

FROM EQUITY RESEARCH DESK
IDEA OF THE DAY
Energi Mega Persada : Growth prospects aplenty (NOT RATED)

- ENRG produces 46MBOEPD of both Oil (17%) and Gas (83%) with five main assets including Bentu, Kangean, Senggang, Malacca, and B block.
- Mgmt expects a 10%-15% production growth in FY25-26 from the newly acquired Siak and Kampar from PHE, as well as the Senggang block.
- ENRG trades at 6.3x FY24 TTM PE and 0.6x FY24 TTM PB. Downside risks include lower oil price, increasing cost, and poor exploration result.

To see the full version of this report, please [click here](#).

Indocement Tunggal Prakarsa: INTP Oct24 Sales Vol: inline with seasonality, yet flattish in mom basis (INTP.IJ Rp 6,900; BUY TP Rp 8,800)

- Industry sales volume grew by 6% mom/+0.2% yoy inc Grobogan/-2.2% yoy ex-Grobogan in Oct24
- INTP recorded +1.1% mom sales growth in Oct24, bringing 10M24 sales vol to expand by 9.6% yoy (0.2% yoy ex-Grobogan).
- INTP still recorded inline growth within its seasonality despite weaker mom momentum. We have a BUY rating for INTP with TP of Rp 8,800

To see the full version of this report, please [click here](#).

Kalbe Farma: Healthy FY25 growth outlook intact despite ST Rupiah headwinds (KLBFIJ Rp 1,435; BUY TP Rp 1,800)

- Solid prescription revenue and operating efficiency drove strong 9M24 net and core profit growth of 15.2%/10% yoy.
- We estimate healthy FY25 net profit growth of 7.3% yoy, supported by 7.5% rev. growth with sustained margins.
- Stronger Rupiah will provide a positive catalyst. We maintain our Buy rating with an unchanged TP at Rp1,800 (FY25F PE of 24.6x).

To see the full version of this report, please [click here](#).

PT Sariguna Primatirta : Strong 3Q24 Results, Expanding Distribution amid Strong Volume Growth (NOT RATED)

- CLEO's 3Q24 revenue rose 70.1% yoy, with net profit +47.7% yoy, driven by volume growth, rising market share to 7% and a 3-5% ASP increase.
- Mgmt. aims for 25% revenue contribution from Outside Java by FY25, expanding factories and reaching 500 channels over the next five years.
- CLEO main challenge is raw material distribution outside Java. CLEO's share price was up 71% Ytd and currently trades at 22.9x ann. 2024 PE.

To see the full version of this report, please [click here](#).

Macro Strategy: Stability vs Growth: What's at the Fore?

- The recent trend in IDR and liquidity appears to constrain the possibility of a rate cut, but the need to stimulate growth should be at the fore.
- Rate reduction aimed at bolstering business confidence would lead to stronger growth expectations, attracting inflows and benefiting the IDR.
- An increasingly hawkish Fed would reduce the scope for rate cut, limiting BI's room for future reductions if they choose to delay now.

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EQUITY MARKET INDICES

	Close	Chg (%)	Ytd (%)	Vol (US\$m)
Asean - 5				
Indonesia	7,134	(0.4)	(1.9)	616
Thailand	1,453	0.7	2.6	1,092
Philippines	6,761	1.3	4.8	86
Malaysia	1,604	0.7	10.3	594
Singapore	3,733	(0.3)	15.2	858
Regional				
China	3,324	(0.2)	11.7	149,485
Hong Kong	19,577	0.8	14.8	18,070
Japan	38,221	(1.1)	14.2	18,525
Korea	2,469	2.2	(7.0)	8,855
Taiwan	22,547	(0.9)	25.7	n.a
India	77,339	(0.3)	7.1	665
Nasdaq	18,792	0.6	25.2	308,985
Dow Jones	43,390	(0.1)	15.1	29,330

CURRENCY AND INTEREST RATE

		Rate	wow (%)	mom (%)	ytd (%)
Rupiah	Rp/1US\$	15,850	(1.1)	(2.5)	(2.9)
BI7DRRR	%	6.00	-	(0.3)	-
10y Gov	Indo bond	6.91	0.2	0.3	0.4

HARD COMMODITIES

	Unit	Price	d-d (%)	mom (%)	ytd (%)
Coal	US\$/ton	142	-	(2.5)	(3.2)
Gold	US\$/toz	2,613	0.0	(4.0)	26.6
Nickel	US\$/mt.ton	15,292	(0.5)	(10.9)	(6.6)
Tin	US\$/mt.ton	28,519	(0.7)	(11.3)	13.3

SOFT COMMODITIES

	Unit	Price	d-d (%)	mom (%)	ytd (%)
Cocoa	US\$/mt.ton	8,099	(4.0)	11.4	94.7
Corn	US\$/mt.ton	154	(4.3)	10.0	(10.4)
Oil (WTI)	US\$/barrel	69	(0.3)	(0.4)	(3.7)
Oil (Brent)	US\$/barrel	73	3.2	0.3	(4.9)
Palm oil	MYR/mt.ton	5,097	0.4	17.0	37.1
Rubber	US\$/kg	185	(0.8)	(6.7)	18.7
Pulp	US\$/tonne	1,205	n.a	2.8	20.5
Coffee	US\$/60kgbag	272	0.7	12.3	111.1
Sugar	US\$/MT	574	3.3	1.2	(3.8)
Wheat	US\$/ton	154	2.1	(4.5)	(16.7)
Soy Oil	US\$/lb	46	0.4	8.8	(4.8)
SoyBean	US\$/by	1,010	1.1	4.1	(21.9)

Equity SNAPSHOT

MARKET NEWS

RESEARCH COMMENTARY

- BBHI (Non Rated) - Oct24 Results
- KROM Bank (Non Rated) - Oct24 Results
- Poultry (Overweight) – 2nd week of November 2024 Price Update

MACROECONOMY

- US Rent Inflation in the CPI May Take until Mid-2026 to Subside Towards Pre-Pandemic Norm

SECTOR

- Commodity Price Daily Update Nov 18, 2024
- Coal Production Exceeded 2024 Target
- Indonesian Government Expands Incentives for Electric Vehicle Imports
- Oil and Gas Investment Recorded Below Target of US\$10.3bn

CORPORATE

- ADRO Approves US\$2.6bn Dividend and Name Change
- Honda Motor Sales Reached 4.19mn Units by Oct24
- TBIG Prepares Rp1.5tr for Bond Repayment in Dec24
- TLKM: Launches Year-End Loyalty Program; Modernizes Over 11,500 Micro and Small Enterprises
- TPIA Targets 15 New Ships by 2025

