

News & Analysis

Corporates

PTPP: Pembangunan Perumahan (PTPP IJ; Rp4,030; Buy) is eyeing four independent power producer (IPP) projects (each 200MW) with total investment worth Rp20tn. The company stated that it plans to have 20-45% stake in each projects. Ytd May 2015, the company booked new contracts of Rp8.9tn, reaching 32% of company's FY15 target. (Bisnis Indonesia)

SMCB: Holcim Indonesia (SMCB IJ; Rp1,630; Hold) will launch new products of mortar to complete the range of building materials. There will be three types of mortar which can be used for filling, plaster and binding. Holcim estimates that total demand to reach 1.5m ton per year. Currently, the company is able to manufacture 12-20k per month which is only 10% of the total potential demand. Mortar for plaster is expected to contribute 40% with the remaining balance split by the two other products. At the moment the product is only available in Greater Jakarta and Bandung area, with plans to expand to Surabaya. (Kontan).

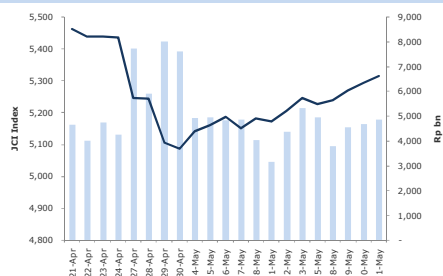
Comment: Holcim is introducing ready-to-use building materials starting with ready mix for the retail market. These products will need time before it is widely accepted by the market. Early adopter of these products will be construction or property companies with the mass market to follow. Holcim will need to educate the market on cost effectiveness, time efficiency and handling of the product. At the group level, Holcim has been known to introduce innovate building materials.

WSKT: Key takeaway from WSKT visit notes:

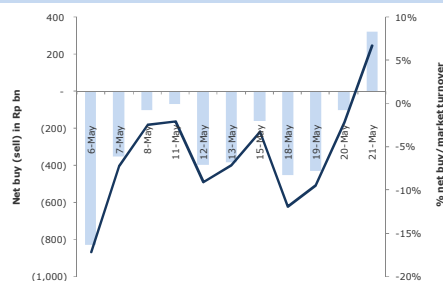
- Waskita Karya (WSKT IJ; Rp1,735; Buy) is in construction progress of the section 1 and 2 (total 20km) of Pejagan – Pemalang toll road (56km), scheduled for completion in August 2016. The toll road was acquired from MNC Infrastructure in July 2014 with investment worth Rp300bn and a buyback option at Rp458.8bn on the third year of the toll road operation.
- The company stated that currently the land acquisition of section 1 and 2 reaching 99.5%, meanwhile for section 3 to 5, the land acquisition have not reached significant progress to start any construction work.
- To ease the traffic on lebaran (Muslim festive) season, the government pushed the company to operate the toll road (only for private cars). Combined with 116km Cikampek-Palimanan, this would provide direct toll road access from Jakarta to Brebes. (Company)

Comment: In our view, the land acquisition is the major key to push the realization of government infrastructure projects. For Waskita, more toll road projects would support company's precast sales and increase new contracts, resulting in improved margin going forward.

JCI Index



Foreign net buy (sell)



Key Indexes

Index	Closing	1 day	1 year	YTD
JCI	5,313	0.4%	6.9%	1.7%
LQ45	927	0.5%	9.4%	3.2%
DJI	18,286	0.0%	10.5%	2.6%
SET	1,526	0.4%	8.6%	1.9%
HSI	27,524	-0.2%	19.9%	16.6%
NKY	20,203	0.0%	40.9%	15.7%
FTSE	7,013	0.1%	2.8%	6.8%
FSSTI	3,440	0.0%	5.3%	2.2%

Commodity price

Commodities (in USD)	Last price	Ret 1 day	Ret 1 year
Oil/barrel (WTI)	60.0	2.5%	-42.6%
CPO/tonne	601.2	0.7%	-13.9%
Soy/bushel	9.3	-0.3%	-38.6%
Rubber/kg	1.9	0.0%	-9.6%
Nickel/tonne	12,957	-0.9%	-33.5%
Tins/tonne	15,773	-1.5%	-31.5%
Copper/tonne	6,249	0.6%	-9.2%
Gold/try.oz (Spot)	1,206	-0.3%	-6.8%
Coal/tonne*	61.8	-1.0%	-25.4%
Corn/bushel	3.6	1.4%	-24.0%
Wheat/bushel**	230.8	-2.7%	-28.7%

* : 1 week change

** : 1 month change

Source : Bloomberg

Markets & Sectors

Automotive sector: According to Gaikindo, sales of LCGC has dropped by 6.8% yoy to 53.7k up to Apr15. Toyota and Daihatsu was worst affected as volume plunged 29.5% yoy and 27.8% yoy respectively. Only Honda was able to book positive growth of 48.9% yoy. The weak economy growth was not able to support first car buyers. According to Gaikindo, LCGC cars has become a second purchase for car owners rather than able to capture new markets. The LCGC cars contribute about 14.8% to the total automotive market. (Bisnis Indonesia)

	Apr-15	Apr-14	+/- %
Toyota	18,918	26,852	(29.5)
Daihatsu	12,084	16,729	(27.8)
Datsun	9,240	na	
Honda	8,945	6,007	48.9
Suzuki	4,538	8,060	(43.7)
Total	53,725	57,648	(6.8)

Source: Gaikindo

Head Office

PT INDO PREMIER SECURITIES

Wisma GKBI 7/F Suite 718

Jl. Jend. Sudirman No.28

Jakarta 10210 - Indonesia

p +62.21.5793.1168

f +62.21.5793.1167

Institutional Equity & Private Client

Benny B. Soebagjo	Head of Equities	benny.soebagjo@ipc.co.id
Angkula Ruriawan	Equity Sales	angkula.ruriawan@ipc.co.id
Alexander Salim	Equity Sales	alexander.salim@ipc.co.id
Edward Azizy	Equity Sales	edazizy@ipc.co.id
Henry Sutanto	Equity Sales	henry.sutanto@ipc.co.id
Isna Alfiathi	Equity Sales	isna.alfiathi@ipc.co.id
Angky Amarylis	Sales Trader	angky.amarylis@ipc.co.id
Thomas Samuil	Sales Trader	thomas.samuil@ipc.co.id

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

ANALYSTS CERTIFICATION.

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