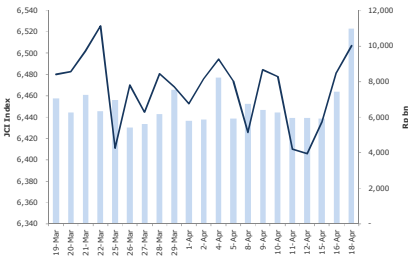


Premier Insight

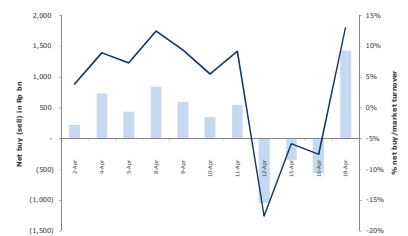
News & Analysis

Corporates

JCI Index



Foreign net buy (sell)



Key Indexes

Index	Closing	1 day	1 year	YTD
JCI	6,507	0.4%	2.4%	5.0%
LQ45	1,030	0.6%	-1.0%	4.8%
DJI	26,560	0.4%	7.7%	13.9%
SET	1,674	-0.1%	-7.1%	7.0%
HSI	29,963	-0.5%	-2.4%	15.9%
NKY	22,201	0.5%	0.2%	11.2%
FTSE	7,460	-0.2%	1.8%	10.9%
FSSTI	3,348	0.0%	-7.0%	9.1%
EIDO	27	-0.7%	-1.5%	7.5%

Commodity price

Commodities (in USD)	Last price	Ret 1 day	Ret 1 year
Oil/barrel (WTI)	64.0	0.4%	-6.5%
CPO/tonne	529.8	0.3%	-8.9%
Soy/bushel	8.4	0.2%	-17.8%
Rubber/kg	1.6	-1.1%	-22.2%
Nickel/tonne	12,588	-1.8%	-17.3%
Tins/tonne	20,350	-0.7%	-6.0%
Copper/tonne	6,461	-1.2%	-7.4%
Gold/try.oz (Spot)	1,275	0.0%	-4.5%
Coal/tonne	84.5	-0.2%	-8.9%
Corn/bushel	3.3	0.3%	-7.8%
Wheat/bushel*	146.5	5.8%	-7.0%

* : 1 month change

Source : Bloomberg

LPCK: Lippo Cikarang (LPCK IJ; Rp1,975; Not Rated) targets RpUS\$200mn from right issue to be fully executed in 3Q19. The proceed from right issue will mainly be utilized to finish the construction of District 1 Meikarta, which according to initial plan should be completed by this year. (Investor Daily).

LPKR: Lippo Karawaci (LPKR; Rp330; Not Rated) target a US\$730mn right issue to be completed in June 2019. The company has set exercise price at Rp235 per shares (28.79% discount from current price). The proceeds from right issue will be utilized to strengthen its balance sheet as well as to support construction of its ongoing projects, including Meikarta. Moreover, company is still working on asset divestment (sell its shares in 2 hospitals in Myanmar to UOE Lippo Healthcare Limited and Lippo Mall Puri to Lippo Malls Indonesia Retail Trust), which estimated to generate US\$280mn. In addition, LPKR targets Rp2tn marketing sales this year. (Investor Daily).

PPRO: PP Properti (PPRO IJ; Rp151; Not Rated) to build a housing projects in Semarang on 14ha land. This would be PPRO expansion in landed property after focusing in high rise residential so far. The land will be near its latest Amarta View apartment projects, which has contributed 89% of company's 1Q19 marketing sales of Rp410bn. (Kontan).

PTPP: PT Pembangunan Perumahan (PTPP IJ; Rp2,490; Buy) has booked Rp9.8tn new contract as of 1Q19 (+3.15%yoy) forming 19.5% of company's targeted Rp50.3tn in FY19 (20.9% ours). The contracts are dominated by EPC works at 56%, followed by infrastructure project at 41.8% and the rest are from building construction (Bisnis Indonesia).

Comment: We continue to like PTPP as one of our top pick in construction sector, given the relatively in line contract orderbook as per 1Q19.

SSIA: Surya Semesta Internusa (SSIA IJ; Rp660; Buy) has not booked marketing sales in 1Q19 however there might be potential 20ha sales. They will also increase its stake in PT Horizon Internusa Persada (HIP) by buying its mandatory convertible note (MCN) of Rp29bn out of total Rp112.66bn. Previously, SSIA owned 40% of HIP. (Bisnis Indonesia).

WIKA: Wijaya Karya (WIKA IJ; Rp2,420; Buy) booked a new Rp200bn contract for MRT station construction in Taiwan as per April 2019. This contract is only covering 4 out of total 12 MRT stations, therefore company see opportunity to book another Rp500bn for the remaining 8 stations. Moreover, WIKA also eyeing a bridge project in Serawak, Malaysia (WIKA portion at 40%) with estimated project value at Rp1.7tn. WIKA projects to booked Rp1.5-2tn contract from overseas as of 1H19. (Bisnis Indonesia).

Comment: WIKA remains one of our top pick in the sector, following its continuous addition of new contracts, including some overseas contracts in Algeria, Malaysia, Dubai and Taiwan.

Markets & Sector

Telco Sector: Hutchinson Tri Indonesia might receive capital injection Rp47tn from upcoming right issue.

- Based on news by Bisnis Indonesia and VP of Hutchinson 3 Indonesia (Tri), Tri intends to issue new shares. The news shares issuance plan is still in progress (waiting for signature from Communication and Informatics Ministry).
- The new shares will be absorbed by Hutchinson Asia Telecom and PT Tiga Telekomunikasi Indonesia (Tiga), while PT Cyber Access Communications (CAC; prev. majority owner (65%)) did not execute its right. Tiga is affiliated with Garibaldi Thohir, according to Bisnis Indonesia.
- Potential change of ownership structure after the corporate action:
Before: CAC 65%; Tiga 35%
Post-right issue: Hutchinson Asia Telecom 66%; Tiga 33%; CAC 1%.
- Proceed from right issue will be used to strengthen company's financial structure.
- Tri reported FY18 revenue and EBITDA of HKD7.3bn and HKD1.6bn respectively. (Bisnis Indonesia, Company).

Comment: Neutral for now as the potential capital injection is still waiting for Kominfo's approval. We will monitor further progress of this potential corporate action and Tri Indonesia's plan from potentially financial structure improvement (capex, data pricing, etc). We view impact to Telco sector will depend on Tri Indonesia's strategy, e.g. to its data pricing, going forward if the right issue is executed. Using average forex of Rp1,889/HKD in 4Q18 without accounting historical difference, We estimate Tri's FY18 revenue and EBITDA would be Rp14tn and Rp3tn respectively. We have a Buy for EXCL TP Rp2,800, but Hold for TLKM TP Rp4,200 and ISAT TP Rp2,800.

Telco Sector: National Election effect to data traffic increase vs. normal day to Indosat (ISAT IJ; Rp2,740;) and XL Axiata (EXCL IJ; Rp2,850;). EXCL reported data traffic during National Election Holiday 2019 is up +24% vs. normal day during 16-18 Apr 2019. This is higher than ISAT's (+7.02% data traffic increase vs. normal day) according to ISAT as of 19 Apr 2019. (Inilah.com, Okezone).

Comment: Slightly positive to EXCL. We have a Buy with TP Rp2800.

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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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