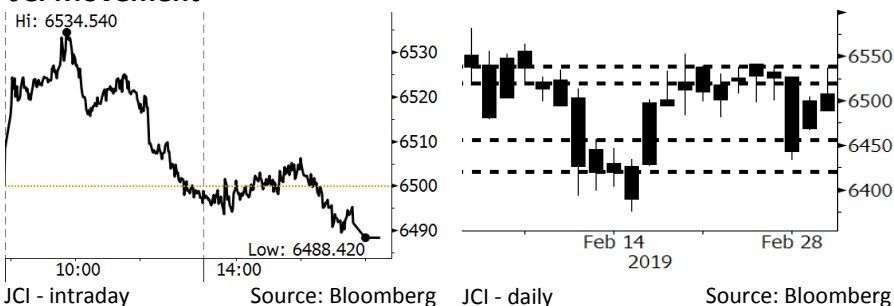


# Morning Brief

Daily | Mar 5, 2019

## JCI Movement



## IHSG (Jakarta Composite Index)

March 4	6,488.42
Chg	-11.46pts (-0.18%)
Volume (bn shares)	122.58
Value (IDR tn)	7.27

Adv 191 Dec 220 Unc 232 Untr 104

Foreign Transaction		(IDR bn)
Buy		1,579
Sell		2,124
Net Buy (Sell)		(545)

Top Buy	NB Val.	Top Sell	NS Val.
BTPS	76.3	BBCA	165.4
HMSP	25.8	GGRM	130.1
ITMG	18.7	ASII	113.1
INDF	11.3	BMRI	38.6
INDY	9.3	BBRI	28.4

LQ-45 Index		Top Gainers & Losers	
Gainers	%	Losers	%
ADRO	7.6%	LPPF	-7.6%
ITMG	6.6%	MNCN	-3.7%
INDY	6.5%	BRPT	-1.7%
SCMA	4.8%	KLBF	-1.6%
UNTR	3.8%	EXCL	-1.6%

Government Bond Yield & FX		
	Last	Chg.
Tenor: 10 year	7.86%	0.01%
USDIDR	14,130	0.07%
KRWIDR	12.55	0.00%

Global Indexes			
Index	Last	Chg.	%
Dow Jones	25,819.65	(206.67)	-0.79%
S&P 500	2,792.81	(10.88)	-0.39%
Nasdaq	7,577.57	(17.79)	-0.23%
FTSE 100	7,134.39	27.66	0.39%
CAC 40	5,286.57	21.38	0.41%
DAX	11,592.66	(9.02)	-0.08%
Nikkei	21,822.04	219.35	1.02%
Hang Seng	28,959.59	147.42	0.51%
Shanghai	3,027.58	33.57	1.12%
KOSPI	2,190.66	(4.78)	-0.22%
EIDO	25.86	(0.01)	-0.04%

Commodities			
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,286.7	(6.7)	-0.52%
Crude Oil (USD /bbl)	56.59	0.79	1.42%
Coal Newcas(USD/ton)	97.90	0.90	0.93%
Gas (USD /mmbtu)	2.86	(0.00)	-0.07%
Nickel LME (USD /MT)	13,255	60.0	0.45%
Tin LME (USD /MT)	21,450	(170.0)	-0.79%
CPO (MYR/Ton)	2,149	(40.0)	-1.83%

## Market Recap

JCI nudged down as the financial and infrastructure sectors moderated its pace. Indeed, 3-consecutive-day foreign outflows also weighed down its movement.

**Top Losers: Infrastructure (-0.79%), Finance (-0.60%), Misc. Industry (-0.52%)**

## Daily Foreign & Domestic Sector Movement

Yesterday's foreign outflows were at IDR545 billion, with the banking sector as the first's biggest net sell target of IDR214 billion. The automotive sector recorded the second's biggest net sell of IDR112 billion. The massive foreign outflows revised JCI slightly downwards at 0.18%. Foreign investors are pessimistic about Indonesia's current account deficits regardless of the government's hard efforts to boost exports.

Domestic outflows of IDR13billion flocked on the consumer sector, as INDF's stocks secured the domestic net sell of IDR11 billion. Yet, INDF's agribusiness division posted the loss of IDR222 billion in 2018 due to the downbeat prices of commodities.

