

MORNING HIGHLIGHT

FROM EQUITY RESEARCH

Consumer: Hike in import duties

The Ministry of Finance released a hike in import duties for most end products, ranging from F&B to electrical components. That said, we believe the new rules is aimed to boost demand for domestic products, which should benefit the domestic producers in 2 fold, from volume (increase in demand) and more room for ASP hike (on higher imported substitutes). On the other hand, as we note that some new staple products for trial run are produced outside Indonesia, increase in import tariff may pose a hindrance to roll out new products. We also note that coffee and tea duties jumped to 20% from 5%, which may increase raw material costs for some products. That said, we believe that the direct beneficiaries under the new rulings are INDF, ICBP, UNVR and CPIN.

JSMR: 1H15 traffic: Solid 1H15F preview

(JSMR IJ. Rp 5,775. BUY. TP Rp 8,000)

JSMR's daily traffic grew inline with expectation with 4.1%y-y growth in 1H15 to 3.67mn vehicles/day, translating into total traffic volume of 665mn vehicles – reaching 49% of our FY15F target. Thus, the traffic numbers suggest that JSMR 1H15F financial result should also meet our expectations – with growth ranging from 8-10% from the top-line down to the EBITDA level. The recent toll tariff discount during 15 days in Eid season should also post only a minor impact, as in our calculation, it only translates to 1-2% cut in revenues and 2-3% cut in EBITDA. All in all, we reiterate our BUY call with a revised TP of Rp8,000.

Previous Reports:

- **BBRI: More challenges to come**-[Snapshot20150723](#)
- **Slight decline in Trade Balance**-[Snapshot20150722](#)
- **Retail: June: Weak festive season sales, BTPN: On hold growth but still outstandingly profitable**-[Snapshot20150715](#)

MARKET NEWS

*Analysts' comment inside

- ANTM Toned Down Its Electricity (BI)
- Banking's NIM Will Improve in the Second Quarter (ID)
- BHIT and MSKY to Conduct Buyback (BI)
- JSMR Vying for 2 Toll Roads (TJP)
- New BBM price on 1st of August (BI)
- Public Works Ministry to Spend Aggressively in 2H15F (TJP)
- Raise on import duties for consumption products (ID)
- SSIA's Office Project Potentially Delay (ID)
- TINS to add capacity of rare earth smelter (ID)
- Three investors interested in the Jakarta-Cikampek Toll II (ID)

IDX ANNOUNCEMENT

Cash Announcement

| Code | Ex-Date | Date Payable | Amount (Rp) |
|------|----------|--------------|-------------|
| FISH | 7-Jul-15 | 29-Jul-15 | 10 |
| SRIL | 7-Jul-15 | 31-Jul-15 | 5.38 |

Source: KSEI

Key Index

| | Close | Chg (%) | Ytd (%) | Vol (US\$ m) |
|------------------|--------|---------|---------|--------------|
| Asean - 5 | | | | |
| Indonesia | 4,903 | (0.1) | (6.2) | 237 |
| Thailand | 1,445 | (0.2) | (3.5) | 834 |
| Philippines | 7,653 | 0.2 | 5.8 | 130 |
| Malaysia | 1,722 | (0.4) | (2.2) | 442 |
| Singapore | 3,356 | (0.1) | (0.3) | 756 |
| Regional | | | | |
| China | 4,124 | 2.4 | 27.5 | 271 |
| Hong Kong | 25,399 | 0.5 | 7.6 | 10,392 |
| Japan | 20,684 | 0.4 | 18.5 | 10,849 |
| Korea | 2,065 | 0.0 | 7.8 | 5,875 |
| Taiwan | 8,791 | (1.4) | (5.5) | 3,225 |
| India | 28,371 | (0.5) | 3.2 | 534 |
| NASDAQ | 5,146 | (0.5) | 8.7 | 86,803 |
| Dow Jones | 17,732 | (0.7) | (0.5) | 8,170 |

Currency and Interest Rate

| | Rate | w-w (%) | m-m (%) | ytd (%) |
|-------------------|--------|---------|---------|---------|
| Rupiah Rp/1US\$ | 13,420 | (0.5) | (1.2) | (8.3) |
| SBI rate % | 6.67 | (0.3) | (0.3) | (0.6) |
| 10y Gov Indo bond | 8.26 | 0.0 | 0.0 | 0.5 |

Hard Commodities

| | Unit | Price | d-d (%) | m-m (%) | ytd (%) |
|--------|-------------|--------|---------|---------|---------|
| Coal | US\$/ton | 59 | n/a | 1.2 | (18.0) |
| Gold | US\$/toz | 1,091 | 0.0 | (7.2) | (7.9) |
| Nickel | US\$/mt.ton | 11,384 | (0.3) | (11.2) | (24.5) |
| Tin | US\$/mt.ton | 14,972 | 1.1 | (2.4) | (23.0) |

Soft Commodities

| | Unit | Price | d-d (%) | m-m (%) | ytd (%) |
|-----------|--------------|-------|---------|---------|---------|
| Cocoa | US\$/mt.ton | 3,331 | (1.6) | 0.4 | 12.1 |
| Corn | US\$/mt.ton | 148 | - | 8.0 | 3.4 |
| Crude Oil | US\$/barrel | 55 | (1.5) | (14.2) | (3.6) |
| Palm oil | MYR/mt.ton | 2,194 | 0.2 | (1.3) | (4.5) |
| Rubber | US\$/kg | 148 | 0.1 | (7.5) | (3.1) |
| Pulp | US\$/tonne | 852 | n/a | (0.1) | (8.6) |
| Coffee | US\$/60kgbag | 91 | 0.6 | 2.1 | 13.8 |
| Sugar | US\$/MT | 350 | 0.4 | (2.0) | (10.7) |
| Wheat | US\$/mt.ton | 192 | 0.9 | (1.0) | (13.8) |

