



Ciptadana
Research Report
Wednesday, 24, 2014

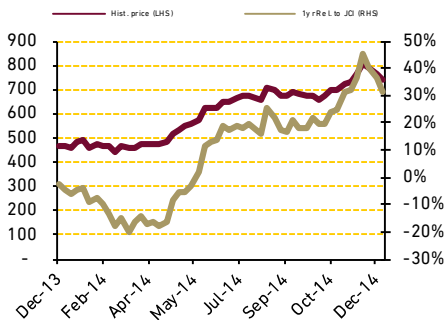
PT Tunas Baru Lampung

Giant Leap for Sugar Sweet Spot

Tunas Baru Lampung - TP 1,035/sh (BUY)

Giant Leap for Sugar Sweet Spot

TBLA IJ performance relative to JCI



Sector:	Plantations
Bloomberg Ticker:	TBLA IJ
Recommendation:	Buy
Price (23-Dec-14)	Rp 735/sh
12-Month Target Price	Rp 1.035/sh
52 week price range:	Rp 443,0 - Rp 820,0
Shares outstanding (mn)	5.342
Mkt Cap (Rp bn/ US\$ mn)	3926,4 / 315,1
Avg. daily val. (Rp bn/ US\$ mn)	2,2 / 0,2

Share Price Performance	3M	6M	YTD
Absolute	8%	18%	55%
Relative to JCI	9%	11%	35%

Initiating coverage with a Buy and TP of Rp1,035/sh

We initiate coverage on Tunas Baru Lampung (TBLA) with a BUY recommendation and 12-month target price of Rp1,035/sh based on 11x PER-15F. We like the company's long term story of tapping into integrated sugar business, by converting old oil palm into sugarcane estates, which marks company major turning point. Moreover, the company still sees their CPO sales volume and cooking oil sales volume grow going forward. The stock is trading at attractive PER-15F of 7.8x and EV/Ebitda 15F of 4.4x which is the cheapest stock in our plantations universe. Our TP implies 41% upside potential from the current price of Rp735/sh. We believe our TP is conservative as we have yet to incorporate earnings contribution from new mill white sugar business which will start in 2017.

Diversification into integrated sugar operation

The company posted twenty-fold revenue jump in sugar business to Rp635 bn in 9M14 from Rp31 bn, which signed initial contribution from its new refined sugar business. Going forward, TBLA sets to develop a new mill white sugar business with material sourced from its own sugarcane estates to yield higher margin. By 2016, TBLA will dedicate ~12k ha for sugarcane estates. Yielding 90MT/ha, the estates would translate 110k MT more sugar production in 2017. Also, the newly modern sugar machinery will lead to higher sugar production under 10% extraction rate (vs current's average of 7%). Including current refined sugar business, Rp2 tn revenue in 2017F from sugar business alone should be conservative scenario as in 2014F the company is expected to book Rp800 bn in refined sugar business. Importantly, sticky sugar demand coupled with imposed floor price regulation will make this integrated sugar business generates 20%-25% PBT margin, compared to current's consolidated PBT margin of ~9%.

Balance sheets to remain strong despite higher capex

We believe the company remains solvable despite that sugar project will require ~US\$100 mn which of 70% capex will be funded by debt. DER will be relatively unchanged at 1.3x as recent rights issue of Rp286 bn helped strengthen its balance sheet. Relatively higher leverage to support the huge capex of initial outlay is justified, as integrated sugar business promises a huge potential upside.

CPO and its derivative production is likely to unfold

Well management practices have translated third-class soil in TBLA estates into higher-than-expected production. Going forward, solid CPO and cooking oil production growth of 20% in 2015F is likely to achieve, judging from production growth in 9M14 of 62%. We expect FFB nucleus yield to improve to 19.6MT/ha on the back of better age profile in 2015. Then, we see revenue from CPO and its derivative grow by 22% to Rp6.3 tn in 2015F, while operating margin hovering at 13%. On more positive note, recent weakening Rp against US\$ will provide some cushion against lower CPO price.

Andre Varian

T +62 21 2557 4800 ext 734

E varianandre@ciptadana.com

Exh 1: Financial highlights

Rp bn	12A	13A	14F	15F	16F	17F
Revenue (Rp bn)	3,806	3,705	6,168	7,455	9,059	11,182
EBITDA (Rp bn)	686	706	1,067	1,357	1,684	2,093
Net profit (Rp bn)	242	84	405	504	617	849
EPS (Rp)	49	17	82	94	116	159
P/E Ratio (x)	15.0	43.0	9.0	7.8	6.4	4.6
P/BV Ratio (x)	2.1	2.0	1.5	1.4	1.2	1.0
EV/EBITDA (x)	6.1	7.2	4.7	4.4	3.9	3.3
Return on Equity (%)	14	5	17	18	19	22
Net Gearing (%)	0.9	1.4	1.0	1.1	1.1	1.0

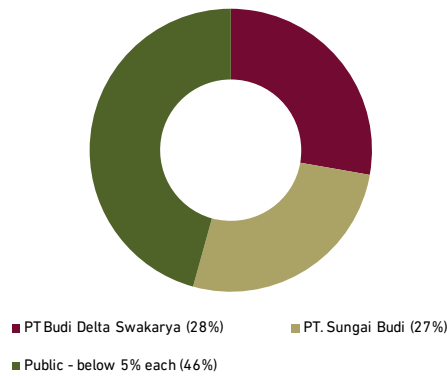
Source: Ciptadana estimates

Company profile

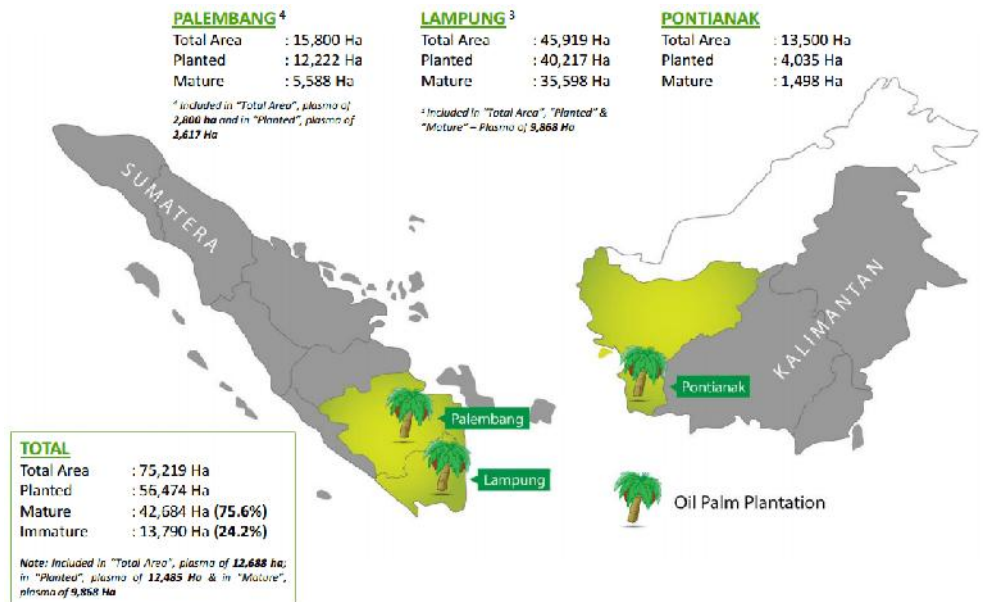
Tunas Baru Lampung (TBLA) was founded in 1974 and is one of the leading pioneers in Indonesia's agriculture industry. It went public in the Jakarta Stock Exchange on 14th of February 2000. TBLA is a member company of Sungai Budi Group, one of Indonesia's largest manufacturers and distributors of agricultural based consumer products. The company is engaged in the manufacturing of palm cooking oil, coconut cooking oil, crude coconut oil, crude palm oil, and soap. Since TBLA began its operations in Lampung in the early 1970s, the company has grown to become one of the most distinguished vegetable cooking oil producers in Indonesia.

TBLA penetrated into new markets in East Java in 1996 through the acquisition of a cooking oil refinery. The acquisition served as a gateway for the company to other Eastern Indonesian markets such as Kalimantan, Bali, Lombok, Maluku, and Papua. The company has improved the efficiency of its East Java refinery and expanded its production capacity extensively. Majority of its palm oil plantations are locate in Lampung and Palembang, while the rest are in Surabaya and Pontianak.

Exh 2: Shareholders structure



Exh 3: Production facilities

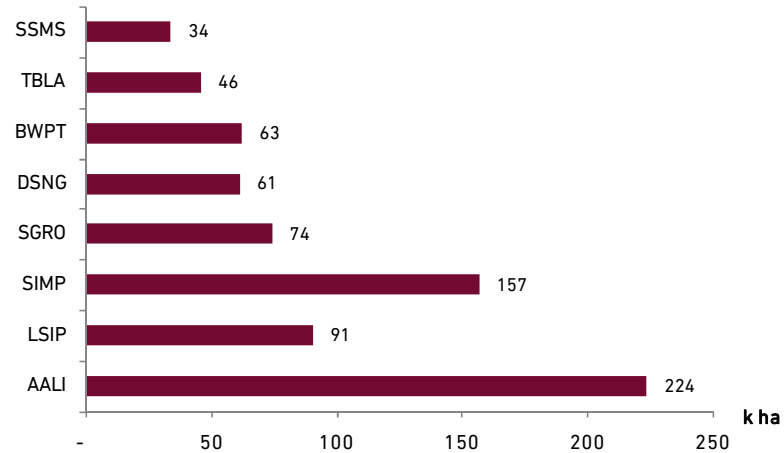


Source: Company data, bloomberg

Expanding capacity

The company further increased its production capacity by building a second CPO mill in Lampung in 2000, and a third mill in 2004 after it acquired PT Agro Bumi Mas. TBLA is currently constructing its fifth CPO mill in Bengkulu, East Lampung, with a capacity of 2x45 MT/hour. The company currently controls land banks of more than 50,000 ha in Lampung, 30,000 ha in Palembang, and also 20,000 ha in Pontianak, to secure supply of raw material for its vegetable cooking oil production.

Exh 4: Nucleus planted area comparison



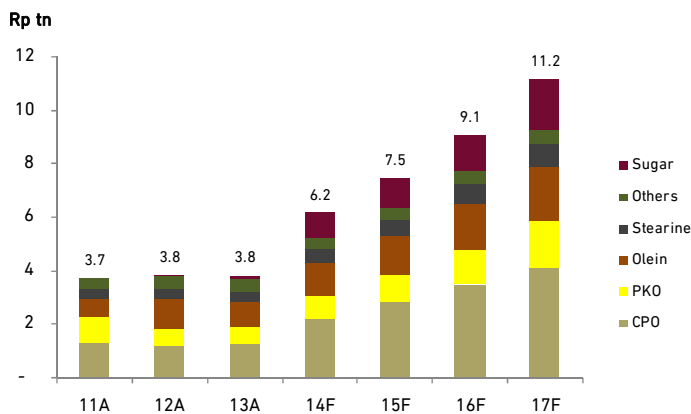
Source: Ciptadana estimates as per 9M14

Change in revenue mix seen

TBLA produces stearin, crude palm oil, palm kernel oil, and other consumer products such as cream soap and laundry soap, which utilizes a fatty acid that is a direct by-product of CPO production. We foresee change in revenue mix as sugar and olein has increased at faster pace to grow more. We expect sugar will take 25%-30% in 17F total revenue mix as TBLA has successfully established itself into a leading supplier to a rapidly growing domestic market.

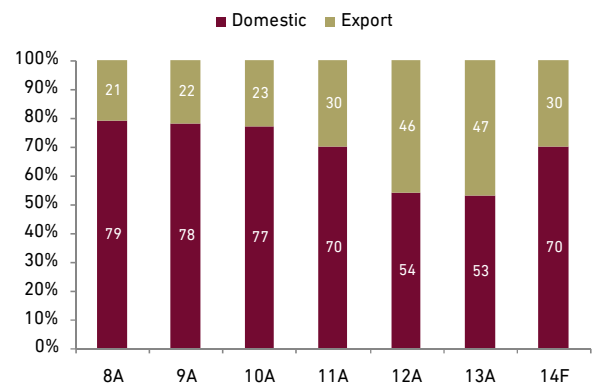
The Company also penetrated to international markets to further diversify its customer base. The Company is currently exporting crude coconut oil, stearine, palm kernel oil, and crude palm oil to the Netherlands, Singapore, Malaysia, Hong Kong, and China. Through its subsidiaries, the Company also specializes in palm, hybrid coconut, and pineapple plantations as well. Starting 2014, the company engaged in refined sugar business.

Exh 5: Revenue mix



Source: Ciptadana estimates

Exh 6: Domestic vs export in revenue mix



Tapping into integrated sugar business

Tunas Baru Lampung (TBLA) now focuses on becoming the integrated sugar company, producing both refined sugar and mill white sugar from the upstream level. We believe that today's sugar business in Indonesia is quite promising since it has a deep gap between demand and supply side. Indonesia as the 4th most populated country is expected to consume 5.7 mn MT sugar this year while the domestic production stays at 2.5-2.9 mn MT, translating to imports amounting to about half of domestic consumption. TBLA's sugar refinery business, which was commissioning by the end of the last year, is now fully operating. It processes imported raw sugar (brown sugar) into refined sugar.

TBLA dedicates 4,100 ha sugarcane estate for this year that comprise 2,100 ha nucleus area and 2,000 ha from long-leased land from local cooperative. By having sugar mill in 4Q16, TBLA will be able to process sugarcane into raw sugar and also refined sugar later on. TBLA also accelerates its growth over the next 3 years to bring the company's sugar cane plantation in Lampung. Therefore, it will add 7,000-8,000 ha gradually until end of 2016 by converting about 40% existing old CPO estate (of >20 years old) to sugarcane estates.

