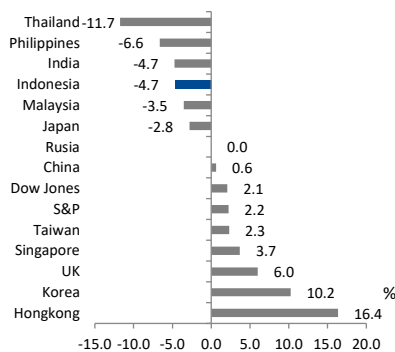


## Equity Strategy

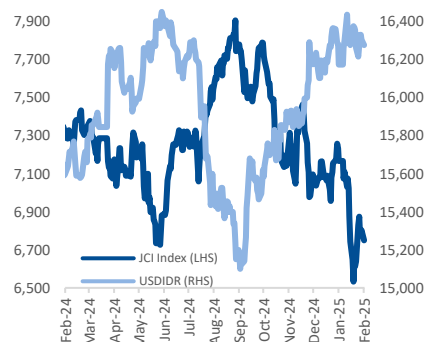
### Welcoming Danantara

#### YTD Regional Market (%)



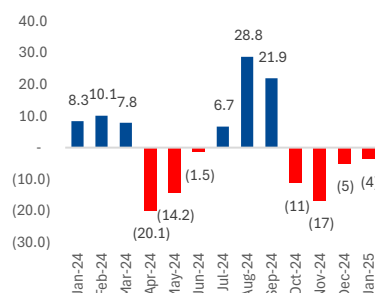
Source: Bloomberg

#### JCI vs USD



Source: Bloomberg

#### Net Foreign Flow (Rptr)



Source: Bloomberg

#### BRI Danareksa Sekuritas Analysts

**Erindra Krisnawan, CFA**

(62-21) 5091 4100 ext. 3500

erindra.krisnawan@brids.co.id

**Kefas Sidauruk**

(62-21) 5091 4100

kefas.sidauruk@brids.co.id

bridanareksasekuritas.co.id

- We view Danantara's formation as potentially aligned with investors' interests as listed companies under its management may see improved efficiency and capital allocation.
- We believe that the overseeing body should help ensure clearer governance structure and transparency.
- We currently have Buy ratings on BMRI (TP Rp5,900), BBNI (TP Rp5,100) and TLKM (TP Rp3,680).

#### Welcoming the SOE Super Holding/ SWF

President Prabowo has inaugurated Daya Anagata Nusantara (Danantara), Indonesia's Sovereign Wealth Fund. Danantara will become the super holding for Indonesia's seven largest SOEs and the Indonesia Investment Authority (INA), with total assets reaching US\$900bn. This makes Danantara the 7th largest SWF globally in terms of assets under management. President Prabowo stated that the initial US\$20bn investment allocated to Danantara comes from budget reallocations and efficiency measures. In FY25, Danantara aims to launch 15 to 20 projects.

#### Key features of Danantara

In FY24, dividends from the seven SOEs under Danantara amounted to US\$5.2bn, representing 95% of SOE dividends received by the government. Under the amended SOE law, these funds will now be reinvested to increase asset value instead of being directly transferred to the state budget. A key feature of the new SOEs law is that investment losses from sound business decisions will no longer be classified as state losses. This allows Danantara and SOEs to operate more flexibly, expand non-state funding, and build strategic partnerships for major projects.

#### Potential implications for listed companies

On a positive note, we view Danantara's formation as potentially aligned with investors' interests as listed companies under its management are expected to benefit from improved efficiency and better capital allocation and financial discipline, including the potential for stronger dividends. We estimate potential upside in dividend yield for BMRI, BBNI, TLKM to 9.6/ 11.2 / 7.1% if the dividend payout is raised to 80% (from our base-case forecast of 7.2/ 7.7 / 6.9%). Other potential implications include faster resolution of non-performing assets, which could lead to improved asset quality for SOE banks.

#### Upside potentials and concerns

As a centralized fund, Danantara could accelerate decision-making processes for capital injections, restructuring, and asset write-offs. Danantara's US\$900bn asset base shall allow for long-term investments, particularly in strategic industries such as downstreaming to potentially enhance Indonesia's competitiveness. On the risk front, aside from execution challenges, investors' concerns about Danantara mainly revolve around its governance, particularly its direct reporting structure and appointment of officials. Nonetheless, we believe that the overseeing body should help ensure a clearer governance structure and transparency.

#### Maintain Buy rating on SOEs under Danantara

We currently have Buy ratings on BMRI (TP Rp5,900), BBNI (TP Rp5,100) and TLKM (TP Rp3,680).

