

RESEARCH

RESEARCH REPORT

Banking Sector: Chaos & Panic before Order is Restored

- Maintain Overweight, BMRI and BBTN as our top picks
- 1Q20 will likely tumble with 2Q20 to follow
- High loan risk profile leads to tight quality monitoring

[\(Please refer to our research report\)](#)

HEADLINE NEWS

MACRO

- MoF is finalizing formulation for temporary tax incentive
- Bank of England cut 50bps of its main interest rate

INDUSTRY

- PUPR ministry to offer IDR57tn project

COMPANY

- ACES targets to book revenue and net profit of 8% YoY this year
- BSDE targets IDR7.2tn marketing sales
- KLBF and Merck to secure their inventory this year

INDICES	Last	Chg (%)	YTD (%)	Vol (US\$ mn)
ASIA				
IDX	5,154	(1.28)	(18.18)	372
LQ45	820	(1.53)	(19.19)	294
Hang Seng	25,232	(0.63)	(10.49)	5,831
KOSPI	1,908	(2.78)	(13.17)	7,007
Nikkei 225	19,416	(2.27)	(17.93)	18,669
PCOMP	6,353	0.55	(18.71)	111
SET	1,250	(1.68)	(20.89)	2,047
SHCOMP	2,969	(0.94)	(2.68)	51,682
STI	2,784	(1.72)	(13.62)	1,107
TWSE	10,894	(1.00)	(9.20)	5,124
EUROPE & USA				
DAX	10,439	(0.35)	(21.21)	618
Dow Jones	23,553	(5.86)	(17.47)	1,496
FTSE 100	5,877	(1.40)	(22.09)	585
NASDAQ	7,952	(4.70)	(11.37)	4,159
S&P 500	2,741	(4.89)	(15.15)	6,095
ETF & ADR				
EIDO US (USD)	19.35	(6.30)	(21.41)	(24.59)
TLK US (USD)	23.13	(5.36)	(16.26)	(18.84)

Source: Bloomberg

COMMODITIES	Last	Chg (%)	MoM (%)	YTD (%)
Brent (USD/b)	36	(3.84)	(33.98)	(44.67)
WTI (USD/bl)	33	(4.02)	(34.26)	(45.41)
Coal (USD/ton)	66	0.54	(4.79)	(3.03)
Copper (USD/mt)	5,529	(0.66)	(3.76)	(10.45)
Gold (USD/toz)	1,635	(0.87)	4.28	7.76
Nickel (USD/mt)	12,420	(2.05)	(5.26)	(11.44)
Tin (USD/mt)	16,700	(1.04)	1.37	(2.77)
Corn (USd/mt)	375	(0.79)	(2.54)	(5.13)
Palm oil (MYR/mt)	2,370	1.33	(13.50)	(22.07)
Soybean (USd/bu)	873	(0.34)	(2.67)	(9.86)
Wheat (USd/bsh)	513	(1.82)	(5.74)	(8.72)

Source: Bloomberg

CURRENCY & RATES	Last	1D	1M	2019
IDR/USD	14,374	14,352	13,675	13,866
AUD/USD	1.54	1.54	1.49	1.43
CAD/USD	1.38	1.37	1.33	1.30
CNY/USD	6.96	6.96	6.97	6.96
USD/EUR	1.13	1.13	1.09	1.12
JPY/USD	104.54	105.64	109.79	108.61
SGD/USD	1.40	1.39	1.39	1.35
JIBOR (%)	4.60	4.58	4.83	4.88
7D Repo Rate (%)	4.75	4.75	5.00	5.00
10Y Bond (%)	6.97	6.97	6.59	7.06
CDS - 5Y (bps)	146.57	126.39	62.63	67.72

