

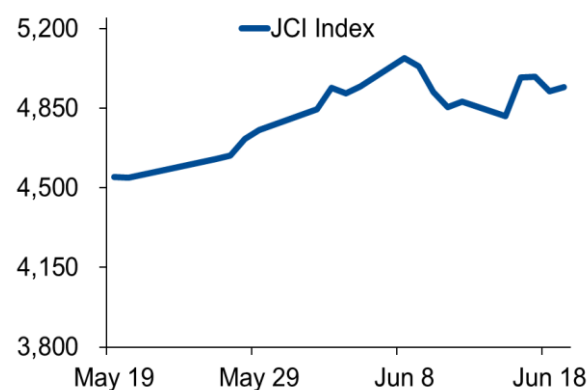
## Weekly Brief (June 22nd – 26th)

### Summary:

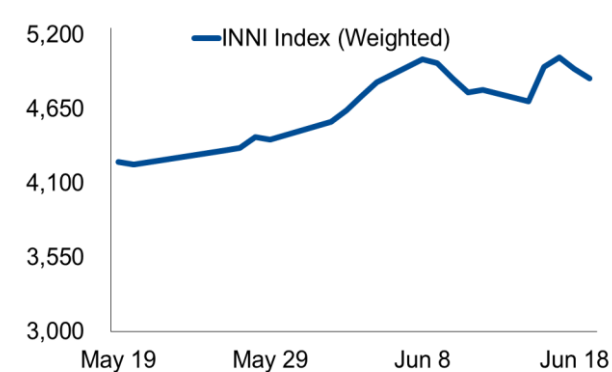
**Last week review:** The JCI movement last week was influenced by global and domestic sentiments such as the Fed's decision to purchase corporate bonds and Bank Indonesia's announcement to cut BI-7DRRR to maintain economy stability and recovery during Covid-19 era.

**This week's outlook:** The threat of Covid-19 has forced people to do their shopping online rather than in shopping centres. We believe that this is a huge opportunity for MAPI to increase online sales. Moreover, we view that MAPI's management has a clear strategy to minimize the impact of Covid-19 to its performance. Coupled this with Jakarta government decision to reopen shopping malls on June 15th, it can boost the retail sector. NHKSI recommends MAPI as a stock pick this week with an end of year TP of IDR 820/share based on a 11.1 trailing P/E Band.

JCI - one month



INNI Index – one month



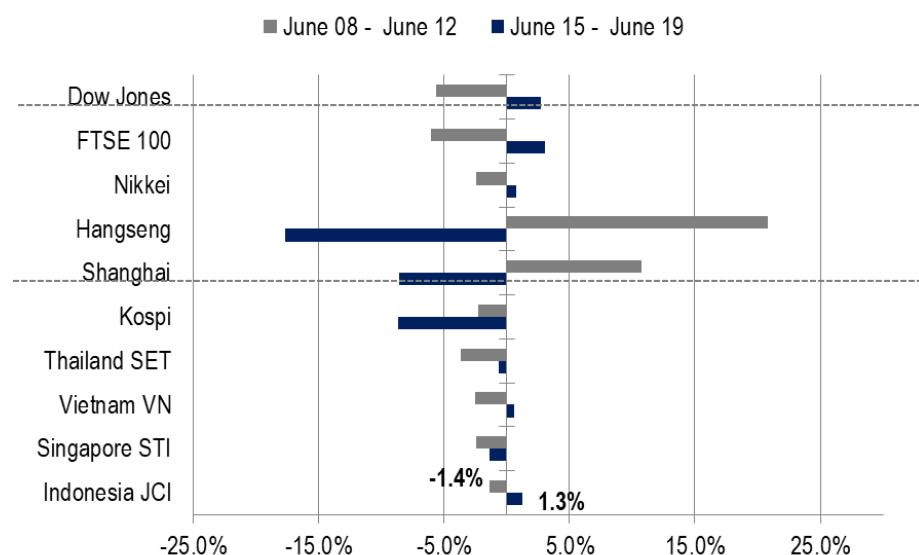
## Last Week's JCI Movement

- JCI Index : 4,875.60 (+1.3%)
- Foreign Flow : Net sell of IDR2.8 trillion (vs. last week's net sell of IDR1.7 trillion)
- USD/IDR : 14,100 (-0.23%)
- Yields of sovereign bond with 10-years tenor : 7.186% (-4.50 bps)

