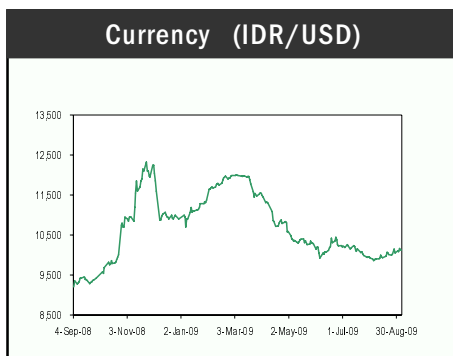
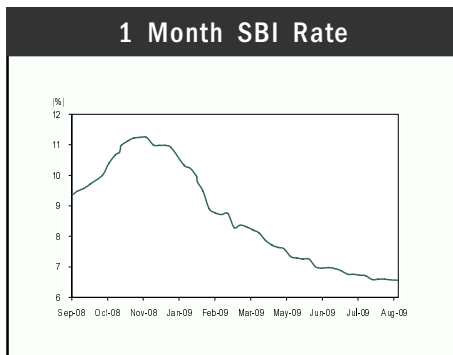
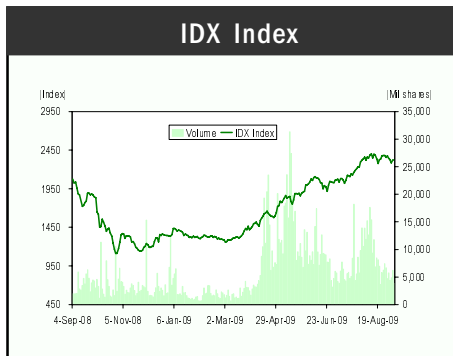




Indonesia Equity Daily

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INDONESIA



| | 4-Sep-09 | 3-Sep-09 | Point | (%) |
|-----------|----------|----------|-------|-----|
| IDX Index | 2,322.74 | 2,322.25 | 0.5 | 0.0 |
| IDR/USD | 10,125 | 10,125 | 0.0 | 0.0 |

Our Comment

Ricardo Silaen published an initiating coverage on **Delta Dunia Petroindo** ("Delta"), an investment holding firm, is acquiring 100% of Bukit Makmur Mandiri Utama (BUMA), a prominent mining contractor in Indonesia. BUMA is the second largest coal mining contractor in Indonesia commanding $\pm 19\%$ market share (after Pama Persada with $\pm 32\%$ market share). The company provides open-cut mining services to some of the largest coal producers in the country, i.e., Adaro, Bayan, Berau, Kideco and Lanna Resources. The company operates under long-term contracts (3-10 year period) with coal mine owners. BUMA's revenue is based on long-term contracts with formula-based pricing for unit rates for overburden volumes removed, coal tonnages excavated and coal tonnages hauled to set destinations. Hence, the revenue is relatively shielded from coal price decline as long as it is economically viable for mine operators to continue coal production. In the next five years, we project gross profit to grow by CAGR 21.4% to Rp3,660b in 2013 and EBITDA by 17.4% to Rp4,344b from Rp1,986b in 2008, on proforma basis. Meanwhile, net profit is expected to reach Rp2,167b in the same period, or CAGR of 56.7%. At present, the counter is trading at 10.9x - 8.9x FY09-10 PE and 5.7x-4.9x FY09-10 EV/EBITDA BUY, target price is Rp2,500, providing 21% upside potential.

The US and Asian markets were mostly in the green, despite the highest unemployment rate reported in the US. The G-20 is conducting its meeting in London, setting up a broad bank pact.

Katarina Setiawan

Highlights

- **Delta Dunia Petroindo (BUY):** New engine inside
- **Bakrieland:** Draws interest from Capital World
- **Adaro Energy:** To build a fuel storage terminal with Shell
- **Nusantara Infrastructure:** To conduct a rights issue
- **Aqua:** To conduct tender offer

From our chartist desk

- **IDX:** We maintain near support target of 2271 and medium low target 2259 for BEI index. The corrective wave A is not complete yet. But, some of secondary stocks could experience technical rebounds. Today's trading range is between 2223-2267-2295 (support) and 2339-2356-2400 (resistance).
- **AALI:** Weekly chart reflected TD sequential buy set up 7th week, and this is inline with MaCD 12-26 day. **TRADING BUY**
- **BBNI:** Good entry point, target price is Rp1950. Strong support from trend line, and reversal on MaCD 12-26 day. **TRADING BUY**

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 Research support
 Research support

