



Mandiri Sekuritas Analyst

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Sector : Metal

**BUY**

Current Price	Rp1,715
Target Price	Rp2,200 (+28.3%) Prev. TP: Rp1,450
52-wk range	Rp1,810 - Rp890

#### Stock Data

Bloomberg Code	MDKA JJ
Mkt.Cap (Rp bn/US\$ mn)	36,633 / 2,507
Issued Shares (mn)	21,360
Avg. Daily T/O (Rp bn/US\$ mn)	104.5/7.1

#### Major shareholder

Saratoga Investama	23.9%
Provident	23.6%
Boy Tohir	8.8%

#### EPS consensus (USD Cents)

	Mansek	Cons	Diff
2020F	0.4	0.4	4.8
2021F	0.5	0.4	27.3
2022F	0.4	0.4	9.7

#### Share price performance

	3m	6m	12m
Absolute (%)	35.0	44.1	70.6
Relative to JCI (%)	22.0	62.7	91.0



## Riding the Gold Price Momentum

MDKA is set to benefit from record high gold prices, as nearly 100% of its gold production in 2021 remain unhedged. We have upgraded our FY20-22F net profit by 13-31%, mainly on higher gold price assumption. Maintain Buy, and we raised our SOTP-based TP to Rp2,200/share.

**Upgrade TP to Rp2,200/share on strong gold price momentum.** With gold prices continuing to soar toward an all-time high, we see the possibility for MDKA's share price to continue to outperform the market despite strong share price performance this year (+60% YTD vs. -18% YTD IDX). Gold price has increased by 25% YTD to USD 1,900/toz, as massive quantitative easing measures taken by the US Federal Reserves in recent months have encouraged investment into gold. We expect gold prices to remain elevated, considering gold will continue to benefit from a surge to safe haven assets, as the end of the COVID-19 pandemic remains uncertain. We have upgraded our gold price assumption to USD 1,700/toz in FY20F and USD 1,800/toz in FY21F from USD 1,500/toz.

**MDKA's earnings set to hit record high, driven by higher gold price.** We believe MDKA is the prime beneficiary of strong gold price outlook, as around 77% of its revenues come from gold. MDKA has

hedged around 43% of this year's gold production at USD 1,425/toz, with the rest unhedged, and nearly 100% of gold production in 2021 is unhedged. We have upgraded our FY20-22F EBITDA by 12-22% and net profit by 13-31%, mainly driven by higher gold price, with more upside bias if gold price stays above USD 1,800/toz. Our sensitivity analysis indicates that for every USD 100/toz change in gold price, our FY21F EBITDA and net profit would increase by 7% and 12%, respectively.

**More positive catalyst from Pani's JV.** Bought in Nov-18 for only USD 55mn, we believe Pani's investment value has increased to USD 474mn-526mn, based on potential resource upgrade and higher EV/resource valuation for gold mining company at around USD 251-274/toz. MDKA is still finalizing the resources figure of the JV, conducting feasibility study, and finalizing the JV with PSAB, aiming to close the deal in 3Q20, with targeted commercial operations by the end of 2022.

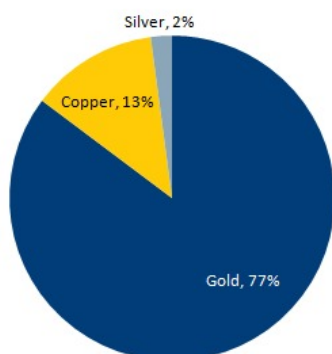
#### FINANCIAL SUMMARY

YE Dec (US\$ Mn)	2018A	2019A	2020F	2021F	2022F
EBITDA	158	228	256	283	256
Net Profit	52	71	92	111	96
Fully-diluted EPS	0.3	0.3	0.4	0.5	0.4
Fully-diluted EPS growth (%)	4.4	31.6	26.4	21.5	(13.8)
P/E Ratio (x)	47.3	37.3	28.6	23.8	27.6
EV/EBITDA (x)	17.7	12.8	10.9	9.2	9.4
P/B Ratio (x)	7.0	5.4	4.5	3.8	3.3
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0
ROAE (%)	19.3	16.7	17.0	17.4	12.9

Source: Company (2018-2019), Mandiri Sekuritas (2020-2022)

