

MORNING HIGHLIGHT

FROM EQUITY RESEARCH

MAPI: Profits recovery on the cards

(MAPI IJ. Rp 3,050. BUY. TP Rp 4,650)

We have adjusted our numbers following the disappointing 1H15 result, taking into account the possibility of lower topline growth. On a positive note, an improvement in margins is on the cards after the normalization of inventory turnover. We believe the management will be consistent with its transformational agenda in 2014-2016 to improve the overall business performance. The expectation of stronger IDR and modest improvement in the overall Indonesia macroeconomic starting 4Q15 will be the major upside catalyst for the stocks. By rolling over our valuation to 2016, we maintain our BUY recommendation on MAPI with a Target Price of Rp4,650.

Previous Reports:

- **BBTN: Still a leader in mortgage segment-[Snapshot20151005](#)**
- **ADRO: Expect to maintain cash cost on low crude oil prices-[Snapshot20151002](#)**
- **8M15 result: Bank Central Asia, Bank Rakyat Indonesia-[Snapshot20151001](#)**
- **UNVR: Still excessive-[Snapshot20150930](#)**
- **KAEF: Weathering challenging environment-[Snapshot20150929](#)**
- **BMRI: 8M15 Result-[Snapshot20150928](#)**
- **UNTR: A recovery month, but still weak on cumulative basis-[Snapshot20150925](#)**

MARKET NEWS

*Analysts' comment inside

- 4W Sales Hit 90k Units and More in September (TJP)
- 23 SOEs Obtained Additional Capital Amounting to Rp34.32tn (BI/ID)
- 2016, Banks may still not subjected to add countercyclical buffer (ID)
- ANTM added loans from CBD to US\$1.5bn (ID)
- ICBP estimates revenue growth of 5-10% (ID)
- IMF trim global economic growth forecast (ID)
- Japfa get 1.9mn contract clause (BI)
- LPS rate down by 25 bps (BI)
- WIKA set up Joint Venture for HSR Project (Company)

IDX ANNOUNCEMENT

Buyback schedule

| Code | Buyback period | Max buyback (Rp bn) | Max price/share (Rp) |
|------|----------------|------------------------|-------------------------|
| MPMX | 24-Aug 23-Nov | 50 | 1,000 |
| RALS | 25-Aug 24-Nov | 400 | -- |
| ARNA | 25-Aug 25-Nov | 18 | -- |

Source: KSEI

Key Index

| | Close | Chg (%) | Ytd (%) | Vol (US\$ m) |
|------------------|--------|------------|------------|-----------------|
| Asean - 5 | | | | |
| Indonesia | 4,446 | 2.4 | (14.9) | 430 |
| Thailand | 1,371 | 0.6 | (8.5) | 1,047 |
| Philippines | 7,055 | 1.3 | (2.4) | 260 |
| Malaysia | 1,663 | 0.9 | (5.6) | 426 |
| Singapore | 2,897 | 1.6 | (13.9) | 867 |
| Regional | | | | |
| China | 3,053 | 0.5 | (5.6) | 39,581 |
| Hong Kong | 21,832 | (0.1) | (7.5) | 10,221 |
| Japan | 18,186 | 1.0 | 4.2 | 12,587 |
| Korea | 1,991 | 0.6 | 3.9 | 3,988 |
| Taiwan | 8,394 | 0.5 | (9.8) | 3,034 |
| India | 26,933 | 0.6 | (2.1) | 513 |
| NASDAQ | 4,748 | (0.7) | 0.3 | 81,265 |
| Dow Jones | 16,790 | 0.1 | (5.8) | 8,890 |

Currency and Interest Rate

| | Rate | w-w (%) | m-m (%) | ytd (%) |
|-------------------|--------|------------|------------|------------|
| Rupiah Rp/1US\$ | 14,241 | 3.1 | 0.2 | (15.0) |
| SBI rate % | 6.75 | 0.1 | 0.1 | (0.5) |
| 10y Gov Indo bond | 8.80 | (1.0) | (0.1) | 1.0 |

Hard Commodities

| | Unit | Price | d-d (%) | m-m (%) | ytd (%) |
|--------|-------------|--------|------------|------------|------------|
| Coal | US\$/ton | 54 | (0.4) | (9.1) | (13.9) |
| Gold | US\$/toz | 1,147 | (0.0) | 2.5 | (3.2) |
| Nickel | US\$/mt.ton | 9,918 | 0.1 | (0.1) | (34.2) |
| Tin | US\$/mt.ton | 15,945 | 1.2 | 4.8 | (18.0) |

Soft Commodities

| | Unit | Price | d-d (%) | m-m (%) | ytd (%) |
|-----------|--------------|-------|------------|------------|------------|
| Cocoa | US\$/mt.ton | 3,150 | (0.1) | (1.7) | 6.0 |
| Corn | US\$/mt.ton | 147 | 1.8 | 13.0 | 2.9 |
| Crude Oil | US\$/barrel | 52 | 5.4 | 4.7 | (9.4) |
| Palm oil | MYR/mt.ton | 2,310 | 0.3 | 19.9 | 0.5 |
| Rubber | US\$/kg | 125 | 0.7 | 2.9 | (17.6) |
| Pulp | US\$/tonne | 830 | N/A | (1.5) | (10.9) |
| Coffee | US\$/60kgbag | 90 | (0.2) | 5.8 | 31.3 |
| Sugar | US\$/MT | 386 | (0.2) | 11.1 | (1.4) |
| Wheat | US\$/ton | 143 | 2.1 | 12.5 | (14.4) |

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

Adriana Indrajatri Suwono

adriana.suwono@danareksa.com
(62-21) 2955 5616
Strategy

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) 2955 5824
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

Martin Joshua

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

Laksmi Armandani

laksmitaa@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

RETAIL/COMPANY UPDATE

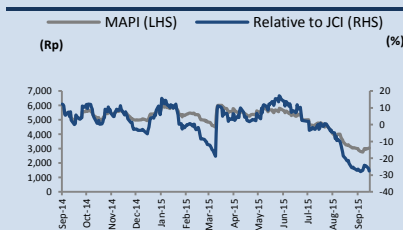
BUY

| | |
|--------------------------|--------------|
| Target Price, Rp | 4,650 |
| Upside | 52.5% |
| RALS IJ/RALS.JK | |
| Last Price, Rp | 3,050 |
| No. of shares (mn) | 1.7 |
| Market Cap, Rp bn | 5,063 |
| (US\$ mn) | 356 |
| 3M T/O, US\$mn | 0.32 |

