

Panorama Sentrawisata

PANR IJ / PANR.JK

Company Update | BCAS NR | Tourism sector

Indonesia meets the world

The growing Indonesian tourism sector

We recently attended the two-day 'Panorama Mega Conference', hosted by Panorama Sentrawisata (PANR), an event that highlighted the growing tourism sector in Indonesia and Asia Pacific. The Conference cited the Indonesian travel and tourism industry as having contributed ~6.2% to GDP in 2016. The World Travel and Tourism Council forecasts growth of Indonesian tourism GDP, with 2017-2027 CAGR of 5.6%. Along the same lines, Panorama Group targets a 30% growth p.a. in sales revenue, to become a billion-dollar company by 2020.

Adapting to changes in tourism industry landscape...

Serving local tourists for both domestic and international destinations, Panorama JTB Tours (PJTI) focuses on digital innovations, encompassing 16 projects in 2018, including e-commerce and operational tools (CRM, ERP, booking engine). Additionally, PJTI plans to open 6 new branches in Greater Jakarta, indicating that the interest in conventional tour agents in our domestic market is still strong. To increase efficiency and expand its market reach, PJTI will open its first "holiday kiosk" in Mar-18, in Mal Ciputra, Jakarta, followed by 100 new kiosks within 5 years. Customers will be able to book tickets through the kiosks attended by 2-3 travel consultants. PJTI expects to turn a profit in less than one year, from the startup of each kiosk. In addition, PJTI also adds product specializations in specific regions as well as group and individual tours.

...while attracting inbound tourists to Indonesia

To promote Indonesian tourism, President Jokowi has highlighted tourism as one of the leading economic sectors in 2018. Govt has also determined "10 New Bali" destinations, including Lake Toba, Mandalika, Wakatobi and others, with a total investment of USD20bn. Panorama Destination (PDES), a PANR subsidiary concentrating on inbound tourists, will attempt to capture the momentum, in spite of the recent eruptions of Mount Agung that severely affected PDES business, revealed by -1% in YoY sales growth in 2017F, although PDES expects +8% increase in 2017F EBITDA, serving as a reminder that the Indonesian tourism currently is still dependent on a single destination. Consequently, the subsidiary was forced to create contingency plans in 2018 (cost and capex cutting).

Fairly in line with peers

Facing new trends, such as solo traveling and online ticket purchases, PANR has turned for income to non-leisure segments like media (Panorama Publications), bedbanks (MG Group) and transportation (White Horse). Its leisure business can still benefit from recent infrastructure development. PANR stock is currently trading at 15.5x annualized 2017F PE. As comparison, Bayu Buana (BAYU) is trading at 16.6x.

Exhibit 1. Financial summary

YE to 31 Dec (IDR bn)	2014	2015	2016	9M16	9M17
Revenue	1,956	1,923	2,133	1,644	1,467
EBITDA	219	159	160	166	111
EV/EBITDA	5.8	9.3	10.5	11.1	11.1
Net Profit	46	49	(17)	30	28
EPS (IDR)	38	41	(14)	34	23
EPS Growth (%)	17.5	6.3	n.a.	(10.2)	(30.5)
DPS (IDR)	6	4	0	n.a.	n.a.
PE (x)	12.5	11.8	(34.7)	10.8	15.5
Dividend Yield (%)	1.3	0.9	0.0	n.a.	n.a.
BVPS (IDR)	217	158	392	308	623
PB (x)	2.2	3.0	1.2	1.6	0.8
ROE (%)	18.8	21.8	(5.0)	10.9	5.0
Net gearing (%)	116.6	172.2	85.2	241.8	39.3

Sources: Company, BCA Sekuritas, *pricing as of 5-Feb-17 closing price

NOT RATED

6 February 2018

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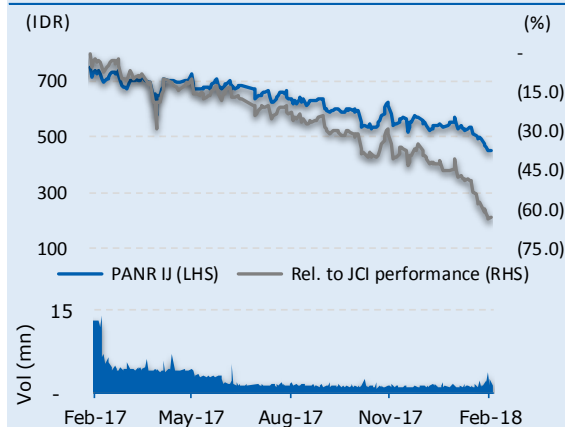
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Current Price: IDR450

