Shinhan Sekuritas Indonesia

Market Outlook 2026

When stability becomes a catalyst

Shinhan Research Team

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Economic Note

Executive Summary of Indonesia Economic Outlook 2026

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Indonesia enters 2026 facing a less supportive global environment, with heightened geopolitical risks and a structurally slower China growth outlook of around 4.0 to 4.5%, which limits external growth tailwinds given China's 20–25% share of Indonesia's exports where a 1 percentage point slowdown in China may shave 0.08%-0.1% percentage points off Indonesia's GDP growth. Against this backdrop, Indonesia's strength lies in macroeconomic stability: inflation remains well contained below 3%, supporting household purchasing power and anchoring growth around 5% despite external uncertainty. With fiscal policy constrained by discipline keeping the deficit near 3% of GDP and government spending acting primarily as a stabilizer, the growth outlook for 2026 will depend increasingly on domestic dynamics. While consumption remains resilient, bank credit growth of only 6 to 7% signals that investment-led acceleration has yet to materialize. Indonesia's GDP is estimated at 4.6% to 5% this year. As a result, Indonesia's baseline outlook is one of stability rather than breakout, with growth contingent on a recovery in banking sector risk appetite and private investment, while markets should expect a supportive environment for bonds, selective opportunities in equities particularly banks and consumer sectors and a broadly range-bound rupiah.

Global backdrop. Indonesia enters 2026 against a less supportive and increasingly uncertain global environment. Elevated geopolitical risks, including the recent escalation involving Venezuela, Europe and the United States, have added volatility to global trade dynamics, commodity prices, and financial markets. These developments compound existing trade tensions and uneven global growth, **reinforcing a cautious global investment climate and increasing downside risks for open emerging economies**.

China growth outlook and quantified spillover risk. China's economy is expected to grow around 4.0–4.5% in 2026, reflecting structurally slower but policy-managed expansion amid a prolonged property sector adjustment and subdued private sector confidence. Given that China absorbs **approximately 20–25% of Indonesia's total exports,** the growth linkage is material. Empirical estimates suggest that a **1 percentage point slowdown in China's GDP reduces Indonesia's GDP growth by roughly 0.15–0.25 percentage points**, mainly through commodity prices, export volumes, and investment sentiment. With China's growth likely to be stable but subdued, external demand is expected to act as a **growth stabilizer rather than a growth accelerator for Indonesia in 2026**.

Macro stability as Indonesia's investment anchor. Against this external backdrop, Indonesia's macroeconomic stability remains a key investment anchor. **Inflation has remained well contained, consistently below 3%, preserving household purchasing power and supporting consumption. This environment allows monetary policy to remain neutral to mildly accommodative and limits downside risks to domestic demand**. As a result, Indonesia is relatively well positioned to sustain economic growth around 5%, even in the absence of strong external tailwinds from China or global trade.

Executive Summary of Indonesia Economic Outlook 2026

Domestic growth drivers: consumption resilient, credit lagging. With external drivers constrained, growth in 2026 will be driven primarily by domestic dynamics. Household **consumption continues to show resilience, supported by low inflation and targeted government programs**. However, financial transmission remains uneven: while **non-bank consumer financing has expanded at double-digit rates, bank credit growth has remained modest at around 6–7% year-on-year**, below the historical threshold associated with growth acceleration. Without a recovery in bank lending—particularly investment and working-capital credit—growth risks becoming increasingly consumption-led and less investment-driven.

Fiscal stance and growth ceiling. fiscal policy is expected to remain counter-cyclical but disciplined, with the fiscal deficit likely maintained in the 2–2.5% of GDP range. This preserves fiscal credibility but limits the scope for large-scale stimulus. Consequently, fiscal policy will function primarily as a stabilizer rather than an accelerator of growth. In this setting, Indonesia's baseline growth of around 5% in 2026 appears well supported, while any upside toward 5.3–5.6% would depend on a sustained improvement in banking sector risk appetite and a pickup in private investment.

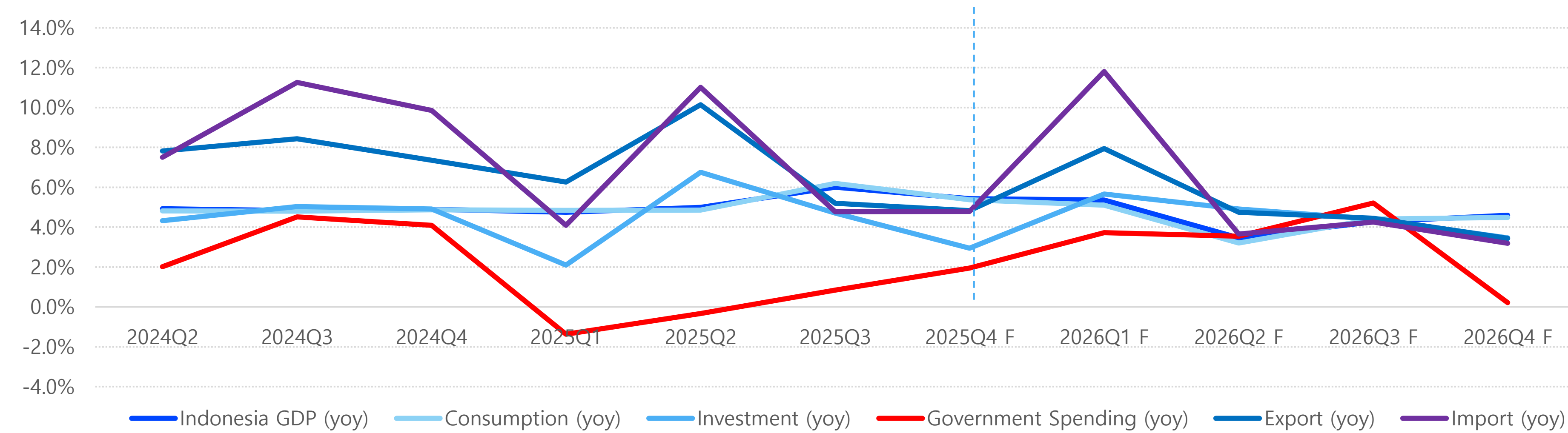
Investor implications (rates, banks, equities, FX). For investors, this macro configuration points to a stable but selective opportunity set. Bond markets should benefit from contained inflation and a broadly neutral monetary stance, anchoring yields and limiting volatility. In equities, banks remain the key cyclical lever: a re-acceleration in credit would be the clearest signal for upside growth and sector re-rating, while a prolonged credit slowdown would cap earnings momentum. Consumer-oriented equities should remain relatively defensive, supported by resilient household spending. On the FX front, the rupiah is likely to remain range-bound, supported by macro stability but constrained by limited external growth upside as China's demand remains subdued. Overall, Indonesia in 2026 **offers macro resilience rather than cyclical breakout, with upside risk conditional on domestic credit and investment dynamics rather than external demand**.

Sectorally, household consumption and its related sectors (consumer staples, transportation, digital services) are expected to remain the most resilient growth anchors, while banking and financial services represent the key swing factor for 2026, as credit growth stuck at 6-7% continues to cap investment-led acceleration. Commodity sectors (coal, CPO, base metals) are likely to face range-bound prices amid slower China demand, reinforcing earnings normalization rather than expansion, while **downstream manufacturing tied to EV batteries, minerals, and selected industrial processing remains a medium-term structural positive but with limited near-term macro lift due to its capital-intensive nature**. Meanwhile, property and construction should stabilize rather than rebound sharply, supported by targeted tax incentives, and infrastructure-related sectors will benefit mainly from maintenance and completion spending rather than new large-scale fiscal stimulus. Overall, Indonesia's 2026 outlook is characterized by stability over acceleration, with upside toward 5.3–5.6% growth contingent on a recovery in banking sector risk appetite and private investment, rather than a rebound in global demand.

2026 Political Stability and Policy Continuity 2026 Outlook. Indonesia's 2026 outlook is further underpinned by a high degree of political stability and policy continuity, which remains a critical positive for investor confidence. The post-election transition has so far signaled pragmatism rather than policy disruption, with the new administration expected to preserve core macro anchors—fiscal discipline (deficit kept around 2–2.5% of GDP), inflation control, and a commitment to downstream industrialization and investment facilitation. Policy priorities are likely to emphasize **execution over reinvention**: targeted social spending to support consumption, continuity in infrastructure completion rather than expansion, and sustained incentives tied to domestic value creation (e.g., EV and mineral downstreaming). While reform momentum may be incremental rather than bold that reflecting fiscal constraints and coalition politics. The absence of abrupt policy shifts reduces tail risks and supports a **predictable operating environment**. For markets, this translates into lower political risk premia, a stable policy horizon for banks and corporates, and a macro backdrop that favors **steady returns over volatility-driven upside in 2026.**

Economic forecast: GDP is estimated at 4.6% to 5% as base line in 2026

GDP growth by expenditure



Source: Shinhan sekuritas Indonesia calculation

	2024Q2	2024Q3	2024Q4	2025Q1	2025Q2	2025Q3	2025Q4 F	2026Q1 F	2026Q2 F	2026Q3 F	2026Q4 F
Indonesia GDP (yoy)	4.9%	4.8%	4.9%	4.8%	5.0%	6.0%	5.4%	5.4%	3.5%	4.3%	4.6%
Consumption (yoy)	4.8%	4.8%	4.9%	4.8%	4.9%	6.2%	5.4%	5.1%	3.2%	4.4%	4.5%
Investment (yoy)	4.3%	5.0%	4.9%	2.1%	6.8%	4.7%	2.9%	5.7%	4.9%	4.4%	3.5%
Government Spending (yoy)	2.0%	4.5%	4.1%	-1.4%	-0.3%	0.8%	1.9%	3.7%	3.5%	5.2%	0.2%
Export (yoy)	7.8%	8.4%	7.3%	6.3%	10.1%	5.2%	4.8%	7.9%	4.7%	4.4%	3.4%
Import (yoy)	7.5%	11.3%	9.9%	4.1%	11.0%	4.8%	4.8%	11.8%	3.6%	4.3%	3.2%

Source: Shinhan sekuritas Indonesia calculation

What-If Scenarios: Impact on Indonesia's GDP

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Scenario (What If)	Assumed Shock (YoY)	Estimated Impact on Indonesia's GDP (YoY)	Economic Interpretation
China GDP growth slowdown	−1%	**−0.04%**	Slower economic growth in China reduces demand for Indonesian exports, particularly commodities, leading to weaker external-driven growth.
China GDP growth acceleration	4%	**0.16%**	Stronger China growth boosts Indonesia's GDP mainly through higher commodity demand, trade volumes, and investment sentiment, with effects materializing gradually over 1–2 years.
Global commodity price increase	1%	**0.13%**	Higher commodity prices improve Indonesia's terms of trade and export revenues, providing a relatively strong and faster boost to economic growth.
Government spending growth increase	1%	**−0.05%**	Fiscal expansion shows a weak or negative growth multiplier, possibly reflecting crowding out effects, implementation delays, or high import leakage.

Source: Shinhan sekuritas Indonesia calculation

The accumulated impulse response analysis suggests that Indonesia's near-term growth dynamics are largely driven by external factors, particularly global demand conditions and commodity price cycles. **A one-percentage-point increase in China's annual GDP growth is estimated to raise Indonesia's GDP growth by approximately 0.04 percentage points**, with the impact materializing gradually over a one- to two-year horizon. This relatively moderate spillover underscores that, while China remains an important external anchor, its direct growth transmission to Indonesia is meaningful but not dominant.

By contrast, global commodity prices exert a stronger influence on domestic activity. **A 1% increase in commodity prices is associated with an estimated 0.13% increase in Indonesia's GDP growth, highlighting the central role of the terms-of-trade channel in amplifying external shocks**. This finding confirms Indonesia's continued sensitivity to global commodity cycles and reinforces the importance of external price dynamics in shaping domestic growth outcomes.

In comparison, government spending growth displays a modest negative short-run elasticity of approximately −0.05%, indicating that fiscal expansions have not translated into strong near-term growth multipliers. This pattern is consistent with **countercyclical fiscal behavior**, implementation lags, and potential crowding-out or import leakage effects, which limit the immediate growth impact of higher public spending.

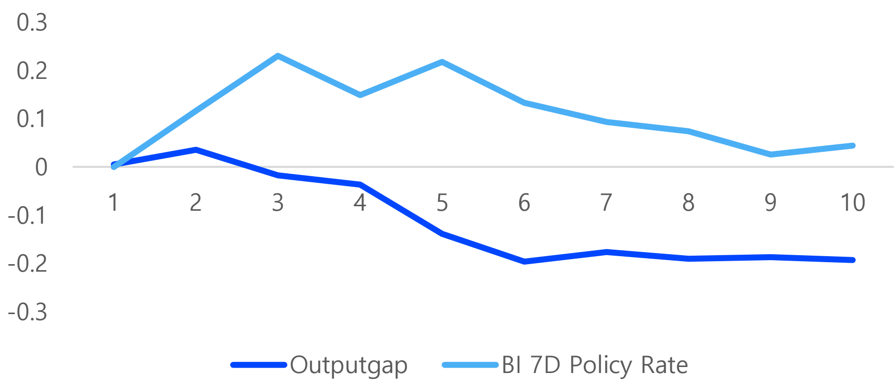
From a policy perspective, these results imply that the optimal macroeconomic policy mix should focus on preserving supportive financial conditions to ensure that favorable external developments particularly commodity price upswings are effectively transmitted to domestic economic activity. **Fiscal policy, meanwhile, is likely to be most effective when deployed in a targeted and time bound manner aimed at smoothing cyclical fluctuations rather than pursuing broad-based stimulus. Such a coordinated monetary fiscal stance would help maximize growth gains from external tailwinds while safeguarding macroeconomic stability.**

Methodological Footnote

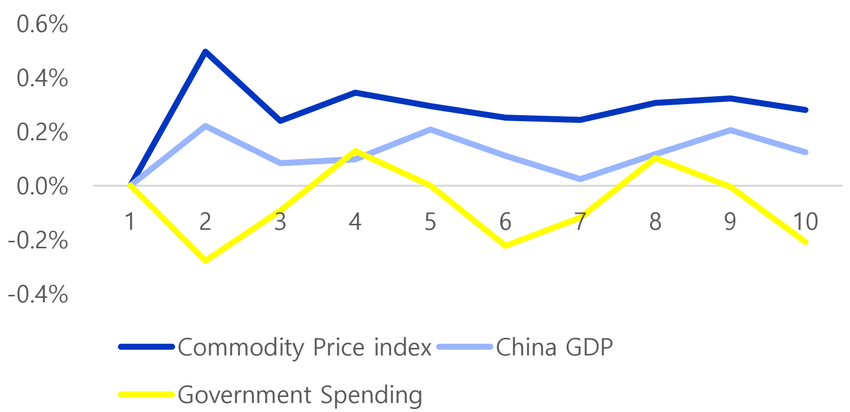
Elasticities are computed from accumulated impulse response functions (IRFs) estimated using a VAR model in first differences. The accumulated IRF captures the cumulative effect of a one standard deviation shock on the level of Indonesia's GDP over a four-quarter horizon. Elasticities per 1% shock are obtained by normalizing the accumulated responses by the standard deviation of each respective shock variable. This approach enables inference on level effects from growth based VAR specifications in the absence of cointegration.

Anticipating slower growth: A case for forward looking and less restrictive monetary policy

Impact of monetary policy, output gap on inflation *(Cholesky impulse reaction function)*



Impact of commodity price, China GDP and government spending on Indonesia GDP Accumulatively - *(Cholesky impulse reaction function)*



Source: Shinhan sekuritas Indonesia calculation

Interpretation with quantitative policy lags

The chart indicates that inflation responds positively to cyclical demand conditions and monetary tightening in the short run, reflecting the endogenous and forward-looking nature of policy reactions. Quantitatively, the impulse responses suggest that the peak impact of monetary tightening on inflation materializes with a lag of approximately 3 - 5 quarters, after which inflation begins to decelerate as tighter financial conditions transmit to domestic demand and the output gap narrows. This lag structure is consistent with standard estimates of monetary transmission in emerging market economies, where policy rate adjustments affect inflation primarily through delayed credit, consumption, and investment channels rather than contemporaneously. Importantly, the gradual decline in inflation rather than an abrupt reversal implies that recent policy tightening is operating as intended to stabilize prices over the medium term while avoiding excessive short-run output volatility.

External risk context and landing scenarios

In the presence of elevated external risks, the observed dynamics underscore the importance of calibrated policy responses. A sharper slowdown in China or renewed global monetary tightening could weaken external demand and amplify the contractionary effects of domestic policy, accelerating the narrowing of the output gap and increasing the risk of a hard landing if rate hikes are sustained beyond the estimated transmission window. **Conversely, a commodity driven external tailwind or easing global financial conditions would help offset domestic tightening, reinforcing a soft-landing trajectory in which inflation gradually converges toward target without a pronounced growth slowdown. Against this backdrop, the chart suggests that monetary policy should remain data dependent and sensitive to external conditions, allowing sufficient time on the order of one year for existing rate increases to transmit before further tightening is undertaken.**

Inflation stable amidst accelerating credit growth and money supply

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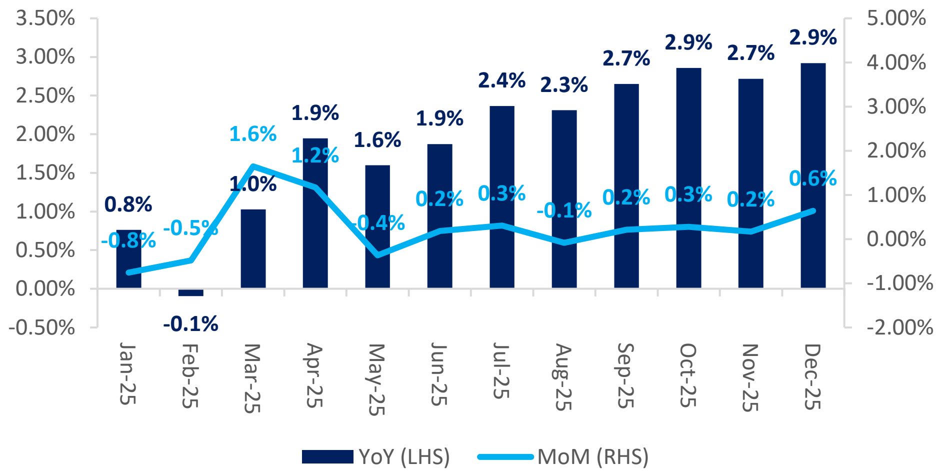
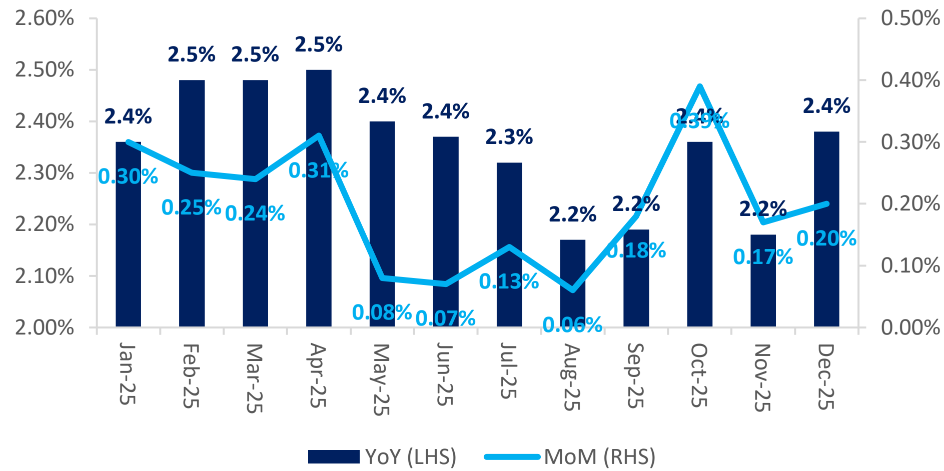
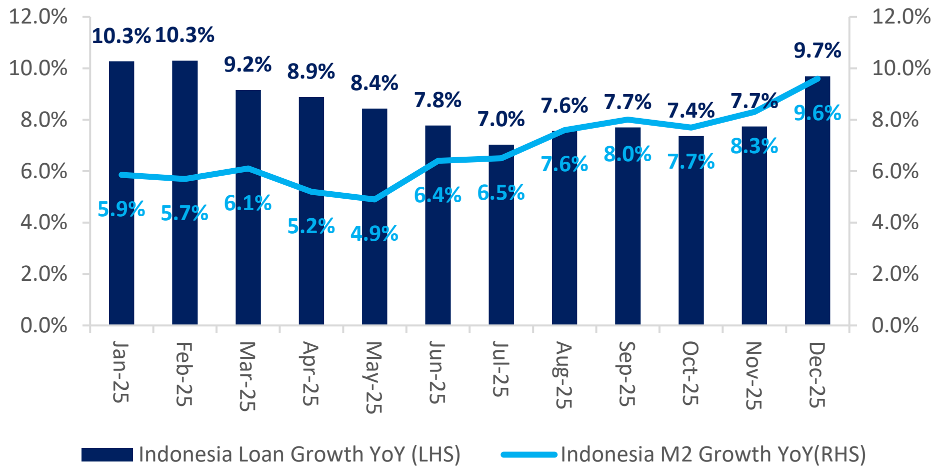
Indonesia Inflation Rate



Indonesia Core Inflation Rate



Indonesia Loan Growth and Money Supply



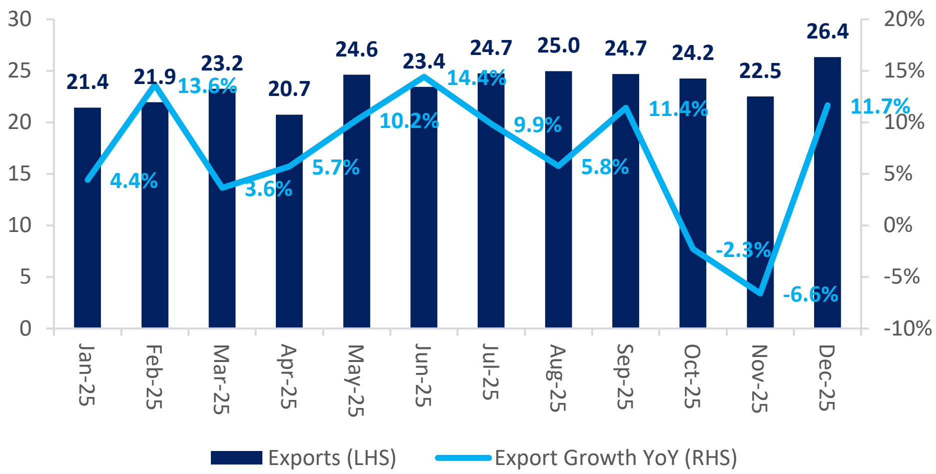
- Indonesia's headline inflation concluded December 2025 at 2.9% YoY, a slight uptick driven by a 0.6% MoM seasonal surge during the year-end holidays. Despite this monthly spike, core inflation remained remarkably resilient at 2.4% YoY, signaling stable underlying demand and well-anchored price expectations. Throughout 2025, while volatile food prices saw occasional fluctuations, the overall Consumer Price Index (CPI) consistently trended within Bank Indonesia's target corridor, providing a stable macroeconomic backdrop for the 2026 fiscal year.

- The banking sector exhibited a strong expansionary trend, with loan growth accelerating to 9.7% YoY in December 2025. This rebound in credit distribution is closely mirrored by the broad money supply (M2) growth, which climbed to 9.6% YoY, a significant recovery from its mid-year low of 4.9% YoY in May. The surging M2 suggests that liquidity within the financial system is loosening, effectively providing the necessary fuel for banks to ramp up lending activities and support nationwide economic expansion.

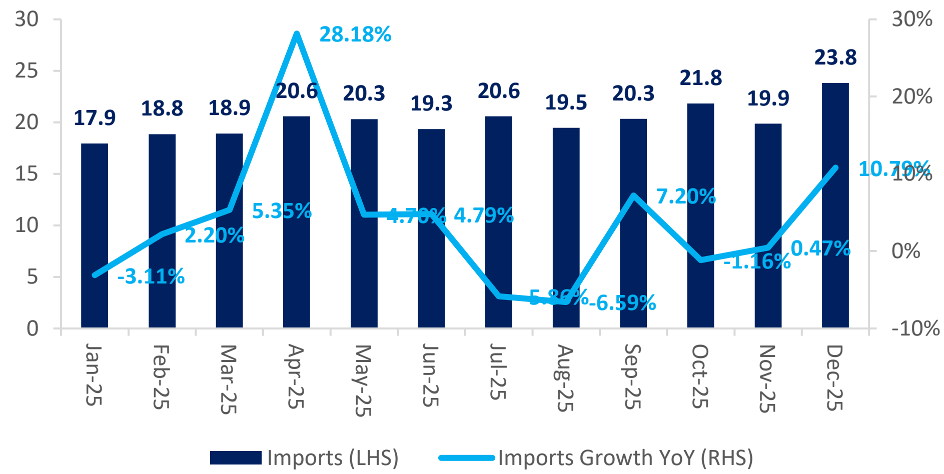
- In 2026, inflation is projected to remain manageable within the target range of 2.5%±1%. While potential fuel price adjustments or food supply shocks could pose temporary risks in 1Q26, the current trajectory of near double-digit loan growth and robust liquidity serves as a positive catalyst for the equity market. With inflation under control, Bank Indonesia maintains the flexibility to keep monetary policy supportive, which is expected to drive earnings growth for interest-rate-sensitive sectors.

