

GLOBAL

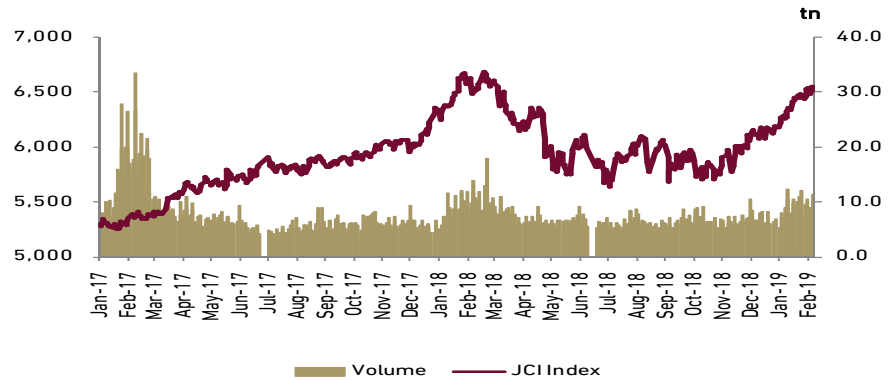
Index	Last	Change	% chg
Dow	25,883	443.86	1.74
S&P 500	2,776	29.87	1.09
Eido US	26.0	-0.01	-0.04
H.S.I	27,901	-531.21	-1.87
Nikkei	21,226	325.76	1.56
STI	3,240	-13.42	-0.41
KLCI	1,689	-0.23	-0.01
Kospi	2,214	18.25	0.83
SET Thai	1,637	-15.70	-0.95

- Foreign debts up 6.9% to USD376 bn
- Adhi expects Rp3 tn payment from LRT project
- United Tractors sees 29% growth in coal sales
- KLBF booked Rp2.4 tn net profit in 2018
- INDF to build two new flour mills in Cibitung
- EXCL 2018 Results: in-line EBITDA, earnings beat

COMMODITIES

Index	Last	Change	% chg
Brent Crude Oil (\$/bbl)	66.3	1.68	2.60
WTI Crude Oil (\$/bbl)	55.6	1.18	2.17
CPO (MYR/ton)	2,202	-30.00	-1.34
Gold (US\$/tr ounce)	1,324	2.22	0.17
Nickel (US\$/ton)	12,320	200.25	1.65
Tin (US\$/ton)	21,250	300.00	1.43
Pulp (US\$/ton) weekly	1,205.0	0.00	0.00
Coal (US\$/ton)	94.9	-0.10	-0.11

JCI STATISTIC



BEI STATISTICS

JCI	6,389
Change (1 day)	-0.48%
Change YTD	3.14%
P/E Market (X)	15.3
Volume (mn shr)	9,820.5
Value (Rp bn)	7,452.5
↑ 130 ↓ 284 ↔ 213	
LQ45	995
% Change (1 day)	-0.58%

DAILY TECHNICAL VIEW

We expect JCI to trade between 6,340 (support) – 6,440 (resistance) level today

**PTPP : Buy on weakness at 1,910-1,860**

Comment: Moved below support level of the uptrend line

**INCO : Speculative Buy at 3,550-3,500**

Comment: Testing support level

**ERAA : Speculative Buy at 1,950-1,910**

Comment: Bullish indication from technical candle

**PPRO : Accumulated Buy at 158-152**

Comment: Formed bullish hammer candle pattern

INTEREST RATE

	Current	Previous
BI 7D Reverse Repo (%)	6.00	6.00
Fed fund rate (%)	2.50	2.50
inflation mom (%)	0.32	0.27
Inflation yoy (%)	2.82	3.23

MARKET REVIEW & MARKET OUTLOOK

Regional

Expectations that the US and China will agree to a constructive trade deal lifted shares most of the week and especially Friday. At 25,883, Dow Jones jumped 1.7% on the day for a weekly gain of 3.1%. US economic news includes another very weak inflation report, this time import & export prices, and also noticeable downticks in the inflation expectation readings of the consumer sentiment report. US industrial production for Jan 18 fell 0.6% and opening 1Q for the factory sector much like last week's plunge in retail sales ended 4Q for the consumer sector. On commodity markets, WTI crude oil was up by 2.17% to USD55.6/bbl. while nickel rebounded by 1.65% to USD12,320/ton.

