

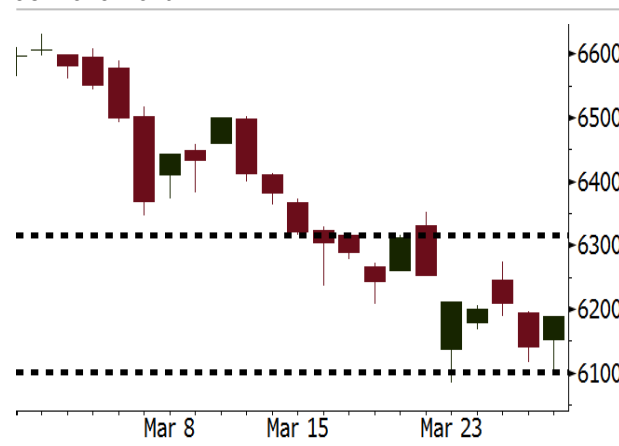
# Weekly Brief (April 02 – 06 )

### Summary:

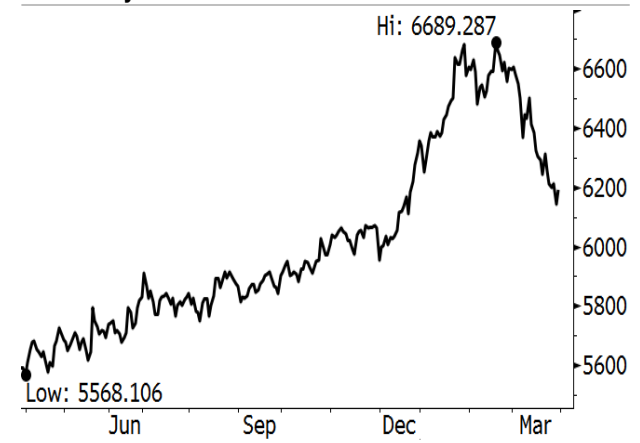
JCI ended at a slightly lower level of 0.35%, and closed at 6,189 in last week even though it rallied at 6,274. A positive sentiment deriving from the subdued jitters of the trade war between the U.S. and China failed to position JCI at a positive territory. The tumble in the U.S. markets underlined by the slump in the technology sector brought a negative impact on JCI's movement.

For this week, we estimate JCI to rally slightly. The release of domestic and global macroeconomic data is projected to re-stimulate investors' appetite. We recommend TINS's stock underpinned by the expected recovery in demand for tin products amid the consistent growth in the U.S. and China's manufactures. Meanwhile, in the pharmaceutical sector, KLBF's stock having proper business diversification and consistent expansion is a top pick. Furthermore, PWON's stock backed by the robust performance amid the sluggish real estate industry remains favorable.

JCI - one month



JCI - one year



## Last Week's Recap

- Jakarta Composite Index (JCI) : 6,188.99 (-0.35%)  
Foreign Investor : net sell of IDR2.4 trillion (vs previous week's net sell of IDR3.8 trillion)  
USDIDR : 13,728 (-0.39%)  
Yield Indonesia 10-year : 6.675% (-23.2 bps)

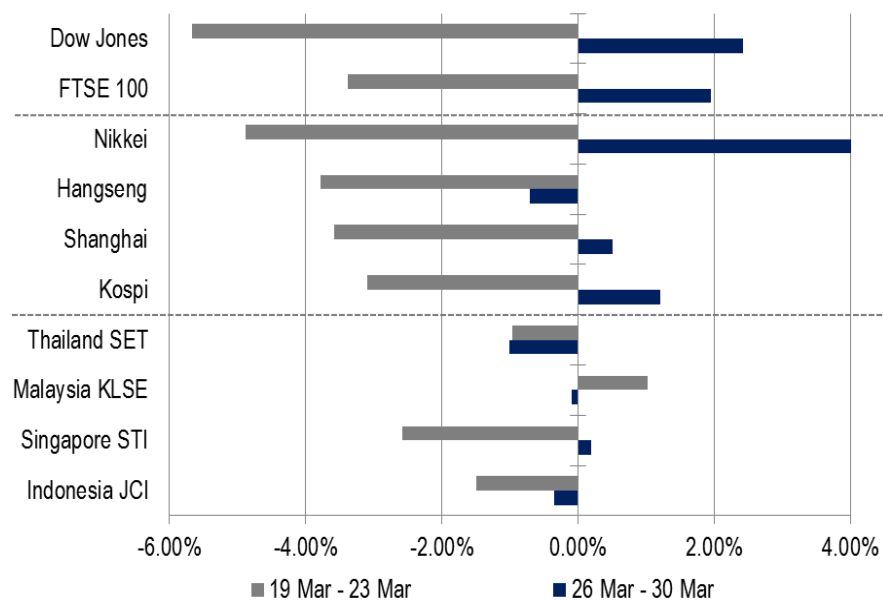
- **Tumble in the U.S.' Technology Shares**