PREVIOUS EQUITY RESEARCH REPORTS

- Adaro Energy: [Potential upside from AADI post spin-off; lowered rating to Hold with a higher TP of Rp4,100](#)
- GOTO Gojek Tokopedia: [Confirming growth trajectories in 9M24; Further monetization through tech advancements](#)
- Ciputra Development: [Stable Growth Outlook Despite Lag in Handover Timing Driving Weak 3Q24 Results](#)
- Jasa Marga: [Maintaining our positive view amid 21%/17% EPS growth forecast in FY24F/25F](#)
- Aspirasi Hidup Indonesia: [Expansion plans to drive store to double in 5-7 years](#)
- Siloam International Hospitals: [Better entry point emerges post-weak 3Q24 results](#)
- Macro Strategy: [Post-Trump's Decisive Victory](#)
- XL Axiata: [3Q24 Earnings Miss; Aiming to capitalize further on its digital and FMC growth with strong profitability](#)
- Semen Indonesia: [Trimming our FY24-26F estimate further amid lower LT volume growth](#)
- Aneka Tambang: [Upside potentials from ore sales to boost FY25 earnings](#)
- Indocement Tunggal Prakarsa: [Finetuning FY24-25 est. on lower ASP yet higher Opex efficiency; maintain Buy rating](#)
- Mayora Indah: [Eyeing Margin Protection with ASP Adjustments in 4Q24, Maintain Buy with a Lower TP](#)
- Indofood CBP Sukses Makmur: [Positive Outlook for FY24-25F Intact with Potential Boost from Festive Season Demand](#)
- Indofood Sukses Makmur: [CPO price stability and volume growth underpin FY24-25F Outlook](#)
- Sarana Menara Nusantara: [Well-positioned for Further Inorganic Growth Amid Strong EBITDA Deliveries in 9M24](#)

Not Rated

Last Price (Rp)	262
Target Price (Rp)	n/a
Upside/Downside	n/a
No. of Shares (mn)	24,821
Mkt Cap (Rpbn/US\$mn)	6,503/410
Avg, Daily T/O (Rpbn/US\$mn)	21.7/1.4

Key Financials:

	2021	2022	2023
EPS (US\$)	0.0	0.0	0.0
PER (x)	8.0	6.6	6.2
PBV (x)	0.9	0.7	0.6
EV/EBITDA (x)	1.0	1.8	1.9
ROAA (%)	4.2	5.9	5.3
ROAE (%)	9.6	12.0	11.0

Energi Mega Persada (ENRG IJ)

Growth prospects aplenty

- ENRG produces 46MBOEPD of both Oil (17%) and Gas (83%) with five main assets including Bentu, Kangean, Sengkang, Malacca, and B block.
- Mgmt expects a 10%-15% production growth in FY25-26 from the newly acquired Siak and Kampar from PHE, as well as the Sengkang block.
- ENRG trades at 6.3x FY24 TTM PE and 0.6x FY24 TTM PB. Downside risks include lower oil price, increasing cost, and poor exploration result.

ENRG: prepared to scale

ENRG is an oil and gas producer that is mainly focused on North Sumatra, East Java, and South Sulawesi. As of 9M24, it produces on average 46.1 MBOEPD that consists of 17% oil and 83% gas. There are five main producing assets, namely Malacca (5.8 MBOEPD), Bentu (12.7 MBOEPD), Sengkang (5.8 MBOEPD), Kangean (11.5 MBOEPD), and B block (8.6 MBOEPD), which represent 96.5% of daily production. ENRG has been aggressive in the acquisition of assets, with recent purchases of a 90% stake in Siak and Kampar blocks (2 MBOEPD) from PHE in March, followed by the acquisition of a 51% stake in Sengkang block (6 MBOEPD) in October, after an initial 49% stake in 2022.

Organic growth outlook seems prominent

ENRG is targeting a 10%-15% yoy production growth in FY25-26, derived from an increase in production of Siak and Kampar from 2,000 BOEPD to 2,500 BOEPD after the acquisition in Mar24, and an increase of contribution from Sengkang of 11,900 BOEPD (from 5,850 BOEPD in 9M24) after the acquisition of the remaining 51% stake in October. In the medium to long term, ENRG aims for production uplift from Gebang PSC of c. 40 MMSCF by 2H26 and up to 140 MMSCF by 2029, equivalent to c. 25 MBOEPD or c. 54% of annual production rate. The increase in Gebang production is expected to cover the natural decline in Kangean PSC.

Healthy financials backed by efficient operation

ENRG has mostly clean onshore gas projects, which makes its cash cost quite competitive at US\$2/MMBTU for gas and c. US\$30-32/bbl for oil. Meanwhile, its gas ASP is mostly fixed at US\$6/MMBTU and oil ASP hovers at US\$83/bbl in 9M24. Thus, it has managed to achieve robust EBITDA/Net margin of 56%/16%. On the liabilities front, ENRG holds a long-term loan of US\$203mn from Mandiri with an 8.5%-9.5% interest rate, bringing its net gearing ratio to 0.19x.

Inexpensive valuation with foreseeable growth

Aside from organic growth, ENRG is constantly looking for inorganic growth domestically, though criteria are tight with EV/Resource set at <US\$3/MMBTU. Nonetheless, we believe its current valuation stands comparatively discounted to its peers at 6.3x FY24 TTM PE and 0.6x FY24 TTM PB, where upside comes from volume growth whilst downside risks include lower oil price.

Key Financials

Year to 31 Dec	2020A	2021A	2022A	2023A	9M24A
Revenue (US\$mn)	325	406	452	421	320
EBITDA (US\$mn)	233	273	295	254	172
Net Profit (US\$mn)	54	40	67	68	51
EPS (US\$)	0.01	0.00	0.00	0.00	0.00
BVPS (US\$)	0.03	0.02	0.02	0.03	0.03
PER (x)	3.5	8.0	6.6	6.2	6.2
PBV (x)	0.6	0.9	0.7	0.6	0.6
EV/EBITDA	0.7	1.0	1.8	1.9	2.4

Source: ENRG

BRI Danareksa Sekuritas Analysts

Timothy Wijaya

(62-21) 5091 4100 ext. 3504

timothy.wijaya@brids.co.id

Naura Reyhan Muchlis

(62-21) 5091 4100 ext. 3507

naura.muchlis@brids.co.id

Buy

Indocement Tunggal Prakarsa (INTP)

INTP Oct24 Sales Vol: inline with seasonality, yet flattish in mom basis

Last Price (Rp)	6,900
Target Price (Rp)	8,800
Upside/Downside	+27.5%
No. of Shares (mn)	3,681
Mkt Cap (Rpbn/US\$mn)	24,848/1,579
Avg, Daily T/O (Rpbn/US\$mn)	22.2/1.4

Key Financials:

	2024F	2025F	2026F
EPS (Rp)	437.6	506.9	550.4
PER (x)	15.4	13.3	12.3
PBV (x)	1.1	1.0	1.0
EV/EBITDA (x)	6.5	5.4	4.6
Dividend yield (%)	1.3	1.0	1.2
ROAE (%)	7.5	8.1	8.2

- Industry sales volume grew by 6% mom/+0.2% yoy inc Grobogan/-2.2% yoy ex-Grobogan in Oct24
- INTP recorded +1.1% mom sales growth in Oct24, bringing 10M24 sales vol to expand by 9.6% yoy (0.2% yoy ex-Grobogan).
- INTP still recorded inline growth within its seasonality despite weaker mom momentum. We have a BUY rating for INTP with TP of Rp 8,800

