

News & Analysis

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HMSP: HM Sampoerna (HMSP IJ; Rp83,850; Not rated) will offer 269.7 mn new shares (6.15% of company's enlarged capital) through rights issuance with exercise price ranging from Rp63,000 to Rp99,000/share (Ratio: 65 old shares for 4 new shares) to raise a maximum of Rp26.7tn proceed. The proceed will be utilized for working capital and loan repayment.

As of 1H15, HMSP has booked revenue of Rp 43.7tn (+11.9% YoY), driven by increase in sales and ASP of the product. SKM (Machine Rolled Cigarettes) still accounts for 62.8% from revenue of which Sampoerna U. Whereas in SKT (Hand Rolled Cigarettes), Dji Sam Soe recorded robust sales growth of 20.7% YoY amid downward trend of hand rolled cigarettes. Overall, SKT volume is reported to decline 10% yoy to 11.2 bn sticks while SKM hike 8% yoy to 36.1 bn sticks. Despite growth at the top line, net profit was lower 0.4% YoY to Rp 5.0tn due to higher financial expenses (+175.8% YoY) in 1H15 resulted from additional loan withdrawals and foreign swap transactions. Until 1H15, Company remains as biggest market share in Indonesia with 35.3%, followed by GudangGaram (23.2%), Djarum (19.3%) and BAT (6.4%).

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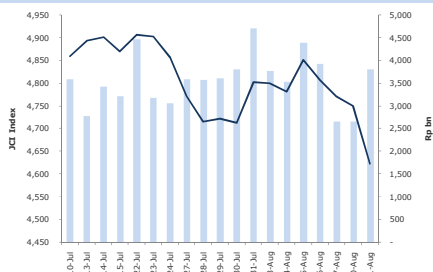
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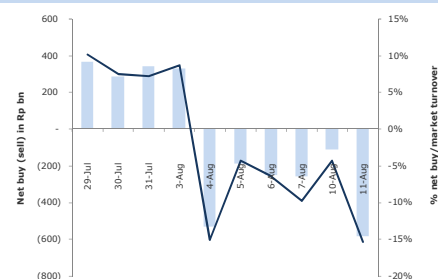
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(Investor Daily)

JCI Index



Foreign net buy (sell)



