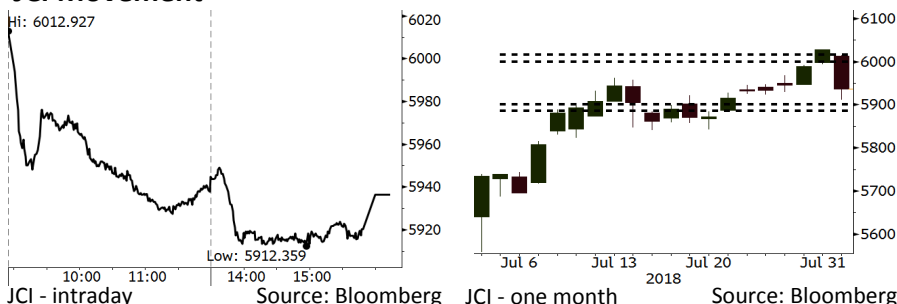


# Morning Brief

Daily | Aug 01, 2018

## JCI Movement



## IHSG (Jakarta Composite Index)

July 31	5,936.44
Chg	-91.49pts (-1.52%)
Volume (bn shares)	117.21
Value (IDR tn)	10.56

Adv 203 Dec 186 Unc 221 Untr 101

## Foreign Transaction (IDR bn)

Buy	3,541
Sell	3,272
Net Buy (Sell)	269

Top Buy	NB Val.	Top Sell	NS Val.
PTBA	72.2	TLKM	186.4
PWON	59.0	ADRO	83.2
WSBP	57.4	BBNI	58.9
BUMI	56.9	INKP	52.0
ASII	32.9	LPPF	39.5

## LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
PTBA	2.8%	LPPF	-15.5%
WSBP	1.9%	ADRO	-8.9%
INDF	1.2%	PTPP	-8.8%
GGRM	1.0%	TLKM	-8.7%
SCMA	1.0%	INDY	-6.3%

## Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	7.77%	0.04%
USDIDR	14,414	-0.01%
KRWIDR	12.88	0.00%

## Global Indexes

Index	Last	Chg.	%
Dow Jones	25,415.19	108.36	0.43%
S&P 500	2,816.29	13.69	0.49%
Nasdaq	7,671.79	41.79	0.55%
FTSE 100	7,748.76	47.91	0.62%
CAC 40	5,511.30	20.08	0.37%
DAX	12,805.50	7.30	0.06%
Nikkei	22,553.72	8.88	0.04%
Hang Seng	28,583.01	(150.12)	-0.52%
Shanghai	2,876.40	7.35	0.26%
KOSPI	2,295.26	1.75	0.08%
EIDO	23.77	(0.45)	-1.86%

## Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,224.2	2.7	0.22%
Crude Oil (USD /bbl)	68.76	(1.37)	-1.95%
Coal Newcas(USD/ton)	117.55	2.00	1.73%
Gas (USD /mmbtu)	2.78	(0.02)	-0.54%
Nickel LME (USD /MT)	14,030	170.0	1.23%
Tin LME (USD /MT)	20,080	55.0	0.27%
CPO (MYR/Ton)	2,194	2.0	0.09%

## Indonesian Market Recap

JCI notched lower yesterday amid the release of lower-than-estimate financial statements. The Indonesian government also cancel to revoke DMO. **Top Losers: Infrastructure (-4.82%), Mining (-2.72%), Property (-2.20%)**

## Today's Outlook: DMO to Be Exercise Further

We estimate JCI to move at modest pace at the **support range of 5885-5900** and **resistance range of 6000-6015**. President Joko Widodo set a cabinet meeting dated Tuesday, 07/31/18, to be held at Bogor Palace. The meeting resulted in a decision of further implementation of domestic market (DMO) pursuant to the prior regulation. Indeed, the Indonesian government likely curbs the domestic coal prices at USD70/ton. The international coal prices hike by 33% (USD91/ton) since April 2018 and soar to USD120/ton in July 2018.

## Stocks Recommendation (details on the next page)

Trading Buy: BDMN, BBRI, ICBP

## Global Market

### United States

The U.S. stocks snapped higher as the U.S. and China endeavor to defuse the escalating trade war between the two world economies power.

### Europe

European stocks snapped higher thanks to the higher-than-estimate financial statements.

### Asia

Asian stocks moved flat yesterday as the Bank of Japan's stance of long-term yield target is likely little bit easing.

