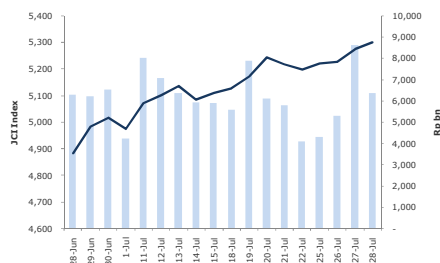


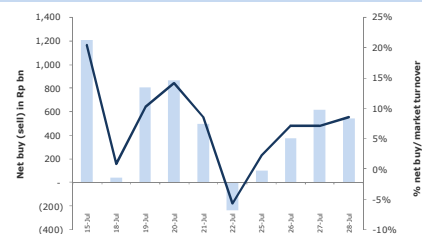
## News &amp; Analysis

## Corporates

## JCI Index



## Foreign net buy (sell)



## Key Indexes

Index	Closing	1 day	1 year	YTD
JCI	5,299	0.5%	12.2%	15.4%
LQ45	914	0.3%	14.8%	15.4%
DJI	18,456	-0.1%	4.0%	5.9%
SET	1,525	0.6%	7.6%	18.4%
HSI	22,174	-0.2%	-9.9%	1.2%
NKY	16,422	-0.3%	-19.1%	-13.7%
FTSE	6,721	-0.4%	1.4%	7.7%
FSSTI	2,919	-0.8%	-11.1%	1.2%
EIDO	26	0.1%	16.9%	23.9%

## Commodity price

Commodities	Last price	Ret 1 day	Ret 1 year
(in USD)			
Oil/barrel (WTI)	41.1	-1.9%	-14.3%
CPO/tonne	567.2	-0.8%	10.0%
Soy/bushel	10.0	-0.7%	1.2%
Rubber/kg	1.9	-0.8%	14.7%
Nickel/tonne	10,652	3.3%	-5.6%
Tins/tonne	17,760	0.5%	8.8%
Copper/tonne	4,885	0.9%	-7.6%
Gold/try.oz (Spot)	1,336	-0.3%	21.8%
Coal/tonne	61.3	0.1%	1.7%
Corn/bushel	3.2	-1.4%	-12.6%
Wheat/bushel*	157.5	-3.6%	-18.4%

\*: 1 month change

Source : Bloomberg

**ACES:** Ace Hardware (ACES IJ; Rp1,025; Buy) posted 1H16 earnings of Rp232.7bn (-30.6% qoq; -5.5%yoy). Despite ACES revenue growing to Rp2.4tn in 1H16 (+1.3%qoq; 5.3%yoy) and gross margin expanding by 10bps yoy in 1H16 to 47.5%, operating profit dropped to Rp294.3bn (-30.5%qoq; -7%yoy) and shrinking net profit to Rp232.7bn (-30.6%qoq; -5.5%yoy). Overall net margin dropped by 110bps yoy to 10% as of 1H16. (Company)

*Comment: Although ACES top line came in-line with our forecast (45.9% of FY16) and consensus (45.3% of FY16), bottom-line came lower than our forecast (36.1% of FY16) and consensus (37% of FY16).*

**ADHI:** Adhi Karya (ADHI IJ; Rp2,830; Buy) reported net profit of Rp45bn in 2Q16, growing 320% qoq as company recorded other income of Rp 43bn (vs -Rp2bn in 1Q16). Meanwhile, revenue and operating profit dropped 2.5% and 46.8% yoy to Rp3.1tn and Rp103bn, thus brought down gross margin to 8.6% (vs 10.1% in 6M15) and operating margin to 2.9% (vs. 5.3% in 1H15). Overall 6M16 net profit are below our expectation by only achieving 10% of ours and 9% of consensus. (Bisnis Indonesia)

**APLN:** Agung Podomoro Land (APLN IJ; Rp294; Sell) reported 2Q16 net profit of Rp198.4bn, growing 81% qoq. Revenue managed to increase by 5% to Rp2.9tn, but gross margin were down to 50.4% in 1H16 from 52.0% previously. Overall net profit stands inline with our forecast at 53% achievement. We maintain our Sell rating on APLN due to uncertainty on land reclamation. (Bisnis Indonesia)

**ASII:** We see improvement in Astra International (ASII IJ; Rp7,425; Hold) 2Q16 performance, net profit reached Rp4tn (+29% qoq, -1% yoy) as revenues increased 11% qoq and EBIT up 21% qoq. 1H16 net profit dropped 11% yoy, 1H16 operating profit down 8% yoy and revenues decreased 5% yoy. 1H16 earnings formed 43% of the consensus and 40% of our FY estimate.

We note that ASII's 2Q16 performance improvement in the top-line and bottom-line is driven by Automotive and Heavy Equipment segments.

ASII's 2Q16 net profit improvement to Rp4tn (+29% qoq, -1% yoy) was driven by; Automotive earnings (57% of total) which up 45% qoq and H. equipment earnings (17% of total) which increased 54% qoq. Several segment posting negative growth; finance segment's earnings (15% of total) down 5% qoq and agriculture division's earnings (7% of total) down 11% qoq.

