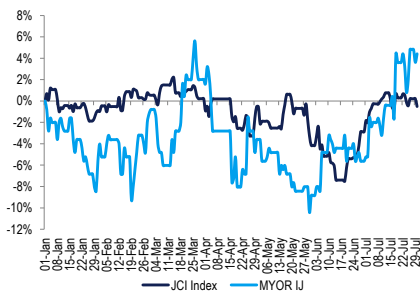


Stock Data

Target price	Rp3,700
Prior TP	Rp3,700
Current price	Rp2,580
Upside/downside	43%
Shares outstanding (mn)	22,359
Market cap (Rp bn)	57,685
Free float	16%
Avg. 6m daily T/O (Rp bn)	18

Price Performance

	3M	6M	12M
Absolute	4.8%	-8.7%	-6.3%
Relative to JCI	3.7%	-16.1%	-11.7%
52w low/high (Rp)	2,260-2,850		



Major Shareholders

PT Unita Branindo	32.9%
PT Mayora Dhana Utama	26.1%
Jogi Hendra Atmadja	25.2%

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2Q24 results: beat from robust top-line

- MYOR posted 1H24 net profit of Rp1.7tr (+41% yoy) which came above our/consensus estimates at 52% vs. 5yr average of 40%.
- 2Q24 GPM declined sharply to 23.5% (-427bps qoq/-202bps yoy) on higher RM cost (coffee and chocolate) and lower utilization (qoq).
- Maintain our BUY call with unchanged TP of Rp3,700.

1H24 net profit was above our/consensus estimates

MYOR's 1H24 net profit of Rp1.7tr came above our/consensus estimate at 52% (vs. 5yr avg of 40%). This comprises of forex gain of Rp172bn (vs. 1Q24's 75bn). Excluding this, MYOR's core profit of Rp1.6 grew by 13.5% yoy and is still above our/consensus estimates at 48%. 1H24 revenue of Rp1.6tr (+9.5% yoy) was in-line with our/consensus estimate at 48% (vs. 5yr avg of 47%). GPM declined to 25.8% (-77bps yoy) in 1H24 but also in-line.

2Q24 saw strong revenue growth but margin pressure was evident

In 2Q24, MYOR finally recorded a strong revenue growth of +17.2% yoy, after sub-par quarterly revenue growth since 2Q23 (avg. 3.1% yoy). This was mainly driven by strong domestic sales of +20% yoy while export growth stood at 14.1% yoy. Nonetheless, lower GPM of 23.5% (-427bps qoq/-202bps yoy) was the primary concern as raw material costs, in particular coffee and cocoa rose by 57/130% yoy. Opex to sales declined to 14.2% (-212bps yoy) on the back of lower A&P as % of sales at 8.4% (-196bps yoy).

Raw material future prices indicate margin pressure to be temporary

More importantly, chocolate and coffee 6M future prices have normalized from the peak (-26.3/-11.5% from the peak). Hence, we expect the slump in GPM to be temporary. On the other hand, MYOR has also raised prices for selected coffee and chocolate products by c.3% in May24, while planning for another price adjustments of 5-6% in Aug24.

Maintain BUY with TP of Rp3,700/sh

As discussed in our previous report ([link](#)), MYOR's recent P/E trend (since 2Q21) has correlated quite closely with revenue growth, instead of quarterly profit attainment. Hence, we view that the strong 2Q24's revenue growth may be taken more positively by the market, and potentially be the catalyst for re-rating despite the temporary margin pressure. We maintain our BUY call for MYOR with TP of Rp3,700 based on FY24F PE multiple of 25.0x (-0.5s.d. from its 5yr mean).

Financial Summary (Rp bn)	2022A	2023A	2024F	2025F	2026F
Revenue	30,669	31,485	33,848	37,443	41,266
EBITDA	3,281	5,130	5,484	6,218	6,696
EBITDA growth	11%	16%	16%	17%	16%
Net profit	1,942	3,194	3,301	3,837	4,176
EPS (Rp)	87	143	148	172	187
EPS growth	63.7%	64.4%	3.3%	16.2%	8.8%
ROE	13.5%	23.0%	20.9%	22.0%	21.7%
EV/EBITDA (x)	29.7	18.1	17.5	15.0	13.8
PER (x)	18.2	11.4	10.6	9.0	8.2
Dividend yield	0.8%	1.4%	3.3%	3.4%	4.0%
Forecast change			0%	0%	0%
IPS vs. consensus			96%	86%	94%

