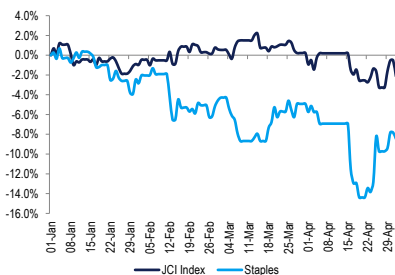


Sector Index Performance

	3M	6M	12M
Absolute	-6.2%	-8.9%	-21.1%
Relative to JCI	-4.9%	-16.1%	-25.1%



Summary Valuation Metrics

P/E (x)	2024F	2025F	2026F
SIDO IJ	17.7	16.2	15.1
ICBP IJ	12.6	11.4	10.4
MYOR IJ	16.3	14.0	12.9
EV/EBITDA (x)	2024F	2025F	2026F
SIDO IJ	12.7	11.7	11.0
ICBP IJ	8.0	7.0	6.1
MYOR IJ	9.8	8.4	7.6
Div. Yield	2024F	2025F	2026F
SIDO IJ	5.0%	6.3%	6.9%
ICBP IJ	3.8%	5.2%	5.9%
MYOR IJ	3.6%	3.7%	4.3%

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1Q24 recap: overall beat amid tepid earnings expectation

- 1Q24 staples aggregate sales growth posted 2.6% yoy (+14% qoq) with domestic sales registering growth of 2.2% yoy (+22% qoq).
- Aggregate FY24F cons. EPS estimates have declined by -7.1% yoy with KLBFF/UNVR at -26/-20%, reflecting generally softer expectations.
- Expect a favorable base effect for 2Q24, but we await further tangible signs of recovery and maintain our Neutral call on Staples for now.

1Q24: encouraging qoq recovery driven by election spending

Aggregate consumer staples domestic sales growth remained optically soft at 2.2% yoy, but actually recovered +22.1% qoq (vs. past 5yr average 1Q's 9.8% qoq) driven by social aid disbursement and earlier Lebaran seasonality. The shift in Lebaran seasonality has translated into stronger first quarter sales in recent years, but we note that 1Q24's +22.1% qoq recovery is still notably stronger than 1Q23's +12.6% qoq growth – the difference of which may be due to election spending spill over.

Recovery sustainability is unclear but 2Q23 base effect is favourable

Market remains uncertain on whether the election spending spill over's multiplier effect would be sufficient to drive a sustained recovery beyond 1Q24, especially given the backdrop of Rupiah depreciation against US\$ (-5.1% YTD), which was discussed in our recent report ([link](#)). Nonetheless, it is worth highlighting that 2Q23 represents a favourable base effect for 2Q24, as 2Q23's aggregate revenue growth declined -16% qoq (vs. 5year average 2Q's -7% qoq sales decline). Additionally, indicators such broiler price has seen 4M24 averaging +15.5% yoy of Rp20.3/kg (vs. 4M23's avg. of Rp17.6/kg) which may reflect slightly improved buying power in general. Do note that 4M24's broiler price strength was demand-driven as culling program from government was absent since Nov23.

Consensus expectations on staples are relatively low

Separately, we tracked FY24F consensus aggregate earnings have declined -7.1% yoy with meaningful cuts for KLBFF/UNVR at -26/20% yoy (Fig. 5), reflecting the generally softer expectations for the sector. Similarly, FY24F consensus revenue forecast has also declined -9.5% yoy (Fig. 4). This contributes to 1Q24 core earnings beat across all consumer names within our coverage, with our top pick SIDO's 1Q24 earnings notably recording 38% of FY24F consensus earnings (vs. 5yr average of 22%, Fig 14). On a separate note, the earnings beat are attributed mainly due to EBIT margin improvement of +502bps yoy as 1Q24 top-line attainments are in-line with expectations.

Maintain sector Neutral call as we await further tangible signs of recovery

While we note that selective names such as SIDO/MYOR has seen consensus earnings upgrades with +17.6/6.2% YTD, we await further signs of tangible recovery before turning more positive. Institutional ownership trend remains similar to the previous month (Fig 16 - 25), with notable local institutional ownership increase in SIDO. Maintain our sector Neutral call for now. Our pecking order for staples is as follow: SIDO> MYOR> ICBP> INDF> UNVR> KLBFF.

