



OUTLOOK 2020

FAILURE OF COMMON SENSE - UPDATE

April 23, 2020

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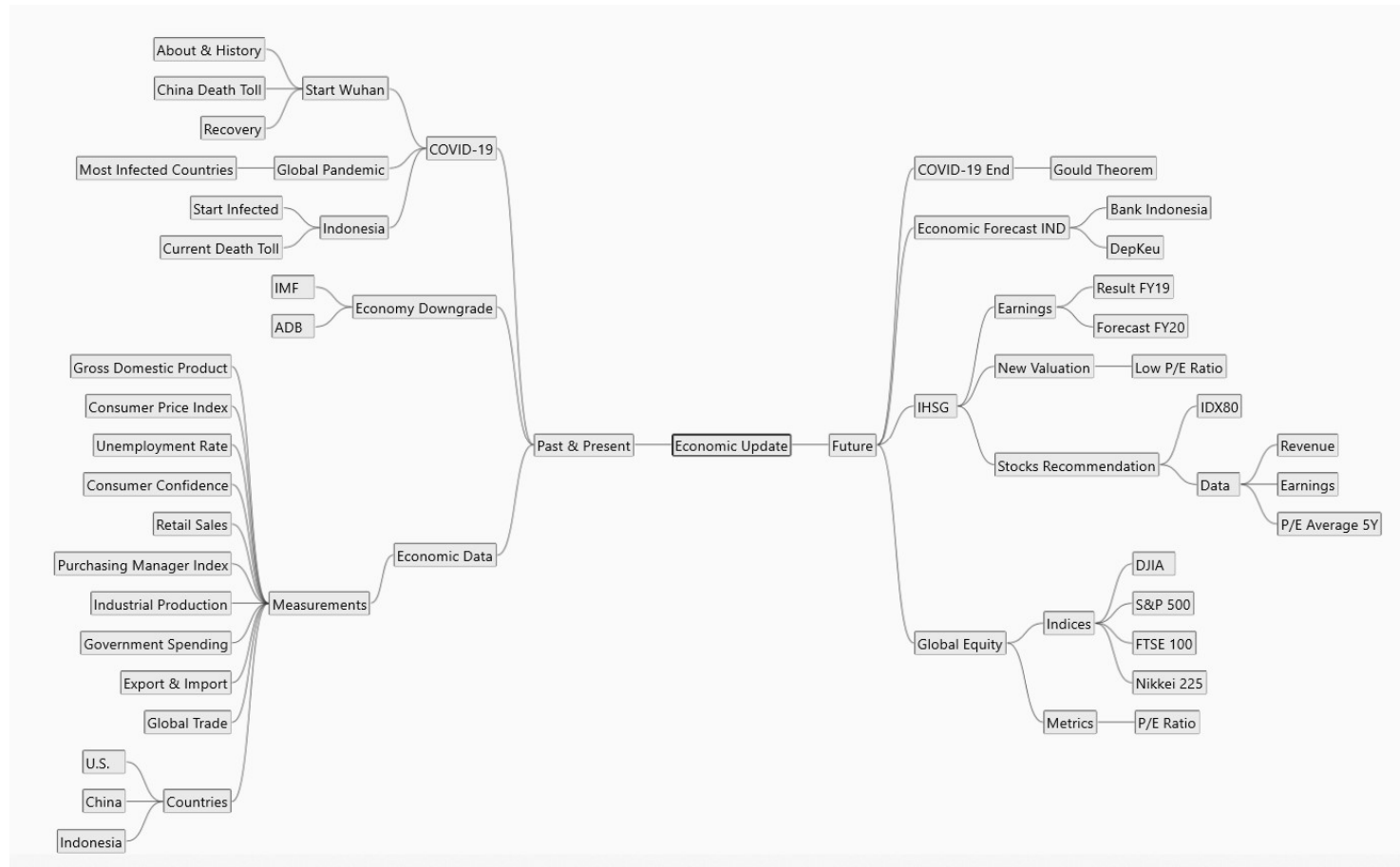
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Mind Mapping

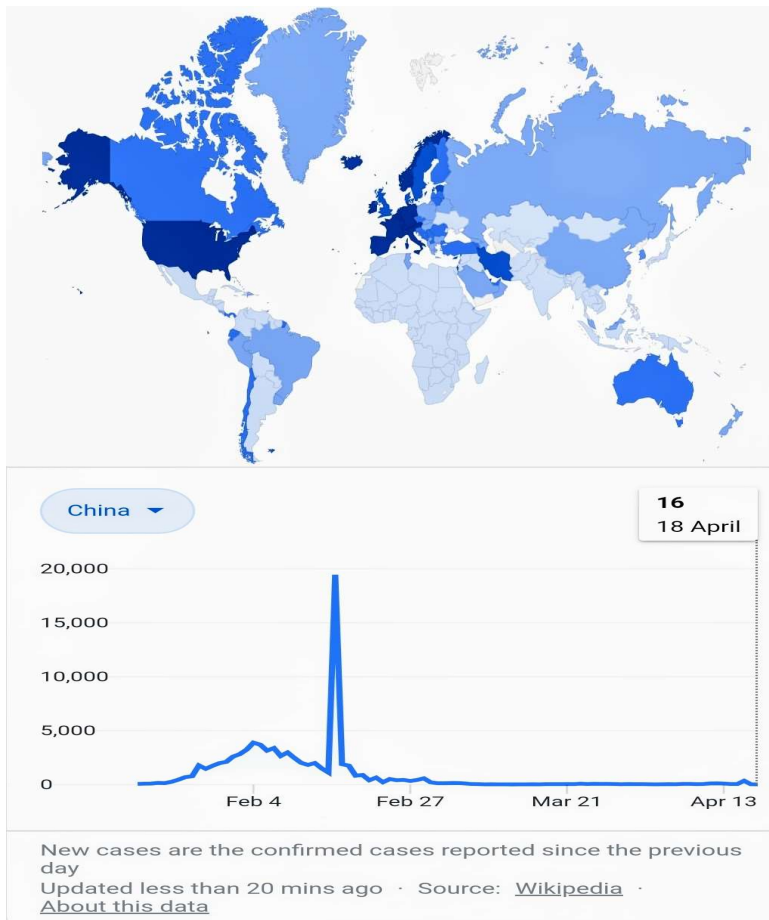
Failure of Common Sense – An Update



The Past & the Present

COVID-19 : In the Beginning

Started in Wuhan, China in December 2019; resulted 165 thousands death globally as of April 20, 2020



First identified in December 2019 in Wuhan, the capital of Hubei province in China.

Common symptoms incl. fever, cough & shortness of breath.

