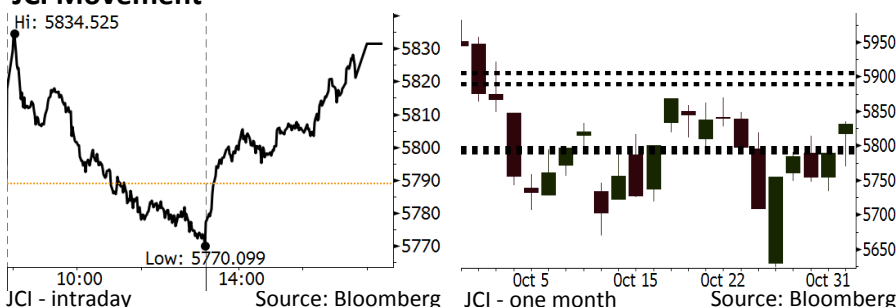


Morning Brief

Daily | Nov 1, 2018

JCI Movement



IHSG (Jakarta Composite Index)

October 31	5,831.65
Chg	+42.55pts (+0.74%)
Volume (bn shares)	106.75
Value (IDR tn)	9.34
Adv 212 Dec 191 Unc 224 Untr 123	

Foreign Transaction (IDR bn)	
Buy	3,996
Sell	2,470
Net Buy (Sell)	1,526

Top Buy	NB Val.	Top Sell	NS Val.
BBRI	406.5	INKP	21.1
BMRI	192.6	ERAA	17.8
ASII	180.4	ITMG	15.0
TLKM	146.6	MAPI	9.3
BBCA	75.6	INTP	9.1

LQ-45 Index Top Gainers & Losers			
Gainers	%	Losers	%
INDY	5.2%	ITMG	-4.1%
BMRI	5.0%	MNCN	-3.7%
INDF	4.8%	HMSF	-3.6%
ELSA	4.4%	LPKR	-3.5%
PGAS	4.2%	SCMA	-3.1%

Government Bond Yield & FX			
	Last	Chg.	
Tenor: 10 year	8.54%	-0.08%	
USDIDR	15,203	-0.14%	
KRWIDR	13.35	-0.22%	

Global Indexes			
Index	Last	Chg.	%
Dow Jones	25,115.76	241.12	0.97%
S&P 500	2,711.74	29.11	1.09%
Nasdaq	7,305.90	144.25	2.01%
FTSE 100	7,128.10	92.25	1.31%
CAC 40	5,093.44	114.91	2.31%
DAX	11,447.51	160.12	1.42%
Nikkei	21,920.46	463.17	2.16%
Hang Seng	24,979.69	394.16	1.60%
Shanghai	2,602.78	34.74	1.35%
KOSPI	2,029.69	15.00	0.74%
EIDO	22.01	0.05	0.23%

Commodities			
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,214.8	(8.2)	-0.67%
Crude Oil (USD /bbl)	65.31	(0.87)	-1.31%
Coal Newcas(USD/ton)	105.35	(2.00)	-1.86%
Gas (USD /mmbtu)	3.26	0.07	2.32%
Nickel LME (USD /MT)	11,765	10.0	0.09%
Tin LME (USD /MT)	19,075	(50.0)	-0.26%
CPO (MYR/Ton)	2,150	(19.0)	-0.88%

Market Recap

JCI strengthened further yesterday, led by the financial sector. Foreign investors also posted net buy of IDR1.5 trillion. **Top Gainers: Agriculture (+2.23%), Misc. Industry (+2.14%), Finance (+1.93%)**

The U.S. and European bourses snapped higher yesterday on the back of 3Q18's robust earnings, easing investors' worries about unresolved trade dispute between the U.S. and China. Asia bourses surged amid China's low PMI and Bank of Japan's stance of leaving its benchmark rate unchanged.

Today's Outlook: Sliding Crude Prices

We estimate JCI to rally further with the **support range of 5790-5797** and **resistance range of 5890-5905**. Today investors keep their eyes on October's inflation. Inflation will settle at around 3% y-y albeit the estimate of October's higher inflation.

