Batavia Stock Focus

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Holcim Indonesia

BATAVIA PROSPERINDO SEKURITAS

Parningotan Julio
Julio@bps.co.id
62-21 5207374

Wliiam Hutapea
William@bps.co.id

Good performance

- **9M-2011 financial report showing good result**

  The 9M-2011 financial report showed that SMCB recorded revenue of Rp. 5,408.08 bn, increasing 26.15% compared to the 9M-2010's of Rp. 4,287.12 bn. As for the net income, SMCB managed to grab profit of Rp. 740.42 bn, growing 19.28% compared to the 9M-2010 net income of Rp. 620.75 bn. This good result was supported by increase in Indonesian cement demand and strong sales of Holcim brand cement. As per 9M-2011, SMCB revenue and net income growth is better than its peer such as INTP and SMGR.

- **Fresh start after quasi reorganization**

  SMCB revalued its asset for quasi reorganization and hence was able to record a positive retained earnings (Rp. 505.15 bn). As a result of this new fresh start, SMCB is able to give dividend to its investors. In 2011, SMCB gives dividend of Rp. 352 bn, which is about 42.39% from the previous year net income.

- **Building new plant**

  As there is expectation that Indonesian cement consumption will still grow in the future, SMCB plans to build new factory in Tuban, East Java. This new factory will add 1,7 million tones of cement production capacity to SMCB current production capacity of 8,3 milion tones. This new plant is expected to be completed in 2013 with capital expenditure of around US$ 450 – US$ 500 milion.

- **Target Price and Recommendation**

  Using DCF model we attained target price of Rp. 2,325 for SMCB. With the current price at Rp 2,100 (29/12/11), there is a potensial upside of 10.71%, and hence we recommend "BUY" for SMCB.

Financial Highlights

In Rp Billion	2008A	2009A	2010A	2011F	2012F
Revenue	4,803	5,944	5,961	7,211	8,006
Gross Profit	1,870	2,250	2,249	2,740	3,042
Operational Profit	986	1,398	1,333	1,514	1,681
Net Profit	282	912	830	966	1,028
EPS	37	119	108	126	134

Financial Highlights

	2008A	2009A	2010A	2011F	2012F
P/E (X)	17	13	21	17	16
ROE	11%	28%	12%	13%	13%

Financial Highlights

In Billion Rp	2008A	2009A	2010A	2011F	2012F
Sales Volume ('000 ton)	7,648	7,830	7,836	8,302	8,626
Sales Price (Rp'000/ton)	527	654	649	743	784

Source : Company, Batavia Prosperindo Sekuritas

Stock Data

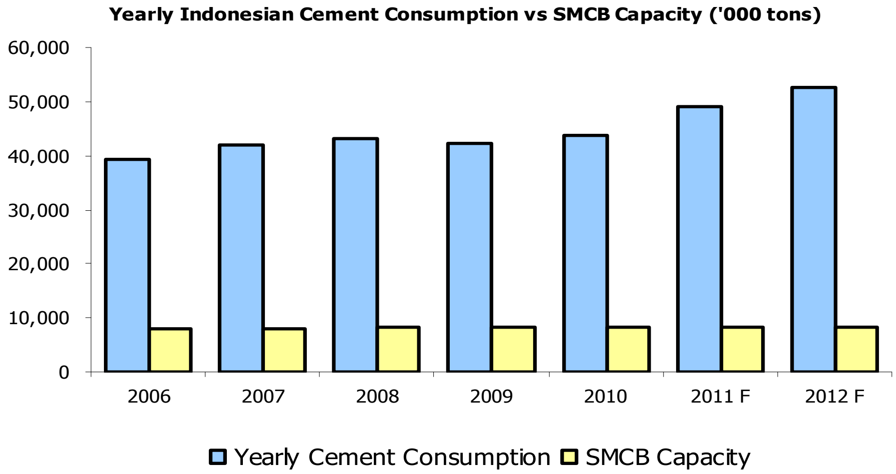
Price Rp	2,100
Target Rp	2,325
Recommendation	BUY
52-weeks range Rp	1,680 – 2,325
Market Cap (Rp bn)	16,092
Outstanding shares (mn shares)	7,663
Daily average volume ('000 shares)	4,930
Daily average value (Rp mn)	9,648

