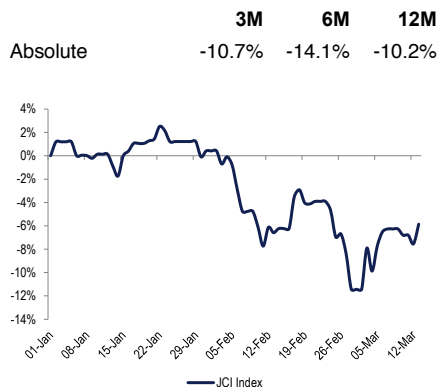


JCI Performance



A sentiment driven sell-off; attractive valuation but cautious on macro

- JCI dropped by 11% YTD (-12% mom) with total foreign outflow of Rp20tr in 2M25 (-Rp16tr alone in Feb25). Banks led the sell-off at -Rp15tr YTD.
- We have highlighted both domestic/external risks back in Nov24 ([link](#)), however, we think valuation clearly has priced-in most of the overhangs.
- Despite the attractive valuation, we remain cautious on domestic macro i.e. slower GDP growth, populist measure; and external factor (currency).

Banks has led the YTD outflow

JCI recorded an outflow of -Rp20tr in 2M25 with -Rp16tr in Feb alone. This was being led by banks at -Rp15tr YTD followed by tech (GOTO). This has resulted in -12% drop in JCI (-21% since Sep24) led by banks at -16% as of end Feb25 (-31% since Sep24). On stock level, BBKA led the outflow with -Rp7.2tr (-13% YTD), BMRI at -Rp4.2tr (-19% YTD) and BBRI at -Rp3tr (-18% YTD). We observed inflow mainly to TLKM/ANTM/INDF at c.Rp300bn each.

What has caused the sell-off?

We have highlighted several risks in our Nov24 note ([link](#)) which are: 1) risk on earnings revision (banks' earnings are being revised by average of 9%) and unattractive earnings growth (now at +1% for IPS universe/+3% for JCI), 2) uncertainty over Danantara and 3) short-term populist measures i.e. 3mn housing program, loan amnesty program, etc. This was exacerbated by external factors i.e. Trump's tariffs.

Most of the aforementioned risks have been priced-in and pace of sell-off is worse vs. 2015/2018

We think that most of the risks have been priced-in as JCI/LQ45 earnings have been revised by -4 to -5% % YTD to +3/4% (BBRI's Jan25 results at -58% yoy have also setting the expectation very low). This has been reflected in valuation with JCI/LQ45 PE has dropped to 11.8/10.2x in Feb25 from Sep24 of 14.5/12.9x. Worth noting that current sell-off magnitude of -28% (LQ45) is even steeper vs. 2015 at -23% (Yuan devaluation and start of the rate hike cycle) and 2018 at -17% (trade war and Fed rate hike). Current sell-off is only slightly better vs. Covid at -33%.

Valuation and fundamentals are already comparable to Covid level

Despite the steep correction, we think that current valuation is too cheap to ignore i.e. JCI/LQ45 FY25F P/E at 11.8/10.2x is comparable to Covid low average of 12.3/11.2x (2015/18 average at 13-14x for both JCI and LQ45). At the same time, if we look at the big 4 banks valuation i.e. P/E and P/B of 10.8x and 1.9x (SOE banks' 7.8x and 1.3x) is actually the lowest vs. previous sell-offs i.e. 2015/2018/2020 average of 13.9x and 1.9x. At the same time, pace of IDR depreciation of 9% (from Sep24 to Feb25) is already similar to 2015/18 (Covid at -13%). Whereas real yield spread of c.240bp is already the highest compared to 2015/18/20.

Domestic macro situation remained the biggest risk for now

Post earnings revision, we turned bullish on financials recently ([link](#)) as we think most of the overhangs/bad news has been priced-in. We also like selective consumer names (AMRT/ICBP/GOTO) as lower soft commodity price is a boon for staples. For commodity, we like ADRO/AADI/ANTM largely due to valuation reason. At this point, we think the biggest risks are on domestic macro side i.e. weak GDP growth/populist measure while external factor such as tariffs may adversely impact IDR.

