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BUY

Target **IDR480**
Previous **-**
Price **IDR415**

Tinplate Manufacturing

NIKL is a tinplate manufacturer with a 52% share of the domestic market. Its customers are mostly can manufacturers and food companies.

Stock Statistics

Bloomberg Ticker	NIKL J
Share Capital (m)	2,523
Market Cap (IDRbn)	1,047
52 week H L Price (IDR)	510 230
3mth Avg Vol ('000)	20,575
YTD Returns (%)	-3.5
Beta (x)	1.1

Major Shareholders (%)

Nippon Steel Corp	35.0
Krakatau Steel	20.1
Mitsui & Co	10.0
Nippon Steel Trading	5.0
Metal One Corp	5.0

Share Performance (%)

Month	Absolute	Relative
1m	12.2	6.8
3m	-1.2	-5.6
6m	13.7	7.0
12m	36.3	0.5

6M Share Price Performance**Initiation of coverage****Pelat Timah Nusantara****Firm Grip on The Food Industry**

Indonesia's sole tinplate manufacturer, Pelat Timah Nusantara (NIKL), is on firm ground to book a domestic sales volume growth of 15% in 2011 and 15% 2012, spurred by the company's wide exposure in the F&B industry (65%), where the demand for tinplates of high quality is strong. We believe gross margin will expand to 14.6% in 2012 compared to 13.6% from 2011 as soon as the company completes the revamp of its factory. This translates to a 35% CAGR 2009-2012 on its bottom line. This stock inspires confidence given that the company has able to maintain its market share at above 51% since 2008.

Restoring old equipment. NIKL mainly focuses on thinner gauge tinplates which are superior in quality and which allows the company to command higher prices over the thicker gauge version. Regardless of stiff competition in the form of price pressure from imported tinplate producers from China (18% market share) and South Korea (10%), we believe that there would still be locked up demand in the F&B industry, especially from Frisian Flag (19% contribution to revenue), which makes heavy use of high quality tinplates to preserve its condensed milk products. NIKL plans to ramp up its annual production capacity from the current 130k tonnes to 160k tonnes in 2012 and plans to raise its production yield to 95% (Nippon Steel's guidance) from 91% currently.

Margins to expand in 2012 as revamp kicks. As the company's revamp should be completed by early 2012, we expect gross margins to improve to 14.6% in 2012 from 13.6% a year earlier, translating into a gross profit growth of 26.1% amounting to IDR255bn in 2012.

Nippon Steel adds quality, ensures raw material reserves. NIKL's solid business fundamentals are fortified by its strategic partnership with Nippon Steel (with 35% interest), which ensures that the company obtains high quality TMBP, a raw material that is essential to keep canned foods well-preserved. In addition, Nippon Steel as NIKL's supplier provides a measure of security in meeting its raw material requirement. Overall, NIKL's Japanese partner contributes in terms of synergy and best practices.

Healthy balance sheet, prudent capex allocation. Based on its 2010 audited results, NIKL was in a net cash position, with cash comprising 29% of its total assets. NIKL plans to allocate IDR134bn for this year's capex, which will be directed to revamping its factory.

It's a BUY as positive catalysts kick in by early 2012. We have a BUY on the counter, at 13x and 10x 2011 and 2012 PE, with our target price of IDR480 based on DCF. We believe the current share price should be a good entry point given that NIKL's share price has plunged by some 19% since its highest peak in November 2010.

FYE December (IDR bn)	2008	2009	2010	2011F	2012F
Revenue	1,466	1,180	1,362	1,488	1,745
Net profit	73	42	75	80	104
% chg y-o-y	36.4	(42.2)	77.5	7.6	29.9
EPS (IDR)	71	28	30	32	41
DPS (IDR)	16	21	6	10	11
Dividend yield (%)	3.9	5.3	1.5	2.5	2.8
ROAE (%)	31.4	12.2	16.3	15.6	18.0
ROAA (%)	11.3	6.0	9.8	8.8	10.8
PER (x)	5.9	14.8	14.0	13.0	10.0
PBV (x)	1.6	1.5	2.1	1.9	1.7
EV/EBITDA (x)	9.2	12.7	11.7	10.5	8.0

INVESTMENT THESIS

OF STRATEGIC PARTNERSHIPS AND BEST PRACTICES

Raw material supply from Nippon Steel. NIKL's business has the solid backing of its strategic partner Nippon Steel (35% interest), which enables the company to obtain high quality TMBP, a raw material essential in making canned food well preserved. It is worth noting that F&B (65%) comprises the company's largest market segment. Currently, the supply of tin mill black plates (TMBP) is limited and NIKL is dependent on importing this material. However, what is positive is that NIKL has been able to secure its raw materials from its own shareholder, Nippon Steel, at reasonable prices. As such, we believe that Nippon Steel contributes to NIKL in terms of synergy and best practices.

Capacity expansion caters to growth. NIKL is getting de-bottlenecking support from Nippon Steel to ramp up its annual production capacity to 160k tonnes from 130 k tonnes previously, which will provide room for NIKL to meet its target of increasing its production yield to 95% (Nippon Steel's guidance) from 91% currently.

1. At end-2010, the revamp was still at the preliminary stage
2. Progressing on schedule with completion targeted for early 2012
3. Production capacity to increase to 160k tonnes in early 2012 from 130k tonnes

Benefits of production capacity expansion to 160k tonnes:

- Gaining a larger market share of the local market
- Product quality improvement
- Enhanced efficiency

The factory revamp. NIKL's factory revamp is on track given its project agreements with Nippon Steel Engineering, Nippon Steel Construction Indonesia, Sankyu Indonesia International and Fuji Electric Asia signed on October 2010 and also support from NSC to the Electronic Tinning Line. NIKL will be required to cease operations at its plant for 35-40 days this year, which will temporarily disrupt production. Nevertheless, its inventory is sufficient to make up for the operation slowdown. In the worst-case scenario, NIKL would still be able to import its tinplates directly from Nippon Steel. Exhibit 1 provides details of the revamping activities.

