

MORNING HIGHLIGHT

FROM EQUITY RESEARCH

UNTR: A recovery month, but still weak on cumulative basis

(UNTR IJ. Rp 19,800. HOLD. TP Rp 18,425)

After Komatsu sales volume hit the lowest level of 137 units in July 2015, the sales volume of Komatsu recovered to 175 units in August 2015. We believe, this was mainly attributable to normalization in the working days in August 2015 after Ramadhan/Idul Fitri season in July 2015. However, the weak sales volume in the mining and agri sectors, which mainly due to hit by weak commodity sector as well as slow progress in the construction sector reflected on a 38.7% yoy decline in Komatsu sales volume to 1,687 units in 8M15. The Komatsu sales volume was below our expectation as it accounted for about 62.5% of our full year Komatsu sales volume assumption of 2,700 units for 2015. Although the company may get benefit from current weakening of Rupiah vs. US Dollar, we maintain HOLD recommendation with Target Price to Rp19,800 (DCF valuation with WACC of 14.8% and long-term growth of 3%) given dull Komatsu sales volume in the mining and agri sector.

FROM DANAREKSA RESEARCH INSTITUTE

No escape from currency headwinds

Business conditions are weakening dramatically. In our June - July survey, the Business Sentiment Index (BSI) tumbled a further 7.0 percent to 117.3, its lowest level since May 2009.

Previous Reports:

- PGAS: Uncertainty remains-[Snapshot20150923](#)
- Construction: New contract – Aug 2015: Strong m-m progress-[Snapshot20150921](#)
- BBCA: Mismatch concerns-[Snapshot20150918](#)

MARKET NEWS

*Analysts' comment inside

- BBTN 8M15 result
- Bank Jateng Targeting IPO on 2018 (ID)
- Govt lowers growth target amid bleak outlook (TJP)
- HRUM to Maintain Overseas Focus (TJP)
- HRUM eyes acquisition of US\$390 million (ID)
- IDX May Push Back Free Float Deadline (TJP)
- JSMR interested in working on outside Java toll project (ID)
- MAIN obtained a loan of US\$ 20 million (ID)
- MIKA to Splash Out on New Hospital (TJP)
- MIKA to Stock Split 1:10 (ID)
- WTON capex absorption reached Rp440 billion by end of the year (ID)

IDX ANNOUNCEMENT

Cash announcement

Code	Ex-Date	Date Payable	Amount (Rp)
TBLA	28-Sep-15	20-Oct-15	8
ASII	28-Sep-15	21-Oct-15	64
HMSF	29-Sep-15	12-Oct-15	787

Source: KSEI

Key Index

	Close	Chg (%)	Ytd (%)	Vol (US\$ m)
Asean - 5				
Indonesia	4,244	(2.3)	(18.8)	229
Thailand	1,372	(0.2)	(8.4)	1,158
Philippines	6,918	(0.1)	(4.3)	135
Malaysia	1,613	(1.4)	(8.4)	447
Singapore	2,846	(0.8)	(15.4)	867
Regional				
China	3,143	0.9	(2.8)	50,430
Hong Kong	21,096	(1.0)	(10.6)	9,154
Japan	17,572	(2.8)	0.7	15,138
Korea	1,947	0.1	1.6	4,556
Taiwan	8,123	(0.9)	(12.7)	2,473
India	25,864	0.2	(5.9)	388
NASDAQ	4,734	(0.4)	(0.0)	75,660
Dow Jones	16,201	(0.5)	(9.1)	9,330

Currency and Interest Rate

	Rate	w-w (%)	m-m (%)	ytd (%)
Rupiah Rp/1US\$	14,684	(1.6)	(4.5)	(18.5)
SBI rate %	6.75	0.1	0.1	(0.5)
10y Gov Indo bond	9.49	0.2	0.4	1.7

Hard Commodities

	Unit	Price	d-d (%)	m-m (%)	ytd (%)
Coal	US\$/ton	58	0.0	(1.5)	(7.5)
Gold	US\$/toz	1,150	(0.3)	0.8	(2.9)
Nickel	US\$/mt.ton	9,875	1.6	4.2	(34.5)
Tin	US\$/mt.ton	15,350	2.0	8.2	(21.0)

Soft Commodities

	Unit	Price	d-d (%)	m-m (%)	ytd (%)
Cocoa	US\$/mt.ton	3,354	0.1	7.1	12.9
Corn	US\$/mt.ton	140	-	2.2	(2.5)
Crude Oil	US\$/barrel	48	0.9	12.8	(16.0)
Palm oil	MYR/mt.ton	2,051	1.2	6.6	(10.7)
Rubber	US\$/kg	125	(0.3)	(1.3)	(18.2)
Pulp	US\$/tonne	838	N/A	(1.0)	(10.1)
Coffee	US\$/60kgbag	86	1.6	9.2	29.8
Sugar	US\$/MT	349	2.2	4.6	(10.8)
Wheat	US\$/ton	135	(2.0)	(2.1)	(19.1)

Source: Bloomberg

PT Danareksa Sekuritas

Jl. Medan Merdeka Selatan No. 14
Jakarta 10110
Indonesia
Tel (62 21) 29 555 888
Fax (62 21) 350 1709

Equity Research Team

Anindya Saraswati

anindyas@danareksa.com
(62-21) 2955 5820
Property, Retail

Armando Marulitua

armandom@danareksa.com
(62-21) 2955 5817
Pharmaceutical

Eka Savitri

ekas@danareksa.com
(62-21) 2955 5825
Banking

Jennifer Frederika Yapply

jennifer.yapply@danareksa.com
(62-21) 2955 5821
Consumer

Stefanus Darmagiri

stefanus.darmagiri@danareksa.com
(62-21) 2955 5825
Coal, Heavy Equipment, Metal Mining

Puti Adani

putia@danareksa.com
(62-21) 29555 888 ext.3511
Research Associate

Antonia Febe Hartono

antonia.hartono@danareksa.com
(62-21) 29555 888 ext.3504
Research Associate

Sales team

Ermawati A. Erman

ermawatiae@danareksa.com
(62 21) 29555 888 ext. 3151

Novrita E. Putrianti

novrita@danareksa.com
(62 21) 29555 888 ext. 3128

Ehrliech Suhartono

ehrliech@danareksa.com
(62 21) 29555 888 ext. 3132

Yunita L. Nababan

yunita@danareksa.com
(62 21) 29555 888 ext. 3145

Bram Taarea

bramt@danareksa.com
(62 21) 29555 888 ext. 3127

Martin Joshua

martinjs@danareksa.com
(62 21) 29555 888 ext. 3126

Laksmi Armandani

laksmiata@danareksa.com
(62 21) 29555 888 ext. 3125

Muhammad Hardiansyah

mhardiansyah@danareksa.com
(62 21) 29555 888 ext. 3109

Tuty Sutopo

tuty@danareksa.com
(62 21) 29555 888 ext. 3121

Upik Yuzarni

upik_y@danareksa.com
(62 21) 29555 888 ext. 3137

Kevin Giarto

kevin.giarto@danareksa.com
(62 21) 29555 888 ext. 3139

HOLD

Target Price, Rp 19,800

Upside 7.46%

UNTR IJ/UNTR.JK

Last Price, Rp 18,425

No. of shares (bn) 3.7

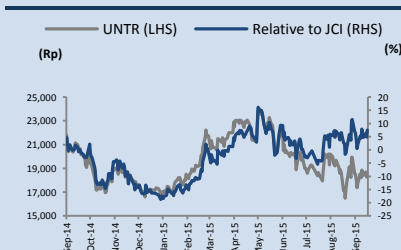
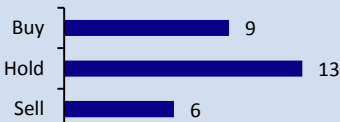
Market Cap, Rpbn 68,728