Fig. 1: Indonesia staples valuation summary

Ticker	Rating	Current	Target	Earnings yoy		P/E		ROE	
		price	price	growth					
		(Rp)	(Rp)	2024F	2025F	2024F	2025F	2024F	2025F
Staples									
SIDO	BUY	715	890	5.0%	6.3%	17.7	16.2	35.0%	37.6%
MYOR	BUY	2,400	3,650	3.3%	16.2%	16.3	14.0	20.9%	22.0%
ICBP	BUY	10,475	12,500	4.3%	10.8%	12.6	11.4	22.4%	22.5%
INDF	BUY	6,225	10,400	-17.4%	15.6%	6.8	5.9	13.3%	14.6%
UNVR	BUY	2,640	3,000	11.6%	4.3%	18.8	18.0	146.4%	137.8%
KLBF	HOLD	1,490	1,620	20.7%	11.8%	20.9	18.7	13.3%	12.9%
Simple average				4.6%	10.8%	15.5	14.0	41.9%	41.2%

Source: Bloomberg, Indo Premier

Share price closes as 02 May 2024

Fig. 2: Indonesia' staples guidance summary (1)

	1Q24 Result	FY24F guidance
ICBP		
Sales	4.1%	+5-8%
EBIT margin	24.7%	19-21%
MYOR		
Sales	3.7%	High single digit growth
GPM	27.8%	25-27%
NPM	12.7%	9-10%

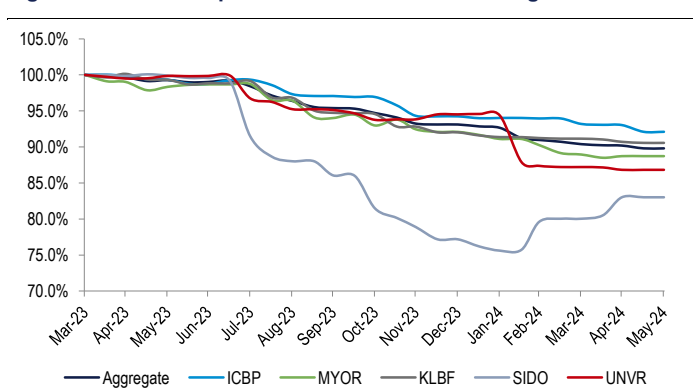
Source: Company, Indo Premier

Fig. 3: Indonesia' staples guidance summary (2)

	1Q24 Result	FY24F guidance
KLBF		
Sales	6.3%	+6-7%
Net profit	11.9%	+13-15%
SIDO		
Sales	16.1%	>10%
Net profit	30.0%	>10%

