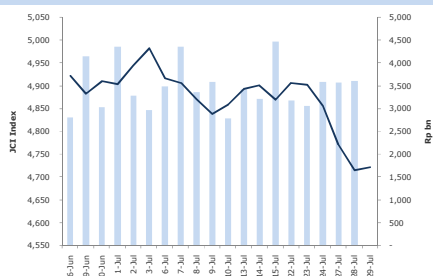
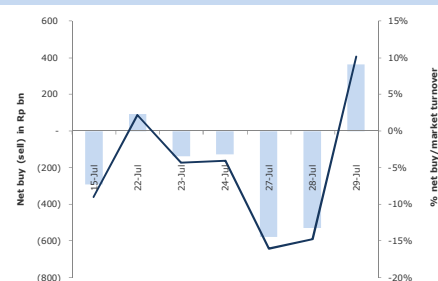


JCI Index



Foreign net buy (sell)



Index	Closing	1 day	1 year	YTD
JCI	4,721	0.1%	-7.2%	-9.7%
LQ45	796	0.0%	-8.3%	-11.4%
DJI	17,751	0.7%	5.2%	-0.4%
SET	1,417	0.7%	-6.7%	-5.4%
HSI	24,619	0.5%	-0.5%	4.3%
NKY	20,303	-0.1%	29.8%	17.6%
FTSE	6,631	1.2%	-2.1%	1.0%
FSSTI	3,284	0.1%	-2.1%	-2.4%

## Commodity price

Commodities (in USD)	Last price	Ret 1 day	Ret 1 year
Oil/barrel (WTI)	48.8	1.7%	-51.7%
CPO/tonne	553.3	-0.9%	-6.8%
Soy/bushel	9.9	0.8%	-20.5%
Rubber/kg	1.6	0.0%	-12.1%
Nickel/tonne	11,202	-0.7%	-39.7%
Tins/tonne	16,330	0.1%	-28.5%
Copper/tonne	5,317	0.6%	-25.1%
Gold/try.oz (Spot)	1,097	0.1%	-15.4%
Coal/tonne*	61.8	-1.0%	-25.4%
Corn/bushel	3.6	-2.0%	1.6%
Wheat/bushel**	209.9	-2.5%	-31.5%

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

Source : Bloomberg

## Astra Otoparts (AUTO IJ; Buy)

## Impacted by weak auto industry

- Result was below expectations due to weak auto industry
- Negative impact on operating leverage
- Mixed signal from equity income
- Recovery not yet in sight, BUY maintained

**Net income down 72.7%.** Weak sales of 4W and 2W, with sales volume down 18.2% yoy and 24.5%, respectively, significantly affected the financial performance of AUTO during 1H15. Net income was down 72.7% yoy to Rp143bn, as 50% of its total sales are geared towards OEM manufacturing. In addition, equity income fell 70.3% yoy, further dragging down net income.

**Volume dependent, hurting operating leverage.** As AUTO is geared towards manufacturing parts, volume becomes important. Gross margin was fairly stable at 14.4% in 1H15 as AUTO was able to renegotiate ASP with its principals based on new raw material prices. Nevertheless, as sales dropped -8.1% to Rp5.7tn, operating margin was squeezed to 2.8% in 1H15. Additionally, operating margin weakened qoq to 2.4% in 2Q15 from 3.2%, due to turnover decline. We expect further pressure on operating margins, especially as we anticipate weak sales volume in 3Q15.

**Mixed signal from equity income.** Equity income declined 70.3% yoy to Rp72bn, which could be due to weak operations, increase in interest expenses, one-off items such as forex, and losses from start-up operations; on a qoq basis, there was significant improvement of 90.4% qoq in 2Q to Rp47bn. However, equity income could vary from quarter to quarter, depending not only on operational performance. The four largest contributors are Denso Indonesia, Akebono Brake Astra, Kayaba Indonesia and GS Battery, with a combined contribution of 67% of total equity income in FY14. Some start-up companies, such as Evoluzione tires, a JV with Pirelli, are still in the red as commercial operations have just started. This has also dragged down equity income.

**Performance recovery will depend on manufacturing.** 4W and 2W sales volumes were flattish qoq, with 3Q15 likely to be relatively weaker due to seasonality. Despite looser financing, the industry has yet to recover as purchasing power for durable goods remains low. The government is prioritizing an acceleration of government spending in 2H15. If this is successful, we expect this to boost consumer confidence, which in turn should translate into higher durable goods sales, but only by 4Q15 at the earliest. This would mean a recovery for AUTO will still take some time to happen.

