

ANALISA SAHAM INDONESIA

September 7, 2020

- * **The JCI trading range: 5,125pt - 5,300pt (Friday close: 5,240pt)**
- * **Wall Street closed lower by some 1% on another steep decline of tech shares**
- * **The JCI is expected to fluctuate supported by the recovery of USDIDR**

Morning,

The Jakarta Composite Index (JCI) today (7/9) is expected to be within the range of 5,125pt – 5,300pt, to fluctuate in the middle of lower oil close but supported by the recovery of USDIDR close. Meanwhile, Friday last week (4/9) in Wall Street the DJIA plunged by 159 points or 0.6% at 28,133pt, while the S&P500 and the Nasdaq both closed lower by 0.8% and 1.3%, respectively, on another steep decline of tech shares.

Indonesia Consumer Sector

Tiga Pilar Sejahtera Food suspension released and a plan for IDR1.2tr funds raise

Tiga Pilar Sejahtera Food (AISA) shares resumed trading Monday last week (31/8) with the share price moving erratically, reached lowest at IDR137 and closed at IDR212 last Friday, while last close on the suspension time two years ago was IDR168. The share price is expected to form a clear pattern after selling pressures arose from the suspension period clear up, in our view.

At the other end, the company published its 1Q20 financials with total net revenue of IDR347.3bn or an increase of 8.4% YoY. Revenue in the 1Q20 was representing 21% of our full year estimates of IDR1.6tr. Gross profit during the 1Q20 was recorded at IDR106.1bn or representing gross margin of 30.6% as compared to 27.4% during the 1Q19. Meanwhile, AISA reported operating profit of IDR35.9bn or representing a margin of 10.3%, against operating loss during the

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1Q19. Net profit during the 1Q20 reached IDR2.7bn against net loss of IDR11.0bn the same period last year. AISA attempted to cut operational costs substantially along with the elimination of its Rice division last year. We had estimated an operating and net profit loss this year.

As of March, 2 (two) contributing business segment is that of snacks and noodles each representing 63% and 37%, respectively. Products' brand include that of Taro, Gulas, Mie Kremezz, Mie Ayam 2 Telor, and Mie Ayam, among others.

At end of March, the company's equity was in a deficit of IDR1.3tr (2019:-IDR1.7tr), while debt was in the amount of IDR2.1tr.

Management revealed that the company is in process to raise fund through private placement in the amount of IDR1.2tr whereby some IDR900bn is going to be used to pay off debt, and the rest to finance working capital.

AISA shares was suspended from trading in the Indonesia Stock Exchange on July 4, 2018 following public dispute between then-directors and commissioners over the credibility of financial statements. AISA has fulfilled set of requirements regulated by the Exchange during the last year, for the shares to resume trading. This should set a positive event in the domestic capital market underlining responsibility issue, in our note.

At the other end, last week the WTI price closed lower by 3.8% at USD39.8/barrel as compared to the previous one on demand worries. Meanwhile the USDIDR closed at IDR14.797 vs. IDR14.814 the previous one.

We advise the following recommendations, for both trading and longer-time investment purpose. **AALI, LSIP (sector of Agri, allocation suggestion Underweight), UNTR, ITMG, ADRO, PTBA (sector of Coal Mining, allocation suggestion Market-weight), GGRM, UNVR, ICBP (sector of Consumer, allocation suggestion Overweight), ASII (sector of Automative, allocation suggestion Market-weight), and ACES, SCMA, MAPI (sector of Trade, allocation suggestion Overweight), and TKIM (sector of Basic Industry, allocation suggestion Market-weight).**

Cheers,

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