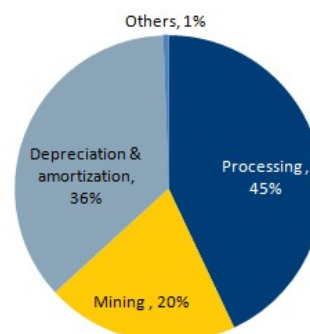
## MDKA - At a Glance

**FIGURE 1. SALES BREAKDOWN**



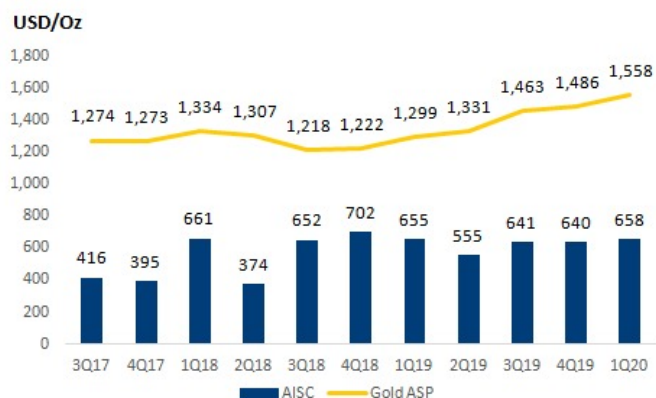
Source: Company

**FIGURE 2. COGS BREAKDOWN**



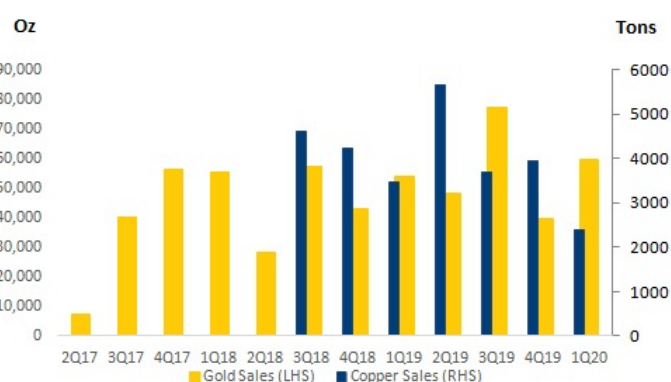
Source: Company

**FIGURE 3. GOLD ASP AND AISC**



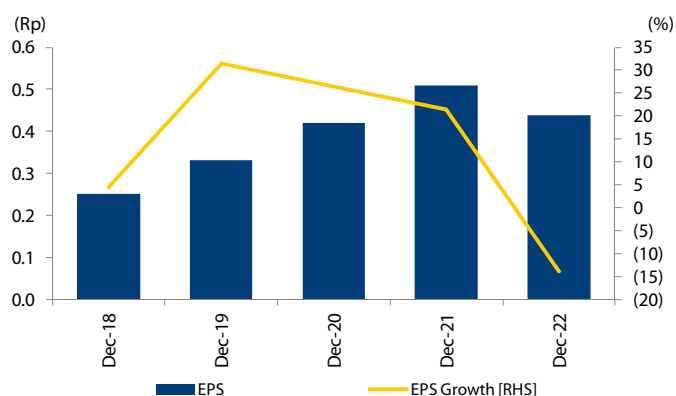
Source: Company

**FIGURE 4. GOLD AND COPPER SALES VOLUME**



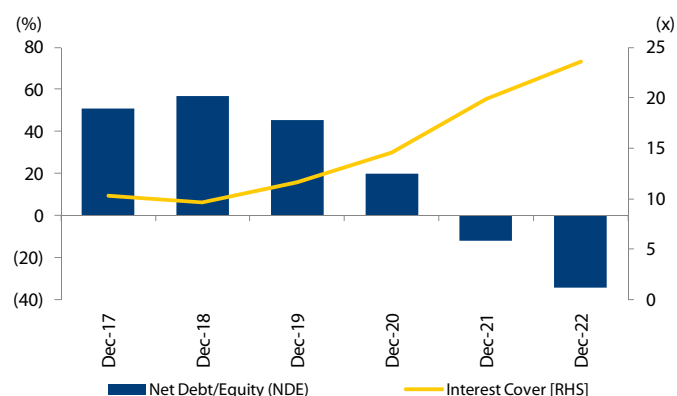
Source: Company

**FIGURE 5. EPS GROWTH TREND**



Source: Company, Mandiri Sekuritas estimates

**FIGURE 6. LEVERAGE TREND**

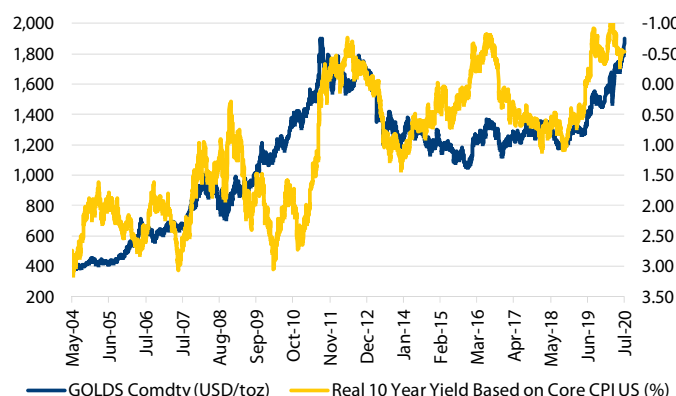


Source: Company, Mandiri Sekuritas estimates

## Riding the Gold Price Momentum

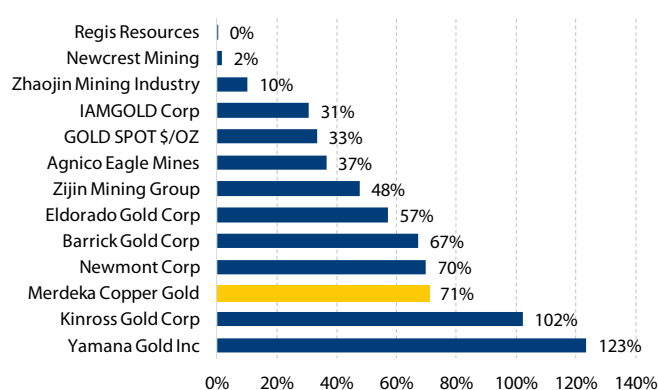
With gold prices continuing to soar toward an all-time high, we see the possibility for MDKA's share price to continue to outperform the market despite strong share price performance this year (+60% YTD vs. -18% YTD IDX). Gold price has increased by 25% YTD to USD 1,900/toz, as massive quantitative easing measures taken by the US Federal Reserves in recent months have driven the real US Treasury bond yields lower, which have encouraged investment into gold. We expect gold prices to remain elevated, considering gold will continue to benefit from a surge to safe haven assets, as the end of the COVID-19 pandemic remains uncertain. We have upgraded our gold price assumption to USD 1,700/toz in FY20F and USD 1,800/toz in FY21F from USD 1,500/toz.

**FIGURE 7. GOLD PRICE VS REAL 10-YEAR TREASURY YIELD**



Source: Bloomberg

**FIGURE 8. GOLD STOCKS 1-YEAR SHARE PRICE PERFORMANCE**



Source: Bloomberg

**FIGURE 9. MDKA'S SHARE PRICE HAS OUTPERFORMED IDX**



Source: Bloomberg

**FIGURE 10. MDKA VS GOLD PRICE**



Source: Bloomberg

**MDKA's earnings is set to reach record high driven by higher gold price.** We believe MDKA is the prime beneficiary of strong gold price outlook, as around 77% of its revenues come from gold. MDKA has hedged 43% of this year's gold production at USD 1,425/toz, with the rest unhedged, and nearly 100% of gold production in 2021 is unhedged. With gold price at record high, we also see incentives for MDKA to increase gold production to take advantage of higher price. We forecast 194k toz of gold production this year given strong gold output in 1Q20, higher than guidance of 165k-185k toz in the beginning of the year.

