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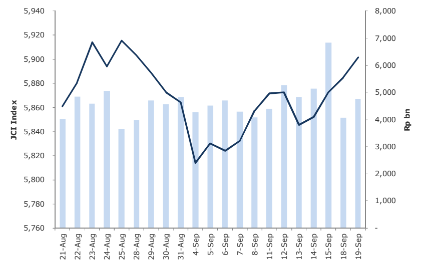
INDOPREMIER

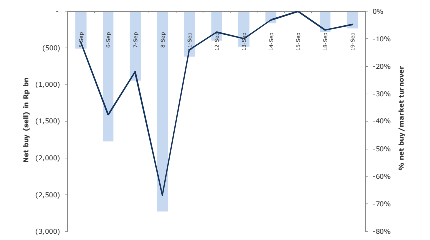
# Premier Insight

20 September 2017

### JCI Index



### Foreign net buy (sell)



### Key Indexes

| Index | Closing | 1 day | 1 year | YTD |
|---|---|---|---|---|
| JCI | 5,901 | 0.3% | 11.3% | 11.4% |
| LQ45 | 983 | 0.3% | 7.3% | 11.1% |
| DJI | 22,371 | 0.2% | 23.4% | 13.2% |
| SET | 1,673 | 0.1% | 13.5% | 8.4% |
| HSI | 28,051 | -0.4% | 19.2% | 27.5% |
| NKY | 20,299 | 2.0% | 23.1% | 6.2% |
| FTSE | 7,275 | 0.3% | 6.5% | 1.9% |
| FSSTI | 3,226 | -0.5% | 13.0% | 12.0% |
| EIDO | 27 | 1.0% | 5.6% | 12.3% |

### Commodity price

| Commodities | Last price | Ret 1 day | Ret 1 year |
|---|---|---|---|
| *(in USD)* | | | |
| Oil/barrel (WTI) | 49.5 | -0.9% | 14.3% |
| CPO/tonne | 659.9 | -1.4% | 4.7% |
| Soy/bushel | 9.4 | -0.3% | -2.9% |
| Rubber/kg | 1.9 | -1.9% | 6.3% |
| Nickel/tonne | 11,070 | -0.8% | 9.6% |
| Tins/tonne | 20,760 | -0.4% | 7.3% |
| Copper/tonne | 6,488 | 0.2% | 36.5% |
| Gold/try.oz (Spot) | 1,311 | 0.3% | -0.3% |
| Coal/tonne | 98.2 | -0.1% | 37.8% |
| Corn/bushel | 3.2 | -0.9% | 1.0% |
| Wheat/bushel* | 146.5 | 5.8% | -7.0% |

** : 1 month change*

Source : Bloomberg

## Industrial Estate

## On the path to gradual recovery

- **Land sales is shifting away from reliance on automotive industry**
- **Infrastructure development is a key future growth driver**
- **Entry into logistics properties business to raise recurring incomes**
- **We initiate coverage with BUYs on DMAS, BEST, SSIA and MMLP**

**Industrial estate sales have bottomed out.** Land sales in industrial estates in the Greater Jakarta area, according to Colliers, have fallen to 175ha in 2016, from a peak of 1,239ha in 2011 at the height of Indonesia's automotive industry's expansions. Slowing economic growth, declining auto sales, and low capacity utilisations have dramatically reduced industrial estate demand from auto sector to 33ha in 2016 (19% contribution), from its peak of 707ha in 2011 (57%). However, with demand from F&B and logistics properties industries rising in the past three years, we believe estate sales should start growing modestly even if it may still take some time before auto manufacturers and their supply chain to start expanding capacities again. Industrial estate sales were 117ha in 1H17 (1H16: 47ha) with recovery seen at all four major industrial estates this year.

**Infrastructure development is key to future growth.** Major infrastructure development projects near industrial estate areas, including Cibitung-Cilincing Toll Road (scheduled for completion in 2018), Jakarta-Cikampek elevated toll road (2019), Patimban seaport (2019), and Kertajati airport (2018), should improve access to ports, reduce traffic congestions and logistics costs, and increase demand/selling prices of industrial estates. We believe all of the three industrial estates in our report: Surya Semesta (SSIA), Puradelta Lestari (DMAS) and Bekasi Fadjar (BEST) will be key beneficiaries from these projects. SSIA is located the furthest away from Jakarta but it should also be the primary beneficiary of the Patimban seaport development.

