

6th of August 2012

PT NIPPON INDOSARI CORPINDO TBK

Cash in on Sweet Taste

BUY

Kinerja ROTI pada 1H12 telah melebihi ekspektasi, sehingga kami memutuskan untuk meningkatkan valuasinya dari Rp 4,600 menjadi Rp 5,200 dan mempertahankan rating BUY. Penjualan pada 1H12 tumbuh sebesar 55.7% YoY menjadi 570.4 miliar, didukung oleh pertumbuhan volume penjualan roti tawar sebesar 68%. Laba bersih pada 1H12 meningkat sebesar 39.9% YoY menjadi 72.3 miliar, sementara net margin meningkat dari 11.8% menjadi 12.7%. Kami yakin bahwa perusahaan dapat meningkatkan net margin menjadi 13% FY 2012 karena advertising cost pada 2H12 tidak akan sebesar cost pada 1H12 yang membebankan television broadcast cost. Untuk FY 2013, kami mempertahankan net margin pada level 13% dengan asumsi retur penjualan dapat ditekan pada tingkat normal di kisaran 10%. Dalam jangka panjang, kami yakin bahwa ROTI dapat mempertahankan rata-rata pertumbuhan penjualan sebesar 42% CAGR sampai tahun 2014.

We are confident that ROTI able to keep its high growth in the long run

Kami meningkatkan ekspektasi atas pertumbuhan ROTI untuk FY 2012 menjadi 50% dari 45% dikarenakan peningkatan kinerja yang impresif di 1H12. Hingga semester 1 2012, penjualan ROTI telah memenuhi 47% dari target penjualan kita untuk FY 2012.

Dalam jangka menengah, ROTI memiliki keunggulan dibandingkan para pesaingnya dalam hal *brand equity*, inovasi terus menerus dengan produk baru, seperti selai, pembangunan pabrik baru di Palembang dan Makassar, serta permintaan yang lebih tinggi sebagai hasil dari proyek iklan yang baru saja diliris. Namun, alasan utama kami meningkatkan ekspektasi pertumbuhan atas ROTI di masa yang akan datang adalah penambahan lini produksi baru yang diharapkan akan terus dilakukan dalam jangka panjang dari 17 lini menjadi 24 lini. (Palembang, Makassar 2 lines; Pasuruan, Semarang, Medan 1 lines).

Spread Market Share Throughout the Country

ROTI tetap fokus untuk meningkatkan penetrasi pasar sebagai *mass-producer* roti di seluruh Indonesia dengan rencana membangun 3 pabrik baru per tahun selama 5 tahun ke depan. Dengan selesainya 7 lini baru pada akhir tahun 2012, perusahaan akan memiliki total 24 lini pada akhir tahun ini. Sementara, untuk tahun depan, perusahaan telah berencana untuk membangun pabrik baru di Pekanbaru, Pontianak, dan Tangerang.

Sales Return Risk Minimized

Alfamart, sebagai salah satu minimarket terbesar di Indonesia telah menandatangani kontrak hak eksklusif untuk menjadi agen tunggal atas penjualan roti tawar keju di Indonesia. Perjanjian ini melarang Alfamart untuk mengembalikan produk yang tidak laku sehingga dapat mengurangi risiko retur penjualan ROTI dan meningkatkan hubungan kerjasama antara ROTI dan Alfamart dalam jangka panjang.

Upgrading Valuation to IDR 5,200 & Maintain BUY

Sebagai hasil dari valuasi ini, kami meningkatkan valuasi ROTI menjadi Rp 5,200. Pada tingkat harga ini, saham ROTI akan ditransaksikan pada 31x 2012P/E dan 22x 2013 P/E. Pada harga sekarang, saham ini masih undervalued, maka kami mempertahankan rekomendasi BUY.

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Stock Data

Sector	Consumer Goods
Price (3 August 2012)	IDR 4,975
Target Price 2012	IDR 5,200
12-month Rating	BUY
Prior	BUY (TP IDR 5,200)
Ticker	ROTI.IJ (BBG); ROTI.JK (RIC)
Market Cap	IDR 5,06 T
Shares Outstanding	1,012 mn
P/E 2012E	31 x
P/E 2013F	22 x



Source: www.corporateinformation.com

Profitability	5-yr avg	2011	2012E	2013F	2014F
Gross Margin%	46.7%	46.6%	46.5%	46.6%	46.8%
EBIT Margin%	18.1%	18.0%	16.8%	17.6%	17.8%
EBITDA Margin%	21.7%	20.9%	21.5%	21.0%	21.2%
DER	0.40	0.39	0.49	0.49	0.49
P/E x		44	31	22	16

Source: Bloomberg, Company data, Sinarmas Sekuritas Research

Top Holders	
Bonlight Investments Ltd	31.5%
Treasure East Investment Ltd	31.5%
Shikishima Baking Co Ltd	8.5%
Sojitz Corporation	4.25%

