

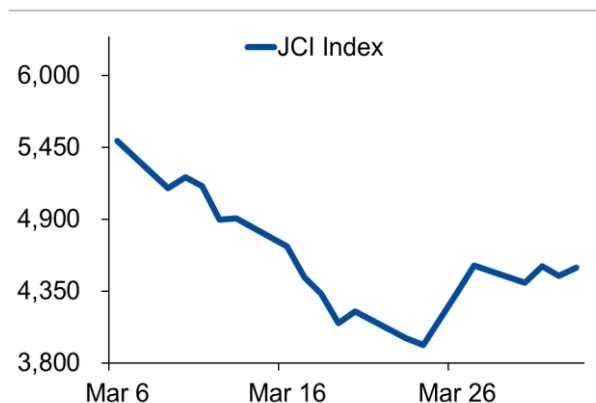
Weekly Brief (April 06th – 09th)

Summary:

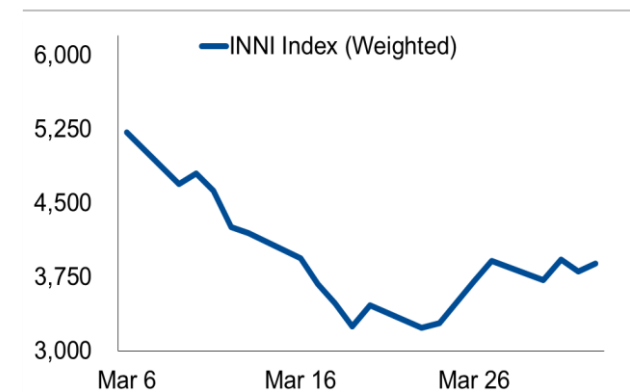
Last week review: The Financial Service Authority (OJK) unveiled relief measures as the backstop to deal with pandemic impacts on the national economy, and worried investors felt bit optimistic about the Indonesia economy as the Indonesian policy maker, i.e., OJK was acting in unison to buffer lethal impacts of COVID-19 on the national economy. Some of macroeconomic reading disclosed the Indonesian economic growth deeply contracted by the virus.

This week's outlook: Investors estimate March's JOLTs Job Opening to be lower on MoM basis, and March's disappointing reading is most likely to subdue the Dow Jones. The bearish Dow and the grim prospect of March's forex reserves navigate JCI's trend in this week. The currently unprecedented global economy dysfunction curtails the rupiah as worried investors rush into gold as a typical hedge or haven. We pencil in the gold-rush momentum proves a boon for stocks of miners whose revenues hinge on gold sale, i.e., ANTM. NHKSI recommends ANTM as this week's top-pick stock estimated to hit price target of IDR1,100 based on a 26.1x P/E trailing band.

JCI - one month



INNI Index – one month



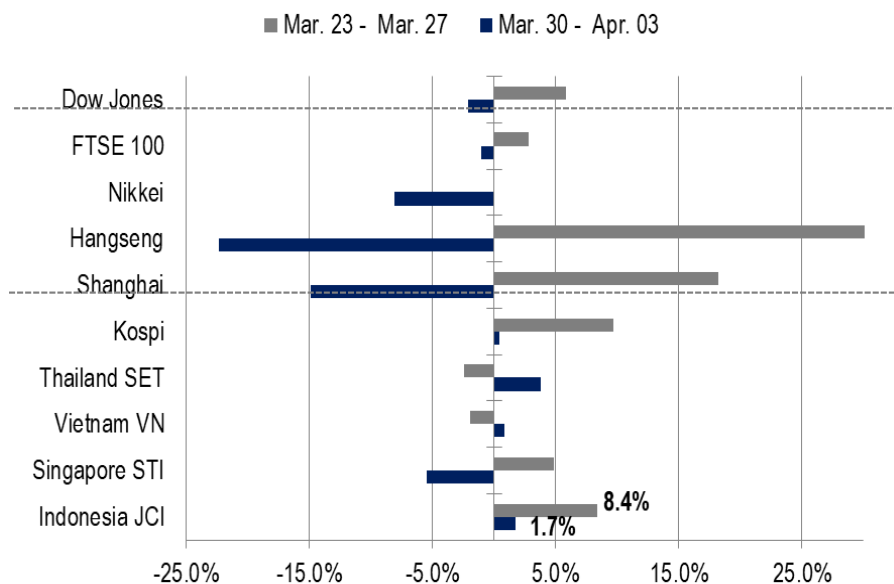
Last Week's JCI Movement

- JCI Index : 4,623.43 (+1.71%)
- Foreign Flow : *Net sell* of IDR833 billion (vs. *net buy* last week of IDR289 billion)
- USD/IDR : 16,430 (-1.61%)
- Yields of sovereign bond with 10-years tenor : 8.123% (+23.60 bps)

