

## Sinarmas Sekuritas Investment Research

### COAL MINING SECTOR



#### The Drop in Coal Price

The global slowdown especially by two world largest economies, United States and China, and also the concern of Euro zone debt crisis have caused the commodity prices to drop. WTI's oil and Newcastle's coal prices are down by 10% and 20.1% YTD respectively.

The Indonesian Coal Price Benchmarks (HBAs) of 6322 Kcal, 5000 Kcal, and 4200 Kcal were down by 11.5%, 12.7% and 12.5% respectively as of YTD. The drop in HBAs were less than Newcastle's because of the strong coal domestic demand.

Other factors that exacerbated the pessimism in coal outlook are the oversupply Asian coal market and the shale gas technology development in U.S.

#### The Regulatory Issues

There are several government regulatory issues related to the coal mining sector in Indonesia. First, the implementation of foreign ownership limitation in coal mining companies. All foreign holders of mining licenses companies will have to sell their majority stakes down to 49% in mining operations to locals by the tenth year of production. Second, the implementation of Domestic Market Obligation (DMO) regulation. Each coal mining company has the obligation to allocate a certain percentage of their coal production to supply the local market.

#### Sector Update

Sector : Coal Mining

18 July 2012

#### James Wahjudi

Research Analyst

James.wahjudi@sinarmassekuritas.co.id

+62-21-3925550

*Image taken from Annual Report 2011 of PT Adaro Energy Tbk*

## Negative Coal Outlook

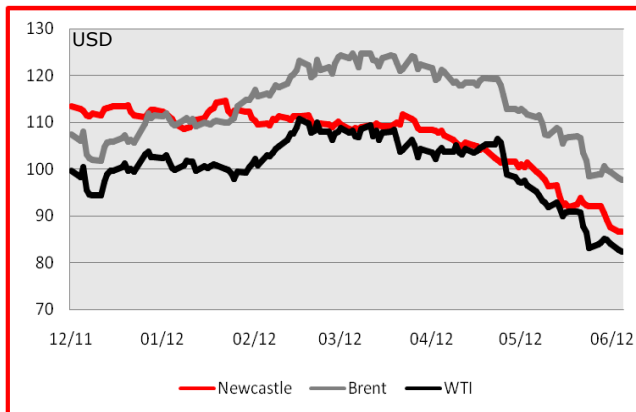
The concern of the slowing down in global economic growth, especially on what is happening in two biggest economy countries such as United States and China, and also the concern of Euro zone debt crisis have caused the WTI's oil commodity price down by 10% YTD to USD 88.95/barrel. Coal commodity price was also hit and it went down by 20.1% YTD from USD 111/Mt to USD 88.5/Mt in the Newcastle Coal Market Index. Since beginning of the year, the price level reached its highest level of USD 114.50 at the end of January 2012 before it went down to its lowest level since February 2009 to USD 87.35 in June 2012.

The same thing also happened to the Indonesian Coal Reference Price Indices (HBA). The Indonesian Coal Price Benchmarks of 6322 Kcal, 5000 Kcal, and 4200 Kcal were down by 11.5%, 12.7% and 12.5% respectively as of YTD. The drop in HBAs were less than Newcastle's because of the strong coal domestic demand amid the strong Indonesia's economy growth outlook. The Indonesian Coal Mining Association (APBI) predicted that the fall in HBA prices in June 2012 is due to the oversupply in the Asian coal market.

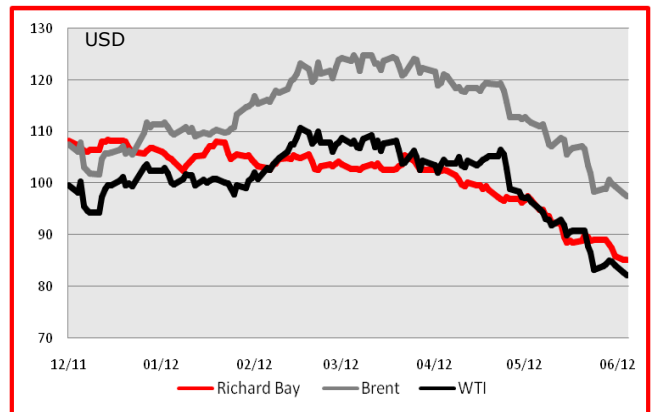
Due to shale gas technology advancement, there is a sudden huge increase in natural gas reserve which can be exploited economically. Therefore, coal will become less attractive compared with the cheaper and cleaner natural gas.

We have reduced our benchmark of thermal coal price assumption by approximately 5-15% for the period between 2012-2016. Thus this also reflects lower revenue projection of coal companies in our coverage. As results, we downgrade 12-month TPs of ADRO and PTBA.

