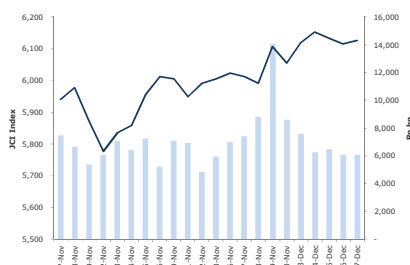


Premier Insight

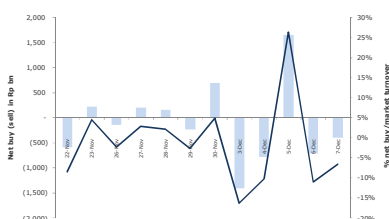
News & Analysis

Corporates

JCI Index



Foreign net buy (sell)



Key Indexes

Index	Closing	1 day	1 year	YTD
JCI	6,126	0.2%	1.6%	-3.6%
LQ45	978	0.1%	-4.0%	-9.4%
DJI	24,389	-2.2%	0.2%	-1.3%
SET	1,650	-0.2%	-3.3%	-5.9%
HSI	26,064	-0.4%	-9.0%	-12.9%
NKY	21,679	0.8%	-5.0%	-6.7%
FTSE	6,778	1.1%	-8.3%	-11.8%
FSSTI	3,076	-1.1%	-10.2%	-9.6%
EIDO	24	-1.7%	-9.9%	-14.1%

Commodity price

Commodities	Last price	Ret 1 day	Ret 1 year
<i>(in USD)</i>			
Oil/barrel (WTI)	52.6	2.2%	-8.3%
CPO/tonne	479.1	-0.3%	-20.1%
Soy/bushel	8.7	0.9%	-9.7%
Rubber/kg	1.5	-1.1%	-22.2%
Nickel/tonne	10,846	0.6%	-1.3%
Tins/tonne	19,016	0.3%	-2.5%
Copper/tonne	6,149	1.1%	-5.8%
Gold/try.oz (Spot)	1,248	0.9%	0.0%
Coal/tonne	102.6	0.0%	5.4%
Corn/bushel	3.5	0.9%	10.1%
Wheat/bushel (USD)	519.5	2.8%	31.8%

Source : Bloomberg

MPMX: PT Mitra Pinasthika (MPMX IJ; Rp ; Buy) will conduct voluntary tender offer as much as 446mn shares or 10% of the total paid-in-capital shares at Rp950 per share which reflect a 7.5% premium over the average of last 90 days (before 7 Dec 2018) highest trading price of Rp883. PT Saratoga Investama (SRTG IJ; Rp; Not Rated) also stated its willingness to fully purchase the total offered shares on which SRTG will proportionally absorb the shares in the case of excess offering that exceeds 10%. The offering date is scheduled to take place between January 14th - February 12th, 2019 and the payment date is on February 25th, 2019. (Company)

PTPP: PT Pembangunan Perumahan (PTPP IJ; Rp; Buy) is guiding for cashflow surplus of Rp570bn in 12M18. In addition, PTPP is also guiding for a healthy financial ratio, such as DER of 0.78x (the lowest in the industry) and current ratio of 140%. (Bisnis).

Comment: PTPP remains one of our top picks in construction sector given its lowest DER and 2018 ytd positive new contract growth. Maintain Buy on PTPP with TP 2,100.

TLKM: Telkom Indonesia (TLKM IJ; Rpxxx; Hold)'s Indihome reached 5mn subscribers as of November 2018. Indihome also cooperates with PT Best Denki Indonesia, electronic retailers from Japan, in terms of Indihome service marketing, esp. above-40-inch TV or mobile phone purchase bundled with Indihome, in all Best Denki Stores in Jabodetabek. (Antara, Kontan).

Comment: Neutral as the number of Indihome subscribers' as of Nov'18 is similar to our 2018F estimate. We have a Hold for TLKM with TP Rp4,000.

