

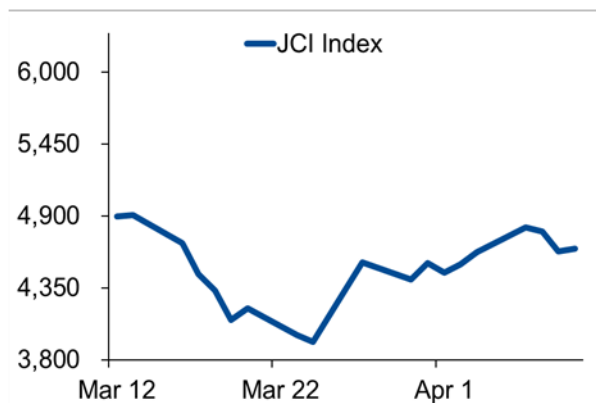
## Weekly Brief (April 13rd – 17th)

### Summary:

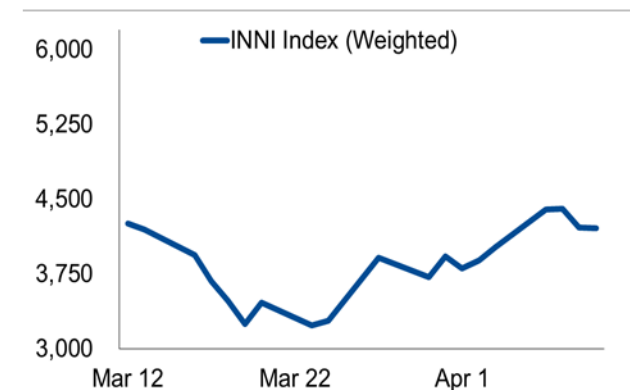
**Last week review:** macroeconomic data disclosed the grim reality of economic and financial market dysfunctions. But, countries to report decreases in coronavirus cases assuaged jitters of unprecedented pandemic and boasted of the government's successful in unison acts to unveil "whatever-it-takes" policies containing the virus's vicious damages on the economy. The global decrease in reported coronavirus cases and relief measures navigated JCI's trend in last week.

**This week's outlook:** The surge in global reported infection evolved deteriorated economy and volatile equity markets during 1Q20. The markets heavily banks on "whatever-necessary" relief measures to buffer the damages caused by the virus. We pencil in stocks of the consumer goods sector to have the most defensive performance and least exposures of contraction with respect to the pandemic severity and time span. NHKSI taking into account at analysis recommends ICBP as this week's top stock pick as it is potential for hitting the price target of IDR12,875 based on the P/E trailing band of 24.0x.

JCI - one month



INNI Index – one month



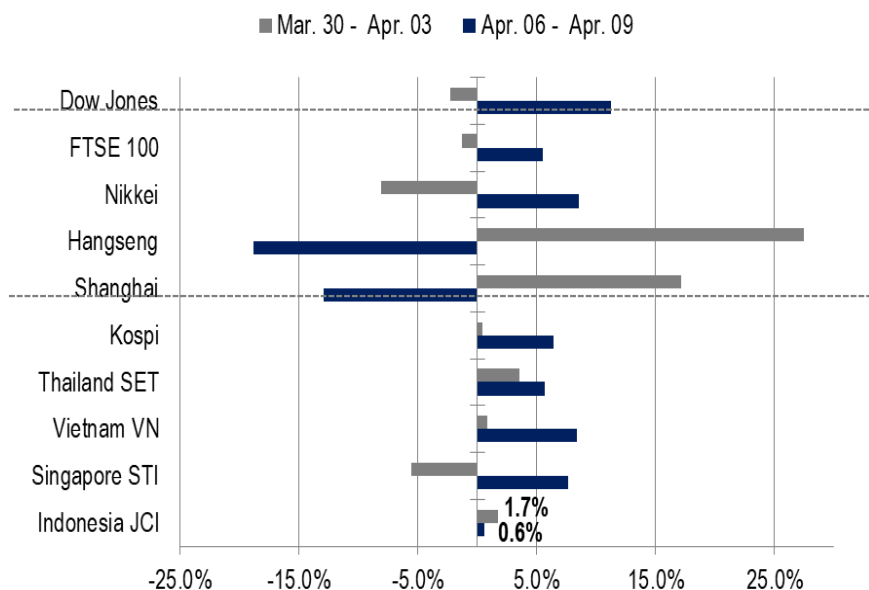
# Last Week's JCI Movement

- JCI Index : 4,649.08 (+0.55%)
- Foreign Flow : Net sell of IDR1.8 trillion (vs. last week's net sell of IDR763 billion )
- USD/IDR : 15,880 (+3.35%)
- Yields of sovereign bond with 10-years tenor : 8.032% (-11.00 bps)