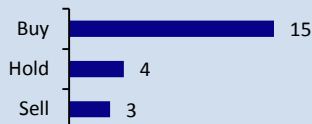
Last Recommendation

| | | |
|-----------|-----|---------|
| 03-Aug-15 | BUY | Rp6,525 |
| 8-Jun-15 | BUY | Rp6,525 |
| 4-May-15 | BUY | Rp6,250 |

Company relative to JCI Index



Market Recommendation



Consensus

| | Our | Cons | % Diff |
|-------------------|-------|-------|--------|
| Target Price, IDR | 4,650 | 5,167 | (10.0) |
| EPS 2015F, IDR | 107 | 141 | (24.1) |
| PE 2015F, x | 28.5 | 22.6 | 31.8 |

Mitra Adiperkasa

Profits recovery on the cards

We have adjusted our numbers following the disappointing 1H15 result, taking into account the possibility of lower topline growth. On a positive note, an improvement in margins is on the cards after the normalization of inventory turnover. We believe the management will be consistent with its transformational agenda in 2014-2016 to improve the overall business performance. The expectation of stronger IDR and modest improvement in the overall Indonesia macroeconomic starting 4Q15 will be the major upside catalyst for the stocks. By rolling over our valuation to 2016, we maintain our BUY recommendation on MAPI with a Target Price of Rp4,650.

Still on the top of the league

The recent consumer survey from Danareksa Research Institute (DRI) showed a slumped in Consumer Confidence Index (CCI) to its two-year low of 85.0 in September, and this current economic slowdown has affected all retailers, MAPI not exempted, as shown by its lower performance in 1H15. While declining, MAPI's performance was still above other retailers under our coverage with average sales growth of 1.1% (MAPI posted 10.9% sales growth). We are in the opinion that this was due to (1) MAPI strong market positioning in the high end segment, (2) strong market penetration with 1,868 retail outlets in total. We still expect MAPI to be able to book 8.0% sales growth in FY15F.

On track to record better margins

We believe that the management's efforts to sacrifice profitability in return for a lower inventory turnover level have been a success. In 1H15, MAPI's inventory level returned to 158 days - or within the range that the management is comfortable with (155-160 days of inventory). This should bode well for better gross margins in the following quarters. However, given the low gross margin of 44.4% in 1H15, we only expect the FY15 gross margin to improve to 46.0%. This is pretty flat compared to FY14's level.

Lower net gearing

Following the strategic partnership with CVC announced in March 2015, MAPI has received Rp1.5 tn cash from the bonds issuance in June 2015. The cash will be used to retire part of its debt. By taking this transaction into our calculation, we expect net gearing to fall to 72.4% in FY15 from 114.7% in FY14. At the same time, the proceeds from interest bond issuance will help improve MAPI's liquidity and reduce interest burden hence, improving its profitability. We forecast the net margin will improve to 1.0% in FY15F.



Anindya Saraswati
 (62-21) 2955 5820
 anindyas@danareksa.com

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

| | 2013 | 2014 | 2015F | 2016F | 2017F |
|--------------------|-------|--------|--------|--------|--------|
| Revenue, Rp bn | 9,734 | 11,822 | 12,763 | 14,474 | 16,007 |
| EBITDA, Rp bn | 1,207 | 1,078 | 1,160 | 1,341 | 1,534 |
| EBITDA growth, % | 9.0 | (10.7) | 7.7 | 15.6 | 14.4 |
| Net profit, Rp bn | 328 | 74 | 161 | 275 | 438 |
| Core profit, Rp bn | 350 | 57 | 178 | 291 | 451 |
| Core EPS, Rp | 211 | 34 | 107 | 175 | 272 |
| Core EPS growth, % | (20) | (84) | 214 | 63 | 55 |
| Net gearing, % | 99.2 | 114.7 | 72.4 | 67.4 | 54.3 |
| Core PER, x | 14.5 | 89.1 | 28.4 | 17.4 | 11.2 |
| PBV, x | 2.1 | 2.0 | 1.6 | 1.5 | 1.4 |
| EV/EBITDA, x | 6.2 | 7.4 | 6.4 | 5.5 | 4.6 |
| Yield, % | 1.4 | 0.7 | 0.2 | 0.5 | 0.9 |

Still top of the league

The current economic slowdown which has translated into weaker customer purchasing power is the biggest challenge for all retailers including MAPI. The recent consumer survey from Danareksa Research Institute (DRI) showed a slumped in Consumer Confidence Index (CCI). After increasing 1.0% in August, CCI weakened to its two-year low of 85.0 in September (compare to 93.2 in August). In particular, consumers remain concerned by higher prices, which surely put more pressure to the overall retail sector.

Exhibit 1. Consumer confidence index



Source: DRI

The lower purchasing power will negatively affect MAPI's sales growth. Moreover, the IDR depreciation will push MAPI to increase ASP in order to maintain margins, since 60% of its COGS are in USD. Despite the difficult condition, MAPI still fared relatively better than its peers. In 1H15, MAPI booked 10.9% net sales growth, which was better compare to other retailers under our coverage (average sales growth of 1.1% in 1H15). The relatively better topline growth in 1H15 was actually supported by the discounts offered by MAPI to customers in an effort to bring down its inventory level. We forecast sales to increase by 8% yoy (vs. 10.8% -26.3% in previous quarters since 2014) to Rp12,7 tn, taking into account normalize inventory level.

