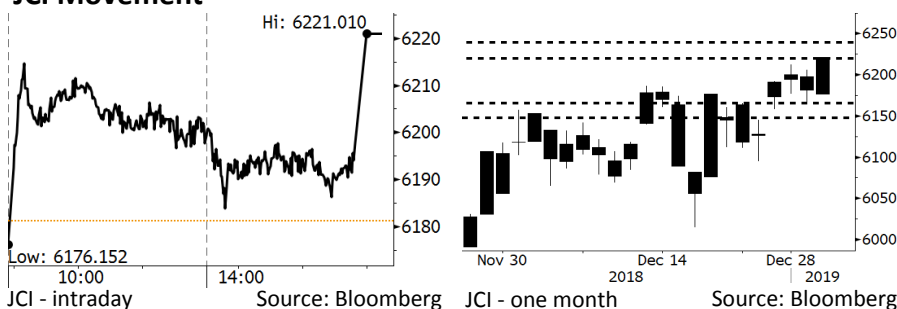


# Morning Brief

Daily | Jan 4, 2019

## JCI Movement



## IHSG (Jakarta Composite Index)

January 3	6,221.01
Chg	+39.84pts (+0.64%)
Volume (bn shares)	107.68
Value (IDR tn)	7.56

Adv 217 Dec 179 Unc 241 Untr 114

Foreign Transaction (IDR bn)	
Buy	2,797
Sell	2,609
Net Buy (Sell)	188

Top Buy	NB Val.	Top Sell	NS Val.
UNVR	80.0	BMRI	122.8
ASII	68.9	BBCA	56.0
WSKT	65.0	BTPS	29.3
HMSP	47.5	TLKM	24.2
UNTR	18.9	PTBA	16.1

LQ-45 Index Top Gainers & Losers			
Gainers	%	Losers	%
WSKT	7.1%	INCO	-2.9%
JSMR	6.5%	BMRI	-2.1%
LPKR	6.4%	PTBA	-1.9%
BSDE	5.2%	INKP	-1.7%
WIKA	4.7%	BBCA	-1.2%

Government Bond Yield & FX			
	Last	Chg.	
Tenor: 10 year	8.10%	0.05%	
USDIDR	14,417	-0.28%	
KRWIDR	12.79	-0.93%	

Global Indexes			
Index	Last	Chg.	%
Dow Jones	22,686.22	(660.02)	-2.83%
S&P 500	2,447.89	(62.14)	-2.48%
Nasdaq	6,463.50	(202.43)	-3.04%
FTSE 100	6,692.66	(41.57)	-0.62%
CAC 40	4,611.49	(77.90)	-1.66%
DAX	10,416.66	(163.53)	-1.55%
Nikkei	20,014.77	(62.85)	-0.31%
Hang Seng	25,064.36	(65.99)	-0.26%
Shanghai	2,464.36	(0.93)	-0.04%
KOSPI	1,993.70	(16.30)	-0.81%
EIDO	2,151	(15.0)	-0.69%

Commodities			
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,294.3	9.7	0.75%
Crude Oil (USD /bbl)	47.09	0.55	1.18%
Coal Newcas(USD/ton)	99.30	(1.30)	-1.29%
Gas (USD /mmbtu)	2.95	(0.01)	-0.44%
Nickel LME (USD /MT)	10,875	185.0	1.73%
Tin LME (USD /MT)	19,480	5.0	0.03%
CPO (MYR/Ton)	2,166	45.0	2.12%

## Market Recap

JCI closed higher yesterday as the consumer sector outperformed. The rally was also backed by the inflation data and Indonesia's robust PMI data. **Top Gainers: Property (+2.69%), Consumer (+1.61%), Misc. Industry (+1.53%)**

Most of the global stock markets closed lower yesterday as Apple lowered its prediction of the 1Q2019 sales. While Asia markets were mostly reigning in negative territory, Europe market closed lower; in fact, the U.S. markets were bearish at 2.5%. Global investors concerned about a slowdown in the global economy, reflected in PMI data posting by a number of countries.

