

MORNING HIGHLIGHT

FROM EQUITY RESEARCH

AUTO: A winding road (Neutral)

After posted an uptrend in August and September 2015, the domestic wholesales car sales reported a 5.1% mom decline to 88,325 units in October 2015 (September 2015: 93,038 units). The recent Jakarta Auto Show at end of October 2015 and continuation on further discount for motorcar helped to cushion the further decline in monthly car sales. Given the prevailing economic headwind and the impact of weak IDR, domestic car sales volume still declined by 17.8% yoy to 853,008 units in 10M15. The number was within our expectation as it has already accounted for about 85% of our full year forecast. While launching of new popular models may sustain the domestic car sales in the upcoming months, we still maintain our Neutral view on the automotive sector. Car sales is expected to decline to 1mn units for 2015 (-21% yoy) owing to challenging domestic economic outlook.

FROM DANAREKSA RESEARCH INSTITUTE

BSI: Still down but early signs of improvement

Although business sentiment weakened further in the August- September period, a closer look at our survey results appear to provide an early indication that the worst is now behind us as economic headwinds wane.

Previous Reports:

- Banking: KUR:Quo Vadis? -[Snapshot20151116](#)
- Cement: Signs of continued improvement in domestic cement demand-[Snapshot20151113](#)
- ITMG: 3Q15-better quarter on lower total cash cost, SILO: Licensing Dilemma-[Snapshot20151111](#)
- Infrastructure: Indonesia Infrastructure Week - A Brighter yet Challenging Period Ahead, Bank: 9M15 wrap-up: short term tailwinds ahead, INCO: Benefitting from low energy costs-[Snapshot20151106](#)

MARKET NEWS

*Analysts' comment inside

- ADHI obtained new contract of Rp10.6tn (Company)*
- ANTM and Newcrest seek new gold mines, ANTM targeting 5 tons sales (ID/BI)
- WIKA seek US\$ 100mn from Saudi Arabia (BI)
- Illegal imports may threaten the industry (ID)
- Piling contractor Indopora seeks up to Rp 560bn from IPO (BI)

IDX ANNOUNCEMENT

Buyback schedule

Code	Buyback period	Max buyback (Rp bn)	Max price/share (Rp)
MPMX	24-Aug 23-Nov	50	1,000
RALS	25-Aug 24-Nov	400	--
ARNA	25-Aug 25-Nov	18	--

Source: KSEI

Key Index

	Close	Chg (%)	Ytd (%)	Vol (US\$ m)
Asean - 5				
Indonesia	4,442	(0.7)	(15.0)	202
Thailand	1,389	0.4	(7.3)	1,001
Philippines	6,773	(1.8)	(6.3)	96
Malaysia	1,656	(0.2)	(6.0)	486
Singapore	2,916	(0.3)	(13.4)	648
Regional				
China	3,607	0.7	11.5	105,279
Hong Kong	22,011	(1.7)	(6.8)	9,999
Japan	19,394	(1.0)	11.1	9,567
Korea	1,943	(1.5)	1.4	3,650
Taiwan	8,295	(0.4)	(10.9)	2,455
India	25,760	0.6	(6.3)	405
NASDAQ	4,985	1.2	5.2	77,499
Dow Jones	17,483	1.4	(1.9)	9,250

Currency and Interest Rate

	Rate	w-w (%)	m-m (%)	ytd (%)
Rupiah Rp/1US\$	13,749	(0.8)	(1.5)	(11.0)
SBI rate %	6.75	0.1	0.1	(0.5)
10y Gov Indo bond	8.65	(0.0)	(0.0)	0.9

Hard Commodities

	Unit	Price	d-d (%)	m-m (%)	ytd (%)
Coal	US\$/ton	53	0.3	(1.0)	(15.7)
Gold	US\$/toz	1,083	0.1	(8.0)	(8.6)
Nickel	US\$/mt.ton	9,272	(1.3)	(12.2)	(38.5)
Tin	US\$/mt.ton	14,720	(0.3)	(7.8)	(24.3)

Soft Commodities

	Unit	Price	d-d (%)	m-m (%)	ytd (%)
Cocoa	US\$/mt.ton	3,416	1.3	7.4	15.0
Corn	US\$/mt.ton	136	0.7	(3.4)	(4.8)
Crude Oil	US\$/barrel	45	0.2	(11.7)	(22.3)
Palm oil	MYR/mt.ton	2,140	(0.5)	(2.5)	(6.9)
Rubber	US\$/kg	117	(2.2)	(7.9)	(22.9)
Pulp	US\$/tonne	822	n/a	(1.0)	(11.8)
Coffee	US\$/60kgbag	96	0.1	3.9	39.1
Sugar	US\$/MT	405	0.4	4.1	3.6
Wheat	US\$/ton	135	(0.5)	(0.9)	(20.0)

Source: Bloomberg

PT Danareksa Sekuritas

Jl. Medan Merdeka Selatan No. 14
Jakarta 10110
Indonesia
Tel (62 21) 29 555 888
Fax (62 21) 350 1709