We have upgrade our FY20-22F EBITDA by 12-22% and net profit by 13-31%, mainly driven by higher gold price, with more upside bias if gold price stays above USD 1,800/toz. Our sensitivity analysis indicates that for every USD 100/toz change in gold price, our FY21F EBITDA and net profit would increase by 7% and 12%, respectively. We expect MDKA's earnings and cash flow for the next five years will come from the currently operating TB oxide and Wetar mines, which can be used to both finance capex and pay down debt. We have yet to include the earnings contribution from Pani's JV and AIM project into our forecast.

**FIGURE 11. CHANGE IN FORECAST**

MDKA In US\$m	2020F			2021F			2022F		
	New	Old	%change	New	Old	%change	New	Old	%change
<b>Profit &amp; Loss</b>									
Revenue	431	424	2%	461	415	11%	420	403	4%
COGS	(249)	(260)	-4%	(252)	(248)	2%	(241)	(241)	0%
Gross profit	182	164	11%	209	167	25%	179	162	11%
Operating profit	160	142	12%	186	146	27%	158	142	11%
EBITDA	274	238	15%	297	243	22%	267	240	12%
Net profit	92	80	15%	111	85	31%	96	85	13%
Gross margin	42%	39%		45%	40%		43%	40%	
Operating margin	37%	34%		40%	35%		38%	35%	
EBITDA margin	64%	56%		64%	59%		64%	59%	
Net margin	21%	19%		24%	20%		23%	21%	
Gold sales volume (k toz)	194	187	4%	194	170	14%	170	161	5%
Gold ASP (US\$/toz)	1.650	1.500	10%	1.800	1.500	20%	1.800	1.500	20%
Copper sales volume (tons)	19.000	25.500	-25%	18.204	26.331	-31%	18.204	25.000	-27%
Copper ASP (US\$/ton)	5.700	5.500	4%	6.000	6.000	0%	6.100	6.300	-3%

Source: Company, Mandiri Sekuritas estimates

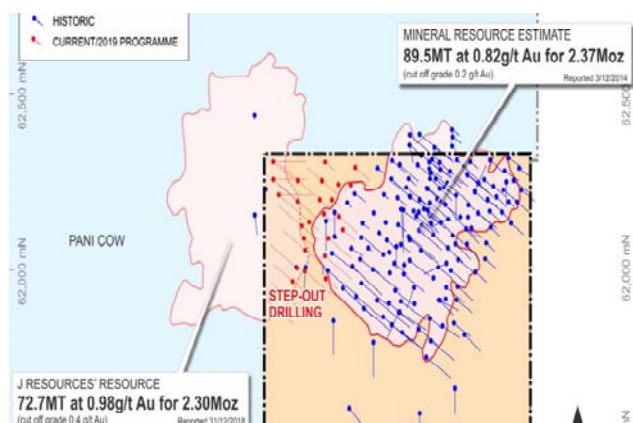
### Pani JV – Another value boost

The potential JV with J Resources (PSAB, Not Rated) will have meaningful impact on the value of MDKA's Pani assets, as the projects will not only significantly increase the combined resources—as opposed to the projects being developed separately—but also improve resources-into-reserve conversions, lower cost structure, and provide better economies of scale with ore processed through a larger processing plant. The rationale of the JV is to get significantly higher combined resources than if the projects were developed separately, as gold reserves for both projects will be constrained by the need to maintain pit walls within the respective tenements, since both projects are located adjacent to each other. MDKA will have economic interest of 40% and will be the controlling shareholders of the JV.

