

Indonesia Strategy

Strategy Update | 17 April 2026

JCI Performance

	3M	6M	12M
Absolute	-15.6%	-5.3%	19.1%



Earnings growth and beat in 1Q results shall be the primary catalysts for JCI

- JCI/LQ45 has dropped by -12/-11% YTD, underperformed its EM peers like China/India/ASEAN peers by -14/-2/-21% YTD.
- This was attributed to concerns on: 1) MSCI downgrade to Frontier market and 2) widening fiscal deficit amid on-going Middle East tension.
- We think with the weakness on yield/Rupiah, commitment to maintain the deficit <3%, and potential beat in 1Q results shall result in JCI reversal.

YTD was a perfect storm for JCI

JCI/IDX80/LQ45 dropped by -12/-11/-11% YTD due to combination of: 1) concern on MSCI downgrade to frontier market ([link to our report](#)) back in Feb and 2) concern on fiscal health which also led to outlook downgrade by rating agencies (Fitch and Moody's.); this was also exacerbated by concern on widening cost for fuel subsidy amid ongoing Middle East tension. This has resulted in underperformance vs. China/India/ASEAN peers by -14/-2/-21%.

We expect most of the concerns will at least somewhat be resolved in the near term

Our conversations with foreign investors suggested that the risk of downgrade to Frontier market is very minimal especially post MSCI warning that has resulted in JCI attempt to have better disclosure i.e. increasing the shareholders categories to 39 from 9 and disclosure for >1% ownership; along with creation of high shareholding concentration list (similar to HK). Most investors think that this is already good enough vs. its EM peers. Separately, MoF also committed to maintain overall deficit to be below 3% - even under scenario that oil price averaged at US\$100/barrel vs. current average at c.US\$80/barrel. Based on our channel check this will be achieved through 1) optimization in free meal program, 2) budget cuts across ministries and 3) smaller tax restitution.

Further rating downgrade is consequential; government commitment to maintain fiscal deficit <3% is imperative

Bond yield has derated to 6.9% from 6.1% at end-Dec25, before rebounded to 6.6% whereas Rupiah has weakened by -3% YTD (vs. INR/THB which depreciated by -4%/-2% YTD while RMB/MYR has strengthened by +2%/3% YTD), which clearly showed that market has slowly started to priced-in the fiscal risk. Our analysis suggests that rating downgrade to junk for other countries resulted in 260/820/640bp gradual increase in bond yield in Morocco (spike in inflation)/Colombia (expansionary fiscal policy)/Russia (sanctions from Ukraine war) in Apr21/Jul21/Mar22. As such, Government commitment to maintain fiscal deficit at <3% of GDP is imperative to maintain the investment grade.

Earnings growth clearly is underappreciated; 1Q may surprise which shall be the catalyst for reversal

We expect companies under our coverage/LQ45 to deliver +10/16% earnings growth this year after booking -2% growth in FY25. This is higher than consensus expectation for China/India/Malaysia/Thailand of 9/9/7/7% and we also expect a beat against consensus expectation in 1Q26 results for banks, commodities i.e. metals/coal and consumer. Our picks are BMRI, BBNI, BRIS, BBTN for banks; ANTM, MBMA, TINS (NR) for metals, AADI for coal; MAPI and GOTO for consumer.

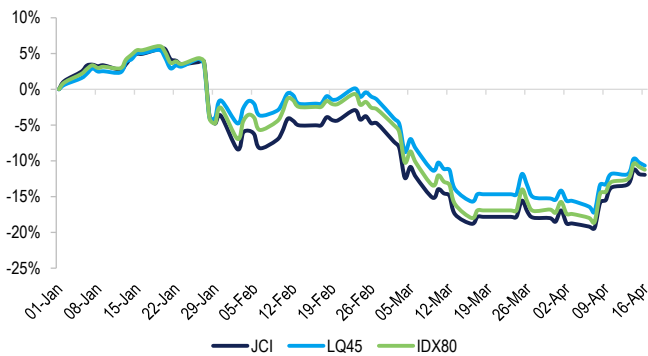
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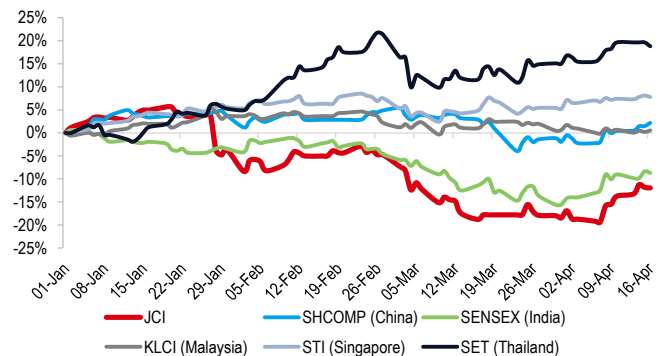
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Fig. 1: Amid the concern of both MSCI downgrade and fiscal health, JCI/LQ45/IDX80 has declined by -12/11/11% YTD