### JCI Closed Higher

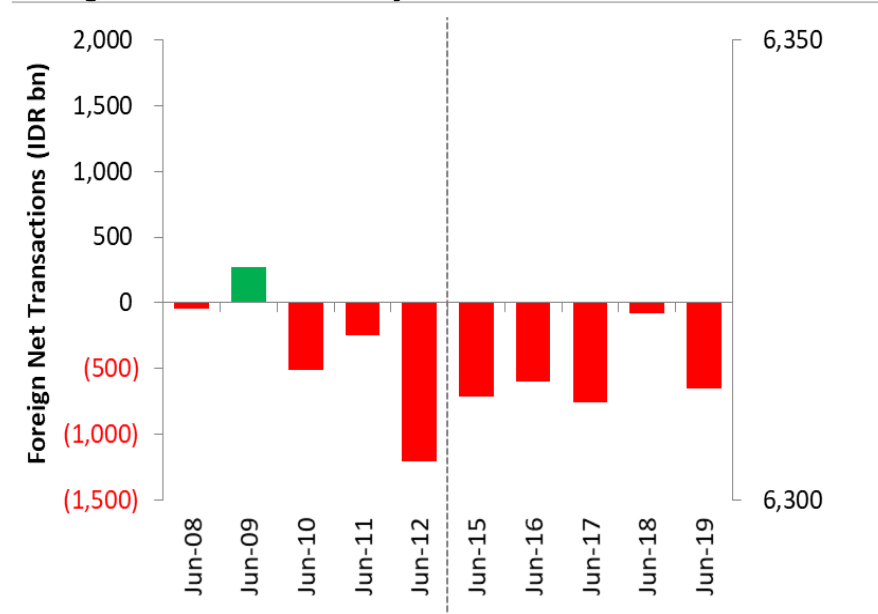
The Federal Reserve's plan to purchase corporate bonds was met with positive response from the market. With this policy, the Fed will eliminate several requirements that previously must be met by companies. This sentiment propelled the JCI to positive territory on June 16th. Later on, Bank Indonesia had its Board of Governors meeting on 17-18 June and decided to cut BI-7DRRR to 4.25%. In addition, BI also determine to pay out a 1.5% interest to banks which put their fund in Reserve Requirements effective August 1st 2020. This was not enough to move the JCI higher in June 18th, but foreign net sell slowed down. On June 19th, the benchmark closed in positive area, led by basic industry and miscellaneous industry.