## Today's Outlook: Will AAPL's Downgrade Outlook Affect Emerging Markets?

Today, we estimate JCI to move at a modest pace with the **support range of 6150-6165** and the **resistance range of 6220-6240**. The negative sentiment comes from AAPL's stocks declining to 7.93% on yesterday's trading session. We estimate that the backdrop is likely to influence analysts' estimate on the emerging markets growth. AAPL lowers its guidance for 2019 outlook because of China's deleveraging consumption.

Japan's manufacturing index making a stellar performance in December 2018 is announced this morning. Of note, Japan's PMI hiked from 52.4 to 52.6.

## Stocks Recommendation (details on the next page)

Trading Buy: SILO, MIKA, PWON

## Company News

- PPRE : Allocates Capex of IDR1.5 Trillion in 2019
- JSMR : Progress of Jakarta-Cikampek Toll is at 63%
- BBRI : Plans Self-Registration Bonds of IDR20 Trillion
- BIRD : Allocates Capex of IDR1.5 Trillion

## Domestic & Global News

- Indonesia's PMI Hiked in December 2018
- Yields of The U.S. Treasury Hits Records

## Indonesia Economic Data

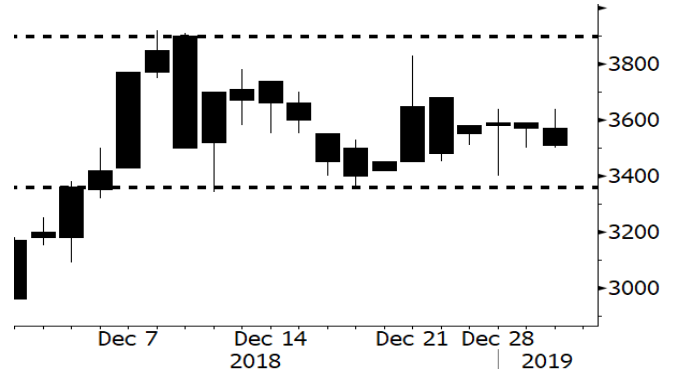
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	6.00%	6.00%	Real GDP	5.17%	5.27%
FX Reserve (USD bn)	117.20	115.20	Current Acc (USD bn)	(8.85)	(8.03)
Trd Balance (USD bn)	(2.05)	(1.82)	Govt. Spending Yoy	6.28%	5.26%
Exports Yoy	-3.28%	3.59%	FDI (USD bn)	5.95	5.50
Imports Yoy	11.68%	23.66%	Business Confidence	108.05	112.82
Inflation Yoy	3.13%	3.23%	Cons. Confidence*	122.70	119.20

**SILO** Last = 3510

**Analysis** At the end of 2018, SILO has 33 hospitals. The number keeps increasing from 20 hospitals in 2015. In 2017, SILO added its portfolios by launching 8 hospitals. In 2019, SILO will keep expanding its hospitals to 40 units.

**Range** 3350 – 3900

**Action** Trading Buy. Cut Loss If Below 3350



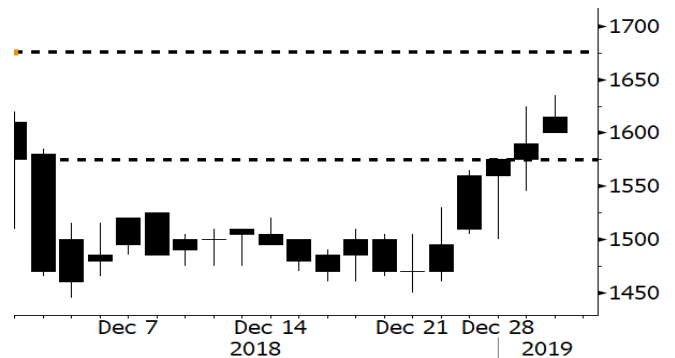
Source: Bloomberg

**MIKA** Last = 1615

**Analysis** In 2019, MIKA plans to take over two new hospitals with a view to increasing its performance. The process is in the negotiation phase and is projected to be settled in the middle of 2019. The acquisition will be funded by internal cash.