MDKA targets annual gold production of 250k-300k toz (vs. up to 200k toz in Tujuh Bukit). According to One Asia Resources, Pani's IUP contains mineral resources of 2.4mn ounces of gold, and PSAB previously reported that the Pani project contains mineral resources of 2.3mn ounces of gold with combined resources of 4.7mn ounces of gold.

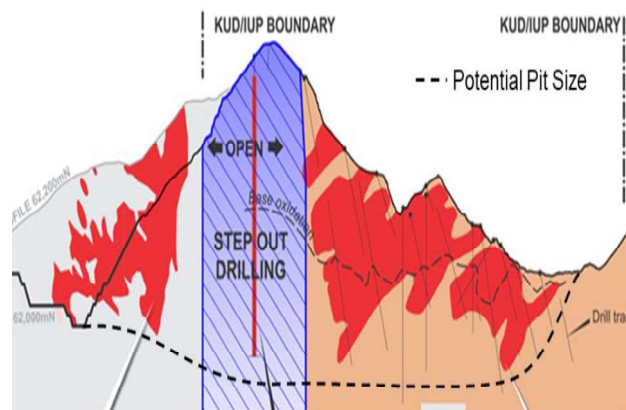


**FIGURE 12. PANI'S JV RESOURCES ESTIMATES**



Source: Company

**FIGURE 13. MDKA'S PANI AND PSAB'S PANI ARE LOCATED ADJACENT TO EACH OTHER**



Source: Company

**Strong value accretion at Pani.** Bought in Nov-18 for only USD 55mn, we believe Pani's investment value has increased to USD 474mn-526mn, based on potential resources upgrade and higher EV/resource valuation for gold mining company of USD 251-274/toz. The combined project has a total resource of 4.7mn toz of gold, and if we assume a 25% upgrade in combined resources, we estimate 5.7mn toz of combined resources. MDKA is still finalizing the resource figure of the JV, conducting feasibility study, and finalizing the JV with PSAB, aiming to close the deal in 3Q20, with targeted commercial operations by the end of 2022.

**FIGURE 14. VALUE CREATION AT PANI**

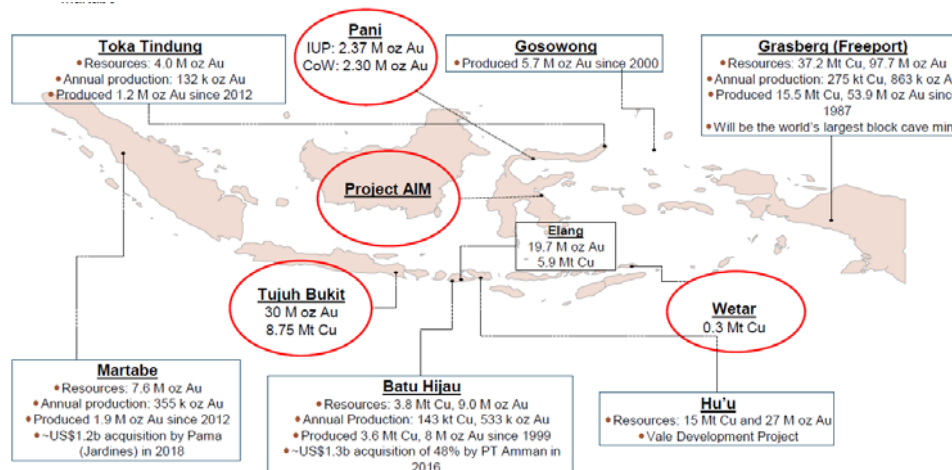
Value creation at Pani	Avg EV/resources multiple	Median EV/resources multiple
Pani Projects		
MDKA's Pani resources (in moz)	2,27	2,27
PSAB's Pani resources (in mos)	2,3	2,3
Total combined resources (in moz)	4,57	4,57
Potential resources upgrade	25%	25%
Total combined resources - JV	5,71	5,71
EV/resources multiple (fig 22)	274	251
Total EV (USD mn)	1.565	1.436
Debt for capex (USD mn)	250	250
Equity value of the JV for 60% stake (USD mn)	789	711
<b>MDKA's value based on 66.7% ownership (USD mn)</b>	<b>526</b>	<b>474</b>

Source: Company, Mandiri Sekuritas estimates

**The JV deals.** On 25 November 2019, Merdeka Copper & Gold (MDKA) and J Resources Asia Pacific (PSAB) signed a series of inter-conditional transaction documents (Pani Joint Venture) in relation to MDKS's Pani mining IUP and Pani block, which is one of the three mining blocks within the contract of work (CoW) of Gorontalo Sejahtera Mining (GSM), a subsidiary of PSAB. MDKA controls Pani's IUP through its 66.7% stake in Pani Bersama Jaya (PBJ), while PSAB controls 100% interest in the Pani project through its 99.999% ownership in J Resources Nusantara (JRN). PSAB will retain full economical interest, rights, and obligations for any associated cost related to the development of its two other blocks: Bolangitang and Bulagidun blocks.