Trade surplus narrows as investment-led imports surge, export outlook remains solid

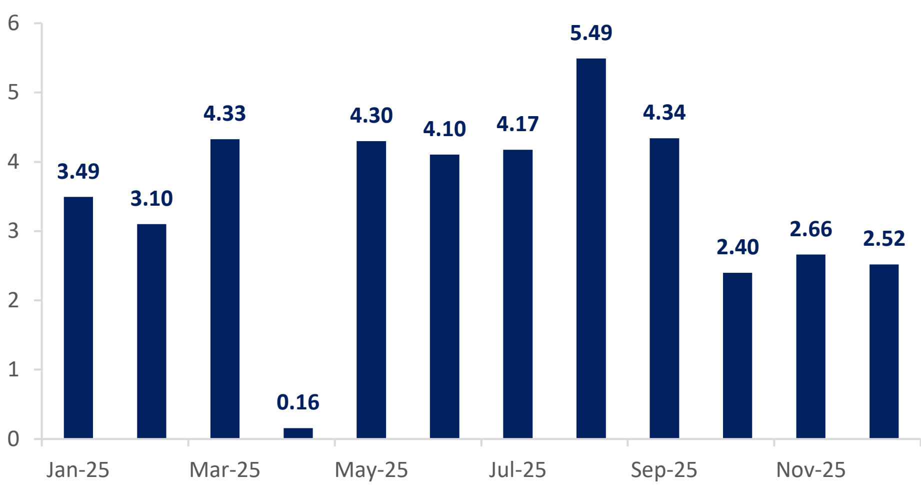
Indonesia Exports (USDbn)



Indonesia Imports (USDbn)



Indonesia Trade Surplus (USDbn)

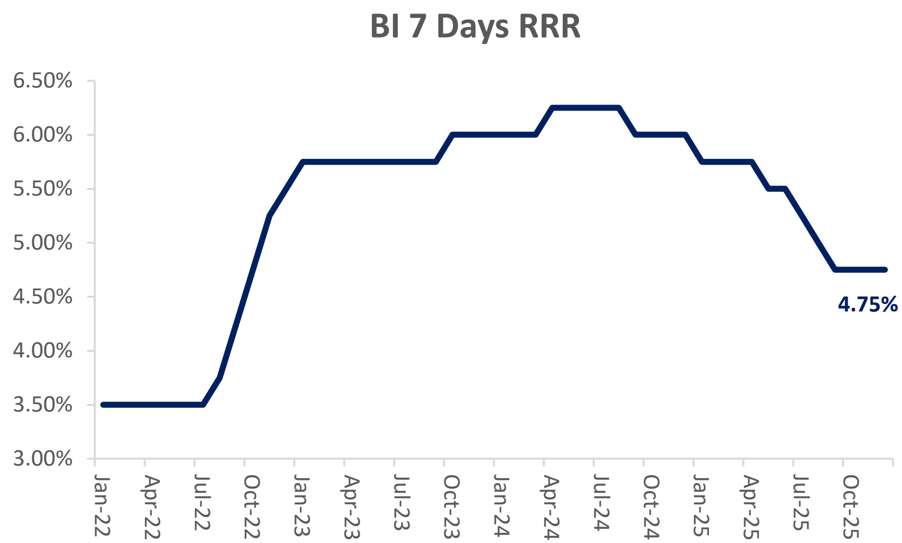


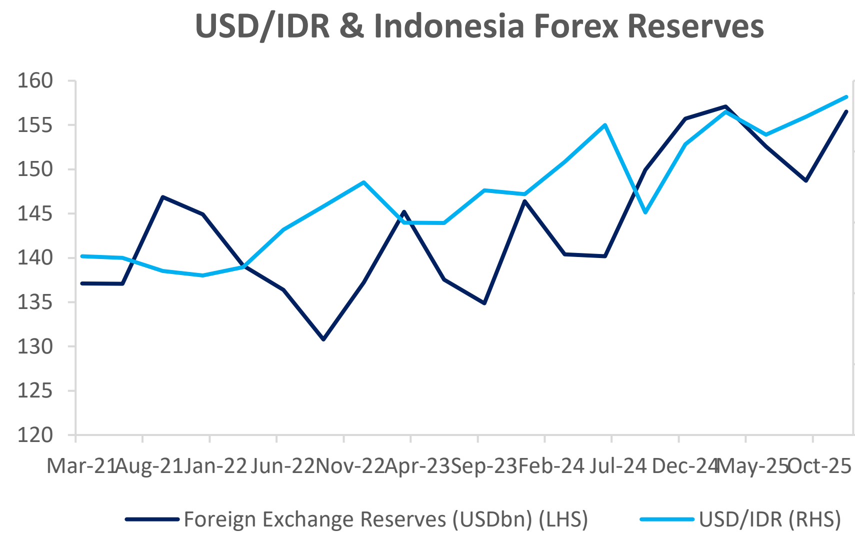
- Indonesia's trade surplus edged down to USD 2.51 billion in December 2025 as strong import growth outpaced a solid export rebound. Exports rose 16.99% MoM (11.64% YoY) to USD 26.35 billion, driven by a sharp recovery in animal and vegetable fats and oils, while imports jumped 20.02% MoM (10.81% YoY) to USD 23.83 billion, led by a 34.66% YoY surge in capital goods, signaling renewed investment momentum.

- Indonesia recorded a cumulative trade surplus of USD 41.05 billion in 2025, supported by a resilient non-oil and gas surplus of USD 60.75 billion which offset the USD 19.70 billion oil and gas deficit. The structure of Indonesian exports continued to improve, with the manufacturing sector's contribution widening to 80.27% of total exports, up from 74.44% in 2024. This shift has provided a buffer against volatility in raw commodity prices, evidenced by the fact that while mineral fuel exports contracted by 19.18% YoY due to price normalization, overall non-oil exports still managed to grow 7.66% YoY.

- The sharp rise in capital goods imports toward the end of the year points to sustained strength in domestic investment, especially in downstream processing facilities, as a key driver of economic growth. Although the trade surplus is likely to narrow further as import demand recovers, the export outlook remains broadly positive, supported by continued demand from major partners such as China and the US, where exports grew by 7.11% and 16.66% respectively in 2025.

Bank Indonesia maintains accommodative stance while prioritizing Rupiah stability





- BI) enters 2026 with its benchmark BI 7-Day Reverse Repo Rate (BI7DRRR) held steady at 4.75%, maintaining the dovish pivot established in late 2025 to support economic growth. This policy stance comes despite persistent pressure on the currency, with the Rupiah depreciating to IDR 16,771 per US Dollar by the end of December 2025, its weakest level in recent history. The central bank has effectively utilized a pro-growth monetary policy through lower rates while relying on other instruments to manage stability, evidenced by a significant recovery in foreign exchange reserves, which rebounded to USD 156.50 billion in December 2025 from a low of USD 148.70 billion in September.

- The divergence between the accommodative interest rate and the depreciating currency highlights BI's strategic balancing act. While the rate cuts to 4.75% were aimed at stimulating credit and domestic consumption, the Rupiah's slide reflects continued external headwinds, likely stemming from global US Dollar strength or capital outflow pressures. However, the USD 7.8 billion increase in forex reserves during 4Q25 provides a crucial buffer, signaling BI's continued market presence and ability to absorb external shocks without resorting to aggressive rate hikes that could stifle the domestic recovery.

- We anticipate BI will maintain a cautious pause in the near term, prioritizing Rupiah stability over further easing until the currency finds a firmer footing. With the exchange rate hovering near historic highs, the central bank is likely to lean heavily on macroprudential measures and continued forex intervention rather than the policy rate to manage volatility. For equity markets, this environment favors export-oriented sectors benefiting from the weaker Rupiah, while interest-rate-sensitive sectors like banking and property may see sustained momentum if inflation remains contained and the 4.75% rate floor persists.

Fiscal Framework 2026: Consolidation to Primary Surplus

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(IDRtn)	2025		Jun-25				2025	2026		
	State Budget	% GDP	Realization	% GDP	% State Budget	% YoY	Outlook	Draft State Budget	% GDP	% YoY
A. State Revenue	3,005.13	12.36%	1,201.80	4.94%	39.99%	-9.01%	2,865.50	3,147.70	12.22%	9.85%
1. Tax Revenue	2,490.90	10.24%	978.30	4.02%	39.27%	-4.84%	2,387.28	2,692.00	10.45%	12.76%
a. Tax	2,189.30	9.00%	831.27	3.42%	37.97%	-7.00%	2,076.92	2,357.70	9.15%	13.52%
b. Customs and Excise	301.60	1.24%	147.03	0.60%	48.75%	9.57%	310.36	334.30	1.30%	7.71%
2. Non-Tax Revenue	513.63	2.11%	222.87	0.92%	43.39%	-22.73%	477.23	455.00	1.77%	-4.66%
3. Grant	0.60	0.00%	0.63	0.00%	104.83%	-85.23%	0.99	0.70	0.00%	-29.29%
B. State Exp.	3,621.37	14.89%	1,406.03	5.78%	38.83%	0.57%	3,527.50	3,786.50	14.70%	7.34%
1. Government Exp.	2,701.50	11.11%	1,003.56	4.13%	37.15%	0.57%	2,663.44	3,136.50	12.18%	17.76%
a. State Ministry and Agency (K/L) Exp.	1,160.10	4.77%	470.54	1.93%	40.56%	-3.45%	1,275.63	1,498.30	5.82%	17.46%
b. Non-K/L Exp.	1,541.40	6.34%	533.02	2.19%	34.58%	4.40%	1,387.81	1,638.20	6.36%	18.04%
2. Transfer to Regions (TKD)	919.87	3.78%	402.47	1.65%	43.75%	0.59%	864.06	650.00	2.52%	-24.77%
C. Primary Balance	-63.30	-0.26%	52.85	0.22%			-109.86	39.40	0.15%	-135.86%
D. Budget Deficit	-616.24	-2.53%	-204.23	-0.84%	33.14%		-662.00	-638.80	-2.48%	-3.50%
E. Budget Financing	616.24	2.53%	283.58	1.17%	46.02%		662.00	638.80	2.48%	-3.50%

Debt Financing 2021-2026

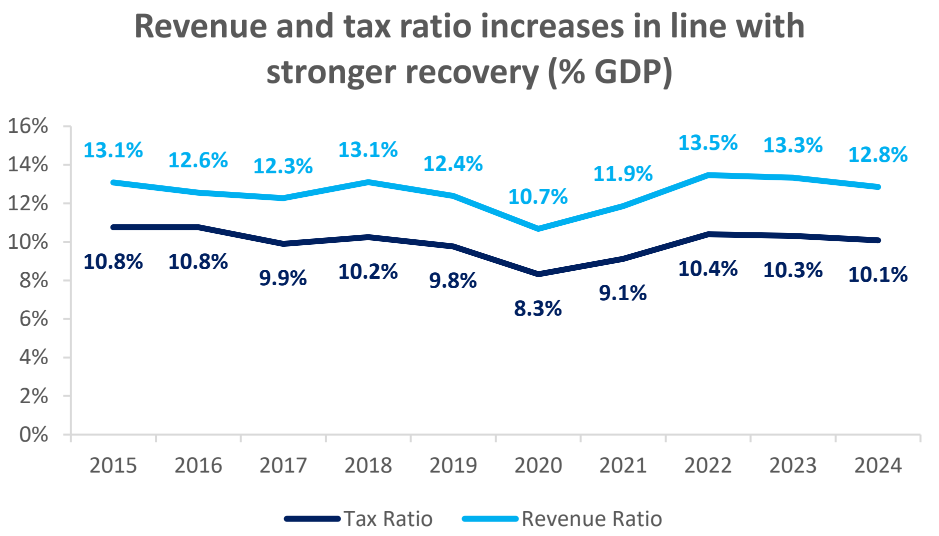
(IDRtn)	2021	2022	2023	2024	2025F	2026 Draft State Budget
I. Government Securities (Net)	877.50	658.80	308.20	450.70	585.10	749.20
II. Loans (Net)	-7.00	37.20	95.80	107.30	130.40	32.70
1. Domestic Loans (Net)	0.90	8.20	14.60	15.00	10.50	-7.30
a. Disbursement of Domestic Loans (Gross)	2.50	10.10	17.50	20.10	19.00	6.30
b. Repayment of Principal of Domestic Loan	-1.50	-1.90	-2.90	-5.10	-8.50	-13.70
2. Foreign Loans (Net)	-7.90	29.00	81.20	92.30	120.90	39.90
a. Disbursement of Foreign Loans (Gross)	74.20	65.90	163.10	183.00	210.40	145.20
i. Cash Loans	5.20	12.50	26.70	33.00	41.70	43.90
ii. Project Loans	69.00	53.50	136.40	150.00	168.70	101.20
(1) Central Government Projects	30.60	40.80	111.50	114.20	124.40	98.00
(2) Loans for SOEs/Regional Governments	38.40	12.70	24.90	35.80	44.30	3.20
b. Repayment of Principal of Foreign Loans	-82.10	-36.90	-81.90	-90.70	-89.50	-105.30
Total	870.50	696.00	404.00	558.10	715.50	781.90

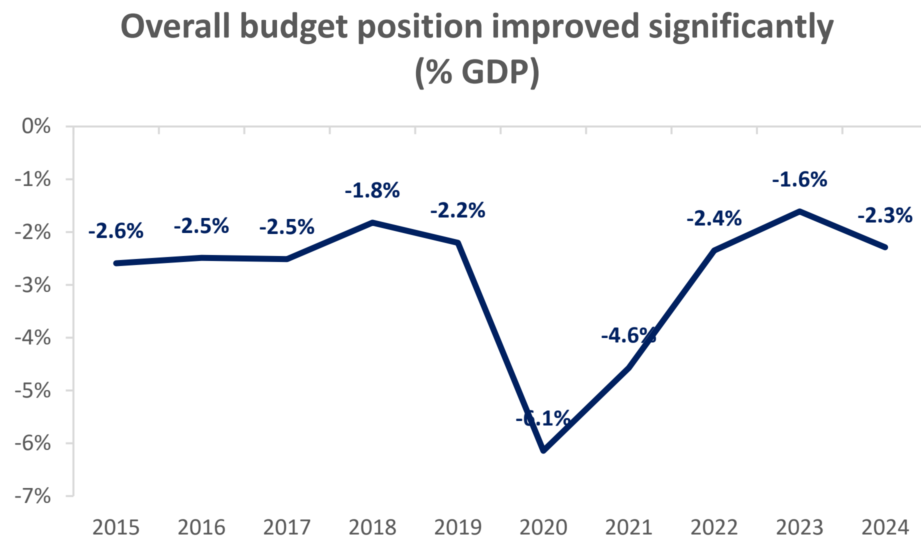
- The 2026 Draft State Budget targets a fiscal deficit of 2.68% of GDP, reflecting a consolidation effort compared to the 2025 outlook deficit of 2.92%. A key structural improvement is the return to a primary balance surplus of IDR 39.40 trillion in 2026, a significant turnaround from the projected primary deficit of IDR 109.86 trillion in the 2025 outlook. Revenue collection targets are ambitious, with state revenue projected to grow 9.85% YoY to IDR 3,147.70 trillion, driven largely by a 12.76% YoY increase in tax revenue to IDR 2,692.00 trillion.

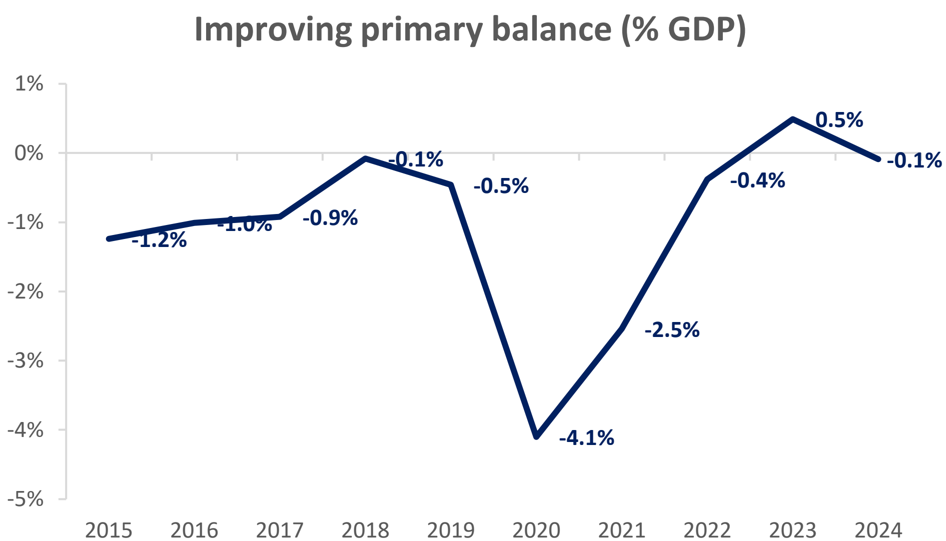
- The financing mix for 2026 reveals a strategic pivot toward domestic markets and reduced reliance on external debt. Net Government Securities (SBN) issuance is targeted to surge to IDR 749.20 trillion, a sharp increase from the IDR 585.10 trillion forecasted for 2025. In contrast, net loan financing is set to plummet to IDR 32.70 trillion in 2026 from the 2025 forecast of IDR 130.40 trillion, driven by a substantial reduction in net foreign loans to just IDR 39.90 trillion.

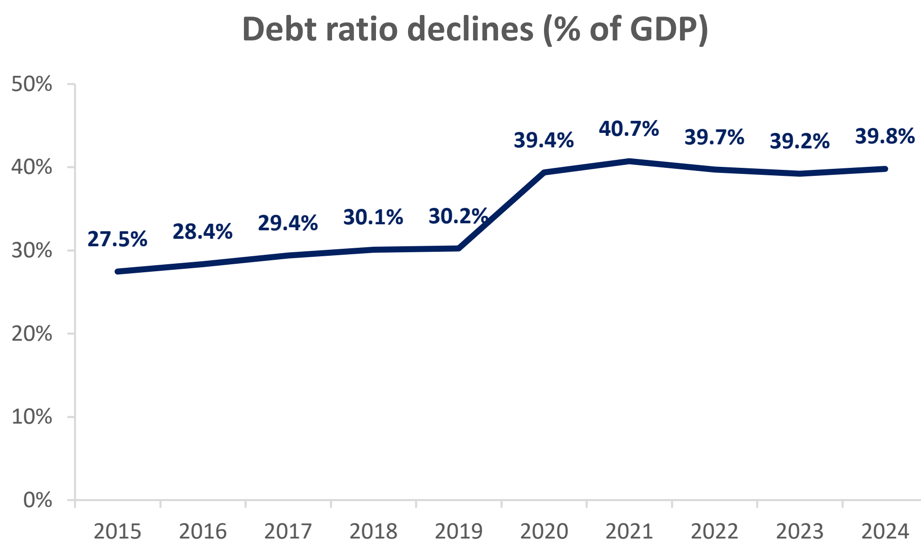
- State expenditure is budgeted to rise by 7.34% YoY to IDR 3,786.50tn, with central government spending increasing 17.76% YoY, indicating sustained fiscal support for priority programs despite the lower deficit target. However, the heavy reliance on SBN issuance to cover the IDR 638.80 trillion deficit suggests potential liquidity tightening in the domestic banking system, as the government reduces gross foreign loan disbursements from IDR 210.40tn in the 2025 outlook to IDR 145.20tn in the 2026 draft.

Overall fiscal position continued to improve









Bond Market Outlook

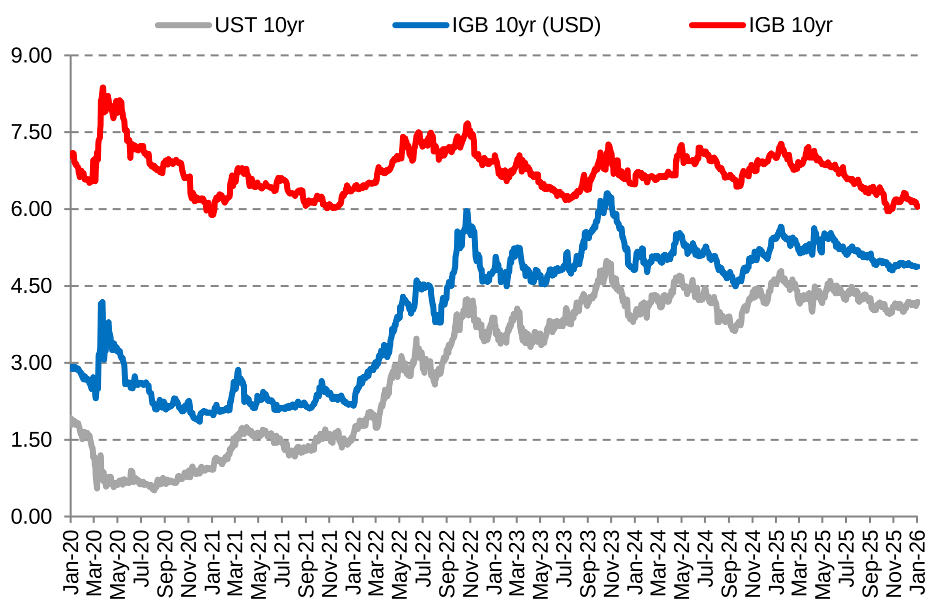
Indonesia Bond Market Overview

Muhammad Adra Wijasena

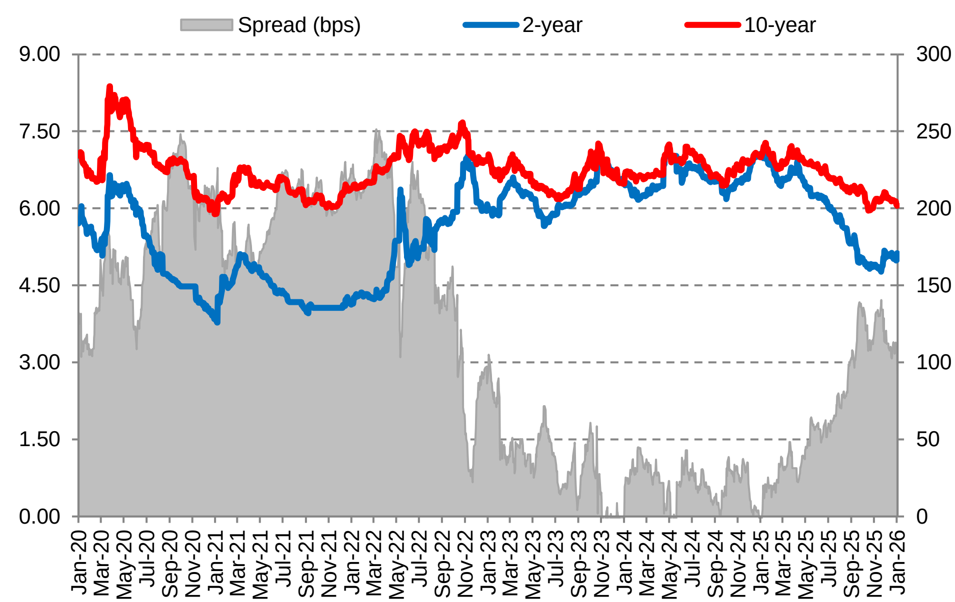
Bond Market Indicators (as of January 12, 2026)

Year	Chg. (%)	BINDO Index	Chg. (bps)	10-yr IGB Yield	Chg. (%)	Rupiah	Chg. (bps)	BI7DRRR	Chg. (bps)	5-yr CDS
2026	↓ 0.89%	316.21	↑ 11.2	6.182%	↑ 0.86%	16,833	--	4.75%	↓ 3.261	72.12
2025	↑ 8.68%	319.05	↓ 92.7	6.070%	↑ 3.65%	16,690	↓ 125	4.75%	↓ 10.03	68.86
2024	↑ 0.17%	293.56	↑ 51.7	6.997%	↑ 4.58%	16,102	--	6.00%	↑ 6.892	78.89
2023	↑ 9.86%	293.08	↓ 46.0	6.480%	↓ 1.10%	15,397	↑ 50	6.00%	↓ 28.25	71.99
2022	↓ 5.28%	266.78	↑ 55.8	6.940%	↑ 9.23%	15,568	↑ 200	5.50%	↑ 24.25	99.57

Performance of Indonesia's IDR vs USD Bonds



Yield Spread Between 2- and 10-year IGB



Onshore Investors Became the Biggest Net Buyers in 2026

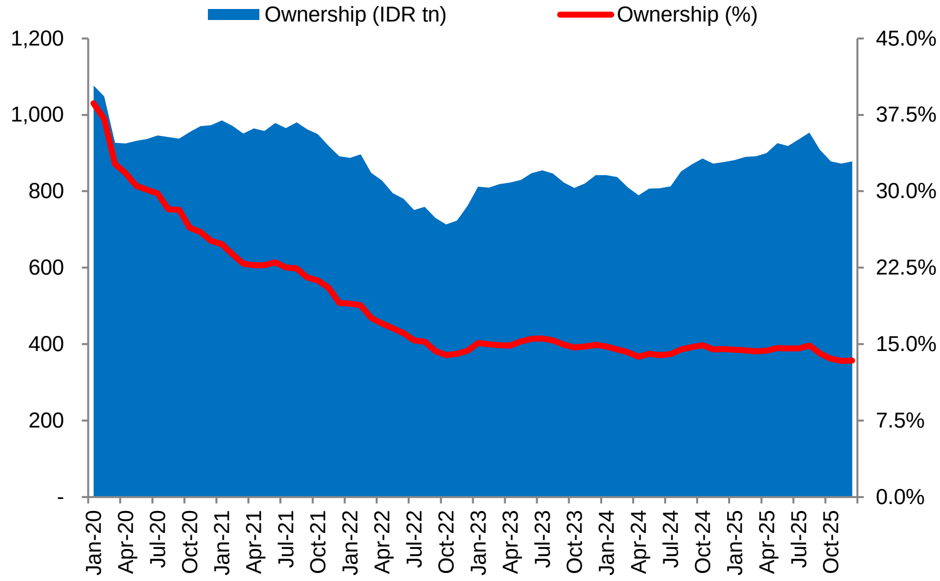
Shinhan

Government Bond Ownership As of January 08, 2026 (in Trillion IDR)

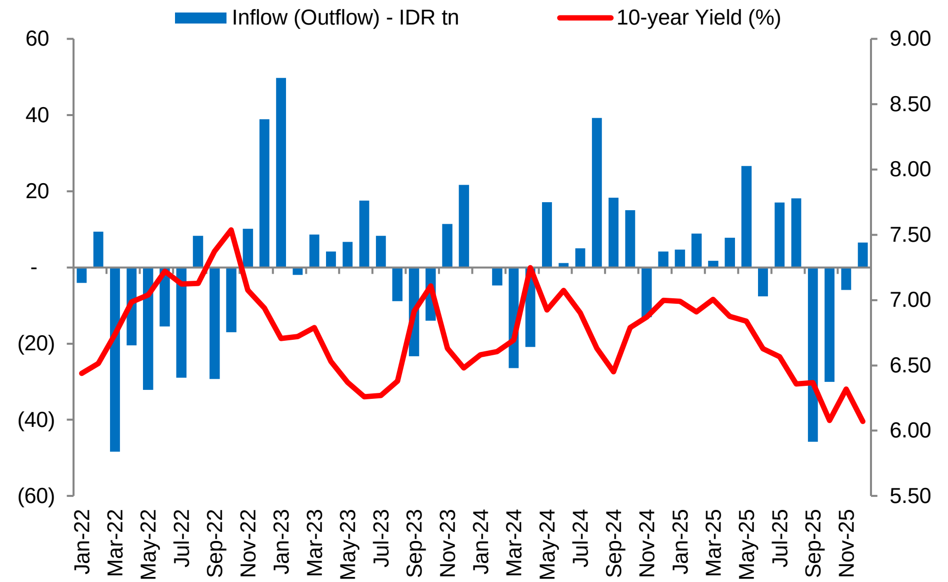
Holders	2025	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	MTD	YTD
Banks	1,328.64	1,336.58	1,374.34	1,408.46	1,458.49	1,328.64	1,397.68	69.0	69.0
Bank Indonesia	1,641.66	1,543.27	1,554.32	1,538.92	1,511.44	1,641.66	1,586.89	(54.8)	(54.8)
Mutual Fund	242.96	194.02	203.34	220.24	233.77	242.96	247.49	4.53	4.53
Insurance & Pension Fund	1,290.67	1,186.76	1,215.35	1,232.76	1,270.24	1,290.67	1,302.03	11.4	11.4
Foreign Investor	**878.65**	**953.85**	**908.09**	**878.09**	**872.16**	**878.65**	**881.88**	**3.23**	**3.23**
Individual Investors	537.33	570.34	559.62	548.52	540.20	537.33	536.94	(0.39)	(0.39)
Others	648.90	629.36	641.31	639.71	643.31	648.90	668.19	19.3	19.3
Total	**6,568.81**	**6,414.18**	**6,456.37**	**6,466.70**	**6,529.61**	**6,568.81**	**6,621.10**		

Source: DJPPR

Foreign Ownership in IGB Market Dropped To 13.38%



Foreign Investors Recorded Net Buy of IDR3.23 Trillion



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.

