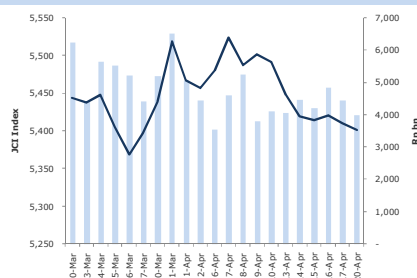
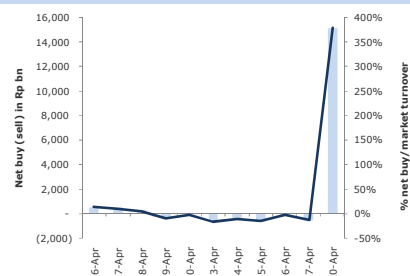


JCI Index



Foreign net buy (sell)



Key Indexes

Index	Closing	1 day	1 year	YTD
JCI	5,401	-0.2%	10.4%	3.3%
LQ45	937	-0.2%	13.0%	4.3%
DJI	18,035	1.2%	9.6%	1.2%
SET	1,560	-0.4%	10.4%	4.2%
HSI	27,095	-2.0%	19.0%	14.8%
NKY	19,634	-0.1%	35.3%	13.2%
FTSE	7,052	0.8%	6.4%	7.4%
FSSTI	3,503	0.0%	7.6%	4.3%

Commodity price

Commodities	Last price	Ret 1 day	Ret 1 year
(in USD)			
Oil/barrel (WTI)	56.4	1.1%	-45.9%
CPO/tonne	592.7	0.4%	-18.1%
Soy/bushel	9.7	0.8%	-36.2%
Rubber/kg	1.7	-0.4%	-23.9%
Nickel/tonne	12,751	1.9%	-28.7%
Tins/tonne	14,503	-2.0%	-38.2%
Copper/tonne	5,986	-1.4%	-10.2%
Gold/try.oz (Spot)	1,196	-0.7%	-7.3%
Coal/tonne*	61.8	-1.0%	-25.4%
Corn/bushel	3.7	-0.5%	-23.7%
Wheat/bushel**	237.2	-4.6%	-18.9%

* : 1 week change

** : 1 month change

Source : Bloomberg

Express Transindo (TAXI IJ; Buy)

Talk for take-over plan announced

- Saratoga announced negotiation for acquisition of 51% stake
- A new major shareholder may improve sentiment on the stock
- We cut our FY15-16F earnings due to slower expansion, rising costs
- Valuation is not demanding, but gap to BIRD has narrowed

Take-over news. Private equity firm Saratoga Investama (SRTG IJ; Rp4,800; Buy) announced it has signed an agreement with Rajawali Corpora to explore potential acquisition of the latter's 51% stake in the company while it is still negotiating the price and terms of the acquisition. We expect the take-over plan, if materialised, would lead to a general offer for the remaining shares held by the public, which by regulation should not be below: 1) acquisition price; or 2) average share price in 90 days prior to the announcement (estimated at Rp975). As such, the acquisition price seems to be the key determining factor for the general offer price (if any).

Better perceived governance? We view any change in majority shareholders of TAXI could potentially improve investor sentiment on the stock, which had been badly affected by Rajawali's perceived poor governance during its acquisition of BW Plantation, which was done through a hugely dilutive rights issue on November 2014 at the expense of public shareholders. The resulting poor sentiment towards Rajawali-owned companies had led to its massive share price underperformance until a month ago. In addition, the listing on November 2014 of rival company Bluebird (BIRD IJ; Rp9,075; Not Rated), which is Indonesia's leading transport company with regular taxi fleet of 22,000 units (vs. TAXI's 11,170), has further undermined the stock's attractiveness.

Earnings cuts. We downgraded our FY15-16F earnings by 20-30% on the back of TAXI's cut backs of its fleet expansion plan from 1,000 to 500 units for FY15F, its rising financing costs post bond issue (Rp1tn) in June 2014, which has elevated its debt leverage by 71%, and higher depreciation charges. In addition, the move by market leader Bluebird to lower tariffs to be on same level with TAXI seems to have hurt the latter's ridership level.

Still at discount to BIRD. We lowered our DCF-based TP to Rp1,300 (from Rp1,700) on the back of our earnings cuts. TAXI share price has recovered strongly in the past month (up by 29.5%), thus narrowing its previous valuation gap with BIRD. Both TAXI and BIRD presently trade at similar P/E and EV/revenue, but on other metrics such as EV/fleet size, TAXI's valuation (at Rp340m/unit) is still well below that of BIRD (Rp1,220m/unit) although this is also due to the latter's much higher revenue/unit of fleet. We reiterate our Buy rating on the stock.

