

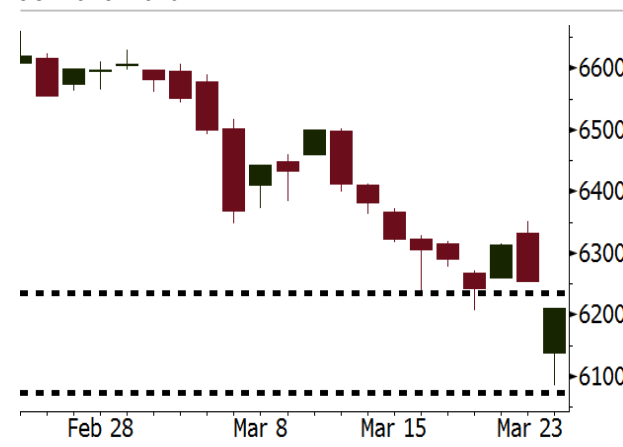
Weekly Brief (March 26 – 30)

Summary:

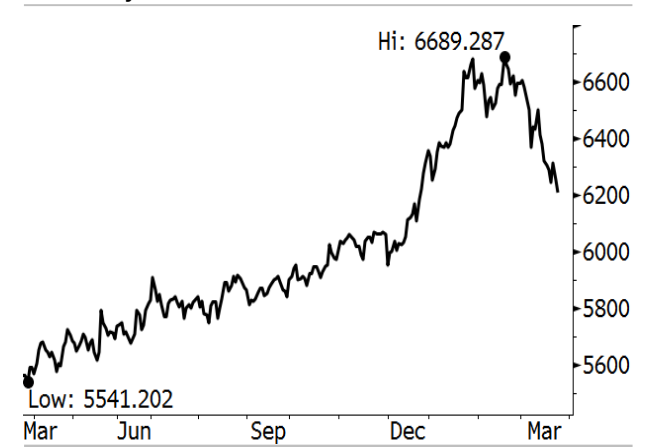
JCI tumbled by 1.49% in last week. The decline aligned with the bearish global markets attributable to the trade war between the U.S. and China. From domestic outlook, BI leaving its benchmark rate unchanged had no effect on JCI, but it succeeded in holding rupiah stable in last week.

We estimate JCI to gradually move into a robust pace. Its one-recent-month decline of 10% is takeaway stimulator for investors to perform buy action. We recommend CPO shares of AALI and LSIP as Indonesia won appeal against EU over anti-dumping duty on biodiesel. ANTM is another top pick stock amid the intense global tension impacting on the demand for gold.

JCI - one month



JCI - one year



Last Week's Recap

- Jakarta Composite Index (JCI) : 6,210.70 (-1.49%)
Foreign Investor : net sell of IDR3.8 trillion (vs previous week's net sell of IDR2.9 trillion)
USDIDR : 13,782 (+0.23%)
Yield Indonesia 10-year : 6,907% (+17.5 bps)

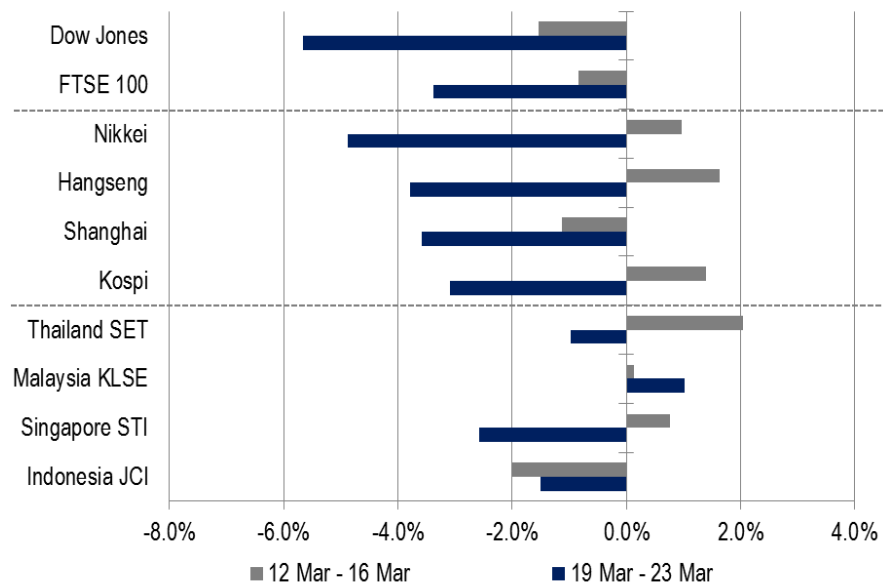
• Trade War Begins

The main actor of last week's global markets movement was not the Fed, albeit the FOMC meeting. Trump signing on memorandum imposing tariffs on up to USD60 billion for China's product is the takeaway driver for the tumble in last-week global markets. Indeed, he stated "This is the first of many" trade actions. China responded to Trump's action by imposing retaliatory tariffs on 128 the U.S. products.

