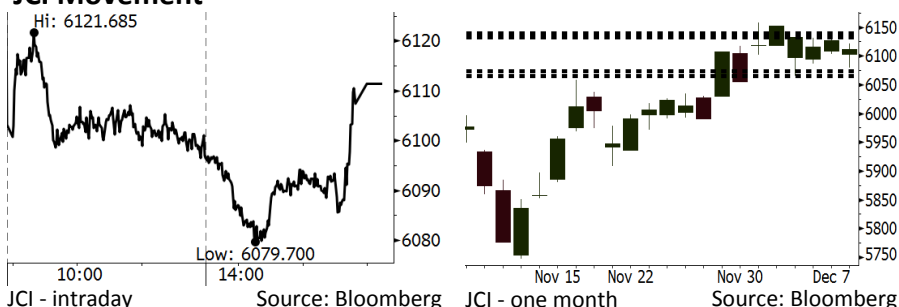


# Morning Brief

Daily | Dec 11, 2018

## JCI Movement



## IHSG (Jakarta Composite Index)

December 10	6,11.36
Chg	-15.00pts (-0.24%)
Volume (bn shares)	110.26
Value (IDR tn)	8.18
<b>Adv 138 Dec 259 Unc 238 Untr 116</b>	

## Foreign Transaction (IDR bn)

Buy	1,755
Sell	2,805
Net Buy (Sell)	(1,050)

## Top Buy NB Val. Top Sell NS Val.

BBNI	42.5	BBCA	339.2
UNTR	17.4	TLKM	98.6
TKIM	7.4	ASII	54.5
JSMR	5.9	BMRI	38.4
LPPF	5.4	WSKT	29.1

## LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
LPPF	5.2%	KLBF	-3.4%
ELSA	2.5%	ITMG	-3.1%
BRPT	1.5%	INDF	-2.6%
UNTR	1.3%	BSDE	-2.6%
ADRO	0.8%	EXCL	-2.3%

## Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	8.11%	0.08%
USDIDR	14,553	0.50%
KRWIDR	12.90	-0.19%

## Global Indexes

Index	Last	Chg.	%
Dow Jones	24,423.26	34.31	0.14%
S&P 500	2,637.72	4.64	0.18%
Nasdaq	7,020.52	51.27	0.74%
FTSE 100	6,721.54	(56.57)	-0.83%
CAC 40	4,742.38	(70.75)	-1.47%
DAX	10,622.07	(166.02)	-1.54%
Nikkei	21,219.50	(459.18)	-2.12%
Hang Seng	25,752.38	(311.38)	-1.19%
Shanghai	2,584.58	(21.31)	-0.82%
KOSPI	2,053.79	(21.97)	-1.06%
EIDO	24.37	(0.05)	-0.20%

## Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,244.5	(4.9)	-0.39%
Crude Oil (USD /bbl)	51.00	(1.61)	-3.06%
Coal Newcas(USD/ton)	101.95	0.10	0.10%
Gas (USD /mmbtu)	4.55	0.06	1.27%
Nickel LME (USD /MT)	10,910	60.0	0.55%
Tin LME (USD /MT)	19,000	75.0	0.40%
CPO (MYR/Ton)	2,042	44.0	2.20%

## Market Recap

JCI closed slightly lower amid the rupiah depreciation and further net foreign sell. The release of retail sales data also beset JCI. **Top Losers: Misc. Industry (-0.87%), Finance (-0.43%), Consumer (-0.23%)**

European and Asian markets finished lower yesterday. The slowdown in China's exports and imports of November caused Asian markets to reign in a negative territory. On the other side, the postponement of Brexit vote in the U.K. Parliament beset European markets and Pounds. Besides, after moving at a modest pace, the U.S. markets nudged up, backed by the rebounding in tech. sector.

## Today's Outlook: Global Market Volatility

Today we estimate JCI to pace modestly with the **support range of 6065-6073** and the **resistance range of 6133-6140**. The global markets are in the high volatility. The U.S. markets post both steep increase and decrease within recent days. Markets concern about several global issues, such as Brexit, the trade war between the U.S and China, and the possible recession in the U.S. economy. The issues cause a decline in the recent-day total transactions.

From the domestic outlook, the global volatility causes the rupiah to weaken at 15,000 per USD. On the other side, the survey of retail sales showed that the retail sales only nudged up 2.9% in October, lower than September's retail sales of 4.8%.

