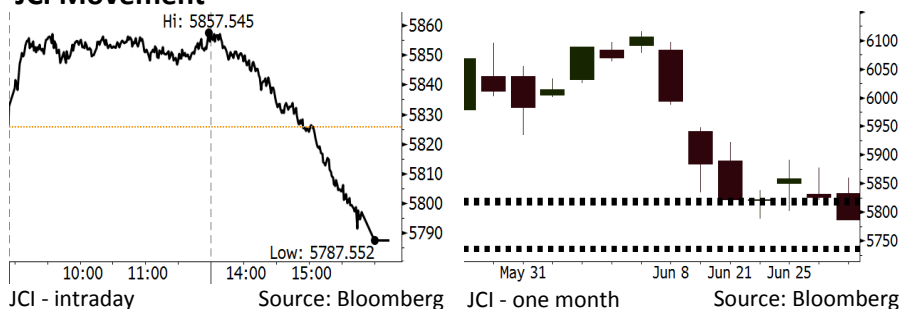


# Morning Brief

Daily | June 28, 2018

## JCI Movement



## Indonesian Market Recap

JCI was bearish yesterday as investors negatively responded to the quick count of regional election indicating Jokowi's chance in the presidential election. **Top Losers : Miscellaneous Industries (-3.10%), Mining (-1.73%), Property (-1.14%)**

## Today's Outlook: : An Alarming Regional Election's Result

We estimate that today JCI moved at moderate pace with the support range of 5734-5738 and resistance range of 5815-5822. The result of regional election portrayed Jokowi needs to spend more effort to win the 2019's Presidential Election. PDIP only succeeded to win in Central Java out of 3 big provinces in Java. Based on this fact, Jokowi must struggle to build robust coalition to win the 2019's Presidential Election. On the other side, today rupiah depreciated at higher than 14,200 per USD likely pressure market.

## Stocks Recommendation (details on the next page)

Trading Buy: TLKM, TINS, ELSA

## Global Market

### United States

The U.S. markets closed lower last night despite Trump's administration softer tone against China's investment in the U.S. tech companies

### Europe

European markets rallied yesterday as it was backed by the rally in crude prices and the U.S. softer tone against China's investment.

### Asia

Asia market moved at moderate pace yesterday amid the further decline in Yuan underlined by the concerns about trade war.

## Company News

- BSDE : Performs Buy-Back Act
- MAIN : Targets Growth of 15% in Revenues.
- WSBP : Secures New Contract of IDR2.8 Trillion
- MIKA : Distributes No Dividend

## Domestic & Global News

- Fiscal Incentive Whittles Away Tax Revenues
- Trump's plan on foreign investment is much less harsh than expected

## Indonesia Economic Data

Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	4.75%	4.50%	Real GDP	5.06%	5.19%
FX Reserve (USD bn)	122.90	124.90	Current Acc (USD bn)	(5.54)	(6.04)
Trd Balance (USD bn)	(1.52)	(1.63)	Govt Spending Yoy	2.73%	3.81%
Exports Yoy	12.47%	9.01%	FDI (USD bn)	3.69	9.40
Imports Yoy	28.17%	34.68%	Business Confidence	111.02	112.39
Inflation Yoy	3.23%	3.41%	Cons. Confidence*	125.10	121.60

## IHSG (Jakarta Composite Index)

June 27	5,787.55
Chg	-38.10pts (-0.65%)
Volume (bn shares)	88.61
Value (IDR tn)	7.37
<b>Adv 167 Dec 209 Unc 224 Untr 122</b>	

Foreign Transaction (IDR bn)	
Buy	2,373
Sell	2,913
Net Buy (Sell)	(539)

Top Buy	NB Val.	Top Sell	NS Val.
TLKM	63.2	ADRO	59.5
INKP	25.8	BBCA	30.0
SWAT	21.1	INTP	26.0
MEDC	8.9	BBRI	25.9
PTBA	7.2	HMSP	25.3

## LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
MYRX	3.2%	BUMI	-7.1%
EXCL	1.6%	INTP	-5.1%
JSMR	1.4%	TPIA	-4.9%
PWON	0.9%	BRPT	-4.6%
SSMS	0.8%	BMTR	-4.4%

## Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	7.79%	0.06%
USDIDR	14,179	0.14%
KRWIDR	12.69	-0.07%

