

Bank Mandiri Tbk (BMRI)

Masih Membutuhkan Pembuktian

Company Report | Nov 6, 2018

Hold

Dec 2019 TP (IDR)	8,275
Consensus Price (IDR)	8,201
TP to Consensus Price	+0.9%
vs. Last Price	+12.2%

Shares data

Last Price (IDR)	7,375
Price date as of	Nov 5, 2018
52 wk range (Hi/Lo)	9,050 / 6,175
Free float (%)	40.0
Outstanding sh.(mn)	46,667
Market Cap (IDR bn)	344,167
Market Cap (USD mn)	22,969
Avg. Trd Vol - 3M (mn)	34.55
Avg. Trd Val - 3M (bn)	232.04
Foreign Ownership	22.2%

Finance

Bank

Bloomberg	BMRI IJ
Reuters	BMRI.JK

Pertumbuhan Interest Income: Masih Harus Menanti Tahun Depan

Pada 3Q18 BMRI mencetak *interest income* sebesar Rp20,7 triliun, tumbuh 2,7% y-y. Angka ini di bawah prakiraan kami sebelumnya sebesar Rp21,1 triliun. Sejak 3Q17 BMRI masih belum mampu lepas dari tren pertumbuhan datar *interest income* akibat belum pulihnya *loan yield*. Kami perkirakan pertumbuhan *interest income* tahun depan akan melonjak dua digit seiring terhentinya tren penurunan *loan yield*.

Ruang Akselerasi Pertumbuhan Laba Terbatas

Net interest income tercatat sebesar Rp13,9 triliun atau tumbuh 5,7% y-y. Pada 2019 pertumbuhan dapat lebih tinggi tetapi masih di bawah pertumbuhan *interest income*. BMRI masih mendapatkan tantangan, berupa kenaikan *interest expense* di tengah rasio LDR yang sulit untuk turun di bawah 90%. Dari sisi *bottom line*, tahun depan BMRI sulit untuk dapat mencapai pertumbuhan yang lebih tinggi dari 2018. Kinerja 2018 masih dipengaruhi penurunan beban provisi yang sulit terulang pada 2019.

Pertumbuhan Kredit Mencapai Puncaknya

BMRI membukukan penyaluran kredit sebesar Rp781,1 triliun, atau tumbuh 13,1% y-y. Akselerasi pertumbuhan kredit ditopang oleh segmen korporasi yang tercatat tumbuh 28,7% menjadi Rp305,2 triliun. Namun, secara kuartalan segmen korporasi hanya tumbuh 1,7% yang menandakan mulai mengecilnya ruang ekspansi segmen ini. Pada 2019 penyaluran kredit BMRI diperkirakan *flat* di kisaran 11%. BMRI akan menggenjot segmen non korporasi terutama segmen mikro dan konsumen.

Target Harga Rp8.275

Kami menetapkan target harga sebesar Rp8.275 untuk Desember 2019. Target harga ini mengimplikasikan P/B 2019E sebesar 2,0x. Saat ini BMRI diperdagangkan pada P/B 2018E sebesar 1,9x.

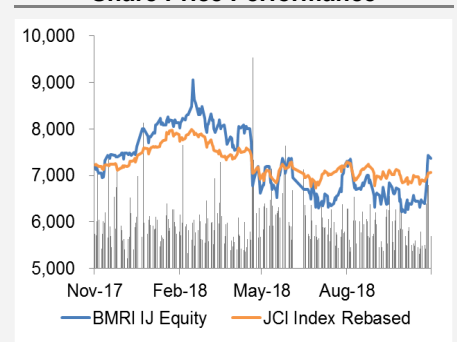
Bank Mandiri Tbk | Summary (IDR bn)

