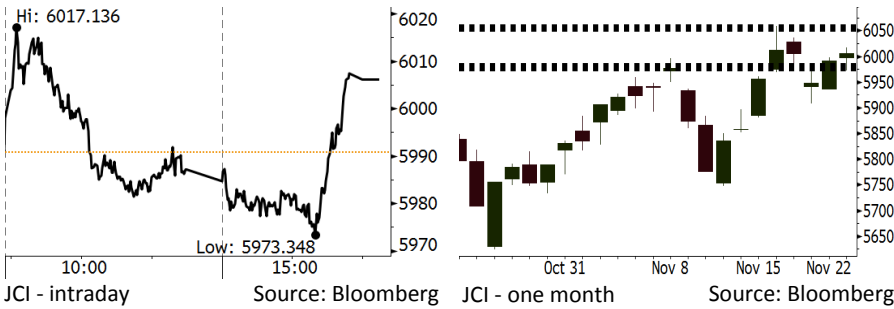


Morning Brief

Daily | Nov 26, 2018

JCI Movement



IHSG (Jakarta Composite Index)

November 23	6,006.20
Chg	+15.39pts (+0.26%)
Volume (bn shares)	89.84
Value (IDR tn)	6.06

Adv 172 Dec 202 Unc 257 Untr 129

Foreign Transaction (IDR bn)

Buy	1,681
Sell	1,820
Net Buy (Sell)	(139)

Top Buy NB Val. Top Sell NS Val.

BBCA	95.2	BBRI	107.5
TKIM	59.1	BMRI	52.6
ITMG	22.1	UNTR	34.2
ICBP	19.2	SMGR	31.5
HMSP	18.3	PGAS	23.1

LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
INKP	10.1%	SMGR	-3.0%
LPPF	3.7%	INDY	-2.5%
UNVR	2.5%	BBRI	-2.0%
HMSP	2.3%	BKSL	-1.8%
PTBA	2.1%	KLBF	-1.6%

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	7.91%	-0.04%
USDIDR	14,544	-0.25%
KRWIDR	12.83	-0.58%

Global Indexes

Index	Last	Chg.	%
Dow Jones	24,285.95	(178.74)	-0.73%
S&P 500	2,632.56	(17.37)	-0.66%
Nasdaq	6,938.98	(33.27)	-0.48%
FTSE 100	6,952.86	(7.46)	-0.11%
CAC 40	4,946.95	8.81	0.18%
DAX	11,192.69	54.20	0.49%
Nikkei	21,646.55	139.01	0.65%
Hang Seng	25,927.68	(91.73)	-0.35%
Shanghai	2,579.48	(65.95)	-2.49%
KOSPI	2,057.48	(12.47)	-0.60%
EIDO	24.17	0.14	0.58%

Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,223.1	(5.6)	-0.46%
Crude Oil (USD /bbl)	50.42	(4.21)	-7.71%
Coal Newcas(USD/ton)	97.85	(0.55)	-0.56%
Gas (USD /mmbtu)	4.31	(0.14)	-3.21%
Nickel LME (USD /MT)	10,915	(55.0)	-0.50%
Tin LME (USD /MT)	18,800	(450.0)	-2.34%
CPO (MYR/Ton)	2,044	(13.0)	-0.63%

Market Recap

Albeit a slight decline, JCI closed higher on Friday, backed by the consumer sector amid the slowdown in crude prices. **Top Gainers: Basic Industry (+1.62%), Agriculture (+1.60%), Consumer (+1.35%)**

The global markets was in mixed mood amid the sliding global crude prices. European markets were murky, beset by the lower-than-expected economy and Brexit. Fears of escalating trade war sent China's markets to lower more than 2%. After the Thanksgiving's holiday, the U.S. market closed lower, suppressed by the tech. sector.

