

GLOBAL			
Index	Last	Change	% chg
Dow	25,954	63.12	0.24
S&P 500	2,785	4.94	0.18
Eido US	26.7	-0.05	-0.19
H.S.I	28,514	285.92	1.01
Nikkei	21,443	11.74	0.05
STI	3,278	18.58	0.57
KLCI	1,726	19.62	1.15
Kospi	2,216	-13.65	-0.61
SET Thai	1,645	9.67	0.59

COMMODITIES			
Index	Last	Change	% chg
Brent Crude Oil (\$/bbl)	67.1	0.63	0.95
WTI Crude Oil (\$/bbl)	57.2	1.07	1.91
CPO (MYR/ton)	2,134	-21.00	-0.97
Gold (US\$/tr ounce)	1,341	2.17	0.16
Nickel (US\$/ton)	12,828	249.50	1.98
Tin (US\$/ton)	21,299	98.00	0.46
Pulp (US\$/ton) weekly	1,205.0	0.00	0.00
Coal (US\$/ton)	95.2	0.00	0.00

BEI STATISTICS	
JCI	6,513
Change (1 day)	0.28%
Change YTD	5.14%
P/E Market (X)	15.7
Volume (mn shr)	11,058.9
Value (Rp bn)	8,488.3
↑ 197 ↓ 204 ↔ 226	
LQ45	1,019
% Change (1 day)	0.53%

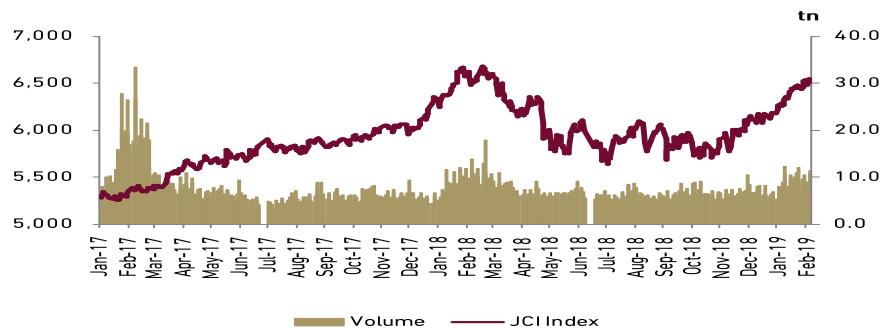
INTEREST RATE		
	Current	Previous
BI 7D Reverse Repo (%)	6.00	6.00
Fed fund rate (%)	2.50	2.50
inflation mom (%)	0.32	0.27
Inflation yoy (%)	2.82	3.23

EXCHANGE RATE			
	Last	Change	% chg
1 USD = IDR	14,042	-61.00	-0.43
1 USD = SGD	1.35	0.00	0.00
1 USD = JPY	110.72	-0.13	-0.12
1 USD = AUD	1.40	0.00	-0.01
1 USD = EUR	0.88	0.00	-0.07

DUAL LISTING					
Stocks	Close	Chg.	% chg	In Rp.	Vol. (ADR)
TLKM	27.6	-0.36	-1.29	3,877	452,860
ISAT	0.1	0.00	0.00	1,896	2,150
BUMI Plc	36.8	0.00	0.00	7,522	-

- Fed plans to stop unwinding balance sheet later this year
- This year, 4 power plant utilize 100% CPO
- UNTR 2018 operating data mostly above expectations
- One of shareholders urges Ophir to present alternative to Medco offer
- BDMN records Rp3.9 tn (7% YoY) net profit in 2018
- TOWR 2018 EBITDA came at Rp4.9 tn, INLINE at 99% of Consensus
- TLKM and Moratelindo signed contract to rent West Palapa Ring network
- SILO FY2018 result : Operating profit beats , earnings miss

