

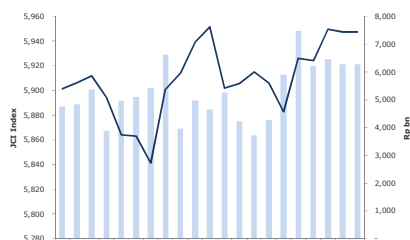
## Premier Insight

19 October 2017

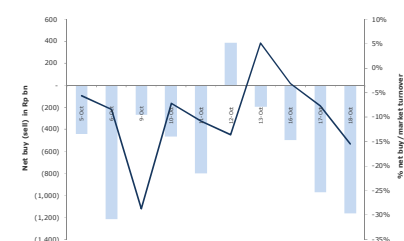
## News &amp; Analysis

## Corporates

## JCI Index



## Foreign net buy (sell)



## Key Indexes

Index	Closing	1 day	1 year	YTD
JCI	5,929	-0.3%	9.6%	11.9%
LQ45	987	-0.4%	6.0%	11.6%
DJI	23,158	0.7%	27.2%	17.2%
SET	1,708	-1.0%	14.9%	10.7%
HSI	28,712	0.0%	23.2%	30.5%
NKY	21,363	0.1%	25.7%	12.1%
FTSE	7,543	0.4%	7.4%	5.6%
FSSTI	3,323	0.0%	17.4%	15.6%
EIDO	27	-0.6%	0.3%	10.5%

## Commodity price

Commodities	Last price	Ret 1 day	Ret 1 year
(in USD)			
Oil/barrel (WTI)	52.0	0.3%	3.5%
CPO/tonne	649.3	-0.8%	1.0%
Soy/bushel	9.5	0.3%	-0.2%
Rubber/kg	1.7	0.0%	-8.1%
Nickel/tonne	11,586	-1.0%	11.8%
Tins/tonne	20,160	-1.3%	2.4%
Copper/tonne	6,949	-0.7%	49.1%
Gold/try.oz (Spot)	1,281	-0.3%	0.9%
Coal/tonne	97.1	1.0%	4.7%
Corn/bushel	3.2	-0.6%	-3.9%
Wheat/bushel	430.8	0.2%	2.5%

Source : Bloomberg

**CLEO:** According to Asosiasi Perusahaan Air Minum Dalam Kemasan (ASPADIN), water bottled sales in 3Q17 is believed to post a better growth compared to previous quarters (1H17), yet no exact numbers stated. ASPADIN aims 7% sales growth and utilisation rate at c.80% in FY17, given the upcoming year-end festive momentum. In addition, PT Sariguna Primatirta (CLEO IJ; Rp580; Not Rated) plans to expand 3 new water bottled factories (each at 200mn liter p.a.) to increase capacity up to 4.4bn liter p.a. (Bisnis Indonesia).

**CMPP:** Rimau Multi Putra Pratama (CMPP IJ; Rp1,075; Not Rated) has agreed on the backdoor listing plan of PT Indonesia Air Asia. Through right issue, 76% of the proceeds (Rp2.6tn) will be used to acquire PT Indonesia Air Asia. (Bisnis Indonesia).

**DMAS:** We met with Puradelta Lestari (DMAS IJ; Rp188; Buy) yesterday and found a conservative outlook for FY17 with earnings is expected to be flattish, under consensus and our estimates. Here are some key takeaways:

- Company recorded 37.5ha industrial land sales, 63% of FY17 target of 60ha. In addition, the company has 77ha inquiries from 3 companies, local pharmacy, foreign sanitary and local IT Company. DMAS is expected complete the sales of 20ha in 4Q17 with 10ha recognized in 3Q17.
- DMAS' recorded 3ha commercial area for Hospital and school development. The development of supporting facilities is expected to cultivate as a crowd puller to DMAS's residential area. DMAS will launch one housing residential (450 units) for mid-low segment with price at Rp400-600mn/unit in November 2017.
- Despite optimism to reach marketing sales of 60ha, DMAS is guiding revenue of Rp1.4-1.5bn for FY17 due to slower accounting sales (as 4Q17 marketing sales would be recognized in 2018's revenue) and lower than expected ASP of Rp1.7mn/sqm (vs. 2mn/sqm target). (Company).

