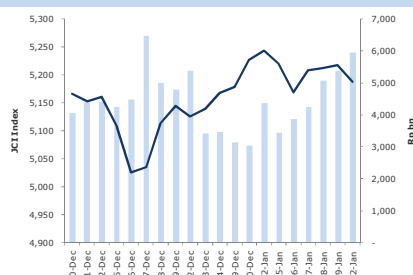
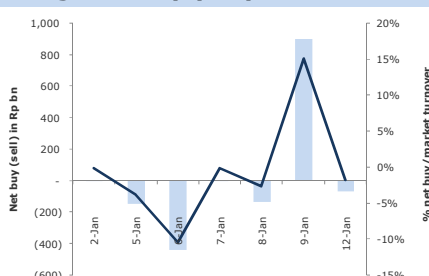


JCI Index



Foreign net buy (sell)



Key Indexes

Index	Closing	1 day	1 year	YTD
JCI	5,188	-0.6%	18.2%	-0.7%
LQ45	891	-0.9%	20.1%	-0.9%
DJI	17,641	-0.5%	8.5%	-1.0%
SET	1,531	0.1%	19.3%	2.2%
HSI	24,026	0.4%	5.0%	1.8%
NKY	17,198	0.2%	8.1%	-3.0%
FTSE	6,501	0.0%	-3.8%	-1.0%
FSSTI	3,345	0.2%	6.7%	-0.6%

Commodity price

Commodities	Last price	Ret 1 day	Ret 1 year
(in USD)			
Oil/barrel (WTI)	46.1	-4.7%	-50.3%
CPO/tonne	661.2	0.6%	-6.1%
Soy/bushel	10.1	-3.5%	-22.9%
Rubber/kg	1.7	0.3%	-27.7%
Nickel/tonne	15,029	-1.4%	8.9%
Tins/tonne	19,897	1.8%	-9.1%
Copper/tonne	6,101	-1.1%	-16.8%
Gold/try.oz (Spot)	1,233	0.9%	-1.6%
Coal/tonne*	61.8	-1.0%	-25.4%
Corn/bushel	3.9	0.5%	-7.9%
Wheat/bushel**	258.7	5.4%	-15.7%

* : 1 week change

** : 1 month change

Source : Bloomberg

Agung Podomoro Land (APLN IJ; Buy)

NAV Uplift from new project

- APLN finally obtain license to develop Pluit City
- This project could add Rp280 a share to RNAV (+37%)
- On the back of this, we raise TP to Rp525 (from Rp400)
- Stock is still at a discount to peers, we reiterate BUY rating

License to develop Pluit City recently granted. The Jakarta local government has recently issued a license for Agung Podomoro Land (APLN) to develop its Pluit City estate (Island G: 160ha land area), the first of the company's three reclamation projects (totaling 550ha) under the National Capital Integrated Coastal Development (NCICD) blueprint to mitigate flooding in the capital city. In this reclamation island, which is located 300m from the North Jakarta coastal area, APLN plans to develop a new township comprising of residential, office and commercial properties to be connected to its existing Green Bay estate. The license may allow the company to book up to Rp4tn worth of marketing sales from Pluit City, which would be a big chunk of its marketing sales target of Rp8tn for 2015. Other than this project, APLN has several other new projects in the pipeline including a new mixed used development in Klender (9.5ha land) and from its industrial/residential estate in Karawang, West Java (621ha land).

RNAV uplift of Rp280 a share (+37%) just from Pluit City. The license granted by Jakarta's Governor includes requirement for developers to provide public facilities (eg. Low-cost housing) which we expect to add to the project's development costs. Nevertheless, our back-on-the-envelope calculation shows this new project could potentially add around Rp280 a share (+37%) to our existing RNAV estimate of Rp765 assuming average land selling price of Rp25mn per sqm; net saleable area of 60% and land gross margin of 40%. It should noted that APLN plans to finish the reclamation by 2018-2019, hence we expect revenues from this project to come in 2021, at the earliest.

Maintain earnings but upgraded TP to Rp525 (+31%). We forecast earnings growth of 8% CAGR in FY13-16F, on the back of 9% revenue growth and higher funding costs, which is unchanged as we expect Pluit City to contribute earnings only in the long term. However, the uplift to our RNAV estimate has led us to upgrade our TP to Rp525 (From Rp400), which implies a 50% discount to our upgraded RNAV estimate of Rp1,045 a share.

Stock is still cheap, we reiterate Buy. Despite recent share price gains, we view stock valuation as cheap at FY15F P/E of 9.9x vs sector average of 15.2x. As such, we reiterate our BUY rating on the stock. We expect Pluit City to sustain the company's future sales, paving the way for sustainable earnings in the coming years despite higher debt levels to support the reclamation projects. Risk factors: rising interest rates, delays in project launches and currency depreciation.

Year To 31 Dec	2012A	2013A	2014F	2015F	2016F
Revenue(Rpb)	4,689	4,901	5,194	5,618	6,288
EBITDA(Rpb)	1,522	1,506	1,650	1,800	2,075
EBITDA Growth (%)	56.1	(1.0)	9.5	9.1	15.3
Net Profit(Rpb)	812	851	828	906	1,071
EPS (Rp)	40	42	40	44	52
EPS Growth (%)	39.7	4.9	(2.8)	9.5	18.2
Net Gearing (%)	35.0	31.2	33.0	42.0	51.4
PER (x)	11.1	10.6	10.9	9.9	8.4
PBV (x)	1.8	1.6	1.4	1.3	1.1
Dividend Yield (%)	1.7	2.5	2.5	2.4	2.7
EV/EBITDA (x)	3.3	3.3	2.8	2.0	1.1

