Initiating Coverage

Bryan Sjahputra
Equity Analyst
bryan.sjahputra@sinarmassekuritas.co.id
(021) 392 5550 ext: 610

PT AKR Corporindo Tbk (AKRA)

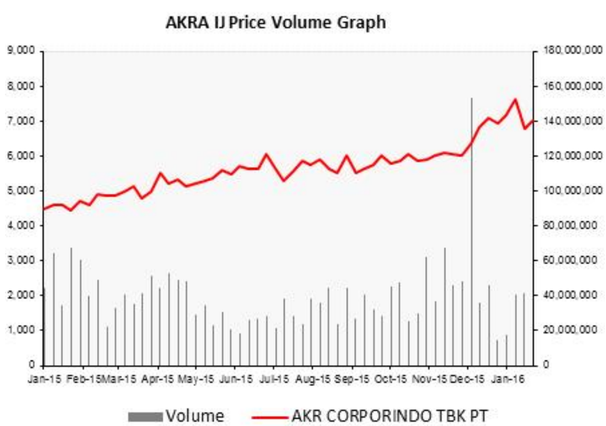
The Flight to Quality Has Already Been Done

NEUTRAL

PT AKR Corporindo Tbk is currently the only private distributor of subsidized diesel. It is also the largest private distributor of petroleum, and is well known for its premier services in logistics and basic chemicals distribution. The company is also seeking to venture into industrial estate land sales in Gresik, East Java.

Current Price: IDR 7,375

52-Week Target Price: IDR 7,725



Share Price Performance	
Price (IDR)	7,375
52-Week High (01/07/16)	7,900
52-Week Low (01/26/15)	4,425
52-Week Beta	0.47
YTD Change/%	2.43%

Stock Information	
Market Cap (IDR)	29,124 B
Shares Out/Float (M)	3,949 / 1,584

Source: Bloomberg, Sinarmas Investment Research

We initiate coverage on PT AKR Corporindo Tbk (AKRA) as a NEUTRAL, with a 52-week target price of IDR 7,725, representing a 4.7% upside. We used a SoTP valuation, a combination of the industrial estate project (40% disc. to RNAV) and a DCF for the remaining business lines (WACC: 10.1%, LTG: 2.5%). All in all, the company will continue to enjoy strong earnings growth in the current environment, though most of this has been priced in, in our view. We feel that there has to be significant developments in its industrial land sales to provide significant further upside.

Persistently low oil prices will contribute to a significant margin expansion. A significant decline in average crude prices in FY14 over the preceding three years has doubled the company's gross margins. WTI Crude has fallen another 39% since then, and we estimate petroleum distribution margins to grow 50% YoY to 11.8%. This will provide significant earnings growth to the company's petroleum distribution business, which made up 80% of revenues in FY14.

Petroleum distribution volumes could at least grow by a high single digit percentage point given current conditions. The company plans to almost triple the amount of retail gas stations it will operate in the next three years. Combined with its < 20% market share in the industrial petroleum distribution business, volume growth should continue to perform over the foreseeable future as the company utilizes its massive infrastructure to grab market share.

Better than expected land sales in the company's industrial estate (JIIPE) project could significantly boost the bottom line. The JIIPE project has distinct advantages over existing estates; better than expected sales could trigger a significant boost to the company's performance.

However, we are also aware of the risks involved with its business lines, including: i) almost half of its current petroleum sales is to mining-related industries, currently undergoing a massive slowdown, ii) most of the good news about the company has been priced in, as shown in the 77% outperformance of the JCI over the past year, in our view.

Financial Highlights	2014	2015F	2016E	2017E	2018E
Revenue (IDR Bn)	22,468	19,130	17,990	22,058	25,270
% growth		*-15%*	*-6%*	*23%*	*15%*
Gross Profit (IDR bn)	1,732	2,170	2,576	3,516	4,270
Net Profit (IDR bn)	791	1,177	1,526	2,191	2,717
% growth		*49%*	*30%*	*44%*	*24%*
EV/EBITDA (x)		17.3	12.1	9.8	8.0
Gross Margin (%)	7.7%	11.3%	14.3%	15.9%	16.9%
Net Margin (%)	3.5%	6.2%	8.5%	9.9%	10.8%
Return on Equity (%)		19.0%	21.2%	25.7%	27.5%
Return on Assets (%)		8.3%	10.5%	13.9%	16.3%

Source: Company Data, Sinarmas Investment Research

Company Background

AKR Corporindo Tbk (AKRA) mainly operates in three business lines, and is currently looking to aggressively add another in industrial estate development. These business lines include trading & distribution of petroleum and chemicals, manufacturing and also handling the logistics of these products.

