

24 May 2021

Market Strategy

“Sell In May” Potentially Over

- **End-2021 JCI target kept at 7,000 pts.** Post May's sell-offs, stronger economic recovery – export- and government spending-driven – should support the market in the coming months. Aside from a higher Purchasing Managers' Index (PMI), rising investor appetite for government bonds and exports has supported the IDR. ~67% of stocks covered have posted 1Q21 results, in line overall with estimates. Above-estimate sectors: Banks, poultry, and media. We add Bank Rakyat Indonesia (BBRI), Indofood Sukses Makmur (INDF), and Adaro Energy (ADRO) to the Top 10. The JCI's free-float rebalancing should most benefit Bank Central Asia, BBRI, and Telkom Indonesia (TLKM) plus other high (>33%) free-float stocks.
- **We add BBRI, INDF, and ADRO to our Top 10**, replacing Bank Tabungan Negara (BBTN), Jasa Marga (JSMR), and Indofood CBP (ICBP). BBRI and INDF are just in on higher index weightings post free-float adjustments (Figure 3). Large export-/commodities-oriented stocks, ie ADRO, United Tractors (UNTR), and London Sumatra (LSIP), should also outperform, as economists predict higher FY21 global GDP growth vs Indonesia. BBRI's catalysts include higher subsidised micro loans (KUR) disbursements that contributed >50% to its portfolio. Laggard INDF is trading at -1.5SD below its 3-year mean, potentially under-owned, as investors dislike the related-party Pinehill buy. This should have been priced in; offset by ICBP's continued strong financial growth and INDF's gains from high CPO prices.
- **Robust macro data indicates a gradual economic recovery.** Foreign reserves increased to USD138.8bn, among the highest of the last 20 years, thanks to strong exports, especially coal and CPO. The Consumer Confidence Index also increased to 101.5, above 100 for the first time in the last 12 months, indicating higher consumer willingness to spend on big items. Additionally, the Markit Indonesia PMI increased to 54.6 – a new record – indicating higher manufacturing activities.
- **2Q21 GDP growth is projected to rise to 7.2% YoY**, driven by strong exports, high government spending, and low base effects. We maintain our 2021 GDP forecast at 4.6% YoY. The pace of vaccination has improved, although still well below ideal. At the current pace, herd immunity will only be achieved in 3Q22 unless the pace picks up further. However, given the strategy to vaccinate the economically active population first, we may see earlier improvements in spending and production. Export-driven sectors, mostly in the commodities, are likely to benefit.
- **Improved investor appetite for the local bond market.** The gap between US Treasury (UST) and Indonesia Government Bonds (IGB) yields has become more attractive again with higher interest in the IGB. This is evidenced from the increased bids at a conventional IGB auction conducted on 27 Apr. Total incoming bids at the auction reached IDR53trn, ie IDR10trn higher than prior bids. Improved bids have supported the IDR, which strengthened to the IDR14.2k level with record-high FX reserves.

Stocks Covered

64

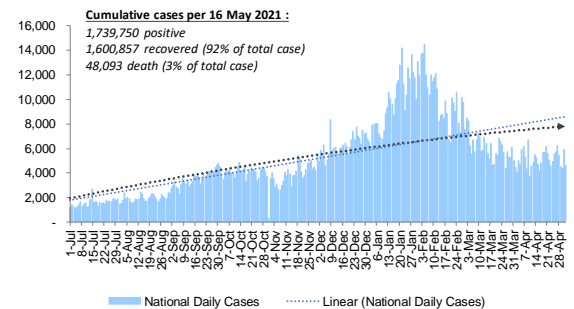
Rating (Buy/Neutral/Sell):

51 / 11 / 2

Last 12m Earnings Revision Trend:

Neutral

Indonesia COVID-19 daily new cases



Source: Gugus Tugas Percepatan Penanganan COVID-19

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Company Name	Rating	Target (IDR)	% Upside (Downside)	P/E (x) Dec-20F	P/B (x) Dec-20F	ROAE (%) Dec-20F	Yield (%) Dec-20F
Adaro Energy	Buy	1,500	28.2	17.8	0.7	3.9	9.6
Astra International	Buy	6,900	33.3	13.0	1.3	10.7	5.6
Bank Negara Indonesia	Buy	8,050	53.3	29.8	0.9	2.9	3.9
Bank Rakyat Indonesia	Buy	4,790	23.5	25.4	2.4	9.2	-
Bumi Serpong	Buy	1,720	50.9	79.2	0.8	1.0	-
Indofood Sukses	Buy	8,700	36.5	8.7	1.3	16.1	4.4
Mitra Adiperkasa	Buy	1,000	40.8	na	2.8	(5.0)	-
PP London Sumatra Indonesia	Buy	1,650	20.9	26.8	1.1	4.2	1.1
Semen Indonesia	Buy	12,800	34.4	20.2	1.7	8.4	1.7
United Tractors	Buy	29,800	35.3	13.7	1.5	10.4	3.4

Source: Company data, RHB

Our Top 10 Picks

BBRI, INDF, and ADRO added; BBTN, JSMR, and ICBP replaced

We have added BBRI, INDF, and ADRO to our Top 10 picks, replacing BBTN, JSMR, and ICBP. BBRI and INDF are in among the Top 10 (Figure 3) on higher index weighting post free-float adjustments.

Catalysts for BBRI include higher KUR disbursements, which contribute more than 50% to its portfolio, as the economy starts to recover – especially in 2H21. The low interest rate environment also supports BBRI's potential to expand its NIMs, as KUR loans are mostly fixed interest rate loan products that have many advantages in a lower interest rate environment. Better asset quality due to an economic recovery will likely to improve BBRI's credit costs in 2H21, in our view.

Meanwhile, INDF is a laggard and potentially under-owned, as investors apparently do not like the related-party acquisition of Pinehill. However, this should have been priced in and offset by ICBP's continued strong financial growth, as well as INDF benefiting from high CPO prices. In addition, ICBP and Bogasari Flour Mills have passed on higher raw material prices to customers. INDF currently trades at -1.5SD below its 3-year mean P/E.

