

## News & Analysis

### Corporates

**INDF:** Indofood SM (INDF IJ; Rp7,400; Buy) via its subsidiary, Indofood Agri (IFAR) plans to build a new sugar mill, estimated to cost at least US\$150mn, largely to benefit from a shortage of domestic supply. Indonesia produces 2.5-2.6mn metric tons of sugar a year and consumes up to 5.5mn tons. IFAR, which already has two sugar mills in Indonesia, would prefer to build a new mill as there are very few opportunities for acquisitions and a lot of the existing mills need to be upgraded. (Investor Daily)

**PGAS:** Perusahaan Gas Negara (PGAS IJ; Rp4,865; Hold) will develop three new pipeline infrastructure a part of the long term plan of 16 new projects up to 2023. This year, PGAS has developed Kalija pipeline phase I which has reached 40% completion and is expected to operate late-15. Other projects that will be developed next year are Dumai Duri pipeline, and West Java-Central Java pipeline network. For this year the company aims to grow its revenue by 5-10%.

*Comment: We have already included the Kalija Project in our forecast. However, the Dumai-Duri and West Java-Central Java network has yet to be included. We will wait for further disclosure on these two projects before including it into our numbers.*

**UNTR:** United Tractors (UNTR IJ; Rp22,900; Buy) see low visibility on sales of heavy equipment this year in light of weakening currency while heavy equipment demand from government's infrastructure project is yet to make its impact on the industry. In 2014, the company sold 3,500 units of heavy equipment, of which 35% were sales to mining sector while 28% were to construction sector with the remaining contributed by plantation sector (23%) and forestry sector (14%) – this was a significant shift in sales mix as sales to mining sector declined from 43% in prior year. The company expects its volume sales mix to remain unchanged in 2015 while strengthening its product mix for construction sector by launching new excavators with capacities of 14 and 16 tonnes. The Association of Heavy Equipment Industry forecasts sales of heavy equipment in Indonesia to remain unchanged at 5,100 units. (Kontan).

### Markets & Sectors

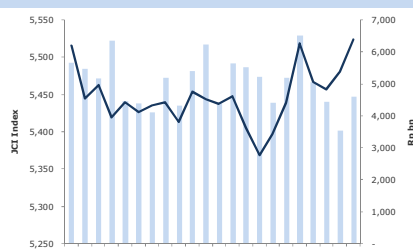
**Cement Sector:** ASP of Semen Indonesia (SMGR IJ; Rp13,675; Buy) has slightly recovered with an increase of 0.3% mom in Mar15. YTD ASP is still down by 3.3% from its peak in Dec14. Easing inflation will provide room for cement manufacturers to adjust prices. However, price adjustment will not be aggressive and mainly to maintain margins, especially with fuel cost increase. We suspect that other cement companies will also hike prices inline with the market leader. (Semen Indonesia)

### Economic Update

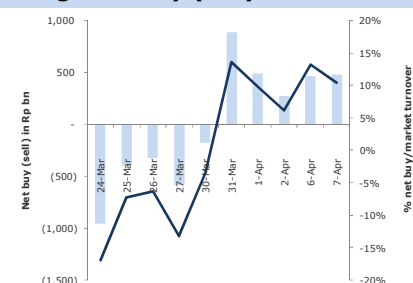
**Electricity price:** President Director of PLN stated that there won't be electricity tariffs hike until Dec15 for household category of 1300 Volt and 2200 Volt. This decision is taken as the government had already increased the tariffs in these categories since July until Nov14. (JPNN)

*Comment: We believe this could limit upside risks to BI's inflation target of 3-5% which currently is dominated by the inflation from administered prices (i.e fuel and LPG).*

### JCI Index



### Foreign net buy (sell)



### Key Indexes

| Index | Closing | 1 day | 1 year | YTD   |
|-------|---------|-------|--------|-------|
| JCI   | 5,523   | 0.8%  | 12.2%  | 5.7%  |
| LQ45  | 962     | 0.9%  | 15.1%  | 7.1%  |
| DJI   | 17,875  | 0.0%  | 10.0%  | 0.3%  |
| SET   | 1,550   | 0.9%  | 12.3%  | 3.5%  |
| HSI   | 25,276  | 0.8%  | 12.0%  | 7.1%  |
| NKY   | 19,641  | 1.3%  | 34.5%  | 13.2% |
| FTSE  | 6,962   | 1.9%  | 5.6%   | 6.0%  |
| FSSTI | 3,466   | 0.4%  | 8.2%   | 3.0%  |

### Commodity price

| Commodities        | Last price | Ret 1 day | Ret 1 year |
|--------------------|------------|-----------|------------|
| (in USD)           |            |           |            |
| Oil/barrel (WTI)   | 54.0       | 3.5%      | -46.3%     |
| CPO/tonne          | 605.8      | -1.2%     | -15.8%     |
| Soy/bushel         | 9.6        | -0.8%     | -34.6%     |
| Rubber/kg          | 1.8        | -0.4%     | -24.1%     |
| Nickel/tonne       | 12,496     | -3.7%     | -23.6%     |
| Tins/tonne         | 16,705     | -0.2%     | -28.1%     |
| Copper/tonne       | 6,085      | 1.4%      | -8.8%      |
| Gold/try.oz (Spot) | 1,209      | -0.5%     | -7.6%      |
| Coal/tonne*        | 61.8       | -1.0%     | -25.4%     |
| Corn/bushel        | 3.8        | -0.5%     | -23.1%     |
| Wheat/bushel**     | 237.2      | -4.6%     | -18.9%     |

\* : 1 week change

\*\* : 1 month change

Source : 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

### ANALYSTS CERTIFICATION.

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