Equity Research Team

A. Indrajatri Suwono, CFA

adriana.suwono@danareksa.com
(62-21) 2955 5616
Strategy

Anindya Saraswati

anindyas@danareksa.com
(62-21) 2955 5820
Property, Retail

Armando Marulitua

armandom@danareksa.com
(62-21) 2955 5817
Pharmaceutical

Stefanus Darmagiri

stefanus.darmagiri@danareksa.com
(62-21) 2955 5831
Coal, Heavy Equipment, Metal Mining

Puti Adani

putia@danareksa.com
(62-21) 2955 5824
Research Associate

Antonia Febe Hartono

antonia.hartono@danareksa.com
(62-21) 29555 888 ext.3504
Research Associate

Sales team

Ermawati A. Erman

ermawatiae@danareksa.com
(62 21) 29555 888 ext. 3151

Novrita E. Putrianti

novrita@danareksa.com
(62 21) 29555 888 ext. 3128

Ehrlich Suhartono

ehrliech@danareksa.com
(62 21) 29555 888 ext. 3132

Yunita L. Nababan

yunita@danareksa.com
(62 21) 29555 888 ext. 3145

Martin Joshua

martinjs@danareksa.com
(62 21) 29555 888 ext. 3126

Laksmi Armandani

laksmitaa@danareksa.com
(62 21) 29555 888 ext. 3125

Muhammad Hardiansyah

mhardiansyah@danareksa.com
(62 21) 29555 888 ext. 3109

Tuty Sutopo

tuty@danareksa.com
(62 21) 29555 888 ext. 3121

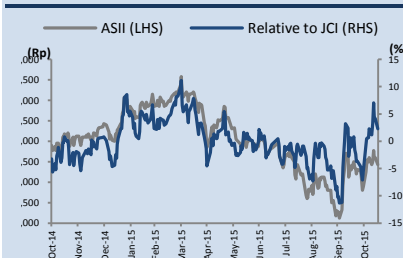
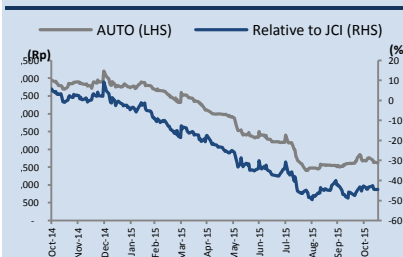
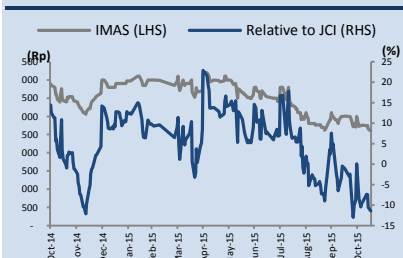
Upik Yuzarni

upik_y@danareksa.com
(62 21) 29555 888 ext. 3137

Kevin Giarto

kevin.giarto@danareksa.com
(62 21) 29555 888 ext. 3139

Tuesday, November 17, 2015

NEUTRAL**ASII relative to JCI Index****AUTO relative to JCI Index****IMAS relative to JCI Index**

Automotive Sector

A winding road

After posted an uptrend in August and September 2015, the domestic wholesales car sales reported a 5.1% mom decline to 88,325 units in October 2015 (September 2015: 93,038 units). The recent Jakarta Auto Show at end of October 2015 and continuation on further discount for motorcar helped to cushion the further decline in monthly car sales. Given the prevailing economic headwind and the impact of weak IDR, domestic car sales volume still declined by 17.8% yoy to 853,008 units in 10M15. The number was within our expectation as it has already accounted for about 85% of our full year forecast. While launching of new popular models may sustain the domestic car sales in the upcoming months, we still maintain our Neutral view on the automotive sector. Car sales is expected to decline to 1mn units for 2015 (-21% yoy) owing to challenging domestic economic outlook.

October 2015: a decline in car sales volume posted strong two months car sales

In the event of two major annual motor shows several popular new models were launched and this has helped domestic car sales to increase in the month of August and September 2015. However, as the spill-over effect vanished, the monthly domestic car sales reported 5.1% mom declines to 88,325 units in October 2015. While several car brands are still giving discounts, the prevailing economic condition and weakening of IDR vs. USD, reflected in domestic car sales to plunge by 17.8% yoy to 853,008 units in 10M15. The number was within our expectations as it is about 85% of our full year forecast of 1mn units.

Better market share for Honda and Daihatsu

All car brands reported lower cumulative sales volume. However, Honda and Daihatsu managed to increase their market share to 15.5% (10M14: 13.7%) and to 16.5% in 10M15 (10M14: 15.2%) respectively as the decline in both brands were not as severe as the industry (Honda: -6.5% yoy and Daihatsu: -10.6% yoy) than the industry (-17.8% yoy). The strong sales of Honda Mobilio and launching of new Honda HR-V was the main reason behind improvement in Honda's market share by 1.8ppt. Despite launching the facelift models on its popular models in Low-MPV segment, Toyota Avanza, recently, the Toyota's market share continued to decline to 31.8% in 10M15 vs. 33.1% in 10M14. This is we believe due to tough competition in the Low-SUV segment, following the launching of Honda HR-V. While declining, Toyota still holds the largest domestic market share. With Daihatsu managed to improve its market share, Astra International's (ASII) market share only slightly declined by 0.5 ppt to 50.2% in 10M15.