(US\$ mn) 4,680

3M T/O, US\$mn 3.12

Last Recommendation

31-Jul-15	HOLD	Rp19,800
29-Jul-15	HOLD	Rp19,800
29-Jun-15	HOLD	Rp22,200

UNTR relative to JCI Index**Market Recommendation****Consensus**

	Our	Cons	% Diff
Target Price, IDR	19,800	21,348	(7.3)
EPS 2015F, IDR	1,542	1,628	(5.3)
PE 2015F, x	11.9	11.3	5.6

**Stefanus Darmagiri**

(62-21) 2955 5777 ext3530

stefanus.darmagiri@danareksa.com

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

United Tractors**A recovery month, but still weak on cumulative basis**

After Komatsu sales volume hit the lowest level of 137 units in July 2015, the sales volume of Komatsu recovered to 175 units in August 2015. We believe, this was mainly attributable to normalization in the working days in August 2015 after Ramadhan/Idul Fitri season in July 2015. However, the weak sales volume in the mining and agri sectors, which mainly due to hit by weak commodity sector as well as slow progress in the construction sector reflected on a 38.7% yoy decline in Komatsu sales volume to 1,687 units in 8M15. The Komatsu sales volume was below our expectation as it accounted for about 62.5% of our full year Komatsu sales volume assumption of 2,700 units for 2015. Although the company may get benefit from current weakening of Rupiah vs. US Dollar, we maintain HOLD recommendation with Target Price to Rp19,800 (DCF valuation with WACC of 14.8% and long-term growth of 3%) given dull Komatsu sales volume in the mining and agri sector.

Only forestry sector booked higher Komatsu sales volume in 8M15

The unfavorable outlook on the commodities prices resulted on lower Komatsu sales volume in the agri and mining sector, which posted a significant decline by 61.8% yoy and 48.5% yoy in 8M15 respectively. Furthermore, the impact on low government budget spending also reflected on lethargic sales volume to construction sector by 30.0% yoy. However, higher growth in the forestry sector by 8.3% yoy managed to cushion the further decline in the total Komatsu sales volume in 8M15. With sales volume from mining sector posted higher decline than that from construction sector, hence, the contribution of construction sector to total Komatsu sales volume increased to 33% in 8M15 (8M14: 28%), while the contribution from mining sector went down to 30% in 8M15 (8M14: 36%)

Encouraging progress in the infrastructure spending to sustain Komatsu sales volume

With Ministry of Public Works to make encouraging progress on signed contracts in August 2015 and there are currently around Rp34tr project (value >Rp100bn) from the ministry ready to be awarded in the coming months, we believe this will give positive impact indirectly to boost the demand of heavy equipment in construction sector going forward. Hence, this will help to sustain the monthly Komatsu sales volume amid weak sales volume in agri and mining sectors.

Rising trend in monthly coal production to support production in coming months

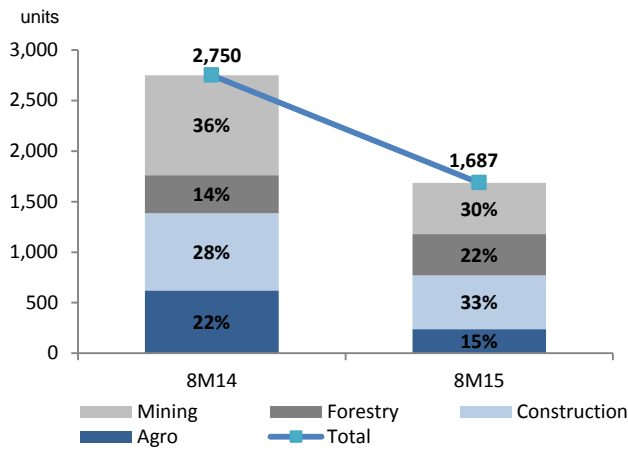
The coal production under subsidiary Pamapersada Nusantara (PAMA) posted a slight decline by 2.9% yoy to 72.4mn tons in 8M15. This was mainly attributable to unfavorable weather condition in 1Q15. With overburden (OB) removal also declined by 3.0% yoy, hence, its stripping ratio maintained at 7.2x in 8M15. With better weather condition, which showed a rising trend in the monthly coal production since Apr 2015, we expect better monthly coal production in the remaining of 2015. As such, we expect a flat growth in the coal production in 2015, while OB removal is expected to drop by 10% yoy.

	2013A	2014A	2015F	2016F	2017F
Revenue, IDR bn	51,012	53,142	51,611	54,925	57,836
EBITDA, IDR bn	10,446	11,819	11,728	12,981	14,158
EBITDA Growth, %	-4.5	13.1	-0.8	10.7	9.1
Net profit, IDRbn	4,834	5,370	5,753	6,037	6,535
EPS, IDR	1,296	1,440	1,542	1,619	1,752
EPS growth, %	-16.4	11.1	7.1	4.9	8.2
BVPS, Rp	8,498	9,398	10,353	11,346	12,435
DPS, Rp	518	576	617	647	701
Net Gearing, %	6.5	-9.0	-18.2	-14.6	-23.2
PER, x	13.9	12.5	11.6	11.1	10.2
PBV, x	2.1	1.9	1.7	1.6	1.4
EV/EBITDA, x	6.1	5.4	5.5	4.9	4.5
Yield, %	2.9	3.2	3.4	3.6	3.9

Favorable exchange rate to sustain earnings amid weak Komatsu sales volume

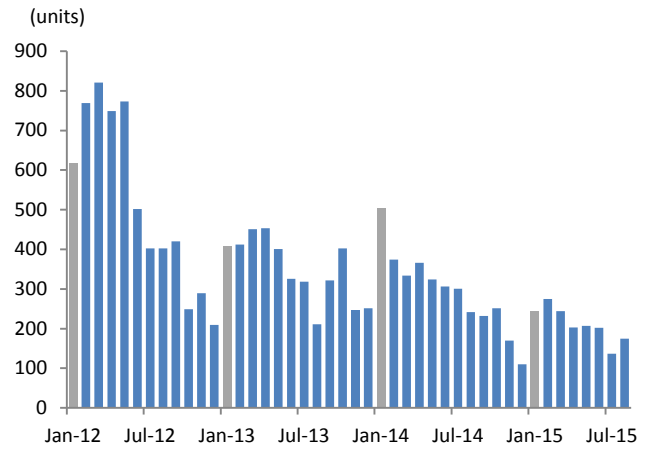
Despite the unfavorable commodity prices to depress Komatsu sales volume to 2,700 units (-23.1% yoy) in 2015 and to recover at only 11.1% yoy to 3,000 units in 2016 will impact on the performance in the Construction Machinery (CM) division, we expect that the company's performance in 2015 to be sustained from the favorable exchange rate particularly from mining contracting (MC) division. The company managed to improve its gross margin to 22.7% in 1H15 from 20.8% in 1H14, thanks to a) improvement margin from mining contracting division to 25.1% in 1H15 from 22.4% in 1H14 as well as b) sustaining margin from construction machinery (CM) division at 16.7% in 1H15 (1H14: 16.6%) from higher contribution from superior margin on spare parts and maintenance sub-division.

