

FROM EQUITY RESEARCH DESK
IDEA OF THE DAY
Bank Negara Indonesia: Robust 3Q24 and in line 9M24 net profit, supported by NIM improvement and steady CoC (BBNI.IJ Rp 5,650; BUY TP Rp 7,600)

- BBNI booked 3Q24 NP of Rp5.6tr in 3Q24 (+5% qoq, +3% yoy) supported by NIM improvement from both higher EA yield and lower CoF.
- Additional GWM incentives allowed the bank to reduce its high-cost deposits and USD loan repricing drove the loan yield higher.
- We maintain our FY24-25 est. and Buy rating with an unchanged TP of Rp7,600 based on 5-yr inverse CoE GGM model (fair value PBV of 1.6x).
To see the full version of this report, please [click here](#).

Bank BTPN Syariah: 9M24 in line with ours/below cons., as persistently high CoC dragged down 3Q24 earnings (BTSPS.IJ Rp 1,125; HOLD TP Rp 1,200)

- BTSPS booked a net profit of Rp218bn in 3Q24 (-24% qoq, -13% yoy) driven by higher qoq CoC, in line with ours but below consensus est.
- Following declines in the past two quarters, CoC rose to 14.7% in 3Q24 as the bank continues to focus on asset quality.
- Maintain Hold rating with a lower TP of Rp1,200 as we tweaked FY25F NP by 3%, resulting in a lower RoE and FV PBV of 0.9x (from 1.0x prev.)
To see the full version of this report, please [click here](#).

Sido Muncul: Challenging 4Q24 ahead: Revised Forecasts and Downgrade rating to Hold (SIDO.IJ Rp 615; HOLD TP Rp 640)

- We believe SIDO will require significant effort to achieve positive revenue growth in 4Q24, given the high base from 4Q23.
- We have trimmed our FY24/25F net profit by 13-14%, driven by lower revenue as we adopt a more conservative approach to volume and ASP.
- The upcoming rainy season serves as a positive catalyst. Downgrade to HOLD with a lower TP of Rp640, implying an FY25F PE of 17x.
To see the full version of this report, please [click here](#).

RESEARCH COMMENTARY

- AKRA (Buy, TP: Rp1,700) 9M24 Result - More Details: Missed on Margin
- HEAL (Buy, TP: 2,000) - 9M24 Achievement: In-Line with Ours and Consensus
- SMGR (Hold, TP: Rp4,100): KTA from Concall

MARKET NEWS
MACROECONOMY

- China's PBoC Left the 1-year Medium-term Lending Facility Rate Unchanged at 2.0% in Oct24
- China's Industrial Profit Declined by 27.1% yoy in Sep24

SECTOR

- Commodity Price Daily Update Oct 25, 2024
- Indonesia's Oil and Gas Imports Reach US\$26.74bn by September 2024

EQUITY MARKET INDICES

	Close	Chg (%)	Ytd (%)	Vol (US\$m)
Asean - 5				
Indonesia	7,695	(0.3)	5.8	525
Thailand	1,463	0.2	3.4	1,213
Philippines	7,314	0.4	13.4	62
Malaysia	1,618	(0.9)	11.2	526
Singapore	3,593	(0.3)	10.9	850
Regional				
China	3,300	0.6	10.9	131,445
Hong Kong	20,590	0.5	20.8	20,707
Japan	37,914	(0.6)	13.3	15,411
Korea	2,583	0.1	(2.7)	7,002
Taiwan	23,348	0.7	30.2	n.a
India	79,402	(0.8)	9.9	894
Nasdaq	18,519	0.6	23.4	268,526
Dow Jones	42,114	(0.6)	11.7	17,890

CURRENCY AND INTEREST RATE

	Rate	wow (%)	mom (%)	ytd (%)
Rupiah Rp/1US\$	15,640	(1.1)	(3.6)	(1.6)
BI7DRRR %	6.00	-	(0.3)	-
10y Gov Indo bond	6.75	0.1	0.3	0.3

HARD COMMODITIES

	Unit	Price	d-d (%)	mom (%)	ytd (%)
Coal	US\$/ton	146	-	4.4	(0.3)
Gold	US\$/toz	2,748	0.4	3.4	33.2
Nickel	US\$/mt.ton	15,922	(0.8)	(3.8)	(2.8)
Tin	US\$/mt.ton	31,140	0.5	(2.8)	23.7

SOFT COMMODITIES

	Unit	Price	d-d (%)	mom (%)	ytd (%)
Cocoa	US\$/mt.ton	6,309	(3.2)	(6.4)	51.7
Corn	US\$/mt.ton	147	(3.6)	(0.7)	(14.6)
Oil (WTI)	US\$/barrel	72	2.3	3.0	0.2
Oil (Brent)	US\$/barrel	76	2.2	3.5	(1.3)
Palm oil	MYR/mt.ton	4,635	1.3	13.8	24.7
Rubber	US\$/kg	195	(0.8)	(3.3)	24.6
Pulp	US\$/tonne	1,205	n.a	2.8	20.5
Coffee	US\$/60kgbag	242	0.6	(7.9)	86.0
Sugar	US\$/MT	566	(0.6)	(5.2)	(5.0)
Wheat	US\$/ton	155	(2.1)	(3.4)	(14.9)
Soy Oil	US\$/lb	44	(0.4)	(0.5)	(7.7)
SoyBean	US\$/by	988	(0.9)	(6.2)	(23.6)

