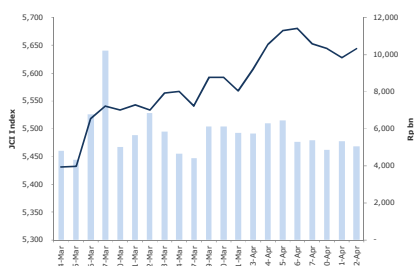


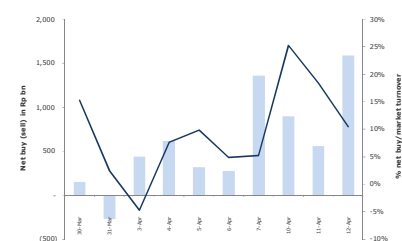
News & Analysis

Corporates

JCI Index



Foreign net buy (sell)



Key Indexes

Index	Closing	1 day	1 year	YTD
JCI	5,644	0.3%	16.3%	6.6%
LQ45	934	0.4%	11.2%	5.5%
DJI	20,592	-0.3%	15.0%	4.2%
SET	1,590	0.4%	14.7%	3.0%
HSI	24,314	0.9%	14.9%	10.5%
NKY	18,553	-1.0%	13.3%	-3.9%
FTSE	7,349	-0.2%	15.5%	2.9%
FSSTI	3,186	0.4%	10.2%	10.6%
EIDO	26	0.8%	10.7%	9.0%

Commodity price

Commodities	Last price	Ret 1 day	Ret 1 year
(in USD)			
Oil/barrel (WTI)	53.1	-0.5%	25.9%
CPO/tonne	585.1	-0.9%	-1.9%
Soy/bushel	9.2	0.9%	-1.0%
Rubber/kg	2.3	-1.4%	29.5%
Nickel/tonne	9,680	-1.1%	9.6%
Tins/tonne	19,398	-3.1%	15.3%
Copper/tonne	5,601	-2.4%	17.0%
Gold/try.oz (Spot)	1,287	1.0%	3.6%
Coal/tonne	84.6	-0.4%	68.3%
Corn/bushel	3.5	0.7%	-1.3%
Wheat/bushel*	137.1	11.6%	-16.7%

* : 1 month change

Source : Bloomberg

BBNI: Bank BNI (BBNI IJ; Rp6,375; Buy) reported net profit of Rp3.2tn in 1Q17 (+8.5% yoy; -11% qoq) on the back of strong loan growth (+21% yoy), lower NIM of 5.6% (-50bps yoy), higher cost/income ratio of 42.8% (1Q16: 41.9%). Core profit (PPOP) grew by 9.9% yoy to Rp5.8tn in 1Q17. Asset quality appears stable with NPL ratio of 3.0% (unchanged vs. 4Q), credit cost of 1.8% (FY16: 2.0%) and provisions/NPL of 147% (4Q: 146%). (Company).

Comment: BNI's 1Q profit came in line with our expectation (25% of our FY17F) albeit slightly below consensus forecasts (24% of FY17F). The bank's modest profit growth, despite its very strong loan growth, can be attributed to its narrowing NIM (-50bps yoy) due to lower loan yields while cost of funds was stable. We keep our Buy rating unchanged.

BEST: We met with Bekasi Fajar (BEST; Rp314; Not Rated) and took some key takeaways:

- Company will book 7ha marketing sales with ASP Rp 2.6mn/sqm in 1Q17 which purchased by packaging company. More sales will also come in 2Q17 as company also planning to finalize marketing sales of 11ha with ASP around Rp 2.7-2.8mn/sqm from foreign company. Moreover, company has received more inquiries from electronic, consumer, auto, chemical and other from mostly local companies that could exceed FY17 target if fully executed.
- Company is planning to increase their recurring income contribution from Standard Factory Building (SFB), Hotels and Office rental. Currently, recurring income accounts for 10% from FY16 revenue.
- Company now owns gross landbank of 1,033ha of area, consist of 700ha of saleable area, 50ha of ready to sell, and additional 90ha of commercial area that will be launched soon. (Company)

INTP: Indocement (INTP IJ; Rp16,500; Hold) reached cement sales volume of 1.3mn tons (+13.1% mom, +0.2% yoy,) in Mar17, which represents market share of 25%. Cumulatively, sales volume was 3.8mn tons in 1Q17 (-3.9% yoy), resulting below industry average which grew +1.7% yoy. Main markets of Indocement such as Jakarta was down -15.5% yoy from heavy competition, Banten also down by -2.8% yoy with West Java relatively flat. Overall Java demand grew +8.0% yoy, with Indocement only inched up 0.8% yoy in Mar17. Indocement also lost market share in Kalimantan to 20.9% vs 23.1%. Overall market share of Indocement fell to 25.6% in 1Q17 vs 26.9% in 1Q16

Comment: Indocement continue to face stiff competition in its main market. This indicates further pricing pressure which will negatively affect profitability.

Markets & Sector

Consumer Sector: Sumber Alfaria (AMRT IJ; Rp545; Not Rated) to add 1,500 new outlets in 2017 which will require Rp2.6tn 90% of total 2017 capex. As of December 2016, AMRT has owned 12,366 outlets not including its subsidiaries such as ALfamidi, Lawson and Dan+Dan.

Comment: we think the expansion of mini -mart will give positive impact to most consumer companies especially Tiga Pilar (AISA IJ; Rp2,350; Buy) and Kino Indonesia (KINO IJ; Rp2,500; Hold), in a way that it will ensure deeper penetration and product availability. At this stage, we still maintain BUY on AISA and HOLD on KINO.

Refer to Important disclosures in the last page of this report

Construction sector: State owned enterprise (SOE) banks disagree on requested LRT interest rate of 7% as it may not cover bank's expenses and will negotiate with government to have agreeable rate. Banks also require guarantee from government and refinancing options when the project is completed to help lighten bank's cost. (Bisnis Indonesia)

Comment: The ongoing discussion may take some time and might add to LRT's funding uncertainty, thus might negatively impact Adhi Karya (ADHI IJ; Rp2,360; Buy).

Industrial estate sector: Intiland Development (DILD; Rp430; Not Rated) sold 20.3 ha of industrial land in Ngoro Industrial Park (NIP), Surabaya to Toyota Astra Motor (TAM) which worth Rp386bn. In 1Q17 company also sold 2.7ha of land to a local furniture company worth Rp50bn. These achievement surpassed DILD target of 10ha or Rp185bn. Due to the improved potential demand of industrial land, DILD is prepared to add another 125ha of land development area. In 2016, recurring income from Standard Factory Buiding (SFB) rental and management fee from Ngoro area contributed around 14% to DILD total recurring income. (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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