Exhibit 1. Komatsu sales volume



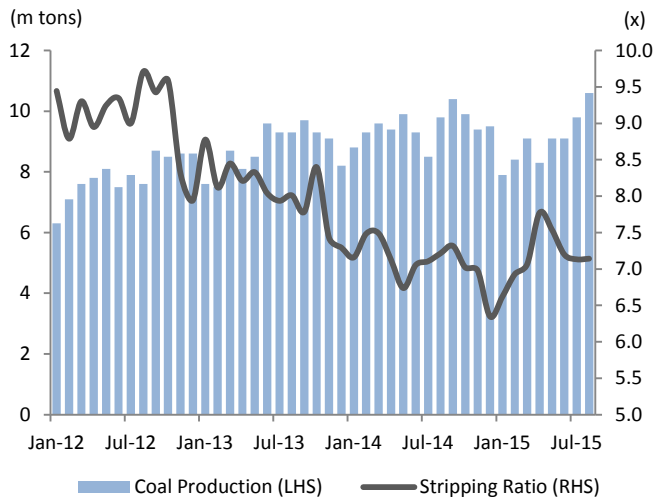
Source: United Tractors

Exhibit 2. A recovery in sales volume in August 2015



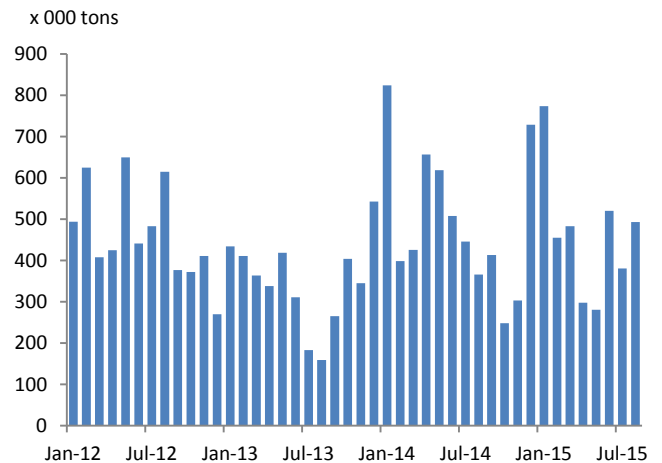
Source: United Tractors

Exhibit 3. August 2015: Higher coal production and...



Source: United Tractors

Exhibit 4. ...rising coal sales volume



Source: United Tractors

Exhibit 5. Profit and Loss, Rpbn

	2013	2014	2015F	2016F	2017F
Turnover	51,012	53,142	51,611	54,925	57,836
COGS	(41,496)	(41,071)	(41,454)	(43,918)	(46,104)
Gross Profit	9,517	12,070	10,157	11,007	11,732
Operating Expenses	(2,776)	(3,204)	(3,092)	(3,234)	(3,420)
Operating Profit	6,741	8,866	7,065	7,774	8,312
Other Income/expenses	(137)	(2,398)	465	(35)	(131)
Net Interest	(17)	154	152	321	541
Pre-tax Profit	6,587	6,622	7,683	8,060	8,722
Tax	(1,789)	(1,782)	(1,921)	(2,015)	(2,180)
Minority Interest	35	530	(9)	(8)	(6)
Net Profit	4,834	5,370	5,753	6,037	6,535

Source: Company, Danareksa Sekuritas

Exhibit 6. Balance Sheet, Rpbn

	2013	2014	2015F	2016F	2017F
Current Assets					
Cash and Cash Equivalents	7,936	10,060	7,973	12,392	15,917
Account Receivables	12,141	13,587	13,999	14,070	13,944
Inventories, Net	6,176	7,770	8,150	8,150	8,040
Other Current Assets	1,561	2,163	2,509	2,855	3,128
Total Current Assets	27,814	33,580	32,631	37,466	41,029
Fixed Assets	26,602	22,774	22,611	22,405	22,059
Goodwill	227	364	354	301	317
Other LT Assets	2,719	3,574	3,669	3,920	4,194
Total Assets	57,362	60,292	59,265	64,092	67,599
Current Liabilities					
ST Debt	1,641	1,279	557	578	605
Other Current Liabilities	12,920	15,019	12,201	12,349	11,719
Total Current Liabilities	14,561	16,298	12,758	12,927	12,324
LT Debt	3,289	2,109	1,611	1,656	1,187
Other LT Liabilities	3,864	3,309	2,685	3,144	3,562
Minority Interests	2,429	1,917	2,458	2,615	2,754
Shareholders' Equity	33,220	36,660	39,754	43,749	47,771
Total Equity & Liabilities	57,362	60,292	59,265	64,092	67,599

Source: Company, Danareksa Sekuritas

Exhibit 7. Cash Flow, Rpb

	2013	2014	2015F	2016F	2017F
Net Profit	4,834	5,370	5,753	6,037	6,535
Depreciation and amortization	3,705	2,953	4,662	5,207	5,846
Change in Working Capital	2,471	(1,606)	(3,731)	(268)	(668)
Others Non-Cash	141	2,307	(675)	354	271
Operating Cash Flow	11,150	9,024	6,010	11,330	11,984
Capex	(3,464)	(2,857)	(4,500)	(5,000)	(5,500)
Investment	32	(451)	17	(100)	(88)
Others Investing Activities	(65)	(2)	446	165	83
Investing Cash Flow	(3,498)	(3,310)	(4,037)	(4,935)	(5,505)
Net Change in Debt	(1,029)	(1,074)	(954)	32	(471)
New Capital	0	0	0	0	0
Dividend	(2,189)	(1,996)	(2,191)	(2,336)	(2,473)
Others Financing Activities	(494)	(520)	(915)	327	(9)
Financing Cash Flow	(3,712)	(3,589)	(4,060)	(1,977)	(2,954)
Net change in cash	3,941	2,124	(2,087)	4,418	3,525
Net cash (debt) at beg.	3,995	7,936	10,060	7,973	12,392
Net cash (debt) at end.	7,936	10,060	7,973	12,392	15,917

Source: Company, Danareksa Sekuritas

Exhibit 8. Key Ratios, Rpb

	2013	2014	2015F	2016F	2017F
Gross Margin, %	18.7	22.7	19.7	20.0	20.3
EBITDA Margin, %	20.5	22.2	22.7	23.6	24.5
Operating Margin, %	13.2	16.7	13.7	14.2	14.4
Net Margin, %	9.5	10.1	11.1	11.0	11.3
ROE, %	15.4	15.4	15.1	14.5	14.3
ROA, %	9.0	9.1	9.6	9.8	9.9
Net Gearing, %	(9.0)	(18.2)	(14.6)	(23.2)	(29.6)

Source: Company, Danareksa Sekuritas

8M15 RESULT

BBTN: 8M15 result (BBTN IJ. Rp 1,025. BUY. TP Rp 1,400)

- Interest income grew 15.2% YoY to IDR10.0 tn represent 69.9% of our FY15F on the back of its 19.5% YoY growth in loans.
- Meanwhile net interest income of IDR4.3 tn (+23.4% YoY) supported by a relatively manageable interest expenses of IDR5.6 tn as the blended CoF already fell to 6.4% from 6.7% in 8M15 and 8M14, respectively.
- With such operating expenses that grew only 11.2% YoY to IDR3.0 tn, resulting to PPOP of IDR2.0 tn.
- All in all, at the bottom line BBTN booked IDR1.1 tn of net profit, above our FY15F of IDR1.5 tn (74.2%).
- We still maintain our BUY call on BBTN with an unchanged TP of IDR1,400 implying PBV 1.1-1.0x for 2015-16F, respectively. BBTN currently trades at 0.8x PBV for 2015F.