	2017	2018E	2019F	2020F
Interest Income	79,502	80,960	90,535	101,379
<i>Interest Income growth</i>	3.6%	1.8%	11.8%	12.0%
Operating Revenue	78,135	81,863	86,658	95,459
Net profit	20,640	24,041	26,799	30,211
EPS (IDR)	442	515	574	647
<i>EPS growth</i>	49.7%	16.5%	11.5%	12.7%
BVPS (IDR)	3,643	3,912	4,207	4,548
Net Interest Margin	5.3%	5.2%	5.1%	5.1%
Loan/Deposits	88.5%	91.1%	90.5%	89.6%
NPL	3.5%	3.0%	2.8%	2.8%
ROE	12.8%	13.6%	14.1%	14.8%
ROA	1.9%	2.0%	2.1%	2.1%
P/E	18.1x	14.3x	12.8x	11.4x
P/BV	2.2x	1.9x	1.8x	1.6x
P/Op. Revenue	4.8x	4.2x	4.0x	3.6x
DPS (IDR)	199	232	258	291
<i>Dividend yield</i>	2.5%	3.1%	3.5%	4.0%

Source: Company Data, Bloomberg, NHKS Research

Please consider the rating criteria & important disclaimer

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-7.8%	17.5%	1.0%	2.1%
Rel. Ret.	-1.0%	14.2%	4.0%	4.2%