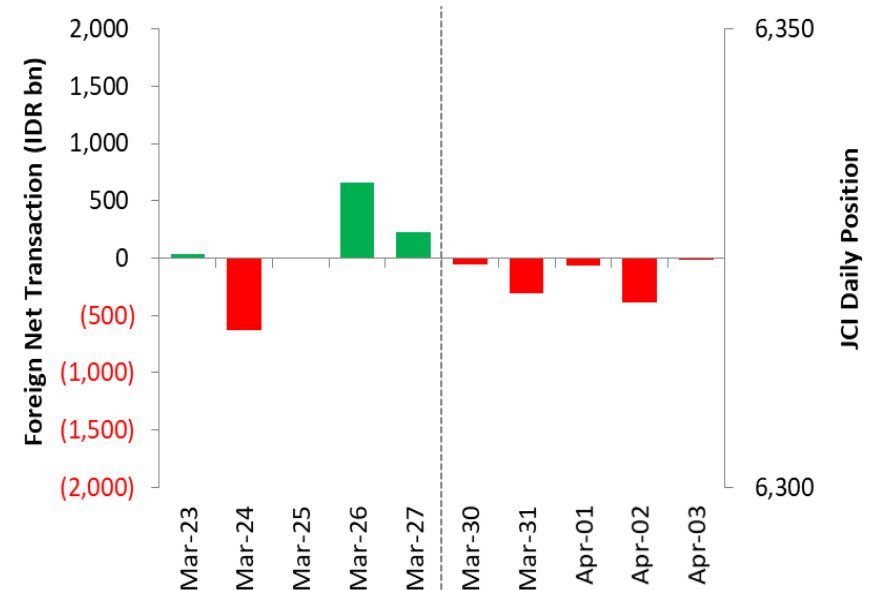
JCI Nudged Up

OJK issued a counter-cyclical measure of (POJK) Number 11/POJK.03/2020 on National Economy Stimulus to better optimize the banking's intermediary function, maintain a stable financial system, and support economic growth. In unison with OJK, Bank Indonesia (BI) affirmed the banking sector's stable performance proven by a capital adequacy ratio (CAR) of 23% and relatively low gross and net NPL at 2.5% and 1.3%. The ratios portray the banking sector's stable performance. The banking's pretty stable outlook came to JCI rescue with leading largest foreign inflows. In the mid-week, JCI was in the red, hampered by the disappointing reading of Indonesia's macroeconomic data. Statistics Indonesia on Wednesday of March 04, 2020 announced March's inflation of 0.1% lower than 0.28% in February. Another to March's more benign inflation, Indonesia Manufacturing PMI in March to stand in 45.3 or the all-time low since April 2011, and the pretty grim macroeconomic data trapped JCI in the red. On Friday of April 03, 2020, JCI pointed higher.

Global Market Movement



Foreign Net Flow – Last 10 Days



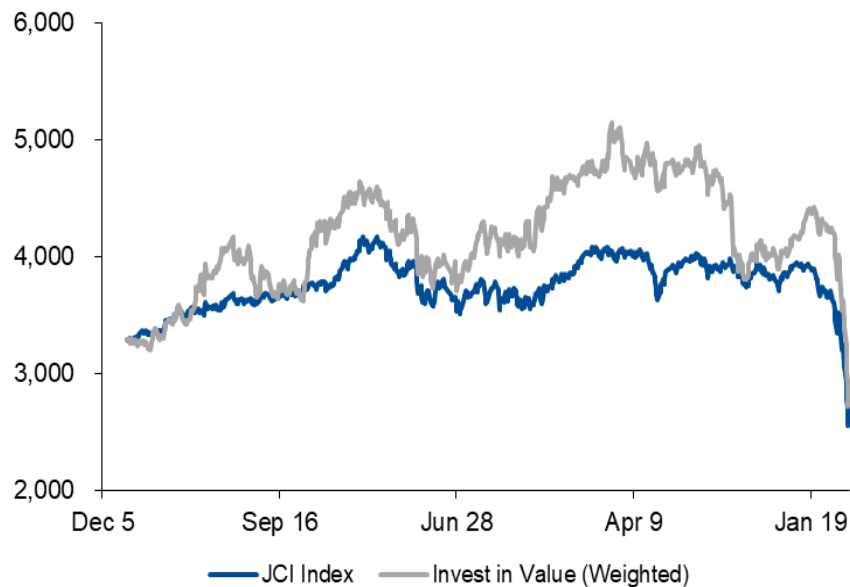
Last Week's INNI Movement

- INNI Index : 4,021.27 (+2.8%)
- INNI Theme 1 (Value) : 3,347.75 (+0.4%)
- INNI Theme 2 (Trend) : 4,470.29 (+0.4%)