The Pani JV remains subject to various conditions, including PSAB's lenders' approval. The transaction includes the following terms: 1. Pani Bersama Tambang (PBT) and Puncak Emas Gorontalo (PEG) will each acquire 99.999% and 0.001% stakes of GSM from JRN. 2. PBT will issue new shares to JRN so that PBT and JRN will own 60% and 40% stakes of PBT, respectively.

**FIGURE 15. PANI'S COMBINED RESOURCES COULD BE AS BIG AS MARTABE'S**



Source: Company

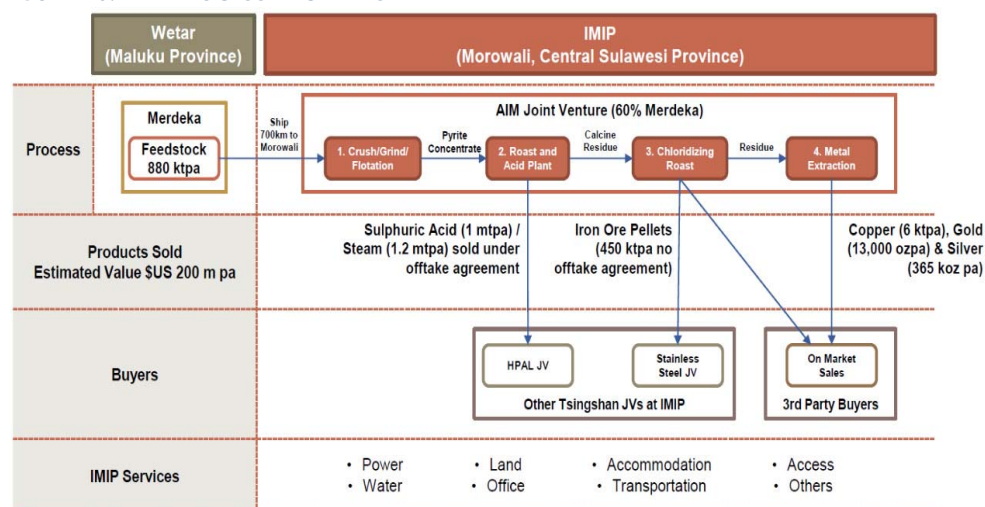
### AIM Project – partnering with nickel giant

The new pyrite project will use spent ores at Wetar, containing residual copper (Cu), pyrite, gold (Au), and silver (Ag). However, using existing heap leaching process at Wetar only recovers a portion of the copper and does not recover other minerals, such as gold, silver, zinc, iron, and including sulfur (a component of chemical grade sulfuric acid) contained in the ore. MDKA has worked with Eternal Tsingshan Group (Tsingshan) to conduct metallurgical test work on Wetar, as well as developed a preliminary process flowsheet. Tsingshan group, widely known for its nickel-to-stainless-steel investment in Morowali, is involved in a number of projects that will require large amounts of sulfuric acid and steam in their production process.

The JV will purchase feedstock from Wetar Copper project, and the pyrite processing plant will process the feedstock to produce commercial grade sulfuric acid and high grade iron ore pellets, and will also allow the recovery of the remaining copper, as well as gold and silver. The initial scale of production will be 1mn tons per year of commercial grade sulfuric acid, which will be supplied under a long-term contract to another Tsingshan JV, also with planned operations at IMIP.

MDKA will ship the spent ores from leach pads from Lerokis and Partoalang to the JV site in Morowali. The ores will be processed to produce high grade pyrite concentrate through the removal of barite and silica, with a target of 47-48% sulfide. The plant then will produce sulfuric acid with steam byproduct (for power generation or sales) to be used at Tsingshan's HPAL smelter in Morowali for the production of nickel-based battery.

**FIGURE 16. AIM PROCESS FACILITIES**



Source: Company

The total investment for the project is around USD 180mn, with estimated annual EBITDA of USD 80mn (30% of our FY2022F EBITDA) for 1mn tons, and the plan to expand production to 2mn tons/year. MDKA will have 60-80% stake in the project, while the remaining 20-40% stake will be held by Tsingshan. Feasibility study is expected to be completed in 2H20 with estimated commercial operation by 2022. MDKA has signed an MOU with Tsingshan to develop a pyrite processing plant at Indonesia Morowali Industrial Park (IMIP), with initial production of 1mn ton/year.

**FIGURE 17. KEY ANNUAL PRODUCTION TARGET**

Pyrite Feed	880,000 tonnes per annum
Concentrate	696,000 tonnes per annum
Flotation Tailings	184,000 tonnes per annum
<b>Estimated Annual Production</b>	
Acid	1 Mtpa of commercial grade (98%)
Steam	1.2 Mtpa of high pressure (63 MPa)
Copper	6,000 tonnes per annum
Gold	13,300 oz per annum in dore
Silver	365,000 oz per annum in dore
Iron Ore Pellets	450,000 tonnes per annum

Source: Company

## Valuation

We value MDKA using SoTP methodology, which we believe is the most suitable valuation approach, as MDKA has both operating and non-operating assets which cannot be valued using an earnings-based valuation method. We use life-of-mine DCF valuation for TB oxide and Wetar, and EV/reserves and resources (R&R) for TB Porphyry (currently at pre-feasibility study), and we have upgraded our valuation on Pani based on EV/resources multiple (see fig.14). We derive a TP of Rp2,200, with 27% upside potential, including 15% valuation premium to factor-in strong gold price momentum, which currently has hit record high. The key risk in our valuation is the delay of the TB porphyry project, in addition to commodity specific risks, such as gold price reversal and production risk.

