

GLOBAL

Index	Last	Change	% chg
Dow	25,717	91.87	0.36
S&P 500	2,815	10.07	0.36
Eido US	25.7	0.31	1.22
H.S.I	28,775	46.96	0.16
Nikkei	21,212	178.07	0.85
STI	3,204	5.19	0.16
KLCI	1,641	-1.40	-0.09
Kospi	2,129	1.38	0.06
SET Thai	1,634	4.85	0.30

COMMODITIES

Index	Last	Change	% chg
Brent Crude Oil (\$/bbl)	67.8	-0.14	-0.21
WTI Crude Oil (\$/bbl)	59.3	-0.11	-0.19
CPO (MYR/ton)	2,013	-18.00	-0.89
Gold (US\$/tr ounce)	1,292	1.88	0.15
Nickel (US\$/ton)	12,796	-181.00	-1.39
Tin (US\$/ton)	21,475	75.00	0.35
Pulp (US\$/ton) weekly	1,205.0	0.00	0.00
Coal (US\$/ton)	93.0	-0.55	-0.59

BEI STATISTICS

JCI	6,481
Change (1 day)	0.56%
Change YTD	4.62%
P/E Market (X)	15.5
Volume (mn shr)	9,207.5
Value (Rp bn)	6,175.3
↑ 195 ↓ 208 ↔ 226	
LQ45	1,019
% Change (1 day)	0.85%

INTEREST RATE

	Current	Previous
BI 7D Reverse Repo (%)	6.00	6.00
Fed fund rate (%)	2.50	2.50
inflation mom (%)	-0.08	0.32
Inflation yoy (%)	2.57	2.82

EXCHANGE RATE

	Last	Change	% chg
1 USD = IDR	14,243	48.00	0.34
1 USD = SGD	1.36	0.00	-0.07
1 USD = JPY	110.66	0.03	0.03
1 USD = AUD	1.41	0.00	-0.18
1 USD = EUR	0.89	0.00	-0.10

DUAL LISTING

Stocks	Close	Chg.	% chg	In Rp.	Vol. (ADR)
TLKM	27.1	0.23	0.86	3,853	246,573
ISAT	0.2	0.00	0.00	2,279	2,150
BUMI Plc	36.8	0.00	0.00	7,522	-

- BPS to announce March Inflation Monday (Apr 1)
- Adhi Karya FY18 earnings up by 25%, but below expectations
- ERAA FY18 results: Net profit increased 5.8% QoQ
- RALS FY18 results: In-line with our expectations
- ACES FY18 results: In-line with our expectations
- BBTN audited FY18 net income at Rp2.8 tn (-7.2% YoY); below estimates
- BBTN 2M19 net income Rp250bn; decline by 35% YoY and below estimates
- BMRI 2M19 net income grew by 17% YoY; in-line
- BBNI 2M19 net income grew by 32% YoY; in-line
- GGRM FY2018 Results: Flat bottom line growth but still in line
- MAIN FY18 highlights: net profit jumps on significant other income
- CPIN FY18 highlights: in-line result
- Intiland posts Rp204 bn of net income in 2018; above expectation
- Alam Sutera books revenues Rp3.98 tn; in line
- Dharma Satya records Rp4.76 tn of fy18 revenues; in line
- TOTO FY18 earnings above expectation
- TOWR's NPAT came 7% below consensus expectation; Revenue and EBITDA inline
- LINK missed estimates due to hikes in receivables impairment
- SCMA recorded +12.4% NPAT growth YoY
- Tunas Baru Lampung books net profit Rp758 bn; below expectation
- MYOR: In-line FY18 results

DAILY TECHNICAL VIEW

We expect JCI to trade between 6,440 (support) – 6,525 (resistance) level today

TLKM: Speculative buy at Rp 3,890-Rp 3,850

Comment : Closed above resistance level

EXCL : Speculative buy at Rp 2,670-Rp 2,650

Comment: The trend is still positive

BBRI : Sell on strength at Rp 4,120-Rp 4,150

Comment: Testing resistance level of the channel

LSIP : Buy on weakness at Rp 1,060-Rp 1,020

Comment: Testing support level

MARKET REVIEW & MARKET OUTLOOK

Regional

US stocks advanced on Thursday with DJIA rose 92 points or 0.36% to 25,717 and S&P 500 gained 0.4% to 2,815.44, heading for its best first-quarter performance (+12.3%) since 1998. Reuters reported overnight that Chinese officials made unprecedented offers regarding force technology transfers as well as other major sticking points. The report comes as U.S. The 10-year UST rate recovered some ground on Thursday, however, trading at 2.388% from previously 2.38%. On commodity markets, Brent Crude Oil unchanged at USD 67.8/bbl while WTI Crude oil inched down by 0.19% to USD 59.3/bbl. Nickel was down by 1.39% to USD12,795/ton while coal declined by 0.59% at USD 92.9/ton. CPO declined by 0.89% to MYR 2,013/ton.

Domestic

JCI ended higher by 36 points or 0.56% to close at 6,481 and recorded Rp306 bn of net foreign buy. Finance (+1.22%), Infrastructure (+1.03%), and Consumer (+0.45%) were the laggard sector, with BMRI (+3.14% to 7,400), BBRI (+1.49% to 4,100), and TLKM (+1.83% to 3,890) become the index movers. Rupiah currency weakened by 48 points to 14,243/USD. Our technical desk suggests for trading within the band of 6,440–6,525 with possibility to end at lower level.

BPS TO ANNOUNCE MARCH INFLATION MONDAY (APR 1)

Statistics office is scheduled to release March inflation data on Apr 1. We expect the monthly price index figure to inflate after it experienced deflation of -0.08% MoM in February. The main driver of inflation should come from food sector as we predict its price to have 0.39% MoM inflation. According to Bank Indonesia's food price monitor website, hargapangan.id, some of food products had significant price jump like cayene (10.9% MoM), shallot (14.1% MoM) and garlic (17.6% MoM). As the food price have positive inflation, we see it is the sign the peak of harvest season will be in April. On the other side, we see Pertamina's decision to lower fuel price in February still have impact -0.01% to overall inflation. Meanwhile, we believe the air fare ticket inflation burden will not as high as previous two months. We expect March inflation at 0.19% MoM (2.56% YoY) with core inflation lower at 3.04% YoY.

ADHI KARYA FY18 EARNINGS UP BY 25%, BUT BELOW EXPECTATIONS

Adhi Karya (ADHI) saw its 4Q18 earnings jumping by 151% QoQ to Rp309 bn on 93% QoQ increase in operating profit and lower effective tax rate. This helped drive FY18 earnings to grow by 25% YoY to Rp644 bn, however it fell short of our and consensus expectation as it met only 71%-80% of FY18 earnings forecast, respectively. Despite revenue only inched up by 3% YoY to Rp15.7 tn (at 85% of our FY18F), operating income managed to grow by 13% YoY to Rp1.9 tn (95% of FY18F) as gross profit rose by 22% YoY to Rp2.5 tn (103% of FY18F), although it was further offset by lower profit from joint operation (-42% YoY) and higher Opex (+22% YoY).

Comment: We are still waiting for more detailed financial figure. We are likely to revise down our earnings forecast on ADHI. Among SOE contractors, ADHI posted the second highest earnings growth last year after WIKA of 44%.

ADHI FY18 results

Rp bn	FY18	FY17	YoY	4Q18	3Q18	QoQ	FY18F	FY18A/F
Revenue	15,655.5	15,156.2	3%	6,223.4	3,349.4	86%	18,489.5	85%
Gross profit	2,506.6	2,057.8	22%	1,017.8	565.4	80%	2,431.6	103%
<i>Gross margin (%)</i>	16.0%	13.6%	2.4%	16.4%	16.9%	-0.5%	13.2%	
Profit of joint operation	134.5	230.9	-42%	63.1	31.6	100%	118.9	113%
Gross profit after JO	2,641.1	2,288.7	15%	1,080.9	596.9	81%	2,550.5	104%
Operating expenses	-707.7	-581.1	22%	-251.4	-166.3	51%	-505.0	140%
Operating profit	1,933.4	1,707.7	13%	829.4	430.6	93%	2,045.5	95%
<i>Operating margin</i>	12.3%	11.3%	1.1%	13.3%	12.9%	0.5%	7.3%	
Total other inc (exp)	-765.6	-750.4	2%	-335.7	-189.9	77%		
Pre-tax profit	1,167.8	957.3	22%	493.8	240.7	105%	1,493.5	78%
Tax	-522.7	-440.2	19%	-184.9	-117.7	57%		
Net profit	644.2	515.4	25%	308.6	122.8	151%	909.6	71%
<i>Net margin</i>	4.1%	3.4%	0.7%	5.0%	2.4%	2.6%	4.9%	

ERAA FY18 RESULTS: NET PROFIT INCREASED 5.8% QOQ

ERAA reported Rp 34.7tn of net revenue in FY2018 (+43% YoY/ +14.2% QoQ), representing 101% of our estimate and 102% of consensus estimate. Gross profit also gained by 47% YoY / +27.6% QoQ. Bringing GPM to expand by 21 bps YoY and 0.9 bps QoQ. Under operating line, Operating income rose by 152% to Rp1.32 tn in FY18, but declined by 10.5% QoQ to Rp 324 bn, on the back of higher than expected opex (+75.5% QoQ). Hence, OPM rose by 163 bps YoY but down by 90 bps QoQ. All in all, net profit came at Rp869 bn in FY18 (+165% YoY / +5.8% QoQ), Which made NPM to grew by 110 bps YoY but slightly down by 20 bps QoQ, due to higher tax rate of +21% QoQ.