From the global outlook, the positive sentiment comes from the decline in global crude prices marked by the decline in WTI's benchmark crude prices to USD65.3. The decline in crude prices eases investors' jitters of Indonesia's widening external deficit. On the other side, global markets reigning in rally mood escalate foreign investors' confidence of posting net buy.

Stocks Recommendation (details on the next page)

Trading Buy: INTP, PGAS, EXCL

Company News

- SMGR : Net Profit Surges by 43%
- TPIA : Net Profit Slips 30.23%
- DILD : Net Profit Is Throttled by Interest Expenses
- KAEF : Posts Double-Digit Growth

Domestic & Global News

- DPR Approves 2019's State Budget
- Trump Advisor : 'Nothing is Set in Stone Right Now' on New China Tariffs

Indonesia Economic Data

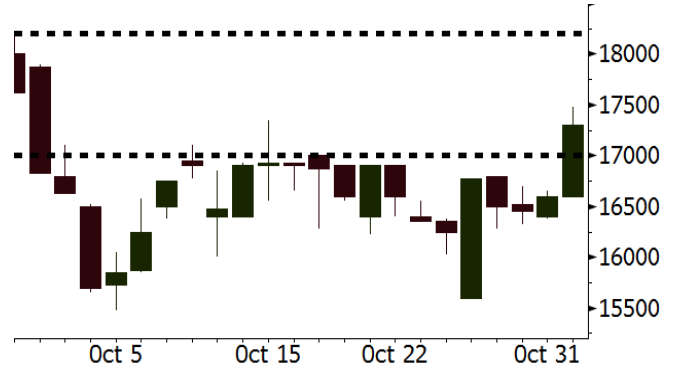
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.75%	5.75%	Real GDP	5.27%	5.06%
FX Reserve (USD bn)	114.85	117.90	Current Acc (USD bn)	(8.03)	(5.54)
Trd Balance (USD bn)	0.23	(1.02)	Govt. Spending Yoy	5.26%	2.73%
Exports Yoy	1.70%	4.15%	FDI (USD bn)	5.50	3.49
Imports Yoy	14.18%	24.65%	Business Confidence	112.82	106.28
Inflation Yoy	2.88%	3.20%	Cons. Confidence*	122.40	121.60

INTP Last = 17300

Analysis After 2Q18's underperformance, INTP's performance in 3Q18 recovered. It posted net profit of IDR262.7 billion, much higher than net profit of IDR90.9 billion in 2Q18.

Range 17000 – 18200

Action Trading Buy. Cut Loss If Below 17000



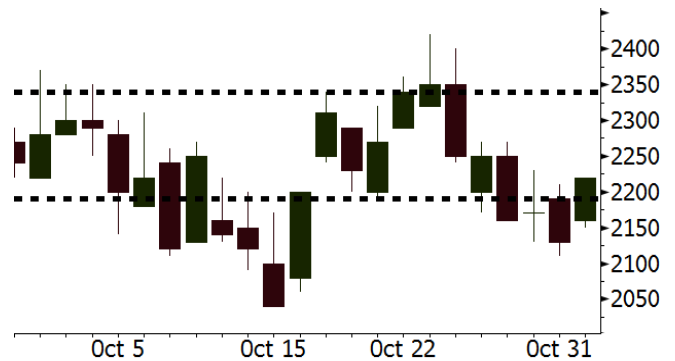
Source: Bloomberg

PGAS Last = 2220

Analysis We estimate that in 3Q18 PGAS's net profit will reach USD100 million, soaring than 2Q18's net profit of USD65 million.

Range 2190 – 2340

Action Trading Buy. Cut Loss If Below 2190



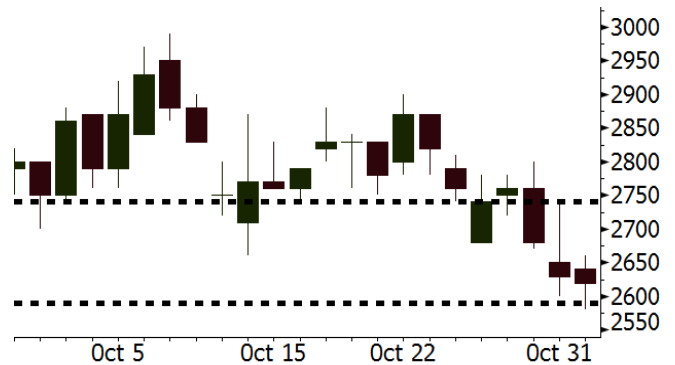
Source: Bloomberg

EXCL Last = 2620

Analysis Aligning with the recovery in telecommunication sector, we estimate that EXCL will post net profit of IDR63 billion, much higher than 2Q18's loss of IDR97 billion.

