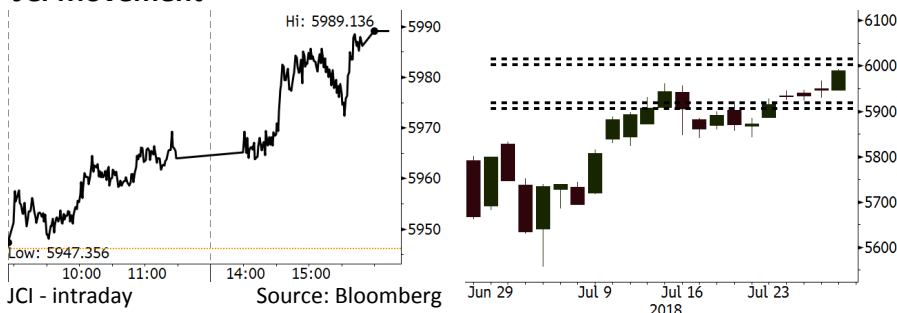


Morning Brief

Daily | July 30, 2018

JCI Movement



IHSG (Jakarta Composite Index)

July 27	5,989.14
Chg	+43.00pts (+0.72%)
Volume (bn shares)	96.92
Value (IDR tn)	6.42

Adv 195 Dec 175 Unc 240 Untr 121

Foreign Transaction		(IDR bn)
Buy		1,900
Sell		1,756
Net Buy (Sell)		144

Top Buy	NB Val.	Top Sell	NS Val.
PTBA	68.4	BBNI	26.9
BBRI	63.1	UNVR	13.8
ASII	33.7	JSMR	13.7
ADRO	28.5	TLKM	10.4
HMSP	28.4	BBTN	10.1

LQ-45 Index		Top Gainers & Losers	
Gainers	%	Losers	%
ADRO	6.2%	JSMR	-3.9%
BUMI	5.7%	BMTR	-2.1%
WSBP	4.7%	INTP	-2.0%
ASII	4.5%	BBNI	-1.7%
INCO	4.1%	INDF	-1.6%

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	7.75%	0.01%
USDIDR	14,417	-0.32%
KRWIDR	12.90	-0.15%

Global Indexes

Index	Last	Chg.	%
Dow Jones	25,451.06	(76.01)	-0.30%
S&P 500	2,818.82	(18.62)	-0.66%
Nasdaq	7,737.42	(114.77)	-1.46%
FTSE 100	7,701.31	38.14	0.50%
CAC 40	5,511.76	31.21	0.57%
DAX	12,860.40	51.17	0.40%
Nikkei	22,712.75	125.88	0.56%
Hang Seng	28,804.28	23.14	0.08%
Shanghai	2,873.59	(8.63)	-0.30%
KOSPI	2,294.99	5.93	0.26%
EIDO	24.12	0.35	1.47%

Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,224.2	1.5	0.13%
Crude Oil (USD /bbl)	68.69	(0.92)	-1.32%
Coal Newcas(USD/ton)	108.20	(0.50)	-0.46%
Gas (USD /mmbtu)	2.78	0.02	0.72%
Nickel LME (USD /MT)	13,860	85.0	0.62%
Tin LME (USD /MT)	19,925	75.0	0.38%
CPO (MYR/Ton)	2,186	(16.0)	-0.73%

Indonesian Market Recap

JCI closed higher on trading session of Friday as the misc. industries sector led amid the rupiah appreciated. Investors eyed the higher-than-estimate quarterly report. **Top Gainers: Misc. (+3.66%), Mining (+1.93%), Manufacture (+1.40%)**

Today's Outlook: Foreign Tourists as Forex Reserves

We estimate JCI to move higher today with the **support range of 5900-5920** and **resistance range of 5985-6000**. The Indonesian government likely boosts the tourism sector to beef up USD revenues and whittle away the trade balance deficit. Additionally, the government calls for the regional heads to elevate the tourism sector because it targets 20 million of foreign tourists with projected revenues of USD20 billion.

Stocks Recommendation (details on the next page)

Trading Buy: ASII, CPIN, BBKP

Global Market

United States

The U.S. stock closed lower amid the release of the 2Q18 robust economic data. The tech. sector snapped lower within the last two day caused pressure.

Europe

European stocks closed higher as the basic resources sector led due to the subdued trade war.

