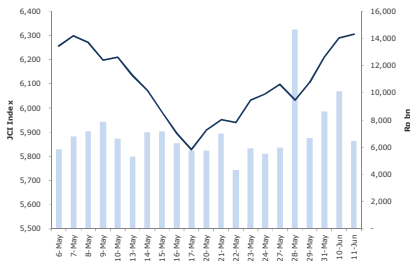


Premier Insight

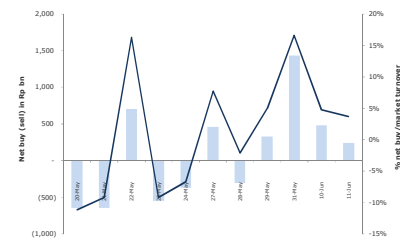
News & Analysis

Corporates

JCI Index



Foreign net buy (sell)



Key Indexes

Index	Closing	1 day	1 year	YTD
JCI	6,306	0.3%	5.2%	1.8%
LQ45	1,002	0.0%	5.4%	2.0%
DJI	26,049	-0.1%	2.9%	11.7%
SET	1,670	0.3%	-3.3%	6.8%
HSI	27,789	0.8%	-10.7%	7.5%
NKY	21,204	0.3%	-7.3%	6.1%
FTSE	7,398	0.3%	-4.0%	10.0%
FSSTI	3,210	0.7%	-6.4%	4.6%
EIDO	26	0.6%	1.4%	4.0%

Commodity price

Commodities	Last price	Ret 1 day	Ret 1 year
<i>(in USD)</i>			
Oil/barrel (WTI)	53.3	0.0%	-19.4%
CPO/tonne	482.1	0.7%	-15.0%
Soy/bushel	8.2	0.2%	-11.5%
Rubber/kg	1.6	-1.1%	-22.2%
Nickel/tonne	11,807	2.1%	-22.4%
Tins/tonne	19,285	-0.3%	-9.3%
Copper/tonne	5,858	0.0%	-19.3%
Gold/try.oz (Spot)	1,327	-0.1%	2.4%
Coal/tonne	74.2	0.9%	-35.2%
Corn/bushel	4.1	3.0%	21.5%
Wheat/bushel*	146.5	5.8%	-7.0%

* : 1 month change

Source : Bloomberg

ISAT: Indosat (ISAT IJ; Rp2,100; Hold) data traffic in Lebaran 2019 (H-3) grew 41% vs. normal day. Compared to H-3 Lebaran 2018, ISAT's data traffic grew 68.5% from Lebaran 2019. Compared to other operators' data traffic during similar period reported by news outlets in the last 2 days, ISAT's data traffic growth during Lebaran is the highest among Big 3 Telco operators.

Data traffic growth during Lebaran '19			
Operators	Vs. Lebaran 2018	Vs. Normal Day 2019	Note
Telkomsel	50%	12%	H-1 period
ISAT	69%	41%	H-3 period
XL	57%	24%	H-1 until H+1 period

Compared to normal day, ISAT's SMS traffic was up by +5% (H-7 until H+5), while voice traffic -13%. (Indotelko, IndoPremier, Kontan).

Comment: Slight positive sentiment to ISAT, neutral to EXCL, but slight negative sentiment to TLKM on the back of possibility for ISAT to improve (or at least maintain recovery trend) in 2Q19F revenue market share among Big 3 Telcos.

We have a Buy for EXCL TP Rp3,300 and TLKM TP Rp4,300, but Hold (concern on balance sheet's quality) for ISAT TP Rp2,200.

VIVA: Visi Media Asia (VIVA IJ; Rp126; Not Rated): Sinarmas Group denied rumour regarding intention to invest in VIVA. This is according to Kontan regarding rumour that Sinar Mas Group and Pieter Tanuri (declined to give response) are competing to become strategic investors to VIVA and MDIA via private placement.