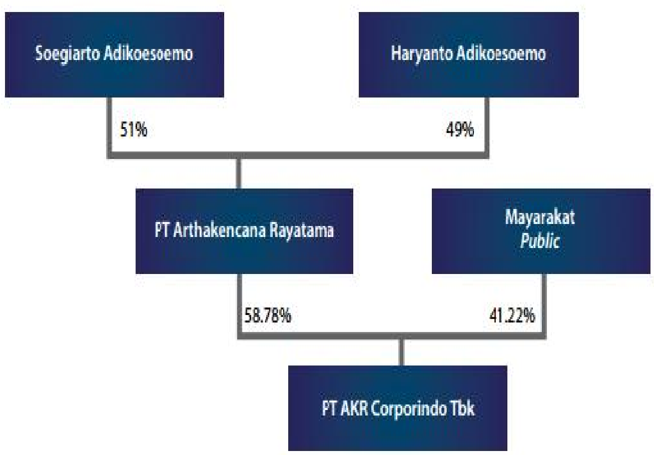
Within the petroleum space, AKRA is currently the nation's largest private distributor of industrial petroleum. By leveraging on its diverse terminals and infrastructure, the company has managed to grow petroleum volumes by 10.2% CAGR over the past five years. This number already looks conservative as is, because the past few years have been clouded by the company's strategy of maximizing profit margins and sacrificing volume, a strategy the company is now working on reversing.

The company also manufactures and distributes a concentrated portfolio of basic chemicals, including caustic soda, soda cash, methanol and PVC resin. Although this segment has limited growth surprise potential, this business has always been a growing and consistent contributor towards the group's overall performance. Going forward, AKRA plans to expand on their ports and storage infrastructure to maintain the sustainable growth its chemical business.

AKRA is also focusing on increasing its share of recurring income in the longer term by developing the Java Integrated Industrial & Port Estate (JIIPE) project in Gresik, East Java. While land sales will increasingly make up significant portions of revenue for the next ten years at least, the ultimate initiative from the JIIPE project is to increase the company's recurring income from the maintenance and development of the project.

Overall, AKRA's cash flows is somewhat predictable as its current main business lines operate on a cost-plus basis.

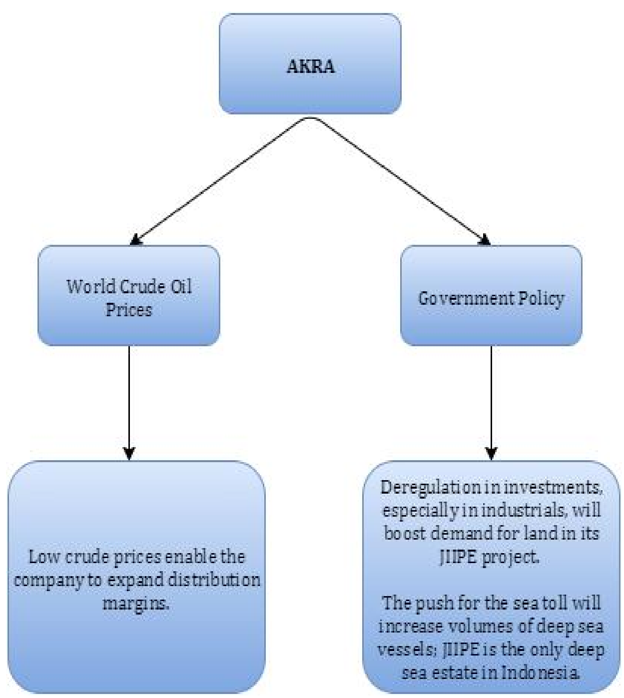
Company & Shareholder Organization Structure



The company will continue to maintain a free float of > 40% in order to enjoy lower corporate tax benefits.

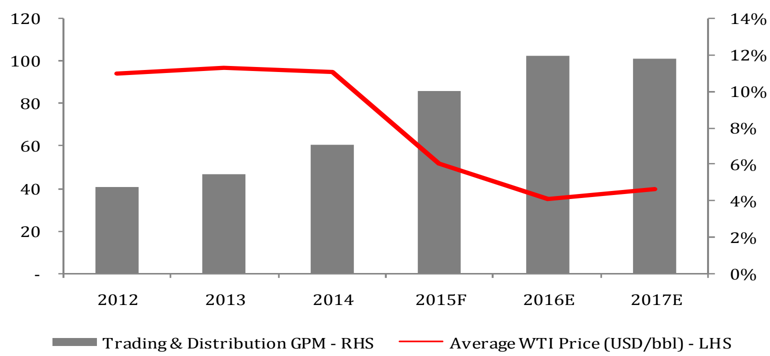
Source: Company

What macro factors directly affect AKRA?



Investment Catalysts

- **Continued low crude oil prices & aggressive expansions will boost margins in AKRA's distribution business.** The distribution business, which made up ~93%/88% of revenues in FY11-14/15F, should see a substantial improvement in margins should global crude stay lower for longer. The recent fall in crude prices has significantly expanded the company's trading margins by two-fold from FY12-15E, and we forecast that margins will continue to expand if crude stays at ~$30/bbl for a while longer.

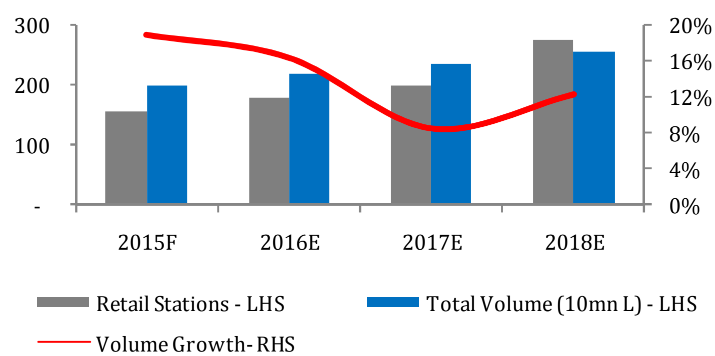


There are strong catalysts that support the potential success of JIIPE...