## Stocks Recommendation (details on the next page)

Trading Buy: TLKM, AKRA, LSIP

## Company News

- EXCL : Will Refinance Its Debt
- WSBP : Allocates Capex of IDR900 Billion
- PPRE : Acquisition Will Be Settled in 2019
- MTLA : Cooperates with Keppel Land

## Domestic & Global News

- October's Retail Sales Lagged
- UK Government Delays Brexit Vote

## Indonesia Economic Data

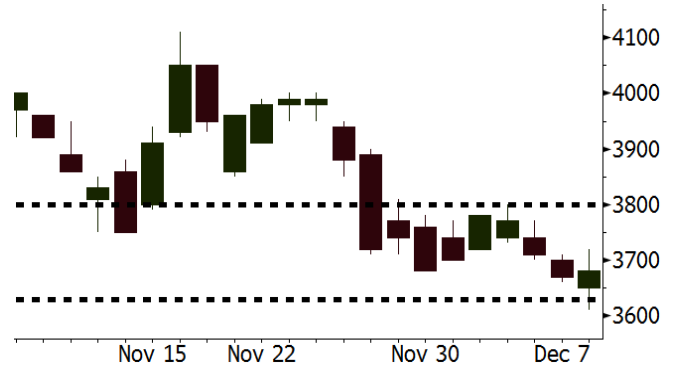
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	6.00%	5.75%	Real GDP	5.17%	5.27%
FX Reserve (USD bn)	117.20	115.20	Current Acc (USD bn)	(8.85)	(8.03)
Trd Balance (USD bn)	(1.82)	0.23	Govt. Spending Yoy	6.28%	5.26%
Exports Yoy	3.59%	1.70%	FDI (USD bn)	5.95	5.50
Imports Yoy	23.66%	14.18%	Business Confidence	108.05	112.82
Inflation Yoy	3.23%	3.16%	Cons. Confidence*	122.70	119.20

**TLKM** Last = 3680

**Analysis** TLKM's leading network quality makes it easy to dominate the domestic telecommunication industry. Its peers find difficulties competing for TLKM's network quality due to their limited capital and high solvability ratio.

**Range** 3630 – 3800

**Action** Trading Buy. Cut Loss If Below 3630



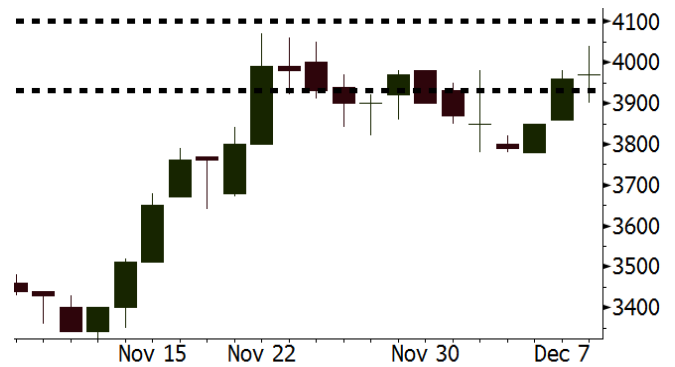
Source: Bloomberg

**AKRA** Last = 3960

**Analysis** Global crude prices declined dramatically. The low crude prices are likely to sustain AKRA's business performance and increase its margins.

**Range** 3930 – 4100

**Action** Trading Buy. Cut Loss If Below 3930



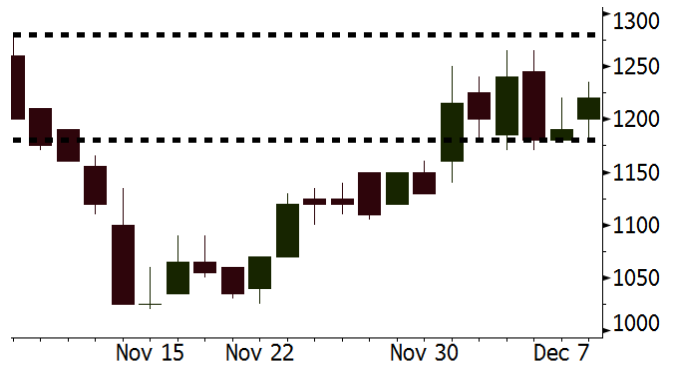
Source: Bloomberg

**LSIP** Last = 1220

**Analysis** CPO prices are rebounding. The backdrop was spurred by the release of lower-than-estimate CPO production by Malaysia. On the other side, the high cycle of total production is estimated to end along with the rainy season.

