

Economic Data

	Latest	2013F
BI Rate (%), eop	5.75	5.75
Inflation (YoY %)	4.30	5.40
US\$ 1 = Rp, period avg	9,653	9,646

Stock Market Data (25 January 2013)

JCI Index	4,437.6	0.43%
Trading T/O (Rp bn)	4,701.0	
Market Cap (Rp tn)	4,257.4	

Market Data Summary*

	2012F	2013F
EBITDA growth (%)	11.6	9.7
EPS growth (%)	14.3	15.7
Core EPS growth (%)	13.0	14.8
EV/EBITDA (x)	8.3	7.5
P/E (x)	14.8	12.8
P/BV (x)	3.1	2.7
Div. Yield (%)	2.4	2.6
Earnings Yield (%)	6.8	7.8
Net Gearing (%)	9.7	3.9
ROE (%)	23.0	22.7

* Aggregate of 71 companies in MS research universe, representing 60.8% of JCI's market capitalization

HIGHLIGHT

- *Wismilak Inti Makmur: Upgraded TP to Rp1,100/share on lower risk profile*
- *Market Recap January 25th 2013; JCI: 4,437.598 (+0.43%); USD/IDR: 9,653; Total Value: Rp6.09Tn*

CORPORATE

Wismilak Inti Makmur: Upgraded TP to Rp1,100/share on lower risk profile

- We upgraded our TP on WIIM to Rp1,100/share (+49% upside), DCF-derived based on 17x implied PE 2013 (WACC 11.8%), a thinner 10% disc set against our GGRM TP of 19.7x PE13f. Few reasoning behind of our upgrade:
 - We expect great momentum of WIIM FY12 earnings, following strong result indication as driven by solid double digit sales volume (vs. ours of only 4%) and better-than-expected economic of scale!
 - WIIM's future growth driver, Diplomat Mild (DM), recorded sales almost twice as much as we earlier estimated. This is positive despite the product is still a zero contributor to its 2012 profit. WIIM aims to hold back DM product's volume in 2013F (600mn sticks vs. 2012 annualized 900mn) in the anticipation of the segment's entry into tier 1 excise tax level in 4Q14, while maintaining strong bottom line growth (103% yoy EPS13F growth). However, huge upside as they expand, noting that they remain distributed in 9 small cities in the East Java region.
 - WIIM intends to release its performance in a quarterly basis, which is a positive gesture in our view. This may win the company better profile of equity risk, as opposed to other listed cigarette companies. On such reward we lowered our discount risk to 11.8% WACC vs. earlier 12.8%.
- WIIM currently trading at an attractive PE13-14F 11.5-8.0x. Reiterate BUY.

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MARKET
Market Recap January 25th 2013; JCI: 4,437.598 (+0.43%); USD/IDR: 9,653; Total Value: Rp6.09Tn

- JCI edged up +0.43% to 4,437 while regional indices were mixed. Banking stocks led the index today: **BMRI** (+4.14% to 8,800 – posted new high); **BBRI** (+0.64% to 7,850); **BBNI** (+0.65% to 3,875); **BBCA** (+0.54% to 9,350); **BBTN** (+1.27% to 1,590) and **BDMN** (+3.42% to 6,050). Other big cap stocks also posted gains: **TLKM** (+2.08% to 9,800); **PGAS** (+1.64% to 4,650); **PTBA** (+0.64% to 15,700); **ISAT** (+4.48% to 7,000 – posted new high) and **ADRO** (+4.29% to 1,700). Regular market transaction was recorded at Rp4.7tn (USD486.90mn) vs this week average of Rp3.9tn (USD404.02mn) for the week. In addition, foreign investors posted a hefty net buy of Rp822.88bn (USD85.25mn) totaling to a net buy of Rp710.99bn (USD73.65mn) for the week, ytd foreign investors booked a net buy of USD485.70mn vs a net buy of USD833.84mn in 2012.
- Meanwhile, today's index laggards were: **UNVR** (-0.89% to 22,250); **GGRM** (-2.13% to 50,500); **ITMG** (-1.46% to 40,400); **SMGR** (-1.59% to 15,450); **HRUM** (-3.28% to 5,900) and **SIMP** (-2.73% to 1,070).
- The yield of 10-year government bond increased by 0.038% to 5.198% and Rupiah appreciated +1.096% to 9,653.