Domestic

JCI closed lower at 6,389 by 31 points or 0.5% on Friday trading and recorded Rp287 bn of net foreign sell. The laggard sectors were Mining (-1.38%), Property (-1.35%), and Basic Industry (-1.12%) which mainly driven by HMSP (-1.86% to 3,700), UNVR (-1.79% to 48,000), and BBRI (-0.79% to 3,770) as the key movers. Rupiah weakened by 59 points to 14,149/USD. Our technical desk suggests for trading within the band of 6,340-6,440 with possibility to end at higher level.

EXCHANGE RATE

	Last	Change	% chg
1 USD = IDR	14,149	59.00	0.42
1 USD = SGD	1.36	0.00	-0.06
1 USD = JPY	110.53	0.06	0.05
1 USD = AUD	1.40	0.00	-0.17
1 USD = EUR	0.88	0.00	-0.11

DUAL LISTING

Stocks	Close	Chg.	% chg	In Rp.	Vol. (ADR)
TLKM	27.2	0.34	1.27	3,844	171,540
ISAT	0.1	0.00	0.00	1,910	2,150
BUMI Plc	36.8	0.00	0.00	7,522	-

#### FOREIGN DEBTS UP 6.9% TO USD376 BN

According to Bank Indonesia (BI) statistics, Indonesia's foreign debts rose 6.9% to USD376.8 bn YoY at end of 4Q18, compared 4.2% YoY growth at the end of 3Q18. This was due to growth of the government's foreign debts and the private sector's foreign debts. The foreign debts comprised USD186.2 bn incurred by the government and the central bank and USD190.6 bn incurred by the private sector, including state-owned companies. Compared to the third quarter of 2018, the foreign debts rose USD17.7 bn. The government's foreign debts at the end of the fourth quarter of 2018 increased USD7.1 bn compared to a quarter earlier due to the inflow of foreign investors' funds in the domestic market of state securities (SBN) along with a conducive domestic economy and interesting yields. The inflow of foreign capital to Indonesia was also triggered by the easing uncertainty over the global money market. On a yearly basis, the government's foreign debts at the end of the fourth quarter of 2018 grew 3.3% YoY. After all, BI saw the structure of the country's foreign debts was quite controllable as reflected by its ratio of foreign debts to gross domestic product (GDP), which reached 36% at the end of December 2018. The ratio is still within the average range of countries, which have the same economic capacity as Indonesia (peer countries).

#### ADHI EXPECTS RP3 TN PAYMENT FROM LRT PROJECT

Adhi Karya (ADHI) expects PT Kereta Api Indonesia to make another payment of Rp3 tn in March for the construction of greater Jakarta LRT. ADHI has spent Rp12 tn out of Rp27 tn needed to construct greater Jakarta LRT. Previously, ADHI has received Rp6.3 tn payment from KAI.

**Comment:** We believe that ADHI requires future payment from LRT project to maintain healthy cash flow. We currently have Buy rating with TP of Rp2,260 for ADHI while the counter is trading at only 6.4-5.1 2019-20F PER.

#### UNITED TRACTORS SEES 29% GROWTH IN COAL SALES

United Tractors (UNTR) aims at coal sales of 9 mn tons this year or up 29% from 7 mn tons in 2018. In 2018, the company sold 7 mn tons of coal, a slightly higher than its target of 6.8 mn tons. This also includes coking coal sales of 800 k tons or 14.28% higher than target of 700 k tons.

**Comment:** We believe the company's high calorie coal (5,800-6,700 kcal) and coking coal is resilient to the coal price disparity and market situation. We currently have Buy rating on UNTR with TP of Rp38,800. UNTR is trading only at 2019-20F 8.0-6.5x with which is unjustified its very strong balance sheet and free cash flow generation. The company also offers attractive dividend yield of ~5%.

#### KLBF BOOKED RP2.4 TN NET PROFIT IN 2018

According to the indicative sales result FY2018, KLBF recorded Rp21.08 tn of revenue in 2018 (+4.5% YoY), representing 100% and 99.8 of our and consensus estimates. The revenue growth was slightly higher than the previous year achievement of 4.17% YoY. Revenue was mainly contributed by distribution and logistic division by 30.3%, followed by nutritional division of 29.9%, recipe medicine by 22.9%, and health-care product by 16.9%. Revenue growth per segment was mostly dominated by distribution and logistic division by 7% YoY and nutritional division of 3.4% YoY. Hence, the total net revenue of KLBF for 2018 arrived at Rp2.42 tn (+1% YoY). The bottom line growth was lower than the 2017 achievement of 4.51% YoY, representing 100% and 98.4% of our and consensus estimates. Weak bottom line growth was mostly due to rupiah depreciation in 2018. On the profitability, net margin stood at 11%, on the back of operational efficiency. For 2019, the company is optimistic to book better bottom line, due to strengthening rupiah against USD, and more support from the government for the pharmaceutical industry.