• BI Hold Its Rate Steady

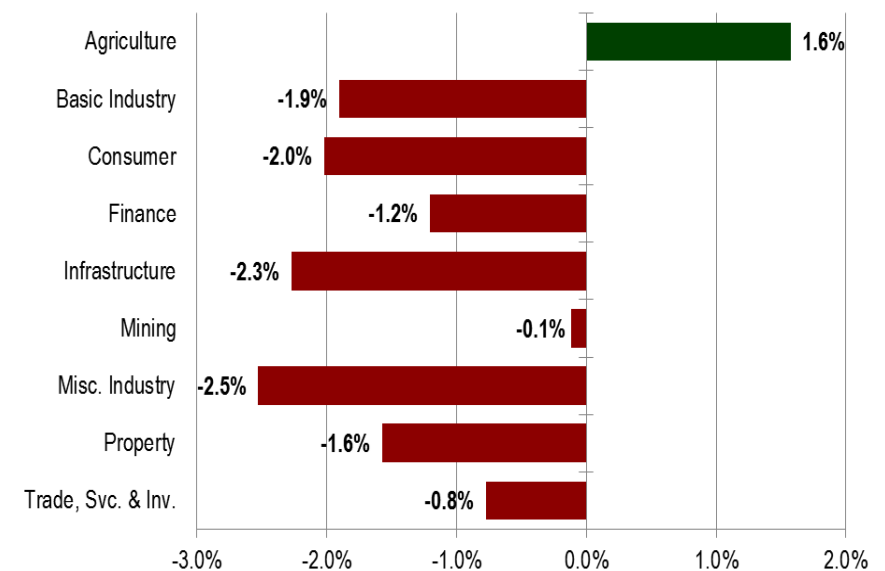
From domestic outlook, Bank Indonesia (BI) left its benchmark unchanged at 4.25% as markets estimated. BI stated that 14-month low inflation supported BI to focus on recovering rupiah.

Global Equity Market



Source: Bloomberg, NH Korindo Research

Sector Index



Source: Bloomberg, NH Korindo Research

This Week's Outlook

- **JCI Correction Reaching 10%**

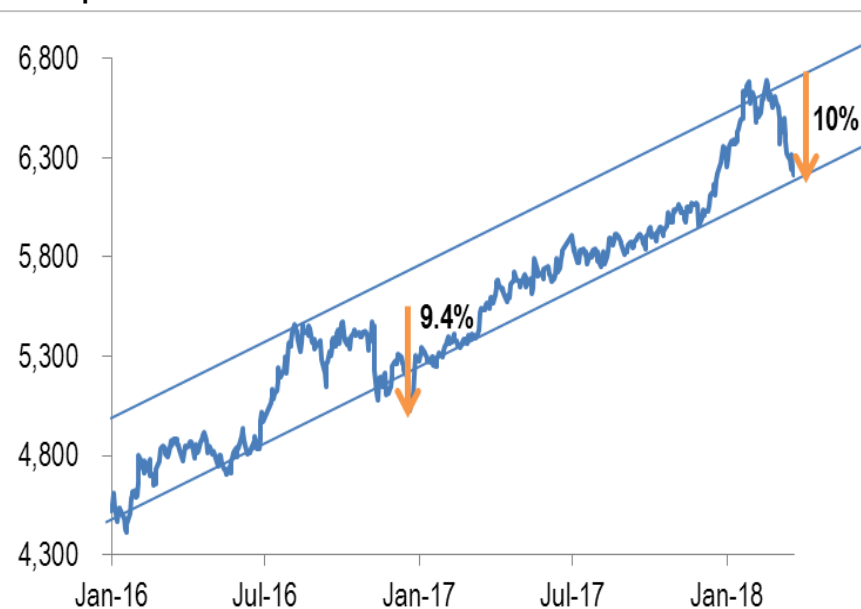
Investors need to subdue their jitters of the last Friday's decline in JCI. In one recent month, JCI declined by 10% from the highest position of 6,693 dated 02/20/2018 to the lowest position of 6,085 dated 03/23/2018. Analyzing on the history of massive decline, in September 2016 JCI declined by 9.4%. We believe that the room for further decline in JCI is limited. The jitters arising from the U.S. monetary tightening and trade war between the U.S.-China have been reflected in the Indonesia's stock markets. We recommend that investors avail opportunity of the current correction moment.