- Cement industry sales vol grew by 6% mom/+0.2% yoy inc Grobogan/-2.2% yoy ex-Grobogan in Oct24. 10M24 sales reached +1.4% yoy (-1.1% yoy ex-Grobogan). Bag segment recorded its highest monthly sales in FY24, with Oct24 bag vol grew by 7.1% mom (+1.2 yoy), yet it still too early to call for bag recovery. Bulk segment growth normalized to 3.1% mom (-2% yoy) in Oct24, due to completion of IKN phase 1.
- Meanwhile, INTP recorded 1.1% mom sales growth in Oct24, bringing 10M24 sales vol to expand by 9.6% yoy (0.2% yoy ex-Grobogan). In Oct24, its bag sales grew by 3% yoy, whereas bulk expanded by 30% yoy. INTP market share decline to 28.5% (vs Jan-Sep24 average of 29.7%), which possibly was due to SMGR and tier-2 players rapid volume growth in Oct24.
- Overall, INTP still recorded inline growth within its seasonality despite weaker mom momentum vs its peers and industry. Management expects October to be the peak month for sales volume, before activity slows down in next two months altogether amid rainy season and regional election.
- We have a **BUY** rating for INTP with TP of **Rp 8,800**

BRI Danareksa Sekuritas Analysts

Richard Jerry, CFA

(62-21) 5091 4100 ext. 3511

Richard.jerry@brids.co.id

Sabela Nur Amalina

(62-21) 5091 4100 ext. 4202

sabela.amalina@brids.co.id

Buy

(Maintained)

Kalbe Farma (KLBF IJ)

Healthy FY25 growth outlook intact despite ST Rupiah headwinds

Last Price (Rp)	1,435
Target Price (Rp)	1,800
Previous Target Price (Rp)	1,800
Upside/Downside	+25.4%

No. of Shares (mn)	46,875
Mkt Cap (Rpbn/US\$mn)	66,563/4,198
Avg, Daily T/O (Rpbn/US\$mn)	52.3/3.3
Free Float (%)	40.2

Major Shareholder (%)	
PT Gira Sole Prima	10.3
PT Santa Seha Sanadi	9.9

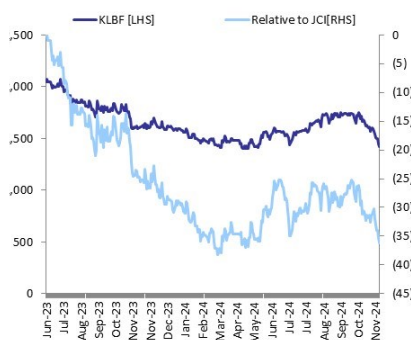
EPS Consensus (Rp)			
	2024F	2025F	2026F
BRIDS	67.4	72.3	77.6
Consensus	68.7	75.5	81.7
BRIDS/Cons (%)	(1.9)	(4.3)	(5.1)

- Solid prescription revenue and operating efficiency drove strong 9M24 net and core profit growth of 15.2%/10% yoy.
- We estimate healthy FY25 net profit growth of 7.3% yoy, supported by 7.5% rev. growth with sustained margins.
- Stronger Rupiah will provide a positive catalyst. We maintain our Buy rating with an unchanged TP at Rp1,800 (FY25F PE of 24.6x).

Solid prescription revenue and operating efficiency drove strong 9M24 net and core profit growth

KLBF delivered solid revenue growth in 3Q24 and 9M24, driven by the prescription business (+16% yoy in 3Q24, +10.4% yoy in 9M24). The Consumer Health segment also showed strong growth of 11% yoy in 3Q24, benefiting from a low base comparison. However, the 3Q24 gross margin declined to 38.6% (from 39.5% in 2Q24), primarily due to lower margins in the prescription segment. In 9M24, Nutrition and Consumer Health reported slight GPM improvement vs the same period last year, supported by lower input costs. Lower opex (particularly in A&P and Salary) contributed to solid 9M24 net profit growth of 15.2% yoy, reaching ~ Rp2.4tr. This represents 75%/73% of BRIDS/Consensus estimates and is in line with the expectation. KLBF's 9M24 core profit rose by 10% yoy, supported by an FX gain of Rp6bn (compared to an FX loss of Rp41bn in 9M23) and the absence of Covid-related inventory write-off (9M23: Rp53bn).

KLBF relative to JCI Index



Source: Bloomberg

Healthy FY25 net profit growth of 7.3% yoy

Going into FY25, we estimate the prescription segment to remain as the key growth driver (+10% yoy), primarily led by unbranded generics. KLBF anticipates increasing contribution from Biosimilar and Oncology products starting in FY26F, projected to account for 20% of total prescription revenue or 5-6% of total FY26F revenue. For FY25F, we project revenue growth of 7.2% yoy, supported by a stable gross margin of 39.2%. With opex remaining steady, we estimate FY25F net profit growth of 7.3% yoy.

Stronger Rupiah as a positive catalyst; Maintain Buy Rating

At the current price, KLBF is trading near the lower end of its YTD performance at FY25F PE of 19.7x, slightly below its -1SD avg 5y PE of 20.5x. The expectation of a 25bps rate cut by Bank Indonesia this week is expected to bolster economic activity. Despite ST headwind from a strong USD, the support or bottoming of IDR may serve as a positive catalyst for KLBF. We maintain a Buy Rating on KLBF with a TP of Rp1,800, implying FY25F PE of 24.6x.

Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Revenue (Rpbn)	28,934	30,449	32,650	35,100	38,087
EBITDA (Rpbn)	4,869	4,429	4,958	5,334	5,757
EBITDA Growth (%)	5.2	(9.0)	11.9	7.6	7.9
Net Profit (Rpbn)	3,382	2,767	3,157	3,387	3,636
EPS (Rp)	72.2	59.0	67.4	72.3	77.6
EPS Growth (%)	6.2	(18.2)	14.1	7.3	7.3
BVPS (Rp)	434.9	456.9	493.2	530.0	569.5
DPS (Rp)	35.0	38.0	31.1	35.5	38.1
PER (x)	19.7	24.1	21.1	19.7	18.3
PBV (x)	3.3	3.1	2.9	2.7	2.5
Dividend yield (%)	2.5	2.7	2.2	2.5	2.7
EV/EBITDA	13.1	14.4	12.8	11.9	10.9

Source: KLBF, BRIDS Estimates

BRI Danareksa Sekuritas Analysts

Natalia Sutanto

(62-21) 5091 4100 ext. 3508
natalia.sutanto@brids.co.id

Sabela Nur Amalina

(62-21) 5091 4100 ext. 4202
sabela.amalina@brids.co.id

Not Rated

PT Sariguna Primatirta (CLEO IJ)

Strong 3Q24 Results, Expanding Distribution amid Strong Volume Growth

Last Price (Rp)	1,195
Target Price (Rp)	-
Upside/Downside	-
No. of Shares (mn)	12,000
Mkt Cap (Rpbn/US\$mn)	14,340/0.94
Avg, Daily T/O (Rpbn/US\$mn)	4.6/0.3

- CLEO's 3Q24 revenue rose 70.1% yoy, with net profit +47.7% yoy, driven by volume growth, rising market share to 7% and a 3-5% ASP increase.
- Mgmt. aims for 25% revenue contribution from Outside Java by FY25, expanding factories and reaching 500 channels over the next five years.
- CLEO main challenge is raw material distribution outside Java. CLEO's share price was up 71% Ytd and currently trades at 22.9x ann. 2024 PE.

CLEO shows robust revenue and gains 7% market share

CLEO booked 3Q24 revenue of Rp681bn/+70.1% yoy, resulting in 9M24 revenue of Rp1.98tr/+31.5% yoy— nearly quadruple the industry growth rate of 8%. All segments reported positive performance; bottle products +35% yoy, non-bottle products +27% yoy, other products +48% yoy with bottle products contributed 44% to total sales. Net profit in 3Q24/9M24 was recorded at Rp116bn/Rp336bn or grew by 47.7%/60.8% yoy. This strong result was mainly supported by volume growth and ASP increase in the range of 3-5%, marking its market share at 7%, as the market leader refrained from price hikes amid declining market shares.