In terms of valuation, we believe MDKA should be trading at premium relative to diversified mining (see fig. 21) due to stronger gold price outlook, but on average at par to other gold mining companies (see fig. 22). As the only proxy suitable for investors in Indonesia that have exposure to gold price rally, we believe MDKA may be trading at premium relative to global gold peers.

In our model, we have factored-in the following:

1. Higher gold price assumption to USD 1,700/toz in FY20F and USD 1,800/toz in FY21F from USD 1,500/toz, which has led to higher valuation for TB gold mine.
2. We have assumed Pani's JV into our model. Given the benefits of combining the two mines in terms of higher resources-into-reserves conversions, lower cost structure, and better economies of sales, we see high probability for the JV to go through. Our valuation on Pani's JV of USD 316mn-351mn is based on the assumption of 25% upgrade in combined resources, and of around USD 251-274/toz (median-to-average valuation) of EV/resource valuation for the gold mining company.
3. We have yet to value the Pyrite project into our valuation.

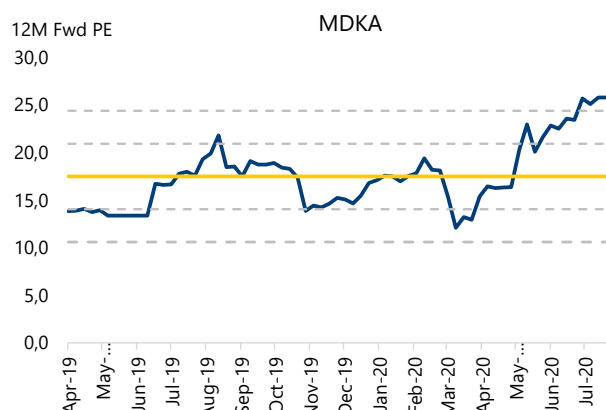
**FIGURE 18. VALUATION**

Price Target derivation	unit	Value	Comments
Existing operations	USD mn	819	DCF, 7% WACC, 0% LTG
Porphyry project	USD mn	1.900	EV/resources
Pani project	USD mn	526	EV/resources
Total value	USD mn	3.245	
Net total debt (USD Mn)	USD mn	(121)	
Total value (USD Mn)	USD mn	3.124	
Total value	IDR BN	43.320	
Outstanding shares	bn shares	21	
<b>Price/shares</b>		<b>2.028</b>	
<b>Target price</b>		<b>2.200</b>	Adding 10% premium for gold outlook

