

MORNING HIGHLIGHT

FROM EQUITY RESEARCH

Cement sales November: still sluggish (UNDERWEIGHT)

After recorded sluggish performance in October 2016 (-7.9% yoy), cement sales in November 2016 has not indicated any improvement. Domestic cement sales in November only reached 5.7mn tons, down by 9.0% yoy. Besides heavier rain in the period, we believe that cement sales was starting from high base in November 2015.

ASRI: Solid marketing sales growth due to one-off transaction

(ASRI. Rp382. HOLD. TP Rp380)

ASRI recorded marketing sales of Rp3.1tn in 11M16, up 91.9% yoy, thanks to a Rp1.5tn one-off land plot transaction for 70ha of land in Pasar Kemis. If this one-off transaction is excluded, ASRI's marketing sales would only reach Rp1.6tn – i.e. flat on a yoy basis (-0.1% yoy). Considering that the 11M16 marketing sales have already surpassed our full year target of Rp2.7tn, we revise up our 2016 marketing sales target to Rp3.2tn (+19.3% yoy). We also adjust our numbers to take into account the company's guidance on revenues from CFLD which will be recognized next year. HOLD maintained with a Target Price of Rp380 (SOTP valuation based on WACC of 12.6% and Terminal Growth of 4%).

Ramayana Lestari Sentosa: In-line 11M16 gross sales

(RALS. Rp1,155. BUY. TP Rp1,350)

Ramayana Lestari Sentosa (RALS) booked Rp502 bn of gross sales in November 2016 (+0.7% yoy; +2.4% mom). This resulted in 11M16 gross sales of Rp 7.4tn (+5.8% yoy). The 11M16 number is 92% of our full year target – i.e. inline.

MARKET NEWS

*Analysts' comment inside

- Court puts end to tobacco expansion plan
- APRINDO expects retail industry growth of around 10-12% yoy this year
- Retail: Online retail growing rapidly
- SMBR eyes sales volume of 2mn tons*
- Ministry of State-Owned Enterprises targets BBTN to provide 600,000 and 750,000 housing loans in 2017 and 2018
- MYRX to divest three subsidiaries
- WTON targets new contracts in 2016 to reach Rp6.0tr
- Take-up rate for first Kingland Avenue tower to reach 70%

Previous Reports:

- **ACES: Continued inventory problems -[Snapshot20161213](#)**
- **Strategy: Peaceful rally = return confidence -[Snapshot20161205](#)**
- **MPPA: Ongoing recovery, CTRA: to delay its EGM given FSA's requirement to conduct a cash offering -[Snapshot20161202](#)**

IDX ANNOUNCEMENT

AGM EGM Announcement

Code	Action	Date	Time (WIB)
PSKT	EGM	14-Dec-16	10.00
SSMS	EGM	14-Dec-16	9.00
MAGP	EGM	14-Dec-16	--

Key Index

	Close	Chg (%)	Ytd (%)	Vol (US\$ m)
Asean - 5				
Indonesia	5,294	(0.3)	15.3	344
Thailand	1,530	0.3	18.8	1,406
Philippines	6,881	0.2	(1.0)	132
Malaysia	1,645	0.2	(2.8)	318
Singapore	2,955	0.1	2.5	772
Regional				
China	3,155	0.1	(10.9)	52,004
Hong Kong	22,447	0.1	2.4	8,344
Japan	19,251	0.5	1.1	14,658
Korea	2,042	0.3	4.1	3,174
Taiwan	9,382	0.3	12.5	2,182
India	26,698	0.7	2.2	305
NASDAQ	5,464	0.9	9.1	83,897
Dow Jones	19,911	0.6	14.3	9,310

Currency and Interest Rate

	Rate	w-w (%)	m-m (%)	ytd (%)
Rupiah Rp/1US\$	13,325	0.3	0.4	3.4
SBI rate %	5.90	-	(0.3)	(1.3)
10y Gov Indo bond	7.74	0.0	(0.2)	(1.0)

Hard Commodities

	Unit	Price	d-d (%)	m-m (%)	ytd (%)
Coal	US\$/ton	86	0.4	(21.7)	70.0
Gold	US\$/toz	1,159	0.1	(5.1)	9.2
Nickel	US\$/mt.ton	11,337	0.8	1.5	29.1
Tin	US\$/mt.ton	21,450	1.4	(0.2)	47.0

Soft Commodities

	Unit	Price	d-d (%)	m-m (%)	ytd (%)
Cocoa	US\$/mt.ton	2,261	2.5	(10.3)	(30.8)
Corn	US\$/mt.ton	131	0.3	3.7	(2.2)
Oil (WTI)	US\$/barrel	52	(1.1)	21.0	41.5
Oil (Brent)	US\$/barrel	56	0.1	24.5	49.5
Palm oil	MYR/mt.ton	3,171	(1.4)	11.4	44.1
Rubber	US\$/kg	206	8.8	20.5	74.5
Pulp	US\$/tonne	809	N/A	(0.1)	0.7
Coffee	US\$/60kgbag	144	0.2	(11.0)	30.3
Sugar	US\$/MT	499	(2.8)	(13.2)	18.2
Wheat	US\$/ton	114	0.1	(0.9)	(19.6)

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FLASH NOTE

Cement sales November: still sluggish (UNDERWEIGHT)

Industry

- After the sluggish performance in October 2016 (-7.9% yoy), cement sales did not show any improvement in November 2016. In November, domestic cement sales only reached 5.7mn tons, down by 9.0% yoy. Besides heavier rainfall in the month, we believe that growth was limited due to the high base in November 2015.
- On a cumulative basis, domestic cement sales only reached 56.5mn tons (+0.3% yoy). Multiple infrastructure projects boosted sales volume in Sulawesi (+14.7% yoy), offsetting the sluggish performance in Java (-2.1% yoy) and Kalimantan (-11.7% yoy). Including export sales volume, total cement sales reached 58.0mn tons (+1.2% yoy). We maintain our sales volume growth target for the industry of 1.5% in 2016.
- Although we expect an improvement in the overall industry sales volume in 2017 (+4-5% yoy), we believe pressure on pricing as well as increasing energy prices will result in downward pressure on the profitability of cement companies. We estimate that the aggregate EBITDA of cement companies under our coverage will fall by 6.4% in 2017. We maintain our UNDERWEIGHT call on the cement sector.