TBLA's sugar business model

Today, basically TBLA generates its profit from sugar operation via two simple strategies:

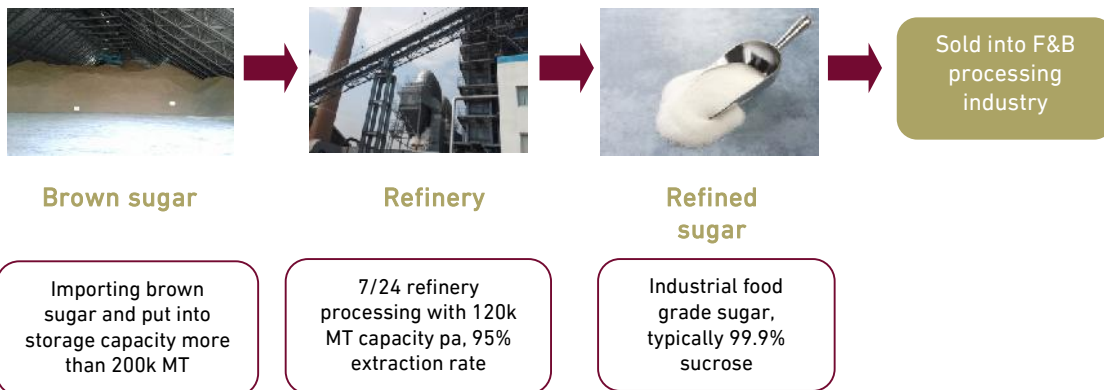
- a) Plant sugarcane and sell it directly after harvest season to local off-taker, mostly State Owned Enterprise (PTPN);
- 2) Importing raw sugar from abroad and process by its refinery into refined sugar, translating into a fine sugar for F&B industry.

Exh 7: TBLA's sugarcane business model



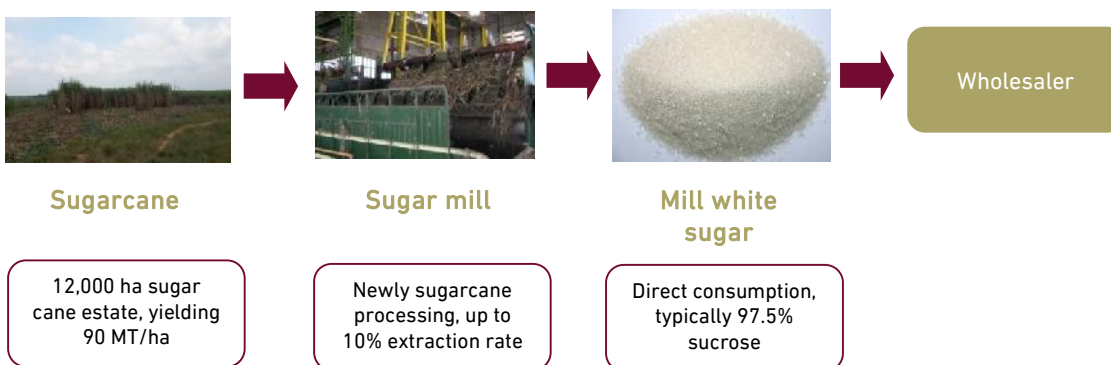
Source: Company data, Ciptadana estimates

Exh 8: Refined sugar business model



Source: Company data, Ciptadana estimates

Exh 9: Mill white sugar business model by 4Q14



Source: Company data, Ciptadana estimates

Cost structure

For refined sugar business, the management stated that cost to import raw sugar including process into refined sugar is around Rp6,000/kg. After adding processing cost, we expect cost/kg refined sugar to reach ~Rp7,000/kg, translating to 5%-10% net margin generated from floor price of ~Rp8,500/kg (before VAT). On the other hand, for mill white sugar, the company aims to earn more profit since production cost/kg hovering at ~Rp5,750/kg. As a result, TBLA could earn a lofty profit before tax (PBT) margin of 20%-25%.

Exh 10: Integrated mill white sugar margin

Cost structure / kg	
Govt. floor price	8,500
VAT	850
Revenue - net	7,650
Plantation cost/kg	2,000
Milling cost/kg	2,500
Op. expense/kg	1,250
Production cost	5,750
PBT margin	25%

Source: Ciptadana estimates

Sugar business of smallholders

Generally for some reason, sugar business is more attractive than palm oil. But why does the government impose the sugar floor price to protect the farmers if the business model works? We believe there are several reasons behind the current drawbacks of Indonesian sugar business;

1) Higher cash cost production

Sugarcane plantation is dominated by small-scale farmers, which most of them have higher cash-cost production due to inability to reach economies of scale, translating lower bargaining power. Moreover, some of them still have to pay land rent every year and face legal issue;

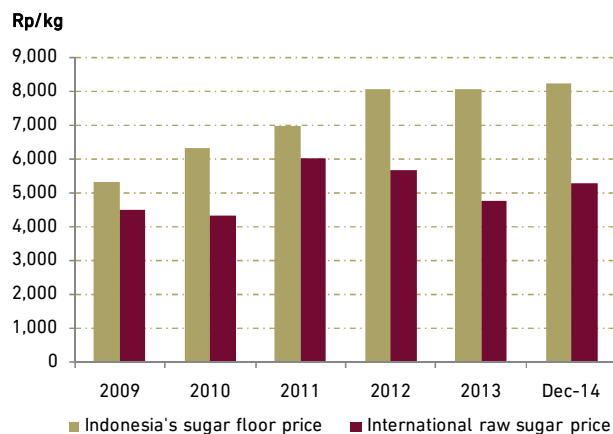
2) Lack of skill and technology

Heavy equipment plays a big role in planting, especially when seeding phase coming to create precise mound pace in regards to optimize the productivity. In addition, lack of skill in harvesting and seeding of smallholders also add more drawbacks in compare to professional company such as TBLA;

3) Low sugarcane yield

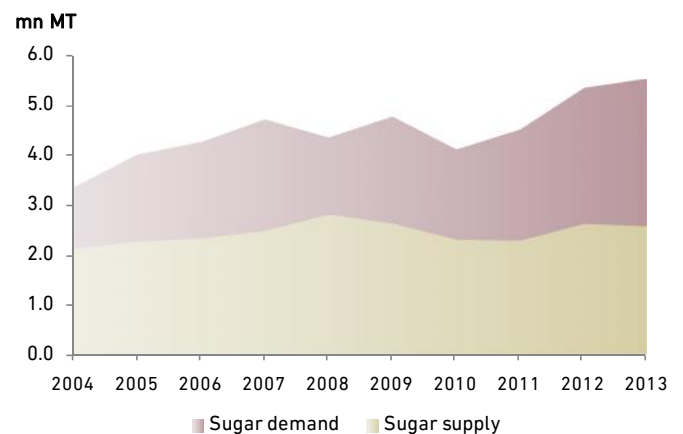
Most of the farmers sell their sugarcane only to the PTPN (State Owned Enterprise). As the PTPN's machineries are relatively old, which some of them have been used for more than 25 years, it prompts a lower yield compared the other countries. Its extraction maximum rate is only at 8% while China and Taiwan are able to process their sugarcane by higher extraction by 12% and 10% respectively.

Exh 11: Indonesian sugar floor price vs international price



Source: Company data, Ciptadana estimates

Exh 12: Lagging sugar supply against sugar demand



Suitable soil for sugarcane

We believe the TBLA's soil in Lampung is third-class soil and classified as podzolik soil or yellowish red soil. It is supported by data that Lampung has fewer volcanoes, compared to Java and North Sumatera but it suits enough to sugarcane compared to oil palm. The management stated that the soil contains PH ranging from 5.6-7, which is still within appropriate range for sugar cane (5.5-6). Moreover, the management did not use soil-calcification to reduce the soil-acid, meaning the soil is still good enough for the crops.

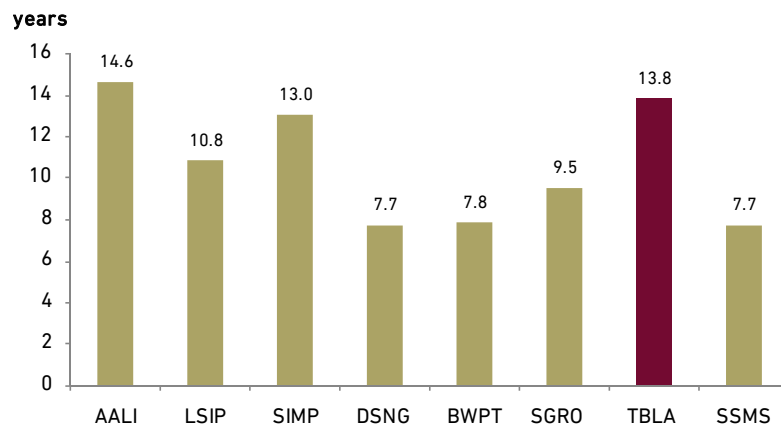
Higher sugarcane yield

The management obtains the seed from Taiwan, and hand-carrying by the airplane. After that the management conducts hybrid process first to produce better seed, which suit to Lampung's soil. The management also hires the experts from Taiwan to become operational manager. Usually Indonesian sugarcane estate produces better yield than Taiwan and China (90 MT/ha vs 75 MT/ha) due to the absence of winter season in tropical country. However, winter season may halt the sugarcane production/ha but increase the extraction rate of sugarcane into raw sugar. Sugarcane crop can be harvested annually about 4 times by leaving about one-fifth of the height of the crop when cut the sugarcane tree.

Prime mature age profile will allow monetizing quickly

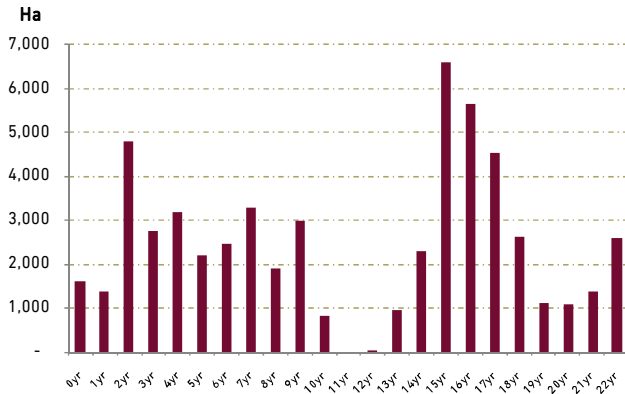
Moderate age profile and sufficient immature & young mature capacity are two key determinants of mid-term outperformance in plantation sector. Sufficient prime mature area will allow monetization of CPO that further enhances earnings and performance. While young acreage allows for a company to deliver structural growth as its acreage moves up the maturity curve and increases output. TBLA owns 36% prime mature in its estate while the immature, young mature and mature amounting at 19%, 23% and 13%, respectively. Furthermore, the old mature plants will be converted into sugarcane. As a result, we believe these companies have the potential to outperform vs. the sector in the medium term.

Exh 13: 14F age profile comparison



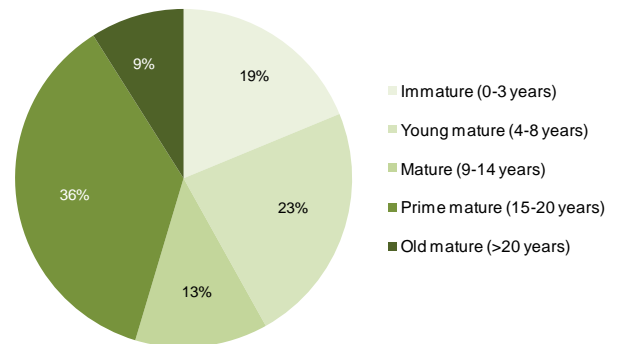
Source: Ciptadana estimates

Exh 14: TBLA plantation age profile by year



Source: Ciptadana estimates

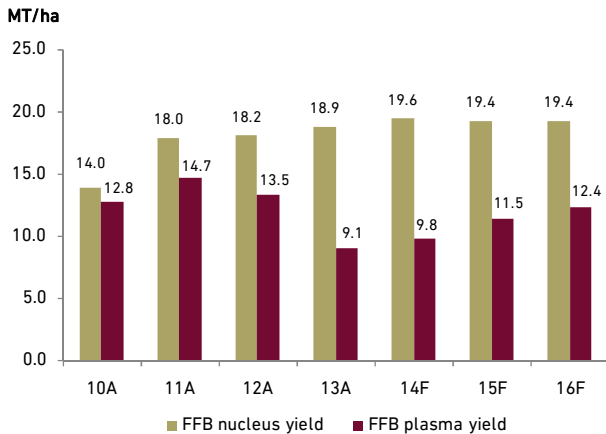
Exh 15: Prime mature is dominating by 36%



Magnificent nucleus FFB yield for 3rd class soil

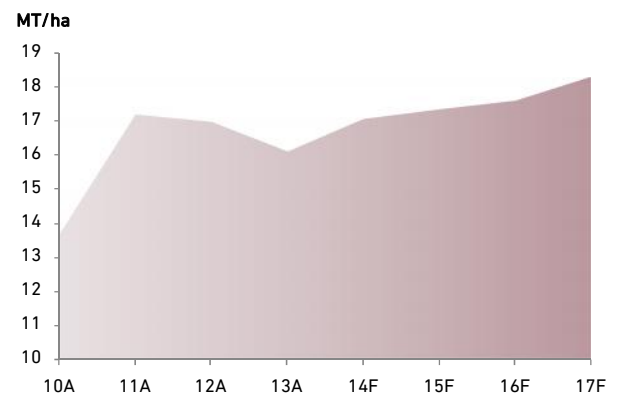
TBLA main CPO production is coming from Lampung estates, which most of its soil is categorized as low class (3rd class soil). But compared to the others Indonesian planters, TBLA's FFB yield for 2014F is relatively good. Under our coverage, TBLA sits at 3rd rank after DSNG and AALI. TBLA will surprise the street on the nucleus FFB yield in 2014F in terms of output, leaping LSIP and SIMP. Also, better weather during the last six months with sufficient rainfall will translate FFB yield to 19.6 MT/ha, compared to 18.9 MT/ha last year. This led consolidated FFB yield to increase to 17 MT/ha in 14F from 16.1 MT/ha. Furthermore, plasma FFB yield is expected to show its teeth after experienced steep decline in 2013 to 9.1 MT/ha. In conclusion, the 9M14 output result to us that increasing by 41% yoy has indicated the sign of turnaround; then, we expect growing revenue from CPO is likely.