Source: Bloomberg

MARKET	2019F	2020F	MACRO	2019F	2020F	FUND FLOWS & SECTORAL TREND	Last	1W	1M	YTD
EPS growth (%)	3.1	3.4	GDP Growth (%)	5.0	4.9	Foreign Flows	Last	1W	1M	YTD
Cons EPS growth (%)	4.7	10.7	Govt Spending (%)	5.6	4.3	Equity - In/(Out) (IDRbn)*	172	(1,695)	(7,458)	(6,951)
P/E (x)	22.0	21.3	Private Spending (%)	5.1	4.9	Bonds - In/(Out) (IDRbn)	(6,680)	(9,140)	(42,200)	(38,440)
P/E ex UNVR, HMSP (x)	19.2	18.1	Investment (%)	4.2	3.9	Sector Performance				
EV/EBITDA (x)	18.2	17.3	CPI (%)	2.7	3.6	JAKAGRI Index	1,063	(2.86)	(20.09)	(30.29)
P/B (x)	5.5	0.1	BI 7-day RR (%)	5.0	4.5	JAKBIND Index	713	(2.20)	(18.05)	(27.12)
P/B ex UNVR, HMSP (x)	3.1	2.8	IDR/USD	13,866	14,445	JAKCONS Index	1,749	1.25	(11.16)	(14.80)
Yield (%)	3.7	3.6	FX Reserve (USDbn)	129.2	140.6	JAKFIN Index	1,167	(1.00)	(13.27)	(13.86)
Gearing ex Bank (%)	21.8	23.9	CAD (%)	(2.7)	(2.9)	JAKINFRA Index	243	(3.25)	(17.98)	(24.92)
ROE (%)	15.3	14.7	Fiscal Budget (%)	(2.2)	(2.5)	JAKMIND Index	925	(0.81)	(14.66)	(24.41)
ROA (%)	3.8	3.6	10-Y Govt bond	7.0	6.5	JAKMINE Index	1,259	(2.22)	(11.56)	(18.68)
						JAKPROP Index	385	(3.59)	(15.21)	(23.61)
						JAKTRAD Index	633	(1.63)	(10.78)	(17.78)

Source: BCA Sekuritas

Source: Bloomberg

HEADLINE NEWS

MACRO

MoF is finalizing formulation for temporary tax incentive

Ministry of Finance, Sri Mulyani Indrawati, is one-step closer to finalize income tax stimulus that will temporarily halt income tax collection for six months, consisting PPh 21, PPh 22, and PPh 25. This would be only applicable for the selected sectors with exposure to the potential adverse impact from the virus outbreak. Note that the aim for this policy measures would be to safeguard consumption and to provide additional cash flow for corporate under this volatile times.

Comment: according to the initial calculation by the Directorate General of Taxes, potential loss of revenue from this tax incentive would be up to IDR24tn. This would translate to around 1.2% of government's 2020 tax revenue target, which might only have marginal impact to the fiscal deficit.

On separate note, the overall impact to shield consumption level would hinge on the monthly salary level of an individual. Note that according to the Ministry of Industry, there are 18.25m workers in the manufacturing sector in 2018. The question would be at what level of salary we would start to see benefits of additional cash from this temporary halt in PPh21 tax collection. Our rough calculation suggest that an individual (No family) with a monthly salary of IDR6m, would receive additional cash of IDR75k per month.

Impact to corporate, however, might be more apparent, as it allows stronger cash flow. Several sectors that might benefit are pharmaceutical, textiles, machinery, and chemical.

Bank of England cut 50bps of its main interest rate

Bank of England announced an emergency cut of its main interest rate by 50bps, form 0.75% to 0.25% in order to limit the economic impact from the coronavirus. (CNBC)

INDUSTRY

PUPR ministry to offer IDR57tn project

Public Works and Public House (PUPR) Ministry is offering 5 project for Multi Lane Free Flow (MLFF) in several toll roads with a total investment of IDR57tn. The 5 toll roads includes Bogor – Serpong toll road, Cikunir – Karawaci toll road, East Sumatera toll road and Kamal – Teluk Naga – Rajeg toll road. In separate news, the PUPR minister, Basuki Hadimuljono, stated that government is still delaying tariff adjustment in several toll roads due to the Indonesia economic condition. Currently, PUPR has proposed a tariff adjustment for 3 toll roads, including Palimanan – Kanci, Belawan – Medan – Tanjung Morawa and Surabaya – Gempol. (Investor Daily)