## Welcoming Danantara

The formation of Danantara aims to manage state assets and investments, with seven SOEs set to be injected into the agency at its inception, namely BMRI, BBRI, BBNI, TLKM, Pertamina, PLN and MIND ID. According to the Amended SOE Law, Danantara's responsibility will include:

A) Managing dividends from the investment and operational holdings;

B) Approval of:

- i) capital injection into state-owned assets,
- ii) restructure of SOEs,
- iii) assets write off from the investment and operational holdings;

C) approval and consultation of budget with House of Representative.

### Structure and capital

Danantara will report directly to the President, who also appoints the Chair and key executives. Danantara's overseeing body will comprise of SOE minister and representative from Ministry of Finance. Danantara will form two holdings namely Operational holding, which will manage the operation of SOEs, and the Investment holding. Under the governing law, the SOE minister will own Series A shares in the Investment and Operational Holding (exhibit 1).

According to its official release, Danantara will oversee over US\$900bn of assets, with future investments focused on strategic assets, primarily downstream industries and high-growth sectors, including:

- Nickel, Bauxite, Copper Processing
- Data Centers & Artificial Intelligence
- Oil Refinery & Petrochemical Industry
- Food & Aquaculture
- Renewable Energy

### Board of Danantara

#### CEO: Rosan Roslani

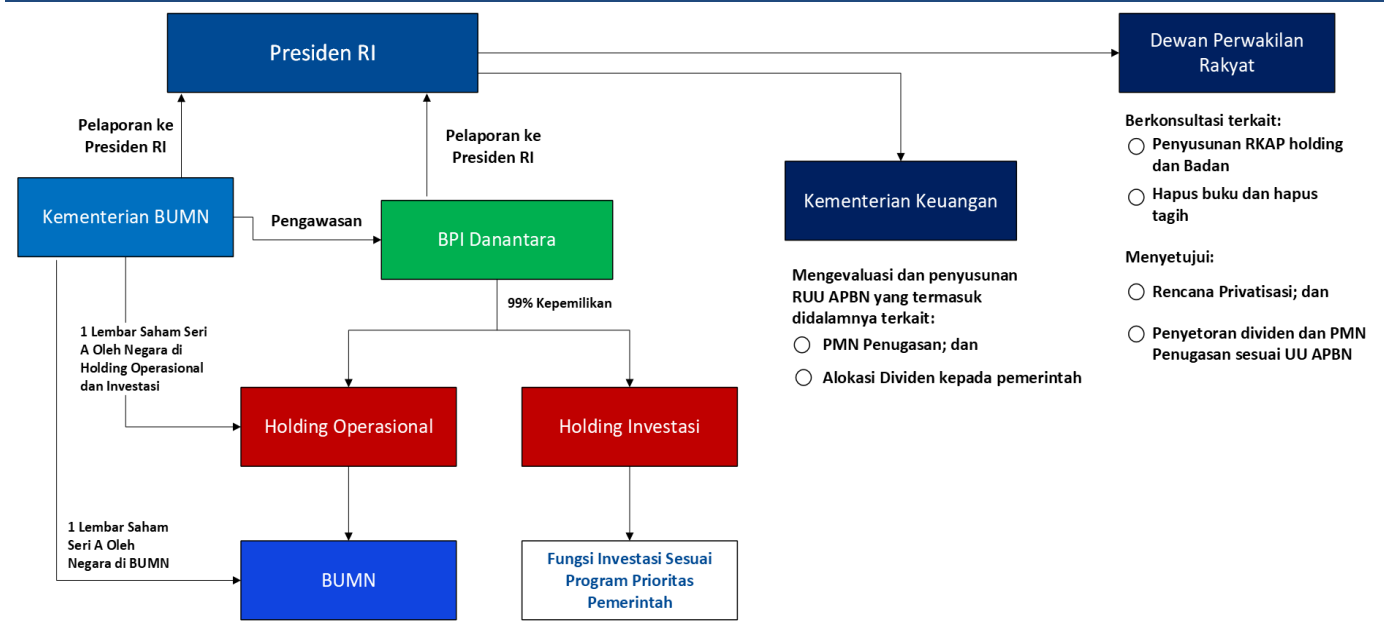
- Current position: Minister of Investment, Chairman of BKPM
- Former Chairman of Kadin (Indonesian Chamber of Commerce and Industry)