Source: Bloomberg

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Friday, July 24, 2015

NEUTRAL

| Stocks | Price (IDR) | Target price (IDR) | Rec. |
|--------|-------------|--------------------|------|
| ICBP | 12,475 | 13,800 | HOLD |
| INDF | 6,200 | 8,050 | BUY |
| UNVR | 40,150 | 30,000 | SELL |
| ROTI | 1,150 | 1,200 | HOLD |
| TCID | 19,500 | 17,350 | BUY |

JAKCONS relative to JCI Index

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CONSUMER STAPLES/ALERT

Consumer Sector**ALERT !****Hike in import duties**

The Ministry of Finance released a hike in import duties for most end products, ranging from F&B to electrical components. That said, we glanced that F&B tariffs increase to 15-30% from 5-10% previously, while most personal care products jumped to 15% from 10% previously. That said, we believe the new rules is aimed to boost demand for domestic products, which should benefit the domestic producers in 2 fold, from volume (increase in demand) and more room for ASP hike (on higher imported substitutes). On the other hand, as we note that some new staple products for trial run are produced outside Indonesia, increase in import tariff may pose a hindrance to roll out new products. We also note that coffee and tea duties jumped to 20% from 5%, which may increase raw material costs for some products. That said, we believe that the direct beneficiaries under the new rulings are INDF, ICBP, UNVR and CPIN.

Increased import tariffs for most end products

Recently the Ministry of Finance announced a new set of import tariffs for various products, which are mainly directed to end, ready-to-use products. The new regulation encompasses a myriad of products, from food and beverages to electrical equipments and vehicles. As such, we highlight the changes in the import tariff in staple products, both in F&B and in personal care. Taking a quick look on the new tariffs, we note the increase in F&B tariff is higher than the one for personal care. While the old tariff for most F&B products stood at 5-10%, the new ones come at 15-30%. The highest increase of 30% is directed to sausages and preserved meat items, which should bode well for poultry players with extensive downstream products, i.e: CPIN, in our view. Pasta, instant noodles, biscuits, pastries and preserved fruits and vegetables' import duty jumped to 20%, a move which we believe should benefit domestic household names such as ICBP and INDF, in our opinion. We also think that this move should provide more leeway to increase ASP, as its imported counterparts would be more expensive in retail stores. On the flip side, the increase in import tariff would pose more challenges to roll out new products, as some new products are produced outside Indonesia.

Personal care import duties increased to 15%

Similarly, beauty, make-up, skin care and hair care import tariffs also increase to 15% from 10% previously, a move that will spur demand for domestic products, in our view. Dental hygiene products also posted some 5% increase overall. We believe this move will benefit UNVR, which was strong production center in Indonesia, as opposed to some of its competitors which production are located outside Indonesia. As it is with F&B segment, we believe this move will provide a good ground to implement ASP hike, while rolling out new products may not be as effective.

Beneficial for selective domestic producers

With the new regulation effective starting from 23 July 2015, we expect the increase in import tariff to stimulate domestic demand and spur industrial growth. An interesting take on the import tariff is the revamp from pegged amount of Rp55k/L for wines to 90% import duty, which will put further pressure on the alcoholic segment, in our view. However, we see no changes in import duties for tobacco products and beers. While we think that this move will pose benefit to domestic players, such as INDF, ICBP and UNVR, note that as coffee and tea's import duties are increased, we may see some dent on raw material costs, especially for companies that have substantial coffee exposure, i.e: MYOR. Also, we will have to ascertain further on the effect the hike has on countries that have free-trade agreement with Indonesia, which may render the hike ineffective.

Danareksa research reports are also available at Reuters Multex and First Call Direct and Bloomberg.

Exhibit 1. Selected staples import tariffs increase

| Description | Old tariff | New tariff |
|--|----------------------|----------------------|
| | 213/PMK.011/ 2011 | 132/PMK.010/ 2015 |
| Coffee | 5% | 20% |
| Tea | 5% | 20% |
| Sausages | 5% | 30% |
| Prepared/preserved meat | 5% | 30% |
| Prepared/preserved fish | 5-10% | 15-20% |
| Sugar confectionery, not containing cocoa | 10% | 15-20% |
| Chocolate and other food containing cocoa | 10% | 10-20% |
| Pasta | 5-10% | 20% |
| Instant noodles | 10% | 20% |
| Bread, pastry, cakes, biscuits | 5-10% | 20% |
| Vegetables, fruit, nuts preserved by sugar | 5% | 20% |
| Coffee, tea extracts, essences and concentrates | 5% | 20% |
| Sauces | 5% | 15% |
| Ice cream | 5% | 15% |
| Waters, non alcoholic beverages excluding fruit and vegetable juices | 5% | 10-20% |
| Wine of fresh grapes | Rp55k/L | 90% |
| Spirits, liquers and other spirituous beverages | Rp125k/L | 150% |
| Beauty, make-up and skin care | 10% | 15% |
| Hair care | 10% | 15% |
| Oral or dental hygiene | 5-10% | 10-15% |
| Soap; in solid form | 5-10% | 10-15% |
| Organic surface-active agents | 5% | 10% |

