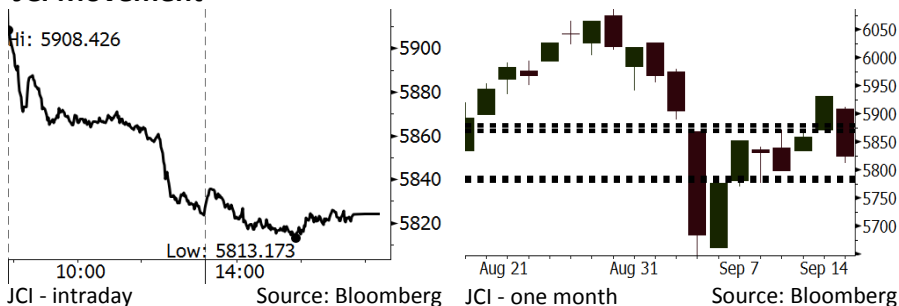


Morning Brief

Daily | Sept 18, 2018

JCI Movement



Market Recap

JCI closed lower yesterday. Investors responded negatively August's trade deficit bigger than estimate. **Top Losers: Miscellaneous Industries (-3.07%), Infrastructure (-2.50%), Basic Industry (-2.49%)**

Global markets snapped lower yesterday after Trump imposed new additional tariffs on Chinese goods. Trump's stance constrained the movement of tech. stocks in Asia and the U.S. markets. On the other hand, European markets closed flat as the retail sector marked outstanding performance.

Today's Outlook: Confirmation of New Import Tariff

We estimate JCI to be sluggish with the **support range of 5781-5786** and **resistance range of 5869-5879**. From global outlook, the negative sentiment stems from Trump's new 10% tariffs of USD200 billion on Chinese goods to take effects in next week. In fact, the tariff will rise to 25% at the end of the year. If China retaliated the U.S. tariff, the U.S. threatened to impose an additional tariff for USD265 billion of Chinese goods.

From the domestic outlook, August's trade balance deficit was higher than estimate. It was attributable to exports of August marked underperformance, whereas imports of August soared.

Stocks Recommendation (details on the next page)

Trading Buy: UNTR, KLBFI, INDF

Company News

- HEAL : Revenue Grows by 18.2%
- WSBP : Posts Revenue of IDR5.02 Trillion
- SMBR : Enjoys Growth of 72.2% in Sales
- AKRA : Increases Its Fuel Tanks Capacity in 2019

Domestic & Global News

- August's Trade Balance Marks Deficit of USD1.02 Billion
- Trump Puts New tariffs on China as Trade War Escalates

Indonesia Economic Data

Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.50%	5.25%	Real GDP	5.27%	5.06%
FX Reserve (USD bn)	117.90	118.31	Current Acc (USD bn)	(8.03)	(5.54)
Trd Balance (USD bn)	(1.02)	(2.03)	Govt. Spending Yoy	5.26%	2.73%
Exports Yoy	4.15%	19.33%	FDI (USD bn)	5.50	3.49
Imports Yoy	24.65%	31.56%	Business Confidence	106.28	112.39
Inflation Yoy	3.20%	3.18%	Cons. Confidence*	121.60	124.80

IHSG (Jakarta Composite Index)

September 17	5,824.26
Chg	-107.02pts (-1.80%)
Volume (bn shares)	73.14
Value (IDR tn)	4.88
Adv 116 Dec 243 Unc 255 Untr 134	

Foreign Transaction (IDR bn)

Buy	2,051
Sell	1,780
Net Buy (Sell)	271

Top Buy	NB Val.	Top Sell	NS Val.
BBCA	44.0	BMRI	147.0
ERAA	28.7	BBRI	84.3
AKRA	20.9	TLKM	76.1
BTPS	12.5	ASII	34.6
TRAM	12.1	UNTR	32.3

LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
SRIL	0.6%	INTP	-6.0%
LPKR	0.6%	INKP	-4.5%
BBCA	-0.2%	BMRI	-4.4%
BJBR	-0.3%	INCO	-4.1%
BSDE	-0.4%	BBNI	-4.0%

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	8.42%	0.01%
USDIDR	14,880	0.49%
KRWIDR	13.20	-0.34%

Global Indexes

Index	Last	Chg.	%
Dow Jones	26,062.12	(92.55)	-0.35%
S&P 500	2,888.80	(16.18)	-0.56%
Nasdaq	7,895.79	(114.25)	-1.43%
FTSE 100	7,302.10	(1.94)	-0.03%
CAC 40	5,348.87	(3.70)	-0.07%
DAX	12,096.41	(27.92)	-0.23%
Nikkei	23,094.67	273.35	1.20%
Hang Seng	26,932.85	(353.56)	-1.30%
Shanghai	2,651.79	(29.85)	-1.11%
KOSPI	2,303.01	(15.24)	-0.66%
EIDO	22.14	(0.67)	-2.94%

Commodities

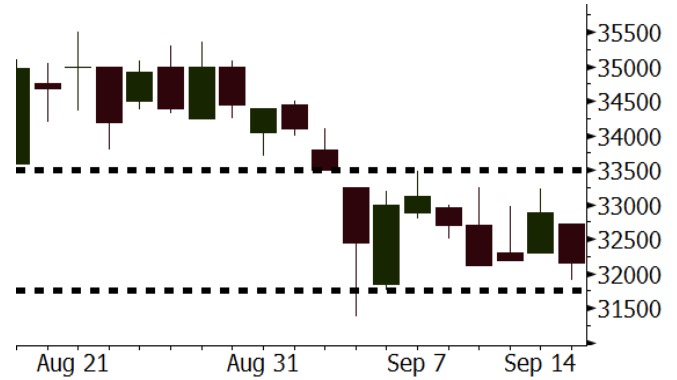
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,201.5	6.6	0.55%
Crude Oil (USD /bbl)	68.91	(0.08)	-0.12%
Coal Newcas(USD/ton)	112.75	(1.00)	-0.88%
Gas (USD /mmbtu)	2.81	0.05	1.70%
Nickel LME (USD /MT)	12,240	(415.0)	-3.28%
Tin LME (USD /MT)	19,025	(15.0)	-0.08%
CPO (MYR/Ton)	2,222	(21.0)	-0.94%

UNTR Last = 32150

Analysis UNTR still has an attractive valuation amid varied positive sentiments in Indonesia-based mining industry. It is traded at a P/E of 12.7x a steep lower than the last two year average of 22.1x.

Range 31750 – 33500

Action Trading Buy. Cut Loss If Below 31750



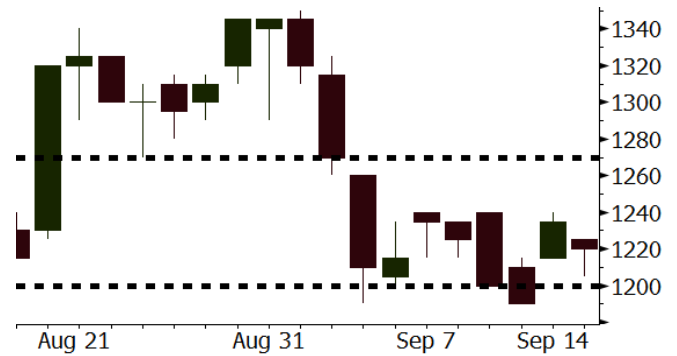
Source: Bloomberg

KLBF Last = 1220

Analysis After a steep decline in the early of September, KLBF's stock prices are currently stable. On the other side, its valuation is still attractive. It is traded at a P/E of 23.8x, a steep lower than the 2-year average of 31.2x.

