

**FROM EQUITY RESEARCH**
**Alam Sutra Realty: Relying on Land Sales**  
 (ASRI IJ. IDR 330. HOLD. TP IDR 340)

We expect land sales to CFLD of an estimated Rp2.1tn to be the driver for ASRI's marketing sales in FY18. Recognition of land marketing sales that took place in FY17 and 1Q18 is expected to boost the FY18 revenues. The 2Q18 launchings have been mixed, with Llyod impressing, but Flavio showing rather disappointing performance. ASRI aims to launch one more residential cluster in Suvarna Sutra, Lloyd (Phase 3 & 4) in 2H18 in addition to selling properties at its existing projects in order to achieve its marketing sales target. Maintain HOLD with a lower TP of Rp340.

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**Mayora Indah: Exports boost**  
 (MYOR IJ. IDR 2,850. HOLD. TP IDR 2,790)

In the current climate, Mayora looks appealing as it is the only consumer company with a significant revenues contribution from exports. In FY18-19, we estimate solid earnings growth of 8-9% yoy. Nonetheless, given its premium valuation, we maintain our HOLD call with a higher TP of IDR2,790.

To see the full version of this report, please [click here](#)

**MARKET NEWS**
**Macroeconomy**

- Government plans to allocate additional fuel subsidy

**Corporate**

- PP Property (PPRO) to launch Little Tokyo Tower 1 Apartment units

**KEY INDEX**

	Close	Chg (%)	Ytd (%)	Vol (US\$ m)
<b>Asean - 5</b>				
Indonesia	5,751	0.3	(9.5)	463
Thailand	1,761	(0.4)	0.4	1,780
Philippines	7,646	(0.2)	(10.7)	88
Malaysia	1,845	(0.5)	2.7	768
Singapore	3,543	(0.1)	4.1	655
<b>Regional</b>				
China	3,214	0.0	(2.8)	40,767
Hong Kong	31,234	0.6	4.4	12,285
Japan	22,927	(0.1)	0.7	1,851
Korea	2,474	0.4	0.3	5,843
Taiwan	10,939	(0.3)	2.8	4,491
India	34,651	0.1	1.7	435
NASDAQ	7,378	(0.2)	6.9	87,220
Dow Jones	24,834	(0.7)	0.5	7,920

**CURRENCY AND INTEREST RATE**

		Rate	w-w (%)	m-m (%)	ytd (%)
Rupiah	Rp/1US\$	14,142	(0.7)	(1.2)	(4.3)
BI7DRRR	%	4.50	0.3	0.3	0.3
10y Gov	Indo bond	7.53	0.3	0.6	1.2

**HARD COMMODITY**

	Unit	Price	d-d (%)	m-m (%)	ytd (%)
Coal	US\$/ton	105	0.6	12.6	4.4
Gold	US\$/toz	1,294	0.2	(2.3)	(0.7)
Nickel	US\$/mt.ton	14,722	0.8	(0.4)	15.9
Tin	US\$/mt.ton	20,580	(0.9)	(6.6)	2.4

**SOFT COMMODITY**

	Unit	Price	d-d (%)	m-m (%)	ytd (%)
Cocoa	US\$/mt.ton	2,602	(1.4)	(2.7)	37.0
Corn	US\$/mt.ton	144	0.3	9.6	15.4
Oil (WTI)	US\$/barrel	72	0.0	5.2	19.5
Oil (Brent)	US\$/barrel	80	(0.1)	6.4	18.9
Palm oil	MYR/mt.ton	2,423	(0.2)	1.2	1.4
Rubber	US\$/kg	148	0.3	5.3	0.6
Pulp	US\$/tonne	1,170	N/A	3.5	17.1
Coffee	US\$/60kgbag	90	0.8	3.7	(5.5)
Sugar	US\$/MT	343	0.9	0.2	(13.1)
Wheat	US\$/ton	143	0.7	10.7	15.9
Soy Oil	US\$/lb	32	0.2	1.7	(4.6)
Soy Bean	US\$/by	1,031	0.0	1.0	8.3

Source: Bloomberg

Wednesday, 23 May 2018

**HOLD**  
**Maintain**

Last price (IDR) 334  
Target Price (IDR) 340  
Upside/Downside +1.8%  
Previous Target Price (IDR) 390

**Stock Statistics**

Sector Property  
Bloomberg Ticker ASRI IJ  
No of Shrs (mn) 19,649  
Mkt. Cap (IDRbn/USDmn) 6,563/464  
Avg. daily T/O (IDRbn/USDmn) 9.7/0.7