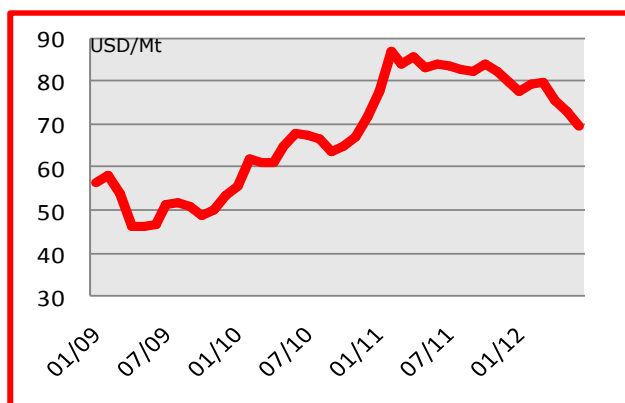
**Exhibit 1. Newcastle Coal Vs. Oil Benchmark Indices**



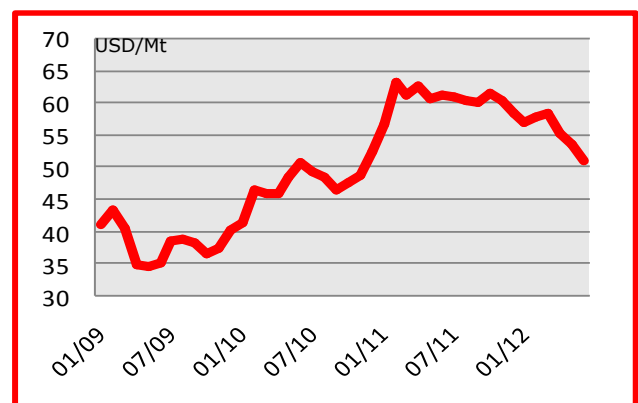
**Exhibit 2. Richard Bay Coal Vs. Oil Benchmark Indices**



**Exhibit 3. The Indonesian Coal Reference Price 5000 Kcal**



**Exhibit 4. The Indonesian Coal Reference Price 4200 Kcal**



Source: Bloomberg, Sinarmas Sekuritas Research

## The Regulatory Issues

### Government Regulation No. 24 of 2012: Limitation of Foreign Ownership

Under this regulation, all foreign holders of mining licenses companies will have to sell their majority stakes down to 49% in mining operations to locals by the tenth year of production. This regulation was signed by The President on February 21, 2012. As mining industry is a long-term and capital intensive investment, there is a chance that the investors have not yet reach the break-even point of the investment. This regulation will limit potential foreign investment in the coal domestic industry.

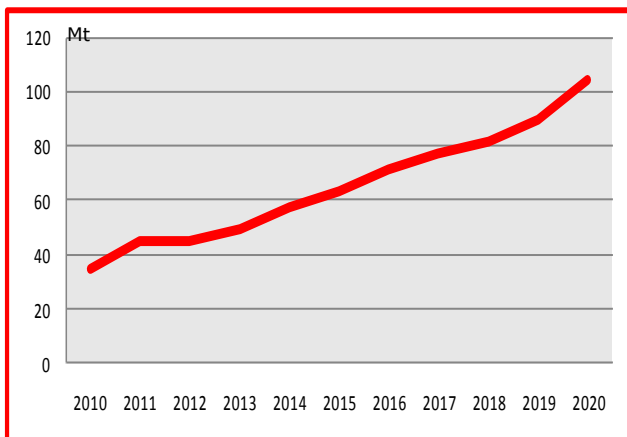
### A 20% Tax on Coal Mining Exports

Earlier, there was an issue of the Government considers to impose a 20% tax on coal mining exports this year in addition to a 45% fiscal cost such as royalty and tax payment. An impose to export tax will decrease net margin of coal mining companies due to higher taxes paid. Fortunately, this issue has been clarified by the Minister of Energy and Mineral Resources that the export tax will not apply to coal mining sector in near future.

### Government Regulation No. 4 of 2009: The Implementation of Domestic Market Obligation

In 2011, the Indonesian Government proposed a new market control mechanism to secure the domestic coal supply. Through the implementation of Domestic Market Obligation (DMO), all mining companies in Indonesia have obligations to allocate a certain percentage of their total production for domestic market. According to Wood Mackenzie, Indonesia's coal domestic demand is predicted to increase to over 100 Mt by 2020, twice from the demand in 2012, because of the implication of strong domestic economic growth.

**Exhibit 5. Indonesia's Domestic Coal Consumption for Electricity**



Source: Wood Mackenzie, Company, SinarMas Sekuritas Research

## What Happen in China

China reported that its coal stockpiles have climbed to a record due to its slowing economic growth in the summer season. China's coal inventory climbed by 48.3% yoy to 93.1 Mt as of June 10th. China's National Development and Reform Commission predicted that the inventory will be enough for approximately one month of use. Moreover, the hydropower output in China was up by 36% yoy in May, reducing demand of thermal coal by 8 Mt. China's usage of power was up 5.8% in the period of January-May 2012, but declined by 6.2% yoy.

18 July 2012

## PT ADARO ENERGY Tbk

**"Lower ASP, Cost Efficiency, Higher Margin"**

**BUY**

### The Review of 1Q12 Performance

Despite the continuation of rainy season, Adaro booked its coal production of 10.96 Mt in 1Q12, increase by 3% yoy. The production in 1Q12 translates to 20.7%-22% of the total coal production target in 2012 by 50-53 Mt. The overburden removal reported by 69.54 Mbcm, up by 7% yoy. The sales volume up by 3% yoy to 11.25 Mt in 1Q12, but declined 10% QoQ.

The company booked its 1Q12 total sales revenue and operating profit of USD 916 million and USD 262 million respectively, increased by 21% and 19.4% yoy, while its total COGS and operating expenses was up by 21.6% yoy to USD 538 million. Net profit consolidated for 1Q12 was up by almost 12% to USD 122 million.

### Outlook on Adaro

Because of the concern of the slowing down in global economy, we downgrade the average selling coal price assumption for Adaro by 7% from USD 70 to USD 65 in FY12E, or down by 11% from FY11A ASP. We also downgrade coal production volume assumptions from 52 Mt to 50 Mt to keep our conservative projection, while we keep the sales volume assumption used in our projection of 52 Mt. This results on total sales revenue and net profit FY12E to lower by 7.1% and 4.5% respectively in our new projection. Even though the amount of total sales revenue brings the net profit down because of the decline in coal price assumption, but the changes in gross margin, operating margin and net margin are slightly higher due to lower fuel price assumption as it is the major part in COGS component. The sales composition between domestic and export in 2011 is approximately by 20% and 80% respectively.

