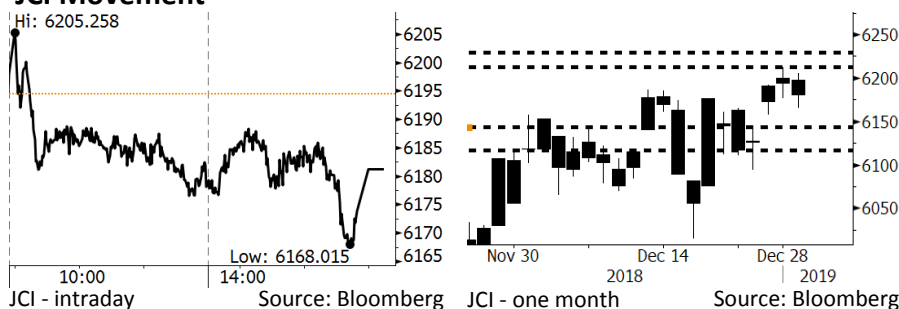


# Morning Brief

Daily | Jan 3, 2019

## JCI Movement



## IHSG (Jakarta Composite Index)

January 2	6,181.18
Chg	-13.32pts (-0.22%)
Volume (bn shares)	152.16
Value (IDR tn)	7.48
<b>Adv 159 Dec 257 Unc 221 Untr 105</b>	

Foreign Transaction (IDR bn)	
Buy	2,262
Sell	2,054
Net Buy (Sell)	207

Top Buy	NB Val.	Top Sell	NS Val.
PGAS	97.3	BBRI	43.9
BBCA	45.6	PTPP	16.9
UNVR	35.1	TLKM	11.0
UNTR	23.1	BDMN	9.9
WSKT	20.5	MAIN	8.4

LQ-45 Index Top Gainers & Losers			
Gainers	%	Losers	%
PTPP	5.8%	SSMS	-4.0%
MEDC	5.1%	ANTM	-3.3%
WSKT	4.8%	INCO	-3.1%
PGAS	4.3%	INDY	-2.8%
WIKA	3.6%	INDF	-2.4%

Government Bond Yield & FX			
	Last	Chg.	
Tenor: 10 year	8.05%	0.02%	
USDIDR	14,458	0.47%	
KRWIDR	12.91	-0.11%	

Global Indexes			
Index	Last	Chg.	%
Dow Jones	23,346.24	18.78	0.08%
S&P 500	2,510.03	3.18	0.13%
Nasdaq	6,665.94	30.66	0.46%
FTSE 100	6,734.23	6.10	0.09%
CAC 40	4,689.39	(41.30)	-0.87%
DAX	10,580.19	21.23	0.20%
Nikkei	20,014.77	(62.85)	-0.31%
Hang Seng	25,130.35	(715.35)	-2.77%
Shanghai	2,465.29	(28.61)	-1.15%
KOSPI	2,010.00	(31.04)	-1.52%
EIDO	25.23	0.41	1.65%

Commodities			
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,284.6	2.0	0.16%
Crude Oil (USD /bbl)	46.54	1.13	2.49%
Coal Newcas(USD/ton)	101.10	(0.95)	-0.93%
Gas (USD /mmbtu)	2.96	0.02	0.61%
Nickel LME (USD /MT)	10,690	(40.0)	-0.37%
Tin LME (USD /MT)	19,475	(10.0)	-0.05%
CPO (MYR/Ton)	2,166	45.0	2.12%

## Market Recap

Aligning with the regional stock markets, JCI closed lower in the first trading day of 2019 as the basic industry sector and mining sector made the worse performance. **Top Losers: Mining (-1.61%), Basic Industry (-1.04%), Agriculture (-0.80%)**

The global markets were hampered by China's lagging manufacture: the first sliding within the last 19 months. China's murky manufacture fueled the fears of a slowdown in the global economy. European markets closed mixed due to Europe's manufacturing data in December. The U.S. markets closed slightly lower after volatile session.