Exhibit 1: Details on NIKL's revamp

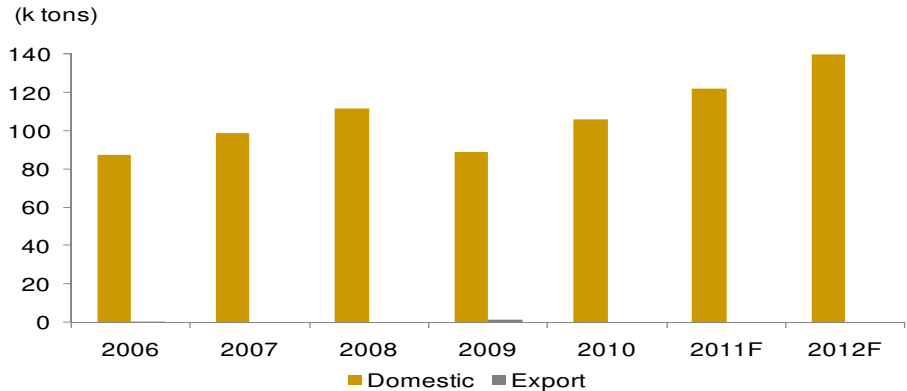
	Purpose
Drive System and Human Machine Interface (HMI)	To reduce electricity consumption for the drive system by almost 50% from current levels
Plating Section and Tin Dissolution Unit	Increase processing capability of entry into the lucrative K-plate market
Induction Heater (reflow Section)	To reduce visual defects in the area as well as improve capability for production of K-plates
Supporting Facilities	Expanding electricity supply, reconditioning waste water treatment facility
Scroll cutting line	New scroll cutting lines for sheet production and tinplate scroll production
Energy conversion and water recycle	Reduction in boiler fuel costs and enable it to recycle water

Source: Company

Sales volume catapults. NIKL will maintain its focus on the domestic business. We expect 2011 sales volume to increase 15% y-o-y to 122k tonnes compared to the previous year's 105k tonnes. No export sales contribution is expected this year and beyond.

Margins to expand as revamp kicks in from 2012. As soon as the revamp is completed in early 2012, we expect gross margins to improve to 14.6% in 2012 from 13.6% in the previous year on the back of enhanced efficiency. This translates into a gross profit growth of 26.1% amounting to IDR255bn in 2012.

Exhibit 2: Sales volume trend, 2006 – 2012f

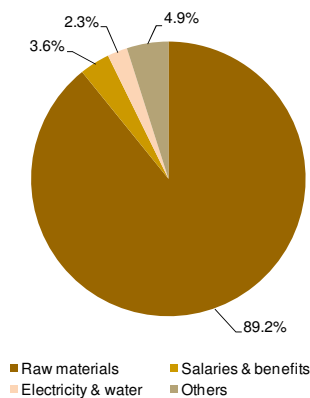


Source: Company, OSK research

Frisian Flag the biggest customer. Frisian Flag Indonesia has been NIKL's main customer with a revenue contribution exceeding 11% since 2004, rising further to 19% in 2010. We expect the revenue contribution of 19% to remain at the same level going forward. Its second biggest customer, United Can Company, contributes about 10% of revenue.

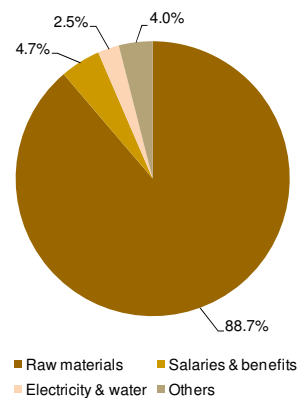
Production components. NIKL's raw materials are TMBP (90% - 95%) and tin (5% - 10%). Its raw materials contribute 89% to total COGS. Note that 100% of its TMBP raw materials is imported using USD transaction.

Exhibit 3: COGS breakdown, 2010



Source: Company

Exhibit 4: COGS breakdown, 2011F



Source: OSK estimates

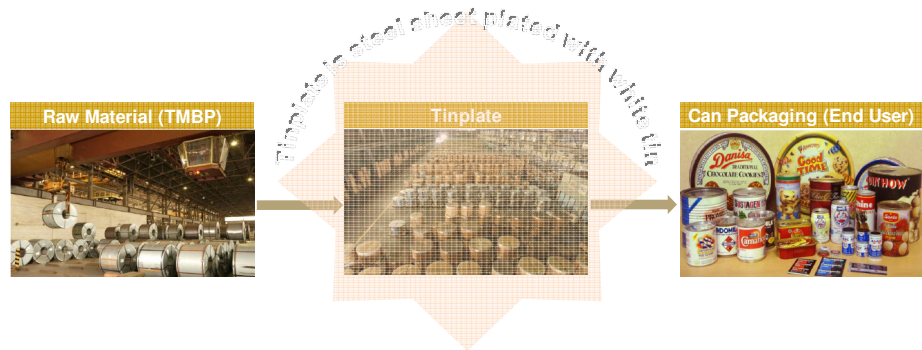
Exhibit 5: Nippon Steel's exposure in the iron & steel industry secures NIKL's raw material supply

Nippon Steel's Main Activities

- Iron and Steel Industry
- Engineering and Construction
- Urban Development
- Chemical Industry
- Metal Based Material Industry
- System Solution

