Danareksa Snapshot

Equity Research Monday, December 21, 2015

MORNING HIGHLIGHT

FROM EQUITY RESEARCH

Strategy - JCI: Road to Recovery

The government spending will be the primary mover of the Indonesian economy, and we believe that implementation of government projects will better in 2016 as we have seen signs of improvements in several areas. The macro variables are mostly supporting, giving the room for lower benchmark interest rate, which could further enhance growth. Our index target for 2016 is 5,400 using blended approach of DDM and PE based valuation model.

MARKET NEWS

*Analysts' comment inside

- 79 SOEs Participate in Assets Revaluation (BI)
- ANTM fulfilled the US \$ 600mn funding (ID)
- Govt to develop palm oil industrial zones (TJP)
- Government Policy Package VIII Aim for Transportation Sector (BI)
- State Capital Injection: Bureaucracy to be Simplified (BI)
- Total Persada prepare Rp 150BN capex (ID)

Previous Reports:

- Construction: Infrastructure Driven Scenario-<u>Snapshot20151216</u>
- AUTO: Still weak on cumulative basis, Construction: PUPR: likely to miss budget target-<u>Snapshot20151215</u>
- Cement: Maintaining sturdy sales volume in November 2015, Retail: No surprise-<u>Snapshot20151214</u>
- Coal Sector: Weak coal prices to persist, Infrastructure: SOE Synergy for Indonesia Transformation-<u>Snapshot20151211</u>
- Bank Rakyat Indonesia: 10M15 Result-<u>Snapshot20151210</u>
- Cement: Fighting on uphill battle-Snapshot20151202

IDX ANNOUNCEMENT

Code	Action	Date	Time (WIB)
MIKA	EGM	17-Dec-15	14
BMRI	EGM	18-Dec-15	,

Key Index												
		01	Chg	Ytd	Vol							
		Close	(%)	(%)	(US\$ m)							
Asean -	5											
Indonesia	à											
Thailand		4,469	(1.9)	(14.5)	247							
Philippine	es	1,285	(1.9)	(14.2)	1,134							
Malaysia		6,867	(0.6)	(5.0)	133							
Singapor	e	1,644	(0.8)	(6.7)	524							
Regional		2,853	(0.3)	(15.2)	645							
China												
Hong Kor	ng	3,579	(0.0)	10.6	94,988							
Japan		21,756	(0.5)	(7.8)	9,720							
Korea		18,987	(1.9)	8.8	18,941							
Taiwan		1,978	0.2	3.3	3,332							
India		8,257	(0.7)	(11.3)	2,515							
NASDAQ	2	25,519	(1.1)	(7.2)	472							
Dow Jone	es	4,923	(1.6)	3.9	133,611							
	Currency	y and Int	erest R	ate								
		Rate	w-w	m-m	ytd							
		Rate	w-w (%)	m-m (%)	ytd (%)							
Rupiah	Rp/1US\$	13,905	(%) 0.9	(%) (1.6)	(%) (11.8)							
SBI rate	%	13,905 7.10	(%) 0.9 0.4	(%) (1.6) 0.4	(%) (11.8) (0.1)							
•	% Indo bond	13,905 7.10 8.70	(%) 0.9 0.4 (0.0)	(%) (1.6)	(%) (11.8)							
SBI rate	% Indo bond	13,905 7.10	(%) 0.9 0.4 (0.0) dities	(%) (1.6) 0.4 0.1	(%) (11.8) (0.1) 0.9							
SBI rate	% Indo bond	13,905 7.10 8.70	(%) 0.9 0.4 (0.0) dities d-d	(%) (1.6) 0.4 0.1 m-m	(%) (11.8) (0.1) 0.9 ytd							
SBI rate	% Indo bond Har	13,905 7.10 8.70 d Commo Price	(%) 0.9 0.4 (0.0) dities d-d (%)	(%) (1.6) 0.4 0.1 m-m (%)	(%) (11.8) (0.1) 0.9 ytd (%)							
SBI rate 10y Gov	% Indo bond Har Unit	13,905 7.10 8.70 d Commo Price 52	(%) 0.9 0.4 (0.0) dities d-d (%) (0.1)	(%) (1.6) 0.4 0.1 m-m (%) (1.0)	(%) (11.8) (0.1) 0.9 ytd (%) (16.2)							
SBI rate 10y Gov Coal	% Indo bond Harr Unit US\$/ton	13,905 7.10 8.70 d Commo Price 52 1,065	(%) 0.9 0.4 (0.0) dities d-d (%) (0.1) (0.1)	(%) (1.6) 0.4 0.1 m-m (%) (1.0) (1.2)	(%) (11.8) (0.1) 0.9 ytd (%) (16.2) (10.1)							
SBI rate 10y Gov Coal Gold	% Indo bond Har Unit US\$/ton US\$/toz	13,905 7.10 8.70 d Commo Price 52 1,065 8,724	(%) 0.9 0.4 (0.0) dities d-d (%) (0.1) (0.1) 1.6	(%) (1.6) 0.4 0.1 m-m (%) (1.0) (1.2) (2.4)	(%) (11.8) (0.1) 0.9 ytd (%) (16.2) (10.1) (42.1)							
SBI rate 10y Gov Coal Gold Nickel	% Indo bond Hard Unit US\$/ton US\$/toz US\$/mt.ton US\$/mt.ton	13,905 7.10 8.70 d Commo Price 52 1,065 8,724 14,805	(%) 0.9 0.4 (0.0) dities d-d (%) (0.1) (0.1) 1.6 1.3	(%) (1.6) 0.4 0.1 m-m (%) (1.0) (1.2)	(%) (11.8) (0.1) 0.9 ytd (%) (16.2) (10.1)							
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		-,	()	()	
Corn	US\$/mt.ton	140	-	2.4	(1.9)
Crude Oil	US\$/barrel	37	(0.9)	(18.2)	(36.3)
Palm oil	MYR/mt.ton	2,136	(0.5)	1.7	(7.0)
Rubber	USd/kg	116	0.1	(1.1)	(23.7)
Pulp	US\$/tonne	804	n/a	(2.3)	(13.7)
Coffee	US\$/60kgbag	92	(0.4)	1.0	39.7
Sugar	US\$/MT	414	1.8	5.9	5.8
Wheat	US\$/ton	132	0.6	0.4	(21.1)