Shareholders

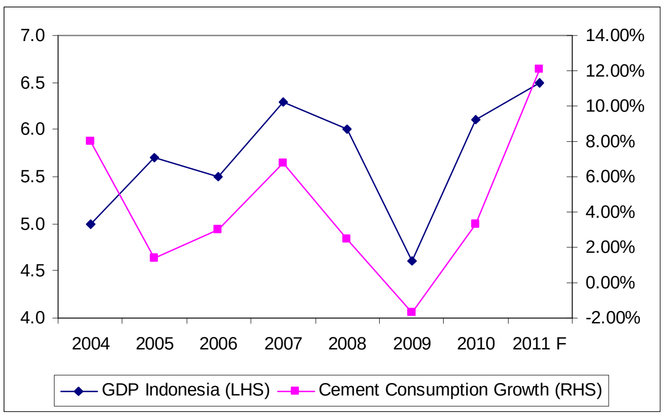
Holderfin B.V	80.7%
Public	19.3%

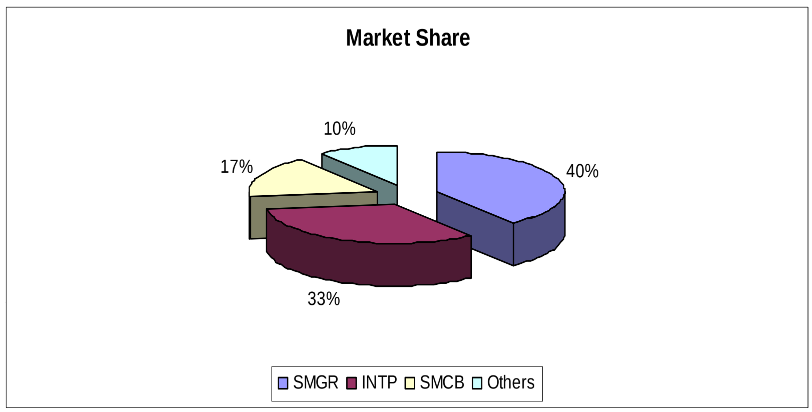
Stock Price

Source: Bloomberg



Source : Company, Batavia Prosperindo Sekuritas





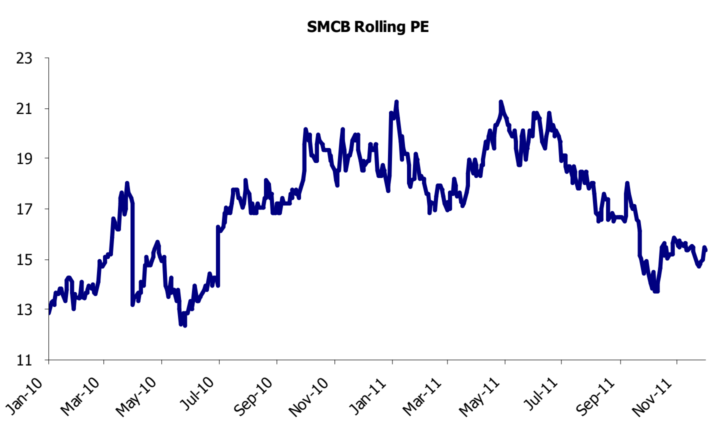
Source : Company, Batavia Prosperindo Sekuritas

Cement Sector

(in Rp billion)

No.	Company	Ticker	Actual		FY11 Bloomberg Consensus		Attainment of Consensus (%)		Classification*
			Revenue	Net Income	Revenue	Net Income	Revenue	Net Income	
1	Indocement Tunggal Prakarsa	INTP	9,779.55	2,585.84	13,057.36	3,597.49	75%	72%	Inline
2	Holcim Indonesia	SMCB	5,408.08	740.22	7,109.55	964.39	76%	77%	Inline
3	Semen Gresik	SMGR	11,610.81	2,761.01	15,999.43	3,913.15	73%	71%	Inline

Source : Bloomberg, Batavia Prosperindo Sekuritas



Source : Bloomberg, Batavia Prosperindo Sekuritas

EV/Tonnes (Rp)

SMGR	2,708,375
INTP	3,103,439
SMCB	2,045,830

Source : Company, Batavia Prosperindo Sekuritas

Income Statement

(in Rp billion)	2008A	2009A	2010A	2011F	2012F
Total Revenue	4,803	5,944	5,961	7,211	8,006
Total Expense	(3,817)	(4,546)	(4,627)	(5,697)	(6,324)
Income from Operation	986	1,398	1,333	1,514	1,681
Interest Expense	(206)	(445)	(233)	(205)	(289)
Interest Income	14	25	18	-	-
Others	(491)	319	29	(22)	(22)
Income pre Tax Profit	303	1,297	1,148	1,287	1,371
Tax	(21)	(385)	(318)	(322)	(343)
Net Income before extr item& minority int	282	912	830	966	1,028
Net Income	282	912	830	966	1,028
% Change		223%	-9%	16%	6%