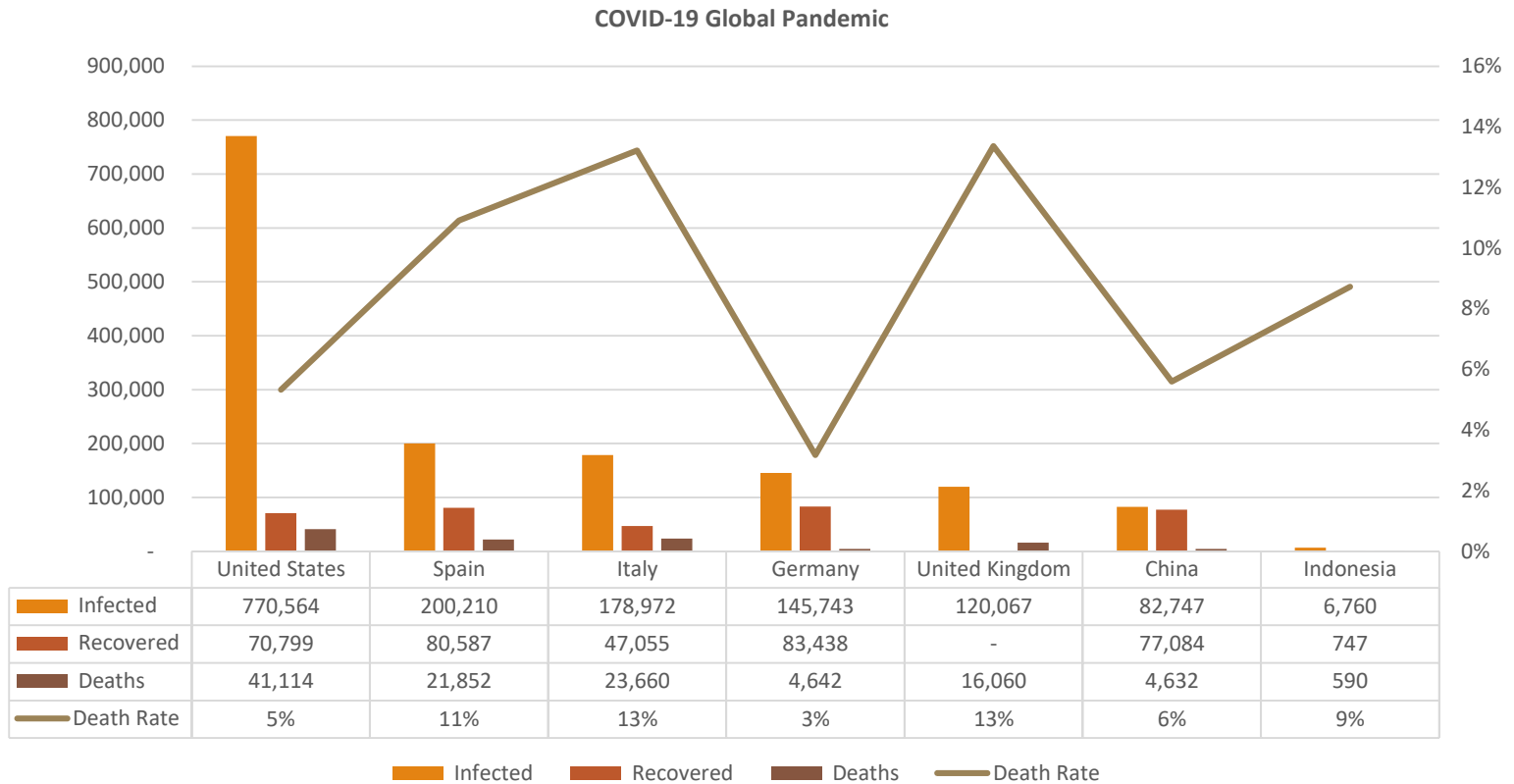
As of April 20, 2020 : 2.4 million people infected in 185 countries. Death toll 165 thousands (6.9% death rate) & 625 thousands recovered (26% recovery rate).

China : 82,747 infected, 4,632 death (5.6%) & 77,084 recovered (93.2%).

China officially recovered in March 2020, yet COVID-19 started spreading to other countries.

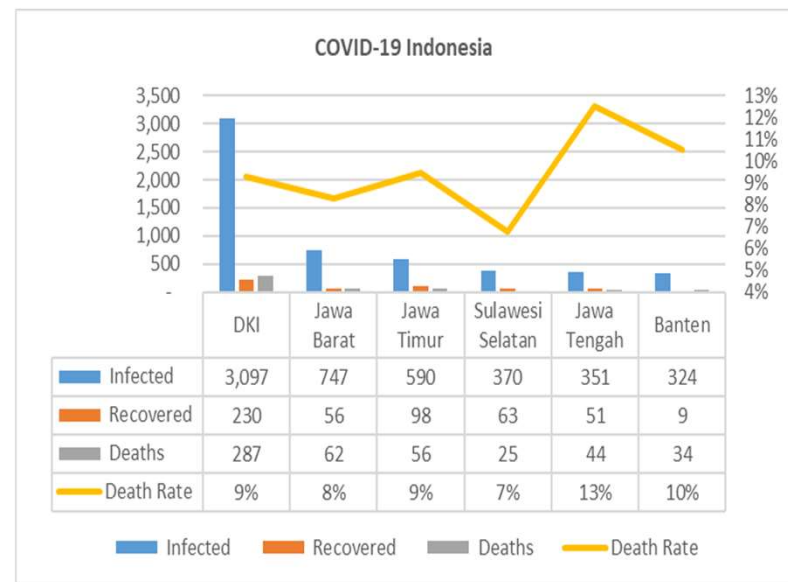
Becoming Global Pandemic

Infected more than 2.4 million people globally, most in the U.S. (32%)



COVID-19 : Indonesia Case

First reported case on March 2020 in Jakarta, now total infected has reach 6,760 people as of April 20, 2020



First COVID-19 was identified on March 2, 2020, in Jakarta and by April 9 the pandemic has spread to all provinces with DKI Jakarta being the worst-hit (45.8%); data as of April 20, 2020.