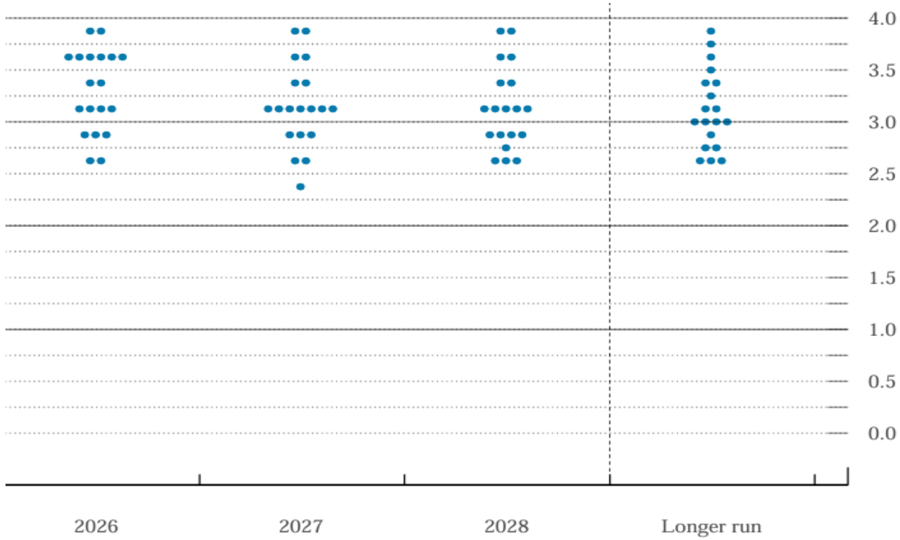
Risks

- 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.

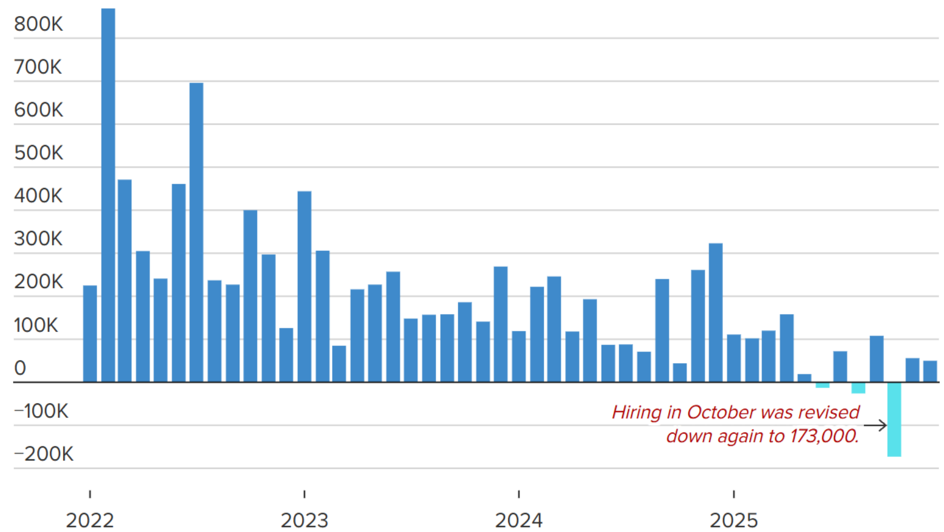
US Overview: Several Data Showed Mixed Signals

Shinhan

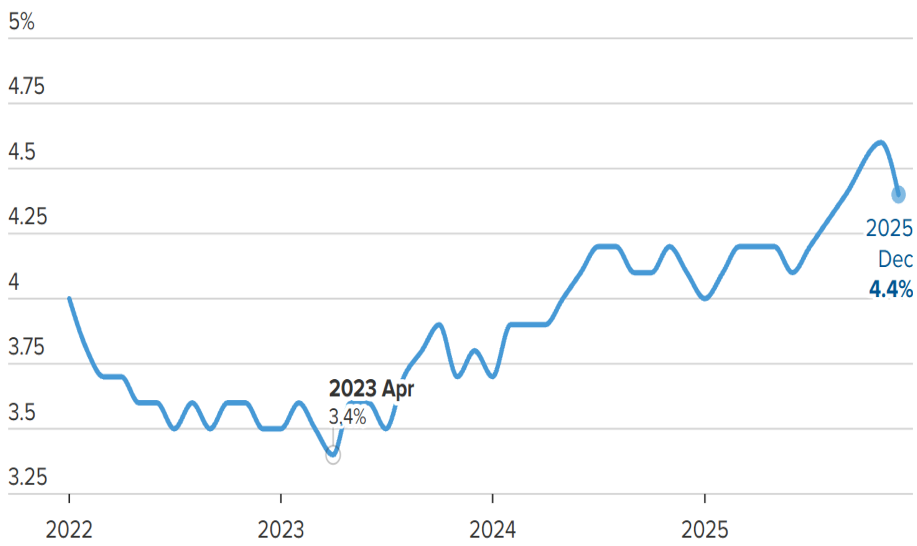
The Dot Plot: Federal-Funds Rate Target Level



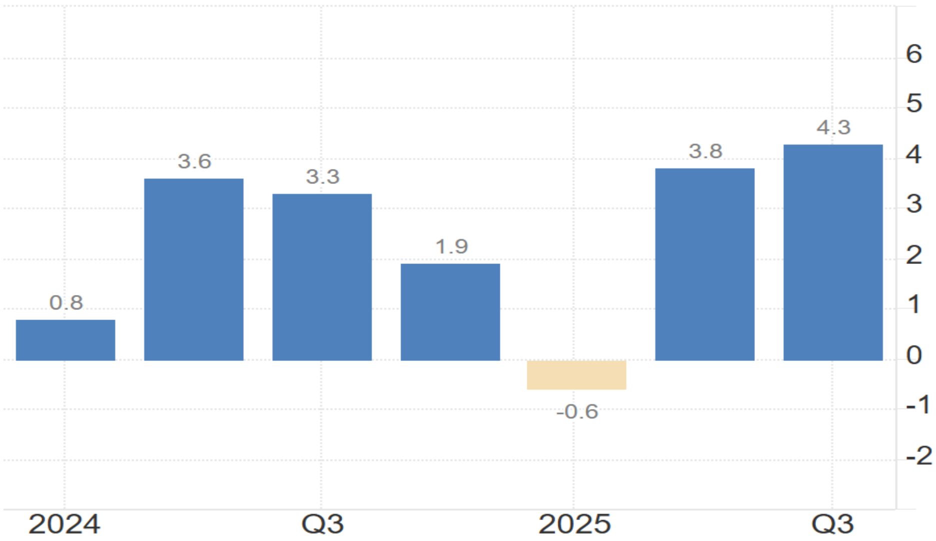
Monthly Job Creation (Non-farm Payrolls)— as of Dec 2025



US Unemployment Rate in December Declined to to 4.4%

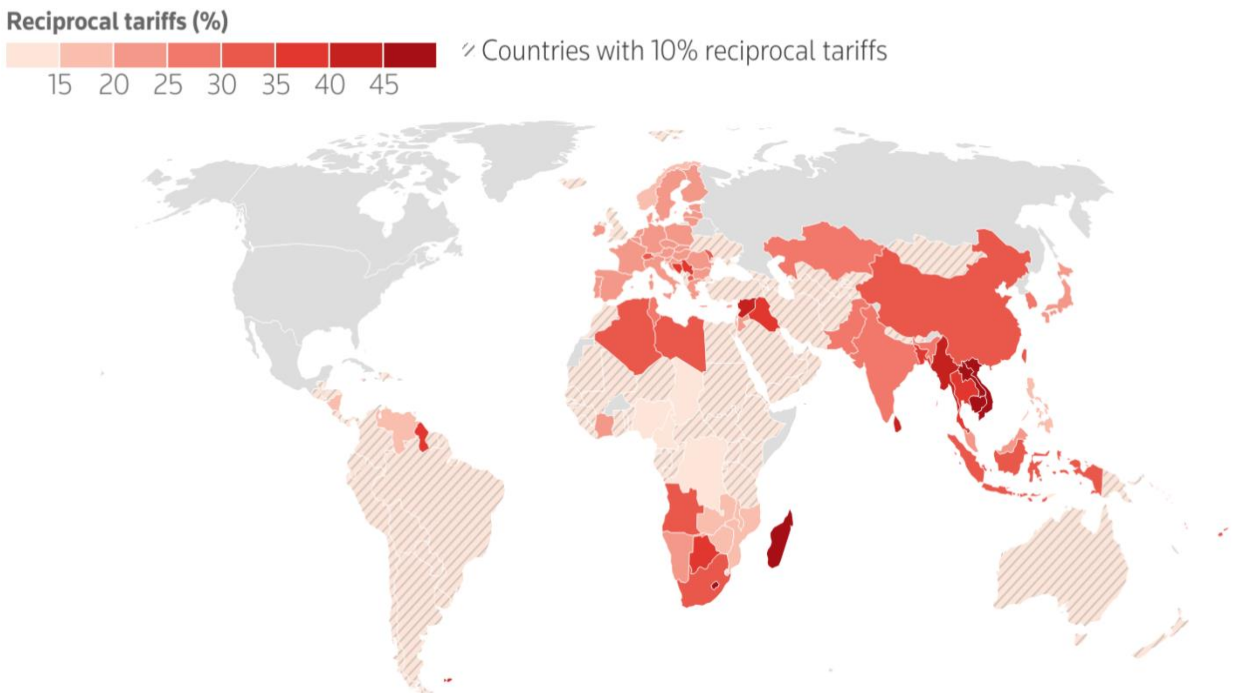


US GDP Grew at a Blistering 4.3% Pace in 3Q25



Who is Hit Hardest by Proposed US Tariffs?

Shinhan



Considering the current scenario where the United States has imposed tariffs on various countries and trading blocs, and some nations have retaliated, the following countries and regions are likely to face substantial negative impacts:

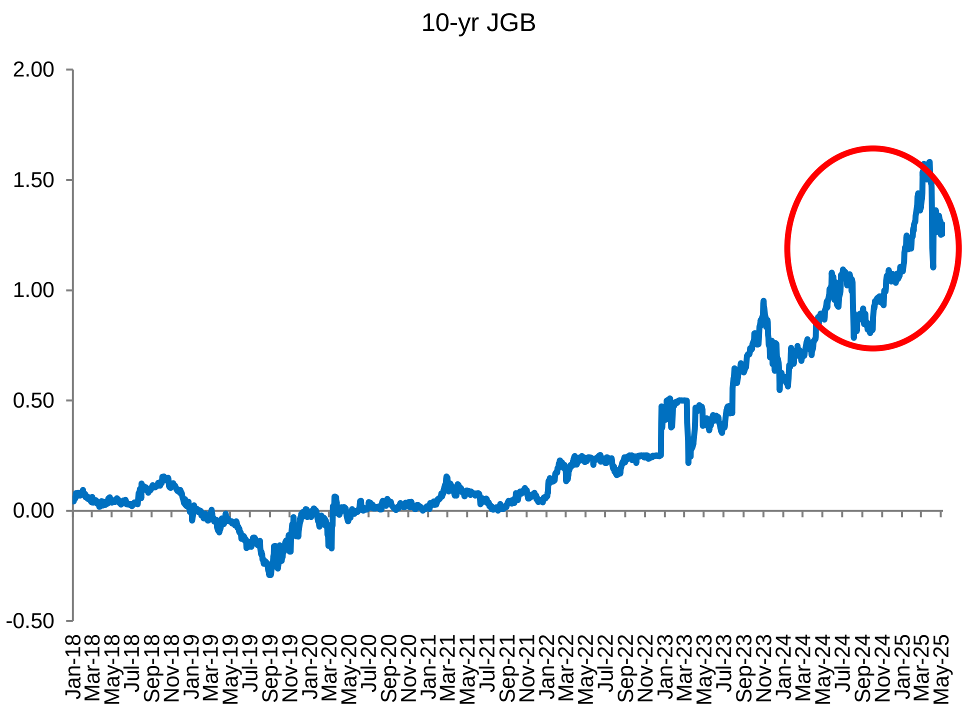
- **United States:** Several sources indicate that the US itself would be significantly affected by a trade war. The Tax Foundation estimates that current tariffs will reduce US GDP by 0.8%, and with announced foreign retaliation, this could increase to 1.0%. The US also faces increased consumer prices and potential job losses in certain sectors.
- **China:** As a major target of US tariffs and a key player in global trade, China is also projected to suffer significant economic losses. CEPII estimates a 1.3% GDP loss for China in a trade war scenario. Increased tariffs by the US, reaching up to 145% on some goods, are expected to reduce imports from China and impact Chinese exporters' profitability.
- **Canada and Mexico:** While initially potentially benefiting from trade diversion in a US-China trade conflict where they are excluded from tariffs, both Canada and Mexico have become targets of US tariffs in 2025. These tariffs, particularly on broad imports, along with retaliatory measures, are expected to negatively impact their economies. Welfare declines of 3.2% to 7.2% have been projected for Canada and Mexico in various tariff scenarios.
- **Countries heavily integrated into global supply chains:** Nations like Vietnam, which are significant manufacturing hubs and export heavily to the US, could be severely affected by increased tariffs and disruptions in supply chains. Some analysts predict substantial losses in Vietnam's total goods exports due to high tariffs.

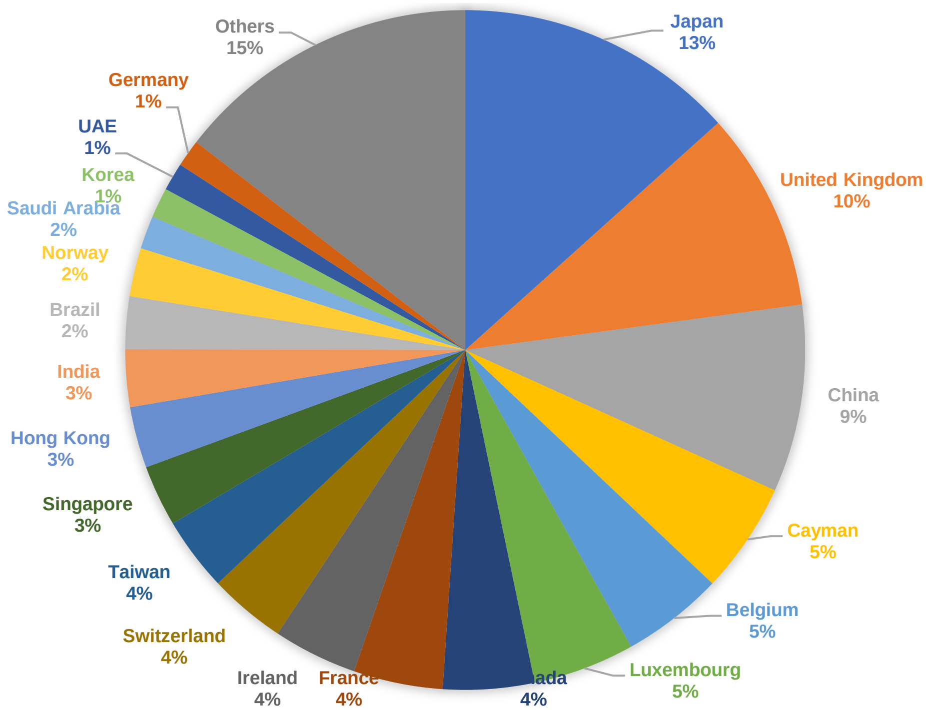
BOJ Introduces First Rate Hike in 17 Years

Since the BOJ abandoned YCC in March 2024 and now primarily guides short-term interest rates, the direct cap on long-term JGB yields is no longer in place. This means JGB yields are now more freely determined by market forces, although the BOJ still conducts JGB purchases. The impact of Japan's monetary policy on US Treasury yields will now likely be driven by:

- **The overall interest rate differential between the US and Japan:** Wider differentials might still incentivize Japanese investment in US Treasuries, but the effect of a capped JGB yield is removed.
- **The pace and extent of future BOJ policy normalization:** Any significant increases in Japanese interest rates could reduce the attractiveness of US Treasuries for Japanese investors and potentially lead to some selling.
- **Global market sentiment and other macroeconomic factors:** These will likely be the primary drivers of US Treasury yields.

In conclusion, impact will depend more on the broader interest rate differential and the future path of monetary policy.

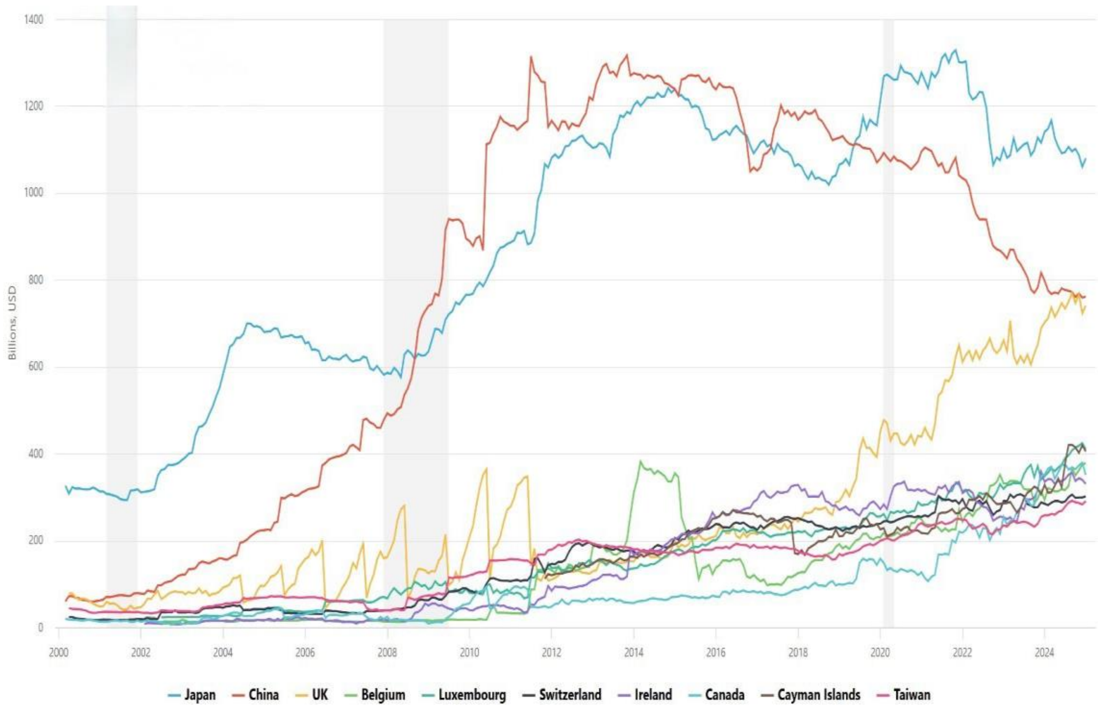




Can China Use US Debt in Its Trade War Against US?

Shinhan

Major Economies' Ownership in US Treasury



Trump has ratcheted tariffs up to a never before heard of 145% on China, which has retaliated with 125% taxes on US goods. While Trump has paused tariffs on most countries for 90 days, China is not on that list, escalating tensions between the two countries.

How Can China Fight Back?

China is the second largest holder of US debt—otherwise known as treasuries—at US$760bn.

Countries like China like to buy US debt because the dollar is considered the standard currency in international trade, and thus, a low-risk investment.

China is only second to Japan, which holds around US$1 trillion, according to the US Treasury Department.

China could theoretically weaponize the US Treasury holdings—meaning that it would sell off treasury holdings for less than they are worth. By doing so, China would then, because of the amount it owns, devalue the US dollar.

However, it's not clear that China will go down that route of selling treasuries. Such a move would hurt China just as much, by devaluing its dollar assets and strengthening the yuan. That would hurt both global and domestic economic output as it would make Chinese exports more expensive.

China does not want its currency at a higher value because the US dollar is the standard of global trade, meaning that it would make more money off another country's currency rather than its own. However, by owning so much US debt—an estimated $3 trillion between the state and domestic banks—China automatically has leverage over the value of the dollar.

Any Opportunities for Indonesia in Trade War 2.0?

Shinhan

Despite the risks, Indonesia could absolutely gain strategic opportunities from a 2025 trade war, especially if it plays its cards right.

1. **Shift in Global Supply Chains**
   - Companies looking to reduce dependence on China may relocate or diversify factories to countries like Indonesia.
   - Indonesia can attract FDI in textiles, electronics, automotive, and consumer goods.
   - If handled well (ease of doing business, infrastructure), this could be huge.
2. **Rising Demand for Raw Materials & Green Minerals**
   - Indonesia is a top exporter of nickel, copper, bauxite, and tin—key for electric vehicles (EVs) and clean energy.
   - As countries prioritize strategic mineral security, Indonesia can become a preferred partner.
3. **Strengthen Trade with the Global South & ASEAN**
   - While the West and China battle, Indonesia can focus on trade, especially within ASEAN, Africa, and South Asia.
   - Indonesia can also lead ASEAN's push for regional self-reliance, digital trade, and logistics cooperation.
4. **Boost Domestic Industry with Selective Protection**
   - If imports from China or other countries fall due to tariffs, Indonesia could protect and grow domestic manufacturing.
   - For example: chemicals, steel, food processing, textiles, electronics assembly.
5. **Diplomatic Leverage as a Neutral Actor**
   - Indonesia is not deeply tied to either side in a US-China trade war.
   - It can act as a mediator, a neutral manufacturing base, or a bridge between blocs (e.g., BRICS and the West).

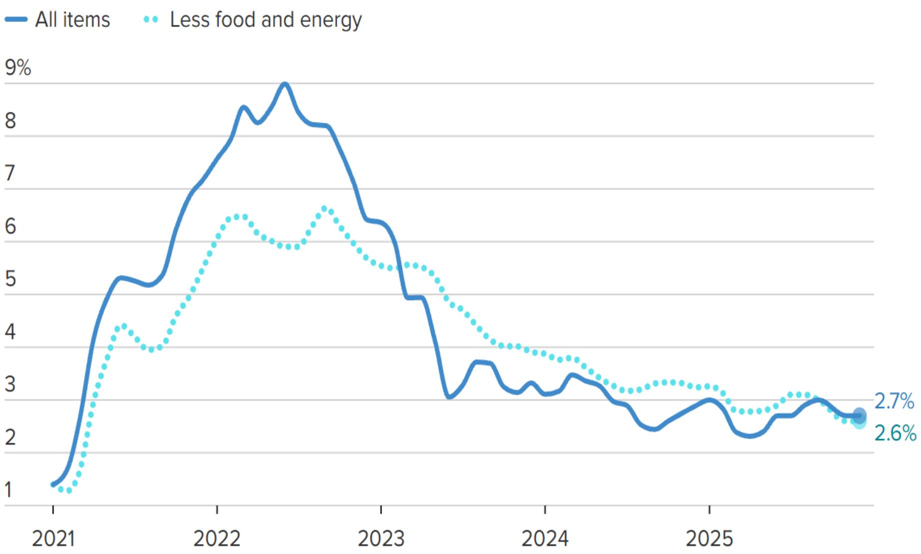
US Consumer Price Index Gained to 2.7%, in line with Expectations

Shinhan

- On a headline basis, the CPI posted an increase of 0.3% for the month, putting the all-items annual rate at 2.7%. Both were exactly in line with the Dow Jones consensus estimate.
- Core US consumer prices rose less than predicted in December, reinforcing hopes that inflation is tempering as the Federal Reserve contemplates its next move on interest rates. Excluding volatile food and energy prices, the consumer price index showed a seasonally adjusted 0.2% gain on a monthly basis and 2.6% annually, the Bureau of Labor Statistics reported Tuesday.
- Fed officials currently are weighing risks to the labor market against the potential for inflation to linger. Trump's tariffs have added another wrinkle to the equation, though most policymakers see the impact on inflation as temporary. Some areas of the report, particularly in goods, showed signs of deflation.
- We 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 4.00%-4.25% in 1H26, and fall to 3.80%-4.00% in 2H26.