COMPANY

ACES targets to book revenue and net profit of 8% YoY this year

The company opens the 3rd new store this year at Living Plaza Perintis Kemerdekaan – Makassar, South Sulawesi (4,150sqm) with a total capex of IDR40bn. Thus, this will increase ACES stores to 200 stores in total. Note that ACES aims to open 15 new stores this year with an equal standing between Java and Outer Java, while allocating total capex of IDR250bn deriving from their internal cash. (Company, Kontan)

Bumi Serpong Damai (BSDE) targets IDR7.2tn marketing sales

BSDE targets 2020 marketing sales to reach IDR7.2tn, translating to 11% YoY growth. BSDE's director, Hermawan Wijaya, stated that the target will be supported by the sales of residential products or landed house which is expected to account for 58% to total marketing sales. (Investor Daily)

HEADLINE NEWS

Kalbe Farma (KLBF) and Merck to secure their inventory this year

KLBF has ensured that the company's product stock is safe for the next 11 months. The company had to increase their usual stock of 6-7 months to 11 months due to the COVID-19 outbreak. The stock is calculated from the availability of raw materials, semi-finished goods, and finished goods in all outlets. With the additional supply, the production volume is projected to increase about 10-20% this year. The company is constantly looking for alternative sources in raw materials as 20-30% of the raw materials needed are imported from China. In addition, Merck Sharp Dohme Pharma has also ensured that the raw materials for production has also been secured until Jun-20. The COVID-19 outbreak has not impacted the company much just yet, as their raw material are imported from Netherlands, US, etc., not from China. (Bisnis Indonesia)

4Q19 Actual vs. Estimates

Ticker	2019 Net Profit (IDRtn)	BCA Sekuritas			Market Consensus		
		FY19 Estimate (IDRtn)	% 2019 to FY19E	Remarks	FY19 Estimate (IDRtn)	% 2019 to FY19E	Remarks
ADRO	0.4	0.3	138.7%	above	0.5	86.3%	below
BDMN	4.1	3.5	116.1%	above	3.5	114.9%	above
EXCL	0.7	0.7	107.9%	above	0.6	112.0%	above
INCO*	1.0	0.9	112.6%	above	0.9	110.9%	above
ISAT	1.6	(0.1)	-1294.6%	above	(1.3)	-123.6%	above
ITMG*	127.0	116.7	108.8%	above	141.0	90.1%	below
JPFA	1.8	1.5	121.3%	above	1.6	112.6%	above
ROTI	0.3	0.3	107.9%	above	0.3	107.5%	above
WTON	0.5	0.5	105.7%	above	0.5	97.3%	in line
AALI	0.2	0.3	68.0%	below	0.4	48.0%	below
BBTN	0.2	0.7	32.1%	below	1.3	16.0%	below
DOID*	20.0	35.3	56.7%	below	63.7	31.4%	below
LPPF	1.4	1.7	80.0%	below	1.5	92.0%	below
PTBA	4.1	4.7	85.8%	below	4.1	98.6%	in line
BBNI	15.4	16.0	96.0%	in line	15.6	98.4%	in line
BBRI	34.4	34.6	99.4%	in line	34.7	99.1%	in line
BJBR	1.6	1.6	99.5%	in line	1.5	103.4%	in line
BMRI	27.5	27.5	100.0%	in line	27.3	100.5%	in line
BNLI	1.5	1.5	101.1%	in line	1.4	106.5%	above
SIDO	0.8	0.8	104.0%	in line	0.8	103.0%	in line
UNTR	7.4	7.5	98.5%	in line	7.5	99.1%	in line
BBCA	28.6	NA	NA	NA	28.7	99.7%	in line

