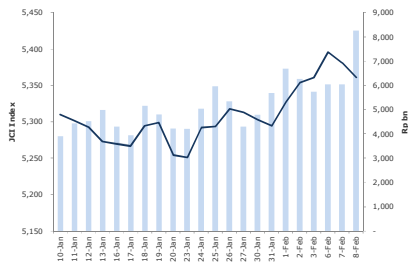


# Premier Insight

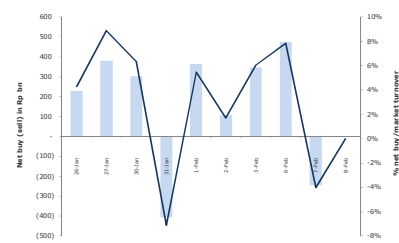
## News & Analysis

### Corporates

JCI Index



Foreign net buy (sell)



### Key Indexes

Index	Closing	1 day	1 year	YTD
JCI	5,361	-0.4%	12.4%	1.2%
LQ45	894	-0.3%	6.6%	1.0%
DJI	20,054	-0.2%	25.2%	1.5%
SET	1,589	0.4%	21.9%	3.0%
HSI	23,485	0.7%	21.8%	6.7%
NKY	19,008	0.5%	18.2%	-1.1%
FTSE	7,189	0.0%	27.6%	0.6%
FSSTI	3,067	-0.2%	16.9%	6.7%
EIDO	25	0.0%	12.6%	2.9%

### Commodity price

Commodities	Last price	Ret 1 day	Ret 1 year
<i>(in USD)</i>			
Oil/barrel (WTI)	52.3	0.3%	76.3%
CPO/tonne	697.7	0.5%	20.1%
Soy/bushel	10.4	1.6%	21.4%
Rubber/kg	2.9	1.7%	120.2%
Nickel/tonne	10,443	1.4%	27.7%
Tins/tonne	18,990	0.5%	20.6%
Copper/tonne	5,878	1.7%	27.4%
Gold/try.oz (Spot)	1,241	0.6%	4.4%
Coal/tonne	79.4	-1.2%	54.2%
Corn/bushel	3.5	0.6%	0.0%
Wheat/bushel*	122.8	0.2%	-25.0%

\* : 1 month change

Source : Bloomberg

**ACES:** PT Ace Hardware Indonesia (ACES IJ; Rp780; Hold) has opened 13 new stores in FY16 (surpassing the initial target at 10 stores) and 1 new store at Tangerang in Jan17, which resulted in higher sales in 1M17 at Rp446bn (+8% yoy). The Company plans to open 10 new stores in FY17 and targeting sales growth at 7%. (Kontan)

*Comment:* We view this news as neutral to ACES as the 1<sup>st</sup> month sales achievement is moderate, thanks to the higher store expansion (13 stores) in FY16 (FY15: 10 stores). In addition, ACES sales and store expansion target for FY17 is conservative. To note, ACES sales trend shows that Feb-May period will be sluggish and will be peaking only at Lebaran season. Therefore, it is too early to tell any improvement when looking solely at the 1<sup>st</sup> month achievement.

**JSMR:** Jasa Marga (JSMR IJ; Rp4,380; Buy) plans to increase toll road concession to 2000km in 2019 from current portfolio of 1260km. Last year the company won toll concession rights of 288km consist of 5 toll roads. Furthermore, the company has initiated about 10 new toll roads including Jakarta Cikampek II South, Trans Java northern section, Cipularang II, Bandung north access, Trans Java South Access and access road to Patimban. Nevertheless, JSMR will also bid for new toll roads from the toll road authority body. (Bisnis Indonesia).

