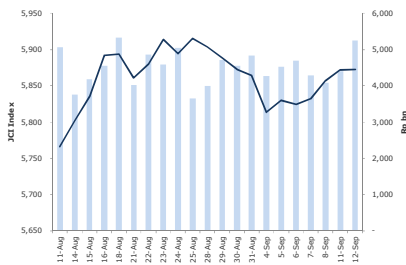


Premier Insight

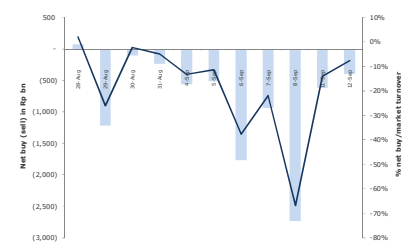
News & Analysis

Corporates

JCI Index



Foreign net buy (sell)



Key Indexes

| Index | Closing | 1 day | 1 year | YTD |
|-------|---------|-------|--------|-------|
| JCI | 5,872 | 0.0% | 12.6% | 10.9% |
| LQ45 | 978 | 0.1% | 9.2% | 10.6% |
| DJI | 22,119 | 0.3% | 22.4% | 11.9% |
| SET | 1,644 | 0.4% | 13.6% | 6.5% |
| HSI | 27,972 | 0.1% | 20.5% | 27.1% |
| NKY | 19,777 | 1.2% | 18.2% | 3.9% |
| FTSE | 7,401 | -0.2% | 11.0% | 3.6% |
| FSSTI | 3,236 | 0.2% | 14.8% | 12.3% |
| EIDO | 27 | -0.9% | 9.9% | 12.2% |

Commodity price

| Commodities | Last price | Ret 1 day | Ret 1 year |
|--------------------|------------|-----------|------------|
| <i>(in USD)</i> | | | |
| Oil/barrel (WTI) | 48.2 | 0.3% | 4.2% |
| CPO/tonne | 672.7 | 1.0% | 7.2% |
| Soy/bushel | 9.3 | -1.3% | -4.3% |
| Rubber/kg | 2.0 | -1.0% | 14.1% |
| Nickel/tonne | 11,905 | 1.8% | 18.7% |
| Tins/tonne | 20,804 | -0.4% | 9.0% |
| Copper/tonne | 6,627 | -1.5% | 43.2% |
| Gold/try.oz (Spot) | 1,332 | 0.3% | 1.0% |
| Coal/tonne | 99.8 | 0.2% | 42.5% |
| Corn/bushel | 3.2 | -1.8% | 1.9% |
| Wheat/bushel* | 146.5 | 5.8% | -7.0% |

* : 1 month change

Source : Bloomberg

ASII: Astra International (ASII IJ; Rp7,900; Buy) started to fully operate Jombang Mojokerto toll road. Astra has toll road portfolio of 353km. Another toll road Serpong-Balaraja is expected to be completed in 2018. Total investment cost is expected to reach Rp6.0tn. However, the Government has requested to lengthen this toll road by 10km to reach to Maja, a newly develop town. Astra aims to increase its toll road portfolio up to 500km. (Kontan)

Comment: Astra remains consistent with its strategy to invest in infrastructure to diversify away from automotive sector and more stable cash flow from infrastructure. We maintain our Buy call on the company.

APLN: Agung Podomoro Land (APLN IJ; Rp280; Hold) targets development of trade centre, Harco Glodok, to finish end of 2017. According to the company, nearly 70% of shophouses offered have been sold out. Currently, the development is reaching finishing stage and expected to be fully operational in early 2018.

CTRA: Ciputra Development (CTRA IJ; Rp1,155; Not Rated) booked additional marketing sales Rp1.11tn from the sales residential cluster Northwest Hill in Citraland, Surabaya. CTRA managed to sell 680 units with ASP Rp1.6mn only in six hours. With the sale of this project, CTRA booked total marketing sales of Rp4.41tn, which is 52% of FY17 target of Rp8.5tn. (Kontan)

Comment: Including the successful take up of Surabaya, CTRA's pre-sales has reached 63% of our FY17 target which is same with 9M16 achievement. Despite relatively weak pre sales 2017, we expect CTRA's revenue and earnings to grow 23% and 31% yoy in FY18 on the back of massive unit handover from pre sales FY15. Maintain BUY at TP Rp1,355.