Expansion plan and aims for 25% contribution from outside Java revenue by 2025

Mgmt. noted strong growth continuing into Oct24 and remains optimistic for the 4Q24, backed by channel distribution and new factories in Outside Java (Palu, Pontianak and Pekanbaru), bringing the total to 32 factories as of Nov24 and 380 internal distributions as of Sept24. For FY25, CLEO aims to sustain a net margin of 17% and GPM of 56-59%. Mgmt. plan to acquire land banks in Aceh and Medan, targeting a 25% contribution from Outside Java (9M24: 19%). In the long term, the company's target is to expand its distribution network with a minimum of 500 distribution channels over the next five years, with potential expansion into nearby overseas markets.

Trades at 22.9x annualized 2024 PE

CLEO trades at 22.9x of its annualized 2024 earnings, with share performance +71% Ytd and 80% yoy. The expansion challenges include securing raw material distribution outside Java, which has required a minimum inventory level of 30 days.

Key Financials:

	2021A	2022A	2023A
EPS (Rp)	16.59	18.83	28.44
PER (x)	31.3	34.0	26.2
PBV (x)	5.5	5.5	5.8
Dividend yield (%)	0.53	0.18	0.23

BRI Danareksa Sekuritas Analysts

Natalia Sutanto

(62-21) 5091 4100 ext. 3508
natalia.sutanto@brids.co.id

Sabela Nur Amalina

(62-21) 5091 4100 ext. 4202
sabela.amalina@brids.co.id

Exhibit 1. CLEO's 9M24/3Q24 Earnings Summary

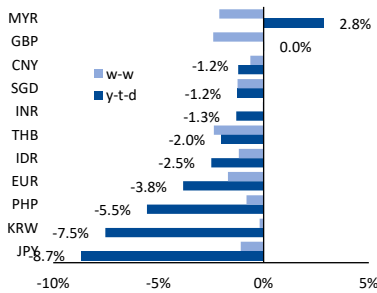
CLEO IJ Equity	9M23	9M24	yoy	3Q23	2Q24	3Q24	yoy	qoq
Revenue, Rpbn	1,504	1,978	31.5%	401	670	681	70.1%	1.7%
COGS	669	819	22.6%	219	283	282	29.1%	-0.1%
Gross profit	834	1,158	38.9%	182	387	399	119.3%	3.1%
Opex	543	689	27.0%	75	233	245	225.9%	5.1%
Operating profit	291	469	61.0%	107	154	154	44.1%	-0.1%
Pretax profit	267	429	60.9%	100	140	143	42.6%	2.0%
Net profit	209	336	60.8%	79	105	116	47.7%	10.8%
Gross margin	55.5%	58.6%		45.4%	57.8%	58.6%		
Operating margin	19.4%	23.7%		26.7%	23.0%	22.6%		
Opex to revenue	36.1%	34.8%		18.8%	34.8%	36.0%		
Pretax margin	17.7%	21.7%		25.0%	20.9%	20.9%		
Net margin	13.9%	17.0%		19.7%	15.7%	17.1%		

Source: Company, Bloomberg

Macro Strategy

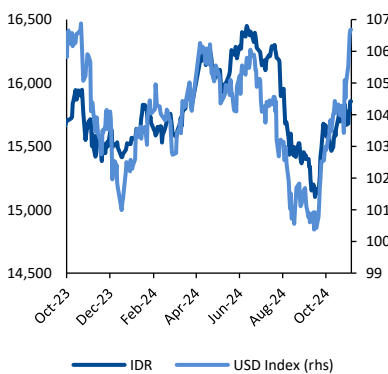
Stability vs Growth: What's at the Fore?

YTD Currency performance (%)



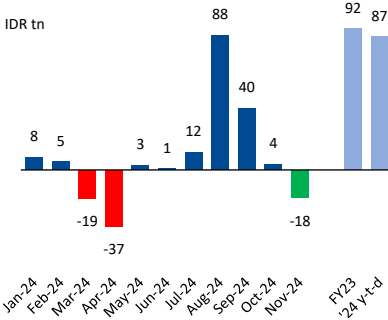
Source: Bloomberg

IDR vs DXY



Source: Bloomberg

Capital Inflow/Outflow (IDR tn)



Source: Bloomberg

BRI Danareksa Sekuritas Analysts

Helmy Kristanto

(62-21) 5091 4100 ext. 3400
helmy.kristanto@brids.co.id

Kefas Sidauruk

(62-21) 5091 4100
kefas.sidauruk@brids.co.id

- The recent trend in IDR and liquidity appears to constrain the possibility of a rate cut, but the need to stimulate growth should be at the fore.
- Rate reduction aimed at bolstering business confidence would lead to stronger growth expectations, attracting inflows and benefiting the IDR.
- An increasingly hawkish Fed would reduce the scope for rate cut, limiting BI's room for future reductions if they choose to delay now.

The Two Pressing Factors. The recent macroeconomic developments have significantly narrowed the window for a rate cut, despite the urgent need to stimulate the domestic economy. This week's Bank Indonesia (BI) meeting presents a critical decision point: should BI prioritize stabilizing the IDR or refocus on domestic economic growth? At present, two factors seem to constrain the possibility of a rate cut: 1. the IDR has depreciated by 4.4% QTD and 0.9% MTD, largely driven by external pressures following Trump's election victory, which has triggered capital outflows; and 2. On liquidity observation, BI has also tightened liquidity by increasing SRBI issuance higher than its maturity, especially in Oct-24 with net SRBI issuance of IDR33tn.

This time, we believe that prioritizing a pro-growth stance is essential. Following the Federal Reserve's rate cut two weeks ago, BI should seize the opportunity to follow suit. As the Fed adopts a more hawkish approach, the scope for further rate cuts may shrink, further restricting BI's ability to implement relaxation measures. We also expect potential additional macroprudential stimulus aimed at providing further liquidity impetus supporting banking's intermediary functions. Additionally, considering BI's interventions in the SBN secondary market, the central bank has shifted to a net injection stance, increasing its position by IDR 54tn compared to net SRBI issuance of IDR 8tn. This is a significant uptick from the trends observed in September and October. BI's rate cut in September 2024 was also preceded by similar intervention patterns.

Perception vs Reality. The concatenation of macro data releases increasingly highlights the fragility of the domestic economy, as reflected in: 1. Inflation dropped to 1.7% in Oct-24, pushing the real interest rate to 4.3%, its highest level since November 2006. While most inflation components are declining, core inflation rose slightly, driven by higher international gold prices rather than strong domestic demand; 2. GDP data highlights persistent sluggishness in household consumption, which has averaged only 4.8% y-y over the past four quarters. The largest segment of household consumption, F&B (non-restaurant), continues to struggle to return to pre-pandemic growth levels; and 3. Consumer confidence continues to dwindle, raising concerns about prolonged economic stagnation without targeted interventions.

