

MORNING HIGHLIGHT

FROM EQUITY RESEARCH

ACES: Could not lift up to the expectation

(ACES IJ. Rp750. HOLD. TP Rp745)

ACES booked strong operational performance in October 2015, supported by its 20th anniversary celebration promotion which successfully generated more traffic to ACES stores. Regardless the strong October performance, the overall performance remained below our expectation due to the weak macroeconomic condition. As such, we adjust our numbers by applying less aggressive assumption for ACES's SSG and store expansion for this year and the following years. At the same time, we roll over our DCF valuation to 2016. In sum, we arrived at new Target Price of Rp745. HOLD.

Previous Reports:

- Auto: A winding road-[Snapshot20151117](#)
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- ITMG: 3Q15-better quarter on lower total cash cost, SILO: Licensing Dilemma-[Snapshot20151111](#)
- Infrastructure: Indonesia Infrastructure Week - A Brighter yet Challenging Period Ahead, Bank: 9M15 wrap-up: short term tailwinds ahead, INCO: Benefitting from low energy costs-[Snapshot20151106](#)

MARKET NEWS

*Analysts' comment inside

- BI maintain the BI rate (ID)
- Commercial Property: Demand Started to Pick Up (BI)
- Industrial Land Sales Price to be Stagnant (BI)
- KIJA and PPRO to form a JV (BI)
- Maybank provides funding amounted to US \$ 100 million to ANTM (ID)
- XL publicly launches 4G/LTE high speed internet service (TJP)
- Pati residents won lawsuit over construction of INTP cement plants (Metro)

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 | 4,501 | 1.3 | (13.9) | 251 |
| Thailand | 1,390 | 0.1 | (7.2) | 1,140 |
| Philippines | 6,825 | 0.8 | (5.6) | 110 |
| Malaysia | 1,662 | 0.3 | (5.7) | 387 |
| Singapore | 2,917 | 0.0 | (13.3) | 621 |
| Regional | | | | |
| China | 3,605 | (0.1) | 11.4 | 84,673 |
| Hong Kong | 22,264 | 1.2 | (5.7) | 9,593 |
| Japan | 19,631 | 1.2 | 12.5 | 12,543 |
| Korea | 1,964 | 1.1 | 2.5 | 4,579 |
| Taiwan | 8,419 | 1.5 | (9.5) | 2,606 |
| India | 25,864 | 0.4 | (5.9) | 382 |
| NASDAQ | 4,986 | 0.0 | 5.3 | 71,669 |
| Dow Jones | 17,490 | 0.0 | (1.9) | 9,520 |

Currency and Interest Rate

| | Rate | w-w (%) | m-m (%) | ytd (%) |
|-------------------|--------|------------|------------|------------|
| Rupiah Rp/1US\$ | 13,746 | (0.9) | (1.7) | (11.0) |
| SBI rate % | 6.75 | 0.1 | 0.1 | (0.5) |
| 10y Gov Indo bond | 8.64 | (0.1) | (0.0) | 0.8 |

Hard Commodities

| | Unit | Price | d-d (%) | m-m (%) | ytd (%) |
|--------|-------------|--------|------------|------------|------------|
| Coal | US\$/ton | 53 | 0.3 | (0.8) | (15.4) |
| Gold | US\$/toz | 1,069 | (0.1) | (9.2) | (9.7) |
| Nickel | US\$/mt.ton | 9,272 | (1.3) | (12.2) | (38.5) |
| Tin | US\$/mt.ton | 14,720 | (0.3) | (7.8) | (24.3) |

Soft Commodities

| | Unit | Price | d-d (%) | m-m (%) | ytd (%) |
|-----------|--------------|-------|------------|------------|------------|
| Cocoa | US\$/mt.ton | 3,432 | 0.5 | 7.8 | 15.5 |
| Corn | US\$/mt.ton | 137 | 0.6 | (2.8) | (4.3) |
| Crude Oil | US\$/barrel | 44 | (2.2) | (13.7) | (24.0) |
| Palm oil | MYR/mt.ton | 2,086 | (2.5) | (4.9) | (9.2) |
| Rubber | USD/kg | 118 | 0.5 | (7.5) | (22.5) |
| Pulp | US\$/tonne | 819 | N/A | (1.3) | (12.1) |
| Coffee | US\$/60kgbag | 96 | (0.1) | 3.9 | 39.0 |
| Sugar | US\$/MT | 397 | (2.2) | 1.8 | 1.4 |
| Wheat | US\$/ton | 133 | (1.7) | (2.6) | (21.3) |

Source: Bloomberg

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RETAIL SECTOR/COMPANY UPDATE

HOLD

Target Price, Rp 745
Upside (Downside) (0.7%)

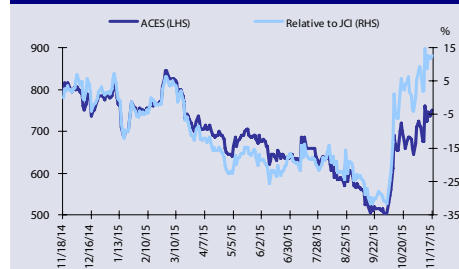
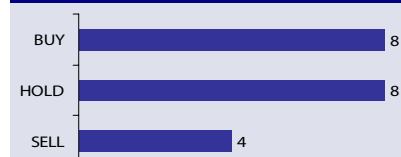
ACESIJ/ACES.JK

Last Price, Rp 750
No. of shares (mn) 17,150

Market Cap, Rp bn 12,863
(US\$ mn) 936
3M T/O, US\$m 0.5

Last Recommendation

03-Aug-2015 BUY Rp 780
28-May-2015 BUY Rp 780
04-May-2015 BUY Rp 920

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

| | Our | Cons | % Diff |
|------------------|------|------|--------|
| Target price, Rp | 745 | 717 | 3.9 |
| EPS, 2016F Rp | 34 | 36.7 | -7.4 |
| PER 2016F, x | 22.1 | 19.7 | 12.2 |



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

ACE Hardware Indonesia

Could not lift up to the expectation

ACES booked strong operational performance in October 2015, supported by its 20th anniversary celebration promotion which successfully generated more traffic to ACES stores. Regardless the strong October performance, the overall performance remained below our expectation due to the weak macroeconomic condition. As such, we adjust our numbers by applying less aggressive assumption for ACES's SSG and store expansion for this year and the following years. At the same time, we roll over our DCF valuation to 2016. In sum, we arrived at new Target Price of Rp745. HOLD.

