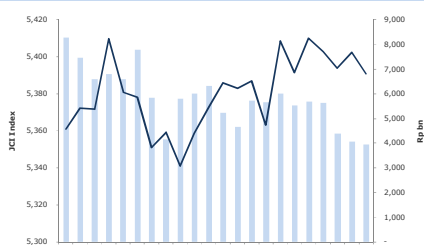


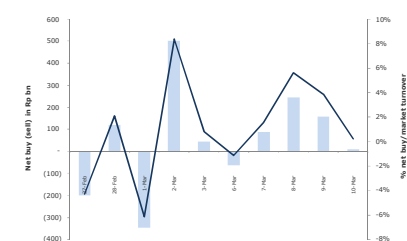
News & Analysis

Corporates

JCI Index



Foreign net buy (sell)



Key Indexes

Index	Closing	1 day	1 year	YTD
JCI	5,391	-0.2%	12.0%	1.8%
LQ45	893	-0.3%	6.5%	1.0%
DJI	20,903	0.2%	21.4%	5.8%
SET	1,540	-0.6%	10.5%	-0.2%
HSI	23,569	0.3%	16.7%	7.1%
NKY	19,605	1.5%	15.7%	2.5%
FTSE	7,343	0.4%	19.6%	2.8%
FSSTI	3,133	0.5%	10.8%	8.8%
EIDO	25	0.5%	3.4%	2.1%

Commodity price

Commodities	Last price	Ret 1 day	Ret 1 year
(in USD)			
Oil/barrel (WTI)	48.5	-1.6%	28.1%
CPO/tonne	622.4	-2.4%	8.8%
Soy/bushel	9.9	-0.5%	11.8%
Rubber/kg	2.4	0.8%	62.6%
Nickel/tonne	9,840	-2.5%	12.8%
Tins/tonne	19,365	0.4%	15.9%
Copper/tonne	5,716	0.8%	16.6%
Gold/try.oz (Spot)	1,205	0.3%	-3.7%
Coal/tonne	78.8	0.7%	53.8%
Corn/bushel	3.5	-0.8%	-2.3%
Wheat/bushel*	137.1	11.6%	-16.7%

* : 1 month change

Source : Bloomberg

ADHI: Adhi Karya (ADHI IJ; Rp2,250; Buy) revised capex to Rp3.5tn from Rp2tn. This amount might further increase with Light Rail Transit (LRT) project. Company will also use the Rp500bn of capex to strengthen Adhi Persada Gedung, Rp300bn for Adhi Persada beton and Rp200bn for ADHI Property. ADHI is planning to issue bond to finance capex this year which might be used to fund LRT project. (Kontan)

JSMR: Jasa Marga (JSMR IJ; Rp4,440; Buy) is set to divest its ownership in two toll roads namely, JORR W1 (Kebon Jeruk-Penjarangan) and Semarang Solo. Jasa Marga will divest 23% and about 10-15% in Semarang Solo. No number of the acquisition cost has been mentioned. Furthermore, the company has allocated about Rp26tn for capex of FY17. This capex will be used mainly for new toll road development. (Kontan)

KINO: Kino Indonesia (KINO; Rp2,800; Hold) sets revenue growth target of 5% yoy in 2017 on the anticipation of slower growth in personal care segment. New product launches are expected to be released in 2H17, where capex will be maintained at Rp80bn for machinery expansion. This year, KINO may enter into a partnership with foreign company but no further information has been disclosed. (Kontan)

Comment: our forecast shows more optimistic revenue growth of 11% yoy in 2017 driven by expected growth recovery in personal care segment. However, we may adjust the growth due to slower than expected recovery. Currently, we still maintain HOLD on KINO.

PTBA: Bukit Asam (PTBA IJ; Rp10,375; Buy) is negotiating new power plant project with the state owned electricity company, PT PLN. The estimated capacity of the new mine mouth power plant project is 2 x 300MW. The new project will replace the pending Sumsel 8 mine mouth power plant project with the capacity of 2 x 600MW. (Kontan)

Comment: With uncertainty remains on PLN's transmission and distribution expansion in Sumatera, the new project is not included in our forecast. However, with PTBA's potential earnings growth of 49% yoy in FY17F and 44% upside to our target price of Rp15,000, we reiterate our Buy rating on the counter.

WTON: Wijaya Karya Beton (WTON IJ; Rp 805; Not Rated) start operated new precast factory in Subang. It will produce an additional 350,000 ton/year to make WTON total production to 3mn ton annually. The factory is targeted to have a total capacity of 1.5mn ton annually for next 3-4 years which will became the largest concrete factory in Indonesia. The new factory will also produce a new product, box girder, which will be used for projects such as, outer ring road Bogor phase 2, LRT project from Kelapa Gading-Velodrome, Rawamangun, etc. Company targets Rp6tn new contracts and Rp1.5tn carry over in 2017. (Kontan)

Markets & Sector

Cement sector: Cement volume dropped -12.2% mom in Feb17 due to seasonality of shorter month. We think the drop is similar with previous years with slight improvement. Cumulatively in the first two months, demand was still short of -1.1% yoy. Despite Java was able to grow by 1.8% yoy, other areas still show mixed result not showing any even recovery across the nation. Indocement (INTP IJ; Rp15,475; Buy) seems continue to be hit by competition as it sales volume continue to drop by -6.3% yoy in 2M17 vs the market of only -1.1% yoy.

Refer to Important disclosures in the last page of this report

With poor growth momentum, we expect further pressure on margin from weak ASP, not to mention that coal cost increase might kick in in 1Q17. We maintain our Hold call for Indocement.

	17-Jan	17-Feb	+/- %	16-Feb	+/- %	2M16	2M17	+/- %
Indocement	1,405,766	1,343,918	-4.4	1,461,411	-8	2,647,236	2,480,296	-6.3
Java	2,945,363	2,511,574	-14.7	2,395,342	4.9	5,358,928	5,456,936	1.8
Sumatera	1,028,807	976,181	-5.1	1,035,001	-5.7	2,133,328	2,004,989	-6
Kalimantan	314,553	296,387	-5.8	322,982	-8.2	687,822	610,939	-11.2
Sulawesi	429,441	369,213	-14	422,868	-12.7	852,674	798,654	-6.3
Nusa Tenggara	311,533	270,079	-13.3	228,555	18.2	548,662	581,613	6
East Ind	142,591	120,156	-15.7	127,720	-5.9	245,575	262,747	7
Indonesia	5,172,287	4,543,590	-12.2	4,532,468	0.2	9,826,990	9,715,877	-1.1

Source: ASI

Economic

Retail Survey: Indonesian retail recorded positive growth in Jan17 of 6.3% yoy albeit diminishing from Dec16's figure on seasonality. Highest growth recorded was in the categories of parts and accessories as well as information and communication equipments, which were 16.6% yoy and 12.5% yoy, respectively (vs -2.4% yoy and 34.9% yoy in Jan16). It is expected that Feb17 will see yet another diminishing growth of 6.3% yoy on annual basis (Feb16's was +10.6% yoy). (Bank Indonesia)

Comment: Despite expected due to seasonality concern, Jan17's retail survey and the Feb17's survey guidance supports the existing evidence of declining retail trend which has been ongoing since 2Q15.

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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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