

## DAILY UPDATE March 17, 2017

### MACROECONOMIC NEWS

**China Economy** – China's central bank raised borrowing costs. PBOC said markets expected higher borrowing costs and that open-market rate increases do not necessarily equate to interest-rate hikes. With the economy steady, inflation rising and real lending costs going down, financial institutions have strong incentives to expand credit, and housing prices have surged in some cities, it said. The cost of 7-, 14- and 28-day reverse-repurchase agreements was raised 10 bps each, following an increase in early February. 7-day reverse repos were offered at 2.45%, 14-day reverse repos at 2.6% and 28-day reverse repos at 2.75%. Cost of funds lent via MLF increased by 10 bps, with 6-month and 1-year rates raised to 3.05% and 3.2%. MLF rates were also increased in late January. Higher open-market operation interest rates are mainly decided by the market, the PBOC said. More flexible interest rates can help deleveraging, curb bubbles and prevent risks, and market participants already had relatively strong expectations for higher open-market rates based on China's economic rebound and the Fed's rate hike, it said.

**Japan Economy** – The global "reflation trade," including expectations of monetary policy divergence, has weakened the yen and lift energy prices, supporting inflation in Japan. Yet the central bank lacked any bullishness on projections for reaching 2% inflation, which it sees arriving sometime in the fiscal year that starts in April 2018. It concedes that right now, inflation expectations are still weakening. The BOJ noted that risks to its outlook include developments in the US economy and the impact of the Fed's monetary policy on global markets. An unwinding of the reflation trade would undo much of the recent progress in Japan. The BOJ said would keep its two key rates at current levels and maintain the pace of its asset purchases.

**Indonesia Economy** – Bank Indonesia left the 7-day reverse repo policy rate at 4.75%, and overnight lending facility and deposit facility rates at 5.5% and 4.0% respectively. BI noted its efforts in maintaining macroeconomic stability amidst an uncertain global environment. The Central Bank is expecting global growth recovers whilst domestic Indonesian growth remains stable driven by increasing investment, consumption and improved export performance. BI sees Rupiah as having strengthened with improved trade performance and inflation that remains under control in February.

### Equity Markets

	Closing	% Change
Dow Jones	20935	-0.1
NASDAQ	5901	0.0
MSCI excl. Jap	2381	-0.2
Nikkei	581	1.8
Hang Seng	19531	-0.3
Nikkei	3274	0.1
MSCI excl. Jap	24343	0.2
STI	3170	0.2
JCI	5518	1.6
Indo ETF (IDX)	22.48	1.1
Indo ETF (EIDO)	25.5	1.1

### Currency

	Closing	Last Trade
US\$ - IDR	13347	13342
US\$ - Yen	113.31	113.44
Euro - US\$	1.0766	1.0769
US\$ - SG\$	1.4013	1.4029

### Commodities

	Last	Price Chg	%Chg
Oil NYMEX	48.92	-0.22	-0.45
Oil Brent	51.84	-0.30	-0.58
Coal Newcastle	81.1	-0.55	-0.67
Nickel	10220	15	0.1
Tin	20150	275	1.4
Gold	1227.0	2.51	0.20
CPO Rott	667.5	8.8	1.33
CPO Malay	2977	34.0	1.16

### Indo Gov. Bond Yields

	Last	Yield Chg	%Chg
1 year	6.59	0.01	0.14
3 year	6.95	-0.00	-0.06
5 year	7.08	0.00	0.00
10 year	7.27	0.00	0.01
15 year	7.65	-0.01	-0.08
30 year	8.35	-0.02	-0.19

## CORPORATE NEWS

**BBNI** – PT Bank Negara Indonesia will pay out 2016 dividend around IDR 202 per share (35% payout ratio). On a separate note, BBNI will issue bonds up to IDR 5 trillion at the end of 1H17.

