

# Bank Central Asia Tbk (BCA)

## Kinerja Cemerlang, Valuasi Premium

Company Report | Nov 14, 2018

# Buy

**Dec 2019 TP (IDR) 28,825**

Consensus Price (IDR)	25,201
TP to Consensus Price	+14.4%
vs. Last Price	+19.7%

### Shares data

Last Price (IDR)	24,075
Price date as of	Nov 13, 2018
52 wk range (Hi/Lo)	25,475 / 20,350
Free float (%)	43.1
Outstanding sh.(mn)	24,655
Market Cap (IDR bn)	592,337
Market Cap (USD mn)	40,085
Avg. Trd Vol - 3M (mn)	15.01
Avg. Trd Val - 3M (bn)	359.43
Foreign Ownership	27.1%

### Finance

#### Bank

Bloomberg	<b>BBCA IJ</b>
Reuters	<b>BBCA.JK</b>

### Kinerja yang Sangat Baik

*Interest income* BCA pada 3Q18 hanya tumbuh tipis 5,5%, namun *net interest income* mampu **tumbuh 9,2%**, **pertumbuhan tertinggi dalam 2 tahun terakhir**. Kinerja yang cemerlang ini, disertai dengan **lonjakan 31,1% pada non-interest income**, memungkinkan BCA untuk mencetak pertumbuhan laba bersih 12,4% menjadi Rp7,1 triliun.

### Kembalinya Momentum Pertumbuhan Kredit Segmen Konsumer

Pertumbuhan kredit BCA pada 3Q18 mampu tumbuh lebih tinggi. Total **kredit tercatat tumbuh 16,8% menjadi Rp523,1 triliun**. Segmen korporasi berhasil mencetak pertumbuhan fantastis sebesar 23,3% sedangkan segmen komersial dan UKM dapat mempertahankan pertumbuhan di kisaran 17%. **Segmen konsumer secara luar biasa berhasil tumbuh 9,0%, setelah pada kuartal sebelumnya hanya naik 2,9%**. Pemicu utama dari pemulihan segmen konsumer adalah pertumbuhan 9,4% pada produk KPR. Keberhasilan ini membuat kami yakin bahwa BCA dapat mempertahankan pertumbuhan kredit di atas 15% minimal hingga 2019.

### Kenaikan CASA Memicu Penurunan Interest Expenses

**BCA mampu mempertahankan CASA pada kisaran 77%-78%** dalam 3 kuartal terakhir. Pada 2017 CASA berada pada kisaran 745-76%. Perbaikan CASA langsung menghasilkan perbedaan yang signifikan pada *interest expenses*. Pada 3Q18 interest expenses tercatat sebesar Rp3,0 triliun, turun 7,7% y-y. Hal ini **kontras dengan tren kenaikan yang dialami kompetitor BCA**.

### Target Harga Rp28.825

Kami menetapkan target harga sebesar Rp28.825 untuk Desember 2019 dengan asumsi forward P/B 3,6x (1SD di atas rata-rata 4 tahun sebesar 3,2x). Target harga ini mengimplikasikan P/B 2019E sebesar 4,1x. Kinerja BCA yang luar biasa merupakan alasan valuasi BCA yang lebih mahal.

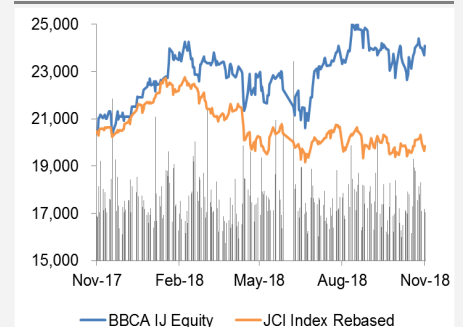
### Bank Central Asia Tbk | Summary (IDR bn)

	2017	2018E	2019F	2020F
Interest Income	53,768	56,388	64,608	74,878
<i>Interest Income growth</i>	6.6%	4.9%	14.6%	15.9%
Operating Revenue	(11,941)	(10,913)	(12,467)	(14,332)
Net profit	41,826	45,475	52,142	60,546
EPS (IDR)	945	1,038	1,206	1,414
<i>EPS growth</i>	13.1%	9.7%	16.2%	17.3%
BVPS (IDR)	5,330	6,032	6,948	8,018
Net Interest Margin	6.1%	6.0%	6.1%	6.3%
Loan/Deposits	82.0%	86.1%	87.5%	87.4%
NPL	1.5%	1.4%	1.4%	1.4%
ROE	19.1%	18.3%	18.6%	18.9%
ROA	3.3%	3.2%	3.4%	3.5%
P/E	23.2x	23.2x	20.0x	17.0x
P/BV	4.1x	4.0x	3.5x	3.0x
P/Op. Revenue	9.5x	9.5x	8.3x	7.1x
DPS (IDR)	255	280	325	381
<i>Dividend yield</i>	1.2%	1.2%	1.4%	1.6%