000 tons	Nov-15	Oct-16	Nov-16	yoy chg	mom chg	11M15	11M16	yoy chg
Java	3,485	3,243	3,137	-10.0%	-3.3%	31,447	30,777	-2.1%
Sumatra	1,373	1,404	1,316	-4.1%	-6.3%	11,777	12,337	4.8%
Kalimantan	447	410	357	-20.1%	-12.8%	4,360	3,849	-11.7%
Sulawesi	535	569	515	-3.7%	-9.4%	4,324	4,958	14.7%
Nusa Tenggara	328	305	295	-10.1%	-3.4%	3,173	3,231	1.8%
Maluku & Papua	140	132	117	-16.5%	-11.0%	1,261	1,351	7.1%
Total Outside Java	2,823	2,820	2,600	-7.9%	-7.8%	24,896	25,727	3.3%
Total Indonesia	6,308	6,063	5,737	-9.0%	-5.4%	56,342	56,504	0.3%
Total exports	76	196	101	31.9%	-48.6%	975	1,495	53.4%
Total domestic & export	6,384	6,259	5,838	-8.6%	-6.7%	57,317	58,000	1.2%

Source: ASI, INTP

Indocement Tunggal Prakarsa

- INTP recorded domestic sales of 1.5mn tons in November, down by 10.4% yoy. This sluggish performance was due to: (i) heavier rainfall during the period that caused landslides and floods, (ii) November 2015's high base.
- On a cumulative basis, INTP recorded domestic sales of 14.7mn tons (-4.4% yoy). This lethargic performance owed to aggressive penetration by new players in INTP's home market. This caused INTP to lose market share by 1.1% and 1.2% in West Java and Banten, respectively. Although INTP has aggressively penetrated areas outside Java (Sumatera +10.6% yoy, other areas +5.5% yoy) to offset the sluggish performance in its home market, this was not sufficient to compensate for the lacklustre sales in the western part of Java.
- In a bid to mitigate the impact of tighter competition in the domestic market, INTP has sought to boost its export sales, particularly to Bangladesh, which increased by 65.5% yoy. As such, INTP managed to stem the sharp decline in its total sales volume (the fall in 11M16 was only 3.6% yoy). The total sales in 11M16 are 88.2% of our full year target of 17.0mn tons.
- Although we expect INTP to improve its sales volume by 3% in 2017, we maintain our SELL recommendation on the company with a target price of Rp14,600 (DCF based valuation with WACC of 13.8% and Terminal Growth 4.0%). Our target price implies 19.1x 2017F P/E. We believe the higher sales volume will be offset by pressure on ASP. Coupled with increasing energy prices, we estimate INTP's EBITDA to drop by 5.3% in 2017. INTP is currently trading at 22.0x 2017F P/E.

000 tons	Sales volume						Market share			
	Nov-15	Oct-16	Nov-16	yoy chg	mom chg	11M15	11M16	yoy chg	11M15	11M16
Java	1,169	1,091	1,062	-9.1%	-2.6%	11,335	10,557	-6.9%	36.0%	34.3%
<i>West Java</i>	432	410	403	-6.7%	-1.7%	4,249	3,902	-8.2%	50.0%	49.0%
<i>Central Java</i>	246	254	243	-1.3%	-4.4%	2,448	2,442	-0.3%	36.7%	34.4%
<i>Jakarta</i>	223	190	181	-19.1%	-4.8%	2,103	1,914	-9.0%	43.0%	43.8%
<i>Banten</i>	145	125	130	-9.8%	4.3%	1,390	1,221	-12.1%	46.1%	44.9%
Sumatra	158	158	168	6.4%	6.2%	1,263	1,397	10.6%	10.7%	11.3%
Kalimantan	118	94	87	-26.0%	-7.5%	1,025	904	-11.9%	23.5%	23.5%
Other area	206	188	161	-21.8%	-14.6%	1,756	1,853	5.5%	20.1%	19.4%
Total Outside Java	482	441	416	-13.6%	-5.6%	4,044	4,153	2.7%	16.2%	16.1%
Total Indonesia	1,651	1,532	1,478	-10.4%	-3.5%	15,380	14,709	-4.4%	27.3%	26.0%
Total exports	47	42		N/A	-100.0%	176	291	65.5%		
Total domestic & export	1,698	1,574	1,478	-12.9%	-6.1%	15,555	15,000	-3.6%	27.1%	25.9%

Baturaja

- SMBR recorded total sales of 167,135 tons in November 2016, up by 8.6% yoy, supported by the acceleration of infrastructure projects in the area, i.e. the Palembang LRT and the Palembang and Indralaya toll roads.
- As such, on a cumulative basis, SMBR recorded total sales of 1.5mn tons in 11M16, up by 4.1% yoy. This is INLINE with our forecast and is 93.0% of our full year target of 1.6mn tons.
- Although SMBR managed to improve its sales volume in South Sumatera in November 2016 (+4.4% yoy), on a cumulative basis, SMBR still recorded a 3.0% yoy decline in its sales volume in the area. As such, SMBR lost 2.7% market share in South Sumatera.
- To mitigate the impact of the stiff competition in its home market, SMBR conducted aggressive promotions in Jambi and Bengkulu. As such, SMBR managed to improve its market share by 4.9% and 1.8% in Jambi and Bengkulu, respectively.

000 tons	Sales volume						Market share			
	Nov-15	Oct-16	Nov-16	yoy chg	mom chg	11M15	11M16	yoy chg	11M15	11M16
Sumatera	154	177	167	8.6%	-5.6%	1,410	1,469	4.1%	12.0%	11.9%
<i>South Sumatera</i>	108	123	113	4.4%	-8.7%	1,053	1,022	-3.0%	56.7%	53.9%
<i>Lampung</i>	41	45	42	2.9%	-6.4%	336	381	13.5%	22.3%	23.9%
<i>Jambi</i>	3	6	9	227.2%	51.4%	11	41	265.6%	1.8%	6.7%
<i>Bengkulu</i>	2	3	3	34.6%	18.2%	10	24	141.8%	1.9%	3.8%
Total Indonesia	154	177	167	8.6%	-5.6%	1,410	1,469	4.1%	2.5%	2.6%

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PROPERTY/COMPANY UPDATES

Alam Sutera

Solid marketing sales growth due to one-off transaction

ASRI recorded marketing sales of Rp3.1tn in 11M16, up 91.9% yoy, thanks to a Rp1.5tn one-off land plot transaction for 70ha of land in Pasar Kemis. If this one-off transaction is excluded, ASRI's marketing sales would only reach Rp1.6tn – i.e. flat on a yoy basis (-0.1% yoy). Considering that the 11M16 marketing sales have already surpassed our full year target of Rp2.7tn, we revise up our 2016 marketing sales target to Rp3.2tn (+19.3% yoy). We also adjust our numbers to take into account the company's guidance on revenues from CFLD which will be recognized next year. HOLD maintained with a Target Price of Rp380 (SOTP valuation based on WACC of 12.6% and Terminal Growth of 4%).

