

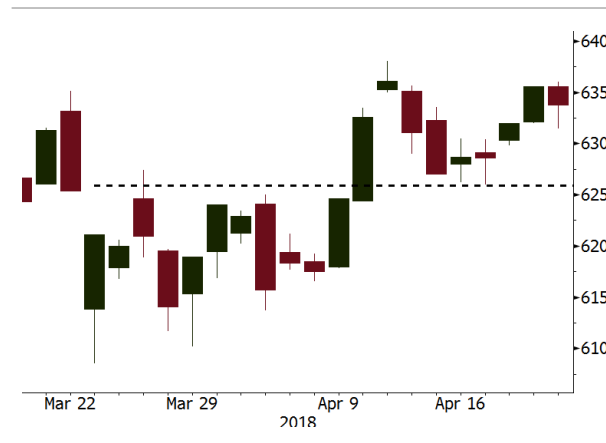
## Weekly Brief (April 23–27)

### Summary:

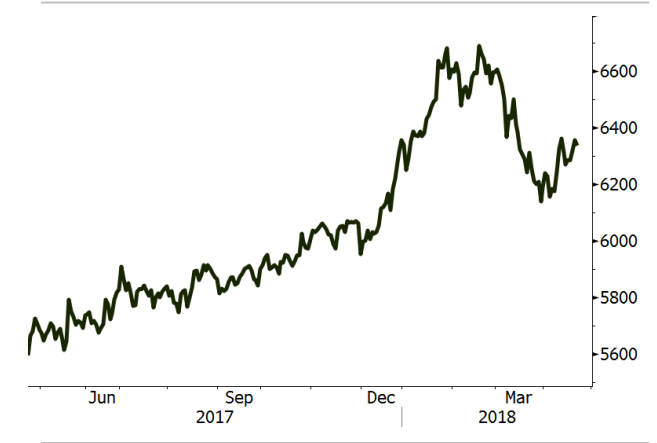
JCI rallied further in last week. The global market backdrop also rallied further underpinned by the optimistic outlook on the expectancy of rosier global growth. Investors continuously invest in light of stable fundamental. It is the potent driver for JCI's rally.

We estimate JCI to rally further during this week. Based on Bank Indonesia (BI) Board of Governors meeting dated April 18-19, 2018, as of April 20, 2018, BI holds its 7-Day Repo Rate stable at 4.25%, deposit facility at 3.50%, and lending facility at 5.00%. We recommend coal stocks of PTBA, 1Q18 performance of which marked a significant hike in margin. Besides, stocks of TLKM is another top pick as they are backed by the increment of 1.5-1.7 million Indi-home subscribers. Investors should also consider stocks of MAPI; of note, MAPI now is making use Asian Games Event to maximize the sales of sports products segment.