Exh 16: Nucleus and plasma FFB yield

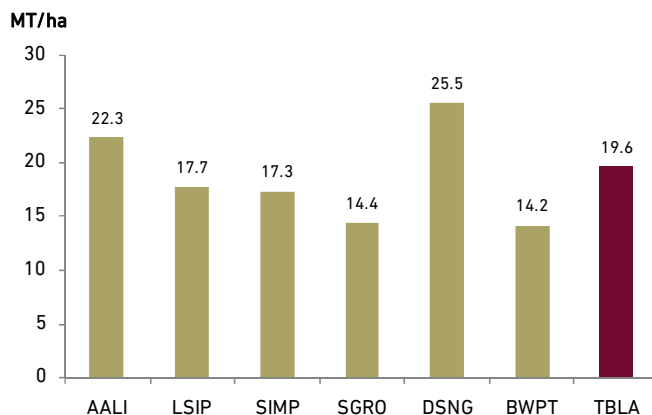


Source: Ciptadana estimates

Exh 17: Consolidated FFB yield



Exh 18: Nucleus FFB yield comparison 14F



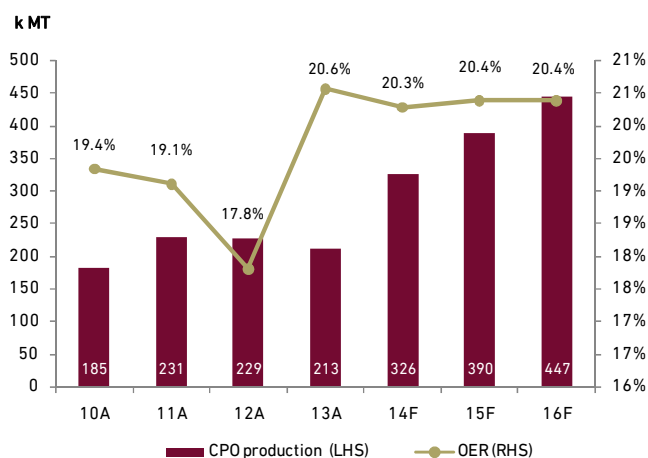
Source: Ciptadana estimates

CPO production to continue rising

In 9M14, CPO production jumped by 61.8% yoy to 214k MT from 132k MT. FFB from plasma and 3rd parties purchased made significant contribution with 67.6% and 80% yoy increase in 9M14 to 124k MT and 604k MT, respectively. This is a trend that we believe will continue to strengthen going forward, as the group's acreage moves up the maturity curve while the old mature will be slashed into sugarcane. Moreover, we see 3rd party portion against nucleus portion is getting bigger, hovering at 1.5x from 1.2x in 13A, translating lower nucleus onwards. In sum, it means the company will depend on lower margin business ahead from 3rd party purchase.

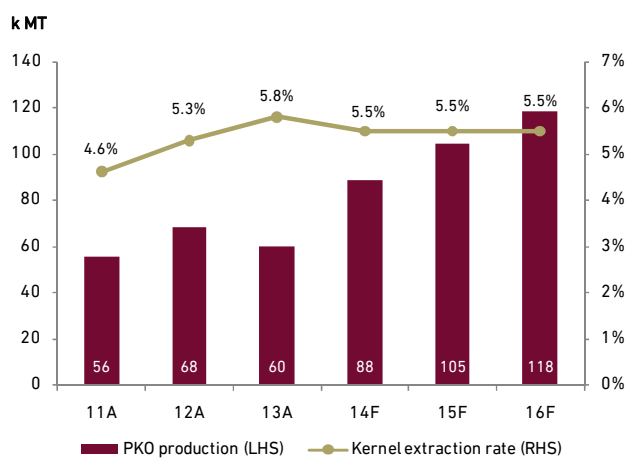
For CPO production, we conservatively expect the 15% yoy CPO production growth to 273k MT for 15F, excluding stronger probability of El-Nino, which recently released by several Meteorology entities. We believe it is quite conservative since today's growth reaching 61% yoy for 9M14. Oil extraction rate (OER) will stable within range 20%-20.5% as more FFB coming from external, tends to curb its upside potential in terms of extraction rate. Following CPO production jump, kernel production is also expected to rise 14% to 73k MT from with stable extraction rate at 5.5%.

Exh 19: CPO production and oil extraction rate



Source: Ciptadana estimates

Exh 20: PKO production and kernel extraction rate



Certification as the major bottleneck for new planting

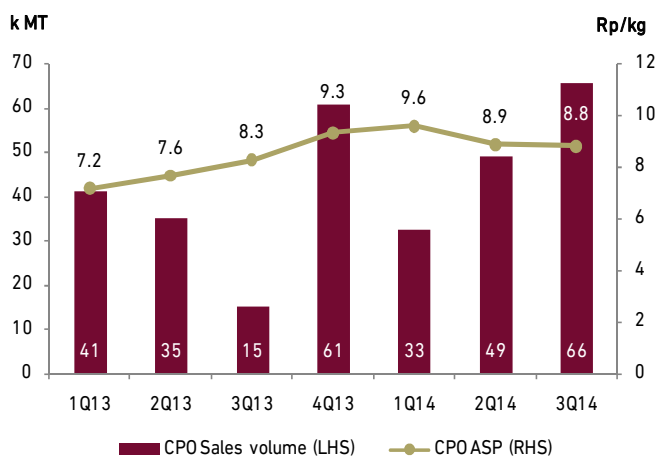
The environmental certification such RSPO is the major bottleneck, in our view. This will be a common trend across plantation industry, especially with major customers from overseas demanding certified palm oil as part of their own sustainability strategies. Of course, slower nucleus acreage expansion is a concern in the long term for TBLA's earnings growth prospects.

Stable average selling price amidst turmoil

Despite international CPO price dropped in 3Q14, TBLA CPO average selling price (ASP) in 3Q14 was relatively unchanged to Rp8,798/kg from Rp8,850/kg in 2Q14. CPO sales volume is expected to go higher by 16.5%, releasing more inventories to the market. With no doubt, weakening rupiah against US\$ will provide somewhat cushion for Indonesian CPO competitiveness. It translates 2015F ASP to remain strong, hovering at Rp8,600/kg.

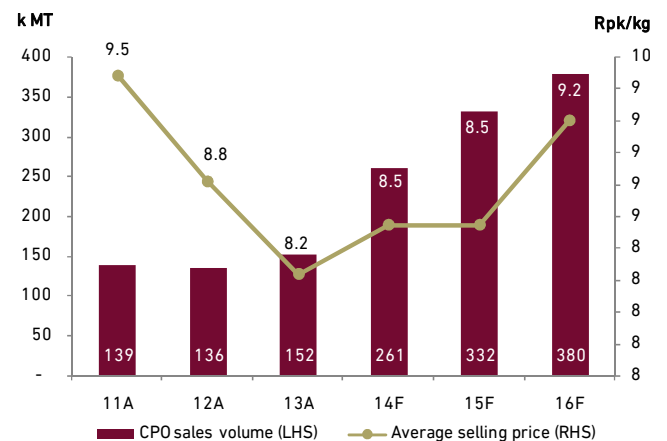
The upstream business continued on their strong growth momentum along with fresh fruit bunch (FFB) processed increasing 62% yoy during 9M14, the one of the fastest pace of growth over the last five years. Demand wise, we note that the demand for palm oil is quite sticky and should continue to be stable, as it is not easy to substitute the two crops such as soybean oil and sunflower oil. Therefore, we believe TBLA CPO sales volume is expected to reach 340k MT in 15F, increasing by 20% yoy.

Exh 21: Quarterly CPO sales volume and CPO ASP



Source: Ciptadana estimates

Exh 22: Annually CPO sales volume and CPO ASP

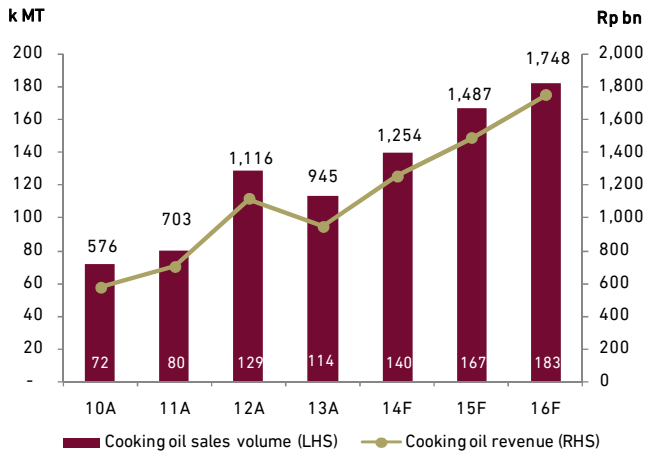


TBLA cooking oil is getting popular

TBLA cooking oil products are sold under Rose Brand and Tawon brands, targeting medium to lower market segments in the country. Also, new Rose Brand margarine has recently been introduced to the market. To make greater inroad penetration, TBLA is utilizing on Sungai Budi Group's nationwide distribution network with 21 marketing offices and more than 48,000 outlets throughout Indonesia.

In 9M14, the proportion of branded cooking oil grew significantly, amounting of 46% of cooking oil total sales, compared to 25% in 2012. Therefore, we see demand from branded cooking oil such as Rose Brand soar up, expecting to surpass the generic (bulk) demand in 2016F. Total cooking oil sales volume grew by 19% CAGR from 2000 until 2014F. Spurred by newly palm cooking refinery (300k MT pa), we remain optimistic to set 19% sales volume growth in 15F. This would lead ~Rp1.5 tn revenue only from cooking oil business.

Exh 23: Cooking oil sales volume growing by 19%

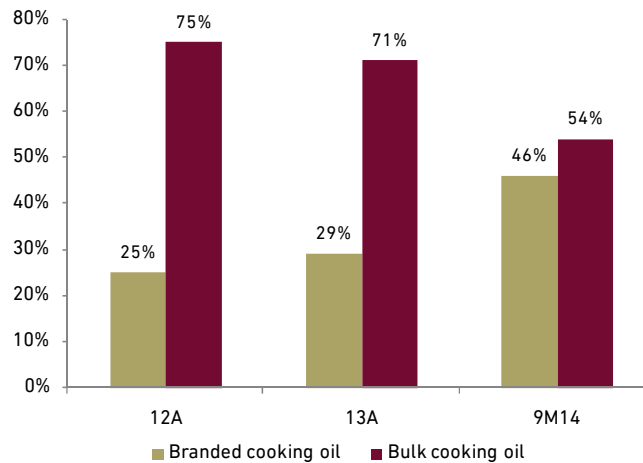


Source: Company data, Ciptadana estimates

Exh 24: Bulk vs branded cooking oil sales mix



Exh 25: Bulk vs branded cooking oil sales mix

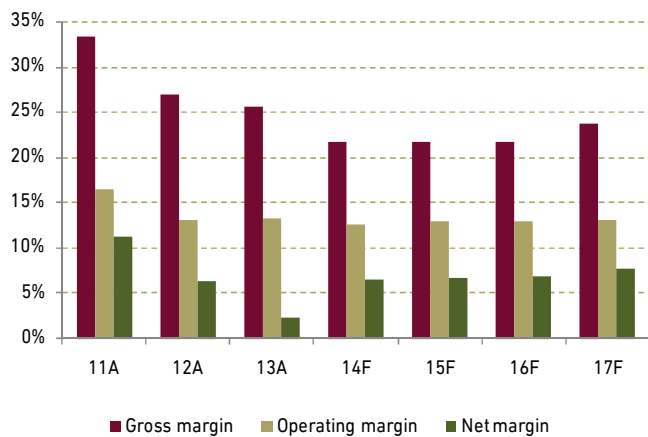


Source: Company data

Flat margin before sugar mill completion

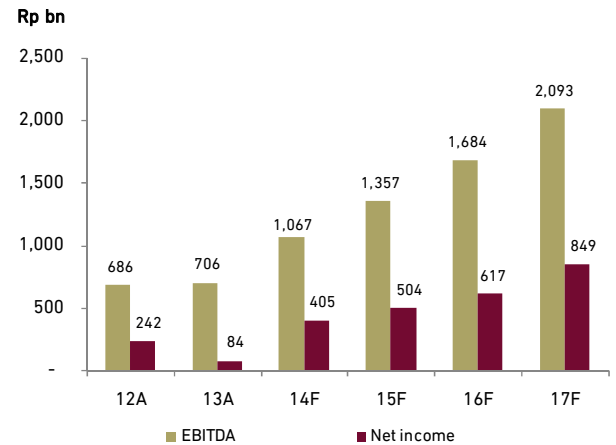
TBLA plans to develop more downstream business will likely slide the margin, in our view. Recall that palm cooking oil and refined sugar business command lower margin compared to upstream business such as CPO. We conservatively expect flat margin for 2015F despite growing revenue. For 2015F-16F, we estimate gross margin and EBIT margin remain flat at 22% and 13%, respectively. But all of all, squeezing margin does not mean decreasing value as the company will earn bigger profit and ROE as well. Hence, we do not worry at all since long term story in play, seeing margin improvement in 2017F after sugar mill completed in 4Q16.