Marketing sales reach Rp3.1tn in 11M16, up 91.9% yoy, thanks to CFLD transaction

ASRI recorded marketing sales of Rp3.1tn in 11M16, up 91.9% yoy, beating our full year target of Rp2.7tn, thanks to higher-than-expected land plot selling prices in the Pasar Kemis area to China Fortune Land Development (CFLD). The higher-than-expected selling prices reflect the more strategic location of the land sold to the JV. Excluding the one-off CFLD transaction, ASRI would record marketing sales of Rp1.6tn - i.e. flat on a yoy basis (-0.1% yoy). Given the 11M16 achievement, we revise up our 2016 marketing sales target to Rp3.2tn (+19.3% yoy).

Revenues from the CFLD transaction to be recognized next year

Despite the huge marketing sales from this one-off transaction, the company estimates that revenues will be recognized next year. In accordance with the company's guidance, we also adjust our full year 2016 revenues target to Rp2.8tn (from Rp3.1tn previously) and revise up our 2017 revenues target to Rp4.0tn from Rp3.2tn previously.

2017: Still supported by the CFLD deal

In 2017, the company will deliver at least 30 ha of land in the Pasar Kemis area to CFLD. Although CFLD may ask for more land to be delivered, this depends on further negotiations, and we conservatively assume that 30ha is delivered. In terms of pricing, the company still expects to maintain an ASP of Rp2.1mn/sqm. As such, we also revise down our 2017 marketing sales target to Rp2.3tn (-1.2% yoy). Excluding this one-off transaction, we expect ASRI to book flat 2017 marketing sales of Rp1.7tn (+2.0% yoy).

Maintain HOLD

We maintain our HOLD call on ASRI with a Target Price of Rp380 (SOTP valuation based on WACC of 12.6% and Terminal Growth of 4%). Although ASRI is trading at a deep discount of 69.5% to its NAV (higher than its peers' 44.8%-69.5%), we believe the discount is warranted given: (i) ASRI has higher leverage than its peers (100.6% vs. 32.1%-100.6% for its peers in 9M16), (ii) there is limited potential for price appreciation at both Alam Sutera and Pasar Kemis given tight competition from the secondary market, and (iii) the risks associated with high rise inventory.

HOLD

Target Price, Rp 380

Upside (Downside) (0.5%)

ASRI IJ/ASRI.JK

Last Price, Rp 382

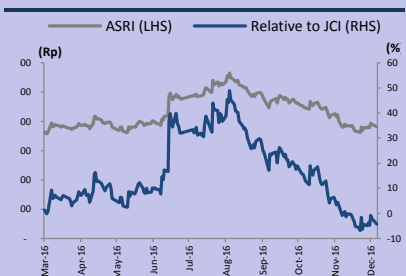
No. of shares (bn) 19.6

Market Cap, Rp bn 7,506

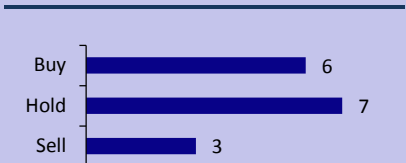
(US\$ mn) 564

3M T/O, US\$mn 1.3

ASRI relative to JCI Index



Market Recommendation



Consensus

	Our	Cons	% Diff
Target Price, IDR	380	450	(15.6)
EPS 2016F, IDR	37.8	41.2	(8.2)
PE 2016F, x	10.1	9.3	8.9

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

	2014	2015	2016F	2017F	2018F
Revenue, IDRbn	3,631	2,784	2,827	4,074	3,330
EBITDA, IDRbn	1,978	1,706	1,310	1,779	1,340
EBITDA growth, %	24.2	(13.8)	(23.2)	35.8	(24.6)
Net profit, IDRbn	1,097	597	742	1,262	1,056
Core profit, IDRbn	1,448	1,144	923	1,399	1,331
EPS, IDR	55.8	30.4	37.8	64.2	53.7
EPS growth, %	25.2	(45.6)	24.4	70.0	(16.3)
Core EPS, IDR	73.7	58.2	47.0	71.2	67.7
Core EPS growth, %	21.9	(21.0)	(19.3)	51.5	(4.8)
Net gearing, %	89.9	101.9	91.5	67.8	60.0
PER, x	6.8	12.6	10.1	5.9	7.1
Core PER, x	5.2	6.6	8.1	5.4	5.6
EV/EBITDA, x	6.7	8.3	10.8	7.4	9.6

Yield, %	1.60	1.60	1.99	2.47	4.2
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USD225mn Senior notes redemption

On 25th November 2016, ASRI fully redeemed its USD225mn senior notes due on 29 January 2019 at a price of 105.9 using the proceeds from the recently issued USD245mn senior notes. Although this debt refinancing will result in USD4mn (Rp53.0bn) of savings on interest expenses per annum due to the lower coupon rate, we believe that the bond refinancing will result in one-off early redemption expenses of Rp176.1bn.

Bulk sales of The Tower: still under negotiation

ASRI is currently exploring the opportunity of selling The Tower in bulk to several potential buyers, including local conglomerates and foreign buyers. As of 9M16, ASRI had sold 15% of the total area. Should such a transaction be executed, ASRI has to either: (i) re-allocate the existing tenants and sell the whole area to new buyers, or (ii) sell only 85% of the remaining area. Under either option, ASRI would record an additional Rp2.1tn of marketing sales from this transaction.

We have not included this transaction in our forecast considering the uncertainty surrounding its execution. Nevertheless, we conducted sensitivity analysis to assess the impact of the transaction on our earnings. Should the company execute the transaction in 2016 or 2017, we assume that the hand-over would be in 2017. As such, the transaction would impact ASRI's financial performance in 2017.

