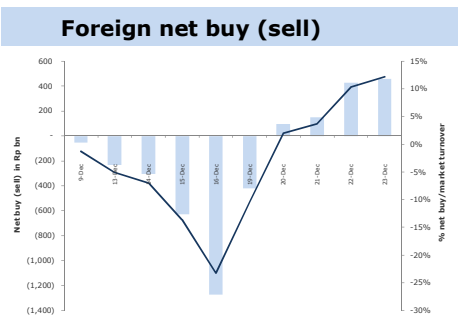
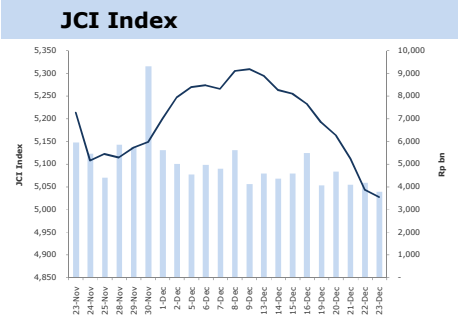


Premier Insight

News & Analysis

Corporates



APLN: Agung Podomoro Land (APLN IJ; Rp202; Sell) has sold industrial plot of 216 ha. The transaction is estimated to reach Rp5.4tn with estimated average selling price of Rp2.5mn/sqm. Note this could differ to actual proceed due to discount ion block sales that might applied. Company has signed binding sale and purchase agreement, thus expect the deal could be completed in 1Q17. The fund proceed will be used to finance capex next year. (Bisnis Indonesia)

Comment: the additional strong cash flow from industrial land sales may improve APLN's earnings FY17. We will review the impact of this transaction to APLN's profitability.

BWPT: Rajawali group has signed sale and purchase agreement with Federal Land Development (Felda) Malaysia on the sale of 37% stake on BW plantation (BWPT IJ; Rp298; Not Rated). The transaction is estimated to reach USD505.4mn, lower than initial estimate of USD680mn. (Investor Daily)

NIRO: Nirvana Development (NIRO IJ; Rp92; Not Rated) is planning to develop 8 sites next year. Company will still aim second and third tier city as their market and review several acquisition plan and land purchase proposal. Company will spend around Rp150bn to fund its expansion plan. (Bisnis Indonesia)

Index	Closing	1 day	1 year	YTD
JCI	5,028	-0.3%	11.2%	9.5%
LQ45	829	-0.6%	6.5%	4.6%
DJI	19,934	0.1%	13.6%	14.4%
SET	1,515	0.3%	18.1%	17.6%
HSI	21,575	-0.3%	-2.5%	-1.5%
NKY	19,397	-0.2%	3.3%	1.9%
FTSE	7,068	0.1%	13.0%	13.2%
FSSTI	2,871	-0.4%	-0.2%	-0.4%
EIDO	23	0.7%	8.7%	9.2%

UNTR: United Tractors (UNTR IJ; Rp19,675; Buy) released November 2016 operational performance as follow;

- Heavy equipment sales reached 196 units, down 10% mom but up 48% yoy, bringing 11M16 sales to 2,002 units, flat yoy. Sales volumes in FY16 will likely come above our estimate of 2,100 units.
- Coal extraction in Nov16 reached 10.1m tons (+2% mom, +5% yoy), bringing coal extraction vol to 98.6m tons (-1% yoy) in 11M16.
- OB removal reached 59.3m bcm (+2.1% mom, +5.7% yoy) in Nov16, bringing OB removal to 642m bcm (-10.4% yoy). PAMA performance came in relatively in-line with our expectation.
- Coal sales volumes in Nov16 reached 429k tons (+33% mom, +61% yoy), allowing 11M16 coal sales vol to reach 6.5m tons (+47% yoy), inline with our estimate. (UNTR)

Comment: UNTR operational performance in November 2016 came in in-line with our forecast. We maintain our Buy recommendation on the counter with TP of Rp26,000.

Commodities	Last price	Ret 1 day	Ret 1 year
Oil/barrel (WTI)	52.0	0.1%	41.0%
CPO/tonne	683.6	-0.5%	23.0%
Soy/bushel	9.8	-0.6%	11.1%
Rubber/kg	2.3	-2.4%	77.7%
Nickel/tonne	10,354	-3.0%	20.4%
Tins/tonne	21,229	0.8%	45.7%
Copper/tonne	5,456	-0.9%	16.3%
Gold/try.oz (Spot)	1,135	0.1%	5.5%
Coal/tonne	86.6	-0.2%	66.2%
Corn/bushel	3.2	-0.5%	-8.6%
Wheat/bushel*	122.5	0.0%	-22.3%

* : 1 month change

Source : Bloomberg

Markets & Sectors

Mining sector: We don't see deficit in the global nickel market as nickel alloy export from Russia and ferronickel export from Indonesia are offsetting lower export from The Philippines.

- Philippines exported nickel ore of 2.7m tons (~43k tons of nickel) in Nov16, down 20% mom, but remained higher than 11M16 avg. monthly export vol. of 2.6m tons per month. Philippines nickel ore export to China dropped 11% yoy to 29m tons.
- On the other hand, Indonesia ferronickel export to China was increasing further, reaching 120k tons (~24k tons of nickel content), up 3% mom, and came in 40% above 11M16 monthly export vol. avg. of 86k tons. Indonesia ferronickel export reached 946k tons (~190k tons of nickel), up 51% yoy in 11M16. (Shanghai Custom)

Comment: This is cementing our view that Indonesia nickel export will replace lower supply from Philippines. With nickel market remains on over-supply, we expect nickel price to remain muted in FY17F. Hold INCO.

Power sector: PLN, the state owned electricity company, has asked the Government to clarify the status of private power utility (PPU) post the verdict of the Constitutional Court that removed two article and demanded control back to the Government. Currently, tariff is coordinated between PPU and the regional government. It is unclear whether this is sufficient as Government control, or PLN would need to be part of the tariff discussion. Nevertheless, this verdict does not implicate independent power producers or IPP, since the tariff is determined by PLN. This is interpreted as having Government control.

Comment: According to Cikarang Listrindo (POWR IJ; Rp1,290; Buy) within the power legislation no 30/2009, article 56 ensures that existing contract will be honored up to expiration. This means business as usual for Cikarang. Nevertheless the removal of these two articles creates conflicting interpretation with article 56. We think the Government will need to clarify this since it create ambiguous interpretation.

Economic

Economic Growth: Indonesian central bank expects economic grow to slow in the final quarter of 2016 to record around 4.97%, from 5.02% in 3Q16, according to Senior Deputy Governor Mirza Adityaswara. (Jakarta Globe)

Comment: Indonesia has so far booked a 5.04% growth, which will be threatened to decline if the above projection is correct. The official data will launch in the first week of Feb17.

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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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