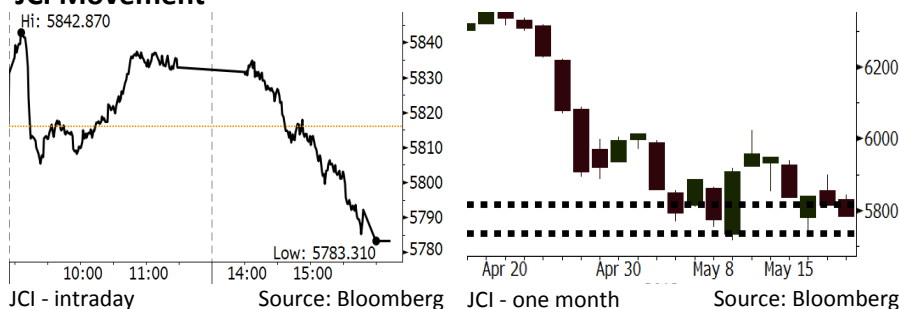


Morning Brief

Daily | May 21, 2018

JCI Movement



IHSG (Jakarta Composite Index)

May 18	5,783.31
Chg	-32.61pts (-0.56%)
Volume (bn shares)	82.60
Value (IDR tn)	7.38
Adv 150 Dec 235 Unc 209 Untr 103	

Foreign Transaction (IDR bn)	
Buy	2,373
Sell	3,062
Net Buy (Sell)	(689)

Top Buy	NB Val.	Top Sell	NS Val.
INKP	138.6	BBRI	196.3
PTBA	61.7	BBCA	121.5
BMRI	49.9	BBNI	112.3
WOOD	24.1	ADRO	76.7
INDY	11.0	BBTN	58.1

LQ-45 Index		Top Gainers & Losers	
Gainers	%	Losers	%
PTBA	3.9%	TRAM	-4.8%
PGAS	3.9%	BMTR	-4.4%
INCO	3.4%	PWON	-3.9%
ANTM	3.0%	KLBF	-3.8%
BMRI	1.5%	WSKT	-3.3%

Government Bond Yield & FX			
	Last	Chg.	
Tenor: 10 year	7.39%	0.18%	
USDIDR	14,156	0.70%	
KRWIDR	13.12	0.88%	

Global Indexes			
Index	Last	Chg.	%
Dow Jones	24,715.09	1.11	0.00%
S&P 500	2,712.97	(7.16)	-0.26%
Nasdaq	7,354.34	(28.13)	-0.38%
FTSE 100	7,778.79	(9.18)	-0.12%
CAC 40	5,614.51	(7.41)	-0.13%
DAX	13,077.72	(36.89)	-0.28%
Nikkei	22,930.36	91.99	0.40%
Hang Seng	31,047.91	105.76	0.34%
Shanghai	3,193.30	39.02	1.24%
KOSPI	2,460.65	12.20	0.50%
EIDO	23.66	(0.73)	-2.99%

Commodities			
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,293.0	2.3	0.17%
Crude Oil (USD /bbl)	71.28	(0.21)	-0.29%
Coal Newcas(USD/ton)	108.30	(0.45)	-0.41%
Gas (USD /mmbtu)	2.85	(0.01)	-0.42%
Nickel LME (USD /MT)	14,750	155.0	1.06%
Tin LME (USD /MT)	20,780	130.0	0.63%
CPO (MYR/Ton)	2,450	18.0	0.74%

Indonesian Market Recap

JCI closed lower yesterday. The hike in Bank Indonesia's reference rate failed to stimulate investors' interest. **Top Losers : Miscellaneous Industries (-2.47%), Property (-1.27%), Finance (-0.85%)**

Today's Outlook: : Depreciated Rupiah

We estimate that today JCI will pace moderately with the **support range of 5734-5739 and resistance range of 5815-5819**. Bank Indonesia's raising benchmark rate failing to boost rupiah appreciation. Rupiah depreciated further is mainly dominated by the globally negative factors. The U.S. Treasury yield hiking further decreases foreign investors' appetite and the trade tension between the U.S. and China remains investors' concerns.