Source: Bloomberg



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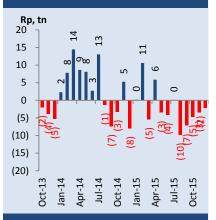
EQUITY RESEARCH

Monday, December 21, 2015

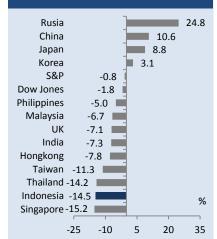
OVERWEIGHT

JCI Target 2016: 5,400

Foreign fund flow



2015 Ytd Regional Performance



2015 Ytd Sector Performance



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

Strategy

JCI: Road to Recovery

The government spending will be the primary mover of the Indonesian economy, and we believe that implementation of government projects will better in 2016 as we have seen signs of improvements in several areas. The macro variables are mostly supporting, giving the room for lower benchmark interest rate, which could further enhance growth. Our index target for 2016 is 5,400 using blended approach of DDM and PE based valuation model.

Danareksa

Government spending on the driver seat

We have an optimistic view in 2016 but only moderately. To grow better than last year, Indonesia will heavily rely on government spending which only has a small 9.8% share in GDP (as per 3Q15). This is not an easy task, but it is achievable. Signs of improvements are evident, such as, the improvement in cement consumption since August 2015 mainly supported by government projects especially toll road. Many of projects that have been stalling for sometimes are now in acceleration mode.

Supported by several economic packages

After the consecutive decline in GDP in the first and second quarters this year, the government responded by issuing several economic packages and other measurements as well to prevent the economy from declining further. While the effectiveness of these policies will vary, we view this positively as it demonstrates seriousness of the current government (as it had never before) in achieving economic growth. The tax incentives on asset revaluation and lower administrative prices of diesel fuel, electricity tariff discount and subsidized interest on micro credit (KUR) are among those who have relatively immediate impact than other policies.

The likelihood of more relaxed monetary policy

With GDP growth bottoming out in 3Q15, inflation at a low rate, current account deficit at a safe level, the likelihood of BI reduces interest rates in 2016 increases. This will be good for boosting investments as well as consumption. Together with government spending that will start earlier in 2016 (versus 2015 in May) the multiplier effect on consumption and investment will take effect in 2H16.

The external factors: higher global growth in 2016

We believe that the Fed rate hike has largely been factored in by the market, and the impact will be short and relatively restrained. The global economic growth is expected to be higher in 2016 of 3.6% (compared to 3.1% in 2015), with USA, Japan and Europe to grow by 3%, 1.2% and 1.7% (2015F: 2.5%; 0.8%; 1.5%) respectively. India, in the meantime, has already overtaken China with its economic growth reach 7.3% in 2015 and 7.5% in 2016. The higher global growth and the relatively of high economic growth in India could provide some cushion (in the export market as well as in commodity market), against the further decline in China.

Our top picks

Construction sectors and banks are our top sectors with WSKT, PTPP and BBRI and BBCA as the top picks in the sectors. Lots of government's infrastructure projects need to be carried out, and with SOE synergy approached at the background, it is only logical that construction SOE companies are the primary beneficiaries of government spending. SOE banks are second in line to benefit from funding the contractors as well as to benefit from other form of government spending. The possibility of interest rate decline in 2016 adds the attractiveness to banking sector. Likewise, we recommend several stocks which have the potential to shine despite the still problematic issues in their sectors. Those are SMGR, MIKA, BSDE, PTBA.

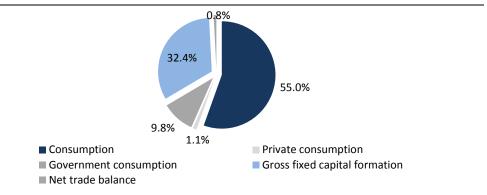
Top Picks								
	Current	Target						Net gearing,
Company	price	price	PE	, x	PB	, x	ROE, %	%
	Rp	Rp	2015F	2016F	2015F	2016F	2015F	2015F
BBCA	13,225	15,425	18.3	16.7	3.6	3.0	NA	21.4
BBRI	10,875	13,400	11.0	10.4	2.3	2.0	NA	23.0
SMGR	10,475	12,300	13.5	13.4	2.4	2.2	5.1	18.4
PTPP	3,745	4,700	28.6	21.2	4.9	3.4	25.6	20.9
WSKT	1,640	2,150	26.7	20.4	2.5	2.3	net cash	14.2
MIKA	2,300	2,995	56.8	49.5	10.0	9.0	net cash	22.9
PTBA	4,780	7,800	5.3	7.2	1.1	1.0	net cash	21.4
BSDE	1,650	2,100	12.2	11.0	2.1	1.8	net cash	16.6

Source: Bloomberg, Danareksa Sekuritas as of December 18, 2015

Government spending in the driver seat

With only 9.8% share in the GDP, government spending needs to be implemented without delays and reliable to be effective. The SOE companies will be the first who will benefit before they spill over to the private sectors, as well to the consumption that has a larger 55.0% share in the GDP.

Exhibit 1: GDP component as per 3Q15

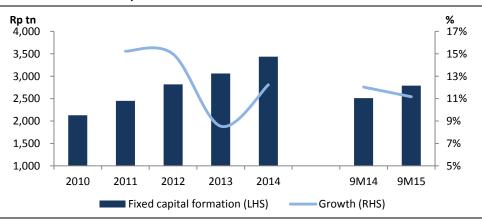


Source: BPS

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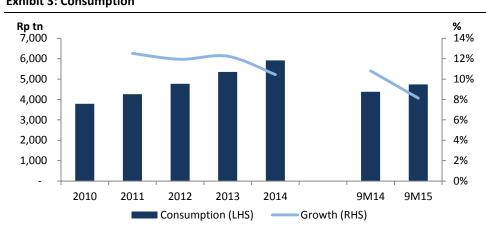
Due to economic slowdown, investment or gross fixed capital formation in 9M15 grew lower at 11.2% (9M14: 12%). However, we expect an improvement in growth in 2016, supported by several policies that aim to make investments more attractive for foreign as well for domestic investor. These segments will certainly benefit from the decline in interest rate that is expected to occur in 2016. The same thing with consumption, which slowed down in 9M15 to 8.1%. We expect consumption to resume at around the 2H16 following the spillover effect of the government spending as well as the possible lower interest rate.





