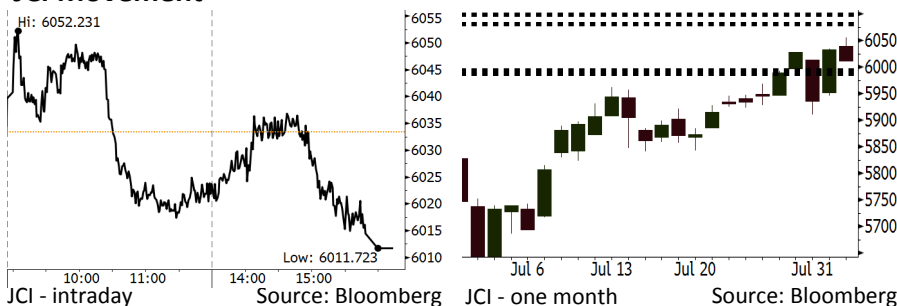


# Morning Brief

Daily | Aug 03, 2018

## JCI Movement



## IHSG (Jakarta Composite Index)

August 02	6,011.72
Chg	-21.70pts (-0.36%)
Volume (bn shares)	104.02
Value (IDR tn)	7.90
<b>Adv 149 Dec 242 Unc 219 Untr 105</b>	

Foreign Transaction (IDR bn)	
Buy	2,747
Sell	2,592
Net Buy (Sell)	155

Top Buy	NB Val.	Top Sell	NS Val.
BBRI	244.1	TLKM	131.3
BBCA	147.6	LPPF	39.0
UNVR	44.4	PTPP	30.8
ASII	35.4	UNTR	25.0
TRAM	23.2	TKIM	23.2

LQ-45 Index		Top Gainers & Losers	
Gainers	%	Losers	%
MNCN	6.1%	LPPF	-6.9%
ELSA	3.2%	INCO	-3.7%
SSMS	2.9%	INDY	-3.7%
BBRI	1.9%	BSDE	-3.6%
JSMR	1.0%	KLBF	-3.3%

## Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	7.78%	0.04%
USDIDR	14,478	0.26%
KRWIDR	12.83	-0.54%

## Global Indexes

Index	Last	Chg.	%
Dow Jones	25,326.16	(7.66)	-0.03%
S&P 500	2,827.22	13.86	0.49%
Nasdaq	7,802.69	95.40	1.24%
FTSE 100	7,575.93	(76.98)	-1.01%
CAC 40	5,460.98	(37.39)	-0.68%
DAX	12,546.33	(190.72)	-1.50%
Nikkei	22,512.53	(234.17)	-1.03%
Hang Seng	27,714.56	(626.18)	-2.21%
Shanghai	2,768.02	(56.51)	-2.00%
KOSPI	2,270.20	(36.87)	-1.60%
EIDO	24.06	(0.16)	-0.66%

## Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,207.8	(8.1)	-0.67%
Crude Oil (USD /bbl)	68.96	1.30	1.92%
Coal Newcas(USD/ton)	111.70	(0.75)	-0.67%
Gas (USD /mmbtu)	2.82	0.06	2.10%
Nickel LME (USD /MT)	13,330	(260.0)	-1.91%
Tin LME (USD /MT)	19,605	(220.0)	-1.11%
CPO (MYR/Ton)	2,191	(21.0)	-0.95%

## Indonesian Market Recap

JCI was bearish yesterday amid the rupiah depreciated by 0.24% against USD.  
**Top Losers: Misc. Industry (-1.97%), Mining (-1.34%), Basic Industry (-1.16%)**

## Today's Outlook: Investors Eye on 2Q18's GDP

We estimate JCI to rally with the **support range of 5987-5994** and **resistance range of 6081-6099** today. Investors likely eye on the release of 2Q18's GDP growth to be published on Monday, 08/06/18. Based on Bank Indonesia's estimate, the GDP growth likely reaches 5.2%-5.3%, higher than the 1Q18's growth of 5.06%. The GDP growth is driven by the growth of 5% in consumption and the growth of 6%-7% in investment.

## Stocks Recommendation (details on the next page)

Trading Buy: BBTN, INDF, PTPP

## Global Market

### United States

The U.S. markets closed mixed yesterday. Apple Inc. stocks hit the market cap figure of USD1 trillion.

### Europe

European stocks notched lower, loomed by the trade war issue. Bank of England decided to hold its benchmark rate.

### Asia

Asia stocks ended mixed yesterday amid the rally in USD. Investors digested the updated trade war between the U.S. and China.