Exhibit 1. Sensitivity of the impact of bulk sales of The Tower in our earnings

<i>in Rp bn</i>	Scenario 1 no bulk sales	Scenario 2 bulk sales, exercised in 2016	Scenario 3 bulk sales, exercised in 2017
2016			
Marketing sales	3,165	5,253	3,165
2017			
Marketing sales	2,358	2,259	4,347
Revenue	4,074	6,560	6,560
Net profit	1,240	2,324	2,324
Impact on net profit (%)		87.4%	87.4%

Source: Danareksa Sekuritas

Exhibit 2. Earning revisions

<i>in Rp bn</i>	2015	Previous		New		Changes	
		2016	2017	2016	2017	2016	2017
Marketing sales	1,926	2,654	2,386	3,165	2,358	19.3%	-1.2%
Revenue	2,784	3,103	3,167	2,827	4,074	-8.9%	28.7%
Gross profit	2,056	1,793	1,734	1,645	2,178	-8.3%	25.6%
Operating Profit	1,628	1,368	1,295	1,231	1,701	-10.0%	31.3%
Net profit	597	820	924	742	1,262	-9.5%	36.6%

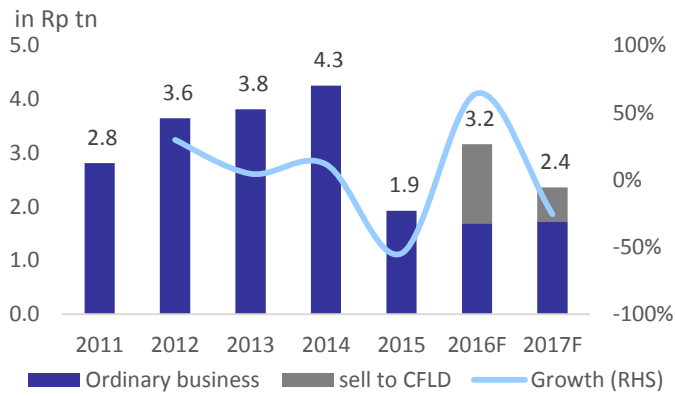
Source: Danareksa Sekuritas

Exhibit 3. NAV calculation

Land bank							
	Location	Stakes	Area (ha)	Plot ratio	Price per sqm (Rp mn/sqm)	Method	RNAV (Rp bn)
Alam Sutera	Tangerang		154.0			NAV	-
Residential	Tangerang	100.0%	107.8	65%	11.1	NAV	7,803
Commerical	Tangerang	100.0%	46.2	65%	20.7	NAV	6,205
Pasar Kemis	Tangerang	100.0%	1,561.0			NAV	
Residential	Tangerang	100.0%	1,248.8	65%	1.7	NAV	14,005
Commerical	Tangerang	100.0%	312.2	65%	0.7	NAV	1,347
Cianjur	West Java	100.0%	80.0		0.1	At cost	80
Riau	Riau	100.0%	75.0		0.1	At cost	41
Sanur	Bali	100.0%	6.0		3.1	At cost	187
GWK, Badung	Bali	100.0%	63.0		0.0	At cost	31
Cikokol	Tangerang	100.0%	15.0		1.9	At cost	279
Others		100.0%	2.7		0.5	At cost	14
Investment property							
Mall and retail						DCF	818.0
Office for lease						DCF	207.0
Other						DCF	270.9
Office and Apartment							
Office (Prominence and The Tower)						DCF	1,063.3
Apartment (Kota Ayodya, Peddington)						DCF	999.3
Total net asset value							33,349
Net debts (Rp bn)							5,610
Advance from customer (Rp bn)							3,033
Net asset value (Rp bn)							24,706
Discount to NAV (%)							70%
Number of shares outstanding (bn shares)							19.6
Target price (Rp/share)							380