Stocks Recommendation (details on the next page)

Trading Buy: ANTM, LSIP, BBRI

Global Market

United States

The U.S. markets closed lower on Friday, 05/18, as the trade tension between the U.S. and China remains.

Europe

European markets were sluggish on Friday, 05/18, amid the raising concerns on the geopolitical backdrop and global trade.

Asia

Asia markets subdued on Friday, 05/18, as investors digested the updated development relating to the trade negotiation between the U.S. and China.

Company News

- TLKM : Targets Double-Digit Growth in Revenue
- ACES : Launches Two New Stores in 1Q18
- CLEO : Targets Sales of IDR1 Trillion
- GMFI : Posts Decline of 37.68% in 1Q18 Profit

Domestic & Global News

- Indonesia to Maintain Fuel Prices Until 2019
- China agrees to bolster purchases of US goods

Indonesia Economic Data

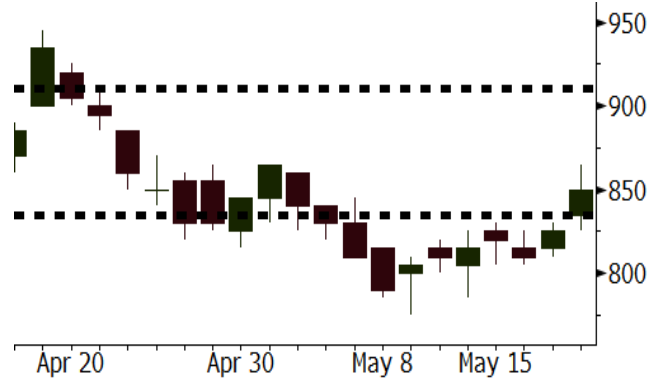
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	4.50%	4.25%	Real GDP	5.06%	5.19%
FX Reserve (USD bn)	124.90	126.00	Current Acc (USD bn)	(5.54)	(6.04)
Trd Balance (USD bn)	(1.63)	1.09	Govt Spending Yoy	2.73%	3.81%
Exports Yoy	9.01%	6.14%	FDI (USD bn)	3.69	9.40
Imports Yoy	34.68%	9.07%	Business Confidence	111.02	112.39
Inflation Yoy	3.41%	3.40%	Cons. Confidence*	122.20	121.60

ANTM Last = 850

Analysis ANTM is reviewing proposals of ferronickel and stainless steel's factory construction in East of Indonesia submitted by its 4 potential partners. The project is worth of USD1-2 billion.

Range 835 - 910

Action Trading Buy. Cut Loss If Below 835



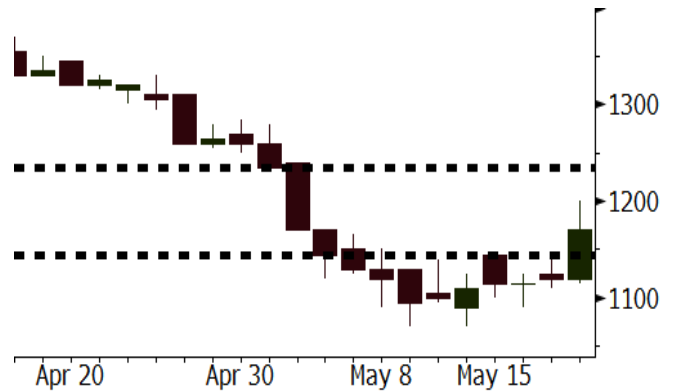
Source: Bloomberg

LSIP Last = 1170

Analysis Global CPO prices posted the hike of 2.9% in last week backed by the respective hike in soybean prices, crude prices, and the decline in ringgit.

Range 1145 - 1235

Action Trading Buy. Cut Loss If Below 1145



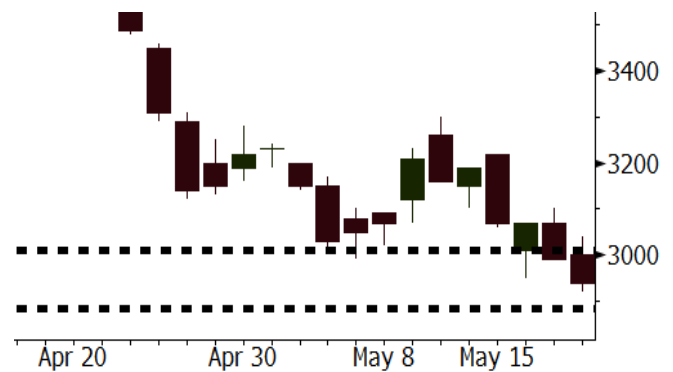
Source: Bloomberg

BBRI Last = 2940

Analysis BBRI targeted the hike in the 2018 credit disbursement from 12% into 14%. The hike is backed by the higher demand for credit from the micro segment.