#### CIO: Pandu Sjahrir

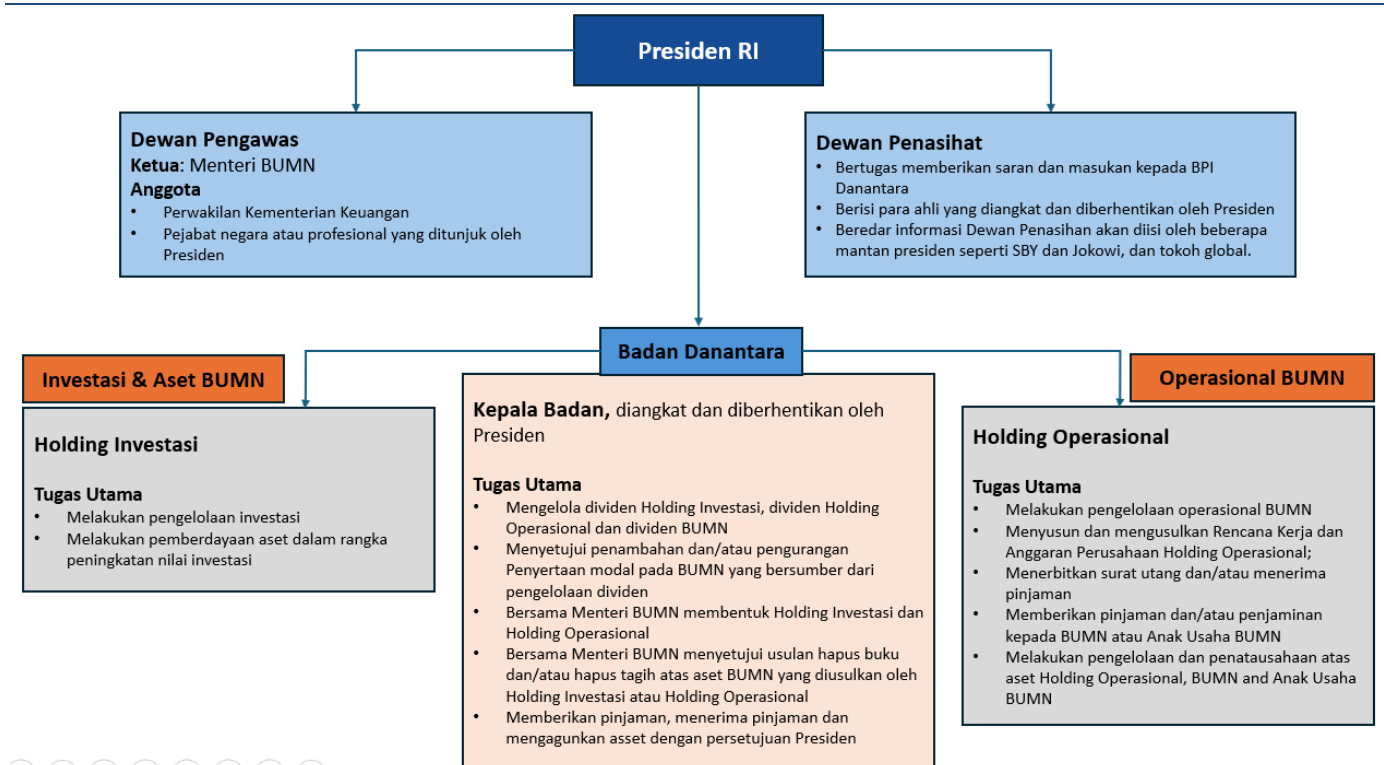
- Managing partner of Indies Capital
- Experiences in private equity, including as the founding partner of AC Ventures

#### COO: Donny Oskaria

- Current position: Deputy Minister of SOE

**Exhibit 1. The management of state-owned enterprises (SOEs) under the Amended law on SOEs**


Source: UU BUMN, BRIDS

**Exhibit 2. Structure of Danantara**


Source: Draft UU BUMN

**BRI Danareksa Equity Research Team**

Erindra Krisnawan, CFA	Head of Equity Research, Strategy, Coal	<a href="mailto:erindra.krisnawan@brids.co.id">erindra.krisnawan@brids.co.id</a>
Natalia Sutanto	Consumer, Cigarettes, Pharmaceuticals, Retail	<a href="mailto:natalia.sutanto@brids.co.id">natalia.sutanto@brids.co.id</a>
Niko Margaronis	Telco, Tower, Technology, Media	<a href="mailto:niko.margaronis@brids.co.id">niko.margaronis@brids.co.id</a>
Timothy Wijaya	Metal, Oil and Gas	<a href="mailto:timothy.wijaya@brids.co.id">timothy.wijaya@brids.co.id</a>
Victor Stefano	Banks, Poultry	<a href="mailto:victor.stefano@brids.co.id">victor.stefano@brids.co.id</a>
Ismail Fakhri Suweleh	Healthcare, Property, Industrial Estate	<a href="mailto:ismail.suweleh@brids.co.id">ismail.suweleh@brids.co.id</a>
Richard Jerry, CFA	Automotive, Cement, Infrastructure	<a href="mailto:richard.jerry@brids.co.id">richard.jerry@brids.co.id</a>
Ni Putu Wilastita Muthia Sofi	Research Associate	<a href="mailto:wilastita.sofi@brids.co.id">wilastita.sofi@brids.co.id</a>
Naura Reyhan Muchlis	Research Associate	<a href="mailto:naura.muchlis@brids.co.id">naura.muchlis@brids.co.id</a>
Sabela Nur Amalina	Research Associate	<a href="mailto:sabela.amalina@brids.co.id">sabela.amalina@brids.co.id</a>
Kafi Ananta Azhari	Research Associate	<a href="mailto:kafi.azhari@brids.co.id">kafi.azhari@brids.co.id</a>