**Diversifying away into logistics properties business.** Indonesia's rapidly growing e-commerce industry, rising land scarcity and property prices, and regulation requiring manufacturing operation to be located in industrial zone, have boosted demand for third-party logistics service providers and modern warehousing facilities. Industrial estate developers have competitive advantages in providing such services owing to their land-bank locations in industrial zone and relationships with tenants. This trend can be seen from growth of MMLP, a pioneering logistics properties developer, and entries into this business by industrial estate developers to increase recurring incomes and diversify away from dependence on land sales.

**Sector is attractively valued.** We initiate coverage with BUYs on DMAS, BEST, SSIA and MMLP as we believe the sector is on the path to recovery and valuation is cheap at deep 60-70% discounts to our NAV estimates. DMAS has largest unscattered landbank (1,045ha), better residential/commercial facilities and has no debt while BEST (792ha) is located closest to Jakarta and enjoys higher prices and margins - both have most resilient earnings in the sector. SSIA (817ha) has been most impacted by falling auto sector demand and its earnings outlook remain weakest near term. However, SSIA has strongest profit recovery outlook longer run from Patimban seaport development, which is closest to its Subang estate. MMLP is Indonesia's only listed warehouse developer and has an interesting story but its lack of stock liquidity is a major issue. Key risk factor: Government may impose a price cap on industrial estate sales although the plan is still uncertain at this stage.

| Stock | Ticker | Rating | Price (Rp) | TP (Rp) | Upside (%) | RNAV/ Share | Discount to RNAV (%) | 17F ROA (%) | 17F ROE (%) |
|---|---|---|---|---|---|---|---|---|---|
| Surya Semesta | SSIA | BUY | 605 | 825 | 36.4 | 1,620 | 62.7 | 17.0 | 32.7 |
| Puradelta Lestari | DMAS | BUY | 197 | 280 | 42.1 | 673 | 70.7 | 10.3 | 10.9 |
| Bekasi Fajar | BEST | BUY | 274 | 340 | 24.1 | 997 | 72.5 | 6.8 | 10.4 |
| Mega Manunggal | MMLP | BUY | 585 | 655 | 12.0 | - | - | 7.8 | 9.9 |

*Source: Bloomberg, IndoPremier* *Note: Share prices as of closing 18-September-2017*

# Waskita Karya (WSKT IJ; Buy)

## Toll road divestment setback

- **Financing setback lowers earnings visibility**
- **Payment from turnkey projects to fund toll roads development**
- **We lower our new contract and profit forecast for the next 3 years**
- **Maintain BUY albeit at lower TP of Rp2,500 (from Rp3,100)**

**WTR divestment setback raises uncertainty.** Waskita Karya (WSKT) clarified that management is still pursuing divestment of its Waskita toll road projects (WTR), although in different forms. WSKT is now considering bundling seven toll roads (mostly part of Trans Java) into one package while the remaining three toll road projects will be sold separately based on one on one negotiation with potential investors. Note that the seven toll road projects are expected to be fully constructed soon, with three to be completed by the end of 2017 and four scheduled for May 2018. If this scheme fails, the last option is to sell WTR through initial public offering (IPO) by latest in 1H18 with or without asset combination from Jasa Marga (JSMR).

**Payment from turnkey projects to fund toll roads development**. In order to fully develop its toll road, WSKT estimates it will require Rp120tn of investment until 2019, to be funded with Rp40tn of equity and Rp80tn of debt. To finance its equity portion, WSKT will use internal stand by cash of Rp16tn and payment from turnkey projects worth of Rp30tn expected in FY18 which consist of payment for LRT Palembang of Rp16tn and others. The stand-by cash consists of WSKT's existing cash of Rp8tn, syndicated bank loan of Rp5tn, and Rp3tn from recent bond issuance.

**We lower our new contract and earnings forecasts.** WSKT has lowered its FY17 new contract guidance to Rp60tn (from Rp80tn) due to the delay in WTR divestment. The company also committed to take no more new investment and avoid taking new contract that employs turnkey scheme to maintain company's DER below 2.0x FY17 unless the project has exceptional return. Until 8M17, WSKT has earned Rp43tn or 72% of revised new contract target FY17. Accordingly, we lower our new contract assumptions to Rp60tn/Rp63tn/Rp64tn for FY17/18/19F, respectively.

