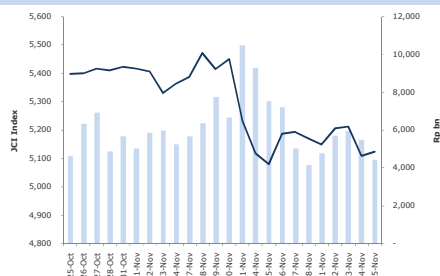


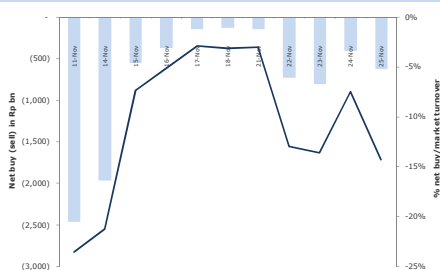
News & Analysis

Corporates

JCI Index



Foreign net buy (sell)



Key Indexes

| Index | Closing | 1 day | 1 year | YTD |
|-------|---------|-------|--------|-------|
| JCI | 5,122 | 0.3% | 12.3% | 11.5% |
| LQ45 | 854 | 0.3% | 8.5% | 7.8% |
| DJI | 19,152 | 0.4% | 7.6% | 9.9% |
| SET | 1,500 | 0.7% | 10.1% | 16.5% |
| HSI | 22,723 | 0.5% | 3.0% | 3.7% |
| NKY | 18,381 | 0.3% | -7.6% | -3.9% |
| FTSE | 6,841 | 0.2% | 7.3% | 9.6% |
| FSSTI | 2,859 | 0.5% | 0.0% | -0.8% |
| EIDO | 23 | -1.3% | 11.8% | 11.1% |

Commodity price

| Commodities | Last price | Ret 1 day | Ret 1 year |
|--------------------|------------|-----------|------------|
| (in USD) | | | |
| Oil/barrel (WTI) | 44.8 | -4.1% | 7.1% |
| CPO/tonne | 680.1 | 0.9% | 31.9% |
| Soy/bushel | 10.2 | 0.6% | 17.2% |
| Rubber/kg | 2.1 | 0.0% | 63.1% |
| Nickel/tonne | 11,514 | -0.2% | 29.7% |
| Tins/tonne | 21,115 | -2.2% | 43.1% |
| Copper/tonne | 5,865 | 0.2% | 28.6% |
| Gold/try.oz (Spot) | 1,184 | 0.0% | 12.0% |
| Coal/tonne | 92.5 | -0.5% | 75.2% |
| Corn/bushel | 3.3 | -0.1% | -8.0% |
| Wheat/bushel* | 122.5 | -0.6% | -25.9% |

* : 1 month change

Source : Bloomberg

EXCL: XL Axiata (EXCL IJ; Rp2,140; Hold) plans to extend its 3G service in 350 cities from currently only 40 cities which is mainly in Sumatera, Kalimantan, Sulawesi. XL will develop the 3G service on U900 to increase the coverage in relative remote areas. In selected areas, XL will upgrade its network to 4G service to provide a seamless network from 2G, 3G and 4G.

Comment: This is inline with XL's plan to improve its data network using the U900 technology. By using this this technology, XL will have wider coverage which helps in the remote areas.

ISAT: Indosat (ISAT IJ; Rp6,150; Buy) seeks the opportunity to divest its subsidiary Artajasa, a ATM network service provider. The divestment could be through IPO or directly to strategic investors. Indosat should have around 40% indirect ownership in Artajasa that has total asset of Rp627bn.

Comment: The amount should be relatively small for Indosat's business. This is a strategic step for Indosat to concentrate on data business.

UNTR: United Tractors (UNTR IJ; Rp21,900; Buy) targets revenues to reach Rp11tn in 4Q16, bringing FY16F top-line to Rp45tn (-8.7% yoy; consensus at Rp45.2tn). The company expects revenues to recover on the back of recovery in the coal mining, mining construction and heavy equipment divisions. (Bisnis Indonesia)

Comment: This is inline with our forecast and we believe FY17F revenues and margins to further improve on the back of the lagging effect of coal price improvement in 2H16. We reiterate our Buy recommendation with TP of Rp26,000.

WSKT: Waskita Karya (WSKT IJ; Rp2,350; Buy) expects earnings to reach Rp2.6-2.8tn in FY17, grew by 53-64% from 2016E. Order book is expected to reach Rp164tn with carry over of Rp84tn and new contract of Rp80tn which grew by 5% from targeted new contract FY16. Toll road project will still dominate FY17 new contract, company said, as it aims to have 1,150km of toll consenssion. On separate news, WSKT is eyeing for two toll road projects, namely: Legundi – Bunder in East Java (Rp3.25tn) and Jakarta – Cikampek (Rp9.5tn). (Investor Daily, Bisnis Indonesia)

Comment: WSKT's net profit guidance FY17 is inline with ours of Rp2.6tn. Although company's new contract growth seems conservative for next year, we deem it is acceptable considering company has grown its new contract by 136% yoy from FY16, creating high base effect. We maintain Buy on WSKT with TP Rp3,400.

Head Office**PT INDO PREMIER SECURITIES**

Wisma GKBI 7/F Suite 718

Jl. Jend. Sudirman No.28

Jakarta 10210 - Indonesia

p +62.21.5793.1168

f +62.21.5793.1167

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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