Range 2590 – 2740

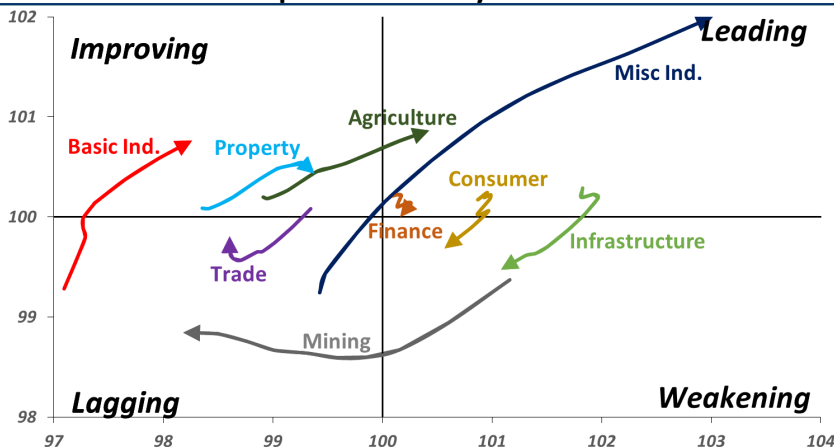
Action Trading buy. Cut Loss If Below 2590