JCI - one month



JCI - one year



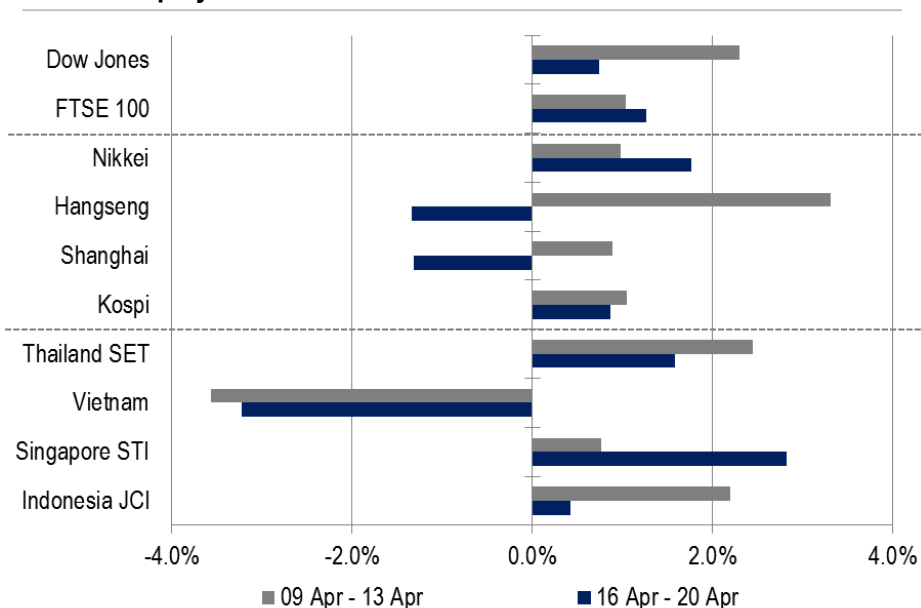
## Last Week's Recap

- Jakarta Composite Index (JCI) : 6,337.69 (+1.07%)  
 Foreign Investors : net sell of IDR 1.0 trillion (Vs previous week's net sell of IDR 1.5 trillion)  
 USDIDR : 13,893 (+1.00%)  
 Yield on government bonds with 10-year tenor : 6,784% (+21.6 bps)

### IMF: Indonesia's Fiscal Policy Complying with Set Direction

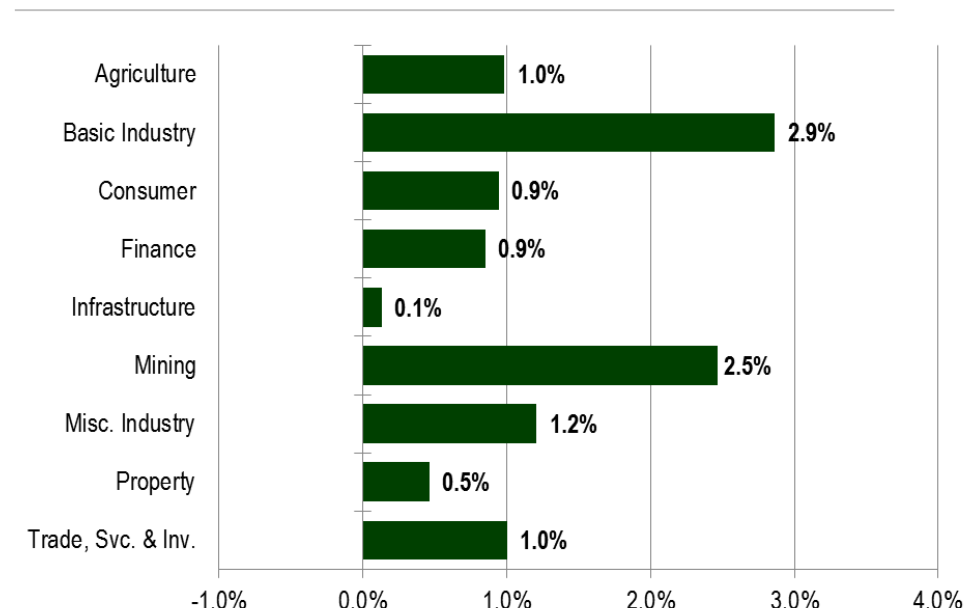
Indonesian government claimed that Indonesia's current debt is not at an alarming level. Based on the record of the Ministry of Finance, the debt of Indonesian government increased by IDR74.7 trillion; therefore, its total debt was IDR 2,227.6 trillion until March 2018. Although the total of Indonesia's debt is not yet reaching alarming level, the Advisor and Director of International Monetary Fund (IMF) Fiscal Affair Department Vitor Gaspar stated that Indonesia must have a long-term fiscal plan, including in term of debt. He added that Indonesia's current tax ratio is still low; therefore, it has rooms for hiking its tax ratio. Additionally, Indonesia is still capable of making use the long-term monetary management due to its manageable debt level.(Kontan)

### Global Equity Market



Source: Bloomberg, NH Korindo Research

### Sector Index



Source: Bloomberg, NH Korindo Research

## This Week's Outlook

- **Rupiah To Be Depreciated Due to the Hike in Fed Rate**

BI's Governor stated that rupiah was depreciated in March 2018, yet it was standing at a stable level during the first two weeks of April 2018. In March 2018, rupiah was depreciated by 1.13%. BI's Governor stated that rupiah depreciation was attributable to improvement in the U.S. economic indicators followed by the market expectancy of the aggressive hike in Fed Fund Rate (FFR) and the further risk of the trade war between the U.S and China. Meanwhile, in the domestic outlook, all is in manageable positions. (Tempo)