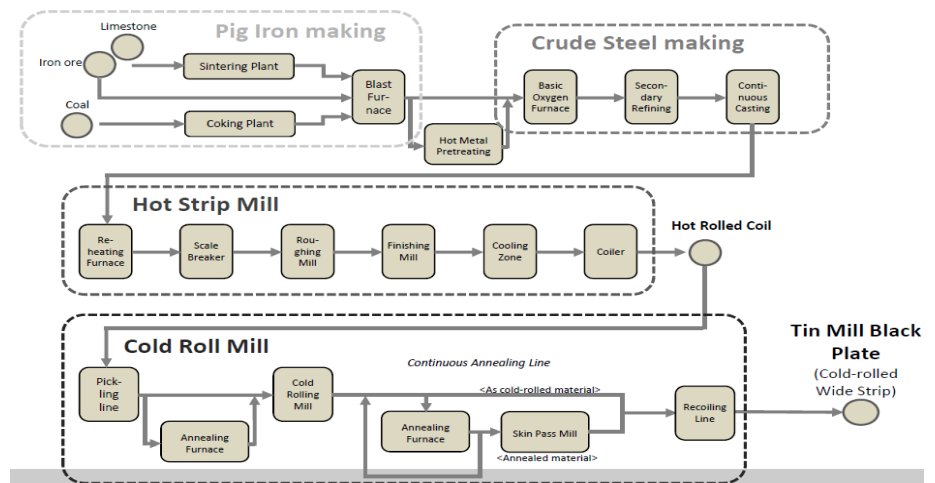
Source: Nippon Steel

Exhibit 6: Tinplate is made from TMBP plated with white tin



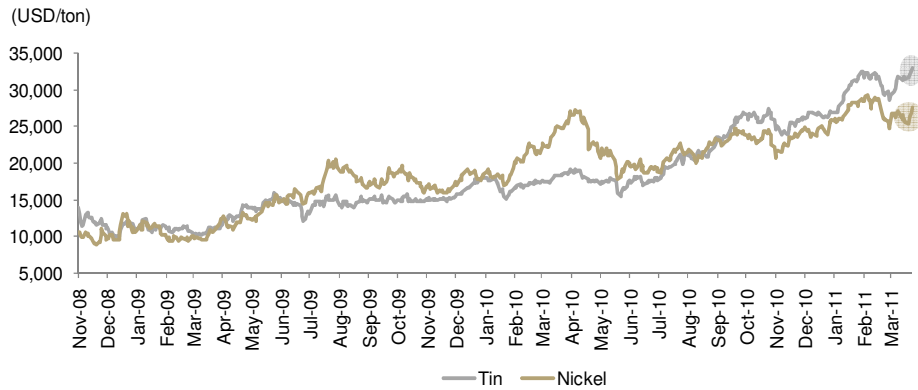
Source: Company

Exhibit 7: How TMBP is produced



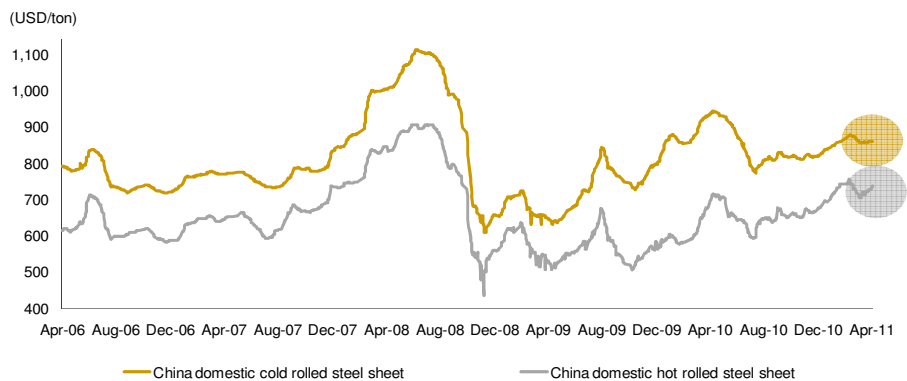
Source: Company

Exhibit 8: Metal base price remains volatile



Source: Bloomberg

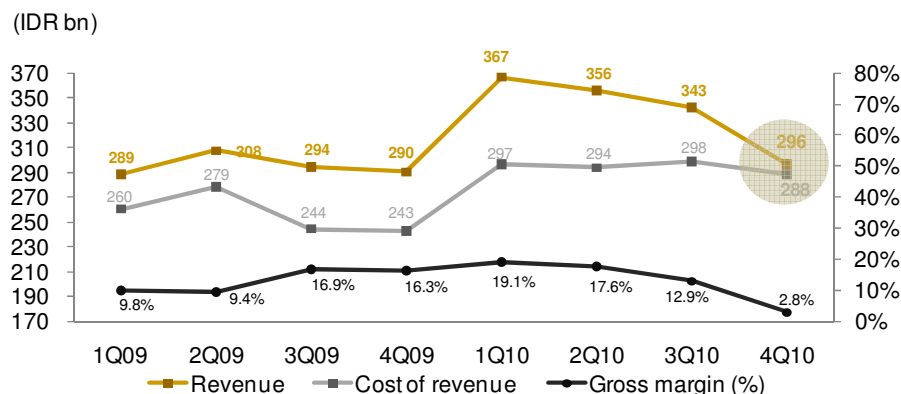
Exhibit 9: Average spot price of China's cold & hot domestic rolled steel sheets



Source: Bloomberg

External jitters and raw material price fluctuation. The industry faces fierce competition from Chinese tinplate producers who are able to price their products 15% cheaper than Indonesian producers. However, we believe that the price pressure would not crimp NIKL's 2011 revenue given its sales volume growth of 15% y-o-y on the back of robust demand in the food & beverage market. It is worth noting that NIKL's 2010 market share of 52% was not adversely affected compared to 9M10, as the pressure from lower Chinese selling prices did not have significant impact owing to NIKL's focus on high quality tinplates.