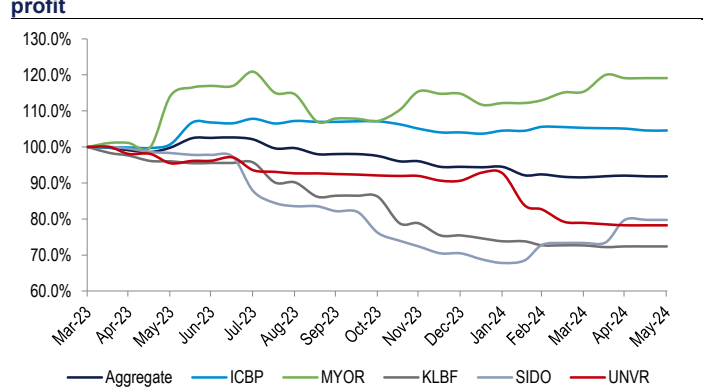
Source: Company, Indo Premier

Fig. 4: Indonesia' staples consensus estimate changes on revenue



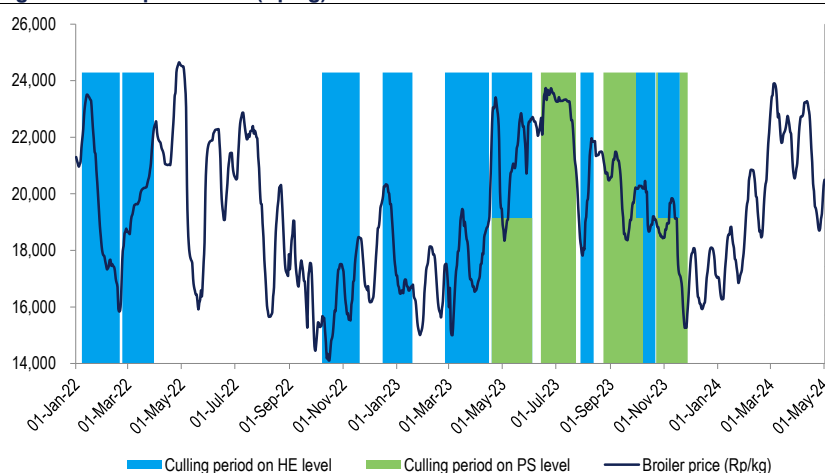
Source: Bloomberg, Indo Premier

Fig. 5: Indonesia' staples consensus estimate changes on net profit



Source: Bloomberg, Indo Premier

Fig. 6: Broiler price trend (Rp/kg)



Source: Pinsar, Indo Premier

Fig. 7: Indonesia' staples 1Q24 revenue summary

Ticker	1Q24	1Q23	% YoY	4Q23	% QoQ	IPS FY24F	% IPS	Cons FY24F	% Cons	5yr. Avg
UNVR	10,080	10,605	-5.0%	8,106	24.4%	40,904	25%	39,621	25%	26%
KLBF	8,363	7,869	6.3%	7,888	6.0%	33,317	25%	32,625	26%	24%
SIDO	1,053	907	16.1%	1,205	-12.6%	3,871	27%	3,773	28%	23%
ICBP	19,922	19,143	4.1%	16,603	20.0%	72,580	27%	72,464	27%	27%
MYOR	8,761	8,452	3.7%	8,591	2.0%	35,160	25%	33,908	26%	24%
Indo's Staples	48,180	46,977	2.6%	42,393	13.7%	185,832	26%	182,391	26%	

Source: Company, Bloomberg, Indo Premier

Fig. 8: Indonesia' staples 1Q24 domestic sales summary

Ticker	1Q24	1Q23	% YoY	4Q23	% QoQ
UNVR	9,793	10,272	-4.7%	7,854	24.7%
KLBF	7,427	7,189	3.3%	6,875	8.0%
SIDO	980	856	14.4%	1,126	-13.0%
ICBP	14,585	14,117	3.3%	10,869	34.2%
MYOR	5,598	5,131	9.1%	4,705	19.0%
Indo's Staples	38,383	37,566	2.2%	31,430	22.1%

Source: Company, Indo Premier

Fig. 9: Indonesia' staples 1Q24 gross profit summary

Ticker	1Q24	1Q23	% YoY	4Q23	% QoQ
UNVR	5,033	5,230	-3.8%	3,921	28.4%
KLBF	3,321	3,219	3.2%	2,916	13.9%
SIDO	625	483	29.4%	751	-16.7%
ICBP	7,601	6,961	9.2%	6,521	16.6%
MYOR	2,435	2,316	5.1%	2,296	6.1%
Indo's Staples	19,015	18,209	4.4%	16,405	15.9%

Source: Company, Bloomberg, Indo Premier

Fig. 10: Indonesia' staples 1Q24 GPM summary

Ticker	1Q24	1Q23	% YoY	4Q23	% QoQ
UNVR	49.9%	49.3%	61 bps	48.4%	150 bps
KLBF	39.7%	40.9%	-120 bps	37.0%	270 bps
SIDO	59.3%	53.3%	609 bps	62.3%	-299 bps
ICBP	38.2%	36.4%	180 bps	39.3%	-113 bps
INDF	34.1%	31.1%	308 bps	35.5%	-133 bps
MYOR	27.8%	27.4%	40 bps	26.7%	107 bps
Indo's Staples	39.5%	38.8%	71 bps	38.7%	78 bps

Source: Company, Bloomberg, Indo Premier

Fig. 11: Indonesia' staples 1Q24 EBIT summary

Ticker	1Q24	1Q23	% YoY	4Q23	% QoQ	IPS FY24F	% of IPS	Cons FY24F	% of Cons
UNVR	1,883	1,858	1.3%	824	128.6%	7,717	24%	6,615	28%
KLBF	1,220	1,150	6.1%	979	24.6%	4,308	28%	4,188	29%
SIDO	492	362	35.7%	506	-2.9%	1,376	36%	1,309	38%
ICBP	4,919	3,992	23.2%	3,493	40.8%	15,953	31%	15,853	31%
MYOR	1,314	1,152	14.0%	1,505	-12.7%	4,460	29%	4,323	30%
Indo's Staples	9,827	8,515	15.4%	7,307	34.5%	33,814	29%	32,288	30%

