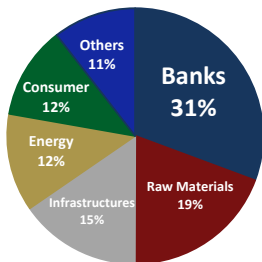


## JCI Target: 7,400

SSI Coverage	2Q24 Sectoral Growth	
	YoY (%)	QoQ (%)
Plantations	241.5	62.5
Toll road	176.5	200.5
Oil and Gas	141.7	39.3
Media	137.3	-35.4
Property	42.0	44.0
Healthcare	34.1	54.8
Metal Mining	32.3	206.2
Poultry	27.3	36.0
Digital Banks	25.2	30.2
Transportation	8.0	27.1
Banks	5.9	-0.1
Tower	5.2	6.1
Retail	0.0	3.2
Telcos	-1.6	-3.2
Auto	-4.1	11.8
Technology	-6.5	198.9
Mining	-15.4	9.6
Consumer	-18.0	-39.1
Coal	-23.0	57.0
Cigarettes	-52.0	-50.8
Cement	-64.2	-68.1

## JCI Sectoral Weighting (Aug-15)



Prasetya Gunadi

+62 21 2854 8320

prasetya.gunadi@samuel.co.id

Research team

+62 21 2854 8100

research@samuel.co.id

Table 1. 12-Month Top Picks

Ticker	Rating	CP	TP	Upside	EPS		ROE (%)		Div. Yield (%)		P/BV Ratio (x)		P/E Ratio (x)	
					Growth (%)	%	24F	25F	24F	25F	24F	25F	24F	25F
BMRI	BUY	7,075	8,000	13%	5.4	10.5	21.2	21.3	5.9	6.2	1.9	1.8	9.5	9.1
BBCA	BUY	10,275	11,500	12%	9.2	8.1	20.9	20.6	3.0	3.3	4.3	4.0	21.5	19.6
ISAT	BUY	11,550	12,500	8%	27.2	15.3	16.2	17.0	2.4	3.0	2.3	2.0	14.6	12.6
ICBP	BUY	11,350	13,000	15%	34.8	11.1	19.5	18.7	2.7	2.0	3.1	2.7	15.8	14.2
SIDO	BUY	730	830	14%	27.0	8.7	33.0	34.7	10.9	13.8	5.8	5.6	17.6	16.2

Sources: SSI Research

## USD/IDR appreciation: The beneficiaries

**IDR best regional performing currency MTD on steeper-than-expected Fed rate cut.** The release of the US Jul-24 CPI inflation data (2.9% YoY), which came slightly below Jun-24 data and market consensus of 3% YoY, supported the case for Fed rate cut at the central bank's September meeting. Moreover, the jump in unemployment rate to 4.3% in July, signaling a weakening US job market, may motivate The Fed in September to cut its benchmark interest rate even higher (>25 bps) than previously expected. As a result, Fed rate cut expectations have shifted to a faster pace, with the majority of market players now forecasting 75bps cut in 2H24, and some economists even predicting total cut of 100bps throughout the rest of 2024. Consequently, USD lost some of its ground, leading to appreciation of global currencies against the DXY of up to ~1.1% MTD in Aug-24. For IDR, as of 15 August 2024, it had appreciated to IDR 15,700/USD, +3.5% MTD, the best performing currency in the region (Table 2).