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FROM THE PRESS
AISA to spend Rp800bn this year for expansion

AISA is set to invest Rp800bn this year, which will mostly be used to build new factories namely two rice factories. Aside from the rice factories, AISA will also expand its plantation and food manufacturing divisions. Most of the funding will come from bank loan while the rest will come from internal cash. AISA targets a capacity of 120,000 tons per year for each of the rice factories, and they also are starting to construct a fresh fruit processing factory with a capacity of 30 tons per hour. Furthermore, AISA is also planning to develop two new sub-products under the Taro chips brand. AISA targets revenue growth of 70% yoy where rice will be the main contributor. (Investor Daily)

State-controlled PT Bank Negara Indonesia has hired French bank BNP Paribas, as well as state-owned PT Bahana Usaha Indonesia and PT Danareksa, to advise it on the sale of a stake in PT BNI Life Insurance and the exclusive right to sell insurance products across its network, said people with knowledge of the bidding process. BNI is likely to start an auction after the Chinese New Year. The value of the deal remains unclear, because the size of the stake and the duration of the bancassurance agreement – the right to sell across BNI's network – hasn't been set. Bankers suggest the price tag could rise above US\$500m based on similar transactions in the region. (The Wall Street Journal).

Equity Valuation

	JCI Code	Rating	Price (Rp)	Price Target	Mkt Cap Rp Bn	Net Profit 2012F	Net Profit 2013F	EPS Growth (%) 2012F	EPS Growth (%) 2013F	PER (x) 2012F	PER (x) 2013F	EV / EBITDA (x) 2012F	EV / EBITDA (x) 2013F	P/BV (x) 2012F	P/BV (x) 2013F	ROAE 2012F	ROAE 2013F
Mandiri Universe					2,518,449	170,421	197,201	14.3%	15.7%	14.8	12.8	8.3	7.5	3.1	2.7	23.0%	22.7%
Banking					630,409	46,620	53,712	13.1%	15.2%	13.5	11.7	n/a	n/a	2.6	2.2	21.4%	20.6%
BCA	BBCA	Neutral	9,350	8,700	227,815	11,410	13,132	5.5%	15.1%	20.0	17.3	n/a	n/a	4.5	3.8	24.7%	23.7%
BNi	BBNI	Buy	3,875	4,200	72,264	6,640	7,788	14.0%	17.3%	10.9	9.3	n/a	n/a	1.7	1.5	16.5%	17.0%
BRI	BBRI	Buy	7,850	9,000	193,653	17,055	18,922	13.0%	10.9%	11.4	10.2	n/a	n/a	2.8	2.3	28.9%	24.9%
BTN	BBTN	Buy	1,590	1,800	16,467	1,366	1,839	13.9%	21.5%	10.9	9.0	n/a	n/a	1.4	1.4	15.5%	16.6%
Danamon	BDMN	Neutral	6,050	6,000	57,987	4,005	4,463	11.8%	11.5%	14.5	13.0	n/a	n/a	2.0	1.8	14.7%	14.8%
Panin	PNBN	Buy	610	920	14,693	2,126	2,594	16.1%	22.0%	6.9	5.7	n/a	n/a	0.7	0.7	11.1%	12.2%
Bank BJB	BJBR U	Neutral	1,200	1,200	11,636	1,293	1,470	34.3%	13.7%	9.0	7.9	n/a	n/a	1.9	1.5	22.6%	21.6%
Bank Jatim	BJTM	Buy	390	550	5,818	789	1,098	-26.6%	39.1%	7.4	5.3	n/a	n/a	1.0	0.9	17.9%	18.7%
BTPN	BTPN	Buy	5,150	6,200	30,078	1,936	2,405	34.1%	24.2%	15.5	12.5	n/a	n/a	3.9	3.0	29.1%	27.8%
