



## 31 October 2017 | Grand Ballroom, Grand Hyatt, Jakarta



**BCA** *sekuritas*



PT CIMB Sekuritas Indonesia



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## SECTION 1

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### Company Overview

# Management Team

## Board of Commissioners



Robby Taslim  
*President Commissioner*



Makmur Darmo  
*Independent Commissioner*

## Board of Directors



Djonny Taslim  
*President Director/Founder*



Vicky Taslim  
*Vice President Director*



Emiyanti  
*Director*



Tan Hendra  
*Director*

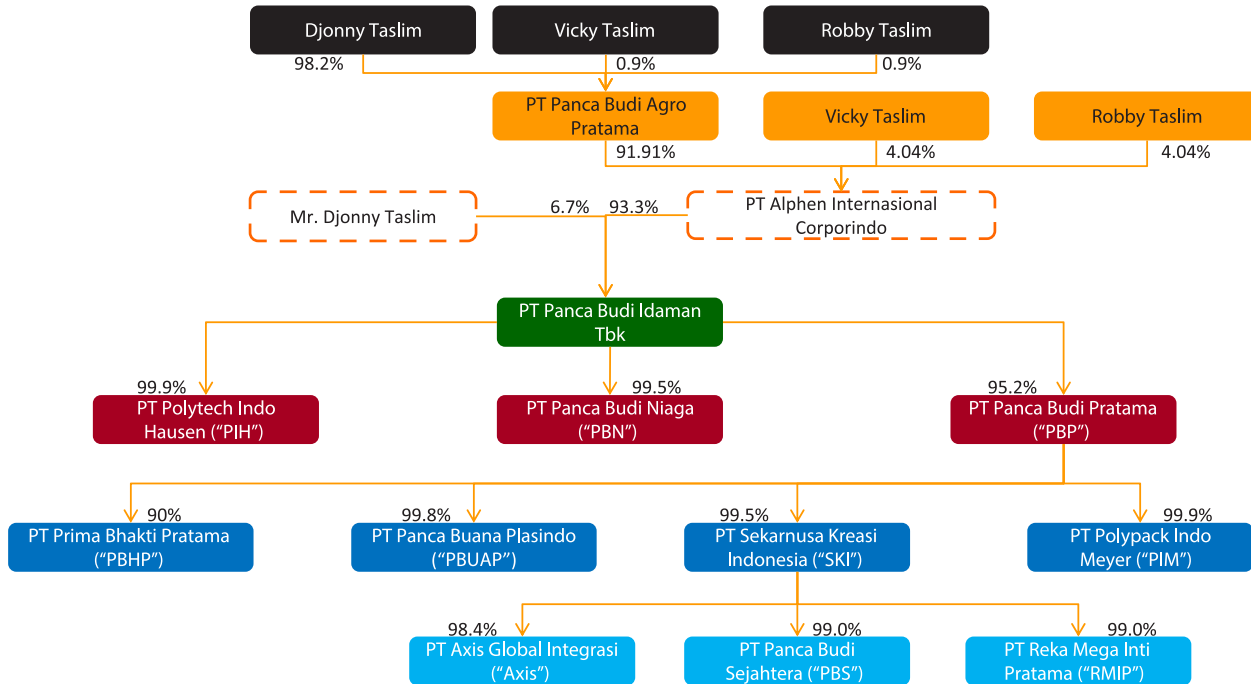


Fu Yin Ling  
*Director*



Ng Hay Yam  
*Director*

# Company's Group Structure



Shareholding structure as of 30 June 2017

## 1 #1 POSITION

Has 46.5% market share in plastic packaging industry within Greater Jakarta\*, attributable to strong brand equity and price leadership

## 2 HIGH GROWTH POTENTIAL

Leading player in Indonesia with one of the lowest plastic packaging consumption per capita rates in ASEAN\*

## 3 EXCELLENT SUPPLY CHAIN MANAGEMENT

Achieved full operational capacity utilization; Has zero bad debt and zero waste operations

## 4 AWARD WINNING WITH SOLID TRACK RECORD

Company has won numerous awards, led by highly experienced management team with c.40 years of industry experience

\*Source: Frost & Sullivan, 28 February 2017



# Brief Overview

## Company Overview

- ✓ Established as a general merchant in 1979, Panca Budi Group is the largest player in traditional wet market retail in Greater Jakarta with approximately 50% market share\*.
- ✓ The largest vertically integrated consumer plastics producer\* in Indonesia which engages in end-to-end business activities, from manufacturing, trading, and distribution of consumer plastics.
- ✓ An domestic-oriented consumer plastics company, offering plastics out of polyethylene ("PE"), polypropylene ("PP"), high density polyethylene ("HDPE"), and heavy duty sacks.