Source: Company Data, Bloomberg, NHKS Research

Please consider the rating criteria & important disclaimer

### Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	9.9%	3.5%	3.2%	17.6%
Rel. Ret.	18.1%	2.2%	3.7%	20.7%

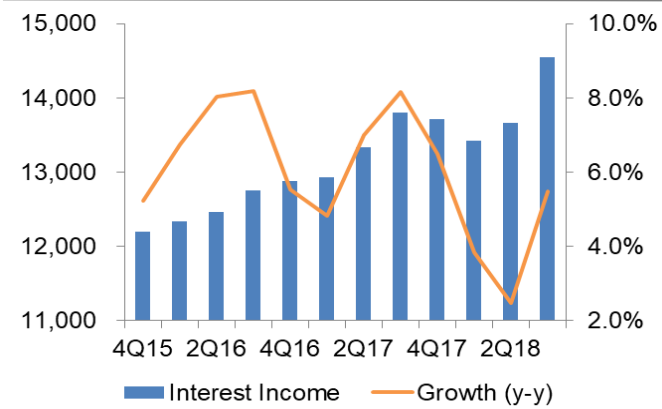
### Raphon Prima

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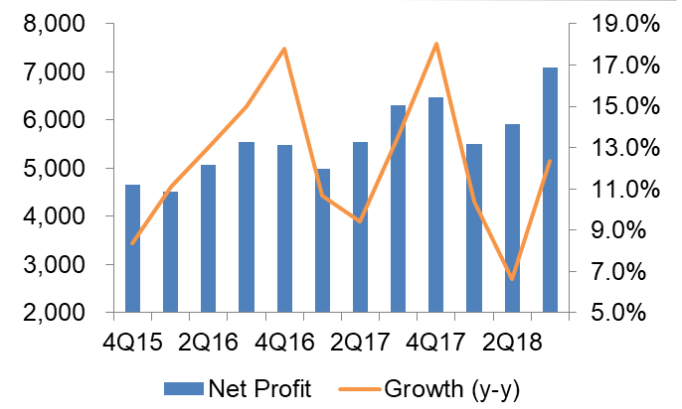
## Performance Highlights