*Comment: Despite flattish earnings guidance in FY17, we believe there is a potential upside in FY18 given inline FY17 presales of 60ha. Note that industrial marketing sales might take up to 1 year to translate into accounting sales. We will review our call based on this developments, however at this stage, maintain BUY at TP of Rp280. DMAS is now trading at 72% discount to estimate RNAV/share.*

**PPRO:** PP Property (PPRO IJ; Rp202; Not Rated) prepared a capex of Rp 2tn in FY18 (FY17: Rp3.3-3.5tn) due to sufficient land bank. Company will use Rp300bn for land bank acquisition, while the rest would be use for apartment and hotel development. Company current land bank stands at 110ha, and expected to reach 200ha by FY17. (Kontan).

**PTBA:** Bukit Asam (PTBA IJ; Rp10,925; Hold) reported 3Q17 results;

- Net profit in 9M17 reached Rp2,63tn, jumped 150% yoy but came inline with our estimate (75% of our FY17F earnings) but came above consensus expectation (82%).
- Net profit increased 5.7% qoq and 165% yoy to Rp902bn in 3Q17.
- Revenues in 3Q17 down 3.7% qoq but up 30% yoy to Rp4.26tn, allowing 9M17 top-line to reach Rp13.2tn, up 32% yoy.
- As COGS decreased 7.7% qoq, gross profit increased 3% qoq to Rp1.7tn in 3Q17. (Bisnis Indonesia).

*Comment: We expect positive sentiment as PTBA's earnings came in above consensus expectation. We maintain our forecast with this inline results, but we are reviewing our rating for PTBA given increasing upside potential to our target price.*

Refer to Important disclosures in the last page of this report

(Rp Bn)	9M17	9M16	% Y-Y	3Q17	% Q-Q	% Y-Y	FY17F	% of forecast
<b>Revenues</b>	<b>13,222</b>	<b>10,042</b>	<b>31.7</b>	<b>4,255</b>	<b>(3.7)</b>	<b>29.6</b>	<b>17,619</b>	<b>75</b>
COGS	8,175	7,597	7.6	2,553	(7.7)	2.6		
<b>Gross profit</b>	<b>5,047</b>	<b>2,445</b>	<b>106.4</b>	<b>1,702</b>	<b>3.0</b>	<b>114.0</b>	<b>6,619</b>	<b>76.3</b>
G&A expenses	806	715	12.6	289	11.2	24.1		
Selling expenses	621	493	25.9	177	(3.3)	22.4		
Other	86	98	(12.1)	(7)	(114.7)	621.8		
<b>Operating profit</b>	<b>3,706</b>	<b>1,334</b>	<b>177.8</b>	<b>1,229</b>	<b>(2.0)</b>	<b>194.9</b>	<b>4,516</b>	<b>82.1</b>
Net interest inc.	-84	-42	98.7	(16)	(47.5)	6.5		
Other	104	153	(31.8)	38	21.4	(23.4)		
<b>Pretax profit</b>	<b>3,726</b>	<b>1,444</b>	<b>158.0</b>	<b>1,252</b>	<b>(0.4)</b>	<b>177.0</b>	<b>4,781</b>	<b>77.9</b>
Tax	1,062	389	172.8	334	(15.1)	200.5		
Minority Interest	39	3	1,009.4	16	60.7	1,866.7		
<b>Net profit</b>	<b>2,626</b>	<b>1,052</b>	<b>149.7</b>	<b>902</b>	<b>5.7</b>	<b>165.3</b>	<b>3,508</b>	<b>74.8</b>
GPM (%)	38.2	24.3		40			37.6	
OPM (%)	28	13.3		29			25.6	
Pretax mgn (%)	28.2	14.4		29			27.1	
NPM (%)	19.9	10.5		21			19.9	

## Markets & Sector

**Industrial Estate sector:** Modern Realty (MDLN IJ; Rp328; Not Rated) booked total industrial marketing sales of 38ha (+90% yoy) as of 9M17, which is 63% of company's FY17 target of 60ha. MDLN is currently in the process of negotiating of 25-30ha with F&B company. In the other hand, Bekasi Fajar industrial Estate (BEST IJ; Rp278; Buy) managed to book an additional marketing sale of 7.3ha to a Japanese Electronic company in October. This achievement brings up its total marketing sales to 30.1ha, fulfilling company's FY17 target between 30-40ha. (Kontan).

*Comment: BEST has achieved 75/86% of FY17 target of company and ours, which is the better than 3 years historical performance. Reiterate Buy on BEST with TP of Rp340. Best is currently trading at 72% discount to our estimate RNAV/share.*

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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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