Coal demand in South-East Asia remains a support to ADRO's coal business (representing 51% of total sales as at FY20, including Indonesia with 26%). This is backed up by rising projections of coal-powered electricity from the region, as energy demand is expected to increase by c.60% in 2040. On the other hand, India's (c.13% of ADRO's coal sales) robust steel production will likely become the main driver for metallurgical coal, which is estimated to rise by 30% in 2025.

Figure 1: Our Top 10 picks

	Name	Ticker	Rating	Price	TP	Upside/ downside	Market cap	EPS Growth	P/E	2021F			Yield	ROE
				(IDR)	(IDR)	(%)	(USDbn)	(%)	(x)	P/BV	PEG	(x)	(%)	(%)
1	Bank Rakyat Indonesia	BBRI IJ	BUY	3,880	4,790	23.5	33.3	76.3	14.5	1.9	0.2	1.6	14.6	
2	Astra International	ASII IJ	BUY	5,175	6,900	33.3	14.6	10.4	11.7	1.2	1.1	5.4	10.9	
3	United Tractors	UNTR IJ	BUY	22,025	29,800	35.3	5.7	47.4	7.8	1.2	0.2	5.2	15.6	
4	Semen Indonesia	SMGR IJ	BUY	9,525	12,800	34.4	3.9	3.1	19.6	1.6	6.3	2.0	8.3	
5	Indofood Sukses Makmur	INDF IJ	BUY	6,375	8,700	36.5	3.9	(4.1)	9.0	1.2	(2.2)	5.8	14.2	
6	Adaro Energy	ADRO IJ	BUY	1,170	1,500	28.2	2.6	32.1	8.4	0.7	0.3	6.6	8.5	
7	Bumi Serpong Damai	BSDE IJ	BUY	1,140	1,720	50.9	1.7	494.3	14.4	0.7	0.0	0.0	4.7	
8	Bank Tabungan Negara	BBTN IJ	BUY	1,550	2,450	58.1	1.1	33.7	7.7	0.8	0.2	1.9	10.5	
9	Mitra Adiperkasa	MAPI IJ	BUY	710	1,000	40.8	0.8	399.7	18.2	1.5	0.0	0.0	8.7	
10	London Sumatera	LSIP IJ	BUY	1,365	1,660	21.6	0.6	102.3	13.3	1.1	0.1	3.2	8.4	

Source: Company data, RHB

Catalyst for the other Top 10 picks

Astra International (ASII): ASII will likely be the biggest beneficiary of the relaxation of the luxury tax or PPnBM rate, which recently included 2,500cc 4-wheel (4W) vehicles. The company also has a high proportion of local components used in assembly vs peers. January-February data from the Association of Indonesia Auto Industries indicates that c.37% of national 4W sales will likely benefit from this tax incentive. ASII's 4W sales that qualify for PPnBM account for 23% of 4W national sales (peers: 14%).

Bank Negara Indonesia (BBNI): Having bitten the bullet to shore up LLR in FY20 and tightened its credit risk assessment, BBNI is set to see earnings rebound strongly over FY21-23. The new management's efforts to tap top-tier corporate customers should also help rejuvenate topline growth, in our view. Our TP is based on a GGM-derived P/BV of 1.18x, which remains below the historical mean.

Bumi Serpong Damai (BSDE): We are upbeat on BSDE's 2021 outlook. Marketing sales should improve, while segments with recurring revenue are set to recover. The cost of debt will also decrease. Its marketing sales recovery should be boosted by the VAT exemption for properties under USD2bn until August, which will cut house prices by 26%. We increase our marketing sales estimate. BSDE's 1Q21 marketing sales announcement should be a share price catalyst.

Mitra Adiperkasa (MAPI): As a mid- to high-end retailer, we continue to like MAPI for its expected faster recovery in sales traffic, as the distribution of vaccines is on track, especially in Jakarta, where the company has the highest exposure. Ground checks suggest shopping centre traffic has slowly recovered in the Greater Jakarta area. MAPI's short-term focus: i) Strengthening digital channels, ii) focusing on reducing old inventory levels by converting some store spaces to Red Hot Deals dedicated to selling ageing inventory, iii) limiting store expansions to selected strategic locations to improve efficiencies across all aspects, and iv) focusing on higher-yield specialty stores. On top of the Boots and Amorepacific brands, MAPI is also in talks to bring in more beauty brands into its offerings portfolio.

Semen Indonesia (SMGR): We remain upbeat on the cement sector's outlook, premised on the continuation of infrastructure projects and our expectation of accelerated property sales growth. SMGR is one of the key beneficiaries of accelerating cement demand this year. The company and Taiheiyo Cement Corp have also entered into capital tie-up and cement sale offtake agreements, and we see potential positive synergy for both companies, especially in developing export markets. Given the expected robust cash flow, SMGR plans to pay its debts early to reduce financing costs.

LSIP booked solid 4Q20 numbers, as the price of CPO rose to IDR9,495 per kg. This boosted FY20 earnings to IDR696bn, at 174% and 200% of Street and our full-year estimates. Gross profit surged 91.6% YoY in FY20, as the strong CPO price offset the weakness in its sales volume. As the price of CPO should remain steady, management expects production to recover. LSIP's sturdy numbers should continue into FY21.

UNTR: Progress in heavy equipment (HE) sales early this year shows optimism. We remain positive on UNTR's long-term outlook, as normalised mining activity and ongoing infrastructure projects should boost HE demand ahead. Its share price has fallen by 20% YTD, bringing about good opportunity to accumulate this stock.

High dividend yield counters for defensive picks

For defensive play, amid current market volatility, our picks are companies that offer high dividend yields, eg Puradelta Lestari (DMAS; FY22F yield of 10.6%), Media Nusantara Citra (MNCN; FY22F yield of 9.5%), Bank Jabar (BJBR; FY22F yield of 9.8%), Bank Jatim (BJTM; FY22F yield of 9.9%), and ADRO (FY22F yield of 9.3%).