## Global Indexes

Index	Last	Chg.	%
Dow Jones	24,117.59	(165.52)	-0.68%
S&P 500	2,699.63	(23.43)	-0.86%
Nasdaq	7,445.09	(116.54)	-1.54%
FTSE 100	7,621.69	83.77	1.11%
CAC 40	5,327.20	45.91	0.87%
DAX	12,348.61	114.27	0.93%
Nikkei	22,271.77	(70.23)	-0.31%
Hang Seng	28,356.26	(525.14)	-1.82%
Shanghai	2,813.18	(31.33)	-1.10%
KOSPI	2,342.03	(8.89)	-0.38%
EIDO	22.63	(0.46)	-1.99%

## Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,252.4	(6.7)	-0.53%
Crude Oil (USD /bbl)	72.76	2.23	3.16%
Coal Newcas(USD/ton)	113.15	1.45	1.30%
Gas (USD /mmbtu)	2.98	0.05	1.71%
Nickel LME (USD /MT)	14,880	95.0	0.64%
Tin LME (USD /MT)	19,855	(245.0)	-1.22%
CPO (MYR/Ton)	2,315	38.0	1.67%

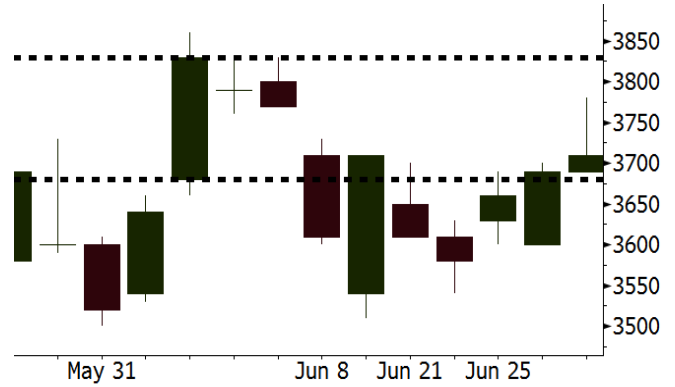
**TLKM** Last = 3710

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**Analysis** TLKM likely enjoys a healthier competition in the telecommunication industry by the start of 2H18. 3 big operators such as Telkomsel, EXCL, and Indosat will hike data package selling prices resulting in soaring financial performance.

**Range** 3680 - 3830

**Action** Trading Buy. Cut Loss If Below 3680



Source: Bloomberg

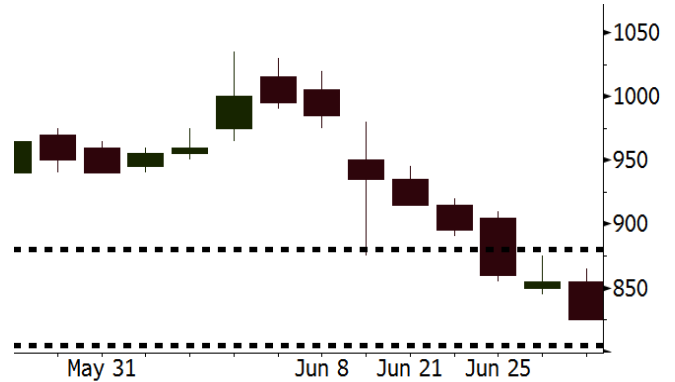
**TINS** Last = 825

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**Analysis** TINS and subsidiaries of Inalum, a state-owned holding in mineral mining, incorporated Indometal, TINS's subsidiary, as the company marketing globally products of Inalum's subsidiaries.

**Range** 805 - 880

**Action** Trading Buy. Cut Loss If Below 805



Source: Bloomberg

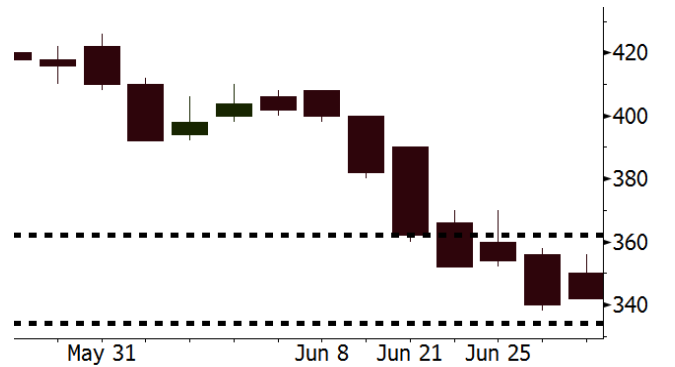
**ELSA** Last = 342

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**Analysis** Global crude prices hike further by 3.2% sparked by a steep tumble in the U.S stockpile and the lack of crude supply from Canada and Libya.

