

Barito Pacific

A gigantic transformation

NOT RATED

Rp1,500

Petrochemical

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Erwan Teguh +(6221) 5151 330 – erwan.teguh@cimb.com

- **From the largest timber concern to the biggest petrochemical company.** In late 2007, Barito was dramatically turned into one of the largest petrochemical manufacturers in the region after two key acquisitions, financed by a rights issue and debt. These were largely related-party transactions, though largely believed to be fairly priced.
- **What next?** Not much is known beyond an intention to expand capacity more aggressively. There has been some talk of the controlling shareholder, the Pangestu family, potentially injecting other assets said to be in energy-related businesses. This remains largely under wraps.
- **Too big to ignore?** Market capitalisation has surged beyond US\$1bn and is likely to grow further with more asset injections. Barito is currently in the top 40 by market capitalisation. A well-placed strategy might elevate its position further to become one of the interesting bigger-cap stocks.

Financial summary

FYE Dec	2004	2005	2006	2007
Revenue (Rp bn)	1,278.1	818.0	465.5	336.9
EBITDA (Rp bn)	110.8	(151.7)	(155.0)	(9.7)
EBITDA margins (%)	8.7%	-18.5%	-33.3%	-2.9%
Pretax profit (Rp bn)	(144.6)	355.2	16.5	48.1
Net profit (Rp bn)	(143.3)	686.8	7.2	44.5
EPS (Rp)	(20.53)	98.40	1.03	6.38
EPS growth (%)		+579%	-99%	+519%
P/E (x)	nm	15.24	high	236.10
Core EPS (Rp)	(1.01)	(19.91)	(13.48)	(1.50)
Core EPS growth (%)		+1866%	-32%	-89%
Core P/E (x)	nm	nm	nm	nm
Gross DPS (Rp)	-	-	-	-
Dividend yield (%)	-	-	-	-
P/NTA (x)	3.1	4.6	6.0	0.5
ROE (%)	-4.3%	30.0%	0.4%	0.2%
Net gearing (%)	390%	48%	27%	-10%
Net cash per share (Rp)	12.59	(44.24)	(34.96)	(7.85)
P/CF (x)	17.1	(4.9)	(6.1)	(27.4)
EV/EBITDA (x)	74.7	nm	nm	nm

Stock Information

Market cap:	Rp10,470bn/US\$1,150m
12-m price range:	Rp3511 Rp1140
3-m avg daily vol:	55.64bn
No. of shrs (m):	6.98bn
Est. free float (%):	48
Conv. secs (m):	-
Major shareholders (%):	
Magna Resources	52%
Public	48%

Source: Company, CIMB-GK Research, Bloomberg

Corporate profile

Incorporated in 1968 as a timber concern, namely a forest concession operator, and for a long time one of the largest wood-processing manufacturers including plywood, particle boards and woodwork, Barito was dramatically made over in late 2007. It became one of the largest ethylene manufacturers in the region after acquiring Chandra Asri. It went further downstream recently after acquiring Tri Polyta. Barito went public in Oct 93.