Strong October 2015 performance: boosted up by the 20th anniversary

ACES booked Rp406 bn of sales in October 2015, which was up by 10.6% mom and 10.8% yoy. This brought to the total accumulated sales of Rp3.8 tn in 10M15, or slightly better than the figure of Rp3.7 tn recorded in 10M14 (+4.1% yoy). The strong sales generated in October 2015 were mainly supported by the ACES's celebration on its 20th anniversary - consisted of several events and promotions in September 17th – October 25th 2015. As such, SSG improved to 7.0% in October 2015 only, translated into -0.4% SSG in 10M15.

Less aggressive sales target

Looking to the ACES' performance in 10M15, we decided to lower our sales target for this year and the following years – derived from lower SSG and lower additional store spaces assumption. Although the SSG numbers has turned positive in July 2015, the overall SSG performance remained negative. At the same time, we also cut our expansion target for this year and the following years. We expect 17,000 sqm, 20,000 sqm, and 25,000 sqm additional store spaces for 2015-2017F – translating into average store space growth of 6.8% per year. All in all, we expect ACES to book 8.5% sales CAGR in 2014-2017F.

Expecting stable margins

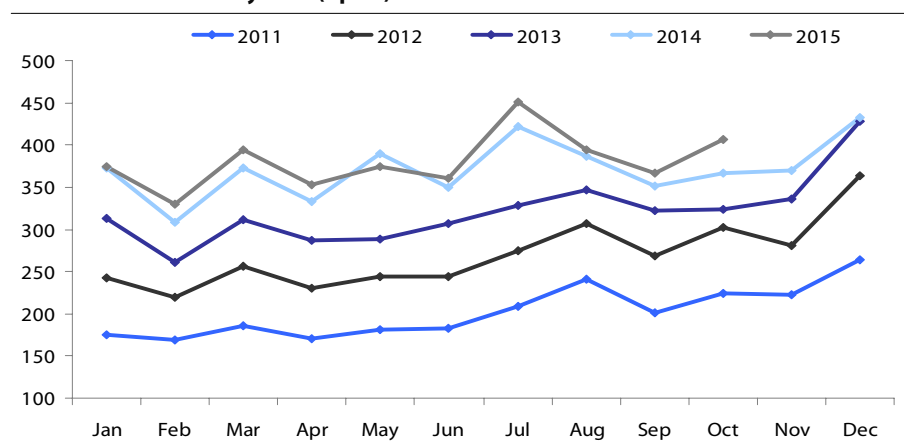
The gross margin improved in 3Q15 to 47.0%, compare to 46.4% in 1Q15 and 45.9% in 2Q15. This demonstrates that ACES could pass on higher costs from weaker IDR to its customers which seem to be relatively unaffected by higher selling prices. On the operational level, we expect the opex to sales ratio to remain at the 33-34%, supported by management's effort to increase the employees' productivity. We forecast ACES's margins to be stable going forward, with 11.3% average net margin in FY15-17F.

| | 2013 | 2014 | 2015F | 2016F | 2017F |
|--------------------|-------|--------|--------|--------|--------|
| Revenue, Rp bn | 4,018 | 4,669 | 5,003 | 5,379 | 5,967 |
| EBITDA, Rp bn | 645 | 730 | 770 | 838 | 941 |
| EBITDA growth, % | 10.9 | 13.2 | 5.5 | 8.8 | 12.4 |
| Net profit, Rp bn | 509 | 555 | 557 | 604 | 681 |
| Core profit, Rp bn | 439 | 502 | 537 | 580 | 653 |
| Core EPS, Rp | 26 | 29 | 31 | 34 | 38 |
| Core EPS growth, % | 10.0 | 14.3 | 7.0 | 8.0 | 12.5 |
| Net gearing, % | (6.6) | (15.5) | (17.9) | (23.9) | (29.9) |
| Core PER, x | 29.3 | 25.6 | 23.9 | 22.2 | 19.7 |
| PBV, x | 6.8 | 5.5 | 4.9 | 4.4 | 3.9 |
| EV/EBITDA, x | 19.8 | 17.1 | 16.1 | 14.5 | 12.6 |
| Yield, % | 1.3 | 0.8 | 2.1 | 2.2 | 2.3 |

October: boosted up by the 20th anniversary

ACES booked Rp406 bn of sales in October 2015. On a monthly basis, the sales were 10.6% higher compare to the sales in September 2015 and 10.8% higher from the Rp366 bn of sales recorded in October 2014. This brought to the total accumulated sales of Rp3.8 tn in 10M15, or slightly better than the figure of Rp3.7 tn recorded in 10M14 (+4.1% yoy).

Exhibit 1. ACES monthly sales (Rp bn)



Source: Company

The strong sales generated in October 2015 were mainly supported by the ACES's celebration on its 20th anniversary. Usually, ACES held "boom sale" promotion twice a year, offering attractive price discount to some of their products. However, this year is special with ACES' 20 years anniversary celebration – consisted of several events and promotions in September 17th – October 25th 2015. During that period, ACES made use of creative online promotion through social media, attracting and encouraging its customers to come to ACES stores.