- **Better than expected progress in its industrial estate**—AKRA's industrial estate, JIIPE, is located ~24 km from Surabaya. The nearest seaport, Tanjung Perak, is already operating at an overcapacity, with traffic rising 7% CAGR from FY10-14. JIIPE will have a greater advantage as its seaports have drafts deeper than those at Tanjung Perak. With so much land still available, we highlight the possibility of higher-than-expected demand for JIIPE land that could boost AKRA's margins faster than expected.

Existing infrastructure is key in capital intensive industries...

- **Continued adding of storage terminals and retail petrol stations to expand the company's market share.** The company will be able to leverage on its current tank terminals to expand its reach throughout the nation. AKRA should be able to continue to grow their overall business by a stable pace in the foreseeable future, at least. Furthermore, the company plans to increase total retail petrol stations by 250% by FY19.



Quality defensive names will be rewarded even more during economic downturns...

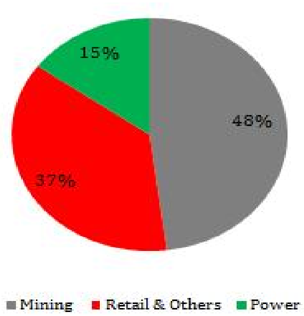
- **The flight to quality during economic downturns cannot be underestimated, in our view.** AKRA's 9M15/FY15F net income grew 40%/49%, v.s. FY15F JCI EPS growth at –4%. We attribute this solid performance to: i) expanding margins due to fall in costs of petroleum, ii) continued gain in market share within retail & industrial petroleum and iii) constant expansion in tank storage terminals. Also, AKRA's JIIPE project has huge monetization potential which could secure substantially greater recurring income for the longer term. During economic downturns, there will be a flight to quality defensive names that could push the valuations of AKRA even higher than they are now.

The risks to our investment theses include:

- **A lot of optimism and good news has been priced into the stock, in our view—** From FY15 to date, the stock has outperformed JCI by 77%; a clear show of the market rewarding quality in times of slowdown. We fear that so much of the quality has been priced in, with AKRA now trading at valuations 1 SD above its 7-year historical mean. In our view, execution of land sales on its JIIPE project will be the main determinant of performance.

AKRA 7-year Historical P/E Band

Flight to quality: a 65% surge in AKRA's stock price over the past year has pushed valuations close to 1 SD above its historical mean



48%/15% of FY15E volumes are to be sold to mining/electricity, sectors wherein long-term demand for petroleum might be in question.

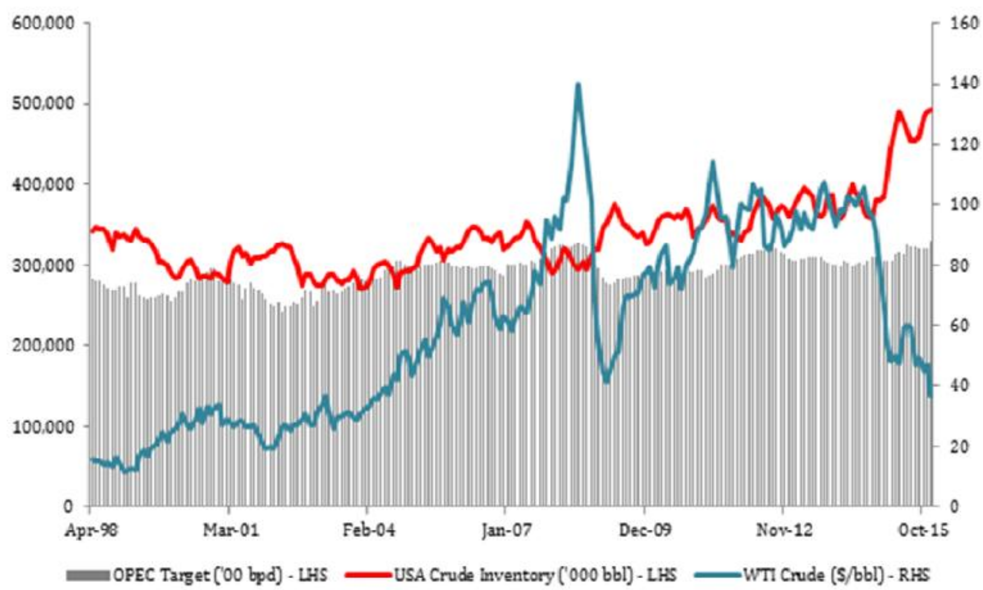
- **We remain fully aware of the risks associated with petroleum distribution volumes—**With sub-1% and < 20% market share in retail and industrial petroleum distribution, respectively, we see great potential in AKRA continuing to grab market share from its competitors. However, we remain cautious of the risks, including: i) almost 50% (and growing) of petroleum was sold to mining-related industries, albeit a slowdown in the sector, ii) delays in infrastructure projects along the Trans Java toll could slow down the company's aggressive expansion plans in the area and iii) the gradual shift away from 'dirty' energy such as petrol, especially by power plants.