Comment: We see that ERAA revenue improved on quarterly basis, we believe this was due to some new products launch in 4Q18, and seasonality factor. At the moment, we are doing review on our TP for ERAA.

Rp (bn)	FY18	FY17	YoY	4Q18	3Q18	QoQ	FY18F	1H/18F	FY18FCons	Cons 3M/FY18F
Net revenue	34,744	24,230	43%	9,411	8,241	14.2%	34,367	101%	34,146	102%
COGS	(31,575)	(22,071)	43%	(8,583)	(7,591)	13.1%				
Gross profit	3,169	2,159	47%	828	649	27.6%	3,265	97%	3,326	95%
Gross profit margin (%)	9.1	8.9	0.21	9	8	0.9				
Operating expense	(1,852)	(1,636)	13%	(504)	(287)	75.5%				
Operating income	1,317	523	152%	324	362	-10.5%	1,264	104%	1,310	101%
Operating income margin (%)	3.8	2.2	1.63	3	4	-0.9				
Other gains (losses) - net	210	77	173%	117	9	1173%				
Finance income	4.5	2.6	72%	(3)	3	N/A				
Finance costs	(349)	(142.8)	144%	(129)	(93)	38.2%				
Finance income (expense) - net	(345)	(140)	146%	(132)	(90)	45.7%				
Profit before tax	1,183	460	157%	309	281	10.1%				
Income tax expense	(314)	(133)	137%	(96)	(79)	21.1%				
Net profit	869	327	165%	213	202	5.8%	846	103%	817	106%
Net profit margin (%)	2.5	1.4	1.1	2.3	2.4	-0.2				

RALS FY18 RESULTS: IN-LINE WITH OUR EXPECTATIONS

Rp (bn)	FY18	FY17	YoY	4Q18	3Q18	QoQ	2018F	FY18/2018F	FY18F Cons.	Cons 9M18/FY18F
Net revenue	5,740	5,623	2.1%	1,223	1,021	19.8%	6,197	93%	5,875	98%
COGS	(3,233)	(3,410)	-5.2%	(721)	(570)	26.6%				
Gross profit	2,507	2,212	13.3%	501.5	451	11.2%	2,448	102%	2,105	119%
Gross profit margin (%)	43.67	39.35	4.33	41.02	44.19	-3.18				
Operating expense	(1,899)	(1,856)	2.3%	(454.9)	(451)	0.9%				
Operating income	607	356	70.6%	46.7	0.1	34736%	551	110%	569	107%
Operating income margin (%)	10.6	6.3	4.2	3.8	0.0	3.80				
Other gains (losses) - net	(1)	20	N/A	(13.7)	-					
Finance income	135	110	23.0%	39.5	37	5.3%				
Finance costs	(24)	(20)	24.1%	(7.4)	(5)	45.1%				
Finance income (expense) - net	110	90	22.7%	32.1	32	-1.0%				
Profit before tax	718	466	53.9%	66.0	33	102.8%				
Income tax expense	(130)	(60)	116.8%	(5.7)	9	-165.9%				
Net profit	588	406	44.6%	60.3	41	46.3%	565	104%	575	102%
Net profit margin (%)	10.2	7.2	3.0	4.9	4.0	0.9				

RALS reported Rp 5.74 tn of net revenue (+2.1% YoY/ +19.8% QoQ), representing 93% and 98% of our and consensus estimates. Gross profit increased by 13.3% YoY / +11.2% QoQ. Operating income improved significantly by 70.6% YoY to Rp 607bn, as opex only grew by 2.3% YoY. Hence, OPM

expand by 420 bps YoY. On the bottom line, net profit rose to Rp 588bn (+44.6% YoY/ +46.3% QoQ), representing 104% of our estimate and 102% of consensus estimate.

Comment: We see that the result was in-line with our expectation. The strong quarterly numbers was due to seasonality factor. Following the FY18 result, we have a HOLD rating for RALS, with unchanged 2019F TP of Rp 1,800/sh.

ACES FY18 RESULTS: IN-LINE WITH OUR EXPECTATIONS

ACES booked Rp7.2 tn of net revenue in 2018 (+21.9% YoY/ +16.8% QoQ), representing 99.9% of our estimate. Gross profit also increased by 21.5% YoY and 12.5% QoQ. Operating profit also rose by 23.3% YoY and 5.6% QoQ. On the bottom line, net profit gained by 25.8% YoY and 8% QoQ to Rp 976bn and Rp 295bn in 4Q18, forming 95.6% and 97.3% of our and consensus estimate.

Comment: Following the in-line results, we have a HOLD rating for ACES with unchanged TP of Rp 2,000/sh. At the moment the stock has fully valued at 23.3x 2019F PER.

Rp (bn)	FY18	FY17	YoY	4Q18	3Q18	QoQ	2018F	FY18/18F	Cons	%FY
Net revenue	7,240	5,939	21.9%	2,077	1,778	16.8%	7,245	99.9%	7,198	100.6%
COGS	(3,797)	(3,104)	22.3%	(1,112)	(921)	20.8%				
Gross profit	3,443	2,835	21.5%	965	858	12.5%	3,453	99.7%	3,416	100.8%
<i>Gross profit margin (%)</i>	47.6	47.7	-0.2	46.5	48.2	-1.8				
					-					
Operating expense	(2,371)	(1,965)	20.6%	(658)	(567)	16.1%				
Operating income	1,072	869	23.3%	307	291	5.6%	1,151	93.1%	1,110	96.6%
<i>Operating income margin (%)</i>	14.8	14.6	0.2	14.8	16.3	-1.6				
Other gains (losses) - net	148	96	54.5%	31	54	-42.2%				
					-					
Finance costs	(18)	(5)		15	(12)					
Finance income (expense) - net	(18)	(5)		15	(5)					
Profit before tax	1,202	960	25.2%	353	340	4%				
Income tax expense	(226)	(179)	26.3%	(58)	(65)	-11%				
Net profit	976	781	25.0%	295	274	8%	1,021	95.6%	1,003	97.3%
<i>Net profit margin (%)</i>	13.5	13.1	0.3	14.2	15.4	-1.20	14			

BBTN AUDITED FY18 NET INCOME RP2.8 TN (-7.2% YOY); BELOW ESTIMATES

Bank Tabungan Negara (BBTN) closed 2018 with weak result, bottom line declined by 7.2% YoY to Rp2.8 tn in 2018 and fell 9%/12% below ours and consensus estimates, respectively. The main culprit was 94% YoY jump in provision expense due to anticipation of IFRS 9. Meanwhile the NII growth was also lacking at only 9% YoY, much slower than total loan growth of 19% YoY. The support on bottom line came from strong non-interest income (30% YoY) and normalizing opex growth. Operating expense has normalized and grew by 13% YoY in 12M18 (0.4% QoQ in 4Q18), despite spiking personnel expenses (30% YoY) due to one-time remuneration adjustment and addition of headcounts. These made PPOP to grow by 11% YoY, perfectly in-line with our FY18 forecast.

Comment: We have a Hold call on BBTN with Rp2,900/share target price.

(in Rp bn)	12M18	12M17	YoY	4Q18	3Q18	QoQ	2018F	12M18/18F
Interest income	22,839	19,272	18.5%	6,942	5,661	22.6%		
Interest expense	(12,634)	(9,931)	27.2%	(4,189)	(2,894)	44.7%		
Net interest income	10,205	9,341	9.3%	2,753	2,767	-0.5%	10,450	98%
Non-interest operating income	2,085	1,604	30.0%	659	453	45.4%	2,000	104%
Non-interest operating expense	(6,983)	(6,169)	13.2%	(1,777)	(1,770)	0.4%	(7,153)	98%
PPOP	5,307	4,776	11.1%	1,635	1,450	12.8%	5,298	100%
Provision expense	(1,714)	(884)	93.8%	(847)	(449)	88.8%	(1,380)	124%
Operating profit	3,593	3,892	-7.7%	788	1,001	-21.3%	3,917	92%
Net income	2,808	3,027	-7.2%	572	813	-29.6%	3,071	91%
Ratios (%)								
Asset yield	8.9	8.9	-0.1	10.6	9.3	1.3		
Cost of fund	5.0	4.7	0.3	6.6	4.9	1.7		
NIM	4.0	4.3	-0.4	4.2	4.6	-0.3		
CASA	43.4	49.7	-6.3	43.4	46.5	-3.1		
LDR	103.3	103.4	-0.1	103.3	113.5	-10.2		
Cost to income	56.8	56.4	0.5	52.1	55.0	-2.9		
Tax rate	22.2	21.6	0.6	25.0	21.4	3.6		
NPL gross	2.8	2.7	0.2	2.8	2.6	0.2		
Credit cost	0.8	0.5	0.3	1.5	0.8	0.6		
Loan loss coverage	49.6	44.6	5.0	49.6	46.2	3.4		
CAR	18.2	18.9	-0.7	18.2	18.0	0.2		
ROA	1.0	1.3	-0.3	0.8	1.2	-0.4		
ROE	12.3	14.8	-2.5	9.7	14.2	-4.5		
Deposit	230,264	192,474	19.6%	230,264	193,899	18.8%		
Demand	58,049	54,655	6.2%	58,049	48,182	20.5%		
Savings	41,879	40,947	2.3%	41,879	41,982	-0.2%		
Time	130,336	96,872	34.5%	130,336	103,734	25.6%		
Loan	237,758	198,991	19.5%	237,758	220,077	8.0%		
NPL	6,698	5,288	26.7%	6,698	5,824	15.0%		
Loan loss reserves	-3,320	-2,356	40.9%	-3,320	-2,691	23.4%		
Shareholders equity	23,841	21,663	10.1%	23,841	23,250	2.5%		