**Range** 1575 – 1675

**Action** Trading Buy. Cut Loss If Below 1575



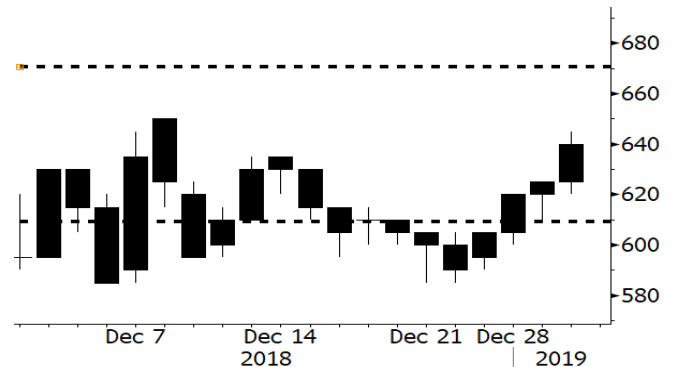
Source: Bloomberg

**PWON** Last = 640

**Analysis** In 2019, PWON plans to develop superblock in Bekasi. The superblock has the mixed-use concept and consists of 4 apartment towers, hotels, and malls. PWON will spend IDR1.8 trillion for the development.

**Range** 610 – 670

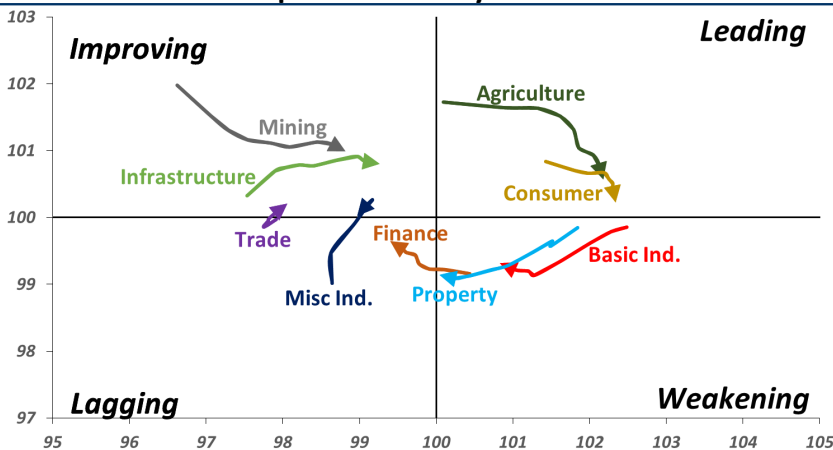
**Action** Trading buy. Cut Loss If Below 610