Exhibit 2. Competition landscape

| Category | MAP number of stores | Direct Competitors (number of stores) |
|------------------|----------------------|---|
| Department store | 24 | Central (1), Lotte (1), Metro (9), Parkson (2), Pasaraya (2) |
| Active | 808 | League (42), Sportindo (6) |
| Fashion | 43 | <p>PT Gilang Agung Perkasa: GAP (5), Guess (21), Banana Republic (3), La Senza (13), Celine (2), Givenchy (1)</p> <p>PT Transfashion Indonesia: Aigner (11), Emporio Armani (1), Furla (4), Giorgio Armani (1), Hugo Boss (11), Jimmy Choo (2), Red Valentino (3), Salvatore Ferragamo (3), Tod's (4), Tommy Hilfiger (7), Valentino (2), Versace Collections (2), Versace Jeans (3), Versus (1), Armani Jeans (7), Canali (1), Francesco Biasia (2), Brioni (1)</p> <p>PT Hindo Indonesia: H&M (8)</p> <p>PT Fast Retailing Indonesia: Uniqlo (8)</p> <p>PT Gagan Indonesia: Bebe (9), Quicksilver (21), Promod (12), Evita Peroni (4), Ted Baker (3)</p> |
| Kids/Toys | 79 | Toys Kingdom (16), Toys City (9), Early Child Learning (14) |
| Coffee Café | 211 | J.Co (150), Excelso (119), Coffee Bean (47), Djournal (3), Anomali Coffee (6), Liberica Coffee (9), Old Town Coffee (20) |
| Pizza | 11 | Pizza Hut & Pizza Hut Delivery (302) |

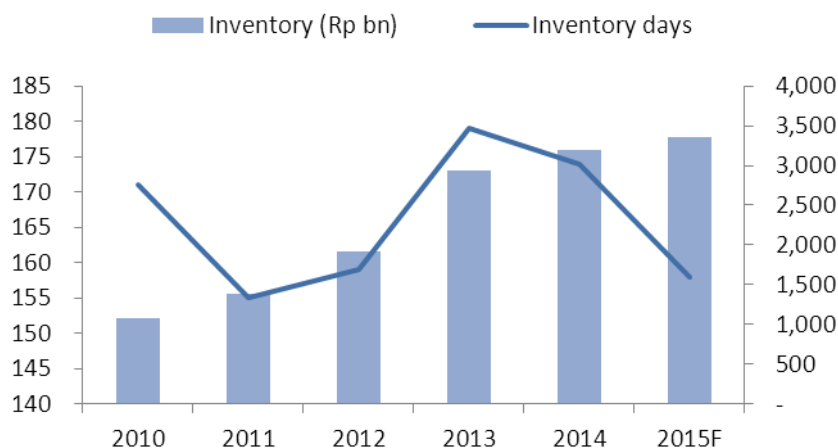
Source: Company

To some extent, MAPI's better performance was also due to its middle-up customers which are less sensitive to the price changes. Another thing is MAPI's solid positioning and its strong penetration in each business segment. As of July 2015, MAPI has in total 1,868 retail outlets, which consists of 58 department stores, 1,546 speciality stores, 261 F&B stores, and 3 others.

On track to record better margins

High inventory level had been the major hurdle for MAPI since 2013, which has translated into lower profitability margins. MAPI's decision to offer huge discount (at the expense of profitability margins) has proven to be successful to keep its inventory level in tact with the management target at 155-160 days. Thus, we forecast margins will improve in the following quarters.

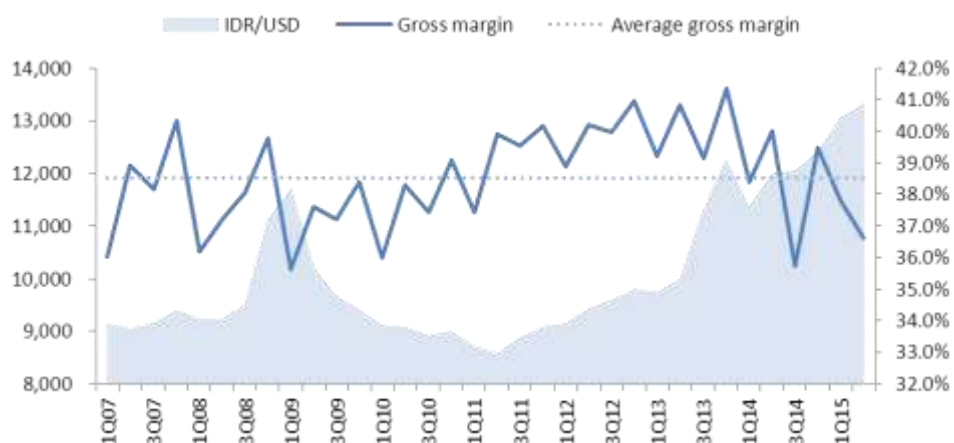
Exhibit 3. Inventory level has been back to normal level



Source: Company

While better inventory days will have positive effect on gross margin, this impact was negated by IDR depreciation of around 14.9% ytd. While in the past, MAPI has been able to pass on increase costs to customers, passing on higher cost will not be easy this time, without sacrificing sales. Hence, we forecast a relatively flat gross margin of 46.0% in FY15F, which is relatively flat compare to FY14 figure.

Exhibit 4. The impact from rupiah depreciation on MAPI's gross margin



Source: Company, Bloomberg, and Danareksa Sekuritas

All in all, we expect the gross margin to steadily improve. However, given the low gross margin of 44.4% in 1H15, we only expect the FY15 gross margin to improve to 46.0%. This is pretty flat compared to FY14's level.

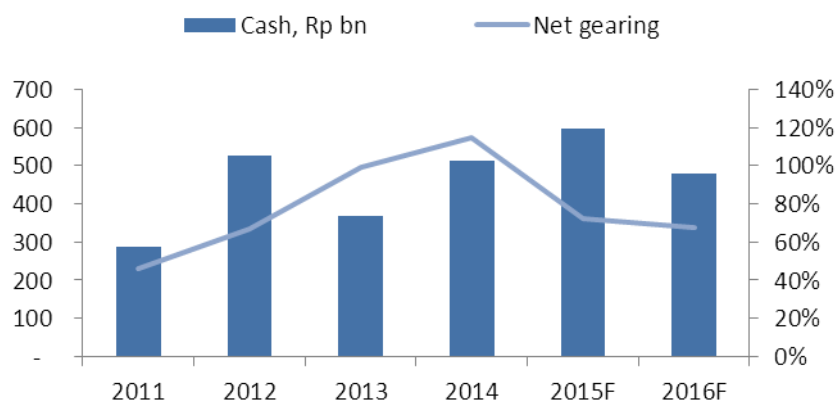
Lower net gearing

Following the strategic partnership with CVC announced in March 2015, MAPI has received Rp1.5 tn cash from the bonds issuance in June 2015. Therefore with the additional cash, MAPI can refinance some of its existing debts. By incorporating this

transaction into our calculation, we expect net gearing to fall to 72.4% in FY15 from 114.7% in FY14.

*) the structure of the strategic partnership is approximately as follow: CVC will buy interest free bond of Rp1.5 tn, in return for an option to buy 30% of MAPI shares in MAP Active, which will be mandatorily exercised upon an IPO.