BBTN 2M19 NET INCOME RP250BN; DECLINE BY 35% YOY AND BELOW ESTIMATES

BBTN saw a 35% YoY decline on its 2M19 net income mainly due to the jump on provision expense (107% YoY in 2M19). Another burden to bottom line came from Net Interest Income (NII) which registered negative growth of -6% YoY in 2M19. This weak NII was dragged by spiking interest expense (38% YoY) as BBTN grew its TD by 27% YoY. Meanwhile interest income (19% YoY) was closely following the loan growth of 21% YoY. The weak NII resulted in declining NIM to 3.3% in 2M19 from 4.2% previous year.

Comment: This monthly unaudited number is weak as it only met 8% of our FY19 estimates (vs. 13% last year). We have a Hold call on BBTN with Rp2,900/share target price.

BBTN (unaudited)

Results summary (Rp bn)	2M18	2M19	YoY	2M19/					
				2019F	Nov-18	Dec-18	Jan-19	Feb-19	MoM
Interest income	3,422	4,055	19%	15%	1,957	2,500	2,027	2,028	0%
Interest expense	1,908	2,633	38%	16%	1,169	1,309	1,367	1,267	-7%
Net interest income	1,514	1,422	-6%	12%	788	1,192	661	761	15%
Non-interest income	234	327	40%	14%	137	274	248	78	-68%
Operating expense	1,136	1,186	4%	15%	583	460	641	545	-15%
PPoP	612	563	-8%	9%	342	1,006	268	294	10%
Provision expense	118	244	107%	13%	335	(148)	151	93	-39%
Operating profit	493	319	-35%	8%	7	1,153	117	202	73%
Income tax	107	69	-36%	8%	1	262	25	43	70%
Net profit	387	250	-35%	8%	5	891	91	159	73%
Total deposits	189,263	219,270	16%		206,343	230,264	217,745	219,270	1%
- Demand	49,161	51,009	4%		47,061	56,455	50,196	51,009	2%
- Saving	38,860	38,295	-1%		38,311	39,117	36,375	38,295	5%
- Time	87,972	112,163	27%		103,853	115,897	113,439	112,163	-1%
- Revenue sharing fund	13,270	17,803	34%		17,117	18,795	17,736	17,803	0%
Gross loans	197,445	237,983	21%		228,837	237,758	235,086	237,983	1%
Loan loss reserves	(2,447)	(2,990)	22%		(3,265)	(2,922)	(3,043)	(2,990)	-2%
Total assets	254,648	298,306	17%		285,356	308,473	294,786	298,306	1%
Shareholders equity	22,027	24,482	11%		23,306	24,207	24,305	24,482	1%
Key ratios (%)									
NIM	4.2	3.3	(0.9)		3.9	5.7	3.1	3.5	0.4
CASA to total deposits	50.0	44.3	(5.7)		45.1	45.2	43.3	44.3	1.0
Cost-to-income	65.0	67.8	2.8		63.0	31.4	70.5	64.9	(5.6)
Credit cost	0.3	0.6	0.2		1.7	(0.7)	0.7	0.4	(0.3)
Tax rate	21.6	21.5	(0.1)		21.2	22.7	21.7	21.4	(0.3)
LDR	104.3	108.5	4.2		110.9	103.3	108.0	108.5	0.6
ROA	0.9	0.5	(0.4)		0.0	3.6	0.4	0.6	0.3
ROE	10.6	6.2	(4.5)		0.3	45.0	4.5	7.8	3.3

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Results summary (Rp bn)	2M18	2M19	YoY	2M19/ 2019F	Nov-18	Dec-18	Jan-19	Feb-19	MoM
Interest income	3,422	4,055	19%	15%	1,957	2,500	2,027	2,028	0%
Interest expense	1,908	2,633	38%	16%	1,169	1,309	1,367	1,267	-7%
Net interest income	1,514	1,422	-6%	12%	788	1,192	661	761	15%
Non-interest income	234	327	40%	14%	137	274	248	78	-68%
Operating expense	1,136	1,186	4%	15%	583	460	641	545	-15%
PPoP	612	563	-8%	9%	342	1,006	268	294	10%
Provision expense	118	244	107%	13%	335	(148)	151	93	-39%
Operating profit	493	319	-35%	8%	7	1,153	117	202	73%
Income tax	107	69	-36%	8%	1	262	25	43	70%
Net profit	387	250	-35%	8%	5	891	91	159	73%
Total deposits	189,263	219,270	16%		206,343	230,264	217,745	219,270	1%
- Demand	49,161	51,009	4%		47,061	56,455	50,196	51,009	2%
- Saving	38,860	38,295	-1%		38,311	39,117	36,375	38,295	5%
- Time	87,972	112,163	27%		103,853	115,897	113,439	112,163	-1%
- Revenue sharing fund	13,270	17,803	34%		17,117	18,795	17,736	17,803	0%
Gross loans	197,445	237,983	21%		228,837	237,758	235,086	237,983	1%
Loan loss reserves	(2,447)	(2,990)	22%		(3,265)	(2,922)	(3,043)	(2,990)	-2%
Total assets	254,648	298,306	17%		285,356	308,473	294,786	298,306	1%
Shareholders equity	22,027	24,482	11%		23,306	24,207	24,305	24,482	1%
Key ratios (%)									
NIM	4.2	3.3	(0.9)		3.9	5.7	3.1	3.5	0.4
CASA to total deposits	50.0	44.3	(5.7)		45.1	45.2	43.3	44.3	1.0
Cost-to-income	65.0	67.8	2.8		63.0	31.4	70.5	64.9	(5.6)
Credit cost	0.3	0.6	0.2		1.7	(0.7)	0.7	0.4	(0.3)
Tax rate	21.6	21.5	(0.1)		21.2	22.7	21.7	21.4	(0.3)
LDR	104.3	108.5	4.2		110.9	103.3	108.0	108.5	0.6
ROA	0.9	0.5	(0.4)		0.0	3.6	0.4	0.6	0.3
ROE	10.6	6.2	(4.5)		0.3	45.0	4.5	7.8	3.3

BMRI 2M19 NET INCOME GREW BY 17% YOY; IN-LINE

Bank Mandiri (BMRI) recorded Rp4.2 tn (17% YoY) net income in 2M19, mostly driven by reduction in provision expense (-31% YoY). Loan growth were accelerated to 17% YoY, while deposit growth was still lacking at 8% YoY. This made LDR to stay escalated at 94.1% as of 2M19 (vs. 95.6% as of 1M19). This level of LDR is still high but has started to decline from its peak of 97.2% as of Dec-18.

Comment: We think the monthly numbers were in-line with our estimates, as it forms 15% of FY19 estimates (historical 2M18 was 14% of full year). We have a Buy call on BMRI with Rp7,950/share target price.

