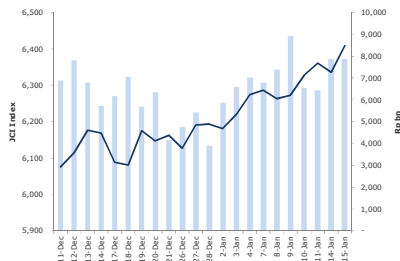


Premier Insight

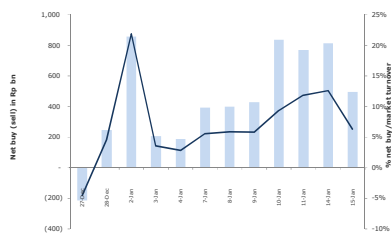
News & Analysis

Corporates

JCI Index



Foreign net buy (sell)



Key Indexes

Index	Closing	1 day	1 year	YTD
JCI	6,409	1.1%	-0.3%	3.5%
LQ45	1,019	1.2%	-6.8%	3.7%
DJI	24,066	0.7%	-6.7%	3.2%
SET	1,577	-0.4%	-13.4%	0.8%
HSI	26,830	2.0%	-15.9%	3.8%
NKY	20,555	1.0%	-14.2%	2.1%
FTSE	6,895	0.6%	-11.1%	2.5%
FSSTI	3,212	1.2%	-9.5%	4.7%
EIDO	26	0.4%	-9.6%	6.4%

Commodity price

Commodities	Last price	Ret 1 day	Ret 1 year
<i>(in USD)</i>			
Oil/barrel (WTI)	52.1	3.2%	-18.2%
CPO/tonne	531.4	0.1%	-14.5%
Soy/bushel	8.5	-0.8%	-10.0%
Rubber/kg	1.6	-1.1%	-22.2%
Nickel/tonne	11,661	2.7%	-8.9%
Tins/tonne	20,760	0.7%	2.1%
Copper/tonne	5,886	0.3%	-18.0%
Gold/try.oz (Spot)	1,289	-0.2%	-3.7%
Coal/tonne	98.7	1.4%	-7.2%
Corn/bushel	3.4	-2.0%	7.8%
Wheat/bushel (Usd)	511.0	-0.6%	21.5%

Source : Bloomberg

CTRA: Ciputra Development (CTRA IJ; Rp1,050; buy) reported marketing sales of Rp6.4tn (-16% yoy), forming 82% of company's FY18 guidance of Rp7.7tn, but in-line (96%) with our FY18 assumption of Rp6.7tn. The miss was largely contributed from: 1) Two project delays, namely landed residential in Sentul and apartment project in East Jakarta, and 2) weak take-up rate in CitraLand Gama City Medan and Newton 2 Apartment. In FY19 CTRA budgeted capex of Rp2.5tn which 60% of it will be use for land acquisition. CTRA will develop subsidized houses in CitraRaya City Jambi and CitraRaya Maja. (Company).

Comment: We maintain CTRA as one of our top picks in residential property sector given its in-line FY18 marketing sales achievement. We forecast CTRA's marketing sales to book 7% growth in marketing sales in FY19F. Maintain Buy on CTRA with TP of Rp1,400.

EXCL: XL Axiata (EXCL IJ; Rp2,190; Buy) is strengthening data network across Sumatra, esp. 4G LTE network. Number of subscribers in Sumatra reached 16%of EXCL's subscribers, of which more than 80% are data subscribers. Several provinces in Sumatra with increasing data service are North Sumatra, Riau, Riau Island, and Lampung, among others. EXCL also drives data service usage by special supporting program, e.g. Double Local Quota for XL and Axis subscribers. (Lampost.co).

Comment: Slightly positive sentiment to EXCL on the back of higher data revenue from expansion in outer Java this year.

PTBA: Bukit Asam (PTBA IJ; Rp4,380; Buy) targets sales volumes to reach 24-26mn tons in 2019, with production volumes of 27mn tons. The company targets export sales with medium-to-high calorific value to reach 12mn tons, around 50% of total sales volumes. (Bisnis Indonesia).

Comment: This is below our production volumes forecast of 29mn tons for FY19F. We are reviewing our forecast and valuation for the company.