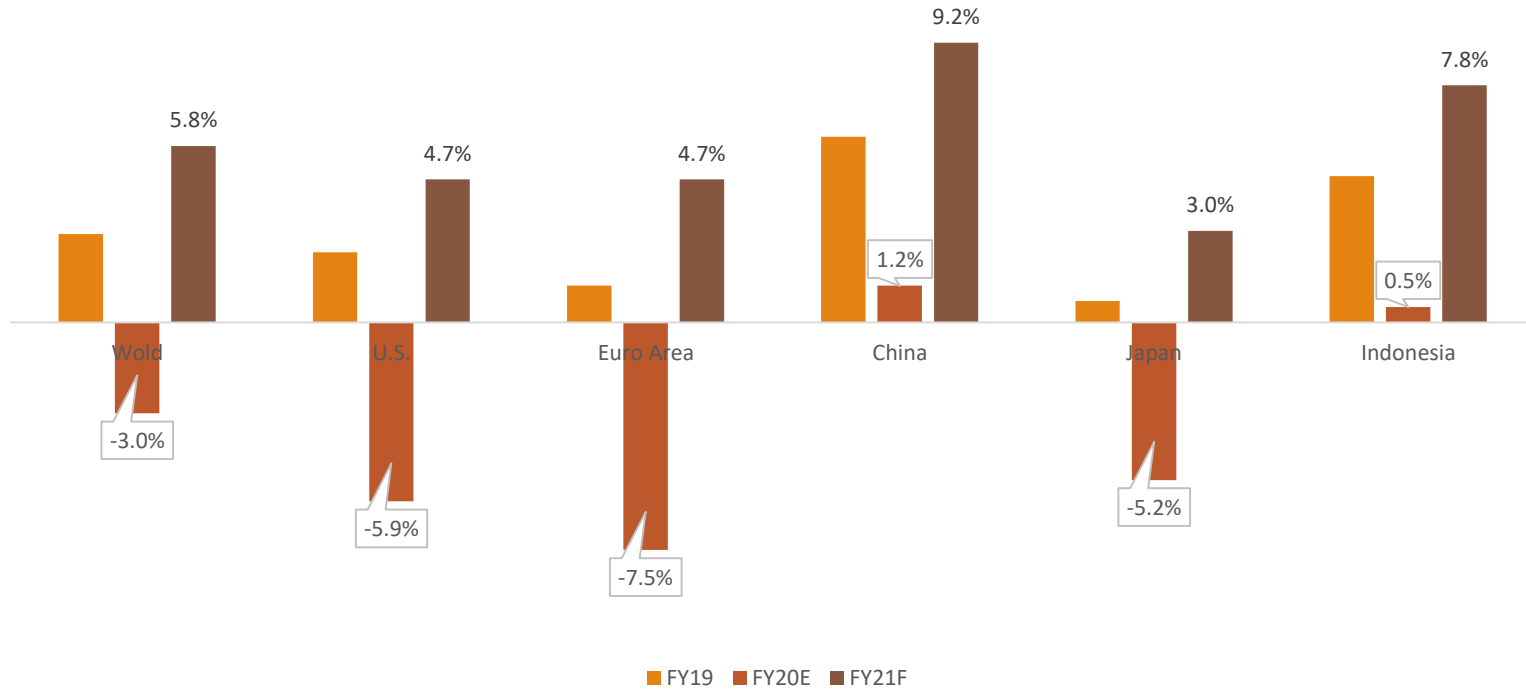
Total death toll has reached 590 deaths while recovered 747 people.

Several provinces has applied a “limited lockdown’ while the Central Government has proposed IDR 405 trillion fiscal stimulus to fight COVID-19 effect on the economy.

IMF World Economic Outlook

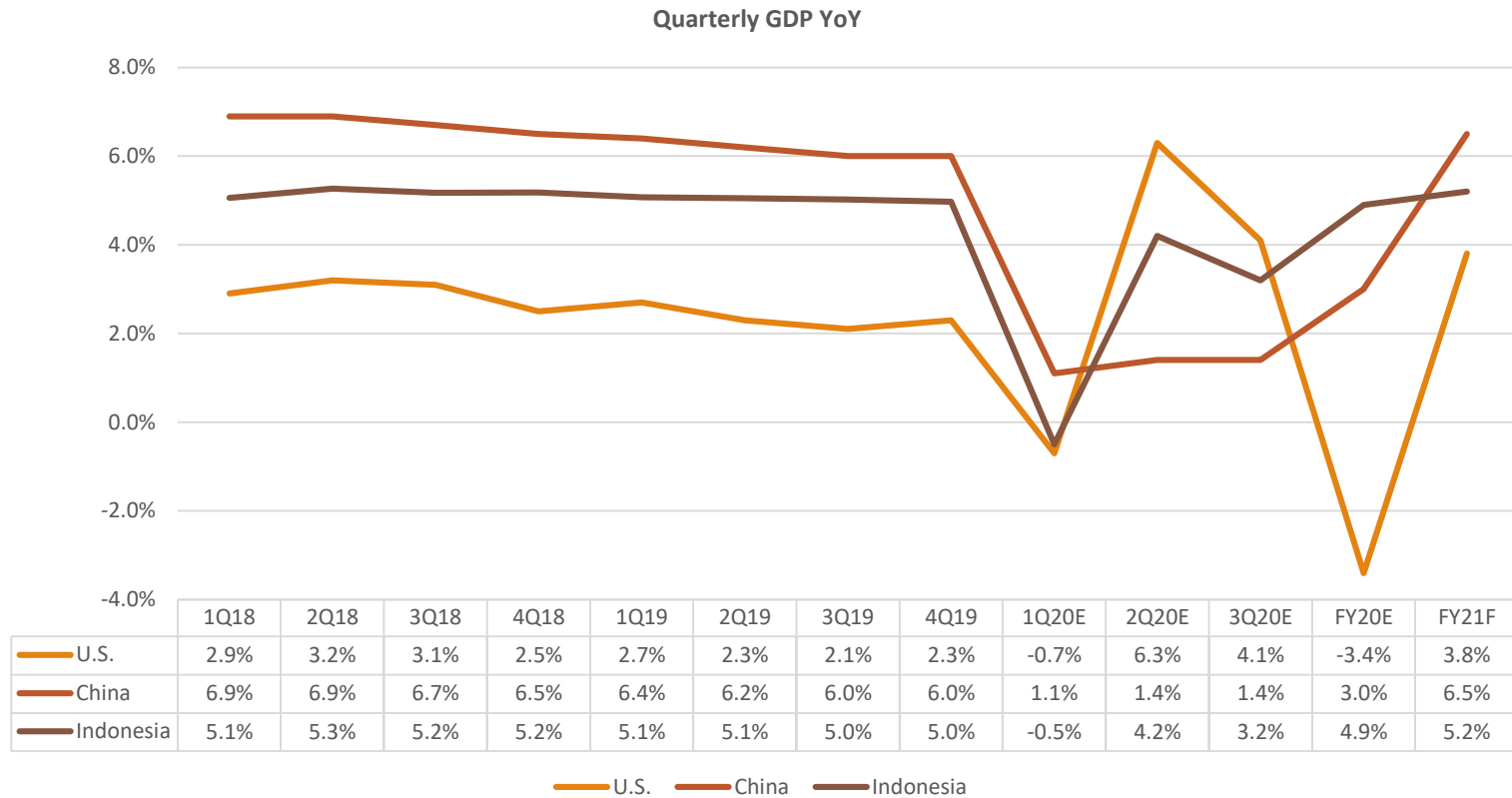
The IMF downgraded FY20 global growth to -3.0% YoY in 2020 while Indonesia GDP only grew at 0.5% YoY