Figure 2: RHB Indonesia's Top 10 dividend payers

	Name	Ticker	Rating	Price	TP	Upside/ downside	Market cap	EPS growth	P/E	2021F			ROE
				(IDR)	(IDR)	(%)	(USDbn)	(%)	(x)	P/BV	PEG	*Yield	
										(x)	(x)	(%)	(%)
1	Bukit Asam	PTBA IJ	BUY	2,160	3,000	38.9	1.7	41.4	8.3	1.2	0.2	11.4	15.8
2	Puradelta Lestari	DMAS IJ	BUY	226	280	23.9	0.8	(13.3)	9.3	1.4	(0.7)	10.6	17.5
3	Bank Jatim	BJTM IJ	BUY	730	1,000	37.0	0.8	42.3	5.3	1.0	0.1	9.9	19.7
4	Bank Jabar	BJBR IJ	BUY	1,375	2,050	49.1	0.9	29.1	6.1	1.0	0.2	9.8	1.7
5	Media Nusantara Citra	MNCN IJ	BUY	950	1,640	72.6	1.0	30.7	5.5	0.9	0.2	9.5	33.7
6	Adaro Energy	ADRO IJ	BUY	1,170	1,500	28.2	2.6	32.1	8.4	0.7	0.3	9.3	8.5
7	Buyung Poetra Sembada	HOKI IJ	BUY	222	338	52.0	0.1	27.2	14.8	0.6	0.5	8.0	18.6
8	Erajaya Swasembada	ERAA IJ	BUY	610	440	(27.9)	0.7	78.6	13.8	0.3	0.2	7.2	12.7
9	Bank CIMB Niaga	BNGA IJ	BUY	960	1,200	25.0	1.7	102.1	5.9	0.5	0.1	6.8	9.5
10	Surya Citra Media	SCMA IJ	BUY	1,490	1,960	31.5	1.5	5.8	19.2	3.2	3.3	5.8	18.1

*Note: FY22F dividend yield

Source: Company data, RHB

Adjusted JCI free-float rebalancing

IDX is planning to change the market-weighting methodology to free-float-adjusted (starting in 2H21) from the current market cap weighted. This is similar to the weighting adjustments made for the IDX30 and LQ45 Indices over the past two years. Post implementation, we should see flows towards higher free-float large-cap names that will have higher weighting than lower free floats. Based on Bloomberg reported data, the average market free-float is at 33%. Hence, any stocks that are higher than this should see elevated weighting. In general, banks should have higher weighting, offset by consumer staples.

The implementation is likely to be similar – or even more gradual – than the LQ45 or IDX30's rebalancing (done in three stages over six months). Based on Bareksa data, local equity asset management's total asset under management or AUM reached IDR142.9trn – equal to 6% of the JCI's total free-float market cap. We believe it will not only be the local funds that follow the same weighting methodology, but the foreign institutions too.

Figure 3: Top 10 winners and losers from the free-float rebalancing

Top 10 winners	RHB rating	Upside/ (downside) (%)	Price	Free float (%)	Market cap (IDRtrn)	Weight (%)	Market cap float (IDRtrn)	New weight (%)	Δ
BBCA	BUY	19%	31,900	44.9	787.7	11.6%	353.6	15.0%	3.3%
BBRI	BUY	23%	3,880	43.2	481.0	7.1%	207.9	8.8%	1.7%
TLKM	BUY	12%	3,310	47.9	315.0	4.6%	150.9	6.4%	1.7%
ASII	BUY	33%	5,175	49.8	208.5	3.1%	103.8	4.4%	1.3%
BMRI	BUY	45%	5,650	38.0	275.3	4.1%	104.5	4.4%	0.4%
ARTO	NOT RATED	N/A	10,200	45.6	146.5	2.2%	66.9	2.8%	0.7%
EMTK	NOT RATED	N/A	2,260	43.8	134.6	2.0%	59.0	2.5%	0.5%
CPIN	NEUTRAL	(18%)	6,500	44.5	106.6	1.6%	47.4	2.0%	0.4%
BBNI	BUY	53%	5,250	40.0	101.6	1.5%	40.6	1.7%	0.2%
INDF	BUY	36%	6,375	49.9	56.0	0.8%	27.9	1.2%	0.4%

Top 10 losers	RHB rating	Upside/ (downside) (%)	Price	Free float (%)	Market cap (IDRtrn)	Weight (%)	Market cap float (IDRtrn)	New weight (%)	Δ
UNVR	BUY	42%	5,625	15.0	212.7	3.1%	31.9	1.4%	-1.8%
HMSP	NEUTRAL	12%	1,255	7.5	146.6	2.2%	11.0	0.5%	-1.7%
TPIA	NOT RATED	N/A	7,625	7.6	142.2	2.1%	10.7	0.5%	-1.6%
BYAN	NOT RATED	N/A	14,050	2.7	47.3	0.7%	1.3	0.1%	-0.6%
ICBP	BUY	42%	8,375	19.5	96.8	1.4%	18.8	0.8%	-0.6%
DNET	NOT RATED	N/A	3,290	8.7	46.2	0.7%	4.0	0.2%	-0.5%
MYOR	NEUTRAL	7%	2,520	15.7	56.6	0.8%	8.9	0.4%	-0.5%
INCO	NEUTRAL	37%	4,810	20.5	52.9	0.8%	10.8	0.5%	-0.3%
GGRM	NEUTRAL	9%	32,925	23.8	65.0	1.0%	15.5	0.7%	-0.3%
BRPT	NOT RATED	N/A	930	26.8	82.2	1.2%	22.0	0.9%	-0.3%

