

Indonesia Morning Cuppa

Top Story

Mastersystem Infotama (MSTI IJ, BUY, TP: IDR1,800)

Benefiting From Growing Cybersecurity Market; BUY Company Update

Maintain BUY and IDR1,800 TP (27% upside), c.8% yield. Indonesia's cybersecurity market is expected to grow at a 24% CAGR until 2029. In 2022, the country is estimated to have incurred USD4.8bn of losses from data breaches. Banks are expected to continue upgrading their IT infrastructure this year, and this should help Mastersystem Infotama secure a 12-17% YoY increase in new contracts, leading to 10-15% YoY revenue growth.

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Bulletins

STOCK/SECTOR	NEWS	COMMENT	RATING
Bank Central Asia (BBCA IJ)	Bank Central Asia's (BBCA) bank-only April PATMI was down 8% YoY to IDR4.5trn (-33% MoM), which brought 4M25 PATMI to IDR20.2trn (+17% YoY) – 35% of our 2025F group PATMI (4M24: 31% of 2024 group PATMI). (Company)	<p>BBCA's 4M25 operating income was up 11% YoY driven by a strong improvement in non-II, albeit partly due to timing differences for dividends from subsidiaries. Opex increased at a slower rate of 4% YoY, leading to a lower CIR of 28.6% (4M24: 30.5%). However, cost of credit (CoC) increased to 0.84% (4M24: 0.52%). Loan growth stood at 13% YoY, or at an annualised rate of 8.5%, which is slightly ahead of management's 6-8% full-year guidance for 2025. Deposits growth stood at just 4% YoY, supported by a 6% growth in CASA, while time deposits contracted 3%. This led to a higher CASA ratio of 82.9% (4M24: 81.6%), with LDR also increasing to 80.4% (4M24: 74.4%).</p> <p>We estimate NIM to expand to 5.78% (3M25: 5.76%, 4M24: 5.66%). Recall that BBCA had mentioned previously it was looking at loan repricing opportunities given that pricing for certain segments is too thin and in anticipation of potential Bank Indonesia (BI) rate cuts ahead.</p> <p>We keep our rating and TP for BBCA. We continue to like the stock for its strong deposit franchise and asset quality.</p>	BUY, TP: IDR10,260

<p>Sinar Eka Selaras (ERAL IJ)</p>	<p>In 1Q25, Sinar Eka Selaras (ERAL) opened 10 new stores (two Garmin, two Asics, three Under Armour, and three JD Sports), bringing the total store count to 179. SSSG rose 5.2% YoY, supported by strong traffic and conversion rates, while basket size remained stable. Retail and distribution sales contributed 47% and 53% of the total. The acquisition of Under Armour was finalised in February. MST Golf faced challenges due to heavy rainfall during the quarter, though management noted signs of recovery. In 2Q25, post-<i>Lebaran</i> demand saw some softening, but mid-to-upscale segments like JD Sports and Adidas continued to perform well. Meanwhile, XPeng EV deliveries for the G6 and X9 models are expected to begin within the next six weeks, with a full-year target of approximately 1,000 units.</p> <p>In 2025, the initial plan to open 50-60 new stores and add 6-7 brands may be revisited due to macroeconomic conditions. The focus will shift towards mono-brand stores, ie Garmin, DJI, and JD Sports, which offer faster ramp-up and higher profitability. Under Armour is set to launch a major reactivation campaign in 3Q25, featuring new product launches and large-scale events to reinvigorate the brand. ASICS aims to open 9-10 additional stores in 2025, leveraging its position as the world's leading running shoe brand and ERAL's strong market positioning. Urban Republic's planned expansion will be limited to a few stores, with a strategic pivot toward improving productivity and capitalising on its unique market position, which faces no direct competition.</p> <p>XPeng plans to begin deliveries of the G6 and X9 models in 3Q25, with a target of c.1,000 units for the year. CKD production is expected to start in July or August, with joint marketing efforts alongside XPeng China. (<i>Company</i>)</p>	<p>ERAL will become the exclusive distributor of XPeng vehicles in Indonesia. Furthermore, private label products will be progressively transitioned to Era Digital, allowing the company to place greater focus on its core brand portfolio. However, there has yet to be any formal regulation or implementation on the relaxation of product import restrictions.</p> <p>We do not cover ERAL at this time.</p>	<p>NOT RATED</p>
<p>Telkom Indonesia (TLKM IJ)</p>	<p>Telkom Indonesia (TLKM) plans to seek share buyback approval during its General Meeting of Shareholders (GMS) on 27 May. The share buyback will cost up to IDR3trn.</p> <p>Separately, in the Digiland 2025 event, TLKM showcased solutions to enhance operations, security, and connectivity for businesses of all sizes – strengthening its business-to-business (B2B) segment. (<i>SWA, Kontan</i>)</p>	<p>As the share buyback will only account for 1.1% of its market cap, it would not significantly impact the share price. The buyback plan showcases the company's confidence on its business sustainability. Additionally, the marketing campaign for TLKM's business solution would enhance its B2B segment growth and minimise the impact of declining legacy.</p> <p>We retain our recommendations for TLKM.</p>	<p>BUY, TP: IDR3,280</p>