Today's Outlook: Tumble in Crude Prices

We estimate JCI to rally with the **support range of 5976-5984** and the **resistance range of 6052-6059**. The main sentiment for global markets is the slowdown in crude prices. WTI's benchmark prices dived 7.7% on Friday. Reaching its highest price level in the early of October, WTI's benchmark prices has declined by 31%. The steep decline is triggered the oversupply by Saudi Arabia and fears of the low demand for crude in 2019.

For Indonesia, the sliding crude prices give a positive impact. Fears of the widening external deficits can be mitigated. On the other side, the rupiah is exposed to positive sentiments of the bond auction postponed until the end of 2018.

Stocks Recommendation (details on the next page)

Trading Buy: LSIP, UNTR, TLKM

Company News

- UNTR : Sales Volume Hits 90.9% of Target
- MIKA : Takes Over Two Hospitals
- WIKA : Land Acquisitions for KCIC Are 82%
- GIAA : Opens Two New International Routes

Domestic & Global News

The Government Is Sanguine about the 2018 Stated Budget Deficit
Brexit Withdrawal Agreement Approved by EU Leaders

Indonesia Economic Data

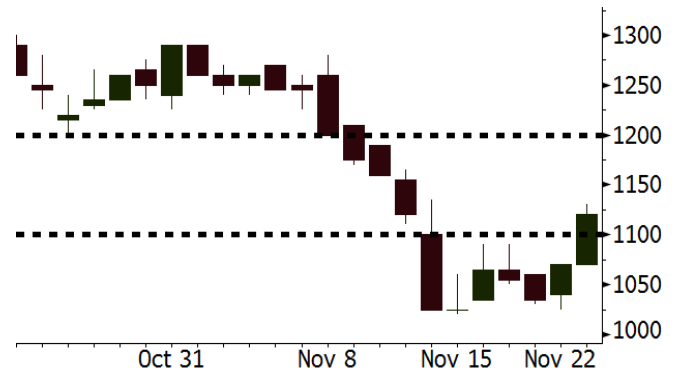
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	6.00%	5.75%	Real GDP	5.17%	5.27%
FX Reserve (USD bn)	115.20	114.85	Current Acc (USD bn)	(8.85)	(8.03)
Trd Balance (USD bn)	(1.82)	0.23	Govt. Spending Yoy	6.28%	5.26%
Exports Yoy	3.59%	1.70%	FDI (USD bn)	5.95	5.50
Imports Yoy	23.66%	14.18%	Business Confidence	108.05	112.82
Inflation Yoy	3.16%	2.88%	Cons. Confidence*	119.20	122.40

LSIP Last = 1120

Analysis The Indonesian government will directly purchase latex from farmers with a view to set higher prices for rubbers. It indicates the government's concerted commitment to boost the Indonesia's plantation sector.

Range 1100 – 1200

Action Trading Buy. Cut Loss If Below 1100



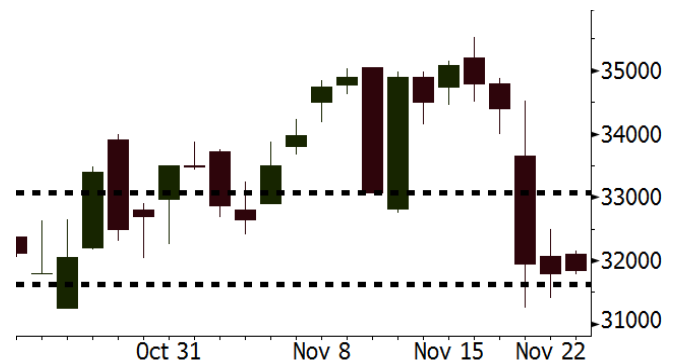
Source: Bloomberg

UNTR Last = 31850

Analysis UNTR posted the sales of 500 heavy machines in October 2018. The figure soared by 59.2% compared to the sales of 314 units in October 2017.

