

Current Price, 25/09/2018

Rp. 348

Fair Value

Rp. 398

Potential Upside

14.33%

BUY

Stock Information

Ticker Code	SRIL
Market Cap (Rp)	7.08T
52-Week High (Rp)	392
52-Week Low (Rp)	312
Shares Issued (Bio)	20.45

Major Shareholders (%)

PT Huddlestone Indonesia	59,03%
Iwan Setiawan Lukminto	0,52%
Iwan Kurniawan Lukminto	0,52%
Hj Susyana Lukminto	0,03%
Public (>5%)	39,90%
Total	100%

Price Performance (2017-2018)



SRIL IJ Equity (Sri Rejeki Isman Tbk; PT) Daily 29DEC2017-26SEP2018 Copyright© 2018 Bloomberg Finance L.P. 26-Sep-2018 14:29:54

Source : Bloomberg

PT OSO Sekuritas Indonesia

Cyber 2 Tower,
Jl. H.R. Rasuna Said Blok X-5 No. 13
Setiabudi
Jakarta 12950
Tel. : 021 2991 5300
Fax : 021 2902 1497

Update 1H18 : PT Sri Rejeki Isman Tbk (SRIL IJ), (SRIL JK)

- **SRIL berhasil mencatatkan pertumbuhan penjualan di semester I 2018 menjadi USD 543,76 Juta** dari sebelumnya semester I 2017 sebesar USD 400,80 Juta. Kenaikan kinerja tersebut memberikan dampak positif pada laba bersih yang naik sebesar 67,68% menjadi USD 56,32 Juta dari sebelumnya yang hanya sebesar USD 33,59 Juta.
- **Kapasitas produksi perseroan saat ini untuk benang (*spinning*) adalah 1,15 juta bales/tahun, penenunan (*weaving*) 180 juta meter/tahun, kain jadi (*finishing*) 240 juta yard/tahun, dan apparel (*garment*) sebanyak 30 juta potong/tahun.** Saat ini tingkat utilisasi produksi masing-masing segmen adalah spinning 92%, weaving 86%, finishing 82% dan garment 95%. Kapasitas tersebut meningkat setelah mengakuisisi dua perusahaan tekstil PT Primayudha Mandirijaya dan PT Bitratex Industries pada Februari 2018.
- **Perseroan angarkan dana sebesar US\$ 30 juta hingga US\$ 40 juta** yang digunakan untuk pemeliharaan mesin dan bangunan serta penambahan kapasitas di segmen garment dari saat ini 27 juta potong menjadi 30 juta potong di tahun ini.
- **Perseroan akan memperbesar porsi ekspor menjadi sebesar 60% dari total pendapatan tahun ini.** Porsi penjualan di Asia akan digenjut hingga 60%. Beberapa negara yang menjadi sasaran ekspor SRIL adalah China, Korea Selatan, dan Jepang. Sementara itu, perseroan juga targetkan pasar ekspor Amerika dan Eropa masing-masing sekitar 12% dan 15% dari total ekspor perseroan tahun ini.

Rekomendasi

Kami melakukan penilaian atas saham SRIL dan didapat harga wajar Rp 398,-. Adapun dasar perhitungan ini menggunakan metode *Absolute valuation - Discounted cashflow* (DCF) dengan WACC sebesar 9.6% dan *terminal growth* 1.25%. Harga wajar ini merefleksikan PE'18 sebesar 7.7x.

Tabel I : Financial Highlight

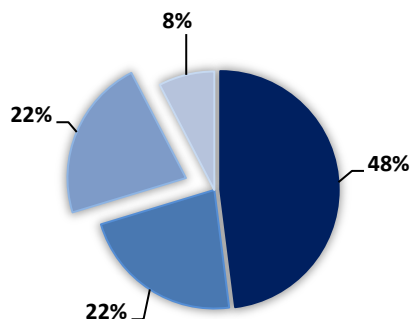
in Millions of USD	2015A	2016A	2017A	2018F	2019F	2020F
Revenue	622	680	759	957	1,107	1,303
Net Income	56	59	68	71	82	97
Total Aset	783	947	1,193	1,319	1,388	1,461
Lt Debt	413	465	549	531	518	497
ROA	7.1%	6.3%	5.7%	5.4%	5.9%	6.7%
DAR (x)	0.6	0.6	0.5	0.6	0.5	0.5
DER (x)	1.6	1.7	1.5	1.4	1.2	1.0