Range 2885 - 3010

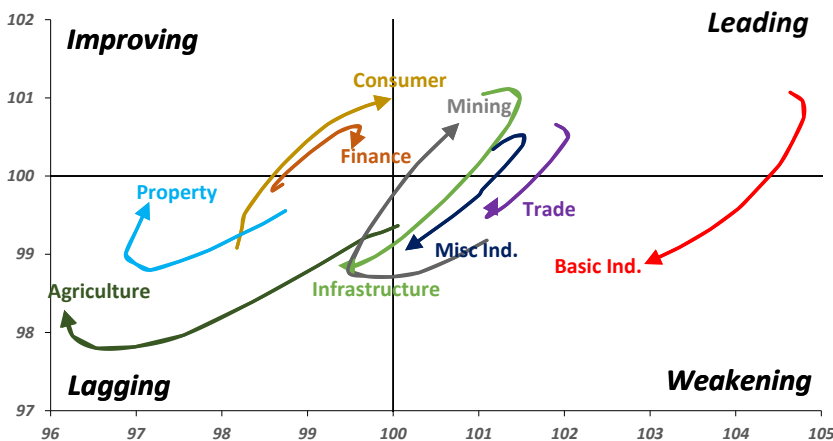
Action Trading buy. Cut Loss If Below 2885