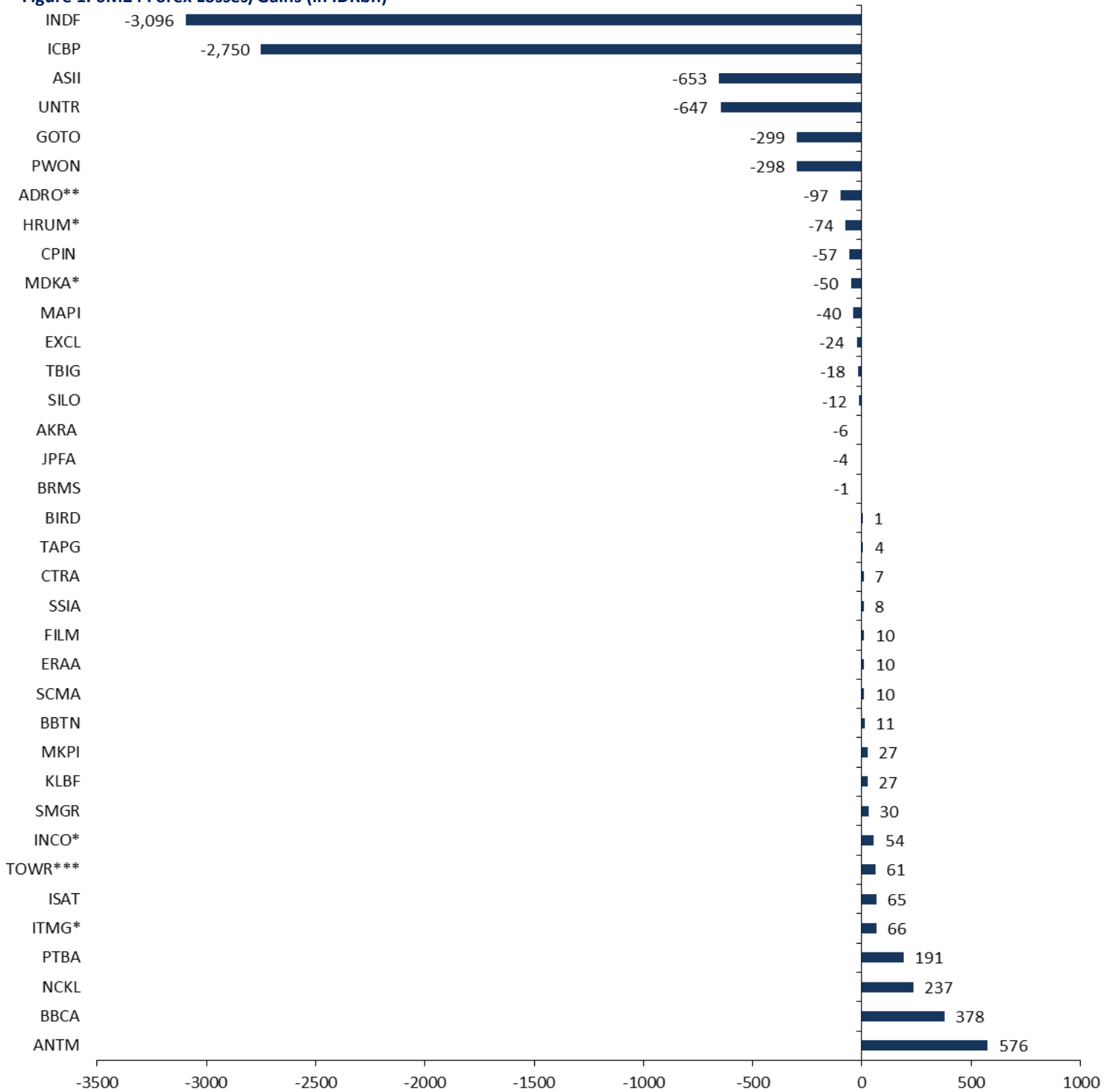
**Foreign investors may return to finance and telco sectors.** Despite the huge MTD foreign capital inflow into JCI of IDR 3.9tn, foreign ownership in Indonesian equities remains relatively low, standing at 40% in Jul-24 vs 5-year average of 45%. However, we believe the figure could change in the near future as foreign investors may return to sectors that have been oversold YTD, particularly finance and telcos, with BBRI (which booked weak 1H24 results amid higher CoC) and TLKM (which introduced Telkomsel Lite in Feb-24) as stock candidates for bottom-fishing.

**Consumer sector as the main beneficiary of USD/IDR appreciation.** Among all sectors under our coverage, we expect consumer to be the main beneficiary of USD/IDR appreciation as most consumer companies' cost structure is heavily tied to USD; the majority of our consumer coverage has significant USD exposure in COGS (~60-70%). However, we believe the positive impact will be most pronounced for ICBP, considering that 97% (USD 2.8bn) of its debt structure consists of USD-denominated bonds, which resulted in large 1H24 FX losses (IDR 2.75tn) amounting to 50% of pre-tax profit. Note that INDF also benefits given that ICBP's USD debt are fully consolidated onto the parent company's balance sheet.