	8M15	8M14	YoY	FY15F	A/F
Interest income	10,000	8,678	15.2	14,304	69.9
Interest expense	5,650	5,152	9.7	7,865	71.8
Net Interest Income	4,351	3,526	23.4	6,439	67.6
Other operating income	699	509	37.4	1,035	67.5
Operating expense	3,014	2,711	11.2	4,621	65.2
PPOP	2,036	1,325	53.7	2,853	71.4
Provisioning	467	484	(3.7)	775	60.2
PBT	1,584	834	89.9	2,078	76.2
Net Profit	1,117	607	83.9	1,506	74.2
NIM	4.5	4.0		4.7	
CoF	6.4	6.7		5.8	
CIR	59.7	67.2		61.8	

	Aug 15	Aug 14	YoY %
Assets	163,495	149,053	9.7
Loans	118,941	99,551	19.5
Sharia	10,267	9,007	14.0
CASA	55,559	47,106	17.9
deposits	113,702	98,061	16.0
securities issued	12,815	7,938	61.4
borrowings	6,033	6,536	(7.7)

Eka Savitri

ekas@danareksa.com

(62-21) 2955 5825

September 2015

BUSINESS SENTIMENT

No escape from currency headwinds

- **Business conditions are weakening dramatically. In our June - July survey, the Business Sentiment Index (BSI) tumbled a further 7.0 percent to 117.3, its lowest level since May 2009.**
- **CEOs claim that the deterioration in current conditions has been particularly pronounced. This index fell a further 7.8 percent to 101.3.**
- **Persistent rupiah depreciation is a major concern. More than half of all CEOs now foresee further rupiah depreciation going forward. China's woes couldn't have come at a worse time for Indonesia, especially with the Indonesian economy already slowing sharply amidst a collapse in commodity prices and the country's consequently much weaker trade performance.**
- **Pain is also being felt at the corporate level with sentiment toward profits and sales moving deeper into negative territory – an indication of contraction rather than expansion.**
- **Although the results of our survey show broad-based weakness, some solace can be gleaned from the finding that CEOs remain upbeat on Indonesia's economic outlook, albeit at a lower level than before. In our latest survey, the Expectations Index (EI) dropped 6.3 percent to a level of 133.2.**
- **Hopes of a near-term recovery may lie in government efforts aimed at restoring growth. In this regard, CEOs still have doubts, as reflected in the fourth straight decline in the index measuring sentiment toward the government's ability to expand the domestic marketplace. This index dipped a further 2.5 percent to 118.8.**
- **Business confidence in the government weakened slightly in our latest survey: the Business Confidence in the Government Index (BCGI) dropped 1.4 percent to 118.1. The sharp deterioration in this index since the end of last year suggests that the government has found it increasingly difficult to address the economic challenges facing the country.**

MARTIN JENKINS

Economist

(62-21) 29555777/ 88 ext 3609

martin@danareksa.com

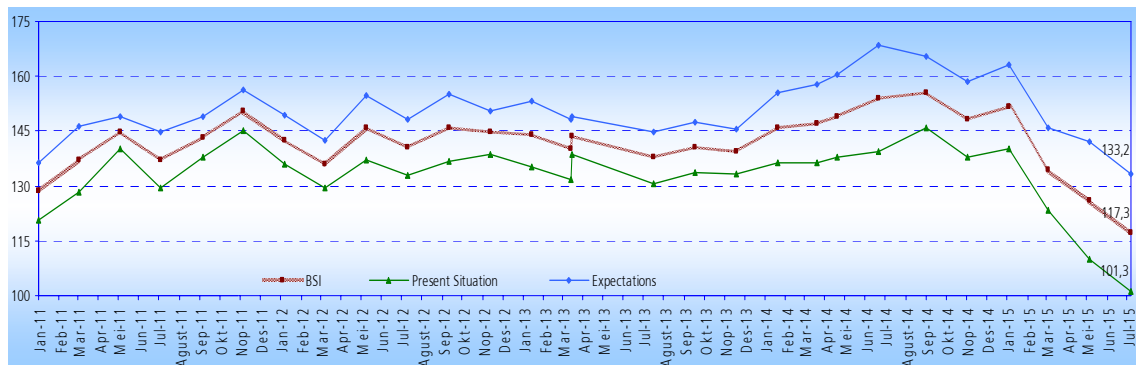
DAMHURI NASUTION

Head of Economic Research

(62-21) 29555777/ 88 ext 3602

damhuri@danareksa.com

Business sentiment fell further in the latest survey



Source: Danareksa Research Institute

Table 1. Appraisal of Present Situations

	Mar-15	May-15	Jul-15	%Change
Business Sentiment Index	134.6	126.1	117.3	(7.0)
Present Situation	123.4	109.9	101.3	(7.8)
Expectations	145.8	142.2	133.2	(6.3)

Source: Danareksa Research Institute

THE JUNE - JULY 2015 RESULTS:

There is little to cheer in our latest CEO survey, as business sentiment deteriorated further in the face of severe economic headwinds. Our Business Sentiment Index (BSI) now stands at 117.3. To illustrate how rapid the decline has been, it should be noted that the BSI was as high as 151.6 at the end of last year. So far in 2015, the BSI has recorded hefty declines in each of the three surveys undertaken – a clear depiction of dramatically weakening business conditions.

As highlighted in our previous report, CEO assessments of current conditions have shown a marked deterioration. And this was again the case in our latest survey with the Present Situations Index (PSI) tumbling a further 7.8 percent to 101.3 – a reading which is barely above the neutral level of 100 that separates optimism from pessimism. On the economy, more than half of the CEOs interviewed gave negative assessments – an unprecedented figure and far worse than at the beginning of the year when only around a quarter of CEOs claimed that the economy was in poor shape.

In our latest survey, CEOs were markedly more downbeat on the prospects for the rupiah, which, rather worryingly, has extended its declines following China’s shock move to devalue its currency. More than half of all CEOs now foresee further rupiah depreciation going forward. China’s woes couldn’t have come at a worse time for Indonesia, especially with the Indonesian economy already slowing sharply amidst a collapse in commodity prices and the country’s consequently much weaker trade performance. Pain is also being felt at the corporate level in Indonesia: the indices in our survey measuring sentiment toward profits and sales moved deeper into negative territory – an indication of contraction rather than expansion. Liquidity is tightening (this index dropped 3.3 percent to 90.0) and if the rupiah’s depreciation persists then the specter of corporate defaults may start to loom large – especially if the rupiah crumbles beyond the psychologically important Rp15,000/USD level.

Although the results of our survey show broad-based weakness, some solace can be gleaned from the finding that CEOs still remain upbeat on Indonesia’s economic outlook, albeit at a lower level than before. In our latest survey, the Expectations Index (EI) dropped 6.3 percent to a level of 133.2 – yet still well ensconced in positive territory, indicating greater optimism than pessimism. Whether business sentiment can stage a near-term recovery is likely to depend on an improvement in economic conditions, however, and in particular, government efforts aimed at accelerating growth. In this regard, CEOs still have doubts, as reflected in the fourth straight decline in the index measuring sentiment toward the government’s ability to expand the domestic marketplace: It dipped a further 2.5 percent to 118.8.