Asia

Asia stocks ended mixed on Friday, 07/27/18. Investors eyed on the result of the U.S. - EU meeting and the relation between the U.S. and China.

Company News

HMSP	: Posts Growth of 5.51% in Revenues
PPRO	: Posts Growth of 15% in Net Profit
INCO	: Divests 20% of Its Shares in October 2019
AKRA	: Posts Growth of 21.62% in Revenues

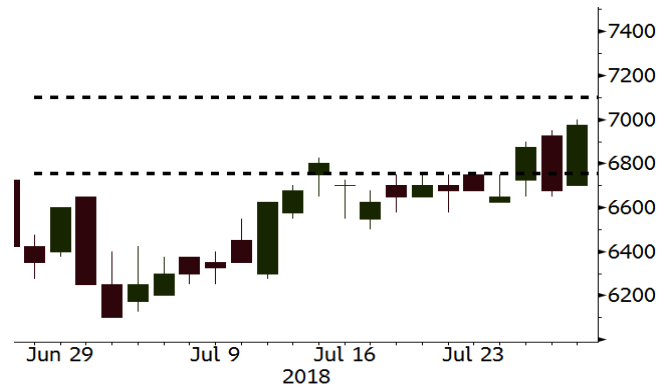
Domestic & Global News

Government Revokes DMO to Boost Forex
Strong Second-Quarter U.S. GDP Data Release

Indonesia Economic Data

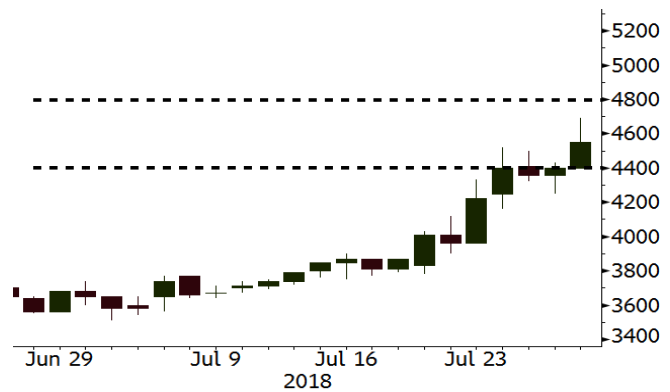
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.25%	5.25%	Real GDP	5.06%	5.19%
FX Reserve (USD bn)	119.80	122.90	Current Acc (USD bn)	(5.54)	(6.04)
Trd Balance (USD bn)	1.74	(1.52)	Govt. Spending Yoy	2.73%	3.81%
Exports Yoy	11.47%	12.47%	FDI (USD bn)	3.69	9.40
Imports Yoy	12.66%	28.17%	Business Confidence	106.28	112.39
Inflation Yoy	3.12%	3.23%	Cons. Confidence*	128.10	125.10

ASII	Last = 6975
Analysis	ASII posted the growth of 15% y-y to IDR56.7 trillion in the 2Q18's sales. Besides, the 2Q18's net profit beefed up by 32.7% y-y to IDR5.47 trillion. Thus, ASII succeeded to post a EPS surprise of 9.7% to the consensus of 133.5.
Range	6750 - 7100
Action	Trading Buy. Cut Loss If Below 6750



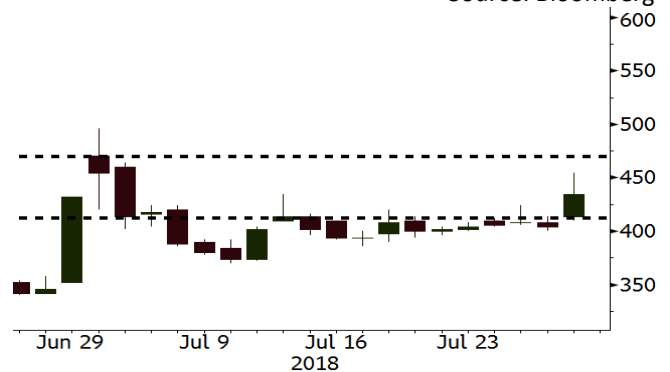
Source: Bloomberg

CPIN	Last = 4550
Analysis	The broiler segment is estimate to enjoy the hike in profit margin backed by the balance between supply and demand in market. In the 1Q17, it posted the loss attributable to the oversupply in market declining broiler selling price.
Range	4400 - 4800
Action	Trading Buy. Cut Loss If Below 4400