Equity SNAPSHOT

- Indonesia's e-Commerce Growth Projected at 30.5% in 2024, Outpacing Global Growth

CORPORATE

- IBST Targets 4% Contribution to TOWR's Revenue This Year
- MEDC Completed Buyback of Two Senior Notes
- MTEL Launches MESOP in Three Stages
- SIDO to Distribute 2024 Interim Dividend of Rp540bn
- Telkomsel Relaunches Telco Verify Solution for Enhanced Digital Security
- TOWR and Partners Amend Loan Agreement with BBCA for Rp9.4tr

PREVIOUS EQUITY RESEARCH REPORTS

- Metal Mining: [NPI price could weaken on RKAB release, Tin Price Potential Rebound on Supply Tightness](#)
- Indocement Tunggal Prakarsa: [KTA from Concall: A More Promising Outlook](#)
- Unilever Indonesia: [FY24-25 Estimates Cut Post Weak 3Q24 Earnings, Recovery Anticipated in 2025](#)
- Bank Central Asia: [Solid 3Q24 performances; FY24F NIM and loan growth guidance upgraded](#)
- AKR Corporindo: [Expect in line 3Q24E result and 4Q24E to remain as the strongest quarter](#)
- Telco: [Telco Operators' Tactical Adjustments Amid 3Q24 Weakness, Poised for 4Q24 Rebound](#)
- Macro Strategy: [Welcoming the New Government](#)
- Aspirasi Hidup Indonesia: [Solid Sept24 SSSG; Expect strong 9M24 core profit of 13% yoy, in line with our FY24F](#)
- Healthcare: [3Q24 Preview: Expect Earnings to Remain Solid, In-Line 9M24](#)
- Cement: [3Q24 preview: expanding volume, stabilizing ASP; Expect SMGR to miss, INTP to meet cons. forecast](#)
- Banks: [3Q24 preview: Gradual improvement in liquidity and strong loan growth to drive earnings](#)

Buy

(Maintained)

Bank Negara Indonesia (BBNI IJ)

Robust 3Q24 and in line 9M24 net profit, supported by NIM improvement and steady CoC

Last Price (Rp)	5,650
Target Price (Rp)	7,600
Previous Target Price (Rp)	7,600
Upside/Downside	+34.5%

No. of Shares (mn)	37,297
Mkt Cap (Rpbn/US\$m)	210,730/13,474
Avg, Daily T/O (Rpbn/US\$m)	306.4/19.6
Free Float (%)	39.8

Major Shareholder (%)	
Government of Indonesia	60.0

EPS Consensus (Rp)	2024F	2025F	2026F
BRIDS	581.2	652.6	693.9
Consensus	592.4	677.6	764.1
BRIDS/Cons (%)	(1.9)	(3.7)	(9.2)

- BBNI booked 3Q24 NP of Rp5.6tr in 3Q24 (+5% qoq, +3% yoy) supported by NIM improvement from both higher EA yield and lower CoF.
- Additional GWM incentives allowed the bank to reduce its high-cost deposits and USD loan repricing drove the loan yield higher.
- We maintain our FY24-25 est. and Buy rating with an unchanged TP of Rp7,600 based on 5-yr inverse CoE GGM model (fair value PBV of 1.6x).

Robust 3Q24 NP driven by qoq NIM improvement

BBNI booked a net profit of Rp5.6tr in 3Q24 (+5% qoq, +3% yoy), with yoy growth supported by a lower CoC, while higher NIM drove qoq growth. In 9M24, BBNI's net profit reached Rp16.3tr (+4% yoy), in line with our FY24F (75%) and consensus' (74%). NIM improved to 4.3% in 3Q24 (from 4.0% in 2Q24), with EA yield rising 17bps to 7.7% and CoF dropping 16bps to 3.0%. Although better than initially expected, the bank maintained its FY24 NIM guidance at >4%. CoF improved to 3.0% in 3Q24 as the bank used additional GWM incentives to phase out high-rate TD. The introduction of Wondr helped expand the bank's deposit base among retail customers.

Asset quality still drove 9M24 profitability

Although improving qoq, PPOP still declined by 4% yoy in 9M24 due to a lower NIM, with NP supported by a lower CoC of 1.0% (down from 1.4% in 9M23). Provision expenses rose 6% qoq in 3Q24 due to increased loan balances, keeping CoC stable at around 1.0% in both 2Q24 and 3Q24, still in line with FY24F targets of c. 1%. NPL ratio remained steady qoq at 2.0%, while LaR ratio improved from 12.2% in 2Q24 to 11.7% in 3Q24.

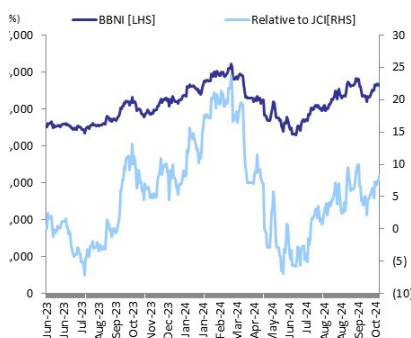
FX loans dragged down the loan growth target but supported NIM in 3Q24

Loans grew 9.5% yoy, ahead of deposit growth, which was 3% yoy. However, this is slightly below the bank's FY24F target of 10-12%. Excluding rupiah appreciation (which resulted in lower USD loan balances), BBNI's loan growth would reach 11% yoy in 3Q24. Corporate loan yield increased qoq to 7.1% (from 6.8%), primarily due to the repricing of USD loans. Blended FX yield rose to 6.5% from 6.0% in the previous quarter.

