

MNC
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COMPENDIUM

research@mncsekuritas.id | April 7 / 2020



**MAY THE FORCE
BE WITH
INDONESIA**

INVESTMENT STRATEGY AND STOCK PICKS
May the Force be with Indonesia

Anticipating Domino Effect on Global Uncertainty towards Indonesia Capital Market regarding the Covid-19 Pandemic and Potential Economic Slowdown

INDONESIA BOND MARKET OUTLOOK 2020:
Follow the Global Yield Movement

INVESTMENT THEME 2020

Consumer, Telecommunication and Banking Sector

S&P Global Market Intelligence Article
"2019 Southeast Asia E-Money Market Report"

by: Sampath Sharma Nariyanuri, CFA

PRIMBON INDEX

by: Dr. Darmoko

INSPIRING MILLENIAL

Jonathan Barki, SVP, Head of Corporate Strategy Gojek

"Industry 4.0, HR in Indonesia Needs to Master Data Science!"

by: Algoritma

"BRI Work, Revitalization Model of BRI Branch Offices"

by: BRIWork

"A Stretch of Equity Crowdfunding and its Positive Impact for Small Micro Medium Enterprises in Indonesia"

by: Bizhare



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Keyword: **MNC Trade New**

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Greetings from President Director

Dear Valued Customers of MNC Securities,

In early 2020, MNC Securities officially cooperated with "Rumah Zakat Indonesia" in the management alms, infak, and charitable shares. We understand that philanthropy has to be practical and accessible to everyone. Through the online trading application, called "MNC Trade", we present the following features called "MNC Zakatku", "MNC Wakafku", and "MNC Infakku" in order to help you invest, not only at this world but also afterlife; or we can call as an everlasting investment. We did not only provide you with products and services innovation, but we also expanded our networks by adding points of sales at Bendungan Hilir, Jakarta in February 2020 to reach out to prospective and wider customers.

Unfortunately, we are facing a challenging situation since mid-March 2020. Currently, Coronavirus outbreak (COVID-19) hit the economy, including the Indonesia capital market. Nobody knows the range of the impact of this invisible virus on the condition of the Indonesia Stock Exchange.



On the 6th edition of MNCS Compendium, we emphasize the theme of "May the Force be with Indonesia", which will explore about the importance of investors awareness and to anticipate the domino effect of global uncertainties towards the Indonesia capital market, especially related to the COVID-19 outbreak. Uncertainties in 2020 are still dominated by external factors, such as trade war between USA and China, global currency war, geopolitical crisis and recession issues from the effect of COVID-19 outbreak that will haunt stock market movements. In addition, within this edition we add "Primbon 2020", articles from Standard & Poor's (S&P) Global Market Intelligence and Algoritma (start-up company in data science), as well as the story of some young leaders in Indonesia with extraordinary impacts to the business world.

If we take a glance of Indonesia capital market until the 3rd week of March 2020, Index Composite Stock Price (JCI) recorded significant decrease of -36.67% on Year-to-Date (YTD) basis to 3,989 on March 23rd, 2020. Foreign investors had recorded accumulation of Net sales amounted IDR10.20 billion on March 23rd, 2020. The weakening of JCI was caused by market anxiety about the potential economic slowdown due to COVID-19 outbreak in Indonesia. However, the Indonesian government has put efforts in managing this case by providing various stimulus packages amounting to IDR33.2 billion, this includes building a temporary hospital for COVID-19 patients, and buyback relaxation for companies.

Of course, we all hope that this case management can be done well to restore market confidence and attract investors to re-invest in Indonesia. Finding a new normal will become homework in almost all industries. Currently, many companies have to accelerate digital transformation in order to survive. We are lucky enough to identify the need for automation and digitalization long before COVID-19 occurred. Therefore, we manage to cope with it and as a result, we can operate normally and provide the best service for you.

While other companies are required to curb their service to customers, we do not need to curb our service quality provided to you with the support of digital infrastructure that we have built. You can still do the online transaction anywhere and anytime. While you #stayathome, our team works for you. At MNC Securities, we change our way of doing activities from face-to-face to online. We also split our teams in order to support operations and daily activities for business continuity.

I believe that this condition will shape us to be more patient, more introspective and more creative. I hope we can still see a lot of opportunities in every challenge. I believe Indonesia capital market is strong enough to face this condition. May we always be in the protection of the God Almighty.

Jakarta, March 30th 2020

Susy Meilina
President Director
MNC Securities

MNCS Compendium



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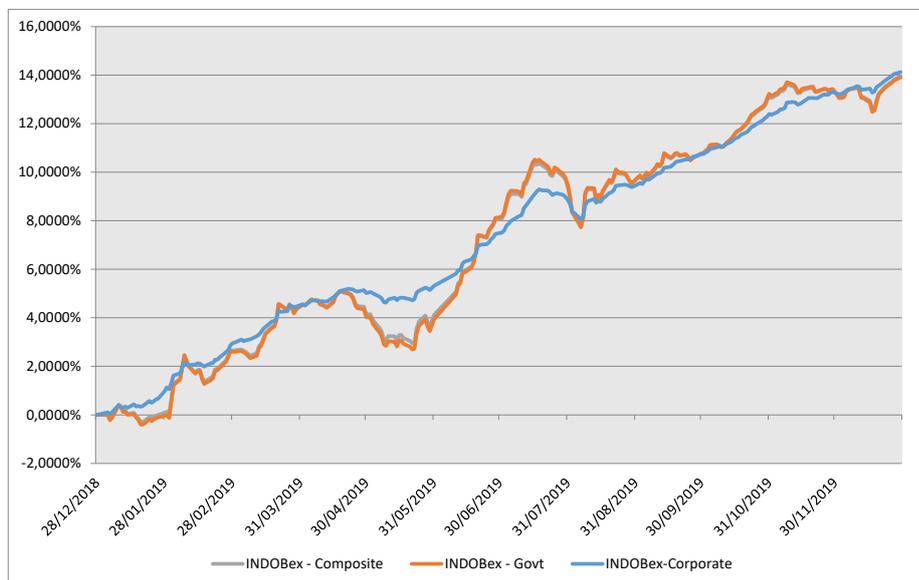
Bond Market Outlook 2020

Investment Highlight: FOLLOW THE GLOBAL YIELD MOVEMENT. The sluggish movement of global economy because of Covid-19 outbreak will drive The Fed to cut interest rate. Along with the policy, we expect that yield of global debt will continue to decrease and it becomes a positive catalyst for Government Bonds until the end of 2020. Based on moderate to optimistic scenario, we forecast that Government Bonds will provide total return within the range of 7.89%-10.29% until the end of this year; then for benchmark Government Bonds series with tenor 10 years will provide total return within the range of 6.35%-6.74% till the end of 2020.

Driven by several domestic factors, we forecast Bonds Market will grow positively.

We forecast that performance of bonds market in 2020 will be positive, continuing its performance in 2019. In 2019, the Indonesia Composite Bond Index (ICBI) recorded performance of 13.93% strengthened by the growth of Indonesia Government Bond Index (INDOBexGovt) and Indonesia Corporate Bond Index (INDOBexCorp) amounted 13.90% and 14.12% respectively. Positive performance of the bonds market in 2019 was supported by the Bank Indonesia policy of lowering BI 7-Days Repo Rate amounted 100 bps, divided into 4 terms on July, August, September and October; by 25 bps on each term. In addition, positive performance of bonds market was also strengthened by the capital inflow from foreign investors in 2019, especially into Government Bonds and Corporate Bonds

The Performance of Bonds in 2019



Source: Bloomberg, Bloomberg and Indonesia Bond Pricing Agency (IBPA)

amounted IDR168.61 trillion and IDR2.98 trillion respectively.

We forecast that bonds market will continue its positive performance driven by several domestic and international factors in 2020. We notice several domestic factors that will drive the bonds market are as follow: (1) stable inflation rate. We forecast that inflation rate will still meet the target of State Budget (APBN), ranging between 2%-4% until the end of 2020. Low inflation rate gives a good opportunity for Bank Indonesia to lower BI 7-Days Repo Rate. (2) Government effort to stabilize the economic growth at 5.3% in 2020 will become positive catalyst for Indonesia financial market. However, the

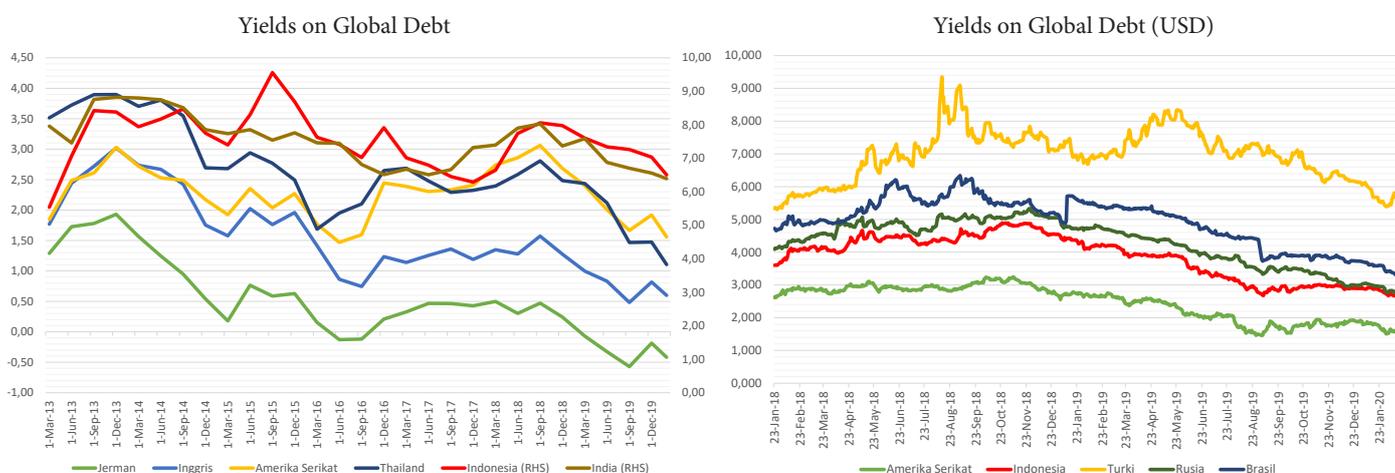
main factor that drives bonds market is (3) the exchange rate stability between IDR and USD. According to historical data, Government Bonds market shows positive performance when IDR exchange rate towards USD is stable or at a strong level (appreciation). Conversely, when IDR exchange rate is experiencing depreciation, performance of Government Bonds is sluggish. According to table-1, based on performance in 2015, when IDR exchange rate towards USD depreciated 9.92%, Government Bonds recorded growth 2.74%. Conversely, in 2016, 2017 and 2019; when IDR exchange rate towards USD was stable and also appreciated, Government Bonds provided a high return for investors.

The Performance of Indonesia Government Bond Index vs. IDR Exchange Rate

Indikator	2015	2016	2017	2018	2019
IBPA Govt Total Return (%)	2,7463	13,867	16,8488	-1,8136	13,8546
IDR USD	9,9259	-3,2043	0,6528	6,4507	-4,0946

Source: Bloomberg, IBPA

Yield Movement of Global Debts



Source: Bloomberg

The Yield of Global Debt has been falling since beginning of 2020

Since global financial crisis in 2008, yield of Global Debt has been gradually decreasing, especially for safe haven assets such as US Treasury, Germany Bund and UK Gilt. Moreover, yield of Germany Bund has reached negative level (below 0%) that indicates investors would prefer a very low risk to a high return. The same trend goes to Government Bonds denominated in IDR, when its yield is decreasing following the yield movement of Global Debt. However, yield movement of Government Bonds (denominated in IDR) does not move concurrently with the yield movement of safe haven assets due to there is an exchange rate risk faced by investors when they invest their funds into Local Currency Government Bond.

Yield of Government Bonds denominated in USD moves concurrently with US Treasury's yield. It is due to investors do not need to consider exchange rate factor, therefore they can focus on risk perception shown on rating and movement of Credit Default Swap value. Currently, Indonesian Credit Rating is rated BBB with stable outlook from S&P, rated Baa2 with stable outlook from Moody's, rated BBB with stable outlook from Fitch and recently Japan Credit Rating has just upgraded Indonesian Credit Rating from BBB to BBB+ at February 2020. The upgrade indicates the resilience of

domestic economy amid uncertain global economic conditions. The improvement of Indonesian Credit Rating will reduce cost of fund of the Government Bonds' issuance that later will be followed by Corporate Bonds.

Threat of economic slow-down due to the outbreak of Covid-19 will encourage The Fed to apply a loose monetary policy

At the end of January 2020, the spread of Covid-19 outbreak which at beginning, only occurred at Wuhan, Hubei Province, China; turned out has reached 113 countries with total infections 118,000 people and total death toll 4,260 people. Covid-19 can cause mild to severe symptoms such as flu, fever or chills, cough to pneumonia that cause death. Although death ratio of Covid-19 is only 3.6%, lower than MERS and SARS virus which amounted 37% and 10% respectively, however the rapid spread (that has reached 113 countries) forces government to anticipate the spread and effect caused by the outbreak of Covid-19 immediately. Global economic growth is expected to slow down from 2.5% to 2.0% with China as the most infected country.

In order to anticipate the global economic slow-down, central banks have applied a loose monetary policy. The Fed cuts interest rate of 50 bps into 1.25% and followed by decrement of US Treasury

yield which currently, for tenor 10 years has been at level below 1% and has reached the lowest position at 0.318% on Monday March 9, 2020 trading. People's Bank of China (PBOC) also applied a loose monetary policy at February 2020 by cutting interest rate of 10 bps into 4.05% as an anticipation towards potency of economic slow-down because of the Covid-19 spread. We forecast that Bank Indonesia still has a chance to cut interest rate after the previous cutting of 25 bps into 4.75% at February 2020.

We forecast that interest rate cutting by Central Banks will be followed by decrement of Global Debt yield. The yield decrement will be applied immediately on Government Bonds regarded as a safe haven asset. Then we also forecast that there will be a gradual yield decrement after improvement of investors' risk perception towards Government Bonds issued by developing countries. Credit Default Swap (CDS) value that indicates risk perception has increased significantly since the spread of Covid-19 outbreak as shown on below graph.

Projection of Government Bond Yield Year 2020

Our projection shows that yield of Government Bonds in 2020 will continue its downward trend as occurred in 2019. Based on our moderate assumption, with IDR exchange rate towards USD

Increment of Risk Perception



Source: Bloomberg

maintained at IDR14,000; Indonesia 5 years Credit Default Swap value is at 75 bps and US Treasury is at 1.62%; we forecast yield of Government Bonds with tenors 5 years, 10 years, 15 years and 20 years are **6.36%**; **6.74%**; **7.19%**; and **7.39%** consecutively. Then for optimistic

assumption, we also forecast yield of Government Bonds with tenors 5 years, 10 years, 15 years and 20 years will be **5.90%**; **6.35%**; **6.85%**; and **7.07%** consecutively, based on scenario if IDR exchange rate towards USD strengthens to IDR13,750; Indonesia 5 years Credit

Default Swap value is at 50 bps and US Treasury is at 1.25%.

Based on moderate to optimistic assumptions above, total return of Government Bonds is forecasted ranging between 7.89% to 10.30%.

Estimation of Government Bonds Total Return Year 2020

Obligasi Negara	Kupon	Maturity	Harga FY2019	Yield FY2019	Skenario Moderat				Skenario Pesimis					
					Yield 2020E	Harga 2020E	Selisih Harga	Total Return	Yield 2020E	Harga 2020E	Selisih Harga	Total Return		
FR0061	7,000%	15-May-22	102,11	6,03%	7,14%	99,80	(2,31)	4,69%	7,91%	98,82	-3,29	3,71%		
FR0063	5,625%	15-May-23	98,11	6,25%	7,39%	96,21	(1,90)	3,72%	8,19%	94,54	-3,57	2,06%		
FR0081	6,500%	15-Jun-25	100,48	6,39%	7,54%	96,13	(4,35)	2,15%	8,41%	93,01	-7,47	-0,97%		
FR0082	7,000%	15-Sep-30	99,28	7,10%	7,75%	94,93	(4,35)	2,65%	8,50%	90,20	-9,08	-2,08%		
FR0080	7,500%	15-Jun-35	100,07	7,49%	8,06%	95,28	(4,79)	2,71%	8,70%	90,23	-9,84	-2,34%		
FR0083	7,500%	15-Apr-40	99,47	7,55%	8,24%	92,85	(6,62)	0,88%	8,87%	87,40	-12,07	-4,57%		
FR0076	7,375%	15-May-48	96,79	7,65%	8,57%	87,46	(9,33)	-1,96%	9,28%	81,17	-15,62	-8,25%		
					Rata-rata				2,12%	Rata-rata				-1,78%

Source: Bloomberg

Historical data change of Indonesia Government Bond Index



Source: Bloomberg

Strategy: Optimize investment into Government Bonds with tenors 5-15 years

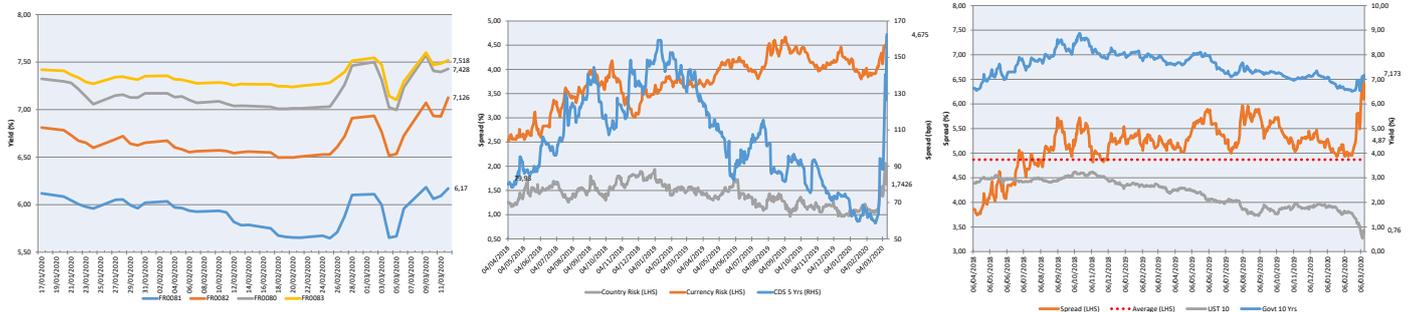
Although bond yields are falling, we suggest investors to be aware of debt market turmoil, especially of Government Bonds issued by countries which are sensitive towards global financial market. Based on historical data shown on Table-3, probability of negative return indicates on

the Government Bonds price slump will occur in May and September. Therefore we suggest investors to optimize transaction activities by considering those periods.

We recommend Government Bonds with tenor 5 to 15 years that provides attractive yield and high liquidity in secondary market. It includes benchmark series of Government Bonds such as: FR81

(5 years), FR82 (10 years) and FR80 (15 years); and also the other series are as follow: FR56, FR59, FR64, FR71, FR78, FR73, FR65 and FR68. For investors that prefer to invest in Government Bonds with tenor less than 5 years, we recommend the following series: FR53, FR61, FR63, FR70 and FR77.

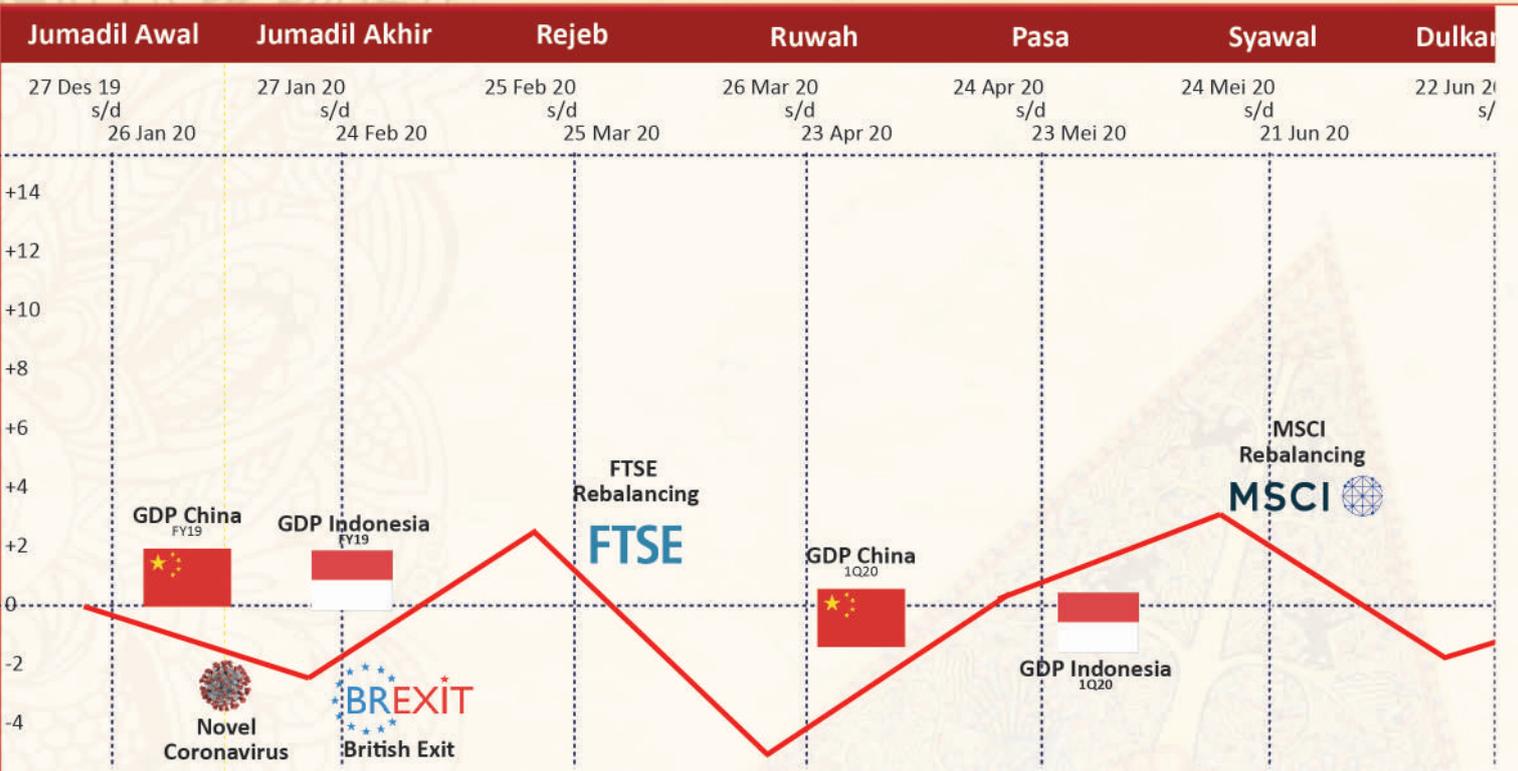
Benchmark Graphs



Source: MNCS

Primbangan

Tahun Jawa 1953

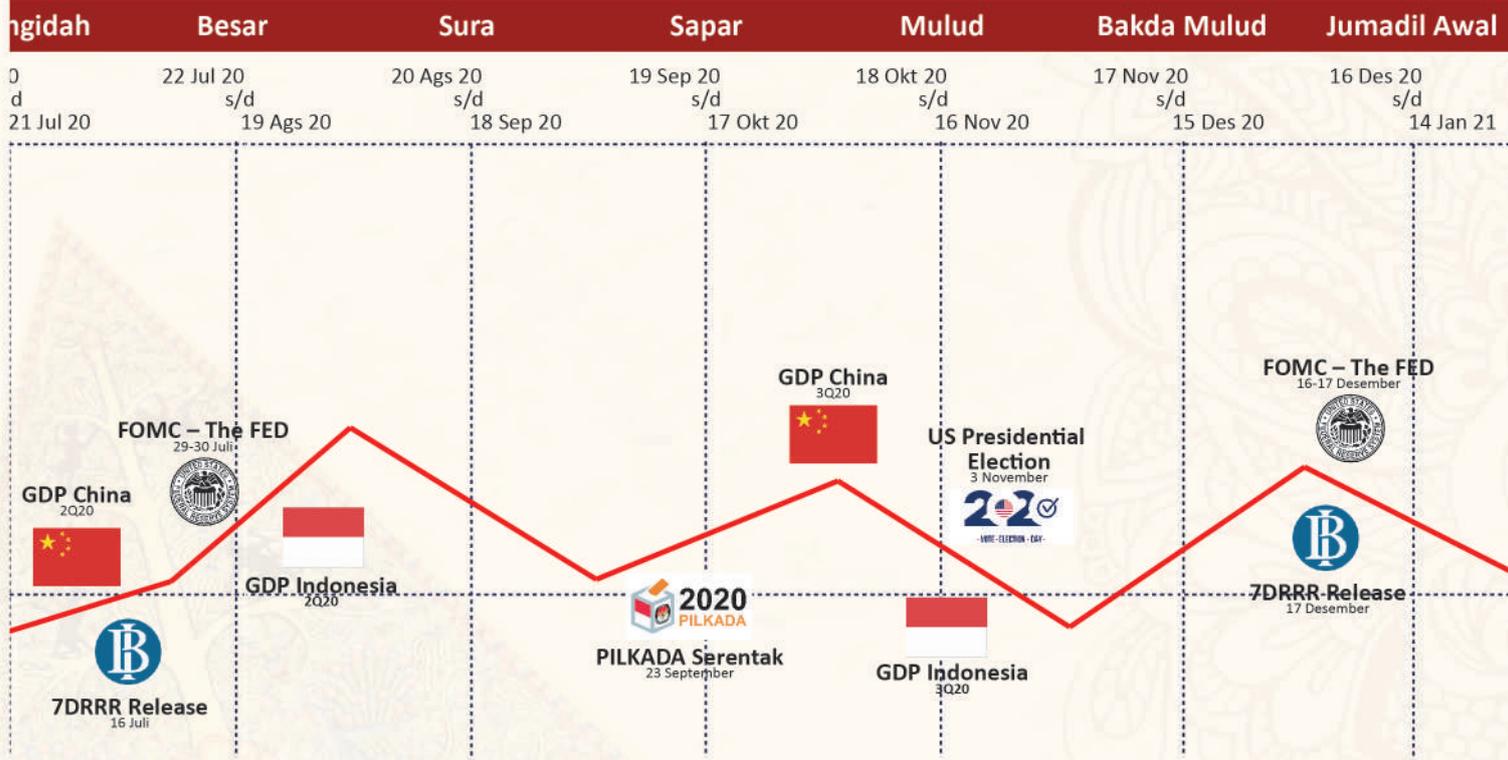


Tahun Masehi 2020

JANUARI	FEBRUARI	MARET	APRIL	MEI	JUNI
<p>SIFAT</p> <p><i>Geringen genti-genti</i> (sakit-sakitan/tidak sehat secara bergantian), individu/institusi akan mengalami kondisi yang kurang baik.</p>	<p>SIFAT</p> <p><i>Oleh rahmating wong tuwa</i> (memperoleh restu, berkah, dan anugerah dari orang tua), individu/institusi dalam beraktivitas akan memperoleh restu, berkah, dan anugerah.</p>	<p>SIFAT</p> <p><i>Akeh prakara</i> (banyak masalah), individu/institusi dalam beraktivitas hendaknya menghindari segala sesuatu yang bersifat merugikan dan negatif, karena dalam kurun waktu ini akan datang banyak masalah, termasuk ekonomi dan keuangan.</p>	<p>SIFAT</p> <p><i>Rahayu slamet, nanging yen wis tiba brahat</i> (kebahagiaan, kesejahteraan, ketentraman, dan keselamatan akan tiba, dengan melakukan pengendalian diri dan pendekatan diri kepada Tuhan), individu/institusi hendaknya mendekatkan diri kepada Tuhan agar memperoleh keselamatan lahir dan batin.</p>	<p>SIFAT</p> <p><i>Oleh salaka lan rejeki</i> (memperoleh uang dari bahan logam berwarna putih serta rejeki), individu/institusi akan memperoleh rejeki dalam arti yang seluas-luasnya.</p>	<p>SIFAT</p> <p><i>Akeh sedyala</i> (banyak orang memiliki keinginan yang tercela/nista), individu/institusi akan menghadapi permasalahan meskipun tidak terlalu berat, namun tetap waspada dengan banyaknya keinginan dan perilaku tidak terpuji.</p>
<p>PANDANGAN PEREKONOMIAN</p> <p>Pada kurun waktu ini perlu memperhatikan segala hal yang berhubungan dengan 'stamina dan kesehatan' institusi secara utuh dan menyeluruh, baik tentang infrastruktur, sumber daya manusia, cadangan finansial dalam melakukan usaha, promosi dan pemasaran produk. Sebagai sebuah sistem kerja yang utuh dan menyeluruh, elemen-elemen yang terkait dengan aktivitas institusi perlu adanya sinergitas yang terkoordinasi agar terjadi aktualisasi saling menopang satu elemen dengan elemen lainnya.</p>	<p>PANDANGAN PEREKONOMIAN</p> <p>Periode ini situasi dan kondisi baik terutama untuk mengawali transaksi permodalan, meskipun harus sangat berhati-hati, awas, dan waspada, karena kemungkinan besar akan mendapatkan rekan usaha dalam bisnis dan perdagangan dari berbagai pihak yang kurang menggembirakan.</p>	<p>PANDANGAN PEREKONOMIAN</p> <p>Pada periode ini kurang sesuai untuk mengembangkan diri, mengadakan ekspansi finansial, melakukan transaksi keuangan dalam jumlah yang sangat besar maupun mengembangkan relasi bisnis dan perdagangan. Lebih utama jika berusaha untuk mengendalikan diri agar yang akan datang dapat menumbuhkan kepercayaan rekan kerja dalam melakukan transaksi bisnis dan perdagangan, sehingga apa yang direncanakan akan mendapatkan kesuksesan yang signifikan.</p>	<p>PANDANGAN PEREKONOMIAN</p> <p>Periode ini cukup banyak kesempatan untuk mengevaluasi diri dan introspeksi sebagai materi ekspansi investasi serta usaha lain di bidang bisnis dan perdagangan yang akan datang disertai peningkatan kepercayaan atas dasar saling memahami, terbuka, jujur, dan tanggung jawab di antara pemilik saham dan permodalan sehingga keuntungan dapat ditingkatkan.</p>	<p>PANDANGAN PEREKONOMIAN</p> <p>Pada kurun waktu ini usaha yang dilakukan akan memperoleh keuntungan yang besar, baik finansial-permodalan, dan investasi karena iklim dalam situasi sangat baik. Individu maupun institusi baik untuk mengembangkan usaha di lain dengan berpegang teguh pada kepercayaan masyarakat. Namun perlu berhati-hati, awas, dan waspada sebab dalam situasi dan kondisi ini akan menghadapi banyak individu maupun institusi mempunyai kehendak untuk menguasai kekayaan atas saham permodalan secara tidak lumrah.</p>	<p>PANDANGAN PEREKONOMIAN</p> <p>Dalam periode ini banyak individu maupun institusi mempunyai kemauan untuk menguasai kekayaan yang dimiliki, baik dalam bentuk finansial maupun permodalan serta menunjukkan ekspresi kecemburuan terhadap keberhasilan yang telah didapatkan sehingga akan terjadi disharmoni di antara pemilik saham dan hubungan timbal balik antar mitra usaha. Stamina individu maupun institusi sangat diperlukan dengan memperkuat ketahanan diri sebagai modal dasar dalam perlindungan aset dan permodalan sehingga usahanya tetap bisa berlangsung.</p>
					<p>PANDANGAN PEREKONOMIAN</p> <p>Periode ini momentum untuk membina kepercayaan masyarakat rekan kerja dan meningkatkan pelayanan optimal. Individu maupun institusi berpeluang mendapatkan perhatian yang baik dan kepercayaan individu maupun institusi lain menjadi relasi kerjanya.</p>

Index 2020

Tahun Jawa 1954



	JULI	AGUSTUS	SEPTEMBER	OKTOBER	NOVEMBER	DESEMBER
SIFAT						
PANDANGAN PEREKONOMIAN						
SIFAT						
PANDANGAN PEREKONOMIAN						

SIFAT
 Adulur an kasih sanak titusi akan an non fisik, r dalam gan usaha, bah jumlah kemajuan bangan

SIFAT
 Utama wedi tur slamet (situasi dan kondisi yang baik sekali, aman, tenteram, damai, dan sejahtera), individu/institusi hendaknya memanfaatkan kesempatan untuk menjalankan suatu aktivitas dengan mengembangkan diri dan membangun relasi yang lebih luas.

SIFAT
 Hera-heru oleh bilahine teka (terombang-ambing oleh situasi sehingga bencana dan malapetaka datang mengujinya), individu/institusi hendaknya waspada karena munculnya kondisi yang tidak pasti.

SIFAT
 Becike samadya (sebaiknya yang sedang-sedang saja, sederhana, rendah hati, dan tidak berlebihan), bersikap dan bertindaklah secara sederhana, rendah hati, dan tidak jangan terlalu lamban.

SIFAT
 Apesan, geringan, kepaten (bersifat naas, penyakit, dan datangnya kematian), individu/institusi pada periode ini hendaknya bersikap hati-hati dan waspada akan datangnya malapetaka seperti sakit, apes, dan kematian.

SIFAT
 Slamet samu barang gawe (semua aktivitas yang dilakukan memperoleh kesuksesan), individu/institusi hendaknya bersiap diri untuk pengembangan dan memajukan diri, serta berusaha meningkatkan penghasilan.

SIFAT
 Geringen genti-genti (sakit-sakitan secara bergantian), individu/institusi akan menemui hal yang tidak diinginkan, namun berusaha untuk menyeimbangkan diri.

PANDANGAN PEREKONOMIAN
 erupakan ang baik angun ebagai angan n yang idu titusi i ng penuh an dari pun ang i rekan

PANDANGAN PEREKONOMIAN
 Pada periode ini, individu maupun institusi memiliki kesempatan yang sangat baik untuk mengembangkan diri serta meningkatkan relasi dengan menambah rekan kerja yang dapat diikutsertakan dalam kerjasama untuk membesarkan usaha. Walaupun telah ada upaya untuk mengembangkan diri secara lebih leluasa, seyogyanya tetap waspada untuk selalu melindungi investasi dalam bentuk aset dan permodalan.

PANDANGAN PEREKONOMIAN
 Pada periode ini situasi dan kondisi tidak menentu, sehingga individu maupun institusi tidak baik untuk mengadakan ekspansi dan mengembangkan diri. Dunia usaha akan mengalami kegoncangan yang disebabkan oleh faktor di luar ekonomi, bisnis, dan perdagangan. Gejala sosial masyarakat mempengaruhi perekonomian secara makro dengan arah yang tidak terkendali sehingga dunia usaha perlu kehati-hatian, awas dan waspada untuk dapat bertahan pada level yang aman dengan melindungi aset dan permodalan yang telah diinvestasikan.

PANDANGAN PEREKONOMIAN
 Pada periode ini situasi baik sehingga dapat dimanfaatkan oleh individu maupun institusi untuk menjaga keselarasan di antara relasi yang telah dibangun, serta berupaya untuk bersikap dan bertindak yang sederhana, rendah hati, dan tidak berlebihan. Keputusan penting yang diambil dengan mengupayakan tetap berlangsungnya usaha secara normal, baik, dan wajar. Tindakan yang berlebihan akan mengakibatkan usaha yang dijalankan akan mengalami pengurangan produktivitas.

PANDANGAN PEREKONOMIAN
 Periode ini suasananya kurang bersahabat, sehingga dunia usaha harus menjaga stamina dan kesehatan, kehati-hatian, awas dan waspada agar produktivitas sehari-hari tetap dapat terus berjalan. Situasi saat ini dapat menyebabkan sakit yang berkepanjangan sehingga dapat menemui kematian. Dalam menjalankan usaha harus selalu berorientasi pada stamina dan kesehatan usaha dengan berupaya mengedepankan akselerasi dengan tujuan untuk mengantisipasi dan menetralisasi ancaman yang akan menimpa usahanya dengan tidak mengambil keputusan yang beresiko tinggi, supaya usahanya berjalan normal.

PANDANGAN PEREKONOMIAN
 Pada periode ini situasi yang sangat baik untuk mengembangkan usaha. Aset dan permodalan perlu ditingkatkan dengan melakukan ekspansi dan membuka usaha baru. Produktivitas dapat ditingkatkan dengan menjalin harmonisasi di antara pihak-pihak yang terkait.

PANDANGAN PEREKONOMIAN
 Baik makro maupun mikro pada periode ini perlu kehati-hatian dan kewaspadaan. Seluruh sektor dapat dikembangkan (ekspansi), namun harus sangat hati-hati pada periode berikutnya, akan menghadapi situasi yang kurang mengembirakan. Transaksi finansial cukup memberikan harapan bagi investor karena akan memberikan cadangan modal yang cukup memadai.

Javanese Primbon Perspective 2020

Dr. Darmoko, S.S., M.Hum.



Source: Speaker

"As the Jimakhir closing year, the year 2020 has a rather hollow or void characteristic, which can be filled with any kind of activity yet with caution and alertness." said Dr. Darmoko, SS, M.Hum.

In the 2020 Compendium 6th, MNC Sekuritas re- collaborated with Dr. Darmoko, SS., M.Hum to observe and decipher the Indonesian economy through Primbon analysis. The year 2020 is the continuation of *windu Sengara* (the year 2019) where various challenges are expected to negatively impact the domestic economy and JCI.

Windu Transition in 2020

The year 2020 is still in *windu Sengara*, whereas this year signifies flood or unfortunate events; however, this year can still be effective to avoid or be rid of negative things. Nevertheless, this year is also a transition, where *Jimakhir* year happens at August 20, 2020 to August 9 2021, following the *windu Sancaya* on the next day (August 10, 2021).

As the *Jimakhir* closing year, the year 2020 has a rather hollow or void characteristic, which can be filled with any kind of activity yet with caution and alertness. *Windu Sancaya* means unity (friendship),

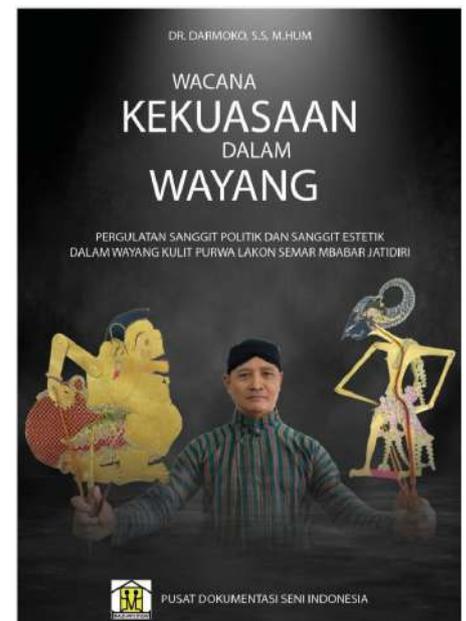
and is very suitable for preparing the development and reflecting on all the work.

