

## FROM EQUITY RESEARCH

### Bank Tabungan Pensiunan Nasional: Fully valued

(BTPS IJ. IDR 3,820. HOLD. TP IDR 3,900)

We reiterate our HOLD call on BTPN with an unchanged GGM-derived TP of IDR3,900 after the company reported better-than-expected 9M18 net profits of IDR1.6tn thanks to 11.7% yoy lower operating expenses. NIM slipped to 11.5% with 3% yoy loans growth and higher credit costs of 203bps arising from rebalancing of the loans mix towards the SME segment. This year, we expect a 11.1% NIM, 155bps credit costs and 41.4% net profits growth.

To see the full version of this report, please [click here](#)

### Bank Tab. Pensiunan Nasional Syariah: A profitable

**business model** (BTPS IJ. IDR 1,685. BUY. TP IDR 2,100)

We reiterate our BUY call on BTPS with a GGM-derived TP of IDR2,100 (implying 3.4x 2019F P/BV) following the release of the 9M18 results that are inline with our forecast. NIM will remain high in our view despite the gradual decline to 36.4% next year coming from a 130bps drop in asset yields to 41.5%. While the funding mixture will still be dominated by TD with a 79.8% contribution to total funding by the end 2019F. All in, we assume a 410bps credit cost and 29.7% yoy net profits growth next year.

To see the full version of this report, please [click here](#)

## MARKET NEWS

### Corporate

- GGRM: Kediri Airport to commence construction in the next 6 months
- Wijaya Karya: Set IDR4.5tn of target of overseas new contracts in 2019
- Pembangunan Perumahan: New contracts achievement 66% as of Sep1

### PREVIOUS REPORT

- Property: Survival of The Fittest! [Click here](#)
- Bank Negara Indonesia: Welcoming a new era of margin [Click here](#)
- Bank Mandiri: Ready to speed up again [Click here](#)
- Surya Citra Media: Strong yearly improvement [Click here](#)
- Astra International: Solid earnings momentum [Click here](#)
- Tower Bersama Infrastructure: Facing challenges given only moderate orders [Click here](#)
- Strategy: Modicum Surplus [Click here](#)
- Property: 9M18 Marketing Sales Check – In Line [Click here](#)

### KEY INDEX

	Close	Chg (%)	Ytd (%)	Vol (US\$ m)
<b>Asean - 5</b>				
Indonesia	5.837	(0,1)	(8,2)	369
Thailand	1.668	(0,9)	(4,9)	1.903
Philippines	7.152	0,1	(16,4)	91
Malaysia	1.732	(0,3)	(3,6)	488
Singapore	3.063	(0,2)	(10,0)	761
<b>Regional</b>				
China	2,550	2,6	(22,9)	19,252
Hong Kong	25,561	0,4	(14,6)	12,728
Japan	22,532	(0,6)	(1,0)	12,612
Korea	2,156	0,4	(12,6)	3,736
Taiwan	9,919	(0,3)	(6,8)	4,030
India	34,316	(1,3)	0,8	429
NASDAQ	7,449	(0,5)	7,9	133,148
Dow Jones	25,444	0,3	2,9	13,770

### CURRENCY AND INTEREST RATE

	Rate	w-w (%)	m-m (%)	ytd (%)
Rupiah	Rp/1US\$	15.187	0,1	(2,1)
BI7DRRR	%	5,75	0,3	0,3
10y Gov	Indo bond	8,66	(0,1)	0,4

### HARD COMMODITY

	Unit	Price	d-d (%)	m-m (%)	ytd (%)
Coal	US\$/ton	110	0,2	(3,9)	9,1
Gold	US\$/toz	1,228	0,1	2,4	(5,8)
Nickel	US\$/mt.ton	12,372	0,8	(0,4)	(2,6)
Tin	US\$/mt.ton	19,185	0,8	1,4	(4,5)

