



COMPANY RESEARCH

Equity Update

Stock Rate

Industry

Fair Value 2024F
vs. Last Price

Trading Buy

OVERWEIGHT

IDR 1,060
+13.9%

Stock Data

Ticker Code

MARK

Sub-Sector

Industrial Goods

Sector

Industrials

Market Cap (IDR.Tn)

3.5

Shares Issued (Bn)

3.8

Price (IDR)

Last Price	930
TP Price	1,060
Highest (1Y)	1,000
Lowest (1Y)	436

Revenue 2024F (IDR Mn)

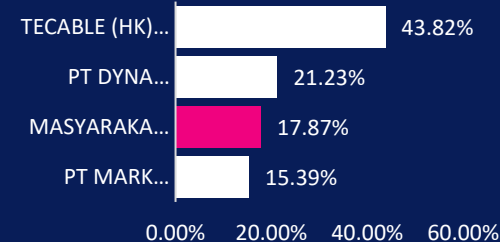


Price Performance, YTD (%)



Source : Bloomberg

Shareholders Composition



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Mark Dynamics Indonesia Tbk (MARK)

Leading Glove Manufacturer, MARK has Potential to Grow

Impressive Start-Of-Year Earnings. MARK's 1Q24 sales reached Rp 211.9 Bn (+33.83% QoQ; -63.05% YoY), driven by adjusted ASP and higher demand for gloves. In line with this, the company also showed good growth by focusing on operational efficiency and production improvement. Gross profit increased to IDR 114.5 Bn (+37.19% QoQ; +93.97% YoY) and operating profit reached IDR 87.4 Bn (+37.36% QoQ; +112.26% YoY) by maintaining optimal production capacity. Overall, the company's net profit amounted to Rp72.2 Bn (+25.53% QoQ; +136.83% YoY). ASP MARK experienced an increase in 3M24, coupled with stable unit costs and consistent sales volume, resulting in a higher gross margin of 54.1%. as a price-taking entity, the focus is on increasing sales volume for revenue growth. This positive shift reflects the recovery in revenue generation compared to the previous quarter due to increased global demand. ASP is expected to increase over the period 2024F-2026F in line with the increase in healthcare products (medical and surgical rubber gloves, syringes and needles).

Rate Increase for Medical Equipment. 2024F-2026F Tariffs on rubber medical and surgical gloves are still expected to increase from 7.5% to 25% in 2026, in line with tariffs on other medical devices such as syringes and needles, which will increase from 0% to 50% in 2024. For certain personal protective equipment (PPE), including certain respirators and face masks, tariff rates will increase from 0-7.5% to 25% in 2024.

Glove Former Supply Expected to Normalize After Pandemic Boom: The surge in the supply of medical devices, particularly glove formers, is expected to return to normal levels this year. This is because nitrile glove have expired date 4-5 years after producing, but hand formers are optimally replaced every 8-12 months. As a result, the industry's demand for medical devices (glove formers) is expected to increase again as a result of the replacement of expired gloves.

2024F Business Focus: This year, MARK will continue to focus on increasing sales of glove former with export segmentation in Asia. At the same time, MARK is also currently focusing on maintaining margins, which are currently at an efficient figure (gross profit >54% by 3M24). MARK is targeting a year-on-year increase in business turnover of more than 10%.

Recommendation "Trading Buy"

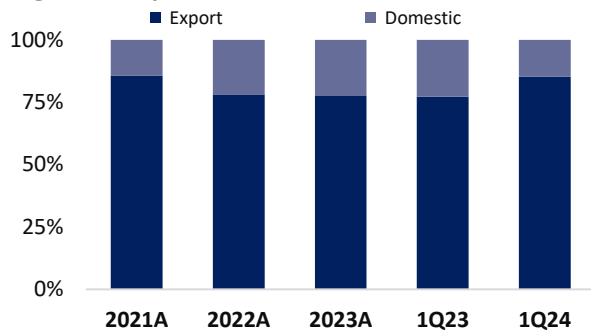
MARK is currently trading at 17.9x PE and 3.89x PBV, which we consider to be a reasonable valuation. This is considering that MARK is currently trading close to the average PE ratio over the past five years and close to the average PE Std. Dev. at 18.3x. As well as the PBV ratio, MARK is currently trading around the -1 PBV Std. Dev. area over the past five years at 3.49x. We currently give this company a Trading Buy rating with three different price targets. These are a conservative price target at IDR 1,060, a moderate price target of IDR 1,280 & the last one is the optimistic target of IDR 1,400.