INNI Index Was in the Green

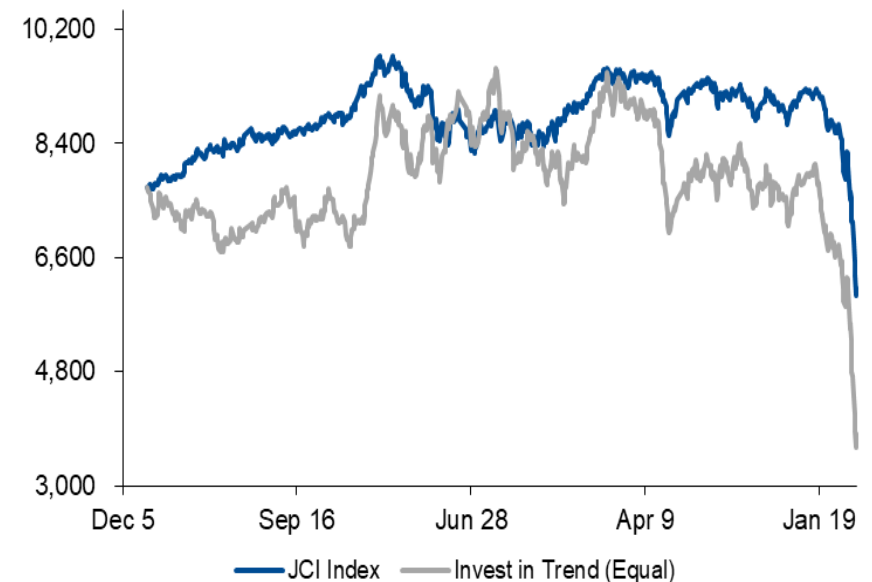
INNI Index in the early week outperformed JCI as its best-performing stocks of miners led the gains and spurred INNI's big steps to the green. Although most miners as disclosed in their FY19 accounted for declining net profits in light of the US-China tit-for-tat trade wars to trim the average selling prices of mining products, stocks of this sector still led gains. In the mid-week, INNI index retreated as its top loser "CTRA" grim prospect of lower marketing sales amid the COVID-19 pandemic. Another to underperformed CTRA, ASII was one of INNI's worst-performing stocks as its 4W and 2W sales outlook is pretty grim. On Friday's trading session of April 03, 2020, INNI index was rebound, backed by JSMR, a stock of the infrastructure sector.

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

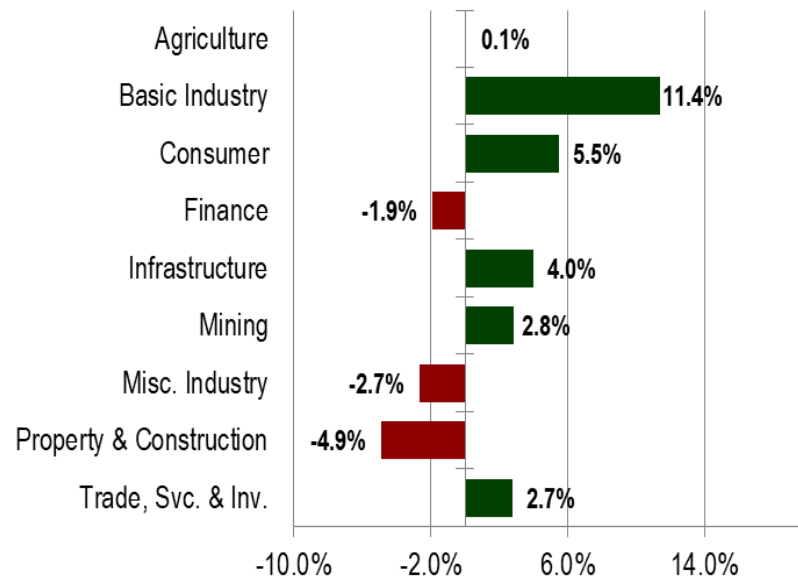
- JCI's Top Gainers**

JCI's stocks mostly were in the green, with stocks of the basic industry to lead the gains of 11.4%. TPIA as the best performer of basic-industry stocks secured a 22.32% gain last week. TPIA's best performance was supported by a lower correction of 19.4% and 10.7% in WTI and Brent's prices. The sliding oil prices to curtail prices of raw materials and boost greater margin proved a positive sentiment for TPIA.