Expect a slight recovery in domestic car sales in 2016

Despite sluggish domestic car sales in 2015 we expect a recovery in the domestic car sales by 5.1% mom to 1.05mn units in 2016. This will be attributable to a) the full year impact from the launching of new popular model in 2H15, such as duo Toyota Avanza and Daihatsu Xenia, Honda BR-V and the second generation of Toyota Kijang Innova, b) the indirect impact from the launching of several economic policies to boost economic growth, which lead to our expectation on higher GDP growth of 5.3% yoy in 2016 (2015: 4.9% yoy), and c) the improvement in developing the infrastructure projects which will have positive impact on land transportation.

All New Kijang Innova – will it sustain Toyota's market share?

Toyota will launch the second generation of its popular MPV car this month, Toyota Kijang Innova after the first generation that had been on the road for about 11 years. While Toyota Astra Motor (TAM) has yet to announce the price, the major changes of Toyota Kijang Innova is expected to be sold in the range of Rp282 – 424mn, an increase by Rp5 – 32mn from the previous generation for G and V grade. While Toyota omitted the lowest J and E grade, it is introducing the highest Q grade. Although the mid-MPV segment only accounted for about 6.8% as of 2014, we expect the launching of Toyota Kijang Innova may sustain Toyota's market share as it contributed of about to 14.1% to Toyota's domestic total car sales in 2014 and Toyota Kijang Innova is considered as the market leader in the mid-MPV segment with market share of 68.4%.

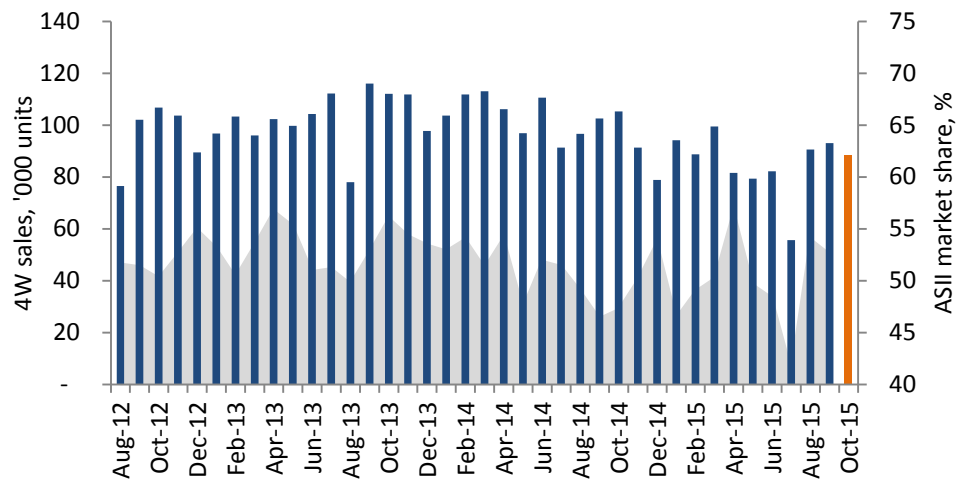
Stefanus Darmagiri

(62-21) 2955 5831

stefanus.darmagiri@danareksa.com

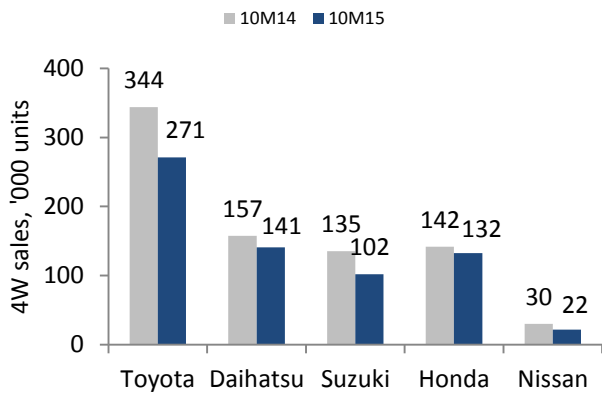
Danareksa research reports are also available at Reuters Multex and First Call Direct and Bloomberg.

