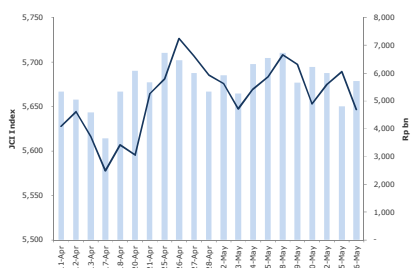


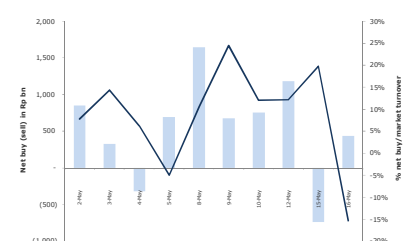
News & Analysis

Corporates

JCI Index



Foreign net buy (sell)



Key Indexes

Index	Closing	1 day	1 year	YTD
JCI	5,647	-0.7%	19.4%	6.6%
LQ45	942	-1.1%	16.5%	6.5%
DJI	20,980	0.0%	19.7%	6.2%
SET	1,546	0.6%	9.9%	0.2%
HSI	25,336	-0.1%	25.9%	15.2%
NKY	19,920	0.3%	19.6%	3.7%
FTSE	7,522	0.9%	22.0%	5.3%
FSSTI	3,264	0.0%	17.4%	12.0%
EIDO	27	-1.3%	20.5%	9.9%

Commodity price

Commodities	Last price	Ret 1 day	Ret 1 year
(in USD)			
Oil/barrel (WTI)	48.7	-0.4%	2.0%
CPO/tonne	604.2	0.0%	0.9%
Soy/bushel	9.5	1.2%	-10.1%
Rubber/kg	2.2	1.3%	21.3%
Nickel/tonne	9,065	-1.2%	4.4%
Tins/tonne	20,051	0.0%	18.6%
Copper/tonne	5,595	0.0%	20.3%
Gold/try.oz (Spot)	1,237	0.5%	-3.3%
Coal/tonne	73.3	-0.1%	44.6%
Corn/bushel	3.4	0.0%	-10.5%
Wheat/bushel*	146.4	-0.6%	-10.8%

* : 1 month change

Source : Bloomberg

DMAS: Yesterday we did a site visit to Puradelta Lestari (DMAS IJ; Rp230; Not Rated) industrial estate location, and here some key takeaways:

- DMAS has the largest landbank with total 1,639ha which was divided into 1,251ha of undeveloped and unsold area and 388ha that is already developed and ready to sell.
- As of 4M17, company managed to reach 29ha marketing sales, 20ha from local pharma company with option to add additional 17ha over the years, while the other 8ha came from Japanese auto related company. Note that, there is also a 20ha inquiry from foreign sanitary company currently. Company is optimize to reach 60ha land sales target FY17 (vs. 53ha FY16).
- DMAS maintained ASP at Rp1.7mn/sqm for the last land sales, which is stable compared to last year. Moving forward company expect ASP to be at Rp2-2.2mn/sqm.
- DMAS long-term strategy is to continue developed residential and commercial estate to create an integrated township. (Company).

RALS: Ramayana Lestari (RALS IJ; Rp1,365; Buy) targets sales at Rp6.4tn in 2017 (+8% yoy), still within our forecast (forming 97%). Up to April 2017, RALS booked SSSG of 4.4% with net sales of Rp2.0tn (+3.1% yoy). In addition, RALS will aim to open new stores in Greater Jakarta and Java for 2017. (Kontan).

Comment: We view the April SSSG reading at 4.4% was still good. However, we note that this year Lebaran season is shifting 1 month earlier (at June), compared to last year at July, which bring our attention to May SSSG reading. Up to April, SSSG improvement was shown in Greater Jakarta and Java, while outer Java was still depressing.

ROTI: Nippon Indosari (ROTI IJ; Rp1,540; Hold) spend Rp100bn to build one new factory in Philippines under Sarimonde Foods Corporation, a JV with Monde Nissin Corporation at 18 February 2017. ROTI targets to operate the new factory in the early 2018, bringing a total of 11 factories for the Company. (Kontan).

Comment: The capital spend in Philippines is part of the total capex for 2017 at Rp498bn. We are positive with the expansion plan to bolster sales growth in the future.

WTON: Wijaya Karya Beton (WTON IJ; Rp650; Buy) has obtained new contract until Rp1.8tn (+50% yoy) until April 2017 which is 27% of FY17 target. Company is still expecting more contracts in 2H17 from infrastructure projects. New contracts came from power plant in Cilacap, toll road Lampung and Surabaya - Gempol, Jakarta LRT, refineries in West Papua and sugar factory. (Bisnis Indonesia).

Markets & Sector

Automotive sector: Gaikindo released monthly car sales number of 89.6k unit in Apr17 (+5.6% yoy, -12.4% mom). Cumulatively, total car sales was 373k units up to Apr17 (+6% yoy). Astra's market share stood at 55%, followed by Honda 18.1%, Suzuki 9.2% and Mitsubishi 9.0%. Weak mom numbers was attributed due to lower numbers of working days in Apr17. (Investor Daily).

Construction sector: Ministry of public works and housing will tender four new toll roads this year. These are Probolinggo – Banyuwangi (170 km), Semarang – Demak (24 km), Jakarta-Cikampek II (64km) and Serang-Panimban (84km). Government is now processing location assignment permit (ijin penetapan lokasi) which is mandatory for land acquisition. For Serang – Panimban, government will use available payment (AP) scheme of which government will help with construction cost of 33km while the remaining must be paid by Wijaya Karya (WIKA II; Rp2,230; Buy) who will bear the construction and maintenance cost. In the meantime, government will pay back through cash installment over the time agreed upon. Serang – Panimban will become an example on government future tender based on AP scheme. (Bisnis Indonesia).

Comment: The AP scheme will resulted in heavier working capital for Wijaya Karya which has been assigned to build the road and to maintain. This scheme could also damage other SOE working capital if they take similar projects.

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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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