**Range** 334 - 362

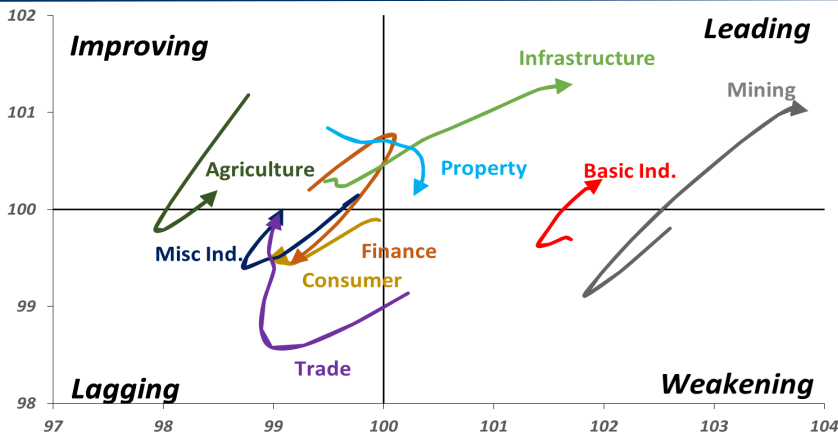
**Action** Trading buy. Cut Loss If Below 334



