

FROM EQUITY RESEARCH

Bank Negara Indonesia: Still Growing (BBNI IJ. Rp 7,500. BUY. TP Rp 8,500)

We upgrade our call to BUY with new GGM-derived IDR8,500 TP. Post 9M17's result, we expect loans would grow by 16.8% in next year still with corporate lending as the main contributor on its loans portfolio.

To see the full version of this report, please click here

Ace Hardware Indonesia: Solid 9M17 SSSG expected

(ACES IJ. Rp 1,300. BUY. TP Rp 1,300) ACES recently indicated that: 1) the company would record solid 9M17 revenues - within our expectations - with gross retail store expansion continuing in 4Q17, and 2) better 9M17 SSSG in all regions compared to the previous year.

To see the full version of this report, please click here

Ramayana Lestari Sentosa: Flattish 9M17 performance

(RALS IJ. Rp 960. BUY. TP Rp 1,130)

We maintain our BUY recommendation on RALS at TP IDR1,130. Recent company updates indicate that 1) 9M17 revenues remain flat compared to last year, and 2) SSSG as of 9M17 remains weak, dragged down by ex-Java.

To see the full version of this report, please click here

Adhi Karya: KAI will bring seasonal cheer

(ADHI IJ. Rp 2040. BUY. TP Rp 2,700) ADHI expects to receive the first tranche of LRT payment amounting IDR2.0tn from KAI this year, followed by the second payment of similar amount by early 2018.

To see the full version of this report, please click here

Waskita Beton Precast: Attractive Valuation

(WSBP IJ. Rp 342. BUY. TP Rp 630) WSBP expects to receive the first tranche of the Becakayu project payment amounting to IDR1.8tn before the end of the year. Currently, only three projects remain under the turnkey scheme with total value of IDR9.9tn.

To see the full version of this report, please click here

MARKET NEWS

Sector

- Indonesia B20 program implementation to be reviewed again
- Retail: E-commerce tax regulation will be issued soon
- Infrastructure: President to inaugurate Palembang-Indralaya toll road

Corporate

Unilever: KBPN signed agreement with UNVR to supply tea

KEY INDEX						
	Close	Chg	Ytd	Vol		
	Close	(%)	(%)	(US\$ m)		
Asean - 5						
Indonesia	5,926	0.7	11.9	554		
Thailand	1,712	(0.1)	11.0	1,963		
Philippines	8,403	0.5	22.8	141		
Malaysia	1,754	(0.2)	6.8	548		
Singapore	3,303	0.7	14.7	762		
Regional						
China	3,386	(0.1)	9.1	51,289		
Hong Kong	28,459	0.2	29.4	11,690		
Japan	20,955	0.4	9.6	13,611		
Korea	2,476	0.1	22.2	5,371		
Taiwan	10,711	0.7	15.8	4,134		
India	32,182	1.1	20.9	556		
NASDAQ	6,592	(0.2)	22.4	82,517		
Dow Jones	22,841	(0.1)	15.6	7,510		

CURRENCY AND INTEREST RATE

		Rate	w-w	m-m	ytd	
		Kale	(%)	(%)	(%)	
Rupiah	Rp/1US\$	13,504	(0.3)	(2.3)	(0.2)	
SBI rate	%	5.90	-	-	(1.3)	
10y Gov	Indo bond	6.57	0.0	0.1	(1.4)	

HARD COMMODITY

	Unit	Price	d-d	m-m	ytd
	Unit	Frice	(%)	(%)	(%)
Coal	US\$/ton	95	(0.9)	(4.6)	7.6
Gold	US\$/toz	1,294	0.0	(2.2)	12.3
Nickel	US\$/mt.ton	11,338	2.5	(4.8)	13.8
Tin	US\$/mt.ton	20,865	(0.6)	0.3	(1.6)

SOFT COMMODITY

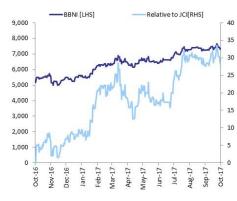
	Unit	Price	d-d	m-m	ytd
	onit	Flice	(%)	(%)	(%)
Cocoa	US\$/mt.ton	2,124	2.7	8.2	(1.1)
Corn	US\$/mt.ton	120	1.0	(1.0)	(6.7)
Oil (WTI)	US\$/barrel	51	0.3	2.9	(5.5)
Oil (Brent)	US\$/barrel	56	0.3	2.3	(0.7)
Palm oil	MYR/mt.ton	2,692	(1.1)	(3.6)	(15.8)
Rubber	USd/kg	144	2.0	(14.5)	(25.5)
Pulp	US\$/tonne	920	N/A	2.7	13.7
Coffee	US\$/60kgbag	119	(1.5)	(3.2)	(21.3)
Sugar	US\$/MT	376	(0.2)	2.8	(28.3)
Wheat	US\$/ton	117	0.1	(2.8)	(7.3)



Friday, 13 October 2017 BUY Upgrade

Last price (IDR)	7,500			
Target Price (IDR)	8,500			
Upside/Downside			+13.3%	
Previous Target Price	e (IDR)		6,700	
Stock Statistics				
Sector			Bank	
Bloomberg Ticker			BBNI IJ	
No of Shrs (mn)			18,649	
Mkt. Cap (IDRbn/USI	Dmn)	139,865/10,357		
Avg. daily T/O (IDRbn/USDmn)		135.0/10.0		
Major shareholders				
Government of Indo	nesia		60.0%	
Estimated free float	(%)		40.0	
EPSConsensus(IDR)				
	2017F	2018F	2019F	
Danareksa	701.9	804.2	907.8	
Consensus	707.1	812.8	907.2	
Danareksa/Cons	(0.7)	(1.1)	0.1	

BBNI relative to JCI Index



Source : Bloomberg

Eka Savitri

(62-21) 2955 5888 ext 3506 eka.savitri@danareksa.co.id

Bank Negara Indonesia(BBNI IJ)

Still Growing

We upgrade our call to BUY with new GGM-derived IDR8,500 TP. Post 9M17's result, we expect loans would grow by 16.8% in next year still with corporate lending as the main contributor on its loans portfolio. By doing so, we expect NIMs would fall by 6bps to 5.8% in FY18F coming from a c10bps reduction in asset yields. Funding wise, we expect a more well-diversified structure in order to reduce the maturity mismatch between assets and liabilities. However, we assume blended CoF would decline to 2.9% supported by a higher CASA deposits at 66.4% of total customer deposits by end of 2018.