### SOFT COMMODITY

	Unit	Price	d-d (%)	m-m (%)	ytd (%)
Cocoa	US\$/mt.ton	2,135	(2,8)	(3,0)	12,4
Corn	US\$/mt.ton	126	(1,5)	12,2	0,9
Oil (WTI)	US\$/barrel	69	0,2	(2,2)	14,6
Oil (Brent)	US\$/barrel	80	(0,1)	1,2	19,2
Palm oil	MYR/mt.ton	2,084	(0,7)	(4,2)	(12,8)
Rubber	USd/kg	132	-	(0,2)	(10,3)
Pulp	US\$/tonne	1,205	N/A	2,8	20,5
Coffee	US\$/60kgbag	89	0,2	6,5	(4,5)
Sugar	US\$/MT	379	0,1	14,8	(4,0)
Wheat	US\$/ton	140	0,3	(1,5)	6,8
Soy Oil	US\$/lb	29	0,4	6,9	(11,9)
Soy Bean	US\$/by	857	(0,8)	3,2	(10,0)

Source: Bloomberg

## MARKET NEWS

### SECTOR

#### **Heavy Equipment: Production up by 42% yoy in 9M18**

National heavy equipment production jumped by 42% yoy to 5,742 units in 9M18. The strong growth was mainly attributable to sturdy commodity prices. The Heavy Equipment Manufacturer Association of Indonesia (Hinabi) expects the production of heavy equipment to reach 8,000 units in 2018 (+43% yoy). Nonetheless, some of the equipment is imported as the domestic production of heavy equipment cannot meet domestic demand and some of the big machinery is not produced domestically. (Investor Daily)

### CORPORATE

#### **GGRM: Kediri Airport to commence construction in the next 6 months**

The government is committed to accelerating the development of Kediri Airport. The land acquisition process is expected to be completed in the coming months, with construction commencing in the next 6 months. The airport will require a total of 500ha of land, of which around 150ha is still being acquired. (Kontan)

#### **Pembangunan Perumahan: New contracts booked in 9M18 are 66% of the full year target**

Pembangunan Perumahan (PTPP) booked new contracts of IDR32.5tn in 9M18. The 9M18 new contracts are up by 1.5%yoy from the IDR32.0tn booked in the previous year and they are also 66% of the management's full year target of IDR49tn. Around 81.7% of the new contracts were booked by PTPP, while the remaining 18.3% were booked by the company's subsidiaries. Some of the main new contracts booked are: Kulon Progo Airport worth IDR5.6tn, the Makassar new port (stage 1B and 1C) worth IDR2.5tn, the Nipa tank terminal phase 2 worth IDR1.5tn, and the extension at the Ngurah Rai airport in Bali worth IDR1.4tn. (Investor Daily)

#### **Wijaya Karya: Sets a target for overseas new contracts of IDR4.5tn in 2019**

Wijaya Karya (WIKA) has set a new contracts target for overseas contracts of IDR4.5tn in 2019. The main targeted market is Africa countries such as Algeria, Rwanda, Nigeria, and Senegal. WIKA is eyeing works worth USD100mn for road development and around USD250mn from tourism sector development. Senegal will be a new market for WIKA. (Bisnis Indonesia)

*Comment: Foreign contracts still make an insignificant contribution to the overall contracts of the 4 SOE contractors we cover. WIKA's management targets new contracts of IDR57.0tn in 2018, while the new contracts booked reached IDR25.3tn in 9M18 (43.6%). Meanwhile, based on our data, WIKA's new foreign contracts booked as of June 18 reached IDR1.1tn. (Maria Renata )*

Friday, 19 October 2018

**HOLD**
**Maintain**

Last price (IDR)	3,820
Target Price (IDR)	3,900
Upside/Downside	+2.1%
Previous Target Price (IDR)	3,900

**Stock Statistics**

Sector	Banking
Bloomberg Ticker	BTPN IJ
No of Shrs (mn)	5,745
Mkt. Cap (IDRbn/USDmn)	21,946/1,445
Avg. daily T/O (IDRbn/USDmn)	4.8/0.3

**Major shareholders (%)**

Sumitomo Mitsui	40.0
Summit Global Capital Management BV	20.0
Estimated free float	57.8

**EPS Consensus (IDR)**

	2018F	2019F	2020F
Danareksa	299.9	350.1	453.5
Consensus	335.6	378.3	415.2
Danareksa/Cons	(10.6)	(7.5)	9.2

**BTPN relative to JCI Index**


Source : Bloomberg

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# Bank Tabungan Pensiunan Nasional (BTPN IJ)

**Fully valued**

We reiterate our HOLD call on BTPN with an unchanged GGM-derived TP of IDR3,900 after the company reported better-than-expected 9M18 net profits of IDR1.6tn thanks to 11.7% yoy lower operating expenses. NIM slipped to 11.5% with 3% yoy loans growth and higher credit costs of 203bps arising from rebalancing of the loans mix towards the SME segment. This year, we expect a 11.1% NIM, 155bps credit costs and 41.4% net profits growth.

