

## PT GEOPRIMA SOLUSI TBK

|                  |        |
|------------------|--------|
| Ticker           | GPSO   |
| Target Price     | Rp 233 |
| Potential Upside | 29.17% |

### Estimated IPO Schedule

|                 |                     |
|-----------------|---------------------|
| Book Building   | 9-13 Agustus 2021   |
| Effective Date  | 25 August 2021      |
| Offering Period | 27 Aug -1 Sept 2021 |
| Listing Date    | 3 September 2021    |

### Indicative IPO Structure

|                          |                          |
|--------------------------|--------------------------|
| Max Offered Shares       | 166,666,600              |
| Max Shares Post-IPO      | 666,666,600              |
| Par Value per Share      | Rp50.00                  |
| Offering Price per Share | Rp175 – Rp180            |
| Floating Shares          | 25%                      |
| Listing                  | Indonesia Stock Exchange |

### Use of Proceeds

|                    |        |
|--------------------|--------|
| Mixed-use Building | 30.61% |
| LiDAR (Equipment)  | 36.74% |
| UAVs (Inventory)   | 20.41% |
| Marketing          | 12.24% |

### Forecast Valuation

|      | 2021F  | 2022F  |
|------|--------|--------|
| P/E  | 42.2 x | 11.4 x |
| P/BV | 2.83 x | 2.5 x  |

### Contributor

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## Executive Summary

### Company in Brief:

**PT Geoprima Solusi Tbk** is an Indonesian company that was established in 1998 with the distribution, sale, and reparation of geospatial equipment, mainly land surveying and navigation systems, as its core business. The company operates as a distributor of South Instrument, a geospatial equipment manufacturer in China.

### HIGHLIGHTS:

- **Years of Experience in the Niche Market** – The company has approximately 23 years of experience in the industry. Its presence in Indonesia’s Geospatial Market is far from being unnoticed. Over time, the company has built a healthy relationship with the government and state-owned enterprises.
- **Unprecedented Recent Revenue Growth** – The company has seen extraordinary growth in recent years, excluding 2020 due to the COVID-19 pandemic. Revenue grew 137% and 61% in 2018 and 2019 respectively. This IPO transaction will provide the needed resources for the company to capitalize on its growth momentum.
- **Debt-free** – The company’s capital structure is composed of 100% equity. Based on the proprietary internal projection, the company could lever up and improve its ROE with little impact on its profitability and cash flow.
- **Geospatial is More Relevant Than Ever** – The ever-increasing demand for data and ease of aggregating it through technology cause a spike in the awareness and implementation of geospatial technology in the commercial setting.
- **Minimal Inherited Default Risk from an Undiversified Supplier Portfolio** – The company is acting as the sole distributor of South Instrument, a Chinese geospatial equipment manufacturer, in Indonesia. Although this suggests that the company captures the complete market share on the sales of South Instrument’s products, the company faces an increased risk consideration to factor in the potential default risk coming from the principal (South Instrument). That said, the company is under no obligation to only distribute South Instrument’s products and can engage other suppliers.

### INVESTMENT RATIONALE:

**Positive Investment Recommendation** – The company is a part of a low-risk industry with a growing market and relevance that is integrated into a more saturated and mature industry. Internally, the company is profitable with a healthy capital structure but adopts a slight potential default risk from its principal.

## Financial Exhibit

### Company Profile

PT. Geoprima Solusi Tbk is a company that sells surveying tools

#### Region

Asia

#### Country

Indonesia

#### Industry

Geospatial

#### Product

Land Survey Equipment

### Shareholders Composition

#### Pre-IPO

|                     |        |
|---------------------|--------|
| Karnadi Margaka     | 70.00% |
| Suriawati Tamin     | 10.00% |
| Priscilla Vikananda | 10.00% |
| Axel Tobias Joel    | 10.00% |

#### Post IPO

|                     |        |
|---------------------|--------|
| Karnadi Margaka     | 52.50% |
| Suriawati Tamin     | 7.50%  |
| Priscilla Vikananda | 7.50%  |
| Axel Tobias Joel    | 7.50%  |
| Public              | 25.00% |

### Key Opportunities

1. Convergence of Multiple Tech
2. Growing Market
3. Pegged to Matured Industries

### Key Risks

1. Skilled Labor Requirements
2. Disruptive Tech Innovation
3. Complete Digital Dependency

### Other Key Metrics

|                          | 2018   | 2019   | 2020   | 2021F  | 2022F  |
|--------------------------|--------|--------|--------|--------|--------|
| Current Ratio            | 1.94 x | 2.68 x | 2.04 x | 2.53 x | 2.44 x |
| Quick Ratio              | 1.91 x | 2.53 x | 1.91 x | 1.67 x | 1.67 x |
| Return on Equity         | 69%    | 33%    | -3%    | 7%     | 22%    |
| Return on Asset          | 29%    | 22%    | -2%    | 5%     | 16%    |
| Inventory Turnover       | 0.93 x | 1.75 x | 0.51 x | 0.51 x | 0.51 x |
| Working Capital Turnover | 4.60 x | 5.15 x | 1.22 x | 2.81 x | 4.91 x |

### Income Statement (in mio. IDR)

|                         | 2018   | 2019   | 2020    | 2021F  | 2022F  |
|-------------------------|--------|--------|---------|--------|--------|
| Net Revenue             | 42,579 | 68,386 | 19,798  | 39,265 | 57,063 |
| Gross Profit            | 23,713 | 24,249 | 8,400   | 15,662 | 27,679 |
| Operating Profit        | 19,414 | 18,352 | 4,326   | 4,710  | 17,387 |
| Net Income              | 12,258 | 13,021 | (1,456) | 3,674  | 13,562 |
| EBITDA                  | 16,135 | 18,276 | (1,165) | 6,982  | 22,097 |
| Gross Profit Margin     | 56%    | 35%    | 42%     | 40%    | 49%    |
| Operating Profit Margin | 46%    | 27%    | 22%     | 12%    | 30%    |
| Net Income Margin       | 29%    | 19%    | N/A     | 9%     | 24%    |
| EBITDA Margin           | 38%    | 27%    | N/A     | 18%    | 39%    |

