

# Panorama Sentrawisata

Sector: Tourism (Overweight)

**BUY**

(Unchanged)  
Rating momentum\*: na

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Price:IDR720-TP:IDR1,000 (from: IDR925)  
TP/consensus: na; TP momentum\*: na  
JCI: 5,391

**Worth a detour**

**Indonesia's biggest tourism play embarking on value-accretive deals**

PANR, Indonesia's largest tourism company, has embarked on deals at its subsidiary level, which is likely to bring synergies and financial support. We believe this will allow for value creation at the holding company level. PANR is currently trading at an attractive 30% discount based on our SOTP valuation (exhibit 5). Established in 1972, PANR has four major business segments: travel & leisure (76.2% of net revenue), inbound tours (21.4%), media (1.2%) and hotel (1.2%). In the inbound tour segment, Panorama group has a separate listed company, Panorama Destination (PDES IJ), with European tourists as their main customers. For its travel & leisure segment, revenue drivers are domestic/international tours, airline ticket sales and hotel voucher business, where 75% of its business is contributed by corporates. Panorama group also operates other hospitality and transportation (WEHA IJ) divisions.

**Northstar: up to 31.98% investment in PANR's hotel voucher division**

Recently, a Northstar Group company, Archipelago Tourism Limited, has completed its first phase of stake purchase agreement with PANR's subsidiary, PT Raja Kamar International, commonly known as the MG Group, with the largest hotel bedbank in Southeast Asia. In the first stage, Northstar acquired an 11.26% stake through a rights issue worth USD10mn and plans to increase its stake up to 31.98% by mid-2017. Given MG Group's significant growth potential and segmented business nature, Northstar participated in the rights issue at 100x 2016F annualised PER, and the proceeds will be used for debt refinancing, working capital and investment in IT infrastructure. Post the rights issue, PANR will still own a majority stake of 43.7% in MG Group.

**Japan Travel Bureau: Investment in travel & leisure tour subsidiary**

Japan Travel Bureau (JTB) Corporation, Japan's largest travel agency, has signed a conditional sales purchase agreement (CSPA) with PANR to acquire up to a 40% stake in PT Panorama Tours Indonesia, PANR's subsidiary in the travel & leisure business segment selling outbound tours and airline tickets. Through this deal, Panorama will have more access to JTB's network around the world to broaden its outbound tour packages at a more competitive pricing, especially for tours to Japan.

**Recommendation: Reiterate BUY with raised TP to IDR1,000**

Following the deals, we reiterate our BUY rating on PANR and raise our 12-month TP to IDR1,000 (from: IDR925), based on SOTP calculation (exhibit 5), translating into 17x 2017F core PER. Our DCF model also shows a similar valuation assuming 2% growth rate (given government support for the tourism industry to develop 10 new "Bali" style destinations) and our assumption of a 10-year bond yield of 8%. In our view, PANR is the only investable tour company listed in Indonesia, particularly given its status as the largest tour operator with highly integrated infrastructure, economies of scale and competitive advantage against other players. Risks to our call: Delays in government's infrastructure and tourist-destination projects, drop in potential inbound tourists, weaker-than-expected economic growth, worse-than-expected IDR depreciation, slowdown in outbound-tour growth; and higher-than-expected oil price, which can suppress ticket sales growth.

**Exhibit 1. Company information**

Market cap (IDRtn/USDbn)	: 0.9/0.06
3M avg.daily t.o.(IDRbn/USDmn)	: 3.1/0.2
Bloomberg code	: PANR IJ

Source: Bloomberg

**Exhibit 2. Shareholders information**

Panorama Tirta Anugerah (%)	: 64.3
Est. free float (%)	: 35.7

Source: Bloomberg

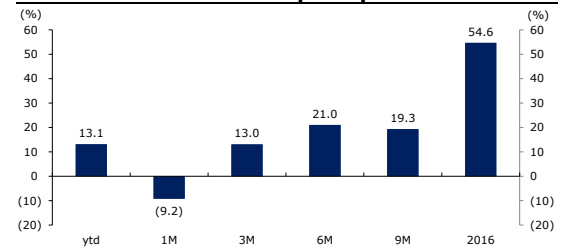
**Exhibit 3. Key forecasts and valuations**

	2015	2016	2017F	2018F
Revenues (IDRb)	1,919	2,011	2,340	2,701
EBIT (IDRb)	110	165	180	208
Net profit (IDRb)	50	55	272	101
Bahana/cns. (%)	-	na	na	na
EPS (IDR)	42	46	226	84
EPS growth (%)	8.6	9.4	392.6	(62.7)
EPS momentum*				
EV/EBITDA (x)	10.8	7.1	6.4	5.3
P/E (x)	17.1	15.7	3.2	8.5
FCFPS (IDR)	(132)	18	17	50
FCF yield (%)	(18.3)	2.5	2.4	7.0
BVPS (IDR)	344	344	551	746
P/BV (x)	2.1	1.3	1.0	0.9
DPS (IDR)	6	13	9	45
Div. yield (%)	0.8	1.7	1.3	6.3
ROAA (%)	3.0	2.8	11.7	4.1
ROAE (%)	22.4	19.4	55.5	15.8
EBIT margin (%)	7.6	9.6	9.2	9.3
Net gearing (%)	374.7	131.8	86.3	67.6

Source: Company, Bloomberg, Bahana estimates

Note: Pricing as of close on 3 March 2017

**Exhibit 4. Relative share price performance**



Source: Bloomberg, Bahana

**Exhibit 5. SOTP analysis**

IDRbn	16F Implied PE (x)	Methodology	Market cap (IDRb)	Panorama's stake	Implied Equity value (IDRbn)
Inbound (PDES.IJ)	44.1	10x EBITDA	644	62.9%	406
Travel & Leisure (Panorama Tours Indonesia)	36.0	JTB bought 30.1% stake for IDR369.7bn	1,228	60.0%	737
MG Group	136.4	Northstar acquisition valuation: US\$10mn for 11.26%	1,190	43.7%	520
Media (Panorama Media)	na	Negative contribution = 0 value	-	99.9%	0
Hotel (Panorama Property)	70.3	Based on hotel acquisition cost	160	99.9%	160
Other	na	Negative contribution = 0 value	-	100.0%	0
<b>Total (IDR bn)</b>	<b>30.9</b>				
Total implied enterprise value					1,822
2016F net cash					(269)
<b>Total Equity Value</b>					<b>1,553</b>
Total outstanding shares (bn)					1.2
<b>Fair value per share</b>					<b>1,295</b>
Holding company discount (%)					20.0
<b>Discounted fair value per share</b>					<b>1,036</b>
Current Share Price					720
<b>Discount SOTP at Current Price</b>					<b>-30%</b>

Source: Company, Bahana, net cash adjusted for the upcoming sale of a 30% stake in Panorama Tours Indonesia

**Exhibit 6. Peers valuation**

	Ticker	Market cap (USDmn)	3M turn. (USDmn)	PE (x) 17F	PBV (x) 17F	EV/EBITDA (x) 17F	DIV. YIELD (%) 17F	ROE (%) 17F	Net gearing (%) 17F
<b>China</b>		<b>11,423</b>	<b>16.5</b>	<b>27.7</b>	<b>3.6</b>	<b>15.5</b>	<b>0.9</b>	<b>13.8</b>	<b>(40.6)</b>
Changbai Mountain Tourism -A	603099 CH	740	8.7	45.6	5.1	34.3	0.5	9.6	(49.7)
Utour Group Co Ltd-A	002707 CH	1,748	12.5	36.5	4.4	17.8	0.3	14.7	(20.3)
Emei Shan Tourism Co-A	000888 CH	926	5.8	26.1	2.8	13.0	1.0	10.6	(15.0)
Lijiang Yulong Tourism Co-A	002033 CH	911	8.5	25.1	2.6	11.8	0.8	10.5	(49.7)
China International Travel-A	601888 CH	7,099	20.8	24.2	3.5	13.9	1.1	14.8	(46.8)
<b>Other</b>		<b>1,968</b>	<b>45.9</b>	<b>19.9</b>	<b>3.2</b>	<b>13.3</b>	<b>3.9</b>	<b>16.9</b>	<b>(26.5)</b>
Al Tayyar Travel Group	ALTAYYAR AB	1,968	2.1	9.3	1.1	7.8	6.8	12.6	(2.9)
Hana Tour Service Inc	039130 ks	792	233.0	25.7	4.2	13.1	1.8	17.1	(85.5)
Modetour Network Inc	080160 KS	369	70.0	18.5	3.3	11.3	1.9	19.5	(68.9)
Corporate Travel Management	CTD AU	1,546	0.2	30.7	5.4	20.8	1.6	21.8	(16.2)
<b>Indonesia</b>		<b>132</b>	<b>0.1</b>	<b>10.7</b>	<b>1.0</b>	<b>5.6</b>	<b>0.6</b>	<b>28.8</b>	<b>20.6</b>
Panorama Sentrawisata Tbk Pt	PANR IJ	65	0.2	3.2	1.0	6.4	1.3	55.5	86.3
Sona Topas Tourism Indust Pt	SONA IJ	45	0.0	21.1	1.1	6.7	-	1.5	(27.5)
Bayu Buana Tbk Pt	BAYU IJ	23	0.0	11.8	0.7	1.0	-	6.8	(71.1)
<b>Regional Average</b>		<b>13,523</b>	<b>14.0</b>	<b>23.7</b>	<b>3.1</b>	<b>15.1</b>	<b>1.4</b>	<b>14.4</b>	<b>(38.0)</b>

Source: Bahana estimates

**Exhibit 7. DCF calculation**

Discounted Cash Flow (DCF)											
Discounted Cash Flow (DCF)	2016F	2017F	2018F	2019F	2020F	2021F	2022F	2023F	2024F	2025F	2026F
Operating cash flow	90	209	103	78	66	149	195	214	262	305	354
Capital expenditure	(68)	(188)	(43)	(44)	(46)	(41)	(42)	(43)	(44)	(46)	(47)
<b>Free Cash Flow (FCFF)</b>	<b>22</b>	<b>21</b>	<b>60</b>	<b>34</b>	<b>21</b>	<b>108</b>	<b>153</b>	<b>171</b>	<b>218</b>	<b>259</b>	<b>307</b>
PV FCFF	22	19	49	24	13	63	79	80	91	97	103
										<b>Terminal value:</b>	<b>3,293</b>
											<b>1,109</b>
<b>PV terminal value:</b>											
Enterprise value	1,750	1,728	1,806	1,850	1,913	1,982	1,998	1,993	1,976	2,357	2,260
Debt 2016F	998	869	780	796	826	857	890	925	961	999	1,039
Cash 2016F	498	351	318	359	396	516	677	850	1,063	1,310	1,594
<b>Equity value</b>	<b>1,250</b>	<b>1,210</b>	<b>1,344</b>	<b>1,412</b>	<b>1,482</b>	<b>1,641</b>	<b>1,784</b>	<b>1,918</b>	<b>2,078</b>	<b>2,668</b>	<b>2,815</b>
Shares outstanding (bn)	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20
<b>Fair value per share</b>	<b>1,041</b>	<b>1,008</b>	<b>1,120</b>	<b>1,177</b>	<b>1,235</b>	<b>1,368</b>	<b>1,487</b>	<b>1,598</b>	<b>1,732</b>	<b>2,223</b>	<b>2,346</b>