Source: BPS

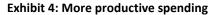


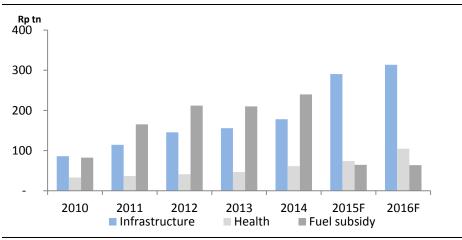




Source: BPS

The government now has more capacity to spend more on infrastructure which is the result of its bold decision at the beginning of year by significantly cutting the unproductive fuel subsidy and spend more for much needed infrastructure





Source: CEIC, Ministry of Finance

Acceleration in government spending

We are quite confidence that spending can start early in 2016 (versus in June in 2015), as the budget has been approved, project tenders will be done before the year-end, hence disbursement can happen in 1Q16. The confidence is supported by continuing effort by the government in tackling obstacles in stalled projects.

Overall, the infrastructure budget is higher by 8% to Rp313.5 tn in 2016. We also note that regional transfer increased significantly to Rp79.4 tn from Rp41.0 tn previously. While we are more optimistic on budget absorption by the central government, we are rather skeptical on the ability of regional government to absorb budget. As in many cases previously, the money tends to stay idle in regional banks. However, we may expect a slight improvement based on the recent statement from President Jokowi regarding the alternatives of using non-cash transfer and / or to reduce the budget in an effort to increase the utilization of regional transfer.

Exhibit 5: Acceleration in government projects

Progres	Project cost (Rp bn)		rojects
Land clearing process has complete	60,000	Construction of oil refinery in	1
Auction for appointment KPBU be completed in December 201		Bontang with a minimum capacity of	
Construction expected to start in 2016 and complete in 201		235K per day	
Currently, PDAM Semarang is waiting for issuance regulation of wate	824	Drinking Water Management in West	2
management cooperation schem		Semarang	
85% land acqisition complete	6,002	Balikpapan-Samarinda toll road	3
concession to be signed in April 201			
Revitalization for Raden Inten and Labuan Bajo Airport are unde		Revitalization of three small and	4
progres		medium sized airports i.e.	
		(i) Radin Inten II Airport, Lampung,	
		(ii) Airport Mutiara, Palu,	
		(iii) Labuan Bajo Airport, Komodo	
Finalization of land acquisition is targetted in the third quarter 201	20,000	Electrical transmission 'High Voltage	5
		Direct Current' (HVDC) Sumatra Java	
		interconnection (ISJ)	
Signed of concession agreemer	30,000	4 toll roads as part of Trans	6
		Sumatera Toll Road, i.e.	
Land acquisition is ongoin		(i) Medan-Binjai Sumatra,	
Construction activity has started on several section		(ii) Palembang-Indralaya,	
		(iii) Pekanbaru-Dumai, and	
		(iv) Bekauheni-Tebanggi Besar.	
Land acquisition issue has been resolve	40,000	Construction of PLTU Batang with	7
Ground breaking on August 201		capacity of 2x1,000 MW	
60% land clearing progress and has started constructio	24,000	Express train to Soekarno Hatta	8
Expected to be completed in 201		International Airport	
Ground Breaking on 19 Nov 1	4,500	Train in East Kalimantan	9
Initially, this project will be conducted by SOEs. Yet, regulation o	35,000	500 kV electrical transmission from	10
direct appointment has not been issue		Southern to Northern Sumatera	

Source: Various resources

Exhibit 6: Government infrastructure spending

		APBNP 2015	RAPBN 2016
Ι	Economic infrastructure	280.0	302.3
	a. Ministries spending	196.4	167.5
	Ministry of Public works	111.1	101.2
	Ministry of Transportation	59.1	47.2
	Ministry of Agriculture	8.9	6.2
	Ministry of Energy and Mineral Resources	8.1	3.6
	b. Non-ministries spending	6.8	5.1
	Viability gap fund (VGF)	1.2	1.1
	Grants	4.5	4.0
	c. Regional transfer and village fund	41.0	79.4
	Special purpose fund	29.7	57.2
	Village fund for infrastructure	8.3	18.8
	d. Financing	35.7	50.3
	Government injection for infrastructure	5.1	9.2
	Government capital injection	28.8	40.2
П	Social infrastructure	6.5	6.5
	Ministry of Education and Culture	4.4	6.2
	Ministry of Religious Affair	2.1	0.5
Ш	Infrastructure support	3.9	4.7
	BPN	1.3	1.6
	Ministry of Industry	0.6	0.5
	Total	290.3	313.5

Source: Ministry of Finance

Economic packages to strengthen and boost economic growth

In the 1Q15 and 2Q15 the GDP growth was down trending, hence, in order to stop the down trend, the government has come up with several economic packages as stimulus to revive economic growth. While the real impact of most of the stimuli will be in the medium term, some of them do have immediate impact, e.g. tax incentives on asset revaluation, lower price on diesel fuel, electricity tariff for industry, subsidized interest on micro credit (KUR).

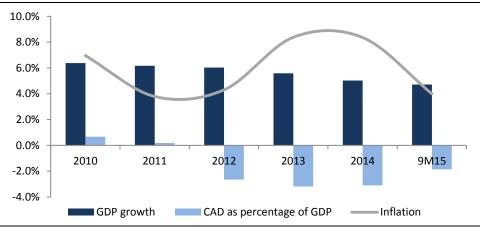
Several companies have shown their interests to benefit from the tax incentives on asset revaluation. Mostly, SOE banks, but also non SOE BCA, will take part on this program, and Tax Authority has estimated that tax revaluation from big SOE this year will bring around Rp10 tn extra tax revenue. Lower price on diesel fuel and electricity tariff for industry, will help industry to stay in business in the midst of economic slow down, and to prevent further lay offs.