Year To 31 Dec	2013A	2014A	2015F	2016F	2017F
Revenue(RpBn)	10,702	12,255	12,004	14,924	17,556
EBITDA(RpBn)	972	838	788	1,135	1,429
EBITDA Growth (%)	45.1	(13.8)	(6.0)	44.1	25.9
Net Profit(RpBn)	1,006	872	506	1,003	1,223
EPS (Rp)	236	192	105	208	254
EPS Growth (%)	(9.9)	(18.7)	(45.3)	98.3	21.9
Net Gearing (%)	(12.1)	2.0	12.3	10.4	9.7
PER (x)	9.3	11.5	21.0	10.6	8.7
PBV (x)	1.0	1.0	1.0	0.9	0.9
Dividend Yield (%)	3.0	2.5	1.4	2.8	3.5
EV/EBITDA (x)	11.4	12.4	11.8	8.3	6.6

Source : AUTO,IndoPremier

Share Price Closing as of : 28-July-2015

## News & Analysis

### Corporates

**ADHI:** Adhi Karya (ADHI IJ; Rp2,635; Buy) will offer 1.82bn new shares (50.2% of company's enlarged capital) through rights issuance with exercise price ranging from Rp1,510 to Rp2,400/share (Ratio: 100,000 old shares for 100,920 new shares) to raise a maximum of Rp2.74tn proceed. The company will utilize the proceeds for the development of mass transportation project with its terminal/supporting property facilities. Below is the tentative schedule:

Estimated EGM date	: 27 August 2015
Estimated cum date	: 3 Sept 2015
Estimated ex date	: 4 Sept 2015
Estimated recording date	: 8 Sept 2015
Estimated distribution date	: 9 Sept 2015
Estimated listing date	: 10 Sept 2015
Estimated trading & exercise period	: 10 - 16 Sept 2015

Source: *Bisnis Indonesia*

**ASII:** Astra International (ASII IJ; Rp6,425; Hold) has acquired 25% stake in the Semarang-Solo toll road from BUMD Jateng using its subsidiary Astratel. The current shareholder consists of JasaMarga 73.9%, Astratel 25% and Sarana Pembangunan Jateng 1.1%. Astratel has provisioned Rp900bn for the acquisition as well as capex. This toll road consists of five sections with two commercial operated sections. Now, Astratel has four toll road concessions, Tangerang-Merak, Jombang-Mojokerto, Serpong-Kunciran and Semarang-Solo.

**BBCA:** Bank Central Asia (BBCA IJ; Rp12,850; Hold) reported net profit of Rp8.54tn in 1H15 (+8.8% yoy) on the back of 8% loan growth, better NIM of 6.6% (+10bps) and despite strong operating cost growth (+23% yoy) and a slight uptick in NPL to 0.7% (from 0.5% a year earlier). In 2Q, earnings grew 10.5% qoq due to better NIMs, stronger non-interest incomes, lower operating expenses and despite normalising provisioning (after unusually low provisions in 1Q). Credit growth slowed accross all loan segments, including consumer loans (+9.2% yoy) despite launch of new mortgage loan products in 2Q, as loan growth was below the bank's target of 12% for 2015. (Company)

*Comment: BBKA's 1H result was slightly below consensus expectation (1H15: 46.6% of FY15F) on the back of slower than expected credit growth. Asset quality remains a non issue for the bank as it was relatively stable compared to prior quarter, worsening only slightly over the past year, while provisions/NPL coverage remained high at 293%. We maintain our Hold rating.*

**JSMR:** 1H15 Result – Within expectation

Jasa Marga (JMSR IJ; Rp5,575; Buy) has announced its financial result which was within our expectation. The result looks short of expectation due to several reasons 1) 3 new toll roads have yet to contribute 2) anticipated tariff increase in 4Q15 yet to happen 3) increase of opex related to Ramadhan festive seasons. However, the impact of toll road discount has not been factored in. The company claims that traffic volume has increased possible to offset tariff reduction. Highlights of the result:

- Net income was down by -20.4% yoy to Rp590bn due to higher opex eroding EBITDA margins and increase of interest expense to finance new toll road construction. Higher opex should be compensated with tariff increase scheduled in 4Q15. Despite weaker bottom line, we remain positive towards the company.
- Total revenue increased by 6.0% yoy to Rp3.6tn supported by daily traffic volume increase of 4.0% to 3.7mn vehicles per day. Gempol-Pandaantollroad has started its commercial operation in Jun15 with monthly volume of 83,144 vehicles for the month.
- EBITDA margin has been slightly weaker to 47%, pressured from opex increase including the 13<sup>th</sup> salary for the Ramadhan seasons. We expect 3Q margin to slightly

improve with full recovery in 4Q due to tariff adjustment.

- Net gearing remained relative stable at 93% as of Jun15.