According to Javanese Primbon, 2020 can be defined as a *Kolo* (time) and *Bayu* (wind). *Bayu* can be interpreted as wind or energy with moving and mysterious characteristics, this surely will impact human life. Other than the mysterious character, this year's energy can also be taken advantage to succeed.

2020 Primbon Enlightenment

In harmony with *Jimakhir* and *kolobayu* character, 2020 is a mysterious year that requires cautions, this year began with a variety of events that left world astounded, such as the US war in the Middle East, floods in Indonesia, and the outbreak of the Corona Virus.

Primbon's view from Dr.Darmoko, S.S., M.Hum about Indonesia's economic condition in 2020 is relatively in line with MNCS view, considering the slowing down of the global economy and the outbreak of Corona Virus originating from Wuhan, China. Various challenges will



Source: Speaker



Source: Speaker

emerge in 2020, and will potentially affect the global economy, domestic, and also the movement of the JCI. MNCS estimates that the movement of the JCI for 2020 will tend to flatten, with a tendency of declines

in the first half followed by recoveries in the second half.

Through *Primbon* and MNCS Outlook for 2020, investors are advised to be cautious

while implementing precise strategies in investing, so that investors can be prepared for future events.

May the Force be with Indonesia



Source: VectorStock

Investment Highlight: “May the Force be with Indonesia” will discuss the importance of investors awareness and anticipation towards domino effect of global uncertainty in the Indonesian equity market specifically Covid-19 pandemics and the potential economic slowdown. External factors are still the major contributor to the 2020 economic uncertainty where the development of trade war, exchange rate fluctuation, geopolitical crisis and recession issues caused by Covid-19 will still affect stock market movements. Meanwhile, the Government has made efforts in handling these cases by providing various stimulus packages, constructing temporary hospitals for Covid-19, and easing the buyback policy for companies. On the other hand, Indonesia’s economic growth is estimated to be at 2.3% - 4% on FY20E followed by companies’ earnings growth deceleration at 0.06% - 2.63%. MNCS Institution Research Team prioritize several defensive sectors particularly consumer, telecommunications and financial with

significant stock price decline and a relatively higher dividend.

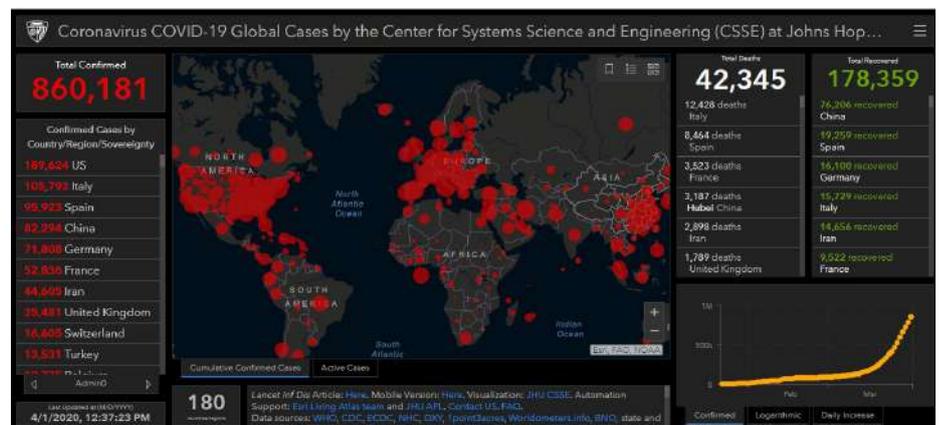
JCI plunge by 37% YTD amid Covid-19 Outbreak Fears

A glance at the Indonesian capital market industry, the Jakarta Composite Index recorded a significant decrease of 36.67 YTD to 3.989 on March 23, 2020. Foreign

investors accumulated net sell reached IDR10.20 trillion (as of March 23, 2020). The weakening of JCI was caused by fears from a potential economic slowdown due to the widespread Covid-19 outbreak in Indonesia.

Ministry of Health announced 114 new Covid-19 cases on March 31, 2020 so

Global Distribution of the Covid-19 Outbreak as of March 31, 2020



Source: WHO, CDC

Main Macroeconomic Indicator Outlook Scenarios

Indikator	APBN	Skenario	
		Berat	Sangat Berat
Pertumbuhan PDB (% YoY)	5.30	2.30	-0.40
Harga Minyak Indonesia (USD/barel)	63	38	31
Nilai Tukar (Rp/USD)	14,400	17,500	20,000
Inflasi (%)	3.1	3.9	5.1

Source: Ministry of Finance

Global Economic Financial Projection Decline

Negara	Proyeksi GDP (%)		
	2019	2020E	2021F
World	3.01	2.4	3.02
US	2.3	1.4	1.98
China	6.1	5.6	5.5
Eurozone	0.9	1.2	1.19
Indonesia	5.02	4.2 – 4.6	5.05

Source: IMF, World Bank, OECD, BI

that the total infected reached 1,528 cases with 136 deaths and 81 recoveries. The spread of the Covid-19 outbreak in Indonesia reached 1,528 cases within 4 weeks with the highest mortality rate in Southeast Asia. The government has taken several actions in response to Covid-19 outbreak, namely: 1) Modifying 4 towers on Wisma Atlet Kemayoran Jakarta as a Special Covid-19 hospital and isolation with around 3,000 beds available (with

a maximum capacity can accommodate up to 24,000 beds/10 towers) as well as accommodating rooms and facilities; 2) The purchase of 500,000 rapid test kit from China which can detect early symptoms of Covid-19; 3) Medicine purchases of Avigan and Chloroquine up to 2 million and 3 million respectively; 4) Providing additional incentives for doctors and medical workers in areas with emergency status. MNC Sekuritas hopes

that the case can be handled smoothly which will restore market confidence to re-invest in Indonesia.

Covid-19 has potentially Threaten More Damage to Global Economy

Investor's fears are increasing towards economic slowdown potential caused by Covid-19. Transportation sector, hospitality sector, supply chain and commodity market experience a decline due to temporary dismissal of business activities. Furthermore, DJIA and JCI both shown a significant decline of -34.85%/-36.67% YTD each. Therefore, OECD revised their FY20E global economic growth projection at 2.4% (previously at 2.9%), US GDP at 1.9% (previously at 2%), China's GDP at 4.9% (previously at 5.7%). Even KPMG estimates that the Covid-19 pandemics can potentially bring down US economic growth to the negative zone at -4.5% YoY on FY20E and will recover on FY21F/FY22F at -1.1%/0.8% YoY. Whilst BI and the Ministry of Finance revise Indonesia's GDP growth from 5% to only 2.3% with the worst-case scenario on the negative zone at -0.4% on FY20E.

Lesson Learned from the Previous Pandemics

Currently, the Covid-19 mortality rate reached 8.90% (136 deaths) and recovery rate reached 5.30% (81 recoveries). The

Potentially Covid-19 Affected Sectors

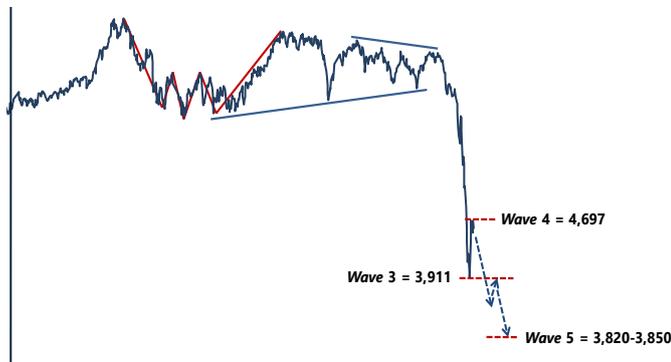


Source: Dcode EFC Analysis

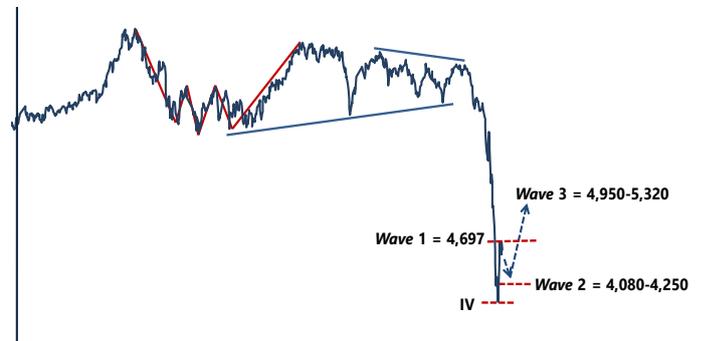
Source: Dcode ECF Analysis

JCI Movement Scenario based on Elliot Wave

Skenario 1



Skenario 2



Source: MNCS

infection has reached 860,181 cases globally (as of March 31, 2020) with 42,345 deaths. If compared to prior epidemics such as SARS (774 deaths), Ebola (13,562 deaths) and MERS (858 deaths), then the Covid-19 mortality rates have exceeded those mentioned due to a wider spread of Covid-19 outbreak. But, evaluating the mortality rate of Covid-19 that is only at 4.92% is still considered lower than SARS (9.60%), MERS (34.30%) and Ebola (40.40%). According to the China CDC, the mortality rate is higher for the elderly of 60 years and above (3.60% - 14.80%) while it is less than 1% for citizens 50 years and below. Nevertheless, the spread of Covid-19 news followed by unverified hoax have raised fears. We believe that this case will be handled quickly in regards to SARS recovery in 2003 only took 6 months.

Has the JCI Bottomed Out yet?

The JCI has significantly decreased by 24.57% on the last two weeks of March 2020, with minimal rebound probability. Market fears towards recession are increasing, followed by net foreign sell at the level of IDR10.84 trillion and depreciation of exchange rate by 17% YTD. However, we still believe there will be a promising rebound potential, supported by: 1) The decline on Covid-19 cases in China and Italy with suppressed mortality rate; 2) Technically, the JCI strong support is at 4,200-4,250 so that the JCI can potentially rebound to 4,500-

5,000 on a bullish scenario; 3) Appealing risk and reward ratio where the maximum price fall in a day is at 7% while the upside is at 20% - 35%.

With Elliot Wave, we have prepared two scenarios for future JCI movements;

FIRST SCENARIO

On the first scenario, we assume the current strengthening of JCI is a wave 4, whereas JCI turns out to break the yesterday's bottom point (we labeled wave 3) and create a new low. On this scenario, JCI will rebound in a split second and will only test wave 3 as resistance. Upon reaching that point, investors may reduce accumulated shares. So investors can buy the shares back when JCI movement is corrected towards wave 5.

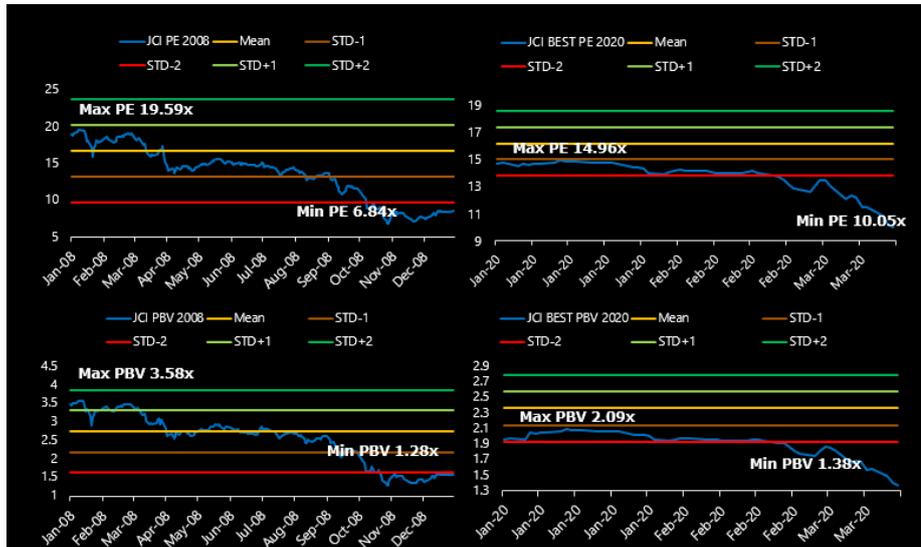
SECOND SCENARIO

On the second scenario, we assume there will be a double bottom pattern where JCI has completed the correction and will be on a bullish condition. We estimate the next JCI movement will only be a limited correction, which means it won't penetrate the bottom level which we labeled IV (see Scenario 2 Chart). Our estimate for the JCI correction to create wave 2 is at 4,080-4,250 which is also a support level. When the market sociomoods turns positive the JCI will retest wave 1 as the previous highest area. If JCI managed to break then it will be on their bullish phase.

Indonesian Government Issues an Emergency Stimulus Package to Dampen the Turbulence

The government has prepared various stimulus packages to face the economic challenges caused by Covid-19 outbreak amounting to IDR405.1 trillion. The fiscal stimulus packages are as follows: 1) National economic recovery programs, including credit restructuring, guarantees and financing for MSMEs and businesses amounting to IDR150 trillion; 2) Social security including food and electricity subsidies amounting to IDR110 trillion; 3) Health care spending amounting to IDR75 trillion; 4) Corporate tax incentives at the level of 22% and stimulus for citizen's business loan (KUR) amounting to IDR70.1 trillion. Meanwhile, some stimulus packages that have been implemented are: 1) Stimulus Package Volume 1 to save the hospitality industry and hotel, restaurant tax exemption as well as discounted airplane tickets; 2) Stimulus Package Volume 2 including exemption from income tax (PPH) 21 for workers, postponement of the imposition of Import Tax Article 22; 3) Buyback policy for companies. Amidst index steep plunge and depreciated exchange rate, this is the exact moment to provide various stimulus packages to increase the general confidence while supporting purchasing power and business sustainability.

SARS 2008 Index Movement: is it Bottoming?



No	Ticker	% Change High to Low 2008	% Change High to Low 2020	PE (x)				PBV (x)			
				Jan 9th 2008 - Oct 28th 2008 (for JCI)	High	Low	Jan 3th 2020 - Mar 17th 2020 (for JCI)	High	Low	Jan 9th 2008 - Oct 28th 2008 (for JCI)	High
1	JCI Index	-61.62%	-29.53%	15.99	5.99	14.97	9.81	3.58	1.28	2.08	1.23
2	ASII	-75.87%	-40.00%	18.39	3.17	13.42	7.74	4.44	0.95	1.97	1.14
3	BBRI	-65.71%	-27.73%	19.31	5.87	16.87	11.18	4.94	1.60	2.81	1.86
4	BBNI	-78.61%	-42.26%	60.54	17.47	9.60	5.09	1.71	0.44	1.21	0.64
5	BBCA	-45.58%	-23.80%	20.08	9.69	29.67	21.58	4.42	2.23	4.87	3.54
6	BMRI	-65.18%	-29.81%	16.35	4.93	13.58	8.75	2.45	0.87	1.82	1.17
7	UNVR	-27.38%	-23.34%	27.97	19.28	44.26	31.23	21.49	13.54	61.94	43.70
8	HMSP	-46.67%	-42.98%	17.78	9.20	19.25	10.29	8.29	4.81	8.45	4.52
9	GGRM	-58.99%	-37.62%	11.61	4.09	12.10	7.33	1.19	0.47	2.37	1.44
10	TLKM	-52.68%	-23.57%	15.99	8.29	19.71	13.74	6.05	3.02	4.01	2.79
11	AALI	-86.97%	-60.21%	27.13	2.57	128.54	47.18	13.19	1.56	1.47	0.54

Source: MNCS

It's Time to Focus on Blue Chips and Dividend Player

MNCS believe that JCI movement until FY20E will still be impacted by global and domestic sentiments. We create several scenarios of JCI movements such as: 1) **Scenario 1:** FY20E JCI Target is at **5,435** with **GDP estimated at 4%** (EPS growth: 2.63%; implied PE: 13.54x); 2) **Scenario 2:** FY20E JCI Target is at **3,351** with **GDP estimated at 2%** (EPS growth: 0.06%; implied PE: 8.57x); 3) **Scenario 3:** FY20E JCI Target is at **2,625** with **GDP estimated at -0.4%** (EPS growth: -2.44%; implied PE: 6.88x). We implemented a defensive strategy amidst fluctuating market volatility. Our focus is on several sectors namely **Consumer Sector (OVERWEIGHT)**, **Telco Sector (NEUTRAL)** and **Banking Sector (NEUTRAL)**, which distribute a relatively high dividend yield also a few blue-chip stocks such as **HMSP (BUY; TP: IDR2,500)**, **GGRM (BUY; TP: IDR5,450)**, **TLKM (BUY; TP: IDR3,600)**, **ASII (BUY; TP: IDR4,900)**, **BBRI (BUY; TP: IDR3,200)** and **BBNI (HOLD; TP: IDR4,300)**. Meanwhile, there are a few temporary strengthening potentials on **Coal Mining Sector (NEUTRAL)** with top picks **PTBA (BUY; TP: IDR2,310)** and **ITMG (BUY; TP: IDR10,625)**. We avoid some stocks from the Retail, Hotels and Aviation Sectors which currently experiencing a significant volume decrease.

The Government Fiscal Stimulus to handle Covid-19

Tambahan Dana Penanganan Covid-19: Rp405,1 triliun

Peraturan Pemerintah Pengganti Undang-undang (Perpu) Nomor 1 Tahun 2020 tentang Kebijakan Keuangan Negara dan Stabilitas Sistem Keuangan untuk Penanganan Pandemi Virus Corona

Pembayaan Program Pemulihan Ekonomi Nasional

termasuk restrukturisasi kredit, penjaminan serta pembiayaan untuk UMKD dan usaha

Rp150 triliun

Perlindungan Sosial (Social Safety Net)

termasuk tambahan penyaluran PKH, kartu pra kerja, subsidi pangan dan listrik

Rp110 triliun

Intervensi Penanggulangan Covid-19

termasuk belanja kesehatan, sanitasi, kematian, subsidi BPJS, dan insentif tenaga medis

Rp75 triliun

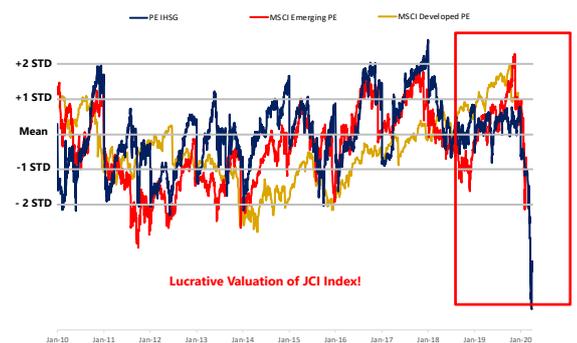
Insentif Perpajakan dan Stimulus Kredit Usaha Rakyat

termasuk perluasan pembebasan bea masuk dan pemudanan pembayaran pokok dan bunga KUR selama 6 bulan

Rp70,1 triliun

Source: The Ministry of Finance, MNCS

Current JCI has passed below -2STD PE (10 years average)



Source: Bloomberg as of 31 March 2020

2019 Southeast Asia E-Money Market Report

The full 2019 Southeast Asia E-Money Market Report contains an overview of payments trends and infrastructure in the region, evaluates the growth potential for banks and nonbanks, and examines the collaboration opportunities between banks and nonbanks. It provides insights into Grab's and Go-Jek's bank and fintech partnerships, and evaluates the centrality of e-wallets in building super apps. The full report is available to S&P Global Market Intelligence subscribers. Contact us for more information.

Contact Us

<https://pages.marketintelligence.spglobal.com/SEA-E-Money-Market-Report-Request-CD.html>

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Indonesia, Malaysia, the Philippines, Singapore and Thailand are the five largest economies in the Association of Southeast Asian Nations, or ASEAN-5. They are also a hotbed for nonbanks building regional electronic wallet platforms.

E-money more popular than debit and credit cards in Southeast Asia

People across the region use stored-value or prepaid instruments to make small-value transactions with a card-based product or e-wallet. Known as electronic money, or e-money, these products can be issued by banks and registered nonbanks. E-money accounts do not pay interest and can be issued to people without bank accounts.

Over 10 billion in aggregate e-money transactions occurred in the five countries covered in our report in 2018. Singapore accounted for 34% of the region's e-money transactions with a population of just 5.6 million, while Indonesia saw the second-largest number of e-money transactions and had the fastest year-over-year growth rate. In Singapore, Malaysia, Thailand and Indonesia, e-money instruments were used more than twice as frequently as debit and credit cards in 2018.

Within the e-money category, the volume of transactions processed through e-wallets is gaining steam. For example, S&P Global Market Intelligence estimates that e-wallets' share of total e-money volumes in Indonesia grew to 36% in 2018 from less than 10% in 2017.

Nonbanks account for the majority of e-money license holders in Indonesia,

Malaysia and Thailand, primarily offering e-wallets. Only in the Philippines do banks hold more e-money licenses than nonbanks. But banks are still a force to be reckoned with in the Southeast Asian e-money space. S&P Global Market Intelligence sees the greatest growth potential for nonbank-led e-wallets in Indonesia and the Philippines.

As dominance in payments often paves the way to other financial services, the ongoing competition could lead to the emergence of the first-ever regional nonbanking mobile platform to deliver payments, lending and insurance.

E-wallets affiliated with ride-hailers driving payments in Indonesia

E-money usage in Indonesia grew at a compound annual growth rate of more than 84% from 2013 through 2018 due to the increasing popularity of digital wallets offered by nonbanks to transfer money to friends and to pay for ride-hailing, food delivery, mobile phone account top-ups, and purchases of other goods and services online and in-store.

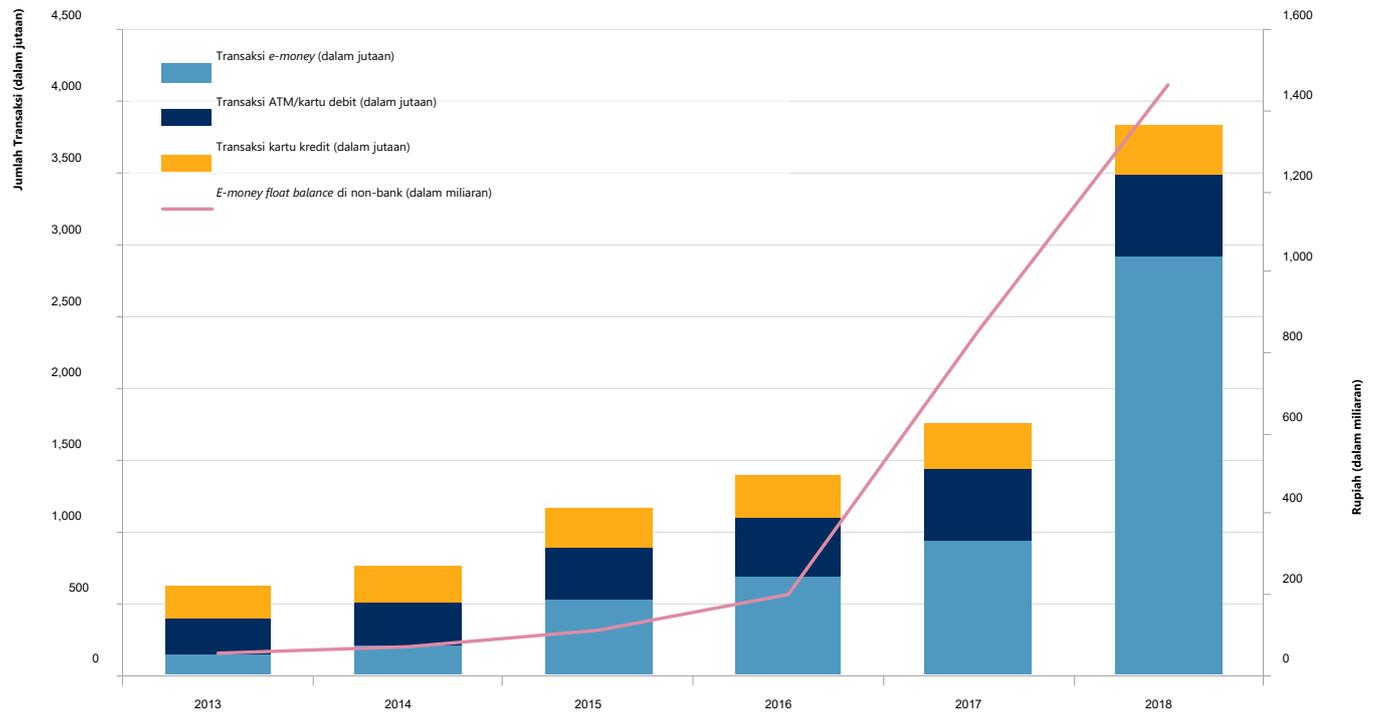
Within two years of its launch, Go-Jek's e-wallet accounted for more than 26% in e-money transactions in 2018, according to our estimates. Ovo is fast

Indonesia driving e-money growth in Southeast Asia



Data compiled Oct. 11, 2019. Sources: Central banks © 2019. S&P Global Market Intelligence. All rights reserved

E-money transactions dominate cashless payments in Indonesia



Data compiled Oct. 9, 2019. Source: Bank Indonesia © 2019. S&P Global Market Intelligence. All rights reserved.

emerging as another strong contender for the leadership position after two large digital consumer platforms integrated the e-wallet into their apps. The e-wallet backed by conglomerate Lippo Group struck a partnership with ride-hailer Grab in mid-2018 and e-commerce platform Tokopedia later that year.

These ties should help Ovo pick up a significant market share in e-money volumes in 2019.

While banks accounted for more than 67% of e-money usage in 2018, based on number of transactions, we expect banks to concede their dominance to nonbanks in 2019.

Although the growing pile of funds in e-money accounts presents an interest revenue opportunity for nonbanks, it is not keeping pace with the rising usage of e-money. E-money customers tend to retain an insignificant balance in e-money accounts, which mitigates the risk of deposit leakage from banks.

E-wallets leveraging blockchain for remittances in the Philippines

E-wallets in the Philippines have evolved with international remittances as one of the primary features. Millions of overseas workers have made the Philippines one of the top destinations for remittances in the world and the largest in the region. The country saw more than \$30 billion of remittance inflows in 2018, representing about 10% of its GDP, according to World Bank data.

GCash, Coins.ph and PayMaya – three of the most popular Android apps under the finance category as of Oct. 7 in the Philippines – have partnered with banks and money transfer services abroad to digitalize remittances flowing into the country.

The Philippines’ embrace of blockchain in enabling remittances distinguishes it from the rest of the region. The central bank considers virtual currencies as remittance channels and offered licenses to 13 remittance and transfer companies

working with virtual currencies as of September 2019.

Bank-led real-time payments in Singapore, Malaysia and Thailand

Singapore, Malaysia and Thailand launched mobile payment systems to enable instant small-value transfers between institutions. These centralized systems support digital retail payments from multiple channels, including mobile and internet banking, to help banks preserve the payment relationship with deposit holders. The growing usage of interbank mobile payments suggests that banks in these countries may have averted the danger of being disintermediated in the payments cycle.

Thailand’s scheme has so far seen the greatest uptake with consumers among the countries that launched interbank systems for retail payments in the region. Launched in January 2017, Thailand’s PromptPay processed nearly a billion transactions in 2018, helping banks recapture the market for small-

Real-time payment schemes primarily promote interbank payments for retail transactions

	Features	Countries			
		Singapore	Malaysia	Thailand	The Philippines
About the instant payment scheme	Service name	PayNow	Duitnow	PromptPay	Instapay
	Technology provider	Vocalink	ACI Worldwide	Vocalink	Vocalink
Proxy addresses to send money	Mobile number	●	●	●	
	National ID	●	●	●	
	Corporate registration ID	●	●	●	
Usage channels	Internet banking	●	●	●	●
	Mobile	●	●	●	●
	ATM/bank counters			●	
Movement of funds	Bank to bank	●	●	●	●
	Bank to e-wallet (top-up)	●	●	●	●
	E-wallet to bank (cash out)	●	●		●
	E-wallet to e-wallet		●	●	●
Fintech participation	Nonbank access	●	●	●	●
	Supports QR code payments	●	●	●	

Data compiled Oct. 17, 2019.

The Philippines' Instapay operator partnered with Vocalink to enhance its service and allow fund transfers using proxies like mobile numbers and email addresses.

Singapore's PayNow is an overlay service on FAST, which is powered by Mastercard's Vocalink.

Source: Centralbanks

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value payments and posing a threat to nonbanks.

In Thailand, e-money transactions, which are predominantly processed by nonbank operators, were nearly twice as numerous as mobile banking transactions in 2016. Over the next two years, mobile banking transactions registered a compound annual growth rate of more than 115% and surpassed e-money transactions by far.

Aided by instant payment schemes and digital investments, mobile apps of banks in Singapore, Malaysia and Thailand compare favorably to nonbank-owned wallets in reach and usage, according to a ranking of Android apps listed under the finance category by SimilarWeb. Factors driving the popularity of instant payment schemes include convenience and lower fees. A payer does not need to input a bank account number to make fund transfers and can instead use a proxy identification such as a mobile number.

Impact of real-time payment schemes on fintechs

Real-time payment infrastructures that tie bank accounts to mobile numbers have diminished the prospects for nonbank-led closed-loop networks in less-cash markets. Countries moving toward interoperability blunt nonbanks' hopes of building a payment platform with network effects solely by linking consumers to merchants.

Big techs betting on e-wallets in the region

E-wallets affiliated with telecommunications and other technology firms with large user bases, also known as big tech companies, are building regional e-wallet platforms by acquiring users and forging alliances with banks, financial technology companies and other nonbanks.

Leading the e-wallet landscape is GrabTaxi Holdings Pte Ltd., whose ride-hailing app has become a popular way of moving money in Southeast Asia. Grab holds e-money licenses in Singapore, Malaysia

and the Philippines, and has partnered with local e-money issuers in Thailand and Indonesia.

Other large e-wallet-based payment platforms include Go-Pay, an e-wallet embedded in the ride-hailing app operated by PT Go-Jek Indonesia; True Money Co. Ltd., an affiliate of e-commerce and fintech company Ascend Group Co., Ltd.; and AirPay, the financial services business of e-commerce and gaming company Sea Ltd.

Payments processed through platforms offered by Grab, Go-Jek, TrueMoney and AirPay amounted to roughly \$30 billion in aggregate annualized transaction value in 2018, according to S&P Global Market Intelligence estimates.

E-wallets driving parent businesses, lowering costs

Ride-hailing, e-commerce and gaming technology companies are offering e-wallets in the region for various

reasons. For businesses issuing e-wallets, insights from transaction data help drive customer loyalty and enable targeted offers. E-wallets also provide a seamless payment experience such as one-click check-out and automated debits.

Offering e-wallets also helps bring down payment processing costs for online merchants. Credit card processing

expenses amounted to more than 2% of Uber's gross booking value in 2016 and 2017. Encouraging riders to use wallets allows digital merchants to process transactions internally without having to depend on external banks and card networks.

AirPay exists as a standalone app and also as an embedded e-wallet in Sea Ltd.'s

gaming and e-commerce apps, Garena and Shopee. By driving the adoption of AirPay among its customers, Sea says that it has brought down transaction costs.

Select large Southeast Asian e-wallet platforms

E-wallet	Parent (ticker)	Parent business	Total amount raised (\$B)	Countries	Remittances	Lending
GrabPay	Grab	Ride-hailing	8.75	SG,MY,TH,ID,PH,VN, KH, MM		●
Go-Pay	Go-Jek	Ride-hailing	4.1	TH, ID	●	●
Ovo	Lippo Group	Conglomerate	NA	ID		●
TrueMoney	Ascend Group	E-commerce, fintech	NA	TH, ID, PH, VN, KH, MM		●
AirPay	Sea Ltd. (NYSE:SE)	E-commerce,online gaming	NA	MY, TH, ID and VN		●
Line Pay	Line Corp. (TSE:3938)	Internet software and services	NA	JP,TH,IDandTW	●	
Alipay	Ant Financial	Fintech	18.5	SG,MY,TH,VN,KH, LA, PH, MM		
Boost	Axiata Group (KLSE:AXIATA)	Telecom	NA	MY, ID	●	●
Dash	Singtel (SGX:Z74)	Telecom	NA	SG	●	●
GCash	Mynt	Fintech	NA	PH	●	●

Data compiled Oct. 21, 2019.

NA = not available

Table includes large mobile payment companies operating in multiple countries in Southeast Asia.

SG = Singapore; ID = Indonesia; MY = Malaysia; TH = Thailand; PH = The Philippines; VN = Vietnam; KH = Cambodia; MM = Myanmar; JP = Japan; TW = Taiwan; LA = Laos.

Singtel's cross-border mobile payments alliance, currently comprising Singtel Dash in Singapore and AIS GLOBAL Pay and Rabbit Line Pay in Thailand, is meant to allow alliance consumers to use their local mobile wallets when travelling abroad. Malaysia's Axiata Group agreed to join the alliance.

PTVisionetInternasionaldoesbusinessasOvo,whosee-wallethasbeenintegratedintoGrab'sride-hailingappinIndonesia. Mynt is a joint venture between Globe Telecom, Ant Financial and Ayala Corp.

Sources: S&P Global Market Intelligence, company disclosures

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The full 2019 Southeast Asia E-Money Market Report contains an overview of payments trends and infrastructures in the region, evaluates the growth potential for banks and nonbanks, examines the collaboration opportunities between banks and nonbanks. It provides insights into Grab's and Go-Jek's bank/fintech partnerships and evaluates the centrality of e-wallets to building super apps. It is available to S&P Global Market Intelligence subscribers. Contact us for more information.

Ready for the Future Ride?

Source: Pexels

FY19 Four-Wheel Vehicle Sales Decreased by 10.60% YoY

The downward trend of four-wheeled vehicles (4W) sales in Indonesia continues with a decrease of -10.81% YoY to 1.03 million units in FY19 (vs 1.15 million units in FY18). The sales decline occurred in passenger vehicles and commercial vehicles by -10.19% YoY and -11.58% YoY in FY19 to 785,539 units and 244,587 units, respectively. This is in line with the growth of motor vehicle loans which decreased by -1.08% YoY to IDR47.63 trillion in FY19. We consider that the decline in commercial vehicles was caused by a fall

in the prices of leading commodities such as coal and palm oil. The price of coal in FY19 decreased by -27.37% YoY, followed by a decrease in the commercial vehicle truck segment by -11.04% YoY. We also consider the declines in sales of 4W were impacted by the instability of the domestic and foreign political climate such as trade escalation between China and the US so that consumers prefer to delay the purchase of automotive products.

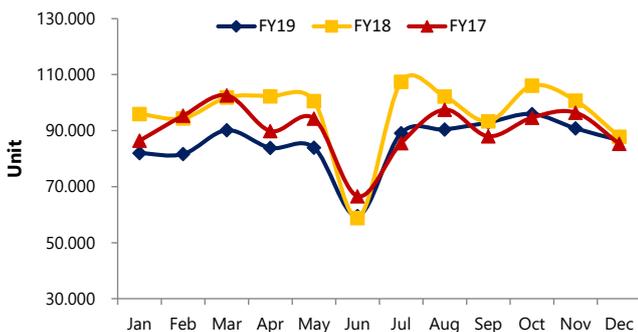
Introducing PHEV and Hybrid Car in 2020

We see Plug-in Hybrid Electric Vehicle (PHEV) and Hybrid cars can be a game changer for the automotive industry this year. Several car manufacturers plan to introduce various new products such as: 1) Toyota Astra Motor plans to introduce environmentally friendly cars Toyota

Prius PHEV in early 2020 with a price offer below IDR1 billion, equipped with various superior facilities such as the 2ZR-FXE engine with a capacity of 1.8 liters 4 cylinders capable of producing maximum power reaching 99.3 hp/5,200 rpm; 2) Nissan introduces an environmentally friendly car, the Nissan Leaf which has a battery capacity of 40 kWh, 150 hp and 320 Nm of torque; 3) Suzuki XL7 will carry a type of crossover SUV with a capacity of seven people and safety features such as Electronic Stability Program (ESP) and Hill Hold Control (HHC); 4) Morris Garage which is now owned by SAIC Motors (Wuling) plans to market its products in Indonesia after successfully selling 10,000 units in India since its launch in May 2019.

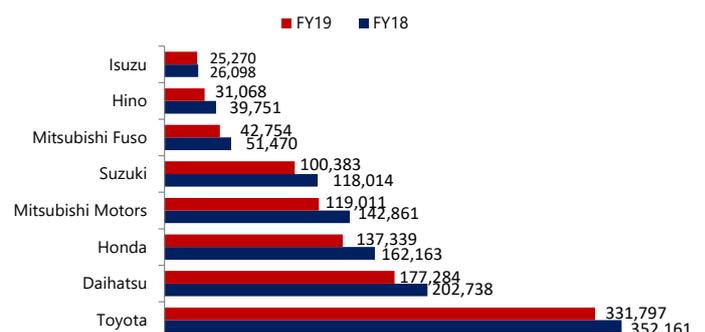
We believe that the entry of new products in Indonesia might attract the public's

Domestic Car Sales FY17 – FY19



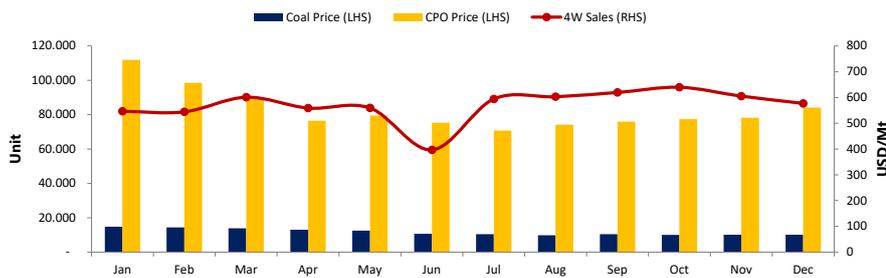
Source: ASII

4W Sales Development based on Brands



Source: Gaikindo

Coal Price, CPO Price and FY19 Domestic Sales



Source: Bloomberg, ASII

New Comers of 2020



Source: Google

interest in spending on new products that offer sophisticated features. In addition, the level of public awareness of environmentally friendly vehicles is increasing, as seen from hybrid car sales growth of 2.09% YoY reaching 685 units in FY19 (vs 671 units in FY18).

