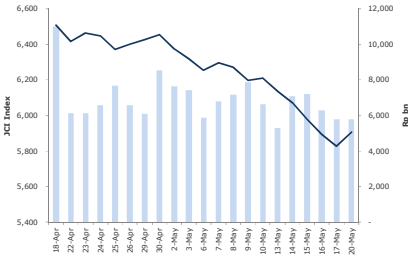


Premier Insight

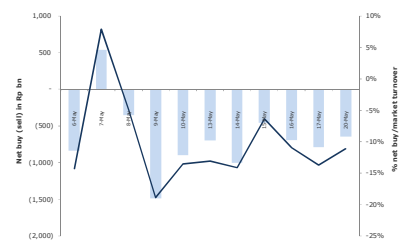
News & Analysis

Corporates

JCI Index



Foreign net buy (sell)



Key Indexes

Index	Closing	1 day	1 year	YTD
JCI	5,907	1.4%	3.0%	-4.6%
LQ45	917	1.9%	1.1%	-6.7%
DJI	25,680	-0.3%	2.7%	10.1%
SET	1,608	-0.4%	-8.3%	2.8%
HSI	27,788	-0.6%	-11.0%	7.5%
NKY	21,302	0.2%	-7.4%	6.1%
FTSE	7,311	-0.5%	-7.0%	8.7%
FSSTI	3,205	-0.8%	-9.2%	4.5%
EIDO	23	1.6%	-3.1%	-8.5%

Commodity price

Commodities	Last price	Ret 1 day	Ret 1 year
<i>(in USD)</i>			
Oil/barrel (WTI)	63.1	0.5%	-11.5%
CPO/tonne	502.1	0.1%	-13.7%
Soy/bushel	7.9	1.6%	-18.9%
Rubber/kg	1.6	-1.1%	-22.2%
Nickel/tonne	11,974	-0.2%	-18.5%
Tins/tonne	19,670	-0.1%	-5.6%
Copper/tonne	6,004	-0.5%	-12.0%
Gold/try.oz (Spot)	1,278	0.0%	-1.1%
Coal/tonne	83.9	-0.3%	-19.6%
Corn/bushel	3.6	1.4%	-2.9%
Wheat/bushel*	146.5	5.8%	-7.0%

* : 1 month change

Source : Bloomberg

CTRA: Ciputra Development (CTRA IJ; Rp900; Buy) target to launch 3 new projects until the end of 2019. Previously in 1Q19, CTRA launched North West Park phase 2 in Surabaya, which contributed for Rp420bn marketing sales. In other note, CTRA will continue working on projects that can secure a recurring income for company, such as shopping mall, hotel, and office tower. (Kontan).

Comment: We maintain our Buy call for CTRA (TP: Rp1,400) following its diverse projects also reflecting to its successful presales in 1Q19, showing its capability.

JSMR: Sarana Multi Infrastructure (SMI) is reported to study on the possibility of increasing its stake in Pandaan – Malang toll road (from current stake at 5%). This opens an exit opportunity for Pembangunan Perumahan (PTPP IJ; Rp1,840; Buy) which previously indicated its interest to divest its stake on the related toll road (up to 15%; current stake at 35%) making them minority shareholder (below 20%) in Pandaan – Malang toll road. (Bisnis Indonesia).

Comment: This news delivers positive sentiment for both JSMR and PTPP. First, SMI interest on Pandaan – Malang share acquisition could provide an exit strategy for PTPP which could release c. Rp1tn worth of cash (applying JSMR's Gempol – Pandaan market valuation at P/B of 2.3x) and book c.Rp566bn potential one-off gain. Second, JSMR will have a strong capital back-up from SMI (if realized) in the form of the possibility of accessing additional debt or stake divestment to finance the other toll road projects. We maintain BUY on both JSMR and PTPP.

TBIG: Tower Bersama (TBIG IJ; Rp3,100; Not Rated) 1Q19 EBITDA in-line

- 1Q19 revenue are in-line to consensus. TBIG's tenancy ratio is roughly similar in 1Q19 1.71x vs. 4Q18 (1.69x). The company increased number of tenants by +2%QoQ (+10%YoY) to 25.9K tenants, but number of sites was roughly flat QoQ (+12%YoY) to 15.1K. Company said its portfolio expanded by 510 tenancies in 1Q19 consists of: 127 telco sites and 383 co-locations.
- EBITDA is in-line to our estimates with slightly decline in EBITDA margin to 85% in 1Q19 from 86% in 1Q18. TBIG's 1Q19 EBITDA YoY growth (+8%) was better than TOWR (+5%YoY) in 1Q19.
- Operating profit is –line to our estimate.
- Net profit was slightly below consensus, but indicates strong improvement QoQ in 1Q19.
- TBIG trades at 2019 EV/EBITDA of 8.4x, similar to TOWR at 8.5x. TBIG's share price drop by 9% in 14 May after exclusion from MSCI.

	4Q18	1Q19	QoQ	YoY	1Q18	1Q19	YoY	1Q19 / cons (%)
Revenue	1,150	1,131	-1.7%	9.1%	1,036	1,131	9.1%	24.3%
EBITDA	989	965	-2.4%	7.8%	896	965	7.8%	24.0%
EBIT	841	811	-3.5%	6.7%	760	811	6.7%	23.8%
Net Profit (Loss)	57	218	281.7%	-6.7%	234	218	-6.7%	22.1%
EBITDA Margin	86.0%	85.3%			86.4%	85.3%		
Opr Margins (%)	73.1%	71.7%			73.4%	71.7%		
Net Margins (%)	5.0%	19.3%			22.5%	19.3%		

WTON: Wijaya Karya Beton (WTON IJ; Rp490; Buy) booked Rp1.8tn worth of new contract as of 4M18, forming 21% and 20% to ours and company's forecast, respectively. Notable new contracts which was acquired by WTON includes Bogor Outer Ring Road (Rp157bn), Kulon Progo Airport (Rp136bn), and many other infrastructure projects (with ticket size below Rp80bn). The contract mix consists of parent company (17%), SOEs (31%), and private (52%). (Bisnis Indonesia).

Markets & Sector

Toll road sector: Astra Infrastructure is keen to expand its toll road portfolio, after reportedly acquiring WIKA's stake on Surabaya – Mojokerto toll road. Company has an ambitious target of holding toll road portfolio with total length of 500km (from currently 349km; see the table) and intends to purchase other toll road operators' minority stake though it declines to name the targeted toll road. In addition, they indicate to only purchase operating toll roads in Trans Java instead of investing on under construction toll road. (Bisnis Indonesia).

Comment: This is another positive sentiment for JSMR and SOE contractors holding toll road portfolio on its book (especially for WSKT). Since the Trans Java toll road carries reasonably good valuation (P/B of 2x- 2.3x), it could boost earnings growth (potential one-off divestment gain) and invigorate cash flow position for SOE contractors to take up other big infrastructure project. It same goes to JSMR where it could seek a fresh fund from stake divestment since it holds extensive Trans Java toll roads.

	Length (km)
Tangerang - Merak	72
Kunciran - Serpong	11
Cikopo - Palimanan (Cipali)	116
Semarang - Solo	73
Jombang - Mojokerto	41
Surabaya - Mojokerto	36
Total	349

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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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