Loans would still be dominated by corporate segment. BBNI would continue to focus on corporate lending as its main growth engine, particularly infrastructure projects. In addition, to compensate lower yield from corporate loans, BBNI would also push payroll loans (part of consumer loans) due to its low risk. We expect loans would grow by 16.8% in next year with 2.7% gross NPL ratio and 146% LLC ratio as of end of 2018.

A well-diversified funding structure. In terms of funding, BBNI would push further to a higher CASA deposits to secure low blended CoF. While for the wholesale funding, BBNI aims to obtain longer tenor funding instruments to match the maturity profile of its loans portfolio. BBNI already secured the borrowings from several foreign banks. Additionally, securities issuance would also still be an alternative funding sourcee given the attractive government bonds yield. All in, CASA deposits would contribute 66.4% of total customer deposits by end of 2018 with 2.9% blended CoF.

Gradual decline in its NIMs. NIM would dipped by 6bps to 5.8% next year as we assume lower loan yield due to rebalanced loans mixture towards corporate lending. Despite the aggressive policy rate cut by the Central Bank, we still expect that only SOE corporate borrowers and certain non-SOE corporate borrowers that can obtain single digit lending rate. Additionally, BBNI requires its borrowers to open accounts in the bank to provide more sustainable funding sources. That said, lower blended CoF would offset the further decline in asset yield.

Upgrade to BUY, new TP of IDR8,500. We upgrade our call to BUY with a new GGM-derived TP of IDR8,500 assuming 14% sustainable ROAEs, 10.6% CoE and 3% long-term growth. Our TP implies 1.46x P/BV multiple for 2018F. Our P/BV multiple target is reasonable in our view given that we assume ROAEs in the next two years would reach 14.8%/14.9% respectively.

Risks to our call are: 1) government intervention risk, 2) slow GDP growth that would dampen its improvement in asset quality, 3) tight liquidity situation within system that would result in a higher blended CoF and faster-than-expected slippage in asset yields.

Key Financials Year to 31 Dec 2015A 2016A 2017F 2018F 2019F PPOP, (IDRbn) 18,748 22,082 25,371 28,550 32,514 Net profit (IDRbn) 14,997 9,067 11,339 13,089 16,930 608.0 EPS (IDR) 486.2 701.9 804.2 907.8 25.1 EPS growth (%) 0.1 15.4 14.6 12.9 5,843.4 BVPS, (IDR) 4,097.6 4,673.7 5,200.1 6.569.7 PER (x) 15.4 12.3 10.7 9.3 8.3 PBV (x) 1.8 1.4 1.3 1.1 1.6 Dividend yield (%) 1.6 21 24 28 23 14.0 14.4 14.8 ROAE (%) 13.6 14.9

Source : BBNI, Danareksa Estimates

1



Friday, 13 October 2017 HOLD Maintain

Last price (IDR)	1,300
Target Price (IDR)	1,300
Upside/Downside	0.0%
Previous Target Price (IDR)	1,050
Stock Statistics	
Sector	Retail
Bloomberg Ticker	ACES IJ
No of Shrs (mn)	17,048
Mkt. Cap (IDR bn/USDmn)	22,162/1,641
Avg. daily T/O (IDR bn/USDmn)	14.6/1.1
Major shareholders	
PT Kawan Lama Sejahtera	59.9%

PT Kawan Lama Sejahtera	
Estimated free float	

EPS Consensus(IDR)

	2017F	2018F	2019F
Danareksa	46.0	51.7	57.0
Consensus	44.3	50.3	54.8
Danareksa/Cons	3.7	2.9	4.0

39.1%

ACES relative to JCI Index



Source : Bloomberg

Adeline Solaiman

(62-21) 29 555 888 ext.3503 adeline.solaiman@danareksa.com

Natalia Sutanto

(62-21) 29 555 888 ext.3508 natalia.sutanto@danareksa.com

Ace Hardware Indonesia (ACES IJ)

Solid 9M17 SSSG expected

ACES recently indicated that: 1) the company would record solid 9M17 revenues - within our expectations - with gross retail store expansion continuing in 4Q17, and 2) better 9M17 SSSG in all regions compared to the previous year. Valuation wise, however, the stock looks expensive at 25x P/E 2018F, +1sd 5 years avg, assuming 12.5% EPS growth in 2018F. Maintain HOLD with a TP of IDR1,300.

Solid 9M17 revenues - within our expectations. The September 2017 sales are indicated to reach IDR488bn, +32.9% yoy and +9.4% mom, since: 1) the ongoing "boom sales event" which lasts from mid-Sep 2017 to mid-Oct 2017 will have supported sales, and 2) the recent difficulties faced by smaller players in importing goods will have benefited ACES as a large-scale business. This gives rise to 9M17 revenues of IDR4.1tn, +18.5% yoy, or 71.8% of our full year target - still within our expectations. Note that ACES' net additional gross retail space reached 20,813 sqm in 9M17, coming from 11 new store openings and 2 store closures. Going forward, more expansion is on the cards as the management plans to open 4 more stores.

Improving 9M17 SSSG in all regions. The 9M17 SSSG YTD improved to 11.1% YTD (9M16: 0.7%; 8M17: 9.7%). Regionally, Jakarta's SSSG was 8.9% YTD (9M16: 1.3%; 8M17: 7.8%), the rest of Java's SSSG was 11.8% (9M16: 1.2%; 8M17: 10.4%), and ex-Java's SSSG was 12.9% (9M16: 0.2%; 8M17: 10.9%). On a monthly basis, September 2017's SSSG alone improved significantly to 23.2% yoy (September 2016: -3.3%; August 2017: 12.3%).