**9M18 highlights.** The net profits of IDR1.6tn beat our forecast thanks to a 11.7% yoy decline in operating expenses to IDR4.3tn. In addition, the NIM compressed by c.20bps on a yoy basis to 11.5% because of rebalancing of the loans mix towards the SME and productive poor segments. Consequently, the credit costs rose to 203bps from 154bps in 9M17 because of the inherently high credit costs in the productive poor segment (9M18: 394bps).

**Rebalancing of the loans mix towards the lower yielding segments.** BTPN's loans only grew by 3% yoy mainly supported by the SME and productive poor lending segments with +12% and +21% yoy growth, respectively. Going forward, the bank's matured business segments - pension and micro loans – are expected to be lower in the loans mix. As such, we expect the loans yield to drop to 20.4% in FY18F given the higher contribution from the SME loans segment of 19.5% by year-end vs. 19% as of September 2018.

**More access to cheaper funding.** With the merged entity in January 2019, BTPN will have more access to cheaper funding instruments given the synergies from SMBC as its parent. Currently, the major challenge for BTPN following policy rate hikes (a total of 150bps ytd) is its high dependency on expensive funding instruments, i.e. TD and bonds. Assets wise, BTPN will continue to focus on the mass-market segment through SME and the productive poor segment despite the mature phase of its pension segment. BTPN will also be closer to becoming a BUKU IV bank (core capital above IDR30tn), which we expect to happen by mid-2020 at the soonest.

**Maintain HOLD, TP of IDR3,900.** We maintain our HOLD call on the stock with an unchanged GGM-derived TP of IDR3,900 (implying 1.3x 2018F P/BV) assuming a CoE of 9.2%, a 10.7% sustainable ROAE and 3% long-term growth.

**Key Financials**

Year to 31 Dec	2016A	2017A	2018F	2019F	2020F
PPOP (IDRbn)	3,479	3,076	3,848	4,254	5,195
Net profit (IDRbn)	1,752	1,221	1,723	2,011	2,605
EPS (IDR)	305.0	212.5	299.9	350.1	453.5
EPS growth (%)	4.7	(30.3)	41.1	16.7	29.5
BVPS (IDR)	2,797.9	2,875.6	3,085.6	3,341.2	3,694.9
PER (x)	12.5	18.0	12.7	10.9	8.4
PBV (x)	1.4	1.3	1.2	1.1	1.0
Dividend yield (%)	2.6	1.9	2.4	2.5	2.6
ROAE (%)	11.7	7.5	10.1	10.9	12.9

Source : BTPN, Danareksa Estimates

## COVERAGE PERFORMANCE

### LEADERS

		Price as on						
	Code	19-Oct-18	18-Oct-18	Chg, %	w-w, %	m-m, %	YTD, %	Rating
Summarecon Agung	SMRA	640	610	4,9	7,6	2,4	(32,3)	BUY
Malindo Feedmill	MAIN	1.225	1.175	4,3	7,0	(3,2)	65,5	HOLD
Charoen Pokphand	CPIN	5.575	5.350	4,2	11,7	12,4	85,8	HOLD
Japfa Comfeed	JPFA	2.050	2.000	2,5	6,8	(9,7)	57,7	BUY
PP London Sumatra	LSIP	1.300	1.270	2,4	10,2	-	(8,5)	BUY
Bekasi Fajar	BEST	168	165	1,8	5,7	(4,5)	(32,8)	BUY
Semen Baturaja	SMBR	2.010	1.980	1,5	(9,0)	(22,4)	(47,1)	SELL
Bukit Asam	PTBA	4.550	4.490	1,3	(0,2)	9,9	85,0	BUY
Astra Agro Lestari	AALI	12.150	12.000	1,3	5,0	-	(7,6)	BUY
Kino Indonesia	KINO	1.970	1.950	1,0	10,1	30,9	(7,1)	BUY