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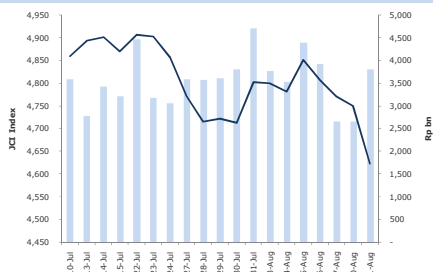
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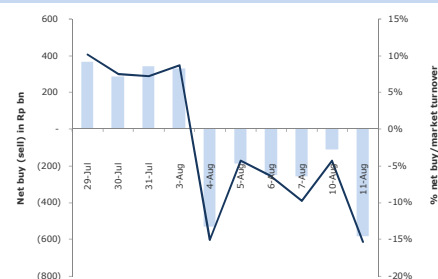
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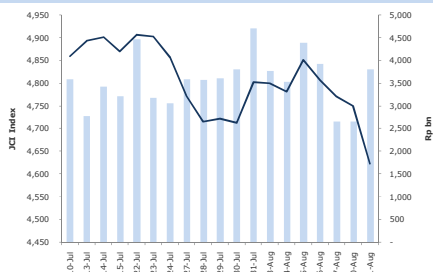
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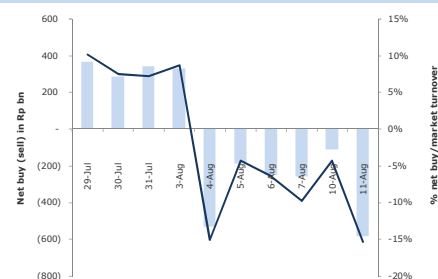
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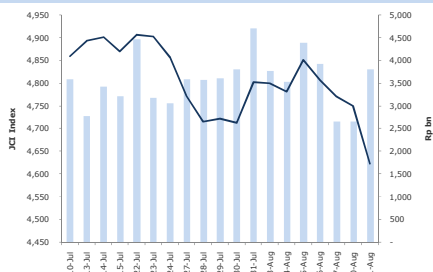
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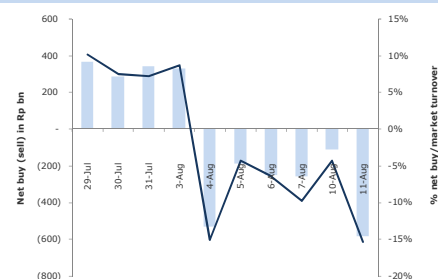
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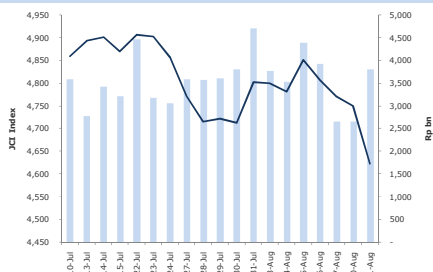
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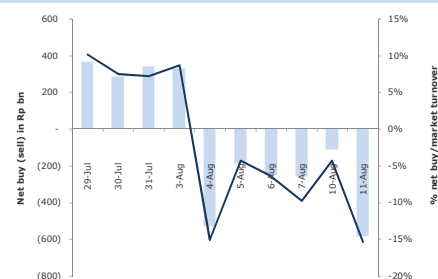
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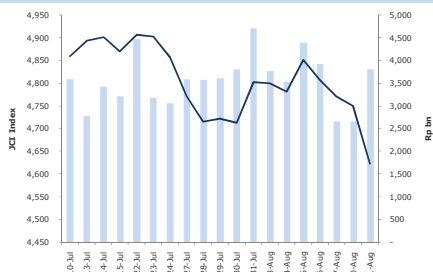
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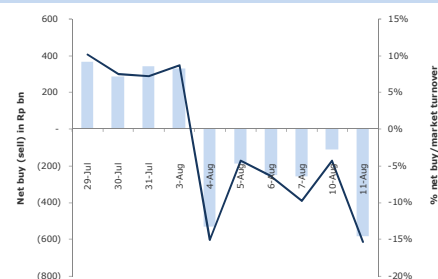
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Institutional Equity & Private Client

