



**PT LAUTAN LUAS Tbk**

Distributor and Manufacturer - Specialty and Basic Chemicals

# INVESTOR NEWSLETTER

9M2018

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# FINANCIAL HIGHLIGHTS

**PT LAUTAN LUAS Tbk** (LTLS) is pleased to announce its 9M2018 results as follows:

LTLS's gain in net income during 9M2018 was IDR117 billion, or 10% above 9M2017. Higher earnings in Q32018 was mainly driven by higher revenue and gross profit, as well as favourable results in earnings from investments in associates; partly offset by loss on foreign exchange and higher financing costs due to hedging cost against Rupiah depreciation.

Revenue in 9M2018 was IDR5,293 billion, or 7% above 9M2017; which comprise of 48% from Distribution segment, 44% from Manufacturing segment, and the remaining 8% from our Support & Services segment. Revenue from Manufacturing segment increased by 23% in 9M2018, and has been the major contributor to the total revenue growth in current period. Almost all of our manufacturing units has shown a favourable revenue growth in 9M2018, with main growth contribution was from our creamer manufacturing subsidiaries and PT Dunia Kimia Jaya as a positive result of the merger with other subsidiaries in early 2017. Revenue from Support & Services segment was slightly up by 2%, while revenue from Distribution segments was slightly down by 4% mainly due to lower contribution from our distribution unit in overseas.

Our gross margin has improved from 17.9% in 9M2017 to 18.1% in 9M2018 driven by higher gross margin from our Distribution segment reflecting improvement in the quality of our revenue. While lower gross margin from Manufacturing segment is partly to grow market shares.

Operating income increased from IDR267 billion in 9M2017 to IDR279 billion in 9M2018, in line with the improvement in gross profit (+8.2%); While EBITDA in 9M2018 has reached IDR490 billion, 24% up compared to the same period last year of IDR395 billion.

From financial perspective, net interest bearing debt to equity ratio improved from 1.29x to 1.18x yoy, current ratio improved from 0.98x to 1.03x yoy, while working capital days was extended from 61 to 64 days yoy.

In summary, our current performance has translated to an increase in earning per-share from IDR70/share in 9M2017 to IDR76/share in 9M2018 (or annualized of Rp102/share).

For a more comprehensive analysis of the 9M2018 performance, our quarterly report is available on company website ([www.lautan-luas.com](http://www.lautan-luas.com)).

# FINANCIAL HIGHLIGHTS

## CONSOLIDATED INCOME STATEMENT

in Billion IDR	2015	2016	2017	9M17	9M18
Revenue	6,466	6,438	6,597	4,942	5,293
Gross Profit	1,084	1,153	1,207	883	956
<i>Gross Margin</i>	<i>16.77%</i>	<i>17.90%</i>	<i>18.29%</i>	<i>17.87%</i>	<i>18.06%</i>
Operating Expenses	747	788	860	616	628
Other Operating Income/(Expenses)	(10)	(23)	20	0	(50)
<b>Income from Operation</b>	<b>327</b>	<b>342</b>	<b>366</b>	<b>266</b>	<b>278</b>
Finance Costs	(182)	(150)	(150)	(106)	(141)
Income/(Loss) from Affiliates	(67)	(47)	38	20	45
<b>Net Income</b>	<b>4</b>	<b>60</b>	<b>150</b>	<b>107</b>	<b>117</b>
<b>Comprehensive Income</b>	<b>128</b>	<b>18</b>	<b>210</b>	<b>162</b>	<b>172</b>
<b>EBITDA</b>	<b>408</b>	<b>465</b>	<b>550</b>	<b>395</b>	<b>490</b>

# FINANCIAL HIGHLIGHTS

## CONSOLIDATED BALANCE SHEET

in Billion IDR	2015	2016	2017	9M17	9M18
Cash & Cash Equivalent	120	69	125	87	104
Trade Receivables	1,333	1,488	1,333	1,325	1,639
Inventories	900	778	885	798	1,016
Others	296	298	235	445	319
<b>Current Assets</b>	<b>2,649</b>	<b>2,633</b>	<b>2,578</b>	<b>2,655</b>	<b>3,078</b>
Fixed Assets	1,589	1,864	1,973	1,881	1,977
Others	1,155	1,161	1,218	1,170	1,237
<b>Non Current Assets</b>	<b>2,744</b>	<b>3,025</b>	<b>3,191</b>	<b>3,051</b>	<b>3,214</b>
<b>Total Assets</b>	<b>5,393</b>	<b>5,658</b>	<b>5,769</b>	<b>5,706</b>	<b>6,292</b>

