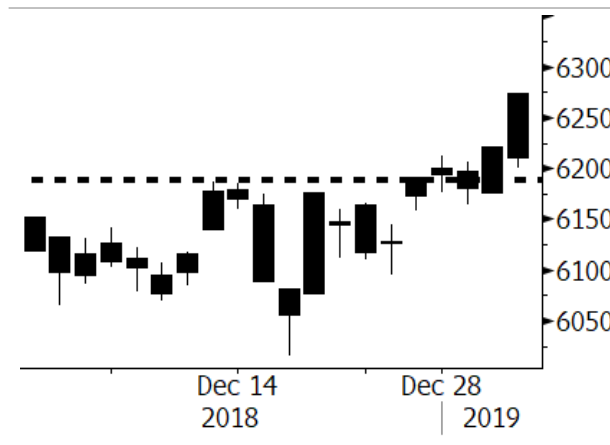
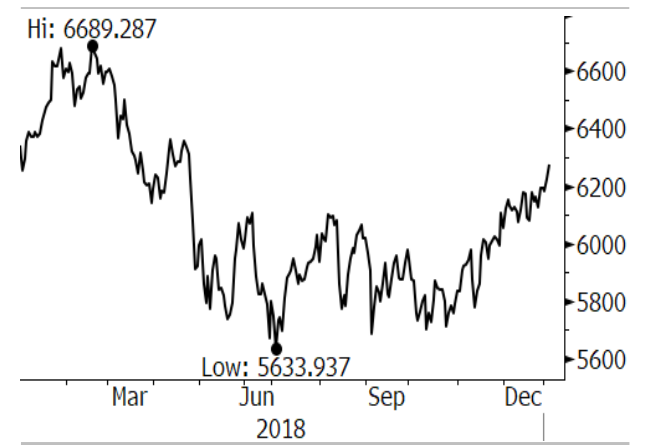


# Weekly Brief (January 07 – 11)

JCI - one month



JCI - one year



# Last Week's Recap

- Jakarta Composite Indexes (JCI)** : 6,274.54 (+1.3%)  
 Foreign Investors : *net buy* amounting to IDR789 billion (vs. prior *net buy* amounting to IDR891 billion)  
 USDIDR : 14,270 (-2.05%)  
 The government bonds yield with 10-year tenor *Yield* : 8.093% (+7.3 bps)

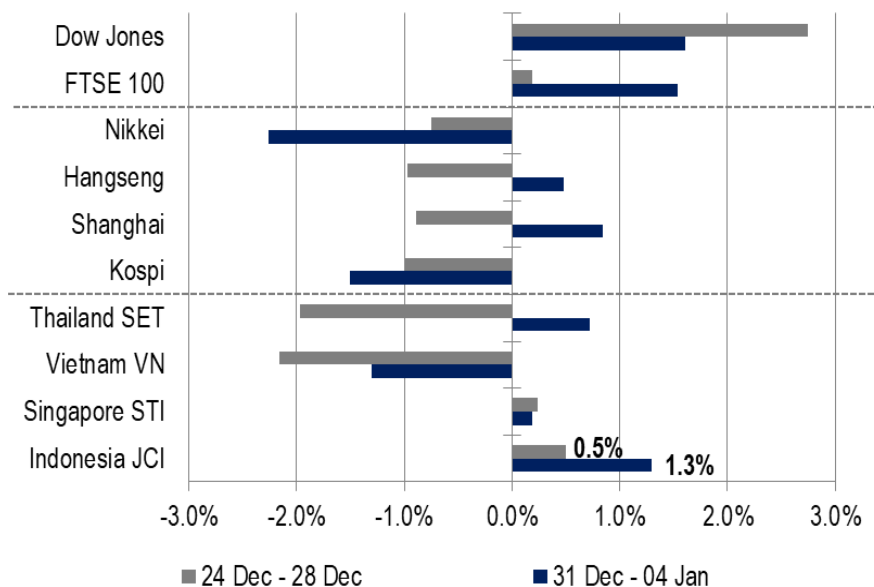
- Benign Inflation of 2018**

The 2018 inflation settling at 3.13% was benign. The figure was much lower than that of 3.61% in 2017 and by far the modest compared to the last 3-year inflation average of 3.33% y-y. On the other side, the monthly inflation in December stood at 0.62% m-m, higher than that in November of 0.27% m-m. Such seasonal factor as the year-end-picking-up demand was the logical takeaway for December's inflation. That backdrop was portrayed by the climbing-up inflation in volatile and administered prices component. For example, the volatile component marked the inflation of 1.55% m-m; the administered prices recorded the inflation of 1.20% m-m.

