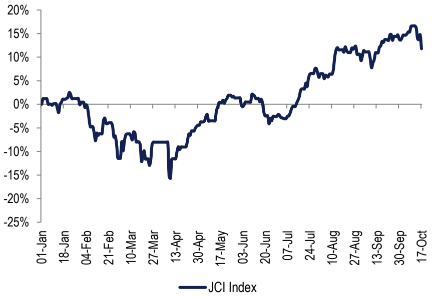
INDOPREMIER

Indonesia Strategy

Strategy Update | 17 October 2025

JCI Performance

	3M	6M	12M
Absolute	8.6%	22.9%	2.3%



Roadshow feedback: light positioning but macro concern remains dominant

- We just came back from our marketing trip in HK and SG; with most of the investors are already UW while waiting for better macro situation.
- HF was generally more bullish due to valuation as opposed to LO. China seems to be the darling but some noted shorter investment cycle/horizon.
- Improving macro and purchasing power are imperative and this needs to be reflected in earnings growth.

Consensus bearish view but most have been priced-in

We just came back from our marketing trip to HK and SG while meeting several investors (both LO and HF). As expected, the general consensus remain bearish on Indonesia especially on: 1) fiscal situation as most thinks that the spending may not result in multiplier effect; wider fiscal deficit seems to be inevitable next year which may require higher financing needs. 2) Purchasing power has been extremely weak with no sign of improvement which was reflected in drop in SSSG (blended SSSG for retailers under our coverage at -2.1% yoy in 1H25) and lower CCI at 114.9 in Sep25, the lowest in 3 years; this was crucial as Indonesia's largest GDP contributor remained private consumption (53% of GDP in 1H25). 3) Lastly, corporate earnings have been lacklustre (-6% yoy overall in 1H25 while consensus also downgrade by -3% qoq (-6% YTD) in 2Q25).

However, pocket of opportunity remains

Not all were bearish on Indonesia, some (especially HF) actually think that valuation of 14.7x/11.9x for JCI/LQ45 P/E (vs. 10Y average of 16.8x/16.1x) is attractive. Combined with low positioning (foreign holding of US$49.2bn actually the lowest since FY22) may suggests a swift turnaround if the fundamental is gradually improving. Some also are giving us feedback that Indo's valuation is indeed cheap but currently there is a lack of clarity on the earnings growth trajectory; while concurrently, there is a better opportunity elsewhere which in this year's case is China (last year was India) – both now trades at 15.4x and 25.3 P/E.

Banks remained the highlight given the policy uncertainty

Banks remained in the spotlight especially on the policy front. Most were asking us the thought process on the decision to roll-out higher US$ retail TD rate (link) and the risk it poses to the currency along with Rupiah liquidity. At the same time, some also asked us the impact on both village cooperative (KDMP) and nutritious free meal program (MBG) to banks' liquidity and profitability which currently is hard to quantify magnitude given the slow roll-out and lack of supporting regulation. The main concern lies on the persistent multiple de-rating if the Indo banks are perceived as policy banks going forward i.e. Chinese banks now trade at 0.5x P/B vs. 1.5x in 2012-13.

Improvement in macro especially on the consumption side is imperative

In summary, we think that both valuation and positioning are indeed already supportive for turnaround; however, tangible improvement in macro situation especially on the consumption side is needed as the main catalyst. At the same time, revamp in labour intensive industries are needed to capitalize the demographic dividend i.e. less hawkish stance on the tobacco's excise and curbing distribution of illegal cigarettes are positive steps, in our view.