**Maintain Buy albeit at lower TP of Rp2,500**. We believe weak demand on WTR divestment will put constraint on WSKT's working capital and could result in long term negative market perception that toll road investment are mostly unprofitable due to its heavy capex nature, which could hinder investor's buying appetite for WSKT. As such, we cut our FY18/19F earnings estimates by 11/34% to reflect lower new contract and higher interest expenses, but maintain BUY with our new TP of Rp2,500. Upside to our call may come from better than expected outcome from divestment of WTR.

| Year To 31 Dec | 2015A | 2016A | 2017F | 2018F | 2019F |
|---|---|---|---|---|---|
| Revenue (RpBn) | 14,153 | 23,788 | 36,527 | 42,722 | 47,993 |
| EBITDA (RpBn) | 1,261 | 2,982 | 4,149 | 4,720 | 5,120 |
| EBITDA Growth (%) | 96.9 | 136.5 | 39.2 | 13.7 | 8.5 |
| Net Profit (RpBn) | 1,048 | 1,713 | 2,364 | 2,760 | 3,205 |
| EPS (Rp) | 77 | 126 | 174 | 203 | 236 |
| EPS Growth (%) | 49.9 | 63.5 | 38.0 | 16.8 | 16.1 |
| Net Gearing (%) | 15.0 | 86.8 | 165.1 | 178.3 | 176.8 |
| PER (x) | 24.9 | 15.2 | 11.0 | 9.4 | 8.1 |
| PBV (x) | 2.7 | 1.6 | 1.4 | 1.3 | 1.1 |
| Dividend Yield (%) | 0.4 | 1.2 | 2.4 | 3.1 | 3.5 |
| EV/EBITDA (x) | 18.2 | 12.1 | 12.6 | 14.9 | 13.2 |

*Source : WSKT, IndoPremier* *Share Price Closing as of : 18-September-2017*

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## Corporates

**ADHI:** Adhi Karya (ADHI IJ; Rp2,070; Buy) booked a new contract worth Rp537bn from Township Tanah Putih development, which is owned by PT Bukit Asam (PTBA IJ; Rp10,450; Hold). ADHI reported total new contract of Rp28.6tn as of August 2017, which includes LRT project's contract worth Rp19.7tn. Company targets FY17 revenue and net profit of Rp14.4tn and Rp505bn respectively (FY16: Rp11tn and Rp313bn). (Bisnis Indonesia)

**PTPP:** PT Pembangunan Perumahan (PTPP IJ; Rp2,620; Buy) set to delay IPO process for PP Urban and PP Energi to 1H18 due to plenty IPO process of SOE subsidiaries, which considered will lessen the attractiveness of the companies. PP Presisi will release 35% of their shares to the public. (Bisnis Indonesia)

**WIKA:** Wijaya Karya (WIKA IJ; Rp1,910; Buy) reported earnings of Rp436bn (+70% yoy) in 1H17 with net margin at 4.6% (vs 4.3% in 1H16). The outstanding performance was supported by interest income that jumped nearly five folds. Company saw revenue increased by 57% yoy to Rp9.4tn, but lower gross margin at 10.6% (vs. 12.1% in 1H16) and stable operating margin at 10.3% due to operating efficiency. (Company, Investor Daily)

*Comment: WIKA's 1H17 earnings achievement was under our expectation but inline with consensus. We will review our earning estimates for WIKA based on this set of result, although we believe WIKA's earnings to remain intact as company has booked Rp30.8tn of new contract until 8M17 which is 71% from FY17 target, better than 1H16 at 44%.*

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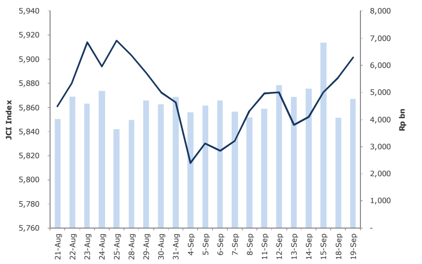


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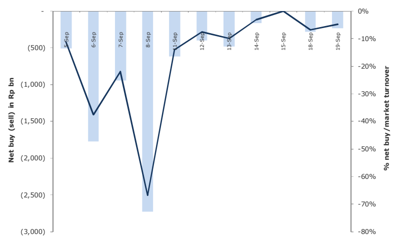


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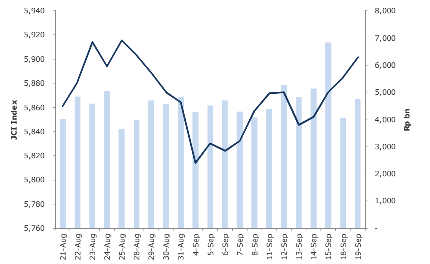

