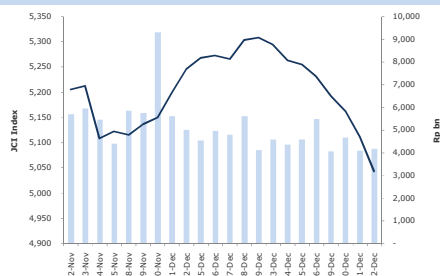


Premier Insight

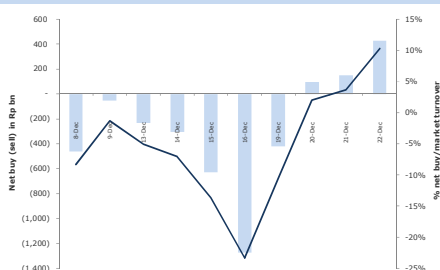
News & Analysis

Corporates

JCI Index



Foreign net buy (sell)



Key Indexes

Index	Closing	1 day	1 year	YTD
JCI	5,043	-1.3%	11.5%	9.8%
LQ45	833	-1.6%	7.1%	5.2%
DJII	19,919	-0.1%	13.2%	14.3%
SET	1,504	-0.3%	18.0%	16.8%
HSI	21,636	-0.8%	-1.8%	-1.3%
NKY	19,444	-0.3%	3.0%	2.1%
FTSE	7,064	0.3%	13.2%	13.2%
FSSTI	2,882	-0.7%	0.6%	-0.5%
EIDO	23	-1.7%	7.5%	8.5%

Commodity price

Commodities (in USD)	Last price	Ret 1 day	Ret 1 year
Oil/barrel (WTI)	52.0	1.3%	47.6%
CPO/tonne	686.9	-1.2%	24.6%
Soy/bushel	9.8	-1.2%	11.3%
Rubber/kg	2.3	0.0%	79.2%
Nickel/tonne	10,674	-0.9%	24.2%
Tins/tonne	21,065	0.1%	43.6%
Copper/tonne	5,504	0.1%	18.3%
Gold/try.oz (Spot)	1,128	-0.3%	5.4%
Coal/tonne	86.8	-0.2%	66.7%
Corn/bushel	3.3	0.0%	-8.4%
Wheat/bushel*	122.5	0.0%	-22.3%

* : 1 month change

Source : Bloomberg

BWPT: Malaysia's Federal Land Development Authority (Felda) has concluded the stake purchase of Indonesia's Eagle High Plantations (BWPT IJ; Rp274; Not Rated) for around US\$500mn. (Bloomberg)

Comment: If Felda to purchase 37% of BWPT according to the latest reported plan, this translate to acquisition price of Rp557/sh, 103% premium to BWPT's closing price yesterday.

MIKA: Mitra Keluarga (MIKA IJ; Rp2,540; Buy) has allocated capex of Rp500bn in 2017 which will be utilized to build 2 more hospitals. In the long run, MIKA plans to operate 18 hospitals in Indonesia. The occupancy rate in each hospital is around 60% while the patient volume has increased by 17% from 1,825 hospital beds. (Kontan)

Comment: Given the low availability of hospital beds and shortage of physicians in Indonesia, we view the healthcare sector still holds a lot of growth potential. Maintain BUY on MIKA.

TLKM: Telkom Indonesia (TLKM IJ; Rp3,750; Buy) has signed an MoU with Trans Corporation to enhance the alliance between these two entities. The co-operation between these two companies started back in 2013, when Telkom divested 80% of Telkomvision to TransCorp. Currently, TransCorp leases 8 transponder of Telkom's satellite and plans to increase to 15 transponders. However, the MoU has yet to define in which business area this collaboration will take form. TransCorp plans to engage in e-commerce while seeking support from Telkom that has the infrastructure and expertise. Both parties will explore which business segment will benefit the most by leverage each business core strength. (Investor Daily)

WIKA: PT Wijaya Karya (WIKA IJ; Rp2,320; Buy) allocates Rp12tn capex for 2017 (+13.4% yoy), which should be used for next year projects (ie. power plants, toll roads, etc). The company targets new contract of Rp43.2tn for FY17F, with a carryover contract of Rp59.7tn, bringing total FY17F contracts at Rp102.9tn. We reiterate Buy rating for WIKA. (Bisnis Indonesia)

Markets & Sectors

Manufacturing sector: Indonesia Ministry of Industry predicts non-oil industry to grow 5.2-5.4% in 2017 with F&B manufacturing sector to be the driver with growth estimates of 7.5-7.8%. However, there are some concerns over the possible excise tax enforcement on plastic packaging next year which might hinder the industry performance. (Investor Daily)

Comment: We expect the demand in F&B products to show improvement due to better outlook in 2017, which will benefit most of F&B producers such as Unilever (UNVR IJ; Rp37,975; Hold), Nippon Indosari (ROTI IJ; Rp1,510; Hold) and Tiga Pilar Sejahtera (AISA IJ; Rp1,910; Buy). Note that, the excise on plastic packaging will specifically impact companies with exposure to beverage products such as Kino Indonesia (KINO IJ; Rp2,310; Hold) and Indofood CBP (ICBP IJ; Rp7,775; Hold). However, we see the contribution of beverage products in those two companies are still minimum, therefore the impact will be insignificant.

Pharmaceutical sector: Pharmaceutical producers request the payment certainty for the medicines that they supply for National Healthcare Program (JKN). If this problem persists, it might affect the production activities. (Bisnis Indonesia)

Comment: We think this will have more impact on Kimia Farma (KAEF IJ; Rp2,680; Not Rated) and Indofarma (INAF IJ; Rp4,340; Not Rated) given their contribution to the program and will be less significant to Kalbe Farma (KLBF IJ; Rp1,430; Hold).

Plantation sector: Ministry of Energy and Natural Resources (ESDM), Ignatius Jonan stated that the government will maintain bio-diesel subsidy in 2017. The government targets 2017 bio-diesel consumption will increase to 4.6mn KL, up 37% yoy. (Bisnis Indonesia)

Comment: This is positive for CPO plantation sector. London Sumatra (LSIP IJ; Rp1,690; Buy) remains our top-pick in the sector.

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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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