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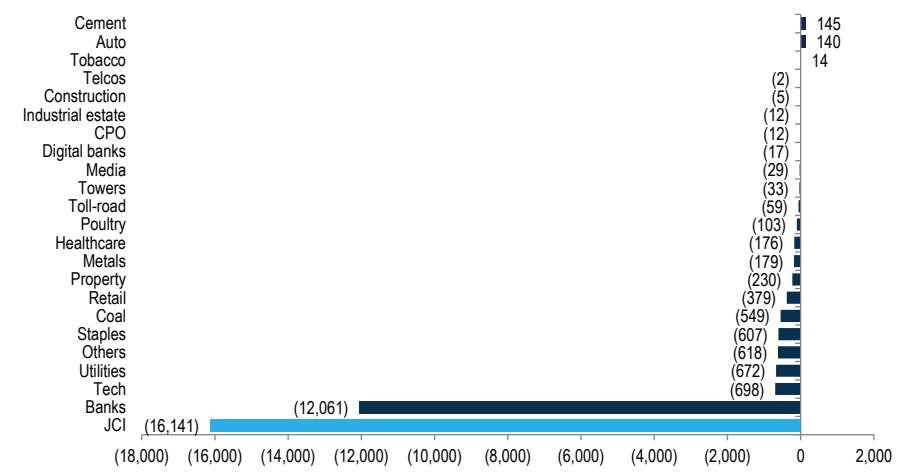
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Massive outflow YTD led by banks amid earnings revisions

JCI experienced a significant foreign outflow of -Rp16tr in Feb25, with banks accounting for the majority of the outflow at -Rp12tr. We attribute this to earnings revisions following 4Q24 and Jan25 results which dampen the sector's earnings growth outlook.

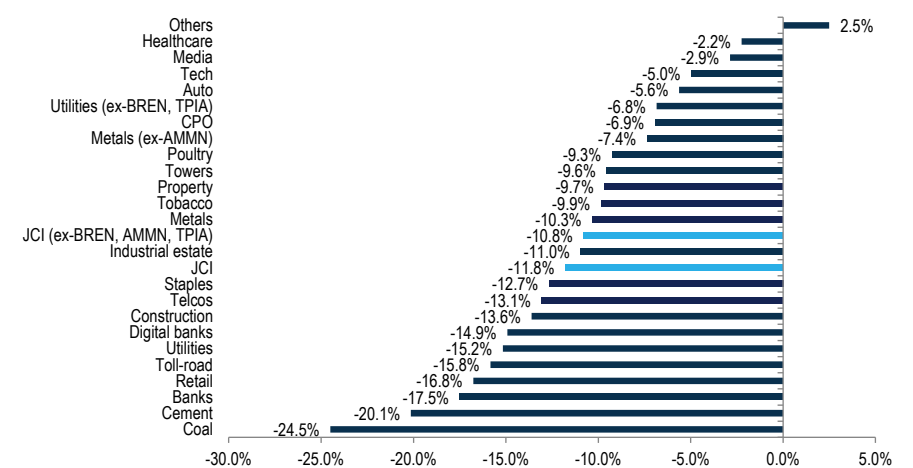
We have revised down our FY25-26F EPS forecasts for the big 4 banks by -9% YTD, primarily driven by BBRI (-18%), followed by BMRI (-7% to -9%), BBNI (-7%), and BBKA (-1%). The sector's overall earnings growth is now expected to be +1% in FY25F and +10% in FY26F, as weaker loan growth outlook and margin compression risks may weigh on its profitability.

Fig. 1: Feb25 foreign net flow (RG+TN) – in Rp bn



Source: Indo Premier

Fig. 2: Feb25 stock performance



Source: Indo Premier

Fig. 3: Feb25 top 15 foreign inflow

MoM	Foreign flow (Rp bn)	Stock perf.	Changes in local fund weight (bp)	Changes in foreign fund weight (bp)
ANTM	393	14%	28	8
BRIS	195	-15%	(8)	5
ASII	140	-6%	22	45
INDF	118	-9%	9	10
INTP	113	-23%	(12)	(2)
AMMN	101	-13%	(5)	4
DEWA	87	106%	(1)	0
MEDC	83	-7%	0	1
RATU	69	-17%	(1)	0
BRMS	63	-7%	8	3
BULL	63	-6%	0	0
BIPI	57	-15%	(0)	(0)
EXCL	55	-3%	4	2
ITMA	53	4%	0	0
BSDE	51	-13%	(2)	0