**Retain end-2024 JCI target at 7,400; with ICBP, SIDO, BMRI, BBCA, & ISAT as top picks.**

While the recent strong performance of the IDR is positive for Indonesia's growth, the local currency's strength might also be utilized as a profit taking mechanism by foreign investors. That said, we retain our fundamental base case scenario for JCI's 2024F target at 7,400, implying FY24 PE of 13x (Regional avg: 11.7x). Post-2Q24 results, we project 2024F JCI earnings growth only to reach 2.5% YoY (Regional avg: 11.6% YoY), requiring focus on companies with strong fundamentals that have the potential to generate above-average and sustainable earnings growth in the short-to-medium term. In this regard, our top picks are ICBP, SIDO, BMRI, BBCA, and ISAT which are beneficiaries of foreign inflows and USD/IDR appreciation.

Figure 1. 6M24 Forex Losses/Gains (in IDRbn)



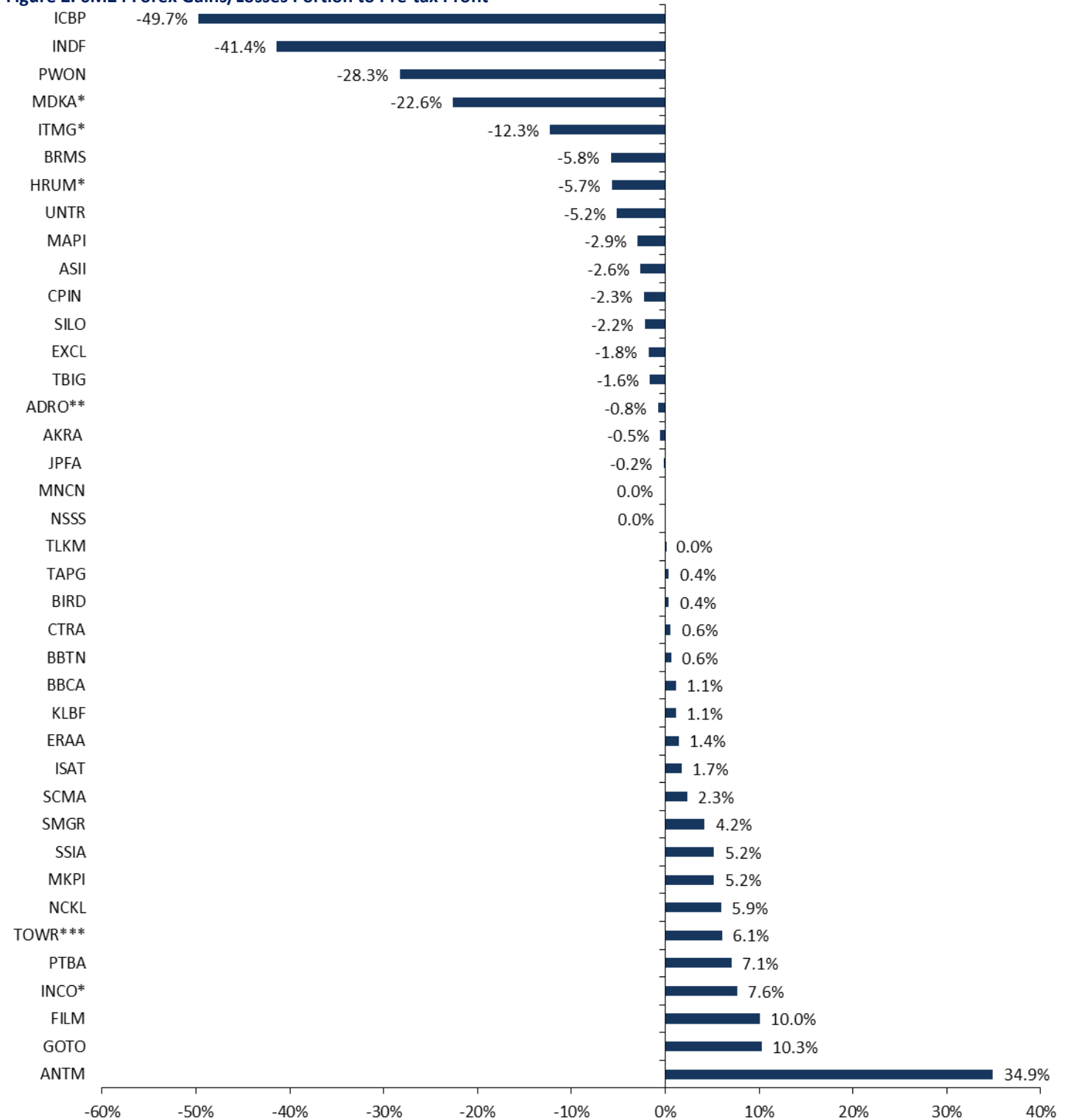
\*in USDmn

\*\* 3M24 numbers used, in USDmn

\*\*\*3M24 numbers used

Sources: Companies, SSI Research

**Figure 2. 6M24 Forex Gains/Losses Portion to Pre-tax Profit**



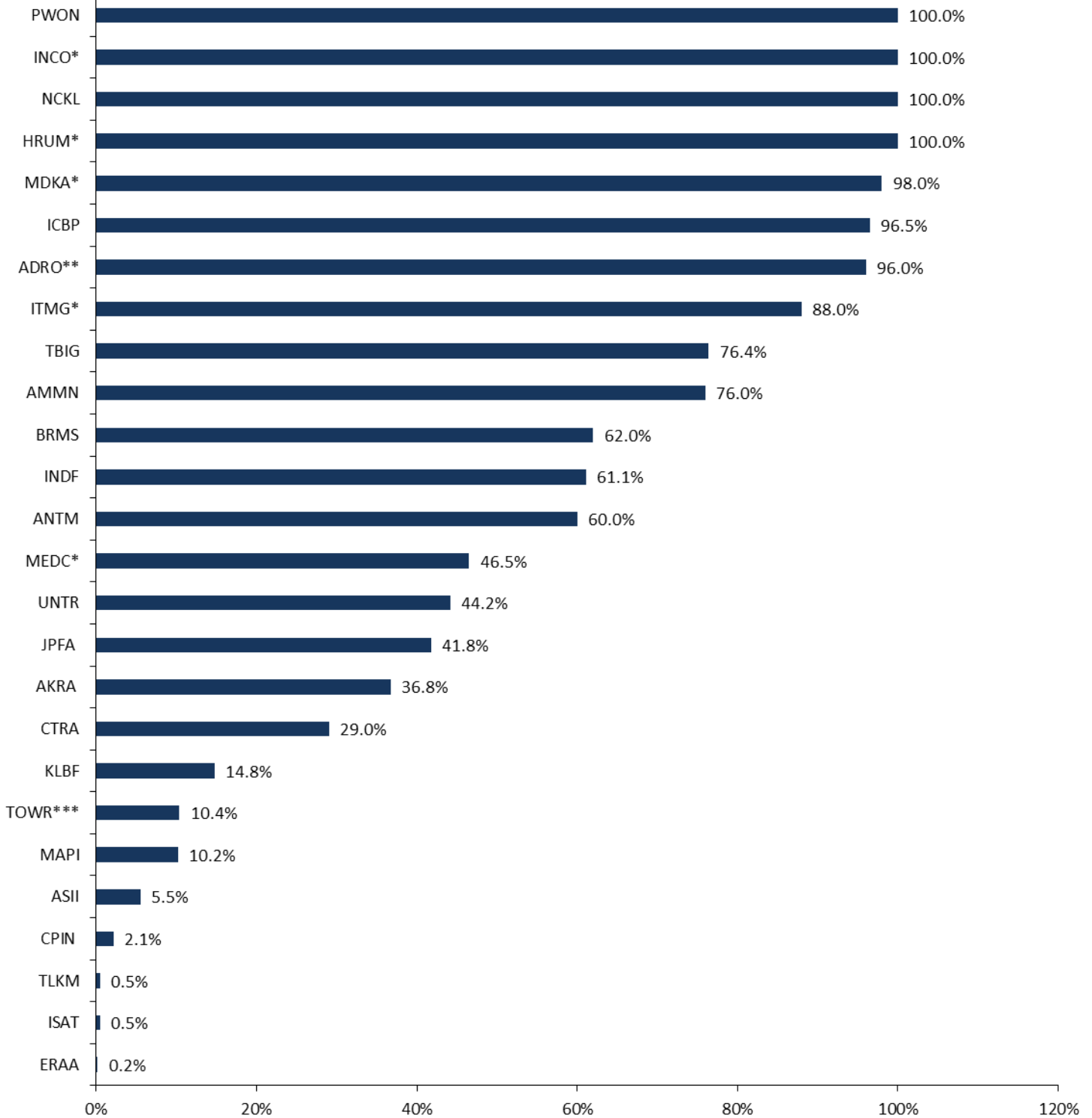
\*in USDmn