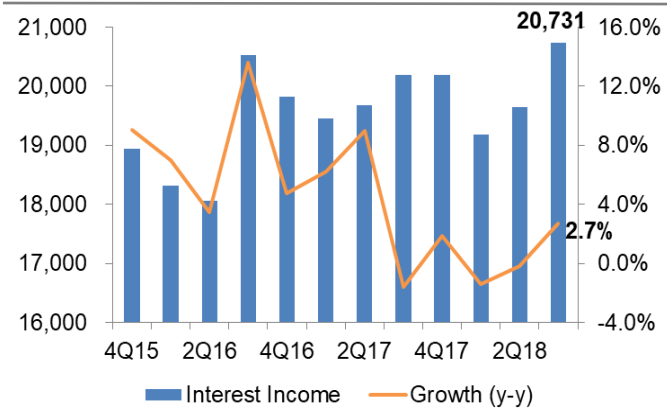
Raphon Prima

+62 21 797 6202, ext:214

raphon@nhsec.co.id

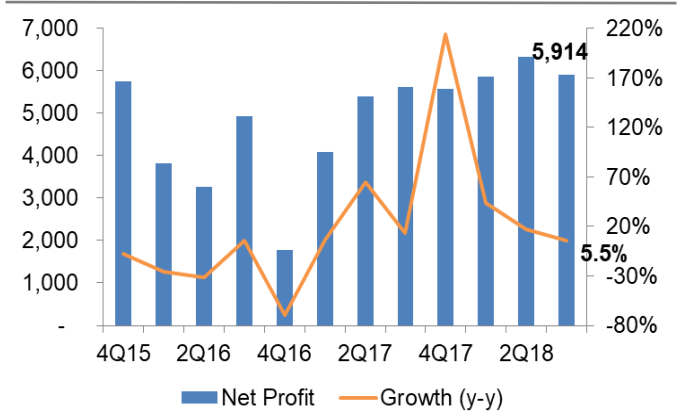
Performance Highlights

Interest Income (IDR bn) | 4Q15 - 3Q18



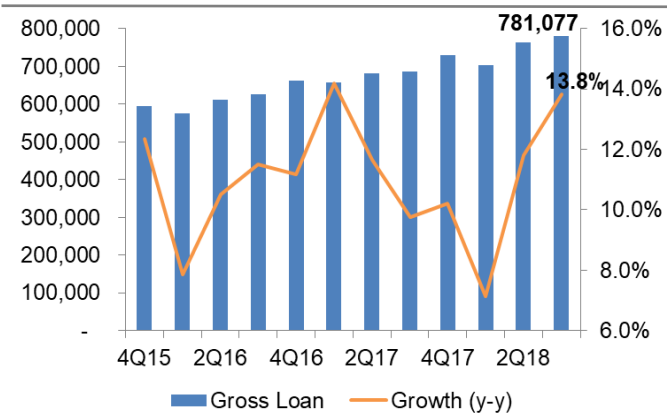
Source: Company, NHKS Research

Net Profit (IDR bn) | 4Q15 - 3Q18



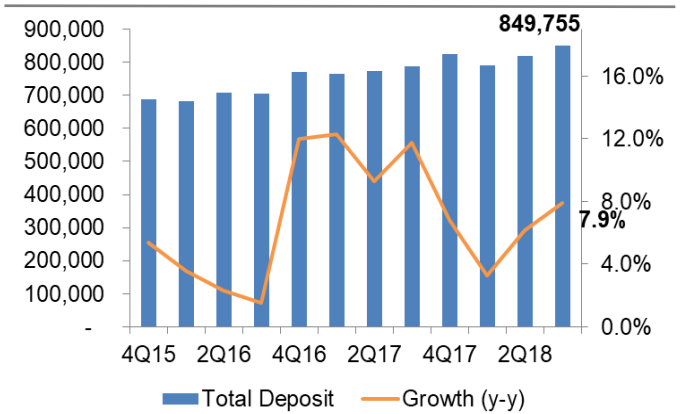
Source: Company, NHKS Research

Gross Loan (IDR bn) | 4Q15 - 3Q18



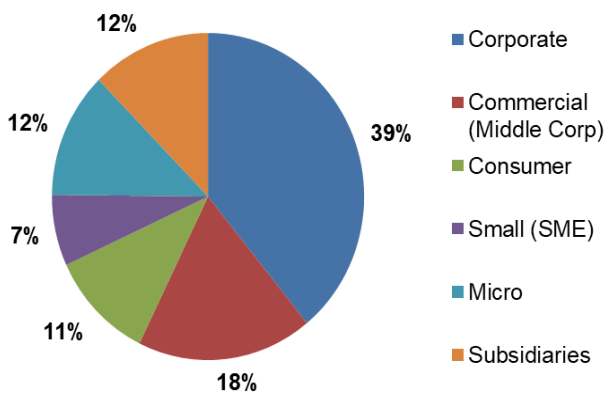
Source: Company, NHKS Research

Deposit (IDR bn) | 4Q15 - 3Q18



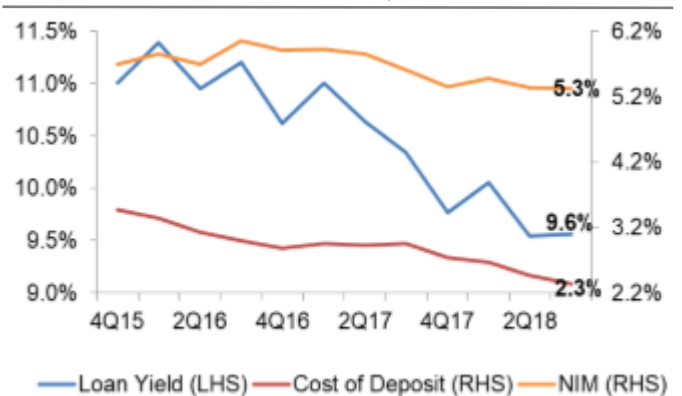
Source: Company, NHKS Research

Loan Composition



Source: Company, NHKS Research

Loan Yield, Cost of Deposit, NIM | 4Q15 - 3Q18



Source: Company, NHKS Research

3Q18 review (IDR bn)

