

23 May 2012

Good morning,

## TOP GAINERS (%)

| Stock | Change (%) |
|-------|------------|
| CENT  | 29.9       |
| HDTX  | 25.0       |
| KICI  | 21.4       |
| BTON  | 19.5       |
| ATPK  | 19.1       |

## TOP LOSERS (%)

| Stock | Change (%) |
|-------|------------|
| DNET  | -25.0      |
| PTSN  | -10.5      |
| ARTA  | -5.7       |
| SAIP  | -5.6       |
| INDX  | -5.0       |

## TOP VOLUME (mn shares)

| Stock | Volume |
|-------|--------|
| ENRG  | 838.8  |
| BKSL  | 654.7  |
| TRAM  | 322.2  |
| BHIT  | 269.3  |
| ELTY  | 225.5  |

## TOP VALUE (Rp bn)

| Stock | Value |
|-------|-------|
| BBRI  | 425.7 |
| ASII  | 326.4 |
| BBCA  | 227.4 |
| JSMR  | 183.1 |
| BUMI  | 175.4 |

Recently we visited a small yet interesting company, **Hydraxle Perkasa (HP)**. We deem it as another **mining, plantation, and infrastructure play** considering it is mainly producing dump truck system (85% of the revenue; kindly refer the second page if you are unfamiliar with the products). Using ADR dump truck brand, the company is the **market leader** with 20-30% market share in the dump truck assembling and hoist domestic market which is fragmented with many small players as competitors. It is also the **price leader** and well known for its good quality including its after sales services. HP has a strong advantage as it is **the only domestic company that self-made the hoist** hence it has a flexibility to improve the hoist features and adjust it according to customer needs. It is also guaranteeing the uniformity of the hoist quality compare to other companies that purchase it from the third party. The numbers are conforming as sales and net profit has been increasing by 42% and 67% CAGR respectively in the last five years.

The company is **aiming to double its production capacity** to 10,000 truck/year within two years from currently ~4800 truck/year, it sold 3,300 unit last year. After the completion of production capacity addition, management plan to aggressively increasing its market share which we think will be possible as the company now is still only concentrating in mid size truck (70% of HP dump truck system sales) with small-mid mining industry as the major buyers (70%-80% of HP dump truck system sales) and the rest is from infrastructure industry, hence they haven't effectively grabs the potential market of small size trucks which usually used in plantation sector. Management is also in the process of **increasing production efficiency** which some part is already bear fruit in 2% gross **margin expansion** in 2011. Last year company's ROE was 21%, a quite satisfying level.

Well, the company is a private company.

However, the good news is, Selamat Sempurna (SMSM IJ, BUY, TP IDR2,050), its sister company, just acquired 49% stakes in the company under a quite attractive 10.3x FY11 PE or 5.6x annualized 1Q12 net income. As SMSM raise a 7% bank loan for the purpose, using rough annualized 1Q12 net net it may increase FY12 net income by ~5%. We haven't changed our forecast as we still wait for the details. (Yuniv Trenseno)

## Key Market Indices

|           | Value    | Change | % Change |
|-----------|----------|--------|----------|
| JCI       | 4,021.1  | 81.0   | 2.1%     |
| DJI       | 12,502.8 | -1.7   | 0.0%     |
| Nasdaq    | 2,839.1  | -8.1   | -0.3%    |
| Hang Seng | 19,039.2 | 116.8  | 0.6%     |
| Nikkei    | 8,729.3  | 95.4   | 1.1%     |
| KOSPI     | 1,828.7  | 29.6   | 1.6%     |
| TWSE      | 7,274.9  | 82.7   | 1.1%     |
| STI       | 2,823.8  | 33.6   | 1.2%     |
| KLCI      | 1,546.8  | 7.9    | 0.5%     |
| SET       | 1,131.5  | -3.6   | -0.3%    |

## Key Statistics

|                        | Value   | Change   | % Change |
|------------------------|---------|----------|----------|
| Volume (mn shares)     | 3,886.7 | 629.5    | 19.3%    |
| Value (IDR bn)         | 5,241.6 | -1,822.2 | -25.8%   |
| WTI oil price (USD/bl) | 91.9    | -1.0     | -1.1%    |
| CPO price (USD/ton)    | 1,050   | -5       | -0.5%    |
| Coal price (USD/ton)   | 97.0    | -1.4     | -1.4%    |
| Nickel price (USD/ton) | 16,833  | -286     | -1.7%    |
| Tin price (USD/ton)    | 19,667  | 456      | 2.4%     |
| Inflation YoY (%)      | 4.50    | 0.5      | 11.8%    |
| BI Rate (%)            | 5.75    | 0.0      | 0.0%     |
| IDR/USD                | 9,336   | 133      | 1.4%     |

## Hydraxle

**Figure 1: Dump scoop end type**

Hydraxle produces the **dump body** and the **hoist**, while the truck itself comes from various brands