Source: Bloomberg, RHB

Figure 4: Top 20 equity asset management in Indonesia

No.	Asset managers	AUM in IDRbn	Market share	Growth		
				MoM	YTD	YoY
1	Schroder	21,976.98	15%	2%	-3%	20%
2	Manulife AM	19,458.74	14%	2%	30%	98%
3	Ashmore	13,205.38	9%	5%	5%	61%
4	Batavia PAM	11,376.79	8%	4%	10%	47%
5	BNP AM	9,861.82	7%	-1%	-7%	39%
6	MMI	9,447.45	7%	0%	1%	47%
7	Eastspring	4,726.73	3%	5%	6%	11%
8	Panin AM	4,222.80	3%	1%	-8%	24%
9	Bahana TCW	3,979.52	3%	0%	-8%	21%
10	Syailendra	3,641.84	3%	1%	-4%	31%
11	TRAM	3,551.42	2%	2%	-2%	32%
12	Samuel AM	3,115.21	2%	0%	-5%	30%
13	Danareksa	3,073.93	2%	0%	-6%	29%
14	Sucorinvest	2,893.65	2%	1%	-10%	66%
15	Henan Putihrai	2,889.69	2%	3%	8%	-5%
16	Sinarmas AM	2,763.75	2%	32%	28%	51%
17	Minna Padi AM	2,599.70	2%	0%	-8%	-15%
18	BNI AM	1,886.25	1%	1%	-6%	32%
19	Sequis AM	1,757.93	1%	-1%	-3%	44%
20	First State	1,324.78	1%	-1%	-5%	25%
	Others	15,125.68	11%	-1%	-8%	10%
	Total	142,880.04	100%	2%	2%	35%

Source: Bareksa, RHB

24 May 2021

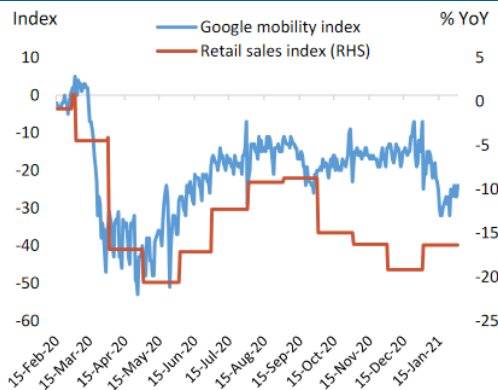
Market Outlook

Macroeconomic Update

2Q21 GDP will be driven by exports and government spending

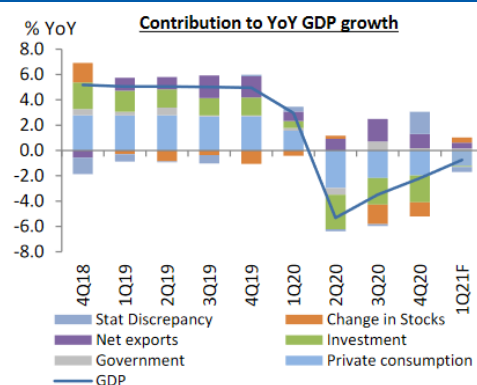
For 2Q21, we project GDP growth to rise to 7.2% YoY, given the combination of strong exports, high government spending, and low base effects. Meanwhile, private consumption will continue to lag behind. For the year, we maintain our 2021 GDP forecast at 4.6% YoY.

Figure 5: We expect consumer spending to remain modest...



Source: CEIC, RHB Economics & Market Strategy

Figure 6: ...with growth driven by net exports and government spending



Note: CEIC, RHB Economics & Market Strategy

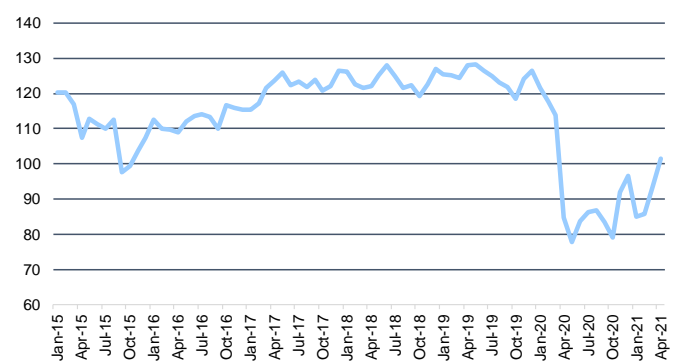
Recent data suggested that the improvement in private consumption was still quite modest. March retail sales remained at double-digit lows of -17.1% YoY, while loan growth contracted the steepest (-3.8% YoY). On the other hand, the temporary reduction in vehicle taxes brought a significant improvement in sales, with vehicle sales registering a growth 10.5% YoY in March from -38.2% in the prior month. However, given the small contribution of motor vehicles to GDP at 2%, we do not see this as a significant game changer.

Figure 7: Indonesia's PMI manufacturing



Source: Bloomberg, RHB

Figure 8: Consumer Confidence Index



Source: Bloomberg, RHB

The pace of vaccination has improved, though still well below ideal. The Government managed to raise the average daily rate of vaccinations to 380,000 over the last two months, but fell short of the 500,000 per day needed to reach herd immunity by 1Q22. At the current pace, herd immunity will only be achieved in 3Q22 unless the pace picks up further. So far, only 3.7% of the population is immunised, but the country's strategy of vaccinating the economically active population first could mean that we may see earlier improvements in spending and production. Nevertheless, any effect will likely be more apparent in the quarters ahead, as more people get vaccinated.

High commodity prices will support the external sector in 2Q21. April palm oil, coal, and crude oil prices reached new highs of 76.5%, 57.5%, and 177.5% YoY. While this was partly due to the low base effect, prices in level terms were also relatively higher than the pre-pandemic period. With the elevated price trend expected to continue over the next several months at least until supply readjusts, we could expect export growth to show a stellar upward trend in 2Q21.

24 May 2021

Market Outlook

Public spending rollout to continue to remain high. Capital spending realisation up to March indicates that IDR34.2bn has been spent, which is more than double the rate in all the past years so far. It seems that the Government may be able to spend its huge budget allocation of IDR247trn for this year if it keeps with the current pace, adding further impetus to growth.

We maintain our view that Bank Indonesia (BI) will remain on hold in 2021. So far, the central bank has been less bullish in its recent monetary policy statement – it even lowered its GDP projection to 4.1%-5.1% YoY from 4.3-5.3% previously. However, we believe the existing unconventional support by BI – through burden sharing and macro-prudential measures, as well as a fiscal approach – is expected to remain a priority for now.