12M PRICE PERFORMANCE



Source: Bloomberg

STOCK PERFORMANCE

	YTD	1M	3M	12M
Absolute	-18.2%	-15.1%	-26.8%	-40.0%
JCI Return	3.7%	3.7%	9.1%	22.9%
Relative	-21.9%	-18.8%	-35.9%	-62.9%

Source: Bloomberg

MARKET DATA

12M price range (IDR)	:	450 - 750
12M PE range (x)	:	17.0 - 24.5
Outstanding shares (mn)	:	1,200
Market cap (IDRbn)/(USDmn)	:	540 / 40
Avg daily turn. (IDRbn/USDmn)	:	0.7 / 0.1

Source: Bloomberg

SHAREHOLDERS

Panorama Tirta Anugerah	:	64.3%
Others (less than 5%)	:	35.8%

Source: Bloomberg

Exhibit 2. Financial summary

Income Statement					
Year-end 31 Dec (IDRbn)	2014	2015	2016	9M16	9M17
Revenue	1,956	1,923	2,133	1,644	1,467
Cost of revenue	1,567	1,524	1,692	1,297	1,104
Gross profit	389	400	441	347	363
EBIT	121	108	103	116	59
Depreciation	98	50	57	50	52
EBITDA	219	159	160	166	111
Net interest income	(70)	(68)	(103)	(67)	(51)
Forex gain (loss)	(2)	4	(6)	16	37
Other incomes (expenses)	1	3	12	2	(33)
Pre-tax profit	81	67	20	59	43
Taxes	(21)	(17)	(17)	(12)	(3)
Minority Interests	(14)	(2)	(20)	(17)	(16)
Net Income	46	49	(17)	30	28
EPS (Rp)	38	41	(14)	34	23

Higher G&A expense...

...accompanied with higher interest expenses in 2016...

... resulted in a net loss.

Balance Sheets					
Year-end 31 Dec (IDRbn)	2014	2015	2016	9M16	9M17
Cash and equivalents	140	101	289	104	399
Trade receivables	305	303	393	359	426
Inventories	4	3	5	7	7
LT Investment & receivables	1	1	1	12	1
Fixed assets	531	811	1,075	1,083	1,128
Other assets	689	527	517	539	506
Total assets	1,670	1,746	2,279	2,103	2,466
S-T liabilities	559	440	561	244	254
Other S-T liabilities	167	199	151	221	356
L-T liabilities	416	603	678	754	438
Other L-T liabilities	91	91	136	243	380
Total liabilities	1,233	1,333	1,525	1,463	1,429
Minority interest	177	223	284	271	289
Shareholders' equity	437	413	754	641	1,037
Total liabilities & Equities	1,670	1,746	2,279	2,103	2,466

PANR plans to be a light-asset company.

Cash Flows Statement					
Year-end 31 Dec (IDRbn)	2014	2015	2016	9M16	9M17
Net Income	46	49	(17)	30	28
Depreciation & amortization	98	50	57	50	52
Working capital	(89)	(106)	82	(183)	27
Operating cash flow	55	(6)	123	(104)	106
Net capital expenditure	(119)	(244)	(50)	(50)	(53)
Others	7	25	155	17	263
Investing cashflow	(112)	(219)	104	(33)	210
Dividend paid	(10)	(7)	-	-	-
Net change in debt	45	282	(38)	(33)	(141)
Other financing	107	130	(106)	205	(275)
Financing cashflow	31	186	(40)	139	(206)
Change in cash	(26)	(39)	188	2	110
Beginning cash flow	166	140	101	101	289
Ending cash flow	140	101	289	104	399