After the tension of trade war between the U.S. and China subdued, the negative sentiment affecting the global market was the tumble in the technology-based shares: Facebook and Amazon. The technology sector is 2017's significant rally booster in the U.S. markets. The tumble in the technology sector gave the perception that global investors have less appetite for stocks market. It was also signified by the massive buy act of the U.S. government bond marked by the decrease of lower than 2.8% in yield.

- **Sluggish Credit Growth**

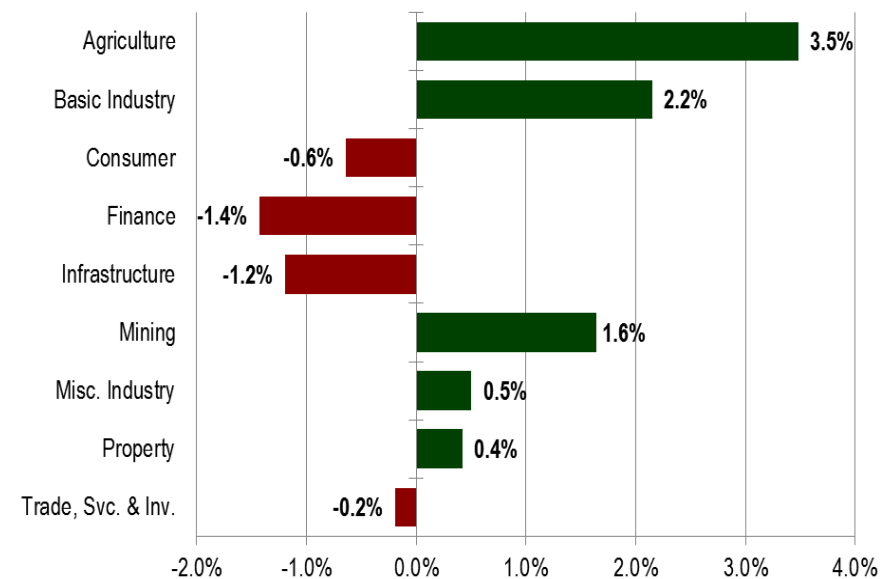
From domestic backdrop, the financial sector curbed JCI's last week movement. It was triggered by the slight growth of 8.22% in February's credit lower than the growth of 8.57% in late 2017's credit. This backdrop caused investors to await the change in monetary and fiscal policies enacted by officials.