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



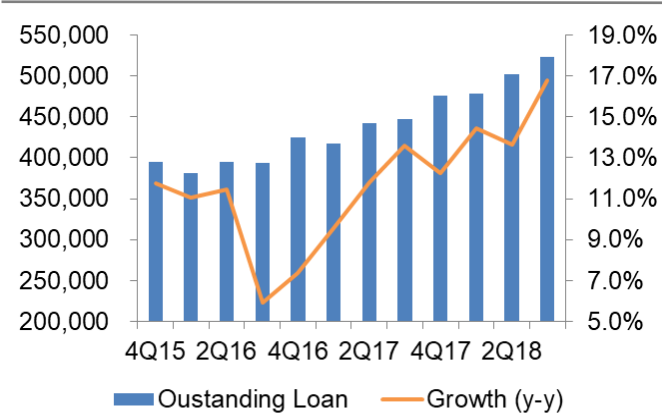
Source: Company, NHKS Research

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



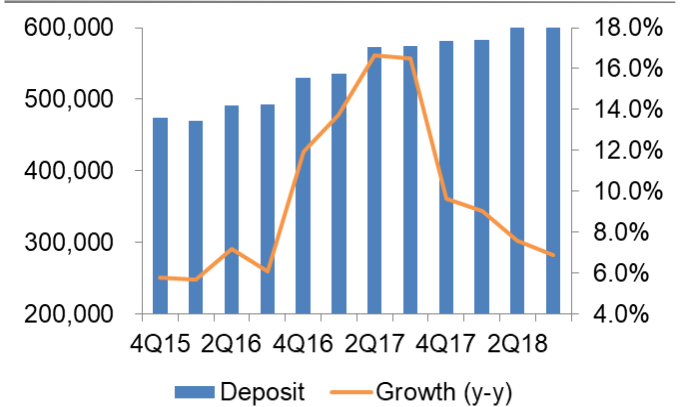
Source: Company, NHKS Research

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



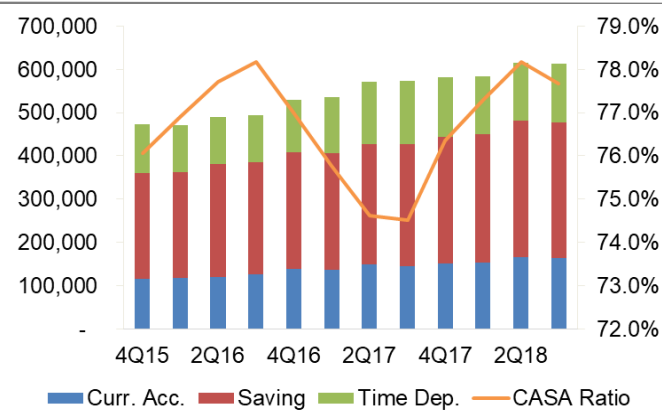
Source: Company, NHKS Research

Deposit (IDR bn) | 4Q15 - 3Q18



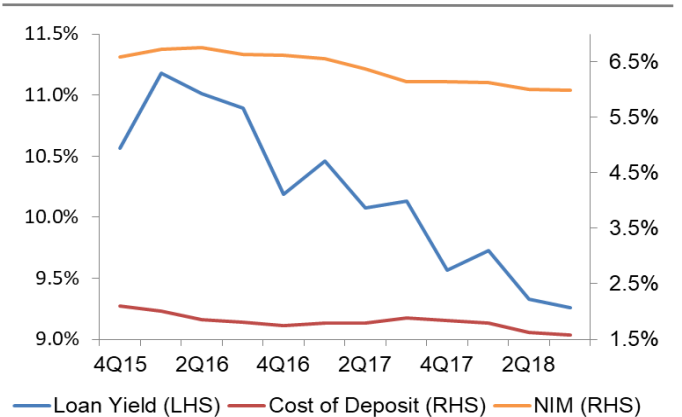
Source: Company, NHKS Research

Deposit Composition & CASA Ratio | 4Q15 - 3Q18



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	13,796	13,710	13,428	13,659	14,552	14,613	5.5%	6.5%	-0.4%	14,749
Interest Expense	(3,206)	(2,832)	(2,656)	(2,678)	(2,985)	(2,979)	-6.9%	11.4%	0.2%	(2,594)
Net Interest Income	10,591	10,879	10,772	10,981	11,567	11,634	9.2%	5.3%	-0.6%	12,155
Operating Rev.	14,301	15,261	14,676	14,825	16,432	15,771	14.9%	10.8%	4.2%	16,704
PPOP	8,762	8,855	7,079	8,075	9,905	9,575	13.0%	22.7%	3.5%	9,693
Loan Loss Provision	(894)		(188)	(638)	(921)	(891)	3.1%	44.5%	3.4%	(790)
<b>Net Profit</b>	<b>6,307</b>	<b>6,468</b>	<b>5,508</b>	<b>5,913</b>	<b>7,087</b>	<b>6,952</b>	<b>12.4%</b>	<b>19.9%</b>	<b>1.9%</b>	<b>7,072</b>

Source: Bloomberg, NHKS research

## Earnings revision (IDR bn)

		2018E	2019F	2020F
Interest Income	Revised	56,388	64,608	74,878
	Previous	56,689	66,367	74,878
	Change	-0.5%	-2.6%	0.0%
Interest Expenses	Revised	(10,913)	(12,467)	(14,332)
	Previous	(11,232)	(13,650)	(14,332)
	Change	-2.8%	-8.7%	0.0%
Net Interest Income	Revised	45,475	52,142	60,546
	Previous	45,458	52,717	60,546
	Change	0.0%	-1.1%	0.0%
Operating Revenue	Revised	62,638	71,508	83,215
	Previous	61,665	71,589	83,215
	Change	1.6%	-0.1%	0.0%
Pre-Provisioning OP	Revised	34,752	39,737	46,270
	Previous	34,148	39,644	46,270
	Change	1.8%	0.2%	0.0%
Loan Loss Provision	Revised	(2,537)	(2,411)	(2,508)
	Previous	(2,489)	(2,273)	(2,508)
	Change	1.9%	6.1%	0.0%
<b>Net Profit</b>	<b>Revised</b>	<b>25,580</b>	<b>29,731</b>	<b>34,869</b>
	<b>Previous</b>	<b>25,312</b>	<b>29,874</b>	<b>34,869</b>
	<b>Change</b>	<b>1.1%</b>	<b>-0.5%</b>	<b>0.0%</b>