2018 outlook: +12.5% yoy EPS growth. In 2018F, we expect revenues to grow a solid 12.4% yoy. Assuming a stable gross margin at 47.9% in 2018, we forecast 12.5% EPS growth in 2018F. This growth will be supported by a healthy balance sheet and strong net cash position, in our view.

Expensive valuation, HOLD with a TP of IDR1,300. Despite the excellent performance, the stock looks expensive at 25x P/E 2018F, +1sd 5 years average. As such, we maintain our HOLD recommendation with a TP of IDR1,300, implying 25x P/E 2018F, +1sd 5 years average. The risks to our call include higher-than-expected purchasing power and higher GDP growth in 2018.

Key Financials					
Year to 31 Dec	2015A	2016A	2017F	2018F	2019F
Revenue, (IDRbn)	4,743	4,936	5,769	6,483	7,142
EBITDA, (IDRbn)	759	795	973	1,097	1,212
EBITDA Growth, (%)	2.4	4.7	22.4	12.8	10.5
Net profit (IDRbn)	588	713	783	882	972
EPS (IDR)	34.5	41.9	46.0	51.7	57.0
EPS growth (%)	5.1	21.3	9.8	12.5	10.2
BVPS, (IDR)	154.2	179.1	185.4	193.3	201.0
DPS, (IDR)	15.6	16.7	39.8	43.9	49.4
PER (x)	37.7	31.2	28.3	25.1	22.8
PBV (x)	8.4	7.3	7.0	6.7	6.5
Dividend yield (%)	1.2	1.3	3.1	3.4	3.8
EV/EBITDA (x)	28.4	27.0	22.0	19.4	17.5

Source : ACES, Danareksa Estimates

1



Last price (IDR)	960
Target Price (IDR)	1,130
Upside/Downside	+15.0%
Previous Target Price (IDR)	1,130
Stock Statistics	
Sector	Retail
Bloomberg Ticker	RALS IJ
No of Shrs (mn)	6,806
Mkt. Cap (IDR bn/USDmn)	6,329/481
Avg. daily T/O (IDR bn/USDmn)	13.0/1.0
Major shareholders	
PT Ramayana Makmursentosa	55.9%

Paulus Tumewu	3.7%
Estimated free float (%)	40.5
EPS Consensus(IDR)	

Consensus(IDR

	2017F	2018F	2019F
Danareksa	60.0	63.6	67.5
Consensus	61.2	69.3	74.5
Danareksa/Cons	(1.9)	(8.1)	(9.4)

RALS relative to JCI Index



Source : Bloomberg

Adeline Solaiman

(62-21) 29 555 888 ext.3503 adeline.solaiman@danareksa.com

Natalia Sutanto

(62-21) 29 555 888 ext.3508 natalia.sutanto@danareksa.com

Ramayana Lestari Sentosa (RALS IJ)

Flattish 9M17 revenues

We maintain our BUY recommendation on RALS with a TP of IDR1,130. Recent company updates indicate that: 1) the 9M17 revenues remain flat compared to last year, and 2) the 9M17 SSSG remains weak, dragged down by ex-Java. However, with hopes of a positive impact from higher spending in 2018 ahead of the 2019 elections, we remain optimistic that sales may improve next year. The stock is currently trading at an attractive valuation of 15.1x P/E 2018F, below its mean.

Better monthly sales performance in September. Post Ramadan, the September 2017 sales increased to IDR427.4bn, +2.5% mom, albeit -4.9% yoy. As a result, the 9M17 revenues reached IDR6.4tn, -0.6% yoy, or 77.6% of our full year target - still within our expectations. Worth noting is that in September 2017 alone, the company did not open any new stores (the gross retail space remained at 975,301 sqm, unchanged from the previous month).

SSSG remains weak, dragged down by ex-Java. The 9M17 SSSG YTD remains weak at -0.7% YTD nationwide (9M16: 7.1%; 8M17: -0.3%). Regionally, the 9M17 Jakarta SSSG was -0.3% (9M16: 8.7%; 8M17: -0.1%), the rest of Java SSSG was 0.4% (9M16: 7.3%; 8M17: 0.7%), and the ex-Java SSSG was -1.8% (9M16: 5.8%; 8M17: -1.2%).

A good time to pick up the shares given that 2018 is a pre-election year. With hopes of a positive impact from higher spending in 2018 ahead of the 2019 elections, the administration of President Jokowi is likely to turn more populist and hike the budget for spending on subsidies (energy and healthcare). We continue to expect further gross retail space expansion and better revenues growth in 2018 of +6% yoy.

The planned spin-off is positive news although there is still uncertainty. If the supermarket spin-off really goes ahead, it would give a further boost to RALS' operational turnaround, in our view, leading to further gross and operating margin improvements. Nonetheless, given the uncertainty surrounding this plan, we don't include it in our assumptions and expect flattish gross and operating margins for 2017-18F. We expect 6% yoy EPS growth in 2018.

BUY with a maintained TP of IDR1,130. The stock is currently trading at 15.1x P/E 2018F, below its mean. We maintain our BUY recommendation on RALS with a TP of IDR1,130 - about its mean level based on the 5 years historical average. The main risk to our call includes lower-than-expected purchasing power.

