

MORNING HIGHLIGHT

FROM EQUITY RESEARCH

TPIA: Beneficiary of low oil prices

(TPIA IJ. Rp4,750. Non Rated)

We met with the management of Chandra Asri Petrochemical (TPIA) to get an update on the company's stellar financial performance in 1Q16 and information on its business strategy going forward. After reporting strong 42.4% yoy net profits growth to USD26.3mn in 2015, TPIA continued to record excellent performance in 1Q16, with the net profits surging more than tenfold to USD35mn in 1Q16 thanks to lower feedstock prices. Although the crude oil price has edged up to USD48/barrel, gaining 16.9% YTD, the management remains confident that the strong performance can be maintained in 2016 and 2017, supported by: (i) higher installed capacity to meet higher domestic petrochemical demand, (ii) a sustained spread between the prices of Ethylene and Naphtha, and (iii) 15% lower manufacturing costs per ton on completion of the Cracker Expansion project.

MARKET NEWS

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- ADHI proposed for Bandung Raya' LRT (BI)
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- BIRD back in the game with upgraded booking app (TJP)
- Consortium BSDE are finalizing syndicated loan worth Rp4.2tn (ID)
- Jakarta office rental markets feels global slowdown pinch (TJP)
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Previous Reports:

- AUTO: Weak monthly domestic car sales in April 2016-
- Cement sales April: Not encouraging-<u>Snapshot20160513</u>
- ITMG: 1Q16: Still depressed by coal price, but above expectation-Snapshot20160512
- 1Q16 result on cement, cigarettes, mining, retail-<u>Snapshot20160502</u>
- 1Q16 result on cement, consumer, mining, property-Snapshot20160429

IDX ANNOUNCEMENT

Corp Action			
Code	Action	Date	Time (WIB)
MPMX	AGM	31-May-16	14
TFCO	AGM	2-Jun-16	10
BEST	AGM	2-Jun-16	10
Source: KSFI			

Key Index									
	Close	Chg	Ytd	Vol					
	Close	(%)	(%)	(US\$ m)					
Asean - 5									
Indonesia	4,704	(0.6)	2.4	349					
Thailand	1,386	(1.0)	7.6	1,121					
Philippines	7,427	(1.4)	6.8	160					
Malaysia	1,634	(0.1)	(3.5)	488					
Singapore	2,740	(1.3)	(4.9)	778					
Regional									
China	2,807	(0.0)	(20.7)	40,862					
Hong Kong	19,694	(0.7)	(10.1)	7,208					
Japan	16,647	0.0	(12.5)	10,646					
Korea	1,943	(0.2)	(1.0)	5,643					
Taiwan	8,096	(8.0)	(2.9)	1,837					
India	25,400	(1.2)	(2.7)	771					
NASDAQ	4,713	(0.6)	(5.9)	61,504					
Dow Jones	17,435	(0.5)	0.1	7,280					

	Currency and Interest Rate										
		Pato	w-w m Rate								
		Nate	(%)	(%)	(%)						
Rupiah	Rp/1US\$	13,565	(2.0)	(3.3)	1.6						
SBI rate	%	6.60	-	-	(0.6)						
10y Gov	Indo bond	7.87	0.2	0.5	(0.9)						
	Hand Oamma didaa										

	Hard Commodities											
	Unit	Price	d-d (%)	m-m (%)	ytd (%)							
Coal	US\$/ton	51	0.2	0.7	0.7							
Gold	US\$/toz	1,257	0.2	1.0	18.5							
Nickel	US\$/mt.ton	8,511	(1.0)	(7.9)	(3.1)							
Tin	US\$/mt.ton	16,705	(0.7)	(2.3)	14.4							

Soft Commodities									
Unit	Price	d-d	m-m	ytd					
Oilit	11100	(%)	(%)	(%)					
US\$/mt.ton	3,017	1.3	(2.0)	(7.7)					
US\$/mt.ton	144	(2.5)	-	7.8					
US\$/barrel	48	0.4	13.5	30.6					
US\$/barrel	49	(0.2)	10.9	30.9					
MYR/mt.ton	2,638	(1.1)	0.7	19.9					
US\$/mt ton	130	(4.3)	(13.8)	9.9					
US\$/tonne	795	N/A	0.7	(1.1)					
US\$/60kgbag	106	(0.5)	2.1	2.4					
US\$/MT	474	(0.7)	6.2	12.2					
US\$/ton	128	(2.3)	(5.2)	(3.0)					
	Unit US\$/mt.ton US\$/mt.ton US\$/barrel US\$/barrel MYR/mt.ton US\$/mt ton US\$/fonne US\$/fonhe US\$/fonhe	Unit Price US\$/mt.ton 3,017 US\$/mt.ton 144 US\$/barrel 48 US\$/barrel 49 MYR/mt.ton 2,638 US\$/mt ton 130 US\$/tonne 795 US\$/60kgbag 106 US\$/MT 474	Unit Price (%) US\$/mt.ton 3,017 1.3 US\$/mt.ton 144 (2.5) US\$/barrel 48 0.4 US\$/barrel 49 (0.2) MYR/mt.ton 2,638 (1.1) US\$/mt ton 130 (4.3) US\$/tonne 795 N/A US\$/60kgbag 106 (0.5) US\$/MT 474 (0.7)	Unit Price d-d (%) m-m (%) US\$/mt.ton 3,017 1.3 (2.0) US\$/mt.ton 144 (2.5) - US\$/barrel 48 0.4 13.5 US\$/barrel 49 (0.2) 10.9 MYR/mt.ton 2,638 (1.1) 0.7 US\$/mt ton 130 (4.3) (13.8) US\$/fonne 795 N/A 0.7 US\$/GOkgbag 106 (0.5) 2.1 US\$/MT 474 (0.7) 6.2					

