

May 6th 2013

FLASH NOTE

PT ARWANA CITRAMULIA TBK

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Record Performance

Neutral

Record performance in 1Q2013

ARNA reported 37% yoy revenue growth to Rp 348.6 bn supported by increases in ASP and selling volume. This achievement amounted to 25% of our full-year forecast. There was an increased of Rp 2,700/sqm in ASP (ytd) to 30.600/sqm and in sales volume which together delivered robust result for 1Q13. During the first quarter, there was an extra remaining inventory in 2012 which were sold at higher ASP. Consequently, we do not expect that the financial performance in the next quarter will be higher than the first quarter. However, the company still has an ample room to grow supported by its increasing capacity of new Plant IV which is expected to start operation in 2H2013.

Better cost control and lower debt improve margin

We believe the cost efficiency, in tandem with ARNA's deleverage lowering interest cost, helps ARNA to reach a better margin. Due to cost control and lower debt, the operating margin increase from 18% to 26% yoy. During the 1Q13, its gross margin and net margin have increased to 38% and 18% respectively.

Higher dividend payout ratio

The Company declared dividend in the amount of Rp 73.5 bn (Rp 40/share), representing 47% payout ratio from last year's net income of Rp 156.5 bn, increased from a payout of 39% last year.

The share price has already increased so much (91% YTD). If there is no further catalyst we will maintain our previous target price. However we will revisit if there is any new catalyst for further upside.

Tessa Vania Mulia

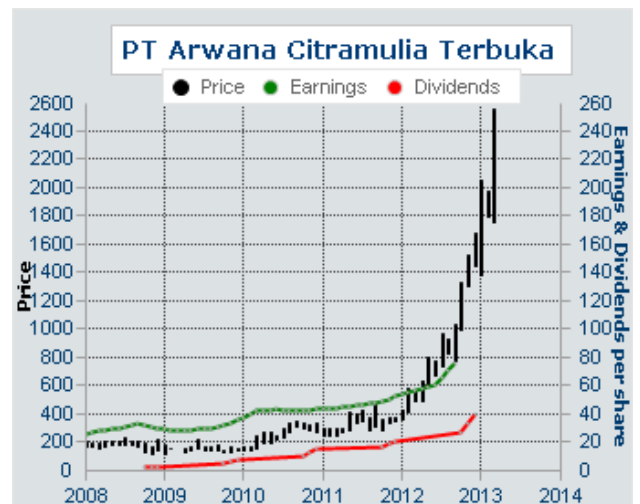
Research Analyst

Tessa.Mulia@sinarmassekuritas.co.id

Stock Data

Sector	Basic Industry
Price	3,125
Previous Target Price	3,025
Previous Rating	Buy
Target Price	Under review
Rating	Neutral
Ticker	ARNA.IJ
Market Cap (IDR billion)	5,736
Shares Outstanding (million)	1,835

ARNA Performance



Source: www.corporateinformation.com

Income Statement (IDR bn)	4Q2012	1Q2012	1Q2013	Q-o-Q	Y-o-Y
Revenue	284.44	254.87	348.60	23%	37%
COGS	185.96	174.43	216.57	16%	24%
Gross Profit	98.48	80.44	132.03	34%	64%
<i>Gross Profit Margin</i>	<i>35%</i>	<i>32%</i>	<i>38%</i>		
Operating Expense	37.09	35.26	39.77	2%	13%
Operation profit	61.40	45.18	92.26	50%	104%
<i>Operating Margin</i>	<i>22%</i>	<i>18%</i>	<i>26%</i>		
Other Income (Expenses)	4.45	3.91	0.76	-83%	-81%
Earnings Before Tax	56.95	41.27	91.50	61%	122%
Tax Expense	14.30	10.37	22.88	60%	121%
Income before MI	42.65	30.90	68.63	61%	122%
Minority Interest	0.69	0.48	0.92	34%	92%
Net Income	41.96	30.42	67.70	61%	123%
<i>Net Margin</i>	<i>15%</i>	<i>12%</i>	<i>19%</i>		
EPS (Rp)	23	17	37		

Source: Bloomberg, Company data, Sinarmas Sekuritas Research

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