### Global Equity Market



Source: Bloomberg, NH Korindo Research

### Sector Index



Source: Bloomberg, NH Korindo Research

## This Week's Outlook

- **Further Global Manufacture Activities**

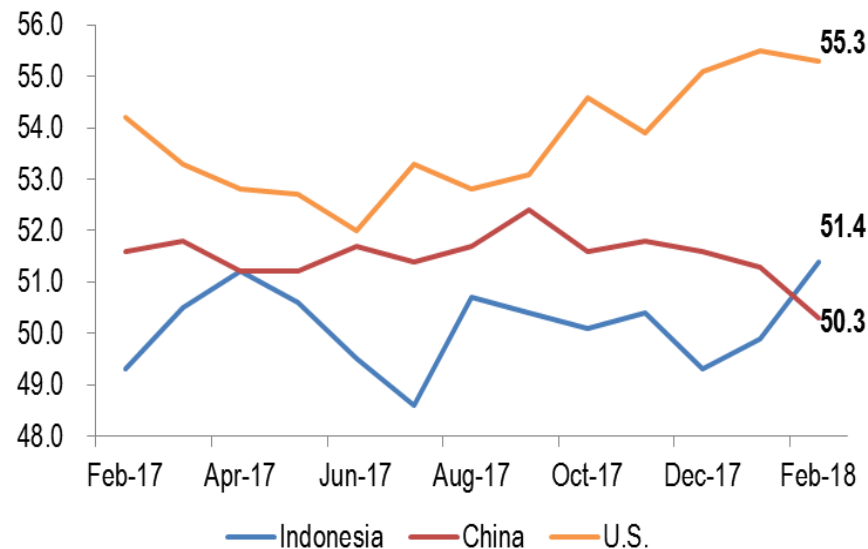
The turmoil stemming from the trade war between the U.S. and China persists; still, China and the U.S.' manufacture data of March to be released on Monday, 04/02/2018 are projected not to be affected. China's manufacture activity of March is estimated to remain grow. Meanwhile, the Fed's projection of higher economy growth outlook gave an assurance that the bullish trend of the U.S.'s manufacture remains.

- **Indonesia's Macroeconomic Data**

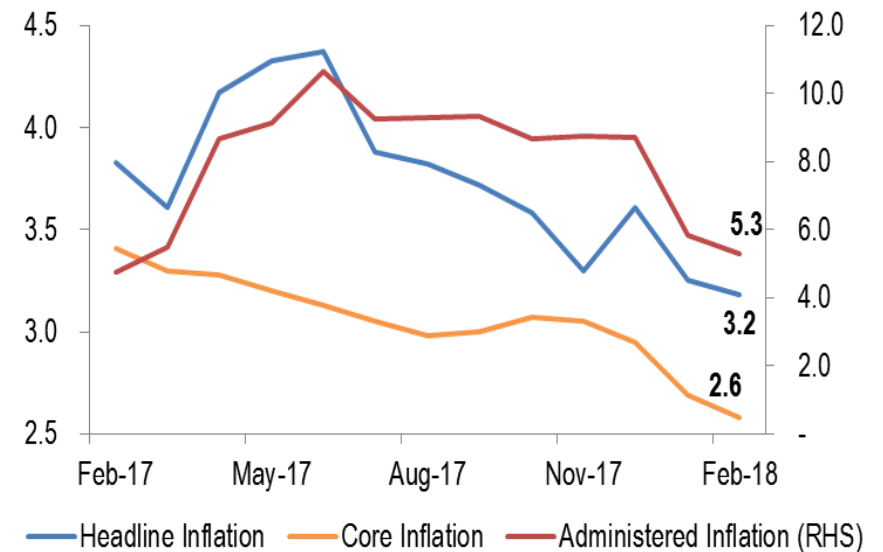
The domestic major focus in this week is the release of macroeconomic reading: inflation and manufacture index. It is estimated that the inflation remains maintainable amid the pressure stemming from the hike in non-subsidized petroleum. March's harvest cycle is robust enough to cushion the inflation attributable to the hike in non-subsidized petroleum. Meanwhile, investors need to keep their eyes on March's manufacture data. It is estimated that the domestic manufacture activity gets more aggressive underlined by the further uptrend of import in the early-2018.

- It is estimated that the positive sentiment deriving from the release of macroeconomic data will strengthen JCI **to rebound in the range of 6,102-6,315**. However, we recommend that investors use short-term trading strategy due to the minimum transaction volume.