Exh 26: Margin is expected to rebound in 17F



Source: Ciptadana estimates

Exh 27: Robust revenue and net income

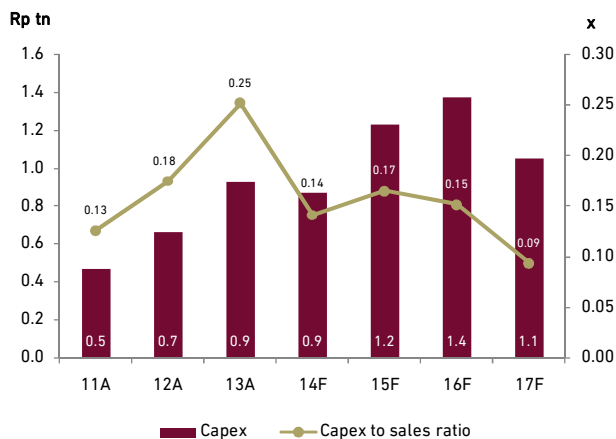


Higher capex for expansion

The company's capex requirement would be relatively high in the next two years, amounting to ~Rp1.2-1.4 tn each year as the company will establish the new sugar mill as well as undergo significant new plantings for sugarcane within its estates. Going forward, we expect the company to start to enjoy the fruits of such spending in 2017F. The capex-to-sales ratio in 15F should increase to 0.17x from 0.14x before declining to 0.09 in 2017F. In sum, free cash flow should have a positive contribution starting 2017F.

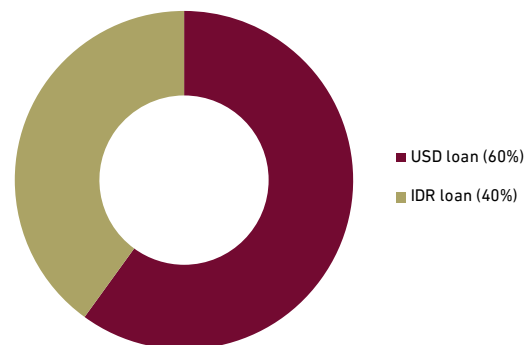
We see risk from company's US\$ loan while most of revenues are in rupiah. As today's US\$ has sparked jitter to more than Rp12,500/sh we see interest expense may increase in 4Q14. TBLA's balance sheet sits on 60% US\$ loan, which is dominated by bank loan.

Exh 28: Capex plan



Source: Ciptadana estimates

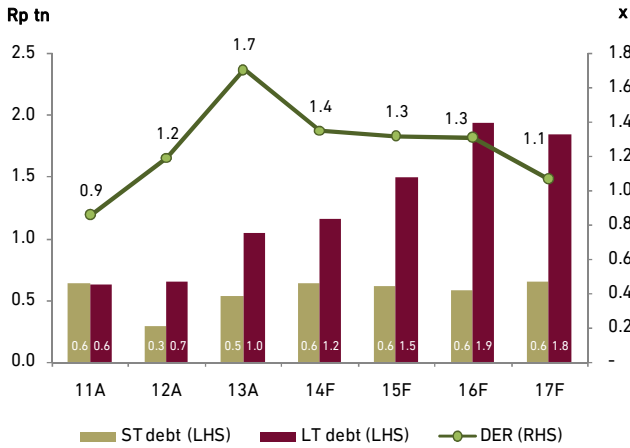
Exh 29: Bank loan is dominated by US\$ loan



Expecting declining DER despite expansions plan

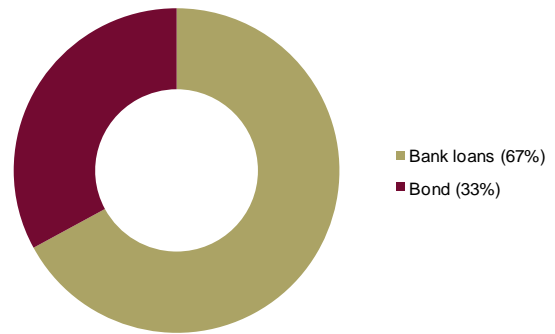
One of our main concerns on TBLA was its high leverage where DER reached 1.7x in 2013. The company expects to maintain DER at an acceptable level amidst current expansion plan, which might require the company to take on additional debt in the foreseeable future. Last month, TBLA initiated new share issuance of Rp286bn through a non-preemptive rights mechanism where the proceeds shall be used to strengthen the company's current capital position. Total net debt in 2016F may reach Rp2.4 tn; however, we expect DER to remain stable and will decline over the next few years – down to 1.1x by 2017F on the back of surging sugar production. Furthermore, this would also mean higher proportion EBIT relative to interest expense.

Exh 30: DER and loan value



Source:Ciptadana estimates

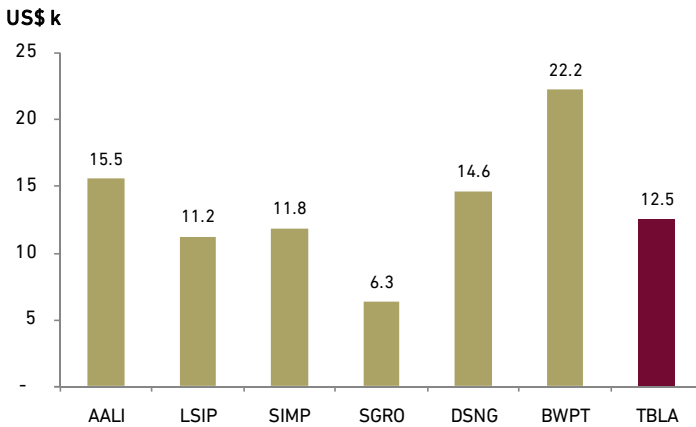
Exh 31: Loan structure



Relatively cheap on EV/ha and EV/Ebitda valuation

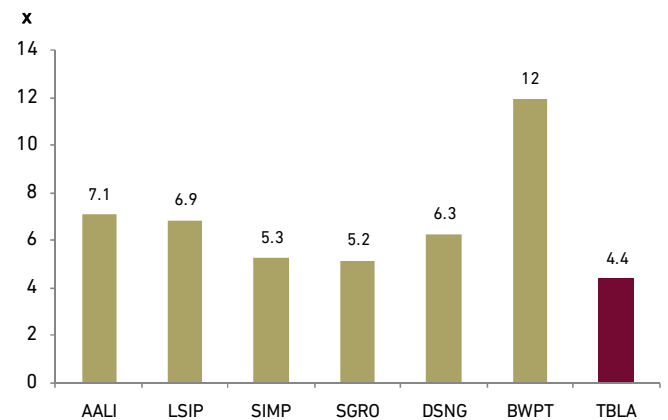
Nonetheless several investor underestimates TBLA since it has smaller planted area compare to other listed plantation company. We see its relative valuation is quite promising to give lofty upside potential. On top of that, based on Rp735/sh, the company still has attractive 2014F EV/ha trading at US\$12,500/ha, representing 7% discount to our plantation universe with average of US\$13,400. Furthermore, the company is trading at EV/Ebitda-15F of 4.3x, still lagging behind its peer's average of 6.7x.

Exh 32: EV/ha comparison



Source:Ciptadana estimates

Exh 33: EV/Ebitda comparison



9M14 results review

TBLA's 3Q14 net profit jumped three-fold (+203% qoq) as higher earnings from skyrocketing sales volume helped to offset a decline in CPO ASP. 3Q14 gross profit came at Rp 676 bn, a 117% qoq increase while operating income rose by 113% qoq to Rp418 bn from Rp196 bn. As TBLA reports its financials in Rupiah, this requires the company to mark-to-market its foreign currency liabilities each reporting period, which under weakening Rp circumstances, triggers unrealized forex losses. Cashflow wise, since 30% of TBLA sales are made in US\$, the company is partly insulated from currency risk. In addition, we also see joyful margin recovery in 3Q14 with net margin increasing to 8.4% from 5.2%.

Exh 34: 9M14 and 3Q14 results and operational performance

Rp bn	9M14	9M13	yoy	3Q14	2Q14	qoq	14F	Achv.
Financial performance								
Revenue	4,492	2,414	86%	2,917	1,575	85%	6,168	73%
COGS	-3,504	-1,759	99%	-2,241	-1,263	77%		
Gross profit	989	655	51%	676	312	117%	1,340	74%
<i>Gross margin (%)</i>	<i>22</i>	<i>27</i>	<i>-5.1</i>	<i>23</i>	<i>20</i>	<i>3.4</i>		
Operating expense	-374	-302	24%	-258	-116	123%		
Operating income	615	353	74%	418	196	113%	783	78%
<i>Operating margin (%)</i>	<i>13.7</i>	<i>14.6</i>	<i>-0.9</i>	<i>14.3</i>	<i>12.5</i>	<i>1.9</i>		
Derivative transactions	-76	-156	-51%	-15	-61	-75%		
Interest income	11.6	17.5	N.A	10	2	365%		
financial charges	-152	155	-198%	-94	-58	64%		
Others	24.1	29.4	-18%	-1	25	-105%		
Profit before tax	422	89	374%	317	105	201%	523	81%
<i>PBT margin (%)</i>	<i>9</i>	<i>4</i>	<i>5.7</i>	<i>11</i>	<i>7</i>	<i>0.6</i>		
Income Tax	-95	-15	538%	-71	-24	192%		
Net Income	327	74	341%	246	81	203%	408	80%
<i>Net margin (%)</i>	<i>7.3</i>	<i>3.1</i>	<i>4.2</i>	<i>8.4</i>	<i>5.2</i>	<i>3.3</i>		
Sales volume								
CPO (k MT)	147	91	61.4%	98	49	101%		
PKO (k MT)	58	57	2.2%	40	18	124%		
Palm Cooking Oil (k MT)	111	86	28.3%	75	35	113%		
Sugar (k MT)	79	4	N.A.	39	40	-1%		
Sugar cane (k MT)	92	84	9.2%					
Average selling price								
CPO (Rp/kg)	8,990	7,521	20%					
PKO (Rp/kg)	12,876	7,000	84%					
Palm cooking oil (Rp/kg)	10,001	7,957	26%					
Sugar (Rp/kg)	7,566	8,755	-14%					
Sugar cane (Rp/kg)	398	466	-15%					
Estates productivity								
FFB nucleus (k MT)	398	282	41%					
FFB plasma (k MT)	125	74	68%					
FFB 3rd party (k MT)	604	336	80%					
FFB Yield – nucleus (MT/Ha)	11.3	8.4	35%					
CPO production (k MT)	214	132	62%					
CPO extraction Rate (%)	20.0	20.1	-0.1					
PKO production (k MT)	60	36	69%					

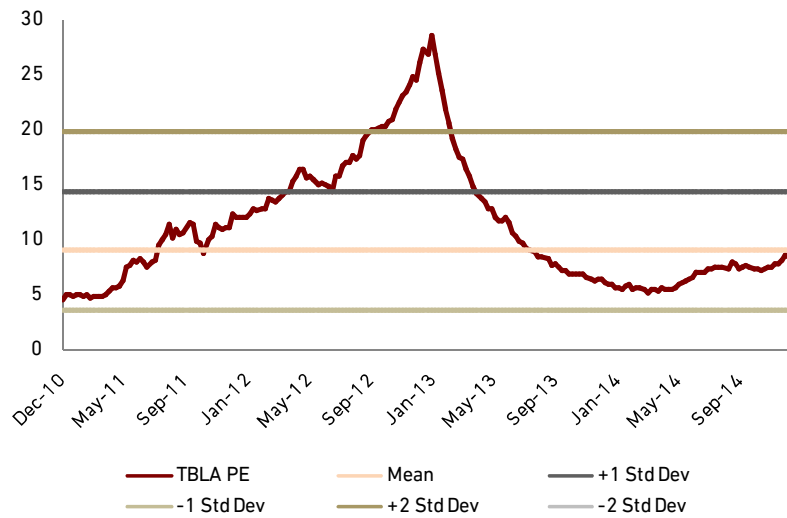
Source:Ciptadana estimates

Valuation

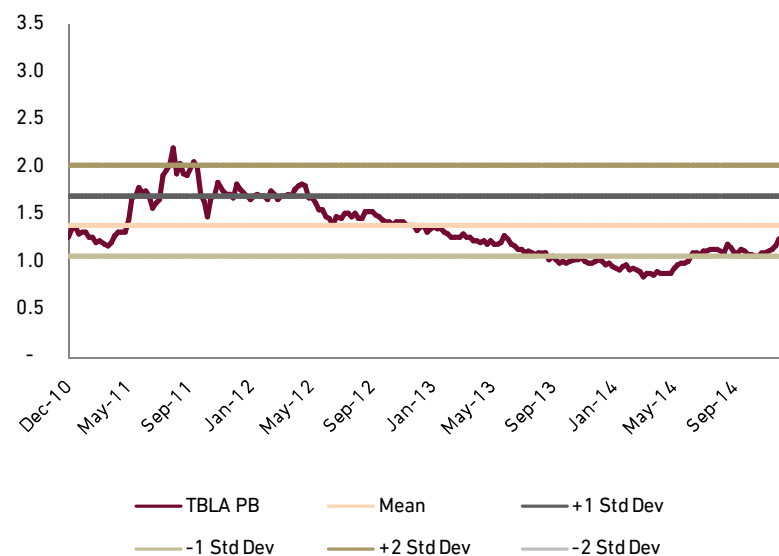
We initiate coverage on Tunas Baru Lampung (TBLA) with a BUY recommendation and a target price of Rp 1,035/sh based on 11x target PER-15F. Our target price suggest a 41% upside potential from the current price of Rp 735/shares. We deem 11x target PER15F is as attractive as CPO peers commonly trading at 14x-15x target PER.

The stock often to be traded around three year average mean of 12x. We do not see this expensive, as we believe it is justified by moderate production growth profile coupled with increase margin and better yield. Looking back in 2012 during the commodities upturn, TBLA's valuation was peaking to 28x PE. As a result 11x target PER15F is reasonable.

