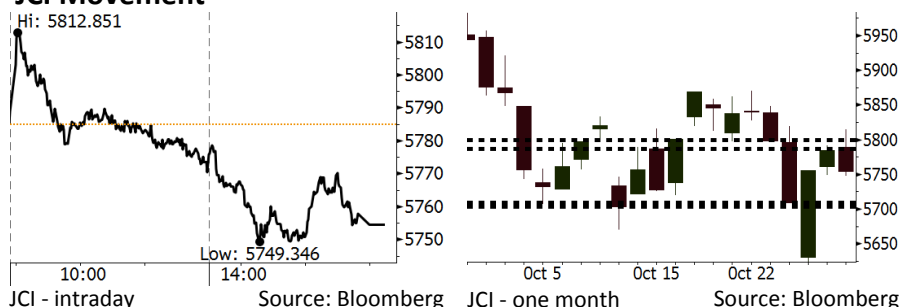


# Morning Brief

Daily | Oct 30, 2018

## JCI Movement



## IHSG (Jakarta Composite Index)

October 29	5,754.61
Chg	-30.31pts (-0.52%)
Volume (bn shares)	71.76
Value (IDR tn)	5.06

Adv 140 Dec 250 Unc 236 Untr 123

Foreign Transaction		(IDR bn)
Buy		1,606
Sell		1,474
Net Buy (Sell)		132

Top Buy	NB Val.	Top Sell	NS Val.
ASII	178.1	UNTR	42.1
BMRI	42.3	ITMG	32.2
SCMA	27.0	BSDE	17.8
HMSP	23.0	ADRO	12.4
TLKM	12.2	SRIL	10.4

LQ-45 Index		Top Gainers & Losers	
Gainers	%	Losers	%
SCMA	5.8%	WIKA	-5.2%
SRIL	4.1%	ADHI	-5.1%
INKP	3.1%	PTPP	-4.5%
ELSA	2.3%	BBTN	-4.2%
BJBR	1.1%	LPPF	-4.1%

## Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	8.64%	-0.05%
USDIDR	15,223	0.04%
KRWIDR	13.32	-0.11%

## Global Indexes

Index	Last	Chg.	%
Dow Jones	24,442.92	(245.39)	-0.99%
S&P 500	2,641.25	(17.44)	-0.66%
Nasdaq	7,050.29	(116.92)	-1.63%
FTSE 100	7,026.32	86.76	1.25%
CAC 40	4,989.35	21.98	0.44%
DAX	11,335.48	134.86	1.20%
Nikkei	21,149.80	(34.80)	-0.16%
Hang Seng	24,812.04	94.41	0.38%
Shanghai	2,542.10	(56.74)	-2.18%
KOSPI	1,996.05	(31.10)	-1.53%
EIDO	21.24	(0.46)	-2.12%

## Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,229.4	(4.1)	-0.33%
Crude Oil (USD /bbl)	67.04	(0.55)	-0.81%
Coal Newcas(USD/ton)	108.35	0.05	0.05%
Gas (USD /mmbtu)	3.20	(0.03)	-0.84%
Nickel LME (USD /MT)	11,900	(250.0)	-2.06%
Tin LME (USD /MT)	19,300	(25.0)	-0.13%
CPO (MYR/Ton)	2,187	39.0	1.82%

## Market Recap

JCI finished lower yesterday amid further net foreign buy. The drop was beset by the sluggish financial sector. **Top Losers: Mining (-1.80%), Property (-1.33%), Finance (-0.98%)**

The U.S. bourses fell yesterday due to the possibility of murky outlook of 2019's company earnings. Investors were beset by the U.S. plan to impose another new tariffs on China's products. European bourses snapped higher, led by the automotive and banking sectors, while Asia bourses closed mixed yesterday.

## Today's Outlook: The U.S. Imposes Import Tariffs

We estimate that today JCI is likely to move at sluggish pace with the **support range of 5703-5709** and **resistance range of 5787-5800**. The U.S. tit-for-tat tariffs on China's product sparked by the possible failure of talks between Xi Jinping and Trump constitutes as global volatility. The tariffs taking effect on the early of December are imposed on products worth USD257 billion.