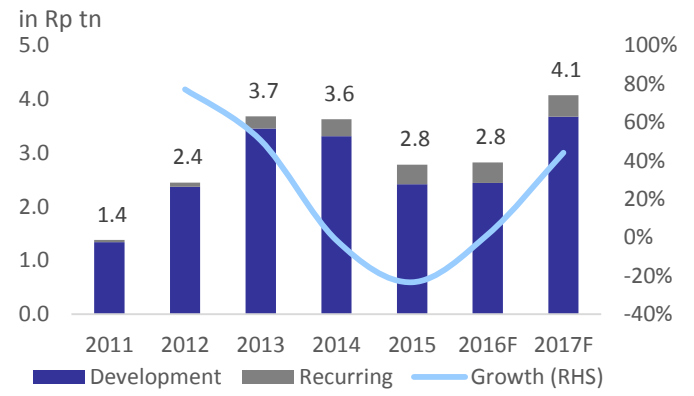
Source: Danareksa Sekuritas

Exhibit 4. Marketing sales



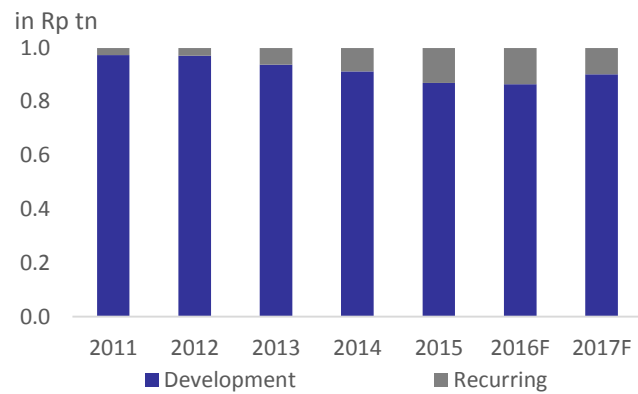
Source: Company, Danareksa Sekuritas

Exhibit 5. Revenues



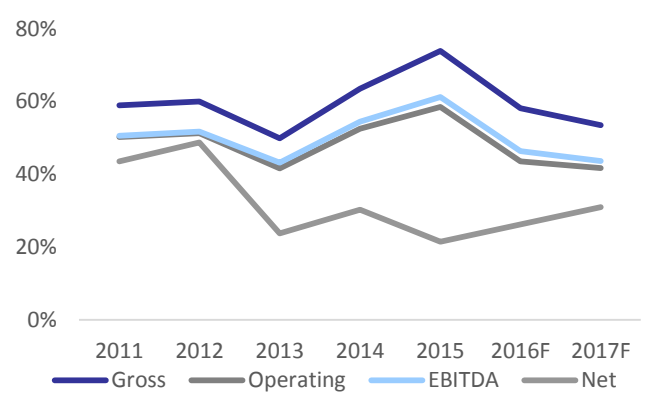
Source: Company, Danareksa Sekuritas

Exhibit 6. Contribution of development and recurring revenue



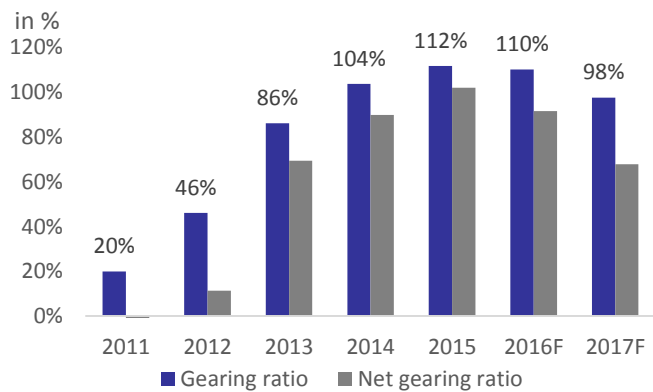
Source: Company, Danareksa Sekuritas

Exhibit 7. Profitability margin



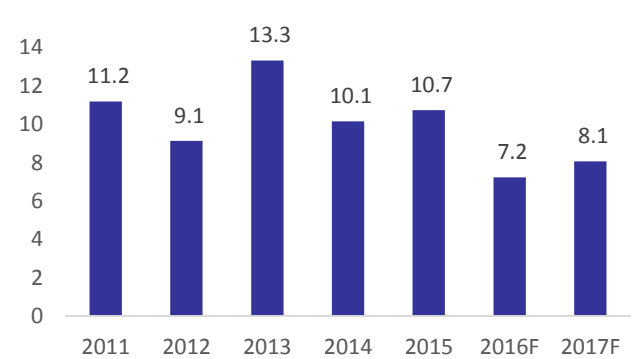
Source: Company, Danareksa Sekuritas

Exhibit 8. Net gearing ratio



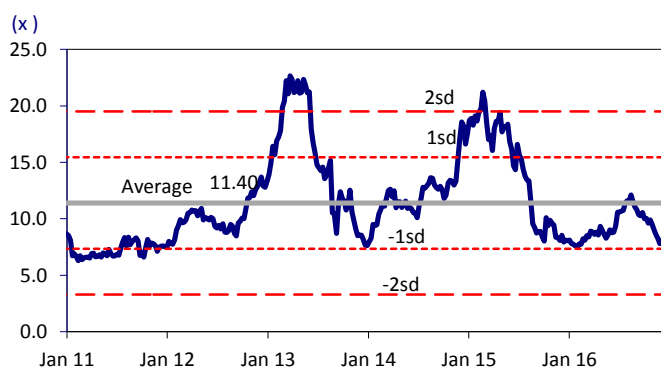
Source: Company, Danareksa Sekuritas

Exhibit 9. EBITDA coverage



Source: Company, Danareksa Sekuritas

Exhibit 10. PE band Company



Source: Company, Danareksa Sekuritas, Bloomberg

Exhibit 11. PE band Sector



Source: Company, Danareksa Sekuritas, Bloomberg

Exhibit 12. Income Statement (in Rp bn)

	2014	2015	2016F	2017F	2018F
Revenues	3,631	2,784	2,827	4,074	3,330
Cost of good sold	(1,324)	(728)	(1,182)	(1,896)	(1,608)
Gross profit	2,307	2,056	1,645	2,178	1,722
Operating expense	(399)	(428)	(414)	(477)	(456)
Operating profit	1,908	1,628	1,231	1,701	1,266
Other income (charges)	(476)	(726)	(192)	(99)	79
Profit before tax	1,431	902	1,039	1,601	1,345
Tax	(254)	(217)	(187)	(154)	(133)
Minority	(80)	(88)	(109)	(186)	(155)
Net profit	1,097	597	742	1,262	1,056
Core profit	1,448	1,144	923	1,399	1,331

Source: Company, Danareksa Sekuritas

Exhibit 13. Balance Sheet (in Rp bn)

	2014	2015	2016F	2017F	2018F
Cash and equivalent	881	638	1,341	2,460	2,886
Account Receivables	191	151	184	310	253
Inventories	931	1,156	1,179	1,201	1,224
Other current asset	1,186	754	595	552	485
Total current asset	3,188	2,699	3,299	4,523	4,848
Land for development	7,367	8,481	8,698	8,926	9,094
Fixed assets-net	958	1,097	1,244	1,393	1,547
Investment properties	1,079	1,042	1,016	989	961
Others	4,333	5,391	6,137	6,397	6,628
Total non-current asset	13,736	16,011	17,095	17,705	18,231
Total Assets	16,924	18,710	20,394	22,228	23,079
Trade payable	161	1,033	545	614	631
Sales advances	1,850	1,847	1,735	1,889	1,877
Other current liabilities	792	872	838	1,144	1,387
Total current liabilities	2,803	3,752	3,117	3,647	3,895
Sales advances	185	181	181	181	181
Bank loans	230	1,072	1,436	1,641	1,496
Bonds payable	6,376	6,218	6,293	6,135	6,151
Others	959	884	2,171	2,352	2,343
Total non-current liabilities	7,750	8,355	10,081	10,309	10,171
Minority interest	253	148	148	148	148
Shareholders equity	6,118	6,454	7,048	8,124	8,865
Total Liabilities & Equity	16,924	18,710	20,394	22,228	23,079

Source: Company, Danareksa Sekuritas

Exhibit 14. Statement of cash flow (in Rp bn)

	2014	2015	2016F	2017F	2018F
Net Income	1,097	597	742	1,262	1,056
Depreciation	70	78	79	78	74
Minority interest	80	(105)	-	-	-
Net working capital	(1,620)	(512)	105	246	(241)
Net operating cash flow	(373)	57	927	1,586	889
Short term investments	67	80	60	-	-
Investment property	(27)	1	(10)	(10)	(10)
Fixed assets	(191)	(182)	(190)	(190)	(190)
Others	(1,407)	(590)	(491)	(228)	(169)
Net investment cash flow	(1,558)	(691)	(631)	(428)	(369)
+/- in Bank loan	185	919	481	305	205
+/- in Bonds	1,890	(107)	165	(115)	69
+/- in Equity	-	(125)	-	-	-
Dividend paid	(138)	(135)	(149)	(186)	(316)
Others	(16)	(161)	(90)	(44)	(53)
Net financing cash flow	1,921	391	407	(39)	(94)
Changes in cash	(9)	(242)	703	1,119	426
Beginning balance	890	881	638	1,341	2,460
Ending balance	881	638	1,341	2,460	2,886

Source: Company, Danareksa Sekuritas

Exhibit 15. Ratios (in %)

	2014	2015	2016F	2017F	2018F
Gross margin	63.5	73.9	58.2	53.5	51.7
Operating margin	52.5	58.5	43.5	41.7	38.0
Pre-tax margin	39.4	32.4	36.8	39.3	40.4
Net margin	30.2	21.4	26.3	31.0	31.7
ROA	6.5	3.3	3.8	5.9	4.7
ROE	17.9	9.5	11.0	16.6	12.4
Net gearing	89.9	101.9	91.5	67.8	60.0