Source: Company, Bloomberg, Indo Premier

Fig. 12: Indonesia' staples 1Q24 EBIT margin summary

Ticker	1Q24	1Q23	% YoY	4Q23	% QoQ
UNVR	18.7%	17.5%	120 bps	10.2%	850 bps
KLBF	14.6%	14.6%	0 bps	12.4%	220 bps
SIDO	46.7%	39.9%	674 bps	42.0%	467 bps
ICBP	24.7%	20.9%	384 bps	21.0%	366 bps
MYOR	15.0%	13.6%	136 bps	17.5%	-253 bps
Indo's Staples	20.4%	18.1%	228 bps	17.2%	317 bps

Source: Company, Bloomberg, Indo Premier

Fig. 13: Indonesia' staples 1Q24 opex to sales summary

Ticker	1Q24	1Q23	% YoY	4Q23	% QoQ
UNVR	-31.2%	-31.8%	61 bps	-38.2%	700 bps
KLBF	-25.1%	-26.3%	120 bps	-24.6%	-50 bps
SIDO	-12.7%	-13.3%	66 bps	-20.3%	765 bps
ICBP	-13.5%	-15.5%	205 bps	-18.2%	478 bps
MYOR	-12.8%	-13.8%	97 bps	-9.2%	-359 bps
Indo's Staples	-19.1%	-20.6%	157 bps	-21.5%	240 bps

Source: Company, Indo Premier

Fig. 14: Indonesia' staples 1Q24 net profit summary

Ticker	1Q24	1Q23	% YoY	4Q23	% QoQ	IPS FY24F	% of IPS	Cons FY24F	% of Cons	5yr. avg
UNVR	1,449	1,405	3.1%	612	136.7%	5,880	25%	5,107	28%	24%
KLBF	958	856	11.9%	685	39.7%	3,372	28%	3,233	30%	25%
SIDO	390	300	30.0%	364	7.3%	1,105	35%	1,036	38%	22%
ICBP*	3,240	2,870	12.9%	2,300	40.9%	9,670	34%	9,499	34%	29%
MYOR	1,112	727	52.9%	1,168	-4.8%	3,254	34%	3,231	34%	27%
Indo's Staples	7,149	6,158	16.1%	5,129	39.4%	23,281	31%	22,106	32%	

Source: Company, Bloomberg, Indo Premier

*Core profit

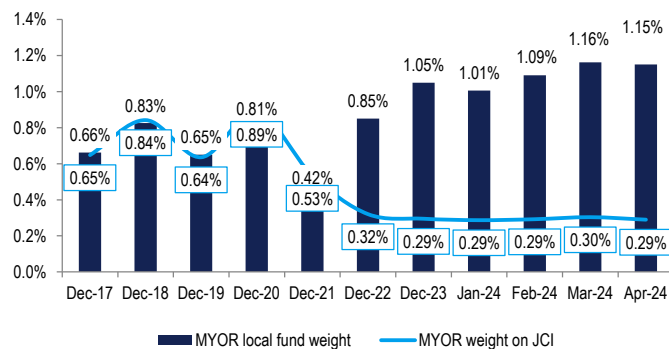
Fig. 15: Indonesia' staples 1Q24 NPM summary

Ticker	1Q24	1Q23	% YoY	4Q23	% QoQ
UNVR	14.4%	13.3%	110 bps	7.6%	680 bps
KLBF	11.4%	10.9%	50 bps	8.7%	270 bps
SIDO	37.1%	33.1%	398 bps	30.2%	685 bps
ICBP*	16.3%	15.0%	128 bps	13.9%	242 bps
MYOR	12.7%	8.6%	410 bps	13.6%	-90 bps
Indo's Staples	14.8%	13.1%	173 bps	12.1%	274 bps