## Company News

- SRIL : Posts Growth of 67.6% in Net Profit
- ADRO : Is Looking for Loan of USD1.5 Billion
- KLBF : Decreases Its Target Growth to 5%-7%
- WIKA : Actively Expands to ASEAN and Africa

## Domestic & Global News

Indonesia's Tax Revenue Rises 14% Y/y in 7 Months

Apple Became the First U.S. Company to Reach a Market Cap of \$1 Trillion

## Indonesia Economic Data

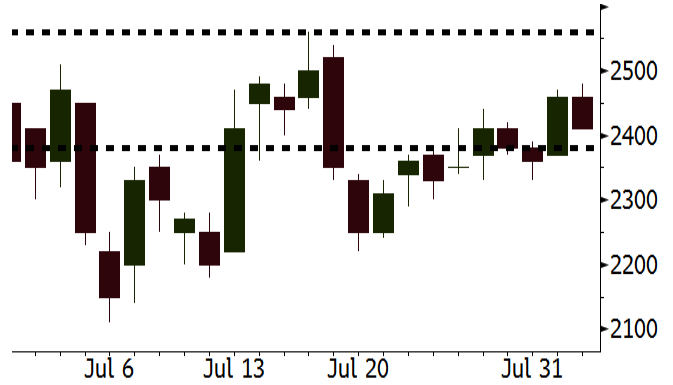
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.25%	5.25%	Real GDP	5.06%	5.19%
FX Reserve (USD bn)	119.84	122.90	Current Acc (USD bn)	(5.54)	(6.04)
Trd Balance (USD bn)	1.74	(1.52)	Govt. Spending Yoy	2.73%	3.81%
Exports Yoy	11.47%	12.47%	FDI (USD bn)	3.69	9.40
Imports Yoy	12.66%	28.17%	Business Confidence	106.28	112.39
Inflation Yoy	3.18%	3.12%	Cons. Confidence*	128.10	125.10

**BBTN** Last = 2410

**Analysis** BBTN has the current-time low P/B valuation of 1.1. The figures were a steep lower than BBNI, BMRI, BBRI, and BBKA's valuation of 1.5x; 2.0x; 2.5x; and 4.2x, respectively.

**Range** 2380 - 2560

**Action** Trading Buy. Cut Loss If Below 2380



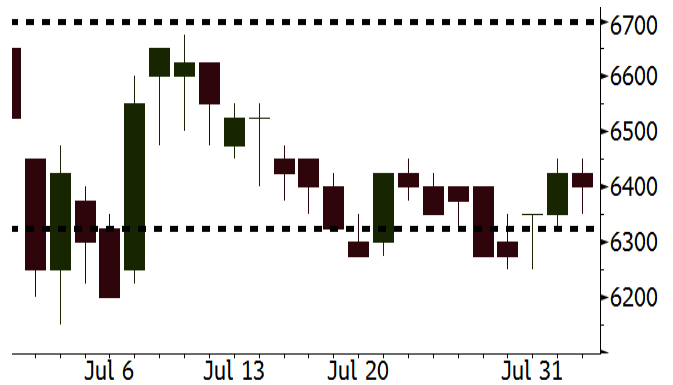
Source: Bloomberg

**INDF** Last = 6400

**Analysis** INDF's P/E valuation currently settles at 14.6x lower than the last 5-year average of 21.3x. INDF occupies growth room deriving from new premium product policy which targets the middle class.

**Range** 6325 - 6700

**Action** Trading Buy. Cut Loss If Below 6325



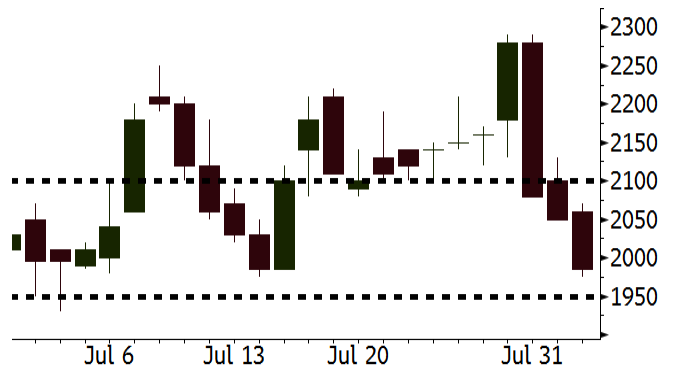
Source: Bloomberg

**PTPP** Last = 1985

**Analysis** The corrections to PTPP's stocks cause its current valuation attractive. Its P/E valuation is currently at 9.1x lower than the last 5 year P/E valuation of 21.0x.