Range 1200 – 1270

Action Trading Buy. Cut Loss If Below 1200



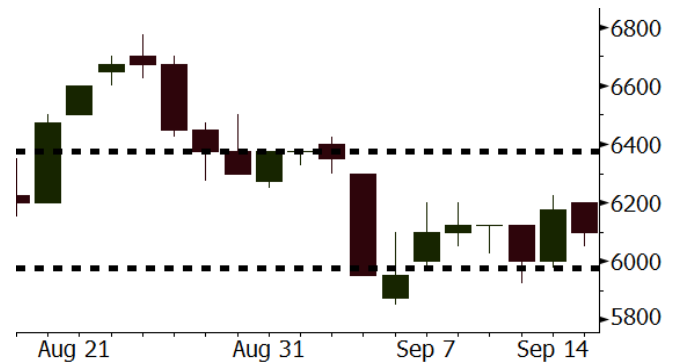
Source: Bloomberg

INDF Last = 6100

Analysis Amid the negative sentiment, INDF's stock prices are capable of stably standing at the average of 6,000. Now, INDF is traded at a P/E of 13.9x lower than the last 2-year average of 17.3x.

Range 5975 – 6375

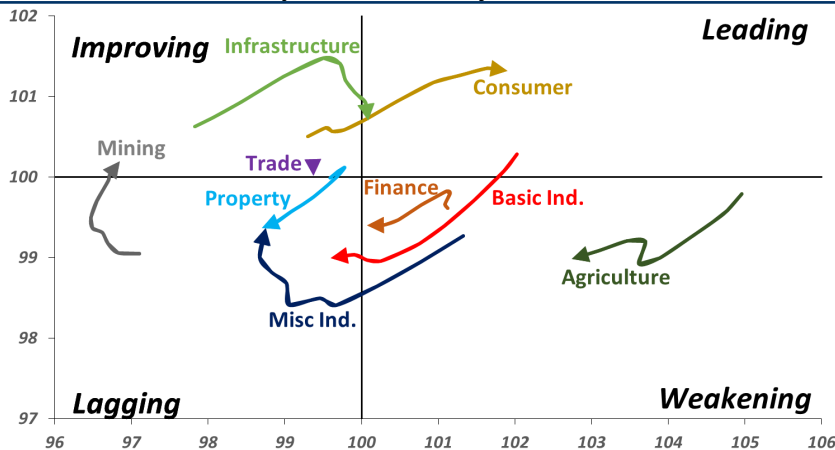
Action Trading buy. Cut Loss If Below 5975