\*Source: Frost & Sullivan, 28 February 2017

## Product Portfolio

### Plastic Packaging

- PE
- PP
- HDPE
- Heavy duty sack

### Plastic related Products

- Plastic ropes
- Drinking straws
- Rubber Thread
- Rubber Bands
- Food Wrapping Paper
- Woven Bag
- Recycled Resin

### Plastic Resin

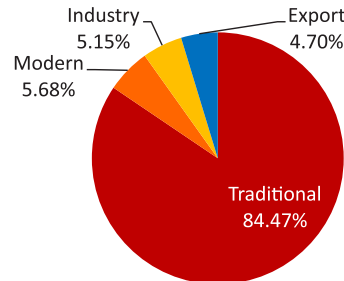
- PE
- PP
- HDPE

## Awards Winning Company with ISO & Halal Certification

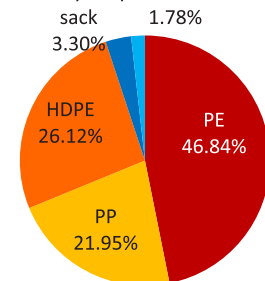


## Plastic Packaging Revenue Contribution, 2016

### By Customer Types

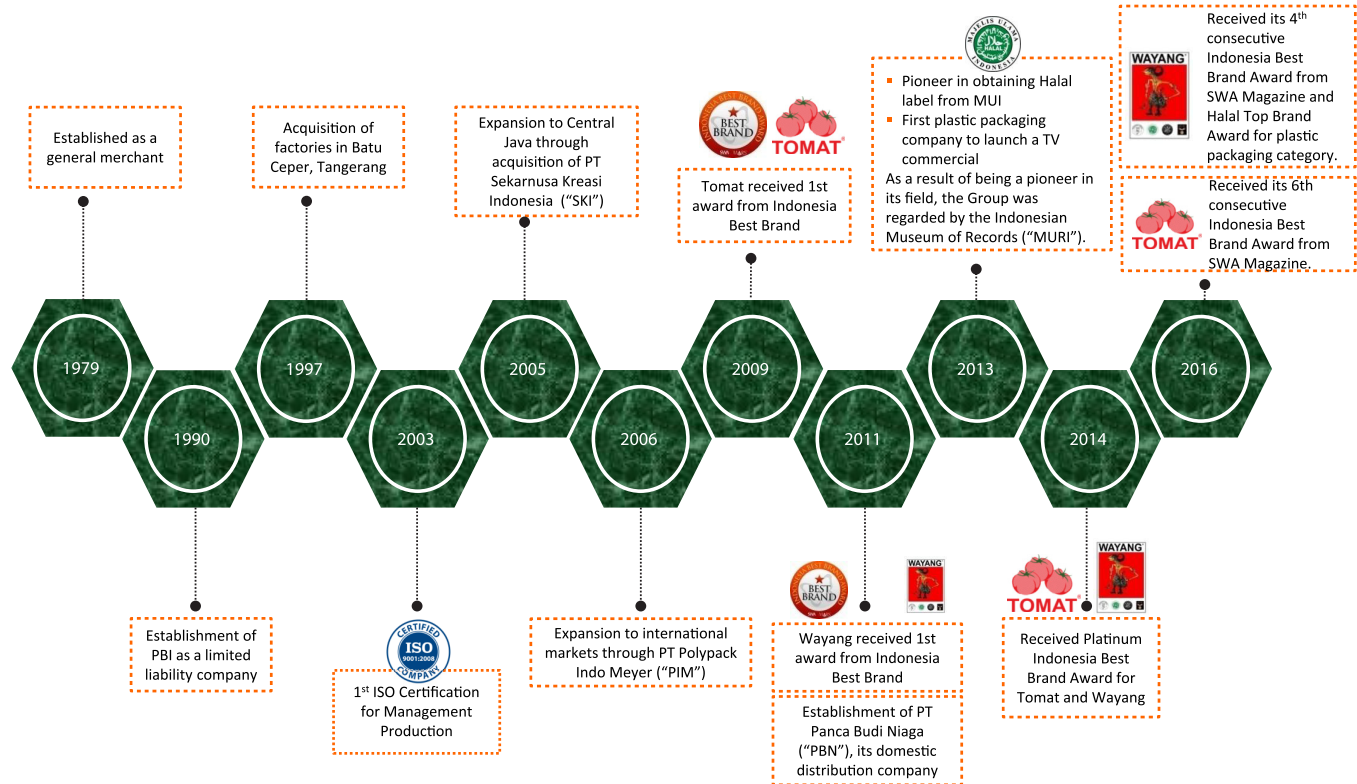


### By Product





# History & Milestones



# Business Model



## SOURCING

The Company primarily uses three types of resins for manufacturing: PE, PP, and HDPE which are procured from third party suppliers.



## OTHERS



Trading business as a complimentary of core business due to economic of scale.



## MANUFACTURING

### Core products

#### PE



#### PP



#### HDPE



### Heavy duty sack



### Others



Outsource for products outside straw and plastic cup



## PLASTIC BAG END CONSUMERS

### Wet Market



### Modern Market



### Industry



### Export



# Brand Portfolio

## Plastic Packaging Core Products

PE

PP

HDPE

Heavy Duty Sack

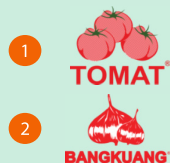
Premium Brand



Other Brands



Top Brands



The Group's best-selling brands are Tomat (PE), Wayang (PP), and Sparta (HDPE). Altogether, the three brands account for 45.69% of sales to traditional market as of 30 June 2017.

Heavy duty sack is sold directly to institutional clients using the clients' own brand. Some of the Group's clientele include:



### Plastic Packaging Related Products

Product	Brand