\*\* 3M24 numbers used, in USDmn

\*\*\*3M24 numbers used

Sources: Companies, SSI Research

**Figure 3. Portions of 6M24 USD Loans to Total Debt**



\* calculated in USDmn

\*\* 3M24 numbers used, in USDmn

\*\*\*3M24 numbers used

Sources: Companies, SSI Research

**Table 2. South East Asian Currencies Performances**

South East Asia	MTD	YTD	2023	2022	10Y CAGR
IDR (Indonesia)	3.5	(1.9)	1.1	(8.4)	(2.3)
MYR (Malaysia)	2.9	3.5	(4.1)	(5.4)	(2.4)
PHP (Philippines)	2.3	(2.8)	0.6	(8.5)	(2.4)
SGD (Singapore)	1.4	0.2	1.5	0.7	0.1
THB (Thailand)	1.4	(2.7)	1.4	(3.5)	(0.6)
VND (Vietnam)	0.7	(3.1)	(2.6)	(3.4)	(1.6)
KHR (Cambodia)	0.2	(0.3)	0.8	(1.1)	(0.1)
LAK (Laos)	0.2	(7.1)	(15.7)	(35.4)	(9.6)
<b>Average</b>	<b>1.6</b>	<b>(1.8)</b>	<b>(2.1)</b>	<b>(8.1)</b>	<b>(2.4)</b>

Sources: Bloomberg, SSI Research

*This month, Indonesia's currency has been the best performing compared to its regional peers*

**Table 3. East Asia & Australasia Currencies Performances**

East Asia & Australasia	MTD	YTD	2023	2022	10Y CAGR
AUD (Australia)	1.8	(2.8)	(0.0)	(6.2)	(2.1)
TWD (Taiwan)	1.5	(4.9)	0.0	(9.9)	(0.2)
JPY (Japan)	1.3	(4.3)	(7.0)	(12.2)	(2.1)
