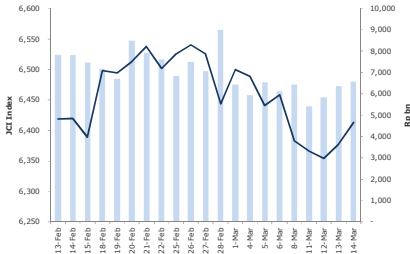
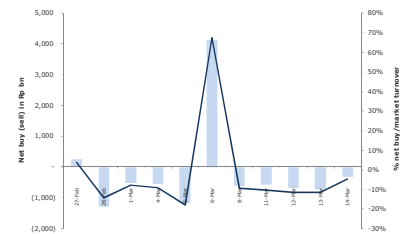


JCI Index



Foreign net buy (sell)



Key Indexes

Index	Closing	1 day	1 year	YTD
JCI	6,413	0.6%	1.4%	3.5%
LQ45	1,004	0.8%	-3.4%	2.2%
DJI	25,710	0.0%	3.4%	10.2%
SET	1,636	-0.2%	-9.9%	4.6%
HSI	28,851	0.2%	-8.5%	11.6%
NKY	21,287	0.0%	-2.4%	7.3%
FTSE	7,185	0.4%	0.6%	6.8%
FSSTI	3,198	0.1%	-9.1%	4.2%
EIDO	25	0.3%	-8.2%	1.6%

Commodity price

Commodities	Last price	Ret 1 day	Ret 1 year
<i>(in USD)</i>			
Oil/barrel (WTI)	58.6	0.6%	-3.9%
CPO/tonne	504.2	-1.3%	-15.5%
Soy/bushel	8.5	-0.3%	-14.4%
Rubber/kg	1.6	-1.1%	-22.2%
Nickel/tonne	12,799	-2.4%	-7.1%
Tins/tonne	21,232	0.0%	0.1%
Copper/tonne	6,416	-1.3%	-7.7%
Gold/try.oz (Spot)	1,296	-1.0%	-1.5%
Coal/tonne	94.6	0.1%	-3.2%
Corn/bushel	3.4	0.9%	-7.2%
Wheat/bushel*	146.5	5.8%	-7.0%

* : 1 month change

Source : Bloomberg

Ramayana Lestari (RALS IJ; Buy)

Santa Claus is coming to town

- Welcoming Go-Pay to Ramayana family.
- First-mover advantage for RALS.
- Opportunity from RALS's less tech-savvy market.
- Dana still aggressive compared to Go-Pay, good for RALS.

Go-Pay is available in Ramayana. Our findings show that RALS is now accepting one of the leader in Indonesia digital payment system, *Go-Pay*, starting this month. We do also note that previously, RALS already accept Dana, another digital payment system owned by EMTK (Not Rated) starting November 2018. We believe this collaboration will give financial incentives to RALS on the back of increasing transaction volume. Our findings in Ramayana Prime City Plaza, Jakarta, during the first week of *Go-Pay* and RALS collaboration, show that there are ~160 *Go-Pay* transactions on average from the total of 2,000 daily transactions. While during the first inception week, electronic transactions are on average grab 10% of the total transactions.

First-mover advantage for RALS. With much capital from startup especially in peer-to-peer payment system, we see that department store, with a small ticket size like RALS, have a prime opportunity as a first destination to collaborate. Despite it is too premature to judge, we believe the collaboration between brick and mortar retailer and digital payment system, like *Go-Pay* and *Dana* will be fundamental shift for the industry and RALS have a first-mover advantages from this collaboration. From the brand perspective, we believe that collaborating with digital payment should also give a benefit in terms of brand perception. RALS is a market leader in middle-low and lower retail segment. Indeed, this will be an opportunity for Ramayana to upgrade its brand perception.

Less tech-savvy target market is an opportunity. Our discussion with store manager in Ramayana Prime, City Plaza, shows that the company has to educate the staff for more than a week in order to familiarize one digital payment system. With the aggressive promotions coming from the payment system and time constraints to educate both less tech savvy staff and customers, we believe department store, such as RALS will limit their collaboration with electronic payment going forward and this make the upcoming players not so lucky with future collaborations with department store. In that sense, this will be good for both *Go-Pay* and *Dana* as they already arrived in RALS while the competitor left behind. Worth to note, that there are 30 other digital payment players currently looking at the same opportunity as *Go-Pay* and *Dana*.

