

MARKET OUTLOOK 2025

Looking at Indonesia investment opportunities in
the dynamic world

(Shinhan Sekuritas Indonesia Research Team)

Table of Contents

I. Economic Note

II. Bond Market Outlook

III. Equity Market Outlook

IV. Corporate Outlook

PT Bank Central Asia Tbk-BBCA

PT Bank Mandiri Tbk-BMRI

PT Bank Rakyat Indonesia Tbk-BBRI

PT Indofood CBP Sukses Makmur Tbk-ICBP

PT Ace Hardware Indonesia Tbk-ACES

PT Charoen Pokphand Indonesia Tbk-CPIN

PT Japfa Comfeed Indonesia Tbk-JPFA



Jakarta city view

Economic Growth Outlook 2025 (Opportunities, challenges and hopes)

Economic Growth Expectations for 2025.

The expectations for economic growth in 2025 are influenced by consumer confidence regarding their anticipated future income. This will determine their willingness to spend, which ultimately affects aggregate demand and impacts the industrial and business sectors as a whole. The year is characterized by global and domestic uncertainties regarding interest rates and its policy direction, trade policy restriction and domestic political changes. This has resulted in a tendency for consumption growth to slow down, as also reflected in modest banking credit growth at 10%. This indicates a cautious approach to spend as shown in several retail item such as the motorcycle sales that was slowing down. In this situation, the government's focus leans is towards maintaining stability while try to balancing its policy in pursuing growth. Similarly, the public and industry are prioritizing stability and cautious spending of their capex.

Opportunities for Economic Growth in 2025

Economic growth prospects in 2025 are expected to improve, supported by looser monetary policies, with expectations of lower interest rates. More expansive policies, through a mix of measures favoring the food sector (e.g., free lunches) and subsidies, could spur growth in the food processing sector. However, this needs to be balanced against potential trade-offs, such as reduced electricity and energy subsidies or an increase in VAT to 12% to finance such programs.

With this outlook, an economic growth trajectory of around 5% remains reasonable. Several policy breakthrough, particularly in improving capital efficiency to create quality growth is needed to expect higher growth. **Strengthening the domestic demand through social protection, healthcare, subsidies, maintain the stability of inflation, loosening monetary policy, as the basis to expect the GDP growth at 5%.**

External side

The prospect of a reduction in the Fed's interest rate will still be the concern of the market due to its slower trajectory. The solid economic growth and tight employment market (which is positive for the demand side as well as the export from emerging country) will hamper the prospect of further Fed fund rate while at the other hand the tariffs and trade restriction will also add a burden in fighting the inflation.

China's stimulus to boost domestic demand. Amid China's economic slowdown, monetary stimulus to boost demand will have a positive impact on Indonesia's commodity exports.

Geopolitical tensions in the Middle East. It is hard to predict the magnitude of geopolitical tensions in the Middle East and their escalation on the economy. However, this factor will increased the volatility in global energy prices and other energy commodities.

Trade protectionist prospects under Donald Trump's administration. It is possible that protectionist policies will make inflation in the US even higher with various tariffs and trade restriction. This will hamper the prospects for a decline in inflation and slow down the trend of reducing the Fed's interest rates. This will make the US dollar relatively high and disrupt the prospect of strengthening the rupiah. The combination of the above will create exchange rate movements that tend to depreciated against the USD.

Internal side

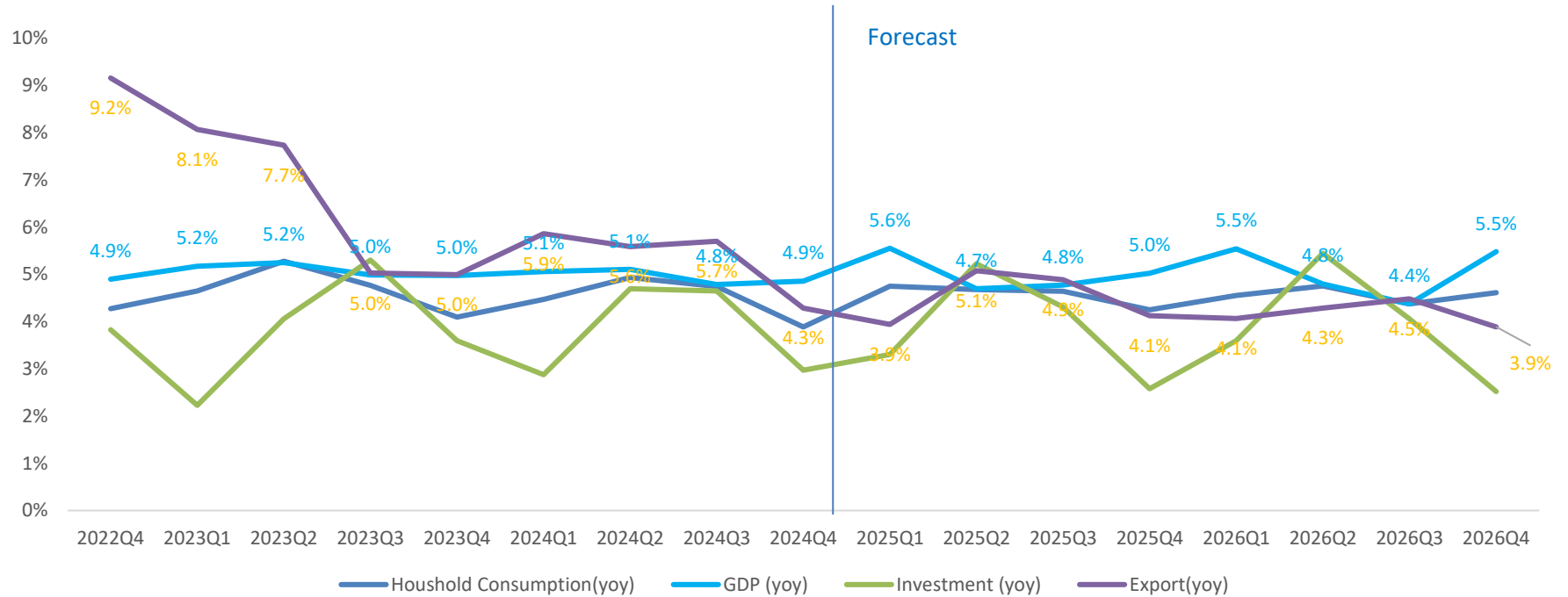
Fiscal stability is maintained. This can be seen from the fiscal deficit which will narrow in 2024 and 2025. This will strengthen the confidence of foreign obligors in absorbing government bonds to finance the deficit. It is hoped that capital flows into Indonesian bonds will positively strengthen the stability of the rupiah exchange rate.

Political consolidation will make Prabowo-Gibran's policies smoother in parliament. With a strong coalition supporting Prabowo Gibran in parliament, disruption to government policy in parliament will be minimal and should have a positive impact on the decision-making process in the next 5 years. Political transition and political consolidation are expected to bring political stability and impact private investment.

Prabowo Gibran's policy mix. 1). Free lunch will have a positive impact on the food and food processing sector.2). Cutting property VAT will have a positive impact on the property sector amidst falling interest rates, 3). The discourse on increasing VAT will have an inflationary impact. This combination of policies is collectively neutral because they compensate each other. 4). Down streaming continues. Will strengthen value-added exports and strengthen the trade balance and rupiah.

Economic Forecast Summary

Helmi Therik, FRM



	2023Q3	2023Q4	2024Q1	2024Q2	2024Q3	2024Q4	2025Q1	2025Q2	2025Q3	2025Q4	2026Q1
Houshold Consumption(yoy)	4.8%	4.1%	4.5%	4.9%	4.7%	3.9%	4.7%	4.7%	4.6%	4.2%	4.6%
Investment (yoy)	5.3%	3.6%	2.9%	4.7%	4.6%	3.0%	3.3%	5.2%	4.3%	2.6%	3.6%
import(yoy)	4.0%	7.7%	4.8%	7.3%	9.5%	10.0%	12.5%	13.7%	15.9%	16.8%	16.3%
Export(yoy)	5.0%	5.0%	5.9%	5.6%	5.7%	4.3%	3.9%	5.1%	4.9%	4.1%	4.1%
GDP (yoy)	5.0%	5.0%	5.1%	5.1%	4.8%	4.9%	5.6%	4.7%	4.8%	5.0%	5.5%

Maintain domestic demand. Indonesia's economy maintained its growth, with real GDP expanding by 5% year-on-year. This growth was underpinned by resilient household consumption (4.9%), supported by rising incomes and robust retail activity, and government spending (4.6%), which focused on infrastructure and public services. This balanced growth showcases Indonesia's economic resilience, with domestic demand and external trade playing complementary roles. **Moving forward in 2025, sustained government support and stable global conditions will be crucial to maintaining this momentum.**

Household Final Consumption Expenditure. Household consumption remains a key driver of Indonesia's economic growth, contributing significantly to real GDP. The 4.9% growth suggests stable consumer confidence and robust domestic demand. Key contributors could include: **rising disposable incomes due to wage increases and improved employment levels, recovery in retail, tourism, and leisure spending, continued government subsidies or social assistance programs that supporting low and middle-income households.**

Government Final Consumption Expenditure. Government spending grew by 4.6%, reflecting continued investment in public services and infrastructure. This growth likely stems from: Spending on healthcare, education, and social programs, Execution of infrastructure projects aimed at enhancing economic connectivity and productivity.

Investment. Investment growth at 5.1% signals recovering investor confidence and expanding economic activity. Key trends driving this growth include: Increased foreign direct investment (FDI) in manufacturing, renewable energy, and digital infrastructure. Ongoing government-led infrastructure initiatives, such as roads, ports, and industrial zones. Corporate investments in machinery, equipment, and technology upgrades to meet rising demand.

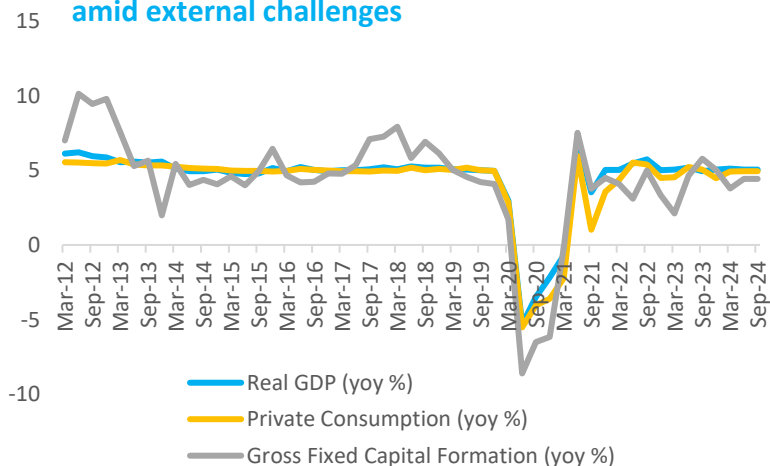
Exports of Goods and Services. Exports growth was driven by: Strong global demand for Indonesian commodities, such as palm oil, coal, and nickel, particularly as supply chains stabilize. Growth in manufactured goods exports, supported by trade agreements and increased production capacity. Revival of tourism, with both inbound and domestic tourism rebounding as travel restrictions ease globally.

The economic risk from external side in 2025 is: 1). Global Economic Slowdown, 2). Commodity Price Volatility, 3). U.S. Monetary Policy and Rising Interest Rates, 4). Trade Protectionism, 5). Currency Depreciation Risks, 6). Global Inflationary Pressures.

GDP growth, stability and consumer confidence

Helmi Therik, FRM

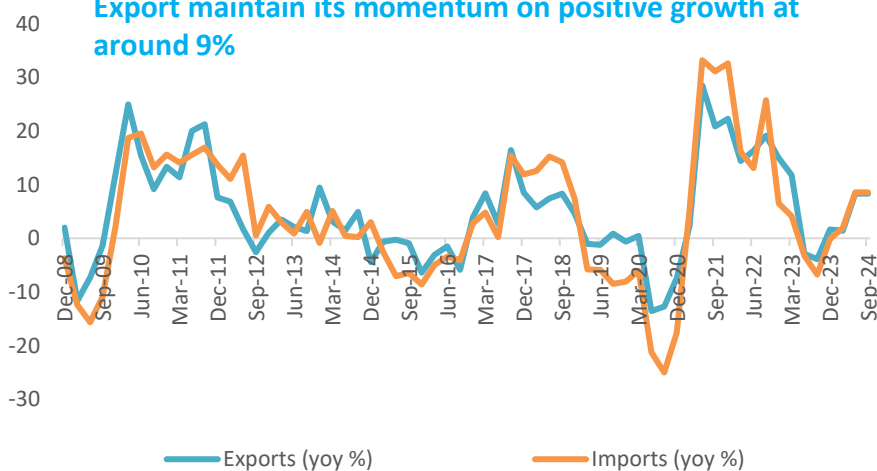
Maintain growth and stability in the demand side amid external challenges



Leading economic growth remain stable, the economic condition in six month also confirmed its stable path



Export maintain its momentum on positive growth at around 9%



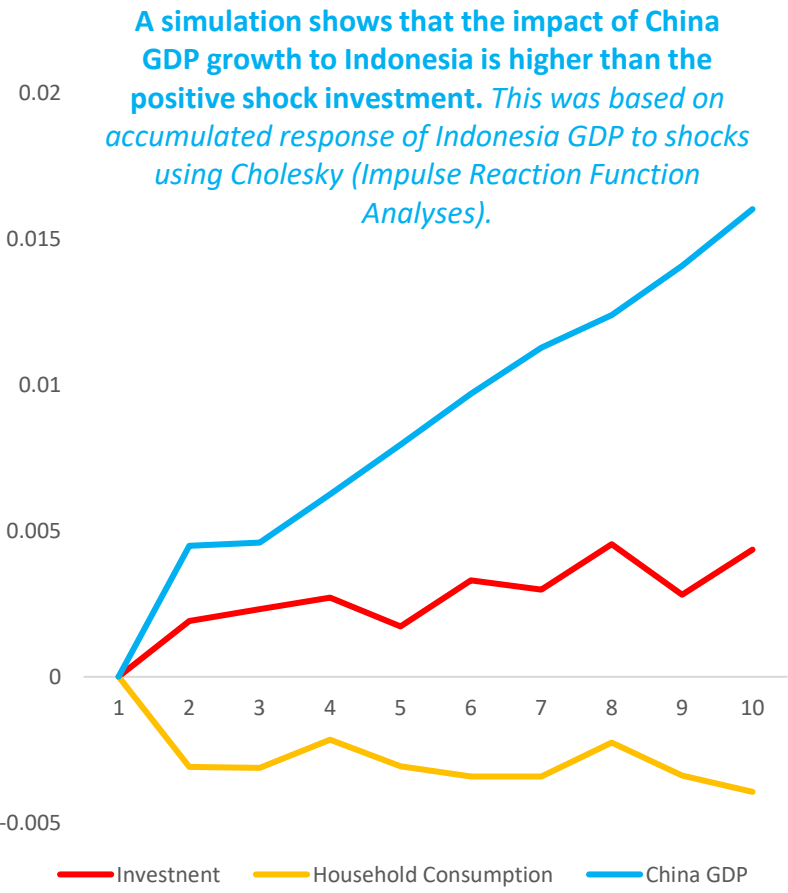
Positive China leading index will drive Indonesia export growth



Source: Bloomberg

China led growth to Indonesia is higher than domestic aggregate demand *(Impulse Reaction Function Analyses)*

Helmi Therik, FRM



Analysis

Shock in China GDP to Indonesia GDP reaction function

A shock in China GDP to Indonesia GDP have positive impact on Indonesia's GDP. The cumulative response of Indonesia's GDP continues to increase consistently, reaching approximately 0.016 by the 10th period. This reflects the strong influence of China's economic growth on Indonesia's economy, likely due to trade and investment relationships.

Shock Investment to GDP reaction function

A positive shock in investment will have positive impact on Indonesia's GDP. After the initial period, Indonesia's GDP response increases and stabilizes at a positive level of approximately 0.004 after the third period. This indicates that investment has a consistent long-term effect on Indonesia's economic growth.

Shock in household consumption to Indonesia GDP reaction function

There is negative impact on Indonesia's GDP in long term if there is a positive shock in consumption. The cumulative response of Indonesia's GDP declines to a negative value of approximately -0.007 by the 10th period. This suggests that household consumption has a diminishing effect on Indonesia's GDP in the long term. *Increased household consumption means that economic resources (for example, savings) that should be allocated to productive investment can decrease. As a result, higher consumption expenditure does not produce a positive effect on production in the long run.*

Policy Implications

Encourage Productive Investment:

The government needs to prioritize policies that promote investment, particularly in sectors with high multiplier effects on economic growth.

Improve Consumption Structure:

Policies should aim to increase the consumption of local goods, reduce dependence on imports, and encourage household spending efficiency.

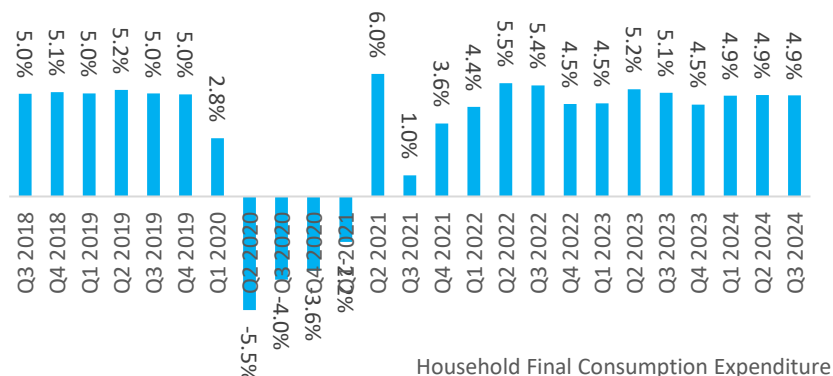
Strengthen Relations with China:

Leverage trade and investment relations with China to boost domestic economic growth through increased exports or foreign direct investment.

Healthy consumer spending will maintain its momentum growth in this year

Helmi Therik, FRM

Steady and resilient growth of consumption at 4.9%



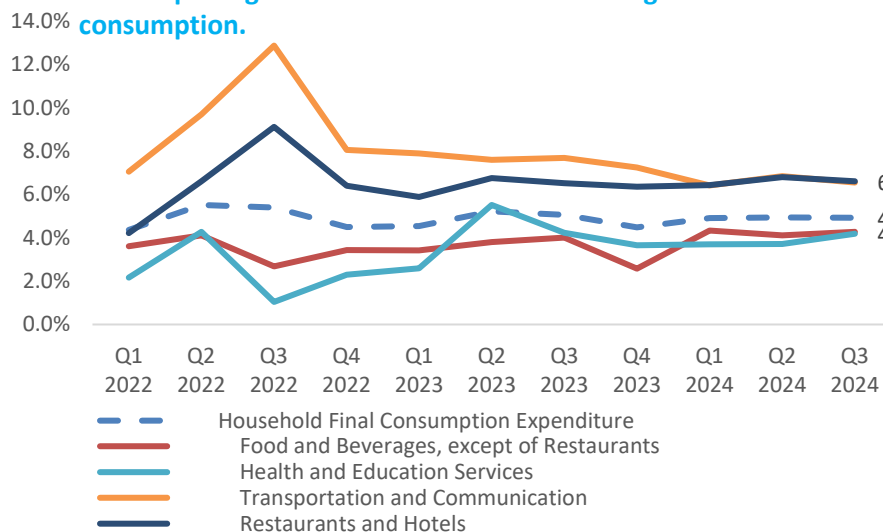
The consumer expenditure increase at steady rate around 4.9%.

This underscore the level of healthy consumer spending and stability of inflation that enable the household to maintain their spending.

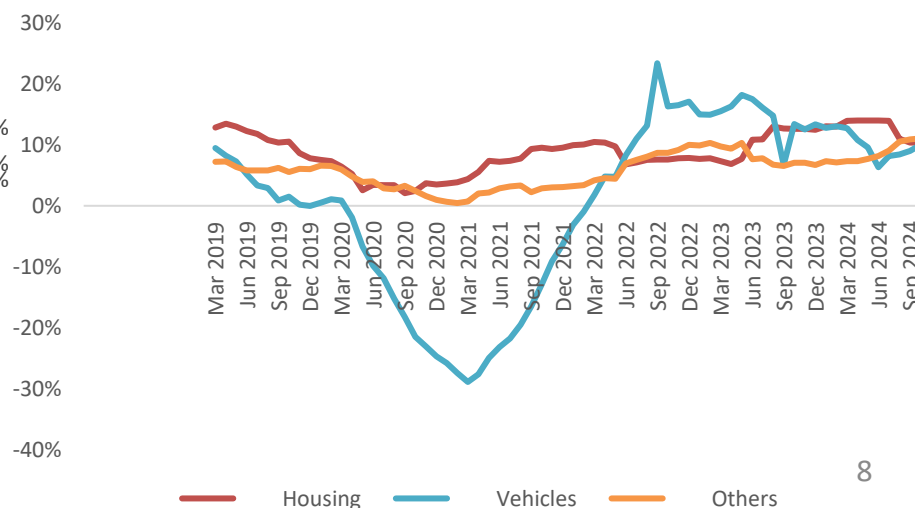
The testier spending such as hotel, transportation and communication improve above the average growth (6.6% vs 4.9%) highlight the stability and confidence level of consumer to spend more beyond its basic needs for upper middle class. While the lower class consumption is supported by the general subsidy and social assistance.

The cautious optimism level of confidence in consumer also reflected in the consumer credit growth that increase double digit at 10%. **The housing and vehicle credit growth describe the positive consumer level of confidence toward its future income that drives its willingness to spend.**

Hotel, restaurant, transportation and communication consumption growth increase above the average other consumption.



The Housing, vehicle and other consumer credit increase above 10% yoy



Spending on non food increases which related to the improvement of the middle income segment growth that supported the consumption

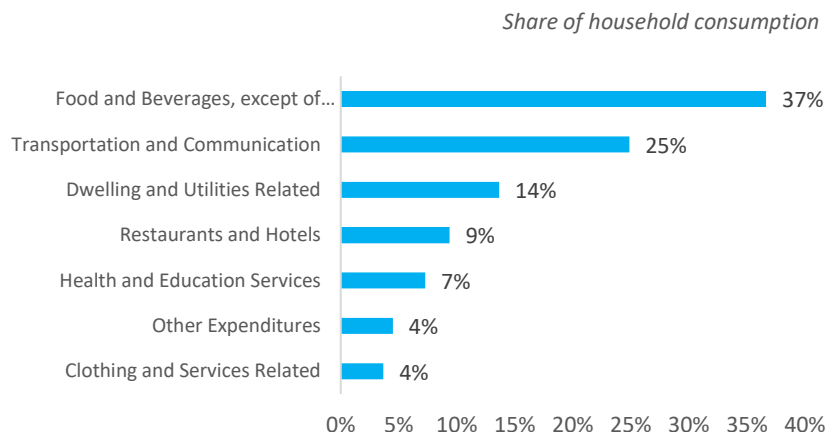
Helmi Therik, FRM

About 37% of household spending is allocated for food while 25% is for transportation. The leisure consumption such as hotel and restaurant is spent 9% of total consumption which as a proxy for middle up consumption.

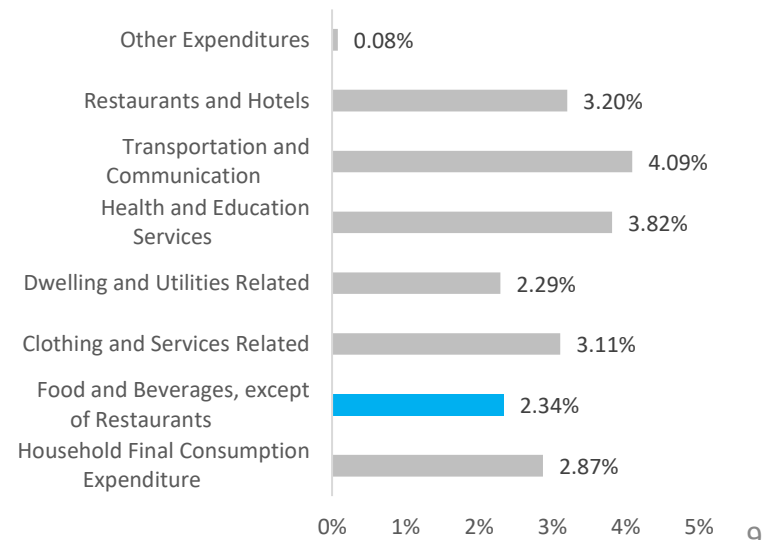
The low inflation environment has supported the purchasing power in food consumption, while the middle up spending for leisure such as hotel and restaurant is related with the consumer confidence level regarding their income stability. In term of growth we noted that the spending for non food recorded as the highest pace of growth especially for **traveling, transportation, hotel and restaurant**. **This would be the opportunity for this sector while on the other hand this phenomena describes that the people are willing to spend more on non food which related to the improvement of the middle income segment growth that has supported the consumption.** The consumption is also supported by the capacity to spend in the middle low class as reflected in the lower poverty rate to 9.5% from 10% and lower unemployment rate that down to 5.32% along with the social assistance program through out subsidies.

We expect the consumption could increase modestly in 2024 when the GDP is expected to increase in the same path at the range of 5%.

Consumption by type of product



Food and non-food consumption growth

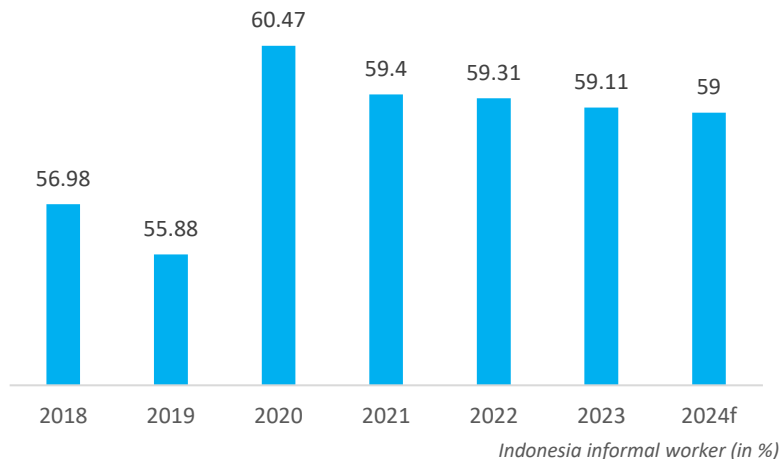


Indonesia's economic growth for 2025 is projected to be between 5.0% and 5.2%, with household consumption playing a significant role. The informal sector, which employs over 59% of Indonesia's workforce, significantly contributes to the economy, particularly in terms of employment. Given the substantial portion of the workforce engaged in informal employment, it is likely that this sector will continue to influence overall consumption patterns.