Source: Company, Danareksa Sekuritas

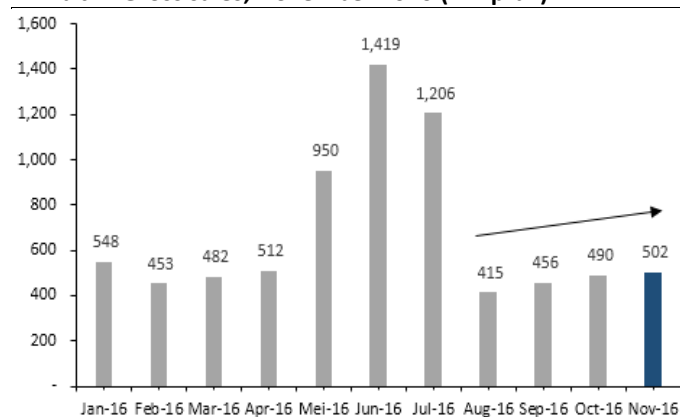
FLASH NOTES

Ramayana Lestari Sentosa: In-line 11M16 gross sales

(RALS. Rp1,155. BUY. TP Rp1,350)

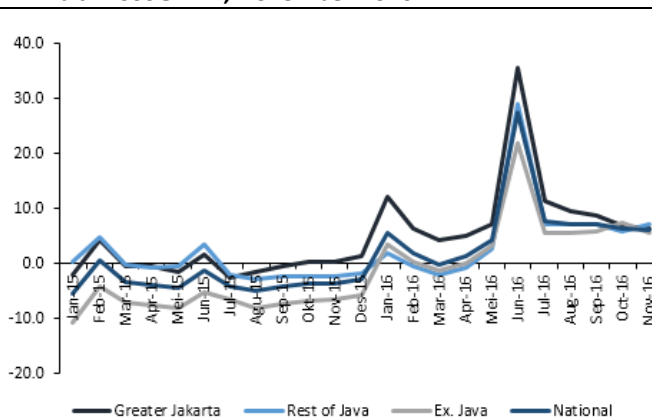
- Ramayana Lestari Sentosa (RALS) booked Rp502 bn of gross sales in November 2016 (+0.7% yoy; +2.4% mom). This resulted in 11M16 gross sales of Rp 7.4tn (+5.8% yoy). The 11M16 number is 92% of our full year target – i.e. in-line.
- By region, ex Java accounted for the largest portion of gross sales (39.2%) in November 2016, followed by Jakarta (33.8%) and the rest of Java (27.1%).
- As of November 2016, SSSG YTD reached 6.2%, or slightly lower than in the previous month (+6.5%) yet much better than in the same month last year (-3.5%). By region, the rest of Java showed the highest SSSG YTD of 7.1% (Oct 2016: 7.4%; Nov 2015: -2.2%) followed by Jakarta with SSSG YTD of 6.5% (Oct 2016: 6.9%; Nov 2015: 0.3%). Ex Java's SSSG YTD was 5.5% (Oct 2016: 5.8%; Nov 2015: -6.4%), a reflection of recovering commodity prices, we believe.
- In terms of gross space, as of November 2016, RALS had 966,506 sqm of store space (Oct 2016: 966,506 sqm), showing no store openings – as per our forecast.
- RALS still looks attractive given its strong balance sheet, as reflected in its net cash position and negative cash conversion cycle for 2017. Valuation wise, RALS trades at an attractive 17x PE 2017. We maintain our BUY call. The risks to our call are sluggish GDP growth, weaker-than-expected store expansion, and stiffer competition.

Exhibit 1. Gross sales, November 2016 (In Rp bn)



Source: Company, Danareksa Sekuritas

Exhibit 2. SSSG YTD, November 2016



Source: Company, Danareksa Sekuritas

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MARKET NEWS

Court puts end to tobacco expansion plan

The Supreme Court has annulled a government road map designed to boost national tobacco production, which targeted cigarette production to reach 524bn sticks by 2020 (from 341bn sticks in 2013). The Industry Ministry, which issued the road map to develop the tobacco industry and protect tobacco farmers, acknowledged the verdict and said it would review its policy accordingly. Based on data from Universitas Indonesia, around 6mn people worked in the tobacco industry in 2013. It is also worth noting that tobacco is the biggest contributor to state income from excise tax (around an estimated Rp132tn this year). (The Jakarta Post)

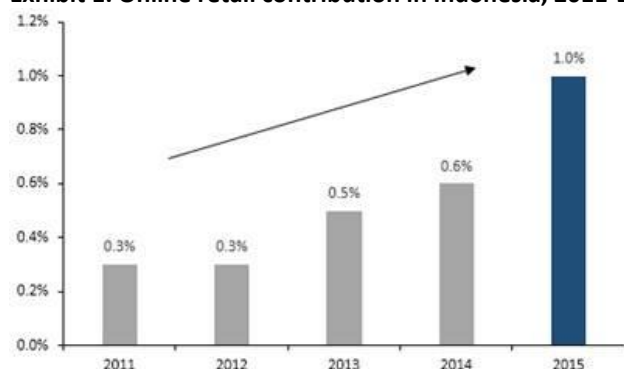
APRINDO expects retail industry growth of around 10-12% yoy this year

According to the head of the Indonesian Retail Association (APRINDO), Indonesia's retail industry may grow by around 10-12% yoy this year with industry revenues rising from Rp181tn to Rp200tn. (Bisnis Indonesia)

Retail: Online retail growing rapidly

According to Bank Indonesia (BI), the contribution from online retail to the total retail industry increased from 0.3% to 1.0% in 2011-2015. According to the World Economic Forum, we are currently entering the 4th industry revolution with a move from conventional retail to online retail. (Bisnis Indonesia)

Exhibit 1. Online retail contribution in Indonesia, 2011-2015



Source: Bank Indonesia, 2016

SMBR eyes sales volume of 2mn tons

Semen Baturaja (SMBR) is looking to achieve sales volume of 2mn tons in 2017, up 25% yoy from this year's target of 1.6mn tons. This target will be supported by the commencement of the Baturaja II plant with capacity of 1.85mn tons and investment value of Rp3.3tn. The company expects the new plant to contribute an additional 500,000 tons of sales volume. For next year, the company will allocate capex of Rp1.3tn (lower than this year's capex of Rp2.3tn). (Kontan)

Comment: we use a more conservative sales volume target of 1.7mn tons for 2017, up 5.0% yoy. (Antonia)

Ministry of State-Owned Enterprises targets BBTN to provide 600,000 and 750,000 housing loans in 2017 and 2018

The government will drive demand through subsidies. State-owned enterprises minister Rini Soemarno said that the subsidised housing loans would reach Rp9.2 tn. The new product, called micro KPR, is slated for January next year, in cooperation with state-owned housing developer Perum Perumnas. This product is intended to help low-income people purchase a house with prices as low as Rp25 to 30 mn each. (Investor Daily, The Jakarta Post)