From the domestic outlook, foreign investors posted net buy. 3Q18's earnings draw foreign investors' interest to perform net buy. Indeed, foreign investors keep their eyes on inflation data.

## Stocks Recommendation (details on the next page)

Trading Buy: PGAS, EXCL, AALI

## Company News

- WTON : Enjoys Double-Digit Growth in Revenues and Net Profits
- ADHI : Is Backed by Construction Segment
- SCMA : Buy Back Fund Derives from Interest Revenue
- UNTR : Enjoys Growth of 32.1% in Revenues

## Domestic & Global News

- The Government Has Yet to Mention Pre-Funding Opt
- U.S. Reportedly Planning Tariffs on Remaining USD257 Billion in Chinese Goods

## Indonesia Economic Data

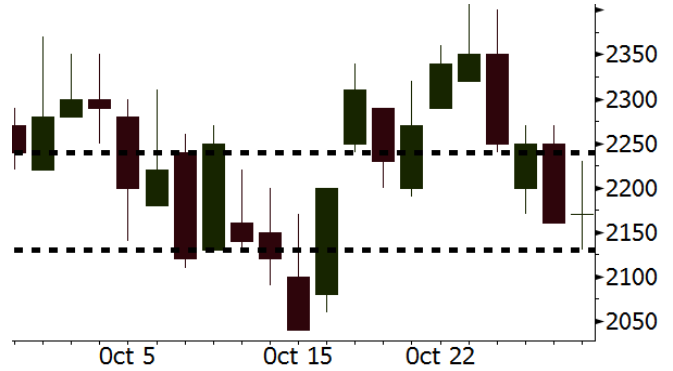
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.75%	5.75%	Real GDP	5.27%	5.06%
FX Reserve (USD bn)	114.85	117.90	Current Acc (USD bn)	(8.03)	(5.54)
Trd Balance (USD bn)	0.23	(1.02)	Govt. Spending Yoy	5.26%	2.73%
Exports Yoy	1.70%	4.15%	FDI (USD bn)	5.50	3.49
Imports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

**PGAS** Last = 2170

**Analysis** We project that in 3Q18 PGAS is likely to post the net profit of USD107 million, the highest figure since 4Q18.

**Range** 2130 – 2240

**Action** Trading Buy. Cut Loss If Below 2130



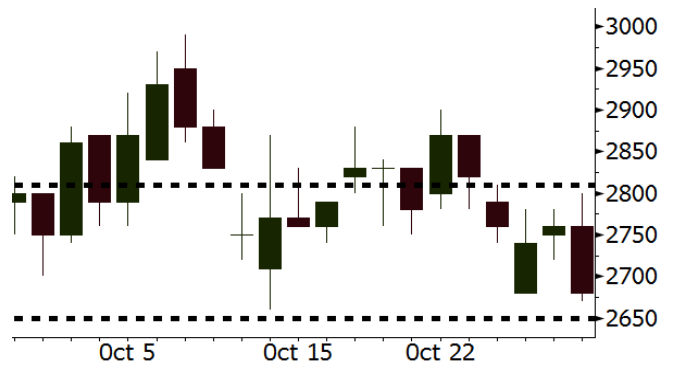
Source: Bloomberg

**EXCL** Last = 2680

**Analysis** We estimate that in 3Q18 EXCL is unlikely to suffer from the loss of IDR97 billion in 2Q18. In contrast, it is likely to post the net profit of IDR63 billion in 3Q18 on the back of the increment in the number of its customers.