In FY13F, Adaro's coal production is projected to reach by 58 Mt. Despite the coal price fluctuation, the company can be more cost efficient by reducing its production cost around USD 1-2/ Mbcm with the operation of Overburden Crushing and Conveying System.

### Lowering Our Valuation

We calculate the fair value of ADRO by taking the slowdown in global economy and the decline in commodity prices especially in coal and oil prices into our consideration. As we revise down of our assumptions used in our DCF financial modeling, the valuation of ADRO is downgraded. The 12-month target price of ADRO stock is down by 16.5% from IDR 2,000 in previous report to IDR 1,670.

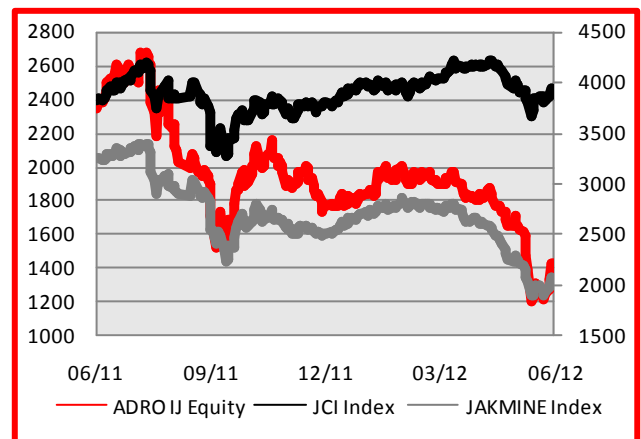
**James Wahjudi**

**Research Analyst**

### Stock Data

Sector	Coal Mining
Price (17 July 2012)	IDR 1,420
Target Price (12-month)	IDR 1,670
Prior	BUY (TP IDR 2,000)
Ticker	ADRO.IJ (BBG); ADRO.JK (RIC)
Market Cap	IDR 45.42 tn
Shares Outstanding	31,986 mn

### ADRO Performance against JCI & Jakmine Indices



Source: Bloomberg

	2010	2011	2012E	2013F	2014F
Revenues	2,718	3,987	3,752	4,260	5,027
EBITDA	909	1,431	1,427	1,541	1,842
Net Income	243	550	598	654	809
EPS	0.0076	0.0172	0.0187	0.0204	0.0253

In mn USD except EPS; Source: Bloomberg, Company, Sinarmas Sekuritas Research

Profitability	5-yr avg	2011	2012E	2013F	2014F
Gross Margin %	31.4%	35.8%	36.04%	34.39%	35.42%
Operating Margin %	26.6%	32.2%	32.54%	30.89%	31.92%
EBITDA Margin %	31.9%	35.9%	38.04%	36.17%	36.63%
EV/EBITDA x		4.94	5.02	4.45	3.56
P/E x		10.02	9.22	8.43	6.81
Dividend Yield %			30%	30%	30%

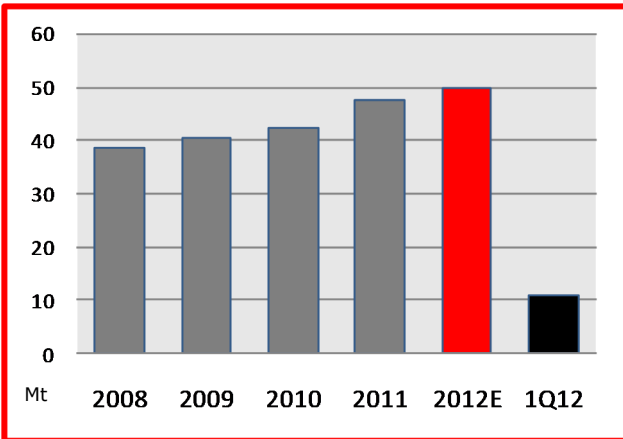
Source: Bloomberg, Company, Sinarmas Sekuritas Research

### Top Holders

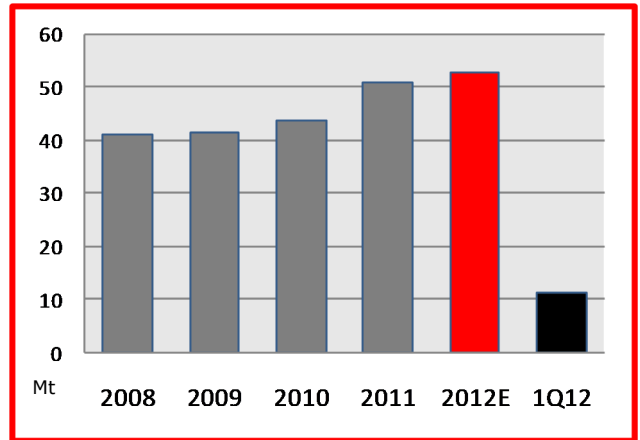
PT Adaro Strategic Investment	43.91%
Insiders	15.94%
Public	40.15%

