

# Panorama Sentrawisata

PANR IJ / PANR.JK

Company Site Note | BCAS Vignette | Tourism Sector

## Providing a scenic view

### PMC: a tour de force of tourism expertise

We recently attend Panorama Management Conference in Palembang, hosted by PANR and its subsidiaries. During the event, we come to note the importance of tourism in Indonesia, given its contribution to Indonesia's GDP and workforce as well as the impact it has to Indonesia FX transactions. The current government has also noted the importance of tourism, noting government's target to increase tourism contribution to GDP to 15% in 2019, from 10% in 2015. Indonesia is also enjoying a demographic bonus - a situation in which the productive population exceeds the non-productive ones. Along with improvement in GDP, these factors should add into Indonesia's tourism spending.

### Panorama Tours to boost PANR growth

Panorama Tours Indonesia (PTI) has just recently announced that JTB, a Japanese tourism agency, has acquired 40% stake at PTI for IDR491bn. Post the EGM in March, the brand name will be changed to Panorama JTB. The CEO of JTB Asia Pacific, Billy Kurosawa, mentioned that the strong growth of Indonesian tourist coming to Japan also helps in making Indonesian market more attractive. In 2016, there are 271k tourist from Indonesia that went to Japan, up 32% YoY. On the flip side, the demand to go to Bali from Japanese continues to be strong, thus with both countries showing strong interest to come and visit the other, we think that the collaboration should benefit both JTB and PANR. Aside from that, PTI can also benefit to learn from JTB's products and system, and may be able to develop products dedicated to a more premium market, thus tapping into a new segment. Aside from the traditional tour agency, PANR is also developing an IT system, under a subsidiary called MG Group, which owns [rajakamar.com](http://rajakamar.com). MG has also introduced a system called MG Friends, which use a referral structure to book rooms using their site. MG also touched on automation, of which they believe is inevitable. That said, the group is developing a more advanced technology to help in reducing the costs, limiting errors and increase efficiencies. They are also using a software to collect data and sees the trend, which should be beneficial to the more traditional tour agency business segment.

### Expanding further in the tourism area

PANR also has a subsidiary in hospitality, PHM. PHM currently manages 13 hotels, and plans to manage 17 hotels by end 2017. Note that not all of the managed hotels are owned by the group, as PHM gets only the management fee from these hotels. PHM also has a number of hotel brands under their umbrella, namely the 101, the Haven, the BnB Hotel and PHM Collection. We believe that PANR would be able to harness synergy from its hospitality division with inbound and domestic movement, which should help in getting a competitive utilization rate among other hotel brands. On this occasion, we also was given the chance to see the signing of MoU between PANR and Prasetya Mulya University. The 2 institutions have agreed to establish a tourism faculty, in order to educate more about tourism as well as to prepare the human resources for the upcoming lift in tourism industry. The new faculty is slated to launch in September 2017, and we think that this is a step in the right direction to further foster tourism industry in Indonesia.

### Relatively cheap consumer stock, but with thinner margins

All in all, we got the chance to understand the landscape of Indonesian tourism sector as well as PANR's position in the industry. We applaud the company for maintaining its stronghold in traditional way (i.e: conventional tour agents) while also venturing into e channels and to adapt to the changes in consumer preference and continues to give their consumer the complete travel experience. Looking at the stock price, the stock is currently trading at 16.8x annualized 2016F PE. While we understand that margins could be more on the thin side, we note that this is the nature of the business, and believes that once the industry has lift off, growth would be substantial.

**NOT RATED**

6 February 2017

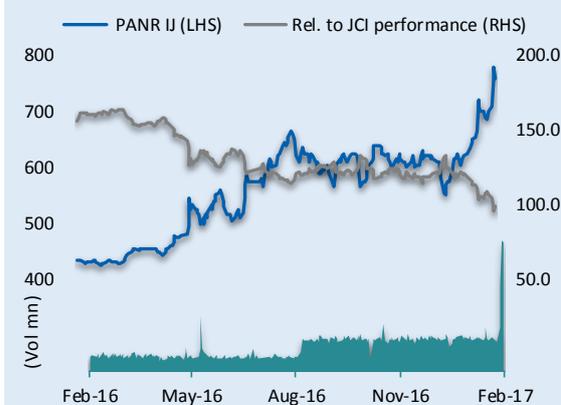
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Current Price: IDR750