Exh 35: PE band



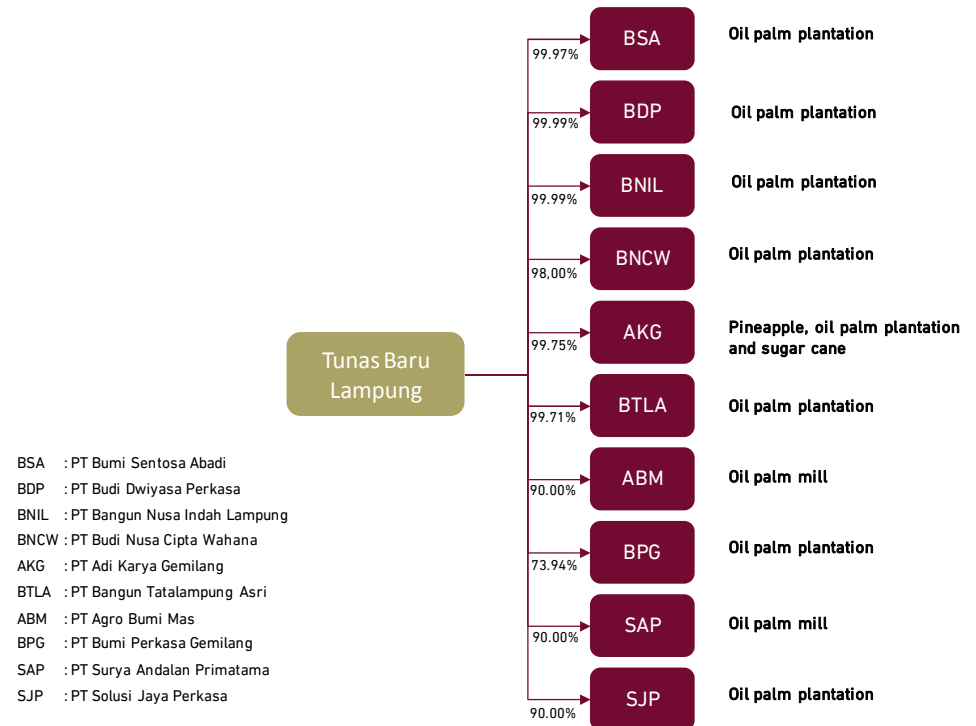
Exh 36: PBV band



Company structure

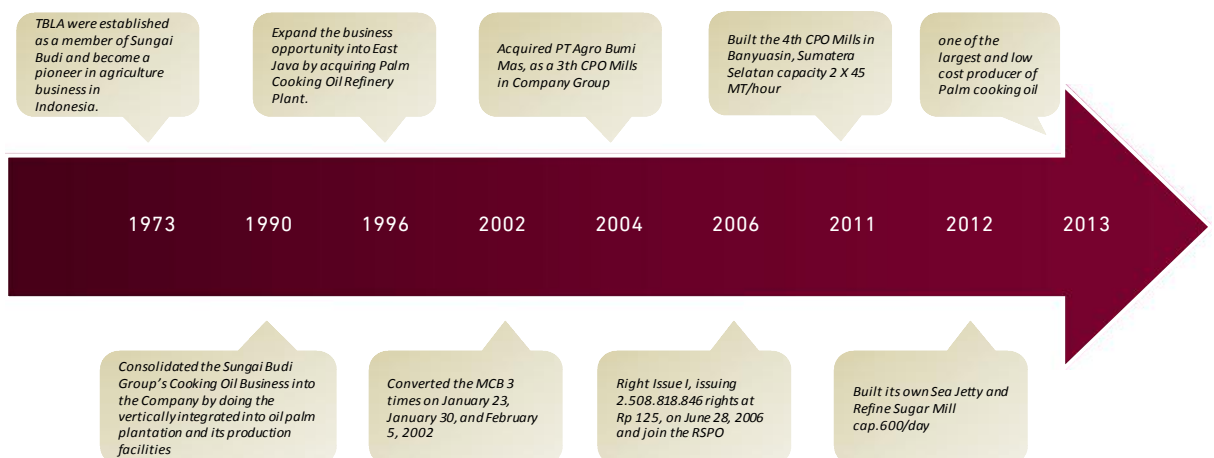
TBLA has achieved many significant milestones for many years. It was first established as a member of PT. Sungai Budi, a leader in the agribusiness industry in Indonesia, TBLA later began to expand its business through the acquisition of a Palm Cooking Oil Refinery plant in East Java. The Company began constructing CPO mills throughout Indonesia to diversify its business. Its success is currently based on the fact that it is now one of the largest and low cost producers of palm cooking oil.

Exh 37: Company and its subsidiary



Source: Ciptadana estimates

Exh 38: Company milestone



Source: Ciptadana estimates

Exh 39: Director and commissioner

Name	Age	Position	Experience
Santoso Winata	52	President Commissioner	He has held position as President Commissioner of the company since 1990. Presently holds position as the Vice Chairman of Sungai Budi Group, President Director of PT Budi Starch Sweetener Tbk (Formerly PT Budi Acid Jaya Tbk) since 1987
Oey Albert	40	Commissioner	He has joined Sungai Budi Group since 1998. In 2002 he was appointed as director of PT Budi Starch Sweetener Tbk (Formerly PT Budi Acid Jaya Tbk) Presently holds position as a Commissioner of the company since 1999.
Richtter Pane	44	Independent Commissioner	He has joined in the Company since 2002 as an Independent Commissioner. Previously he held a number of positions namely as an Commissioner at PT Villa Ayu (2003 – now), Director at PT Sunset Studio One (2011-now) He was commissioner at PT Graha Swahita (2008-2010), Director at PT Glendale Partners (2006-2008), Director at PT Global Express Finance (2003-2006)
Widarto	67	President Director	He has joined Sungai Budi Group since 1966 and since 1985 he has been appointed as Chairman of the group. He has held the position as President Director of the Company since 1986. He has been appointed as President Commissioner of PT Budi Starch Sweetener Tbk (Formerly PT Budi Acid Jaya Tbk) since 1987
Sudarmo Tasmin	56	Deputy President Director	Started his career as external auditor in Public Accountant Firm Santoso Reskoatmojo (1981-1982), an as internal auditor in Inti Salim Corpora (1982-1984). He joined Sungai Budi Group in 1984 and was appointed as the director in 1986. He has held position as the Vice President Director of PT Budi Starch Sweetener Tbk (Formerly PT Budi Acid Jaya Tbk) since 1994 and Deputy President Director of the company since 1999
Winoto Prajitno	67	Director	He has joined Sungai Budi Group since 1966 as General Manager of domestic marketing. Presently holds position as the Director of PT Budi Starch Sweetener Tbk (Formerly PT Budi Acid Jaya Tbk) which was started in 1994 and the Director of the company since 1996.
Oey Alfred	38	Director	He has obtained Bachelor of Science in Business Administration Major Finance of Ohio State University, Columbus, USA in 2000. He has joined Sungai Budi Group since 2000 and has appointed as the Director of the company since 2002.
Djunaidi Nur	62	Director	He was appointed as Manager of Administration Institute of Trisakti University and university instructor of Economics Faculty of Trisakti University (1972-1982). He joined Sungai Budi Group in 1982 and was appointed as General Manager in a number of Sungai Budi group of companies until 1990. He has also been appointed as Director of Sungai Budi Group since 1991, Commissioner of PT Budi Starch Sweetener Tbk (Formerly PT Budi Acid Jaya Tbk) since 1994 and Director of the company since 1997.
Toew Soi Eng	64	Director	He has been appointed as unaffiliated Director of the Company since June 2012 until now. Having many working experiences in Palm Oil Plantation, such as Lim & Lim Plantation, Johor Malaysia acting as Manager, Scientex Group Malaysia acting as Plantation General Manager. Company of Majelis Perbandaran Johor Baru Tengah acting as Ahli Majelis Johor Baru.

Source: Ciptadana estimates

Investment risk

We have identified several risks that the company may bear and that affect both its business and financial performances such as:

• Land ownership issue

One of the main issues of plantation estates in Indonesia is conflict with local communities with regard to the ownership of the land caused by lack of clarity of legal ownership and land status. In spite of efforts taken by the government and related parties who have interest in it, the land problem has been a classic issue.

• Exchange rate

Since the company owns 70% of its loan principal in US\$, the weakening of rupiah against US\$ will give significant impact to its income statement. Moreover, in cashflow wise, interest expense could soar up suddenly on the back of weakening rupiah.

• New planting risk

We implement and adjust new planting scheme based on management guideline and our assumption. New planting delay due to plant diseases and adverse weather may also affect our financial forecasts.

• Weather risk

Agriculture plantations are generally prone to weather conditions. Severe drought or heavy rainfall could disrupt production and harvesting activities, resulting in lower than expected production growth.

• Commodity price risk

Commodity prices are highly correlated with fundamental factors such as demand and supply, and movement of other substitute edible oil prices. Weaker-than-expected demand or higher-than-expected supply, which might drag down CPO price, will erode margins and reduce the net income forecast. Drop in the international CPO price could also adversely affect the company's operations, business and financial condition.

• Government policies risk

Changes in government policies such as trade barriers, sugar import quota restriction, incriminating export taxes and other restrictions that are imposed by Indonesia and/or other countries may affect the business performance. Therefore, the inability to guarantee protection from regulatory changes can hinder both current and new investment in palm oil business.

• Environmental and social issue

Concern over environmental and social issues in production, trade and processing of commodities are now an important risk to be addressed. This will be a common trend across plantation industry, especially with major customers from overseas demanding certified palm oil as part of their own sustainability strategies.

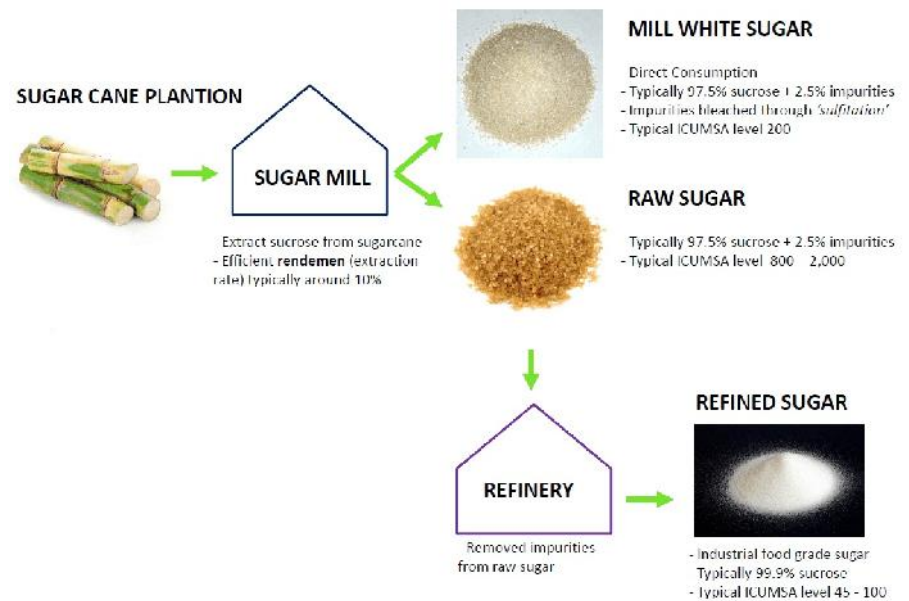
Industry Analysis – Sugar

Indonesian refined sugar business depends on import quota

Indonesian government undeniably is trying to limit sugar import; however, we foresee the government will not lower the quota significantly for the next year since the demand is getting higher. Officially, we see refined sugar needs for F&B industry only could be met from sugar importers, which transformed imported raw sugar into refined sugar through refinery. But the fact is saying differently since both of refined sugar and mill white sugar from foreign country had fed illegally into the household market.

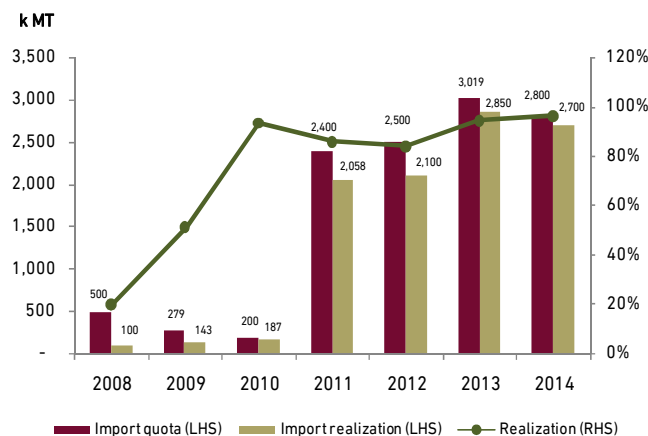
Indonesian raw sugar import is limited by strict quota, which this year fenced by 2.8 mn MT and is expected to cut for 2015. However, the realization until Nov14 has reached 2.7 mn MT, or 96% from the total quota, indicating a huge demand from domestic consumption. As per August 2014, TBLA imported 108k MT of raw sugar or about 5% total 8M14 imported sugar in Indonesia.