**Comment:** We see that the results was in-line with our expectation, we are currently doing review on KLBF. At the moment we still have HOLD recommendation for KLBF with TP of Rp1,500/sh.

**EXCL 2018 RESULTS: INLINE EBITDA, EARNINGS BEAT**

Rp bn	2018	2017	YoY (%)	4Q18	3Q18	QoQ (%)	2018F	Cons	% of KI	% Cons.
Cellular	20,086	20,443								
Data	14,891	13,088	13.8%	4,141	3,761	10.1%				
Voice & SMS	5,195	7,355	-29.4%	1,202	1,286	-6.5%				
Interconnection services	1,318	1,383	-4.7%	323	357	-9.6%				
Others	1,598	1,075	48.6%	395	470	-16.0%				
Discounts	-62	-26	143.5%	-14	-28	-49.0%				
<b>Total Revenues</b>	<b>22,939</b>	<b>22,876</b>	<b>0.3%</b>	<b>6,047</b>	<b>5,846</b>	<b>3.4%</b>	<b>22,834</b>	<b>23,023</b>	<b>100.5%</b>	<b>99.6%</b>
Infrastructure expenses	-8,453	-8,576	-1.4%	-2,191	-2,195	-0.2%				
Interconnection expenses	-2,421	-2,459	-1.6%	-629	-694	-9.3%				
Selling and marketing expenses	-2,039	-1,616	26.2%	-453	-438	3.4%				
Personnel expenses	-1,037	-1,351	-23.3%	-276	-234	18.2%				
G&A expenses	-476	-552	-13.6%	-146	-110	32.8%				
<b>Total cash cost</b>	<b>-14,427</b>	<b>-14,554</b>	<b>-0.9%</b>	<b>-3,696</b>	<b>-3,671</b>	<b>0.7%</b>				
<b>EBITDA</b>	<b>8,512</b>	<b>8,321</b>	<b>2.3%</b>	<b>2,351</b>	<b>2,176</b>	<b>8.1%</b>	<b>8,438</b>	<b>8,455</b>	<b>100.9%</b>	<b>100.7%</b>
<i>EBITDA margin (%)</i>	<i>37.1%</i>	<i>36.4%</i>		<i>38.9%</i>	<i>37.2%</i>					
Depreciation & amortization	-11,621	-6,951	67.2%	-5,995	-1,924	211.5%				
<b>Operating profit</b>	<b>-3,109</b>	<b>1,370</b>	<b>n.a.</b>	<b>-3,644</b>	<b>251</b>	<b>n.a.</b>	<b>928</b>	<b>1,075</b>	<b>n.a.</b>	<b>n.a.</b>
<i>Operating profit margin (%)</i>	<i>-13.6%</i>	<i>6.0%</i>		<i>-60.3%</i>	<i>4.3%</i>					
Operating Forex gain (loss)	-102	9	n.a.	-100	-1	7753.5%				
Gain from tower sale & lease back	423	423	0.0%	106	106	0.0%				
Other operating expenses	16	-144	n.a.	-106	2	n.a.				
Finance income	487	244	99.5%	47	130	-64.0%				
Finance cost	-1,746	-1,539	13.4%	-2,989	-448	566.7%				
Forex gain (loss) on financing	-366	-39	834.2%	79	-158	n.a.				
Profit (Loss) from JV	0	-103	n.a.	0	0	n.a.				
<b>Total other income (exp.)</b>	<b>-1,287</b>	<b>-1,149</b>	<b>12.0%</b>	<b>-2,964</b>	<b>-370</b>	<b>701.1%</b>				
Pretax income	-4,396	221	n.a.	-6,608	-119	5466.2%				
Income tax benefit	1,099	154	613.9%	970	56	1643.9%				
<b>Net profit (loss)</b>	<b>-3,297</b>	<b>375</b>	<b>n.a.</b>	<b>-5,637</b>	<b>-63</b>	<b>8838.3%</b>				
<i>Net margin (%)</i>	<i>-14.4%</i>	<i>1.6%</i>		<i>-93.2%</i>	<i>-1.1%</i>					
<b>Adjusted net profit</b>	<b>-9</b>	<b>740</b>	<b>n.a.</b>	<b>58</b>	<b>-18</b>	<b>-422.2%</b>	<b>-249</b>	<b>34</b>	<b>n.a.</b>	<b>n.a.</b>