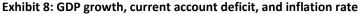
Subsidized interest on micro credit of Rp100 tn will also play a role in improving the welfare of people particularly those that do not have access to banking products. It has both short term and long term impact. Playing the effect on low income people's businesses, KUR will help small businesses to survive and to grow. Furthermore, as the government set annual target for the banks to channel KUR, the impact should be felt in relatively short term.

Greater likelihood for the Central Bank to reduce interest rate

Three factors will create room for BI to reduce interest rate which could then boost growth further specially in investment and consumption segments with its 33% and 55% portion to GDP respectively. Firstly, is the earlier implementation of government spending, supported by several economic packages, closer monitoring on projects progresses. Secondly, benign inflation and finally the improvement in the current account deficit will be supportive for lower interest rate environment.

The data on higher cement consumption and project progresses further support our believe that earlier implementation on government spending is happening at this moment and will likely to be maintained or better in 2016 (see exhibit 9 and exhibit 5). The cement consumption which was slow at the beginning of 2015, has started to pickup in August 2015. Furthermore, with less uncertainty regarding US Fed rate hike, our economist also expects Rupiah exchange rate to stabilize going forward.





Source: BPS, BI

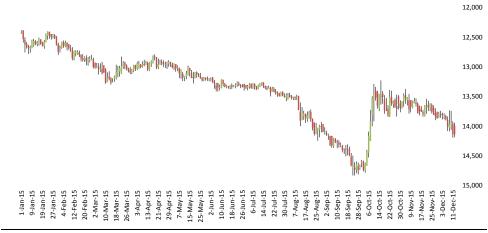




Exhibit 9: Improvement in cement consumption with better budget absorption

Source: Indonesian Cement Association





Source: Bloomberg, as of Dec 18, 2015

Target and valuation

We use blended DDM valuation and PE based model to calculate our JCI 2016 target and arrive at JCI 2016 of 5,400. In the former model we use GDP growth estimate of 5.3% and inflation of 4.5%, while in the latter model we take consensus EPS in FY16F of Rp307 and target PE of 15.5x

Exhibit 11: JCI target and valuation

Year		2016	2017	2018	2019	2020	2021
Number of Years		0	1	2	3	4	5
Dividend Yield	2.3% -		→ a	verage si	nce 2005		
JCI Index, Full Year 2015	4,600						
Growth	12.3%						
Terminal Growth (nominal)	9.8%	G	OP: 5.3%	Ir			
Cost of Capital	12.0%	Rr	n = 12%				
Rm - Rf (Rp Risk Premium)	5.0%						
Rf	7.0%						
Beta	1.0						
Cost of capital	12.0%						
Dividend	101	114	128	143	161	181	203
Terminal Value							9,412
Total Dividend		114	128	143	161	181	9,615
Present Value		114	114	114	115	115	5,456
Target Index 2016, rounded		6,000					

PE-based

Target PE	
EPS 2016 consensus est.	307.00
PE (x)	15.50
Target Index 2016, rounded	4,800

Blended valuation

Blended Valuation	
DDM Based	6,000
PE-Based	4,800
Target Index 2016, Blended	5,400

Source: Danareksa Sekuritas

Exhibit 12: JCI Historical PEs



Source: Danareksa Sekuritas, as of Dec 11, 2015



PTPP

PTPP's large order book backlog should ensure earnings visibility in FY16F. With an expected Rp36.5 tn of order book carry over for FY16F, PTPP should be able to maintain solid earnings growth. For its solid track record on new project acquisitions and good execution, PTPP stands to benefit from sizeable government infrastructure projects, especially related to port development. We expect earnings growth of 28% CAGR on the back of 18% CAGR order book growth in FY15F-17F. We maintain our positive view on PTPP for its solid earnings visibility, good project execution and strong ability to generate new contracts. Maintain BUY with a higher TP of Rp4,700 based on the target FY16F PE of 26.7x, equal to 1.5st.dev above the sector's average P/E.

WSKT

WSKT is the largest listed SOE contractor by equity size following its Rp5.3 tn rights issue. This allowed WSKT to aggressively invest in high value toll road projects which will give it sizeable construction contracts. Currently, WSKT owns 11 toll road concessions with the potential to add another Rp20 tn to its order book. We expect 34% CAGR earnings growth in FY15F-17F on the back of higher new contract acquisition and margin improvement on the greater contribution from toll road projects. Maintain BUY with higher TP of Rp2,150 based on 26.7x target FY16F PE.

BBRI

We are bullish on BBRI with TP of Rp13,400 due to its unique business model in micro banking which continue to serve as its strong point. BBRI is the bank with the largest profit domestically with Rp 24.3tn in 2014 and Rp 18.4tn in 9M15. Near future catalyst for BBRI is the boost from government spending, particularly the subsidized micro credit (KUR), in which BBRI will most likely get the most allocation to channel KUR. Despite the lower interest rate on subsidized KUR which could lower NIM the medium to long term benefit of this program is huge as it will significantly enlarge BBRI customer base and further strengthened its position as market leader in micro credit. Furthermore, the possible decline in interest rate will be most beneficial to BBRI compare to its peers, as it has the highest TD portion (43.8%) in its deposits.

BBCA

While a laggard compared to SOE peer banks, BBCA has been able to book the highest profit growth of 9.6% in 9M15 at Rp13.4 tn. This is supported by BBCA robust business model as the "transactional bank", sound fundamental, prudent risk management and the still respectable growth. It is essentially chosen due to its high quality and respectable growth, that we recommend BUY on BBCA at TP of Rp15,425 which implies PBV 16F of 3.6x.