CEO ASSESSMENTS OF CURRENT BUSINESS CONDITIONS

According to the country’s CEOs, economic conditions remain weak. In our survey, more than half of the CEOs interviewed gave negative assessments – an unprecedented figure and far worse than at the beginning of the year when only around a quarter of CEOs claimed that the economy was in poor shape. Adverse external developments related to concerns over the health of the Chinese economy have added to Indonesia’s woes, pushing down the rupiah and hammering stock prices. Commodity prices have weakened further and non-performing loans in the banking system have edged higher. Against this backdrop, sentiment toward business conditions remains weak. In our survey, only 41.0 percent of CEOs reported solid business conditions. This compares unfavorably to the higher figure of 46.8 percent of CEOs who claimed that business conditions were still sound in our previous survey.

At the corporate level, CEOs claimed that performance continued to weaken. Most notably, the sales index fell a further 6.0 percent to 82.9, a reading which suggests that companies are struggling to make sales in an increasingly challenging marketplace despite making reductions to the selling prices of their products (this index slipped a further 5.8 percent to 112.8). On a more encouraging note, however, CEOs also claimed that cost pressures moderated slightly. Nonetheless, this was not enough to offset the sharp decline in revenues growth and, as a consequence, CEOs also claimed that profits growth was coming under increasing pressure. In our survey, the index measuring sentiment toward profits growth fell a disappointing 3.8 percent to 83.8.

Table 2. Appraisal of Present Situations

	Mar-15	May-15	Jul-15	% Change
Economic Conditions	68.6	67.0	54.9	(17.97)
Business Conditions	152.0	132.5	123.1	(7.1)
Company’s Conditions	149.6	130.3	125.9	(3.4)

Source: Danareksa Research Institute

Table 3. Current Company Financial and Utilization Performance

All Sectors	Mar-15	May-15	Jul-15	% Change
Capital Expenditure	111.3	110.7	94.3	(14.8)
Sales	99.2	88.2	82.9	(6.0)
Profits	97.6	87.1	83.8	(3.8)
Liquidity	103.2	93.1	90.0	(3.3)
Capacity/Equipment Utilization	101.6	101.1	100.3	(0.8)
Employment	106.6	106.9	101.1	(5.4)
Cost of Goods Sold	106.6	106.5	103.4	(2.9)
Operating cost	148.3	147.0	145.6	(1.0)
Interest expenses/cost	101.1	101.3	101.2	(0.1)
Foreign Exchange Loss	137.5	127.6	124.2	(2.7)
Average Price of Product/Service	129.6	119.8	112.8	(5.8)

Source: Danareksa Research Institute

CEO APPRAISALS OF NEAR-TERM BUSINESS CONDITIONS

In the face of severe economic headwinds, sentiment toward future economic conditions dropped 6.1 percent to a low of 106.0 reflecting heightened concerns on both the domestic economic outlook and the prospects for the global economy following a huge correction in stock prices in China. This suggests that CEOs in Indonesia do not expect the economy to recover any time soon.

Meanwhile, sentiment toward future business conditions also weakened. Of the CEOs polled, 57.3 percent of them expect business conditions to be “good” over the next six months (this compares to a reading of 65.5 percent in the previous survey). Continued uncertainty over the rupiah’s outlook is undermining confidence. Some large Indonesian corporates have already reportedly slashed their capex plans; local conglomerate PT Astra International Tbk, for example, has reduced its planned 2015 capex to Rp13 trillion from an initial plan of around Rp20 trillion. Overall, in our survey, the index measuring sentiment toward corporate capex plans dipped 1.2 percent to 127.6. With such an uncertain outlook, sales growth is expected to moderate – the index fell 4.8 percent to 140.7. And profits growth is also expected to ease – the index dipped 2.6 percent to 137.3.

Table 4. Expectations for the Six Months Ahead

	Mar-15	May-15	Jul-15	% Change
Economic Prospects	111.3	112.9	106.0	(6.1)
Business Prospects	166.5	158.6	146.4	(7.7)
Company’s Prospects	159.6	155.2	147.3	(5.1)

Source: Danareksa Research Institute

Table 5. Prospects for Company Financial and Utilization Performance

All Sectors	Mar-15	May-15	Jul-15	% Change
Capital Expenditure	131.7	129.2	127.6	(1.2)
Sales	138.3	147.9	140.7	(4.8)
Profits	136.9	141.0	137.3	(2.6)
Liquidity	130.9	135.2	133.9	(1.0)
Capacity/Equipment Utilization	104.0	104.9	104.3	(0.6)
Employment	116.4	118.9	114.5	(3.7)
Cost of Goods Sold	104.7	106.2	103.7	(2.4)
Operating cost	142.5	141.6	141.3	(0.2)
Interest expenses/cost	111.6	115.1	116.2	1.0
Foreign Exchange Loss	111.1	112.0	104.6	(6.7)
Average Price of Product/Service	135.6	138.1	135.0	(2.2)

Source: Danareksa Research Institute

Table 6. Expectation Index on Key Economic Indicators

Indicators	Mar-15	May-15	Jul-15	% Change
General Prices Expectation	137.5	129.8	134.8	3.8
Loan Rate Expectation	126.6	122.0	120.2	(1.5)
Exchange Rate Expectation	97.4	85.5	73.2	(14.4)
Stock Price Expectation	116.1	109.6	105.7	(3.5)

Source: Danareksa Research Institute

EXPECTATIONS ON KEY ECONOMIC INDICATORS

With the rupiah extending its declines following China’s shock move to devalue its currency, sentiment toward the beleaguered rupiah weakened further. This index now stands at a level of just 73.2, or down from 85.5 in the previous survey and also down from last year’s high in June-July of 138.6.

The rupiah’s woes are also contributing to higher inflationary pressures in the form of imported inflation, especially from imports of foods and processed food products. In our survey, 45.9 percent of CEOs said that they expected general prices to increase over the next six months (this compares to 40.8 percent of CEOs who said the same thing in the previous survey).

At the same time, CEOs were more hopeful that lending rates could be lowered over the next six months - this index dropped 1.5 percent to 120.2. However, given that the Fed is likely to start tightening before the year-end, in addition to the problems posed by the strong pressure on the rupiah, less room may be available for rate cuts. As for the outlook for Indonesian stocks, CEOs were again less upbeat (the index measuring sentiment toward stock prices dropped another 3.5 percent to 105.7 - its third straight decline), mirroring the slump in stock prices as concerns have mounted in relation to the slowing economy, fragile rupiah and contagion from the blowout in the Chinese stock market.

Table 7. Business Confidence in the Government Index

Indicators	Mar-15	May-15	Jul-15	% Change
Expand the Market Size	130.6	121.8	118.8	(2.5)
Create a Safe Environment	130.1	143.2	141.0	(1.5)
Stabilize prices	93.4	91.9	93.7	1.9
Provide Public Utilities	148.8	141.2	151.0	6.9
Enforce Law of Contracts	77.8	100.5	85.8	(14.6)
BCGI	116.2	119.7	118.1	(1.4)

Source: Danareksa Research Institute

SENTIMENT TOWARD THE GOVERNMENT

Business confidence in the government weakened slightly in our latest survey: the Business Confidence in the Government Index (BCGI) dropped 1.4 percent to 118.1. The sharp deterioration in this index since the end of last year suggests that the government has found it increasingly difficult to address the economic challenges facing the country. In particular, CEOs are less confident in the government’s ability to expand the domestic marketplace (this index retreated a further 2.5 percent to a level of 118.8). To address these concerns, President Jokowi has said his government will implement several reform packages, covering a range of issues with a focus on supporting the public sector and boosting domestic demand.