Source: Company, Indo Premier

Share price closing as of: 29 July 2024

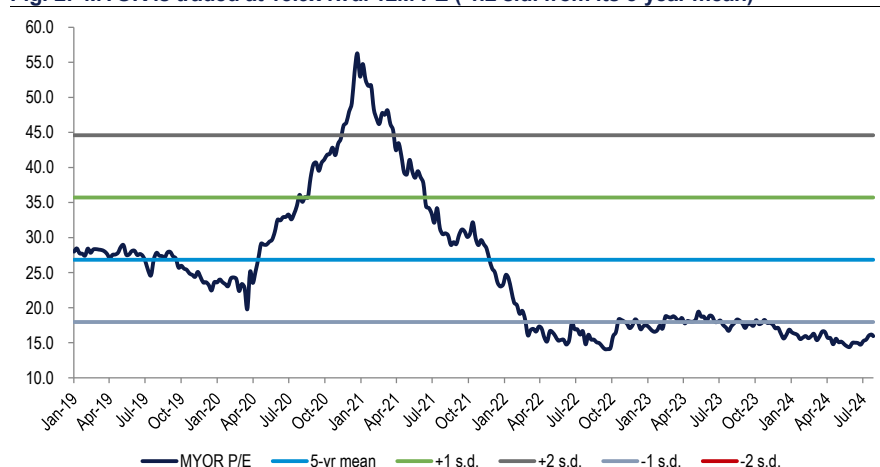
Fig. 1: MYOR 2Q24 Result

(Rp bn)	2Q24	2Q23	% YoY	1Q24	% QoQ	1H24	1H23	% YoY	IPS FY24F	% IPS	Cons. FY24F	% Cons	5yr avg (normalized)
Net sales	7,462	6,367	17.2%	8,761	-14.8%	16,223	14,819	9.5%	33,848	48%	34,047	48%	47%
COGS	(5,707)	(4,740)	20.4%	(6,326)	-9.8%	(12,033)	(10,877)	10.6%					
Gross profit	1,755	1,626	7.9%	2,435	-27.9%	4,190	3,942	6.3%					
Operating expenses	(1,061)	(1,040)	2.0%	(1,121)	-5.4%	(2,182)	(2,203)	-1.0%					
EBIT	695	586	18.5%	1,314	-47.1%	2,008	1,739	15.5%	4,513	45%	4,349	46%	41%
Net interest income/(expense)	(11)	(55)	-80.5%	(11)	-2.8%	(22)	(125)	-82.7%					
Forex gain/(loss)	98	(42)	-331.6%	75	30.7%	172	(226)	-176.1%					
Others	111	80	38.3%	105	6.4%	216	(86)	N/A					
PBT	795	612	30.0%	1,407	-43.5%	2,202	1,527	44.2%					
Tax	(173)	(108)	60.3%	(277)	-37.3%	(450)	(286)	57.4%					
Minorities	16	12	34.9%	18	-10.7%	34	22	55.7%					
Net profit	606	492	23.2%	1,112	-45.6%	1,718	1,219	40.9%	3,301	52%	3,313	52%	40%
Core profit*	529	525	0.9%	1,054	-49.8%	1,583	1,395	13.5%	3,289	48%	3,313	48%	40%
Margin (%)													
Gross margin	23.5%	25.5%		27.8%		25.8%	26.6%						
EBIT margin	9.3%	9.2%		15.0%		12.4%	11.7%						
Net margin	8.1%	7.7%		12.7%		10.6%	8.2%						
Core margin	7.1%	8.2%		12.0%		9.8%	9.4%						
Opex to sales	-14.2%	-16.3%		-12.8%		-13.4%	-14.9%						
Sales breakdown													
Domestic	4,055	3,380	20.0%	5,598	-27.6%	9,653	8,511	13.4%					
Export	3,411	2,988	14.1%	3,165	7.8%	6,576	6,311	4.2%					
Segment information													
Revenue													
Food processing	4,214	3,671	14.8%	5,440	-22.5%	9,654	8,617	12.0%					
Beverage processing	3,248	2,696	20.5%	3,321	-2.2%	6,569	6,202	5.9%					
Gross profit													
Food processing	851	774	10.0%	1,410	-39.7%	2,261	2,014	12.3%					
Beverage processing	904	853	6.0%	1,024	-11.7%	1,929	1,928	0.0%					
GPM													
Food processing	20.2%	21.1%		25.9%		23.4%	23.4%						
Beverage processing	27.8%	31.6%		30.8%		29.4%	31.1%						

Source: Company, Indo Premier

*Exclude forex gain

Fig. 2: MYOR is traded at 15.9x fwd. 12M PE (-1.2 s.d. from its 5-year mean)