- **Big Cap's Cum Dividend Date**

This week marks the period cum dividend date of big caps after last week's AGM held by the big caps. Two big state-owned banks, namely BBNI and BMRI scheduled their cum dividend date on Tuesday and Wednesday in this week. Investors need to keep their eyes on the schedule and amount of shared dividend. Investors should take benefit from the last week's tumble in banks' shares with a view to obtaining alluring yield.

- For this week, we estimate that **JCI will edge up with the range 6,074-6,236**. The stable rupiah will boost investors' confidence, yet the long holiday in this week is estimated to curb JCI's strengthening room.

JCI Uptrend Line



Cum Dividend Date Summary

WTON (Wijaya Karya Beton)	
Cum Dividend Date	3/26/2018
Dividend per Share	12
Last Price (Yield)	525 (2.3%)
BBNI (Bank Negara Indonesia)	
Cum Dividend Date	3/27/2018
Dividend per Share	256
Last Price (Yield)	8,700 (2.9%)
BDMN (Bank Danamon)	
Cum Dividend Date	3/27/2018
Dividend per Share	134
Last Price (Yield)	6,700 (2.0%)
BMRI (Bank Mandiri)	
Cum Dividend Date	3/28/2018
Dividend per Share	199
Last Price (Yield)	8,050 (2.5%)

Source: Bloomberg, NH Korindo Research

Source: Bloomberg, NH Korindo Research

PP London Sumatera (LSIP – CPO)

Dec 2018 TP	1,540
Consensus Price	1,689
TP to Consensus Price	-8.8%
vs. Last Price	+17.1%
Last Price (IDR)	1,315
Price date as of	Mar 23, 2018
52wk range (Hi/Lo)	1,570 / 1,220
Free Float (%)	40.4
Outstanding sh. (mn)	6,823
Market Cap (IDR bn)	8,972
Market Cap (USD mn)	651
Avg. Trd Vol – 3M (mn)	18.82
Avg. Trd Val – 3M (bn)	25.68
Foreign Ownership	10.7%
Sales Breakdown:	
Oil Palm & Palm Kernel	91.1%
Rubber	5.3%
Others	3.6%

IDR bn	FY2016	FY2017E	FY2018E	FY2019E
Sales	3,848	4,781	4,975	5,178
y-y	-8.2%	24.2%	4.1%	4.1%
EBITDA	1,181	1,457	1,526	1,607
Net profit	594	851	886	922
EPS (IDR)	87	125	130	135
y-y	-4.7%	43.3%	4.1%	4.1%
NPM	15.4%	17.8%	17.8%	17.8%
ROE	7.9%	10.7%	10.4%	10.1%
P/E	20.0x	10.6x	10.2x	9.8x
P/BV	1.6x	1.1x	1.0x	1.0x

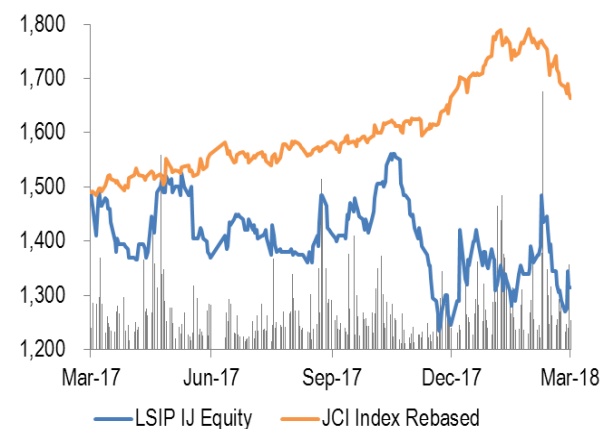
• A Glance at LSIP

The history of PT Perusahaan Perkebunan London Sumatera Indonesia Tbk traced back over more than a century to 1906 with the initiatives of the London-based Harrisons & Crossfield Plc, as a general trading and plantation management services firm. In its early years, the London-Sumatra plantations, known later as “Lonsum”, diversified its businesses into rubber, tea and cocoa plantations. Throughout Indonesia’s formative years as an independent nation, it concentrated on rubber, and in the 1980s, it commenced oil palm production. By the end of the following decade, oil palm had replaced rubber as the company’s primary commodity. Now, it has 38 inti estates and 14 plasma estates in Sumatera, Java, Kalimantan, and Sulawesi covering on areas of 100,000 hectares.