## JCI Nudges Up

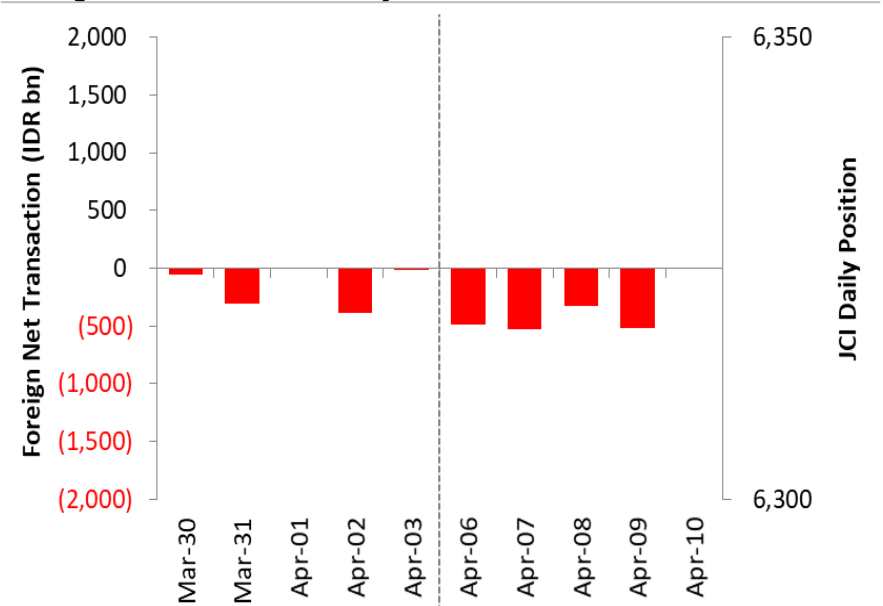
Asian Development Bank (ADB) projection of Indonesia's 2.5% growth in 2020, dismal Consumer Confidence Index (CCI) in March's 2020, and plunge in Indonesia's official reserve assets of March 2020 were not stumbling blocks to JCI's rally in the early week. The global decrease in reported coronavirus cases to prove the effectiveness of relief measures in cushioning the virus' lethal threats came to JCI rescue as it ended the early week's trading sessions in the green. JCI in the mid-week rallied further after Bank Indonesia announced March's official reserve assets to stand at USD125 billion following the issuance of USD4.3 billion worth of global bonds.

### Global Market Movement



Source: Bloomberg, NHKSI Research

### Foreign Net Flow – Last 10 Days



Source: Bloomberg, NHKSI Research

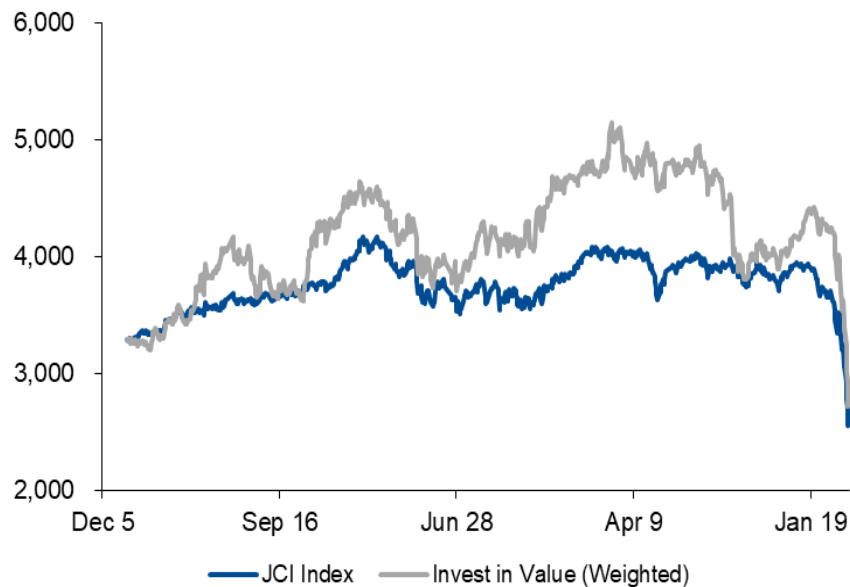
# Last Week's INNI Movement

•INNI Index	: 4,209.29 (+4.7%)
INNI Theme 1 (Value)	: 3,385.80 (+1.1%)
INNI Theme 2 (Trend)	: 4,758.28 (+6.4%)