JCI STATISTIC



DAILY TECHNICAL VIEW

We expect JCI to trade between 6,450 (support) – 6,550 (resistance) level today

UNVR: Sell on strength at Rp 50,100-Rp 51,000

Comment: Testing resistance level

BBCA: Sell on strength at Rp 27,700-Rp 28,000

Comment: Testing resistance level

INDF: Sell on strength at Rp 7,550-Rp 7,650

Comment: Testing resistance level

BMRI: Speculative buy at Rp 7,050-Rp 6,950

Comment: Testing support level

MARKET REVIEW & MARKET OUTLOOK

Regional

Stocks closed slightly higher in Wednesday as Wall Street tried to interpret a release from the Federal Reserve which summarized its crucial meeting last month where the central bank indicated it would be patient on future rate hikes. The DJIA rose 63.12 points to 25,954.44. The S&P 500 closed 0.2% higher at 2,784.70. The Nasdaq Composite ended the day just above the flatline +0.03% at 7,489.07. The Fed meeting minutes highlighted downside risks to the economy from its January meeting, including the possibilities of a sharper-than-expected slowdown in global economic growth, particularly in China and Europe due to declining of fiscal policy stimulus, or a further tightening of financial market conditions. On commodity markets: Brent crude oil upped by 0.95% to USD 67.1/bbl and WTI Crude oil also rose by 1.91% to USD57.2 /bbl. CPO was down by 0.97% at MYR 2,134/ton. Nickel gained 1.98% to USD 12,828/ ton.

Domestic

JCI index closed higher by 18.12 points (+0.28%) to 6,513 on Wednesday trading and recorded Rp450 bn net foreign buy. The leading sectors were Basic Industry (+1.61%), Property (+1.02%), Mining (+0.64%). Among index movers were BBKA (+2.23% to 27,500), UNVR (+1.47% to 50,025), INTP (+8.33% to 19,500) as the key movers. Rupiah strengthened by 61 points to 14,042/USD. Our technical desk suggests for trading within the band of 6,450-6,550 with possibility to end lower level.

FED PLANS TO STOP UNWINDING BALANCE SHEET LATER THIS YEAR

In its January meeting minutes, Feds officials favors ending the runoff process of the balance sheet while they also still uncertain of the necessity of rate hikes in 2019. According to the minutes, almost all participants thought that it would be desirable to announce before too long a plan to stop reducing the Federal Reserve's asset holdings later this year. The minutes complete the dovish message from the meeting that said Fed will be patient in deciding future policies. Many FOMC members sees if uncertainty abated, Fed will need to reassess the characterization of monetary policy as 'patient' and might then use different statement language.

Comments: The minutes give another sentiment of more dovish Fed. We may see the change in Fed's policy projection in March meeting.

THIS YEAR, 4 POWER PLANT UTILIZE 100% CPO

This year, the State Electricity Company (PLN) will convert the energy source of four of its power plant from diesel to 100% palm oil. The four power plants are Diesel Power Plant (PLTD) Kanaan 10 MW Bontang, PLTD Batakan 40 MW Balikpapan, PLTD Supa 62 MW Pare-pare, and Gas Power Plant (PLTMG) Jayapura 10 MW. The company will gradually reduce the use of fossil fuel. Currently the power plants are using the B20 and B30.

Comment: The Indonesian CPO inventory decreased 19%YoY in Dec 18 on the back of higher export and improving domestic consumption while production reduced by 3% YoY. We believe the B20 program will support domestic demand for CPO as the commodity is now facing tough global market especially from EU countries which plan to gradually decrease the use of palm oil starting 2020 and ban completely by 2030. Currently we have NEUTRAL recommendation for Plantation sector.

UNTR 2018 OPERATING DATA MOSTLY ABOVE EXPECTATIONS

United Tractors (UNTR) reported 4,878 units heavy equipment (HE) sales volume in 2018, which is up by 29% YoY and came 2% higher than our forecast of 4,800 units. PAMA (contracting unit) posted overburden (OB) removal of 979.4 mn bcm (+22% YoY) and coal extraction of 125.1 mn tons (+11% YoY), implying much higher stripping ratio of 7.8x vs. 7.1x in 2017. Both overburden removal and coal extraction at PAMA is 11% and 6% higher than our forecast. Meanwhile, the company produced 7.0 mn tons of coal from its own mine which grew 11% YoY but 8% lower than our forecast. As for Dec-18, monthly data showed an improving trend with HE sales rose to 376 units (+17% YoY and MoM). PAMA's OB and coal extraction also increased to 11.3mn tons (+9% YoY, -1% MoM) and 86.5mn bcm (+18% YoY, +5% MoM). Its own mine coal production rose by 11% YoY and 17% YoY to 503 k units.

