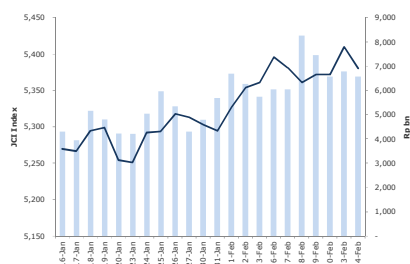


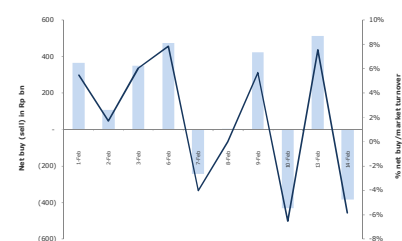
## News & Analysis

### Corporates

#### JCI Index



#### Foreign net buy (sell)



#### Key Indexes

Index	Closing	1 day	1 year	YTD
JCI	5,378	0.0%	12.9%	1.5%
LQ45	894	0.1%	7.0%	1.1%
DJI	20,620	0.0%	25.3%	4.3%
SET	1,576	0.2%	22.3%	2.1%
HSI	24,108	0.5%	27.4%	9.6%
NKY	19,348	-0.5%	22.2%	0.6%
FTSE	7,278	-0.3%	20.7%	1.9%
FSSTI	3,097	0.3%	18.5%	7.5%
EIDO	25	-0.8%	9.3%	2.8%

#### Commodity price

Commodities	Last price	Ret 1 day	Ret 1 year
(in USD)			
Oil/barrel (WTI)	53.4	0.5%	83.7%
CPO/tonne	657.0	-1.3%	13.2%
Soy/bushel	10.3	-1.7%	17.2%
Rubber/kg	2.9	-1.0%	114.1%
Nickel/tonne	11,012	1.3%	32.2%
Tins/tonne	19,658	-0.9%	27.1%
Copper/tonne	5,983	-1.1%	31.2%
Gold/try.oz (Spot)	1,239	0.4%	2.5%
Coal/tonne	80.0	0.0%	57.8%
Corn/bushel	3.5	-1.3%	0.1%
Wheat/bushel*	122.8	0.2%	-25.0%

\* : 1 month change

Source : Bloomberg

**ADHI:** Adhi Karya (ADHI IJ; Rp2,240; Buy) reported net profit of 12M16 a Rp313bn, fell by 32% yoy as company recorded lower other charges to Rp142bn dropped 48% yoy, resulting in weak net margin of 2.8% (vs FY15 at 4.9%). We believe this is due to EPC loss which ADHI predicts to reach Rp400bn in FY16. On the other side, company managed to increase revenue by 18% yoy to Rp11.1tn an operating profit by 19% yoy to Rp729bn, which resulted in improving operating margin of 6.6% (vs. 6.5% in FY15). (Bisnis Indonesia)

*Comment: ADHI's achievement is inline with ours with 98% achievement but under consensus estimates. Despite the uncertainty of LRT funding, the official contract will help ADHI to secure funding from bank loan or other alternatives. Maintain Buy*

**ASII:** Astra Int'l's (ASII IJ; Rp8,100; Buy) 44.5%-owned subsidiary Bank Permata (BNLI IJ; Rp725; Not Rated) reported a huge net loss of Rp6.5tn in FY16 (FY15: net profit of Rp247bn) due to loan provisions of Rp12.3tn or credit cost of 8% of loans. The bank reported provisions of Rp6.1tn; net loss of Rp1.9tn up to Nov 2016 and plans for another rights issue to raise Rp3tn in 2017, after Rp5.5tn capital increase in 2016.. (Company).

*Comment: We view BNLI's unexpectedly large net loss in the last month of 2016 as a downside risk to ASII's consensus earnings of Rp15.8tn for FY16F (+9.3% yoy) as it represented 13% of earnings. However, we keep our Buy rating unchanged as we believe 2017 should be a recovery year for both BNLI and ASII.*

**BNBR:** We met Bakrie & Brothers (BNBR IJ; Rp50; Not Rated) yesterday. The company reveals a debt restructuring plan, which will likely be similar to BUMI's debt restructuring proposal. However, at this stage, details of the restructuring plan could not be revealed. BNBR posted EBITDA of around Rp80bn in 9M16. (Company)

*Comment: With debt outstanding of around Rp9tn and market cap of Rp4.9tr, BNBR currently traded at EV/EBITDA of 54.5x. To note, IDX plans to lift share price minimum limit of Rp50 in the regular market. Thus, with BNBR's expensive valuation, we expect BNBR share price to correct post the lift of minimum price by IDX.*

**DOID:** Delta Dunia Makmur (DOID IJ; Rp595; Not Rated) refinanced US\$603m debt of its subsidiary Bukit Makmur Mandiri Utama (BUMA). BUMA issued Senior Notes worth US\$350mn (tenor: 5 years, coupon 7.75%) while DOID obtained US\$100mn loan from The Bank of Tokyo Mitsubishi UFJ Ltd (interest: LIBOR +3%) (Kontan)

**HMSP:** Based on PMI FY16 earnings report, PMI's tobacco volume shipment to Indonesia contracted by 3.9% yoy in 2016. Meanwhile, Indonesia total cigarette market also decreased by 1.4% yoy in 2016.

*Comment: We suspect the soft economic condition still hinders the recovery in consumer purchasing power.*

**INCO:** Vale Indonesia (INCO IJ; Rp2,750; Hold) posted 4Q16 nickel matte production volumes of 19,581 tons, down 10% qoq and 12% yoy. FY16 nickel matte production volumes reached 81,178 tons, down 4.4% yoy, and came in 3% below company target. Lower than expected production volumes were caused by transformer failure at one of its electric furnaces in November. (Company)

*Comment: Although production volumes came in slightly below our expectation, at this stage, we maintain our forecast and valuation. We reiterate our Hold rating on INCO.*

**UNVR:** Unilever Indonesia's (UNVR IJ; Rp42,600; Hold) FY16 earnings were in-line with our/consensus estimates. In 4Q16, earnings slightly declined by 1.3% yoy on the back of 11.4% yoy revenue growth in 4Q16. Revenue in HPC and FC grew 10.8% yoy and 12.8% in 4Q16, respectively. Full audited result will be published by end of March 2017.

*Comment: We view the slight earnings growth contraction in 4Q16 still indicates a rather slow recovery in consumer purchasing power. Therefore, we still maintain HOLD at TP of Rp42,500.*

**WIKA:** Wijaya Karya (WIKA IJ; Rp2,510; Buy) will build transpark, a project initiated by CT Corp with initial value of Rp900bn. The project will be located in Cibubur and CT Corp is planning to build two apartment tower with capacity of 2,600 unit and three star hotel of 300 unit. (Kontan)

**WSBP:** Waskita Karya Beton (WSBP IJ; Rp575; Not Rated) aims net profit of Rp1.1tn and revenue of Rp7.7tn in FY17. Company still has carry over of Rp10.1tn and to increase capacity to 3.25mn ton annually. (Kontan)

### Market & Sector

**Cigarette sector:** Due to lower cigarette production, clove price drops to Rp90k per kg, below its ideal price at Rp120k per kg. Despite heavy rainfall this year, national clove production is still stable at around 110k tons. Government is currently assessing export plan to offset the soft demand in domestic market. (Kontan)

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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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