MYRX to divest three subsidiaries

Hanson International (MYRX) plans to divest three subsidiaries, namely: Mandiri Mega Jaya, Armidian Karyatama, and Harvest Time. For Armidian Karyatama, the company plans to conduct an IPO in 1H17. With assets value of Rp400-500bn, the IPO will use financial statements as of September 2016. Furthermore, the company also plans to issue Rp500bn of first stage bonds for debt refinancing and land acquisition in 1Q17. To cut its financial expenses, the company will undertake debt restructuring. For 2017, MYRX will allocate capex of Rp500bn to acquire new land in Maja and Serpong. The company eyes an additional 100ha of land bank in the area. (Bisnis Indonesia)

WTON targets new contracts in 2016 to reach Rp6.0tr

Wika Beton (WTON) is looking for Rp300-400bn of new contracts to be signed by the end of this month to reach its Rp6.0tr full year target. New contracts as of the beginning of December stood at Rp5.6tr, higher than the company's target set at the beginning of the year of Rp4.3tr. Recently, WTON obtained Rp1.3tr of new contracts from the Samarinda – Balikpapan toll road project. For 2017, WTON targets new contracts of Rp6.0tr - the same as the new 2016 target. (Bisnis Indonesia)

Take-up rate for first Kingland Avenue tower to reach 70%

Hong Kong Kingland managed to sell 70% of the Kingland Avenue tower, apartment project located in Alam Sutera area. With 600 units available for sale, the company has so far managed to sell 420 units, with 70% of the sales being one bedroom units. The price ticket stands at Rp640-1,200mn (16mn/sqm). The hand-over of the apartments will be done in 2020. (Investor Daily)



Equity Valuation

Danareksa Universe	Rating	Price (Rp)	Price Target	Mkt Cap Rp Bn	Net profit, Rp bn		EPS (Rp)		Core EPS (Rp)		EPS Growth		PER (x)		EV / EBITDA (x)		PBV (x)		Net Gearing		RC		
					2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017		2016	2017
Danareksa Universe				3,088,784	150,667	176,605	243.9	285.9														14.9	
Auto				317,796	15,508	18,375	311.9	369.5														11.7	
Astra International	HOLD	7,850	8,400	317,796	15,508	18,375	311.9	369.5	360	435	7%	18%	20.5	17.3	14.9	12.7	2.3	2.1				11.7	
Banks				1,024,521	74,614	91,514	732.3	896.1														16.2	
BCA	HOLD	14,700	16,300	362,428	18,931	20,806	768	844	768	844	5%	10%	13.7	11.2	N/A	N/A	3.5	3.0				N/A	
BNI	HOLD	5,475	6,100	102,101	10,494	13,698	563	735	563	735	16%	31%	9.7	7.5	N/A	N/A	1.2	1.0				N/A	
BRI	BUY	11,725	14,500	289,246	26,092	31,100	1,058	1,261	1,058	1,261	3%	19%	11.1	9.3	N/A	N/A	2.0	1.7				20.1	
Bank Tabungan Negara	BUY	1,715	2,300	18,162	2,200	2,572	208	243	208	243	19%	17%	8.3	7.1	N/A	N/A	1.0	0.8				N/A	
Bank Mandiri	HOLD	10,825	11,250	252,583	16,898	23,339	724	1,000	724	1,000	-17%	38%	14.9	10.8	N/A	N/A	1.6	1.5				12.4	
Cement				142,979	7,891	5,869	406	302														14.4	
Indocement	SELL	16,800	14,600	61,845	3,863	2,808	1,049	763	1,042	757	-11%	-27%	16.0	22.0	11.3	11.7	2.5	2.4				15.8	
Semen Indonesia	SELL	9,300	8,100	55,163	3,792	2,958	639	499	633	492	-16%	-22%	14.5	18.6	8.6	9.5	1.9	1.8				6.1	
Semen Baturaja	SELL	2,640	400	25,971	236	103	24	11	24	11	-33%	-56%	109.8	251.0	63.6	50.0	8.3	8.1				net cash	
Cigarettes				591,571	18,145	19,608	153	166														25.4	
Gudang Garam	HOLD	66,850	70,400	128,625	6,342	6,860	3,296	3,565	3,296	3,565	-1%	8%	20.3	18.8	12.6	11.6	3.3	2.9				46.6	
HM Sampoerna	HOLD	3,980	3,850	462,946	11,803	12,749	101	110	101	109	14%	8%	39.2	36.3	29.1	26.5	13.8	13.5				net cash	
Construction				138,809	6,602	8,166	90	112														15.3	
Wijaya Karya	BUY	2,480	4,300	22,245	758	900	123	146	123	146	21%	19%	20.1	17.0	11.0	9.0	4.4	3.9				24.6	
Pembangunan Perumahan	BUY	3,940	5,700	19,079	967	1,295	200	267	211	298	31%	34%	19.7	14.7	9.4	7.2	3.7	3.0				net cash	
Adhi Karya	BUY	2,120	3,500	7,549	703	986	208	292	216	303	52%	40%	10.2	7.3	5.5	4.3	1.2	0.9				net cash	
Waskita Karya	BUY	2,570	3,700	34,884	1,698	2,344	124	173	124	173	61%	39%	20.7	14.9	14.8	10.6	3.2	2.7				20.2	
Waskita Beton	BUY	575	770	15,158	547	788	21	30	21	30	64%	44%	27.7	19.2	16.4	12.5	2.2	2.0				net cash	
Wika Beton	BUY	860	1,300	7,495	268	362	31	42	31	42	54%	35%	27.9	20.7	15.2	11.0	3.0	2.7				net cash	
Jasa Marga	BUY	4,490	5,700	32,398	1,671	1,492	246	219	249	223	14%	-11%	18.3	20.5	11.3	12.3	2.7	2.5				143.1	
Consumer				418,849	10,506	12,110	507	584														15.0	
Indfood CBP	BUY	8,950	10,850	104,374	3,714	4,293	319	368	319	368	24%	16%	28.1	24.3	19.8	17.1	6.3	6.2				net cash	
Unilever	HOLD	40,725	46,650	310,732	6,563	7,555	860	990	860	990	12%	15%	47.3	41.1	33.6	29.1	59.5	53.8				28.9	
Kino Indonesia	BUY	2,620	4,500	3,743	229	262	160	183	160	183	-32%	14%	16.4	14.3	9.4	8.7	1.9	1.7				3.9	
Healthcare				87,362	2,490	2,743	97	106														19.0	
Kalbe Farma	SELL	1,545	1,400	72,422	2,210	2,441	47	52	47	52	10%	10%	32.8	29.7	20.9	18.8	6.2	5.4				net cash	
Kimia Farma	SELL	2,690	1,510	14,940	279	302	50	54	48	52	12%	8%	53.5	49.5	36.1	30.1	7.2	6.5				33.7	
Heavy Equipment				83,835	4,481	5,676	1,201	1,522														12.0	
Hexindo Adiperkasa																							
United Tractors	HOLD	22,475	23,500	83,835	4,481	5,676	1,201	1,522	1,231	1,556	16%	27%	18.7	14.8	6.7	5.3	2.2	2.0				net cash	
Mining				172,270	4,311	5,355	54	67														3.9	
Adaro Energy	HOLD	1,700	800	54,376	1,781	1,980	56	62	56	62	-13%	11%	30.5	27.5	7.6	6.9	1.4	1.4				18.9	
Timah	HOLD	1,240	590	9,235	180	196	24	26	24	26	78%	9%	51.3	47.0	12.3	11.3	1.7	1.7				26.0	
Vale Indonesia	HOLD	3,250	2,800	32,293	222	480	22	48	22	48	-67%	116%	145.3	67.3	13.5	11.7	1.3	1.3				net cash	
Aneka Tambang	HOLD	900	650	21,628	(507)	(147)	(13)	(6)	(13)	(6)	-79%	-52%	(70.5)	(146.8)	28.1	24.7	1.2	1.2				18.0	
Bukit Asam	BUY	12,625	8,800	29,090	1,610	1,834	741	844	741	844	-21%	14%	17.0	15.0	12.3	10.4	2.9	2.6				net cash	
Indo Tambangraya Megah	HOLD	17,100	8,400	19,322	947	1,106	838	979	838	979	14%	17%	20.4	17.5	6.5	5.8	1.7	1.7				net cash	
Harum Energy	HOLD	2,340	790	6,326	(123)	(95)	(45)	(35)	(45)	(35)	-540%	-22%	(51.6)	(66.5)	54.0	-	66.2	1.7	1.8				net cash
Property				115,221	5,172	6,045	44	52														8.4	
Alam Sutera	HOLD	382	380	7,506	820	924	42	47	53	52	38%	13%	9.1	8.1	9.8	10.2	0.4	0.4				33.2	
Bumi Serpong Damai	BUY	1,780	2,500	34,259	1,859	2,009	97	104	139	146	-13%	8%	18.4	17.1	12.0	11.8	1.7	1.5				11.5	
Ciputra Development	BUY	1,375	1,850	21,210	661	998	43	54	38	45	-38%	26%	32.1	25.5	13.1	12.7	2.4	1.6				42.2	
Pakuwon Jati	HOLD	640	700	30,822	1,757	2,019	36	42	34	39	39%	15%	17.5	15.3	12.9	11.7	3.5	2.9				29.6	
Summarecon	BUY	1,485	1,600	21,424	75	95	5	7	14	19	-91%	27%	284.7	225.1	20.1	19.1	-3.6	3.6				92.8	
Retail				82,933	3,435	3,888	100	114														25.2	
Mitra Adi Perkasa	HOLD	5,025	5,000	8,342	174	267	108	166	107	165	370%	13%	24.1	21.3	14.0	12.6	5.7	5.3				25.2	
Ramayana	BUY	1,155	1,350	8,196	396	468	56	66	54	64	18%	18%	20.6	17.4	15.1	13.4	2.3	2.2				net cash	
Matahari Department Store	SELL	14,800	12,000	43,185	2,080	2,370	707	805	704	803	16%	14%	20.9	18.4	14.6	12.7	21.0	17.7				net cash	
Matahari Putra Prima	HOLD	1,685	1,700	9,062	129	185	24	34	29	40	-30%	44%	70.5	49.0	16.0	13.7	3.1	2.9				net cash	
Ace Hardware	SELL	825	750	14,149	656	598	37	35	38	34	7%	-5%	22.3	23.5	16.4	16.6	4.9	4.4				net cash	

