

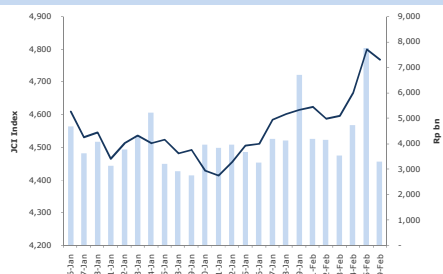
## Premier Insight

10 February 2016

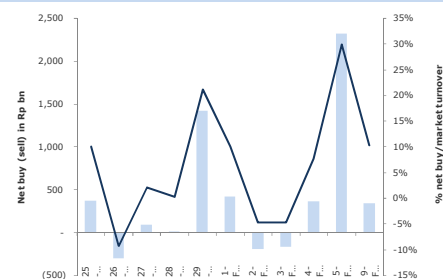
## News &amp; Analysis

## Corporates

JCI Index



Foreign net buy (sell)



| Index | Closing | 1 day | 1 year | YTD    |
|-------|---------|-------|--------|--------|
| JCI   | 4,769   | -0.6% | -10.4% | 3.8%   |
| LQ45  | 838     | -0.7% | -9.0%  | 5.8%   |
| DJI   | 16,014  | -0.1% | -10.4% | -8.1%  |
| SET   | 1,304   | -0.3% | -18.2% | 1.2%   |
| HSI   | 19,288  | 0.5%  | -21.8% | -12.0% |
| NKY   | 16,085  | -5.4% | -8.9%  | -16.0% |
| FTSE  | 5,632   | -1.0% | -17.5% | -9.8%  |
| FSSTI | 2,623   | 2.5%  | -23.6% | -9.0%  |
| EIDO  | 22      | 0.7%  | -18.9% | 6.5%   |

## Commodity price

| Commodities        | Last price | Ret 1 day | Ret 1 year |
|--------------------|------------|-----------|------------|
| (in USD)           |            |           |            |
| Oil/barrel (WTI)   | 27.9       | -5.9%     | -47.1%     |
| CPO/tonne          | 615.8      | 1.9%      | 10.0%      |
| Soy/bushel         | 8.6        | 0.1%      | -11.7%     |
| Rubber/kg          | 1.3        | -1.1%     | -25.0%     |
| Nickel/tonne       | 8,056      | -1.5%     | -46.6%     |
| Tins/tonne         | 15,795     | 0.3%      | -13.3%     |
| Copper/tonne       | 4,514      | -2.2%     | -20.6%     |
| Gold/try.oz (Spot) | 1,189      | 0.0%      | -3.6%      |
| Coal/tonne*        | 50.5       | -1.0%     | -26.5%     |
| Corn/bushel        | 3.5        | -0.4%     | -8.7%      |
| Wheat/bushel**     | 163.8      | 3.8%      | -29.7%     |

\*: 1 week change

\*\*: 1 month change

Source : Bloomberg

**ASII:** Astra Daihatsu Motor, the subsidiary of Astra International (ASII IJ; Rp6,775; Hold), was able to book sales volume of 14,505 units in Jan16, which almost similar with last year's numbers. Largest contribution came from Gran Max with 39% of total sales volume, followed by Xenia and Ayla with 24% contribution each. Meanwhile, dealer sales volume fell 9.3% to 13,184 units, indicating probably higher inventory. Sale of Xenia was only 2,499 units while whole sale was 3,527 units. (Bisnis Indonesia)

**LPKR:** Lippo Karawaci (LPKR IJ; Rp995; Buy) announced acquisition of Lippo Mall Kuta by Lippo Mall Indonesia Retail Trust ("LMIRT"). Previously, company has sold Lippo Plaza Jogja and Siloam Hospitals Yogyakarta by LMIRT and First REIT. The sales amount is estimated at Rp1.7tn. LPKR by its subsidiary has entered into a CSPA with LMIRT for proposed acquisition of Lippo Mall Kuta for total of Rp 800 billion. Lippo Mall Kuta, is a three storey lifestyle retail mall with a NLA of 21,132 sqm that was opened in 2013. (Company)

**SSIA:** Surya Semesta Internusa (SSIA IJ; Rp610; Not rated) has released FY15 operational result as follows;

- Industrial estate booked marketing sales of Rp 10.2ha with ASP of US\$160.1/sqm. The price was higher by 18.8% yoy. According to Cushman and Wakefield, inquires for sales remains active but asking price remain stable. Hence SSIA is aiming 30ha land sales for 2016. In Subang, company has managed to acquired 370ha land.
- Nusa Raya Cipta (NRCA IJ; Rp x; Not Rated) has achieved new contract of Rp3.18tn or slightly lower by 4.9% yoy. New contracts projects came from Praxis Hotel & Apartemen Surabaya, Apartemen Regatta Jakarta, Hotel Pullman Ciawi Jakarta, Q Big BSD City Tangerang, Springhill Royale Suites Kemayoran Jakarta, and Radison Hotel Uluwatu.
- This year, 2016, SSIA will launch Batiqa Hotel Palembang in February 2016, and to build another two hotels in Pekanbaru and Lampung. The Company also planning to launch Batiqa Hotel Casablanca Jakarta in 2017.
- For 2016, the Company is targeting to achieve Rp5.7trillion of revenue and net profit around Rp265bn. The decrease in the bottom line compared to FY15 is mainly due to expected increase in interest expense and contribution from toll road operation. (Company)