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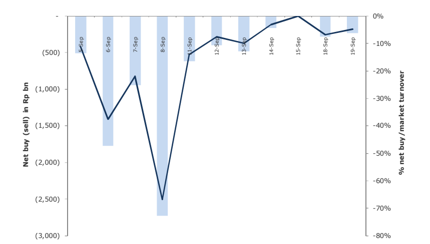

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**Maintain Buy albeit at lower TP of Rp2,500**. We believe weak demand on WTR divestment will put constraint on WSKT's working capital and could result in long term negative market perception that toll road investment are mostly unprofitable due to its heavy capex nature, which could hinder investor's buying appetite for WSKT. As such, we cut our FY18/19F earnings estimates by 11/34% to reflect lower new contract and higher interest expenses, but maintain BUY with our new TP of Rp2,500. Upside to our call may come from better than expected outcome from divestment of WTR.

| Year To 31 Dec | 2015A | 2016A | 2017F | 2018F | 2019F |
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| Revenue (RpBn) | 14,153 | 23,788 | 36,527 | 42,722 | 47,993 |
| EBITDA (RpBn) | 1,261 | 2,982 | 4,149 | 4,720 | 5,120 |
| EBITDA Growth (%) | 96.9 | 136.5 | 39.2 | 13.7 | 8.5 |
| Net Profit (RpBn) | 1,048 | 1,713 | 2,364 | 2,760 | 3,205 |
| EPS (Rp) | 77 | 126 | 174 | 203 | 236 |
| EPS Growth (%) | 49.9 | 63.5 | 38.0 | 16.8 | 16.1 |
| Net Gearing (%) | 15.0 | 86.8 | 165.1 | 178.3 | 176.8 |
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| PBV (x) | 2.7 | 1.6 | 1.4 | 1.3 | 1.1 |
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INDOPREMIER

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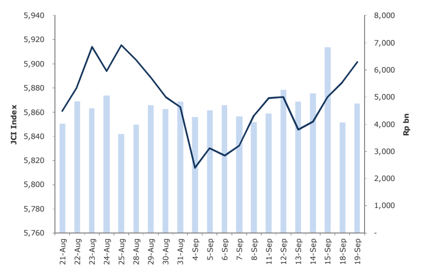
# Premier Insight

20 September 2017

## JCI Index



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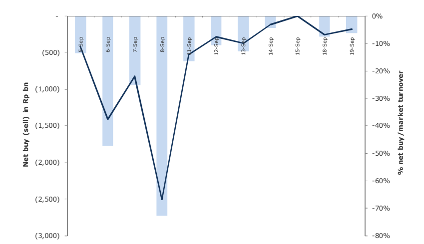

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## Industrial Estate

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- **Land sales is shifting away from reliance on automotive industry**
- **Infrastructure development is a key future growth driver**
- **Entry into logistics properties business to raise recurring incomes**
- **We initiate coverage with BUYs on DMAS, BEST, SSIA and MMLP**

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**Diversifying away into logistics properties business.** Indonesia's rapidly growing e-commerce industry, rising land scarcity and property prices, and regulation requiring manufacturing operation to be located in industrial zone, have boosted demand for third-party logistics service providers and modern warehousing facilities. Industrial estate developers have competitive advantages in providing such services owing to their land-bank locations in industrial zone and relationships with tenants. This trend can be seen from growth of MMLP, a pioneering logistics properties developer, and entries into this business by industrial estate developers to increase recurring incomes and diversify away from dependence on land sales.

**Sector is attractively valued.** We initiate coverage with BUYs on DMAS, BEST, SSIA and MMLP as we believe the sector is on the path to recovery and valuation is cheap at deep 60-70% discounts to our NAV estimates. DMAS has largest unscattered landbank (1,045ha), better residential/commercial facilities and has no debt while BEST (792ha) is located closest to Jakarta and enjoys higher prices and margins - both have most resilient earnings in the sector. SSIA (817ha) has been most impacted by falling auto sector demand and its earnings outlook remain weakest near term. However, SSIA has strongest profit recovery outlook longer run from Patimban seaport development, which is closest to its Subang estate. MMLP is Indonesia's only listed warehouse developer and has an interesting story but its lack of stock liquidity is a major issue. Key risk factor: Government may impose a price cap on industrial estate sales although the plan is still uncertain at this stage.