### Global Market Movement



Source: Bloomberg, NHKSI Research

### Foreign Net Flow – Last 10 Days



Source: Bloomberg, NHKSI Research

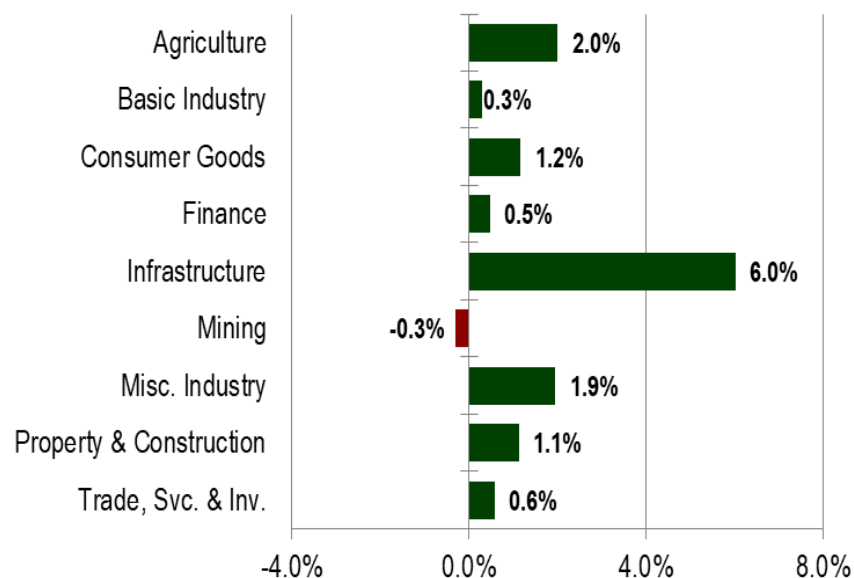
# Last Week's INNI Movement

- INNI Index : 4,875.60 (+1.8%)
- INNI Theme 1 (Value) : 3,501.92 (+1.7%)
- INNI Theme 2 (Trend) : 5,791.40 (+1.8%)

## INNI Index Closed in Positive Territory

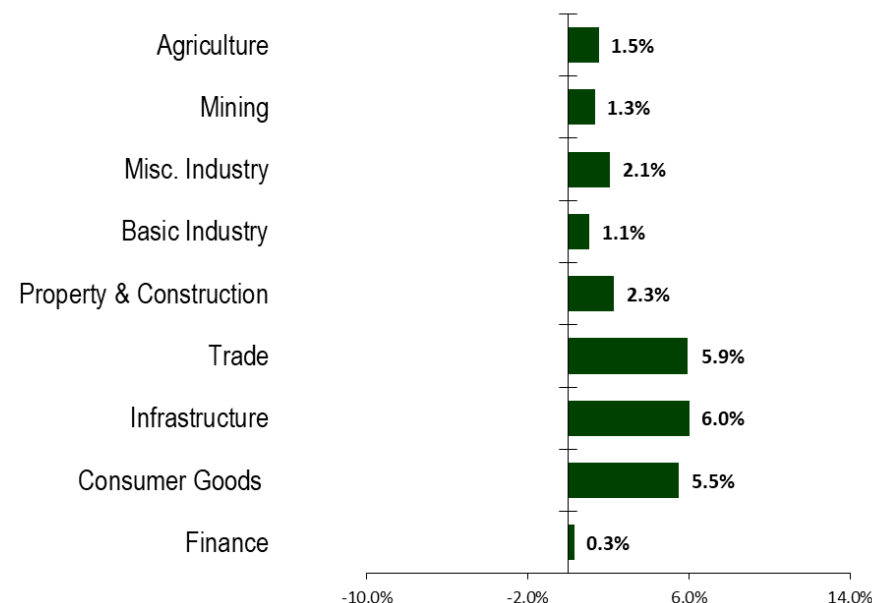
INNI index closed higher on June 16th, led by TINS (+15.0%) even after rating agency PEFINDO downgraded its rating and outlook for corporate bonds and sukuk. INNI Index movement continued to June 17th, boosted by MAPI (+4.6%) after shopping centers reopened in Jakarta. However, the Index fell in June 19th with big losses from mining stocks PTBA (-6.9%) and TINS (-4.0%).