BMRI (Bank only, unaudited)

Results summary (Rp bn)	2M18	2M19	YoY	2M19/		Nov-18	Dec-18	Jan-19	Feb-19	MoM
				2019F						
Interest income	10,465	11,979	14%	13%		5,862	6,300	6,240	5,739	-8%
Interest expense	3,142	3,991	27%	13%		1,950	2,031	2,045	1,945	-5%
Net interest income	7,323	7,989	9%	14%		3,913	4,268	4,195	3,794	-10%
Other operating income	3,651	3,141	-14%	9%		2,443	3,884	1,505	1,636	9%
Opex	4,048	4,194	4%	10%		2,638	3,276	2,114	2,080	-2%
PPoP	6,926	6,936	0%	14%		3,717	4,877	3,586	3,350	-7%
Provision expense	2,446	1,694	-31%	11%		1,196	233	941	753	-20%
Operating profit	4,480	5,242	17%	14%		2,521	4,644	2,645	2,597	-2%
Income tax	904	1,045	16%	14%		523	2,014	539	506	-6%
Net income	3,576	4,197	17%	15%		1,998	2,629	2,106	2,091	-1%

Total deposits	684,605	736,638	8%		748,180	739,487	728,331	736,638	1%
- Demand	188,785	185,198	-2%		208,696	191,412	184,650	185,198	0%
- Saving	279,465	291,847	4%		298,106	300,788	292,682	291,847	0%
- Time	216,355	259,593	20%		241,378	247,287	250,999	259,593	3%
Total liabilities	777,271	858,120	10%		861,786	863,966	852,797	858,120	1%
Gross loans	592,526	692,932	17%		685,123	718,967	696,308	692,932	0%
Loan loss reserves	(30,996)	(28,205)	-9%		(29,572)	(29,420)	(28,711)	(28,205)	-2%
Other earning assets	157,879	172,639	9%		167,095	154,041	153,125	172,639	13%
Total assets	939,411	1,036,284	10%		1,030,812	1,037,078	1,028,532	1,036,284	1%
Shareholders equity	162,139	178,164	10%		169,025	173,112	175,736	178,164	1%

Key ratios (%)

NIM	5.9	5.7	(0.2)		5.7	6.1	6.0	5.5	(0.6)
CASA to total deposits	68.4	64.8	(3.6)		67.7	66.6	65.5	64.8	(0.8)
Cost-to-income	36.9	37.7	0.8		41.5	40.2	37.1	38.3	1.2
Credit cost (% of avg. loan)	2.5	1.5	(1.0)		2.2	0.4	1.7	1.4	(0.3)
Tax rate	20.2	19.9	(0.2)		20.7	43.4	20.4	19.5	(0.9)
LDR	86.6	94.1	7.5		91.6	97.2	95.6	94.1	(1.5)
ROA	2.2	2.4	0.2		2.3	3.1	2.4	2.4	(0.0)
ROE	13.3	14.3	1.0		14.3	18.4	14.5	14.2	(0.3)

BBNI 2M19 NET INCOME GREW BY 32% YOY; IN-LINE

Bank Negara Indonesia (BBNI) recorded Rp2.3 tn net income in 2M19, up by 32% YoY, forming 13% of both ours and consensus FY19 estimates. Continuing the trend from Jan-19, net interest income still posted negative growth (-4% YoY in 2M19). This due to spike in interest expense (+39% YoY in 2M19), which were attributable to: 1) BBNI arguably has low based interest expense in the beginning of last year (the bank decrease its TD rates back in 1Q18), 2) aggressive growth in TD (21% YoY in 2M19). The aggressive growth in funding were also to match up the loan growth, which was accelerated to 18% YoY as of 2M19, from previous month of 16% YoY. The boost on bottom line came from improvement in CoC to 1.5% in 2M19 from 3.1% previous year, resulting in a 41% decline in provision expense. BBNI also registered lower effective tax rate in 2M19 at 13% (vs. 20% historical average), which boost bottom line to grew by 32% or higher than its operating profit growth at 21% YoY.

Comment: We think the monthly numbers were in-line with our estimates, as it forms 13% of FY19 estimates (historical 2M18 was 12% of full year). We have a Buy call on BBNI with Rp10,400/share target price.

BBNI (Bank only, unaudited)

Results summary (Rp bn)	2M19/								
	2M18	2M19	YoY	FY19E	Nov-18	Dec-18	Jan-19	Feb-19	MoM
Interest income	7,875	8,692	10%	14%	4,588	4,666	4,429	4,263	-4%
Interest expense	2,572	3,581	39%	16%	1,625	1,745	1,801	1,780	-1%
Net interest income	5,303	5,111	-4%	13%	2,963	2,921	2,628	2,483	-6%
Non interest income	1,792	1,779	-1%	11%	1,142	1,688	1,034	745	-28%
Opex	2,867	3,059	7%	12%	1,676	1,453	1,563	1,496	-4%
PPoP	4,228	3,831	-9%	13%	2,429	3,155	2,099	1,731	-18%
Provision expense	2,057	1,194	-42%	14%	1,159	776	750	444	-41%
Operating profit	2,171	2,637	21%	12%	1,270	2,379	1,350	1,287	-5%
Income tax	436	345	-21%	8%	249	1,258	267	78	-71%
Net income	1,735	2,292	32%	13%	1,022	1,121	1,083	1,209	12%

Total deposits	468,025	521,965	12%		522,072	544,660	516,341	521,965	1%
- Demand	137,366	146,130	6%		164,187	165,805	144,219	146,130	1%
- Saving	157,699	166,296	5%		168,811	189,771	170,790	166,296	-3%
- Time	172,960	209,540	21%		189,075	189,083	201,332	209,540	4%
Total liabilities	550,826	617,896	12%		621,125	650,986	613,009	617,896	1%
Gross loans	401,758	473,606	18%		469,016	483,422	469,220	473,606	1%
Loan loss reserves	(14,699)	(14,035)	-5%		(14,410)	(14,060)	(14,303)	(14,035)	-2%
Other earning assets	150,544	130,393	-13%		134,163	130,187	128,352	130,393	2%
Total assets	645,651	719,002	11%		721,123	754,575	712,528	719,002	1%
Shareholders equity	94,825	101,106	7%		99,998	103,590	99,519	101,106	2%

Key ratios (%)

NIM	5.9	5.2	(0.8)		6.1	5.9	5.3	5.1	(0.3)
CASA to total deposits	63.0	59.9	(3.2)		63.8	65.3	61.0	59.9	(1.2)
Cost-to-income	40.4	44.4	4.0		40.8	31.5	42.7	46.4	3.7
Credit cost (% of avg. loan)	3.1	1.5	(1.6)		3.1	2.0	1.9	1.2	(0.8)
Tax rate	20.1	13.1	(7.0)		19.6	52.9	19.8	6.1	(13.7)
LDR	85.8	90.7	4.9		89.8	88.8	90.9	90.7	(0.1)
ROA	1.6	1.9	0.3		1.7	1.8	1.8	2.0	0.3
ROE	11.0	13.4	2.4		12.4	13.2	12.8	14.5	1.7

GGRM FY2018 RESULTS: FLAT BOTTOM LINE GROWTH BUT STILL IN LINE

Gudang Garam reported Rp95.7 tn revenue in FY18 or increased by +14.9% YoY, which was in line with our forecast and consensus analysis, forming 104% and 102% of our and consensus FY18F. As COGS grew at higher pace (+18.4% YoY), gross profit rose slightly by 2.3% to Rp18.64 tn, led GGRM to record lower GPM of 19.5% (-240bps). Meanwhile, operating expense grew only by a single digit at 6.3%. This further drove operating profit to be flat at Rp 11.09 tn (-0.2%YoY), which met 96% of our FY18F. On the other hand, GGRM also was able to cut down finance cost by 15.4% to Rp 678 bn. These together helped net profit only grew by 0.5% YoY to Rp7.79 tn, forming 99% and 96% of our FY18F and consensus. On quarterly basis, GGRM recorded positive revenue and gross profit growth by 5% and 4.5%, respectively. However 4Q18 operating profit fell by 11.2%QoQ. 4Q18 net income was at Rp2.0tn, down by 8% QoQ. as opex rose significantly by 39.2%, and operating profit beat down by -11.2% QoQ. Overall, we see GGRM still recorded in line results even though on the margin side, GGRM booked negative growth in 2018. The newly launched product GG Move was the main reason for the high opex in 4Q18 that brought down the FY operating profit by -0.2%YoY. Overall, we still positive about Indonesia cigarette industry this year to support the cigarette industry performance. We are currently reviewing our target price for GGRM.

(in Rp Bn)	2018	2017	YoY	4Q18	3Q18	QoQ	2018F	% of 18F
Revenue	95,708	83,306	14.9%	25,818	24,584	5.0%	91,311	104.8%
Gross Profit	18,644	18,222	2.3%	4,934	4,722	4.5%	20,174	92.4%
Gross Profit Margin	19.5%	21.9%	-2.4%	19.1%	19.2%	-0.1%		
Opex	7,551	7,103	6.3%	2,044	1,468	39.2%		
Operating Profit	11,093	11,119	-0.2%	2,891	3,254	-11.2%	11,474	96.7%
Operating margin	11.6%	13.3%	-1.8%	11.2%	13.2%	-2.0%		
Finance Cost	-678	-801	-15.4%	-201	-180	11.7%		
Others-net	64	119	-46.4%	29	-63	n.a		
Pre-tax profit	10,479	10,437	0.4%	2,718	3,011	-9.7%		
Pre-tax margin	10.9%	12.5%	-1.6%	10.5%	12.2%	-1.7%		
Net Profit	7,792	7,754	0.5%	2,031	2,206	-8.0%	7,851	99.3%
Net Margin	8.1%	9.3%	-1.2%	7.9%	9.0%	-1.1%		

MAIN FY18 HIGHLIGHTS: NET PROFIT JUMPS ON SIGNIFICANT OTHER INCOME

4Q18 net income jumped remarkably by 563.1% QoQ to Rp285 bn, due to income from biological asset changes that appeared in 4Q18. Cumulatively, FY18 net profit stood at Rp285 bn (563.1% YoY), beating 28.1% and 21.7% of ours and consensus' projections. Excluding the income from biological asset, it seems that net income of MAIN throughout 2018 was below our estimation. Revenue came in line at Rp6.7 tn, amplified by 23.2% YoY. Gross profit rose 68.2% to Rp942 bn, followed by 188% increase in operating income to Rp409.7 bn. Margins of MAIN improved across the board in FY18.