The top 5 sector that support the labor income both in formal and informal worker is Agriculture, forestry, fishery that account for 28.6% of total labor, followed by 19% of wholesale and retail trade, 13.28% of processing industry, 7.8% of accommodation, food and drink and 6% of construction. The performance of this sector will determine the income as well as the consumption growth.

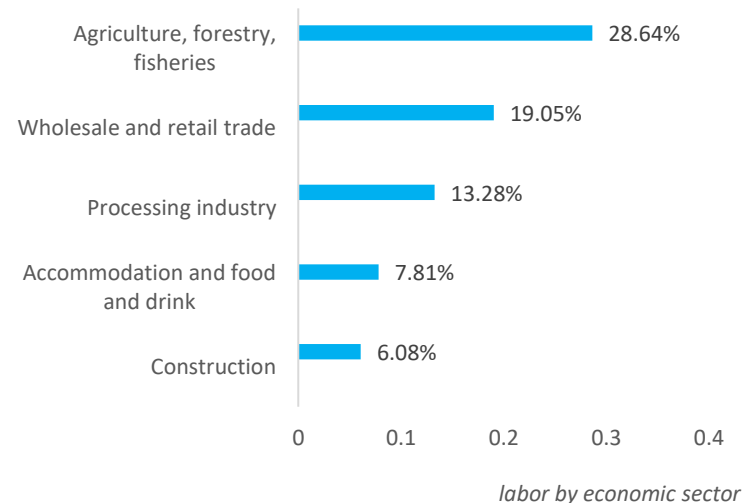
The government policy that support the informal sector in general to help mitigate the burdened and strengthening the purchasing power in Indonesia such as universal health insurance, microfinance financing program, subsidy (fertilizer, electricity, education) and social assistance is important to maintain the household spending and its purchasing power.

59% of labor is in informal sector



Source: bps, shinhan sekuritas Indonesia

Top 5 sector that absorb labor the most in Indonesia

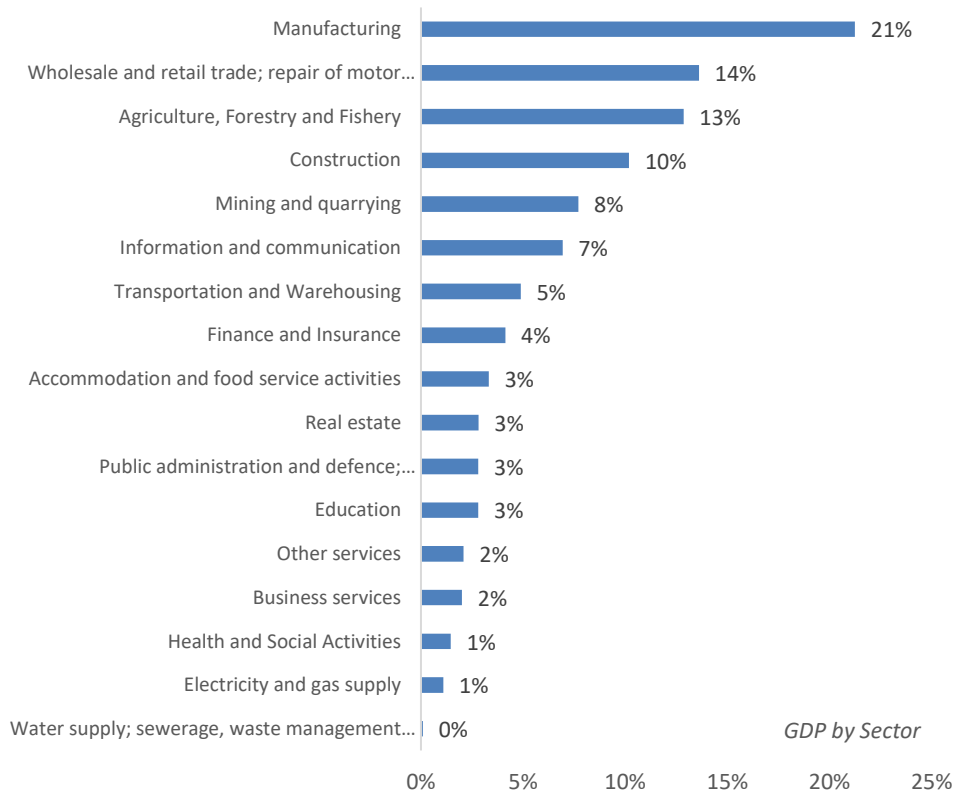


Source: bps, shinhan sekuritas Indonesia

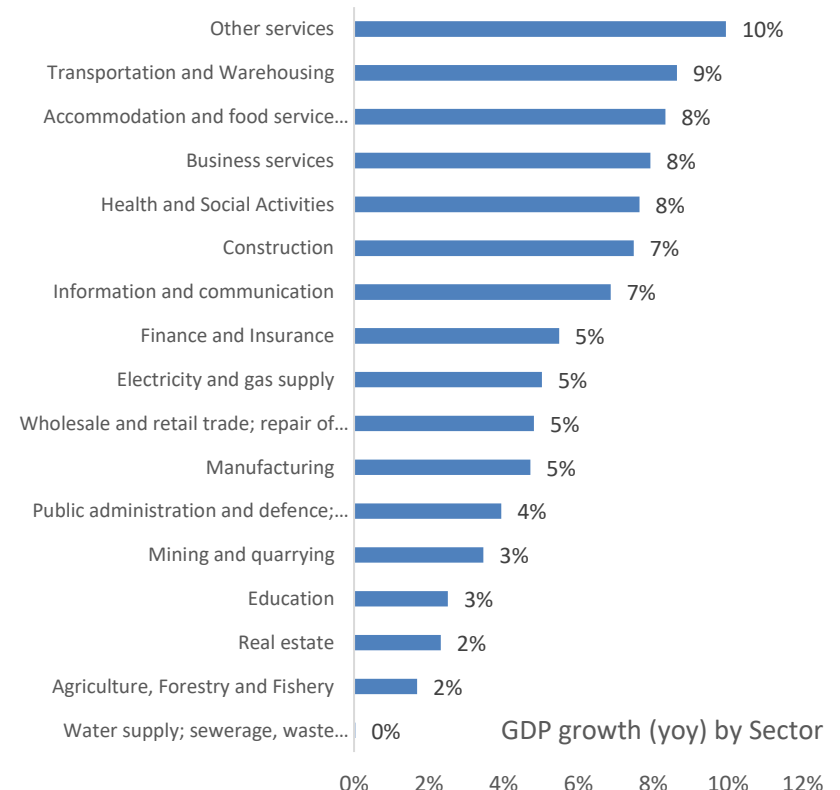
Indonesia's Service and transportation as a high performance growth, while the manufacture remain the top contributor

The standout performance of "Other Services" at 10% suggests that specialized or niche services might be driving significant economic contributions. While often representing a smaller share of GDP compared to major sectors like manufacturing or agriculture, **"Other Services" play a vital role in the informal economy** and support various community functions. The 9% growth in "Transportation and Warehousing" likely reflects increased mobility and logistics demand, possibly tied trade expansions. Conversely, primary sectors like "Agriculture" and utilities such as "Water Supply" show the slowest growth, which may be due to structural challenges or lower innovation rates compared to dynamic sectors like technology and business services. The consistent 5% growth in several key sectors, including manufacturing and finance, points to a balanced expansion within the economy. **This distribution underscores the importance of fostering innovation and investment in slower-growing sectors while maintaining momentum in high-performing industries to ensure inclusive and sustainable economic growth.**

Indonesia GDP composition by sectoral



Indonesia economic growth by Sectoral



Indonesia's manufacturing sector is heavily skewed towards Food & Beverage

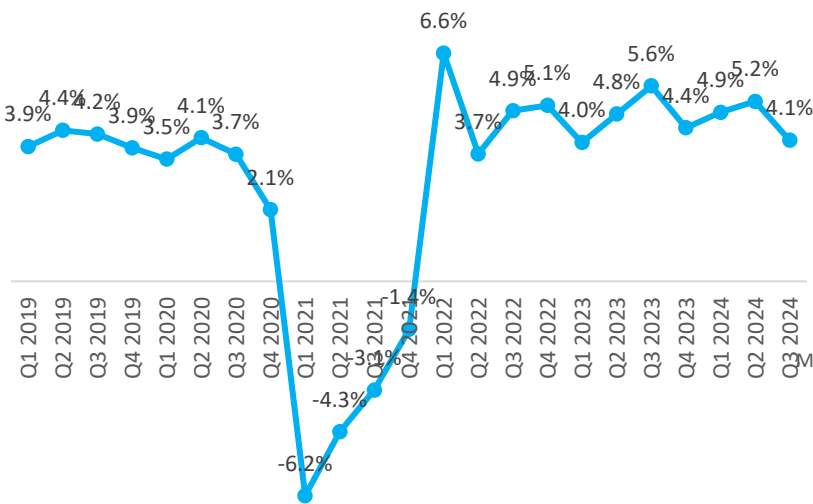
Helmi Therik, FRM

Indonesia's manufacturing sector is heavily skewed towards "Food & Beverage", which contributes over one-third (34%) of the total manufacturing output. This highlights the country's strong focus on **agro-industrial processing** and its reliance on domestic and regional demand for food products. The robust contribution of energy-related industries, such as Coal, Oil, and Gas Refining, alongside chemicals and electronics, indicates diversification within the industrial base. To foster balanced growth, Indonesia could focus **on boosting high-value manufacturing sectors, leveraging innovation and technology**. Strengthening underrepresented sectors while maintaining the dominance of core industries can create a more diversified and resilient manufacturing economy.

Secondary Contributors: Several sub-sectors, including Chemicals and Pharmaceuticals, Fabricated Metal Products and Electronics, Coal, Oil, and Gas Refining, and Transport Equipment, each contribute 9%, reflecting a more balanced distribution among industrial and energy-related industries.

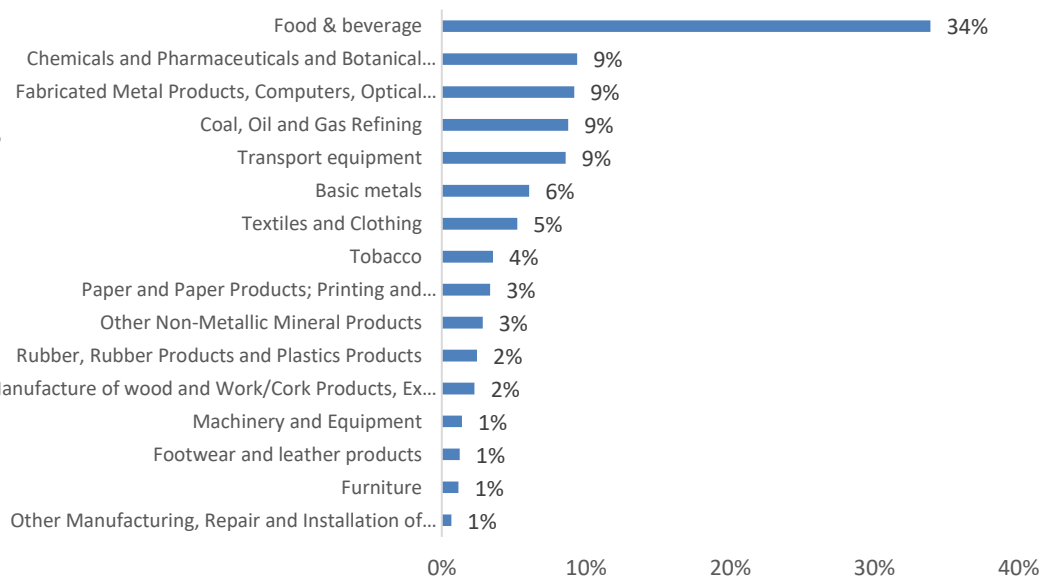
Boosting high-value manufacturing sectors, leveraging innovation and technology is needed to foster balanced growth. Strengthening underrepresented sectors while maintaining the dominance of core industries can create a more diversified and **resilient manufacturing economy**.

Manufacture growth was stable above 4% growth

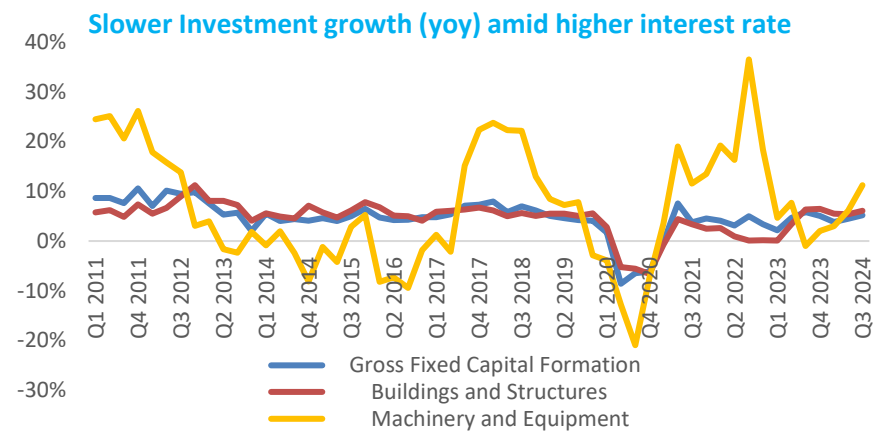


Source: Bloomberg, Shinhan Sekuritas Indonesia

Sub Manufacture composition was dominated by F&B

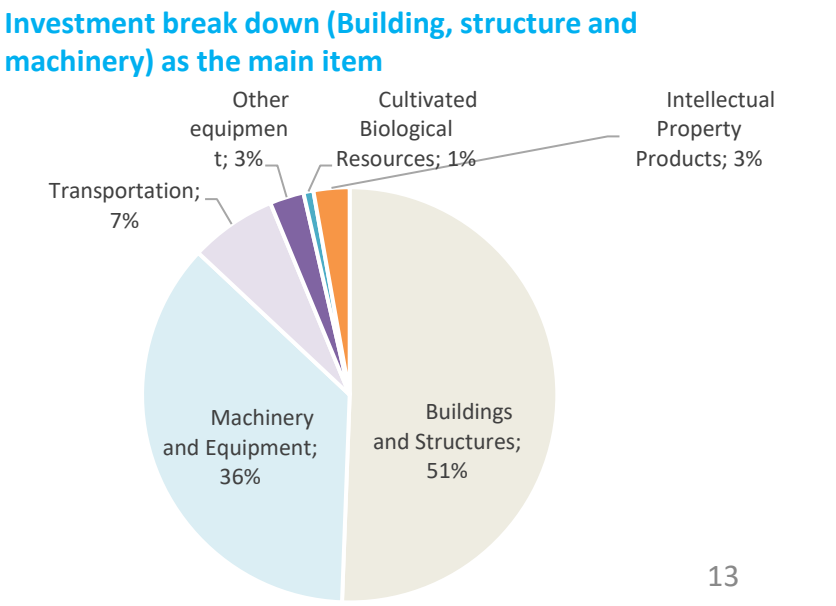
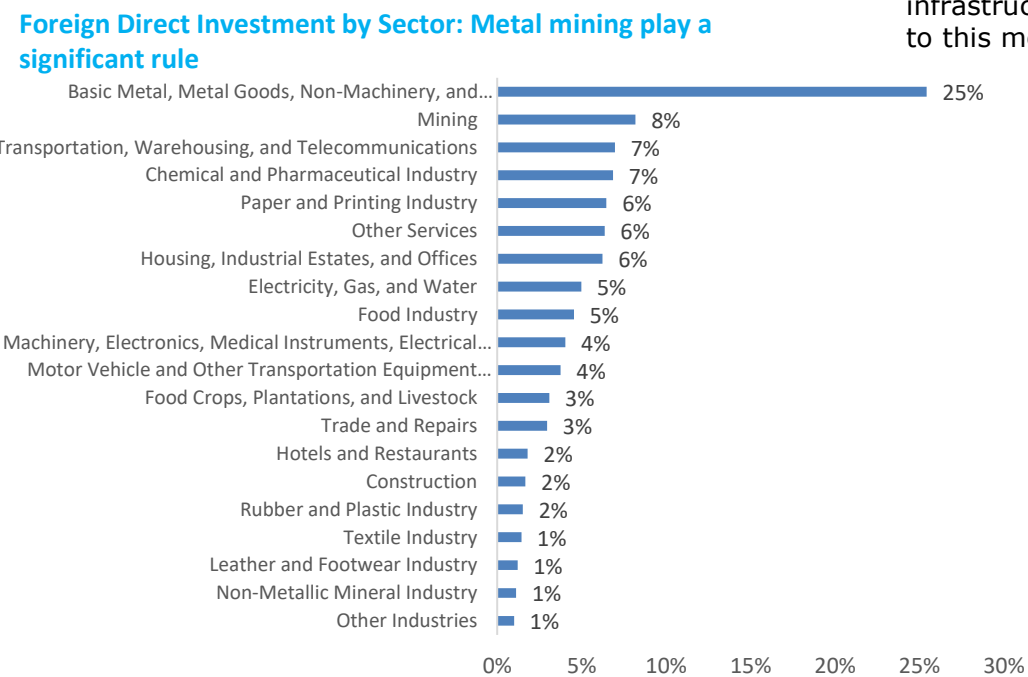


Source: Bloomberg, Shinhan Sekuritas Indonesia



The investment is estimated to grow at the modest pace in 2025 or at around 4%-5%. The basic metal goods and mining is the top 2 FDI in Indonesia. This was related to the EV, battery upstream and downstream investment that has make the Indonesia is attractive in this sector on the point of foreign investor.

Building, structure and machinery was 51% and 36% respectively of the total investment spending. The machinery increase 11% or above the average as part of the investor positive expectation but with modest growth that reflected the sensitivity to economic cycle. The positive investment cycle describe the investor confidence and cautious step regarding the outlook of demand and global trade uncertainty. The building and structure investments in infrastructure, residential, and commercial real estate also contribute to this modest investment growth.



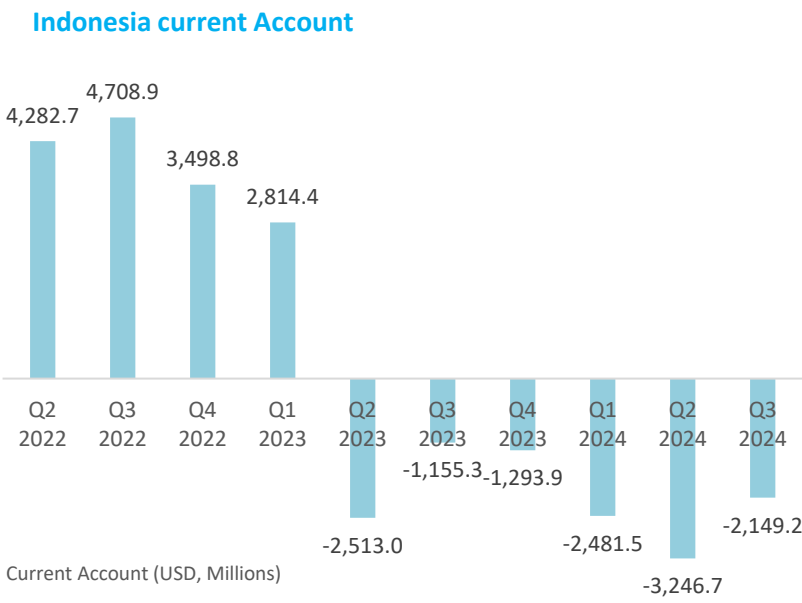
Source: BKPM, Bloomberg, Shinhan Sekuritas Indonesia

Rupiah and US dollar index

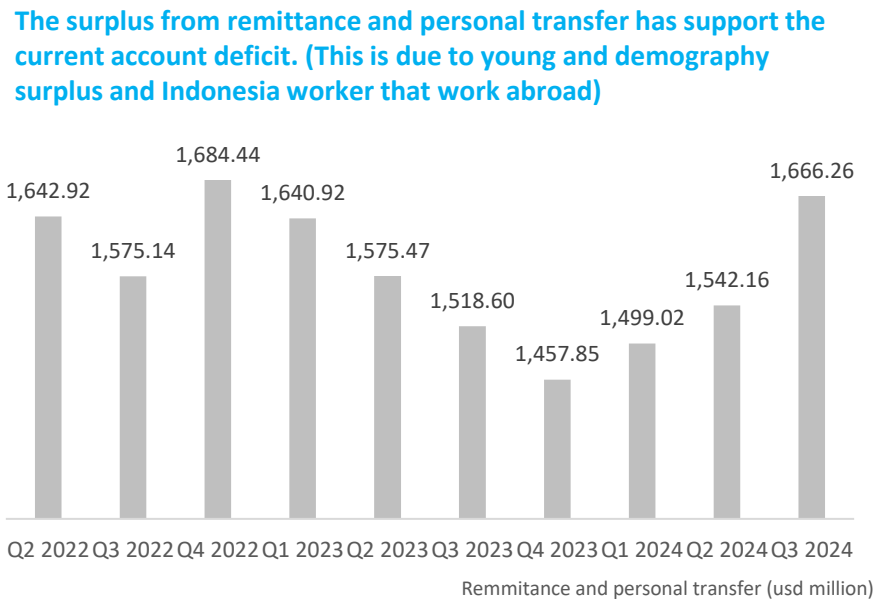
The Fed is expected will cut its benchmark rate in December and predicted will be at slower pace to cut the rate in 2025. This makes the US dollar to strengthen against other currency from its lowest level in the mid of September. **This implicates the rupiah to depreciate to IDR16,000 from IDR 15,150**



Indonesia's current account deficit expanded to USD 2.15 billion in Q3 2024, up from USD 1.16 billion in the same quarter of 2023, marking the sixth consecutive quarter of deficits and accounting for 0.6% of GDP. The services account deficit grew to USD 4.15 billion from USD 3.90 billion a year earlier, while the primary income deficit increased slightly to USD 8.86 billion from USD 8.67 billion. Meanwhile, the trade surplus shrank to USD 9.29 billion from USD 10.16 billion due to a sharper rise in imports driven by stronger domestic demand. On the other hand, the secondary income surplus rose to USD 1.58 billion from USD 1.25 billion, boosted by remittance inflows. In 2023, the current account balance reversed sharply, recording a USD 2.15 billion deficit compared to a USD 13.22 billion surplus in 2022. The central bank continues to project the current account deficit to remain within 0.1% to 0.9% of GDP for this year.



Source: Bloomberg, Shinhan Sekuritas Indonesia

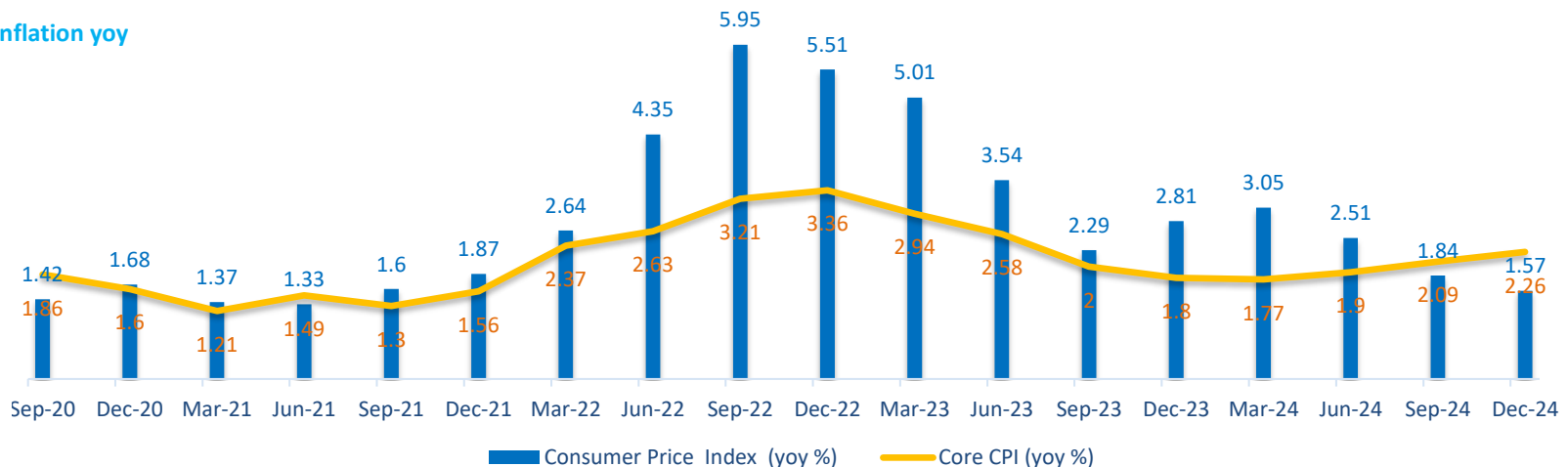


Source: Bloomberg, Shinhan Sekuritas Indonesia

Indonesia's annual inflation rate stood at 1.57% in December 2024. Low level of inflation as the basis to support the government policy to increase the ppn (value added tax to 12%) for several (premium product) to strengthen the fiscal figure. This drop was largely driven by an 8.75% plunge in housing prices, influenced by a 50% electricity discount in the first two months of 2025. The latest figure was significantly below the expected 1.88% and fell outside the central bank's target range of 1.5% to 3.5%.

Core inflation, which excludes administered and volatile food prices, surged to an 18-month high of 2.36%, exceeding forecasts of 2.30%. On a monthly basis, the CPI unexpectedly fell by 0.76%, marking the first drop in four months and the sharpest decline since at least 2005, missing projections of a 0.32% increase.

Inflation yoy



Bond Market

Positive Catalysts

- Accommodative fiscal and monetary policy to boost economic recovery.
- Relatively attractive valuation based on real return and spread over US Treasury.
- Reforms under new administration.
- Lower inflationary pressures, thus more 'dovish' monetary policy.
- Stronger support from domestic investors.

Risks

- The economic slowdown in major economies: US, China, Euro Zone.
- Geopolitical tensions might persist.
- Rising US Treasury yields on higher supply—might also caused by Japan's yield curve control policy.
- More aggressive debt issuances on higher state budget deficit.
- Higher SRBI issuances to stabilize IDR but cause crowding out effect.