Range 31625 – 33075

Action Trading Buy. Cut Loss If Below 31625



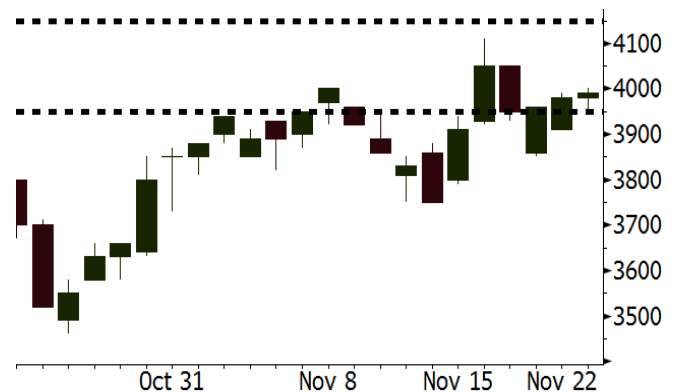
Source: Bloomberg

TLKM Last = 3990

Analysis Since the early of September 2018, TLKM's stocks prices are on the uptrend. Investors are sanguine about TLKM's rosier performance in 2019. We estimate that in 2019 TLKM is likely to post the growth of 14% in the net profit (vs. -10% in 2018).

Range 3950 – 4150

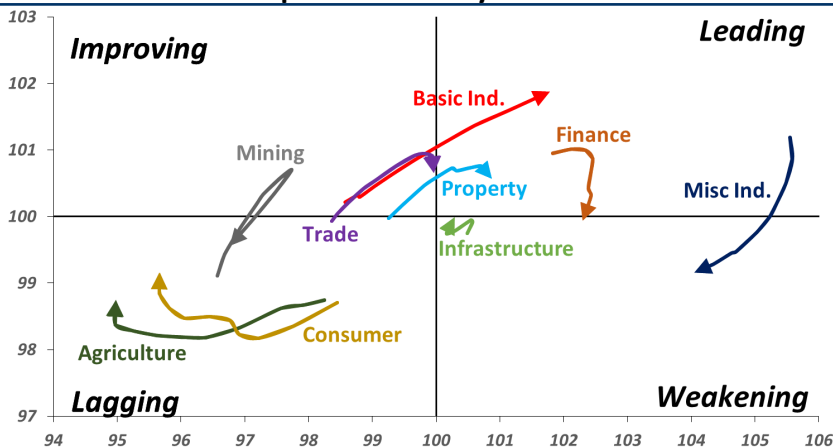
Action Trading buy. Cut Loss If Below 3950



