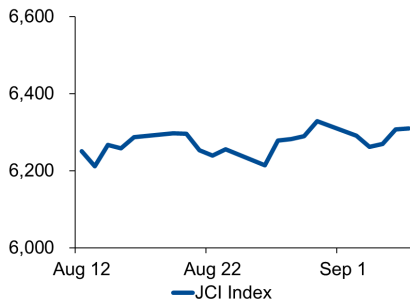


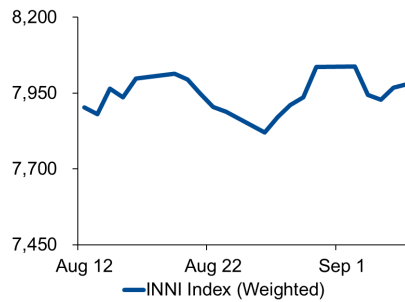
Morning Brief

Daily | September 09 2019

JCI Movement



INNI Movement



JCI Index

| | |
|---|-------------------|
| Sept. 06 | 6,308.95 |
| Chg. | +2.14pts (+0.03%) |
| Volume (bn shares) | 144.35 |
| Value (IDR tn) | 8.67 |
| Adv 209 Dec 197 Unc 248 Untr 110 | |

INNI Index

| | |
|------|------------------|
| Last | 8,632.01 |
| Chg. | -4.12pts (0.05%) |

INNI Top Gainers & Losers

| Gainers | % | Losers | % |
|---------|------|--------|-------|
| ADRO | 6.0% | TLKM | -2.5% |
| PTBA | 5.3% | ANTM | -2.3% |
| UNTR | 2.6% | UNVR | -2.0% |
| JSMR | 2.3% | RALS | -1.7% |
| WIKA | 2.0% | ICBP | -0.8% |

Foreign Transaction

| | (IDR bn) |
|----------------|----------|
| Buy | 2,013 |
| Sell | 2,367 |
| Net Buy (Sell) | 354 |

| Top Buy | NB Val. | Top Sell | NS Val. |
|---------|---------|----------|---------|
| EXCL | 48.5 | BBRI | 171.0 |
| BNLI | 29.6 | BBCA | 110.7 |
| HMSP | 25.3 | BBNI | 49.7 |
| BRPT | 20.9 | TLKM | 40.5 |
| SMRA | 16.4 | PGAS | 37.0 |

Government Bond Yield & FX

| | Last | Chg. |
|----------------|--------|--------|
| Tenor: 10 year | 7.32% | -0.02% |
| USDIDR | 14,095 | -0.42% |
| KRWIDR | 11.82 | 0.25% |

Global Indexes

| Index | Last | Chg. | % |
|-----------|-----------|--------|-------|
| Dow Jones | 26,797.46 | 69.31 | 0.26% |
| S&P 500 | 2,978.71 | 2.71 | 0.09% |
| FTSE 100 | 7,282.34 | 11.17 | 0.15% |
| DAX | 12,191.73 | 64.95 | 0.54% |
| Nikkei | 21,199.57 | 113.63 | 0.54% |
| Hang Seng | 26,690.76 | 175.23 | 0.66% |
| Shanghai | 2,999.60 | 13.74 | 0.46% |
| KOSPI | 2,009.13 | 4.38 | 0.22% |
| EIDO | 25.43 | 0.15 | 0.59% |

Commodities

| Commodity | Last | Chg. | % |
|-----------------------|---------|--------|--------|
| Gold (USD / troy oz.) | 1,506.8 | (12.2) | -0.81% |
| Crude Oil (USD / bbl) | 56.52 | 0.22 | 0.39% |
| Coal Newcas(USD/ton) | 68.40 | (0.10) | -0.15% |
| Nickel LME (USD / MT) | 17,685 | 185.0 | 1.06% |
| Tin LME (USD / MT) | 17,375 | (75.0) | -0.43% |
| CPO (MYR/Ton) | 2,201 | 19.0 | 0.87% |

Market Recap

JCI closed higher on Friday (09/60), backed by the basic industry sector. **JCI's Top Gainers: Basic Ind. (+1.7%), Mining (+0.8%), Finance (+0.2%).**

INNI index dropped, inversely to JCI's performance due to declines in the consumer goods sector, UNVR, and ICBP.