Jovent Muliadi

PT Indo Premier Sekuritas

jovent.muliadi@ipc.co.id

+62 21 5088 7168 ext. 710

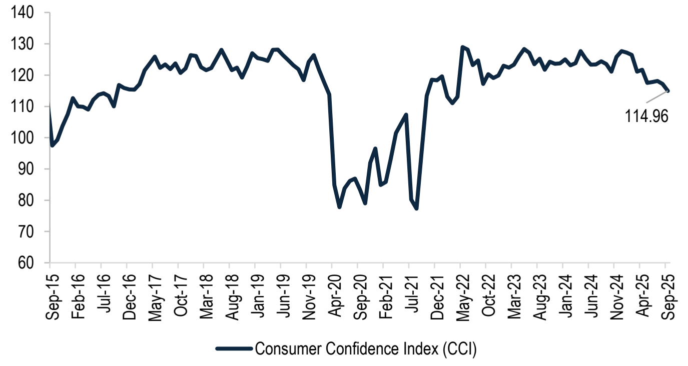
Axel Azriel

PT Indo Premier Sekuritas

axel.azriel@ipc.co.id

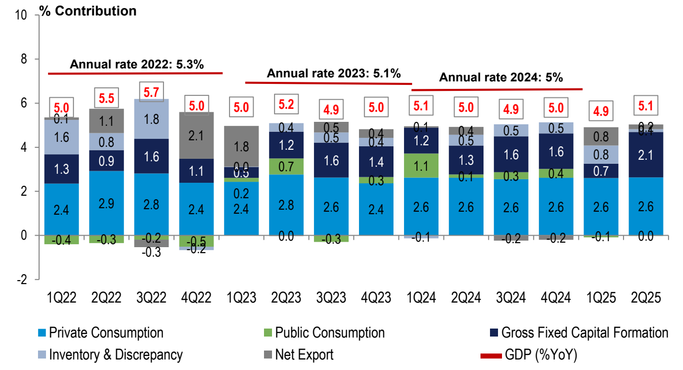
+62 21 5088 7168 ext. 715

Fig. 1: Relatively weak purchasing power – Consumer Confidence Index (CCI) stood at 114.9 in Sep25, the lowest in 3 years



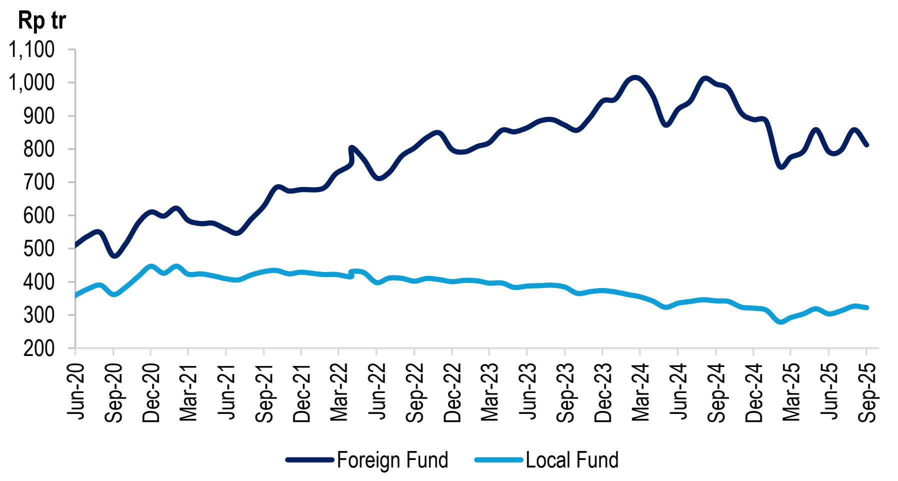
Source: Bank Indonesia, CEIC, Indo Premier

Fig. 2: GDP growth by contribution (%) – private consumption remained the highest at +2.6% with 53% share to total GDP in 1H25



Source: BPS, Indo Premier

Fig. 3: JCI absolute foreign fund positioning – now stood at Rp813tr (US$49.2bn) vs. peak level of Rp1,011tr in FY23-FY24



Source: KSEI, Indo Premier

Fig. 4: 1H25 results recap – overall earnings was weak at -6% yoy; beat only in metals while others were in-line/below