Source: Indo Premier

Fig. 4: Feb25 top 15 foreign outflow

MoM	Foreign flow (Rp bn)	Stock perf.	Changes in local fund weight (bp)	Changes in foreign fund weight (bp)
BBCA	(4,350)	-11%	22	141
BMRI	(4,219)	-24%	(74)	(208)
BBRI	(2,986)	-20%	(134)	(59)
MDKA	(780)	-11%	4	(1)
GOTO	(652)	-7%	26	9
BBNI	(601)	-16%	(19)	4
BREN	(466)	-32%	(8)	(112)
INKP	(389)	-30%	(12)	(6)
CUAN	(327)	-54%	(4)	(3)
UNVR	(317)	-38%	(15)	(11)
AMRT	(305)	-23%	(9)	(21)
TPIA	(301)	-6%	4	5
WIFI	(278)	94%	1	(0)
KLBF	(240)	-15%	(1)	(2)
PANI	(169)	-5%	4	0

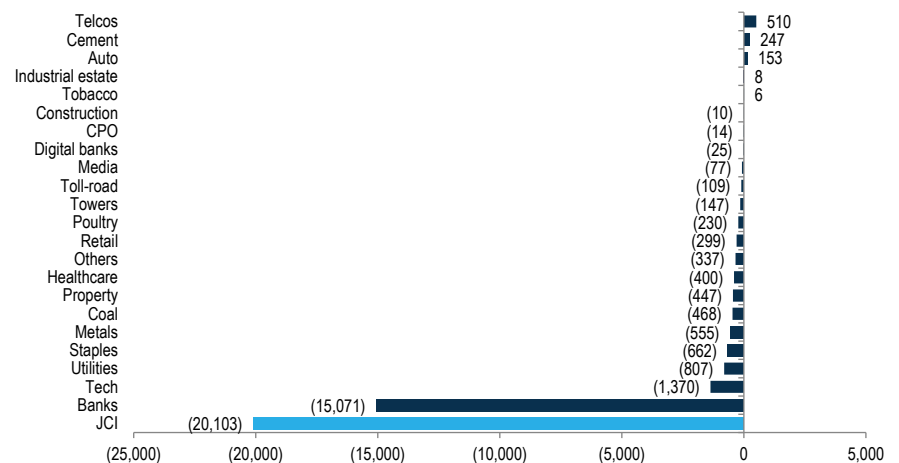
Source: Indo Premier

On cumulative basis, JCI booked a total foreign outflow of -Rp20tr YTD. Most of the outflow was concentrated on banks at -Rp15tr YTD. However, almost all sectors have also experienced net outflow, including tech (-Rp1.4tr, mostly from GOTO), utilities (-Rp807bn), and staples (-Rp662bn). Only telco, cement and auto saw inflow of Rp510bn, Rp247bn and Rp153bn, respectively.

We believe this was because of combination of domestic factors (populist measures, uncertainty on Danantara's plan, weak earnings growth) which we have addressed back in our [Nov24 note](#). This has been further exacerbated by external factors, particularly concerns over Trump's proposed tariffs which has adversely affecting the Rupiah.

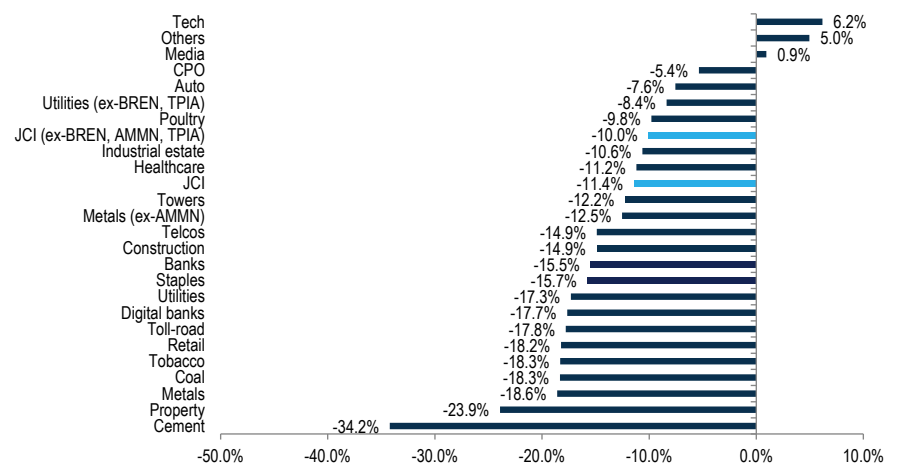
As a result, JCI has dropped -12% as of end of Feb25 (-21% since its peak in Sep24), with banks underperforming at -16% YTD (-31% since Sep24). At the stock level, BBCA led the outflow with -Rp7.2tr (-13% YTD), BMRI at -Rp4.2tr (-19% YTD) and BBRI at -Rp3tr (-18% YTD). Meanwhile, we observed inflows in TLKM/ANTM/INDF at c.Rp300bn each.