Plastic Ropes	ABC, Liberty, Pluit
Drinking Straws	Pluit, Strawberry
Rubber Bands	Sparta
Food Wrapping Paper, Woven Bag, Recycled resin	Unbranded

### Plastic Resin



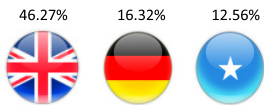
# Distribution Network

## Domestic



## International

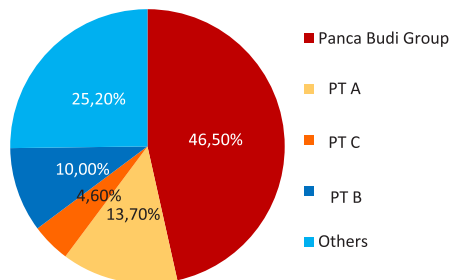
### Top 3 Export Countries in 2016



Export market accounted for 4.44% of plastic packaging revenue in 2016. The top export countries comprise of the United Kingdom, Germany and Somalia, which altogether account for 75.15% of total exports in 2016.

# Competitive Landscape

Estimated market share in wet market in Greater Jakarta, 2015



The wet market in Greater Jakarta is dominated by Panca Budi Group with 46.50% market share, followed by PT A at a distant second with approximately 14% market share. PT B and PT C altogether accounted for nearly 15.00% market share, with the remaining 25.20% coming from miscellaneous smaller-scale participants in the wet market in Greater Jakarta.

	Panca Budi Group	PT A	PT B	PT C
Year of incorporation	Late 1970s. First limited liability company (PBI) was established in 1990	1998	2003	1969
Headquarters	Tangerang, Banten	Jakarta	Solo, Central Java	Solo, Central Java
Geographical Segment	Indonesia, Australia, U.S.A, parts of Europe and Asia	Indonesia	Indonesia	Indonesia
Size of Operations	Seven production facilities	No information available	Four branches in Solo and Jakarta	No information available
Products	PE, PP, HDPE, heavy duty sack	PE, PP, HDPE, heavy duty bags, geo-membranes	PP, PE, HDPE	PE, PP, HDPE, blown film
Brands*	Tomat, Wayang	Bawang, Sawo	Kharisma, Kaisar	Jerapah

