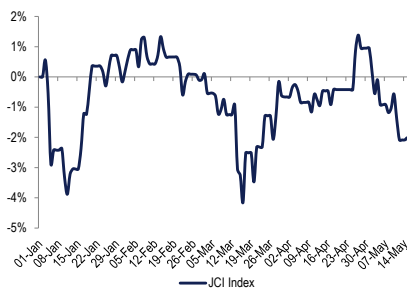


JCI Performance

	3M	6M	12M
Absolute	2.0%	-0.8%	-5.0%



May23 flow: another month of foreign flow despite -ve mom return for JCI

- We observed that ample May inflows to tech (GOTO MSCI inclusion) amounting Rp4.5tr, staples, banks and auto. JCI recorded Rp1.7tr inflow.
- Telco recorded the biggest outflow of Rp2.8tr solely contributed by TLKM. Coal and cement were the 2nd and 3rd biggest outflow in May.
- YTD flow still concentrated on banks, tech (due to GOTO), metals and staples. Strong fundamentals suggest that banks, telco and staples may continue to outperform. BMRI in particular looks attractive.

JCI recorded Rp1.7tr inflow in May

JCI recorded an inflow of Rp1.7tr in May23 (-4% mom in May) which was contributed by tech at Rp4.5tr due to GOTO MSCI inclusion, followed by staples at Rp1.3tr, banks at Rp1tr and auto at Rp700bn. Tech booked 24% mom gain, banks at +2% mom and staples at +3% mom. Auto booked negative mom return (-4%) due to ex-dividend date for ASII. In terms of outflow, telco recorded the biggest outflow of Rp2.8tr which solely contributed by TLKM. As a result, the sector posted -2% mom return. Coal and Cement were the 2nd and 3rd largest contributor at -Rp600bn/-Rp500bn respectively. Both were the underperformers at -27/-6% mom.

YTD JCI recorded an inflow of Rp16tr with banks, auto, consumers were the outperformers; tech outperformance was only due to MSCI

JCI recorded Rp16tr foreign inflow YTD largely attributed to banks inflow amounted Rp12.5tr followed by tech at Rp3.7tr (due to GOTO's inclusion to MSCI), metals at Rp3tr, staples at Rp1.7tr. These sectors performed better YTD: +10-11% for banks (including dividend), +31% for tech, +3% for staples but metals dropped by 26% YTD due to worse than expected China's growth. Biggest YTD foreign outflow remained on digital banks (-Rp1tr), coal (-Rp720bn) and cement (-Rp642bn).

Looking at stock level BRI seem to be clear favourite while BMRI, ARTO, SMGR were the least

BRI recorded Rp7.6tr foreign inflow and the best performing big banks which was expected amid peak interest rate expectation and minimal contractors' exposure. GOTO, BCA, BNI, ICBP and MDKA recorded the biggest foreign inflow after BRI – note GOTO/MDKA due to MSCI/FTSE inclusion. To our surprise, biggest foreign outflow YTD was on Mandiri at Rp1tr which we think due to profit taking amid its outperformance last year (+41% in FY22), followed by ARTO at -Rp1tr, UNTR at -Rp750bn and SMGR at -Rp538bn. We think this opens a room for Mandiri to outperform in 2H shall the foreign flow reversed given: 1) flow is still primarily concentrated on big caps and 2) lower interest rate which shall be positive for banks' multiple.

Supportive macro and valuation underpin our positive view on JCI; our top sector picks remain on banks, consumer and telcos

Recent trade data suggests a pick in consumption ([link](#)) while benign inflation and exchange rate ([link](#)) may warrant a rate cut in 2H which shall be positive for sector picks of banks, consumer (especially staples) and telcos. JCI current valuation of 12.3x P/E and 2.1x P/B are below its 10Y average of 16.7x and 2.5x, while offering 12% earnings growth. Our stock picks are: BBRI, BMRI, ICBP, MYOR, ISAT and EXCL. Main risks are slower than expected 2H growth and weaker currency.