- INNI Index's Top Gainers**

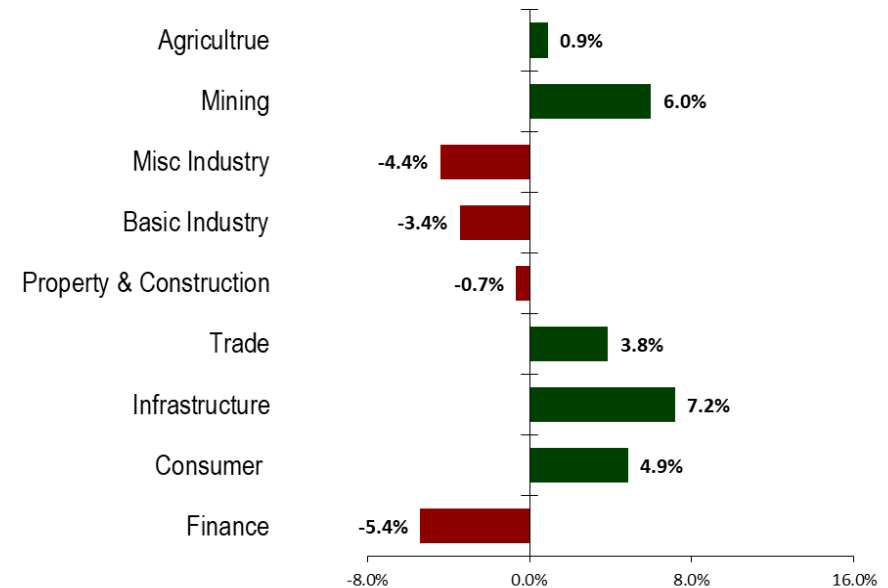
The infrastructure sector posting a 7.2% gain outperformed its peers listed in the INNI Index. JSMR as one of INNI's infrastructure stocks edged up 10.8%, but the COVID-19 pandemic to drop toll-road traffic by 10-20 percent curtailed JSMR's revenues.

JCI's Last Week Sectoral Movements



Source: Bloomberg, NHKSI Research

INNI's Last Week Sectoral Movements



Source: Bloomberg, NHKSI Research

This Week's Outlook: The JCI's Direction

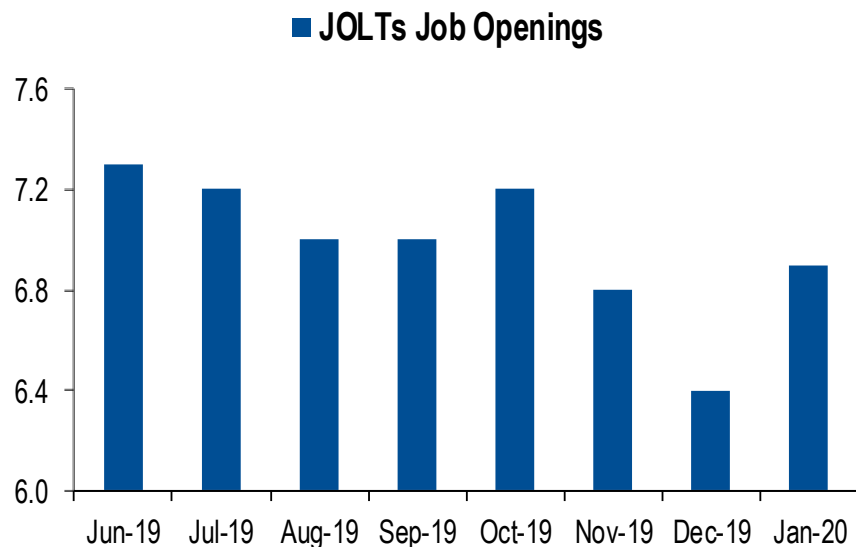
- **JOLTs Maps Dow's Trend**

Coronavirus cases surge was a blow for the Dow Jones to lead bearish trading last week and leave investors in dismay. Should JOLTs Job Opening announced on Tuesday of April 07, 2020 come out with positive reading, the dismayed investors will have a bit confidence in the US economy and markets. But, the market consensus estimates Feb. JOLTs Job Opening to account for 6.4 million jobs fewer than 6.9 million jobs in January. Based on the market consensus, we pencil in the Dow Jones to be bearish during this week, and JCI is likely to follow the Dow's lethargic footsteps.