Source: Frost & Sullivan, 28 February 2017

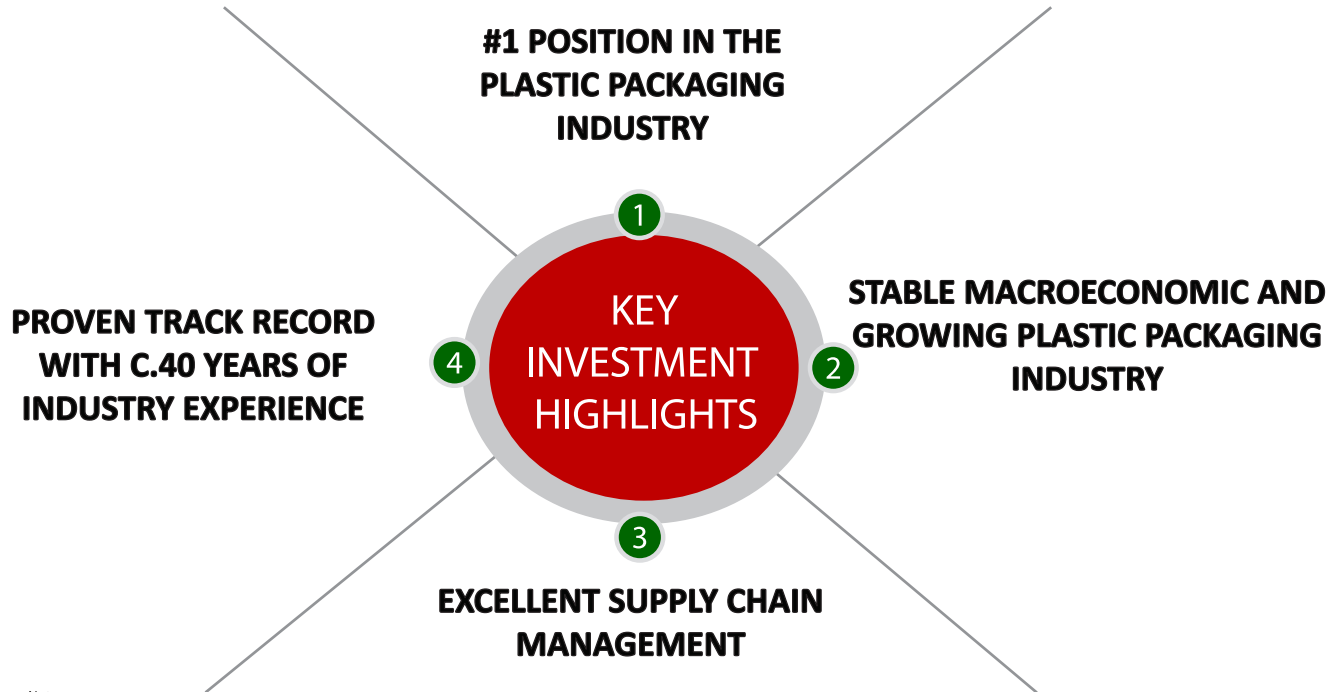
\* Not an extensive list

## SECTION 2

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### Key Investment Highlights

# Key Investment Highlights



Note:

(1) Frost & Sullivan, 28 February 2017

(2) MARS Brand Performance Survey, 2016

# Key Investment Highlights

## 1 #1 position in the plastic packaging industry

### Plastic Packaging

#### Polyethylene ("PE")



#### Polypropylene ("PP")



#### High density PE ("HDPE")



#### ✓ Market share leader

PT Panca Budi Idaman and its subsidiaries (the "Group") hold 46.5% market share (from c. 30% five years ago) for plastic packaging in Greater Jakarta.<sup>1</sup> Going forward, the group are planning to tap eastern Indonesia market.