Source: Bahana estimates

**Exhibit 8. Earnings revisions**

(IDRb)	Old			New			% changes		
	2016F	2017F	2018F	2016F	2017F	2018F	2016F	2017F	2018F
Revenue	2,011	2,340	2,701	2,011	2,340	2,701	(0.0)	(0.0)	(0.0)
Gross profit	445	516	602	445	516	602	0.1	(0.0)	0.0
Gross margin (%)	22.1	22.1	22.3	22.1	22.1	22.3			
Operating profit	165	183	212	165	180	208	(0.2)	(1.5)	(1.7)
Operating margin (%)	8.2	7.8	7.8	8.2	7.7	7.7			
Net profit	54	66	85	55	272	101	2.1	311.4	19.1
Net margin (%)	2.7	2.8	3.1	2.7	11.6	3.7			
EPS	45	55	71	46	226	84	2.1	311.4	19.1

Source: Bahana estimates

We have raised our earnings estimates for 2016-18F by 2-311% to factor in the estimated gain from the disposal of a 30% stake in Panorama Tours Indonesia in 2017 as well as lower interest charges.

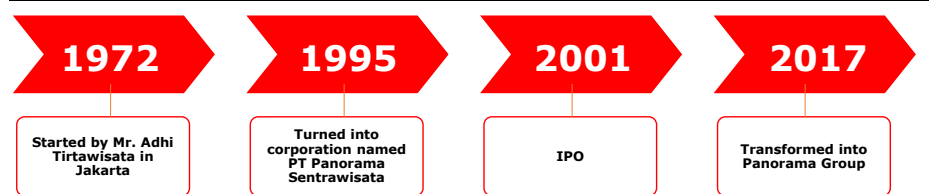
## COMPANY PROFILE

### History

Mr. Adhi Tirtawisata, the founder, established the company in 1972 and initially operated the company as an individual tour & travel company in Jakarta. By 1995, the company grew substantially and became a corporation namely PT Panorama Sentrawisata with 4 business segments: Inbound tours, travel & leisure, transportation, and MICE (Meeting, Incentive, Convention, and Exhibition). In 2001, PT Panorama Sentrawisata became a public company (PANR), and since then it has worked together with several national and global strategic partners. Companies not included under the PT Panorama Sentrawisata Tbk continued as affiliate companies. After more than 40 years, the company has transformed itself into an integrated group of companies under the Panorama Group umbrella, and all affiliate companies and PT Panorama Sentrawisata Tbk has become part of it.

**Listed in 2001, PANR has 45 years' experience in the industry and is ...**

### Exhibit 9. Panorama's history, 1972-current



Source: Company

**... the most integrated tour agent in the country with ...**

Panorama Group has more than 60 companies and 40 brands spread across Indonesia with 45 years of experience, supported by more than 3,000 employees in 100 offices in Indonesia and abroad. It delivers a rich diversity of leisure experiences through its portfolios in three business sectors: Tourism - Transportation - Hospitality. The group operates five business segments: Inbound, Travel & Leisure, Media, Transportation, and Hospitality.

**... five divisions: Inbound, Travel & Leisure, Media, Transportation, and Hospitality**

### Exhibit 10. Panorama business network

National		International
<ul style="list-style-type: none"> <li>•Medan</li> <li>•Pekanbaru</li> <li>•Palembang</li> <li>•Lampung</li> <li>•Bangka</li> <li>•Batam</li> <li>•Cilegon</li> <li>•Jakarta</li> <li>•Bogor</li> <li>•Cirebon</li> <li>•Bandung</li> <li>•Semarang</li> </ul>	<ul style="list-style-type: none"> <li>•Surabaya</li> <li>•Solo</li> <li>•Denpasar</li> <li>•Yogyakarta</li> <li>•Lombok</li> <li>•Labuan Bajo</li> <li>•Makassar</li> <li>•Manado</li> <li>•Palu</li> <li>•Gorontalo</li> <li>•Balikpapan</li> </ul>	<ul style="list-style-type: none"> <li>•Kuala Lumpur</li> <li>•Singapore</li> </ul>

Source: Company, Bahana

**PANR has business partners in 25 locations**

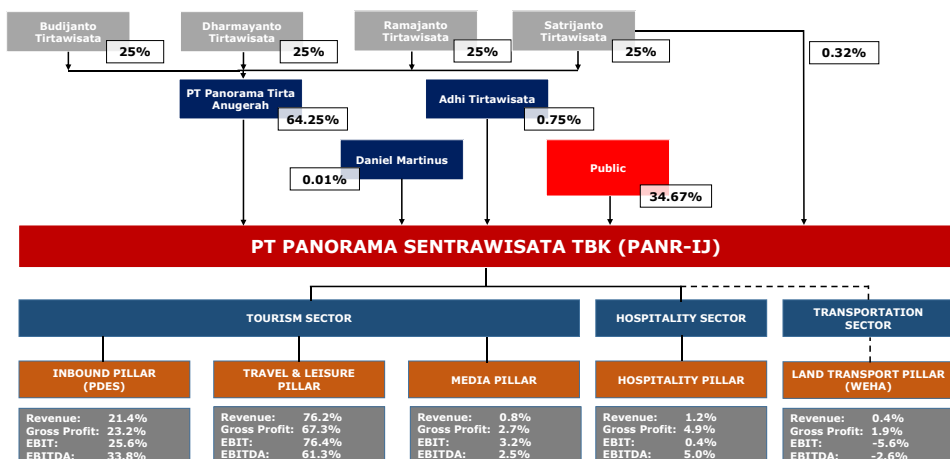
### Exhibit 11. Panorama strategic partners



Source: Company, Bahana

**Chan Brothers, one of PANR's business partners, is one of the leading tour agencies in Singapore**

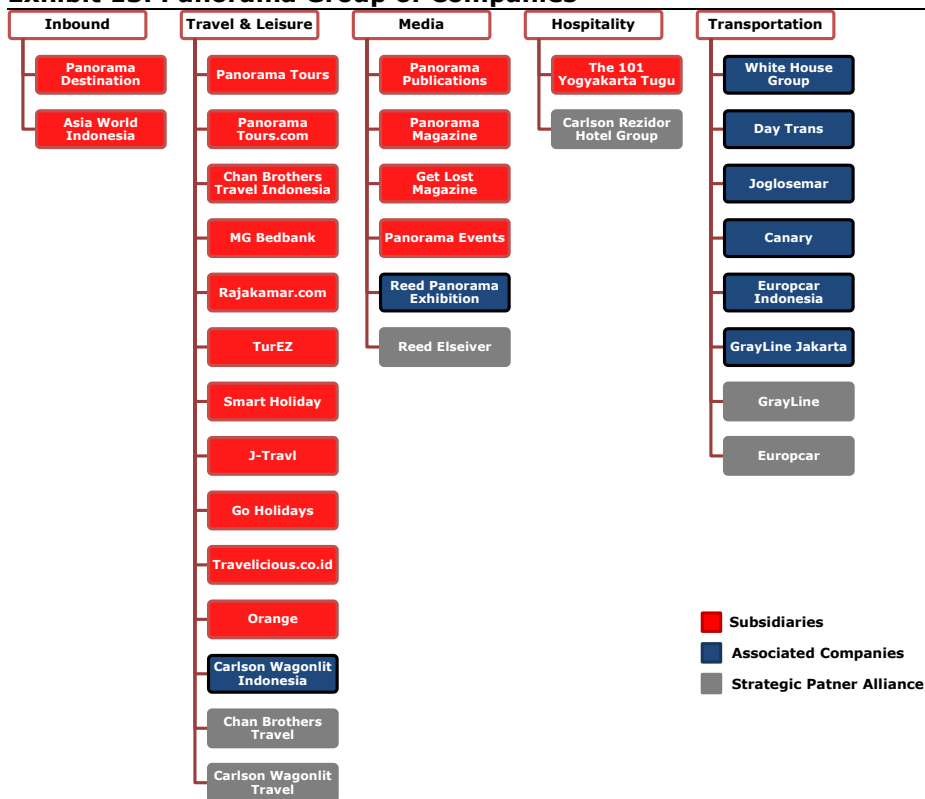
**Exhibit 12. Organizational structure**



**PANR is an integrated tourism company**  
...

Source: Company, Bahana

**Exhibit 13. Panorama Group of Companies**



**... with more than 15 business units**

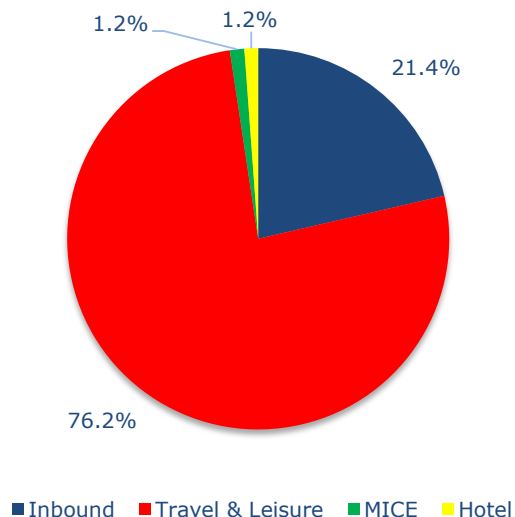
Source: Company, Bahana

## BUSINESS OUTLOOK

PANR is an integrated holding company with four main business segments: travel & leisure (76.2% of net sales), inbound tour (21.4%), hotel management (1.2%), and media & convention service (1.2%). We expect strong sales growth ahead, given the company has raised additional funds from the recent M&A deals, the proceeds of which will be used for working capital and debt refinancing. Note that hotel voucher and outbound tour business requires significant working capital advances.