Source: Company, OSK Research

**Figure 2: Dump body u type**



Source: Company, OSK Research

**Figure 3: Hydraxle financial highlight**

|                         | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 3M10 | 3M11 |
|-------------------------|------|------|------|------|------|------|------|------|
| Revenue                 | 53   | 83   | 161  | 154  | 229  | 310  | 83   | 103  |
| Gross profit            | 5    | 7    | 18   | 14   | 27   | 43   | 9    | 18   |
| Operating income        | 1    | 3    | 10   | 6    | 18   | 33   | 7    | 15   |
| Net income              | 2    | 9    | 4    | 4    | 11   | 22   | 5    | 10   |
| Revenue growth          |      | 58%  | 93%  | -4%  | 48%  | 35%  |      | 24%  |
| Gross profit growth     |      | 57%  | 150% | -23% | 93%  | 59%  |      | 109% |
| Operating income growth |      | 99%  | 281% | -37% | 194% | 83%  |      | 116% |
| Net income growth       |      | 392% | -58% | 7%   | 191% | 102% |      | 119% |
| Gross margin            |      | 9%   | 11%  | 9%   | 12%  | 14%  | 11%  | 18%  |
| Operating margin        |      | 3%   | 6%   | 4%   | 8%   | 11%  | 8%   | 15%  |
| Net margin              |      | 10%  | 2%   | 2%   | 5%   | 7%   | 6%   | 10%  |
| ROAA                    |      | 7%   | 2%   | 2%   | 7%   | 13%  |      |      |
| ROAE                    |      | 15%  | 6%   | 5%   | 11%  | 21%  |      |      |
| Net gearing             |      | 97%  | 83%  | 39%  | 26%  | 38%  |      |      |

Source: Company, OSK Research

## MEDIA HIGHLIGHTS

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### UNTR operational data update – April 2012

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UNTR reported that its Komatsu heavy equipment sales volume reached 2,956 unit as of April 2012 and 749 unit in the month of April alone. This figure represents a flat y-o-y growth and 8% m-o-m decline. The company reveals that the decline was driven by weak market of heavy equipment in China that translates to a huge influx of China-made small-medium equipment, bearing the brands such as Hitachi and Kobelco. As result competition has accelerated within the industry.

From the mining contracting unit, UNTR's overburden removal was 267.5 bcm, a 18% y-o-y increase and 71.4 bcm in the month of April, a flat m-o-m growth. As for UNTR own coal mine, total coal sales volume was at 1.9m tonnes (+37% y-o-y).

#### Comment :

The April heavy equipment and mining contracting overburden removal figure relatively align with our expectations as its already account for 30% and 32% of our FY estimates each respectively. While the coal sales volume has account for 32% of our FY estimates of 6m tonnes.

### PGAS is ready to acquire gas blocks worth IDR5trn

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Perusahaan Gas Negara (PGAS) is ready to acquire gas blocks this year with investment allocation amounting to IDR5trn. This acquisition is important as PGAS has experienced supply shortage over the last couple of years. On separate news, PGAS plans to distribute dividend worth IDR3.2trn (IDR132/share) based on 2011 net profit, translating to dividend payout 55% and 3.6% dividend yield. (*Investor Daily*)

### AISA plans to establish new rice mills (USD11m investment per mill) which will operate in 2Q13

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Publicly-listed food company, Tiga Pilar Sejahtera (AISA), is planning to establish new rice mills (USD11m investment for one mill) that are expected to boost the company's production. The funding will be from its rights issue proceeds last year. The operation will start in 2Q13. (*The Jakarta Post*)

### Tiga Pilar allocates IDR1.64trn for 18 rice milling plants in next 5 years

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It is reported that Indonesia consumer company, Tiga Pilar (AISA) set aside USD176m (eq. IDR1.64trn) to build 18 rice milling plants in next five years. Estimated capital expenditure to develop a rice milling plant with capacity of 4.32m ton per annum is USD11m. Estimated sales of one rice plant are around IDR1trn. For comparison, ASIA's sales were IDR1,753bn in 2011. AISA is to build two rice milling plants this year, then other two milling plants in 2013. (*Bisnis Indonesia*)