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	5,788	6,356				(0.7)	6,561.9							
<b>Finance</b>						5.7	1,888.7							
BBCA	21,350	21,900	25,400	Buy	19.0	17.6	526.4	22.1x	3.9x	18.7	1.2	7.1	10.4	0.9
BBRI	2,840	3,640	3,510	Buy	23.6	(6.9)	350.3	11.7x	2.2x	19.6	3.8	13.0	11.4	1.4
BMRI	6,600	8,000	10,300	Buy	56.1	3.5	308.0	13.7x	1.9x	14.4	3.0	(1.9)	43.7	1.4
BBNI	7,050	9,900	8,125	Buy	15.2	6.8	131.5	9.4x	1.4x	15.2	3.6	10.6	12.7	1.3
BBTN	2,520	3,570	3,790	Buy	50.4	(3.1)	26.7	8.5x	1.2x	15.2	2.3	15.1	16.1	1.5
BJTM	685	710	810	Buy	18.2	3.0	10.3	8.6x	1.4x	16.5	6.4	3.1	10.7	1.1
<b>Consumer</b>						(7.0)	1,347.0							
HMSP	3,570	4,730	4,575	Buy	28.2	(7.0)	415.3	33.5x	11.2x	33.3	3.0	2.5	(7.1)	1.4
GGRM	68,800	83,800	88,650	Buy	28.9	(12.1)	132.4	17.1x	3.0x	18.2	3.8	10.1	0.1	1.4
UNVR	44,425	55,900	49,450	Hold	11.3	(9.0)	339.0	49.2x	48.3x	100.6	2.1	(0.9)	(6.2)	1.1
ICBP	8,575	8,900	9,625	Hold	12.2	(2.6)	100.0	25.5x	4.9x	20.0	1.9	4.5	10.6	1.2
INDF	6,550	7,625	8,175	Buy	24.8	(23.8)	57.5	13.9x	1.8x	13.2	3.6	(1.1)	0.7	1.1
KLBF	1,240	1,690	1,730	Buy	39.5	(23.7)	58.1	24.2x	4.2x	18.2	2.0	2.4	0.2	1.3
KAEF	2,490	2,700	3,280	Buy	31.7	(13.8)	13.8	41.3x	5.4x	14.0	0.7	24.4	27.4	1.3
<b>Infrastructure</b>						(12.1)	717.58							
TLKM	3,710	4,399	4,600	Buy	24.0	(17.2)	374.0	17.3x	3.7x	22.4	4.5	4.3	(14.3)	0.9
EXCL	2,540	2,960	3,800	Buy	49.6	(25.5)	27.1	80.0x	1.3x	1.6	N/A	4.5	(75.0)	1.1
ISAT	3,190	4,800	6,750	Buy	111.6	(50.9)	17.3	38.0x	1.3x	3.3	2.3	(21.9)	N/A	0.8
JSMR	4,250	6,400	6,050	Buy	42.4	(20.6)	30.8	13.8x	2.0x	15.3	1.4	92.8	6.5	1.1
TBIG	4,910	6,425	6,050	Buy	23.2	(27.8)	22.2	9.6x	7.0x	92.7	3.4	8.4	16.1	0.6
INDY	3,450	3,060	5,000	Buy	44.9	339.5	18.0	3.4x	1.3x	46.6	3.1	263.6	166.7	1.2
<b>Trade</b>						(4.5)	742.8							
UNTR	32,200	35,400	42,350	Buy	31.5	17.3	120.1	14.2x	2.5x	18.6	2.8	39.0	68.7	1.2
AKRA	4,450	6,350	8,025	Buy	80.3	(31.8)	17.9	21.1x	2.1x	24.1	4.5	34.4	(22.8)	1.3
SCMA	2,170	2,480	2,700	Buy	24.4	(16.2)	31.7	22.8x	7.4x	34.8	2.7	15.0	19.3	1.0
MNCN	970	1,285	1,550	Buy	59.8	(47.3)	13.8	9.6x	1.4x	14.3	4.3	(0.4)	(28.3)	1.2
LPPF	8,475	10,000	11,250	Buy	32.7	(40.2)	24.7	12.9x	9.6x	81.7	5.4	5.9	1.2	1.2
ACES	1,290	1,155	1,425	Hold	10.5	21.7	22.1	26.4x	5.9x	24.0	1.8	21.5	35.7	0.9
RALS	1,470	1,200	1,400	Hold	(4.8)	20.0	10.4	23.6x	2.8x	12.2	2.7	(2.6)	407.0	0.8
MAPI	860	620	945	Hold	9.9	26.5	14.3	22.7x	3.2x	16.4	0.5	19.3	505.7	0.9
<b>Property</b>						(9.6)	378.4							
BSDE	1,650	1,700	1,850	Hold	12.1	(9.8)	31.8	6.9x	1.2x	19.5	0.3	(5.8)	(45.2)	1.2
PWON	550	685	625	Hold	13.6	(10.6)	26.5	12.7x	2.4x	21.0	0.8	19.5	61.9	1.2
CTRA	1,100	1,185	1,370	Buy	24.5	(6.0)	20.4	25.2x	1.5x	6.1	1.3	6.8	(41.7)	1.2
SMRA	990	945	1,050	Hold	6.1	(23.3)	14.3	42.8x	2.2x	5.2	0.5	(2.5)	(40.0)	1.4
WSKT	1,985	2,210	2,810	Buy	41.6	(14.4)	26.9	5.2x	1.7x	37.7	2.9	68.6	314.5	1.4
PTPP	2,180	2,640	3,850	Buy	76.6	(30.6)	13.5	9.1x	1.2x	13.9	2.2	26.3	19.0	1.5
WIKA	1,375	1,550	2,150	Buy	56.4	(37.8)	12.3	10.9x	1.0x	9.2	2.0	64.1	(30.9)	1.0
ADHI	1,870	1,885	2,160	Buy	15.5	(13.0)	6.7	11.7x	1.1x	10.1	1.5	39.7	282.5	1.0
<b>Misc Ind.</b>						(22.6)	354.3							
ASII	6,425	8,300	9,300	Buy	44.7	(28.0)	260.1	13.9x	2.0x	15.3	2.9	14.4	(1.6)	1.2
<b>Basic Ind.</b>						28.2	620.9							
INTP	13,575	21,950	21,575	Buy	58.9	(26.4)	50.0	30.6x	2.0x	6.3	5.2	1.9	(46.2)	1.5
SMGR	7,650	9,900	11,550	Buy	51.0	(23.5)	45.4	27.1x	1.5x	5.9	1.8	3.4	(45.2)	1.2
CPIN	3,650	3,000	4,200	Buy	15.1	14.8	59.9	20.8x	3.6x	18.2	1.5	(1.3)	60.5	1.0
JPFA	1,650	1,300	2,000	Buy	21.2	21.3	19.3	14.0x	2.2x	15.5	3.0	18.7	533.3	0.7
MAIN	700	740	780	Hold	11.4	(36.7)	1.6	20.7x	0.9x	4.1	5.4	16.5	109.1	1.0
KRAS	490	424	500	Hold	2.0	(20.3)	9.5	N/A	0.4x	(3.6)	N/A	38.9	72.7	1.1
TPIA	5,325	6,000	6,275	Buy	17.8	4.0	95.0	23.1x	3.9x	19.1	1.5	9.9	(36.3)	0.8
BRPT	2,090	2,260	2,420	Buy	15.8	42.7	35.9	19.8x	1.9x	12.4	N/A	25.1	(5.3)	0.7
<b>Mining</b>						36.9	419.1							
ADRO	1,705	1,860	2,500	Buy	46.6	7.9	54.5	8.3x	1.1x	13.6	6.3	5.1	(23.4)	1.1
PTBA	4,040	2,460	3,950	Hold	(2.2)	69.0	46.5	8.4x	2.9x	38.7	7.9	26.4	67.1	1.0
ITMG	22,275	20,700	32,400	Buy	45.5	28.8	25.2	6.9x	2.0x	29.2	14.1	2.8	0.0	1.1
INCO	3,960	2,890	3,550	Hold	(10.4)	114.1	39.3	3401.6x	1.5x	(0.1)	N/A	18.4	N/A	1.2
ANTM	840	625	985	Buy	17.3	20.9	20.2	53.8x	1.1x	2.0	0.2	247.2	3550.0	1.0
TINS	825	775	1,240	Buy	50.3	13.0	6.1	12.4x	1.0x	8.3	2.9	(0.6)	(18.1)	1.2
ELSA	342	372	625	Buy	82.7	24.8	2.5	N/A	0.8x	10.5	1.5	50.1	1267.6	1.2
<b>Agriculture</b>						(18.4)	93.1							
AALI	11,350	13,150	14,800	Buy	30.4	(22.8)	21.8	14.0x	1.2x	8.6	4.1	10.7	(55.6)	0.7
LSIP	1,005	1,420	1,380	Buy	37.3	(26.6)	6.9	13.6x	0.8x	6.2	4.5	(40.7)	(64.6)	0.8