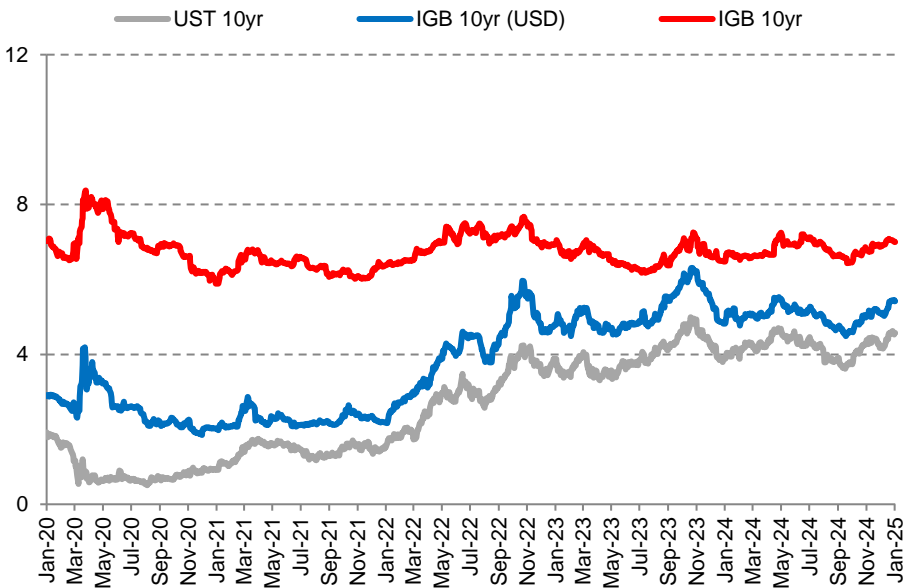
Indonesia Bond Market Overview

Muhamad Adra Wijasena

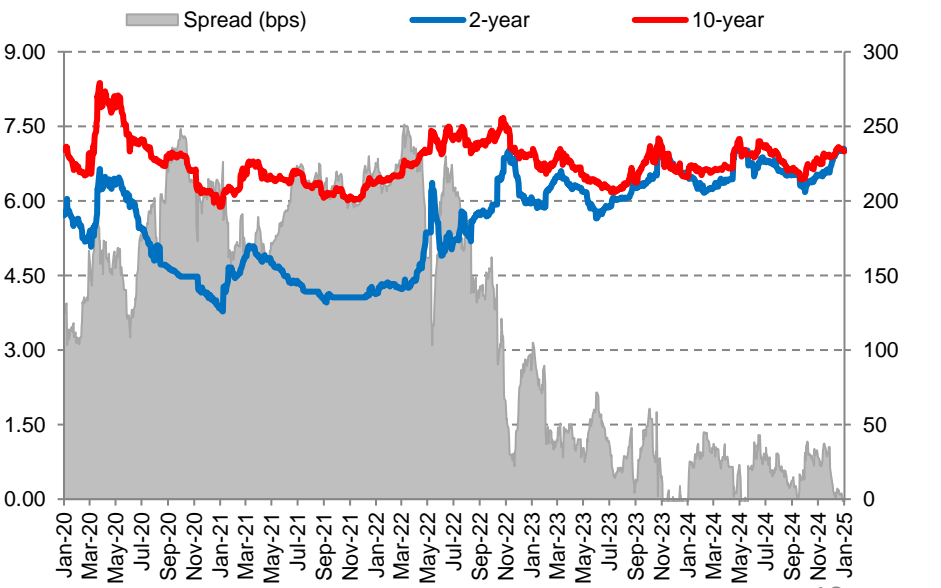
Bond Market Indicators (as of February 04, 2025)

Year	Chg. (%)	BINDO Index	Chg. (bps)	10-yr IGB Yield	Chg. (%)	Rupiah	Chg. (bps)	BI7DRRR	Chg. (bps)	5-yr CDS
2025	↓ 0.882%	290.97	↑ 1.90	7.016%	↑ 1.509%	16,345	↓ 25	5.75%	↓ 2.67	76.22
2024	↑ 0.166%	292.88	↑ 51.7	6.997%	↑ 4.579%	16,131	--	6.00%	↑ 6.89	78.89
2023	↑ 9.860%	293.08	↓ 46.0	6.480%	↓ 1.100%	15,397	↑ 50	6.00%	↓ 28.3	71.99
2022	↓ 5.281%	266.25	↑ 55.8	6.940%	↑ 9.226%	15,568	↑ 200	5.50%	↑ 24.3	99.57
2021	↑ 3.86%	281.66	↑ 49.6	6.382%	↑ 1.445%	14,253	↓ 25	3.50%	↑ 7.51	75.29

Performance of Indonesia's IDR vs USD Bonds



Yield Spread Between 2- and 10-year IGB



Source: Bloomberg, Shinhan Sekuritas Indonesia

Onshore Investors Became the Biggest Net Buyers in 2025

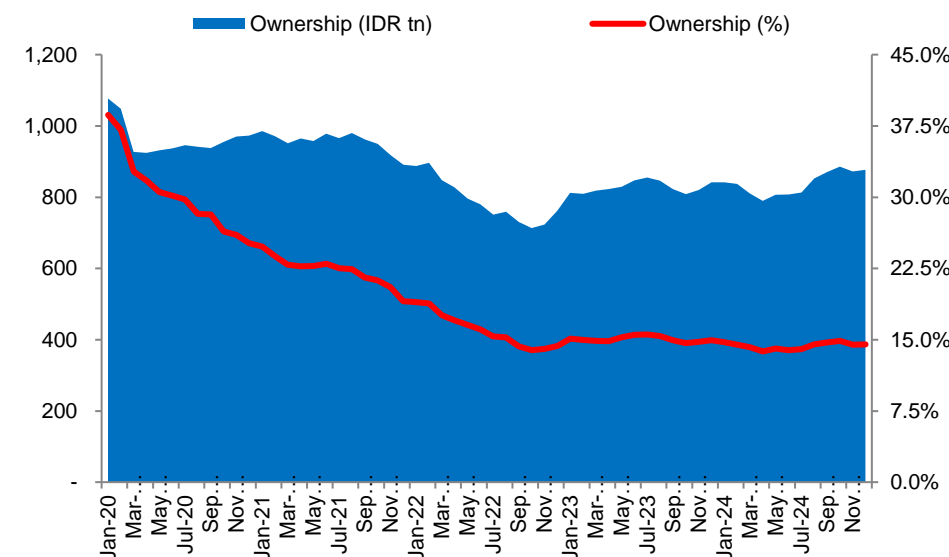
Muhamad Adra Wijasena

Government Bond Ownership As of January 31, 2025 (in Trillion IDR)

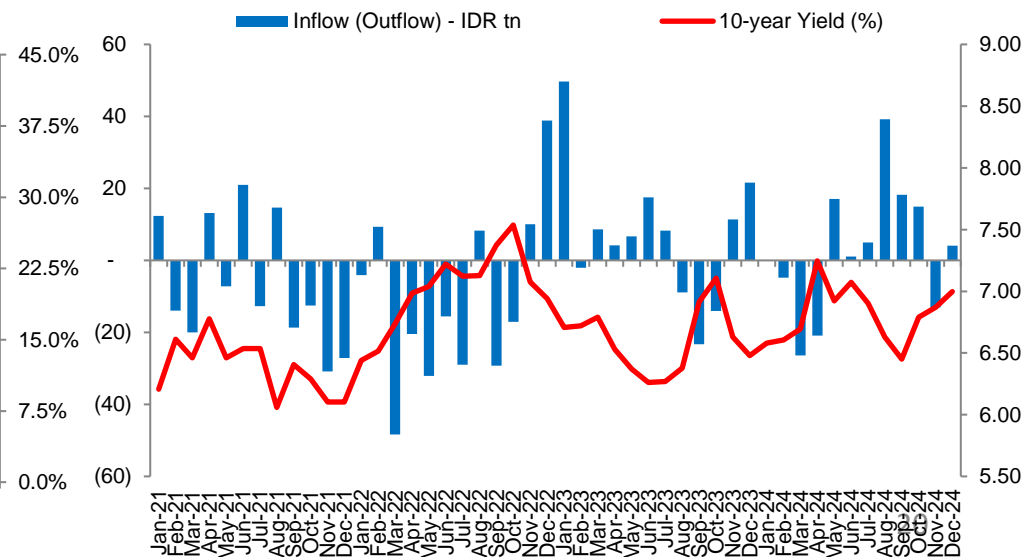
Holders	2024	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	MTD	YTD
Banks	1,051.40	1,129.05	1,156.18	1,154.68	1,135.31	1,051.40	1,128.87	77.5	77.5
Bank Indonesia	1,618.01	1,494.32	1,481.60	1,459.22	1,519.35	1,618.01	1,554.67	(63.3)	(63.3)
Mutual Fund	186.99	185.75	187.44	188.31	188.96	186.99	187.22	0.23	0.23
Insurance & Pension Fund	1,145.27	1,111.04	1,105.88	1,118.64	1,135.96	1,145.27	1,161.39	16.1	16.1
Foreign Investor	876.64	852.31	870.58	885.57	872.50	876.64	881.29	4.65	4.65
Individual Investors	542.50	508.05	517.22	530.81	535.88	542.50	552.04	9.54	9.54
Others	618.71	601.20	603.29	611.48	614.86	618.71	629.89	11.2	11.2
Total	6,039.52	5,881.72	5,922.21	5,948.72	6,002.82	6,039.52	6,095.37		

Source: DJPPR

Foreign Ownership in IGB Market Declined To 14.5%

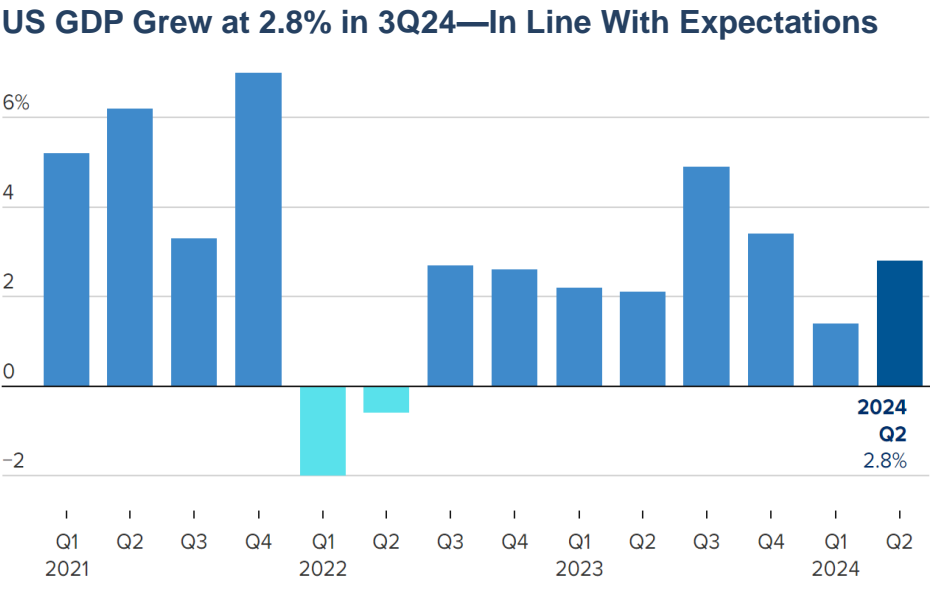
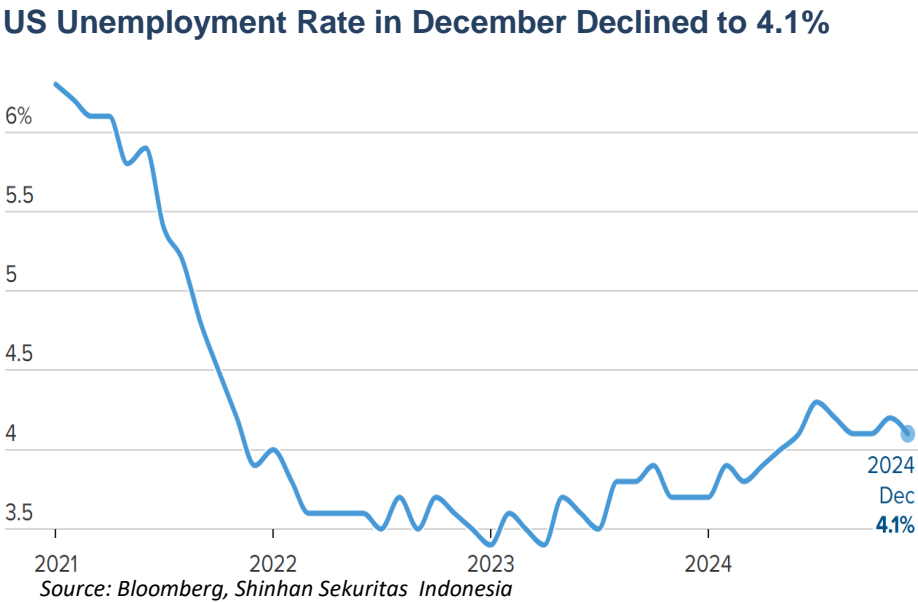
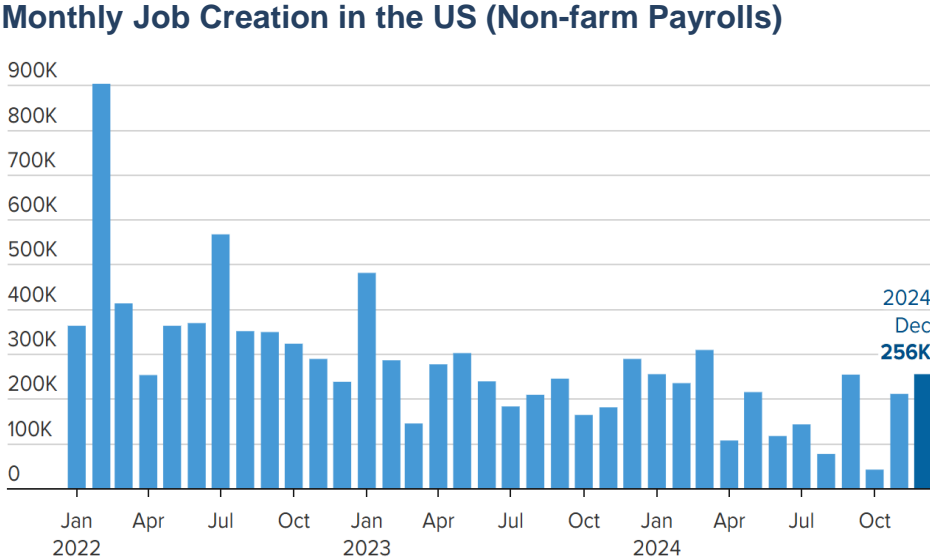
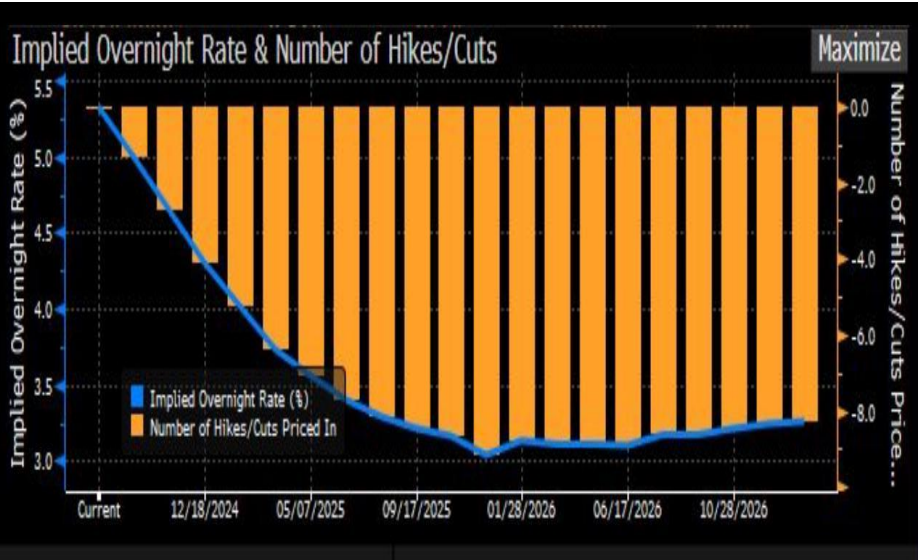


Foreign Investors Recorded Net Buy of IDR4.65 Trillion



US Overview: Several Data Showed Mixed Signals

Muhamad Adra Wijasena





How Will Trump's Policies Affect Market?

Donald Trump's economic policy proposals after the 2024 election have focused on several key areas:

- **Tax Cuts:** Trump has hinted at additional tax cuts, particularly for the middle class, building on the Tax Cuts and Jobs Act of 2017. He has proposed what he calls "tax cuts 2.0," aimed at reducing income taxes further to stimulate economic growth.
- **Regulatory Rollbacks:** A core part of Trump's economic vision includes rolling back regulations he argues hinder businesses, particularly in energy and manufacturing. He supports reducing environmental and other regulations to encourage domestic production and energy independence.
- **Trade and Manufacturing:** Trump remains focused on protecting American manufacturing jobs, largely through imposing tariffs on certain imports and incentivizing companies to keep production in the U.S. He has suggested expanding tariffs, particularly on Chinese imports.
- **Energy Independence:** Trump's plan emphasizes increasing domestic oil and gas production. He has criticized renewable energy policies, proposing instead to focus on fossil fuel investments to lower energy costs and boost U.S. self-sufficiency.
- **Immigration and Workforce:** Trump's stance on immigration policy connects to his economic goals, as he proposes tightening immigration to manage competition for jobs, especially in lower-wage sectors. His policy aims to increase wages and employment rates for American citizens.

These plans indicate a familiar approach to his previous term's policies but adapted to respond to current concerns about inflation, energy costs, and job growth.

- **Debt ceiling**—the debt ceiling, or the maximum amount the US Treasury can borrow, will be reinstated on January 1, 2025. The Treasury will use extraordinary measures to prevent default until policymakers raise or suspend the debt ceiling.
- **Interest payments**—interest payments on the national debt are projected to increase rapidly, from \$1 trillion in 2025 to \$1.7 trillion in 2034. Interest payments will rise as a percentage of GDP from 3.4% in 2025 to 4.1% in 2034.
- **Economic impact**—the national debt could slow economic growth, burden businesses and families, and make it harder to expand housing. The debt could also impact the dollar's global status and cause investors to lose faith in the US's ability to meet its debt obligations.
- **Policymakers' decisions**—the next administration's policies could have a significant impact on the debt problem. For example, if the administration adopts policies like large tax cuts or fiscal stimulus, the markets could rebel and interest rates could spike.

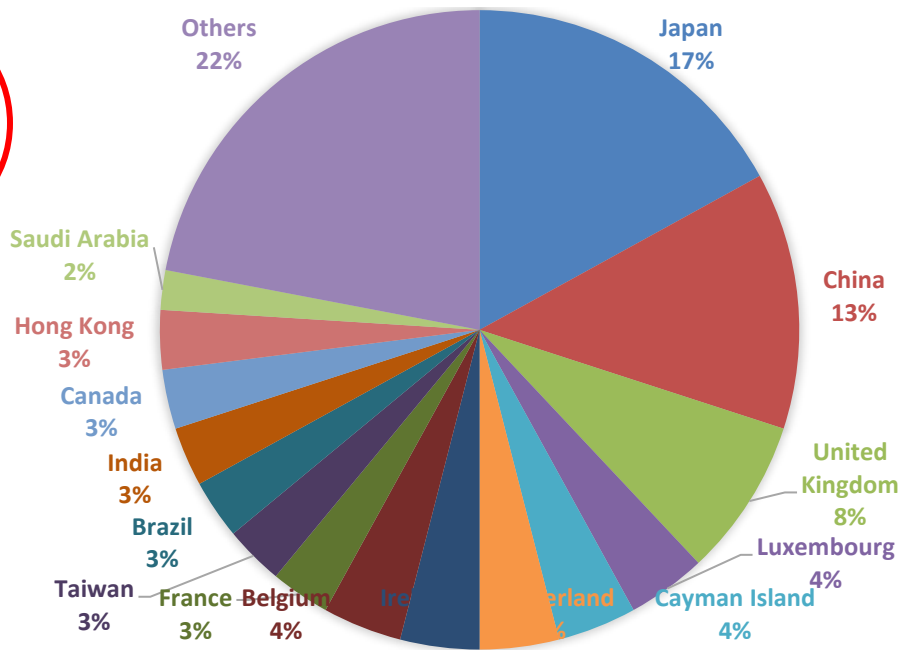
- Japan has ended its negative interest rate policy, marking a historic shift away from an aggressive monetary easing program that was implemented years ago to fight chronic deflation. As part of the decision, the Bank of Japan (BOJ) raised interest rates for the first time in 17 years, lifting its short-term rate to 0%-0.1% from -0.1%. As inflation rose and interest rates elsewhere went up, pressure had grown on the BOJ to wind down its NIRP.
- The BOJ has battled deflation and economic stagnation since the late 1990s. Over the years, it has sought to encourage prices to rise by using a combination of conventional and unconventional monetary policies, including zero or negative interest rates and large-scale asset purchases. As part of its exit from NIRP, the BOJ also announced that it would abandon its yield curve control (YCC) policy, to maintain accommodative financial conditions.

10-yr JGB

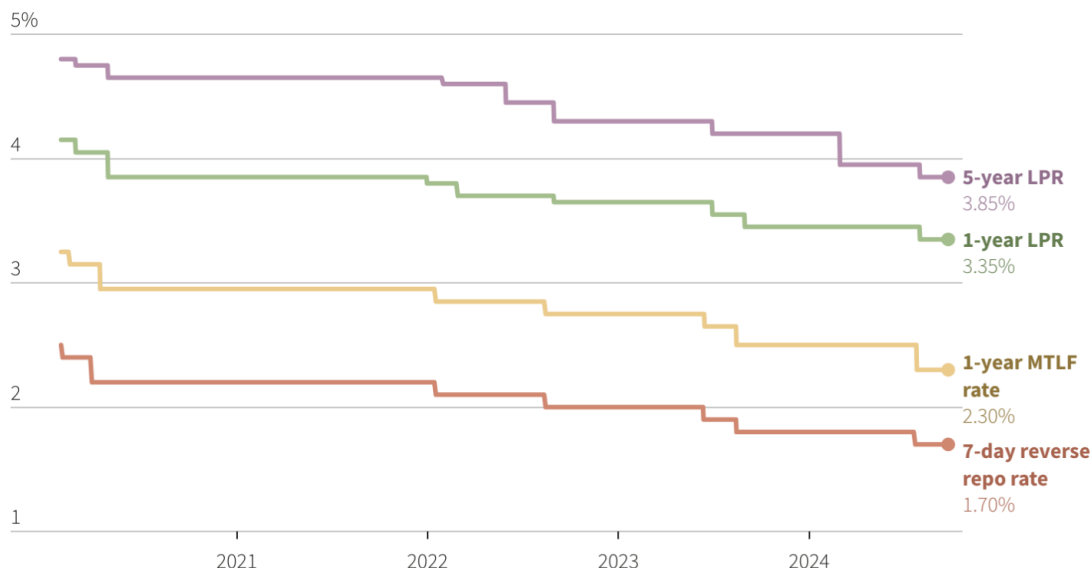


Source: Bloomberg, Shinhan Sekuritas Indonesia

US treasury ownership



Source: Bloomberg, Shinhan Sekuritas Indonesia



Note: Data shows interest rate levels as of Sept. 24. The PBOC has not specified when the cuts will take effect.

Source: Refinitiv Workspace | Reuters, Sept. 24, 2024 | By Kripa Jayaram

- The PBOC announcement on the slew of measures is probably the most significant one from them post the 2009 bazooka. They have been cutting rates across the board and doubled down further.
- Will be infusing about \$142 bio of capital into the banking system.
- Had already committed to about \$70 bio to buying equities in the first half, to which they have added another \$70 bio.
- Have allowed banks to lend money to securities houses to boost the retail participation in the stock markets.
- Committed to arresting the fall in the property markets by lowering mortgage rates and down payments (on 2nd homes). They have added to their commitment of capital to manage the completion of existing undelivered homes while keeping a tight leash on incremental supply.
- The messaging on these measures was unequivocal and signaled an intention to commit more capital to boosting consumer spend.
- If they succeed in their intention to kick start the consumer, we could be at the beginning of a massive BULL market in China when most non-Asian investors are Underweight China and Overweight US.

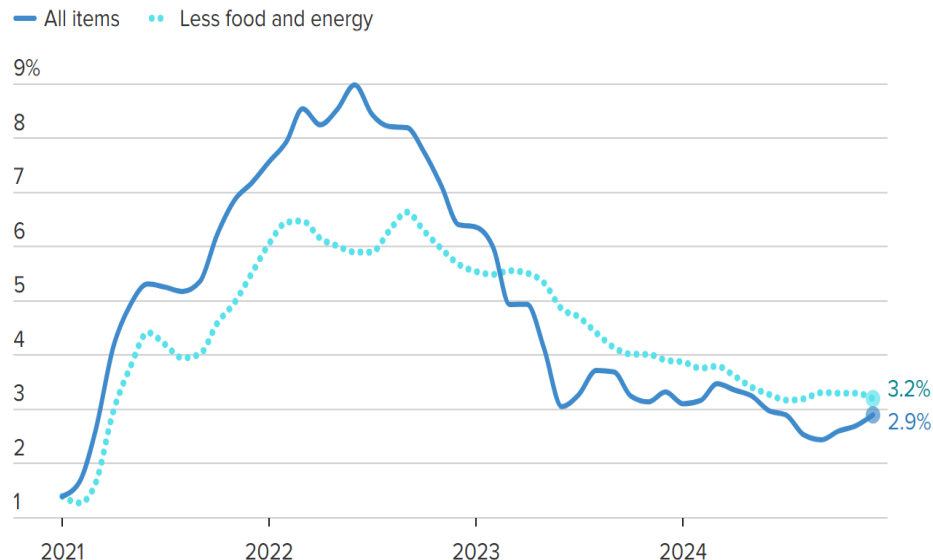
US Consumer Price Index Gained 2.9%, Less Than Expected

Muhamad Adra Wijasena

- The annual rate of inflation measured by the Consumer Price Index (CPI)—which tracks the cost of a basket of goods and services—gained 2.9% in December, higher than the 2.7% reading in November but still the coolest rate since early 2021.
- In another encouraging sign, over the month prices increased 0.4% from Nov. putting the yearly rate to lowest level in 3 years. Core prices were up 3.2%.
- US inflation has fallen from a 40-year high of 9.1% in June 2022. Despite the trend, and a historically low unemployment rate, the Biden administration has polled badly on its handling of the economy.
- We also expect The Fed to cut its policy rate by 50 bps this year. Following the loosening monetary policy, the 10-year UST yield might range 4.0%-4.5% in 1H25, and fall below 4.0% in 2H25.