Trade-In Program is Increasingly in Demand

The trade-in or car trade-in program is increasingly in demand by the public. This year, Dyandra as the organizer of the Indonesia International Motor Show (IIMS)2020 is supposed to support the trade-in program through the festival which was supposed to be held on 9th-19th of April at JIExpoKemayoran, Jakarta. However, this program was cancelled due to the spread of Covid-19. Meanwhile, this program was predicted to be effective in increasing automotive sales growth because PT Adi Sarana Armada Tbk (ASSA), one of the companies engaged in buying and selling used cars, posted revenue in this segment growing by 14.21% QoQ to IDR101.755 billion in 3Q19 (vs 3Q18 amounting to IDR89.095 billion). Moreover, the increase still occurred in 2Q19 by 24.05% QoQ to IDR106.402 billion (vs 1Q19 of IDR85.777 billion). With significant growth in almost every period, we consider the trade in will be the people's choice for a car ownership.

Tax and Four-Wheel Vehicle Incentives are the Government's Main Focus

The government will propose customs duties on the purchase of motor vehicles that produce CO2 emissions. This effort, at the same time, is encouraging the electrification technology of motor vehicles in Indonesia. The regulation will be excluded from: 1) Electric vehicles, 2) Public transport, government vehicles, special purpose vehicles such as ambulances and fire trucks, 3) Vehicles for export needs. This regulation will be imposed on domestic manufacturers and importers which will potentially be charged to consumers.

Other than the excise for motor vehicles that produce CO2 emissions, incentives will also be given to electric cars and their users in the form of tax exemption from Transfer of Motorized Vehicle Names (BBN-KB) and annual tax relief of 50%. Exemption from BBN-KB costs has the potential to make selling prices on the road more affordable ~10%. Jakarta's Governor Regulation No. 88 of 2019 also allows pure electric cars to be free to pass in even-odd areas, not including Plug-in Hybrid Electric Vehicle (PHEV).

Therefore, ongoing efforts are expected to increase sales and use of electric vehicles in Indonesia. This regulation is considered to be a catalyst that supports the existence

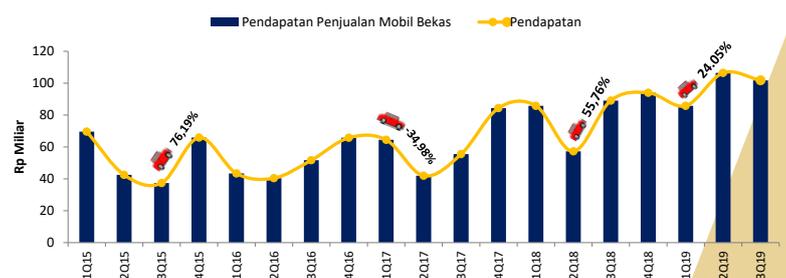
of environmentally friendly vehicles, as well as realizing the government's target in producing 2,200 units of electric cars and 2.1 million for electric motors in FY25F. This is also one way to deal with the problem of limited fuel in the future as well as addressing environmental problems.

Recommendation: NEUTRAL with ASII as Preferred Stock

We consider that the automotive sector in FY20E will grow stagnant at a single-digit growth of 5% with vehicle sales volume of 1.08 million units. This prediction is based on the impact of global economic instability due to the Covid-19 outbreak that hampered imports of CBU (Completely Built-Up) spare parts and vehicles from China. We recommend **NEUTRAL** for the automotive sector with the stock recommendation of **ASII (BUY, TP: IDR.4,900)** seeing 4W vehicle sales which are estimated to be relatively stagnant in FY20E due to weakening commodity prices, risk of exchange rate volatility and weakening of the global economy. On the other hand, regulations on the development of electric vehicles and a reduction in the 7DRR rate are a positive sentiment for the automotive sector.

MNCS maintains **NEUTRAL** recommendations for the Automotive Sector with preferred stock of **ASII (BUY; TP: IDR4.900)**

ASSA Second Hand Car Sales



Source: Bloomberg

Striving in the Winding Road

Source: Pexels

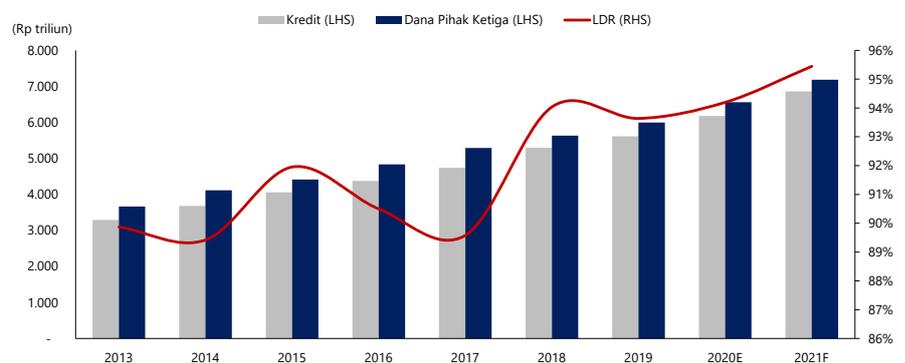
Credit Growth Remains Sluggish in FY19

Indonesia new loan demand continued to show a slowing trend until December 2019. This was indicated by loan growth reaching at IDR5,616.99 trillion in December 2019 or grew by 6.08% YoY, lower than November 2019 at the level of 7.05 % YoY. Meanwhile, Third Party Funds only grew by 6.54% YoY. Based on its financial statements in FY19, loan from the average big caps bank in our coverage grew by 8.34% YoY, in which BMRI and BBCA recorded the highest loan growth of 10.79%/9.06% YoY, respectively. MNCS note that loan growth in FY20E tends to move moderately, supported by: 1) Uncertainty in the global economy; 2) Sluggish business and investment climate mainly due to Covid-19 outbreak; 3) The tight liquidity with LDR of SOE banks reached 93.64% in FY19; 4) Potential increase in NPLs, especially from SOEs and mining sector.

Tightening in Asset Quality: Banks wary of Covid-19 impact on NPL levels

The quality of banking assets has not shown improvement, especially in SOE banks. OJK recorded the gross NPL of national banks in Dec-2019 increased

Loan Growth, Third Party Funds, and LDR Movement



Source: OJK, MNCS

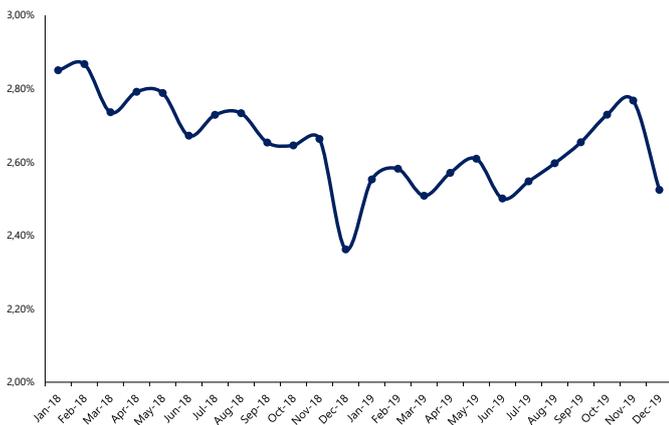
at the level of 2.52% (vs 2.36% in Dec-2018). We see the potential increase in NPL, especially came from textile, pharmaceutical, hospitality and tourism industry, commodity sector amid the sluggish business and investment climate, mainly due to Covid-19 outbreak. We believe NPL ratio expected to rise at around 2.50%/2.40% level in FY20E/ FY21F. Meanwhile, risk mitigation and strategies through restructuring, provisioning and write-offs are needed in order to maintain the quality of banking assets. Looking at the NIMs trend, we see that decrease in NIMs still occur in FY19 as happened in several SOEs bank. MNCS believes that the downturn in NIM will continue throughout FY20E at the level

of 4.72% (-19bps) amid tight banking liquidity.

BI Rate Cut is expected to Support Domestic Consumption...

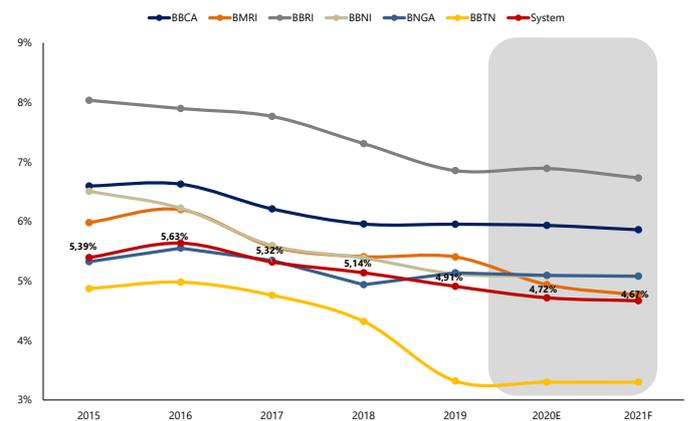
MNCS still believes that the tone of banking sector after the FY19 political year will be more positive. This is supported by the clearer structure of the cabinet and the economy which is expected to provide a more positive sentiment to the business ecosystem. In addition, the BI rate cut in February 2020 by 25 bps to 4.75% is expected to increase consumption activity. We consider that this policy will benefit to businesses as a relatively lower costs to increase investment activities and domestic production. MNCS predicts loan

Indonesia's NPL Trend in FY18-FY19



Source: OJK

NIM Movement MNCS Bank Universe vs Banking System



Source: OJK, MNCS

growth in FY20E / FY21F to be at the level of 8.54%/9.76% YoY. In addition, the average growth of banking net profit in our coverage of FY20E/ FY21F is predicted to be at the level of 8.84% YoY/11.12% YoY respectively.

...while the Potential Downside Risk are Still Uncertain

Nonetheless, MNCS provides some notes on the challenges that will be faced by the banking sector in FY20E, especially related to some negative issues towards SOEs bank that involved in the restructuring process of government institutions that

are still experiencing losses. In addition, the adoption of PSAK 71 (IFRS 9) has the potential to reduce CAR (100-300bps) and banking issuers' profits due to an increase in provision costs. This leaves BBTN with the widest room for adjustment, with a potential decrease in CAR at 280bps and Equity ~15% in FY20E.

NEUTRAL Recommendation with Top Picks: BBRI and BBNI

We believe that the banking sector is still attractive which contributed the most to the JCI at 38.69% of total market capitalization. Nevertheless, the sluggish

business condition due to Covid-19, implementation of IFRS09 and the technology disruption still become the main challenges. We maintain a Neutral recommendation for the banking sector with a lower estimate and our top picks goes to: 1) **BBRI (BUY; TP: IDR3,200)** which focus on the ultra-micro segment and positive catalyst from the decline KUR rates for MSMEs at 6%; 2) **BBNI (HOLD; TP: IDR4,300)** supported by attractive valuations with PBV at the level of 0.89x in FY20E compared to the average PBV of BUKU IV banks at the level of 1.70x.

Management Target in FY20E

Company	NPL	NIM	Loan Growth
BBCA	NA	NA	5%-7%
BMRI	2.1%-2.3%	5.4%-5.6%	8%-10%
BBRI	3%	7%	10%-11%
BBNI	NA	4.9%-5.0%	10%-12%
BNGA	NA	>5%	6%-8%
BBTN	3%-3.5%	3.7%-3.8%	8%-10%
OJK			10%-11%
BI			9%-11%

Source: Companies, OJK, BI

MNCS maintain a NEUTRAL recommendation for the banking sector with several top picks:

BBCA (HOLD, TP: IDR28,400), BBNI (HOLD, TP: UDR4,300), BBRI (BUY, TP: IDR3,200), BMRI (HOLD, TP: IDR5,100) dan BNGA (BUY, TP: IDR850)

Tackling the Challenge

Source: Pexels

National Sales Volume Relatively Flat Over the Year

National cement sales have declined, whereas in FY19 sales were recorded at 69.77 million tons (+0.25% YoY) than FY18 sales which recorded 69.60 million tons (+4.90% YoY). The increase on sales in FY19 was supported by cement sales in West Java which contributed 11.54 million tons (+11.45% YoY) and Eastern Indonesia (Sulawesi, Nusa Tenggara and Eastern Indonesia) which contributed a total of 12.06 million tons (+8.82% YoY). However, national cement sales also slump in Feb-2020, standing at 4.87

million tons (-0.11% YoY) compared to 4.88 million tons in Feb-2019, especially in Java where cement sales slipped by 2.81% YoY. This is due to the extreme weather and flooding on several areas in Indonesia.

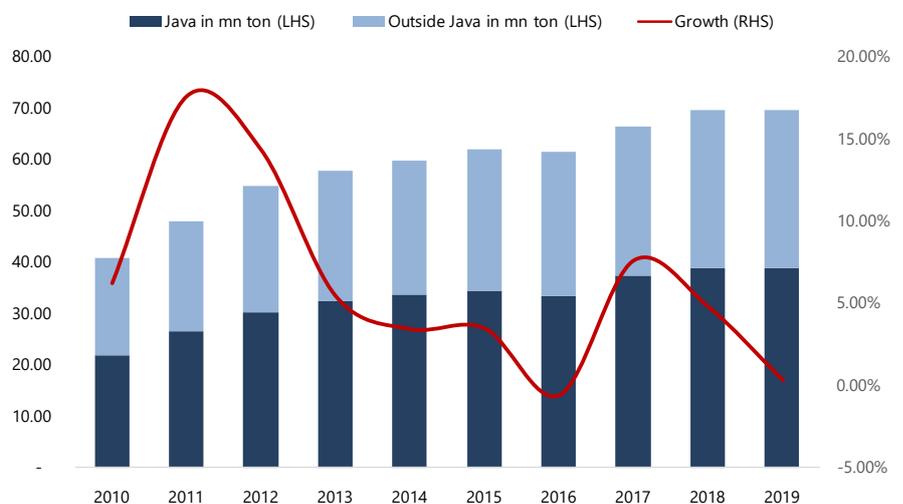
Seeking better Margins from Cost Efficiencies

Amidst stagnation of cement sales, some companies successfully applied efficiency strategy. For instance, INTP managed to record an incline in operating profit, reaching IDR1.90 trillion with operating profit margin increased at the level of 11.95%. Thus net profit grew by 60.16% YoY to IDR1.83 trillion in FY19, followed by an increase in net profit margin at 11.95% in FY19 (vs 7.07% FY18). On the other hand, INTP's revenue grew moderately by

MNCS maintains **NEUTRAL** recommendation for Cement Sector with stock pick

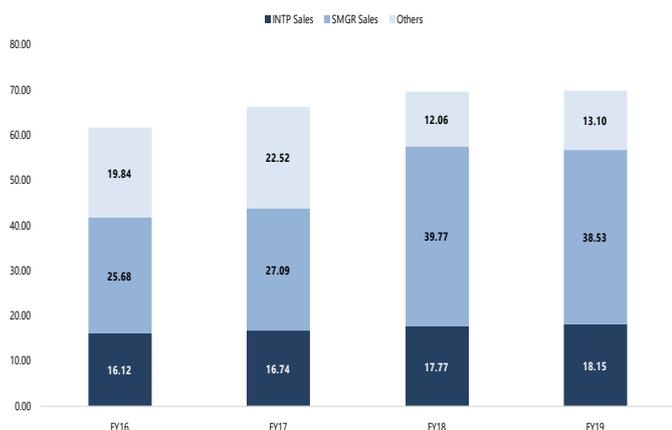
INTP (BUY; TP: IDR13.900) & SMGR (BUY; TP: IDR9.000)

Domestic Sales Volume in Java and Outside Java



Source: Asosiasi Semen Indonesia

Domestic Cement Sales Volume (in million ton)



Source: Asosiasi Semen Indonesia, Company

4.93% YoY at the level of IDR15.93 trillion. Meanwhile, SMGR performance in FY19 was quite depressed, recording a decline in net profit of -23.15% YoY despite an increase in revenue by 31.55% YoY.

The latest data showed that both INTP and SMGR simultaneously posted a decline in their sales volume. On Feb-2020, INTP sales decreased by -1.54% YoY (vs +2.87% YoY in Feb-2019), followed by a decrease in SMGR sales volume of -5.37% YoY (vs +1.61% YoY in Feb-2019). We expect that cement sales growth would likely to stagnate by 1% -2% in FY20E.

Innovation for a better future

Innovation and product diversification are some of the strategies implemented to minimize the decline in the cement sales volume. SMGR, which has just transformed into Semen Indonesia Group (SIG), has diversified their products to be reprocessed into more valuable such as mortar and concrete. This will result in *PuriCrete*, *ThruCrete*, and *SpeedCrete* which will be more efficient and environmentally friendly.

SMGR also collaborated with PT PP Precision (PPRE) in developing prefabricated house construction concept called *Dyna Home* with the tagline "Quick Development and Quick Construction" as it is more efficient in construction.

Meanwhile, SMGR has launched two digital platforms, namely: 1) *Sobat Bangun*, with a marketplace concept to provide services in house construction; 2) *Akses Toko*, which is an internal system that connects SIG with their consumers (stores and distributors). On the other hand, INTP has a new product that will be produced from Citeureup factory, namely Tiga Roda Mortar, with the type TR 10 Multipurpose Mortar, TR 15 Thinbed, and TR 20 (Plester Plus) as a complement to HC TR 30 White Mortar which is already in market. INTP also has *Toko Care* and *Tiga Roda Go Digital!* platforms (TIRO SYSTEM), which will be easier for consumers to order and buy INTP products within the application.

Lingering Old Risks

Besides oversupply, slowing demand on cement will continue in 2020. The cement industry will also face another threat of ODOL (Over Dimension Over Supply) policy implementation by the Ministry of Transportation for vehicles (trucks) that will be applied (Zero ODOL) on 2023. The ODOL policy has been implemented gradually since August 2018. The implementation of ODOL will potentially increase the company's freight costs. Whereas, SMGR freight cost in FY19 amounting to IDR2.38 trillion (+34.92% YoY) compared to FY18 which was only IDR1.76 trillion (-4.28% YoY). On the other hand, this has been anticipated by INTP considering the freight cost in FY19 equals to IDR2.36 trillion (+5.97% YoY vs +15.03% YoY FY18). In addition, with the Covid-19 pandemic affecting all economy aspects including the global economic slowdown in FY20E, we estimate that national cement sales growth will be stagnant. We see that the government revenue will be lower than previous period. This will potentially obstruct the development of infrastructure and property projects.

NEUTRAL recommendation with INTP preferred shares

The Covid-19 outbreak would weaken Indonesia's economic growth as well as constraining the infrastructure and property development. In addition, oversupply and Zero ODOL implementation will be an obstacle for the cement industry. Our preferred stocks are **INTP (BUY; TP IDR13.900)** and **SMGR (BUY; TP IDR9.000)**.

Dyna Home Concept by SMGR and PPRE



Source: Company

Bearing the Burden

Static Price Movement due to Lack of Demand

Coal price has experienced a downward trend in FY19 with an average price of USD77.8/ metric ton (mt) and has now reached USD67.90/mt (as of February 24, 2020) where the price has decreased 28.68% YoY. This is in line with oil prices which have weakened 6.29% YoY (as of February 24, 2020). While in FY20, coal prices have increased by 0.30% YTD (as of February 24, 2020) amidst a stagnant Bloomberg and World Bank projections

at USD72.45/mt and USD70.9/mt at the end of FY20E, respectively. The World Bank predicts that global coal demand will decrease by 1.17% YoY in FY20E where the biggest decline will come from China by 13.33% YoY. Some countries such as India, other Asian regions, and the Mediterranean region indicated an increase of <10% YoY but not yet significant to drive global coal demand.

Government is playing the lead role in the industry!

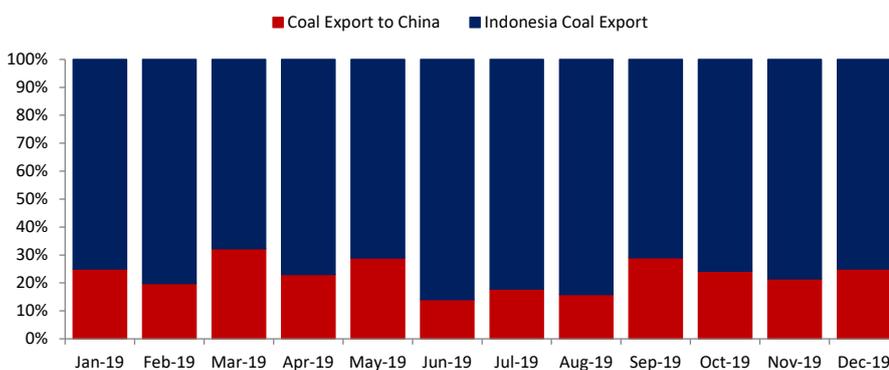
The Indonesian government has begun to limit a quota for coal production to 550 million metric tons in FY20E to ensure that prices will not decline due to oversupply. Indonesia as the world's main supplier has produced more than the target set

in the last 5 years (FY13-FY18) where on average Indonesia's production reached 109.79% of the target. While the Domestic Market Obligation (DMO) will also be strictly monitored by the government and targeted to be increased to 155 million metric tons in FY20E (~20% of the national production target) from 128 million metric tons in FY19. The price set by the government is USD70/mt with a 25% portion from the company's total production; this is declared through Ministerial Decree Number 261K/30/ME/019.

The increased DMO is planned to support government programs such as: 1) Gasification projects by PTBA and Pertamina that will be able to replace LPG and expected to reduce the current account deficit. We believe that the gasification project will increase the value of processed products up to five times, considering that coal used is low-calorie at a price of USD21/mt, while the price of Dimethyl Ether (DME) gas has reached USD493/mt (as of Jan-2020) with a conversion ratio of 5: 1 coal per DME; 2) The 35 thousand megawatts (MW) electrification program, through the Steam Power Plant (PLTU), which has the opportunity to increase the absorption of domestic coal up to FY28F, amid the development of New Renewable Energy. However, this electrification still relies on coal as its primary energy with a portion of 60.50% in FY19 so that the government's

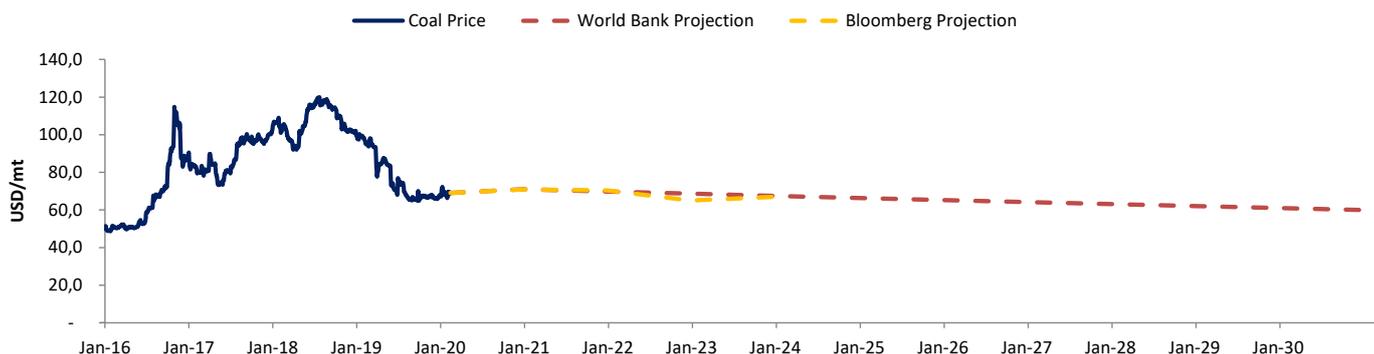
Source: Pexels

Indonesian Coal Export to China



Source: Bloomberg, MNCS

Coal Price Projection



Source: World Bank, Bloomberg, MNCS

target to increase the contribution of EBT by 25% in 2025 is far from realization.

Omnibus Law: A breather for Domestic Coal

Through the Omnibus Law, the government provides several incentives to coal issuers such as: 1) Extension of a production operation permit for 30 years; 2) Eliminating mining area restrictions; 3) Elimination of royalties or DMO for companies that build gasification plants. We see that the application of the Omnibus Law will certainly be a positive catalyst for the national coal industry for the convenience provided to coal companies so that it is expected to increase investment opportunities. Meanwhile, the government also intends to encourage downstream production of coal by providing incentives such as 0% royalties or the elimination of DMOs for companies that develop gasification projects. However, the government has the potential to lose part of its revenue

from Non-Tax State Revenue (PNBP), given the mineral and coal sector is the second contributor to PNBP which amounted to IDR50 trillion in FY18.

Overshadowed by the Global Sentiments

The corona virus outbreak, the US-China trade war and geopolitical issues concerning the US and Iraq affected the pace of global economic growth and commodity price movements. This is reflected in Indonesia's GDP growth which recorded a stagnant economic growth from 5.2% in FY18 to 5% in FY19. On the other hand, China is most affected by the corona virus outbreak as well as its trade war with the US which caused an economic slowdown. China remains as the largest coal importer began to limit imports by applying a coal cap of 200-300 million metric tons in FY19 and increasing coal production from within the country. The volume of coal exports from Indonesia to China reached 16 million metric tons,

equivalent to 31.74% of Indonesia's total coal exports. So, we assess that sentiment and import restrictions will cut Indonesia's coal exports and will create a downward trend in demand followed by a downward trend in coal prices. Thus, MNCS estimates that coal prices will be at the level of USD70.2/mt in FY20E.

NEUTRAL Recommendations with Preferred Stock: ADRO, PTBA, ITMG.

Overviewing some positive catalysts and existing risks, we maintain **NEUTRAL** recommendations for the coal mining sector in Indonesia amid a downward trend in prices due to economic uncertainty. Our top picks are **ADRO (HOLD; TP: IDR1,100)** and **PTBA (BUY; TP: IDR2,310)**, where both companies support government projects, namely gasification and electrification, we also recommend **ITMG (BUY; TP: IDR10,625)** as the preferred stock considering ITMG can provide a dividend yield of around 15% which is attractive to investors.

MNCS recommends **NEUTRAL** in the Coal Sector, with Top Picks

ADRO (HOLD; TP: IDR1,100), PTBA (BUY; TP: IDR2,310) & ITMG (BUY; TP: IDR10,625)

Indonesian Coal Production Target and Realization



Source: Bloomberg, MNCS

Same Old Story



Source: Google

Election Effect: New Contract and Earnings Slow-down in FY19

The realization of new construction contract decreased by 18.73% YoY, or on average only reached 62.38% of the target planned in FY19. In addition, the average top-line and bottom-line also experienced a weakening of 4.99%/2.61% YoY in FY19, respectively. We consider the weakening of the construction companies performance are influenced by several factors, such as: 1) The delay of several

project tenders due to the political year in FY19; 2) Realization of new contracts in FY18, which on average only reached 77.24%, caused an unoptimized top-line and bottom-line in FY19.

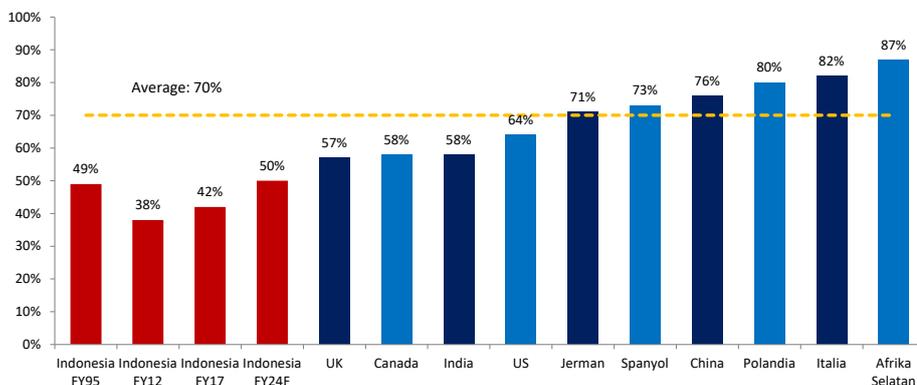
Re-Discussing about Funding for Infrastructure?

The government still focuses on developing infrastructure, because Indonesia is considered below average as seen from the decline in GCI (Global Competitiveness Index) in FY19 which is ranked 50 (vs ranked 34 in FY14). During FY14-FY19 the Government has sought to increase the National Infrastructure Stock of Gross Domestic Product (GDP)

to 42% in FY17 (vs 38% in FY12), but this achievement is far above global infrastructure with an average of 70% of GDP. Indonesia aims to be able to reach the level of 50%, supported by infrastructure spending reaching IDR6,445 trillion, or an average of 6.1% of GDP in FY24F. Besides, the transfer of the capital is also a positive catalyst in the medium term with an investment of IDR466 trillion. However, the Government only can provide 37% of GDP to fund the infrastructure, which is far from the total funding needs reaching IDR6,445 trillion to FY24F.

In MNCS Compendium 3rd edition, we have discussed creative financing

Indonesia's Infrastructure Stock is below the Global Average



Source: World Bank, Mckinsey Global Institute Report

Infrastructure Investment Needs



Source: Bappenas

Infrastructure Sector KPBU



Source: Bappenas

MNCS recommends **NEUTRAL** outlook for the construction sector in FY20E, with top picks:

PTPP (BUY; TP IDR1,040), & WIKA (BUY; TP: IDR1,225)

as one of the solutions in infrastructure financing in Indonesia. At the moment, the Government is trying to complete the PPP scheme (Government Cooperation with Business Entities) in collaboration with PINA to be able to realize the five main targets of infrastructure development during FY20E-FY24F, namely: 1) Basic service infrastructure; 2) Connected economic infrastructure; 3) Urban infrastructure; 4) Energy and electricity; and 5) Digital transformation. Also, the Government will provide other incentives such as: 1) Land acquisition; 2) Contribution of assets; and 3) Licensing and risk mitigation. Guided by this, construction companies believe the new contract target can grow on an average at 61% -62% in FY20E. However, we have not seen any sign of a major transition from infrastructure financing. We also assess historically that in FY17-FY19 the trend of new contracts has entered a phase of decline when the "campaign" of infrastructure development was quite massive, so we project new contracts to grow moderately at FY20E.

Risk of PSAK and Global Weakening, Potentially Pressing Performance on FY20E

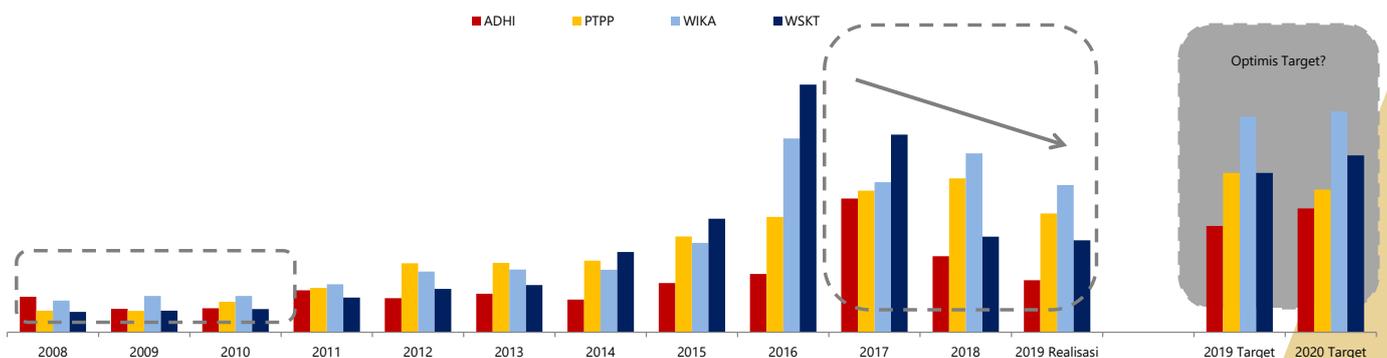
The implementation of PSAK 71 and 72 will become a particular concern for companies that have turnkey projects schemes, where companies are required to reserve an impairment charge on receivables. This has the potential to increase other expenses which then affect the company's earnings growth. Furthermore, revenue from business units in the property business is also potentially depressed, one of which is PTPP which has a business unit in the property sector. On the other hand, global economy weakening due to trade war and Covid-19 (Corona Virus Disease 2019) pose a threat on shifting infrastructure funding to other sectors that are prioritized. New project tenders will be delayed which causes new contracts on FY20E to be hampered again. The Covid-19 has heightened the risk causing adjustments on global fund flow from developing countries towards safer financial assets and commodities, as well as putting pressure on developing

country currencies that will increase the cost of funds of construction companies

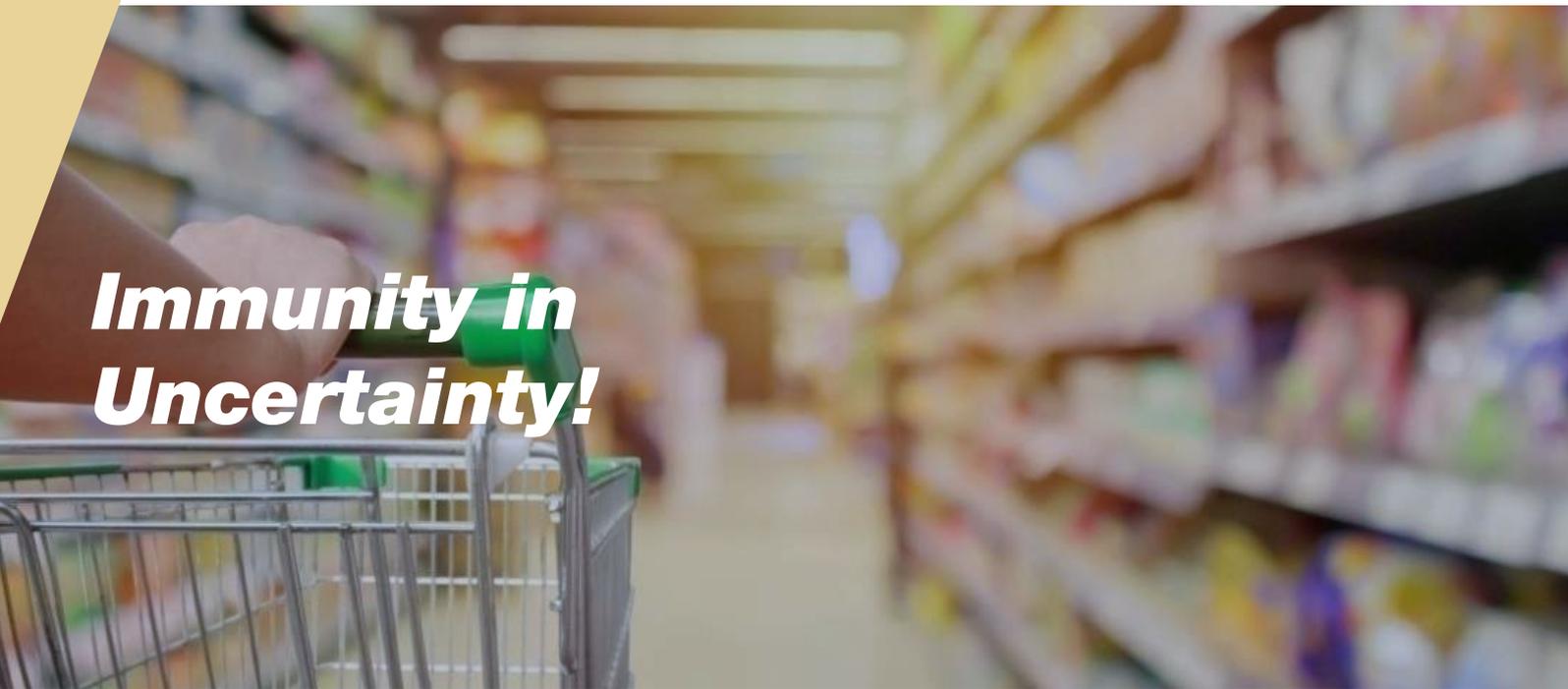
NEUTRAL Recommendation for the Construction Sector

We maintain a **NEUTRAL** outlook for the construction sector in FY20E, despite the opportunities arising from the construction of a new capital city. This is due to our assessment of the tight competition from limited tenders. In addition, the slow-down economy forecast became our consideration due to infrastructure funding diversion towards public consumption, to maintain national macroeconomic growth. Besides divestment is also a key alternative to maintaining the construction company's cash flow in FY20E. Our preferred shares are **WIKA (BUY; TP: IDR1,225)** and **PTPP (BUY; TP: IDR1,040)**

Trend of New Contract 2008-2020E



Source: Company, MNCS



Immunity in Uncertainty!

Source: Pexels

Positive Earnings in Economic Slowdown

Household spending grew by 5.01% YoY, contributing 53.66% toward the total GDP on 3Q19. While a declining in Indonesia's GDP to 5.02% YoY level, most of consumer stock movements posted a positive return of 15.73% YoY on September 30, 2019. It was also reflected on the Consumer Confidence Index (IKK) and the Retail Sales Index that increased of 0.24%/1.42% YoY at level 369.7/650.2 per 3Q19. Meanwhile, the consumer stock universe shows an increase in revenue and net profit by an average of 8.48%/12.28% YoY in 9M19. We believe this increase is also supported by various government policies along with an increased in national state budget to IDR2,461.1 trillion in FY19 as the public consumption rising.

Improving Acceleration of Government Spending in FY20E

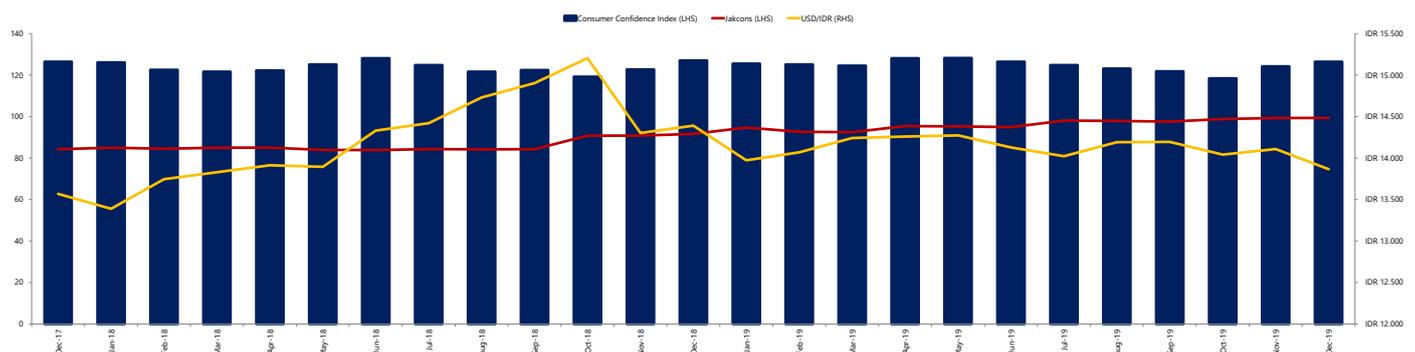
President Joko Widodo decided to increase government spending acceleration in early 2020. The government accelerates the distribution process of social assistance such as Program

Keluarga Harapan (PKH) and Village Funds, which amounted of IDR7 trillion and IDR97.73 billion respectively, from the total APBN 2020 of IDR29.3 trillion and IDR72 trillion. Besides that, the government released Bantuan Pangan Non Tunai (BPNT) program, that increased from IDR1 10,000-IDR150,000 per KPM (Keluarga Penerima Manfaat) with more basic food commodities and distributed through warung gotong royong (e-Warong) that have been determined. Meanwhile, the COVID-19 outbreak outside China contribute in encouraging the government to anticipate for reducing of Indonesian economy by providing incentives of around IDR10 trillion.