Daily Foreign & Domestic Sector Movement

On Friday's trade session of Sept. 06, foreign investors pulled their money worth of IDR354 billion out from JCI. The banking sector—large cap. stocks in particular—posted the net sell of IDR296 billion. EXCL was foreign investors' top targeted stock, with the transaction worth of IDR48.5 billion due to the merger plan between PT XL Axiata Tbk (EXCL) and Telenor Company. The merger between two companies is at the due diligence phase. Apart from JCI's portfolios, most of Asia markets strengthened, likewise JCI. The rupiah's exchange rate against the US dollar nudged up 0.09% to 14,140.

Today's Outlook: August's Higher Forex Reserves

Dow Jones rose 0.26% to 26,767. Although the US job data was below the estimate, the US markets were at bullish mood, backed by the optimism about the US and China negotiation. From the domestic highlights, August's forex reserves rose to USD126.4 billion from July's USD125.9 billion.

Company News

- INTP : Uses CapEx at Minimum
- INCO : Endorses the Ban on Exports
- WIKA : Targets New Projects
- KLBF : Cooperates to Incorporate Joint Venture

Domestic & Global News

Reducing Energy Subsidies Are Counterproductive
August Jobs Miss Expectations

Indonesia Economic Data

| Monthly Indicator | Last | Prev. | Quarterly Indicator | Last | Prev. |
|------------------------|---------|--------|----------------------|--------|--------|
| BI 7 Day Rev Repo Rate | 5.50% | 5.75% | Real GDP | 5.05% | 5.07% |
| FX Reserve (USD bn) | 126.40 | 125.90 | Current Acc (USD bn) | (8.40) | (6.97) |
| Trd Balance (USD bn) | (0.06) | 0.20 | Govt. Spending Yoy | 8.23% | 5.21% |
| Exports Yoy | -5.12% | -8.98% | FDI (USD bn) | 5.78 | 6.04 |
| Imports Yoy | -15.21% | 2.80% | Business Confidence | 108.05 | 108.05 |
| Inflation Yoy | 3.49% | 3.32% | Cons. Confidence* | 124.80 | 128.10 |

INTP : Uses CapEx at Minimum

PT Indocement Tungal Prakarsa Tbk (INTP) allocated funds of IDR1 trillion worth the 2019 CapEx in order to complete some projects. However, to date, it only used 20% of the Capex allocated or equal to IDR200 billion. INTP will use the remaining CapEx in 2H19 due to the mining expansion in Pamayonan, the filter bag installment in one of its Citeureup-based factory, and RDF development. (Kontan)

WIKA : Targets New Projects

PT Wijaya Karya (Tbk) posts new contracts of IDR20.3 trillion from the target of IDR61.74 trillion. Although its achievement is still below the target, it is sanguine about attaining contracts from a number of projects such as 3 airports in Taiwan, with the total contract of IDR20 trillion. Besides, it also targets projects worth of IDR4.8 trillion in East of Indonesia. (Kontan)

INCO : Endorses the Ban on Exports

PT Vale Indonesia Tbk (INCO) endorses the government ban on nickel ore exports to take into effect in 2020. INCO complies with the regulation prioritizing the upstream development, with exporting no nickel ore. Now, it has smelters and produced 30,711 mt nickel or 42% from the 2019 target. (Kontan)

KLBF : Cooperates to Incorporate Joint Venture

PT Kalbe Farma Tbk (KLBF) keeps expanding as it incorporates a joint venture with Hale International. Of note, Hale International is a healthy juice company whose popular product is Original Love Juice. The cooperation will benefit the instant healthy juice segment. (Kontan)

Domestic & Global News

Reducing Energy Subsidies Are Counterproductive

The government and the house of representatives agreed to reduce the budget worth Rp12.1 trillion allocated for energy subsidy from the maximum budget of IDR125.3 trillion set in the 2020 State Budget Draft to Rp 125.3 trillion. The Executive Director of the Center for Reform on Economics (CORE) Muhammad Faisal said household consumption and investment are fundamentals to next year growth. "the dependency on household consumption is counterproductive by lowering the price of subsidies because it gives no supports to consumers purchasing power," said Faisal. (Kontan)