Comment: actually the top line results are in line, however we need to review out our forecast for below operating line.

Rp bn	FY18	FY17	YoY	4Q18	3Q18	QoQ	FY18F KI	FY18F Cons.
Revenue	6,706	5,441	23.2%	1,867.4	1,765.9	5.7%	109.3%	106.4%
COGS	-5,764	-4,881	18.1%	(1,628.2)	(1,488.6)	9.4%		
Gross profit	942	560	68.2%	239.2	277.2	-13.7%	105.5%	105.4%
<i>Gross margin (%)</i>	<i>14.1</i>	<i>10.3</i>	<i>3.75</i>	<i>12.8</i>	<i>15.7</i>	<i>(2.89)</i>		
Selling expenses	(173.4)	(173.7)	-0.2%	(41.0)	(45.6)	-10.0%		
GA expenses	(359.1)	(244.4)	46.9%	(115.5)	(114.0)	1.3%		
Operating income	409.74	142.27	188.0%	82.7	117.7	-29.7%	98.9%	98.7%
<i>Operating margin (%)</i>	<i>6.11</i>	<i>2.61</i>	<i>3.50</i>	<i>4.4</i>	<i>6.7</i>	<i>(2.24)</i>		
Interest income	0.4	0.3	40.5%	0.1	0.2	-19.7%		
Interest expense	-127	-123	3.3%	(36.5)	(35.5)	2.9%		
other income	115	-21	N/A	102.0	10.7	853.0%		
Profit before tax	398.19	(1.38)	N/A	148.4	93.1	59.3%		
Tax expense	-114	44	-357.1%	(50.7)	(27.4)	85.3%		
Net income	285	42.9	563.1%	98.0	65.7	49.3%	128.1%	121.7%
<i>Net margin (%)</i>	<i>4.2</i>	<i>0.8</i>	<i>3.46</i>	<i>5.3</i>	<i>3.7</i>	<i>1.53</i>		

CPIN FY18 HIGHLIGHTS: IN-LINE RESULT

CPIN recorded Rp1.08 tn of net profit in 4Q18, up 4.2% QoQ. On cumulative basis, FY18 net profit came in at Rp4.55 tn (+82.1% YoY), or translating to 101.8% and 101.2% of ours and consensus' estimates. FY18 revenue stood at Rp53.9 tn, slightly increased by 9.3% YoY. Gross profit and operating profit both improved remarkably by 46.2% YoY and 75.1% YoY to Rp9.1 tn and Rp6.4 tn, respectively. Despite forex loss rose significantly by 951% YoY, EBT still jumped by 81.2% YoY.

Comment: Despite high corn price during 4Q18, CPIN was able to maintain their margins. We view the result of CPIN is largely in line with our and street estimates.

CPIN	FY18	FY17	YoY	4Q18	3Q18	QoQ	18F KI	18F Cons
Revenue	53,957.6	49,367.4	9.3%	14,572.5	13,772.4	5.8%	103.1%	101.5%
COGS	(44,822.8)	(43,118.5)	4.0%	(12,324.3)	(11,607.3)	6.2%		
Gross profit	9,134.8	6,248.9	46.2%	2,248.3	2,165.1	3.8%	102.6%	102.7%
Gross margin (%)	16.93	12.66	4.27	15.43	15.72	-0.3		
Selling expenses	(1,184.1)	(1,175.1)	0.8%	(307.9)	(308.9)	-0.3%		
GA expenses	(1,556.5)	(1,421.7)	9.5%	(452.9)	(395.3)	14.6%		
Operating income	6,394.2	3,652.2	75.1%	1,487.5	1,461.0	1.8%	102.5%	103.7%
Operating margin (%)	11.85	7.40	4.45	10.21	10.61	-0.4		
Interest income	77.2	49.3	56.5%	22.8	25.2	-9.7%		
Interest expense	(513.2)	(496.1)	3.5%	(151.5)	(119.2)	27.1%		
Gain (loss) on forex	(144.8)	(13.8)	951.0%	(3.6)	(63.8)	-94.4%		
Others – net	94.0	68.2	37.8%	52.1	40.6	28.4%		
Profit before tax	5,907.4	3,259.8	81.2%	1,407.3	1,343.8	4.7%	102.4%	100.8%
Tax expense	(1,355.9)	(759.9)	78.4%	(325.4)	(305.0)	6.7%		
Net income	4,554.4	2,500.9	82.1%	1,082.4	1,039.3	4.2%	101.8%	101.2%
Net margin (%)	8.44	5.07	3.37	7.43	7.55	-0.1		

TOTO FY18 HIGHLIGHTS : EARNINGS ABOVE

TOTO recorded Rp2.23 tn of revenue in FY18, up mildly by 2.42% YoY and representing 94.5% of our estimate. Since TOTO could manage stable COGS, gross profit rose 9.77% YoY to Rp587.7 bn, or translating to 26.4% gross profit margin (vs. 24.6% in FY17). Below operating line, the company booked net other income of Rp63 bn, in which we believe came from gain on asset sale. FY18 net profit stood 346.7 bn (+24.29% YoY), beating our forecast by 10.1%.

(In Rp bn)	FY18	FY17	YoY (%)	4Q18	3Q18	QoQ (%)	% KI
Revenue	2228.3	2175.6	2.42	513.3	577.6	-11.14	94.5%
COGS	-1640.5	-1640.2	0.02	-387.8	-410.4	-5.52	
Gross profit	587.7	535.4	9.77	125.5	167.2	-24.95	99.3%
<i>gross margin (%)</i>	<i>26.4</i>	<i>24.6</i>	<i>1.77</i>	<i>24.5</i>	<i>29.0</i>	<i>-4.50</i>	
OPEX	-204.956	-173.910	17.85	-71.8	-50.0	43.68	
Operating profit	382.8	361.5	5.88	53.7	117.2	-54.21	101.4%
<i>operating margin (%)</i>	<i>17.2</i>	<i>16.6</i>	<i>0.56</i>	<i>10.5</i>	<i>20.3</i>	<i>-9.84</i>	
Interest expense	-11.0	-16.1	-31.24	-2.8	-2.7	4.72	
finance income	17.2	24.4	-29.25	6.9	4.2	64.40	
Others-net	63.0	7.8	703.90	78.3	-4.1	-2015.07	
Earnings before tax	452.0	377.7	19.68	136.1	114.7	18.69	
Net profit	346.7	278.9	24.29	116.1	86.0	34.97	110.1%
<i>Net margin (%)</i>	<i>15.6</i>	<i>12.8</i>	<i>2.74</i>	<i>22.6</i>	<i>14.9</i>	<i>7.73</i>	

INTILAND POSTS RP204 BN OF NET INCOME IN 2018; ABOVE EXPECTATION

Intiland Development (DILD)'s revenues grew 16% YoY to Rp2.55 tn in 2018, however COGS escalated faster by 24% hence gross profit inched 5% YoY higher with gross margin contracted to 39.4% (vs. 43.4% in FY17). Opex increased 12% YoY brought down operating profit to Rp419 bn (-3% YoY). Increasing interest expense further squeezed the bottom line, the FY18 net profit came in at Rp204 bn (-32% YoY). On quarter over quarter basis, 4Q18 revenues came in disappointingly at Rp133 bn (-78% QoQ), however opex were flat and net profit booked at Rp81 bn, a turnaround from 3Q18 net loss of Rp14 bn.

Exhibit : DILD FY18 Results

Rp bn	FY18	FY17	YoY	4Q18	3Q18	QoQ	FY18F	FY18/18F
Revenues	2,553	2,203	16%	133	613	-78%	3,340	76%
Cost of revenue	(1,547)	(1,247)	24%	154	(414)	-137%		
Gross profit	1,006	956	5%	287	199	45%	1,030	98%
Gross margin (%)	39.4	43.4	- 4.0	215.8	32.4	183.4	30.8	
G&A expenses	(447)	(392)	14%	(111)	(121)	-8%		
Marketing expenses	(140)	(131)	7%	(37)	(28)	30%		
Operating expenses	(587)	(522)	12%	(148)	(149)	-1%		
Operating profit	419	433	-3%	140	50	181%	395	106%
Operating margin (%)	16.4	19.7	- 3.3	105.0	8.1	96.9	11.8	
Forex gain (loss)	0	2	-93%	(1)	0	-252%		
Interest income	25	23	10%	11	3	212%		
Interest expense	(290)	(240)	21%	(81)	(80)	1%		
Other income (exp)	28	44	-35%	4	0	661%		
Total other inc (exp)	(236)	(172)	37%	(67)	(76)	-12%		
Pre-tax profit	182	261	-30%	73	(26)	n.a		
Tax	12	10	13%	5	9	n.a		
PBMI	194	272	-29%	78	(17)	n.a		
MI	10	26	-63%	3	(3)	n.a		
Net profit	204	297	-32%	81	(14)	n.a	175	117%
Net margin (%)	8.0	13.5	- 5.5	60.6	- 2.3	62.9	5.2	

Comment: The FY18 revenues came in below our and consensus' expectation, however the net profit was 17% exceeded our estimate and 18% below consensus. We will review our current Rp350 TP for DILD which based on 60% discount to our RNAV.

