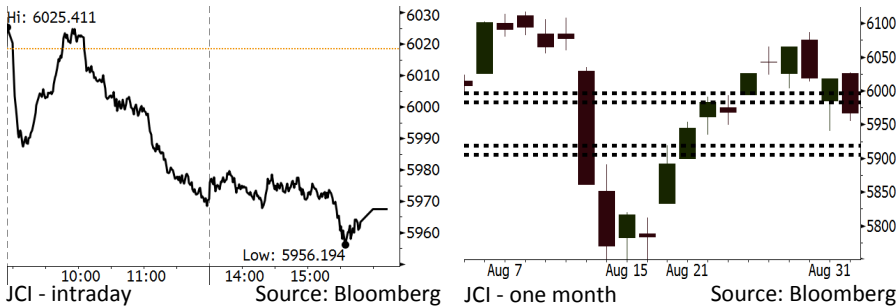


Morning Brief

Daily | Sept 04, 2018

JCI Movement



IHSG (Jakarta Composite Index)

September 03	5,967.58
Chg	-50.88pts (-0.85%)
Volume (bn shares)	59.45
Value (IDR tn)	5.00

Adv 131 Dec 259 Unc 224 Untr 120

Foreign Transaction (IDR bn)

Buy	1,470
Sell	1,776
Net Buy (Sell)	(306)

Top Buy	NB Val.	Top Sell	NS Val.
BBNI	45.8	BMRI	77.0
CPIN	16.0	BBCA	57.3
PTBA	14.4	ASII	45.4
TLKM	8.7	INKP	30.4
LPPF	7.2	AKRA	21.5

LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
PTBA	1.2%	INCO	-6.3%
BBNI	0.6%	ANTM	-4.6%
LPKR	0.6%	INTP	-4.4%
ICBP	0.3%	PGAS	-4.2%
AKRA	0.0%	INDY	-3.7%

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	8.32%	0.11%
USDIDR	14,815	0.71%
KRWIDR	13.33	0.95%

Global Indexes

Index	Last	Chg.	%
Dow Jones	25,964.82	(22.10)	-0.09%
S&P 500	2,901.52	0.39	0.01%
Nasdaq	8,109.54	21.17	0.26%
FTSE 100	7,504.60	72.18	0.97%
CAC 40	5,413.80	6.95	0.13%
DAX	12,346.41	(17.65)	-0.14%
Nikkei	22,707.38	(157.77)	-0.69%
Hang Seng	27,712.54	(176.01)	-0.63%
Shanghai	2,720.73	(4.52)	-0.17%
KOSPI	2,307.03	(15.85)	-0.68%
EIDO	23.37	0.03	0.13%

Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,201.3	(2.4)	-0.20%
Crude Oil (USD /bbl)	69.80	(0.45)	-0.64%
Coal Newcas(USD/ton)	111.40	1.25	1.13%
Gas (USD /mmbtu)	2.92	0.04	1.46%
Nickel LME (USD /MT)	12,790	(10.0)	-0.08%
Tin LME (USD /MT)	18,840	(150.0)	-0.79%
CPO (MYR/Ton)	2,258	10.0	0.44%

Market Recap

JCI closed lower yesterday amid the rupiah depreciation. Investors concerned about the tension arising from trade war and the financial crisis swept a number of countries. **Top Losers: Basic Industry (-1.91%), Misc. Industry (-1.79%), Mining (-1.70%)**

Global market movement was driven by the escalating-ever trade war between the U.S. and China as well as the financial crisis in Argentina. European market closed mixed relating to the merger and acquisition action. On the other hand, the U.S. market was off last night as the U.S. commemorate Labor Day.

Today's Outlook: Global Manufacture Lags

We estimate JCI to move at lagging pace with the **support range of 5905-5919** and **resistance range of 5983-5997** today. The negative sentiment comes from the global volatilities. The trade war impacted on the low PMI in China, German, and UK. The trade war tension, particularly between the U.S. and China weakened the global market. As the result, rupiah is depreciated further and the benchmark rate of September likely hikes.