### Financial Position (in mio. IDR)

|                            | 2018          | 2019          | 2020          | 2021F         | 2022F         |
|----------------------------|---------------|---------------|---------------|---------------|---------------|
| Cash & Equivalents         | 631           | 2,334         | 2,274         | 13,620        | 14,416        |
| Current Assets             | 40,749        | 43,298        | 34,594        | 40,124        | 45,305        |
| Non-Current Assets         | 1,469         | 15,947        | 29,842        | 33,060        | 37,371        |
| <b>Total Assets</b>        | <b>42,219</b> | <b>59,245</b> | <b>64,436</b> | <b>73,184</b> | <b>82,676</b> |
| Current Liabilities        | 20,981        | 16,175        | 16,947        | 15,831        | 18,543        |
| Non-Current Liabilities    | 3,530         | 3,560         | 2,678         | 2,543         | 2,543         |
| Total Liabilities          | 24,511        | 19,735        | 19,626        | 18,437        | 21,086        |
| Total Shareholders' Equity | 17,708        | 39,510        | 44,811        | 54,810        | 61,591        |

### Cash Flow (in mio. IDR)

|                            | 2018      | 2019         | 2020        | 2021F         | 2022F      |
|----------------------------|-----------|--------------|-------------|---------------|------------|
| CFO                        | 13,593    | 9,776        | (120)       | 8,237         | 20,633     |
| CFI                        | (2,447)   | (17,050)     | (6,713)     | (3,189)       | (13,056)   |
| CFF                        | (11,069)  | 8,978        | 6,773       | 6,299         | (6,781)    |
| <b>Net Changes in Cash</b> | <b>77</b> | <b>1,704</b> | <b>(61)</b> | <b>11,374</b> | <b>796</b> |

## Geospatial as an Industry

### What is Geospatial?

The geospatial industry, fundamentally, has always revolved around the mapping and surveying of both land and marine. To this day, that statement remains true. However, through the rapid expansion and advancement of technology, the geospatial industry evolves into a much bigger and more complex industry. Geospatial now encompasses segments such as GIS (Geographic Information System) / Spatial Analytics, GNSS (Global Navigation Satellite System), and Earth Observation (EO). The ever-growing integration of the digital world, Internet of Things, Artificial Intelligence, Big Data, and robotics into the geospatial industry and the increasing demand for data and information further extends the industry's reach and relevancy towards other industries.

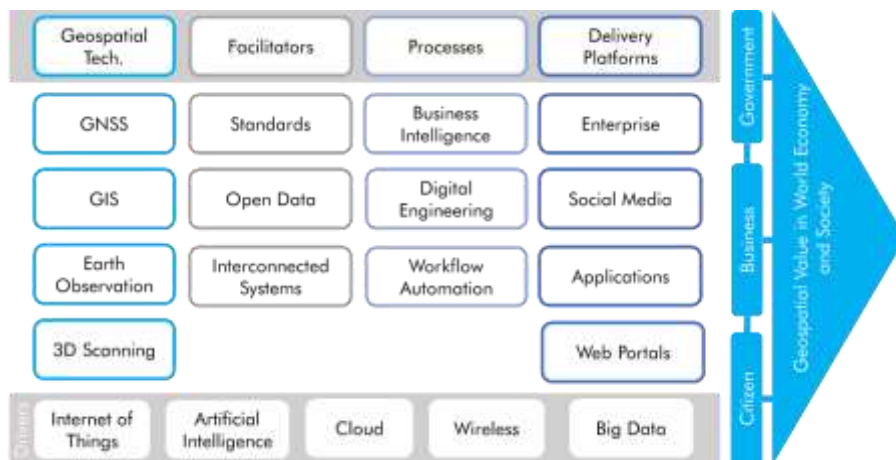
### Ecosystem of the Industry

The current landscape of Geospatial industry and relationships between segments are increasing in complexity and interconnectedness. This conditions the industry to be more productive, efficient, accurate, and safe; thus, bringing more value towards the global economy and society.

As of now, chains of relationships between segments are as follow:

#### Geospatial Ecosystem

Source: Geospatial Industry Outlook 2019, Geobuiz



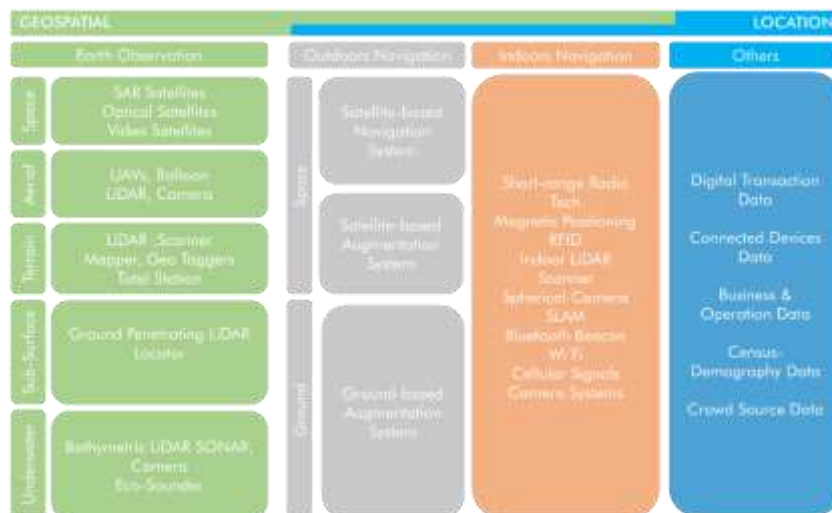
- Global Navigation Satellite System (GNSS) is highly dependent and driven by Internet of Things, facilitated by an interconnected system, and communicated through a wireless network.
- Geographic Information System is a cloud-based analytic system facilitated by open data.
- Earth Observation is geared towards professional niche users that are Big Data and Artificial Intelligence-driven. The enormous size of data and its volume requires the integration of the aforementioned drivers alongside open data and the cloud.
- Scanning Segment relies on Artificial Intelligence and Big Data to generate high-quality mapping and self-driving cars. This segment is heavily facilitated by standards.