## Today's Outlook: The First SUN Auction in 2019

Today, we estimate that JCI moves at a modest pace with the **support range of 6120-6145** and the **resistance range 6215-6230**. The negative sentiment derives from the US dollar index strengthening to 0.9% on the second day of 2019. Investors will take careful consideration to the auction of Indonesia government's bonds (SUN). On Thursday, 01/04/18, the government of Indonesia will perform the first SUN auction in 2019. In 2018, the yields of SUN with the 10-year tenor hiked by 1.8%. The yields of SUN with 10-year tenors settling at 8.05% allure investors targeting much higher yields. The indicative target set for Thursday's auction is IDR15 trillion with the maximum target of IDR30 trillion. The proceeds of the auction will reflect investors' risk appetite for emerging markets, particularly Indonesia.

## Stocks Recommendation (details on the next page)

Trading Buy: ACES, WSBP, SMGR

## Company News

- ADRO : Distributes Interim Dividend of IDR1.09 Trillion
- WSBP : Has Accomplished Targeted Contracts in 2018
- AKRA : Officially Launches 3 SPKBK
- JSMR : Allocates IDR27 Trillion for the 2019 Capex

## Domestic & Global News

The 2018 Inflation Is at 3.13%

Lighitizer Thinks More Tariffs Could Be Needed

## Indonesia Economic Data

Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	6.00%	6.00%	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)	(2.05)	(1.82)	Govt. Spending Yoy	6.28%	5.26%
Exports Yoy	-3.28%	3.59%	FDI (USD bn)	5.95	5.50
Imports Yoy	11.68%	23.66%	Business Confidence	108.05	112.82
Inflation Yoy	3.13%	3.23%	Cons. Confidence*	122.70	119.20

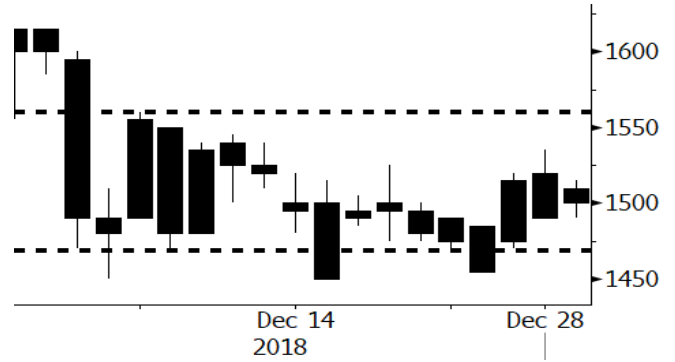
**ACES** Last = 1510

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**Analysis** ACES has sold its 500,000 treasury stocks to the markets. The proceeds from the selling after cost deduction were IDR735.8 million. It launched 31 stores, doubling the set target in 2018.

**Range** 1470 – 1560

**Action** Trading Buy. Cut Loss If Below 1470



Source: Bloomberg

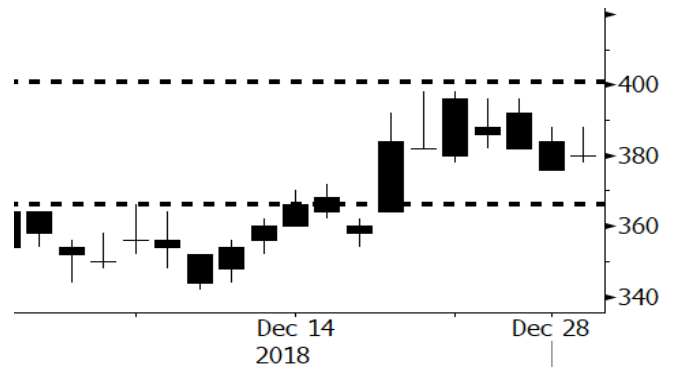
**WSBP** Last = 380

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**Analysis** Receiving the payment of the turnkey projects of Kiran-Legundi-Bunder-Manyar (KLBM) toll road amounting to IDR1.6 trillion, WSBP succeeded to end 2018 by posting a positive operational cash flow of IDR1.1 trillion compared to the loss of IDR2.4 trillion in 2017.