World Crude Prices: Lower for Much, Much Longer?

In a world of oversupply, losing market share could lead to serious consequences...

- **We continue to be bearish on world oil prices despite the huge correction.** Having already corrected > 70% from its mid-2014 high, many would believe that oil prices are poised for a rebound soon. We beg to differ. With US crude inventories still looming at all-time highs of 493 mn barrels, OPEC unwilling to cut its record daily production target of ~32 mn bpd and Iran seen to maximize its oil export capabilities post-sanctions lifting, we see very little potential for significant upside in medium term oil prices. Furthermore, we are of the view that this oversupply in the oil markets is here to stay, given that many suppliers have found it difficult to gain back market share after cutting production in the past. This has been reflected in the unwillingness of many countries to cut back on production despite producing at fiscal deficits.

Record Oil Inventories & Production Look to Continue

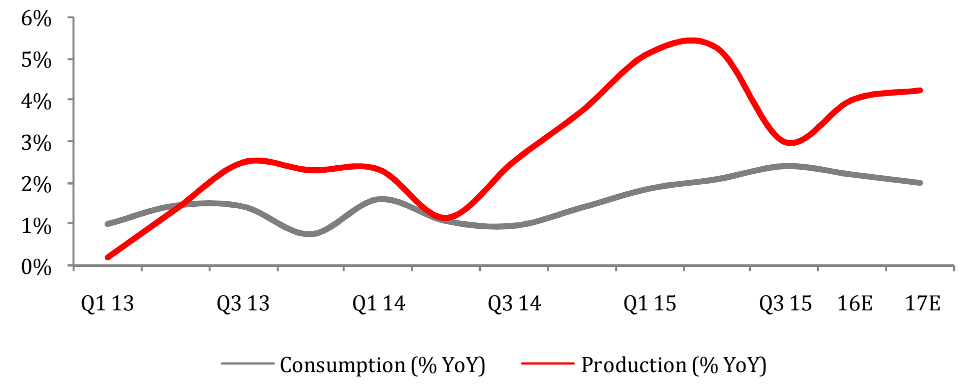


Source: Bloomberg, Sinarmas Investment Research

Oil demand concerns have been overdone...

- **The plunge in the world oil price is largely a supply problem; demand remains relatively resilient.** In our view, the supply side has been and will continue to be the main force that will subdue oil prices for the foreseeable future. Over the past three years, oil production growth, averaging 2.7% YoY, has doubled consumption growth. The divergence is expected to widen, with consumption expected to moderately slow while we expect production to grow even faster on the lifting of the US' and Iran's oil export bans. The Iran export ban lifting is particularly worrying, where an additional 1-2 mbpd of oil could be injected into markets within a short period of time.

Global Crude Oil: Consumption vs Production Growth



World oil consumption is still growing despite global slowdown fears; however, the supply side has recently been growing far more rapidly than the demand.

Source: Bloomberg, Sinarmas Investment Research

- **Huge interests and record investments in renewables do not help oil's cause, either.** A longer term concern for non-renewable, 'dirty' energy sources such as crude could be the structural shift in demand toward cleaner energy sources. Record amounts of investments and subsidies were poured into solar in 2015. Judging from the current affairs, we expect the trend to continue, potentially putting a cap on the longer term demand growth for oil.

- **We should see a rebound in oil prices when enough drillers start cutting back production, or when drillers collude to cut production.** However, we do not see this happening in the foreseeable future, at least. Although sub-$40 oil has pushed higher-cost producers like Canada, Brazil and Venezuela onto the brink of recession, the fixed costs of oil production still lingers at ~$20 or lower (left diagram). At current oil price levels of ~30/bbl, economic theory suggests that in the short term the drillers should prefer to keep pumping rather than shut down. This makes sense in retrospect; in a world of oversupply, drillers should fight for market share or suffer the longer term consequences of losing it.

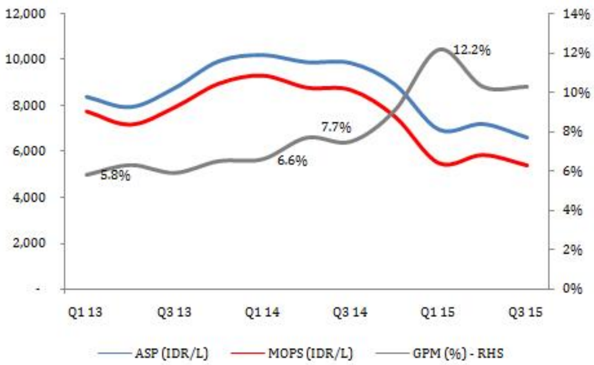
Resilient worldwide drillers make cutting production unlikely in the short term...