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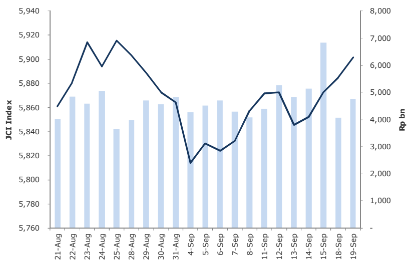

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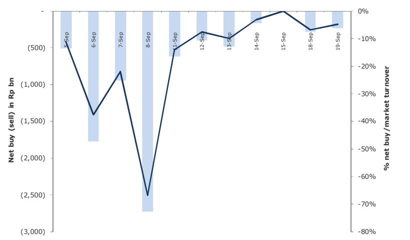

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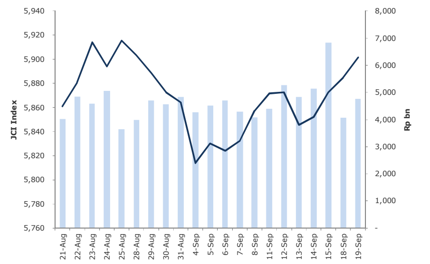
# Premier Insight

20 September 2017

## Industrial Estate

### JCI Index



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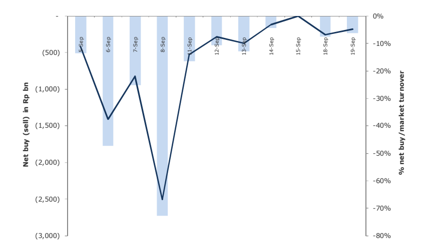

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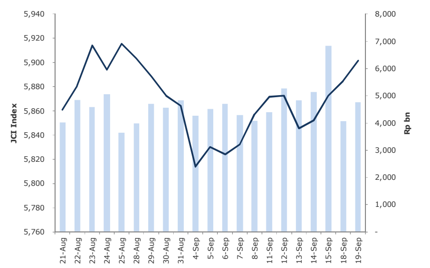


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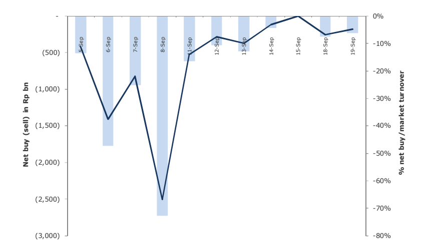


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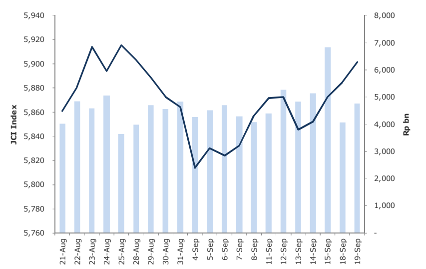
# Premier Insight

20 September 2017

## JCI Index

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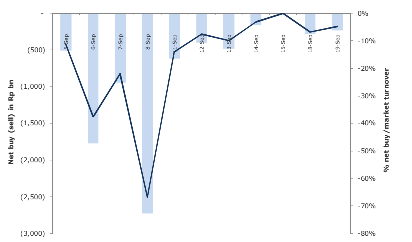


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# Industrial Estate

## On the path to gradual recovery

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- **Infrastructure development is a key future growth driver**
- **Entry into logistics properties business to raise recurring incomes**
- **We initiate coverage with BUYs on DMAS, BEST, SSIA and MMLP**

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**Diversifying away into logistics properties business.** Indonesia's rapidly growing e-commerce industry, rising land scarcity and property prices, and regulation requiring manufacturing operation to be located in industrial zone, have boosted demand for third-party logistics service providers and modern warehousing facilities. Industrial estate developers have competitive advantages in providing such services owing to their land-bank locations in industrial zone and relationships with tenants. This trend can be seen from growth of MMLP, a pioneering logistics properties developer, and entries into this business by industrial estate developers to increase recurring incomes and diversify away from dependence on land sales.

**Sector is attractively valued.** We initiate coverage with BUYs on DMAS, BEST, SSIA and MMLP as we believe the sector is on the path to recovery and valuation is cheap at deep 60-70% discounts to our NAV estimates. DMAS has largest unscattered landbank (1,045ha), better residential/commercial facilities and has no debt while BEST (792ha) is located closest to Jakarta and enjoys higher prices and margins - both have most resilient earnings in the sector. SSIA (817ha) has been most impacted by falling auto sector demand and its earnings outlook remain weakest near term. However, SSIA has strongest profit recovery outlook longer run from Patimban seaport development, which is closest to its Subang estate. MMLP is Indonesia's only listed warehouse developer and has an interesting story but its lack of stock liquidity is a major issue. Key risk factor: Government may impose a price cap on industrial estate sales although the plan is still uncertain at this stage.