Exhibit 5. Net gearing to be lower



Source: Company

At the same time, the proceeds from zero-interest bond issuance will also help to improve MAPI's profitability. However, net margin figure will only improve to 1.0% in FY15 compare to 0.5% in FY14. This is due to the accounting treatment that requires MAPI to book the amortization expense from the bonds. Since the amortization expense is a non-cash item, if we exclude from our calculation, net margin will improve to 1.3% in FY15 and 2.1% in FY16.

Rolling over our valuation, BUY with a TP of Rp4,650

We have adjusted our numbers following the disappointing 1H15 result, taking into account the possibility of lower topline growth. On a positive note, an improvement in margins is on the cards after the normalization of inventory turnover. We believe the management will be consistent with its transformational agenda in 2014-2016 to improve the overall business performance. The expectation of stronger IDR and modest improvement in the overall Indonesia macroeconomic starting 4Q15 will be the major upside catalyst for MAPI. By rolling over our valuation to 2016, we maintain our BUY recommendation with Target Price of Rp4,650. Our TP represents PE FY16F of 28.0x, and at current price of Rp3,050 it offers potential upside of 52.5%.

Exhibit 6. Changes in forecast (Rp bn)

| | 2014 | Current | | | Previous | | | Changes, % | | |
|------------------------|--------|---------|--------|--------|----------|--------|--------|------------|--------|--------|
| | | 2015F | 2016F | 2017F | 2015F | 2016F | 2017F | 2015F | 2016F | 2017F |
| Sales | 11,822 | 12,763 | 14,474 | 16,007 | 13,554 | 15,758 | 17,481 | (5.8) | (8.1) | (8.4) |
| Gross profit | 5,470 | 5,874 | 6,692 | 7,530 | 6,263 | 7,297 | 8,236 | (6.2) | (8.3) | (8.6) |
| Operating profit | 525 | 553 | 687 | 841 | 702 | 918 | 1,111 | (21.2) | (25.2) | (24.3) |
| Opex to sales ratio, % | 41.8 | 41.7 | 41.5 | 41.8 | 41.0 | 40.5 | 40.8 | (0.7) | (1.0) | (1.0) |
| Net profit | 74.1 | 161 | 275 | 438 | 286.8 | 492.1 | 690.3 | (43.8) | (44.1) | (36.6) |
| Expansion | 18,702 | 17,993 | 33,000 | 38,000 | 40,000 | 40,000 | 40,000 | (55.0) | (17.5) | (5.0) |

Source: Company, Danareksa Sekuritas

Exhibit 7. Income Statement (Rp bn)

| | 2013 | 2014 | 2015F | 2016F | 2017F |
|------------------------|------------|-----------|------------|------------|------------|
| Revenue | 9,734 | 11,822 | 12,763 | 14,474 | 16,007 |
| Cost of goods sold | (7,215) | (8,788) | (9,519) | (10,765) | (11,775) |
| Gross profit | 4,849 | 5,470 | 5,874 | 6,692 | 7,530 |
| Operating expense | (4,098) | (4,945) | (5,320) | (6,005) | (6,689) |
| Operating profit | 751 | 525 | 553 | 687 | 841 |
| Other income (charges) | (266) | (333) | (333) | (311) | (242) |
| Profit before tax | 485 | 192 | 220 | 376 | 598 |
| Tax | (157) | (119) | (59) | (101) | (160) |
| Minority | (0) | 1 | 0 | 0 | 0 |
| Net profit | 328 | 74 | 161 | 275 | 438 |

Source: Company, Danareksa Sekuritas

Exhibit 8. Balance sheet (Rp bn)

| | 2013 | 2014 | 2015F | 2016F | 2017F |
|---|--------------|--------------|--------------|--------------|--------------|
| Cash and equivalent | 369 | 513 | 596 | 479 | 226 |
| ST Investment | 0 | - | - | - | - |
| Account Receivables | 415 | 496 | 453 | 514 | 568 |
| Inventories | 2,942 | 3,203 | 3,411 | 3,738 | 4,089 |
| Other current assets | 739 | 950 | 950 | 950 | 950 |
| Total Current Assets | 4,464 | 5,162 | 5,410 | 5,680 | 5,832 |
| Fixed assets-net | 2,600 | 2,636 | 2,728 | 2,674 | 2,481 |
| Others | 745 | 888 | 888 | 888 | 888 |
| Total Assets | 7,808 | 8,686 | 9,027 | 9,243 | 9,202 |
| Trade payable | 1,830 | 1,726 | 1,918 | 2,184 | 2,406 |
| Others | 2,165 | 2,116 | 866 | 739 | 739 |
| Total Current Liabilities | 3,995 | 3,842 | 2,784 | 2,924 | 3,145 |
| LT debt | 555 | 423 | 172 | - | 300 |
| Bonds | 492 | 1,435 | 2,423 | 2,537 | 1,696 |
| Others | 338 | 377 | 377 | 377 | 377 |
| Total Liabilities | 5,380 | 6,077 | 5,757 | 5,838 | 5,518 |
| Minority interest | 0.02 | 68.87 | 68.87 | 68.87 | 68.87 |
| Shareholder's equity | 2,428 | 2,541 | 3,201 | 3,336 | 3,615 |
| Total Liabilities & Equities | 7,808 | 8,686 | 9,027 | 9,243 | 9,202 |

Source: Company, Danareksa Sekuritas

Exhibit 9. Statement of cash flow (Rp bn)

| | 2013 | 2014 | 2015F | 2016F | 2017F |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|
| Net Income | 328 | 74 | 161 | 275 | 438 |
| + Depreciation and amortization | 456 | 553 | 607 | 654 | 693 |
| Change in working capital | (676) | (433) | 28 | (121) | (184) |
| Operating cash flow | 108 | 194 | 796 | 808 | 947 |
| Investment | 4 | 71 | - | - | - |
| Fixed assets | (958) | (710) | (700) | (600) | (500) |
| others | 51 | 33 | - | - | - |
| Investing cash flow | (904) | (606) | (700) | (600) | (500) |
| Bank loans and bonds | 800 | 649 | (513) | (185) | (541) |
| Dividend | (71) | (33) | (12) | (27) | (45) |
| Equity | (1) | 72 | 512 | (114) | (114) |
| Other | (87) | (129) | - | - | - |
| Financing cash flow | 640 | 559 | (13) | (325) | (700) |
| Changes in cash | (156) | 147 | 83 | (117) | (253) |
| Beginning balance | 526 | 369 | 513 | 596 | 479 |
| Ending balance | 369 | 513 | 596 | 479 | 226 |