**Range** 366 – 400

**Action** Trading Buy. Cut Loss If Below 366



Source: Bloomberg

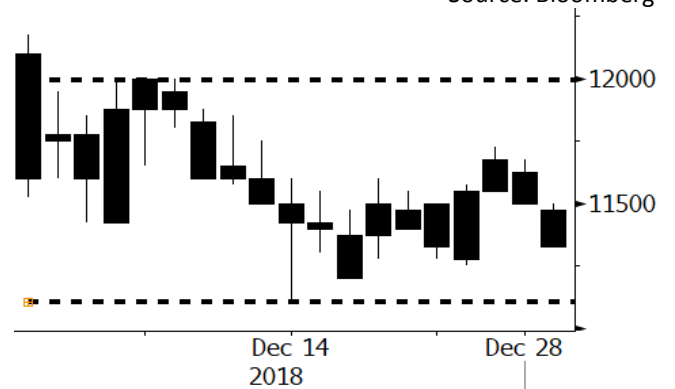
**SMGR** Last = 11475

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**Analysis** SMGR will take over 80.6% the ownership of SMCH stocks from Holderfin B.V: a company owned by LafargeHolcim. The transaction amounts to USD917 million or equal to IDR13-14 trillion.

**Range** 11100 – 12000

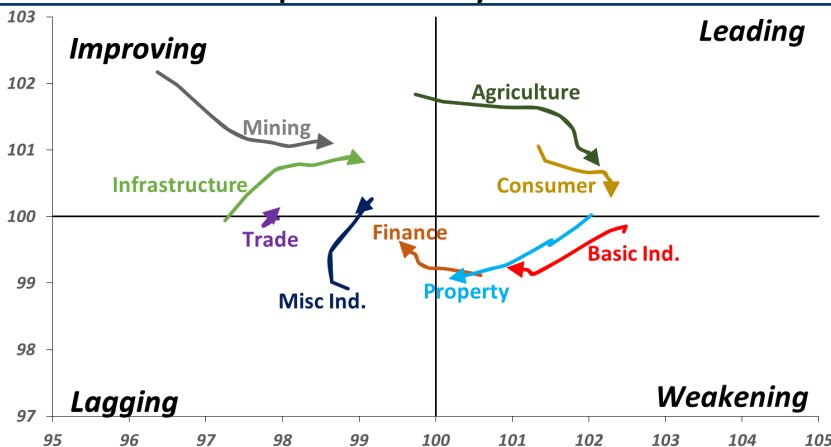
**Action** Trading buy. Cut Loss If Below 11100