Exh 40: Indonesian sugar business scheme illustration



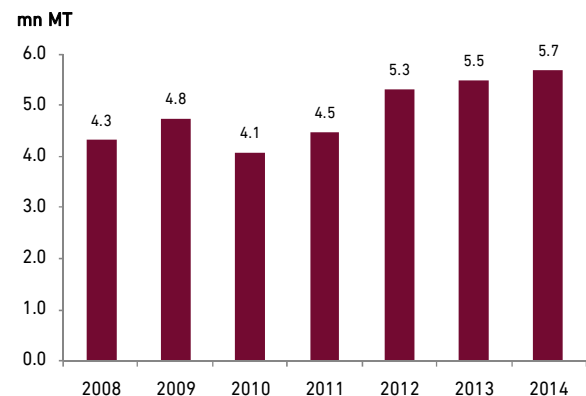
Source: Company data

Exh 41: Indonesian import quota



Source: Ministry of Trade, Ciptadana estimates

Exh 42: Indonesia sugar consumption

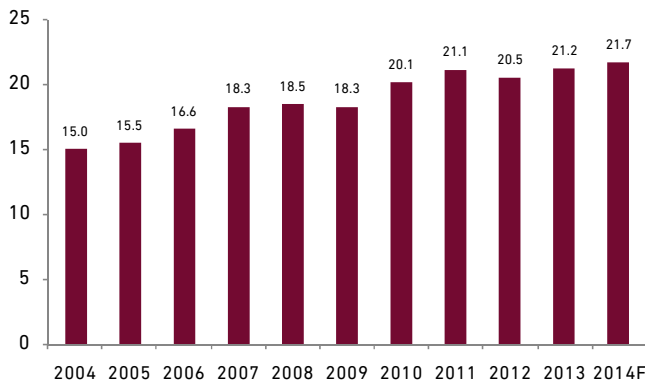


Lagging sugar production to meet demand

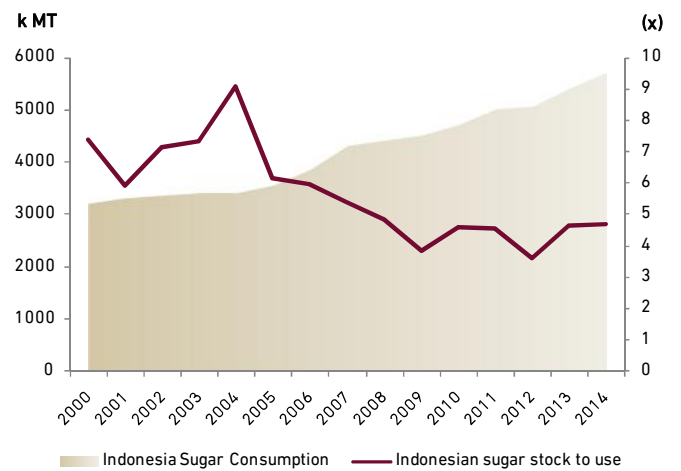
According to the International Sugar Organization, Indonesian domestic consumption is estimated to be at 21.7 kg per capita in 2014, compared to an average of 17.5 kg per capita in neighboring countries. That being said, Indonesia only accounts for 3% of the global sugar production. While Indonesia is blessed with an ideal climate for sugarcane plantation, the sector has seen too little investment over the past decades due to high production and operating costs. Production levels have failed to keep up with the increased demand in domestic consumption and thus, most of the country's raw sugar supply is imported.

Moreover, Indonesia, as the world's fourth most-populous nation, consumes more sugar than any other Asian country. On the other hand, the price for sugar has declined relatively in the past three years, making 2013 a terrible year for Indonesian sugar farmers. Yet, the pace of the price fall slowed down a little in 3Q14. For the 1Q15, we positively hope for a sugar price above US\$.46/kg. If supplies continue to tighten, this positive price trend could continue upwards to 2015F.

Exh 43: Indonesian sugar per capita kg/year

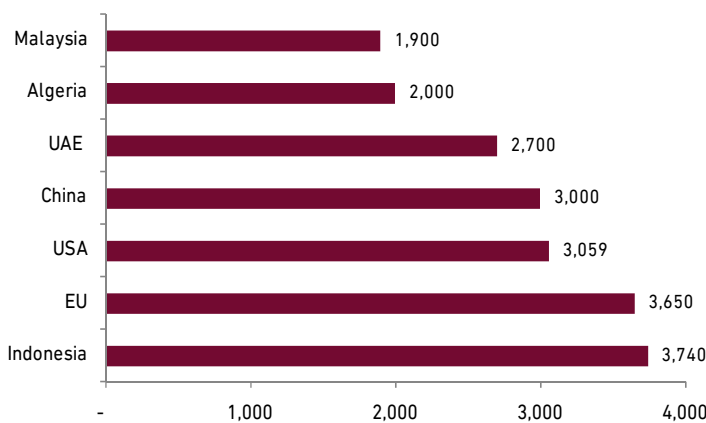


Exh 44: Indonesia sugar stock to use



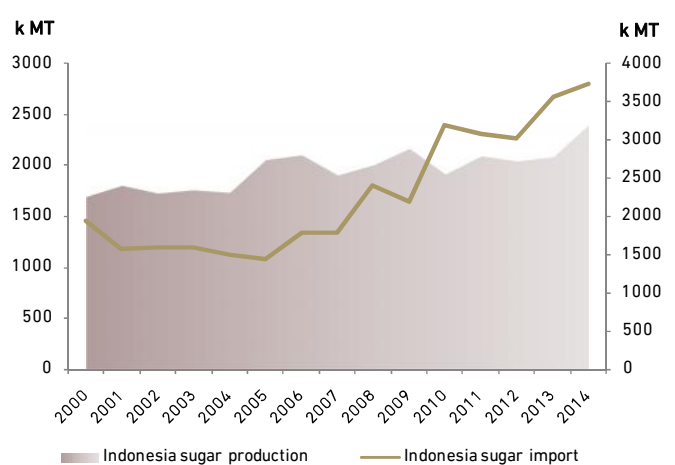
Source: CEIC, Ciptadana estimates

Exh 45: Top global sugar consumers country



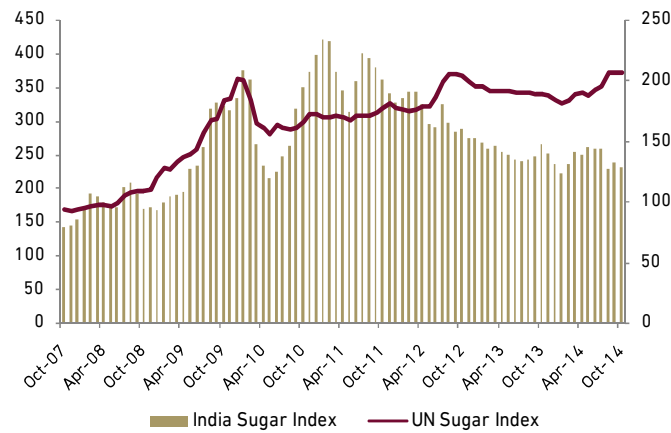
Source: Company data, Bloomberg, Ciptadana Estimates

Exh 46: Indonesia sugar import outpaces the production



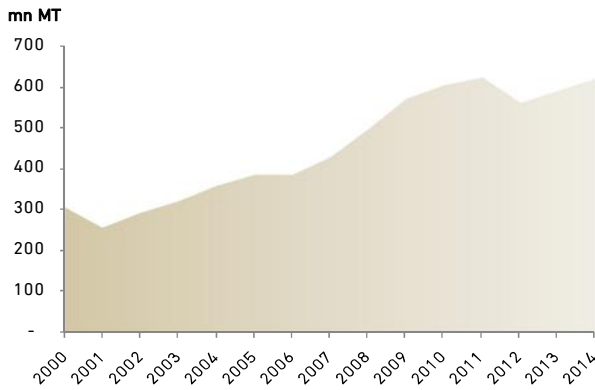
Global sugar production in 2014 is led by Brazil, followed by India and the European Union. For 2014, it is estimated to be at 175mn (metric) tons, down over 1 mn from 2013 due to lower production in India and Russia; this is somewhat affected by the growth in China and Thailand. With abundant supplies continuing to affect the market, this should in turn result in lower prices to stimulate global consumption.

Exh 47: Indonesian sugar business scheme illustration



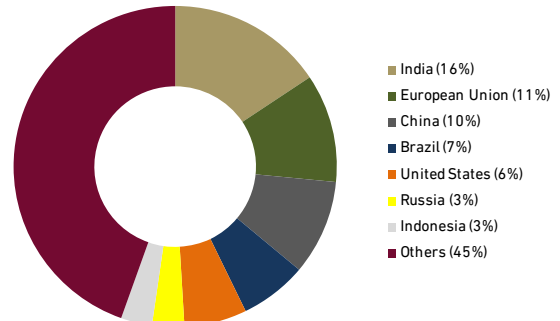
Source: Bloomberg

Exh 48: Global sugarcane production



Source: Ministry of Trade, Ciptadana estimates

Exh 49: Global sugarcane production

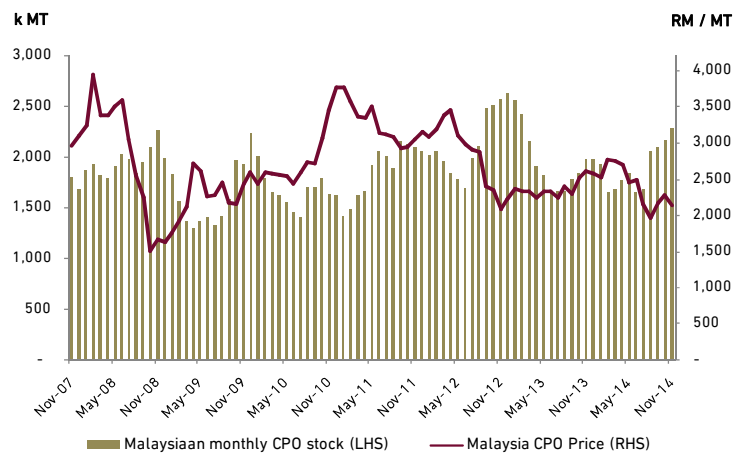


Industry Analysis – Palm Oil

Street is too bearish on CPO glut

We believe that most downside risk in CPO prices on the back of higher CPO supply than demand has already priced in. We see the street's fear of CPO glut is unjustified. Based on seasonal pattern, we see CPO prices often come lower in Oct-Nov and peaking up in Mar-Apr. Therefore, we suggest investors to buy CPO stocks in 4Q14 to anticipate higher stock price in 1Q15. Despite inventories level in November seems horrific compared to last year, we see nothing to worry after seeing higher inventory level in 2012. In addition, a combination of upgrading status EL-Nino from "Watch" to "Alert" in this Nov14 by Australia Bureau of Meteorology and also implementation biodiesel (B7) program may boost the CPO stocks onwards. In conclusion we set moderate bullish to our CPO price assumption at RM2,350/MT.

Exh 50: Seasonality declining CPO inventory in the 1st quarter



Source: MPOB, Bloomberg

Easing soybean bumper harvest

The US bumper harvest season has started to ease off, limiting further potential upside surprises for the crop. The important thing, soybean-to-corn price ratio is beginning to favor corn as Latin American farmers prepare for the planting season currently. We expect the gap between acreage land areas between corn against soybean widening to about 11 mn acres in 15F from 10.2 mn acres in 14F. Latin American farmers are preparing for the upcoming planting season. The price ratio of soybeans to corn rose above its historical mean of 3.1x around July 2014 and now start to decline. As the harvested US soybean crop starts to ship, we believe this ratio will further revert to the mean.

Exh 51: Soybean planting season in major producer

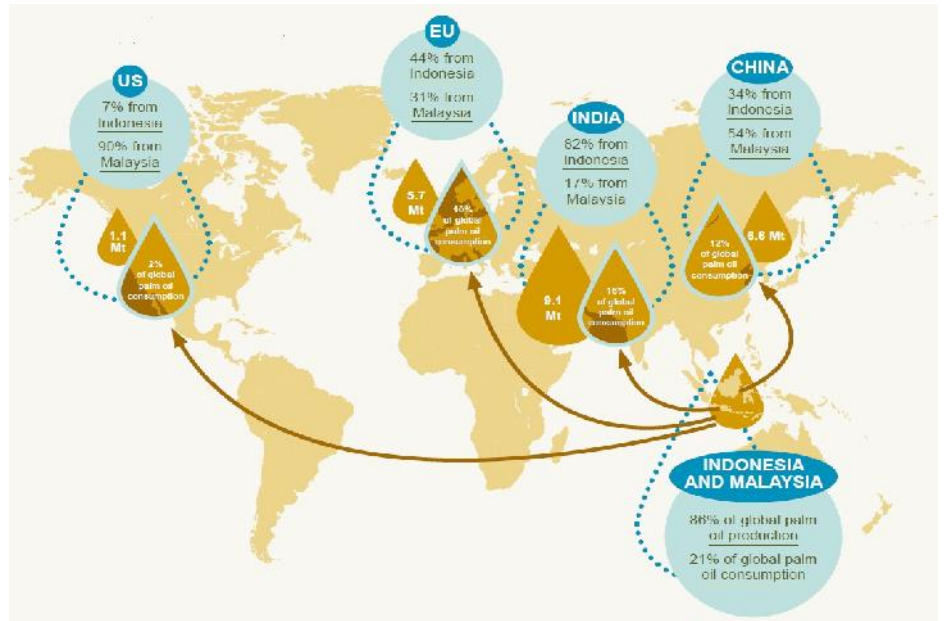
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
US					P	P	G	G	G	H	H	
Latin America	G	G	G	H	H	H				P	P	P
China					P	P	G	G	H	H		

Source: USDA, Note: G = Grow, P = Plant, H = Harvest

Global Rising demand as the cheapest vegetable oil

There is an increasingly rising global consumption for CPO. In 2013, the EU recorded the highest CPO consumption (60 kg/capita), followed by the United States (55 kg/capita), Indonesia (34 kg/capita), China (25 kg/capita), and India (15 kg/capita). Particularly, Indonesia's domestic palm oil consumption has increased on average by 8.79% annually in the last six years, and we believe that this growth trend will continue during the next year. The growing international and domestic demand for edible oils has allowed Indonesia to become the global leader in terms of the cumulative area of oil palm plantations and CPO production; ahead of Malaysia (the second biggest CPO supplier).

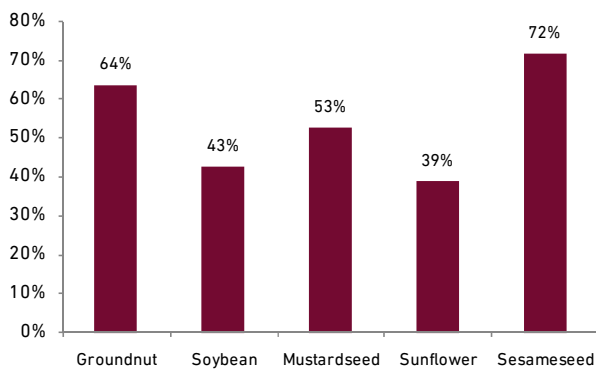
Exh 52: Worldwide CPO trading map



India remain the anchor buyer of Indonesian CPO, tax structure may change

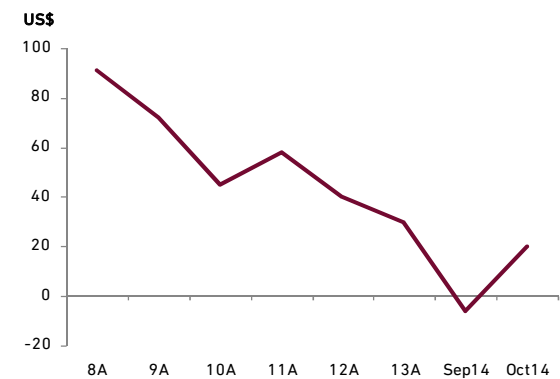
Despite the fact that India produce vegetable oil and oilseed, India has a substantial dependency to CPO and derivatives imports from Indonesia and Malaysia due to its low productivity/ha. Furthermore, both Indonesia and Malaysia have introduced an aggressive duty structure to support their refinery industry by slashing its downstream export duty by half. This automatically has changed imports pattern in India. In 2014, the landed cost between RBD Olein and CPO in India ports has been narrowing, RBD Olein become even cheaper than CPO in Sept '14. This harmed Indian refinery industry as better to import than produce by themselves. As a result, we see potential changes tax structure which potentially benefiting Indonesian CPO producers.