Source: Company, Danareksa Sekuritas

Exhibit 10. Ratios

| | 2013 | 2014 | 2015F | 2016F | 2017F |
|------------------|-------|-------|-------|-------|-------|
| Gross margin | 49.8 | 46.3 | 46.0 | 46.2 | 47.0 |
| Operating margin | 7.7 | 4.4 | 4.3 | 4.7 | 5.3 |
| Pre-tax margin | 5.0 | 1.6 | 1.7 | 2.6 | 3.7 |
| Net margin | 3.4 | 0.6 | 1.3 | 1.9 | 2.7 |
| ROA | 4.8 | 0.9 | 1.8 | 3.0 | 4.7 |
| ROE | 14.3 | 3.0 | 5.6 | 8.4 | 12.6 |
| Debt to Equity | 114.4 | 134.8 | 91.0 | 81.8 | 60.5 |
| Net gearing | 99.2 | 114.7 | 72.4 | 67.4 | 54.3 |

Source: Company, Danareksa Sekuritas

MARKET NEWS

4W Sales Hit 90k Units and More in September (TJP)

According to Gaikindo (Association of Indonesian Automotive Manufacturers), domestic 4W sales in September are estimated to hit over 90k units, with several distributors are yet to submit their reports. August 4W sales stood at 90,534 units, whereas 8M 4W sales was at 671,641 units, the lowest in 4 years.

23 SOEs Obtained Additional Capital Amounting to Rp34.32tn (BI/ID)

Commission VI of the House of Representative finally agreed to the SOE ministry's proposal regarding state capital injection (PMN) amounting to Rp34.32tn in the 2016 draft state budget (RAPBN). Only two SOEs that did not get the approval by the commission to obtain PMN namely Reasuransi Indonesia and Sang Hyang Lestari. SOEs that get the largest PMN among others are PLN amounted Rp10tn, WIKA amounted Rp4tn, and Hutama Karya amounted Rp3tn.

| Cash injection | RAPBN 2016 (Rp bn) | Approved (Rp bn) |
|---|-----------------------|---------------------|
| PT PLN | 10,000 | 10,000 |
| PT Hutama Karya | 3,000 | 3,000 |
| PT Wijaya Karya | 3,000 | 4,000 |
| PT Angkasa Pura II | 2,000 | 2,000 |
| PT Pembangunan Perumahan Perum Bulog | 2,000 | 2,250 |
| PT Krakatau Steel | 1,500 | 1,500 |
| PT Pelindo III | | 1,000 |
| PT Jasa Marga | 1,250 | 1250 |
| PT Industri Kereta Api | 1,000 | 1,000 |
| PT Perusahaan Perdagangan Indonesia | 500 | 1,000 |
| PT Barata Indonesia | 500 | 500 |
| PT Askrindo | 500 | 500 |
| Perum Jamkrindo | 500 | 500 |
| PT Bahana PUI | 500 | 500 |
| PT Pertani | 500 | 500 |
| Perum Perumnas | | 250 |

2016, Banks may still not subjected to add countercyclical buffer (ID)

Bank Indonesia (BI) estimates the determination on regulation about additional bank's capital in the form of countercyclical buffer will not be carried out next year in view of the current lending condition, which still shows the deceleration cycle. BI previously planned to impose regulation on the addition of bank's capital in a form of countercyclical capital buffer at range of 0-2.5% for 2016.

ANTM added loans from CBD to US\$1.5bn (ID)

Aneka Tambang (ANTM) is considering loans from the China Development Bank amounted to US\$1.5bn, higher than previous plan of US\$1bn. Proceed from loan will be used to finance the construction of Smelter Grade Alumina (SGA) in Mempawah, West Kalimantan. Yet, amount of loans from the CBD, will depend on partner that Antam and PT Indonesia Asahan Aluminium (Inalum) select. Should selected partners are from China, loan from the CBD can be obtained promptly. Besides China, Dubai Aluminium (Dubai) and Russian Aluminum (Russia) are interested in becoming partners in SGA Mempawah ANTM. These investors will submit a proposal to ANTM on October 15, 2015.

ICBP estimates revenue growth of 5-10% (ID)

Indofood CBP Sukses Makmur (ICBP) estimates sales growth this year to about 5-10% down from last year's growth of 19.93%. This slowdown in growth is due to weakening purchasing power. Currently, 8% of total revenue comes from exports.

IMF trim global economic growth forecast (ID)

International Monetary Fund (IMF) trim its global economic growth forecast for 2015 to reach 3.1%, down from the estimated growth in July 2015 by 3.3%. Decline in growth forecast due to weak growth prospects in the developed countries, including China, and lower commodity prices

Japfa get 1.9mn contract clause (BI)

Japfa Comfeed (JPFA) get an export contracts of 1.9mn hatching eggs for broiler chicken's parent to Myanmar during 2015-2017. Up to the end of this year, JPFA will export as many as 349,905 eggs, equivalent to 93,500 parent stock, valued at US\$ 34,471. JPFA committed to export 704,982 hatching eggs in 2016 and 808,329 in 2017.

LPS rate down by 25 bps (BI)

Deposit Insurance Corporation (LPS) to lower guaranteed interest by 25 bps for deposits in rupiah (new: 7.5%) and foreign exchange (new: 1.25%) in commercial banks as well as for rupiah deposits in rural banks (new: 10:00%) and will be effectively implemented in October 8, 2015 to January 14, 2016. This interest cut carried out in line with the trend of declining interest rates on bank deposits in the past six months which show the liquidity inadequacy.

WIKA set up Joint Venture for HSR Project (Company)

WIKA announced that it has set up a Joint Venture company with JSMR, KAI, and PTPN VIII to work on High Speed Railway Project for Jakarta-Walini-Bandung trace. WIKA hold 38% ownership portion in this JV, followed by PTPN VIII (25%), KAI (25%), and JSMR (12%). The initial paid in capital in this JV amounting Rp4.5tn.