Source: Bloomberg

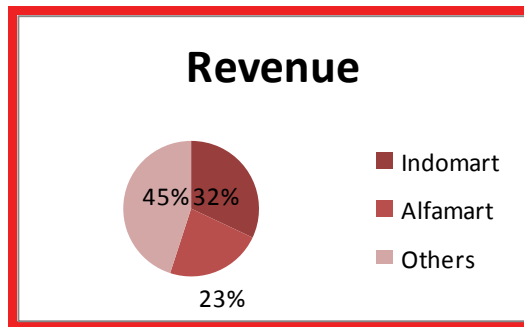
	2010	2011	2012E	2013F	2014F
Revenues	612	813	1,220	1,708	2,305
EBIT	126	146	217	301	410
Net Income	100	116	161	224	309
EPS	99	114	159	221	305
Net DPS	0	25	29	40	55

Source: Company Data

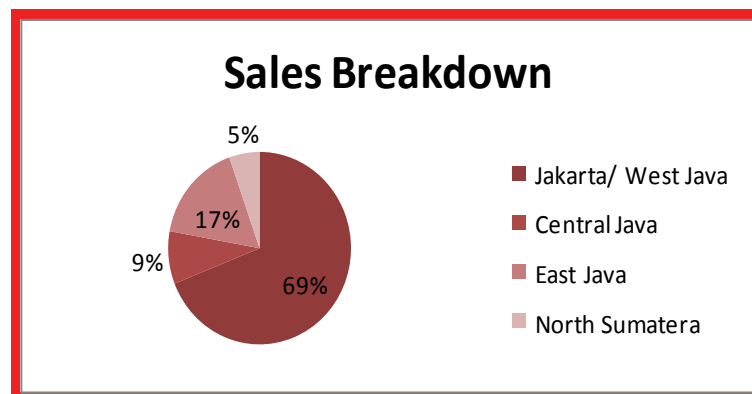
Current Plant	White Bread	Packs/day	Sweet Bread	Packs/day	Utilization
Cikarang 1, West Java	2	144,000	2	288,000	90%
Cikarang 2, West Java	2	144,000	2	432,000	90%
Pasuruan, East Java	1	72,000	2	432,000	100%
Semarang, Central Java	1	72,000	1	144,000	100%
Medan, North Sumatera	1	144,000	1	144,000	90%
Cibitung, West Java	1	144,000	1	288,000	49%

Cons.in Progress	White Bread	Packs/day	Sweet Bread	Packs/day
Palembang, South Sumatera	1	72,000	1	144,000
Makassar, South Sulawesi	1	72,000	1	144,000
Pasuruan, East Java			1	288,000
Semarang, Central Java			1	288,000
Medan, North Sumatera			1	288,000

Source: Bloomberg, Company data, Sinarmas Sekuritas Research



Source: Company data



Source: Company data

Income Statement	2010	2011	2012E	2013F	2014F
Revenue	612	813	1,220	1,708	2,305
COGS	323	434	653	912	1,227
Gross Profit	289	379	567	796	1,079
Operating Profit	126	146	217	301	410
EBITDA	146	170	263	359	490
Pre-Tax Profit	135	155	215	299	411
Net Profit After Tax	100	116	161	224	309
Balance Sheet	2010	2011	2012E	2013F	2014F
Cash & Equivalents	121	48	82	80	66
Accounts Receivable	76	103	134	191	254
Inventory	10	16	22	36	48
Other current asset	7	22	24	31	51
Total Current Asset	213	190	263	338	419
Net Fixed Asset	346	546	710	892	1,084
Other non current asset	9	23	37	51	69
Total Non Current Asset	355	569	747	944	1,154
Total Asset	568	759	1,010	1,281	1,573
Total Current Liabilities	93	148	187	265	314
Total Non Current Liabilities	20	64	144	154	144
Total Liabilities	113	213	331	419	458
Total Shareholder's Equity	455	546	679	862	1,115
Total liabilities & Shareholder Eq	568	759	1,010	1,281	1,573
Cash Flow Statement	2010	2011	2012E	2013F	2014F
Cash Flow from Operations	114	148	206	283	342
Cash flow from investing activities	(148)	(228)	(224)	(255)	(289)
Cash flow from financing activities	97	8	51	(30)	(66)
Net Changes in Cash	63	(72)	34	(2)	(13)
Key Ratio	2010	2011	2012E	2013F	2014F
Sales Growth	26.0%	32.9%	50.0%	40.0%	35.0%
Net Profit Growth	74.7%	16.2%	39.0%	39.0%	37.8%
Operating margin	20.5%	18.0%	16.8%	17.6%	17.8%
Payout Ratio		25.0%	25.0%	25.0%	25.0%
Acid-Test Ratio	2.1 x	1.0 x	1.2 x	1.0 x	1.0 x
ROE	32.0%	23.1%	26.3%	29.1%	31.2%
P/E	50.0 x	44.0 x	31.0 x	22.0 x	16.0 x
P/BV	11.1 x	9.2 x	7.4 x	5.8 x	4.5 x
ROA	21.8%	17.5%	18.2%	19.5%	21.6%

Date	Coverage	Recommendation	Valuation
18-Aug-10	Initiation	Buy	IDR 1,800
18-Feb-11	Update	Buy	IDR 3,000
19-Jul-11	Update	Overweight	IDR 3,800
1-Nov-11	Update	Buy	IDR 4,100
8-May-12	Update	Buy	IDR 4,600
6-Aug-12	Update	Buy	IDR 5,200

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