On the other side, August's 2018 inflation settles at -0.05% m-m higher than August's 2017 inflation of -0.07% m-m. The backdrop signals the pressure arising from inflation due to the further depreciation of rupiah.

Stocks Recommendation (details on the next page)

Trading Buy: TLKM, BBRI, SCMA

Company News

- AKRA : Receives Asset Divestment of IDR787 Billion
- KAEF : Launches 3 New Stores in Saudi Arabia
- ANTM : Is Looking for Partners to Construct Smelter
- BBCA : Postpones Announcement of Acquisition Target

Domestic & Global News

- August's Deflation Is at 0.05
- China PMI Lowest Level Since June 2017

Indonesia Economic Data

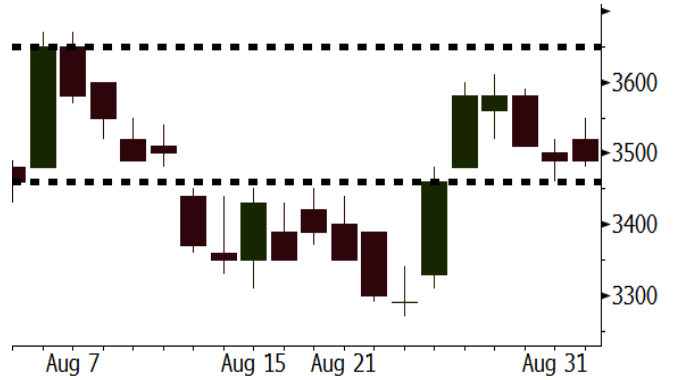
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.50%	5.25%	Real GDP	5.27%	5.06%
FX Reserve (USD bn)	118.31	119.84	Current Acc (USD bn)	(8.03)	(5.54)
Trd Balance (USD bn)	(2.03)	1.74	Govt. Spending Yoy	5.26%	2.73%
Exports Yoy	19.33%	11.47%	FDI (USD bn)	5.50	3.49
Imports Yoy	31.56%	12.66%	Business Confidence	106.28	112.39
Inflation Yoy	3.20%	3.18%	Cons. Confidence*	124.80	128.10

TLKM Last = 3490

Analysis The decline in TLKM's stocks since July 2018 is estimated to end. Investors are estimated to give a positive acknowledgment to TLKM's performance in ahead years amid the recovery in the cellular industry.

Range 3460 – 3650

Action Trading Buy. Cut Loss If Below 3460



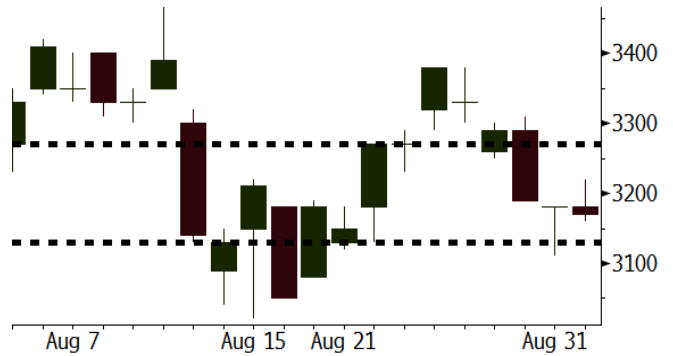
Source: Bloomberg

BBRI Last = 3170

Analysis BBRI's credit grew by 15.5% in the 2Q18 the highest since the 1Q17. Besides such growth, the hike in benchmark rate likely subdues the trend of declining loan yield.