#### ✓ Strong brand equity

- The Group's Premium PE (Tomat) and PP (Wayang) brands, received the highest Top of Mind ("TOM") score, which indicates that consumers have high brand awareness for the product.<sup>2</sup>
- Tomat and Wayang are identified as the best PE and PP brand in Jakarta by 64.0% and 58.8% of the sample population, respectively.<sup>2</sup>

#### ✓ Price leader

The Group offer its plastic packaging at three different price categories:

- Premium → brands offered at a higher price than competitors due to strong brand loyalty among consumers for the brands.
- Base → brands offered at a similar price range to competitors.
- Discount → brands are offered at a lower price range than competitors.

By applying different price ranges to its plastic packagings, the Group is able to maintain its positioning as price leader as it prevents price war among industry players.

Source:

1. Frost & Sullivan, 28 February 2017

2. MARS Brand Performance Survey, 2016



# Key Investment Highlights

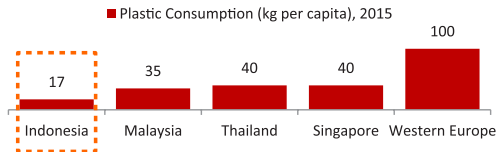
## 2 Conductive macroeconomic environment

- ✓ Consistent GDP growth rate
- ✓ Lower inflation rates
- ✓ Sustained population growth
- ✓ Urbanization
- ✓ Rising domestic demand

Factors  
supporting

High growth potential for the Group as it is a leading player in complementary market

- ✓ Indonesia has one of the lowest plastic consumption per capita rates in ASEAN



Source: Frost & Sullivan, 28 February 2017

- ✓ Plastic packaging is regarded as a “consumer staple”
  - PP and PE products are regarded as “consumer staples” as they are used in day-to-day food and beverage consumption by low-middle income earners, particularly in traditional markets.

- ✓ Increasing government support:

- Government to pay import duty on imports (plastic raw material) due to shortage of oil refineries.
- Wet market revitalization for 1,000 wet markets annually until 2019 ☑ encourage higher consumption of plastic bags and motivate SME to participate.

- ✓ Minimal substitute products

- PP and PE products are cheap and readily available.
- A close substitute is “eco-bags” but not readily available (pulp-based) and unaffordable to low-middle income earners.

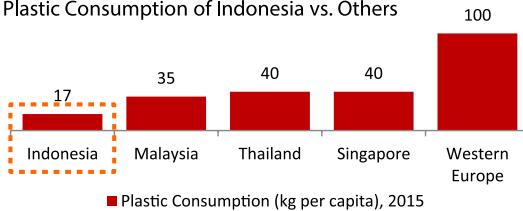
# Key Investment Highlights

## 2 Growing plastic packaging industry

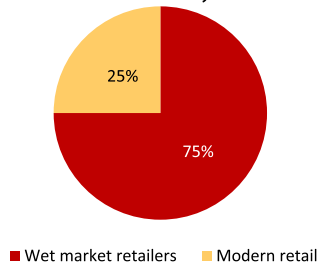
### Growth Drivers to the Plastic Bags Industry



### Plastic Consumption of Indonesia vs. Others



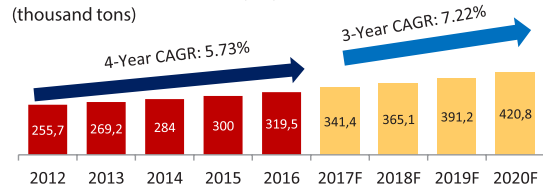
### PP, PE and HDPE sales breakdown by consumer



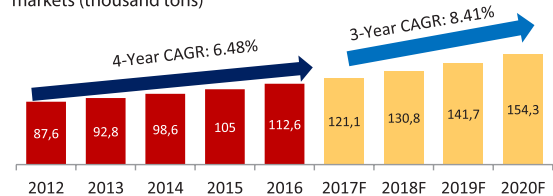
Source: Frost & Sullivan, 28 February 2017

## Overview of Plastic Bags Industry in Indonesia

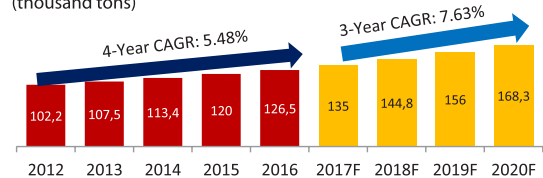
### Market size and forecast of PE, PP, and HDPE in Indonesian wet markets (thousand tons)