Source: NHKS research

## BBCA at A Glance

BBCA merupakan bank swasta terbesar di Indonesia. Sekitar 39% dari total kredit BBCA disalurkan ke segmen korporasi. Kontribusi penyaluran kredit ke segmen ini mencatatkan kenaikan signifikan dari 35% pada 2014. Sementara itu, kontribusi penyaluran kredit ke segmen komersial dan UKM konsisten turun dari 39% pada 2014 menjadi 34% pada 2Q18.

Didukung oleh 1.235 cabang, BBCA memiliki jaringan distribusi yang cukup luas di Indonesia. Dari sisi dana pihak ketiga, produk tabungan memiliki kontribusi yang mencapai 51% dari total dana pihak ketiga. Tingginya kontribusi ini ditopang oleh fakta BBCA sebagai bank swasta utama yang dipilih masyarakat Indonesia untuk menabung.

### 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.

Mayoritas bank di Indonesia masih mampu mempertahankan NIM di atas 5% meskipun sedang menghadapi tekanan penurunan suku bunga kredit. 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
<b>BBCA</b>	40,085	55,219	3,486	1,796	11.9%	6.0%	18.4%	23.7x	4.1x
BBRI	28,380	82,886	7,056	2,298	15.2%	7.5%	19.3%	13.0x	2.4x
BMRI	22,659	82,772	5,229	1,701	40.3%	5.3%	14.2%	14.2x	1.9x
BBNI	10,222	52,203	3,385	1,071	8.1%	5.3%	15.1%	10.1x	1.5x
BBTN	1,634	19,235	1,483	234	8.5%	4.2%	14.9%	7.4x	1.0x
<b>Singapore</b>									
DBS	42,709	387,334	6,811	4,058	33.3%	1.9%	11.6%	10.9x	1.2x
UOB	28,996	268,287	7,275	2,938	20.6%	1.9%	11.7%	10.2x	1.2x
OCBC	34,122	340,370	7,366	3,423	21.1%	1.7%	11.7%	10.2x	1.1x
<b>Malaysia</b>									
CIMB	12,540	124,711	4,330	1,346	31.7%	2.5%	11.4%	9.2x	1.1x
Malayan Banking	24,149	188,433	4,326	1,962	6.3%	1.8%	11.2%	12.2x	1.4x
Hong Leong	5,165	56,880	1,204	468	26.6%	1.6%	11.1%	11.3x	1.2x
<b>Thailand</b>									
Bangkok Bank	12,235	94,446	3,100	1,105	9.0%	2.4%	9.0%	11.3x	1.0x
Siam Commercial	14,183	92,841	1,305	1,305	-9.6%	3.3%	11.6%	11.1x	1.3x
Bank of Ayudhya	8,882	64,128	754	754	7.5%	3.8%	10.7%	12.0x	1.2x
<b>Philippine</b>									
BDO Unibank	9,431	53,371	2,083	561	7.2%	4.1%	9.7%	17.5x	1.6x
Metropolitan Bank	5,018	41,612	1,398	384	6.5%	3.8%	8.3%	10.7x	1.0x
Philippine Island Bank	6,998	38,084	1,242	423	3.2%	3.6%	10.5%	15.7x	1.6x

