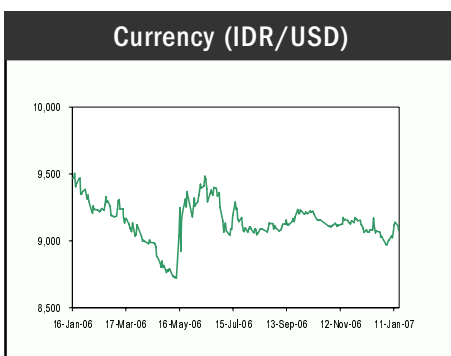
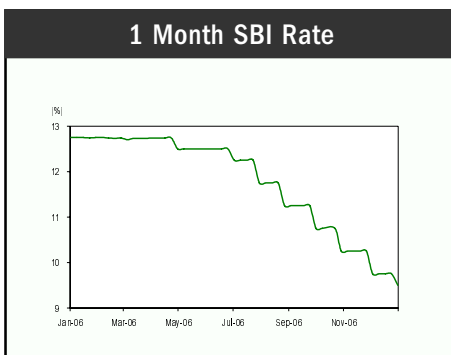
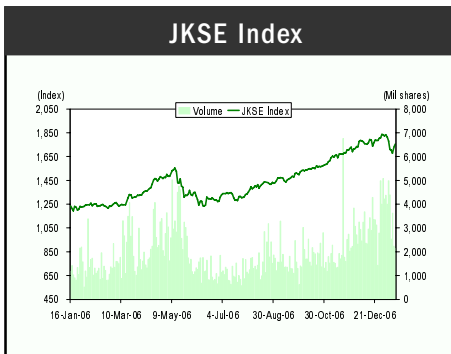


# Indonesia Equity Daily



	16-Jan	15-Jan	Point	(%)
JKSE Index	1,754.29	1,730.48	23.8	1.4
IDR/USD	9,080	9,114	34.0	0.4

## Our Comment

The government and PLN, the state owned power company, are signing US\$681m mining and energy contracts with domestic and foreign partners. The contracts consist of 10 power purchase agreements worth US\$480m between PLN and private electricity providers (for 423 MW power plants) and 16 contracts for oil & gas concession areas (between the government and private parties) worth US\$201m. Minister of energy and mineral resources stated that the above commitment is for the first three years. Some of private companies mentioned are Conoco Phillips and StarOil.

The above is positive for Indonesia. Investment in power and oil & gas mining is an utmost urgency. Beneficiaries of realized investment in the above sectors include rig operators **Apexindo** (BUY, target price Rp2,300) and **Radiant Utama**, (HOLD, target price Rp530) and heavy equipment play such as **United Tractors** (BUY, target price Rp7,500). **Bukit Asam** also announced it has signed agreement to supply electricity to Banjarsari power plant for 30-year period. The power plant is expected to commence operation in 2010. No details on the contract were announced. At 12.2x 2007F PER, maintain BUY (target price Rp3,800).

**Katarina Setiawan**

## Highlights

- **TB Bukit Asam (BUY):** Signed Power Purchase Agreement
- **CP Prima:** To acquire shrimp farm in USA
- **Energy sector:** Total US\$681 energy contracts signed

## From our chartist desk

- **JCI:** Our inter-market analysis shows a strong correlation between oil price chart and MSCI emerging market chart. Therefore, significant drop in oil price could lead emerging market bourses to a decline. JCI will negatively affected as well, especially since the JCI has come to near 61.8% retracement at 1760. We prefer TAKE PROFIT at the moment. Support level is at 1640.
- **PGAS:** Price gap on Rp9,200-9,600 could act as a strong resistance. Therefore, we see it hardfor PGAS to breach above Rp9,200. SELL ON STRENGTH around Rp9,200. Correction target is to Rp6,650.
- **AALI:** In USD term, AALI price has rose 3.5 times from its May 1998 price, while CPO price still traded below its May 1998 price. This shows us that AALI has significantly outperforms the CPO price. TAKE PROFIT.

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**Bukit Asam (BUY): Power Purchase Agreement**

- The company announced that it has signed Power Purchase Agreement through subsidiary PT Bukit Pembangkit Innovative today 16 Jan 2006.
- The agreement is between BPI and PLN (the off taker) to supply electricity at US\$ 3.87 cent/kWh for 30-year contract.
- The electricity will be produced from 2x100 MW Banjarsari Powerplant with investment US\$241m (including financing cost).
- PTBA owns 41% of BPI, while the rest is owned by PT Navigat Innovative (39%) and PT Pembangkitan Jawa-Bali (PJB, 20%).
- At present the company is conducting a tender process to appoint contractors for Engineering, Procurement and Construction (EPC).
- The company expects Banjar Sari power plant Unit 1 to start commercial operation in 2010.