Exhibit 2. ACE's 20th anniversary events

| Event | Location | Period |
|---|----------------------------------|----------------------------|
| Opening - Press Conference CSR Program: Blood donation | Ace Living World Alam Sutera | 17-Sep-15 |
| | Ace Mall Bali Galeria | 25-Okt-15 |
| | Ace Living World Alam Sutera | 25-Okt-15 |
| | Ace Mall Artha Gading Jakarta | 25-Okt-15 |
| | Ace Jambi Town Square | 25-Okt-15 |
| | Ace Living Plaza Dago Bandung | 25-Okt-15 |
| Management on duty Auction Biggest Sale Ever | 20 Store ACE | Every weekend in Oct. 2015 |
| | West Atrium, Living World | 25-Okt-15 |
| | Ace Living World Alam Sutera | 24-Okt-15 19.00-24.00 |
| International Brand Exhibition "Senam Massal" | West Atrium, Living World | 14-25 Oct'15 |
| | Ace Living World Alam Sutera | 25-Okt-15 |
| | Ace Juanda Medan | 25-Okt-15 |
| | Store Bike Colony Darmo Surabaya | 25-Okt-15 |
| | Ace Latanette Makassar | 25-Okt-15 |

Source: Company website

The 20th anniversary promotions have successfully generated increase in traffic in ACES stores, as evidenced by significantly better SSG in October 2015 that reached 7.0% compare to 1.6% in September 2015 and negative SSG in the first 6 months of this year. The highest October SSG was generated by Jakarta and Greater Jakarta stores (9.1%), followed by Java (exclude Jakarta stores (8.0%), and outside Java stores (3.2%)). Overall, the 10M15 SSG was still negative at -0.4%.

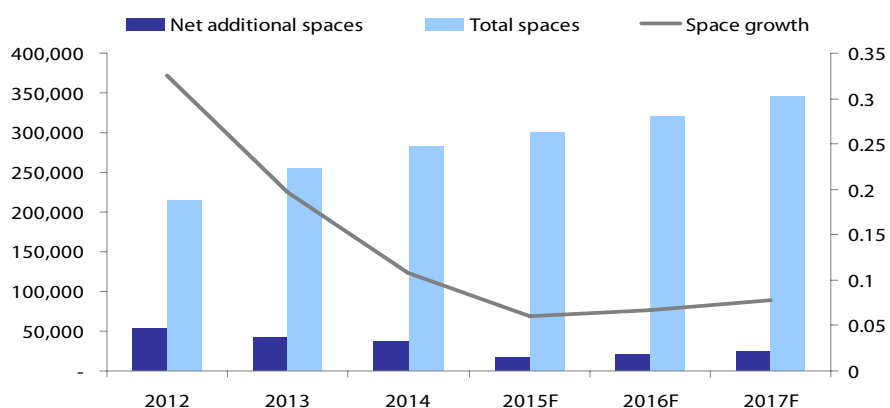
Less aggressive sales target

The country's economic slowdown has translated into weaker customer purchasing power that challenged all retailers during the year. Looking back to the ACES' performance up to October 2015, we decided to lower our sales target for this year and the following years – derived from lower assumption of SSG and lower additional store spaces. Going forward, improvement in the overall macroeconomic will become the major upside catalyst for all retailers including ACES.

Although the SSG numbers has turned positive in July 2015, the overall SSG remained negative. Outside Java stores suffered the lowest SSG (-3.5% up to October 2015) – which contributed 26.5% from the total sales in 9M15. The latter was due to weak customer purchasing power in those areas with still no signs of recovery from the commodity sector. Moreover, the low SSG for outside Java stores was also resulted from cannibalization between stores, since ACES opened 3 stores in Medan and 2 stores in Makassar last year. Going forward, we expect SSG to improve to 3.0% in 2016F and 2017F.

We also cut our expansion target for this year and the following years. Up to October 2015, ACES has opened 7 new stores and closed down 1 store. It resulted into total net additional store spaces of 14,530 sqm. This year, ACES is going to open 1 more new store located in outside Java. We expect 17,000 sqm, 20,000 sqm, and 25,000 sqm additional store spaces for 2015-2017F – translating into average store space growth of 6.8% per year. All in all, we expect ACES to book 8.5% sales CAGR in 2014-2017F.

Exhibit 3. Store expansion (sqm)



Source: Company, Danareksa Sekuritas

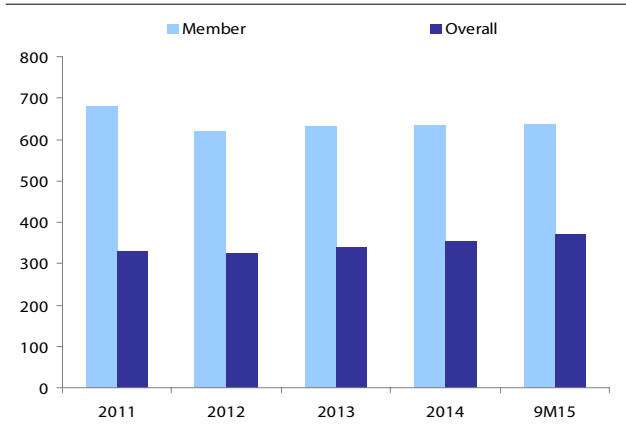
Expecting stable margins

The gross margin improved in 3Q15 to 47.0%, compared to 46.4% in 1Q15 and 45.9% in 2Q15. ACES proved to be able to pass on higher cost arising from IDR depreciation to its customers, demonstrating that its customers are relatively insensitive to price increases. This was reflected in 4.4% growth in average customer basket size in 9M15 to Rp369,400. Going forward, we believe that ACES could maintain the gross margin at the current level.

On the operational level, we expect the opex to sales ratio to be maintained at the 33-34%, which will be supported by management’s consistent effort to increase employees’ productivity. In 9M15, ACES has total 11,355 employees, with Rp406.9 mn sales per employee, up from Rp397.6 mn in FY14. The store spaces coverage per employee has also improved significantly in the last couple of years, from 19.4 sqm per employee in 2011 to 28.4 sqm per employee in 9M15.

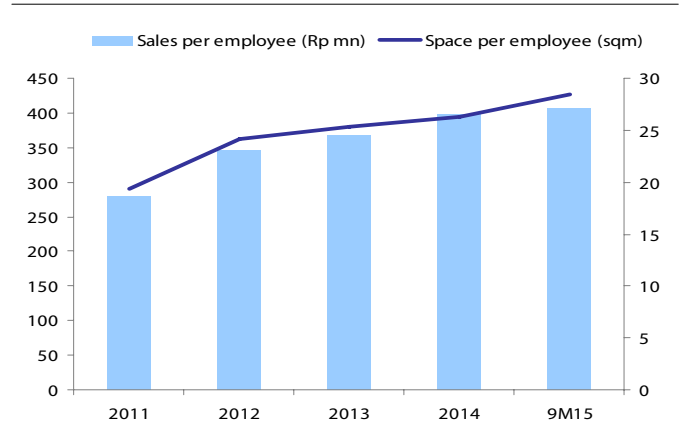
Overall, we forecast ACES’s margin to be stable going forward, with 11.3% average net margin in FY15-17F.