Comment: We believe operating data could offer upside risk to our 2018 revenue forecast of Rp78.9 tn given they came broadly above our forecast. We currently have Buy rating on UNTR with TP of Rp38,800. UNTR is trading at only 8.0-6.7x 2019-20F PER, much lower than historical average forward PER of 14x.

ONE OF SHAREHOLDERS URGES OPHIR TO PRESENT ALTERNATIVE TO MEDCO OFFER

Ophir Energy shareholder Petrus Advisers (which owns a more than 3% stake) and an influential London banker, Ian Hannam, wrote to the company's Interim Chief Executive Officer Alan Booth and the board saying they agreed to sell Ophir to Jakarta-based Medco Energi Internasional (MEDC) for too low a price, and they should reconsider recommending the deal. They called for alternatives to Medco's buyout offer to be presented immediately, and asked the company to put Petrus-backed directors in charge of overseeing the proposed changes.

Comment: We believe this could disrupt MEDC take over if followed by other shareholders. MEDC's acquisition plan values Ophir at £390.6 mn (around USD 511 mn) or translating to only around 1.5x EV/EBITDA based on consensus forecast.

BDMN RECORDS RP3.9 TN (7% YOY) NET PROFIT IN 2018

Bank Danamon (BDMN) records Rp3.9 tn (7% YoY) net profit in 2018. This is driven by net interest income growth of 2% YoY, flat operating expenses (0% YoY), and slight reduction in provision expenses (-6% YoY). Loan growth accelerated to 8% YoY (from 6% YoY in 3Q18), which were mainly driven by enterprise and FI segment (11% YoY) and consumer segment (18% YoY). The bank is targeting loan to grow by 10-12% YoY in 2019F. The bank also plans to issue Rp2-3tn medium term notes (MTN) in 2019F to support its loan expansion, with Rp0.5 tn of it has been realized in 1Q19. Asset quality was relatively stable with NPL down by 10bps YoY to 2.7% in 2018. Management expects that NPL will continue to improve in 2019F to 2.5%.

TOWR 2018 EBITDA CAME AT RP4.9 TN, INLINE AT 99% OF CONSENSUS

TOWR released its indicative (unaudited) 2018 revenue and EBITDA numbers with an overall INLINE remark. Revenue grew by +9.9% YoY to Rp5.9 tn with EBITDA of Rp4.9 tn (+7.1% YoY). These figures formed 101% and 99% of Consensus expectation, respectively. Implied EBITDA margin was at 84.0%, down by -224bps YoY, and also slightly behind Consensus estimates of 85.2%. The Company also reported operational numbers; number of towers rose by +17.4% YoY to 17,437 with number of tenancy of 28,319, implying a tenancy rate of 1.62x.

Comment: TOWR currently trades at 9.3x 2019F EV/EBITDA (based on Consensus number). TOWR is rated BUY by Consensus with Consensus average TP of Rp910/share.

TLKM AND MORATELINDO SIGNED CONTRACT TO RENT WEST PALAPA RING NETWORK

TLKM and Moratelindo are reported as the first renters of West Palapa Ring backbone network after they signed a contract agreement with PT Palapa Ring Barat (PRB). According to the CEO of PRB, the contract duration is 9 months with a capacity of 10Gbps. The contract stipulates rental fee of Rp432 mn/month. PRB also mentioned that there are the other entities which have already cited interests to renting West Palapa Ring network.

Comment: We think this as an effort for TLKM to continuously expanding its network coverage. We currently have a BUY rating on TLKM with TP of Rp4,375/share.

SILO FY2018 RESULT : OPERATING PROFIT BEATS, EARNINGS MISS

SILO booked Rp5.9 tn gross revenue in 2018 (+2% YoY), representing 94% of our estimate. Gross profit increased by 16.8% YoY, hence, Gross margin increased by 410 bps. Under operating line, Operating profit decreased by 12.5% YoY to Rp192 bn, which was attributable to 20.4% increased on the operating expenses to Rp1.6 tn. Net profit came at Rp16 bn (-82.6% YoY), only represent 54% of our estimate.

Comment: We are reviewing our rating and TP of SILO. Our current rating is a BUY with TP of 3,750 vs current share price of Rp3,500.