Year To 31 Dec	2013A	2014A	2015F	2016F	2017F
Revenue(RpBn)	687	890	1,120	1,228	1,362
EBITDA(RpBn)	221	283	315	339	347
EBITDA Growth (%)	23.9	27.9	11.3	7.6	2.4
Net Profit(RpBn)	132	118	128	144	149
EPS (Rp)	62	55	59	67	69
EPS Growth (%)	67.3	(10.8)	7.3	13.6	2.9
Net Gearing (%)	74.6	171.5	150.4	149.5	134.6
PER (x)	15.7	17.6	18.8	16.6	16.2
PBV (x)	2.6	2.3	2.1	2.2	2.0
Dividend Yield (%)	1.0	1.2	1.1	1.2	1.3
EV/EBITDA (x)	6.7	7.7	6.0	5.7	5.1

Source : TAXI,IndoPremier

Share Price Closing as of : 20-April-2015

Refer to Important disclosures on the last of this report

News & Analysis

Corporates

AISA: Tiga Pilar Sejahtera (AISA IJ; Rp1,860; Not rated) posted FY14 results that came below consensus estimates, with revenue comprising only 91% and net profit only 88%. Similar to most of its consumer peers, 4Q results were weak given the relatively depressed consumers' spending power on higher gasoline prices and high interest rate environment. Meanwhile, AISA's performance continued to be largely driven by its rice division, which grew by 38% and 40% in revenue and gross profit respectively. The company's long-term plan is to acquire 5% share of the rice market in Indonesia by investing rice mills close to the rice-producing regions. This year, AISA earmarks Rp959bn for capex, with most of it going to three rice mills construction in South Sulawesi.

	4Q13	3Q14	4Q14		Growth	FY14	FY13	Growth
	(Rpbn)	(Rpbn)	(Rpbn)	(q-q%)	(y-y%)	(Rpbn)	(Rpbn)	y-y%
Sales	1,112	1,215	1,477	21.5%	32.8%	5,140	4,057	26.7%
COGS	(848)	(978)	(1,198)	22.5%	41.3%	(4,099)	(3,143)	30.4%
Gross Profit	264	237	278	17.6%	5.5%	1,041	913	13.9%
Opex	(96)	(100)	(115)	15.6%	19.9%	(388)	(298)	30.1%
Op. profit	168	137	163	19.0%	-2.8%	653	616	6.1%
Net profit	94	74	85	14.9%	-9.6%	332	310	6.9%
Gross margin	23.7%	19.5%	18.9%			20.2%	22.5%	
Op. margin	15.1%	11.3%	11.0%			12.7%	15.2%	
Net margin	8.4%	6.1%	5.8%			6.5%	7.7%	

Source: Tiga Pilar Sejahtera

BSDE: Through its subsidiary, Global Prime Capital Pte Ltd, Bumi Serpong (BSDE IJ; Rp2,100; Buy) will issue global bonds up to USD250mn with 5 year tenor and 7% yield. The proceed would be utilized for land acquisition, project development and working capital. Moody's has granted Ba3 rating with stable outlook for this global bond. (Investor Daily)

Comment: The new bond issuance would increase BSDE FY15 debt to equity ratio to 43% from 23% previously.

CTRA: Ciputra Development (CTRA IJ; Rp1,430; Buy) has acquired 15% of total land acquisition target of 200ha this year, located in existing projects. The company stated that currently, the company has sufficient land for another 20 years of development. In 2015, the company targets FY15 revenue and net profit of Rp7tn (+10.4% yoy) and Rp1.5tn (+13.6% yoy), respectively. This year, the company has budgeted FY15 capex of Rp1.5-2tn for land acquisition (30%) and project development (70%). (Kontan)

Comment: Company's guidance on FY15 revenue and net profit are in line with our estimates.

Markets & Sectors

Retail sector: Matahari Mall, an e-commerce company owned by Lippo Group, appoints Credit Suisse and Bank of America Merrill Lynch to lead a first round funding amounting to US\$200mn. Lippo Group itself also plans to invest US\$500mn in development of Matahari Mall to target a US\$1bn in revenues. Meanwhile, Rothschild has been appointed as financial advisor to execute the company's business strategy to become the largest e-commerce company in Indonesia. The Matahari Mall e-commerce business is targeted to online customers shopping for affordable products including fashion beauty, electronics, household items, food, books, automotives, etc. (Investor Daily)

Head Office

PT INDO PREMIER SECURITIES

Wisma GKBI 7/F Suite 718

Jl. Jend. Sudirman No.28

Jakarta 10210 - Indonesia

p +62.21.5793.1168

f +62.21.5793.1167

Institutional Equity & Private Client

Benny B. Soebagjo	Head of Equities	benny.soebagjo@ipc.co.id
Angkula Ruriawan	Equity Sales	angkula.ruriawan@ipc.co.id
Alexander Salim	Equity Sales	alexander.salim@ipc.co.id
Edward Azizy	Equity Sales	edazizy@ipc.co.id
Henry Sutanto	Equity Sales	henry.sutanto@ipc.co.id
Isna Alfiathi	Equity Sales	isna.alfiathi@ipc.co.id
Angky Amarylis	Sales Trader	angky.amarylis@ipc.co.id
Thomas Samuil	Sales Trader	thomas.samuil@ipc.co.id

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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