Source : Company and OSO Research

SRIL - Financial Result - 1H18

Diagram I : Sales Contribution by Product/Brand Segments (Percentage)

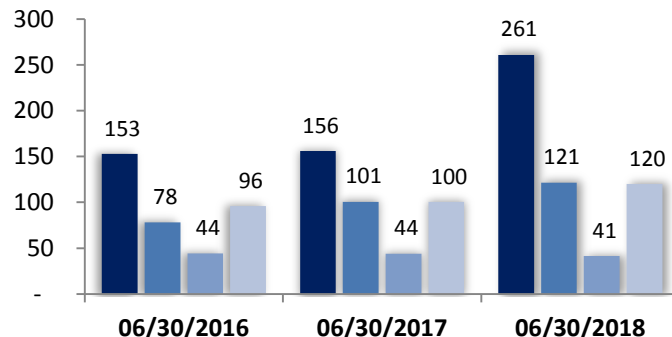
■ Spinning ■ Finishing ■ Weaving ■ Garment



Source : Company and OSO Research

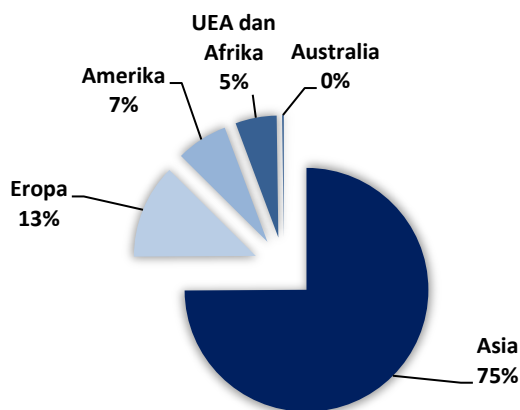
Grafik I : Sales Contribution by Product/Brand Segments (in Mn USD)

■ Spinning ■ Finishing ■ Weaving ■ Garment



Source : Company and OSO Research

Diagram II : Sales Contribution by Geographic Segments (Percentage)



Source : Company and OSO Research

Tabel II : Sales Contribution by Geographic Segments (in Mn USD)

	1H16	1H17	1H18
Domestic	188.6	188.9	252.0
Ekspor	182.4	211.9	291.8
Asia	121.7	128.0	218.6
Europe	27.7	34.7	36.6
UEA & Afrika	9.8	13.8	20.0
United Arab Emirates	21.0	32.9	16.0
Australia	2.1	2.5	0.7
Total Revenue	371.1	400.8	543.8

Geographic Segments dari ekspor mendominasi penjualan SRIL, dimana penjualan terbesar berasal dari pasar Asia