DILD: Intiland Development (DILD IJ; Rp418; Not Rated) reported 85% take up rate on its recent launch fifty seven promenade. Most of buyers came from outside Jakarta who are looking to retire in Jakarta. Fifty seven promenade will build another tower for serviced apartment, strata title office and retail space. (Bisnis Indonesia)

JSMR: Jasa Marga (JSMR IJ; Rp5,950; Buy) reported that Semarang-Batang toll road has completed 96.5% of land acquisition while construction has reached 41.6% and is expected to be completed in FY18. The company remains optimistic in land acquisition with no push back from land owners. Meanwhile, the Balikpapan-Samarinda toll road has reached land acquisition of 95.4% while construction of 26%. This toll road is expected to be completed in Dec18. (Bisnis Indonesia)

MEDC: Medco Energy Internasional (MEDC IJ; Rp860; Not Rated) believes that gas sales from Block A will be produced on time. Thedevelopment of Block A production facility almost reach the final stage and the company targets that Block A will commence operation in 1Q18.

Comment: MEDC believes that gas sales volume from Block A will contribute around 15-20% of the company's total gas sales in 2018F.

MYOH: We met the management of Samindo Resources (MYOH IJ; Rp665; Not Rated) yesterday and noted some bullet points from the meeting as follow;

- MYOH, mining contractor of Kideco and Gunung Bayan, is owned 63.6% by Samtan Co, Ltd (which owns 49% of Kideco Jaya Agung), 14.2% owned by Datuk Low Tuck Kwong (the owner of Bayan Resources – BYAN IJ; Rp6,675; Not Rated) and 22.2% owned by public investors.

Refer to Important disclosures in the last page of this report

- MYOH targets OB removal of 48mn bcm in FY17F (1H17 achievement: 47%), coal getting of 10mn tons (1H17: 49%) and 27mn tons of coal hauling (1H17: 50%).
- Margins dropped in 1H17 due to higher costs and lower revenues (one-off, as the company adjusted cut-off date for revenues recognition). Costs increased due to higher fuel price.
- The management expects FY17F earnings to decrease yoy but dividend payout ratio should remain high next year.
- The company plans to diversify its client base and actively engaged in power generation tenders. (Company)

Comment: We have a positive view on the mining contracting industry. Nonetheless, MYOH will remain trades at discount relative to other mining contracting companies given its dependency to Kideco. With FY17F P/E of 8.4x and potential dividend payout ratio of ~80%, MYOH will potentially distribute interesting dividend yield of ~9.5%.

WSKT: Waskita Karya (WSKT IJ; Rp1,890; Buy) will delay its Waskita toll road (WTR) divestment due to offer mismatch between company and prospective investors. Even so, company expects WTR divestment with different scheme which involves seven Trans Java toll roads bundled into one package. If the option fails, company will go through initial public offering (IPO) in 1H18. (Kontan, Bisnis Indonesia)

Comment: The prolong uncertainty of the divestment may result in lower burn rate for the company due to limited working capital. Currently, company is in progress of issuing Obligasi berkelanjutan III with total amount of approx. Rp3tn and expects DER to stay below 2x this year. Hence, this could result in more conservative earnings guidance FY18 from higher interest expense. We think this might give negative sentiment on the share performance temporarily. We will review our earnings estimates based on this set of developments.

Markets & Sector

Coal sector: Minister of Energy and Mineral Resources (ESDM) Ignasius Jonan expressed his acquiescence to State Electricity Company's (PLN) proposal of fixed (cost plus margin) coal price for domestic electricity use. ESDM official, Andy N Sommeng stated that Minister Jonan has agreed with PLN's coal price proposal. (DetikFinance)

Comment: Although details on the new price mechanism and implementation remain uncertain, we believe this will bring negative sentiments for Adaro Energy (ADRO IJ; Rp1,865; Buy) and Bukit Asam (PTBA IJ; Rp12,175; Buy) while will be Neutral for Indo Tambangraya Megah (ITMG IJ; Rp20,175; Hold) and United Tractors (UNTR IJ; Rp31,600; Buy).

Retail sector: In 2Q17, household consumption growth stood at 4.95%, relatively flat compared to 1Q17 at 4.93%. In addition, according to Apindo, retail sales growth in Jan-Jul'17 stood at 3% (Jan-Jul'17: 9.5%), which was consistent with the declining trend since 2015. The drop was seen in FMCG goods, such as: F&B, personal healthcare, and pharmaceutical. (Detik Finance)

Comment: We expect the declining F&B sales trend since 1Q17 given Indofood CBP's (ICBP IJ; Rp8,875; Hold) noodle & dairy weak sales growth. In 2Q17, noodle sales dropped by -8% yoy, -12% qoq, bringing a total of 6.5bn pack (-4% yoy) in 1H17, whilst dairy segment recorded relatively flat growth.

Economic

BOP: BI foresees that balance of payment surplus will reach US\$9bn by year end, higher than early estimate of US\$3-4bn, driven by better current account deficit position due to export increase and higher capital inflow. Current account deficit is estimated to be at 2% by FY17 and 2.5% in 2018 due to economic acceleration. With this, the rupiah is expected to be at Rp13,420 by year end and 13,550 in 2018. (Kontan, 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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