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	5,832	6,356				(3.4)	6,614.5							
Finance						2.6	2,006.7							
BBCA	23,650	21,900	27,650	Buy	16.9	10.9	583.1	23.4x	4.1x	18.4	1.1	7.5	10.0	1.0
BBRI	3,150	3,640	3,930	Buy	24.8	0.3	388.5	12.0x	2.2x	19.3	3.4	7.9	14.5	1.4
BMRI	6,850	8,000	7,500	Hold	9.5	(3.5)	319.7	13.5x	1.8x	14.2	2.9	2.7	20.1	1.3
BBNI	7,325	9,900	9,675	Buy	32.1	(7.6)	136.6	9.2x	1.3x	15.1	3.5	10.0	12.5	1.4
BBTN	2,120	3,570	3,280	Buy	54.7	(24.8)	22.5	6.9x	1.0x	14.9	2.7	14.5	11.6	1.7
BJTM	610	710	810	Buy	32.8	(11.6)	9.1	7.6x	1.2x	15.5	7.2	#N/A	N/A	4.5
Consumer						(6.0)	1,361.2							
HMSP	3,730	4,730	4,300	Buy	15.3	(6.8)	433.9	33.3x	13.8x	41.8	2.9	7.2	3.8	1.3
GGRM	72,300	83,800	88,650	Buy	22.6	0.8	139.1	17.2x	3.2x	19.6	3.6	13.6	6.3	1.3
UNVR	43,225	55,900	49,600	Hold	14.7	(12.9)	329.8	36.3x	36.8x	118.0	2.1	1.0	39.7	1.1
ICBP	8,925	8,900	10,550	Buy	18.2	0.8	104.1	24.5x	5.0x	21.3	1.8	7.5	14.6	1.0
INDF	5,975	7,625	8,175	Buy	36.8	(27.1)	52.5	14.2x	1.6x	11.7	4.0	3.1	(13.7)	1.2
KLBF	1,370	1,690	1,730	Buy	26.3	(14.4)	64.2	26.4x	4.6x	18.3	1.8	3.9	1.4	1.3
KAEF	2,450	2,700	2,890	Buy	18.0	(9.9)	13.6	37.8x	5.4x	14.9	0.7	26.5	17.4	1.1
Infrastructure						(6.2)	723.06							
TLKM	3,850	4,399	4,700	Buy	22.1	(1.6)	381.4	20.7x	4.2x	20.4	4.4	2.3	(20.6)	0.8
EXCL	2,620	2,960	3,930	Buy	50.0	(25.1)	28.0	192.3x	1.3x	0.7	N/A	1.0	N/A	1.2
ISAT	2,410	4,800	6,750	Buy	180.1	(59.8)	13.1	N/A	1.0x	(2.6)	3.0	(26.8)	N/A	0.9
PGAS	2,220	1,750	2,600	Buy	17.1	20.3	53.8	14.8x	1.1x	7.6	1.4	15.0	200.0	1.4
JSMR	4,150	6,400	6,050	Buy	45.8	(35.4)	30.1	14.6x	1.9x	13.4	1.5	18.7	(6.9)	0.9
TBIG	4,680	6,425	6,050	Buy	29.3	(30.7)	21.2	9.4x	7.1x	104.6	3.6	7.1	8.1	0.7
INDY	2,240	3,060	5,000	Buy	123.2	(3.4)	11.7	2.1x	0.8x	43.7	4.8	213.9	37.8	0.9
Trade						(17.0)	679.6							
UNTR	33,500	35,400	39,550	Buy	18.1	(7.6)	125.0	11.5x	2.4x	22.6	2.9	32.1	60.8	1.1
AKRA	3,460	6,350	4,650	Buy	34.4	(52.4)	13.9	18.7x	1.7x	19.3	6.4	25.3	(22.4)	1.2
SCMA	1,570	2,480	2,025	Buy	29.0	(28.3)	23.0	16.1x	5.0x	32.3	4.8	10.8	8.7	1.2
MNCN	780	1,285	1,125	Buy	44.2	(49.4)	11.1	8.0x	1.1x	14.6	1.9	2.8	(20.3)	1.1
LPPF	4,850	10,000	9,270	Buy	91.1	(49.5)	14.2	7.4x	5.7x	85.6	9.4	3.1	(0.6)	1.1
ACES	1,370	1,155	1,635	Buy	19.3	5.4	23.5	24.6x	6.1x	26.6	1.7	22.3	32.7	1.1
RALS	1,190	1,200	1,525	Buy	28.2	31.5	8.4	14.1x	2.2x	14.6	3.4	2.2	43.4	0.9
MAPI	800	620	945	Buy	18.1	20.3	13.3	22.9x	2.6x	14.0	0.5	18.3	126.7	1.0
Property						(20.4)	348.3							
BSDE	1,100	1,700	1,850	Buy	68.2	(36.2)	21.2	6.5x	0.8x	13.2	N/A	(17.8)	(74.0)	1.4
PWON	478	685	625	Buy	30.8	(25.3)	23.0	10.3x	1.9x	20.6	1.3	19.0	25.2	1.2
CTRA	820	1,185	1,050	Buy	28.0	(32.5)	15.2	16.8x	1.1x	5.6	1.2	7.9	0.0	1.5
SMRA	600	945	670	Hold	11.7	(41.2)	8.7	19.3x	1.3x	6.1	0.8	0.7	75.0	1.5
WSKT	1,440	2,210	2,810	Buy	95.1	(31.4)	19.5	3.7x	1.1x	33.2	4.0	27.0	41.1	1.3
PTPP	1,330	2,640	3,850	Buy	189.5	(53.8)	8.2	6.1x	0.7x	12.5	3.5	17.0	(16.3)	1.3
WIKA	1,100	1,550	2,150	Buy	95.5	(43.6)	9.9	7.1x	0.7x	11.0	2.4	32.3	26.0	1.0
ADHI	1,125	1,885	2,160	Buy	92.0	(48.9)	4.0	6.2x	0.7x	11.1	2.6	8.2	63.6	1.1
Misc Ind.						(2.5)	394.1							
ASII	7,900	8,300	9,300	Buy	17.7	(2.2)	319.8	14.7x	2.4x	17.3	2.4	16.4	20.6	1.2
Basic Ind.						12.2	587.3							
INTP	17,300	21,950	21,575	Buy	24.7	(22.0)	63.7	59.5x	2.8x	4.6	4.0	2.5	(56.1)	1.4
SMGR	9,000	9,900	11,550	Buy	28.3	(14.3)	53.4	20.2x	1.8x	9.0	1.5	4.4	43.1	1.2
CPIN	5,500	3,000	6,700	Buy	21.8	65.2	90.2	22.3x	4.9x	24.2	1.0	5.1	79.7	1.0
JPFA	2,030	1,300	3,250	Buy	60.1	51.5	23.8	12.9x	2.6x	20.2	4.9	16.8	104.2	0.8
MAIN	1,240	740	1,930	Buy	55.6	41.7	2.8	11.9x	1.5x	7.9	1.3	19.2	8200.0	1.2
KRAS	370	424	500	Buy	35.1	(26.0)	7.2	N/A	0.3x	(2.5)	N/A	22.7	51.3	1.1
TPIA	4,810	6,000	6,275	Buy	30.5	(11.9)	85.8	23.8x	3.3x	17.8	1.3	9.1	(34.2)	0.8
Mining						12.0	414.5							
ADRO	1,650	1,860	2,500	Buy	51.5	(13.6)	52.8	8.2x	0.9x	11.9	6.6	9.3	(16.0)	1.1
PTBA	4,250	2,460	5,375	Buy	26.5	82.0	49.0	8.3x	3.3x	42.8	7.5	17.0	54.0	1.0
ITMG	24,900	20,700	32,400	Buy	30.1	9.2	28.1	7.3x	2.0x	27.6	13.1	8.0	(10.0)	1.1
INCO	2,920	2,890	3,760	Buy	28.8	(3.3)	29.0	30.5x	1.0x	3.2	N/A	29.2	N/A	1.3
ANTM	680	625	1,200	Buy	76.5	(4.2)	16.3	16.7x	0.9x	5.3	0.3	292.4	N/A	1.2
TINS	645	775	1,240	Buy	92.2	(27.9)	4.8	9.1x	0.8x	8.8	3.7	1.8	13.1	1.1
MEDC	820	890	1,025	Buy	25.0	15.5	14.6	16.3x	0.7x	7.8	N/A	42.4	51.2	1.6
ELSA	376	372	625	Buy	66.2	22.1	2.7	7.2x	0.8x	12.4	1.4	39.7	157.9	1.3
Agriculture						(11.9)	99.8							
AALI	12,000	13,150	16,925	Buy	41.0	(17.7)	23.1	13.4x	1.2x	9.5	3.6	9.1	(18.2)	0.6
LSIP	1,290	1,420	1,500	Buy	16.3	(14.0)	8.8	18.8x	1.1x	5.7	3.5	(19.6)	(39.3)	0.7