Source: Bloomberg, Indo Premier

Fig. 2: JCI has been underperforming vs. its EM peers, such as China, India, and ASEAN by -14/2/21% YTD



Source: Bloomberg, Indo Premier

YTD was a perfect storm for JCI

As of 16th of Apr26, JCI/IDX80/LQ45 has declined by -12/-11/-11% YTD, with a recorded JCI foreign outflow of -Rp32.5tr or equivalent to -0.24% of market cap (vs. -Rp43.2tr/-0.3% of market cap in FY25). Banks still led the outflow at -32.3tr, followed by staples (-Rp1.8tr), while inflow was contributed by metals (+Rp2.9tr) and auto (+Rp2.7tr). This was primarily due to the combination of: 1) concern on MSCI downgrade to frontier market ([link to our report](#)) back in Feb and 2) concern on fiscal health which also led to outlook downgrade by rating agencies (Fitch and Moody's). This situation was also exacerbated by concern on widening fuel subsidy cost amid ongoing Middle East tension.

In the meantime, other EM peers such as Thailand/Singapore/China/Malaysia performed positively by +19/8/2/1% YTD, whereas India declined by -9% YTD. As a result, this has led in underperformance of JCI vs. China/India/ASEAN peers by -14/-2/-21%.

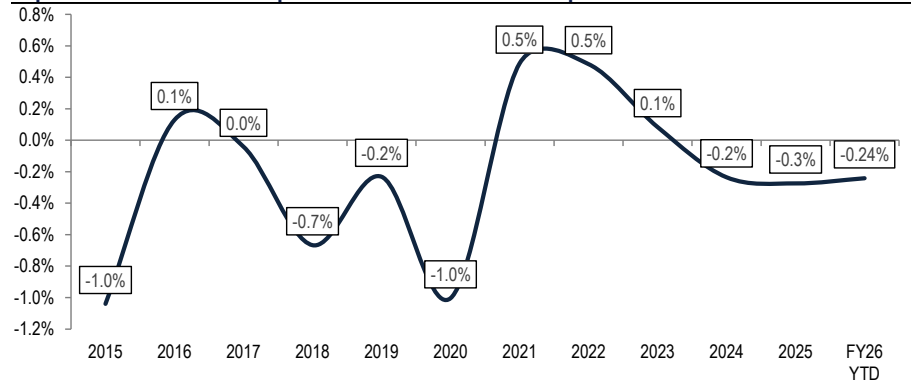
Fig. 3: JCI foreign outflow by sectors – banks still led the outflow at -32.3tr, followed by staples (-Rp1.8tr)