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*Source: Bloomberg, IndoPremier* *Note: Share prices as of closing 18-September-2017*

# Waskita Karya (WSKT IJ; Buy)

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- **We lower our new contract and profit forecast for the next 3 years**
- **Maintain BUY albeit at lower TP of Rp2,500 (from Rp3,100)**

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**Maintain Buy albeit at lower TP of Rp2,500**. We believe weak demand on WTR divestment will put constraint on WSKT's working capital and could result in long term negative market perception that toll road investment are mostly unprofitable due to its heavy capex nature, which could hinder investor's buying appetite for WSKT. As such, we cut our FY18/19F earnings estimates by 11/34% to reflect lower new contract and higher interest expenses, but maintain BUY with our new TP of Rp2,500. Upside to our call may come from better than expected outcome from divestment of WTR.

| Year To 31 Dec | 2015A | 2016A | 2017F | 2018F | 2019F |
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| Revenue (RpBn) | 14,153 | 23,788 | 36,527 | 42,722 | 47,993 |
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| EBITDA Growth (%) | 96.9 | 136.5 | 39.2 | 13.7 | 8.5 |
| Net Profit (RpBn) | 1,048 | 1,713 | 2,364 | 2,760 | 3,205 |
| EPS (Rp) | 77 | 126 | 174 | 203 | 236 |
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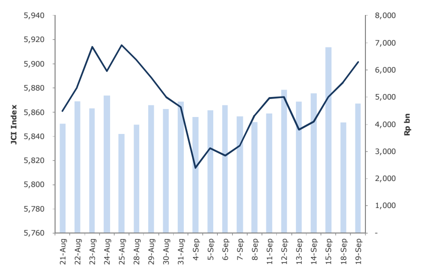

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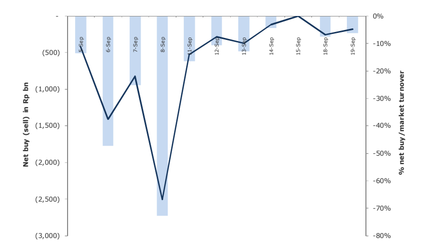

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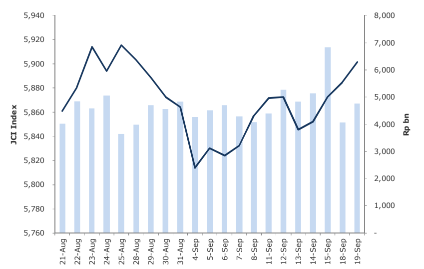

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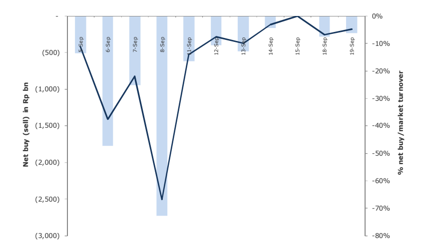

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| Rubber/kg | 1.9 | -1.9% | 6.3% |
| Nickel/tonne | 11,070 | -0.8% | 9.6% |
| Tins/tonne | 20,760 | -0.4% | 7.3% |
| Copper/tonne | 6,488 | 0.2% | 36.5% |
| Gold/try.oz (Spot) | 1,311 | 0.3% | -0.3% |
| Coal/tonne | 98.2 | -0.1% | 37.8% |
| Corn/bushel | 3.2 | -0.9% | 1.0% |
| Wheat/bushel* | 146.5 | 5.8% | -7.0% |

** : 1 month change*

Source : Bloomberg

# Industrial Estate

## On the path to gradual recovery

- **Land sales is shifting away from reliance on automotive industry**
- **Infrastructure development is a key future growth driver**
- **Entry into logistics properties business to raise recurring incomes**
- **We initiate coverage with BUYs on DMAS, BEST, SSIA and MMLP**

**Industrial estate sales have bottomed out.** Land sales in industrial estates in the Greater Jakarta area, according to Colliers, have fallen to 175ha in 2016, from a peak of 1,239ha in 2011 at the height of Indonesia's automotive industry's expansions. Slowing economic growth, declining auto sales, and low capacity utilisations have dramatically reduced industrial estate demand from auto sector to 33ha in 2016 (19% contribution), from its peak of 707ha in 2011 (57%). However, with demand from F&B and logistics properties industries rising in the past three years, we believe estate sales should start growing modestly even if it may still take some time before auto manufacturers and their supply chain to start expanding capacities again. Industrial estate sales were 117ha in 1H17 (1H16: 47ha) with recovery seen at all four major industrial estates this year.