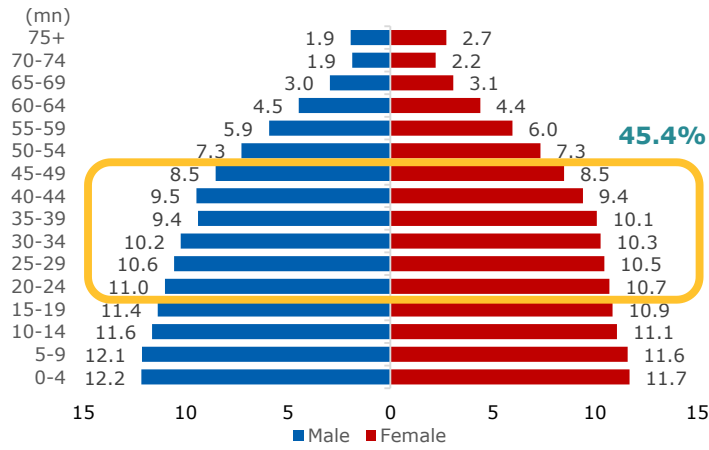
Minimum capex is fully expected.

Key Ratios					
	2014	2015	2016	9M16	9M17
Gross margin	19.9	20.8	20.7	21.1	24.7
EBITDA margin	11.2	8.2	7.5	10.1	7.6
EBIT margin	6.2	5.6	4.8	7.0	4.0
Pre-tax margin	4.1	3.5	0.9	3.6	2.9
Net margin	2.4	2.5	(0.8)	1.8	1.9
ROAE	18.8	21.8	(5.0)	10.9	5.0
ROAA	2.8	2.8	(0.7)	1.4	1.1
Current ratio	1.0	1.0	1.2	1.2	1.4
Acid ratio	0.6	0.6	1.0	0.8	1.1
Gearing	148.7	196.7	123.5	250.7	70.8
Net gearing	116.6	172.2	85.2	241.8	39.3
Debtor turnover (days)	57	57	67	59	78
Creditor turnover (days)	71	73	85	75	104
Inventory turnover (days)	1	1	1	1	2

Thin margins in tourism industry.