1Q21 GDP printed -0.74% YoY vs Bloomberg consensus estimate of -0.65%, our forecast of -0.8%, and the 4Q20 print of -2.19%. The improvement in 1Q21 GDP growth was driven by net exports, government spending, and inventory accumulation. On the other hand, private consumption and investments posted smaller drags to growth.

Economic sectors that show better growth performances include agriculture, manufacturing, utilities, construction, wholesale & retail, transport, accommodation & food, and business services. Meanwhile, the mining, info & communications, finance & insurance, and real estate sectors recorded weaker YoY performances for the quarter.

Robust macro data indicates gradual economic recovery

Foreign reserves increased to USD138.8bn – among the highest in the last 20 years – thanks to strong exports, especially coal and CPO. The Consumer Confidence Index also increased to 101.5 for the first time in the last 12 months. This indicates higher consumer willingness to spend on big ticket items. In addition, the Markit Indonesia PMI increased to 54.6 – breaking a new record – indicating higher manufacturing activities, which should generate a multiplier impact to overall economic growth.

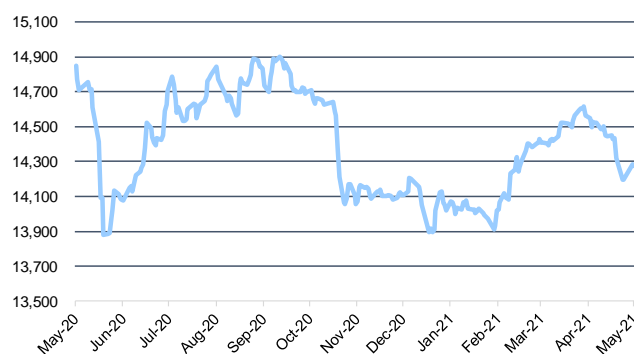
The IDR has been strengthening to IDR14,270/USD in mid-May, after reaching the lowest YTD level of IDR14,600/USD in mid-April.

Figure 9: Record-high Indonesia FX reserves



Source: Bloomberg, RHB

Figure 10: The IDR has strengthened since mid-April



Source: Bloomberg, RHB

Fixed Income Update

Improved investor appetite for the local bond market

The domestic bond market has been overshadowed by global sentiment since early 2021, mainly related to the increase of UST yields. Based on Indonesia Bond Pricing Agency or IBPA data as of 30 Apr, the Indonesian Composite Bond Index or ICBI slightly declined 0.23% YTD, while the 10-year IGB yield soared 58bps from 5.89% at the end of 2020 to 6.46%. Furthermore, foreign ownership of IDR government bonds declined for 14 consecutive months from 38.6% in Jan 2020 to 22.8% in Apr 2021, and we expect the foreign outflow to persist in 2Q21 – tracking the projected rising UST yields.

IGB yield curves have been tracking the recent rise in UST 10-year yields, as the global reflation trade theme is back on the cards – a sign of economic optimism from the mass inoculation programmes. On a YTD basis, the IDR 10-year yields have risen 58bps, the highest amongst the ASEAN peer bond markets, as it tracks the rise in UST 10-year yields. The underperformance of the IGBs was attributable to the continuous foreign bond outflows, as Indonesia bonds have much higher foreign participation amongst ASEAN states.

BI's role as a liquidity provider provides some cushion to the upward march of IDR 10-year yields, but not much, in our view. The central bank continues to infuse support by increasing its holdings in IDR government bonds from 4% in Jan 2020 to 11% in Apr 2021. BI is expected to provide liquidity in the IDR bond market if rising UST yields continue to dampen investor appetite for IDR government bonds. The central bank still has room to embark on bond purchases – in terms of targeted bond purchases – if there is a sharp uptick in the IDR government bond yields.

We see recent improved investor appetite for the domestic bond market. This could be evidenced by the increase in total incoming bids at the conventional IGB auction conducted on 27 Apr. Total incoming bids at the auction reached IDR52.8trn, or almost IDR10trn higher when compared to the incoming bids at the previous IGB auction that reached IDR42.97trn. Of this value, the Government absorbed funds amounting to IDR28.05trn. The 5-year (FR0086) and 10-year (FR0087) benchmark IGB became the two series with the highest demand of IDR12.4trn and IDR19.67trn. The yield range awarded for FR0086 was 5.66-5.73%, while FR0087 was awarded with yields ranging from 6.47% to 6.50%. After increasing near to 6.8% at end March, IGB 10-year yields have stabilised to 6.5% in mid-May.

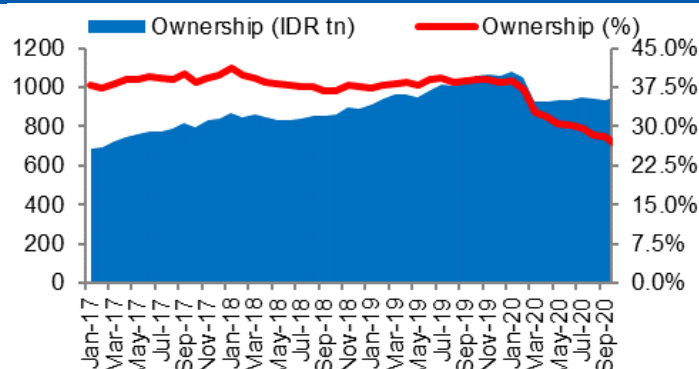
According to the Finance Ministry, foreign ownership in IGBs increased IDR9.93trn to IDR961.34trn in April from IDR951.41trn in March. Although foreign ownership increased in April, foreign flows into IGBs were still in net-outflow of IDR12.56trn YTD.