E-Wallet: Money at Your Fingertips

Along with advances in digital technology, the number of Indonesian Fintech has increased significantly namely: OVO, DANA, Go-Pay, Shopee Pay and etc. The utilization of digital wallet encourages lifestyle for people especially millennial that can be accessed easily through applications on smart phones which provides various promos and loan features. According to Snapcart, three types of transactions are commonly used by the public are retail transactions (28%), online transportation reservations (27%), and online food bookings (20%). The rest is for e-commerce transactions (15%) and bill payments (7%). We

Consumer Confidence Index, Jackons and Currency Movement



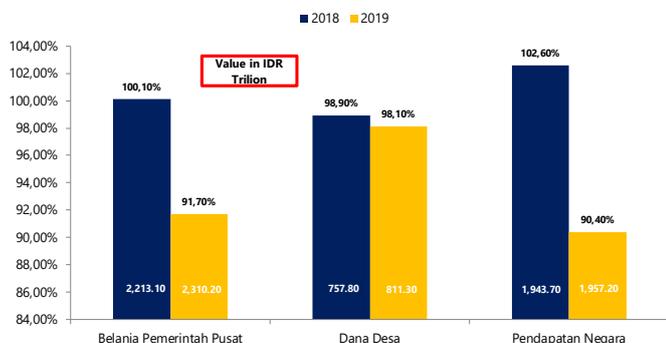
Source: Bank Indonesia, Bloomberg

Companies Performance within MNCS Coverage on 9M19

No	Ticker	Revenue Growth	EBITDA Growth	Net Profit Growth	EBITDA Margin	Net Profit Margin
In % YoY						
1	UNVR	2.63%	-22.35%	-24.37%	-8.25%	-6.08%
2	ICBP	11.24%	23.64%	11.50%	2.05%	0.03%
3	INDF	5.67%	11.81%	25.21%	0.89%	0.95%
4	HOKI	15.64%	14.27%	7.63%	-0.12%	-0.46%
5	SIDO	9.48%	25.59%	20.48%	4.78%	2.48%
6	PZZA	14.16%	26.66%	46.96%	1.11%	1.13%
7	TBLA	0.86%	5.53%	-6.68%	1.25%	-0.64%
8	MAPI	11.44%	19.95%	15.27%	0.90%	0.14%
9	RALS	-2.00%	-0.15%	16.15%	0.30%	2.16%
10	GGRM	16.93%	20.76%	25.73%	0.46%	0.62%
11	HMSP	-0.04%	5.26%	5.26%	0.88%	0.66%
12	ACES	15.70%	6.92%	4.27%	-1.37%	-1.33%
Average		8.48%	11.49%	12.28%	0.24%	-0.03%

Source: Bank Indonesia, Bloomberg

APBN 2018 vs 2019 Realization



Source: Kemenkeu

Usage Details on E-Wallet



Source: Snapcart

New Tax Regulation on FY20E



Source: Detik

estimate retail companies such as ACES and MAPI as specialty stores and PZZA which are engaged as restaurant chains have the potential to experience an increase of sales and market share expansion.

Extraordinary Hike in Government's Tariff

Furthermore, we see that there are several of government policies can be potentially hampered the consumer industry. Some of these policies include: 1) An increase in cigarette excise duty by an average of 23% with Retail Sales Price rising 35%, potentially reducing the volume of cigarette sales; 2) Increase in BPJS fees by 100%; 3) The state budget cuts in the energy sector amounting to IDR124.87 trillion, down from IDR137.46 trillion in the 2020 APBN, which resulted in the revocation of electricity subsidies for the 900 VA group; 4) Increased toll rates on 6 roads as of Jan-2020; 5) Plans for the implementation of new excise duties on plastics (IDR200-IDR450/sheet) and sweetened drinks (IDR1,500-IDR2,500/liter) which have the potential to increase national state income to IDR7.85 trillion. However, the government also freed a number of policies including the elimination of import taxes from USD75 to USD3 (de minimis value) followed by a reduction in import duty rates from 27.5%-37.5% to 17.5%. This has the potential to encourage public consumption of domestic products.

OVERWEIGHT Outlook with Selected Top Picks: ACES, HMSP, UNVR

We expect that people's purchasing power should be increased, in line with the expectations of inflation growth that is maintained at around 3.0 ± 1%. Meanwhile there is a government policy in increasing tariffs, we are looking at consumer player that are still able to record positive earnings through innovation, cost efficiency and attractive dividends. Therefore, we maintain the outlook OVERWEIGHT for the Consumer Sector in Indonesia with preferred shares **ACES (BUY; TP: Rp1,400)**, **HMSP (BUY; TP: Rp2,500)** and **UNVR (BUY; TP: Rp8,400)**.

MNCS maintains **OVERWEIGHT** recommendation for consumer sector, with preferred shares:

ACES (BUY; TP: Rp1.400), HMSP (BUY; TP: Rp2.500) & UNVR (BUY; TP: Rp8.400)

Average Consumer Dividend Yield within MNCS Coverage

Code	Outstanding Share (Mn)	DPR (%)	Dividend / Share (IDR)	Dividend Yield (%)
HMSP	116,318.10	95.51%	117.93	6.17%
RALS	7,096.00	51.11%	48.96	5.05%
GGRM	1,924.09	51.43%	2644.74	4.79%
SIDO	15,000.00	81.57%	48.27	3.85%
INDF	8,780.43	47.09%	250.43	3.48%
PZZA	3,021.88	43.67%	31.00	3.07%
UNVR	38,150.00	97.11%	197.04	2.70%
ICBP	11,661.91	49.64%	215.49	1.97%
ACES	17,150.00	45.51%	27.84	1.83%
TBLA	5,342.10	9.38%	12.63	1.78%
HOKI	2,378.41	31.46%	14.00	1.45%
MAPI	16,600.00	16.72%	9.38	1.16%
Average				3.11%

Source: Bloomberg per 24 Februari 2020

Taking Uncertain Steps

Nickel and Tin are struggling while Gold continuously shines

Global commodity prices movement varies with a high level of volatility, where the price of nickel increased by 31.20% YoY in FY19. The increase is driven by fears of declining global inventory caused by a ban on exports of Indonesian nickel ore as a major global producer. However,

the increase on London Metal Exchange inventories to 170 thousand tons as of Dec-19, pushed the price of nickel to decrease by 15.65% YTD (as of 12 Mar-20) at the level of USD11,830/ mt. Tin also experienced a price decrease of 11.81% YoY in FY19, which was due to the trade war between China and the US that impacted tin prices. The World Bank projects that tin and nickel prices will each be at the level of USD18,850/ USD14,780 per mt in FY20E. On the other hand, gold price has increased by 29.83% YoY supported by uncertainties and fears of the economic recession that

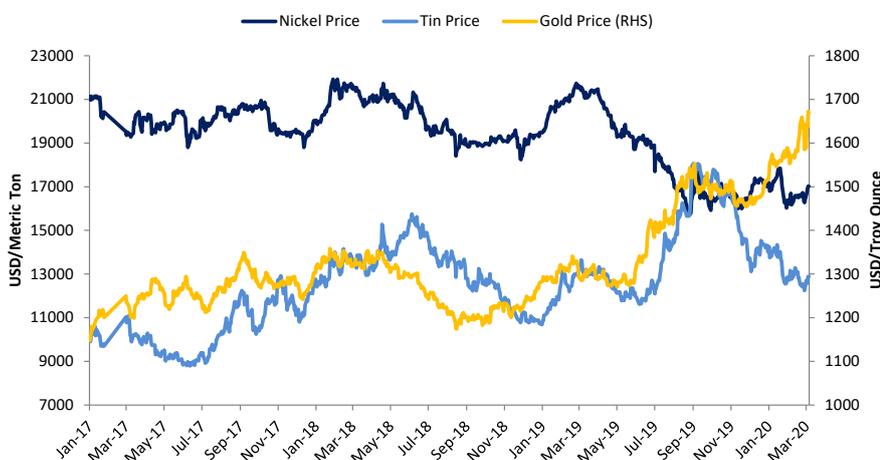
has made this commodity relied as a safe haven by investors. Bloomberg estimates that the gold price will be at the level of USD1,500/troy ounce on FY20E.

The regulation that starts it all!

The Government's strategy through the Minister of Energy and Mineral Resources Regulation No. 11 of 2019 concerning the ban of nickel export below 1.7%, is expected to increase the value of Indonesian commodity exports. Furthermore, the government statement of the depletion on Indonesia's nickel resource reserves by only 698 million tons in FY19 helps to drive the downstream in domestic nickel. Moreover, Indonesia's nickel ore exports have increased by 142.01% YoY as of Dec-19 supported by nickel ore imports approaching the nickel ore export ban from Indonesia. We see that this prohibition will potentially incur a loss in the short term that is estimated to reach USD1 billion in FY20 taking into account that the total exports of nickel ore during FY19 reached USD1.09 billion. However, we are confident that export revenues will be compensated in the future by revenues from processed nickel which have increased 10x - 19x in value. We consider this policy will have a positive impact on the performance of ANTM and INCO in the future. This is due to the low Mineral Price Benchmark (HPM) of nickel ore at USD30/mt, compared to the

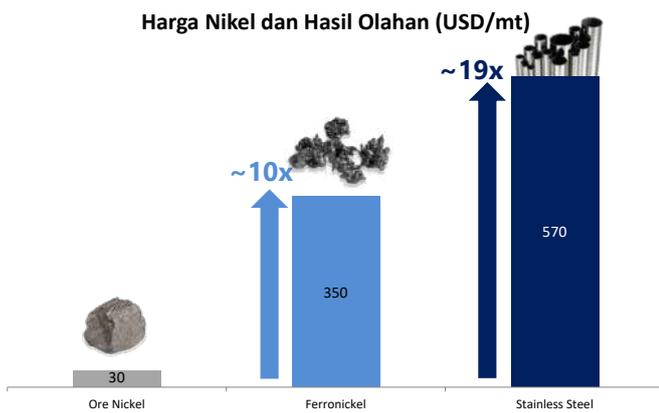
Source: Pexels

Commodity Price Trend



Source: Bloomberg, MNCS

Value Growth of Processed Nickel



Source: Metal Buletin, MNCS

price of processed ferronickel which can increase by up to 10x and stainless steel which can increase export value by up to 19x, taking into account that the price of ferronickel and stainless steel - each reached USD350/mt and USD570/mt. The Ministry of Energy and Mineral Resources also has formulated a regulation that will take effect on April 1, 2020 to ensure that the nickel supplied is given a fair price for both the miners and the smelter.

Empowering Electric Vehicle is the new Objective

The Indonesian government plans to produce electric car components such as batteries, motors and motor controllers, inverters and charging stations. The plan is supported by Indonesia's nickel production that is estimated to reach 72 wet metric tons (wmt) out of 31 smelters in operation, of which Indonesia will have a nickel reserve of 21 million mt in FY22F. Currently, the Government has cooperated with several companies to build factories, namely: 1) A battery factory in Morowali, Central Sulawesi with an investment of USD 4 billion which is a collaboration between CATL, LG, Volkswagen, Mercedes and others; 2) A battery factory on Obi Island, North Maluku, which was built by the Harita Group and China Ningbo Lygend; 3) A battery factory in Pomala, Southeast Sulawesi, which was built by INCO and Sumitomo with an investment of up to USD2.5 billion. The government also targeted a construction of 52 smelters in FY22F consisting of 29 nickel smelters, 9 bauxite smelters, 4 iron smelters, 4 copper smelters, 2 manganese smelters, and 4 lead and zinc smelters.

Impact from the economic uncertainty

The tension caused by the US-China trade war, the US-Iraq geopolitical war and the spread of the coronavirus, which became a global pandemic, affected the rate of global economic growth, especially China, as well as commodity price movements. These global issues prompted investors to switch back to a safe-haven commodity, thereby increasing the price of gold by 10.21% YTD to the level of USD 1,672/ troy ounce (as of March 05, 2020). MNCS estimates gold commodity prices at the level of USD1,590/troy ounce, nickel at the level of USD14,600/mt, and tin at the level of USD17,100/mt in FY20E.

Neutral Recommendation with top picks: ANTM, MDKA dan INCO

The Mining Sector is still a top discussion topic with issues concerning the ban on nickel exports. Moreover, this sector is still supported by several catalysts such as the development of battery factories and ongoing economic uncertainties. Nevertheless, there is still risk from slashed revenue in the short term. We give NEUTRAL recommendations for the metal mining sector. Some of the stocks we recommend are **ANTM (BUY; TP: IDR920)**, **MDKA (HOLD; TP: IDR1,280)** and **INCO (HOLD; TP: IDR2,300)**.

MNCS recommends **NEUTRAL** in the Metal Mining Sector, with preferred shares

ANTM (BUY; TP: IDR920), MDKA (HOLD; TP: IDR1,280), & INCO (HOLD; TP: IDR2,300)

Indonesia Ore Nickel Export

Indonesia Nickel Ore Export (in Thousand USD)



Source: Bloomberg, MNCS

For a Better Environment!



Source: Antara Foto

An escalation in CPO'S Price

After experiencing a significant decline over the past 2 years, CPO price has improved in 9M19 with an increase of +0.39% YTD to RM2,078/mt. We project that this increase will continue to reach the level of RM2,788/mt in FY20E. This was driven by growth in demand for biodiesel both domestically and globally, the application of B30 in 1Q20 and the target of testing B40 and B50 throughout FY20E. The estimated increase in CPO prices is also supported by the export performance of Indonesian CPO and its derivatives products which increased by +31.28% QoQ to 8.66 million tons in 3Q19. The growth of domestic and export demand caused an increase in production by +1.94% YoY in 3Q19, this resulted in maintained supply and demand as well as stable CPO prices in FY20E.

Inauguration of B30 in 1Q20E

Based on APROBI data, the realization of B20 absorption during FY19 has reached 104.69% or 6.7 million kiloliters of the targeted 6.4 million kiloliters. This beats absorption in FY18 which was only 85.89% from the target of 4.04 million kiloliters. For FY20E, APROBI set a B30 absorption target of 9.6 million kiloliters which, if fully realized, could potentially save the country's foreign exchange

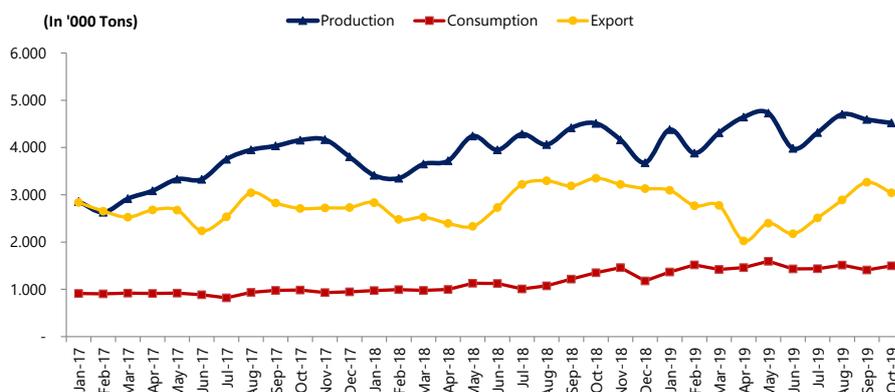
up to USD5.4 billion. According to the Minister of Energy and Mineral Resources Regulation (Permen ESDM) No. 12 in 2015, the government inaugurated the B30 biodiesel fuel usage program on December 23, 2019 and implemented as of January 1, 2020. This program has been implemented by PT Hino Motor Sales Indonesia, which has required all production vehicles to use B30 fuel this year. On the other hand, Isuzu Indonesia has also added a double fuel filter to several vehicle models so that all units are ready to use the B30. Furthermore, the government has also planned a B40 trial program and its implementation at the beginning of 3Q20E and B50 in FY21F. The construction of some green refineries by Pertamina together with private issuers

is also carried out to produce green diesel, which is 100% fuel palm oil or B100. One of the constructions is the green refinery project in Plaju, South Sumatra, which will be ready for use in FY24F, with a target of producing 1 million kiloliters of green diesel per year.

Opportunity in Trade Tension between Malaysia and India

GAPKI estimates that vegetable oil demand from India, as one of the biggest importers, will increase by 70% from 20 million tons in FY16 to 34 million tons in FY25F, where 50% of the volume is CPO. On October 2019, Indonesia and Malaysia exported 0.62 million tons of CPO to India. However, the presence of Malaysia-India trade tension pushed India to issue a

CPO Supply and Demand in Indonesia



Source: Bloomberg

policy prohibiting the import of refined palm oil and CPO from Malaysia. This could be an opportunity for Indonesia to increase exports to India. As the second-largest CPO producer and exporter in the world, the decline in Malaysian exports to India by -10.39% YoY to 1.32 million tons in 3Q19 (vs 1.48 million tons in 2Q19) was also followed by a decline in Malaysian CPO production by -8.61% YoY to 1.80 million tons in 10M19 (vs 1.96 million tons in 10M18). This could be an opportunity for Indonesian exports and the continued recovery in world CPO prices.

Potential Upside Risk of CPO price

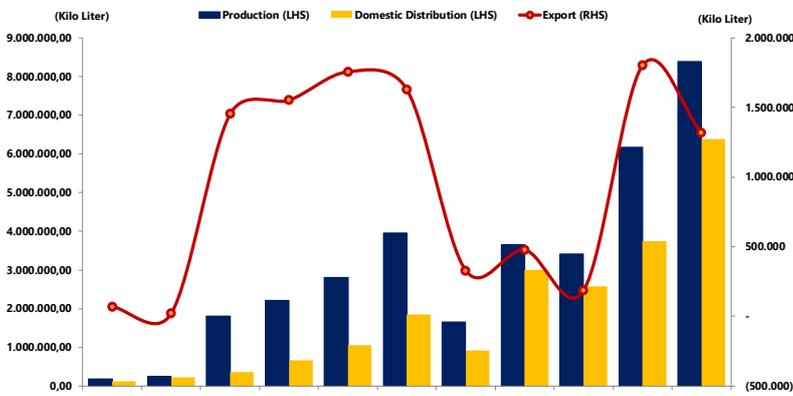
The decline in the price of soybean oil by -7.48% MoM and -4.67% YoY per 1M20

to USD872.5/mt made this alternative CPO product to be more competitive. This could be a risk for CPO export volumes, especially to India, whereas India is increasing customs duties to CPO exporting countries such as Malaysia and Indonesia. According to Bloomberg data, this price reduction has stimulated India's imports of soybean oil products by 40.21% YoY at 260,650 mt and sunflower oil products by 50.81% YoY at 301,669 mt per 1M20. On the other hand, the accessibility of CPO in the ASEAN-India Free Trade Area (AIFTA) is still in the negotiation stage to for implementation of the Most Favored Nation (MFN) scheme on CPO import duties.

Recommendation: NEUTRAL with Top Picks: LSIP (BUY, TP: IDR1,000)

Increasing demand for CPO both domestically and globally has the potential to cause ongoing incline of CPO prices, especially with the tension between Malaysia and India which has led to a reduction in import duties on CPO imports from Indonesia from 40% to 37.5% and CPO processed products from 50% to 45%. However, lower soybean oil and sunflower oil prices will increase the risk of lowering demand for crude palm oil as a substitute product. Therefore, we recommend **NEUTRAL** for the plantation sector, top picks of **LSIP (BUY, TP: IDR1,000)**.

Biodiesel Production and Distribution Volume in Indonesia

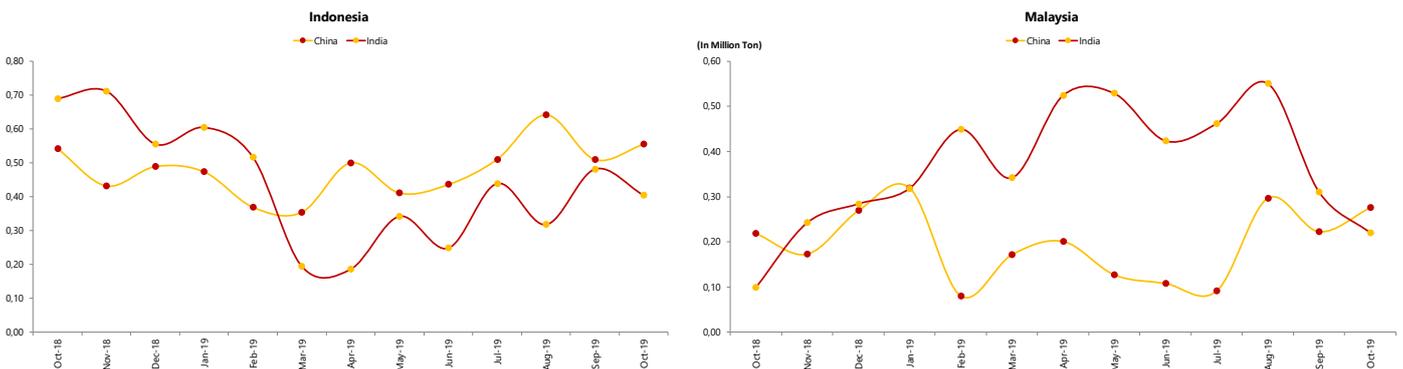


Source: APROBI

MNCS maintains **NEUTRAL** recommendation for the Plantation Sector, with preferred stock:

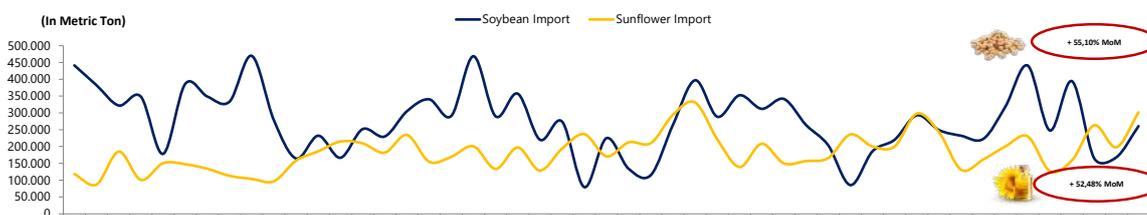
LSIP (BUY, TP: IDR1.000)

CPO Export Volume from Indonesia and Malaysia to India and China in 10M18-10M19

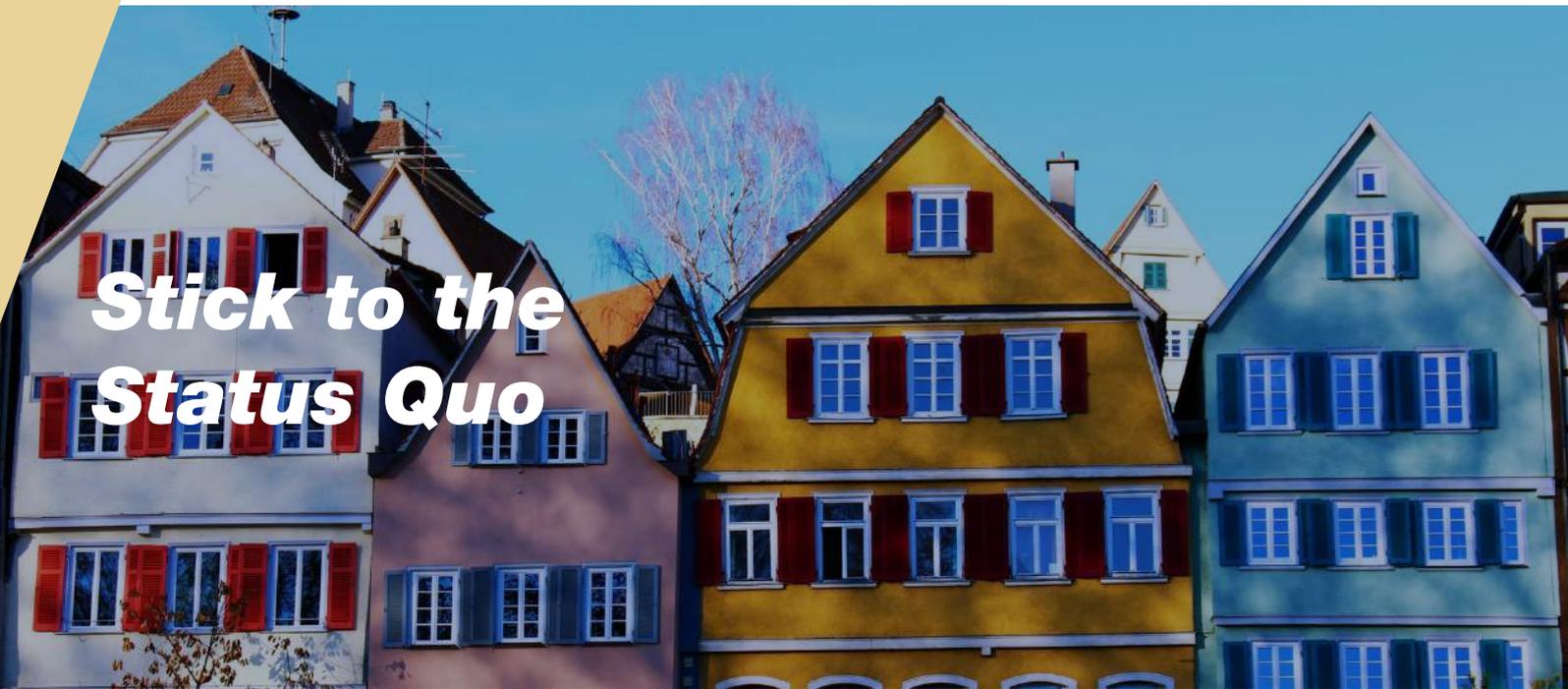


Source: Bloomberg

India's Soybean and Sunflower Oil Import in 1M16-1M20



Source: Bloomberg



Stick to the Status Quo

Source: Pexels

Marketing Sales are Flat on FY19, amidst.....

Property companies on average recorded a decrease in marketing sales by 5%, reflecting 93.94%/91.12% of the MNCS/ Company's target in FY19. This is also reflected in the stagnant sales volume growth at 1.19% YoY in FY19. We consider that the current decline of marketing sales is influenced by several factors, such as: 1) The wait and see reaction from investors on facing the political year in 1H19; 2) The impact of the global economic slowdown can be seen from the growth of KPR and KPA distribution which only grew by 8.62% YoY in 11M19 (vs 13.38% YoY in 11M18).

..... Low-Interest Rate Trends and Incentives through Regulation with Property Ownership orientation

Bank Indonesia (BI) had reduced the 7 days repo rate (7-DRR) by 100 bps to 5% in FY19, and it might be lowered again by 25-50bps at 4.50% -4.75% in FY20E. We see this as a positive catalyst for developers and consumers, where 60.44% of development funding uses internal developer funds, while 76.02%

uses KPR facilities as an option in property ownership. On the other hand, the government seeks to provide incentives through BI Regulation Number 21/13/PBI/2019, regarding the effective Loan to Value (LTV) ratio in 12M19. The LTV is oriented towards the purchase of a second property of type 21 m²-70 m², so that the Down Payment (DP) will be relatively affordable, ranging from 5% -15% previously from 10% -20%. While for the property with the type of 70 m², the DP charged will be at 10% -25%, from 15% -30% previously. This regulation complements the previous regulation carried out by the Government in FY18-FY19.

All about Millennial Desires

As the generation that will become Indonesia's new demographic bonus, the

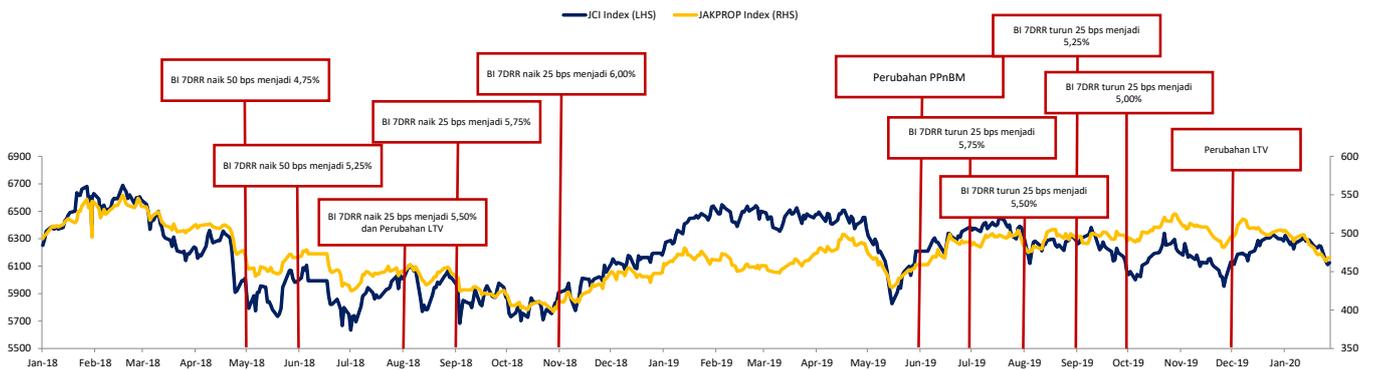
millennial is the main concern of property developers. Based on the Ministry of Public Works and Public Housing data, there are ± 81 million millennials in FY19 with 76% of the population needing new homes. Millennial characteristics that prioritize life-balance must be observed in property development, including: 1) Traffic; 2) Future development; 3) Compactible; 4) Affordable; and 5) Conceptual. We assess that TOD (Transit Oriented Development) is the exact project that will fulfill those characteristics, although the developments are limited. This is due to the lack of appeal from the PPP scheme (Business Entity Cooperation) towards the private developers to develop TOD.

Compact house became one of the alternative properties that can compete

MNCS maintains **NEUTRAL** recommendation for the Property Sector with top picks:

BSDE (BUY; TP: IDR1,110), CTRA, (BUY; TP: IDR880) & SMRA (BUY; TP: IDR610).

Incentives for Property Sector with JCI Movement and Jakprop Index



Source: Bloomberg, BI

with TOD and has the potential to attract millennial interest. The superiority of design and wider size becomes the advantage of a compact house compared to TOD. In addition, the compact house currently has a price range of around IDR800 million - IDR1.5 billion unit which is considered affordable for millennial's financial capacity. We estimated the marketing sales will potentially increase by 8-10% YoY on FY20E.

Risks from PSAK 72 Implementation and Global Economic Growth

We see that property growth in 1H20F will be an important parameter for FY20F-FY21F, this is due to: 1) Implementation of PSAK 72 regarding revenue recognition, which has the potential to negatively

impact high-rise developer earnings. Furthermore, we believe that developers will change marketing strategies and property types with the possibility of only focusing on residential properties; 2) The decline in backlog housing, while it still relies on the one million housing program that has reached 4.76 million units in FY15-FY19, out of balance with the type of property as a whole; 3) Risk from the global economic growth that only increased by 2.5% YoY in FY20E, or lower than the previous estimate of 2.7%. These factors can potentially affect property sales in FY20E.

NEUTRAL Recommendation for the Property Sector

We maintain the NEUTRAL outlook for Property in FY20E, despite the

opportunity coming from the mid-low segment. This is due to our assessment of the tight competition which is only focusing on landed houses so that the distribution and development of other properties are hampered. Besides, forecasts from slow-down economies became our consideration of the people's purchasing power which will be limited in FY20E. Our preferred stock are **BSDE (BUY; TP: IDR1,110)**, **SMRA (BUY; TP: IDR610)** and **CTRA (BUY; TP: IDR880)**. We see that these three companies are still relying on residential sales as their backbone, with an average of 64% of marketing sales in FY19 coming from landed residential areas.

Compact House Project targeting the Millennial Segment

The block contains three promotional images for compact housing projects:

- Top Left:** Advertisement for a project launching on 2 Nov 2019, starting from IDR 1M.
- Top Right:** Advertisement for 'RUMAH 2 LANTAI Di Jakarta Barat' at 'CITRA GARDEN PURI', with a starting price of 900 JT-an.
- Bottom:** Advertisement for 'FLEEK HAUZ' at 'BSD CITY', featuring a promotional price starting at Rp 800 JT-an with a KPR DP 10% and 15x term.

Source: Company

Keep Moving Forward!

Managed to Strengthen the Roots

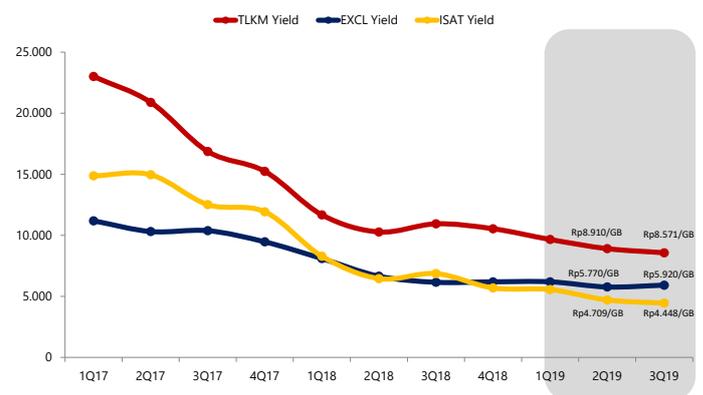
The telco operator showed a recovery in 3Q19 by recording the highest growth in 6 quarters after the implementation of SIM card regulation in early 2018. The shares movement of telco operator, recorded a positive return with an average of 53.65% during FY19. Most of our telco operator coverage (TLKM, EXCL, ISAT) shows a positive growth of revenue at 13.18% YoY in 9M19 (vs -1.12% YoY in 9M18). Stabilization of data yield in line with the increase in data traffic has succeeded in driving solid performance. EXCL successfully led the data monetization action by recording a data yield of 2.60% QoQ. Solid performance was also supported by efficiency strategies, followed by an increase in EBITDA margin by 4.8%. We believe the telecommunications sector will show better performance along the FY20E amid a stagnant growth in data yields at the level of IDR7,350/GB. Data service revenue is predicted to dominate the revenue portion at the level of 55% -60% in FY20E. Data yield is predicted to increase of 1% YoY on FY20E along with a rapid growth in data traffic.

Indonesia's Demographic Supports Data Traffic Growth in the Digital Era

Indonesia Central of Bureau (BPS) estimate that Indonesian population in productive age (age 15 to 64) to reach 179.1 million in FY20E with millennials (age 21-36) taking 63.5 million people. A demographic bonus with a significant growing millennial population is expected to be driver of Indonesia's economic growth, especially in the digital era. According to the IDN Research Institute, 76% of millennials spend about 2-4 hours per day accessing the internet for chatting, browsing, social networking and video streaming. We see that growth

Source: Pexels

Data Yield to be normalized in 1Q19-3Q19

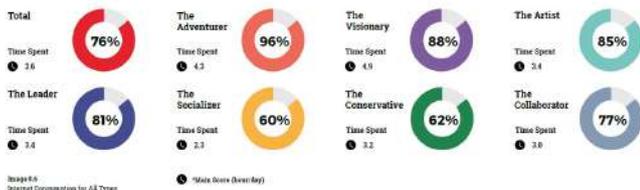


Source: Company, MNCS

MNCS maintains **NEUTRAL** recommendation for telecommunication sector, with preferred stock:

TLKM (BUY; TP: IDR 3.600), EXCL (BUY; TP: IDR 2.700), & TOWR (BUY; TP: IDR 800)"

Millenials Consumption on Internet (Hour/Day)



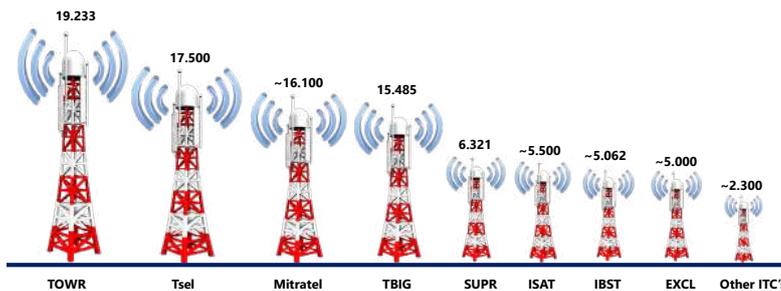
Source: IDN Research Institute, 2020

in consumption of millennial data services has the potential to support data traffic growth of up to 50% -55% in FY20E. In addition network quality improvement and the massive expansion of several operators out of Java, will support growth of traffic, especially in remote areas.

Sale and Lease Back Scheme Creates a Healthier Performance

Furthermore, the sale and lease back tower scheme become one of the operators' strategy amidst tight of funding constraints. EXCL has finally sell 2,782 units to Protelindo (TOWR) and PT Centratama Menara Indonesia (CENT) with a transaction value of IDR4.05 trillion. EXCL will lease back 2,763 tower units for 10 years. We believe that relatively lower rental rates are one of the strategies in maintaining profitability, creating a stronger balance sheet and capital structure. Meanwhile, TOWR has enlarging its position as largest tower player with more than 21,000 towers as of February 2020. Based on management's information, TOWR has the potential to earn recurring revenues up to IDR340 billion p.a. Therefore, we believe that the tower sector will be more attractive along FY20E is supported by: 1) The entry of some tower player such as TOWR and TBIG into the LQ45 Index; 2) The elimination of a negative list of investments in 8 telecommunications sectors provides an opportunity for

Tower Ownership in Indonesia (Unit)



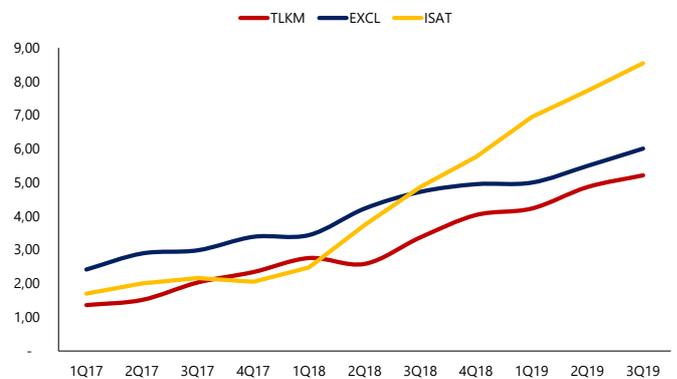
Source: Infomemo Company

foreign ownership options for tower assets in Indonesia.