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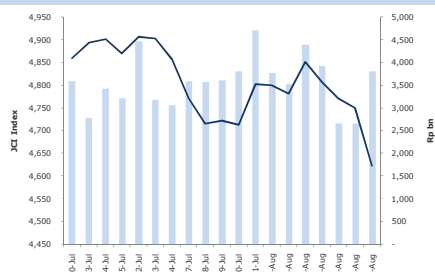
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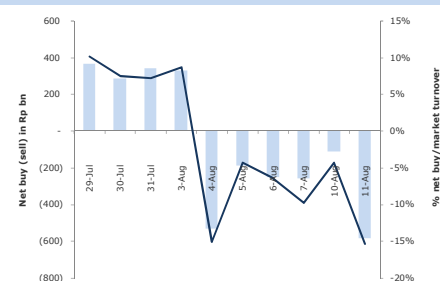
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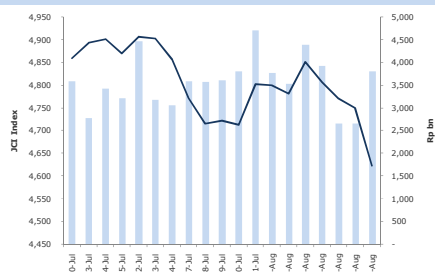
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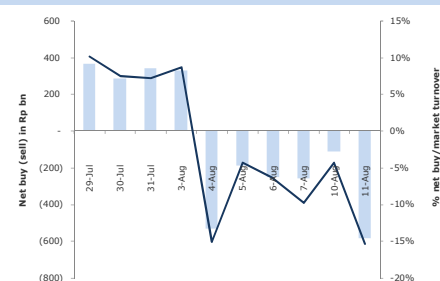
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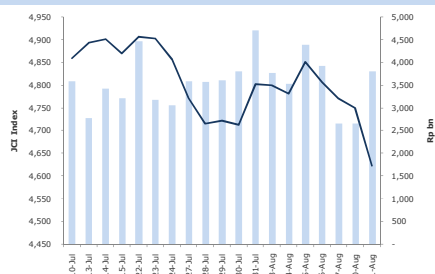
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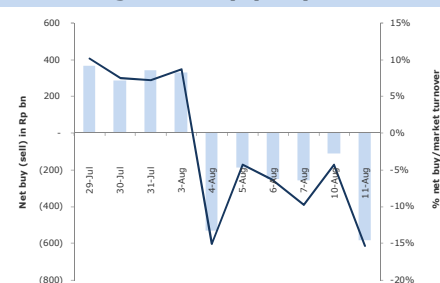
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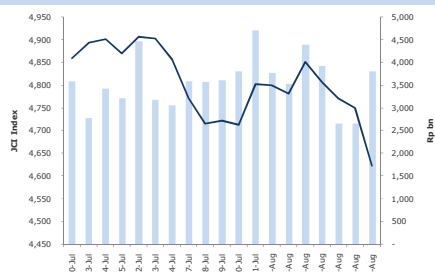
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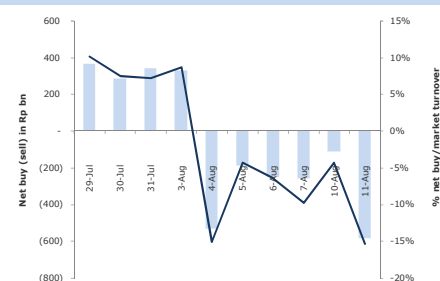
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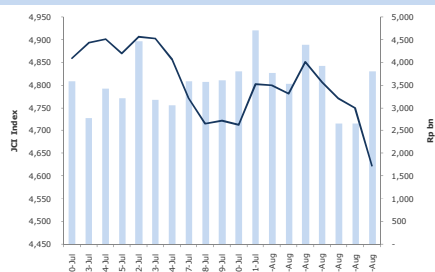
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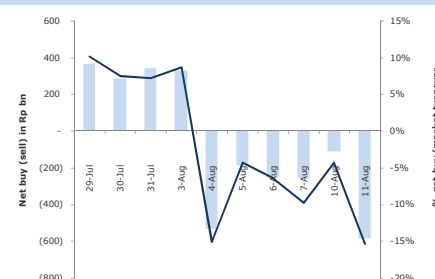
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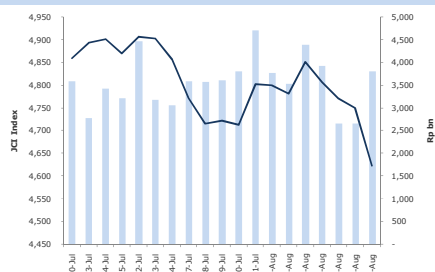
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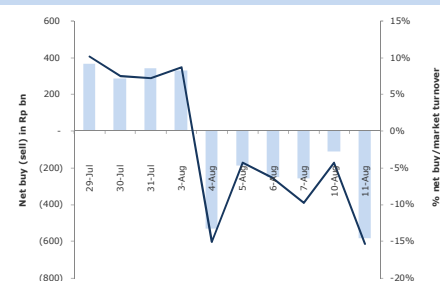
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Comment: we expect 2W industry sales to reach 6.5mn in FY15. The will translate to an average 560k units per month for the reminding year, which is slightly at the upper end of the YTD average of 527k per month.