**Travel & leisure (outbound tours) is the major business for PANR ...**

**Exhibit 14. Net sales breakdown, 9M16**



**... which represented 76.2% of the company's net sales in 9M16**

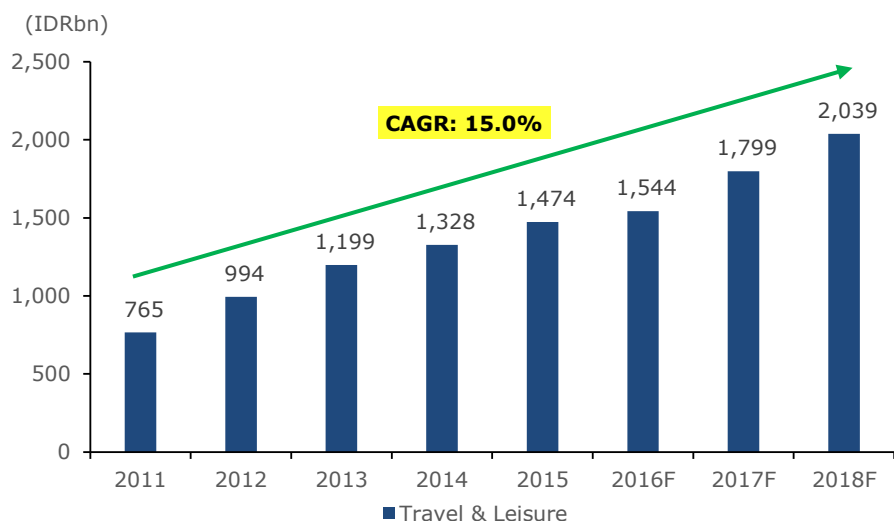
Source: Company, Bahana

### Travel & leisure to be supported from Northstar and JTB deals ahead

As the backbone of the company, the travel & leisure business has three sub-segments: outbound tour services (43% of outbound gross sales), airline ticketing (29%) and hotel vouchers (28%). PANR booked a 17.8% CAGR in 2011-15 mainly supported by the outbound tour services and acquisition of MG group, the largest hotel bed-bank in Indonesia, in 2014. PANR recorded a 9M16 EBITDA margin of 7.9% for the segment, while outbound tours and airline ticketing's net revenue grew 12.4% y-y.

**Recent deals to financially support the company's working capital requirement**

**Exhibit 15. PANR's outbound net sales growth, 2011-2018F**



**Rising middle-class income should support growth of outbound tours**

Source: Company, Bahana

**Positive synergy from recent JTB's entry into PANR**

About 60-70% of the travel & leisure segment caters to corporates, mainly travel incentives (annual outing) and corporate travel management, while the remaining are retail tour sales. PANR has a local partner (usually the top 3 tour operators) at the destinations for arranging accommodation and transportation with 12-18% gross margin. In the airline ticket sales, competition is getting tougher with the presence of Internet-based players. As a result, margins for individual ticket sales are only about 3-4%. The two segments (outbound tour and ticketing sales) fall under PT Panorama Tours Indonesia (PTI), which has recently announced a conditional sales purchase agreement (CSPA) with JTB, amounting to IDR369.7bn for a 30.1% stake in the company. This translates to around 31x 2017F PER, about 20% premium to its peers given its strong presence in omni-channel distribution, i.e. integrated online and offline channels. JTB is Asia's leading tour agent with 520 offices in 37 countries. We believe the acquisition should be positive for PANR, helping to create larger economies of scale and better network around the globe, especially to Japan. In 2016, Indonesia's outbound tourist growth to Japan was 32% y-y, driven by IDRJPY currency weakness. Going forward, PTI will organize specialized tour packages to Japan at a much more competitive rate.

***JTB's 30.1% acquisition of PANR's subsidiary to provide access to larger business networks***

**MG Group to develop its IT system and improve working capital**

Post its rights issue, fully participated by Northstar-related company, MG Group, PANR's bedbank subsidiary, plans to use the rights issue proceeds for working capital requirement and investment in IT system. The company has built a website for internal use, called "MG Bedbank-Victoria 2.0" that can track MG Group's sales. The system can automatically generate data on sales, hotel-voucher inventory management and provide live hotel booking feeds. This should improve efficiency, and the company targets to reduce its employees by 19%. Additionally, MG Group plans to expand to neighboring countries, such as Thailand, Malaysia and Singapore.

***MG Group will use the rights issue proceeds for debt refinancing, working capital requirement and IT infrastructure***

**PANR’s new websites to strengthen its online presence**

PANR has several new website initiatives to compete with the growing demand in the online travel agency (OTA) business. Details on some of the company’s websites below:

**1. Travelicious**

Travelicious is a website selling international and domestic tour packages. Established in 2012 and supported by hundreds of business partners, it continues its product development and quality efforts. The website provides creative tourist products, unique destinations and supporting products such as admission tickets to tourist rides, shows and international events.

**Exhibit 16. Travelicious website – home screen**



Source: Travelicious, Bahana

**2. Turez**

Established in 2008, Turez is a website providing affordable low-cost tour packages, targeting the mid-low income earners. In this regard, the company provides 0% interest installment up to 12 months prior to the departure period.

**Exhibit 17. Turez**



Source: Turez, Bahana

*Some interesting PANR websites to compete with growing OTA demand*

*A tour package search engine with ...*

*... an interesting website, selling PANR’s outbound tours as well as other third party deals*

*An interesting website catering to mid-low income users, ...*

*... early installment plans and affordable tour packages*

**3. Wupi**

Wupi is an online platform for B2B customers between the airlines or hotel operators to travel agents or distributors. The system allows an automatic update for ticket and hotel availability instantly, providing greater efficiencies.

**B2B platform for tour services provides ...**

**Exhibit 18. Wupi**



**... connections between suppliers (airlines/ hotels) and travel agents**

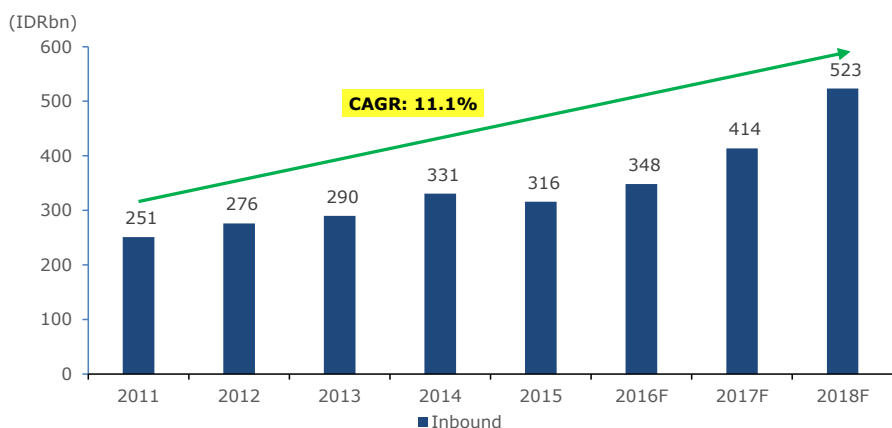
Source: Turez, Bahana

**Inbound tours to be supported by new government ruling**

PANR has a listed subsidiary for its inbound tour segment, PT Destinasi Tirta Nusantara (PDES IJ), a leading tour operator with main products covering MICE, customizable tour packages and local-culture experience. PDES currently has 465 partners around the globe that sells its tour packages in Indonesia at a margin, similar to outbound tours. Therefore, one of the key growth drivers for the company is to expand its network. PDES caters to the mid-to-high end market, with a majority of its travellers from Europe. In order to maximize margins, PDES has its own transportation facilities, such as bus, minivan and private cars. PDES should benefit from the government’s recent move to increase free-entry visa from 30 countries to 169 countries this year (+26 countries from Europe) and improved infrastructure in selected 10 destinations (more details below).

**PDES – inbound tour company should benefit from increase in the number of free-entry visa countries ...**

**Exhibit 19. PANR net sales from inbound, 2011-2018F**

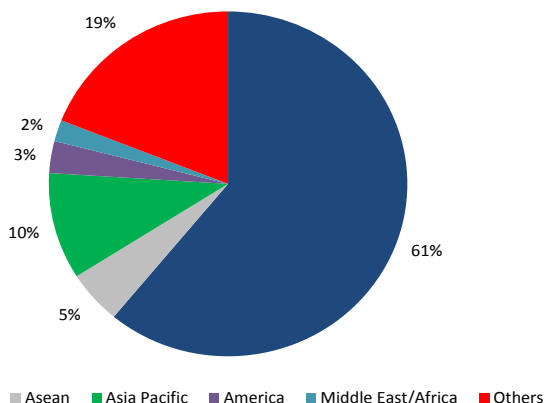


**... that can well support sales growth ahead**

Source: Company, Bahana



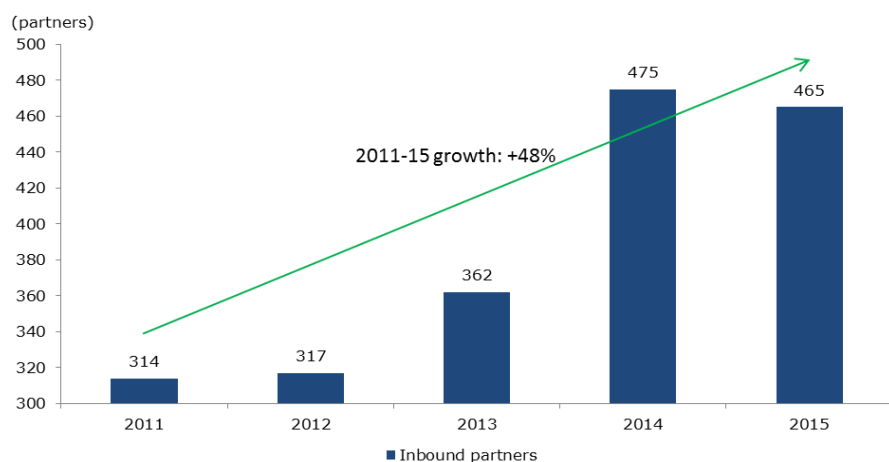
**Exhibit 20. PDES customers by destination, 1H16**