Exhibit 4. Average ticket per customer (Rp ‘000)



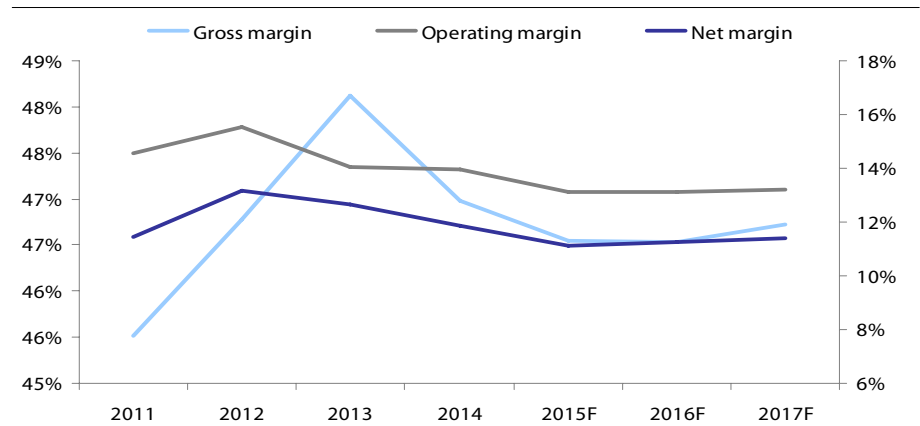
Source: Company

Exhibit 5. Better employee productivity



Source: Company

Exhibit 6. ACES’s margins



Source: Company, Danareksa Sekuritas

HOLD with new TP Rp745

We have adjusted our numbers to incorporate the company’s performance up to October 2015. We use less aggressive assumption for ACES’ SSG and store expansion for this year and the following years. We also roll over our DCF valuation to 2016 and arrived at new Target Price of Rp745. HOLD.

Improvement in the overall macroeconomic which could translated into stronger SSG and more aggressive expansion by ACES will be the upside risk for our current valuation.

Exhibit 7. Changes in forecast

| | 2014 | 2015F | Current | | 2015F | Previous | | Changes, % | | |
|-------------------------|--------|--------|---------|--------|--------|----------|--------|------------|--------|--------|
| | | | 2016F | 2017F | | 2016F | 2017F | 2015F | 2016F | 2017F |
| Gross sales, Rp bn | 4,669 | 5,003 | 5,379 | 5,967 | 5,201 | 5,730 | 6,420 | (3.8) | (6.1) | (7.1) |
| Gross profit, Rp bn | 2,194 | 2,328 | 2,504 | 2,788 | 2,406 | 2,652 | 2,992 | (3.2) | (5.6) | (6.8) |
| Operating profit, Rp bn | 651 | 656 | 705 | 789 | 678 | 762 | 875 | (3.3) | (7.5) | (9.8) |
| Opex to sales ratio, % | 33.0 | 33.4 | 33.4 | 33.5 | 33.2 | 33.0 | 33.0 | 0.2 | 0.4 | 0.5 |
| Net profit, Rp bn | 554.8 | 557 | 604 | 681 | 561 | 638 | 741 | (0.8) | (5.3) | (8.2) |
| SSG, % | 3.1 | -0.2 | 3.0 | 3.0 | 2.0 | 3.0 | 3.0 | (2.2) | - | - |
| Expansion, sqm | 33,042 | 17,000 | 20,000 | 25,000 | 25,000 | 30,000 | 30,000 | (32.0) | (33.3) | (16.7) |

Source: Company, Danareksa Sekuritas

Exhibit 8. Income Statement (Rp bn)

| | 2013 | 2014 | 2015F | 2016F | 2017F |
|---------------------------|-------|-------|-------|-------|-------|
| Revenue | 4,018 | 4,669 | 5,003 | 5,379 | 5,967 |
| Cost of goods sold | 2,085 | 2,475 | 2,674 | 2,876 | 3,180 |
| Gross profit | 1,934 | 2,194 | 2,328 | 2,504 | 2,788 |
| EBITDA | 645 | 730 | 770 | 838 | 941 |
| Operating Profit | 565 | 651 | 656 | 705 | 789 |
| Interest income | 8 | 5 | 8 | 12 | 17 |
| Others | 50 | 26 | 24 | 30 | 35 |
| Total other income (loss) | 58 | 31 | 32 | 42 | 52 |
| Pretax profit | 623 | 682 | 688 | 747 | 841 |
| Income tax | (120) | (133) | (138) | (149) | (168) |
| Net income | 509 | 555 | 557 | 604 | 681 |

Source: Company, Danareksa Sekuritas

Exhibit 9. Balance Sheet (Rp bn)