* Target Price for December 2018

Source: Bloomberg, NHKS Research

SMGR : Net Profit Surges by 43%

SMGR posted net profit of IDR2.08 trillion or surging by 43% y-y in 3Q18. The growth was backed by buoyant cost of revenue of 4.22% y-y, lower than the growth of 4.40% y-y in revenue. Besides, the bottom line is also backed by forex gain of IDR176.62 billion stemming from abroad business. (Bisnis Indonesia)

TPIA : Net Profit Slips 30.23%

TPIA posted decline of 30.23% y-y to USD174.5 million in net profit of January-September 2018. The declining performance was attributable to the surge of 18.25% y-y in cost of revenue surpassing the growth of 8.89% y-y in revenue. Besides, sales volume also dived due to routine maintenance activities and increment in capacities. (Kontan)

DILD : Net Profit Is Throttled by Interest Expenses

DILD posted 3Q18's net profit of IDR123 billion shrinking by 47% y-y. It stated that net profit was suppressed increment in interest rate of working capital and decline in gross profit margin caused by non-core asset sales and increment in COGS. On the other side, its revenues soared by 40% y-y to IDR2.4 trillion. (Kontan)

KAEF : Posts Double-Digit Growth

In 3Q18, KAEF posted double-digit growth of 23.4% y-y to IDR5.30 trillion and 17.4% y-y to IDR225.28 billion. It also posted loss of forex gain of IDR3.78 billion in contrast to 3Q17's forex gain profit of IDR1.21 billion. It will continuously perform efficiency with a view to maintaining double-digit growth. (Bisnis Indonesia)

