

**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 (US\$ m)
<b>Asean - 5</b>				
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
<b>Regional</b>				
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 (%)
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 (%)
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 (%)
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	US\$/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)

Source: Bloomberg

Friday, 13 October 2017

## BUY Upgrade

Last price (IDR)	7,500
Target Price (IDR)	8,500
Upside/Downside	+13.3%
Previous Target Price (IDR)	6,700

### Stock Statistics

Sector	Bank
Bloomberg Ticker	BBNI IJ
No of Shrs (mn)	18,649
Mkt. Cap (IDRbn/USDmn)	139,865/10,357
Avg. daily T/O (IDRbn/USDmn)	135.0/10.0

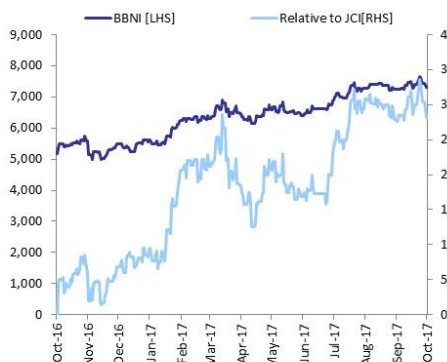
### Major shareholders

Government of Indonesia	60.0%
Estimated free float (%)	40.0

### EPS Consensus (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 source 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 dip 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)	9,067	11,339	13,089	14,997	16,930
EPS (IDR)	486.2	608.0	701.9	804.2	907.8
EPS growth (%)	0.1	25.1	15.4	14.6	12.9
BVPS, (IDR)	4,097.6	4,673.7	5,200.1	5,843.4	6,569.7
PER (x)	15.4	12.3	10.7	9.3	8.3
PBV (x)	1.8	1.6	1.4	1.3	1.1
Dividend yield (%)	1.6	2.8	2.3	2.1	2.4
ROAE (%)	13.6	14.0	14.4	14.8	14.9

Source : BBNI, Danareksa Estimates

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

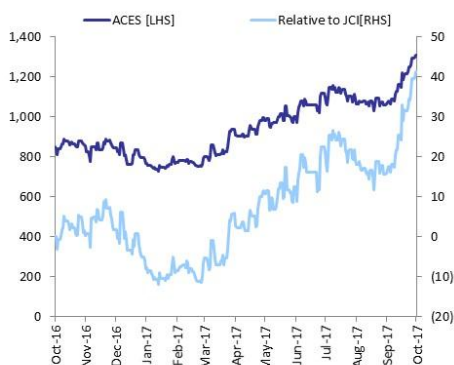
**Major shareholders**

PT Kawan Lama Sejahtera	59.9%
Estimated free float	39.1%

**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

**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

Friday, 13 October 2017

**BUY**  
**Maintain**

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

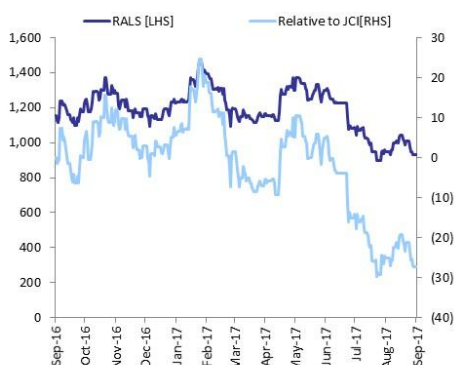
**Major shareholders**

PT Ramayana Makmursentosa	55.9%
Paulus Tumewu	3.7%
Estimated free float (%)	40.5

**EPS Consensus (IDR)**

	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 (IDR)	3,500

**Stock Statistics**

Sector	Construction
Bloomberg Ticker	ADHI IJ
No of Shrs (mn)	3,561
Mkt. Cap (IDR bn/USDmn)	7,264/537
Avg. daily T/O (IDR bn/USDmn)	26.6/2.0

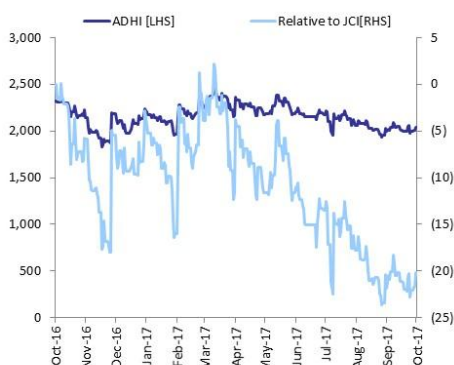
**Major shareholders**

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
Danareksa/Cons	(22.0)	(26.4)	(49.4)

**ADHI relative to JCI Index**



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**

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

Friday, 13 October 2017

**BUY**  
**Maintain**

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

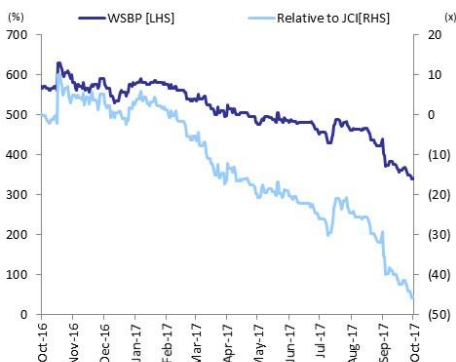
**Major shareholders**

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

# 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.

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

**Key Financials**

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 disclosure at the back of this report	0.0	0.6	2.4	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 Mandiri-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)





**COVERAGE PERFORMANCE**
**LEADERS**

	Code	Price as on		Chg, %	w-w, %	m-m, %	YTD, %	Rating
		12-Oct-17	11-Oct-17					
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

Sources: Bloomberg

**LAGGARDS**

	Code	Price as on		Chg, %	w-w, %	m-m, %	YTD, %	Rating
		12-Oct-17	11-Oct-17					
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 [SnapShot20171012](#)
- Plantation: Sep'17 Stockpile Breaches 2mn tons, Property: Same old story, Automotive: Weak Motorcycle sales volume in September 2017 [SnapShot20171011](#)
- Bumi Serpong Damai: On Track, Kimia Farma: Overvalued [SnapShot20171009](#)
- E-Commerce: Threats Vs. Opportunities: [SnapShot20171006](#)
- Matahari Department Store : Too attractive to ignore [Snapshot20171005](#)
- Timah : Better outlook on supply risks [Snapshot20171005](#)
- ACES: Fully valued [Snapshot20171004](#)

## 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**

### 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**

## 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

### 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

laksmिता@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 result of acting in reliance upon the whole or any part of the contents of this report and neither P.T. Danareksa Sekuritas, its affiliated companies or their respective employees or agents accepts liability for any errors, omissions or misstatements, negligent or otherwise, in the report and any liability in respect of the report or any inaccuracy therein or omission there from which might otherwise arise is hereby expressly disclaimed.

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