Range 3130 – 3270

Action Trading Buy. Cut Loss If Below 3130



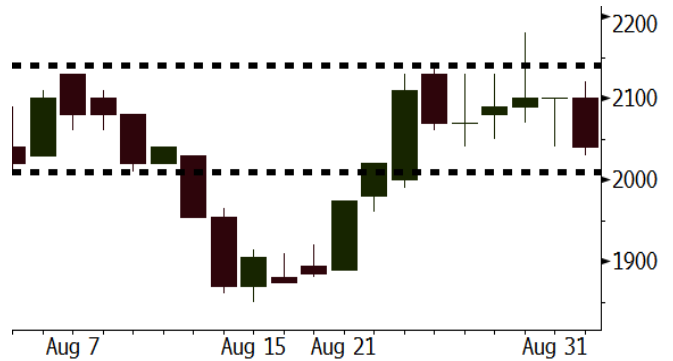
Source: Bloomberg

SCMA Last = 2040

Analysis Indosiar, one of SCMA's TV station, posts the significant hike in audience share from 16.8% in July to 19.7% in August. The hike is underpinned by the 2-week airing of Asian Games.

Range 2010 – 2140

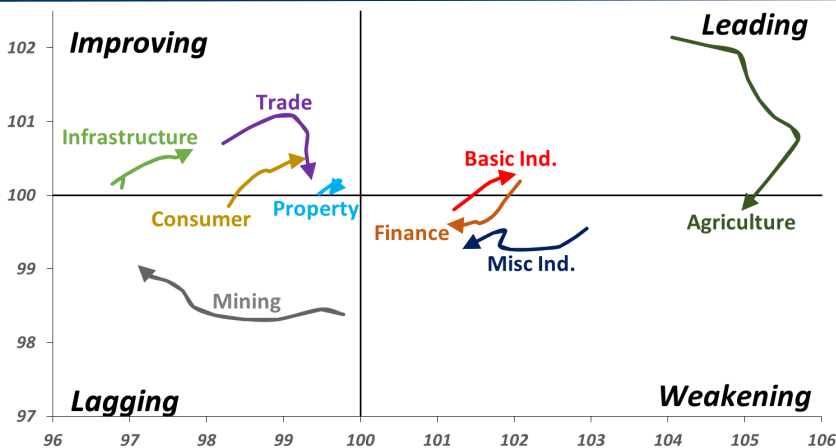
Action Trading buy. Cut Loss If Below 2010