**Range** 2650 – 2810

**Action** Trading Buy. Cut Loss If Below 2650



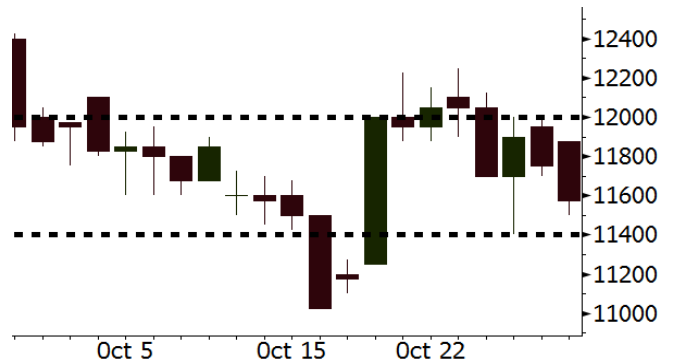
Source: Bloomberg

**AALI** Last = 11575

**Analysis** After hitting hardest at 4-streak day, the global CPO prices finally rebounded by 1.82%. The rebound was on the back of unfavorable weather hitting Malaysia, potential for reducing supply.

**Range** 11400 – 12000

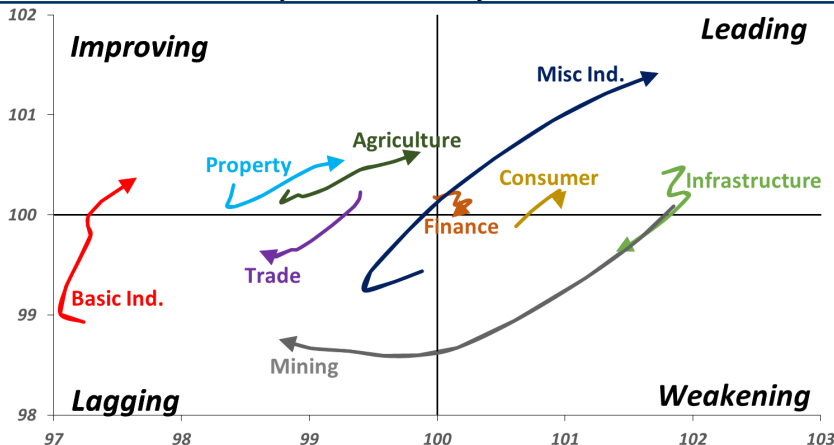
**Action** Trading buy. Cut Loss If Below 11400