SMGR

Despite an overcapacity situation in the industry, we still like SMGR and it is our top pick in the cement sector considering the following: (i) its extensive presence across the archipelago. As location is a vital component to be able to compete effectively, those closer to the development sites have superior pricing power compared to those who are further away. (ii) its lower dependency on Java where most of the cement producers are located and hence where competition is even stiffer. (iii) continued efficiency improvements through the construction of additional packing plants and power generators to further reduce electricity costs. We recommend BUY with a TP of Rp12,300 and implies 15.6x 2016F PE.

BSDE

While property market is still struggling, the sub-sector i.e. residential property can still grow in 2016 supported by demand backlog for first time buyers, and the possibility of lower interest rate. BSDE is our top pick as it has huge landbank which provides it with greater flexibility in offering the type properties suitable to market condition. We recommend BUY with TP of Rp2,100.

ΜΙΚΑ

The national insurance program (JKN) implementation has negatively impacted MIKA's patient volume thus far, especially on its hospital located in greater Jakarta areas (inpatient: -7% yoy; outpatient:-2.3% yoy). However, we expect the negative trend to abate in the coming years since we believe the shift to public hospital is a temporary hype in the first two years of JKN implementation. With its wide range specialty services and fine quality, MIKA should remain the preferred hospital among other public hospitals within its catchment area. Thus, we believe the patient volume should normalize in the near future. Profitability wise, the centralize procurement strategy should help to sustain the robust margin going forward. All in all, we like MIKA on the back of: 1) the stock's superior EBITDA margin of 34-35% and ROIC compared to its peers, 2) the strong FCF generation, and 3) its sound business model (community based hospital). Maintain BUY.

PTBA

We continue to like PTBA and select it as our top pick in the coal mining sector. The major catalysts are: a) expectation of higher coal production growing at 3-year CAGR of 10.1% in 2014 – 2017, b) the fact that the company stands to benefit from greater domestic exposure which shall sustain demand for its coal and c) additional earnings from diversification into power plant projects. Maintain BUY with target price to Rp7,800 based on DCF valuation (WACC of 13.2% and long-term growth of 3%). Our TP implies 11.7x 2016F PE.



MARKET NEWS

79 SOEs Participate in Assets Revaluation (BI)

A total of 79 out of the 119 State Owned Companies already included in the list of companies that will carry out the fixed assets revaluation to take advantage of discounts on final income tax rates, 3-6%. In this regards, the four state-owned banks (BMRI, BBRI, BBNI, BBNI, BBNI) has participated and paid tax with a total amount of around Rp1 tn.

ANTM fulfilled the US \$ 600mn funding (ID)

Aneka Tambang(ANTM) fulfilled the funding of Pomalaa Ferronickel Plant Expansion Project (P3FP) by obtaining US\$ 660mn financing from Maybank Indonesia. By the end of November 2015, the EPC progress of P3FP has reached 98.36%. Recently, ANTM with Indonesia Asahan Aluminium (Inalum) also has signed an MoU with Aluminum Corporation of China for Smelter Grade Alumina Refinery (SGAR)'s funding and technology in Mempawah, West Kalimantan.

Govt to develop palm oil industrial zones (TJP)

Government has been reviewing three industrial zones for the development of the palm oil downstream industry, which will be located in Sei Mangkei (North Sumatera), Dumai (Riau), and Pupuk Kaltim (East Borneo), which were chosen based on the availability of gas to supply production and the accessability of international shipping. The three areas were aimed at producing various palm oil product such as olein and stearin. Industry Ministry also expected partnership with SOEs and private companies to develop the area. This designation of industrial zones are were based on agreement established by Indonesia and Malaysia through the Council of Palm Oil Producing Countries (CPOPC).

Government Policy Package VIII Aim for Transportation Sector (BI)

Policy package number VIII to be launched soon by the government would target the public transport sector, in particular, air transportation sector by giving some ease. According to the minister of transportation, there will be deregulation to remove customs duties for 25 items spare parts vital for aircraft.

State Capital Injection: Bureaucracy to be Simplified (BI)

SOE Ministry wants the process to obtain a Government Regulation (PP) associated with the disbursement of the State Capital Injection (PMN) for SOEs to be more simple. In this regards, the SOE Ministry proposed a revision of the procedures to create the Government Regulation (PP) to the State Secretariat (Setneg)

Total Persada prepare Rp 150BN capex (ID)

Total Bangun Persada (TOTL) preparing capex of Rp 150bn which will derived from internal cash and will be used for the purchase of land for its subsidiary, office renovation, purchasement of project equipment, IT, etc. As of December 2015, the company has bagged new contracts acquisitions worth Rp 2.2tn from the targeted Rp 3tn and currently is in negotiations phase for the acquisition of several building projects worth Rp 1tn.