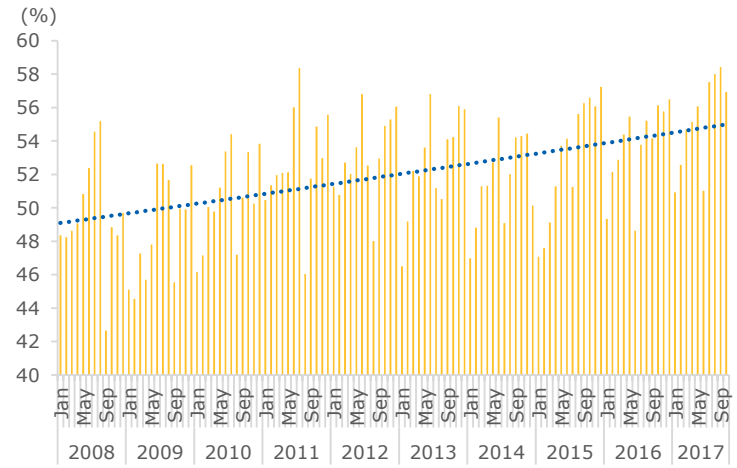
Sources: Company, BCA Sekuritas

Exhibit 2. 45% of pop. is between age of 20-50



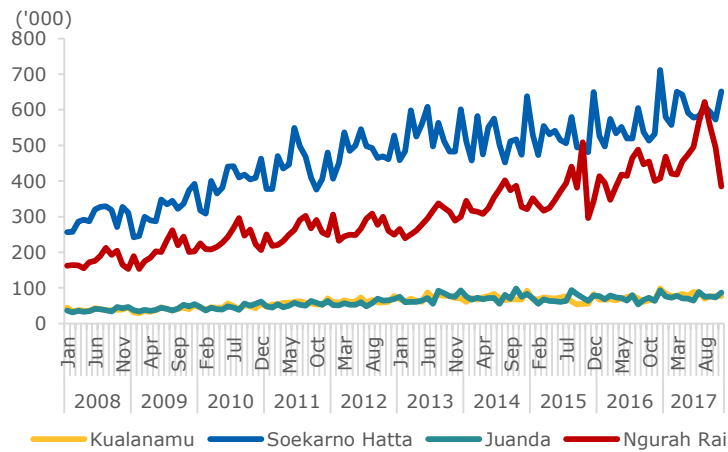
Sources: BPS, BCA Sekuritas

Exhibit 3. Hotel occupancy rate is trending up



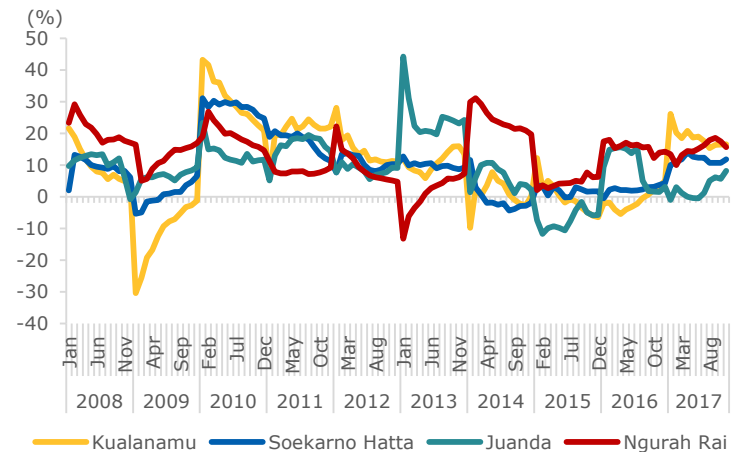
Sources: BPS, BCA Sekuritas

Exhibit 4. Outbound passengers from major airports



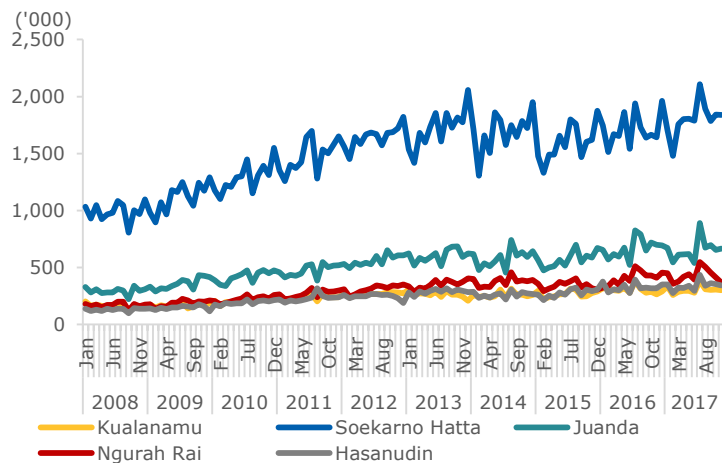
Sources: BPS, BCA Sekuritas

Exhibit 5. Steady growth of outbound passengers



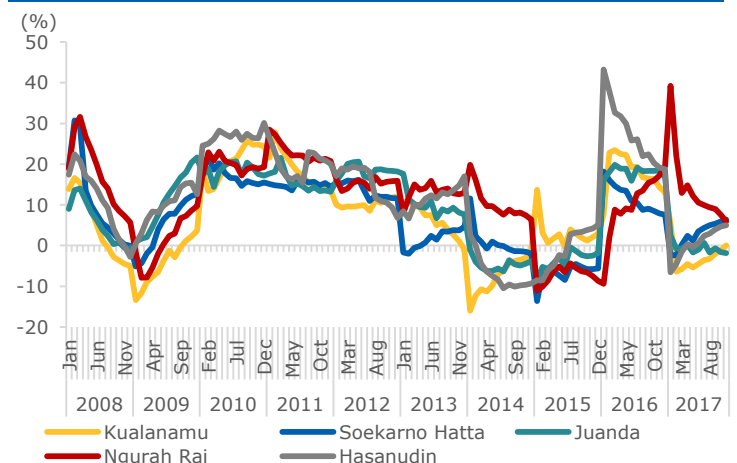
Sources: BPS, BCA Sekuritas

Exhibit 6. Domestic passengers from major airports



Sources: BPS, BCA Sekuritas

Exhibit 7. Mt. Agung eruptions disrupted flights from Bali towards end-17



Sources: BPS, BCA Sekuritas

Exhibit 8. Komodo airport, Labuan Bajo, before



Source: Ministry of Tourism, BCA Sekuritas

Exhibit 9. Komodo airport, Labuan Bajo, after



Source: Ministry of Tourism, BCA Sekuritas

Exhibit 10. Matohara airport, Wakatobi, before



Source: Ministry of Tourism, BCA Sekuritas

Exhibit 11. Matohara airport, Wakatobi, after



Source: Ministry of Tourism, BCA Sekuritas

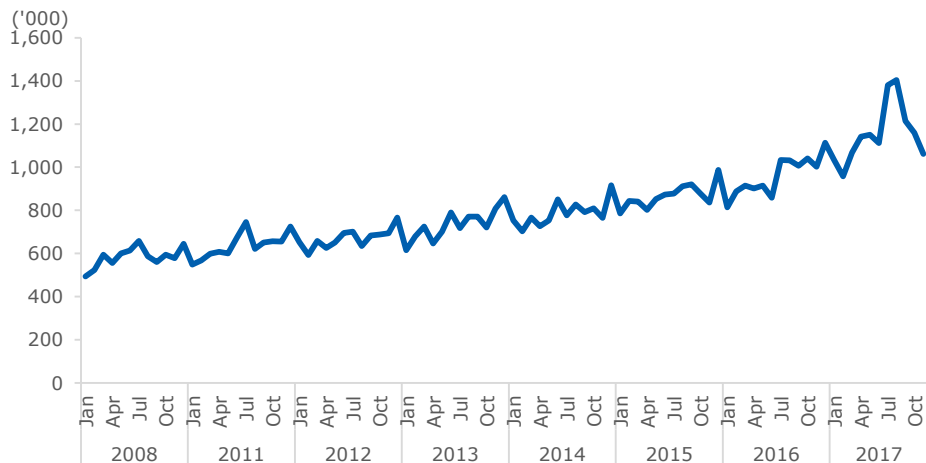
Exhibit 12. "10 New Bali" destinations

Destination	Province	Investment
Lake Toba	North Sumatra	USD1.6bn
Tanjung Kelayang	Bangka Belitung	USD1.4bn
Tanjung Lesung	Banten	USD4.0bn
Thousand Islands	Jakarta	USD1.5bn
Borobudur	Central Java	USD1.5bn
Bromo-Tengger-Semeru	East Java	USD1.4bn
Mandalika	West Nusa Tenggara	USD3.0bn
Labuan Bajo	East Nusa Tenggara	USD1.2bn
Wakatobi	Southeast Sulawesi	USD1.5bn
Morotai	Maluku	USD2.9bn