COVERAGE PERFORMANCE

LEADERS

	Code	Price as on		Chg, %	w-w, %	m-m, %	YTD, %	Rating
		13-Dec-2016	9-Dec-2016					
Indocement	INTP	16,800	16,250	3.4	5.3	12.9	(24.7)	SELL
Indo Tambangraya Megah	ITMG	17,100	16,550	3.3	(0.7)	(3.8)	198.7	HOLD
Jasa Marga	JSMR	4,490	4,360	3.0	3.0	3.5	(13.9)	BUY
Bank Rakyat Indonesia	BBRI	11,725	11,475	2.2	5.4	5.4	2.6	BUY
Adaro Energy	ADRO	1,700	1,680	1.2	(1.7)	5.9	230.1	HOLD
Indofood CBP	ICBP	8,950	8,850	1.1	0.8	4.7	32.8	BUY
Harum Energy	HRUM	2,340	2,330	0.4	(4.1)	(7.1)	246.7	HOLD
Summarecon Agung	SMRA	1,485	1,480	0.3	2.8	14.2	(10.0)	BUY
Astra International	ASII	7,850	7,825	0.3	(0.3)	3.0	30.8	HOLD
Bank Central Asia	BBCA	14,700	14,700	-	0.3	2.3	10.5	HOLD

Sources: Bloomberg

LAGGARDS

	Code	Price as on		Chg, %	w-w, %	m-m, %	YTD, %	Rating
		13-Dec-2016	9-Dec-2016					
Kino Indonesia	KINO	2,620	2,800	(6.4)	(6.4)	(14.4)	(31.8)	BUY
Aneka Tambang	ANTM	900	945	(4.8)	(6.7)	1.7	186.6	HOLD
Matahari Department Store	LPPF	14,800	15,400	(3.9)	2.4	(4.5)	(15.9)	SELL
Ramayana	RALS	1,155	1,195	(3.3)	0.4	(4.5)	79.1	BUY
Kimia Farma	KAEF	2,690	2,770	(2.9)	3.5	8.5	209.2	SELL
Ciputra Development	CTRA	1,375	1,415	(2.8)	1.1	(7.1)	(5.2)	BUY
Adhi Karya	ADHI	2,120	2,180	(2.8)	11.9	3.9	(0.9)	BUY
Mitra Adi Perkasa	MAPI	5,025	5,150	(2.4)	(1.5)	0.9	32.4	HOLD
Ace Hardware	ACES	825	845	(2.4)	(6.8)	2.5	-	SELL
Alam Sutera	ASRI	382	390	(2.1)	1.1	0.5	11.4	HOLD

Sources: Bloomberg

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