IMF GDP Forecast



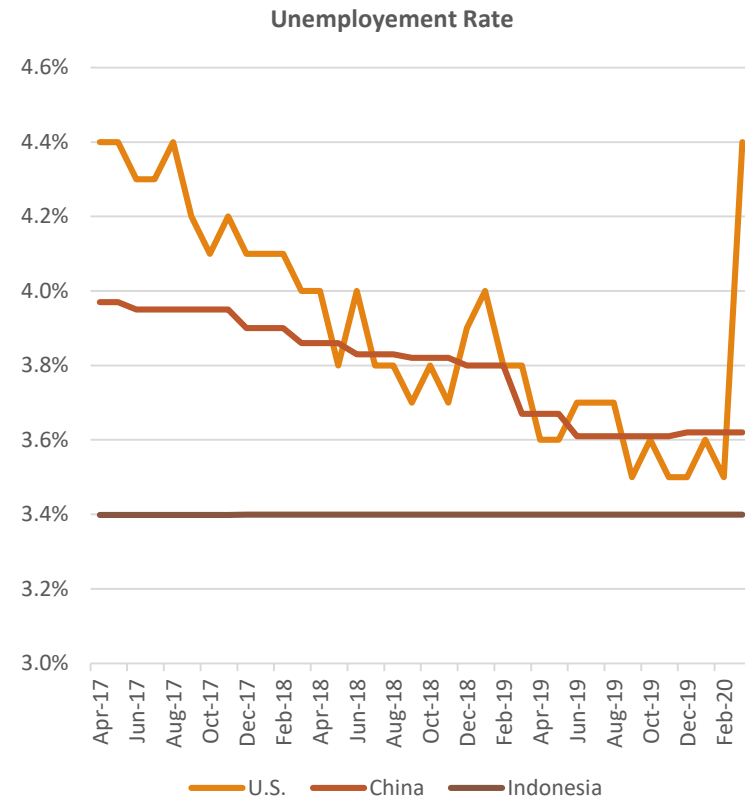
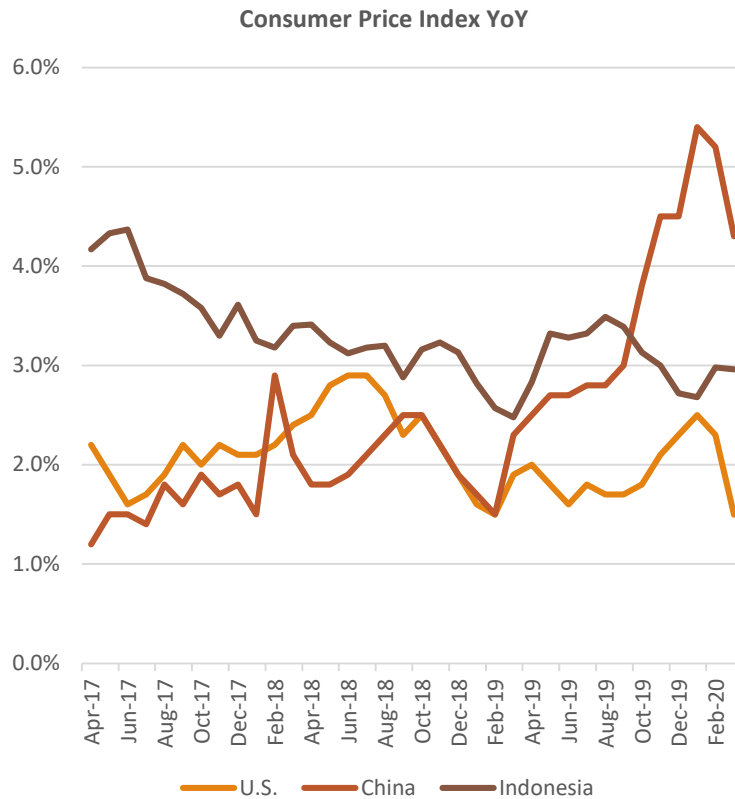
Lower Economy Forecast for Major Economies

U.S. economy to plummet to -3.4% YoY in FY20E, China growth merely at 3.0% YoY while Indonesia 4.9% at the most optimistic scenario



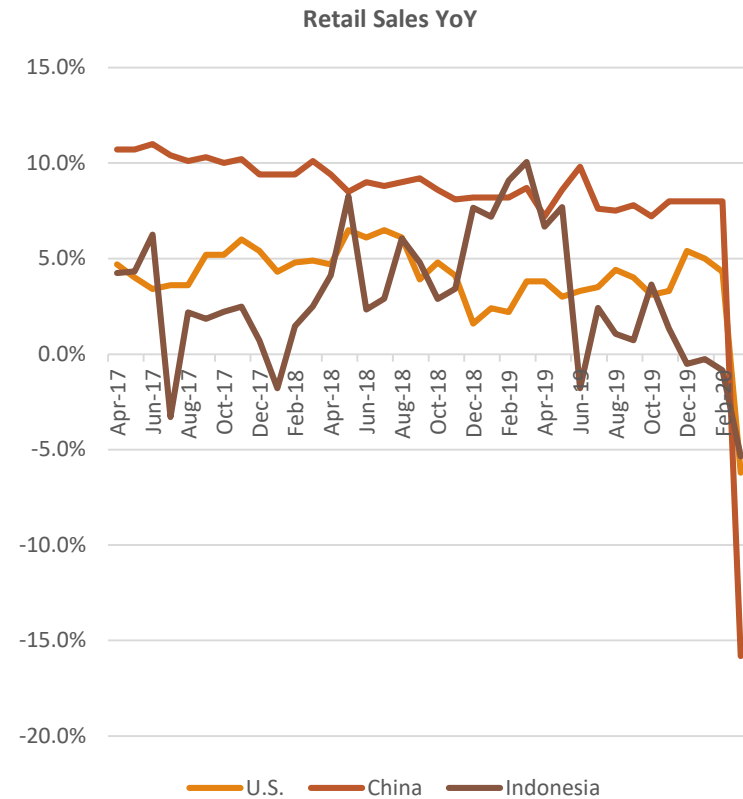
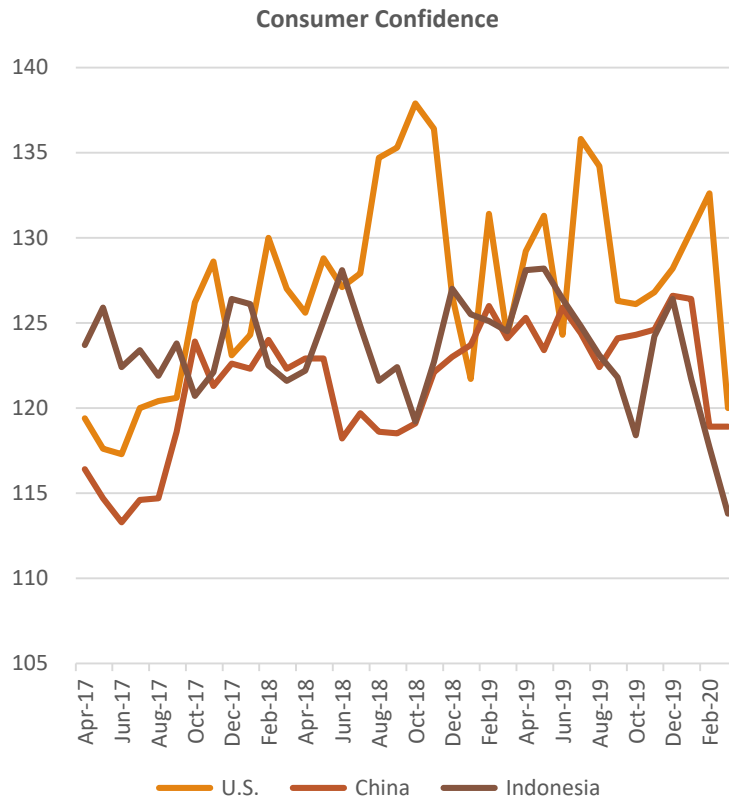
Lockdown Effect on Economy (1)

Inflation is on downward trend as weak demand while unemployment start rising esp. in the U.S.