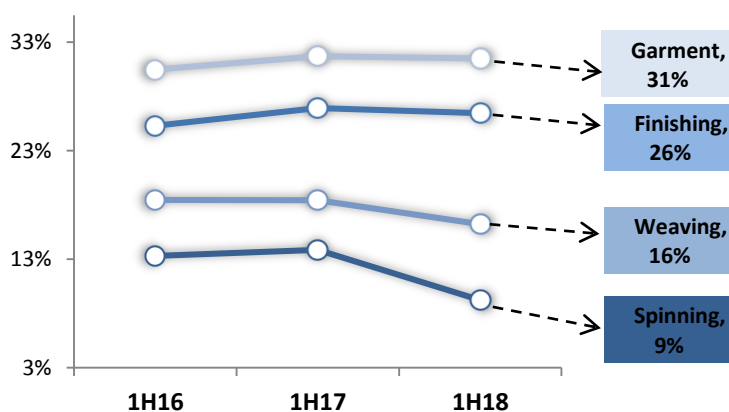
Source : Company and OSO Research

Gambar I : Operation Area



Source : Company and OSO Research

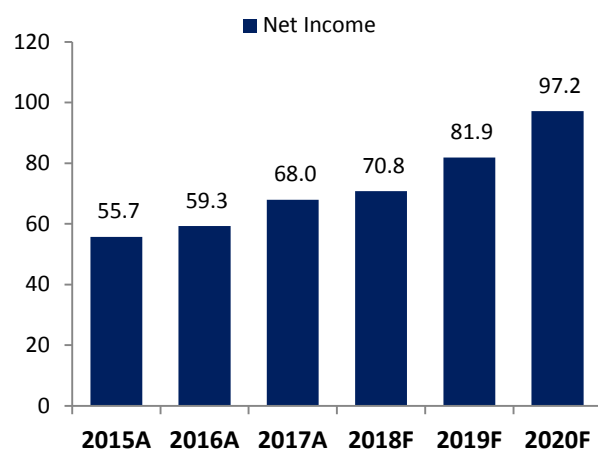
Grafik II : Ratio Gross Profit margin



Source : Company and OSO Research

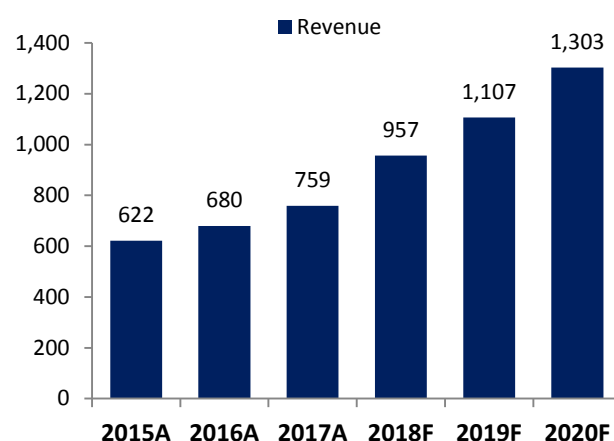
SRIL - Financial Projection

Grafik III : Net Income - SRIL (in Mn of USD)



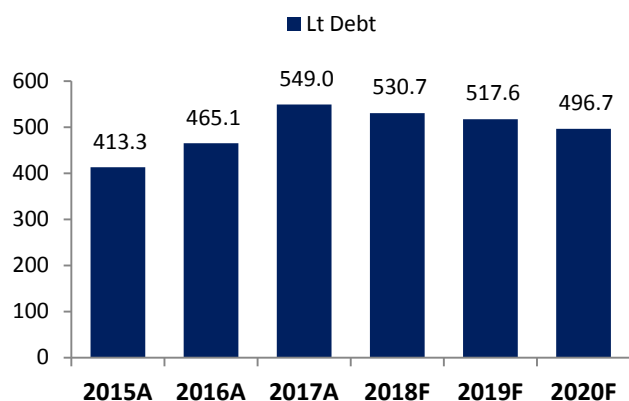
Source : Company and OSO Research

Grafik IV : Revenue - SRIL (in Mn of USD)



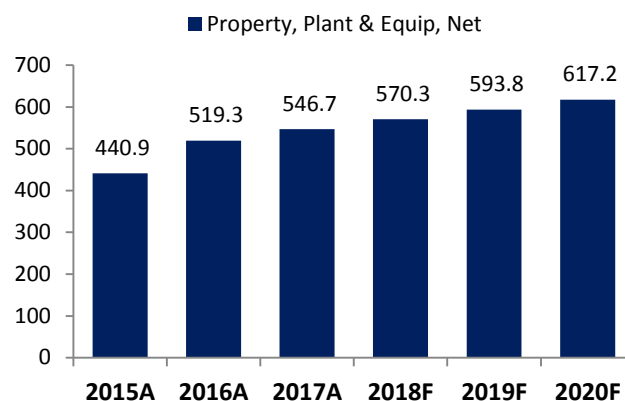
Source : Company and OSO Research

Grafik V : Lt Debt (in Mn of USD)