TBIG: Tower Bersama (TBIG; Rp4,980)'s average buyback price of Rp4,785/sh until end of 2018. Thus, total cost of the buyback of 96.21mn units of shares until end of 2018 is Rp460.38bn. Based on previous EGM on Apr 2018, shareholders approved buyback plan of 204mn shares (4.5%) with fund reached (max.) Rp1.2tn with period between 30 Apr 2018-30 Oct 2019. The company targets capex of Rp1-2tn using mostly internal cash. The company will focus on organic growth this year, but if there is acquisition opportunity with suitable valuation, it might explore possibility of acquisition. TBIG share price was closed at Rp4,980/sh yesterday (up 9%). (Investor Daily).

SMGR: Semen Indonesia (SMGR IJ; Rp11,800; Buy) booked a domestic sales volume of 27.8mt (+2% yoy) and total sales volume of 33.6mt (+7% yoy) in 2018, forming 101% of our estimates. This performance was attributable to export sales which was booked at 5.8mt (above our forecast of 3.1mt), delivering nearly fivefold increase relative to last year's export volume figure (1mt). Meanwhile, the detail on sales volume breakdown has not been received so far. (Kontan).

Market and Sectors

Automotive sector: New Avanza and Xenia has officially announced yesterday with no price increase from the previous model (Rp188mn-Rp239mn). Toyota also expects to sell Avanza 7,000-7,500 units/month in 2019, while claiming sold 82k units Avanza in FY18A (6,847 units/month). Daihatsu expect to sell new Xenia 3,000 units/month in 2019. In the meantime, Gaikindo published FY18 auto sales for 1.1mn (+6.6% yoy) from 1.07mn in FY17. (Bisnis Indonesia, Investor Daily).

Average units/month	FY17A	FY18A	FY19F
Toyota Avanza	9,693	6,847	7,500
Growth (%)		-29%	10%
Daihatsu Xenia	3,211	2,500	3,000
Growth (%)		-22%	20%

Plantation sector: Government of Indonesia targets palm oil re-planting for small and independent farmers to reach 200 thousand hectares in 2019, up from 2018 target of 185 thousand hectares. Palm Oil Fund Coordinator (BPDPKS) will finance the re-planting program. Nonetheless, realization of replanting reached only 14.8k ha in 2018 with re-plantings on the pipeline of 33.8k ha. (Investor Daily).

Comment: This might be positive for London Sumatra (LSIP IJ; Rp1,320; Buy) as the only seed producer within our coverage.

Poultry sector: Ministry of Agriculture to distribute 20mn poultry (chicken and duck) to 400,000 below-poverty farming households in Indonesia. The government raises the poultry distribution target from 10mn poultry in 2018. The program is targeted to improve the welfare of poor farmers in Indonesia. (Investor Daily).

Comment: This will potentially improve Indonesia's poultry production by around 3%-5%, in our view. Nonetheless, we believe farmers which receive poultry from this program will less likely use poultry feed from large poultry feed producers, in our view. Thus, the program would likely raise DOC demand (by approximately 1%-2%), while the impact is minimal to feed demand.

Economics

Foreign trade: Dec18 trade deficit was a sizeable US\$1.1bn and in line with consensus expectation. Exports were growing at -4.9% rate mom and imports -9.6% mom. Year wise, trade booked a US\$8.6bn deficit FY18 (-172% yoy) on the back of NOG trade deterioration. Trade deficit improved from Nov18's figure of US\$-1.99bn supported by enhancement in the OG trade (+143% mom) as reduction in OG imports materialised due to both price and volume cuts. Imports cutback only appeared in raw materials (-13.5% mom) while both capital and consumer goods remained increasing. (CEIC, BPS).

Comment: Trade update should bring negative sentiment to market as caution had been continuously laid on CA, which was formed majorly by trade balance. We continue to believe that trade deterioration was not an impact of an overheating economy and thus can be balanced in due time although adjustment would take time and consequence notably to the investment side. More thorough analysis will be featured in our report today.

External debt: External debt position as of Nov18 was US\$373bn (+3.4% mom, 7% yoy), the increase of which was driven mostly by private sector as government's debt rose by 2.9% and private sector 3.9% mom. Ratio to GDP remained at c. 34% and slightly declining from last year's. Proportion of short-term debt to total debt ratio also slightly declined on both monthly and yearly bases. (Bank Indonesia).

Comment: News should have neutral impact to market albeit it provides good update and shows consistent effort for Indonesia's external debt management.

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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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