August Jobs Miss Expectations

The August jobs report showed weaker hiring overall as continued strength in the service sectors struggled to offset anemic manufacturing gains and losses in the mining and extraction industry. The government reported Friday that payrolls increased 130,000 during the month, 20,000 below the 150,000 economists polled by Dow Jones had forecast. The government also said wages increased at a solid clip, up 0.4% in August and 3.2% over the year. (CNBC)

| | 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 |
|-----------------------|------------|------------------------|---------------|--------|----------------------|-------------------|---------------------|-------------------|--------------|----------------------|------------------------|----------------------|--------------------|---------------|
| Finance | | | | | | 18.0 | 2,373.6 | | | | | | | |
| BBCA | 30,125 | 26,000 | 32,000 | Hold | 6.2 | 21.2 | 742.7 | 27.2x | 4.7x | 18.4 | 1.1 | 16.8 | 12.7 | 1.0 |
| BBRI | 4,270 | 3,660 | 4,950 | Buy | 15.9 | 40.9 | 526.7 | 15.5x | 2.8x | 19.0 | 3.1 | 12.5 | 8.5 | 1.4 |
| BMRI | 7,050 | 7,375 | 8,000 | Hold | 13.5 | 6.4 | 329.0 | 12.5x | 1.8x | 15.0 | 3.4 | 9.1 | 11.1 | 1.4 |
| Consumer | | | | | | (3.2) | 1,337.1 | | | | | | | |
| GGRM | 67,700 | 83,625 | 110,000 | Buy | 62.5 | (7.7) | 130.3 | 15.3x | 2.9x | 20.0 | 3.8 | 16.4 | 20.5 | 1.0 |
| UNVR | 47,050 | 45,400 | 59,000 | Buy | 25.4 | 5.8 | 359.0 | 38.7x | 70.7x | 183.9 | 2.5 | 1.3 | 5.2 | 1.0 |
| ICBP | 11,900 | 10,450 | 11,800 | Hold | (0.8) | 34.5 | 138.8 | 28.5x | 6.1x | 22.9 | 1.6 | 13.7 | 12.8 | 0.8 |
| INDF | 7,975 | 7,450 | 8,700 | Hold | 9.1 | 30.7 | 70.0 | 14.7x | 2.0x | 14.4 | 3.0 | 7.2 | 30.0 | 1.2 |
| KAEF | 2,910 | 2,600 | 4,100 | Buy | 40.9 | 29.3 | 16.2 | 47.3x | 7.2x | 16.6 | 0.5 | 33.0 | (60.9) | 1.0 |
| KLBF | 1,675 | 1,520 | 1,870 | Hold | 11.6 | 35.6 | 78.5 | 31.4x | 5.4x | 17.9 | 1.6 | 7.7 | 3.5 | 1.3 |
| Infrastructure | | | | | | 19.1 | 827.56 | | | | | | | |
| TLKM | 4,210 | 3,698 | 4,350 | Hold | 3.3 | 25.9 | 417.1 | 20.4x | 4.4x | 22.8 | 3.9 | 7.7 | 27.4 | 0.9 |
| JSMR | 5,450 | 4,280 | 6,000 | Hold | 10.1 | 21.1 | 39.6 | 17.8x | 2.2x | 13.3 | 0.8 | (25.9) | 1.4 | 1.1 |
| Trade | | | | | | (0.7) | 729.1 | | | | | | | |