- **Central Bank Navigation**

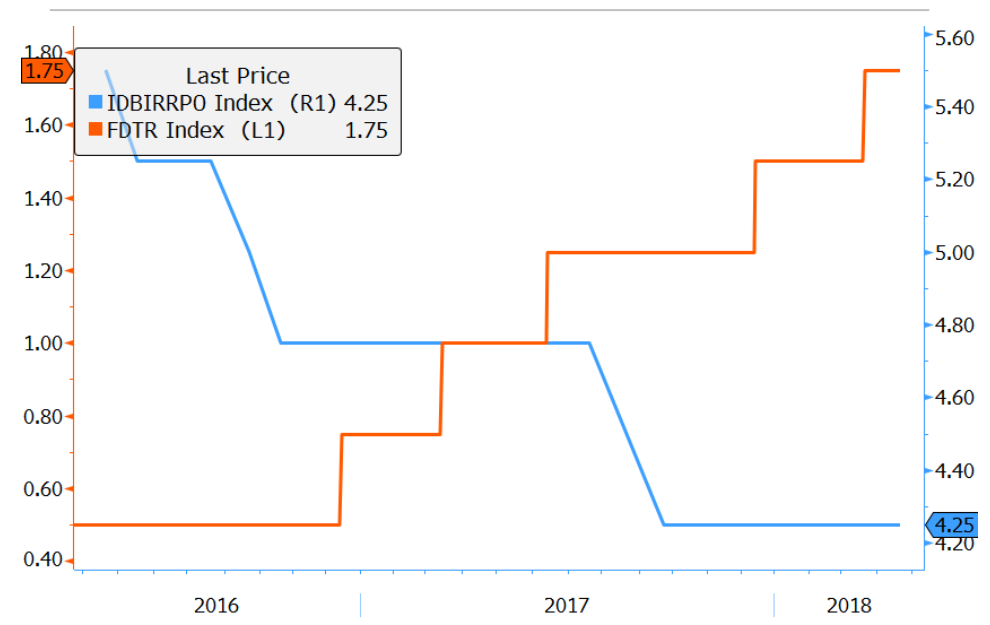
In this week, we are eyeing what the central bank is going to do relating to the current depreciation in rupiah. It is estimated that Warjiyo, BI's newly elected governor, will have a neutral policy stance underlined by the limited room for rate cut and lagging rate growth. However, BI consistently eyes risk of inflation and current account deficit. Warjiyo also pledged to hold rupiah stable and boost the economic growth. We estimate that in this week JCI likely rallies further, continuing last week's rally. Less globally negative sentiments give investors chances to digest varied positive sentiments in domestic outlook, particularly relating to Indonesian government's target of finishing 48 national-level strategic projects worth total investment of IDR227 trillion in 2019.

Daily USDIDR



Source: Bloomberg, NH Korindo Research

7 Days BI Repo Rate vs Fed Fund Rate



Source: Bloomberg, NH Korindo Research

## Bukit Asam (PTBA – Coal Mining)

<b>Dec 2018 TP</b>	<b>3,900</b>
Consensus Price	3,850
TP to Consensus Price	+1.3%
vs. Last Price	+16.1%
<b>Last Price (IDR)</b>	<b>3,360</b>
Price date as of	Apr 20, 2018
52wk range (Hi/Lo)	3,480/1,845
Free Float (%)	35.0
Outstanding sh. (mn)	11,521
Market Cap (IDR bn)	38,594
Market Cap (USD mn)	2,781
Avg. Trd Vol – 3M (mn)	33.89
Avg. Trd Val – 3M (bn)	108.53
Foreign Ownership	8.2%
<b>Revenue Breakdown:</b>	
Coal Mining	98%
Others	2%

IDR bn	FY2016	FY2017	FY2018E	FY2019E
Revenue	14,059	19,471	20,632	20,222
y-y	2.4%	38.5%	6.0%	-2.0%
EBITDA	2,959	6,431	6,507	6,490
Net profit	2,006	4,447	4,589	4,613
EPS (IDR)	174	389	398	400
y-y	-1.5%	123.2%	2.5%	0.5%
NPM	14.3%	23.0%	22.2%	22.8%
ROE	20.2%	35.4%	28.1%	23.6%
P/E	18.8x	8.4x	6.4x	6.6x
P/BV	3.6x	2.7x	2.4x	2.1x