Given the absence of strong domestic growth catalysts, we argue that a rate cut could provide essential support for economic activity. Such a move could potentially attract capital inflows and, contrary to expectation, bolster the IDR. Historical examples reinforce such trend: BI's last rate cut in Sep-24 led to IDR15tn in foreign inflows over the subsequent 30 days, though it coincided with the Fed's rate cut. Similarly, in early 2016, BI implemented a series of rate reductions during the Fed's tightening cycle. These cuts successfully narrowed the yield spread while still attracting foreign inflows, demonstrating that rate reductions can still align with IDR strengthening under certain favorable circumstances. With the right narratives, monetary relaxation measures could not only boost domestic growth but also enhance market sentiment, paving the way for greater financial stability and a much-needed environment for sustained recovery.

Risks of Delaying Further Rate Cuts. A critical factor for to consider is the slowing trajectory of the Federal Reserve's rate cuts. The resilience of the US economy, highlighted by recent comments from Fed Chairman Jerome Powell, has increased the probability of a pause in rate cuts at the December meeting. Market expectations for total rate reductions in 2025 have already been revised downward from 100 basis points to 50 basis points.

This dynamic backdrop presents challenges for BI especially if further rate cuts are postponed, the opportunity for meaningful reductions in 2025 could become increasingly constrained. Such a delay risks exacerbating the adverse effects of persistently high rates on domestic economic growth, particularly by hampering recovery efforts. High interest rates could further weaken consumption and investment momentum, compounding the challenges facing the domestic economy. Prompt action on rate cuts in 2024 would provide more flexibility for BI to support economic growth and manage potential headwinds effectively, in our view.

Capital market – Rising Yield Continues. The yield on the 10-year US Treasury note surged 13 basis points (bps), rising from 4.30% to 4.43%, while the 2-year US Treasury yield edged up by 5 bps to 4.31%, maintaining the steepening pattern. On domestic side, the yield on the 10-year Indonesian Government Bond (INDOGB) also rose by 18 bps, climbing from 6.75% to 6.92%, partly driven by stronger US Dollar Index, which up 1.46% w-w, pressing down Indonesian Rupiah to weakened by 1.18%, closing at IDR 15,855. Additionally, Indonesia's 5-year Credit Default Swap (CDS) widened by 4 bps during the week, reaching 74 basis ends of last week.

Fixed Income Flows – Foreign Outflows Escalate as BI Amplifies Intervention Efforts. The Ministry of Finance (MoF) data as of 13th Nov (Wednesday) showed weekly foreign outflow of IDR4.84tn, with foreign ownership of domestic Government Securities (SBN) dropping to IDR882tn. On MTD basis, outflows in SBN reached IDR8.95tn. The banking sector also exhibits significant outflows trend, amounting to IDR25.64tn last week, with MTD outflow surged to IDR40.73tn. To rein in stability, Bank Indonesia, excluding repo transactions, recorded inflows of IDR37.50tn last week (MTD: IDR54.35tn). The mutual fund sector also added position, especially with higher yield increasingly attractive, with inflows of IDR0.27tn, and the insurance and pension fund sector also recorded inflows of IDR1.56tn.

Equity Flows – JCI Drops 1.7% Amid Significant Foreign Selling. Foreign outflows in the 2nd week of Nov-24 reached IDR4.2tn (1st week outflow: IDR4.6tn), with JCI taking a severe 1.7% weekly drop. On MTD basis, foreign outflows surged to IDR9.4tn with YTD foreign outflows in the regular market have now reached IDR14.1tn. Among the top inflows were stocks such as INDF, TINS, ASII, ANTM, BUMI, ITMG, EXCL, UNTR, AMMN, ERAA, and MAPA. Conversely, The Big-4 Banks, TLKM, ADRO, TPIS, PANI, MDKA, BRIS, BREN, and ISAT consistently ranked among the top outflows.

RESEARCH COMMENTARY
BBHI (Non Rated) - Oct24 Results
10M24 Insight:

- 12% yoy Decline in Net Profit: BBHI reported a net profit of Rp330bn (-12% yoy) in 10M24, primarily due to a 40% increase in opex and a 241% rise in provisions, which offset the 8% growth in NII and the doubling of other operating income.
- Higher CIR Driven by Increased Opex: CIR rose to 54.5% (+864bps yoy) in 10M24, driven by a 40% increase in opex, with other expenses and promotional costs surging by 78% and 11% yoy, respectively.
- NIM Decline Despite Higher LDR: NIM declined to 9.1% (-13bps yoy) in 10M24, despite the increase in LDR to 173.3%. The improvement in EA yield to 12.1% (+19bps yoy) was offset by a rise in CoF to 7.4% (+145bps yoy).
- Loans and Deposits: Despite the rise in CoF, customer deposits fell by 7%, resulting in a higher LDR of 173.3% in 10M24 (from 147.1% in 10M23) as loans grew 9% yoy.
- CoC Jumped as Loans Grew: With provision expenses more than tripled yoy, CoC increased to 1.2% in 10M24, from 0.4% in 10M23.

Oct24 Insight:

- Drop in Net Profit: BBHI's net profit dropped to Rp27bn (-32% mom, -23% yoy) in Oct24, due to a rise in opex (+9% mom, +45% yoy) and a surge in provisions (+450% mom, +722% yoy). The flat NII also contributed to this decline on a mom basis.
- NIM Decline: NIM fell to 8.9% (-29bps mom, -104bps yoy) in Oct24, as CoF sharply increased to 9.1% (+33bps mom, +358bps yoy) and EA yield declined to 12.1% (-40bps mom, -28bps yoy).
- CIR: CIR increased to 58.2% (+304bps mom, +613bps yoy) in Oct24. The 45% yoy rise in opex was driven by a substantial increase in other expenses (+134% yoy), while the 9% mom rise in opex was due to a 16% mom increase in other expenses.
- Loans and Deposits: Loans grew 8% mom, while customer deposits fell by 7% mom, leading to an LDR rise from 148.9% in Sep24 to 173.3% in Oct24.
- Significant CoC Increase: CoC surged to 3.1% in Oct24, from 0.6% in Sep24 and 0.4% in Oct23, signaling a deteriorating asset quality.

Summary:

- Overall Performance: In our view, BBHI's Oct24 performance was weak as CoF remained under pressure, likely due to intensified competition, particularly within the digital banking space. Combined with the decline in EA yield in Oct24, this has resulted in compressed NIM. Moreover, the spike in CoC also raises concerns on loan quality and could pose a risk to BBHI's future performance. (*Victor Stefano & Naura Reyhan Muchlis - BRIDS*)