Operational Data	2018	2017	YoY (%)	4Q18	3Q18	QoQ (%)
<b>No. of Subscriber (in million)</b>	<b>54.9</b>	<b>53.5</b>	<b>2.6%</b>	<b>54.9</b>	<b>53.9</b>	<b>1.9%</b>
Prepaid	53.9	52.8	2.1%	53.9	52.9	1.9%
Postpaid	1.0	0.7	45.7%	1.0	1.0	7.3%
<b>Blended ARPU (Rp. '000)</b>	<b>32</b>	<b>34</b>	<b>-5.9%</b>	<b>33</b>	<b>32</b>	<b>3.1%</b>
Prepaid	30	33	-9.1%	31	30	3.3%
Postpaid	103	114	-9.6%	103	103	0.0%
<b>Smartphone Penetration (%)</b>	<b>80%</b>	<b>72%</b>		<b>80%</b>	<b>78%</b>	
<b>Data &amp; Internet Segment</b>						
Data Traffic (Petabytes)	2,200.7	1,249.5	76.1%	668.7	596.7	12.1%
Effective Data Tariff (Rp '000/Mb)	6.8	10.5	-35.4%	6.2	6.3	-1.7%
<b>Network BTS (# '000)</b>	<b>118.6</b>	<b>101.1</b>	<b>17.3%</b>			
2G	37.4	37.8	-1.0%			
3G	51.4	45.9	12.1%			
4G	29.8	17.4	70.8%			

EXCL recorder a net loss of Rp3.3 tn for 2018 vs. our projection of a net loss of Rp249 bn and Consensus expectation of a Rp34 bn profit. The sizeable loss was due to a 2G network write-down in 4Q18. Stripped the depreciation from 2G network, EXCL would have booked a mere loss of Rp9 bn, according to Company's calculation. In 4Q18, EXCL booked revenue of Rp6.1 tn (+3.2% QoQ), bringing 2018 revenue to Rp23 tn (+0.3% YoY), which we deem INLINE with our forecast and Consensus. Data remained to be the main driver in 2018, growing by +14% YoY negating the structural decline in legacy revenue of -29% YoY. Traffic continued its rapid growth at +76% YoY, albeit the growth rate is lower than 2017's growth of 143% YoY. 4Q18 EBITDA reached Rp2.4 tn, implying a robust +8.1% QoQ growth, bringing 2018 EBITDA at Rp8.5 tn (+2.3% YoY). EBITDA margin improved to 38.9% in 4Q18 (+170bps QoQ), bringing 2018 EBITDA margin to 37.1% (+70bps YoY).

**Comment:** Given the encouraging results coupled with better sentiments on sector after several regulation drafts (i.e: the spectrum on merger and possible data tariff control from the Government), we think EXCL warrants an upgrade. Currently, we are still reviewing our rating and recommendation on EXCL.

#### INDOFOOD SUKSES MAKMUR (INDF) TO BUILD TWO NEW FLOUR MILLS IN CIBITUNG

INDF allocate Rp 530 bn to build two new flour mills in this semester and expected to operate in 2020. The new production facilities will produce 1,500 tons of flour per day, these bring the total production capacity for Bogasari will be more than 18,000 tons per day. Bogasari will also expand its capacity in existing factories from 800 tons to 1,200 tons. Company is positive about the flour industry prospect in Indonesia. We believe Bogasari and CBP segments likely to grow stronger this year on the back of higher government stimulus and better consumer spending. We maintain our Buy rating with TP of Rp 8,100 offers. INDF is currently trading at 2019F PER of 16.8x.

## CIPTADANA FIXED INCOME DAILY

### CURRENCY TRADING RANGE OF TODAY

USD/Rp: 14,090 -14,190

INDONESIA GOVERNMENT SECURITIES YIELD	
Maturity (yrs)	Yield (%)
1	6.25
3	7.57
5	7.81
10	8.05
15	8.34
30	8.67

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
<b>IDR</b>	6.18	6.30	6.26	6.14	5.59
<b>US\$</b>	1.23	1.27	1.15	1.22	
<b>JIBOR (RP)</b>	7.11	7.36	7.58	7.76	

BASE LENDING RATE	
<b>BI RATE</b>	6.00
<b>FED FUND RATE</b>	2.50
<b>LPS INSURED RATE</b>	
IDR	5.50
US\$	1.00

EXCHANGE RATE		
EXCHANGE RATE		% chg.
1 US\$ = IDR	14,110	0.28
1 US\$ = SGD	1.36	0.06
1 US\$ = JPY	110.53	-0.05
1 US\$ = AUD	0.72	0.17
1 US\$ = EUR	1.13	0.11

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