- **March's Forex Reserves Navigate JCI's Trend**

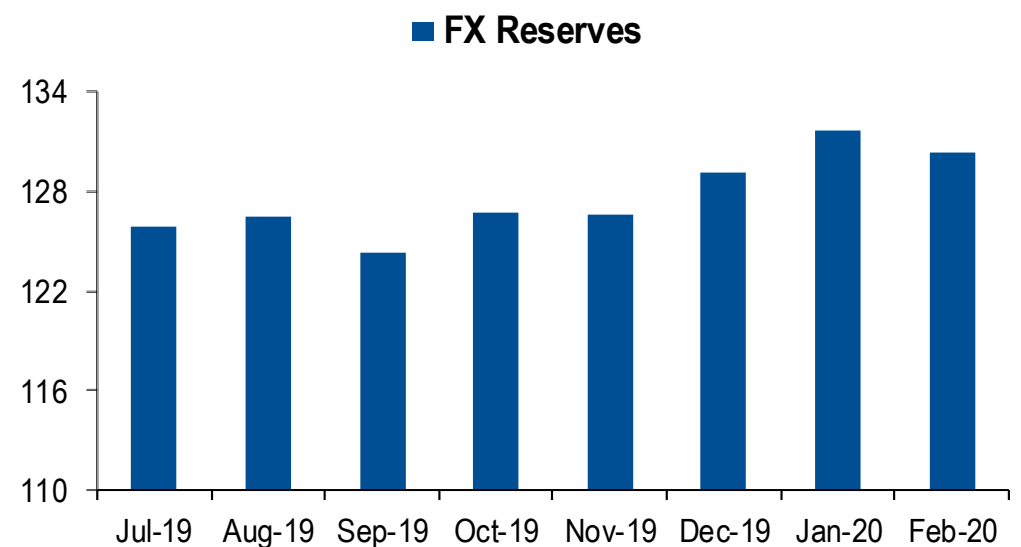
Bank Indonesia (BI) on Tuesday of April 06, 2020 at 05.26 pm will announce March's forex reserves, and investors expect March number will be greater than Feb. number of USD130.4 billion. But, Feb. forex reserves declined as BI must have stabilized the rupiah deteriorated by the virus, and BI is most likely to unveil relief measures to immunize the national economy, hence, March's forex reserves narrow. We pencil in the March reading to leave money markets and JCI dismal in this week.

US JOLTs Job Openings (Million)



Source: US Bureau of Labor Statistics, NHKSI Research

Indonesia FX Reserves (USD Billion)



Source: Bank Indonesia, NHKSI Research

This Week's Outlook: Gold Miners' Lustrous Outlook

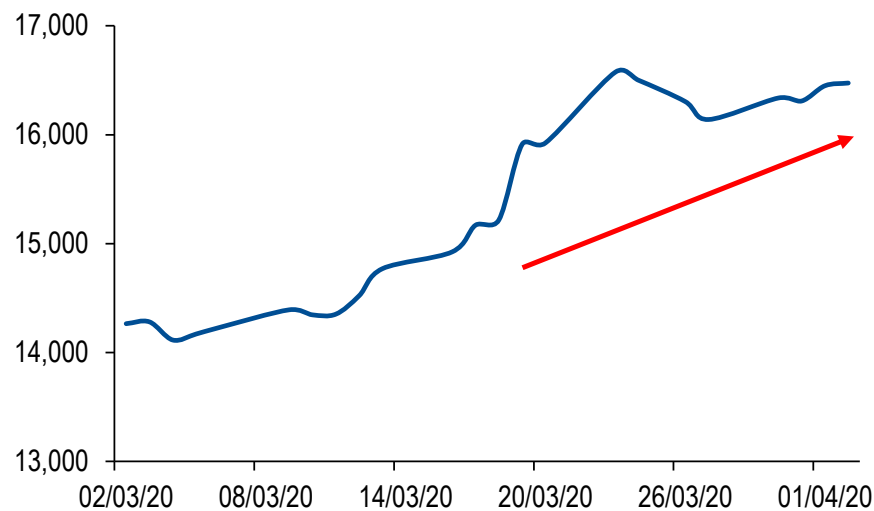
- **Rupiah Is Depreciated Further**

The rupiah exchange rate against the greenback in the spot market was depreciated within the last two months as the virus spread leaves Asia market dysfunction. The surging cases of COVID-19 infection in Indonesia fade investors' confidence in Indonesia's commercial activities so that demands for rupiah alike other Asia's currencies are declining. But, the rupiah exchange rate during this week hinges on the reading of March's forex reserves. Lethargic commercial activities weaken the rupiah and heighten yellow metal's allure as safe haven for investors worrying about the global economy on the brink of recession.