Sources: Bloomberg

### LAGGARDS

		Price as on						
	Code	19-Oct-18	18-Oct-18	Chg, %	w-w, %	m-m, %	YTD, %	Rating
Surya Citra Media	SCMA	1.710	1.785	(4,2)	(3,7)	(7,3)	(31,0)	BUY
Indofood	INDF	5.975	6.100	(2,0)	7,2	2,1	(21,6)	BUY
Ramayana	RALS	1.240	1.260	(1,6)	4,2	(8,5)	3,3	HOLD
Indo Tambangraya Megah	ITMG	25.600	26.000	(1,5)	2,6	(2,6)	23,7	BUY
Indocement	INTP	16.375	16.600	(1,4)	(3,1)	(1,8)	(25,4)	SELL
Gudang Garam	GGRM	78.375	79.400	(1,3)	5,5	5,2	(6,5)	BUY
Media Nusantara Citra	MNCN	780	790	(1,3)	3,3	(7,7)	(39,3)	BUY
Surya Semesta	SSIA	472	478	(1,3)	(1,3)	0,9	(8,3)	HOLD
Kalbe Farma	KLBF	1.350	1.365	(1,1)	6,3	7,6	(20,1)	BUY
Adaro Energy	ADRO	1.715	1.730	(0,9)	0,3	(1,4)	(7,8)	BUY

Sources: Bloomberg

## PREVIOUS REPORTS

- Property: Survival of The Fittest!, Bank Negara Indonesia: Welcoming a new era of margin [SnapShot20181019](#)
- Bank Mandiri: Ready to speed up again, Surya Citra Media: Strong yearly improvement [SnapShot20181018](#)
- Astra International: Solid earnings momentum, Tower Bersama Infrastructure: Facing challenges given only moderate orders – Initiation [SnapShot20181017](#)
- Strategy: Modicum Surplus [SnapShot20181016](#)
- Property: 9M18 Marketing Sales Check – In Line, Sido Muncul: Initiation – Healthy growth prospects [SnapShot20181015](#)
- Adaro Energy: Looking to bridge the gap [SnapShot20181012](#)

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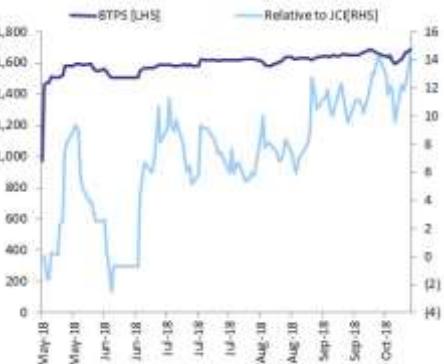
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**DANAREKSA VALUATION GUIDE**