Source: Bloomberg

Sector Rotation

Relative Rotation Graph - Last 10 Days



Source: Bloomberg

Relative Valuation

	Last Price	End of Last Year Price	Target Price*	Rating	Upside Potential (%)	1 Year Change (%)	Market Cap (IDR tn)	Price / EPS (TTM)	Price / BVPS	Return on Equity (%)	Dividend Yield TTM (%)	Sales Growth Yoy (%)	EPS Growth Yoy (%)	Adjusted Beta
JCI Index	5,824	6,356				(1.0)	6,587.6							
Finance						6.5	1,961.6							
BBCA	23,925	21,900	27,650	Buy	15.6	26.1	589.9	24.4x	4.3x	18.8	1.1	5.7	8.4	0.9
BBRI	2,970	3,640	3,930	Buy	32.3	(1.0)	366.3	11.9x	2.2x	19.3	3.6	5.8	10.9	1.4
BMRI	6,450	8,000	7,500	Buy	16.3	(1.9)	301.0	12.9x	1.8x	14.5	3.1	(0.5)	28.7	1.3
BBNI	7,225	9,900	9,675	Buy	33.9	(0.3)	134.7	9.2x	1.4x	15.5	3.5	11.8	16.2	1.4
BBTN	2,590	3,570	3,280	Buy	26.6	(20.8)	27.4	8.6x	1.2x	15.1	2.2	14.3	11.7	1.7
BJTM	640	710	810	Buy	26.6	(6.6)	9.6	8.1x	1.2x	15.5	6.9	1.1	2.5	0.9
Consumer						(4.4)	1,372.6							
HMSP	3,810	4,730	4,300	Hold	12.9	(2.8)	443.2	34.8x	16.0x	46.0	2.8	5.5	1.9	1.3
GGRM	72,975	83,800	88,650	Buy	21.5	7.7	140.4	17.2x	3.4x	20.9	3.6	12.6	13.7	1.3
UNVR	46,050	55,900	49,600	Hold	7.7	(9.7)	351.4	50.8x	70.1x	139.4	2.0	(0.4)	(2.5)	1.0
ICBP	8,825	8,900	9,625	Hold	9.1	0.6	102.9	25.8x	5.2x	21.3	1.8	5.4	9.5	1.1
INDF	6,100	7,625	8,175	Buy	34.0	(28.0)	53.6	13.9x	1.7x	12.6	3.9	1.0	(12.5)	1.2
KLBF	1,220	1,690	1,730	Buy	41.8	(30.3)	57.2	23.8x	4.3x	18.9	2.0	3.1	(0.0)	1.3
KAEF	2,340	2,700	3,280	Buy	40.2	(20.1)	13.0	36.7x	5.2x	14.9	0.8	29.1	28.3	1.0
Infrastructure						(17.9)	688.32							
TLKM	3,470	4,399	4,600	Buy	32.6	(25.6)	343.7	18.3x	4.0x	22.1	4.8	0.5	(28.1)	0.8
EXCL	2,970	2,960	3,800	Buy	27.9	(25.2)	31.7	218.0x	1.5x	0.7	N/A	1.0	N/A	1.2
ISAT	2,970	4,800	6,750	Buy	127.3	(52.9)	16.1	N/A	1.3x	(2.6)	2.4	(26.8)	N/A	0.9
PGAS	1,995	1,750	2,600	Buy	30.3	23.1	48.4	13.6x	1.0x	7.6	1.6	15.0	200.0	1.5
JSMR	4,390	6,400	6,050	Buy	37.8	(26.2)	31.9	14.3x	2.0x	14.8	1.4	42.5	2.9	1.0
TBIG	5,225	6,425	6,050	Buy	15.8	(20.5)	23.7	10.5x	7.9x	104.6	3.2	7.1	8.1	0.6
INDY	2,800	3,060	5,000	Buy	78.6	48.9	14.6	2.7x	1.0x	44.8	3.8	219.4	49.0	0.8
Trade						(10.4)	708.8							
UNTR	32,150	35,400	44,750	Buy	39.2	4.7	119.9	12.7x	2.4x	20.6	2.8	32.3	60.0	1.1
AKRA	3,580	6,350	8,025	Buy	124.2	(48.3)	14.4	20.5x	1.7x	22.2	6.1	21.6	(34.8)	1.3
SCMA	1,830	2,480	2,500	Buy	36.6	(19.7)	26.8	20.0x	6.3x	32.5	4.1	2.6	0.7	1.1
MNCN	835	1,285	1,125	Buy	34.7	(38.6)	11.9	8.3x	1.1x	14.6	1.8	1.8	(9.2)	1.1