BBHI (in Rpmm)	Oct-23	Sep-24	Oct-24	mom, %	yoy, %	10M23	10M24	yoy, %	FY23	10M23/FY23
Interest income	112,862	134,638	134,551	0%	19%	1,089,511	1,215,885	12%	1,328,943	82%
Interest expense	(22,786)	(36,315)	(36,240)	0%	59%	(242,662)	(298,882)	23%	(292,188)	83%
Net interest income	90,076	98,323	98,311	0%	9%	846,849	917,003	8%	1,036,755	82%
Other operating income	10,741	27,970	32,425	16%	202%	86,561	184,049	113%	122,575	71%
Operating expenses	(52,475)	(69,637)	(76,057)	9%	45%	(428,268)	(600,291)	40%	(536,190)	80%
PPOP	48,342	56,656	54,679	-3%	13%	505,142	500,761	-1%	623,140	81%
Provision	(2,401)	(3,592)	(19,741)	450%	722%	(21,587)	(73,614)	241%	(47,942)	45%
Pre-tax profit	45,941	53,064	34,939	-34%	-24%	483,587	427,118	-12%	575,274	84%
Net profit	35,664	40,546	27,477	-32%	-23%	374,482	330,064	-12%	444,566	84%
										YTD, %
Loans	7,269,230	7,336,068	7,939,798	8%	9%	7,269,230	7,939,798	9%	7,385,708	8%
Customer deposits	4,940,827	4,928,425	4,580,257	-7%	-7%	4,940,827	4,580,257	-7%	4,898,665	-6%
Key Ratio				mom, bps	yoy, bps			yoy, bps		10M24 vs FY23, bps
Earning Asset yield (%) - ann	12.4	12.5	12.1	↓ (40)	↓ (28)	11.9	12.1	↑ 19	12.0	↑ 8
Cost of fund (%) - ann	5.6	8.8	9.1	↓ 33	↓ 358	5.9	7.4	↓ 145	5.9	↓ 142
NIM (%) - ann	9.9	9.1	8.9	↓ (29)	↓ (104)	9.3	9.1	↓ (13)	9.4	↓ (25)
CIR (%) - ann	52.0	55.1	58.2	↓ 304	↓ 613	45.9	54.5	↓ 864	46.2	↓ 827
Cost of credit (%) - ann	0.4	0.6	3.1	↓ 255	↓ 271	0.4	1.2	↓ 83	0.7	↓ 53
CASA Ratio (%)	12.9	16.5	16.0	↓ (44)	↑ 310	12.9	16.0	↑ 310	10.5	↑ 554
LDR (%)	147.1	148.9	173.3	↓ 2,450	↓ 2,622	147.1	173.3	↓ 2,622	150.8	↓ 2,258

KROM Bank (Non Rated) - Oct24 Results
10M24 Insight:

- Net Profit: KROM's NP reached Rp120bn in 10M24, with NIM standing at 21.6%.
- Following the bank's rebranding as a digital bank in late Feb24, we believe monthly comparisons offer the most relevant insights into its performance.

Oct24 Insight:

- Net Profit Decline: KROM's net profit decreased to Rp13bn (-6% mom) in Oct24 due to the higher other expenses (one-off) offsetting the 2% PPOP growth.
- Surge in CIR: CIR surged by 65bps mom to 14.5% in Oct24, driven primarily by a 7% mom increase in opex, which was due to a threefold rise in other expenses and an 87% increase in promotional expenses.
- Lower NIM: NIM declined 26bps mom to 22.0% in Oct24, despite an 11bps increase in EA yield to 25.6%. This was due to a drop in LDR to 142.4% in Oct24 from 159.0% in Sep24, alongside a rise in CoF to 7.9% (+19bps mom).
- CoC Improvement: CoC improved by 95bps mom, standing at 22.0% in Oct24. Nevertheless, it remains among the highest in the digital banking sector.
- Loans and Deposits: Loans and customer deposits grew by 4% and 16% mom, respectively, resulting in a lower LDR of 142.4% (-1,666bps mom). The CASA ratio continued to improve, reaching 13.9% (+10bps mom) in Oct24.

Summary:

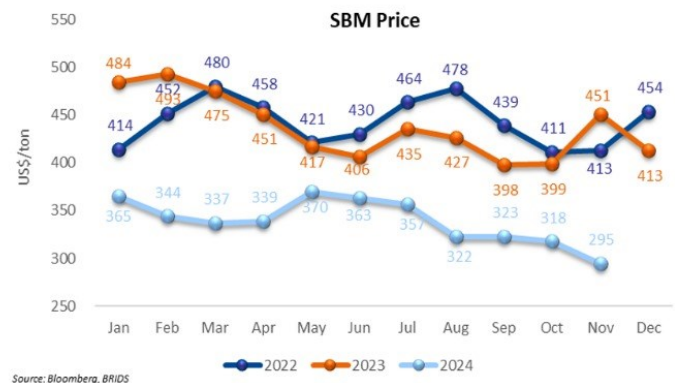
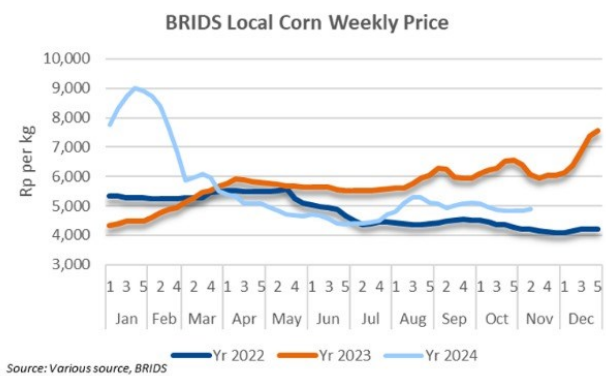
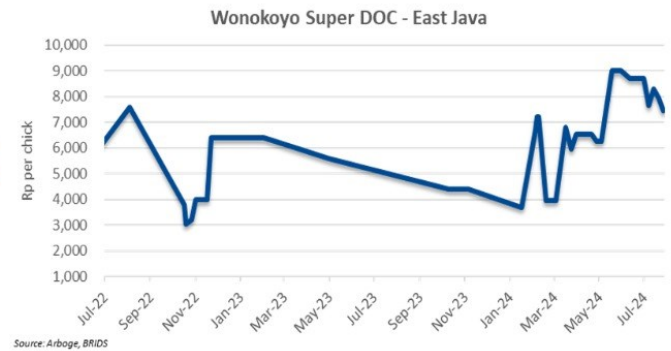
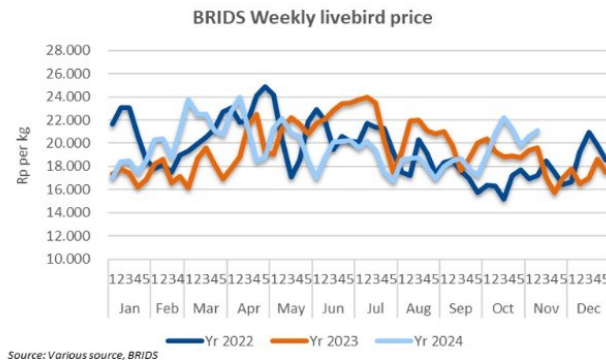
- Overall Performance: KROM's performance was solid, achieving a positive risk-adjusted NIM in Oct24, with the decline in NP attributed to a one-off rise in other expenses. However, the bank's primary risk lies in its high-cost funding, particularly amid the ongoing trend of reducing LDR. (*Victor Stefano & Naura Reyhan Muchlis - BRIDS*)