| | 2013 | 2014 | 2015F | 2016F | 2017F |
|--------------------------|--------------|--------------|--------------|--------------|--------------|
| ASSET | | | | | |
| Cash and cash equivalent | 162 | 391 | 470 | 704 | 994 |
| Investment | 4 | - | - | - | - |
| Trade receivable | 25 | 20 | 42 | 45 | 50 |
| Other receivable | - | 6 | 31 | 33 | 37 |
| Inventory | 1,113 | 1,296 | 1,612 | 1,733 | 1,916 |
| Advance | 303 | 273 | 348 | 397 | 440 |
| Prepaid expense and tax | 279 | 309 | 259 | 267 | 281 |
| Due from related parties | 33 | 33 | 33 | 33 | 33 |
| Deferred tax | 47 | 59 | 59 | 59 | 59 |
| Other assets | 69 | 97 | 97 | 97 | 97 |
| Fixed assets | 446 | 463 | 489 | 507 | 505 |
| TOTALASSETS | 2,479 | 2,947 | 3,438 | 3,876 | 4,412 |
| LIABILITIES | | | | | |
| Bank loans | 29 | 20 | - | - | - |
| Trade payables | 195 | 107 | 251 | 270 | 298 |
| Tax payables | 36 | 31 | 47 | 51 | 58 |
| Accrued expense | 17 | 20 | 36 | 39 | 43 |
| Sales advance | 27 | 116 | 116 | 116 | 116 |
| Employee benefit | 118 | 159 | 214 | 289 | 391 |
| Other liabilities | 142 | 132 | 146 | 157 | 173 |
| TOTALLIABILITIES | 563 | 585 | 810 | 922 | 1,079 |
| Minority Interest | 11 | 5 | 5 | 5 | 5 |
| EQUITY | | | | | |
| Cap. Stock | 172 | 172 | 172 | 172 | 172 |
| Add. Paid in | 368 | 368 | 368 | 368 | 368 |
| Treasury stock | (35) | (35) | (53) | (53) | (53) |
| Retained | 1,399 | 1,852 | 2,136 | 2,462 | 2,841 |
| TOTALEQUITY | 1,904 | 2,357 | 2,623 | 2,949 | 3,328 |
| TL & SE | 2,479 | 2,947 | 3,438 | 3,876 | 4,412 |

Source: Company, Danareksa Sekuritas

Exhibit 10. Cash flow (Rp bn)

| | 2013 | 2014 | 2015F | 2016F | 2017F |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|
| Net Income | 509 | 555 | 557 | 604 | 681 |
| + Depreciation and amortization | 80 | 79 | 114 | 132 | 152 |
| Change in working capital | (436) | (219) | (191) | (149) | (192) |
| Operating cash flow | 153 | 415 | 480 | 588 | 641 |
| Investment | (4) | 4 | - | - | - |
| Fixed assets | (75) | (95) | (140) | (150) | (150) |
| others | (5) | (5) | - | - | - |
| Investing cash flow | (84) | (97) | (140) | (150) | (150) |
| Dividend | (171) | (102) | (273) | (278) | (302) |
| Equity | (35) | - | - | - | - |
| Other | 6 | (9) | 11 | 75 | 101 |
| Financing cash flow | (200) | (111) | (262) | (203) | (201) |
| Changes in cash | (130) | 207 | 78 | 235 | 290 |
| Beginning balance | 270 | 162 | 391 | 470 | 704 |
| Ending balance | 162 | 391 | 470 | 704 | 994 |

Source: Company, Danareksa Sekuritas

Exhibit 11. Ratios

| | 2013 | 2014 | 2015F | 2016F | 2016F |
|--------------------------|------|------|-------|-------|-------|
| Margins (%) | | | | | |
| Gross profit | 48.1 | 47.0 | 46.5 | 46.5 | 46.7 |
| Operating profit | 14.1 | 13.9 | 13.1 | 13.1 | 13.2 |
| Pretax profit | 15.5 | 14.6 | 13.8 | 13.9 | 14.1 |
| Net profit | 12.7 | 11.9 | 11.1 | 11.2 | 11.4 |
| Profitability (%) | | | | | |
| ROA | 23.2 | 20.4 | 17.4 | 16.5 | 16.4 |
| ROE | 29.0 | 26.0 | 22.4 | 21.7 | 21.7 |

Source: Company, Danareksa Sekuritas

MARKET NEWS

BI maintain the BI rate (ID)

BI governor Council Meeting decided to maintain BI rate at of 7.5%. The reference rate has been in this level for 10 months. Nevertheless, The Central Bank lowered the primary minimum reserve requirement from 8% to 7.5%.

Commercial Property: Demand Started to Pick Up (BI)

Demand for commercial property in 3Q15 showed an improvement compared to the supply side despite a slowing economic growth which grew only 4.73%. According to Bank Indonesia, commercial property demand index rose 13.4% on an annual basis in 3Q15, higher than 12.4% in 2Q15. The hotel sector, industrial land, and warehousing were the demand driver, while the office sector and convention space still showed a decline.

Industrial Land Sales Price to be Stagnant (BI)

Surya Semesta Internusa (SSIA) estimated the selling price of industrial land will stagnate in 2016. However, the land sales are expected to continue to grow, especially in the second half of 2016 supported by the implementation of the economic policy package issued by the government. Until September 2015, SSIA posted sales of industrial land area of 3.3ha with average prices reaching USD165 per sqm, still below the company's expectations.

KIJA and PPRO to form a JV (BI)

PP Properti (PPRO) form a joint venture (JV) with Kawasan Industri Jababeka (KIJA) to develop an apartment project worth Rp 600-700bn located in Jababeka industrial area, targeting the middle, low-middle classes and employees working around the area. PPRO will have 45% ownership of the JV while KIJA 55%. Funding sources will be 70% bank loans and 30% equity of the JV company. This project stands on an area of 2,58ha, consisting of 4 towers with a total investment worth Rp 600-750bn and potential marketing sales to reach Rp 1Tn.

Maybank provides funding amounted to US \$ 100 million to ANTM (ID)

Bank Maybank Indonesia (BNI) to disburse loans worth US \$ 100 million to Aneka Tambang (ANTM). This loan will be used to fund ferronickel plant expansion project in Pomalaa (P3FP) and general corporate purposes. Term of the facilities is as follows: loan is provided for 10 years, without collateral, and on-shore US \$ funding. This financing scheme is based on sharia scheme Musharaka with fixed yield rate for the first 3 years. Until now, current progress of EPC P3FP with value of US \$ 600 million has reached 96.95%.

XL publicly launches 4G/LTE high speed internet service (TJP)

XL Axiata (EXCL) commercially launched its 4G/LTE internet service in Greater Jakarta in 17 November 2015. EXCL is the first Indonesia's operator to commercially launch the network following the completion of the 1,800 Mhz frequency refarming, and planned to make this network available in 35 cities nationwide by the end of this year. Over 1,500 BTS will be rolled out across Jakarta (as of now there are 1,100 BTS actively carrying the 4G/LTE service) to accommodate the targeted 3mn 4G users in Jakarta by the end of 2015.