## INNI Index Is in the Green

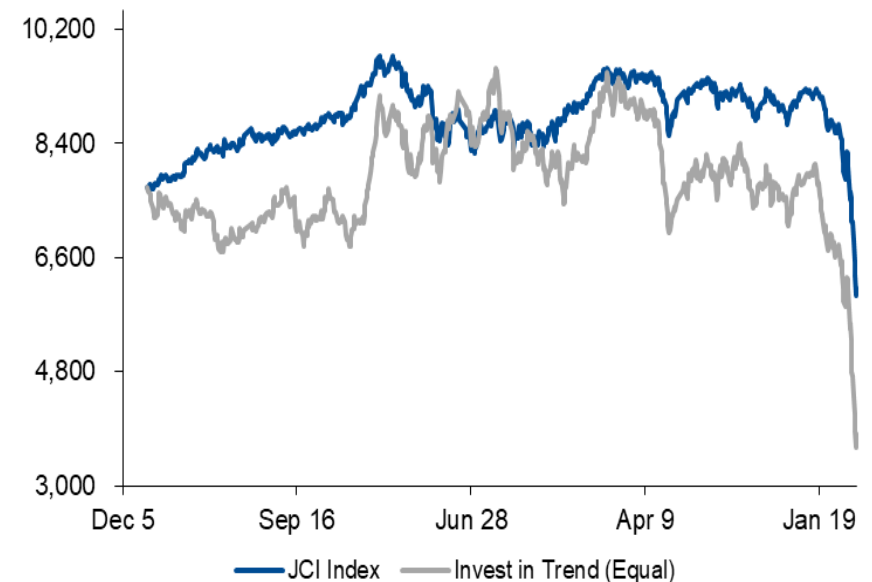
INNI Index outperformed JCI in the early week's trading sessions as its best-performing construction sector supported its rally. A number of state-owned construction enterprises curb 2020's CapEx to better optimize their stable performance with regard to the virus's severity and continuance. WIKA is still sanguine about its positive cash flow, appropriate for 2020, while WSKT is confident of its plans for divesting toll-road sections in 2020. Stocks of those two companies pointed to double-digit gains in the early week. INNI Index in the mid-week was weak, subdued by JSMR– an infrastructure stock and WIKA--a construction stock.

**Theme 1. Invest in Value (10 Stocks) – Market-Cap. Base**



Source: Bloomberg, NHKSI Research

**Theme 2. Invest in Trend (10 Stocks) – Policy Base**



Source: Bloomberg, NHKSI Research

# Last Week Sectoral Review

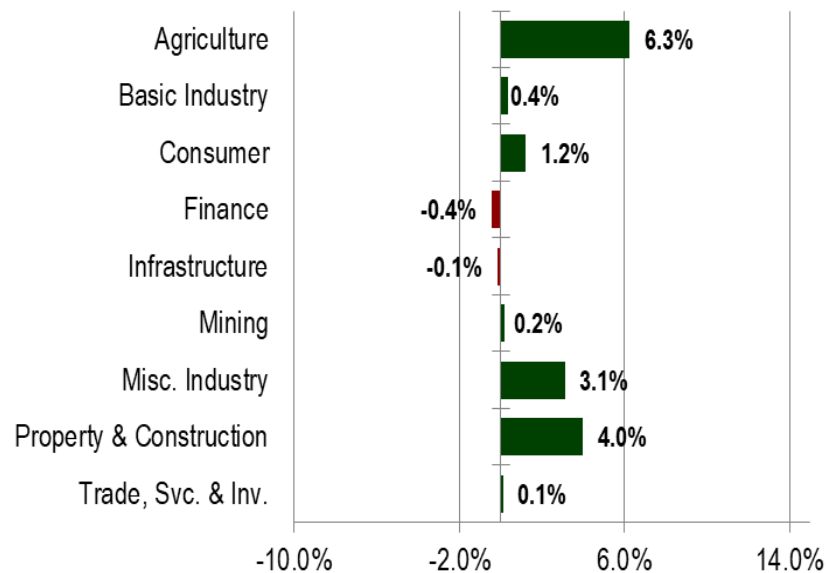
## • JCI's Top Gainers

JCI's all across sectors virtually were in the green, with the best-performing agricultural sector to secure the largest gains of 6.3% among the rest. Stocks of CPO producers rallied, i.e., AALI (+15.3%) and LSIP (+6.25%). Bursa Malaysia Derivatives Berhad's (BMD) crude palm oil futures (FCPO) contracts for June 2020 to hike by 5.56% to RM2,370/ton portrayed the rally in CPO stocks. Moreover, jitters of prolonged lockdown in Malaysia and Sabah---two major regions to produce CPO---curbing CPO output drove CPO prices up.