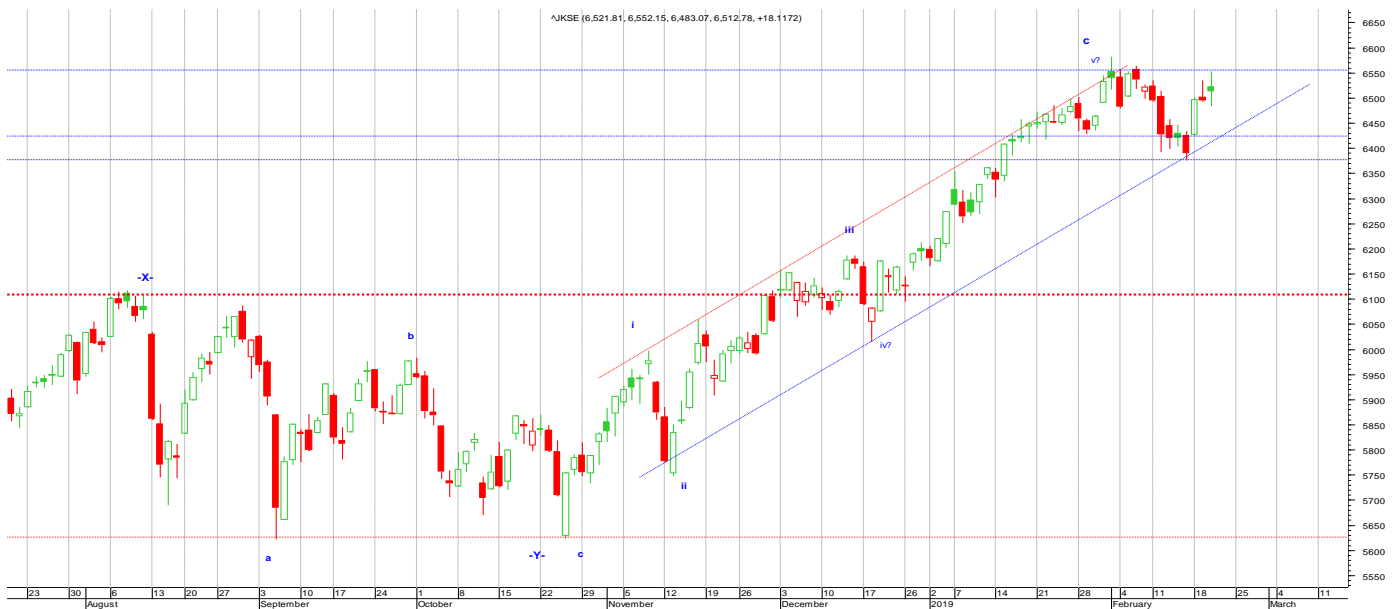
SILO FY18 results

Rp bn	FY18	FY17	yoy	2018F	
Gross Operating Revenue (GOR)	5,964	5,848	2.0%	6,314	94%
- In-patient revenue	(23)	(23)	2.9%		
- Out-patient revenue	(139)	(147)	-5.2%		
COGS	(4,035)	(4,197)	-3.9%		
Gross profit	1,929	1,651	16.8%		
<i>Gross margin (%)</i>	32.3%	28.2%	4.1		
Operating expenses	(1,630)	(1,354)	20.4%		
Other income (expense)	(107)	(78)	37.5%		
Net operating expenses	(1,737)	(1,432)	21.3%		
Operating profit	192	219	-12.5%	94	204%
<i>Operating margin (%)</i>	3.2%	3.7%	-0.5		
Interest income	16	20	-22.9%		
Interest expense	(41)	(40)	4.2%		
Total other income (expenses)	(26)	(19)	32.9%		
Pre-tax profit	166	200	-16.9%		
Tax	(140)	(97)	44.8%		
Profit before Minority Interest	26	104	-74.4%		
Minority interest	(10)	(10)	2.6%		
Net profit	16	94	-82.6%	29.6	54%
<i>Net profit margin (%)</i>	0.3%	1.6%	-1.3		

TECHNICAL ANALYSIS

JCI : (6,513 +0.28%)