### Types of data source

There are multiple tools and methods used to capture data in the geospatial industry. Types of data sources and how they are collected can be classified into three categories – Earth Observation Data, Outdoor/Indoor Data, and other location data.

#### Types of Data Source

Source: Geospatial Industry Outlook 2019, Geobuiz



- Earth Observation Data are most commonly gathered and observed through sensor-based technology. The data can be obtained through observations done from space, aerial, terrain, sub-surface, and underwater.
- Outdoor and Indoor Data are usually used for positional mapping that is collected through communication networks using devices such as receivers.
- Other Location Data are comprised of geocoded entities cited from multiple sources.

The value of the data depends on its level of implication towards commercial and professional industry. The adoptability and its impact on value creation and workflow also derive the value of the data.

### Type of Market

**Professional** – Geospatial equipment and system application on the professional level are used by governments and researchers around the globe. Primary usage of the equipment and system by the government is for agriculture, urban planning, defense system, natural resources, public safety, and disaster management. Researchers, on the other hand, utilize geospatial technology for observations, statistics, and census.

**Commercial** – Businesses adopt geospatial technology for the benefit of their customers and/or to ascertain their products and/or potential opportunity. The integration of geospatial technology is most commonly found in the construction of infrastructures and navigation.

#### Geospatial Markets

Source: Multiple Sources



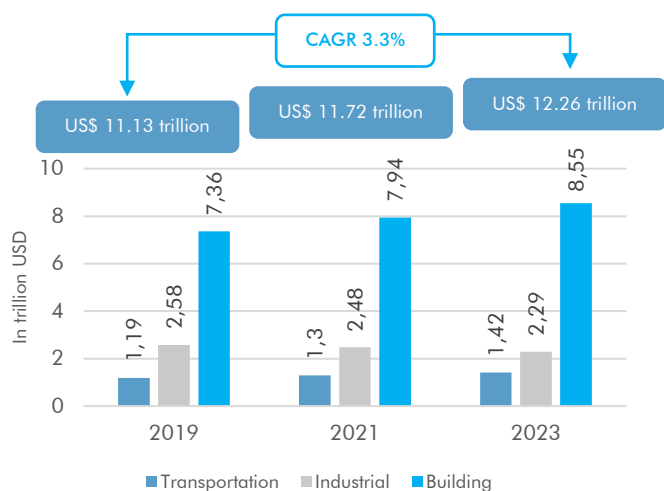
### Outlook of Geospatial in AEC Industry

Geospatial market value towards the AEC (Architecture, Engineering, and Construction) industry is expected to grow by a CAGR of 13.3% from 2019 to 2023. This implies the ever-increasing relevance and importance of geospatial technology in the AEC industry.

The AEC industry, meanwhile, will see more modest growth from 2019 to 2023 with a CAGR of 3.3%. Note that the industry is a matured industry and such growth is fair and as expected.

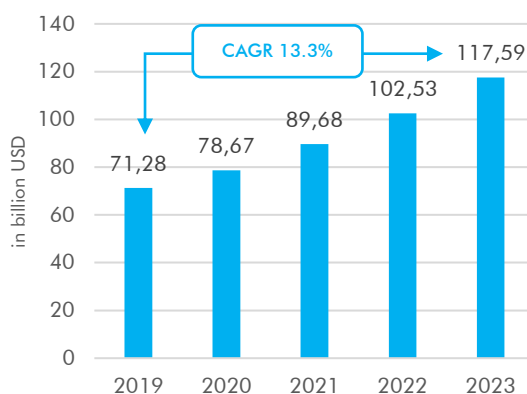
#### Cumulative Global AEC Market

Source: GEOBIM market in AEC Industry Report, Geospatial Media



#### Global Geospatial Market in AEC Industry

Source: GEOBIM market in AEC Industry Report, Geospatial Media



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## Domestic Geospatial Market

### Key Takeaways

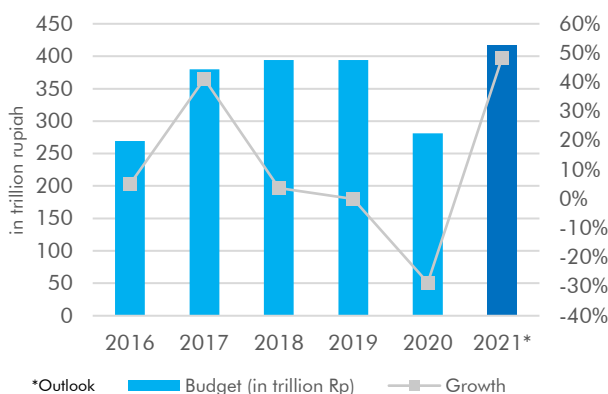
There are four (4) highly prospective segments that geospatial technology has been and will continue to be an integral part of in Indonesia – Construction, Agriculture, Mining, and Disaster Mitigation and Prevention. Through surveying tools and photogrammetry technology, geospatial industry’s contribution to these four segments is immense.