CNH (China)	1.2	(0.8)	(2.8)	(7.9)	(1.4)
NZD (NZ)	0.9	(5.0)	(0.5)	(7.2)	(2.6)
KRW (Korea)	0.7	(5.3)	(1.8)	(6.1)	(2.1)
MNT (Mongolia)	0.3	1.7	0.0	(17.0)	(5.7)
HKD (Hongkong)	0.3	0.2	(0.1)	(0.1)	(0.0)
<b>Average</b>	<b>1.6</b>	<b>(1.8)</b>	<b>(2.1)</b>	<b>(8.1)</b>	<b>(2.4)</b>

Sources: Bloomberg, SSI Research

*The AUD has been the best performing in East Asia and Australasia currencies month-to-date*

**Table 4. Emerging Countries Currency Performances**

Emerging Markets	MTD	YTD	2023	2022	10Y CAGR
BRL (Brazil)	5.0	(11.3)	8.7	5.6	(7.0)
PLN (Polandia)	2.3	1.0	11.2	(7.8)	(0.9)
COP (Columbia)	1.7	(4.1)	25.9	(15.9)	(5.1)
MXN (Mexico)	0.4	(9.7)	14.9	5.3	(2.4)
INR (India)	(0.3)	(0.9)	(0.6)	(10.1)	(2.8)
ARS (Argentina)	(0.9)	(14.0)	(78.1)	(42.0)	(37.6)
TRY (Turkey)	(1.5)	(12.2)	(36.6)	(28.9)	(23.4)
RUB (Russia)	(2.5)	(2.5)	23.6	444.7	17.8
<b>Average</b>	<b>0.5</b>	<b>(6.7)</b>	<b>(3.9)</b>	<b>43.9</b>	<b>(7.7)</b>

Sources: Bloomberg, SSI Research

*The BRL has outperformed other emerging market currencies month-to-date*

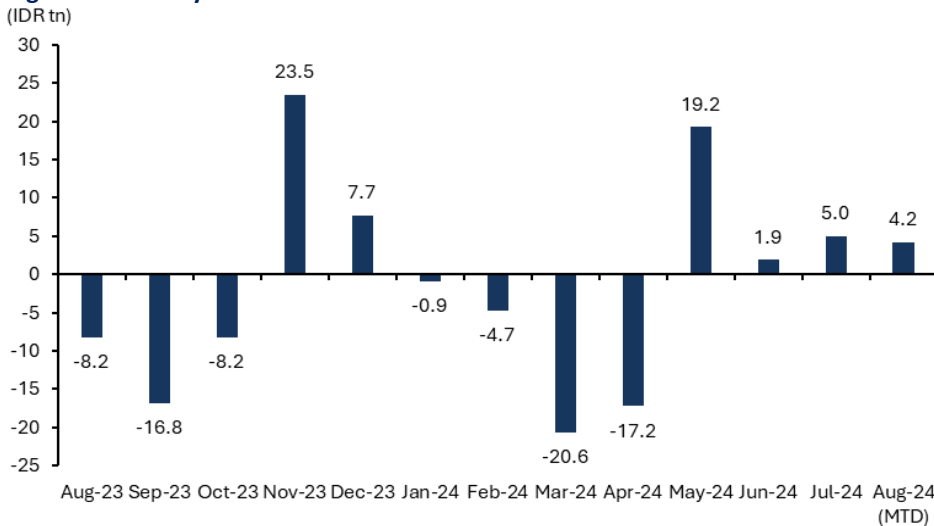
**Table 5. Developed Countries Currency Performances**