- **ANTM's Gold Price Rockets**

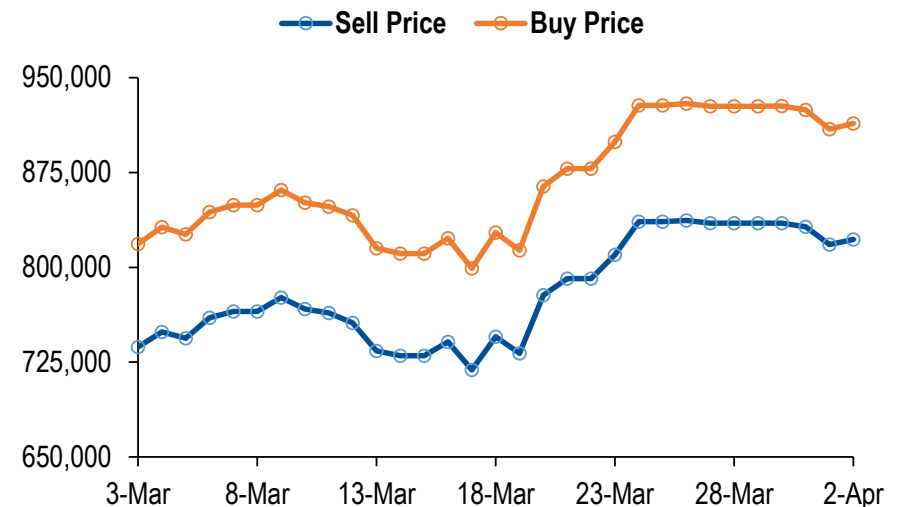
The fallout of current economy attacked by the virus is a potential for safe haven rush, and gold is a typical hedge or haven on which worried investors binge. That spurs global bullion prices, and ANTM's gold prices on Thursday of April 02 were traded at IDR 918,000/gram, with the selling price of IDR822,000/gram. We pencil in Indonesian gold miners such ANTM to be at its best performance to follows footsteps of gold-rush momentum amid the bearish JCI in this week.

USDDIR Movement



Source: Bloomberg, NHKSI Research

Antam's Gold Price (IDR/Gram)



Source: Harga-Emas.org, NHKSI Research

Aneka Tambang Tbk (ANTM IJ – Gold Mining)

| | |
|-------------------------------------|--------------|
| Dec 2020 Target Price | 1,100 |
| Consensus Price | 1,012 |
| Last Price (IDR) as of Apr 03, 2020 | 464 |
| TP vs. Last Price (%) | 137.1 |
| Revenue Breakdown: | |
| Gold Mining | 69% |
| Feronikel Mining | 15% |
| Others | 16% |

| IDR bn | FY2018 | FY2019E | FY2020E | FY2021E |
|------------|--------|---------|---------|---------|
| Revenue | 25,241 | 31,285 | 36,458 | 42,014 |
| y-y (%) | 99.4 | 23.9 | 16.5 | 15.2 |
| Net Profit | 874 | 857 | 889 | 967 |
| y-y (%) | 540.6 | -2.0 | 3.8 | 8.8 |
| NPM (%) | 3.5 | 2.7 | 2.4 | 2.3 |
| EPS (IDR) | 36 | 36 | 37 | 40 |
| P/E (x) | 21.0 | 24.3 | 26.1 | 26.5 |

- **NHCSI** recommends ANTM as this week's top-pick stock, estimated to hit the price target of IDR1,100 based on a 26.1x P/E trailing band. The estimate is on grounds of 2019's solid revenues, with the rising sales volume of ferronickel, ore, and bauxite.