Source: Ministry of Finance, Danareksa Sekuritas

TOLL ROAD/COMPANY UPDATE

BUY

Target Price, IDR **8,000**
Upside **38.5%**

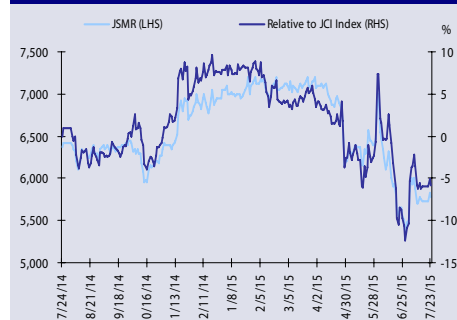
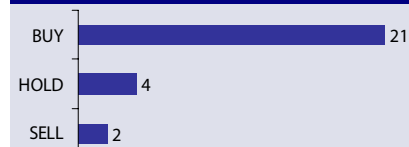
JSMRIJ/JSMRJK

Last Price, IDR 5,775
No. of shares (mn) 6,800

Market Cap, IDR bn 39,270
(US\$ mn) 2,931
3M T/O, US\$mn 3.3

Last Recommendation

| | | |
|-------------|-----|-----------|
| 15-Jun-2015 | BUY | IDR 8,200 |
| 28-Apr-2015 | BUY | IDR 8,200 |
| 19-Mar-2015 | BUY | IDR 8,200 |

JSMR relative to JCI Index**Market Recommendation****Danareksa vs Consensus**

| | Our | Cons | % Diff |
|-------------------|-------|-------|--------|
| Target price, IDR | 8,000 | 7,533 | 6.2 |
| EPS 2015F, IDR | 226 | 237 | -4.6 |
| PER 2015F, x | 25.6 | 24.4 | 4.9 |

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Jasa Marga**1H15 traffic: Solid 1H15F preview**

JSMR's daily traffic grew inline with expectation with 4.1%y-y growth in 1H15 to 3.67mn vehicles/day, translating into total traffic volume of 665mn vehicles – reaching 49% of our FY15F target. Thus, the traffic numbers suggest that JSMR 1H15F financial result should also meet our expectations – with growth ranging from 8-10% from the top-line down to the EBITDA level. The recent toll tariff discount during 15 days in Eid season should also post only a minor impact, as in our calculation, it only translates to 1-2% cut in revenues and 2-3% cut in EBITDA. All in all, we reiterate our BUY call with a revised TP of Rp8,000.

Traffic grew inline up to June 2015; the 1H15F result should be inline

Up to June 2015, JSMR daily traffic grew align with our expectation with 4.1%y-y growth in 1H15 to 3.67mn vehicles/day with total traffic volume of 665mn vehicles – or 49% of our FY15F target. Nevertheless, the financial results should also follow the same pattern, with growth in toll revenues and EBITDA level in the range of 8-10%, mainly thanks to the increasing volume. Moreover, the increasing opex that occurred in 1Q15 from faster annual salary increment should soften in 2Q15F. Yet, surging interest costs from heavy expansion in new toll roads will continue to weigh on the bottom-line. Until year-end, we still expect higher traffic in 2H15F with the daily traffic to reach 3.76mn vehicles/day in FY15F, or translating into modest 5%y-y growth.

Finalized acquisition in all Thiess sections

In June, JSMR has completed the acquisition of 187.4km from all of Thiess toll road section in Solo-Ngawi, Ngawi-Kertosono, and Cinere-Serpong with total acquisition value of Rp373bn. The section in Solo-Ngawi-Kertosono is the crucial part in Trans Java toll road that will be connected with on-construction JSMR's Semarang-Solo section. While, the Cinere-Serpong section is part of JORR-II network along with current JSMR concession in Cengkareng-Kunciran and Kunciran-Serpong that still in land acquisition process. In sum, JSMR has a total of 398km planned toll roads to be delivered in the next three years on top of the current operation of 590km.

Minor impact from discount season; cut only 2-3% our FY15F/16F EBITDA

The direct impact from the 35% discounted tariffs in all JSMR's toll roads during 15 days in Eid period in July only lower our average tariff growth by 1.4% in FY15. On average, the 15 days total traffic volume during the Eid period only constituted nearly 4% of JSMR's total full-year traffic in our calculation. Latest JSMR's traffic data indication has also shown that the average daily traffic grew 5% during the discount period. Nonetheless, we have adjust our toll tariff assumption to factor in the 15 days tariff discount during Eid period month as now we expect the tariff discount will be applied commonly in the future. As a result, our FY15/16F revenues were slightly lower by 1.3%/1.6% with EBITDA lower by 2.4%/2.8%. In our view, issue on the possibility of government interference in bi-annual tariff increment shouldn't be a matter of concern given the policy is protected by the law and become point of attractiveness for investors to build toll road infrastructure in Indonesia.