**SMGR:** Semen Indonesia (SMGR IJ; Rp9,250; Buy) has released its Dec16 sales volume. Total domestic sales volume dropped -1.1% in FY16 as competition has intensified by new players. As a result SMGR's market share fell 0.6% ppt to 45.5%. As of dec16, ASP stood at Rp760k per tons, lower by 9% compared to ASP in Jan16. There might be possible pressure on pricing, depending on the balance sheet strength of the new entrants. SMGR's cash cost is around Rp500k per tons, leaving a margin of Rp260k per tons. New players should have higher cost structure due to lower economies of scale. Export of cement has only partly helped to compensate decline of demand in the domestic market. It seems the strategy to go regional still faces headwinds.

	16-Nov	16-Dec	+/- %	FY15	FY16	+/- %
Semen Indonesia	2,306,815	2,182,947	-5.4	25,968,789	25,682,143	-1.1
Export	67,090.00	48,676	-27.4	481,943	599,510	24.4
Indonesia	5,737,245	5,503,160	-4.1	56,342,469	56,503,892	0.3
Java	3,137,010	2,963,072	-5.5	31,446,622	30,777,227	-2.1
Sumatera	1,315,977	1,276,423	-3.0	11,777,465	12,337,352	4.8
Kalimantan	357,237	347,022	-2.9	4,360,329	3,849,259	-11.7
Sulawesi	515,033	484,094	-6.0	4,323,965	4,957,730	14.7

Source: Company

**MPMX:** We visited PT Mitra Pinasthika Mustika (MPMX IJ; Rp870; Hold) yesterday and gain some insights for 2017:

- MPMX will finalize its divestment in MPM Finance to help easing its balance sheet (better gearing ratio), while still enjoying 40% shares in associate to tap into MPM Finance's profitability. The Company believes that JACCS, its current Japanese strategic partner, have the expertise in bringing low cost of fund to MPM Finance and eventually promoting a high margin business. No disclosure made for its transaction value yet.
- MPMX is trying to optimize MPM Rent by carefully allocate its capex at c.Rp400bn to maintain its fleets at 14,000. In addition, under MPM Rent, the Company is planning to venture to logistic business in the future.

- MPMX is trying to bring better profitability in MPM Auto (4W business) by shifting its salary expense from fixed salary to sales-performance base system. Thus, it will encourage higher sales and better overall margin. However, there is no plan yet from the Company in bringing other brands, other than Nissan.
- MPMX targets FY17 bottom line growth at +20%, driven by top line growth at +10% and margin expansion. The Company will continue its cost-efficiency strategy started in late 2016 that have proven to be successful in lowering operational costs across its business units.

**SMRA:** Summarecon Agung (SMRA IJ; Rp1,320; Sell) reported 1M17 marketing sales of Rp158bn, 4% of FY17 target of Rp4.5tn. Serpong still dominated most of pre sales followed by Kelapa Gading, Kerawang and Bekasi. (Company)

*Comment: SMRA shows a good start of the year by achieving 5% of our forecast FY17 of Rp3.7tn. This is indeed stronger compared to SMRA five years historical achievement of 2-3% in first month of operation (excluding FY15).*

### Economic

**Retail Survey:** Dec16's retail survey revealed that retail sales experienced an increase of 10.5% yoy (8.1% mom vs 1.9% mom in Nov16) on annual basis, higher than 9.9% yoy in Nov16. Retail sales increase was materialised in food, gadgets, and cultural goods categories. On the other hand, retail sales decline took place in household supplies. Retail was expected to remain growing in Jan17 (data not yet launched), albeit by smaller percentage of 9.5%. (Bank Indonesia)

*Comment: We believe the increase in retail was related to end of year holiday and Christmas season. It is, however, inferred that clothing sales remain trending down (goods in this category was -6.4% yoy when including clothing and -5.1% yoy when excluding it), which we believe was an impact of e-commerce proliferation and small- concept shops tailored to cater specific customers.*

## Head Office

### PT INDO PREMIER SEKURITAS

Wisma GKBI 7/F Suite 718

Jl. Jend. Sudirman No.28

Jakarta 10210 - Indonesia

p +62.21.5793.1168

f +62.21.5793.1167

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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

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