Figure 11: Indonesia 10-year government bond yields



Source: Company data, RHB

Figure 12: Foreign ownership continued to decline to 22.8% in April



Source: Company data, RHB

24 May 2021

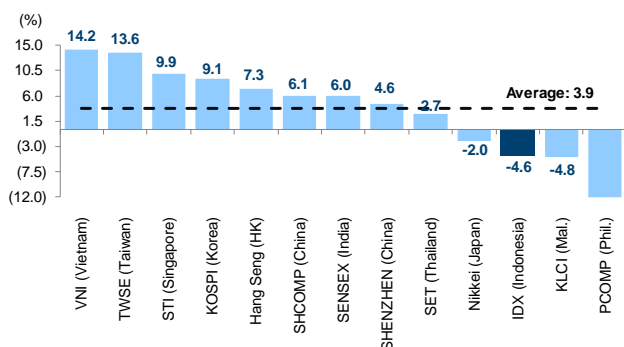
Market Outlook

Figure 13: JCI movements from Jan 2020 to May 2021



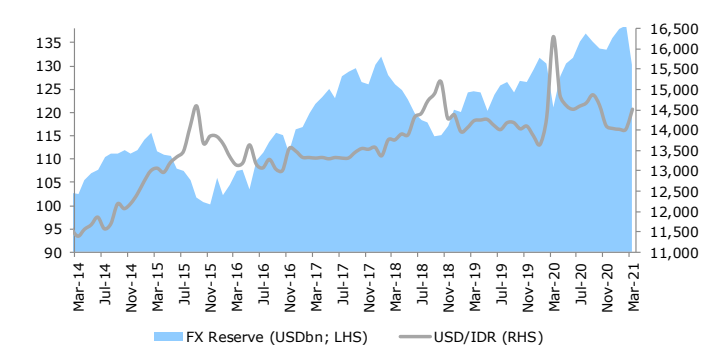
Source: Bloomberg, RHB

Figure 14: Regional performance YTD (USD terms)



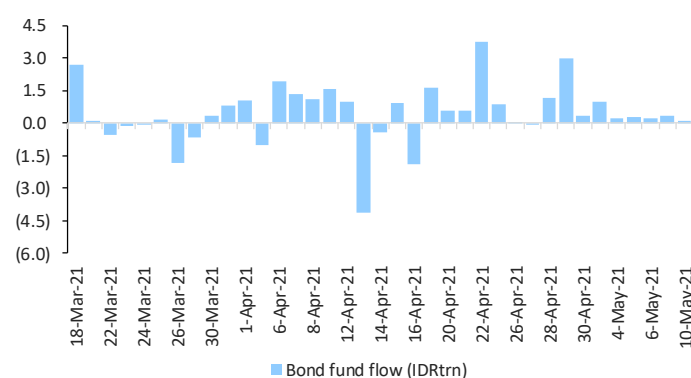
Source: Bloomberg, RHB

Figure 15: USD/IDR performance vs FX reserves



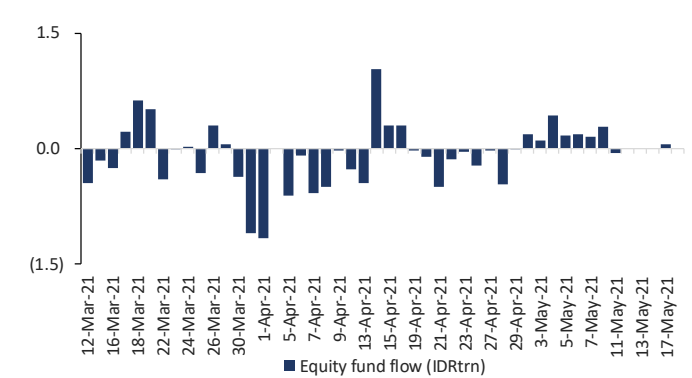
Source: Bloomberg, RHB

Figure 16: Bonds – daily foreign flows



Source: Bloomberg, RHB

Figure 17: Equity – daily foreign flows



Source: Bloomberg, RHB

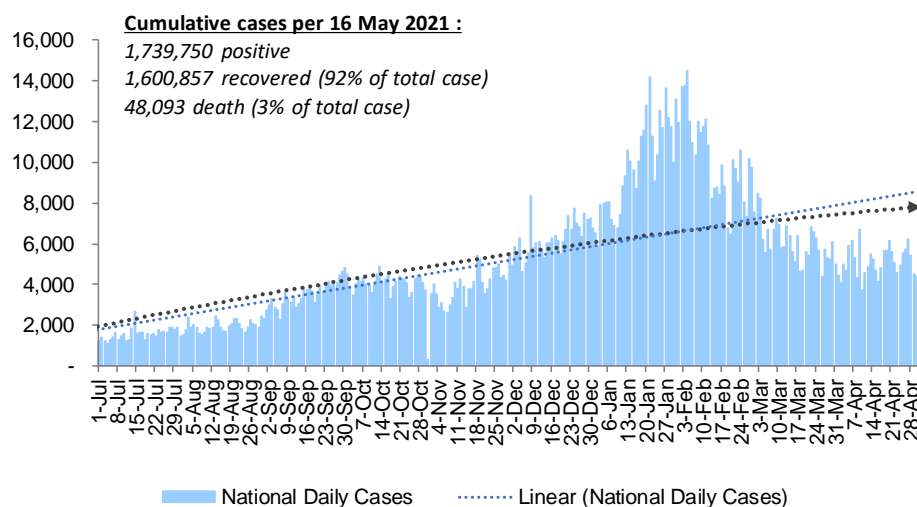
Key Risk: COVID-19 Daily Cases

COVID-19 cases stable, but risk rising post *Lebaran*

Daily COVID-19 cases in Indonesia have declined from around 14,000 new cases in mid-January to 5,000-6000 new cases per day in mid-March. Up to now, the country's daily new cases remain stable at this level. Bed occupancy rates at hospitals have also declined significantly.