Maintain Buy with a GGM-based TP of Rp7,600

While in line with our expectations, BBNI's 3Q24 performance was commendable as the NIM trend was positive. We had anticipated BBNI's FY24F NIM at 4.14% in our forecasts. We maintain our GGM-based valuation with a 5-year inverse CoE of 10.1%, FY25F ROE of 14.3%, and LTG of 3.0%, resulting in an FV PBV of 1.6x. Risks to our view are lower LDR and deterioration in asset quality.

BBNI relative to JCI Index



Source: Bloomberg

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Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
PPOP (Rpbn)	34,413	34,970	36,275	40,959	44,508
Net profit (Rpbn)	18,312	20,909	21,679	24,339	25,880
EPS (Rp)	491.0	560.6	581.2	652.6	693.9
EPS growth (%)	(16.0)	14.2	3.7	12.3	6.3
BVPS (Rp)	3,641.4	4,025.3	4,371.3	4,780.4	5,202.3
PER (x)	11.5	10.1	9.7	8.7	8.1
PBV (x)	1.6	1.4	1.3	1.2	1.1
Dividend yield (%)	3.5	4.0	4.1	4.6	4.9
ROAE (%)	14.1	14.6	13.8	14.3	13.9

Source: BBNI, BRIDS Estimates

Hold

(Maintained)

Bank BTPN Syariah (BTPS IJ)

9M24 in line with ours/below cons., as persistently high CoC dragged down 3Q24 earnings

Last Price (Rp)	1,125
Target Price (Rp)	1,200
Previous Target Price (Rp)	1,300
Upside/Downside	+6.7%

No. of Shares (mn)	7,704
Mkt Cap (Rpbn/US\$mn)	8,667/554
Avg, Daily T/O (Rpbn/US\$mn)	12.3/0.8
Free Float (%)	30.0

Major Shareholder (%)	
PT. BTPN Tbk.	70.0

EPS Consensus (Rp)	2024F	2025F	2026F
BRIDS	136.6	141.8	165.4
Consensus	146.8	172.4	213.8
BRIDS/Cons (%)	(7.0)	(17.7)	(22.7)

- BTPS booked a net profit of Rp218bn in 3Q24 (-24% qoq, -13% yoy) driven by higher qoq CoC, in line with ours but below consensus est.
- Following declines in the past two quarters, CoC rose to 14.7% in 3Q24 as the bank continues to focus on asset quality.
- Maintain Hold rating with a lower TP of Rp1,200 as we tweaked FY25F NP by 3%, resulting in a lower RoE and FV PBV of 0.9x (from 1.0x prev.)

Contracted 3Q24 NP, in line with ours but below consensus

In 3Q24, BTPS booked a net profit of Rp218bn (-24% qoq, -13% yoy), driven by lower NIM and persistently high provision expenses. This brings 9M24 NP to Rp771bn (-22% yoy), in line with our FY24F (73%) but below consensus (69%). NIM dropped to 24.2% (-47bps qoq, -274bps yoy) in 3Q24 as LDR continued to trend down, aligned with the bank's focus on asset quality. Loans continued to decline to Rp10.4tr (-1% qoq, -14% yoy), while deposits stood at Rp11.8tr (+1% qoq, -7% yoy).

CoC rose again after trending down in the 1H24

CoC rose to 14.7% in 3Q24 (from 12.5% in 2Q24 and 13.6% in 1Q24) due to higher provision expenses (+14% qoq, -25% yoy) and reduced loan balances (-1% qoq, -14% yoy). NPL rose to 3.7% (2Q24/3Q23: 3.1%/3.0%) as loan write-offs decreased (from approximately Rp500bn in 1Q24 and 2Q24 to Rp350bn in 3Q24), as the bank tightened its write-off policy. This decreased the NPL coverage from 287% in 2Q24 to 257% in 3Q24. However, the LaR ratio improved to 8.1% in 3Q24 from 9.2% in 2Q24 and 13.0% in 3Q23. Repayment remains at around 93% in Sep24 (94% in 2Q24), while the trend in 'x-days' remains stable at 1.1%, similar to in 2Q24.

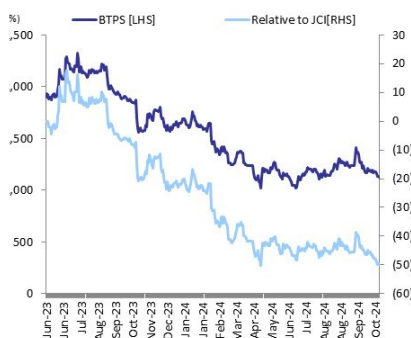
Maintain FY24F unchanged, slightly tweaked FY25F

We slightly adjusted our FY25F loan growth down and slightly increased our opex assumptions, resulting in lower NIM and higher CIR for FY25F. Hence, our FY25F net profit est. decreased by 3%, resulting in a lower FY25F ROE of 11.1% from 11.5% previously. Despite the management guidance for improving CoC in 4Q24, we see risk of downgrades in consensus FY24F numbers.