## Company News

- ISAT : Posts Decline of 36.4% in ARPU
- INCO : Selects 3 Prospective Partners to Construct Smelter
- LPPF : Sales Surges by 3.14%
- PGAS : Considers Securities Derivative Products

## Domestic & Global News

- DMO Fails to Be Revoked
- Japan's Central Bank Keeps Monetary Policy Steady

## Indonesia Economic Data

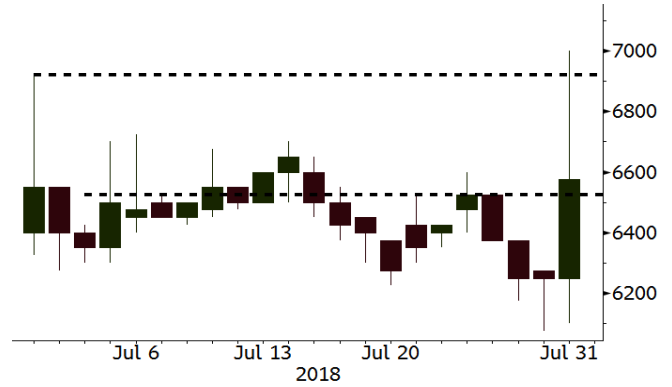
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.25%	5.25%	Real GDP	5.06%	5.19%
FX Reserve (USD bn)	119.84	122.90	Current Acc (USD bn)	(5.54)	(6.04)
Trd Balance (USD bn)	1.74	(1.52)	Govt. Spending Yoy	2.73%	3.81%
Exports Yoy	11.47%	12.47%	FDI (USD bn)	3.69	9.40
Imports Yoy	12.66%	28.17%	Business Confidence	106.28	112.39
Inflation Yoy	3.12%	3.23%	Cons. Confidence*	128.10	125.10

**BDMN** Last = 6575

**Analysis** OJK agrees Mitsubishi UFJ Financial Group to beef up its 40% ownership in BDMN. Thus, such transaction enables MUFG to become the majority shareholder of BDMN. It is expected that BDMN will post outstanding performance by 40% MUGS's ownership.

**Range** 6525-6925

**Action** Trading Buy. Cut Loss If Below 6525



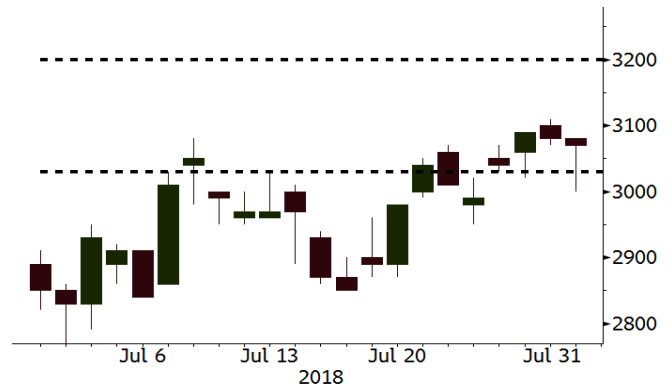
Source: Bloomberg

**BBRI** Last = 3070

**Analysis** BBRI's president director revised the target of banking growth from 11%-12% to 14% for micro and small to medium (SME) loans. The management stated that BBRI's net profit is estimated to grow by 10%-11% in 2018.

**Range** 3030-3200

**Action** Trading Buy. Cut Loss If Below 3030



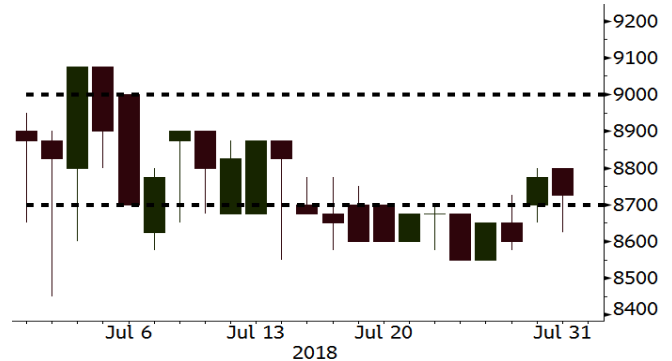
Source: Bloomberg

**ICBP** Last = 8725

**Analysis** ICBP succeeded to hike its net profit by 9.5% y-y from IDR2.1 trillion in the IH17 to IDR2.3 trillion in the IH18. Its sales also soared from IDR18.46 trillion in the IH17 to IDR19.46 trillion in the IH18.