Source: Bloomberg



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NOT RATED

TPIA IJ/ TPIA.JK

 Last Price, Rp
 4,750

 No. of shares (bn)
 3.3

 Market Cap, Rp bn
 15,613

 (US\$ mn)
 1,151

 3M T/O, US\$mn
 0.01

Relative to JCI



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anareksa research reports are also vailable at Reuters Multex and First all Direct and Bloomberg.

PETROCHEMICAL/NOT RATED

Chandra Asri Petrochemical

Beneficiary of low oil prices

We met with the management of Chandra Asri Petrochemical (TPIA) to get an update on the company's stellar financial performance in 1Q16 and information on its business strategy going forward. After reporting strong 42.4% yoy net profits growth to USD26.3mn in 2015, TPIA continued to record excellent performance in 1Q16, with the net profits surging more than tenfold to USD35mn in 1Q16 thanks to lower feedstock prices. Although the crude oil price has edged up to USD48/barrel, gaining 16.9% YTD, the management remains confident that the strong performance can be maintained in 2016 and 2017, supported by: (i) higher installed capacity to meet higher domestic petrochemical demand, (ii) a sustained spread between the prices of Ethylene and Naphtha, and (iii) 15% lower manufacturing costs per ton on completion of the Cracker Expansion project.

Market leader in the Indonesian Petrochemical Industry

TPIA is the largest integrated petrochemical company in Indonesia and the only national operator of a Naphtha Cracker plant. TPIA produces upstream and midstream petrochemical products for plastic raw materials and chemicals used in everyday consumer products such as: a) Olefins (Ethylene, Propylene and the by-products such as Py-Gas and Mixed C4), b) Polyolefin (Polyethylene and Polypropylene), c) Styrene Monomer and d) Butadiene, along with the by-products for domestic and regional markets. TPIA has a centralized production facility which is located in Ciwandan, Cilegon in the province of Banten. To serve its domestic clients, TPIA has a dedicated 45km ethylene pipeline network that serves its major clients, including Asahimas, Lautan Otsuka, Dongjin and Sriwie.

Imports pose stiff competition

With its current capacity, TPIA is a market leader in the Indonesian petrochemical industry. Based on the Nexant publication issued in February 2016, TPIA enjoys around 42% market share in the domestic ethylene market and 30% market share in the polypropylene market. Imported products make up the remaining market share (see exhibit 8). As market leader, TPIA is able to sell its products at a 4-6% premium to the index, supported by its strategic location and consistent supply. Going forward, TPIA believes it can maintain this advantage and premium pricing of around 3-5%.

On the road to becoming a global petrochemical company

In December 2015, TPIA completed expansion of its Naphtha Cracker plant. This helped the company to increase its Ethylene production capacity by 43% to 860KTA, as well as bolster its propylene and mixed C-4 production capacity to 470KTA (+46%) and 315KTA (+43%) respectively. Upon completion of this plant, TPIA expects manufacturing costs per ton to decline by up to 15% due to a lower amount of externally purchased propylene and thanks to greater economies of scale.

JV with Michelin: moving down the production line

As part of its ongoing expansion, TPIA established a joint venture with Compagnie Financiere du Groupe Michelin (Michelin) to set up the PT Synthetic Rubber Indonesia (SRI) plant. In June 2015, SRI signed an EPC contract with Toyo Engineering and IKPT to construct an environmentally-friendly tire manufacturing plant worth USD435mn. With construction progress at 24% as of April 2016, this Styrene Butadiene Rubber (SBR) plant is expected to start commercial production in early 2018. Upon completion of the plant, butadiene, the raw material for synthetic rubber manufacturing will be supplied by TPIA's subsidiary, Petrokimia Butadine Indonesia (PBI). TPIA has an indirect 45% interest in SRI through PBI.

Year End 31 Dec	2012	2013	2014	2015	1Q16
Revenue, USD mn	2,285	2,506	2,460	1,378	359
EBITDA, USD mn	19	94	114	143	62
EBITDA growth, %	-78.5%	399.0%	21.0%	25.7%	259.1%
Net profit, USD mn	(87)	10	18	26	35
EPS, USDcent	(2.7)	0.3	0.6	0.8	1.1
EPS growth, %	-1191.4%	-111.1%	88.4%	44.4%	1213.6%
Net gearing, x	32.8%	13.7%	32.9%	51.2%	41.4%
PER, x	(18.4)	132.2	68.5	42.7	33.2
EV/EBITDA, x	93.5	15.5	11.9	8.2	20.6

Stellar 2015 performance ...