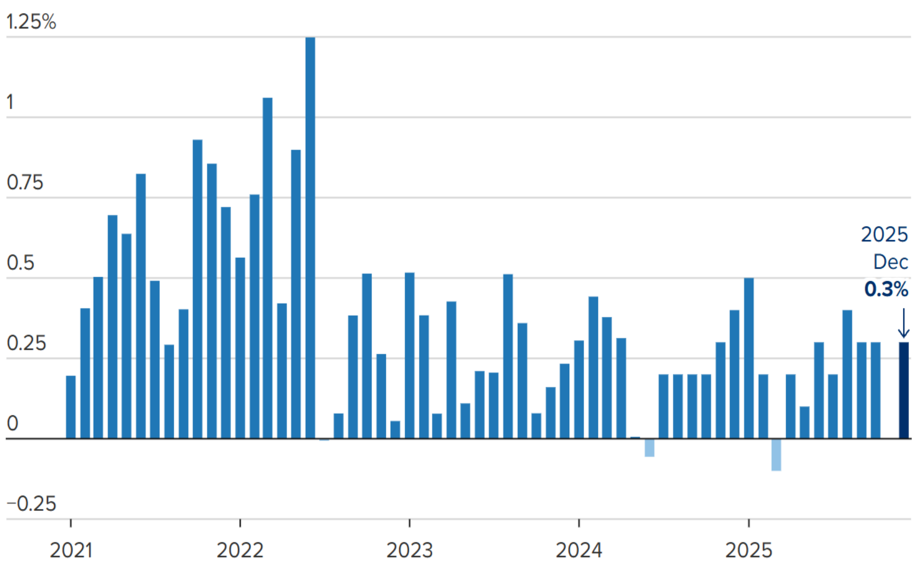
U.S. consumer price index

Year-over-year percent change | Jan. 2021–Dec. 2025

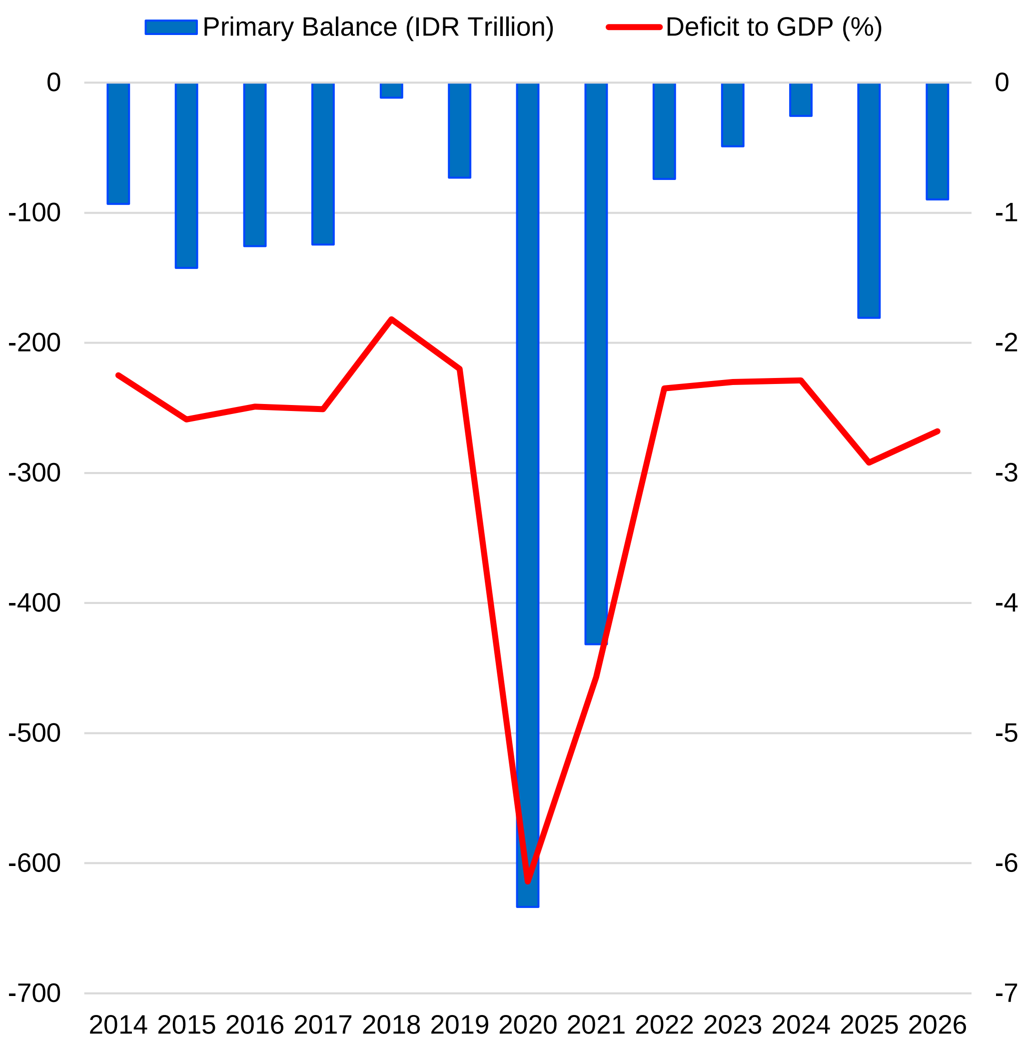


U.S. consumer price index

Monthly percent change | Jan. 2021–Dec. 2025



Indonesia's Fiscal Update



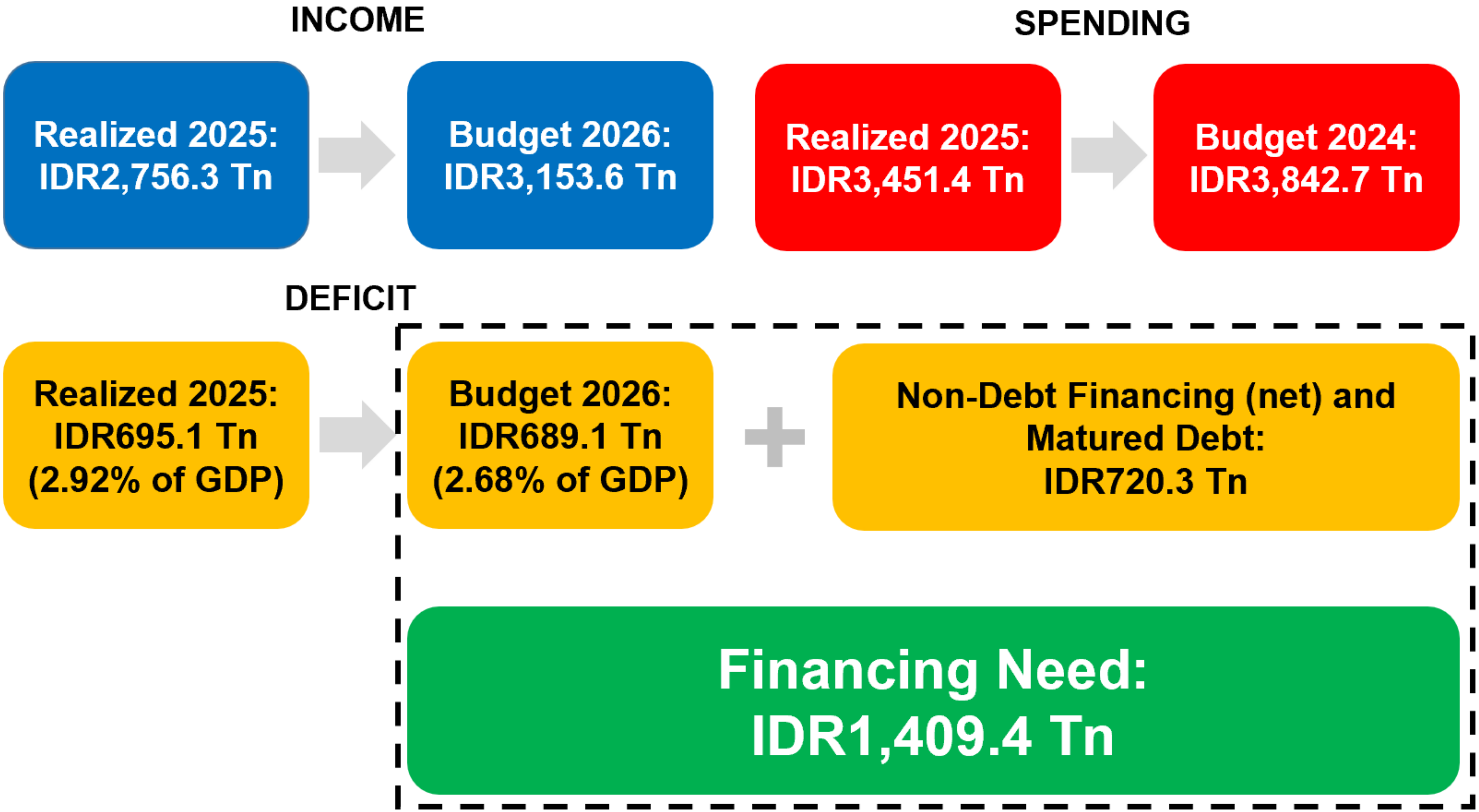
2026 Financing Policies

- **Fiscal responsibility**—maintaining safe debt levels, disciplined borrowing, and efficient use of budget reserves.
- **Economic growth support**—using the state budget to finance priority development programs and stimulate the real economy.
- **Innovative and diversified financing**—expanding beyond traditional debt through PPPs, domestic markets, and new financing partners.
- Use existing budget buffers (SAL or cash reserves) more strategically as a fiscal cushion to support financing needs without excessive new debt.

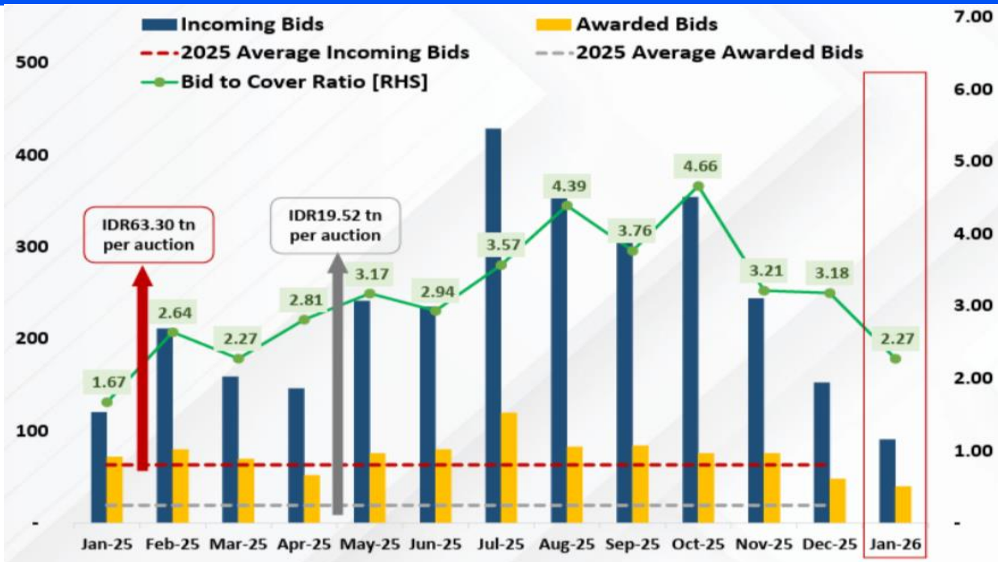
Challenges and Public Response

- Budget Cuts in Higher Education: Reductions in higher education funding have led to student protests, highlighting concerns over prioritizing programs like the Free Nutritious Meal initiative over tertiary education.
- Currency Stability: Bank Indonesia is committed to maintaining rupiah stability amid global economic pressures, including increased U.S. tariffs on Indonesian imports.

Bonds Supply to Rise on Higher Deficit and Maturing Debt



Primary Market Performance & Auction Target 2026



In Trillion IDR	*(as of Dec 31, 2025)*	*(as of Jan 06, 2026)*
Government Securities (GS)	**1,325.33**	**92.09**
Conventional Debt Securities (GDS)	**906.77**	**58.65**
IDR Denominated	**774.42**	**58.65**
Coupon GDS		
Conventional T-Bills		
Private Placement		
Retail Bonds		
Foreign Denominated Bonds	**132.35**	
Dual Currency Bonds (USD & EUR)		
Samurai Bonds		
SGD Bonds		
Special Instrument		
Government Sharia Securities (Sukuk)	**418.56**	**33.44**
Domestic Government Sukuk	**338.25**	
IFR/PBS/T-Bills Sukuk		
Retail Sukuk		
Private Placement		
Global Sukuk (USD Denominated)	**80.31**	**33.44**

- 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 2026, the avg incoming bids is IDR90.96 trillion/auction and avg awarded bids is IDR40.00 trillion/auction.

Auction Target (1Q26):
IDR220 Trillion

6 Conventional IGB Auctions
5 Sukuk Auctions

IDR30 Trillion (IGB)
IDR8 Trillion (Sukuk)

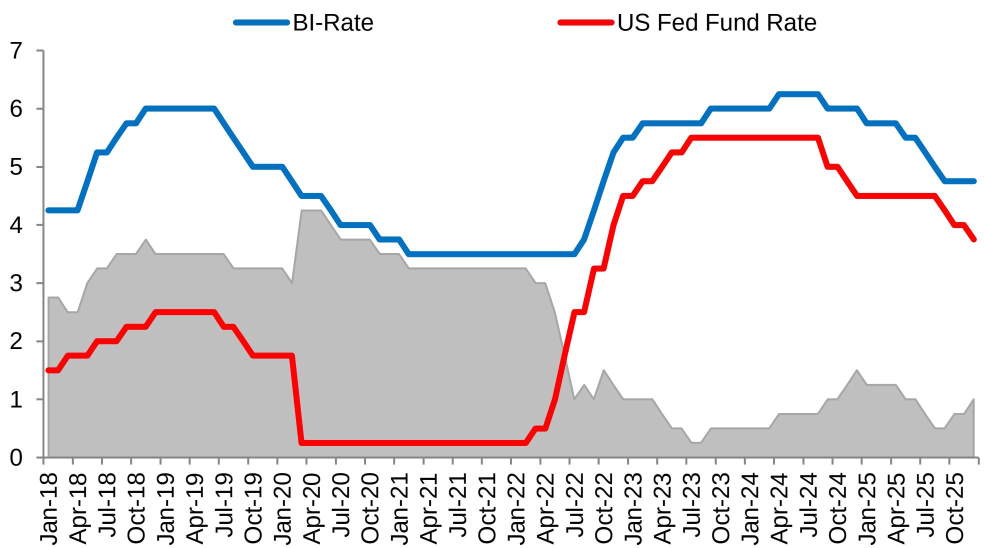
BI's Policy Rate in Line with The Fed's Policy Direction

Shinhan

Policy Rate Adjustments

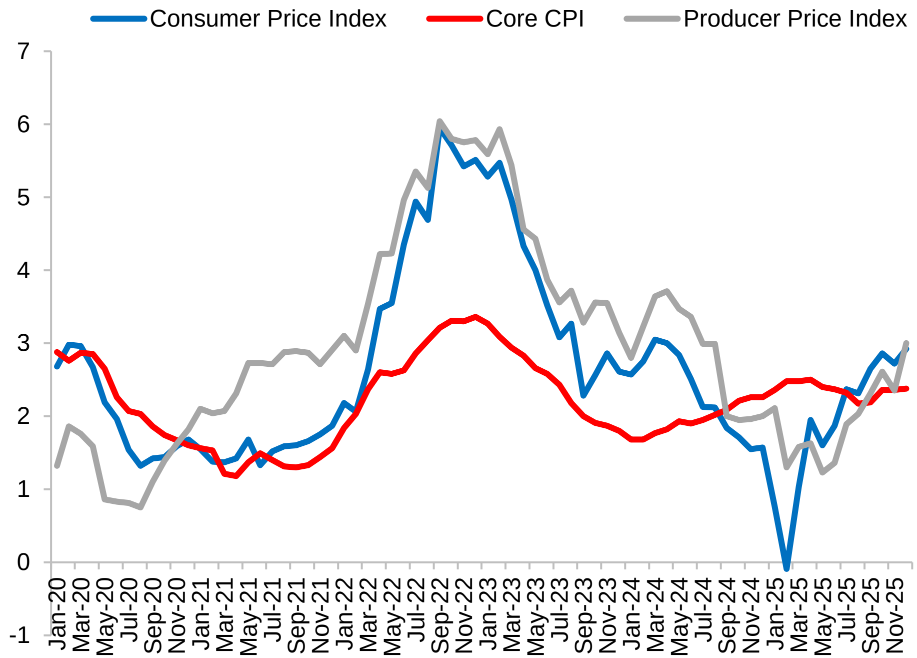
Economies	Policy Rate as of 01-Jan-25	Monthly Change in Policy Rate												Policy Rate as of 31-Dec-25
		Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	
United States	4.50									↓ 0.25	↓ 0.25		↓ 0.25	3.75
Euro Area	3.15	↓ 0.25		↓ 0.25	↓ 0.25		↓ 0.25							2.15
Japan	0.25	↑ 0.25											↑ 0.25	0.75
China	3.10					↓ 0.10								3.00
India	6.50		↓ 0.25		↓ 0.25		↓ 0.50						↓ 0.25	5.25
Indonesia	6.00	↓ 0.25				↓ 0.25		↓ 0.25	↓ 0.25	↓ 0.25				4.75
South Korea	3.00		↓ 0.25			↓ 0.25								2.50
Malaysia	3.00							↓ 0.25						2.75
Philippines	5.75				↓ 0.25		↓ 0.25		↓ 0.25		↓ 0.25		↓ 0.25	4.50
Thailand	2.25		↓ 0.25		↓ 0.25				↓ 0.25				↓ 0.25	1.25
Vietnam	4.50													4.50

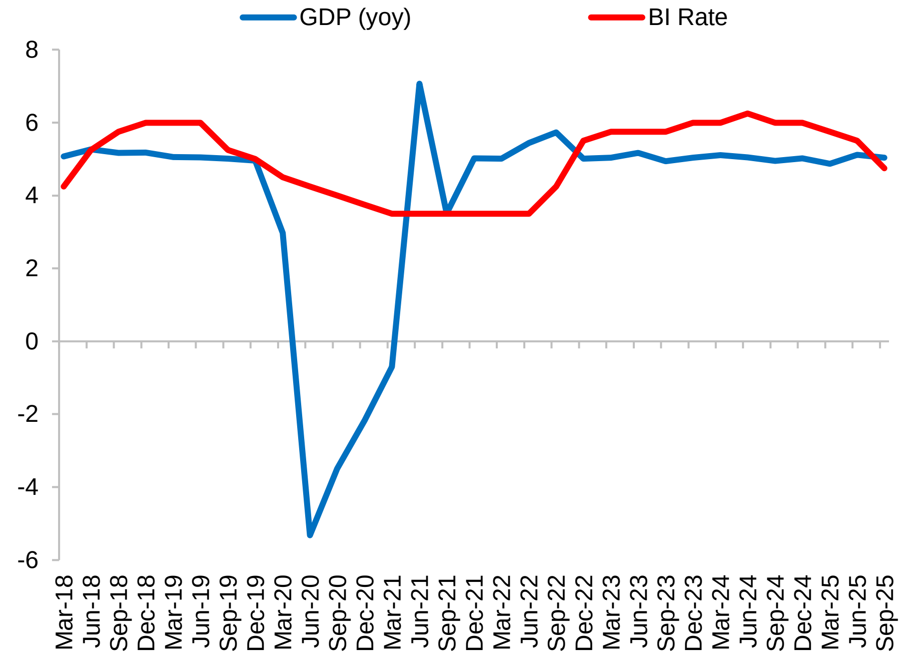
Rates Differential Narrowed



- Bank Indonesia has stated that its monetary policy will pro stability in 2026, despite its others policy will remain accommodative to support the economic recovery.
- In the last monetary meeting in December 2025, BI maintained rate at 4.75% (following a 75-bps rate cut by Federal Reserve in 2025) and delivered a message: monetary policy could remain dovish, going forward.
- We expects Bank Indonesia might cut rate by 25 bps more in 2026, as it has covered the deceleration of inflation and the monetary policy normalization by Federal Reserve. We believe that the inflation in 2026 will reach 2.0%-2.5% as the impact of manageable supply.

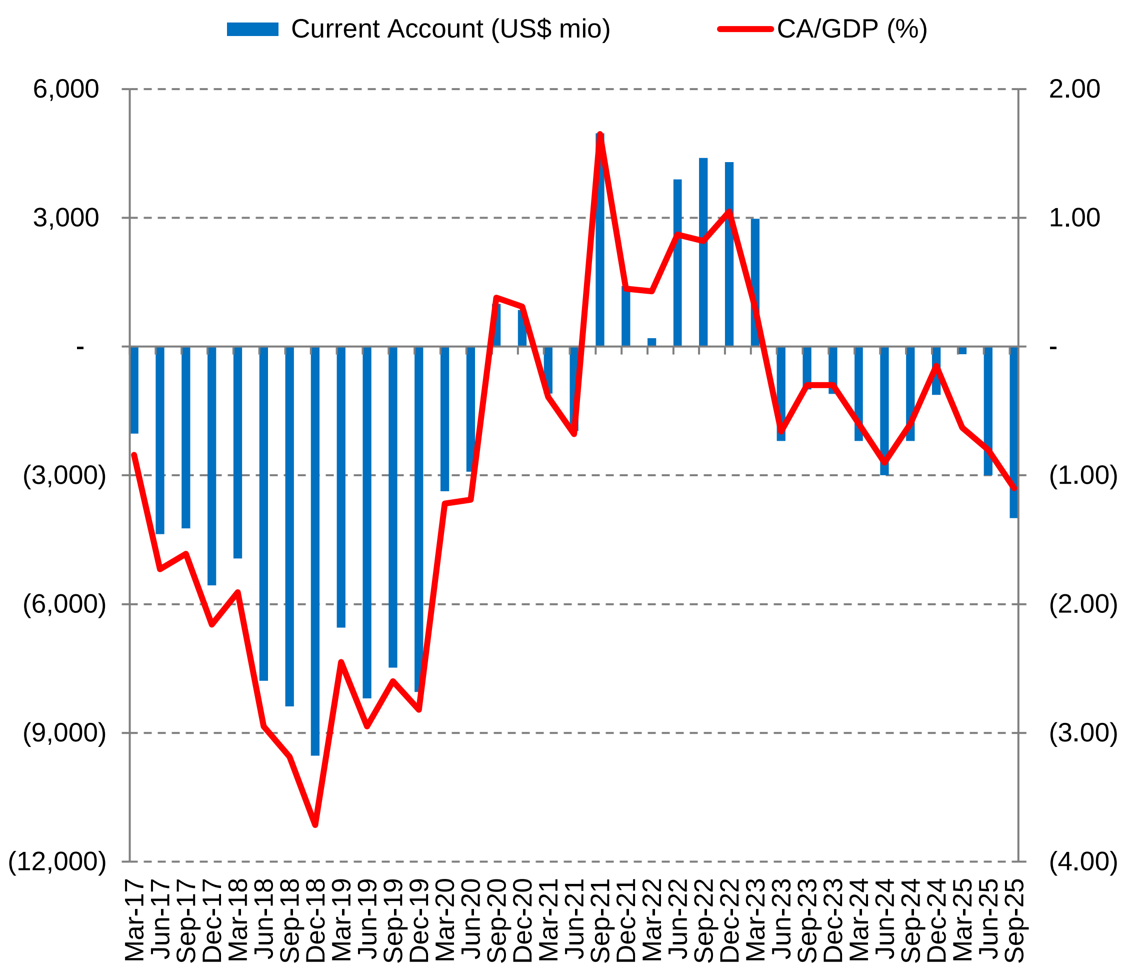
Inflationary Pressures Might Remain Manageable in 2026





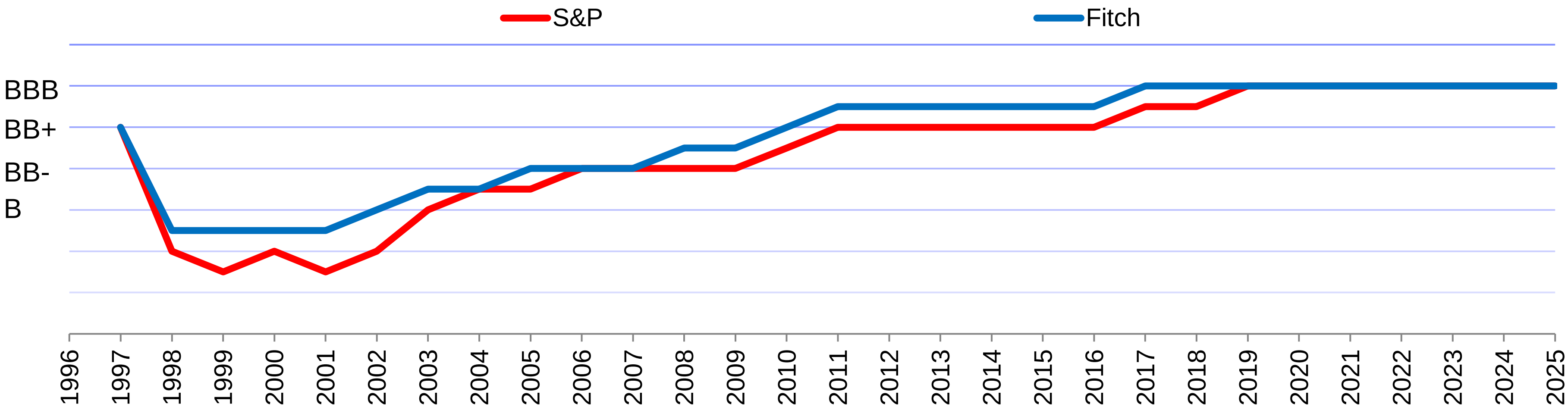
- The Central Statistics Agency (BPS) announced that inflation in December 2025 reached 0.64% on a monthly basis (month-to-month). Meanwhile, on an annual basis (year-on-year) inflation reached 2.92%.
- Core inflation in December 2025 was recorded at 0.20% (mtm), higher than inflation in the previous month of 0.17% (mtm). On an annual basis, core inflation in December 2025 was at 2.38% (yoy).
- Indonesia's inflation outlook for 2026 is expected to moderate, assuming stable external conditions and effective monetary policies. Several factors play a role in shaping the outlook: food and energy prices; subsidies and the 2025 Budget Priorities; and Global economic conditions.
- Overall, assuming no major global disruptions, inflation is projected to be around 2.0%-2.5% in 2026. However, food & energy price volatility and potential shifts in government subsidy policies will be key factors.

Current Account in 2026 Is Projected to Record Deficit



- Indonesia's current account outlook for 2026 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 1.0% of GDP in 2026, a slight increase from the 0.5% deficit for 2025.
- 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 2026?



