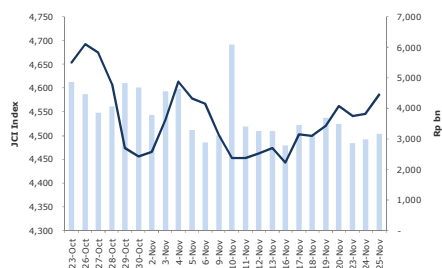


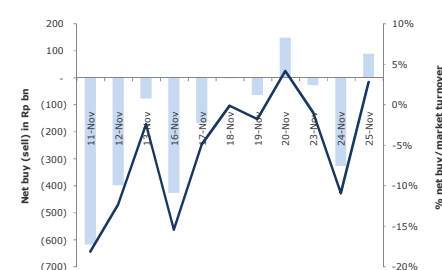
News & Analysis

Corporates

JCI Index



Foreign net buy (sell)



Index	Closing	1 day	1 year	YTD
JCI	4,586	0.9%	-10.7%	-12.3%
LQ45	790	1.1%	-10.7%	-12.1%
DJII	17,813	0.0%	-0.1%	-0.1%
SET	1,381	-0.2%	-13.2%	-7.8%
HSI	22,498	-0.4%	-6.7%	-4.7%
NKY	19,848	-0.4%	14.2%	14.5%
FTSE	6,338	1.0%	-5.8%	-3.5%
FSSTI	2,892	-1.1%	-13.7%	-14.1%
EIDO	21	0.9%	-24.2%	-23.0%

Commodity price

Commodities	Last price	Ret 1 day	Ret 1 year
(in USD)			
Oil/barrel (WTI)	41.8	1.3%	-43.6%
CPO/tonne	545.8	0.1%	2.7%
Soy/bushel	8.7	0.8%	-15.7%
Rubber/kg	1.3	1.7%	-17.7%
Nickel/tonne	8,875	1.6%	-46.1%
Tins/tonne	14,754	2.2%	-27.1%
Copper/tonne	4,625	2.5%	-31.3%
Gold/try.oz (Spot)	1,071	-0.4%	-10.6%
Coal/tonne*	53.1	0.7%	-16.4%
Corn/bushel	3.6	0.5%	-0.5%
Wheat/bushel**	173.1	-3.7%	-29.0%

* : 1 week change

** : 1 month change

BBNI: Bank Negara Indonesia (BBNI IJ; Rpp5,175; Buy) stated a fixed asset revaluation would increase its capital by Rp10-12tn and raise its Tier-1 CAR to 17.4% (from 14.7% at present), following completion of its fixed asset appraisal. However, the bank would have to pay asset revaluation tax of Rp190-200bn (at 3% tax rate) and increase its annual fees to OJK (financial sector regulator) by some Rp6bn or 0.05% of assets. BBNI targets loan growth of 14-16% in 2016. (Kontan daily)

Comment: We view the government's offer for companies and individuals to revalue assets and benefit from a reduced tax rate of 3% (for a limited period) as positive news for Indonesia's banking sector as this would boost banks' capital adequacy ratio ahead of full implementation of the Basle III capital regime in 2019 (which will be implemented gradually starting in 2016). We maintain our Buy rating on the stock.

PGAS: Perusahaan Gas Negara (PGAS IJ; Rp2,985; Buy) together with Pertagas decided to lower gas price by US\$1.79/MMBTU for Medan area, which was lower than expectation of US\$2-2.5/MMBTU. Total volume consumed by industries in the North Sumatera region is about 10mmscfd. Pertagas and PGAS have lowered regasification and toll fee to reduce distribution price. LNG procurement cost stands at US\$7.8/MMBTU with regasification cost of US\$1.5/MMBTU and toll fee of Arun-Belawan of US\$2.53/MMBTU. (Bisnis Indonesia)

Comment: The direct impact for PGAS should be limited due to the small volume distributed to Medan area. Nevertheless, Government intervention to regulate prices remains a concern. Lower toll fee will have significant impact to the business model especially on payback and rate of return. Therefore, future investment will solely depend on return attractiveness at these levels. With less attractive return, network expansion would be challenging.

UNVR: Unilever (UNVR IJ; Rp37,800; Hold) announced interim dividend in respect of the year ending in 2015 of Rp342 per ordinary share (Rp2.6tn). It is equivalent to 88.73% of earnings in 1H15 (Rp2.93tn). According to the schedule, cum dividend for regular market and negotiation market is on Dec 1st, 2015, while ex dividend is on Dec 2nd. Then, cum dividend in cash market will be on Dec 4th, 2015 and ex dividend on Dec 7th, 2015. Last year, UNVR released 2014 dividend of Rp752 per share (Rp5.7tn), which is equivalent to 100% of 2014 earnings. (Investor Daily)

WSKT: Yesterday, Waskita Toll Road acquired 38.5% stake of Waskita MNC Transjawa Toll Road from PT Sembilan Benua Makmur worth Rp757bn. As the result, PT Waskita Toll Road – the subsidiary of Waskita Karya (WSKT IJ; Rp1,720; Buy), hold the majority 99.99% stake in Waskita MNC Transjawa Toll Road (holding the concession of three toll roads: Kanci-Pejagan, Pejagan-Pemalang and Pasuruan-Probolinggo). At present, Waskita is reviewing the option to obtain Rp2-3tn bank loans to finance the LRT project in Palembang. (Bisnis Indonesia, IDX disclosure, Investor Daily)

Markets & Sectors

Automotive sector: The automotive association is looking at a projected sales volume of 1.05mn vehicles in FY16, or a growth of about 5% yoy. This projection reflects relative slow recovery due to challenging regional environment with Indonesia GDP growth of 5.2-5.3% in FY16. The automotive association sees no significant breakthrough from Government's policy to help to induce auto growth. (Bisnins Indonesia)

Mining sector: Arifin Panigoro, owner of PT Medco Energi Internasional (MEDC IJ; Rp1,160; Not rated), plans to acquire 76% stake in PT Newmont Nusa Tenggara amounting US\$2.2bn (c. Rp30tn), which is targeted to finish on December 2015. Arifin agrees to invest in smelter construction in 2016 to boost Newmont production for another 500,000 ton per year. However, Ministry of Energy and Mineral Resources (ESDM) still questioned the source of funds for the acquisition plan. In addition, there is no official disclosure made by Hilmi Panigoro, the president commissioner of MEDC. (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

ANALYSTS CERTIFICATION.

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

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