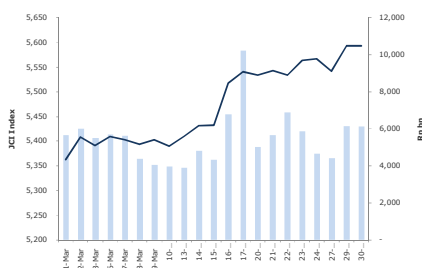
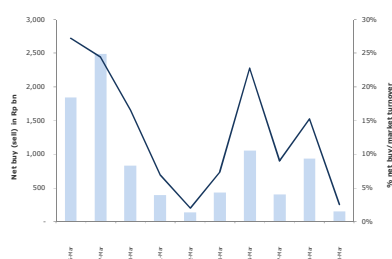


JCI Index



Foreign net buy (sell)



Key Indexes

Index	Closing	1 day	1 year	YTD
JCI	5,593	0.0%	15.4%	5.6%
LQ45	930	0.0%	10.6%	5.1%
DJI	20,728	0.3%	17.2%	4.9%
SET	1,580	0.3%	12.2%	2.4%
HSI	24,301	-0.4%	17.0%	10.5%
NKY	19,063	-0.8%	13.8%	0.3%
FTSE	7,370	-0.1%	19.3%	3.2%
FSSTI	3,173	-0.4%	11.7%	10.2%
EIDO	26	-0.2%	10.0%	7.4%

Commodity price

Commodities	Last price	Ret 1 day	Ret 1 year
(in USD)			
Oil/barrel (WTI)	50.4	1.7%	31.4%
CPO/tonne	600.9	-2.3%	-3.1%
Soy/bushel	9.4	-0.6%	4.0%
Rubber/kg	2.4	-1.2%	49.1%
Nickel/tonne	10,074	1.0%	20.1%
Tins/tonne	20,179	-0.1%	19.4%
Copper/tonne	5,938	0.9%	21.1%
Gold/try.oz (Spot)	1,243	-0.9%	0.8%
Coal/tonne	80.7	-0.1%	58.1%
Corn/bushel	3.4	-0.3%	-5.6%
Wheat/bushel*	137.1	11.6%	-16.7%

* : 1 month change

Source : Bloomberg

News & Analysis
Corporates

ACES: Ace Hardware (ACES IJ; Rp815; Hold) posted good result with net profit of Rp711bn (+21% yoy) in FY16, above consensus/our forecast. Net margin improved to 14% (FY15: 12%), driven by lower interest expense and one-off gain on fixed asset disposal. Excluding the one-off item, FY16 core profit still grew by +8% yoy. At the operational level, we suspect the decelerating opex growth was subject to flat rent and utilities cost, bringing a stable operating margin to 15% in FY16. We are reviewing our rating on the stock. (Bisnis Indonesia)

BISI: Bisi International (BISI IJ; Rp1,910; Hold) recorded 4Q16 financial result as follow;

- Net profit reached Rp103bn in 4Q16, up 8% qoq and 35% yoy.
- FY16 earnings reached Rp336bn, up 27% yoy, but came in 3% below consensus estimate and 12% below our forecast due to higher than expected COGS and opex.
- Revenues were recorded at Rp661bn, up 47% qoq and 49% yoy.
- FY16 top-line reached Rp1.85tn, up 29% yoy, came 7% above consensus and our estimates.

Comment: We will review our forecast given this lower than expected earnings result. At this stage we maintain our Hold rating for BISI with TP of Rp2,100.

MAPI: Mitra Adiperkasa (MAPI IJ; Rp5,675; Hold) booked good result with net profit of Rp208bn (+460% yoy) in FY16, slightly above consensus/our forecast. Gross and operating margin expand to 49%/6% (FY15: 45%/4%, respectively), mainly driven by growing top-line (+10% yoy). Thus bringing better net profit growth with net margin stood at 1.5% (+118bps) in FY16, also helped by flat interest cost. At this stage, we are reviewing our recommendation. (Bisnis Indonesia).