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+**	4.00	-3.80	1.80	60.7	-5.70	3,925	110.9
Thailand	**BBB+**	1.20	2.10	-0.28	63.7	-2.20	6,573	281.9
Bulgaria	**BBB**	3.20	-1.00	5.00	24.1	-3.00	10,090	48.90
Hungary	**BBB**	0.60	1.60	3.30	73.5	-4.90	16,525	59.57
Indonesia	**BBB**	**5.04**	**-0.63**	**2.92**	**38.8**	**-2.92**	**4,368**	**156.5**
Italy	**BBB**	0.60	1.10	1.20	135	-3.40	34,398	438.6
Mexico	**BBB**	-0.10	-0.90	3.69	49.7	-5.70	10,313	250.2
Panama	**BBB**	3.90	1.90	0.1	56.6	-7.35	17,137	6.860
Uruguay	**BBB**	1.20	-1.00	3.65	70.3	-3.20	18,959	18.98
Colombia	**BBB-**	3.60	-1.80	5.10	61.3	-5.80	6,873	66.35
Croatia	**BBB-**	2.30	-2.20	3.30	57.7	-2.40	17,771	4.304
India	**BBB-**	8.20	-0.60	1.33	81.9	-4.80	2,397	701.4
Kazakhstan	**BBB-**	6.30	1.30	12.30	23.7	-2.70	35,904	65.73

Source: Bloomberg

Government Bond Real Return and Spread Over UST

Shinhan

Countries	Rating (S&P)	2025						as of January 23, 206					
		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	4.04	107	3.19	3.48	0.56	-0.13	4.06	1.80	-0.21	3.48	0.58	-0.17
India	BBB-	6.59	-17.2	4.99	1.71	4.88	2.42	6.66	7.60	2.32	0.77	5.89	2.44
Indonesia	**BBB**	**6.07**	**-92.7**	**3.65**	**2.92**	**3.15**	**1.90**	**6.25**	**17.7**	**0.79**	**2.92**	**3.33**	**2.02**
Hungary	BBB	6.79	24.0	-17.7	3.80	2.99	2.62	6.63	-16.0	-1.09	3.30	3.33	2.40
Italy	BBB	3.55	2.70	-11.9	1.20	2.35	-0.62	3.51	-3.60	-0.69	1.20	2.31	-0.71
Portugal	BBB	3.15	30.4	-11.9	2.19	0.96	-1.02	3.26	11.6	-0.69	2.19	1.07	-0.96
Mexico	BBB	9.12	-132	-13.5	3.80	5.32	4.95	8.96	-15.6	-3.58	3.69	5.27	4.73
Philippines	BBB+	6.00	-82.7	1.69	1.67	4.33	1.83	6.00	0.30	0.45	1.67	4.33	1.77
Thailand	BBB+	1.64	-61.4	-7.60	-0.28	1.92	-2.53	1.86	21.9	-0.98	-0.28	2.14	-2.37
Malaysia	A-	3.50	-31.1	-9.21	1.40	2.10	-0.67	3.51	0.90	-1.32	1.60	1.91	-0.71
Japan	A+	2.06	97.4	-0.31	2.90	-0.84	-2.11	2.25	18.9	-0.64	2.10	0.15	-1.98
China	A+	1.84	17.6	-4.26	0.70	1.14	-2.33	1.83	-1.80	-0.35	0.80	1.03	-2.40
Korea	AA	3.38	52.7	18.5	2.30	1.08	-0.79	3.60	22.2	6.57	2.30	1.30	-0.62
USA	AA+	4.17	-40.3	-	2.88	1.29	-	4.23	5.70	-	2.71	1.52	-
Singapore	AAA	2.11	-74.4	-5.88	1.20	0.91	-2.06	2.12	1.20	-0.99	1.20	0.92	-2.11

Source: Bloomberg

IDR Corporate Bonds—Market Overview

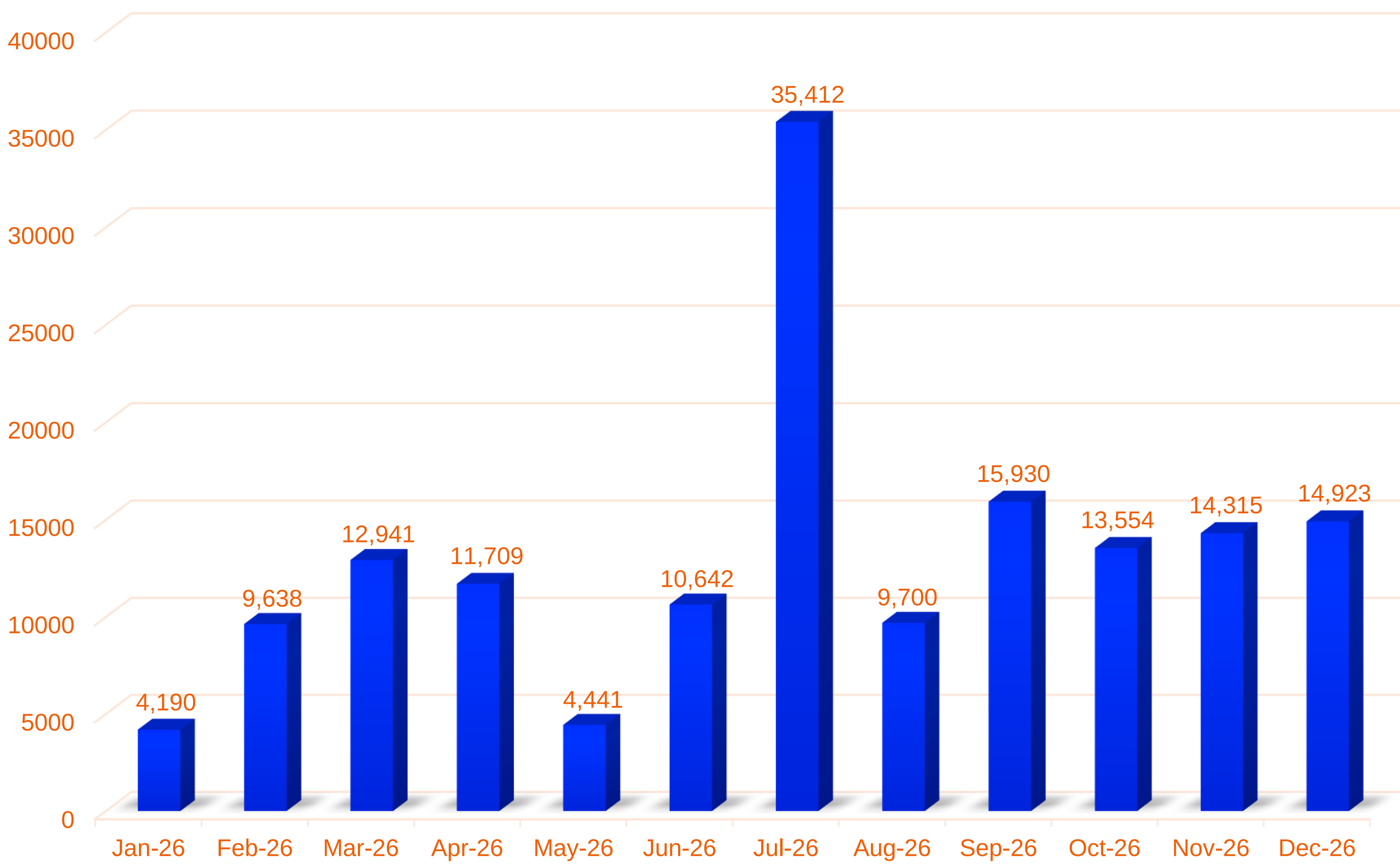
*in IDR trillion

Public Offering	2022		2023		2024		2025		2026	
	PO	Amount	PO	Amount	PO	Amount	PO	Amount	PO	Amount
Corporate Bonds & Sukuk	123	156.33	116	139.84	137	161.64	174	215.61		

Corporate Bonds (in IDR trillion)	2022	2023	2024	2025	2026F
Mature	133	111	130	149	157
New Issuance	153	126	142	216	160
Net Issuance	20	15	12	67	3
Total Outstanding	468	483	495	562	565
Growth	**4.46%**	**3.21%**	**2.48%**	**13.5%**	**0.53%**

Type of Investors	31-Dec-24	30-Nov-25	31-Dec-25	Net buy (sell) - IDR tn	
				MTD	YTD
Insurance	104.1	106.1	107.4	1.29	3.33
Corporate	21.47	21.63	21.07	(0.56)	(0.40)
Pension Fund	62.39	65.25	65.66	0.41	3.27
Bank	102.2	111.3	112.6	1.37	10.4
Individual	36.02	37.16	36.30	(0.86)	0.28
Mutual Fund	127.7	176.3	180.2	3.92	52.5
Securities	3.167	2.658	1.912	(0.75)	(1.25)
Foundation	6.488	6.922	6.861	(0.06)	0.37
Others	16.28	16.48	16.37	(0.11)	0.09
Foreign Investors	**5.904**	**4.050**	**4.691**	**0.64**	**(1.21)**
Total	**485.71**	**547.80**	**553.09**		

IDR Corporate Bonds & Sukuk—Maturity Profile (in Billion IDR)



IDR Corporate Bonds—Credit Spread Matrix (in bps)

Tenor (Year)	AAA											
	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
1	24.17	29.16	28.61	23.34	26.36	43.24	45.65	51.63	60.07	49.97	49.26	40.61
3	34.53	34.56	30.21	26.69	30.82	46.37	49.07	55.11	64.93	58.65	52.98	43.17
5	47.50	42.88	36.05	33.36	34.82	52.06	56.01	61.32	69.70	65.15	57.91	49.56
7	56.76	51.80	42.70	40.64	39.36	58.50	64.73	69.74	76.30	72.97	64.88	59.37
10	61.48	60.46	49.23	47.64	42.90	63.42	71.92	76.93	82.55	80.65	72.22	68.46

Tenor (Year)	AA											
	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
1	55.76	65.80	60.98	61.67	65.85	62.60	70.09	67.92	76.03	81.17	76.55	73.34
3	74.29	79.21	78.72	77.52	78.82	74.08	78.69	77.13	82.82	88.80	86.04	76.54
5	94.59	91.79	91.68	90.41	87.37	85.37	85.60	80.47	84.16	92.61	94.90	84.42
7	109.39	103.18	102.07	101.28	97.11	96.56	92.89	85.87	87.14	97.54	105.66	96.30
10	119.66	113.76	111.73	111.47	106.01	106.78	96.76	95.17	91.36	100.20	115.04	105.50

Tenor (Year)	A											
	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
1	187.81	205.81	210.25	197.44	196.76	193.39	185.26	192.88	191.11	190.76	195.54	193.82
3	239.61	256.55	258.17	240.29	235.54	236.82	228.20	224.74	218.97	221.68	228.30	225.19
5	272.38	285.97	284.59	270.82	262.73	264.14	249.31	243.00	241.36	246.33	248.52	241.33
7	295.11	300.67	295.81	287.03	277.70	281.15	264.98	254.97	259.47	267.39	265.77	256.53
10	308.75	303.54	297.71	289.84	280.52	287.13	275.05	257.66	269.08	277.96	274.85	266.30

Tenor (Year)	BBB											
	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
1	331.42	326.13	326.67	337.39	355.38	366.92	358.88	351.86	358.61	336.56	350.46	355.04
3	399.38	396.91	405.74	422.57	432.90	424.65	417.94	391.40	412.66	404.12	404.80	405.51
5	453.36	451.24	450.36	456.12	458.53	451.72	451.29	430.58	443.63	441.94	440.18	436.45
7	479.61	478.90	477.08	475.80	477.36	478.08	481.85	471.89	475.21	474.16	473.74	473.89
10	486.93	487.80	493.32	489.79	495.14	498.09	504.34	502.74	500.51	499.48	498.79	507.55

Source: IBPA, Bloomberg

IDR Corporate Bonds—YTM Based on Ratings

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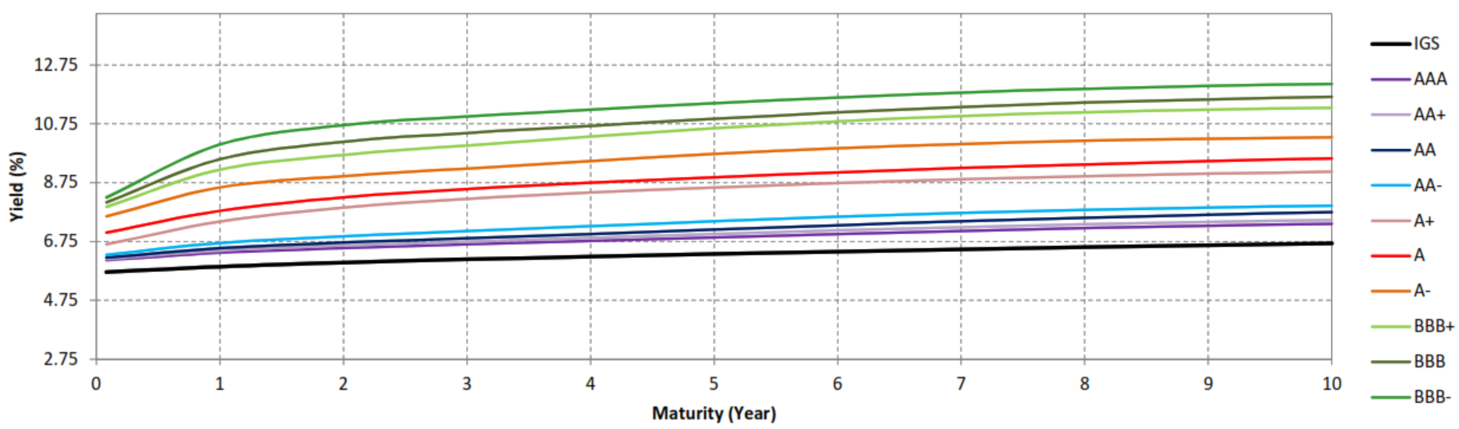
Tenor (Year)	YTM (%)										
	IGS	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-
0.1	4.2677	4.6645	4.7255	4.8207	4.9936	5.1623	5.5139	5.9270	6.1838	6.5192	6.6787
1	4.6791	5.1411	5.2412	5.3955	5.6088	6.3388	6.5702	7.1159	7.6944	8.2288	8.4865
2	5.0528	5.5251	5.6595	5.8036	6.0253	6.9225	7.2005	7.7547	8.4000	8.9972	9.2491
3	5.3608	5.8383	5.9872	6.1233	6.3442	7.3159	7.6198	8.1983	8.8886	9.4705	9.7065
4	5.6137	6.1121	6.2611	6.4037	6.6212	7.6534	7.9549	8.5871	9.3405	9.8930	10.113
5	5.8205	6.3552	6.4977	6.6528	6.8648	7.9433	8.2391	8.9347	9.7536	10.289	10.498
6	5.9888	6.5686	6.7043	6.8684	7.0729	8.1777	8.4780	9.2306	10.103	10.639	10.845
7	6.1252	6.7521	6.8842	7.0488	7.2438	8.3556	8.6728	9.4686	10.379	10.927	11.142
8	6.2353	6.9064	7.0393	7.1947	7.3794	8.4840	8.8262	9.6513	10.584	11.151	11.385
9	6.3237	7.0333	7.1715	7.3094	7.4836	8.5730	8.9435	9.7860	10.730	11.317	11.578
10	6.3943	7.1358	7.2827	7.3975	7.5618	8.6326	9.0307	9.8824	10.831	11.436	11.726

Source: IBPA as of January 23, 2026

PHEI Yield Curve



Bond Index Seasonality Analysis

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	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2025	-0.69%	-0.86%	-0.93%	1.49%	0.24%	0.65%	0.99%	0.98%	0.30%	1.01%	0.92%	0.46%
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 (%)	0.60%	-0.60%	0.08%	-0.27%	-0.01%	-0.81%	1.15%	-0.26%	-0.04%	0.35%	0.28%	1.10%
Probability	55%	45%	50%	55%	50%	40%	80%	40%	55%	60%	60%	60%

Corporate Bonds & Sukuk Issuances (December 2025)

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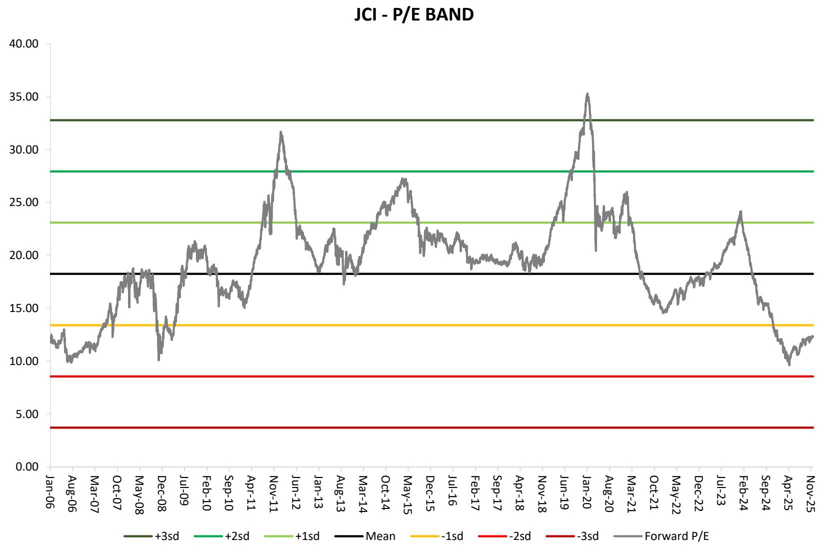
Corporate Bond & Sukuk Issuances (December 2025)

Securities ID	Securities Name	Coupon (%)	Issue Date	Mature Date	TTM	Rating	Issued Volume
TBIG07ACN2	Obligasi Berkelanjutan VII Tower Bersama Infrastructure Tahap II Tahun 2025 Seri A	5.50	4-Dec-25	4-Dec-28	2.89	AA+(idn)	347,985,000,000
TBIG07BCN2	Obligasi Berkelanjutan VII Tower Bersama Infrastructure Tahap II Tahun 2025 Seri B	5.85	4-Dec-25	4-Dec-30	4.89	AA+(idn)	1,252,015,000,000
SITBIG01ACN2	Sukuk Ijarah Berkelanjutan I Tower Bersama Infrastructure Tahap II Tahun 2025 Seri A	5.50	4-Dec-25	4-Dec-28	2.89	AA+(idn)	200,000,000,000
SITBIG01BCN2	Sukuk Ijarah Berkelanjutan I Tower Bersama Infrastructure Tahap II Tahun 2025 Seri B	5.85	4-Dec-25	4-Dec-30	4.89	AA+(idn)	400,000,000,000
TRIM02ACN3	Obligasi Berkelanjutan II Trimegah Sekuritas Indonesia Tahap III Tahun 2025 Seri A	8.00	5-Dec-25	5-Dec-30	4.89	idA	300,000,000,000
TRIM02BCN3	Obligasi Berkelanjutan II Trimegah Sekuritas Indonesia Tahap III Tahun 2025 Seri B	8.50	5-Dec-25	5-Dec-32	6.89	idA	250,000,000,000
SIBALI01ACN3	Sukuk Ijarah Berkelanjutan I Bali Towerindo Sentra Tahap III Tahun 2025 Seri A	6.50	5-Dec-25	15-Dec-26	0.92	idA(sy)	414,850,000,000
SIBALI01BCN3	Sukuk Ijarah Berkelanjutan I Bali Towerindo Sentra Tahap III Tahun 2025 Seri B	7.25	5-Dec-25	5-Dec-28	2.89	idA(sy)	939,150,000,000
MBMA01ACN3	Obligasi Berkelanjutan I Merdeka Battery Materials Tahap III Tahun 2025 Seri A	7.50	9-Dec-25	9-Dec-28	2.90	idA	982,150,000,000
MBMA01BCN3	Obligasi Berkelanjutan I Merdeka Battery Materials Tahap III Tahun 2025 Seri B	8.25	9-Dec-25	9-Dec-30	4.90	idA	1,118,800,000,000
SMMBMA01ACN3	Sukuk Mudharabah Berkelanjutan I Merdeka Battery Materials Tahap III Tahun 2025 Seri A	7.50	9-Dec-25	9-Dec-28	2.90	idA(sy)	379,000,000,000
SMMBMA01BCN3	Sukuk Mudharabah Berkelanjutan I Merdeka Battery Materials Tahap III Tahun 2025 Seri B	8.25	9-Dec-25	9-Dec-30	4.90	idA(sy)	621,000,000,000
LPPI04ACN1	Obligasi Berkelanjutan IV Lontar Papyrus Pulp & Paper Industry Tahap I Tahun 2025 Seri A	7.00	10-Dec-25	10-Dec-28	2.91	idA	250,000,000,000
LPPI04BCN1	Obligasi Berkelanjutan IV Lontar Papyrus Pulp & Paper Industry Tahap I Tahun 2025 Seri B	7.50	10-Dec-25	10-Dec-30	4.91	idA	250,000,000,000
POLI01ASL	Obligasi Terkait Keberlanjutan I Pollux Hotels Group Tahun 2025 Seri A	5.85	10-Dec-25	10-Dec-28	2.91	idAAA(cg)	55,000,000,000
POLI01BSL	Obligasi Terkait Keberlanjutan I Pollux Hotels Group Tahun 2025 Seri B	6.25	10-Dec-25	10-Dec-30	4.91	idAAA(cg)	445,000,000,000
SMLPPI02ACN1	Sukuk Mudharabah Berkelanjutan II Lontar Papyrus Pulp & Paper Industry I Tahun 2025 Se	7.00	10-Dec-25	10-Dec-28	2.91	idA(sy)	250,000,000,000
SMLPPI02BCN1	Sukuk Mudharabah Berkelanjutan II Lontar Papyrus Pulp & Paper Industry I Tahun 2025 Se	7.50	10-Dec-25	10-Dec-30	4.91	idA(sy)	250,000,000,000
BBTN01SOCN1	Obligasi Berwawasan Sosial Berkelanjutan I Bank BTN Tahap I Tahun 2025	5.30	12-Dec-25	12-Dec-28	2.91	idAAA	300,000,000,000
BBTN01SBCN1	Obligasi Subordinasi Berkelanjutan I Bank BTN Tahap I Tahun 2025	6.65	12-Dec-25	12-Dec-30	4.91	idAA	2,000,000,000,000
BUMI01CN3	Obligasi Berkelanjutan I BUMI Tahap III Tahun 2025	9.00	15-Dec-25	15-Dec-30	4.92	idA+	780,000,000,000
BSDE04ACN2	Obligasi Berkelanjutan IV Bumi Serpong Damai Tahap II Tahun 2025 Seri A	5.50	17-Dec-25	17-Dec-28	2.93	idAA	73,405,000,000
BSDE04BCN2	Obligasi Berkelanjutan IV Bumi Serpong Damai Tahap II Tahun 2025 Seri B	6.00	17-Dec-25	17-Dec-30	4.93	idAA	458,205,000,000
BSDE04CCN2	Obligasi Berkelanjutan IV Bumi Serpong Damai Tahap II Tahun 2025 Seri C	6.25	17-Dec-25	17-Dec-32	6.93	idAA	509,255,000,000
BSDE04DCN2	Obligasi Berkelanjutan IV Bumi Serpong Damai Tahap II Tahun 2025 Seri D	6.50	17-Dec-25	17-Dec-35	9.92	idAA	210,005,000,000
SIBSDE02ACN2	Sukuk Ijarah Berkelanjutan II Bumi Serpong Damai Tahap II Tahun 2025 Seri A	6.25	17-Dec-25	17-Dec-32	6.93	idAA(sy)	340,000,000,000
SIBSDE02BCN2	Sukuk Ijarah Berkelanjutan II Bumi Serpong Damai Tahap II Tahun 2025 Seri B	6.50	17-Dec-25	17-Dec-35	9.92	idAA(sy)	160,000,000,000
PALM03ACN1	Obligasi Berkelanjutan III Provident Investasi Bersama Tahap I Tahun 2025 Seri A	5.75	19-Dec-25	26-Dec-26	0.95	idA	100,000,000,000
PALM03BCN1	Obligasi Berkelanjutan III Provident Investasi Bersama Tahap I Tahun 2025 Seri B	6.95	19-Dec-25	19-Dec-28	2.93	idA	200,000,000,000
PALM03CCN1	Obligasi Berkelanjutan III Provident Investasi Bersama Tahap I Tahun 2025 Seri C	7.35	19-Dec-25	19-Dec-30	4.93	idA	100,000,000,000
BMRI01ASLCN1	Obligasi Keberlanjutan Berkelanjutan I Bank Mandiri Tahap I Tahun 2025 Seri A	4.85	19-Dec-25	29-Dec-26	0.96	idAAA	1,000,000,000,000
BMRI01BSLCN1	Obligasi Keberlanjutan Berkelanjutan I Bank Mandiri Tahap I Tahun 2025 Seri B	5.45	19-Dec-25	19-Dec-28	2.93	idAAA	2,000,000,000,000
BMRI01CSLCN1	Obligasi Keberlanjutan Berkelanjutan I Bank Mandiri Tahap I Tahun 2025 Seri C	5.95	19-Dec-25	19-Dec-30	4.93	idAAA	2,000,000,000,000
MYOR03ACN3	Obligasi Berkelanjutan III Mayora Indah Tahap III Tahun 2025 Seri A	5.85	23-Dec-25	23-Dec-30	4.94	idAA	363,520,000,000
MYOR03BCN3	Obligasi Berkelanjutan III Mayora Indah Tahap III Tahun 2025 Seri B	6.15	23-Dec-25	23-Dec-32	6.94	idAA	464,025,000,000

Total **19,763,365,000,000**

Equity Market Outlook

Indonesia’s equity market supported by liquidity and policy measures in 1H26



- Indonesia’s equity market presents a compelling valuation opportunity entering 2026, with the Jakarta Composite Index (JCI) projected to reach 9,800 by year-end. The market is currently trading at a discount, positioned at -1.5 Standard Deviations (Stdv) below its historical average, with a trailing PE of 12.8x compared to the historical mean of 18.9x. We anticipate that corporate earnings growth will align with the country's GDP expansion, allowing the index to re-rate towards our target while remaining at a conservative 14.6x forward PE for FY26F.

- The outlook is supported by a stable macroeconomic backdrop conducive to earnings recovery. Bank Indonesia’s decision to hold the benchmark rate at 4.75% provides a pro-growth monetary floor, while the recovery in foreign exchange reserves to USD 156.50 billion in December 2025 offers a buffer against external volatility. Furthermore, the government’s fiscal consolidation efforts, which target a deficit of 2.68% of GDP and a return to a primary surplus of IDR 39.40 trillion in the 2026 draft budget, signal fiscal discipline that should appeal to foreign investors, despite the heavy supply of domestic bond issuances.

- Sector-wise, we maintain an Overweight rating on domestic-driven industries. The Consumer and Poultry sectors are poised to benefit from the continuation of the Free Nutritious Meal program and the projected increase in tax revenue, which suggests improved economic activity and formalization. The Banking sector remains a top pick due to improved asset quality and the ability to maintain margins in a stable rate environment.

- In conclusion, while risks related to global economic slowdowns and Rupiah volatility persist (trading at IDR 16,771 per US Dollar), the valuation discount at 12.8x PE makes the risk-reward profile for Indonesian equities highly attractive. We believe the combination of earnings growth, fiscal prudence, and supportive monetary policy will be the primary catalysts driving the JCI to the psychological and technical milestone of 9,800 in 2026.

Opportunities and Risks

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Opportunities

- **Monetary and Fiscal Support**
Bank Indonesia's rate cuts and fiscal injections into SOE banks enhance market liquidity, lending capacity, and corporate margins.

- **Export-Oriented Gains**
Resource exporters in metals, coal, oil, gas, and crude palm oil benefit from USD-linked revenues and global commodity demand.

- **Government-Driven Consumption**
Programs like Free Nutritious Meals, housing support, and social assistance sustain retail and domestic consumption.

- **Capex and Down Streaming Benefits**
Chemicals, metals down streaming, and industrial sectors gain from prior investment cycles and public-private partnership programs.

- **Defensive Sector Resilience**
Banks, healthcare, property developers with recurring income, and consumer staples with strong margins provide stable earnings amid market fluctuations.

Risks

- **Rupiah Depreciation**
Import-dependent sectors, consumer discretionary, and companies with significant USD debt face margin pressure and cost inflation.

- **Fiscal & Political Uncertainty**
Rising budget deficit, populist spending, and changes in finance leadership could weaken investor sentiment.

- **Uneven Corporate Performance**
Extractive industries face commodity oversupply and price weakness, while capex remains concentrated and labour absorption is limited.

- **Global Economic & Trade Risks**
Slower China growth, US Fed rate uncertainty, and potential US tariff impacts may weigh on exports and investor flows.

- **Credit Transmission & Consumption Constraints**
Slow pass-through of rate cuts to deposit and lending rates, coupled with cautious corporate investment, could dampen broader credit and household spending growth.

Corporate Outlook

PT Bank Rakyat Indonesia (Persero) Tbk (BBRI)

BBRI: Preserving asset quality amid normalizing loan growth

Helmi Therik, FRM

PT **Bank Rakyat Indonesia Tbk (BBRI) is navigating a phase of moderating loan growth with a clearer emphasis on asset quality preservation**. Total loans expanded at a more measured pace, reflecting tighter underwriting particularly in the micro segment amid an uneven recovery among lower-income borrowers. While micro loans remain the backbone of BBRI's portfolio, their share has gradually declined as the bank balances growth with risk control. Going forward, loan growth is expected to normalize in the mid-to-high single digits, supported by a gradual easing in interest rates, steady economic activity, and continued traction in consumer and CSME lending. Importantly, loan quality indicators have improved, with Loan-at-Risk (LaR) trending lower, signaling early stabilization after a period of elevated credit stress.

Margin resilience remains intact despite credit cost pressures, supported by portfolio rebalancing and funding mix improvements. BBRI's NIM has stabilized around the mid–7% range, reflecting strong earning-asset yields even as lending growth moderates. The bank has selectively increased exposure to corporate and payroll-linked loans to offset tighter micro disbursement, helping sustain margins while containing incremental risk. Although credit costs remain elevated compared with pre-cycle lows, the gradual improvement in LaR and normalization of provisioning are expected to cushion profitability. Overall, margin sustainability reflects BBRI's ability to optimize balance sheet composition rather than rely solely on volume-driven growth.

On the funding side, deposit composition continues to improve, providing a structural buffer against profitability volatility. CASA growth remains solid, driven mainly by retail savings, while wholesale funding is managed prudently to limit cost pressures. As a result, the cost of funds has shown signs of stabilization, even in a still-competitive liquidity environment. The improving funding mix not only supports NIM resilience but also enhances flexibility in managing credit risk during periods of slower loan expansion. This deposit franchise remains a key differentiator for BBRI, particularly given its extensive reach in the mass and MSME segments.