At the same time, CEOs were more confident in the government’s ability to stabilize prices: this index climbed 1.9 percent to 93.7. Meanwhile, optimism toward the ability of the government to improve public infrastructure rose an encouraging 6.9 percent to 151.0 as several government projects got off the ground - such as the Trans-Sumatra highway and the Jakarta LRT.

Finally, sentiment toward the government’s ability to enforce the law of contracts dropped 14.6 percent to 85.8 while the component measuring sentiment toward the government’s ability to create a safe and orderly environment dipped 1.5 percent to 141.0.

RESEARCH TEAM

Damhuri Nasution

Head of Economic Research
damhuri@danareksa.com

Asti Suwarni

Analyst
asti@danareksa.com

Darwin Sitorus

Economist / Database Officer
darwin@danareksa.com

Natalia Daisyana

Research Assistant
natalia@danareksa.com

Rika Pantjawati

Executive Secretary
rikap@danareksa.com

Kahlil Rowter

Chief Economist
kahlil.rowter@danareksa.com

Pramayanti Meitisari

Analyst
pramayanti@danareksa.com

Handri Thiono

Junior Economist
handrit@danareksa.com

Martin Jenkins

Editor
martin@danareksa.com

Danareksa Research Institute

Danareksa Building
Jl. Medan Merdeka Selatan 14
Jakarta, 10110
INDONESIA
Tel : (62-21) 29555777 / 888 (hunting)
Fax : (62 21) 3501709

All rights reserved. No part of this publication may be reproduced, stored in retrieval systems, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior written permission of Danareksa Research Institute.

DISCLAIMER

The information contained in this report has been taken from sources which we deem reliable. However, none of Danareksa Research Institute and/or its affiliated companies and/or their respective employees and/or agents makes any representation or warranty (express or implied) or accepts any responsibility or liability as to, or in relation to, the accuracy or completeness of the information and opinions contained in this report or as to any information contained in this report or any other such information or opinions remaining unchanged after the issue hereof. We have no responsibility to update this report in respect of events and circumstances occurring after the date of this report. We expressly disclaim any responsibility or liability (express or implied) of Danareksa Research Institute and/or its affiliated companies and/or their respective employees and/or agents whatsoever and howsoever arising (including, without limitation for any claims, proceedings, actions, suits, losses, expenses, damages or costs) which may be brought against or suffered by any person as a result of acting in reliance upon the whole or any part of the contents of this report and neither Danareksa Research Institute and/or its affiliated companies and/or their respective employees and/or agents accepts liability for any errors, omissions or mis-statements, negligent or otherwise, in this report and any liability in respect of this report or any inaccuracy herein or omission herefrom which might otherwise arise is hereby expressly disclaimed. Accordingly, none of Danareksa Research Institute and/or its affiliated companies and/or their respective employees and/or agents shall be liable for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any statement or omission in any information contained in this report. This report is prepared for general circulation. It does not have regard to the specific person who may receive this report.

MARKET NEWS

Bank Jateng Targeting IPO on 2018 (ID)

Development Bank of Central Java (Bank Jateng) plans to conduct an IPO in 2018 to improve capital and for business development. Currently core capital (tier 1) position of Bank Jateng reached IDR 2.71tn which makes it categorized as Commercial Bank Business Group (BUKU) II and they currently aiming to enter BUKU III. FY2015, Bank Jateng plans to perform the issuance of senior and subordinated bonds which will be split into two publications; worth IDR 350bn and IDR150bn to increase capital requirements before the end of 2015.

Govt lowers growth target amid bleak outlook (TJP)

Government and House of Rep have reached an agreement to revise country's 2016 economic growth target to a more realistic level amid gloomy prospects in global economy. According to Bambang Brodjonegoro, the revised growth target would be more realistic considering changing on Indonesian economy triggered by weakening global economy, Fed plan on policy rate hike, and yuan devaluation.

Macroeconomic assumption

	Draft 2016 state budget	Agreement at Commission XI
Growth (% , yoy)	5.5	5.3
Inflation (% , yoy)	4.7	4.7
Rupiah (per USD)	13,400	13,900
3 months treasury bills (%)	5.5	5.5
Budget Deficit (%)	2.1	2.1

Development target

	Draft 2016 state budget	Agreement at Commission XI
Unemployment rate (%)	5.2 - 5.5	5.2 - 5.5
Poverty rate (%)	9 - 10	9 - 10
Gini ratio (index)	0.39	0.39
House development index	70.1	70.1

HRUM to Maintain Overseas Focus (TJP)

Harum Energy (HRUM) says it will continue to focus on selling coal abroad, with weak domestic demand and many uncertainties from electricity related projects. According to Ray Gunara, HRUM's President Director, current domestic coal consumption is 15-20% lower than this year's DMO, which stands at about 90mn tons, thus making domestic market highly unattractive.

HRUM eyes acquisition of US\$390 million (ID)

Harum Energy (HRUM) plans to acquire coal company with funding of US \$ 390 million from internal cash of US \$ 190 million and a stand-by loan of US \$ 200 million. Currently, company is evaluating the available acquisition option. In addition to acquisitions, the company also plans to develop a power plant business through a joint venture. Currently, the production of PT Santan Batubara is temporary suspended, therefore entire coal production of company is derived from PT Mahakam Sumber Jaya.

IDX May Push Back Free Float Deadline (TJP)

Indonesia Stock Exchange (IDX) is considering pushing back a January deadline for listed companies to meet a requirement for having a minimum free float of 7.5% due to market volatility, although the IDX has yet to make any decision regarding the deadline.

JSMR interested in working on outside Java toll project (ID)

Jasa Marga (JMSR) is preparing to participate in tender of Manado-Bitung along the 39km and Balikpapan-Samarinda toll road projects along 110km. JSMR is aiming for 50% ownership at the minimum for both toll roads. Currently, the company is assessing investment needs and discussing with local authorities for toll roads development.

MAIN obtained a loan of US\$ 20 million (ID)

Malindo Feedmill (MAIN) obtained a loan of US\$ 20 million from PT Bank UOB Indonesia, which will be allocated for working capital. Despite debt is denominated in US\$, the company can drawdown in USD or Rupiah, therefore effect of exchange rate fluctuations will not significant. Lending rates is ranging between 1.55-2.8% for USD and 10.08-10.33% for Rupiah. With loan tenor of 1 year, this loan will mature on August 20, 2016.

MIKA to Splash Out on New Hospital (TJP)

Mitra Keluarga Karyasehat (MIKA) is looking to spend more that Rp1tn on the construction of 6 new hospitals, with land procurement underway, and construction phase to begin between next year and 2019. Funding for the hospitals are expected to suffice from IPO proceeds and generated income in the coming years.

MIKA to Stock Split 1:10 (ID)

Mitra Keluarga (MIKA) got an approval at the EGM to conduct a stock split at a 1:10 ratio to improve liquidity. After the stock split, the nominal shares, which initially at IDR 100 per share will be IDR 10 per share and number of shares issued and fully paid will be 14,550,736,000 shares. As of 1H15, MIKA has absorbed capex of IDR 120bn from the budgeted IDR 284bn which used for the construction of Kalideres hospital and land acquisition.

WTON capex absorption reached Rp440 billion by end of the year (ID)

Wijaya Karya Beton (WTON) predicts uptake by the end of this year's capex reached 80% of the target, equivalent to Rp440 billion from the previous target of 550 billion. As of August 2015, absorption of capex reached Rp326 billion. This is caused by the lackluster demand. Company also revise down the targeted new contract this year to Rp3.2 trillion, down 20% from Rp 4 trillion. Up tp 8M15, WTON bagged new contracts amounting to Rp1.8 trillion.