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	6,006	6,356				(1.0)	6,818.4							
Finance						6.6	2,125.1							
BBCA	25,100	21,900	28,825	Hold	14.8	19.5	618.8	24.8x	4.3x	18.4	1.0	7.5	10.0	0.9
BBRI	3,480	3,640	4,370	Buy	25.6	3.9	429.2	13.3x	2.5x	19.3	3.1	7.9	14.5	1.4
BMRI	7,300	8,000	8,275	Hold	13.4	(2.0)	340.7	14.4x	2.0x	14.2	2.7	2.7	20.1	1.4
BBNI	8,425	9,900	10,525	Buy	24.9	2.4	157.1	10.6x	1.5x	15.1	3.0	10.0	12.5	1.4
BBTN	2,530	3,570	3,050	Buy	20.6	(17.6)	26.8	8.2x	1.2x	14.9	2.3	14.5	11.6	1.7
BJTM	680	710	810	Buy	19.1	(4.2)	10.2	8.4x	1.2x	15.3	6.5	2.8	4.5	0.8
Consumer						(7.8)	1,354.9							
HMSP	3,520	4,730	4,225	Buy	20.0	(15.2)	409.4	31.5x	13.0x	41.8	3.0	7.2	3.8	1.3
GGRM	80,500	83,800	88,650	Hold	10.1	1.3	154.9	19.1x	3.6x	19.6	3.2	13.6	6.3	1.2
UNVR	42,150	55,900	49,700	Buy	17.9	(15.4)	321.6	35.4x	35.9x	118.0	2.2	1.0	39.7	1.0
ICBP	8,925	8,900	10,550	Buy	18.2	4.4	104.1	24.5x	5.0x	21.3	2.5	7.5	14.6	1.0
INDF	6,250	7,625	8,175	Buy	30.8	(18.8)	54.9	14.8x	1.7x	11.7	4.8	3.1	(13.7)	1.2
KLBF	1,565	1,690	1,730	Hold	10.5	(5.4)	73.4	30.2x	5.3x	18.3	1.6	3.9	1.4	1.3
KAFF	2,610	2,700	2,890	Hold	10.7	10.1	14.5	40.3x	5.5x	14.5	0.7	23.4	17.4	1.1
Infrastructure						(7.5)	739.04							
TLKM	3,990	4,399	4,700	Buy	17.8	(6.8)	395.3	21.4x	4.4x	20.4	4.2	2.3	(20.6)	0.9
EXCL	2,220	2,960	3,930	Buy	77.0	(26.2)	23.7	N/A	1.1x	(0.0)	N/A	(0.1)	N/A	1.0
ISAT	2,110	4,800	6,750	Buy	219.9	(60.0)	11.5	N/A	1.0x	(11.5)	3.5	(25.7)	N/A	0.9
PGAS	1,975	1,750	2,600	Buy	31.6	10.6	47.9	12.5x	1.0x	8.2	1.6	12.9	122.8	1.4
JSMR	3,990	6,400	6,050	Buy	51.6	(37.9)	29.0	14.0x	1.8x	13.4	1.5	18.7	(6.9)	0.9
TBIG	3,970	6,425	6,050	Buy	52.4	(35.4)	18.0	8.5x	5.2x	82.6	4.3	6.5	(3.2)	0.7
INDY	1,945	3,060	5,000	Buy	157.1	(31.5)	10.1	1.9x	0.7x	43.7	5.5	213.9	37.8	0.9
Trade						(12.0)	691.6							
UNTR	31,850	35,400	39,550	Buy	24.2	0.2	118.8	11.0x	2.3x	22.6	3.1	32.1	60.8	1.0
AKRA	3,980	6,350	4,650	Buy	16.8	(40.6)	16.0	21.5x	2.0x	19.3	5.5	25.3	(22.4)	1.3
SCMA	1,845	2,480	2,025	Hold	9.8	(16.1)	27.0	18.9x	5.9x	32.3	4.1	10.8	8.7	1.2
MNCN	785	1,285	875	Hold	11.5	(46.6)	11.2	8.1x	1.0x	14.2	1.9	2.8	(20.3)	1.0
LPPF	4,460	10,000	5,480	Buy	22.9	(61.1)	13.0	6.9x	5.2x	85.6	10.3	3.1	(0.6)	0.9
ACES	1,440	1,155	1,635	Hold	13.5	28.0	24.7	25.9x	6.4x	26.6	1.6	22.3	32.7	1.1