Developed Countries	MTD	YTD	2023	2022	10Y CAGR
DKK (Denmark)	2.2	(5.0)	(3.6)	(10.1)	(3.6)
CHF (Swiss)	2.0	(0.3)	3.1	(5.9)	(0.9)
NOK (Norway)	2.0	(0.4)	2.9	(5.9)	(1.0)
DEM (German)	2.0	(0.3)	3.1	(5.8)	(0.9)
ISK (Iceland)	1.2	(3.4)	2.3	(6.8)	(1.6)
CAD (Canada)	0.8	(2.8)	9.9	(1.3)	1.4
GBP (UK)	0.8	0.8	5.4	(10.7)	(1.9)
EUR (France)	0.7	(1.5)	4.5	(8.6)	(0.8)
<b>Average</b>	<b>1.5</b>	<b>(1.6)</b>	<b>3.4</b>	<b>(6.9)</b>	<b>(1.2)</b>

Sources: Bloomberg, SSI Research

*The DKK has outperformed other developed countries' currencies month-to-date*

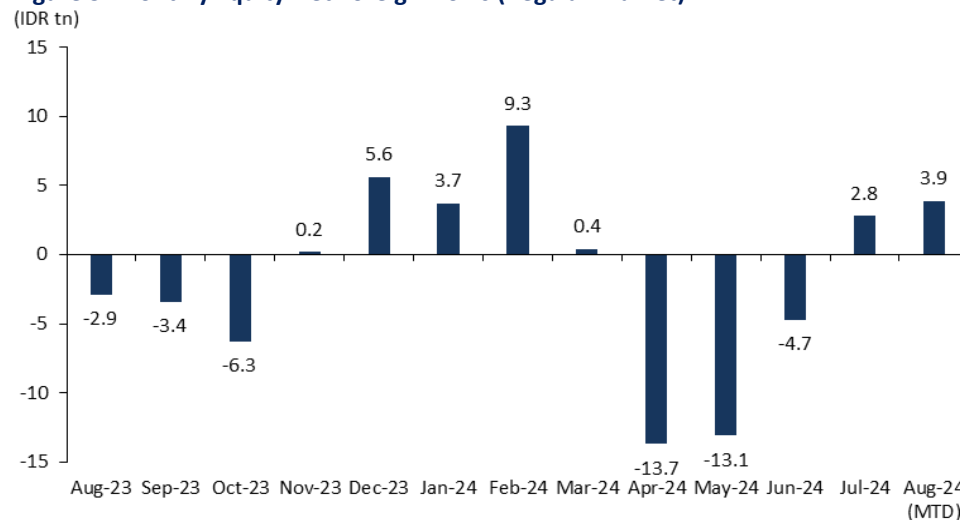
**Figure 4. Monthly Bond Flows**



Sources: SSI Research, Bloomberg

*MTD, GOI bonds booked foreign net inflow of IDR 4.2tn*

**Figure 5. Monthly Equity Net Foreign Flows (Regular Market)**



Sources: SSI Research, Bloomberg

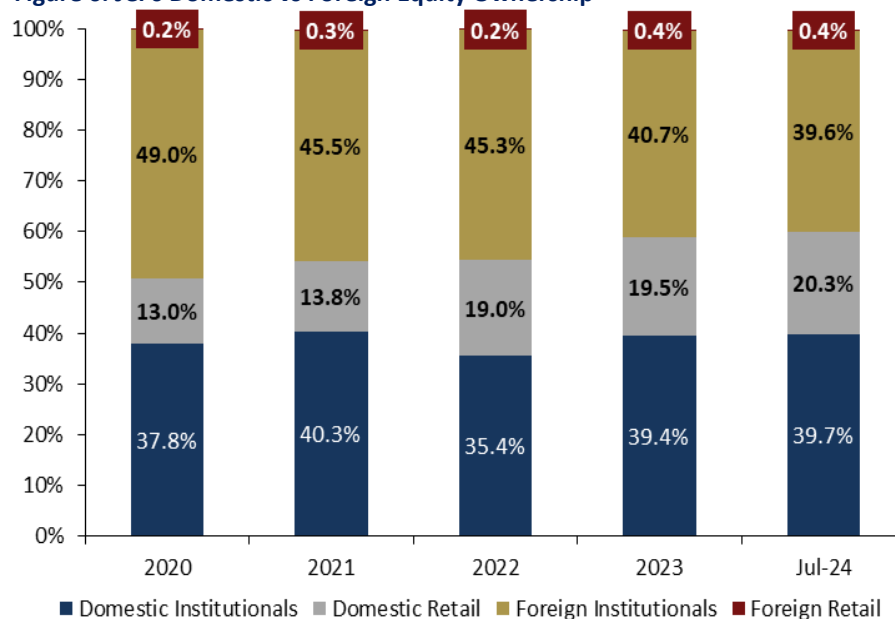
*Despite sizable inflow in Jul-24 and Aug-24 (MTD), Indonesia still experienced YTD outflow of IDR -11.3 tn*

**Table 5. Indonesia Foreign Equity Ownership by Sector**

Sector	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	Jul-24
Bank	34%	34%	34%	35%	35%	36%	36%	36%	38%	38%	38%
Digital banks	1%	1%	1%	1%	1%	0%	0%	0%	1%	1%	1%
Consumer Staples	19%	21%	22%	23%	23%	24%	25%	25%	25%	23%	24%