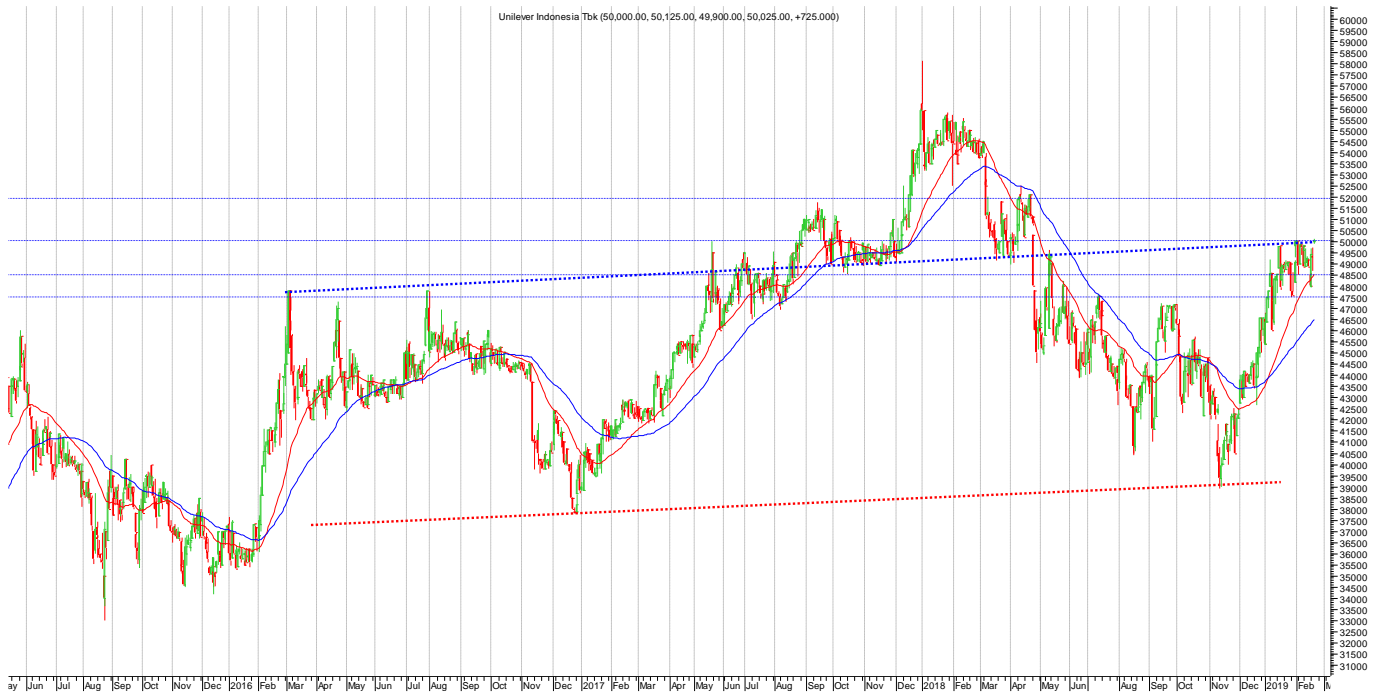
Comment : BBCA, UNVR and INTP consecutively became leading movers. Technically, JCI failed to break minor resistance level of 6,550. Support level at 6,483. Next support and resistance level will be at 6,420-6,580. The index moved in uptrend channel in the last five months. The breakout support level of 6,420 will cause the trend turn into negative. Based on Elliot wave approach, as we discussed before, JCI is forming corrective wave ABC. We noted that the lowest level of 5,557 as the bottom of wave A. The rising movement that occurred in the last three months noted as sub wave X of wave up B. The peaks of wave X likely at the level of 6,117 which occurred on August 8, 2018. The lowest level of 5,623 which occurred on October 25, 2018 noted as the bottom of sub wave Y. According to this wave counting, now JCI is in the process to find the peaks of sub wave Z of wave up B which is the last wave of the cycle of wave B. If the peaks of wave B has reached, then the index will reversal to form wave down minor C. Wave C usually will form five waves. Sub wave 1 of wave (1) of wave C will test support level of 6,120 then JCI will bounce to form sub wave up 2 before go down to form sub wave 3 to test support level of 5,557.