Exhibit 1. A decline in the monthly car sales volume in October 2015



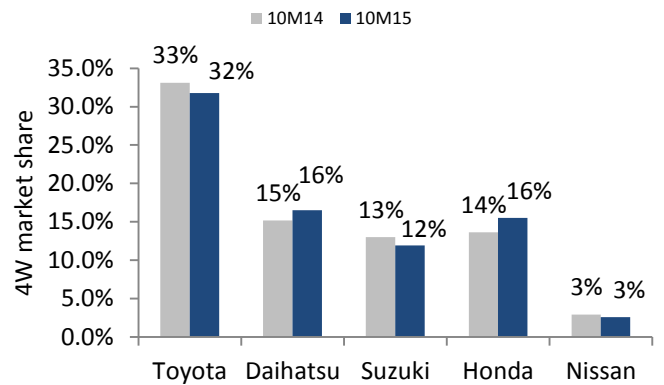
Source: Gaikindo, Astra International

Exhibit 2. Car sales volume by brand



Source: Gaikindo, Astra International

Exhibit 3. Market share by brand



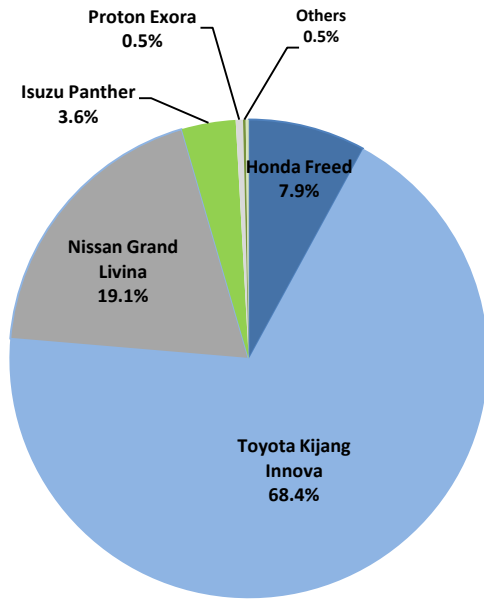
Source: Gaikindo, Astra International

Exhibit 4. The second generation of Toyota Kijang Innova



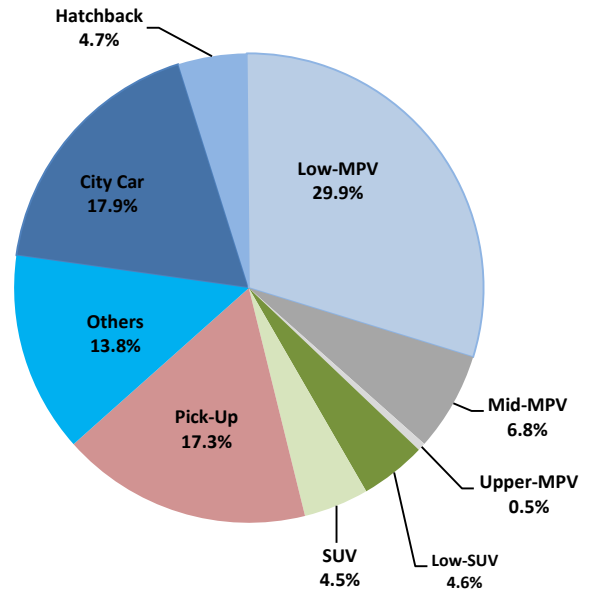
Source: Toyota Astra Motor

Exhibit 5. Kijang Innova: market leader in mid-MPV (2014)



Source: Gaikindo

Exhibit 6. Low MPV market was still the largest share (2014)



Source: Gaikindo

November 2015

BUSINESS SENTIMENT

Still down but early signs of improvement

- **Although business sentiment weakened further in the August- September period, a closer look at our survey results appear to provide an early indication that the worst is now behind us as economic headwinds wane.**
- **Several positives emerged from our latest survey. These include improving CEO sentiment toward the rupiah, expectations of easing inflationary pressures, as well as steadying business conditions and, at the micro level, greater room for companies to raise product prices.**
- **Nonetheless, CEOs still take a dim view on current economic conditions. Indeed, overall, more than two thirds of the CEOs interviewed gave negative assessments toward the state of the national economy.**
- **Overall, the Business Sentiment Index (BSI) declined for the fourth survey in succession to 110.8 from a high of 151.6 at the end of last year. The two main components which make up the BSI both declined: the Present Situations Index (or PSI) dropped 7.8 percent to 93.5 while the Expectations Index (or EI) dipped 3.8 percent to 128.2.**
- **On a more encouraging note, Business confidence toward the government picked up after President Joko Widodo's administration set about unveiling a string of economic policy packages. In our survey, the Business Confidence toward the Government Index (BCGI) climbed 5.0 percent to 124.0.**