Absorbing market prices. Foreign exchange rates, and prices of iron ore, steel and coking coal affect TMBP prices. This is critical to NIKL as the company purchases the raw material at spot prices and tends to absorb its price movements, unlike prior to 1H10 when it bought them at a set price. This renders the company less able to pass on the higher raw material cost burden to customers. Note that raw material prices could change every 3 weeks to 3 months, which causes volatility in margins. However, we still believe that NIKL would be able to achieve sales and bottom-line growth of 9.2% y-o-y and 7.6% y-o-y respectively in 2011.

Exhibit 10: 4Q10 gross margins hit as keen competition from China pressure NIKL's tinplate demand


Source: Company

4Q10 margins depressed but will improve going forward. 4Q10 margins were depressed, with gross margins at 3% compared to 3Q10's 13%, due to short-term selling pressure from China. However, the company's FY10 revenue and bottom line still surged to IDR1,362bn (+15.4% y-o-y) and IDR75bn (+77.5% y-o-y) respectively on the back of the economic recovery. We believe that NIKL will see better days in 2011 compared to 4Q10 given its moderate sales volume growth of 15% riding on robust growth of the F&B industry.

Exhibit 11: Quarterly financial highlights, 1Q09 – 4Q10

(IDR bn)	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
Revenue	289	308	294	290	367	356	343	296
Cost of revenue	260	279	244	243	297	294	298	288
Gross profit	28	29	50	47	70	63	44	8
<i>Gross margin (%)</i>	<i>9.8%</i>	<i>9.4%</i>	<i>16.9%</i>	<i>16.3%</i>	<i>19.1%</i>	<i>17.6%</i>	<i>12.9%</i>	<i>2.8%</i>
Selling	4	5	5	7	7	7	7	6
G&A	10	10	24	21	24	19	17	20
Total opex	14	15	30	28	32	26	24	26
Operating profit	14	14	20	19	38	37	20	(18)
<i>Op. margin (%)</i>	<i>4.9%</i>	<i>4.5%</i>	<i>6.7%</i>	<i>6.6%</i>	<i>10.5%</i>	<i>10.3%</i>	<i>5.8%</i>	<i>-6.0%</i>
Interest income	0	0	0	1	2	3	2	2
Forex GL	(3)	(4)	1	(1)	(2)	0	0	1
Interest expense	(4)	(3)	(2)	(1)	(2)	(4)	(2)	(1)
Other inc. (exp.)	4	(0)	1	1	0	1	1	16
Total other inc./exp	(3)	(7)	(0)	1	(1)	(1)	1	17
Profit before tax	11	6	19	20	37	36	21	(0)
Income tax	13	(4)	(1)	8	9	9	5	(3)
Net income	(1)	11	21	12	28	27	16	3
<i>Net margin (%)</i>	<i>-0.4%</i>	<i>3.5%</i>	<i>7.0%</i>	<i>4.1%</i>	<i>7.6%</i>	<i>7.6%</i>	<i>4.7%</i>	<i>1.0%</i>

Source: Company

Catering to rising consumption. We believe that NIKL's large exposure to the food and beverage industry (65%) would be one of its growth highlights. NIKL plans to supply 15k tonnes of tinplates to PT. Great Giant Pineapple, the 3rd largest pineapple canning company in the world, after expanding its production capacity to 160k tonnes. It is worth highlighting that consumer companies listed on the IDX are forecasting solid growth averaging 17.8% and 15.9% for 2011 and 2012 respectively. This also indicates that NIKL should see stronger tinplate demand going forward, thanks to its huge exposure to the F&B sector.

Exhibit 12: Consumer companies' sales growth, 2010f-2012f

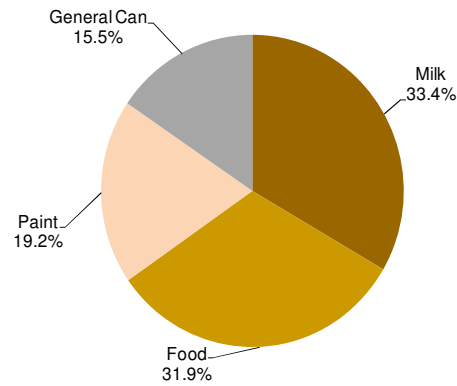
	Sales Growth		
	2010	2011f	2012f
ICBP*	9.9%	11.2%	10.4%
INDF	5.6%	6.3%	6.0%
MYOR	30.0%	23.0%	22.5%
KLBF*	12.8%	14.2%	14.3%
TSPC	16.3%	17.5%	15.0%
ROTI	25.6%	34.4%	27.2%
Average	16.7%	17.8%	15.9%

Source: Bloomberg, OSK Research

* Market consensus

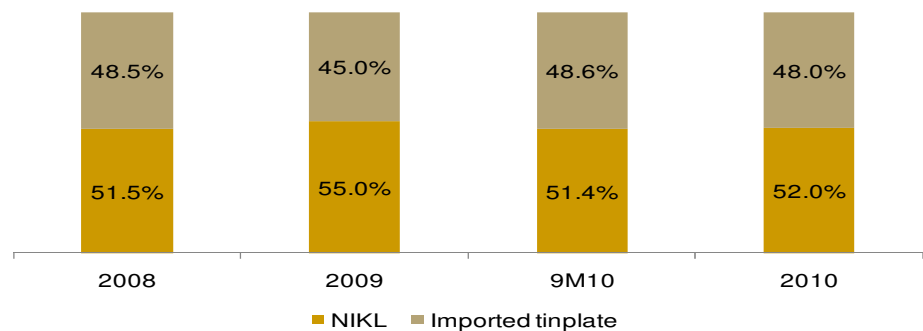
Why use NIKL's tinplates? NIKL's competitive edge is in being able to offer a wide range of tinplates of different thickness and sizes to suit customers' specifications. The company mainly focuses on thinner gauge tinplates, which are of superior, high-end quality and command a premium over the price of thicker gauges. As tinplate exposure to the food & beverage industry globally is still the largest at about 67%, this gives NIKL enormous opportunities to ride on the growing demand for tinplate, especially in the F&B industry, as canned foods requires stringent hygiene standards and durability. These requirements set apart NIKL from its competitors.