Figure 1. Financial Highlight (IDR Mn)

year-end Dec	2021A	2022A	2023A	2024F	2025F
Revenue	1,193,507	823,656	559,469	643,389	739,898
Net Income	392,151	243,092	156,016	203,693	235,256
EPS (Full IDR)	103.20	63.97	41.06	53.60	61.91
EBITDA Margin	45%	42%	40%	46%	46%
NPM (%)	32.9%	29.5%	27.9%	31.7%	31.8%
ROE	53%	29%	19%	23%	24%
P/E (x)	214.64	407.60	604.04	22.47	19.46
P/BV (x)	113.19	117.43	112.18	5.28	4.60
EV/EBITDA (x)	157.66	288.04	426.01	14.72	12.32

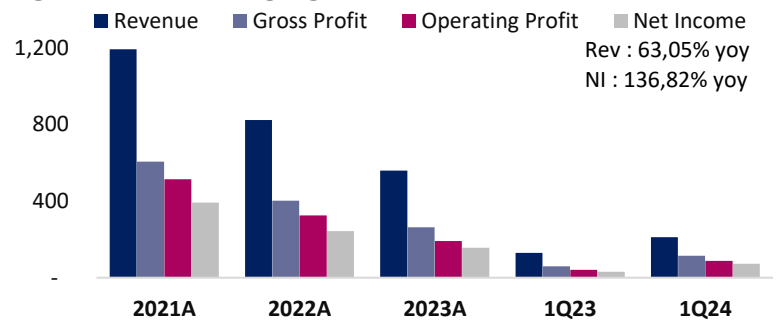
Source: MARK and KSI Research

Figure 2. Export Focus



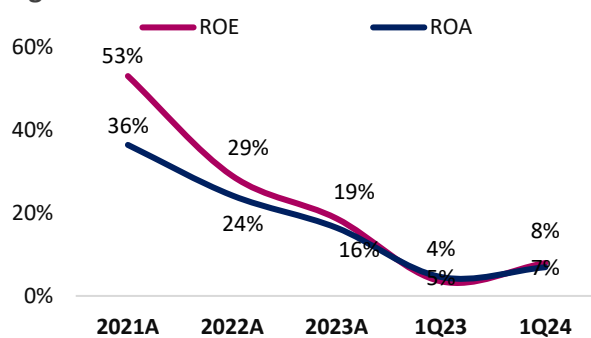
Source: MARK and KSI Research

Figure 3. Financial Highlight (IDR Bn)



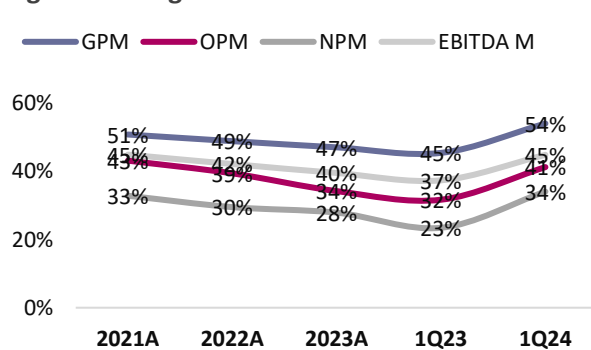
Source: MARK and KSI Research

Figure 4. ROE vs ROA



Source: MARK and KSI Research

Figure 5. Margin Ratio



Source: MARK and KSI Research

Financial Review

Revenue: MARK recorded 3M24 revenue of IDR 212Bn or 63% y/y (Vs 3M23 130Bn). Supported by export side which increased to 87% level in 3M24 (Vs 3M23 at 77% level). Domestic market growth was slower at 14% in 3M24 (vs 23% at 3M23). MARK's business growth was partly driven in part increased sales in the Glove Mould segment by 78% y/y to IDR 187Bn at 3M24 (Vs IDR 105Bn at 3M23). House equipment also demonstrated a strong performance at 3M23, with sales increasing by 29% y/y to IDR 6Bn (Vs IDR 4Bn at 3M23). In contrast, the agricultural equipment segment experienced a slight decline of -4% to IDR 21Bn at 3M24 (Vs IDR 22Bn at 3M23).