STOCK OF THE DAY

UNVR : Testing resistance level

The price closed below minor resistance level of 50,050. Support level at 48,700. Next support and resistance level at 47,900-52,000. The mid-term trend turn into sideways. The price likely will form a right shoulder of the reversal Head and Shoulder pattern. Take profit/Sell on strength, sell if the price moves below the level of 48,700.



INDF : Testing support level

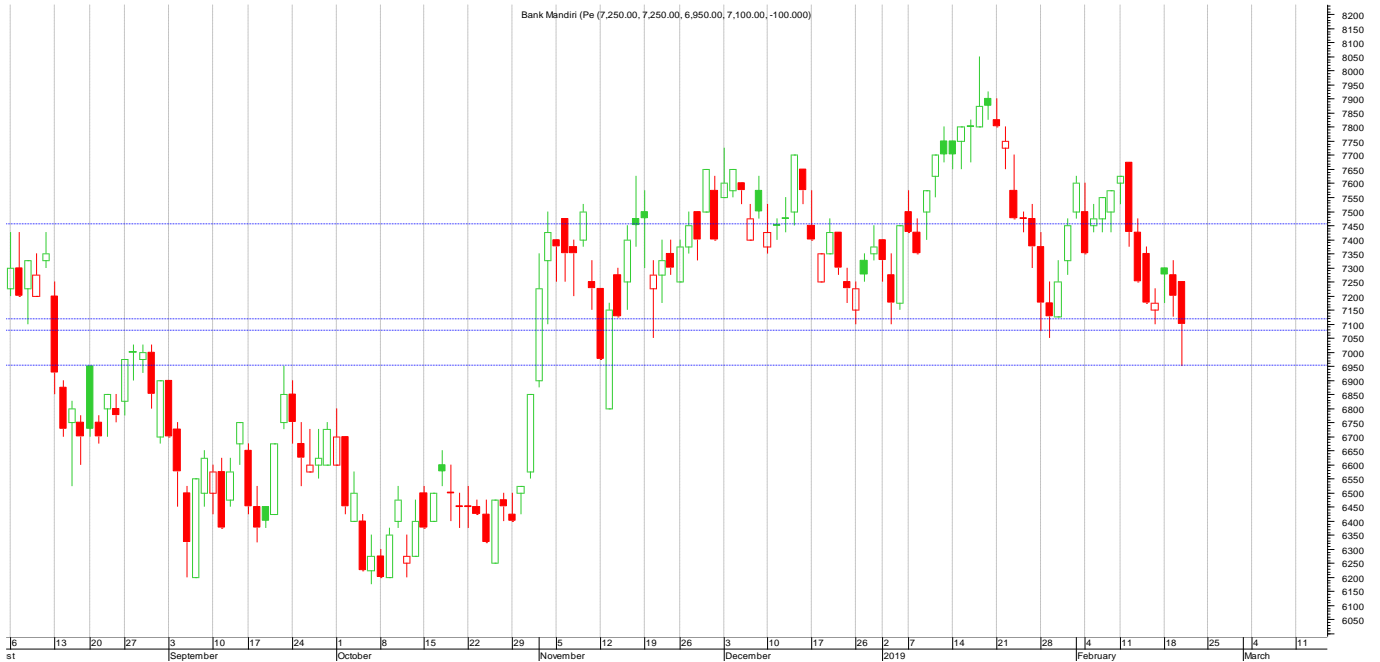
The price closed above minor support level of 7,425. The penetration of this support level will cause the trend turn into negative. Resistance level at 7,650. Next support and resistance level at 7,200-7,900. The mid-term trend is still sideways. Sell on strength, sell if the price moves below the level of 7,425.



