Pre-tax profit	414	570	717	800	939	Total Liabilities	1,211	1,109	2,129	2,080	2,127
Tax expense	(102)	(129)	(158)	(176)	(206)	Minority interest	217	214	220	235	274
Minority interest	(5)	(10)	(4)	(9)	(11)	Paid capital	500	6	32	32	32
Net profit	307	431	555	614	721	Retained earnings	1,370	1,635	2,043	2,353	2,736
EPS (Rp)	6	8	10	11	13	Other equities	139	632	(162)	(162)	(162)
						Total Equity	2,225	2,488	2,133	2,458	2,879
Cash Flow (Rp bn)						Key Ratios (%)					
	2022	2023	2024F	2025F	2026F		2022	2023	2024F	2025F	2026F
Net profit	307	431	555	614	721	Revenue growth	26.1	1.8	23.5	22.3	13.9
Depreciation & amortization	105	111	149	155	163	EBIT growth	43.8	35.5	33.5	9.1	15.3
Change in working capital	(196)	(32)	(234)	(66)	(153)	EBITDA growth	34.9	27.4	38.3	8.3	13.8
Cash flow from operations	216	510	469	703	731	Net profit growth	60.1	40.0	28.8	10.8	17.3
Capex	(296)	(203)	(419)	(104)	(135)	Gross margin	34.8	41.1	42.8	39.7	39.3
Others	(16)	10	(23)	18	9	EBIT margin	15.9	21.2	22.9	20.4	20.7
Cash flow from investments	(312)	(194)	(442)	(87)	(126)	EBITDA margin	19.4	24.2	27.1	24.0	24.0
Changes in debt	(58)	(89)	723	(85)	(89)	Net margin	10.9	15.1	15.7	14.2	14.7
Changes in equity	325	(0)	(761)	-	-	ROA	8.9	12.0	13.0	13.5	14.4
Dividends paid	(106)	(163)	(237)	(305)	(338)	ROE	13.8	17.3	26.0	25.0	25.0
Others	11	(5)	89	15	39	Net gearing (x)	0.1	0.1	0.5	0.3	0.1
Cash flow from financing	171	(257)	(186)	(375)	(388)	Net Debt/EBITDA (x)	0.5	0.2	1.0	0.6	0.3
Net Cash Flow	75	59	(158)	241	217	Interest coverage ratio (x)	9.6	15.6	8.2	9.6	12.1

Source: Company, Sucor Sekuritas Estimates

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analyst certification,
and important disclosure**

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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.
- 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.
- Hold : We expect this stock to give return of between -10% and 10% over the next 12 months.
- Sell : We expect this stock to give return of -10% or lower over the next 12 months.

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