Gross profit: 3M24 gross profit of IDR 115Bn or 94% y/y (vs 3M23 IDR Bn). Gross profit margin increased at 54% (vs 3M23 at 53%)

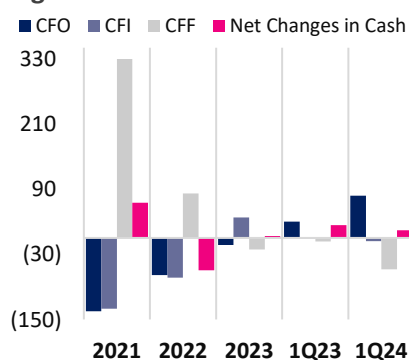
Operating profit: 3M24 operating profit of IDR 87Bn or 112% y/y (vs 3M23 IDR 41Bn). Operating profit margin ratio also improving to 41% (vs 3M23 at 40%).

EBITDA: 3M24 EBITDA of IDR 95Bn or 95% y/y (vs 3M23 IDR 49Bn). EBITDA margin ratio increased to 45% (vs 3M23 at 37%).

Net Income: Net profit Recording impressive performance at 3M24 to IDR 72Bn or 137% y/y (vs 3M23 IDR 31Bn). Net profit margin ratio improving to 34% (3M23 at 23%).

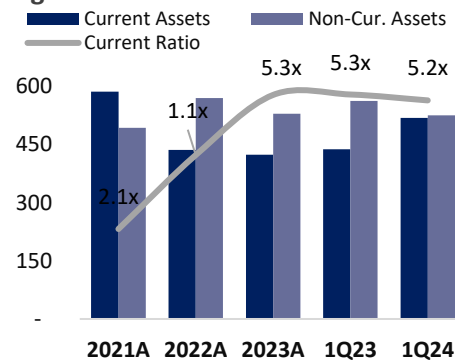
Total assets: The company's financial position has strengthened to IDR 1,043 Billion or 5% y/y in 3M24 Conversely, the cash balance at the end of 3M23 increased by 600% to IDR 126Bn. Cash and cash equivalents represented 12% of total assets. Shareholders' equity was recorded at IDR 912Bn, Grew 4% y/y. In addition, total liabilities increased to IDR 131Bn in 3M24, or 5% y/y (3M24 DER level at 14% vs 3M23 14%).

Figure 6. Cashflow Activities



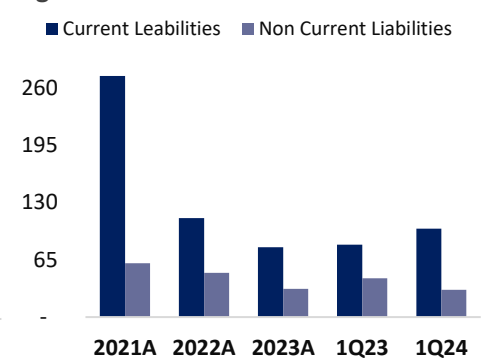
Source: MARK and KSI Research

Figure 7. Non vs Current Assets



Source: MARK and KSI Research

Figure 8. Non Vs Current Liabilities



Source: MARK and KSI Research

Figure 9. Financial Performances

Unit: IDR Million	FY22	FY23	y/y (%)	Q123	Q423	Q124	q/q (%)	y/y (%)
Total Revenues	823,656	559,469	-32%	130,009	158,393	211,991	34%	63%
Gross Profit	263,698	319,212	21%	59,073	83,521	114,587	37%	94%
<i>GPM (%)</i>	<i>32%</i>	<i>57%</i>		<i>45%</i>	<i>53%</i>	<i>54%</i>		
General & Adm. Expense	35,969	44,369	23%	12,120	-	21,412	-	77%
Operating Income	324,769	191,395	-41%	41,203	63,669	87,458	37%	112%
<i>OPM (%)</i>	<i>39%</i>	<i>34%</i>		<i>32%</i>	<i>40%</i>	<i>41%</i>		
EBITDA	347,278	221,219	-36%	48,599	71,219	95,115	34%	96%
<i>EBITDA M (%)</i>	<i>42%</i>	<i>40%</i>		<i>37%</i>	<i>45%</i>	<i>45%</i>		
Finance Costs	3,666	3,211	-12%	851	580	498	-14%	-41%
Finance Income	-	-	-	40	-	532	-	1232%
Profit Before Income Tax	317,066	200,837	-37%	40,693	70,748	93,307	32%	129%
Income Tax	73973	44,799	-39%	10,191	13,203	21,070	60%	107%
Net Profit	243,093	156,038	-36%	30,501	57,544	72,237	26%	137%
<i>NPM (%)</i>	<i>30%</i>	<i>28%</i>		<i>23%</i>	<i>36%</i>	<i>34%</i>		