**Range** 1950 - 2100

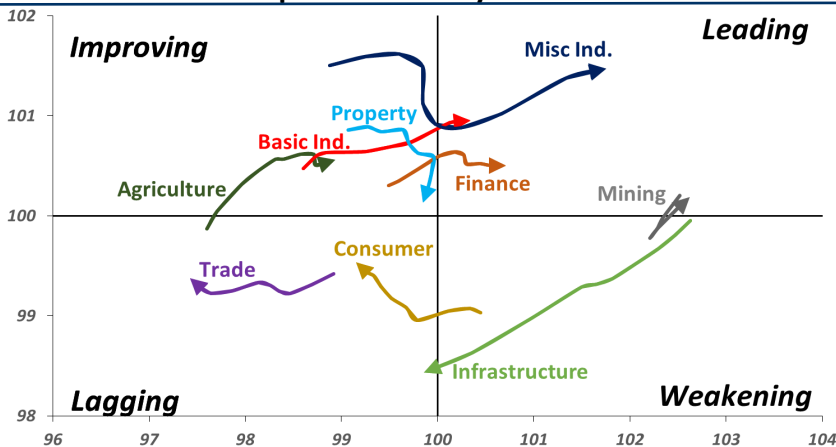
**Action** Trading buy. Cut Loss If Below 1950