Equity	Patin -	Outstanding Shares	Price (Pr.)	Price	Mkt Cap	Net profi	t, Rp bn	EPS	(Rp)	Core EPS ((Rp)	EPS Gro	owth	PER ((x)	EV / EBIT	DA (x)	PBV (x)		Net Gearing	ROE
Danareksa Valuation	Rating	(Mn)	Price (Rp)	Target	Rp Bn	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2015
Danareksa Universe		643,081			2,561,055	174,855	192,213	271.9	298.9			4%	10%	14.6	13.3	12.4	11.4	2.4	2.1		17.4
Auto		54,591			265,337	24,706	29,222	452.6	535.3			15%	18%	10.7	9.1	8.8	7.6	1.9	1.6		18.6
Astra International	HOLD	40,484	6,275	8,300	254,034	23,976	28,096	592	694	497	567	16%	17%	10.6	9.0	9.0	7.7	1.9	1.6	33.5	19.1
Gajah Tunggal	BUY BUY	3,485 1,440	515 4.850	1,500	1,795 6,982	266 465	633 493	76 323	182 342	140 332	127 352	-1% 19%	138% 6%	6.7 15.0	2.8 14.2	4.2 9.1	4.1 8.4	0.3 4.9	0.3 4.0	95.0	4.4
Selamat Sempurna Banks	BUT	1,440	4,850	5,300	918,720	400 75,582	493 81,994	701.6	761.1	332	302	2%	8%	15.0	14.2	9.1	8.4	4.9	4.0	net cash	36.0 19.5
BCA	BUY	24.655	13,225	15.425	326,063	19,966	21,921	725	800	725	800	8%	10%	18.3	16.5	NA	NA	3.6	3.0	NA	23.8
BNI	BUY	18.649	4,960	5.850	92,497	7.506	8.596	402	461	402	461	-30%	15%	12.3	10.8	NA	NA	1.4	1.3	NA	12.1
BRI	BUY	24,669	10,875	13,400	268,277	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	10,582	1,300	1,450	13,757	1,588	1,964	151	187	151	187	42%	24%	8.6	6.9	NA	NA	1.0	0.9	NA	12.4
Bank Mandiri	BUY	23,333	8,725	11,450	203,583	20,144	21,413	863	918	863	918	1%	6%	10.1	9.5	NA	NA	1.7	1.5	NA	18.2
Bank Tabungan Pensiunan	BUY	5,840	2,490	4,500	14,542	2,026	2,237	347	383	347	383	8%	10%	7.2	6.5	NA	NA	1.1	0.9	NA	15.8
Cement		9,613			139,439	9,522	9,566	991	995			-13%	0%	14.6	14.6	9.2	8.9	2.5	2.4		17.6
Indocement	HOLD	3,681	21,000	21,000	77,306	4,915	4,919	1,335	1,336	1,305	1,306	-9%	0%	15.7	15.7	9.8	9.5	2.7	2.5	net cash	16.9
Semen Indonesia	BUY	5,932	10,475	12,300	62,133	4,608	4,648	777	784	761	767	-17%	1%	13.5	13.4	8.6	8.3	2.4	2.2	5.1	18.4
Construction Jasa Maroa	BUY	43,640 6,800	4,940	8.000	105,048 33,592	4,375	5,514	100 480	126 614	513	657	19% 19%	26% 28%	24.0 10.3	19.1 8.0	11.4 11.8	9.6	2.8 2.7	2.4	95.8	13.8
Jasa Marga Wijaya Karya	HOLD	6,149	2,640	2,900	33,592 16,234	1,531 584	1,779 741	480	120	100	126	-5%	28%	27.8	21.9	11.8	10.5 9.2	2.9	2.4 2.6	28.8	12.8 11.1
Pembangunan Perumahan	BUY	4,842	3,745	4,700	18,135	635	857	131	120	138	185	19%	35%	28.6	21.9	11.0	9.2 8.9	4.9	3.4	25.6	20.9
Adhi Karya	BUY	3,561	2,145	2,750	7,638	397	556	111	156	123	169	22%	40%	19.3	13.7	7.1	6.9	1.6	1.4	net cash	12.1
Waskita Karya	BUY	13,572	1,640	2,150	22,259	833	1,089	61	80	61	80	19%	31%	26.7	20.4	14.3	10.8	2.5	2.3	net cash	14.2
Wika Beton	HOLD	8,715	825	1,350	7,190	396	491	45	56	46	57	32%	24%	18.2	14.6	9.2	7.3	2.9	2.5	net cash	17.1
Consumer		27,504			399,763	13,419	14,186	488	516			7%	6%	29.8	28.2	17.6	16.6	7.0	5.9		25.9
Indofood CBP	BUY	5,831	12,400	13,800	72,304	3,033	3,308	520	567	520	567	16%	9%	23.8	21.9	16.4	15.4	4.6	4.1	net cash	20.3
Indofood	BUY	8,780	5,050	7,100	44,341	3,704	4,059	422	462	563	610	-5%	10%	12.0	10.9	5.6	5.4	1.6	1.5	19.5	13.8
Unilever	SELL	7,630	35,875	30,475	273,726	5,889	6,234	772	817	772	817	3%	6%	46.5	43.9	31.9	30.3	26.8	16.7	net cash	80.4
Nippon Indosari Corpindo	BUY	5,062	1,200	1,680	6,074	266	309	53	61	53	61	41%	16%	22.8	19.6	13.0	10.6	5.1	4.2	59.5	24.7
Mandom	BUY	201	16,500	21,170	3,318	526	276	2,618 211	1,375	279	1,373	202%	-47%	6.3 37.0	12.0	7.0	6.1	2.0	1.9	net cash	35.7
Healthcare Kalbe Farma	HOLD	68,136 46,875	1,290	1,355	110,213 60,469	2,981 2,040	3,387 2,274	211 44	266 49	43	49	20% -1%	26% 12%	37.0 29.6	32.5 26.6	23.3 19.3	19.9 16.8	6.3 5.8	5.7 5.2	net cash	18.6 20.6
Kaibe Farma Kimia Farma	BUY	5,554	870	1,355	4,832	2,040	303	44	49	43	49	12%	12%	18.5	15.8	19.3	10.0	2.5	2.2	0.7	20.6
Siloam Hospital	HOLD	1,156	9,900	10,500	4,032	239	134	80	116	42 84	127	49%	44%	123.1	85.6	22.3	17.1	6.6	6.1	16.1	5.5
Mitra Keluarga	BUY	14.551	2,300	2,995	33,467	589	676	40	46	40	45	14%	15%	56.8	49.5	50.9	43.2	10.0	9.0	net cash	22.9
Heavy Equipment	501	4,570	2,000	2,000	58,316	5,973	6,297	1,307	1,378	-10	40	7%	5%	9.8	9.3	4.3	3.5	1.4	1.2	not oddin	14.6