Coal sector: The Energy Ministry (ESDM) reported Indonesia's coal exports in the first seven months to July 2015 dropped 18% yoy to 186.8m tonnes (7M14: 227.9m tonnes) due to weak coal demand, particularly China, and low coal prices. The country's coal production during the same period also declined by 15% yoy to 232.9m tonnes, from 274.9m tonnes a year earlier. Meanwhile, TB Bukit Asam (PTBA IJ; Not Rated) plans for goundbreaking for the construction of two coal-fired power plants, namely a mine-mouth plant with 2x620MW capacity (PLTU Sumsel 8) and PLTU Banjarsari (2x100MW), later this month with commercial operation targeted for 2019. The two power plants will source their coal requirement (5.4m tonnes and 1.4m tonnes pa, respectively), internally from the company's coal mines (Kontan).

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HMSP: HM Sampoerna (HMSP IJ; Rp83,850; Not rated) will offer 269.7 mn new shares (6.15% of company's enlarged capital) through rights issuance with exercise price ranging from Rp63,000 to Rp99,000/share (Ratio: 65 old shares for 4 new shares) to raise a maximum of Rp26.7tn proceed. The proceed will be utilized for working capital and loan repayment.

As of 1H15, HMSP has booked revenue of Rp 43.7tn (+11.9% YoY), driven by increase in sales and ASP of the product. SKM (Machine Rolled Cigarettes) still accounts for 62.8% from revenue of which Sampoerna U. Whereas in SKT (Hand Rolled Cigarettes), Dji Sam Soe recorded robust sales growth of 20.7% YoY amid downward trend of hand rolled cigarettes. Overall, SKT volume is reported to decline 10% yoy to 11.2 bn sticks while SKM hike 8% yoy to 36.1 bn sticks. Despite growth at the top line, net profit was lower 0.4% YoY to Rp 5.0tn due to higher financial expenses (+175.8% YoY) in 1H15 resulted from additional loan withdrawals and foreign swap transactions. Until 1H15, Company remains as biggest market share in Indonesia with 35.3%, followed by GudangGaram (23.2%), Djarum (19.3%) and BAT (6.4%).

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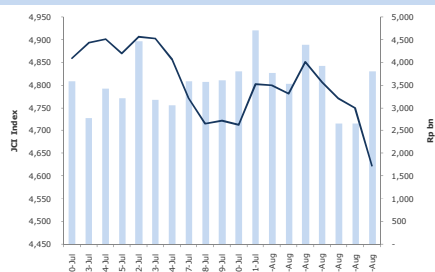
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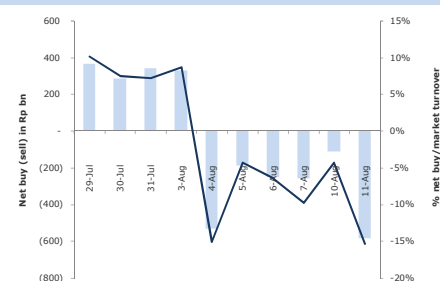
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Foreign net buy (sell)



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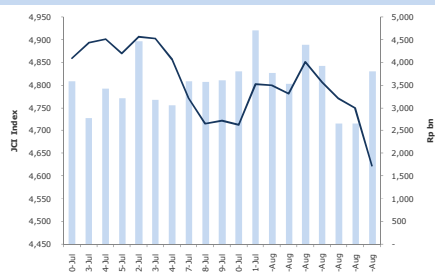
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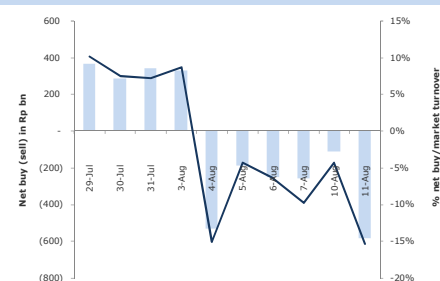
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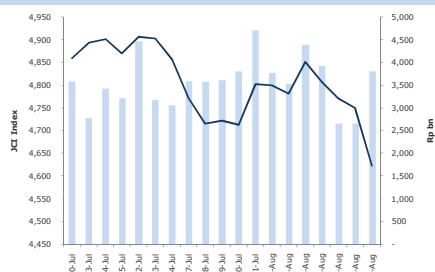
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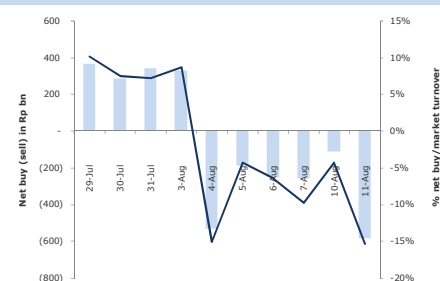
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CPO/tonne	511.0	0.5%	-6.3%
Soy/bushel	10.2	-2.9%	-9.6%
Rubber/kg	1.6	0.4%	-12.0%
Nickel/tonne	10,712	-3.6%	-42.3%
Tins/tonne	15,319	-3.0%	-31.5%
Copper/tonne	5,110	-3.5%	-27.1%
Gold/try.oz (Spot)	1,109	0.4%	-15.3%
Coal/tonne*	61.8	-1.0%	-25.4%
Corn/bushel	3.7	-3.6%	5.7%
Wheat/bushel**	209.9	-2.5%	-31.5%