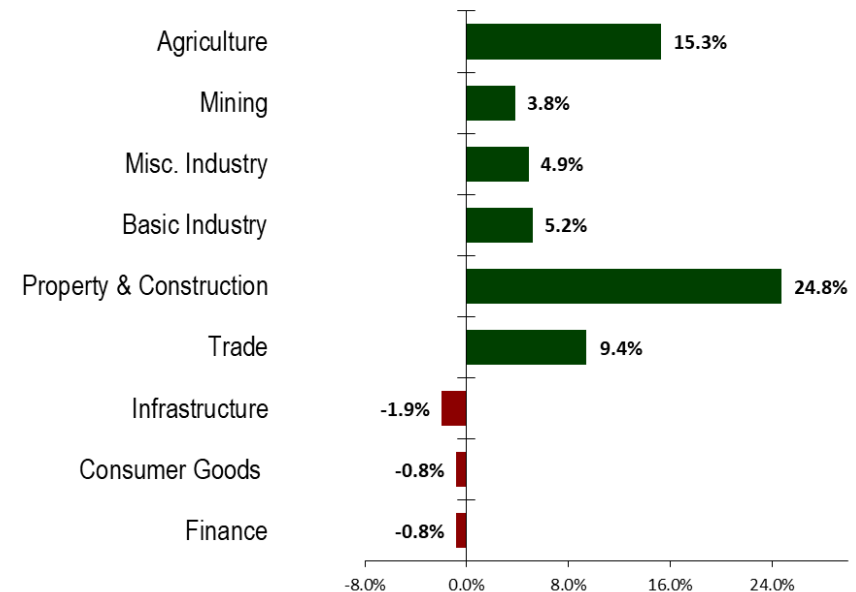
## • INNI Index's Top Gainers

The best-performing property stocks led gains of 24.8% compared to the other sectors listed in INNI Index. CTRA , for instance, outperformed with a 34.9% gain albeit its FY19 disappointing financial statements released on Thursday of April 09, 2020 accounting for declining net profits in light of no growth in revenues and surging G&A expenses.

**Last Week's JCI Sectoral Movement**



**Last Week's INNI Sectoral Movement**



# This Week's Outlook: Consumer Sector

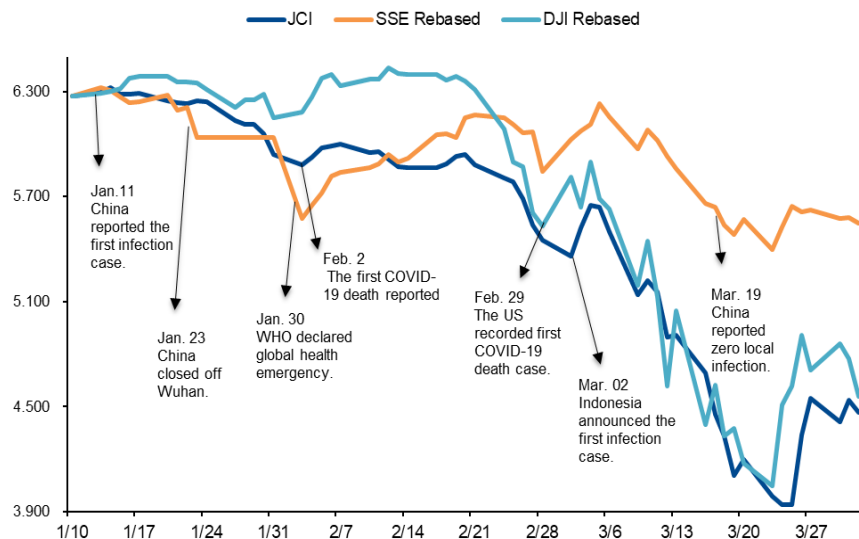
- **Monitor Corona Shock for Equity Markets**