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 2015 | ROE 2015 | |
|---------------------------|--------|------------|--------------|------------------|-------------------|----------------|--------------|--------------|---------------|-------|-------------|------------|-------------|-------------|-----------------|-------------|------------|------------|------------------|-------------|------|
| | | | | | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | | | |
| Danareksa Universe | | | | 2,582,040 | 189,477 | 210,594 | 297.8 | 331.0 | | | 5% | 11% | 13.6 | 12.3 | 11.4 | 10.4 | 2.3 | 2.0 | | 18.0 | |
| Auto | | | | 250,514 | 24,706 | 29,222 | 452.6 | 535.3 | | | 15% | 18% | 10.1 | 8.6 | 8.4 | 7.3 | 1.8 | 1.5 | | 18.6 | |
| Astra International | HOLD | 5,925 | 8,300 | 239,865 | 23,976 | 28,096 | 592 | 694 | 497 | 567 | 16% | 17% | 10.0 | 8.5 | 8.6 | 7.4 | 1.8 | 1.6 | 33.5 | 19.1 | |
| Gajah Tunggal | BUY | 600 | 1,500 | 2,091 | 266 | 633 | 76 | 182 | 140 | 127 | -1% | 138% | 7.9 | 3.3 | 4.3 | 4.2 | 0.3 | 0.3 | 95.0 | 4.4 | |
| Selamat Pempurna | BUY | 4,490 | 5,300 | 6,464 | 465 | 493 | 323 | 342 | 332 | 352 | 19% | 6% | 13.9 | 13.1 | 8.4 | 7.8 | 4.5 | 3.7 | net cash | 36.0 | |
| Banks | | | | 872,886 | 75,351 | 81,638 | 699.5 | 757.8 | | | 1% | 8% | 11.6 | 10.7 | 11.6 | 10.7 | 2.1 | 1.8 | | 19.4 | |
| BCA | HOLD | 12,950 | 13,500 | 319,282 | 19,966 | 21,921 | 725 | 800 | 725 | 800 | 8% | 10% | 17.9 | 16.2 | NA | NA | 3.5 | 3.0 | NA | 23.8 | |
| BNI | BUY | 4,535 | 5,850 | 84,572 | 7,506 | 8,596 | 402 | 461 | 402 | 461 | -30% | 15% | 11.3 | 9.8 | NA | NA | 1.3 | 1.2 | NA | 12.1 | |
| BRI | BUY | 9,450 | 13,400 | 233,124 | 24,352 | 25,863 | 987 | 1,048 | 987 | 1,048 | 0% | 6% | 9.6 | 9.0 | NA | NA | 2.0 | 1.7 | NA | 23.0 | |
| Bank Tabungan Negara | BUY | 1,060 | 1,450 | 11,217 | 1,357 | 1,609 | 129 | 153 | 129 | 153 | 22% | 19% | 8.2 | 6.9 | NA | NA | 0.8 | 0.8 | NA | 10.6 | |
| Bank Mandiri | BUY | 8,900 | 11,450 | 207,667 | 20,144 | 21,413 | 863 | 918 | 863 | 918 | 1% | 6% | 10.3 | 9.7 | NA | NA | 1.7 | 1.5 | NA | 18.2 | |
| Bank Tabungan Pensiunan | BUY | 2,915 | 4,500 | 17,024 | 2,026 | 2,237 | 347 | 383 | 347 | 383 | 8% | 10% | 8.4 | 7.6 | NA | NA | 1.2 | 1.1 | NA | 15.8 | |
| Cement | | | | 136,024 | 12,525 | 15,375 | 725 | 890 | | | 7% | 23% | 10.9 | 8.8 | 6.5 | 5.7 | 2.1 | 1.8 | | 20.0 | |
| Holcim | HOLD | 1,065 | 2,300 | 8,161 | 923 | 1,213 | 120 | 158 | 118 | 152 | 12% | 31% | 8.8 | 6.7 | 5.1 | 3.9 | 0.8 | 0.7 | 30.0 | 9.1 | |
| Indocement | BUY | 18,500 | 28,300 | 68,103 | 5,741 | 6,595 | 1,559 | 1,792 | 1,555 | 1,788 | 8% | 15% | 11.9 | 10.3 | 6.7 | 5.5 | 2.4 | 2.1 | net cash | 21.2 | |
| Semen Indonesia | BUY | 10,075 | 14,500 | 59,790 | 5,861 | 7,567 | 988 | 1,276 | 988 | 1,276 | 5% | 29% | 10.2 | 7.9 | 6.7 | 6.3 | 2.2 | 1.9 | 12.3 | 23.2 | |
| Construction | | | | 106,171 | 4,317 | 5,350 | 99 | 123 | | | 17% | 24% | 11.8 | 11.6 | 11.8 | 10.9 | 3.1 | 2.7 | | 14.4 | |
| Jasa Marga | BUY | 4,875 | 8,000 | 33,150 | 1,531 | 1,779 | 480 | 614 | 513 | 657 | 19% | 28% | 10.2 | 7.9 | 11.7 | 10.4 | 3.7 | 2.4 | 95.8 | 12.9 | |
| Wijaya Karya | HOLD | 2,835 | 2,500 | 17,433 | 1,573 | 638 | 93 | 104 | 98 | 109 | -7% | 11% | 30.4 | 27.3 | 12.4 | 10.4 | 3.2 | 2.8 | 29.0 | 10.8 | |
| Pembangunan Perumahan | BUY | 3,760 | 4,600 | 18,208 | 694 | 856 | 143 | 177 | 150 | 185 | 30% | 23% | 26.3 | 21.3 | 10.6 | 8.9 | 6.1 | 4.9 | 39.2 | 25.8 | |
| Adhi Karya | BUY | 2,000 | 3,700 | 7,122 | 399 | 531 | 221 | 295 | 244 | 322 | 23% | 33% | 9.0 | 6.8 | 8.7 | 7.3 | 3.4 | 2.8 | 66.6 | 20.8 | |
| Waskita Karya | BUY | 1,620 | 2,000 | 21,979 | 725 | 1,054 | 53 | 78 | 53 | 78 | 4% | 46% | 30.3 | 20.8 | 14.5 | 12.1 | 2.5 | 2.3 | net cash | 12.5 | |
| Wika Beton | HOLD | 950 | 1,350 | 8,280 | 396 | 491 | 45 | 56 | 46 | 57 | 32% | 24% | 20.9 | 16.9 | 10.9 | 8.7 | 3.3 | 2.8 | net cash | 17.1 | |
| Consumer | | | | 434,664 | 13,419 | 14,186 | 488 | 516 | | | 7% | 6% | 32.4 | 30.6 | 19.1 | 18.1 | 7.6 | 6.4 | | 25.9 | |
| Indofood CBP | BUY | 12,975 | 13,800 | 75,657 | 3,033 | 3,308 | 520 | 567 | 520 | 567 | 16% | 9% | 24.9 | 22.9 | 17.2 | 16.2 | 4.8 | 4.3 | net cash | 20.3 | |
| Indofood | BUY | 5,525 | 7,100 | 48,512 | 3,704 | 4,059 | 422 | 462 | 563 | 610 | -5% | 10% | 13.1 | 12.0 | 6.0 | 5.8 | 1.7 | 1.6 | 19.5 | 13.8 | |
| Unilever | SELL | 39,450 | 30,475 | 301,004 | 5,889 | 6,234 | 772 | 817 | 617 | 817 | 3% | 6% | 51.1 | 48.3 | 35.2 | 33.5 | 29.5 | 18.4 | net cash | 80.4 | |