Source: Bloomberg

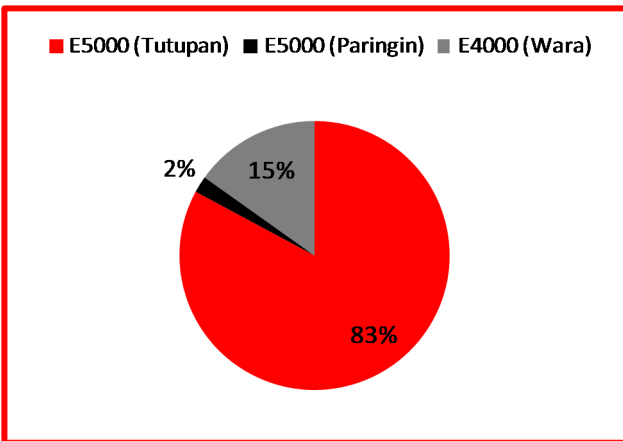
**Exhibit 1. Adaro's Production Volume**



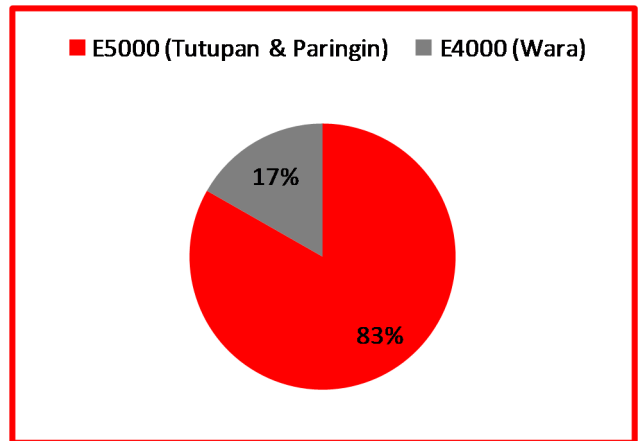
**Exhibit 2. Adaro's Sales Volume**



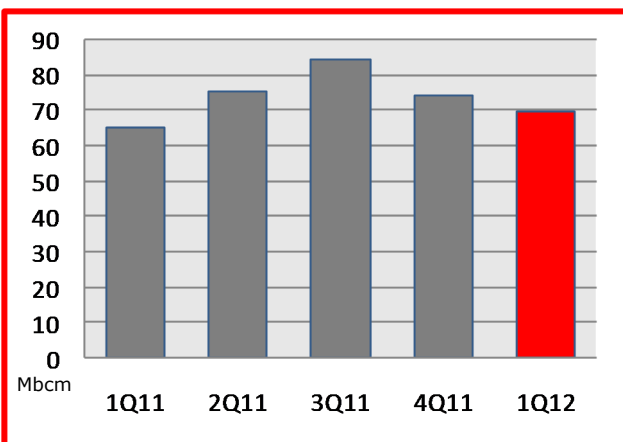
**Exhibit 3. 1Q12 Adaro's Production Volume Breakdown**



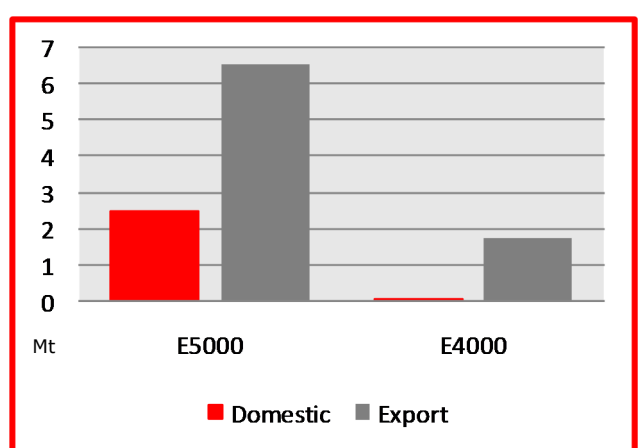
**Exhibit 4. 1Q12 Adaro's Sales Volume Breakdown**



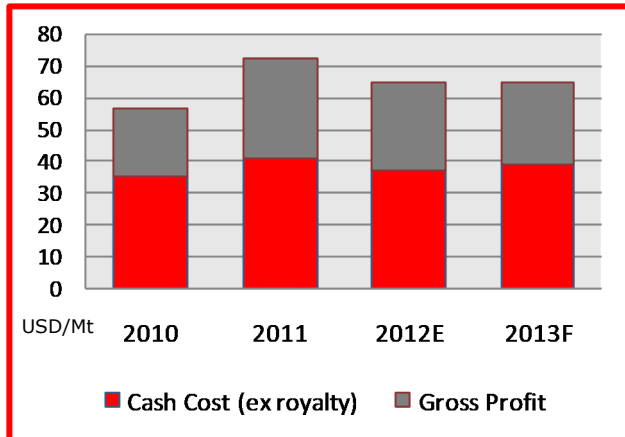
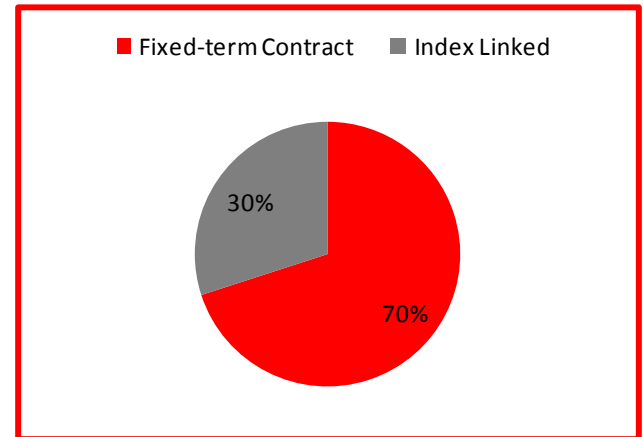
**Exhibit 5. Adaro's Overburden Removal by Quarterly**