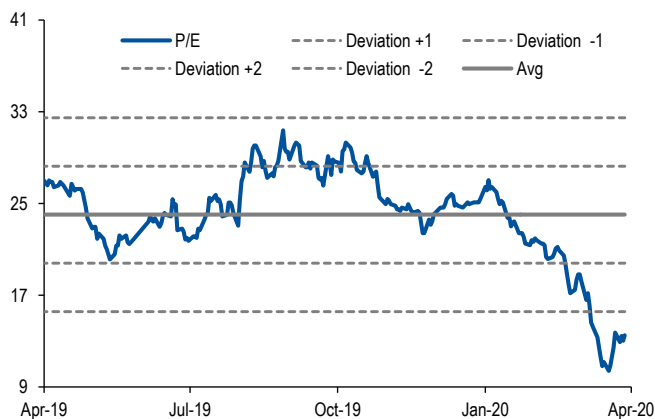
- **9M19's Revenues Slide**

ANTM's 9M revenues grew 23.0% YoY, backed by hikes in sales volume of nickel and gold by 33.8% YoY and 19.3% YoY, but its net profits slid 11.1% YoY equal to IDR561 billion. That was attributable to some factors as follows 1) higher COGS due to rising trading activities to spur gold purchase; 2) higher operational costs than sales costs; 3) 9M19's tax tariffs to hike at 38.4% (vs. 32.4% in 9M18).

- **Ferronickel Production Is Potential for Rising**

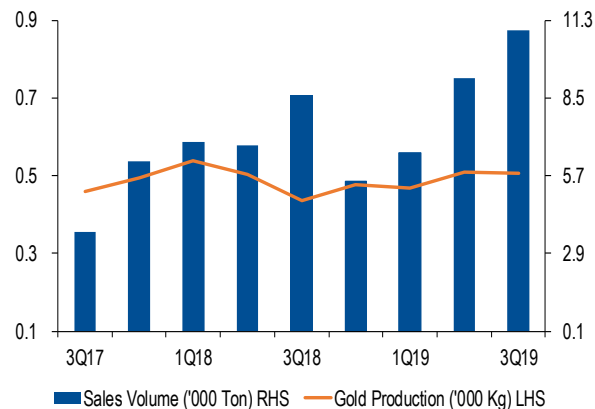
ANTM targets ferronickel production to edge up 8.6% YoY or equal to 27,000 tonnes in 2019 as it focused on operational activities at Pomalaa-based ferronickel plant. NHCSI is confident that ANTM in 2020 is potential for spurring ferronickel production capacities by 11.1% YoY or equal to 30,000 tonnes, added by ferronickel volume produced by East-Halmahera-based plant. Although ANTM faces the challenge dismal business activities deteriorated by the COVID-19 pandemic, the average prices of its nickel to optimistically settle at USD13,111/tonne is a strong footing for its solid net profits, we pencil in.