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>	6,181	6,194				(1.1)	7,030.2							
<b>Finance</b>						4.5	2,194.1							
BBCA	26,200	26,000	28,825	Hold	10.0	19.6	646.0	25.9x	4.5x	18.4	1.0	7.5	10.0	0.9
BBRI	3,610	3,660	4,370	Buy	21.1	-	445.3	13.8x	2.5x	19.3	3.0	7.9	14.5	1.5
BMRI	7,325	7,375	8,275	Hold	13.0	(4.9)	341.8	14.4x	2.0x	14.2	2.7	2.7	20.1	1.4
BBNI	8,725	8,800	10,525	Buy	20.6	(7.4)	162.7	10.9x	1.6x	15.1	2.9	10.0	12.5	1.5
BBTN	2,550	2,540	3,050	Buy	19.6	(29.0)	27.0	8.3x	1.2x	14.9	2.2	14.5	11.6	1.8
BJTM	695	690	810	Buy	16.5	(4.1)	10.4	8.6x	1.3x	15.3	6.3	2.8	4.5	0.7
<b>Consumer</b>						(7.5)	1,461.6							
HMSP	3,770	3,710	4,225	Hold	12.1	(17.5)	438.5	33.7x	14.0x	41.8	2.8	7.2	3.8	1.3
GGRM	83,825	83,625	88,650	Hold	5.8	3.0	161.3	19.9x	3.8x	19.6	3.1	13.6	6.3	1.2
UNVR	46,400	45,400	49,700	Hold	7.1	(14.1)	354.0	39.0x	39.5x	118.0	2.0	1.0	39.7	1.0
ICBP	10,400	10,450	11,225	Hold	7.9	14.3	121.3	28.6x	5.8x	21.3	2.1	7.5	14.6	0.8
INDF	7,275	7,450	8,175	Hold	12.4	(4.9)	63.9	17.2x	2.0x	11.7	4.2	3.1	(13.7)	1.2
KLBF	1,525	1,520	1,840	Buy	20.7	(10.0)	71.5	29.4x	5.1x	18.3	1.6	3.9	1.4	1.3
KAFF	2,520	2,600	2,890	Hold	14.7	0.8	14.0	38.9x	5.4x	14.5	0.7	23.4	17.4	1.1
<b>Infrastructure</b>						(7.9)	732.75							
TLKM	3,730	3,750	4,700	Buy	26.0	(11.0)	369.5	20.0x	4.1x	20.4	4.5	2.3	(20.6)	0.8
EXCL	1,980	1,980	3,930	Buy	98.5	(32.2)	21.2	N/A	1.0x	(0.0)	N/A	(0.1)	N/A	1.0
ISAT	1,645	1,685	6,750	Buy	310.3	(65.4)	8.9	N/A	0.7x	(11.5)	4.4	(25.7)	N/A	1.0
PGAS	2,210	2,120	2,600	Buy	17.6	25.9	53.6	14.1x	1.1x	8.2	1.4	12.9	122.8	1.4
JSMR	4,290	4,280	6,050	Buy	41.0	(32.4)	31.1	15.0x	1.9x	13.4	1.4	18.7	(6.9)	0.9
TBIG	3,550	3,600	6,050	Buy	70.4	(47.0)	16.1	7.6x	4.7x	82.6	4.8	6.5	(3.2)	0.7
INDY	1,540	1,585	5,000	Buy	224.7	(53.5)	8.0	1.5x	0.6x	43.7	10.5	213.9	37.8	0.7
<b>Trade</b>						(13.6)	684.5							
UNTR	27,325	27,350	39,550	Buy	44.7	(17.4)	101.9	9.4x	2.0x	22.6	3.6	32.1	60.8	0.9
AKRA	4,240	4,290	4,650	Hold	9.7	(31.3)	17.0	22.9x	2.1x	19.3	5.2	25.3	(22.4)	1.2
SCMA	1,865	1,870	2,025	Hold	8.6	(24.5)	27.3	19.1x	6.0x	32.3	2.9	10.8	8.7	1.4
MNCN	695	690	875	Buy	25.9	(46.1)	9.9	7.1x	0.9x	14.2	2.2	2.8	(20.3)	0.9
LPPF	5,625	5,600	5,480	Hold	(2.6)	(48.6)	16.4	8.6x	6.6x	85.6	8.1	3.1	(0.6)	0.9
ACES	1,510	1,490	1,635	Hold	8.3	28.5	25.9	27.1x	6.7x	26.6	1.5	22.3	32.7	1.0
