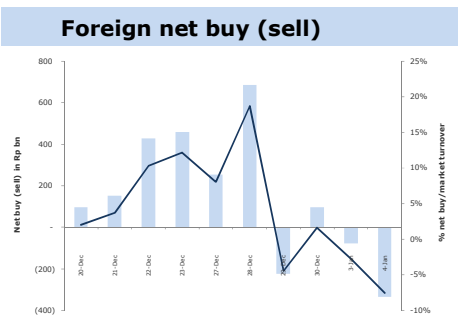
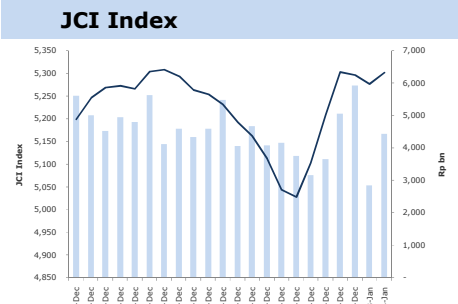


Premier Insight

News & Analysis

Corporates



ACES: Ace Hardware (ACES IJ; Rp800; Buy) Indonesia has opened 3 new stores in 4Q16 totaling 12 stores and expected to achieve its 5% revenue growth target in 2016. For 2017, the Company plans to open 10 new stores, while targeting a revenue growth of 7%, (+3.7% higher than the FY16 target). Management allocates Rp300bn capex for stores expansion in 2017. (Kontan)

BBRI: The government plans to increase its KUR loans disbursement target to Rp106tn in 2017 (2016: Rp100tn) while potentially lowering KUR lending rate to 7% (from 9%) although these figures are yet to be finalised pending a meeting by KUR Policy Committee. Bank Rakyat (BBRI IJ; Rp12,200; Buy) was the largest KUR lender with disbursement of Rp69tn in 2016 (73% of nationwide realised KUR loans). However, the bank indicated challenges from KUR loans given a decline in the government's KUR interest-rate subsidy budget to Rp9.02tn for 2017 (2016: Rp10.5tn), which could potentially lower the bank's NIMs. (Kontan)

Comment: A decline in the KUR interest-rate subsidy budget implies the 200bps lending rate cuts for KUR loans are likely to be mostly borne by participating banks (not the government). We view this as negative news for BBRI and other smaller banks with significant exposures to micro lending such as Danamon (BDMN IJ; Rp3,690; Hold) and BTPN (BTPN IJ; Rp2,620; Not Rated). However, we keep our Buy rating on BBRI as this news is already partly reflected in the share price while stock valuation at FY17F P/E of 10x is not demanding.

Key Indexes

Index	Closing	1 day	1 year	YTD
JCI	5,301	0.5%	16.3%	0.1%
LQ45	893	1.0%	13.0%	0.9%
DJI	19,942	0.3%	16.2%	0.9%
SET	1,564	1.3%	24.8%	1.3%
HSI	22,134	-0.1%	4.5%	0.6%
NKY	19,594	2.5%	6.6%	2.4%
FTSE	7,190	0.2%	17.1%	0.7%
FSSTI	2,921	0.8%	3.1%	1.4%
EIDO	24	0.7%	19.2%	1.5%

PTBA: Bukit Asam (PTBA IJ; Rp12,375; Buy) plans to acquire coal mining in Kalimantan with coal reserves of approximately 200m tons. PTBA is conducting due-diligence on the transaction which currently remains under negotiation. (Kontan)

Comment: PTBA's un-organic expansion will further increase its coal reserves. We view the sentiment is positive for the company, Buy.

Commodity price

Commodities (in USD)	Last price	Ret 1 day	Ret 1 year
Oil/barrel (WTI)	53.3	1.8%	44.9%
CPO/tonne	699.5	-0.7%	28.9%
Soy/bushel	10.0	2.3%	16.1%
Rubber/kg	2.3	1.5%	85.6%
Nickel/tonne	10,165	3.1%	20.1%
Tins/tonne	21,249	0.7%	47.1%
Copper/tonne	5,629	2.6%	22.1%
Gold/try.oz (Spot)	1,164	0.4%	8.0%
Coal/tonne	88.6	-2.1%	77.6%
Corn/bushel	3.4	1.2%	0.5%
Wheat/bushel*	122.5	0.0%	-22.3%

* : 1 month change

Source : Bloomberg

Markets & Sector

IPO: Wika Gedung is aiming to go public (IPO) in 2H17 with targeted proceed of Rp3tn. Company will sell 30-40% from paid in capital. Company will use finance statement 12M16 as base year and still reviewing underwriters for the project. (Investor Daily)

Toll road sector: The Government aims to operate 470km of new toll road that is 18% developed by private investor and 82% by the state owned companies. If this target is achieved, the Government will have 600km of toll road in FY17 out of the total of 1000km up to FY19. Jasa Marga (JSMR IJ; Rp4,330; Buy) will operate six new toll roads with a total length of 235km, maintaining its market share of 60% in the toll road industry. Meanwhile, Waskita Toll Road, a subsidiary of Waskita Karya (WSKT IJ; Rp2,600; Buy) will operate 3 new toll roads, namely, Pejagan Pemalang (part of Trans Java), Becakayu, and Cimanggis-Cibitung (part of JORR 2). Another SOE, Hutama Karya, will gradually operate out of the 70km toll road in Sumatera. (Investor Daily)

Head Office**PT INDO PREMIER SECURITIES**

Wisma GKBI 7/F Suite 718

Jl. Jend. Sudirman No.28

Jakarta 10210 - Indonesia

p +62.21.5793.1168

f +62.21.5793.1167

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.

DISCLAIMERS

This research is based on information obtained from sources believed to be reliable, but we do not make any representation or warranty nor accept any responsibility or liability as to its accuracy, completeness or correctness. Opinions expressed are subject to change without notice. This document is prepared for general circulation. Any recommendations contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This document is not and should not be construed as an offer or a solicitation of an offer to purchase or subscribe or sell any securities. PT. Indo Premier Securities or its affiliates may seek or will seek investment banking or other business relationships with the companies in this report.