\* Target Price for December 2018

Source: Bloomberg, NHKS Research

**BSDE : Performs Buy-Back Act**

BSDE will perform buy-back act with a view to maintain its stocks prices lower than the company values. It spent the fund of IDR3.26 trillion on the buy-back act likely lasting for 18 month. (Kontan)

**MAIN : Targets Growth of 15% in Revenues.**

MAIN targets the growth of 15% to IDR6.25 trillion in the 2018's revenues. The target is underpinned by a better poultry industry and a stable raw material. Until May 2018, the sale soared as it posted the growth of 16.44% y-y to IDR1.47 trillion in 1Q18 revenues. (Bisnis Indonesia)

**WSBP : Secures New Contract of IDR2.8 Trillion**

Until May 2018, WSBP secured new contract of IDR2.8 trillion equal to 24.30% of the 2018's total new contract target. Of note, the new projects are Cibitung-Cilincing, Probolinggo-Krasakan, and Tebing Tinggi-Indrapura toll roads. In 1Q18, it posted hike of 89.25% y-y to IDR2.29 trillion in revenue. (Bisnis Indonesia)

**MIKA : Distributes No Dividend**

MIKA stated to allocate the 2017's overall net profit to retained earnings. Besides, it will also perform buy-back act to beef up return for its shareholders. Of note, it will perform the buy-back act of 727.54 millions of shares or 5% of the paid up capital at the maximum as it succeeded to post the 2017's net profit of IDR708.76 billion. (Kontan)

## Domestic & Global News

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**Fiscal Incentive Whittles Away Tax Revenues**

The 2019's tax income whittles away slightly by the intense fiscal incentive enacted by the government. The prevailing incentives are easing sector and tax holiday requirements, reduction of 0.5% in final tax income imposed on Small and Middle-sized Enterprises, and easing tax restitution. (Kontan)