**BBRI** – PT Bank Rakyat Indonesia will distribute 2016 dividend of IDR 321.45 per share (30% payout ratio) and 2016 special dividend of IDR 107.15 per share. Cum dividend is on 23rd of March 2017. On a separate note, BBRI will issue Serial Bond II Phase II amounting IDR 5-8 trillion on 1H17, consists of 4 series: Series A will have 370 days of tenure and 7.2% of coupon, Series B will have 3 years of tenure and 8.1% of coupon, Series C will have 5 years of tenure and 8.3% of coupon, and Series D will have 10 years of tenure and 8.8% of coupon.

**BNLI** – PT Bank Permata targeted capital adequacy ratio (CAR) at 16.5% level in 2017. To sustain CAR level, the company plans to conduct IDR 1.5 trillion right issue in June 2017.

**PNBN** – PT Bank Pan Indonesia's IDR 2.4 trillion subordinated bond was 8.3% oversubscribed, with total bids received amounting to IDR 2.6 trillion. The bond has 7 years of tenure and 10.25% of coupon.

**TBLA** – PT Tunas Baru Lampung announced its FY 2016 financial results:

TBLA (IDR bn)	2015	2016	YoY	Q3 2016	Q4 2016	QoQ
Revenue	5,331	6,514	22.2%	1,592	2,010	26.2%
Gross Profit	1,172	1,625	38.6%	395	465	17.9%
Operating Profit	606	1,104	82.3%	257	345	34.6%
Pretax Earnings	263	803	205.0%	219	161	-26.3%
Net Income	197	615	212.4%	158	147	-7.0%
EPS (IDR)	36.9	115.2	212.4%	29.6	27.6	-7.0%
<i>Gross Profit Margin</i>	<i>22.0%</i>	<i>25.0%</i>	<i>3.0%</i>	<i>24.8%</i>	<i>23.2%</i>	<i>-1.6%</i>
<i>Operating Profit Margin</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>16.1%</i>	<i>17.2%</i>	<i>1.1%</i>
<i>Net Profit Margin</i>	<i>3.7%</i>	<i>9.4%</i>	<i>5.8%</i>	<i>9.9%</i>	<i>7.3%</i>	<i>-2.6%</i>

**INTP** – PT Indocement Tunggul Prakasa announced its FY 2016 financial results:

INTP (IDR bn)	2015	2016	YoY	Q3 2016	Q4 2016	QoQ
Revenue	17,798	15,362	-13.7%	3,605	4,015	11.4%
Gross Profit	7,909	6,331	-19.9%	1,492	1,605	7.6%
Operating Profit	5,029	3,618	-28.1%	835	832	-0.4%
Pretax Earnings	5,645	4,146	-26.5%	932	967	3.8%
Net Income	4,357	3,870	-11.2%	711	731	2.8%
EPS (IDR)	1,183.5	1,051.4	-11.2%	193.0	198.5	2.8%
<i>Gross Profit Margin</i>	<i>44.4%</i>	<i>41.2%</i>	<i>-3.2%</i>	<i>41.4%</i>	<i>40.0%</i>	<i>-1.4%</i>
<i>Operating Profit Margin</i>	<i>28.3%</i>	<i>23.5%</i>	<i>-4.7%</i>	<i>23.2%</i>	<i>20.7%</i>	<i>-2.4%</i>
<i>Net Profit Margin</i>	<i>24.5%</i>	<i>25.2%</i>	<i>0.7%</i>	<i>19.7%</i>	<i>18.2%</i>	<i>-1.5%</i>

**ADHI** – A subsidiary of PT Adhi Karya, PT Adhi Persada Properti (APP) is optimistic that the utilization of its mobile application, APP Smart Properti Tools could potentially increase its revenue by 35% through property sales. The company claims to be the first one in Indonesia to use mobile application to market property products.

**PTPP** – PT PP will distribute 2016 dividend of IDR 49.52 per share (30% payout ratio). Cum dividend is on 23<sup>rd</sup> of March 2017. Moreover, the company still waits for OJK's approval regarding the issuance of perpetual bond with nominal IDR 1-2 trillion and 9.5% of coupon. The fund raised from this bond will be used for investment activities, such as the acquisition of 3 companies through its subsidiaries, PT PP Peralatan. The acquisition plans to be complete by April 2017.