Source : APLN, IndoPremier

Share Price Closing as of : 9-January-2015

Refer to Important disclosures on the last of this report

News & Analysis

Corporates

ADHI: Adhi Karya (ADHI IJ; Rp3,585; Hold) has formed a joint venture with PT Terminal Teluk Lamong (TTL), a subsidiary of state port operator Pelabuhan Indonesia III, to supply electricity. ADHI has signed a contract for establishment of the joint venture under the name of PT Lamong Energy, which will run a gas-fueled power plant and provide are utility management services. With Rp34.6bn in core capital, ADHI owns 49% shares in the JV, while the remaining 51% are controlled by TTL. ADHI targets to book double new contracts from its property division this year, reaching Rp1.7tn from FY14 achievement of Rp913bn. The company is building three hotels worth Rp432bn, located in Medan, Jakarta and Semarang, which are expected to contribute 5% recurring income to ADHI's 2016 revenue. ADHI provides guidance for FY14 revenue and net profit of Rp9.2tn and Rp373bn, respectively, which was 6% and 8% lower than previous year. In 2015, the company estimates FY15 top and bottom line of Rp13.2tn and Rp405.9bn, respectively. (Jakarta Post)

BMRI: Bank Mandiri (BMRI IJ; Rp10,825; Buy) may raise capital through a rights issue in 2015, according to SOE Minister Rini Soemarno. The amount of capital to be raised may be up to Rp9tn (equivalent to 9.3% of the bank's equity capital as of 3Q14), of which the government plans to contribute 60% (Rp5.4tn) to maintain its 60% ownership in the bank. The capital increase plan is said to be intended to bolster the bank's ability to support infrastructure financing. However, this plan is still subject to approval from the parliament, which is currently deliberating a revision to the FY15 State Budget proposed by the government. BMRI's Corporate Secretary reportedly acknowledged the government's recommendation for a capital increase although he said no detail of the plan is available at this stage. (Kontan daily).

Comment: The headline news may draw negative market reaction on the stock in light of a general view that BMRI does not need a capital increase in the short term (CAR of 16% as of 3Q14). However, we view such rights issue plan positively as dilution effect, if any, is likely to be minimal, and more importantly, we view the dramatic shift in the government's stance towards allocating funds for capital injection in the state budget has significantly reduce risks of capital constraints faced by SOE banks in the longer term arising from lack of political willingness by previous governments to inject equity capital for banks. In past rights offerings of SOE banks, the government opt to dilute its stakes given no allocation for capital increase in the state budget to the extent that public ownership levels in most SOE banks have now declined to levels that may constrain future capital raising, when needed. We reiterate our Buy rating on the stock.

CTRA: Ciputra Development (CTRA IJ; Rp1,435; Buy) reported FY14 marketing sales of Rp8.6tn, down 3% yoy, beating its revised-down FY14 target Rp8.5tn. Projects under CTRA contributed 62% to FY14 marketing sales, followed by CTRS (21%) and CTRP (17%). (Company)

Comment: We estimate CTRA to launch several new projects this year to support marketing sales growth 10-15%.

KLBF: Kalbe Farma (KLBF IJ; Rp1,785; Not rated) reported a revenue increase of 8-9% in FY14, below their targets of 11-13%, dragged down by lower-than-expected sales from third parties' products the company distributed. According to management, Kalbe increased average selling prices by 3% in FY14 to maintain its 16-17% EBIT margin. Kalbe targets revenue growth of 10-15% and allocates Rp1-1.5tn for capex in FY15. (Kontan)

Comment: With revenue growing by only 8-9% compared to 12% of ours, we believe the FY14 earnings may slightly miss our estimates as well as consensus. However, we remain confident that rising health awareness among middle class and the government's universal healthcare scheme should sustain the company's growth momentum as well as profitability going forward.

UNTR: United Tractors (UNTR IJ; Rp17,075; Buy), plans to conduct a tender offer to purchase 10% share of Acset Indonesia (ACST IJ; Rp3,695; Not rated). Currently United Tractors owns 40% shareholding of Acset. In order to hold majority, United Tractors will add another 10% shares through this tender offer. The tender off price will be based on 90 days average before the first acquisition on 15 Oct14, Rp3,177. If United Tractor is not able to get 10% through this offer, founding shareholders, Loka Cipta and Cross Plus, will sell their holdings to round up the shortfall. (Kontan)

WSKT: Waskita (WSKT IJ; Rp1,425; Buy) is eyeing Rp10t fund from two phases rights issuance until 2016. By June 2015, the company targets to raise Rp5.3tn from 4.57bn new shares (47% of total outstanding shares) through rights issue. On the first phase, the government will inject Rp3.5tn and the remaining Rp1.8tn from public. The company expects a jump in new contracts post obtaining the proceeds from rights issue. In 2016, the company will issue new shares through the 2nd rights issuance, aiming to book total proceed of Rp4.7tn (Rp3.1tn from government and Rp1.6tn from public). Supported by the rights issue proceeds, WSKT is optimistic to book FY15 net profit of Rp1tn (+99% yoy from company's FY14 earnings guidance). Nevertheless, without rights issue, the company targets FY15 bottom line of Rp650bn, +29.7% yoy. (Bisnis Indonesia)

Economic Update

Fuel Price: Marketing Director of PT Pertamina predicted that fuel price of Ron 88 (Premium) will be decreased below Rp.7000/liter in February 1, 2015. In addition, Acting General Director of Oil and Gas from Energy and Mineral Resources Ministry mentioned that solar price may also become lower in February. On separate news, he also mentioned that the government plan to give the fuel subsidy back to RON 88 (Premium) if the fuel price rebound to more than Rp.9500/liter sometime in the future. (Kompas, Bisnis Indonesia)

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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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