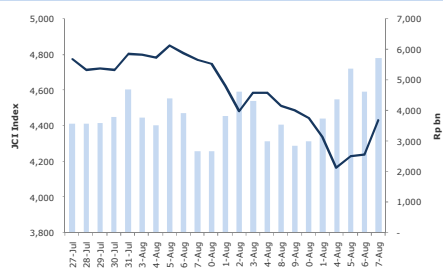


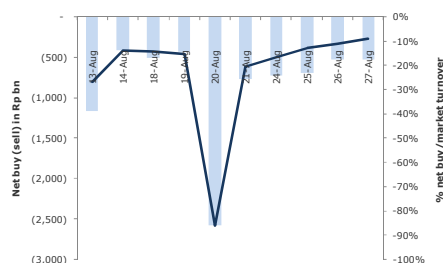
News & Analysis

Corporates

JCI Index



Foreign net buy (sell)



Index	Closing	1 day	1 year	YTD
JCI	4,431	4.6%	-14.5%	-15.2%
LQ45	755	6.2%	-14.5%	-16.0%
DJI	16,655	2.3%	-2.5%	-6.6%
SET	1,358	2.9%	-12.9%	-9.3%
HSI	21,839	3.6%	-11.7%	-7.5%
NKY	18,574	1.1%	20.1%	8.7%
FTSE	6,192	3.6%	-9.0%	-5.7%
FSSTI	2,945	2.5%	-11.6%	-12.5%

Commodity price

Commodities (in USD)	Last price	Ret 1 day	Ret 1 year
Oil/barrel (WTI)	42.6	10.3%	-54.7%
CPO/tonne	457.4	3.1%	-2.6%
Soy/bushel	8.8	1.6%	-19.2%
Rubber/kg	1.4	0.0%	-13.7%
Nickel/tonne	10,031	5.2%	-46.5%
Tins/tonne	14,000	-0.1%	-35.4%
Copper/tonne	5,176	4.3%	-26.7%
Gold/try.oz (Spot)	1,125	0.0%	-12.8%
Coal/tonne*	61.8	-1.0%	-25.4%
Corn/bushel	3.6	0.6%	2.7%
Wheat/bushel**	197.4	-5.9%	-29.6%

* : 1 week change

** : 1 month change

Source : Bloomberg

ADHI: Adhi Karya (ADHI IJ; Rp1,970; Buy) reported 6M15 new contracts of Rp7tn, or 38% of its revised-up FY15 target of Rp18.4tn (+100% yoy). Based on the project owner, private sector contributed 45% to 6M15 new contracts, followed by government (41%) and SOE (14%). In addition, the company postpones the EGM regarding the rights issuance to 16 September 2015. (Company)

CTRA: Ciputra Development (CTRA IJ; Rp895; Buy) has revised down its FY15 marketing sales target to Rp9.48tn (+10% yoy) from Rp10.96tn previously, following the announcement from its subsidiary, Ciputra Property to revise down its FY15 target to Rp1.4tn (from Rp2.4tn previously). By end of July, CTRP reported 74% achievement from its revised FY15 marketing sales target, followed by CTRS (62%) and CTRA (36%), which brought to CTRA consolidated 7M15 marketing sales of Rp4.5tn (48% of its revised FY15 target). On separate news, Chandra Ciputra – the president director of CTRA, stated that the company estimates flat target this year. Based on his statement, Rupiah depreciation will raise construction cost by 20-25% for high-end market, as it is required imported material. The Company' strategy in the current property market; no foreign debt, maintain the selling prices and focus on landed houses.(Company)

ISAT: Indosat (ISAT IJ; Rp3,920; Hold) has announced its results, which was inline with our expectation. The company has yet to announce its operational result this afternoon on its result conference call. Overall revenue grew 8.7% yoy to Rp12.6tn with EBITDA growth of 6.6% to Rp5.4tn. Nevertheless, net income was at a loss of Rp734bn dragged down by forex loss of Rp1.0tn. The company bears total debt of Rp27.7tn of which 42% is in USD denomination. In 1Q15, 66% of its foreign debt has been hedged with the remaining balance exposed to currency fluctuation. Indosat seems to regain some positive momentum in the cellular market but still being constrained by its balance sheet. With XL still under transformation, Indosat could take advantage of such situation to acquire new subs.