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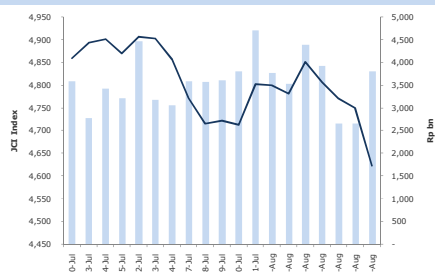
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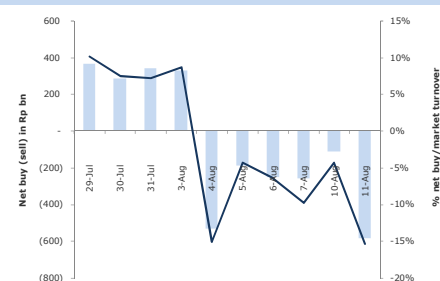
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JCI Index



Foreign net buy (sell)



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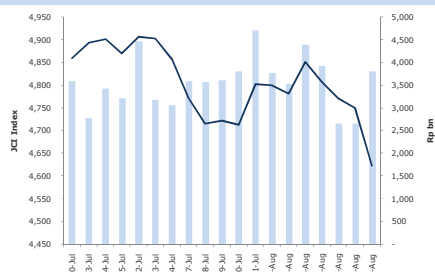
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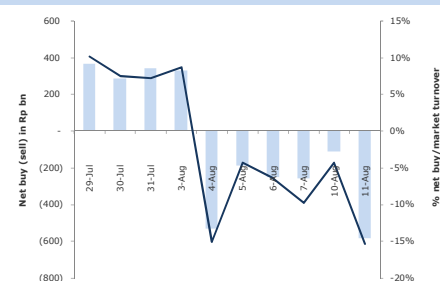
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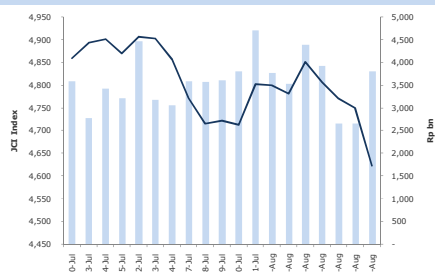
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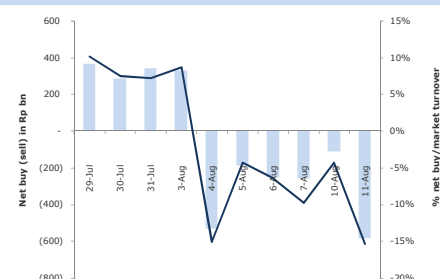
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(Investor Daily)

JCI Index



Foreign net buy (sell)



Index	Closing	1 day	1 year	YTD
JCI	4,623	-2.7%	-9.9%	-11.6%
LQ45	781	-3.3%	-11.1%	-13.1%
DJI	17,403	-1.2%	5.1%	-2.4%
SET	1,408	-0.8%	-7.4%	-6.0%
HSI	24,498	-0.1%	-0.8%	3.8%
NKY	20,721	-0.4%	36.7%	18.4%
FTSE	6,665	-1.1%	0.5%	1.5%
FSSTI	3,153	-1.4%	-4.6%	-6.3%