**Majority of PDES' clients are Europeans**

Source: Company

**Exhibit 21. PDES' inbound partners around the globe, 2011-15**



**PDES has 465 partners around the globe**

Source: Company, Bahana

**Exhibit 22. Panorama Destination website - homescreen**



**PDES' website**

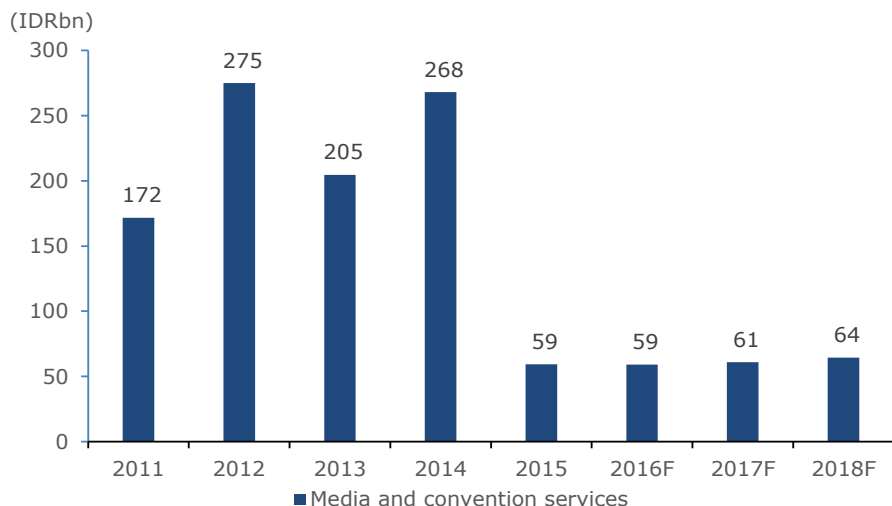
Source: PDES, Bahana

**Media & convention services**

The media segment has 2 publications about travelling, with sales of more than 50k copies p.a. In addition, PANR has another subsidiary in this segment, Reed Panorama Exhibitions, that holds 11 exhibitions p.a. bringing more than 150k visitors in Indonesia. In 2015, PANR decided to spin off its transportation subsidiary, WEHA IJ, which resulted in a drop in net sales.

**PANR usually holds 11 exhibitions and publishes 2 magazines p.a.**

**Exhibit 23. Media & convention net sales, 2011-18F**



Source: Company, Bahana

*The drop in 2015 revenues was due to WEHA IJ being spun off from PANR*

**Hospitality: 101 Yogyakarta**

In 2015, PANR acquired 101 Yogyakarta Tugu for IDR160bn. Completed in 2014, the hotel has 150 rooms and 6 meeting rooms, and is situated on 2,185sqm land. The group has another 11 sites for the 101 hotel chain, but has no plans to add anymore to the listed company. The 4-star hotel recorded 9M16 EBITDA margin of 42.5%. The average room rate is about IDR650k/night.

*In 2015, PANR acquired The 101 hotel in Yogyakarta for IDR160bn*

**Exhibit 24. The 101 Yogyakarta**



Source: Bhakti Mandiri Wisata, Bahana

*4-star hotel opened in 2014*

## MANAGEMENT DISCUSSION

### Board Of Commissioners

Name & Current Position	Industry Experience (current & previous)	Work exp. (years)
<p>1. Adhi Tirtawisata, President Commissioner</p> 	<p>Adhi Tirtawisata is the founder of Panorama Group. He has been a Commissioner of Panorama since 1995. Previously, he served as Director of PT Regina Alfa Panorama Tours in 1974 to 2000 also President Commissioner of PT Destinasi Tirta Nusantara Tbk from 1999 until January 28, 2016. He received his Bachelor of Laws from the University of Indonesia in 1955.</p>	<p>22</p>
<p>2. Satrijanto Tirtawisata, Commissioner</p> 	<p>Satrijanto Tirtawisata has been a Commissioner of Panorama since 2009. Currently, he also serves as President Commissioner of PT Chan Brothers Travel Indonesia, PT Sejahtera AO Kencana Sakti, PT Raja Kamar Indonesia, PT Citra Wahana Tirta Indonesia, PT Mitra Global Holiday, PT WEHA Transportation Indonesia and PT Panorama Media; as Commissioner in PT Panorama Mitra Sarana, PT Reed Panorama Exhibitions, PT Graha Media Award; as President Director of PT Kencana Transport and PT Panorama Primakencana Transindo, as well as on Board of Directors of PT Panorama Properti, PT Carlson Panorama Hospitality, PT Andalan Selaras Abadi and PT Day Trans. He received his Bachelor of Business Administration from California State University, Sacramento, United States in 1988.</p>	<p>8</p>
<p>3. Dharmajanto Tirtawisata, Commissioner</p> 	<p>Dharmajanto Tirtawisata has been a Commissioner of Panorama since 2009. Currently, he also serves as President Commissioner of PT Kencana Transport and PT Destinasi Tirta Nusantara Tbk; as Commissioner in PT Destinasi Garuda Wisata and PT Panorama Primakencana Transindo, and as a Director at PT Graha Destinasi. He received his Bachelor of Business Administration from California State University, Sacramento, United States in 1990.</p>	<p>8</p>
<p>4. Agus Ariandy Sijoatmodjo SH, MM, Independent Commissioner</p> 	<p>Agus Ariandy Sijoatmodjo SH, MM has been a Independent Commissioner of Panorama since 2015. He enrolled as a member of the Indonesian Advocates Association and the Indonesian Advocates Association and also taught as a professor at the Bunda Mulia University, for courses Strategic Management and Retail Management. He recieved a Bachelor of Law degree from University of Tarumanagara with a concentration in Business Law and Master of Management from University of Tarumanagara.</p>	<p>2</p>
<p>5. Tony Setioko, Independent Commissioner</p> 	<p>Toni Setioko has been a Independent Commissioner of Panorama since 2016. He is experienced in the field of audit, accountancy, finance, model markets and taxation for various companies – among others, PT. Inti Salim Corpora, Prasetio Utomo &amp; Co (Arthur Andersen) and PT. Vickers Ballas Indonesia. Currently he is also the Principal Advisor and Owner of PT, Fides Pro Consulting.</p>	<p>1</p>

**Board Of Directors**

Name & Current Position	Industry Experience (current & previous)	work exp. (years)
<p>1. Budijanto Tirtawisata, President Director</p> 	<p>Budijanto Tirtawisata has been a President Director of Panorama since 2009. Currently, he also serves as President Commissioner of PT Carlson Panorama Hospitality, a Commissioner of PT Graha Destinasi and PT Duta Chandra Kencana. He received his Bachelor of Business Administration from California State University, Sacramento, United States in 1986.</p>	8
<p>2. Ramajanto Tirtawisata, Director</p> 	<p>Ramajanto Tirtawisata has been a Director of Panorama since 2015. Currently, he also serves as President Commissioner of PT Smartravelindo Perkasa, a Commissioner of PT Dwi Ratna Pertiwi, PT Citra Wahana Tirta Indonesia, PT Travelicious Indonesia, and PT Parade Adicara Indonesia; President Director of PT Duta Chandra Kencana and Director of PT Chan Brothers Travel Indonesia. He received his Bachelor of Business Administration from California State University, Sacramento, United States in 1997.</p>	2
<p>3. Daniel Martinus, Director</p> 	<p>Daniel Martinus has been a Director of Panorama since 2008. Currently, he also serves as Commissioner of PT Panorama Media and PT Panorama Tours Indonesia. He received his Bachelor of Economics from the University of Tarumanagara, Jakarta in 1993.</p>	9
<p>4. Amanda Arlin Gunawan, Director</p> 	<p>Amanda Arlin Gunawan has been a Director of Panorama since 2013. Currently, she also served as Director of PT Duta Chandra Kencana. She received her Bachelor of Psychology from the University of Atma Jaya, Jakarta in 1995.</p>	4
<p><b>Total work experience (years)</b></p>		64
<p><b>Average work experience (years)</b></p>		7

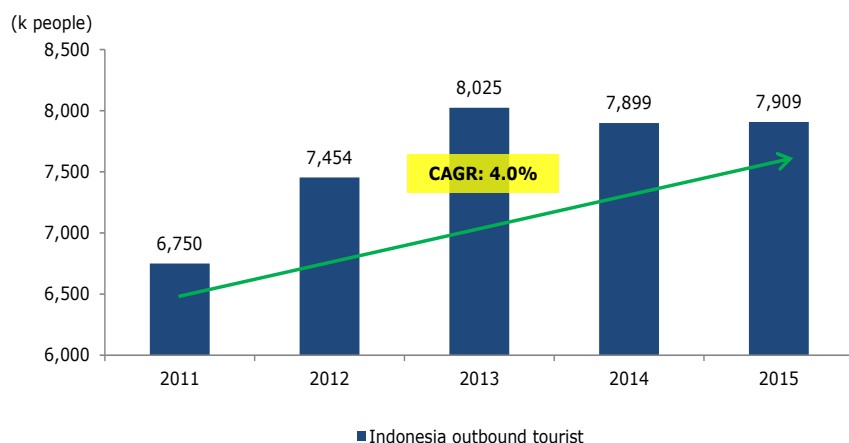
## INDUSTRY OUTLOOK

### Economic recovery to support outbound tours

On the back of the severe IDR depreciation against the USD and weak commodities prices since 2013, the number of Indonesian outbound tourists has been flat in the past 2 years. Going forward, we believe the growing middle class and increasing disposable income of Generation Y should boost overseas tour demand, given Indonesia is the largest country in Southeast Asia and the fourth most populous nation in the world.

*Increase in disposable income and rising middle class earners has allowed for ...*

#### Exhibit 25. Indonesia outbound tourists, 2011-2015



*... some stability in outbound tourists from Indonesia despite weak IDR currency and commodities prices*

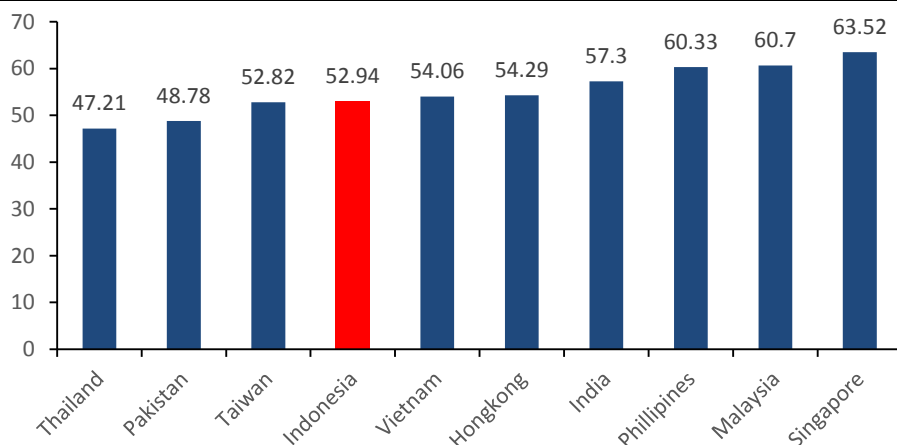
Source: Indonesia Statistics, Bahana

### Low English proficiency index to support tour agent service demand

As the average Indonesians are less proficient in English or International languages (based on a research conducted by the international education company English First (EF), Indonesia ranks below the English First English Proficiency Index (EF EPI) average), we believe the growing demand for outbound overseas tour guides will be strong. This is unlike slowing demand for tour agents in developed countries, as tourists from those countries have better experience going abroad and speak English more fluently. As such, we believe the tourism industry is set to benefit from both strong purchasing power and increasing white-collar workers.