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
<b>JCI Index</b>	5,755	6,356				(3.7)	6,526.7							
<b>Finance</b>						1.0	1,938.4							
BBCA	23,125	21,900	27,650	Buy	19.6	13.2	570.1	22.8x	4.0x	18.4	1.1	7.5	10.0	1.0
BBRI	2,950	3,640	3,930	Buy	33.2	(5.1)	363.9	11.3x	2.1x	19.3	3.6	12.7	14.5	1.4
BMRI	6,400	8,000	7,500	Buy	17.2	(9.5)	298.7	12.6x	1.7x	14.2	3.1	2.7	20.1	1.3
BBNI	7,075	9,900	9,675	Buy	36.7	(6.9)	131.9	8.9x	1.3x	15.1	3.6	10.0	12.5	1.4
BBTN	2,050	3,570	3,280	Buy	60.0	(25.7)	21.7	6.7x	0.9x	14.9	2.8	14.5	11.6	1.7
BJTM	610	710	810	Buy	32.8	(12.9)	9.1	7.7x	1.2x	15.5	7.2	1.1	2.5	0.8
<b>Consumer</b>						(2.2)	1,392.3							
HMSP	3,950	4,730	4,300	Hold	8.9	1.3	459.5	35.3x	14.6x	41.8	2.7	7.2	3.8	1.3
GGRM	73,200	83,800	88,650	Buy	21.1	8.2	140.8	17.2x	3.5x	20.9	3.6	12.6	13.7	1.3
UNVR	43,950	55,900	49,600	Hold	12.9	(10.6)	335.3	36.9x	37.4x	118.0	2.1	1.0	39.7	1.1
ICBP	8,800	8,900	10,550	Buy	19.9	(0.3)	102.6	25.7x	5.2x	21.3	1.8	5.4	9.5	1.0
INDF	5,650	7,625	8,175	Buy	44.7	(30.7)	49.6	12.9x	1.6x	12.6	4.2	1.0	(12.5)	1.2
KLBF	1,340	1,690	1,730	Buy	29.1	(17.3)	62.8	26.1x	4.7x	18.9	1.9	3.1	(0.0)	1.3
KAEF	2,530	2,700	2,890	Hold	14.2	(3.4)	14.1	39.7x	5.6x	14.9	0.7	29.1	28.3	1.1
<b>Infrastructure</b>						(10.3)	702.72							
TLKM	3,660	4,399	4,700	Buy	28.4	(9.5)	362.6	19.6x	4.0x	20.4	4.6	2.3	(20.6)	0.8
EXCL	2,680	2,960	3,930	Buy	46.6	(19.0)	28.6	196.7x	1.3x	0.7	N/A	1.0	N/A	1.2
ISAT	2,450	4,800	6,750	Buy	175.5	(59.2)	13.3	N/A	1.0x	(2.6)	3.0	(26.8)	N/A	0.9
PGAS	2,170	1,750	2,600	Buy	19.8	16.4	52.6	14.4x	1.1x	7.6	1.5	15.0	200.0	1.4
JSMR	4,180	6,400	6,050	Buy	44.7	(35.2)	30.3	14.7x	1.9x	13.4	1.5	18.7	(6.9)	0.9
TBIG	4,720	6,425	6,050	Buy	28.2	(29.6)	21.4	9.5x	7.1x	104.6	3.6	7.1	8.1	0.7
INDY	2,210	3,060	5,000	Buy	126.2	(4.3)	11.5	2.1x	0.8x	44.8	4.9	219.4	49.0	0.9
<b>Trade</b>						(16.1)	680.5							
UNTR	32,500	35,400	44,750	Buy	37.7	(4.7)	121.2	11.2x	2.3x	22.6	3.0	32.1	60.8	1.1
AKRA	3,520	6,350	4,650	Buy	32.1	(51.4)	14.1	19.0x	1.8x	19.3	6.3	25.3	(22.4)	1.2
SCMA	1,640	2,480	2,025	Buy	23.5	(23.4)	24.0	16.8x	5.2x	32.3	4.6	10.8	8.7	1.2
MNCN	820	1,285	1,125	Buy	37.2	(48.1)	11.7	8.2x	1.1x	14.6	1.8	1.8	(9.2)	1.1
LPPF	4,940	10,000	9,270	Buy	87.7	(43.1)	14.4	7.5x	6.2x	93.0	9.3	3.1	0.4	1.1
ACES	1,380	1,155	1,635	Buy	18.5	(1.4)	23.7	26.8x	6.6x	26.3	1.7	22.6	30.0	1.1