- 1) Indonesia has the fourth-largest population and an infrastructure that is not adequate to accommodate such a large number of people. Additionally, the current lack of infrastructure is causing a bottleneck in the advancement and growth of Indonesia’s Economy (ifc.org). Based on the GCI 2019, Indonesia is ranked 72<sup>nd</sup> of 141 economies in terms of infrastructure. These posed a common urgency for the Indonesian government to push its investments in infrastructure; along with it, geospatial industry.
- 2) Indonesia is an agrarian country and is the largest producer of Crude Palm Oil (CPO) in the world; more than double Malaysia the second-largest producer. According to Indonesia’s Minister of Agriculture, 58.9 million hectares of land was allocated to CPO plantation. Since CPO production is heavily reliant on land, geospatial technology can provide better information on the utilization of land in plantations.
- 3) Indonesia’s adoption of greener energy sources is still far from realization and the country has an enormous appetite for energy to fuel its high-octane economy. With an uptrend in domestic coal production and consumption, an increase in demand for geospatial equipment to locate potential reserves, comply with health and safety standards, and improve operational efficiency is to be expected.
- 4) It is not uncommon that Indonesia is associated with natural disasters due to its geological positioning and lack of proper infrastructure. From January to Mei 2020 alone, Indonesia has experienced 1,295 natural disasters. These numbers are dominated by floods, landslides, and tornadoes. The devastating impact of these natural recurring disasters has raised awareness to apply a better system for mitigation and prevention, which requires geospatial equipment.

### Indonesia’s Gov’ Infrastructure Budget

Source: APBN Information 2021, Ministry of Finance R.I.



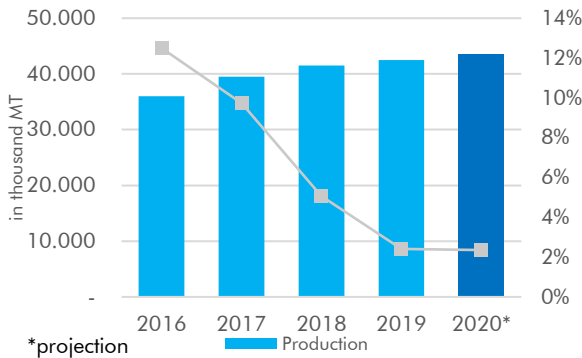
### Construction

In 2018, the government’s infrastructure budget was recorded at IDR394 trillion. Meanwhile, in 2020, there was a significant decrease in infrastructure spending due to the Covid-19 pandemic postponing infrastructure development (APBN Information for 2021, Ministry of Finance of the Republic of Indonesia).

For 2021, the infrastructure budget spending will be focused on public health facilities and the provision of basic necessities to support the national public health system after the Covid-19 pandemic. In addition, development is also focused on digital infrastructure to drive logistical efficiency and connectivity. Completion of pending 2020 priority activities is also the focus of the government in its infrastructure policy in 2021.

### Indonesia's Palm Oil Production

Source: USDA



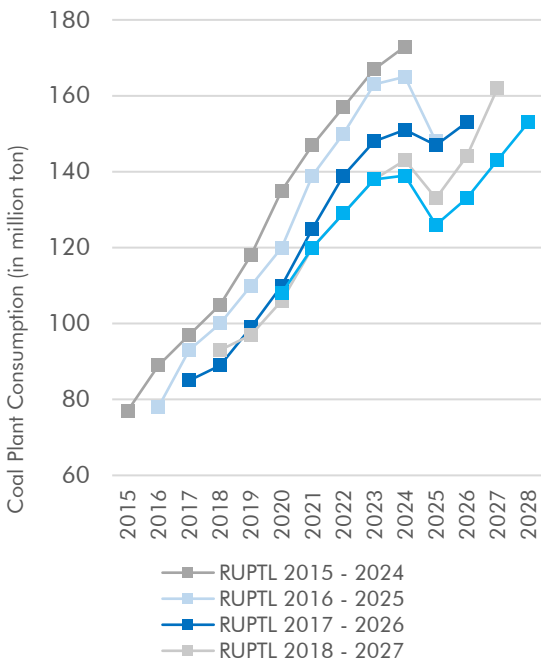
### Agriculture

Geospatial equipment is commercially relevant now more than ever; even more so for the agriculture sector. Geospatial implementation in the industry encompasses the mapping and geovisualization of topographical data to understand the size, composition, and contour of existing and potential plantation/farm. This helps farmers and growers to best allocate their resources to places that will yield the optimal result. An example of highly benefited adopters would be palm oil producers in Indonesia.

In 2016-2018, Indonesia's palm oil production increased by 9.1% per year due to the recovery of the weather from the effects of the 2015 El Nino hurricane and the sizeable rainfall in 2017 which boosted production in 2018. Production is projected to grow moderately in 2021 which was in line with export demand to major CPO consuming countries such as India and China as well as an increase in domestic consumption of CPO derivative products such as biodiesel. This will only improve the relevance of geospatial equipment and its demand.

The implication of geospatial equipment in the agriculture sector does not only benefit natural resource producers but rather extends beyond. Geospatial equipment's ability to compile and process data allows the government to better understand the output; hence better planning in terms of allocation of resources and budgeting their balance of payments.

### Change in Coal Consumption Est. for Electricity Sector in Indonesia



### Mining

The energy supply in Indonesia is still dominated by fossil energy. The fastest-growing fossil energy is coal. Coal is mainly used for coal-fired power plants. In addition, it is also used as a fuel in the industrial sector.

Coal production in Indonesia is mainly used for the fulfillment of domestic demand for primary energy sources. The government implemented regulations related to the allocation of coal sales for domestic needs (domestic market obligation / DMO) of 25% of the production of coal companies. Production in 2018 was 557 million tonnes.

Based on the latest PLN Electricity Supply Business Plan (RUPTL), the demand for coal for power plants is estimated to increase from 90 million tons currently to 150-160 million in 2028-2030. This estimate has changed dramatically in the last four years and the latest figure is 25% lower than the 2015-2024 RUPTL. Nonetheless, coal growth remained strong in the past decade as the government encouraged the development of coal power in the mid-2000s through the Power Plant Development Acceleration Program (FTP) 1 and 2.