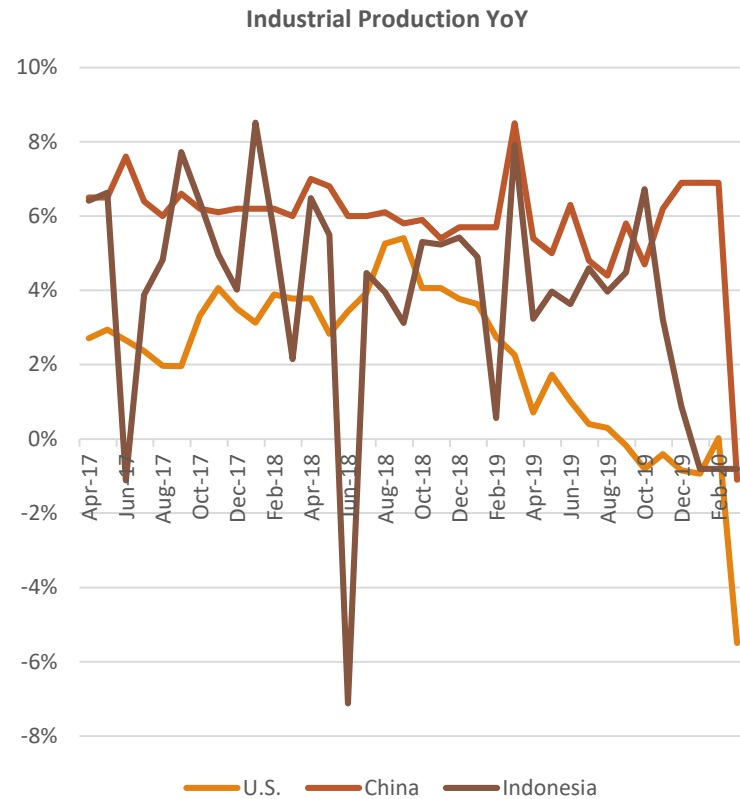
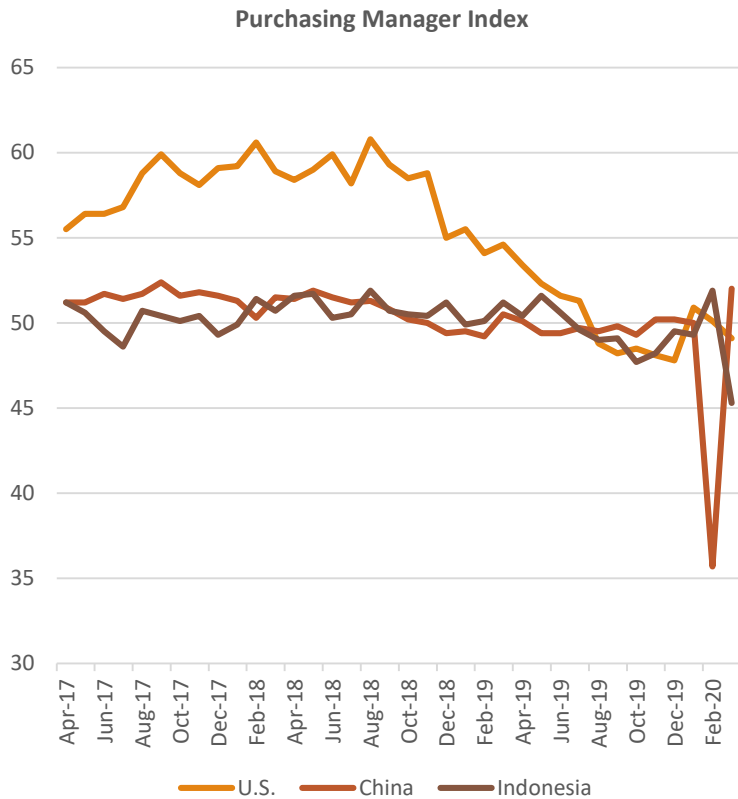
Lockdown Effect on Economy (2)

Consumer Confidence and Retail Sales plummeted; in China Mar20 Retail Sales -15.8% YoY while in Indonesia -5.4% YoY



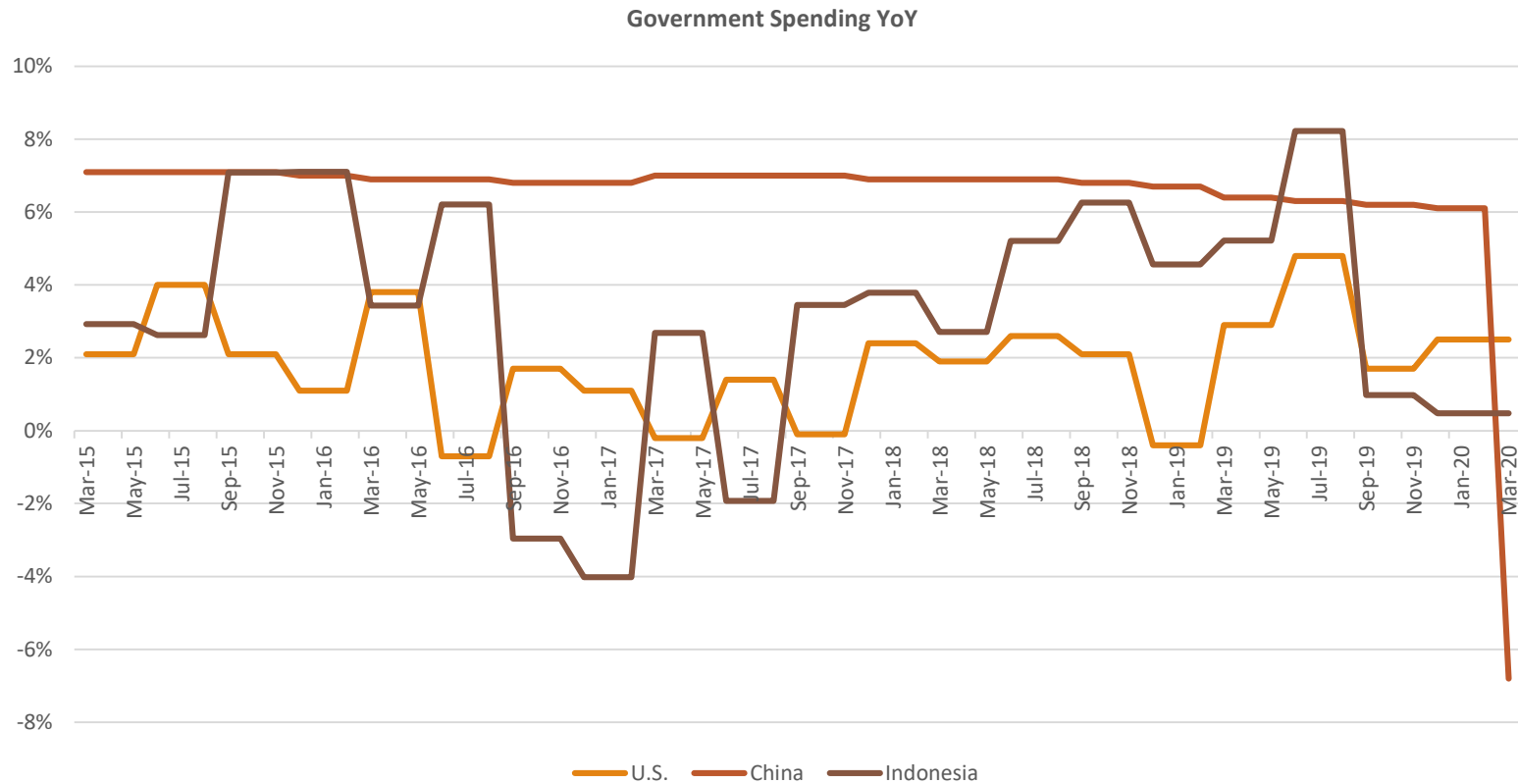
Lockdown Effect on Economy (3)