ASII's 2Q16 revenues growth to Rp46.3tn (+11% qoq, -2% yoy) was driven by; Automotive segment's revenues (53% of total) which up 12% qoq and H. equipment revenues (25% of total) that increased 11% qoq. Financial segment posted 2Q16 revenues (9% of total) growth of only 2% qoq while Agri revenues (7% of total) up 10% qoq. (Company)

*Comment: Automotive segment has recovered due to normalized margin although volumes were relatively weak. Permatatbank performance dragged down the financial segments. We continue to see mixed result from different segments. Hold maintained*

**BWPT:** Uncertainties surroundings the acquisition of Eagle High Plantation (BWPT IJ; Rp214; Not Rated) remains high, as Malaysian medias reported that Felda and Rajawali (owner of BWPT) will close the deal soon. (Jakarta Post)

*Comment: BWPT share price volatility will remain. To note, at this stage BWPT is traded at EV of ~US\$8,400 per hectare of planted area, slightly lower than industry average of ~US\$8,800.*

**GGRM:** PT Gudang Garam (GGRM IJ; Rp68,800; Buy) reported 2Q16 net profit of Rp1.2tn (+5.4% qoq, +10% yoy), bringing 1H16 earnings to reach Rp2.9tn (+19.4% yoy). The net profit is in-line with consensus and our forecast (achieving 42%/39% of FY16F) as we incorporate the seasonality. (Bisnis Indonesia)

**INCO:** Vale Indonesia (INCO IJ; Rp2,540; Not Rated) posted 2Q16 net loss of -US\$4.6m, improved from 1Q16 net-loss of -US\$15.4m, but remained lower than 2Q15 net profit of US\$16.8m. EBITDA in 2Q16 reached US\$26.1m (+183% qoq, -55% yoy). 1H16 net-loss reached -US\$20m (vs. 1H15 earnings of US\$41.8m), caused by lower ASP of US\$6,731/ton (-39% yoy). Nickel matte sales volumes decreased slightly by 1% yoy to 36,672 ton in 1H16, resulting in 1H16 revenues to decrease by 40% yoy. (Company)

**KLBF:** PT Kalbe Farma (KLBF IJ; Rp1,710; Buy) reported 2Q16 net profit of Rp583bn (+3.5% qoq, +9.1% yoy), bringing 1H16 earnings to reach Rp1,146bn (+7.8% yoy). The net profit is in-line with consensus and our forecast (achieving 52% of FY16F). (Bisnis Indonesia)

**MPMX:** PT Mitra Pinasthika Mustika (MPMX IJ; Rp615; Buy) reported 2Q16 net profit of Rp108bn (+52% qoq, -7% yoy), bringing 1H16 earnings to reach Rp180bn (-23% yoy). The net profit is below consensus and our forecasts (accounted at 30%/33% of FY16F). (Bisnis Indonesia)

*Comment: We are over positive on the cost control of the company, thus bringing our earnings forecast too aggressive. The 2Q16 result shows an early recovery in sales growth of +14% qoq and +11% yoy, yet operating cost are still high. The 2Q16 gross and operating margins are still intact at 14% / 4.1% respectively, still no margin improvement compared to last year.*

**RALS:** Ramayana Lestari Sentosa (RALS IJ; Rp1,230; Not Rated) posted 1H16 earnings of Rp254.1bn (179.7%yoy). RALS performance was driven by robust revenue growth reaching Rp3.2tn in 1H16 (+90.5%qoq;24.5%yoy), beating consensus. This year's Lebaran season that falls in 2Q16 contributed 55% to consensus FY16 revenue, higher than its 2-year historical average (seasonality adjusted) of 40% sales contribution to full year. Gross margin expanded by 400bps yoy to 37.9% in 1H16. Operating profit grew 682.3% yoy expanding margin by 660bps yoy to 7.9% in 1H16. Net margin expanded by 450bps yoy to 8.1% in 1H16. (Company)

**UNTR:** United Tractors (UNTR IJ; Rp15,625; Not Rated) posted 2Q16 earnings of Rp1.13tn (+50% qoq; -36% yoy). UNTR's qoq earnings improvement in 2Q16 was helped by 11% qoq top-line growth and margins improvement, allowing EBIT to grow by 23% qoq.

1H16 earnings reached Rp1.88tn (-45% yoy) as operating profit decreased -33% yoy and revenues dropped -10% yoy caused by lower machineries sales volumes (-24.7% yoy), lower OB removal (-9.2% yoy) and coal extraction and hauling volumes (-3.8% yoy). However, coal mining division posted higher coal sales volumes of 4.46m tons (+58.5% yoy) in 1H16.

UNTR's 1H16 bottom-line formed 40% of consensus FY estimate and its 1H16 top-line represent 50% of the street's FY expectation. (Company)

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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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