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>	6,221	6,194				(1.1)	7,075.3							
<b>Finance</b>						3.7	2,184.0							
BBCA	25,900	26,000	28,825	Hold	11.3	16.5	638.6	25.6x	4.4x	18.4	1.0	7.5	10.0	0.9
BBRI	3,620	3,660	4,370	Buy	20.7	2.0	446.5	13.8x	2.6x	19.3	2.9	7.9	14.5	1.5
BMRI	7,175	7,375	8,275	Buy	15.3	(8.3)	334.8	14.2x	1.9x	14.2	2.8	2.7	20.1	1.4
BBNI	8,725	8,800	10,525	Buy	20.6	(7.2)	162.7	10.9x	1.6x	15.1	2.9	10.0	12.5	1.5
BBTN	2,530	2,540	3,050	Buy	20.6	(26.9)	26.8	8.2x	1.2x	14.9	2.3	14.5	11.6	1.8
BJTM	695	690	810	Buy	16.5	(2.1)	10.4	8.6x	1.3x	15.3	6.3	2.8	4.5	0.7
<b>Consumer</b>						(7.2)	1,485.1							
HMSP	3,890	3,710	4,225	Hold	8.6	(17.2)	452.5	34.8x	14.4x	41.8	2.8	7.2	3.8	1.3
GGRM	83,075	83,625	88,650	Hold	6.7	(1.1)	159.8	19.7x	3.7x	19.6	3.1	13.6	6.3	1.2
UNVR	47,500	45,400	49,700	Hold	4.6	(11.0)	362.4	39.9x	40.4x	118.0	1.9	1.0	39.7	1.0
ICBP	10,575	10,450	11,225	Hold	6.1	15.9	123.3	29.1x	5.9x	21.3	2.1	7.5	14.6	0.8
INDF	7,475	7,450	8,175	Hold	9.4	(3.2)	65.6	17.7x	2.0x	11.7	4.0	3.1	(13.7)	1.2
KLBF	1,540	1,520	1,840	Buy	19.5	(11.7)	72.2	29.7x	5.2x	18.3	1.6	3.9	1.4	1.3
KAEF	2,490	2,600	2,890	Buy	16.1	(0.8)	13.8	38.4x	5.3x	14.5	0.7	23.4	17.4	1.1
<b>Infrastructure</b>						(7.6)	737.38							
TLKM	3,740	3,750	4,700	Buy	25.7	(10.6)	370.5	20.1x	4.1x	20.4	4.5	2.3	(20.6)	0.8
EXCL	2,020	1,980	3,930	Buy	94.6	(30.8)	21.6	N/A	1.0x	(0.0)	N/A	(0.1)	N/A	1.0
ISAT	1,650	1,685	6,750	Buy	309.1	(65.6)	9.0	N/A	0.7x	(11.5)	4.4	(25.7)	N/A	1.0
PGAS	2,200	2,120	2,600	Buy	18.2	25.0	53.3	14.0x	1.1x	8.2	1.4	12.9	122.8	1.4
JSMR	4,570	4,280	6,050	Buy	32.4	(27.7)	33.2	16.0x	2.1x	13.4	1.3	18.7	(6.9)	0.9
TBIG	3,590	3,600	6,050	Buy	68.5	(46.6)	16.3	7.7x	4.7x	82.6	4.7	6.5	(3.2)	0.7
INDY	1,530	1,585	5,000	Buy	226.8	(55.0)	8.0	1.5x	0.5x	43.7	10.6	213.9	37.8	0.7
<b>Trade</b>						(13.2)	688.9							
UNTR	27,575	27,350	39,550	Buy	43.4	(18.9)	102.9	9.5x	2.0x	22.6	3.5	32.1	60.8	0.9
AKRA	4,260	4,290	4,650	Hold	9.2	(31.3)	17.1	23.0x	2.1x	19.3	5.2	25.3	(22.4)	1.2
SCMA	1,890	1,870	2,025	Hold	7.1	(24.1)	27.6	19.4x	6.0x	32.3	2.9	10.8	8.7	1.4
MNCN	725	690	875	Buy	20.7	(46.1)	10.4	7.4x	0.9x	14.2	2.1	2.8	(20.3)	0.9
LPPF	5,775	5,600	5,480	Hold	(5.1)	(47.9)	16.9	8.9x	6.8x	85.6	7.9	3.1	(0.6)	0.9
ACES	1,580	1,490	1,635	Hold	3.5	26.4	27.1	28.4x	7.1x	26.6	1.4	22.3	32.7	1.0