ALAM SUTERA BOOKS REVENUES RP3.98 TN; IN LINE

Alam Sutera Realty (ASRI) booked flat +1% YoY revenues of Rp3.98 tn in 2018 with COGS slightly contracted by 1% hence gross profit inched 3% YoY higher. In line with revenues, operating profit was flat +0% YoY to Rp1.99 tn. Forex loss escalated to Rp317 bn (+897% YoY) and squeezed net profit to Rp970 bn (-30% YoY). On quarter over quarter basis, the 4Q18 revenues drop 23% to Rp772 bn while net profit grew 172% QoQ supported by gain in forex of Rp200 bn in the period.

Exhibit 2 : ASRI FY18 Results

(Rp bn)	FY18	FY17	YoY	4Q18	3Q18	QoQ	FY18F	FY18F
Revenues	3,975	3,917	1%	772	1,006	-23%	4,087	97%
Cost of revenue	(1,531)	(1,541)	-1%	(353)	(355)	-1%		
Gross profit	2,444	2,376	3%	419	651	-36%	2,567	95%
Gross margin (%)	61	61	1	54	65	(10)	63	
G&A expenses	(327)	(297)	10%	(77)	(82)	-6%		
Marketing expenses	(139)	(94)	48%	(29)	(47)	-37%		
Operating expenses	(466)	(390)	19%	(107)	(129)	-17%		
Operating profit	1,978	1,986	0%	313	522	-40%	2,160	92%
Operating margin (%)	50	51	(1)	41	52	(11)	53	
Forex gain (loss)	(317)	(32)	897%	200	(231)	-187%		
Interest income	19	43	-55%	6	4	32%		
Interest expense	(442)	(314)	41%	(115)	(110)	5%		
Other income (exp)	(83)	(107)	-22%	(33)	(19)	74%		
Total other inc (exp)	(823)	(410)	101%	58	(355)	-116%		
Pre-tax profit	1,155	1,576	-27%	371	168	121%		
Tax	(184)	(190)	-3%	(39)	(47)	-16%		
PBMI	971	1,385	-30%	332	121	174%		
MI	(0)	(5)	-91%	(1)	1	-199%		
Net profit	970	1,380	-30%	331	122	172%	917	106%
Net margin (%)	24	35	(11)	43	12	31	22	

Comment: The FY18 revenues realization came in line with our and consensus' estimates while net profit was 6% above our expectation however 8% below consensus. Judging from ASRI FY18 results, we will maintain our BUY rating with TP Rp410 based on 65% discount to our RNAV.

DHARMA SATYA RECORDS RP4.76 TN OF FY18 REVENUES; IN LINE

Dharma Satya Nusantara (DSNG) booked 17% QoQ growth of revenues in 4Q18, COGS grew slower 13% QoQ hence gross profit increased 24% QoQ to Rp539 bn with gross margin expanded to 37.9% (vs. 35.7% in 3Q18). Opex was 190% QoQ higher hence operating profit declined 28% QoQ to Rp236 bn. Lower interest expense supported the 4Q18 net profit to Rp143 bn (-2% QoQ). The FY18 revenues came in -8% YoY to Rp4.76 tn. Opex was 12% YoY higher hence operating profit declined 21% YoY to Rp932 bn. On the bottom line, net profit came in Rp421 bn (-27% YoY).

Exhibit : DSNG FY18 results

Rp bn	FY18	FY17	YoY	4Q18	3Q18	QoQ	FY18F	FY/18F
Revenues	4,762	5,160	-8%	1,424	1,215	17%	4,719	101%
Cost of revenue	(3,219)	(3,436)	-6%	(885)	(781)	13%		
Gross profit	1,543	1,724	-10%	539	434	24%	1,377	112%
<i>Gross margin (%)</i>	32.4	33.4	(1.0)	37.9	35.7	2.2	29.2	
G&A expenses	(347)	(328)	6%	(114)	(74)	53%		
Marketing expenses	(273)	(239)	14%	(86)	(71)	21%		
Other op. income (exp.)	(19)	5	-507%	(89)	27	-424%		
Forex gain (loss)	28	18	57%	(16)	13	-221%		
Operating expenses	(611)	(545)	12%	(304)	(105)	190%		
Operating profit	932	1,179	-21%	236	329	-28%	753	124%
<i>Operating margin (%)</i>	19.6	22.8	(3.3)	16.5	27.1	(10.5)	15.9	
Interest income	39	29	35%	9	10	-7%		
Interest expense	(359)	(272)	32%	(66)	(105)	-37%		
Total other inc. (exp)	(321)	(243)	32%	(57)	(96)	-40%		
Pre-tax profit	611	935	-35%	179	234	-24%		
Tax	(179)	(274)	-35%	(47)	(77)	-39%		
Discontinued operations	(5)	(83)	-94%	14	(8)			
PBMI	427	578	-26%	146	149	-2%		
MI	(7)	(3)	138%	(3)	(3)	5%		
Net profit	421	576	-27%	143	146	-2%	287	147%
<i>Net margin (%)</i>	8.8	11.2	(2.3)	10.1	12.0	(1.9)	6.1	

Comment: The FY18 revenues came in line with our estimates however net profit exceeded our expectation by 47% YoY. We will maintain our BUY rating and review our current TP of Rp470/sh implying 2019F PE 9.1x.

TOWR'S NPAT CAME 7% BELOW CONSENSUS EXPECTATION; REVENUE AND EBITDA INLINE

TOWR's NPAT came in at Rp2.2 tn (+4.8% YoY) forming only 93% of consensus expectation. The miss was largely attributed to below the operating line items as revenue and EBITDA were actually inline (at 100% and 99%, respectively). Finance costs rose by +26.9% YoY to Rp872 bn, while effective tax rate was also higher in 2018 at 25.5% (vs. 25.1% in 2017). On a QoQ basis, NPAT down by -21.1% YoY to Rp494 bn due to +21.8% QoQ hikes in cost of sales.

Rp bn	2018	2017	YoY	4Q18	3Q18	QoQ	Cons.	Achv.
Total Revenues	5,868	5,338	9.9%	1,523	1,540	-1.1%	5,850	100%
Total D&A	-1,114	-895	24.5%	-312	-313	-0.5%		
Other cost of sales	-428	-277	54.1%	-136	-112	21.8%		
Gross Income	4,326	4,166	3.8%	1,075	1,115	-3.6%		
<i>Gross Income margin (%)</i>	<i>73.7%</i>	<i>78.0%</i>	<i>-4.3</i>	<i>70.6%</i>	<i>72.4%</i>	<i>-1.8</i>		
Selling & Marketing	-109	-80	35.9%	-27	-29	-6.6%		
General & Admin.	-399	-376	6.0%	-107	-105	1.9%		
Operating Income	3,817	3,709	2.9%	941	981	-4.1%	3,934	97%
<i>Operating Income margin (%)</i>	<i>65.1%</i>	<i>69.5%</i>	<i>-4.4</i>	<i>61.8%</i>	<i>63.7%</i>	<i>-1.9</i>	<i>67.3%</i>	
EBITDA	4,932	4,604	7.1%	1,252	1,295	-3.2%	4,967	99%
<i>EBITDA margin (%)</i>	<i>84.0%</i>	<i>86.2%</i>	<i>-2.2</i>	<i>82.3%</i>	<i>84.0%</i>	<i>-1.8</i>	<i>84.9%</i>	
Other operating expenses net	-27	-287	-90.4%	-25	106	-123.8%		
Finance income (net of tax)	34	68	-50.2%	11	8	42.4%		
Finance cost	-872	-687	26.9%	-260	-255	2.1%		
Pre-tax profit	2,952	2,803	5.3%	666	840	-20.7%		
Tax expense	-752	-703	6.9%	-172	-214	-19.6%		
Minority interest	0	0	-61.5%	0	0	-350.0%		
Net profit	2,200	2,100	4.8%	494	626	-21.1%	2,372	93%
<i>Net Profit margin (%)</i>	<i>37.5%</i>	<i>39.3%</i>	<i>-1.9</i>	<i>32.4%</i>	<i>40.7%</i>	<i>-8.2</i>	<i>40.6%</i>	

LINK MISSED ESTIMATES DUE TO HIKES IN RECEIVABLES IMPAIRMENT

LINK recorded Rp787 bn NPAT, down by -21.7% YoY, forming only 71% of Consensus. While revenue and other costs are relatively inline, the drop in NPAT was mostly due to the +80.7% YoY jumps in G&A expenses. We noted that the punchy jump was attributed to provision in receivables which we believe linked to the receivables of Internux and BOLT! which have come out of business recently. We believe this underwhelming result will put a negative pressure to the share price.