**Range** 1180 – 1280

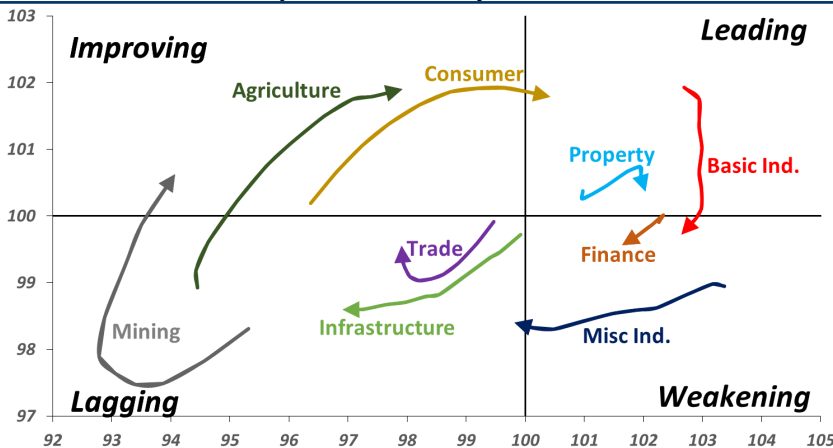
**Action** Trading buy. Cut Loss If Below 1180