| UNTR | 21,575 | 27,350 | 35,000 | Buy | 62.2 | (34.9) | 80.5 | 7.2x | 1.5x | 21.6 | 5.5 | 11.2 | 1.8 | 0.9 |
| SILO | 6,800 | 3,590 | 7,230 | Hold | 6.3 | 145.5 | 11.1 | 239.6x | 1.8x | 0.7 | N/A | 18.5 | N/A | 0.8 |
| MIKA | 2,420 | 1,575 | 2,300 | Hold | (5.0) | 43.2 | 35.2 | 53.2x | 8.2x | 16.3 | 0.7 | #N/A | N/A | 0.5 |
| LPPF | 3,020 | 5,600 | 5,500 | Buy | 82.1 | (53.5) | 8.5 | 9.4x | 4.7x | 45.2 | 11.0 | 0.6 | (11.5) | 0.8 |
| RALS | 1,150 | 1,420 | 2,050 | Buy | 78.3 | (8.7) | 8.2 | 11.2x | 1.9x | 17.7 | 4.3 | (0.2) | 21.1 | 0.7 |
| MAPI | 1,010 | 805 | 1,300 | Buy | 28.7 | 27.0 | 16.8 | 22.6x | 2.9x | 14.5 | 1.0 | 10.2 | 25.0 | 0.8 |
| Property | | | | | | 14.2 | 453.7 | | | | | | | |
| PWON | 630 | 620 | 725 | Buy | 15.1 | 20.0 | 30.3 | 10.9x | 2.2x | 22.4 | 1.1 | 3.8 | 20.9 | 1.3 |
| CTRA | 1,045 | 1,010 | 1,080 | Hold | 3.3 | 42.2 | 19.4 | 14.9x | 1.3x | 9.4 | 1.0 | 12.1 | 74.3 | 1.7 |
| PTPP | 1,790 | 1,805 | 2,450 | Buy | 36.9 | 9.5 | 11.1 | 8.0x | 0.9x | 11.3 | 2.7 | 12.8 | (23.4) | 1.6 |
| WSKT | 1,710 | 1,680 | 2,600 | Buy | 52.0 | (6.0) | 23.2 | 11.8x | 1.3x | 11.3 | 4.3 | (35.4) | (66.8) | 1.5 |
| WIKA | 2,080 | 1,655 | 2,500 | Buy | 20.2 | 42.5 | 18.7 | 8.9x | 1.2x | 14.9 | 1.9 | #N/A | N/A | 1.4 |
| Basic Ind. | | | | | | 14.9 | 708.1 | | | | | | | |
| JPFA | 1,535 | 2,150 | 1,940 | Buy | 26.4 | (25.8) | 18.0 | 9.5x | 1.8x | 20.2 | 6.5 | 9.2 | (26.8) | 1.1 |
| SMGR | 13,450 | 11,500 | 13,600 | Hold | 1.1 | 49.9 | 79.8 | 30.8x | 2.6x | 8.7 | 1.5 | #N/A | N/A | 1.4 |
| INTP | 22,000 | 18,450 | 19,000 | Hold | (13.6) | 25.0 | 81.0 | 56.6x | 3.7x | 6.5 | 2.5 | 7.7 | 80.2 | 1.5 |
| Misc Ind. | | | | | | (2.0) | 355.5 | | | | | | | |
| ASII | 6,750 | 8,225 | 8,600 | Buy | 27.4 | (5.9) | 273.3 | 13.0x | 2.0x | 15.8 | 3.2 | 3.2 | (5.8) | 1.2 |
| Mining | | | | | | (9.5) | 392.0 | | | | | | | |
| ADRO | 1,335 | 1,215 | 1,750 | Buy | 31.1 | (22.8) | 42.7 | 5.8x | 0.8x | 14.2 | 6.8 | 10.2 | 51.9 | 1.3 |
| PTBA | 2,600 | 4,300 | 5,100 | Buy | 96.2 | (31.0) | 30.0 | 5.8x | 1.6x | 29.2 | 13.1 | (7.2) | (21.7) | 1.2 |
| INCO | 3,720 | 3,260 | 4,400 | Buy | 18.3 | 15.5 | 37.0 | 500.5x | 1.4x | 0.3 | N/A | (22.0) | N/A | 1.6 |
| ANTM | 1,075 | 765 | 1,200 | Hold | 11.6 | 35.2 | 25.8 | 32.3x | 1.3x | 4.1 | 1.2 | 8.5 | (30.1) | 1.5 |