## CORPORATE ACTION CALENDER

| Cash dividend |                                |        |                  |            |
|---------------|--------------------------------|--------|------------------|------------|
| Ex-date       | Company                        | Ticker | Type             | Cash (IDR) |
| 21-May-12     | Astra International            | ASII   | Final            | 1,380      |
| 22-May-12     | Nippon Indosari                | ROTI   | Cash dividend    | 29         |
| 22-May-12     | Batavia Prosperindo            | BPFI   | Cash dividend    | 5          |
| 22-May-12     | Buana Finance                  | BBLD   | Final            | 20         |
| 22-May-12     | Metropolitan Land              | MTLA   | Cash dividend    | 3          |
| 22-May-12     | Indomobil Sukses Internasional | IMAS   | Cash dividend    | 118        |
| 22-May-12     | Buana Finance                  | BBLD   | Stock dividend   | 14.6%      |
| 23-May-12     | HM Sampoerna                   | HMSP   | Interim          | 1,050      |
| 24-May-12     | Wijaya Karya                   | WIKA   | Cash dividend    | 17         |
| 28-May-12     | Resource Alam Indonesia        | KKGI   | Cash dividend    | 200        |
| 30-May-12     | Adaro Energy                   | ADRO   | Final            | USD0.00705 |
| 30-May-12     | Bukit Asam                     | PTBA   | Final            | 700        |
| 4-Jun-12      | Medco Energy                   | MEDC   | Cash dividend    | USD0.00766 |
| 4-Jun-12      | Tunas Ridean                   | TURI   | Final            | 7          |
| 5-Jun-12      | Jasa Marga                     | JSMR   | Cash dividend    | 79         |
| 5-Jun-12      | Total Bangun Persada           | TOTL   | Cash dividend    | 44         |
| 5-Jun-12      | Good Year                      | GDYR   | Cash dividend    | 45         |
| 5-Jun-12      | Pembangunan Jaya Ancol         | PJAA   | Cash dividend    | 45         |
| 6-Jun-12      | Delta Djakarta                 | DLTA   | Cash dividend    | 1,500      |
| 6-Jun-12      | London Sumatera                | LSIP   | Cash dividend    | 100        |
| 6-Jun-12      | Telekomunikasi Indonesia       | TLKM   | Cash dividend    | 314        |
| 6-Jun-12      | Telekomunikasi Indonesia       | TLKM   | Special dividend | 57         |
| 6-Jun-12      | Adhi Karya                     | ADHI   | Cash dividend    | 30         |
| 7-Jun-12      | AKR Corporindo                 | AKRA   | Cash dividend    | 25         |
| 8-Jun-12      | Indosat                        | ISAT   | Cash dividend    | 77         |
| 8-Jun-12      | Charoen Pokhpan                | CPIN   | Cash dividend    | 42         |
| 8-Jun-12      | Pan Brothers                   | PBRX   | Cash dividend    | 1          |
| 8-Jun-12      | Multi Bintang                  | MLBI   | Cash dividend    | 24,074     |
| 11-Jun-12     | Harum Energy                   | HRUM   | Cash dividend    | 380        |
| 12-Jun-12     | Arwana Citra Mulia             | ARNA   | Cash dividend    | 20         |
| 13-Jun-12     | Salim Ivomas                   | SIMP   | Cash dividend    | 21         |
| 13-Jun-12     | Voksel                         | VOKS   | Cash dividend    | 48         |
| 19-Jun-12     | Indocement                     | INTP   | Cash dividend    | 293        |
| 29-Jun-12     | Pudjiadi & Sons                | PNSE   | Stock dividend   | 20%        |

| IPO          |                          |        |                     |  |
|--------------|--------------------------|--------|---------------------|--|
| Listing date | Company                  | Ticker | Initial Price (IDR) |  |
| 9-Jan-12     | Minna Padi Investama     | PADI   | 395                 |  |
| 12-Jan-12    | Tiphone Mobile Indonesia | TELE   | 310                 |  |
| 1-Feb-12     | Esa Surya Perkasa        | ESSA   | 610                 |  |
| 10-Apr-12    | Bekasi Fajar             | BEST   | 170                 |  |

| Stock split |                        |        |            |  |
|-------------|------------------------|--------|------------|--|
| Ex-date     | Company                | Ticker | Adjustment |  |
| 3-Jan-12    | Pool Advista Indonesia | POOL   | 2 for 1    |  |
| 15-Feb-12   | Smartfren Telecom      | FREN   | 1 for 20   |  |
| 6-Mar-12    | Petrosea               | PTRO   | 10 for 1   |  |
| 30-Mar-12   | Pakuwon Jati           | PWON   | 4 for 1    |  |
| 5-Apr-12    | Hero Supermarket       | HERO   | 10 for 1   |  |

| Rights issue |                             |        |                       |                        |
|--------------|-----------------------------|--------|-----------------------|------------------------|
| Ex-date      | Company                     | Ticker | Adjustment            | Subscribed Price (IDR) |
| 9-Jan-12     | J Resources Asia Pacific    | PSAB   | 125 old for 3,025 new | 2,000                  |
| 16-Feb-12    | Smartfren Telecom           | FREN   | 1 old for 2 new       | 100                    |
| 24-Feb-12    | Keramika Indonesia Asosiasi | KIAS   | 500 old for 386       | 128                    |
| 11-May-12    | Rukun Raharja               | RAJA   | 1 old for 2 new       | 677                    |
| 11-May-12    | Sugih Energy                | SUGI   | 1 old for 60 new      | 100                    |
| 28-May-12    | Leo Investments             | ITTG   | 2 old for 5 new       | 104                    |

## OSK Research Guide to Investment Ratings

**Buy:** Share price may exceed 10% over the next 12 months

**Trading Buy:** Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain

**Neutral:** Share price may fall within the range of +/- 10% over the next 12 months

**Take Profit:** Target price has been attained. Look to accumulate at lower levels

**Sell:** Share price may fall by more than 10% over the next 12 months

**Not Rated:** Stock is not within regular research coverage

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