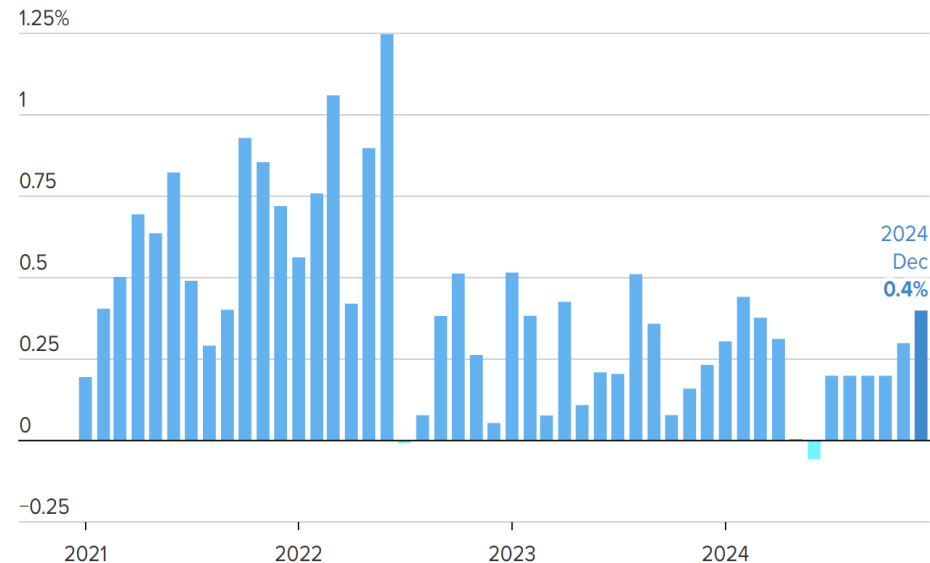
U.S. consumer price index

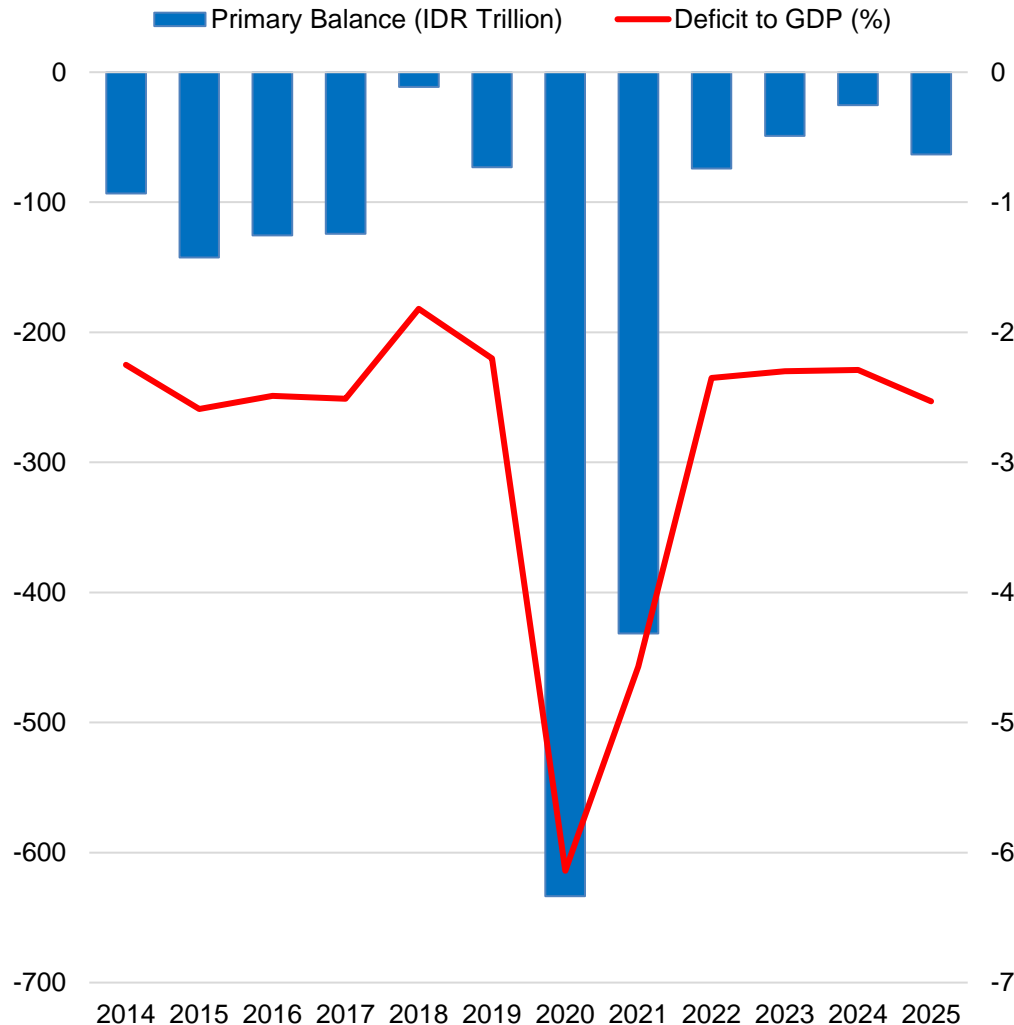
Year-over-year percent change | Jan. 2021–Dec. 2024



U.S. consumer price index

Month-over-month percent change | Jan. 2021–Dec. 2024





2025 Financing Policies

- Primary balance approaching positivity. The state budget (APBN), serving as a shock absorber in handling the global turmoil, caused the negative primary balance to surge significantly, but was successfully reduced swiftly.
- State Budget deficit and debt financing decreased and remained manageable amid increasing global interest rates and in line with fiscal consolidation.
- Effective and measurable investment financing to support economic transformation.
- Optimizing the use of SAL to anticipate global uncertainty.

INCOME

Budget 2024:
IDR2,802.3 Tn



Budget 2025:
IDR3,005.1 Tn

SPENDING

Budget 2024:
IDR3,325.1 Tn



Budget 2025:
IDR3,621.3 Tn

DEFICIT

Budget 2024:
IDR522.8 Tn
(2.29% of GDP)



Budget 2025:
IDR616.2 Tn
(2.53% of GDP)

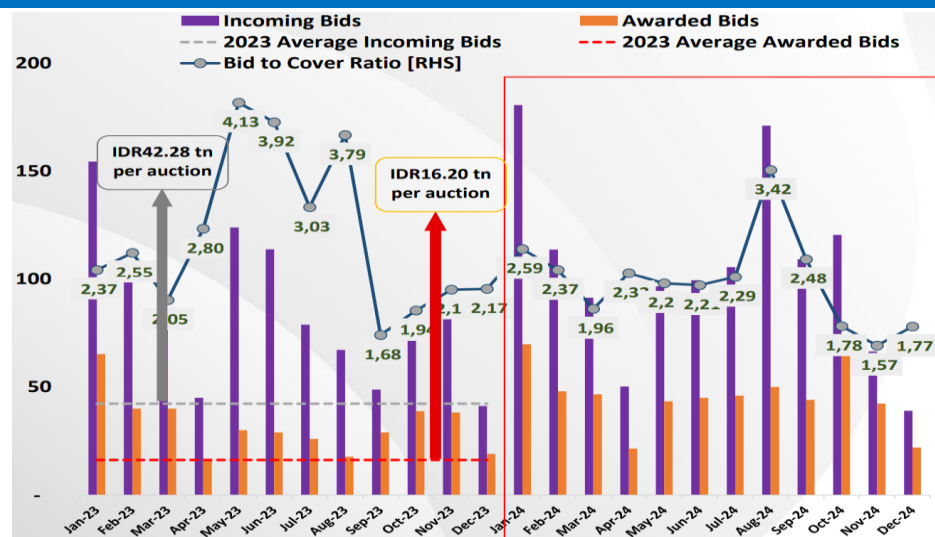


Non-Debt Financing and
Maturing Debt:
IDR800.3 Tn

Financing Need:
IDR1,416.53 Tn

Primary Market Performance & Auction Target 2025

Muhamad Adra Wijasena



- Debt financing policies encourage flexible and sustainable debt management to support economic transformation. Amidst increasing global risks, fiscal pressures, and moderating domestic SBN demand, DMO will optimize non-debt financing sources considering the high financing needs and choosing the right timing for issuance.
- Flexibility in debt financing, both in terms of timing and composition, to obtain the most favorable costs and risks for the government.
- In 2024, the avg incoming bids is IDR51.81 trillion/auction and avg awarded bids is IDR22.77 trillion/auction.

In Trillion IDR	(as of Dec 31, 2023)	(as of Dec 31, 2024)
Government Securities (GS)	807.25	1,056.87
Conventional Debt Securities (GDS)	506.05	708.91
IDR Denominated	447.08	616.03
Coupon GDS	369.92	550.29
Conventional T-Bills	-	-
Private Placement	11.57	3.00
Retail Bonds	65.59	62.73
Foreign Denominated Bonds	58.97	92.88
Dual Currency Bonds (USD & EUR)	-	-
Samurai Bonds	-	-
SGD Bonds	-	-
Special Instrument	-	-
Government Sharia Securities (Sukuk)	301.20	347.96
Domestic Government Sukuk	269.80	309.53
IFR/PBS/T-Bills Sukuk	181.00	219.98
Retail Sukuk	61.94	85.78
Private Placement	6.83	3.77
Global Sukuk (USD Denominated)	31.4	38.43
BI Purchase (SKB III)	--	--

**Auction Target (Q1/2025):
IDR228 Trillion**

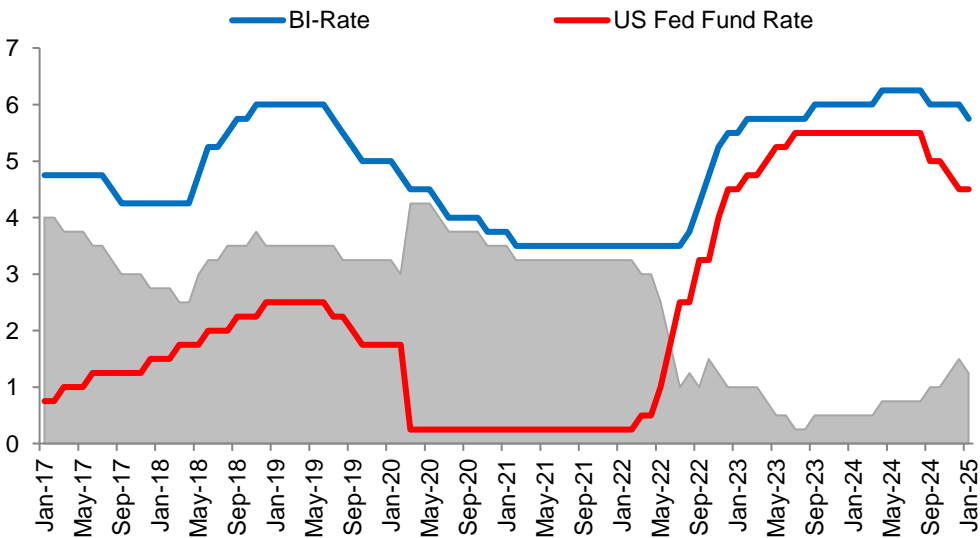
**6 Conventional IGB Auctions
5 Sukuk Auctions**

**IDR28 Trillion (IGB)
IDR12 Trillion (Sukuk)**

Policy Rate Adjustments

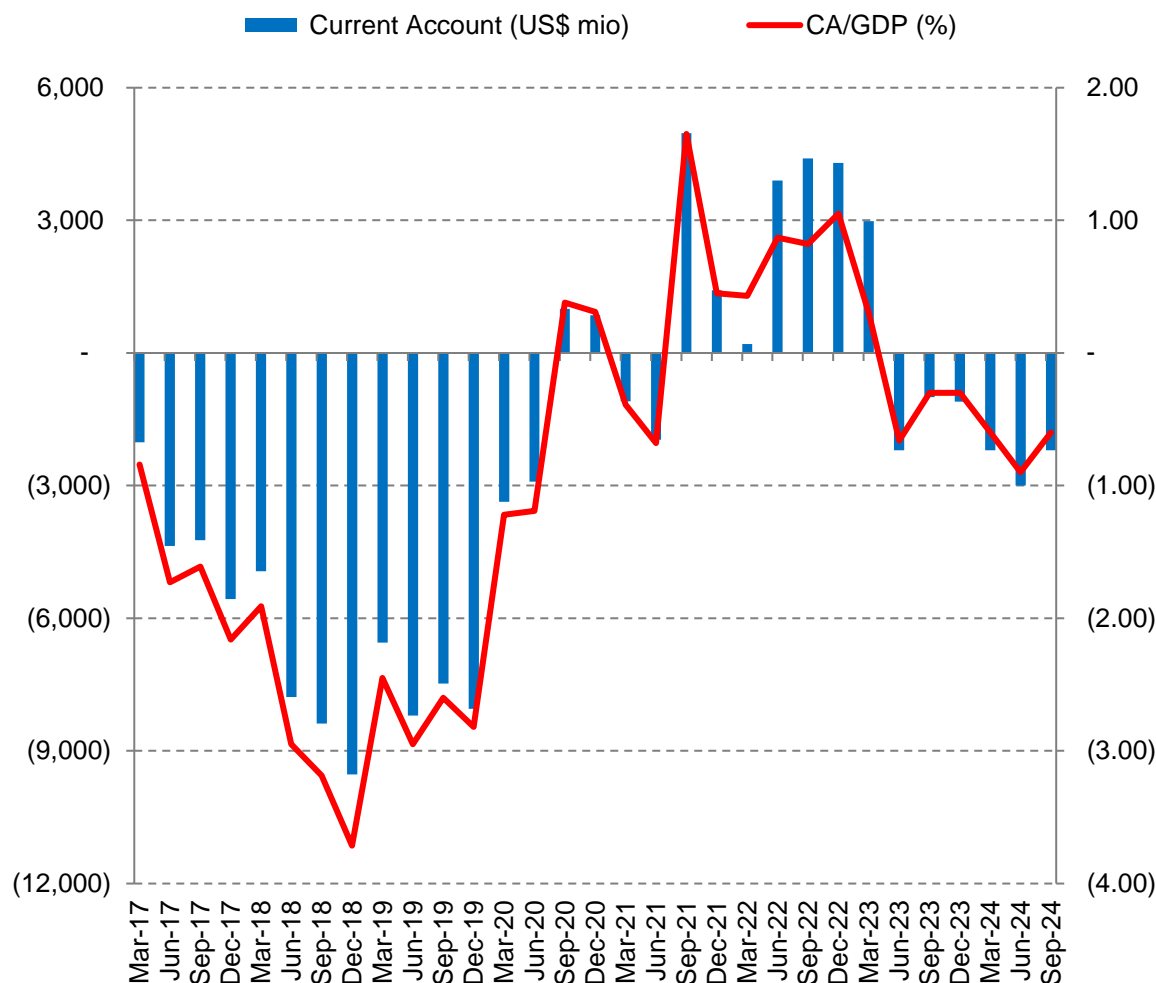
Economies	Policy Rate as of 01-Feb-24	Monthly Change in Policy Rate												Policy Rate as of 31-Jan-25
		Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	
United States	5.50								↓ 0.50		↓ 0.25	↓ 0.25		4.50
Euro Area	4.50					↓ 0.25			↓ 0.60	↓ 0.25		↓ 0.25	↓ 0.25	2.90
Japan	-0.10													-0.10
China	3.45						↓ 0.10			↓ 0.25				3.10
India	6.50													6.50
Indonesia	6.00			↑ 0.25					↓ 0.25				↓ 0.25	5.75
South Korea	3.50									↓ 0.25	↓ 0.25			3.00
Malaysia	3.00													3.00
Philippines	6.50								↓ 0.25	↓ 0.25		↓ 0.25		5.75
Thailand	2.50									↓ 0.25				2.25
Vietnam	4.50													4.50

Rates Differential Narrowed



Source: Bloomberg, Shinhan Sekuritas Indonesia

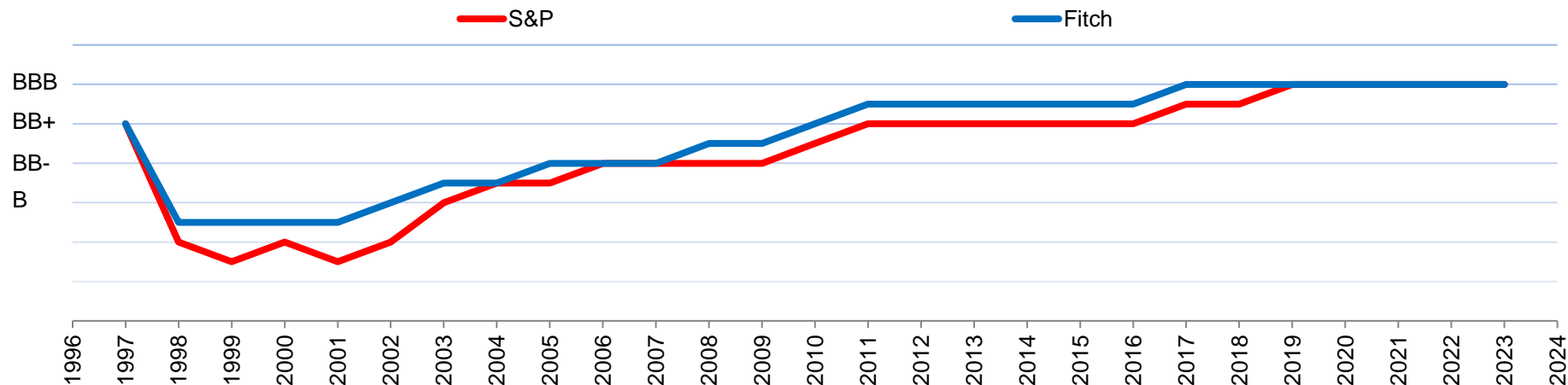
- Bank Indonesia has stated that its monetary policy will pro stability in 2025, despite its others policy will remain accommodative to support the economic recovery.
- In the last monetary meeting in September 2024, BI cut rates by 25 bps to 6.00% (following a 50-bps rate cut by Federal Reserve) and delivered a message: monetary policy could be less dovish, going forward.
- We expects Bank Indonesia might cut rate by 50 bps in 2025, as it has covered the deceleration of inflation and the monetary policy normalization by Federal Reserve. We believe that the inflation in 2025 will reach 2.5%-3.0% as the impact of higher VAT tax and less subsidies.



- Indonesia's current account outlook for 2025 is expected to show a modest deficit, influenced by global economic conditions and domestic demand patterns. Current account deficit is projected to range between 0.5% and 1.3% of GDP in 2025, a slight increase from the projected 0.1% to 0.9% deficit for 2024. This widening reflects lower commodity prices that have reduced export revenues, while domestic demand and import growth are expected to pick up as the economy strengthens.
- We anticipate a steady but moderate deficit due to resilient domestic demand counterbalancing slower export growth. Additionally, foreign direct investment (FDI) and portfolio inflows are forecasted to strengthen Indonesia's balance of payments, helping to mitigate any substantial negative impacts on the current account.

Is There Any Rating Upgrade Potential in 2025?

Muhamad Adra Wijasena



Countries	Rating (S&P)	Economic Indicators						
		GDP Growth (%)	Current Account (% of GDP)	Inflation (yoy)	Debt to GDP (%)	Budget Deficit (% of GDP)	GDP per Capita (US\$)	FX Reserve (US\$ bn)
Philippines	BBB+	5.20	-1.30	2.50	60.1	-6.20	3,668	112.4
Thailand	BBB+	3.00	-0.20	0.95	61.9	-2.80	6,385	237.5
Bulgaria	BBB	2.40	-0.30	2.10	23.9	-2.00	9,780	77.90
Hungary	BBB	-0.80	0.80	3.70	73.4	-6.70	16,287	463.4
Indonesia	BBB	4.95	-0.30	1.55	39.3	-1.65	4,248	150.2
Italy	BBB	0.70	0.50	0.80	137	-7.20	33,774	273.8
Mexico	BBB	1.60	-1.50	4.98	49.4	-5.00	10,327	222.8
Panama	BBB	3.30	-3.60	0.89	63.7	-3.74	35,780	67.56
Uruguay	BBB	0.60	-4.70	4.96	67.5	-3.10	18,109	18.11
Colombia	BBB-	1.10	-2.70	7.18	63.6	-4.20	6,850	60.90
Croatia	BBB-	3.90	1.10	2.40	63.5	-0.70	17,234	31.87
India	BBB-	5.40	-1.20	5.48	81.6	-5.63	2,239	654.9
Kazakhstan	BBB-	3.70	3.90	8.40	22.8	-2.30	11,701	39.82

Source: Bloomberg

Government Bond Real Return and Spread Over UST

Muhamad Adra Wijasena

Countries	Rating (S&P)	2024						as of February 04, 2025					
		10-yr Yield (%)	YTD Change (bps)	Currency Change (%)	Inflation (yoy)	Real Return (%)	Spread Over UST (%)	10-yr Yield (%)	YTD Change (bps)	Currency Change (%)	Inflation (yoy)	Real Return (%)	Spread Over UST (%)
Vietnam	BB	3.12	72.0	5.02	2.77	0.35	-1.45	3.37	24.7	-1.19	2.94	0.43	-1.15
India	BBB-	6.78	-40.7	2.93	4.25	2.53	2.21	6.67	-10.7	1.71	5.64	1.03	2.16
Indonesia	BBB	7.00	51.7	4.58	1.57	5.43	2.43	7.02	1.90	1.51	0.76	6.26	2.50
Hungary	BBB	6.55	69.0	14.5	3.70	2.85	1.98	6.71	16.0	-1.34	4.60	2.11	2.20
Italy	BBB	3.52	-16.9	6.59	1.17	2.35	-1.05	3.50	-2.60	-0.25	1.30	2.20	-1.02
Portugal	BBB	2.84	21.6	6.59	3.00	-0.16	-1.73	2.82	-2.40	-0.25	2.50	0.32	-1.70
Mexico	BBB	10.44	148	22.7	4.55	5.89	5.87	10.0	-44.0	-1.54	4.21	5.79	5.48
Philippines	BBB+	6.82	142	4.43	3.20	3.62	2.25	6.82	0.00	0.87	2.70	4.12	2.31
Thailand	BBB+	2.25	-42.4	-0.13	0.95	1.30	-2.32	2.32	6.70	-0.78	1.23	1.09	-2.19
Malaysia	A-	3.81	8.40	-2.65	1.80	2.01	-0.76	3.81	0.00	-0.63	1.70	2.11	-0.70
Japan	A+	1.09	47.7	11.5	2.90	-1.82	-3.49	1.27	18.8	-1.82	3.60	-2.33	-3.24
China	A+	1.67	-89.0	2.81	0.20	1.47	-2.91	1.63	-4.00	-0.75	0.10	1.53	-2.89
Korea	AA	2.85	-33.7	14.3	1.90	0.95	-1.72	2.84	-1.00	-1.44	2.20	0.64	-1.67
USA	AA+	4.57	69.5	-	2.60	1.97	-	4.51	-5.90	-	2.73	1.78	-
Singapore	AAA	2.85	16.1	3.46	1.60	1.25	-1.72	2.89	3.70	-0.93	1.60	1.29	-1.63

Source: Bloomberg

IDR Corporate Bonds—Market Overview

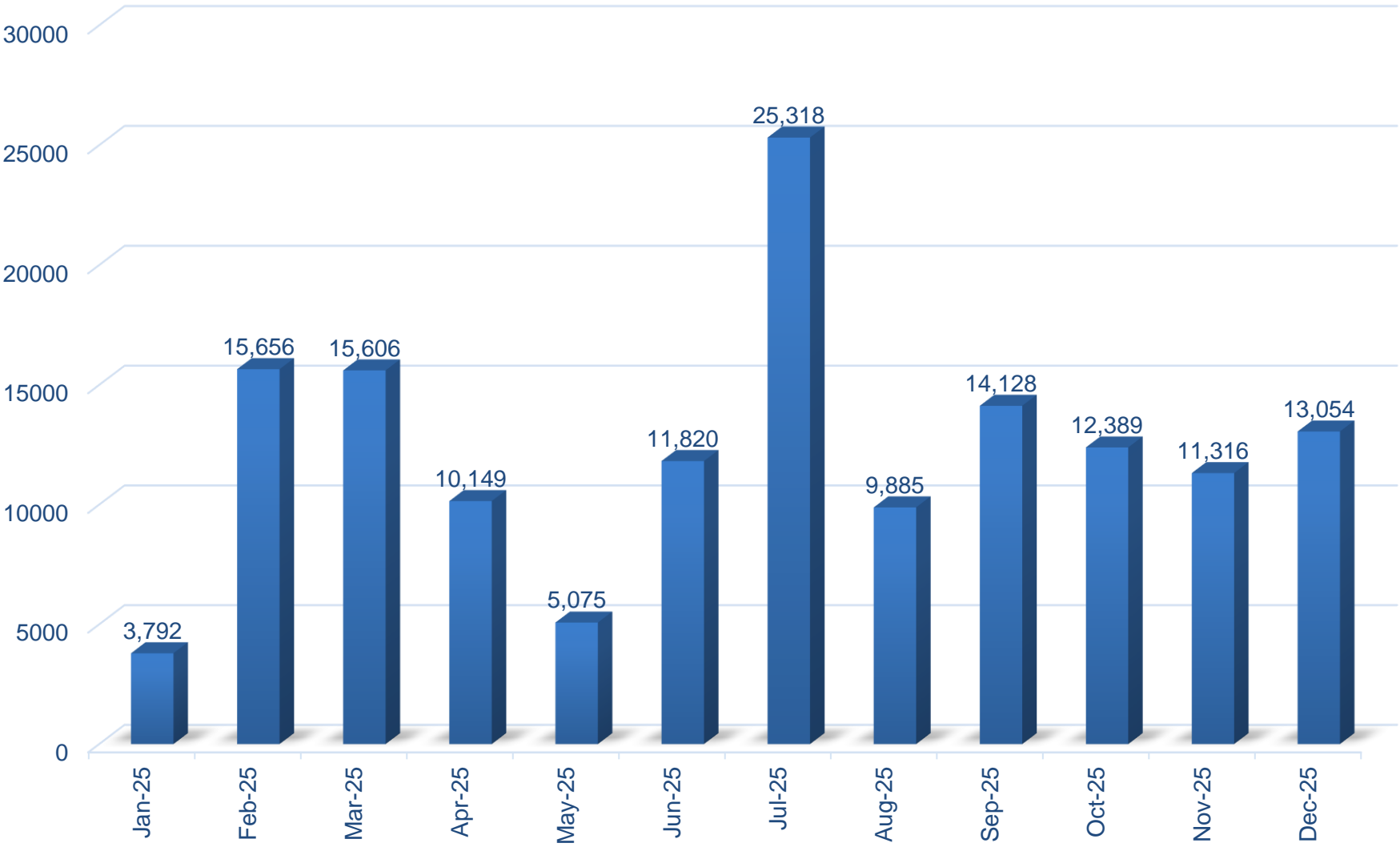
Muhamad Adra Wijasena

**in IDR trillion*

Public Offering	2021		2022		2023		2024		2025	
	PO	Amount	PO	Amount	PO	Amount	PO	Amount	PO	Amount
Corporate Bonds & Sukuk	96	104.36	123	156.33	116	139.84	140	142.72	8	8.6