Sector	Consists of	1H25	1H24	%YoY	2Q25	2Q24	%YoY	1Q25	%QoQ	IPS FY25F	% of IPS	Status	Cons FY25F	% of Cons	Status
Auto	ASII	15,515	15,856	-2%	8,583	8,392	2%	6,932	24%	30,241	51%	In-line	31,694	49%	In-line
Banks	BBCA, BBRI, BMRI, BBNI, BBTN, BRIS, ARTO	95,417	98,767	-3%	46,177	49,384	-6%	49,240	-6%	198,348	48%	In-line	205,396	46%	In-line
Coal	PTBA, UNTR, ITMG	10,464	13,695	-24%	5,813	7,340	-21%	4,651	25%	21,165	49%	In-line	25,281	41%	Below
Healthcare	MIKA, HEAL, SILO	3,148	3,296	-4%	1,557	1,613	-3%	1,591	-2%	6,993	45%	In-line	7,118	44%	In-line
Metals	ADMR, ANTM, INCO, HRUM, MDKA, MBMA,	11,851	9,823	21%	6,650	6,716	-1%	5,201	28%	22,062	54%	Above	22,435	53%	Above
Oil & Gas	AKRA, MEDC, PGEO, PGAS	5,314	8,987	-41%	2,918	4,409	-34%	2,397	22%	13,352	40%	Below	14,817	36%	Below
Poultry	CPIN, JPFA	3,137	3,247	-3%	919	1,872	-51%	2,217	-59%	7,389	42%	Below	7,301	43%	Below
Retailer	ACES, MAPI, LPPF, RALS, AMRT, CNMA	4,261	4,323	-1%	1,880	2,239	-16%	2,381	-21%	9,080	47%	In-line	8,534	50%	In-line
Staples	UNVR, KLBF, SIDO, ICBP*, MYOR	11,268	12,218	-8%	4,955	5,069	-2%	6,313	-22%	22,706	50%	In-line	21,609	52%	In-line
Telco	TLKM, ISAT, EXCL	57,764	60,238	-4%	28,796	29,854	-4%	28,968	-1%	122,742	47%	In-line	123,828	47%	In-line
Tobacco	GGRM, HMSP	2,246	4,242	-47%	223	1,400	-84%	2,023	-89%	10,252	22%	Below	9,113	25%	Below
Tow ers	TBIG, TOWR, MTEL	12,158	11,766	3%	6,116	5,911	3%	6,042	1%	24,417	50%	In-line	24,799	49%	In-line
Total (46 stocks)*		**232,542**	**246,458**	**-6%**	**114,587**	**124,198**	**-8%**	**117,955**	**-3%**	**488,746**	**48%**	**In-line**	**501,924**	**46%**	In-line

**ICBP, and INDF use core profit*
***Telco, towers, and healthcare use EBITDA* kurang BMRI, BRIS, MDKA, MBMA
****Excluded AADI in Coal*

Source: Bloomberg, Indo Premier

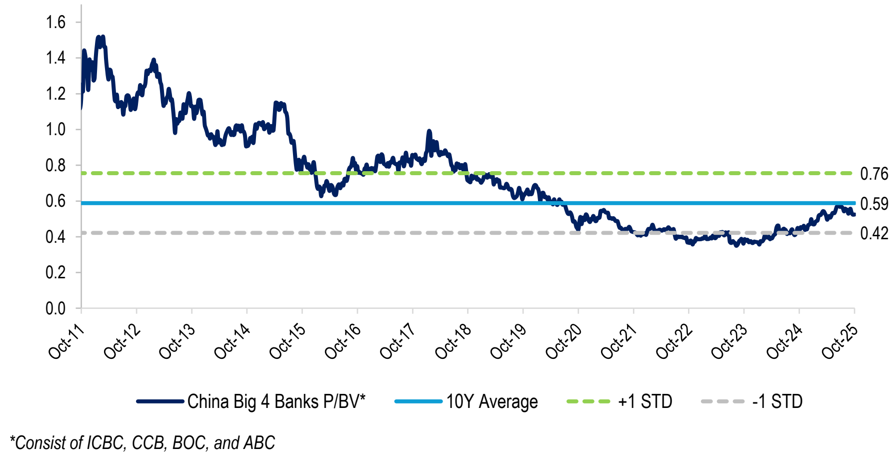
Fig. 5: JCI earnings revision – both IPS/consensus have downgraded its estimates by -7%/-6% YTD

