

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)
Asean - 5				
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
Regional				
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)	(12,0)
BI7DRRR	%	5,75	0,3	0,3	1,5
10y Gov	Indo bond	8,66	(0,1)	0,4	2,3

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	US\$/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

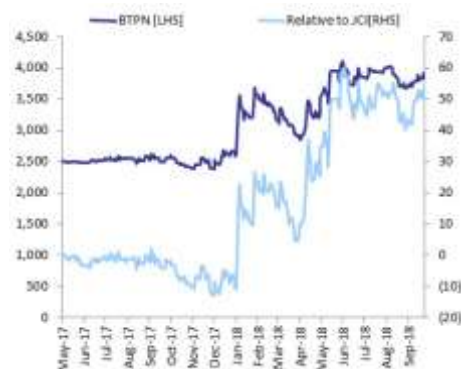
Major shareholders (%)

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



Eka Savitri

(62-21) 2955 5888 ext 3506

eka.savitri@danareksa.co.id

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

	Code	Price as on		Chg, %	w-w, %	m-m, %	YTD, %	Rating
		19-Oct-18	18-Oct-18					
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

	Code	Price as on		Chg, %	w-w, %	m-m, %	YTD, %	Rating
		19-Oct-18	18-Oct-18					
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](#)

PT Danareksa Sekuritas

Jl. Medan Merdeka Selatan No. 14
Jakarta 10110
Indonesia
Tel (62 21) 29 555 888
Fax (62 21) 350 1709

Equity Research Team

Helmy Kristanto

helmy.kristanto@danareksa.co.id
(62-21) 2955 888 ext. 3500
Head of Research, Strategy

Stefanus Darmagiri

stefanus.darmagiri@danareksa.co.id
(62-21) 2955 888 ext. 3530
Auto, Coal, Heavy Equip, Metal

Natalia Sutanto

natalia.sutanto@danareksa.com
(62-21) 29555 888 ext.3508
Consumer, Tobacco, Property

Maria Renata

maria.renata@danareksa.co.id
(62-21) 29555 888 ext.3513
Construction

Eka Savitri

Eka.savitri@danareksa.co.id
(62-21) 29555 888 ext.3506
Banking

Niko Margaronis

niko.margaronis@danareksa.co.id
(62-21) 29555 888 ext.3512
Telco, Tower

Yudha Gautama

yudha.gautama@danareksa.co.id
(62-21) 29555 888 ext.3509
Plantation, Property

Ignatius Teguh Prayoga

ignatius.prayoga@danareksa.co.id
(62-21) 29555 888 ext.3511
Research Associate

Sales team

Vera Ongyono

vera.ongyono@danareksa.co.id
(62-21) 29555 888 ext. 3120

Novrita E. Putrianti

novrita@danareksa.co.id
(62-21) 29555 888 ext. 3128

Ehrlich Suhartono

ehrliech@danareksa.co.id
(62-21) 29555 888 ext. 3132

Laksmi Armandani

laksmiata@danareksa.co.id
(62-21) 29555 888 ext. 3125

Tuty Sutopo

tuty@danareksa.co.id
(62-21) 29555 888 ext. 3121

Upik Yuzarni

upik_y@danareksa.co.id
(62-21) 29555 888 ext. 3137

Giovan Sitepu

giovanp@danareksa.co.id
(62-21) 29555 888 ext. 3130

Rendy Ben Philips

rendy.philips@danareksa.co.id
(62-21) 29555 888 ext. 3148

Adeline Solaiman

adeline.solaiman@danareksa.co.id
(62-21) 29555 888 ext. 3503

Thalia Kadharusman

thalia.kadharusman@danareksa.co.id
(62-21) 29555 888 ext. 3124

Disclaimer

The information contained in this report has been taken from sources which we deem reliable. However, none of P.T. Danareksa Sekuritas and/or its affiliated companies and/or their respective employees and/or agents makes any representation or warranty (express or implied) or accepts any responsibility or liability as to, or in relation to, the accuracy or completeness of the information and opinions contained in this report or as to any information contained in this report or any other such information or opinions remaining unchanged after the issue thereof.

We expressly disclaim any responsibility or liability (express or implied) of P.T. Danareksa Sekuritas, its affiliated companies and their respective employees and agents whatsoever and howsoever arising (including, without limitation for any claims, proceedings, action, suits, losses, expenses, damages or costs) which may be brought against or suffered by any person as a result of acting in reliance upon the whole or any part of the contents of this report and neither P.T. Danareksa Sekuritas, its affiliated companies or their respective employees or agents accepts liability for any errors, omissions or misstatements, negligent or otherwise, in the report and any liability in respect of the report or any inaccuracy therein or omission therefrom which might otherwise arise is hereby expressly disclaimed.

The information contained in this report is not to be taken as any recommendation made by P.T. Danareksa Sekuritas or any other person to enter into any agreement with regard to any investment mentioned in this document. This report is prepared for general circulation. It does not have regard to the specific person who may receive this report. In considering any investments you should make your own independent assessment and seek your own professional financial and legal advice.

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

Stock Statistics

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

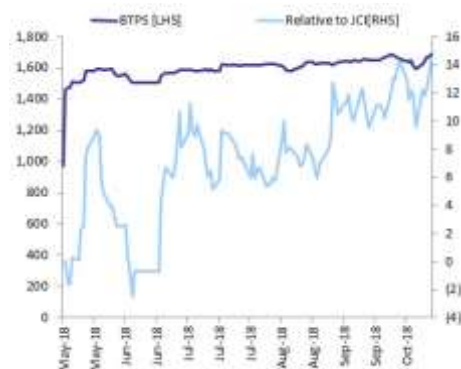
Major shareholders (%)

PT. BTPN Tbk.	70.0
PT. Triputra Persada Rahmat	10.0
Estimated free float	10.0

EPS Consensus (IDR)

	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

BTPS relative to JCI Index



Source : Bloomberg



Eka Savitri

(62-21) 2955 5888 ext 3506

eka.savitri@danareksa.co.id

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 BPTS' 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