Krom Bank (in Rpmn)	Oct-23	Sep-24	Oct-24	mom, %	yoy, %	10M23	10M24	yoy, %	FY23	% to FY23
Interest income	45,284	108,211	112,994	4%	150%	321,672	857,077	166%	437,007	196%
Interest expense	(506)	(13,670)	(15,875)	16%	3037%	(5,065)	(82,016)	1519%	(7,725)	1062%
Net interest income	44,778	94,541	97,119	3%	117%	316,607	775,061	145%	429,282	181%
Other operating income	54	3,558	3,398	-4%	6193%	1,375	11,764	756%	1,273	924%
Operating expenses	(10,496)	(13,562)	(14,550)	7%	39%	(81,309)	(147,575)	81%	(101,989)	145%
PPOP	34,336	84,537	85,967	2%	150%	236,673	639,250	170%	328,566	195%
Provision	(11,493)	(65,840)	(66,069)	0%	475%	(88,545)	(481,032)	443%	(156,602)	307%
Pre-tax profit	22,553	17,831	16,778	-6%	-26%	147,934	154,122	4%	172,252	89%
Net profit	17,591	13,908	13,087	-6%	-26%	115,388	120,215	4%	132,570	91%
Loans	1,543,290	3,542,252	3,667,466	4%	138%	1,543,290	3,667,466	138%	1,834,789	100%
Customer deposits	156,427	2,227,347	2,576,012	16%	1547%	156,427	2,576,012	1547%	347,560	641%
										YTD, %
Key Ratio				mom, bps	yoy, bps			yoy, bps		vsFY23, bps
Earning Asset yield (%) - ann	17.3	25.5	25.6	↑ 11	↑ 830	12.7	23.8	↑ 1,119	14.2	↑ 968
Cost of fund (%) - ann	3.2	7.7	7.9	↓ 19	↓ 478	3.4	7.6	↓ 420	3.9	↓ 371
NIM (%) - ann	17.1	22.3	22.0	↓ (26)	↑ 489	12.5	21.6	↑ 910	13.9	↑ 765
CIR (%) - ann	23.4	13.8	14.5	↓ 65	↑ (894)	25.6	18.8	↑ (681)	23.7	↑ (493)
Cost of credit (%) - ann	9.1	22.9	22.0	↑ (95)	↓ 1,288	9.0	21.9	↓ 1,295	12.3	↓ 962
CASA Ratio (%)	15.6	13.8	13.9	↔ 10	↓ (167)	15.6	13.9	↓ (167)	14.1	↓ (20)
LDR (%)	986.6	159.0	142.4	↑ (1,666)	↑ (84,422)	986.6	142.4	↑ (84,422)	527.9	↑ (38,554)

Equity SNAPSHOT

Poultry (Overweight) – 2nd week of November 2024 Price Update

- Livebird prices declined but remained high at Rp20.3k/kg, with an average of Rp21.1k/kg in the second week of Nov24, marking a 2.6% wow increase.
- DOC prices remained stable at around Rp6k/chick.
- Local corn prices held steady at Rp4.9k/kg, with a weekly average of Rp4.9k/kg (+1.2% wow) in the second week of Nov24.
- Soybean meal (SBM) prices declined to an average of US\$292/t in the second week of Nov24. The Nov24 average price is relatively low at US\$295 (-7% mom, -35% yoy) marking the lowest YTD monthly average.
- We continue to expect improvement in earnings for 4Q24, supported by favorable livebird prices and controlled feed costs. *(Victor Stefano & Wilastita Sofi – BRIDS)*



MACROECONOMY

US Rent Inflation in the CPI May Take until Mid-2026 to Subside Towards Pre-Pandemic Norm

US Rent inflation in the CPI may take until mid-2026 to subside towards pre-pandemic norm. While several measures suggest that new rents in particular are coming down, fewer people are moving and signing new leases — so the sample in the CPI doesn't capture as much turnover, the researchers said. (Bloomberg)

SECTOR

Commodity Price Daily Update Nov 18, 2024

	Units	15-Nov-24	18-Nov-24	Chg %	WoW %	2023	3Q24	Ytd 2023	Ytd 2024	YoY%
Copper	US\$/t	9,003	9,073	0.8%	-5.0%	8,523	9,339	8,529	9,297	9.0%
Brent Oil	US\$/bbl	71	73	3.2%	-4.1%	82	79	83	81	-2.3%
LME Tin	US\$/t	28,522	28,753	0.8%	-6.7%	25,891	31,712	26,085	30,300	16.2%
Cobalt	US\$/t	24,298	24,300	0.0%	0.0%	34,337	25,233	34,781	26,602	-23.5%
Gold Spot	US\$/oz	2,563	2,612	1.9%	-4.5%	1,943	2,477	1,932	2,355	21.9%
LME Nickel	US\$/t	15,295	15,486	1.3%	-3.1%	21,576	16,308	22,238	17,040	-23.4%
NPI Indonesia (Ni>14%)	US\$/t	12,085	12,067	-0.2%	-3.1%	14,007	12,083	14,366	11,873	-17.4%
Nickel Sulphate	US\$/t	14,586	14,532	-0.4%	-2.3%	17,377	15,449	17,868	14,445	-19.2%
Indonesia NPI	US\$/t				-3.1%	113	120	-	118	n.a
Indo 1.6% Nickel Ore	US\$/wmt				0.0%	37	51	-	45	n.a
Coal Price - ICI 3	US\$/t				0.2%	84	72	85	74	-12.4%
Coal Price - ICI 4	US\$/t				0.0%	63	52	64	54	-15.2%
Coal Price - Newcastle	US\$/t	142	142	0.0%	-0.6%	176	140	180	136	-24.6%

Source: Bloomberg, SMM, BRIDS

Coal Production Exceeded 2024 Target

As of November 15, 2024, Indonesia's national coal production has reached 711.37mn tons, surpassing the government target of 710mn tons. This rapid production growth is attributed to increased domestic demand for electricity and smelters, as well as rising export demand due to droughts in several countries. Production is projected to reach 800mn tons by the end of 2024, compared to 775mn tons produced in 2023. (Kontan)

Indonesian Government Expands Incentives for Electric Vehicle Imports

The government has expanded incentives for the import of battery electric vehicles (BEVs). This new regulation was enacted on November 12, 2024, and is valid until December 31, 2025. According to Article 2, Paragraph (1), businesses can receive incentives for importing completely built-up (CBU) electric vehicles in specified quantities. In addition to a 0% import duty, other incentives include the government covering the Luxury Goods Tax (PPnBM DTP). Meanwhile, Article 2, Paragraph (2) provides incentives for importing completely knocked-down (CKD) electric vehicles in certain quantities, which will be assembled in Indonesia with a Domestic Component Level (TKDN) between 20-40%. Similar to CBU imports, the incentives include a 0% import duty and PPnBM DTP coverage. (Kontan)

Oil and Gas Investment Recorded Below Target of US\$10.3bn

SKK Migas reported upstream oil and gas investments of US\$10.3bn by Oct24, falling short of the US\$17.7bn target. Although up slightly from US\$10.2bn last year, investment is expected to reach US\$16bn by year-end despite challenges like TKDN delays, drilling safety issues, and weather disruptions. (Kontan)

CORPORATE**ADRO Approves US\$2.6bn Dividend and Name Change**

ADRO's EGMS approved a final cash dividend of up to US\$2.6bn and a name change to PT AlamTri Resources Indonesia Tbk. This move aligns with the company's shift toward mineral downstream and renewable energy, supporting Indonesia's net-zero emissions target by 2060. The change reflects the company's long-term vision and commitment to sustainable energy transformation. (Emiten News)

Honda Motor Sales Reached 4.19mn Units by Oct24

PT Astra Honda Motor (AHM) reported a strong sales performance in 2024, with 4.19mn units sold by Oct24, marking a 1.79% yoy increase. Honda continues to lead the Indonesian motorcycle market, in line with a 3.42% national sales growth to 5.42mn units. Automatic motorcycles dominate Honda's sales, accounting for about 91% of its total sales in Indonesia. (Kontan)