Source: Bloomberg

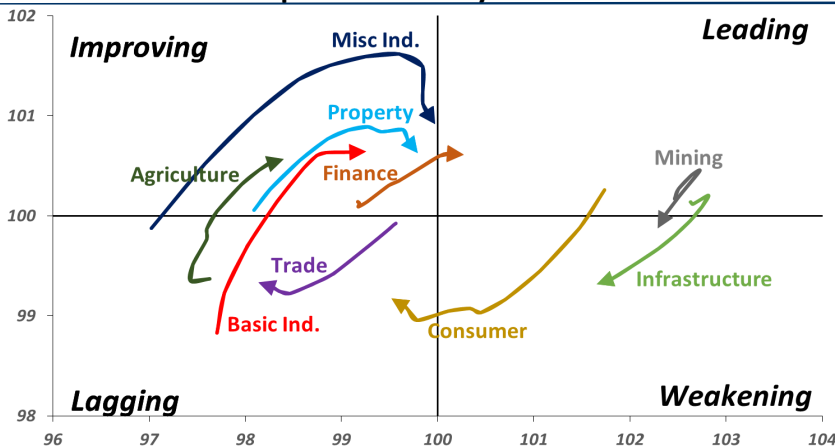
BBKP	Last = 434
Analysis	KB Kookmin Bank is the standby buyer of BBKP's shares of 2,563,000,000 with par value of IDR570 per share. After the pre-emptive right process, KB Kookim Bank owns 22% of BBKP's shares.
Range	412 - 470
Action	Trading buy. Cut Loss If Below 412