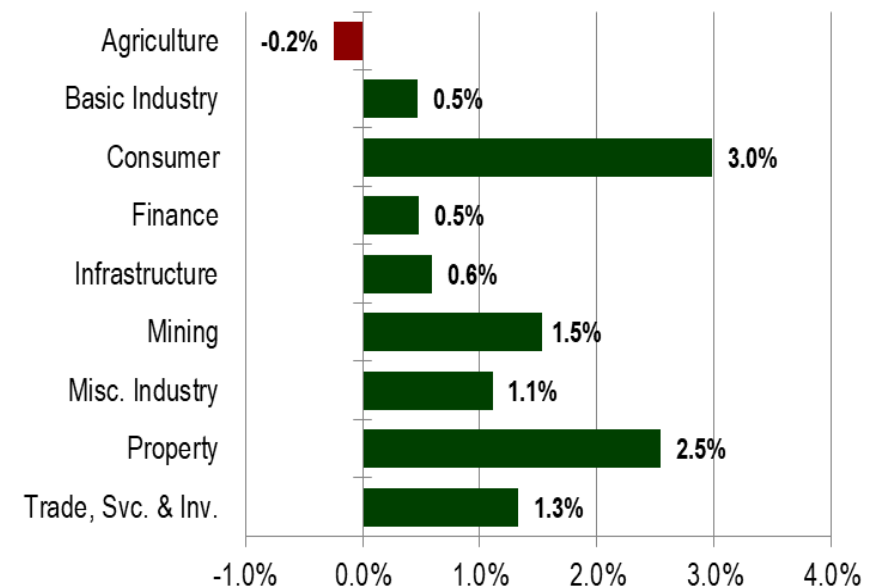
- Apple's Stocks Dive to 9.96%**

The U.S. markets were reigning in selling mood as Wall Street plunged due to the massive selling of Apple's stocks. Apple's stocks made the worse performance by diving deeper to 9.96% on last Thursday trading session after iPhone maker lowered its weaker revenues projection attributable to lagging sales. It also blamed the slowdown in China's economy and the narrowing number of iPhone's new users. Those two factors underline the lower revenues projection. It estimated to secure revenues of USD84 billion: much lower than the prior –estimated revenues hovering at USD89 billion to USD93 billion.

## Global Equity Market



## Sector Index



# This Week's Outlook

- **Forex Reserves of December 2018**

Bank Indonesia (BI) will release December's forex reserves on Tuesday, 01/08/2019. In November 2018, Indonesia's forex reserves were at USD117.2 billion. The figure was much higher than that of USD115.2 billion in October 2018. Forex reserves of November 2018 were the highest since the last 3 months. Of note, the government of Indonesia secured the proceeds from the sales of U.S. dollar bond markets in SEC-registered format, in a transaction comprising USD750 Million long 5-year, USD1.25 Billion long 10-year and USD1.0 Billion long 30-year Senior Unsecured Fixed Rated Notes, totaling USD3 billion in December 2018. The government of Indonesia's success in selling the government bonds (SUN) to the markets was the potent driver for the hike in forex reserves.

- **Will China's Economic Slowdown Impacts on the Global Markets, Indonesia in Particular?**

The press release by Tim Cook for AAPL's investors intensified concerns about the murky outlook of the global economic growth, China's economy in particular. Tim Cook noted that prior, he did not estimate the slowdown in China's economy, showing gradual modest growth in 2H18. The lagging growth can be traced from the decline in China's retail sales of 8.1% y-y in November, lower than that of 10.2% y-y and 10.8% y-y in November 2017 and November 2016, respectively. In a stark contrast to China's retail sales, Indonesia's retail sales picked up at 3.4% y-y in November 2018. The figure was much higher than that of 2.5% in November 2017. We estimate that Indonesia's domestic market is likely robust enough to face the headwind of the global volatile because of higher consumption in 2019: the year of presidential election.

- We estimate JCI to rally within the range of **6200-6430**. Despite the looming global volatility, PBOC's monetary easing is expected to boost investors' confidence.