Corporate Bonds (in IDR trillion)	2021	2022	2023	2024	2025F
Mature	94	133	111	130	151
New Issuance	104	153	126	143	160
Net Issuance	10	20	15	13	9
Total Outstanding	448	468	483	496	505
Growth	1.35%	4.46%	3.21%	2.69%	1.81%

Type of Investors	31-Dec-24	31-Dec-24	31-Jan-25	Net buy (sell) - IDR tn	
				MTD	YTD
Insurance	104.1	104.1	105.6	1.57	1.57
Corporate	21.47	21.47	22.32	0.85	0.85
Pension Fund	62.39	62.39	63.19	0.80	0.80
Bank	102.2	102.2	102.3	0.14	0.14
Individual	36.02	36.02	36.46	0.44	0.44
Mutual Fund	127.7	127.7	128.5	0.77	0.77
Securities	3.167	3.167	3.122	(0.04)	(0.04)
Foundation	6.488	6.488	6.608	0.12	0.12
Others	16.28	16.28	16.20	(0.08)	(0.08)
Foreign Investors	5.904	5.904	6.003	0.10	0.10
Total	485.71	485.71	490.37		



IDR Corporate Bonds—Credit Spread Matrix (in bps)

Tenor (Year)	AAA											
	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25
1	56.25	55.39	62.75	56.46	60.93	63.11	56.23	34.08	38.90	26.15	22.80	24.17
3	66.34	59.42	64.38	58.94	64.07	63.72	58.66	50.33	45.84	39.11	31.66	34.53
5	76.16	70.47	69.77	63.25	67.45	67.63	64.64	63.13	57.29	51.90	47.99	47.50
7	86.58	80.94	75.10	68.03	71.55	70.65	70.44	74.04	69.71	65.67	62.80	56.76
10	95.91	87.40	79.12	73.11	74.53	70.90	73.93	82.52	82.57	80.32	74.14	61.48

Tenor (Year)	AA											
	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25
1	92.62	87.19	98.63	87.48	91.40	90.95	98.76	80.55	83.20	63.42	60.45	55.76
3	122.63	115.21	119.52	114.33	118.83	121.49	121.01	100.97	95.88	78.99	80.91	74.29
5	143.68	143.16	142.90	143.32	140.06	143.88	138.04	120.48	114.84	96.48	98.08	94.59
7	165.02	166.51	167.35	165.03	161.08	157.20	155.48	139.49	131.17	113.19	113.92	109.39
10	191.32	183.90	190.54	182.46	179.84	169.05	175.34	155.71	144.07	130.27	130.57	119.66

Tenor (Year)	A											
	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25
1	217.03	235.41	233.28	216.84	216.47	222.13	228.09	174.92	190.09	190.41	182.66	187.81
3	280.70	290.39	294.41	293.42	299.73	295.59	298.36	231.71	244.63	242.40	246.33	239.61
5	314.46	323.33	327.19	327.68	325.40	326.94	326.36	278.15	282.66	282.36	277.84	272.38
7	343.05	348.56	352.21	351.05	350.76	350.78	346.15	310.43	307.17	304.94	298.05	295.11
10	369.18	364.21	371.73	375.14	380.63	377.37	361.75	328.16	320.77	313.18	311.52	308.75

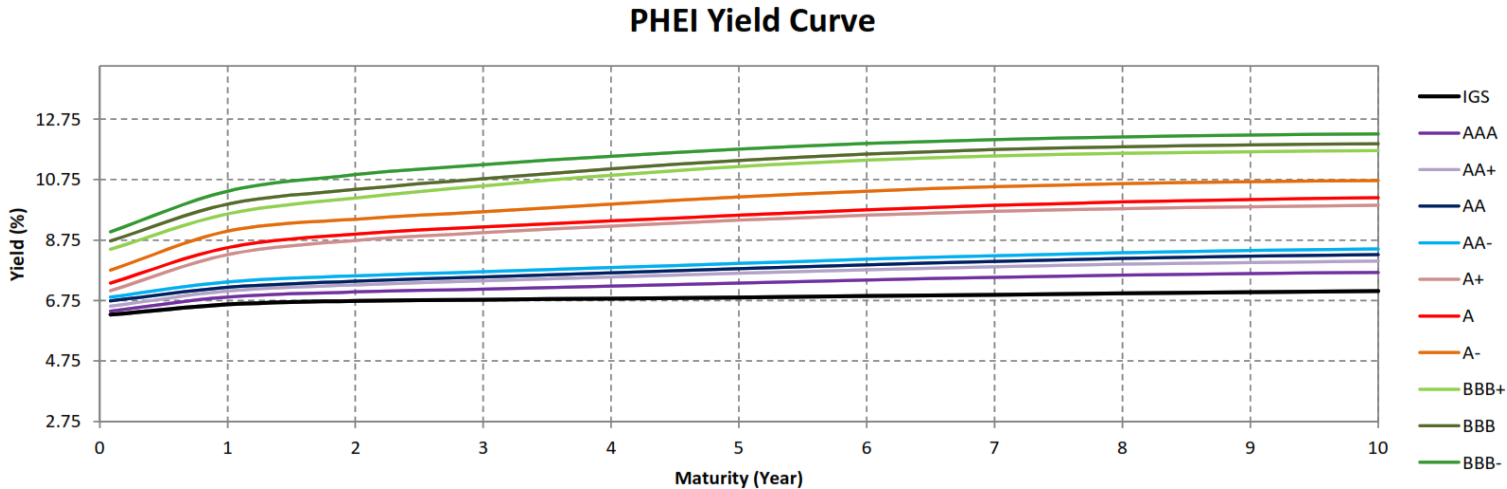
Tenor (Year)	BBB											
	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25
1	411.32	410.76	402.93	387.70	380.59	368.91	383.39	365.63	337.32	334.33	329.73	331.42
3	461.19	461.31	457.24	452.81	448.00	437.50	456.50	441.34	405.51	405.83	397.92	399.38
5	509.00	514.61	509.59	520.60	523.18	520.30	520.26	501.82	457.80	450.80	444.43	453.36
7	557.15	561.77	558.59	569.84	574.25	572.65	568.04	553.32	497.59	475.58	473.68	479.61
10	599.78	597.50	601.11	603.07	605.14	600.36	603.07	601.00	527.11	486.41	490.71	486.93

Source: IBPA, Bloomberg

IDR Corporate Bonds—YTM Based on Ratings

Tenor (Year)	YTM (%)										
	IGS	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-
0.1	6.2857	6.3957	6.5583	6.7322	6.8597	7.0796	7.3210	7.7518	8.4389	8.7152	9.0203
1	6.6203	6.8640	7.0579	7.1780	7.3656	8.2702	8.4984	9.0439	9.6148	9.9345	10.3674
2	6.7400	7.0302	7.2650	7.3859	7.5697	8.7394	8.9474	9.4400	10.1419	10.4206	10.9127
3	6.7818	7.1243	7.3927	7.5247	7.7005	8.9950	9.1781	9.6852	10.5415	10.7759	11.2434
4	6.8132	7.2229	7.5175	7.6604	7.8367	9.2111	9.3798	9.9377	10.8960	11.1057	11.5235
5	6.8519	7.3286	7.6438	7.7975	7.9799	9.4057	9.5751	10.1752	11.1829	11.3846	11.7597
6	6.8976	7.4293	7.7611	7.9267	8.1160	9.5695	9.7511	10.3695	11.3925	11.5957	11.9432
7	6.9454	7.5161	7.8614	8.0396	8.2344	9.6971	9.8971	10.5129	11.5342	11.7424	12.0756
8	6.9909	7.5857	7.9418	8.1328	8.3306	9.7906	10.0103	10.6114	11.6247	11.8384	12.1655
9	7.0313	7.6384	8.0031	8.2061	8.4050	9.8559	10.0937	10.6754	11.6799	11.8982	12.2239
10	7.0653	7.6768	8.0481	8.2618	8.4603	9.8999	10.1527	10.7155	11.7126	11.9342	12.2606

Source: IBPA as of February 04, 2025



	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2024	-2.11%	-1.16%	-0.48%	-1.51%	1.34%	-0.78%	1.08%	1.13%	0.76%	-0.36%	-0.35%	-0.86%
2023	2.58%	-1.82%	0.29%	0.82%	1.12%	0.84%	0.86%	-0.81%	-0.52%	-2.14%	2.55%	1.12%
2022	-0.62%	-0.19%	-1.46%	-1.59%	3.16%	-0.66%	0.18%	-0.25%	-1.76%	-1.92%	2.11%	-1.91%
2021	-1.72%	-0.55%	-1.04%	-0.35%	0.50%	-0.39%	0.76%	0.79%	-0.86%	0.21%	-0.08%	-0.67%
2020	-1.04%	-1.36%	-6.27%	0.89%	1.93%	0.17%	1.52%	0.68%	-0.53%	1.23%	2.48%	1.53%
2019	-0.41%	1.85%	1.04%	-0.89%	-1.34%	3.84%	1.20%	-0.31%	0.94%	1.68%	-0.45%	0.04%
2018	-0.84%	-2.02%	-0.20%	-1.60%	-1.36%	-4.22%	0.21%	-1.80%	-0.21%	-2.18%	4.69%	0.06%
2017	0.66%	0.56%	2.55%	0.05%	0.24%	0.47%	-0.97%	1.27%	1.01%	1.97%	1.59%	0.79%
2016	2.53%	0.93%	3.32%	0.97%	-0.94%	1.96%	3.05%	-0.48%	0.51%	-1.33%	-4.95%	0.72%
2015	6.15%	0.70%	-3.06%	-2.08%	-2.18%	-1.50%	-1.48%	-1.21%	-4.63%	4.71%	0.85%	-2.32%
2014	-2.40%	2.13%	2.97%	0.37%	0.37%	-1.47%	1.31%	-0.07%	-2.03%	3.15%	2.08%	-1.23%
2013	3.04%	2.34%	-0.08%	-0.30%	-0.30%	-7.72%	-4.89%	-3.20%	0.26%	5.59%	-7.33%	0.95%
2012	4.02%	-0.69%	-2.01%	-0.51%	-3.78%	1.22%	2.10%	-2.13%	1.23%	1.21%	1.86%	0.10%
2011	-8.00%	0.07%	2.80%	1.62%	0.40%	-0.70%	2.09%	1.15%	-1.87%	4.39%	-1.84%	3.31%
2010	3.33%	0.00%	2.60%	1.99%	-2.10%	3.24%	1.20%	-0.63%	3.11%	1.55%	-1.47%	-0.90%
2009	1.94%	-8.02%	4.70%	0.74%	6.65%	-2.49%	4.60%	-2.41%	2.61%	-1.68%	0.22%	0.79%
2008	0.53%	-3.53%	-4.67%	-7.62%	-1.55%	-3.61%	8.37%	-1.15%	-3.59%	-13.01%	5.56%	15.6%
2007	0.45%	-1.48%	0.76%	0.78%	-0.64%	-4.93%	-1.00%	1.99%	1.63%	0.57%	-3.58%	1.47%
2006	4.62%	1.04%	0.82%	1.37%	-1.98%	-0.03%	1.89%	1.29%	2.93%	2.34%	0.66%	3.02%
Avg. Return (%)	0.67%	-0.59%	0.14%	-0.36%	-0.02%	-0.88%	1.16%	-0.32%	-0.05%	0.31%	0.24%	1.14%
Probability	58%	47%	53%	47%	47%	37%	79%	37%	53%	58%	58%	68%

Equity Market

Equity strategy – Sectoral pick and index valuation

JCI valuation. The cautious optimistic due to the uncertainty in the US Fed policy has reflected in the index that traded at 1 Stdv lower than average (14.8x vs 12.0x). We expect that the corporate earning would continue to grow along with the growing GDP. The JCI Index is expected to trade at **7,300** or representing the PE Band at 12.0x for FY2025E or below the historical average at 14.8x. We are overweight in the sector that exposed to the several positive factor such as low inflationary environment, lower interest rate such as consumer staple retail and poultry that related to government spending in free lunch for social spending and also banking as well.

Consumer staple. Although overall FMCG spending has softened, food expenditures, particularly among low-income groups, rose from 26.5% in 2023 to 27.3% in 2024. The essential nature of food and its affordability will drive continued demand, especially as consumers focus on necessities amid a 3.96% MoM increase in food and beverage inflation in January 2025. While overall inflation has eased, a deflationary trend in housing, water, electricity, and household fuels (-9.16% MoM) has boosted disposable income, supporting ongoing FMCG spending. Moreover, government policies remain supportive, with a targeted VAT increase and a 6.5% hike in the minimum wage expected to drive household consumption, which makes up over 50% of Indonesia's GDP. We call Buy on **ICBP** as our top picks in this sector.

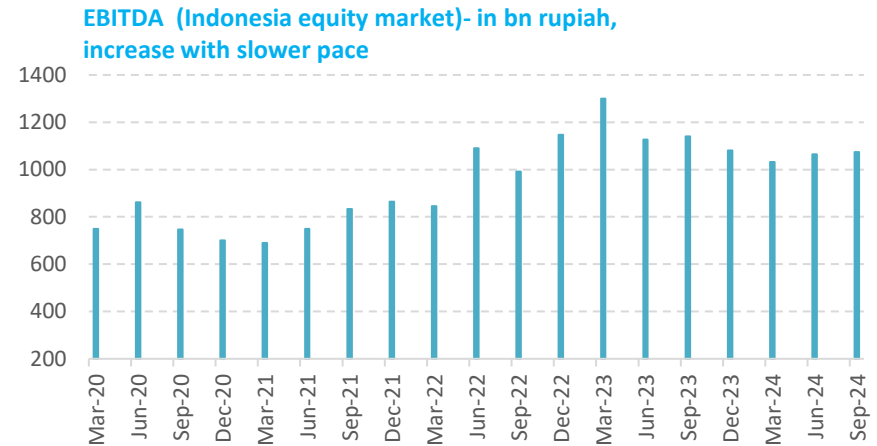
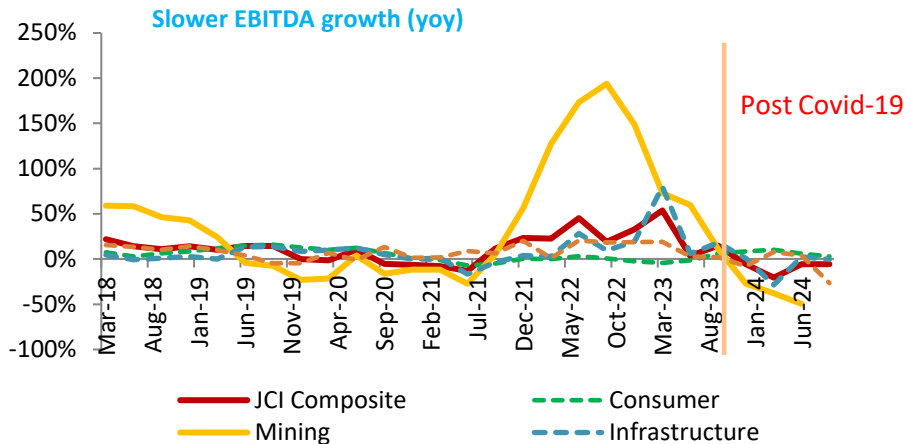
Banking sector. Lower interest rate and stable macro economic condition is expected will enable the loan to grow despite with the modest path. The better asset quality as shown in the lower loan at risk combine with digital transformation is another positive factor that will contribute to the better profitability and operational efficiency. We call Buy on **BBCA, BMRI,** and **BBRI** as our top picks in this sector.

Retail discretionary. Indonesia's retail sector remains favourable, with retail sales increasing by 1% YoY in 2024, indicating stable consumer spending. The government's selective 12% VAT increase in 2025, along with the strength of its core middle-to-upper-income consumer base, contributes to this resilience. Consumer spending is also set to get a lift from government measures, such as a 50% discount on electricity tariffs for low-power households in January and February 2025, which will boost disposable income just ahead of the festive season. We choose **ACES** for this industry.

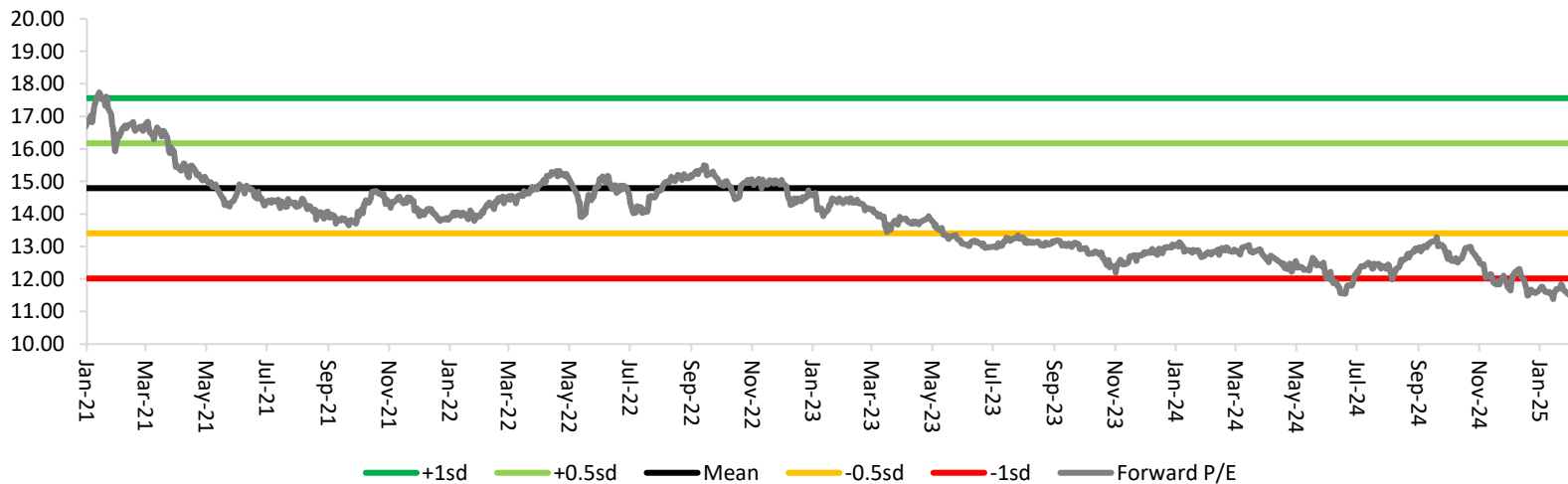
Poultry industry. Indonesia's poultry industry is poised for a positive outlook in 2025, driven by several key factors. The USDA projects that Indonesia's livestock feed consumption will reach 11.2 million tons, fueled by rising demand for poultry meat. This trend aligns with the government's Golden 2045 vision, which prioritizes food security initiatives such as the Free Nutritious Meal program, receiving a significant IDR 71 trillion budget allocation (0.29% of GDP) for 2025. Additionally, the government's decision to maintain the Grand Parent Stock (GPS) import quota at 2024 levels is expected to stabilize supply-demand dynamics in the Broiler and DOC markets. These measures are likely to support price stability and enhance profitability within the poultry sector, positioning it for sustainable growth in the coming years. We pick **JPFA** and **CPIN** for this sector.

Equity strategy – PE Bank and EBITDA growth of corporate in Indonesia

Helmi Therik, FRM



JCI - P/E BAND



Source: SSI calculation

PT Bank Central Asia Tbk-BBCA

BBCA – Sound double digit growth and stronger asset quality

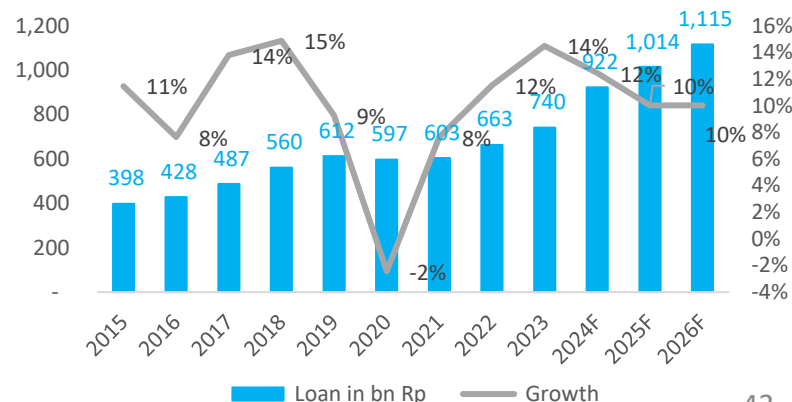
Helmi Therik, FRM

- Loan growth in 2025 is anticipated to rise by 10%, aligning with industry growth.** This projection is attributed to cautious credit disbursement, influenced by the delayed effects of higher interest rates. The corporate segment, which contributes approximately 45% of the company's total loans, is expected to grow moderately in 2025. Additionally, improvements in labor market conditions are likely to support salary-based loan growth.
- CASA (Current Account Savings Account) is projected to grow modestly at around 4% in 2025.** The anticipated reduction in interest rates in the first half of the year is expected to boost CASA growth compared to time deposits. Last year, time deposits increased by 12%, while CASA only grew by 4.7% due to higher interest rates. CASA, which accounts for 81% of third-party funds, is expected to benefit from both digital and offline channels. The company's efforts to improve services through a combination of online and offline channels have supported healthy CASA growth. Online transactions have surpassed branch transactions, reflecting the effectiveness of the company's digital infrastructure in sustaining deposit and CASA growth.
- The Net Interest Margin (NIM) has expanded to 5.8%, up from 5.5%, driven by higher interest rates and efficient cost management.** Pre-Provision Operating Profit (PPOP) increased by 14% and is expected to grow further due to higher fees and commission-based transactions. The company's advancements in digital banking systems and its strong franchise value have contributed to an increase in fee-based income.
- Loan-at-Risk (LaR) improved to 5.3% and is projected to decline further to below 5% by 2025.** The company has demonstrated strong asset quality management, with a LaR coverage ratio of 76.9% and NPL coverage of 208.5%. Economic growth and improved creditor repayment capacity are expected to further enhance asset quality and loan performance in 2025.
- Valuation.** We apply a blended valuation using the Gordon method, resulting in a fair value of Rp11,000 per share. This corresponds to a 2025 and 2026 PBV of 3.8x and 3.5x, aligning with the 2-standard deviation historical PBV. The premium valuation is supported by strong asset quality amid steady economic growth. **Key risks** to our outlook include slower loan growth, declining asset quality, and unexpected interest rate fluctuations.

Current Price (IDR) (29/1)	9,150
Target price (IDR)	11,000
Upside/Downside (%)	21%
52 Week High (IDR)	10,950
52 Week Low (IDR)	8,775
Major Shareholders:	
PT Dwimuria Investama Andalan	54.94%
Public	42.40%

	2022	2023	2024F	2025F	2026F
Net Interest Income	72,241	87,398	84,181	92,599	101,858
OP	50,378	60,180	52,106	55,976	61,499
Pre-tax	50,467	60,180	51,500	55,544	61,040
NP	40,756	48,658	41,648	44,919	49,364
EPS	331	395	338	364	400
BVPS	1,794	1,967	2,205	2,388	2,589

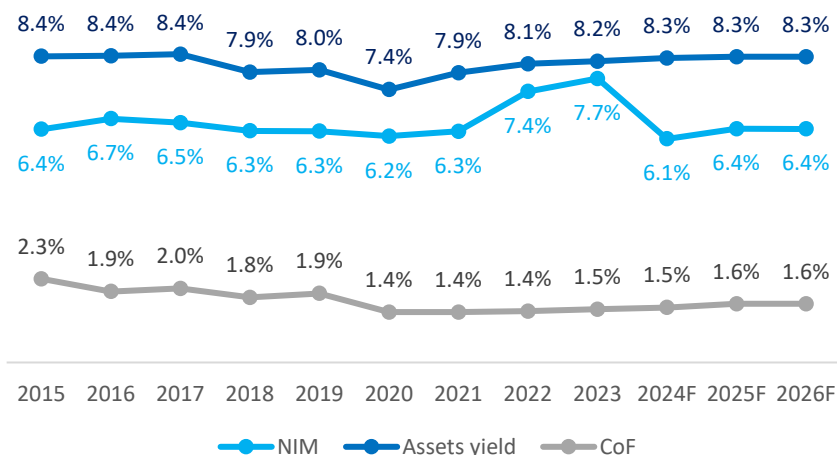
Loan (in bn RP) and loan growth (yoy)



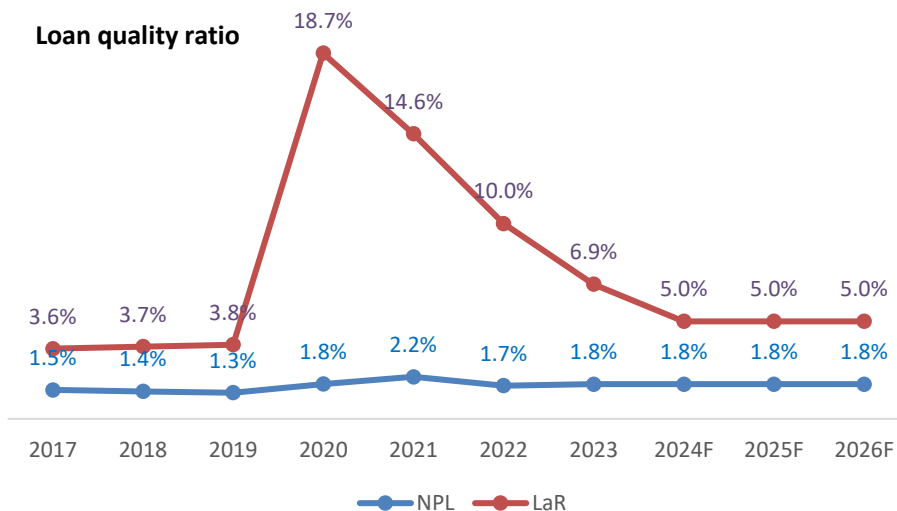
Source: Company, Shinhan Sekuritas Indonesia calculation

BBCA – Stronger profitability and stronger asset quality

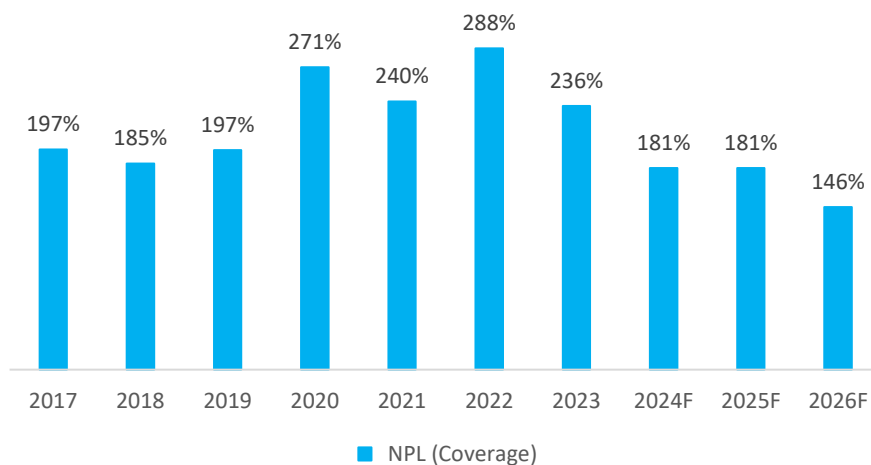
Profitability ratio- lower CoF propelling higher NIM