## CORPORATE NEWS – cont'd

**PPRO** – PT PP Properti targets to book sales and net profit of IDR 760 billion and IDR 60 billion respectively, through its projects that are located in Central Java this year. PPRO plans to allocate IDR 500 billion in capex, in which IDR 60 billion of the proceeds will be used for land acquisition and construction.

**PORT** – PT Nusantara Pelabuhan Handal targeted an increase in revenue and net income of 10% YoY in 2017. This year, the company will expand its market by developing several ports outside Java, especially in East Indonesia. For the expansion, PORT allocates IDR 154 billion capex in which 35% will be derived from IPO proceeds.

**DEWA** – PT Darma Henwa aims to strengthen its coal business through the acquisition of Pendopo Coal Limited and its subsidiary, PT Pendopo Energi Batu Bara. DEWA currently has 15% of Pendopo Coal Limited's total shares.

**KAEF** – PT Kimia Farma targets sales to reach two-digit growth this year, given the previous year's results. The local pharmacy industry sees positive growth this year, targeted to reach 8% growth. KAEF aims to optimize its apothecaries, while finishing the development of its new factory to increase existing production capacity up to 4 times. KAEF also plans to boost its exports, focusing on its high-demand products.

**WINS** – PT Wintermar Offshore Marine announced its FY16 result:

WINS (USD mn)	2015	2016	YoY	Q3 2016	Q4 2016	QoQ
Revenue	100	89	-10.8%	21	19	-10.3%
Gross profit	13	14	6.3%	3	0	-95.4%
Operating Profit	-2	-14		-12	-6	
Pretax Earnings	-10	-22		-15	-7	
Net Income	-6	-16		-7	-9	
EPS (USD)	-0.0014	-0.0040		-0.0017	-0.0021	
<i>Operating Profit Margin</i>						
<i>Pre-tax Margin</i>						
<i>Net Profit Margin</i>						

**ISAT** – PT Indosat allocates IDR 6 trillion for capex, where 80% will be used for the construction of cellular network infrastructure (3G, 4G, and 4.5G) and 20% will be used for the information technology development. The company targets 6%-7% of revenue increase on 2017.

**PRDA** – PT Prodia Widyahusada announced its FY 2016 financial results:

PRDA (IDR bn)	2015	2016	YoY
Revenue	1,198	1,359	13.4%
Gross Profit	687	793	15.6%
Operating Profit	80	117	46.5%
Pretax Earnings	77	120	56.1%
Net Income	59	88	49.3%
EPS (IDR)	78.0	116.0	49.3%
<i>Gross Profit Margin</i>	<i>57.3%</i>	<i>58.4%</i>	<i>1.1%</i>
<i>Operating Profit Margin</i>	<i>6.7%</i>	<i>8.6%</i>	<i>1.9%</i>
<i>Net Profit Margin</i>	<i>4.9%</i>	<i>6.5%</i>	<i>1.6%</i>

## CORPORATE NEWS – cont'd

**AGII** – PT Aneka Gas Industri reported 2016 financial results:

<b>AGII (IDR bn)</b>	<b>2015</b>	<b>2016</b>	<b>YoY</b>
Revenue	1,426	1,651	15.8%
Gross Profit	620	764	23.1%
Operating Profit	238	341	43.2%
Pretax Earnings	70	88	25.0%
Net Income	42	55	29.9%
EPS (IDR)	14.0	18.0	29.9%
<i>Gross Profit Margin</i>	<i>43.5%</i>	<i>46.2%</i>	<i>2.8%</i>
<i>Operating Profit Margin</i>	<i>16.7%</i>	<i>20.7%</i>	<i>4.0%</i>
<i>Net Profit Margin</i>	<i>3.0%</i>	<i>3.3%</i>	<i>0.4%</i>

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