	3Q17	4Q17	1Q18	2Q18	3Q18					4Q18E
					Actual	Estimate	y-y	q-q	surprise	
Interest Income	20,183	20,193	19,174	19,649	20,731	21,135	2.7%	5.5%	-1.9%	21,405
Interest Expense	(7,031)	(6,705)	(5,951)	(6,308)	(6,824)	(8,102)	-3.0%	8.2%	-15.8%	(7,219)
Net Interest Income	13,152	13,488	13,224	13,341	13,908	13,033	5.7%	4.3%	6.7%	14,186
Operating Rev.	19,589	20,675	19,956	21,014	20,493	18,489	4.6%	-2.5%	10.8%	20,400
PPOP	10,338	10,972	11,546	12,076	10,934	10,008	5.8%	-9.5%	9.3%	10,826
Loan Loss Provision	(2,889)	(3,733)	(3,834)	(4,057)	(3,070)	(3,441)	6.3%	-24.3%	-10.8%	(3,065)
Net Profit	5,606	5,570	5,860	6,318	5,914	4,969	5.5%	-6.4%	19.0%	5,949

Source: Bloomberg, NHKS research

Earnings revision (IDR bn)

		2018E	2019F	2020F
Interest Income	Revised	80,960	90,535	101,379
	Previous	82,886	91,344	101,379
	Change	-2.3%	-0.9%	0.0%
Interest Expenses	Revised	(26,302)	(30,861)	(35,558)
	Previous	(28,866)	(32,254)	- 35,558
	Change	-8.9%	-4.3%	0.0%
Net Interest Income	Revised	54,659	59,674	65,821
	Previous	54,019	59,090	65,821
	Change	1.2%	1.0%	0.0%
Operating Revenue	Revised	81,863	86,658	95,459
	Previous	78,861	82,888	95,459
	Change	3.8%	4.5%	0.0%
Pre-Provisioning OP	Revised	45,382	48,927	53,726
	Previous	44,573	48,002	53,726
	Change	1.8%	1.9%	0.0%
Loan Loss Provision	Revised	(14,026)	(13,971)	(14,318)
	Previous	(14,679)	(14,687)	(14,318)
	Change	-4.4%	-4.9%	0.0%
Net Profit	Revised	24,041	26,799	30,211
	Previous	22,929	25,554	30,211
	Change	4.9%	4.9%	0.0%

Source: NHKS research

Sekilas Tentang BMRI

BMRI merupakan bank terbesar kedua di Indonesia setelah BBRI. BMRI merupakan bank nomor satu di Indonesia di segmen korporasi. Pada 2Q18, BMRI menyalurkan kredit sebesar Rp305 triliun ke segmen korporasi atau 39% dari total kredit.

BMRI terus berupaya tidak hanya memperkuat *client relationship* dengan nasabah korporasi tetapi juga meningkatkan kontribusi dari segmen konsumen dan mikro. Kontribusi segmen konsumen ditargetkan mencapai 19% pada 2020 dengan fokus di produk kredit KPR, otomotif, dan kredit berbasis *payroll*, terutama bagi karyawan dari perusahaan yang sudah menjadi nasabah korporasi BMRI.

Daya Saing Perbankan Indonesia di ASEAN

Industri perbankan di Indonesia menjadi prioritas investasi utama di ASEAN karena menawarkan suku bunga kredit yang lebih tinggi dibandingkan dengan suku bunga yang ditawarkan bank lain di ASEAN. Hal ini merupakan faktor utama keunggulan industri perbankan di Indonesia.

Bank di Indonesia masih mampu mempertahankan NIM di atas 5% meskipun sedang menghadapi tekanan penurunan suku bunga acuan oleh bank sentral. Keunggulan NIM ini mampu ditranslasikan menjadi ROE yang lebih tinggi.