1-Year P/E Trailing Band



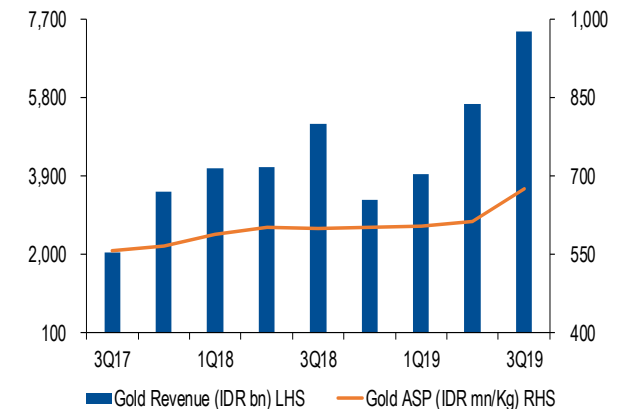
Source : Bloomberg, NHKSI Research

Gold Production & Sales Volume



Source : Company Data, NHKS Research

Sales of Gold & ASP



Source: Company Data, NHKS Research

INNI Index's Stocks List

| | Theme 1/2 | Last Price | Last Week Price | 2020 Target Price | Rating | Upside Potential (%) | 1 Week Change (%) | Market Cap (IDR tn) | Price / EPS (TTM) | Price / BVPS | Return on Equity (%) | Dividend Yield TTM (%) | Sales Growth Yoy (%) | EPS Growth Yoy (%) |
|-----------------------|-----------|------------|-----------------|-------------------|--------|----------------------|-------------------|---------------------|-------------------|--------------|----------------------|------------------------|----------------------|--------------------|
| Finance | | | | | | | | | | | | | | |
| BBCA | Theme 1 | 27,475 | 27,550 | 32,000 | Buy | 16.5 | -0.3% | 677.4 | 23.7x | 3.9x | 17.5 | 1.3 | 13.7 | 10.5 |
| BBRI | Theme 1 | 2,890 | 3,230 | 4,950 | Buy | 71.3 | -10.5% | 356.5 | 10.3x | 1.7x | 17.7 | 5.8 | 11.1 | 6.3 |
| Consumer | | | | | | | | | | | | | | |
| GGRM | Theme 1 | 46,650 | 44,000 | 61,800 | Buy | 32.5 | 6.0% | 89.8 | 8.2x | 1.8x | 22.7 | 5.6 | 15.5 | 39.6 |
| KINO | Theme 1 | 1,960 | 2,190 | 4,680 | Buy | 138.8 | -10.5% | 2.8 | 5.7x | 1.1x | 21.2 | 2.6 | 34.1 | 323.0 |
| ICBP | Theme 1 | 10,000 | 9,975 | 12,875 | Buy | 28.8 | 0.3% | 116.6 | 23.4x | 4.9x | 22.2 | 1.4 | 11.2 | 11.4 |
| KLBF | Theme 1 | 1,250 | 1,010 | 1,430 | Hold | 14.4 | 23.8% | 58.6 | 23.4x | 3.8x | 17.6 | 2.1 | 7.4 | 2.0 |
| Infrastructure | | | | | | | | | | | | | | |
| TLKM | Theme 1 | 3,200 | 3,090 | 4,330 | Buy | 35.3 | 3.6% | 317.0 | 15.6x | 3.2x | 21.3 | 5.1 | 3.5 | 15.6 |
| JSMR | Theme 1 | 2,880 | 2,600 | 6,000 | Buy | 108.3 | 10.8% | 20.9 | 10.8x | 1.2x | 11.3 | 1.6 | (22.8) | (15.2) |
| Trade | | | | | | | | | | | | | | |
| UNTR | Theme 2 | 17,150 | 15,500 | 20,000 | Buy | 16.6 | 10.6% | 64.0 | 5.7x | 1.1x | 20.2 | 7.2 | (0.2) | 1.7 |
| MAPI | Theme 2 | 458 | 472 | 1,300 | Buy | 183.8 | -3.0% | 7.6 | 9.3x | 1.3x | 14.8 | 2.2 | 11.4 | 14.7 |
| Property | | | | | | | | | | | | | | |
| CTRA | Theme 2 | 456 | 482 | 1,390 | Buy | 204.8 | -5.4% | 8.5 | 8.4x | 0.6x | 7.2 | 2.2 | (0.7) | (28.9) |
| WSKT | Theme 2 | 510 | 510 | 2,600 | Buy | 409.8 | 0.0% | 6.9 | 7.4x | 0.4x | 5.2 | 14.3 | (35.7) | (76.3) |
| WIKA | Theme 2 | 910 | 880 | 2,500 | Buy | 174.7 | 3.4% | 8.2 | 3.6x | 0.5x | 14.6 | 4.2 | (12.7) | 32.0 |
| Basic Ind. | | | | | | | | | | | | | | |
| SMGR | Theme 1 | 7,700 | 7,975 | 14,300 | Buy | 85.7 | -3.4% | 45.7 | 19.1x | 1.4x | 7.5 | 2.7 | 31.5 | (22.4) |
| Misc Ind. | | | | | | | | | | | | | | |
| ASII | Theme 1 | 3,900 | 4,080 | 8,600 | Buy | 120.5 | -4.4% | 157.9 | 7.3x | 1.1x | 15.2 | 5.4 | (0.9) | 0.2 |
| Mining | | | | | | | | | | | | | | |
| TINS | Theme 2 | 448 | 432 | 800 | Buy | 78.6 | 3.7% | 3.3 | 23.6x | 0.6x | 1.6 | 5.6 | 114.6 | N/A |
| PTBA | Theme 2 | 2,110 | 2,040 | 2,300 | Hold | 9.0 | 3.4% | 24.3 | 5.7x | 1.3x | 23.7 | 16.1 | 2.9 | (22.2) |
| INCO | Theme 2 | 2,320 | 2,000 | 4,200 | Buy | 81.0 | 16.0% | 23.1 | 24.1x | 0.7x | 3.0 | N/A | 0.7 | (4.9) |
| ANTM | Theme 2 | 464 | 460 | 1,100 | Buy | 137.1 | 0.9% | 11.2 | 13.9x | 0.6x | 4.1 | 2.7 | 23.0 | (11.1) |
| Agriculture | | | | | | | | | | | | | | |
| AALI | Theme 2 | 5,550 | 5,500 | 15,600 | Buy | 181.1 | 0.9% | 10.7 | 50.6x | 0.6x | 1.1 | 4.0 | (8.5) | (85.3) |

Source : Bloomberg, NHKS Research

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