The root of volatile global and domestic markets is the infection toll to report 1.2 million cases: Johns Hopkins CRC data disclosure. Analysts' consensus projects that market volatility will be less severe along with less infection. The projection proved its accuracy in Shanghai Stock Exchange (SSE) Composite Index to rebound little after Chinese authorities on Thursday of March 19, 2020 reported no new infection cases. JCI, meanwhile, pointed to losses after Chinese authorities announced the first reported infection on Saturday of January 11, 2020. The Dow Jones, furthermore, tanked right away following the first reported infection, but it ended Thursday's trading session of March 26, 2020 with a rebound after the US Senate finally agreed on unwinding USD2 trillion worth of economic aid measures: all-time largest stimulus package in the US's history. For the coming week, BI-7DRRR reading announced on Tuesday of April 14, 2020 and trade balance reading on Wednesday of April 15, 2020 navigate JCI's trend. Alike JCI's trend determined by macroeconomic reading, the Dow Jones' weekly trend will follow the US retail sales data and industrial production reading.

- **CCI Falls**

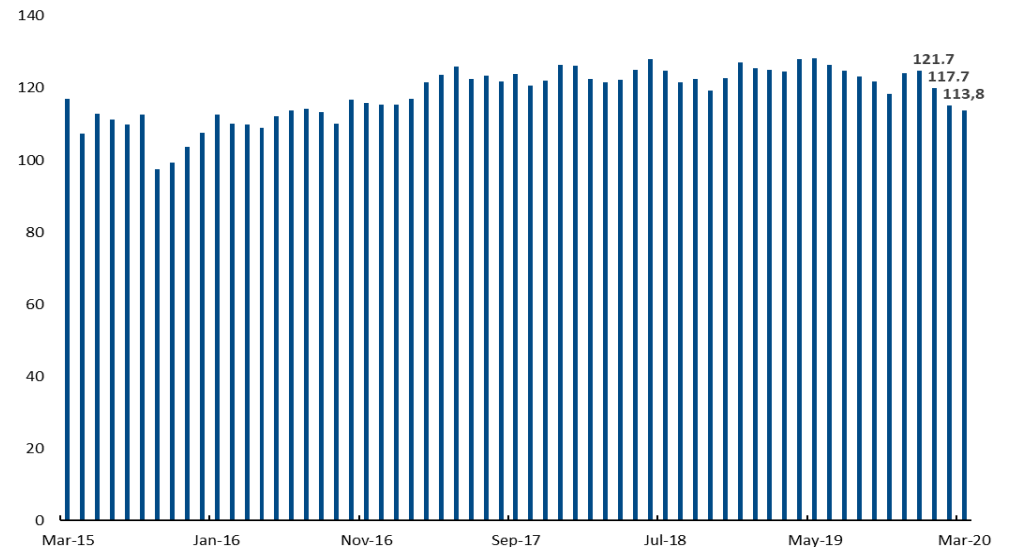
The consumer survey released by Bank Indonesia on Monday of April 06, 2020 elaborated consumers' grim optimism in March as the Consumer Confidence Index (CCI) in March stood at 113.8 lower than 117.8 in February. The lockdown of economic activities to contain widening damages caused by the virus triggers mass of layoffs and leaves the pretty grim prospect of current and near-future economy. It was consumers' pessimistic perception underlined March's disappointing CCI. Alike Indonesia, the US also recorded widespread layoffs in March as the US companies trimmed 701,000 jobs: the largest layoffs in a month after the tumbling jobs in September 2010.