Major Oil Exporters' Drilling Cost Breakdown, USD/bbl

Country	Production Cost / bbl		WTI - Fixed Cost
	Total Cost	Fixed Cost	WTI Crude @ $31
Brazil	48.80	17.30	**13.70**
Canada	41.10	18.70	**12.30**
USA	36.30	21.50	**9.50**
Norway	36.10	24.00	**7.00**
Venezuela	23.50	13.90	**17.10**
Russia	17.30	8.40	**22.60**
Iran	12.60	5.70	**25.30**
Iraq	10.70	5.10	**25.90**
Saudi	9.90	5.40	**25.60**
Kuwait	8.50	4.80	**26.20**

Source: CNN, Sinarmas Investment Research

AKRA's Distribution Business is Simply Cost Plus



Source: Company

Current Retail Stations

Region	# stations	2019 Plan
Java	55	
Sumatera	41	
Kalimantan	32	
Bali	1	
Total	**149**	**350**

Source: Company

Petroleum & Chemicals Distribution

Trading & distribution of petroleum and chemicals has always been AKRA's blood line. It has consistently made up > 90% of revenues, and will continue to contribute to > 80% of revenues going forward.

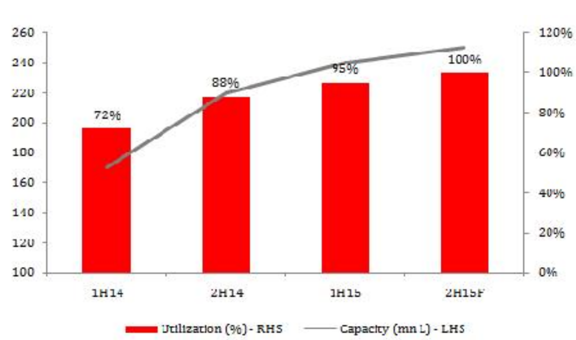
- **The company operates on a cost plus basis for petroleum, commission basis for chemicals.** The prices of petroleum is evaluated on a fortnightly or monthly basis, based on MOPS pricing plus a certain margin. This is especially true in industrial petroleum; within retail, pricing is effectively set by the largest distributor, PT Pertamina. On the chemicals distribution side, margins are relatively stable and profitable; volumes are expected to grow in tandem with GDP, provided sufficient infrastructure expansion.

- **As logistics in the nation is highly capital intensive, the barriers to entry are significantly high.** AKRA is already the nation's largest private distributor of industrial petroleum & chemicals. It has been able to maintain this status the company continues to invest in new ports, terminals and vessels. The company already has an infrastructure presence in four of the five major islands nationwide to assist their cause. Furthermore, the company plans to aggressively expand into the retail distribution of petroleum, planning to increase the number of gas stations by 250% by FY19.

Logistics

AKRA also makes use of its massive infrastructure to support third party logistics, both domestically and internationally in China. Domestically, the company plans to increase their storage capacities to 1,061,000 kL in FY18, up 62% from current capacities.

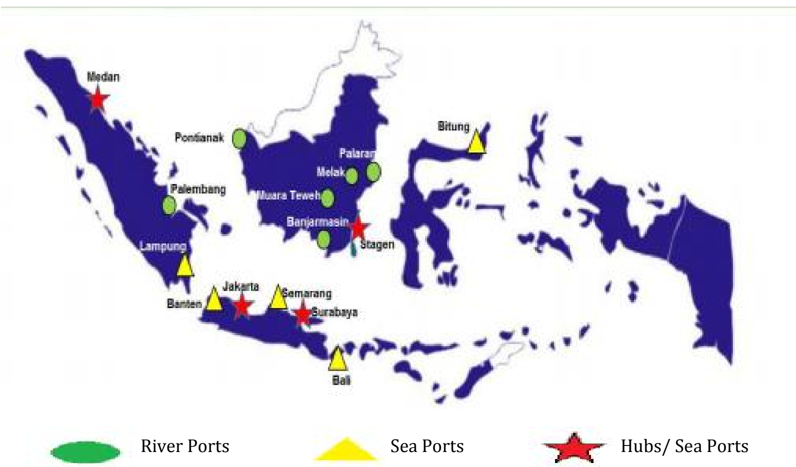
Jakarta Tank Terminal Capacity & Utilization



JTT is one of AKRA's largest terminals. Its capacity is 37% of AKRA's total nationwide; its utilization reached 100% in July.

Source: Company

AKRA's Massive & Growing Infrastructure Base



Source: Company

Changing Growth Drivers

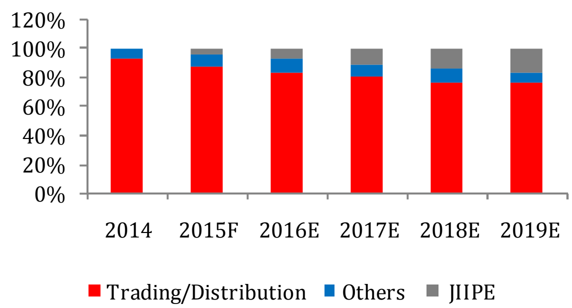
- **Turning into a defensive cyclical company.** The dominance of petroleum & chemicals distribution towards AKRA's profits should steadily diminish in the long-term future. The company is currently on course to develop a 1,891 ha industrial estate worth > USD 3 bn, wherein land sales and maintenance revenues will play significantly into AKRA's books in the future (pg 6). By adding the mega estate to AKRA's existing business portfolio, we see that the company is taking on more risk to grow the business beyond its traditional, stable distribution business. Going forward, we expect industrial land sales to increase from 15%/3% of GP/revenues in FY16E to 51%/16% in FY19E, assuming flat land ASP and exchange rate.