Even though TPIA recorded 44.0% lower revenues in 2015 following an 85-day planned shutdown of the Cracker facility for Turnaround Maintenance (TAM) and tie-in work for the new Cracker facilities, TPIA still managed to report 42.4% yoy higher net profits of USD26.3mn. This was mainly thanks to lower feed stock prices (Naphtha), helped by the slump in crude oil prices, a better optimized sales portfolio as well as higher margins (as indicated by the higher spread of the prices of petrochemical products and Naphtha, the main raw material for the products - please see exhibit 2-5). As a result, the gross margin expanded to 10.6% in 2015 from 4.8% in 2014 and the net margin improved by 1.2ppt to 1.9% in 2015.

... with momentum expected to be maintained in 2016

Nexant expects the petrochemical industry to maintain its upward momentum in 2016 and 2017, citing global economic recovery and rising demand for chemical products. As such, the spread of the prices of its chemical products over the price of Naphtha should be maintained, albeit at a lower value. In 1Q16, TPIA's net profits surged more than tenfold to USD35mn thanks to lower Naphtha costs, which are linked to lower crude oil prices.

In line with Nexant's expectations, TPIA hopes to increase revenues by around 25 – 30% yoy in 2016 on the back of more than 40% yoy higher sales volume following the commencement of its Naphtha Cracker project. Considering that TPIA managed to increase its sales volume by around 33.8% yoy in 1Q16, we believe that the targeted sales volume is achievable.

kΤ 500 60% 400 40% 300 20% 0% 200 100 -20% -40% n 2013 2016F 1Q16 2014 1Q15 2012 2015 Propylene Butadiene Ethylene Styrene Monomer Polyethylene Polypropylene Sales growth (RHS)

Exhibit 1. TPIA's sales volume

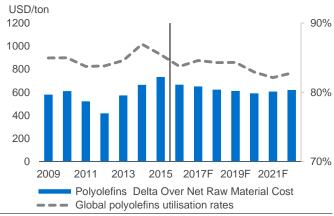
Source: Company

Although the crude oil price has edged up to USD48/barrel, gaining 16.9% YTD, TPIA remains confident that it can improve or at least maintain its profitability margins, supported by: (i) expectations that the prices of petrochemical products can maintain their spread over the price of Naphtha, its main raw material, and (ii) 15% lower manufacturing costs per ton on completion of the Cracker Expansion project. Coupled with higher sales volume, we believe the company will book strong net profits in 2016.

Exhibit 2. Ethylene price spread over Naphtha

USD/ton 700 90% 600 88% 500 86% 400 300 84% 200 82% 100 80% 2013 2015 2017F 2019F 2021F Ethylene Delta Over Net Raw Material Cost Global utilisation rates

Exhibit 3. Polyolefin price spread over Naphtha

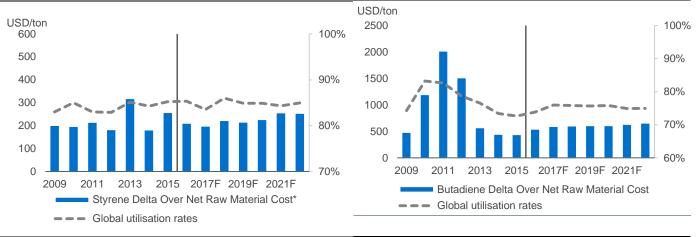


Source: Nexant (February 2016)

Source: Nexant (February 2016)

Exhibit 4. Styrene monomer price spread over Naphtha





Source: Nexant (February 2016)

Source: Nexant (February 2016)

Lower capex going forward

After completion of its Naphtha Cracker project, TPIA expects lower capital expenditure going forward. For 2016, TPIA allocated capital expenditure of around USD69mn, or 65% less than the actual capital expenditure of USD198mn in 2015. Most of the capex is for regular maintenance. With limited capital expenditure, TPIA is not expected to need additional external funding. This should lead to lower gearing going forward.

Presidential Decree No. 40/2016: not likely to impact TPIA

Earlier this week, the government issued Presidential Decree No. 4/2016 concerning gas pricing which is the legal basis for the revision of the price of gas sold to industry. As stipulated in the regulation, the Ministry of Energy and Resources (ESDM) will determine the gas prices as the basis for profit sharing and selling prices calculation in the Kontrak Kerja Sama (Production Sharing Contract – KKS). In determining the gas prices, ESDM will take into account: (i) economic value, (ii) domestic and international gas prices, (iii) domestic purchasing power, and (iv) added value from natural gas. Should the economic value of gas be higher than USD6/mmbtu, then ESDM will determine the gas prices. This regulation will be applied for fertilizer, petrochemicals, oleochemicals, steel, ceramics, glass, and the gloves industry.

Although the regulation applies to the petrochemical industry, TPIA will not benefit from these incentives as the company relies on Naphtha, which is sourced from refined crude oil. Gas is not used as the raw material.

Trading at 6.7x EV/EBITDA, a premium to its regional peers

TPIA currently trades at 6.7x EV/EBITDA, a premium to its similar regional upstream peers which trade at 6.5x. We believe this premium reflects several factors: (i) its leading position in the Indonesian petrochemical industry, (ii) the substantial room for domestic demand growth, (iii) improving fundamental economic conditions.