Key Financials

Year to 31 Dec	2015A	2016A	2017F	2018F	2019F
Revenue, (IDRbn)	5,533	5,857	5,859	6,210	6,585
EBITDA, (IDRbn)	419	544	544	577	612
EBITDA Growth, (%)	(14.7)	29.8	0.0	6.0	6.0
Net profit (IDRbn)	336	408	409	433	459
EPS (IDR)	47.6	60.0	60.0	63.6	67.5
EPS growth (%)	(4.8)	26.0	0.0	6.0	6.0
BVPS, (IDR)	472.6	490.4	519.8	554.7	591.9
DPS, (IDR)	27.2	30.3	30.6	28.6	30.3
PER (x)	20.2	16.0	16.0	15.1	14.2
PBV (x)	2.0	1.9	1.8	1.7	1.6
Dividend yield (%)	2.9	3.2	3.3	3.1	3.2
EV/EBITDA (x)	13.7	10.6	10.3	9.4	8.5

Source : RALS, Danareksa Estimates

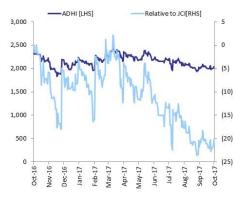


Friday,13 October 2017 BUY Maintain

Last price (IDR)			2,040				
Target Price (IDR)			2,700				
Upside/Downside			+32.4%				
Previous Target Price	e (IDR)		3,500				
Stock Statistics							
Sector		Cons	struction				
Bloomberg Ticker			ADHI IJ				
No of Shrs (mn)			3,561				
Mkt. Cap (IDR bn/US	Dmn)	7,	264/537				
Avg. daily T/O (IDR b	n/USDmn)	26.6/2.0					
Major shareholders							
Government			51.0%				
Public			49.0%				
Estimated free float	(%)		49.0				
EPS Consensus(IDR))						
	2017F	2018F	2019F				
Danareksa	126.7	173.9	147.1				
Consensus	162.5	236.3	290.7				

ADHI relative to JCI Index

Danareksa/Cons



(22.0)

(26.4)

(49.4)

Source : Bloomberg

Maria Renata

(62-21) 29 555 888 ext.3513 maria.renata@danareksa.com

Adhi Karya(ADHI IJ)

KAI will bring seasonal cheer

ADHI expects to receive the first tranche of the LRT payment amounting to IDR2.0tn from KAI before the end of the year, followed by a similar second payment by early 2018. TOD development will serve as the next growth engine, contributing as much as 20% to the bottom line in 2018, double the estimated contribution of 10% in 2017, as ADHI will launch 2 TODs in 2017 and 5 in 2018.

First tranche of the payment from KAI before year-end. The IDR2.0tn Government Capital Injection (GCI) was secured back in 2015 and KAI will use the funds as the initial payment to ADHI for the Jakarta LRT project - with the payment expected by year-end. A second similar payment will be made by early 2018, coming from the 2017 GCI. Furthermore, KAI has proposed a further capital injection of IDR3.6tn from the 2018 RAPBN.

Progress on the LRT project. Progress on the Jakarta LRT project phase 1 as of Sep 17 reached 21.9%. The Cawang – Cibubur section is 40.4% complete, the Cawang – Kuningan – Dukuh Atas section 7.6%, and the Cawang – Bekasi Timur section 23.6%. This has involved an investment of around IDR4.0tn. The progress is targeted to reach 35% by the end of 2017 (around IDR5.0tn). ADHI targets IDR8.0-9.0tn of revenues in 2018 with the remaining IDR5.7-6.7tn booked in 2019.

Two TOD projects expected in 2017 and five in 2018. Two TOD projects are targeted to be launched in 2017: Gateway Park and Urban Signature. Located on 5.3ha of land bank, Gateway Park was launched in Sep 17. The Urban Signature project in Ciracas, meanwhile, will be launched in Nov 17. Funds allocated for TOD development in 2017 reached IDR2.0tn with the funding coming from the rights issue proceeds of IDR1.3tn and IDR700bn of bonds issued in June 2017. Going into 2018, ADHI plans to launch 5 TOD projects and issue IDR1.5-2.0tn of bonds in 1H18.

Maintain BUY recommendation. We maintain our forecast and BUY recommendation on ADHI while waiting for the 3Q results to be issued at the end of Sep 17.

Key Financials

ney i maneiais					
Year to 31 Dec	2015A	2016A	2017F	2018F	2019F
Revenue, (IDRbn)	9,390	11,064	14,160	20,506	17,544
EBITDA, (IDRbn)	579	671	982	1,428	1,249
EBITDA Growth, (%)	(8.0)	15.8	46.3	45.4	(12.5)
Net profit (IDRbn)	464	313	451	619	524
EPS (IDR)	202.8	88.0	126.7	173.9	147.1
EPS growth (%)	12.7	(56.6)	43.9	37.3	(15.4)
BVPS, (IDR)	2,254.5	1,525.8	1,738.9	2,028.7	2,243.1
DPS, (IDR)	18.2	26.2	20.2	29.0	39.8
PER (x)	10.9	25.1	17.4	12.7	15.0
PBV (x)	1.0	1.4	1.3	1.1	1.0
Dividend yield (%)	0.8	1.2	0.9	1.3	1.8
EV/EBITDA (x)	11.5	13.1	10.5	8.5	9.5

Source : ADHI, Danareksa Estimates

1

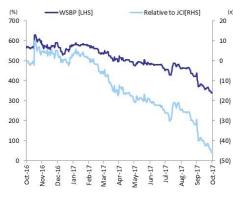


Last price (IDR)	342
Target Price (IDR)	630
Upside/Downside	+84.2%
Previous Target Price (IDR)	770
Stock Statistics	
Sector	Construction
Bloomberg Ticker	WSBP IJ
No of Shrs (mn)	26,361
Mkt. Cap (IDR bn/USDmn)	9,016/668
Avg. daily T/O (IDR bn/USDmn)	41.4/3.1
Major shareholders	
Waskita Karya	60.0%
Public	40.0%
Estimated free float (%)	40.0

EPS Consensus(IDR)

	2017F	2018F	2019F
Danareksa	41.9	50.0	58.6
Consensus	39.2	47.1	52.4
Danareksa/Cons	6.8	6.2	11.9

WSBP relative to JCI Index



Source : Bloomberg

Maria Renata

(62-21) 29 555 888 ext.3513 maria.renata@danareksa.com

Waskita Beton Precast(WSBP IJ)

Attractive Valuation

WSBP expects to receive the first tranche of the Becakayu project payment amounting to IDR1.8tn before the end of the year. Currently, only three projects remain under the turnkey scheme with total value of IDR9.9tn. This is 35% lower than the initial value of IDR15.3tn which comprised of 14 projects. The fewer number of turnkey projects reflects renegotiations conducted between WSBP and Waskita Karya as the project owner. WSBP currently trades at 2017-18PE of 8.2x and 6.8x, respectively.