*We expect continued outbound tour demand ahead ...*

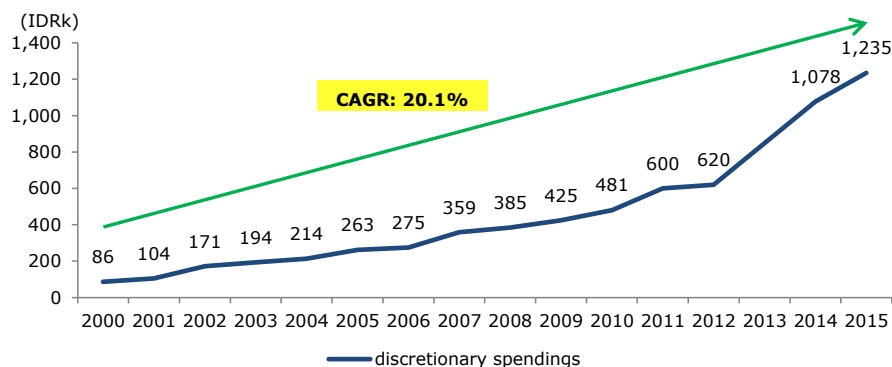
#### Exhibit 26. English proficiency index (EPI)



*... due to Indonesians' inability to speak English well as reflected in the country's rank being at the bottom half of the English proficiency index*

Source: EF Education First, Bahana

**Exhibit 27. Indonesia discretionary spending, 2000-2015 ytd**



Source: Bloomberg, Bahana

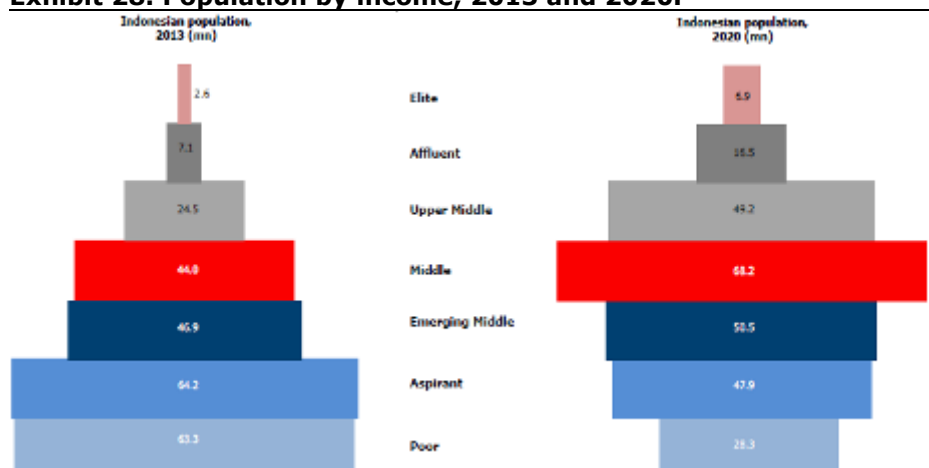
**Rising middle income and improved commodities prices ahead...**

**Rising middle income to support outbound growth ahead**

In our view, tourism is a pure discretionary spending and mainly targeted at the mid-to-up market segment. Given the expected rise in middle-class income that could potentially become the largest proportion of the total population in Indonesia, we believe outbound tourism should benefit from increased discretionary spending.

**... to increase consumer discretionary spending**

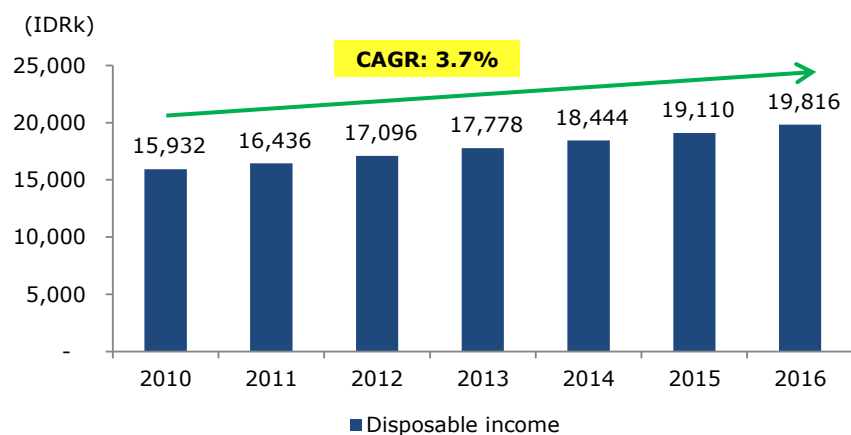
**Exhibit 28. Population by income, 2013 and 2020F**



Source: Indonesia Statistics, Bahana

**Middle-class to become the largest portion of the population by 2020F**

**Exhibit 29. Indonesia disposable income, 2010-2016 ytd**



Source: Bloomberg, Bahana

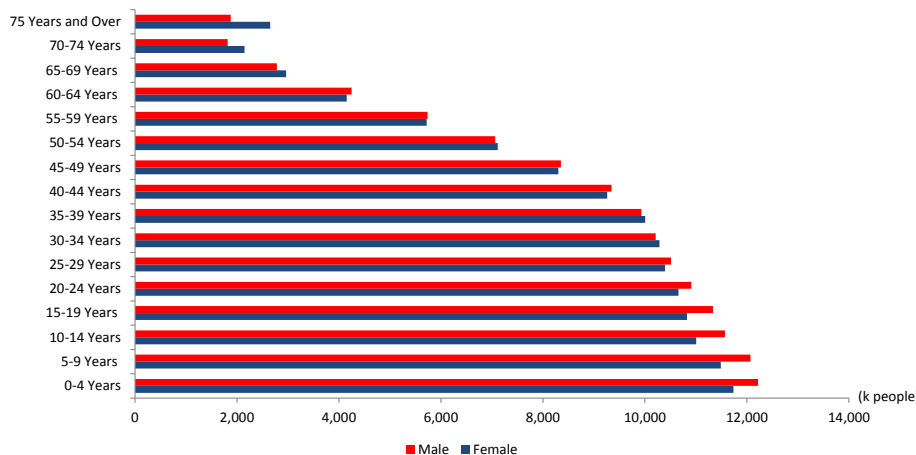
**Rising disposable income to increase tour demand**

**Younger generation should travel more**

Indonesia has a relatively young population, and 60% of them are below 35 years old, unlike other developed countries. As younger generations become independent and accumulate disposable income, we could see higher outbound tourist growth ahead. A recent Trip Barometer survey suggests that younger generations have the tendency to travel for any of the five reasons listed below. Hence, we see huge growth potential in the outbound tour industry.

*Based on the survey conducted by trip barometer ...*

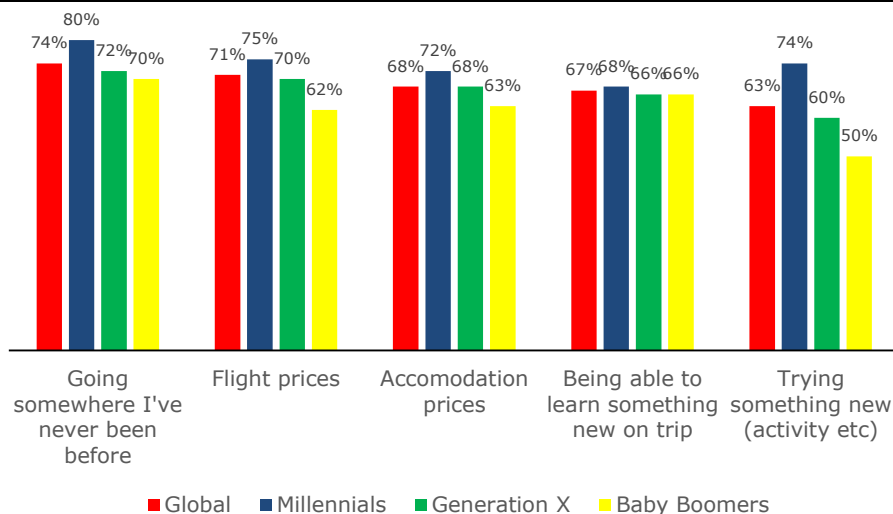
**Exhibit 30. Population by age, 2015**



*... younger generations have the propensity to travel more, ...*

Source: Indonesia's Statistics, Bahana

**Exhibit 31. Influences when making travel plans**



*... supporting outbound tour demand, since Indonesia's demographics are relatively young*

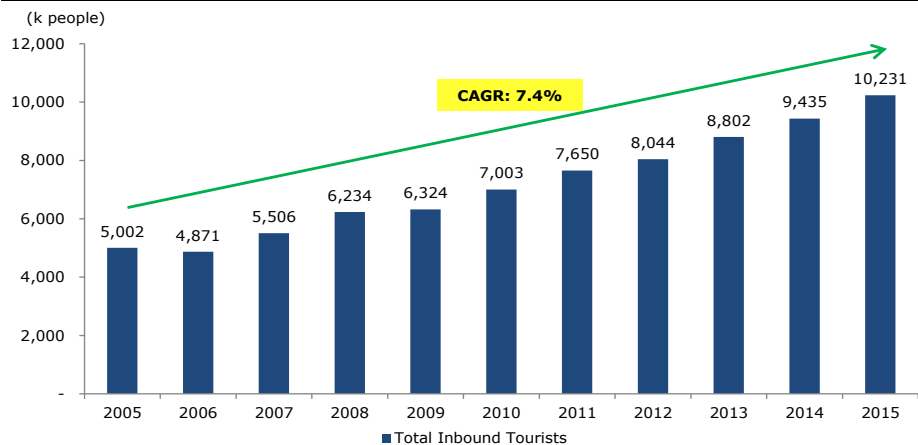
Source: Trip Barometer

**Indonesia to be Asia's 3<sup>rd</sup> fastest growing inbound tourist spot**

Boosted by the growing middle class in developing countries, especially in Asia Pacific nations, Mastercard Senior Vice President expects Indonesia to book 8.6% growth in inbound tours, in line with the 10-year 2005-2015 CAGR of 7.4%. Asian tourists accounted for 65.8% of the total inbound tourists that visited Indonesia in 2015 (ASEAN: 37.1%).

