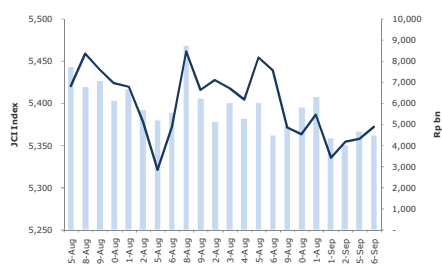
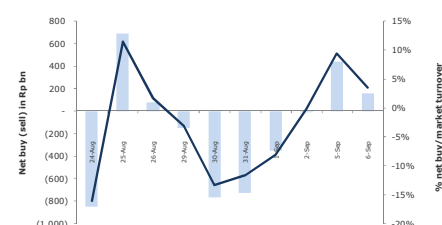


JCI Index



Foreign net buy (sell)



## Key Indexes

Index	Closing	1 day	1 year	YTD
JCI	5,372	0.3%	24.9%	17.0%
LQ45	926	0.7%	27.9%	16.9%
DJI	18,538	0.2%	15.1%	6.4%
SET	1,497	0.3%	9.2%	16.2%
HSI	23,788	0.6%	15.6%	8.5%
NKY	17,082	0.3%	-4.4%	-10.9%
FTSE	6,826	-0.8%	12.4%	9.4%
FSSTI	2,897	1.6%	1.5%	0.5%
EIDO	26	1.1%	37.6%	25.2%

## Commodity price

Commodities (in USD)	Last price	Ret 1 day	Ret 1 year
Oil/barrel (WTI)	44.8	0.9%	-2.6%
CPO/tonne	647.8	-0.6%	10.0%
Soy/bushel	9.6	0.8%	11.7%
Rubber/kg	1.6	-0.4%	16.0%
Nickel/tonne	10,058	0.4%	1.4%
Tins/tonne	19,700	1.4%	29.5%
Copper/tonne	4,603	-0.2%	-10.3%
Gold/try.oz (Spot)	1,350	1.7%	20.6%
Coal/tonne	70.8	1.3%	19.8%
Corn/bushel	3.0	2.0%	-12.2%
Wheat/bushel*	133.6	-14.7%	-32.9%

\*: 1 month change

Source : Bloomberg

## Cikarang Listrindo (POWR IJ; Buy)

## New energy mix from coal plant

- Margin expansion from diversified energy mix
- Levered operation
- Possible new JV with General Electric
- Buy, with target price Rp1,790

**Adding a new coal plant.** Cikarang Listrindo (POWR) is building a new 2x140MW coal plant on top of the currently operating 864MW gas power plant. Gas power generation costs about US\$7.1 cents per kWh, while the coal-fired power plant is estimated to operate at US\$4.4 cents per kWh. By combining its gas and coal power operations with a change in electricity tariff of US\$14.0 cents in FY17, we expect the EBITDA margin to improve from 35.7% for gas-only operation in FY15 to 43.5% in FY17 from combined gas and coal. One line of the new coal plant is expected to commence commercial operation in late FY16, while the other one should operate early next year. The company is optimistic on meeting its target with no budget overrun.

**Operating leverage.** POWR holds an exclusive license with first rights of refusal to supply power to five industrial estates within the Bekasi regency. Tenants of these five industrial estates consist of multinationals and reputable local manufacturers that buy power from POWR based on a retail contract. Additionally, POWR has entered into a power purchase agreement with PLN to supply a maximum power of 2x150MW based on long-term contracts. Blending demand from industrial estates and PLN results in improvement of operating efficiency due to higher load factor.

**Further expansion.** POWR has signed a MOU with General Electric to form a 51:49 joint venture to build a new gas powered plant of 1.1-1.4GW located in Bekasi to be part of the Government's 35,000MW electricity program. The plant is expected to be located in a 12ha area in MM2100, Bekasi, which is currently owned by POWR. Dealing in the national electricity program is still tough as PLN becomes more demanding in terms and conditions of new projects. Nevertheless, this should provide high certainty of potential cash flows if successful.