Exh 53: Lower Indian oilseed productivity/ha against avg.



Source: SEA

Exh 54: Landed cost diff. RBD Olein vs CPO in India



Source: SEA

Exh 55: India oilseed consumption

Year	Net availability of edible oils from all oilseed (mn MT)	Import of Edible Oil (mn MT)	Total availability / consumption (mn MT)	Proportion of imported oil in total consumption in percentage (%)
2005-06	8.3	4.5	12.7	35
2006-07	7.4	4.7	12.1	39
2007-08	8.7	5.6	14.3	39
2008-09	8.5	8.2	16.6	49
2009-10	8.0	8.0	15.9	50
2010-11	9.8	6.9	16.7	41
2011-12	9.0	8.4	17.4	48
2013-14	9.1	8.5	17.6	48

Source:

Exh 56: India Palm oil (inc. its derivative) imports vs. total edible oil imports

Year	Total Imports of Palm Oil (mn MT)	Proportion of Palm Oil in Total Edible Oil Imports in Percentage (%)	Total Imports of Soft Oils (mn MT)	Proportion of Soft Oil in Total Edible Oil Imports in Percentage (%)
2009-10	6.5	74	2.3	26
2010-11	6.5	78	1.8	22
2011-12	7.7	77	2.3	23
2012-13	8.3	80	2.1	20
2013-14	9.0	80	2.3	20

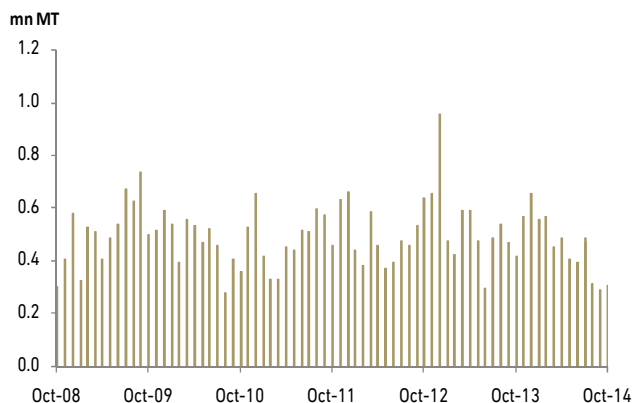
Source: SEA

As we can see from the figure above that 80% of India's total edible oil import is palm oil, while the remaining 20% is for soft oils, namely rapeseed and soybean oil. The total imports of palm oil have relatively increased over the years from 6.5mn MT between 2009-10 to 9.0 mn MT in 2013-14. The proportion of soft oil relative to India's total edible oil imports remains considerably low in relation to palm oil. Over the years, soft oil imports have remained relatively stable at an estimate of 2.3 mn MT.

China to restock its inventory while demand from India is still there

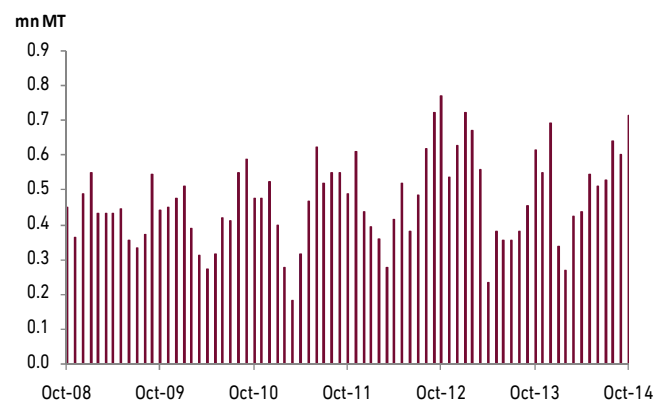
China's demand for CPO and its derivative has plummeting compared to 13A on the back of liquidity crunching and LC problem in Qingdao ports. But historical precedence suggests that the next rising demand trend may occur for 1Q15 as China needs to restock its inventory, which may add support to the CPO price in Indonesia as a top global producer. While India is Indonesia's largest CPO importer; yet, it played a significant role from the demand-side. India increased tax on refined cooking oils in January 2014 to protect oilseed growers and refiners from a surge in the import of processed palm oil. However, it indicated the demand is still there. Historical import data suggests a growth of 23% CAGR since January 2007 until December 2013. We believe that import volume and palm oil price are likely to pick up as demand accelerates due to rising middle income class.

Exh 57: China palm oil imports



Source: Bloomberg

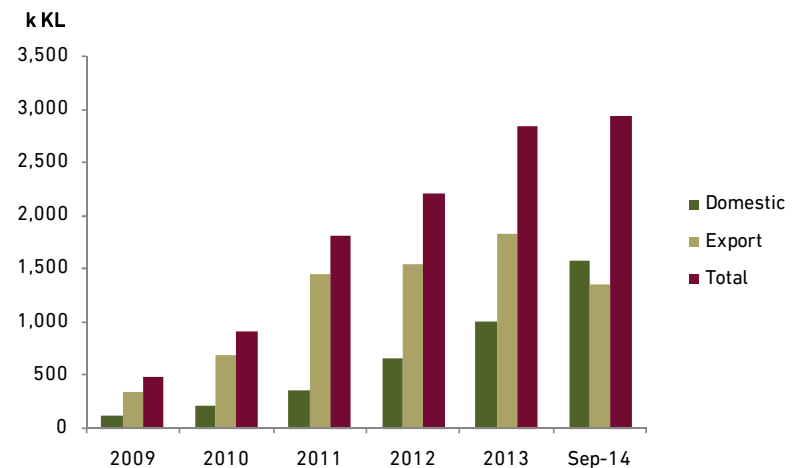
Exhibit 58: India palm oil imports



Biodiesel prospect

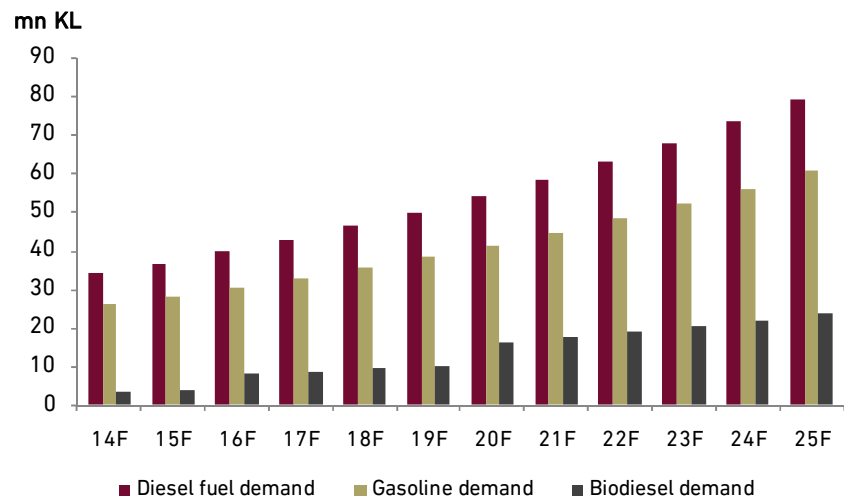
The Indonesian energy roadmap will increase biodiesel utilization to B-20 by 2016 and B-30 by 2020. Demand for biodiesel will increase significantly by two fold in 2016. With the current installed capacity of the existing biodiesel industry, new investment of biodiesel plant should be accelerated to meet the potential demand. Today's biodiesel industries have capacity about 4.47 mn KL/year. Started in 2011, Indonesia has made significant leap in biodiesel usage. Biodiesel production has jumped by 506% from 0.4 mn KL in 2009 to 2.9mn KL in 2014 (ytd Sept14). Despite Indonesia could not achieve its biodiesel target this year, the government have no choice to gallop biodiesel usage, otherwise Indonesia may become the largest oil importers before 2020.

Exh 60: Indonesian biodiesel production



Source: Ministry of Energy and Mineral Resources

Exh 61: Biodiesel demand outlook

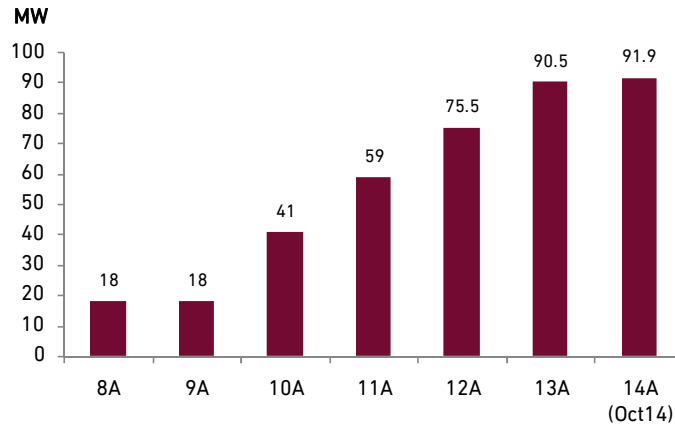


Source: Ministry of Energy and Mineral Resources

Bioenergy power plant to rise

Indonesia also has bio-energy potential for electricity that could stem from palm oil waste. Current capacity of bio-energy power on grid power plant in 2014 is 91.9 MW, which has increased more than 411% from 18 MW in 2008. In the past, un-economical feed-in tariff as well as tedious bureaucracy between PLN and bio-energy power producer made this renewable power looked un-attractive. But now it seems different; through revised regulation for bio-energy, there are some incentives for commercial on grid implementation; hence, biomass could gather its pace to support electricity needs onwards. Some of national energy roadmap within regulation corridor that comprises:

Exh 62: Bioenergy power plant (on grid)

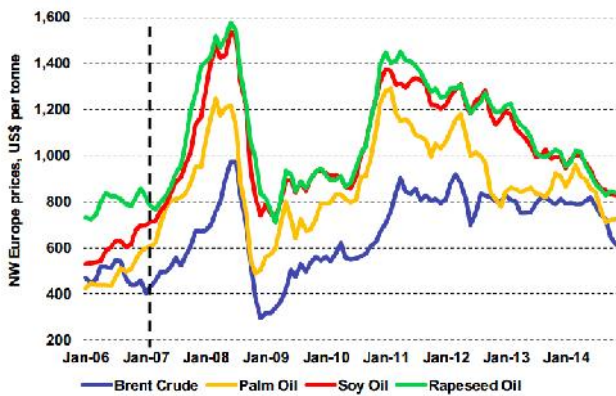


Source: Ministry of Energy and Mineral Resources

Big challenge: Oil price drop relentlessly!

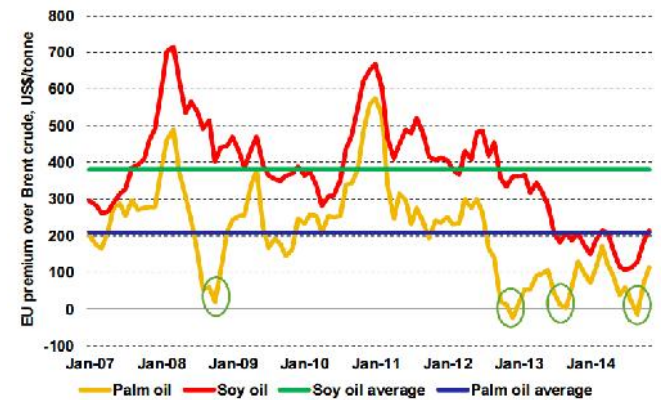
The drop in the price of crude came amid signals of weakening demand, with the Organization of the Petroleum Exporting Countries reducing its outlook for how much oil it would need to produce in 2015 and the International Energy Agency projecting softer consumption and more supply from countries outside OPEC. That should affect the CPO price as well since for the last six years Brent oil has become support line for oilseed price. We believe this condition could be substantial; however, we expect the oil price should be back to US\$75/barrel in 2H15.

Exh 63: Correlation brent oil against oilseed



Source: LMC International

Exh 64: The support EU spreads vs Brent is being tested

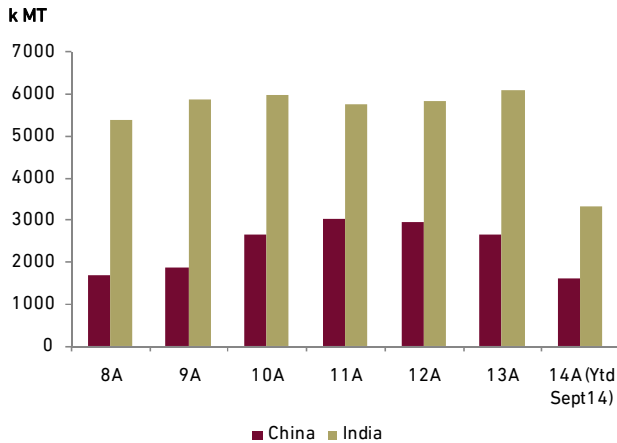


Source: LMC International

Black campaign, declining EU imports, wages hike

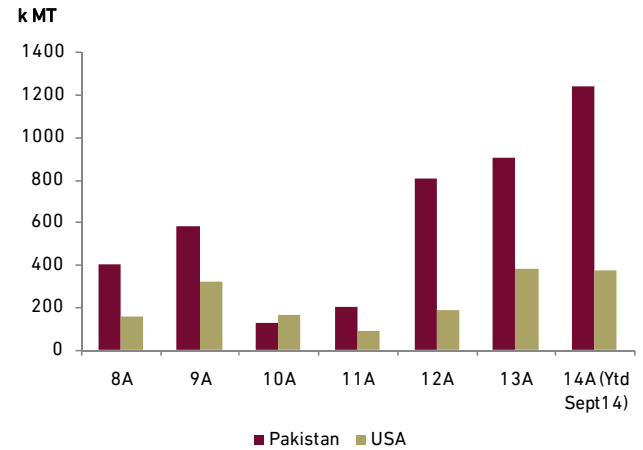
Black campaign against CPO is a today's prominent obstacle for palm oil producer, which mostly coming from EU, as biggest producer of rapeseed oil and sunflower oil. Indonesian palm oil competitiveness is getting worse. Indonesia has to open new market and reduce its dependency to EU and China while increase its exposure to Pakistan and USA. Regarding the palm oil competitiveness, Indonesian palm oil producer face high increments avg.wages of 15% pa. Altogether with high reserved labor cost by employer of ~32% (insurance, pension etc), it translates misery for labor intensive business such palm oil.