According to VIVA's public expose on 29 May:

- Other than non-preemptive right issue plan (PMTHMED) to strengthen its capital structure and debt deleveraging (causing forex loss pressure), VIVA also has alternative to conduct divestment.
- VIVA has 89.9% ownership in PT Intermedia Capital Tbk (MDIA IJ; Not rated). Thus, it is still possible to partly sell its ownership as VIVA could still maintain majority ownership at 51-55%.
- VIVA is open to offers from parties that can synergize with same vision and mission in company's development. Currently, there is several parties already showed interest to the company (in exploration phase).

On 29 May, MDIA share price already jumped by +11%. (Kontan, Company)

Markets & Sector

Mining sector: Government of Indonesia revoked ore export license to a bauxite producer and temporary suspended ore export license to four nickel producers and a bauxite producer. Ministry of Energy and Mineral Resources requires ore exporters to meet smelter completion target of 25-30% in 2019. Ore export licenses for companies which failed to meet these requirements would be temporary suspended or revoked. (Kontan, Bisnis Indonesia).

Comment: This would reduce Indonesia nickel ore supply to global market and might be positive to nickel price. We also believe nickel price could temporary increase due to flood in Central Sulawesi which could potentially reduce output from the nickel giant, Tsingshan Group which operates in Central Sulawesi. Nonetheless, at this stage we maintain our Hold rating for INCO.

Refer to Important disclosures in the last page of this report

Plantation sector: Road test prior to B-30 implementation will start in 13 June 2019. Road test of 50,000km will be conducted to passenger vehicles and trucks which transport goods. The tests will take six months. If results from the road tests are positive the government would implement B-30 in 2020. This year, as B-20 has been fully implemented, FAME (fatty acid methyl ether) consumption is expected to reach 7.37mn kiloliters, up from 5.7mn kiloliters in 2018. In 2020, post the implementation of B-30 FAME consumption is expected to reach 10-11mn kiloliters, according to General Director of Renewable Energy and Energy Conservation of Ministry of Energy and Mineral Resources (ESDM), Sutijastoto. (Bisnis Indonesia).

Comment: We view that B-30 implementation would end over-supply in global palm oil market. We maintain our long-term positive view on the palm oil industry and reiterate our BUY recommendations for AALI (TP: Rp12,000) and LSIP (TP: Rp1,300).

Toll Road Sector: 4 out of 5 Astra's (AUTO IJ; Rp1,465; Not Rated) toll road recorded increase in traffic following the Idul Fitri seasonality. Since D-10 upto D+3 there are approximately 6 mn (+18% compared to same period last year) vehicles passing Astra Infra's 5 toll roads. The highest traffic increase was in Jombang-Mojokerto section (+93%), followed by Semarang-Solo section (+49%), Surabaya-Mojokerto section (+25%) and Cikopo-Palimanan (+6%). Meanwhile, Tangerang-Merak section recorded -2% decreases in traffic during the season following the unrecovered tourism industry in Banten post Selat Sunda's earthquake and tsunami by end of 2018. In separated notes, Jasa Marga (JSMR IJ; Rp5,700; Buy) claimed that approximately 75% of 'migrants' have returned to Jakarta, leaving 25% more to come. JSMR recorded 62.16% increase in average daily traffic throughout D+1 up to D+4 Idul Fitri. (Bisnis Indonesia, Kontan).

Economics

Retail bonds: The government mulls over plan to increase proportion of new debt issued in form of retail bonds in order to support financing in the 2020 budget. Planned deficit for the budget year is about 1.6-1.9% of GDP. No final disclosure yet on the sizing of bonds and deficit as budget discussions remain ongoing. The objective, according to finance minister Sri Mulyani, is to minimise global volatility and invite citizens' participation in economic development. For this, coupon offering will be made interesting. (Kontan).

Comment: To note, size of retail bonds issuance in 2019 is targeted at Rp60tn (+30% from 2018) and making up c. 16% of total financing. There are planned 10 issuances throughout this year. If the increase in 2020 follows this year's pattern, we should see added competition for funds which may crowd out banks' interest rate going forward.

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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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