- **In extension, we still project AKR's other business lines to continue to grow.** Despite forecasting that trading will be relatively less significant to AKR's business, we still forecast healthy growth going forward. We expect volumes in trading, manufacturing and logistics to grow a combined 7% CAGR over FY16-19E, reasoning being: i) sales of petroleum to power & mining (which contributes to ~65% of volumes) will continue to grow with the government's power push, ii) AKRA's plans to venture into retail petroleum distribution is estimated to double retail volumes by FY19E, and iii) AKRA's continued relationship with Pelindo will benefit their push toward expanding tank and storage terminals for their logistics business.

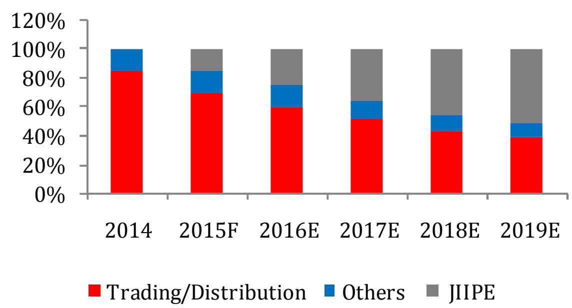
- **Expect substantial margin expansion going forward, with significantly greater investment risk.** We forecast industrial land sales' gross margins to be significantly higher than AKR's normal margins (averaging ~50% v.s. AKR's 6-year historical GPM of 7.4%). As land sales pick up, we expect a significant uptick in gross margins. However, this will come at a significantly higher risk, where a slowdown in our economy could make selling industrial land very challenging. In our view a lot of optimism over AKRA's industrial land has been priced into the stock and delays in land sales could trigger a de-rating in the valuations.

- **A lot will depend on the success of the nation's infrastructure push, particularly in the East Java area.** As is with all industrial areas, location and access is key. Access via sea and land will be crucial to the success of the project. Refer to the next page for a more detailed discussion.

Revenue: Per Segment Breakdown

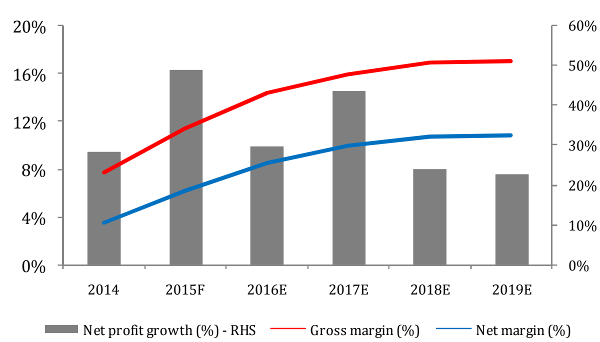


Gross Profit: Per Segment Breakdown



Although we forecast 13% CAGR in petroleum distribution volumes from FY16-19F, potential revenues and gross profit from JIIPE should be even more substantial.

Expect margin expansion on the back of strong profit growth



We expect significant margin expansion on the back of strong profit growth buoyed by sales from the industrial estate project, going forward.

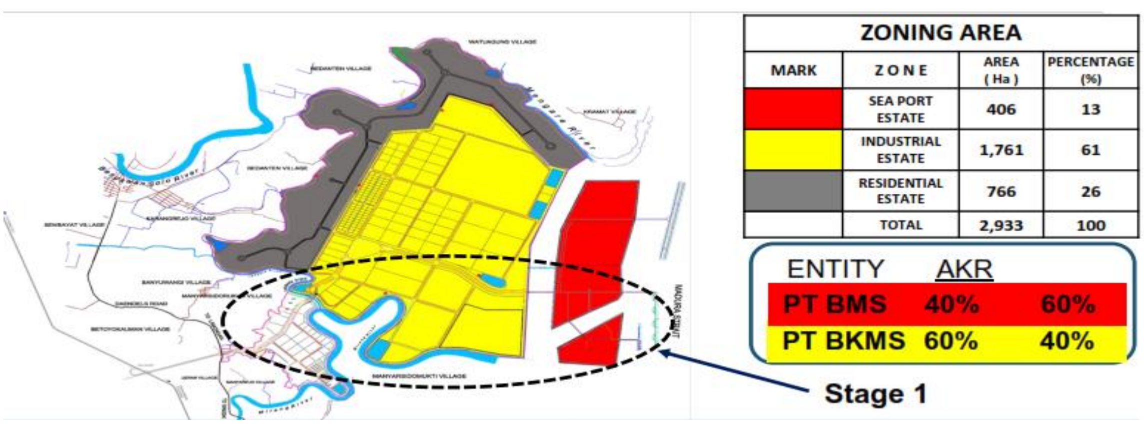
Java Integrated Industrial and Port Estate : AKRA's Future

The Java Integrated Industrial and Port Estate (JIIPE) is wholly owned by PT Berkah Kawasan Manyar Sejahtera (BKMS) and PT Berlian Manyar Sejahtera (BMS). Both companies are wholly owned by AKRA and Pelindo III, with AKRA holding 60% and 40% of both companies, respectively.