**Range** 8700-9000

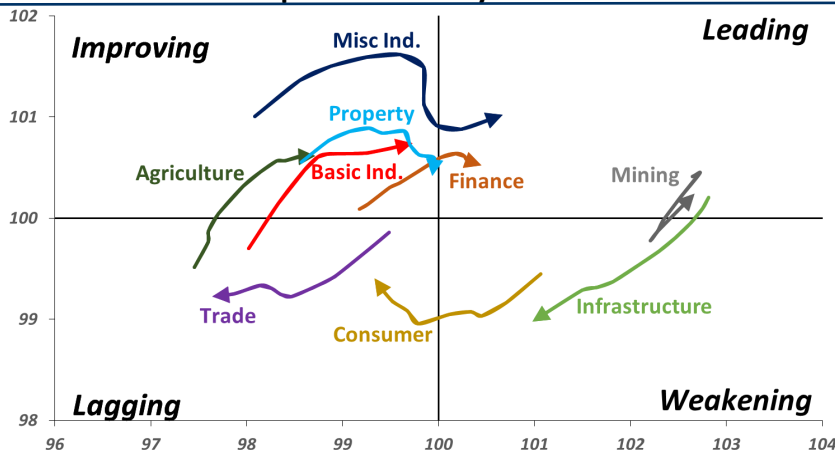
**Action** Trading buy. Cut Loss If Below 8700