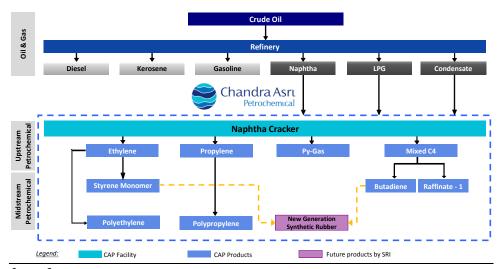
Exhibit 6. TPIA's peers comparison

		Price	Market	Latest	Latest	Latest	Latest
Company	Country	19-May-16	Сар	PE	EV/EBITDA	P/B	ROE %
		(LC)	(US\$m)	x	x	X	
Regional Comparison							
Chandra Asri Petrochemical	Indonesia	4,750	1,151	19.8	6.7	1.3	6.6
Ptt Global Chemical Pcl	Thailand	59	7,312	13.4	7.4	1.1	8.5
Mitsui Chemicals Inc	Japan	369	3,428	16.1	6.9	1.0	5.8
Tosoh Corp	Japan	534	3,156	8.5	4.5	1.0	12.6
Lotte Chemical Corp	South Korea	284,500	8,186	7.9	4.7	1.2	17.1
Siam Cement Pcl/The	Thailand	480	16,142	12.0	9.4	2.8	24.7
Korea Petro Chemical Ind	South Korea	226,500	1,236	7.0	3.6	1.4	21.5
Taiwan Styrene Monomer	Taiwan	15	246	7.5	7.1	1.3	12.0
Average Regional Petrochem company				14.1	6.5	1.2	12.1

Source: Bloomberg

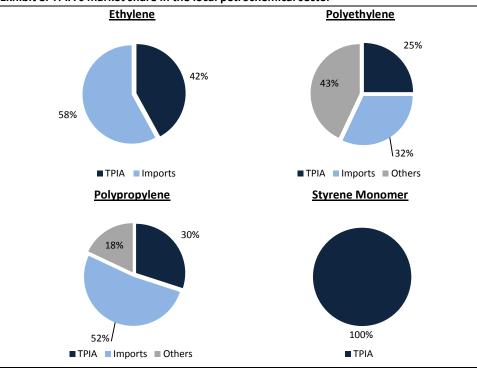


Exhibit 7. TPIA's business operations



Source: Company

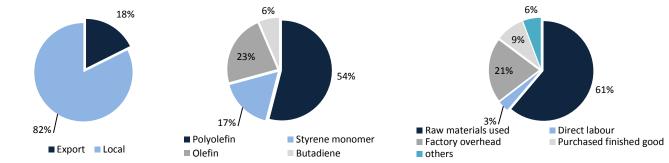
Exhibit 8. TPIA's market share in the local petrochemical sector



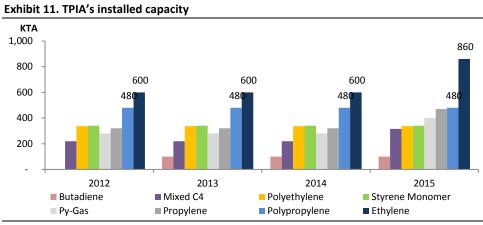
Source: Company

Exhibit 9. Sales contribution (1Q16)

Exhibit 10. Manufacturing costs breakdown (1Q16)



Source: Company Source: Company



Source: Company

Exhibit 12. Capacity of Petrochemical producers in Indonesia (FY15)

Products (KT)	Chandra Asrı Petrochemical	Honam / <u>Titan</u>	Pertamina	Polytama	Asahimas Chemical	Sulfindo	Nippon Shokubai	Petro-Oxo Nusantara	Polychem Indonesia	TPPI	TOTAL
Ethylene	860										860
LLDPE	200	200									400
HDPE	136	250									386
Polypropylene	480		45	386							911
Styrene Monomer	340										340
Vinyl Chloride Monomer					712	130					530
Ethylene Oxide									216		216
Propylene	470		430								900
Acrylic Acid							140				140
Butanol								20			20
Ethylhexanol								100			100
Py-gas	400										400
Crude C4	315										315
Benzene										400	400
ParaXylene										550	550
Butadiene	100										100
Total Capacity of Produce	r 3,301	450	475	386	712	130	140	120	216	950	6,880

Source: Company

Exhibit 13. Income Statement (USDmn)

	2012	2013	2014	2015	1Q16
Net sales	2,285	2,506	2,460	1,378	359
Cost of good sold	(2,262)	(2,408)	(2,343)	(1,232)	(296)
Gross profit	23	98	117	146	62
Marketing and selling	(36)	(41)	(43)	(42)	(10)
G & A	(27)	(26)	(25)	(25)	(6)
Operating profit	(40)	31	50	79	46
Depreciation	59	63	64	64	16
EBITDA	19	94	114	143	62
Interest expenses	(46)	(23)	(32)	(23)	(6)
Others	(47)	(39)	(17)	(10)	20
Pre-tax profit	(111)	17	25	56	49
Tax	23	(6)	(6)	(30)	(13)
Minority interest	(0)	(1)	(0)	0	(0)
Net profit	(87)	10	18	26	35

Source: Company

Exhibit 14. Balance sheet (USDmn)

