

News & Analysis

Corporates

AISA: Tiga Pilar Sejahtera (AISA IJ; Rp2,080; Buy) to spend around Rp600bn for construction of 2 new rice facilities in South Sulawesi. The facility is expected to start production in 2018 with capacity of 240,000 tons per year. (Kontan)

Comment: We expect the new facilities in South Sulawesi are going to further strengthen AISA's presence in Eastern part of Indonesia.

ISAT: The main shareholders of Indosat (ISAT IJ; Rp5,250; Buy), Ooredoo, has been reported to sell its holding in the company. At current price, the shareholders are in a loss position compared to its acquisition price of Rp7,300. According to the president director of Indosat, Alexander Rusli, denied such corporate action by the holding company. (Kontan)

Comment: Despite there is always a possibility of selling off, we think that Ooredoo had re-brand Indosat in the past two years. There re-branding efforts will be useless if Ooredoo is selling its holding in Indosat. Simply conflicting effort from the operational side since as the rebranding seems to be working.

JSMR: The toll road Medan Kualanamu is expected to be operational in 2017. This toll road is develop by Jasa Marga (JSMR IJ; Rp4,790; Buy) together with Waskita Karya and Hutama Karya. Land acquisition is expected to be completed by the end of this year. Currently, total land acquisition has reached 87-90%. (Bisnis Indonesia)

Comment: This toll road is relatively strategic as it connects Medan with its new airport. By commencing operation, Jasa Marga will have a new source of cash flow.

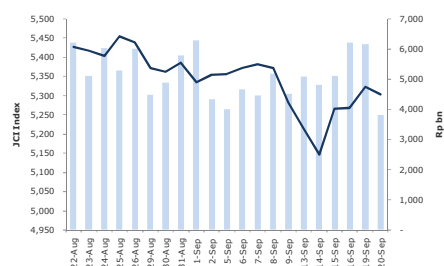
SMBR: Semen Baturaja (SMBR IJ; Rp1,500; Sell) booked sales volume of 962K tons (+4% yoy) up to Aug16, driven by infrastructure development in South Sumatera. In Aug16, sales volume was 170k (+11% yoy). The company aims for a total volume of 1.7mn tons for FY16 with total sales Rp1.7tn and net profit of Rp373bn. (Bisnis Indonesia)

Comment: The company's expectation are higher than ours, but we continue to think that the share price is expensive. The company's net profit target still translate into a PER of 39x for FY16, equally expensive as a consumer company.

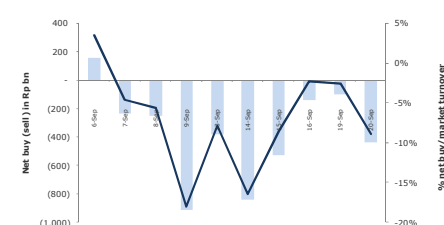
Markets & Sector

Industrial land: Some industrial developer expected better sales during 2H16 with several transactions in the pipeline. The majority of the industrial land will be used for warehousing or distribution facility instead of manufacturing facility. As of 2Q16, 48% of the total industrial land in Jabodetabek, Karawang and Serang are utilized for warehouse facility, according to Colliers. Being aware of this trend, SSIA started to rent out its industrial warehouses. Unlike SSIA, the majority of DMAS' land sales are still utilized for manufacturing facility. (Kontan)

JCI Index



Foreign net buy (sell)



Key Indexes

Index	Closing	1 day	1 year	YTD
JCI	5,322	1.0%	21.5%	15.9%
LQ45	919	1.3%	24.2%	16.1%
DJI	18,120	0.0%	10.6%	4.0%
SET	1,493	0.9%	7.4%	15.9%
HSI	23,550	0.9%	7.4%	7.5%
NKY	16,519	0.7%	-8.6%	-13.4%
FTSE	6,814	1.5%	11.6%	9.2%
FSSTI	2,852	0.9%	-1.0%	-1.1%
EIDO	26	1.3%	39.2%	23.4%

Commodity price

Commodities (in USD)	Last price	Ret 1 day	Ret 1 year
Oil/barrel (WTI)	43.3	0.6%	-3.1%
CPO/tonne	638.8	3.0%	25.6%
Soy/bushel	9.7	0.6%	13.1%
Rubber/kg	1.7	0.4%	15.3%
Nickel/tonne	10,102	4.4%	4.7%
Tins/tonne	19,351	1.4%	26.5%
Copper/tonne	4,753	-0.4%	-9.8%
Gold/try.oz (Spot)	1,313	0.2%	15.3%
Coal/tonne	71.3	0.1%	23.3%
Corn/bushel	3.1	0.1%	-13.3%
Wheat/bushel*	133.6	-14.7%	-32.9%

* : 1 month change

Source : Bloomberg

Transportation sector: Grab raised US\$750mn from SoftBank Group, surpassing GoJek raising \$550mn in August 2016. Such move is to fend off Uber's intention in eyeing Southeast Asia, after Uber ceded to Didi Chuxing in China. The escalated competition will put their fundraising abilities to the test to continue build on market leadership. (Bisnis Indonesia)

Comment: These tech goliaths (Uber, GoJek, and Grab) show no sign of pulling back and continue to explore new areas to innovate, such as payment gateway, to win market share in Indonesia. This fundraising competition will disrupt consumer's behavior towards current public transport and hurt conventional taxi players (TAXI & BIRD). We reiterate Sell on Express Transindo (TAXI IJ; Rp162; Sell)

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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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