Pati residents won lawsuit over construction of INTP cement plants (Metro)

Judges of the State Administrative Court (PTUN) Semarang in favor of Pati residents on environmental permit for the construction of a cement factory of Sahabat Mulia Sakti, a subsidiary Indocement Tunggal Perkasa (INTP). In its legal considerations, the judge stated that the environmental permit is contrary to Pati Spatial Plan. Based on this verdict, Sahabat Mulia Sakti would re-appeal.



Equity Valuation

| | Rating | Price (Rp) | | 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 |
|---------------------------|--------|------------|--------|------------------|-------------------|----------------|--------------|--------------|---------------|-------|-------------|------------|-------------|-------------|-----------------|-------------|------------|------------|-------------|-------------|
| | | Price | Target | | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | | |
| Danareksa Universe | | | | 2,637,111 | 189,582 | 210,732 | 291.3 | 323.8 | | | 5% | 11% | 13.9 | 12.5 | 11.6 | 10.6 | 2.4 | 2.1 | | 18.0 |
| Auto | | | | 267,444 | 24,706 | 29,222 | 452.6 | 535.3 | | | 15% | 18% | 10.8 | 9.2 | 8.9 | 7.7 | 1.9 | 1.6 | | 18.6 |
| Astra International | HOLD | 6,325 | 8,300 | 256,058 | 23,976 | 28,096 | 592 | 694 | 497 | 567 | 16% | 17% | 10.7 | 9.1 | 9.1 | 7.8 | 1.9 | 1.7 | 33.5 | 19.1 |
| Gajah Tunggal | BUY | 595 | 1,500 | 2,073 | 266 | 633 | 76 | 182 | 140 | 127 | -1% | 138% | 7.8 | 3.3 | 4.3 | 4.2 | 0.3 | 0.3 | 95.0 | 4.4 |
| Selamat Sempurna | BUY | 4,950 | 5,300 | 7,126 | 465 | 493 | 323 | 342 | 332 | 352 | 19% | 6% | 15.3 | 14.5 | 9.3 | 8.6 | 5.0 | 4.1 | net cash | 36.0 |
| Banks | | | | 915,107 | 75,582 | 81,994 | 701.6 | 761.1 | | | 2% | 8% | 12.1 | 11.2 | 2.2 | 1.9 | 2.2 | 1.9 | | 19.5 |
| BCA | HOLD | 13,125 | 13,500 | 323,597 | 19,966 | 21,921 | 725 | 800 | 725 | 800 | 8% | 10% | 18.1 | 16.4 | NA | NA | 3.6 | 3.0 | NA | 23.8 |
| BNI | BUY | 5,000 | 5,850 | 93,243 | 7,506 | 8,596 | 402 | 461 | 402 | 461 | -30% | 15% | 12.4 | 10.8 | NA | NA | 1.4 | 1.3 | NA | 12.1 |
| BRI | BUY | 10,900 | 13,400 | 268,894 | 24,352 | 25,863 | 987 | 1,048 | 987 | 1,048 | 0% | 6% | 11.0 | 10.4 | NA | NA | 2.3 | 2.0 | NA | 23.0 |
| Bank Tabungan Negara | BUY | 1,195 | 1,450 | 12,646 | 1,588 | 1,964 | 151 | 187 | 151 | 187 | 42% | 24% | 7.9 | 6.4 | NA | NA | 0.9 | 0.8 | NA | 12.4 |
| Bank Mandiri | BUY | 8,625 | 11,450 | 201,250 | 20,144 | 21,413 | 863 | 919 | 863 | 918 | 1% | 6% | 10.0 | 9.9 | NA | NA | 1.7 | 1.5 | NA | 18.2 |
| Bank Tabungan Pensiunan | BUY | 2,650 | 4,500 | 15,477 | 2,026 | 2,237 | 347 | 383 | 347 | 383 | 8% | 10% | 7.6 | 6.9 | NA | NA | 1.1 | 1.0 | NA | 15.8 |
| Cement | | | | 149,244 | 12,525 | 15,375 | 725 | 890 | | | 7% | 23% | 11.9 | 9.7 | 7.2 | 6.3 | 2.3 | 2.0 | | 20.0 |
| Holcim | HOLD | 1,000 | 2,300 | 7,663 | 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 | 20,575 | 28,300 | 75,741 | 5,741 | 6,595 | 1,559 | 1,792 | 1,555 | 1,788 | 8% | 15% | 13.2 | 11.5 | 7.6 | 6.4 | 2.7 | 2.4 | net cash | 21.2 |
| Semen Indonesia | BUY | 11,100 | 14,500 | 65,840 | 5,861 | 7,567 | 988 | 1,276 | 988 | 1,276 | 5% | 29% | 11.2 | 8.7 | 7.3 | 6.9 | 2.5 | 2.1 | 12.3 | 23.2 |
| Construction | | | | 107,308 | 4,317 | 5,350 | 99 | 123 | | | 17% | 24% | 24.9 | 20.1 | 11.8 | 10.1 | 3.1 | 2.8 | | 14.4 |
| Jasa Marga | BUY | 4,855 | 8,000 | 33,014 | 1,531 | 1,779 | 480 | 614 | 513 | 657 | 19% | 28% | 10.1 | 7.9 | 11.7 | 10.4 | 2.6 | 2.4 | 95.8 | 12.8 |
| Wijaya Karya | HOLD | 2,815 | 2,500 | 17,310 | 573 | 638 | 93 | 104 | 98 | 109 | -7% | 11% | 30.2 | 27.1 | 12.3 | 10.3 | 3.1 | 2.8 | 29.0 | 10.9 |
| Pembangunan Perumahan | BUY | 3,790 | 4,600 | 18,353 | 694 | 856 | 143 | 177 | 150 | 185 | 30% | 23% | 26.5 | 21.4 | 10.7 | 9.0 | 6.2 | 5.0 | 39.2 | 25.8 |
| Adhi Karya | BUY | 2,195 | 2,900 | 7,816 | 399 | 531 | 112 | 149 | 123 | 163 | 23% | 33% | 19.6 | 14.7 | 9.4 | 7.8 | 3.7 | 3.1 | 66.6 | 20.8 |
| Waskita Karya | BUY | 1,680 | 2,000 | 22,797 | 725 | 1,054 | 53 | 78 | 53 | 78 | 4% | 46% | 31.5 | 21.6 | 15.1 | 12.6 | 2.6 | 2.4 | net cash | 12.5 |
| Wika Beton | HOLD | 920 | 1,350 | 8,918 | 596 | 691 | 45 | 56 | 46 | 57 | 32% | 24% | 20.3 | 16.3 | 10.5 | 8.4 | 3.2 | 2.7 | net cash | 17.1 |
| Consumer | | | | 406,709 | 13,419 | 14,186 | 488 | 518 | | | 7% | 6% | 30.3 | 28.7 | 17.9 | 16.9 | 7.4 | 6.0 | | 25.9 |