Cigarette	14%	13%	13%	12%	11%	8%	8%	8%	8%	8%	8%
Healthcare	5%	5%	4%	4%	4%	4%	4%	3%	4%	4%	4%
Poultry	4%	4%	4%	4%	4%	4%	4%	4%	5%	5%	5%
Retail	19%	18%	17%	16%	14%	13%	14%	14%	15%	14%	12%
Pulp and Paper	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Media	9%	9%	9%	8%	8%	7%	7%	6%	5%	5%	4%
Telco	14%	15%	15%	15%	15%	16%	16%	17%	18%	17%	18%
Telco Infra	15%	15%	15%	13%	12%	11%	11%	11%	11%	10%	9%
Auto	12%	13%	14%	14%	14%	15%	15%	16%	15%	15%	15%
Mining Contracting	38%	41%	40%	38%	38%	35%	37%	36%	37%	36%	35%
Property	11%	12%	12%	12%	12%	12%	12%	12%	13%	13%	13%
Industrial estate	6%	5%	4%	4%	4%	4%	4%	6%	7%	7%	7%
Construction	6%	7%	7%	7%	8%	8%	8%	7%	6%	5%	4%
Cement	21%	21%	20%	20%	20%	19%	19%	19%	21%	20%	20%
Precast	2%	2%	2%	2%	2%	1%	1%	1%	3%	2%	2%
Oil and Gas	10%	11%	11%	11%	11%	11%	12%	11%	12%	13%	13%
Chemical	2%	2%	3%	3%	2%	2%	2%	2%	2%	2%	2%
Utilities	16%	16%	16%	17%	20%	21%	22%	23%	25%	24%	23%
Metal	7%	9%	9%	9%	9%	10%	10%	9%	9%	8%	8%
Coal	12%	11%	12%	11%	12%	11%	11%	11%	12%	12%	11%
Plantation	6%	7%	8%	7%	7%	6%	6%	5%	5%	5%	5%
Technology	3%	3%	3%	3%	4%	5%	5%	5%	5%	6%	6%

Sources: SSI Research, KSEI

**Figure 6. JCI's Domestic vs Foreign Equity Ownership**



*As of Jul-24, both local institutional and retail ownerships have slightly risen*