Foreign flow by sector (Rp bn)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	16th of Apr26 YTD
Auto	(4,493)	3,297	(6,162)	(3,232)	(1,324)	(179)	(430)	1,163	809	(2,162)	5,940	2,718
Banks	(30,756)	16,295	10,959	(19,982)	12,673	(15,000)	25,580	21,761	9,888	(38,089)	(54,893)	(32,304)
Cement	(2,612)	2,193	893	(294)	(2,489)	(1,144)	(1,841)	(396)	(847)	(557)	(332)	(87)
Coal	970	(5,025)	2,063	(4,363)	(4,596)	(3,254)	1,335	4,741	(1,571)	3	(6,179)	(1,329)
Construction	1,414	1,471	287	(1,297)	118	(1,662)	(645)	340	(234)	(79)	8	(9)
CPO	23	(583)	(74)	(44)	(202)	(476)	415	586	(227)	91	679	(61)
Digital banks	2	44	6	(6)	(4)	44	5,180	2,726	(886)	698	100	132
Healthcare	(1,484)	323	229	(187)	135	(655)	(945)	(631)	(345)	918	(1,395)	(120)
Industrial estate	(970)	(459)	170	(345)	118	(208)	139	(181)	41	174	(272)	35
Media	(163)	(354)	(5)	(768)	(539)	(1,559)	440	(255)	(1,075)	(680)	(311)	98
Metals	285	(1,620)	(198)	373	(559)	2,691	4,236	4,542	2,323	269	14,279	2,949
Others	1,716	(6,673)	703	1,865	(16,093)	(5,727)	(7,032)	3,605	1,534	5,055	(2,659)	(4,361)
Poultry	917	363	439	387	(2,199)	(785)	(438)	206	21	525	742	815
Property	1,722	2,218	320	(1,500)	156	(2,787)	(883)	919	227	228	(1,568)	(32)
Retail	(594)	629	321	(19)	(1,220)	(1,493)	51	(444)	(349)	2,284	(2,410)	(99)
Staples	(7,663)	1,396	(2,054)	(3,750)	1,535	(6,396)	2,615	5,008	493	2,500	(4,824)	(1,837)
Tech	0	0	0	0	0	0	(205)	(2,000)	423	(1,782)	(1,220)	(1,319)
Telcos	(2,122)	(1,204)	(8,656)	(5,413)	827	(11,309)	8,442	2,481	913	(1,093)	7,790	950
Tobacco	1,044	(374)	(237)	(1,851)	(1,433)	(3,712)	(200)	(104)	(1,103)	(371)	67	128
Toll-road	(2,446)	(354)	(101)	(774)	(942)	(459)	129	151	569	(416)	33	82
Towers	(634)	(1,208)	(402)	(1,285)	(2,155)	(3,571)	(461)	(2,865)	(1,490)	(2,053)	(525)	118
Utilities	(3,445)	(3,406)	(1,088)	(3,176)	1,446	(3,361)	745	2,646	(708)	5,870	3,726	1,026
JCI	(49,291)	6,968	(2,588)	(45,661)	(16,745)	(61,001)	36,228	44,001	8,405	(28,667)	(43,225)	(32,506)
IDX80*					(17,525)	(56,495)	39,840	39,169	5,022	(37,304)	(46,136)	(32,349)

*IDX80 was introduced in February 2019

Source: Bloomberg, Indo Premier

Fig. 4: As of 16th of Apr26, JCI foreign outflow has reached -Rp32.5tr or -0.24% of market cap vs. FY25 outflow of -Rp43.2tr or -0.3% of market cap



Source: Bloomberg, Indo Premier

We expect most of the concerns will at least somewhat be resolved in the near term

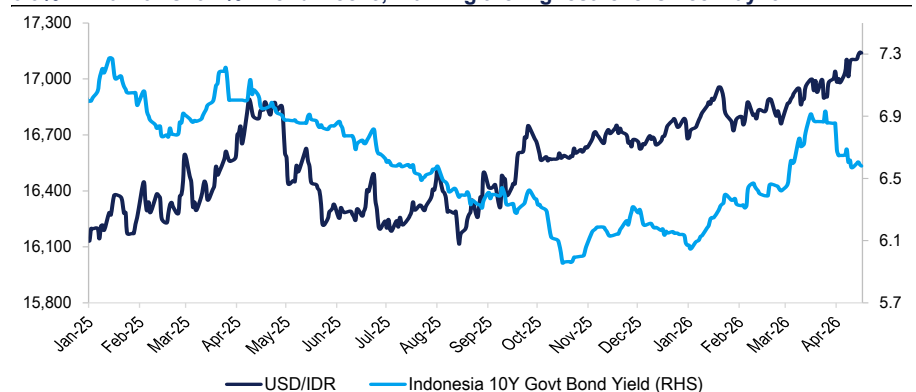
Our discussions with foreign investors indicate that the risk of a downgrade to Frontier market remains very limited, particularly post MCSI warning that led to IDX decision to have better disclosure (increasing the shareholder categories to 39 from 9 and requiring disclosure for >1% ownership) and the creation of high shareholding concentration list (similar to HK). Most investors think that this is already good enough vs. its EM peers.

On the fiscal side, MoF has reiterated its commitment to maintain the overall deficit below 3%, even under an oil price scenario of US\$100/barrel vs. current average at c.US\$80/barrel. Based on our channel checks, this will be achieved through: 1) efficiency in the free meal program, 2) budget cuts across ministries, and 3) smaller tax restitution, which in all can save.