| Indfood CBP | BUY | 12,600 | 13,800 | 73,470 | 3,033 | 3,308 | 520 | 567 | 520 | 567 | 16% | 9% | 24.2 | 22.2 | 16.7 | 15.7 | 4.6 | 4.2 | net cash | 20.3 |
| Indfood | BUY | 5,275 | 7,100 | 46,317 | 3,704 | 4,059 | 422 | 462 | 563 | 610 | -5% | 10% | 12.5 | 11.4 | 5.8 | 5.6 | 1.6 | 1.5 | 19.5 | 13.8 |
| Unilever | SELL | 36,375 | 30,475 | 277,541 | 5,889 | 6,234 | 772 | 817 | 772 | 817 | 3% | 6% | 47.1 | 44.5 | 32.4 | 30.7 | 27.2 | 17.0 | 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 | 16,950 | 21,170 | 3,408 | 526 | 276 | 2,618 | 1,375 | 279 | 1,373 | 202% | -47% | 6.5 | 12.3 | 7.2 | 6.3 | 2.0 | 1.9 | net cash | 35.7 |
| Healthcare | | | | 114,622 | 3,220 | 3,599 | 231 | 284 | | | 31% | 23% | 35.6 | 31.9 | 22.5 | 19.4 | 6.5 | 5.8 | | 20.0 |
| Kalbe Farma | BUY | 1,350 | 1,925 | 63,281 | 2,219 | 2,375 | 47 | 51 | 47 | 52 | 8% | 7% | 28.5 | 26.6 | 18.6 | 16.3 | 6.0 | 5.3 | net cash | 22.2 |
| Kimia Farma | BUY | 965 | 1,200 | 5,360 | 259 | 303 | 47 | 55 | 47 | 52 | 12% | 17% | 20.5 | 17.5 | 11.9 | 11.9 | 2.8 | 2.5 | 0.7 | 13.9 |
| Siloam Hospital | HOLD | 9,000 | 16,900 | 10,405 | 153 | 245 | 96 | 132 | 99 | 137 | 77% | 38% | 93.9 | 68.0 | 17.5 | 14.2 | 5.9 | 5.4 | 35.5 | 8.9 |
| Mitra Keluarga | BUY | 2,445 | 2,995 | 35,577 | 589 | 676 | 40 | 46 | 40 | 45 | 14% | 15% | 60.4 | 52.7 | 54.3 | 46.1 | 10.7 | 9.6 | net cash | 22.9 |
| Heavy Equipment | | | | 66,825 | 5,973 | 6,297 | 1,307 | 1,378 | | | 7% | 5% | 11.2 | 10.6 | 5.0 | 4.2 | 1.6 | 1.4 | | 14.6 |
| Hexindo Adiperkasa | HOLD | 1,620 | 3,650 | 1,361 | 220 | 260 | 262 | 309 | 238 | 273 | 13% | 18% | 6.2 | 5.2 | 2.7 | 1.9 | 0.5 | 0.5 | net cash | 8.0 |
| United Tractors | HOLD | 17,550 | 19,800 | 65,464 | 5,753 | 6,037 | 1,542 | 1,619 | 1,542 | 1,619 | 7% | 5% | 11.4 | 10.9 | 5.1 | 4.3 | 1.6 | 1.5 | net cash | 15.1 |
| Mining | | | | 71,625 | 7,288 | 8,157 | 92 | 103 | | | -17% | 12% | 9.8 | 8.8 | 4.1 | 3.7 | 0.7 | 0.7 | | 7.4 |
| Adaro Energy | BUY | 555 | 900 | 17,752 | 2,249 | 2,054 | 70 | 64 | 70 | 64 | 9% | -9% | 3.3 | 3.0 | 3.0 | 3.0 | 0.5 | 0.5 | 32.0 | 6.4 |
| Timah | BUY | 540 | 850 | 4,022 | 157 | 237 | 21 | 32 | 21 | 32 | -75% | 51% | 25.6 | 16.9 | 6.3 | 5.9 | 0.7 | 0.7 | 24.9 | 2.9 |
| Vale Indonesia | BUY | 1,860 | 3,700 | 18,482 | 1,386 | 1,790 | 140 | 180 | 140 | 180 | -36% | 29% | 13.3 | 10.3 | 4.4 | 3.7 | 0.8 | 0.8 | net cash | 6.2 |
| Aneka Tambang | HOLD | 311 | 1,100 | 7,474 | 194 | 400 | 20 | 42 | 20 | 42 | -148% | 106% | 15.3 | 7.4 | 14.3 | 10.7 | 0.6 | 0.6 | 62.8 | 1.6 |
| Bukit Asam | BUY | 5,925 | 8,400 | 13,652 | 1,560 | 1,674 | 718 | 770 | 718 | 770 | 5% | 7% | 8.3 | 7.7 | 5.9 | 5.4 | 1.5 | 1.3 | net cash | 17.4 |
| Indo Tambangraya Megah | HOLD | 7,200 | 10,600 | 8,135 | 1,622 | 1,800 | 1,435 | 1,593 | 1,435 | 1,593 | -23% | 11% | 5.0 | 4.5 | 1.4 | 1.2 | 0.7 | 0.7 | net cash | 15.2 |
| Harum Energy | HOLD | 780 | 1,750 | 2,109 | 119 | 202 | 44 | 75 | 44 | 75 | -53% | 69% | 17.7 | 10.5 | 1.1 | 1.0 | 0.6 | 0.6 | net cash | 3.1 |
| Plantation | | | | 46,266 | 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 | 18,350 | 27,100 | 28,897 | 2,770 | 2,832 | 1,759 | 1,798 | 1,759 | 1,798 | 4% | 2% | 10.4 | 10.2 | 6.2 | 5.8 | 2.5 | 2.3 | net cash | 24.5 |
| Sampoerna Agro | BUY | 1,300 | 2,600 | 2,457 | 464 | 550 | 245 | 291 | 253 | 299 | 18% | 19% | 5.3 | 4.5 | 3.8 | 3.2 | 0.7 | 0.6 | 31.8 | 14.5 |
| PP London Sumatra | HOLD | 1,270 | 2,090 | 8,865 | 1,055 | 1,133 | 155 | 166 | 155 | 166 | 8% | 7% | 8.2 | 7.6 | 3.9 | 3.2 | 1.1 | 1.0 | net cash | 13.9 |
| Salm Ivomas Pratama | BUY | 395 | 850 | 6,247 | 1,221 | 1,423 | 77 | 90 | 87 | 98 | 33% | 17% | 5.1 | 4.4 | 3.3 | 2.9 | 0.4 | 0.4 | 37.6 | 8.2 |
| Property | | | | 93,153 | 8,896 | 10,205 | 87 | 99 | | | -10% | 15% | 10.5 | 9.1 | 9.3 | 8.1 | 1.8 | 1.6 | | 18.8 |
| Alam Sutera | BUY | 335 | 700 | 6,583 | 1,254 | 1,516 | 64 | 77 | 73 | 85 | 15% | 21% | 5.3 | 4.3 | 6.2 | 5.2 | 0.9 | 0.8 | 75.3 | 18.9 |
| Bumi Serpong Damai | BUY | 1,645 | 2,100 | 31,661 | 2,369 | 2,617 | 135 | 150 | 140 | 156 | -36% | 10% | 12.1 | 11.0 | 10.6 | 9.3 | 2.1 | 1.8 | 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 | 590 | 1,040 | 2,776 | 464 | 415 | 99 | 88 | 103 | 93 | 32% | -11% | 6.0 | 6.7 | 2.3 | 2.3 | 0.9 | 0.8 | net cash | 16.9 |
| Lippo Karawaci | BUY | 1,175 | 1,200 | 27,116 | 1,565 | 1,763 | 72 | 82 | 58 | 64 | -38% | 13% | 16.2 | 14.4 | 12.2 | 10.5 | 1.7 | 1.6 | 27.3 | 10.1 |
| PP Properti | BUY | 192 | 242 | 2,697 | 1,626 | 1,963 | 21 | 26 | 22 | 28 | 172% | 27% | 9.3 | 7.4 | 6.5 | 6.0 | 1.2 | 1.1 | | |

