

Premier Insight

23 November 2015

News & Analysis

Corporates

ASRI: The management of Alam Sutera (ASRI IJ; Rp343; Hold) stated that it already has the money for the next coupon payments in January and March 2016, despite concerns on slow marketing sales and the expectation to see high leverage in the coming years, that led to credit rating downgrade by S&P and Moody's. ASRI targets FY15 marketing sales of Rp4.5tn and expects minor increase in 2016. By end of September 2015, the company booked approximately Rp1.5tn marketing sales, or 33% of its FY15 target. (Jakarta Post)

Comment: We estimate FY15 marketing sales of Rp2.9tn as we see possible delays on sales realization due to slow demand in the office and apartment market

JSMR: The regional government of West Java will the toll road route of Bogor Ring Road, operated by Jasa Marga (JSMR IJ; Rp5,025; Buy). Two undeveloped sections, 1) Kedung halang-Yasmin (section IIB) will be re-routed to Kedung halang-Parung, while 2) Simpang Yasmin-Dramaga (section III) will be re-routed to Simpang Yasmin-Salabenda. With the change, the BORR will be connected with Antasari-Depok toll road which is expected to create higher traffic volume than the original design. This change was initiated by the regional government with full support on land acquisition. (Bisnis Indonesia)

Comment: We expect the re-routing should have neutral impact to business plans of Jasa Marga. The company has approved this change and expects to start construction of section IIB in mid FY16.

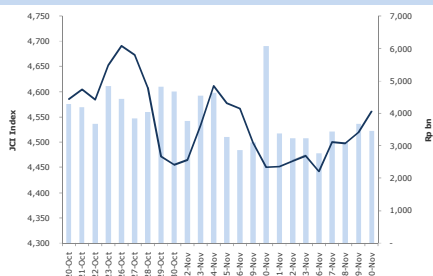
MDLN: Modernland Realty (MDLN IJ; Rp485; Not Rated) is planning to launch second phase of Yarra cluster in Jakarta Garden City, East Jakarta. With price tag of Rp1.4bn per unit, company expect to book marketing sales of Rp150bn. Jakarta Garden City (JGC) has land of 370 ha, of which 100ha is used already for residential area. Company has cooperated with Mayapada hospital and AEON Mall that will be fully operational in 2017. (Kontan)

SIDO: Industri Jamu dan Farmasi Sido (SIDO IJ; Rp555; Not Rated) is targeting single digit growth for revenue and net profit for last year. The company will focus more on herbal products which have been supported the company's top and bottom line growth. The company will launch 2-5 new herbal products next year as well as cardio supplement and diabetic medicine. (Bisnis Indonesia)

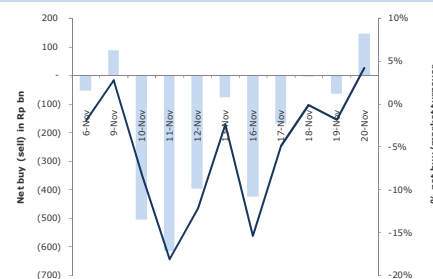
Markets & Sectors

Pharmaceutical sector: Indonesia Pharmaceutical Manufacturer Group suggests that VAT for pharmaceutical product in e-catalog to be borne by the government in order to push down the price. Currently, pharmaceutical manufacturers need to pay VAT to government for all the products that are supplied to the government. The average selling price for pharma products is at 45%-50% of production cost, which is composed of 10% for distribution margin, 25% for drugstore margin and 10% for VAT. So far, National Healthcare Programs has boosted the production for generic products along with the demand from hospitals. However, it does not trigger the price increase. (Bisnis Indonesia)

JCI Index



Foreign net buy (sell)



Index	Closing	1 day	1 year	YTD
JCI	4,561	0.9%	-10.8%	-12.7%
LQ45	787	1.2%	-10.4%	-12.4%
DJI	17,824	0.5%	0.1%	0.0%
SET	1,394	0.6%	-11.7%	-6.9%
HSI	22,755	1.1%	-2.9%	-3.6%
NKY	19,860	1.1%	14.4%	13.9%
FTSE	6,335	0.1%	-6.2%	-3.5%
FSSTI	2,918	-0.1%	-12.8%	-13.3%
EIDO	21	1.7%	-24.3%	-22.3%

Commodity price

Commodities	Last price	Ret 1 day	Ret 1 year
(in USD)			
Oil/barrel (WTI)	40.4	-0.4%	-46.6%
CPO/tonne	534.0	-0.39%	3.01%
Soy/bushel	8.6	-0.3%	-14.9%
Rubber/kg	1.3	1.1%	-18.1%
Nickel/tonne	8,693	-2.5%	-46.7%
Tins/tonne	14,662	0.0%	-27.9%
Copper/tonne	4,606	-1.0%	-31.6%
Gold/try.oz (Spot)	1,078	-0.4%	-10.3%
Coal/tonne*	52.9	0.4%	-16.0%
Corn/bushel	3.6	-0.3%	-0.7%
Wheat/bushel**	173.1	-3.7%	-29.0%

*: 1 week change

**: 1 month change

Source : Bloomberg

Healthcare sector: Badan Penyelenggara Kesehatan Sosial or BPJS proposed increase in monthly fee on Jaminan Kesehatan Nasional (JKN) program. The increase is mostly aimed for independent participant class I and class II. The proposed fee for first class is Rp80,000/person from current Rp59,000/person (+35%) and class II to be Rp50,000 from Rp42,500 (+15%). BPJS said the needs to raise the price are driven by mismatch of income of JKN and outcome to cover patient's cost. Another option to aid the mismatch is government to inject fund in 2016. (Kontan)

Comment: the increase in monthly fee should help BPJS to get healthier balance sheet rather than government fund injection. With current rate of monthly fee, BPJS is expected to bleed cost of Rp6tn-7tn in 2015 and to worsen to Rp 9-11tn in 2016.

Retail sector: Government will soon restrict foreign ownership (max 30-40% ownership) in e-commerce and other online business under revisions in the Negative Investment List (DNI) to support domestic e-commerce players. According to Insideretail, the e-commerce industry in Indonesia is currently enjoying a tremendous growth where industry sales will be expected to reach US\$3.56bn (Rp49tn) this year, a growth of 37% from last year. In FY16, the industry will be expected to grow by 26%. (Kontan)

Economic Update

Economy: Bank Indonesia (BI) expects Indonesia's overall balance of payment to be in a deficit of around US\$5-6bn in 2015 (vs. a surplus of US\$15bn) due to significant portfolio outflows this year on the back of the Fed's rate lift off plan. The balance of payment deficit was already largely reflected in the nine month period with deficit of US\$4.6bn. However, BI expects current account deficit to improve to around 2.0-2.1% of GDP in 2015 (vs. 2.95% in 2014) on the back of lower oil price and economic growth slowdown this year. (Kontan)

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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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