### 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

# This Week's Outlook: Retail Sector

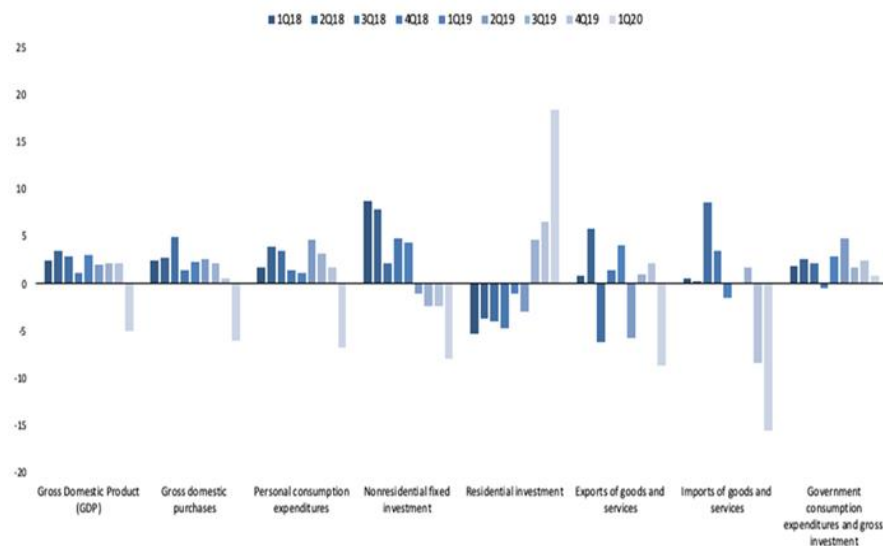
- U.S. Indices Movement**

Movement for major US Indices this week will be steered by the economic data such as US Manufacture data on June 23rd and US 1Q20 economic growth on June 25th. The Bureau of Economic Analysis has released its first estimation of US Economy Growth which projected at -4.8% on April 28th. The second projection came in on May 28th with even lower figure at -5.0%. This downgrade revision was due to weaker investments although it was evened out by stronger consumption. Economists predict this contraction will continue until the 2nd quarter and expected to improve in 3rd quarter. Should the US Economy Growth contract deeper than estimate, then US Market is expected to close in the negative, and vice versa.

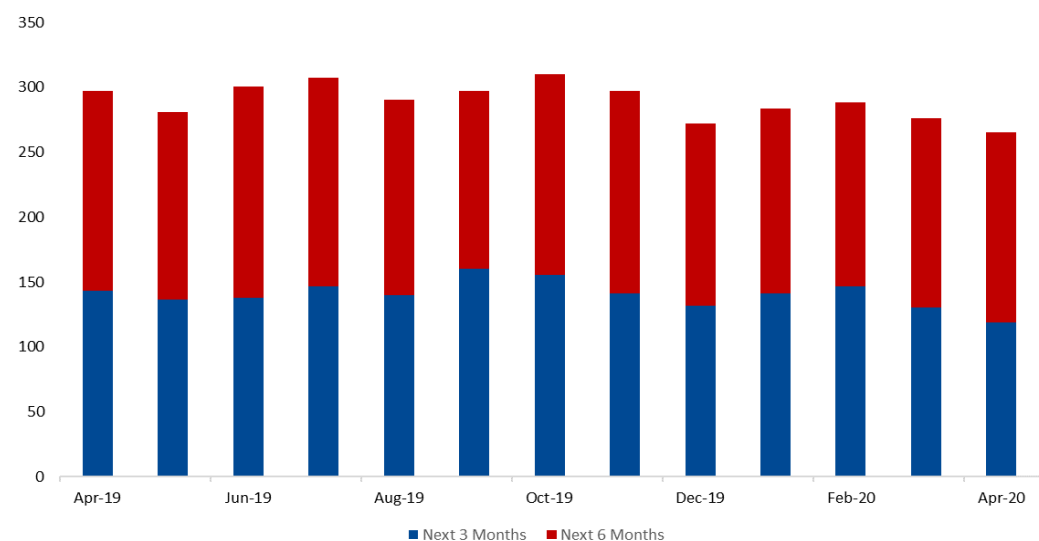
- Indonesia Retail Sales Down**

Based on April 2020 Retail Sales Index which was released by Bank Indonesia in June 16th, retail sales was down -16.9% compared to March 2020. Moreover, according to Sales Expectation Index, retail sales is expected to continue its decline for the next 3 months (up to July 2020). This was shown in the Sales Expectation Index at 119.1 which is lower than 130.4 in June 2020 due to limited demand during Covid-19 pandemic. However, people remain optimistic that retail sales will grow in the next 6 months (October 2020) as economy activities slower return to normal.