	1H15	1H14	%	2Q15	1Q15	%	FY15	%
Turnover	12,620	11,613	8.7	6,527	6,093	7.1	25,300	49.9
EBITDA	5,362	5,032	6.6	2,758	2,604	5.9	10,824	49.5
Operating profit	1,040	1,488	(30.1)	509	531	(4.2)	2,241	46.4
Net Int. & Invest. Inc.	(1,174)	(1,158)	1.5	(592)	(582)	1.8	(623)	188.6
Forex gain (losses)	(905)	134	nm	(188)	(718)	(73.8)	-	nm
Except. & Others	147	(179)	nm	(70)	218	nm	(2,564)	nm
Group Pretax	(892)	285	nm	(341)	(551)	nm	(323)	276.2
Taxation	226	(2)	12,301.6	102	124	(18.1)	-	nm
Minorities	67	57	18.6	38	29	33.6	(120)	-56.1
Net Profit	(734)	230	(419.1)	(278)	(456)	(38.9)	(443)	165.6
EBITDA Margin	42.5%	43.3%	(1.9)	42.3%	42.7%		42.8%	

Source: ISAT, IndoPremier

KIJA: Kawasan Industri Jababeka (KIJA IJ; Rp 185; Not rated) believe rupiah depreciation could attract foreign investor as land price are expected to lower for industrial. The company states investor from Japanese and Taiwanese are keen to invest into Indonesia. KIJA is currently own landbank in two locations, namely: Kendal (406ha) and Cikarang (1,230ha). The company hopes to fulfill its sales target this year by attracting foreign investors to Kendal as it has lower minimum wage compared to other regions in Indonesia. (Bisnis Indonesia)

Refer to Important disclosures on the last of this report

KLBF: Kalbe Farma (KLBF IJ; Rp1,655; Not rated) has spent Rp. 600bn (60% of total capex in 2015) using their internal financing. The fund will be allocated to build new factory and increase the production capacity as well as distribution centers. Currently, KLBF is constructing factories in Cikampek and Sukabumi (which will be ready by next year) while improving the production capacity in Cikarang and Bekasi.

SIDO: Key takeaways from Sido Muncul (SIDO IJ; Rp465; Not rated) Analyst Meeting: (August 27, 2015)

- Top-line growth +1.9% (vs. KLBF +3.6%)
Bottom-line growth +2.8% (vs. KLBF +7.1%)
- Product portfolio now consists of 3 categories:
 - Herbal and supplement (tolak angin, etc) → 52.7% (#1 player in Indonesia)
 - Food and beverages (kuku bima, kopi jahe, etc) → 43.7%
 - Pharmaceutical → 3.6% (high expectation on the growth)
- New products launch: Tolak Angin for diabetic patients, Tolak Linu herbal, Kuku Bima flavored energy drink, aromatherapy ointment.
 - Kuku Bima Ready to drink is expected to cover the loss in Kuku Bima energy-drink powder sales. Lately, less demand for Kuku Bima energy-drink powder but still a market leader.
- Plant expansion: PT. Semarang Herbal Indo Plant will operate in January 2016; has thrice the capacity of current herbs extraction to 13,500 kg/day.
- For the distribution, SIDO partnered up with K-24 pharmacy and other third-party distributors across Indonesia but less exposure to Eastern part of Indonesia.

UNTR: PT United Tractors (UNTR IJ; Rp17,375; Not rated) booked coal volume sales of 3.1mn ton ytd, which is declining 17.57% yoy and 26.7% mom to 381k ton from 520k ton. In addition, heavy equipment sales slides 39.7% yoy to 1.512 units and records the lowest sales of 137 units on July. According to Corporate Secretary, Sara K. Loebis, UNTR anticipates the declining demand by trying to focus into power plants business through its subsidiary PT Pamapersada Nusantara. (Kontan)

Markets & Sectors

Healthcare: Phillips plans to spin off its lighting business and focus on healthcare business starting 2016FY. Currently, they have 3 divisions: lighting as the main contributor, healthcare and consumer lifestyle. They will work along with government and hospitals, who are interested to have sophisticated medical devices. (Investor Daily)

Tax Holiday Incentive: PT. Unilever Oleo chemical is subjected to tax holiday. However, the investment value is still undisclosed. The minimum tax relief is 10% and can go up to 100%. The time range is 15 to 20 years. This facility is expected to increase local investment and lessen the reliance on commodity exports. (Kontan)

Economic Update

Macroeconomy: The government is preparing a package of economic policies to attract the supply of USD and investment into Indonesia which will be released next week. This package involves sets of regulation covering real and financial sector, deregulation of previous policies in Mar15, tax holiday, and some new policies. At separate news, Bank Indonesia predicted that the current account deficit will reach US\$18bn or 2-2.1% of GDP while economic growth will be around 4.89% yoy (2H15: 5% yoy). Meanwhile, Coordinating Minister for Economic Affairs mentioned that local election will contribute 0.2-0.3% to total economic growth in 2015. (Investor Daily, Kontan)

Comment: As the details of the regulation / incentives has not been revealed, we could not see whether this new package can give immediate impact to the economy this year, especially regarding the exchange rate. Yet, a set of policy responses could bring positive sentiment which indicates a good government's commitment to stabilize and avoid further slowdown in the economy. Combined with local elections period in Dec15, the momentum for significantly improvement in government spending will be bigger.

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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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