Domestic consumption is also expected to increase due to the increase in coal consumption per unit of electricity production. An analysis of PLN's coal-fired power plant statistics shows that there was a 44% increase in coal consumption over the past 15 years (Adiatma et al., 2018). Two main factors contributed to this increase: first, the low efficiency of coal-fired power plants, and second, the use of lignite which has a lower calorific value (<4,200 kcal).

The massive expansion of domestic mining sector will create heavy demand for geospatial equipment because mining companies understand the imperative contribution of geospatial technology to the success of a mining project. The technology is used to (esri):

- Target mineral exploration
- Evaluate mining conditions
- Model mine construction
- Display geochemical and hydrology data
- Improve facility management and policing
- Apply for mining permits
- Assess environmental impact
- Manage land titles
- Process closures
- Plan reclamation activities
- Improve community education

### Disaster Mitigation

In 2020, Indonesia has experienced 2,951 natural disasters. These numbers are dominated by flood, landslide, and tornado. The natural disasters caused 6,450,903 refugees, 409 death cases, and 536 injured victims. Aside of natural disasters, as of 13 April 2020 the government assigned Covid-19 spread-out as non-natural national disaster.

The devastating impact of these natural recurring disasters has raised awareness to apply a better system for mitigation and prevention, which requires geospatial equipment.

The Disaster Management Cycle and the geospatial technology implication are (BNPB):

1. Planning and Mitigation – geospatial technology can be used to pinpoint hazardous location and quickly evaluate the risk of potential emergencies.
2. Preparation – Geospatial equipment constantly monitors signs and early warnings of emergency events in real-time.
3. Event – the occurrence of emergencies or disasters.
4. Response – Geospatial data helps decisionmakers to understand the damages and resources required.
5. Recovery – Geospatial technology and data can display and monitor an area’s recovery phases. The technology also helps in creating a long-term recovery plan.



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## Company Overview

### Company Background

PT Geoprima Solusi Tbk is an Indonesian company that was established in 1998 with the distribution, sale, and reparation of geospatial equipment, mainly land surveying and navigation systems, as its core business. The company operates as a sole distributor of South Instrument, a geospatial equipment manufacturer.

### Management Biography

**Karnadi Margaka**  
**President Director**  
 54 Years Old  
 32 Years of Experience  
 MBA from School of Theology LETS



**Axel Tobias Joel**  
**President Commissioner**  
 22 Years Old  
 5 Years of Experience  
 Bachelor Degree from City University of Seattle (*in progress*)

**Suriawati Tamin**  
**Director of Finance**  
 54 Years Old  
 35 Years of Experience  
 Bachelor Degree from Christian University of Indonesia



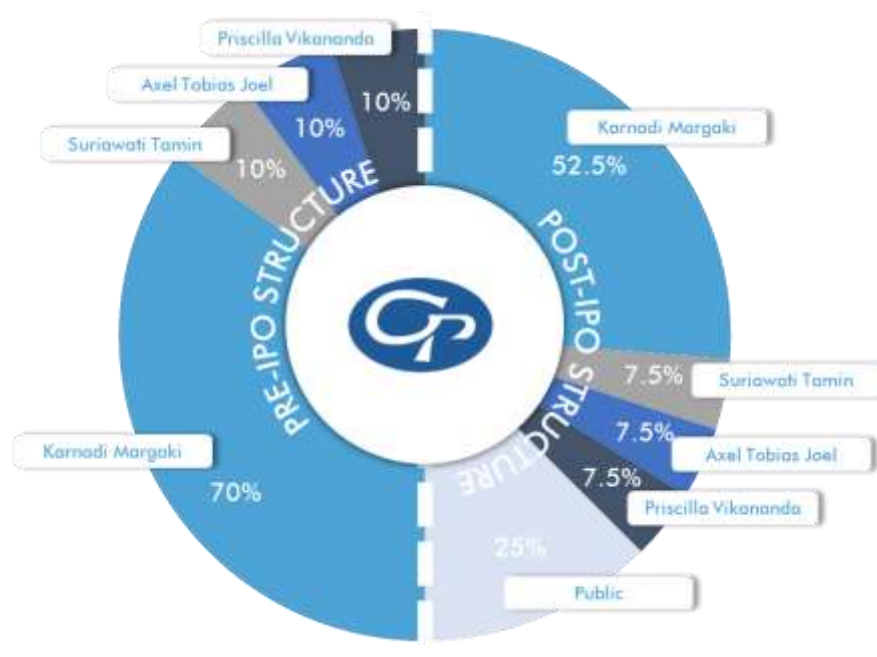
**Pardjo**  
**Independent Commissioner**  
 44 Years Old  
 27 Years of Experience  
 MBA from Atma Jaya Jakarta

**Daniel Gunawan**  
**Director of Operation**  
 43 Years Old  
 21 Years of Experience  
 Bachelor Degree from Sekolah Tinggi Theologia Reformed Injili



**Priscilla Vikananda Margaka**  
**Commissioner**  
 27 Years Old  
 8 Years of Experience  
 MBA from City University of Seattle

### Shareholders Structure

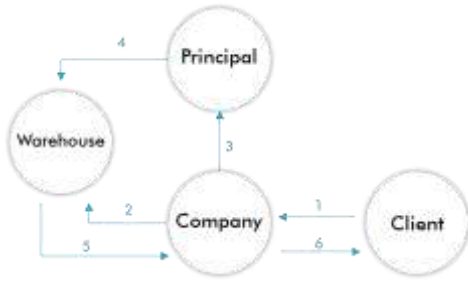


### Business Model

PT Geoprima Solusi Tbk has three (3) main operations – Sales of Product, Consultation, and Reparation.

