INDOPREMIER

EQUITY RESEARCH

PremierInsight

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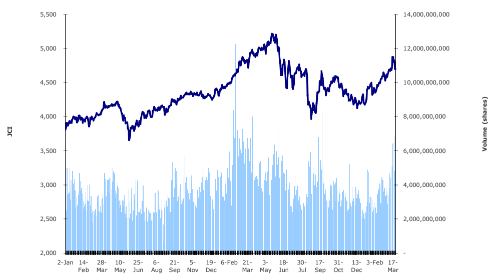
JCI Index



	Closing
JCI	4,700
Transaction value (Rpbn)	6,692
Transaction volume (mn shares)	4,634
Foreign net buy (sell) (Rpbn)	(350)
Total market cap (Rpt)	4,352

Key Indexes

Index	Closing	1 day return	1 year return	YTD return
JCI	4,700	0.0%	-0.5%	10.0%
LQ45	789	0.0%	-1.2%	11.0%
FSSTI	3,073	0.5%	-5.7%	-3.0%
SET	1,361	-0.1%	-8.0%	4.8%
HSI	21,437	1.2%	-3.1%	-8.0%
NKY	14,224	-1.6%	12.6%	-11.7%
FTSE	6,557	0.2%	2.6%	-2.8%
DJI	16,303	-0.2%	12.3%	-1.7%

Macro Indicators

Indicators	Latest	2014F
BI Rate (%)	7.50%	7.50%*
Inflation (%)	7.75%	9.66%
Govt Bond Yield (10yr %)	8.07%	8.50%

**: Bloomberg consensus*

Exchange Rates

Currency	Last price	Ret 1 day (%)	Ret 1 year (%)
USD/IDR	11,425	-0.18%	17.12%
SGD/IDR	8,964	-0.08%	15.01%
GBP/IDR	18,837	-0.60%	27.64%
HKD/IDR	1,472	-0.16%	17.12%
EUR/IDR	15,752	-0.41%	25.27%

Commodity price

Commodities *(in USD)*	Last price	Ret 1 day (%)	Ret 1 year (%)
Oil/barrel (WTI)	100.0	0.5%	8.5%
CPO/tonne	825.2	-1.6%	11.1%
Soy/bushel	14.1	-1.7%	-3.6%
Rubber/kg	2.3	-0.4%	-14.4%
Nickel/tonne	16,070	1.6%	-4.5%
Tins/tonne	22,825	-0.7%	1.3%
Copper/tonne	6,489	0.7%	-14.0%
Gold/try.oz (Spot)	1,335	0.5%	-17.0%
Coal/tonne*	73.1	-1.6%	-18.0%
Corn/bushel	4.6	0.1%	-38.9%
Wheat/bushel**	275.5	-5.5%	-17.9%

** : 1 week change*
***: 1 month change*

Source : Bloomberg

Corporates

BWPT: BW Plantation (BWPT) FY13 results is above our estimate

- Revenue rose by 49% qoq to Rp358bn. We believe the strong revenue growth in 4Q13 derived from strong volume growth and ASP (full operational result has not released yet).
- Operating and net margin jumped by 156% qoq and 241% qoq to Rp124bn and Rp74bn respectively mainly on margin expansion on better operational scale amidst the stronger ASP.
- Meanwhile, we reiterate buy with target price of Rp1,450/share (FY14 PE of 18.0x)

In Rpbn	FY12	FY13	yoy	3Q13	4Q13	qoq
Revenue	944	1,144	21%	240	358	49%
Gross profit	571	541	-5%	107	196	84%
Op profit	417	326	-22%	48	124	156%
Net income	262	182	-31%	22	74	241%
Gross profit margin	60%	47%		45%	55%	
Operating profit margin	44%	28%		20%	35%	
Net profit margin	28%	16%		9%	21%	

Source: BWPT, IndoPremier

ICBP: Key takeaways from Indofood's analyst meeting are as follows:

- Even though the top-line rose by 15.6%, net profit was disappointing, only a tad higher than FY12 (+2.1% to Rp2.2t). Overall margins were down, which management attributed to higher costs, especially wages and utilities.
- Noodles sales saw a modest growth, registering a 12.9% increase on higher volumes (+4.3%) and ASP hikes. However, ASP hikes could not fully compensate for the higher wages, higher utilities costs and higher A&P, and consequently, resulted in lower EBIT margin. In FY13, EBIT was flat while margin stood at 13.3% vs. 15.2% last year.
- The outperformer in the FY13 was dairy division, whose sales grew 19.8% driven by higher sweetened condensed milk volumes (gaining 2% market share) and ASP hikes. However, higher raw material prices (especially imported skimmed milk powder) continue to weigh down on margins. Despite a 14.4% growth in EBIT, margin declined to 7.7% vs. 8.0% last year.
- Food seasonings continue to see a robust performance with sales grew 18.3% on higher volumes in all product categories and higher ASP. It is the only division that saw EBIT margin expansion (from 5.3% to 6.6%).
- Both snack and nutritional foods saw 14.1% and 12.8% growth in sales, respectively. However, both divisions had faced pressure on margins due to higher raw material costs (potato) and higher A&P on new launched products.
- Beverage was also the contributor to the declining EBIT which recorded a loss of Rp49.4b in FY13 on startup cost and A&P for new launched products. Management is guiding Rp2t sales in beverage this year and expecting the new factory to commence its operation in 2H.