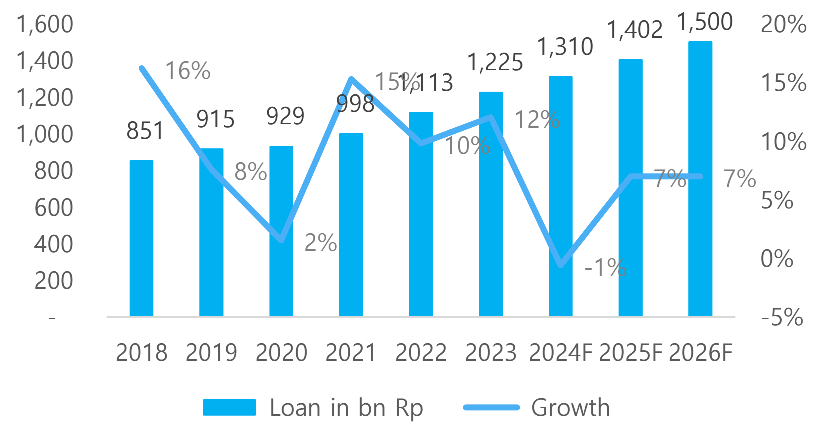
From an earnings perspective, profitability is transitioning from recovery to normalization. While net profit has faced short-term pressure from higher provisions and operating costs, core profitability metrics such as ROE remain healthy in the mid-to-high teens, underpinned by strong pre-provision operating profit. Capital adequacy stays comfortable, allowing the bank to absorb credit normalization while continuing to support growth. Taken together, BBRI's current trajectory points to a more balanced profile—lower growth volatility, improving asset quality, resilient margins, and a stronger funding mix which should underpin more sustainable earnings performance over the medium term.

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) (30/1)	3,810
Target price (IDR)	**5,800**
Upside/Downside (%)	52.2%
52 Week High (IDR)	4,450
52 Week Low (IDR)	3,290
Major Shareholders:	
Negara Republik Indonesia	53.19%
Public	46.17%

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

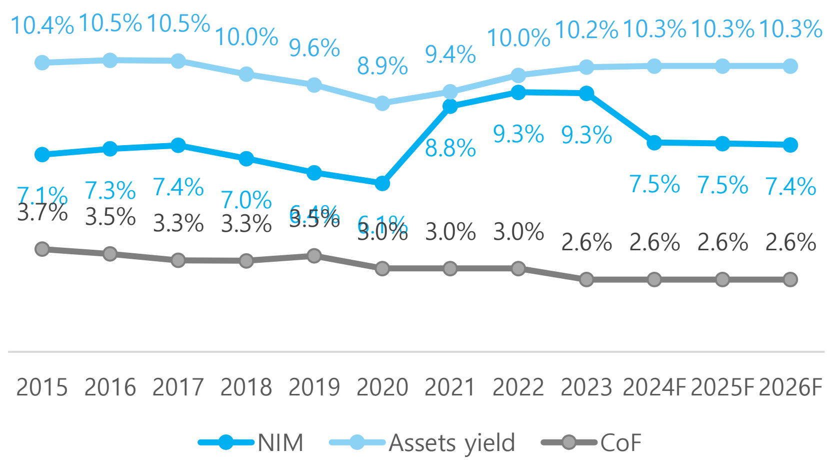
Loan (in bn RP) and loan growth (yoy)



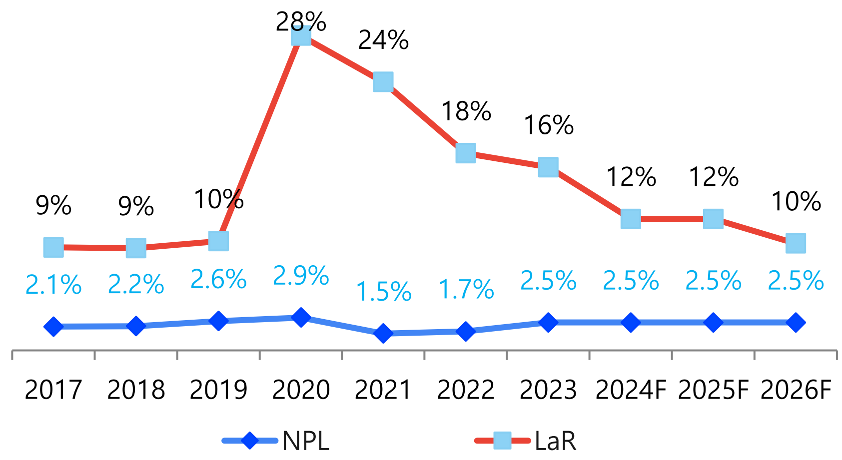
BBRI: Preserving asset quality amid normalizing loan growth

Shinhan

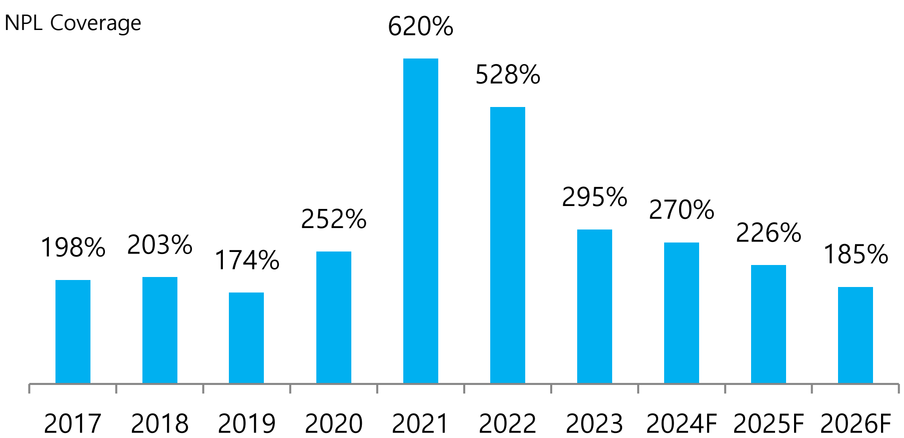
NIM improves amid lower CoF due to lower interest rate



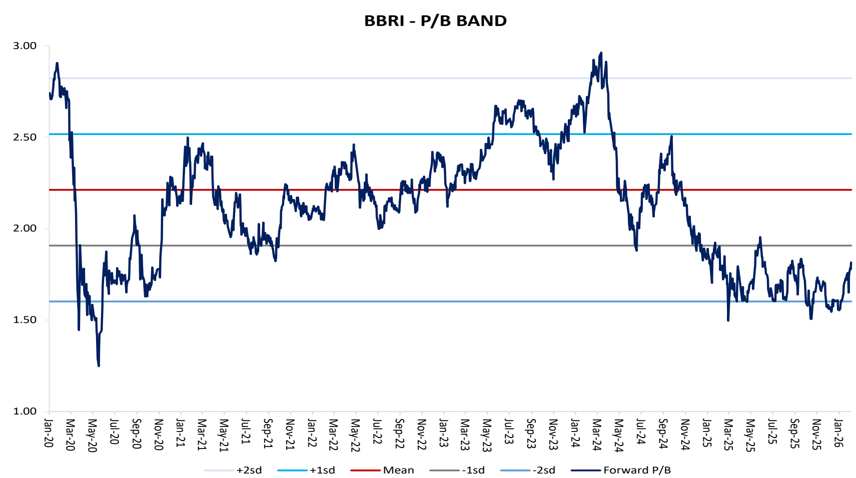
Loan quality ratio (NPL & LaR)



Build up provision to cushion the credit risk



PBV Band



BBRI: Preserving asset quality amid normalizing loan growth

Shinhan

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 loases	**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%
Profitabilty					
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 Bank Central Asia Tbk (BBCA)

BBCA: Quality driven growth with defensive earnings profile

Helmi Therik, FRM

PT Bank Central Asia Tbk (BBCA) enters 2026 with a constructive yet conservative outlook, anchored on quality-driven growth rather than aggressive balance sheet expansion. Loan growth is expected to remain in the 7-9% range, broadly in line with Indonesia's stable macro trajectory, with corporate and SME segments continuing to be the main growth engines. Consumer lending is likely to recover gradually as household purchasing power improves and monetary conditions ease. A potential rate-cut cycle in 2H26 would act as a key catalyst, as BBCA's highly dominant CASA base allows faster transmission of lower funding costs relative to peers. As a result, margins are expected to be more resilient, while asset quality should remain intact, positioning BBCA as a core defensive holding with upside leverage to monetary easing.

In terms of realized performance, BBCA delivered solid loan growth of 7.6% YoY, supported primarily by the corporate (+10.4% YoY), SME (+7.7%), and commercial (+5.7%) segments, while consumer loans grew at a more measured pace. The loan mix continues to tilt toward higher quality corporate exposures, with sectoral growth broadly diversified across manufacturing, trading, business services, and transportation. This balanced expansion indicates that credit growth remains closely linked to real economic activity rather than cyclical or speculative demand.

Asset quality remains a key strength. NPL gross was stable at around 2.1%, while ECL to total loans declined to 3.4%, reflecting improving credit risk dynamics and lower incremental provisioning needs. Although NPL coverage moderated to 166.6%, this largely reflects normalization from an exceptionally high buffer rather than deterioration in asset quality. Liquidity and capital positions remain exceptionally strong, with LCR above 300% and CAR close to 30%, providing ample headroom to support future growth while maintaining a conservative risk profile.

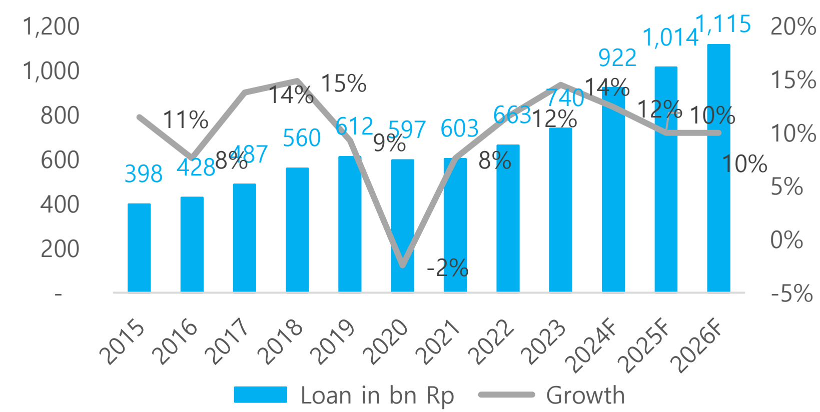
Profitability and funding metrics continue to underscore BBCA's structural advantages. NIM held steady at 5.8% despite a slight uptick in cost of funds, supported by disciplined loan pricing and a superior funding mix. CASA grew 9.1% YoY, lifting the CASA ratio to approximately 84%, one of the highest in the industry. On the earnings front, PPOP increased by 7.9% YoY, driven by both net interest income and robust non-interest income growth, while cost efficiency remained intact with a sub-30% cost-to-income ratio. Overall, BBCA maintains a strong earnings base with improving optionality for margin and profit expansion as monetary conditions turn more accommodative into 2026.

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) (30/1)	7,400
Target price (IDR)	**11,000**
Upside/Downside (%)	48.6%
52 Week High (IDR)	9,800
52 Week Low (IDR)	6,375
Major Shareholders:	
PT Dwimuria Investama Andalan	54.94%
Public	42.32%

	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

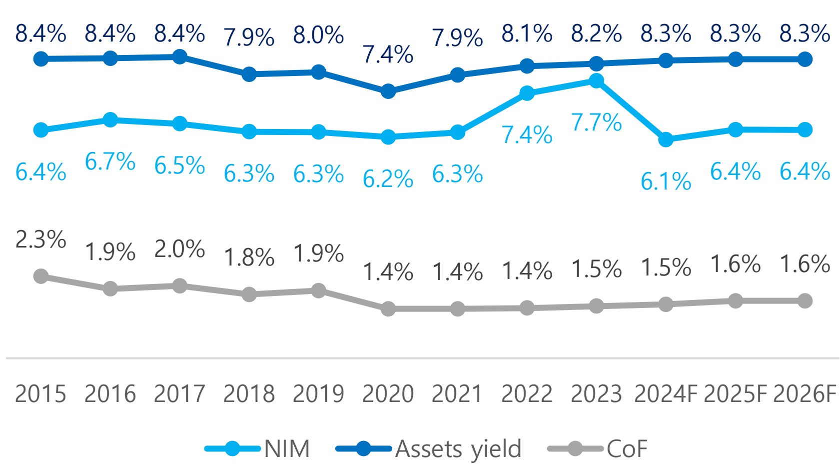
Loan (in bn RP) and loan growth (yoy)



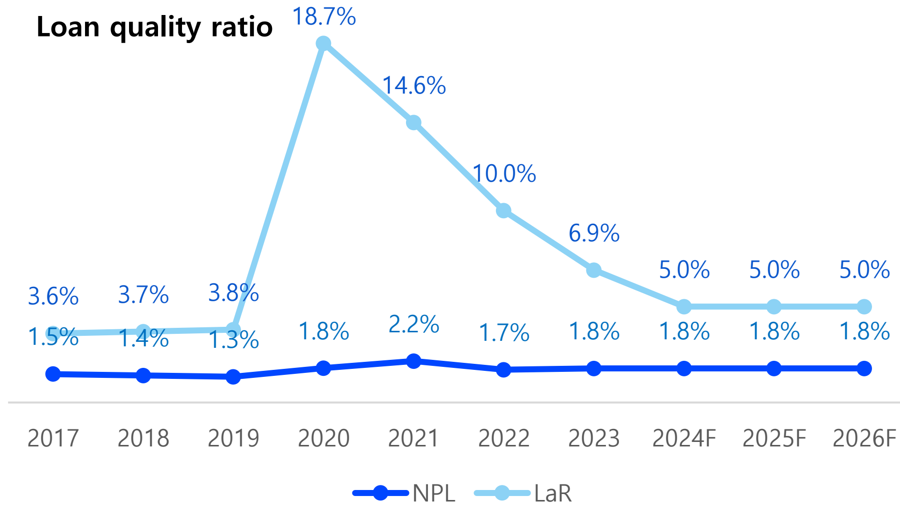
Source: Company, Shinhan Sekuritas Indonesia calculation

BBCA: Quality driven growth with defensive earnings profile

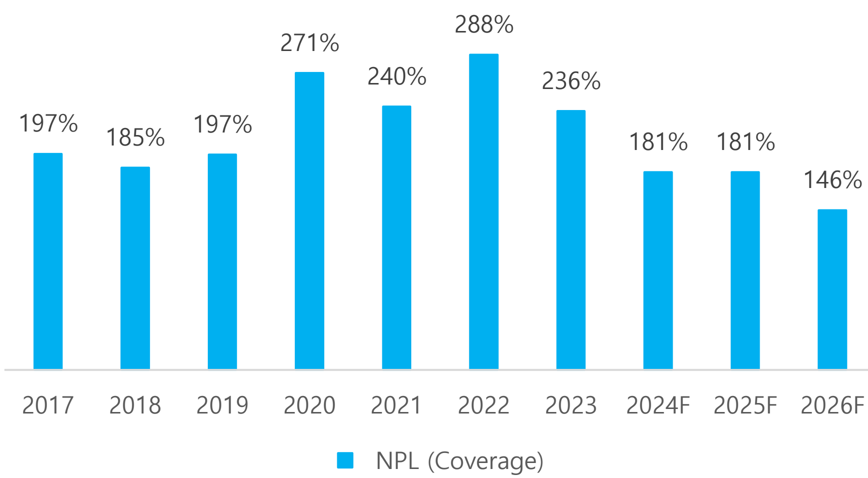
Profitability ratio- lower CoF propelling higher NIM



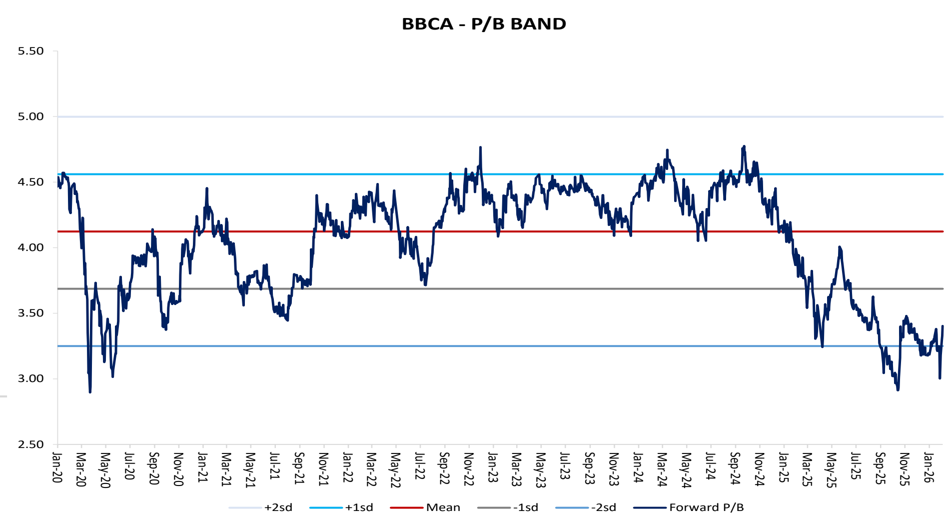
Loan quality ratio



NPL Coverage



PBV Band



BBCA: Quality driven growth with defensive earnings profile

Shinhan

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 Sekurit

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 loases	**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%
Profitabilty					
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 Efficien	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 (BBCA)

BMRI: Sustaining growth momentum amid a more challenging operating environment

Helmi Therik, FRM

Shinhan

PT Bank Mandiri Tbk (BMRI) entered 3Q25 with solid loan growth momentum despite a more challenging operating environment, delivering consolidated loan growth of approximately 11% YoY, slightly above the upper end of its FY25 guidance. Growth was primarily driven by the wholesale and corporate segments, while retail and SME loans moderated in the quarter due to tighter underwriting and softer demand. Importantly, loan expansion remains well supported by a healthy Bank-only LDR in the low–90% range and low net NPL formation, indicating that balance sheet growth is not compromising asset quality. Management expects retail loan momentum to improve into 4Q25, supported by seasonal demand and a stronger disbursement pipeline.

From a margin perspective, BMRI demonstrated NIM resilience despite a softer loan yield environment. Consolidated YTD NIM stood at around 4.9% in 9M25, broadly in line with FY25 guidance, as a declining cost of funds (CoF) effectively compensated for yield compression amid competitive pricing. CoF trended down toward ~2.3%–2.4%, supported by improved deposit pricing discipline and a better funding mix. This underscores BMRI's ability to optimize its balance sheet and preserve profitability even as loan repricing dynamics remain less favorable.

Funding strength remains a key earnings stabilizer. Total deposits continued to grow steadily, with CASA maintaining positive momentum, driven primarily by retail and transactional balances. Non-wholesale deposits expanded faster than wholesale funding, supporting funding efficiency and limiting earnings volatility. The improving CASA mix not only helps anchor CoF at a lower level but also enhances BMRI's flexibility in managing margins amid slower loan growth and heightened competition in the lending market.

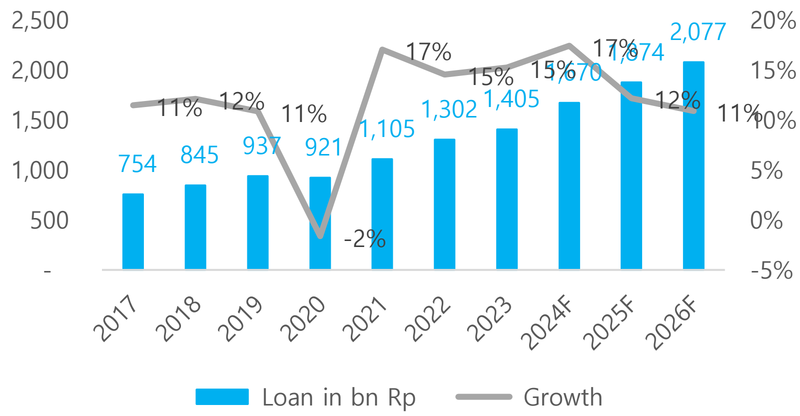
On asset quality and capital, BMRI continues to show clear signs of normalization. Loan-at-Risk (LaR) and special mention loan ratios improved sequentially, while the cost of credit at around 0.73% remained below guidance, reflecting prudent risk management and improving borrower repayment capacity. Net NPL formation stayed low, and coverage ratios remained strong, providing a solid buffer against potential macro volatility. Meanwhile, CAR and CET1 ratios remain comfortably above regulatory requirements, even with a relatively high dividend payout, reinforcing BMRI's position as a bank with balanced growth, resilient profitability, and strong capital discipline.

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) (30/12)	4,820
Target price (IDR)	**6,300**
Upside/Downside (%)	30.7%
52 Week High (IDR)	5,600
52 Week Low (IDR)	4,010
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

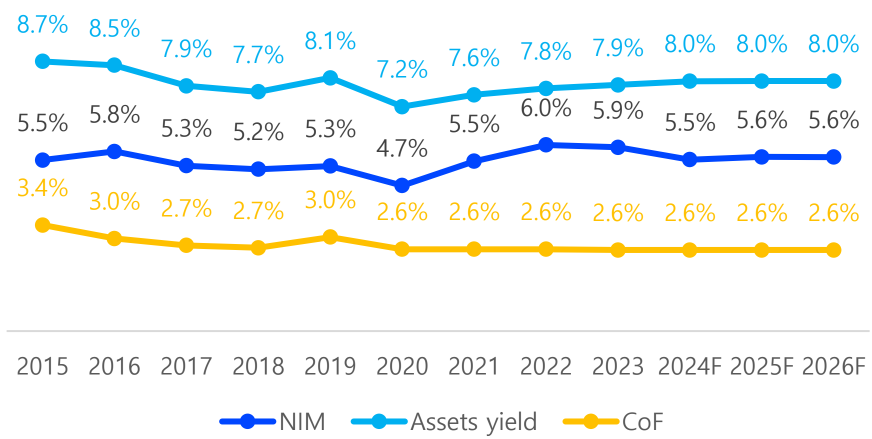
Loan (in bn RP) and loan growth (yoy)



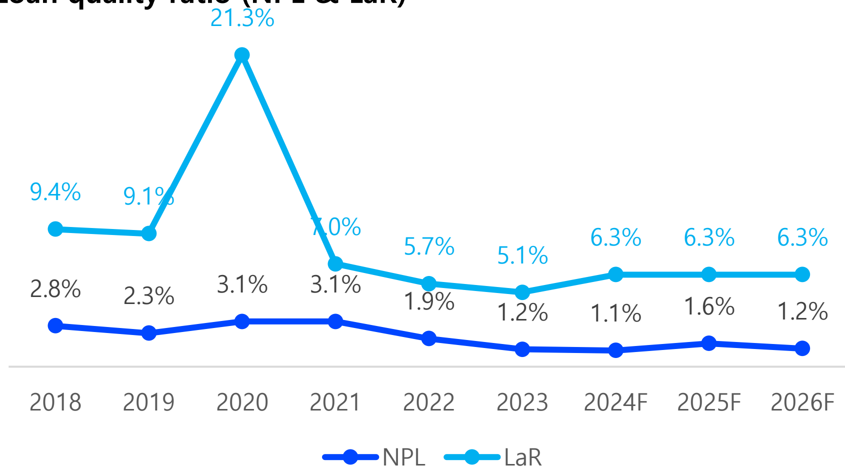
BMRI: Sustaining growth momentum amid a more challenging operating environment

Shinhan

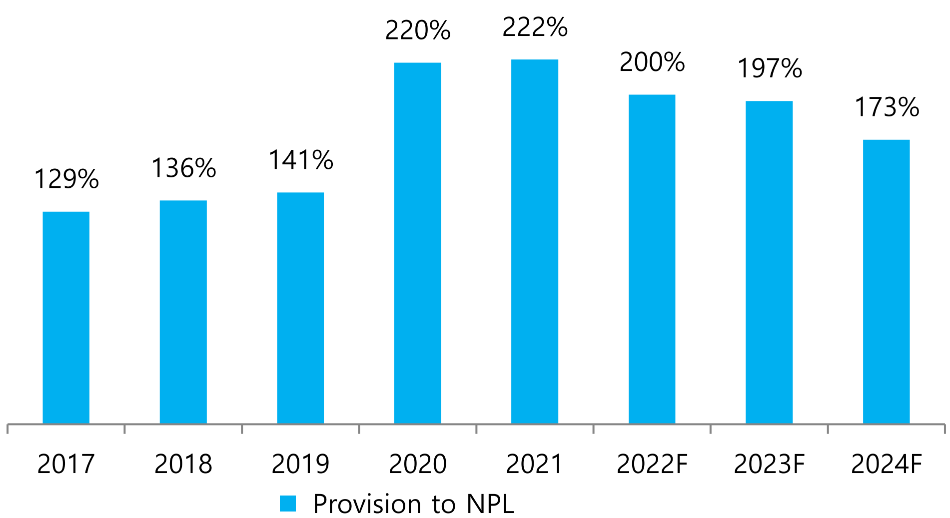
NIM improves amid lower CoF due to lower interest rate



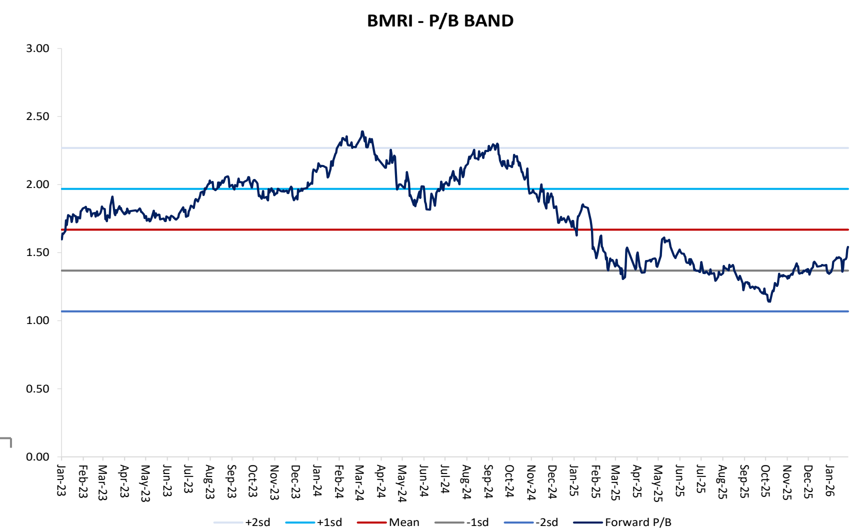
Loan quality ratio (NPL & LaR)



Build up provisions to cushion the credit risk



PBV Band



BMRI: Sustaining growth momentum amid a more challenging operating environment

Shinhan

Balance Sheet

Year-end 31 Dec (Rp bn)	2022	2023	2024F	2025F	2026F
Cash	134,562	135,037	(30,474)	(55,177)	(58,090)
Interbanking Assets	154,816	133,154	250,917	281,026	314,750
Short-Term & LT. Investments	414,654	405,556	250,917	281,026	314,750
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**	**2,234,888**	**2,498,730**	**2,794,792**
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**	**312,592**	**352,446**	**396,917**
Total Liabilities & Equity	**1,992,545**	**2,174,219**	**2,234,888**	**2,498,730**	**2,794,792**

Source: Company, Shinhan Sekurit

Income Statement

Year-end 31 Dec (Rp bn)	2022	2023	2024F	2025F	2026F
Interest Income	113,036	133,480	152,098	174,196	194,353
Interest Expense	24,479	36,658	47,745	52,892	59,074
Net Interest Income	**88,558**	**96,822**	**104,353**	**121,304**	**135,279**
Other Operating Income	28,969	29,544	32,498	36,398	40,766
Net Revenue	**117,527**	**126,366**	**136,851**	**157,702**	**176,045**
Provision for loan loases	**8,168**	**(1,174)**	**18,707**	**11,241**	**12,464**
Net Revenue after provision	**109,358**	**127,540**	**118,144**	**146,461**	**163,581**
Non interest expense	53,284	52,898	58,188	65,170	72,991
Operating Income	**56,075**	**74,642**	**59,956**	**81,291**	**90,590**
Net Non-Operating Losses (Gains)	**303**	**43**	**114**	**76**	**134**
Income before tax	**56,378**	**74,685**	**60,070**	**81,367**	**90,724**
Tax	11,425	14,633	11,769	15,942	17,776
Net Income	**44,952**	**60,052**	**48,300**	**65,425**	**72,948**

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%	8%	16%	12%
PPOP	24%	14%	7%	18%	11%
Net Income	47%	34%	-20%	35%	11%
Profitabilty					
Asset Yield	8%	8%	8%	8%	8%
Cost of Fund	3%	3%	3%	3%	3%
Net Interest Margin	6%	6%	6%	6%	6%
ROAA	2%	3%	2%	3%	3%
ROAE	19%	22%	16%	20%	19%
Operational Efficiency Ratio (OER)	61%	54%	68%	61%	61%
CIR	45%	42%	43%	41%	41%
Liquidity					
LDR	83%	90%	100%	100%	99%
CASA Ratio	66%	66%	66%	66%	66%
Capital					
CAR-Bank Only	20%	22%	20%	18%	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%	7%	7%
Net Revenue after provision	6%	6%	5%	6%	6%
Operating Income	3%	4%	3%	3%	3%
Net Income	2%	3%	2%	3%	3%
ROAA	2%	3%	2%	3%	3%
multiplier	8	8	7	7	7
ROAE	19%	22%	16%	20%	19%

Source: Company, Shinhan Sekuritas Indonesia

PT Indofood CBP Sukses Makmur Tbk (ICBP)

ICBP: Resilience through Headwinds, Earnings Inflection Ahead

Billy Ibrahim Djaya

Shinhan

ICBP navigated a challenging environment in 9M25. ICBP navigated a challenging operating environment in 9M25. Revenue remained broadly flat, reaching IDR 18.7 trillion (+0.8% YoY) in 3Q25 and IDR 56.3 trillion (+1.4% YoY) in 9M25. Gross profit came under pressure, declining to IDR 19.9 trillion (-3.6% YoY), amid elevated raw material costs and higher import expenses driven by currency volatility. As a result, GPM contracted to 35.4% in 9M25 (vs. 37.2% in 9M24). Despite these headwinds, disciplined cost management enabled the company to protect operating performance, with operating profit rising to IDR 12.7 trillion (+6.2% YoY) and OPM expanding to 22.6% in 9M25 (vs. 21.6% in 9M24). However, these operational gains were more than offset by higher finance costs and unrealized foreign exchange losses, leading to a decline in net profit to IDR 7.1 trillion (-12.8% YoY).