**BRI Danareksa Economic Research Team**

Helmy Kristanto	Chief Economist, Macro Strategy	<a href="mailto:helmy.kristanto@brids.co.id">helmy.kristanto@brids.co.id</a>
Dr. Telisa Aulia Falianty	Senior Advisor	<a href="mailto:telisa.falianty@brids.co.id">telisa.falianty@brids.co.id</a>
Kefas Sidauruk	Economist	<a href="mailto:kefas.sidauruk@brids.co.id">kefas.sidauruk@brids.co.id</a>

**BRI Danareksa Institutional Equity Sales Team**

Yofi Lasini	Head of Institutional Sales and Dealing	<a href="mailto:yofi.lasini@brids.co.id">yofi.lasini@brids.co.id</a>
Novrita Endah Putrianti	Institutional Sales Unit Head	<a href="mailto:novrita.putrianti@brids.co.id">novrita.putrianti@brids.co.id</a>
Ehrlich Suhartono	Institutional Sales Associate	<a href="mailto:ehrliech@brids.co.id">ehrliech@brids.co.id</a>
Yunita Nababan	Institutional Sales Associate	<a href="mailto:yunita@brids.co.id">yunita@brids.co.id</a>
Adeline Solaiman	Institutional Sales Associate	<a href="mailto:adeline.solaiman@brids.co.id">adeline.solaiman@brids.co.id</a>
Andreas Kenny	Institutional Sales Associate	<a href="mailto:andreas.kenny@brids.co.id">andreas.kenny@brids.co.id</a>
Christy Halim	Institutional Sales Associate	<a href="mailto:christy.halim@brids.co.id">christy.halim@brids.co.id</a>
Jason Joseph	Institutional Sales Associate	<a href="mailto:jason.joseph@brids.co.id">jason.joseph@brids.co.id</a>

**BRI Danareksa Sales Traders**

Mitcha Sondakh	Head of Sales Trader	<a href="mailto:mitcha.sondakh@brids.co.id">mitcha.sondakh@brids.co.id</a>
Suryanti Salim	Sales Trader	<a href="mailto:suryanti.salim@brids.co.id">suryanti.salim@brids.co.id</a>

**INVESTMENT RATING**

<b>BUY</b>	Expected total return of 10% or more within a 12-month period
<b>HOLD</b>	Expected total return between -10% and 10% within a 12-month period
<b>SELL</b>	Expected total return of -10% or worse within a 12-month period

**Disclaimer**

The information contained in this report has been taken from sources which we deem reliable. However, none of PT BRI Danareksa Sekuritas and/or its affiliated and/or their respective employees and/or agents makes any representation or warrant (express or implied) or accepts any responsibility or liability as to, or in relation to, the accuracy or completeness of the information and opinions contained in this report or as to any information contained in this report or any other such information or opinions remaining unchanged after the issue thereof.

We expressly disclaim any responsibility or liability (express or implied) of PT BRI Danareksa Sekuritas, its affiliated companies and their respective employees and agents whatsoever and howsoever arising (including, without limitations for any claims, proceedings, action, suits, losses, expenses, damages or costs) which may be brought against or suffered by any person as results of acting in reliance upon the whole or any part of the contents of this report and neither PT BRI Danareksa Sekuritas, its affiliated companies or their respective employees or agents accepts liability for any errors, omissions or mis-statements, negligent or otherwise, in the report and any liability in respect of the report or any inaccuracy therein or omission therefrom which might otherwise arise is hereby expressly disclaimed.

The information contained in the report is not to be taken as any recommendation made by PT BRI Danareksa Sekuritas or any other person to enter into any agreement with regard to any investment mentioned in this document. This report is prepared for general circulation. It does not have regards to the specific person who may receive this report. In considering any investments you should make your own independent assessment and seek your own professional financial and legal advice.