

Indonesia Morning Cuppa

Top Story

Bank Rakyat Indonesia (BBRI IJ, BUY, TP: IDR4,790)

Nearing The End Of The Tunnel; Maintain BUY

Results Review

Keep BUY and IDR4,790 TP, 18% upside and c.2% yield. Bank Rakyat Indonesia reported a 1Q21 net profit of IDR6.8trn (-16.4% YoY, 50.4% QoQ), at 21% and 22% of RHB and Street's estimates. Sluggish loan growth (-1.8% YoY, -2.4% QoQ) was the main reason for its slightly below-expectations 1Q21 earnings. Management is keeping its FY21 guidance with a more optimistic view of 2H21, as the economy is expected to accelerate in the next few quarters.

Analysts: Andre Benas +6221 5093 9847, Ghibran Al Imran +6221 5093 9842

Today's Report: [Bank Rakyat Indonesia : Nearing The End Of The Tunnel; Maintain BUY \(27 May 2021\)](#)

Previous Report: [Bank Rakyat Indonesia : Closing FY20 With a Bang; Maintain BUY \(1 Feb 2021\)](#)

Chart 1: Industry group relative to the JCI

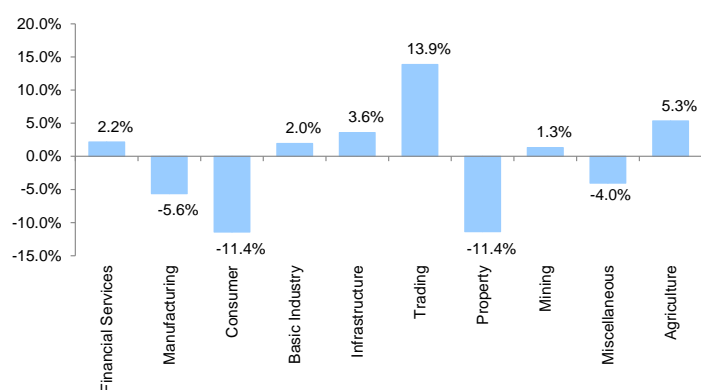


Table 1: Regional markets 25 May 2021)

Bloomberg Code		Last value	DoD (%)	YTD (%)	YoY (%)
Dow Jones	: DJI	34,312	(0.2)	12.1	37.3
Nasdaq	: Nasdaq	13,657	(0.0)	6.0	46.2
UK	: FTSE	7,030	(0.3)	8.4	15.5
Hong Kong	: HSI	29,166	0.9	7.1	25.2
Indonesia	: JCI	5,816	0.9	(2.7)	25.7
MSCI	: EIDO	21.3	0.7	(9.3)	28.9
Malaysia	: FBMKLCI	1,578	0.4	(3.0)	9.8
Korea	: KOSPI	3,168	(0.1)	10.3	56.0
Philippines	: PCOMP	6,341	2.3	(11.2)	14.8
Thailand	: SET	1,569	1.1	8.2	17.4
China	: SHCOMP	3,593	0.3	3.5	26.7
Singapore	: STI	3,146	0.7	10.6	24.3

Note: *Data as at 25 May 2021's close

Table 2: Commodities & currencies (5 May 2021)