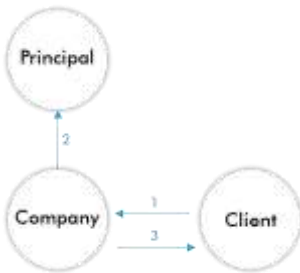
Sales of Products workflow is as follows:

1. Client submits a purchase order
2. The company checks availability through its inventory management system
3. In the event that the product is not on hand, the company will send a delivery request from its principal
4. Principal delivers the requested product to the warehouse
5. The company procures the product from the warehouse
6. The company completes the client's purchase order



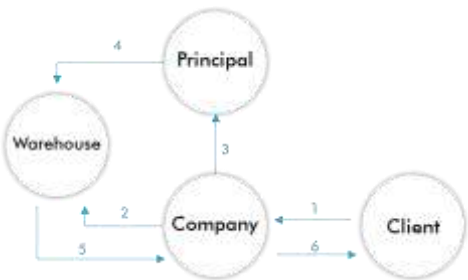
Consultation workflow is as follows:

1. Client requests a consultation service
2. The company refers to its principal's products
3. The company provides consultation service to the client



Reparation workflow is as follows:

1. Client submits a reparation request
2. The company checks the availability of repair parts through its inventory management system
3. In the event that the required repair part is not on hand, the company will send a delivery request from its principal
4. Principal delivers the requested repair part to the warehouse
5. The company procures the repair part from the warehouse
6. The company repairs the client's product.



### Product

- PT Geoprima Solusi Tbk is the certified distributor of South Instrument. The products that the company offers are as follow:
- Global Positioning System (GPS) – navigation system that utilizes satellites, receivers, and algorithms to pinpoint locations
- Electronic Total Station – a tool to measure angles and distances electronically and outputs position coordinates.
- Echo Sounder – a tool to map out the ocean floor by transmitting sound waves and pulses.
- LiDAR – a mapping tool that uses pulsating lasers to create a high-resolution model.
- Theodolites – a tool to measure horizontal and vertical angles.

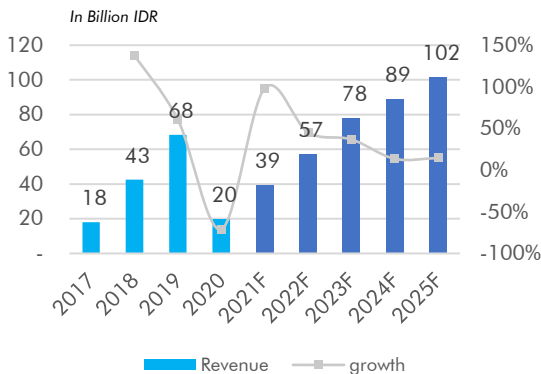


### Clients

Most of PT Geoprima Solusi Tbk's clients are State-owned Enterprises and government entities such as but not limited to PT Wijaya Karya Beton Tbk, Ministry of Agrarian Affairs and Spatial Planning, and Ministry of Energy and Mineral Resources.

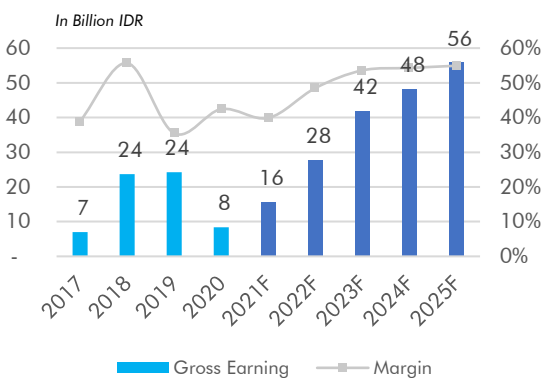
## Financial Breakdown

### Revenue



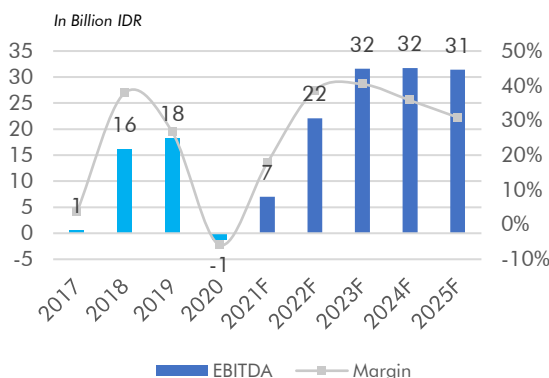
The Company was adversely impacted by the economic contraction caused by the COVID-19 pandemic. Its revenue dropped by 71% YoY. The company plans to reach beyond its previous peak by 2023. Moving forward beyond 2021, they are expecting a significant level of growth by capitalizing on its pre-pandemic momentum. The IPO proceeds are essential for the company to capture Indonesia's domestic market and secure its targeted growth rate.

The major contributor to PT Geoprime Solusi Tbk's revenue is the sale of GPS. It accounts for around 90% of Total Revenue. Most of the GPS sale was Tender-based; however, the company hopes to see equal contribution from tender and non-tender in the future. The company expects a more diversified sale of products with the addition of UAVs and LiDARs.



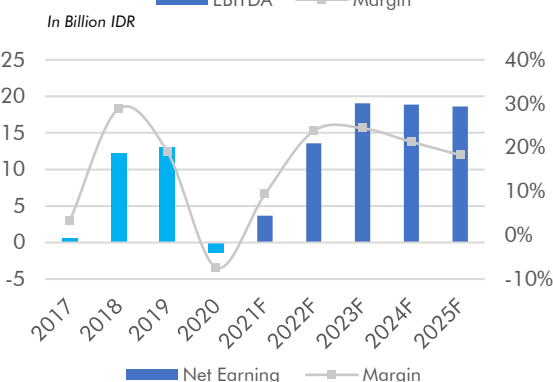
### Gross Earnings

PT Geoprime Solusi Tbk has a thick gross profit margin, around 44% historically. This statement will remain true for the foreseeable future based on internal projection. This is could be accredited to the company's favorable terms with both the supplier and customers.