### • A Glance at PTBA

PT Perusahaan Batu Bara (PTBA) is a state-owned enterprise running its business in coal mining industry. Its mining concessions are situated in Sumatera and Kalimantan and has total reserves virtually 11.5 billion tons. On November 29, 2017, the Indonesia government incorporated a holding mining parent entity of which is PT Asahan Aluminium (Inalum), and on December 14, 2017, PTBA performed the stock split with ratio 1:5.

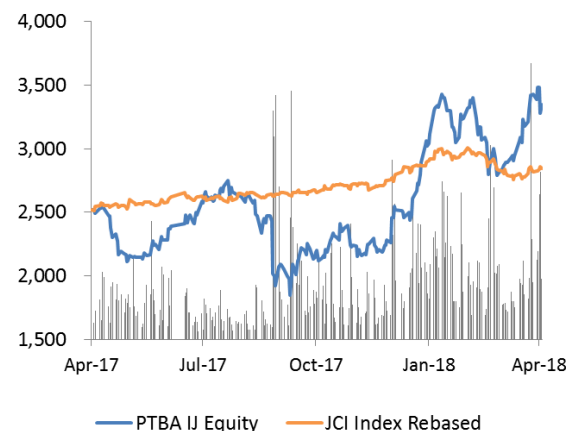
### • 1Q18 Profit Soaring 66.6% y-y

Based on the release of 1Q18 performance report, PTBA posted the profit of IDR1.45 trillion soaring by 66.6% than 1Q17 profit of IDR871 billion backed by the hike in export. We estimate that 1Q18 performance is a positive sentiment for PTBA in ahead years, particularly after on April 19, 2018, its shares declined significantly by 6% suffering from the impact of Ex-Dividend Date.

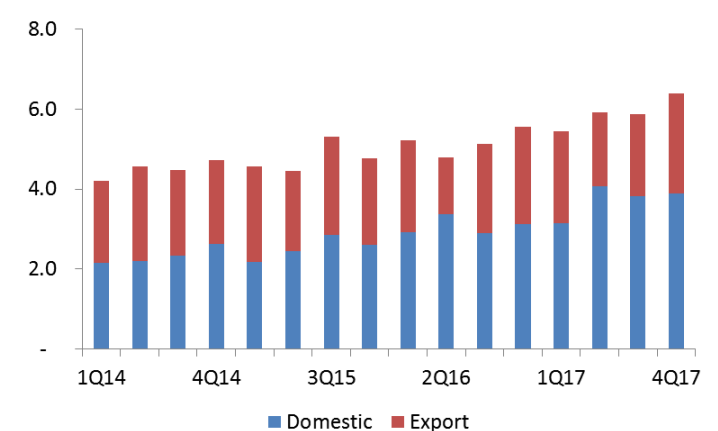
### • Upbeat High Calories Coal Export in 2Q18

PTBA posted a significant upswing in margin. Its 1Q18 gross margin was at 45% (Vs. 1Q17 gross margin of 37%), while its 1Q18 net margin was at 25% (Vs. 1Q17 net margin of 19%). The hike in margin was backed by the hike in coal prices inextricably surging PTBA's coal selling prices. We oversee that its achievement will further in the following quarters as it plans to escalate its export of medium to high calories coal to a number of countries in ASEAN in which new coal-fired power plants are developed. It has signed agreements with a number of coal-fired power plants in Japan and likely realizes the plan in 2018.