Maintain Hold with a TP of Rp1,200

Despite its low positioning by both local and foreign funds, we maintain our Hold rating on BTPS due to persistent issue with asset quality. We slightly lowered our TP to Rp1,200 (from Rp1,300 prev), which was derived using the inverse CoE (-1SD of its 2-year average) in the GGM model, with an 11.6% CoE, 11.1% FY25F ROE, and 3% LTG, resulting in a fair value PBV of 0.9x to its FY25F BV/share. Upside risks include faster improved asset quality and lower-than-expected CoC, while downside risks involve further asset quality deterioration.

BTPS relative to JCI Index



Source: Bloomberg

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Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
PPOP (Rpbn)	3,226	3,277	2,860	2,818	3,071
Net profit (Rpbn)	1,780	1,081	1,052	1,092	1,274
EPS (Rp)	231.0	140.3	136.6	141.8	165.4
EPS growth (%)	21.4	(39.3)	(2.6)	3.8	16.6
BVPS (Rp)	1,091.0	1,138.9	1,228.4	1,320.6	1,428.1
PER (x)	4.9	8.0	8.2	7.9	6.8
PBV (x)	1.0	1.0	0.9	0.9	0.8
Dividend yield (%)	8.2	5.0	4.2	4.4	5.1
ROAE (%)	23.0	12.6	11.5	11.1	12.0

Source: BTPS, BRIDS Estimates

Hold

(Downgraded)

Sido Muncul (SIDO IJ)

Challenging 4Q24 ahead: Revised Forecasts and Downgrade rating to Hold

Last Price (Rp)	615
Target Price (Rp)	640
Previous Target Price (Rp)	810
Upside/Downside	+4.1%

No. of Shares (mn)	33,000
Mkt Cap (Rpbn/US\$m)	20,295/1,298
Avg. Daily T/O (Rpbn/US\$m)	23.0/1.5
Free Float (%)	5.3

Major Shareholder (%)	
Hotel Candi Baru	77.6
Public	22.4

EPS Consensus (Rp)			
	2024F	2025F	2026F
BRIDS	34.6	37.6	40.9
Consensus	39.5	43.0	47.6
BRIDS/Cons (%)	(12.4)	(12.6)	(14.2)

- We believe SIDO will require significant effort to achieve positive revenue growth in 4Q24, given the high base from 4Q23.
- We have trimmed our FY24/25F net profit by 13-14%, driven by lower revenue as we adopt a more conservative approach to volume and ASP.
- The upcoming rainy season serves as a positive catalyst. Downgrade to HOLD with a lower TP of Rp640, implying an FY25F PE of 17x.

3Q24: Soft Herbal revenue offset by lower opex, sustaining earnings growth

In 3Q24, SIDO's herbal rev. reported a disappointing growth of -4.5% yoy despite a low base in 3Q23. According to management, weak purchasing power and the prolonged dry season were key factors. On the other hand, F&B rev. for 3Q24 still grew 19.6% yoy, although down 16% qoq. Supported by a strong 1H24, total 9M24 rev. rose by 11% yoy. GPM showed a declining trend from 1Q24 to 9M24, impacted by product mix and partly by higher sugar prices for F&B. Lower opex/rev. helped support 9M24 net profit growth of 33% yoy to Rp778bn (65% of our prev. FY24F, slightly below the historical range of 69-75%).

We lowered our FY24-25F net profit est. by 9.4%-10% on lower rev. and margins

We believe SIDO will require significant effort to achieve positive growth in 4Q24 through the "last bite" program, as it compares to a high base in 4Q23 (Rp1.2tr, the highest quarterly revenue, excluding the COVID periods in 4Q21 and 4Q22). Based on BMKG's forecast for increased rainfall beginning in Nov24, this will support our 4Q24 rev. at Rp925bn (-7.9% yoy), assuming no "last bite" program due to soft purchasing power. This results in FY24 rev. projection of Rp3.6tr (-0.4% yoy), a 14.5% downward revision from our prev. forecast. With an expected FY24 gross margin of 56% (Prev: 57.9%) and reduced A&P/revenue ratio of 10.3% (Prev: 11%), we lowered our FY24F NP by 13%, translating to FY24 NP growth of 9% yoy. For FY25, we also revised down our FY25 NP forecast by 14%, adopting a more conservative approach to vol. and ASP while maintaining GPM.

Downgrade rating to Hold with lower TP of Rp640

SIDO reported that exports contributed 8% of rev. in 9M24 (FY23: 6%), with Malaysia accounting for 4% and the Philippines and Nigeria each contributing 1-2%. In light of our revised forecast, we lower our TP to Rp640, with an implied FY25F PE of 17x, and downgrade our recommendation to HOLD. Given soft purchasing power, we anticipate further headwinds to achieve strong growth in 4Q24. Key upside risks include robust growth and a sales recovery in 4Q24, supported by a strong and prolonged rainy season, providing an opportunity for the "last bite" program. However, downside risk is persistently weak purchasing power through the end of the year.