		Last Value	DoD (%)	YTD (%)	YoY (%)	MoM (%)
Oil (Brent)	Price	68.4	(0.3)	32.1	89.1	4.2
Oil (WTI)	Price	65.8	(0.4)	35.6	91.6	6.3
Coal (USD/ton)	Price	105.0	-	30.4	100.4	12.8
CPO (MYR/ton)	Price	4,024.0	-	11.8	85.7	2.5
Soy Oil (USD/ton)	Price	1,470.5	(0.3)	53.4	143.7	1.9
Nickel (USD/ton)		17,175.0	1.0	3.8	39.9	3.3
Tin (USD/ton)		31,950.0	1.1	55.5	104.6	13.1
Gold (USD/oz)		1,906.0	0.4	0.5	11.5	7.1
Wheat (USD/bu)		651.8	(0.7)	3.9	23.4	(11.8)
Corn (USD/bu)		624.0	0.6	29.9	73.6	(5.1)
USD/IDR		14,328.0	0.2	(1.9)	2.7	1.1
EUR/IDR		17,538.2	0.2	(1.4)	(7.8)	(0.1)
HKD/IDR		1,845.8	(0.0)	(2.4)	3.2	1.1
SGD/IDR		10,822.5	(0.1)	(1.8)	(3.9)	1.0
JPY/IDR		131.6	0.1	3.5	4.1	2.2
MYR/IDR		3,457.8	0.1	1.1	(2.5)	2.2
THB/IDR		459.1	(0.4)	2.2	0.8	0.4

Bulletins

STOCK/SECTOR	NEWS	COMMENTS	RATING
Economy	<p>Indonesia's central bank left its key interest rates unchanged at 3.5% for a third straight month, pledging to rely primarily on liquidity tools amid signs of a tentative recovery in Southeast Asia's largest economy.</p> <p>Indonesia has benefited from improvements in larger economies, particularly the US and China, along with a rally in commodity prices, Perry Warjiyo, Bank Indonesia's (BI) governor said.</p> <p>Indonesia is aiming to rebound this quarter. The central bank reiterated its forecast on Tuesday for a 4.1-5.1% economic growth this year. <i>(Bloomberg)</i></p>	<p>The move to maintain the benchmark interest rate is in line with our expectations. We expect the BI benchmark rate to be maintained until the end of the year.</p> <p>The pace of economic recovery should be in line with the pace of the COVID-19 vaccination program.</p>	N/A
Indofood (ICBP IJ)	<p>Indofood CBP is currently preparing to issue global bonds in USD to finance half of its bank loans on the Pinehill acquisition. The company has mandated UBS, Deutsche Bank, Mizuho Securities, SMBC Nikko, DBS Bank Ltd, Mandiri Securities, Natixis, and OCBC Bank as Joint Bookrunners to arrange a series of fixed income investor calls in Asia and Europe, commencing 26 May 2021.</p> <p>If the bond is issued, it is expected to be rated Baa3/BBB by Moody's and Fitch. <i>(Bisnis Indonesia)</i></p>	<p>The refinancing should provide some cost efficiencies. Note that the current cost of funds to finance the Pinehill acquisition is around 2.5%.</p>	BUY, TP: IDR11,900

Top BUYs

	TP (IDR)	Upside (%)	Catalysts
Bank Negara Indonesia (BBNI IJ)	8,050	51	<ul style="list-style-type: none"> The cheapest valuation among the big-4 banks With the on-boarding of BMRI's new management, we expect BBNI to be revamped in terms of growth and asset quality With the latest enforcement of PSBB, management does not expect any major downgrade and may continue its focus on loan growth.
Indofood CBP (ICBP IJ)	11,900	46	<ul style="list-style-type: none"> We believe most of bad news have been priced in (margin correction on higher soft commodities prices, weak top line growth and cessation of Frito Lays snacks sales). Although Pinehill's acquisition has tainted ICBP's corporate governance, it should provide accretive earnings for the company, note that the financing cost for the acquisition is only 2.5%. Social-distancing measures should remain in place at least for the next 3-4 quarters, consumers would want convenience in self-cooking at home, which should continue to boost instant noodle sales.
Bank Tabungan Negara (BBTN IJ)	2,450	56	<ul style="list-style-type: none"> We like BBTN as a proxy on recovering property market, with 90% of loan book comprised of mortgage and housing related loans. BTN's loan growth would be driven by its mortgage segment, especially boosted by the higher subsidised mortgage budget and additional budget from TAPERA. Its liquidity is also much better than it was a year ago with LDR at an ample 93%. Asset quality is also on a path for recovery after a hard hit 2019-2020, implying better cost of credit.
London Sumatera (LSIP IJ)	1,660	37	<ul style="list-style-type: none"> Strong CPO price momentum over the near term due to a supply disruption on extreme rainy conditions in Kalimantan and Sumatra. This may lower production and reduce inventory level, supporting CPO prices. LSIP's share price has been a laggard over the past two weeks. Our ground checks indicate rising CPO prices at the Belawan port