Share Price Performance



Sales Volume Composition (mn tons) | 1Q14 - 4Q17



## Telekomunikasi Indonesia (TLKM – Telecommunication Operator)

<b>Dec 2018 TP</b>	<b>4,600</b>
Consensus Price	4,529
TP to Consensus Price	+1.6%
vs. Last Price	+23.0%
<b>Last Price (IDR)</b>	<b>3,740</b>
Price date as of	Apr 20, 2018
52wk range (Hi/Lo)	4,800 / 3,560
Free Float (%)	48.8
Outstanding sh. (mn)	100,800
Market Cap (IDR bn)	367,920
Market Cap (USD mn)	26,709
Avg. Trd Vol – 3M (mn)	102.33
Avg. Trd Val – 3M (bn)	405.73
Foreign Ownership	30.0
<b>Sales Breakdown:</b>	
Data, Internet & IT Services	43.2%
Telephone	34.2%
Others	22.6%

IDR bn	FY2016	FY2017	FY2018E	FY2019E
Revenue	116,333	128,256	137,732	148,627
y-y	13.5%	10.2%	7.4%	7.9%
EBITDA	59,498	64,609	67,893	74,219
Net profit	19,352	22,145	23,447	25,921
EPS (IDR)	192	220	233	257
y-y	24.9%	14.4%	5.9%	10.5%
NPM	16.6%	17.3%	17.0%	17.4%
ROE	19.5%	20.3%	19.6%	19.2%
P/E	20.7x	16.2x	15.3x	13.8x
P/BV	3.8x	3.2x	2.8x	2.5x

### • A Glance at TLKM

TLKM is a state-owned telecommunication provider having quality services and integrated telecommunication network. It is the shareholders of 65% Telkomsel stocks—the market leader for the mobile telecommunication industry in Indonesia. Telkomsel currently has more than 190 million subscribers.

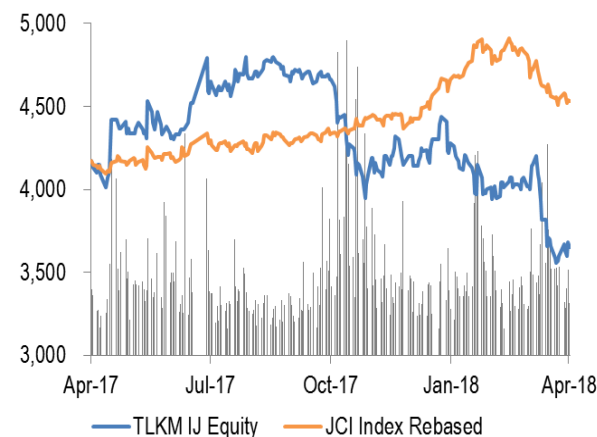
### • A Way Healthier Telecommunication Industry Supported by SIM Card Registration

The regulation of SIM card registration likely creates a way healthier telecommunication industry. The positive impact of SIM card regulation occurs in 2H18— according to management. The regulation is projected to slide the churn level and customer acquisition, as well as increase margin. Having excellency in quality network and coverage, TLKM reaps profit stemming from a way healthier telecommunication industry amid the significant hike in traffic data and smartphone penetration in Indonesia.

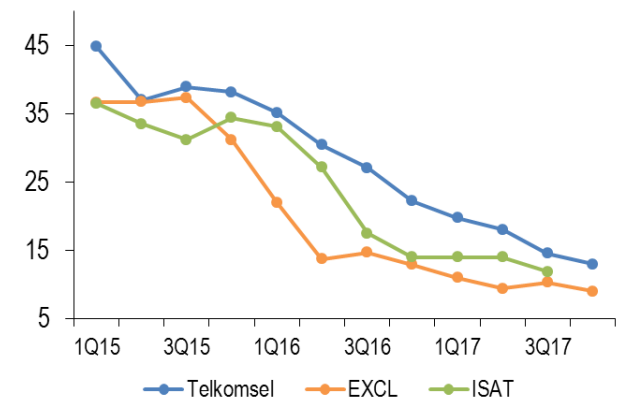
### • Fixed Line Contribution

Another to counting on cellular business, TLKM also has fixed line business through Indihome product contributing the revenue of IDR8.2 trillion as it success in posting increment of 1.34 million new subscribers in 2017. It projected that in 2018's Indihome subscribers reach 1.5-1.7 million.