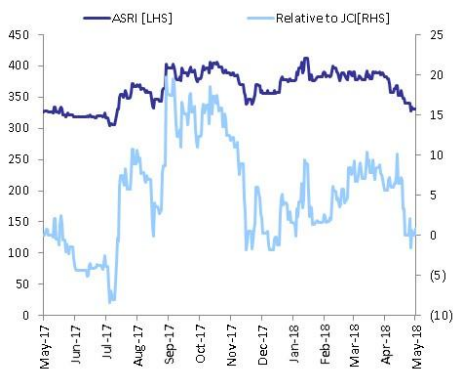
**Major shareholders (%)**

Tangerang Fajar Industrial Estate 25.2  
Manunggal Prime Development 18.7  
Estimated free float 56.1

**EPS Consensus (IDR)**

	2018F	2019F	2020F
Danareksa	89.3	80.6	80.5
Consensus	53.1	58.8	55.3
Danareksa/Cons	68.2	37.1	45.4

**ASRI relative to JCI Index**



Source : Bloomberg



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# Alam Sutra Realty(ASRI IJ)

## Relying on Land Sales

We expect land sales to CFLD of an estimated Rp2.1tn to be the driver for ASRI's marketing sales in FY18. Recognition of land marketing sales that took place in FY17 and 1Q18 is expected to boost the FY18 revenues. The 2Q18 launchings have been mixed, with Llyod impressing, but Flavio showing rather disappointing performance. ASRI aims to launch one more residential cluster in Suvarna Sutra, Lloyd (Phase 3 & 4) in 2H18 in addition to selling properties at its existing projects in order to achieve its marketing sales target. **Maintain HOLD with a lower TP of Rp340.**

**Land sales to CFLD to drive its FY18 marketing sales.** We expect land sales to CFLD to help ASRI achieve its FY18 marketing sales target of Rp4.0tn (vs. our forecast of Rp3.6tn). According to the cooperation agreement, ASRI will sell 100Ha of land/year to CFLD (FY17-FY21), with the option of extending co-operation for another 5 years. In 1Q18, marketing sales reached Rp1.43tn, with 50 Ha of land sales to CFLD reaching Rp1.17tn (implying a land ASP of Rp2.34mn/sqm). We expect ASRI to book around another Rp1.0tn from the sale of a further 50 Ha in the coming quarters.

**Mixed performance of its 2Q18 product launchings.** In 2Q18, we expect ASRI to book marketing sales of around Rp500bn from the launchings of Lloyd and the Cluster Flavio. Based on our checks, Lloyd has performed well with ~230 units sold (Phase 1 & 2) with prices around Rp1.8-3.0bn/unit, while Flavio has shown disappointing performance with only 28 units sold, implying a 29% take-up rate, with prices ranging from Rp1.0 to 2.0bn/unit. Entering 2H18, the company will rely on the launching of one more residential cluster in Suvarna Sutra, Lloyd (Phase 3 & 4) and sale of existing projects such as The Tower, Prominence, Kota Ayodhya and Paddington.

**Revenues growth expected to reach 10% in FY18.** In FY18, we expect ASRI to book revenues of Rp4.3tn (+10.0% YoY), with net profits of an estimated Rp1.8tn (+27.2% YoY). We expect revenues recognition to be boosted from its land sales to CFLD in FY17 and 1Q18, previous residential launchings (Cluster Leora and Chiara) and the sale of units at Prominence and The Tower.

**Maintain HOLD.** We maintain our HOLD call on ASRI with a lower TP of Rp340 (from Rp390), based on a higher discount to NAV of 76% (from 73%) to account for the uptrend in interest rates and the recent 25bps hike in interest rates which may translate into higher mortgage rates and slower property demand. ASRI currently trades at a 77% discount to NAV vs. the sector's 72%.

**Key Financials**

Year to 31 Dec	2016A	2017A	2018F	2019F	2020F
Revenue (IDRbn)	2,716	3,917	4,310	4,138	4,132
EBITDA (IDRbn)	1,177	2,070	2,265	2,215	2,176
EBITDA Growth (%)	(31.0)	75.8	9.4	(2.2)	(1.7)
Net profit (IDRbn)	509	1,380	1,754	1,583	1,581
EPS (IDR)	25.9	70.2	89.3	80.6	80.5
EPS growth (%)	(14.7)	171.1	27.2	(9.8)	(0.1)
BVPS (IDR)	360.5	430.8	509.6	576.8	645.1
DPS (IDR)	0.0	(1.5)	(10.5)	(13.4)	(12.1)
PER (x)	14.6	5.4	4.2	4.7	4.7
PBV (x)	1.0	0.9	0.7	0.7	0.6
Dividend yield (%)	0.0	(0.4)	(2.8)	(3.5)	(3.2)
EV/EBITDA (x)	12.0	6.9	6.0	6.1	6.2