**Exhibit 6. 1Q12 Adaro's Sales Volume Breakdown**



Source: Company, Sinarmas Sekuritas Research

**Exhibit 7. The Spread between ASP and Cash Cost (ex royalty)**

**Exhibit 8. Adaro's Contract Pricing Breakdown in FY12E**


Source: Company, Sinarmas Sekuritas Research

**Exhibit 9. Revision on Our Assumption Used for ADRO Projection**

FY12E	Old	New	% Changes
Production Volume (Mt)	52	50	(3.8)
Sales Volume (Mt)	52	52	0
ASP (USD/Mt)	70	65	(7.1)

Source: Company, Sinarmas Sekuritas

**Exhibit 10. Changes in Our Projection for Adaro**

FY12E (in million USD)	Old	New	% Changes
Revenue	4040.400	3751.800	(7.1)
Gross Profit	1362.899	1352.088	(0.8)
<i>Gross Margin (%)</i>	<i>33.7</i>	<i>36.1</i>	
Operating Income	1185.042	1220.775	3.0
<i>Operating Margin (%)</i>	<i>29.3</i>	<i>32.5</i>	
Net Profit	625.909	597.763	(4.5)
<i>Net Margin (%)</i>	<i>15.5</i>	<i>15.9</i>	

Source: Sinarmas Sekuritas Research

**Exhibit 11. Stock Recommendation History**

Date	Recommendation	Target Price (IDR)
July 26, 2011	HOLD	2,625
January 5, 2012	BUY	2,000

Source: Sinarmas Sekuritas Research

<b>Fiscal Year End</b>	<b>2010</b>	<b>2011</b>	<b>2012E</b>	<b>2013F</b>	<b>2014F</b>
<b>Income Statement (USD mn)</b>					
Sales Revenue	2,718	3,987	3,752	4,260	5,027
Gross Profit	851	1,428	1,352	1,465	1,781
Operating Income	692	1,284	1,221	1,316	1,605
Depreciation & Amortization	217	148	206	225	237
<b>EBITDA</b>	<b>909</b>	<b>1,431</b>	<b>1,427</b>	<b>1,541</b>	<b>1,842</b>
<b>EPS</b>	<b>0.0076</b>	<b>0.0172</b>	<b>0.0187</b>	<b>0.0204</b>	<b>0.0253</b>
Net Interest Income (Expenses)	(115)	(120)	(132)	(124)	(131)
Other Income (Expenses)	(17)	(163)	-	-	-
Extraordinaries	(19)	-	-	-	-
Minority Interests	(0)	(2)	(1)	(1)	(2)
Pretax Income	556	1,003	1,089	1,192	1,474
Income Tax Expense	(294)	(451)	(490)	(536)	(663)
<b>Net Income</b>	<b>243</b>	<b>550</b>	<b>598</b>	<b>654</b>	<b>809</b>
<b>Cash Flow (USD mn)</b>					
<b>Operating Cash Flow</b>	<b>285</b>	<b>712</b>	<b>708</b>	<b>820</b>	<b>920</b>
Net Capex	(244)	(619)	(647)	(196)	(196)
Other Investing Items	(60)	(445)	(251)	(380)	(392)
<b>Free Cash Flow</b>	<b>37</b>	<b>87</b>	<b>58</b>	<b>620</b>	<b>720</b>
Dividends paid	(95)	(151)	(179)	(196)	(243)
Equity Raised (Buy Back)	-	-	-	-	-
Net Bank Loans	(130)	499	392	-	-
Debt Issuance (Retirement)	-	-	-	-	-
Other Financing Items	(44)	(44)	(51)	(53)	(66)
<b>Net Cash Flow</b>	<b>(640)</b>	<b>(48)</b>	<b>(28)</b>	<b>(5)</b>	<b>23</b>
<b>Balance Sheet (USD mn)</b>					
Cash & Cash Equivalents	608	559	533	530	555
Account Receivables	276	471	445	493	570
Inventories	32	52	57	60	66
Other Current Assets	220	215	294	287	350
Net Fixed Assets	2,011	1,432	2,311	2,398	2,366
Other Non-current Assets	1,375	2,863	2,496	2,176	1,897
<b>Total Assets</b>	<b>4,522</b>	<b>5,659</b>	<b>6,202</b>	<b>6,009</b>	<b>5,868</b>
Short-term Liabilities	645	779	1,125	1,225	1,389
Long-term Liabilities	1,802	2,438	2,363	2,130	1,918
<b>Total Liabilities</b>	<b>2,447</b>	<b>3,217</b>	<b>3,487</b>	<b>3,355</b>	<b>3,307</b>
Shareholder's Equity	2,069	2,436	2,708	2,647	2,556
Minority Interest	6	6	6	6	6
<b>Total Equity &amp; Liabilities</b>	<b>4,522</b>	<b>5,659</b>	<b>6,202</b>	<b>6,009</b>	<b>5,868</b>
<b>KEY RATIO</b>					
Sales Growth (%)	4.17%	46.68%	-5.91%	13.55%	18.01%
EPS Growth (%)	-42.42%	126.32%	8.65%	9.42%	23.68%
EBITDA Margin (%)	33.44%	3589.55%	38.04%	36.17%	36.63%
Payout Ratio (%)	30.86%	30.00%	30.00%	30.00%	30.00%
ROE (%)	11.71%	22.53%	22.02%	24.65%	31.58%
Quick Ratio (x)	1.71	1.60	1.13	1.07	1.06
LT Debt/Equity (%)	67.63%	80.51%	67.01%	56.62%	46.60%
EV/EBITDA	7.16	4.94	5.02	4.45	3.56
P/E (x)	22.68	10.02	9.22	8.43	6.81