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>	6,111	6,356				1.4	6,947.3							
<b>Finance</b>						7.5	2,173.2							
BBCA	25,900	21,900	28,825	Hold	11.3	22.9	638.6	25.6x	4.4x	18.4	1.0	7.5	10.0	1.0
BBRI	3,610	3,640	4,370	Buy	21.1	4.9	445.3	13.8x	2.5x	19.3	3.0	7.9	14.5	1.4
BMRI	7,425	8,000	8,275	Hold	11.4	(0.7)	346.5	14.6x	2.0x	14.2	2.7	2.7	20.1	1.4
BBNI	8,575	9,900	10,525	Buy	22.7	(3.7)	159.9	10.7x	1.6x	15.1	3.0	10.0	12.5	1.4
BBTN	2,680	3,570	3,050	Hold	13.8	(22.3)	28.4	8.7x	1.2x	14.9	2.1	14.5	11.6	1.8
BJTM	695	710	810	Buy	16.5	(3.5)	10.4	8.6x	1.3x	15.3	6.3	2.8	4.5	0.8
<b>Consumer</b>						(6.2)	1,417.5							
HMSP	3,750	4,730	4,225	Hold	12.7	(14.8)	436.2	33.5x	13.9x	41.8	2.9	7.2	3.8	1.3
GGRM	82,800	83,800	88,650	Hold	7.1	3.7	159.3	19.7x	3.7x	19.6	3.1	13.6	6.3	1.3
UNVR	43,950	55,900	49,700	Hold	13.1	(13.8)	335.3	36.9x	37.4x	118.0	2.1	1.0	39.7	1.0
ICBP	9,725	8,900	11,225	Buy	15.4	11.8	113.4	26.7x	5.4x	21.3	2.3	7.5	14.6	1.0
INDF	6,525	7,625	8,175	Buy	25.3	(11.5)	57.3	15.5x	1.8x	11.7	4.6	3.1	(13.7)	1.2
KLBF	1,580	1,690	1,840	Buy	16.5	(3.7)	74.1	30.5x	5.3x	18.3	1.6	3.9	1.4	1.3
KAEF	2,480	2,700	2,890	Buy	16.5	(1.6)	13.8	38.2x	5.3x	14.5	0.7	23.4	17.4	1.1
<b>Infrastructure</b>						(6.9)	719.81							
TLKM	3,680	4,399	4,700	Buy	27.7	(10.3)	364.5	19.8x	4.0x	20.4	4.6	2.3	(20.6)	0.8
EXCL	1,915	2,960	3,930	Buy	105.2	(34.0)	20.5	N/A	1.0x	(0.0)	N/A	(0.1)	N/A	1.0
ISAT	1,885	4,800	6,750	Buy	258.1	(61.3)	10.2	N/A	0.8x	(11.5)	3.9	(25.7)	N/A	0.9
PGAS	2,090	1,750	2,600	Buy	24.4	26.7	50.7	13.2x	1.1x	8.2	1.5	12.9	122.8	1.4
JSMR	4,520	6,400	6,050	Buy	33.8	(29.4)	32.8	15.9x	2.0x	13.4	1.3	18.7	(6.9)	1.0
TBIG	3,950	6,425	6,050	Buy	53.2	(35.2)	17.9	8.5x	5.2x	82.6	4.3	6.5	(3.2)	0.7
INDY	1,990	3,060	5,000	Buy	151.3	(26.3)	10.4	1.9x	0.7x	43.7	5.4	213.9	37.8	0.9
<b>Trade</b>						(10.8)	691.1							
UNTR	29,750	35,400	39,550	Buy	32.9	(8.3)	111.0	10.2x	2.1x	22.6	3.3	32.1	60.8	1.0
AKRA	3,970	6,350	4,650	Buy	17.1	(34.7)	15.9	21.4x	2.0x	19.3	5.5	25.3	(22.4)	1.2
SCMA	1,900	2,480	2,025	Hold	6.6	(22.1)	27.8	19.5x	6.1x	32.3	2.9	10.8	8.7	1.2
MNCN	745	1,285	875	Buy	17.4	(41.8)	10.6	7.6x	1.0x	14.2	2.0	2.8	(20.3)	1.0
LPPF	5,175	10,000	5,480	Hold	5.9	(47.5)	15.1	7.9x	6.1x	85.6	8.8	3.1	(0.6)	0.9
ACES	1,480	1,155	1,635	Hold	10.5	19.4	25.4	26.6x	6.6x	26.6	1.5	22.3	32.7	1.1
RALS	1,320	1,200	1,515	Hold	14.8	28.8	9.4	15.7x	2.4x	15.7	3.0	2.2	43.4	0.9
MAPI	800	620	945	Buy	18.1	23.6	13.3	22.9x	2.6x	14.0	0.5	18.3	126.7	0.9
<b>Property</b>						(5.3)	391.5							
BSDE	1,310	1,700	1,850	Buy	41.2	(17.4)	25.2	7.8x	1.0x	13.2	N/A	(18.9)	(74.2)	1.3
PWON	625	685	600	Hold	(4.0)	(2.3)	30.1	13.5x	2.5x	20.6	1.0	19.0	25.2	1.3
CTRA	1,050	1,185	1,250	Buy	19.0	(10.6)	19.5	21.5x	1.4x	6.8	0.9	7.9	1.7	1.6
SMRA	835	945	960	Hold	15.0	(0.6)	12.0	26.9x	1.8x	6.9	0.6	0.7	75.0	1.5
WSKT	1,845	2,210	2,810	Buy	52.3	(5.1)	25.0	4.8x	1.4x	33.2	3.1	27.0	41.1	1.3
PTPP	1,935	2,640	3,850	Buy	99.0	(19.0)	12.0	9.0x	1.0x	11.9	2.4	7.5	(11.9)	1.3
WIKA	1,590	1,550	2,150	Buy	35.2	1.3	14.3	10.3x	1.1x	11.0	1.7	32.3	26.0	1.1
ADHI	1,600	1,885	2,160	Buy	35.0	(10.6)	5.7	8.8x	0.9x	11.1	1.8	8.2	63.6	1.2
<b>Misc Ind.</b>						(1.5)	408.1							
ASII	8,150	8,300	8,925	Hold	9.5	(3.0)	329.9	15.2x	2.5x	17.3	2.3	16.4	20.6	1.3
<b>Basic Ind.</b>						33.9	658.2							
INTP	20,750	21,950	19,950	Hold	(3.9)	8.4	76.4	71.3x	3.4x	4.6	3.4	2.5	(56.1)	1.5
SMGR	11,950	9,900	13,500	Hold	13.0	27.5	70.9	26.9x	2.4x	9.0	1.1	4.4	43.1	1.2
CPIN	7,000	3,000	6,700	Hold	(4.3)	137.3	114.8	28.4x	6.3x	24.2	0.8	5.1	79.7	1.1
JPFA	2,240	1,300	3,250	Buy	45.1	84.4	26.3	14.2x	2.9x	20.2	4.5	16.8	104.2	0.8
MAIN	1,355	740	1,930	Buy	42.4	74.8	3.0	13.0x	1.6x	12.8	1.2	19.5	8200.0	1.2
KRAS	400	424	500	Buy	25.0	17.6	7.7	N/A	0.3x	(2.5)	N/A	22.7	51.3	1.1
TPIA	5,350	6,000	6,275	Buy	17.3	(5.7)	95.4	27.0x	3.7x	14.2	1.2	9.1	(34.2)	0.8
<b>Mining</b>						15.2	391.5							
ADRO	1,310	1,860	1,970	Buy	50.4	(23.4)	41.9	6.8x	0.8x	11.9	8.3	9.3	(16.0)	1.1
PTBA	4,020	2,460	5,375	Buy	33.7	84.0	46.3	7.3x	2.9x	42.1	7.9	20.7	49.7	1.0
ITMG	19,800	20,700	24,225	Buy	22.3	(4.7)	22.4	5.4x	1.5x	28.2	16.5	21.6	12.5	1.1
INCO	3,090	2,890	3,760	Buy	21.7	18.4	30.7	33.7x	1.1x	3.2	N/A	29.2	N/A	1.5
ANTM	720	625	1,200	Buy	66.7	19.0	17.3	15.7x	0.9x	5.9	0.3	186.6	N/A	1.2
TINS	725	775	1,240	Buy	71.0	(5.2)	5.4	10.2x	0.9x	8.8	3.3	2.7	(18.7)	1.2
MEDC	750	890	1,025	Buy	36.7	(12.3)	13.3	N/A	0.7x	(4.2)	N/A	55.1	N/A	1.5
DOID	575	715	1,020	Buy	77.4	(14.2)	5.0	5.3x	1.5x	33.1	N/A	14.2	55.2	1.1
<b>Agriculture</b>						(6.5)	96.3							
AALI	11,650	13,150	16,925	Buy	45.3	(8.8)	22.4	13.0x	1.2x	9.5	3.7	9.1	(18.2)	0.6
LSIP	1,220	1,420	1,500	Buy	23.0	(5.4)	8.3	17.8x	1.0x	5.7	3.7	(19.6)	(39.3)	0.7