*Indonesia's exotic locations are one of foreign tourists' favorite destinations*

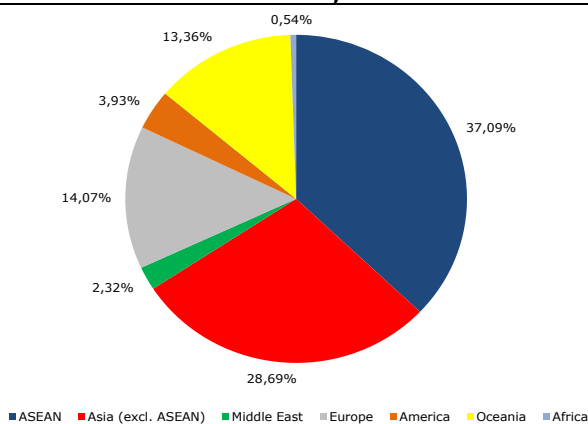
**Exhibit 32. Indonesia inbound tourists, 2005-2015**



**Improved infrastructure in Indonesia to support inbound tourist growth ahead**

Source: Indonesia Statistics, Bahana

**Exhibit 33. Indonesia inbound tourists, 2015**



**Majority of the tourists originated from Asian countries**

Source: Indonesia Statistics, Bahana

**Tourism to be a significant growth driver for Indonesia’s economy**

Tourism industry ranked fourth in Indonesia’s 2015 foreign exchange earnings, after oil & gas, coal and palm oil, worth USD12.2bn. In 2014, the tourism industry provided 1 out of 11 jobs in Indonesia, supporting 9.5% of GDP. Given revenue from inbound tours is a significant factor to Indonesia’s economic growth ahead, the Indonesian government has opened up free visa entry to 169 countries from 30 countries in 2015, 45% of which are Asian countries. The government targets foreign tourist arrivals to double by 2019 (20mn people) and create USD22bn in revenue, providing 2mn additional jobs, totaling 13mn jobs. The tourism industry should be one of the highest contributors to Indonesia’s economic growth ahead. Additionally, the government plans to rejuvenate and improve 10 select destinations that are discussed in detail below.

**Tourism industry to support 9.5% of Indonesia’s GDP ...**

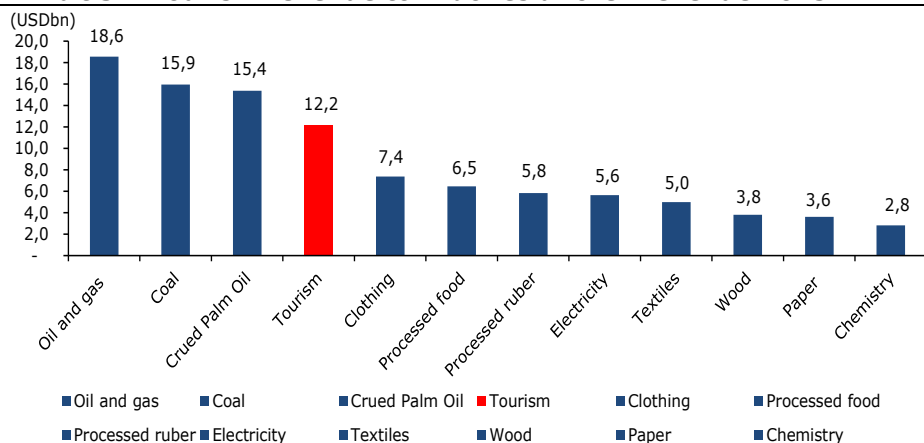
**Tourism can potentially create job opportunities**

According to the World Travel and Tourism Council (WTTC), every USD1mn in travel and tourism spending can support about 200 jobs (67 directly) and USD1.7mn in terms of GDP multiplier for Indonesia. Tourism industry can also help to reduce regional disparities within Indonesia’s archipelago, given that tourism destinations are widespread.

**... and job creation**



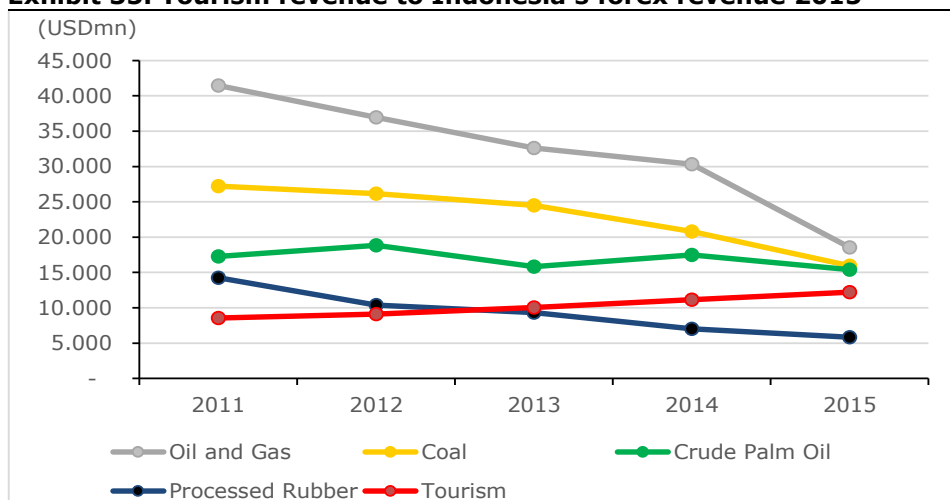
**Exhibit 34. Tourism revenue to Indonesia forex revenue 2015**



**Tourism is the 4th top contributor to Indonesia's foreign exchange revenue with growth ...**

Source: Indonesia Tourism Ministry

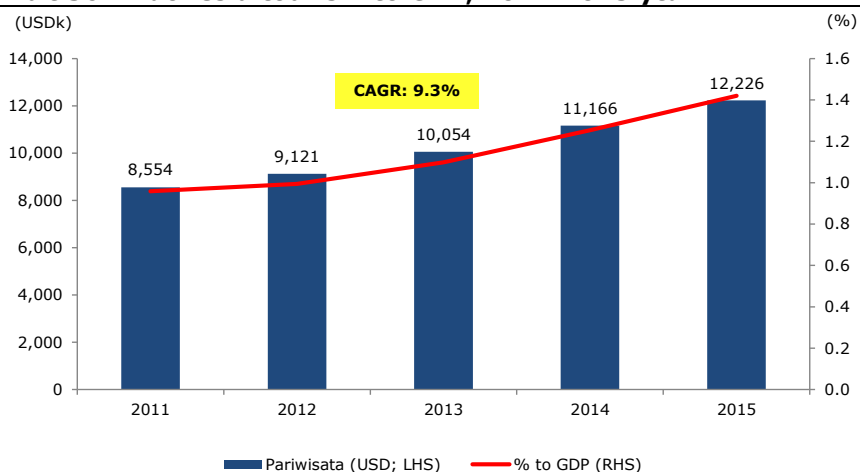
**Exhibit 35. Tourism revenue to Indonesia's forex revenue 2015**



**... outpacing the other top 3 sectors**

Source: Indonesia Tourism Ministry

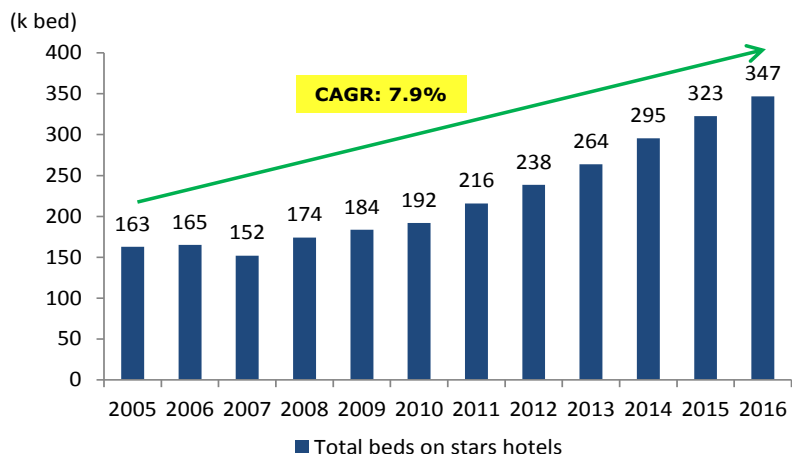
**Exhibit 36. Indonesia tourism to GDP, 2011-2015 ytd**



**Increased contribution to our GDP**

Source: Indonesia's Tourism Ministry

**Exhibit 37. Indonesia's total beds, 2005-2016**



Source: Indonesia Statistics, Bahana

**Better accommodation and infrastructure should attract increased tourists**

**10 new "Bali" style destinations set for development**

Given that Indonesia has many undeveloped tourist attractions (ranked at the bottom half on infrastructure-related tourism competitiveness index), the government plans to invest in 10 selected areas that has natural beauty, but lack maintenance and conservation, to boost inbound tourism revenue. The government has noted that Bali alone generates 40% of total foreign tourists. Thus, there are ample opportunities to develop other potential new tourist destinations. We have highlighted the 10 destinations below:

**Government to focus on developing 10 favorite tourist destinations ...**

**Exhibit 38. 10 new destinations**



Source: Various media, Bahana

**... scattered across the archipelago**

## 1. Lake Toba, North Sumatra

### Exhibit 39. Danau Toba, North Sumatra



Source: Google, Bahana

**Lake Toba is the largest lake in Southeast Asia**

**Description:** Danau Toba is the largest lake in Indonesia and Southeast Asia, about 100km long and 30 km wide.

**Infrastructure:**

- Nearest Airport: Silangit Airport, North Sumatra, 71.3km away from Lake Toba.
- Nearest Port: Sibolga Port, 119km from Lake Toba.
- Nearest Bus Terminal: Parapat Terminal, 76.2km from Lake Toba.