**WSKT:** Waskita karya (WSKT IJ; Rp1,770; Buy) reported FY15 net profit result of Rp 1.04tn, inline with management guidance (+105 YoY and 183% QoQ). The surge in net profit is caused by gain on fixed asset sales (Rp 0.53bn), difference in revaluation on investment properties (Rp92.24bn) and increase in other income to Rp185.65tn (402% YoY). Nevertheless, top line also raised to Rp 14.1tn in 2015 (+38% yoy, +96% QoQ) with gross margin improved by 280 bps to 13.6% from 10.8%. new contract in 2015 grew 42% yoy to Rp32.16tn and carry over is higher by 57% yoy. overall, WSKT result is above our and consensus estimates.

| (In Rp bn)               | 2015     | 2014     | YoY  | 4Q15    | 3Q15    | QoQ  | Consensus | FY15/<br>consensus | Ours     | FY15/<br>ours |
|--------------------------|----------|----------|------|---------|---------|------|-----------|--------------------|----------|---------------|
| Revenue                  | 14,152.8 | 10,286.8 | 38%  | 6,730.7 | 3,437.7 | 96%  | 14,833.0  | 95%                | 13,474.7 | 105%          |
| Gross profit (before JO) | 1,921.2  | 1,108.9  | 73%  | 1,026.6 | 413.5   | 148% | 1,735.5   | 111%               | 1,593.9  | 121%          |
| Gross profit (after JO)  | 1,932.8  | 1,306.0  | 48%  | 975.5   | 427.9   | 128% | N.A       | N.A                | 1,793.4  | 108%          |
| Operating profit         | 1,415.0  | 885.8    | 60%  | 731.0   | 315.6   | 132% | 1,276.0   | 111%               | 1,317.5  | 107%          |
| Net profit               | 1,047.7  | 511.9    | 105% | 647.2   | 228.9   | 183% | 749.0     | 140%               | 749.6    | 140%          |

|                  | 9M15  | 9M14  | 3Q15  | 2Q15  | FY15  | FY15  |
|------------------|-------|-------|-------|-------|-------|-------|
| Gross Margin     | 13.6% | 10.8% | 15.3% | 12.0% | 11.7% | 11.8% |
| Operating margin | 10.0% | 8.6%  | 10.9% | 9.2%  | 8.6%  | 13.3% |
| Net Margin       | 7.4%  | 5.0%  | 9.6%  | 6.7%  | 5.0%  | 9.8%  |

Source: WSKT, IndoPremier

*Comment: WSKT's sales and net profit is above our estimates by 5% and 40%. However, sales was below consensus by 5% while net profit is higher by 40%. In 2016, company set aggressive sales target that is higher by 58.6% higher from our estimate of Rp17tn and net profit is 108% higher from ours. While on consensus, company's sales target in 2016 is 34.3% higher and net profit is 92% higher from analyst's forecast. We maintain our BUY rating on WSKT given outstanding results. WSKT is eyeing new contract of Rp34tn or 13.3% yoy, carry over contract at Rp66tn and total contract at Rp100tn.*

## Markets & Sectors

**Pharmaceutical sector:** Indonesia National Agency of Drug and Food Control to tighten requirement for the usage of pharmaceutical raw material ingredients. The policy is expected to complicate the pharma industry since it would be troublesome to get the ingredients that fulfill the good working standard for medicine production (CPOB) such as Active Pharma Ingredients (API). So far, many pharma producers use chemical substance instead of API due to price difference and availability problem. (Bisnis Indonesia)

## Economic Update

**GDP growth:** A Bank Indonesia Director stated his confidence that economic growth will rise above 5% yoy in 1Q16 and be better than in 4Q15 (+5.04% yoy), on the back of accelerating government spending, which would have a multiplier effect on household consumption and investment. He stated the GDP growth recovery in 4Q15 had also pushed up BI's growth forecast for 2016 to the middle point of its 5.2-5.6% forecast range, from previously at the low-end of the range. Meanwhile, the Finance Minister said the government had already disbursed 8 percent of its full year fiscal spending in January alone. (Jakarta Post).

*Comment: We view a stronger GDP growth in 1Q16 (vs. 4Q15) as very likely given early fiscal spending disbursements in the first quarter of this year, which was in contrast to the prior years when fiscal spending disbursements were usually slow during the first half. The government had brought forward and completed a large part of its tenders for infrastructure projects slated for 2016 since September last year. In addition, early financing has been secured through US\$3.5bn global bond issuance on last December.*

**Inflation:** A BI official expects lower inflation in February vs. 0.51% mom in January 2016 given easing food prices as indicated by a deflation of 0.14% mom in the first week of this month, according to BI survey. However, BI expects extra efforts will be needed to keep inflation within its target of 4% for 2016 (+/- 1%) given volatility of food prices, particularly in improving food logistics/distribution and production in the face of adverse weather conditions. (Kontan).

## 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

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

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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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