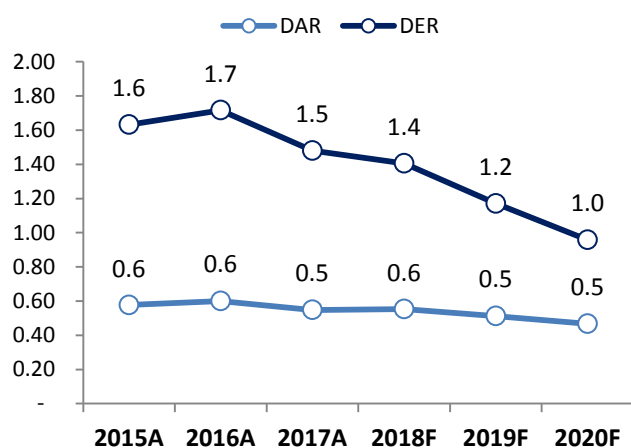
Source : Company and OSO Research

Grafik VI : Property, Plant, & equip, Net (in Mn of USD)



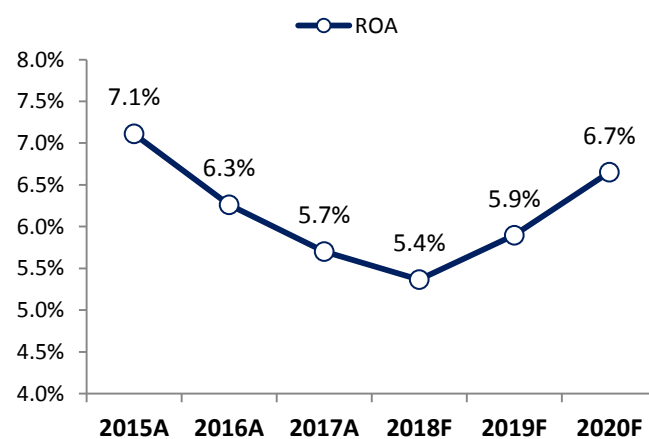
Source : Company and OSO Research

Grafik VII: Solvabilitas Ratio (x)



Source : Company and OSO Research

Grafik VIII: Return on Asset Ratio (%)



Source : Company and OSO Research

SRIL - Financial Statement

Tabel III : Sensitivity analysis

Sensitivity analysis													
Assumption - Terminal growth	0.75%	1.00%	1.25%	1.50%	1.75%	2.00%	2.25%						
Terminal Value	1,194	1,229	1,266	1,305	1,346	1,391	1,438						
PV of Free Cash Flow	(102)	(102)	(102)	(102)	(102)	(102)	(102)						
EV	1,092	1,127	1,164	1,203	1,244	1,289	1,336						
Cash (2018)	113	113	113	113	113	113	113						
Debt (2018)	729	729	729	729	729	729	729						
Equity Value	476	510	547	586	628	672	720						
Number of Share (Mn)	20,450	20,450	20,450	20,450	20,450	20,450	20,450						
Rupiah (25/09)	14,866	14,866	14,866	14,866	14,866	14,866	14,866						
Fair Value	IDR 346	IDR 372	IDR 398	IDR 426	IDR 456	IDR 488	IDR 522						

Source : Company and OSO Research

Tabel IV : Income Statement

in Millions of USD	2015A	2016A	2017A	2018F	2019F	2020F
Revenue	622.0	679.9	759.3	957	1,107	1,303
Cost of Revenue	(488.6)	(534.6)	(588.1)	(770)	(891)	(1,049)
D&A	17.2	19.7	19.9	6.4	6.5	6.5
Gross Profit	133.4	145.3	171.3	187	216	254
Others Operating Income	1.3	6.3	1.1	1.39	1.60	1.89
Operating Expense	35.6	35.3	37.1	40.55	46.91	55.25
Operating Income (Loss)	99.1	116.3	135.3	147.4	170	201
Non-Operating Loss	(34.5)	(50.3)	(63.2)	(71)	(82)	(96)
Pre-tax profit	64.6	66.0	72.1	77	89	105
Tax	(8.90)	(6.70)	(4.10)	(6.09)	(7.04)	(7.51)
Minority interest	-	-	-	-	-	-
Net Income	55.7	59.3	68.0	70.8	81.9	97.2

