

News & Analysis

Corporates

ADHI: Adhi Karya (ADHI IJ; Rp2,520; Buy) expects Light Rail Transit (LRT) contract to be signed soon. So far, government has allocated capital injection of Rp1.4tn in planned APBN 2015. Company said they will continue the work of LRT in accordance with fund received from the government. Currently, Transportation Ministry is waiting LRT discussion budget with President. (Bisnis Indonesia)

Comment: LRT's contract could provide strong upside potential for ADHI if it is fully finalized. Company estimates revenue and net profit of Rp20tn and Rp750bn in 2016 with LRT contribution of 21.6%. This is 41% and 33% above our estimates as we have not included LRT within our assumptions.

DILD: Intiland Development (DILD IJ; Rp555; Not Rated) will focus to develop middle up projects in capital cities. According to company, capital cities have higher financial capabilities that could support demand. Until 1Q16, company has booked presales of Rp700bn or 28% of Fy16 total target. Jakarta and Surabaya both contribute equally to marketing sales. This year company will maintain existing sales in Serenia Hills, Telaga Bastari, One Park Avenua, Surabaya Praxis, Graha Natura and Spasio Tower. Company will launch Rosebay Surabaya this year. (Kontan)

KREN: This year, Kresna Graha Investama (KREN IJ; Rp2,290; Not Rate) sets target of 5 million users for its digital payment platform (e-cash) which is operated by its subsidiary, PT. Digital Artha Media (DAM). So far, the service has been available for payment at Grab, Tokopedia, BSD City and LINE pay. The company has allocated capex of US\$20-25mn, which will be funded internally, for further investment in digital segment. Going forward, KREN plans to launch KeSupermaket.com (JV with PT. Supra Boga Lestari (RANC)), e-wallets (loyalty and socio geo marketing service) and e-travel during 3Q16. (Investor Daily)

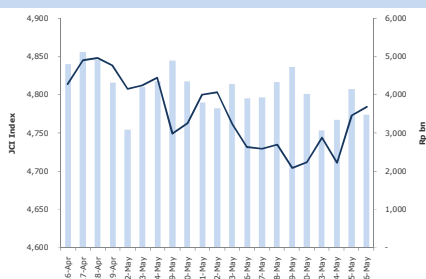
LPPF: PT Matahari Department Store (LPPF IJ; Rp8,600; Not Rated) plans to open 6-8 stores with Rp450bn of capital expenditure in FY16 (-10% yoy) funded by internal cash, bringing the total number of stores to 150 by end of this year. YTD, the Company has allocated a total of Rp120bn in opening three new stores in Mall Cileungsi Bogor, Lippo Plaza Jambi and Tanjungpinang City Center. LPPF book a revenue growth of Rp3.2tn (+13.2% yoy) and SSSG of 9.4% as of 1Q16. The Company will pay a dividend of Rp427/share in 29 June 2016, which gives a dividend yield of 2.29%. (Kontan)

Markets & Sectors

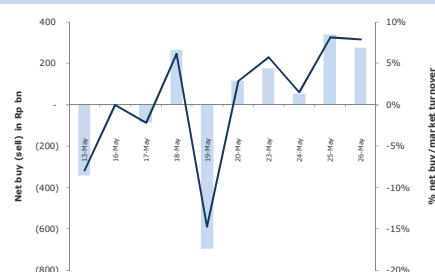
Plantation: Indonesia Vegetable Oil Association (GIMNI) proposed 0% value added tax (from 10%) for the packaged cooking oil products. The association believes this will reduce the retail price of the packaged cooking oil and will align with the government restriction on bulk cooking oil sales. (Kontan)

Comment: This is neutral for cooking oil refinery industry if implemented, as end customers will be the beneficiary of lower retail price of cooking oil.

JCI Index



Foreign net buy (sell)



Key Indexes

Index	Closing	1 day	1 year	YTD
JCI	4,785	0.2%	-8.9%	4.2%
LQ45	821	0.2%	-10.1%	3.6%
DJI	17,828	-0.1%	-1.8%	2.3%
SET	1,402	0.3%	-6.6%	8.8%
HSI	20,397	0.1%	-27.4%	-6.9%
NKY	16,772	0.1%	-18.1%	-11.4%
FTSE	6,266	0.0%	-10.9%	0.4%
FSSTI	2,767	0.6%	-19.2%	-3.8%
EIDO	22	0.8%	-13.5%	7.6%

Commodity price

Commodities	Last price	Ret 1 day	Ret 1 year
(in USD)			
Oil/barrel (WTI)	49.5	0.7%	-14.7%
CPO/tonne	615.8	1.3%	10.0%
Soy/bushel	10.7	-0.5%	16.1%
Rubber/kg	1.6	0.0%	-11.5%
Nickel/tonne	8,353	0.6%	-33.8%
Tins/tonne	15,872	1.3%	3.3%
Copper/tonne	4,682	0.2%	-23.3%
Gold/try.oz (Spot)	1,220	-0.4%	2.7%
Coal/tonne*	51.4	0.8%	-14.5%
Corn/bushel	4.0	0.9%	14.7%
Wheat/bushel**	163.4	-0.4%	-16.6%

* : 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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