Rp bn	2018	2017	YoY	4Q18	3Q18	QoQ	Cons.	Achv.
Total Revenues	3,728	3,399	9.7%	934	911	2.5%	3,774	99%
Costs of services	-775	-707	9.7%	-184	-202	-8.7%		
Selling expenses	-223	-215	3.5%	-56	-56	0.3%		
G&A expenses	-870	-481	80.7%	-476	216	-320.4%		
EBITDA	1,861	1,996	-6.7%	773	314	146.0%	2,203	84%
<i>EBITDA margin (%)</i>	<i>49.9%</i>	<i>58.7%</i>						
Depreciation & Amortization	-719	-644	11.6%	-186	-167	11.4%		
Other Operating	2	5	-64.5%	-1	3	-134.5%		
Operating Income	1,144	1,357	-15.7%	407	331	22.7%		
<i>Operating Income margin (%)</i>	<i>30.7%</i>	<i>39.9%</i>						
Finance expenses	-60	-43	39.0%	-1	-38	-98.6%		
Finance income	36	25	41.1%	4	24	-81.7%		
Pre-tax profit	1,120	1,339	-16.3%	393	334	17.8%		
Tax expense	-332	-332	-0.2%	-62	-118	-47.0%		
Minority interest	0	0	-100.0%	0	0			
Net profit	789	1,007	-21.7%	242	305	-20.5%	1,113	71%
<i>Net Profit margin (%)</i>	<i>21.2%</i>	<i>29.6%</i>					<i>29.5%</i>	

SCMA RECORDED +12.4% NPAT GROWTH YOY

SCMA booked Rp1.5 tn NPAT, up by +12.4% YoY on the back of +12.3% YoY revenue growth. NPAT was slightly missed expectations as it formed 94% and 96 of our and Consensus numbers, respectively. The miss was due to higher-than-expected cost of revenue which rose by +17.6% YoY. This was due to the cost to acquire Asian Games broadcasting rights in 2018. Apart from the cost of sales, other expenses were not surprising; opex was in stringent control, rising by +7.1% YoY, while interest expense was down by -81.9% YoY.

Comment: We will fine-tune our forecasts post the result. However, we remain constructive on the stock and reiterate our BUY rating.

Rp bn	2018	2017	YoY	4Q18	3Q18	QoQ	2018F	2018A/F	Cons	2018C/F
Revenue	5,002	4,454	12.3%	1,206	1,317	-8.4%	4,975	101%	4,953	101%
Cost of revenue	(2,157)	(1,835)	17.6%	(553)	(632)	-12.4%				
Gross profit	2,845	2,619	8.6%	653	685	-4.7%	2,948	96%	2,927	97%
<i>Gross margin (%)</i>	56.9	58.8		54.1	52.0					
Operating expenses - net	(907)	(847)	7.1%	(274)	(206)	33.1%				
Operating profit	1,938	1,772	9.3%	378	479	-21.0%	2,053	94%	2,030	95%
<i>Operating margin (%)</i>	38.7	39.8		31.4	36.4					
Interest expense	(3)	(16)	-81.9%	(1)	(1)	10.8%				
Interest income	25	15	66.5%	13	4	208.3%				
Others	9	11	-15.7%	(4)	2	-289.1%				
Pre-tax profit	1,969	1,782	10.5%	387	485	-20.3%	2,057	96%	2,050	96%
Tax	(494)	(464)	6.4%	(101)	(132)	-23.4%				
Profit before MI	1,475	1,318	11.9%	285	353	-19.1%				
Minority interest	(10)	(14)	-29.1%	(9)	(8)	10.1%				
Net profit	1,465	1,304	12.4%	276	345	-19.9%	1,555	94%	1,521	96%
<i>Net margin (%)</i>	29.3	29.3		22.9	26.2					

TUNAS BARU LAMPUNG BOOKS NET PROFIT RP758 BN; BELOW EXPECTATION

Tunas Baru Lampung (TBLA)'s revenues declined 4% YoY to Rp8.62 tn while COGS fell 5% YoY hence gross profit reduced by 2% YoY to Rp2.30 tn. Opex inched 2% YoY higher brought the operating profit to Rp1.69 tn (-3% YoY). The net profit slide 22% YoY to Rp758 bn. On quarter over quarter basis, the 4Q18 revenues relative flat +2% QoQ to Rp2.32 tn while net profit improved 16% QoQ to Rp220 bn.

Exhibit : TBLA FY18 Results

Rp bn	FY18	FY17	YoY	4Q18	3Q18	YoY	FY18F	FY/18F
Revenues	8,615	8,975	-4%	2,324	2,288	2%	8,149	106%
Cost of revenue	(6,312)	(6,627)	-5%	(1,696)	(1,697)	0%		
Gross profit	2,303	2,348	-2%	628	591	6%	2,246	103%
<i>Gross margin (%)</i>	26.7	26.2	0.6	27.0	25.8	1.2		
G&A expenses	(367)	(338)	9%	(142)	(76)	86%		
Marketing expenses	(241)	(257)	-6%	(42)	(73)	-41%		
Operating expenses	(609)	(596)	2%	(184)	(149)	24%		
Operating profit	1,694	1,752	-3%	444	443	0%	1,651	103%
<i>Operating margin (%)</i>	19.7	19.5	0.1	19.1	19.3	(0.2)		
Forex gain (loss)	(53)	(25)	115%	26	(18)	-240%		
Interest income	4	9	-54%	1	1	75%		
Interest expense	(677)	(433)	56%	(198)	(181)	9%		
Other income (exp)	74	(28)	-361%	53	4	1147%		
Total other inc (exp)	(651)	(477)	36%	(118)	(195)	-39%		
Pre-tax profit	1,043	1,275	-18%	326	248	32%		
Tax	(279)	(296)	-6%	(103)	(57)	80%		
PBMI	764	979	-22%	223	190	17%		
MI	(7)	(5)	24%	(3)	(1)	147%		
Net profit	758	973	-22%	220	189	16%	816	93%
<i>Net margin (%)</i>	8.8	10.8	(2.0)	9.5	8.3	1.2		

Comment: The FY18 revenues came in 6% above our expectation while in line with consensus. However, net profit fell below our and consensus' expectations. We will review our current Rp1,060 TP which implying 2019F PE 8.0x with potential to downgrade.

MYOR: IN-LINE FY18 RESULTS

Mayora Indah (MYOR) reported Rp 1.7 tn net profit in 2018 or up by 7.6%YoY and Rp 24 tn revenue in 2018 or increased by +15.6% YoY, in line with our and consensus analysis accounting for 103% and 101%, respectively. As COGS grew at 11.5% YoY, gross profit standing at Rp 6.39 tn(+28.6%YoY), causing MYOR to record higher GPM of 26.6% (+270 bps). Meanwhile, opex grew 49.9%YoY to Rp 3.7tn, which drove operating profit to increase slightly by 6.8% YoY at Rp 2.6 tn. On the other hand, MYOR finance cost rose by 27.3% YoY to Rp 492 bn. These together brought net profit to grow higher by 7.6% YoY to Rp 1.7 tn in 2018, forming 101% of our FY18 estimate. On quarterly basis, 4Q18 revenue and net income rose by 2.7%QoQ and 69.2%YoY as operating expenses dropped by 38%QoQ.

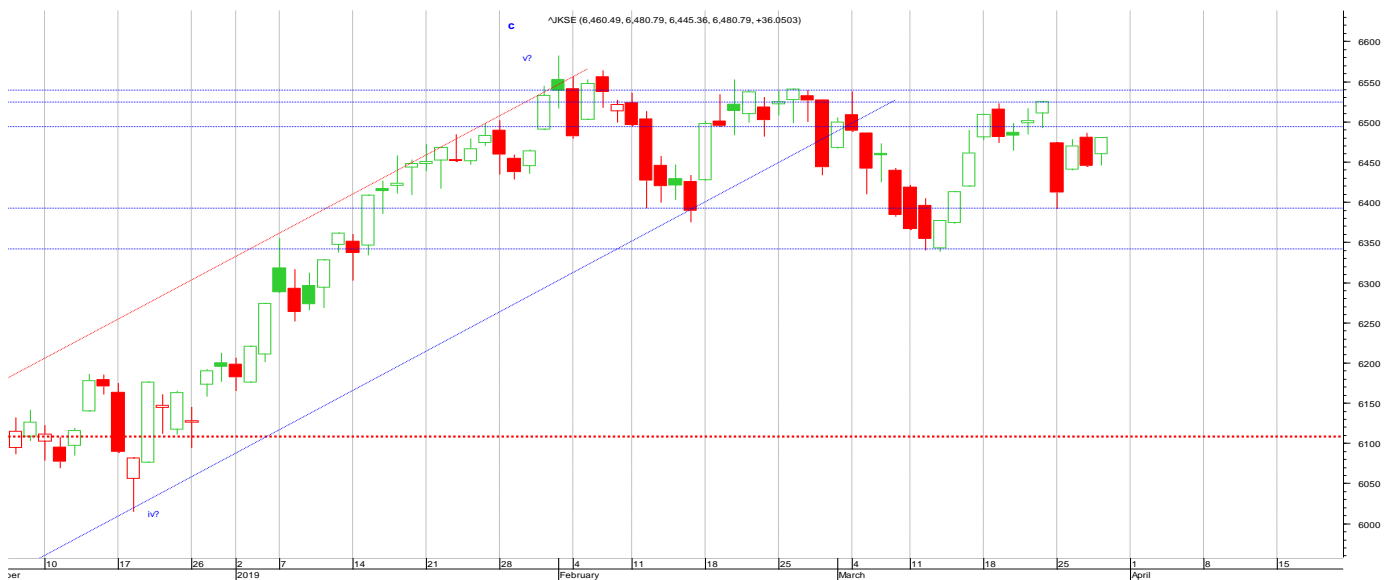
Overall both packaged foods and beverages recorded positive growth in YoY and QoQ. However, we expect higher A&P spending might be slow down after aggressive promotions and new products launched last year. But, as negotiation regarding SSG(import tax policy) with Philippine failed last time, this will affect around 20% of MYOR revenue in 2019. Overall, we believe all the positive news has been reflected in MYOR's premium valuation. We maintain hold rating for MYOR with TP of Rp 2,800/share.