**Comment:**

- We have factored-in additional 1.15m tons coal sales per annum to mine mouth Banjarsari power plant. However, we have not factored-in the additional income from electricity sales in BPI. Additional data on BPI operation is yet to be announced.
- At selling price US\$13.5/ton for Banjarsari, coal sales contribution will be US\$16m per annum (3% of our FY10 sales estimate), starting in 2010.
- Coal price to mine mouth is lower than PTBA's coal to Suralaya at Rp351,700/ton (appr. US\$39/ton) due to the absence of transport cost and lower quality.
- Typically selling price from mine-mouth power plant is lower than that of non power plants, due to the absence of coal transport cost. For capacity above 200 MW, the government set price at max US\$4.5 cent/Kwh.
- BUY. PTBA is trading at 12.2x FY07 PE and 6.8x FY07 EV/EBITDA. Target price is Rp3,800.

**Ceiling price for power plant - Non mine mouth**

Capacity (MW)	US\$cent/Kwh
< 25	4.95
25-150	4.75
>150	4.5

Source: Ministry ESDM

Ricardo Silaen

**CP Prima: To acquire shrimp farm in USA**

- CP Prima, one of the largest integrated shrimp farms and processing companies in the world, to acquire Shrimp Improvement System, LCC the largest shrimp breeder in USA.
- Management explained that acquisition is to strengthen vertical business. However, management is yet to explain fund for acquisition.

- CP Prima closed at Rp185 yesterday, or base on underwriter estimates traded at 2007 P/E 10.5x, EV/EBITDA 6.9x, and P/BV 2.2x.

**Energy: Total US\$681 energy contracts signed**

- The government and PLN (a stated owned power company) signed contracts worth at US\$681m (Rp6.2t). Contracts consist of US\$201m oil & gas concession contracts and US\$480m power purchase agreements.

**Comment:**

- Mining contractors and oil & gas drilling services company will benefit from this contracts.
- Rig daily rate is expected to remain high because of high demand.
- This will create positive sentiment to Apexindo, Radiant Utama, and United Tractor.s
- At 9.9x 2007F PE, maintain BUY on Apexindo. Our price target is Rp2,300, 39% upside potential.
- At 14.3x 2007F PE, maintain BUY on United Tractors.

**Oil & gas concession contracts****Area**

Duyung – Natuna sea	Transwood Exploration
Pari - Natuna sea	Indoreach exploration
Tonga - North Sumatra	Mosesa Petroleum
Batu Gajah - Jambi	Ranhill Jambi
Batanghari - Jambi	Gregory Gas Perkasa & CNOOC
Karang Agung - South Sumatra	Odira Eney Karang Agung
Sekayu - South Sumatra	Star Energy (Sekayu)
North Kangean - East Java	Petrojava North Kangean
Sibaru - East Java	Mitra Energi Consortium & PearlOil
West Sangatta - East Borneo	Kalimantan Kutai Energi
Wain - East Borneo	Pandawa Prima Lestari
Kutai - East Borneo	Ephindo Kutai - Serica Kutai
Budong-budong - W. Sulawesi	Gema Terra, Tately, TGS Nopec InvAS
Kuma - West Sulawesi	ConocoPhillips & StatOil
Karana - Makassar strait	PearlOil
Butoin - SE Sulawesi	Japex Buton, PremierOil, Kufpec Indonesia

Source: ESDM Ministry (Bisnis Indonesia)

**Independent Power Plant (IPP) contracts**

Area	Capacity
Lakatong - S. Sulawesi	Kassa Listrindo 3x25 MW
Tawaeli - C. Sulawesi	Pusaka Jaya Palu Power 2x15 MW
Gorontalo	Gorontalo Energi 2x7 MW
Sampit - CI Borneo	Karya Putra Powering 2x7 MW
Tanah Grogot - E Borneo	Mahajaya Arya Satya 2x7 MW
Ketapang – W Borneo	Mahajaya Arya Satya 2x7 MW
Banjarsari - S Sumatra	Bukit Pembangkit Inov 2x100 MW
Belitung - B Belitung	Total Orbit Prestasr 2x7 MW
Tanjung Pinang – Riau	Tenaga Listrik Batam 2x12 MW
Jayapura – Papua	Tenaga Listrik Jayapura 2x12 MW

Source: ESDM Ministry (Bisnis Indonesia)

Andrey Wijaya

Commodities	16-Jan-07	15-Jan-07	Change
Nickel (US\$/ton)	35,500.00	35,175.00	325.00
Tin (US\$/ton)	10,720.00	10,605.00	115.00
Gold (US\$/t.oz)	623.65	626.80	(3.15)
CPO Rotterdam (US\$/ton)	605.00	605.00	-
Oil NYMEX (US\$/barrel)	51.21	52.80	(1.59)

Source: Bloomberg

Dual listing stocks	16-Jan-07	15-Jan-07	Change	Rp-Last	JSX-Last
Telkom - NY (US\$)	43.30	42.72	0.58	9,823	9,900
Indosat - NY (US\$)	33.15	33.15	-	6,016	5,950
BLT -SG (Sin \$)	0.29	0.29	(0.01)	1,680	1,730
Rp	9,074.00				
Sin \$	5,895.47				

Source: Bloomberg

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