SIDO relative to JCI Index



Source: Bloomberg

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Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Revenue (Rpbn)	3,866	3,566	3,552	3,850	4,179
EBITDA (Rpbn)	1,279	1,140	1,173	1,273	1,388
EBITDA Growth (%)	(12.7)	(10.9)	2.9	8.5	9.1
Net Profit (Rpbn)	1,105	951	1,038	1,127	1,226
EPS (Rp)	36.8	31.7	34.6	37.6	40.9
EPS Growth (%)	(12.4)	(13.9)	9.1	8.6	8.8
BVPS (Rp)	116.8	112.9	115.7	118.6	121.5
DPS (Rp)	33.2	30.1	31.7	34.7	38.0
PER (x)	16.7	19.4	17.8	16.4	15.0
PBV (x)	5.3	5.4	5.3	5.2	5.1
Dividend yield (%)	5.4	4.9	5.2	5.6	6.2
EV/EBITDA	13.7	15.5	15.0	13.8	12.6

Source: SIDO, BRIDS Estimates

RESEARCH COMMENTARY
AKRA (Buy, TP: Rp1,700) 9M24 Result - More Details: Missed on Margin

- AKRA reported 9M24 NP of Rp 1.46tr (-14% yoy), 54%/52% of our/cons (missed). 3Q24 NP was at Rp466bn (+15% qoq/-31% yoy).
- 9M24 revenue declined by 5% yoy to Rp 28.6tr, with 3Q24 revenue of Rp 9.9tr (+13% qoq, -2% yoy). Revenue was in line with our/cons (76%/71%). Nevertheless, the main culprit for weak earnings was at the margin level, where 3Q24 GPM/EBIT margin/EBITDAM declined by 280bps/290bps/320bps yoy, and relatively flattish qoq despite 2Q was already quite weak. This was due to:
 - Despite a 20% qoq increase in petroleum and only 2% qoq decline in chemical vol, 3Q24 petroleum and chemical distribution margin only stood at 6.7% (+80bps qoq, but -100bps yoy). This was due to weaker contribution from miners as the total buyer, as miners now contribute 42% of total petroleum sales vs. the usual ~60%. The weather also affected mining activity in 3Q24.
 - AKRA recorded 14ha of sales to Hebang in 3Q24 (9M24: 32ha), but due to nature of long contract with Hebang, the accounting treatment led to lower margin on industrial estate side in 3Q24.
- In regards to the recent fire in one of Freeport facilities, management state that a consultant is working to assess the damage. It is expected that it would delay the production ramp-up by 2-3 months, hence affecting utilities revenue.
- AKRA is further lowering its FY24F NP guidance to be similar to the FY22 level, yet land sales would remain at >100 ha in FY24F (4Q24F: 70-72 ha). This implies ~Rp900bn NP in 4Q24F, and FY24F of ~Rp 2.4tr (-13% yoy). Consensus would need to downgrade at least 14% of NP number, based on this guidance.
- For 2025, AKRA is guiding to increase its petroleum revenue as it plans to open a new tanker that would add 10% to its current capacity. Furthermore, they also aim to expand their chemical business vol by 15-20% by introducing new chemical products. On industrial estate, they expect ~100ha sales and higher utility revenue. More details would be provided by end of year or early next year. (*Richard Jerry, CFA – BRIDS*)

AKRA (in Rpbn)	3Q23	2Q24	3Q24	QoQ, %	YoY, %	9M23	9M24	YoY, %	FY24 (BRIDS)	A/F, %	FY24 (Cons)	A/C, %
Revenue	10,123	8,839	9,962	12.7	(1.6)	29,977	28,612	(4.6)	37,696	76	40,475	71
Gross profit	1,062	690	769	11.5	(27.6)	2,871	2,353	(18.1)	4,265	55	4,754	49
Operating income	844	457	543	18.7	(35.7)	2,197	1,692	(23.0)	3,396	50	3,676	46
EBITDA	1,001	571	664	16.3	(33.7)	2,579	2,048	(20.6)	3,812	54	3,989	51
Net income	679	407	467	14.6	(31.3)	1,710	1,469	(14.1)	2,737	54	2,812	52
Margins, %												
Gross margin	10.5	7.8	7.7	(0.1)	(2.8)	9.6	8.2	(1.4)	11.3		11.7	
Operating margin	8.3	5.2	5.4	0.3	(2.9)	7.3	5.9	(1.4)	9.0		9.1	
EBITDA margin	9.9	6.5	6.7	0.2	(3.2)	8.6	7.2	(1.4)	10.1		9.9	
Net margin	6.7	4.6	4.7	0.1	(2.0)	5.7	5.1	(0.6)	7.3		6.9	

HEAL (Buy, TP: 2,000) - 9M24 Achievement: In-Line with Ours and Consensus
Highlights

- HEAL reported 3Q24 Net Profit after Taxes and Minority Interest (PATMI) at Rp125bn (-15% yoy, -18% qoq), bringing its 9M24 total to Rp468bn (achieving 72% of ours and 75% of cons. estimates, thus In-Line).
- Salary cost efficiency both on the front-liner personnel (salary cost - cogs) and back-office staff (salary cost - opex) continued in 3Q24 as reflected in the % of revenue.
- However, we noticed other opex and drug costs increased in 3Q24, bringing HEAL's 9M24 operating profit achievement to only 74%/78% to ours/cons vs. our preview of 77%/82%.
- Higher tax-rate in 3Q24 also bring net profit achievement to only Rp125bn in 3Q24 vs. our preview of Rp146bn.