**Infrastructure development is key to future growth.** Major infrastructure development projects near industrial estate areas, including Cibitung-Cilincing Toll Road (scheduled for completion in 2018), Jakarta-Cikampek elevated toll road (2019), Patimban seaport (2019), and Kertajati airport (2018), should improve access to ports, reduce traffic congestions and logistics costs, and increase demand/selling prices of industrial estates. We believe all of the three industrial estates in our report: Surya Semesta (SSIA), Puradelta Lestari (DMAS) and Bekasi Fadjar (BEST) will be key beneficiaries from these projects. SSIA is located the furthest away from Jakarta but it should also be the primary beneficiary of the Patimban seaport development.

**Diversifying away into logistics properties business.** Indonesia's rapidly growing e-commerce industry, rising land scarcity and property prices, and regulation requiring manufacturing operation to be located in industrial zone, have boosted demand for third-party logistics service providers and modern warehousing facilities. Industrial estate developers have competitive advantages in providing such services owing to their land-bank locations in industrial zone and relationships with tenants. This trend can be seen from growth of MMLP, a pioneering logistics properties developer, and entries into this business by industrial estate developers to increase recurring incomes and diversify away from dependence on land sales.

**Sector is attractively valued.** We initiate coverage with BUYs on DMAS, BEST, SSIA and MMLP as we believe the sector is on the path to recovery and valuation is cheap at deep 60-70% discounts to our NAV estimates. DMAS has largest unscattered landbank (1,045ha), better residential/commercial facilities and has no debt while BEST (792ha) is located closest to Jakarta and enjoys higher prices and margins - both have most resilient earnings in the sector. SSIA (817ha) has been most impacted by falling auto sector demand and its earnings outlook remain weakest near term. However, SSIA has strongest profit recovery outlook longer run from Patimban seaport development, which is closest to its Subang estate. MMLP is Indonesia's only listed warehouse developer and has an interesting story but its lack of stock liquidity is a major issue. Key risk factor: Government may impose a price cap on industrial estate sales although the plan is still uncertain at this stage.

| Stock | Ticker | Rating | Price (Rp) | TP (Rp) | Upside (%) | RNAV/ Share | Discount to RNAV (%) | 17F ROA (%) | 17F ROE (%) |
|---|---|---|---|---|---|---|---|---|---|
| Surya Semesta | SSIA | BUY | 605 | 825 | 36.4 | 1,620 | 62.7 | 17.0 | 32.7 |
| Puradelta Lestari | DMAS | BUY | 197 | 280 | 42.1 | 673 | 70.7 | 10.3 | 10.9 |
| Bekasi Fajar | BEST | BUY | 274 | 340 | 24.1 | 997 | 72.5 | 6.8 | 10.4 |
| Mega Manunggal | MMLP | BUY | 585 | 655 | 12.0 | - | - | 7.8 | 9.9 |

*Source: Bloomberg, IndoPremier* *Note: Share prices as of closing 18-September-2017*

# Waskita Karya (WSKT IJ; Buy)

## Toll road divestment setback

- **Financing setback lowers earnings visibility**
- **Payment from turnkey projects to fund toll roads development**
- **We lower our new contract and profit forecast for the next 3 years**
- **Maintain BUY albeit at lower TP of Rp2,500 (from Rp3,100)**

**WTR divestment setback raises uncertainty.** Waskita Karya (WSKT) clarified that management is still pursuing divestment of its Waskita toll road projects (WTR), although in different forms. WSKT is now considering bundling seven toll roads (mostly part of Trans Java) into one package while the remaining three toll road projects will be sold separately based on one on one negotiation with potential investors. Note that the seven toll road projects are expected to be fully constructed soon, with three to be completed by the end of 2017 and four scheduled for May 2018. If this scheme fails, the last option is to sell WTR through initial public offering (IPO) by latest in 1H18 with or without asset combination from Jasa Marga (JSMR).