<p>Medco Energi Internasional (MEDC IJ)</p>	<p>Medco Energi Internasional (MEDC) has begun operations at two oil and gas fields in South Natuna and has successfully converted a tanker vessel into a Floating Production, Storage, and Offloading (FPSO) unit to facilitate offshore oil and gas production, storage, and delivery. With an investment of approximately USD600m, the development of these fields is expected to contribute up to 20,000 bopd and 60 mmscfd to the national energy supply, totaling c.30,000 boepd. Djoko Siswanto, Head of SKK Migas, said that currently, gas exports via pipeline from Sumatra to Singapore is 200 mmscfd but will decrease by 25 mmscfd in the future, with the difference being supplied by gas production from Natuna. <i>(Detik Finance, Kompas)</i></p>	<p>The gas production from the South Natuna project will be fully allocated for export to Singapore, effectively substituting the current supply sourced from Sumatra. This strategic shift aims to optimise the newly developed capacity in Natuna while reducing the load on Sumatra's supply commitments. The export contract is valid until 2028, but there is a possibility that it may not be renewed beyond that if domestic gas demand continues to rise and becomes challenging to meet.</p> <p>We maintain our call and TP for MEDC.</p>	<p>BUY, TP: IDR1,200</p>
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Top BUYs

	TP (IDR)	Upside (%)	Catalysts
Bank Syariah Indonesia (BRIS IJ)	3,500	22.4	<ul style="list-style-type: none"> BRIS stands to gain from growing <i>shariah</i>-compliant financial services demand, leveraging on its vast branch network, government support, and product offerings to promote financial inclusion Pushing innovation via its BYOND super app and social finance initiatives, BRIS enhances accessibility and aligns with customer values Strategic efforts boost profitability, while improved asset quality and ESG-driven valuation positions it for sustainable growth and continued segment leadership
Sumber Alfaria Trijaya (AMRT IJ)	3,800	52.0	<ul style="list-style-type: none"> We remain optimistic on AMRT's long-term outlook, given its resilient business model Its dominance in the minimarket business and initiatives to enhance margins should sustain its growth Store customer traffic at 15% below pre-pandemic levels offers upside potential, in our view
Bank Mandiri (BMRI IJ)	5,600	1.4	<ul style="list-style-type: none"> Solid 3Q24 net profit was supported by higher non-II and lower provisions NIM continued to expand QoQ on a consolidated basis, but saw a contraction at bank-only level due to higher funding costs Loan demand remains robust across both wholesale and commercial segments, and asset quality continues to hold up with improved loans at risk (LAR) and NPL ratios We believe the recent ROE expansion is structural and can be sustained, which underpins our optimism for the stock
Indofood CBP (ICBP IJ)	14,200	29.7	<ul style="list-style-type: none"> We like the company, given the solid growth of its noodle business as well as the recovery of its dairy arm This would be supported by the fact that its products are not vulnerable to a decline in consumer buying power situation, while the Pinehill business should benefit from positive seasonal factors, especially in 4Q24 ICBP should also benefit from the appreciation of the IDR vs the USD Despite concern on the potential increase in CPO price, we deem ICBP has solid position to pass on the price increase
Mastersystem Infotama (MSTI IJ)	1,800	26.8	<ul style="list-style-type: none"> The implementation of Law No 27 of 2022 on Personal Data Protection (PDP Law) is expected to boost MSTI's prospects. Following the enactment of the PDP Law on data privacy protection and the push for upgrading IT infrastructure, Indonesia's financial services sector is allocating a larger budget for IT spending. Bank Mandiri has set a budget of IDR3trn (+20% YoY) to upgrade its digital infrastructure, while Bank Central Asia allocated IDR8trn for IT innovation This year, the collaboration with Lintasarta and Nvidia on the GPU Merdeka project becomes MSTI's new revenue stream which we believe will continue for years to come. We estimate MSTI's 2025 revenue to grow 12% YoY Partnerships with prominent global IT companies likely to boost 2024F-2025F net income at +33% YoY and +13% YoY. Utilising International Data Corporation's (IDC) forecast from 2024 to 2027, we expect Indonesia's IT spending at a CAGR of 6%. With a stable net margin of c.11%, net income could potentially grow to IDR597bn (+33% YoY) for 2024F and IDR676bn (13% YoY) in 2025F

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