Comments

- Overall 9M24 results remain solid despite of opex increases and slower hospital market in 3Q24.
- Salary costs in general are relatively contained despite of three new hospitals opening so far this year (Madiun, Pasuruan, IKN). We believe the company will remain on-track to meet our/cons. estimates for FY24F.

- HEAL is our Top Pick within the sector, and we currently have a Buy rating on the stock with a TP of Rp2,000, implying FY24F/FY25F EV/EBITDA of 16.6x/14.6. More details on volume developments and other key drivers will be on earnings call Oct.28, 2024 at 5PM JKT Time. (*Ismail Fakhri Suweleh – BRIDS*)

HEAL (in Rp bn, unless stated)	3Q23	2Q24	3Q24	qoq, %	yoy, %	9M23	9M24	yoy, %	2024F Cons.	A/Cons.,%	2024F BRIDS	A/BRIDS,%
Revenue	1,538	1,638	1,682	2.7	9.4	4,230	5,027	18.8	6,737	74.6%	6,747	74.5%
Inpatient	914	1,005	990	(1.4)	8.4	2,457	3,031	23.3			3,996	75.9%
Outpatient	591	586	640	9.2	8.4	1,659	1,856	11.9			2,588	71.7%
COGS	(955)	(1,021)	(1,088)	6.6	14.0	(2,684)	(3,147)	17.3	(4,181)	75.3%	(4,144)	75.9%
Medicines and Med Supplies	(340)	(350)	(375)	7.3	10.4	(957)	(1,094)	14.3			(957)	75.9%
as % of Revenue	22.1%	21.4%	22.3%			22.6%	21.8%					
Salaries and employee benefits	(261)	(304)	(311)	2.4	19.4	(736)	(924)	25.6			(736)	75.9%
as % of Revenue	17.0%	18.6%	18.5%			17.4%	18.4%					
Gross profit	583	616	594	(3.7)	1.8	1,546	1,879	21.5	2,556	73.5%	2,603	72.2%
Opex	(322)	(336)	(354)	5.5	9.9	(929)	(1,028)	10.6	(1,469)	69.9%	(1,453)	70.8%
Salaries and allowances	(181)	(194)	(195)	0.4	7.6	(526)	(589)	12.0			(526)	70.8%
as % of Revenue	11.8%	11.9%	11.6%			12.4%	11.7%					
Op.Profit	261	281	240	(14.6)	(8.3)	617	851	38.0	1,087	78.3%	1,150	74.0%
EBITDA	434	451	437	(3.0)	0.8	1,085	1,381	27.2	1,884	73.3%	1,914	72.1%
Pre-tax profit	243	251	208	(17.1)	(14.3)	560	764	36.4	1,007	75.9%	1,063	71.9%
Net profit	187	198	155	(21.5)	(17.0)	442	597	35.3				
Net profit to common	146	152	125	(17.9)	(14.7)	349	468	34.2	624	75.0%	648	72.2%
Minority Interest to Net Profit	-21.8%	-23.1%	-19.6%			-21.0%	-21.6%					
Gross margin (%)	37.9	37.6	35.3	(2.3)	(2.6)	36.6	37.4	0.8	37.9		38.6	
Opex margin (%)	(20.9)	(20.5)	(21.1)	(0.6)	(0.1)	(22.0)	(20.4)	1.5	(21.8)		(21.5)	
Operating margin (%)	17.0	17.1	14.2	(2.9)	(2.7)	14.6	16.9	2.4	16.1		17.0	
EBITDA margin (%)	28.2	27.5	26.0	(1.5)	(2.2)	25.7	27.5	1.8	28.0		28.4	
Tax Rate (%)	22.8	21.2	25.3	4.1	2.5	21.2	21.8	0.7				
Net margin (%)	9.5	9.3	7.4	(1.9)	(2.1)	8.2	9.3	1.1	9.3		9.6	

SMGR (Hold, TP: Rp4,100): KTA from Concall

- Based on PUPR data, Indonesia has 12.7m house backlog currently, with most of the backlog happening in dense population regions (Jakarta, West Java, East Java, and North Sumatra).
- SMGR mentioned there are 3 difficulties in building low-income housing: 1) cost (including land cost, fluctuating material price, and high labor cost); 2) quality, which is affected by material choices during construction; 3) time (it takes >45 days to complete a house). There is also a need to control the cost stringently, as low-income housing price is capped at Rp160mn-240mn if it is aimed for subsidized segment.
- SMGR expects to take 20% market share on this 3m housing program, assuming these houses (small type landed house) would use precise interlock brick as materials for construction, which would require 4.5t of cement/houses (vs. 3t of cement normally). Translating the impact to SMGR vol, they are guiding to record additional 1.5-2% vol from this scheme. Construction using interlock brick would lead to 8%-12% lower construction cost, and 1.5-2x faster construction time vs normal house construction, albeit the issue would be adjustment of worker construction in using this material.
- SMGR is expecting the government to push green cement usage for bulk segment (which only could be produced by SMGR/INTP) for government projects. Yet so far, the regulation is limited to recommendation on using green cement, instead as a requirement.
- Sales vol growth is expected to reach 1%-2% in 2025F, with assumption that bulk is still growing, while bag growth would remain flattish.
- Cement demand from IKN is slowing down since August-24, yet SMGR believes IKN construction will continue.
- Fighting brand is currently at 17-18% of total sales vol. On Merdeka cement discussion, SMGR admit they are currently promoting the presence of Merdeka cement, thus the price seems lower than tier-2 segment as it includes discount from promotion (not purely ASP function). However, they still aim Merdeka to be in the tier-2 segment to replace Semen Padang/Baturaja/Tonasa, in areas where they function as a fighting brand.
- We have a HOLD rating for SMGR with a TP of Rp 4,100. (*Richard Jerry, CFA – BRIDS*)

