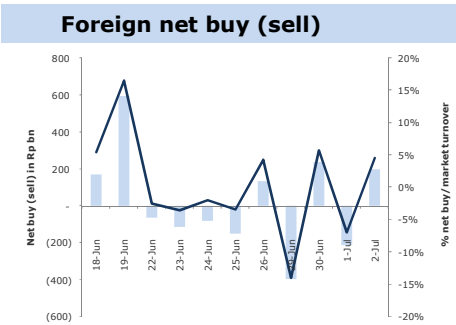
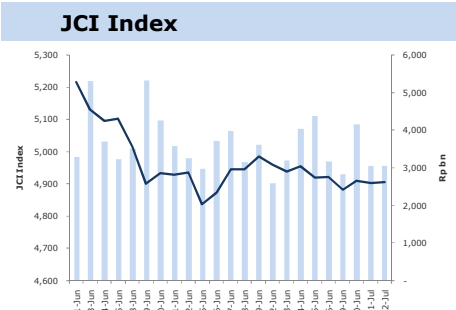


PremierInsight

News & Analysis

Corporates



Index	Closing	1 day	1 year	YTD
JCI	4,945	0.8%	1.1%	-5.4%
LQ45	849	1.4%	2.8%	-5.5%
DJI	17,730	-0.2%	3.9%	-0.5%
SET	1,492	-0.9%	-0.1%	-0.4%
HSI	26,282	0.1%	11.7%	11.3%
NKY	20,523	1.0%	33.7%	17.2%
FTSE	6,630	0.3%	-3.4%	1.0%
FSSTI	3,328	-0.1%	1.7%	-1.1%

Commodities	Last price	Ret 1 day	Ret 1 year
<i>(in USD)</i>			
Oil/barrel (WTI)	56.9	-0.1%	-45.5%
CPO/tonne	602.3	0.0%	-6.6%
Soy/bushel	10.4	-0.2%	-24.6%
Rubber/kg	1.8	0.0%	-13.0%
Nickel/tonne	12,157	1.5%	-37.8%
Tins/tonne	14,404	-1.0%	-37.4%
Copper/tonne	5,778	0.2%	-19.1%
Gold/try.oz (Spot)	1,166	-0.2%	-11.6%
Coal/tonne*	61.8	-1.0%	-25.4%
Corn/bushel	4.1	2.0%	1.9%
Wheat/bushel**	215.1	-3.7%	-35.7%

* : 1 week change
 **: 1 month change

Source : Bloomberg

ADHI: Adhi Karya (ADHI IJ; Rp2,195; Buy) is interested to have 60% stake in the Light Rail Transit (LRT) project. The company stated that there are other three SOEs jointly working to develop LRT: Jakarta Propertindo, Jasa Marga (JSMR IJ; Rp5,850; Buy) and Wijaya Karya (WIKA IJ; Rp2,895; Buy). The company plans to add Rp8.7tn loan (70% of total investment) to support this project, subject to the completion of feasibility study. (Bisnis Indonesia)

INDF: China Minzhong Holdings Ltd (CMHL), an investment vehicle linked to Lin Guo Rong, CEO of China Minzhong Food Corp (CMFC) has not yet entered into a definitive agreement with Indofood Sukses Makmur (INDF IJ; Rp6,500; Buy) to acquire 347mn shares or 52.94% of CMFC's total number of shares at S\$1.2/shr. In a statement, CMFC said that shareholders should note that there is no assurance that any definitive agreement between the two will be reached, or that the offer will materialize. (The Business Times)

SMSM: Selamat Sempurna (SMSM IJ; Rp4,680; Hold) has acquire a Malaysian company, Bradke Synergies, Sdn Bhd with a total transaction value of Rp220bn. After the transaction, this filtration company will be fully owned by Selamat Sempurna, creating a vertical integration. Last year, the company booked net profit of MYR12.1mn or equivalent to Rp42.7bn. (Investor Daily)

Comment: The acquisition should be EPS enhancing for Selamat Sempurna. The deal is closed at a PER of 5.2x compared to current PER of SMSM of 15.7x in FY15. We still need to confirm more details about the transaction since it is categorized as immaterial, providing limited information. At glance the acquisition looks good.

TBIG: Tower Bersama (TBIG IJ; Rp8,925; Buy) has stated that the company aims to add 2000 tower organically with a total capex of Rp2.0-2.5tn for FY15. This business plans remains unaltered despite TBIG is still trying to close the deal with Mitratel. (Bisnis Indonesia)

Comment: The company is trying to reassure its investors that organic growth will continue despite the acquisition deal with Mitratel. Nevertheless we think that a unclear horizon might have some negative impact on future business plans especially with the potential of creating redundancy in the future.

WIKA: Wijaya Karya (WIKA IJ; Rp2,895; Buy) aims to secure new contracts from projects including Independent Power Producer (IPP) and toll road to achieve its FY15 new contracts target of Rp31tn (+76% yoy). The company estimates to secure these additional contracts in August 2015. By end of June 2015, the company has secured 6M15 new contracts of Rp6.4tn with potential additional Rp5tn new contracts. (Bisnis Indonesia)

Markets & Sectors

Infrastructure sector: Jasa Marga (JSMR IJ; Rp5,850; Buy) and Waskita Karya (WSKT IJ; Rp1,650; Buy) had completed the acquisition of cinere-serpong toll road from Thies Contractors Indonesia, as announced on Wednesday in Indonesia Stock Exchange (IDX). The toll road, which was acquired with transaction worth Rp180bn, might absorb Rp2.2tn total investment, based on the statement of Jasa Marga previously. This is the second toll road acquired from Thiess by JSMR and WSKT, following Surakarta-kertosono toll road in April 2015. (Jakarta Post)

Economic Update

Current account deficit: BI has revised down its forecasts for Indonesia's CA deficit (CAD) to US\$21bn or 2.5% of GDP, from previously between 2.5-3.0% of GDP, which would be an improvement from a CAD of US\$25.4bn (2.9% of GDP) in 2014. The revision is on the back of slowing economic growth in the country, which has led the steep fall in imports (-18% yoy in 5M15), which was steeper than the expected 14% decline in exports this year. Meanwhile, BI forecast Indonesia's GDP growth at 5.0% to 5.4% for 2015. (Kontan)

Comment: BI's lower CAD forecast is not a surprise to us, bringing it closer to our own forecast of 2.3% of GDP for 2015 (which is unchanged since the start of 2015, when BI was still expecting CAD of 3.0% of GDP)

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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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