Sector	Consists of	FY24	IPS FY25F					Cons FY25F					IPS vs. Cons	Performance	
			Post 4Q24	Post 1Q25	Current	QoQ Revision	YTD Revision	Post 4Q24	Post 1Q25	Current	QoQ Revision	YTD Revision		%QoQ	%YTD
Auto	ASII	34,051	29,834	31,735	31,961	1%	7%	32,784	31,518	32,139	2%	-2%	99%	4%	18%
Banks	BBCA, BBRI, BMRI, BBNI, BBTN, BRIS, ARTO	202,379	205,820	205,820	197,524	-4%	-4%	211,003	207,353	198,866	-4%	-6%	99%	-4%	-16%
Coal	AADI, PTBA, UNTR, ITMG	30,808	44,295	36,212	34,893	-4%	-21%	41,825	39,058	37,234	-5%	-11%	94%	2%	-13%
Healthcare	MIKA, SILO, HEAL	6,044	7,681	7,051	6,924	-2%	-10%	7,555	7,189	6,868	-4%	-9%	101%	1%	-16%
Metals	ADMR, ANTM, INCO, HRUM, MDKA, MBMA, NCKL	18,533	21,362	22,005	21,216	-4%	-1%	22,458	22,780	23,336	2%	4%	91%	45%	39%
Oil & Gas	AKRA, MEDC, PGEO, PGAS	16,535	16,826	14,951	13,352	-11%	-21%	16,677	14,837	13,191	-11%	-21%	101%	26%	24%
Poultry	CPIN, JPFA	6,732	7,607	7,389	6,950	-6%	-9%	7,310	7,321	7,119	-3%	-3%	98%	-5%	-1%
Retailer	ACES, MAPI, LPPF, RALS, AMRT, CNMA	7,678	10,350	9,449	8,431	-11%	-19%	9,604	8,457	8,164	-3%	-15%	103%	4%	-31%
Staples	UNVR, KLBF, SIDO, ICBP, MYOR	17,860	22,514	22,854	21,896	-4%	-3%	22,207	21,387	21,344	0%	-4%	103%	-5%	-14%
Telco	TLKM, ISAT, EXCL	120,140	127,411	122,742	122,262	0%	-4%	128,236	123,620	121,558	-2%	-5%	101%	15%	8%
Tobacco	GGRM, HMSP	7,627	11,003	9,896	7,253	-27%	-34%	10,805	9,603	7,751	-19%	-28%	94%	-12%	22%
Towers	TBIG, TOWR, MTEL	21,956	28,109	24,428	24,417	0%	-13%	25,143	24,889	24,919	0%	-1%	98%	5%	-9%
Total (47 stocks)		**490,343**	**532,812**	**514,531**	**497,078**	**-3%**	**-7%**	**535,607**	**518,012**	**502,490**	**-3%**	**-6%**	**99%**	**1%**	**-7%**

**ICBP, and INDF use core profit*
***Telco, towers, and healthcare use EBITDA*

Source: Bloomberg, Indo Premier

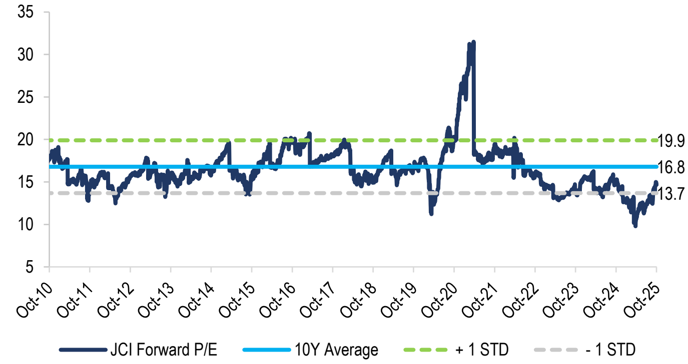
Fig. 6: China Big 4 Banks P/BV – now stood at 0.5x P/BV vs. 1.5x in 2012-13, 1.2x in 2015, and 1.0x in 2018