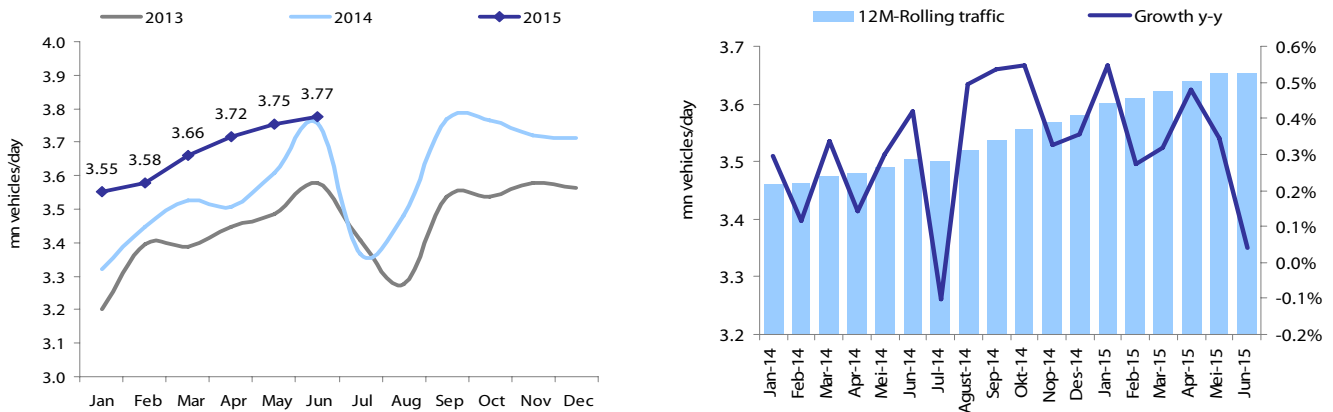
| | 2013 | 2014 | 2015F | 2016F | 2017F |
|-----------------------|--------|-------|-------|-------|-------|
| Toll Revenues, IDR bn | 5,803 | 6,646 | 7,235 | 8,185 | 9,068 |
| EBITDA, IDR bn | 3,058 | 3,583 | 3,859 | 4,547 | 4,824 |
| EBITDA Growth, % | (4.7) | 17.1 | 7.7 | 17.8 | 6.1 |
| Net Profit, IDR bn | 1,028 | 1,403 | 1,531 | 1,779 | 1,893 |
| Core Profit, IDR bn | 1,056 | 1,540 | 1,636 | 1,902 | 2,022 |
| Core EPS, IDR | 155 | 226 | 241 | 280 | 297 |
| Core EPS Growth, % | (28.6) | 45.7 | 6.3 | 16.2 | 6.3 |
| Net Gearing, % | 81.5 | 87.5 | 95.8 | 103.4 | 107.1 |
| PER, x | 38.2 | 28.0 | 25.6 | 22.1 | 20.7 |
| Core PER, x | 37.2 | 25.5 | 24.0 | 20.6 | 19.4 |
| PBV, x | 3.7 | 3.4 | 3.1 | 2.9 | 2.6 |
| EV/EBITDA, x | 15.7 | 13.8 | 13.3 | 11.8 | 11.5 |
| Yield, % | 1.6 | 1.4 | 1.1 | 1.2 | 1.4 |

Exhibit 1. JSMR's 1H15 traffic

| | 1H14 | 1H15 | y-y % | 2Q15 | q-q % | y-y % | Jun-15 | m-m % | y-y % |
|---------------------------------|----------------|----------------|------------|----------------|------------|------------|----------------|--------------|--------------|
| (Daily traffic, in '000) | | | | | | | | | |
| Jagorawi | 542.8 | 548.5 | 1.0 | 556.8 | 3.1 | (0.2) | 553.3 | (1.5) | (3.7) |
| Jakarta Cikampek | 552.5 | 571.8 | 3.5 | 583.2 | 4.1 | 2.9 | 593.5 | 2.3 | 1.3 |
| Jakarta Tangerang | 319.5 | 345.2 | 8.0 | 350.5 | 3.2 | 7.9 | 472.3 | 0.6 | 0.6 |
| Camareng | 773.0 | 770.5 | (0.3) | 784.2 | 3.7 | (0.3) | 789.3 | 0.9 | (3.0) |
| Purbaleunyi | 178.5 | 180.8 | 1.3 | 182.3 | 1.7 | 0.4 | 179.2 | (3.4) | (4.0) |
| Surabaya Gempol | 224.2 | 229.6 | 2.4 | 237.4 | 7.1 | 4.2 | 248.7 | 5.4 | 5.2 |
| Belmera | 69.8 | 67.9 | (2.8) | 67.2 | (2.1) | (1.7) | 68.3 | 3.7 | (1.7) |
| Semarang | 131.9 | 134.2 | 1.7 | 139.2 | 7.7 | (0.2) | 136.0 | (2.7) | (5.3) |
| Palikanci | 48.7 | 54.6 | 12.1 | 56.8 | 8.5 | 11.7 | 60.5 | 6.4 | 11.7 |
| JORR Non-S | 398.6 | 424.1 | 6.4 | 434.0 | 4.8 | 6.5 | 431.1 | (1.0) | 2.4 |
| Ulujami-Pd. Aren | 129.4 | 116.9 | (9.6) | 118.9 | 3.5 | (9.9) | 118.8 | (0.5) | (12.6) |
| BORR | 35.4 | 40.3 | 13.7 | 41.2 | 4.7 | 11.6 | 40.9 | (2.0) | 4.7 |
| Semarang Solo | 32.3 | 47.5 | 47.2 | 50.2 | 12.0 | 9.9 | 49.9 | (5.1) | (12.5) |
| Sumo | 31.9 | 34.2 | 7.2 | 35.2 | 6.3 | 5.3 | 35.5 | 0.4 | 0.3 |
| Nusa Dua-Benoa | 35.6 | 41.9 | 17.8 | 43.8 | 9.2 | 18.8 | 46.4 | 4.6 | 12.1 |
| JORR W2N | 23.8 | 65.4 | 175.3 | 67.6 | 6.9 | 155.8 | 67.3 | (0.6) | 135.0 |
| TOTAL Daily traffic | 3,528 | 3,674 | 4.1 | 3,749 | 4.2 | 3.5 | 3,775 | 0.5 | 0.5 |
| TOTAL Volume | 638,537 | 664,942 | 4.1 | 341,184 | 5.4 | 3.5 | 113,248 | (2.7) | 0.5 |
| Greater Jakarta | 2,775 | 2,883 | 3.9 | 2,936 | 3.8 | 3.4 | 3,066 | 0.3 | (0.1) |
| Out-of-Greater Jakarta | 753 | 791 | 5.1 | 813 | 5.7 | 3.7 | 709 | 1.7 | 2.9 |