Further rating downgrade is consequential; government commitment to maintain fiscal deficit <3% is imperative

Bond yield has previously peaked to 6.9% in Mar26, from 6.1% at end-Dec25, before falling back to 6.6% in Apr26. This suggests the highest level in 10 months since May25. Meanwhile, Rupiah has weakened by -3% YTD to the Rp17.1k/US\$ level, suggesting an underperforming currency vs. other EM peers such as Thailand Baht (THB) which depreciated by -2% YTD while China Renminbi (RMB) and Malaysian Ringgit (MYR) has strengthened by +2/3% YTD. This suggests that market has clearly have slowly started to priced-in the fiscal risk.

Fig. 5: Before falling back to 6.6%, Indonesia 10Y gov't bond yield previously peaked at 6.9% in Mar26 vs. 6.1% in end-Dec25, marking the highest level since May25

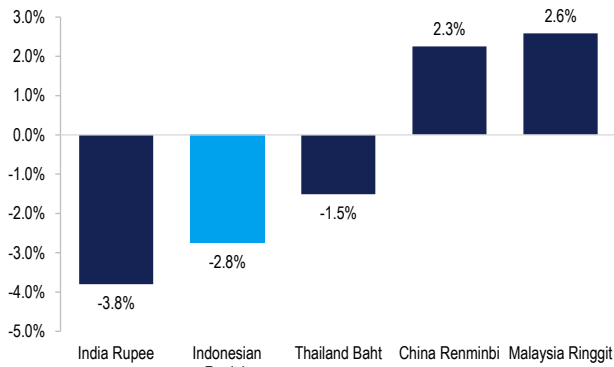


Source: Bloomberg, Indo Premier

Our analysis suggests that rating downgrade to junk for other countries resulted in 260/820/640bp gradual increase in bond yield, as observed in Morocco/Columbia/Russia during Apr21/Jul21/Mar22. As such, Government commitment to maintain fiscal deficit at <3% of GDP is imperative to maintain the investment grade.

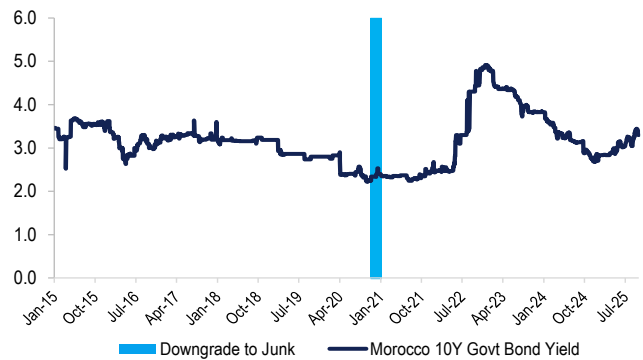
Morocco was downgraded to junk by S&P on 2nd of Apr21. Initially, its 10Y gov bond yield remained stable within the 2.3-2.5% range until it started to increase to 2.8% in Sep22 and peaked to 4.9% in Apr23. The sudden spike was also driven by consecutive 150bp rate hikes, following a combination of high inflation (reaching 8% in FY22 vs. 3% in FY21) and slower economic growth (declining to +1% yoy in FY22 vs. +8% yoy in FY21), as the country was heavily impacted by agriculture drought & supply chain disruptions from the Russia–Ukraine War.

Fig. 6: Rupiah has depreciated by -3% YTD vs. INR/THB of -4%/ -2% YTD whereas RMB/MYR strengthened by +2%/+3% YTD



Source: Bloomberg, Indo Premier

Fig. 7: Following S&P downgrade, Morocco 10Y gov bond yield peaked to 4.9% in Apr23 vs. 2.3% in Apr21

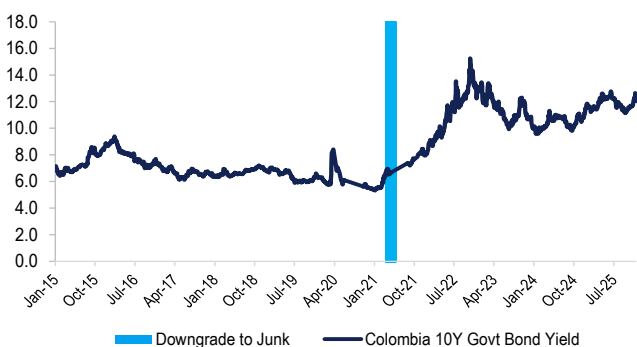


Source: Bloomberg, Indo Premier

Similarly, Colombia was downgraded to junk by S&P on 26th Jun21 and subsequently by Fitch on 1st Jul21, driving its 10Y government bond yield to 8.5% in Nov21. It then rose consistently, reaching a peak of 14.9% in Oct22, driven in part by the victory of Gustavo Petro in the Columbia’s presidential election in Jun22, as markets perceived his expansionary economic agenda as a potential risk to the country’s fiscal health.