\* Target Price for December 2018

Source: Bloomberg, NHKS Research

### **EXCL : Will Refinance Its Debt**

EXCL plans for refinancing over its debt in the U.S. denomination amounting to USD200 million to mature in 1Q19. Although the debt is 30% of its total debt, EXCL keeps performing hedging. Thus, the rupiah depreciation has no significant impacts on its debt. The refinancing makes EXCL's debt to be 100% in the rupiah denomination. Of note, its DER in 9M18 reached 178.8%. (Kontan)

### **WSBP : Allocates Capex of IDR900 Billion**

WSBP will allocate its capex of IDR900 billion in 2019. The capex will be allocated for expansion, supply chain acquisition, and information technology infrastructure. In a supply chain segment, WSBP will take over quarry and iron or steel transporter. It also states the less-than-1x debt ratio and cash flows will be positive in FY18. (Bisnis Indonesia)

### **PPRE : Acquisition Will Be Settled in 2019**

PPRE stated that the acquisition in the soil improvement segment and the building foundation will be settled in 2019. PPRE gave hints that the acquisition requires the funds of less than IDR331.5 billion. Besides, in 2019, PPRE is likely to perform an inorganic expansion in sectors relating to construction. (Bisnis Indonesia)

### **MTLA : Cooperates with Keppel Land**

MTLA just signed the working agreement with the subsidiary of Keppel Land: Keppel Land (Indonesia) Pte Ltd. The cooperation is related to the housing development project with the total investment of IDR5 trillion. In the first phase, both of the companies will construct 500 landed houses in the Riviera at Puri. Furthermore, both companies will construct residencies in East Jakarta. (Kontan)

## Domestic & Global News

### **October's Retail Sales Lagged**

Based on the survey by BI, October's retail sales posted the positive performance. Real Sales Index (IPR) of October grew by 2.9% y-y. However, October's IPR was not as high as September's IPR of 4.8% y-y. The retail sales are estimated to grow higher in November 2018. It is indicated by the IPR's growth of 3.4% y-y. The growth in retail sales was backed by the sales of sub-categories of apparel commodities, fuels, and leisure and lifestyle commodities. (Kontan)