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
<b>JCI Index</b>	6,028	6,356				3.2	6,815.3							
<b>Finance</b>						7.0	1,960.2							
BBCA	23,275	21,900	25,400	Hold	9.1	24.5	573.8	23.7x	4.2x	18.8	1.1	5.1	8.4	1.0
BBRI	3,080	3,640	3,510	Hold	14.0	4.2	379.9	12.7x	2.4x	19.6	3.5	13.0	11.4	1.4
BMRI	6,725	8,000	10,300	Buy	53.2	(1.5)	313.8	13.4x	1.9x	14.5	3.0	(0.5)	28.7	1.3
BBNI	7,500	9,900	8,125	Hold	8.3	0.7	139.9	9.6x	1.4x	15.5	3.4	11.8	16.2	1.3
BBTN	2,380	3,570	3,790	Buy	59.2	(8.5)	25.2	7.9x	1.1x	15.1	2.4	14.3	11.7	1.7
BJTM	655	710	810	Buy	23.7	4.0	9.8	8.2x	1.3x	16.5	6.7	3.1	10.7	0.9
<b>Consumer</b>						0.6	1,395.4							
HMSP	3,940	4,730	4,575	Buy	16.1	11.0	458.3	36.0x	16.5x	46.0	2.7	5.5	1.9	1.4
GGRM	74,400	83,800	88,650	Buy	19.2	(2.2)	143.2	18.5x	3.2x	18.2	3.5	10.1	0.1	1.3
UNVR	44,100	55,900	44,200	Hold	0.2	(9.9)	336.5	48.9x	48.0x	100.6	2.1	(0.9)	(6.2)	1.1
ICBP	8,775	8,900	9,625	Hold	9.7	5.1	102.3	26.1x	5.0x	20.0	1.8	4.5	10.6	1.2
INDF	6,275	7,625	8,175	Buy	30.3	(25.1)	55.1	13.3x	1.7x	13.2	3.8	(1.1)	0.7	1.2
KLBF	1,320	1,690	1,730	Buy	31.1	(23.9)	61.9	25.7x	4.5x	18.2	1.9	2.4	0.2	1.2
KAEF	2,380	2,700	3,280	Buy	37.8	(25.6)	13.2	37.4x	5.2x	14.0	0.7	29.1	28.3	1.2
<b>Infrastructure</b>						(10.3)	746.82							
TLKM	3,910	4,399	4,600	Buy	17.6	(15.9)	394.1	18.3x	3.9x	22.4	4.3	4.3	(14.3)	0.9
EXCL	2,820	2,960	3,800	Buy	34.8	(16.1)	30.1	88.8x	1.4x	1.6	N/A	4.5	(75.0)	1.2
ISAT	3,790	4,800	6,750	Buy	78.1	(41.7)	20.6	45.1x	1.5x	3.3	1.9	(21.9)	N/A	0.9
JSMR	4,830	6,400	6,050	Buy	25.3	(17.4)	35.1	15.7x	2.2x	14.8	1.3	42.5	2.9	1.0
TBIG	5,200	6,425	6,050	Buy	16.3	(23.0)	23.6	10.2x	7.4x	92.7	3.3	8.4	16.1	0.6
INDY	3,840	3,060	5,000	Buy	30.2	365.5	20.0	3.7x	1.4x	46.6	2.8	263.6	166.7	0.8
<b>Trade</b>						(7.1)	749.7							
UNTR	35,925	35,400	42,350	Buy	17.9	19.4	134.0	14.2x	2.7x	20.6	2.5	32.3	60.0	1.0
AKRA	4,300	6,350	8,025	Buy	86.6	(37.7)	17.3	24.6x	2.1x	22.2	5.1	21.6	(34.8)	1.3
SCMA	2,030	2,480	2,700	Buy	33.0	(14.0)	29.7	21.4x	7.0x	34.8	3.7	15.0	19.3	1.0
MNCN	1,000	1,285	1,550	Buy	55.0	(44.4)	14.3	9.9x	1.4x	14.3	1.5	(0.4)	(28.3)	1.1
LPPF	9,500	10,000	11,250	Buy	18.4	(25.0)	27.7	14.5x	10.8x	81.7	4.8	5.9	1.2	1.1
ACES	1,340	1,155	1,425	Hold	6.3	20.7	23.0	26.1x	6.4x	26.3	1.7	22.6	30.0	0.9
RALS	1,430	1,200	1,400	Hold	(2.1)	51.3	10.1	23.0x	2.7x	12.2	2.8	(2.6)	407.0	0.8
MAPI	855	620	945	Hold	10.5	35.7	14.2	22.6x	3.2x	16.4	0.5	19.3	505.7	0.9
<b>Property</b>						(8.2)	388.0							
BSDE	1,425	1,700	1,850	Buy	29.8	(20.4)	27.4	8.2x	1.1x	13.8	0.4	(25.9)	(79.6)	1.3
PWON	540	685	625	Buy	15.7	(23.9)	26.0	12.4x	2.3x	20.5	1.1	14.4	25.4	1.2
CTRA	1,055	1,185	1,130	Hold	7.1	1.9	19.6	24.2x	1.5x	6.1	1.4	6.8	(41.7)	1.2
SMRA	785	945	1,050	Buy	33.8	(19.9)	11.3	34.0x	1.7x	5.2	0.6	(2.5)	(40.0)	1.4
WSKT	2,150	2,210	2,810	Buy	30.7	(10.0)	29.2	5.0x	1.7x	39.6	2.7	47.3	134.6	1.3
PTPP	2,280	2,640	3,850	Buy	68.9	(24.8)	14.1	9.6x	1.2x	13.9	2.1	26.3	19.0	1.3
WIKA	1,570	1,550	2,150	Buy	36.9	(24.5)	14.1	12.5x	1.1x	9.2	1.7	64.1	(30.9)	0.9
ADHI	1,630	1,885	2,160	Buy	32.5	(26.6)	5.8	10.2x	1.0x	10.1	1.8	39.7	282.5	1.0
<b>Misc Ind.</b>						(9.8)	365.4							
ASII	7,100	8,300	9,300	Buy	31.0	(11.0)	287.4	14.4x	2.3x	16.3	2.6	14.8	11.3	1.3
<b>Basic Ind.</b>						33.1	628.3							
INTP	14,900	21,950	21,575	Buy	44.8	(14.9)	54.9	33.6x	2.2x	6.3	4.7	1.9	(46.2)	1.4
SMGR	7,850	9,900	11,550	Buy	47.1	(21.1)	46.6	27.8x	1.6x	5.9	1.7	3.4	(45.2)	1.2
CPIN	4,620	3,000	4,200	Hold	(9.1)	73.0	75.8	26.4x	4.5x	18.2	1.2	(1.3)	60.5	1.0
JPFA	2,280	1,300	2,000	Hold	(12.3)	95.7	26.7	16.1x	3.0x	18.3	2.2	18.2	142.5	0.8
MAIN	1,150	740	780	Sell	(32.2)	19.8	2.6	34.0x	1.5x	4.1	3.3	16.5	109.1	1.1
KRAS	460	424	500	Hold	8.7	(22.7)	8.9	N/A	0.3x	(3.6)	N/A	38.9	72.7	1.1
TPIA	5,000	6,000	6,275	Buy	25.5	(6.0)	89.2	21.4x	3.6x	19.1	1.6	9.9	(36.3)	0.6
BRPT	1,830	2,260	2,420	Buy	32.2	9.9	32.6	22.6x	1.6x	8.9	1.3	9.8	(7.3)	0.9
<b>Mining</b>						46.6	487.8							
ADRO	2,090	1,860	2,500	Buy	19.6	17.1	66.9	10.1x	1.3x	13.6	5.2	5.1	(23.4)	1.0
PTBA	4,360	2,460	3,950	Hold	(9.4)	66.4	50.2	8.6x	3.6x	43.4	7.3	17.4	49.1	0.9
ITMG	30,000	20,700	32,400	Hold	8.0	50.0	33.9	9.1x	2.6x	29.2	10.5	2.8	0.0	1.1
INCO	4,660	2,890	3,550	Sell	(23.8)	92.6	46.3	83.1x	1.7x	1.9	N/A	28.3	N/A	1.2
ANTM	955	625	985	Hold	3.1	38.4	22.9	61.1x	1.2x	2.0	0.2	247.2	3550.0	1.1
TINS	885	775	1,240	Buy	40.1	9.9	6.6	13.3x	1.1x	8.3	2.7	(0.6)	(18.1)	1.0
ELSA	370	372	625	Buy	68.9	38.1	2.7	7.5x	0.9x	12.1	1.4	46.5	783.3	1.4
<b>Agriculture</b>						(15.6)	93.6							
AALI	11,025	13,150	14,800	Buy	34.2	(25.1)	21.2	12.1x	1.1x	9.7	4.3	8.9	(23.3)	0.6
LSIP	1,010	1,420	1,380	Buy	36.6	(28.4)	6.9	13.0x	0.8x	6.6	4.5	(28.5)	(47.6)	0.7