Operational resilience remains the defining strength. Even as GPM are expected to normalize modestly to around 35.8% in FY25F, ICBP's disciplined control over operating expenses, which are forecast to decline to 13.8% of total revenue from 14.6% in FY24A, underscores its strong efficiency. This operating leverage is a key driver of improving returns, with ROE projected to rise from 15.7% in FY24A to a solid 18.6% by FY26F, highlighting effective capital deployment despite a volatile input cost environment.

The FY26F outlook points to a clear earnings inflection. FY26F is expected to mark a pivotal transition year, with revenue projected to rise to IDR 79.7 trillion (+5.4% YoY), while net profit is forecast to surge to IDR 11.2 trillion (+20.5% YoY), lifting net margin to 14.1%. This earnings momentum is expected to carry into FY27F, with revenue expanding further to IDR 84.5 trillion (+6.1% YoY) and net profit increasing to IDR 12.3 trillion (+9.6% YoY).

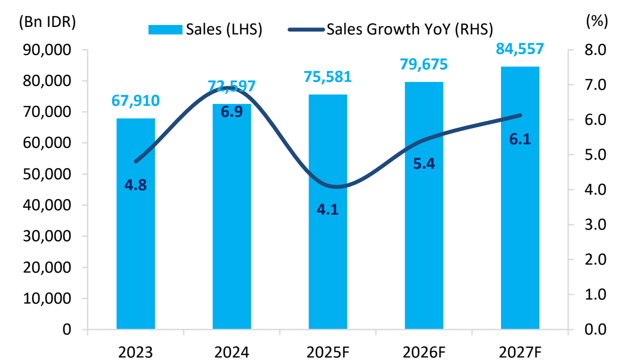
Market leadership and margin strength power earnings momentum. The company's performance is increasingly shaped by strategic execution rather than cyclical rebound, with earnings growth now driven by a stronger focus on value creation and margin quality. While revenue growth is expected to remain steady amid normalizing consumption patterns, ICBP continues to demonstrate its ability to translate measured top-line expansion into meaningful bottom-line gains. This positive trajectory is reinforced by the company's commanding market share, sustained pricing power, and a deliberate shift toward higher-margin product offerings, particularly within the Noodle and Dairy segments. As a result, ICBP is well positioned to sustain earnings momentum and outperform even in a subdued macroeconomic environment.

Valuation. We reiterate our Buy rating on ICBP with a target price of IDR 11,300, representing 42.1% upside based on a blended DCF valuation. This implies an FY26F P/E multiple of 11.7x, compared with the stock's current valuation of 8.3x FY26F P/E, which is -2 SD of its 5-year historical average. The prospect of stronger earnings growth in FY26F, together with a strengthening balance sheet and a substantial cash position consistently exceeding IDR 23 trillion, supports our view that ICBP remains materially undervalued relative to its forward earnings potential.

Current Price (IDR) (31/1)	7,950
Target price (IDR)	**11,300**
Upside/Downside (%)	42.1%
52 Week High (IDR)	12,000
52 Week Low (IDR)	7,225
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)
2023	67,910	6,991	599	17.6	3.0
2024	72,597	7,079	607	18.7	2.9
2025F	75,581	9,294	797	15.6	8.2
2026F	79,675	11,195	960	13.0	7.4
2027F	84,557	12,270	1,052	11.8	6.6

ICBP's Net Profit Projection

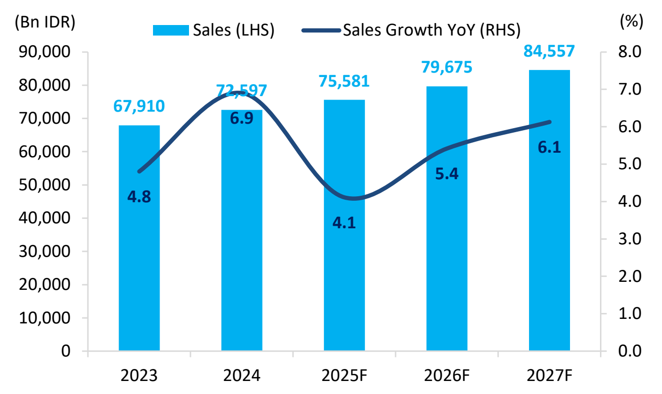


Source: Company, Shinhan Sekuritas Indonesia

ICBP: Resilience through Headwinds, Earnings Inflection Ahead

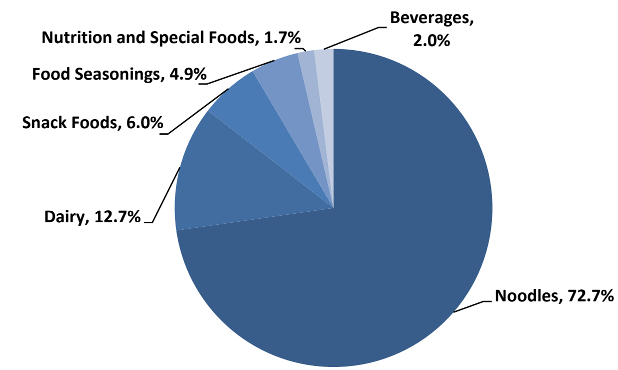
Shinhan

ICBP's Revenue Projection



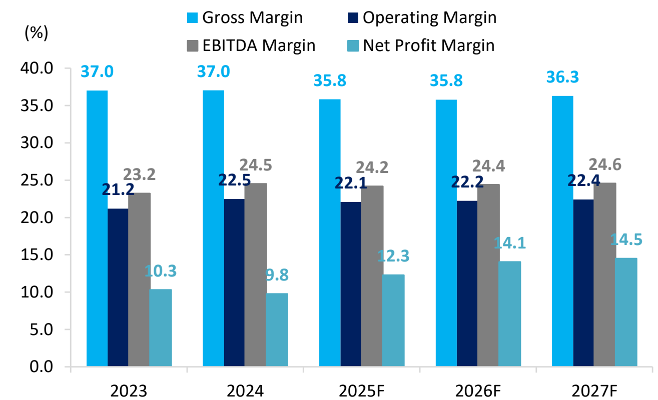
Source: Company, Shinhan Sekuritas Indonesia

ICBP revenue breakdown (9M25)



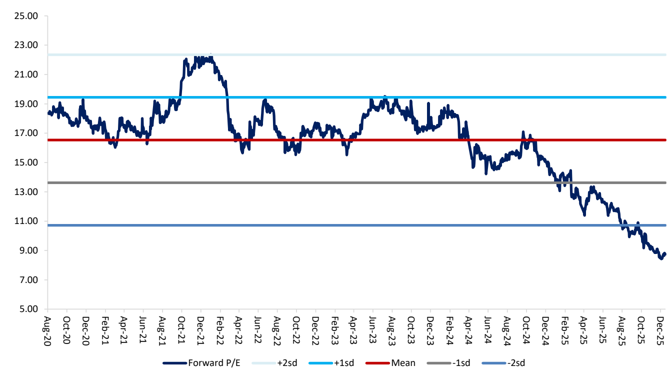
Source: Company, Shinhan Sekuritas Indonesia

ICBP profitability trend



Source: Company, Shinhan Sekuritas Indonesia

P/E Band



Source: Company, Shinhan Sekuritas Indonesia

Shinhan

Income Statement

Year-End 31 Dec (Bn IDR)	2023	2024	2025F	2026F	2027F
Revenue	**67,910**	**72,597**	**75,581**	**79,675**	**84,557**
COGS	-42,784	-45,704	-48,500	-51,165	-53,879
Gross Profit	25,126	26,893	27,081	28,510	30,678
EBITDA	**15,764**	**17,786**	**18,272**	**19,424**	**20,766**
Operating Expenses	-10,739	-10,572	-10,398	-10,792	-11,728
Operating Profit	**14,388**	**16,321**	**16,683**	**17,718**	**18,951**
Pre-Tax Profit	11,445	11,499	14,377	16,795	18,304
Income Tax Expenses	-2,980	-2,686	-3,670	-3,898	-4,169
Net Profit	**6,991**	**7,079**	**9,294**	**11,195**	**12,270**
EPS (IDR)	599	607	797	960	1,052

Source: Company, Shinhan Sekuritas Indonesia

Cash Flows

Year-End 31 Dec (Bn IDR)	2023	2024	2025F	2026F	2027F
Net Profit	6,991	7,079	9,294	11,195	12,270
Change in Working Capital	2,456	-68	-360	666	789
CFs from Operating	**9,446**	**7,012**	**8,934**	**11,861**	**13,059**
CFs from Investing	**-1,665**	**-238**	**-2,181**	**-2,339**	**-2,483**
CFs from Financing	**-4,140**	**-937**	**-8,148**	**-8,125**	**-8,098**
Net Inc./(Dec.) in Cash	3,642	5,837	-1,396	1,397	2,478
Cash at End. Period	**19,353**	**25,293**	**23,897**	**25,294**	**27,772**

Source: Company, Shinhan Sekuritas Indonesia

Balance Sheet

Year-End 31 Dec (Bn IDR)	2023	2024	2025F	2026F	2027F
Assets					
Cash & Cash Equivalents	19,353	25,293	23,897	25,294	27,772
Accounts Receivable	7,524	8,792	8,333	9,002	9,786
Inventories	6,329	7,060	7,237	7,775	8,335
Other Current Assets	3,566	3,524	3,552	3,689	3,705
Total Current Assets	**36,773**	**44,668**	**43,019**	**45,760**	**49,598**
Net Fixed Assets	14,711	15,266	15,604	15,960	16,350
Other Assets	67,783	66,107	66,382	66,659	66,937
Total Assets	**119,267**	**126,041**	**125,006**	**128,380**	**132,885**
Liabilities and equities					
Accounts Payables	6,505	6,569	4,234	4,327	4,409
Other Short-Term Liabilities	3,959	4,356	4,535	4,781	5,074
Total Current Liabilities	**10,464**	**10,925**	**8,769**	**9,107**	**9,482**
Long-Term Borrowings	43,184	44,874	39,063	34,004	29,600
Other Long-Term Liabilities	3,514	3,198	3,198	3,198	3,198
Total Liabilities	**57,163**	**58,997**	**51,030**	**46,309**	**42,281**
Minority Interest	21,354	21,827	21,827	21,827	21,827
Total Equity	**62,104**	**67,044**	**73,976**	**82,070**	**90,605**
BVPS (IDR)	3,494	3,877	4,472	5,166	5,898

Source: Company, Shinhan Sekuritas Indonesia

Key Ratio

Year-End 31 Dec	2023	2024	2025F	2026F	2027F
Profitability					
Gross Margin	37.0%	37.0%	35.8%	35.8%	36.3%
Operating Margin	21.2%	22.5%	22.1%	22.2%	22.4%
EBITDA Margin	23.2%	24.5%	24.2%	24.4%	24.6%
Profit Margin	10.3%	9.8%	12.3%	14.1%	14.5%
ROAA	5.9%	5.6%	7.4%	8.7%	9.2%
ROAE	17.2%	15.7%	17.8%	18.6%	17.8%
Growth					
Revenue	4.8%	6.9%	4.1%	5.4%	6.1%
Gross Profit	15.3%	7.0%	0.7%	5.3%	7.6%
Operating Profit	7.5%	13.4%	2.2%	6.2%	7.0%
EBITDA	7.2%	12.8%	2.7%	6.3%	6.9%
Net Profit	52.4%	1.3%	31.3%	20.5%	9.6%
Solvability					
Current Ratio (x)	3.51	4.09	4.91	5.02	5.23
Quick Ratio (x)	2.79	3.34	3.95	4.03	4.21
Debt to Equity (x)	0.9	0.9	0.7	0.6	0.5
Interest Coverage (x)	7.2	7.7	8.2	10.0	12.3

Source: Company, Shinhan Sekuritas Indonesia

PT Aspirasi Hidup Indonesia Tbk (ACES)

ACES: Expansion and Format Innovation Set the Stage for Acceleration

Billy Ibrahim Djaya

Stable topline with cost pressures shaping 9M25 earnings. ACES reported a stable topline in 9M25 of IDR 6.3 trillion (+1.7% YoY), while ongoing cost pressures weighed on profitability, resulting in net profit declining to IDR 481 billion (-16.2% YoY). The weaker profitability reflected higher operating expenses of IDR 2.4 trillion (+5.4% YoY) and a modest contraction in GPM to 47.9% (vs. 48.5% in 9M24), alongside an increase in selling expenses to IDR 1.82 trillion (+10.3% YoY), largely driven by continued investments in the AZKO brand refresh and promotional activities. Despite the weaker YoY comparison, 3Q25 showed encouraging sequential improvement. Net profit rose to IDR 188 billion (+24.4% QoQ), supported by a healthier product mix that lifted GPM to 49.0% (vs. 46.7% in 2Q25), even as revenue declined slightly to IDR 2.07 trillion (-1.4% YoY), reflecting a -3.6% YtD contraction in SSSG. Looking ahead, FY25F revenue growth continues to be supported by network expansion, with 19 new stores opened in 9M25 contributing positively to the topline, partially offset by negative SSSG amid broad-based demand softness, particularly in Jakarta and Ex-Java.

Store expansion remains the key growth driver amid soft organic demand. Store expansion continues to be the primary engine of growth as underlying demand remains subdued. Against a backdrop of weak macroeconomic conditions, topline performance relies more on network expansion than a recovery in organic sales. The company is projected to deliver revenue of IDR 9.0 trillion in FY25F (+5.5% YoY), despite ongoing softness in same-store sales. The aggressive rollout of approximately 27 new stores in 2025 is expected to sustain positive revenue growth, though near-term operating pressure persists. The gap between store opening costs and subdued sales productivity is expected to put pressure on profitability, with operating income forecast to decline to IDR 905 billion (-22.5% YoY). While store traffic remains muted in the near term, the expanded network provides a stronger foundation for growth as consumer spending trends gradually normalize in the household equipment retail segment.

Earnings recovery set to gain momentum in FY26F. Financial projections indicate a meaningful earnings rebound in FY26F, supported by stronger topline momentum and improved cost efficiency. Revenue is forecast to rise to IDR 9.8 trillion (+8.9% YoY), outpacing growth in cost of goods sold (8.7% YoY) and operating expenses (6.4% YoY). This disciplined cost management is expected to lift operating margin back into double-digit territory at 10.9%, driving operating income to IDR 1.0 trillion (+19.2% YoY). Net income is projected to increase to IDR 774 billion (+20.1% YoY), with NPM improving to 7.9%, signaling that the heavy investment phase of 2025 should start translating into earnings accretion in 2026.

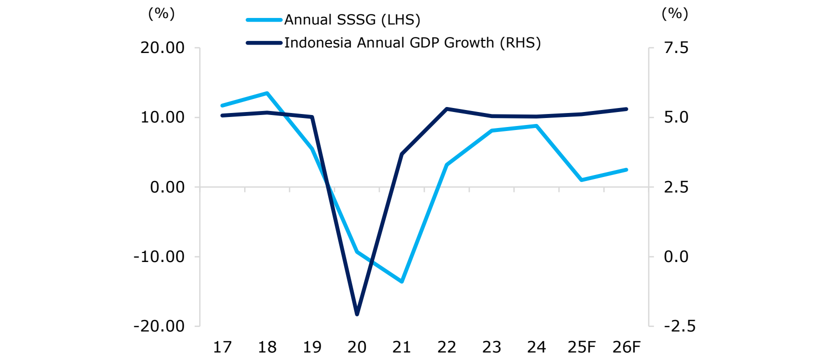
NEKA format strengthens strategic positioning for long-term growth. The NEKA format is a strategic initiative aimed at capturing the mass-market segment and reducing reliance on higher-spending customers. With an average basket size of IDR 70k to 80k, significantly lower than AZKO's 500k to 600k, and smaller, more capital-efficient stores, ACES is building a volume-driven growth model that is more resilient to fluctuations in middle-income spending. While near-term earnings impact is limited due to a longer breakeven period of around 12 months, this format, combined with omnichannel sales, lays the foundation for more sustainable growth over time. During this early phase, efficiency pressures are expected, contributing to a projected decline in net profit margin to 7.1% in FY25F (from 10.4% in FY24A) before rebounding to 7.9% in FY26F.

Valuation. We maintain a Buy rating on ACES with a target price of IDR 520, representing 30.0% upside and implying an FY26F P/E of 11.5x, or -1 SD below its 5-year historical average. This valuation reflects our expectation of an earnings recovery in FY26F, supported by improving cost efficiency, normalized operating expenses, and enhanced store productivity, underpinned by the expansion of the NEKA format and growth in omnichannel sales.

Current Price (IDR) (31/1)	400
Target price (IDR)	**520**
Upside/Downside (%)	30.0%
52 Week High (IDR)	815
52 Week Low (IDR)	352
Major Shareholders:	
PT Kawan Lama Sejahtera	60.00%
Public	40.00%

Year To Dec.	Revenue (Bn IDR)	NP (Bn IDR)	EPS (IDR)	PER (x)	PBV (x)
2023	7,612	764	45	16.1	2.0
2024	8,583	892	52	15.2	2.1
2025F	9,051	645	38	13.8	1.3
2026F	9,854	774	45	11.5	1.2
2027F	10,761	849	49	10.5	1.2

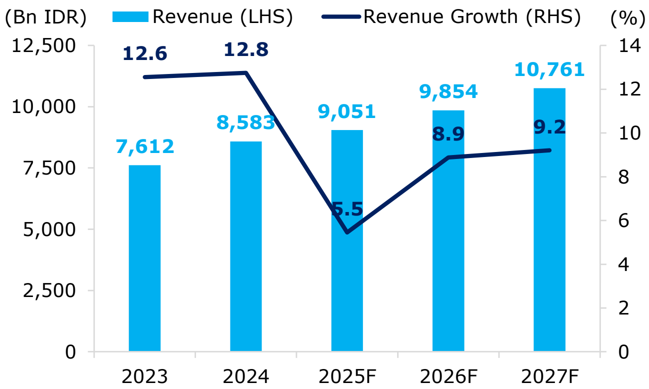
Indonesia GDP Growth and ACES Annual SSSG



Source: Company, Shinhan Sekuritas Indonesia

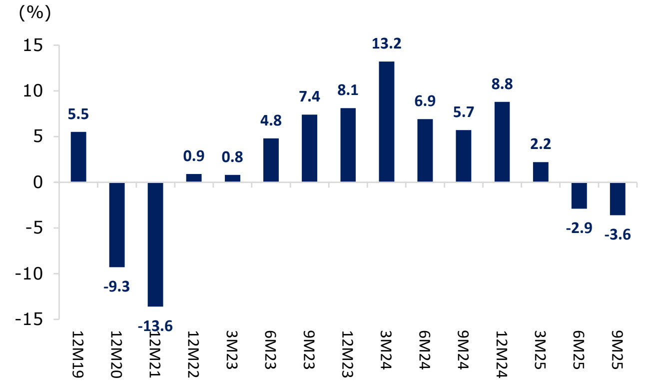
ACES: Expansion and Format Innovation Set the Stage for Acceleration

ACES's Revenue Projection



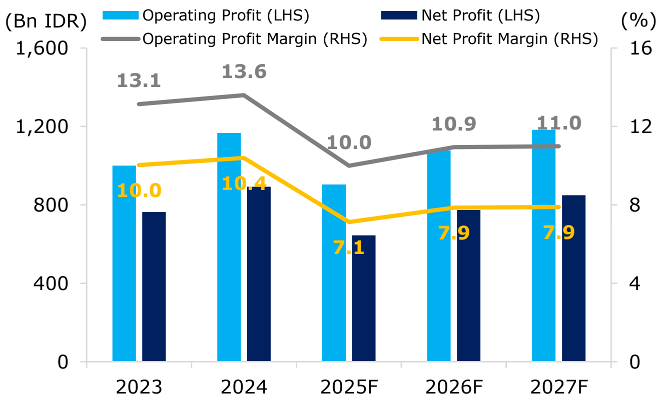
Source: Company, Shinhan Sekuritas Indonesia

ACES SSG trend



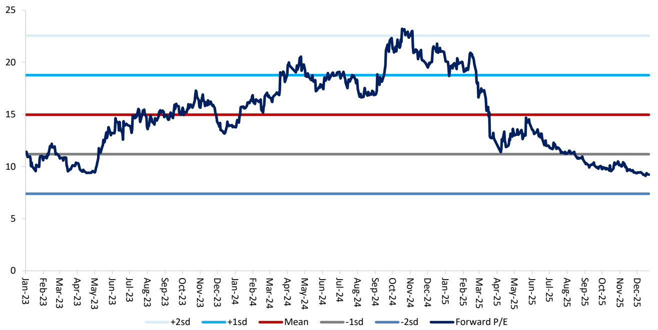
Source: Company, Shinhan Sekuritas Indonesia

ACES' Operating and Net Profit Projection



Source: Company, Shinhan Sekuritas Indonesia

P/E Band



Source: Company, Shinhan Sekuritas Indonesia

ACES: Expansion and Format Innovation Set the Stage for Acceleration

Shinhan

Year-end 31 Dec (Rp bn)	2023	2024	2025F	2026F	2027F
Sales	**7,612**	**8,583**	**9,051**	**9,854**	**10,761**
COGS	-3,914	-4,400	-4,771	-5,186	-5,589
Gross Profit	3,698	4,183	4,280	4,668	5,172
EBITDA	**1,128**	**1,290**	**1,044**	**1,225**	**1,336**
Operating Expense	-2,698	-3,016	-3,375	-3,590	-3,989
Operating Profit	**1,000**	**1,167**	**905**	**1,078**	**1,183**
Pre-Tax Profit	953	1,083	821	987	1,083
Income Tax - Net	-189	-199	-181	-217	-238
Net Profit	**764**	**892**	**645**	**774**	**849**
EPS (Rp)	45	52	38	45	49

Source: Company, Shinhan Sekuritas Indonesia

Year-end 31 Dec (Rp bn)	2023	2024	2025F	2026F	2027F
CFs from Operation					
Net Profit	764	892	645	774	849
Change in Working Capitals	593	-549	-3	-224	-161
CFs from Operation	**1,356**	**343**	**642**	**551**	**688**
CFs from Investments	**-131**	**-234**	**-294**	**-302**	**-311**
CFs from Financing Activities	**-1,042**	**-600**	**-535**	**-395**	**-446**
Net Inc./(Dec.) in Cash	179	-491	-187	-146	-69
Cash at End Period	**2,312**	**1,875**	**1,688**	**1,542**	**1,473**

Source: Company, Shinhan Sekuritas Indonesia

Balance sheet

Year-end 31 Dec (Rp bn)	2023	2024	2025F	2026F	2027F
Assets					
Cash and Equivalent	2,312	1,875	1,688	1,542	1,473
Receivables	199	45	137	149	160
Inventories	2,665	3,396	3,371	3,692	3,966
Others	486	633	668	727	794
Total Current Assets	**5,662**	**5,950**	**5,864**	**6,109**	**6,393**
Net Fixed Assets	424	491	551	604	650
Other Assets	1,667	1,751	1,845	1,947	2,058
Total Assets	**7,753**	**8,191**	**8,260**	**8,660**	**9,102**
Liabilities and Equities					
Payables	126	191	105	104	110
Other Short-Term Liabilities	638	682	767	822	881
Total Current Liabilities	**764**	**873**	**872**	**926**	**990**
LT. Debt	601	628	537	459	392
Other Long Term Liabilities	202	177	141	113	94
Total Long-Term Liabilities	**803**	**806**	**678**	**572**	**486**
Total Liabilities	**1,567**	**1,679**	**1,550**	**1,497**	**1,476**
Minority Interest	43	36	36	36	36
Shareholders' Equity	**6,186**	**6,512**	**6,711**	**7,163**	**7,625**
BVPS (Rp)	362	379	391	417	444

Source: Company, Shinhan Sekuritas Indonesia

Key ratio analysis

Year-end 31 Dec (Rp bn)	2023	2024	2025F	2026F	2027F
Profitability					
Gross Margin	48.6%	48.7%	47.3%	47.4%	48.1%
Operating Margin	13.1%	13.6%	10.0%	10.9%	11.0%
EBITDA Margin	14.8%	15.0%	11.5%	12.4%	12.4%
Net Income Margin	10.0%	10.4%	7.1%	7.9%	7.9%
ROAA	10.2%	11.2%	7.8%	9.2%	9.6%
ROAE	12.6%	14.0%	9.7%	11.2%	11.5%
Growth					
Revenue	12.6%	12.8%	5.5%	8.9%	9.2%
Operating Profit	14.2%	16.7%	-22.5%	19.2%	9.7%
EBITDA	11.9%	14.4%	-19.1%	17.3%	9.0%
Net Income	14.9%	16.8%	-27.7%	20.1%	9.7%
Solvability					
Current Ratio (x)	7.4	6.8	6.7	6.6	6.5
Quick Ratio (x)	3.9	2.9	2.9	2.6	2.5
Debt to Equity (x)	0.3	0.3	0.2	0.2	0.2
Interest Coverage (x)	21.2	14.0	10.8	11.8	11.9

Source: Company, Shinhan Sekuritas Indonesia

PT Charoen Pokphand Indonesia Tbk (CPIN)

CPIN: Leverages Integration to Capture Policy-Driven Upside

Billy Ibrahim Djaya

CPIN delivered strong 9M25 earnings driven by recovering downstream pricing. Net profit surged to IDR 3.4 trillion (+41.1% YoY), comfortably exceeding expectations, despite modest revenue growth of IDR 50.6 trillion (+1.8% YoY). 9M25 marked a clear turning point, driven by a rebound in average selling prices across the value chain, particularly in the DOC segment (+42.0% QoQ) and the broiler segment (+22.0% QoQ) during 3Q25. Government initiatives, including the Free Nutritious Meal (MBG) program, supported domestic demand and enabled these previously loss-making segments to recover, jointly contributing more than 75% of total operating profit. Meanwhile, the Feed segment provided earnings stability, generating revenue of IDR 14.4 trillion (+20.2% YoY) and sustaining a strong GPM of 19.6% (vs. 6.2% in 9M24), effectively offsetting volatility in Broiler and Processed Chicken sales. Cost discipline further supported margins, with COGS declining -0.5% YoY despite higher corn prices. As a result, overall GPM and OPM improved to 15.9% and 9.8% in 9M25, respectively (vs. 14.0% and 7.3% in 9M24). With DOC prices normalized and broiler profitability restored, CPIN is well positioned to benefit from a recovery in domestic poultry demand.