ASEAN Banking Sector

Company	Market Cap (USD mn)	Asset (USD mn)	Int. Income LTM (USD mn)	Net Profit LTM (USD mn)	Net Profit Growth LTM	Net Margin	ROE LTM	P/E LTM	P/BV
Indonesia									
BMRI	22,969	82,772	5,229	1,701	40.3%	5.3%	14.2%	14.6x	2.0x
BBRI	27,454	82,886	7,056	2,298	15.2%	7.7%	19.3%	12.7x	2.3x
BBCA	40,619	55,219	3,486	1,796	11.9%	6.0%	18.4%	24.2x	4.2x
BBNI	9,844	52,203	3,385	1,071	8.1%	5.6%	15.1%	9.8x	1.4x
BBTN	1,695	19,235	1,483	234	8.5%	4.2%	14.9%	7.7x	1.1x
Singapore									
DBS	44,585	387,334	6,811	4,058	33.3%	1.9%	11.6%	11.3x	1.3x
UOB	29,900	268,287	7,275	2,938	20.6%	1.9%	11.7%	10.5x	1.2x
OCBC	35,014	340,370	7,366	3,423	21.1%	1.7%	11.7%	10.4x	1.1x
Malaysia									
CIMB	13,011	124,711	4,330	1,346	31.7%	2.5%	11.4%	9.5x	1.1x
Malayan Banking	24,790	188,433	4,326	1,962	6.3%	1.8%	11.2%	12.5x	1.4x
Hong Leong	5,233	56,880	1,204	468	26.6%	1.6%	11.1%	11.4x	1.2x
Thailand									
Bangkok Bank (Thailand)	12,501	94,446	3,100	1,105	9.0%	2.4%	9.0%	11.5x	1.0x
Siam Commercial	14,516	92,841	1,305	1,305	-9.6%	3.3%	11.6%	11.4x	1.3x
Bank of Ayudhya	9,033	64,128	754	754	7.5%	3.8%	10.7%	12.3x	1.3x
Philippine									
BDO Unibank (Philippine)	10,109	53,371	2,083	561	7.2%	4.1%	9.7%	18.8x	1.8x
Metropolitan Bank	4,955	41,612	1,398	384	6.5%	3.8%	8.3%	11.2x	1.0x
Philippine Island Bank	7,024	38,084	1,242	423	3.2%	3.6%	10.5%	15.8x	1.6x

Source: Bloomberg

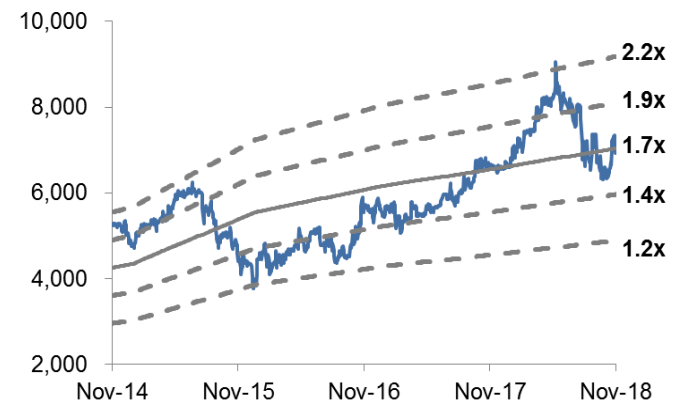
Multiple Valuation

Forward P/B band | Last 4 years



Source: NHKS research

Dynamic Forward P/E band | Last 3 years



Source: NHKS research

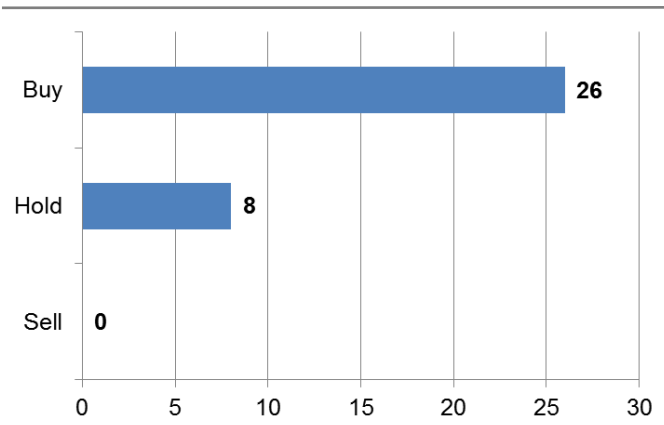
Rating and Target Price Update

Target Price Revision

Date	Rating	Target Price	Last Price	Consensus	vs Last Price	vs Consensus
02/22/2018	Buy	10,300 (Dec 2018)	8,800	8,407	+17.0%	+22.5%
08/20/2018	Hold	7,500 (Dec 2018)	6,700	8,171	+11.9%	-8.2%
11/06/2018	Hold	8,275 (Dec 2019)	7,375	8,201	+12.2%	+0.9%

