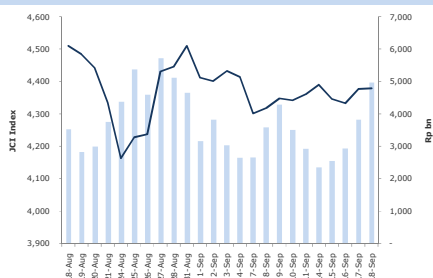


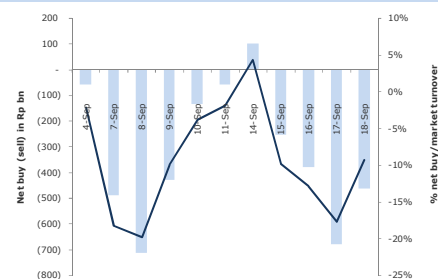
News & Analysis

Corporates

JCI Index



Foreign net buy (sell)



Index	Closing	1 day	1 year	YTD
JCI	4,380	0.0%	-16.2%	-16.2%
LQ45	740	-0.1%	-16.9%	-17.6%
DJI	16,385	-1.7%	-5.2%	-8.1%
SET	1,390	0.0%	-12.3%	-7.2%
HSI	21,921	0.3%	-9.8%	-7.1%
NKY	18,070	-2.0%	10.7%	3.5%
FTSE	6,104	-1.3%	-10.7%	-7.0%
FSSTI	2,880	-0.6%	-12.9%	-14.4%

Commodity price

Commodities (in USD)	Last price	Ret 1 day	Ret 1 year
Oil/barrel (WTI)	44.7	-4.7%	-52.0%
CPO/tonne	494.8	-1.2%	-2.0%
Soy/bushel	8.6	-2.3%	-17.1%
Rubber/kg	1.4	-1.5%	-8.6%
Nickel/tonne	9,644	-3.2%	-45.9%
Tins/tonne	15,302	-2.1%	-27.9%
Copper/tonne	5,273	-2.5%	-23.4%
Gold/try.oz (Spot)	1,139	0.7%	-6.3%
Coal/tonne*	61.8	-1.0%	-25.4%
Corn/bushel	3.6	0.0%	14.8%
Wheat/bushel**	197.4	-5.9%	-29.6%

*: 1 week change

**: 1 month change

Source : Bloomberg

HMSP: HM Sampoerna (HMSP IJ; Rp76,375 ; Not rated) revised down its right issue price from previously Rp63,000 – Rp99,000 to Rp65,000 – Rp77,000. The company will still issue 269.72mn new shares and expect to obtain Rp17.5tn – Rp20.7tn (lower than before Rp26.7tn). HMSP has not yet explained the reasoning behind the revised price. According to Wall Street Journal, almost 45% of offered new shares will be taken by international investor, whereas the remaining will be taken by several local investors. This year, HMSP will allocate Rp1.1tn for capex, which is lower than last year Rp1.5tn. (Investor Daily)

Comment: HMSP's new price of Rp63,000 – Rp77,000 is implying PE FY15 of 26.9x – 31.9x according to Bloomberg consensus. (Previously 26.1x -41.0x PE FY15 with price Rp65,000 - Rp99,000)

MYOR: According to Bloomberg, the price of coffee has fallen more than 26% yoy and 17% yoy in sugar's price. This situation gives Mayora Indah (MYOR IJ; Rp27,950; Not rated) advantage. In 1H15, raw material cost accounts for 73.39% from total COGS, which is lower than the previous year at 88.75%. This results in the increase of gross margin to 28.45% from 18.98%. However, the sudden increase in commodity prices will impact the margin even if they increase the ASP. (Bisnis Indonesia)

PPRO: PP Property (PPRO IJ; Rp145; Not rated) will develop three new malls in Bekasi and Surabaya, which will increase recurring income contribution from 5% to 10% in the next three years. At present, the source of recurring income stemmed from two hotels in Jakarta and Bandung (Park Hotel) as well as a mall in Surabaya. PPRO has a total 60ha land bank to sustain its future project going forward. (Investor Daily).

SMGR: Semen Indonesia (SMGR IJ; Rp9,775; Buy) aims to spend capex of Rp5.5tn lower than the initial budgeted number of Rp6.0-7.0tn. Management tends to maintain its cash flow due to weaker cement demand. Capex will be concentrated for strategic purpose, while non-mandatory capex such as IT and supporting will be postponed. Currently, Semen Indonesia is developing two new plants, one in Central Java and one in West Sumatera which are expected to be completed in FY16. (Bisnis Indonesia)

Markets & Sector

CPO sector: India increased taxes on overseas purchases of CPO, soybean oil, and refined oils to reduce India imports. The duty for both CPO and soybean oil was raised to 12.5% from 7.5%, while the refined oils tariff was increased to 20% from 15%. This revision will hamper efforts of Indonesia and Malaysia producers to drain excess inventories to drive up CPO prices, prolong sluggish commodity sector. (Jakarta Post)

Infrastructure sector: The government plans to issue a new presidential decree to facilitate a breakthrough in land acquisition process, by providing a full authority to the minister of agrarian and spatial as well as National Land Agency (BPN) to conduct land acquisition. The government plans to include the list of 200 government strategic projects in the decree as the reference. Through the implementation of this new decree, BPN has the right to suspend all the transactions for the land allocated for government infrastructure projects. As the result, the landowners must sell the land to BPN. The government will release the decree by early October 2015. (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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