Domestic & Global News

DPR Approves 2019's State Budget

DPR finally approved State Budget Bill (RUU APBN) of 2019 to be enacted into Laws in a plenary session held in DPR/MPR RI building dated Wednesday, 10/31/18. State revenue is IDR2,165.1 trillion and state expenses of IDR2,461.1 trillion as set forth in APBN of 2019. Thus, the budget deficit of 2019 will be IDR296 trillion or equal to 1.84% of GDP. (Kontan)

Trump Advisor : 'Nothing is Set in Stone Right Now' on New China Tariffs

President Donald Trump's economic advisor, Larry Kudlow, said nothing is "set in stone" on whether he will impose additional tariffs on China. Washington and Beijing have levied an escalating series of tariffs that raised fears about broader damage to the U.S. economy. Trump has brought up the possibility of slapping tariffs on \$267 billion more in imports from China as trade talks between the world's two largest economies stall. (CNBC)

Global Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	USA	19:30	Personal Income	Sep	0.20%	0.40%	0.30%
29 - Oct	USA	19:30	Personal Spending	Sep	0.40%	0.40%	0.30%
Tuesday	JPN	06:30	Jobless Rate	Sep	2.30%	2.40%	2.40%
30 - Oct	GER	15:55	Unemployment Change (000's)	Oct	-11k	-13k	-23k
	EU	17:00	GDP SA QoQ	3Q A	0.20%	0.40%	0.40%
	EU	17:00	GDP SA YoY	3Q A	1.70%	1.80%	2.10%
	EU	17:00	Consumer Confidence	Oct F	-2.7	-2.7	-2.7
	GER	20:00	CPI MoM	Oct P	0.20%	0.10%	0.40%
	GER	20:00	CPI YoY	Oct P	2.50%	2.40%	2.30%
Wednesday	JPN	06:50	Industrial Production MoM	Sep P	-1.10%	-0.30%	0.20%
31 - Oct	CHN	08:00	Manufacturing PMI	Oct	50.2	50.6	50.8
	USA	19:15	ADP Employment Change	Oct	227.4k	190k	230k
Thursday	JPN	07:30	Nikkei Japan PMI Mfg	Oct F	52.9	--	53.1
01 - Nov	CHN	08:45	Caixin China PMI Mfg	Oct		50	50
	UK	16:30	Markit UK PMI Manufacturing SA	Oct		53	53.8
	UK	19:00	Bank of England Bank Rate	1-Nov		0.75%	0.75%
	USA	19:30	Initial Jobless Claims	27-Oct		--	215k
	USA	21:00	ISM Manufacturing	Oct		59.4	59.8
Friday	GER	15:55	Markit Germany Manufacturing PMI	Oct F		--	52.3
02 - Nov	EU	16:00	Markit Eurozone Manufacturing PMI	Oct F		--	52.1
	USA	19:30	Change in Nonfarm Payrolls	Oct		190k	134k
	USA	19:30	Unemployment Rate	Oct		3.70%	3.70%
	USA	19:30	Underemployment Rate	Oct		--	7.50%
	USA	21:00	Factory Orders	Sep		0.30%	2.30%
	USA	21:00	Durable Goods Orders	Sep F		--	0.80%

Source: Bloomberg

Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Prev.
Wednesday	Tentative	Money Supply M2 YoY	Sep	6.71%	--	5.90%
31 - Oct	Tentative	Money Supply M1 YoY	Sep	8.23%	--	8.60%
Thursday	07:30	Nikkei Indonesia PMI Mfg	Oct	50.5	--	50.7
01 - Nov	11:00	CPI YoY	Oct		--	2.88%
	11:00	CPI NSA MoM	Oct		--	-0.18%
	11:00	CPI Core YoY	Oct		--	2.82%

Source: Bloomberg

Corporate Calendar

Date	Event	Company
Monday	Extraordinary Shareholder Meeting	BBKP, MKNT
29 - Oct	IPO Listing Date	YELO
Tuesday	Extraordinary Shareholder Meeting	ABDA
30 - Oct	Cum Dividend Date	ITMG (IDR1,420 per share)
Wednesday	Annual Shareholder Meeting	CMNP
31 - Oct	IPO Listing Date	CAKK

Source: Bloomberg

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PT. NH Korindo Sekuritas Indonesia

Member of Indonesia Stock Exchange

Head Office :

Wisma Korindo 7th 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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