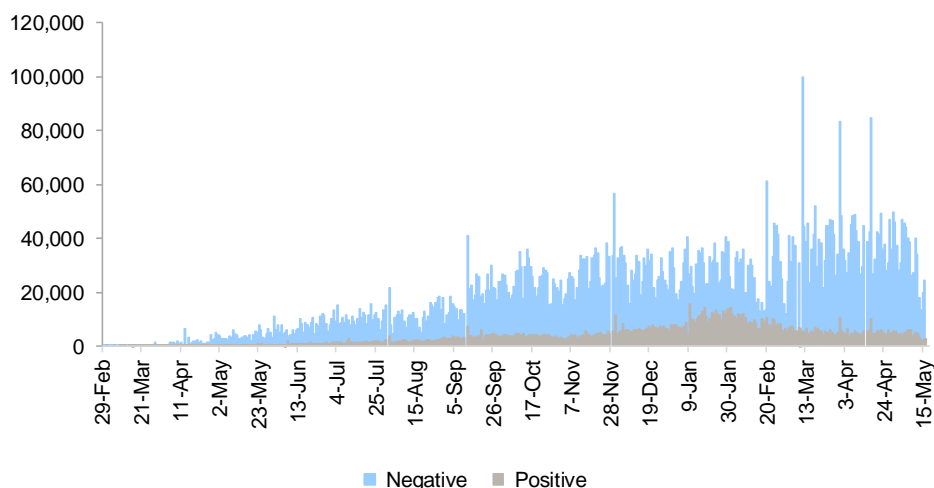
However, we believe there is still a risk of daily new cases increasing, especially after the *Lebaran* holiday, triggered by low levels of health protocols in tourism areas. The Government is adding more hospital beds in anticipation of a 40-60% increase in COVID-19 infections, as many people defy the travel ban during this religious holiday.

Figure 18: Daily COVID-19 new cases in Indonesia



Source: Gugus Tugas Percepatan Penanganan Kasus COVID-19, RHB

Figure 19: COVID-19 screened cases in Indonesia



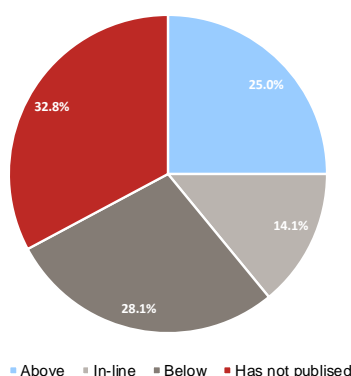
Source: Gugus Tugas Percepatan Penanganan Kasus COVID-19, RHB

1Q21 Results Wrap-Up – In line Overall

Around 67% of the companies under our coverage have reported their 1Q21 results, which are – overall – in line with our and consensus estimates. Outperforming sectors: Banks, poultry, and media. Banks are benefiting from lower cost of credit because of improved performing loans. Higher prices for day-old chicks – on the back of mass cullings – were the main driver of higher-than-expected poultry 1Q21 earnings. Meanwhile, the media sector benefited from increased advertising spending, as consumer staples companies started to promote their products.

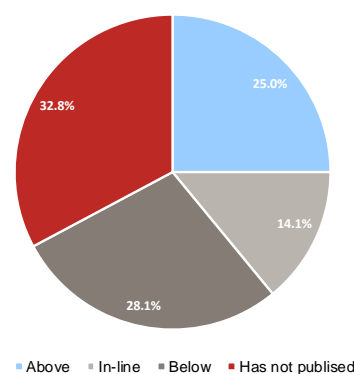
Meanwhile, the sectors that saw 1Q21 earnings falling below expectations were consumer discretionary, cement, and coal. Consumer discretionary was impacted by still-weak consumer spending due to the pandemic. Intense competition in the industry – due to the entry of new players – was the main driver of lower-than-expected 1Q21 earnings for the cement industry. Meanwhile, coal companies' earnings during this period were driven by lower-than-expected sales volumes on slower coal production during the heavy rain season.

Figure 20: Results comparisons to RHB estimates



Source: Company data, RHB

Figure 21: Results comparisons to Street estimates



Source: Company data, RHB

Figure 22: 1Q21 earnings to RHB estimates

Sector	Above	In line	Below	Not published yet
Banks	6	0	4	1
Telecommunication	0	2	0	1
Automotive	1	1	0	0
Consumer staples	1	1	1	2
Tobacco	1	1	0	0
Poultry	1	0	0	1
Consumer discretionary	0	0	3	4
Healthcare	0	2	0	1
Cement & building materials	1	0	2	0
Infrastructure & construction	0	0	1	4
Coal & HE	1	0	3	0
Metal & mining	2	0	1	0
Plantation	0	0	1	1
Property	1	1	0	3
Industrial estates	0	1	1	1
Media	1	0	0	1
Transportation	0	0	1	1
Total	16	9	18	21
% - total	25.0%	14.1%	28.1%	32.8%

Source: Company data, RHB

Figure 23: 1Q21 earnings to Street estimates

Sector	Above	In line	Below	Not published yet
Banks	6	1	3	1
Telecommunication	0	2	0	1
Automotive	1	1	0	0
Consumer staples	1	1	1	2
Tobacco	1	1	0	0
Poultry	1	0	0	1
Consumer discretionary	0	0	3	4
Healthcare	0	2	0	1
Cement & building materials	1	0	2	0
Infrastructure & construction	0	0	1	4
Coal & HE	1	0	3	0
Metal & mining	1	0	2	0
Plantation	0	0	1	1
Property	1	0	1	3
Industrial estates	2	0	0	1
Media	0	1	0	1
Transportation	0	0	1	1
Total	16	9	18	21
% - total	25.0%	14.1%	28.1%	32.8%