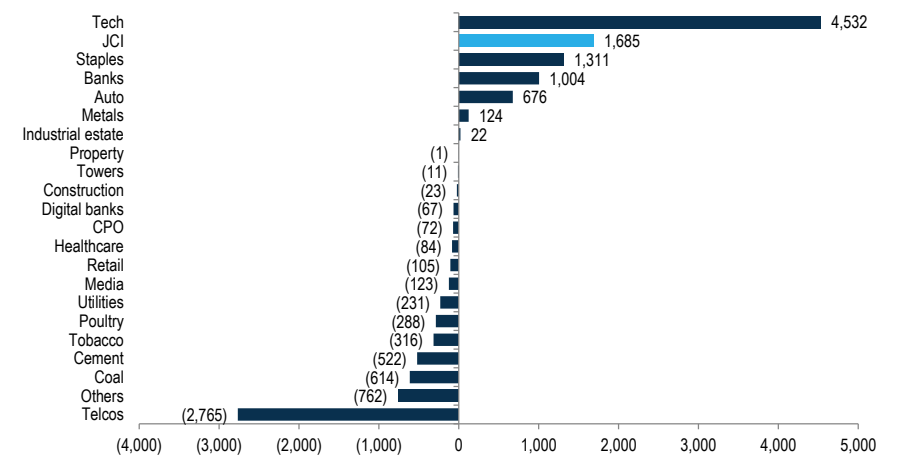
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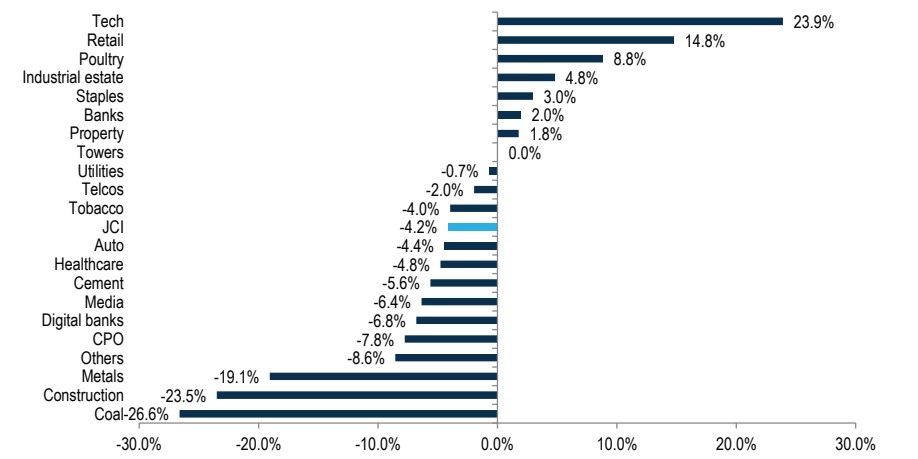
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Fig. 1: May23 foreign net flow (RG+TN) – in Rp bn



Source: Indo Premier

Fig. 2: MoM May23 stock performance (calculated from market cap)



Source: Bloomberg, Indo Premier

Fig. 3: Top 15 foreign inflow (MoM)

MoM	Foreign flow	Stock perf.	Local positioning	Foreign positioning
GOTO	4,573	41%	(40)	11
BBRI	1,664	9%	(25)	12
ICBP	1,511	11%	(496)	177
ASII	676	-4%	18	66
ISAT	232	19%	(8)	245
BRIS	219	0%	(7)	23
BUMI	194	-21%	(8)	1
FILM	141	37%	(3)	(4)
NSSS	111	8%	(10)	0
ACES	105	40%	801	(277)
INDF	101	10%	28	35
BBCA	94	0%	(2)	(40)
INCO	91	-10%	(13)	22
AMRT	68	-9%	(10)	57
MEDC	63	-10%	(128)	8

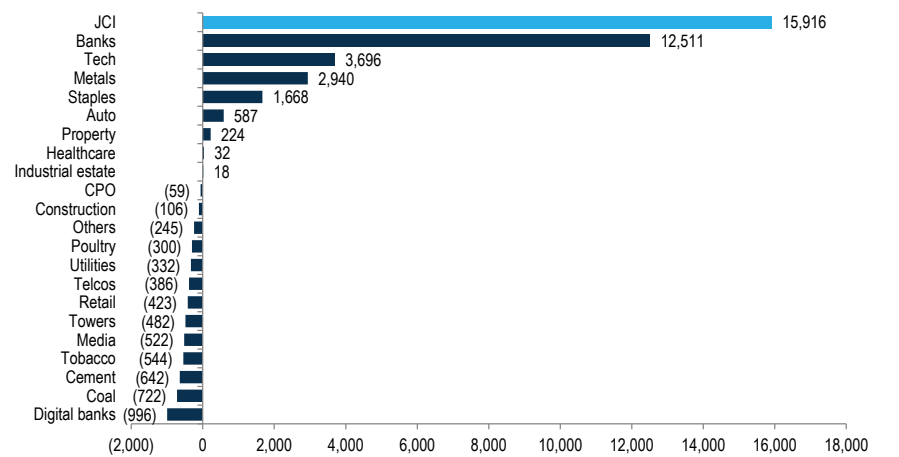
Source: Bloomberg, Indo Premier

Fig. 4: Top 15 foreign outflow (MoM)

MoM	Foreign flow	Stock perf.	Local positioning	Foreign positioning
TLKM	(2,831)	-5%	78	(128)
BMRI	(899)	-2%	(5)	22
ADRO	(546)	-35%	(56)	(20)
SMGR	(328)	-3%	27	(94)
CPIN	(248)	8%	100	(15)
GGRM	(242)	-5%	131	(82)
PGAS	(234)	0%	(146)	(45)
BTPS	(208)	-11%	8	(41)
INTP	(194)	-9%	45	4
PTBA	(154)	-26%	(216)	(13)
NCKL	(149)	-42%	(10)	(167)
INKP	(146)	-11%	(27)	(10)
UNTR	(137)	-23%	(69)	(176)
UNVR	(133)	3%	100	41
BMTR	(129)	4%	9	2