		Equity Valuation		Rating	Price (Rp)	Price Target	Mkt Cap Rp Bn	Net profit, Rp bn	2018	2019	EPS (Rp)	2018	2019	Core EPS (Rp)	2018	2019	EPS Growth	2018	2019	PER (x)	2018	2019	EV / EBITDA (x)	2018	2019	PBV (x)	2018	2019	ROE	2018	2019
Danareksa Universe		3,622,946			222,974	249,643	221,7	248,2										11.9%	12.0%	16.2	14.5	17.5	16.1	2.6	2.4	17.1	17.2				
Auto					286,421	19,727	21,517	396,7	432,7									4.5%	9.1%	14.5	13.3	10.9	9.9	2.1	2.0	15.3	15.4				
Astra International	BUY	7,075	8,600		286,421	19,727	21,517	487	532	488	522							4.5%	9.1%	14.5	13.3	10.9	9.9	2.1	2.0	15.3	15.4				
Banks					1,465,530	102,688	118,744	458,6	530,3									14.6%	15.6%	14.3	12.3			2.2	2.0	16.5	16.9				
BCA	HOLD	23,450	22,700		578,160	26,257	29,958	1,065	1,215	1,065	1,215							12.6%	14.1%	22.0	19.3	N/A	N/A	3.8	3.2	18.5	18.0				
BNI	BUY	7,250	10,400		135,203	15,553	18,009	834	966	834	966							14.2%	15.8%	8.7	7.5	N/A	N/A	1.2	1.1	14.8	15.2				
BRI	BUY	3,070	4,350		378,672	32,924	38,684	267	314	267	314							13.5%	17.6%	11.5	9.8	N/A	N/A	2.0	1.8	18.6	19.3				
Bank Tabungan Negara	BUY	2,400	3,600		25,416	3,490	3,794	330	358	330	358							15.4%	8.5%	7.3	6.7	N/A	N/A	1.0	0.9	15.1	14.6				
Bank Mandiri	BUY	6,500	8,500		303,333	24,463	28,299	524	606	524	606							18.5%	15.6%	12.4	10.7	N/A	N/A	1.7	1.5	14.1	14.8				
BTPN	HOLD	3,850	3,900		22,520	1,723	2,011	300	350	300	350							41.1%	16.7%	12.8	11.0	N/A	N/A	1.3	1.2	10.1	10.9				
BTPS	BUY	1,670	2,100		12,865	906	1,174	118	152	118	152							21.6%	29.7%	14.2	11.0	N/A	N/A	3.3	2.7	29.4	27.3				
BPD Jatim	BUY	625	830		9,361	1,259	1,350	84	90	84	90							8.6%	6.7%	7.4	6.9	N/A	N/A	1.1	1.0	15.5	15.5				
Cigarettes					596,299	21,454	23,492	181	199			5.0%	9.5%					27.8	25.4	19.1	17.6	7.2	6.5	26.9	26.9						
Gudang Garam	BUY	78,375	80,800		150,800	8,282	9,133	4,304	4,747	4,304	4,747							6.8%	10.3%	18.2	16.5	11.7	10.7	3.1	2.7	18.3	17.7				
HM Sampoerna	HOLD	3,830	3,800		445,498	13,173	14,359	113	123	113	123							4.0%	9.0%	33.8	31.0	24.9	22.0	12.8	12.3	38.2	40.4				
Construction					89,929	11,919	14,048	160	188			12.5%	17.9%					7.5	6.4	6.9	6.23	1,1		16.1	16.5						
Wijaya Karya	BUY	1,265	2,200		11,347	1,588	2,108	177	235	177	235							32.0%	32.7%	7.1	5.4	3.0	2.4	0.8	0.7	11.9	14.2				
Rembangunan Perumahan	BUY	1,555	2,800		9,641	1,741	2,140	281	345	281	345							19.8%	22.9%	5.5	4.5	3.1	2.6	0.7	0.6	14.2	15.2				
Adhi Karya	BUY	1,270	2,150		4,522	753	920	212	258	212	258							46.1%	22.2%	6.0	4.9	5.2	4.7	0.6	0.5	11.6	11.6				
Waskita Karya	BUY	1,565	2,300		21,243	4,369	5,038	322	371	322	371							13.3%	15.3%	4.9	4.2	7.2	6.3	1.2	1.0	27.6	25.5				
Waskita Beton	BUY	340	500		8,963	1,302	1,524	53	62	53	62							37.5%	17.0%	6.4	5.5	5.6	5.0	1.1	1.0	17.2	18.4				
Wika Beton	BUY	328	600		2,859	423	493	51	59	51	59							25.5%	16.6%	6.5	5.5	4.3	3.8	0.9	0.8	14.5	15.2				
Jasa Marga	BUY	4,320	5,300		31,354	1,742	1,825	240	251	240	251							-20.8%	4.8%	18.0	17.2	12.7	13.1	1.9	1.8	11.1	10.8				
