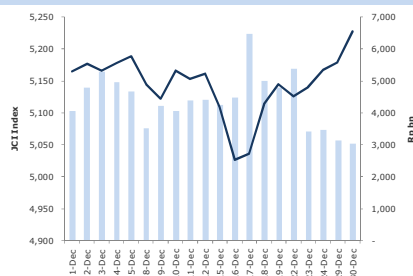


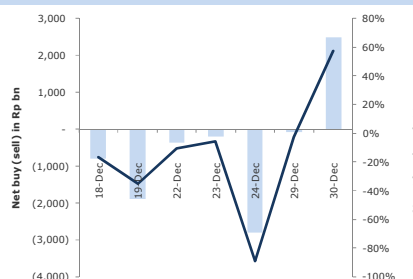
News & Analysis

Corporates

JCI Index



Foreign net buy (sell)



Key Indexes

Index	Closing	1 day	1 year	YTD
JCI	5,227	0.9%	22.3%	0.0%
LQ45	899	0.6%	26.4%	0.0%
DJI	17,823	-0.9%	7.5%	0.0%
SET	1,498	0.0%	15.3%	0.0%
HSI	23,605	0.4%	1.3%	0.0%
NKY	17,451	-1.6%	7.1%	0.0%
FTSE	6,566	0.3%	-2.7%	0.0%
FSSTI	3,365	0.0%	6.2%	0.0%

Commodity price

Commodities	Last price	Ret 1 day	Ret 1 year
(in USD)			
Oil/barrel (WTI)	53.3	-1.6%	-45.9%
CPO/tonne	646.3	-0.8%	-14.8%
Soy/bushel	10.1	-1.8%	-23.5%
Rubber/kg	1.7	0.4%	-32.1%
Nickel/tonne	15,074	0.5%	8.1%
Tins/tonne	19,434	0.2%	-11.9%
Copper/tonne	6,368	-0.5%	-14.0%
Gold/try.oz (Spot)	1,182	-1.5%	-3.5%
Coal/tonne*	62.8	1.5%	-25.8%
Corn/bushel	3.8	-1.8%	-7.3%
Wheat/bushel**	245.4	0.7%	-24.5%

* : 1 week change

** : 1 month change

Source : Bloomberg

Comment: *INDF's share price has been underperforming the market since its acquisition on China Minzhong due to increasing complexities and risks associated with its US\$-denominated debts accumulated to acquire MINZ as well as RMB-based revenues. Hence, we expect the proceeds from the share sale to be used to repay its US\$-denominated debts, which later should help to reduce its exposure to currency volatility. In addition, based on our calculation, INDF will book around S\$49mn pre-tax gains on the share sale of MINZ. Given that ICBP has been performing very well, we recommend investors to take profit on the counter and switch to INDF, which is still trading at an undemanding valuation of 12.8x FY15 PER*

WIKI: Wijaya Karya (WIKI IJ; Rp3,680; Buy), through its subsidiary Wika Realty will concentrate on high rise building rather than on landed property. Currently the company has 12 high rise projects and nine landed property projects. Wika Realty has acquired 1ha land in Surabaya with a total cost of Rp86bn. The company will plan to build a mix used complex for kondotel, Apartment and commercials. It is expected that construction for the property projects to start in 2H15. Wika Realty aims total revenue fo Rp1.6tn in FY15 (+23% yoy) with net profit of Rp140bn (+16.7% yoy). This represents only about 10% of total WIKA's revenue (Kontan).

WSKT: Waskita Karya (WSKT IJ; Rp1,470; Buy), is seeking additional financing of Rp4.3tn to support the development of Pejagan-Pemalang toll road. The total investment cost of this toll road is estimated to reach Rp5.7tn of which will be financed by 25% equity and 75% debt. The fresh financing is likely to be finance by bank loan syndication led by Eximbank. Moreover, Waskita Karya will issue the remaining Rp1.5tn of its revolving bonds within FY15. (Bisnis Indonesia)

Economic Update

Fuel Price: The government started to implement new mechanism of fuel price based on fixed price. The subsidy for RON 88 (Premium) with new price of Rp.7,600/liter is removed while the subsidy of Rp.1000/liter for solar fuel is given. Pertamina also plans to decrease RON 92 (Pertamax) price soon to be Rp8,750/liter and sell this fuel type only in the next 2 years. (Kompas)

Inflation: Bank Indonesia predicted Dec14 yoy inflation will be 8.2-8.4%, higher than previous prediction of 7.7-8.1%. The direct effect of increased fuel price has contributed around 0.61%-0.65% from Dec14 monthly base inflation of 2.2-2.4%. (Bisnis Indonesia)

Electricity price: Similar like fuel price, the new mechanism is implemented for electricity tariffs in 2015. The new mechanism of tariff adjustment may vary every month based on three factors : exchange rate, ICP, and inflation which has contribution around 75%, 20%, and 5% respectively to electricity production cost. (Kontan)

Refer to Important disclosures on the last of this report

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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

ANALYSTS CERTIFICATION.

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

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