2012	2013	2014	2015	1Q16
123	242	208	97	141
154	174	100	46	99
276	292	218	178	172
141	103	140	95	68
695	812	666	417	481
-	5	13	38	37
972	988	1,144	1,308	1,325
20	103	101	100	100
992	1,096	1,257	1,446	1,461
1,687	1,907	1,924	1,862	1,942
5	22	-	51	40
446	524	389	228	309
20	46	68	70	70
0	0	0	-	-
14	25	21	29	21
484	618	478	378	440
130	126	132	146	145
331	289	422	426	410
0	0	-	-	-
21	21	26	25	25
482	436	580	598	580
11	9	8	7	7
341	469	469	469	469
(0)	1	(1)	(1)	(1)
369	375	391	413	448
710	845	858	880	915
1,687	1,907	1,924	1,862	1,942
	123 154 276 141 695 972 20 992 1,687 5 446 20 0 14 484 130 331 0 21 482 11 341 (0) 369 710	123	123 242 208 154 174 100 276 292 218 141 103 140 695 812 666 - 5 13 972 988 1,144 20 103 101 992 1,096 1,257 1,687 1,907 1,924 5 22 - 446 524 389 20 46 68 0 0 0 14 25 21 484 618 478 130 126 132 331 289 422 0 0 - 21 21 26 482 436 580 11 9 8 341 469 469 (0) 1 (1) 369 375 391 710 845 858	123 242 208 97 154 174 100 46 276 292 218 178 141 103 140 95 695 812 666 417 - 5 13 38 972 988 1,144 1,308 20 103 101 100 992 1,096 1,257 1,446 1,687 1,907 1,924 1,862 5 22 - 51 446 524 389 228 20 46 68 70 0 0 0 - 14 25 21 29 484 618 478 378 130 126 132 146 331 289 422 426 0 0 - - 21 21 26 25 482 436 580 598 11 9 8

Source: Company

	2012	2013	2014	2015	1Q16
Cash from customers	2,264	2,480	2,533	1,436	301
Cash paid to:					
Suppliers	(2,070)	(2,293)	(2,397)	(1,301)	(197)
Directors and employees	(45)	(44)	(46)	(47)	(15)
Tax restritution received	35	40	61	45	26
Payment of income taxes	(38)	(28)	(35)	(27)	(6)
Cash from operations	146	154	116	105	109
Acquisition of PPE	(88)	(71)	(180)	(205)	(33)
Investment in associates	-	(5)	(8)	(41)	
Other investing activities	3	(57)	(51)	8	3
Cash from investing	(85)	(134)	(239)	(238)	(30)
Proceed from share issuance		128			
+/- in short term loans	5	17	(22)	51	(10)
+/- in long term loans	287	(20)	155	9	(18)
Other financing activities	(285)	(26)	(43)	(37)	(7)
Cash from financing	7	98	89	22	(35)
Increase/decrease in cash	69	118	(34)	(111)	44
Beginning cash	55	123	242	208	97
Ending cash	123	242	208	97	141

Source: Company

Exhibit 16. Ratios (%)

	2012	2013	2014	2015	1Q16
Gross margin	1.0%	3.9%	4.8%	10.6%	17.4%
Operating margin	-1.7%	1.2%	2.0%	5.8%	12.8%
EBITDA margin	0.8%	3.8%	4.6%	10.4%	17.2%
Net margin	-3.8%	0.4%	0.7%	1.9%	9.8%
ROA	-5.2%	0.5%	0.9%	1.4%	1.8%
ROE	-12.3%	1.1%	2.1%	3.0%	3.9%
Debt ratio	50.2%	42.3%	57.1%	62.2%	56.9%
Net gearing ratio	32.8%	13.7%	32.9%	51.2%	41.4%

Source: Company



MARKET NEWS

ADHI proposed for Bandung Raya' LRT (BI)

Adhi Karya (ADHI) proposed to develop the Bandung Raya's LRT, previously a Hutama Karya project which later is directed to the Trans Sumatra project. The Bandung Raya's LRT study proposed is the same with Bandung Raya' monorail documents that have been submitted previously. Bandung Raya LRT construction will not be built from scratch and is the transformation or the development from Bandung Raya's mass transit development which includes the city of Bandung, Bandung Regency, West Bandung, Cimahi, and Sumedang District. The Construction of LRT station will be integrated with the HSR station in Tegalluar, Bandung regency, from the previous plan in Gedebage, Bandung. Construction of the station in Cimindi and Ciburuy will also be shifted to Walini in West Bandung regency.

BI may further ease rates as growth lags (TJP)

Bank Indonesia (BI) sees more room to ease interest rates as it expect slower economic growth amid weak economic activities seen in the first three months. CB revised its economic growth projection down to 5-5.4% by the end from this year from 5.2-5.6% previously. BI maintained its benchmark interest rate at 6.75% and deposit and lending rates at 4.75% and 7.25%. Weak economic activities also reflect on the weak lending growth of 8.7% in March, considerably lower than the financial authorities target of 14%., despite lending rates has fallen by 22 bps.

BIRD back in the game with upgraded booking app (TJP)

After sealing cooperation deal with Go-Jek, BIRD launched a new version of its booking app to lure more consumers amid growing competition from other taxi-hailing mobile applications. The app is quite similar to those provided by Grab and Uber in which customers can order taxis through smartphone clicks. Customers could also opt for different types of carriages; in the app the choices are Blue Bird, Blue Bird Van, Silver Bird, and Silver Bird van. The system is now available in Jakarta, Surabaya, Semarang, Bandung, Medan and Bali.