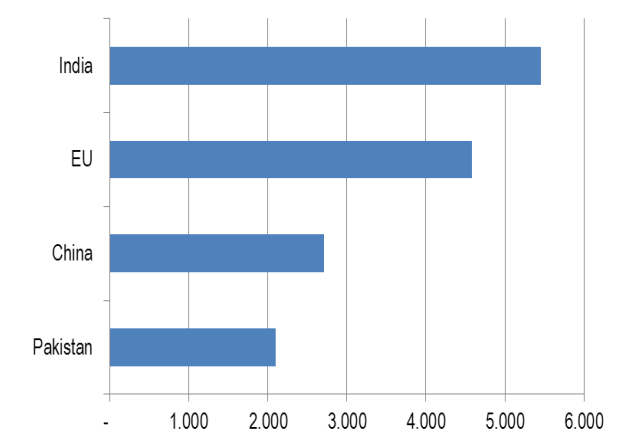
• Indonesia Wins Appeal against EU over Anti-Dumping Duty on Biodiesel

The European Court of Justice imposed anti-dumping duties on Indonesia’s biodiesel product with the margin dumping from 8.8% to 23.3% as of November 2013. This anti-dumping duty was attributable to the dramatic tumble in Indonesia’s biodiesel export to the UE from USD649 million in 2013 into USD150 million in 2016. The lowest biodiesel exported by Indonesia to the EU was USD68 million in 2015. Prior to the imposing of anti-dumping duty, the biodiesel exported by Indonesia to the EU reached USD14 billion in 2011.

Share Price Performance



Indonesia CPO Export Destination ('000 ton)



Astra Agro Lestari (AALI – CPO)

Dec 2018 TP	18,375
Consensus Price	16,102
TP to Consensus Price	+14.1%
vs. Last Price	+33.6%
Last Price (IDR)	13,750
Price date as of	Mar 23, 2018
52wk range (Hi/Lo)	15,600 / 12,575
Free Float (%)	20.3%
Outstanding sh. (mn)	1,925
Market Cap (IDR bn)	26,464
Market Cap (USD mn)	1,919
Avg. Trd Vol – 3M (mn)	2.11
Avg. Trd Val – 3M (bn)	28.49
Foreign Ownership	5.3%
Sales Breakdown:	
Crude Palm Oil	81.9%
Palm Kernel & Derivatives	17.3%
Others	0.8%

IDR bn	FY2016	FY2017	FY2018E	FY2019E
Sales	14,121	17,306	19,778	22,483
y-y	8.1%	22.5%	14.3%	13.7%
EBITDA	3,728	4,240	4,732	5,312
Net profit	2,007	2,010	2,237	2,548
EPS (IDR)	1,043	1,044	1,162	1,324
y-y	224.2%	0.2%	11.3%	13.9%
NPM	14.2%	11.6%	11.3%	11.3%
ROE	13.7%	11.1%	11.7%	12.4%
P/E	16.1x	12.6x	12.7x	11.1x
P/BV	1.8x	1.4x	1.4x	1.3x

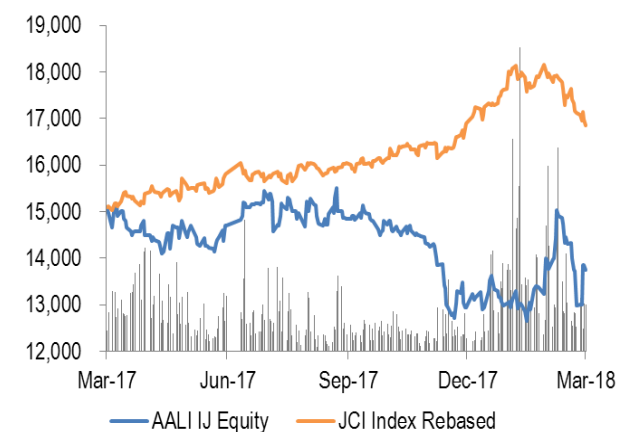
• AALI at A Glance

AALI a merger among companies in the initial stage started to develop agriculture industry in Indonesia since 1988. Having best management practice, AALI becomes one of the biggest oil palm agriculture company in Indonesia. In the late of 2016, it manages the oil palm plantations with the total areas of 297,011 hectares situated in Sumatra, Kalimantan, and Sulawesi Islands.