Sources: Bloomberg, Indo Premier

Income Statement (Rp bn)	2022A	2023A	2024F	2025F	2026F
Net revenue	30,669	31,485	33,848	37,443	41,266
Cost of sales	(23,830)	(23,077)	(24,973)	(27,513)	(30,475)
Gross profit	6,839	8,408	8,876	9,931	10,792
SG&A Expenses	(4,406)	(4,108)	(4,362)	(4,734)	(5,173)
Operating profit	2,433	4,299	4,513	5,197	5,619
Net interest	(358)	(218)	(228)	(213)	(193)
Forex gain (loss)	360	(147)	0	0	0
Others	71	159	15	15	15
Pre-tax income	2,146	4,241	4,301	4,999	5,440
Income tax	(536)	(849)	(946)	(1,100)	(1,197)
Net income	1,942	3,194	3,301	3,837	4,176
Core profit	1,603	3,184	3,289	3,825	4,164

Balance Sheet (Rp bn)	2022A	2023A	2024F	2025F	2026F
Cash & equivalent	3,262	4,157	4,777	6,005	7,064
Receivable	6,605	6,197	6,573	7,009	7,353
Inventory	3,870	3,557	3,530	3,680	3,898
Other current assets	1,035	828	828	828	828
Total current assets	14,773	14,739	15,708	17,522	19,144
Fixed assets	6,645	8,160	8,036	7,951	7,905
Other non-current assets	859	972	972	972	972
Total non-current assets	7,504	9,131	9,007	8,922	8,877
Total assets	22,276	23,870	24,716	26,444	28,021
ST loans	1,029	85	1,529	1,529	1,529
Payable	1,659	1,895	1,794	1,911	2,025
Other payables	1,601	644	245	411	55
Current portion of LT loans	1,349	1,389	1,389	1,389	1,389
Total current liab.	5,637	4,013	4,957	5,240	4,997
Long term loans	2,811	3,533	2,051	1,640	1,586
Other LT liab.	994	1,042	1,042	1,042	1,042
Total liabilities	9,441	8,588	8,049	7,921	7,625
Equity	441	434	434	434	434
Retained earnings	12,187	14,605	15,990	17,846	19,719
Minority interest	206	243	243	243	243
Total SHE + minority int.	12,835	15,282	16,667	18,523	20,396
Total liabilities & equity	22,276	23,870	24,716	26,444	28,021

Source: Company, Indo Premier

Cash Flow Statement (Rp bn)	2022A	2023A	2024F	2025F	2026F
Net income	2,433	4,299	4,513	5,197	5,619
Depr. & amortization	848	831	970	1,021	1,077
Changes in working capital	(1,649)	958	(451)	(468)	(449)
Others	146	(878)	(1,212)	(1,360)	(1,443)
Cash flow from operating	1,778	5,210	3,820	4,390	4,804
Capital expenditure	(1,120)	(2,350)	(846)	(936)	(1,032)
Others	(267)	(89)	0	0	0
Cash flow from investing	(1,388)	(2,439)	(846)	(936)	(1,032)
Loans	477	(1,178)	(438)	(245)	(410)
Equity	(176)	77	0	0	0
Dividends	(439)	(776)	(1,916)	(1,980)	(2,302)
Others	0	0	0	0	0
Cash flow from financing	(138)	(1,876)	(2,354)	(2,226)	(2,712)
Changes in cash	253	895	620	1,228	1,060

Key Ratios	2022A	2023A	2024F	2025F	2026F
Gross margin	22.3%	26.7%	26.2%	26.5%	26.2%
Operating margin	7.9%	13.7%	13.3%	13.9%	13.6%
Pre-tax margin	8.2%	13.0%	12.7%	13.3%	13.2%
Net margin	6.3%	10.1%	9.8%	10.2%	10.1%
ROA	9.2%	13.8%	13.6%	15.0%	15.3%
ROE	13.5%	23.0%	20.9%	22.0%	21.7%
Acct. receivables TO (days)	74.5	37.1	70.9	68.3	65.0
Inventory TO (days)	52.9	29.4	51.6	48.8	46.7
Payable TO (days)	26.3	14.0	26.2	25.3	24.2
Debt to equity	43.1%	28.3%	23.3%	19.6%	15.7%
Interest coverage ratio (x)	-6.3	-14.2	-14.7	-19.9	-24.1
Net gearing	17.2%	0.7%	-5.8%	-13.3%	-19.3%

Source: Company, Indo Premier

INVESTMENT RATINGS

BUY : Expected total return of 10% or more within a 12-month period
HOLD : Expected total return between -10% and 10% within a 12-month period
SELL : Expected total return of -10% or worse within a 12-month period

ANALYSTS CERTIFICATION

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

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