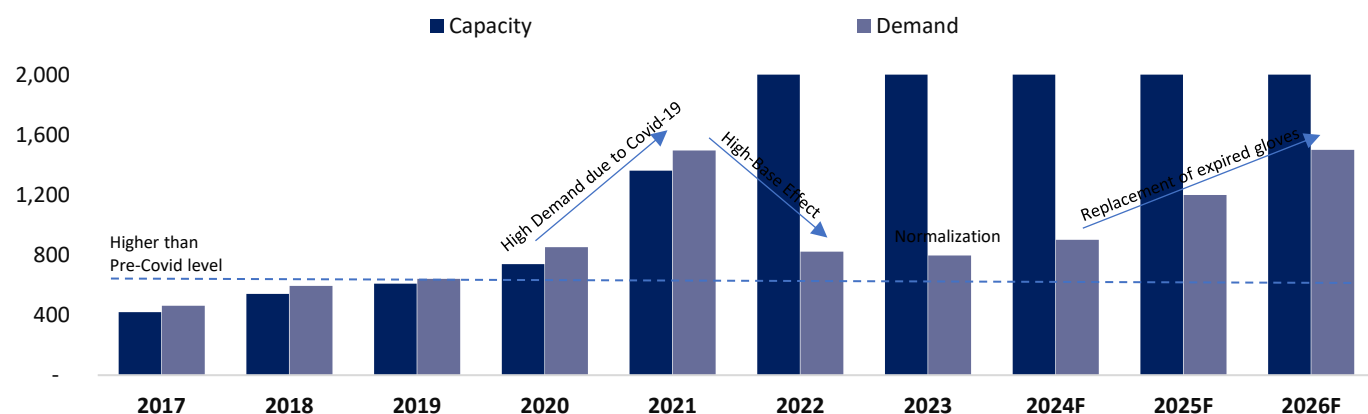
Source: MARK and KSI Research

Figure 10. Revenue breakdown (IDR Mn)

By Segment	FY22	FY23	y/y (%)	Q123	Q124	y/y (%)
Glove Mould contribution	691,881	450,761	-35%	104,706	186,596	78%
	<i>84%</i>	<i>81%</i>		<i>81%</i>	<i>88%</i>	
House Equipment contribution	47,439	24,510	-48%	3,540	4,566	29%
	<i>6%</i>	<i>4%</i>		<i>3%</i>	<i>2%</i>	
Agricultural Equipment contribution	84,336	84,198	0%	21,763	20,829	-4%
	<i>10%</i>	<i>15%</i>		<i>17%</i>	<i>10%</i>	
	823,656	559,468		130,009	211,991	

By Geography	FY22	FY23	y/y (%)	Q123	Q124	y/y (%)
Export contribution	643,588	435,191	-32%	100,348	184,125	83%
	<i>78%</i>	<i>78%</i>		<i>77%</i>	<i>87%</i>	
Domestic contribution	180,068	124,278	-31%	29,661	31,867	7%
	<i>22%</i>	<i>22%</i>		<i>23%</i>	<i>15%</i>	
	823,656	559,468		130,009	211,991	

Source: MARK and KSI Research

Figure 11. Production Capacity (000 unit/month)


Source: MARK and KSI Research

Financial Exhibits

Company Profile

PT Mark Dynamics Indonesia is a leading global handformer manufacturer in Indonesia, with a main factory and a second factory in North Sumatra. Production capacity has increased from 50,000 units per month in 2003 to 1,400,000 units per month at present. The company has increased its production capacity to 1.1 million units per month, with the target of reaching 1.8 million units per month this year. The company also expanded into the sanitation sector and listed its shares on the Indonesia Stock Exchange. It achieved a global market share of 40% for handformer products.

Products And Services

PT. Mark Dynamics Indonesia Tbk (MARK) has more than 18 years of experience and is a hand former manufacturer with the largest production capacity in the world. Here are 5 (five) Mark's Main Products:

- **Examination Former**
Ceramic hand former used to produce latex and nitrile gloves.
- **Surgical Former**
Ceramic hand former used specifically to produce more flexible surgical gloves.
- **Household Former**
Ceramic hand former used to manufacture gloves for household use.
- **Custom Made Formers**
Ceramic hand former made according to consumer demand for certain gloves.
- **Industrial Former**
Ceramic hand former used to produce gloves for heavy industrial requirements

2024F Guidance

- Double-Digit Performance Target
- Maintain Margin
- Focus on production expansion in line with global demand growth

Downside Risks

MARK's growth potential remains strong, supported by industry growth. However, market competition, particularly from Chinese medical equipment, presents a potential risk.