## U.S. Gross Domestic Product



## Retail Sales Survey April 2020



Source: U.S Bureau of Economic Analysis

Source: Bank Indonesia, NHKSI Research

# This Week's Outlook: Retail Sector

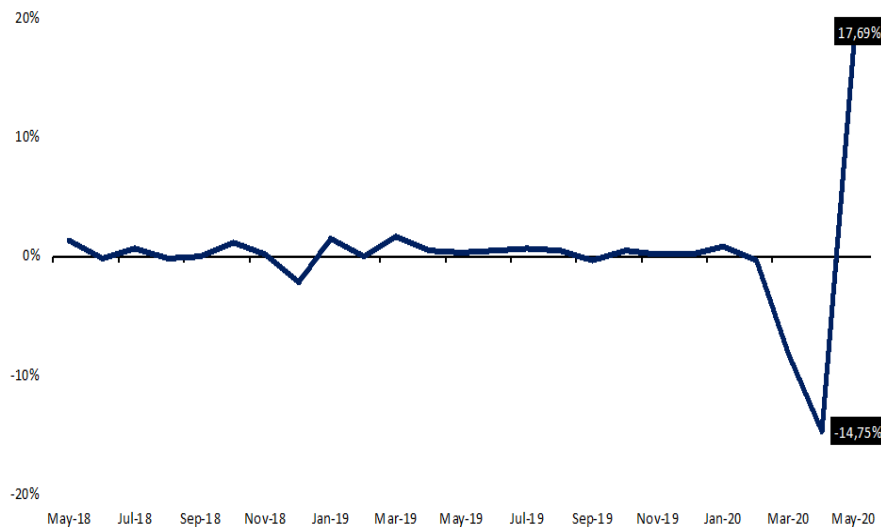
- **A Boost for Retail Sector**

May US Retail Sales Data which was released on June 16th showed a rebound of +17.7% after recording a significant fall in April of -14.7%. This was due to the partial lifting of business activity limitation. Based on this, we estimate that Jakarta Local Government's decision to reopen shopping centres and mall on June 15th will be positive momentum for retail sector in Indonesia.

- **Retail Sector Ability to Survive**

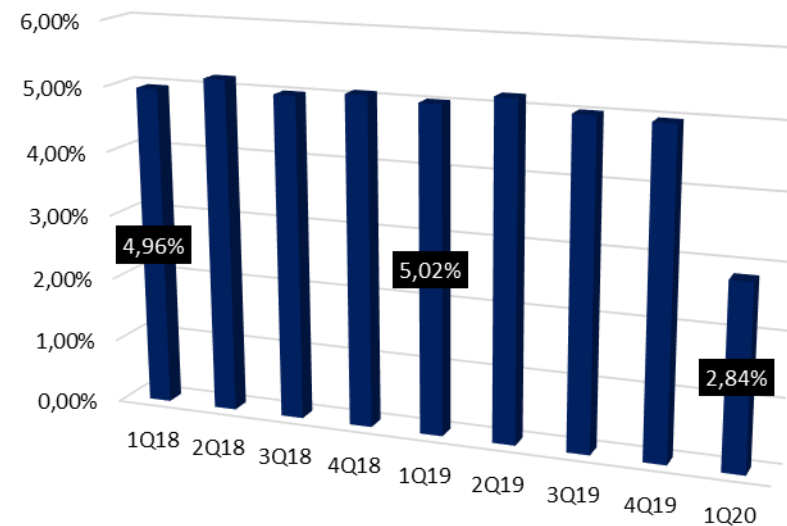
Retail sector is one of the most affected business by Covid-19 pandemic. This is because the pandemic reduces the purchasing power of the people especially the lower middle class as income go down. The government has announced several stimulus package to maintain purchasing power to deal with this issue. On the other hand, some retailers also receive additional incentives in the form of rent discount from shopping centres.