Source: Mandiri Sekuritas estimates

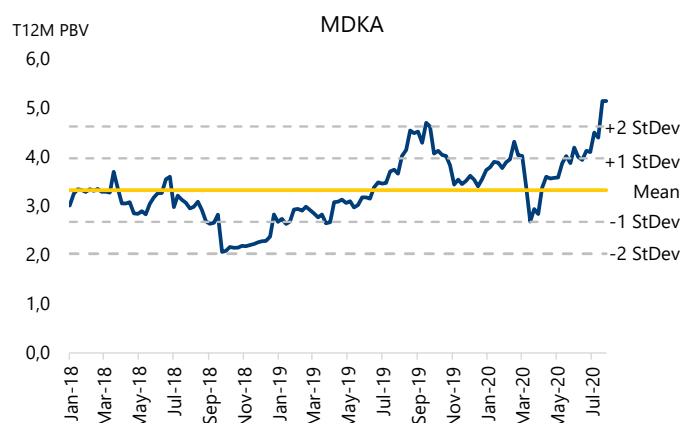


**FIGURE 19. PE MULTIPLE**



Source: Bloomberg

**FIGURE 20. PBV**



Source: Bloomberg

**FIGURE 21. PEERS VALUATION – DIVERSIFIED MINING**

Company Name	Market Cap (USDmn)	PE		EV/EBITDA		ROE		PBV		P/CF	
		2020F	2021F	2020F	2021F	2020F	2021F	2020F	2021F	2020F	2021F
<b>Merdeka Copper Gold</b>	<b>2.573,1</b>	<b>29,4</b>	<b>23,5</b>	<b>12,6</b>	<b>12,1</b>	<b>15,7</b>	<b>12,6</b>	<b>6,5</b>	<b>6,5</b>	<b>13,1</b>	<b>13,1</b>
Freeport-McMoran	19.049,9	114,1	11,4	12,8	6,3	1,3	16,0	2,0	1,7	10,2	5,1
Southern Copper	33.303,4	32,7	23,3	13,8	11,3	15,3	20,8	4,7	4,5	0,2	0,2
KGHM Polska Miedz	6.282,1	13,5	12,7	6,5	5,8	8,4	6,8	1,1	1,0	6,0	5,5
First Quantum Minerals	6.191,2	n.a.	30,4	8,3	6,4	-3,0	2,1	0,7	0,6	4,9	3,9
Rio Tinto	102.796,5	11,1	12,5	5,9	6,3	21,4	18,2	2,3	2,1	7,3	7,4
Anfotagasta	12.969,7	42,2	25,2	8,1	6,7	4,1	5,9	1,7	1,7	10,3	11,3
Glencore	31.140,2	44,1	15,9	7,3	5,8	1,6	4,5	0,8	0,8	4,5	4,2
BHP Billiton	123.566,8	14,4	16,4	6,3	6,9	18,5	16,7	2,7	2,6	8,7	9,1
OZ Minerals	3.172,7	31,8	31,8	9,4	9,4	4,5	4,5	1,5	1,5	12,0	12,0
Zijin Mining Group	19.221,7	25,1	25,1	13,3	13,3	8,2	8,2	2,0	2,0	9,3	9,3
KAZ Minerals Plc	3.276	8,3	8,3	5,8	5,8	18,4	18,4	1,3	1,3	5,3	5,3
<b>Simple average</b>		<b>47,4</b>	<b>17,7</b>	<b>11,4</b>	<b>8,9</b>	<b>10,2</b>	<b>14,0</b>	<b>3,6</b>	<b>3,4</b>	<b>7,3</b>	<b>6,0</b>
<b>Median</b>		<b>31,0</b>	<b>18,0</b>	<b>12,7</b>	<b>8,8</b>	<b>11,9</b>	<b>14,3</b>	<b>3,4</b>	<b>3,1</b>	<b>8,1</b>	<b>5,3</b>
<b>Weighted avg</b>		<b>55,9</b>	<b>18,5</b>	<b>12,7</b>	<b>9,2</b>	<b>10,3</b>	<b>17,5</b>	<b>3,6</b>	<b>3,3</b>	<b>4,4</b>	<b>2,8</b>

Source: Bloomberg, Mandiri Sekuritas

**FIGURE 22. PEERS VALUATION – GOLD MINING**

Company	Market Cap US\$Mn	P/E		EV/EBITDA		ROE (%)		EV/reserves	EV/resources
		FY20E	FY21E	FY20E	FY21E	FY20E	FY21E	US\$/oz	US\$/oz
<b>Merdeka Copper Gold</b>	<b>2.573,1</b>	<b>29,4</b>	<b>23,5</b>	<b>12,6</b>	<b>12,1</b>	<b>15,7</b>	<b>12,6</b>		
NEWCREST MINING LTD	20.022	28,0	21,1	11,9	9,4	8,2	9,4	402,1	197,4
REGIS RESOURCES LTD	2.065	12,6	10,0	6,5	5,3	28,0	28,1	507,8	250,1
NEWMONT CORP	53.573	30,0	19,3	10,6	7,7	6,9	9,5	914,5	545,6
BARRICK GOLD CORP	50.552	34,1	26,4	10,0	8,5	8,6	10,7	862,8	293,1
KINROSS GOLD CORP	10.585	14,7	n.a.	6,1	4,9	11,3	11,0	496,1	291,9
IAMGOLD CORP	2.308	22,3	n.a.	5,0	3,6	3,6	6,0	124,0	39,7
YAMANA GOLD INC	6.002	28,7	n.a.	7,9	6,1	4,9	6,0	392,9	215,3
ELDORADO GOLD CORP	2.007	14,3	17,7	4,4	5,1	4,1	3,2	134,1	82,3
AGNICO EAGLE MINES LTD	17.387	50,6	26,0	14,2	9,4	5,4	9,5	854,7	466,7
ZIJIN MINING GROUP CO LTD-H	19.222	25,1	16,9	12,4	9,6	8,2	11,2	502,6	251,3
ZHAOJIN MINING INDUSTRY - H	4.163	34,4	27,2	13,7	11,7	7,1	8,2	205,7	376,8
<b>Simple average</b>		<b>26,8</b>	<b>20,6</b>	<b>9,3</b>	<b>7,4</b>	<b>8,8</b>	<b>10,3</b>	<b>490,7</b>	<b>273,7</b>
<b>Median</b>		<b>28,0</b>	<b>20,2</b>	<b>10,0</b>	<b>7,7</b>	<b>7,1</b>	<b>9,5</b>	<b>496,1</b>	<b>251,3</b>

Source: Company, Mandiri Sekuritas estimates

## Merdeka Copper Gold

### Profit & Loss

YE Dec (US\$ Mn)	2018A	2019A	2020F	2021F	2022F
Revenue	294	402	431	461	420
Gross Profit	139	155	182	209	179
Oper. Profit	123	135	160	186	158
<b>EBITDA</b>	<b>158</b>	<b>228</b>	<b>256</b>	<b>283</b>	<b>256</b>
<b>Net Interest</b>	<b>(16)</b>	<b>(19)</b>	<b>(17)</b>	<b>(13)</b>	<b>(9)</b>
Interest Expense	(16)	(20)	(18)	(14)	(11)
Interest Income	0	1	1	1	2
Forex Losses/Gains	0	0	0	0	0
Net Other	(20)	(8)	(9)	(9)	(8)
<b>Pre-Tax Profit</b>	<b>87</b>	<b>108</b>	<b>134</b>	<b>163</b>	<b>141</b>
Income Tax	(29)	(39)	(34)	(41)	(35)
Others	0	0	0	0	0
Minority Interests	(5)	2	(9)	(11)	(10)
<b>Net Profit</b>	<b>52</b>	<b>71</b>	<b>92</b>	<b>111</b>	<b>96</b>