Sources: SSI Research, KSEI

Research Team			
Prasetya Gunadi	Head of Equity Research, Strategy, Banking	prasetya.gunadi@samuel.co.id	+6221 2854 8320
Fithra Faisal Hastiadi, Ph.D	Senior Economist	fithra.hastiadi@samuel.co.id	+6221 2854 8100
M. Farras Farhan	Media, Poultry, Oil & Gas, Technology	farras.farhan@samuel.co.id	+6221 2854 8346
Jonathan Guyadi	Consumer, Retail, Auto	jonathan.guyadi@samuel.co.id	+6221 2854 8846
Daniel Aditya	Cement, Healthcare, Telco, Transportation	daniel.aditya@samuel.co.id	+6221 2854 8322
Adolf Richardo	Editor	adolf.richardo@samuel.co.id	+6221 2864 8397
Ashalia Fitri Yuliana	Research Associate	ashalia.fitri@samuel.co.id	+6221 2854 8389
Laurencia Hiemas	Research Associate	laurencia.hiemas@samuel.co.id	+6221 2854 8392
Brandon Boedhiman	Research Associate	brandon.boedhiman@samuel.co.id	+6221 2854 8392
Belva Monica	Research Associate	belva.monica@samuel.co.id	+6221 2854 8339
Ahnaf Yassar Lilo	Research Associate	ahnaf.yassar@samuel.co.id	+6221 2854 8392
Hernanda Cahyo Suryadi	Research Associate	hernanda.cahyo@samuel.co.id	+6221 2854 8392

Equity Institutional Team			
Widya Meidrianto	Head of Institutional Equity Sales	widya.meidrianto@samuel.co.id	+6221 2854 8317
Muhamad Alfatih, CSA, CTA, CFTe	Institutional Equity Chartist	m.alfatih@samuel.co.id	+6221 2854 8129
Ronny Ardianto	Institutional Equity Sales	ronny.ardianto@samuel.co.id	+6221 2854 8399
Fachruly Fiater	Institutional Sales Trader	fachruly.fiater@samuel.co.id	+6221 2854 8325
Lucia Irawati	Institutional Sales Trader	lucia.irawati@samuel.co.id	+6221 2854 8173
Alexander Tayus	Institutional Equity Dealer	alexander.tayus@samuel.co.id	+6221 2854 8319
Leonardo Christian	Institutional Equity Dealer	leonardo.christian@samuel.co.id	+6221 2854 8147

Equity Retail Team			
Joseph Soegandhi	Director of Equity	joseph.soegandhi@samuel.co.id	+6221 2854 8872
Damargumilang	Head of Equity Retail	damargumilang@samuel.co.id	+6221 2854 8309
Anthony Yunus	Head of Equity Sales	anthony.yunus@samuel.co.id	+6221 2854 8314
Clarice Wijana	Head of Equity Sales Support	clarice.wijana@samuel.co.id	+6221 2854 8395
Denzel Obaja	Equity Retail Chartist	denzel.obaja@samuel.co.id	+6221 2854 8342
Gitta Wahyu Retnani	Equity Sales & Trainer	gitta.wahyu@samuel.co.id	+6221 2854 8365
Vincentius Darren	Equity Sales	darren@samuel.co.id	+6221 2854 8348
Sylviawati	Equity Sales Support	sylviawati@samuel.co.id	+6221 2854 8112
Handa Sandiawan	Equity Sales Support	handa.sandiawan@samuel.co.id	+6221 2854 8302
Michael Alexander	Equity Dealer	michael.alexander@samuel.co.id	+6221 2854 8369
Yonathan	Equity Dealer	yonathan@samuel.co.id	+6221 2854 8347
Reza Fahlevi	Equity Dealer	reza.fahlevi@samuel.co.id	+6221 2854 8359

Fixed Income Sales Team			
R. Virine Tresna Sundari	Head of Fixed Income	virine.sundari@samuel.co.id	+6221 2854 8170
Sany Rizal Keliobas	Fixed Income Sales	sany.rizal@samuel.co.id	+6221 2854 8337
Khairanni	Fixed Income Sales	khairanni@samuel.co.id	+6221 2854 8104
Muhammad Alfizar	Fixed Income Sales	Muhammad.alfizar@samuel.co.id	+6221 2854 8305

**DISCLAIMER:** Analyst Certification: The views expressed in this research accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research. The analyst(s) principally responsible for the preparation of this research has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations. This document is for information only and for the use of the recipient. It is not to be reproduced or copied or made available to others. Under no circumstances is it to be considered as an offer to sell or solicitation to buy any security. Any recommendation contained in this report may not be suitable for all investors. Moreover, although the information contained herein has been obtained from sources believed to be reliable, its accuracy, completeness and reliability cannot be guaranteed. All rights reserved by PT Samuel Sekuritas Indonesia.