Fig. 5: 2M25 foreign net flow (RG+TN) – in Rp bn



Source: Indo Premier

Fig. 6: 2M25 stock performance



Source: Indo Premier

Fig. 7: 2M25 top 15 foreign inflow

YTD	Foreign flow (Rp bn)	Stock perf.	Changes in local fund weight (bp)	Changes in foreign fund weight (bp)
TLKM	376	-13%	(13)	35
ANTM	307	4%	21	6
INDF	300	-7%	18	15
EXCL	222	-2%	4	3
BRIS	191	-8%	5	10
MEDC	186	-9%	(3)	1
ASII	153	-8%	20	40
BULL	138	11%	0	0
INTP	132	-39%	(28)	(8)
BIPI	128	-11%	0	0
SMGR	115	-29%	(18)	(6)
BRPT	109	-15%	(5)	0
FILM	99	-8%	0	1
ITMA	96	32%	0	0
OASA	89	-11%	0	0

Source: Indo Premier

Fig. 8: 2M25 top 15 foreign outflow

YTD	Foreign flow (Rp bn)	Stock perf.	Changes in local fund weight (bp)	Changes in foreign fund weight (bp)
BBCA	(7,198)	-13%	7	73
BMRI	(4,175)	-19%	(28)	(134)
BBRI	(3,005)	-18%	(113)	(2)
GOTO	(1,257)	7%	68	26
MDKA	(907)	-13%	(8)	(2)
BBNI	(779)	-7%	30	35
PTRO	(526)	14%	4	0
INKP	(438)	-31%	(13)	(6)
TPIA	(425)	-11%	2	3
KLBF	(409)	-21%	(8)	(9)
UNVR	(335)	-46%	(23)	(15)
AMRT	(294)	-23%	(4)	(17)
PANI	(259)	-31%	(13)	(0)
WIFI	(251)	480%	2	0
CUAN	(219)	-40%	(3)	(1)

Source: Indo Premier

Most of the aforementioned risks have been played-out and pace of sell-off is worse vs. 2015/2018

Consensus FY25F estimates have been revised down by -4% YTD for JCI/LQ45 earnings now at +3/4% yoy growth, with banks (-5%), coal (-4%), metals (-9%), retailers (-3%), staples (-2%), and telco (-2%) among the most impacted sectors. The earnings revision was in-line with our revision at -5% YTD, but our earnings growth is lower at +1% yoy.

Sector-wise, property (-43%), coal (-19%), and toll roads (-15%) saw the sharpest earnings drop on yoy basis. Meanwhile, utilities (+918% yoy from TPIA) and media (+12%) emerged as outliers with the highest earnings growth while banks are expected to grow by +5% yoy.

We think that most of the earnings revision risks have been priced-in, as reflected in valuation – JCI/LQ45 PE has dropped to 11.8/10.2x in Feb25 from Sep24 of 14.5/12.9x. The magnitude of the current sell-off (LQ45 -28% YTD) is even steeper than 2015 (-23%) during the Yuan devaluation and start of the rate hike cycle, as well as 2018 (-17%) amid trade war tensions and aggressive Fed rate hikes. The only period worse was during Covid (-33%).