### Manufacturing Indexes



### Indonesia Inflation (%)



## Timah (TINS – Tin Producer)

<b>Dec 2018 TP</b>	<b>1,240</b>
Consensus Price	1,319
TP to Consensus Price	-6.0%
vs. Last Price	+27.8%
<b>Last Price (IDR)</b>	<b>970</b>
Price date as of	Mar 29, 2018
52wk range (Hi/Lo)	1,240 / 700
Free Float (%)	35.0
Outstanding sh. (mn)	7,448
Market Cap (IDR bn)	7,224
Market Cap (USD mn)	525
Avg. Trd Vol – 3M (mn)	31.86
Avg. Trd Val – 3M (bn)	32.63
Foreign Ownership	6.54
<b>Sales Breakdown:</b>	
Tin Metal & Tin Solder	87.2%
Tin Chemical	7.4%
Others	5.4%

IDR bn	FY2016	FY2017A	FY2018E	FY2019E
Sales	6,968	9,217	11,557	11,738
y-y	1.1%	32.3%	25.4%	1.6%
EBITDA	1,476	1,351	1,4790	1,488
Net profit	252	502	641	652
EPS (IDR)	34	67	86	88
y-y	120.3%	99.6%	27.6%	1.7%
NPM	3.6%	5.5%	5.5%	5.6%
ROE	4.6%	8.6%	10.1%	9.4%
EV/EBITDA	6.2x	6.0x	6.5x	5.8x
P/BV	1.4x	1.0x	1.1x	1.1x

### • A Glance at TINS

TINS is stated-owned tin producer established on August 02, 1976 and running its business in tin mining sector. It is the biggest tin producer in Indonesia and the only tin producer listed on Indonesia Stock Exchange. TINS's activities consist of exploration, exploitation, mining, processing, and marketing. In addition, its products are tin metal, tin chemical, and tin solder. More than 95% of its products are exported to China's market.

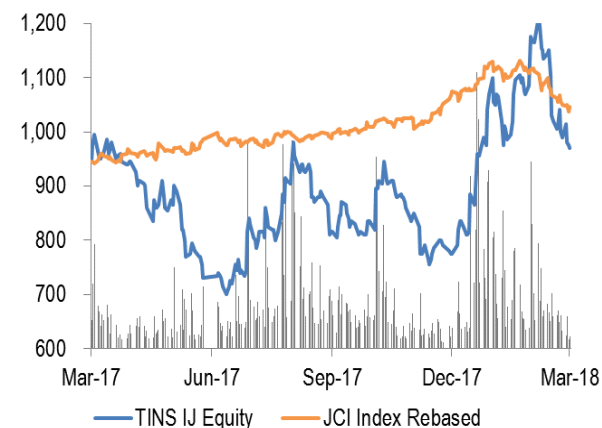
### • Upbeat ASP Aligning with Uptrend of Global Tin Price

TINS posted the growth of 13.5% y-y into IDR2.6 trillion in 4Q17's sales underpinned by the incline in ASP. Tin metal and tin solder's respective ASP were USD20,429/TNi (+11.0% y-y) and USD19,983/TNi (+11.8% y-y). We oversee that the hike in ASP aligned with the uptrend of global tin price.

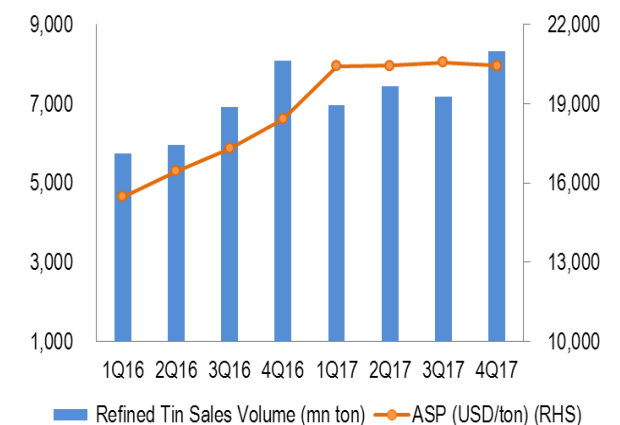
### • Projection: 2018's Higher Sales Volume

We project that in 2018, TINS likely registers the increment in sales volume; that is, 2018's sales volume of refined tin hits 32,770 tons beefing up than 2017's sales of 29,000 tons. Of note, the U.S. market penetrated by TINS as of the mid-2017 succeeded in doubling the sales volume of tin chemical; on the other hand, IMF's revision to 2018's China economic growth from 6.5% into 6.6% signaled the likely robust demand of China.