Equity Valuation

	Rating	Price (Rp)	Price Target	Mkt Cap Rp Bn	Net profit, Rp bn		EPS (Rp)		Core EPS (Rp)		EPS Growth		PER (x)		EV / EBITDA (x)		PBV (x)		Net Gearing	ROE	
					2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	
Danareksa Universe				2,417,331	189,323	210,742	298.4	332.1			5%	11%	12.8	11.5	10.7	9.8	2.2	1.9		18.1	
Auto				233,321	24,706	29,222	452.6	535.3			15%	18%	9.4	8.0	7.9	6.9	1.6	1.4		18.6	
Astra International	HOLD	5,500	8,300	222,660	23,976	28,096	592	694	497	567	16%	17%	9.3	7.9	8.1	6.9	1.7	1.4	33.5	19.1	
Gajah Tunggal	BUY	630	1,500	2,195	266	633	76	182	140	127	-1%	138%	8.2	3.5	4.4	4.3	0.4	0.3	95.0	4.4	
Selamat Pempurna	BUY	4,350	5,300	6,263	465	493	323	342	332	352	19%	6%	13.5	12.7	8.2	7.5	4.4	3.6		net cash 36.0	
Banks				805,592	75,351	81,638	699.5	757.8			1%	8%	10.7	9.9	1.9	1.7	1.9	1.7		19.4	
BCA	HOLD	11,875	13,500	292,778	19,966	21,921	725	800	725	800	8%	10%	16.4	14.8	NA	NA	3.2	2.7	NA	23.8	
BNI	BUY	4,280	5,850	79,816	7,506	8,596	402	461	402	461	-30%	15%	10.6	9.3	NA	NA	1.2	1.1	NA	12.1	
BRI	BUY	8,800	13,400	217,089	24,352	25,863	987	1,048	987	1,048	0%	6%	8.9	8.4	NA	NA	1.9	1.6	NA	23.0	
Bank Tabungan Negara	BUY	1,025	1,400	10,847	1,357	1,609	129	153	129	153	22%	19%	7.9	6.7	NA	NA	0.8	0.7	NA	10.6	
Bank Mandiri	BUY	8,050	11,450	187,833	20,144	21,413	863	918	863	918	1%	6%	9.3	8.8	NA	NA	1.6	1.4	NA	18.2	
Bank Tabungan Pensiunan	BUY	2,950	4,500	17,229	2,026	2,237	347	383	347	383	8%	10%	8.5	7.7	NA	NA	1.2	1.1	NA	15.8	
Cement				127,404	12,525	15,375	725	890			7%	23%	10.2	8.3	6.1	5.3	1.9	1.7		20.0	
Holcim	HOLD	1,005	2,300	7,701	923	1,213	120	158	118	152	12%	31%	8.3	6.3	4.9	3.7	0.7	0.7	30.0	9.1	
Indocement	BUY	17,250	28,300	63,501	5,741	6,595	1,559	1,792	1,555	1,788	8%	15%	11.1	9.6	6.1	5.0	2.2	2.0		net cash 21.2	
Semen Indonesia	BUY	9,475	14,500	56,201	5,561	7,567	908	1,276	988	1,276	5%	29%	9.6	7.4	6.3	5.9	2.1	1.8		12.3 23.2	
Construction				100,073	4,317	5,350	103	128			17%	24%	23.2	18.7	11.0	9.5	2.9	2.6		14.4	
Jasa Marga	BUY	5,050	8,000	34,340	4,317	1,779	480	614	513	657	19%	28%	10.5	8.2	12.0	10.7	2.8	2.5	95.8	12.9	
Wijaya Karya	HOLD	2,625	2,500	16,142	1,573	638	93	104	98	109	-7%	11%	28.2	25.3	11.6	9.7	2.9	2.9		10.8	
Pembangunan Perumahan	BUY	3,400	4,600	16,464	694	856	143	177	150	185	30%	23%	23.7	19.2	9.6	8.1	5.5	4.5		39.2 25.8	
Adhi Karya	BUY	2,120	3,700	3,819	399	531	221	295	244	322	23%	33%	9.6	7.2	5.3	4.6	1.8	1.5		66.6 20.8	
Waskita Karya	BUY	1,595	2,000	21,640	725	1,054	53	78	53	78	4%	46%	29.9	20.5	14.3	12.0	2.5	2.2		net cash 12.5	
Wika Beton	HOLD	880	1,350	7,670	396	491	45	56	46	57	32%	24%	19.4	15.6	9.9	7.9	3.1	2.6		net cash 17.1	
Consumer				404,944	13,419	14,186	488	516			7%	6%	30.2	28.5	17.8	16.9	7.1	6.0		25.9	
Indofood CBP	BUY	11,750	13,800	68,514	3,033	3,308	520	567	520	567	16%	9%	22.6	20.7	15.5	14.6	4.3	3.9		net cash 20.3	
Indofood	BUY	5,175	7,100	45,439	3,704	4,059	422	462	563	610	-5%	10%	12.3	11.2	5.7	5.5	1.6	1.5		19.5 13.8	
Unilever	SELL	36,950	30,475	281,929	5,889	6,234	772	817	772	817	3%	6%	47.9	45.2	32.9	31.3	27.6	17.2		net cash 80.4	
Nippon Indosari Corpindo	BUY	1,135	1,680	5,745	266	309	53	61	53	61	41%	16%	21.6	18.6	12.4	10.0	4.8	4.0		59.5 24.7	
Mandom	BUY	16,500	21,170	3,318	526	276	2,618	1,375	279	1,373	202%	-47%	6.3	12.0	7.0	6.1	2.0	1.9		net cash 35.7	
Healthcare				128,807	3,219	3,609	595	703			20%	18%	40.0	35.7	25.4	21.7	7.3	6.5		19.9	
Kalbe Farma	BUY	1,440	1,925	67,500	2,219	2,375	47	51	47	52			30.4	28.4	19.8	17.4	6.4	5.7		net cash 22.2	
Kimia Farma	BUY	655	1,500	3,638	258	313	47	56	41	50			19%	13.9	11.7	9.5	7.6	1.8	1.6		2.2 13.5
Sileam Hospital	HOLD	13,100	16,900	15,145	153	245	96	132	99	137	77%	38%	136.7	99.0	25.1	20.0	6.6	7.9		35.5 8.9	
Mitra Keluarga	BUY	29,225	29,950	43,525	689	676	405	464	397	454	14%	15%	72.2	62.9	65.7	55.8	12.8	11.5		net cash 23.9	
Heavy Equipment				70,122	5,973	6,297	1,307	1,378			7%	5%	11.7	11.1	5.3	4.4	1.6	1.5		14.6	
Hexindo Adiperkasa	HOLD	1,660	3,650	1,394	220	260	262	309	238	273	13%	18%	6.3	5.4	2.8	2.0	0.5	0.5		net cash 8.0	
United Tractors	HOLD	18,425	19,800	68,728	5,753	6,037	1,542	1,619	1,542	1,619	7%	5%	11.9	11.4	5.4	4.5	1.7	1.6		net cash 15.1	
Mining				72,561	7,134	8,305	110	128			-19%	16%	10.2	8.7	4.2	3.7	0.7	0.7		7.3	
Adaro Energy	BUY	580	1,150	18,552	2,095	2,202	66	69	66	69	2%	5%	8.9	8.4	3.5	3.1	0.5	0.5		33.0 6.2	
Timah	BUY	620	850	4,618	157	237	21	32	21	32	-75%	51%	29.4	19.5	7.0	6.5	0.9	0.8		24.9 2.9	
Vale Indonesia	BUY	1,870	3,700	18,581	1,386	1,790	140	180	140	180	-36%	29%	13.4	10.4	4.4	3.7	0.8	0.8		net cash 6.2	
Aneka Tambang	HOLD	510	1,100	4,865	194	400	20	42	20	42	-148%	106%	25.0	12.2	11.9	9.0	0.4	0.4		62.8 1.6	
Bukit Asam	BUY	5,575	8,400	12,846	1,560	1,674	718	770	718	770	-23%	7%	7.8	7.2	5.5	5.0	1.4	1.2		net cash 17.4	
Indo Tambangraya Megah	HOLD	9,500	10,600	10,734	1,622	1,800	1,435	1,593	1,435	1,593	11%	6%	6.0	2.2	2.0	0.9	0.9	0.9		net cash 15.2	
Harum Energy	HOLD	875	1,750	2,366	119	202	44	75	44	75	-53%	69%	19.9	11.7	0.3	0.6	0.6	0.6		net cash 3.1	
Plantation				46,381	5,510	5,938	211	227			11%	8%	8.4	7.8	4.7	4.1	1.2	1.1		14.9	
Astra Agro Lestari	BUY	17,925	27,100	28,227	2,770	2,832	1,759	1,798	1,759	1,798	4%	2%	10.2	10.0	6.1	5.6	2.4	2.2		net cash 24.5	
Sampoerna Agro	BUY	1,225	2,600	464	550	245	291	253	299	299	18%	19%	5.0	4.2	3.6	3.1	0.7	0.6		31.8 14.5	
PP London Sumatra	HOLD	1,320	2,090	9,006	1,055	1,133	155	166	155	166	8%	7%	8.5	7.9	4.1	3.4	1.1	1.0		net cash 13.9	
Salm Ivomas Pratama	BUY	432	850	6,833	1,221	1,423	77	90	87	98	33%	17%	5.8	4.8	3.4	3.0	0.4	0.4		37.6 8.2	
Property				84,101	8,896	10,205	87	99			-10%	9%	9.5	8.2	8.5	7.4	1.7	1.5		18.8	
Alam Sutera	BUY	337	700	6,622	1,254	1,516	64	77	73	85	15%	21%	5.3	4.4	6.2	5.2	0.9	0.8		75.3 18.9	
Bumi Serpong Damai	BUY	1,420	2,100	27,330	2,369	2,617	135	150	140	156	-36%	10%	10.5	9.5	9.1	8.0	1.8	1.6		net cash 16.6	
Metropolitan Land	BUY	238	620	1,822	290	322	38	43	38	43	14%	11%	6.2	5.6	4.8	4.4	0.8	0.7		27.7 14.2	
Surya Semesta Internusa	HOLD	650	1,040	3,058	464	415	99	88	103	93	32%	-11%	6.6	7.4	2.7	2.6	1.0	0.9		net cash 16.9	
Lippo Karawaci	BUY	1,125	1,200	25,962	1,565	1,763	72	82	58	64	-38%	13%	15.5	13.8	11.8	10.1	1.6	1.5		27.3 10.1	
PP Properti	BUY	142	242	1,994	1,626	1,963	21	26	22	28	28	172%	27%	6.9	5.5	4.9	4.8	0.9</			