Fig. 9: Consensus earnings forecast on JCI and LQ45

	FY25F - Current	FY24 A/F	%YoY	FY25F - Beginning year	%Revision
Auto	35,821	36,723	-2%	35,035	2%
Banks	227,833	216,778	5%	240,715	-5%
Cement	3,137	2,832	11%	3,334	-6%
Coal	59,432	72,949	-19%	61,999	-4%
Contractors	1,061	450	136%	1,026	3%
CPO	11,541	11,344	2%	12,185	-5%
Healthcare	4,066	3,333	22%	4,067	0%
Media	2,662	2,263	18%	2,681	-1%
Metals	22,928	18,350	25%	25,227	-9%
Oil & Gas	18,748	18,940	-1%	18,622	1%
Others	23,188	20,214	15%	21,411	8%
Poultry	7,131	6,437	11%	6,956	3%
Property	12,513	21,878	-43%	12,394	1%
Retailer	16,134	13,495	20%	16,567	-3%
Staples	38,366	33,992	13%	39,074	-2%
Tech	(3,007)	(5,478)	-45%	(1,169)	157%
Telco	33,530	30,698	9%	34,274	-2%
Tobacco	11,497	10,383	11%	11,898	-3%
Toll-road	3,834	4,536	-15%	3,670	4%
Towers	7,705	7,105	8%	7,928	-3%
Utilities	3,393	333	918%	3,861	-12%
JCI	541,514	527,555	3%	561,754	-4%
LQ45	418,382	403,928	4%	436,283	-4%

Source: Bloomberg, Indo Premier
As of: March 11th, 2025

Valuation and fundamentals are pointing to oversold condition

Despite the steep correction, we think that current valuation is too cheap to ignore i.e. JCI/LQ45 FY25F P/E at 11.8/10.2x is comparable to Covid low average of 12.3/11.2x (2015/18 average at 13-14x for both JCI and LQ45). At the same time, if we look at the big 4 banks valuation i.e. P/E and P/B of 10.8x and 1.9x (SOE banks' 7.8x and 1.3x) is actually the lowest vs. previous sell-offs i.e. 2015/2018/2020 average of 13.9x and 1.9x.

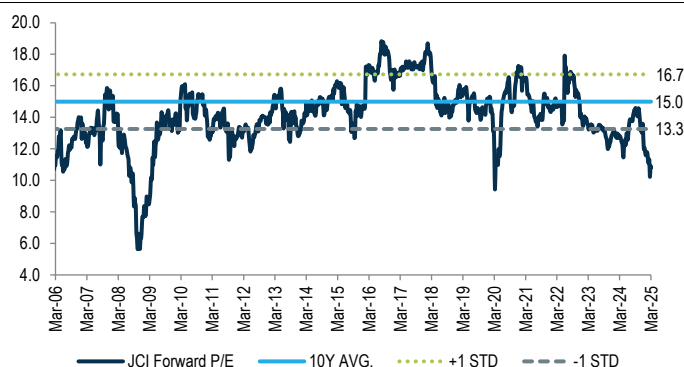
At the same time, pace of IDR depreciation of 9% (from Sep24 to Feb25) is already similar to 2015/18 (Covid at -13%). Whereas real yield spread of c.240bp is already the highest compared to 2015/18/20.