### **UK Government Delays Brexit Vote**

Prime Minister Theresa May delayed a Brexit vote that was set to take place on Tuesday in the U.K. parliament. The move was confirmed in a statement by May to lawmakers in the House of Commons on Monday afternoon. The now-delayed vote in the House of Commons, termed the "meaningful vote," was to allow lawmakers to accept or reject the terms of Brexit that the EU and British government had previously agreed. May claimed that while there was broad support for her deal, the issue of the Northern Irish backstop remained a concern and she would return to European counterparts to renegotiate the deal. (CNBC)

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	JPN	06:50	GDP SA QoQ	3Q F	-0.60%	-0.50%	-0.30%
<i>10 - Dec</i>	JPN	06:50	GDP Annualized SA QoQ	3Q F	-2.50%	-2.00%	-1.20%
	JPN	06:50	BoP Current Account Balance	Oct	¥1309.9b	¥1410.2b	¥1821.6b
	UK	16:30	Industrial Production MoM	Oct	-0.60%	0.20%	0.00%
<b>Tuesday</b>	UK	16:30	Jobless Claims Change	Nov		--	20.2k
<i>11 - Dec</i>	UK	16:30	ILO Unemployment Rate 3Mths	Oct		4.10%	4.10%
	GER	17:00	ZEW Survey Expectations	Dec		-24	-24.1
<b>Wednesday</b>	JPN	06:50	Core Machine Orders MoM	Oct		10.10%	-18.30%
<i>12 - Dec</i>	JPN	11:30	Tertiary Industry Index MoM	Oct		1.00%	-1.10%
	USA	20:30	CPI MoM	Nov		0.00%	0.30%
<b>Thursday</b>	GER	14:00	CPI MoM	Nov F		0.10%	0.10%
<i>13 - Dec</i>	GER	14:00	CPI YoY	Nov F		2.30%	2.30%
	EU	19:45	ECB Main Refinancing Rate	13-Dec		0.00%	0.00%
	EU	19:45	ECB Marginal Lending Facility	13-Dec		0.25%	0.25%
	EU	19:45	ECB Deposit Facility Rate	13-Dec		-0.40%	-0.40%
	USA	20:30	Initial Jobless Claims	8-Dec		--	231k
<b>Friday</b>	JPN	06:50	Tankan Large Mfg Index	4Q		18	19
<i>14 - Dec</i>	JPN	07:30	Nikkei Japan PMI Mfg	Dec P		--	52.2
	CHN	09:00	Retail Sales YoY	Nov		8.80%	8.60%
	CHN	09:00	Industrial Production YoY	Nov		5.90%	5.90%
	JPN	11:30	Capacity Utilization MoM	Oct		--	-1.50%
	JPN	11:30	Industrial Production MoM	Oct F		--	2.90%
	EU	15:30	Markit Eurozone Manufacturing PMI	Dec P		52	51.8
	GER	15:30	Markit Germany Manufacturing PMI	Dec P		52	51.8
	USA	20:30	Retail Sales Advance MoM	Nov		0.20%	0.80%
	USA	21:15	Industrial Production MoM	Nov		0.30%	0.10%
	USA	21:45	Markit US Manufacturing PMI	Dec P		--	55.3

Source: Bloomberg

## Corporate Calendar

Date	Event	Company
<b>Monday</b>	Extraordinary Shareholder Meeting	AGRO
<i>10 - Dec</i>	Annual Shareholder Meeting	DSNG
	IPO Listing Date	SOTS, URBN
	Cum Dividend Date	SCMA (IDR20 per share)
<b>Tuesday</b>	Extraordinary Shareholder Meeting	BJBR
<i>11 - Dec</i>	Cum Dividend Date	BATA (IDR8.7 per share)
		INDY (IDR54.4 per share)
	Cum Rights Offering Date	META (1 per 6, subscription price IDR200)
<b>Wednesday</b>	Annual Shareholder Meeting	FISH
<i>12 - Dec</i>	IPO Listing Date	ZONE
<b>Thursday</b>	Annual Shareholder Meeting	BABP
<i>13 - Dec</i>	Rights Listing Date	IKAI
<b>Friday</b>	Extraordinary Shareholder Meeting	MAPB, NIPS
<i>14 - Dec</i>	Annual Shareholder Meeting	ADRO, CSIS

Source: Bloomberg

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