Figure 14. Financial Statement (IDR Mn)

Income statement	2022A	2023A	2024F	2025F
Revenue	823,656	559,469	643,389	739,898
Costs of revenue	421,083	295,771	328,924	391,157
Gross profit	402,573	263,698	314,466	348,741
Operating profit	324,769	191,396	274,369	302,630
EBITDA	344,237	221,220	296,292	342,072
Income before tax	317,066	200,838	269,536	311,302
Tax expenses	74,970	49,041	65,816	76,015
Minority interests	1.3	23.0	26.5	30.4
Net income	243,092	156,016	203,693	235,256
EPS (Full amount)	5,631	5,525	5,460	5,540

Balance Sheet	2022A	2023A	2024F	2025F
Cash and equivalents	51,263	54,923	286,863	443,588
Account receivables	88,594	154,979	68,495	78,770
Inventories	263,226	187,696	101,490	120,692
Fixed assets	561,909	514,775	485,702	439,110
Other assets	40,377	39,177	30,417	34,979
Total assets	1,005,368	951,551	972,967	1,117,139
S-T liabilities	79,846	35,589	36,738	42,180
Other S-T liabilities	32,070	43,706	26,890	30,923
L-T liabilities	41,654	21,774	32,644	37,479
Other L-T liabilities	8,017	10,380	9,478	10,881
Total liabilities	161,587	111,449	105,749	121,464
Equity	843,781	840,102	867,218	995,675
BVPS (Full amount)	222.05	221.08	228.22	262.02

Cash Flow	2022A	2023A	2024F	2025F
Net Income	243,092	156,016	203,693	235,256
Depreciation	22,509	29,824	21,923	39,442
Change in W/C	(333,674)	(198,578)	(62,839)	(297,652)
CFO	(68,073)	(12,738)	162,777	(22,954)
Capital expenditure	(20,000)	(23,010)	7,150	7,150
Others	(632)	(9,538)	3,007	(1,610)
CFI	(73,336)	37,595	32,080	44,982
Dividend paid	(133,000)	(133,000)	(80,520)	(113,984)
Net change in debt	(9,245)	(19,880)	10,870	4,835
Others	230,701	131,684	106,733	243,844
CFF	88,456	(21,196)	37,083	134,696
Foreign Exc. Rates	-	-	-	-
Change in cash	(52,954)	3,661	231,940	156,724
Beginning	104,216	51,262	54,923	286,863
Ending cash flow	51,262	54,923	286,863	443,587

Key Ratios	2022A	2023A	2024F	2025F
Gross margin (%)	49%	47%	49%	47%
EBITDA margin (%)	42%	40%	46%	46%
Operating margin (%)	39%	34%	43%	41%
Net margin (%)	38%	36%	42%	42%
ROE (%)	29.5%	27.9%	32%	32%
ROA (x)	29%	19%	23%	24%
Current Ratio (x)	24%	16%	21%	21%
DAR (x)	5.33	7.49	9.11	10.18
DER (x)	14%	7%	8%	8%
ITO (days)	19%	13%	12%	12%
AR turnover (days)	39	101	39	39

Source: MARK & Kiwoom Research

Kiwoom Sekuritas Guide to Sector/Industry/Stock Ratings

Sector/Industry

OVERWEIGHT	: Sector & Industry Outlook has potential and good condition
NEUTRAL	: Sector & Industry Outlook Stable or tend to be stagnant
UNDERWEIGHT	: Sector & Industry Outlook has challenges and bad condition

Stock

BUY	: Stock Performance > +15%	Over the next 12 month (excluding dividend) Minor to Medium Term
TRADING BUY	: Stock Performance, range between +5% to +15%	Over the next 12 month (excluding dividend)
HOLD	: Stock Performance, range between -10% to +15%	Over the next 12 month (excluding dividend)
SELL	: Stock Performance > -15%	Minor to Medium Term
TRADING SELL	: Stock Performance, range between -5% to -15%	Over the next 12 month (excluding dividend)
NOTE RATE	: Stock is not within regular research coverage	Over the next 12 month (excluding dividend)



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