\* Target Price for December 2018

Source: Bloomberg, NHKS Research

### **ISAT : Posts Decline of 36.4% in ARPU**

ISAT's average revenue per user (ARPU) edged down 36.4% y-y to IDR14,300 in the IH18, yet its per quarter ARPU in 2Q18 edged up 28% q-q to IDR15,900. The policy of pre-paid SIM registration caused the number of its network number to decline by 21.9% y-y in the IH18. In the future, it is optimistic that such backdrop likely sends its margin higher. (Bisnis Indonesia)

### **LPPF : Sales Surges by 3.14%**

LPPF's sales grew by 3.14% y-y to IDR5.91 trillion in the I semester. Thanks to the strategy prioritizing customer's satisfaction. Meanwhile, its same store sales growth (SSSG) also edged up 4.6% bolstered by the marketing and merchandising strategy during Eid-Mubarak holidays; its profits also nudged up 0.50% y-y to IDR1.34 trillion. (Bisnis Indonesia)

### **INCO : Selects 3 Prospective Partners to Construct Smelter**

INCO is selecting 3 prospective partners to construct its Pomala and Bahodopi-based smelters. The 3 partners are from Japan, China, and German. It sets prerequisite requirements such as eco-friendly technology, using international safety standard, and efficient use. Of note, the selected partner will begin to construct smelter in 2019. (Kontan)

### **PGAS : Considers Securities Derivative Products**

PGAS is considering the option of securities derivative products as one of crowd-fund scheme other than the conventional method. It states to select the most efficient option by carefully consideration to the potential risks. However, this option is to manage the needs in the ahead years. After the consolidation between PGAS and PT Pertamina Gas (Pertagas), both companies will have 96% of national gas infrastructure. (Bisnis Indonesia)

## Domestic & Global News

### **DMO Fails to Be Revoked**

President Joko Widodo canceled the plan to revoke coal domestic market obligation (DMO). The decision was taken after he conducted a meeting with 17 officers at Bogor Palace. President Joko Widodo today calls for 17 state officers to discuss about the forex reserves at Bogor Palace. The further revision plan of DMO is one of agenda for the meeting. (CNBC Indonesia)

### **Japan's Central Bank Keeps Monetary Policy Steady**

The BOJ maintained its target for the 10-year government bond yield at around zero percent and the short-term interest rate target at minus 0.1 percent, however. The decision comes after speculation last week that the Bank of Japan is actively discussing changes to its policies, which caused Japanese government bond prices to fall steeply, and drove the benchmark 10-year yield to hit its highest in nearly six months. (CNBC)

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