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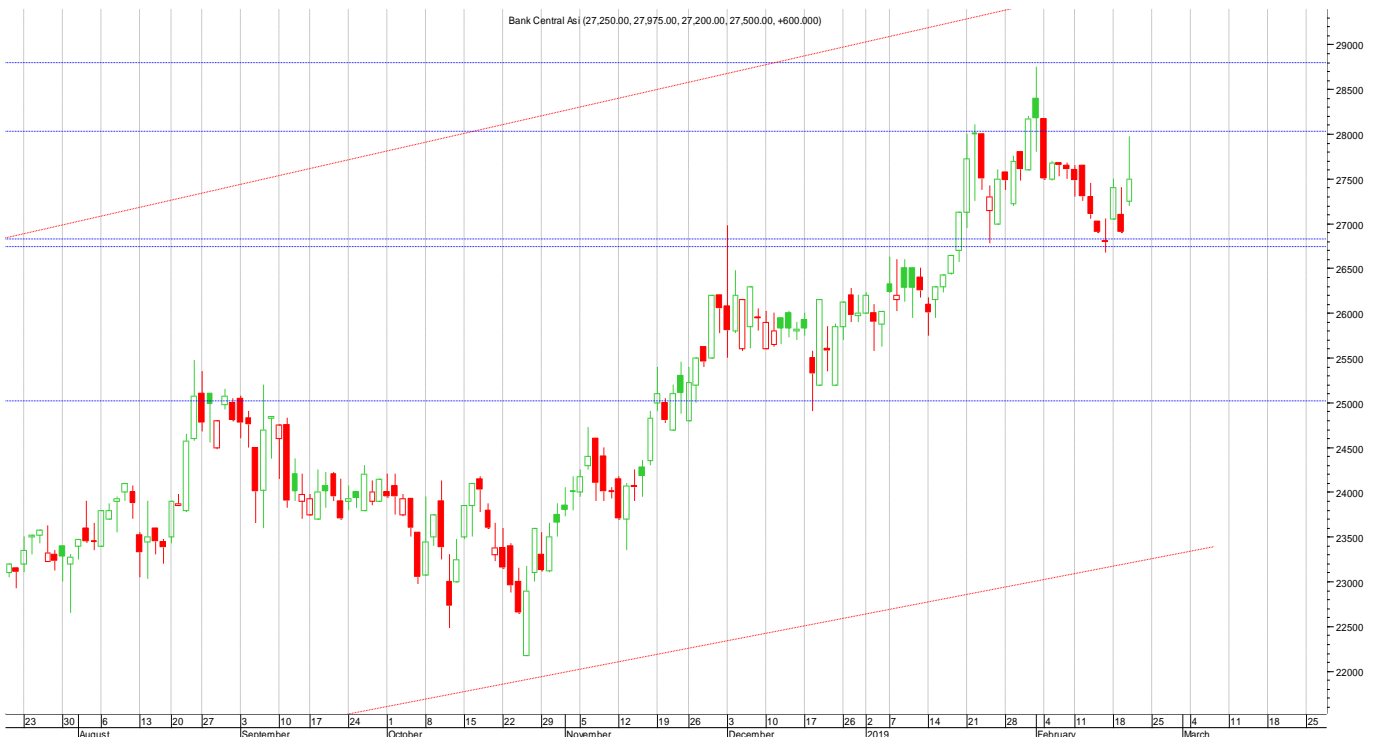
BMRI : Testing support level

The price closed above minor support level of 7,050. Resistance level at 7,325. Next support and resistance level at 6,950-7,450. The price moved in sideways in the las four months. Speculative buy. cut if the price moves below the level of 6,950.



BCCA : Testing resistance level

The price failed to break minor resistance level of 28,000. Support level at 26,675. The penetration of this support level will cause the short-term trend turn into negative. Next support and resistance level at 25,000-28,750. Some of momentum indicators indicate that the trend will reversal. Take profit/Sell on strength, sell if the price moves and stable below the level of 26,650.



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CURRENCY TRADING RANGE OF TODAY

USD/Rp: 13,990 -14,090

INDONESIA GOVERNMENT SECURITIES YIELD	
Maturity (yrs)	Yield (%)
1	6.28
3	7.47
5	7.74
10	7.90
15	8.20
30	8.67

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
IDR	6.19	6.33	6.23	6.15	5.60
US\$	1.28	1.21	1.25	1.21	
JIBOR (RP)	7.12	7.35	7.58	7.76	

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

EXCHANGE RATE		
EXCHANGE RATE		% chg.
1 US\$ = IDR	14,042	0.43
1 US\$ = SGD	1.35	0.00
1 US\$ = JPY	110.72	0.12
1 US\$ = AUD	0.72	0.01
1 US\$ = EUR	1.13	0.07

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