Balance Sheet

(in Rp billion)	2008A	2009A	2010A	2011F	2012F
Cash & equivalent	853	380	1,070	1,341	2,883
Account Receivables	580	664	643	959	820
Inventories	387	382	500	575	690
Advances, prepaid tax & expense	106	50	40	44	48
Total Current Assets	1,925	1,476	2,253	2,919	4,442
Deferred tax assets	33	25	24	27	30
Fixed asset	5,598	5,461	7,893	7,915	8,192
Other	119	303	266	293	322
Total non Current Assets	5,750	5,789	8,184	8,234	8,544
Total Assets	**7,675**	**7,265**	**10,437**	**11,153**	**12,985**
Trade payables	327	315	456	478	502
Other payables	113	165	182	191	200
Accrued expenses	300	342	248	261	274
Taxes payable	44	166	77	81	85
Short term loan	243	169	64	60	63
Current maturities long term loans	115	4	330	428	573
Current maturities finance lease	2	2	-	-	-
Total Current Liabilities	1,143	1,163	1,356	1,498	1,697
Employee benefits liabilities	91	105	128	198	217
Deferred tax liabilities-net	261	366	381	400	420
Obligations under finance lease	2	-	-	-	-
Subordinated loan	3,512	-	-	243	267
Long term loans	5	1,940	1,730	1,368	2,318
Other long term liabilities	124	376	16	25	27
Total non Current Liabilities	3,994	2,787	2,255	2,233	3,249
Total Liabilities	5,137	3,949	3,611	3,731	4,946
Minority Interest	-	1	3	-	-
Capital stock	3,831	3,831	3,831	3,831	3,831
Additional paid in capital	3,891	3,891	2,587	2,587	2,587
Difference in values of restructuring	-	(115)	(115)	(115)	(115)
Exchange difference due to translation	-	(4)	14	-	-
Retained earnings	(5,184)	(4,288)	505	1,119	1,736
Total Liabilities & Equity	**7,675**	**7,265**	**10,437**	**11,153**	**12,985**
% Change		-5%	44%	7%	16%

Cash Flow

(in Rp billion)	2008A	2009A	2010A	2011F	2012F
CFO	320	1,460	672	2,641	1,997
CFI	(312)	(487)	(4,944)	(2,420)	(1,923)
CFF	(1,983)	1,640	1,640	48	1,469
Net Cash flow	(1,975)	2,613	(2,632)	270	1,543

Source : Company, Batavia Prosperindo Sekuritas

Head Office
Chase Plaza, 12th Floor
Jl.Jend.Sudirman Kav 21, Jakarta 12920
Tel : +62-21 520 7374
Fax : +62-21 2598 9821
www.bps.co.id

Research Team

Andy Ferdinand	Senior Analyst	andy@bps.co.id
Ivan Hadinata	Analyst	ivan@bps.co.id
Parningotan Julio	Analyst	julio@bps.co.id
Billy Budiman	Head of Technical Analyst	billy@bps.co.id
Leticia Seviraneta	Technical Analyst	leticia@bps.co.id
William Hutapea	Research Associate	william@bps.co.id

Branches

Jakarta	Rukan Grand Puri Niaga Jl. Puri Kencana Blok K6 No.2P Jakarta Barat 11610 Tel: +62 21 58351562 Fax: +62 21 58351563	**Palembang**	Jl.Rajawali No. 1174 D Palembang 30113 Tel : +62 711 375600 Fax : +62 711 376855
Bandung	Jl.Jend Gatot Subroto No.47 C Bandung 40262 Tel : +62 22 87340273 Fax : +62 22 87340274	**Yogyakarta**	Jl Magelang No 91 Yogyakarta 55242 Tel : +62 274 580 299 Fax : +62 274 544 800
Medan	Jl.Ir Djuanda No.16-J Medan 20157 Tel : +62 61 4562262 Fax : +62 61 4523013	**Makassar**	Ruko Ruby I No.9 Jl. Boulevard Panakukang Mas Makassar 90222 Tel : +62 411 430959 (hunting) 455038 (sales) Fax : +62 411 432376
Surabaya	Ruko Darmo Square Blok B No.8 Jl.Raya Darmo 54-56 Surabaya 60281 Tel : +62 31 5623445 Fax : +62 31 5689568	**Semarang**	Jl. Menteri Supeno No.15 Semarang 50244 Tel : +62 24 8419445 Fax : +62 24 8419443
Malang	Jl.Kahuripan No.5 Malang 65119 Tel : +62 341 358889 Fax : +62 341 353797	**Solo**	Jl. Slamet Riyadi No.217 Tel : +62 71 662425 Fax : +62 71 662424

Batavia Prosperindo Sekuritas Investment Ratings: BUY – expected total return of 10% or more; HOLD – expected total return of -10% to 10%; SELL – expected total return of -10% or more. Expected total return is defined as 12-month total return (including dividends).

DISCLAIMER