RALS	1,270	1,200	1,515	Buy	19.3	35.8	9.0	15.1x	2.3x	15.7	3.1	2.2	43.4	0.9
MAPI	790	620	945	Buy	19.6	25.9	13.1	22.6x	2.5x	14.0	0.5	18.3	126.7	0.9
Property						(13.4)	372.0							
BSDE	1,310	1,700	1,850	Buy	41.2	(22.3)	25.2	7.8x	1.0x	13.2	N/A	(18.9)	(74.2)	1.3
PWON	600	685	600	Hold	-	(5.5)	28.9	12.9x	2.4x	20.6	1.0	19.0	25.2	1.3
CTRA	980	1,185	1,050	Hold	7.1	(18.3)	18.2	20.0x	1.3x	6.8	1.0	7.9	1.7	1.6
SMRA	735	945	670	Hold	(8.8)	(21.0)	10.6	23.7x	1.6x	6.9	0.7	0.7	75.0	1.5
WSKT	1,625	2,210	2,810	Buy	72.9	(23.0)	22.1	4.2x	1.3x	33.2	3.5	27.0	41.1	1.3
PTPP	1,645	2,640	3,850	Buy	134.0	(39.7)	10.2	7.6x	0.8x	11.9	2.8	7.5	(11.9)	1.3
WIKA	1,375	1,550	2,150	Buy	56.4	(27.6)	12.3	8.9x	0.9x	11.0	2.0	32.3	26.0	1.0
ADHI	1,425	1,885	2,160	Buy	51.6	(30.1)	5.1	7.9x	0.8x	11.1	2.0	8.2	63.6	1.2
Misc Ind.						(1.8)	413.9							
ASII	8,400	8,300	8,925	Hold	6.3	(1.8)	340.1	15.6x	2.6x	17.3	2.3	16.4	20.6	1.3
Basic Ind.						24.1	637.9							
INTP	20,325	21,950	19,950	Hold	(1.8)	5.3	74.8	69.9x	3.3x	4.6	3.4	2.5	(56.1)	1.5
SMGR	11,525	9,900	11,550	Hold	0.2	13.5	68.4	25.9x	2.3x	9.0	1.2	4.4	43.1	1.2
CPIN	5,450	3,000	6,700	Buy	22.9	79.9	89.4	22.1x	4.9x	24.2	1.0	5.1	79.7	1.0
JPFA	1,915	1,300	3,250	Buy	69.7	41.9	22.5	12.1x	2.5x	20.2	5.2	16.8	104.2	0.8
MAIN	1,190	740	1,930	Buy	62.2	42.5	2.7	11.4x	1.4x	12.8	1.3	19.5	8200.0	1.2
KRAS	378	424	500	Buy	32.3	(21.9)	7.3	N/A	0.3x	(2.5)	N/A	22.7	51.3	1.1
TPIA	5,200	6,000	6,275	Buy	20.7	(8.8)	92.7	26.3x	3.6x	14.2	1.2	9.1	(34.2)	0.8
Mining						10.0	390.4							
ADRO	1,295	1,860	1,970	Buy	52.1	(24.3)	41.4	6.7x	0.8x	11.9	8.4	9.3	(16.0)	1.1
PTBA	4,310	2,460	5,375	Buy	24.7	99.5	49.7	7.9x	3.1x	42.1	7.4	20.7	49.7	1.0
ITMG	20,025	20,700	32,400	Buy	61.8	1.9	22.6	5.5x	1.5x	28.2	16.3	21.6	12.5	1.1
INCO	2,890	2,890	3,760	Buy	30.1	(1.7)	28.7	31.5x	1.1x	3.2	N/A	29.2	N/A	1.5
ANTM	625	625	1,200	Buy	92.0	(5.3)	15.0	15.4x	0.8x	5.3	0.3	292.4	N/A	1.2
TINS	655	775	1,240	Buy	89.3	(23.8)	4.9	9.2x	0.8x	8.8	3.6	1.8	13.1	1.2
MEDC	700	890	1,025	Buy	46.4	(15.8)	12.5	14.5x	0.7x	7.8	N/A	42.4	51.2	1.5
DOID	635	715	1,020	Buy	60.6	(20.1)	5.5	5.8x	1.6x	33.1	N/A	14.2	55.2	1.1
Agriculture						(15.3)	93.7							
AALI	11,000	13,150	16,925	Buy	53.9	(22.8)	21.2	12.3x	1.1x	9.5	3.9	9.1	(18.2)	0.6
LSIP	1,120	1,420	1,500	Buy	33.9	(21.4)	7.6	16.3x	0.9x	5.7	4.0	(19.6)	(39.3)	0.7