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	5,968	6,356				2.6	6,756.1							
Finance						10.9	2,026.2							
BBCA	24,775	21,900	27,650	Hold	11.6	31.3	610.8	25.3x	4.5x	18.8	1.0	5.7	8.4	1.0
BBRI	3,170	3,640	3,930	Buy	24.0	6.6	391.0	12.7x	2.4x	19.3	3.4	5.8	10.9	1.4
BMRI	6,700	8,000	7,500	Hold	11.9	2.7	312.7	13.4x	1.9x	14.5	3.0	(0.5)	28.7	1.3
BBNI	7,850	9,900	9,675	Buy	23.2	9.0	146.4	10.0x	1.5x	15.5	3.3	11.8	16.2	1.4
BBTN	2,750	3,570	3,280	Buy	19.3	(9.8)	29.1	9.1x	1.3x	15.1	2.1	14.3	11.7	1.7
BJTM	650	710	810	Buy	24.6	(6.5)	9.7	8.3x	1.2x	15.5	6.8	1.1	2.5	0.9
Consumer						(2.3)	1,358.9							
HMSP	3,790	4,730	4,575	Buy	20.7	5.9	440.8	34.6x	15.9x	46.0	2.8	5.5	1.9	1.3
GGRM	71,800	83,800	88,650	Buy	23.5	7.1	138.1	16.9x	3.4x	20.9	3.6	12.6	13.7	1.3
UNVR	43,675	55,900	44,200	Hold	1.2	(14.3)	333.2	48.2x	66.5x	139.4	2.1	(0.4)	(2.5)	1.0
ICBP	8,700	8,900	9,625	Hold	10.6	0.3	101.5	25.4x	5.2x	21.3	1.9	5.4	9.5	1.1
INDF	6,375	7,625	8,175	Buy	28.2	(23.9)	56.0	14.5x	1.8x	12.6	3.7	1.0	(12.5)	1.2
KLBF	1,320	1,690	1,730	Buy	31.1	(22.1)	61.9	25.7x	4.6x	18.9	1.9	3.1	(0.0)	1.3
KAEF	2,330	2,700	3,280	Buy	40.8	(27.6)	12.9	36.6x	5.2x	14.9	0.8	29.1	28.3	1.1
Infrastructure						(15.9)	710.85							
TLKM	3,490	4,399	4,600	Buy	31.8	(24.7)	351.8	18.4x	4.0x	22.1	4.8	0.5	(28.1)	0.8
EXCL	3,080	2,960	3,800	Buy	23.4	(16.8)	32.9	226.0x	1.5x	0.7	N/A	1.0	N/A	1.2
ISAT	3,240	4,800	6,750	Buy	108.3	(49.8)	17.6	N/A	1.4x	(2.6)	2.3	(26.8)	N/A	0.9
JSMR	4,480	6,400	6,050	Buy	35.0	(22.8)	32.5	14.6x	2.1x	14.8	1.4	42.5	2.9	1.0
TBIG	5,650	6,425	6,050	Hold	7.1	(13.1)	25.6	11.4x	8.5x	104.6	3.0	7.1	8.1	0.6
INDY	3,150	3,060	5,000	Buy	58.7	143.2	16.4	3.1x	1.1x	44.8	3.4	219.4	49.0	0.8
Trade						(6.3)	737.1							
UNTR	34,100	35,400	44,750	Buy	31.2	14.8	127.2	13.4x	2.6x	20.6	2.6	32.3	60.0	1.1
AKRA	3,610	6,350	8,025	Buy	122.3	(47.3)	14.5	20.7x	1.7x	22.2	6.1	21.6	(34.8)	1.3
SCMA	2,040	2,480	2,500	Buy	22.5	(4.2)	29.8	22.3x	7.0x	32.5	3.7	2.6	0.7	1.1
MNCN	905	1,285	1,550	Buy	71.3	(37.4)	12.9	9.0x	1.2x	14.6	1.7	1.8	(9.2)	1.2
LPPF	7,375	10,000	11,250	Buy	52.5	(27.3)	21.5	11.2x	9.2x	93.0	6.2	3.1	0.4	1.0
ACES	1,365	1,155	1,635	Buy	19.8	29.4	23.4	26.6x	6.6x	26.3	1.7	22.6	30.0	1.0
RALS	1,305	1,200	1,400	Hold	7.3	33.8	9.3	16.7x	2.4x	14.6	3.1	0.9	31.8	0.9