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	5,783	6,356				2.4	6,525.5							
Finance						12.8	1,917.8							
BBCA	21,700	21,900	25,400	Buy	17.1	24.7	535.0	22.5x	3.9x	18.7	1.2	7.1	10.4	0.9
BBRI	2,940	3,640	4,700	Buy	59.9	4.3	362.6	12.1x	2.2x	19.6	3.6	13.0	11.4	1.4
BMRI	6,800	8,000	10,300	Buy	51.5	11.9	317.3	14.2x	2.0x	14.4	2.9	(1.9)	43.7	1.4
BBNI	7,575	9,900	8,125	Hold	7.3	16.1	141.3	10.1x	1.5x	15.2	3.4	10.6	12.7	1.3
BBTN	2,750	3,570	3,790	Buy	37.8	14.6	29.1	9.3x	1.3x	15.2	2.1	15.1	16.1	1.3
BJTM	700	710	810	Buy	15.7	6.9	10.5	8.8x	1.3x	15.4	6.3	4.8	10.7	1.1
Consumer						(5.5)	1,345.1							
HMSP	3,580	4,730	5,025	Buy	40.4	(8.4)	416.4	33.6x	11.2x	33.3	3.0	2.5	(7.1)	1.4
GGRM	67,225	83,800	97,825	Buy	45.5	(6.7)	129.3	16.7x	2.9x	18.2	3.9	10.1	0.1	1.4
UNVR	46,175	55,900	49,450	Hold	7.1	(2.9)	352.3	51.2x	50.2x	100.6	1.9	(0.9)	(6.2)	1.1
ICBP	8,000	8,900	9,625	Buy	20.3	(8.0)	93.3	23.8x	4.5x	20.0	1.9	4.5	10.6	1.1
INDF	6,375	7,625	8,175	Buy	28.2	(24.6)	56.0	13.5x	1.7x	13.2	3.7	(1.1)	0.7	1.1
KLBF	1,270	1,690	1,730	Buy	36.2	(17.3)	59.5	24.8x	4.3x	18.2	1.7	2.4	0.2	1.2
KAEF	2,040	2,700	3,280	Buy	60.8	(24.2)	11.3	34.7x	4.5x	13.8	0.9	5.4	22.2	1.3
Infrastructure						(11.0)	697.59							
TLKM	3,490	4,399	4,600	Buy	31.8	(18.3)	351.8	16.3x	3.5x	22.4	4.8	4.3	(14.3)	0.9
EXCL	2,140	2,960	3,800	Buy	77.6	(29.4)	22.9	67.4x	1.1x	1.6	N/A	4.5	(75.0)	1.2
ISAT	3,220	4,800	6,750	Buy	109.6	(56.5)	17.5	38.4x	1.3x	3.3	2.3	(21.9)	N/A	0.8
JSMR	3,970	6,400	6,050	Buy	52.4	(17.3)	28.8	12.9x	1.8x	15.3	1.5	92.8	6.5	1.0
TBIG	5,000	6,425	6,050	Buy	21.0	(9.1)	22.7	9.6x	7.2x	99.8	6.4	8.4	229.7	0.6
INDY	3,980	3,060	5,000	Buy	25.6	391.4	20.7	3.9x	1.5x	46.6	2.7	263.6	166.7	1.2
Trade						0.2	755.5							
UNTR	35,825	35,400	42,350	Buy	18.2	52.8	133.6	15.9x	2.8x	18.6	2.5	39.0	68.7	1.2
AKRA	4,520	6,350	8,025	Buy	77.5	(28.5)	18.1	21.4x	2.1x	24.1	4.4	34.4	(22.8)	1.2
SCMA	2,240	2,480	3,200	Buy	42.9	(22.0)	32.8	24.6x	8.4x	36.3	2.6	(1.6)	(11.4)	0.8
MNCN	1,290	1,285	1,550	Buy	20.2	(30.8)	18.4	11.8x	1.9x	16.3	3.3	4.8	10.3	1.2
LPPF	8,800	10,000	11,250	Buy	27.8	(39.9)	25.7	13.4x	10.0x	81.7	5.2	5.9	1.2	1.2
ACES	1,185	1,155	1,575	Buy	32.9	22.8	20.3	24.3x	5.4x	24.0	1.4	21.5	35.7	0.9
RALS	1,340	1,200	1,400	Hold	4.5	-	9.5	21.5x	2.6x	12.2	2.7	(2.6)	407.0	0.8
MAPI	8,400	6,200	9,450	Hold	12.5	41.2	13.9	22.2x	3.2x	16.4	0.5	19.3	505.7	0.9
Property						(5.7)	381.6							
BSDE	1,610	1,700	1,850	Hold	14.9	(5.6)	31.0	6.3x	1.2x	21.4	0.3	56.7	172.3	1.2
PWON	500	685	700	Buy	40.0	(13.0)	24.1	11.5x	2.2x	21.0	0.9	19.5	61.9	1.0
CTRA	970	1,185	1,370	Buy	41.2	(13.0)	18.0	22.3x	1.3x	6.1	0.5	6.8	(41.7)	1.2
SMRA	830	945	960	Buy	15.7	(32.2)	12.0	35.9x	1.8x	5.2	0.6	(2.5)	(40.0)	1.4
WSKT	2,070	2,210	2,810	Buy	35.7	(7.2)	28.1	5.4x	1.8x	37.7	2.8	68.6	314.5	1.3
PTPP	2,330	2,640	3,850	Buy	65.2	(20.2)	14.4	9.8x	1.2x	13.9	2.0	26.3	19.0	1.3
WIKA	1,525	1,550	2,150	Buy	41.0	(31.3)	13.7	12.1x	1.1x	9.2	1.8	64.1	(30.9)	1.0
ADHI	1,920	1,885	2,160	Hold	12.5	(11.9)	6.8	12.0x	1.2x	10.1	1.5	39.7	282.5	1.1
Misc Ind.						(20.1)	350.0							
ASII	6,525	8,300	9,300	Buy	42.5	(23.2)	264.2	14.1x	2.0x	15.3	2.8	14.4	(1.6)	1.2
Basic Ind.						24.7	586.4							
INTP	16,700	21,950	21,575	Buy	29.2	(7.7)	61.5	37.7x	2.5x	6.3	5.6	1.9	(46.2)	1.3
SMGR	8,700	9,900	11,550	Buy	32.8	(5.4)	51.6	30.8x	1.8x	5.9	1.6	3.4	(45.2)	1.2
CPIN	3,410	3,000	4,200	Buy	23.2	13.3	55.9	19.5x	3.4x	18.2	1.6	(1.3)	60.5	1.0
JPFA	1,605	1,300	1,820	Hold	13.4	33.8	18.3	13.6x	2.2x	15.5	3.1	18.7	533.3	0.7
MAIN	705	740	780	Hold	10.6	(32.5)	1.6	20.8x	0.9x	4.1	5.4	16.5	109.1	1.0
KRAS	400	424	500	Buy	25.0	(22.3)	7.7	N/A	0.3x	(3.6)	N/A	38.9	72.7	1.2
TPIA	5,825	6,000	6,275	Hold	7.7	6.4	103.9	22.2x	4.4x	22.8	1.4	25.3	3.8	0.7
BRPT	2,210	2,260	2,420	Hold	9.5	47.8	30.9	21.0x	2.0x	12.4	N/A	25.1	(5.3)	0.6
Mining						38.5	397.5							
ADRO	1,905	1,860	2,720	Buy	42.8	32.8	60.9	9.4x	1.2x	13.6	5.7	5.1	(23.4)	1.4
PTBA	3,690	2,460	3,950	Hold	7.0	74.1	42.5	7.7x	2.6x	38.7	8.6	26.4	67.1	1.2
ITMG	26,000	20,700	31,125	Buy	19.7	69.9	29.4	8.0x	2.3x	29.2	12.1	2.8	0.0	1.2
INCO	3,690	2,890	3,550	Hold	(3.8)	94.2	36.7	3184.2x	1.4x	(0.1)	N/A	18.4	N/A	1.4
ANTM	850	625	985	Buy	15.9	22.3	20.4	54.4x	1.1x	2.0	0.2	247.2	3550.0	1.0
TINS	950	775	1,240	Buy	30.5	10.5	7.1	14.3x	1.2x	8.6	2.5	(0.6)	(23.2)	1.1
ELSA	438	372	625	Buy	42.7	40.4	3.2	14.6x	1.1x	7.8	1.0	50.1	1267.6	1.3
Agriculture						(16.5)	93.9							
AALI	12,500	13,150	14,800	Buy	18.4	(14.7)	24.1	15.4x	1.3x	8.6	3.8	10.7	(55.6)	0.7
LSIP	1,170	1,420	1,380	Buy	17.9	(21.5)	8.0	15.8x	1.0x	6.2	3.0	(40.7)	(64.6)	0.8