LPPF	6,425	10,000	11,250	Buy	75.1	(35.3)	18.7	9.8x	8.0x	93.0	7.1	3.1	0.4	1.1
ACES	1,350	1,155	1,635	Buy	21.1	25.0	23.2	26.3x	6.5x	26.3	1.7	22.6	30.0	1.1
RALS	1,305	1,200	1,400	Hold	7.3	39.6	9.3	16.7x	2.4x	14.6	3.1	0.9	31.8	0.9
MAPI	810	620	945	Buy	16.7	17.4	13.4	22.9x	3.0x	15.5	0.5	18.0	183.0	1.0
Property						(15.1)	364.9							
BSDE	1,150	1,700	1,850	Buy	60.9	(36.1)	22.1	6.6x	0.9x	13.8	N/A	(27.6)	(79.9)	1.4
PWON	515	685	625	Buy	21.4	(20.2)	24.8	11.8x	2.2x	20.5	1.2	14.4	25.4	1.1
CTRA	790	1,185	1,130	Buy	43.0	(33.3)	14.7	20.1x	1.1x	5.6	1.2	(0.8)	(49.0)	1.4
SMRA	670	945	1,050	Buy	56.7	(36.8)	9.7	29.0x	1.5x	5.2	0.7	(2.5)	(40.0)	1.5
WSKT	1,720	2,210	2,810	Buy	63.4	(9.7)	23.3	4.0x	1.4x	39.6	3.3	47.3	134.6	1.4
PTPP	1,520	2,640	3,850	Buy	153.3	(38.7)	9.4	6.9x	0.8x	12.5	3.1	17.0	(16.3)	1.4
WIKA	1,390	1,550	2,150	Buy	54.7	(25.7)	12.5	9.7x	1.0x	10.5	1.9	36.8	18.7	1.0
ADHI	1,345	1,885	2,160	Buy	60.6	(35.6)	4.8	8.4x	0.8x	10.1	2.2	39.7	282.5	1.2
Misc Ind.						(10.0)	353.4							
ASII	6,950	8,300	9,300	Buy	33.8	(11.5)	281.4	14.1x	2.2x	16.3	2.7	14.8	11.3	1.2
Basic Ind.						28.0	608.4							
INTP	16,000	21,950	21,575	Buy	34.8	(17.0)	58.9	44.9x	2.6x	5.7	4.4	(0.9)	(60.6)	1.4
SMGR	8,800	9,900	11,550	Buy	31.3	(12.0)	52.2	27.6x	1.8x	6.6	1.5	4.7	(10.9)	1.2
CPIN	4,860	3,000	4,200	Hold	(13.6)	81.3	79.7	23.4x	4.6x	21.3	1.2	2.7	59.1	1.0
JPFA	2,140	1,300	2,000	Hold	(6.5)	86.1	25.1	15.1x	2.8x	18.3	4.7	18.2	142.5	0.8
MAIN	1,215	740	780	Sell	(35.8)	33.5	2.7	18.9x	1.5x	7.9	N/A	13.5	350.0	1.2
KRAS	394	424	500	Buy	26.9	(26.4)	7.6	N/A	0.3x	(2.3)	N/A	34.7	72.4	1.1
TPIA	4,840	6,000	6,275	Buy	29.6	3.6	86.3	22.3x	3.4x	17.8	1.7	7.6	(37.4)	0.7
BRPT	1,700	2,260	2,420	Buy	42.4	(25.8)	30.2	18.4x	1.7x	8.9	1.4	13.0	22.5	1.1
Mining						30.1	426.4							
ADRO	1,715	1,860	2,500	Buy	45.8	(5.8)	54.9	8.1x	1.0x	13.3	6.3	3.9	(12.1)	1.2
PTBA	3,930	2,460	5,375	Buy	36.8	89.4	45.3	7.8x	3.3x	43.4	8.1	17.4	49.1	1.1
ITMG	26,275	20,700	32,400	Buy	23.3	30.7	29.7	7.8x	2.2x	27.6	12.0	8.0	(10.0)	1.1
INCO	3,250	2,890	5,325	Buy	63.8	17.8	32.3	56.1x	1.2x	1.9	N/A	28.3	N/A	1.3
ANTM	790	625	985	Buy	24.7	16.2	19.0	19.4x	1.0x	5.3	0.3	292.4	N/A	1.1
TINS	710	775	1,240	Buy	74.6	(19.3)	5.3	10.0x	0.9x	8.8	3.3	1.8	13.1	1.1
ELSA	348	372	625	Buy	79.6	26.1	2.5	7.0x	0.8x	12.1	1.5	46.5	783.3	1.4
Agriculture						(10.0)	103.2							
AALI	12,750	13,150	16,925	Buy	32.7	(15.0)	24.5	14.0x	1.3x	9.7	3.7	8.9	(23.3)	0.6
LSIP	1,365	1,420	1,680	Buy	23.1	(6.8)	9.3	17.6x	1.1x	6.6	3.3	(28.5)	(47.6)	0.6