Recent Stories

To access the following reports, please click on the link:

[Indonesia Morning Cuppa 25 May 2021 – Mid Morning Edition](#)

[Jasa Marga : Revenue Should Bounce Back In June; BUY](#)

[United Tractors : Overall April Operations Remain In Line; Still BUY](#)

[Indonesia Morning Cuppa 24 May 2021](#)

[Indonesia Market Strategy : "Sell In May" Potentially Over](#)

[Indonesia Morning Cuppa 21 May 2021](#)

[Indosat : 1Q21 Results Within Expectations; Still BUY](#)

[Summarecon Agung : Off To a Good Start, U/G TP To IDR1,300; Keep BUY](#)

[Merdeka Copper Gold : Awaiting Better Quarters Ahead; BUY](#)

[Indonesia Morning Cuppa 20 May 2021](#)

[Indonesia Construction : April: Robust Bulk Cement, Construction Recovery](#)

[Indonesia Morning Cuppa 19 May 2021](#)

[Medikaloka Hermina : FY20 Results: Ending The Year With Flying Colours](#)

[Indonesia Morning Cuppa 18 May 2021](#)

[Indonesia Morning Cuppa 17 May 2021](#)

[Indonesia Auto : Wholesales Still Robust In April; OVERWEIGHT](#)

[Indonesia Morning Cuppa 11 May 2021](#)

[Adi Sarana Armada : Multiple Growth Streams For Logistics Leader](#)

[Plantation : Soybean Prices Overheating?](#)

[Indonesia Morning Cuppa 10 May 2021](#)

[Indocement : Green Energy Usage Rises; Stay BUY](#)

[Indonesia Morning Cuppa 7 May 2021](#)

[Surya Citra Media : Digital Business Growth Is Key; Upgrade To BUY](#)

[Indonesia Morning Cuppa 6 May 2021](#)

[ACE Hardware : In-line FY20 Results](#)

[2Q21 GDP Will Be Driven By Exports & Govt Spending](#)

[Indonesia Morning Cuppa 5 May 2021- Mid morning edition](#)

[RHB Top Indonesia Small Cap Companies](#)

[Semen Indonesia : Managing Well Despite Intense Competition](#)

[Indonesia Morning Cuppa 4 May 2021](#)

[Adhi Karya : 1Q21 Operational Performance In Line; Stay BUY](#)

[Puradelta Lestari : Continuing To Perform; Maintain BUY](#)

[Indonesia Morning Cuppa 3 May 2021 – Mid Morning Edition](#)

[Telekomunikasi Indonesia : In-Line Results Supported By Non-Cellular; BUY](#)

[Unilever Indonesia : 1Q21 Results Call KTA: Competition Still Intense](#)

[Adaro Energy : Healthy 1Q21 Operational Performance; BUY](#)

[Bukit Asam : Expect Better 2Q Earnings; Stay BUY](#)

[Indonesia Morning Cuppa 30 April 2021](#)

[Japfa Comfeed : Strong 1Q21 Results As Expected; BUY](#)

[Bank CIMB Niaga : CASA Starts Coming In Handy; Still BUY](#)

[Indonesia Morning Cuppa 29 April 2021](#)

[Hanjaya Mandala Sampoerna : Higher-Than-Expected Results On Sales Mix](#)

[Bank Danamon : Slight Improvement; Maintain SELL](#)

[Indonesia Morning Cuppa 28 April 2021](#)