Consortium BSDE are finalizing syndicated loan worth Rp4.2tn (ID)

Consortium Bumi Serpong Damai (BSDE) is finalizing Rp4.2tn bank loans to finance the construction of roads Serpong-Balaraja this year. This segment is estimated to cost about Rp6.03tn. Director BSDE declare this loan came from one SOE bank. This bank will act as the lead bank and will cooperates with other banks to disburse syndicated loan. Before getting a loan, this Consortium will form a JV with Astratel Nusantara and Transindo Karya investama with respective owernship of 50% (BSDE), 25% (Astratel) dan 25% (Transindo).

Jakarta office rental markets feels global slowdown pinch (TJP)

Office building market in Jakarta is likely to continue to show sluggish growth this year amid pressure from global economic slowdown and plunging commodity prices. Coldwell Banker Commercial Indonesia stated that the country capital was seeing oversupply in its office rental market, providing opportunities for tenants to rent at very competitive prices. According to firm study, the average rental rate stood at Rp300,000/sqm/month and almost 50% of transaction was sealed at below Rp200,000/sqm/month.

ROTI smells sweet year ahead despite weak economy (TJP)

Nippon Indosari Corpindo (ROTI) has set an increased sales growth target this year despite weakening buying power amid country slowing economic growth. ROTI spokeperson said that the company project ted 20% sales growth this year. The higher growth target was based on projected increase in demand for its bread products. Company see the target is achievable given country large market share in the mass-produced bread market.





SOE Holding Banks completed this year (ID)

SOE Holding Banks targeted for completion this year following its formation plan has been submitted to the President. Perpres itself is expected to be issued in July. Danareksa will be designated as the parent company to be in charge of eight companies, namely (i) Bank Mandiri (BMRI), (ii) Bank Rakyat Indonesia (BBRI), (iii) Bank Negara Indonesia (BBNI), (iv) the State Savings Bank (BBTN), (v) Pegadaian, (vi) Permodalan Nasional Madani, (vii) a switching company, and (viii) asset management company that will be formed to manage IT and assets of troubled SOE Banks. Total assets estimated at more than Rp2,5177.8 tn.