* Target Price for December 2018

Source: Bloomberg, NHKS Research

TLKM : Targets Double-Digit Growth in Revenue

TLKM targeted the 2018-double-digit growth equal to 10% hike at the minimum. To accomplish the target, it will perform organic expansion in the cellular segment and take over broadband or IndiHome subscribers in the fixed line segment. In 2018, it allocates the capex of IDR32 trillion of which 50% is allocated to the mobile segment. In 1Q18, it posted the growth of 4.26% y-y into IDR321.34 trillion in revenue. (Kontan)

CLEO : Targets Sales of IDR1 Trillion

CLEO targeted the sales of IDR1 trillion or increasing by 62% compared to the 2017 sales figures. It stated that the distributor and outlet parties have augmented the buffer stock ahead of Eid Mubarak. This backdrop inevitably hikes the 2Q18 sales. Besides, it expands the capacity production of its factories, adding the number of distribution network, and promotes branding for its new units. (Bisnis Indonesia)

ACES : Launches Two New Stores in 1Q18

Since April 2018, ACES realized the launch of two new stores covering areas of 2,313 sqm, while the fourth and fifth stores were situated in Karawang and Tangerang. Thus, the overall stores ACES has are 149 stores. It stated that it will launch new Ace Express stores of which size is smaller. To actualize the plan, ACES allocated the fund of IDR25 billion. (Bisnis Indonesia)

GMFI : Posts Decline of 37.68% in 1Q18 Profit

GMFI posted the growth of 9% y-y into USD115.9 million in 1Q18 revenue stemming from the repair and overhaul segment amounting to USD95.9 million and the maintenance segment amounting to 20 million. The revenue contributed by non-affiliated party also inclined by 43%, yet its net profit decline by 37.68% y-y into USD7.35 million. (Kontan)