- **Supportive features to set up long term success.** This 2,933 ha project is designed to be a "one stop logistic & energy solution", comprising of industrial, port and residential estates all on a single site. Power and utilities will also be managed by BKMS, giving AKRA benefits from estate land sales plus long term recurring income from utilities management. In addition to the huge land bank, the port estate will feature deep sea ports with a draft of ~16m, enough to accommodate large vessels that would be supportive of the heavy industries there.

- **Progress has been slow & steady, perhaps adjusting to the pace of marketing sales.** BKMS and BMS has so far started the building of supportive infrastructure within JIIPE's industrial estate. The companies have also acquired 1,100/1,761 ha of land, and looks to complete land acquisition as soon as FY18. IDR 128 bn in revenues were recorded in FY15, with this number expected to more than double in FY16. Meanwhile, the port operational license (operated by Pelindo III) has been obtained in Q4 15, with trials having already been done since. Total investments in the project has reached IDR 3.6tn, with 78% of it being through internal equity injections.

- **Our land sales & valuation expectations.** In our valuation models, we have discounted the company's forecast of land sales for Phase I , or first 800 ha, of the project. This is largely due to a slowdown in the nation's economy and risks of delays in execution of industrial land deregulation that could propel a pickup in JIIPE land sales. Furthermore, we are aware that the company has set a conservative target of selling 60 ha of land in FY16E, amounting to total estimated sales of 90 ha from FY15-16. In this regard, in our view the company will be able to fully sell off Phase I by FY21+ v.s. initial company target of FY19.



JIIPE Master Plan, Source: Company Presentation

Summary of Industrial Estate Progress & Targets

			Developed Land Sales			Phases Complete Forecast	
	Area (ha)	ASP (USD/sqm)	FY15	FY16E	FY17E	Company	Sinarmas
Phase 1	800	150	30	60	120	2019	2022
Phase 2	500	175	-	-	-	2021	2024
Phase 3	461	196	-	-	-	2024	N/A
Total	**1,761**	**169**	**30**	**60**	**120**	**2024**	**N/A**

Source: Sinarmas Investment Research, Company

Appendix I: Financial Statements

Balance Sheet (in IDR Mn)	2013	2014	2015E	2016F	2017F
Assets					
Current Assets					
Cash And Cash Equivalents	820,065	896,591	686,966	641,825	1,135,478
Trade Receivables	4,265,335	4,309,106	3,144,714	3,280,934	3,959,751
Inventories	1,848,410	994,598	1,048,238	1,090,269	1,173,969
Total Current Assets	**7,723,314**	**6,719,746**	**5,404,873**	**5,614,379**	**7,072,900**
Fixed Assets - net	4,226,692	4,390,207	4,479,104	4,538,093	4,471,025
Prepaid Land Leases - Net	467,612	610,317	732,380	878,856	1,054,627
JIIPE Land	1,434,889	2,182,763	2,643,539	2,495,303	2,198,831
Total Assets	**14,633,141**	**14,791,917**	**14,192,208**	**14,466,838**	**15,737,786**
Current Liabilities					
Trade Payables	3,735,146	4,067,332	3,225,973	2,922,517	3,495,418
Short term loans	2,152,122	1,238,797	758,548	1,116,921	789,106
Total Current Liabilities	**6,593,292**	**6,183,756**	**4,766,089**	**4,441,583**	**4,809,895**
Long-term bank loans - net	1,058,980	1,024,137	1,041,559	624,935	833,247
Bonds Payable	1,488,684	1,490,627	1,500,000	1,500,000	877,000
Total Liabilities	**9,269,981**	**8,830,735**	**7,422,335**	**6,686,189**	**6,640,217**
Equity					
Share Capital & APIC	1,049,488	1,161,776	1,254,718	1,355,096	1,355,096
Retained Earnings	3,289,047	3,845,417	4,551,765	5,467,474	6,782,023
Total Liabilities and Equity	**14,633,141**	**14,791,917**	**14,192,208**	**14,466,838**	**15,737,786**

Income Statement (in IDR Mn)	2013	2014	2015E	2016F	2017F
Revenue	**22,337,928**	**22,468,328**	**19,130,343**	**17,990,362**	**22,058,212**
Cost of Goods Sold	(20,970,288)	(20,736,407)	(16,960,596)	(15,414,083)	(18,541,733)
Gross Profit	**1,367,641**	**1,731,920**	**2,169,747**	**2,576,280**	**3,516,479**
Operating Expenses	(530,270)	(695,937)	(666,298)	(636,466)	(750,727)
Operating Profit	**767,582**	**767,582**	**1,503,449**	**1,939,814**	**2,765,752**
Financing Expenses	(37,584)	(77,349)	(39,415)	(39,608)	(34,630)
Profit Before Tax	**733,053**	**993,344**	**1,471,557**	**1,907,728**	**2,738,644**
Tax Expenses	(117,426)	(202,780)	(294,311)	(381,546)	(547,729)
Net income	**615,627**	**790,564**	**1,177,246**	**1,526,182**	**2,190,915**
Earnings per share (Rp.)	158.67	202.00	298.11	357.85	513.71
Volumes Growth					
Petroleum	-5.5%	-9.0%	18.9%	16.4%	8.4%
Chemicals	3.2%	4.0%	7.1%	7.8%	8.3%