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
JCI Index	5,989	6,356				2.7	6,771.5							
Finance						7.7	1,951.0							
BBCA	23,225	21,900	25,400	Hold	9.4	23.5	572.6	23.7x	4.2x	18.8	1.1	5.1	8.4	1.0
BBRI	3,090	3,640	3,510	Hold	13.6	6.6	381.1	12.7x	2.4x	19.6	3.5	13.0	11.4	1.4
BMRI	6,575	8,000	10,300	Buy	56.7	(1.7)	306.8	13.1x	1.8x	14.5	3.0	(0.5)	28.7	1.3
BBNI	7,450	9,900	8,125	Hold	9.1	1.4	138.9	9.5x	1.4x	15.5	3.4	11.8	16.2	1.3
BBTN	2,410	3,570	3,790	Buy	57.3	(6.9)	25.5	8.0x	1.1x	15.1	2.4	14.3	11.7	1.7
BJTM	645	710	810	Buy	25.6	2.4	9.7	8.1x	1.3x	16.5	6.8	3.1	10.7	0.9
Consumer						(1.3)	1,386.7							
HMSP	3,920	4,730	4,575	Buy	16.7	7.4	456.0	35.8x	16.4x	46.0	2.7	5.5	1.9	1.4
GGRM	72,550	83,800	88,650	Buy	22.2	(9.1)	139.6	18.0x	3.2x	18.2	3.6	10.1	0.1	1.3
UNVR	44,325	55,900	44,200	Hold	(0.3)	(8.4)	338.2	49.1x	48.2x	100.6	2.1	(0.9)	(6.2)	1.1
ICBP	8,600	8,900	9,625	Hold	11.9	1.5	100.3	25.6x	4.9x	20.0	1.9	4.5	10.6	1.2
INDF	6,275	7,625	8,175	Buy	30.3	(27.0)	55.1	13.3x	1.7x	13.2	3.8	(1.1)	0.7	1.2
KLBF	1,290	1,690	1,730	Buy	34.1	(25.0)	60.5	25.1x	4.4x	18.2	1.9	2.4	0.2	1.2
KAEF	2,380	2,700	3,280	Buy	37.8	(26.3)	13.2	39.5x	5.2x	14.0	0.7	24.4	27.4	1.2
Infrastructure						(10.1)	748.33							
TLKM	3,940	4,399	4,600	Buy	16.8	(15.4)	397.2	18.4x	4.0x	22.4	4.3	4.3	(14.3)	0.9
EXCL	2,880	2,960	3,800	Buy	31.9	(12.7)	30.8	90.7x	1.4x	1.6	N/A	4.5	(75.0)	1.2
ISAT	3,970	4,800	6,750	Buy	70.0	(38.0)	21.6	47.3x	1.6x	3.3	1.8	(21.9)	N/A	0.9
JSMR	4,950	6,400	6,050	Buy	22.2	(13.2)	35.9	16.1x	2.3x	14.8	1.2	42.5	2.9	1.0
TBIG	5,000	6,425	6,050	Buy	21.0	(25.9)	22.7	9.8x	7.1x	92.7	3.4	8.4	16.1	0.6
INDY	3,530	3,060	5,000	Buy	41.6	301.1	18.4	3.4x	1.3x	46.6	3.0	263.6	166.7	0.8
Trade						(5.9)	750.4							
UNTR	35,400	35,400	42,350	Buy	19.6	20.6	132.0	14.0x	2.7x	20.6	2.5	32.3	60.0	1.0
AKRA	4,420	6,350	8,025	Buy	81.6	(34.8)	17.7	25.3x	2.1x	22.2	5.0	21.6	(34.8)	1.3
SCMA	2,040	2,480	2,700	Buy	32.4	(8.9)	29.8	21.5x	7.0x	34.8	3.7	15.0	19.3	1.0
MNCN	980	1,285	1,550	Buy	58.2	(45.3)	14.0	9.7x	1.4x	14.3	1.5	(0.4)	(28.3)	1.1
LPPF	9,450	10,000	11,250	Buy	19.0	(22.5)	27.6	14.4x	10.7x	81.7	4.8	5.9	1.2	1.1
ACES	1,330	1,155	1,425	Hold	7.1	17.2	22.8	27.2x	6.1x	24.0	1.7	21.5	35.7	0.9
RALS	1,445	1,200	1,400	Hold	(3.1)	52.9	10.3	23.2x	2.8x	12.2	2.8	(2.6)	407.0	0.8
MAPI	815	620	945	Buy	16.0	32.5	13.5	21.5x	3.1x	16.4	0.5	19.3	505.7	0.9
Property						(7.7)	385.1							
BSDE	1,490	1,700	1,850	Buy	24.2	(14.9)	28.7	6.2x	1.1x	19.5	0.3	(5.8)	(45.2)	1.3
PWON	550	685	625	Hold	13.6	(20.9)	26.5	12.6x	2.4x	20.5	1.1	14.4	25.4	1.2
CTRA	1,060	1,185	1,130	Hold	6.6	3.4	19.7	24.3x	1.5x	6.1	1.3	6.8	(41.7)	1.2
SMRA	800	945	1,050	Buy	31.3	(19.6)	11.5	34.6x	1.8x	5.2	0.6	(2.5)	(40.0)	1.4
WSKT	2,000	2,210	2,810	Buy	40.5	(15.6)	27.1	4.7x	1.6x	39.6	2.9	47.3	134.6	1.3
PTPP	2,160	2,640	3,850	Buy	78.2	(29.6)	13.4	9.1x	1.2x	13.9	2.2	26.3	19.0	1.3
WIKA	1,470	1,550	2,150	Buy	46.3	(29.0)	13.2	11.7x	1.0x	9.2	1.8	64.1	(30.9)	0.9
ADHI	1,585	1,885	2,160	Buy	36.3	(27.0)	5.6	9.9x	1.0x	10.1	1.8	39.7	282.5	1.0
Misc Ind.						(10.8)	360.0							
ASII	6,975	8,300	9,300	Buy	33.3	(12.3)	282.4	14.2x	2.2x	16.3	2.7	14.8	11.3	1.3
Basic Ind.						31.2	622.4							
INTP	14,600	21,950	21,575	Buy	47.8	(17.3)	53.7	32.9x	2.2x	6.3	4.8	1.9	(46.2)	1.4
SMGR	7,725	9,900	11,550	Buy	49.5	(23.1)	45.8	27.3x	1.6x	5.9	1.8	3.4	(45.2)	1.2
CPIN	4,550	3,000	4,200	Hold	(7.7)	66.1	74.6	26.0x	4.5x	18.2	1.2	(1.3)	60.5	1.0
JPFA	2,290	1,300	2,000	Hold	(12.7)	94.9	26.9	19.5x	3.1x	15.5	2.2	18.7	533.3	0.8
MAIN	1,060	740	780	Sell	(26.4)	6.0	2.4	31.3x	1.4x	4.1	3.6	16.5	109.1	1.1
KRAS	458	424	500	Hold	9.2	(23.7)	8.9	N/A	0.3x	(3.6)	N/A	38.9	72.7	1.1
TPIA	4,980	6,000	6,275	Buy	26.0	(6.7)	88.8	21.3x	3.5x	19.1	1.6	9.9	(36.3)	0.6
BRPT	1,830	2,260	2,420	Buy	32.2	8.0	32.6	22.6x	1.6x	8.9	1.3	9.8	(7.3)	0.9
Mining						41.0	474.9							
ADRO	1,965	1,860	2,500	Buy	27.2	7.7	62.9	9.5x	1.2x	13.6	5.5	5.1	(23.4)	1.0
PTBA	4,600	2,460	3,950	Hold	(14.1)	74.6	53.0	9.1x	3.8x	43.4	6.9	17.4	49.1	0.9
ITMG	29,000	20,700	32,400	Hold	11.7	41.3	32.8	8.8x	2.5x	29.2	10.8	2.8	0.0	1.1
INCO	4,530	2,890	3,550	Sell	(21.6)	81.9	45.0	80.7x	1.7x	1.9	N/A	28.3	N/A	1.2
ANTM	900	625	985	Hold	9.4	30.4	21.6	57.6x	1.2x	2.0	0.2	247.2	3550.0	1.1
TINS	850	775	1,240	Buy	45.9	2.4	6.3	12.7x	1.0x	8.3	2.8	(0.6)	(18.1)	1.0
ELSA	366	372	625	Buy	70.8	33.6	2.7	7.4x	0.9x	10.5	1.4	46.5	783.3	1.4
Agriculture						(17.0)	92.7							
AALI	11,000	13,150	14,800	Buy	34.5	(24.5)	21.2	12.1x	1.1x	9.7	4.3	8.9	(23.3)	0.6
LSIP	1,000	1,420	1,380	Buy	38.0	(28.8)	6.8	12.9x	0.8x	6.6	4.5	(28.5)	(47.6)	0.7