Domestic & Global News

Indonesia to Maintain Fuel Prices Until 2019

Government won't raise prices of RON 88 gasoline, kerosene and diesel fuel until 2019 despite rising crude oil prices, Agung Pribadi, spokesman at Energy and Mineral Resources Ministry, was cited as saying by the Cabinet Secretariat website. Government to hold prices to improve economic and social stability and help consumers maintain purchasing power. (Bloomberg)

China agrees to bolster purchases of US goods

China and the U.S. have mutually agreed to "substantially reduce" the yawning trade imbalance between the two countries, a joint statement read on Saturday, in a move that will involve the Chinese boosting more of what they buy from American producers. Amid fears of a global trade war and rising tensions between the world's two largest economies, both China and the U.S. have entered bilateral talks to bolster cooperation.(CNBC)

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Wednesday	JPN	07:30	Nikkei Japan PMI Mfg	May P		--	53.8
23 - May	JPN	11:30	All Industry Activity Index MoM	Mar		0.10%	0.40%
	GER	14:30	Markit Germany Manufacturing PMI	May P		57.9	58.1
	EU	15:00	Markit Eurozone Manufacturing PMI	May P		56.1	56.2
	UK	15:30	CPI MoM	Apr		0.50%	0.10%
	UK	15:30	CPI YoY	Apr		2.50%	2.50%
	USA	18:00	MBA Mortgage Applications	18-May		--	-2.70%
	USA	20:45	Markit US Manufacturing PMI	May P		56.1	56.5
	EU	21:00	Consumer Confidence	May A		0.5	0.4
	USA	21:00	New Home Sales	Apr		679k	694k
Thursday	USA	01:00	FOMC Meeting Minutes	02-May			
24 - May	GER	13:00	GDP SA QoQ	1Q F		0.30%	0.30%
	GER	13:00	GDP NSA YoY	1Q F		1.60%	1.60%
	GER	13:00	GfK Consumer Confidence	Jun		10.8	10.8
	USA	19:30	Initial Jobless Claims	19-May		--	222k
	USA	21:00	Existing Home Sales	Apr		5.56m	5.60m
Friday	GER	15:00	IFO Business Climate	May		102	102.1
25 - May	UK	15:30	GDP QoQ	1Q P		0.10%	0.10%
	UK	15:30	GDP YoY	1Q P		1.20%	1.20%
	USA	19:30	Durable Goods Orders	Apr P		-1.40%	2.60%

Source: Bloomberg

Corporate Calendar

Date	Event	Company
Monday 21 - May	Annual Shareholder Meeting	ASMI, BINA, ERTX, MAYA, MBAP, MDKA, PNBK, SHIP
	Cum Dividend Date	ANJT (IDR12 per share) ELSA (IDR5.08 per share) GEMS (IDR47.8 per share) MDKI (IDR17 per share) PJAA (IDR52 per share)
	Cum Right Offering Date	PNBS (27 per 20; subscription price: IDR100 per share)
Tuesday 22 - May	Annual Shareholder Meeting	ALDO, BBKP, INTP, MICE, SIMA
	Rights Delisting Date	BBNP
	Cum Dividend Date	EPMT (IDR5 per share) SMSM (IDR12 per share)
	IPO Listing Date	PZZA, TRUK
Wednesday 23 - May	Annual Shareholder Meeting	BBHI, BBLD, BCIP, BSDE, BTON, CEKA, CPIN, DUTI, ESTI, GDST, GDYR, HRUM, IBST, JPRS, KINO, MASA, SQBB, SUPR, TPMA
Thursday 24 - May	Annual Shareholder Meeting	AMRT, ARTA, ASRI, BUDI, DOID, DPUM, EMDE, GOLD, JSPT, META, MIDI, MMLP, TBLA, TOPS
Friday 25 - May	Annual Shareholder Meeting	BBMD, BPII, DGIK, DSSA, FPNI, GOLL, KBLI, MDLN, MTWI, MYOR, NAGA, NOBU, PYFA, RALS, RANC, RODA, TRIL, VOKS, WINS

Source: Bloomberg

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