**Consist of ICBC, CCB, BOC, and ABC*

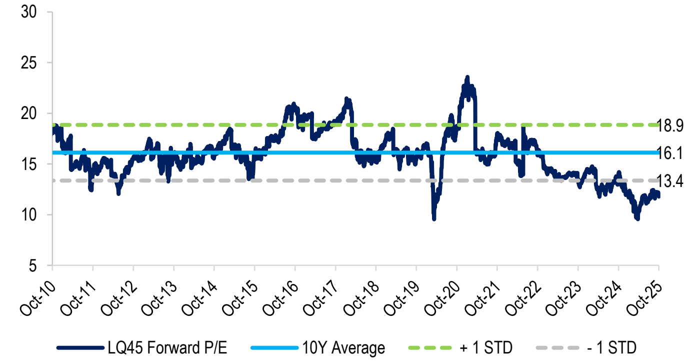
Source: Bloomberg, Indo Premier

Fig. 7: JCI's forward P/E – now stood at 14.7 FY25F P/E vs. 10-year average of 16.8x P/E



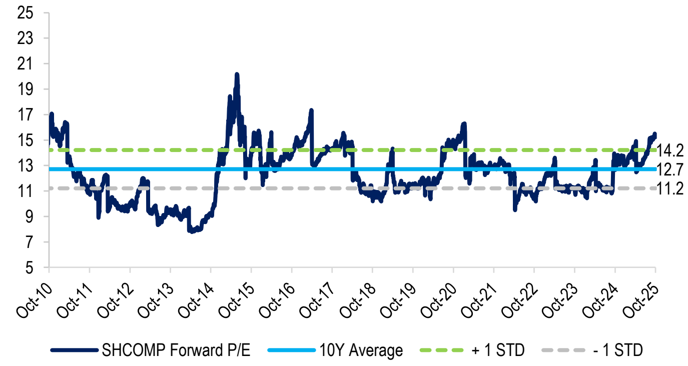
Source: Bloomberg, Indo Premier

Fig. 8: LQ45's forward P/E – now stood at 11.9x FY25F P/E vs. 10-year average of 16.1x P/E



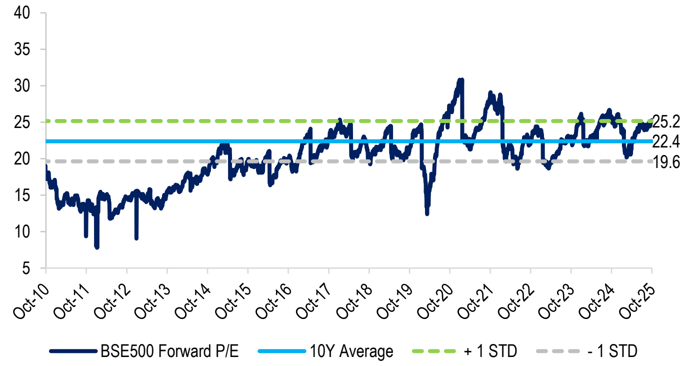
Source: Bloomberg, Indo Premier

Fig. 9: SHCOMP's (China) forward P/E – now stood at 15.4x FY25F P/E vs. 10-year average of 12.7x P/E



Source: Bloomberg, Indo Premier

Fig. 10: BSE500 (India) forward P/E – now stood at 25.3x FY25F P/E vs. 10-year average of 22.4x P/E



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

ANALYSTS CERTIFICATION

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

DISCLAIMERS

This research is based on information obtained from sources believed to be reliable, but we do not make any representation or warranty nor accept any responsibility or liability as to its accuracy, completeness or correctness. Opinions expressed are subject to change without notice. This document is prepared for general circulation. Any recommendations contained in this document do not have any regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This document is not and should not be construed as an offer or a solicitation of an offer to purchase or subscribe or sell any securities. PT Indo Premier Sekuritas or its affiliates may seek or will seek investment banking or other business relationships with the companies in this report.