

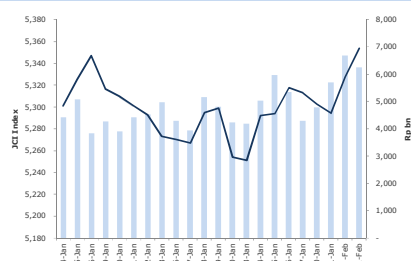
Premier Insight

3 February 2017

News & Analysis

Corporates

JCI Index



Foreign net buy (sell)



Key Indexes

Index	Closing	1 day	1 year	YTD
JCI	5,354	0.5%	16.5%	1.1%
LQ45	891	0.5%	11.8%	0.7%
DJI	19,885	0.0%	21.7%	0.6%
SET	1,573	-0.2%	21.7%	1.9%
HSI	23,185	-0.6%	22.1%	5.4%
NKY	18,915	-1.2%	10.0%	-0.5%
FTSE	7,141	0.5%	22.3%	0.0%
FSSTI	3,044	-0.8%	19.3%	5.7%
EIDO	25	0.9%	19.2%	2.4%

Commodity price

Commodities	Last price	Ret 1 day	Ret 1 year
(in USD)			
Oil/barrel (WTI)	53.5	-0.6%	79.2%
CPO/tonne	694.3	1.4%	22.1%
Soy/bushel	10.2	0.0%	15.3%
Rubber/kg	2.9	-1.0%	119.2%
Nickel/tonne	10,341	1.4%	23.7%
Tins/tonne	19,788	-0.1%	33.8%
Copper/tonne	5,871	-1.1%	28.9%
Gold/try.oz (Spot)	1,216	0.5%	6.4%
Coal/tonne	82.8	0.1%	64.2%
Corn/bushel	3.5	-0.2%	-3.7%
Wheat/bushel*	122.8	0.2%	-25.0%

*: 1 month change

Source : Bloomberg

BJTM: Bank Jatim (BJTM IJ; Rp625; Not Rated) will distribute dividend Rp43.6/share, accounts for 6.9% dividend yield at current price of Rp625/share. Thus, BJTM allocates Rp652.2bn of total dividend. The cum date is at 7 Feb17 and ex date at 8 Feb17. (Kontan)

KINO: Based on the meeting yesterday, Kino's management (KINO IJ; Rp2,900; Hold) provides FY17F guidance for earnings target of Rp230bn on the back of 8% yoy revenue growth. Kino indicates to boost its A&P spending (TV & digital) and also enter into e-commerce (such as: MatahariMall.com and bilibli.com) to further drive its revenue. This year, Company will launch +-100 new SKUs including re-launching and repackaging its existing product to be more economical in order to compete with the competitors, especially at the GT channel, which are offered at the lower price point. FY17F capex will be c.Rp80bn meanwhile, FY16 result will be released late March.

However, we still maintain HOLD due to disappointing performance in 2H16 and a rather slow demand recovery especially in beverage segment due to wet season.

MPPA: Lippo Group through PT Multipolar (MLPL IJ; Rp372; Not Rated) the controlling shareholder (50.2%) of PT Matahari Putra Prima (MPPA IJ; Rp1,300; Hold), has received the offer from potential investors and still evaluating the proposals. In addition, Temasek who holds 26% stake in MPPA are also planning to sell its stake that could value MPPA at c.US\$1bn. We view this as neutral for MPPA fundamental. (Bisnis Indonesia)

SSIA: Surya Semesta Internusa (SSIA IJ; Rp625; Not Rated) will use proceeds from Cipali shares sales to fund its SUBang expansion. Company aims to have 500ha land in Subang. If target is met, company will have 1,031ha land in Subang at the end of FY17. (Kontan)

Market & Sector

Mining sector: Philippines government shut down and suspended 17 nickel mines yesterday with annual production of approximately 150k tons of nickel content, adding to the potential diminishing supply of around 150k tons from the suspension in 2016. In total, nickel supply from the Philippines could decrease by 300k tons annually (15% of global consumption).

However, we note that after last year suspension, nickel ore shipment from Philippines to China remained high in 4Q16, it reached 7.7m tons (~100k tons of nickel content), which formed 25% of the country's FY16 nickel ore export to China of 30.5m tons (~396k tons of nickel). It is worth noting that mining companies in Philippines which are under suspension could resume operation while requesting an appeal.

Comment: We view that upcoming production from Indonesia's increasing ferronickel production (capacity ~200k tons), Indonesia's nickel ore export relaxation (an additional 150k tons - 250k tons of fresh supply to the global market) and increasing production from Russia and New Caledonia will likely fill in the supply gap from diminishing Philippines supply, if any.

We maintain our Neutral stance on nickel sector and Hold recommendation for Vale Indonesia (INCO IJ; Rp2,840; Hold) at this stage.

Property sector: The government is reviewing three tax regulations regarding progressive land tax. The first regulation might impose tax based on size, second regulation is applying capital tax gain for land transaction and third one is unutilized land tax for land without any planning. (Kontan)

Comment: Most of developers within our coverage might be negatively impacted from this regulation. However, Ciputra Development (CTRA IJ; Rp1,340; Buy) might Pakuwon (PWON IJ; Rp565; Buy) might have the least impacted from this regulation as most of CTRA's landbank is joint venture with other parties while PWON have strong basis of recurring income that can be used to offset weak property sales.

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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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