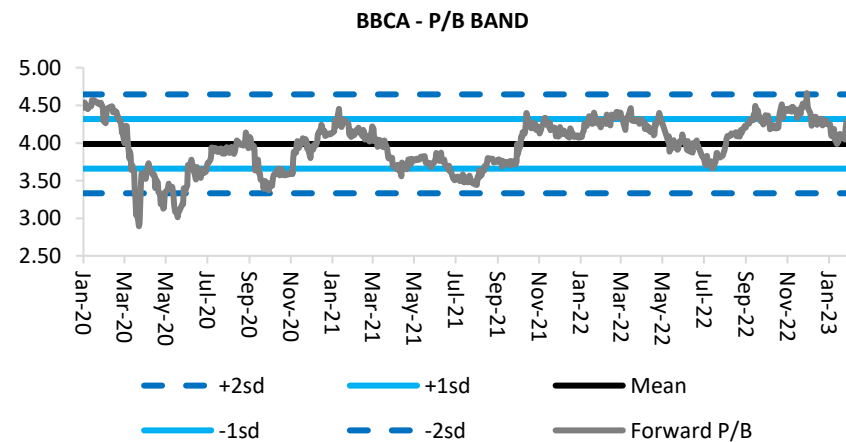
Loan quality ratio



NPL Coverage



PBV Band



Balance Sheet

Year-end 31 Dec (Rp bn)	2022	2023	2024F	2025F	2026F
Cash	125,470	114,319	197,805	225,328	249,374
Interbanking Assets	190,094	103,912	169,535	186,488	205,137
Short-Term & LT. Investments	251,028	326,895	169,535	186,488	205,137
Loan - gross	716,264	820,023	921,900	1,014,090	1,115,499
Allowance for Losses	33,948	33,309	28,579	31,437	27,887
Net Loans	682,317	786,714	893,321	982,653	1,087,612
Net Fixed Assets	24,709	26,825	13,791	10,840	7,765
Other Assets	41,114	49,442	47,022	51,527	56,507
Total Assets	1,314,732	1,408,107	1,491,009	1,643,325	1,811,531
Customer Deposits	1,039,718	1,101,863	1,130,233	1,243,256	1,367,582
ST Borrowings & Repos	9,299	12,469	19,877	22,837	26,260
Long-Term Borrowings	999	1,029	1,876	2,007	2,147
Other Liabilities	43,534	50,209	65,524	75,475	86,938
Total Liabilities	1,093,550	1,165,569	1,217,510	1,343,575	1,482,927
Minority Interest	163	181	118	118	118
Shareholders' Equity	221,182	242,538	273,499	299,750	328,604
Total Liabilities & Equity	1,314,732	1,408,107	1,491,009	1,643,325	1,811,531

Source: Company, Shinhan Sekuriti

Income Statement

Year-end 31 Dec (Rp bn)	2022	2023	2024F	2025F	2026F
Interest Income	72,241	87,398	89,096	102,921	113,213
Interest Expense	8,252	12,269	17,407	20,489	22,612
Net Interest Income	63,990	75,129	71,689	82,432	90,601
Other Operating Income	23,476	24,563	27,714	30,486	33,534
Net Revenue	87,465	99,692	99,403	112,918	124,135
Provision for loan losses	4,604	2,110	2,372	2,609	2,870
Net Revenue after provision	82,862	97,582	97,031	110,309	121,265
Non interest expense	32,483	37,403	40,288	44,317	48,749
Operating Income	50,378	60,180	56,743	65,991	72,516
Net Non-Operating Losses (Gains)	89	0	(606)	(432)	(458)
Income before tax	50,467	60,180	56,137	65,560	72,058
Tax	9,711	11,522	10,739	12,541	13,784
Net Income	40,756	48,658	45,398	53,019	58,274

Source: Company, Shinhan Sekuritas Indonesia

Key Ratio

Year-end 31 Dec (%)	2022	2023	2024F	2025F	2026F
Growth					
Assets	7%	7%	6%	10%	10%
Loans	12%	14%	12%	10%	10%
Customer Deposits	7%	6%	3%	10%	10%
Net Interest Income	14%	17%	-5%	15%	10%
PPOP	14%	13%	-5%	16%	10%
Net Income	30%	19%	-7%	17%	10%
Profitability					
Asset Yield	8%	8%	8%	8%	8%
Cost of Fund	1%	1%	2%	2%	2%
Net Interest Margin	7%	8%	6%	6%	6%
ROAA	3%	4%	3%	3%	3%
ROAE	19%	21%	18%	18%	19%
Operational Efficiency	47%	46%	51%	51%	51%
CIR	37%	38%	41%	39%	39%
Liquidity					
LDR	69%	74%	82%	82%	82%
CASA Ratio	77%	77%	77%	77%	77%
Capital					
CAR-Bank Only	26%	29%	26%	26%	25%
Assets Quality					
NPL	1.7%	1.8%	1.8%	1.8%	1.8%
Coverage Ratio	288%	236%	181%	181%	146%

Source: Company, Shinhan Sekuritas Indonesia

Dupont (as % of aver	2022F	2022F	2022F	2022F	2022F
Net Interest Income	5%	6%	5%	5%	5%
Net Revenue	7%	7%	7%	7%	7%
Net Revenue after p	7%	7%	7%	7%	7%
Operating Income	4%	4%	4%	4%	4%
Net Income	3%	4%	3%	3%	3%
ROAA	3%	4%	3%	3%	3%
multiplier	6	6	6	5	5
ROAE	19%	21%	18%	18%	19%

Source: Company, Shinhan Sekuritas Indonesia

PT Bank Mandiri (Persero) Tbk-BMRI

BMRI– Gain market share and improving asset quality

Helmi Therik, FRM

- Loan Growth and Portfolio Shifts in 2025.** Loans are projected to expand by approximately 12% in 2025, driven by economic growth expected to stabilize around 5% and the bank's strategy of targeting selective corporate and retail segments. The bank is likely to achieve better loan yields and higher net interest margins (NIM) through a structural shift towards retail and micro-segments, which typically offer higher returns than corporate loans. NIM is anticipated to remain in the range of 5% to 5.3%, while the cost of funds (CoF) is expected to improve to between 2.7% and 2.9%.
- Loan Share and Portfolio Composition.** The company has increased its loan market share to 19.5%, reflecting a 1% rise. Corporate loans remain the cornerstone of the portfolio, contributing 38.6% of total loans, while commercial loans make up 23%. Micro and payroll loans represent 18.2%, with half of the micro-segment loans directed at salary-based employees, aligning with the bank's focus on better-quality and higher-yielding loans. The remaining micro-segment loans are tied to government programs. In the consumer segment, 49% to 50% of loans are allocated to mortgages and credit cards, with respective shares of 35% and 13%. Economic improvements and increased job opportunities are expected to drive a 10% growth in this segment. Meanwhile, working capital loans in the corporate sector are also forecasted to grow by at least 10%.
- Strengthening CASA Market Share.** The company has significantly improved its market share in low-cost funds through CASA, which rose to 16.5% from 14.4% over the past two years. This growth stems from enhanced digital capabilities and the introduction of new digital platforms, such as the "Kopra" app for corporate clients and "Livin" for retail customers. CASA increased by 12% last year and is expected to maintain this growth trajectory. Transactions conducted via the "Livin" app surged by 37%, a trend likely to continue, further bolstering CASA contributions to overall savings and deposits.
- Enhanced Asset Quality.** The company has improved its loan-at-risk (LaR) ratio to 6.7%, down from 12% two years ago. Selective loan disbursement amid robust economic activity has enhanced creditors' ability to meet debt obligations. Additionally, the bank's risk coverage remains robust, as reflected in a Non-Performing Loan (NPL) coverage ratio of 271% and LaR coverage at 45%.
- Valuation.** the company's fair value at Rp6,300 by using blended calculation. We use Gordon's growth and earning multiple to calculate the fair value which implies the PBV for 2025 and 2026 at 1.7x and 1.5x while the historical average was at 1.5x. Risk to our call: lower loan growth, deteriorated asset quality, unexpected interest rate movement.

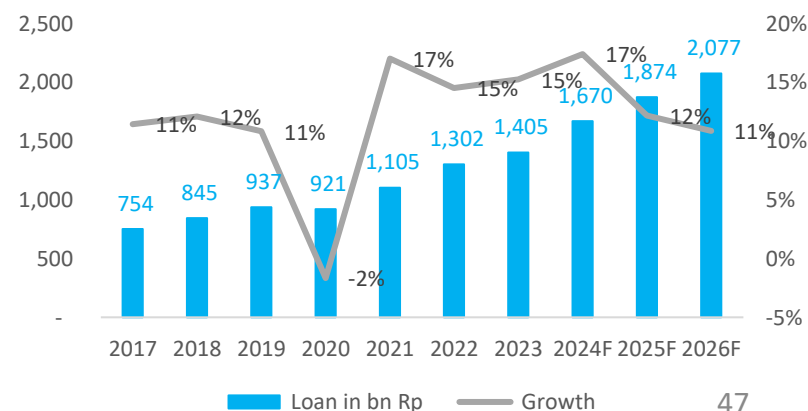
Current Price (IDR) (29/1)	5,025
Target price (IDR)	6,300
Upside/Downside (%)	27%
52 Week High (IDR)	7,550
52 Week Low (IDR)	4,950

Major Shareholders:

Negara Republik Indonesia	52.00%
Public	39.92%

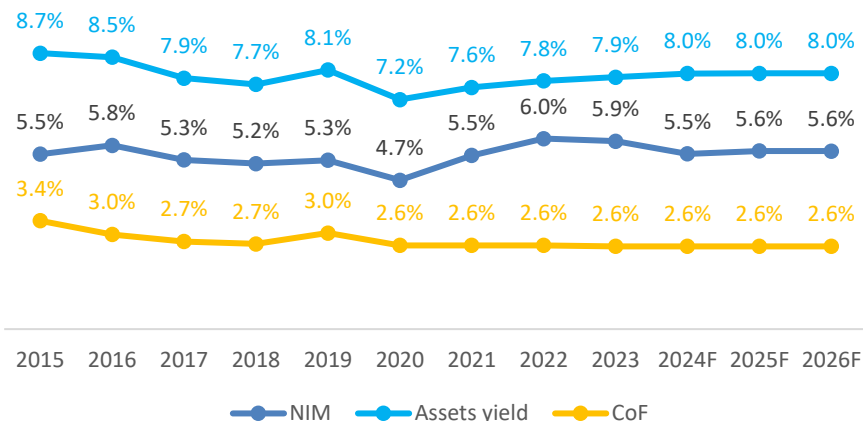
	2022	2023	2024F	2025F	2026F
Net Interest Income	113,036	133,480	152,098	174,196	194,353
OP	56,075	74,642	80,041	94,077	104,768
Pre-tax	56,378	74,685	80,155	94,154	104,902
NP	44,952	60,052	64,450	75,706	84,348
EPS	482	643	691	811	904
BVPS	2,704	3,080	3,437	3,919	4,457

Loan (in bn RP) and loan growth (yoy)

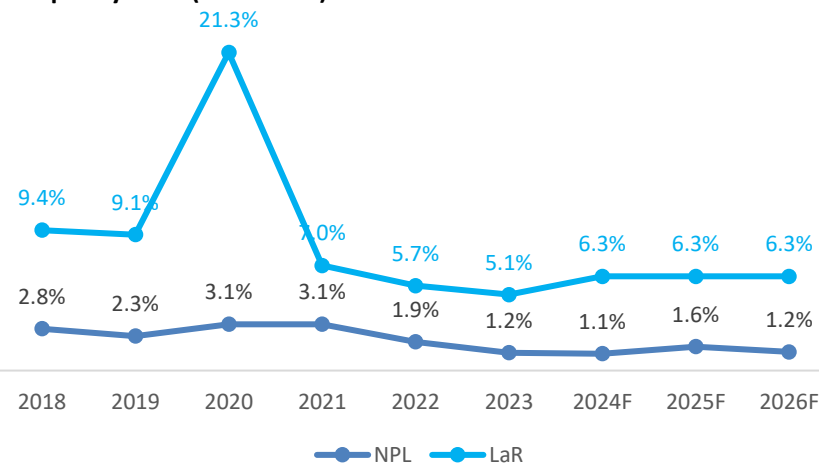


BMRI– Gain market share and improving asset quality

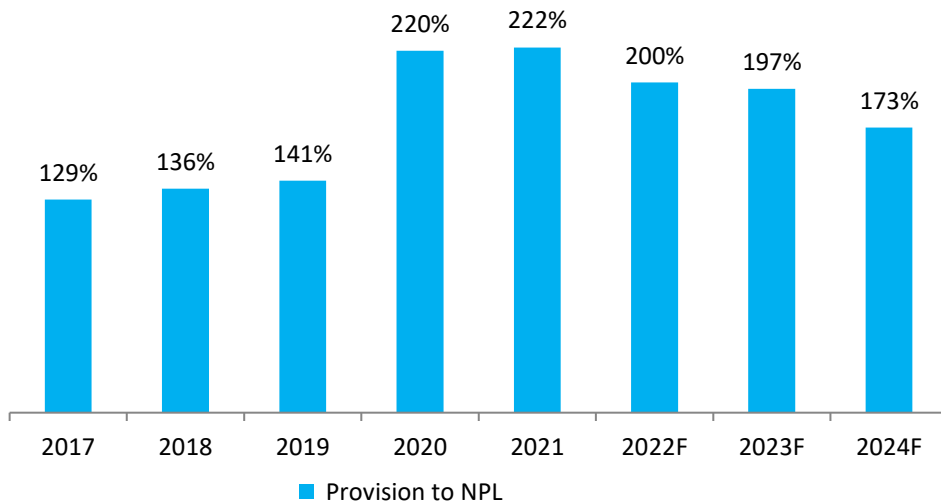
NIM improves amid lower CoF due to lower interest rate



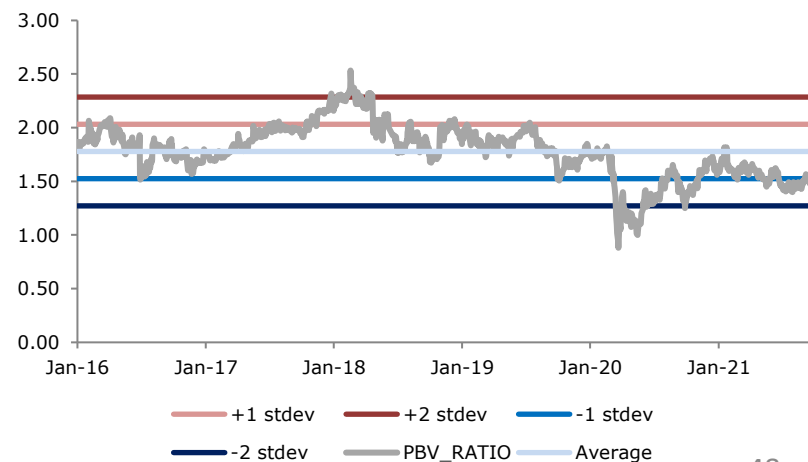
Loan quality ratio (NPL & LaR)



Build up provisions to cushion the credit risk



PBV Band



Balance Sheet

Year-end 31 Dec (Rp bn)	2022	2023	2024F	2025F	2026F
Cash	134,562	135,037	134,971	126,458	141,677
Interbanking Assets	154,816	133,154	167,278	187,351	209,833
Short-Term & LT. Investments	414,654	405,556	167,278	187,351	209,833
Loan - gross	1,234,419	1,422,621	1,670,268	1,873,510	2,077,348
Allowance for Losses	65,362	53,882	55,886	48,392	40,663
Net Loans	1,169,057	1,368,739	1,614,381	1,825,118	2,036,685
Net Fixed Assets	56,541	57,978	71,997	81,349	91,777
Other Assets	62,915	73,755	77,152	85,387	94,921
Total Assets	1,992,545	2,174,219	2,233,056	2,493,014	2,784,726
Customer Deposits	1,490,845	1,576,950	1,672,777	1,873,510	2,098,331
ST Borrowings & Repos	73,297	127,941	19,199	16,040	13,367
Long-Term Borrowings	76,926	74,028	96,140	107,423	120,031
Other Liabilities	99,232	107,806	134,181	149,310	166,145
Total Liabilities	1,740,299	1,886,724	1,922,296	2,146,283	2,397,875
Minority Interest	22,567	26,642	4,653	4,653	4,653
Shareholders' Equity	252,245	287,495	310,760	346,730	386,852
Total Liabilities & Equity	1,992,545	2,174,219	2,233,056	2,493,014	2,784,726

Source: Company, Shinhan Sekuriti

Income Statement

Year-end 31 Dec (Rp bn)	2022	2023	2024F	2025F	2026F
Interest Income	113,036	133,480	147,584	164,625	183,634
Interest Expense	24,479	36,658	47,745	52,892	59,074
Net Interest Income	88,558	96,822	99,838	111,734	124,560
Other Operating Income	28,969	29,544	32,498	36,398	40,766
Net Revenue	117,527	126,366	132,336	148,132	165,326
Provision for loan losses	8,168	(1,174)	18,707	11,241	12,464
Net Revenue after provision	109,358	127,540	113,629	136,891	152,862
Non interest expense	53,284	52,898	58,188	65,170	72,991
Operating Income	56,075	74,642	55,441	71,720	79,871
Net Non-Operating Losses (Gains)	303	43	114	76	134
Income before tax	56,378	74,685	55,555	71,796	80,005
Tax	11,425	14,633	10,885	14,067	15,675
Net Income	44,952	60,052	44,670	57,729	64,330

Source: Company, Shinhan Sekuritas Indonesia

Key Ratio

Year-end 31 Dec (%)	2022	2023	2024F	2025F	2026F
Growth					
Assets	15%	9%	3%	12%	12%
Loans	15%	15%	17%	12%	11%
Customer Deposits	15%	6%	6%	12%	12%
Net Interest Income	21%	9%	3%	12%	11%
PPOP	24%	14%	1%	12%	11%
Net Income	47%	34%	-26%	29%	11%
Profitability					
Asset Yield	8%	8%	8%	8%	8%
Cost of Fund	3%	3%	3%	3%	3%
Net Interest Margin	6%	6%	5%	5%	5%
ROAA	2%	3%	2%	2%	2%
ROAE	19%	22%	15%	18%	18%
Operational Efficiency Ratio (OER)	61%	54%	69%	64%	64%
CIR	45%	42%	44%	44%	44%
Liquidity					
LDR	83%	90%	100%	100%	99%
CASA Ratio	66%	66%	66%	66%	66%
Capital					
CAR-Bank Only	20%	22%	21%	19%	18%
Assets Quality					
NPL	1.9%	1.2%	1.1%	1.6%	1.2%
Coverage Ratio	276%	318%	357%	188%	242%

Source: Company, Shinhan Sekuritas Indonesia

Dupont (as % of average assets)	2022	2023	2024F	2025F	2026F
Net Interest Income	5%	5%	5%	5%	5%
Net Revenue	6%	6%	6%	6%	6%
Net Revenue after provision	6%	6%	5%	6%	6%
Operating Income	3%	4%	3%	3%	3%
Net Income	2%	3%	2%	2%	2%
ROAA	2%	3%	2%	2%	2%
multiplier	8	8	7	7	7
ROAE	19%	22%	15%	18%	18%

Source: Company, Shinhan Sekuritas Indonesia

PT Bank Rakyat Indonesia Tbk-BBRI

BBRI – Focus on asset quality over growth

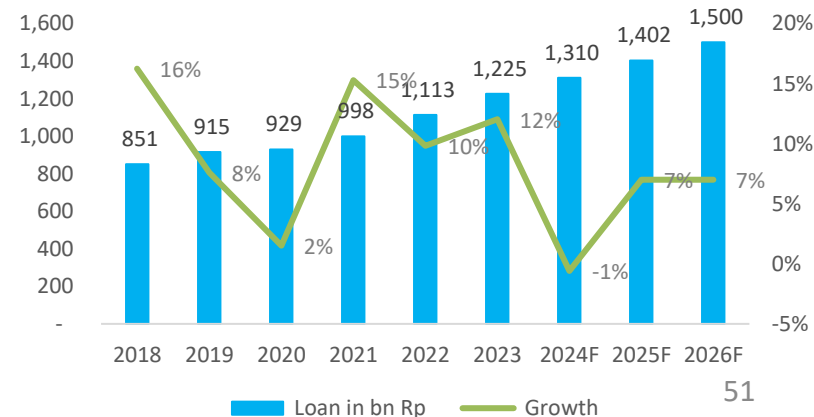
Helmi Therik, FRM

- Slower Loan Growth with Improved Quality.** Tighter lending criteria have resulted in slower loan growth, while the company expects an improvement in loan quality. Loans are projected to grow between 8% and 10%, supported by lower interest rates, stable economic expansion across all segments, and government subsidies, which are expected to enhance debtors' real income capacity. The micro and ultra-micro loan segments, which account for 92% of the company's total loans, grew by 12% last year. Micro loans are expected to grow by 8% to 10%, while loan expansion through the pawnshop channel, branded as "Pegadaian," is estimated to maintain its growth trajectory at around 17%. Loan quality has improved, as evidenced by a reduction in the loan-at-risk (LaR) ratio to 11% from 12% last year.
- Net Interest Margin (NIM) and Portfolio Strategy.** The net interest margin is projected to remain between 7.4% and 7.8%. However, the company has temporarily shifted its portfolio toward the corporate segment due to its selective loan disbursement policy in the micro-loan segment, aiming to manage risk more effectively. Last year, the NIM stood at 8.05%, while the cost of funds (CoF) increased slightly by 8 basis points to 2.74%. To counterbalance the higher cost, the company has strategically shifted loans from the KUR program to Kupedes and allocated resources to consumer loans through its subsidiaries, PNM and Pegadaian. PNM achieved a NIM of 26%, while Pegadaian reported a NIM of 19.6%. In 2025, a potential reduction in the Bank Indonesia (BI) 7-day repo rate could lead to lower funding costs, despite the lag in loan yield adjustments.
- Growth in Third-Party Funds and CASA.** Third-party funds and CASA are expected to grow by approximately 5% in 2025, consistent with last year's growth rate. The CASA ratio is anticipated to improve to 64.2% from 63%, driven by a continued decline in interest rates. The CoF is expected to remain flat at around 2.66% to 2.74%. The company's digital platform, "BRIMO," has played a key role in maintaining its strong position in the funding and lending market. BRIMO's penetration in fund collection increased to 36.6% last year, up from 27.7% the previous year, based on a total customer base of 111 million. Enhanced user experience is expected to further boost CASA growth in the future.
- Valuation.** We implement blended valuation with the Gordon method approach that implies the fair value at Rp5,800/share. This represents 2025 and 2026 PBV at 2.5x and 2.4x which is at the average of its historical at 2.5xPBV. Risk to our call: lower loan growth, deteriorated asset quality, unexpected interest rate movement.