Commodity price

Commodities (in USD)	Last price	Ret 1 day	Ret 1 year
Oil/barrel (WTI)	43.1	-4.2%	-56.1%
CPO/tonne	511.0	0.5%	-6.3%
Soy/bushel	10.2	-2.9%	-9.6%
Rubber/kg	1.6	0.4%	-12.0%
Nickel/tonne	10,712	-3.6%	-42.3%
Tins/tonne	15,319	-3.0%	-31.5%
Copper/tonne	5,110	-3.5%	-27.1%
Gold/try.oz (Spot)	1,109	0.4%	-15.3%
Coal/tonne*	61.8	-1.0%	-25.4%
Corn/bushel	3.7	-3.6%	5.7%
Wheat/bushel**	209.9	-2.5%	-31.5%

* : 1 week change

** : 1 month change

Source : Bloomberg

Update: Apart from entering to high margin business such as building facility for oncology, stem cell and biosilimar; the IR added that line 6 production facility will be resumed soon, hopefully in the next couple of months. They also have finished producing 3 units of oncology medications that are produced locally. Those two combined can help bring the sales figure up by the end of this year. Furthermore, they believe that there is a tremendous opportunity to grow export

SIMP: Salim Ivomas Pratama (SIMP IJ; RP492; Not rated) is planning to develop 5 new units for CPO in Sumatra and Kalimantan this year. Two factories will be operated under London Sumatra Indonesia (LSIP IJ; Rp 1,255; xx) of which will be located in South Sumatra and East Kalimantan. SIMP allocates capex of Rp2.3 tn in 2015 for the development of new units and working capital. Expansion in North Sumatra will bring capacity to 60 FFB/ hour from previously 40 FFB/hour. (Bisnis Indonesia)

WSKT: Waskita Karya (WSKT IJ; Rp1,775; Buy) will postpone the issuance of Rp1.5tn from its shelf-registration bonds. The company stated that currently it has sufficient cash from recent rights issue to support its expansion, which would support the company to book higher FY15 new contracts to Rp30tn from its initial target (Rp22tn). WSKT also provides higher indicative FY15 revenue and net profit of Rp15.8tn (+54%yoy) and Rp800bn (+60% yoy), respectively. (Investor Daily)

Comment: The Company's indicative FY15 net profit is 14% higher than consensus' estimates.

Markets & Sectors

Automotive sector: Motorcycle monthly sales hit the lowest with only 439,245 units (-25.4% mom) sold in Jul15 due to the Ramadhan festive season. Moreover, retailer took the opportunity to reduce stock by taking lesser whole order. Overall, cumulative 2W sales volume dropped -22.2% to 3.7mn unit in the first seven month of 2015. No numbers from Honda Astra Motor or other manufacturers were mentioned.

Comment: we expect 2W industry sales to reach 6.5mn in FY15. The will translate to an average 560k units per month for the reminding year, which is slightly at the upper end of the YTD average of 527k per month.

Coal sector: The Energy Ministry (ESDM) reported Indonesia's coal exports in the first seven months to July 2015 dropped 18% yoy to 186.8m tonnes (7M14: 227.9m tonnes) due to weak coal demand, particularly China, and low coal prices. The country's coal production during the same period also declined by 15% yoy to 232.9m tonnes, from 274.9m tonnes a year earlier. Meanwhile, TB Bukit Asam (PTBA IJ; Not Rated) plans for goundbreaking for the construction of two coal-fired power plants, namely a mine-mouth plant with 2x620MW capacity (PLTU Sumsel 8) and PLTU Banjarsari (2x100MW), later this month with commercial operation targeted for 2019. The two power plants will source their coal requirement (5.4m tonnes and 1.4m tonnes pa, respectively), internally from the company's coal mines (Kontan).

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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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