

News & Analysis

Corporates

PTPP: Pembangunan Perumahan (PTPP IJ ; Rp3,725; Buy) reported 1H15 new contracts of Rp13.3tn, reaching 49% of its FY15 target of Rp27.5tn (+36% yoy). With additional new contracts from PP Property, the 1H15 new contracts may reach Rp14.2tn or 52% of FY15 target. Major contributor to 1H15 was private (45%), followed by SOEs (40%) and government (15%). In 2016, the company is hopeful to obtain Rp2tn government injection to support its investment in power plants and ports. (Kontan)

SMBR: Semen Baturaja (SMBR IJ; Rp313; Hold) has reported a 25.6%yoy increase in sales volumes to 666.2k tons in 1H15, and specifically for the month of June as infrastructure projects in South Sumatra have started kicking in, sales volumes jumped 32.6%yoy, marking the highest monthly sales volumes to date. However, despite 1H15 sales volumes account for only 38% of this year's target of 1.75mn tons, management remains optimistic given that it will supply to two mega projects: Trans Sumatra toll roads and Asian Games infra projects in Palembang. On a separate note, the company indicates that 5M15 net profit has reached Rp137.4bn, up 51%yoy with sales of Rp508.63bn (up 26%yoy). Further, 5M15 market share in South Sumatera has also improved to 58% from 39.4% during the same period of last year. This year, management targets net profit growth of 12%yoy to Rp368bn and sales growth of 41%yoy to Rp1.71tn. (Investor Daily)

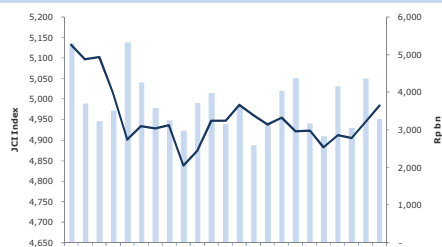
SSIA: Surya Semesta (SSIA IJ; Rp995; Not rated) is in progress to obtain additional Rp1tn bank loan to finance the construction of SSI Tower, schedule for completion in 2019. The president director of SSIA, Johannes Suriadajaja, stated that total investment required for this new building is Rp1.8tn, which would partially funded by a JV between SSIA and a Japanese company. SSIA may also postpone the plan to issue USD200mn bonds due to unfavorable market. On separate news, the subsidiary of SSIA, Nusa Raya Cipta (NRCA IJ; Rp1,015; Not Rated) booked 5M15 new contracts of Rp2.23tn (reaching 54.4% of its FY15 target), with major contribution from building (90%). (Kontan, Bisnis Indonesia)

Markets & Sectors

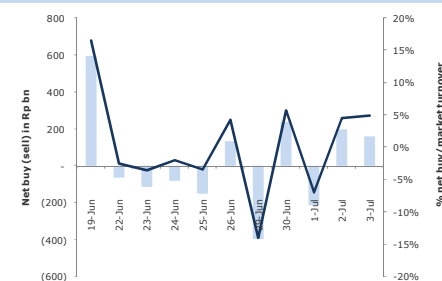
Banking sector: BI has issued a new regulation on the loan-to-funding ratio (LFR) to ease liquidity constraints and spur bank lending growth in Indonesia starting from 1st August 2015. Under the new ruling, banks can include securities issued by banks, in addition to customer deposits, to meet the liquidity ratio requirement of 92%. Previously, banks with an LDR of over 92% will incur a penalty in the form of a higher statutory reserve requirement. In addition, banks that meet requirement for Micro/SME lending (a minimum of 5% for 2015, rising to 20% by 2018), with NPL ratio of <5% for exposure to this loan segment, will have a higher LFR limit of 94% without incurring penalty. (Bisnis Indonesia)

Comment: This easing of macroprudential regulation by BI has been expected for a while but we believe its positive impact (if any) on bank loan growth in 2015 will not be significant. The slowdown in bank lending growth this year is largely due to a slowdown in economic growth, not due to liquidity issue in the banking system (which has actually improved since the beginning of the year).

JCI Index



Foreign net buy (sell)



Index	Closing	1 day	1 year	YTD
JCI	4,983	0.8%	1.6%	-4.7%
LQ45	857	1.0%	3.3%	-4.6%
DJI	17,730	-0.2%	3.9%	-0.5%
SET	1,490	-0.1%	-0.4%	-0.5%
HSI	26,064	-0.8%	10.7%	10.4%
NKY	20,540	0.1%	33.1%	16.1%
FTSE	6,586	-0.7%	-4.1%	0.3%
FSSTI	3,343	0.4%	2.2%	-0.7%

Commodity price

Commodities	Last price	Ret 1 day	Ret 1 year
(in USD)			
Oil/barrel (WTI)	56.9	-0.1%	-45.5%
CPO/tonne	596.3	0.1%	-6.4%
Soy/bushel	10.4	-0.2%	-24.6%
Rubber/kg	1.8	0.0%	-13.0%
Nickel/tonne	11,957	-1.6%	-39.6%
Tins/tonne	14,368	-0.2%	-37.3%
Copper/tonne	5,744	-0.6%	-20.1%
Gold/try.oz (Spot)	1,168	0.2%	-11.5%
Coal/tonne*	61.8	-1.0%	-25.4%
Corn/bushel	4.1	2.0%	1.9%
Wheat/bushel**	215.1	-3.7%	-35.7%

* : 1 week change

** : 1 month change

Source : Bloomberg

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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