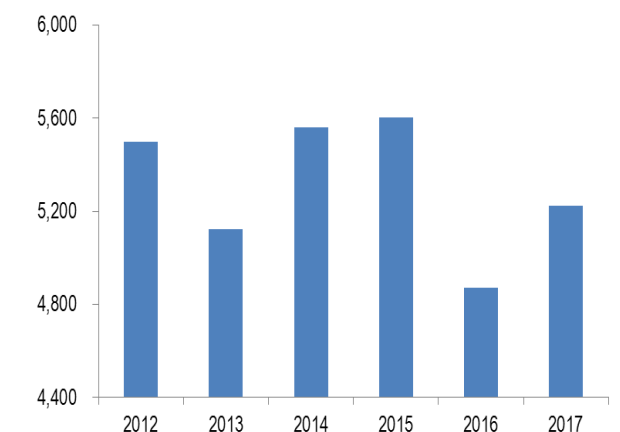
• Potential for Picking up Production

Recovery in oil palm production requires two-year length of time after El Nino ended in the late of 2015. We estimate that in 2018, AALI still has ample chance of producing fresh fruit bunches amounting to 5.6 million hiking by 7% similar to the growth level in 2014-2015.

Share Price Performance



Fresh Fruit Bunches Production ('000 ton)



Aneka Tambang (ANTM – Mineral Mining)

Dec 2018 TP	990
Consensus Price	1,048
TP to Consensus Price	-5.5%
vs. Last Price	+25.3%
Last Price (IDR)	790
Price date as of	Mar 23, 2018
52wk range (Hi/Lo)	960 / 595
Free Float (%)	35.0
Outstanding sh. (mn)	24,031
Market Cap (IDR bn)	18,984
Market Cap (USD mn)	1,377
Avg. Trd Vol – 3M (mn)	85.92
Avg. Trd Val – 3M (bn)	71.56
Foreign Ownership	5.6%
Sales Breakdown:	
Gold	62.1%
Ferronickel	26.0%
Others	11.9%

IDR bn	FY2016	FY2017A	FY2018E	FY2019E
Sales	9,106	12,654	16,269	18,537
y-y	-13.5%	39.0%	28.6%	13.9%
EBITDA	742	1,434	2,130	2,346
Net profit	65	137	740	929
EPS (IDR)	3	6	31	39
y-y	N/A	110.6%	441.8%	25.6%
NPM	0.7%	1.1%	4.5%	5.0%
ROE	0.4%	0.7%	3.9%	4.7%
EV/EBITDA	32.8x	13.6x	11.5x	10.6x
P/BV	3.4x	2.4x	3.2x	3.2x

• A Glance at ANTM

Aneka tambang (ANTM), a state-owned miner, undertakes activities covering exploration, excavation, processing, and marketing varied mineral commodities such as gold, nickel ore, silver, bauxite, ferronickel, and coal. It has extensive mining concessions across Indonesia. Now, more than 50% of its revenue stems from the gold, while the ferronickel contributing 20%-30% to the overall sales is the second-biggest sales contributor

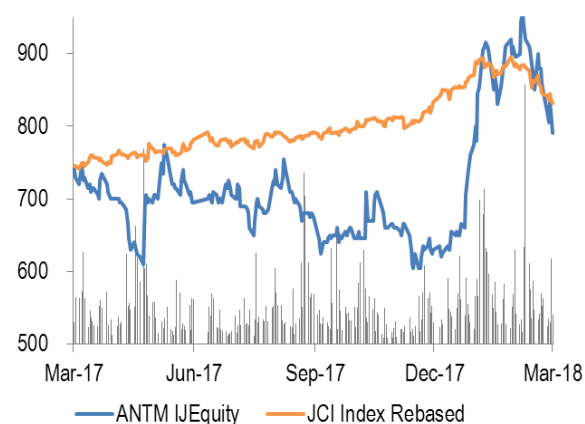
• Global Backdrop Driving Upswing in Demand for Gold as Safe-Haven

We oversee that the recently intense geopolitical circumstances of the U.S. vs North Korea, the UK vs Russia, the conflict in the Middle East, and the threat of the U.S. protectionism bolster the demand for gold, a safe-haven investment. In 4Q17, ANTM obtained a large amount of gold demand of Bullion Bank; therefore, it caused the surge of 188.8% y-y into 6.2 tons in sales volume.

• Upswing in Production Capacity amid Stable Global Nickel Price

The upswing in 2018's ferronickel sales is likely spurred by the increment in Pomalaa plant's production capacity from 20,000 TNi into 37,000 TNi. We projects that in 2018, its ferronickel sales will hit IDR4.0 trillion (+75.0%)

Share Price Performance



Quarterly Gold Sales Performance