Source: Company

Exhibit 2. JSMR's daily traffic continuously improve up to June 2015



Source: Company

Exhibit 3. JSMR discounted tariff during Eid period

| Section | Current Tariff Rp | Lebaran Tariff Rp | Discount Rp | Discount % |
|-------------------------|----------------------|----------------------|----------------|---------------|
| Jakarta-Cikampek | 4,000 | 2,500 | 1,500 | 37.5 |
| Soedyatmo | 6,000 | 4,000 | 2,000 | 33.3 |
| BORR | 5,500 | 4,000 | 1,500 | 27.3 |
| Inner City | 8,000 | 6,000 | 2,000 | 25.0 |
| Jagorawi | 3,000 | 2,000 | 1,000 | 33.3 |
| Jakarta-Tangerang | 5,000 | 3,500 | 1,500 | 30.0 |
| Cipularang | 34,000 | 22,000 | 12,000 | 35.3 |
| Padaleunyi | 8,000 | 5,000 | 3,000 | 37.5 |
| Surabaya-Gempol | 3,000 | 2,000 | 1,000 | 33.3 |
| Belmera | 6,500 | 4,000 | 2,500 | 38.5 |
| Semarang | 2,000 | 1,500 | 500 | 25.0 |
| Palikanci | 5,000 | 3,500 | 1,500 | 30.0 |
| JORR | 8,500 | 5,500 | 3,000 | 35.3 |
| Semarang-Solo | 7,000 | 5,500 | 1,500 | 21.4 |
| Nusa Dua-Benoa | 10,000 | 7,500 | 2,500 | 25.0 |
| Surabaya-Mojokerto | 1,500 | 1,000 | 500 | 33.3 |
| Gempol-Pandaan | 10,000 | 7,500 | 2,500 | 25.0 |
| Simple average | | | | 30.9 |
| Weighted average | | | | 33.1 |

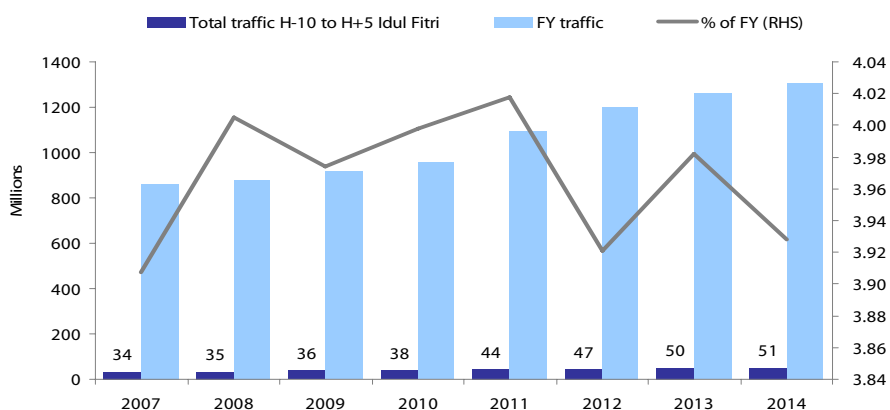
*Lebaran tariff occurred from 7 July to 22 July 2015 (15 calendar days)

Source: Company

Exhibit 4. Average daily traffic during Eid months

| Year | Idul Fitri Day 1 | H-10 | H+5 | Effecting months | Daily avg volume | 15 days volume |
|------|------------------|-----------|-----------|-------------------|------------------|----------------|
| 2007 | 13/Oct/07 | 3/Oct/07 | 18/Oct/07 | October | 2,239,133 | 33,586,992 |
| 2008 | 2/Oct/08 | 22/Sep/08 | 7/Oct/08 | September/October | 2,350,292 | 35,254,385 |
| 2009 | 21/Sep/09 | 11/Sep/09 | 26/Sep/09 | September | 2,425,748 | 36,386,224 |
| 2010 | 10/Sep/10 | 31/Aug/10 | 15/Sep/10 | August/September | 2,550,413 | 38,256,191 |
| 2011 | 31/Aug/11 | 21/Aug/11 | 5/Sep/11 | August/September | 2,924,415 | 43,866,228 |
| 2012 | 19/Aug/12 | 9/Aug/12 | 24/Aug/12 | August | 3,137,617 | 47,064,252 |
| 2013 | 8/Aug/13 | 29/Jul/13 | 13/Aug/13 | July/August | 3,342,382 | 50,135,734 |
| 2014 | 28/Jul/14 | 18/Jul/14 | 2/Aug/14 | July/August | 3,423,064 | 51,345,956 |
| 2015 | 17/Jul/15 | 7/Jul/15 | 22/Jul/15 | July | | |