PMI Index slowed down since Oct19; China PMI however rebounded in Mar20 yet Industrial Production still contracting



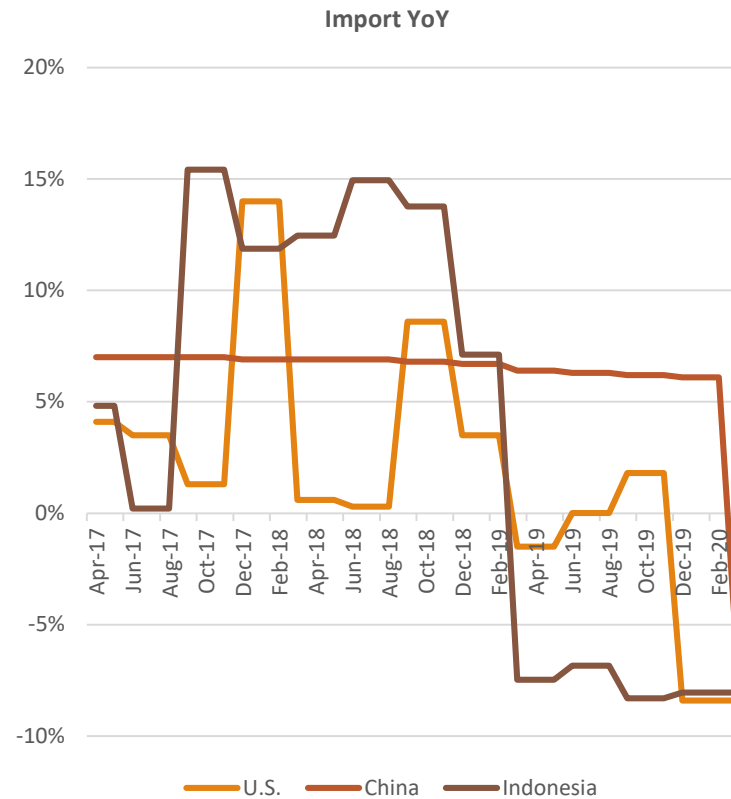
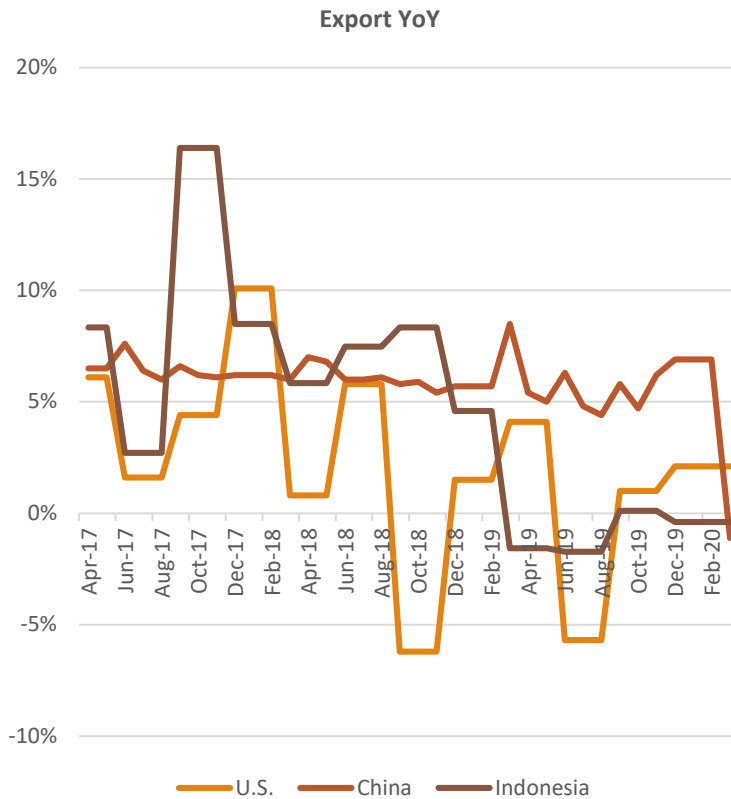
Lockdown Effect on Economy (4)

Government Spending (fiscal stimulus) should be the key driver to boost economy from downturn spiral



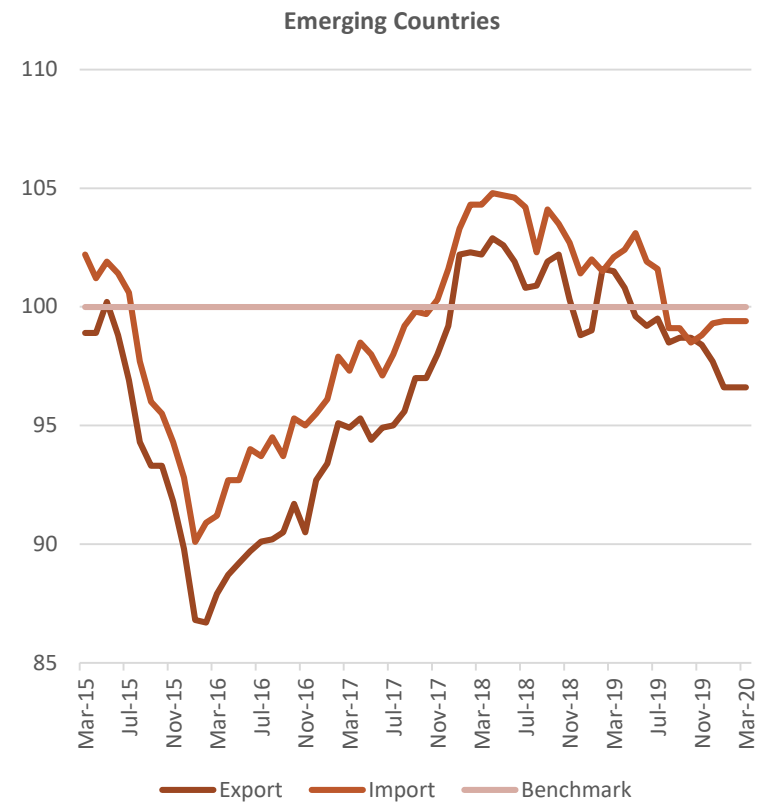
Lockdown Effect on Economy (5)

Export-Import weakened; esp. Indonesia this trend has started since 2019



Global Trade

Trade War & COVID-19 negatively impacted more to emerging countries than advanced ones