## COVID-19's Impacts on Global Stock Markets



Source: IHS Markit, NHKSI Research

## Consumer Confidence Index in March



Source: Statistics Indonesia, NHKSI Research

# This Week's Outlook: Consumer Sector

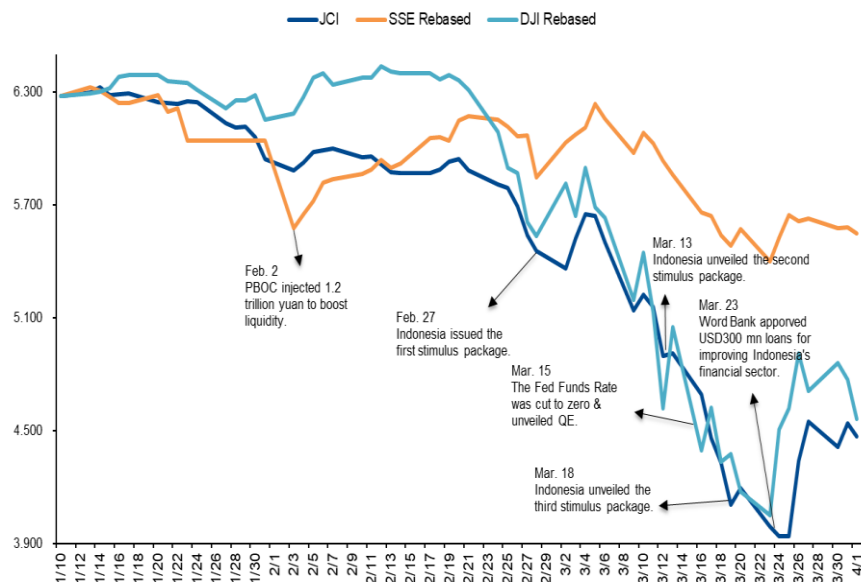
## • Policymakers Act in Unison to Measure Unprecedented Damages on Economy and Equity Market

Policymakers act in unison to unveil “whatever-it-takes” relief measures to cushion deep contraction of economic activities. The Fed trimmed the Fed Rate by 1.5 bps to 0.25% on Sunday of March 15, 2020. But, the Fed’s dovish stance failed to support sectors hit hardest by the virus as markets showed no positive responses to the Fed’s looser rates. Meanwhile, PBOC’s 1.2 trillion yuan worth of liquidity stimulus unveiled on Sunday of February 02, 2020 drove Shanghai Stock Exchange Composite (SEE) up in a week. The Indonesian government, furthermore, on Thursday of February 27, 2020 launched the first stimulus package, yet JCI was still unmoved from the red as investors retained sell-off. In stark contrast, JCI was rebound right away after the second stimulus package launched on Friday of March 13, 2020. Based on the fact, we predict the government’s fiscal and monetary policies are crucial in alleviating the severity and duration of the pandemic on the contracted economy and equity markets.

## • Factors Sustain Better-Performing Consumer Sector

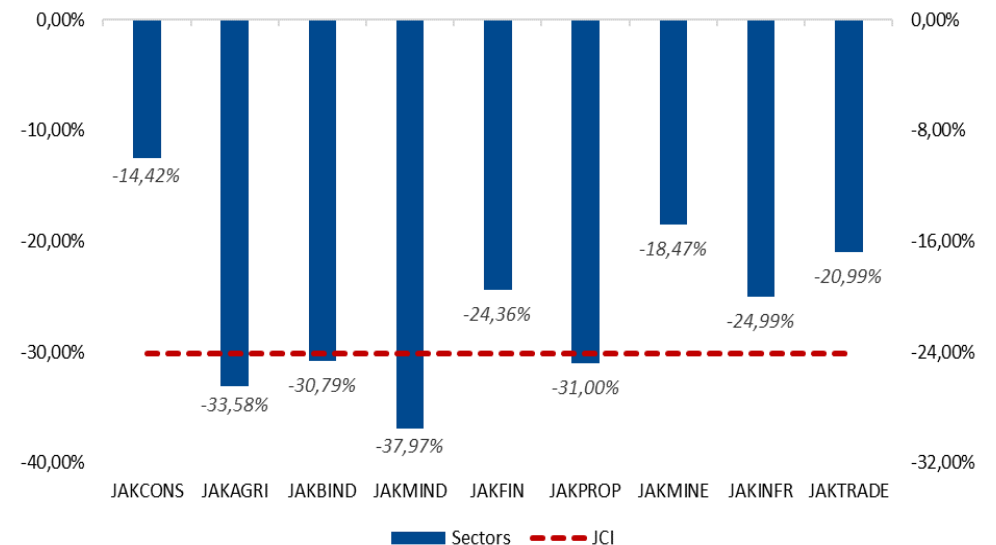
The consumer sector based on YTD historical data contracted by 14.42% (vs. JCI’s contraction of 24.14%) and accounted for the least contraction among the rest. We pencil in the consumer sector with solid resilience is most likely to retain better performance with respect to the unprecedented severity of economic dysfunction. The Indonesian government takes into force necessary relief measures to keep consumers’ purchasing power stable, and those measures stand for the consumer sector benefits. Such relief measures subsume free or discount on electricity bills, trimmed prices of gasoline, cash assistance program or social safety net program to uphold domestic consumption contributing the largest portion of GDP. Another to relief measures, the stay at home regulation to spur demands for foodstuffs brings fortune for the consumer sector. We based on the analysis recommend top stock pick in the consumer sector amid wobbly JCI.