NEUTRAL Recommendation For: TLKM, EXCL, and TOWR

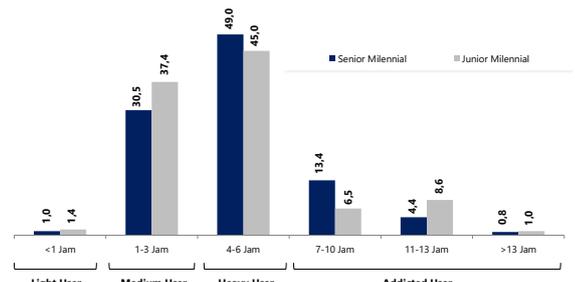
Based on some positive catalysts and the potential risks, we maintain NEUTRAL recommendations for the telecommunications sector in Indonesia. Our main choice is TLKM (BUY; TP: IDR 3,600) which is able to maintain market share in the industry supported by a strong balance sheet position (net gearing 36% in 3Q19). Thus TLKM still has room to improve the network more easily and adopt 5G technology faster despite of relatively premium price. In addition we recommend EXCL (BUY; TP: IDR 2.700) in line with strong 4G customer growth in the last two years and an increase in the portion of massive data services (79% of total sales of 3Q19). In the tower sector, we recommend TOWR (BUY; TP: IDR800) driven by strong group support (Djarum Group) and a healthy balance sheet.

Data Usage of the big 3 Telco Player (GB/User)User)



Source: Infomemo Company

Internet Usage of Millenials (%)



Source: IDN Research Institute, 2019

BRI Work, Revitalization Model of BRI Branch Offices



Source: Instagram BRIWork.Jogja

Capturing Customer Needs through an Integrated Financial Solution

In order to keep up with the rapid development of the current digital era, the banking industry is also required to keep innovating. While innovating to be digital banking, Bank Rakyat Indonesia (BRI) continues to innovate of business development to be able to answer the needs of the people towards digital financial services. In 2020, BRI has a target to become a bank with an integrated financial solution.

"With the target of becoming a bank with an integrated financial solution, BRI must be able to answer all customer needs for banking and non-banking transaction services comprehensively. We also have to be able to provide financial service products that are integrated with various

financial ecosystems that support lifestyle and the basic needs of the people," said Indra Utoyo, Director of Digital, Technology Information and Operations.

The strategy is taken with a reason. The growth of the middle class in the productive age of Indonesian society is one of the reasons for BRI's transformation into a bank with an integrated financial solution. Then in terms of products and services, BRI has shifted the conventional model into a digital one, such as change the transaction system from branch banking to branchless banking by establishing customer center. Almost all banking services provided by BRI are carried out through the applications called "BRILink agent" that has reached approximately 500 thousand units throughout Indonesia.

Bankstore Concept: Offers Access to Convenient and Innovative Banking Services

Throughout time, BRI evaluates physical offices needed to serve the customer. In 2017 BRI recorded that it still required more than 10,000 offices to serve customer transactions throughout Indonesia. Currently, the number has declined approximately to 9,800 offices to serve customer financial transactions. Decrement of physical offices was performed by adjusting the needs of the customers who prefer online services to the conventional one by visiting branch offices.

The company also takes the initiative to innovate and revitalize its branch offices into multifunctional offices that combines banking services functions with other facilities through the Bankstore concept. The initiative is conducted by merging the conventional customer experience with a bankstore concept experience that combines the conventional one with a new concept of banking activities. It has the purpose of enhancing customer experiences by providing additional integrated experiences in the form of a coffee shop, book store, and music store that will be adjusted to the existing and potential customers.

BRIWork Turns Branches into Co-working Community Spaces

BRI understands that it will not be able to present the concept of BankStore by itself. The largest bank in Indonesia also collaborates with the potential parties in its field in providing a qualified BankStore to answer the needs of the people combined with the BRI branch offices that serve financial transactions. Open collaboration is then carried out by BRI and potential partners such as café managers, service providers to collaborate in managing co-working space, and other potential parties that will be adjusted to the needs of the citizens.

To serve millennial and young entrepreneurs, BRI collaborates with café management partners to provide convenience at BRI café. Therefore

BRIWork Indoor and Outdoor Concept



Source: BRIWork

customers can carry out activities conveniently such as to conduct meetings and drink coffee while conducting banking transactions. Then to accommodate the needs of the start-up community and students, BRI collaborates with co-working space service providers at BRI Work so that customers can work conveniently, including finishing college and group assignments while conducting banking transactions. Banking services provided at BRI Cafe and BRI Work are also different from those at other conventional BRI offices, which are conducted digitally and valued mobility at most where Bank officers will visit customers to provide

service using gadgets so that customers can focus to continue their activities without being interrupted by going to Customer Service or Teller.

Engaging Millennial Community through University

Currently, BRI Work is available at Gajah Mada University (UGM) campus in Yogyakarta. By the end of 2020 BRI Work plans to be available in 10 locations around campuses throughout Indonesia. The cities selected by BRI to establish BRI Work are Yogyakarta, Bandung, Jakarta, Surabaya and Malang.

In providing co-working facilities at BRI Work UGM Yogyakarta, BRI took Conclave as a partner, a competent joint workspace operator. BRI intentionally looks for a professional third party to build the community and its supporting activities. In addition to banking services, BRI Work provides training facilities, atmosphere for ideas development, rooms for discussions and also multipurpose rooms, which can be used to carry out activities to support the millennial world where activities will be carried out sustainably.

Start-up is one of BRI's targets in providing financial services and new products. The start-up industry that is growing rapidly with all its capabilities is undeniably a strong magnet for all parties to invite the startups to join and collaborate.

"We know that start-ups can present business models that are simple and attractive to reach the needs of the citizens both for financial and non-financial services; therefore to synergize the business lines of Bank BRI and BRI Group, collaboration is needed to provide services to and reach all layers of citizens," Indra said.

With the presence of BRIWork and BRICafe, BRI hopes to create new customer experiences, especially among millennial, start-ups and students.

BRIWork is available on Gajah Mada University, Jogjakarta



Amphitheater



Co-working Area



Banking Area

Source: Instagram BRIWork.Jogja

Began to Dim

PT Adaro Energy Tbk (ADRO)



Source: Google

"MNCS recommends HOLD for ADRO with TP: IDR1,100"

(-7.31% YoY) in line with the company's plan to reduce the stripping ratio targeted by 4.30x on FY20E.

Diversification is the Key!

ADRO diversifies their business into power generators with renewable energy through their business unit, Adaro Power. The diversification also supports a government program that will provide electricity supply of 35 thousand megawatts (MW) in the future. Currently, ADRO is in the process of building several PLTUs, namely: 1) Batang PLTU in Central Java which will have a capacity of 2x1000 MW managed by PT Bhimasena Power Indonesia; 2) Tanjung Power PLTU in South Kalimantan which will have a capacity of 2x100 MW where ADRO supplies 1 million tons of coal or 2.24% of their sales per year, the two PLTUs are planned to start operating in FY20E; 3) Solar Power Plant (PLTS) in Kelanis, Central Kalimantan, although it is still used for internal purposes; 4) PLTS in Papua is in a trial period with a capacity of 50-100 kilowatts (KW) per peak. Furthermore, the PLTS proposal in Sumatra is being submitted

FY19 Performance: Slightly Weakened

ADRO posted a decrease in revenue of 4.49% YoY to USD3.46 billion, reflecting 100.13%/104.16% of the MNCS/Consensus estimated in FY19. The weakening revenue is in line with a decrease in coal prices by 33.66%YoY (per31-Dec-19), although sales volume increased by 8.81% YoY to 59.18 million tons. While export revenues contributed 73.72% to total revenue in

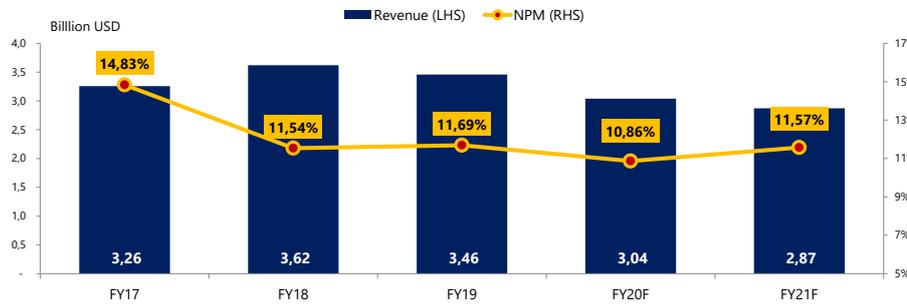
FY19. Meanwhile, net profit was below expectations with a decline of 3.24% YoY to USD404.19 million, reflecting 88.77%/82.67% of the MNCS/Consensus estimate. Net profit was supported by a joint venture increase of 370.56% YoY to USD79.64 million from a net loss of USD29.44 million in FY18. On the other hand, coal production reached 58.03 million tons (+7.38% YoY), beats the management target of 56 million tons. In addition, the stripping ratio stood at 4.69x

ADRO is currently traded at -1,67STD (3-Year average) with PBV at the level of 0,62x



Source: Bloomberg, MNCS

Revenue – Net Profit Margin Trend and Projection



Source: ADRO, MNCS

and planned to have a capacity of 100 MW. On the other hand, ADRO through Adaro Water collaborate with ADHI to build and manage drinking water supply in Dumai City for 25 years as of 2 April 2019 with a 49% ownership share in ADRO and 51% ADHI. Until FY19, the JV had generated revenues of USD894 thousand. We see that through business diversification, ADRO can maintain the bottom line amid the downward trend in the coal industry where the diversification has contributed 19.70% to net profit through joint venture profits of USD79.64 million in FY19.

Bad News from the Global Economy

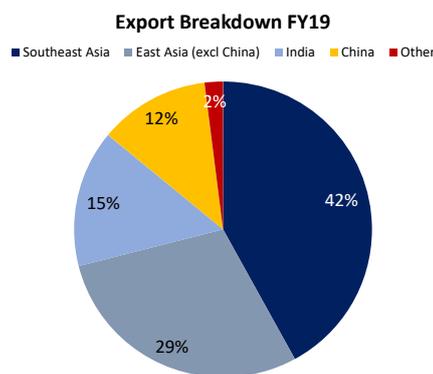
The world economy continues to slow down, caused by the trade war, geopolitical war and Covid-19 pandemic sentiments. This is reflected in the IMF's estimated decline in world economic growth from 3.4% to -3% in FY20E. China became the most affected country by the spread of Covid-19, where a significant economic slowdown is reflected in the decline of the PMI Manufacturing Index to the level of 40.3 as of Feb-2020, the lowest figure ever recorded by the survey since 2004. Then its trade war with the US

also affects the slowdown in China's GDP growth in FY19 which was recorded at 6.1% from 6.6% in FY18, the lowest growth rate in 29 years. On the other hand, the World Bank also indicated a slowdown in Chinese demand for coal by 13.33% YoY in FY20E. Therefore, we see that ADRO's coal exports to China are expected to decline, with China contributing 12% of exports in FY19.

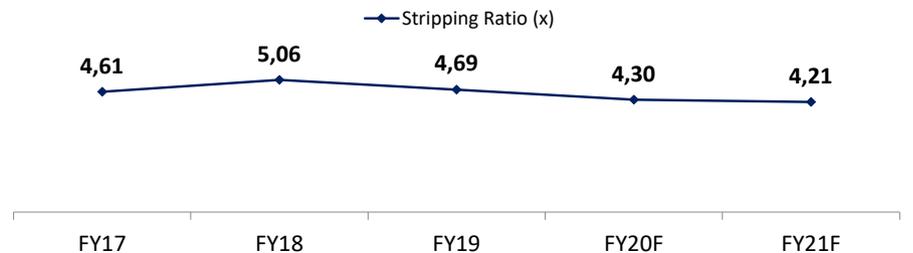
HOLD Recommendation for ADRO with Target Price IDR1,100

Taking some issues into account such as the Covid-19 pandemic as well as slowing global demand and coal prices, which continue a downward trend of -2.66% YTD (as of March 6, 2020), we recommend **HOLD** for **ADRO** with **TP: IDR1,100**, with PE/PBV 7.58X/0.61x in FY20E. Observing some of these sentiments MNCS projects revenue to reach USD3.04 billion (-12.06% YoY) with the coal sales volume of 58.36 million tons in FY20E. Meanwhile, we estimated the net profit to reach USD330.27 million (-18.29% YoY). Currently, ADRO is traded at the level of -1.67 STD (3 Years Average) with PBV 0.62x.

Export Breakdown FY19

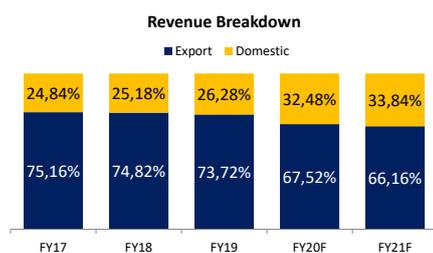


Stripping Ratio Trend and Projection



Source: ADRO, MNCS

Revenue Breakdown FY19



Source: ADRO, MNCS

ADRO Power dan ADRO Water Business Diversification



Source: ADRO, MNCS, Google

Finding Another Way From The Pressure

PT Astra International Tbk (ASII)



Source: Pexels

Earnings was Relatively Flat

ASII posted a relatively flat performance in FY19 with revenue amounting to IDR237.17 trillion (-0.85% YoY). The decline came from the automotive segment by -2.31% YoY to IDR104.84 trillion where car sales (four-wheelers/4W) decreased by 8% YoY even though motorcycle (two-wheelers/2W) sales increased by 3% YoY. The revenue decline also occurred in the heavy equipment and mining segment by -0.23% YoY. On the other hand, the financial services and infrastructure segments experienced an increase in revenue of 5.10% YoY and 9.25% YoY

respectively. This increase contributed to maintaining ASII's consolidated income to not be depressed further in FY19. Gross Profit decreased by -1.04% YoY at the level of IDR50.24 trillion with gross profit margin decreased by 4bps on FY19. Meanwhile, ASII recorded a flat net profit of IDR21.71 trillion or increased by 0.16% YoY with a net profit margin at the level of 9.15% in FY19.

Export Activities will Potentially resulted in a Better Top-Line in FY20E

In order to reduce the current account deficit, the government has set automotive

exports target to reach 1 million units or 5% of the country's total exports each year starting at FY24F. As for FY19, 4W exports reached 843,448 units (+143.36% YoY vs 346,581 units in FY18). Meanwhile, in December 2019, ASII through PT Isuzu Astra Motor Indonesia (IAMI) exported 6,000 units Traga pick-up, which is the flagship product of Isuzu, to the ASEAN market and 20 other countries, including East Asia, the Middle East and Africa. In addition, the government also imposed a ban on used truck imports to maximize the utilization of domestic commercial vehicle production while production reached 146,150 units in FY19.

Positive sentiment also came from the government which imposed a tax harmonization regarding tax reductions for sedan type vehicles from 30% to 15%. This tax reduction can reduce the selling price of sedans by 8% in Oct-2021 with the aim of an increase in the number of

ASII Segmented Revenue



Source: ASII

"MNCS recommends BUY for ASII with TP: IDR4,900"

sedan exports due to more competitive prices. Meanwhile, 4W sedan vehicle products are more favored by foreign communities where sedan exports from ASII in FY19 reached 30,736 units and were dominated by Toyota Vios.

Thus, these policies have the potential to increase ASII's revenue in the automotive sector through an increase in the number of sedan and commercial vehicle exports in the FY20E.

A Tough Year for the Heavy Equipment Industry

The weakening of commodity prices, specifically coal by -33.95% YoY throughout FY19 is expected to continue during FY20E. This resulted in a significant decrease in revenue in heavy equipment through its subsidiary, UNTR, by -0.23% YoY to IDR84.43 trillion in FY19 (vs IDR84.62 trillion in FY18). The weakening of coal prices was caused by oversupply which exceeded the production target of

490 million tons in FY19 while production realization reached 610 million tons. We consider that in 1H20E the income for heavy equipment business segment will not increase significantly due to the pandemic of the Covid-19 virus which reduced coal exports to China due to hampered economic activity in the country.

ASII's Performance amid Covid-19

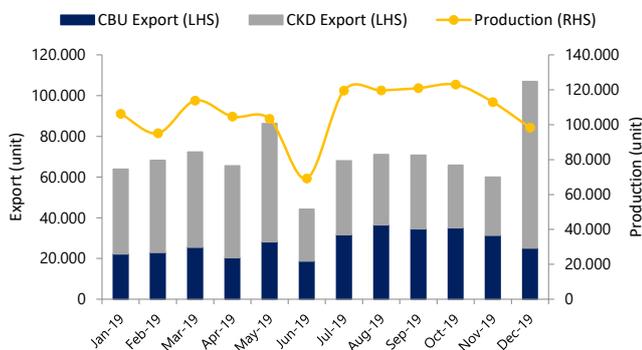
The management of ASII stated that the Covid-19 pandemic outbreak in Indonesia since Mar-2020 did not have a significant impact on the supply chain, because around 20-30 suppliers were not directly affected and they are certain to have continued operational activities from Mar-2020. MNCS estimate ASII's revenue to reach IDR241.45 trillion in FY20E, where 4W vehicle sales will decrease by -4.55% YoY with the projected national 4W vehicle sales reaching 1,004,000 units and ASII's market share at the level of 51% in FY20E. The sales decline will also occur

in 2W vehicles by -1.12% YoY with ASII's market share of 74.94% in FY20E. As for the FY21F, 4W vehicle sales is predicted to grow by 4% YoY, in line with the better economic growth projection than FY20E. We consider that the government's call to delay the flow of 'homecoming' Eid due to the spread of Covid-19 has become ASII's challenge throughout this year.

BUY Recommendation with Target Price of IDR4,900

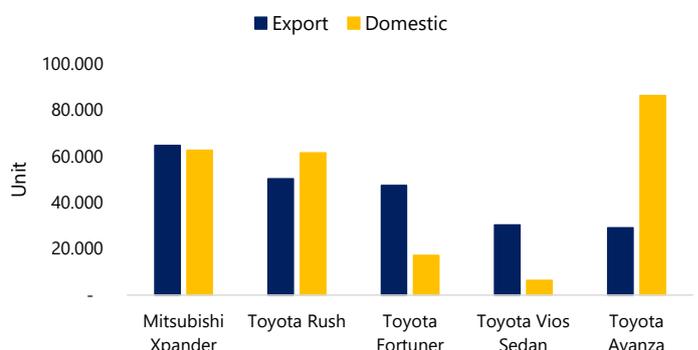
We believe ASII's prospects are still attractive, even though in 1Q20 the Indonesian economy shows a weakening trend in which GDP is expected to fall below 5%. The risks faced by the company are increasingly fierce competition in the type of 4W LMPV and LSUV vehicles as well as the impact of the spread of Covid-19. We recommend **BUY** for ASII with **TP: IDR 4,900** which implies PER FY20E/FY21F of 9.01x/8.71x and PBV of FY20E/FY21 of 0.99x/0.93x.

Indonesia 4W Production vs Export FY19



Source: Gaikindo

The Best Selling Export FY19 vs Their Domestic Sales



Source: Google, Gaikindo

ASII is currently traded at -2,80STD (3-year average) with PE 7,27x



Source: Bloomberg, MNCS

Road to Micro-Business Sustainable Growth

PT Bank Rakyat Indonesia (Persero) Tbk (BBRI)



Source: sageglass.com

No Surprises from the FY19 Result

BBRI booked net profit of IDR34.37 trillion or grew by 6.25% YoY, slightly lower than our estimate, representing 94.19% of full year MNCS estimate, whereas net interest income remained flat at 5.20% YoY in FY19. Loan growth slightly decrease to 7.00% in FY19 (vs 14.05% in FY18) because of lower consumer loan and small commercial growth at 7.42%/8.58% YoY while the micro segment declined at 12.18% YoY level (vs 14.53% YoY in FY18). Therefore, NIM was decreased to 6.85% in FY19 (vs 7.31% in FY18) along with the industry condition, hence the management revised down the FY20E target of NIM to around 7%, which our forecast in FY20E at 6.89%.

Asset Quality Remain Stable

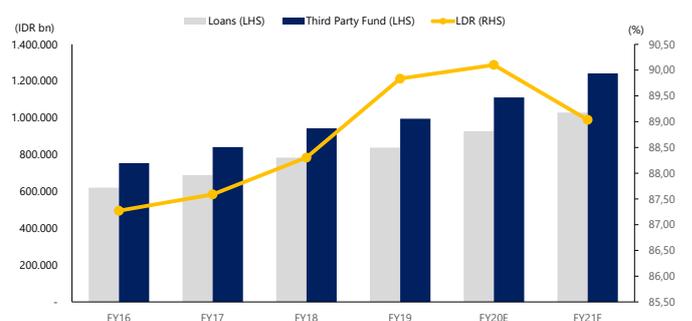
Gross NPL increased to 2.62% in FY19 (+46 bps) from 2.16% in FY18 with the net NPL at 0.92% due to the strategy to downgrade some stress loan from a micro, consumer and corporate segment (KRAS, Duniatex) which have been fully provisioned in FY19. Thus, coverage ratio stood at 167% in FY19 (vs 198% in FY18). Management targets the NPL around 2.5% with coverage ratio above 170% in FY20E. Moreover, total asset grew by 9.24% YoY to IDR1,416.76 trillion in FY19, supported by Loan growth of 7.00% YoY as well as Third Party Fund growth of 5.52% YoY. According to the management, IFRS 9 update one-time adjustment in provision amounted to IDR13 trillion-IDR15 trillion.

"MNCS Recommendation: Maintain BUY BBRI at Target Price of IDR3,200"

Strengthening Loan Quality to Maintain Market Leadership in Micro Segment

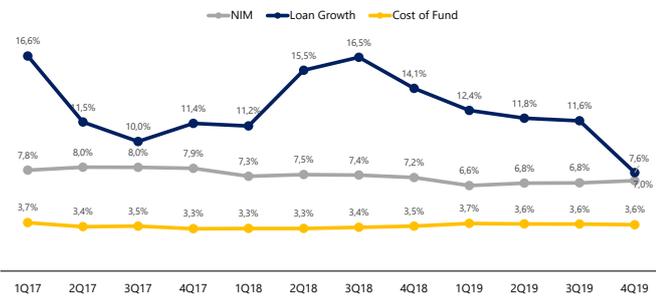
Management estimates a loan growth of 10%-12% in FY20E which is in line with BI and OJK forecasts, while focusing on

BBRI's Loan, Third Party Fund (IDR bn) and LDR



Source: BBRI, MNCS

BBRI's NIM, Loan Yield and Cost of Fund Trend



Source: BBRI

Changing in Indonesian Micro Business Segment 2020



Source: Coordinating Ministry for Economic Affairs

micro segment. Hence, we forecast loan growth of ~10.5% in FY20E/ FY21F. BBRI also plans to increase the micro segment's contribution to 40% in FY22F while the corporate segment portion is to be reduced by 20% maximum. This is in line with the strategic role of MSMEs in the national economy. On the other hand, the Coordinating Minister for Economic Affairs decided to change the KUR policy implemented on January 1, 2020 such as: 1) Decreasing KUR rate from 7% to 6%; 2) Increase in total KUR ceiling from IDR140 trillion to IDR190 trillion in FY20E and will be increased in stages to IDR325 trillion in FY24F; 3) Increased the maximum KUR ceiling

from IDR 25 million to IDR50 million per debtor.

Hoping for BBRI New Management and Higher Dividend Yield

Key shareholders of BBRI have expressed their high hopes on newly appointed Kartika Wirjoatmodjo as new President Commissioner of the company, saying the new commissioners will guide the company to a higher growth level. Moreover, BBRI plans to distribute Cash Dividend for the financial year of 2019 by IDR20.62 trillion (~60% DPR in FY19) or at least IDR168 per share which will be paid in March 2020. At

the current price, BBRI offers higher dividend yield of 4.07% in FY19.

Valuation and Recommendation: Maintain BUY at Target Price IDR3,200

We maintain our rating, BUY for BBRI with lower target price of IDR3,200, implied PBV FY20E/ FY21F at 2.53x/2.28x and is traded at -1.5STD of average 3 years PBV band. We believe the company strategy to focus on asset quality and manageable liquidity will drive BBRI's performance, with several downside risks: IFRS 9 implementation, macro economy and NIM pressure.

BBRI currently is traded at -1.5STD of average 3 years PBV band



Source: Bloomberg, MNCS as of March 10, 2020

Dividend Delight!

PT HM Sampoerna Tbk (HMSP)



Source: Google

Steady Bottom Line in 9M19

HMSP recorded revenue of IDR77.51 trillion (-0.04% YoY; -0.47% QoQ) in 9M19. This achievement is in line with MNCS/Consensus estimates of 72.24%/71.94%. The SKT division contributed to sales decrement about -5.43% YoY. Meanwhile, the SKM division became the main contributor to the company's revenue with a 70.52% contribution and recorded positive growth (+1.24% YoY), then the SPM division is also growing by +1.98% YoY. On the other hand, the company's EBITDA margin increased by 87bps to 17.38% in 9M19 (vs 16.51% in 9M18), thanks to its cost efficiency strategy.

Efficiency success was also reflected in an increase in net profit to reach IDR10.20 trillion (+5.26% YoY) with the increasing of Net Profit Margin (NPM) by 66bps at the level of 13.16% (vs 12.50% in 9M18).

Potential Increase in Consumer's Purchasing Power

The Indonesian consumption level has been recovering as seen by the increment of Consumer Confidence Index per 4Q19 reached 369 (vs 368.9 per 4Q18). This is due to the realization of several government programs throughout FY19 including disbursement of the state

budget which absorbed IDR2,310.2 trillion or 93.9% from the budget ceiling of IDR2,461.1 trillion. Meanwhile, the government is also trying to accelerate government spending through scheduled social assistance programs such as Program Keluarga Harapan (PKH), Beras Sejahtera (Rastra), and the distribution of accelerating village funds in 1Q20 with a total value of IDR102.9 trillion or 6.1% of the central government budget. Through this policy, we believe it can positively influence the consumption of Indonesian people, especially in the cigarette industry.

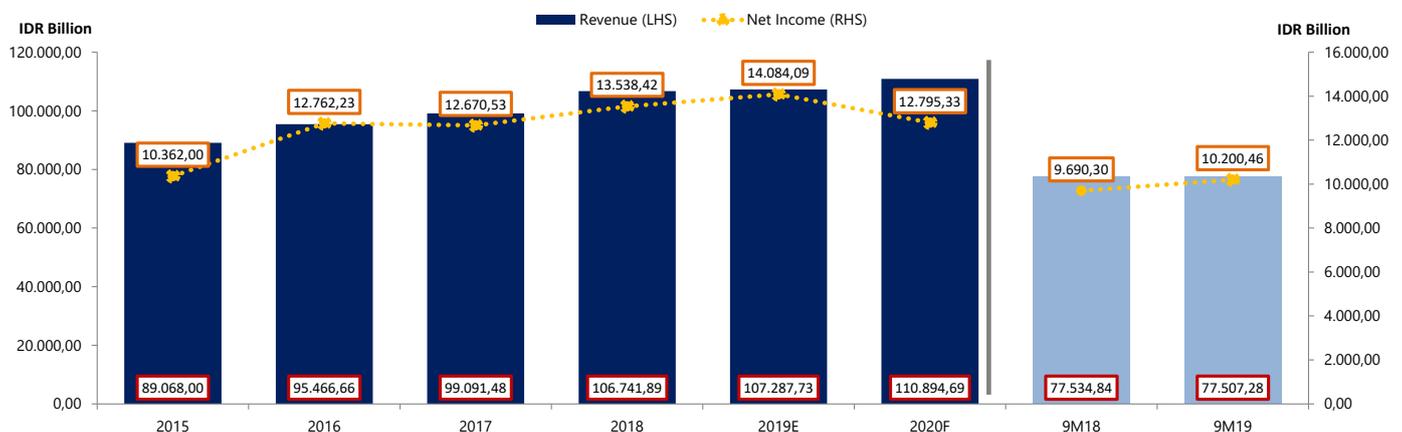
Strong Balance Sheet with Decent Dividend Yield

Over the last 5 years, average of HMSP's DPR had routinely paid for ~99% with a dividend yield of ~4.91%. Meanwhile, net profit margins will potentially increase to 13.13% level with the absence of cigarette excise rates increment in FY19. Supported by people's purchasing power recovery, we estimate HMSP can maintain its performance with net profit reaching IDR14.08 trillion/IDR12.80 trillion in FY19E/ FY20F and EPS worth IDR121/IDR110 per share in FY19E/FY20F. We assess that the bottom-line hike in FY19E has the potential to increase dividend yield to reach 5.38% in FY20F. In addition, HMSP also has a healthy balance sheet with debt levels close to zero.

What if excise impact can be faced?

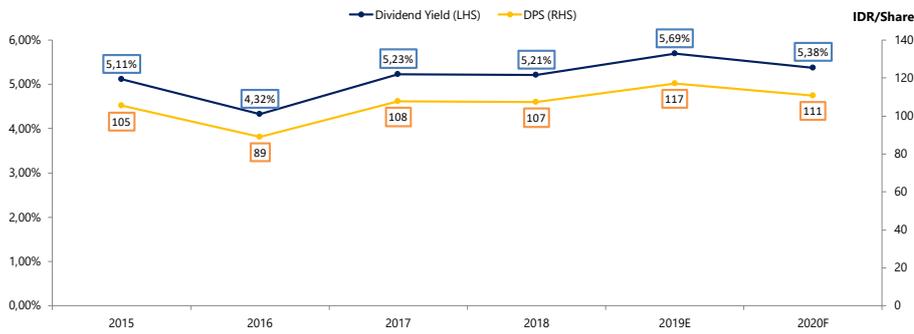
The enactment of new cigarette excise rates on January 1st, 2020 caused an increase of excise rate for CHT Sigaret

Revenue and Net Profit Trend in FY15-FY20F



Source: HMSP, MNCS

Dividend Yield and Dividend Payout Ratio



Source: MNCS

“MNCS Recommends BUY for HMSP with Target Price at IDR2,500”

Kretek Mesin (SKM), Sigaret Putih Mesin (SPM), and Sigaret Keretek Tangan (SKT) on average 23.29%, 29.95%, and 12.84%, respectively. It will potentially reduce sales volume in the cigarette industry, especially for HMSP. We estimate a decrease in volume around -10.66% YoY but on the other hand followed by an increase in average selling price reaching 15.62% YoY. The HMSP has been increasing ASP by an average of 4.48% YoY as of December 2019 in order to maintain

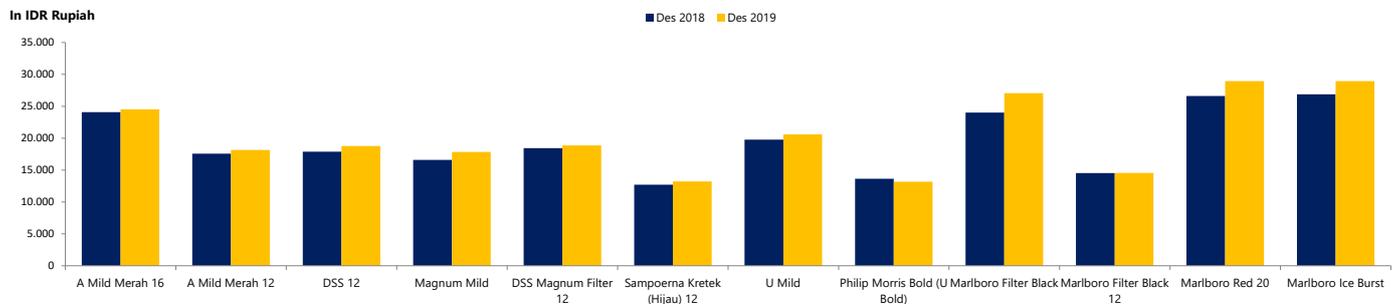
stable growth, especially in operating profit margin (OPM) which is expected to reach 12.85% in FY20F. In addition, the government also enacted an increase in retail selling prices (HJE) up to 35% which could be an opportunity for premium brand cigarettes with a smaller price gap.

Valuation and Recommendation: BUY at Target Price IDR2,500

We recommend BUY for HMSP with TP: IDR2,500 which implies 17.01x/6.69x PE/

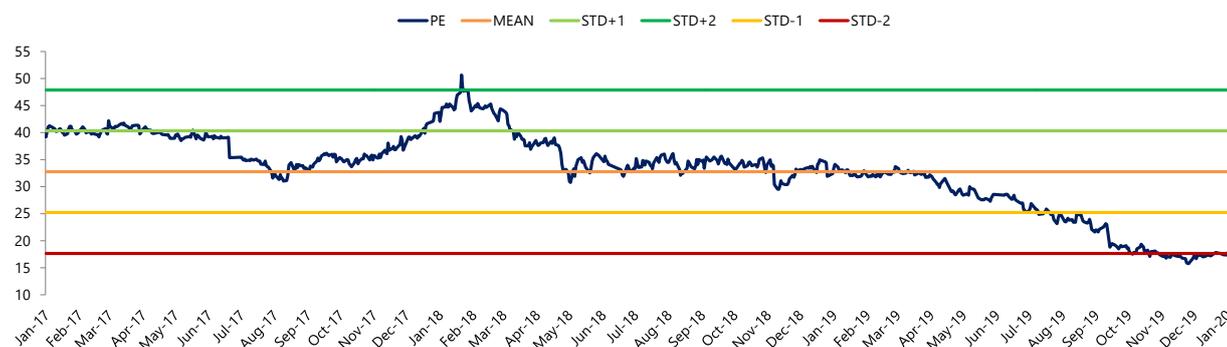
PBV in FY19E and 18.73x/ 6.71x in FY20F. This assessment is based on the potential growth of public consumption through various government policies in FY20E, while the reduction of sales volume can be overcome through an increase in ASP. In addition, HMSP also has good financial fundamentals and high dividend payout ratio, therefore it has the potential to generate attractive returns. Currently, HMSP is traded at -2 STD (3-years average) with PE worth 17.65x.

ASP Trend from Dec-2018 to Dec-2019



Source: MNCS

Currently, HMSP is traded at -2 STD (3-years average) with PE 17.65x



Source: Bloomberg

Efficiency as Top Priority

PT Indocement Tunggal Prakarsa Tbk (INTP)



Source: Google

Decreasing Sales Volume Becomes a Key Challenge for FY19 Performance

INTP posted revenue of IDR15.93 trillion (+4.93% YoY) in FY19 and gross profit grew by 25.89% YoY supported by the Company's successful efficiency. Moreover, an increase in net profit was recorded at IDR1.83 trillion (+60.16% YoY) which significantly grew compared to FY18 amounted to IDR1.14 trillion followed by an increase in net profit margin at the level of 11.51% in FY19 (vs 7.54% in FY18). INTP has released monthly sales data by Feb-2020, where sales volume have been observed to decline at 1.28 million tons (-1.54% YoY) compared to Feb-2019 of 1.30 million tons. This decrease in sales was in line with the decline in national sales volume at the level of 4.87 million tons (-0.94% YoY) in Feb-2020 (vs 4.92 million tons in Feb-2019) due to extreme weather by natural flood disasters in several regions.

Focus on Maintaining Margin through Efficiency and Innovative Solution

In terms of fuel production, coal contributes around 40% of the total INTP's COGS. Based on the commodity outlook released by the World Bank, coal prices will tend to move moderately and be at the level of USD71/mt in FY20E, and will gradually decline at the level of USD69/mt in FY21E. This is in line with the global

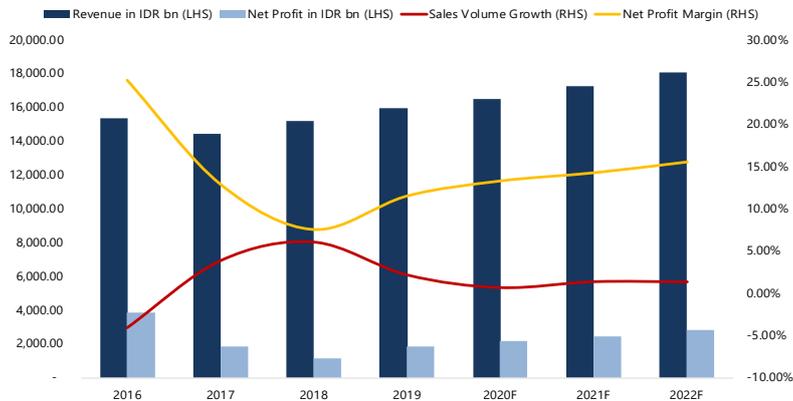
economic slowdown that will reduce world consumption. We believe the potential reduction in coal prices can be utilized by INTP to increase margins.

From the technology side, INTP develop *Toko Care* and *TigaRoda Go Digital!* (TIRO SYSTEM) platform. *Toko Care* is a short training program conducted by INTP to customers and potential customers who target builders or foremen in the area around the building shop. Whereas TIRO SYSTEM, is a digital system to integrate the entire INTP sales process, from supply, distribution, warehousing, to its customer service and the entire distributor network. Through this system, we believe INTP is able to increase customer satisfaction and market share.

A more Conservative Outlook in FY20E ...

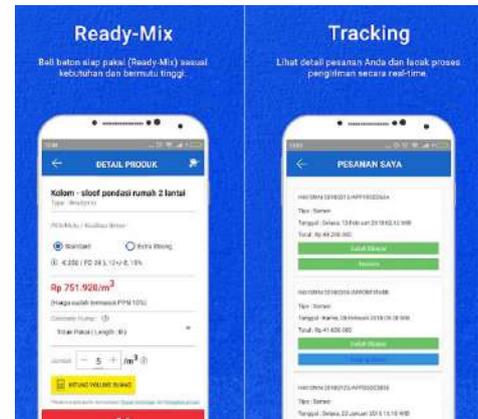
Management has revised the growth of cement sales to be flat (up to 2%) in FY20E, where previously it was projected that cement sales growth could reach 3%-4%. This is caused by: 1) The emergence of a Covid-19 pandemic which caused a slowdown in global economic growth in FY20E and is projected to grow by only ~3.3%; 2) Continued oversupply condition which is estimated to reach ~40 million tons and the entry of two new cement producers into Indonesia namely *HongShi* and *Semen Grobogan* which will add to the fierce competition

INTP Sales and Performance Growth Trend



Source: Company

Tiga Roda Go Digital Interface



Source: Play Store

in the cement industry especially in the eastern regions of Java. Therefore, we project that INTP sales volume will be flat (+0.68% YoY) to reach 18.27 million tons. Furthermore, we believe that an efficiency strategy still needs to be done to improve the Company's margins.