Source: Company, Sinarmas Sekuritas Research

18 July 2012

## PT BUKIT ASAM Tbk

### "Strong Domestic Sales to Support Performance"

**BUY**

#### The Review of 1Q12 Performance

During its 1Q12, PTBA booked its total production volume by 3.74 Mt, increased by 21% yoy and the sales volume reported also increased by 26% yoy to 3.86 Mt in 1Q12. Both of total production and total sales volumes in 1Q12 are equal to 23% and 21% respectively to the total coal production target (16.3 Mt) and sales volume estimate (18.6 Mt) for this year.

From the income statement, its 1Q12 total sales revenue was up by 31% yoy to IDR 3021.52 billion. Even though COGS has increased by 49% to IDR 1593.72 billion, PTBA's 1Q12 net profit remains strong as it still grows by 14% yoy to IDR 867.35 billion. Cash positions in 1Q12 remains strong as those items still grows by 19% yoy.

#### Outlook on Bukit Asam

Due to slowing global economy outlook, we lower the average selling coal price assumption used for PTBA from USD 100/Mt to USD 90/Mt for export, but maintain its ASP to domestic market as it has locked its coal selling price with PT PLN and PT Indonesia Power for this year. Moreover, we maintain the coal sales volume target of 17.6 Mt for this year, which divides into around 11.44 Mt for domestic market and around 6.16 Mt for export. The company is predicted to continue with strong domestic sales which accounts for around 65% of its total coal sales volume target, while the coal production volume is targeting to 16.6 Mt in 2012E. The company is relatively safe from the changes in two regulations as its majority shareholders is the Indonesian government and 65% of its sales portion to domestic.

The company is planning its coal production to reach 18.5 Mt in FY13F, increase by 11% yoy. Due to recent coal price fluctuation, the ASPs in FY13F are projected at USD 90/Mt to keep conservative in our valuation.

#### Downgrading the Valuation

Due to the challenging coal market outlook, we revise down our assumptions used in our DCF financial modeling. Thus the valuation of PTBA is downgraded. The 12-month target price of PTBA stock is down by 20% from IDR 22,000 in previous report to IDR 17,700.

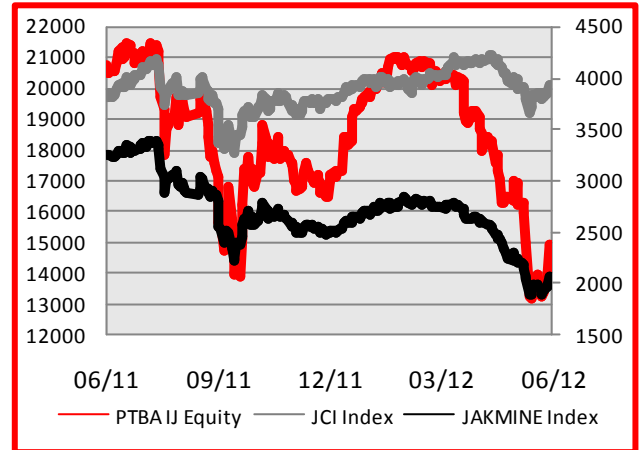
**James Wahjudi**

**Research Analyst**

#### Stock Data

Sector	Coal Mining
Price (17 July 2012)	IDR 15,600
Target Price (12-month)	IDR 17,700
Prior	HOLD (TP IDR 22,000)
Ticker	PTBA.IJ (BBG); PTBA.JK (RIC)
Market Cap	IDR 35.94 tn
Shares Outstanding	2,304 mn

#### PTBA Performance against JCI & Jakmine Indices



Source: Bloomberg

	2010	2011	2012E	2013F	2014F
Revenues	7,909	10,582	14,142	17,138	21,452
EBITDA	2,347	3,749	4,993	5,748	7,450
Net Income	2,009	3,088	3,652	4,203	5,462
EPS	872	1,340	1,585	1,824	2,371

In bn IDR except EPS; Source: Bloomberg, Company, Sinarmas Sekuritas Research

Profitability	5-yr avg	2011	2012E	2013F	2014F
Gross Margin %	37.8%	49.9%	50.06%	48.70%	49.55%
Operating Margin %	25.1%	34.6%	34.45%	32.71%	33.93%
EBITDA Margin %	25.8%	35.4%	35.31%	33.54%	34.73%
EV/EBITDA x		8.26	5.99	4.92	3.36
P/E x		12.20	10.31	8.96	6.90
Dividend Yield %		50%	50%	50%	50%