Hexindo Adiperkasa	HOLD	840	1,260	3,650	1,058	220	260	262	309	238	273	13%	18%	4.8	4.1	2.0	1.3	0.4	0.4	net cash	8.0
United Tractors	HOLD	3,730	15,350	18,500	57,258	5,753	6,037	1,542	1,619	1,542	1,619	7%	5%	10.0	9.5	4.4	3.6	1.4	1.3	net cash	15.1
Mining		79,538			60,241	6,596	5,629	83	71			-20%	-15%	9.1	10.7	3.2	3.5	0.6	0.5		6.5
Adaro Energy	BUY	31,986	490	750	15,673	2,249	1,577	70	49	70	49	9%	-30%	7.0	9.9	3.0	3.1	0.4	0.4	32.0	6.4
Timah	BUY	7,448	466	850	3,471	157	237	21	32	21	32	-75%	51%	22.1	14.6	5.6	5.3	0.6	0.6	24.9	2.9
Vale Indonesia	BUY	9,936	1,485	3,700	14,755	1,386	1,790	140	180	140	180	-36%	29%	10.6	8.2	3.5	2.9	0.7	0.6	net cash	6.2
Aneka Tambang Bukit Asam	BUY	24,031 2,304	301 4,780	472 7,800	7,233 11,014	(698) 1,970	(112) 1,445	(73) 906	(12) 665	(73) 906	(12) 665	-6% -2%	-84% -27%	(4.1) 5.3	(25.6) 7.2	12.2 3.6	9.5 4.9	0.4 1.1	0.4 1.0	13.3 net cash	-4.8 21.4
Indo Tambangraya Megah	HOLD	2,304	4,780	7,800	6,243	1,970	1,445	1,331	720	1,331	720	-2%	-21%	5.3 4.2	7.2	3.6	4.9	0.5	0.5	net cash	21.4
Harum Energy	HOLD	2,704	685	7,300	1,852	28	(123)	1,331	(45)	1,331	(45)	471%	-540%	4.2	(15.1) -	4.0	8.6	0.5	0.5	net cash	0.8
Plantation		26,104			42,099	5,510	5,938	211	227		(10)	11%	8%	7.6	7.1	4.3	3.8	1.1	1.0		14.9
Astra Agro Lestari	BUY	1,575	16,025	27,100	25,235	2,770	2,832	1,759	1,798	1,759	1,798	4%	2%	9.1	8.9	5.4	5.0	2.1	2.0	net cash	24.5
Sampoerna Agro	BUY	1,890	1,600	2,600	3,024	464	550	245	291	253	299	18%	19%	6.5	5.5	4.4	3.7	0.9	0.8	31.8	14.5
PP London Sumatra	HOLD	6,823	1,275	2,090	8,699	1,055	1,133	155	166	155	166	8%	7%	8.2	7.7	3.9	3.2	1.1	1.0	net cash	13.9
Salim Ivomas Pratama	BUY	15,816	325	850	5,140	1,221	1,423	77	90	87	98	33%	17%	4.2	3.6	3.0	2.6	0.3	0.3	37.6	8.2
Property		102,805			92,816	8,896	10,205	87	99			-10%	15%	10.4	9.1	9.3	8.1	1.8	1.6		18.8
Alam Sutera	BUY	19,649	340	700	6,681	1,254	1,516	64 135	77 150	73	85 156	15%	21%	5.3	4.4	6.3 10.7	5.2	0.9	0.8	75.3	18.9
Bumi Serpong Damai Metropolitan Land	BUY BUY	19,247 7,655	1,650 223	2,100 620	31,757 1,707	2,369 290	2,617 322	135 38	150 43	140 38	156	-36% 14%	10% 11%	12.2 5.8	11.0 5.2	10.7	9.4 4.2	2.1 0.8	1.8 0.7	net cash 27.7	16.6 14.2
Surya Semesta Internusa	HOLD	4,705	610	1,040	2,870	464	415	99	43	103	93	32%	-11%	6.2	6.9	2.4	2.4	1.0	0.9	net cash	14.2
Lippo Karawaci	BUY	23,078	1,130	1,200	26,078	1,565	1,763	72	82	58	64	-38%	13%	15.6	13.9	11.8	10.2	1.6	1.5	27.3	10.3
PP Properti	BUY	14.044.4	174	242	2.444	1,626	1,963	21	26	22	28	172%	27%	8.5	6.7	5.9	5.6	1.1	1.0	8.8	100.6
Summarecon	BUY	14,426.8	1,475	2,045	21,280	1,327	1,609	92	111	92	111	-5%	21%	16.0	13.2	11.9	9.8	4.3	3.5	57.1	29.6
Telco & Infrastructure		136,839			454,970	19,313	22,528	141	165			28%	17%	23.6	20.2	6.7	6.2	3.8	3.4		17.0
XL Axiata	BUY	8,541	3,800	4,710	32,457	356	680	42	80	42	80	-140%	91%	91.0	47.7	6.1	5.5	2.3	2.2	120.7	2.5
Indosat	BUY	5,434	5,375	4,200	29,207	312	588	57	108	38	89	-152%	89%	93.7	49.7	4.4	4.1	1.8	1.8	132.4	2.0
Telkom	HOLD	100,800	3,060	3,050	308,448	15,554	16,458	158	168	158	168	6%	6%	19.3	18.3	6.2	5.8	4.2	3.9	net cash	22.1
Sarana Menara Nusantara	BUY	10,203	4,525	4,600	46,168	1,585	2,040	155	200	158	202	89%	29%	29.1	22.6	13.9	11.6	7.5	5.9	108.8	29.2
Tower Bersama MNC Sky Vision	HOLD HOLD	4,797 7,064	6,100 1.335	8,600 1,230	29,259 9,430	1,528	2,387 375	300 (3)	429 53	300 (2)	429	9% -86%	43% -1776%	20.3 (422.0)	14.2 25.2	12.3 9.5	9.8 8.3	2.5 5.8	2.1 4.7	129.0 162.0	19.3 -1.4
Tranportation	HULD	2,064	1,335	1,230	9,430 17,765	1,253	1,554	(3)	53 621	(2)	1	-86% 62%	-1776% 24%	(422.0)	25.2	9.5 8.0	6.5	5.8 4.0	3.2	102.0	-1.4
Blue Bird	BUY	2,502	7,100	12,200	17,765	1,253	1,554	501	621	488	608	62%	24% 24%	14.2	11.4	8.0	6.5	4.0	3.2	43.9	32.4
Retail	501	25,906	1,100	12,200	24,308	961	1,135	37	44	400	000	-2%	18%	25.3	21.4	10.8	9.5	2.6	2.5	-10.0	11.0
Mitra Adi Perkasa	BUY	1,660	3,685	4,650	6,117	161	275	97	166	107	175	117%	71%	38.0	22.2	7.3	6.2	1.9	1.8	72.4	5.6
Ramayana	SELL	7,096	630	660	4,470	243	255	34	36	34	36	-31%	5%	18.4	17.5	8.8	8.0	1.3	1.3	net cash	7.2
Ace Hardware	HOLD	17,150	800	745	13,720	557	604	32	35	31	34	0%	9%	24.6	22.7	17.2	15.5	5.2	4.7	net cash	22.4