Rpbn	1H15	1H14	%	2Q15	1Q15	%	FY15	%
<b>Toll revenue</b>	3,639	3,433	6.0	1,863	1,776	4.9	8,178	44.5
EBITDA	1,772	1,843	-3.8	875	897	-2.5	4,190	42.3
Operating Profit	1,372	1,454	-5.6	669	703	-4.9	3,375	40.7
Net Int. & Invest. Inc.	(665)	(557)	19.5	(335)	(330)	1.6	(1,364)	48.8
Except. & Others	147	128	14.3	90	57	57.4		nm
<b>Group Pretax</b>	854	1,026	-16.8	423	430	-1.6	2,011	42.4
Taxation	(264)	(285)	-7.3	(113)	(151)	-24.7	(503)	52.5
<b>Net Profit</b>	590	741	-20.4	310	280	10.8	1,509	39.1
EBITDA margin	48.7%	53.7%		47.0%	50.5%		51.2%	

Source: JSMR, IndoPremier

**PWON:** Pakuwon (PWON IJ; Rp406; Buy) reported 6M15 net profit of Rp755bn (down 16.6% yoy), on the back of slow gross margins and higher interest expense and forex loss. This 6M15 earnings were slightly inline with our forecast but below consensus estimates. In 2Q15, PWON booked revenue of Rp1.26tn (+19.2% yoy) with maintained gross and operating margins. As the result of lower 2Q15 forex loss which was set off by gain from derivative instrument, PWON booked improved 2Q15 pretax and net margins. Compared to the same period last year, PWON booked lower 6M15 margins across the board on lower gross margins, higher financing cost and forex loss. (Company, Indopremier)

PWON	6M14	6M15	yoy	2Q14	1Q15	2Q15	qoq	yoy	6M15	6M15
	Rp bn	Rp bn		Rp bn	Rp bn	Rp bn			/2015F	/Cons
Revenue	1,880	2,426	29.0%	1,055	1,168	1,258	7.8%	19.2%	48%	47%
Gross profit	1,160	1,434	23.6%	682	687	748	8.9%	9.6%		
Opex	(128)	(165)	28.6%	(77)	(71)	(94)	32.2%	22.6%		
Operating profit	1,032	1,269	23.0%	606	616	654	6.2%	7.9%	49%	50%
Net int inc (exp)	(6)	(111)	1684.8%	(1)	(51)	(59)	15.0%	4122.1%		
Forex gain (loss)	9	(195)	2201.8%	(23)	(147)	(48)	67.1%	105.6%		
Other	5	41	718.2%	2	22	19	12.8%	1124.0%		
Pretax profit	1,040	1,005	-3.4%	583	440	565	28.6%	-2.9%		
Net profit	906	755	-16.6%	516	329	427	29.8%	-17.3%	42%	37%
<b>Margins</b>	<b>6M14</b>	<b>6M15</b>		<b>2Q14</b>	<b>1Q15</b>	<b>2Q15</b>	<b>2015F</b>	<b>2016F</b>		
Gross margin	61.7%	59.1%		64.7%	58.8%	59.4%	57.0%	56.1%		
EBIT margin	54.9%	52.3%		57.4%	52.7%	52.0%	50.5%	49.6%		
Pretax margin	55.3%	41.4%		55.2%	37.6%	44.9%	44.1%	45.1%		
Net margin	48.2%	31.1%		48.9%	28.1%	33.9%	35.5%	36.3%		

Source: PWON, IndoPremier

**UNVR:** Unilever Indonesia (UNVR IJ; Rp39,700; Hold) booked 1H15 net profit at Rp2,93tn, grew 2.9% yoy from Rp2,84tn, which is slightly below the consensus at 47%. The bottom-line is growing driven by the sales growth at 6.9% yoy to Rp18.8tn and gross profit growth at 10.4% yoy to Rp9.53tn. Yet, net profit is dropping 15.9% qoq to Rp1.3tn due to increase opex to Rp2.86tn (5.4% qoq). (Bisnis Indonesia)

	2Q15	1Q15		Growth	1H15	1H14	Growth
	(Rpbn)	(Rpbn)	(q-q%)	(y-y%)	(Rpbn)	(Rpbn)	y-y%
Sales	9,389	9,413	-0.3%	6.0%	18,802	17,582	6.9%
COGS	(4,662)	(4,610)	-1.1%	5.1%	(9,272)	(8,953)	3.6%
Gross Profit	4,726	4,803	-1.6%	6.9%	9,529	8,630	10.4%
Opex	(2,864)	(2,716)	5.4%	17.0%	(5,580)	(4,797)	16.3%
Operating profit	1,861	2,088	-10.9%	-5.7%	3,949	3,833	3.0%
Net profit	1,339	1,592	-15.9%	-10.0%	2,931	2,848	2.9%
Gross margin	51.0%	51.0%			50.7%	49.1%	
Operating margin	22.2%	22.2%			21.0%	21.8%	
Net margin	16.9%	16.9%			15.6%	16.2%	