Total		USD20bn

Sources: Ministry of Tourism, BCA Sekuritas

Government designated 10 new destinations, touted as "10 New Balis" to promote Indonesian tourism.

Exhibit 13. International tourist arrivals



International tourist arrivals increased 21.8% YoY in 11M17.

Sources: BPS, BCA Sekuritas

Exhibit 14. Budi Tirtawisata kicked off the conference



Panorama Group CEO, Budi Tirtawisata, opened Panorama Mega Conference 2018.

Source: BCA Sekuritas

Exhibit 15. CEOs of Panorama Group subsidiaries



CEOs of Panorama Group subsidiaries after reaffirming their commitment to the Company.

Source: BCA Sekuritas

Exhibit 16. Forum speech by Gloria Guevara



World Travel & Tourism Council President Gloria Guevara noted Indonesian travel and tourism to the economy.

Source: BCA Sekuritas

Exhibit 17. Panorama Group subsidiaries

Inbound	Travel & Leisure	Media	Hospitality	Transportation
Panorama Destination Asia World Indonesia	Panorama JTB Tours Panorama-JTB.com Chan Brothers Travel Indonesia MG Bedbank rajakamar.com TurEZ Smart Holiday Go Holidays travelicious.co.id Orange Incentive House Wupi	Panorama Publication Panorama Magazine Get Lost Magazine Panorama Events	The 101 Yogyakarta Tugu	White Horse Group Daytrans Joglosemar Grayline Jakarta
	Carlson Wagonlit Travel Indonesia	Reed Panorama Exhibition		
	JTB Chan Brothers Travel Carlson Wagonlit Travel	Reed Elsevier	Carlson Rezidor Hotel Group	Grayline

Source: Company, BCA Sekuritas, yellow: subsidiaries; red: associated companies; green: strategic partner alliance

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