Equity Research Monday, December 21, 2015

COVERAGE PERFORMANCE

LEADERS												
		Price	e as on									
	Code	18-Dec-2015	17-Dec-2015	Chg, %	w-w, %	m-m, %	YTD, %	Rating				
Surya Semesta Internusa	SSIA	610	595	2.5	4.3	5.2	(43.0)	HOLD				
Tower Bersama	TBIG	6,100	5,950	2.5	5.6	(6.2)	(37.1)	HOLD				
Gajah Tunggal	GJTL	515	505	2.0	3.2	(13.4)	(63.9)	BUY				
Blue Bird	BIRD	7,100	7,000	1.4	1.4	13.6	(24.7)	BUY				
Bukit Asam	PTBA	4,780	4,740	0.8	6.1	(22.0)	(61.8)	BUY				
Perusahaan Gas Negara	PGAS	2,705	2,690	0.6	8.6	(7.0)	(54.9)	BUY				
Metropolitan Land	MTLA	223	222	0.5	7.7	10.4	(49.4)	BUY				
MNC Sky Vision	MSKY	1,335	1,330	0.4	(1.1)	18.7	(16.6)	HOLD				
Sarana Menara Nusantara	TOWR	4,525	4,510	0.3	4.6	2.8	9.0	BUY				
Bank Tabungan Negara	BBTN	1,300	1,300	-	1.6	7.4	7.9	BUY				

Sources: Bloomberg

	LAGGARDS													
	Price as on													
Code 18-Dec-2015 17-Dec-2015 Chg, % w-w, % m-m, % YTD, %														
Indo Tambangraya Megah	ITMG	5,525	6,000	(7.9)	(5.2)	(25.6)	(64.1)	HOLD						
Timah	TINS	466	499	(6.6)	(1.7)	(12.1)	(62.1)	BUY						
Salim Ivomas Pratama	SIMP	325	346	(6.1)	(10.2)	(17.3)	(53.9)	BUY						
Bank Rakyat Indonesia	BBRI	10,875	11,550	(5.8)	0.5	(0.7)	(6.7)	BUY						
Mitra Adi Perkasa	MAPI	3,685	3,900	(5.5)	(9.8)	6.7	(27.4)	BUY						
Bumi Serpong Damai	BSDE	1,650	1,730	(4.6)	-	0.9	(8.6)	BUY						
Bank Mandiri	BMRI	8,725	9,100	(4.1)	(0.3)	1.2	(19.0)	BUY						
Adaro Energy	ADRO	490	510	(3.9)	1.0	(14.8)	(52.9)	BUY						
Mitra Keluarga	MIKA	2,300	2,390	(3.8)	7.7	(7.4)	35.3	BUY						
PP London Sumatra	LSIP	1,275	1,315	(3.0)	(0.8)	1.6	(32.5)	HOLD						

Sources: Bloomberg



WEEKLY COVERAGE PERFORMANCE

WEEKLY LEADERS											
Price as on											
	Code	18-Dec-2015	11-Dec-2015	w-w, %	m-m, %	YTD, %	Rating				
Sampoerna Agro	SGRO	1,600	1,450	10.3	21.7	(23.8)	BUY				
Perusahaan Gas Negara	PGAS	2,705	2,490	8.6	(7.0)	(54.9)	BUY				
Indocement	INTP	21,000	19,400	8.2	0.5	(16.0)	HOLD				
Metropolitan Land	MTLA	223	207	7.7	10.4	(49.4)	BUY				
Mitra Keluarga	MIKA	2,300	2,135	7.7	(7.4)	35.3	BUY				
Indofood CBP	ICBP	12,400	11,550	7.4	(2.7)	(5.3)	BUY				
United Tractors	UNTR	15,350	14,375	6.8	(10.0)	(11.5)	HOLD				
Astra International	ASII	6,275	5,900	6.4	(1.2)	(15.5)	HOLD				
Bukit Asam	PTBA	4,780	4,505	6.1	(22.0)	(61.8)	BUY				
Vale Indonesia	INCO	1,485	1,405	5.7	(17.7)	(59.0)	BUY				

Sources: Bloomberg

WEEKLY LAGGARDS

Price as on											
	Code	18-Dec-2015	11-Dec-2015	w-w, %	m-m, %	YTD, %	Rating				
Salim Ivomas Pratama	SIMP	325	362	(10.2)	(17.3)	(53.9)	BUY				
Mitra Adi Perkasa	MAPI	3,685	4,085	(9.8)	6.7	(27.4)	BUY				
Ramayana	RALS	630	665	(5.3)	(13.1)	(20.3)	SELL				
Indo Tambangraya Megah	ITMG	5,525	5,825	(5.2)	(25.6)	(64.1)	HOLD				
Astra Agro Lestari	AALI	16,025	16,575	(3.3)	(11.6)	(33.9)	BUY				
Selamat Sempurna	SMSM	4,850	5,000	(3.0)	(2.8)	2.1	BUY				
Semen Indonesia	SMGR	10,475	10,750	(2.6)	(8.9)	(35.3)	BUY				
Hexindo Adiperkasa	HEXA	1,260	1,290	(2.3)	(22.2)	(64.1)	HOLD				
Timah	TINS	466	474	(1.7)	(12.1)	(62.1)	BUY				
Wijaya Karya	WIKA	2,640	2,675	(1.3)	(5.7)	(28.3)	HOLD				

Sources: Bloomberg



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