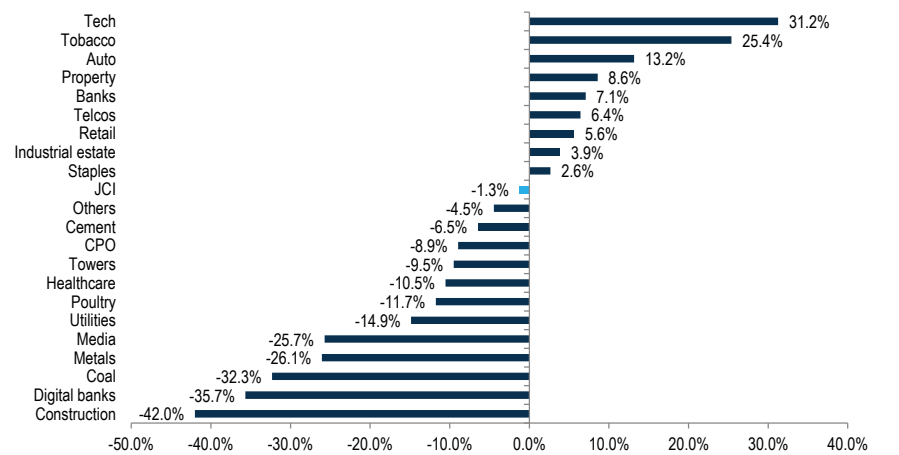
Source: Bloomberg, Indo Premier

Fig. 5: YTD May23 foreign net flow (RG+TN) – in Rp bn



Source: Indo Premier

Fig. 6: YTD May23 stock performance (calculated from market cap)



Source: Bloomberg, Indo Premier

Fig. 7: Top 15 foreign inflow (YTD)

YTD	Foreign flow	Stock perf.	Local positioning	Foreign positioning
BBRI	7,567	13%	(142)	170
GOTO	3,576	62%	(23)	200
BBCA	3,352	6%	(49)	6
BBNI	2,430	-2%	(610)	229
ICBP	1,741	17%	(395)	323
MDKA	1,615	-27%	(263)	163
ANTM	1,294	-5%	(326)	315
ASII	587	13%	118	110
BUMI	567	-40%	(45)	0
MEDC	373	-11%	(198)	33
BRIS	320	34%	57	9
BRPT	291	1%	(19)	23
CTRA	261	14%	(282)	152
INCO	259	-11%	(35)	76
ESSA	241	-41%	(267)	88

Source: Bloomberg, Indo Premier

Fig. 8: Top 15 foreign outflow (YTD)

YTD	Foreign flow	Stock perf.	Local positioning	Foreign positioning
BMRI	(1,035)	2%	(42)	35
ARTO	(958)	-36%	118	(176)
UNTR	(747)	-15%	(227)	(10)
SMGR	(538)	-12%	(106)	(193)
MNCN	(456)	-14%	45	(317)
BTPS	(455)	-32%	(120)	(229)
ADRO	(404)	-47%	(125)	(42)
GGRM	(390)	50%	677	(101)
GIAA	(370)	NA	(17)	(9)
ITMG	(350)	-43%	(248)	(147)
ADMR	(328)	-54%	(10)	(22)
PGAS	(328)	-19%	(664)	(61)
CPIN	(324)	-12%	(17)	43
NCKL	(306)	NA	NA	NA
TBIG	(302)	-7%	1	(5)

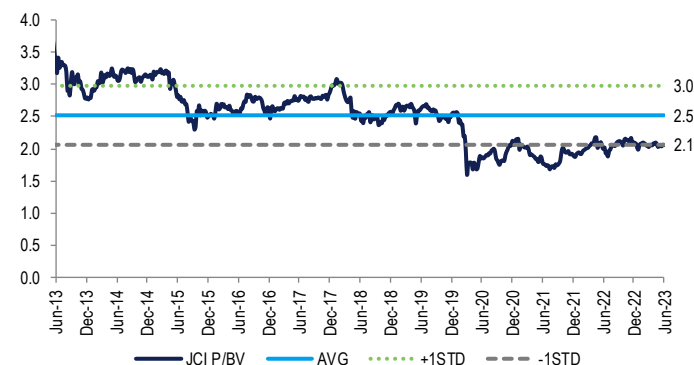
Source: Bloomberg, Indo Premier

Fig. 9: JCI' forward P/E is currently trading at 12.3x FY23F P/E, below its -1s.d. of 13.6x P/E



Source: Bloomberg, Indo Premier

Fig. 10: JCI' forward P/B is currently trading at 2.1x FY23F P/B, at its -1s.d.



Source: Bloomberg, Indo Premier

SECTOR RATINGS

- OVERWEIGHT : An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation
- NEUTRAL : A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation
- UNDERWEIGHT : An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation

COMPANY RATINGS

- BUY : Expected total return of 10% or more within a 12-month period
- HOLD : Expected total return between -10% and 10% within a 12-month period
- SELL : Expected total return of -10% or worse within a 12-month period

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