Gold as Safe Haven

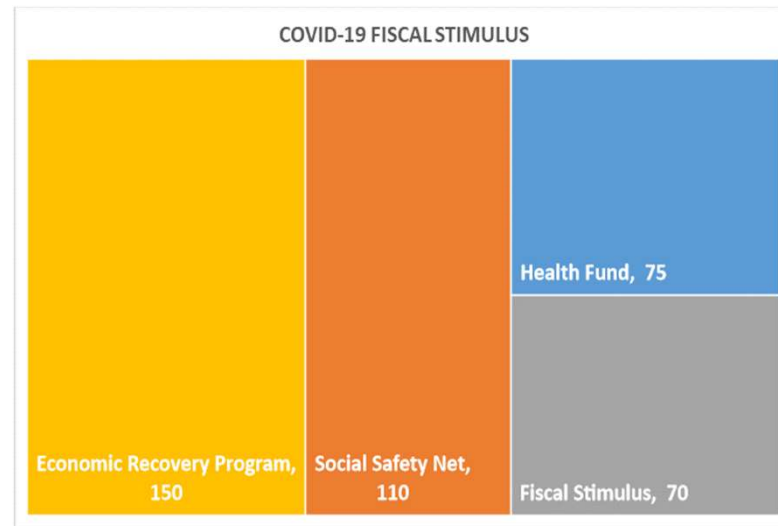
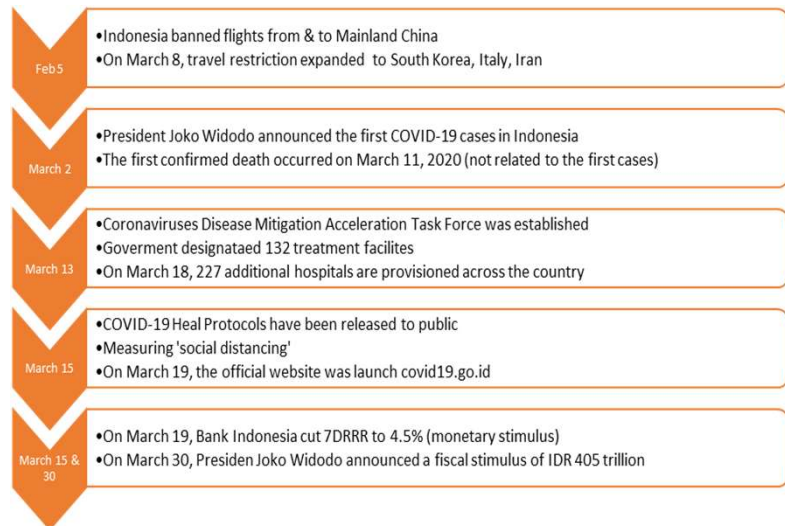
By end of Mar20 gold price rose 24% YoY to USD 1600/barrel while brent crude price plummeted -67% YoY to USD 27.7/barrel



The Future

COVID-19 : Our Response

Government issued IDR 405 tn fiscal stimulus. According to BIN, the outbreak should be over by end of May



Badan Intelijen Negara (BIN) estimates that the peak of the spread of COVID-19 will occur in May 2020.

Our estimate, using Gott Theorem, COVID-19 outbreak will ease by end of May 2020 (90% confidence level) or by the beginning of August 2020 at the latest (95% confidence level).

Domestic Economy Downgrade

Departemen Keuangan downgrade several key indicator; GDP growth down to 2.3% (in worst scenario -0.4%), while Bank Indonesia to 4.2%

Departemen Keuangan

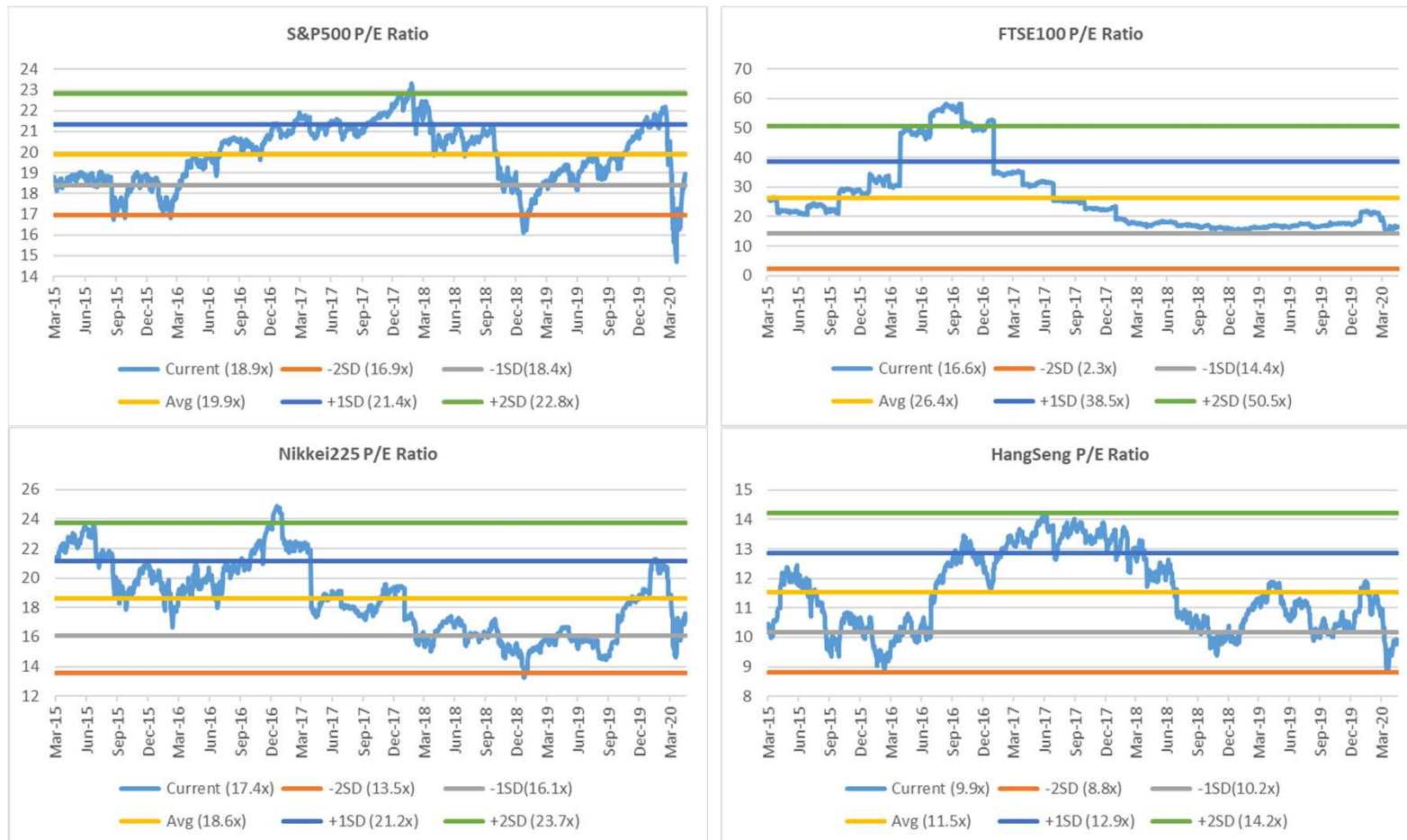
Indikator	APBN	Skenario		Komponen PDB Pengeluaran	APBN	Skenario	
		Berat	Sangat Berat			Berat	Sangat Berat
Pertumbuhan PDB (%YoY)	5.3%	2.3%	-0.4%	Pertumbuhan PDB (%YoY)	5.3%	2.3%	-0.4%
Harga ICP (USD/barel)	63	38	31	Konsumsi RT	5.0%	3.2%	1.6%
Nilai Tukar IDR (IDR/USD)	14,000	17,500	20,000	Konsumsi LNPR	-1.6%	-1.8%	-1.9%
Inflasi (%)	3.1%	3.9%	5.1%	Konsumsi Pemerintah	4.3%	6.8%	3.7%
				PMTB	6.0%	1.1%	-4.2%
				Ekspor	3.7%	-14.0%	-15.6%
				Impor	3.2%	-14.5%	-16.7%