COVERAGE PERFORMANCE

LEADERS

| | Code | Price as on | | Chg, % | w-w, % | m-m, % | YTD, % | Rating |
|-------------------------|------|-------------|-------------|--------|--------|--------|--------|--------|
| | | 17-Nov-2015 | 16-Nov-2015 | | | | | |
| XL Axiata | EXCL | 3,700 | 3,350 | 10.4 | 17.6 | 14.2 | (23.9) | BUY |
| Indocement | INTP | 20,575 | 19,600 | 5.0 | 13.7 | 5.2 | (17.7) | BUY |
| PP London Sumatra | LSIP | 1,270 | 1,210 | 5.0 | (7.0) | (9.9) | (32.8) | HOLD |
| Sarana Menara Nusantara | TOWR | 4,400 | 4,200 | 4.8 | 8.6 | 10.4 | 6.0 | BUY |
| Indofood | INDF | 5,275 | 5,075 | 3.9 | (1.9) | (14.9) | (21.9) | BUY |
| Bank Negara Indonesia | BBNI | 5,000 | 4,820 | 3.7 | 3.5 | (2.0) | (18.0) | BUY |
| Indo Tambangraya Megah | ITMG | 7,200 | 6,950 | 3.6 | (10.6) | (28.9) | (53.2) | HOLD |
| Bank Rakyat Indonesia | BBRI | 10,900 | 10,525 | 3.6 | 4.3 | 5.8 | (6.4) | BUY |
| Telkom | TLKM | 2,815 | 2,720 | 3.5 | 4.5 | 5.0 | (1.2) | HOLD |
| Vale Indonesia | INCO | 1,860 | 1,805 | 3.0 | (12.9) | (16.6) | (48.7) | BUY |

Sources: Bloomberg

LAGGARDS

| | Code | Price as on | | Chg, % | w-w, % | m-m, % | YTD, % | Rating |
|---------------------|------|-------------|-------------|--------|--------|--------|--------|--------|
| | | 17-Nov-2015 | 16-Nov-2015 | | | | | |
| Gajah Tunggal | GJTL | 595 | 615 | (3.3) | 1.7 | (4.0) | (58.2) | BUY |
| Siloam Hospital | SILO | 9,000 | 9,300 | (3.2) | (6.5) | (26.1) | (34.3) | HOLD |
| Mandom | TCID | 16,950 | 17,400 | (2.6) | (2.6) | 2.7 | (3.3) | BUY |
| Mitra Keluarga | MIKA | 2,445 | 2,500 | (2.2) | (9.3) | (16.8) | 43.8 | BUY |
| Hexindo Adiperkasa | HEXA | 1,620 | 1,650 | (1.8) | (7.4) | (14.7) | (53.8) | HOLD |
| Bukit Asam | PTBA | 5,925 | 6,025 | (1.7) | (19.1) | (8.1) | (52.6) | BUY |
| Astra International | ASII | 6,325 | 6,425 | (1.6) | (2.7) | 0.4 | (14.8) | HOLD |
| Alam Sutera | ASRI | 335 | 339 | (1.2) | (6.7) | (10.7) | (40.2) | BUY |
| Kimia Farma | KAEF | 965 | 975 | (1.0) | (1.5) | 12.9 | (34.1) | BUY |
| Adaro Energy | ADRO | 555 | 560 | (0.9) | (9.0) | (13.3) | (46.6) | BUY |

Sources: Bloomberg

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