MARTIN JENKINS

Economist

(62-21) 29555777/ 88 ext 3609

martin@danareksa.com

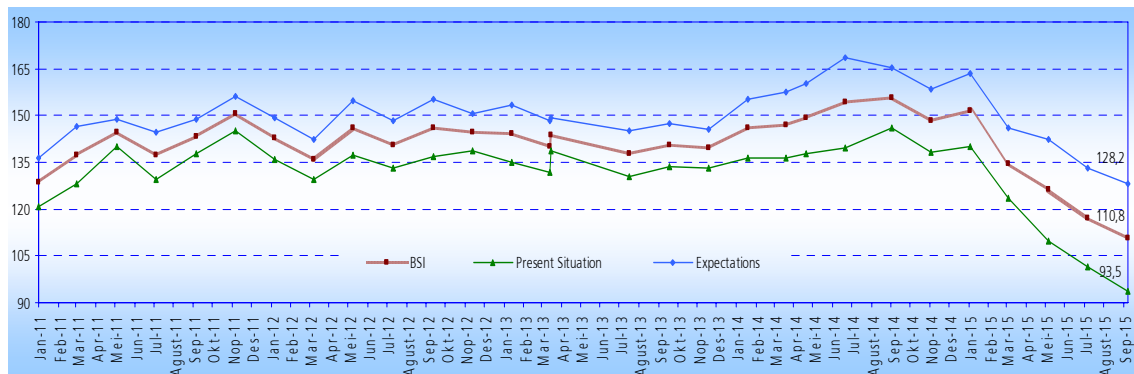
DAMHURI NASUTION

Head of Economic Research

(62-21) 29555777/ 88 ext 3600

damhuri@danareksa.com

Business sentiment fell further in the latest survey



Source: Danareksa Research Institute

Table 1. Appraisal of Present Situations

	May-15	Jul-15	Sep-15	%Change
Business Sentiment Index	126.1	117.3	110.8	(5.5)
Present Situation	109.9	101.3	93.5	(7.8)
Expectations	142.2	133.2	128.2	(3.8)

Source: Danareksa Research Institute

THE AUGUST - SEPTEMBER 2015 RESULTS:

Business sentiment weakened further in the August-September period. Nonetheless, a closer look at our survey results appear to provide an early indication that the worst is now behind us as economic headwinds wane. In particular, our survey reveals improving CEO sentiment toward the rupiah, expectations of easing inflationary pressures, as well as steadying business conditions and, at the micro level, greater room for companies to raise product prices.

Also on an encouraging note, CEO sentiment toward the government picked up after President Joko Widodo’s administration set about unveiling a string of economic policy packages, which were subsequently well received by the business community at large.

Despite these positive findings, however, sentiment toward the overall economy continued to flounder. As a result, the Business Sentiment Index (BSI) was dragged down for the fourth survey in succession to 110.8 from a high of 151.6 at the end of last year. The two main components which make up the BSI both declined: the Present Situations Index (or PSI) dropped 7.8 percent to 93.5 while the Expectations Index (or EI) dipped 3.8 percent to 128.2.

In particular, CEOs take a dim view of current economic conditions. Indeed, overall, more than two thirds of the CEOs interviewed gave negative assessments toward the state of the national economy, or far more than around half in the previous survey. Not only has growth continued to stall but other developments on the economic front – most notably the heightened rupiah volatility and further weakening in commodity prices - have also weighed on sentiment, raising doubts over the health of the Indonesian economy. Mounting fears over China have added to the gloom, given its importance as a global economic powerhouse and important trading partner for Indonesia. As already mentioned, however, several economic policy packages have now been unveiled by the Indonesian government, and they appear to have been well received, including by CEOs in Indonesia who, in our latest survey, expressed much greater confidence in the government’s ability to carry out its duties (this index climbed 5.0% to 124.0).

CEO ASSESSMENTS OF CURRENT BUSINESS CONDITIONS

According to the CEOs polled, economic conditions in the country are very weak. In our survey, 70.9 percent of the CEOs interviewed gave negative assessments – an unprecedented figure and far worse than at the beginning of the year when only around a quarter of CEOs claimed that the economy was in poor shape. Yet despite the downbeat views of CEOs on the current state of the economy, our survey also shows a slight improvement in overall business conditions during the reporting period (this index climbed 1.1 percent to 124.4).

At the corporate level, however, CEOs claimed that performance continued to weaken. Most notably, the sales index fell a further 8.1 percent to 76.2. Cost pressures also remained relatively high. As a result, profits growth eased further – this index fell another 9.7 percent to 75.6. Yet despite the challenges faced by Indonesian companies, they were, according to our survey, actually better placed to raise the selling prices of their products (this index rose 4.8 percent to 118.2). This is an encouraging finding and given that business conditions are also seen to be improving, better corporate performance can be expected in the months ahead as higher selling prices should naturally help give a timely boost to corporate profitability.

Table 2. Appraisal of Present Situations

	May-15	Jul-15	Sep-15	%Change
Economic Conditions	67.0	54.9	35.3	(35.8)
Business Conditions	132.5	123.1	124.4	1.1
Company's Conditions	130.3	125.9	120.7	(4.1)

Source: Danareksa Research Institute

Table 3. Current Company Financial and Utilization Performance

All Sectors	May-15	Jul-15	Sep-15	%Change
Capital Expenditure	110.7	94.3	100.8	6.9
Sales	88.2	82.9	76.2	(8.1)
Profits	87.1	83.8	75.6	(9.7)
Liquidity	93.1	90.0	86.6	(3.9)
Capacity/Equipment Utilization	101.1	100.3	97.2	(3.1)
Employment	106.9	101.1	95.5	(5.6)
Cost of Goods Sold	106.5	103.4	107.8	4.3
Operating cost	147.0	145.6	149.3	2.6
Interest expenses/cost	101.3	101.2	101.2	(0.0)
Foreign Exchange Loss	127.6	124.2	127.7	2.8
Average Price of Product/Service	119.8	112.8	118.2	4.8

Source: Danareksa Research Institute

CEO APPRAISALS OF NEAR-TERM BUSINESS CONDITIONS

Although economic uncertainties remain high, the rupiah's rapid recovery comes as a huge relief after the local currency unit had tumbled to a low of 14,733/US dollar on 1 October 2015. Nonetheless, sentiment toward the economic outlook still continued to worsen - this index slipped another 5.7 percent to 100.0.