INDF: Key takeaways from Indofood's analyst meeting are as follows:

- Sales grew 15% on higher sales across the board, except agribusiness that recorded a 4.1% decline on lower CPO prices. Net profit was down quite significantly by 23.2% due to forex translation loss of 1.66t associated with the USD debt accumulated to acquire China Minzhong. Stripping out the forex translation loss, core net profit was up 3% to Rp3.4t.
- EBIT fell 10% to Rp6.1t, dragged down by agribusiness whose EBIT contracted by 43% on the back of lower CPO prices and high operating costs.
- On flour division, Bogasari recorded a strong revenue growth of 17.2% on higher ASP and sales volumes while EBIT grew 2.1% to Rp1.4t. Again, higher wages and utilities were the main culprits behind the declining EBIT margins from 8.6% to 7.5%.
- The recently acquired China Minzhong contributed Rp2.1t and Rp532b in revenue and EBIT, respectively, to the group. The revenue from the processed vegetables accounted for 52% of total sales whereas the remaining 37% from the cultivation and 10% from the branded products. Management indicated that they plan to shift to industrialized farming as well as increase the portion of high margin crops going forward.
- Going into 2014, management expect higher A&P on a robust innovation pipeline for the consumer branded products. On flour, they see an increase in competition as Wilmar's and other flour mills will start commercial operations this year.

PWON: Pakuwon (PWON) 4Q13 result:

- PWON reported 4Q13 earnings of Rp238bn, +39% yoy, which brought FY13 net profit of Rp1.1tn, +51% yoy with improved net margin of 37.4% (from 34.6% in FY12). This result is inline with our (105%) and consensus estimates (95%)
- On the top line, PWON reported FY13 revenue of Rp3tn, +40% yoy, supported by FY12-13 presales totaling to Rp4.8tn.
- In 2014, the company aims to book flat presales of Rp3tn. We estimate PWON to book FY14 revenue and net profit of Rp3.8tn (+21% yoy) and Rp1.4tn (+32% yoy), respectively. Retain our BUY recommendation on PWON with TP Rp400/share.

	FY12	FY13	Yoy	4Q12	3Q13	4Q13	qoq	yoy	
	Rp bn	Rp bn		Rp bn	Rp bn	Rp bn			
Revenue	2,165	3,030	40%	556	770	715	-7%	29%	
Gross profit	1,234	1,765	43%	304	454	412	-9%	36%	
Opex	(172)	(253)	47%	(63)	(68)	(80)	17%	28%	
EBIT	1,063	1,512	42%	242	386	332	-14%	37%	
Net interest inc (exp)	(131)	(73)	-44%	(18)	(19)	(6)	-69%	-68%	
Forex gain (loss)	(35)	(102)	191%	(8)	(68)	(25)	-64%	203%	
Other	5	(6)	-212%	(2)	4	(3)	-176%	24%	
Pretax profit	902	1,332	48%	212	303	288	-5%	36%	
Net profit	749	1,133	51%	172	259	238	-8%	39%	
Margins	**FY12**	**FY13**		**4Q12**	**3Q13**	**4Q13**	**2013F**	**2014F**	**2015F**
Gross margin	57.0%	58.3%		54.7%	59.0%	57.7%	53.5%	55.7%	54.9%
EBIT margin	49.1%	49.9%		43.5%	50.2%	46.5%	45.6%	48.0%	47.2%
Pretax margin	41.6%	44.0%		38.2%	39.4%	40.4%	41.6%	45.2%	46.0%
Net margin	34.6%	37.4%		30.9%	33.7%	33.3%	34.6%	37.6%	38.2%

Source: PWON, IndoPremier

SMGR: Semen Indonesia (SMGR) acquired US$100mn from Bank Mandiri and Standard Chartered, in a 50:50 ratio, to refinance TLCC's (Thang Long Cement) loans. Management reported TLCC previously had debt with 13% interest with a short-term tenor. The refinancing will replace it with USD-denominated debt with a longer tenor. This will be SMGR's second debt restructuring attempt for TLCC since last December to alleviate its subsidiary's operational burdens. (Bisnis Indonesia)

TAXI: Express Transindo Utama (TAXI) company visit take away :

- Strong brand presence and driver partnership scheme will translate into strong earnings growth and stable profitability outlook.
- TAXI believe the competitive landscape in taxi business will only be dominated by Blue bird and Express since the key success on this industry is a strong brand and reputation, access to competitive financing and operational scalability. Taxi operators will make serious amount of money if the fleet reaches above 3,000 units.
- TAXI plans to add 2,000-3,000 cars per annum for the next three years. TAXI also believe there will be no financing shortage since it has strong connection to creditors like BBCA (90% of TAXI loan sourced from BBCA).
- The key risk of the business is driver shortage and taxi licensing.

UNTR: United Tractors (UNTR) Feb 14 machineries sales volume dropped by 25.6% qoq and 9.2% yoy to 374 units after strong Jan 14 sales volume of 503 units. Feb 13 coal sales volume dropped by 52% mom and 8.0% yoy to 399k tons. On mining contracting business, Pama`s Feb 13 overburden removal and coal production reached 67.3mn bcm (+10.5% qoq, +7.7% mom) and 9.6mn ton (+28% yoy, +4.3% mom) respectively. (Company)

TOTL: Total Bangun Persada (TOTL) reported FY13 earnings of Rp194bn, +11% yoy, 9% below consensus estimate of Rp214bn, on the back of additional interest expense and higher minority interest. This also led to lower net margin of 8.5% (FY12: 9.6%). On the top line, the company reported FY13 revenue of Rp2.29tn, +25% yoy, inline with consensus estimate. TOTL reported gross and operating margin improvement to 19.3% (FY12: 19%) and 11.2% (FY12: 10.2%), respectively. (Company, Bloomberg)

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INVESTMENT RATINGS
Buy : Expected total return of 10% or more within a 12-month period
Hold: Expected total return between -10% and 10% within a 12-month period
Sell : Expected total return of -10% or worse within a 12-month period