MACROECONOMY
China's PBoC Left the 1-year Medium-term Lending Facility Rate Unchanged at 2.0% in Oct24

China's PBoC left the 1-year Medium-term Lending Facility rate unchanged at 2.0% in Oct24, following a 30bps rate cut in Sep24. The central bank also drained CNY89bn on a net basis. (Bloomberg)

China's Industrial Profit Declined by 27.1% yoy in Sep24

China's Industrial Profit declined by 27.1% yoy in Sep24, faster than Aug's plunge of 17.8% yoy, as deflationary pressure, especially for the factory gate prices, put pressure on corporate finance. For the first nine months in 2024, Industrial Profit contracted by 3.5% yoy. (Bloomberg)

SECTOR
Commodity Price Daily Update Oct 25, 2024

	Units	24-Oct-24	25-Oct-24	Chg %	WoW %	2023	3Q24	Ytd 2023	Ytd 2024	YoY%
Copper	US\$/t	9,507	9,603	1.0%	-0.2%	8,523	9,339	8,559	9,290	8.6%
Brent Oil	US\$/bbl	74	76	2.2%	0.6%	82	79	83	81	-1.5%
LME Tin	US\$/t	31,062	31,235	0.6%	-2.6%	25,891	31,712	26,210	30,272	15.5%
Cobalt	US\$/t	24,257	24,259	0.0%	0.1%	34,337	25,233	34,922	26,775	-23.3%
Gold Spot	US\$/oz	2,736	2,748	0.4%	2.0%	1,943	2,477	1,928	2,331	20.9%
LME Nickel	US\$/t	16,119	15,990	-0.8%	-5.2%	21,576	16,308	22,604	17,137	-24.2%
NPI Indonesia (Ni>14%)	US\$/t	12,646	12,529	-0.9%	0.2%	14,007	12,083	14,516	11,824	-18.5%
Nickel Sulphate	US\$/t	15,308	15,285	-0.1%	-1.5%	17,377	15,449	17,978	14,402	-19.9%
Indonesia NPI	US\$/t				0.6%	113	120	-	117	n.a
Indo 1.6% Nickel Ore	US\$/wmt				-0.5%	37	51	-	45	n.a
Coal Price - ICI 3	US\$/t				0.3%	84	72	86	75	-12.8%
Coal Price - ICI 4	US\$/t				0.2%	63	52	65	54	-15.7%
Coal Price - Newcastle	US\$/t	146	145	-0.4%	-0.7%	176	140	185	136	-26.7%

Source: Bloomberg, SMM, BRIS

Indonesia's Oil and Gas Imports Reach US\$26.74bn by September 2024

Indonesia's oil and gas imports as of Sep24 reached US\$26.74bn (Rp416.89tr). This figure represents an increase of around 3.8% compared to the same period in 2023, which reported oil and gas imports of US\$25.76bn (Rp402.3tr). Of the total imports, crude oil contributed US\$7.74bn, while petroleum products amounted to US\$18.99bn. (Kontan)

Indonesia's e-Commerce Growth Projected at 30.5% in 2024, Outpacing Global Growth

According to e-Commerce Business Data (eCBD) in 2024, e-Commerce growth in Indonesia is projected to reach 30.5%, nearly three times the global growth rate of 10.4%. This indicates that eCommerce is increasingly dominating the buying and selling activities of the Indonesian population, serving as a pathway for MSMEs to expand their reach through the digital ecosystem. Meanwhile, the Indonesian eCommerce Association (idEA) expects stable online shopping trends during the National Online Shopping Day (Harbolnas) 2024, despite declining consumer purchasing power. Harbolnas will take place on November 11 and December 12, 2024. During Harbolnas 2023, transactions reached Rp25.7tr. (Kontan)

CORPORATE
IBST Targets 4% Contribution to TOWR's Revenue This Year

IBST aims to contribute 3-4% of TOWR's revenue in 2H24 after TOWR's subsidiary acquired 99.98% stake in IBST. The integration aims to create synergies and improve efficiency, strengthening IBST's competitiveness and benefiting stakeholders. (Emiten News, Kontan)

MEDC Completed Buyback of Two Senior Notes

MEDC has announced the completion of a cash tender offer for the buyback of two senior notes issued by its subsidiary, Medco Oak Tree Pte. The buyback includes a maximum of US\$100mn with a 7.37% coupon maturing in 2026 and up to US\$50mn with a 6.37% coupon, excluding applicable accrued interest. The 2026 and 2027 notes are unconditionally and irrevocably guaranteed by the parent company and several of its subsidiaries. (IDX, CNBC)