Consumer					556,942	17,984	19,716	347	380			7.9%	9.6%					31.0	28.2	17.4	16.0	7.8	7.1	26.4	26.4						
Indofood CBP	BUY	8,775	9,400		102,333	3,979	4,230	341	363	341	363							4.8%	6.3%	25.7	24.2	15.1	14.2	4.7	4.3	19.3	18.6				
Indofood	BUY	5,975	8,000		52,463	4,493	4,968	512	566	510	548							7.8%	10.6%	11.7	10.6	5.5	5.1	1.6	1.4	13.9	14.2				
Unilever	HOLD	44,425	48,000		338,663	7,673	8,484	1,006	1,112	1,006	1,112							9.5%	10.6%	44.2	40.0	30.9	27.9	61.0	56.4	143.0	146.8				
Kino Indonesia	BUY	1,970	2,100		2,814	93	142	65	99	65	99							-16.1%	53.3%	30.4	19.8	12.8	9.6	1.3	1.3	4.5	6.6				
Mayora Indah	HOLD	2,700	2,790		60,368	1,747	1,892	78	85	76	85							9.5%	8.3%	34.6	31.9	18.8	17.2	7.2	6.2	22.4	21.0				
Healthcare					77,166	2,806	3,083	102	121			7.0%	18.5%					27.5	25.0	17.4	15.6	4.4	3.9	16.8	16.6						
Kalbe Farma	BUY	1,350	1,500		63,281	2,538	2,733	54	58	54	58							5.6%	7.7%	24.9	23.2	15.7	14.5	4.3	3.8	18.0	17.4				
Kimia Farma	HOLD	2,500	2,170		13,885	268	350	48	63	48	63							-18.0%	30.8%	51.8	39.6	30.3	21.5	5.1	4.6	10.2	12.2				
Heavy Equipment					119,178	8,783	9,714	2,355	2,604	2,355	2,604							18.6%	10.6%	13.6	12.3	5.9	5.1	2.4	2.2	18.9	18.6				
United Tractors	BUY	31,950	39,000		119,178	8,783	9,714	2,355	2,604	2,355	2,604							18.6%	10.6%	13.6	12.3	5.9	5.1	2.4	2.2	18.9	18.6				
Industrial Estate					10,397	1,052	1,237	17	20									-54.6%	17.6%	9.9	8.4	6.6	5.9	0.7	0.6	7.0	7.9				
Puradelta Lestari	BUY	136	240		6,555	645	594	13	12	13	12							1.8%	7.9%	10.2	11.0	8.3	8.7	0.9	0.9	9.1	8.1				
Bekasi Fajar	BUY	168	300		1,621	498	581	52	60	52	60							3.0%	16.6%	16.6	16.6	3.3	2.8	4.1	3.7	0.4	0.3	12.2	12.7		
Surya Semesta	HOLD	472	540		2,221	(91)	62	(19)	13	(19)	13	(19)						-10.7%	168.5%	24.4	35.7	8.0	5.7	0.6	0.6	(2.4)	1.7				
Media					36,138	3,551	3,919	123	136									27.5%	10.4%	10.2	9.2	6.7	6.0	2.4	2.1	25.5	24.5				
Media Nusantara Citra	BUY	780	1,450		11,135	1,960	2,158	137	151	137	151							34.9%	10.1%	5.7	5.2	4.0	3.6	1.1	1.0	20.3	19.7				
Surya Citra Media	BUY	1,710	2,700		25,003	1,591	1,761	107	119	107	119							19.5%	10.7%	15.9	14.4	10.6	9.3	5.4	4.6	37.4	35.0				
Mining					197,412	18,825	19,111	212	215									24.1%	1.5%	10,5	10,3	4.6	4,6	1.5	1.4	44.7	44.1				
Adaro Energy	BUY	1,715	2,800		54,856	7,376	8,606	231	231	231	231							17.4%	-7.7%	7.4	8.1	2.9	2.8	1.2	1.1	16.0	14.2				
Timah	BUY	680	1,400		5,064	603	689	81	93	81	93							19.9%	14.4%	8.4	7.3	4.5	4.0	0.8	0.7	9.6	10.2				
Vale Indonesia	BUY	3,210	5,900		31,896	1,117	1,708	112	172	112	172							-662.5%	53.0%	28.6	18.7	9.0	7.1	1.3	1.3	4.7	7.1				
Aneka Tambang	HOLD	765	1,000		18,384	428	501	18	21	18	21							213.7%	17.0%	42.9	36.7	11.2	11.1	1.0	1.0	2.3	2.6				
Bukit Asam	BUY	4,550	5,000		52,419	4,735	5,028	436	463	436	463							5.8%	6.2%	10.4	9.8	6.9	6.7	3.1	2.6	31.2	27.2				
Indo Tambangraya Megah	BUY	25,600	33,200		28,926	3,903	3,669	3,455	3,247	3,455	3,247							15.3%	-6.0%	7.4	7.9	3.5	3.9	2.0	1.9	28.9	24.9				
Harum Energy	HOLD	2																													