Equity	Rating	Price (Rp)	Price	Mkt Cap	Net profi	it, Rp bn	EPS	(Rp)	Core EPS	(Rp)	EPS Gr	owth	PER	(x)	EV / EBI	TDA (x)	PBV (x)		Net Gearing	F
Valuation	Kating	Price (Rp)	Target	Rp Bn	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2016
nareksa Universe				2,639,940	159,430	178,704	360.4	404.0			7%	12%	16.6	14.8	18.6	16.6	2.5	2.3		16.1
Auto				253,022	18,063	20,702	397.8	455.9			13%	15%	14.0	12.2	10.7	9.6	1.8	1.6		13.3
Astra International	HOLD	6,250	6,700	253,022	18,063	20,702	446	511	412	461	13%	15%	14.0	12.2	10.7	9.6	1.8	1.6	28.0	13.3
Banks				866,082	77,627	86,048	761.8	844.5			8%	11%	11.2	10.1			1.9	1.6		17.9
BCA	BUY	12,975	15,425	319,899	19,792	22,201	794	890	794	890	10%	12%	16.3	14.6	N/A	N/A	3.0	2.5	N/A	20.1
BNI	BUY	4,360	5,850	81,308	8,596	9,810	461	526	461	526	15%	14%	9.5	8.3	N/A	N/A	1.1	1.0	N/A	12.6
BRI	BUY	9,675	13,400	238,674	25,863	28,463	1,048	1,154	1,048	1,154	6%	10%	9.2	8.4	N/A	N/A	1.8	1.5	N/A	20.7
Bank Tabungan Negara	BUY	1,640	1,450	17,368	1,964	2,395	187	228	187	228	24%	22%	8.8	7.2	N/A	N/A	1.2	1.0	N/A	13.8
Bank Mandiri	BUY	8,950	11,450	208,833	21,413	23,179	918	993	918	993	6%	8%	9.8	9.0	N/A	N/A	1.5	1.4	N/A	16.8
Cement				114,269	9,047	8,489	465	436			-2%	-6%	12.6	13.5	7.4	7.4	2.0	1.9		16.3
Indocement	HOLD	15,525	18,700	57,151	4,148	4,075	1,127	1,107	1,114	1,094	-5%	-2%	13.8	14.0	7.9	7.8	2.3	2.1	net cash	16.9
Semen Indonesia	BUY	8,850	12,100	52,494	4,582	4,228	772	713	766	707	1%	-8%	11.5	12.4	7.0	7.2	1.8	1.7	3.3	16.5
Semen Baturaja	SELL	470	330	4,624	317	186	32	19	32	19	-11%	-41%	14.6	24.8	8.1	6.0	1.5	1.4	net cash	10.3
Cigarettes				580,596	17,509	19,507	2,662	2,966			4%	11%	33.2	29.8	21.9	19.9	7.7	7.1		24.1
Gudang Garam	HOLD	71,000	74,000	136,610	6,189	7,053	3,216	3,666	3,216	3,666	-4%	14%	22.1	19.4	13.4	12.1	3.2	2.9	40.5	15.4
HM Sampoerna	HOLD	95,425	105,000	443,986	11,320	12,455	2,433	2,677	2,447	2,691	4%	10%	39.2	35.6	28.1	25.5	13.5	13.0	5.5	34.8
Construction				71,717	3,243	4,005	115	142			32%	23%	22.1	17.9	10.2	8.2	2.7	2.3		13.1
Wijaya Karya	HOLD	2,210	2,900	13,590	741	841	120	137	126	142	27%	14%	18.3	16.2	7.9	6.7	2.2	1.9	35.4	12.6
Pembangunan Perumahan	BUY	3,350	4,700	16,222	857	1,045	177	216	185	227	35%	22%	18.9	15.5	8.1	6.9	3.1	2.3	27.1	19.1
Adhi Karya	BUY	2,430	2,750	8,653	556	632	156	177	169	195	40%	14%	15.6	13.7	7.7	6.7	1.6	1.5	17.7	11.0
Waskita Karya	BUY	2,450	2,150	33,253	1,089	1,487	80	110	80	110	31%	37%	30.5	22.3	15.7	11.0	3.4	3.0	24.9	11.7
Consumer	51.07	45.005	40.000	498,749	14,666	18,520	507	640	504	004	4%	26%	34.0	26.9	20.7	16.6	8.5	7.5		26.1
Indofood CBP	BUY	15,925	13,800	92,858	3,130	4,761	537	816	524	804	-11%	52%	29.7	19.5	21.4	13.7	5.3	4.4	net cash	18.4
Indofood Unilever	BUY	6,975	7,100	61,243	4,059	5,149	462	586 990	610	773 990	10%	27% 15%	15.1 49.8	11.9	7.2	5.8	2.0	1.8	14.7	13.9
		42,800	46,650	326,564	6,563	7,555	860		860		12%			43.2	35.3	30.6	62.5	56.6	28.9	130.6
Kino Indonesia	BUY	5,675	5,700	8,107	329	379	230 61	266	230 61	266	-2%	15%	24.6	21.4	15.2	13.5	4.0	3.4	2.2 49.6	17.2
Nippon Indosari Corpindo	BUY	1,395	1,680	7,061	309	359		71		71	16%	16%	22.8	19.7	12.1	10.4	4.9	4.1		23.4
Mandom Healthcare	BUY	14,500	21,170	2,915 123,810	276 3,341	317 3.768	1,375 260	1,577 335	1,373	1,576	-47% 39%	15% 29%	10.5 37.1	9.2 32.9	5.3 21.9	4.9 19.0	1.7 6.4	1.5 5.7	net cash	15.9 18.0
Healthcare Kalbe Farma	HOLD	1,400	1,355	65,625	2,274	2,533	49	54	49	54	15%	11%	28.9	32.9 25.9	18.3	16.3	5.6	5.0		20.1
Kimia Farma							49 52		49 47	49	15%	6%	28.9				3.1		net cash 19.9	
	HOLD	1,210	1,130	6,720	287	303		55						22.1	15.3	14.0		2.8		14.3
Siloam Hospital	HOLD BUY	9,275 2.800	10,500 2,580	10,723	134 646	204 728	116 44	177 50	127 43	191 49	91%	53% 13%	80.2 63.1	52.5 56.0	16.1 45.1	11.9 39.1	5.7 11.1	5.1	28.4	7.4
Mitra Keluarga	BUY	2,800	2,580	40,742 50.450	5,409	5.580	1,450	1.496	43	49	13% 40%	13%	9.3	9.0	45.1 3.0	39.1 2.5	11.1	10.0 1.2	net cash	18.5
Heavy Equipment United Tractors	HOLD	13,525	17.000	50,450	5,409	5,580	1,450	1,496	1.450	1.496	40%	3%	9.3	9.0	3.0	2.5	1.3	1.2	net cash	14.3
Mining	HOLD	13,525	17,000		4,045			.,	1,450	1,490	-32%	30%	20.6	15.8		4.7	0.8	0.7	net casn	14.3
	DUN	675	750	83,257		5,257	51 49	66 52	40	50					5.3	3.4			25.0	4.1
Adaro Energy	BUY	675 640	750	21,591	1,577	1,652	32	39	49 32	52 39	-30% 51%	5% 24%	13.7	13.1	3.8		0.6	0.6	25.0	
Timah	BUY BUY	1,500	850 2,000	4,767 14,905	237 222	293 480	32 22	48	22	39 48	-67%	116%	20.1 67.1	16.3 31.0	6.7 5.7	5.6 4.9	0.9 0.6	0.8	25.6 net cash	4.3 0.9
Vale Indonesia Aneka Tambang	BUY	1,500	472		(293)	480 50	(31)	40 5	(31)	46 5	-67% -59%	-117%	(21.7)	127.9	20.3	16.2	1.0	1.0	22.7	-1.8
Bukit Asam	BUY	6.325	8.800	15,980 14,574	1,610	1.834	741	844	741	844	-59% -21%	14%	8.5	7.5	6.0	5.1	1.4	1.3	net cash	16.7
					814	1,034	720	924	720	924	-21% -46%	28%		7.5 8.9						6.8
Indo Tambangraya Megah	HOLD HOLD	8,200 805	7,300 790	9,265 2,176	(123)	(95)	(45)	(35)		(35)	-46% -540%	-22%	11.4 (17.8)	(22.9)	2.6	2.0	0.8 0.6	0.8	net cash	-3.2
Property Property	HOLD	605	790	95,805	8,608	9.107	(45)	(35)	(45)	(35)	-540% 14%	-22%	11.1	10.5	4.1 8.3	1.9 7.7	1.6	1.4	net cash	15.5
Alam Sutera	BUY	374	700	7,349	1.516	2.043	77	104	85	117	21%	35%	4.8	3.6	5.5	4.0	0.9	0.7	57.4	19.5
Bumi Serpong Damai	BUY	1,795	2,100	34,548	2,617	2,043	150	162	156	169	10%	35% 9%	12.0	11.1	10.2	9.3	2.0	1.8	net cash	16.2
	BUY	320	620	2,450	322	341	43	45	43	45	11%	9% 6%	7.5			9.3 5.3			27.2	13.9
Metropolitan Land Surya Semesta Internusa	HOLD	620	1,040	2,450	415	477	43 88	101	43 93	106	-11%	15%	7.5	7.1 6.1	5.6 2.5	2.1	1.0 0.9	0.9	net cash	13.4
	BUY	940	1,040	2,917	1,763	1,236	88 82	101 57	93 64	106 40	-11% 13%	-30%	7.0 11.5	16.4	2.5 8.7	10.1	1.2	1.2	net cash 27.4	10.6
Lippo Karawaci	BUY	940 340	1,200	4,775	1,763	1,236	82 26	30	28	40 32	13% 27%	-30% 17%	11.5	16.4	9.7	10.1 8.2	1.2	1.6	27.4 30.1	10.6
PP Properti																				
Summarecon	BUY	1,530	2,045	22,073	1,609	1,741	111 47	121	111	120	21%	8%	13.7	12.7 17.5	10.1	9.6 8.8	2.9	2.5 2.4	27.9	23.0
Retail	DI DI		4.055	25,992	1,211	1,487		57	475	070	17%	23%	21.5		10.0					12.6
Mitra Adi Perkasa	BUY	3,930	4,650	6,524	275	438	166	264	175	272	71%	59%	23.7	14.9	6.5	5.7	2.0	1.8	67.4	8.4
Ramayana	HOLD	665	775	4,719	331	369	47	52	47	52	3%	11%	14.2	12.8	7.9	7.0	1.3	1.2	net cash	9.4
Ace Hardware	HOLD	860	745	14,749	604	681	35	40	34	38	9%	13%	24.4	21.7	16.8	14.9	5.0	4.4	net cash	21.7



