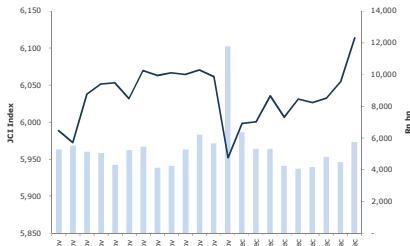


Premier Insight

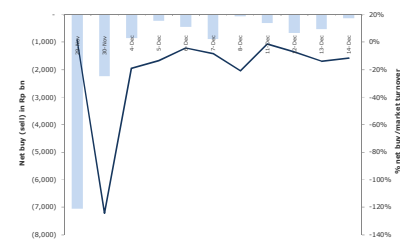
News & Analysis

Corporates

JCI Index



Foreign net buy (sell)



Key Indexes

Index	Closing	1 day	1 year	YTD
JCI	6,114	1.0%	16.4%	15.4%
LQ45	1,033	1.1%	17.3%	16.7%
DJI	24,509	-0.3%	23.5%	24.0%
SET	1,715	0.5%	12.9%	11.2%
HSI	29,166	-0.2%	32.2%	32.6%
NKY	22,694	-0.3%	17.7%	17.9%
FTSE	7,448	-0.6%	6.4%	4.3%
FSSTI	3,469	0.0%	18.4%	19.3%
EIDO	27	0.1%	15.1%	13.5%

Commodity price

Commodities	Last price	Ret 1 day	Ret 1 year
<i>(in USD)</i>			
Oil/barrel (WTI)	57.0	0.8%	11.8%
CPO/tonne	601.2	-0.2%	-21.5%
Soy/bushel	9.4	-1.2%	-6.2%
Rubber/kg	1.6	0.6%	-35.9%
Nickel/tonne	11,100	0.5%	-2.4%
Tins/tonne	18,962	0.6%	-10.7%
Copper/tonne	6,761	1.0%	18.3%
Gold/try.oz (Spot)	1,253	-0.2%	11.0%
Coal/tonne	99.7	0.1%	13.9%
Corn/bushel	3.2	0.0%	-7.6%
Wheat/bushel (USD)	418.8	0.1%	2.3%

Source : Bloomberg

PPRO: PP PProperti (PPRO IJ; Rp190; Not Rated) plans to issue bonds and medium term notes worth minimal of Rp1.6tn. The proceed will be used for land acquisition (Rp1.12tn) and the funding of project West Java International airport in Kertajati. PPRO targets to acquired total of 150ha by the end of FY17 from the total of 350ha airport area. In separate news, PPRO booked total marketing sales of Rp3tn in 11M17, exceeding its FY17 target of Rp2.9tn. For FY18, company targets 20% growth to Rp3.6tn marketing sales. (Bisnis Indonesia & Kontan).

TLKM: Telkom Indonesia (TLKM IJ; Rp4,250; Buy) is likely to launch Telkom 4 satellite in Jun17, one month earlier than planned. Space System Loral, the satellite manufacturer, seems to be able to complete the satellite in May18. This new satellite will have 60 transponders, double than Telkom 1 and will be launch by Space-X. (Bisnis Indonesia).

WSBP: Waskita Beton Precast (WSBP IJ; Rp374; Buy) targets new contract of Rp10.5tn (vs. prior: Rp12.3tn) and Rp11.5tn in FY17 and FY18. WSBP revised FY17 target due to delay on two projects, Probolinggo-Banyuwangi (Rp2.5tn) and Penajam-Balikpapan (Rp1tn) tollroad which will be booked on 2018. Holding contribution (WSKT) is expected to still dominate WSBP's new projects with around 65-75% total new contract in FY18. In addition, WSBP still has total carryover for FY18 of Rp13.3tn. WSBP will have total capex or Rp750bn for FY17, which will be used for precast capacity expansion (Rp600bn), quarry (Rp80bn), and equipment & supporting facilities (Rp70bn). (Bisnis Indonesia).

Comment: We will review our forecast given lower contract achievement and revised FY17 contract target. However at this stage, maintain Buy on WSBP with TP 620.

Markets & Sector

Cement sector: Cement demand took a breather in Nov17 with volume of 6.4mn tons in the domestic market (-5.7% mom, +11.0% yoy) but was better than last year's numbers due to consistent Government infrastructure projects. Indocement's sales volume was similarly affect, -8.5% mo to 1.5mn tons, but also better than last year's numbers. Overall cumulative domestic demand up to Nov17 grew +7.1% yoy heavily pushed by growth in Java of +11.2% yoy and Sumatera +4.6% yoy, two of the most important market. Indocement's cumulative volume grew +3.9% still lagging behind the industry. We think that competition remains stiff due to oversupply which continues to hurt profitability. Raising coal price might also negatively impact margins due to difficulties to raise prices. (ASI).

	Oct-17	Nov-17	+/- %	Nov-16	+/- %	11M16	11M17	+/- %
Indocement	1,674,799	1,531,638	-8.5	1,478,272	3.6	14,709,386	15,289,507	3.9
Java	3,745,447	3,566,053	-4.8	3,137,010	13.7	30,777,171	34,226,314	11.2
Sumatera	1,494,378	1,402,797	-6.1	1,315,977	6.6	12,337,408	12,906,333	4.6
Kalimantan	434,824	404,095	-7.1	357,237	13.1	3,849,259	3,742,043	-2.8
Sulawesi	527,292	493,805	-6.4	515,033	-4.1	4,958,182	4,862,508	-1.9
Nusa Tenggara	388,595	349,193	-10.1	294,901	18.4	3,231,167	3,424,938	6.0
East Ind	163,539	153,663	-6.0	117,087	31.2	1,351,157	1,368,828	1.3
Indonesia	6,754,075	6,369,606	-5.7	5,737,245	11.0	56,504,343	60,530,964	7.1

Healthcare sector: Rumah Sakit Pondok Indah (RSPI) will operate its third hospital in Bintaro jaya and is planning to cover universal healthcare (BPJS) to improve its occupancy rate. Currently, RSPI Puri's occupancy rate has reached 70%. (Kontan).

Comment: We think this is negative for Siloam International (SILO IJ; Rp10,550; Hold) and Mitra keluarga (MIKA IJ; Rp1,770; Hold) given tighter competition and thin margin from BPJS program that might affect SILO and MIKA's profitability in long term.

Economics

World Bank: We attended a World Bank's event of IEQ's launch, whose key takeaways are as follows:

- The Bank maintains forecast for Indonesia at 5.1% yoy for 2017 and 5.3% yoy for 2018, which will be both commodity and non-commodity driven.
- In commodity, drivers come from exports, machinery investment possibly to support mining industry, and destocking of inventory linked to high exports.
- Beyond commodity, drivers remain seen in export of non-commodity manufactures, strong FDI inflows (7-year high) including wholesale and retail trade and household goods, and higher capital expenditure by central government; all should provide growth momentum forward.
- We highlight The Bank's argument for the slowing consumption which underlines that the triggering factors are all transitory, including electricity tariff adjustment (which should be positive going forward), increased tax enforcement, and political uncertainty. Other than that, fundamentals are supportive to support consumption pick-up next year (low unemployment of 5.5% by Aug17 vs 5.6% in Aug16), contained inflation, and stable rupiah.
- A special highlight for this series comes from decentralisation issue, which must be improved and tailored according to local wisdom in order to support the economy. (World Bank).

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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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