### EBITDA

Ever since 2018, the company manages to have a sizeable EBITDA margin. This potentially suggests that the management has been effective in controlling cost centers. The drop in EBITDA margin in 2021 to a negative level is due to a drop in sales performance and a non-recurring IPO fee of Rp 5.5 billion.



### Net Earnings

PT Geoprime Solusi Tbk has enjoyed outstanding Net Earnings since 2018. The company's lack of financing expenses adds to this fact. With an average of 17% Net Earnings Margin historically and expectation of reaching 24% before diminishing to account for potential rising competition, the company has prepared a thick buffer for unexpected costs. This might open up an opportunity to lever up the company and improve its Return of Equity.

## Valuation

### Valuation Summary

Based on the consolidation of two approaches, income approach using FCFE method and market approach using PBV multiple method, the equity value ranges from Rp 209 to Rp 256 per share.

### Rationale

#### FCFE

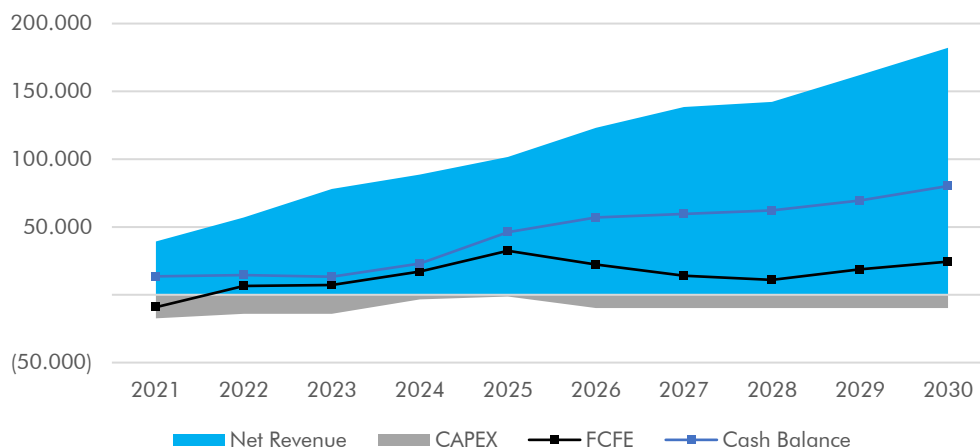
- 1) FCFE has the closest approximation on the theoretical value of the company's ability to generate cash flow from the perspective of equity holders.
- 2) FCFE accounts for the associated systemic risk.
- 3) FCFE is a standardized valuation method most commonly used by institutions.

#### PBV Multiple

- 1) Generally, relative valuation represents real market conditions and sentiment toward the pricing of comparable companies.
- 2) Relative valuation is equally common and most pragmatic in most cases.
- 3) Book value is more stable than EPS and is positive in most cases; even when EPS is negative.

### Income Approach

Based on the Free Cash Flow to Equity method, the fair value of the company's equity is to be around Rp 159 billion. This valuation is derived using 12.38% WACC which accounts for IBPA 30Y Notes' yield, developing country risk spread, and Blume adjusted sectoral Beta. Additionally, 22% tax rate and 3.5% perpetual growth rate were used and believed to be fair assumptions.



| t                          | 1        | 2        | 3        | 4       | 5       | 6       | 7       | 8       | 9       | 10      | 10<      |
|----------------------------|----------|----------|----------|---------|---------|---------|---------|---------|---------|---------|----------|
| Year                       | 2021     | 2022     | 2023     | 2024    | 2025    | 2026    | 2027    | 2028    | 2029    | 2030    | Terminal |
| Fractional                 | 0.48     | 1.00     | 1.00     | 1.00    | 1.00    | 1.00    | 1.00    | 1.00    | 1.00    | 1.00    | 1.00     |
| <i>(in million IDR)</i>    |          |          |          |         |         |         |         |         |         |         |          |
| Net Income                 | 3,674    | 13,562   | 19,065   | 18,892  | 18,598  | 22,819  | 22,848  | 17,258  | 22,393  | 27,519  |          |
| Depreciation               | 2,272    | 4,710    | 7,151    | 7,529   | 7,551   | 7,487   | 7,397   | 7,338   | 9,121   | 10,455  |          |
| Δ NWC                      | 2,291    | 2,361    | (4,880)  | (5,856) | 7,693   | 1,796   | (6,200) | (3,640) | (2,960) | (3,694) |          |
| Net Debt                   |          |          |          |         |         |         |         |         |         |         |          |
| Net Capex                  | (17,379) | (14,146) | (14,146) | (3,396) | (1,396) | (9,896) | (9,896) | (9,896) | (9,896) | (9,896) |          |
| FCFE                       | (9,142)  | 6,486    | 7,189    | 17,169  | 32,445  | 22,206  | 14,149  | 11,060  | 18,658  | 24,384  | 284,300  |
| PV of Equity Transactional | (8,136)  | 5,136    | 5,066    | 10,765  | 18,104  | 11,026  | 6,251   | 4,348   | 6,528   | 7,592   | 88,511   |
| Total Equity Value         | 159,468  |          |          |         |         |         |         |         |         |         |          |