Current Price (IDR) (29/1)	3,900
Target price (IDR)	5,800
Upside/Downside (%)	49.0%
52 Week High (IDR)	6,450
52 Week Low (IDR)	3,800
Major Shareholders:	
Negara Republik Indonesia	53.18%
Public	46.27%

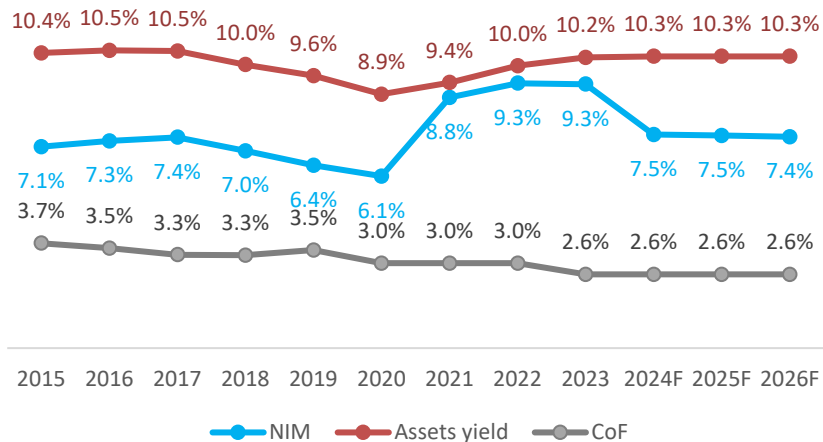
in bn Rp	2022	2023	2024F	2025F	2026F
Net Interest Income	151,875	178,996	162,757	174,150	186,340
OP	64,306	76,829	67,362	71,488	75,714
Pre-tax	64,597	76,430	67,141	71,327	75,533
NP	51,408	60,425	46,881	49,803	52,740
EPS	340	400	311	330	350
BVPS	2,004	2,097	2,244	2,327	2,414

Loan (in bn RP) and loan growth (yoy)

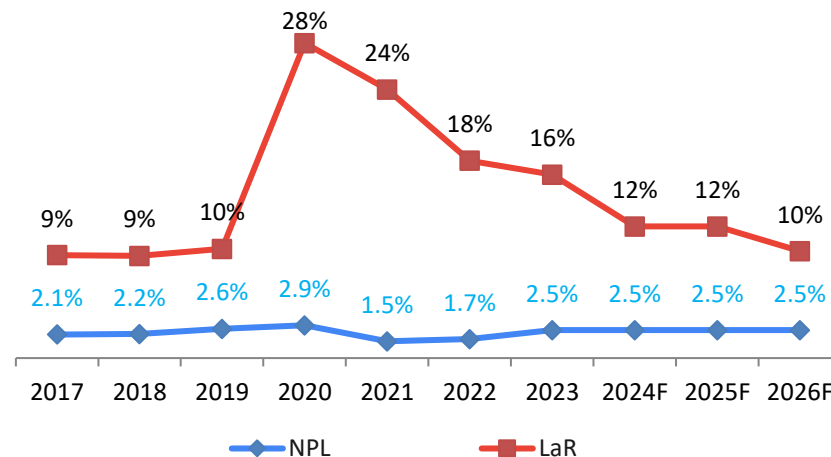


BRI – Focus on asset quality over growth

NIM improves amid lower CoF due to lower interest rate

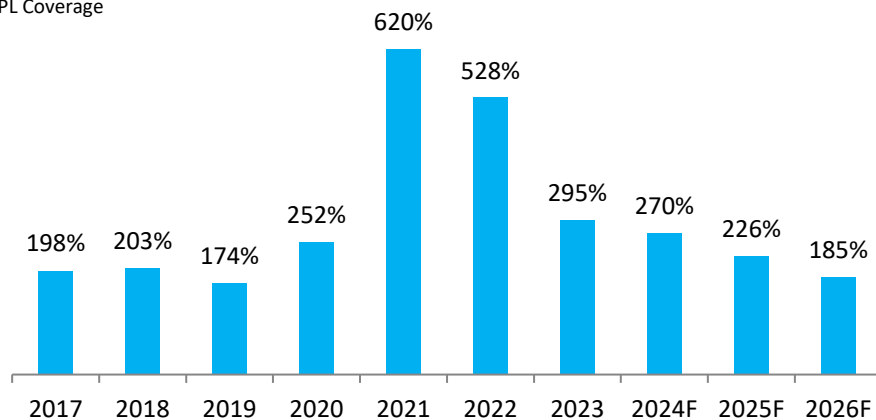


Loan quality ratio (NPL & LaR)

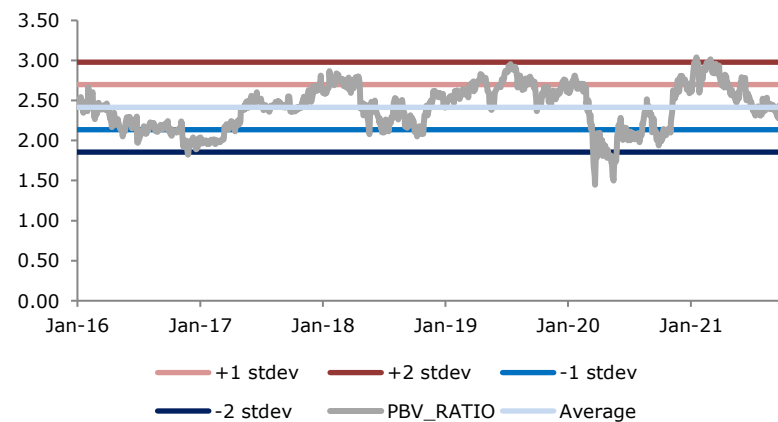


Build up provision to cushion the credit risk

NPL Coverage



PBV Band



Balance Sheet

Year-end 31 Dec (Rp bn)	2022	2023	2024F	2025F	2026F
Cash	178,343	133,513	240,095	243,577	255,049
Interbanking Assets	142,884	121,141	218,370	233,656	250,012
Short-Term & LT. Investments	336,749	338,515	218,370	233,656	250,012
Loan - gross	1,176,506	1,318,001	1,310,222	1,401,938	1,500,073
Allowance for Losses	93,088	85,502	77,961	69,891	61,257
Net Loans	1,083,418	1,232,499	1,232,261	1,332,046	1,438,816
Net Fixed Assets	55,216	59,678	111,787	134,901	158,961
Other Assets	69,029	79,662	60,991	64,683	68,840
Total Assets	1,865,639	1,965,007	2,081,876	2,242,519	2,421,690
Customer Deposits	1,307,884	1,358,329	1,455,802	1,557,708	1,666,748
ST Borrowings & Repos	89,460	129,997	204,997	249,266	302,885
Long-Term Borrowings	73,357	50,677	10,365	7,277	5,108
Other Liabilities	91,543	109,532	72,065	77,241	82,790
Total Liabilities	1,562,244	1,648,535	1,743,229	1,891,492	2,057,531
Minority Interest	4,101	5,109	2,534	2,534	2,534
Shareholders' Equity	303,395	316,472	338,647	351,027	364,159
Total Liabilities & Equity	1,865,639	1,965,007	2,081,876	2,242,519	2,421,690

Source: Company, Shinhan Sekuritas Indonesia

Income Statement

Year-end 31 Dec (Rp bn)	2022	2023	2024F	2025F	2026F
Interest Income	151,875	178,996	162,757	174,150	186,340
Interest Expense	27,278	43,813	43,610	47,251	51,337
Net Interest Income	124,597	135,183	119,147	126,899	135,003
Other Operating Income	29,179	31,292	28,480	30,473	32,606
Net Revenue	153,776	166,476	147,627	157,372	167,610
Provision for loan losses	15,926	12,602	12,528	13,405	14,343
Net Revenue after provision	137,851	153,873	135,099	143,967	153,266
Non interest expense	73,545	77,044	67,737	72,479	77,552
Operating Income	64,306	76,829	67,362	71,488	75,714
Net Non-Operating Losses (Gains)	291	(399)	(220)	(162)	(181)
Income before tax	64,597	76,430	67,141	71,327	75,533
Tax	13,188	16,005	20,260	21,523	22,793
Net Income	51,408	60,425	46,881	49,803	52,740

Source: Company, Shinhan Sekuritas Indonesia

Key Ratio

Year-end 31 Dec (%)	2022	2023	2024F	2025F	2026F
Growth					
Assets	11%	5%	6%	8%	8%
Loans	10%	12%	-1%	7%	7%
Customer Deposits	15%	4%	7%	7%	7%
Net Interest Income	9%	8%	-12%	7%	6%
PPOP	17%	11%	-11%	6%	6%
Net Income	55%	18%	-22%	6%	6%
Profitability					
Asset Yield	10%	10%	10%	10%	10%
Cost of Fund	3%	3%	3%	3%	3%
Net Interest Margin	9%	9%	8%	7%	7%
ROAA	3%	3%	2%	2%	2%
ROAE	17%	19%	14%	14%	15%
Operational Efficiency Ratio (OI)	64%	63%	65%	65%	65%
CIR	48%	46%	46%	46%	46%
Liquidity					
LDR	90%	97%	90%	90%	90%
CASA Ratio	60%	60%	60%	60%	60%
Capital					
CAR-Bank Only	26%	27%	28%	26%	24%
Assets Quality					
NPL	1.7%	2.5%	2.5%	2.5%	2.5%
Coverage Ratio	528%	295%	270%	226%	185%

Source: Company, Shinhan Sekuritas Indonesia

Dupont (as % of average assets)	2022	2023	2024F	2025F	2026F
Net Interest Income	7%	7%	6%	6%	6%
Net Revenue	9%	9%	7%	7%	7%
Net Revenue after provision	8%	8%	7%	7%	7%
Operating Income	4%	4%	3%	3%	3%
Net Income	3%	3%	2%	2%	2%
ROAA	3%	3%	2%	2%	2%
multiplier	6	6	6	6	7
ROAE	17%	19%	14%	14%	15%

Source: Company, Shinhan Sekuritas Indonesia

PT Indofood CBP Sukses Makmur Tbk-ICBP

ICBP – Keeps Cooking with Strong Growth

Billy Ibrahim Djaya

Remains well-positioned for growth in 2025, supported by Indonesia's resilient consumer sector and shifting consumption trends. Despite overall FMCG spending softening, food expenditures, especially among low-income groups, increased from 26.5% in 2023 to 27.3% in 2024, highlighting the essential nature of ICBP's products. The affordability and staple status of instant noodles will ensure steady demand, particularly as consumers prioritize essential items amid rising food and beverage inflation of 3.96% MoM in January 2025. While headline inflation eased, deflation in housing, water, electricity, and household fuels (-9.16% MoM) has increased disposable income, allowing for sustained FMCG spending. Additionally, government policies remain favorable, with a selective VAT increase and a 6.5% rise in the minimum wage set to boost household consumption, which accounts for more than 50% of Indonesia's GDP.

Leveraging its expanding international footprint and strong market positions. The company's strategic acquisition of Pinehill in 2020 has significantly bolstered its presence in the Middle East and Africa, regions experiencing a surge in demand for convenient and affordable food options due to rapid urbanization and changing consumer lifestyles. Notably, the Middle East and Africa instant noodles market was valued at USD 58.43 billion in 2024 and is projected to reach USD 86.71 billion by 2030, reflecting a compound annual growth rate (CAGR) of 6.80%. ICBP's international sales have demonstrated impressive growth, increasing from 13.2% of total revenue in 2020 to 23.0% in 9M24. This international expansion not only diversifies revenue streams but also mitigates risks associated with exchange rate fluctuations.

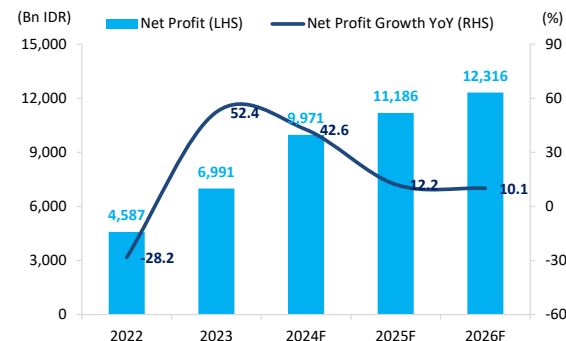
Maintain positive momentum in 2025. ICBP's revenue projected to increase by 8.2% YoY to IDR 82.0 trillion in FY25F. The instant noodles segment will remain the key revenue driver, supported by its affordability and ICBP's dominant market position. Additionally, product development and innovation in the Dairy and Snack segments will further strengthen sales contributions. While the new excise on packaged sweetened drinks set for 2H25 may impact pricing, ICBP's low exposure to this category and the ability to pass through costs through gradual ASP adjustments will minimize any potential headwinds. Profitability is set to improve, with net profit forecasted to reach IDR 11.2 trillion (+12.2% YoY) in FY25F, aided by stable input costs alongside a more favorable interest rate environment. Consumer spending is also expected to receive a boost from government initiatives, including a 50% electricity tariff discount for lower-power households in January and February 2025, which will enhance disposable income ahead of the festive season.

Valuation. We remain positive on ICBP, underpinned by its strong market share, solid brand loyalty, and continuous product innovation, which reinforce its dominance in the consumer staples sector. As a defensive play amid market volatility, ICBP is well-positioned to benefit from stable demand and government stimulus supporting household consumption. With inflation stabilizing and economic growth remaining on track, ICBP's earnings outlook remains resilient. We maintain our Buy rating with a TP of IDR 14,100 per share, reflecting 15.0x FY25F P/E, or -0.5SD from its 5-year historical mean.

Current Price (IDR) (31/1)	11,500
Target price (IDR)	14,400
Upside/Downside (%)	25.2%
52 Week High (IDR)	12,875
52 Week Low (IDR)	9,600
Major Shareholders:	
PT Indofood Sukses Makmur Tbk	80.53%
Public	19.47%

Year To Dec.	Revenue (Bn IDR)	NP (Bn IDR)	EPS (IDR)	PER (x)	PBV (x)
2022	64,798	4,587	393	25.4	9.4
2023	67,910	6,991	599	17.6	8.9
2024F	75,803	9,971	855	16.6	9.8
2025F	82,038	11,186	959	14.8	8.9
2026F	86,914	12,316	1,056	13.5	8.0

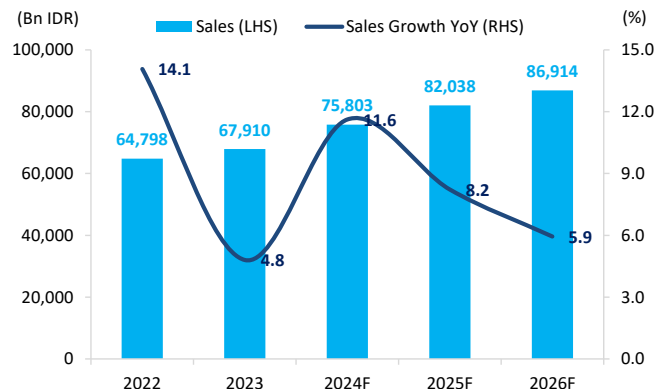
ICBP's Net Profit Projection



Source: Company, Shinhan Sekuritas Indonesia

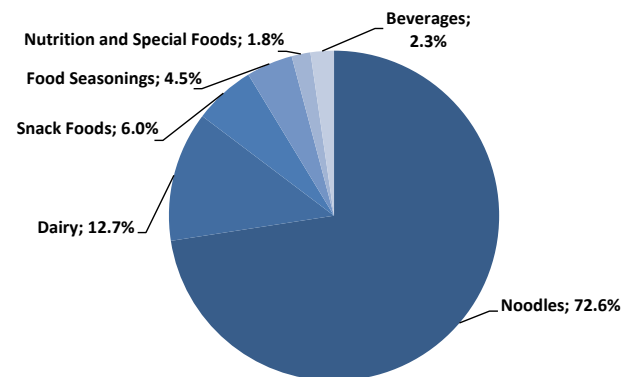
ICBP – Keeps Cooking with Strong Growth

ICBP's Revenue Projection



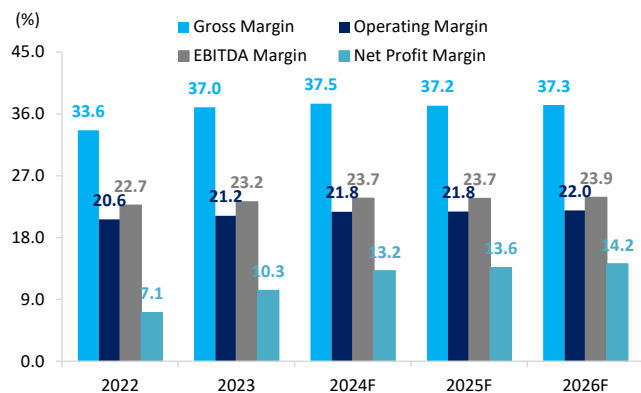
Source: Company, Shinhan Sekuritas Indonesia

ICBP revenue breakdown (9M24)



Source: Company, Shinhan Sekuritas Indonesia

ICBP profitability trend



Source: Company, Shinhan Sekuritas Indonesia

P/E Band



Source: Company, Shinhan Sekuritas Indonesia

ICBP – Keeps Cooking with Strong Growth

Income Statement

Year-End 31 Dec (Bn IDR)	2022	2023	2024F	2025F	2026F
Revenue	64,798	67,910	75,803	82,038	86,914
COGS	-43,005	-42,784	-47,361	-51,506	-54,483
Gross Profit	21,792	25,126	28,442	30,532	32,431
EBITDA	14,707	15,764	17,987	19,423	20,729
Operating Expenses	-8,415	-10,739	-11,939	-12,656	-13,337
Operating Profit	13,378	14,388	16,503	17,876	19,094
Pre-Tax Profit	7,525	11,445	15,099	16,798	18,366
Income Tax Expenses	-1,803	-2,980	-3,631	-3,933	-4,201
Net Profit	4,587	6,991	9,971	11,186	12,316
EPS (IDR)	393	599	855	959	1,056

Source: Company, Shinhan Sekuritas Indonesia

Balance Sheet

Year-End 31 Dec (Bn IDR)	2022	2023	2024F	2025F	2026F
Assets					
Cash & Cash Equivalents	15,741	19,353	16,810	16,938	18,773
Accounts Receivable	7,228	7,524	7,069	7,612	8,025
Inventories	7,132	6,329	7,488	8,184	8,701
Other Current Assets	969	3,566	4,098	4,289	4,301
Total Current Assets	31,070	36,773	35,466	37,024	39,799
Net Fixed Assets	14,521	14,711	14,578	14,451	14,311
Other Assets	69,714	67,783	68,420	69,315	70,223
Total Assets	115,306	119,267	118,464	120,790	124,333
Liabilities and equities					
Accounts Payables	5,779	6,505	4,498	5,136	5,704
Other Short-Term Liabilities	4,255	3,959	4,419	4,783	5,067
Total Current Liabilities	10,034	10,464	8,917	9,919	10,772
Long-Term Borrowings	44,516	43,184	36,893	31,518	26,927
Other Long-Term Liabilities	3,282	3,514	3,514	3,514	3,514
Total Liabilities	57,833	57,163	49,324	44,951	41,212
Minority Interest	20,954	21,354	21,564	21,564	21,564
Total Equity	57,473	62,104	69,139	75,839	83,121
BVPS (IDR)	3,131	3,494	4,080	4,654	5,278

Source: Company, Shinhan Sekuritas Indonesia

Cash Flows

Year-End 31 Dec (Bn IDR)	2022	2023	2024F	2025F	2026F
Net Profit	4,587	6,991	9,971	11,186	12,316
Change in Working Capital	-10,146	2,456	-632	1,057	1,498
CFs from Operating	-5,559	9,446	9,339	12,243	13,814
CFs from Investing	-1,198	-1,660	-2,735	-2,316	-2,403
CFs from Financing	1,983	-4,140	-9,148	-9,799	-9,577
Net Inc./(Dec.) in Cash	-4,774	3,647	-2,543	128	1,835
Cash at End. Period	15,741	19,353	16,810	16,938	18,773

Source: Company, Shinhan Sekuritas Indonesia

Key Ratio

Year-End 31 Dec	2022	2023	2024F	2025F	2026F
Profitability					
Gross Margin	33.6%	37.0%	37.5%	37.2%	37.3%
Operating Margin	20.6%	21.2%	21.8%	21.8%	22.0%
EBITDA Margin	22.7%	23.2%	23.7%	23.7%	23.9%
Profit Margin	7.1%	10.3%	13.2%	13.6%	14.2%
ROAA	4.0%	5.9%	8.4%	9.3%	9.9%
ROAE	12.6%	17.2%	21.0%	20.6%	20.0%
Growth					
Revenue	14.1%	4.8%	11.6%	8.2%	5.9%
Gross Profit	7.5%	15.3%	13.2%	7.3%	6.2%
Operating Profit	14.7%	7.5%	14.7%	8.3%	6.8%
EBITDA	13.7%	7.2%	14.1%	8.0%	6.7%
Net Profit	-28.2%	52.4%	42.6%	12.2%	10.1%
Solvability					
Current Ratio (x)	3.10	3.51	3.98	3.73	3.69
Quick Ratio (x)	2.30	2.79	3.02	2.79	2.77
Debt to Equity (x)	1.0	0.9	0.7	0.6	0.5
Interest Coverage (x)	6.3	7.2	5.8	7.3	9.1

Source: Company, Shinhan Sekuritas Indonesia

PT Ace Hardware Indonesia Tbk-ACES

Reinvents itself as AZKO. PT Aspirasi Hidup Indonesia Tbk (ACES), formerly ACE Hardware Indonesia, is poised for a transformative 2025 as it embarks on rebranding journey. The company's decision to rebrand as AZKO, following the conclusion of its licensing agreement with ACE Hardware International Holdings, Ltd. on December 31, 2024, marks a strategic pivot to strengthen its identity and independence in the competitive retail landscape. The shift promises substantial cost savings as ACES will no longer incur royalty fees, which amounted to IDR 40.2 billion in 2023. With a diverse portfolio of trusted home brands like KRISBOW, KRIS, KLAZ, and STORA, ACES is well-equipped to maintain its broad product range, supported by a robust omni-channel ecosystem. The absence of licensing fees not only enhances profitability but also provides flexibility to refine its brand strategy and deepen customer loyalty.

Robust SSSG amid supportive retail landscape. In 2024, ACES posted an impressive 8.8% SSSG, surpassing its own guidance of 8%, highlighting the resilience of its core middle-to-upper-income customer base. The company continues its aggressive expansion into tier 2 and 3 cities, where lower labor and lease costs provide a more efficient growth strategy while tapping into rising consumer demand in emerging areas. ACES also benefits from a healthy balance sheet with ample cash reserves, ensuring its expansion plans remain well-funded without overleveraging. Meanwhile, Indonesia's retail sector remains conducive, with retail sales growing 1% YoY in 2024, reflecting steady consumer spending. Additionally, the government's selective implementation of the 12% VAT increase in 2025, which exempts basic goods from higher taxation, ensures that ACES' diverse product offerings remain attractive to consumers without significant pricing pressure.

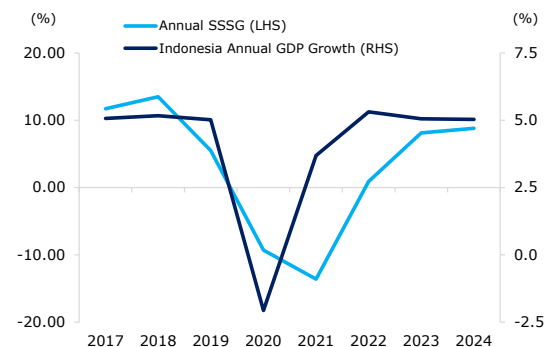
Aggressive expansion to capture solid consumer demand. Revenue projected to increase by 13.4% YoY to IDR 9.9 trillion in FY25F as the company plans to open 20 new stores, further strengthening its presence in key regions, particularly outside Java, where contributions are expected to reach 40%-45% of total revenue. SSSG in 1Q25 is anticipated to remain healthy, driven by seasonal demand during Chinese New Year, impactful promotional activities, and an updated product assortment. While the ongoing rebranding to AZKO will involve store transformations and signage updates, the transition is expected to be completed by 1Q25, ensuring minimal disruption. Additionally, ACES is ramping up its marketing efforts, with advertising and promotion (A&P) spending increasing to 2.0%-2.5% in 2025, enhancing brand visibility and customer engagement. Although higher inventory levels are planned to support the transition.

Valuation. We maintain a positive outlook on ACES, driven by its extensive nationwide footprint, steady sales growth, and ambitious expansion strategy. With plans to open over 100 new stores in the coming years, ACES is reinforcing its dominance in the retail sector, backed by a strong presence through 180 Ace Hardware, 44 Ace Home Center, and 16 Ace Xpress stores as of 9M24. The company's solid SSSG reinforce its long-term growth potential. While risks such as a slower-than-expected recovery in purchasing power and the ongoing rebranding transition exist, ACES' omni-channel strategy and operational efficiencies provide a strong foundation for resilience. We maintain our Buy rating with a TP of IDR 990 per share, reflecting 17.1x FY25F P/E, or -0.5SD from its 5-year historical mean.

Current Price (IDR) (31/1)	765
Target price (IDR)	990
Upside/Downside (%)	29.4%
52 Week High (IDR)	995
52 Week Low (IDR)	700
Major Shareholders:	
Kawan Lama Sejahtera	60.00%
Public	40.00%

Year To Dec.	Revenue (Bn IDR)	NP (Bn IDR)	EPS (IDR)	PER (x)	PBV (x)
2022	6,763	664	39	12.8	1.4
2023	7,612	764	45	16.1	2.0
2024F	8,756	860	50	19.6	2.6
2025F	9,929	992	58	17.0	2.5
2026F	10,931	1,110	65	15.2	2.3

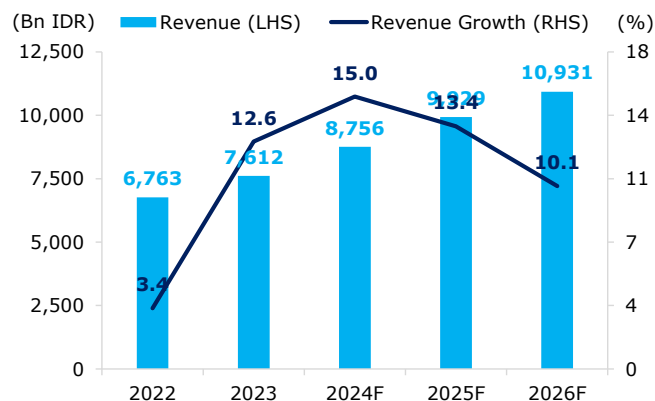
Indonesia GDP Growth and ACES Annual SSSG



Source: Company, Shinhan Sekuritas Indonesia

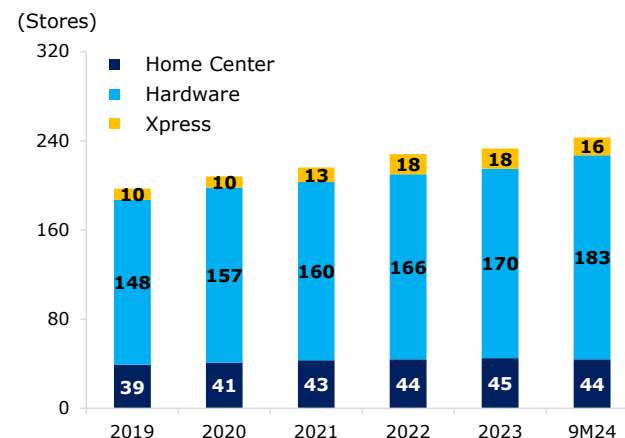
ACES – ACES to AZKO

ACES's Revenue Projection



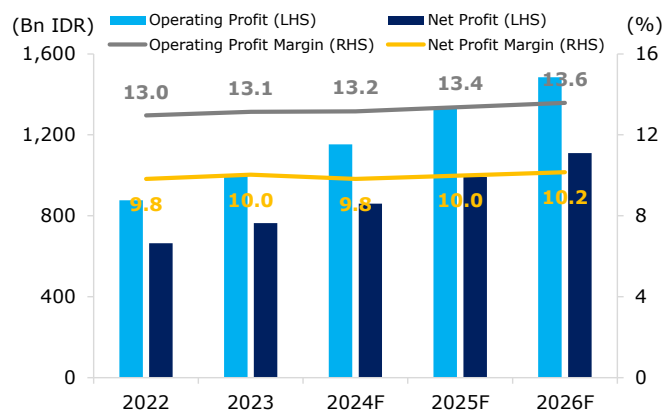
Source: Company, Shinhan Sekuritas Indonesia

ACES' Store Categories



Source: Company, Shinhan Sekuritas Indonesia

ACES' Operating and Net Profit Projection



Source: Company, Shinhan Sekuritas Indonesia

P/E Band



Source: Company, Shinhan Sekuritas Indonesia

ACES – ACES to AZKO

Income statement

Year-end 31 Dec (Rp bn)	2022	2023	2024F	2025F	2026F
Sales	6,763	7,612	8,756	9,929	10,931
COGS	-3,495	-3,914	-4,543	-5,168	-5,748
Gross Profit	3,268	3,698	4,214	4,761	5,183
EBITDA	1,008	1,128	1,289	1,482	1,650
Operating Expense	-2,392	-2,698	-3,061	-3,433	-3,698
Operating Profit	876	1,000	1,152	1,328	1,485
Pre-Tax Profit	821	953	1,103	1,272	1,423
Income Tax - Net	-147	-189	-243	-280	-313
Net Profit	664	764	860	992	1,110
EPS (Rp)	39	45	50	58	65

Source: Company, Shinhan Sekuritas Indonesia

Balance sheet

Year-end 31 Dec (Rp bn)	2022	2023	2024F	2025F	2026F
Assets					
Cash and Equivalent	2,133	2,312	2,234	2,464	2,399
Receivables	86	199	147	142	155
Inventories	2,811	2,665	2,860	2,929	3,273
Others	333	486	560	635	699
Total Current Assets	5,363	5,662	5,801	6,168	6,526
Net Fixed Assets	426	424	488	533	567
Other Assets	1,461	1,667	1,686	1,708	1,730
Total Assets	7,249	7,753	7,974	8,409	8,824
Liabilities and Equities					
Payables	144	126	101	120	140
Other Short-Term Liabilities	525	638	707	844	915
Total Current Liabilities	670	764	808	965	1,055
LT. Debt	450	601	514	439	375
Other Long Term Liabilities	196	202	179	142	114
Total Long-Term Liabilities	645	803	693	581	489
Total Liabilities	1,315	1,567	1,500	1,546	1,545
Minority Interest	44	43	43	43	43
Shareholders' Equity	5,934	6,186	6,474	6,864	7,279
BVPS (Rp)	347	362	378	401	426

Source: Company, Shinhan Sekuritas Indonesia

Cashflow analysis

Year-end 31 Dec (Rp bn)	2022	2023	2024F	2025F	2026F
CFs from Operation					
Net Profit	664	764	860	992	1,110
Change in Working Capitals	-46	593	-71	116	-208
CFs from Operation	619	1,356	789	1,108	902
CFs from Investments	-102	-131	-219	-222	-223
CFs from Financing Activities	-939	-1,042	-649	-656	-744
Net Inc./ (Dec.) in Cash	-410	179	-79	230	-65
Cash at End Period	2,133	2,312	2,234	2,464	2,399

Source: Company, Shinhan Sekuritas Indonesia

Key ratio analysis

Year-end 31 Dec (Rp bn)	2022	2023	2024F	2025F	2026F
Profitability					
Gross Margin	48.3%	48.6%	48.1%	47.9%	47.4%
Operating Margin	13.0%	13.1%	13.2%	13.4%	13.6%
EBITDA Margin	14.9%	14.8%	14.7%	14.9%	15.1%
Net Income Margin	9.8%	10.0%	9.8%	10.0%	10.2%
ROAA	9.2%	10.2%	10.9%	12.1%	12.9%
ROAE	11.5%	12.6%	13.6%	14.9%	15.7%
Growth					
Revenue	3.4%	12.6%	15.0%	13.4%	10.1%
Operating Profit	-3.9%	14.2%	15.2%	15.2%	11.8%
EBITDA	-3.3%	11.9%	14.2%	15.0%	11.3%
Net Income	-3.8%	14.9%	12.6%	15.3%	11.9%
Solvency					
Current Ratio (x)	8.0	7.4	7.2	6.4	6.2
Quick Ratio (x)	3.8	3.9	3.6	3.4	3.1
Debt to Equity (x)	0.2	0.3	0.2	0.2	0.2
Interest Coverage (x)	15.9	21.2	23.4	23.8	24.2

Source: Company, Shinhan Sekuritas Indonesia

PT Charoen Pokphand Indonesia Tbk-CPIN

CPIN – Poised for a Strong Rebound

Billy Ibrahim Djaya

Set to capitalize on margin expansion in 2025 supported by a more favorable cost environment and rising poultry demand. With corn prices stabilizing due to a strong domestic harvest, input cost pressures are expected to ease. The government's decision to regulate wheat import quotas ensures that local corn is maximally absorbed during the main harvest season in February 2025, providing additional price stability. On the demand side, the USDA estimates that Indonesia's livestock feed consumption will reach 11.2 million tons in 2025, driven by increasing poultry meat consumption. While domestic corn productivity remains below key global producers like Brazil (5.3 tons/ha vs. 6.5 tons/ha), ongoing optimization efforts present an opportunity for Indonesia to strengthen self-sufficiency. Additionally, the government's planned adjustment of the Government Purchase Price (HPP) for feed corn to IDR 5,500/kg (from IDR 5,000/kg) is set to enhance farmer welfare and long-term production sustainability.