## Today's Outlook: Downward Revisions to China's Growth

We estimate that today JCI will moderate with the **support range of 6420-6455** and the **resistance range of 6520-6540**. This morning, the Asia market nudged down, following the U.S. market; Dow Jones closed lower at 206 points or 0.79%. The decline was attributable to Chinese authorities' downward revision of its economic growth from 6.5% to 6%-6.5%. Chinese authorities cut taxes, imposed on the manufacturing industry with a view to saving its growth. The policy is estimated to boost GDP deficits from 2.6% in 2018 to 2.8% in the 2019's GDP. We estimate such downwards revisions in equity markets only last for a while.

## Company News

- ADRO : Net Profits of 2018 Dived 13.6%
- JPFA : KKR's Stocks Decreased to 8.4%
- WSBP : Net Profits of 2018 Grew by 10.3%
- SILo : Expands Aggressively in 2019

## Domestic & Global News

- Rupiah Moderates Further
- China Cuts Its Economic Growth Target of 2019

## Indonesia Economic Data

Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	6.00%	6.00%	Real GDP	5.18%	5.17%
FX Reserve (USD bn)	120.10	120.65	Current Acc (USD bn)	(9.15)	(8.85)
Trd Balance (USD bn)	(1.16)	(1.10)	Govt. Spending Yoy	4.56%	6.28%
Exports Yoy	-4.70%	-4.62%	FDI (USD bn)	3.62	5.95
Imports Yoy	-1.83%	1.16%	Business Confidence	108.05	112.82
Inflation Yoy	2.57%	2.82%	Cons. Confidence*	125.50	127.00

### **ADRO : Net Profits of 2018 Dived 13.6%**

ADRO booked the decline of 13.6% y-y to USD417.72 million in the 2018 net profit, for its COGS of 14% y-y outpaced its revenues growth of 11% y-y to USD3.62 billion. It marked the success to accomplish the 2018's operational and financial target by focusing on quality and efficient operations. (Bisnis Indonesia)

### **WSBP : Net Profits of 2018 Grew by 10.3%**

WSBP cheered the growth of 10.3% y-y to IDR1.10 trillion in the 2018's net profits. The growth was backed by a hike of 12.6% y-y to IDR 8 trillion in the net revenues. The ready-mix and precast segment respectively contributing the revenues of IDR4.45 trillion and IDR2.33 trillion were the biggest revenue contributor to WSBP. In 2019, it is sanguine about hitting the growth of 10% y-y in profits. (Kontan)

### **JPFA : KKR's Stocks Decreased to 8.4%**

JPFA's stock, owned by KKR Jade Investment Pte. Ltd, revised downwards from 11.7% to 8.4%. In February 20th, KKR sold JPFA's stocks for 385 million with the execution price of IDR2,200 per stock. KKR owned JPFA's stocks through private placement on June 8th, 2016 when JPFA secured the proceeds of IDR701.6 billion. (Bisnis Indonesia)

### **SILO : Expands Aggressively in 2019**

SILO affirmed its commitment to active business expansion by adding hospital networks and establishing robust IT infrastructure in 2019. In the early of 2019, it acquired health center of Gamma Knife Center, providing in brain surgery treatment. SILO spend funds of IDR12.75 billion on the acquisition and IDR48.98 on medical equipment and IT infrastructure. (Kontan)

## Domestic & Global News

### **Rupiah Moderates Further**

USDIDR is potential to moderate in today's spot market trading. However, the signs of rupiah appreciation are seen in Non-Deliverable Market (NDF). The NDF market rarely brings psychology effects on the price creation in the spot market. Thus, the exchange rate in the NDF is not often followed by the spot market. USDIDR weakened for the 4-consecutive day; today can be the fifth day. If the rupiah is depreciated longer, it will be the longest depreciation since the early of October 2018. (CNBC Indonesia)

### **China Cuts Its Economic Growth Target of 2019**

China revised downwards its economic growth on Tuesday, 03/05/2019, as now it is struggling to settle its debt, face the headwinds of a slowdown in global economy, and fight against the U.S. in a trade war. China as the world's second-biggest economy estimates that its GDP will grow at 6%-6.5% in 2019. Chinese authorities initially targeted the growth of 6.5% in 2018, yet at the end of 2018, China succeeded to post the growth of 6.6% in GDP. Although China surpassed the targeted growth in GDP, its GDP figure was the lowest since 1990. In 2019, around 75% of provinces in China have revised lower their growth target. To boost China's economy, Chinese authorities will cut taxes, reduce costs, and facilitate business activities. (CNBC Indonesia)