RALS	1,395	1,420	1,515	Hold	8.6	30.4	9.9	16.6x	2.5x	15.7	2.9	2.2	43.4	0.9
MAPI	795	805	945	Buy	18.9	27.2	13.2	22.8x	2.5x	14.0	0.5	18.3	126.7	0.8
<b>Property</b>						(9.0)	391.3							
BSDE	1,255	1,255	1,850	Buy	47.4	(26.2)	24.2	7.5x	0.9x	13.2	N/A	(18.9)	(74.2)	1.3
PWON	620	620	600	Hold	(3.2)	(10.1)	29.9	13.4x	2.5x	20.6	1.0	19.0	25.2	1.3
CTRA	990	1,010	1,250	Buy	26.3	(13.2)	18.4	20.2x	1.3x	6.8	1.0	7.9	1.7	1.6
SMRA	805	805	960	Buy	19.3	(12.0)	11.6	26.0x	1.7x	6.9	0.6	0.7	75.0	1.6
WSKT	1,760	1,680	2,810	Buy	59.7	(18.5)	23.9	4.5x	1.4x	33.2	3.2	27.0	41.1	1.3
PTPP	1,910	1,805	3,850	Buy	101.6	(25.1)	11.8	8.9x	1.0x	11.9	2.5	7.5	(11.9)	1.3
WIKA	1,715	1,655	2,150	Buy	25.4	12.5	15.4	11.1x	1.2x	11.0	1.6	32.3	26.0	1.1
ADHI	1,635	1,585	2,160	Buy	32.1	(9.9)	5.8	9.0x	1.0x	11.1	1.8	8.2	63.6	1.2
<b>Misc Ind.</b>						3.3	411.6							
ASII	8,200	8,225	8,925	Hold	8.8	1.9	332.0	15.2x	2.5x	17.3	2.3	16.4	20.6	1.2
<b>Basic Ind.</b>						22.3	660.0							
INTP	18,100	18,450	19,950	Hold	10.2	(21.3)	66.6	62.2x	2.9x	4.6	3.9	2.5	(56.1)	1.5
SMGR	11,475	11,500	13,500	Buy	17.6	12.5	68.1	25.8x	2.3x	9.0	1.2	4.4	43.1	1.3
CPIN	6,950	7,225	6,700	Hold	(3.6)	108.1	114.0	28.2x	6.3x	24.2	0.8	5.1	79.7	1.0
JPFA	2,190	2,150	3,250	Buy	48.4	57.0	25.7	13.9x	2.8x	20.2	4.6	16.8	104.2	0.8
MAIN	1,410	1,395	1,930	Buy	36.9	88.0	3.2	13.5x	1.7x	12.8	1.1	19.5	8200.0	1.3
KRAS	402	402	500	Buy	24.4	(2.4)	7.8	N/A	0.3x	(2.5)	N/A	22.7	51.3	1.1
TPIA	6,000	5,925	6,275	Hold	4.6	3.9	107.0	30.5x	4.1x	14.2	1.1	9.1	(34.2)	0.8
<b>Mining</b>						9.3	394.7							
ADRO	1,225	1,215	1,970	Buy	60.8	(33.1)	39.2	6.4x	0.7x	11.9	8.1	9.3	(16.0)	1.2
PTBA	4,240	4,300	5,375	Buy	26.8	73.8	48.8	7.7x	3.0x	42.1	7.5	20.7	49.7	1.0
ITMG	20,075	20,250	24,225	Buy	20.7	0.5	22.7	5.5x	1.5x	28.2	16.2	21.6	12.5	1.2
INCO	3,160	3,260	3,760	Buy	19.0	3.6	31.4	34.6x	1.2x	3.2	N/A	29.2	N/A	1.5
ANTM	740	765	1,200	Buy	62.2	17.5	17.8	16.2x	0.9x	5.9	0.3	186.6	N/A	1.3
TINS	740	755	1,240	Buy	67.6	(9.8)	5.5	12.0x	0.9x	7.5	3.2	2.7	(16.5)	1.3
MEDC	720	685	1,025	Buy	42.4	(19.1)	12.8	N/A	0.7x	(4.2)	N/A	55.1	N/A	1.5
DOID	520	525	1,020	Buy	96.2	(26.8)	4.5	4.8x	1.3x	33.1	N/A	14.2	55.2	1.0
<b>Agriculture</b>						(3.7)	99.8							
AALI	11,675	11,825	16,925	Buy	45.0	(9.5)	22.5	13.0x	1.2x	9.5	3.7	9.1	(18.2)	0.6
LSIP	1,280	1,250	1,500	Buy	17.2	(3.0)	8.7	18.6x	1.1x	5.7	3.5	(19.6)	(39.3)	0.7