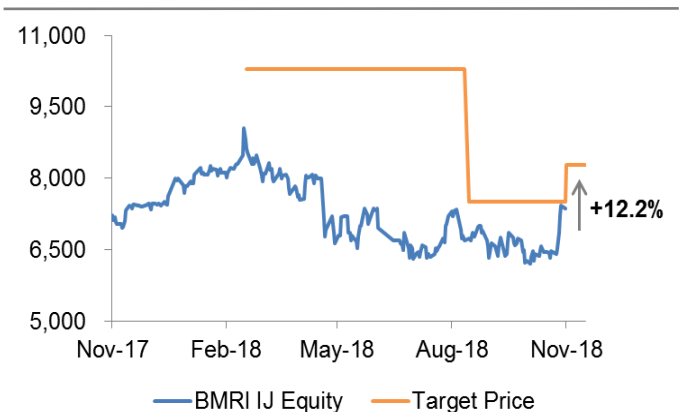
Source: NHKS research, Bloomberg

Analyst Coverage Rating



Source: Bloomberg

Closing and Target Price



Source: NHKS research

NH Korindo Sekuritas Indonesia (NHKS) stock ratings

1. Period: End of year target price
2. Rating system based on a stock's absolute return from the date of publication
 - Buy : Greater than +15%
 - Hold : -15% to +15%
 - Sell : Less than -15%

Summary of Financials

INCOME STATEMENT					PROFITABILITY & STABILITY				
(IDR bn)	2017/12A	2018/12E	2019/12F	2020/12E		2017/12A	2018/12E	2019/12F	2020/12E
Interest Income	79,502	80,960	90,535	101,379	ROE	12.8%	13.6%	14.1%	14.8%
<i>Growth (% y/y)</i>	3.6%	1.8%	11.8%	12.0%	ROA	1.9%	2.0%	2.1%	2.1%
Interest Expenses	(27,174)	(26,302)	(30,861)	(35,558)	Non-Int. Inc. /Op. Rev	33.0%	33.2%	31.1%	31.0%
Net Interest Income	52,327	54,659	59,674	65,821	Cost/Income	44.8%	44.6%	43.5%	43.7%
<i>Net Interest Margin</i>	5.3%	5.2%	5.1%	5.1%	Cash Dividend (IDR bn)	9,288	10,819	12,060	13,595
Net Fee Income	14,990	15,808	17,208	18,791	Dividend Yield (%)	2.5%	3.1%	3.5%	4.0%
Trading Income	3,950	4,212	4,551	5,046	Payout Ratio (%)	45.0%	45.0%	45.0%	45.0%
Other Operating Income	6,868	7,184	5,225	5,802	Loan/Deposits	88.5%	91.1%	90.5%	89.6%
Operating Revenue	78,135	81,863	86,658	95,459	Loan/Assets	64.9%	66.3%	66.2%	65.9%
Operating Expenses	(35,014)	(36,481)	(37,731)	(41,733)	NPL	3.5%	3.0%	2.8%	2.8%
Pre-provisioning OP	43,122	45,382	48,927	53,726	Loan Loss Res./Loan	4.7%	4.1%	3.8%	3.5%
Provision for Impairment	(15,952)	(14,026)	(13,971)	(14,318)	CASA/Deposits	66.2%	65.7%	66.2%	66.8%
EBT	27,157	31,433	35,040	39,501	Time Deposits/Deposits	33.8%	34.3%	33.8%	33.2%
Income Tax	(5,714)	(6,522)	(7,271)	(8,196)	Par Value (IDR)	250	250	250	250
Non-controlling Interest	(803)	(870)	(970)	(1,093)	Total Shares (mn)	46,667	46,667	46,667	46,667
Net Profit	20,640	24,041	26,799	30,211	Share Price (IDR)	8,000	7,375	7,375	7,375
<i>Growth (% y/y)</i>	49.7%	16.5%	11.5%	12.7%	Market Cap (IDR tn)	373.3	344.2	344.2	344.2