Source: Bloomberg

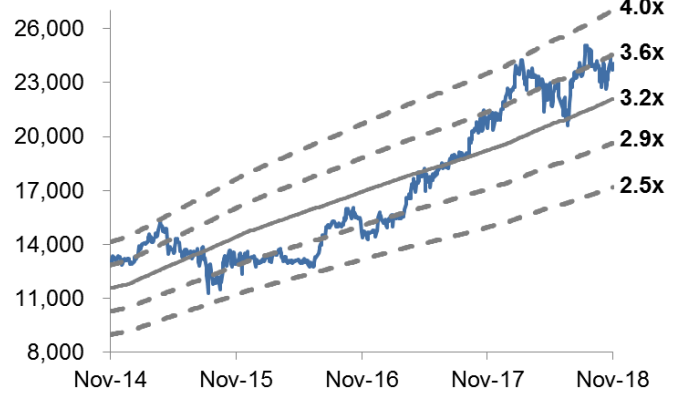
## Multiple Valuation

Forward P/B band | Last 4 years



Source: NHKS research

Dynamic Forward P/B band | Last 4 years



Source: NHKS research

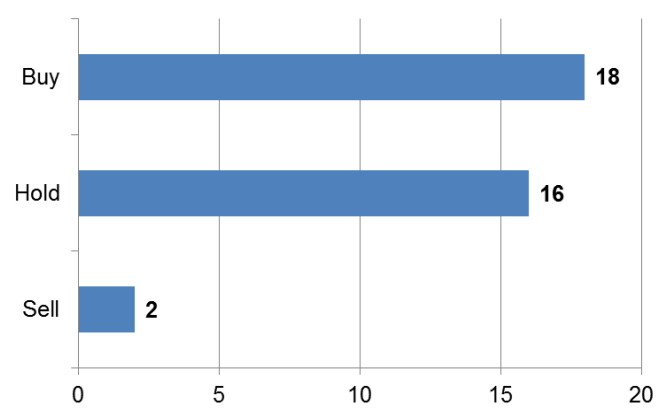
## Rating and Target Price Update

Target Price Revision

Date	Rating	Target Price	Last Price	Consensus	vs Last Price	vs Consensus
10/04/2017	Buy	24,100 (Dec 2018)	20,325	19,622	+18.6%	+22.8%
4/03/2018	Hold	24,975 (Dec 2018)	23,400	23,727	+6.7%	+5.3%
5/14/2018	Hold	25,400 (Dec 2018)	22,900	24,077	+10.9%	+5.5%
8/23/2018	Buy	27,650 (Dec 2018)	23,900	24,500	+15.7%	+12.9%
11/14/2018	Buy	28,825 (Dec 2019)	24,075	25,201	+19.7%	+14.4%