**Trump's plan to crack down on foreign investment is much less harsh than expected**

The White House won't be looking to block companies with at least 25 percent Chinese ownership from buying certain U.S. tech-related companies. Instead, the government will rely on the newly strengthened Committee on Foreign Investment in the United States to deal with concerns about foreign purchases of sensitive domestic technologies, a senior administration official said Wednesday. In all, the measures the administration announced were less harsh than proposals floated earlier in the week, providing relief to markets that continue to worry about the threat of a global trade war. (CNBC)

## Global Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	GER	15:00	IFO Business Climate	Jun	101.8	101.8	102.2
25 - June	USA	21:00	New Home Sales	May	689k	665k	662k
<b>Wednesday</b>	USA	19:30	Durable Goods Orders	May P	-1.60%	-1.00%	-1.60%
27 - June							
<b>Thursday</b>	EU	16:00	Consumer Confidence	Jun F		--	-0.5
28 - June	GER	19:00	CPI MoM	Jun P		0.20%	0.50%
	GER	19:00	CPI YoY	Jun P		2.20%	2.20%
	USA	19:30	GDP Annualized QoQ	1Q T		2.20%	2.20%
<b>Friday</b>	JPN	06:30	Jobless Rate	May		2.50%	2.50%
29 - June	JPN	06:50	Industrial Production MoM	May P		-1.10%	0.50%
	JPN	12:00	Consumer Confidence Index	Jun		43.8	43.8
	GER	14:55	Unemployment Change (000's)	Jun		-5k	-11k
	UK	15:30	GDP QoQ	1Q F		0.10%	0.10%
	UK	15:30	GDP YoY	1Q F		1.20%	1.20%
	USA	19:30	Personal Income	May		0.40%	0.30%
	USA	19:30	Personal Spending	May		0.40%	0.60%

Source: Bloomberg

## Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Prev.
<b>Monday</b>	11:00	Imports YoY	May	28.17%	--	34.68%
25 - June	11:00	Exports YoY	May	12.47%	--	9.01%
	11:00	Trade Balance	May	-\$1523.6m	--	-\$1629m
<b>Thursday</b>	Tentative	Bank Indonesia 7D Reverse Repo	28-Jun		--	4.75%
29 - June						

Source: Bloomberg

Date	Event	Company
<b>Monday</b> 25 - June	Annual Shareholder Meeting	AHAP, CASA, EMTK, JTPE, KOIN, LRNA, MERK, MGNA, SCMA SDMU, STAR, UNIT, VICO
	Rights Delisting Date	BRPT
	Stock Split	BLTZ (2 for 1)
	Cum Dividend Date	JKON (IDR5.8 per share) JRPT (IDR26 per share) MTDL (IDR10 per share) SMRA (IDR5 per share) TIFA (IDR6 per share)
<b>Tuesday</b> 26 - June	Annual Shareholder Meeting	ARGO, BJTM, BTEL, GGRM, INPP, LION, LMSH, MDIA, MSKY, PLIN PWON, SRTG, TARA, UNIC, VIVA
	Rights Delisting Date	BKSW
	Cum Dividend Date	ASDM (IDR69 per share) BRPT (undecided yet) LPGI (IDR245 per share) PBID (IDR43 per share) SMMA (IDR1 per share)
<b>Wednesday</b> 27 - June	Annual Shareholder Meeting	APEX, BBRM, BHIT, BSDE, CAMP, FINN, INPS, INTD, KARW, MAIN, MIKA, NASA, RELI, SMAR, SMMT, SOCI, TMPI, TRUS
<b>Thursday</b> 28 - June	Annual Shareholder Meeting	AIMS, ALTO, BAJA, BATA, BCIC, BOGA, BULL, CMNP, CSAP, DFAM, ELTY, GTBO, HOTEL, IKAI, IMAS, IMJS, INDX, KMTR, KRAH, LMPI, MABA, MARI, MDRN, PNIN, PNLF, POLY, RUIS, SIAP, SMDR, STTP, TIRT, VRNA
<b>Friday</b> 29 - June	Annual Shareholder Meeting	AGRS, AKSI, ALMI, AMAG, ATPK, BBNP, BIPP, BKSL, BMAS, CASS, DART, DEFI, DEWA, DKFT, FIRE, GAMA, GHON, GJTL, HDTX, INAI, INPC, ISSP, JAWA, JMAS, JSKY, LCGP, MITI, MTSM, NIPS, PGAS, PKPK, PRAS, PSAB, SAFE, SSTM, ULTI, UNSP

Source: Bloomberg

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