Source : Company and OSO Research

Tabel V : Cash flow

in Millions of USD	2015A	2016A	2017A	2018F	2019F	2020F
Net Income	55.7	59.3	68.0	70.8	81.9	97.2
Depreciation & Amortization	17.2	19.7	19.9	6.4	6.5	6.5
Non-Cash Items	1.6	(72.2)	(332.0)	-	-	-
Change in working capital	(5.7)	(1.5)	215.3	(181.3)	33.5	38.5
Cash from Operating	68.8	5.4	(28.8)	(104.1)	121.8	142.2
CAPEX	(135.5)	(98.1)	(47.3)	(30.0)	(30.0)	(30.0)
Net Change in LT Investment	(0.9)	45.1	(31.5)	(23.6)	(23.5)	(23.5)
Other Investing Activities	30.7	(30.5)	48.7	(68.2)	(3.6)	(3.8)
Cash from Investing	(105.7)	(83.5)	(30.1)	(121.8)	(57.2)	(57.3)
Dividend paid	(7.4)	(4.0)	(4.1)	(6.1)	(7.1)	(7.3)
Cash From (Repayment) Debt	36.7	(54.9)	81.0	(18.3)	(13.1)	(21.0)
Other Financing Activities	3.2	120.3	49.4	235.7	(38.6)	(50.4)
Cash From Financing	32.5	61.4	126.3	211.3	(58.7)	(78.7)
Net increase/(decrease) in cash ar	(4.5)	(16.7)	67.4	(14.6)	5.9	6.3
beginning cash	81.6	77.2	60.4	127.8	113.2	119.1
ending cash	77.2	60.4	127.8	113.2	119.1	125.4

Source : Company and OSO Research

Tabel VI : Financial Position

in Millions of USD	2015A	2016A	2017A	2018F	2019F	2020F
Cash, Cash Equivalents & STI	77.1	60.5	127.2	113.2	119.1	125.4
Accounts & Notes Receiv	102.2	149.6	188.7	154.0	162.1	170.6
Inventories	135.8	147.6	266.2	217.3	228.7	240.7
Other ST Assets	8.0	20.4	62.9	42.0	44.2	46.5
Total Aset Lancar	323.1	378.1	645.0	526.5	554.2	583.2
Aset Tidak Lancar						
Property, Plant & Equip, Net	440.9	519.3	546.7	570.3	593.8	617.2
Other LT Assets	19.3	49.8	1.1	69.3	73.0	76.8
Total Noncurrent Assets	460.2	569.1	547.8	792.5	834.1	877.9
Total Aset	783.3	947.2	1,192.8	1,319.0	1,388.2	1,461.1
Payables & Accruals	11.1	5.5	67.0	10.6	10.4	9.9
St Debt	38.4	103.2	105.2	198.7	193.8	185.9
Other ST Liabilities	17.7	14.9	3.0	28.7	28.0	26.8
Total Current Liabilities	67.2	123.6	175.2	238.0	232.1	222.7
Lt Debt	413.3	465.1	549.0	530.7	517.6	496.7
Other LT Liabilities	26.2	27.4	26.5	31.3	30.5	29.3
Total Noncurrent Liabilities	439.5	492.5	575.5	562.0	548.2	525.9
Total Liabilitas	506.6	616.2	750.7	800.0	780.3	748.7
Share Capital & APIC	162.7	162.7	212.1	212.1	212.1	212.1
Retained Earnings	122.3	177.6	241.5	318.4	407.4	511.9
Other Equity	(8.3)	(9.3)	(11.5)	(11.5)	(11.5)	(11.5)
Total Ekuitas	276.7	331.0	442.1	519.0	607.9	712.5
Total Kewajiban dan Ekuitas	783.3	947.2	1,192.8	1,319.0	1,388.2	1,461.1

Source : Company and OSO Research

Research Team

Ike Widiawati (ike@oso-securities.com)	Head of Research	+62 21 2991 5300
Rifqiyati (Rifqiyati @oso-securities.com)	Research Analyst	+62 21 2991 5300
Sukarno Alatas (sukarno@oso-securities.com)	Research Analyst	+62 21 2991 5300
Mochammad Cahyo (cahyo@oso-securities.com)	Research Associate	+62 21 2991 5300
Istavani Kayesha (istavani@oso-securities.com)	Research Associate	+62 21 2991 5300

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PT OSO Sekuritas Indonesia - Research

Cyber 2 Tower, 22nd Floor
Jl. HR. Rasuna Said Blok X-5 No. 13
Jakarta Selatan, 12950
Telp: +62-21-299-15-300
Fax : +62-21-290-21-497