With the economic outlook worsening, sentiment toward near-term business conditions also weakened, although not to a significant degree. Indeed, of the CEOs polled, a majority 57.4 percent of them still expect business conditions to be "good" over the next six months – little changed from the reading in the previous survey.

Against this backdrop, CEOs were increasingly concerned over the prospects for their companies over the next six months. In particular sales growth is expected to slow further (this index declined 7.1 percent to 130.8).

In regard to costs, COGS are expected to remain stable while operating costs are expected to ease slightly (this index dipped 3.1 percent to 137.0). At the same time, CEOs also expect interest expenses to decline. Only forex losses are expected to grow, a reflection of the wild gyrations in the value of the rupiah on the forex market. Also on an encouraging note, CEOs foresee room to jack up the selling prices of their products in the six months going forward. This index rose 2.3 percent to 138.1.

Table 4. Expectations for the Six Months Ahead

	May-15	Jul-15	Sep-15	% Change
Economic Prospects	112.9	106.0	100.0	(5.7)
Business Prospects	158.6	146.4	143.7	(1.8)
Company's Prospects	155.2	147.3	140.9	(4.3)

Source: Danareksa Research Institute

Table 5. Prospects for Company Financial and Utilization Performance

All Sectors	May-15	Jul-15	Sep-15	% Change
Capital Expenditure	129.2	127.6	128.6	0.7
Sales	147.9	140.7	130.8	(7.1)
Profits	141.0	137.3	128.9	(6.2)
Liquidity	135.2	133.9	127.2	(5.0)
Capacity/Equipment Utilization	104.9	104.3	103.6	(0.6)
Employment	118.9	114.5	111.5	(2.7)
Cost of Goods Sold	106.2	103.7	103.6	(0.1)
Operating cost	141.6	141.3	137.0	(3.1)
Interest expenses/cost	115.1	116.2	112.0	(3.6)
Foreign Exchange Loss	112.0	104.6	111.8	6.9
Average Price of Product/Service	138.1	135.0	138.1	2.3

Source: Danareksa Research Institute

Table 6. Expectation Index on Key Economic Indicators

Indicators	May-15	Jul-15	Sep-15	% Change
General Prices Expectation	129.8	134.8	128.9	(4.4)
Loan Rate Expectation	122.0	120.2	117.9	(1.9)
Exchange Rate Expectation	85.5	73.2	84.6	15.5
Stock Price Expectation	109.6	105.7	101.7	(3.8)

Source: Danareksa Research Institute

EXPECTATIONS ON KEY ECONOMIC INDICATORS

As already mentioned in this report, CEOs were more upbeat on several important economic indicators in our latest survey. Perhaps most significantly, CEOs foresee better prospects for the rupiah after a worrying period in which the local currency unit sank to a low of 14,733/US dollar on 1 October 2015 before staging a remarkable recovery as economic headwinds waned and government policy initiatives reassured the markets. In our latest survey the index measuring sentiment toward the rupiah jumped 15.5 percent to 84.6.

Also encouragingly, CEOs anticipate easing inflationary pressures in the months ahead – this index dipped 4.4 percent to 128.9. This is inline with the latest inflation data released by the Central Bureau of Statistics which shows that Indonesia even experienced deflation in the months of September and October 2015. For November 2015, yearly inflation will fall further, reflecting the higher base effect in November 2014 when the government made upward adjustments to fuel prices.

With inflation under control, CEOs are again more hopeful that lending rates can be lowered over the next six months - this index dropped 1.9 percent to 117.9 – its third consecutive decline. Although benign inflationary pressures and a stronger rupiah may make rate cuts more likely, uncertainty is still high given there is still no clear indication as to when the Fed will finally move to tighten US monetary policy – a future development which could have far reaching consequences across the globe and especially in emerging markets, including Indonesia. As for the outlook for Indonesian stocks, CEOs were again less upbeat (the index measuring sentiment toward stock prices dropped another 3.8 percent to 101.7 - its fourth straight decline), as stiff economic challenges have weighed on earnings growth for companies operating in many sectors of the economy.

Table 7. Business Confidence in the Government Index

Indicators	May-15	Jul-15	Sep-15	% Change
Expand the Market Size	121.8	118.8	123.5	3.9
Create a Safe Environment	143.2	141.0	152.9	8.5
Stabilize prices	91.9	93.7	98.3	4.9
Provide Public Utilities	141.2	151.0	155.5	2.9
Enforce Law of Contracts	100.5	85.8	89.6	4.5
BCGI	119.7	118.1	123.9	5.0

Source: Danareksa Research Institute

SENTIMENT TOWARD THE GOVERNMENT

Business confidence toward the government picked up after President Joko Widodo’s administration set about unveiling a string of economic policy packages. In our survey, the Business Confidence in the Government Index (BCGI) climbed 5.0 percent to 124.0.

In particular, CEOs are more confident in the government’s ability to expand the domestic marketplace (this index rebounded 3.9 percent to a level of 123.5). The government’s reform packages cover a range of issues with a focus on supporting the public sector and boosting domestic demand.