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>	6,012	6,356				4.0	6,799.3							
<b>Finance</b>						11.0	2,008.3							
BBCA	23,450	21,900	25,400	Hold	8.3	25.1	578.2	23.9x	4.2x	18.8	1.1	5.7	8.4	1.0
BBRI	3,250	3,640	3,510	Hold	8.0	9.4	400.9	13.1x	2.5x	19.6	3.3	#N/A	N/A	1.4
BMRI	7,050	8,000	10,300	Buy	46.1	7.4	329.0	14.1x	2.0x	14.5	2.8	(0.5)	28.7	1.3
BBNI	7,800	9,900	8,125	Hold	4.2	8.7	145.5	9.9x	1.5x	15.5	3.3	11.8	16.2	1.3
BBTN	2,410	3,570	3,790	Buy	57.3	(7.7)	25.5	8.0x	1.1x	15.1	2.4	14.3	11.7	1.7
BJTM	635	710	810	Buy	27.6	(2.3)	9.5	8.1x	1.2x	15.5	6.9	1.1	2.5	0.9
<b>Consumer</b>						1.8	1,379.5							
HMSP	3,770	4,730	4,575	Buy	21.4	7.4	438.5	34.5x	15.8x	46.0	2.8	5.5	1.9	1.4
GGRM	74,650	83,800	88,650	Buy	18.8	5.0	143.6	18.5x	3.3x	18.2	3.5	10.1	0.1	1.3
UNVR	44,950	55,900	44,200	Hold	(1.7)	(5.8)	343.0	49.6x	68.4x	139.4	2.0	(0.4)	(2.5)	1.1
ICBP	8,775	8,900	9,625	Hold	9.7	5.7	102.3	25.6x	5.2x	21.3	1.8	5.4	9.5	1.2
INDF	6,400	7,625	8,175	Buy	27.7	(22.4)	56.2	14.6x	1.8x	12.6	3.7	1.0	(12.5)	1.2
KLBF	1,315	1,690	1,730	Buy	31.6	(24.2)	61.6	25.7x	4.6x	18.9	1.9	3.1	(0.0)	1.2
KAEF	2,330	2,700	3,280	Buy	40.8	(21.0)	12.9	36.6x	5.1x	14.0	0.8	29.1	28.3	1.2
<b>Infrastructure</b>						(15.0)	713.33							
TLKM	3,500	4,399	4,600	Buy	31.4	(24.8)	352.8	18.5x	4.0x	22.1	4.8	0.5	(28.1)	0.9
EXCL	2,730	2,960	3,800	Buy	39.2	(23.5)	29.2	200.3x	1.4x	0.7	N/A	1.0	N/A	1.2
ISAT	3,380	4,800	6,750	Buy	99.7	(48.0)	18.4	40.3x	1.3x	3.3	2.2	(21.9)	N/A	0.9
JSMR	4,860	6,400	6,050	Buy	24.5	(12.4)	35.3	15.8x	2.3x	14.8	1.2	42.5	2.9	1.0
TBIG	5,600	6,425	6,050	Hold	8.0	(15.8)	25.4	11.0x	8.0x	92.7	3.0	8.4	16.1	0.6
INDY	3,600	3,060	5,000	Buy	38.9	321.1	18.8	3.5x	1.3x	46.6	3.0	263.6	166.7	0.8
<b>Trade</b>						(6.1)	741.5							
UNTR	35,525	35,400	42,350	Buy	19.2	21.7	132.5	14.0x	2.7x	20.6	2.5	32.3	60.0	1.0
AKRA	4,250	6,350	8,025	Buy	88.8	(35.4)	17.1	24.3x	2.0x	22.2	5.2	21.6	(34.8)	1.3
SCMA	2,030	2,480	2,700	Buy	33.0	(15.1)	29.7	22.2x	7.0x	32.5	3.7	2.6	0.7	1.0
MNCN	1,050	1,285	1,550	Buy	47.6	(33.1)	15.0	10.5x	1.4x	14.6	1.4	1.8	(9.2)	1.1
LPPF	7,400	10,000	11,250	Buy	52.0	(32.4)	21.6	11.3x	9.2x	93.0	6.2	3.1	0.4	1.1
ACES	1,335	1,155	1,575	Buy	18.0	21.4	22.9	26.0x	6.4x	26.3	1.7	22.6	30.0	0.9
RALS	1,345	1,200	1,400	Hold	4.1	49.4	9.5	17.3x	2.4x	14.6	3.0	0.9	31.8	0.8
MAPI	890	620	945	Hold	6.2	45.3	14.8	25.2x	3.3x	15.5	0.4	18.0	183.0	0.9
<b>Property</b>						(9.2)	384.6							
BSDE	1,330	1,700	1,850	Buy	39.1	(26.3)	25.6	7.7x	1.0x	13.8	N/A	(27.6)	(79.9)	1.3
PWON	550	685	625	Hold	13.6	(20.3)	26.5	12.6x	2.4x	20.5	1.1	14.4	25.4	1.2
CTRA	980	1,185	1,130	Buy	15.3	(8.4)	18.2	24.9x	1.4x	5.6	1.5	(0.8)	(49.0)	1.2
SMRA	770	945	1,050	Buy	36.4	(22.6)	11.1	33.3x	1.7x	5.2	0.6	(2.5)	(40.0)	1.4
WSKT	2,070	2,210	2,810	Buy	35.7	(9.6)	28.1	4.8x	1.7x	39.6	2.8	47.3	134.6	1.3
PTPP	1,985	2,640	3,850	Buy	94.0	(35.1)	12.3	9.1x	1.1x	12.5	2.4	17.0	(16.3)	1.3
WIKA	1,555	1,550	2,150	Buy	38.3	(22.6)	13.9	10.9x	1.1x	10.5	1.7	36.8	18.7	0.9
ADHI	1,580	1,885	2,160	Buy	36.7	(25.5)	5.6	9.9x	0.9x	10.1	1.8	39.7	282.5	1.0
<b>Misc Ind.</b>						(5.8)	373.1							
ASII	7,300	8,300	9,300	Buy	27.4	(6.1)	295.5	14.8x	2.3x	16.3	2.5	14.8	11.3	1.3
<b>Basic Ind.</b>						31.3	627.8							
INTP	14,600	21,950	21,575	Buy	47.8	(21.3)	53.7	40.9x	2.4x	5.7	4.8	(0.9)	(60.6)	1.4
SMGR	8,575	9,900	11,550	Buy	34.7	(18.1)	50.9	26.9x	1.8x	6.6	1.6	4.7	(10.9)	1.2
CPIN	4,800	3,000	4,200	Hold	(12.5)	73.3	78.7	23.1x	4.6x	21.3	1.2	2.7	59.1	1.0
JPFA	2,070	1,300	2,000	Hold	(3.4)	74.7	24.3	14.6x	2.7x	18.3	2.4	18.2	142.5	0.8
MAIN	1,050	740	780	Sell	(25.7)	12.9	2.4	16.3x	1.3x	4.1	3.6	13.5	350.0	1.1
KRAS	414	424	500	Buy	20.8	(28.6)	8.0	N/A	0.3x	(3.6)	N/A	34.7	72.4	1.1
TPIA	5,150	6,000	6,275	Buy	21.8	(1.2)	91.8	21.9x	3.6x	19.1	1.6	9.9	(36.3)	0.6
BRPT	1,810	2,260	2,420	Buy	33.7	(2.9)	32.2	22.1x	1.6x	8.9	1.3	9.8	(7.3)	0.9
<b>Mining</b>						43.1	474.5							
ADRO	1,935	1,860	2,500	Buy	29.2	4.9	61.9	9.2x	1.2x	13.6	5.6	5.1	(23.4)	1.0
PTBA	4,490	2,460	3,950	Hold	(12.0)	68.5	51.7	8.9x	3.7x	43.4	7.1	17.4	49.1	0.9
ITMG	28,800	20,700	32,400	Hold	12.5	41.2	32.5	8.7x	2.5x	29.2	10.9	2.8	0.0	1.1
INCO	4,370	2,890	3,550	Sell	(18.8)	79.8	43.4	77.2x	1.6x	1.9	N/A	28.3	N/A	1.2
ANTM	915	625	985	Hold	7.7	34.6	22.0	58.6x	1.2x	2.0	0.2	247.2	3550.0	1.1
TINS	835	775	1,240	Buy	48.5	4.4	6.2	12.5x	1.0x	8.3	2.8	(0.6)	(18.1)	1.0
ELSA	386	372	625	Buy	61.9	50.8	2.8	7.8x	0.9x	12.1	1.3	46.5	783.3	1.4
<b>Agriculture</b>						(13.2)	96.6							
AALI	12,075	13,150	14,800	Buy	22.6	(20.4)	23.2	13.3x	1.3x	9.7	3.9	8.9	(23.3)	0.6
LSIP	1,145	1,420	1,380	Buy	20.5	(19.4)	7.8	14.8x	1.0x	6.6	3.9	(28.5)	(47.6)	0.7