MAPI	840	620	945	Hold	12.5	24.0	13.9	23.8x	3.1x	15.5	0.5	18.0	183.0	1.0
Property						(12.2)	379.3							
BSDE	1,195	1,700	1,850	Buy	54.8	(34.3)	23.0	6.9x	0.9x	13.8	N/A	(27.6)	(79.9)	1.4
PWON	510	685	625	Buy	22.5	(22.7)	24.6	11.7x	2.2x	20.5	1.2	14.4	25.4	1.2
CTRA	835	1,185	1,130	Buy	35.3	(28.6)	15.5	21.2x	1.2x	5.6	1.1	(0.8)	(49.0)	1.4
SMRA	655	945	1,050	Buy	60.3	(35.5)	9.4	28.3x	1.4x	5.2	0.8	(2.5)	(40.0)	1.5
WSKT	1,875	2,210	2,810	Buy	49.9	(12.4)	25.5	4.4x	1.5x	39.6	3.1	47.3	134.6	1.4
PTPP	1,850	2,640	3,850	Buy	108.1	(32.7)	11.5	8.4x	1.0x	12.5	2.5	17.0	(16.3)	1.3
WIKA	1,545	1,550	2,150	Buy	39.2	(19.7)	13.9	10.8x	1.1x	10.5	1.7	36.8	18.7	0.9
ADHI	1,475	1,885	2,160	Buy	46.4	(26.1)	5.3	9.2x	0.9x	10.1	2.0	39.7	282.5	1.1
Misc Ind.						(7.6)	360.5							
ASII	7,100	8,300	9,300	Buy	31.0	(8.4)	287.4	14.4x	2.3x	16.3	2.6	14.8	11.3	1.3
Basic Ind.						38.9	638.1							
INTP	16,950	21,950	21,575	Buy	27.3	(10.3)	62.4	47.5x	2.8x	5.7	4.1	(0.9)	(60.6)	1.4
SMGR	9,275	9,900	11,550	Buy	24.5	(7.0)	55.0	29.1x	1.9x	6.6	1.5	4.7	(10.9)	1.2
CPIN	5,025	3,000	4,200	Sell	(16.4)	84.1	82.4	24.2x	4.8x	21.3	1.1	2.7	59.1	1.0
JPFA	2,230	1,300	2,000	Hold	(10.3)	88.2	26.2	15.8x	2.9x	18.3	2.2	18.2	142.5	0.7
MAIN	1,295	740	780	Sell	(39.8)	43.9	2.9	20.1x	1.6x	7.9	N/A	13.5	350.0	1.1
KRAS	410	424	500	Buy	22.0	(25.5)	7.9	N/A	0.3x	(2.3)	N/A	34.7	72.4	1.1
TPIA	5,350	6,000	6,275	Buy	17.3	27.4	95.4	22.3x	3.7x	19.1	1.5	9.9	(36.3)	0.7
BRPT	1,715	2,260	2,420	Buy	41.1	(14.7)	30.5	20.6x	1.5x	8.9	1.4	9.8	(7.3)	1.0
Mining						31.8	439.8							
ADRO	1,855	1,860	2,500	Buy	34.8	2.2	59.3	8.8x	1.1x	13.3	5.8	3.9	(12.1)	1.1
PTBA	4,100	2,460	5,375	Buy	31.1	75.2	47.2	8.1x	3.4x	43.4	7.8	17.4	49.1	1.1
ITMG	27,550	20,700	32,400	Buy	17.6	45.0	31.1	8.3x	2.3x	27.6	11.4	8.0	(10.0)	1.1
INCO	3,560	2,890	5,325	Buy	49.6	18.3	35.4	61.7x	1.3x	1.9	N/A	28.3	N/A	1.2
ANTM	830	625	985	Buy	18.7	16.9	19.9	53.1x	1.1x	2.0	0.2	247.2	3550.0	1.1
TINS	770	775	1,240	Buy	61.0	(16.8)	5.7	10.8x	0.9x	8.8	3.1	1.8	13.1	1.0
ELSA	354	372	625	Buy	76.6	47.5	2.6	7.2x	0.8x	12.1	1.4	46.5	783.3	1.4
Agriculture						(4.4)	105.3							
AALI	13,400	13,150	16,925	Buy	26.3	(8.8)	25.8	14.7x	1.4x	9.7	3.5	8.9	(23.3)	0.6
LSIP	1,350	1,420	1,680	Buy	24.4	(0.7)	9.2	17.4x	1.1x	6.6	3.3	(28.5)	(47.6)	0.6