TBIG Prepares Rp1.5tr for Bond Repayment in Dec24

TBIG has allocated funds to repay its Sustainable Bonds VI TBIG Phase II, due on December 15, 2024, totaling Rp1.5tr. The company has also prepared funds for the fourth interest payment on these bonds, which were issued on December 6, 2023, with an annual interest rate of 6.75%. (Emiten News)

TLKM: Launches Year-End Loyalty Program; Modernizes Over 11,500 Micro and Small Enterprises

TLKM's "Poin Gembira Festival" boosts customer engagement and transactions, it aims to increase transactions by up to 30%, and offering rewards like vouchers and luxury cars. The program features two schemes: a national prize draw and a city-based one for 160 Indonesian cities, allowing customers to win by redeeming Telkomsel Poin through the MyTelkomsel app. (Kontan)

In other news, Telkom through its Rumah BUMN Telkom (RB Telkom) initiative has successfully modernized 11,544 micro and small businesses (UMK), exceeding its target by 120.25%. As key drivers of the economy, UMKs need to be supported in adapting to technology. By 2024, RB Telkom has carried out a series of mentoring activities for UMKs in 43 RB Telkom locations across Indonesia. (Investor Daily)

TPIA Targets 15 New Ships by 2025

TPIA's subsidiary, CDI, plans to add 15 new ships by 2025 after acquiring four carriers this year. The move aims to boost efficiency and competitiveness while strengthening the global supply chain. CDI will expand beyond internal transport to serve third-party clients and diversify into ship management services. (Kontan)

COVERAGE PERFORMANCE
LEADERS

	Code	Price as on		Chg, %	wow, %	mom, %	YTD, %	Rating
		18-Nov-24	15-Nov-24					
Gojek Tokopedia	GOTO	68	64	6.3	4.6	-	(20.9)	BUY
Mitra Adi Perkasa	MAPI	1,450	1,380	5.1	(1.4)	(17.1)	(19.0)	BUY
Ace Hardware	ACES	825	800	3.1	(1.8)	(12.2)	14.6	BUY
AKR Corporindo	AKRA	1,340	1,300	3.1	(2.9)	(7.3)	(9.2)	BUY
Midi Utama Indonesia	MIDI	420	408	2.9	(4.1)	(9.5)	(2.3)	BUY
Indofood CBP	ICBP	11,975	11,675	2.6	0.2	(6.4)	13.2	BUY
MAP Aktif Adiperkasa	MAPA	1,020	1,000	2.0	2.0	10.9	24.4	BUY
Telekomunikasi Indonesia	TLKM	2,590	2,540	2.0	(3.7)	(16.5)	(34.4)	BUY
Mayora Indah	MYOR	2,610	2,570	1.6	0.8	(2.2)	4.8	BUY
Indo Tambangraya Megah	ITMG	26,850	26,500	1.3	6.8	3.6	4.7	BUY

Sources: Bloomberg

LAGGARDS

	Code	Price as on		Chg, %	wow, %	mom, %	YTD, %	Rating
		18-Nov-24	15-Nov-24					
Ciputra Development	CTRA	1,065	1,135	(6.2)	(5.3)	(23.9)	(9.0)	BUY
Adaro Energy	ADRO	3,700	3,920	(5.6)	(1.1)	(2.1)	55.5	HOLD
Merdeka Battery Materials	MBMA	500	525	(4.8)	-	(7.4)	(10.7)	BUY
Surya Semesta	SSIA	1,025	1,075	(4.7)	(9.7)	(19.3)	136.2	BUY
Medco Energi Internasional	MEDC	1,065	1,115	(4.5)	(12.0)	(18.4)	(7.8)	BUY
Merdeka Copper Gold	MDKA	2,010	2,100	(4.3)	(8.6)	(20.2)	(25.6)	BUY
Trimegah Bangun Persada	NCKL	830	860	(3.5)	(4.6)	(9.3)	(17.0)	BUY
Vale Indonesia	INCO	3,690	3,820	(3.4)	(0.3)	(10.4)	(13.2)	BUY
M-Cash Integrasi	MCAS	1,175	1,215	(3.3)	(5.2)	(6.7)	(73.0)	BUY
HM Sampoerna	HMSP	665	685	(2.9)	(2.2)	(5.7)	(25.7)	HOLD

Sources: Bloomberg

PREVIOUS REPORTS

- Adaro Energy: [Potential upside from AADI post spin-off; lowered rating to Hold with a higher TP of Rp4,100](#)
- GOTO Gojek Tokopedia: [Confirming growth trajectories in 9M24; Further monetization through tech advancements](#)
- Ciputra Development: [Stable Growth Outlook Despite Lag in Handover Timing Driving Weak 3Q24 Results](#)
- Jasa Marga: [Maintaining our positive view amid 21%/17% EPS growth forecast in FY24F/25F](#)
- Aspirasi Hidup Indonesia: [Expansion plans to drive store to double in 5-7 years](#)
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Equity SNAPSHOT

PT BRI Danareksa Sekuritas

Gedung BRI II Lt.23, Jl. Jenderal Sudirman Kav.44-46
Bendungan Hilir, Tanah Abang – Jakarta Pusat 10210
Indonesia
Indonesia
Tel (62 21) 50914100
Fax (62 21) 2520990

Equity Research Team

Erindra Krisnawan

erindra.krisnawan@brids.co.id

(62-21) 50914100 ext. 3500

Head of Equity Research, Strategy, Coal

Natalia Sutanto

natalia.sutanto@brids.co.id

(62-21) 50914100 ext.3508

Consumer, Tobacco, Pharmacy, Retail

Victor Stefano

victor.stefano@brids.co.id

(62-21) 50914100 ext.3503

Banks, Poultry

Niko Margaronis

niko.margaronis@brids.co.id

(62-21) 50914100 ext.3512

Telco, Tower, Technology, Media

Timothy Wijaya

timothy.wijaya@brids.co.id

(62-21) 50914100 ext.3530

Metal, Oil and Gas, Mining Service

Ismail Fakhri Suweleh

ismail.suweleh@brids.co.id

(62-21) 50914100 ext.3505

Healthcare, Property, Industrial Estate

Richard Jerry

richard.jerry@brids.co.id

(62-21) 50914100 ext.3511

Automotive, Cement, Infrastructure

Economic Research Team

Helmy Kristanto

helmy.kristanto@brids.co.id

(62-21) 50914100 ext. 3400

Chief Economist, Macro Strategy

Dr. Telisa Aulia Falianty

telisa.falianty@brids.co.id

(62-21) 50914100

Senior Advisor

Kefas Sidauruk

kefas.sidauruk@brids.co.id

(62-21) 50914100

Economist

Sales Team

Yofi Lasini

yofi.lasini@brids.co.id

(62-21) 50914100 ext. 3120

Ehrliech Suharto

ehrliech@brids.co.id

(62-21) 50914100 ext.3508

Yunita L. Nababan

yunita@brids.co.id

(62-21) 50914100 ext.3503

Andreas Kenny

andreas.kenny@brids.co.id

(62-21) 50914100 ext. 3500

Adeline Solaiman

adeline.solaiman@brids.co.id

(62-21) 50914100 ext.3508

Novrita Endah Putrianti

novrita.putrianti@brids.co.id

(62-21) 50914100 ext.3503

Christy Halim

christy.halim@brids.co.id

(62-21) 50914100 ext. 3500

Jason Joseph

jason.joseph@brids.co.id

(62-21) 50914100 ext.3508

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