Exhibit 13: NIKL's market segment, 2010

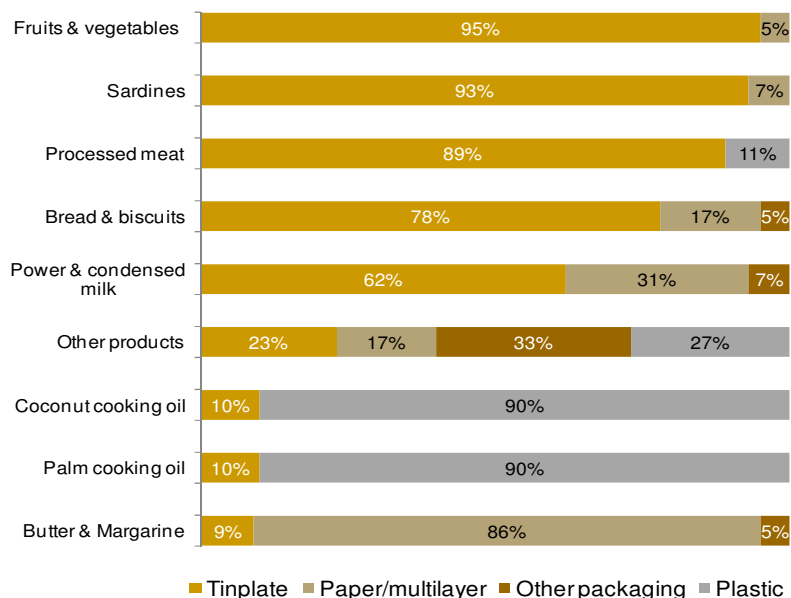


Source: Company

Exhibit 14: Domestic market share, 2008 - 2010

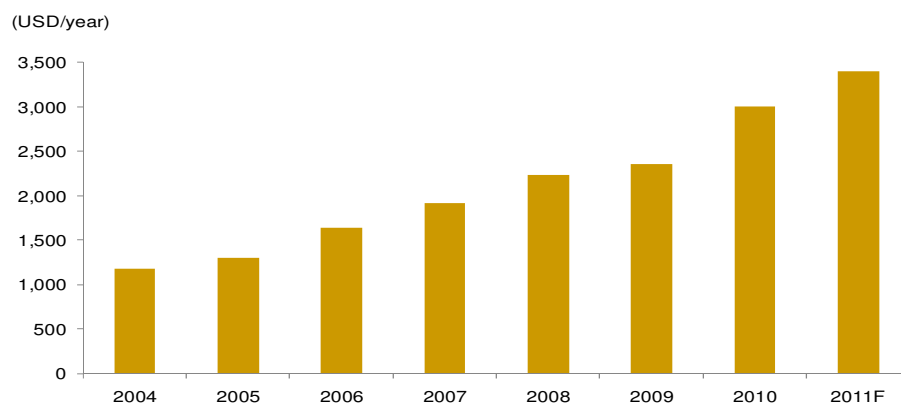


Source: Company

Exhibit 15: Indonesia's packaging market

Source: CIC research

Keeping up with rising GDP per capita. We believe that the demand for tinplates will be robust in view of Indonesia's GDP per capita growth of 13% y-o-y in 2011. Based on data from World Steel Association, emerging markets such as China, Indonesia and India - which have per capita earnings of below USD5,000 - consume less than 4 tonnes of tinplates/person/year. In comparison, Japan and Australia - which are developed countries with GDP per capita of USD40,000-USD55,000 - consume 8 tonnes/person/year. Increase of proportion of the middle income class in Indonesia also provides a positive outlook to the tinplate industry, leading to higher demand for processed F&Bs. Back in 1999, the proportion of middle class population was only 25%, however the proportion rapidly increases to 43% in 2009.

Exhibit 16: Indonesia's GDP per capita

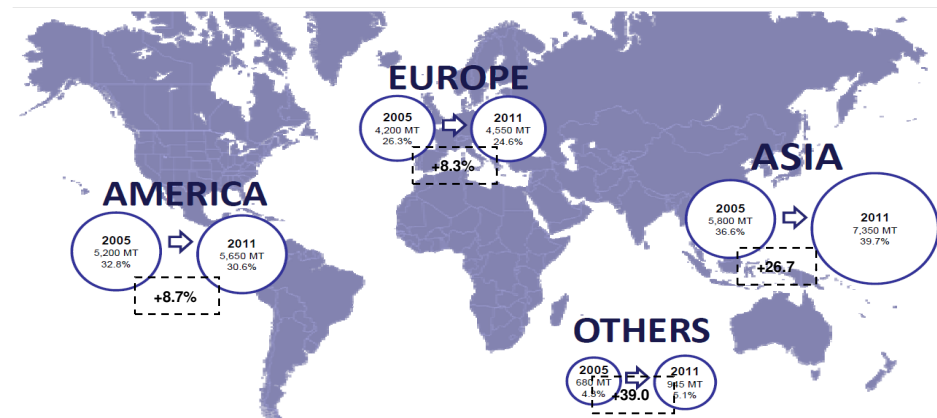
Source: Various sources, OSK Research

Exhibit 17: Meeting the rise in Indonesia's middle class group

Expenditure/capita/day	National		Urban		Rural	
	1999	2009	1999	2009	1999	2009
	(%)		(%)		(%)	
<USD1.25	42.2	24.6	23.4	12.2	53.5	33.7
USD1.25-USD2	32.8	32.4	32.4	25.5	32.9	37.5
USD2-USD4	20.0	31.0	33.0	40.0	12.4	24.3
USD4-USD6	3.5	7.5	7.6	13.2	0.9	3.3
USD6-USD10	1.2	3.3	2.8	6.5	0.2	0.9
USD10-USD20	0.3	1.1	0.6	2.2	0.0	0.3
>USD20	0.0	0.2	0.1	0.3	0.0	0.1
Total	100	100	100	100	100	100
Middle class (USD2-USD20)	25.0	42.9	44.0	61.9	13.5	28.8