Source: Company

Exhibit 5. Eid holiday traffic only comprises 4.0% of JSMR's full-year traffic

Source: Company

Exhibit 6. Changes in our forecast

| | 2014 | New | | | Previous | | | Changes, % | | |
|-------------------|-------|-------|---------|---------|----------|---------|---------|------------|-------|-------|
| | | 2015F | 2016F | 2017F | 2015F | 2016F | 2017F | 2015F | 2016F | 2017F |
| (Rp bn) | | | | | | | | | | |
| Daily traffic, mn | 3.6 | 3.8 | 3.9 | 4.1 | 3.8 | 3.9 | 4.1 | - | - | - |
| Toll revenues | 6,646 | 7,235 | 8,185 | 9,068 | 7,329 | 8,316 | 9,181 | (1.3) | (1.6) | (1.2) |
| Operating profit | 2,752 | 2,959 | 3,521 | 3,661 | 3,053 | 3,652 | 3,774 | (3.1) | (3.6) | (3.0) |
| EBITDA | 3,583 | 3,859 | 4,547 | 4,824 | 3,953 | 4,678 | 4,937 | (2.4) | (2.8) | (2.3) |
| Net interest | (950) | (856) | (1,067) | (1,074) | (852) | (1,059) | (1,061) | 0.5 | 0.8 | 1.2 |
| Net Income | 1,403 | 1,531 | 1,779 | 1,893 | 1,600 | 1,877 | 1,982 | (4.3) | (5.2) | (4.5) |
| Operating margin | 38.1 | 37.5 | 39.4 | 37.0 | 38.2 | 40.3 | 37.7 | (0.7) | (0.9) | (0.7) |
| EBITDA margin | 49.6 | 48.8 | 50.9 | 48.7 | 49.4 | 51.6 | 49.3 | (0.6) | (0.7) | (0.6) |
| Net margin | 19.4 | 19.4 | 19.9 | 19.1 | 20.0 | 20.7 | 19.8 | (0.6) | (0.8) | (0.7) |

Source: Company, Danareksa Sekuritas

Exhibit 7. Thiess toll road sections fully acquired by JSMR

| Section | Length Km | Acquisition value Rp bn | JSMR ownership % |
|-----------------|---------------|----------------------------|---------------------|
| Cinere-Serpong | 10.24 | 110.0 | 55.0 |
| Solo-Ngawi | 90.10 | 250.2 | 60.0 |
| Ngawi-Kertosono | 87.02 | 13.2 | 60.0 |
| TOTAL | 187.36 | 373.4 | |

Source: Company, Danareksa Sekuritas

Exhibit 8. Profit & Loss (IDR bn)

| | 2013 | 2014 | 2015F | 2016F | 2017F |
|---------------------------|--------------|--------------|--------------|--------------|--------------|
| Toll Revenues | 5,803 | 6,646 | 7,235 | 8,185 | 9,068 |
| Others | 508 | 583 | 665 | 744 | 832 |
| Operating Revenues | 6,311 | 7,229 | 7,900 | 8,928 | 9,900 |
| Toll collection | 873 | 1,083 | 1,204 | 1,318 | 1,545 |
| Service | 482 | 557 | 618 | 673 | 758 |
| Maintenance | 1,569 | 1,365 | 1,504 | 1,674 | 1,946 |
| JO | 308 | 313 | 329 | 344 | 359 |
| G&A | 1,088 | 1,161 | 1,286 | 1,399 | 1,630 |
| Operating Expenses | 4,319 | 4,477 | 4,941 | 5,408 | 6,239 |
| Operating Profit | 1,992 | 2,752 | 2,959 | 3,521 | 3,661 |
| EBITDA | 3,058 | 3,583 | 3,859 | 4,547 | 4,824 |
| Net Interests | (715) | (950) | (856) | (1,067) | (1,074) |
| Other Income (Expenses) | (12) | (5) | - | - | - |
| Pre-tax Income | 1,311 | 1,822 | 2,103 | 2,453 | 2,587 |
| Income Tax & Minorities | (283) | (419) | (572) | (674) | (694) |
| Net Profit | 1,028 | 1,403 | 1,531 | 1,779 | 1,893 |
| Core Profit | 1,056 | 1,540 | 1,636 | 1,902 | 2,022 |

Source: Company, Danareksa Sekuritas

Exhibit 9. Balance Sheet (IDR bn)

| | 2013 | 2014 | 2015F | 2016F | 2017F |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Cash & Equivalent | 3,514 | 3,291 | 2,700 | 2,717 | 2,439 |
| Other Current Assets | 274 | 351 | 369 | 396 | 422 |
| Total Current Assets | 3,788 | 3,641 | 3,069 | 3,113 | 2,862 |
| Fixed Assets -net | 23,195 | 26,820 | 29,891 | 33,653 | 37,180 |
| Other Non-current Assets | 1,076 | 1,396 | 1,705 | 1,914 | 2,073 |
| Total Non-current Assets | 24,270 | 28,217 | 31,596 | 35,567 | 39,253 |
| Total Assets | 28,059 | 31,858 | 34,665 | 38,680 | 42,115 |
| Short-term Debt | 1,651 | 654 | - | - | - |
| Trade Payables | 100 | 192 | 209 | 237 | 262 |
| Other Current Liabilities | 3,120 | 3,468 | 3,551 | 3,671 | 3,802 |
| Total Current Liabilities | 4,871 | 4,313 | 3,760 | 3,907 | 4,065 |
| Long-term Debt | 10,465 | 12,629 | 14,649 | 16,922 | 18,522 |
| Other Non-current Liabilities | 2,165 | 3,491 | 3,779 | 4,117 | 4,517 |
| Total Non-current Liabilities | 12,629 | 16,120 | 18,429 | 21,038 | 23,039 |
| Total Liabilities | 17,501 | 20,433 | 22,189 | 24,946 | 27,104 |
| Shareholder's Equity | 10,558 | 11,425 | 12,476 | 13,734 | 15,011 |
| Total Liabilities and Equity | 28,059 | 31,858 | 34,665 | 38,680 | 42,115 |