NRCA: Nusa Raya Cipta (NRCA IJ; Rp 428; Not Rated) post earnings of Rp94bn (-31% yoy) in FY16, above the consensus forecast of Rp88bn. Gross margin improved to 10% (vs 9% FY15) resulted from (-32%) decrease in COGS. Net margin decreased to 4% (vs 6% FY15). On quarterly basis 4Q net profit booked at Rp34bn (+56% qoq, -29% yoy). (Bisnis Indonesia).

GGRM: Gudang Garam (GGRM IJ; Rp66,700; Hold) FY16 earnings grew 3.8% yoy in FY16, in-line with our/consensus estimates, on the back of 8.4% yoy revenue growth in FY16. Gross margin contracted slightly by 20bps to 21.8% which we suspect due to unfavorable sales mix, while operating margin slid to 13.1% in FY16 from 14.1% in FY15. (Bisnis Indonesia).

Comment: The revenue growth is still supported by ASP hike as the total cigarette market in Indonesia still decelerates by 1.4% yoy in 2016. We expect further revenue growth in FY17 will still be largely driven by ASP hike therefore, we still maintain HOLD on GGRM.

Fig. 7: Earnings Result

(in Rp bn)	FY16	FY15	YoY	4Q16	4Q15	YoY
Revenue	76,274	70,366	8.4%	20,062	19,354	3.7%
Gross Profit	16,617	15,486	7.3%	4,580	4,908	-6.7%
Operating Profit	9,972	9,906	0.7%	3,003	3,436	-12.6%
Net Profit	6,677	6,436	3.8%	2,076	2,329	-10.9%
Gross Margin	21.8%	22.0%		22.8%	25.4%	
Operating Margin	13.1%	14.1%		15.0%	17.8%	
Net Margin	8.8%	9.1%		10.3%	12.0%	

Source: Company

Refer to Important disclosures in the last page of this report

ROTI: Nippon Indosari (ROTI IJ; 1,535; Hold) sets revenue growth target of 20% yoy to reach Rp3tn in FY17. Company plans to launch 12-20 new SKUs to boost sales. ROTI has secured one full rack to display its products for advantageous positioning in 5,500 Alfamart outlets out of its 10,300 total outlets. FY17 capex allocation will be Rp398bn. (Bisnis Indonesia).

Comment: we believe ROTI is still well-positioned in the growing bread industry in Indonesia. However, we remain cautious on the slow recovery in consumer purchasing power as bread is still not considered as staples food for most Indonesians. At this stage, we still maintain HOLD on ROTI.

SSIA: Surya Semesta internusa (SSIA IJ; Rp685; Not Rated) reported net profit of Rp80bn (-78% yoy) way below the consensus expectation of Rp240bn. Despite (-22%) decrease in sales, SSIA gross margin improved to 28% (vs 24% FY15) backed by the further reduction on COGS of (-26% yoy). Net margin decreased to only 2% (vs 8% FY15) resulted from reduction in other income (-67% yoy) and loss from JV of Rp63bn in FY16 (vs. 41bn profit FY15). (Bisnis Indonesia).

ULTJ: Ultra Jaya Milk (ULTJ IJ; Rp4,240; Not Rated) reported earnings of Rp702.4bn (+35.3% yoy) in FY16, ahead of consensus, on the back of 6.6% yoy revenue growth in FY16. Gross margin expanded to 34.9% in FY16 from 31.5% in FY15 while operating margin also expanded to 18.4% in FY16 from 14.9% in FY15. Net margin stood at 15% in FY16 (vs. FY15:11.8%). (Bisnis Indonesia).

WIIM: Wismilak (WIIM IJ; Rp480; Not Rated) reported earnings of Rp106bn (-18.9% yoy) in FY16, which is only accounted for 71% of consensus estimates, while its FY16 revenue declined by 8.4% yoy. Gross margin slid slightly to 30.2% in FY16 from 30.4% in FY15, where operating margin slid to 8.0% in FY16 from 10.9% in FY15. As a result, net margin declined to 6.3% in FY16 from 7.1% in FY15. (Bisnis Indonesia).

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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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