COVERAGE PERFORMANCE

		l l	EADERS									
Price as on												
	Code	19-May-2016	18-May-2016	Chg, %	w-w, %	m-m, %	YTD, %	Rating				
Mitra Keluarga	MIKA	2,800	2,550	9.8	11.1	11.6	16.7	BUY				
Kalbe Farma	KLBF	1,400	1,340	4.5	6.5	-	6.1	HOLD				
United Tractors	UNTR	13,525	13,025	3.8	(2.0)	(20.0)	(20.2)	HOLD				
Summarecon	SMRA	1,530	1,485	3.0	11.3	(8.7)	(7.3)	BUY				
Bank Mandiri	BMRI	8,950	8,800	1.7	(5.8)	(8.2)	(3.2)	BUY				
Siloam Hospital	SILO	9,275	9,125	1.6	7.2	5.7	(5.4)	HOLD				
Bank Rakyat Indonesia	BBRI	9,675	9,525	1.6	(2.3)	(7.6)	(15.3)	BUY				
Semen Baturaja	SMBR	470	464	1.3	(0.4)	(11.3)	61.5	SELL				
Bumi Serpong Damai	BSDE	1,795	1,775	1.1	4.7	(8.9)	(0.3)	BUY				
Selamat Sempurna	SMSM	4,840	4,800	0.8	2.3	0.9	1.7	BUY				

Sources: Bloomberg

LAGGARDS												
Price as on												
	Code	19-May-2016	18-May-2016	Chg, %	w-w, %	m-m, %	YTD, %	Rating				
Tower Bersama	TBIG	6,275	6,750	(7.0)	1.2	8.2	6.8	HOLD				
Pembangunan Perumahan	PTPP	3,350	3,530	(5.1)	(6.7)	(12.2)	(13.5)	BUY				
Waskita Karya	WSKT	2,450	2,580	(5.0)	(1.6)	9.6	46.7	BUY				
Ace Hardware	ACES	860	900	(4.4)	(6.0)	1.8	4.2	HOLD				
Blue Bird	BIRD	4,140	4,330	(4.4)	(6.5)	(14.5)	(41.7)	BUY				
Aneka Tambang	ANTM	665	695	(4.3)	(7.0)	(7.6)	111.8	BUY				
Nippon Indosari Corpindo	ROTI	1,395	1,455	(4.1)	(7.6)	3.7	10.3	BUY				
Indocement	INTP	15,525	16,175	(4.0)	(11.8)	(23.0)	(30.5)	HOLD				
Adhi Karya	ADHI	2,430	2,520	(3.6)	(3.6)	(13.2)	13.6	BUY				
Bank Tabungan Negara	BBTN	1,640	1,700	(3.5)	(10.4)	(4.7)	26.6	BUY				

Sources: Bloomberg



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