* Target Price for December 2018

Source: Bloomberg, NHKS Research

UNTR : Sales Volume Hits 90.9% of Target

Until October 2018, UNTR has posted the sales volume of 4,181 unit heavy machines of Komatsu. The sales grew by 36.7% y-y and hit 90.9% from the 2018 target. Most sales were the contribution of the mining sector by 53%, the construction 21%, the plantation by 16%, and the forestry by 10%. In 10M18, its market shares reached 36%. (Bisnis Indonesia)

WIKA : Land Acquisitions for KCIC Are 82%

WIKA stated that the progress of the land acquisition for the Jakarta-Bandung high speed railway project of PT Kereta Cepat Indonesia China (KCIC) is at 82%. Further, it will build the grinder and precast factory on the parcel of acquired land. Of note, the progress of physical development of the project is at 3.7% and targeted to hit 5% at the end of 2018. (Kontan)

MIKA : Takes Over Two Hospitals

MIKA took over two hospitals to boost its revenues. The acquisition is still at the negotiation phase and targeted to settle in 1H19. In 1Q19, it ploughs IDR350 billion into the launch of two new hospitals located in Bintaro and Jatiasih. In 2018, it targets the growth of 9%-10% in revenues. (Bisnis Indonesia)

GIAA : Opens Two New International Routes

GIAA will open two new international routes targeted to be settled in 1Q19 at the latest. The two routes are Jakarta-Paris and Jakarta-Turkey. It stated that the Jakarta-Turkey route accommodates more than 1 million minor haj pilgrims per year. Besides, the Jakarta-Paris route is the substitute for the Jakarta-London routes closing due to the lack of low seat occupancies. (Bisnis Indonesia)

Domestic & Global News

The Government Is Sanguine about the 2018 Stated Budget Deficit

Indonesia's economy faces headwinds, e.g. the rupiah depreciation, the slowdown in crude prices. It triggers the yawning gap in the 2018 stated budget deficit as of August. However, the Ministry of Finance is sanguine that the deficit is still at the target of lower than 2% of the GDP. The Budget General Director of the Ministry of Finance Askolani stated that although the global crude prices decline on an annual average, the prices are likely higher than the 2018 state budget assumption. (Kontan)

Brexit Withdrawal Agreement Approved by EU Leaders

EU leaders backed Theresa May's Brexit withdrawal agreement on Sunday, setting up a showdown with lawmakers in her own country as the U.K. leader nears a crucial vote on her proposals. European leaders gathered in Brussels officially endorsed her plan on how the U.K. will leave the bloc in March of next year. European Commission President Jean-Claude Juncker reiterated his sadness at the U.K.'s departure. But he backed May's plan and said it was the best deal possible for Britain. (CNBC)

Global Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 26 - Nov	GER	16:00	IFO Business Climate	Nov		102.2	102.8
Wednesday 28 - Nov	USA	10:00	New Home Sales	Oct		582k	553k
Thursday 29 - Nov	GER	03:55	Unemployment Change (000's)	Nov		-10k	-11k
	EU	05:00	Consumer Confidence	Nov F		--	-3.9
	GER	08:00	CPI MoM	Nov P		0.20%	0.20%
	GER	08:00	CPI YoY	Nov P		2.40%	2.50%
	USA	08:30	Personal Income	Oct		0.40%	0.20%
	USA	08:30	Personal Spending	Oct		0.40%	0.40%
	USA	08:30	Initial Jobless Claims	24-Nov		--	224k
	JPN	18:30	Jobless Rate	Oct		2.30%	2.30%
	JPN	18:50	Industrial Production MoM	Oct P		1.20%	-0.40%
CHN	20:00	Manufacturing PMI	Nov		50.2	50.2	

Source: Bloomberg

Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Prev.
Thursday 29 - Nov	Tentative	Money Supply M2 YoY	Oct		--	6.70%
	Tentative	Money Supply M1 YoY	Oct		--	8.20%

Source: Bloomberg

Corporate Calendar

Date	Event	Company
Monday 26 - Nov	Extraordinary Shareholder Meeting	MAGP
Tuesday 27 - Nov	Extraordinary Shareholder Meeting	MERK
	IPO Listing Date	DIVA
Wednesday 28 - Nov	Extraordinary Shareholder Meeting	FASW, COWL
	Annual Shareholder Meeting	BRPT
	IPO Listing Date	LUCK
Thursday 29 - Nov	Extraordinary Shareholder Meeting	BUMI
Friday 30 - Nov	Extraordinary Shareholder Meeting	TRIL
	Annual Shareholder Meeting	CANI

Source: Bloomberg

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