RALS	1,185	1,200	1,525	Buy	28.7	30.2	8.4	15.2x	2.1x	14.6	3.4	0.9	31.8	0.9
MAPI	815	620	945	Buy	16.0	25.9	13.5	23.1x	3.0x	15.5	0.5	18.0	183.0	1.0
<b>Property</b>						(21.0)	346.1							
BSDE	1,090	1,700	1,850	Buy	69.7	(36.8)	21.0	6.3x	0.8x	13.8	N/A	(27.6)	(79.9)	1.4
PWON	478	685	625	Buy	30.8	(22.9)	23.0	10.3x	1.9x	20.6	1.3	19.0	25.2	1.2
CTRA	795	1,185	1,050	Buy	32.1	(33.8)	14.8	20.2x	1.1x	5.6	1.2	(0.8)	(49.0)	1.5
SMRA	600	945	670	Hold	11.7	(40.6)	8.7	22.0x	1.3x	6.1	0.8	(1.2)	29.6	1.5
WSKT	1,430	2,210	2,810	Buy	96.5	(33.5)	19.4	3.3x	1.2x	39.6	4.0	47.3	134.6	1.3
PTPP	1,370	2,640	3,850	Buy	181.0	(52.1)	8.5	6.2x	0.7x	12.5	3.4	17.0	(16.3)	1.3
WIKA	1,105	1,550	2,150	Buy	94.6	(44.6)	9.9	7.7x	0.8x	10.5	2.4	36.8	18.7	1.0
ADHI	1,125	1,885	2,160	Buy	92.0	(48.4)	4.0	6.2x	0.7x	11.1	2.6	8.2	63.6	1.1
<b>Misc Ind.</b>						(5.6)	378.4							
ASII	7,500	8,300	9,300	Buy	24.0	(6.3)	303.6	13.9x	2.3x	17.3	2.5	16.4	20.6	1.2
<b>Basic Ind.</b>						10.6	573.8							
INTP	16,450	21,950	21,575	Buy	31.2	(23.1)	60.6	46.1x	2.7x	5.7	4.3	(0.9)	(60.6)	1.4
SMGR	8,600	9,900	11,550	Buy	34.3	(20.2)	51.0	27.0x	1.8x	6.6	1.6	4.7	(10.9)	1.2
CPIN	5,325	3,000	6,700	Buy	25.8	59.0	87.3	25.6x	5.1x	21.3	1.1	2.7	59.1	1.0
JPFA	2,070	1,300	3,250	Buy	57.0	48.4	24.3	14.6x	2.7x	18.3	4.8	18.2	142.5	0.8
MAIN	1,255	740	1,930	Buy	53.8	40.2	2.8	19.5x	1.5x	7.9	1.3	13.5	350.0	1.2
KRAS	374	424	500	Buy	33.7	(24.6)	7.2	N/A	0.3x	(2.5)	N/A	22.7	51.3	1.1
TPIA	4,800	6,000	6,275	Buy	30.7	(9.6)	85.6	21.6x	3.2x	17.8	1.3	7.6	(37.4)	0.8
<b>Mining</b>						14.7	416.1							
ADRO	1,665	1,860	2,500	Buy	50.2	(9.3)	53.3	7.7x	1.0x	13.3	6.5	3.9	(12.1)	1.1
PTBA	4,190	2,460	5,375	Buy	28.3	83.4	48.3	8.2x	3.3x	42.8	7.6	17.0	54.0	1.0
ITMG	25,950	20,700	32,400	Buy	24.9	17.0	29.3	7.6x	2.1x	27.6	12.1	8.0	(10.0)	1.1
INCO	2,880	2,890	3,760	Buy	30.6	(1.4)	28.6	30.0x	1.0x	3.2	N/A	29.2	N/A	1.3
ANTM	705	625	1,200	Buy	70.2	9.3	16.9	17.3x	0.9x	5.3	0.3	292.4	N/A	1.2
TINS	650	775	1,240	Buy	90.8	(21.2)	4.8	9.1x	0.8x	8.8	3.6	1.8	13.1	1.1
MEDC	820	890	1,025	Buy	25.0	15.5	14.6	16.2x	0.7x	7.8	N/A	42.4	51.2	1.6
ELSA	360	372	625	Buy	73.6	10.4	2.6	6.9x	0.8x	12.4	1.4	39.7	157.9	1.3
<b>Agriculture</b>						(13.0)	98.4							
AALI	11,575	13,150	16,925	Buy	46.2	(21.1)	22.3	12.9x	1.2x	9.5	3.7	9.1	(18.2)	0.6
LSIP	1,260	1,420	1,500	Buy	19.0	(16.3)	8.6	16.3x	1.1x	6.6	3.6	(28.5)	(47.6)	0.7