### Market size and forecast of PE, PP, and HDPE in Greater Jakarta wet markets (thousand tons)



### Market size and forecast of HDPE in Indonesian modern retail (thousand tons)



## 3 Excellent supply chain management

- ✓ The only Indonesian integrated consumer plastics company
  - The Group engages in manufacturing, trading, and distribution of finished goods. Manufacturing entities are set-up based on distribution area and each manufacturing entity has their own distribution fleet.
  - The Group has relationship with more than 10,000 wet market retailers in major Indonesian cities. In addition, it supplies to strong institutional customers such as Carrefour, Indomaret, Chevron Philips, Lotte, and Chandra Asri.
- ✓ Full operational capacity utilization
  - The Group's existing seven facilities are running near full operational capacity due to strong demand for its products.
- ✓ Integration of modern technology
  - The Group has developed an application that allows salesmen to place customer orders via smartphones which enforces a turnaround time of 1x24 hours for domestic orders.
- ✓ Liquid operations
  - The Group has adopted a cash and carry policy for new customers, while recurring customers are given a TOP of 14 – 21 days.
  - Zero Bad Debt due to the cash-based nature of its operations.
- ✓ Zero waste operations
  - Plastic waste (i.e. scraps or damaged products) can be recycled into plastic resin within the Group's facilities. Recycled resins are used as a blend during manufacturing process and can also be sold to third parties.

4

## Proven track record with c.40 years of industry experience

- ✓ Longestablished track record in the plastics industry
  - Panca Budi Group's history began in late 1970s by founder Mr. Djonny Taslim
  - The Group's involvement in the plastics industry has since expanded both domestically and internationally.
  - Since the Group's products cater to end consumers, product demand is resilient to economic downturns considering plastic packaging is a consumer staple.
- ✓ Steady stream of accolades
  - The Group's brand of PE and PP bags received various award and have also breaks MURI Record.
- ✓ Longstanding relationship with loyal consumers
  - A majority of consumers are recurring customers which has been doing business with the Group for at least five years.
  - Of more than 200,000 surveyed users of Tomat, 80.3% indicate their unwillingness to use competitors' brands. \*
  - Of nearly 145,000 surveyed users of Wayang, 95.1% indicate their unwillingness to use competitors' brands. \*
- ✓ Robust demand due to long standing relationship with consumers, despite full operational capacity utilization
  - The Group has factories in Greater Jakarta, Cilegon, Solo and Medan, all of which are running at near full operational capacity. To fulfill unmet demand, the Group also outsources its production to third parties.

\*MARS Brand Performance Survey, 2016

## SECTION 3

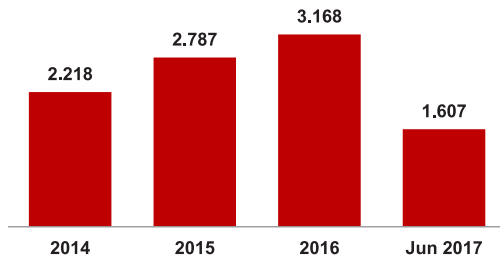
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### Financial Highlights