**Payment from turnkey projects to fund toll roads development**. In order to fully develop its toll road, WSKT estimates it will require Rp120tn of investment until 2019, to be funded with Rp40tn of equity and Rp80tn of debt. To finance its equity portion, WSKT will use internal stand by cash of Rp16tn and payment from turnkey projects worth of Rp30tn expected in FY18 which consist of payment for LRT Palembang of Rp16tn and others. The stand-by cash consists of WSKT's existing cash of Rp8tn, syndicated bank loan of Rp5tn, and Rp3tn from recent bond issuance.

**We lower our new contract and earnings forecasts.** WSKT has lowered its FY17 new contract guidance to Rp60tn (from Rp80tn) due to the delay in WTR divestment. The company also committed to take no more new investment and avoid taking new contract that employs turnkey scheme to maintain company's DER below 2.0x FY17 unless the project has exceptional return. Until 8M17, WSKT has earned Rp43tn or 72% of revised new contract target FY17. Accordingly, we lower our new contract assumptions to Rp60tn/Rp63tn/Rp64tn for FY17/18/19F, respectively.

**Maintain Buy albeit at lower TP of Rp2,500**. We believe weak demand on WTR divestment will put constraint on WSKT's working capital and could result in long term negative market perception that toll road investment are mostly unprofitable due to its heavy capex nature, which could hinder investor's buying appetite for WSKT. As such, we cut our FY18/19F earnings estimates by 11/34% to reflect lower new contract and higher interest expenses, but maintain BUY with our new TP of Rp2,500. Upside to our call may come from better than expected outcome from divestment of WTR.

| Year To 31 Dec | 2015A | 2016A | 2017F | 2018F | 2019F |
|---|---|---|---|---|---|
| Revenue (RpBn) | 14,153 | 23,788 | 36,527 | 42,722 | 47,993 |
| EBITDA (RpBn) | 1,261 | 2,982 | 4,149 | 4,720 | 5,120 |
| EBITDA Growth (%) | 96.9 | 136.5 | 39.2 | 13.7 | 8.5 |
| Net Profit (RpBn) | 1,048 | 1,713 | 2,364 | 2,760 | 3,205 |
| EPS (Rp) | 77 | 126 | 174 | 203 | 236 |
| EPS Growth (%) | 49.9 | 63.5 | 38.0 | 16.8 | 16.1 |
| Net Gearing (%) | 15.0 | 86.8 | 165.1 | 178.3 | 176.8 |
| PER (x) | 24.9 | 15.2 | 11.0 | 9.4 | 8.1 |
| PBV (x) | 2.7 | 1.6 | 1.4 | 1.3 | 1.1 |
| Dividend Yield (%) | 0.4 | 1.2 | 2.4 | 3.1 | 3.5 |
| EV/EBITDA (x) | 18.2 | 12.1 | 12.6 | 14.9 | 13.2 |

*Source : WSKT, IndoPremier* *Share Price Closing as of : 18-September-2017*

# News & Analysis

## Corporates

**ADHI:** Adhi Karya (ADHI IJ; Rp2,070; Buy) booked a new contract worth Rp537bn from Township Tanah Putih development, which is owned by PT Bukit Asam (PTBA IJ; Rp10,450; Hold). ADHI reported total new contract of Rp28.6tn as of August 2017, which includes LRT project's contract worth Rp19.7tn. Company targets FY17 revenue and net profit of Rp14.4tn and Rp505bn respectively (FY16: Rp11tn and Rp313bn). (Bisnis Indonesia)

**PTPP:** PT Pembangunan Perumahan (PTPP IJ; Rp2,620; Buy) set to delay IPO process for PP Urban and PP Energi to 1H18 due to plenty IPO process of SOE subsidiaries, which considered will lessen the attractiveness of the companies. PP Presisi will release 35% of their shares to the public. (Bisnis Indonesia)

**WIKA:** Wijaya Karya (WIKA IJ; Rp1,910; Buy) reported earnings of Rp436bn (+70% yoy) in 1H17 with net margin at 4.6% (vs 4.3% in 1H16). The outstanding performance was supported by interest income that jumped nearly five folds. Company saw revenue increased by 57% yoy to Rp9.4tn, but lower gross margin at 10.6% (vs. 12.1% in 1H16) and stable operating margin at 10.3% due to operating efficiency. (Company, Investor Daily)

*Comment: WIKA's 1H17 earnings achievement was under our expectation but inline with consensus. We will review our earning estimates for WIKA based on this set of result, although we believe WIKA's earnings to remain intact as company has booked Rp30.8tn of new contract until 8M17 which is 71% from FY17 target, better than 1H16 at 44%.*

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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.