MTEL Launches MESOP in Three Stages

MTEL has announced the implementation of its MESOP in three stages, running from November 1 to December 12, 2024 with the following detail (IDX):

MTEL IJ	MESOP Stage I	MESOP Stage II	MESOP Stage III
Exercise Period	1 November - 12 December 2024	1 November - 12 December 2024	1 November - 12 December 2024
Exercise Price per share	Rp 720	Rp 636	Rp 582
Amount of Options Rights Converted during this Exercise Period	20,958,500	20,174,800	33,600,000

SIDO to Distribute 2024 Interim Dividend of Rp540bn

SIDO will distribute an interim dividend of Rp18/share (yield: 2.9%), totaling Rp540bn, for FY24. Approved by the board on October 23, 2024, this cash dividend will be paid to shareholders listed as of November 6, 2024, or those registered with KSEI. (Company)

Telkomsel Relaunches Telco Verify Solution for Enhanced Digital Security

Telkomsel's relaunching of Telco Verify solution improves digital security by enabling automatic user verification without the need for passwords or OTPs, thereby reducing risks associated with cyber-attacks and social engineering. According to the Director of PoliEco Digital Insight Institute, cybersecurity is crucial for the telecom industry's digital transformation, highlighting the need for updated regulations and collaboration with the government. (Kontan, Investor Daily)

TOWR and Partners Amend Loan Agreement with BBKA for Rp9.4tr

TOWR has signed the seventeenth amendment of its loan facility agreement with BBKA on October 17, 2024. According to TOWR, this agreement involves TOWR along with PT Inti Bangun Sejahtera Tbk (IBST), Protelindo, PT Iforte Solusi Infotek (Iforte), PT Komet Infra Nusantara (KIN), and PT BIT Teknologi Nusantara (BIT). Additionally, there is participation from SUPR along with PT Quattro International (QTR), PT Global Indonesia Komunikatama (GIK), PT Varnion Technology Semesta (VTS), PT Iforte Energi Nusantara (IFEN), and PT Iforte Payment Infrastructure (IPAY). The borrowers have agreed to amend the loan agreement with BCA, with a loan value of Rp9.4tr. (Emiten News)

COVERAGE PERFORMANCE
LEADERS

	Code	Price as on		Chg, %	wow, %	mom, %	YTD, %	Rating
		25-Oct-24	24-Oct-24					
Semen Indonesia	SMGR	4,390	4,290	2.3	(2.9)	14.0	(31.4)	HOLD
Metrodata Electronics	MTDL	645	635	1.6	4.0	1.6	20.6	BUY
MAP Aktif Adiperkasa	MAPA	905	895	1.1	(1.6)	(5.7)	10.4	BUY
Bank Mandiri	BMRI	7,050	6,975	1.1	(1.7)	-	16.5	BUY
Indofood CBP	ICBP	12,650	12,525	1.0	(1.2)	-	19.6	BUY
Ace Hardware	ACES	915	910	0.5	(2.7)	-	27.1	BUY
BCA	BBCA	10,750	10,700	0.5	-	0.9	14.4	BUY
BNI	BBNI	5,650	5,625	0.4	-	3.7	5.1	BUY
XL Axiata	EXCL	2,270	2,260	0.4	(0.9)	(1.7)	13.5	BUY
Midi Utama Indonesia	MIDI	464	462	0.4	-	(1.3)	7.9	BUY

Sources: Bloomberg

LAGGARDS

	Code	Price as on		Chg, %	wow, %	mom, %	YTD, %	Rating
		25-Oct-24	24-Oct-24					
Indosat	ISAT	2,300	2,440	(5.7)	(6.1)	(18.6)	(1.9)	BUY
Bank Neo Commerce	BBYB	262	274	(4.4)	(7.1)	(9.7)	(39.9)	BUY
Bukalapak	BUKA	135	140	(3.6)	2.3	10.7	(37.5)	BUY
Malindo Feedmill	MAIN	865	895	(3.4)	6.1	10.9	68.0	BUY
Merdeka Copper Gold	MDKA	2,450	2,530	(3.2)	(2.8)	(9.3)	(9.3)	BUY
Summarecon	SMRA	620	640	(3.1)	(10.8)	(13.3)	7.8	BUY
Medco Energi Internasional	MEDC	1,305	1,345	(3.0)	-	0.4	13.0	BUY
Gojek Tokopedia	GOTO	70	72	(2.8)	2.9	-	(18.6)	BUY
Bank Syariah Indonesia	BRIS	3,010	3,090	(2.6)	(2.9)	(1.6)	73.0	HOLD
Mitra Adi Perkasa	MAPI	1,695	1,735	(2.3)	(3.1)	(7.4)	(5.3)	BUY

Sources: Bloomberg

PREVIOUS REPORTS

- [Metal Mining: NPI price could weaken on RKAB release, Tin Price Potential Rebound on Supply Tightness](#)
- [Indocement Tunggal Prakarsa: KTA from Concall: A More Promising Outlook](#)
- [Unilever Indonesia: FY24-25 Estimates Cut Post Weak 3Q24 Earnings, Recovery Anticipated in 2025](#)
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