# Financial Highlights

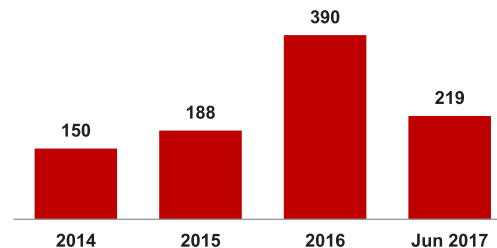
## Net Sales

In IDR billion



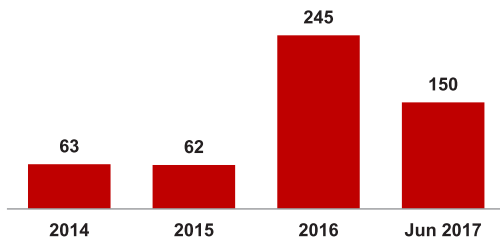
## Gross Profit\*

In IDR billion



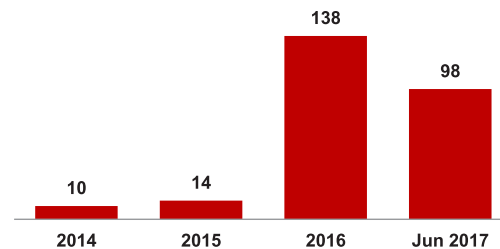
## EBITDA\*

In IDR billion



## Net Profit\*

In IDR billion



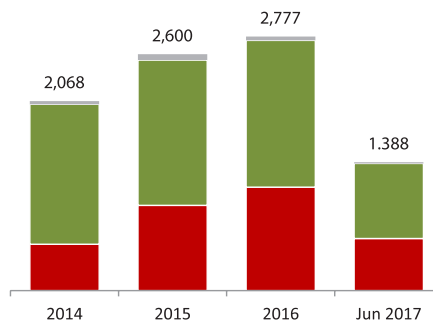
The increase in net profit in 2016 over 2015's, is largely attributable to decrease of the purchase price of plastic resin coupled with the steady selling price of plastic bags

# Financial Highlights: COGS

## Cost of Goods Sold

In IDR billion

■ COGS - Plastic Resin ■ COGS - Plastic Bag ■ COGS - Others



Plastic Resin	24%	36%	41%	41%
Plastic Bag	74%	61%	58%	58%
Others*	2%	2%	1%	1%
Total COGS (IDR billion)	2,068	2,600	2,777	1,388

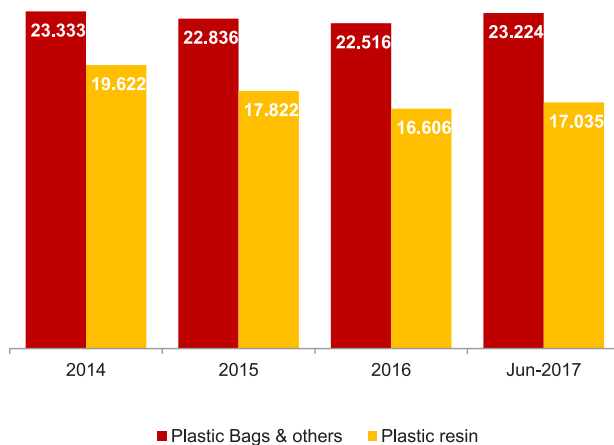
Note:

(\*) Others under COGS include Plastic Ropes, Drinking Straws, Rubber Bands, Food Wrapping Paper, Woven Bag, Recycled Resin

# Financial Highlights: Key Ratios

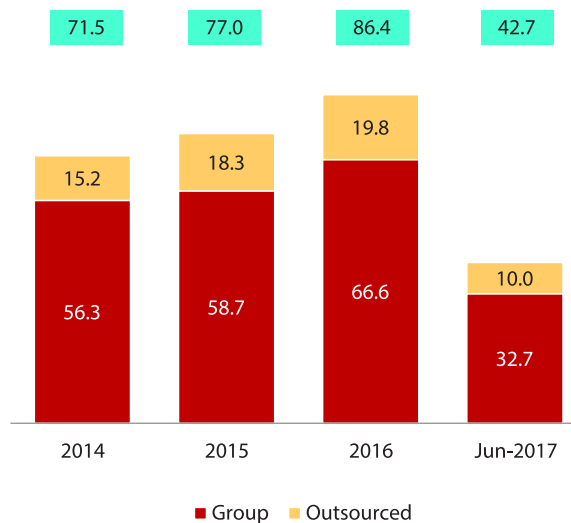
## Average Selling Price

in Rupiah



## Historical Sales Volume – Plastic Bags

in thousand tons



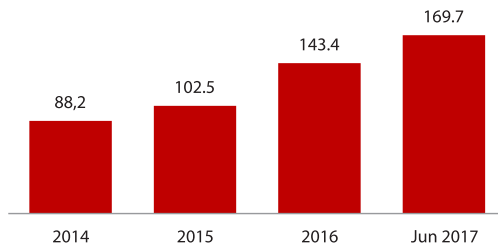
Continuous sales volume increase despite price fluctuations. To fulfill customer demand, the Group has outsourced manufacturing to third parties