Source: Unilever Indonesia

**WSKT:** Waskita Karya (WSKT IJ; Rp1,670; Buy) reported 6M15 net profit of Rp172bn (+181.5% yoy) due to strong new contracts mostly from toll road projects, which had supported improved 6M15 margins across the board. This 6M15 earnings were inline with our forecast but above consensus estimates. In 2Q15, the company reported strong 2Q15 top line of Rp2.58tn (+84% qoq and 20% yoy) with continued improved margins. As the result, the company booked 2Q15 net profit of Rp160bn (+195% yoy). On separate news, the minister of public works and housing stated that, 70 girders and 186 pier heads for the construction of Cilincing – Jampea (Tanjung Priok – access toll) did not meet the required specification. Therefore, the contractor (a joint operation of Kajima -60% and Waskita -40%) should replace the precast and bear the construction cost of Rp1.4tn. The management of Waskita stated that, related to this matter, the company has booked Rp25bn loss last year. (Bisnis Indonesia, Investor Daily)

Rp bn	6M14	6M15	yoy	2Q14	1Q15	2Q15	qoq	yoy	6M15/ FY15F	6M15/ Cons
Revenue	3,181	3,984	25.2%	2,147	1,403	2,581	84.0%	20.3%	29.2%	27.5%
Gross profit	312	481	54.2%	202	157	324	105.9%	60.7%		
GP after JO	357	529	48.4%	233	168	361	114.5%	55.1%		
Opex	(175)	(161)	-8.1%	(120)	(71)	(91)	28.5%	-24.8%		
Operating profit	182	368	102.9%	112	98	271	176.5%	140.7%	31.6%	31.4%
Net interest inc (exp)	(54)	(118)	119.6%	(36)	(50)	(68)	34.7%	89.9%		
Forex gain (loss)	-	10	na	8	4	7	84.3%	-16.5%		
Other	22	(6)	127.9%	22	(1)	(5)	389.2%	123.5%		
Pretax profit	150	254	69.4%	107	50	204	307.5%	91.6%		
Net profit	61	172	181.5%	54	12	160	1234.9%	195.0%	21.5%	24.6%

Margins	6M14	6M15	2Q14	1Q15	2Q15	2015F	2016F	2017F
Gross margin	9.8%	12.1%	9.4%	11.2%	12.5%	10.3%	10.6%	10.6%
GPM after JO	11.2%	13.3%	10.8%	12.0%	14.0%	12.0%	11.7%	11.5%
EBIT margin	5.7%	9.2%	5.2%	7.0%	10.5%	8.6%	8.3%	8.4%
Pretax margin	4.7%	6.4%	5.0%	3.6%	7.9%	8.0%	7.8%	8.3%
Net margin	1.9%	4.3%	2.5%	0.9%	6.2%	5.9%	5.7%	6.2%

Source: WSKT, IndoPremier

**WTON:** Wijaya Karya Beton (WTON IJ; R1,020; Not rated) reported 2Q15 net profit of Rp37bn, up 115% qoq but down 60% yoy, which led to continue slow 6M15 bottom line of Rp54bn (down 69% yoy), on the back of slow realization of government infrastructure spending in 1H15. On the top line, WTON booked slight 2Q15 revenue growth of 9% qoq to Rp464bn, led to 6M15 top line of Rp891bn, still down 47% yoy, as the result of slow 6M15 new contracts of Rp1.35tn (only 33.7% of company's FY15 target of Rp4tn). The company booked improved 2Q15 margins across the board. Nonetheless, bad 1Q15 performance has dragged down 6M15 margins. On separate news, the company stated that it is in progress to evaluate its FY15 target. (Company, Kontan, Indopremier)

WTON (Rp bn)	6M14	6M15	yoy growth	2Q14	1Q15	2Q15	qoq	yoy
Revenue	1,678	891	-47%	864	427	464	9%	-46%
Gross profit	257	115	-55%	129	34	81	136%	-38%
Operating profit	222	75	-66%	107	16	59	263%	-45%
Pretax Profit	221	63	-71%	141	17	46	172%	-67%
Net profit	172	54	-69%	92	17	37	115%	-60%

Margins	6M14	6M15	2Q14	1Q15	2Q15
Gross margin	15.3%	12.9%	15.0%	8.0%	17.3%
Operating margin	13.2%	8.4%	12.4%	3.8%	12.6%
Pretax margin	13.2%	7.1%	16.3%	4.0%	10.0%
Net margin	10.3%	6.0%	16.3%	4.0%	10.0%

Source: WTON, IndoPremier

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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

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