First tranche of the Becakayu project payment to be received this year. Based on the targeted operation of two sections of the Becakayu toll road in Nov 17, WSBP and Waskita Karya (WSKT) have signed an amendment to the payment scheme for the project. Under the new agreement, WSBP is scheduled to receive the first tranche of the payment amounting to IDR1.8tn this year. This figure includes an IDR100bn discount to compensate for a lower cost of debt enjoyed by WSBP.

Only three projects under the turnkey scheme. In mid-17, WSBP had 14 projects under the turnkey scheme with a total value of IDR15.3tn. However, the management has managed to switch most of the turnkey projects into projects with regular payments. Only three projects worth IDR9.9tn remain under the turnkey scheme. They are: Beckayu with a contract value of IDR3.0tn, Cimanggi – Cibitung section 1A worth IDR2.6tn, and Krian - Legundi – Bunder – Manyar (KLBM) worth IDR4.3tn. The remaining payments from Becakayu are expected to be received in 2018, while payments from Cimanggis – Cibitung and KLBM are expected to be received in 2019.

Strong order book. WSBP's order book as of Sep 17 reached IDR17.6tn, or higher than FY16's order book of IDR15.1tn. The order book includes IDR10.2tn of carry over contracts and IDR7.4tn of new contracts. The 9M17 new contracts are 60% of the management's full year target of IDR12.4tn.

Attractive valuation. We maintain our forecast and valuation while waiting for the 3Q17 result which is expected to be issued next week. WSBP's share price is down 38.4%YTD compared to the JCI's gain of 11.9%YTD. As a result, WSBP currently trades at an attractive valuation of 2017-18 PE of 8.2x and 6.8x, respectively, or far lower than the IPO PE of 21.2x. We maintain our BUY call on the stock with a TP of IDR630. Our TP implies 2017-18 PE of 15.0x and 12.6x.

Key Financials

	20454	20164	20175	20105	20105
Year to 31 Dec	2015A	2016A	2017F	2018F	2019F
Revenue, (IDRbn)	2,644	4,717	7,543	9,460	10,987
EBITDA, (IDRbn)	363	970	1,377	1,714	1,900
EBITDA Growth, (%)	156.1	166.9	42.0	24.5	10.8
Net profit (IDRbn)	334	635	1,104	1,319	1,545
EPS (IDR)	21.1	33.8	41.9	50.0	58.6
EPS growth (%)	0.0	60.1	23.7	19.5	17.1
BVPS, (IDR)	84.1	394.8	310.8	348.2	391.8
DPS, (IDR)	0.0	0.0	12.0	12.6	15.0
PER (x)	23.3	14.5	11.8	9.8	8.4
PBV (x)	5.8	1.2	1.6	1.4	1.3
Dividend yield (%)	See important	t discloswi <u>r</u> e	at the bagia	of this report	3 1
EV/EBITDA (x)	37.5	12.5	12.5	6.9	5.4



MARKET NEWS

SECTOR

Implementation of Indonesia's B20 biodiesel program to be reviewed

Indonesia's B20 biodiesel program is reportedly facing several problems. For example, some consumers have made complaints regarding the impact of the fuel on engine performance. As a result, implementation of the program will need to be further reviewed. In addition, there have also been issues with the heavy equipment and locomotives. Meanwhile, the National Energy Council has proposed to the Indonesian government that implementation of the B30 program be delayed from the initial target of 2020, citing the need to set up national blending standards first. (Bisnis Indonesia, Bloomberg)

Comment: The B20 program is running relatively well in the PSO sector. However, bottlenecks remain in the non-PSO sector and we expect this to remain the case going forward. Hence, we expect flat YoY growth in biodiesel absorption in FY18. Maintain neutral on the plantations sector. (Yudha)

Retail: E-commerce tax regulation to be issued soon

The Ministry of Finance will soon issue a regulation on taxes for e-commerce businesses as the government plans to adopt a value-added tax (CAT) collection model in e-commerce transactions like in other countries using the National Payment Gateway (NPG). Soon, all bank, payment gateways and other payment services will be connected with the NPG which will record all domestic electronic transactions data in Indonesia. (Kontan)

Infrastructure: President to inaugurate the Palembang-Indralaya toll road

President Joko Widodo inaugurated the first section of the Palembang-Indralaya toll road (Palembang-Pemulutan) which covers a length of 7.75km. The second section (the 4.9km Pemulutan – Kota Terpadu Mandiri section) and the third section (the 8.5km Kota Perpadu Mandiir-Simpang Indralaya section) will commence operations in early 2018. So far, the construction progress of the toll road's second section has reached 30%, with progress for the third section standing at 80%. While there had been problems with land acquisition, they now appear to have been resolved.

This toll road is part of the Trans-Sumatera toll road that will eventually connect Aceh to Lampung. This year, President Joko Widodo expects that 530km of the Trans-Sumatera toll road can be completed with an additional 1,320km by 2018. (Bisnis Indonesia)

CORPORATE

Unilever: KBPN signs an agreement with UNVR to supply tea

Kharisma Pemasaran Bersama Nusantara (KBPN) has signed a sales and purchase agreement with Unilever Indonesia to supply 710 tons of tea worth IDR12bn, as the raw material for Sariwangi and Lipton tea. KBPN hopes to see stable tea prices in the local market, following higher imports of tea from Vietnam which have 40% lower prices than local tea. KBPN is a SOE that distributes tea products from PTPN with annual tea sales of 42,000 tons (around 60% of total national sales). (Kontan)