At the same time, CEOs were again more confident in the government’s ability to stabilize prices: this index added 4.9 percent to 98.3. Meanwhile, optimism toward the ability of the government to improve public infrastructure also improved – the relevant index rose another 2.9 percent to 155.5 as implementation of the government’s infrastructure plans gathered pace.

Finally, sentiment toward the government’s ability to enforce the law of contracts rebounded 4.5 percent to 89.6 while the component measuring sentiment toward the government’s ability to create a safe and orderly environment climbed 8.5 percent to 152.9.

RESEARCH TEAM

Damhuri Nasution

Head of Economic Research
damhuri@danareksa.com

Asti Suwarni

Analyst
asti@danareksa.com

Darwin Sitorus

Economist / Database Officer
darwin@danareksa.com

Natalia Daisyana

Research Assistant
natalia@danareksa.com

Rika Pantjawati

Executive Secretary
rikap@danareksa.com

Kahlil Rowter

Chief Economist
kahlil.rowter@danareksa.com

Pramayanti Meitisari

Analyst
pramayanti@danareksa.com

Handri Thiono

Junior Economist
handrit@danareksa.com

Martin Jenkins

Editor
martin@danareksa.com

Danareksa Research Institute

Danareksa Building
Jl. Medan Merdeka Selatan 14
Jakarta, 10110
INDONESIA
Tel : (62-21) 29555777 / 888 (hunting)
Fax : (62 21) 3501709

All rights reserved. No part of this publication may be reproduced, stored in retrieval systems, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior written permission of Danareksa Research Institute.

DISCLAIMER

The information contained in this report has been taken from sources which we deem reliable. However, none of Danareksa Research Institute and/or its affiliated companies and/or their respective employees and/or agents makes any representation or warranty (express or implied) or accepts any responsibility or liability as to, or in relation to, the accuracy or completeness of the information and opinions contained in this report or as to any information contained in this report or any other such information or opinions remaining unchanged after the issue hereof. We have no responsibility to update this report in respect of events and circumstances occurring after the date of this report. We expressly disclaim any responsibility or liability (express or implied) of Danareksa Research Institute and/or its affiliated companies and/or their respective employees and/or agents whatsoever and howsoever arising (including, without limitation for any claims, proceedings, actions, suits, losses, expenses, damages or costs) which may be brought against or suffered by any person as a result of acting in reliance upon the whole or any part of the contents of this report and neither Danareksa Research Institute and/or its affiliated companies and/or their respective employees and/or agents accepts liability for any errors, omissions or mis-statements, negligent or otherwise, in this report and any liability in respect of this report or any inaccuracy herein or omission herefrom which might otherwise arise is hereby expressly disclaimed. Accordingly, none of Danareksa Research Institute and/or its affiliated companies and/or their respective employees and/or agents shall be liable for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any statement or omission in any information contained in this report. This report is prepared for general circulation. It does not have regard to the specific person who may receive this report.

MARKET NEWS

ADHI obtained new contract of Rp10.6tn (Company)

ADHI obtained Rp500bn new contract in October 2015, making the total new contract achievement to reach Rp10.6tn until October 2015. The total new contract in 10M15 is double the last year's new contract achievement of only Rp5.3tn. 44% of the total new contract coming from the government (state and regional budget), 23% coming from SOE, and 33% coming from private projects.

Comment: The Rp500bn new contract achievement in October was lower compare to the average new contract achievement in 2015 of Rp1.1tn. The total cumulative new contract achievement in 10M15 reached 56.7% of ADHI's full year new contract target. The potential big new contract in the coming months would be LRT project which is expected could be booked by the end of this year. (Armando)

ANTM and Newcrest seek new gold mines, ANTM targeting 5 tons sales (ID/BI)

Aneka Tambang (ANTM) signed heads of agreement (HoA) with gold mining companies from Australia, Newcrest Mining Ltd. The two companies will identify opportunities and development potential of gold mining and exploration mineral derivatives in Indonesia. This HoA will sustain for 2 years. ANTM and Newcrest will seek new mining areas in West Java, East Java, South Sumatra, Nusa Tenggara, Sulawesi Utara, Halmahera Islands, Maluku. In the first phase, the company assessment of new areas, cost is estimated to reached Rp4-6bn. Newcrest will finance exploration phase. In addition, ANTM targeting 5 tonnes of gold 's production in 2016, or twice as much as forecasted 2.5ton production throughout 2015, based on the number of potential new sources of gold.

WIKA seek US\$ 100mn from Saudi Arabia (BI)

Wijaya Karya (WIKA) targets to bagged about US \$ 50-100mn from its Saudi Arabia's branch in 2016 which mainly will be obtained by Wika Beton (WTON). WIKA also eyeing shopping centers and hotels projects in the Middle East region after the operational permit supposedly obtained in November-December 2015.