in Billion IDR	2015	2016	2017	9M17	9M18
Trade Payables	1,146	1,249	1,001	971	1,325
Short-term Bank Loans	1,338	1,114	716	1,090	1,424
Current Maturities of Long-terms Debts	87	159	778	860	36
Others	156	155	143	232	214
<b>Current Liabilities</b>	<b>2,727</b>	<b>2,677</b>	<b>2,638</b>	<b>3,153</b>	<b>2,999</b>
Long-term Debts	866	1,117	1,038	510	1,028
Others	180	186	222	210	243
<b>Non-Current Liabilities</b>	<b>1,046</b>	<b>1,303</b>	<b>1,260</b>	<b>720</b>	<b>1,271</b>
<b>Total Liabilities</b>	<b>3,773</b>	<b>3,979</b>	<b>3,898</b>	<b>3,873</b>	<b>4,270</b>
<b>Equity</b>	<b>1,620</b>	<b>1,679</b>	<b>1,871</b>	<b>1,833</b>	<b>2,022</b>
<b>Total Liabilities &amp; Equity</b>	<b>5,393</b>	<b>5,658</b>	<b>5,769</b>	<b>5,706</b>	<b>6,292</b>

# FINANCIAL HIGHLIGHTS

## WORKING CAPITAL CYCLE

<b>in Billion IDR</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>9M17</b>	<b>9M18</b>
Trade Receivables (T/R)	1,333	1,488	1,333	1,325	1,639
<b>T/R Days</b>	<b>74</b>	<b>83</b>	<b>73</b>	<b>72</b>	<b>84</b>
Inventories	900	778	885	798	1,016
<b>Inventory Days</b>	<b>60</b>	<b>53</b>	<b>59</b>	<b>53</b>	<b>63</b>
Trade Payables (T/P)	1,146	1,249	1,001	971	1,325
<b>T/P Days</b>	<b>77</b>	<b>85</b>	<b>67</b>	<b>65</b>	<b>82</b>
Working Capital – Trade	1,087	1,017	1,217	1,152	1,330
<b>(T/R + Inv – T/P) days</b>	<b>57</b>	<b>51</b>	<b>65</b>	<b>60</b>	<b>65</b>

## KEY PERFORMANCE RATIOS

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>9M17</b>	<b>9M18</b>
Asset Growth (%)	15.37	4.91	1.96	0.84	9.07
Revenue Growth (%)	9.81	(0.43)	2.47	3.24	7.11
Gross Margin (%)	16.77	17.90	18.29	17.87	18.06
Operating Margin (%)	5.04	5.31	5.55	5.37	5.26
EBITDA */Net Int. Exp. ** (X)	2.25	3.12	3.66	3.74	3.46
Net Debt ***/Equity (X)	1.34	1.38	1.29	1.29	1.18
Net Debt ***/EBITDA* (X)	5.32	4.95	4.38	4.50	3.65
Current Ratio (X)	0.97	0.98	0.98	0.84	1.03
* EBITDA does not include foreign exchange gain or losses for the relevant period					
** Net Interest Expenses is defined as Interest Expenses less Interest Income					
*** Net Debt is defined as Total Interest Bearing Loans less Cash & Cash Equivalents					

# SHARE PRICE HISTORY



Share (millions) *	1,560
Price in 2018, September 28 (Rp)	520
Price / Earning (x)**	5.13
Deviden Yield (%)	5.77
ROE (%)**	7.72
52wk High (Rp)	730
52wk Low (Rp)	486
EPS (in Millions Rp)	76

\* Include 23,338,000 treasury stocks

\* Annualized

# ABOUT LTLS

Established in 1951, **PT LAUTAN LUAS Tbk** is a distributor and manufacturer of basic and specialty chemicals. The Company represents over 100 international principals, distributing over 1,000 basic and specialty chemical products to more than 2,000 industrial customers throughout Indonesia and the Asia Pacific region.

In addition to the Jakarta headquarters, the Company operates four branches and seven representative offices located in various major cities throughout the archipelago, including a regional office in Singapore that oversees company operations in China, Thailand, and Vietnam.

In manufacturing, the Company currently has stakes in fourteen production facilities in Indonesia, two facilities in China, and one in Vietnam.

Its Support & Services business comprise of three subsidiaries that were previously the Company's internal departments, offering supply chain, IT, and laboratory services.

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