Delta Dunia Petroindo (BUY): New engine inside

- **Acquiring a large mining contractor.** Delta Dunia Petroindo ("Delta"), an investment holding firm, is acquiring 100% of Bukit Makmur Mandiri Utama (BUMA), a prominent mining contractor in Indonesia. The acquisition is to be funded by debt (i.e., bank loan and possibly bond issue) and is expected to be completed in October 2009. Delta is raising US\$550m to finance for the acquisition (US\$240m for BUMA's equity and US\$310m for payment of BUMA's debt). Delta will be used as a shell company into which BUMA is injected. After the acquisition, BUMA is expected to become Delta's principal operating subsidiary.
- **Second largest coal mining contractor.** Bukit Makmur Mandiri Utama (BUMA) is the second largest coal mining contractor in Indonesia commanding $\pm 19\%$ market share (after Pama Persada with $\pm 32\%$ market share). Its operations are mainly located in East and South Kalimantan. The company provides open-cut mining services to some of the largest coal producers in the country, i.e., Adaro, Bayan, Berau, Kideco and Lanna Resources. The company operates under long-term contracts (3-10 year period) with coal mine owners.
- **Stable revenue from long term contracts with large coal producers.** BUMA's clients consist of Indonesia's largest coal producers, mostly operate mines with significant reserves. They generate revenues mostly from long-term contracts with large industrial end users at pre-agreed annual delivery volumes. BUMA's revenue is based on long-term contracts with formula-based pricing for unit rates for overburden volumes removed, coal tonnages excavated and coal tonnages hauled to set destinations. Hence, the revenue is relatively shielded from coal price decline as long as it is economically viable for mine operators to continue coal production. On the other hand, BUMA benefits from a high coal price environment as mine owners usually accelerate their production plan to capitalize on the high coal price. As a result, mine owners increase coal production at high strip ratio, translating to higher overburden revenue for BUMA.
- **BUY, with 21% upside.** At present, the counter is trading at 10.9x - 8.9x FY09-10 PE and 5.7x-4.9x FY09-10 EV/EBITDA. We recommend BUY with target price at Rp2,500, providing 21% upside potential. Risks in our forecast include unfavorable weather (heavy rainfall), change in regulation as well as collapse of energy prices, especially coal. We also reckon the risk if the acquisition takes longer time than our expectation in October. We project the company to pay dividend with payout ratio of 20% starting 2010. Our target price will translate into 13.7x -11.2x FY09-10 PE and 6.9x-5.9x FY09-10 EV/EBITDA. BUY.

Ricardo Silaen

Bakrieland: Draws interest from Capital World

- *Investor Daily* quoted President Director of Bakrieland, Hiramayah S Thaib, saying that Capital World, a US-based private equity fund, is interested to have a stake at Bakrieland.
- Bakrieland management was in Hong Kong for a roadshow recently.
- Further, Mr Thaib stated that Bakrieland plans to divest 20-30% of its stake in Bakrie Toll Road to two strategic investors, after a bond issuance of Rp500b-1t in 3Q10.

Adaro Energy: To build a fuel storage terminal with Shell

- The company, through its unit PT Indonesia Bulk Terminal (IBT), plans to build a fuel storage terminal with Shell Indonesia with total investment of US\$40m.
- According to the agreement, Shell will build a fuel storage terminal with capacity of 60k tons in Adaro's area in Pulau Laut, South Kalimantan. Later, Shell will operate the terminal until 2022 and then transfer it to IBT.

Nusantara Infrastructure: To conduct rights issue

- Nusantara Infrastructure (META) will conduct rights issue I to offer 11b shares.
- Ratio is 500 (old): 545(new), with offer price of Rp44 per share.
- Proceeds will be used as follows: Around 45% to acquire 99.97% stake in Margautama Nusantara, a company engaged in infrastructure, 41% to refinance debt, and the remaining (14%) to finance working capital.
- If shareholders do not exercise, stakes will be diluted by 52.15%. Standby buyer from rights issue is Leyland International Tbk. (LAPD).
- Rights Issue plan will be proposed to EGM on 16 October 2009. Effective statement from market regulator (Bapepam) is expected on 16 October 2009.

Aqua: To conduct a tender offer

- *Bisnis Indonesia* reported a unnamed source said that the company has finalized document related to tender offer.
- It is reported document has been submitted to market regulator (Bapepam-LK), and will be published to media at lest tomorrow.
- It is reported there is speculation Aqua will offers price Rp400,000 per share or quadruple compared to offer price previously of Rp100,000 in 2005.

| Commodities | 4-Sep-09 | 3-Sep-09 | Change (US\$) | Change (%) |
|-------------------------|-----------|-----------|---------------|------------|
| Nickel (US\$/ton) | 17,574.00 | 18,192.00 | (618.00) | (3.40) |
| Tin (US\$/ton) | 14,600.00 | 14,705.00 | (105.00) | (0.71) |
| Gold (US\$/t.oz) | 994.40 | 991.85 | 2.55 | 0.26 |
| CPO Malaysia (US\$/ton) | 648.80 | 652.97 | (4.17) | (0.64) |
| Oil NYMEX (US\$/barrel) | 68.02 | 67.96 | 0.06 | 0.09 |
| Rubber (Sin \$/100 kg) | 316.00 | 308.00 | 8.00 | 2.60 |

| Weekly data | 28-Aug-09 | 21-Aug-09 | Change (US\$) | Change (%) |
|-----------------|-----------|-----------|---------------|------------|
| Coal (US\$/ton) | 70.50 | 74.30 | (3.80) | (5.11) |

Source: Bloomberg

| Company | ADR Ticker | ADR Close 4-Sep-09 | Change % | Local (Rp) | | ADR % Prem | Shares Per ADR |
|---------------------|------------|--------------------|----------|------------|-----------|------------|----------------|
| | | | | Equivalent | IDX Close | | |
| Telkom - NY (US\$) | TLK US | 33.23 | 0.12 | 8,411 | 8,400 | 0.14 | 40 |
| Indosat - NY (US\$) | IIT US | 26.25 | 0.92 | 5,316 | 5,300 | 0.29 | 50 |
| BLT -SG (Sin\$) | BLTA SP | 0.11 | 4.76 | 775 | 730 | 6.11 | |
| Rp | | 10,125.00 | | | | | |
| Sin \$ | | 7,041.77 | | | | | |

Source: Bloomberg

Key corporate actions

| Cum-Date | Ex-Date | Company | Action | Amount/price (Rp) | Note |
|-----------|-----------|---------|-----------------------------|-------------------|------|
| 4-Sep-09 | 7-Sep-09 | OKAS | Rights issue: 2 (n) : 9 (o) | 520 | |
| 25-Sep-09 | 28-Sep-09 | EKAD | Interim-09 | 3 | |
| 30-Sep-09 | 1-Oct-09 | JTPE | Dividend 2008 | 5 | |

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