* Target Price for December 2018

Source: Bloomberg, NHKS Research

HMSP : Posts Growth of 5.51% in Revenues

HMSP posted the growth of 5.51% y-y to IDR49.16 trillion in the I semester revenues. The growth was backed by the domestic market of machine-rolled cigarette to amount to IDR34.24 trillion, hand-rolled cigarette to amount to IDR9.32 trillion, and other revenues to amount to IDR237.91 billion. Its net profit also nudged up 1.02% y-y to IDR6.11 trillion. (Bisnis Indonesia)

PPRO : Posts Growth of 15% in Net Profit

PPRO posted the growth of 15% y-y to IDR188 billion in the I semester net profit. In 2018, it targets the marketing sales of IDR3.8 trillion and allocates the capex of IDR1.8 trillion mostly spending on land installment. Indeed, in the II semester, it expects on the payment of IDR756 billion deriving from the I semester transaction. (Kontan)

INCO : Divests 20% of Its Shares in October 2019

INCO divested 20% of its shares in October 2019; the divestment is related to the agreement in the amendment working contract with the government. It expects that the divestment results in additional funds spending on Pomala-based smelter construction and facilitating Sorowako factory. (Kontan)

AKRA : Posts Growth of 21.62% in Revenues

AKRA posted the growth of 21.62% y-y to IDR11.21 trillion in the I semester revenues. The growth was backed by the growth of crude selling prices to USD73 per barrel. However, the hike in cost of revenues by 27.12% y-y to IDR10.38 trillion suppressing the I semester gross margin by 21.06% y-y to IDR831.05 billion. (Bisnis Indonesia)

Domestic & Global News

Government Revokes DMO to Boost Forex

The Indonesia government will revoke the domestic market obligation (DMO) obliging coal miners to allocate 25% of productions to the state-electricity firm (PLN)'s coal-fired power plants with the price of USD70 per metric ton. The cancelation aims at reducing current account deficit through the upbeat coal export prices. The cancelation was stated by the Minister of Coordinating Maritime Affairs and the Minister of Environment and Forestry of Republic of Indonesia. (CNBC)

Strong Second-Quarter U.S. GDP Data Release

U.S. GDP grew at solid 4.1 percent pace in the second quarter, its best since 2014. The number met economists expectation and was boosted by a surge in consumer spending and business investment. President Trump said that the Government is on track to hit the highest annual growth rate in over 13 years. The solid number is also derived from increases in exports and government spending. Personal consumption expenditures rose 4 percent while business investment grew 7.3 percent. (CNBC)

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