## Global Markets' Responses to Economic Relief Measures



Source: Various Sources, NHKSI Research

## JCI vs. JCI's Sectoral Performance (YTD)



Source: Ministry of Finance, NHKSI Research

# Indofood CBP Sukses Makmur Tbk (ICBP IJ – Consumer Sector)

<b>Dec. 2020's Price Target</b>	<b>12,875</b>
Consensus Price	10,075
Last Price (IDR) as of Apr. 09, 2020	10,100
PT vs. Last Price	27.4%

<b>Revenue Breakdown:</b>	
Noodles	64.8%
Dairy	18.0%
Snack food	6.0%
Others	11.2%

IDR bn	FY2018	FY2019	FY2020E	FY2021E
Revenue	38,413	42,296	47,415	54,479
y-y	7.9%	10.1%	12.1%	14.9%
Net Profit	4,576	5,360	5,878	6,370
y-y	29.1%	17.1%	9.6%	8.3%
EPS	391	460	503	546
P/E	22.7	22.4	21.0	19.2
P/BV	4.6x	4.5x	4.1x	3.7x

## 5-Year P/E Trailing Band



Source : Bloomberg, NHKSI Research

- **NHKSI** recommends ICBP as this week's top stock pick, estimated to hit the price target of IDR12,875 based on the P/E trailing band of 24.0x. The estimate is on grounds of 2019's solid revenue growth and the most-likely picking up demands for instant noodles amid the Stay at Home regulation.

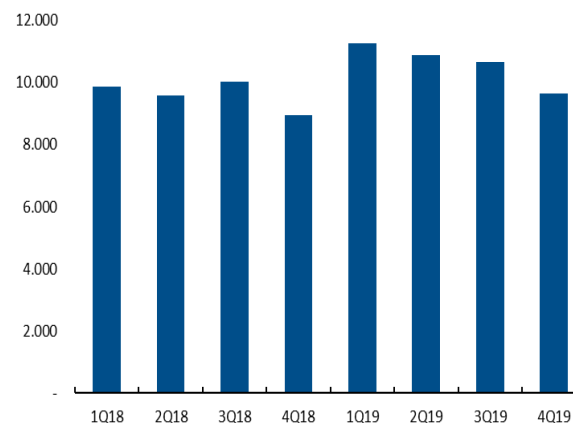
## FY19's Financial Performance Is Solid

ICBP in FY19 boasted of a 10.1% y-y growth in revenues to IDR42.3 trillion and a 15.1% y-y increase in net profits to IDR5.3 trillion. Furthermore, gross profits rose to IDR14.4 trillion, with GPM at 34.1%. Based on the breakdown segments, the instant noodles posting a 9.3% y-y growth to IDR27.7 trillion was the first-largest contributor to ICBP's total revenues; the dairy segment's revenues grew by 6.7% y-y to IDR8 trillion; the snack & food seasonings segments secured revenues of IDR2.6 trillion and IDR2.3 trillion, respectively; the beverages segment gained revenues of IDR1.8 trillion; and the nutrition & special foods to only attain revenues of IDR980 billion positioned as the smallest contributor to ICBP's total revenues.

## ICBP Reviews Acquisition of PCL

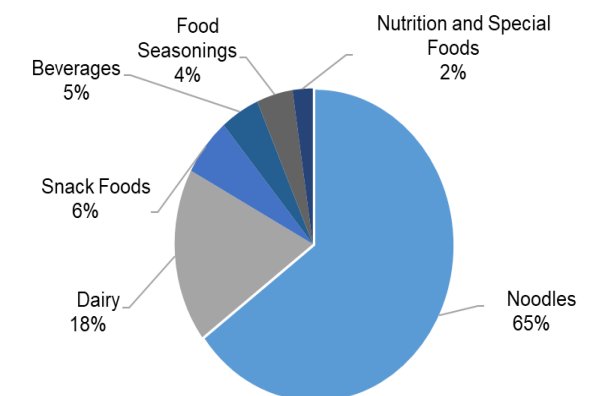
ICBP as it was elaborated in its press release dated February 11, 2020 is reviewing stocks acquisition of British Virgin Island's Pinehill Corpora Ltd. Pinehill Group runs its core business of producing instant noodles, exported to Saudi Arabia, Nigeria, Turkey, Kenya, Morocco, and Serbia. The Group on an annual basis sells 7.4 billion packaged instant noodles in the domestic and export markets as it has 576 million consumers in the domestic market.