# 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>	6,488	6,194				(0.9)	7,402.3							
<b>Finance</b>						4.1	2,301.6							
BBCA	27,675	26,000	28,825	Hold	4.2	21.0	682.3	26.4x	4.5x	18.3	0.9	8.7	11.0	0.9
BBRI	3,880	3,660	4,370	Hold	12.6	2.9	478.6	14.7x	2.6x	18.5	2.8	10.4	11.7	1.5
BMRI	7,100	7,375	8,275	Buy	16.5	(13.7)	331.3	13.2x	1.8x	14.4	2.8	7.4	21.2	1.4
BBNI	8,950	8,800	10,525	Buy	17.6	(6.3)	166.9	11.1x	1.5x	14.5	2.9	9.6	10.2	1.4
<b>Consumer</b>						(4.5)	1,528.9							
HMSP	3,880	3,710	4,225	Hold	8.9	(18.3)	451.3	34.7x	14.4x	41.8	2.8	7.2	3.8	1.2
GGRM	94,400	83,625	88,650	Hold	(6.1)	19.2	181.6	22.4x	4.2x	19.6	2.8	13.6	6.3	1.2
UNVR	49,000	45,400	49,700	Hold	1.4	(9.2)	373.9	41.0x	49.3x	142.9	1.9	1.5	30.1	1.1
ICBP	10,350	10,450	11,225	Hold	8.5	15.0	120.7	28.5x	5.8x	21.3	2.1	7.5	14.6	0.8
INDF	7,375	7,450	8,175	Hold	10.8	(3.0)	64.8	17.5x	2.0x	11.7	4.1	3.1	(13.7)	1.2
KLBF	1,515	1,520	1,840	Buy	21.5	(5.3)	71.0	29.2x	5.1x	18.3	1.7	3.9	1.4	1.2
<b>Infrastructure</b>						4.3	835.53							
TLKM	3,850	3,750	4,700	Buy	22.1	(3.3)	381.4	20.7x	4.2x	20.4	4.4	2.3	(20.6)	0.8
PGAS	2,540	2,120	2,600	Hold	2.4	(2.3)	61.6	14.3x	1.7x	9.7	1.2	8.4	62.5	1.4
JSMR	5,375	4,280	6,050	Hold	12.6	0.9	39.0	18.9x	2.4x	13.4	1.1	18.7	(6.9)	0.9
<b>Trade</b>						(11.5)	735.5							
UNTR	27,500	27,350	39,550	Buy	43.8	(21.8)	102.6	9.2x	1.9x	22.4	3.5	31.1	50.3	1.0
AKRA	5,500	4,290	4,650	Sell	(15.5)	(8.7)	22.1	29.6x	2.7x	19.3	4.0	25.3	(22.4)	1.2
SCMA	1,840	1,870	2,025	Hold	10.1	(32.4)	26.9	18.9x	5.9x	32.3	3.0	10.8	8.7	1.3
MNCN	910	690	875	Hold	(3.8)	(39.7)	13.0	9.3x	1.2x	14.2	1.6	2.8	(20.3)	0.9
ACES	1,805	1,490	1,635	Hold	(9.4)	36.7	31.0	32.4x	8.1x	26.6	1.3	22.3	32.7	1.1
RALS	1,740	1,420	1,515	Hold	(12.9)	40.9	12.3	20.7x	3.1x	15.7	2.3	2.2	43.4	0.8
MAPI	1,055	805	1,170	Hold	10.9	46.5	17.5	30.2x	3.4x	14.0	0.4	18.3	126.7	0.8
<b>Property</b>						(14.3)	402.4							
BSDE	1,365	1,255	1,850	Buy	35.5	(25.2)	26.3	8.1x	1.0x	13.2	N/A	(18.9)	(74.2)	1.3
PWON	640	620	600	Hold	(6.3)	(6.6)	30.8	13.8x	2.6x	20.6	0.9	19.0	25.2	1.3
CTRA	905	1,010	1,250	Buy	38.1	(28.5)	16.8	18.5x	1.2x	6.8	1.0	7.9	1.7	1.6
SMRA	920	805	960	Hold	4.3	(9.4)	13.3	29.7x	2.0x	6.9	0.5	0.7	75.0	1.7
WSKT	1,935	1,680	2,810	Buy	45.2	(33.5)	26.3	5.0x	1.5x	33.2	3.0	27.0	41.1	1.4
WIKA	1,870	1,655	2,150	Hold	15.0	(0.3)	16.8	12.2x	1.3x	11.0	1.4	32.3	26.0	1.2
<b>Misc Ind.</b>						(6.4)	378.9							
ASII	7,150	8,225	8,925	Buy	24.8	(12.3)	289.5	13.4x	2.1x	16.6	2.7	16.1	14.8	1.2
<b>Basic Ind.</b>						14.7	687.5							
INTP	18,975	18,450	19,950	Hold	5.1	(8.3)	69.9	65.2x	3.1x	4.6	3.7	2.5	(56.1)	1.5
SMGR	12,900	11,500	13,500	Hold	4.7	18.9	76.5	29.0x	2.5x	9.0	1.1	4.4	43.1	1.3
CPIN	7,200	7,225	6,700	Hold	(6.9)	103.4	118.1	29.2x	6.5x	24.2	0.8	5.1	79.7	1.0
JPPA	2,230	2,150	3,250	Buy	45.7	40.7	26.2	14.1x	2.9x	20.2	4.5	16.8	104.2	0.8
<b>Mining</b>						(2.0)	432.2							
ADRO	1,410	1,215	1,970	Buy	39.7	(39.2)	45.1	7.5x	0.9x	11.9	7.1	9.3	(16.0)	1.3
PTBA	4,060	4,300	5,375	Buy	32.4	31.4	46.8	7.4x	2.9x	42.1	7.8	20.7	49.7	1.0
ITMG	22,700	20,250	24,225	Hold	6.7	(16.8)	25.6	6.8x	1.8x	27.1	14.4	18.8	4.3	1.2
INCO	3,870	3,260	3,760	Hold	(2.8)	23.2	38.5	42.7x	1.4x	3.3	N/A	23.4	N/A	1.4
ANTM	1,050	765	1,200	Hold	14.3	15.4	25.2	23.0x	1.3x	5.9	0.2	186.6	N/A	1.4
<b>Agriculture</b>						(10.2)	100.0							
AALI	12,825	11,825	16,925	Buy	32.0	(13.8)	24.7	17.2x	1.3x	7.7	3.4	10.3	(26.9)	0.6
LSIP	1,260	1,250	1,500	Buy	19.0	(12.8)	8.6	25.9x	1.0x	4.0	3.6	(15.2)	(54.6)	0.8