Source: Company, Danareksa Sekuritas

Exhibit 10. Cash flow (IDR bn)

| | 2013 | 2014 | 2015F | 2016F | 2017F |
|----------------------------|----------------|----------------|----------------|----------------|----------------|
| Pre-tax | 1,311 | 1,822 | 2,103 | 2,453 | 2,587 |
| Minorities | 99 | 188 | 59 | 62 | 82 |
| Depreciation | 1,067 | 831 | 900 | 1,026 | 1,163 |
| Tax | (538) | (435) | (556) | (648) | (682) |
| Working Capital | (400) | (455) | (243) | (113) | (68) |
| Operating Cash Flow | 1,539 | 1,951 | 2,263 | 2,780 | 3,082 |
| Capex | (4,929) | (4,456) | (3,971) | (4,787) | (4,690) |
| Investment | (5) | 7 | (9) | (9) | (9) |
| Others | 440 | 435 | 203 | 240 | 283 |
| Investing Cash Flow | (4,494) | (4,014) | (3,776) | (4,557) | (4,416) |
| Debt | 1,902 | 1,167 | 1,366 | 2,272 | 1,601 |
| Equity | 383 | (2) | (59) | (62) | (82) |
| Dividend | (641) | (535) | (421) | (459) | (534) |
| Others | 523 | 1,209 | 37 | 42 | 72 |
| Financing Cash Flow | 2,167 | 1,840 | 923 | 1,793 | 1,057 |
| Changes in Cash | (788) | (223) | (591) | 17 | (277) |

Source: Company, Danareksa Sekuritas

Exhibit 11. Key ratios

| | 2013 | 2014 | 2015F | 2016F | 2017F |
|-------------------------|--------|-------|-------|-------|-------|
| Profitability, % | | | | | |
| Operating Margin | 31.6 | 38.1 | 37.5 | 39.4 | 37.0 |
| EBITDA Margin | 48.5 | 49.6 | 48.8 | 50.9 | 48.7 |
| Net Margin | 16.3 | 19.4 | 19.4 | 19.9 | 19.1 |
| Core Margin | 16.7 | 21.3 | 20.7 | 21.3 | 20.4 |
| ROAE | 10.1 | 12.8 | 12.8 | 13.6 | 13.2 |
| ROAA | 3.9 | 4.7 | 4.6 | 4.9 | 4.7 |
| Capitalization | | | | | |
| Debt to Equity, % | 114.8 | 116.3 | 117.4 | 123.2 | 123.4 |
| Net Debt to Equity, % | 81.5 | 87.5 | 95.8 | 103.4 | 107.1 |
| Interest Coverage, x | 2.2 | 2.3 | 2.6 | 2.8 | 2.9 |
| Turnover, days | | | | | |
| Trade Receivables | - | - | - | - | - |
| Inventories | - | - | - | - | - |
| Trade Payables | 6 | 10 | 10 | 10 | 10 |
| Growth, % | | | | | |
| Toll Revenues | 4.0 | 14.5 | 8.9 | 13.1 | 10.8 |
| Operating Profit | (23.4) | 38.2 | 7.5 | 19.0 | 4.0 |
| EBITDA | (4.7) | 17.1 | 7.7 | 17.8 | 6.1 |
| Net Profit | (35.9) | 36.6 | 9.1 | 16.2 | 6.4 |
| Core Profit | (28.6) | 45.7 | 6.3 | 16.2 | 6.3 |

Source: Company, Danareksa Sekuritas

MARKET NEWS

ANTM Toned Down Its Electricity (BI)

Aneka Tambang (ANTM) toned down electricity used for its ferronickel II plant, as there is a damage on its furnace 2's transformer. Management mentioned that the mishap did not create any accident and the initial estimate for the production loss coming from the damage is minimum.

Banking's NIM Will Improve in the Second Quarter (ID)

Net interest margin of banks is projected to increase in the second quarter of 2015 compared to the figure reported in the first quarter of 2015. This is partly due to the lower cost of funds as a result of better liquidity in the banking system. BBRI estimate its NIM in the second quarter might increase to the range of 8%. Meanwhile, BBNi also expects its NIM to reach above 6% in the second quarter of this year.

BHIT and MSKY to Conduct Buyback (BI)

MNC Investama (BHIT) and MNC Sky Vision (MSKY) will conduct a buyback, with maximum shares buyback of 10% and 5% respectively. Both buybacks will be conducted within 18 months, since 28 July 2015 to 28 January 2017. BHIT's maximum buyback value is estimated at IDR1.42tn (average of IDR375/share) and MSKY's maximum buyback estimation at IDR636bn (average of IDR1,800/share).

JSMR Vying for 2 Toll Roads (TJP)

Jasa Marga (JSMR) is considering bidding for two toll road tenders in the 2H15F, namely the Manado-Bitung and Balikpapan-Samarinda toll roads. Currently, the company is still reviewing the details of tender document as well as look closely into the potential traffic volume and revenue of operating the toll roads once they were launched. JSMR will also look at whether the government will provide any subsidy during the toll roads' initial period of operation. The Manado-Bitung toll road will span over 26km connecting North Sulawesi's eastern and western parts will total investment cost of Rp4tn, while the Balikpapan-Samarinda toll road will span over 99km between East Kalimantan's oil city and the capital with total investment cost up to Rp14.9tn.