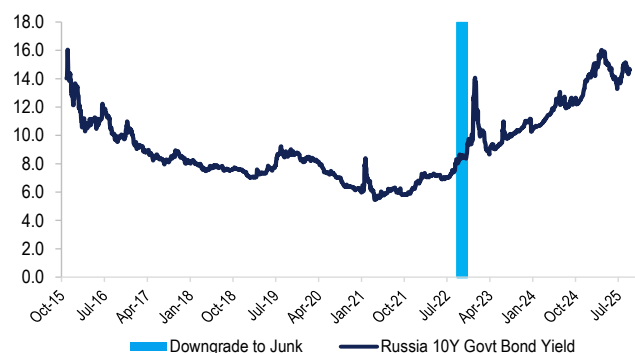
Meanwhile, In Russia’s case, the downgrade to junk by Fitch occurred most recently in 2nd of Mar22. Its 10Y gov bond yield climbed immediately to 14% in Mar-Apr22 following the major wave of economic sanctions for Russia as the reaction for its invasion on Ukraine (vs. 9.6% before the downgrade). It eased to around 8–9% in Jun-Jul22 until finally rising again to a peak of 16% in May25.

Fig. 8: Following Fitch downgrade, Colombia 10Y gov bond yield peaked to 14.9% in Oct22 vs. 6.7% in Jul21



Source: Bloomberg, Indo Premier

Fig. 9: Following Fitch downgrade, Russia 10Y gov bond yield peaked to 16.0% in May25 vs. 9.6% in Mar22



Source: Bloomberg, Indo Premier

Earnings growth clearly is underappreciated; 1Q may surprise which shall be the catalyst for reversal

Companies under our coverage booked a negative -2% yoy growth in FY25 (+14% qoq in 4Q25), with a recorded beat across auto, poultry, retailer, and staples sectors, whereas coal, metals, oil & gas, and tobacco came below. The top three sector that experienced the highest earnings growth are poultry, CPO, and staples at +43/41/23% yoy. This was primarily driven by both CPIN/JPFA at +52/33% yoy (for poultry), AALI/DSNG at +77/70% yoy (for CPO), and UNVR/CMRY at +163/34% yoy (for staples).

Meanwhile, coal/oil & gas earnings declined the steepest at -34/-32% yoy, weighed down mainly by ITMG/PTBA at -49/42% yoy (for coal) and MEDC at -73% yoy (for oil & gas).

Fig. 10: FY25 results recap – earnings under our coverage fell -2% yoy with recorded beat within auto, poultry, retailer, and staples sector

Sector	Consists of	FY25	FY24	%YoY	4Q25	4Q24	%YoY	3Q25	%QoQ	IPS FY25F	% of IPS	Status	Cons FY25F	% of Cons	Status
Auto	ASII*	32,406	33,440	-3%	8,736	8,641	1%	8,502	3%	31,201	104%	Above	32,194	101%	In-line
Banks	BBCA, BBRI, BMRI, BBNI, BBTN, BRIS, ARTO	201,870	202,169	0%	56,778	50,430	13%	49,676	14%	201,534	100%	In-line	196,638	103%	In-line
Coal	PTBA, UNTR, ITMG, AADI	33,461	50,786	-34%	8,739	9,722	-10%	7,184	22%	35,635	94%	Below	34,149	98%	In-line
CPO	AALI, DSNG, LSIP, TAPG	9,766	6,938	41%	2,904	3,025	-4%	2,308	26%	9,456	103%	In-line	9,116	107%	Above
Healthcare	MIKA, HEAL, SILO	6,881	6,506	6%	1,795	1,606	12%	1,843	-3%	6,993	98%	In-line	6,868	100%	In-line
Metals	ADMR, ANTM, HRUM, MDKA, MBMA	11,268	10,823	4%	1,886	3,079	-39%	2,148	-12%	11,973	94%	Below	13,091	86%	Below
Oil & Gas	AKRA, PGEO, PGAS, MEDC, ESSA	12,010	17,725	-32%	3,304	4,437	-26%	3,464	-5%	12,510	96%	Below	13,096	92%	Below
Poultry	CPIN, JPFA	9,647	6,732	43%	3,871	2,249	72%	2,640	47%	9,194	105%	Above	7,988	121%	Above
Retailer	ACES, MAPI, AMRT, CNMA	7,016	6,537	7%	2,400	1,734	38%	1,190	102%	6,611	106%	Above	6,781	103%	In-line
Staples	UNVR, KLBF, SIDO, ICBP*, MYOR, CMRY	27,413	22,246	23%	9,488	5,291	79%	5,664	68%	23,586	116%	Above	22,974	119%	Above
Telco	ISAT, EXCL	44,378	44,255	0%	11,365	10,958	4%	11,350	0%	44,956	99%	In-line	45,241	98%	In-line
Tobacco	GGRM, HMSP	8,166	7,627	7%	2,548	1,410	81%	3,372	-24%	9,041	90%	Below	9,043	90%	Below
Towers	MTEL, TBIG, TOWR	24,780	24,215	2%	6,526	6,197	5%	6,096	7%	24,596	101%	In-line	24,763	100%	In-line
Total (48 stocks)**		429,062	439,998	-2%	120,339	108,779	11%	105,437	14%	427,286	100%	In-line	421,942	102%	In-line