| Nippon Indosari Corpindo | BUY | 1,180 | 1,680 | 5,973 | 266 | 309 | 53 | 61 | 53 | 61 | 41% | 16% | 22.4 | 19.3 | 12.9 | 10.4 | 5.0 | 4.1 | 59.5 | 24.7 | |
| Mandom | BUY | 17,500 | 21,170 | 3,519 | 526 | 276 | 2,618 | 1,375 | 279 | 1,373 | 202% | -47% | 6.7 | 12.7 | 7.4 | 6.5 | 2.1 | 2.0 | net cash | 35.7 | |
| Healthcare | | | | 134,012 | 3,220 | 3,599 | 595 | 702 | | | 20% | 18% | 41.6 | 37.2 | 26.4 | 22.7 | 7.6 | 6.8 | | 20.0 | |
| Kalbe Farma | BUY | 1,575 | 1,925 | 73,828 | 2,219 | 2,375 | 47 | 51 | 47 | 52 | 7% | 7% | 33.3 | 31.1 | 21.7 | 19.1 | 7.0 | 6.2 | net cash | 22.2 | |
| Kimia Farma | BUY | 660 | 1,200 | 3,666 | 259 | 303 | 47 | 55 | 42 | 47 | 12% | 17% | 14.0 | 12.0 | 9.4 | 8.2 | 1.9 | 1.7 | 0.7 | 13.9 | |
| Silosun Hospital | HOLD | 12,450 | 16,900 | 14,393 | 153 | 245 | 96 | 132 | 99 | 137 | 77% | 38% | 129.9 | 94.1 | 23.9 | 19.0 | 6.2 | 7.5 | 35.5 | 8.9 | |
| Mitra Keluarga | BUY | 28,950 | 29,950 | 42,124 | 689 | 676 | 405 | 464 | 397 | 454 | 14% | 15% | 71.5 | 62.4 | 65.0 | 55.3 | 12.6 | 11.4 | net cash | 23.9 | |
| Heavy Equipment | | | | 67,740 | 5,973 | 6,297 | 1,307 | 1,378 | | | 7% | 5% | 11.3 | 10.8 | 5.1 | 4.2 | 1.6 | 1.5 | | 14.6 | |
| Hexindo Adiperkasa | HOLD | 1,600 | 3,650 | 1,344 | 220 | 260 | 262 | 309 | 238 | 273 | 13% | 18% | 6.1 | 5.2 | 2.7 | 1.9 | 0.5 | 0.5 | net cash | 8.0 | |
| United Tractors | HOLD | 17,800 | 19,800 | 66,396 | 5,753 | 6,037 | 1,542 | 1,619 | 1,542 | 1,619 | 7% | 5% | 11.5 | 11.0 | 5.2 | 4.3 | 1.7 | 1.5 | net cash | 15.1 | |
| Mining | | | | 77,182 | 7,288 | 8,157 | 112 | 125 | | | -17% | 10% | 9.5 | 4.3 | 3.9 | 0.7 | 0.7 | | | 7.4 | |
| Adaro Energy | BUY | 560 | 900 | 17,912 | 2,249 | 2,054 | 70 | 64 | 70 | 64 | 9% | -9% | 8.0 | 8.7 | 3.3 | 3.0 | 0.5 | 0.5 | 32.0 | 6.4 | |
| Timah | BUY | 645 | 850 | 4,804 | 157 | 237 | 21 | 32 | 21 | 32 | -75% | 51% | 30.5 | 20.2 | 7.2 | 6.7 | 0.9 | 0.9 | 24.9 | 2.9 | |
| Vale Indonesia | BUY | 2,320 | 3,700 | 23,052 | 1,386 | 1,790 | 140 | 180 | 140 | 180 | -36% | 29% | 16.6 | 12.9 | 5.5 | 4.7 | 1.0 | 1.0 | net cash | 6.2 | |
| Aneka Tambang | HOLD | 493 | 1,100 | 4,702 | 194 | 400 | 20 | 42 | 20 | 42 | -148% | 106% | 24.2 | 11.8 | 4.2 | 11.7 | 8.9 | 0.4 | 0.4 | 62.8 | 1.6 |
| Bukit Asam | BUY | 5,600 | 8,400 | 12,903 | 1,560 | 1,674 | 718 | 770 | 718 | 770 | -23% | 7% | 7.8 | 7.3 | 5.6 | 5.1 | 1.4 | 1.2 | net cash | 17.4 | |
| Indo Tambangraya Megah | HOLD | 10,175 | 10,600 | 11,497 | 1,622 | 1,800 | 1,435 | 1,593 | 1,435 | 1,593 | 11% | 11% | 7.1 | 6.4 | 2.4 | 2.2 | 1.0 | 0.9 | net cash | 15.2 | |
| Harum Energy | HOLD | 855 | 1,750 | 2,312 | 119 | 202 | 44 | 75 | 44 | 75 | -53% | 69% | 19.4 | 11.5 | 0.5 | 0.5 | 0.6 | 0.6 | net cash | 3.1 | |
| Plantation | | | | 50,374 | 5,510 | 5,938 | 211 | 227 | | | 11% | 8% | 9.1 | 8.5 | 5.0 | 4.5 | 1.3 | 1.2 | | 14.9 | |
| Astra Agro Lestari | BUY | 20,000 | 27,100 | 31,495 | 2,770 | 2,832 | 1,759 | 1,798 | 1,759 | 1,798 | 4% | 2% | 11.4 | 11.1 | 6.8 | 6.3 | 2.7 | 2.5 | net cash | 24.5 | |
| Sampoerna Agro | BUY | 1,115 | 2,600 | 2,107 | 464 | 550 | 245 | 291 | 253 | 299 | 6% | 19% | 4.5 | 3.8 | 3.4 | 2.9 | 0.6 | 0.6 | 31.8 | 14.5 | |
| PP London Sumatra | HOLD | 1,415 | 2,090 | 9,654 | 1,055 | 1,133 | 155 | 166 | 155 | 166 | 8% | 7% | 9.1 | 8.5 | 4.5 | 3.8 | 1.2 | 1.1 | net cash | 13.9 | |
| Salm Ivomas Pratama | BUY | 450 | 850 | 7,117 | 1,221 | 1,423 | 77 | 90 | 87 | 98 | 33% | 17% | 5.8 | 5.0 | 3.5 | 3.1 | 0.5 | 0.4 | 37.6 | 8.2 | |
| Property | | | | 88,259 | 8,896 | 10,205 | 87 | 99 | | | -10% | 8% | 9.8 | 8.6 | 8.9 | 7.7 | 1.7 | 1.5 | | 18.8 | |
| Alam Sutera | BUY | 365 | 700 | 7,172 | 1,254 | 1,516 | 64 | 77 | 73 | 85 | 15% | 21% | 5.7 | 4.7 | 6.5 | 5.4 | 1.0 | 0.9 | 75.3 | 18.9 | |
| Bumi Serpong Damai | BUY | 1,530 | 2,100 | 29,447 | 2,369 | 2,617 | 135 | 150 | 140 | 156 | -36% | 10% | 11.3 | 10.2 | 9.9 | 8.7 | 2.0 | 1.7 | net cash | 16.6 | |
| Metropolitan Land | BUY | 202 | 620 | 1,546 | 290 | 322 | 38 | 43 | 38 | 43 | 14% | 11% | 5.3 | 4.8 | 4.2 | 4.0 | 0.7 | 0.6 | 27.7 | 14.2 | |
| Surya Semesta Internusa | HOLD | 750 | 1,040 | 3,529 | 464 | 415 | 99 | 88 | 103 | 93 | 32% | -11% | 7.6 | 8.5 | 8.5 | 3.2 | 3.2 | 1.1 | -11% | net cash | 16.9 |
| Lippo Karawaci | BUY | 1,145 | 1,200 | 26,424 | 1,565 | 1,763 | 72 | 82 | 58 | 64 | -38% | 13% | 15.8 | 14.0 | 11.9 | 10.3 | 1.7 | 1.5 | 27.3 | 10.1 | |
| PP Properti | BUY | 150 | 242 | 2,107 | 1,626 | 1,963 | 21 | 26 | 22 | 28 | 172% | 27% | 7.3 | 5.8 | 5.1 | | | | | | |