Source: Sinarmas Investment Research

Appendix II: Financial Ratios Forecasts

Ratios	2015F	2016E	2017E	2018E	2019E
Profitability					
ROE	19.0%	21.2%	25.7%	27.5%	31.6%
ROA	8.3%	10.5%	13.9%	16.3%	18.5%
Gross margin	11.3%	14.3%	15.9%	16.9%	17.0%
Operating margin	7.9%	10.8%	12.5%	13.5%	13.6%
Net margin	48.9%	29.6%	43.6%	24.0%	22.6%
Net income growth	6.2%	8.5%	9.9%	10.8%	10.8%
Liquidity					
Current Ratio (x)	1.13	1.26	1.47	1.77	1.94
Quick Ratio (x)	1.04	1.15	1.32	1.58	1.73
Cash Ratio (x)	0.14	0.14	0.24	0.33	0.35
Solvency					
D/E (x)	0.55	0.42	0.27	0.14	0.17
Debt/Assets (x)	0.26	0.22	0.16	0.09	0.10
Valuations					
P/E (x)	23.90	19.91	13.87	11.18	9.12
P/BV (x)	4.16	3.91	3.34	2.91	2.73
EV/EBITDA (x)	22.34	17.29	12.09	9.77	7.98

Source: Company Data, Sinarmas Investment Research

Appendix III: Valuations

We determined our Rp 7,725/sh TP on AKRA based on a SoTP valuation—we valued AKRA's industrial estate at a 40% discount to RNAV while we valued AKRA's other business lines based on a DCF.

DCF Assumptions	
Risk-free	8.40%
Market Risk Premium	5.00%
*USDIDR	13,500
Equity	**65%**
Cost	10.8%
Debt	**35%**
After-tax Cost	9.00%
Terminal growth rate	2.5%
WACC	**10.1%**
Target Price	**7,725**

JIIPE Discount to RNAV

Particulars	Unit	Value*
Developed land	**sqm**	**8,000,000**
Sellable area	sqm	5,600,000
ASP	USD/sqm	150
Undeveloped, acquired land	**sqm**	**3,000,000**
at cost	USD/sqm	40
Total	**USD mn**	**960**
(Less) Development Costs	USD mn	(153)
Discount	%	40
RNAV	USD mn	484
AKR Portion (60%)	**IDR bn**	**3,924**

DISCLAIMER

This report has been prepared by PT Sinarmas Sekuritas, an affiliate of Sinarmas Group.

This material is: (i) created based on information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such; (ii) for your private information, and we are not soliciting any action based upon it; (iii) not to be construed as an offer to sell or a solicitation of an offer to buy any security.

Opinions expressed are current opinions as of original publication date appearing on this material and the information, including the opinions contained herein, is subjected to change without notice. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. The analyst(s) responsible for the preparation of this publication may interact with trading desk personnel, sales personnel and other constituencies for the purpose of gathering, integrating and interpreting market information. Research will initiate, update and cease coverage solely at the discretion of Sinarmas Research department. If and as applicable, Sinarmas Sekuritas' investment banking relationships, investment banking and non-investment banking compensation and securities ownership, if any, are specified in disclaimers and related disclosures in this report. In addition, other members of Sinarmas Group may from time to time perform investment banking or other services (including acting as advisor, manager or lender) for, or solicit investment banking or other business from companies under our research coverage. Further, the Sinarmas Group, and/or its officers, directors and employees, including persons, without limitation, involved in the preparation or issuance of this material may, to the extent permitted by law and/or regulation, have long or short positions in, and buy or sell, the securities (including ownership by Sinarmas Group), or derivatives (including options) thereof, of companies under our coverage, or related securities or derivatives. In addition, the Sinarmas Group, including Sinarmas Sekuritas, may act as market maker and principal, willing to buy and sell certain of the securities of companies under our coverage. Further, the Sinarmas Group may buy and sell certain of the securities of companies under our coverage, as agent for its clients.

Investors should consider this report as only a single factor in making their investment decision and, as such, the report should not be viewed as identifying or suggesting all risks, direct or indirect, that may be associated with any investment decision. Recipients should not regard this report as substitute for exercise of their own judgment. Past performance is not necessarily a guide to future performance. The value of any investments may go down as well as up and you may not get back the full amount invested.

Sinarmas Sekuritas specifically prohibits the redistribution of this material in whole or in part without the written permission of Sinarmas Sekuritas and Sinarmas Sekuritas accepts no liability whatsoever for the actions of third parties in this respect. If publication has been distributed by electronic transmission, such as e-mail, then such transmission cannot be guaranteed to be secure or error-free as information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete, or contain viruses. The sender therefore does not accept liability for any errors or omissions in the contents of this publication, which may arise as a result of electronic transmission. If verification is required, please request a hard-copy version.

Additional information is available upon request.

Images may depict objects or elements which are protected by third party copyright, trademarks and other intellectual properties.