* Target Price for December 2019

Source: Bloomberg, NHKS Research

INNI Summary

INNI Index Movement

| | |
|----------------------------|-------|
| YTD Change | 18.8% |
| YTD Change Gap (vs JCI) | 17.0% |
| Weekly Change | -1.1% |
| Weekly Change Gap (vs JCI) | -0.8% |

INNI Market Capitalization

| | |
|---------------------|-------|
| Market Cap (IDR tn) | 3,464 |
| Market Cap (%) | 47.27 |

INNI Index



Source: Bloomberg, NHKS Research

| Date | Country | Hour Jakarta | Event | Period | Actual | Consensus | Previous |
|------------------|---------|--------------|-----------------------------------|--------|--------|-----------|----------|
| Monday | JPN | 06:50 | Capital Spending YoY | 2Q | 1.90 | 1.70% | 6.10% |
| <i>2 - Sep</i> | JPN | 07:30 | Jibun Bank Japan PMI Mfg | Aug F | 49.30 | -- | 49.5 |
| | CHN | 08:45 | Caixin China PMI Mfg | Aug | 50.40 | 49.8 | 49.9 |
| | EU | 15:00 | Markit Eurozone Manufacturing PMI | Aug F | 47.00 | 47 | 47 |
| | UK | 15:30 | Markit UK PMI Manufacturing SA | Aug | 47.40 | 48.4 | 48 |
| Tuesday | USA | 20:45 | Markit US Manufacturing PMI | Aug F | 50.30 | 50 | 49.9 |
| <i>3 - Sep</i> | USA | 21:00 | Construction Spending MoM | Jul | 0.10 | 0.30% | -1.30% |
| | USA | 21:00 | ISM Manufacturing | Aug | 49.10 | 51.3 | 51.2 |
| Wednesday | USA | 18:00 | MBA Mortgage Applications | 30-Aug | -3.10 | -- | -6.20% |
| <i>4 - Sep</i> | USA | 19:30 | Trade Balance | Jul | -53.99 | -\$53.4b | -\$55.2b |
| Thursday | GER | 13:00 | Factory Orders MoM | Jul | -2.70 | -1.40% | 2.50% |
| <i>5 - Sep</i> | USA | 19:15 | ADP Employment Change | Aug | 195k | 148k | 156k |
| | USA | 19:30 | Initial Jobless Claims | 31-Aug | 217k | 215k | 215k |
| | USA | 21:00 | Factory Orders | Jul | 1.40% | 1.00% | 0.60% |
| | USA | 21:00 | Durable Goods Orders | Jul F | 2.00% | 2.10% | 2.10% |
| Friday | GER | 13:00 | Industrial Production SA MoM | Jul | -0.60% | 0.40% | -1.50% |
| <i>6 - Sep</i> | EU | 16:00 | GDP SA YoY | 2Q F | 1.20% | 1.10% | 1.10% |
| | EU | 16:00 | GDP SA QoQ | 2Q F | 0.20% | 0.20% | 0.20% |
| | USA | 19:30 | Unemployment Rate | Aug | 3.70% | 3.70% | 3.70% |
| | USA | 19:30 | Change in Nonfarm Payrolls | Aug | 130k | 160k | 164k |

Source: Bloomberg

Domestic Economic Calendar

| Date | Hour Jakarta | Event | Period | Actual | Consensus | Previous |
|-----------------|--------------|---------------------------|--------|-----------|-----------|-----------|
| Monday | 07:30 | Markit Indonesia PMI Mfg | Aug | 49.00 | -- | 49.6 |
| <i>2 - Sep</i> | 11:02 | CPI Core YoY | Aug | 3.30 | 3.17% | 3.18% |
| | 11:02 | CPI NSA MoM | Aug | 0.12 | 0.17% | 0.31% |
| | 11:02 | CPI YoY | Aug | 3.49 | 3.51% | 3.32% |
| Thursday | Tentative | Consumer Confidence Index | Aug | 123.1 | -- | 124.8 |
| <i>5 - Sep</i> | | | | | | |
| Friday | Tentative | Foreign Reserves | Aug | \$126.40b | -- | \$125.90b |
| <i>6 - Sep</i> | Tentative | Net Foreign Assets IDR | Aug | 1763.3t | -- | 1729.4t |

Source: Bloomberg

Corporate Calendar

| Date | Event | Company |
|-----------------------------------|-----------------------------------|------------|
| Monday <i>2 - Sep</i> | Extraordinary Shareholder Meeting | BBRI, BTPS |
| Thursday <i>5 - Sep</i> | Extraordinary Shareholder Meeting | MPRO, URBN |
| Friday <i>6 - Sep</i> | Cum Date Cash Devidend | TGKA |

Source: Bloomberg

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