Rp bn	2018	2017	YoY	4Q18	3Q18	QoQ	2018F	% of 2018F
Revenue	24,060.8	20,816.7	15.6%	6,711	6,533	2.7%	23,188.1	103.8%
COGS	17,664.1	15,841.6	11.5%	4,812	4,816	-0.1%		
Gross profit	6,396.7	4,975.1	28.6%	1,899	1,717	10.5%	5,582.0	114.6%
<i>Gross margin (%)</i>	<i>26.6%</i>	<i>23.9%</i>	<i>2.7%</i>	<i>28.3%</i>	<i>26.3%</i>	<i>2.0%</i>		
Selling expenses	3,045.6	1,909.5	59.5%	523	1,076	-51.5%		
G&A expenses	723.2	605.0	19.5%	241	155	55.9%		
Operating expenses	3,768.8	2,514.5	49.9%	764	1,231	-38.0%		
Operating profit	2,627.9	2,460.6	6.8%	1,135	486	133.3%	2,581.1	101.8%
<i>Operating margin (%)</i>	<i>10.9%</i>	<i>11.8%</i>	<i>-0.9%</i>	<i>16.9%</i>	<i>7.4%</i>	<i>9.5%</i>		
Interest expense	(492.6)	(386.9)	27.3%	(144)	(139)	3.9%		
Interest income	46.8	36.5	28.2%	13	11	18.3%		
Sukuk Mudharabah income sharing	-	(7.4)	n.a	-	-	-		
Gain (loss) on forex - net	163.7	91.4	79.2%	(130)	138	-194.5%		
Gain on sale of PPE	1.7	3.1	-44.2%	(1)	0	n.a		
Others - net	34.5	(10.3)	n.a	2	(1)	n.a		
Other income (expenses)	-245.9	-273.7	-10.1%	(261)	10	n.a		
Pre-tax profit	2,381.9	2,186.9	8.9%	874	496	76.2%		
Tax	621.5	555.9	11.8%	242	123	97.0%		
Profit before MI	1,760.4	1,631.0	7.9%	632	373	69.4%		
Minority interest	44.1	36.5	20.7%	16	9	75.8%		
Net profit	1,716.4	1,594.4	7.6%	616	364	69.2%	1,696.5	101.2%
<i>Net margin (%)</i>	<i>7.1%</i>	<i>7.7%</i>	<i>-0.5%</i>	<i>9.2%</i>	<i>5.6%</i>	<i>3.6%</i>		
	2018	2017	YoY	4Q18	3Q18	QoQ		
Package foods	12,466.6	11,047.4	12.8%	3,664.4	3,388.9	8.1%		
Package beverages	12,473.1	10,410.1	19.8%	3,925.3	3,144.1	24.8%		

TECHNICAL ANALYSIS

JCI : (6,481 +0.6%)

Comment : BMRI, BBRI and TLKM consecutively became leading movers. Technically, JCI closed resistance level of the gap 6,500-6,525. Support level at 6,391. Next support and resistance level will be at 6,337-6,581. The penetration of support level of 6,337 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

TLKM : Testing resistance level

The price broke above the down trendline at 3,890.00. This is a bullish sign. This down trendline, currently with an ending point at 3,855.38, may now provide downside support. Volume on the day of the breakout was neither extremely heavy nor extremely light--providing no convincing evidence either way as to the validity of the breakout. The most recently confirmed up trendline for Telekomunikasi Indonesia Tbk has an ending point currently at 3,730.00. Expect prices to have some difficulty falling below this trendline. A break below this trendline (particularly on heavy volume) would be a bearish sign.



BBRI : Testing resistance level

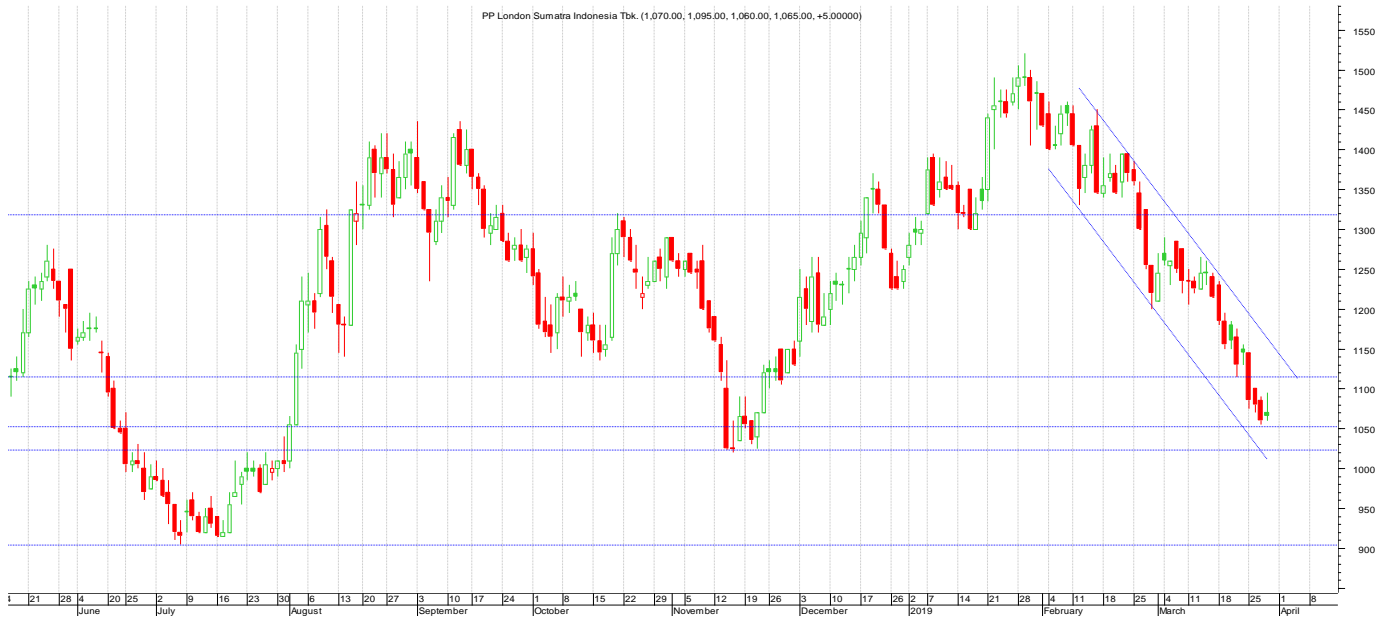
The price closed below resistance level of the rising wedges channel. Support level at 3,990. Next support and resistance level at 3,700-4,230. Some of momentum indicators formed negative sign. Sell on strength



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LSIP : Testing support level

The price closed above minor support level of 1,055. Resistance level at 1,100. Next support and resistance level at 1,020-1,140. Candlestick chart formed a reversal crossing harami pattern. This pattern still need further confirmation. Buy on weakness



EXCL : Testing resistance level

The price closed below minor resistance level of 2,760. The penetration of this resistance level will cause the trend will continue the mid-term positive trend. Support level at 2,550. Next support and resistance level at 2,300-3,000. Speculative buy, cut if the price moves below the level of 2,550.



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CIPTADANA FIXED INCOME DAILY

CURRENCY TRADING RANGE OF TODAY

USD/Rp: 14,190 -14,290

INDONESIA GOVERNMENT SECURITIES YIELD	
Maturity (yrs)	Yield (%)
1	6.28
3	7.09
5	7.15
10	7.67
15	8.10
30	8.47

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
IDR	6.18	6.35	6.25	6.05	5.67
US\$	1.32	1.33	1.25	1.20	
JIBOR (RP)	7.04	7.21	7.49	7.68	

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	14,243	-0.34
1 US\$ = SGD	1.36	0.07
1 US\$ = JPY	110.66	-0.03
1 US\$ = AUD	0.71	0.18
1 US\$ = EUR	1.12	0.10

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Analyst Certification

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