Source: Bloomberg, Company, Sinarmas Sekuritas Research

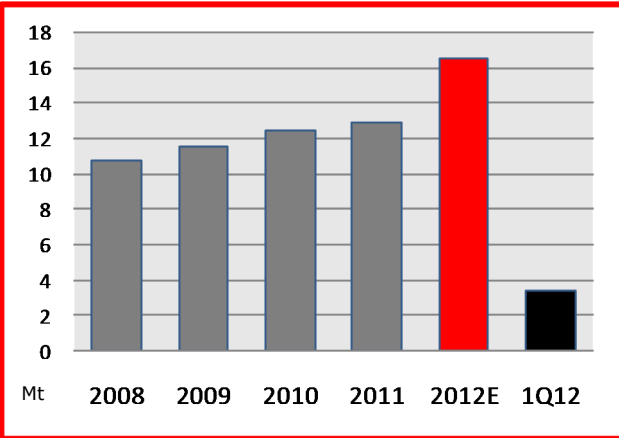
#### Top Holders

Government of Indonesia	65%
Public	35%

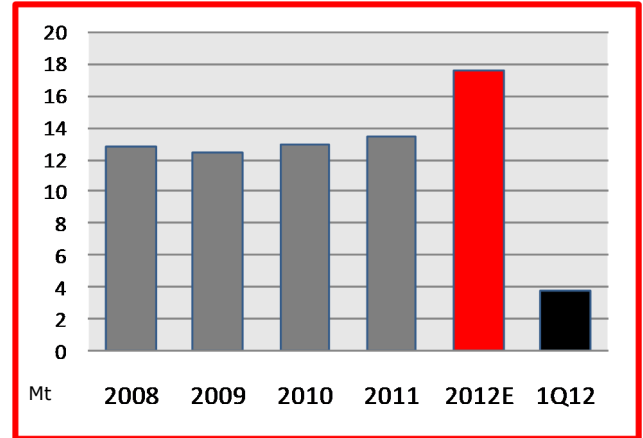
Source: Bloomberg



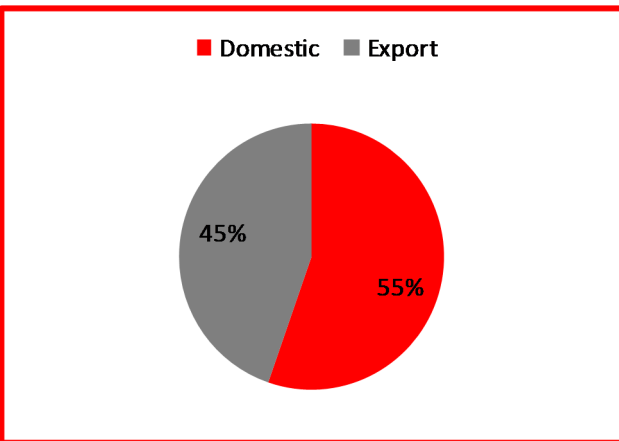
**Exhibit 1. PTBA's Production Volume**



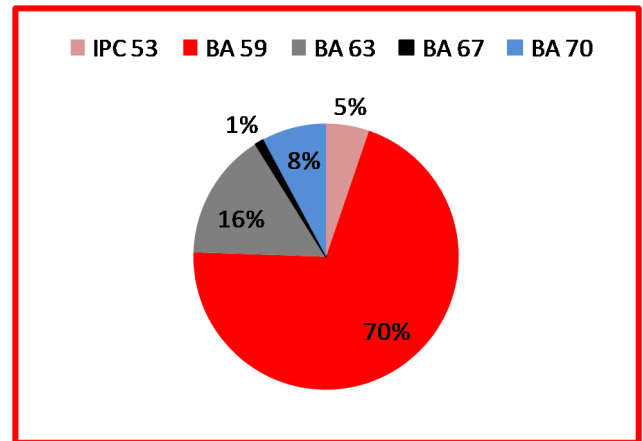
**Exhibit 2. PTBA's Sales Volume**



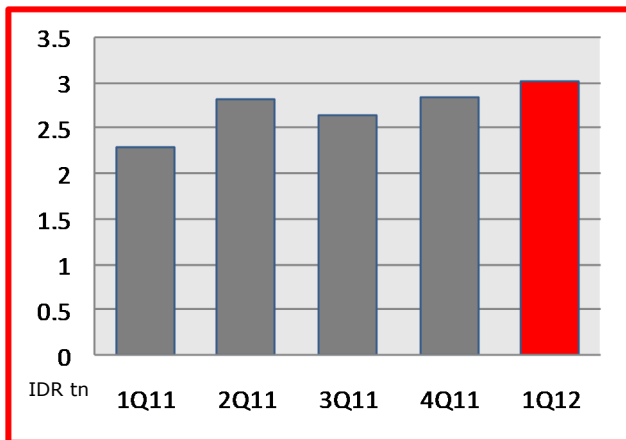
**Exhibit 3. 1Q12 PTBA's Sales Volume Breakdown**



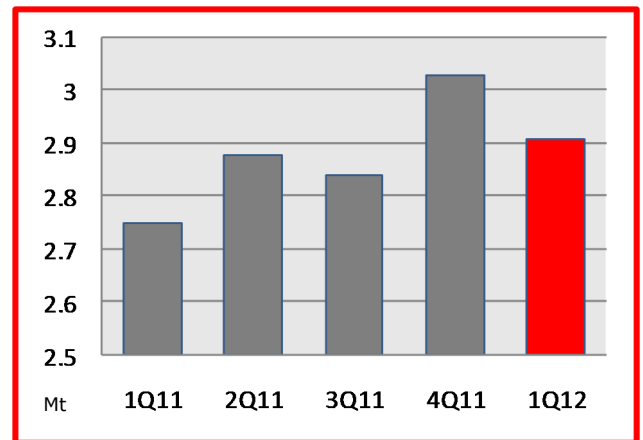
**Exhibit 4. PTBA's 1Q12 Sales Volume Breakdown by CV**