\* Target Price for December 2019

Source: Bloomberg, NHKS Research

### **ADRO : Distributes Interim Dividend of IDR1.09 Trillion**

ADRO announced to divided the interim dividend of USD71.17 million from the net profit in 9M18. It applied the exchange rate of Rupiah for USD dated January 2nd, 2019 so that its dividend was worth IDR1.09 trillion. Indeed, it set January 15th, 2019 as the date of dividend distribution. Of note, the net profit in 9M18 declined by 16.04%, suppressed by the hike in COGS. (Bisnis Indonesia)

### **AKRA : Officially Launches 3 SPBKB**

AKRA has officially launched 3 gas station (SPBKB). It aligned with the government program of the "BBM Satu Harga", a national standard price for fuel. The three SPBKB are located in West Lampung, west coast of Lampung in Sanggau, West Kalimantan. In 2019, it will also build other SPBKB to serve the needs of remote areas inhabitants. (Kontan)

### **WSBP : Has Accomplished Targeted Contracts in 2018**

WSBP actualized the total new contracts of IDR6.66 trillion equal to the 2018 target. However, its revised lower the targeted new contracts by two times from the initial target of IDR11.52 trillion. The correction is related to a number of postponed projects. In 2019, it targets the new contracts of IDR10.39 trillion given by the internal or external parties. (Bisnis Indonesia)

### **JSMR : Allocates IDR27 Trillion for the 2019 Capex**

JSMR allocated the funds of IDR27 trillion for the 2019 capex. The funds will be allocated for the operation of several toll roads such as JORR 2 toll road, Kunciran-Serpong toll road, Serpong-Cinere toll road, Japek II Elevated toll road, Pandaan-Malang toll road, and other toll roads out Java. Now, JSMR is participating in the tender to win Semarang-Demak and Gedebage-Tasikmalaya toll roads. (Kontan)

## Domestic & Global News

### **The 2018 Inflation Is at 3.13%**

The statistics Indonesia (BPS) posted December's inflation of 0.62%; thus, the 2018 inflation was at 3.13%. The figure was much lower than that of 3.61% in 2017. The 2018 inflation was slightly lower than the inflation of 3.2% estimated by BI. The hike in components of core inflation was the catalyst for the 2018 inflation; indeed, the rising fuel price is the main contributor to inflation. (Kontan)

### **Lighthizer Thinks More Tariffs Could Be Needed**

U.S. Trade Representative Robert Lighthizer has warned President Donald Trump that additional tariffs on Chinese imports may be needed to get meaningful concessions in trade negotiations. Lighthizer, who is taking the lead in trade negotiations with China, has told he is intent on preventing Trump from accepting "empty promises" like temporary increases in soybean purchases. In order to avoid this, the U.S. may have to slap tariffs on more Chinese goods. (CNBC)

## Global Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Wednesday</b>	CHN	08:45	Caixin China PMI Mfg	Dec	49.7	50.2	50.2
<i>02 - Jan</i>	GER	15:55	Markit Germany Manufacturing PMI	Dec F	51.5	51.5	51.5
	EU	16:00	Markit Eurozone Manufacturing PMI	Dec F	51.4	51.4	51.4
	UK	16:30	Markit UK PMI Manufacturing SA	Dec	54.2	52.5	53.1
	USA	21:45	Markit US Manufacturing PMI	Dec F	53.8	53.9	53.9
<b>Thursday</b>	EU	16:00	M3 Money Supply YoY	Nov		3.80%	3.90%
<i>03 - Jan</i>	USA	19:00	MBA Mortgage Applications	28-Dec		--	--
	USA	20:15	ADP Employment Change	Dec		180k	179k
	USA	20:30	Initial Jobless Claims	29-Dec		--	216k
	USA	22:00	ISM Manufacturing	Dec		58	59.3
<b>Friday</b>	JPN	07:30	Nikkei Japan PMI Mfg	Dec F		--	52.4
<i>04 - Jan</i>	UK	14:00	Nationwide House Px NSA YoY	Dec		1.50%	1.90%
	UK	14:00	Nationwide House PX MoM	Dec		0.10%	0.30%
	GER	15:55	Unemployment Change (000's)	Dec		-13k	-16k
	USA	20:30	Unemployment Rate	Dec		3.70%	3.70%
	USA	20:30	Change in Nonfarm Payrolls	Dec		180k	155k

Source: Bloomberg

## Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Prev.
<b>Wednesday</b>	07:30	Nikkei Indonesia PMI Mfg	Dec	51.2	--	50.4
<i>02 - Jan</i>	11:00	CPI NSA MoM	Dec	0.62%	--	0.27%
	11:00	CPI Core YoY	Dec	3.07%	--	3.03%
	11:00	CPI YoY	Dec	3.13%	--	3.23%

Source: Bloomberg

## Corporate Calendar

Date	Event	Company
<b>Wednesday</b>	IPO Listing Date	MYTX
<i>02 - Jan</i>		
<b>Thursday</b>	Extraordinary Shareholder Meeting	BBRI
<i>03 - Nov</i>		

Source: Bloomberg

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