* Target Price for December 2018

Source: Bloomberg, NHKS Research

HEAL : Revenue Grows by 18.2%

HEAL posted the 1H18's revenue of IDR1.51 trillion (+18.2% y-y) aligning with the estimated growth. Its EBITDA also surged by 17.7% y-y to IDR314.7 billion. However, its net profit slightly decreased by 0.84% y-y to IDR70 billion. Of note, it targets the growth of 19% in 2018's revenue. (Kontan)

WSBP : Posts Revenue of IDR5.02 Trillion

WSBP posted the revenue of IDR5.02 trillion until August 2018. Its cumulative income soared by 364% y-y to IDR6.55 trillion deriving from a number of toll road projects. To maintain its performance, WSBP will diversify its business expansion, expand its supply chain, and construct Karawang-based laboratory center. (Bisnis Indonesia)

SMBR : Enjoys Growth of 72.2% in Sales

SMBR posted the growth of 72.2% y-y to 218,747 tons in August's domestic sales volume. Thus, it succeeded in posting the overall sales volume to reach 1.27 million tons or growing by 40.9% y-y. The outperformance was backed by the improvement in the distribution system and the higher demand for cement in Bangka Belitung, Jambi, and Pontianak. (Bisnis Indonesia)

AKRA : Increases Its Fuel Tanks Capacity in 2019

AKRA planned to increase the capacity of its fuel tanks by 170,000 tons or 25.5% from the current capacity. Starting from 2019, it will gradually increase the capacity of its fuel tanks. Of note the fuel tanks are owned by PT Jakarta Tank Terminal, a joint venture between AKRA and Netherland-based company, and by PT Terminal Nilam Utara, a joint venture between AKRA and PT Berlian Jasa Terminal Indonesia. (Kontan)

Domestic & Global News

August's Trade Balance Marks Deficit of USD1.02 Billion

The Central Statistics Agency (BPS) announced August's trade balance deficit of USD1.02 billion. Exports of August was only at USD15.82 billion or growing by 4.15% y-y, whereas imports of August was at USD16.84 billion or growing by 24.65% y-y. (CNBC Indonesia)

Trump Puts New tariffs on China as Trade War Escalates

President Donald Trump will impose 10 percent tariffs on \$200 billion worth of Chinese imports, and those duties will rise to 25 percent at the end of the year. The action, announced by the Trump administration Monday, escalates a trade conflict between the world's two largest economies. China has already threatened to retaliate against new duties. (CNBC)