[Bank Mandiri : Commendable NIM Recovery And Loan Growth; BUY](#)

[Adaro Energy : Higher ASP, Attractive Valuation; Maintain BUY](#)

[XL Axiata : In-line 1Q21 Results, More Upbeat For 2Q21; BUY](#)

[Bank Jabar : Unshakeable Performance; Keep BUY](#)

Buy: Share price may exceed 10% over the next 12 months
Trading Buy: Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain
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
Sell: Share price may fall by more than 10% over the next 12 months
Not Rated: Stock is not within regular research coverage

Investment Research Disclaimers

RHB has issued this report for information purposes only. This report is intended for circulation amongst RHB and its affiliates' clients generally or such persons as may be deemed eligible by RHB to receive this report and does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. This report is not intended, and should not under any circumstances be construed as, an offer or a solicitation of an offer to buy or sell the securities referred to herein or any related financial instruments.

This report may further consist of, whether in whole or in part, summaries, research, compilations, extracts or analysis that has been prepared by RHB's strategic, joint venture and/or business partners. No representation or warranty (express or implied) is given as to the accuracy or completeness of such information and accordingly investors should make their own informed decisions before relying on the same.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to the applicable laws or regulations. By accepting this report, the recipient hereof (i) represents and warrants that it is lawfully able to receive this document under the laws and regulations of the jurisdiction in which it is located or other applicable laws and (ii) acknowledges and agrees to be bound by the limitations contained herein. Any failure to comply with these limitations may constitute a violation of applicable laws.

All the information contained herein is based upon publicly available information and has been obtained from sources that RHB believes to be reliable and correct at the time of issue of this report. However, such sources have not been independently verified by RHB and/or its affiliates and this report does not purport to contain all information that a prospective investor may require. The opinions expressed herein are RHB's present opinions only and are subject to change without prior notice. RHB is not under any obligation to update or keep current the information and opinions expressed herein or to provide the recipient with access to any additional information. Consequently, RHB does not guarantee, represent or warrant, expressly or impliedly, as to the adequacy, accuracy, reliability, fairness or completeness of the information and opinion contained in this report. Neither RHB (including its officers, directors, associates, connected parties, and/or employees) nor does any of its agents accept any liability for any direct, indirect or consequential losses, loss of profits and/or damages that may arise from the use or reliance of this research report and/or further communications given in relation to this report. Any such responsibility or liability is hereby expressly disclaimed.

Whilst every effort is made to ensure that statement of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable and must not be construed as a representation that the matters referred to therein will occur. Different assumptions by RHB or any other source may yield substantially different results and recommendations contained on one type of research product may differ from recommendations contained in other types of research. The performance of currencies may affect the value of, or income from, the securities or any other financial instruments referenced in this report. Holders of depositary receipts backed by the securities discussed in this report assume currency risk. Past performance is not a guide to future performance. Income from investments may fluctuate. The price or value of the investments to which this report relates, either directly or indirectly, may fall or rise against the interest of investors.

This report may contain comments, estimates, projections, forecasts and expressions of opinion relating to macroeconomic research published by RHB economists of which should not be considered as investment ratings/advice and/or a recommendation by such economists on any securities discussed in this report.

This report does not purport to be comprehensive or to contain all the information that a prospective investor may need in order to make an investment decision. The recipient of this report is making its own independent assessment and decisions regarding any securities or financial instruments referenced herein. Any investment discussed or recommended in this report may be unsuitable for an investor depending on the investor's specific investment objectives and financial position. The material in this report is general information intended for recipients who understand the risks of investing in financial instruments. This report does not take into account whether an investment or course of action and any associated risks are suitable for the recipient. Any recommendations contained in this report must therefore not be relied upon as investment advice based on the recipient's personal circumstances. Investors should make their own independent evaluation of the information contained herein, consider their own investment objective, financial situation and particular needs and seek their own financial, business, legal, tax and other advice regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report.