**Indonesia Net International Reserves (USD bn)**



Source: Bloomberg, NH Korindo Research

**Indonesia & China Retail Sales Growth y-y (%)**



Source: Bloomberg, NH Korindo Research

# Mitra Adiperkasa (MAPI – Retailer)

<b>Dec 2019 TP</b>	<b>945</b>
Consensus Price	1,038
TP to Consensus Price	-9.0%
vs. Last Price	+18.1%
<b>Last Price (IDR)</b>	<b>800</b>
Price date as of	Jan 4, 2018
52wk range (Hi/Lo)	945 / 625
Free Float (%)	49.0
Outstanding sh. (mn)	16,600
Market Cap (IDR bn)	13,446
Market Cap (USD mn)	954
Avg. Trd Vol – 3M (mn)	9.94
Avg. Trd Val – 3M (bn)	8.03
Foreign Ownership	25.8%
<b>Revenue Breakdown</b>	
Retail Sales	72.3%
Department Stores	14.4%
Others	13.3%

IDR bn	FY2017	FY2018E	FY2019E	FY2020E
Revenue	16,306	19,069	21,521	23,737
y-y	15.2%	16.9%	12.9%	10.3%
EBITDA	1,803	2,319	2,732	3,068
Net profit	335	777	849	1,206
EPS (IDR)	20	47	51	73
y-y	60.5%	132.1%	9.3%	42.0%
NPM	2.1%	4.1%	3.9%	5.1%
ROE	9.0%	15.2%	13.4%	16.6%
P/E	30.8x	17.2x	15.6x	11.0x
P/BV	2.4x	2.2x	2.0x	1.7x

## • Targeting Growth of 15% in the 2019 Revenues

In 2019, MAPI targets the growth of 15% in revenues. Of note, MAPI projects the growth of 18% in the 2018 revenues. To boost its high revenues, MAPI allocates the capex of IDR800 billion for the organic expansion. Besides, its performance will be bolstered by the increment of more than 113 new stores in 2018. At the end of 2018 to the early of 2019, MAPI makes the best use of long-holiday momentum to launch alluring merchandising and marketing programs.

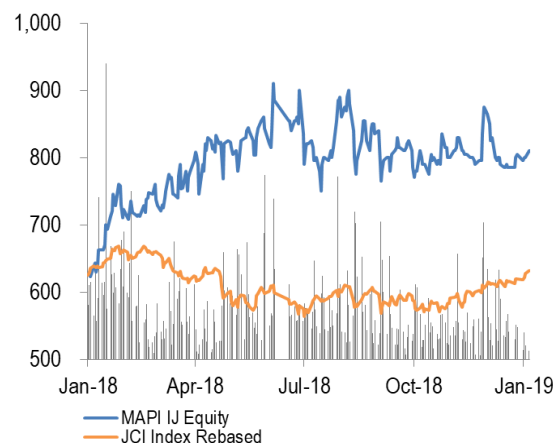
## • Expansion Plans in 2019

Until the end of 2019, MAPI targets to increase the total areas of 50,000-60,000 m<sup>2</sup>, centralized in the active, fashion, and food & beverages (F&B) segments. For F&B segment, MAPI will launch an additional 58 new Starbucks stores situated in airports, rest areas, and MRT stations. Meanwhile, in the active segment (sport, kids, & leisure), MAPI will launch 100-110 new stores, located mainly in Java Island. Besides, MAPI is likely to launch new Vietnam-based stores with the total areas of 500-1,000 m<sup>2</sup>

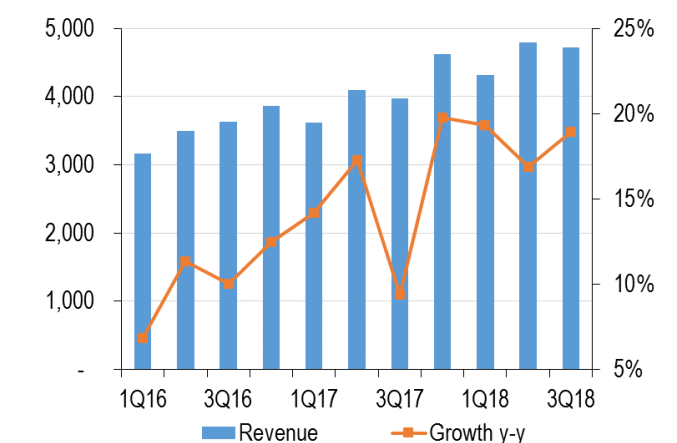
## • Resistance to External Threat

MAPI's robust portfolio brands make it resistance to external threats. Its high sales figure and the aggressive local e-commerce industry for most of 2018 were incapable of lowering the high growth of 21% y-y in sales posted by the retail segment. The sales figure also reflected the middle to high-class consumers' resistance to impacts of the rupiah depreciation.

