

ANALISA SAHAM INDONESIA

January 4, 2021

*** The JCI trading range: 5,925pt - 6,150pt (December 30 close: 5,979pt)**

*** Wall Street ended higher with the DJIA and the S&P500 at the record-close in the last trading day last year, mostly on general optimism this year as well on the latest of the United States release weekly data of jobless claims, which is lower-than-estimated**

*** The JCI is expected to fluctuate to attempt higher being supported by stable USDIDR and oil close**

Morning,

The Jakarta Composite Index (JCI) today (1/4) is expected to be in the range of 5,925pt – 6,150pt, to fluctuate and incline higher, also being supported by the extension of transitional PSBB (large-scale social distancing (PSBB), effective today. Meanwhile, last trading day last year (12/31), the DJIA closed higher by 197 points or 0.7% to 30,607pt, while the S&P500 and the Nasdaq both ended higher by 0.6% and 0.1%, respectively.

Despite the worrying latest 7-day average (January 2) Positivity Rates (PR) of COVID-19 new cases in Jakarta capital city, at 13.3%, or higher as compared to the preceding weeks of 12.7% and 10.9% respectively, the governor Anies Baswedan extends the transitional PSBB into January 17. The decision is also mainly based on the lower latest pandemic score of 59pt as compared to 61pt the previous one. The score, adapted and computed by the University of Indonesia, put significant weight on the vaccination detailed-program currently ready to be rolled-out throughout the country, we suspect. Furthermore, current higher PR is also considered as seasonal, factoring in year end holiday seasons.

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Maintain sectors recommendation for the year 2021

The Jakarta Composite Index (JCI) ended the year 2019 at 5,979pt, representing an annual loss of 5.9%. The JCI performance last year is about mediocre, with the closest neighbors posted positive returns in the year, example of FTSE BM of Malaysia (+ 3.4%), VN-Index of Vietnam (14.2%), All Ordinaries of Australia (2.1%), and CH Composite of China (11.9%). Volatility factor has colored the JCI as well with the index performed by an annual gain of 52.8% against intra-year low in March 24.

Against the background of cautious-optimistic approach to the stock market this year (please see our report dated 12/30/20), sectors' recommendation is maintained while counters' selection are modified to adhere to ethical investing category of sharia adherence. For this matter, starting today, GGRM and ASII are excluded, and UL TJ, MNCN, and SIDO are included. Below are brief remarks on the new counters in the list.

Ultrajaya Milk Trading Company (UL TJ)

UL TJ started the Ultra High Temperature(UHT)- based technology of milk product since 1975, well known with the brand of "Ultra Milk". Went IPO in 1990 at IDR7,500/share, has conducted 3 (three) public offering with Preemptive Rights in 1994, 1999, and 2004, and 2 (two) stock splits in 2000(1:5) and in 2017 (1:4). Main product Ultra Milk has major market share in the segment, while during the progressing years others of the company's beverages brand have follow suit.

As at end of September 2020, UL TJ is estimated to contract 2.8% YoY last year, while balance sheet stood as a net-cash one, with total equity of IDR4.6tr, debt of IDR2.2bn, while cash at IDR710.2bn.

At the last closing price of IDR1,160, the counter is trading at 14.3x that of FY2020 annualized estimated earnings which is a discount to its historical rates to provide room to re-rate with stable growth mode along with the economic recovery.

Industri Jamu dan Farmasi Sido Muncul (SIDO)

Established in 1940 as a home industry with 3 (three) employees, SIDO went listed on 2013 at the IPO price of IDR530/share. Over the years of progress, at present SIDO has an extraction production capacity of 13,500 kg/day, and liquid drugs production capacity of 100mn sachets /month, with total employees of over 4,000 people.

As at end of September 2020, SIDO is estimated to book an annualized sales growth 6% YoY last year, and stood as a debt-free company.

At the last closing price of IDR850 (12/30), the counter is trading at 28.3x that of annualized last year estimated earnings. Earnings multiple represents discount to its historical range, give more room to re-rate over stable earnings growth mode tagged along with the economic recovery.

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Media Nusantara Citra (MNCN)

MNCN operates 4 (four) of Indonesia's 11 Free-To-Air (FTA) TV stations, namely RCTI, MNCTV, GTV, and iNews, also that of television content production and delivery. MNC also owns radio, print media, talent management, content production units.

As at end of September 2020, MNCN is estimated to contract 4.8% YoY last year, while net gearing stood at 28%. MNCN is among counters estimated to have a V-shape recovery along with that of the economy.

At the last closing price of IDR1,140, the counter is trading at 9.3x last year estimated annualized earnings multiple which representing significant discount to both the sector and the market.

At the other end, December 31 last year, the WTI price closed higher by 0.3% to USD48.5/barrel against the previous close for the upcoming OPEC + member countries meeting scheduled today. The meeting is expected to decide on the tapering quantity of output cut. Meanwhile, the USDIDR closed at IDR14.105 vs. IDR14.169 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), SIDO, UL TJ, UNVR, ICBP (sector of Consumer, allocation suggestion Overweight), and ACES, SCMA, MAPI, MNCN (sector of Trade, allocation suggestion Overweight), and TKIM (sector of Basic Industry, allocation suggestion Market-weight).**

Cheers,

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