Share Price Performance



Indonesia Telco Operator Data Yield (IDR/MB)



## Mitra Adiperkasa (MAPI – Retail)

<b>Dec 2018 TP</b>	<b>9,450</b>
Consensus Price	9,033
TP to Consensus Price	+4.6%
vs. Last Price	+13.5%
<b>Last Price (IDR)</b>	<b>8,325</b>
Price date as of	Apr 20, 2018
52wk range (Hi/Lo)	8,325 / 5,625
Free Float (%)	46.0
Outstanding sh. (mn)	1,660
Market Cap (IDR bn)	13,695
Market Cap (USD mn)	993
Avg. Trd Vol – 3M (mn)	1.46
Avg. Trd Val – 3M (bn)	10.8
Foreign Ownership	24.1
<b>Revenue Breakdown:</b>	
Retail Sales	70.2%
Department Stores	16.7%
Others	13.1%

IDR bn	FY2016	FY2017	FY2018E	FY2019E
Revenue	14,150	16,306	18,447	20,843
y-y	10.3%	15.2%	13.1%	13.0%
EBITDA	1,512	1,803	2,051	2,385
Net profit	209	335	478	617
EPS (IDR)	126	202	289	373
y-y	460.0%	60.5%	42.9%	29.0%
NPM	1.5%	2.1%	2.6%	3.0%
ROE	6.8%	9.0%	10.9%	12.8%
P/E	42.8x	30.6x	27.3x	21.2x
P/BV	2.8x	2.4x	2.9x	2.6x

### • A Glance at MAPI

MAPI as one of retailers in Indonesia boasts of its ample branded portfolios — more-than 150 globally marketed brands. Founded in 1995, it initially focused only on sport products. Now, it establishes a well-nurtured business in a vast lines of sports products, fashion, department stores, food & beverages, kids' products, lifestyle. Not only does MAPI run its business in Indonesia but it also expands its markets in neighboring countries: Singapore, Malaysia, Thailand, Vietnam, etc.

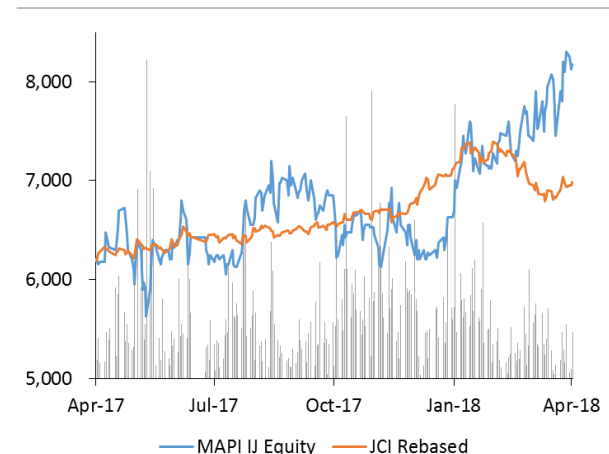
### • Strategy for Thriving in 2018

It wittingly avails the event of 2018 Asian Games to further its goal of maximum sales in sports stores. To thrive in 2018, it launches 70 new stores, showing its focus on food & beverages. We project that MAPI armed with its strategies likely holds steady its two-digit growth in 2018 revenue because of its success in decreasing inventory days in 2017 and implementing strategies for rationalizing trademark.

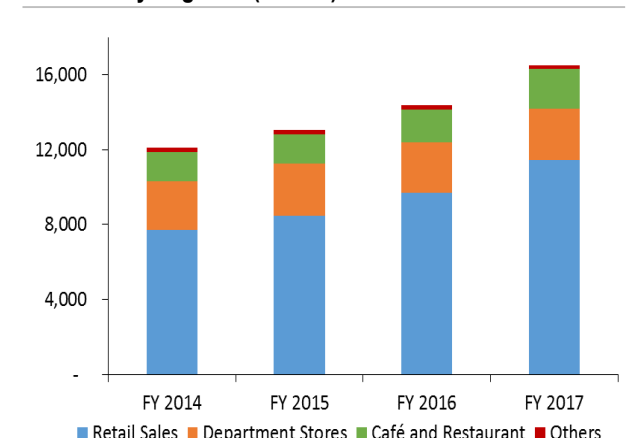
### • Contribution of Vietnam Markets

Its 2016-initially-expanded business in Vietnam contributed 2017 revenue of IDR707 billion equal to 4.3% from the overall revenue. The figures topped the revenue of IDR322 billion contributed by its Thailand-based business.

Share Price Performance



Revenue by Segment (IDR bn)



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