BALANCE SHEET					VALUATION INDEX				
(IDR bn)	2017/12A	2018/12E	2019/12F	2020/12E		2017/12A	2018/12E	2019/12F	2020/12E
Cash	24,269	27,935	28,892	32,367	Price /Earnings	18.1x	14.3x	12.8x	11.4x
Placement in Banks	137,119	119,654	132,875	147,060	Price /Book Value	2.2x	1.9x	1.8x	1.6x
Net Loans	695,432	779,319	868,558	964,230	Price/Op. Revenue	4.8x	4.2x	4.0x	3.6x
Investment	165,984	189,863	216,637	246,178	PE/EPS Growth	0.4x	0.9x	1.1x	0.9x
Fixed Asset	36,619	36,910	37,331	37,892	EV/Operating Revenue	0.6x	0.7x	0.8x	0.6x
Other Assets	65,279	72,209	78,813	88,609	EV/PPOP	1.1x	1.3x	1.4x	1.1x
Total Assets	1,124,701	1,225,890	1,363,105	1,516,337	EV (IDR bn)	46,073	59,850	66,200	61,037
Deposits	824,601	891,746	997,256	1,114,599	Op. Rev. CAGR (3-Yr)	11.2%	6.8%	5.2%	6.9%
Debt	52,739	71,340	79,780	89,168	EPS CAGR (3-Yr)	1.3%	5.7%	24.8%	13.5%
Other liabilities	77,355	80,257	89,753	100,314	Basic EPS (IDR)	442	515	574	647
Total Liabilities	954,695	1,043,342	1,166,789	1,304,081	Diluted EPS (IDR)	442	515	574	647
Capital Stock & APIC	28,983	28,983	28,983	28,983	BVPS (IDR)	3,643	3,912	4,207	4,548
Retained Earnings	111,358	126,111	142,092	160,243	Op. Revenue PS (IDR)	1,674	1,754	1,857	2,046
Shareholders' Equity	170,006	182,547	196,316	212,256	DPS (IDR)	199	232	258	291

CASH FLOW STATEMENT					OWNERSHIP			
(IDR bn)	2017/12A	2018/12E	2019/12F	2020/12E	By Geography	% Shareholders	%	
Operating Cash Flow	34,388	41,407	31,615	33,070	Indonesia	77.8	Republic of Indonesia	60.0
Investing Cash Flow	(87,382)	(116,906)	(131,578)	(142,055)	United States	12.9	Harris Associates	3.3
Financing Cash Flow	53,401	70,663	100,920	112,460	Luxembourg	2.2	BlackRock Inc	2.2
Net Changes in Cash	407	(4,835)	957	3,475	United Kingdom	2.0	Vanguard	1.4

DISCLAIMER

This report and any electronic access hereto are restricted and intended only for the clients and related entity of PT NH Korindo Sekuritas Indonesia. This report is only for information and recipient use. It is not reproduced, copied, or made available for others. Under no circumstances is it considered as a selling offer or solicitation of securities buying. Any recommendation contained herein may not suitable for all investors. Although the information here is obtained from reliable sources, its accuracy and completeness cannot be guaranteed. PT NH Korindo Sekuritas Indonesia, its affiliated companies, respective employees, and agents disclaim any responsibility and liability for claims, proceedings, action, losses, expenses, damages, or costs filed against or suffered by any person as a result of acting pursuant to the contents hereof. Neither is PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, nor agents liable for errors, omissions, misstatements, negligence, inaccuracy arising herefrom.

All rights reserved by PT NH Korindo Securities Indonesia