Share Price Performance



MAPI Quarterly Revenue | 1Q16 –3Q18



# Astra International (ASII)

<b>Dec 2019 TP</b>	<b>8,925</b>
Consensus Price	9,122
TP to Consensus Price	-2.2%
vs. Last Price	+6.9%
<b>Last Price (IDR)</b>	<b>8,350</b>
Price date as of	Jan 4, 2019
52wk range (Hi/Lo)	8,775/ 6,100
Free Float (%)	49.8%
Outstanding sh. (mn)	40,484
Market Cap (IDR bn)	338,038
Market Cap (USD mn)	23,742
Avg. Trd Vol – 3M (mn)	33.2
Avg. Trd Val – 3M (bn)	265.7
Foreign Ownership	98.9%
<b>Sales Breakdown:</b>	
Automotive	45.5%
Heavy Equipment & Mining	35.0%
Others	19.5%

	IDR bn	FY2017	FY2018E	FY2019E	FY2020E
Sales		206,057	235,904	258,896	281,529
y-y		13.8%	14.5%	9.7%	8.7%
EBITDA		28,192	36,973	39,483	43,232
Net profit		18,881	23,152	26,059	27,502
EPS (IDR)		466	572	644	679
y-y		24.6%	22.6%	12.6%	5.5%
NPM		9.2%	9.8%	9.9%	9.5%
ROE		12.7%	14.0%	14.2%	13.5%
P/E		17.8x	13.5x	12.0x	11.3x
P/BV		2.1x	1.8x	1.6x	1.5x

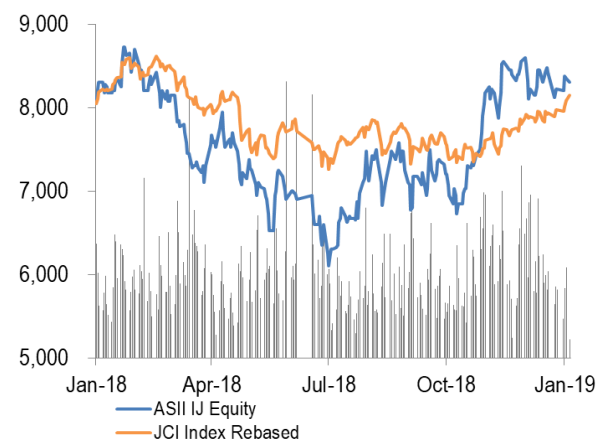
## • November's Car Sales

In November 2018, on a monthly basis, the wholesales of Toyota and Daihatsu tumbled by 11.4% and 14.8% m-m, respectively. But on an annual basis, the sales still increased by 11.1% and 9.5% y-y. November's sales figure was in line with the wholesales trend of 100,738 units (-5.5% m-m, +4.3% y-y). Nevertheless, in 11M18, ASII still maintained its position as the market leader with 4W's market shares topping 50% and LCGC's market share higher than 74%. The new model of Avanza and Xenia is planned to be launched in the middle of January 2019. The new price of Avanza is targeted to compete with its toughest competitor: Mitsubishi Expander. The new model is predicted to boost the sales of ASII's 4W in 2019.

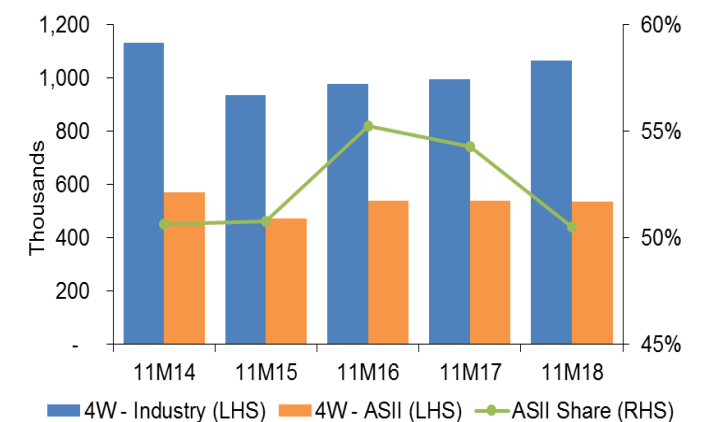
## • Subsidiary' Stellar Performance in 11M18

In 11M18, ASII's subsidiary, namely UNTR posted the stellar performance in all of its business segments. The heavy machinery posted the sales of 4,502 units (vs. 3,467 units in 11M17); the coal mining segment posted the increment of 11.4% y-y to 113.9 million tons, and overburden removal also hiked by 22.6% y-y to 892 million bcm. Until the end of 2018, the coal's prices still stood at USD90-100, and was estimated to still settle at that level for most of 2019. UNTR projects the growth of 5%-25% in all of its business segments; thus, UNTR will be capable of maintaining the double-digit net profit margins.

Share Price Performance



11M 4W Sales (Units) & Market Share | FY14 – FY18



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