Short-term benefit for RALS. Our findings show that *Dana* more aggressive compared to *Go-Pay* (see the table below). However, due to less popularity in *Dana*, we expect that the traction will come from *Go-Pay* users. Our analyst, Elbert Setiadharma, maintain BUY call on RALS on the back of its higher margin across the board.



Details	Go-Pay	Dana
Cashback Promotion (Rp)	10% or at most 30,000	50% or at most Rp35,000
Minimum Transaction (Rp)	75,000	70,000
Promo terms and condition	1x per week	1x per week
Timeframe	N/A	Mar-19
Applicable in Robinson Supermarket	Yes	Yes
Restriction	Not applicable for Dairy Groceries, Cigarettes, Phone Credit	N/A

News & Analysis

Corporates

EXCL: XL Axiata (EXCL IJ; Rp2,550; Buy) plans to conduct Annual General Meeting (AGM) on 14 March. (Company).

Comment: Neutral impact to EXCL for now. We will monitor the AGM result. We expect no dividend distribution from FY18 earnings considering significant net loss from acceleration of depreciation booked last year (give gradual cost saving in the next several years). EXCL (Buy, TP Rp2800) trades at 4.7x 2019F EV/EBITDA.

ISAT: Indosat (ISAT IJ; Rp2,710; Hold) targets 2019F cellular revenue contribution to increase vs. FY18. ISAT said its strategy is to provide quality service with suitable pricing. ISAT views this will help company to engage with customer. (Kontan).

Comment: Neutral for now considering risk in balance sheet. Our cellular revenue contribution to total revenue in 2019F-20F for ISAT is 78-79%, similar to FY18. We have a Hold for ISAT with TP Rp2800 with downside risk from long-term balance sheet quality and uncertainties in earning turnaround in the near term.

PEHA: Phapros (PEHA IJ; Rp2,280; Not Rated) distribute 70% of its net profit or eqv to Rp92.6bn for dividend. Moreover, in the 2nd semester 2019, PEHA will do right issue for 20% of its shares, targeting a Rp1 tn fresh funds from the action. Proceed from right issue will be utilize for drug factory investment in Myanmar, refinancing and also working capital. PEHA target a 20-30% revenue growth and 15-20% net profit growth this year. To meet the target, aside from releasing 12 new products this year, company is planning to do hospital acquisition and to increase ownership in Permata Cirebon hospital that currently at 20% (Bisnis Indonesia).

PWON: Pakuwon Jati (PWON IJ; Rp640; Buy) expect shift in customer preferences from landed houses to high-rise product in mix-used complex. Thus, company targets landed high rise contribution to FY19F marketing sales to reach 67% (FY18: 65%), while expecting landed houses portion to decline to 24% (FY18: 28%). However, PWON set a moderate marketing sales target of Rp2.2tn in FY19F as they are expecting quite property market during presidential election. (Bisnis Indonesia).

Comment: We maintain PWON as one of our top picks in residential property sector given company's strong recurring income portion which aid the company's position during weak marketing sales.

Markets & Sector

Plantation sector: Indonesian government plans to file a lawsuit against European Union (EU) to the World Trade Organization (WTO) following EU's decision to include crude palm oil (CPO) as a non-environmentally friendly product on its Renewable Energy Directive (RED) II. Indonesia accuses EU for a violation in global trade by its discriminative practice against CPO. (Bisnis Indonesia).

Comment: Palm oil price hits the lowest level in three months following EU decision to include CPO as a non-environmentally friendly product on its RED II. We expect negative sentiments for palm oil price to remain in the short term following this update. However, at this stage we maintain our positive view on the sector and expect palm oil price to strengthen post low-demand season in 1Q19. We maintain our Buy recommendation for AALI (TP: Rp15,500) and LSIP (TP: Rp1,600).

Head Office

PT INDO PREMIER SEKURITAS

Wisma GKBI 7/F Suite 718

Jl. Jend. Sudirman No.28

Jakarta 10210 - Indonesia

p +62.21.5793.1168

f +62.21.5793.1167

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.

DISCLAIMERS

This research is based on information obtained from sources believed to be reliable, but we do not make any representation or warranty nor accept any responsibility or liability as to its accuracy, completeness or correctness. Opinions expressed are subject to change without notice. This document is prepared for general circulation. Any recommendations contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This document is not and should not be construed as an offer or a solicitation of an offer to purchase or subscribe or sell any securities. PT. Indo Premier Sekuritas or its affiliates may seek or will seek investment banking or other business relationships with the companies in this report.