DANAREKSA VALUATION GUIDE

Equity	Rating	Price (Rp)	Price	Mkt Cap	Net profit, Rp bn EPS (Rp) Core EPS (Rp)					EPS Growth PER (x)			(x)	EV / EBIT	TDA (x)	PBV	(x)	ROE	2	
Marekse Valuation		· · · /	Target	Rp Bn	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2
areksa Üniverse				3,769,210	198,392	224,538	220.4	249.5			17.6%	13.2%	19.0	16.8	20.4	18.3	2.9	2.6	15.8	1
Auto				331,965	18,975	22,003	381.6	442.5			25.2%	16.0%	17.5	15.1	12.7	10.7	2.1	1.9	12.8	1
Astra International	HOLD	8,200	9,000	331,965	18,975	22,003	469	544	449	531	25.2%	16.0%	17.5	15.1	12.7	10.7	2.1	1.9	12.8	1
Banks BCA	BUY	20,800	19,450	1,383,730	89,107	104,234	711.5	832.3	000	4.045	19.5%	17.0%	15.5	13.3 20.5		N/A	2.4	2.1	16.2	1 1
BNI	BUY	7,500	8,500	512,824 139,865	22,682 14,049	25,017 16,825	920 753	1,015 902	920 753	1,015 902	10.1% 23.9%	10.3% 19.8%	22.6 10.0	20.5	N/A N/A	N/A	4.0 1.4	3.5 1.2	18.8 15.0	1
BRI	BUY	15,375	15,000	379,288	30,046	33,756	1,218	1,368	1,218	1,368	14.7%	12.3%	12.6	11.2	NA	N/A	2.3	2.0	19.1	1
Bank Tabungan Negara	BUY	3,140	2,400	33,253	2,941	3,120	278	295	278	295	12.3%	6.1%	11.3	10.7	NA	NA	1.6	1.4	14.6	1
Bank Mandiri	HOLD	6,825	11,800	318,500	19,390	25,515	831	1,094	831	1,094	40.4%	31.6%	8.2	6.2	N/A	N/A	2.0	1.8	12.4	1
Cement	HOLD	0,020	11,000	162,971	5,911	6,125	303	314	001	1,001	-18.6%	3.6%	27.6	26.6	14.7	13.8	2.6	2.5	9.7	
Indocement	SELL	19,275	13,000	70,956	2,514	2,484	683	675	677	669	-35.1%	-1.2%	28.2	28.6	15.5	15.6	2.6	2.5	9.5	
Semen Indonesia	HOLD	10,750	8,600	63,764	3,209	3,458	541	583	513	554	2.3%	7.8%	19.9	18.4	10.8	9.9	2.0	1.8	10.2	1
Semen Baturaja	SELL	2,850	390	28,251	188	182	19	19	19	18	-27.3%	-3.3%	148.8	154.0	60.9	57.9	8.7	8.3	5.9	
Cigarettes				567,066	19,836	21,451	168	181			2.0%	8.1%	28.6	26.4	19.8	18.2	7.5	6.8	26.5	2
Gudang Garam	HOLD	65,600	75,100	126,220	7,159	7,871	3,721	4,091	3,721	4,091	7.2%	9.9%	17.6	16.0	11.3	10.4	3.0	2.7	17.6	1
HM Sampoerna	BUY	3,790	4,100	440,846	12,677	13,581	109	117	109	117	-0.7%	7.1%	34.8	32.5	26.1	23.8	12.8	12.4	37.0	3
Construction				121,491	8,554	10,351	115	139			29.9%	21.0%	14.2	11.7	9.4	7.8	2.0	1.7	14.7	1
Wijaya Karya	BUY	1,735	2,800	15,563	1,225	1,783	137	199	137	199	21.0%	45.5%	12.7	8.7	4.3	3.0	1.3	1.1	10.4	1
Pembangunan Perumahan	BUY	2,560	5,700	15,872	1,295	1,570	209	253	233	283	33.9%	21.2%	12.3	10.1	6.0	4.9	2.5	2.1	22.5	2
Adhi Karya	BUY	2,030	2,700	7,229	451	619	127	174	149	187	43.9%	37.3%	16.0	11.7	8.7	7.2	1.2	1.0	7.8	
Waskita Karya	BUY	1,830	2,800	24,840	2,383	3,034	176	224	176	224	39.1%	27.4%	10.4	8.2	10.6	8.8	1.9	1.6	19.8	2
Waskita Beton	BUY	342	630	9,016	1,104	1,319	42	50	42	50	73.9%	19.5%	8.2	6.8	8.3	4.0	1.1	1.0	14.2	1
Wika Beton	BUY	560	1,100	4,881	349	420	42	50	42	50	28.3%	20.2%	13.4	11.1	8.7	7.3	1.8	1.6	13.7	1
Jasa Marga	BUY	6,075	6,300	44,092	1,747	1,606	257	236	261	240	4.4%	-8.1%	23.6	25.7	13.6	12.3	3.3	3.0	14.0	1
Consumer	D 1 N /			600,410	17,265	19,547	333	377			10.2%	13.2%	34.8	30.7	23.4	20.8	9.1	8.2	27.6	1
Indofood CBP	BUY HOLD	8,700 8,400	9,700 8,650	101,459 73,756	3,857 4,506	4,351 5.098	331 517	373 580	331 512	373 569	7.1% 9.2%	12.8% 12.2%	26.3 16.2	23.3 14.5	16.3 13.2	14.6 11.7	5.2 2.3	4.6 2.1	20.7 14.9	2
Indofood	HOLD		52,000		7,324	- 1	•		512 960		9.2% 14.6%	12.2%	51.0	14.5	35.8		2.3		14.9	13
Unilever Kino Indonesia	BUY	49,000 1,965	2,300	373,870 2,807	7,324	8,326 215	960 140	1,091 151	960 140	1,091 151	14.6%	13.7%	14.1	44.9 13.0	35.8	31.6 7.5	1.3	56.3 1.2	141.6 9.9	13
Mayora Indah	HOLD	2,170	2,300	48.518	1.378	1.556	62	70	62	72	1.7%	12.9%	35.2	31.2	0.3 18.1	16.1	6.8	5.9	20.9	2
Healthcare	TIOLD	2,170	1,900	95,017	2,773	3,089	105	118	02	12	8.1%	11.9%	34.3	30.8	27.5	24.4	6.0	5.3	18.5	1
Kalbe Farma	HOLD	1,700	1,750	79,688	2,484	2,763	53	59	53	59	8.0%	11.2%	32.1	28.8	26.7	23.9	6.0	5.3	19.7	1
Kimia Farma	SELL	2,760	1,510	15,329	289	326	52	59	52	59	8.1%	12.7%	53.0	47.0	31.9	27.5	6.2	5.6	12.4	1