## U.S. Retail Sales



Source: Trading Economics

## Indonesia's GDP



Source: Badan Pusat Statistik

# Mitra Adi Perkasa Tbk (MAPI IJ – Trade)

<b>Dec 2020 Target Price</b>	<b>820</b>
Consensus Price	785
Last Price (IDR) as of Jun 19, 2020	775
TP vs. Last Price (%)	5.8

<b>Revenue Breakdown:</b>	
Retail	72%
Café and restaurant	15%
Department Stores	13%

IDR bn	FY2019	FY2020E	FY2021E	FY2022E
Revenue	21,579	37,376	56,995	70,423
y-y (%)	14.0	-8.3	17.2	12.1
Net Profit	933	629	940	1,166
y-y (%)	61.7	-32.1	49.2	23.5
ROE (%)	3.58	-39.6	34.4	14.5
EPS (IDR)	56	37	57	70
P/E (x)	14.0	21.0	13.7	11.5

• **NHCSI** recommends MAPI as a stock pick this week with an end of year TP of IDR 820/share based on a 11.1 trailing P/E Band. The estimation is supported by solid performance and robust management strategy which will help the company navigate this pandemic period.

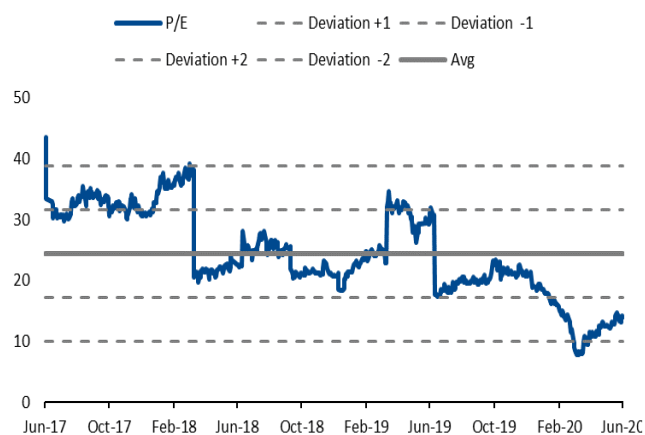
## • Solid 4Q19 Performance

In 4Q19, MAPI booked a revenue and net profit of IDR 21.5 trillion and IDR 933 billion respectively, or up 14% and 26.9% YoY. This solid sales performance was supported by its subsidiary, MAPA (MAP Aktif Perkasa) which grew 20.7% to IDR2 trillion. Moreover, net income was boosted by lower salary expense, and higher financial income.

## • MAPI Strategy during Pandemic

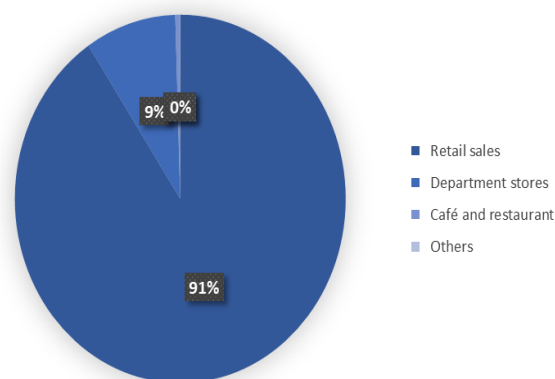
In dealing with this pandemic, MAPI management was forced to close most of its stores. However, Supermarket chain such as Food Hall and other F&B stores were still able to operate and service online delivery. From cost perspective, MAPI has tried to control costs, which include: CAPEX reduction, salary cut for senior management and overall significant cut in SG&A.