Source : ASRI, Danareksa Estimates

Wednesday, 23 May 2018

**HOLD**  
**MAINTAIN**

Last price (IDR)	2,850
Target Price (IDR)	2,790
Upside/Downside	-2.1%
Previous Target Price (IDR)	1,960

**Stock Statistics**

Sector	CONSUMER
Bloomberg Ticker	MYOR IJ
No of Shrs (mn)	22,359
Mkt. Cap (IDRbn/USDmn)	63,722/4,506
Avg. daily T/O (IDRbn/USDmn)	3.4/0.2

**Major shareholders (%)**

UNITA BRANINDO PT	32.9
MAYORA DHANA UTAMA PT	26.1
Estimated free float	15.7

**EPS Consensus (IDR)**

	2018F	2019F	2020F
Danareksa	78.1	84.6	101.2
Consensus	77.8	91.0	108.9
Danareksa/Cons	0.5	(7.0)	(7.0)

**MYOR relative to JCI Index**



Source : Bloomberg



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## Mayora Indah (MYOR IJ)

### Exports boost

**In the current climate, Mayora looks appealing as it is the only consumer company with a significant revenues contribution from exports. In FY18-19, we estimate solid earnings growth of 8-9% yoy. Nonetheless, given its premium valuation, we maintain our HOLD call with a higher TP of IDR2,790.**

**Strong sales expected during the Ramadan season.** In our recent meeting with the management, they expressed confidence that sales would be buoyant during the Ramadan season. The launch of several new products including Beng Beng Drink and Marie Gold Star have been received positively by consumers. In addition, the company has also created new packaging for Kopiko to gain greater acceptance in the modern trade/convenience channel. In our view, the company's aggressive promotions coupled with its strong distribution network should help the company record solid sales this year. In the year up to April 2018, Mayora did not increase its selling prices in a bid to maintain its market share.

**Higher earnings from solid revenues and good margins.** Mayora is the only consumer company under our coverage that benefits from the weakening rupiah given its significant revenues contribution from exports (46% of the 1Q18 top line). Given this, we revise up our FY18-19 top line estimates by 3.2% and 6.7%, respectively. Currency weakening and volatility in the prices of its major raw materials would potentially put MYOR's margins under pressure. Nonetheless, thanks to higher ASP and solid sales volume we still expect FY18-19 gross margins of 24.3% and 23.6%, respectively. Meanwhile, the opex to revenues is expected to remain high at 12.4-12.6% due to stiffer competition and the launch of more new products. At the bottom line, we expect net profits of IDR1.75tn and 1.89tn in FY18-19, respectively (with our FY18-19 earnings estimates revised up by 4% and 9%).

**Maintain HOLD with a TP of IDR2,790.** Based on our sensitivity analysis, 2% rupiah weakening from our assumption leads to 1% higher top and bottom lines for Mayora. However, 1% higher prices of Wheat, Sugar and CPO may lead to 3.1% lower FY18 earnings - which would be mitigated by 1% higher ASP. Taking into account our new forecast, our new TP is IDR2,790 (implying FY19F PE of 33x) based on the median value of the DCF valuation (IDR3,018 – WACC 9.5%, TG 4%) and +1 SD of average 1-y PE of 32.7x. With limited downside to our TP, we maintain our HOLD recommendation on MYOR.

**Key Financials**

Year to 31 Dec	2016A	2017A	2018F	2019F	2020F
Revenue (IDRbn)	18,350	20,817	23,639	27,375	31,331
EBITDA (IDRbn)	2,830	3,000	3,334	3,684	4,270
EBITDA Growth (%)	21.4	6.0	11.1	10.5	15.9
Net profit (IDRbn)	1,355	1,594	1,747	1,892	2,263
EPS (IDR)	60.6	71.3	78.1	84.6	101.2
EPS growth (%)	11.0	17.7	9.5	8.3	19.6
BVPS (IDR)	273.8	321.4	374.8	432.3	504.2
DPS (IDR)	12.0	21.0	24.7	27.1	29.3
PER (x)	47.0	40.0	36.5	33.7	28.2
PBV (x)	10.4	8.9	7.6	6.6	5.7
Dividend yield (%)	0.4	0.7	0.9	0.9	1.0
EV/EBITDA (x)	23.3	22.0	19.8	18.1	15.5