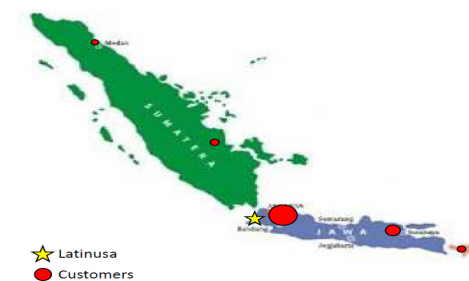
Source: ADB

Exhibit 18: Asia's tinplate consumption has climbed 26.7% since 2005



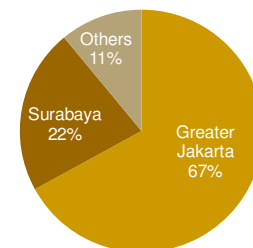
Source: Nippon Steel

Exhibit 19: Short distribution channels



Source: Company

Exhibit 20: Customer location breakdown



Source: Company

Key Assumptions

Our financial forecasts are based on the following assumptions:

Exhibit 21: Assumptions

	2010*	2011E	2012E
Sales volume ('000 tonnes)	105.9	121.8	140.1
ASP (USD/ton)	1,415	1,335	1,361

Source: OSK Research * Actual figures

Prudent use of capex. NIKL plans to allocate IDR134bn in capex this year for its factory revamp. In 2009, the company spent IDR158bn raised from its IPO on this programme. The capex for 2011 will be directed at completing this revamp. Note that in 2010 the company held cash of IDR262bn. Based on its 2010 audited results, NIKL was in a net cash position, with its cash comprising 29% of its total assets.

Valuation. Our target price of IDR480 is based on NIKL's 5-year terminal growth DCF value with a terminal growth rate of 3%, assuming a WACC of 13.5%, risk-free rate of 8.5%, risk premium of 5.0% and a beta of 1.1. As NIKL's share price has plunged by some 19% since its highest peak in November 2010, we believe the current share price should be a good entry point. NIKL presents investors with a worthwhile exposure given its position as Indonesia's only tinplate manufacturer that is affiliated to state-owned Enterprise (Krakatau Steel) and Nippon Steel, which provides a secure supply of raw materials, as well as the company's focus on delivering high quality tinplates that are suitable for canned food.

Sensitivity analysis. We did a sensitivity analysis for the every 0.5% change in TMBP price. For every 0.5% change in TMBP price (80% of total COGS), our EPS changes 6.6% from our base case.

Exhibit 22: Sensitivity analysis on raw material (TMBP) price movement

TMBP price movement	2011F						
	-1.5%	-1.0%	-0.5%	0%	0.5%	1.0%	1.5%
COGS	1,269	1,275	1,280	1,285	1,291	1,296	1,301
Net income	96	91	86	80	75	70	64
Change (%)	19.7	13.1	6.6		-6.6	-13.1	-19.7
EPS	38	36	34	32	30	28	26
P/E (x)	10.9	11.5	12.2	13.0	14.0	15.0	16.3

Source: OSK Research

Exhibit 23: Peer comparison

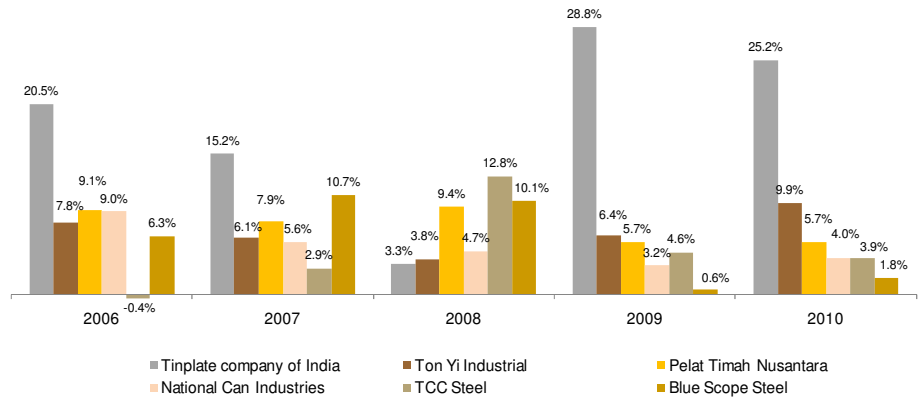
Company	Ticker	Market cap (USDm)	2010 PE (x)	2010 PBV (x)	2010 ROE (%)
Tinplate company of India*	TPC IN	115	6.4	1.6	29.2
TCC Steel	002710 KS	70	6.3	0.4	6.9
Ton Yi Industrial	9907 TT	832	12.1	1.3	6.2
Blue Scope Steel**	BSL AU	3,701	27.1	0.6	2.2
National Can Industries**	NCI AU	84	15.0	0.6	3.9
Weighted avg.		4,802	23.5	0.7	3.6
Weighted avg. (excl NCI AU)		1,101	11.4	1.2	8.5
Pelat Timah Nusantara	NIKL IJ	116	14.0	2.1	16.3