Heavy Equipment		-,	.,	129,436	6,873	7,645	1,843	2,049			37.4%	11.2%	18.8	16.9	8.3	7.2	3.0	2.7	16.7	1
United Tractors	BUY	34,700	35.300	129,436	6.873	7.645	1.843	2.049	1.843	2.049	37.4%	11.2%	18.8	16.9	8.3	7.2	3.0	2.7	16.7	1
Industrial Estate			#N/A	14,482	2,318	1,192	37	19			100.6%	-48.6%	6.2	12.1	9.5	8.7	1.0	0.9	16.0	
Puradelta Lestari	BUY	187	240	9,013	771	779	16	16	15	15	1.8%	1.0%	11.7	11.6	10.9	10.7	1.2	1.1	10.4	1
Bekasi Fajar	BUY	284	340	2,740	413	463	43	48	42	48	22.8%	12.3%	6.6	5.9	7.2	6.6	0.7	0.6	11.5	1
Surya Semesta	HOLD	580	640	2,729	1,134	(50)	241	(11)	(113)	(19)	1716.1%	-104.5%	2.4	(54.0)	10.5	8.3	0.7	0.7	32.8	(
Mining				168,035	11,073	12,401	139	156			41.4%	12.0%	15.2	13.6	5.6	5.2	1.4	1.4	9.4	1
Adaro Energy	BUY	1,900	2,000	60,773	4,963	5,165	155	161	155	161	10.7%	4.1%	12.2	11.8	4.1	3.7	1.4	1.4	11.6	1
Timah	BUY	825	1,000	6,144	313	334	42	45	42	45	24.3%	6.7%	19.6	18.4	7.1	6.8	1.0	1.0	5.4	
Vale Indonesia	HOLD	2,990	2,600	29,710	380	540	38	54	38	54	1412.0%	42.0%	78.1	55.0	10.9	10.3	1.2	1.3	1.6	
Aneka Tambang	HOLD	650	900	15,620	(147)	207	(6)	9	(6)	9	-52.0%	-240.6%	(106.0)	75.4	19.1	17.0	0.9	0.9	(0.8)	
Bukit Asam	BUY	11,200	14,500	25,806	2,498	3,004	1,149	1,382	1,149	1,382	72.7%	20.3%	9.7	8.1	6.6	5.6	2.2	1.8	22.9	2
Indo Tambangraya Megah	HOLD	21,150	17,000	23,898	2,536	2,534	2,244	2,243	2,323	2,321	44.8%	-0.1%	9.4	9.4	3.9	4.0	1.9	1.8	20.2	1
Harum Energy	HOLD	2,250	2,200	6,083	530	617	196	228	196	228	196.4%	16.3%	11.5	9.9	3.3	2.6	1.5	1.4	13.4	1
Plantation		11.000	#N/A	42,926	3,115	3,178	293	299	4 000	4.055	2.4%	2.0%	13.8	13.5	7.5	7.0	1.4	1.3	10.6	1
Astra Agro Lestari	HOLD HOLD	14,800 2,370	16,300 2,320	28,485 4,479	2,013 283	2,043 301	1,046 156	1,062 166	1,038 156	1,058 166	0.3% -35.8%	1.5% 6.4%	14.2 15.2	13.9 14.3	7.8 8.7	7.2 8.4	1.5 1.2	1.4 1.2	11.3 8.0	1
Sampoerna Agro	BUY	2,370	2,320	4,479 9,961	283 819	301 833	156 120		156 823	166 833	-35.8% 37.9%	6.4% 1.7%	15.2 12.2	14.3 12.0	8.7 5.9	8.4 5.6		1.2	8.0 10.3	
PP London Sumatra Poultry	BUY	1,460	1,830	9,961 68,272	819 4,623	5,608	120 31	122 37	823	ზაპ	37.9%	1.7% 21.3%	12.2 14.8	12.0 12.2	5.9 9.0	5.6	1.2 2.4	1.1 2.0	10.3 17.2	1
Charoen Pokphand	BUY	3,090	3,100	50,670	2,982	3,550	182	216	182	216	1.1% 34.3%	21.3% 19.0%	14.8 17.0	12.2	9.0 10.4	8.9	2.4 3.0	2.0	17.2	1
Japfa Comfeed	BUY	1,370	1,650	15,632	1,463	1,811	102	159	102	159	-29.2%	23.8%	10.7	8.6	6.7	5.8	3.0 1.5	1.3	19.3	1
Malindo Feedmill	BUY	880	1,050	1,970	1,463	247	80	110	80	110	-38.5%	23.8%	11.0	8.0	6.6	6.0	1.5	0.9	9.3	
Property	551	000	.,000	107,141	7,171	6,745	60	56	00	110	39.3%	-5.9%	14.9	15.9	10.6	11.2	1.7	1.6	12.2	
Alam Sutera	HOLD	398	380	7,820	1,129	1,026	57	52	56	59	121.9%	-9.2%	6.9	7.6	8.9	9.9	1.0	0.9	14.9	
Bumi Serpong Damai	BUY	1.775	2.200	34,163	3,115	1,947	162	101	203	137	73.4%	-37.5%	11.0	17.5	8.7	12.1	1.5	1.4	14.1	
Ciputra Development	HOLD	1,170	1,070	21,716	947	1,302	51	70	38	58	-8.6%	37.4%	22.9	16.7	12.5	10.8	1.6	1.5	7.1	
Pakuw on Jati	BUY	595	700	28,655	1,707	2,146	35	45	37	44	2.2%	25.7%	16.8	13.4	11.7	10.1	2.8	2.4	18.2	1
	SELL	1,025	900	14,787	272	325	19	23	28	27	-12.8%	19.7%	54.4	45.5	13.3	13.3	2.3	2.2	4.3	
Summarecon		<i>P</i>		71,286	3,573	4,059	104	119			10.4%	13.6%	19.9	17.6	10.7	9.6	4.7	4.2	24.5	:
Summarecon Retail	BUY	6,900	8,100	11,454	347	509	210	308	210	308	66.5%	46.8%	32.9	22.4	8.1	6.9	3.5	3.5	10.7	
					431	462	67	70	67	70	10.9%	4.9%	14.4	13.7	10.3	9.3	1.9	1.8	12.5	
Retail	BUY	960	1,130	6,812	431															
Retail Mitra Adi Perkasa		960 9,350	1,130 12,000	27,283	2,098	2,265	719	777	719	777	4.0%	7.9%	13.0	12.0	8.6	7.8	10.8	8.2	95.6	
Retail Mitra Adi Perkasa Ramayana	BUY																			7
Retail Mitra Adi Perkasa Ramayana Matahari Department Store	BUY BUY	9,350	12,000	27,283	2,098	2,265	719	777	719	777	4.0%	7.9%	13.0	12.0	8.6	7.8	10.8	8.2	95.6	7