COVERAGE PERFORMANCE

LEADERS

| | Code | Price as on | | Chg, % | w-w, % | m-m, % | YTD, % | Rating |
|-----------------------|------|-------------|------------|--------|--------|--------|--------|--------|
| | | 6-Oct-2015 | 5-Oct-2015 | | | | | |
| XL Axiata | EXCL | 2,905 | 2,600 | 11.7 | 19.5 | 3.8 | (40.3) | BUY |
| Astra International | ASII | 5,925 | 5,325 | 11.3 | 11.8 | (4.4) | (20.2) | HOLD |
| Kalbe Farma | KLBF | 1,575 | 1,440 | 9.4 | 12.9 | (6.0) | (13.9) | BUY |
| Wika Beton | WTON | 950 | 875 | 8.6 | 18.8 | 1.1 | (26.9) | HOLD |
| Bank Mandiri | BMRI | 8,900 | 8,200 | 8.5 | 14.5 | 0.8 | (17.4) | BUY |
| Summarecon | SMRA | 1,250 | 1,155 | 8.2 | 10.6 | (12.9) | (17.8) | BUY |
| Alam Sutera | ASRI | 365 | 341 | 7.0 | 15.5 | 8.0 | (34.8) | BUY |
| Gajah Tunggal | GJTL | 600 | 565 | 6.2 | 20.5 | 25.3 | (57.9) | BUY |
| Perusahaan Gas Negara | PGAS | 2,875 | 2,715 | 5.9 | 6.9 | 2.7 | (52.1) | BUY |
| Indofood CBP | ICBP | 12,975 | 12,275 | 5.7 | 5.5 | 6.8 | (1.0) | BUY |

Sources: Bloomberg

LAGGARDS

| | Code | Price as on | | Chg, % | w-w, % | m-m, % | YTD, % | Rating |
|----------------------------------|------|-------------|------------|--------|--------|--------|--------|--------|
| | | 6-Oct-2015 | 5-Oct-2015 | | | | | |
| Vale Indonesia | INCO | 2,320 | 2,485 | (6.6) | 14.6 | 70.0 | (36.0) | BUY |
| PP London Sumatra | LSIP | 1,415 | 1,475 | (4.1) | - | 32.2 | (25.1) | HOLD |
| Wijaya Karya | WIKA | 2,835 | 2,940 | (3.6) | 9.5 | 3.1 | (23.0) | HOLD |
| Mitra Keluarga | MIKA | 28,950 | 30,000 | (3.5) | (3.5) | 5.3 | 70.3 | BUY |
| MNC Sky Vision | MSKY | 1,450 | 1,495 | (3.0) | (3.3) | 2.8 | (9.4) | HOLD |
| Timah | TINS | 645 | 660 | (2.3) | 7.5 | 11.2 | (47.6) | BUY |
| Bukit Asam | PTBA | 5,600 | 5,700 | (1.8) | - | (6.7) | (55.2) | BUY |
| Astra Agro Lestari | AALI | 20,000 | 20,325 | (1.6) | 10.5 | 24.6 | (17.5) | BUY |
| Sampoerna Agro | SGRO | 1,115 | 1,130 | (1.3) | (0.4) | (15.8) | (46.9) | BUY |
| Bank Tabungan Pensiunan Nasional | BTPN | 2,915 | 2,950 | (1.2) | 0.5 | (1.2) | (26.2) | BUY |

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.