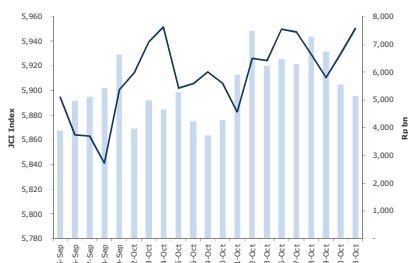
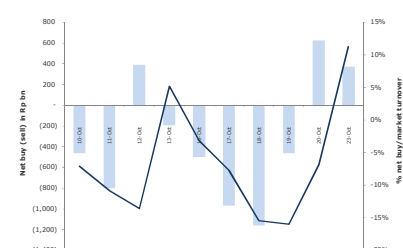


## JCI Index



## Foreign net buy (sell)



## Key Indexes

Index	Closing	1 day	1 year	YTD
JCI	5,950	0.3%	9.8%	12.3%
LQ45	988	0.4%	6.2%	11.7%
DJI	23,274	-0.2%	27.7%	17.8%
SET	1,693	0.5%	12.8%	9.7%
HSI	28,306	-0.6%	19.9%	28.7%
NKY	21,697	1.1%	25.9%	13.5%
FTSE	7,524	0.0%	7.7%	5.3%
FSSTI	3,341	0.0%	16.9%	16.3%
EIDO	27	-0.4%	0.9%	10.3%

## Commodity price

Commodities	Last price	Ret 1 day	Ret 1 year
(in USD)			
Oil/barrel (WTI)	51.7	0.5%	2.3%
CPO/tonne	658.3	1.7%	2.3%
Soy/bushel	9.5	-0.4%	-1.8%
Rubber/kg	1.7	0.0%	-7.3%
Nickel/tonne	11,796	1.1%	18.9%
Tins/tonne	19,675	0.1%	-2.1%
Copper/tonne	6,975	0.8%	51.2%
Gold/try.oz (Spot)	1,282	0.1%	1.4%
Coal/tonne	96.6	-0.6%	4.0%
Corn/bushel	3.2	2.2%	-2.7%
Wheat/bushel	438.0	0.3%	8.8%

Source : Bloomberg

## News &amp; Analysis

## Corporates

**BBTN:** Bank Tabungan Negara (BBTN IJ; Rp3,060; Buy) posted net profit of Rp2.0tn in 9M17 (+24% yoy) was slightly below our forecast (at 60% of our FY17F forecast of Rp3.3tn) but better than consensus expectation if we assume its 4Q17 profits would be boosted by accrual of Rp753bn of interest income from SSB loans. In 3Q, earnings grew 8.5% qoq to Rp734bn (2Q: Rp677bn) driven by lower opex and credit costs. Key earnings drivers were: 1) strong loan growth of 20%, albeit offset by lower NIM of 4.49% (-10bps yoy); 2) strong non-interest incomes (+41% yoy); despite higher loan provisions (+25%) although credit cost only risen marginally to 46bps (+3bps yoy). Excluding provisions, core profit grew a robust 21% in 9M17. Asset quality was stable with NPL ratio of 3.07% in 3Q (2Q: 3.23%) and modest provisions/NPL coverage of 40% (2Q: 39%). We keep our Buy rating unchanged at this stage. (Company).

## Markets &amp; Sector

**IPO:** We went to PP Presisi due diligent meeting and here some key take aways:

- Company is an integrated heavy equipment-based contractor with 5 scopes of work, civil work, foundation, ready mix, form work and equipment rental. Company owns total of 1,461 mobile fleets and 133 non-mobile fleets with average years of 2.86 and 4.67 years respectively.
- Company has Rp7.3tn order book as of 1H17 with no turnkey project. Going forward, company plans to maintain its net gearing below 1x (1H17: 0.7x). Moreover, company is confident to double their new contract and earnings achievement in 2018F.
- Company is going to conduct an initial IPO of up to 4.23 billion new share, representing 35% of the company's total issued and paid-up capital. The new shares are offered between Rp430-550/share. The IPO proceed will be used for Capex (70%) and working capital (30%). (Company).

**Industrial estate:** According to the Head of Indonesian Industrial estate community, the total sales of industrial land during 3Q17 was 22.67ha (-62% yoy, -64% qoq), totaling 9M17 total sales of 144ha (+35% yoy). Despite the slow sales in 3Q17, demand from automotive sector, F&B, and pharmacy is still growing. He mentioned that auto sector has lot inquiries for big chunk of land above 50ha throughout 2017. (Bisnis Indonesia).

**Mining sector:** Amman Mineral Nusa Tenggara (AMNT), Freeport Indonesia (FI) and PT Smelting has signed MoU to develop anode slime and precious metal refinery. FI hold 25% of the Smelting stake. In this joint venture, the anode slime that will be refined is sourced from AMNT and FI refined copper concentrate product. (Bisnis Indonesia).

*Comment: We believe this deal will not bring any positive impact to AMNT/MEDC in 2018/19F. As smelter development require 3-4 years to complete.*

**Transportation sector:** Indonesian Police Cooperatives (Inkoppol) has agreed to provide special facility in Soekarno Hatta International airport for online taxis. The facility provided is a booth in all terminals. (Investor Daily).

*Comment: We view the news to be negative for conventional taxi as it brings new competition in airport transport service. By legalizing the que spot for online-taxi, more convenient pickup area should be the main competitive edge for online-taxi players.*

**Toll road sector:** According to the tol road authority, electronic payment in toll road has achieved 88% as of 20 Oct17. There has been an significant increase due to additional of non-cash gates to 70% with five participating banks namely, Bank Mandiri (BMRI IJ; Rp6,950; Buy), Bank BCA (BBCA IJ; Rp21,000; Hold), Bank BRI (BBRI IJ; Rp15,625; Hold), Bank BNI (BBNI IJ; Rp7,550; Buy) and BTN (BBTN IJ, Rp3,060; Buy). There will be additional 3 bank to join this payment system, Bank Mega, Bank DKI and Bank Nobu. Jasa Marga (JSMR IJ; Rp5,950; Buy) has reached penetration of 89%. According to the president director of JSMR, there will be no early retirement for it 9,900 toll collectors. The company will provide training and relocate and rotate these employees. (Bisnis Indonesia).

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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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