Exh 65: CPO and PKO exports to China and India



Source: USDA

Exh 66: CPO and PKO exports to Pakistan and USA



Source: USDA

Certification – another cost of compliance burden

In response to the urgent and demanding global call for sustainably-produced palm oil, the Roundtable on Sustainable Palm Oil (RSPO) was formed in 2004 with the aim to promote the growth and use of sustainable palm oil products through conceivable global standards and engagement of stakeholders. RSPO promotes oil palm production practices that help preserve biodiversity, reduce deforestation, and moreover respect the livelihoods of rural communities in oil-producing countries. There is an increasingly growing concern to ensure that no new primary forests or other high conservation value areas are sacrificed for palm oil plantations, and that harvesting areas apply accepted best practices.

Indeed with the ongoing global pressure, there is a need for the palm oil industry in developing countries to comply with RSPO standards with regards to deforestation and biodiversity preservation. However, adhering to basic RSPO standards translate to higher costs. As we can see from the figure above, compliance involves land assessment and management costs, namely Environmental Impact Assessment (EIA) and Social Impact Assessment (SIA) costs, as well as certification costs that involve initial certification with necessary staffing and ongoing certification and maintenance.

Exh 67: RSPO cost of compliance

COSTS OF COMPLIANCE US\$ PER HA	US\$/ha
Land Assessment & Management	
Identification & preparation of High Conservation Value (HCV) areas within plantations	US\$0.80-US\$5.00
Setting-aside of HCV areas within plantations	US\$0.00-US\$13.41
Environmental Impact Assessment (EIA) costs*	US\$1.00-US\$11.67
Social Impact Assessment (SIA) costs	US\$.0.47-US\$1.00
Certification Costs	
Initial Certification with necessary staffing	US\$2.13-US\$3.54
Corrective Actions	US\$3.74-US\$10.99
Training of staff, implementers, and smallholders	US\$0.09-US\$23.10
Ongoing Certification & Maintenance**	US\$2.43-\$13.03
Segregation Costs (including required supply chain certification)	US\$ 0.3
Benefits of Compliance	
Operations Benefits	
Annual pesticide cost reduction (US\$)	Up to US\$250,000
Annual herbicide cost reduction (US\$)	Up to US\$73,859
Accident rate reduction (%)	42
Community Relations	
Reduction in social conflict and associated costs	US\$ 1,056,000
Staff & Labour Benefits	
Labour turnover reduction	6%
Revenues & Market Access Benefits	
Green Palm Book and Claim premiums	US\$0-US\$10
UTZ Mass Balance premiums	US\$10-US\$25
UTZ Segregated premiums	US\$15-US\$50

*EIA is a legal requirement and is not considered an incremental cost of producing CSPO

** Typically 33–57% lower than initial certification costs

***For a period of 4 days for a typical 10,000-hectare plantation requiring a 60 MT mill.

Source: EIA, various sources

But while the costs of conforming to RSPO standards are relatively substantial, compliance also brings about various advantages, such as operational benefits, namely annual pesticide and herbicide cost reductions and substantial cutbacks in social conflict and associated costs, moreover staff and labor benefits. Companies will also expect to receive revenues and market access benefits in the form of premiums.

Exh 68: Basic assumption

	12A	13A	14F	15F	16F	17F
CPO Price - (RM/MT)	2,866	2,390	2,400	2,350	2,450	2,500
Average USD-IDR Currency	9,388	10,440	11,850	11,500	11,500	11,500
Inflation (%)	4.2	8.0	6.5	6.5	6.5	6.5
CPO sales vol growth (%)	-2	12	57	27	15	11
CPO production vol growth (%)	-1	-7	53	20	15	11
FFB processed vol growth (%)	6	-20	55	19	14	10

Source: Company Data, Ciptadana Estimates

Exh 69: Income statement

Rp bn	12A	13A	14F	15F	16F	17F
Net Sales	3,806	3,705	6,168	7,455	9,059	11,182
COGS	-2,778	-2,756	-4,828	-5,834	-7,097	-8,522
Gross Profit	1,028	950	1,340	1,621	1,963	2,660
Operating Expenses	-530	-455	-557	-650	-790	-1,188
Operating Profit	498	494	783	970	1,172	1,472
Other Income (expense)	-187	-375	-260	-319	-375	-374
Profit before Tax	311	119	523	651	798	1,097
Income Taxes	-67	-33	-115	-143	-175	-241
Minoroty Interest	-2	-2	-3	-4	-5	-6
Net Profit	242	84	405	504	617	849
EBITDA	686	706	1,067	1,357	1,684	2,093

Source: Company Data, Ciptadana Estimates

Exh 70: Balance sheet

Rp bn	12A	13A	14F	15F	16F	17F
Cash and cash equivalent	548	648	893	728	722	436
Account Receivables	385	416	692	837	1,017	1,255
Inventory	649	795	1,073	1,296	1,577	1,894
Other Current Asset	735	684	870	1,019	1,235	1,808
Total Current Asset	2,318	2,543	3,528	3,881	4,551	5,393
Plantations	680	740	837	919	1,010	1,125
Fixed Assets	1,750	2,321	2,790	3,510	4,245	4,526
Other Non Current Asset	450	608	699	779	864	959
Total Non Current Asset	2,879	3,669	4,326	5,209	6,118	6,610
Total Asset	5,198	6,212	7,855	9,090	10,670	12,003
ST Loan	603	1,496	1,570	1,812	2,142	2,147
Account Payable	250	183	320	387	470	565
Other Current Liabilities	21	8	13	16	19	19
LT Loan	1,495	1,573	1,720	1,918	2,188	2,158
Other Non Current Liabilities	1,484	1,592	1,858	2,001	2,179	2,412
Total Liabilities	3,438	4,414	5,417	6,264	7,372	8,031
Minority Interest	10	15	23	29	34	43
Equity	1,749	1,783	2,415	2,798	3,264	3,928
Total Liabilities & Equity	5,198	6,212	7,855	9,090	10,670	12,003

Source: Company Data, Ciptadana Estimates

Exh 71: Cashflow statement

Rpbn	12A	13A	14F	15F	16F	17F
Cash flow from opr. activities						
Net Income	242	84	405	504	617	849
Depreciation	188	211	284	387	511	621
Chg in Working Cap	-371	-177	-30	-147	-215	-499
CF's from oprs	64	100	663	747	917	971
Cash flow from inv. activities						
Capex	-667	-935	-877	-1,235	-1,378	-1,056
Others	0	1	0	0	0	0
CF's from investing	-668	-935	-877	-1,235	-1,378	-1,056
Cash flow from fin. activities						
Net change in debt	711	981	221	440	600	-25
Net change in Equity	-103	-46	235	-116	-145	-176
CF's from financing	608	935	457	324	455	-201
Net cash flow	4	100	245	-165	-6	-286
Cash at the beginning of the Year	544	548	648	893	728	722
Cash at the Ending of the Year	548	648	893	728	722	436

Source: Company Data, Ciptadana Estimates

Exh 72: Key ratio

Rp bn	12A	13A	14F	15F	16F	17F
Profitability Ratio						
Gross margin (%)	27.0	25.6	21.7	21.7	21.7	23.8
Operating margin (%)	13.1	13.3	12.7	13.0	12.9	13.2
EBITDA margin (%)	18.0	19.0	17.3	18.2	18.6	18.7
ROA (%)	4.6	1.4	5.2	5.5	5.8	7.1
ROE (%)	13.8	4.7	16.8	18.0	18.9	21.6
ROE (Dupont Analysis)						
Net margin (%)	6.3	2.3	6.6	6.8	6.8	7.6
Total Asset Turnover (x)	0.7	0.6	0.8	0.8	0.8	0.9
Financial leverage (x)	3.0	3.5	3.3	3.2	3.3	3.1
Liquidity Ratio						
Current Ratio (x)	2.7	1.5	1.9	1.8	1.7	2.0
Quick Ratio (x)	1.9	1.0	1.3	1.2	1.1	1.3
Cash Ratio (x)	0.6	0.4	0.5	0.3	0.3	0.2
Activity Ratio						
Inventory Turnover (x)	4.3	3.5	4.5	4.5	4.5	4.5
Trade Receivable Turnover (x)	9.9	8.9	8.9	8.9	8.9	8.9
Payable Turnover (x)	11	15	15	15	15	15
Fixed Asset Turnover (x)	2.2	1.6	2.2	2.1	2.1	2.5
Solvency Ratio						
Debt to Asset Ratio (x)	0.4	0.5	0.4	0.4	0.4	0.4
Debt to Equity Ratio (x)	1	2	1	1	1	1
Interest Coverage ratio (x)	4.0	2.6	3.6	3.8	3.9	4.9

Source: Company Data, Ciptadana Estimates

EQUITY RESEARCH

HEAD OF RESEARCH

Arief Budiman
Strategy, Automotive, Heavy Equipment, Construction
 T +62 21 2557 4819
 E budimanagerief@ciptadana.com

ANALYST

Syaiful Adrian
Banking, Multifinance
 T +62 21 2557 4919
 E adriansyaiful@ciptadana.com

ANALYST

Adrianus Bias Prasuryo
Cement, Telecommunication, Toll Road
 T +62 21 2557 4820
 E prasuryoadrianus@ciptadana.com

ANALYST

Andre Varian
Plantations, Coal, Poultry
 T +62 21 2557 4800 ext 734
 E varianandre@ciptadana.com

ANALYST

Hasan
Oil and Gas, Metal Mining, Media
 T +62 21 2557 4800 ext 760
 E hasan@ciptadana.com

ANALYST

Eveline Liauw
Cigarettes, Property
 T +62 21 2557 4800 ext 740
 E liauweveline@ciptadana.com

JUNIOR ANALYST

Jennifer Natalia Widjaja
 T +62 21 2557 4800 ext 799
 E widjajajennifer@ciptadana.com

TECHNICAL ANALYST

Trevor Gasman
 T +62 21 2557 4934
 E gasmantrevor@ciptadana.com

RESEARCH ASSISTANT

Sumarni
 T +62 21 2557 4920
 E sumarni@ciptadana.com

EQUITY SALES

Co HEAD OF INSTITUTIONAL SALES

Dadang Mulyana
 Plaza ASIA Office Park unit 2
 Jl. Jend. Sudirman kav. 59
 Jakarta 12190
 T +62 21 2557 4838
 F +62 21 2557 4900
 E mulyanadadang@ciptadana.com

JAKARTA - PUSAT

Eugene Ishak
 Plaza ASIA Office Park unit 2
 Jl. Jend. Sudirman kav. 59
 Jakarta 12190
 T +62 21 2557 4830
 F +62 21 2557 4900
 E ishakeugene@ciptadana.com

JAKARTA - MANGGA DUA

Gavin Ishak
 Harco Mangga Dua
 Rukan Blok C No.10,
 Jl. Mangga Dua Raya
 Jakarta 10730
 T +62 21 600 2850
 F +62 21 612 1049
 E ishagavin@ciptadana.com

JAKARTA - PURI KENCANA

Chandra Herotionjaya
 Perkantoran Puri Niaga III
 Jl. Puri Kencana Blok M8 No.2E
 Kembangan
 Jakarta 11610
 T +62 21 5830 3450
 F +62 21 5830 3449
 E herotionjayachandra@ciptadana.com

JAKARTA - PLUIT

Ferry Ishak
 Jl. Pluit Putra Raya No. 7
 Jakarta 14450
 T +62 21 6669 6688
 F +62 21 6669 0770
 E ishakferry@ciptadana.com

BANDUNG

MaykelYonathan
 Wisma CIMB NIAGA 3rd Floor - Suite 301
 Jl. Jend. Gatot Subroto No.2
 Bandung 40262
 T +62 22 732 2288
 F +62 22 732 2287
 E yonathanmaykel@ciptadana.com'

BOGOR

DaudDirgahayu
 Jl. Raya Padjajaran No.70J
 Bogor 16144
 T +62 251 836 2255
 F +62 251 837 0054
 E dirgahayudaud@ciptadana.com

SURABAYA

Imelda Soetikno
 Intiland Tower Ground Floor Suite 5& 6
 Jl. Panglima Sudirman 101-103
 Surabaya 60271
 T +62 31 534 3938
 F +62 31 534 3886
 E soetiknoimelda@ciptadana.com

SEMARANG

LusianaPermatasari
 Gedung Menara Suara Merdeka LT.6 Unit-02
 JL.Pandanaran No.30
 Semarang 50134
 T +62 24 7692 8777
 F +62 24 7692 8778
 E permatasarihusiana@ciptadana.com

MEDAN

Juliawaty
 Mall Grand Palladium, GEI Floor No. 6 & 7
 Jl. Kapten MaulanaLubis No. 8
 Medan 20112
 T +62 61 4555600
 F +62 61 4519141
 E juliawaty@ciptadana.com

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