\* Target Price for December 2018

Source: Bloomberg, NHKS Research

### **SRIL : Posts Growth of 67.6% in Net Profit**

SRIL posted the growth of 67.6% y-y to USD56.3 million in the 1H18 net profit and the surge of 35.6% y-y to USD544 million in the gross revenues. The upbeat performance was underpinned by its strategy to take over other 2 textile companies. In 2018, it targets the growth of 35% in the gross sales and allocates the capex of USD30 -40 million. (Bisnis Indonesia)

### **KLBF : Decreases Its Target Growth to 5%-7%**

KLBF lowers its 2018's target growth to settle only at 5%-7%. It responds to consumers' sluggish purchasing power and the rupiah depreciation sending KLBF's loan value to soar by 48.7% and imported raw materials' prices to escalate by 40%-50%. Nevertheless, maintaining market shares and cost efficiency are its concerted endeavors. (Kontan)

### **ADRO : Is Looking for Loan of USD1.5 Billion**

ADRO to partner with EMR Capital Ltd is looking for banking loan of USD1.5 billion to take over Kestrel mine. The acquisition required the funds of USD2.25 billion whose 60% derives from loan. ADRO through Kestrel mine targets the production volume of choking coal to amount to 5 million metric tons in 2018 and 7 million metric tons in 2019. (Kontan)

### **WIKA : Actively Expands to ASEAN and Africa**

Underpinned by the robust financial, WIKA is actively expanding projects to ASEAN and Africa. Of note its gross gearing ratio and net gearing ratio are at 0.95x and 0.28x, respectively. Some projects it handles are Clarin Bridge in Philippine, Limbang Bridge in Malaysia, 1,400 residences in Aljazair and Presidential Palace in Nigeria. (Bisnis Indonesia)

## Domestic & Global News

### **Indonesia's Tax Revenue Rises 14% Y/y in 7 Months**

Directorate General of Taxes posted the growth in per July's 2018 tax revenues maintainable at around 14%. "The trend continues the growth in the 1H18's tax revenues. The tax revenues were generally still well maintained until July and the growth momentum in the prior months were also generally well controlled", stated the Compliance and Tax Income Director Yon Arsal. Of note, the tax revenues deriving from legal entity and individual income tax are still high as both grow exceeding 20%. (Kontan)

### **Apple Became the First U.S. Company to Reach a Market Cap of \$1 Trillion**

Apple hit a market cap of \$1 trillion on Thursday and hung onto the record valuation at market close as the iPhone maker became the first publicly traded U.S. company to reach \$1 trillion. The stock gained 2.92 percent during trading after a strong fiscal third-quarter earnings report earlier this week to close at \$207.39. It reached the trillion-dollar milestone just before noon ET with a share price of \$207.05, based on a recently adjusted outstanding share count of 4,829,926,000 shares. (CNBC)

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