Illegal imports may threaten the industry (ID)

The trade balance posted a surplus of US \$ 1.01bn in this October, resulting on total Indonesia's trade surplus reached US \$ 8.16bn. This surplus came from the surplus in non-oil and gas balance of US \$ 13.57bn and deficit oil and gas balance of US \$ 5.41bn. Meanwhile, Indonesia and China trade deficit posted a deficit of US \$ 12.8bn mainly owed to increase in non-oil imports, up 64% yoy. Despite Indonesia posted surplus in trade balance this year, government must aware on the threat of illegal imported and counterfeit products. These products would threaten national industry.

Piling contractor Indopora seeks up to Rp 560bn from IPO (BI)

Indonesia Pondasi Raya (Indopora), a piling contractor, looking to raise up to Rp 560bn from its December 2015's IPO to aid its business expansion plan. Indopoera will offer a maximum of 303mn new shares (15.13% its enlarged capital) at Rp 1,280-1,920 per shares (PER 2016 8-12x). Offering period will run from Dec 2-3 before its scheduled to start listed in IDX in December 9th. For the IPO proceeds allocation, 40% would be to purchase equipment, 32.4% for working capital, 10% to add its subsidiary's capital while the rest would be used for land purchase.

COVERAGE PERFORMANCE

LEADERS

	Code	Price as on		Chg, %	w-w, %	m-m, %	YTD, %	Rating
		16-Nov-2015	13-Nov-2015					
Gajah Tunggal	GJTL	615	575	7.0	4.2	(0.8)	(56.8)	BUY
Kimia Farma	KAEF	975	935	4.3	1.0	14.0	(33.4)	BUY
Siloam Hospital	SILO	9,300	9,000	3.3	(6.8)	(23.6)	(32.1)	HOLD
Lippo Karawaci	LPKR	1,160	1,125	3.1	-	(7.9)	13.7	BUY
PP Properti	PPRO	188	185	1.6	21.3	22.9	1.6	BUY
Ace Hardware	ACES	745	735	1.4	10.4	3.5	(5.1)	BUY
Semen Indonesia	SMGR	10,800	10,675	1.2	5.4	3.8	(33.3)	BUY
Mitra Adi Perkasa	MAPI	3,435	3,405	0.9	(1.9)	8.4	(32.3)	BUY
Astra Agro Lestari	AALI	18,075	18,050	0.1	(6.5)	(4.6)	(25.5)	BUY
Selamat Sempurna	SMSM	4,905	4,900	0.1	(2.4)	5.5	3.3	BUY

Sources: Bloomberg

LAGGARDS

	Code	Price as on		Chg, %	w-w, %	m-m, %	YTD, %	Rating
		16-Nov-2015	13-Nov-2015					
Bukit Asam	PTBA	6,025	6,375	(5.5)	(19.7)	(6.6)	(51.8)	BUY
Nippon Indosari Corpindo	ROTI	1,165	1,220	(4.5)	(6.0)	4.5	(15.9)	BUY
Indo Tambangraya Megah	ITMG	6,950	7,250	(4.1)	(14.5)	(31.4)	(54.8)	HOLD
Blue Bird	BIRD	6,150	6,375	(3.5)	(5.4)	7.0	(34.7)	BUY
Adaro Energy	ADRO	560	580	(3.4)	(8.9)	(12.5)	(46.2)	BUY
Vale Indonesia	INCO	1,805	1,865	(3.2)	(16.4)	(19.1)	(50.2)	BUY
Hexindo Adiperkasa	HEXA	1,650	1,700	(2.9)	(5.7)	(13.2)	(52.9)	HOLD
Timah	TINS	540	555	(2.7)	(10.0)	(21.2)	(56.1)	BUY
Astra International	ASII	6,425	6,600	(2.7)	-	2.0	(13.5)	HOLD
Mitra Keluarga	MIKA	2,500	2,565	(2.5)	(4.8)	(15.0)	47.1	BUY

Sources: Bloomberg

Disclaimer

The information contained in this report has been taken from sources which we deem reliable. However, none of P.T. Danareksa Sekuritas and/or its affiliated companies and/or their respective employees and/or agents makes any representation or warranty (express or implied) or accepts any responsibility or liability as to, or in relation to, the accuracy or completeness of the information and opinions contained in this report or as to any information contained in this report or any other such information or opinions remaining unchanged after the issue thereof.

We expressly disclaim any responsibility or liability (express or implied) of P.T. Danareksa Sekuritas, its affiliated companies and their respective employees and agents whatsoever and howsoever arising (including, without limitation for any claims, proceedings, action, suits, losses, expenses, damages or costs) which may be brought against or suffered by any person as a result of acting in reliance upon the whole or any part of the contents of this report and neither P.T. Danareksa Sekuritas, its affiliated companies or their respective employees or agents accepts liability for any errors, omissions or misstatements, negligent or otherwise, in the report and any liability in respect of the report or any inaccuracy therein or omission therefrom which might otherwise arise is hereby expressly disclaimed.

The information contained in this report is not to be taken as any recommendation made by P.T. Danareksa Sekuritas or any other person to enter into any agreement with regard to any investment mentioned in this document. This report is prepared for general circulation. It does not have regard to the specific person who may receive this report. In considering any investments you should make your own independent assessment and seek your own professional financial and legal advice.