Share Price Performance



Refined Tin Sales Volume



## Kalbe Farma (KLBF – Pharmaceutical)

<b>Dec 2018 TP</b>	<b>2,020</b>
Consensus Price	1,698
TP to Consensus Price	+19.0%
vs. Last Price	+34.7%
<b>Last Price (IDR)</b>	<b>1,500</b>
Price date as of	Mar 29, 2018
52wk range (Hi/Lo)	1,795 / 1,390
Free Float (%)	43.3
Outstanding sh. (mn)	46,875
Market Cap (IDR bn)	70,313
Market Cap (USD mn)	5,114
Avg. Trd Vol – 3M (mn)	23.20
Avg. Trd Val – 3M (bn)	37.73
Foreign Ownership	18.6%
<b>Sales Breakdown:</b>	
Nutritional Food	30.2%
Distribution & Packaging	29.3%
Others	40.5%

IDR bn	FY2016	FY2017E	FY2018E	FY2019E
Sales	19,374	20,348	21,849	23,565
y-y	8.3%	5.0%	7.4%	7.9%
EBITDA	3,382	3,560	3,780	4,097
Net profit	2,300	2,396	2,559	2,765
EPS (IDR)	49	51	55	59
y-y	14.7%	4.2%	6.8%	8.0%
NPM	11.9%	11.8%	11.7%	11.7%
ROE	19.7%	18.2%	17.5%	17.1%
P/E	30.9x	33.2x	31.1x	28.7x
P/BV	5.7x	5.7x	5.2x	4.7x

### • A Glance at KLBF

Established in 1966, KLBF has marked a tremendous development from a modest business in a garage to the leading pharmaceutical producer in Indonesia. Not only does KLBF penetrate into ASEAN, Nigeria, and South Africa's markets but it also becomes a national-health-product producer competently competing in the export market.

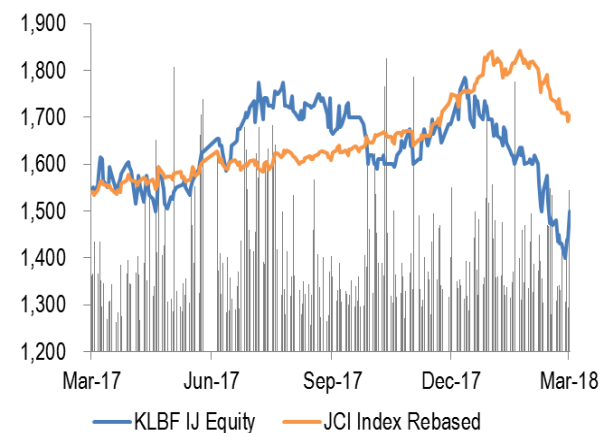
### • 4 Major Business Lines Properly Diversified

Undergoing an organic growth, mergers, and acquisitions, KLBF has grown and transformed into an integrated-health-solution provider through its four business groups: the Prescription Pharmaceutical Division (23% contribution), the Consumer Health Division (17% contribution), the Nutritional Division (29% contribution), and the Distribution and Logistics Division (30% contribution).

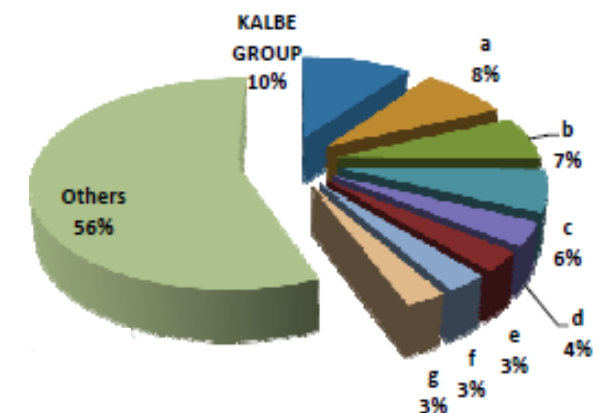
### • Expansion to Myanmar

KLBF aims to incorporate its second overseas factory because now it only has a medicine factory in Africa albeit its penetration in ASEAN, Sri Lanka, West Africa, and South Africa's export markets. In fact, one of its medicines: Mixagrip exported to Myanmar gains success in sales; as a result, it decides to incorporate a factory worth IDR200 billion investment fund in Myanmar.