*ASII, ICBP, and CPO sector use core profit

**Telco, towers, and healthcare use EBITDA

Source: Bloomberg, Indo Premier

In FY26F, we expect companies under our coverage/LQ45 to deliver +10/16% earnings growth. This is higher than consensus expectation for China/India/Malaysia/Thailand of 9/9/7/7%. We expect metals/oil & gas to be the main driver of earnings in FY26F at 89/65% yoy, driven primarily by MBMA/ADMR at +523/84% yoy (for metals) and MEDC/ESSA at +319/158% yoy (for oil & gas). We also expect retailer, CPO, and telco (ex-TLKM which hasn't release FY25 result) to deliver a double-digit earnings growth in FY26F.

Furthermore, we also expect a beat against consensus expectation in 1Q26 results especially banks, commodities i.e. metals/coal and consumer. Our picks are BMRI, BBNI, BRIS, and BBTN for banks; ANTM, MBMA, TINS (NR) for metals, AADI for coal; MAPI and GOTO for consumer.

Fig. 11: JCI earnings expectation for FY26/27F – both IPS and consensus expect +10/9% yoy EPS growth for stocks under our coverage in FY26F, driven primarily by metals and oil & gas at 89/65% yoy

Sector	Consists of	FY25	IPS		IPS growth (% yoy)		Consensus		Consensus growth (% yoy)	
			FY26F	FY27F	FY26F	FY27F	FY26F	FY27F	FY26F	FY27F
Auto	ASII	32,406	29,595	31,633	-9%	7%	32,439	34,716	0%	7%
Banks	BBCA, BBRI, BMRI, BBNI, BBTN, BRIS, ARTO	201,870	214,641	237,391	6%	11%	212,491	230,792	5%	9%
Coal	AADI, PTBA, UNTR, ITMG	33,461	35,219	38,244	5%	9%	38,238	39,591	14%	4%
CPO	AALI, DSNG, LSIP, TAPG	9,766	10,999	11,235	13%	2%	9,451	10,034	-3%	6%
Healthcare	MIKA, SILO, HEAL	6,881	7,507	8,423	9%	12%	7,742	8,723	13%	13%
Metals	ADMR, ANTM, HRUM, MDKA, MBMA	11,268	21,266	28,233	89%	33%	21,784	26,534	93%	22%
Oil & Gas	AKRA, PGEO, PGAS, MEDC, ESSA	12,010	19,865	21,038	65%	6%	18,279	19,220	52%	5%
Poultry	CPIN, JPFA	9,647	10,257	10,286	6%	0%	9,307	10,407	-4%	12%
Retailer	ACES, MAPI, LPPF, CNMA	7,016	7,720	8,693	10%	13%	7,788	8,729	11%	12%
Staples	UNVR, KLBF, SIDO, ICBP, MYOR, CMRY	27,413	25,954	28,556	-5%	10%	24,911	27,276	-9%	9%
Telco	ISAT, EXCL	44,378	49,604	53,369	12%	8%	49,715	53,403	12%	7%
Tobacco	GGRM, HMSP	8,166	11,808	12,822	45%	9%	12,017	13,822	47%	15%
Towers	MTEL, TBIG, TOWR	24,780	25,543	26,108	3%	2%	25,414	26,168	3%	3%
Total (48 stocks)***		429,062	469,977	516,031	10%	10%	469,576	509,415	9%	8%

*ASII, ICBP, and CPO sector use core profit

**Telco, towers, and healthcare use EBITDA

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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