...Due to Tightening in ODOL regulation

To prevent overloaded trucks, the Ministry of Transportation decided to continuously and gradually implement an ODOL (Over Dimension Over Load) policy for trucks. The government has also implemented the policy in August 2018 and will be in full effect (Zero ODOL) on FY23E. The ODOL policy is applied for vehicles (trucks) that exceed the maximum limit of 100% on each weighbridge, but for the cement, fertilizer and steel industries are given an overload tolerance limit of up to 40%,

if violations exceed these limits are found then vehicles are prohibited from proceeding the journey. This has the potential to hamper distribution and will increase logistical burdens, which in turn will put pressure on cement producers' margins. In its latest development, the government will implement the ODOL policy on Apr-2020 on the TanjungPriok - Bandung toll road, but the exception is for cement transportation up to FY23E.

Valuations and Recommendations: BUY with a Target Price of IDR13.900

We recommend BUY for INTP with a target price of IDR13.900 which implies PE / PBV 24.20x/2.18x on FY20E. Currently, INTP is traded at level -1 STD (average 3-years P / E) with P/E 20.75x and PBV 1.65x.

INTP is currently trading at the -1 STD PE Ratio level (3 year average)



Source: Bloomberg

"MNCS recommends BUY for INTP with a Target Price of IDR13.900"

Keeping the Country's Networks Up

PT Telekomunikasi Indonesia Tbk (TLKM)



Source: Pexels

Strong Margin Expansion...

TLKM's revenue reached IDR102.63 trillion (+3.45% YoY) in 9M19 supported by an increase in data services by 12.78% YoY which contributed ~65% of total revenue. Meanwhile, Telkomsel (Tsel) recorded revenue of IDR68.31 trillion (+3.9% YoY/+1.2% QoQ) in 9M19 that supported by an increase in the Digital Business segment by 27.9% YoY to IDR43.10 trillion (vs IDR33.70 trillion in 9M18). Digital Business continues to be the growth engine driven by data services (+7.4% YoY) and digital services (+31.2% YoY). Data traffic monitoring increased by 55.2% YoY from 112.1 million users, with monthly service consumption increased significantly (+57.1% YoY) to 5.1 GB/user. On the other hand, in terms of industry, TLKM's data yield is lower than EXCL's, which started to record an increase in data yield at 3Q19.

.....Thanks to Cost Saving Driver!

In line with the Company's target to develop digital infrastructure, Tsel had provided a network in Java with total new brand 4G BTS of 20,829 at 9M19. Currently, Tsel has 209,910 BTS units per 9M19 (+14.5% YoY) of which ~76% are 3G/4G BTS. In addition, operational costs efficiency was able to increase 9M19 EBITDA to IDR50.71 trillion (+11.91% YoY) and EBITDA margins at the level of 49.41% (vs 45.68% in 9M18). Meanwhile, efficiency also contribute to double-digit escalation of Net Income to reach IDR

16.46 trillion (+15.64% YoY) with an increase in Net Profit Margin of 16.03% (vs 14.34% in 9M18). We expect the efficiency strategy supported by a stable growth in revenue can maintain margins along FY19E / FY20E.

A Prolonged Covid-19 Pandemic over the Next Two Quarters: a Blessing in Disguise?

At the end of March 2020, the Government of Indonesia issued a large-scale social distancing as an effort to curb the spread of Covid-19 outbreak. This was responded by telecommunications operators such as TLKM in which Tsel participated to remind customers to stay at home by creating a small campaign in the

TLKM contributes to provide the best network and product in the midst of Covid-19 outbreak

The advertisement features a woman talking on a mobile phone. Text includes 'THE REAL 4G LTE', 'Saling berkabar biar #dirumahterusterhubung', 'Rp60 ribu untuk 7 hari', 'kارتوHalo just for you', and 'Aktifkan di MyTelkomsel *363#'. A small disclaimer at the bottom reads: 'Ejorasi dan pembelian berlaku. Paket sesuai produk dan zona.'



TELKOMSEL TANGGAP COVID-19

Telkomsel #TerusBergerakMaju Tanggap COVID-19

Telkomsel terus memantau perkembangan situasi terkini terkait pandemi wabah COVID-19. Telkomsel tetap berkomitmen untuk senantiasa menyediakan layanan berkualitas guna menjamin kenyamanan berkomunikasi pelanggan.

The screenshot shows a grid of social media posts under the heading 'Lihat Pilihan Terbaik Untukmu'. Each post features a red background with an illustration and a hashtag: #DiRumahTerusBelajar, #DiRumahTerusSehat, #DiRumahTerusTerhubung, #DiRumahTerusTerpenuhi, #DiRumahTerusProduktif, #DiRumahTerusBerbagi, #DiRumahTerusUpdate, and #DiRumahTerusTerbur.

Source: Telkomsel

upper corner of the cell-phone screen, called "Tsel-DiRumahAja". Along with the other operators, since the implementation of the study and work from home, Tsel noted a spike in data traffic around 5% compared to the period before the implementation occurred.

The increment of Tsel's communication data traffic based on digital services was caused by growth of payload services for online-based learning systems (e-learning) by 236%, instant messaging communication by 19%, online games by 13% and cloud-based digital storage services, which are also commonly used as support system of the online working application service, that increased by 10.4%. In addition, other factors caused an increase of payload traffic consist of utilization of content provider services (8.2%), digital advertising (7.5%), video streaming (7.3%), and browsing (5.2%). Tsel also maximizes the function of the entire spectrum, including the frequencies of 900; 1,800; 2,100 and 2,300 Mhz to anticipate surges in communication traffic, especially for data and digital service traffic. Overall, we estimate TLKM data traffic will increase by 33.08% YoY along FY20E. Therefore total revenue is able to grow 13.85% YoY.

Subsidiaries consolidation as part of efficiency strategy

The 20 subsidiaries consolidation from FY20E to FY21F have been targeting by TLKM. We believe that strategy will improve the Company's performance in the medium and long term. It is also in line with TLKM's focus to provide the best service through shared resources in similar business portfolios that are managed separately. Moreover, restructuring and consolidation efforts are urgently needed to improve the operational efficiency of the

Company in the midst of the economic pressure because of the Covid-19 pandemic. Currently, management has not disclosed which subsidiaries that will become the target.

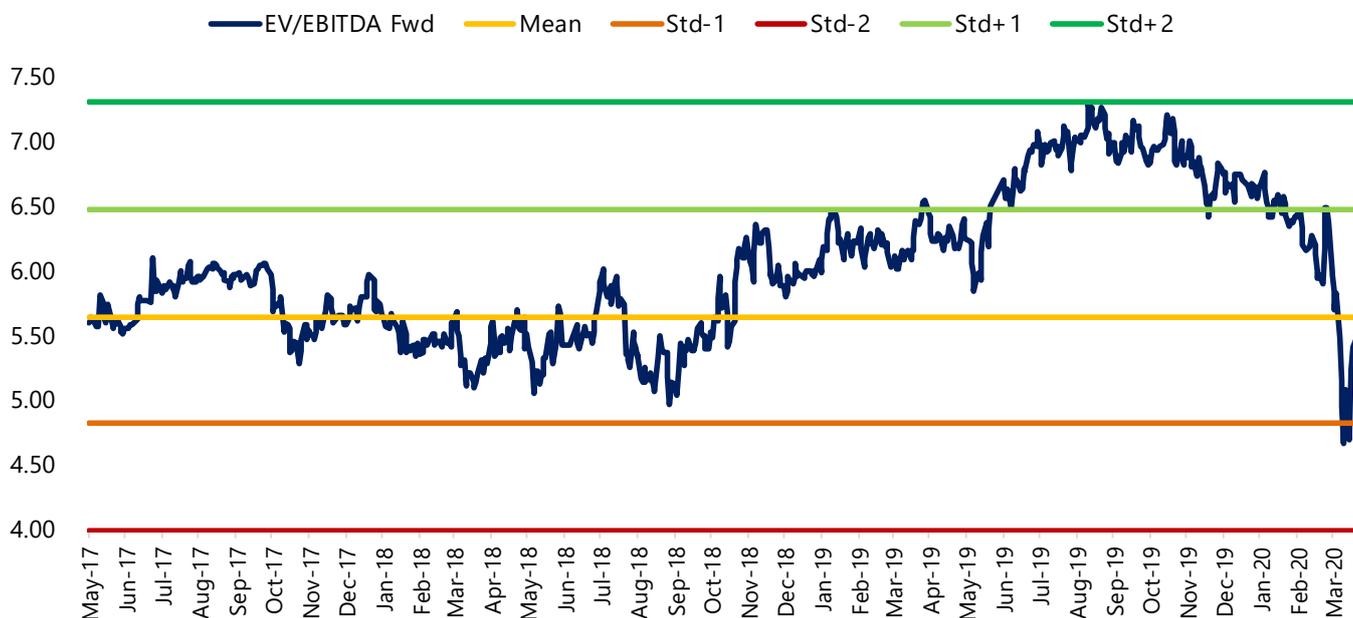
"MNCS Recommends BUY for TLKM With A Target Price of IDR3,600"

BUY Recommendation for TLKM With A Target Price IDR3,600

We Recommend BUY for TLKM with TP: IDR3,600 which implies EV/EBITDA of 5.65x and PE of 15.79x in FY20E. We believe the transformation of digital payment applications and data yields

increment can drive a better performance for TLKM. In addition, staged share buybacks conducting from March 30th to June 29th, 2020 that valued at IDR1.5 trillion are expected to support the shares performance.

TLKM is Traded at -0.5 STD (4-years average) with EV/EBITDA of 5.58x



Source: Bloomberg, MNCS

Enjoying the Winning Leap

PT Sarana Menara Nusantara Tbk (TOWR)



Source: asset.ey.com

Margins Slightly Lower as Depreciation Cost Arise

TOWR recorded revenue of IDR4.65 trillion, increased by 7.13% YoY in 9M19 (vs IDR4.34 trillion in 9M18). This is due to growing revenue from tower rental services and VSAT (Very Small Aperture Terminal) by 2.66%/16.52% YoY and contributed 88.38%/5.13% respectively in 9M19. Gross profit stagnated at 0.83% YoY or IDR3.28 trillion in 9M19 (vs IDR3.5 trillion in 9M18), due to an increase in depreciation and amortization expenses by 30.19% YoY so that GPM fell by 439 bps at level 70.43% in 9M19 (vs 74.82% in 9M18). EBITDA grew by 1.31% YoY or IDR3.80 trillion with EBITDA margin at the level of 81.77%. Net income slipped by 6.39% YoY due to an increase in finance cost by 18.73% YoY in 9M19.

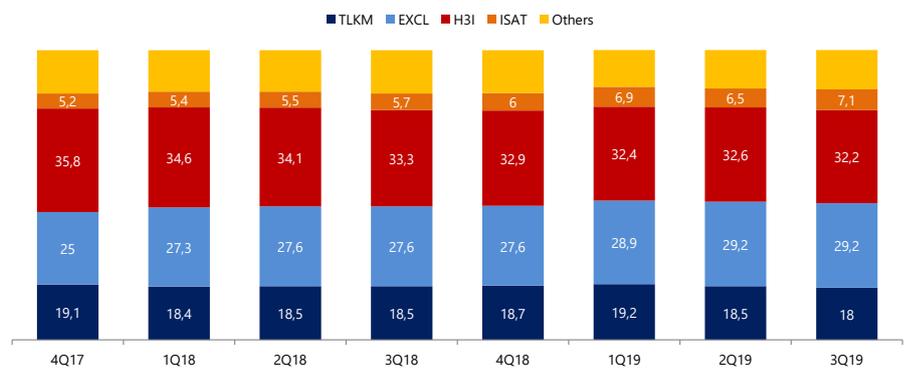
Excellence in Gaining Market Share, supported by Value Added Optical Fiber Integration Capabilities

The acquisition of ISAT and EXCL towers with a total of 2,728 towers (1,000 ISAT towers and 1,728 EXCL towers)

made TOWR towers increase to 20,951 towers with 22.46% market share making TOWR the market leader for the telecommunications infrastructure segment in Indonesia. With the growing number of towers owned, TOWR will have strong competitiveness whilst management believes it can earn recurring revenues of up to IDR340 billion every year. Besides, the development of

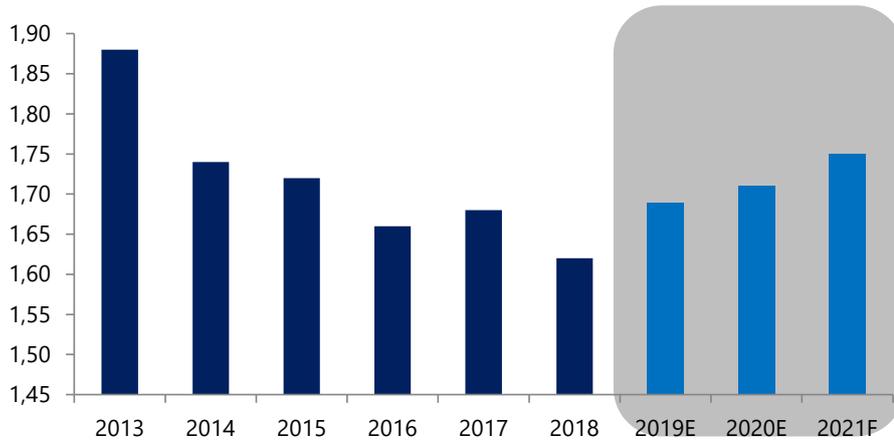
5G technology will require more towers to increase bandwidth which will maintain quality and increase signal speed amid limited towers owned by MNO (Mobile Network Operator) companies. In addition, collocation is considered to be more efficient towards MNO's company costs, positively impacting tower companies. Noted in 9M19 that TOWR tenancy has increased by 8.24% YoY to

TOWR Income Composition Based On Tenants (%)



Source: Bloomberg, MNCS

TOWR Tenancy Ratio Movement (%)



Source: Bloomberg, MNCS

30,430 tenants in 9M19 (vs 28,113 tenants in 9M18), but we see that TOWR will be sufficiently dependent on expansion developed by Hutchison 3 Indonesia, ISAT, and EXCL.

TOWR expansion through increasing the number of towers is followed by an increase in capacity through an optical fiber, where this became a bargaining power for the tower business. Currently, TOWR has added ~ 17,000 km of optical fiber which is expected to become one of the revenue streams in the next few years. This is also supported by the development of the Palapa satellite which will have 36,000 km of optical fiber spread throughout Indonesia. We see that increasing the number of towers and the

continued development of optical fiber has driven an increase in TOWR tenancies which will potentially increase on FY21F-FY22F. Also, EXCL will add 3,000 towers to be leased at a rate of IDR10 million/month in FY20E that have been acquired within the next 3 years. Meanwhile, ISAT will also increase the estimated number of leases up to ~ 7,000 towers until FY22F.

A Solid Conglomerate Group followed by MSCI and LQ45 Indexing

With the weakening global and domestic indices in 1Q20, we assess that TOWR will have a competitive advantage against the formation of global and domestic portfolios, which is supported by the inclusion of TOWR in the MSCI Emerging Index and LQ45 index lists.

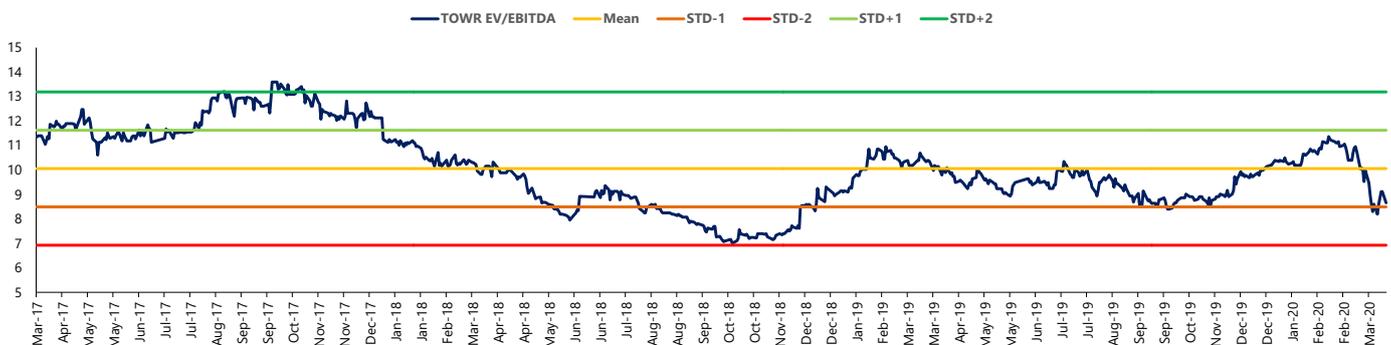
Furthermore, business development and stable performance expansion in the telecommunications infrastructure sector will be supported by the strong consolidation of support from Djarum Group as the parent company of TOWR. Djarum Group itself is currently developing digitalization in all business units to compete. Also, TOWR has an average dividend payout of 40% -50%.

Valuations and Recommendations: BUY with a Target Price of IDR800

We recommend **BUY** for **TOWR**, with **TP: IDR800** which implies EV/EBITDA at 7.39x/6.86x at FY20E/FY21F. Currently, TOWR is trading at the level of -1 STD (3-year PE average) with EV/EBITDA at 8.65x. We estimate sales to reach IDR6.82 trillion (+7.28% YoY) with net profit reaching IDR2.56 trillion (+8.78% YoY) in FY20E. On the other hand, TOWR is still exposed to some risks, including: 1) Changes in regulations that have the potential to suppress TOWR business development; 2) Decrease in cellular business; 3) Technological developments.

“MNCS Recommends BUY for TOWR with Target Price IDR800”

Average EV/EBITDA band TOWR 3 years



Source: Bloomberg, MNCS

Growing by Innovating

PT Unilever Indonesia Tbk (UNVR)



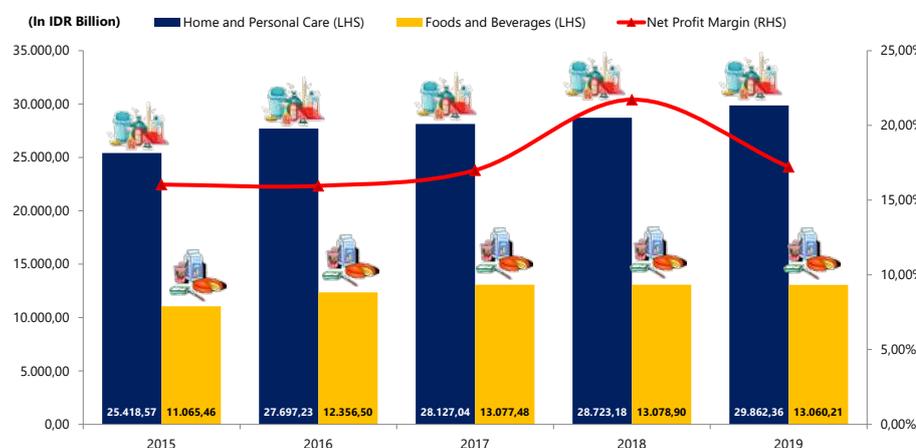
Source: Unilever

Financial Highlight: Managing to Perform Well

UNVR booked a 2.68% YoY increase in total revenue to IDR42.92 trillion in FY19 (vs IDR41.80 trillion in FY18). Domestic sales increased from 94.48% to 95.23%, especially the Home and Personal Care (HPC) division that reached IDR29.86 trillion (+3.97% YoY), while sales of Foods and Beverages were flat by -0.19% YoY. Furthermore, net profit decreased to IDR7.39 trillion (vs. IDR9.08 trillion in FY18) on the back of lower other income

from IDR2.82 trillion to IDR3.08 billion with Net Profit Margin (NPM) reached 17.22% in FY19. The decline occurred due to corporate action through the sale of spreads categories in the form of rights distribution of products with the global brand frytol, Blue Band, ghee alongside with a number of production assets, equipment and supplies which resulted in an additional profit of IDR2.80 trillion. Therefore, net profit adjusted (without sales of spreads) increased to 9.3% YoY in FY19.

Revenue and Net Profit Trend by Division



Source: UNVR, Bloomberg

"MNCS Recommends BUY for UNVR with a Target Price: IDR8,400"

Stock Split with 1:5 Ratio

In the beginning of 2020, UNVR officially conducted a stock-split with 1:5 ratio, resulted in deduction of shares nominal value from IDR10 to IDR2 on January 2nd, 2020 and increasing of number of shares listed in the Indonesia Stock Exchange (IDX) from 7.63 billion shares to 38.15 billion shares. The main factor of the Company conducted stock split is to increase liquidity, especially for retail investors when at cum-date (December 31, 2019) the range of UNVR stock price was IDR 42,000 with 43.36x of PE worth. On the other hand, the average of company's dividend payout ratio (DPR) is at ~96% (in 5 years average). This is expected to increase investor's confidence and give a positive impact on UNVR's performance as a company that has large capitalization and good reputation, especially in the fast-moving consumer goods (FMCG) industry.

Keep Innovating to Stay Ahead

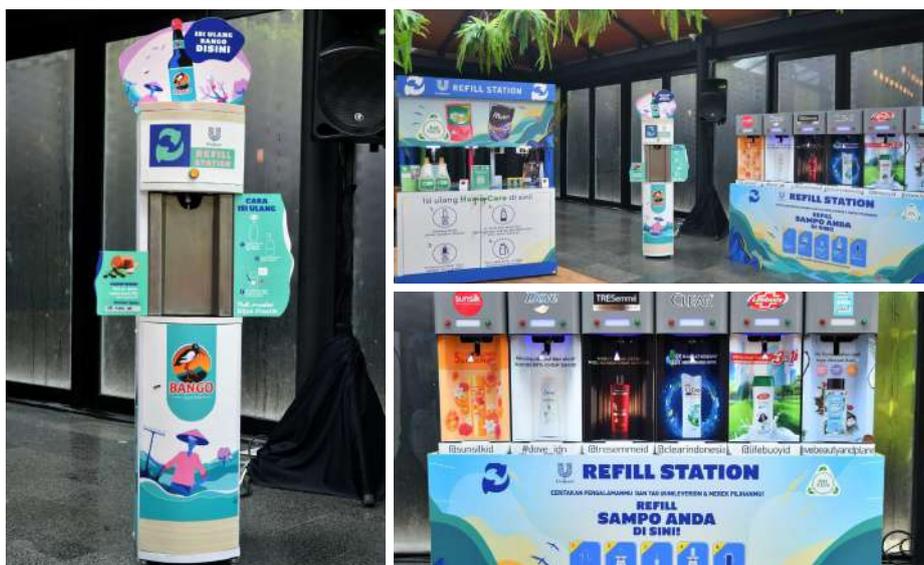
UNVR consistently innovates in launching new products throughout FY19. After launching a range of women's beauty care products named Nameera Aquatic Botanical brand in 2Q18, UNVR re-launched the latest product that contains a range of male-only body care products under the AX Men's Grooming brand in 3Q19 in order to retain the position as a market leader. UNVR also made effort to boost sales in the food and beverage category targeted low-income consumers through the Ice Cream Seru brand with a price range of IDR2,000-IDR3,000/pcs. However, this ice cream is only distributed to MSMEs (Micro, Small, Medium Enterprises) as "Juragan Seru" which will be facilitated and supervised by UNVR, therefore providing opportunities

UNVR New Product in 2019



Source: Google

UNVR Products' Refill Station at Bintaro



Source: UNVR

for Indonesian MSMEs to consistently develop F&B division. In addition, UNVR also plans to launch two new products to complement existing brands in various packaging formats in FY20E.

Focus in Purpose-Led and Future-Fit Strategy

For the purpose of diversification, products sold by UNVR must have a noble goal (purpose-led), be relevant

and be competitive in the future (future-fit). Through this strategy, UNVR succeeds in producing various products, not only unique but also environmentally friendly, such as: pepsodent toothbrush made of 100% bamboo (pepsodent natural bamboo) and beauty products with the brand "Love Beauty and Planet" which are equipped with fast rinse technology (it can saves water when shampooing). UNVR also collaborates through the #smallactsoflove program with various partners (Givaudan, Farmers Market, Waste4Change, XSProject) to ensure the natural materials used are preserved and meet high sustainability standards. In Feb-2020, UNVR introduced the first refill station in Bintaro to reduce the usage of virgin plastic and accelerate the usage of recycled plastic. We believe this strategy has a potential to become one of UNVR's efficiency strategy in the future.

Bitter Potion in Sweetened Drinks

The government plans to apply a new excise tax on plastic and sweetened drinks in FY20E. The proposed tariffs from the Ministry of Finance for sweetened drinks are as follows: 1) Packaged tea of IDR1,500/litte which has the potential to increase state's revenue up to IDR2.7 trillion with production up to 2.19 million liters/year; 2) Carbonated Drinks amounting to IDR2,500/liter with the potential to increase state's revenue up to IDR1.7 trillion with an average production of 747 million liters; 3) Other sweetened drinks such as energy drinks, coffees, concentrates and others amounting to IDR2,500/liter with an average production reached 808 million liters with potential for state's revenue up to IDR1.85 trillion. We do not expect this to have a significant impact on UNVR's revenue, given the Foods and Beverages contribution to the Company is at ~5%.

Currently, UNVR is traded at -1 STD PE Ratio (3 years average)



Source: Bloomberg, MNCS per as of March 2020

BUY Recommendation for UNVR With A Target Price IDR8,400

Through diversification and various products innovation, we believe that UNVR's performance will improve in FY20E. Our projection of UNVR's revenue will increase by 4.77%/4.81% YoY in FY20E / FY21F with net profit growing 5.06%/4.62% YoY. We recommend BUY for UNVR with a Target Price of IDR 8,400 which implies PE level at 41.26x / 39.44x of the FY20E / FY21F.

Industry 4.0, HR in Indonesia Needs to Master Data Science!

Implementation of Industry 4.0 in Indonesia

Since the Industry 4.0 roadmap was echoed by the Indonesian government, the pillars of Industry 4.0 such as the Internet of Things (IoT), Big Data, Cloud Computing, Autonomous Robots, Machine Learning, and Artificial Intelligence (AI), have been in high demand by various business sectors.

Along with technology development and government support in the era of industry 4.0, it is expected that Indonesia will be able to compete well in global technology. In order to achieve this goal, human resources must play an important role to develop Industry 4.0 in Indonesia. The implementation of Industry 4.0 is

driven by the following factors:

1. Increment of data volume, computing power and connectivity
2. Analytical and business intelligence skills
3. New forms of human-machine interaction, such as touch interfaces and augmented reality systems;
4. Development of digital instructions transferred into physical forms, such as robots and 3D printing.

Data-Aware Human Resources

If we take a deeper look on Industry 4.0, it is completely different from the previous industrial revolution. Instead of driven by steam engine or crude oil, Industry 4.0 is driven by an abundance of data.

Therefore, human resources in the era of industry 4.0 have to master Data Science skill in order to be able to manage, analyze, and process data to provide useful information. In addition, Data Science skill is an important part to create data-based solutions and technologies to solve problems.

In order to prepare human resources in Indonesia to face Industry 4.0, the Data Science Education Center, Algoritma provides Data Science training and workshop for beginners. It aims to change the existing stigma that data science is complicated and can be learned only by people with background in computer science, statistics, or mathematics.



Source: Algoritma

Algoritma: Data Science Learning Solution

Data Science will be a valuable skill that needs to be mastered by people nowadays from any professions and educational backgrounds. Data Science Education Center Algoritma provides several packages of Data Science workshop programs, with various periods and curriculums.

Some of the Algoritma programs are as follows:

- Data Science Academy: Data Science bootcamp for 4 months use the

programming languages R, Python, and SQL.

- Corporate Training: Data Science training for corporate whose curriculums can be adjusted to the needs of the company.
- Data Science Series: Data Science training held for two days with specific topics.
- Kickstart Series: Data Science workshop with duration of 3 hours teaches about the introduction to data science for beginners.

Algoritma intends to increase public awareness about the importance of Data Science skill in the era of Industry 4.0 through the programs provided. In addition, Algoritma also intends to ensure that the alumni of Algoritma Academy can be hired by various companies that become Hiring Partner of Algoritma. Therefore, industry needs for Data Scientist can be fulfilled.



Source: Algoritma

About Algoritma:

Algoritma Data Science Education Center is a company engaged in non-formal education that teaches specific programming and statistical skills for making Artificial Intelligence models, processing and visualizing data. After walking through an educational journey with Data Science Academy for about three months, participants who graduate with the qualification score of 85 will get job placement assistance at one of the partner company as a Data Scientist.

Contact Algoritma:

- Website : www.algorit.ma
- Email : community@algorit.ma
- WhatsApp : 08777.8353.007
- Instagram : @teamalgoritma



Pelajaran **3 BULAN** Perubahan **SEUMUR HIDUP**



Mulai belajar **DATA SCIENCE** di Algoritma



algorit.ma/kelasdata

Still Open and Forever Helpful!

PT ACE Hardware Tbk (ACES)



**MNCS
Recommends BUY
for ACES with a
Target Price of
IDR1,400**

Covid-19 pandemic. We estimate that conventional ACES sales traffic within the store area has a potency to decrease due to this pandemic, caused by restriction of public outdoor activities by the government. However, we believe that the declining can be supported by the implementation of online various product sales and the aggressive promotion strategy. We estimate ACES sales to grow on single digit to reach IDR8.86 trillion (+7.84% YoY) in FY20E and will improve in FY21F that will grow 8.52% YoY according to management's target. Meanwhile, net profit margins will be slightly depressed at the level of 10.97% in FY20E (vs 12.12% in FY19) due to increase in raw material costs amid the challenge of reducing sales traffic.

Source: ACES

Double Digits Sales Growth in 9M19 amid the Bottom-line Pressure

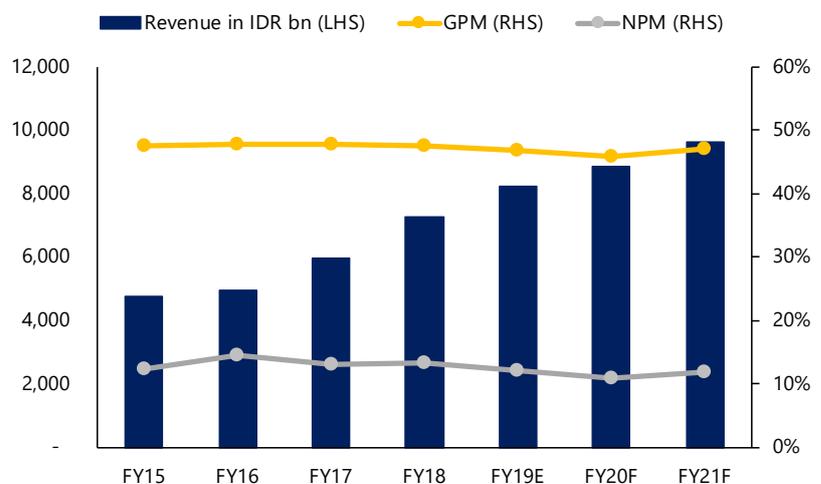
As a pioneer and recognized home furnishing and lifestyle center, ACES recorded a solid growth of revenue of 15.27% YoY to IDR5.86 trillion in 9M19 (vs IDR5.08 trillion in 9M18) representing 72.73% of the estimated MNCS FY19E. Home improvement sales products dominate the revenue growth of 13.61% YoY followed by lifestyle products which increased by 16.68% YoY. Meanwhile, the rising of COGS and operating expenses made ACES net profit only grow 4.27% YoY or reach IDR727.16 billion with a net profit margin slightly depressed 133bps. The SSSG is expected to be on a single digit at level 5.5% in FY19E.

sells more than 64,000 types of products bring a good fortune to ACES. Diversity of product portfolio gives an advantage to ACES, moreover the Company provides a variety of survival kit products amid the

Online Sales Becomes a Great Strategy amidst the Declining of Retail Activity

According to the latest data in Feb-2020, ACES SSSG increased slightly at 6.8% level (vs 5.4% in Jan-2020) in the middle of rainy season and the Covid-19 pandemic. We see that the online sales strategy through ruparupa.com which

Revenue Movements Trend, Gross Profit Margin and Net Profit Margin in FY15-FY21F



Source: Company

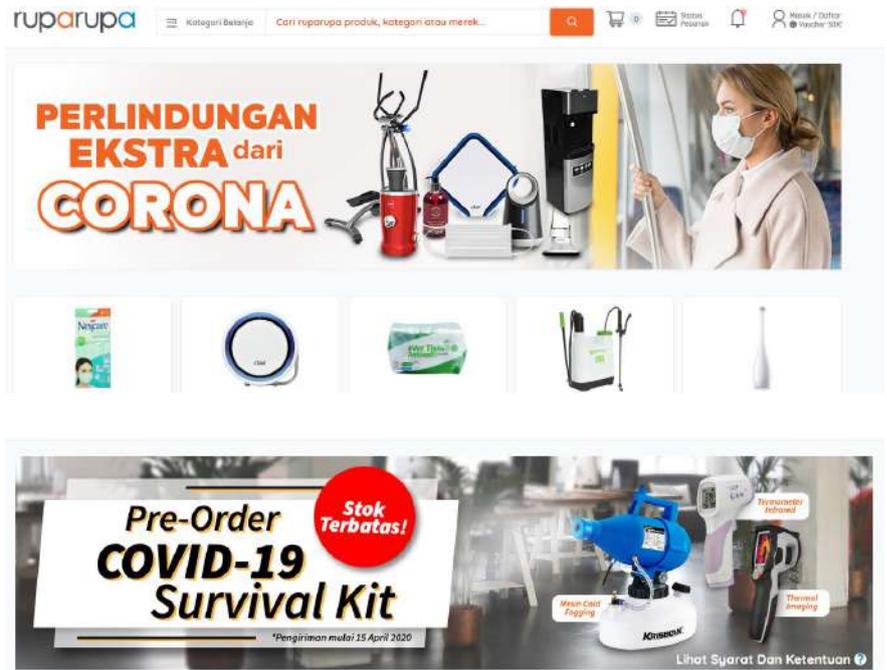
IDR250 Billions Capex Allocation Worth for 10-15 Outlets Expansion in FY20E

ACES succeeded in opening 23 new outlets in FY19 with total of 197 outlets spread across 46 major cities in Indonesia. On FY20E, ACES makes it possible to access the network by opening 10-15 outlets. The total capex on development reaches IDR250 billion. Various promotional programs run by the Company in order to open its 200th store at Perintis Kemerdekaan Living Plaza, Makassar on March 12, 2020 are expected to help traffic sales in 1H19 amid the Covid-19 pandemic. In addition, the ACE Xpress concept which was released in 2018 facilitates consumers to fulfill daily needs easily since the outlet is located within residence.

Risk of Inventory Availability and Exchange Rate Become the Main Focus

Decreasing of inventory availability due to temporary closure of manufacturing activity is a negative sentiment for ACES considering around 80% are imported products with the largest contribution are coming from China. In addition, the weakening of IDR against the USD at the level of IDR16,000 is also a challenge. However, we believe an increase in manufacturing activity that have returned to normal in March 2020 in China can restore the supply of product. On the other hand, the weakening of the exchange rate will slowly be passed through to consumers along-side with

ACES Provides a Variety of Survival Kit Products in Facing Covid-19 Pandemic through The Online Store Ruperupa.com



Source: ruperupa.com

various attractive promotional packages that give value-added.

Valuation and Recommendation: BUY ACES with a Target Price of IDR1,400

Based on risks and the existing catalyst that ACES faced, we believe ACES's performance in FY20E can positively grow compared with other retail company.

Competitive advantages that consists of various product portfolio and massive online sales contribute to positive performance of ACES. We recommend BUY to ACES on TP: IDR1,400 with PE: 24.67x/21.02x, and PBV: 3.43x/2.70x on FY20E/FY21F. Currently, ACES is traded at level -2 STD (3 Years Average) with PE level 22.35x .

ACES is traded on-2 level STD (3 Years Average) with PE level 22.35x



Source: Bloomberg as of March 31st 2020

Compact House for Millennials

PT Bumi Serpong Damai Tbk (BSDE)



Source: BSDE

FY19 Highlights: Better Performance Driven by Residential Sales

BSDE recorded marketing sales of IDR6.48 trillion, increased by 4.20% YoY, and exceeded the target of IDR6.2 trillion in FY19. This was driven by housing sales of IDR3 trillion from several clusters, including Mozia, Savia, Greenwich, Vanya Park, FleekHauz, Fleekhauz-R, Imajihauz, Nava Park and The Zora clusters, as well as additional sales from Banjar Wijaya Park and Grand City Balikpapan. As for Fleekhauz, it gained popularity as the "most wanted" cluster, which was sold out within 2 weeks after it was launched in 9M19. In addition, BSDE posted revenue of IDR7.8 trillion in FY19, increased by 6.85% YoY (vs IDR6.63 trillion in FY18) which reflected 97.86%/97.31% of the MNCS consensus/target in FY19E. This growth was supported by housing sales and rents, each increasing by 4.82%/7.16% YoY in FY19.

Looking for Better Outlook in FY20E: Compact Houses is getting the Hype!

We believe the positive performance of BSDE will continue on FY20E, supported by several catalysts, such as: 1) Successful launch of the new compact houses project with smart home systems and modern designs such as Fleekhauz, Tabebuaya and Imajihauz with an average price range from IDR800 million up to IDR1.5 billion per unit, besides Fleekhauz Phase II and Provence Suite will be launched at FY20E; 2) Development of flagship projects with integrated business ecosystems including offices, educational facilities, and conference halls; 3) Development of BSD City Phase III covering ± 2,500 ha in FY20E-FY35F; 4) Integrated infrastructure through the Kunciran-Serpong toll road (11 km) which will be connected to the JORR II toll road, as well as the development of the MRT in the South Tangerang area.