Number of companies

22

*) USDmn

Source: Companies, Bloomberg, BCA Sekuritas

CORPORATE ACTION

Date	Ticker	Company	Event	Desc
16-Mar-20	TOPS	Totalindo Eka Persada	EGM	Venue: Indonesian Stock Exchange, Jl. Jend Sudirman Kav 52-53, at 01.30 pm
20-Mar-20	PLIN	Plaza Indonesia Realty	EGM	Venue: Plaza Indonesia Shopping Center, at 02.00 pm
23-Mar-20	BDMN	Bank Danamon Indonesia	AGM	Venue: TBD
23-Mar-20	HEXA	Hexindo Adiperkasa	EGM	Venue: Kawasan Industri Pulo Gadung, East Jakarta
24-Mar-20	AMAG	Asuransi Multi Artha Guna k	EGM	Venue: Jakarta, at 10.00 am
24-Mar-20	BJBR	Banembangunan Daerah Jawa Barat	AGM	Venue: TBD
24-Mar-20	LIFE	Asuransi Jiwa Sinarmas Msig	EGM	Venue: Sinarmas Land Plaza, at 09.00 am
26-Mar-20	WTON	Wijaya Karya Beton	AGM	Venue: Jakarta
27-Mar-20	JSKY	Sky Energy Indonesia	EGM	Venue: TBD
27-Mar-20	SDRA	Bank Woori Saudara Indonesia 1	AGM	Venue: TBD
30-Mar-20	BNII	Bank Maybank Indonesia	AGM	Venue: Sentral Senatan 3, Jl. Asia Afrika no.8, Senayan, Jakarta, at 02.00 pm
30-Mar-20	ITMG	Indo Tambangraya Megah	AEGM	Venue: TBD
30-Mar-20	PA	Bukit Asam	AGM	Venue: Hotel Borobudur, Jl. Lapangan Banteng Selatan ,at 09.00 am
31-Mar-20	ADMF	Adira Dinamika Multi Finance	AGM	Venue: JS Luwansa Hotel, at 09.00 am
31-Mar-20	BBHI	Bank Harda Internasional	AEGM	Venue: TBD
31-Mar-20	IRRA	Itama Ranoraya	AGM	Venue: Grand Melia Hotel, at 09.30 am
31-Mar-20	SOTS	Satria Mega Kencana	AEGM	Venue: Solis Hotel Kemang, at 10.00 am
02-Apr-20	NISP	Bank OCBC Nisp	AGM	Venue: OCBC NISP Tower, at 10.00 am
03-Apr-20	ACST	Acset Indonusa	AEGM	Venue: Indonesian Stock Exchange, at 02.00 pm
03-Apr-20	GAMA	Gading Development	EGM	Venue: Apartment The Spring Residence, at 09.00 am
05-Apr-20	CSIS	Cahayasakti Investindo Sukses	EGM	Venue: Company office building, Jl. Kaum Sari No 1. Bogor, at 09.00 am
05-Apr-20	GEMS	Golden Energy Mines	EGM	Venue: TBD
09-Apr-20	BNGA	Bank CIMB Niaga	AGM	Venue: Graha Niaga, Jl. Jend Sudirman Kav 58, at 02.00 pm
11-Apr-20	PADI	Minna Padi Investama Sekuritas	EGM	Venue: at 10.00 am

Source: KSEI, IDX

DIVIDEND

Ticker	Company	Amount (IDR)	Cum Date	Ex Date	Payment Date
BBRI	Bank Rakyat Indonesia	168	28-Feb-20	2-Mar-20	18-Mar-20
BMRI	Bank Mandiri	353	27-Feb-20	28-Feb-20	20-Mar-20
BBNI	Bank Negara Indonesia	206	3-Mar-20	4-Mar-20	24-Mar-20
MEGA	Bank Mega	144	18-Mar-20	19-Mar-20	9-Apr-20

Source: KSEI, IDX, BCA Sekuritas

Table with columns: Ticker Rating, CP (IDR), TP (IDR), Mkt cap (IDR bn), Index Weight (%), Free float (%), ADTV (IDR bn), Rev growth (%), OP growth (%), Net Profit (IDR bn), EPSG (%), P/E (x), EV/EBITDA (x), Div yield (%), ROE (%). Rows are categorized by sector: Automotive, Banking, Cigarette, Coal, Consumer, Construction & Toll Road, Hospital, Industrial Estate, Media, and Sector.



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