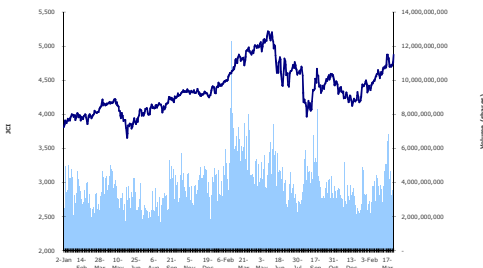


PremierInsight

2 April 2014

JCI Index



	Closing
JCI	4,874
Transaction value (Rpbn)	7,770
Transaction volume (mn shares)	4,612
Foreign net buy (sell) (Rpbn)	1,872
Total market cap (Rpbn)	4,511

Index	Closing	1 day return	1 year return	YTD return
JCI	4,874	2.2%	-1.7%	14.0%
LQ45	824	3.1%	-1.5%	15.9%
FSSTI	3,199	0.3%	-3.6%	1.0%
SET	1,387	0.8%	-10.5%	6.8%
HSI	22,449	1.3%	0.4%	-3.7%
NKY	14,792	-0.2%	23.2%	-8.5%
FTSE	6,653	0.8%	3.8%	-1.4%
DJI	16,533	0.5%	13.4%	-0.3%

Indicators	Latest	2014F
BI Rate (%)	7.50%	7.50%*
Inflation (%)	7.32%	9.66%
Govt Bond Yield (10yr %)	7.87%	8.50%

Currency	Last price	Ret 1 day (%)	Ret 1 year (%)
USD/IDR	11,314	-0.41%	16.17%
SGD/IDR	8,985	-0.30%	14.49%
GBP/IDR	18,830	-0.34%	27.11%
HKD/IDR	1,458	-0.42%	16.26%
EUR/IDR	15,603	0.10%	25.07%

Commodities	Last price	Ret 1 day (%)	Ret 1 year (%)
(in USD)			
Oil/barrel (WTI)	99.7	-1.8%	2.8%
CPO/tonne	800.1	-0.8%	11.8%
Soy/bushel	14.9	1.4%	6.5%
Rubber/kg	2.4	0.3%	-11.0%
Nickel/tonne	15,989	0.8%	-3.6%
Tins/tonne	22,972	0.6%	-0.9%
Copper/tonne	6,665	0.2%	-11.2%
Gold/try.oz (Spot)	1,279	-0.4%	-18.8%
Coal/tonne*	73.1	0.2%	-16.8%
Corn/bushel	4.9	1.1%	-23.7%
Wheat/bushel**	292.3	6.1%	-8.4%

*: 1 week change
**: 1 month change

Source : Bloomberg

Corporates

KBLI: KMI Wire & Cable (KBLI) Inline with our expectation

- FY13 earning of Rp74bn (-41% yoy) was inline with our estimate of Rp73bn. The main factor of earnings drop was the forex loss of Rp60bn in FY13 (FY12 : Rp12bn). 4Q13 net income turned to positive at Rp15.4bn after incurring loss of Rp13bn in 3Q13.
- Revenue grew by 13% yoy to 2.6tn (inline) on sales volume growth on both cooper and aluminium wire sales volume of 26% yoy and 5% yoy to 16.4k tons and 10.3k tons respectively. Overall cable ASP relatively stable in FY13.

In Rpbn		FY12	FY13	yoy	3Q13	4Q13	qoq
Revenue	Rpbn	2,273	2,573	13%	588	640.6	9%
Gross profit	Rpbn	277	279	1%	60	54.1	-10%
Op profit	Rpbn	187	178	-5%	34	35.6	4%
Net income	Rpbn	125	74	-41%	(13)	15.4	217%
Gross profit margin	(%)	12%	11%		10%	8%	
Operating profit margin	(%)	8%	7%		6%	6%	
Net profit margin	(%)	5%	3%		-2%	2%	

Operational data

Cooper wire sales volume	tons	13,095	16,470	26%	2,801	4,352	55%
Aluminium wire sales volume	tons	9,846	10,362	5%	3,995	2,244	-43%
Cooper wire production	tons	13,854	15,600	13%	2,086	3,987	91%
Aluminium wire production	tons	11,669	10,138	-13%	4,411	1,482	-66%

Source: KBLI, IndoPremier

SMGR: Semen Indonesia (SMGR) projects 1Q14 sales to increase by 10% YoY to Rp6.1tn. CEO, Dwi Soetjipto, said that the company's performance is well ahead of industry's growth of 3% for the quarter (initial projection was 6%). SMGR targets full-year 2014 revenue to grow by 10% from previous year's level. SMGR will also allocate capex of Rp4-5tn this year to support two of its new plants, Indarung VI and Rembang, set to commence construction this May-June. (Kontan)

SMGR: Semen Indonesia (SMGR) is assessing the possibility to build cement plants in Africa and Middle East by 2016. The company's CEO stated that it will focus on dominating the ASEAN market first prior to establishing its presence elsewhere. The company will prepare capital investments totaling Rp15tn till 2019 for expansion purposes. SMGR aims its production capacity to reach 50 mtpa by 2019 by adding five new cement plants as well as eight packing plants to streamline distribution. For this year, SMGR is optimistic to achieve 5-8% growth and maintain its market share at 44%. (Investor)

Markets & Sectors

Automotive sector: Auto sales have reached 112,873 units in Mar14 (+1.0% mom, 17.6% yoy). In 1Q14, total auto sales have reached 328,150 units (+10.9% yoy). Astra remains to hold 53% market share up to 1Q14. The presence of LCGC cars has help the industry to maintain its growth momentum. (Bisnis Indonesia).

Economics

CPI inflation was relatively low at 0.08% mom in March, slightly below consensus expectation (0.11%), due to lower food inflation. This led to a decline in annual inflation to 7.32% yoy, from 7.75% in the previous month. However, core inflation was higher at 4.61% yoy in March vs. 4.50% in the previous month. Meanwhile, Indonesia's monthly trade balance recovered to a surplus of US\$785m in February vs. US\$444m deficit in the prior month. The improving trade balance can be attributed to widening surplus in non oil & gas trade to US\$1,583m in February (vs. US\$605m in January), which was mainly due to lower imports (BPS).

Comment: We view the latest economics data release as positive for Indonesia's financial markets. Inflation continued to be moderating and is expected to decline sharply in the second half due to the base effect of last year's high fuel-price driven inflation in July 2013. As such, we believe Bank Indonesia's inflation target of 4.5% (+/- 1%) for 2014 is still within reach provided there is no further fuel price hike this year (as part of the government's plan towards implementing a fixed fuel subsidy scheme). More importantly is the recovery in trade balance in February (after a brief reversal in January) which indicates that the country is slowly adjusting towards more sustainable external balance although BI's target of current account deficit at 2.5% of GDP in 2014 appears to be too ambitious, in our view. The adjustments on the external balance is evident from the downtrend in imports, particularly for raw materials (excluding fuel) and the country's slightly improving oil & gas deficit and despite lower exports due to mineral ore ban in 2014.

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INVESTMENT RATINGS

Buy : Expected total return of 10% or more within a 12-month period

Hold: Expected total return between -10% and 10% within a 12-month period

Sell : Expected total return of -10% or worse within a 12-month period

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