Government support and lower feed costs anchor CPIN's resilience. The MBG program budget is set to increase to IDR 335 trillion in 2026, targeting 82.9 million beneficiaries and establishing a stable demand floor. Combined with projected social assistance of IDR 30 trillion, domestic protein consumption is expected to remain elevated, providing CPIN with a dependable volume base to optimize feed and processed food utilization. Broiler prices recovered to IDR 19,922/kg in 3Q25, while easing global feed costs and a stable soybean meal environment are expected to support further margin expansion. CPIN's vertically integrated business model enables the company to manage live bird price volatility effectively, preserving feed and DOC margins. This structure limits downside risk while allowing CPIN to capture upside from improving consumer purchasing power.

FY26F earnings to outpace revenue growth. Revenue is projected to reach IDR 77.0 trillion (+7.8% YoY), driven by MBG-related volume gains. Net profit is forecast at IDR 5.2 trillion (+10.5% YoY), translating into EPS of IDR 318 per share. Profitability is expected to remain solid, with GPM projected at 15.4% (IDR 11.9 trillion), OPM at 9.6% (IDR 7.4 trillion), and NPM at 6.8%. These improvements reflect scalable cost structures and operational efficiencies, enabling bottom-line growth to outpace revenue growth.

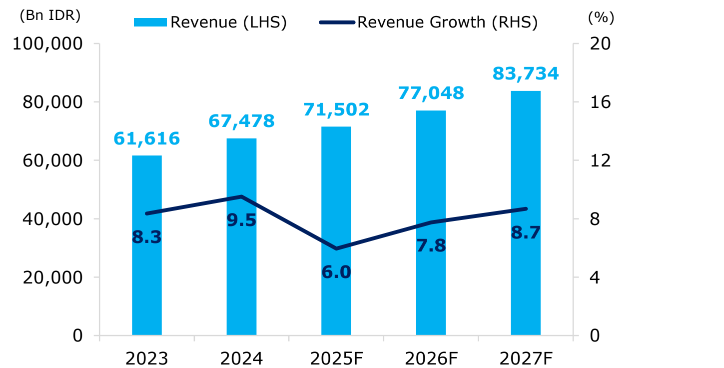
CPIN is securing upstream capacity to meet rising demand and mitigate supply risk. The acquisition of breeding facilities from PT Istana Satwa Borneo for IDR 454 billion secures DOC supply for 2026, while the Cikande facility remains fully operational and unaffected by previous contamination issues. With expanded capacity and controlled operational risks, CPIN can now focus on execution and logistics to achieve ambitious government food security targets.

Valuation. We maintain a positive view on CPIN, supported by strong 9M25 earnings momentum, stable domestic poultry demand backed by the MBG program, and a vertically integrated business model that mitigates input cost volatility. The company is well-positioned to benefit from recovering broiler and DOC prices while leveraging the stability of its Feed segment, driving both top-line growth and accelerated bottom-line expansion in FY26F. We reaffirm our Buy rating with a target price of IDR 5,700, implying a FY26F P/E of 17.9x, or -0.5 standard deviation from its five-year historical average.

Current Price (IDR) (31/1)	4,430
Target price (IDR)	**5,700**
Upside/Downside (%)	28.7%
52 Week High (IDR)	5,375
52 Week Low (IDR)	3,850
Major Shareholders:	
Charoen Pokphand Indonesia	55.53%
UBS AG	5.98%
Public	38.49%

Year To Dec.	**Revenue** (Bn IDR)	**NP** (Bn IDR)	**EPS** (IDR)	**PER** (x)	**PBV** (x)
2023	61,616	2,319	141	35.5	3.0
2024	67,478	3,713	226	21.0	2.6
2025F	71,502	4,720	288	20.5	2.8
2026F	77,048	5,214	318	18.6	2.5
2027F	83,734	5,818	355	16.6	2.2

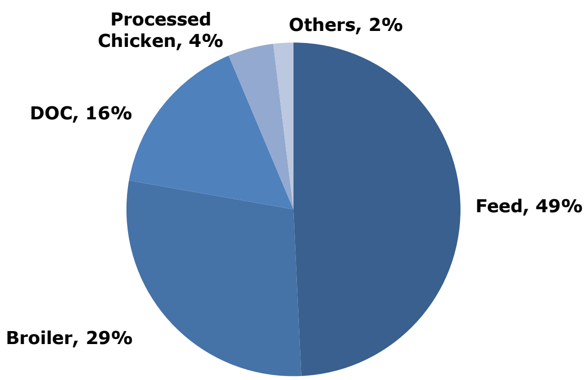
CPIN's Revenue Projection



Source: Company, Shinhan Sekuritas Indonesia

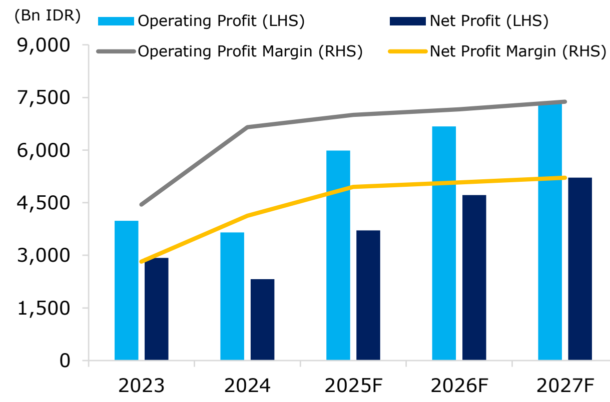
CPIN: Leverages Integration to Capture Policy-Driven Upside

CPIN's Revenue Breakdown in 9M25



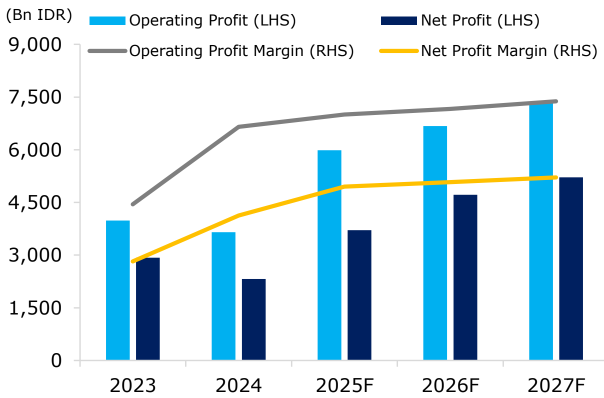
Source: Company, Shinhan Sekuritas Indonesia

CPIN's Operating and Net Profit Projection



Source: Company, Shinhan Sekuritas Indonesia

CPIN's Profitability Trend



Source: Company, Shinhan Sekuritas Indonesia

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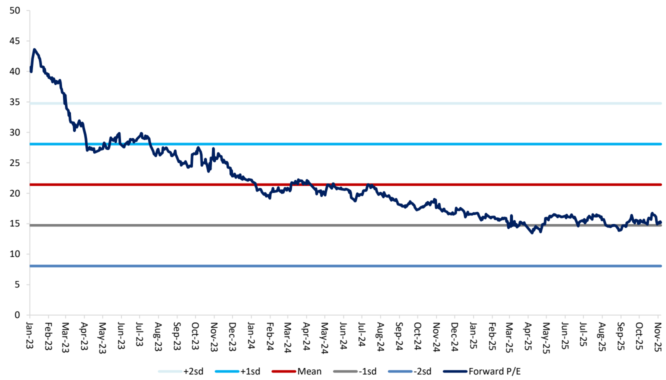


Source: Company, Shinhan Sekuritas Indonesia

CPIN: Leverages Integration to Capture Policy-Driven Upside

Shinhan

Income statement

Year-end 31 Dec (Rp bn)	2023	2024	2025F	2026F	2027F
Sales	**61,616**	**67,478**	**71,502**	**77,048**	**83,734**
COGS	-53,341	-57,058	-60,488	-65,156	-70,412
Gross Profit	8,275	10,420	11,014	11,892	13,322
EBITDA	**4,871**	**7,383**	**8,024**	**8,742**	**9,659**
Operating Expense	4,620	4,433	4,338	4,532	5,080
Operating Profit	**3,655**	**5,987**	**6,677**	**7,359**	**8,242**
Pre-Tax Profit	2,997	5,256	6,049	6,682	7,456
Income Tax - Net	-679	-1,545	-1,331	-1,470	-1,640
Net Profit	**2,319**	**3,713**	**4,720**	**5,214**	**5,818**
EPS (Rp)	141	226	288	318	355

Source: Company, Shinhan Sekuritas Indonesia

Cashflow analysis

Year-end 31 Dec (Rp bn)	2023	2024	2025F	2026F	2027F
CFs from Operation					
Net Profit	2,319	3,713	4,720	5,214	5,818
Change in Working Capitals	828	-125	-986	-1,211	-1,901
CFs from Operation	**3,146**	**3,588**	**3,734**	**4,003**	**3,917**
CFs from Investments	**-1,376**	**-105**	**-355**	**-390**	**-421**
CFs from Financing Activities	**-1,219**	**-1,392**	**-1,194**	**-795**	**-1,039**
Net Inc./(Dec.) in Cash	286	2,091	2,185	2,818	2,457
Cash at End Period	**2,328**	**4,446**	**6,632**	**9,449**	**11,906**

Source: Company, Shinhan Sekuritas Indonesia

Balance sheet

Year-end 31 Dec (Rp bn)	2023	2024	2025F	2026F	2027F
Assets					
Cash and Equivalent	2,328	4,446	6,632	9,449	11,906
Receivables	1,827	2,182	2,335	2,541	2,844
Inventories	13,594	14,087	15,084	16,410	18,266
Others	576	624	748	777	842
Total Current Assets	**18,325**	**21,340**	**24,798**	**29,178**	**33,858**
Net Fixed Assets	17,690	16,928	17,530	18,133	18,735
Other Assets	4,956	4,523	4,129	3,769	3,440
Total Assets	**40,971**	**42,791**	**46,457**	**51,079**	**56,034**
Liabilities and Equities					
Payables	2,886	2,420	2,514	2,654	2,753
Other Short-Term Liabilities	8,238	6,170	6,202	6,809	7,242
Total Current Liabilities	**11,124**	**8,590**	**8,716**	**9,462**	**9,995**
LT. Debt	1,841	2,794	2,402	2,065	1,775
Other Long Term Liabilities	978	1,119	1,119	1,119	1,119
Total Long-Term Liabilities	**2,818**	**3,913**	**3,521**	**3,184**	**2,894**
Total Liabilities	**13,942**	**12,502**	**12,236**	**12,646**	**12,889**
Minority Interest	16	15	15	15	15
Shareholders' Equity	**27,029**	**30,289**	**34,221**	**38,433**	**43,145**
BVPS (Rp)	1,648	1,847	2,087	2,344	2,631

Source: Company, Shinhan Sekuritas Indonesia

Key ratio analysis

Year-end 31 Dec (Rp bn)	2023	2024	2025F	2026F	2027F
Profitability					
Gross Margin	13.4%	15.4%	15.4%	15.4%	15.9%
Operating Margin	5.9%	8.9%	9.3%	9.6%	9.8%
EBITDA Margin	7.9%	10.9%	11.2%	11.3%	11.5%
Net Income Margin	3.8%	5.5%	6.6%	6.8%	6.9%
ROAA	5.7%	8.7%	10.2%	10.2%	10.4%
ROAE	8.6%	12.3%	13.8%	13.6%	13.5%
Growth					
Revenue	8.3%	9.5%	6.0%	7.8%	8.7%
Operating Profit	-8.3%	63.8%	11.5%	10.2%	12.0%
EBITDA	-5.0%	51.6%	8.7%	8.9%	10.5%
Net Income	-20.8%	60.1%	27.1%	10.5%	11.6%
Solvability					
Current Ratio (x)	1.6	2.5	2.8	3.1	3.4
Quick Ratio (x)	0.4	0.8	1.1	1.3	1.6
Debt to Equity (x)	0.5	0.4	0.4	0.3	0.3
Interest Coverage (x)	5.2	8.2	10.1	10.6	10.3

Source: Company, Shinhan Sekuritas Indonesia

PT Japfa Comfeed Indonesia Tbk (JPFA)

JPFA: Momentum Builds as Strategy Takes Hold

Billy Ibrahim Djaya

3Q25 margin expansion drives turnaround. The company posted a net profit of IDR 2.4 trillion in 9M25, up 15.2% YoY, supported by operating margin expansion in 3Q25 to 11.4% (vs. 8.3% in 3Q24) and an improved gross margin of 22.0% (vs. 19.0% in 3Q24), despite operating expenses rising 11.4% due to targeted sales and distribution initiatives. 3Q25 marked a clear turning point, with net profit surging to IDR 1.2 trillion (+112.1% QoQ) as sequential revenue climbed to IDR 15.6 trillion (+18.8% QoQ). This growth was driven by a favorable supply-demand imbalance that lifted broiler prices by 22.0% QoQ and DOC prices by 42.0% QoQ. Segment performance showed notable divergence. DOC operating profit rebounded sharply to IDR 436 billion (+15.6% YoY), while the Commercial Farm segment experienced margin compression to 19.3% in 3Q25 (vs. 21.8% in 2Q25), as rising corn costs partially offset lower soybean meal prices, highlighting upstream sensitivity to input volatility. The Consumer Products division reinforced structural earnings quality, with processing revenue increasing to IDR 7.5 trillion (+19.2% YoY), helping absorb higher operating expenses of IDR 4.8 trillion (+11.4% YoY) and mitigating downstream volatility. Lower financial costs also supported net profit margin expansion to 7.5% in 3Q25 and 5.6% in 9M25. Going forward, continued government supply discipline, including culling programs and tighter GPS imports, along with the MBG program providing a domestic demand floor, is expected to sustain profitability. Persistent raw material volatility in the Feed segment remains a key risk, but overall, JPFA is well-positioned to maintain earnings momentum into early 2026.

Supply-side discipline supports stable pricing and margin resilience heading into 2026. Although GPS import quotas may rise by 5%–10%, production lags and government interventions, including ongoing culling programs and previously reduced GPS imports, have effectively reset the supply baseline. For JPFA, this supportive environment is expected to keep average selling prices well above production costs, reducing the severe price volatility that has historically limited valuation multiples and earnings visibility.

JPFA's downstream 2030 strategy is reshaping earnings quality and reducing cyclicality. The company targets increasing downstream contributions to over 30.0% by 2030, up from approximately 11.4% currently, signaling a strategic shift toward a higher-margin, brand-driven business model. Expansion into processed food, supported by Regulation No. 10/2024 which favors integrated slaughterhouse operations, allows JPFA to capture value that was previously lost to third-party traders. Additionally, the planned refinancing of US Dollar-denominated bonds into Rupiah loans will better align liabilities with domestic revenue, significantly reducing foreign exchange exposure and enhancing financial stability.

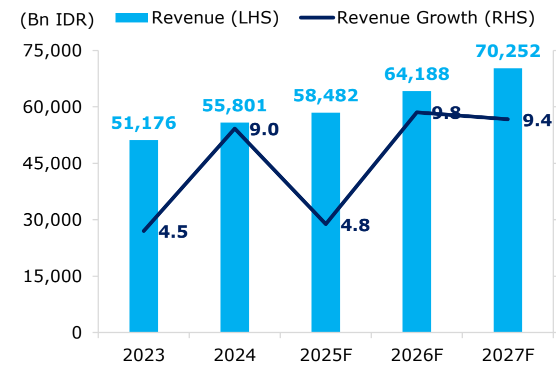
Volume gains and higher-value products to drive strong growth. We forecast FY26F revenue of IDR 64.2 trillion (+9.8% YoY), supported by MBG-related volume gains and stable broiler prices. EBITDA is projected at IDR 7.3 trillion, implying an 11.4% margin, while net profit is expected to rise to IDR 4.1 trillion (+15.6% YoY), translating into EPS of IDR 350 per share. Gross margins are expected to expand to 20.8% in FY25F and 21.5% in FY26F, driven by operating leverage and a higher share of value-added processed products, further reinforcing the structural quality of earnings.

Valuation. We maintain our Buy rating on JPFA with a target price of IDR 3,200, implying a FY26F P/E of 9.1x, or +1.5 standard deviations above its 5-year historical average. JPFA presents an attractive entry point, supported by structural earnings improvements from downstream expansion, stable MBG-driven domestic demand, and disciplined upstream management that helps mitigate raw material volatility. Key upside drivers include sustained broiler and DOC prices, favorable feed cost trends, and continued execution of the downstream strategy for 2030. Key risks to our call include exposure to corn and soybean price fluctuations, weaker-than-expected consumption growth, and potential delays in government programs affecting domestic poultry demand.

Current Price (IDR) (31/1)	2,770
Target price (IDR)	**3,200**
Upside/Downside (%)	15.5%
52 Week High (IDR)	2,970
52 Week Low (IDR)	1,415
Major Shareholders:	
Japfa Ltd	55.43%
Public	43.71%

Year To Dec.	Revenue (Bn IDR)	NP (Bn IDR)	EPS (IDR)	PER (x)	PBV (x)
2023	51,176	930	80	14.8	1.0
2024	55,801	3,019	260	7.5	1.4
2025F	58,482	3,524	303	8.6	1.5
2026F	64,188	4,075	350	9.2	1.6
2027F	70,252	4,548	391	8.3	1.3

JPFA's Revenue Projection

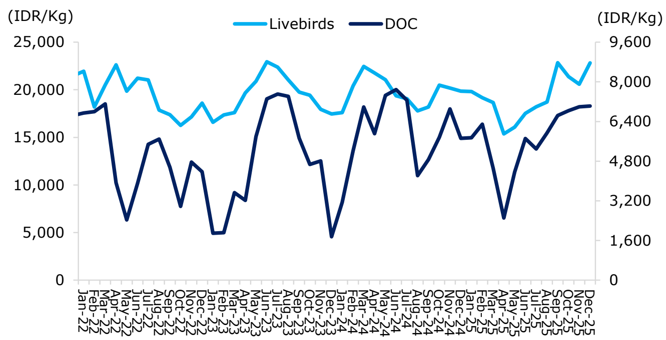


Source: Company, Shinhan Sekuritas Indonesia

JPFA: Momentum Builds as Strategy Takes Hold

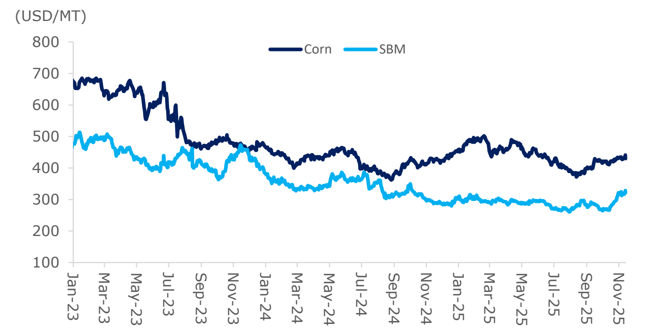
Shinhan

Livebirds and DOC Monthly Avg. Prices in West Java



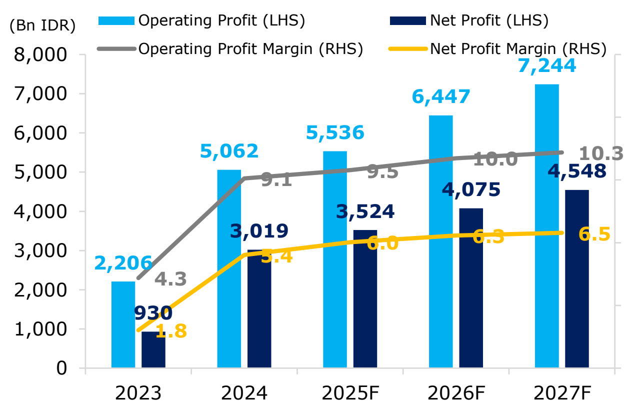
Source: Company, Shinhan Sekuritas Indonesia

Corn and Soybean Meal Price Trend



Source: Company, Shinhan Sekuritas Indonesia

JPFA's Net Profit Projection



Source: Company, Shinhan Sekuritas Indonesia

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Source: Company, Shinhan Sekuritas Indonesia

JPFA: Momentum Builds as Strategy Takes Hold

Shinhan

Income statement

Year-end 31 Dec (Rp bn)	2023	2024	2025F	2026F	2027F
Sales	**51,176**	**55,801**	**58,482**	**64,188**	**70,252**
COGS	43,665	44,583	46,336	50,404	55,017
Gross Profit	7,511	11,218	12,145	13,784	15,235
EBITDA	**3,215**	**6,123**	**6,338**	**7,294**	**8,137**
Operating Expense	-5,247	-6,005	-6,583	-7,338	-7,918
Operating Profit	**2,264**	**5,213**	**5,562**	**6,446**	**7,318**
Pre-Tax Profit	1,261	4,241	4,767	5,473	6,103
Income Tax - Net	-315	-1,029	-1,049	-1,204	-1,343
Net Profit	**930**	**3,019**	**3,524**	**4,075**	**4,548**
EPS (Rp)	80	260	303	350	391

Source: Company, Shinhan Sekuritas Indonesia

Cashflow analysis

Year-end 31 Dec (Rp bn)	2023	2024	2025F	2026F	2027F
CFs from Operation					
Net Profit	930	3,019	3,524	4,075	4,548
Change in Working Capitals	1,442	1,041	364	-929	-703
CFs from Operation	**2,372**	**4,060**	**3,888**	**3,146**	**3,845**
CFs from Investments	**-2,104**	**-1,489**	**-1,593**	**-1,610**	**-1,729**
CFs from Financing Activities	**-556**	**-2,742**	**-729**	**-672**	**-1,020**
Net Inc./(Dec.) in Cash	-288	-171	1,566	864	1,095
Cash at End Period	**1,503**	**1,354**	**2,920**	**3,783**	**4,879**

Source: Company, Shinhan Sekuritas Indonesia

Balance sheet

Year-end 31 Dec (Rp bn)	2023	2024	2025F	2026F	2027F
Assets					
Cash and Equivalent	1,503	1,354	2,920	3,783	4,879
Receivables	2,586	2,761	2,975	3,341	3,700
Inventories	12,877	12,761	12,900	14,619	16,433
Others	253	293	391	363	385
Total Current Assets	**17,218**	**17,169**	**19,185**	**22,106**	**25,396**
Net Fixed Assets	13,395	13,754	14,451	15,104	15,711
Other Assets	3,496	3,743	3,836	3,946	4,175
Total Assets	**34,109**	**34,666**	**37,473**	**41,156**	**45,282**
Liabilities and Equities					
Payables	4,891	4,636	4,793	4,997	5,497
Other Short-Term Liabilities	5,793	4,659	4,849	5,165	5,027
Total Current Liabilities	**10,684**	**9,296**	**9,642**	**10,162**	**10,523**
LT. Debt	7,927	7,471	6,407	5,495	4,713
Other Long Term Liabilities	1,332	1,327	1,327	1,327	1,327
Total Long-Term Liabilities	**9,258**	**8,798**	**7,735**	**6,822**	**6,040**
Total Liabilities	**19,942**	**18,094**	**17,376**	**16,985**	**16,563**
Minority Interest	941	1,096	1,096	1,096	1,096
Shareholders' Equity	**14,167**	**16,573**	**20,097**	**24,171**	**28,719**
BVPS (Rp)	1,218	1,425	1,728	2,079	2,470

Source: Company, Shinhan Sekuritas Indonesia

Key ratio analysis

Year-end 31 Dec (Rp bn)	2023	2024	2025F	2026F	2027F
Profitability					
Gross Margin	14.7%	20.1%	20.8%	21.5%	21.7%
Operating Margin	4.4%	9.3%	9.5%	10.0%	10.4%
EBITDA Margin	6.3%	11.0%	10.8%	11.4%	11.6%
Net Income Margin	1.8%	5.4%	6.0%	6.3%	6.5%
ROAA	2.8%	8.8%	9.8%	10.4%	10.5%
ROAE	6.7%	19.6%	19.2%	18.4%	17.2%
Growth					
Revenue	4.5%	9.0%	4.8%	9.8%	9.4%
Operating Profit	-19.2%	130.3%	6.7%	15.9%	13.5%
EBITDA	-13.1%	90.5%	3.5%	15.1%	11.6%
Net Income	-34.5%	224.7%	16.7%	15.6%	11.6%
Solvability					
Current Ratio (x)	1.6	1.8	2.0	2.2	2.4
Quick Ratio (x)	0.4	0.5	0.7	0.7	0.9
Debt to Equity (x)	0.9	0.6	0.5	0.4	0.3
Interest Coverage (x)	2.2	5.8	6.7	6.0	5.9

Source: Company, Shinhan Sekuritas Indonesia

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