* Target Price for December 2018

Source: Bloomberg, NHKS Research

AKRA : Receives Asset Divestment of IDR787 Billion

AKRA received the proceeds of IDR787.03 billion from asset divestment of land owned by its subsidiary: China-based Khalista Chemical Industries Ltd (KCI). In February 2018, it has obtained 50% from the divestment of sorbitol factory owned by KCI. The aggressive asset divestment within the last 2 year is AKRA's strategy to focus on its core business. (Bisnis Indonesia)

KAEF : Launches 3 New Stores in Saudi Arabia

KAEF launched 3 new stores in August; thus, it has 34 stores in Saudi Arabia. The launching of new stores in Saudi Arabia is one of KAEF's strategies in the Middle East market after taking over 60% stocks of Dawaa Medical Limited Company in the early of 2018. It also plans to launch medicine manufacture and 60 stores within 2-3 ahead years. (Bisnis Indonesia)

ANTM : Is Looking for Partners to Construct Smelter

ANTM is looking for partners to construct smelter project situated in Sorong, Papua. The project worth USD1 billion is projected to have production capacity of 40,000 tons of nickel and 500,000 tons of stainless steel. Now, there are 3 candidates from China and Philippines interested to become ANTM's partner. (Kontan)

BBCA : Postpones Announcement of Acquisition Target

BBCA postponed the announcement relating to the acquisition of two small-scaled banks. After the acquisition, the first bank will be merged with BBCA, while the second bank will be functioned as a bank assisting the development of digital banking line. In 2018, BBCA allocated the funds of IDR4.5 trillion for developing its subsidiary and taking over. (Kontan)

Domestic & Global News

August's Deflation Is at 0.05

The Central Statistics Agency (BPS) released consumer price index (IHK) of August 2018. August's deflation at 0.05% results in the inflation of 2.13% on the year-to-date basis and 3.20% on the annual year basis. (CNBC Indonesia)

China PMI Lowest Level Since June 2017

A private manufacturing survey hit a 14-month low in August as the Caixin/Markit Purchasing Manager's Index (PMI) came in at 50.6 - the weakest since June 2017, as export sales fell for the fifth consecutive month. (CNBC)

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	JPN	07:30	Nikkei Japan PMI Mfg	Aug F	52.5	--	52.5
<i>03 - Sep</i>	CHN	08:45	Caixin China PMI Mfg	Aug	50.6	50.7	50.8
	GER	14:55	Markit Germany Manufacturing PMI	Aug F	55.9	56.1	56.1
	EU	15:00	Markit Eurozone Manufacturing PMI	Aug F	54.6	54.6	54.6
	UK	15:30	Markit UK PMI Manufacturing SA	Aug	52.8	53.9	54
Tuesday	USA	20:45	Markit US Manufacturing PMI	Aug F		54.5	54.5
<i>04 - Sep</i>	USA	21:00	ISM Manufacturing	Aug		57.6	58.1
Wednesday	USA	19:30	Trade Balance	Jul		-\$50.0b	-\$46.3b
<i>05 - Sep</i>							
Thursday	GER	13:00	Factory Orders MoM	Jul		1.80%	-4.00%
<i>06 - Sep</i>	USA	19:15	ADP Employment Change	Aug		190k	219k
	USA	21:00	Factory Orders	Jul		-0.60%	0.70%
Friday	CHN	Tentative	Foreign Reserves	Aug		\$3115.00b	\$3117.95b
<i>07 - Sep</i>	EU	16:00	GDP SA QoQ	2Q F		0.40%	0.40%
	EU	16:00	GDP SA YoY	2Q F		2.20%	2.20%
	USA	19:30	Change in Nonfarm Payrolls	Jul F		193k	157k
	USA	19:30	Unemployment Rate	Jul F		3.80%	3.90%

Source: Bloomberg

Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Prev.
Monday	07:30	Nikkei Indonesia PMI Mfg	Aug	51.9	--	50.5
<i>03 - Sep</i>	11:00	CPI NSA MoM	Aug	-0.05%	0.06%	0.28%
	11:00	CPI Core YoY	Aug	2.90%	2.89%	2.87%
	11:00	CPI YoY	Aug	3.20%	3.33%	3.18%
Thursday	Tentative	Consumer Confidence Index	Aug		--	124.8
<i>06 - Sep</i>						
Friday	Tentative	Net Foreign Assets IDR	Aug		--	\$1667.4t
<i>07 - Sep</i>	Tentative	Foreign Reserves	Aug		--	\$118.31b

Source: Bloomberg

Corporate Calendar

Date	Event	Company
Tuesday	Extraordinary Shareholder Meeting	OKAS, MITI
<i>04 - Sep</i>		
Wednesday	Stock Split	BCIC (1 : 100,000)
<i>05 - Sep</i>	Extraordinary Shareholder Meeting	JSMR
	Cum Dividend Interim Date	JPFA (IDR50 per share)
Thursday	Annual Shareholder Meeting	BSSR
<i>06 - Sep</i>		
Friday	Annual & Extraordinary Shareholder Meeting	ENRG
<i>07 - Apr</i>	Extraordinary Shareholder Meeting	PGAS, MPMX

Source: Bloomberg

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