# Financial Highlights: Key Ratios

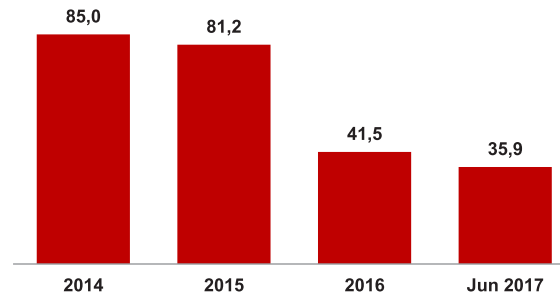
## Current Ratio

In percentage



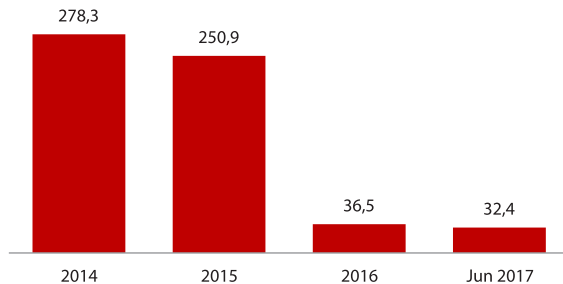
## Liabilities to Assets

In percentage



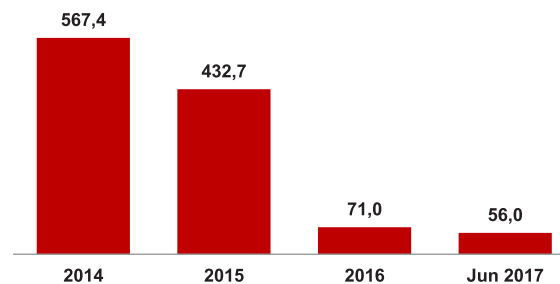
## Debt to Equity

In percentage



## Liabilities to Equity

In percentage



## SECTION 4

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### Growth Strategy

1

## Distribution

- Expansion to Eastern and Western Indonesia through development of warehouses
- Construction of seven new warehouses between 2017 – 2019

2

## Capacity Increase

- Machinery upgrade and replacement for existing facilities
- New machinery purchases to reduce toll manufacturing
- Investment in two new factories in Java Island and Sulawesi

3

## New Product Launching

- Expansion to new market (e.g. tap e-commerce sector, medical sector through launch of plastic-based blood bags and breast milk storage bags)
- Safety plastic bag for e-commerce usage.

## SECTION 5

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### Indicative Offering Structure and Timetable

# Indicative Offering Structure

<b>Issuer</b>	<b>PT Panca Budi Idaman Tbk.</b> (“PBI” or the “Company”)
<b>Offer Structure</b>	Up to 738,806,000 of primary shares of par value IDR 100 each, or maximum 33% of enlarged share capital post-listing
<b>Use of Proceeds</b>	<ul style="list-style-type: none"> <li>■ Approx. 70% for business expansion</li> <li>■ Approx. 30% for working capital</li> </ul>
<b>Listing</b>	Indonesia Stock Exchange (“IDX”)
<b>Joint Lead Underwriters (“JLU”)</b>	<ul style="list-style-type: none"> <li>■ PT BCA Sekuritas</li> <li>■ PT Bahana Sekuritas</li> <li>■ PT CIMB Sekuritas Indonesia</li> </ul>
<b>Professional Parties</b>	<ul style="list-style-type: none"> <li>■ Public Accountant: KAP Rama Wendra (Member Firm of McMillan Woods)</li> <li>■ Legal Counsel: Makes &amp; Partners Law Firm</li> <li>■ Notary: Fathiah Helmi, S.H., MKn.</li> <li>■ Share Registrar: PT Datindo Entrycom</li> </ul>

# Indicative Timetable

Key dates and activities	
31 October 2017	Due Diligence Meeting & Public Expose
31 October – 15 November 2017	Bookbuilding period
7 December 2017	Effective statement from OJK
30 November – 5 December 2017	Public domestic retail offering period
8 December 2017	Settlement, payment and refund
11 December 2017	Listing on IDX

# PRICE RANGE

**Rp ..... - Rp .....  
per share**



Kawasan Pusat Niaga Terpadu  
Jl. Daan Mogot Raya Km 19,6  
Blok D No.8 A-D  
Tangerang 15122 - INDONESIA

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F. (021) - 54365558 / 9