Source: Bloomberg, Companies, OSK Research

* Financial statement end of March

** Financial statement end of June

Exhibit 24: Global peers' operating margins, 2006 - 2010



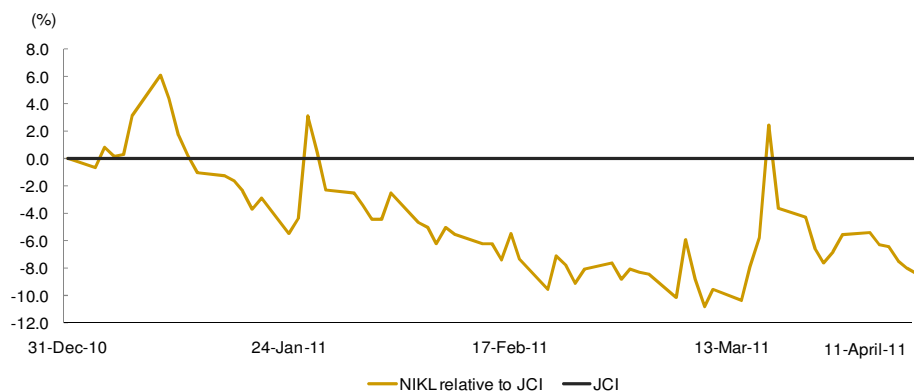
Source: Companies

Exhibit 25: Description of global competitors

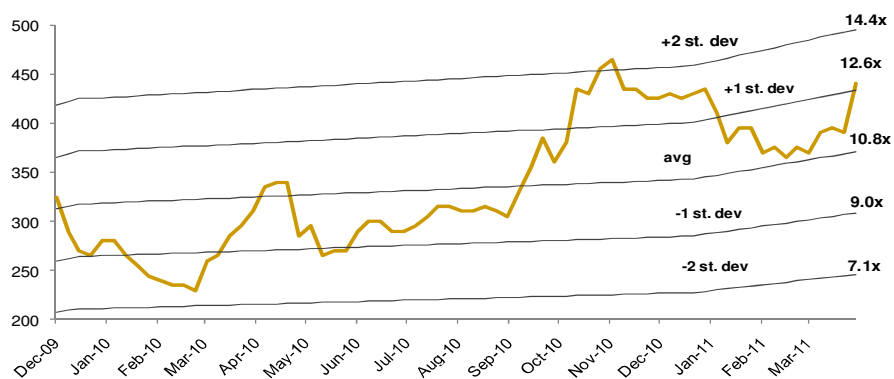
Company	Ticker	Description
Tinplate company of India	TPC IN	Producer of tin-free and tin coated sheets. About 25% of the manufactured tin sheets and plates are exported to the markets in Europe, South East Asia and the Middle East.
TCC Steel	002710 KS	Manufactures and sells electrolytic and copper coated tinplates. The company exports its products to more than 40 countries
Ton Yi Industrial	9907 TT	Manufactures and markets tinplate sheets, lacquered tinplate, tinplate round cans and plastic bags
Blue Scope Steel	BSL AU	Manufactures and distributes hot and rolled coil, plate and coated products such as pre-painted steel and zinc/aluminium alloy-coated steel
National Can Industries	NCI AU	Manufactures and sells packaging products and services such as metal cans, tinplate and aluminum sheeting and plastic pails

Source: Company

Exhibit 26: NIKL's relative share price performance to JCI, 2011 ytd



Source: Bloomberg

Exhibit 27: NIKL's historical forward PER band

Source: Bloomberg, OSK Research

RISK FACTORS**1. Increase in raw material price**

NIKL's costs are subject to the volatility of raw material prices. This could hurt margins if TMBP or tin prices go up.

2. Decline in global tinplate price

NIKL faces the risk of a decline in global tinplate price. If the global price drops, customers may switch to imported tinplate products should NIKL be unable to adjust its selling price.

3. Import tariffs may hurt NIKL's market share

Low import tariffs may open the door for the entry of products from foreign competitors such as China (18%) and South Korea (10%), which may eat into NIKL's share of the domestic market. However, NIKL plans to focus on its high quality products and maximize its cost efficiencies to gain a competitive edge.

4. Substitute products

As products such as plastic, aluminium and cartons are substitute to tinplates, this may hurt NIKL's market share. However, the company differentiates itself by producing thinner tinplates that enjoy a competitive advantage in terms of quality.

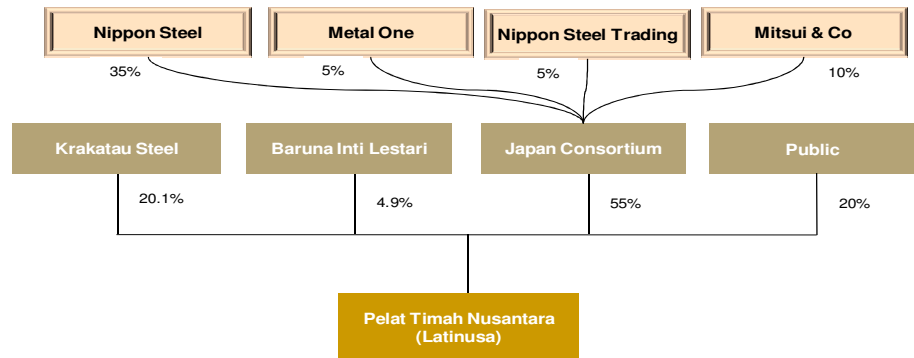
5. Liquidity risk

With a market cap of USD116m and a daily trading value of USD0.9m, NIKL might not appeal to some investors given its relatively poor liquidity. One has to consider this carefully as any extreme negative movement in the overall market might cause the liquidity in small cap counters such as NIKL to shrink drastically.