**Attractive investment proposition, Buy.** We believe that Cikarang is among the few utility companies in Indonesia that have a unique investment proposition. The company's operation is supported by world class equipment with full support from General Electric, providing a sound operation with steady and protected cash flow. Moreover, Cikarang is located in Bekasi, West Java, in the center of industrial estates with high growth prospects. We have a target price of Rp1,790, which is derived from an average of EV/EBITDA of 8.9x (medium capped Asia ex-Japan power companies) and DCF to capture long-term potential.

Year To 31 Dec	2014A	2015A	2016F	2017F	2018F
Revenue (US\$Mn)	545	548	579	615	653
EBITDA (US\$Mn)	190.7	195.4	209.1	267.5	294.7
EBITDA Growth (%)	21.8	2.5	7.0	28.0	10.1
Net Profit (US\$Mn)	84	80	105	136	157
EPS (US\$Cents)	nm	0.6	0.7	0.8	1.0
EPS Growth (%)	95.5	-5.2	24.6	22.8	15.3
Net Gearing (%)	145.6	129.8	45.4	34.3	18.3
PER (x)	20.2	21.2	17	13.9	12.0
PBV (x)	6.5	5.0	3.1	3.0	2.7
Dividend Yield (%)	2.5	0.3	3.7	4.8	5.5
EV/EBITDA (x)	11.0	11.0	9.4	7.2	6.2

Source : POWR, IndoPremier

Share Price Closing as of : 02-September-2016

## News & Analysis

### Corporates

**INDF:** Marvellous Glory Holdings Limited announced the pre-conditional offer announcement and intends to make a voluntary conditional offer to acquire all the issued and paid-up ordinary shares in China Minzhong Food Corp (MINZ). Marvellous Glory Holdings Limited is a SPV owned by Prosperous Investment and China Minzhong Holdings (CMZ BVI). To note, on 14 October 2015, Indofood SM (INDF IJ: Rp8,375; Buy) had entered into a MoU regarding the divestment of 52.9% stake in MINZ to CMZ BVI at SG\$1.20/share. (IDX)

*Comment: Due to the change in the transaction structure to voluntary conditional offer (from acquisition), we need to wait for the pre-conditions to be satisfied by Marvellous Glory Holdings on 31 December 2016 at the latest. However, in the event that the pre-conditions are not fulfilled, the offer will not be made and Marvellous Glory will issue an announcement.*

**JSMR:** Jasa Marga (JSMR IJ: Rp4,780; Buy) aims to issue revolving bonds up to Rp19tn in FY17. About Rp2.0tn of the bonds proceed will be used for re-financing while the remaining balance to be used for development of new toll roads. Next year, JSMR has budgeted capex of Rp28tn of which is allocated for new toll road development. (Bisnis Indonesia)

*Comment: Sharp increase in capex will force the company to seek external finance. The company will issue new rights with a total proceed of Rp1.8tn. We expect the new capital also to be leverage for external financing.*

**MAPI:** After some dispute on the alleged use of expired raw materials for Pizza Hut and Marugame Udon, Mitra Adiperkasa (MAPI IJ: Rp4,520; Sell) quickly reassures consumers that the ingredients used in Domino's Pizza (MAPI has 49% ownership) is directly under the food chain quality control. This year, MAPI plans to increase expansion in its F&B business and add 55 new F&B outlets by FY16 to reach 15%-20% expected revenue growth in the segment. (Kontan)

*Comment: We think the dispute could help Domino's Pizza capture some lost sales in Pizza Hut. However the effect to MAPI is limited as MAPI is no longer a majority shareholder after it divested the food chain in 2014.*

**PTPP:** PT Pembangunan Perumahan (PTPP IJ: Rp4,400; Buy) expects total asset to reach Rp29.56tn in year end 2016. Company said the additional asset was caused by state capital injection by Rp2.26tn and right issue of Rp2.16tn. (Bisnis Indonesia)

### Markets & Sector

**Automotive sector:** AISI, the 2W association, have lowered its expectation on sales volume to 6.3mn units for FY16 from previously 6.5mn units. Furthermore, AISI expects 2W sales to grow by 1-2% in FY17 with support from the tax amnesty program. Yamaha is aiming to produce 2.0mn units for FY16, which higher by 11%. Yamaha will rely on fast selling NMAX both in the domestic as well as for export. (Kontan)

*Comment: We expect 2W sales volume to reach 6.3mn in FY16 with 3% growth in FY17. We expect low growth in 2W due to high penetration.*

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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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