### Cash Flow

YE Dec (US\$ Mn)	2018A	2019A	2020F	2021F	2022F
Operating Profit	123	135	160	186	158
Net Interest	(16)	(19)	(17)	(13)	(9)
Depr & Amort	35	93	96	97	98
Other expenses/income	(20)	(8)	(9)	(9)	(9)
Other Gain / Loss	(5)	2	(9)	(11)	(10)
Tax	(29)	(39)	(34)	(41)	(35)
Chg in Working Capital	(2)	56	(73)	(12)	(8)
Other Oper. Cash Flow	0	0	0	0	0
<b>Oper. Cash Flow</b>	<b>85</b>	<b>220</b>	<b>115</b>	<b>196</b>	<b>186</b>
Capital Expenditure	0	0	0	0	0
FCF (OPCF after Capex)	85	220	115	196	186
Other Investing CF	(217)	(53)	31	18	14
<b>CF From Investing</b>	<b>(401)</b>	<b>(196)</b>	<b>(69)</b>	<b>(2)</b>	<b>(6)</b>
Net Chg in Debts	96	(26)	49	(35)	(35)
Equity Funds Raised	114	67	0	0	0
Dividend	0	0	0	0	0
Other Financing CF	86	(29)	0	0	0
<b>CF From Financing</b>	<b>295</b>	<b>12</b>	<b>49</b>	<b>(35)</b>	<b>(35)</b>
Non-Recur. Inc (Exp)	0	0	0	0	0
Extraord. Inc(Exp)	0	0	0	0	0
<b>Net Change in Cash</b>	<b>(21)</b>	<b>36</b>	<b>95</b>	<b>159</b>	<b>145</b>
Cash at beginning	35	14	50	144	304
Cash at End	14	50	144	304	449

### Valuation

YE Dec	2018A	2019A	2020F	2021F	2022F
PER (x)	47.3	37.3	28.6	23.8	27.6
EV/EBITDA (x)	17.7	12.8	10.9	9.2	9.4
P/BV (x)	7.0	5.4	4.5	3.8	3.3
P/CF (x)	29.1	12.0	22.9	13.5	14.2
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

### Balance Sheet

YE Dec (US\$ Mn)	2018A	2019A	2020F	2021F	2022F
Cash & ST Investment	14	50	144	304	449
Acct. Receivable	6	7	8	9	8
Inventory	87	96	89	86	79
Others	48	51	61	61	61
Current Assets	155	205	303	460	597
Investments	0	0	0	0	0
Fixed Assets	270	320	324	248	170
Others	373	426	395	377	363
<b>Total Assets</b>	<b>798</b>	<b>951</b>	<b>1,022</b>	<b>1,085</b>	<b>1,130</b>
Curr. Liabilities	183	254	184	170	154
Acct. Payable	42	33	34	34	33
ST Borrowings	95	154	84	69	55
Others	46	67	67	67	67
<b>Long-Term Liabilities</b>					
Long-Term Payable	159	133	182	147	112
Others	33	40	40	40	40
<b>Total Liabilities</b>	<b>376</b>	<b>427</b>	<b>406</b>	<b>357</b>	<b>306</b>
<b>Shareholder's Equity</b>	<b>422</b>	<b>524</b>	<b>616</b>	<b>727</b>	<b>824</b>

### Key Ratios

YE Dec	2018A	2019A	2020F	2021F	2022F
<b>Growth (% YoY)</b>					
Sales	127.1	36.8	7.2	7.0	(8.9)
EBIT	65.4	9.8	18.3	16.0	(14.9)
EBITDA	73.6	44.3	12.3	10.4	(9.5)
Net Profit	21.8	34.9	29.6	21.5	(13.8)
<b>Profitability (%)</b>					
Gross Profit Margin	47.2	38.7	42.1	45.3	42.6
Oper. Margin	41.9	33.7	37.1	40.3	37.6
EBITDA Margin	53.7	56.7	59.4	61.3	60.9
Net Margin	17.9	17.6	21.3	24.2	22.9
ROAA	9.0	8.1	9.3	10.6	8.7
ROAE	19.3	16.7	17.0	17.4	12.9
<b>Leverage</b>					
Net Debt / Equity (%)	56.9	45.2	19.7	(12.0)	(34.3)
EBITDA/Gross Int. (x)	9.6	11.6	14.5	19.9	23.6
<b>Per Share Data (USD Cents)</b>					
EPS	0.3	0.3	0.4	0.5	0.4
CFPS	0.4	1.0	0.5	0.9	0.8
BVPS	1.7	2.3	2.7	3.2	3.6
DPS	0.0	0.0	0.0	0.0	0.0

Source: Company, Mandiri Sekuritas estimates

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