RALS	1,415	1,420	1,515	Hold	7.1	32.9	10.0	16.8x	2.5x	15.7	2.8	2.2	43.4	0.9
MAPI	800	805	945	Buy	18.1	27.0	13.3	22.9x	2.6x	14.0	0.5	18.3	126.7	0.8
<b>Property</b>						(7.3)	401.8							
BSDE	1,320	1,255	1,850	Buy	40.2	(22.8)	25.4	7.8x	1.0x	13.2	N/A	(18.9)	(74.2)	1.3
PWON	640	620	600	Hold	(6.3)	(7.9)	30.8	13.8x	2.6x	20.6	0.9	19.0	25.2	1.3
CTRA	1,045	1,010	1,250	Buy	19.6	(7.9)	19.4	21.4x	1.4x	6.8	0.9	7.9	1.7	1.6
SMRA	840	805	960	Hold	14.3	(10.6)	12.1	27.1x	1.8x	6.9	0.6	0.7	75.0	1.6
WSKT	1,885	1,680	2,810	Buy	49.1	(17.7)	25.6	4.9x	1.5x	33.2	3.0	27.0	41.1	1.3
PTPP	1,975	1,805	3,850	Buy	94.9	(25.5)	12.2	9.2x	1.0x	11.9	2.4	7.5	(11.9)	1.3
WIKA	1,795	1,655	2,150	Buy	19.8	15.8	16.1	11.7x	1.2x	11.0	1.5	32.3	26.0	1.1
ADHI	1,695	1,585	2,160	Buy	27.4	(9.8)	6.0	9.3x	1.0x	11.1	1.7	8.2	63.6	1.2
<b>Misc Ind.</b>						3.3	417.9							
ASII	8,375	8,225	8,925	Hold	6.6	1.8	339.0	15.6x	2.6x	17.3	2.3	16.4	20.6	1.2
<b>Basic Ind.</b>						23.0	666.2							
INTP	18,550	18,450	19,950	Hold	7.5	(19.3)	68.3	63.8x	3.0x	4.6	3.8	2.5	(56.1)	1.5
SMGR	11,525	11,500	13,500	Buy	17.1	4.8	68.4	25.9x	2.3x	9.0	1.2	4.4	43.1	1.3
CPIN	7,225	7,225	6,700	Hold	(7.3)	102.9	118.5	29.3x	6.5x	24.2	0.8	5.1	79.7	1.0
JPFA	2,210	2,150	3,250	Buy	47.1	58.4	25.9	14.0x	2.9x	20.2	4.5	16.8	104.2	0.8
MAIN	1,460	1,395	1,930	Buy	32.2	97.3	3.3	14.0x	1.7x	12.8	1.1	19.5	8200.0	1.3
KRAS	410	402	500	Buy	22.0	(8.5)	7.9	N/A	0.3x	(2.5)	N/A	22.7	51.3	1.1
TPIA	6,000	5,925	6,275	Hold	4.6	8.1	107.0	30.6x	4.2x	14.2	1.1	9.1	(34.2)	0.8
<b>Mining</b>						7.1	393.1							
ADRO	1,230	1,215	1,970	Buy	60.2	(35.8)	39.3	6.4x	0.7x	11.9	8.1	9.3	(16.0)	1.2
PTBA	4,160	4,300	5,375	Buy	29.2	67.7	47.9	7.6x	3.0x	42.1	7.7	20.7	49.7	1.0
ITMG	19,900	20,250	24,225	Buy	21.7	(1.0)	22.5	5.5x	1.5x	28.2	16.4	21.6	12.5	1.2
INCO	3,070	3,260	3,760	Buy	22.5	(1.3)	30.5	33.7x	1.1x	3.2	N/A	29.2	N/A	1.5
ANTM	750	765	1,200	Buy	60.0	17.2	18.0	16.4x	0.9x	5.9	0.3	186.6	N/A	1.3
TINS	735	755	1,240	Buy	68.7	(12.0)	5.5	11.9x	0.9x	7.5	3.2	2.7	(16.5)	1.3
MEDC	735	685	1,025	Buy	39.5	(17.9)	13.1	N/A	0.7x	(4.2)	N/A	55.1	N/A	1.5
DOID	520	525	1,020	Buy	96.2	(27.3)	4.5	4.8x	1.4x	33.1	N/A	14.2	55.2	1.0
<b>Agriculture</b>						(3.0)	100.8							
AALI	12,225	11,825	16,925	Buy	38.4	(5.4)	23.5	13.6x	1.3x	9.5	3.6	9.1	(18.2)	0.6
LSIP	1,295	1,250	1,500	Buy	15.8	(5.1)	8.8	18.8x	1.1x	5.7	3.5	(19.6)	(39.3)	0.7

