

News & Analysis

Corporates

PPRO: PP Properti (PPRO IJ; Rp800; Not Rated) will launch two apartment projects in Semarang and Surabaya. In Semarang, company will build apartment for college student which is priced at Rp200-250mn/unit. Whereas in Surabaya, company will develop premium apartment tower that is tagged at Rp1.7-1.9bn/unit. (Bisnis Indonesia)

ROTI: Nippon Indosari (ROTI IJ; Rp1,590; Hold) to increase its utilization rate across its ten facilities. Currently, the utilization rate stands at 50-55% rate but it is expected to reach 60% rate in 2H16. The company added the sales are historically better during the 2H. (Bisnis Indonesia)

Comment: We expect the improvement in overall economic condition will trigger consumers to spend on non-necessity items such as bread. In which will benefit ROTI, however, we think that the current valuation is somewhat demanding. Therefore, maintain HOLD at TP Rp1,650.

SILO: Siloam International Hospitals (SILO IJ; Rp10,400; Buy) plans a right issue with target proceed of Rp1.3tn and estimated ratio of 8:1 (~145m new shares), translating to right issue price of ~Rp8,965, 15% discount to current price. Shareholders meeting will be held on 11 Oct. CVC which has entered an agreement to acquire 15% of SILO's shares from Lippo Karawaci (LPKR IJ; Rp1,050; Hold), agreed to participate in the upcoming right issue. (Company)

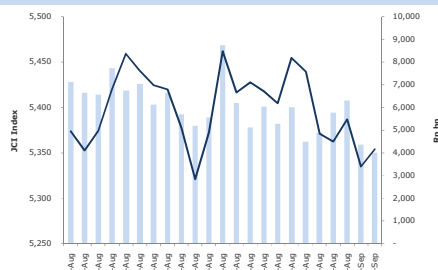
WIKI: Wijaya Karya (WIKI IJ; Rp3,270; Buy) is looking for strategic partner to develop 81ha land in Makassar for industrial estate. The joint venture will be then be developed by WIKI realty (WIKI's subsidiaries). Company is now negotiating with investors from China and expects the deal to finish in 2016. (Kontan)

Markets & Sector

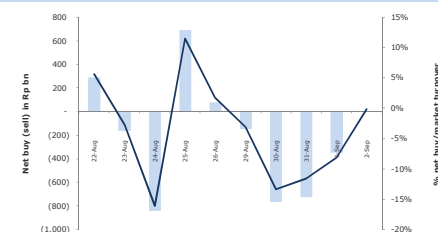
Retail sector: 70% of e-commerce Shopee revenue is reported to be outside Java and they believe there are more online shoppers outside Java compare to Java today due to more government's support for development of logistics, infrastructure and internet network. There were 250,000 daily online shoppers mostly done through smartphones last year and Indonesia is gradually realizing its potential to become a go to destination for e-commerce businesses as Minister of Communication and Information constructs a clearer map of regulation to support the e-commerce industry. According to the ministry, online sales through smartphones grew 164% yoy while website grew 32% yoy in FY15. (Bisnis Indonesia)

Comment: We are bullish on the emerging trend of online shoppers in Indonesia but we think complex and costly shipping and logistics system is the largest hurdle for e-commerce businesses to survive. Therefore we think more retailers such as LPPF and MPPA will benefit most from the emerging online shopping trend with its more established mataharimall.com. Other late joining retailers in the e-commerce business such as MAPI, ACES and RALS can also benefit in tandem with their online business development.

JCI Index



Foreign net buy (sell)



Key Indexes

Index	Closing	1 day	1 year	YTD
JCI	5,353	0.4%	21.2%	16.6%
LQ45	919	0.4%	22.6%	16.1%
DJII	18,492	0.4%	14.8%	6.1%
SET	1,521	-1.2%	11.0%	18.1%
HSI	23,267	0.5%	11.6%	6.2%
NKY	16,926	0.0%	-4.9%	-10.1%
FTSE	6,895	2.2%	14.1%	10.4%
FSSTI	2,804	-0.4%	-2.1%	-2.7%
EIDO	26	2.2%	36.1%	23.8%

Commodity price

Commodities	Last price	Ret 1 day	Ret 1 year
(in USD)			
Oil/barrel (WTI)	44.4	3.0%	-3.9%
CPO/tonne	635.8	3.0%	10.0%
Soy/bushel	9.6	0.9%	11.1%
Rubber/kg	1.6	0.9%	13.5%
Nickel/tonne	10,004	1.5%	1.7%
Tins/tonne	19,349	1.0%	24.9%
Copper/tonne	4,617	-0.1%	-10.1%
Gold/try.oz (Spot)	1,325	0.8%	17.9%
Coal/tonne	69.2	0.1%	15.9%
Corn/bushel	3.0	1.8%	-15.1%
Wheat/bushel*	133.6	-14.7%	-32.9%

* : 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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