Friday, 19 October 2018

**BUY**  
  
**Maintain**

Last price (IDR)	1,685		
Target Price (IDR)	2,100		
Upside/Downside	+24.6%		
Previous Target Price (IDR)	2,100		
<b>Stock Statistics</b>			
Sector	Banking		
Bloomberg Ticker	BTPS IJ		
No of Shrs (mn)	7,704		
Mkt. Cap (IDRbn/USDmn)	12,981/855		
Avg. daily T/O (IDRbn/USDmn)	41.4/2.7		
<b>Major shareholders (%)</b>			
PT. BTPN Tbk.	70.0		
PT. Triputra Persada Rahmat	10.0		
Estimated free float	10.0		
<b>EPS Consensus (IDR)</b>			
	2018F	2019F	2020F
Danareksa	117.6	152.5	186.6
Consensus	119.5	145.0	174.6
Danareksa/Cons	(1.6)	5.2	6.9
<b>BTPS relative to JCI Index</b>			
			

Source : Bloomberg

## Bank Tab. Pensiunan Nasional Syariah (BTPS IJ)

### A profitable business model

We reiterate our **BUY** call on BTPS with a GGM-derived TP of IDR2,100 (implying 3.4x 2019F P/BV) following the release of the 9M18 results that are inline with our forecast. NIM will remain high in our view despite the gradual decline to 36.4% next year coming from a 130bps drop in asset yields to 41.5%. While the funding mixture will still be dominated by TD with a 79.8% contribution to total funding by the end 2019F. All in, we assume a 410bps credit cost and 29.7% yoy net profits growth next year.

**9M18 highlights.** The net profits of IDR698bn (+48.9% yoy) in 9M18 are inline with our forecast and supported by strong 21.1% yoy loans growth and a lower credit cost of 394bps with a 1.6% gross NPLs ratio as of September 2018. The loans loss coverage (LLC) ratio climbed to 183% as of September 2018 coming from BTPS' financing exposure in areas of Lombok. If we strip out this one-off event, the LLC ratio would stand at 156%.

**Maintaining its captive market.** BTPS will continue to focus on its niche market - the productive poor segment for women. Despite the government's Ultra Micro (Umi) loans program that channels loans through cooperatives and two non-listed SOE financing companies, PT Pegadaian and PT Permodalan Nasional Madani (PNM), the management of BTPS argues that the bank's current scale has room to be increased. As such, we expect 20.8% yoy financing growth next year with 3.8mn borrowers. This should translate into a higher ticket size of IDR2.3mn vs. IDR2.1mn as of September 2018.

**Margins will remain high.** Given its one-of-a-kind business model, the NIM will remain far above the industry level. However, we do expect the NIM to gradually decline to 36.4% for FY19F supported by higher individual financing exposure. Please note that the bank's individual financing is still in the pilot project stage as this type of financing is only offered to borrowers who have already passed cycle 5 (each cycle has a 52-week tenor). While funding is still heavily skewed towards wealthy individuals who place their funds in TD products (the mudharabah akad scheme). We assume that the blended CoF touches 6.0% next year in light of the recent 150bps policy rate hikes.

**Maintain BUY with a TP of IDR2,100.** We maintain our **BUY** call on BTPS with a GGM-derived TP of IDR2,100 assuming 9.3% CoE, 24.5% sustainable ROAE and 3% long-term growth.

#### Key Financials

Year to 31 Dec	2016A	2017A	2018F	2019F	2020F
PPOP (IDRbn)	673	1,143	1,495	1,924	2,395
Net profit (IDRbn)	412	670	906	1,174	1,437
EPS (IDR)	59.5	96.7	117.6	152.5	186.6
EPS growth (%)	39.2	62.5	21.6	29.7	22.4
BVPS (IDR)	229.7	325.2	505.9	612.7	743.4
PER (x)	28.3	17.4	14.3	11.1	9.0
PBV (x)	7.3	5.2	3.3	2.8	2.3
Dividend yield (%)	0.0	0.0	0.0	2.7	3.3
ROAE (%)	29.9	34.8	29.4	27.3	27.5

Source : BTPS, Danareksa Estimates


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