Share Price Performance



KLBF Prescription Pharmaceutical Market Share



## Pakuwon Jati (PWON – Real Estate Developer)

<b>Dec 2018 TP</b>	<b>700</b>
Consensus Price	731
TP to Consensus Price	-4.2%
vs. Last Price	+11.1%
<b>Last Price (IDR)</b>	<b>630</b>
Price date as of	Mar, 29 2018
52wk range (Hi/Lo)	725 / 540
Free Float (%)	30.2%
Outstanding sh. (mn)	48,160
Market Cap (IDR bn)	30,341
Market Cap (USD mn)	2,207
Avg. Trd Vol – 3M (mn)	19.30
Avg. Trd Val – 3M (bn)	12.99
Foreign Ownership	14.4%
<b>Sales Breakdown:</b>	
Rental & Service Charges	35.1%
Condominium & Offices	34.6%
Others	30.4%

IDR bn	FY2016	FY2017	FY2018E	FY2019E
Revenue	4,841	5,718	6,515	7,356
y-y	4.7%	18.0%	13.9%	12.9%
EBITDA	2,567	3,175	3,748	4,242
Net profit	1,671	1,873	2,347	2,723
EPS (IDR)	35	39	49	49
y-y	32.4%	12.1%	25.3%	16.0%
NPM	34.5%	32.8%	36.0%	37.0%
ROE	16.3%	15.7%	16.9%	16.7%
P/E	16.3x	15.6x	12.4x	12.4x
P/BV	2.5x	2.3x	1.9x	1.7x

### • A Glance at PWON

PWON is one of real estate developers focusing on shopping malls, condominiums, offices, and superblocs. Its projects are in two biggest metropolitan cities in Indonesia: Jakarta and Surabaya, each of which has respective revenue ratio of 48.4% and 51.6%. Those projects are situated in strategic locations and target middle to high class incomes.

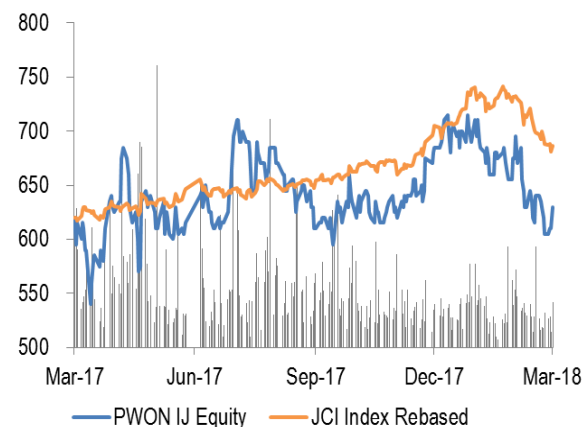
### • Continuously Robust Growth in Marketing Sales

Its strategic property projects strengthen its development revenue amid the low purchasing power of middle to high income classes. The sales also underpinned by the picking up average selling price of condominium particularly situated in CBD areas in Jakarta and Surabaya. Although the posted marketing sales of IDR2.5 trillion failed to hit the marketing sales target of IDR2.7 trillion set in the early 2017, the marketing sales remained to grow by 10% y-y.

### • Strengthening Recurring Income

Another to boost the condominium and office sales, PWON beefs up its shopping mall portfolios: Pakuwon Mall phase II & III, and Tunjungan Plaza phase IV with a view to strengthening its recurring income. Furthermore, it is committed to maintaining its shopping malls occupation level topping 90%; indeed, the current average rent tariffs on its hotels and offices are higher than 2016's average rent tariffs.

Share Price Performance



Marketing Sales (IDR bn)