Infrastructure					238,201	12,467	14,397	20.3%	15.5%	19.1	16.5	11.9	10.5	4.3	3.6	24.0%	23.8%
Holcim	SMCB	Sell	3,000	2,600	22,992	1,239	1,182	16.5%	-4.6%	18.6	19.4	9.4	10.2	2.7	2.5	15.5%	13.4%
Indocement	INTP	Neutral	21,600	25,000	79,515	4,558	5,096	26.7%	11.8%	17.4	15.6	11.6	10.1	4.3	3.5	26.7%	25.0%
Semen Gresik	SMGR	Buy	15,450	18,000	90,592	4,505	5,582	14.8%	23.9%	20.1	16.2	13.7	11.3	5.3	4.5	28.6%	30.0%
Wijaya Karya	WIKI	Neutral	1,680	1,500	10,083	451	542	27.3%	20.2%	22.3	18.6	9.1	7.1	4.2	3.6	20.1%	20.7%
Jasa Marga	JSMR	Buy	5,150	6,100	35,020	1,714	1,994	20.0%	16.4%	20.4	17.6	12.0	10.6	3.7	3.3	19.0%	19.8%
Consumer					431,864	17,202	19,959	7.1%	16.0%	25.1	21.6	15.3	13.1	5.8	5.2	24.5%	25.3%
Indofood	INDF	Buy	6,000	7,150	52,680	3,443	3,868	11.9%	12.3%	15.3	13.6	8.0	6.9	2.4	2.2	16.8%	16.9%
Indofood CBP	ICBP U	Buy	8,100	9,000	47,231	2,233	2,499	13.0%	11.9%	21.2	18.9	13.2	11.3	4.0	3.6	20.4%	20.0%
Gudang Garam	GGRM	Buy	50,500	58,000	97,166	4,497	5,653	-8.1%	25.7%	21.6	17.2	13.6	11.0	3.7	3.3	17.7%	20.1%
Mayora	MYOR	Buy	20,000	25,000	15,332	657	895	39.4%	36.4%	23.4	17.1	13.1	10.3	5.3	4.3	25.1%	27.7%
Unilever	UNVR	Sell	22,250	19,000	169,768	4,782	5,233	14.9%	9.4%	35.5	32.4	26.1	23.6	39.5	35.8	120.0%	115.8%
Kalbe Farma	KLBF	Sell	1,060	610	49,688	1,591	1,811	7.4%	13.8%	31.2	27.4	20.7	18.0	7.0	6.1	24.0%	23.9%
Retail					42,394	1,748	2,268	35.1%	29.7%	24.3	18.7	13.9	11.3	4.4	3.7	19.6%	21.4%
Mitra Adiperkasa	MAPI	Neutral	6,450	6,300	10,707	432	564	20.0%	30.4%	24.8	19.0	11.1	9.5	4.9	4.1	21.8%	23.5%
Ramayana	RALS	Buy	1,160	1,400	8,231	476	553	26.0%	16.1%	17.3	14.9	10.2	8.6	2.7	2.5	16.0%	17.1%
Ace Hardware Indonesia	ACES	Neutral	820	720	14,063	356	452	27.2%	27.1%	39.6	31.1	22.7	17.8	9.3	7.3	26.1%	26.3%
ERAA	ERAA	Buy	2,775	3,125	8,048	446	649	22.0%	45.5%	18.0	12.4	13.1	9.8	3.1	2.6	18.9%	22.6%
Supra Boga	RANC	Buy	860	1,000	1,345	38	50	83.1%	31.7%	35.2	26.8	19.9	15.5	3.7	3.3	14.4%	13.2%
Conglomerates					331,458	20,464	23,530	9.3%	15.0%	16.2	14.1	15.6	15.2	4.2	3.5	28.4%	27.3%
Astra International	ASII	Neutral	7,800	7,900	315,772	19,426	22,142	9.2%	14.0%	16.3	14.3	15.6	15.2	4.4	3.7	29.3%	27.9%
IMAS	IMAS	Buy	5,200	6,550	14,379	882	1,211	8.5%	37.3%	16.3	11.9	17.5	15.7	2.7	2.2	17.5%	20.5%
Indospring	INDS	Buy	4,150	5,925	1,307	156	176	29.4%	12.9%	8.4	7.4	6.3	5.8	1.7	1.4	22.3%	20.8%
Heavy Equipment					80,525	6,135	5,659	-3.4%	-7.8%	13.1	14.2	6.6	6.6	2.6	2.4	20.8%	17.3%
United Tractors	UNTR	Buy	20,000	16,100	74,603	5,596	5,011	-9.4%	-10.4%	13.3	14.9	6.6	6.7	2.5	2.3	20.1%	16.4%
Hexindo Adiperkasa	HEXA	Buy	7,050	9,000	5,922	539	648	21.4%	22.0%	11.0	9.1	7.0	5.6	3.2	2.6	32.6%	31.2%
Plantation					49,771	3,903	3,474	-16.0%	-11.0%	12.8	14.3	7.9	8.5	2.7	2.5	22.6%	18.5%
Astra Agro Lestari	AALI	Neutral	19,350	23,000	30,471	2,341	1,882	-2.7%	-19.6%	13.0	16.2	8.0	9.5	3.4	3.2	27.3%	20.4%