\* Target Price for December 2019

Source: Bloomberg, NHKS Research

### **PPRE : Allocates Capex of IDR1.5 Trillion in 2019**

PPRE allocated the capex of IDR1-1.5 trillion in 2019. 70% of the capex will be allocated to the purchase of heavy machinery, while the remaining capex will be spent on the inorganic acquisition in the soil improvement and foundation segments. In future years, the heavy machinery rental segment is projected to contribute 15%-20% of the total revenues. In 2019, PPRE targets revenues of IDR4-4.5 trillion. (Kontan)

### **BBRI : Plans Self-Registration Bonds of IDR20 Trillion**

BBRI plans to issue self-registration bonds worth IDR20 trillion. The bonds are targeted to be issued in the 1 semester of 2019 and will be released for three years with a flexible value. Besides, it will also take over the company, running its business in general insurance. (Kontan)

### **JSMR : Progress of Jakarta-Cikampek Toll is at 63%**

JSMR stated that the construction progress of Jakarta-Cikampek Elevated toll road projects has reached 63%. The project is targeted to actively function prior to 2019 Idul Fitri and will be completely finished in 3Q19. Besides, it also targets that the construction of JORR 2 toll road project connecting Jakarta, South Tangerang, Bogor, Depok, and Bekasi to be finished in 2019. (Kontan)

### **BIRD : Allocates Capex of IDR1.5 Trillion**

BIRD allocated the capex of IDR1.5 trillion in 2019. The capex will be allocated for the purchasing of new fleets and technology development. It will also take the benefits from the actively operated Trans Java toll road: the potent driver for higher revenues. In 2019, BIRD will also focus on improving its services quality through expert human resources and cutting-edge technology. (Kontan)

## Domestic & Global News

### **Indonesia's PMI Hiked in December 2018**

Indonesia's manufacturing activities closed 2018 with the stellar performance. In December 2018, Nikkei and IHS Markit Purchasing Managers' Index was at 51.2, higher than that in November of 50.4. Nikkei overviewed that the Indonesian manufacturing sector improved at a moderate in December. The improvements are shown by higher demand and new business expansion along with the robust domestic demand at year-end. (Kontan)

### **Yields of The U.S. Treasury Hits Records**

Yields of the U.S. bonds declined further amid the negative sentiments sweeping the global markets. Now, investors are worrying about the partial shutdown of the U.S. administration and the threat of lagging global economy. Yields of the U.S. Treasury with 10-year yield declined and settled at 2.63%, the lowest position since the end of January 2018. (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	3.70%	3.80%	3.90%
<i>03 - Jan</i>	USA	19:00	MBA Mortgage Applications	28-Dec	-8.50%	--	--
	USA	20:15	ADP Employment Change	Dec	271k	180k	179k
	USA	20:30	Initial Jobless Claims	29-Dec	231k	--	216k
	USA	22:00	ISM Manufacturing	Dec	54.1	58	59.3
<b>Friday</b>	JPN	07:30	Nikkei Japan PMI Mfg	Dec	52.6	--	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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## PT. NH Korindo Sekuritas Indonesia

Member of Indonesia Stock Exchange

**Head Office :**

Wisma Korindo 7<sup>th</sup> 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

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