### Market Approach

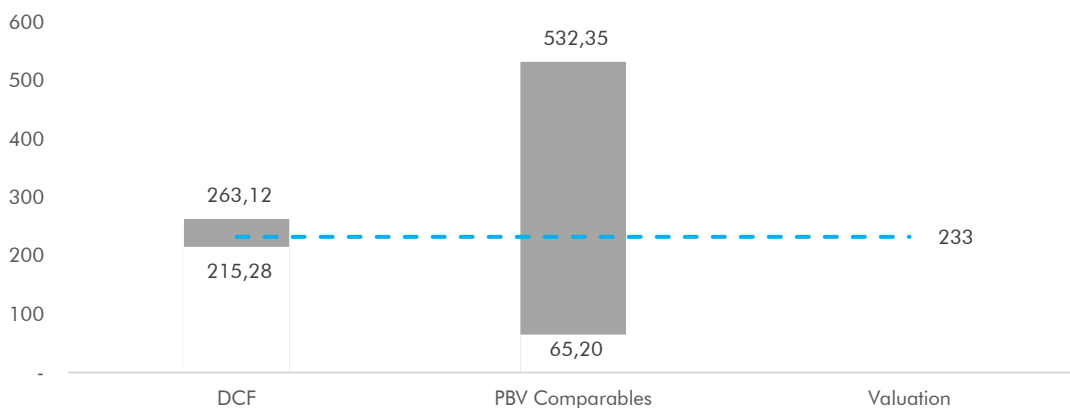
With the lack of commonly sized domestic players, the relative valuation takes on a broader perspective, adjusts by discounting the weight, and selects several notable global players such as Nearmap Ltd., Beijing Supermap Software, Topcon Corp, Scanpoint Geomatic Ltd., and Boustead Singapore Ltd. The multiple used were PBV and Price-to-Sales. The fair value of the company based on relative valuation is around Rp 148 billion.

| Company Name              | Ticker | Currency | Price | Stock Exchange           | PBV         | PE           | P/S         |
|---------------------------|--------|----------|-------|--------------------------|-------------|--------------|-------------|
| Nearmap, Ltd              | NEA    | AUD      | 1.88  | Australia Stock Exchange | 7.92        | n/a          | 11.05       |
| Boustead Singapore Ltd    | BTSS   | SGD      | 1.01  | Singapore Stock Exchange | 1.39        | 12.37        | 0.7         |
| Topcon Corp               | 7732   | JPY      | 1548  | Tokyo Stock Exchange     | 2.53        | n/a          | 1.23        |
| Beijing Supermap Software | 300036 | CNY      | 15.86 | Shenzhen Stock Exchange  | 3.32        | 30.88        | 4.33        |
| Scanpoint Geomatics Ltd   | SCAG   | INR      | 16.5  | Bombay Stock Exchange    | 1.39        | 44.68        | 1.59        |
| <b>Average</b>            |        |          |       |                          | <b>3.31</b> | <b>29.31</b> | <b>3.78</b> |

### Consolidation

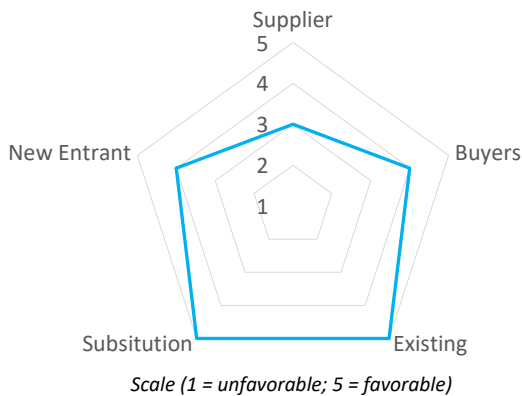
The equity value based on 2 approach is as follows:

| Reconciliation  | Full Value | Weighted | Weighted Average Value              |
|-----------------|------------|----------|-------------------------------------|
| Market Approach | 148,323    | 40%      | 59,329                              |
| Income Approach | 159,468    | 60%      | 95,681                              |
|                 |            |          | <b>Total Weighted Average Value</b> |
|                 |            |          | 155,101                             |
|                 |            |          | <b>Value per Share (in IDR)</b>     |
|                 |            |          | 233                                 |



## Qualitative

### Porter five-forces Analysis



**Bargaining Power of Suppliers** – The Company’s supplier has moderate bargaining power. Several notable geospatial equipment manufacturers have a higher global presence in terms of branding; however, they may not be able to offer better terms of contract compared to South Instrument.

**Bargaining Power of Buyers** – Although geospatial takes up a small portion of Indonesia’s four extensive markets (Mining, Construction, Agriculture, & Disaster Mitigation), it is invaluable to these industries because of its contribution to safety and productivity. This translates to a low bargaining power for the buyers.

**Threat of Substitutes** – Current geospatial equipment is unique, state of the art, and specific in terms of usage. Therefore, there is close to no threat of substitutes.

**Threat of New Entrants** – The only special requirement to become a distributor is to hire skilled personnel with technical capabilities and knowledge to operate, the threat of new entrants is relatively high.

**Existing Rivalry** – Globally, the geospatial market can be categorized as monopolistic with each brand offering some type of differentiation. In Indonesia, on the other hand, the existing rivalry is less prominent due to the lack of players.

### SWOT Analysis

#### Strength

- A seasoned player in the industry (23 years of experience)
- Competitive Pricing

#### Weakness

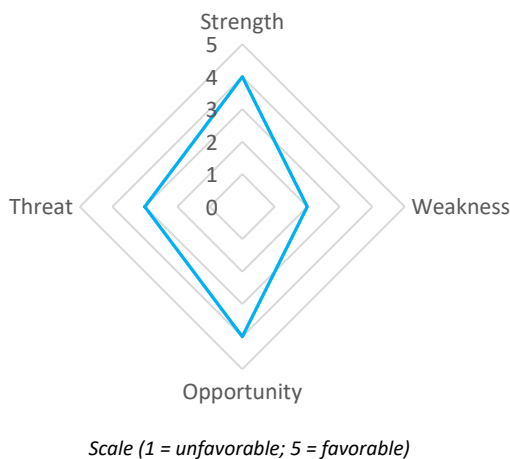
- Product from China may be associated with negative connotations and manufacturers with a high global presence are usually from Europe and the USA.
- Currently, the Company is only distributing products from a single brand.

#### Opportunity

- Technological innovation creates access to new markets like disaster mitigation and prevention.
- Increasing demand due to an increase in mining exploration for commodities with high global usage such as nickel, coal, etc.

#### Threat

- Relatively low barrier of entry
- High margin will attract new competitors.



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