Leading Indonesia's poultry supply chain. CPIN remains a dominant force in Indonesia's poultry industry, holding a commanding 32% market share in poultry feed production capacity and 38% DOC production. As the backbone of the nation's poultry supply chain, CPIN plays a critical role in ensuring food security, particularly as poultry remains the primary source of animal protein for Indonesians, with per capita chicken consumption steadily rising. The company stands to benefit from the government's push to develop Indonesia's Food Estate program, which aims to strengthen the country's agricultural self-sufficiency, particularly in staple food commodities like corn, a key component in poultry feed. As demand for chicken meat continues to grow alongside population expansion and rising incomes, CPIN's vertically integrated business model ensures long-term growth prospects, reinforcing its position as the leader in Indonesia's poultry sector.

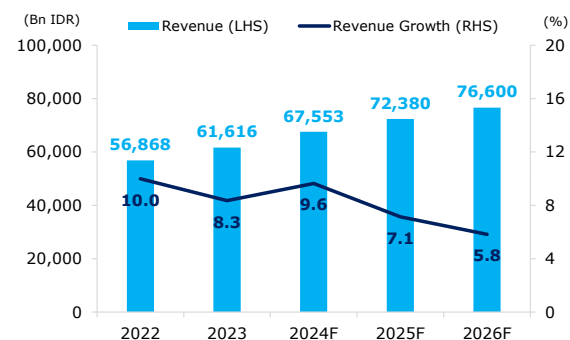
Gears up with expanding processed food. CPIN is set to deliver strong growth in 2025, with revenue projected to rise by 9.6% YoY to IDR 72.4 trillion, supported by increasing demand across its poultry and processed food segments. The company continues to strengthen its value-added product portfolio, with processed food expected to contribute 17.8% of total revenue in FY25F. The expansion of Prima Fresh Mart, CPIN's retail chain, further solidifies its footprint in the processed chicken market, catering to urban consumers and modern trade channels. To sustain this momentum, CPIN is allocating substantial capital expenditure toward slaughterhouse expansion, new feed mill development, and farm capacity upgrades, ensuring an efficient and scalable production network. With improving margins and lower input cost pressures, net profit is forecast to surge by 48.3% YoY to IDR 4.0 trillion, marking a significant rebound.

Valuation. We remain optimistic about CPIN, supported by stable poultry demand and improving economic conditions that drive higher chicken prices. As a market leader with a vertically integrated business model, CPIN is well-positioned to capitalize on Indonesia's rising protein consumption and expanding processed food segment. We maintain our Buy rating with a TP of IDR 5,900, reflecting 23.9x FY25F P/E, or -0.5SD of its 5-year historical mean, supported by robust revenue growth and margin recovery from lower input costs. Risk on our call including weak purchasing power, Rupiah depreciation, and lower-than-expected Broiler and DOC average selling prices.

Current Price (IDR) (31/1)	4,670
Target price (IDR)	5,900
Upside/Downside (%)	26.3%
52 Week High (IDR)	5,650
52 Week Low (IDR)	4,500
Major Shareholders:	
Charoen Pokphand Indonesia	55.53%
Public	44.47%

Year To Dec.	Revenue	NP	EPS	PER	PBV
	(Bn IDR)	(Bn IDR)	(IDR)	(x)	(x)
2022	6,543	691	40	31.7	3.9
2023	6,763	664	39	12.8	1.4
2024F	7,612	764	45	16.1	2.0
2025F	8,756	860	50	15.7	2.1
2026F	9,929	992	58	17.1	2.5

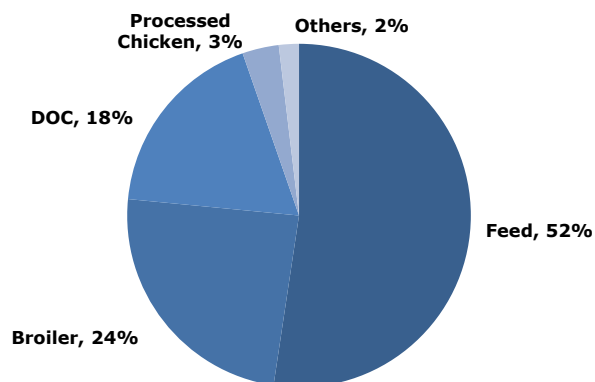
CPIN's Revenue Projection



Source: Company, Shinhan Sekuritas Indonesia

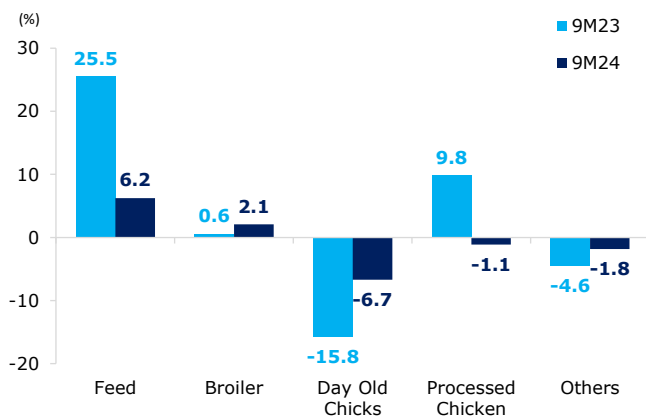
CPIN – Poised for a Strong Rebound

CPIN's Revenue Breakdown in 9M24



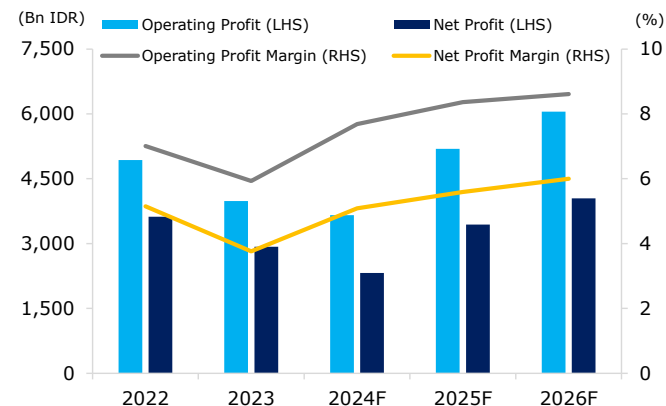
Source: Company, Shinhan Sekuritas Indonesia

CPIN's Gross Margin per Segment



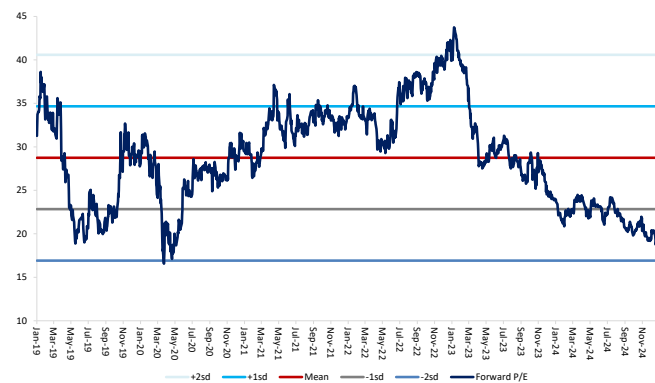
Source: Company, Shinhan Sekuritas Indonesia

CPIN's Operating and Net Profit Projection



Source: Company, Shinhan Sekuritas Indonesia

P/E Band



Source: Company, Shinhan Sekuritas Indonesia

CPIN – Poised for a Strong Rebound

Income statement

Year-end 31 Dec (Rp bn)	2022	2023	2024F	2025F	2026F
Sales	56,868	61,616	67,553	72,380	76,600
COGS	-48,724	-53,341	-57,444	-60,932	-64,297
Gross Profit	8,144	8,275	10,109	11,448	12,303
EBITDA	5,125	4,871	6,263	7,153	7,725
Operating Expense	4,160	4,620	4,917	5,395	5,705
Operating Profit	3,984	3,655	5,192	6,054	6,598
Pre-Tax Profit	3,537	2,997	4,406	5,183	5,889
Income Tax - Net	-607	-679	-969	-1,140	-1,296
Net Profit	2,928	2,319	3,438	4,044	4,595
EPS (Rp)	179	141	210	247	280

Source: Company, Shinhan Sekuritas Indonesia

Balance sheet

Year-end 31 Dec (Rp bn)	2022	2023	2024F	2025F	2026F
Assets					
Cash and Equivalent	2,042	2,328	2,136	3,082	4,068
Receivables	2,094	1,827	2,024	2,190	2,341
Inventories	13,263	13,594	14,786	15,840	16,882
Others	633	576	727	779	824
Total Current Assets	18,031	18,325	19,673	21,891	24,115
Net Fixed Assets	17,628	17,690	18,293	18,895	19,498
Other Assets	4,188	4,956	6,710	7,784	9,055
Total Assets	39,848	40,971	44,675	48,570	52,668

Liabilities and Equities

Payables	2,446	2,886	3,045	3,166	3,274
Other Short-Term Liabilities	7,663	8,238	8,951	9,419	9,611
Total Current Liabilities	10,109	11,124	11,996	12,584	12,885
LT. Debt	2,312	1,841	1,582	1,360	1,170
Other Long Term Liabilities	1,099	978	978	978	978
Total Long-Term Liabilities	3,411	2,818	2,560	2,338	2,147
Total Liabilities	13,520	13,942	14,556	14,922	15,032
Minority Interest	17	16	16	16	16
Shareholders' Equity	26,327	27,029	30,119	33,648	37,636
BVPS (Rp)	1,606	1,648	1,837	2,052	2,295

Source: Company, Shinhan Sekuritas Indonesia

Cashflow analysis

Year-end 31 Dec (Rp bn)	2022	2023	2024F	2025F	2026F
CFs from Operation					
Net Profit	2,928	2,319	3,438	4,044	4,595
Change in Working Capitals	-1,254	828	-1,151	-939	-925
CFs from Operation	1,674	3,146	2,287	3,106	3,671
CFs from Investments	-2,613	-1,376	-2,504	-1,824	-2,021
CFs from Financing Activities	928	-1,219	25	-336	-663
Net Inc./ (Dec.) in Cash	239	286	-192	945	986
Cash at End Period	2,042	2,328	2,136	3,082	4,068

Source: Company, Shinhan Sekuritas Indonesia

Key ratio analysis

Year-end 31 Dec (Rp bn)	2022	2023	2024F	2025F	2026F
Profitability					
Gross Margin	14.3%	13.4%	15.0%	15.8%	16.1%
Operating Margin	7.0%	5.9%	7.7%	8.4%	8.6%
EBITDA Margin	9.0%	7.9%	9.3%	9.9%	10.1%
Net Income Margin	5.1%	3.8%	5.1%	5.6%	6.0%
ROAA	7.3%	5.7%	7.7%	8.3%	8.7%
ROAE	11.1%	8.6%	11.4%	12.0%	12.2%
Growth					
Revenue	10.0%	8.3%	9.6%	7.1%	5.8%
Operating Profit	-19.3%	-8.3%	42.1%	16.6%	9.0%
EBITDA	-13.4%	-5.0%	28.6%	14.2%	8.0%
Net Income	-19.1%	-20.8%	48.3%	17.6%	13.6%
Solvability					
Current Ratio (x)	1.8	1.6	1.6	1.7	1.9
Quick Ratio (x)	0.5	0.4	0.4	0.5	0.6
Debt to Equity (x)	0.5	0.5	0.5	0.4	0.4
Interest Coverage (x)	9.5	5.2	6.9	7.6	11.5

Source: Company, Shinhan Sekuritas Indonesia

PT Japfa Comfeed Indonesia Tbk-JPFA

JPFA – Spreads Its Wings

Billy Ibrahim Djaya

Better demand and supply condition. JPFA stands to benefit from government initiatives aimed at stabilizing Indonesia's poultry industry and strengthening national food security. With the government maintaining the Grand Parent Stock (GPS) import quota at 2024 levels, supply-demand dynamics in the Broiler and DOC markets are expected to improve, helping to sustain price stability and profitability. Additionally, voluntary culling measures continue to play a strategic role in balancing supply, preventing oversupply pressure, and protecting margins. While overall chicken consumption growth remains steady, seasonal demand in 4Q24 and 1Q25 driven by festive periods will provide a boost to sales volume.

Unlocking growth through food security & government collaboration. JPFA's proactive engagement in government programs further strengthens its long-term growth prospects. The company is at the forefront of Indonesia's Golden 2045 vision, supporting food security initiatives such as the Free Nutritious Meal program, which has been allocated a substantial IDR 71 trillion budget (0.29% of GDP) for 2025. JPFA's early involvement in pilot projects, including a trial in Banyumas, Central Java, positions the company as a frontrunner for securing future large-scale Business-to-Government (B2G) contracts. As chicken meat remains the preferred protein choice for this program, JPFA stands to benefit from both volume growth and stable demand.

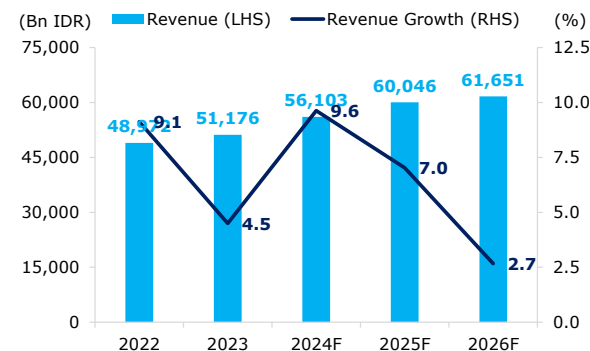
Riding margin expansion. JPFA is set to maintain strong revenue growth in 2025, with sales projected to increase by 7.0% YoY to IDR 60.0 trillion, supported by Indonesia's steady economic expansion of 5% YoY. Earnings growth will be fuelled by margin expansion, as live bird prices rise while input costs decline. The expected improvement in the supply of key commodities such as corn and soybeans will ease cost pressures, allowing JPFA to optimize profitability. As a result, EBITDA is forecasted to grow by 9.0% YoY to IDR 6.5 trillion, reflecting stronger operational efficiency and pricing power. Meanwhile, net profit is expected to rise by 8.7% YoY to IDR 3.0 trillion, reinforcing JPFA's ability to generate sustainable earnings growth.

Valuation. JPFA is on track to achieve an all-time high net profit, supported by strong poultry demand, margin expansion, and an improving cost environment. The company's business diversification strategy and strengthening of its downstream segment, particularly in poultry processing and consumer products, further enhance earnings resilience. Additionally, the easing monetary cycle is expected to lower borrowing costs, providing financial flexibility for future growth. We maintain our Buy rating with a TP of IDR 2,400, reflecting 9.0x FY25F P/E, or -0.5SD from its 5-year historical mean, underpinned by robust revenue growth and profitability improvements.

Current Price (IDR) (31/1)	1,890
Target price (IDR)	2,400
Upside/Downside (%)	26.9%
52 Week High (IDR)	2,110
52 Week Low (IDR)	1,070
Major Shareholders:	
Japfa Ltd	55.43%
Public	43.62%

Year To Dec.	Revenue (Bn IDR)	NP (Bn IDR)	EPS (IDR)	PER (x)	PBV (x)
2022	48,972	1,420	122	10.6	1.1
2023	51,176	930	80	14.8	1.0
2024F	56,103	2,848	245	9.8	1.7
2025F	60,046	3,096	266	9.0	1.5
2026F	61,651	3,447	296	8.1	1.3

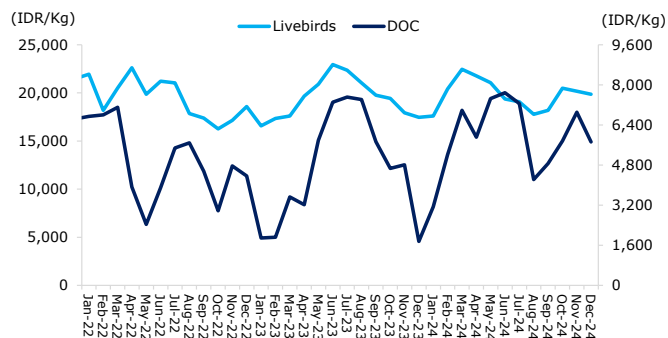
JPFA's Revenue Projection



Source: Company, Shinhan Sekuritas Indonesia

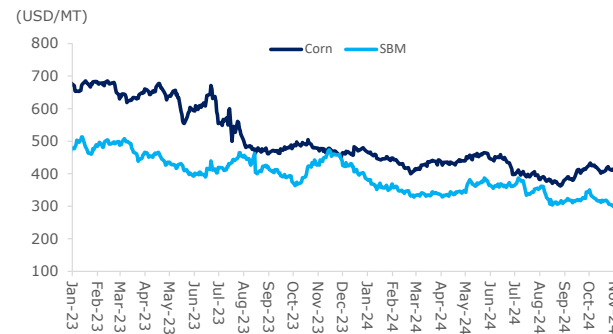
JPFA – Spreads Its Wings

Livebirds and DOC Monthly Avg. Prices in West Java



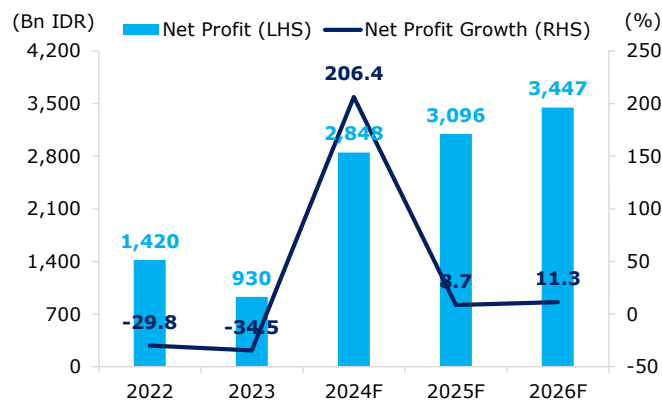
Source: Company, Shinhan Sekuritas Indonesia

Corn and Soybean Meal Price Trend



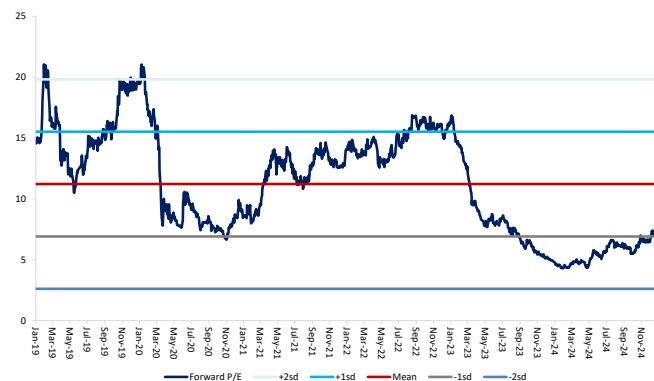
Source: Company, Shinhan Sekuritas Indonesia

JPFA's Net Profit Projection



Source: Company, Shinhan Sekuritas Indonesia

P/E Band



Source: Company, Shinhan Sekuritas Indonesia

JPFA – Spreads Its Wings

Income statement

Year-end 31 Dec (Rp bn)	2022	2023	2024F	2025F	2026F
Sales	48,972	51,176	56,103	60,046	61,651
COGS	41,289	43,665	45,554	48,593	49,494
Gross Profit	7,683	7,511	10,548	11,453	12,157
EBITDA	3,700	3,215	5,942	6,479	6,944
Operating Expense	-4,880	-5,247	-5,636	-6,249	-6,543
Operating Profit	2,803	2,264	4,912	5,204	5,614
Pre-Tax Profit	1,955	1,261	3,844	4,177	4,652
Income Tax - Net	-464	-315	-846	-919	-1,023
Net Profit	1,420	930	2,848	3,096	3,447
EPS (Rp)	122	80	245	266	296

Source: Company, Shinhan Sekuritas Indonesia

Balance sheet

Year-end 31 Dec (Rp bn)	2022	2023	2024F	2025F	2026F
Assets					
Cash and Equivalent	1,811	1,503	1,040	1,145	1,679
Receivables	2,496	2,586	2,813	3,041	3,154
Inventories	12,456	12,877	13,347	14,380	14,792
Others	238	253	305	305	318
Total Current Assets	17,001	17,218	17,505	18,871	19,943
Net Fixed Assets	12,497	13,395	14,153	14,842	15,502
Other Assets	3,192	3,496	3,636	3,747	3,876
Total Assets	32,691	34,109	35,294	37,460	39,321
Liabilities and Equities					
Payables	4,135	4,891	4,614	4,824	4,815
Other Short-Term Liabilities	5,277	5,793	5,813	6,496	6,679
Total Current Liabilities	9,412	10,684	10,427	11,320	11,494
LT. Debt	8,430	7,927	6,798	5,830	5,000
Other Long Term Liabilities	1,193	1,332	1,332	1,332	1,332
Total Long-Term Liabilities	9,624	9,258	8,130	7,162	6,332
Total Liabilities	19,036	19,942	18,557	18,482	17,825
Minority Interest	907	941	941	941	941
Shareholders' Equity	13,655	14,167	16,737	18,978	21,496
BVPS (Rp)	1,175	1,218	1,439	1,632	1,849

Source: Company, Shinhan Sekuritas Indonesia

Cashflow analysis

Year-end 31 Dec (Rp bn)	2022	2023	2024F	2025F	2026F
CFs from Operation					
Net Profit	1,420	930	2,848	3,096	3,447
Change in Working Capitals	7	1,442	400	265	832
CFs from Operation	1,427	2,372	3,249	3,360	4,278
CFs from Investments	-2,190	-2,104	-2,140	-2,110	-2,129
CFs from Financing Activities	1,406	-556	-1,572	-1,144	-1,616
Net Inc./ (Dec.) in Cash	643	-288	-463	106	534
Cash at End Period	1,811	1,503	1,040	1,145	1,679

Source: Company, Shinhan Sekuritas Indonesia

Key ratio analysis

Year-end 31 Dec (Rp bn)	2022	2023	2024F	2025F	2026F
Profitability					
Gross Margin	15.7%	14.7%	18.8%	19.1%	19.7%
Operating Margin	5.6%	4.3%	8.4%	8.6%	9.1%
EBITDA Margin	7.6%	6.3%	10.6%	10.8%	11.3%
Net Income Margin	2.9%	1.8%	5.1%	5.2%	5.6%
ROAA	4.6%	2.8%	8.1%	8.5%	9.0%
ROAE	10.6%	6.7%	17.0%	17.3%	17.0%
Growth					
Revenue	9.1%	4.5%	9.6%	7.0%	2.7%
Operating Profit	-13.0%	-19.2%	117.0%	5.9%	7.9%
EBITDA	-21.9%	-13.1%	84.8%	9.0%	7.2%
Net Income	-29.8%	-34.5%	206.4%	8.7%	11.3%
Solvability					
Current Ratio (x)	1.8	1.6	1.7	1.7	1.7
Quick Ratio (x)	0.5	0.4	0.4	0.4	0.4
Debt to Equity (x)	0.9	0.9	0.7	0.6	0.5
Interest Coverage (x)	3.4	2.2	5.3	5.1	5.7

Source: Company, Shinhan Sekuritas Indonesia

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