Fleek Hauz and Imaji Hauz Advertisement



Source: BSDE

Marketing Sales Robust in FY20E with Positive Catalyst Property Sector

We estimated that the marketing sales of BSDE will grow moderately at the level of 2.65% or equals to IDR6.65 trillion on FY20E, supported by several positive catalyst as follows: 1) LTV incentive through BI Regulation No. 21/13/PBI/2019 which were implemented on FY19. The implementation complements LTV incentives for first occupancy in 8M18; 2) Potential decline of 7 Days Repo Rate around 25-50 bps in FY20E will reduce developer's cost of fund and consumer mortgage financing; 3) There is around 81 million millennial growth, according to Ministry of Public Works and Public Housing, with 76% of them needing new homes.

Valuation and Recommendation: BUY at Target Price IDR1,110

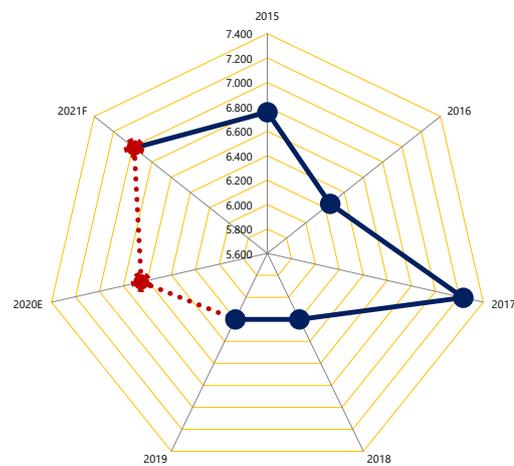
We recommend **BUY** for **BSDE**, with a **TP: of IDR1,110** which implies PE/PBV 8,19x/0,59x in FY20E. BSDE's valuation has become attractive as it is currently trading at a level of -1 STD (average 3-years PE) P/E at 8.06x and PBV at 0.84x. Risks to our call would include: 1) PSAK 72 implementation which has affected BSDE earnings; 2) Low purchasing power will further suppress marketing sales in FY20E.

Compact House Design



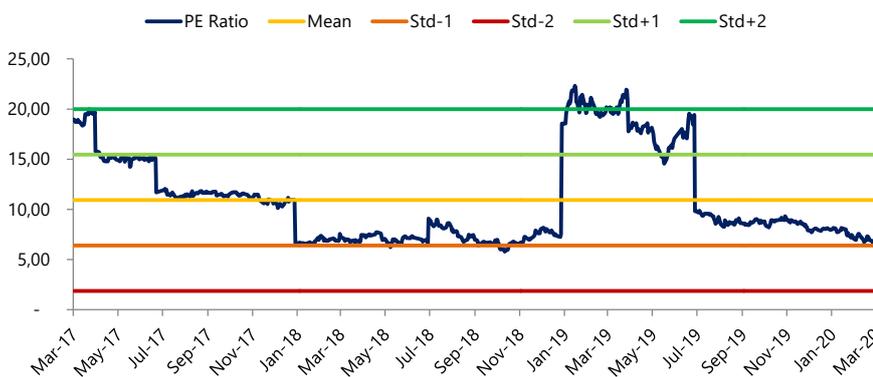
Source: BSDE

Trend Marketing Sales BSDE FY15-FY20E



Source: BSDE, MNCS

Average PE band BSDE 3 years



Source: Bloomberg, MNCS

"MNCS recommends BUY for BSDE with Target Price IDR1,110"

One Step Further!

PT PP London Sumatra Indonesia Tbk (LSIP)



Source: The Star

Financial Performance: Lower Bottom Line, but Succeed to Expand!

LSIP recorded sales of IDR3.70 trillion or decreased by -7.97% YoY in FY19 (vs IDR4.02 trillion in FY18). This happened along with a lower sales volume, especially CPO and PK (Palm Kernel) products by -4.22% YoY. However, the company managed to boost export sales to 119.61% YoY or is equivalent to IDR220.72 billion from IDR100.50 billion in FY18. Conversely, LSIP was able to decrease COGS by -5.96% YoY to resist a deeper decline in gross profit amounted to IDR561.56 billion (-17.78% YoY) with gross profit margin at level of 15.18%. Meanwhile, the company's net profit weakened to -23.31% YoY or is equivalent to IDR252.63 billion in FY19.

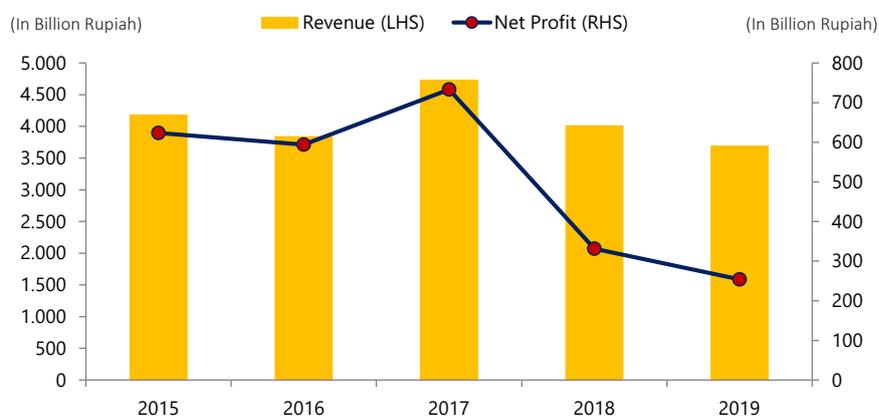
Positive Impulse from Domestic Consumption

The ASP movement of CPO continues to decline from 2017 to 2018 by -18% YoY due to oversupply. In order to deal with the declining ASP, government has put anticipation efforts to accelerate the

realization of biodiesel program. Biodiesel 30 (B30) program, which contains of 30% biodiesel and 70% petrodiesel, has been implemented since January 1, 2020 with a target of 9.59 million kiloliters in FY20E and will be continued with the B40 trial program on 3Q20E. Previously, the realization of B20 help to boosted

the company's sales growth to reach IDR1.11 trillion (+ 12.40% QoQ) due to an increase in CPO ASP of 46.34% QoQ on 4Q19. Therefore, we believe this policy has the potential to boost CPO prices in FY20F, which is forecasted to reach level of RM2,788/mt.

Revenue and Net Profit Movement of LSIP during FY15-FY19



Sources: Company, Bloomberg

Strategy in FY20E: Increasing Productivity and Cost Efficiency

As a subsidiary of PT Salim Ivomas Pratama (SIMP) Tbk, LSIP produces Tandam Buah Segar (TBS) which decreased -3.30% YoY or amounted to 1.47 million MT (vs 1.52 million MT in FY18) followed by a decrease in volume of CPO production by -12.13% YoY due to replanting activities. Therefore, LSIP has been trying to improve productivity and cost efficiency amid the potential for CPO price strengthening in FY20E. This is supported by the company's success in maintaining a stable CPO and PK extraction rates at 22.92% and 6.41%. Furthermore, we forecast CPO sales

volume in FY20E and FY21F will reach 426,851 MT and 435,751 MT, respectively, while PK sales volume in FY20E and FY21F will be at 127,695 MT and 130,358 MT, respectively.

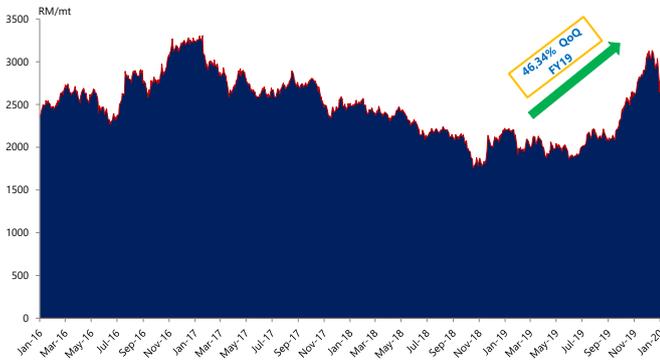
Recommendation: BUY with a Target Price of IDR1,000

Based on the CPO price movements that are getting better due to the application of biodiesel and potential increase of LSIP's production volume in FY20E, we recommend BUY for LSIP with a target price of IDR1,000 and implied PBV level in FY20E/FY21F at 0.76x/0.72x. However, there is a potential of the uncertain

“MNCS recommends BUY for LSIP with a Target Price of IDR1,000”

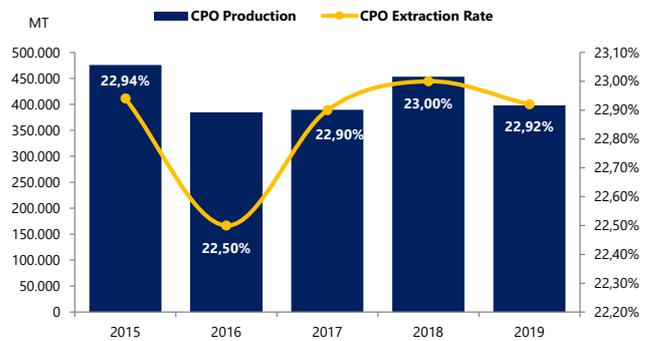
economy due to coronavirus outbreak which will impacts the company's performance. However we believe that the company will survives since it has a strong financial fundamentals and has a zero debt financing. Currently, LSIP is traded within level of STD-2 on 3 years PBV trade average.

CPO Price Movement



Source: Bloomberg

CPO Production



Source: Bloomberg

LSIP PBV Band Movement Averages over 3 years



Source: Bloomberg

Standing in the Midst of Storm

PT Merdeka Copper Gold Tbk (MDKA)



Source: Google

FY19 Performance: Solid Performance backed by Strong Volume

MDKA recorded a solid performance in FY19 with revenue increasing by 36.80% YoY to USD402.04 million supported by improvement in gold ASP to the level of USD1,398/troy ounce (+10.28% YoY). In addition, sales volume also increased

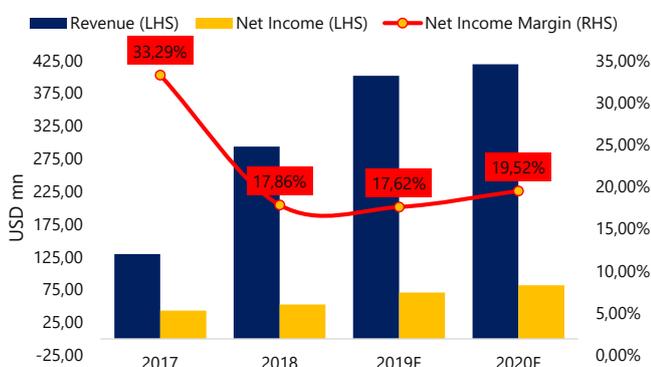
to 219,410 troy ounces (+19.26% YoY) for gold commodity, followed by silver to 357,516 troy ounces (+152.44% YoY) and copper to 16,753 tons (+89.54% YoY), considering 74.23% of revenue came from gold sales, 1.39% from silver and 24.38% from copper. Meanwhile, net profit also increased by 34.95% YoY

to USD70.83 million with a net profit margin of 17.62% in FY19. On the other hand, gold production reached 223,042 troy ounces (+33.15% YoY), exceeding the management target of 200,000 troy ounces. Management targets to produce 165,000 - 185,000 troy ounces in FY20E.

Expanding through Partnership

MDKA continues to explore various ways to increase the value of its mining activities. Some of the projects MDKA will carry out are as follows: 1) Joint venture agreement with J-Resources (PSAB) to combine PSAB's Pani Project with MDKA's Pani gold mine (IUP) in Gorontalo, Sulawesi. This project aims to optimize the development of resources, where the merger of the two projects will increase the amount of resource reserves as well as the economic benefits of large scale processing at one plant. We consider that this collaboration has the potential to reduce cost and increase efficiency, in line with MDKA's goal to make Pani a low-cost gold mine; 2) Joint venture agreement with Tsingshan to conduct Wetar ore metallurgical testing at a plant in the Morowali Industrial Park in Indonesia (IMIP). This cooperation is based on the lack of efficiency of the process that has been carried out by MDKA, where only a portion of copper resources can be processed while gold, silver, zinc and sulfur contained in the ore

MDKA Revenue and Net Profit Trend



Source: Bloomberg, MNCS

Pani Mine, Gorontalo



Source: Google

cannot be processed. So through this collaboration, MDKA aims to monetize the components contained where the raw materials will be purchased from the Wetar mine. We consider this collaboration will potentially increase the added value for the company's financial performance. This project is considered to increase MDKA income in the next few years because the two projects are still in the process of the feasibility study.

Strong Position amidst Uncertain Market

Investor concerns over global uncertainty caused by the coronavirus pandemic, trade wars and geopolitical wars have an

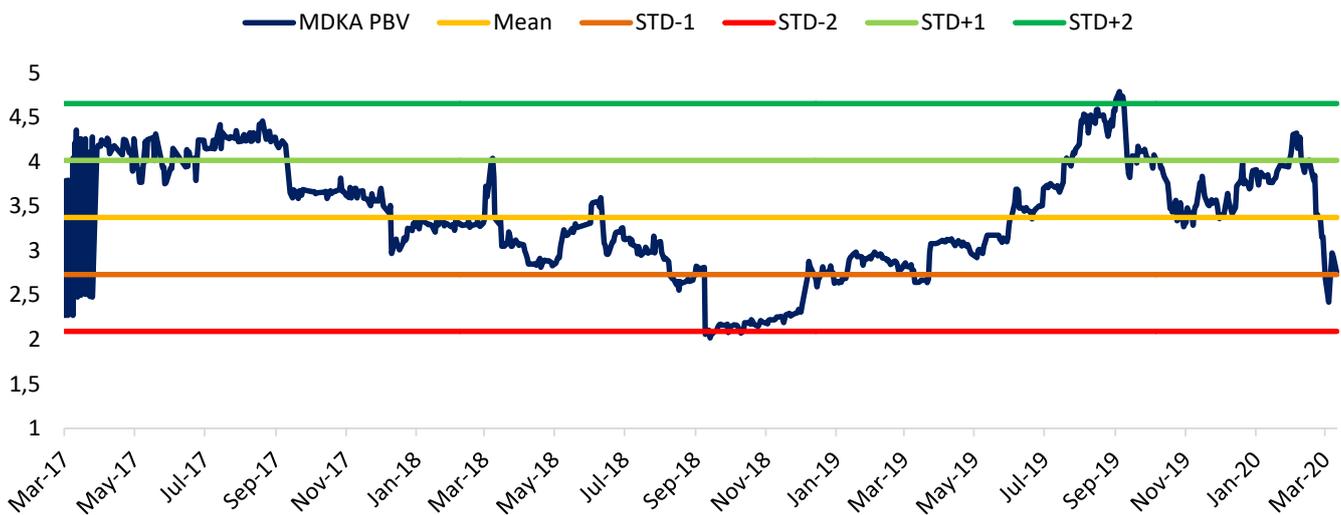
impact on market price fluctuations. This is also supported by falling global demand, especially from China, which still holds the position as one of the largest importers. China's silver imports reached USD2.72 trillion (-1.95% YoY) while copper imports declined 14.40% YoY to USD40.8 billion in FY19. However, these issues pushed gold prices to the level of USD1,616/troy ounce (+22.32% YoY as of March 26, 2020) due to increased demand for low-risk assets such as gold. This increase can boost MDKA gold sales which we estimate will reach 198 thousand troy ounces or equals to USD314.52 million which will support MDKA's revenue to increase to USD420 million (+4.36% YoY) in FY20E,

considering the 74.23% gold contribution to revenue in FY19.

HOLD Recommendation for MDKA with Target Price of IDR1,280

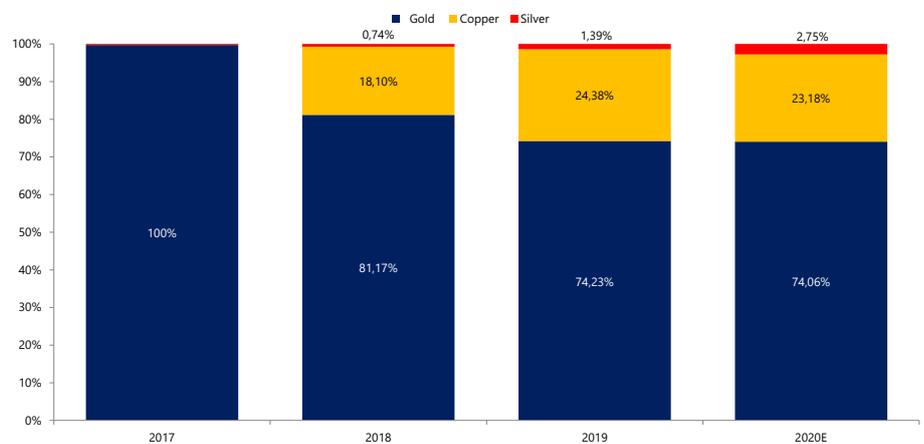
Based on the existing risks and catalysts, we believe that the FY20E performance will be supported by the strengthening of the gold price which we estimate will reach USD1,590/troy ounce in FY20E. Therefore, we recommend **HOLD** for **MDKA** at **TP: IDR1,280**, with PE/PBV at 28.83X/3.78x in FY20E. Currently, MDKA is traded at -0.98STD (3 Years Average) level with PBV 2.74x.

MDKA is currently traded at -0,98STD (3 years average) with PBV at the level of 2,74x



Source: Bloomberg, MNCS

Revenue Breakdown MDKA



Source: Bloomberg, MNCS

“MNCS recommends HOLD for MDKA with TP: IDR1.280”

Acquisition and Diversification to be more Competitive

PT PP Presisi Tbk (PPRE)

Double-Digit Growth Revenues supported by Construction and Readymix

PPRE recorded a new contract of IDR5.9 trillion, an increase of 13.46% YoY in FY19, which exceeded the planned target of IDR5.8 trillion. While 48.2% of the contract obtained came from the parent company, PTPP and 51.8% came from external, with 97.8% contracts are for construction services. Furthermore, PPRE also recorded revenue growth of 26.27% YoY to IDR3.85 trillion in FY19 (vs IDR3.05 trillion in FY18). Gross profit increased by 14.40% YoY to IDR850.36 billion (vs IDR743.32 billion in FY18) with a gross profit margin at the level of 22.07% in FY19. EBITDA recorded an increase of 37.08% YoY to IDR1.18 trillion in FY19 (vs IDR864.55 billion in FY18) with EBITDA margin at the level of 30.76%, while net profit increased by 1.48% YoY amounted to IDR331.27 billion on FY19.

Increasing Capability as an Integrated Main Contractor

As a construction company, PPRE strives to innovate and improve its capabilities, by acting as the main contractor in building infrastructure. Noted in FY19 that PPRE became the main contractor's role in 4 projects, namely: 1) Trans Jawa Selatan Lot



Source: Company

9: Balekambang Kedungsalam, Malang; 2) The Minangkabau International Airport runway; 3) Balangan Bridge, Adaro; and 4) Kalteng East Kalimantan coal haul road. In addition, PPRE has also increased its capabilities by acquiring a soil improvement company as the first deep cement mixing in Indonesia hoping on some of the geotech constructions needed in infrastructure development

such as airports and seaports that have unstable land contours. The first project of soil improvement is the port of Patimban. Currently, PPRE can integrate various types of construction work such as: 1) Foundation; 2) Civil work; 3) Ready-mix; 4) Formwork; and 5) Erector. PPRE has also other business diversifications in mining services and rental services.

PPRE become a Leading Integrated Construction



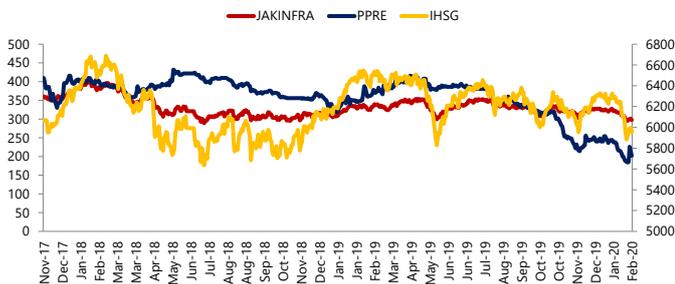
Source: Company

Cement Deep Mixing PPRE



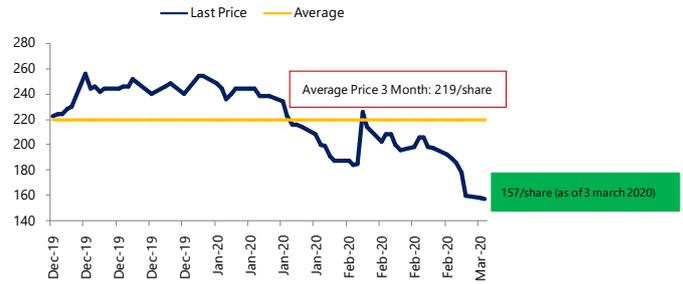
Source: Company

PPRE and JCI Movement



Source: Bloomberg

Average Price PPRE



Source: Bloomberg, MNCS

Outlook FY20E: Diversification in the Mining Business

In addition to focusing on infrastructure construction services as the main business, PPRE will also diversify its business units in contracting mining infrastructure development projects in FY20E. In FY19, PPRE has succeeded in obtaining a ± 60 km coal transportation road infrastructure project contract by PT Inti Pancar Dinamika with a value of USD160 million. This business diversification will use a PPRE subsidiary named PT Lancarjaya Mandiri Abadi (LMA) which will focus on finding business in mining services. In FY19, the LMA has contributed 32.6% to the new PPRE contract (e.g. Kediri International Project) and will lead a consortium to clean up the site, earthworks, diversion & drainage for 1.5 years. With this strategy, PPRE sets a target to obtain a new contract worth IDR7 trillion in FY20E, with a capex worth IDR1 trillion.

Corporate Action: Buyback Program to Increase Liquidity and Higher EPS Growth

PPRE is currently focusing on buyback plan to halt a plunge in stock prices. Management hopes that the buyback can maintain price stability and liquidation until the end of the buyback period. Besides, management also hopes that the buyback can improve the efficiency of the company's capital structure, reduce overall capital costs, and increase flexibility in managing long-term capital. The buyback scheme will run from 6 February 2020 to 30 July 2021, with a maximum amount of 941,116,400 shares or 9.20% of the issued and fully paid capital. PPRE said it would conduct a buyback with a maximum value of IDR293 billion, which came from PPRE's cash. The implication of this corporate action will reduce the number of shares reduced to 9.28 billion shares, from 10.22 billion shares previously. With the reduced

number of shares, there is potential for EPS increase and dividends to be distributed to FY21F. For information, the dividend payout ratio in FY18-FY19 was 30%, with an average dividend yield of ± 2%. We try to calculate the maximum amount and value of the PPRE buyback scheme with these calculations, which is IDR311/share, whereas the last 3 months average price is at the level of IDR219/share.

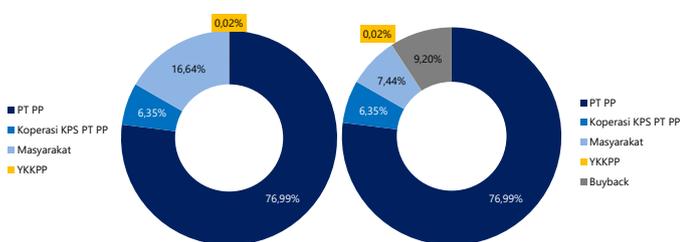
PPRE Valuation Overview

Based on Bloomberg, PPRE is currently trading at P/E 6.44x (as of 7 February 2020). We find the valuation offered by the Company attractive because it is currently trading below the average construction player at the P/E level of 7.93x.

Disclaimer:

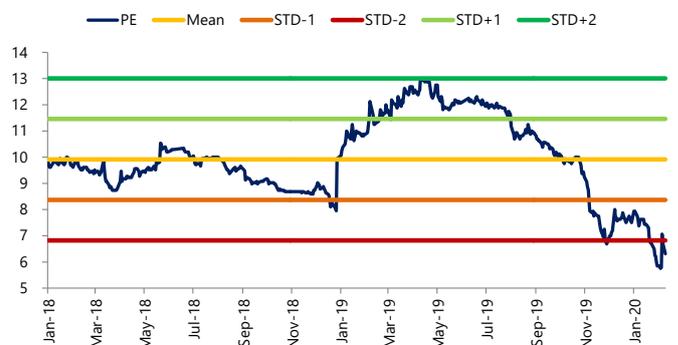
The MNCS Institutional Research Team does not recommend anything related to the Company's prospects - **NOT RATED.**

Shareholders Composition Before and After Buyback



Source: Company, MNCS

PE Band PPRE



Source: Bloomberg, MNCS



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A Stretch of Equity Crowdfunding and its Positive Impact for Small Micro Medium Enterprises in Indonesia

Equity crowdfunding began to be known by the public at the beginning of 2019 after the FSA Regulation ("POJK") enacted at the end of December 2018. Equity Crowdfunding is a breakthrough and leading innovation in the capital market industry of the country, in the form of fund-raising services from investors to fund businesses or through equity offerings of Information Technology stocks. Equity Crowdfunding is the up-to-date solution for Small Micro Medium Enterprises with a limited capital to be able to develop their business. Equity Crowdfunding becomes a revolutionary instrument for investors who want to invest their fund in Small Micro Medium Enterprises, by sharing ownership with all Indonesian citizens throughout the country. The concept of Equity Crowdfunding is welcomed by Indonesian citizens, not only it can simplify the business investment process, but also can make investors have "the ownership" in a business.

Bizhare is the first and largest Equity Crowdfunding platform in Indonesia. Bizhare was born from the idea of Bizhare's CEO and Co-Founder, Heinrich Vincent, in order to be able to help Indonesian citizens to be financially free. Bizhare was formed in 2017 at the forum of 1000th Digital Startups National Movement held by KOMINFO, where he met with 3 other co-founders. Bizhare's journey started from an idea and then realized into a real action in form of website **Bizhare.id**. Moreover in its early journey, Bizhare became one of the fintech startups participated in the drafting process of POJK 37 regarding Equity Crowdfunding. After POJK 37 has been enacted, Bizhare registered a license to FSA (Financial Service Authority or "OJK"), and then in November 2019 Bizhare officially obtained a license from OJK as the provider of Equity Crowdfunding services.

Equity Crowdfunding is a new term in the field of finance and investment in the country, therefore there are not many companies involved in this service. Since its establishment in 2017, Bizhare has become a proof of the development of people's enthusiasm from year to year towards the world of investment in real business and the fund-raising system. This is proven based on the Bizhare's data*) that users registered in Bizhare system increased by more than 400% within the period of 1 year from 2018-2019. In 2020, ECF investors increased by 135% from the previous year reaching amount of 35,000 investors spread across 34 provinces throughout Indonesia. The funding applicants had also increased 100 times from 2018

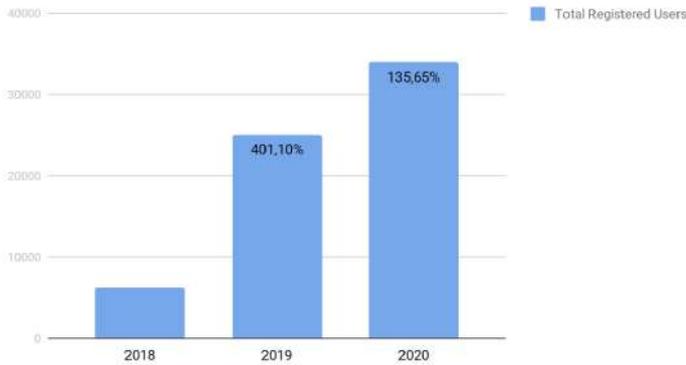
to 2019. In 2020 there are approximately 2,000 applications that have been recorded into our system. Bizhare conducted a Feasibility Study on the business that will be offered on the Bizhare website. Currently, Bizhare is focusing to help Franchises business and Small Micro Medium Enterprises to develop their businesses.

Not surprisingly, the presence of Equity Crowdfunding realizes business owners' wish to develop their businesses in the fields of Food and Beverage (F&B), Agriculture, Retail and Services. Based on Bizhare data (as of March 2020) the F&B business still dominates investor's investment appetite with more than 60% of investors choose to invest in it. A surge in the culinary business in Indonesia influenced people's behavior in investing; while fishery and services businesses successfully attract more than 10% of investors while the remaining investors choose retail and fashion businesses.

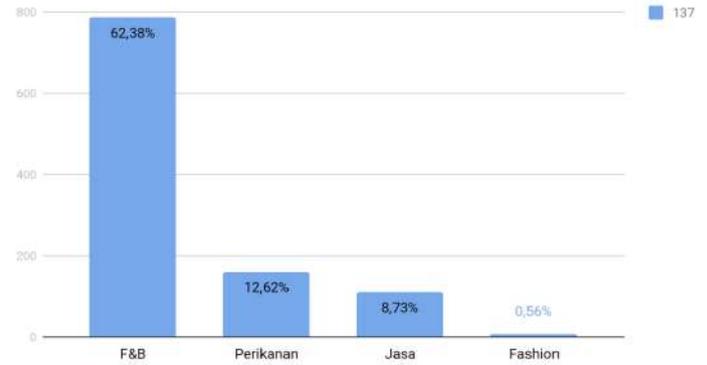
In addition, technology also plays an important role in the development of Equity Crowdfunding because of the online system used. All of the process, starting from the opening process of investments, dividend distribution, until the submission-reception of financial statements are conducted through digital technology. Moreover, it is supported by secondary market features that enable investors to do shares trading just like on the Stock Exchange, as well as Machine Learning and Artificial Intelligence (AI) technologies that will be further developed. This encourages investors within the productive age to dominate the population of investors in Equity Crowdfunding. Around 58% of the total users registered in the Bizhare system are those who aged between 16-30 years and around 36% aged between 31-45 years. The question is why people who are in the productive ages dominate the population of Equity Crowdfunding investors? It is because the Equity Crowdfunding offers passive income scheme while does not need to leave their main job. Supported by a user-friendly system, they can join with others to own a business and do their primary work at the same time.

Data*) showed that around 46% of Equity Crowdfunding investors in the Bizhare system are private employees, 26% are self-employed, and the rests are civil workers, employee of state-owned enterprises ("BUMN") and other professions. Various investors' background in Equity Crowdfunding shows that with little capital, this system is a new investment instrument that can be enjoyed by all people from all ages.

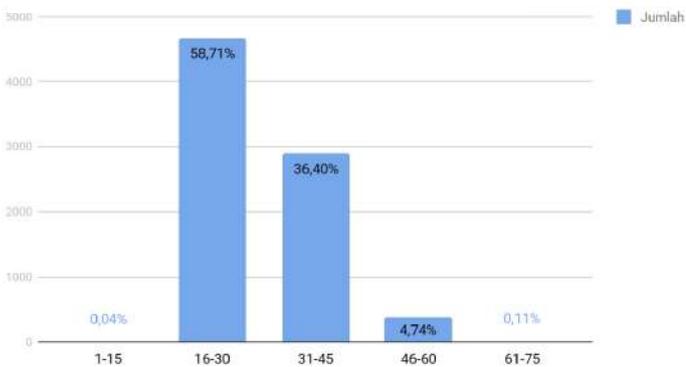
The Users Trend in 2018 - 2020



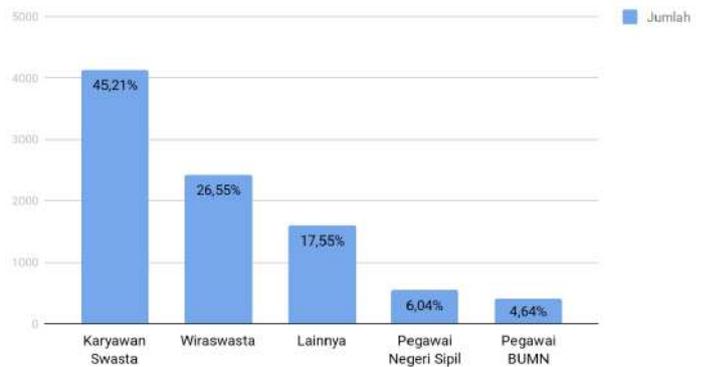
The Users Trend in 2018 - 2020



The age of the users



The job background of the users



Source: Bizhare

As of now, Bizhare has provided investments opportunities for various businesses such as Alfamart, ChirChir, Donburi Ichiya, Flip Burger, Padang Sederhana Lintau 88, Odysen Barbershop, Forestthree and many more businesses that are wide-spreaded in various strategic locations from Jakarta to Sumatra Island. This is a good step for Bizhare to start year 2020 considering until January 2020, businesses opened through Bizhare had generated revenue amounting to IDR15 billion and dividends

approximately amounting to IDR2 billion that distributed based on the percentage of share ownership for several issuers. In the future, Bizhare hopes to continue developing businesses that have been running-well and are profitable for investors.

*) Data presented is based on Bizhare's internal database as of March 2020

Bizhare Business List

Source: Bizhare



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Finding Purpose through a Learning Curve

with Jonathan Barki, Indonesia's first decacorn – Gojek's SVP, Head of Corporate Strategy



Source: MNCS

“Luck is opportunity meeting preparation. And opportunity has four legs, while we only have two, so always stay prepared.”

An Interest that was Sparked at a Tender Age

Singapore-born, Jakarta-raised, Jonathan Barki has recognized his interest in technology since his early years of high school as he was learning about the impact of technology on society through a course called The Information Technology in a Global Society (ITGS). Barki has always thought that tech was

unique and envisioned it as the next big thing, while in 2006 reality check, tech was still living under the limited scope of computing and programming. Decided to explore his other passion, Barki then studied Finance at the University of Illinois, US, where he would find himself mostly building financial models outside of allocated class time and applying what he learned through class into real life.

After graduated with a bachelor's degree in 2012, Barki got to work in Amazon for a year where he further deepened his interest in tech. There, he saw the first

wave of tech as a consumer and learned that tech was really implementable and could solve so much problems in Indonesia. Coupled with his personal struggle of feeling as only a 'cog in a giant machine' of Amazon, he then decided to bring his American dream back home. However, as Indonesia's market signal was completely different from the US and smartphones penetration was still negligible, the opportunity was yet to come. In the meantime, Barki continued his career working in Northstar Group, Indonesia's largest private equity fund, where he learned everything about Indonesia by overseeing the trends of various sectors and companies.

Indonesia's Technology Big Bang: Birth of Gojek

To be one of the earliest eyes to realize, Jonathan Barki saw the opportunity for Indonesia to play a part in the global tech movement, mostly due to the country's need to develop its service sector. Amongst the three major verticals of digital platforms for tech to proliferate; (1) Social Media, (2) E-commerce, (3) O2O (Online to Offline) Hyperlocal Services, Indonesia had a chance to penetrate the digital sector through the third vertical as the rest was already addressed by global incumbents such as Alibaba, Tencent, Amazon and Facebook Group, to name a few. Demand was already clouding the market, yet smartphone was still the key mode of distribution to unlock access for untapped and unserved pockets of the population.

The big question was: When?

The Smartphone boom happened during 2012-2014 through the proliferation of affordable devices, and late 2014 marked an inflection point, when Gojek first received its Series A Investment under Co-founders Nadiem Makarim and Kevin Aluwi. Next in the line, 2015 was the key year for mobile Apps in Indonesia when Gojek along with Tokopedia first launched their Apps, and since then, the rest is history...

And all this time, life was preparing him for this golden opportunity, this big journey ahead.

After four years working in Northstar Group, Barki joined Gojek in 2017 as VP, Head of Corporate Strategy and got promoted as SVP in 2019 at an age of under 30. He stated that it almost felt like moving from one family to another, from working as one of the primary investors of Gojek to being in Gojek itself.

Carrying Gojek from 100 to 1000

If 2015 was the year of hyper growth when Gojek moved from 0 to 1, and 2016 was the year when Gojek reached its Unicorn status - balancing 1 to 100, 2017 was the year when Jonathan Barki joined the family.

"That was the time when I found my purpose and calling in life, doing the 100 to 1000."

As someone of strategic vision, Barki aspired to take Gojek from a start-up to a sustainable tech company that shapes the overall Indonesian digital economy. Barki had led the acquisition of 3 Fintech start-ups; *Kartuku*, *Ruma* and *Midtrans* when Gojek was putting on bigger bets to bolster its payment vertical (GoPay) during his first year of tenure. Now, GoPay has enabled Gojek to better understand its customers through deeper user segmentation, personas, and behaviour. It has also been continuously developed following the global trend of digital banking amongst the other platforms. Since then, Barki has developed a Corporate Strategy team that currently manages strategic planning, financial prudence, and performance management for the Gojek Group. They cover everything from fundraising, business target-setting, financial monitoring, to deep data analytics.

Life at Gojek: Within the Walls of Work and Beyond...

Speaking of sustainability, the most sought-after question would be "When

does the 'burning money' era ever going to stop?"

Barki preferred it as 'investing into the platform' rather than 'burning money', based on Gojek's Trifecta platform; (1) Drivers, (2) Customers, (3) Merchants, where the three sides should work in synergy, creating a virtuous cycle that self-sustain. *How?* By ensuring the delivery of its three core value propositions: *Trust, Reliability* and *User-delight*, in every point of contact between the drivers, the merchants and the customers. The next step is to optimize efficiencies. For a concrete example, using GoPay, Gojek has significantly reduced overall GoFood delivery time by 30-40% as now Gojek can immediately deduct customers' wallet and credit merchants' wallet without the driver as the intermediary of that transaction. Improvements on efficiencies are done through an incremental and continuous process, never through a 'set and forget' way.

And speaking of competition, Barki was well aware that ***'It's never a one player takes all'***. Embracing healthy competition can encourage innovation and continuously expanding into the depth of the platform itself is what he thinks long-term sustainability is all about.

Aside from keeping the company running and managing a team of 30, Barki has also been involved in philanthropic efforts - his other commitment beyond the four walls of work. He recently adopted a Foundation that supports various orphanages in the areas of education, job placement and caregiver.

"It is not about how you spend your time during office hours that sets you apart. It is how you spend your free hours that matters most!", uttered Barki.

Having to share his fortunes with his surrounding beyond the sphere of work has helped him find balance and purpose in life.

Seizing Opportunities: Tips for Millennials in Pursuing Goals and Building Career

Jonathan Barki found his interest in tech since his early years of life, yet it took more than a decade for that spark to come to fruition. Definitely not a linear path, but a lot of detours, jumping from one industry to the other. The lesson is to stay focus on one thing but to never shut oneself from other things. Time is precious. Hence, to fail early gives an opportunity to realize one's purpose early.

Barki also shared the importance of humility, as he said ***"Humility is a mindset, something we put on every single day. Build routines which help you remind yourself of this, and to be mindful of the people around you. This would help you maintain a positive outlook on life and unlock so many opportunities you may have missed."***

To Live a Meaningful Life

"Work has been a journey that has led me to learn so much more about myself and the people around me. It has given a purpose and meaning to my life, to enable me to become a better human being. I've also never limited work to the four walls of the office, always carrying the same energy and attitude in everything I do," quoted by Jonathan Barki.