COVERAGE PERFORMANCE

LEADERS

	Code	Price as on		Chg, %	w-w, %	m-m, %	YTD, %	Rating
		23-Sep-2015	22-Sep-2015					
Aneka Tambang	ANTM	510	478	6.7	6.9	1.0	(52.1)	HOLD
Vale Indonesia	INCO	1,870	1,760	6.3	22.2	28.1	(48.4)	BUY
PP London Sumatra	LSIP	1,320	1,260	4.8	8.6	32.7	(30.2)	HOLD
Mandom	TCID	16,500	16,000	3.1	(2.9)	(8.3)	(5.8)	BUY
Hexindo Adiperkasa	HEXA	1,660	1,620	2.5	9.2	10.3	(52.6)	HOLD
United Tractors	UNTR	18,425	18,275	0.8	(2.3)	(0.9)	6.2	HOLD
Timah	TINS	620	615	0.8	2.5	9.7	(49.6)	BUY
Astra Agro Lestari	AALI	17,925	17,900	0.1	(1.2)	8.3	(26.1)	BUY
Bank Tabungan Pensiunan Nasional	BTPN	2,950	2,950	-	(0.2)	(7.1)	(25.3)	BUY
Semen Indonesia	SMGR	9,475	9,475	-	(2.3)	18.8	(41.5)	BUY

Sources: Bloomberg

LAGGARDS

	Code	Price as on		Chg, %	w-w, %	m-m, %	YTD, %	Rating
		22-Sep-2015	21-Sep-2015					
Bank Mandiri	BMRI	8,050	8,600	(6.4)	(6.9)	(5.3)	(25.3)	BUY
Bank Rakyat Indonesia	BBRI	8,800	9,350	(5.9)	(8.3)	(7.4)	(24.5)	BUY
Kalbe Farma	KLBF	1,440	1,520	(5.3)	(4.6)	(4.6)	(21.3)	BUY
Astra International	ASII	5,500	5,800	(5.2)	(6.8)	(9.1)	(25.9)	HOLD
Siloam Hospital	SILO	13,100	13,800	(5.1)	(3.7)	(11.3)	(4.4)	HOLD
Mitra Adi Perkasa	MAPI	2,885	3,010	(4.2)	(5.6)	(29.6)	(43.2)	BUY
Indofood CBP	ICBP	11,750	12,250	(4.1)	(5.8)	(5.6)	(10.3)	BUY
Bumi Serpong Damai	BSDE	1,420	1,480	(4.1)	-	(7.8)	(21.3)	BUY
Summarecon	SMRA	1,200	1,250	(4.0)	(3.6)	(24.5)	(21.1)	BUY
Surya Semesta Internusa	SSIA	650	675	(3.7)	(9.1)	2.4	(39.3)	HOLD

Sources: Bloomberg

Disclaimer

The information contained in this report has been taken from sources which we deem reliable. However, none of P.T. Danareksa Sekuritas and/or its affiliated companies and/or their respective employees and/or agents makes any representation or warranty (express or implied) or accepts any responsibility or liability as to, or in relation to, the accuracy or completeness of the information and opinions contained in this report or as to any information contained in this report or any other such information or opinions remaining unchanged after the issue thereof.

We expressly disclaim any responsibility or liability (express or implied) of P.T. Danareksa Sekuritas, its affiliated companies and their respective employees and agents whatsoever and howsoever arising (including, without limitation for any claims, proceedings, action, suits, losses, expenses, damages or costs) which may be brought against or suffered by any person as a result of acting in reliance upon the whole or any part of the contents of this report and neither P.T. Danareksa Sekuritas, its affiliated companies or their respective employees or agents accepts liability for any errors, omissions or misstatements, negligent or otherwise, in the report and any liability in respect of the report or any inaccuracy therein or omission therefrom which might otherwise arise is hereby expressly disclaimed.

The information contained in this report is not to be taken as any recommendation made by P.T. Danareksa Sekuritas or any other person to enter into any agreement with regard to any investment mentioned in this document. This report is prepared for general circulation. It does not have regard to the specific person who may receive this report. In considering any investments you should make your own independent assessment and seek your own professional financial and legal advice.