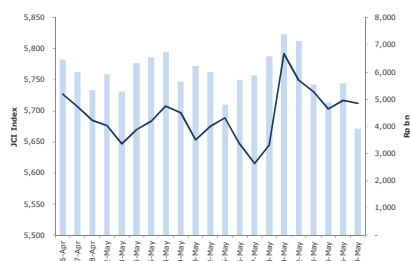


Premier Insight

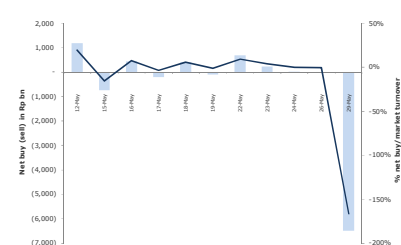
30 May 2017

News & Analysis
Corporates

JCI Index



Foreign net buy (sell)



Key Indexes

Index	Closing	1 day	1 year	YTD
JCI	5,712	-0.1%	18.1%	7.8%
LQ45	954	-0.1%	15.1%	7.8%
DJI	21,080	0.0%	17.9%	6.7%
SET	1,568	-0.1%	10.1%	1.6%
HSI	25,702	0.2%	24.6%	16.8%
NKY	19,683	0.0%	15.3%	2.9%
FTSE	7,548	0.4%	20.4%	5.7%
FSSTI	3,215	-0.2%	14.9%	11.6%
EIDO	27	-0.4%	19.3%	11.0%

Commodity price

Commodities	Last price	Ret 1 day	Ret 1 year
(in USD)			
Oil/barrel (WTI)	49.8	2.4%	0.6%
CPO/tonne	587.7	-1.5%	-1.7%
Soy/bushel	9.0	-1.4%	-15.8%
Rubber/kg	2.2	-0.9%	35.3%
Nickel/tonne	9,040	0.4%	7.9%
Tins/tonne	20,558	0.1%	26.7%
Copper/tonne	5,638	-1.2%	19.4%
Gold/try.oz (Spot)	1,270	0.2%	5.3%
Coal/tonne	73.9	0.0%	43.8%
Corn/bushel	3.5	1.4%	-11.5%
Wheat/bushel*	138.4	-5.5%	-15.3%

*: 1 month change

Source : Bloomberg

AISA: Tiga Pilar (AISA IJ; Rp2,130; Buy) cuts down its 2017 capex allocation to Rp494bn from Rp600bn as company will postpone the construction of 2 rice facilities in South Sulawesi. Company will focus on maximizing the utilization in existing facilities. Currently, the production capacity stood at 480k tons/year with utilization rate of 68-69%. (Kontan)

Comment: we believe AISA's rice and snack business to benefit during Ramadhan season due to historically higher consumption during the period. Maintain BUY on AISA.

ADHI: Adhi Karya (ADHI IJ; Rp2,300; Buy) is planning to be Light Rail Transit (LRT)'s depot investor which worth Rp2tn. The scheme may involve rental from PT Kereta Api Indonesia (KAI). As a result, the investment value of LRT that is owned by Kereta Api Indonesia (KAI) decreased to Rp21.5tn from previously Rp23.5tn. The development will wait government to acquire the land before starting the construction. (Investor Daily)

DMAS: Puradelta Lestari (DMAS IJ; Rp238; Not Rated) aiming to increase recurring income to 9-10% in 2017 by developing residential estate and warehouse. DMAS aims to developed 50ha for warehousing to increase their recurring income to 25% in the next five years. Company already owns four units of warehouse and currently in the process of developing another warehouse with area of 2,500m2. DMAS is planning to launch two new middle class residential clusters in 3Q17 with price range from Rp900bn-1.3tn. Company has a total area of 856ha area for residential and 757ha for commercial estate, which has been only developed 164 ha and 330ha respectively. (Bisnis)

JSMR: Jasa Marga (JSMR IJ; Rp5,050; Buy) is looking to raise Rp2.5-3.0tn through asset securitization of Jagorawi toll road. Currently, the company is waiting for permit from OJK and expected fresh funds to be available in Jul17. Furthermore, the company sees potential to raise another Rp25-30tn from further securitization in the next 5 years.

Comment: Asset securitization could be a source of fresh financing to support further growth. However, we think this will be on the expense of minority shareholders as future cash flow is allocated to new investors. It will really depend on how cash flow from these assets are being managed, which could affect dividend payment.

ROTI: Nippon Indosari (ROTI IJ; Rp1,535; Hold) to raise fund through right issue. Company will release as much as 1.15bn shares (~23% of the issued and fully paid capital) at a nominal price of Rp20/share. The proceeds will be used for expansion as company plans to build new factory in Philippines. However, the decision on right issue is subject to approval at EGM later in July 7, 2017. (Kontan)

SMRA: Summarecon Agung (SMRA IJ; Rp1,320; Buy) will launch landed houses in Orchard cluster in Summarecon Bekasi. The cluster will be in 30ha land and tagged around Rp1.1bn per unit. Company is planning to launch another five clusters in Summarecon Bekasi. (Investor Daily)

Comment: The recent cluster launch (Burgundy cluster) in Summarecon Bekasi shown excellent take up rate of 100% with total proceeds of Rp200bn while rainbow springs launch in Serpong shows weak take up rate due to preference towards landed houses. Landed house continues to show strong resiliency amid weak property demand. Maintain BUY on SMRA.

Refer to Important disclosures in the last page of this report

WIKA: Wijaya Karya (WIKA IJ; Rp2,280; Buy) will its second deposit of Rp1.2tn to Kereta Api Cepat Indonesia China (KCIC) in June 2017. Other shareholders (KAI, PTPN VIII, Jasa Marga) will also hand over their second deposit this June. WIKA still has two more payment to go with total investment to High Speed Railway to reach Rp4tn of equity injection. (Investor Daily)

WSKT: Waskita Karya (WSKT IJ; Rp2,380; Buy) aims additional equity of Rp7tn from two divestment package in FY17. The divestment packages include right issue and selling four toll roads in Waskita toll road (WTR). (Bisnis Indonesia)

Comment: The sell off of WTR will positively impact WSKT as it gives much needed working capital and lowering debt for the company. Reiterate Buy.

Markets & Sector

Property Sector: According to property consultant Cushman & Wakefield, the office-space market in Jakarta is expected to remain weak for the third straight year, as no industry in Indonesia was strong enough to drive up demand. The firm also predicted that until the end of 2017, occupancy rate would follow a downward trend to 77% (vs. 81%-90% in early 2016). Moreover, according to Jones Lang LaSalle (JLL) 1Q17 report, Grade A office's rental rate fell by (-4.7% qoq) while occupancy was 73%. JLL expect the rents to keep declining until 2020 before the rates pick up in 2021. (The Jakarta Post)

Head Office**PT INDO PREMIER SEKURITAS**

Wisma GKBI 7/F Suite 718

Jl. Jend. Sudirman No.28

Jakarta 10210 - Indonesia

p +62.21.5793.1168

f +62.21.5793.1167

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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