Source : MYOR, Danareksa Estimates

see important disclosure at the back of this report

## MARKET NEWS

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### Macroeconomics

#### **Government plans to allocate additional fuel subsidies**

The Ministry of Finance is looking at allocating additional fuel subsidies given the higher oil price. From a positive aspect, higher fuel prices give a boost to government revenues from oil and gas tax. However, the Ministry of Finance's priority is to limit the impact on consumers from higher oil prices. The plan to allocate additional fuel subsidies is still under review. The Coordinating Minister for the Economy stated that the government plans to allocate an additional IDR 10tn of fuel subsidies. (Investor Daily)

### Corporate

#### **PP Property (PPRO) to launch Little Tokyo Tower 1 Apartment**

PPRO (JO with Jababeka Residence) plans to develop Little Tokyo Tower 1. The company will market 525 apartment units with pre-launching estimated to take place in Jul 18. Construction is expected to start in 4Q18 with expected completion in 4Q21. (Bisnis Indonesia)



**COVERAGE PERFORMANCE**
**LEADERS**

	Code	Price as on				Chg, %	w-w, %	m-m, %	YTD, %	Rating
		22-May-18	21-May-18							
Astra International	ASII	6,950	6,525	6.5	0.4	(8.3)	(16.3)	BUY		
Pembangunan Perumahan	PTPP	2,440	2,330	4.7	10.9	(12.9)	(7.6)	BUY		
Indofood	INDF	6,550	6,300	4.0	1.2	(7.7)	(14.1)	BUY		
Surya Citra Media	SCMA	2,240	2,160	3.7	(6.7)	(16.4)	(9.7)	BUY		
Waskita Karya	WSKT	2,190	2,120	3.3	10.3	(9.9)	(0.9)	BUY		
Semen Baturaja	SMBR	3,710	3,600	3.1	8.8	0.3	(2.4)	SELL		
Kalbe Farma	KLBF	1,320	1,290	2.3	(4.7)	(17.2)	(21.9)	HOLD		
Puradelta Lestari	DMAS	153	150	2.0	6.3	(16.8)	(10.5)	BUY		
United Tractors	UNTR	35,975	35,300	1.9	3.7	(2.4)	1.6	BUY		
Bank Central Asia	BBCA	22,000	21,650	1.6	(0.9)	(5.2)	0.5	HOLD		

Sources: Bloomberg

**LAGGARDS**

	Code	Price as on				Chg, %	w-w, %	m-m, %	YTD, %	Rating
		22-May-18	21-May-18							
Ramayana	RALS	1,330	1,410	(5.7)	(3.6)	(6.0)	10.8	HOLD		
Ciputra Development	CTRA	880	920	(4.3)	(12.0)	(28.5)	(25.7)	BUY		
Harum Energy	HRUM	2,680	2,800	(4.3)	8.5	(11.8)	30.7	HOLD		
Aneka Tambang	ANTM	845	880	(4.0)	3.0	(6.6)	35.2	HOLD		
Matahari Putra Prima	MPPA	284	294	(3.4)	(1.4)	(24.9)	(37.2)	SELL		
Ace Hardware	ACES	1,190	1,230	(3.3)	5.8	(9.8)	3.0	BUY		
Vale Indonesia	INCO	3,690	3,810	(3.1)	5.4	1.9	27.7	HOLD		
Mitra Adi Perkasa	MAPI	8,025	8,250	(2.7)	(3.3)	(3.6)	29.4	BUY		
Bank Negara Indonesia	BBNI	7,125	7,300	(2.4)	(11.8)	(18.3)	(28.0)	BUY		
Bank Mandiri	BMRI	6,525	6,675	(2.2)	(4.7)	(18.4)	(18.4)	HOLD		

Sources: Bloomberg

**PREVIOUS REPORTS**

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- Bank Rakyat Indonesia: An unlikely deal, Poultry: New Regulation No. 58 Year 2018, United Tractor: Komatsu sales remain solid [SnapShot20180522](#)
- Automotive: Sturdy car sales toward Ramadhan period, Retail: Checking the retailers' pulse during Ramadan [SnapShot20180521](#)
- Strategy: Welcoming higher rates, Indofood Sukses Makmur: Good value [SnapShot20180518](#)
- Garuda Maintenance Facility: Operationally still sound [SnapShot20180517](#)
- Indofood CBP Sukses Makmur: Growth to pick up [SnapShot20180516](#)

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