## ICBP's Sales | 1Q18 – 4Q19



Source : Company Data, NHKSI Research

## Segmental Breakdown



Source: Company Data, NHKSI Research

# INNI Index's Stocks List

	Theme 1/2	Last Price	Last Week's Price	2020's Price Target	Rating	Upside Potential (%)	One-Week Change (%)	Market Cap. (IDR tn)	Price / EPS (TTM)	Price / BVPS	Return on Equity (%)	Dividend Yield TTM (%)	Sales Growth Yoy (%)	EPS Growth Yoy (%)
<b>Finance</b>														
BBCA	Theme 1	27,975	27,475	32,000	Hold	14.4	1.8%	689.7	24.1x	4.0x	17.5	1.3	13.7	10.5
BBRI	Theme 1	2,790	2,890	4,950	Buy	77.4	-3.5%	344.1	9.9x	1.7x	17.7	6.0	11.1	6.3
<b>Consumer</b>														
GGRM	Theme 1	47,825	46,650	61,800	Buy	29.2	2.5%	92.0	8.5x	1.8x	22.7	5.4	15.5	39.6
KINO	Theme 1	2,000	1,960	4,680	Buy	134.0	2.0%	2.9	5.5x	1.1x	21.8	2.5	29.5	246.7
ICBP	Theme 1	10,100	10,000	12,875	Buy	27.5	1.0%	117.8	23.6x	4.9x	22.2	1.4	11.2	11.4
KLBF	Theme 1	1,140	1,250	1,430	Buy	25.4	-8.8%	53.4	21.3x	3.4x	16.4	2.3	7.4	2.0
<b>Infrastructure</b>														
TLKM	Theme 1	3,120	3,200	4,330	Buy	38.8	-2.5%	309.1	15.3x	3.1x	21.3	5.3	3.5	15.6
JSMR	Theme 1	2,840	2,880	6,000	Buy	111.3	-1.4%	20.6	10.7x	1.1x	11.3	1.6	(22.8)	(15.2)
<b>Trade</b>														
UNTR	Theme 2	17,125	17,150	20,000	Buy	16.8	-0.1%	63.9	5.6x	1.1x	20.2	7.2	(0.2)	1.7
MAPI	Theme 2	545	458	1,300	Buy	138.5	19.0%	9.0	11.1x	1.5x	14.8	1.8	11.4	14.7
<b>Property</b>														
CTRA	Theme 2	615	456	1,390	Buy	126.0	34.9%	11.4	9.9x	0.8x	7.2	1.6	(0.8)	(2.0)
WSKT	Theme 2	610	510	2,600	Buy	326.2	19.6%	8.3	8.8x	0.5x	5.2	12.0	(35.7)	(76.3)
WIKA	Theme 2	1,090	910	2,500	Buy	129.4	19.8%	9.8	4.3x	0.6x	14.6	3.5	(12.7)	32.0
<b>Basic Ind.</b>														
SMGR	Theme 1	8,100	7,700	14,300	Buy	76.5	5.2%	48.0	20.1x	1.5x	7.5	2.6	31.5	(22.4)
<b>Misc Ind.</b>														
ASII	Theme 1	4,090	3,900	8,600	Buy	110.3	4.9%	165.6	7.6x	1.1x	15.2	5.2	(0.9)	0.2
<b>Mining</b>														
TINS	Theme 2	500	448	800	Buy	60.0	11.6%	3.7	26.3x	0.6x	1.6	5.0	114.6	N/A
PTBA	Theme 2	1,980	2,110	2,300	Buy	16.2	-6.2%	22.8	5.3x	1.2x	23.7	17.2	2.9	(22.2)
INCO	Theme 2	2,270	2,320	4,200	Buy	85.0	-2.2%	22.6	24.7x	0.7x	3.0	N/A	0.7	(4.9)
ANTM	Theme 2	520	464	1,100	Buy	111.5	12.1%	12.5	15.5x	0.6x	4.1	2.4	23.0	(11.1)
<b>Agriculture</b>														
AAI	Theme 2	6,400	5,550	15,600	Buy	143.8	15.3%	12.3	58.3x	0.7x	1.1	3.5	(8.5)	(85.3)

Source : Bloomberg, NHKS Research



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