New BBM price on 1st of August (BI)

Government will establish new fuel price (BBM) on August 1, 2015. The new fuel prices will be calculated based on the crude oil price, exchange rate of Rupiah against the US dollar, distribution, and profit for gas station's entrepreneurs.

Public Works Ministry to Spend Aggressively in 2H15F (TJP)

Public Works Ministry is estimated to have disbursed only 20% of its budget so far this year, but expects to spend 40% in 3Q15F to meet its target of spending over 90% budget by year-end. The Ministry had started urging construction companies to work on projects seven days a week and to eliminate red-tape in project tenders, especially for the small projects.

Raise on import duties for consumption products (ID)

After eliminating PPnBM over five product categories to encourage consumption, government has raised import duties (BM) for imported goods to boost domestic products sales. A raise in BM is regulated on the Ministry of Finance Regulation No. 132 / PMK.011 / 2015. This policy was enforced yesterday, as of July 23, 2015. This policy is considered to increase the competitiveness of local industry.

SSIA's Office Project Potentially Delay (ID)

Surya Semesta Internusa (SSIA) potentially postpones the construction of its office towers that is projected to cost up to USD150 million. One of the reasons is the delay in the destruction of the old building. Previously, office tower construction is targeted to begin in the third quarter 2015 and will be completed in 2017. However, now the company projects the construction will be completed in 2019.

TINS to add capacity of rare earth smelter (ID)

Timah (TINS) plans to increase the capacity of rare earth smelter which located in Cape Snake industrial area, Bangka Belitung up to 10-fold. The capacity enlargement will be done once there is certainty that the processing of rare earth, which was commissioning in July, goes smoothly. Current processing capacity of rare earth reached 50kg / day.

Three investors interested in the Jakarta-Cikampek Toll II (ID)

Three investors interested in Jakarta Cikampek toll road project II. This project is built to be an alternative pathway to overcome congestion at the existing Jakarta-Cikampek toll road. The three investors, i.e. Jasa Marga (JSMR) in cooperate with Wira Nusantara Earth, Bangun Tjipta Sarana, and Jasa Tol Indonesia, have submitted official letter to the Ministry of Public Works and Public Housing.

COVERAGE PERFORMANCE

LEADERS

| | Code | Price as on | | Chg, % | w-w, % | m-m, % | YTD, % | Rating |
|----------------------------------|------|-------------|-------------|--------|--------|--------|--------|--------|
| | | 23-Jul-2015 | 22-Jul-2015 | | | | | |
| Siloam Hospital | SILO | 15,800 | 15,050 | 5.0 | 9.0 | 16.2 | 15.3 | BUY |
| Hexindo Adiperkasa | HEXA | 2,570 | 2,455 | 4.7 | (2.7) | (3.4) | (26.7) | HOLD |
| Adaro Energy | ADRO | 595 | 575 | 3.5 | (6.3) | (24.2) | (42.8) | BUY |
| Pembangunan Perumahan | PTPP | 4,175 | 4,040 | 3.3 | 3.9 | 15.0 | 16.8 | BUY |
| Bank Tabungan Pensiunan Nasional | BTPN | 3,400 | 3,300 | 3.0 | 1.6 | (7.1) | (13.9) | BUY |
| Indocement | INTP | 22,450 | 21,800 | 3.0 | 6.7 | 6.8 | (10.2) | BUY |
| Indo Tambangraya Megah | ITMG | 10,375 | 10,150 | 2.2 | (9.8) | (22.6) | (32.5) | HOLD |
| Kimia Farma | KAEF | 1,090 | 1,070 | 1.9 | 7.4 | 10.1 | (25.6) | BUY |
| Bukit Asam | PTBA | 6,600 | 6,500 | 1.5 | (9.0) | (26.3) | (47.2) | BUY |
| United Tractors | UNTR | 18,650 | 18,375 | 1.5 | (0.8) | (8.2) | 7.5 | HOLD |

Sources: Bloomberg

LAGGARDS

| | Code | Price as on | | Chg, % | w-w, % | m-m, % | YTD, % | Rating |
|--------------------------|------|-------------|-------------|--------|--------|--------|--------|--------|
| | | 23-Jul-2015 | 22-Jul-2015 | | | | | |
| Indofood CBP | ICBP | 12,475 | 13,050 | (4.4) | 2.9 | (3.3) | (4.8) | HOLD |
| Adhi Karya | ADHI | 2,665 | 2,760 | (3.4) | 12.0 | 20.0 | (23.4) | BUY |
| Bank Mandiri | BMRI | 10,100 | 10,400 | (2.9) | 1.0 | 0.5 | (6.3) | BUY |
| XL Axiata | EXCL | 3,315 | 3,390 | (2.2) | 1.2 | (13.9) | (31.9) | BUY |
| Astra Agro Lestari | AALI | 23,900 | 24,350 | (1.8) | (6.5) | 8.6 | (1.4) | BUY |
| Nippon Indosari Corpindo | ROTI | 1,150 | 1,170 | (1.7) | (1.3) | (1.3) | (17.0) | HOLD |
| Holcim | SMCB | 1,550 | 1,575 | (1.6) | 3.3 | 2.3 | (29.1) | HOLD |
| Bank Negara Indonesia | BBNI | 5,100 | 5,175 | (1.4) | (6.4) | (8.5) | (16.4) | BUY |
| Vale Indonesia | INCO | 2,350 | 2,380 | (1.3) | (7.1) | (14.5) | (35.2) | BUY |
| Bank Tabungan Negara | BBTN | 1,180 | 1,195 | (1.3) | - | 3.5 | (2.1) | BUY |

Sources: Bloomberg

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