COMPANY PROFILE

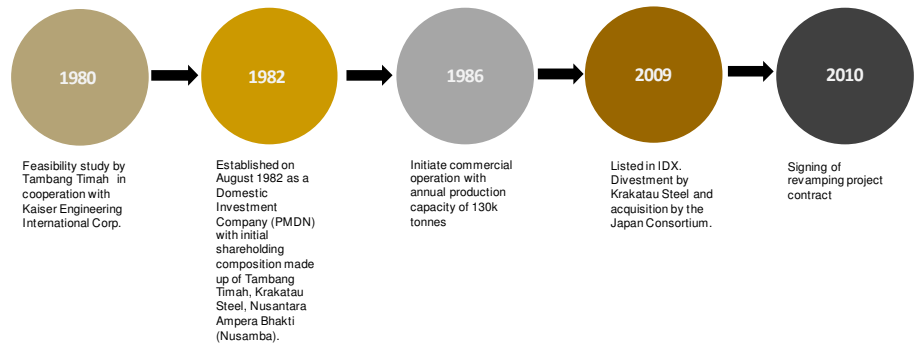
Pelat Timah Nusantara (NIKL), established in 1980, is the only tinplate producer in Indonesia with strong exposure to the food and milk industry. Pre-IPO in 2009, Krakatau Steel (KRAS) held 93.9% of NIKL's shares. Post-IPO, after NIKL divested its shares, KRAS was left with 20.1% of the company's shares. NIKL has around 30 customers with which it maintains a good relationship. Its production facility in Cilegon in West Java is some 3 to 4 hours from its main customers in Greater Jakarta.

Exhibit 28: Shareholding structure



Source: Company

Exhibit 29: NIKL's milestones



Source: Company

FINANCIALS

Exhibit 30: Balance sheet

FYE December (IDR bn)	2008	2009	2010	2011F	2012F
Current assets					
Cash & cash equivalents	30	198	262	173	199
Trade & other receivables - net	255	165	208	227	252
Inventories	428	163	326	286	331
Prepaid taxes & expenses	2	2	5	3	3
Sub-total	714	528	801	689	785
Non-current assets					
Investments in shares of stock	1	1	1	1	1
Deferred tax assets - net	17	9	13	13	14
Fixed assets - net	27	27	69	201	228
Book value	119	122	151	285	315
Accumulated depreciation	(92)	(95)	(81)	(84)	(86)
Others	33	43	33	-	-
Sub-total	79	80	116	215	243
TOTAL ASSETS	792	608	918	904	1,028
Current liabilities					
Short-term bank loan	223	77	174	191	210
Trade & other payables	158	31	180	82	95
Due to related parties	69	1	0	-	-
Taxes payable	22	5	5	6	9
Accrued expenses	29	31	32	39	45
Current portion of long-term debt	-	-	-	-	-
Sub-total	501	145	391	318	359
Non-current liabilities					
Provisions est. employee benefits	32	36	40	45	51
Long-term debt - current portion	-	-	-	-	-
Sub-total	32	36	40	45	51
Total liabilities	533	181	430	363	410
Equity					
Issued and fully paid	102	252	252	252	252
Paid-in capital	-	107	107	107	107
Retained Earnings	158	68	127	182	258
Others	-	-	0	-	-
Sub-total	260	427	487	542	618
TOTAL LIABILITIES & EQUITY	792	608	918	905	1,028

Source: Company & OSK Research

Exhibit 31: Profit & loss

P&L (IDR bn)	2008	2009	2010	2011F	2012F
Revenues	1,466	1,180	1,362	1,488	1,745
Gross profit	223	154	185	203	255
EBIT	138	67	77	98	130
EBITDA	143	73	82	101	132
Profit before tax	109	57	94	107	139
Income tax	36	15	19	27	35
Net income	73	42	75	80	104

Source: Company & OSK Research

Exhibit 32: Cash flow

Cash flow (IDR bn)	2008	2009	2010	2011F	2012F
Net profit	73	42	75	80	104
Add back depreciation	5	6	5	3	3
Changes in working capital	(1)	152	(61)	(69)	(49)
Other op. cash flow	(0)	(3)	(19)	-	-
Operating cash flow	77	197	0	13	58
Capital expenditure	(6)	(3)	(29)	(134)	(30)
Other investing cash flow	27	(10)	8	34	0
Investing cash flow	21	(13)	(21)	(100)	(30)
Net changes in debt	55	(146)	97	17	19
Changes in share capital	-	258	-	-	-
Dividends	(16)	(32)	(15)	(25)	(28)
Other financing cash flow	(123)	4	4	6	6
Financing cash flow	(84)	84	85	(2)	(3)
Forex movement	(5)	(100)	-	-	-
Total cash flow movement	9	168	65	(89)	26
Beginning cash balance	21	30	198	262	173
Ending cash balance	30	198	262	173	199

Source: Company & OSK Research

Exhibit 33: Key financial ratios

Ratios	2008	2009	2010	2011F	2012F
Profitability ratios (%)					
Gross margin	15.2	13.0	13.6	13.6	14.6
Operating margin	9.4	5.7	5.7	6.6	7.4
EBITDA margin	9.8	6.2	6.0	6.8	7.6
Net margin	5.0	3.6	5.5	5.4	6.0
ROAA	11.3	6.0	9.8	8.8	10.8
ROAE	31.4	12.2	16.3	15.6	18.0
Liquidity ratios (x)					
Current ratio	1.4	3.6	2.1	2.2	2.2
Quick ratio	0.6	2.5	1.2	1.3	1.3
Activity ratios (days)					
Accounts receivable turnover	6	7	7	7	7
Inventory turnover	3	6	4	5	5
Accounts payable turnover	8	59	7	23	23
Leverage ratios (%)					
Gearing	112.4	18.3	35.7	35.3	34.0
Net gearing	101.0	net cash	net cash	3.3	1.8
Debt/capital	52.9	15.4	26.3	26.1	25.4

Source: Company & OSK Research

OSK Research Guide to Investment Ratings

Buy: Share price may exceed 10% over the next 12 months

Trading Buy: Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain

Neutral: Share price may fall within the range of +/- 10% over the next 12 months

Take Profit: Target price has been attained. Look to accumulate at lower levels

Sell: Share price may fall by more than 10% over the next 12 months

Not Rated: Stock is not within regular research coverage

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