\* Target Price for December 2019

Source: Bloomberg, NHKS Research

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b> 4 - Mar	USA	22:00	Construction Spending MoM	Dec	-0.60%	0.20%	0.80%
<b>Tuesday</b> 5 - Mar	USA	22:00	New Home Sales	Dec		580k	657k
<b>Wednesday</b> 6 - Mar	USA	19:00	MBA Mortgage Applications	1-Mar		--	5.30%
	USA	20:15	ADP Employment Change	Feb		185k	213k
	USA	20:30	Trade Balance	Dec		-\$54.2b	-\$49.3b
<b>Thursday</b> 7 - Mar	EU	17:00	GDP SA YoY	4Q F		1.20%	1.20%
	EU	17:00	GDP SA QoQ	4Q F		0.20%	0.20%
	EU	19:45	ECB Deposit Facility Rate	7-Mar		-0.40%	-0.40%
	EU	19:45	ECB Main Refinancing Rate	7-Mar		0.00%	0.00%
	USA	20:30	Initial Jobless Claims	2-Mar		--	225k
<b>Friday</b> 8 - Mar	JPN	06:50	GDP Deflator YoY	4Q F		-0.30%	-0.30%
	JPN	06:50	BoP Current Account Balance	Jan		¥161.0b	¥452.8b
	JPN	06:50	GDP Annualized SA QoQ	4Q F		1.70%	1.40%
	JPN	06:50	GDP SA QoQ	4Q F		0.40%	0.30%
	GER	14:00	Factory Orders MoM	Jan		0.50%	-1.60%
	USA	20:30	Unemployment Rate	Feb		3.90%	4.00%
	USA	20:30	Housing Starts	Jan		--	1078k
	USA	20:30	Change in Nonfarm Payrolls	Feb		185k	304k

Source: Bloomberg

## Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Prev.
<b>Wednesday</b> 6 - Mar	Tentative	Consumer Confidence Index	Feb		--	125.5
<b>Friday</b> 8 - Mar	Tentative	Foreign Reserves	Feb		--	\$120.10b
	Tentative	Net Foreign Assets IDR	Feb		--	1652.4t

Source: Bloomberg

## Corporate Calendar

Date	Event	Company
<b>Monday</b> 3 - Mar	Extraordinary Shareholder Meeting	BEKS
<b>Tuesday</b> 5 - Mar	Extraordinary Shareholder Meeting	ENRG
<b>Wednesday</b> 6 - Mar	Extraordinary Shareholder Meeting	PANR
<b>Friday</b> 8 - Mar	Extraordinary Shareholder Meeting	BABP, KIOS

Source: Bloomberg

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