**Accommodation:** 67 hotels, mostly 3 stars

**2013 foreign inbound revenue:** USD10.7mn

**Scenic spot:** Pusuk Buhit Mountain, Pandang Tele Mountain, Open Stage Parapat, Bebas beach, Ujung beach.

**Improvement:** Develop residential areas, bridges, toll roads by 2019 with a USD1mn budget.

## 2. Tanjung Lesung, Banten

### Exhibit 40. Tanjung Lesung, Banten



Source: Various Media

**Tanjung Lesung located about 100km away from Jakarta airport**

**Description:** Tanjung Lesung is nestled in the coastal area in West Java, in the Banten Province.

**Infrastructure:**

- Nearest Airport: Soekarno Hatta International Airport, Jakarta, 115.6km away from Tanjung Lesung.
- Nearest Port: Merak Port, Banten, 70.3km from Tanjung Lesung.
- Nearest Railway Station: Rangkasbitung Station, Banten, 66km from Tanjung Lesung.
- Nearest Bus Terminal: Labuan Terminal, Cianjur, 21km from Tanjung Lesung

**Accommodation:** 10 hotels, mostly 3.5 stars

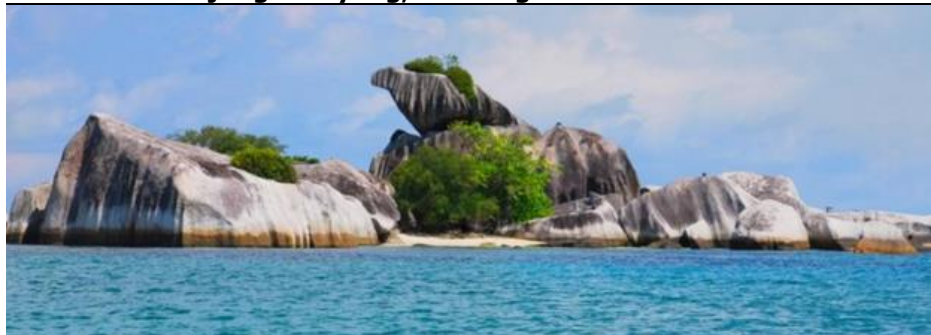
**2013 foreign inbound revenue:** USD1.7mn

**Main attraction:** bird watching at Pulau Dua Bird sanctuary, excursion to Anak Krakatau, Ujung Kulon boat excursion, scuba diving, water sports, mountain biking, and sunset boat ride.

**Improvement:** KIJA, through its subsidiary, Banten West Java Tourism Development Corporation, formed a JC with PT Pelabuhan Indonesia II (Pelindo II) to build a cruise terminal named "Marina" with capacity of around 600 docks with a total budget of USD5.6mn.

### 3. Tanjung Kelayang, Belitung

#### Exhibit 41. Tanjung Kelayang, Belitung



Source: Various Media

**Description:** One of the most beautiful beaches in Belitung, famous with the view of a bird-like granite boulder on a small island, 800m off the coast line.

**Some beautiful island:** Lengkuas Island, Babi Island, Batu Berlayar Island, Tanjung Tinggi Island.

**Infrastructure:**

- Nearest Airport: H.A.S Hanandjoeddin International Airport (TJQ), Tanjung Pandan, 32.3km away from Tanjung Kelayang
- Tanjung Kelayang Port.

**Accommodation:** 94 hotels, mostly 3 stars

**2013 foreign inbound revenue:** USD451k

**Improvement:** PT Belitung Beach Intan and Regent Pacific Islands plans to develop the region, including land clearances, new road constructions, development of office facilities, and other supporting infrastructures with a total budget of USD1.67mn.

*Tanjung Kelayang, a small island with a natural bird-like sculpture*

### 4. Thousand Islands, Jakarta

#### Exhibit 42. Thousand Islands, Jakarta



Source: Various Media

**Description:** Thousand Islands are a chain of islands to the north of Jakarta Coast, consisting of 110 islands. So far, only 13 islands are fully developed, the other 72 islands are either private owned, historic parks, or recreational islands, while the remaining 25 islands are still undeveloped.

**Infrastructure:**

- Muara Angke Port, Jakarta.
- Ancol Port, Jakarta.

**Accommodation:** 1 -15 homestay/ hotels per island.

**2013 foreign inbound revenue:** USD16.4mn

**Facilities:** dining rooms, swimming pool, and some water sports, playground, cruise, snorkeling, submarine.

**Improvement:** Better development in the other 25 islands with a total budget of USD1.02mn.

*Thousand Islands is located near Jakarta*

## 5. Mount Bromo, East Java

### Exhibit 43. Mount Bromo, East Java



Source: Various Media

**Description:** Mount Bromo is an active volcano and part of the Tengger Massif, in East Java, Indonesia.

**Infrastructure:**

- Nearest airport: Juanda International Airport, Surabaya, 65.2km away from Mount Bromo.
- Nearest port : Tanjung Perak Port, Surabaya, 83.7km away from Mount Bromo.
- Nearest railway station: Probolinggo station, Probolinggo, 36.5km away from Mount Bromo.
- Nearest bus terminal: Bayuangga Terminal, Probolinggo, 59km away from Mount Bromo .

**Accommodation:** 26 hotels, mostly 3 stars.

**2013 foreign inbound revenue:** USD33.4mn

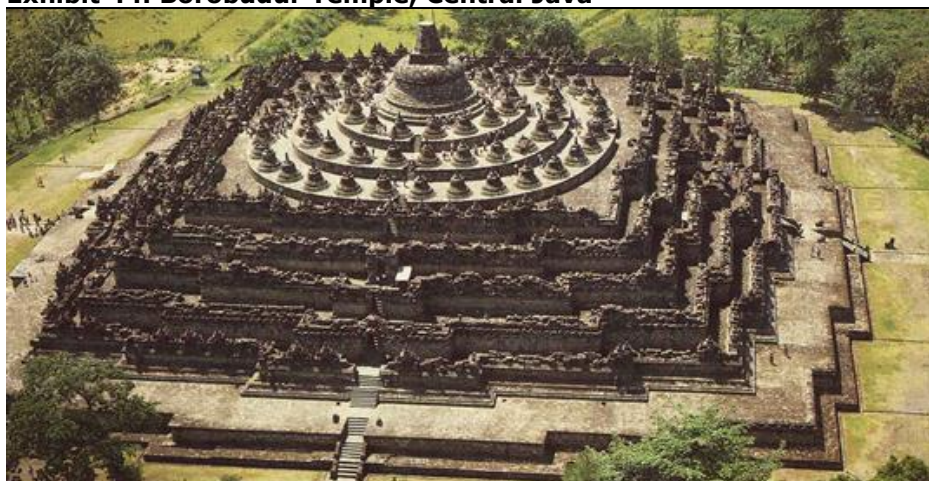
**Tourism spot:** Bromo Tengger Semeru, Pura Luhur Poten, Negeri di atas awan, Teletubbies hill.

**Improvement:** Balai Besar Taman Nasional Bromo Tengger Semeru (BB-TNTBS) plans to add some facilities in the area, like toilet and CCTV with a total budget of USD1.2mn.

*Mount Bromo, located in East Java, is one of the highest mountains in Indonesia*

## 6. Borobudur Temple, Central Java

### Exhibit 44. Borobudur Temple, Central Java



Source: Various Media

**Description:** Borobudur Temple is a 9<sup>th</sup> century Mahayana Buddhist temple in Magelang, Central Java, Indonesia. The world's largest Buddhist Temple, it is one of the greatest Buddhist monuments in the world.

**Infrastructure:**

- Nearest airport: Adisutjipto International Airport (JOG), Yogyakarta, 45.5km away from Borobudur Temple.
- Nearest Port: Semarang Port, Semarang, 130.7km away from Borobudur Temple.
- Nearest Railway Station: Tugu Railway Station, Yogyakarta, 39.8km away from Borobudur Temple.

*As part of the seven wonders of the world, Borobudur, has been one of the most visited tourist destinations in Indonesia*

**Accommodation:** 822 hotels around Yogyakarta area

**2013 foreign inbound revenue:** USD27.3mn

**Improvement:** Kementrian Pekerjaan Umum dan Perumahan Rakyat (PUPR) plans to develop infrastructure, such as toll roads, bridge, and some supporting facilities surrounding Borobudur temple with a total budget of USD1.52mn.

## 7. Mandalika, West Nusa Tenggara

### Exhibit 45. Mandalika, West Nusa Tenggara



Source: Various Media

*Undeveloped beautiful beach located in West Nusa Tenggara*

**Description:** Mandalika is one of the famous places in Central Lombok, West Nusa Tenggara with a huge bay and white sand.

**Infrastructure:**

- Nearest Airport: Lombok Praya International Airport (Lombok), 37km from Mandalika.
- Nearest Port: Lembar Port, Lombok

**Accommodation:** 1,132 hotels, mostly 3 stars.

**2013 foreign inbound revenue:** USD125.3mn

**Improvement:** SOE ministry plans to build roads, water treatment, generator, hotels until 2019 with a total budget of USD3.6mn.

## 8. Wakatobi, South East Sulawesi

### Exhibit 46. Wakatobi, South East Sulawesi



Source: Various Media

*One of the most famous diving spots in Indonesia*

**Description:** A luxury dive spot in southeastern Sulawesi, Indonesia.

**Infrastructure:**

- Nearest Airport: Matahora Airport (Wangi Wangi) Island, Wakatobi

**Accommodation:** 3 hotels, mostly 3.5 stars

**2013 foreign inbound revenue:** USD3.3mn

**Improvement:** Ministry plans to develop some facilities in Matahora Airport, Port, electricity, and telecommunications network with a total budget of USD1.4mn.

## 9. Morotai, North Maluku

### Exhibit 47. Morotai, North Maluku



Source: Various media

*Similar to Maldives*

**Description:** Morotai is a forested island in the Halmaera group of eastern Indonesia's Maluku Islands. Famous with history, nature, marine tourism.

**Infrastructure :**

- Nearest Airport: Sam Ratulangi Airport (Manado),
- Nearest Port: Imam Lastori Port

**Accommodation:** 4 hotels with 4 stars

**2013 foreign inbound revenue:** USD500k

**Tourism spot:** Raja Waterfall, Wayabula Waterfall, Gorua Beach, Jendral Douglas Mc Arthur statue, Gorango cape, and an island around Morotai.