Sampoerna Agro	SGRO	Buy	2,350	4,150	4,460	275	372	-49.2%	35.3%	16.2	12.0	8.1	6.6	1.7	1.5	10.7%	13.2%
London Sumatera Plantations	LSIP	Buy	2,175	2,950	14,840	1,287	1,220	-24.3%	-5.2%	11.5	12.2	7.6	7.4	2.3	2.1	21.0%	18.0%
Property					56,405	2,188	3,018	36.7%	38.0%	25.8	18.7	15.9	12.6	2.5	2.3	10.6%	12.9%
Bumi Serpong Damai	BSDE	Buy	1,320	1,350	23,096	1,045	1,268	39.7%	21.3%	22.1	18.2	16.0	13.5	2.5	2.3	13.0%	13.1%
CIFUTRA DEVELOPMENT	CTRA	Buy	830	605	12,588	459	783	41.4%	70.6%	27.4	16.1	14.5	9.8	2.3	2.1	8.7%	13.8%
Summarecon Agung	SMRA	Buy	1,850	2,250	12,715	479	605	22.1%	26.2%	26.6	21.0	12.5	11.8	4.5	3.9	18.1%	19.8%
Sentul City	BKSL	Buy	255	450	8,006	204	362	50.6%	77.5%	39.2	22.1	34.0	20.9	1.7	1.6	4.4%	7.3%
Energy					295,788	31,289	39,239	28.3%	25.4%	9.5	7.5	4.9	4.0	2.6	2.1	30.5%	31.1%
Medco	MEDC	Buy	1,540	3,050	5,132	557	1,085	43.9%	94.6%	9.2	4.7	4.6	4.4	0.6	0.5	6.8%	12.0%
Energi Mega Persada	ENRG	Buy	89	298	3,612	666	889	1098.5%	33.5%	5.4	4.1	3.6	2.9	0.5	0.4	10.2%	11.9%
Bukit Asam	PTBA	Buy	15,700	22,800	36,185	3,821	4,292	23.8%	12.3%	9.5	8.4	6.2	5.1	3.4	2.8	39.9%	36.0%
Bumi	BUMI	Buy	620	3,700	12,877	5,168	6,840	144.1%	32.2%	2.5	1.9	2.9	2.2	1.3	0.9	56.8%	55.7%
Adaro	ADRO	Neutral	1,700	2,200	54,375	5,157	5,360	7.9%	5.5%	10.5	10.1	4.2	4.0	2.1	1.9	22.0%	19.7%
Harum Energy	HRUM	Buy	5,900	10,500	15,930	1,917	2,285	30.9%	19.2%	8.3	7.0	5.0	4.2	4.6	4.1	59.2%	62.4%
Berau	BRAU	Buy	210	660	7,329	2,030	2,578	53.9%	26.8%	3.6	2.8	1.8	1.4	0.9	0.7	32.6%	28.4%
Indo Tambangraya Megah	ITMG	Buy	40,400	45,500	45,649	4,397	5,533	2.2%	20.9%	10.4	8.2	6.1	4.5	4.1	3.3	42.5%	43.7%
Indy	INDY	Buy	1,420	3,500	7,394	1,310	1,962	17.9%	49.8%	5.6	3.8	4.1	3.0	1.0	0.9	19.2%	25.0%
Delta Dunia	DOID	Buy	215	1,000	1,752	294	487	212.9%	65.4%	6.0	3.6	3.5	2.9	1.0	0.8	18.5%	24.6%
PGN	PGAS	Buy	4,650	4,960	105,554	5,972	7,927	0.7%	32.7%	17.7	13.3	10.2	7.5	5.3	4.0	33.2%	34.2%
Metal					52,834	9,942	10,076	15.4%	1.3%	5.3	5.2	3.4	3.4	0.9	0.8	18.4%	16.9%
Antam	ANTM	Neutral	1,310	1,500	12,495	2,223	2,285	15.3%	2.8%	5.6	5.5	2.9	3.2	1.0	0.9	19.4%	17.8%
PT Inco	INCO	Buy	2,650	6,700	26,331	5,085	4,276	11.8%	-15.9%	5.2	6.2	2.9	3.1	1.3	1.2	26.5%	20.3%
Timah	TINS	Neutral	1,640	3,600	8,254	1,820	1,709	20.3%	-6.1%	4.5	4.8	2.5	2.3	1.3	1.2	31.4%	25.4%
Bumi Resources Minerals	BRMS	Buy	225	830	5,753	814	1,806	12.7%	121.9%	7.1	3.2	25.5	9.5	0.3	0.3	4.6%	9.4%
Telecommunication					308,798	18,463	21,869	16.6%	18.4%	16.7							

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INVESTMENT RATINGS: Indicators of expected total return (price appreciation plus dividend yield) within the 12-month period from the date of the last published report, are: Buy (10% or higher), Neutral (-10% to 10%) and Sell (-10% or lower).

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