Source: Company data, RHB

Figure 24: Details of 1Q21 results – per company

Company name	Ticker	1Q20	4Q20	1Q21	QoQ	YoY	RHB FY21F		Cons FY21F	
IDRbn							%	Summary	%	Summary
BANKS		23,448	11,452	19,384	69%	-17%	32%	Above	35%	Above
Bank Mandiri	BMRI IJ	7,916	3,091	5,918	92%	-25%	27%	Above	25%	In-Line
Bank Central Asia	BBCA IJ	6,581	7,096	7,040	-1%	7%	26%	Above	23%	Below
Bank Negara Indonesia	BBNI IJ	4,253	-914	2,385	-361%	-44%	23%	Below	26%	Above
Bank Tabungan Negara	BBTN IJ	457	482	625	30%	37%	29%	Above	26%	Above
Bank Danamon	BDMN IJ	1,245	-469	522	-211%	-58%	16%	Below	18%	Below
Bank CIMB Niaga	BNGA IJ	1,055	148	996	571%	-6%	32%	Above	32%	Above
Bank Panin	PNBN IJ	684	790	595	-25%	-13%	13%	Below	18%	Below
BTPN Syariah	BTPS IJ	402	348	375	8%	-7%	26%	Above	32%	Above
Bank Jabar	BJBR IJ	416	491	480	-2%	16%	24%	Below	26%	Above
Bank Jatim	BJTM IJ	439	389	448	15%	2%	102%	Above	122%	Above
TELCO		914	(1,963)	493	-125%	-46%	15%	In-Line	-2%	In-Line
XL Axiata	EXCL IJ	1,520	(1,703)	321	19%	-79%	29%	In-Line	34%	In-Line
Indosat Ooredoo	ISAT IJ	(606)	(259)	172	-166%	-128%	2%	In-Line	-38%	In-Line
AUTOMOTIVE		4,925	2,370	3,892	64%	-21%	25%	In-Line	26%	In-Line
Astra International	ASII IJ	4810	2125	3728	75%	-23%	21%	In-Line	21%	In-Line
Astra Otoparts	AUTO IJ	115	245	164	-33%	43%	29%	Above	30%	Above
TOBACCO		5,768	3,671	4,333	18%	-25%	26%	In-Line	27%	In-Line
Gudang Garam	GGRM IJ	2,447	2,000	1,747	-13%	-29%	23%	In-Line	23%	In-Line
HM Sampoerna	HMSP IJ	3,322	1,671	2,586	55%	-22%	29%	Above	30%	Above
STAPLES		2,872	2,317	2,578	11%	-10%	25%	In-Line	27%	In-Line
Mayora Indah	MYOR IJ	931	504	823	63%	-12%	36%	Above	36%	Above
Nippon Indosari Corpindo	ROTI IJ	78	88	57	-35%	-27%	13%	Below	18%	Below
Unilever Indonesia	UNVR IJ	1,863	1,725	1,698	-2%	-9%	23%	In-Line	23%	In-Line
POULTRY		405	660	859	30%	112%	47%	Above	52%	Above
Japfa Comfeed Indonesia	JPFA IJ	405	660	859	30%	112%	47%	Above	52%	Above
MINING & ENERGY										
Bukit Asam	PTBA IJ	903	659	501	-24%	-45%	15%	Below	15%	Below
United Tractors	UNTR IJ	1,823	665	1,867	181%	2%	20%	Below	21%	Below
*Adaro Energy	ADRO IJ	98	38	72	91%	-27%	20%	Below	20%	Below
*Indo Tambangraya Megah	ITMG IJ	15	(1)	42	N/A	173%	35%	Above	37%	Above
*Merdeka Copper Gold	MDKA IJ	15	(21)	(9)	-56%	N/A	6%	Below	7%	Below
Aneka Tambang	ANTM IJ	(448)	750	314	-58%	N/A	109%	Above	89%	Above
*Vale Indonesia	INCO IJ	57	24	6	-74%	-89%	87%	Above	81%	Below
CEMENT		846	1,941	801	-59%	-5%	17%	Below	16%	Below
Semen Indonesia	SMGR IJ	446	1,251	450	-64%	1%	15%	Below	14%	Below
Indocement Tunggal Prakarsa	INTP IJ	400	690	351	-49%	-12%	19%	Below	18%	Below
TRANSPORT & LOGISTICS		14	(5)	(28)	460%	-300%	N/A	Below	N/A	Below
Blue Bird	BIRD IJ	14	(5)	(28)	N/A	-306%	N/A	Below	N/A	Below
INFRA & CONSTRUCTION		15	9	7	-22%	-53%	2%	Below	2%	Below

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Adhi Karya	ADHI IJ	15	9	7	-22%	-54%	2%	Below	2%	Below
RETAIL		(86)	(205)	(69)	-66%	-20%	4%	Below	4%	Below
Matahari Department Store	LPPF IJ	(94)	(257)	(95)	63%	-2%	N/A	Below	N/A	Below
Mitra Adiperkasa	MAPI IJ	8	52	26	-50%	225%	4%	Below	4%	Below
Ramayana Lestari	RALS IJ	13	(43)	(86)	-98%	N/A	N/A	Below	N/A	Below
MEDIA		312	235	332	41%	6%	28%	Above	26%	In-Line
Surya Citra Media	SCMA IJ	312	235	332	41%	6%	28%	Above	26%	In-Line
PROPERTY		438	948	872	-8%	99%	31%	Above	32%	Above
Bumi Serpong	BSDE IJ	260	(141)	629	N/A	142%	38%	Above	43%	Above
Ciputra Development	CTRA IJ	178	1,089	243	-78%	37%	25%	In-Line	21%	Below
INDUSTRIAL ESTATE		(173)	21	326	1418%	-288%	19%	Below	35%	Above
Puradelta Lestari	DMAS IJ	53	26	271	-74%	407%	24%	In-Line	29%	Above
Bekasi Fajar Industrial Estate	BEST IJ	(226)	(5)	55	N/A	N/A	15%	Below	40%	Above
HEALTHCARE		889	1059	1090	3%	23%	28%	In-Line	28%	In-Line
Mitra Keluarga Karyasehat	MIKA IJ	220	353	374	6%	70%	31%	In-Line	30%	In-Line
Kalbe Farma	KLBF IJ	669	706	716	2%	7%	25%	In-Line	25%	In-Line
PLANTATION		371	254	162	-36%	-56%	19%	Below	5%	Below
Astra Agro Lestari	AALI IJ	371	254	162	-36%	-56%	19%	Below	5%	Below
MISC		66	102	118	16%	79%	28%	Above	30%	Above
Arwana Citramulia	ARNA IJ	66	102	118	17%	80%	28%	Above	30%	Above

*Note: USDm

Source: Company data, RHB

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Neutral:	Share price may fall within the range of +/- 10% over the next 12 months
Take Profit:	Target price has been attained. Look to accumulate at lower levels
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Analyst

-

Company

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