This report may contain forward-looking statements which are often but not always identified by the use of words such as "believe", "estimate", "intend" and "expect" and statements that an event or result "may", "will" or "might" occur or be achieved and other similar expressions. Such forward-looking statements are based on assumptions made and information currently available to RHB and are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement to be materially different from any future results, performance or

achievement, expressed or implied by such forward-looking statements. Caution should be taken with respect to such statements and recipients of this report should not place undue reliance on any such forward-looking statements. RHB expressly disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or circumstances after the date of this publication or to reflect the occurrence of unanticipated event

The use of any website to access this report electronically is done at the recipient's own risk, and it is the recipient's sole responsibility to take precautions to ensure that it is free from viruses or other items of a destructive nature. This report may also provide the addresses of, or contain hyperlinks to, websites. RHB takes no responsibility for the content contained therein. Such addresses or hyperlinks (including addresses or hyperlinks to RHB own website material) are provided solely for the recipient's convenience. The information and the content of the linked site do not in any way form part of this report. Accessing such website or following such link through the report or RHB website shall be at the recipient's own risk.

This report may contain information obtained from third parties. Third party content providers do not guarantee the accuracy, completeness, timeliness or availability of any information and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such content. Third party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use. Third party content providers shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any use of their content.

The research analysts responsible for the production of this report hereby certifies that the views expressed herein accurately and exclusively reflect his or her personal views and opinions about any and all of the issuers or securities analysed in this report and were prepared independently and autonomously. The research analysts that authored this report are precluded by RHB in all circumstances from trading in the securities or other financial instruments referenced in the report, or from having an interest in the company(ies) that they cover.

The contents of this report is strictly confidential and may not be copied, reproduced, published, distributed, transmitted or passed, in whole or in part, to any other person without the prior express written consent of RHB and/or its affiliates. This report has been delivered to RHB and its affiliates' clients for information purposes only and upon the express understanding that such parties will use it only for the purposes set forth above. By electing to view or accepting a copy of this report, the recipients have agreed that they will not print, copy, videotape, record, hyperlink, download, or otherwise attempt to reproduce or re-transmit (in any form including hard copy or electronic distribution format) the contents of this report. RHB and/or its affiliates accepts no liability whatsoever for the actions of third parties in this respect.

The contents of this report are subject to copyright. Please refer to Restrictions on Distribution below for information regarding the distributors of this report. Recipients must not reproduce or disseminate any content or findings of this report without the express permission of RHB and the distributors.

The securities mentioned in this publication may not be eligible for sale in some states or countries or certain categories of investors. The recipient of this report should have regard to the laws of the recipient's place of domicile when contemplating transactions in the securities or other financial instruments referred to herein. The securities discussed in this report may not have been registered in such jurisdiction. Without prejudice to the foregoing, the recipient is to note that additional disclaimers, warnings or qualifications may apply based on geographical location of the person or entity receiving this report.

The term "RHB" shall denote, where appropriate, the relevant entity distributing or disseminating the report in the particular jurisdiction referenced below, or, in every other case, RHB Investment Bank Berhad and its affiliates, subsidiaries and related companies.

RESTRICTIONS ON DISTRIBUTION

Malaysia

This report is issued and distributed in Malaysia by RHB Investment Bank Bhd. The views and opinions in this report are our own as of the date hereof and is subject to change. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Conduct Authority apply to a recipient, our obligations owed to such recipient therein are unaffected. RHB Investment Bank Bhd has no obligation to update its opinion or the information in this report.

Thailand

This report is issued and distributed in the Kingdom of Thailand by RHB Securities (Thailand) PCL, a licensed securities company that is authorised by the Ministry of Finance, regulated by the Securities and Exchange Commission of Thailand and is a member of the Stock Exchange of Thailand. The Thai Institute of Directors Association has disclosed the Corporate Governance Report of Thai Listed Companies made pursuant to the policy of the Securities and Exchange Commission of Thailand. RHB Securities (Thailand) PCL does not endorse, confirm nor certify the result of the Corporate Governance Report of Thai Listed Companies.