### PRICE PERFORMANCE



Source: Bloomberg

### STOCK PERFORMANCE

	YTD	1M	3M	12M
Absolute	20.0%	20.0%	24.0%	72.4%
JCI Return	1.2%	1.2%	0.0%	16.9%
Relative	18.8%	18.8%	24.0%	55.6%

Source: Bloomberg

### MARKET DATA

52-week price range (IDR)	:	424 - 810
Market cap (IDRbn)/(USDmn)	:	900 - 670
Avg Daily Turnover (IDRbn/USDmn)	:	2.1 - 0.2

Source: Bloomberg

### SHAREHOLDERS

Panorama Tirta Anugerah	:	64.3%
Others	:	3.5%
Public (each below 5%)	:	32.3%

Source: Bloomberg

### Exhibit 1. Financial Summary

Year-end 31 Dec (IDRbn)	2013A	2014A	2015A	9M15	9M16
Revenue	1694	1956	1923	1,554	1,644
EBITDA	183	219	159	136	166
Net Profit	39	46	49	43	47
BCAS/consensus (%)					
EPS (IDR)	33	38	41	37	34
EPS Growth (%)	54.7	15.2	7.9	(39.6)	(10.2)
DPS (IDR)	29	6	4	n.a.	n.a.
PE (x)	22.7	19.7	18.3	20.3	22.1
PB (x)	2.0	2.2	2.8	1.8	2.0
EV/EBITDA (x)	5.2	5.8	9.3	10.8	8.9
Dividend yield (%)	3.9	0.8	0.5	n.a.	n.a.
ROE (%)	18.2	18.8	21.8	30.2	16.9
Net Gearing (%)	92.6	116.6	172.2	386.3	256.2

Source: Company, BCAS estimate, \*pricing as of 3 February 2017 closing price

### Exhibit 2. PANR conference



Source: BCA Sekuritas

*The conference has a number of speakers, with Bapak Budi Tirtawisata kicking it off on emphasizing the growing importance of tourism in Indonesia*

### Exhibit 3. Panorama JTB



Source: BCA Sekuritas

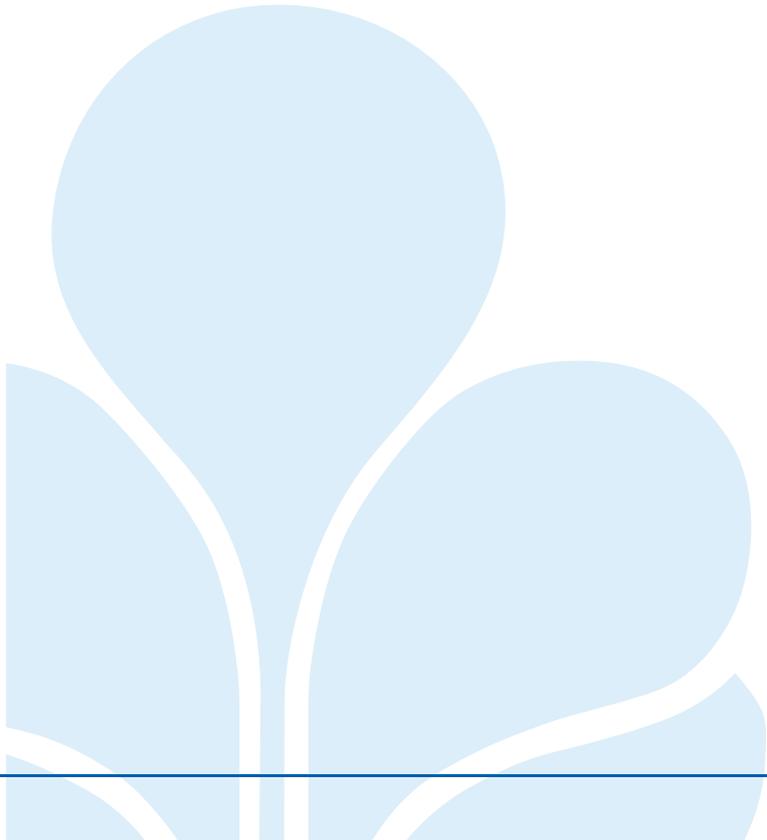
*Post the acquisition by JTB, Panorama tours will be renamed into Panorama JTB and will harness synergies from JTB on Japan-Indonesia tourism*

**Exhibit 4.** Signing with Prasetya Mulya



*Bapak Budi Tirtawisata and 3 representatives from Prasetya Mulya University were seconds away from signing an MoU to open tourism faculty*

Source: BCA Sekuritas



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