## 3-Year P/E Trailing Band



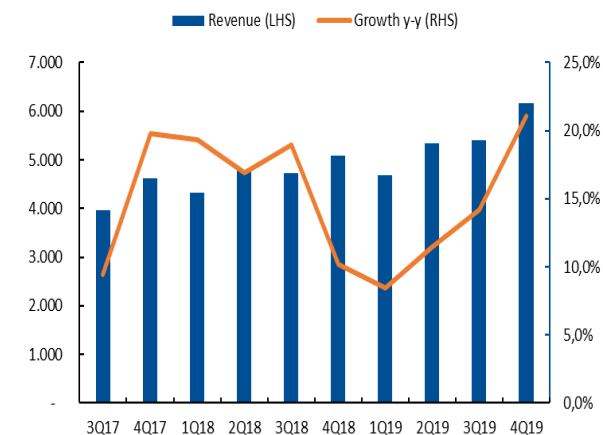
Source : Bloomberg, NHCSI Research

## MAPI's Revenue Breakdown



Source : Company Data, NHCSI Research

## MAPI's Quarterly Revenues



Source: Company Data, NHCSI 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	27,875	28,350	28,950	Hold	3.9	-1.7%	687.3	23.6x	4.0x	17.6	2.0	13.9	8.5
BBRI	Theme 1	3,100	3,030	3,100	Hold	-	2.3%	382.4	11.0x	2.1x	18.6	5.4	13.0	(0.3)
<b>Consumer</b>														
GGRM	Theme 1	49,000	47,200	59,550	Buy	21.5	3.8%	94.3	8.6x	1.8x	21.8	5.3	4.1	3.9
KINO	Theme 1	3,400	3,130	2,950	Hold	(13.2)	8.6%	4.9	17.9x	1.8x	10.5	3.2	11.1	(81.3)
ICBP	Theme 1	8,925	8,600	Under Review	N/A	N/A	3.8%	104.1	18.3x	3.8x	22.6	1.5	6.7	47.8
KLBF	Theme 1	1,460	1,380	1,430	Hold	(2.1)	5.8%	68.4	26.5x	4.2x	16.3	1.4	8.0	12.5
<b>Infrastructure</b>														
TLKM	Theme 1	3,280	3,030	3,800	Buy	15.9	8.3%	324.9	17.4x	3.3x	18.8	5.0	3.7	3.5
JSMR	Theme 1	4,130	3,980	4,550	Hold	10.2	3.8%	30.0	13.6x	1.5x	12.0	1.1	(45.3)	0.5
<b>Trade</b>														
UNTR	Theme 2	17,850	16,450	19,000	Hold	6.4	8.5%	66.6	6.6x	1.1x	16.9	2.3	(19.0)	(40.2)
MAPI	Theme 2	775	750	820	Hold	5.8	3.3%	12.9	13.8x	2.1x	16.1	1.3	14.0	27.3
<b>Property</b>														
CTRA	Theme 2	715	685	810	Hold	13.3	4.4%	13.3	12.5x	0.9x	7.2	1.4	(8.3)	(33.3)
WSKT	Theme 2	745	730	960	Buy	28.9	2.1%	10.1	10.8x	0.6x	5.2	0.5	(35.7)	(76.3)
WIKA	Theme 2	1,265	1,260	1,380	Hold	9.1	0.4%	11.3	5.4x	0.8x	14.3	4.0	(35.4)	(65.3)
<b>Basic Ind.</b>														
SMGR	Theme 1	9,500	9,400	10,925	Hold	15.0	1.1%	56.3	21.9x	1.7x	8.0	2.2	5.6	66.7
<b>Misc Ind.</b>														
ASII	Theme 1	4,890	4,790	5,800	Buy	18.6	2.1%	198.0	9.3x	1.3x	14.4	4.3	(9.4)	(7.8)
<b>Mining</b>														
TINS	Theme 2	605	590	830	Buy	37.2	2.5%	4.5	N/A	0.9x	(10.7)	4.1	75.2	N/A
PTBA	Theme 2	2,280	2,390	2,775	Buy	21.7	-4.6%	26.3	6.6x	1.3x	20.6	14.3	(4.0)	(25.0)
INCO	Theme 2	2,890	2,830	3,500	Buy	21.1	2.1%	28.7	19.0x	1.0x	5.6	N/A	38.1	N/A
ANTM	Theme 2	610	580	600	Hold	(1.6)	5.2%	14.7	75.7x	0.8x	1.1	2.1	29.4	(88.1)
<b>Agriculture</b>														
AALI	Theme 2	8,400	8,275	10,000	Buy	19.0	1.5%	16.2	29.7x	0.9x	2.9	0.6	13.3	891.7

Source : Bloomberg, NHKS Research

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