Indonesia

This report is issued and distributed in Indonesia by PT RHB Sekuritas Indonesia. This research does not constitute an offering document and it should not be construed as an offer of securities in Indonesia. Any securities offered or sold, directly or indirectly, in Indonesia or to any Indonesian citizen or corporation (wherever located) or to any Indonesian resident in a manner which constitutes a public offering under Indonesian laws and regulations must comply with the prevailing Indonesian laws and regulations.

Singapore

This report is issued and distributed in Singapore by RHB Bank Berhad (Singapore branch) which is a holder of a full bank licence and an exempt capital markets services licence and financial adviser regulated by the Monetary Authority of Singapore. RHB Bank Berhad (Singapore branch) may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, RHB Bank Berhad (Singapore branch) accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact RHB Bank Berhad (Singapore branch) in respect of any matter arising from or in connection with the report.

United States

This report was prepared by RHB is meant for distribution solely and directly to "major" U.S. institutional investors as defined under, and pursuant to, the requirements of Rule 15a-6 under the U.S. Securities and Exchange Act of 1934, as amended (the "Exchange Act") via a registered U.S. broker-dealer as appointed by RHB from time to time. Accordingly, any access to this report via Bursa Marketplace or any other Electronic Services Provider is not intended for any party other than "major" US institutional investors (via a registered U.S broker-dealer), nor shall be deemed as solicitation by RHB in any manner. RHB is not registered as a broker-dealer in the United States and currently has not appointed a U.S. broker-dealer. Additionally, RHB does not offer brokerage services to U.S. persons. Any order for the purchase or sale of all securities discussed herein must be placed with and through a registered U.S. broker-dealer as appointed by RHB from time to time as required by the Exchange Act Rule 15a-6. For avoidance of doubt, RHB reiterates that it has not appointed any U.S. broker-dealer during the issuance of this report. This report is confidential and not intended for distribution to, or use by, persons other than the recipient and its employees, agents and advisors, as applicable. Additionally, where research is distributed via Electronic Service Provider, the analysts whose names appear in this report are not registered or qualified as research analysts in the United States and are not associated persons of any registered U.S. broker-dealer as appointed by RHB from time to time and therefore may not be subject to any applicable restrictions under Financial Industry Regulatory Authority ("FINRA") rules on communications with a subject company, public appearances and personal trading. Investing in any non-U.S. securities or related financial instruments discussed in this research report may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the U.S. Securities and Exchange Commission. Information on non-U.S. securities or related financial instruments may be limited. Foreign companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in the United States. The financial instruments discussed in this report may not be suitable for all investors. Transactions in foreign markets may be subject to regulations that differ from or offer less protection than those in the United States.

Please refer to the following link ([RHB Research conflict disclosures – May 2021](#)) and the Disclosure of Conflict of Interest in each of the research reports provided in this email for more details.

Kuala Lumpur	Singapore
RHB Investment Bank Bhd Level 3A, Tower One, RHB Centre Jalan Tun Razak Kuala Lumpur Malaysia Tel : +(60) 3 9280 8888 Fax : +(60) 3 9200 2216	RHB Bank Berhad (Singapore branch) 90 Cecil Street #04-00 RHB Bank Building Singapore 069531
Jakarta	Bangkok
PT RHB Sekuritas Indonesia Revenue Tower, 11th Floor, District 8 - SCBD Jl. Jendral Sudirman Kav 52-53 Jakarta 12190 Indonesia Tel : +6221 509 39 888 Fax : +6221 509 39 777	RHB Securities (Thailand) PCL 10th Floor, Sathorn Square Office Tower 98, North Sathorn Road, Silom Bangrak, Bangkok 10500 Thailand Tel: +(66) 2 088 9999 Fax : +(66) 2 088 9799