**Improvement:** Roads, bridge, and water treatment with a total budget of USD3.6mn.

## 10. Labuan Bajo, East Nusa Tenggara

### Exhibit 48. Labuan Bajo, East Nusa Tenggara



Source: Various Media

*Undeveloped fishing town that can potentially be a favorite tourist destination*

**Description:** Labuan Bajo is a fishing town located at the western end in the Nusa Tenggara Region of Indonesia.

**Infrastructure:**

- Nearest Airport: Fly to Ngurah Rai international Airport, Bali.
- Labuan Bajo Port.

**Accommodation:** 56 hotels, mostly 4 stars

**USD foreign inbound revenue:** USD54.1mn

**Tourism spot:** Flores in the Nusa Tenggara Region of Indonesia. Komodo Island, Rinca Island.

**Improvement:** toll roads, more electricity, water treatment, and port with a total budget of USD1.2mn.

**Indonesian government increases free-visa entry to 169 countries**

In an effort to boost inbound revenue further, the government has allowed citizens of 169 countries to enter Indonesia without visa from March 2016. Note that this is an increase from only 30 countries in 2015. There are an additional 32 Asian countries from only 9 countries previously with the visa-free entry privilege. Asian tourists have dominated inbound tourist traffic, about 65% of the total foreign tourists in 2015. As such, we expect to see strong inbound tourist growth ahead, especially from these countries.

**An additional 139 countries to increase foreign exchange income from tourism industry**

**Exhibit 49. List of countries with free visa entry**

June 9, 2015					
Austria	Czech Republic	Germany	Mexico	Poland	Spain
Bahrain	Denmark	Hungarian	Netherlands	Qatar	Sweden
Belgium	England	Italy	New Zealand	Russia	Swiss
Canada	Finland	Japan	Norway	South Africa	United Arab Emirates
China	France	Kuwait	Oman	South Korea	United States
Total = 30 Countries					
September 18, 2015					
Algeria	Cyprus	India	Maldives	Romania	Taiwan
Angola	Czech Republic	Ireland	Malta	Russia	Tanzania
Argentina	Denmark	Italy	Mexico	San Marino	Tunisia
Austria	East Timor	Japan	Monaco	Saudi Arabia	Turkey
Azerbaijan	Egypt	Jordan	Netherlands	Seychelles	United Arab Emirates
Bahrain	Estonia	Kazakhstan	New Zealand	Slovakia	United Kingdom
Belarus	Fiji	Kuwait	Norway	Slovenia	United States
Belgium	Finland	Kyrgyzstan	Oman	South Africa	Vatican City
Bulgaria	France	Latvia	Panama	South Korea	Venezuela
Canada	Germany	Lebanon	Papua New Guinea	Spain	Yunani
China	Ghana	Liechtenstein	Poland	Suriname	
Dominica	Hungary	Lithuania	Portugal	Sweden	
Croatia	Iceland	Luxemburg	Qatar	Switzerland	
Total = 75 Countries					
March 2, 2016					
Albania	Chad	Vatican City	Mali	Qatar	Togo
Algeria	Chile	Honduras	Malta	Romania	Tonga
Andorra	China	Hongkong	Marshall Islands	Russia	Trinidad and Tobago
Angola	Dominica	Hungary	Mauritania	Rwandda	Tunisia
Antigua and Barbuda	Comoros	Iceland	Mauritius	Saint Kitts and Nevis	Turkey
Argentina	Costa Rica	India	Mexico	Saint Lucia	Turkmenistan
Armenia	Croatia	Ireland	Moldova	Saint Vincent and Grenadines	Tuvalu
Australia	Cuba	Italy	Monaco	Salomon Islands	Uganda
Austria	Cyprus	Ivory Coast	Mongolia	Samoa	Ukraine
Azerbaijan	Czech Republic	Jamaica	Moroco	San Marino	United Arab Emirates
Bahamas	Denmark	Japan	Mozambique	Sao Tome and Principe	United Kingdom
Bahrain	Dominican Republic	Jordan	Myanmar	Saudi Arabia	United States of America
Bangladesh	East Timor	Kazakhstan	Namibia	Senegal	Uruguay
Barbados	Ecuador	Kenya	Nauru	Serbia	Uzbekistan
Belarus	Egypt	Kiribati	Nepal	Seychelles	Vanuatu
Belgium	El Salvador	Kuwait	Netherlands	Singapore	Venezuela
Belize	Estonia	Kyrgyzstan	New Zealand	Slovakia	Vietnam
Benin	Fiji	Laos	Nicaragua	Slovenia	Zambia
Bhutan	Finland	Latvia	Norway	South Africa	Zimbabwe
Bolivia	France	Lebanon	Oman	South Korea	
Bosnia and Herzegovina	Gabon	Lesotho	Palau	Spain	
Botswana	Gambia	Liechtenstein	Palestine	Sri Lanka	
Brazil	Georgia	Lithuania	Panama	Suriname	
Brunei Darussalam	Germany	Luxemburg	Papua New Guinea	Swaziland	
Bulgaria	Ghana	Macao	Paraguay	Sweden	
Burkina Faso	Greece	Macedonia	Peru	Switzerland	
Burundi	Grenada	Madagascar	Philippines	Taiwan	
Cambodia	Guatemala	Malawi	Poland	Tajikistan	
Canada	Guyana	Malaysia	Portugal	Tanzia	
Cape Verde	Haiti	Maldives	Puerto Rico	Thailand	
Total = 169 Countries					

Source: Government Regulation, Bahana

**Downside risks: Shifting preference to online travel agents**

As technology advances exponentially, internet access is easier than ever. Technology has eliminated language barriers, providing international travellers with options to explore foreign countries independently without the need of a tour guide. Furthermore, social media and travel blogs like Tripadvisor or Lonely Planet provide all the necessary information, including the best accommodation and directions to get there. In developed countries, like Singapore, Chan Brothers has been experiencing a sales slowdown due to its customers preferring to travel on their own, instead of using their services. In our view, people in developing countries, like Indonesia, still need travel agent services as a majority of them don't speak English and have never been overseas before.

**32 of free-visa countries are in Asia, which contribute majority of Indonesia's tourist income revenue**

**Unlike in other developed countries, Indonesia's outbound tourist demand remains robust on the back of language barrier, under penetration of overseas travel and rapidly rising GDP growth**



**Panorama Sentrawisata**

Year to 31 December	2014	2015	2016F	2017F	2018F
<b>PROFIT &amp; LOSS (IDRbn)</b>					
Sales	1,956	1,919	2,011	2,340	2,701
Gross profit	389	400	445	516	602
EBITDA	147	146	193	216	252
Depreciation	26	36	28	36	43
EBIT	122	110	165	180	208
Net interest income/(expense)	(70)	(68)	(90)	(75)	(68)
Forex gain/(losses)	20	(0)	(0)	-	-
Other income/(expense)	10	28	14	318	12
<b>Pre-tax profit</b>	<b>81</b>	<b>69</b>	<b>89</b>	<b>423</b>	<b>152</b>
Taxes	21	17	24	109	39
Minority interest	14	2	9	42	12
<b>Net profit</b>	<b>46</b>	<b>50</b>	<b>55</b>	<b>272</b>	<b>101</b>

*Strong top line support post recent deals with JTB and Northstar*

<b>BALANCE SHEET (IDRbn)</b>					
Cash and equivalents	140	101	498	351	318
S-T investments	40	21	25	30	36
Trade receivables	305	303	300	358	413
Inventories	4	3	8	3	4
Fixed assets	531	811	877	1,048	1,082
Other assets	650	507	521	623	661
<b>Total assets</b>	<b>1,670</b>	<b>1,746</b>	<b>2,229</b>	<b>2,413</b>	<b>2,513</b>
Interest bearing liabilities	650	813	998	869	780
Trade payables	325	230	262	325	375
Other liabilities	258	290	308	324	364
<b>Total liabilities</b>	<b>1,233</b>	<b>1,333</b>	<b>1,569</b>	<b>1,518</b>	<b>1,518</b>
Minority interest	177	223	281	295	310
<b>Shareholders' equity</b>	<b>260</b>	<b>190</b>	<b>379</b>	<b>600</b>	<b>684</b>

*Asset-light company with ...*

<b>CASH FLOW (IDRbn)</b>					
EBIT	122	110	165	180	208
Depreciation	26	36	28	36	43
Working capital	20	(90)	571	687	793
Other operating items	(257)	(130)	(674)	(694)	(942)
<b>Operating cash flow</b>	<b>(90)</b>	<b>(74)</b>	<b>90</b>	<b>209</b>	<b>103</b>
Net capital expenditure	(44)	(84)	(68)	(188)	(43)
<b>Free cash flow</b>	<b>(134)</b>	<b>(158)</b>	<b>22</b>	<b>21</b>	<b>60</b>
Equity raised/(bought)	-	-	-	-	-
Net borrowings	94	163	185	(130)	(89)
Other financing	14	(44)	190	(39)	(5)
<b>Net cash flow</b>	<b>(26)</b>	<b>(39)</b>	<b>397</b>	<b>(147)</b>	<b>(33)</b>
Cash flow at beginning	166	140	101	498	351
<b>Cash flow at end</b>	<b>140</b>	<b>101</b>	<b>498</b>	<b>351</b>	<b>318</b>

*... low capex requirement*

<b>RATIOS</b>					
ROAE (%)	19.2	22.4	19.4	55.5	15.8
ROAA (%)	3.1	3.0	2.8	11.7	4.1
Gross margin (%)	19.9	20.8	22.1	22.1	22.3
EBITDA margin (%)	7.5	7.6	9.6	9.2	9.3
EBIT margin (%)	6.2	5.7	8.2	7.7	7.7
Net margin (%)	2.4	2.6	2.7	11.6	3.7
Payout ratio (%)	21.2	14.5	27.4	4.1	53.7
Current ratio (x)	1.0	1.0	1.4	1.6	1.7
Interest coverage (x)	1.7	1.6	1.8	2.4	3.1
Net gearing (%)	196.0	374.7	131.8	86.3	67.6
Debtor turnover (days)	61	44	48	51	51
Creditor turnover (days)	57	58	53	56	56
Inventory turnover (days)	1	1	1	1	1

*Margin expansions on higher economies of scale*

<b>MAJOR ASSUMPTIONS</b>					
<b>Volume (in pax)</b>					
Airplane ticket	361,720	394,004	401,884	434,035	468,758
Hotel Vouchers (in room nights)	755,440	973,405	992,873	1,072,303	1,158,087
Inbound	112,188	115,116	120,872	130,542	143,596
Outbound	-	96,933	99,841	107,828	116,455

*Government projects to support the company's volume growth*

Source: Company, Bahana estimates

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