

Premier Insight

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News & Analysis

Corporates

KIJA: Kawasan Industri Jababeka (KIJA IJ; Rp233; Not Rated) and Astra International (ASII IJ; Rp6,800; Buy) by their subsidiary is planning to enter port business. Astratel Nusantara and Cikarang inland port have been in twelve company waiting in list to maintain bonded logistic center in East Kalimantan. According to Astra subsidiary which manages East Kalimantan, Astra's preparation has reached 80% to manage bonded logistic center. (Investor Daily)

PPRO: PP Properti (PPRO IJ; Rp194; Not Rated) and Kawasan Industri Jababeka (KIJA IJ; Rp233; Not Rated) will establish joint venture company. Both companies will inject Rp73.8bn and will focus on service, construction and trading. KIJA will hold 51% and PPRO will have the rest. For 2016, KIJA will continue to focus on its existing industrial estate in Cikarang and start building infrastructure in Kendal. (Bisnis Indonesia)

SMBR: Semen Baturaja (SMBR IJ; Rp318; Hold) booked strong volume growth of 15.0% yoy to 104,000 tons in Jan15%, which is at similar pace as in Sumatera Island. Company maintains its outlook to sell 1.75mn tons for FY16 or 16% growth. Source of growth came from pulp and paper pant of Sinar Mas, power plant Bayung Licin, fertilizer plant of Pupuk Sriwijaya and expansion of Sultan Mahmud Badarudin airport. (Bisnis Indonesia)

WSKT: Waskita Karya (WSKT IJ; Rp1,855; Buy) is planning to sell two of its subsidiaries on divestment scheme. The two subsidiaries are Waskita Beton and Waskita Toll road. Firstly, company will sell 10% stake in Waskita Beton in 1Q16. Company said they have invited seven investors to invest on WBP. One of the buyer is Semen Indonesia (SMGR IJ; Rp10,750; Buy). (Kontan)

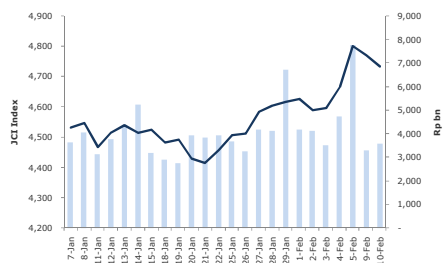
Markets & Sectors

Cement sector: Cement consumption reached 5.1mn tons in Jan16 or higher by 4.4% yoy and -5.6% mom. Fast growth was recorded in Sumatera by 15.8% yoy, Sulawesi 19.0% yoy while Java was 5.3% yoy. Nevertheless, Kalimantan's demand fell by 31.0% yoy. According to cement association, this year the industry will have additional capacity of 16.5 tons increasing the total capacity up to 92mn tons. (Bisnis Indonesia)

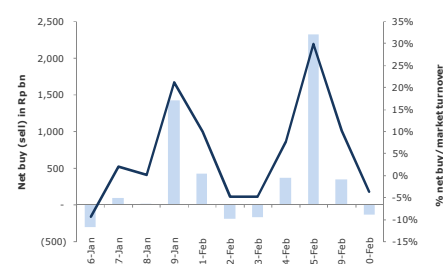
Infrastructure sector: The government has designated 30 infrastructure projects worth Rp819tn a priority status and will closely monitor their implementation. Most of these are projects under public-private partnerships or carried out by SOEs, including eight segments of the Trans-Sumatra toll road and three other toll roads, several railway projects (including Jakarta MRT & LRT projects, Jakarta International Airport Express, two International Airports (Kuala Tanjung and Bitung), several power projects (including Batang, Indramayu II) and oil refinery projects. These priority projects will benefit from easier permit processing, land acquisition and government guarantees. (Jakarta Post)

Comment: Stronger fixed investment growth, largely due to infrastructure projects, was a key driver of Indonesia's accelerating GDP growth in the past two quarters and this is expected to be sustained in the coming years. We believe this should sustain the strong earnings growth outlook of the construction sector in the country – our top picks are Waskita Karya (WSKT IJ; Rp1,855; Buy) and Pembangunan Perumahan (PTPP IJ; Rp3,890; Buy) although others such as Wijaya Karya (WIKA IJ; Rp2,675; Buy) and Adhi Karya (ADHI IJ; Rp2,610; Buy) will also be main beneficiaries.

JCI Index



Foreign net buy (sell)



Index	Closing	1 day	1 year	YTD
JCI	4,732	-0.8%	-11.3%	3.0%
LQ45	830	-1.0%	-10.4%	4.7%
DJI	15,915	-0.6%	-10.9%	-8.7%
SET	1,305	0.1%	-18.7%	1.3%
HSI	19,288	0.5%	-21.8%	-12.0%
NKY	16,085	-5.4%	-8.9%	-17.4%
FTSE	5,672	0.7%	-16.8%	-9.1%
FSSTI	2,582	-1.6%	-25.0%	-10.4%
EIDO	22	0.6%	-17.5%	7.1%

Commodity price

Commodities (in USD)	Last price	Ret 1 day	Ret 1 year
Oil/barrel (WTI)	27.5	-1.8%	-45.1%
CPO/tonne	615.8	-0.5%	10.0%
Soy/bushel	8.6	-0.1%	-11.0%
Rubber/kg	1.3	-0.6%	-25.8%
Nickel/tonne	7,845	-2.6%	-46.9%
Tins/tonne	15,871	0.5%	-12.7%
Copper/tonne	4,450	-1.4%	-20.6%
Gold/try.oz (Spot)	1,197	0.7%	-1.8%
Coal/tonne*	50.4	-2.3%	-27.1%
Corn/bushel	3.5	-0.2%	-8.1%
Wheat/bushel**	163.8	3.8%	-29.7%

* : 1 week change

** : 1 month change

Source : Bloomberg

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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.

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