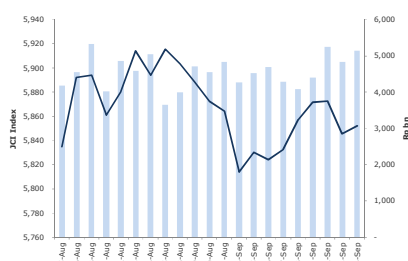


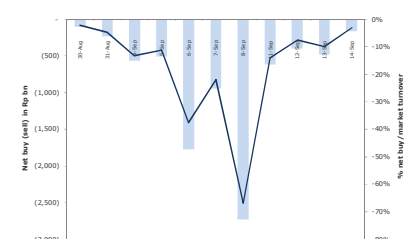
News & Analysis

Corporates

JCI Index



Foreign net buy (sell)



Key Indexes

Index	Closing	1 day	1 year	YTD
JCI	5,852	0.1%	11.1%	10.5%
LQ45	974	0.1%	7.4%	10.1%
DJI	22,203	0.2%	21.9%	12.4%
SET	1,659	1.0%	13.4%	7.5%
HSI	27,777	-0.4%	19.0%	26.3%
NKY	19,807	-0.3%	20.7%	3.8%
FTSE	7,295	-1.1%	8.4%	2.1%
FSSTI	3,221	-0.3%	14.8%	11.8%
EIDO	27	-0.4%	4.9%	10.7%

Commodity price

Commodities (in USD)	Last price	Ret 1 day	Ret 1 year
Oil/barrel (WTI)	49.9	1.2%	14.5%
CPO/tonne	683.5	-0.2%	11.8%
Soy/bushel	9.5	1.7%	0.6%
Rubber/kg	2.0	-0.5%	13.4%
Nickel/tonne	11,124	-1.3%	13.6%
Tins/tonne	20,632	0.1%	7.3%
Copper/tonne	6,456	-0.9%	35.8%
Gold/try.oz (Spot)	1,330	0.5%	1.1%
Coal/tonne	100.0	-0.3%	42.6%
Corn/bushel	3.2	0.9%	5.6%
Wheat/bushel*	146.5	5.8%	-7.0%

* : 1 month change

Source : Bloomberg

ASII: Astra International's (ASII IJ; Rp7,900; Buy) financing arm, Federal International Finance, booked new financing of Rp23.1tn (+8.5% yoy) up to Aug17. Meanwhile, the company's full year target is growth of 10% to Rp28.9tn. About 64% new financing was contributed from new motorcycles, 24% used motorcycles, and 12% from consumer financing. Furthermore, according to OJK total growth in multi finance was 9.6% yoy to Rp456tn. (Bisnis Indonesia)

Comment: We expect new financing of Rp26.2tn in FY17, which is likely to be achieved. We maintain our Buy call on Astra International.

PPRO: Up to August 2017, PP Properti (PPRO IJ; Rp210; Not Rated) booked marketing sales around Rp2.09tn. This figure translates 70% of the company's full year target. Residential apartment (Grand Shamaya and Begawan Malang apartment) contribute 83% of PPRO's total marketing sales. Worth to note, PPRO's targets their revenue will reach Rp2.5tn in 2017, and up to July 2017, the company already achieved 52% of the target (Rp1.32tn, +28% yoy). (Bisnis Indonesia)

WIKA: Wijaya Karya (WIKA IJ; Rp1,800; Buy) booked total new contract of Rp30.8tn, which is 71% from FY17 target of Rp43.2tn. From the total contract, Rp20.7tn was contributed from Infrastructure, building and property segment while Rp6.45tn is contributed from energy and industrial plant segment. Company total order book reached Rp94.1tn, which is 91.7% from FY17 target of Rp103.2tn. Despite pressure from turnkey project, company DER is still low at 0.5x. (Kontan)

Markets & Sector

Coal sector: Minister of Energy and Natural Resources (ESDM) Ignasius Jonan stated that at this point the Ministry had not discussed the domestic coal price issue to state electricity company (PLN), independent power producers (IPPs) or coal miners. The government priority is to provide affordable electricity for the people. However, Jonan stated that primary energy prices for power plants are only one component (out of many) in setting the electricity tariffs. He added that there are still many other components that PLN can make more efficient in order to produce power at more competitive costs and at affordable rate. Separately, Indonesia Coal Mining Association (APBI) stated that the fixed price (cost plus margin) mechanism will only be fair if it is a long term deal with a minimum coal-purchase contract of 15 years and without room for price renegotiation. (Jakarta Post)

Comment: We have not included potential changes in domestic coal ASP on our forecast. However, we view that fixed pricing for long term period will shield coal mining companies against volatility risk in coal price. Thus, at this stage we maintain our positive view on the sector with Buy recommendations on ADRO (TP: Rp2,200) and UNTR (TP: Rp32,000).

Precast sector: Ministry of Public Works and Housing has not yet confirm the regulation to limit construction raw material supply (including precast) from SOE subsidiaries to its parent by maximum of 50%, while the remaining must be supplied by private precast producer. The regulation which expected to increase participation from private sector is still in negotiation process. (Bisnis Indonesia)

Comment: We believe the enactment of this regulation will negative impacted Waskita Beton (WSBP IJ; Rp372; Not Rated) given ~85% of revenue is sourced from Waskita Karya (WSKT IJ; Rp1,845; Buy) whereas Wijaya Karya Beton (WTON IJ; Rp530; Not Rated) is relatively safer as Wijaya Karya (WIKA IJ; Rp1,800; Buy) only contributes ~23% of WTON's revenue.

Property sector: Property sector is assessed to shown sign of recovery in 2H17 due to increase in marketing sales and KPR disbursement. According Bank Tabungan Negara (BBTN IJ; Rp3,140 ; Buy) KPR disbursement increased 44.9% mom in August while transaction value grow by 41.6% mom. Marketing sales achievement for some companies also shown a modest growth: 1) Ciputra Development (CTRA IJ; Rp1,190; Buy) booked marketing sales Rp5tn, (58.8%) out of Rp8.5tn FY17 target. 2) PP Properti (PPRO IJ; Rp210; Not Rated) booked marketing sales of Rp2.09tn (88% yoy). 3) Agung Podomoro (APLN IJ; Rp304; Hold) booked new marketing sales of Rp3tn (+15% yoy), which is (66.6%) of Rp4.5tn FY17 target (Rp700bn in July and August). (Kontan)

Transportation sector: Since the revocation of 14 points in Transportation Ministry Law 26/2017, Transportation Ministry aims to release the new regulation draft at the end of September 2017. To note, the Transportation Law 26/2017 will be null and void on 1 November 2017. (Investor Daily)

Comment: We still view the upcoming ruling to bring slight positive sentiment for conventional taxi players as the government keeps regulating the online transportation players to create leveled playing field in transportation sector. However, given the previous nulled points in Regulation 26/2017 by Supreme Court, we think the new law could be siding more to online-players.

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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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