\* Target Price for December 2018

Source: Bloomberg, NHKS Research

### **WTON : Enjoys Double-Digit Growth in Revenues and Net Profits**

WTON enjoyed double-digit growth in 3Q18's revenues and net profit. Its revenue grew by 19.9% y-y to IDR4.10 trillion and its net profit grew by 26.9% y-y to IDR220.48 billion. On expenses side, its COGS increased by 19.0% y-y, its business expenses rose by 31.8% y-y in 3Q18. (Bisnis Indonesia)

### **SCMA : Buy Back Fund Derives from Interest Revenue**

SCMA stated that the fund allocated for buy back will be derived from its interest revenues. Of note, it spent the fund amounting to IDR3 trillion for buy back. Indeed, it will hold EGM to seek approval from the stockholders for adding value and returning excessive cash flow to the stockholders. (Kontan)

### **ADHI : Is Backed by Construction Segment**

ADHI in 3Q18 marked the surge of 8.2% y-y to IDR9.43 trillion and 63.6% y-y to IDR335.53 billion in revenue and net profit, respectively. It disclosed that the surge was on the back of the construction segment's top performance, particularly toll-road projects. Now, it is undergoing projects bidding such as construction of dams, roads, bridges, etc. (Bisnis Indonesia)

### **UNTR : Enjoys Growth of 32.1% in Revenues**

IN 3Q18, UNTR posted the growth of 32.1% to IDR61.12 trillion in revenues thanks to the service segment posting revenue of IDR33.4 trillion and the product sales segment posting revenue of IDR27.72 trillion. Its net profit buoyed to IDR9.07 trillion (+60.4% y-y). In 4Q18, it expects a stable coal prices. (Bisnis Indonesia)

## Domestic & Global News

### **The Government Has Yet to Mention Pre-Funding Opt**

Unlike the prior years, the Indonesia government has not yet to decide whether or not to opt pre-funding with a view to funding early-year demand. However, the prefunding is still a current option taken by the government. The Director of State Bonds Director General PPR Loto Srinaita Ginting did not mention whether or not the pre-funding option in form of global bond issuance or private placement will be performed. (Kontan)

### **U.S. Reportedly Planning Tariffs on Remaining USD257 Billion in Chinese Goods**

The United States is preparing new tariffs against all remaining Chinese imports if trade talks between Presidents Donald Trump and Xi Jinping fail to reconcile the ongoing trade dispute, according to Bloomberg News. An announcement of new taxes against goods from China could occur as early as December and target the rest of the imports from the Asian nation that are not already subject to tariffs. The total would amount to about \$257 billion worth, according to the Bloomberg report. (CNBC)

## Global Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	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%
<b>Tuesday</b>	JPN	06:30	Jobless Rate	Sep	2.30%	2.40%	2.40%
30 - Oct	GER	15:55	Unemployment Change (000's)	Oct		-13k	-23k
	EU	17:00	GDP SA QoQ	3Q A		0.40%	0.40%
	EU	17:00	GDP SA YoY	3Q A		1.80%	2.10%
	EU	17:00	Consumer Confidence	Oct F		-2.7	-2.7
	GER	20:00	CPI MoM	Oct P		0.10%	0.40%
	GER	20:00	CPI YoY	Oct P		2.40%	2.30%
<b>Wednesday</b>	JPN	06:50	Industrial Production MoM	Sep P		-0.30%	0.20%
31 - Oct	CHN	08:00	Manufacturing PMI	Oct		50.6	50.8
	USA	19:15	ADP Employment Change	Oct		190k	230k
<b>Thursday</b>	JPN	07:30	Nikkei Japan PMI Mfg	Oct F		--	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
<b>Friday</b>	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.
<b>Wednesday</b>	Tentative	Money Supply M2 YoY	Sep		--	5.90%
31 - Oct	Tentative	Money Supply M1 YoY	Sep		--	8.60%
<b>Thursday</b>	07:30	Nikkei Indonesia PMI Mfg	Oct		--	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
<b>Monday</b>	Extraordinary Shareholder Meeting	BBKP, MKNT
29 - Oct	IPO Listing Date	YELO
<b>Tuesday</b>	Extraordinary Shareholder Meeting	ABDA
30 - Oct	Cum Dividend Date	ITMG (IDR1,420 per share)
<b>Wednesday</b>	Annual Shareholder Meeting	CMNP
31 - Oct	IPO Listing Date	CAKK

Source: Bloomberg

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