Global Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	EU	16:00	CPI Core YoY	Aug F	1.00%	1.00%	1.00%
<i>17 - Sep</i>	EU	16:00	CPI YoY	Aug F	2.00%	2.00%	2.10%
	EU	16:00	CPI MoM	Aug	0.20%	0.20%	-0.30%
Wednesday	JPN	Tentative	BOJ Policy Balance Rate	19-Sep		--	-0.10%
<i>19 - Sep</i>	JPN	Tentative	BOJ 10-Yr Yield Target	19-Sep		--	0.00%
	JPN	06:50	Trade Balance	Aug		-¥514.4b	-¥231.2b
	JPN	06:50	Exports YoY	Aug		5.20%	3.90%
Tuesday	JPN	06:50	Imports YoY	Aug		14.50%	14.60%
<i>11 - Sep</i>	UK	15:30	CPI MoM	Aug		0.50%	0.00%
	UK	15:30	CPI YoY	Aug		2.40%	2.50%
	UK	15:30	CPI Core YoY	Aug		--	1.90%
	USA	19:30	Current Account Balance	2Q		-\$103.3b	-\$124.1b
Thursday	USA	19:30	Initial Jobless Claims	15-Sep		--	204k
<i>20 - Sep</i>	EU	21:00	Consumer Confidence	Sep A		-2	-1.9
	USA	21:00	Existing Home Sales	Aug		5.38m	5.34m
Friday	JPN	06:30	Natl CPI YoY	Aug		1.10%	0.90%
<i>21 - Sep</i>	JPN	07:30	Nikkei Japan PMI Mfg	Sep P		--	52.5
	GER	14:30	Markit Germany Manufacturing PMI	Sep P		56.1	55.9
	EU	15:00	Markit Eurozone Manufacturing PMI	Sep P		54.6	54.6
	USA	20:45	Markit US Manufacturing PMI	Sep P		55	54.7

Source: Bloomberg

Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Prev.
Monday	11:00	Exports YoY	Aug	4.15%	9.10%	19.33%
<i>17 - Sep</i>	11:00	Imports YoY	Aug	24.65%	24.00%	31.56%
	11:00	Trade Balance	Aug	-1,021.4m	-\$417m	-\$2,030m

Source: Bloomberg

Corporate Calendar

Date	Event	Company
Monday	Cum Dividend Date	JASS (IDR73 per share)
<i>17 - Sep</i>		
Tuesday	IPO Listing	DIGI, PANI
<i>18 - Sep</i>	Annual Shareholder Meeting	HEXA
	Cum Dividend Date	IKBI (IDR5 per share)
Wednesday	Annual Shareholder Meeting	CNTB
<i>19 - Sep</i>	Extraordinary Shareholder Meeting	CPRO, SAIP
Thursday	Annual Shareholder Meeting	ITMA
<i>20 - Sep</i>	Extraordinary Shareholder Meeting	BABP, CSAP, PSSI
Friday	Annual Shareholder Meeting	MYTX
<i>21 - Sep</i>	Extraordinary Shareholder Meeting	MDKA, GAMA
	Rights Delisting Date	AGRO

Source: Bloomberg

DISCLAIMER

This report and any electronic access hereto are restricted and intended only for the clients and related entities of PT NH Korindo Sekuritas Indonesia. This report is only for information and recipient use. It is not reproduced, copied, or made available for others. Under no circumstances is it considered as a selling offer or solicitation of securities buying. Any recommendation contained herein may not suitable for all investors. Although the information hereof is obtained from reliable sources, its accuracy and completeness cannot be guaranteed. PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, and agents are held harmless from any responsibility and liability for claims, proceedings, action, losses, expenses, damages, or costs filed against or suffered by any person as a result of acting pursuant to the contents hereof. Neither is PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, nor agents are liable for errors, omissions, misstatements, negligence, inaccuracy contained herein.

All rights reserved by PT NH Korindo Sekuritas Indonesia



PT. NH Korindo Sekuritas Indonesia

Member of Indonesia Stock Exchange

Head Office :

Wisma Korindo 7th Floor
Jl. M.T. Haryono Kav. 62
Pancoran, Jakarta 12780
Indonesia
Telp: +62 21 7976202
Fax : +62 21 7976206

Branch Office BSD:

ITC BSD Blok R No.48
Jl. Pahlawan Seribu Serpong
Tangerang Selatan 15322
Indonesia
Telp : +62 21 5316 2049
Fax : +62 21 5316 1687

Branch Office Solo :

Jl. Ronggowarsito No. 8
Kota Surakarta
Jawa Tengah 57111
Indonesia
Telp: +62 271 664763
Fax : +62 271 661623

A Member of NH Investment & Securities Global Network

Seoul | New York | Hong Kong | Singapore | Shanghai | Beijing | Hanoi |
Jakarta