Fig. 10: Key indicator differences during sell-offs

Indicator	2015			2018			2020			2024 (1)			2024-25		
	Peak 31 Mar - 24 Apr	Trough 24 Aug - 28 Sep	Diff.	Peak 23 Jan - 19 Feb	Trough 28 Jun - 24 Oct	Diff.	Peak 27 Dec - 14 Jan	Trough 24 Mar - 15 May	Diff.	Peak 20 Feb - 14 Mar	Trough 19 Jun - 26 Jun	Diff.	Peak 17 Sep - 23 Sep	Trough 28-Feb	Diff.
JCI Index	5,456	4,348	-20%	6,582	5,881	-11%	6,288	4,546	-28%	7,333	6,851	-7%	7,817	6,271	-20%
LQ45 Index	949	731	-23%	1,111	927	-17%	1,018	683	-33%	996	858	-14%	975	704	-28%
Foreign ownership (KSEI)	86%	82%	(343)	76%	74%	(289)	72%	70%	(178)	69%	67%	(186)	68%	69%	149
Foreign fund ownership (KSEI)	49%	47%	(209)	42%	41%	(96)	39%	37%	(185)	43%	42%	(70)	41%	42%	88
JCI P/E	15.7	13.0	-17%	17.2	14.2	-18%	15.9	12.3	-23%	13.9	12.9	-8%	14.5	10.2	-30%
LQ45 P/E	16.1	13.2	-18%	18.3	14.6	-20%	15.1	11.2	-26%	12.8	11.8	-8%	12.9	9.8	-25%
Big 4 banks P/E	15.2	11.4	-25%	16.2	13.6	-16%	28.3	16.6	-41%	15.9	13.2	-17%	15.7	10.8	-31%
JCI P/BV	2.7	2.0	-26%	2.6	2.2	-17%	2.2	1.6	-27%	1.4	1.7	22%	1.9	1.3	-32%
LQ45 P/BV	3.1	2.3	-24%	3.0	2.4	-21%	2.2	1.5	-33%	1.8	1.7	-4%	1.7	1.3	-23%
Big 4 banks P/BV	2.6	1.8	-32%	2.5	2.1	-18%	2.8	1.8	-36%	3.0	2.4	-18%	2.8	1.9	-32%
USIDR	12,952	14,311	10%	13,486	14,721	9%	13,856	15,610	13%	15,656	16,405	5%	15,253	16,596	9%
DXV	98	96	-2%	89	95	6%	97	100	3%	104	106	2%	101	107	6%
Big 4 banks LDR	83%	84%	83	87%	90%	340	91%	89%	(153)	84%	86%	253	89%	89%	75
M2	4,261	4,456	5%	5,352	5,569	4%	6,092	6,381	5%	8,909	9,015	1%	9,048	9,233	2%
BI rate	7.5%	6.0%	(150)	4.3%	5.5%	125	5.0%	4.5%	(50)	6.0%	6.3%	25	6.0%	5.8%	(25)
Fed rate	0.3%	0.3%	0	1.5%	2.1%	60	0.3%	0.3%	0	5.5%	5.5%	0	5.0%	4.5%	(50)
Indo gov't 10Y bond yield	7.5%	9.3%	178	6.3%	8.1%	176	7.0%	8.0%	98	6.6%	7.1%	51	6.5%	6.9%	39
US gov't 10Y bond yield	1.9%	2.2%	33	2.8%	3.1%	28	1.8%	0.7%	(118)	4.3%	4.3%	(7)	3.7%	4.2%	50
Nominal yield spread	5.6%	7.0%	145	3.5%	5.0%	148	5.2%	7.3%	216	2.3%	2.9%	58	2.8%	2.7%	(10)
Real yield spread	-1.1%	0.1%	128	2.5%	4.6%	210	4.9%	5.4%	48	2.7%	3.3%	65	3.4%	5.8%	243

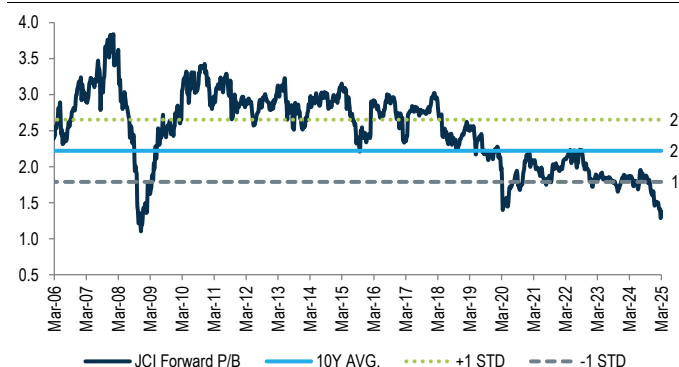
Source: Bloomberg, CEIC, KSEI, Indo Premier

Fig. 11: JCI P/E



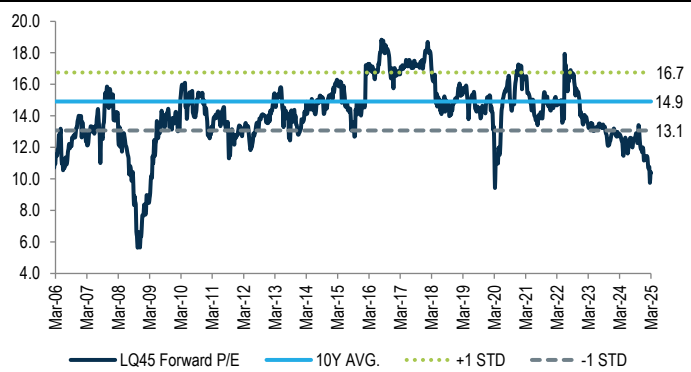
Source: Bloomberg, Indo Premier

Fig. 12: JCI P/BV



Source: Bloomberg, Indo Premier

Fig. 13: LQ45 P/E



Source: Indo Premier

Fig. 14: LQ45 P/BV



Source: 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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