**Exhibit 5. PTBA's Total Sales Revenue**



**Exhibit 6. PTBA's Railway Capacity by Quarterly**



Source: Company, Sinarmas Sekuritas

**Exhibit 7. Revision on Our Assumption Used for PTBA Projection**

<b>FY12E</b>	<b>Old</b>	<b>New</b>	<b>% Changes</b>
Production Volume (Mt)	16.6	16.6	0
Sales Volume (Mt)	17.6	17.6	0
ASP-Domestic (IDR/Mt)	800,000	800,000	0
ASP-Export (USD/Mt)	100	90	(10%)

Source: Company, Sinarmas Sekuritas Research

**Exhibit 8. Changes in Our PTBA's Financial Projection**

<b>FY12E (in billion IDR)</b>	<b>Old</b>	<b>New</b>
Revenue	14,696	14,142
Gross Profit	7,356	7,079
<i>Gross Margin (%)</i>	<i>50%</i>	<i>50%</i>
Operating Income	5,062	4,871
<i>Operating Margin (%)</i>	<i>34%</i>	<i>34%</i>
Net Profit	3,795	3,652
<i>Net Margin (%)</i>	<i>26%</i>	<i>26%</i>

Source: Company, Sinarmas Sekuritas Research

**Exhibit 9. Stock Recommendation History**

<b>Date</b>	<b>Recommendation</b>	<b>Target Price (IDR)</b>
October 20, 2011	HOLD	20,200
March 19, 2012	HOLD	22,000

Source: Sinarmas Sekuritas Research

<b>Fiscal Year End</b>	<b>2010</b>	<b>2011</b>	<b>2012E</b>	<b>2013F</b>	<b>2014F</b>
<b>Income Statement (IDR bn)</b>					
Sales Revenue	7,909	10,582	14,142	17,138	21,452
Gross Profit	3,650	5,279	7,079	8,346	10,629
Operating Income	2,297	3,665	4,871	5,606	7,279
Depreciation & Amortization	49	84	122	142	171
<b>EBITDA</b>	<b>2,347</b>	<b>3,749</b>	<b>4,993</b>	<b>5,748</b>	<b>7,450</b>
<b>EPS</b>	<b>872</b>	<b>1,340</b>	<b>1,585</b>	<b>1,824</b>	<b>2,371</b>
Net Interest Income (Expenses)	-	-	-	-	-
Extraordinaries	-	-	-	-	-
Minority Interests	(10)	-	1	1	(3)
Pretax Income	2,600	4,059	4,871	5,606	7,279
Income Tax Expense	601	971	1,218	1,401	1,820
<b>Net Income</b>	<b>2,009</b>	<b>3,088</b>	<b>3,652</b>	<b>4,203</b>	<b>5,462</b>
<b>Cash Flow (IDR bn)</b>					
<b>Operating Cash Flow</b>	<b>2,490</b>	<b>3,601</b>	<b>4,447</b>	<b>5,203</b>	<b>6,438</b>
Net Capex	(490)	(235)	(1,200)	(1,150)	(400)
Other Investing Items	(311)	(270)	(293)	(206)	50
<b>Free Cash Flow</b>	<b>2,000</b>	<b>3,365</b>	<b>3,247</b>	<b>4,053</b>	<b>6,038</b>
Dividends paid	(1,236)	(1,282)	(1,826)	(2,102)	(2,731)
Equity Raised (Buy Back)	-	-	-	-	-
Net Bank Loans	-	(95)	-	-	-
Debt Issuance (Retirement)	-	-	-	-	-
Other Financing Items	(110)	19	(33)	(38)	(68)
<b>Net Cash Flow</b>	<b>345</b>	<b>1,738</b>	<b>1,095</b>	<b>1,707</b>	<b>3,288</b>
<b>Balance Sheet (IDR bn)</b>					
Cash & Cash Equivalents	5,054	6,791	7,886	9,594	12,882
Account Receivables	997	1,180	2,104	2,370	2,814
Inventories	424	645	773	921	1,195
Other Current Assets	171	243	281	359	458
Net Fixed Assets	1,109	1,315	1,906	2,600	3,746
Other Non-current Assets	963	1,321	1,464	1,624	1,813
<b>Total Assets</b>	<b>8,723</b>	<b>11,507</b>	<b>14,425</b>	<b>17,478</b>	<b>22,919</b>
Short-term Liabilities	1,148	1,912	2,367	2,776	3,514
Long-term Liabilities	1,134	1,430	1,837	2,150	2,934
<b>Total Liabilities</b>	<b>2,281</b>	<b>3,342</b>	<b>4,205</b>	<b>4,926</b>	<b>6,447</b>
Shareholder's Equity	1,183	1,183	1,183	1,183	1,183
Minority Interest	75	77	123	145	175
<b>Total Equity &amp; Liabilities</b>	<b>8,723</b>	<b>11,507</b>	<b>14,425</b>	<b>17,478</b>	<b>22,919</b>
<b>KEY RATIO</b>					
Sales Growth (%)	-11.61%	33.79%	33.64%	21.19%	25.17%
EPS Growth (%)	-26.35%	53.70%	18.27%	15.09%	29.94%
EBITDA Margin (%)	29.67%	35.43%	35.31%	33.54%	34.73%
Payout Ratio (%)	60.00%	50.00%	50.00%	50.00%	50.00%
ROE (%)	31.19%	37.82%	35.73%	33.49%	33.16%
Quick Ratio (x)	5.42	4.30	4.34	4.44	4.60
LT Debt/Equity (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EV/EBITDA	13.94	8.26	5.99	4.92	3.36
P/E (x)	18.75	12.20	10.31	8.96	6.90

Source: Company, Sinarmas Sekuritas Research

## 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.

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

**©Sinarmas Sekuritas(2012). All rights reserved.**