COVERAGE PERFORMANCE

LEADERS

Price as on											
	Code	12-0ct-17	11-0ct-17	Chg, %	w-w, %	m-m, %	YTD, %	Rating			
Japfa Comfeed	JPFA	1,370	1,310	4.6	9.2	21.8	(5.8)	BUY			
Bank Tabungan Negara	BBTN	3,140	3,010	4.3	6.1	2.6	80.5	BUY			
Charoen Pokphand	CPIN	3,090	2,980	3.7	9.6	14.4	-	BUY			
Semen Indonesia	SMGR	10,750	10,450	2.9	3.6	1.4	17.2	HOLD			
Bank Negara Indonesia	BBNI	7,500	7,300	2.7	-	3.4	35.7	HOLD			
Astra International	ASII	8,200	8,025	2.2	3.1	3.8	(0.9)	HOLD			
Bank Central Asia	BBCA	20,800	20,375	2.1	2.6	9.2	34.2	BUY			
Indo Tambangraya Megah	ITMG	21,150	20,775	1.8	5.4	9.3	25.3	HOLD			
Matahari Department Store	LPPF	9,350	9,200	1.6	(3.1)	(1.6)	(38.2)	SELL			
Matahari Putra Prima	MPPA	640	630	1.6	(3.0)	11.3	(56.8)	SELL			
Courses Pleamhara											

Sources: Bloomberg

LAGGARDS

Price as on												
	Code	12-Oct-17	11-Oct-17	Chg, %	w-w, %	m-m, %	YTD, %	Rating				
Pakuwon Jati	PWON	595	610	(2.5)	(4.0)	(7.0)	5.3	BUY				
Timah	TINS	825	840	(1.8)	(2.4)	(6.3)	(23.3)	BUY				
Erajaya Swasembada	ERAA	825	840	(1.8)	(5.7)	9.3	37.5	BUY				
Harum Energy	HRUM	2,250	2,290	(1.7)	0.4	3.2	5.1	HOLD				
Kalbe Farma	KLBF	1,700	1,730	(1.7)	1.2	(1.2)	12.2	HOLD				
Surya Semesta	SSIA	580	590	(1.7)	(3.3)	(7.2)	33.6	HOLD				
Wijaya Karya	WIKA	1,735	1,755	(1.1)	(3.3)	(6.5)	(26.5)	BUY				
Kimia Farma	KAEF	2,760	2,790	(1.1)	1.5	(4.8)	0.4	SELL				
Summarecon Agung	SMRA	1,025	1,035	(1.0)	(9.7)	4.6	(22.6)	SELL				
HM Sampoerna	HMSP	3,790	3,820	(0.8)	(2.3)	0.3	(1.0)	BUY				

Sources: Bloomberg



PREVIOUS REPORTS

- Cement: Signs of weakening demand <u>SnapShot20171012</u>
- Plantation: Sep'17 Stockpile Breaches 2mn tons, Property: Same old story, Automotive: Weak Motorcycle sales volume in September 2017 <u>SnapShot20171011</u>
- Bumi Serpong Damai: On Track, Kimia Farma: Overvalued SnapShot20171009
- E-Commerce: Threats Vs. Opportunities: <u>SnapShot20171006</u>
- Matahari Department Store : Too attractive to ignore <u>Snapshot20171005</u>
- Timah : Better outlook on supply risks <u>Snapshot20171005</u>
- ACES: Fully valued <u>Snapshot20171004</u>



PT Danareksa Sekuritas

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

Equity Research Team

Helmy Kristanto

helmy.kristanto@danareksa.com (62-21) 2955 888 ext. 3500 Head of Research, Strategy

Maria Renata

maria.renata@danareksa.com (62-21) 29555 888 ext.3513 **Construction**

Adeline Solaiman

adeline.solaiman@danareksa.com (62-21) 2955 888 ext. 3503 **Retail, Poultry**

Lucky Bayu Purnomo

lucky.purnomo@danareksa.com (62-21) 29555 888 ext.3512 Technical Analyst

Sales team

Novrita E. Putrianti

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

Tuty Sutopo

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

Rendy Ben Philips

rendy.philips@danareksa.com (62-21) 29555 888 ext. 3148

Stefanus Darmagiri

stefanus.darmagiri@danareksa.com (62-21) 2955 888 ext. 3530 Auto, Coal, Heavy Equip, Metal, Cement

Eka Savitri

Eka.savitri@danareksa.com (62-21) 29555 888 ext.3511 Banking

Antonia Febe Hartono, CFA

antonia.hartono@danareksa.com (62-21) 29555 888 ext.3504 Cement, Property, Industrial Estate

Natalia Sutanto

natalia.sutanto@danareksa.com (62-21) 29555 888 ext.3508 Consumer, Tobacco, Property

Yudha Gautama

Yudha.gautama@danareksa.com (62-21) 29555 888 ext.3509 Plantation, Telco

Ignatius Teguh Prayoga

ignatius.prayoga@danareksa.com (62-21) 29555 888 ext.3511 **Research Associate**

Ehrliech Suhartono

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

Upik Yuzarni

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

Laksmita Armandani

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

Kevin Giarto

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



Disclaimer

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

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

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