Creativity + Execution = Innovation

Yoris Sebastian, Creativepreneur, Writer & Speaker



Source: Speaker

// Creativity is born from the mind, but creative ideas that are cool and successfully run will give birth to innovation

Yoris Sebastian has been in the creative world for more than 20 years. Aside from being known as a creativepreneur who led OMG Creative Consulting and Creative Junkies, he is also the Co-founder of Inspigo.id, a podcast platform formed by his cold hands with two (2) of his best friends two years ago. Interestingly, before plunging into the creative world, he honed a critical mindset and formed networking through his experience as a journalist in Hai Magazine.

Yoris's excellent career in the creative industry at that time was dashed thanks to his out of the box breakthroughs. One of them is the "I Like Monday" program which presents

local musicians at Hard Rock Café Jakarta. Although initially rejected, the program was successfully realized and led Yoris to win the "Indonesia Young Marketer Award" (2003) and the "International Young Creative Entrepreneur of the Year - Music Award" from the British Council (2006).

The proverb of "kecil-kecil cabe rawit" (small chili but very spicy) may be suitable to describe young Yoris. How come he managed to become the youngest General Manager (GM) Hard Rock Café in Asia and the second youngest in the world at the age of 26 years. Those high achievement does not make him stop. In April 2007, he founded a creative consulting company called Oh My Goodness (OMG) to help companies to innovate business amid intense competition.

The industrial revolution 4.0 came along with the disruption. This disruption brings challenges as well as opportunities globally, including Indonesia. Trends that have emerged in the country's creative industry are quite positive. Based on BEKRAF data, the contribution of the creative economy continues to increase until it reaches around Rp1,200 trillion in 2019 compared to Rp1,105 trillion in 2018.

Yoris himself believes that the Tourism Sector and Creative Economy will support Indonesia's economy, even beating income from commodities such as oil. According to him, the reserve of commodities is limited, while the ability of human creativity has no limits.

Inspigo (Inspiration on the Go) was born not as a marketing product, but a story about the work of the nation's children to answer Indonesia's needs for learning media. Yoris's experience as a public speaker and book writer for dozens of years, made him realize that what was affected by his writings or seminars was only hundreds of thousands of people "only", because of limited distance and time.

Moreover there are difficulties in obtaining positive and educational content amidst the freedom of internet use. Therefore, Yoris together with Tyo Guritno and Eva Ditasari created the Inspigo application, an audio podcast platform that carries the concept of on-demand inspiration from various curated sources (professional-generated content).

Nevertheless it is not the first podcast application in Indonesia, its uniqueness and understanding of the needs of the Indonesian people make Inspigo run faster than other podcasts, including: Short content duration with an average of about 7 minutes, allowing listeners to multi-task variety of sources and expertise in their fields, as well as using analytical and experience data to track listener habits. Podcasts are packaged in talk shows format and monologues. It has an offline download feature, making it easy to access especially when there is no internet network and Freemium accounts at affordable prices.

Since the first launched in 2018, Inspigo has held the triple win concept for stakeholders, namely the Company, Listener (Inspigoers) and Brand Partners. This concept continues to encourage Inspigo to make development efforts without any help from venture capital. Although classified as a new start-up, Inspigo managed to record profits since the first year.

Yoris also believes that the public wants to invest in good content. That is why Inspigo has gone through three (3) phases to grow without having to "burn money" as well as common

practice in the world of start up. In the first phase, his party held offline events such as seminars and talk shows. With the limited capacity in the event, the participants who can not attend the event still gain access to listen to the contents of the seminar through a podcast on Inspigo.

In the second phase, when it reached 100,000 listeners, Inspigo began to collaborate with various well-known companies, such as BCA, Astra, Jouska and so on. In the third phase, Inspigo's revenue potential is even greater by selling Audio Playbook. In addition to content that can be accessed for free, there are some content that is paid and can only be accessed with a premium account. To expand its listener network organically, Inspigo applies the Freemium concept of free premium accounts for two weeks just by sharing referral codes with others.

In order to encourage the further growth, Inspigo is working on a new version of the Omni-channel Audio Playbook. Listeners can not only hear audio content, but can also be directed to open the video or directed to other platforms to get a more detailed material of the discussion.

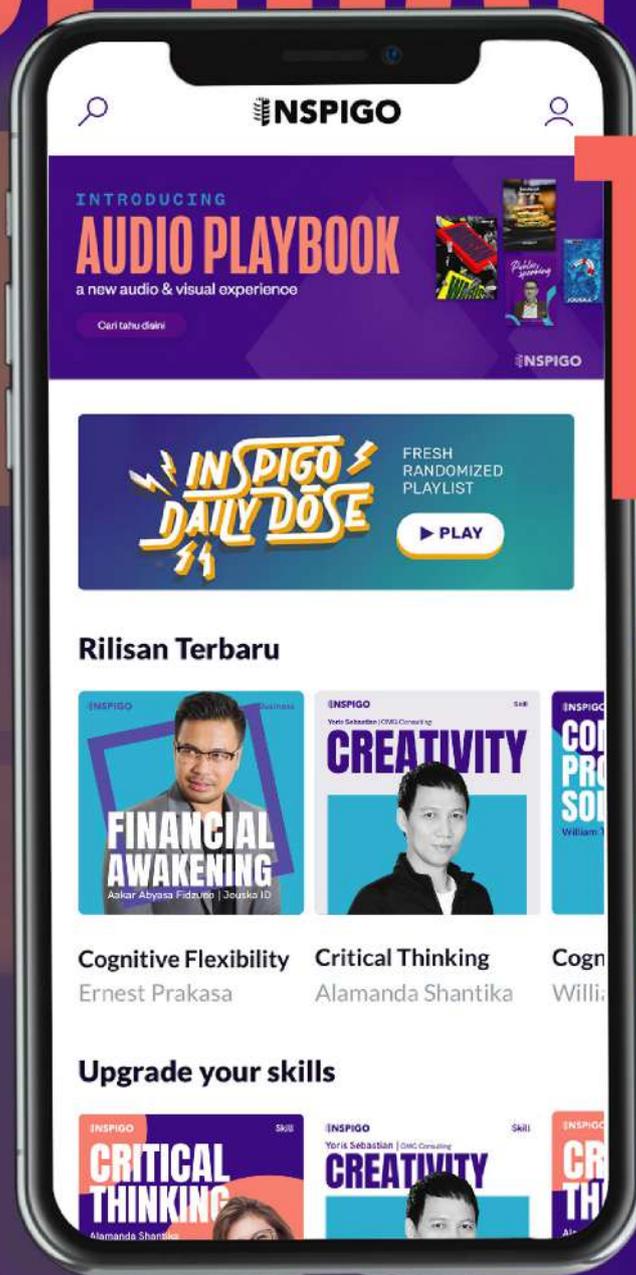
Not only that, Inspigo is also formulating the right recipe for Inspibot, the Inspiration Robot that is able to convert text into speech with Artificial Intelligence (AI) technology. Synergizing with Jawa Pos, Inspigo will present news that initially took the form of writing into audio podcasts, thus enriching the audience's insight with the latest news. Yoris's target for Inspigo is 1 million listeners, as well as submitting royalties to content creators.

Yoris is not the big dreamer type. He prefers making short-term targets that can be reached. As a creative person, there are many challenges he faces like climbing mountains. There are times when he must fail. For example, when the first coworking space in Jakarta that he founded, namely Comma Coworking, had to be closed. Although it failed, in the end Yoris was appointed as a consultant for one of coworking space brand.

Many figures have inspired Yoris on his journey until now. Disney with his successful work and runs the same wisdom even though its founder Walt Disney is gone. Einstein made complicated things to be very simple. From Indonesia, the figure of Tino Sidin became his first creative teacher. He believes life is an adventure to keep learning, think differently, and produce positive impacts.

"In life you cannot win everything, either you win something or lose something. Never stop learning. Always be grateful."

INSPIRATION ON THE GO



Aplikasi podcast Indonesia yang membantu pengembangan diri kamu.

www.inspigo.id

MNC Philanthropy

Zakat, Infaq and waqf just one click away!



Signing of Memorandum of Understanding between MNC Sekuritas and Rumah Zakat Indonesia on the Dissemination and Education of Zakat and Infaq Products Stocks (02/06/2020).

Source: MNCS

"Now we don't only facilitate stock waqf, even zakat and infaq are within your reach. We realize that Indonesia has a large potential in Sharia Equity Market development. Therefore we provide a place to fulfill both needs." - Susy Meilina

MNC Philanthropy: MNC Zakatku, MNC Wakafku, and MNC Infakku

In response on the needs of people in Indonesia who are predominantly Muslim, PT MNC Sekuritas provides services for zakat, waqf and infaq services digitally. The portfolio of shares owned by customers can be a blessing for those in need. Not only that, the funds available in the Customer's Fund Account (RDN) can also be the object of philanthropy. The customer only needs to access the MNC Trade application to fulfill his religious obligation, whether in the form of giving zakat, endowments, or stock donations.

institution, Rumah Zakat Indonesia. The management, socialization, as well as wakaf, infaq and zakat education was marked by the opening Bell of trade on the Indonesia Stock Exchange in January 2020, and the signing of a memorandum of understanding with Rumah Zakat Indonesia in February 2020.

Worldly and Afterlife Investment is now Easier

The modern society certainly wants to make life more practical and easy. When investing in sharia based, the advantage will not only for this life in the world, but also in the afterlife. Customers can choose the allocation of zakat, infaq, and waqf shares, including: Economic Empowerment, Community Benefit, Education Funding, Health Services, and Da'wah Islamiyah.

Nur Efendi, CEO of Rumah Zakat Indonesia, said that Rumah Zakat is actively collaborating with various institutions in Indonesia to maximize the potential of wakaf, zakat and infaq. On the launch of the Indonesian Happiness campaign #DimulaiDariKita, Rumah Zakat will be more active in 2020 to encourage the people of Indonesia and the world to share with others.

MNC Sekuritas has been working with the Indonesian Waqf Board for the distribution of waqf shares since 2019. This year, the Company has once again cooperated with a familiar philanthropic



Opening Bell regarding MNC Wakafku Cooperation with Rumah Zakat Indonesia (01/21/2020)

Source: MNCS

Growing Stronger

PT Media Nusantara Citra Tbk (MNCN)

Beyond the Largest FTA and Content

PT Media Nusantara Citra Tbk (MNCN) is part of media business under MNC Group which owns and operates 4 free to air TV stations (FTA), namely: 1) RCTI; 2) MNCTV; 3) GTV; and 4) iNews. Until now, these 4 TV stations have the largest viewers nationwide with more than 40% market share followed by 45% of shopping advertisement market share. Besides, MNCN also has RCTI+, an all-in-one entertainment and media application with OTT streaming service. RCTI+ also provides content library access and other features such as news portals and radio streaming, RCTI+ plans to launch UGC talent search and games aggregator on FY20E. In addition, MNCN operates 3 news portals, namely: 1) Okezone; 2) Sindonews; and 3) iNews. id. Okezone currently has the largest daily visitors reaching more than 20 million, while Sindonews reaching more than 4 million. On the other hand, MNCN produces 23,000 hours of content annually from all types of programs such as drama, reality and infotainment to fulfil the needs of FTA, third party, cinema and digital platforms with more than 300,000 hours of the content library. MNCN also has the largest talent management with more than 400 artists as well as more than 90% market share in animations segment. MNCN's YouTube Channel is currently the largest in Indonesia, with more than 70 million subscribers and 24 billion views. Furthermore, MNCN has the largest broadcasting facility in Asia. Management estimates that digital and content revenue will contribute 50% to the company's revenue in FY24F.

Financial Performance FY19: Beating the Consensus!

MNCN revenue increased by 12.23% YoY to IDR8.35 trillion in FY19 (vs IDR7.44 trillion in FY18), beyond the consensus estimates of 101.60%. The increase was supported by advertising revenue of IDR8.06 trillion (+11.36%YoY) that consists of digital advertising, which increased significantly (+167.10% YoY)



Source: MNCN

and non-digital (+5.53% YoY). While content revenue of IDR1.74 trillion (+14.62% YoY) contributed to the company's revenue increase. MNCN recorded a significant increase in net profit by 46.54% YoY to IDR2.35 trillion (vs IDR1.65 trillion in FY18) which exceeded consensus estimates of 114.90%. This performance indicates a strong position of MNCN as the largest audience shareholders in Indonesia.

Opportunity in the Face of Adversity

Indonesia became one of the countries affected by the Covid-19 pandemic, followed by an economic and social impact. The government has appealed to the community to work, study, and pray at home. Increased at-home activities also encourage a rise in the number of TV viewers by 50% along with an increase in watching time, according to data from the Indonesian Broadcasting Commission (KPI). Meanwhile, streaming services also experienced an upward trend, although not as much as an increase in FTA TV. This is expected to increase revenue through advertising, content and streaming services owned by MNCN such as RCTI+, which has now shown a significant increase in advertising revenue and has successfully generated 9 million MAU (monthly active users). Advertising expenditures for FTA

and free streaming services still went well despite cancelled broadcasts by many advertisers due to the pandemic. MNCN has increased its FTA TV rates by 10% as of Jan-2020.

Disclaimer

PT MNC Sekuritas is affiliated with PT Media Nusantara Citra Tbk, therefore MNC Sekuritas Institutional Research Team does not recommend anything related to the prospect of the Company - NOT RATED.

RCTI + Encourages the Communities to Enjoy Entertainment at Home



Source: MNCN

MNCS Stock Universe

Code	Company Name	Mkt Cap (Rp bn)	Index Weight (%)	Rating	Price Target (Rp)	EPS Growth (%)		PER (x)		PBV (x)		EV/EBITDA (x)		ROE (%)	
						FY20E	FY21F	FY20E	FY21F	FY20E	FY21F	FY20E	FY21F	FY20E	FY21F
Automotive															
ASII	Astra International Tbk PT	165.578	3,19	BUY	4.900	1,49	3,45	7,52	7,27	0,83	0,78	6,00	5,56	11,01	10,66
Banking															
BBCA	Bank Central Asia Tbk PT	689.724	13,17	HOLD	28.400	7,00	9,09	22,56	20,68	3,55	3,15	N/A	N/A	16,61	16,15
BBNI	Bank Negara Indonesia Persero Tbk PT	74.408	1,42	HOLD	4.300	(2,68)	5,97	4,97	4,69	0,64	0,59	N/A	N/A	12,57	13,10
BBRI	Bank Rakyat Indonesia Persero Tbk PT	344.135	6,57	BUY	3.200	0,80	7,16	9,84	9,18	1,61	1,47	N/A	N/A	16,56	16,74
BMRI	Bank Mandiri Persero Tbk PT	217.933	4,16	HOLD	5.100	(4,62)	9,13	8,31	7,62	0,99	0,90	N/A	N/A	11,87	11,88
BNGA	Bank CIMB Niaga Tbk PT	16.587	0,32	BUY	850	2,43	9,99	4,41	4,01	0,39	0,38	N/A	N/A	8,85	9,51
BBTN	Bank Tabungan Negara Persero Tbk PT	9.743	0,19	HOLD	1.000	(24,98)	497,17	61,32	10,27	0,57	0,55	N/A	N/A	0,09	5,31
BRIS	Bank Brisri Tbk PT	1.875	0,04	BUY	230	(32,21)	9,83	37,36	34,02	0,37	0,36	N/A	N/A	1,00	1,10
Telco															
TLKM	Telekomunikasi Indonesia Persero Tbk PT	309.074	5,96	BUY	3.600	4,61	13,65	14,29	12,57	2,69	2,47	4,56	3,87	19,53	20,48
EXCL	XL Axiata Tbk PT	23.018	0,44	BUY	2.700	21,73	5,39	26,36	25,01	1,15	1,10	4,26	3,91	4,36	4,39
TOWR	Sarana Menara Nusantara Tbk PT	35.710	0,69	BUY	800	13,11	8,81	13,84	12,72	3,37	2,98	8,41	7,80	24,38	23,42
Toll Road & Utilities															
JSMR	Jasa Marga Persero Tbk PT	20.612	0,40	BUY	3.450	6,41	13,25	9,52	8,40	0,83	0,75	8,92	8,53	8,74	8,93
PGAS*	Perusahaan Gas Negara Tbk PT	20.242	0,39	BUY	1.200	83,33	27,27	10,69	8,40	0,37	0,36	2,97	2,99	8,76	7,64
Consumer															
UNVR	Unilever Indonesia Tbk PT	276.588	5,34	BUY	8.400	1,60	6,48	36,82	34,58	32,21	30,26	26,12	24,32	87,48	87,51
ICBP	Indofood CBP Sukses Makmur Tbk PT	117.785	2,27	BUY	11.500	6,31	9,52	21,95	20,04	4,31	3,89	12,70	11,29	19,70	19,35
INDF	Indofood Sukses Makmur Tbk PT	55.975	1,08	BUY	8.500	3,50	11,05	11,02	9,92	1,38	1,27	5,17	4,72	12,09	12,79
HOKI	Buyung Poetra Sembada PT	1.140	0,03	BUY	990	20,45	3,77	13,58	13,09	2,34	2,07	6,00	5,70	18,20	16,80
SIDO	Industri Jamu Dan Farmasi Sido Muncul Tbk PT	18.525	0,36	BUY	1.400	9,01	13,34	20,86	18,41	5,63	5,28	15,29	13,63	26,49	27,79
TBLA	Tunas Baru Lampung Tbk PT	2.778	0,05	BUY	790	21,14	14,60	3,19	2,78	0,46	0,41	1,12	1,08	15,60	15,35
Pharmacy															
KLBF	Kalbe Farma Tbk PT	53.438	1,03	BUY	1.280	4,28	7,25	20,44	19,06	3,03	2,78	13,27	12,44	15,53	15,09
Retail															
ACES	Ace Hardware Indonesia Tbk PT	20.409	0,39	BUY	1.400	(6,76)	6,90	21,05	19,69	3,74	3,42	15,51	14,15	17,67	17,22
ERAA	Erajaya Swasembada Tbk PT	3.493	0,07	BUY	1.280	13,54	66,00	10,48	6,31	0,63	0,56	5,18	3,44	6,49	9,31
MAPI	Mitra Adiperkasa Tbk PT	9.047	0,17	HOLD	580	4,92	5,28	9,50	9,03	1,20	1,05	4,49	4,42	12,66	11,64
RALS	Ramayana Lestari Sentosa Tbk PT	4.293	0,08	SELL	500	(32,91)	25,56	9,32	7,42	0,96	0,91	2,53	1,70	13,38	13,78
PZZA	Sarimelati Kencana PT	1.662	0,03	BUY	840	4,23	20,53	8,00	6,63	1,05	0,91	3,47	3,04	13,16	13,69
Construction															
ADHI	Adhi Karya Persero Tbk PT	2.101	0,04	BUY	755	(74,40)	99,60	11,73	5,88	0,31	0,30	3,29	3,85	2,63	5,03
PTPP	PP Persero Tbk PT	4.309	0,08	BUY	1.040	40,73	28,86	3,29	2,55	0,23	0,22	2,43	3,07	7,10	8,49
WIKA	Wijaya Karya Persero Tbk PT	9.777	0,19	BUY	1.225	17,35	20,10	3,65	3,04	0,52	0,45	3,57	3,44	14,21	14,83
WSBP	Waskita Beton Precast Tbk PT	4.165	0,08	BUY	262	(29,90)	18,70	6,86	5,78	0,47	0,45	3,13	4,16	6,80	7,87
WSKT	Waskita Karya Persero Tbk PT	8.280	0,16	BUY	880	8,47	137,68	8,14	3,42	0,28	0,28	12,71	9,95	3,48	8,19
WEGE	Wijaya Karya Bangunan Gedung Tbk PT	1.800	0,03	BUY	300	4,17	20,85	3,82	3,16	0,64	0,55	1,23	1,04	16,78	17,45
Property															
BSDE	Bumi Serpong Damai Tbk PT	16.263	0,31	BUY	1.110	(7,75)	12,60	6,23	5,53	0,45	0,42	5,51	5,35	7,17	7,50
PWON	Pakuwon Jati Tbk PT	19.456	0,38	BUY	520	(9,02)	(3,70)	8,13	8,44	1,12	1,00	6,51	6,20	13,72	11,80
SMRA	Summarecon Agung Tbk PT	7.213	0,14	BUY	610	18,80	15,30	11,79	10,23	0,91	0,84	8,83	8,43	7,71	8,24
CTRA	Ciputra Development Tbk PT	11.415	0,22	BUY	880	7,90	(11,20)	9,14	10,29	0,69	0,66	8,19	8,48	7,60	6,38
DMAS	Puradelta Lestari Tbk PT	8.290	0,16	BUY	228	(30,89)	31,52	8,98	6,83	1,38	1,54	8,98	7,86	15,34	22,51
Agriculture															
AALI	Astra Agro Lestari Tbk PT	12.318	0,24	SELL	6.620	(1,86)	(5,89)	59,45	63,17	0,66	0,65	9,04	8,19	1,11	1,03
LSIP	Perusahaan Perkebunan London Sumatra Indonesia Tbk PT	5.799	0,11	BUY	1.000	27,51	22,68	18,02	14,69	1,03	0,89	4,92	4,67	3,69	4,40
Coal Mining															
ADRO*	Adaro Energy Tbk PT	33.265	0,64	HOLD	1.100	(18,31)	0,59	7,09	7,05	0,57	0,54	3,33	3,67	7,99	7,72
PTBA	Bukit Asam Tbk PT	22.811	0,44	BUY	2.310	(3,33)	(6,24)	5,52	5,89	1,21	1,20	3,75	4,25	21,99	20,30
ITMG*	Indo Tambangraya Megah Tbk PT	8.729	0,17	BUY	10.625	(39,96)	(18,30)	7,55	9,24	0,55	0,48	1,79	1,73	7,33	5,17
Metal Mining															
ANTM	Aneka Tambang Tbk	12.496	0,24	BUY	920	26,09	42,23	10,44	7,34	0,57	0,53	3,66	2,79	5,43	7,17
INCO*	Vale Indonesia Tbk PT	22.555	0,44	HOLD	2.300	(20,63)	(33,21)	22,85	34,21	0,79	0,77	5,34	5,50	3,46	2,26
MDKA*	Merdeka Copper Gold Tbk PT	26.496	0,51	HOLD	1.280	(19,26)	10,41	21,65	19,61	2,84	2,24	9,20	7,23	13,11	11,43
Poultry															
CPIN	Charoen Pokphand Indonesia Tbk PT	71.659	1,38	HOLD	4.150	9,82	15,94	18,70	16,13	2,97	2,64	11,40	9,65	17,05	17,01
JPFA	Japfa Comfeed Indonesia Tbk PT	10.788	0,21	BUY	1.060	2,99	15,17	5,92	5,14	0,88	0,80	4,21	3,46	15,60	15,50
Cigarette															
GGRM	Gudang Garam Tbk PT	92.020	1,78	BUY	55.450	(16,02)	8,63	10,07	9,27	1,72	1,58	7,05	6,53	17,14	17,39
HMSP	Hanjaya Mandala Sampoerna Tbk PT	193.088	3,73	BUY	2.500	(6,78)	3,44	15,09	14,59	5,40	5,42	10,96	10,74	35,82	37,14
Cement															
INTP	Indocement Tunggal Prakarsa Tbk PT	42.702	0,82	BUY	13.900	19,34	12,44	19,50	17,34	1,82	1,78	9,95	8,85	9,31	10,26
SMGR	Semen Indonesia Persero Tbk PT	48.045	0,93	BUY	9.000	30,77	(33,40)	15,37	23,08	1,42	1,38	6,80	7,32	9,27	5,99
Basic Industry and Chemical															
ARNA	Arwana Citramulia Tbk PT	2.570	0,05	BUY	450	18,73	7,01	10,02	9,37	1,65	1,30	4,31	3,25	16,47	18,36
Heavy Equipment															
UNTR	United Tractors Tbk PT	63.879	1,23	BUY	19.930	(18,84)	13,03	6,96	6,15	0,95	0,82	3,52	2,94	13,62	13,35

Source : MNCS Research Team

Note : * in USD mn

PT. WILTON MAKMUR INDONESIA TBK

Listed on the Development Board of the Indonesia Stock Exchange, PT. Wilton Makmur Indonesia Tbk is engaged in the exploration and mining of gold and production of gold dore in Indonesia, a major gold producing country.



Large Concession Blocks and Easy Access

The Concession Blocks cover an area of 3,078.5ha is located approximately 200km south of Jakarta, in Sukabumi Regency of West Java Province and is easily accessible by road.

Our Strengths



Long Term Mining Permit

The Operation Production Mining Permits (IUP-OP) are valid till 7 September 2030 and 4 January 2028 respectively. Both permits can be extended twice. *(each extension for a period of 10 years)*



Processing Plant

The Company has constructed a Flotation and Carbon-In-Leach Mineral Processing Facility to maximize the recoverability of its high grade reserve.



Extensive Historical Exploration

The Concession Blocks have a long history of geological explorations since the 1980s. The Group is able to leverage on the exploration activities conducted by prior concession holders of the Concession Blocks.



Established Mineral Resources Estimation

The Ciemas Gold Project contains Mineral Resources that are reported in accordance with the Joint Ore Reserves Committee ("JORC") Code 2012 edition.



Environment

The Company has obtained its Clear and Clean Status and has fully complied to the relevant Indonesian environmental and mining laws & regulations in conducting the mining operations.



PT. Wilton Makmur Indonesia Tbk

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Kalender Ekonomi

Date	Event	Country	Period	Survey	Prior
6-Apr-2020	Consumer Confidence Index	Indonesia	Mar	--	117.7
	Consumer Confidence Index	Japan	Mar	35.0	38.4
8-Apr-2020	BoP Current Account Balance	Japan	Feb	\$066.1b	\$12.3b
	Trade Balance BoP Basis	Japan	Feb	\$213.6b	-\$85.1b
9-Apr-2020	Initial Jobless Claims	United States	Apr	5000k	6648k
	PPI Final Demand YoY	United States	Mar	0.5%	1.3%
	PPI YoY	China	Mar	-1.2%	-0.4%
	CPI YoY	China	Mar	4.9%	5.2%
10-Apr-2020	New Yuan Loans CNY	China	Mar	1800.0b	905.7b
	CPI YoY	United States	Mar	1.6%	2.3%
	PPI YoY	Japan	Mar	-0.1%	0.8%
	Exports YoY	China	Mar	-12.0%	--
	Imports YoY	China	Mar	-10.0%	--
14-Apr-2020	Trade Balance	China	Mar	\$21.50b	--
	Bank Indonesia 7D Reverse Repo	Indonesia	Apr	--	4.50%
	Import Price Index YoY	United States	Mar	--	-1.2%
	Export Price Index YoY	United States	Mar	--	-1.3%
	Trade Balance	Indonesia	Mar	--	\$2336m
15-Apr-2020	Exports YoY	Indonesia	Mar	--	11.00%
	Imports YoY	Indonesia	Mar	--	-5.11%
16-Apr-2020	Initial Jobless Claims	United States	Apr	--	--
	GDP YoY	China	1Q	-5.1%	6.0%
17-Apr-2020	CPI YoY	Eurozone	Mar	--	1.2%
	ECB Current Account SA	Eurozone	Feb	--	34.7b
	Trade Balance SA	Eurozone	Feb	--	17.3b
20-Apr-2020	Imports YoY	Japan	Mar	--	-14.0%
	Trade Balance	Japan	Mar	--	\$109.8b
	Exports YoY	Japan	Mar	--	-1.0%
22-Apr-2020	Govt Debt/GDP Ratio	Eurozone	FY19	--	85.9%
	Consumer Confidence	Eurozone	Apr	--	-11.6
23-Apr-2020	Market Eurozone Manufacturing PMI	Eurozone	Apr	--	44.5
	Jibun Bank Japan PMI Mfg	Japan	Apr	--	44.8
	Initial Jobless Claims	United States	Apr	--	--
	BOJ CPI Current Forecast	Japan	2Q	--	0.6%
	BOJ GDP Current Forecast	Japan	2Q	--	0.8%
28-Apr-2020	Jobless Rate	Japan	Mar	--	2.4%
	Conf. Board Consumer Confidence	United States	Apr	--	120.0
	Advance Goods Trade Balance	United States	Mar	--	-\$59.9b
29-Apr-2020	Consumer Confidence	Eurozone	Apr	--	--
	GDP Price Index	United States	1Q	--	1.3%
	Manufacturing PMI	China	Apr	--	52.0
	ECB Deposit Facility Rate	Eurozone	Apr	--	-0.500%
	GDP SA YoY	Eurozone	1Q	--	1.0%
	CPI Core YoY	Eurozone	Apr	--	--
30-Apr-2020	Unemployment Rate	Eurozone	Mar	--	7.3%
	Consumer Confidence Index	Japan	Apr	34.2	--
	Initial Jobless Claims	United States	Apr	--	--
	FOMC Rate Decision (Upper Bound)	United States	Apr	0.25%	--
	FOMC Rate Decision (Lower Bound)	United States	Apr	0.00%	--
1-May-2020	Jibun Bank Japan PMI Mfg	Japan	Apr	--	--
	Market US Manufacturing PMI	United States	Apr	--	--
	Caixin China PMI Mfg	China	Apr	--	50.1
4-May-2020	Market Eurozone Manufacturing PMI	Eurozone	Apr	--	--
	Market Indonesia PMI Mfg	Indonesia	Apr	--	45.3
	CPI YoY	Indonesia	Apr	--	2.96%
	PPI YoY	Eurozone	Mar	--	-1.3%
	GDP YoY	Indonesia	1Q	--	4.97%
5-May-2020	Market US Composite PMI	United States	Apr	--	--
	ISM Non-Manufacturing Index	United States	Apr	--	52.5
	Trade Balance	United States	Mar	--	-\$39.9b
	Caixin China PMI Composite	China	Apr	--	46.7
6-May-2020	Market Eurozone Composite PMI	Eurozone	Apr	--	--
	Consumer Confidence Index	Indonesia	Apr	--	--
	Exports YoY	China	Apr	--	--
	Imports YoY	China	Apr	--	--
	Trade Balance	China	Apr	--	--
	Initial Jobless Claims	United States	May	--	--
8-May-2020	BoP Current Account Balance	China	1Q	--	\$40.5b
	Unemployment Rate	United States	Apr	--	4.4%
	Jibun Bank Japan PMI Composite	Japan	Apr	--	--
11-May-2020	BoP Current Account Balance	Indonesia	1Q	--	-\$8122m
	PPI YoY	China	Apr	--	--
	CPI YoY	China	Apr	--	--
	CPI YoY	United States	Apr	--	--
	BoP Current Account Balance	Japan	Mar	--	--
13-May-2020	Trade Balance BoP Basis	Japan	Mar	--	--
	PPI Final Demand YoY	United States	Apr	--	--
	ECB Publishes Economic Bulletin	Eurozone		--	--
14-May-2020	Initial Jobless Claims	United States	May	--	--
	Import Price Index YoY	United States	Apr	--	--
	Export Price Index YoY	United States	Apr	--	--
	Employment YoY	Eurozone	1Q	--	1.1%
	GDP SA YoY	Eurozone	1Q	--	--
	Trade Balance SA	Eurozone	Mar	--	--
	OECD Publishes Economic Outlook	Eurozone		--	--
	Trade Balance	Indonesia	Apr	--	--
	Exports YoY	Indonesia	Apr	--	--
	Imports YoY	Indonesia	Apr	--	--
	PPI YoY	Japan	Apr	--	--
18-May-2020	GDP Annualized SA QoQ	Japan	1Q	--	-7.1%
19-May-2020	Bank Indonesia 7D Reverse Repo	Indonesia	May	--	--
	CPI YoY	Eurozone	Apr	--	--
20-May-2020	ECB Current Account SA	Eurozone	Mar	--	--
	Consumer Confidence	Eurozone	May	--	--
	Trade Balance	Japan	Apr	--	--
	Exports YoY	Japan	Apr	--	--
	Imports YoY	Japan	Apr	--	--
21-May-2020	Jibun Bank Japan PMI Mfg	Japan	May	--	--
	Initial Jobless Claims	United States	May	--	--
	Market US Manufacturing PMI	United States	May	--	--
22-May-2020	Market Eurozone Manufacturing PMI	Eurozone	May	--	--
	Consumer Confidence	Eurozone	May	--	--
28-May-2020	Initial Jobless Claims	United States	May	--	--
	GDP Price Index	United States	1Q	--	--
	Consumer Confidence Index	Japan	May	--	--
29-May-2020	Advance Goods Trade Balance	United States	Apr	--	--
	Caixin China PMI Mfg	China	May	--	--
	Jibun Bank Japan PMI Mfg	Japan	May	--	--
	Market US Manufacturing PMI	United States	May	--	--
	ISM Manufacturing	United States	May	--	--
1-Jun-2020	Market Eurozone Manufacturing PMI	Eurozone	May	--	--
	Market Indonesia PMI Mfg	Indonesia	May	--	--
	CPI YoY	Indonesia	May	--	--
	Caixin China PMI Composite	China	May	--	--
	PPI YoY	Eurozone	Apr	--	--
3-Jun-2020	Unemployment Rate	Eurozone	Apr	--	--
	Market US Composite PMI	United States	May	--	--
	ISM Non-Manufacturing Index	United States	May	--	--
	Jibun Bank Japan PMI Composite	Japan	May	--	--
	ECB Deposit Facility Rate	Eurozone	Jun	--	--
4-Jun-2020	Market Eurozone Composite PMI	Eurozone	May	--	--
	Initial Jobless Claims	United States	May	--	--
	Trade Balance	United States	Apr	--	--
5-Jun-2020	Unemployment Rate	United States	May	--	--
	Exports YoY	China	May	--	--
	Imports YoY	China	May	--	--
	Trade Balance	China	May	--	--
7-Jun-2020	GDP Annualized SA QoQ	Japan	1Q	--	--
8-Jun-2020	BoP Current Account Balance	Japan	Apr	--	--
	Trade Balance BoP Basis	Japan	Apr	--	--
9-Jun-2020	GDP SA YoY	Eurozone	1Q	--	--
	PPI YoY	China	May	--	--
	CPI YoY	China	May	--	--
	CPI YoY	United States	May	--	--
	PPI YoY	Japan	May	--	--
	Initial Jobless Claims	United States	Jun	--	--
	FOMC Rate Decision (Upper Bound)	United States	Jun	0.25%	--
	FOMC Rate Decision (Lower Bound)	United States	Jun	0.00%	--
	PPI Final Demand YoY	United States	May	--	--
	Consumer Confidence Index	Indonesia	May	--	--
12-Jun-2020	Import Price Index YoY	United States	May	--	--
	Export Price Index YoY	United States	May	--	--
	Trade Balance SA	Eurozone	Apr	--	--
	Trade Balance	Indonesia	May	--	--
	Exports YoY	Indonesia	May	--	--
	Imports YoY	Indonesia	May	--	--
	CPI YoY	Eurozone	May	--	--
	Trade Balance	Japan	May	--	--
	Exports YoY	Japan	May	--	--
	Imports YoY	Japan	May	--	--
18-Jun-2020	ECB Publishes Economic Bulletin	Eurozone		--	--
	Bank Indonesia 7D Reverse Repo	Indonesia	Jun	--	--
	Initial Jobless Claims	United States	Jun	--	--
19-Jun-2020	Current Account Balance	United States	1Q	--	-\$109.8b
22-Jun-2020	Consumer Confidence	Eurozone	Jun	--	--
	Market Eurozone Manufacturing PMI	Eurozone	Jun	--	--
23-Jun-2020	Jibun Bank Japan PMI Mfg	Japan	Jun	--	--
	Market US Manufacturing PMI	United States	Jun	--	--
24-Jun-2020	BoP Current Account Balance	China	1Q	--	--
	Initial Jobless Claims	United States	Jun	--	--
25-Jun-2020	GDP Price Index	United States	1Q	--	--
29-Jun-2020	Consumer Confidence	Eurozone	Jun	--	--
	CPI Core YoY	Eurozone	Jun	--	--
30-Jun-2020	Jobless Rate	Japan	May	--	--

Special Thanks

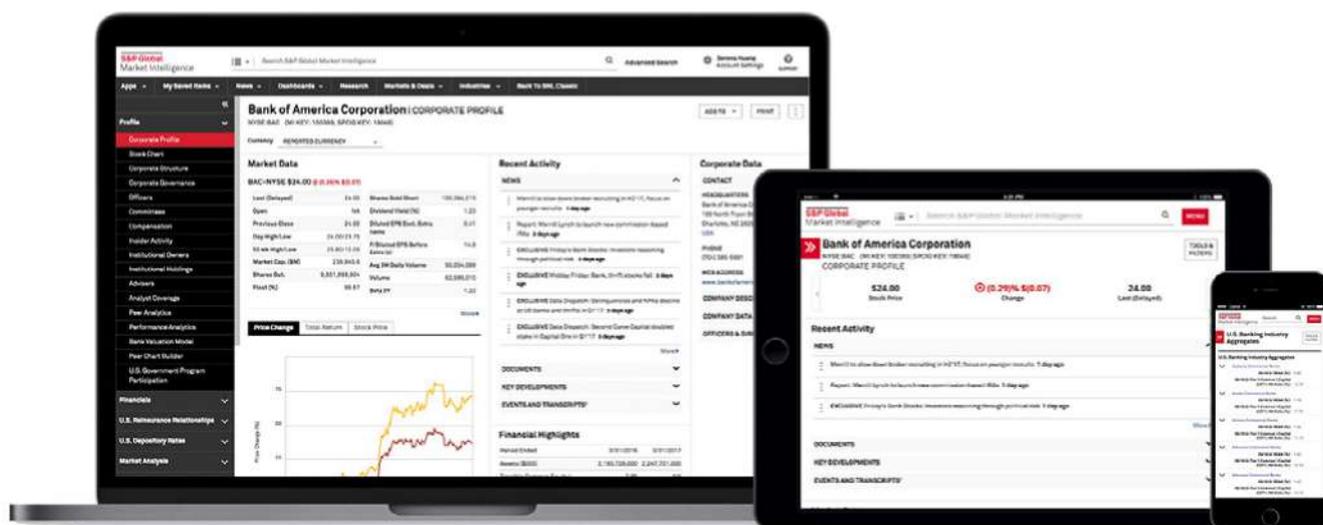


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