Bank Indonesia

Komponen	FY19	FY20E	FY21F
Pertumbuhan PDB (%YoY)	5.0%	4.2%	5.2%
Konsumsi Swasta	3.3%	1.2%	2.8%
Konsumsi Pemerintah	4.5%	2.9%	5.8%
Investasi (PMTDB)	-0.9%	-5.8%	5.9%
Ekspor	-7.7%	-9.5%	4.5%
Impor	5.0%	4.2%	5.2%

Low Global Equity Valuation

Most global index P/E Ratio fell near their -2SD except FT100. While most now recover but Hang Seng still below -1SD



JCI : Technical View

JCI fell to 3911 in 3M20 (A), should rebound to 5645 in 4Q21 (B) then plummet to 2500-3000 in 4Q22 (C). End of FY20 be at 4800

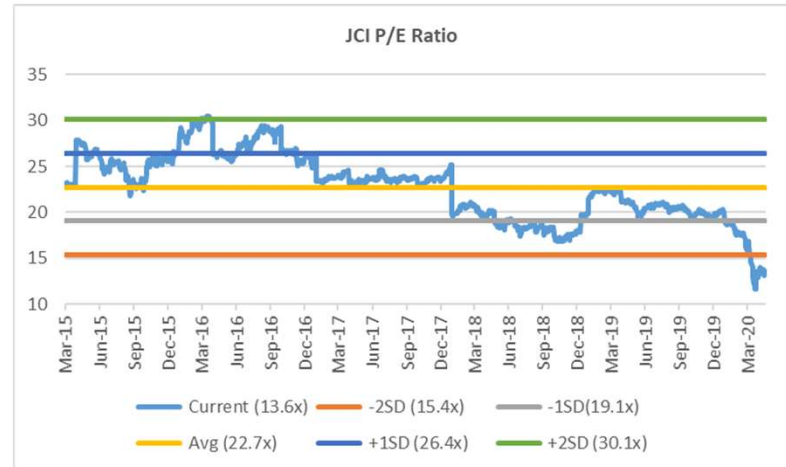
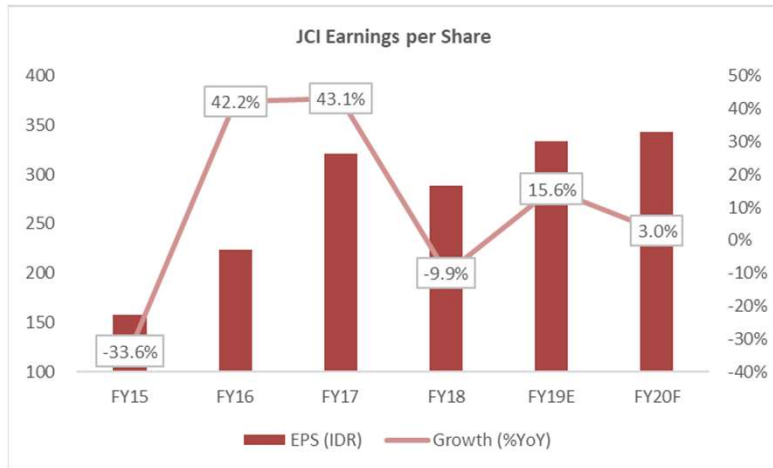
Published on Investing.com, 17/Apr/2020 - 14:00:23 GMT. Powered by TradingView.
Jakarta Stock Exchange Composite Index, Indonesia, Jakarta:JKSE, W



JCI : Fundamental View

We revised our JCI target to 5280, mostly due to a lower P/E Ratio assumption to 15.4x

	Outlook 2020	Outlook 2020 Update	%
JCI Target	6,685	5,280	-21%
P/E Assumption	21.4	15.4	-28%
EPS	312	343	10%
EPS Growth	3.5%	3.0%	-14%



Stock Recommendation

The list below only consider stocks that has more than 40% upside potential in the next 24 months

Stock		Price Earnings Ratio		Earnings per Share			Price		
Ticker	M.Cap*	Current	5Y Avg	FY19A	FY20E	%	Current	Target	Potential
AKRA	8.3	10.5	19.8	180	140	-22%	1,890	2,772	47%
ASII	147.4	6.7	15.7	536	481	-10%	3,790	7,539	99%
BBNI	75.0	4.8	10.6	825	831	1%	4,130	8,766	112%
BJBR	9.2	5.7	6.3	158	217	37%	915	1,378	51%
BMRI	209.5	7.1	12.7	589	589	0%	4,340	7,448	72%
BNGA	16.2	4.8	9.0	146	158	8%	715	1,415	98%
ELSA	1.3	4.1	11.7	49	56	15%	200	658	229%
GGRM	85.2	8.3	21.6	5,655	4,755	-16%	46,225	102,706	122%
HMSP	183.2	13.8	29.6	118	110	-7%	1,615	3,242	101%
INDF	55.3	11.0	18.5	559	581	4%	6,175	10,778	75%
JPFA	10.6	5.9	29.7	151	156	4%	915	4,640	407%
KLBF	58.6	21.4	41.5	53	56	4%	1,205	2,304	91%
LPPF	3.8	3.1	30.9	492	395	-20%	1,500	12,188	713%
MAPI	10.7	10.4	105.7	56	53	-6%	635	5,582	779%
MYOR	46.3	21.3	46.3	89	93	4%	1,960	4,291	119%
PNBN	18.4	5.6	11.9	138	136	-1%	775	1,612	108%
PTBA	21.4	5.3	14.6	371	328	-12%	1,975	4,792	143%
PTPP	4.1	4.8	32.5	150	207	38%	710	6,728	848%
TBIG	25.0	26.0	65.5	39	47	20%	1,015	3,100	205%
TOWR	45.2	17.5	50.6	46	49	7%	860	2,495	190%
UNTR	60.6	5.5	12.1	3,033	2,596	-14%	17,300	31,343	81%
WIKA	8.5	4.2	37.1	255	217	-15%	1,090	8,044	638%
WSKT	8.0	8.8	28.3	69	115	66%	630	3,253	416%
WTON	2.0	4.0	34.4	59	65	10%	242	2,226	820%



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