TINS: PT Timah (TINS IJ; Rp730 ; Not Rated) develops smelter facilities to process low grade tin applying fuming and ausmelt technology. Fuming plant will process residues from primary processing with total processing capacity of 85 tons per annum and initial production in 2019. Ausmelt plant will have capacity of 35k tons and expected to complete in 4Q20. Capex for fuming plant of Rp55bn and ausmelt plant of US\$56mn will be financed from internal cash and external financing. (Kontan)

WIKA: Wijaya Karya (WIKA IJ; Rp; Buy) reported new contract of Rp34tn in 11M18 (-2% yoy), forming 62% of company's FY18F new guidance of Rp59tn (from Rp55tn). Several notable projects include Sadawarna Dam Package 1, Randu Gunting Dam, and Jakarta 6 inner city toll road of Rp617bn, Rp550bn, and Rp550bn, respectively. WIKA is guiding for earnings growth of 60% and 50% for FY18F/FY19F, supported by its investment portfolio, infrastructure project, and energy & logistic projects. (Bisnis)

Comment: Despite confident guidance by the management, we maintained our FY18F forecast given slightly slower than expected 11M18 new contract achievement. At this stage, maintain Buy on WIKA as one of our top picks in construction sector. Maintain Buy with TP of Rp2,100.

WSBP: Waskita Beton Precast (WSBP IJ; RP; Buy) booked new contract of Rp5.4tn in 11M18, forming 82% of company's FY18F new target of Rp6.6tn (from: Rp8.3tn). WSBP revised down its FY18 target due to several project delay, such as Probolinggo-Banyuwangi toll road, Penajam Balikpapan, and Singosari-Batu toll road. (Bisnis)

Comment: We will review our forecast for WSBP given several project tender delay.

WTON: Wika Beton (WTON IJ; rp; Buy) reported new contract of Rp6.2tn in 11M18, in-line with, expectation, forming 82% of company's FY18F guidance of Rp7.6tn. Some of notable projects are High speed railway, Kijing Mempawah dock, and Kunciran-Cengkareng toll road, with contract value of Rp800bn, Rp430bn, and Rp260bn, respectively. In 2020, WTON has several pipeline with huge contract value such as Refinery Development Master Plan (RDMP), Elevated Railway Jabodebek, and Patimban seaport. (Bisnis)

Comment: We maintain our FY18F forecast for WTON given in-line new contract achievement. WTON remains our top pick in precast sector given its resilient contract attainment and diverse client base. Maintain buy on WTON with TP of Rp500.

Markets & Sector

Telco Sector: Operators ask subscribers who used one ID to register for more than 3 numbers for update. This is required based on BRTI's new rule released on 21 November 2018. Policy to block and re-registration is implemented at least 30 calendar days after the rule is released. EXCL said it has asked subscribers who registered more than 3 numbers using one ID to update data. Telkomsel also said it already communicates with partner and distributors, announces to respective subscribers, and asks Gov't to increase monitoring on operators. (Bisnis Indonesia)

Comment: This might give insignificant impact to TLKM as Telkomsel reponse this morning that it views its number of subscribers' already relatively more stable. We are checking with other telcos and monitor progress subscriber base's update on subscribers who registered using one ID for more than 3 numbers (cleansing might occur until 21 December). We expect the impact of the BRTI' rule in registration policy might be positive in the long term (less churn rate and more reliable subscribers' database) to telco industry, but short term impact will depend on how many subscribers who registered more than 3 numbers using one ID in each telcos. Note that previously telco operators have completed validation and blocking of its overall prepaid SIM card numbers in 2Q18. Thus we view the impact from this BRTI's regulation is lower than previous re-registration process ended in 2Q18. We have a Buy for EXCL TP Rp3,000, but Hold for TLKM TP Rp4,000 and ISAT TP Rp2,500.

Economics

Foreign reserve: Official foreign reserve as of Nov18 was US\$117.2bn, an increase of 1.7% mom (-7% yoy) from Oct18's. Foreign reserve is now adequate to finance 6.5 months of import and 6.3 months of import and foreign debt servicing. Rising foreign reserve was due to oil and gas receipts and withdrawal of government external debt among others. (Bank Indonesia)

Comment: The news implies positive development for external sustainability buffer, with neutral-positive impact for the market. This is the first time of increase this year as foreign reserve continuously depleted through the first 10 months; to note the negative reserve growth 'trough' had indeed taken place in Oct18, creating one-month lag in actual reserve increase. Moreover, global oil price was high in the first two weeks of Nov18 albeit declining towards month's end (by Nov18, Brent price +8.4% yoy), which may provide background for the increase in oil and gas receipt.

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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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