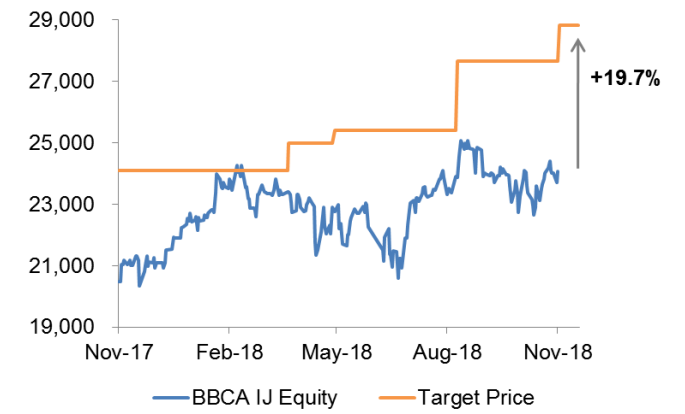
Source: NHKS research, Bloomberg

Analyst Coverage Rating



Source: Bloomberg

Closing and Target Price



Source: NHKS research

### NH Korindo Sekuritas Indonesia (NHKS) stock ratings

- Period: End of year target price
- 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
<b>Interest Income</b>	<b>53,768</b>	<b>56,388</b>	<b>64,608</b>	<b>74,878</b>	ROE	19.1%	18.3%	18.6%	18.9%
<i>Growth (% y/y)</i>	6.6%	4.9%	14.6%	15.9%	ROA	3.3%	3.2%	3.4%	3.5%
Interest Expenses	(11,941)	(10,913)	(12,467)	(14,332)	Non-Int. Inc. /Op. Rev	26.6%	27.4%	27.1%	27.2%
<b>Net Interest Income</b>	<b>41,826</b>	<b>45,475</b>	<b>52,142</b>	<b>60,546</b>	Cost/Income	44.2%	44.5%	44.4%	44.4%
<i>Net Interest Margin</i>	6.1%	6.0%	6.1%	6.3%	Cash Dividend (IDR bn)	6,287	6,899	8,019	9,405
Net Fee Income	10,386	11,749	13,472	15,643	Dividend Yield (%)	1.2%	1.2%	1.4%	1.6%
Trading Income	1,804	2,507	2,562	3,156	Payout Ratio (%)	27.0%	27.0%	27.0%	27.0%
Other Operating Income	2,966	2,907	3,333	3,870	Loan/Deposits	82.0%	86.1%	87.5%	87.4%
<b>Operating Revenue</b>	<b>56,982</b>	<b>62,638</b>	<b>71,508</b>	<b>83,215</b>	Loan/Assets	63.5%	66.1%	67.6%	67.8%
Operating Expenses	(25,190)	(27,886)	(31,771)	(36,945)	NPL	1.5%	1.4%	1.4%	1.4%
<b>Pre-provisioning OP</b>	<b>31,791</b>	<b>34,752</b>	<b>39,737</b>	<b>46,270</b>	Loan Loss Res./Loan	2.9%	2.6%	2.4%	2.3%
Provision for Impairment	(2,633)	(2,537)	(2,411)	(2,508)	CASA/Deposits	76.3%	77.0%	77.1%	77.5%
<b>EBT</b>	<b>29,159</b>	<b>32,215</b>	<b>37,326</b>	<b>43,763</b>	Time Deposits/Deposits	23.7%	23.0%	22.9%	22.5%
Income Tax	(5,838)	(6,632)	(7,581)	(8,881)	Par Value (IDR)	63	63	63	63
Non-controlling Interest	(11)	(4)	(15)	(14)	Total Shares (mn)	24,655	24,655	24,655	24,655
<b>Net Profit</b>	<b>23,310</b>	<b>25,580</b>	<b>29,731</b>	<b>34,869</b>	Share Price (IDR)	21,900	24,075	24,075	24,075
<i>Growth (% y/y)</i>	13.1%	9.7%	16.2%	17.3%	Market Cap (IDR tn)	539.9	593.6	593.6	593.6

BALANCE SHEET					VALUATION INDEX				
(IDR bn)	2017/12A	2018/12E	2019/12F	2020/12E		2017/12A	2018/12E	2019/12F	2020/12E
Cash	16,754	17,722	18,334	17,388	Price /Earnings	23.2x	23.2x	20.0x	17.0x
Placement in Banks	71,536	87,922	95,085	107,188	Price /Book Value	4.1x	4.0x	3.5x	3.0x
Net Loans	462,953	535,021	618,489	698,185	Price/Op. Revenue	9.5x	9.5x	8.3x	7.1x
Investment	146,365	134,481	146,023	164,954	PE/EPS Growth	1.8x	2.4x	1.2x	1.0x
Fixed Asset	16,869	16,750	17,744	17,861	EV/Operating Revenue	9.3x	9.3x	8.1x	7.0x
Other Assets	35,842	39,383	42,330	48,676	EV/PPOP	16.6x	16.7x	14.6x	12.5x
<b>Total Assets</b>	<b>750,320</b>	<b>831,279</b>	<b>938,006</b>	<b>1,054,252</b>	EV (IDR bn)	527,090	580,641	579,140	579,857
Deposits	591,330	649,393	737,542	831,569	Op. Rev. CAGR (3-Yr)	11.6%	9.4%	10.0%	13.5%
Debt	3,801	4,694	3,803	3,573	EPS CAGR (3-Yr)	12.2%	12.4%	13.0%	14.4%
Other liabilities	23,787	28,464	25,356	21,438	Basic EPS (IDR)	945	1,038	1,206	1,414
<b>Total Liabilities</b>	<b>618,918</b>	<b>682,552</b>	<b>766,702</b>	<b>856,579</b>	Diluted EPS (IDR)	945	1,038	1,206	1,414
Capital Stock & APIC	7,090	7,090	7,090	7,090	BVPS (IDR)	5,330	6,032	6,948	8,018
Retained Earnings	115,998	134,903	157,384	183,798	Op. Revenue PS (IDR)	2,311	2,541	2,900	3,375
<b>Shareholders' Equity</b>	<b>131,402</b>	<b>148,728</b>	<b>171,304</b>	<b>197,673</b>	DPS (IDR)	255	280	325	381

CASH FLOW STATEMENT					OWNERSHIP			
(IDR bn)	2017/12A	2018/12E	2019/12F	2020/12E	By Geography	% Shareholders	%	
Operating Cash Flow	14,283	36,165	25,264	26,623	Indonesia	72.9	Dwimuria Investama	56.8
Investing Cash Flow	(77,708)	(68,273)	(104,756)	(112,866)	United States	13.4	Salim Anthoni	1.8
Financing Cash Flow	45,808	49,925	80,104	85,296	Luxembourg	4.2	Capital Guard	1.7
<b>Net Changes in Cash</b>	<b>(17,617)</b>	<b>17,817</b>	<b>612</b>	<b>(946)</b>	United Kingdom	1.5	Vanguard	1.6

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