Source: Company, Indo Premier

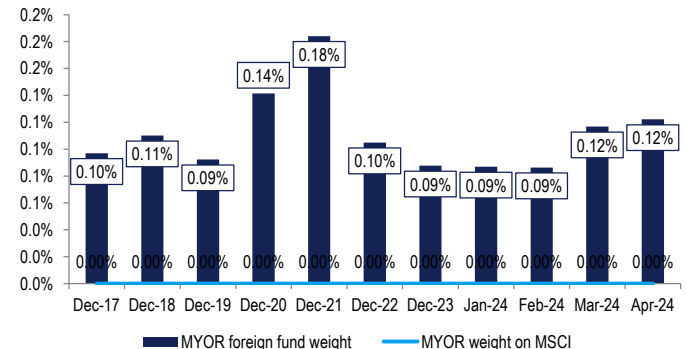
*Core profit margin

Fig. 16: MYOR' local fund weight vs. JCI



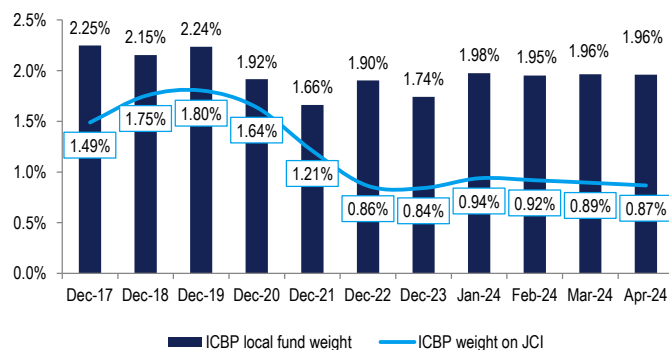
Source: KSEI, Indo Premier

Fig. 17: MYOR' foreign fund weight vs. MSCI



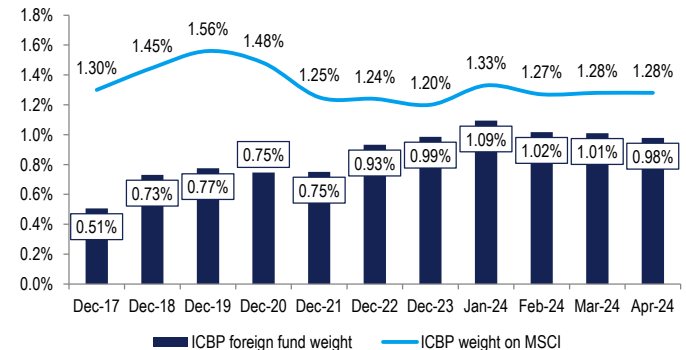
Source: MSCI, Indo Premier

Fig. 18: ICBP' local fund weight vs. JCI



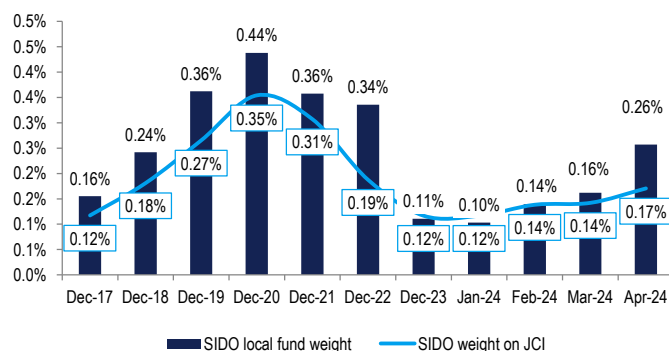
Source: KSEI, Indo Premier

Fig. 19: ICBP' foreign fund weight vs. MSCI



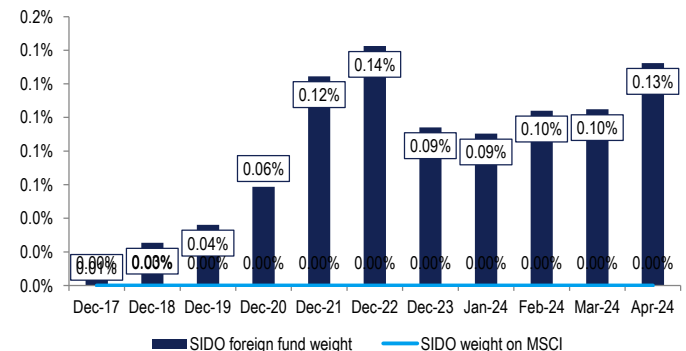
Source: MSCI, Indo Premier

Fig. 20: SIDO' local fund weight vs. JCI



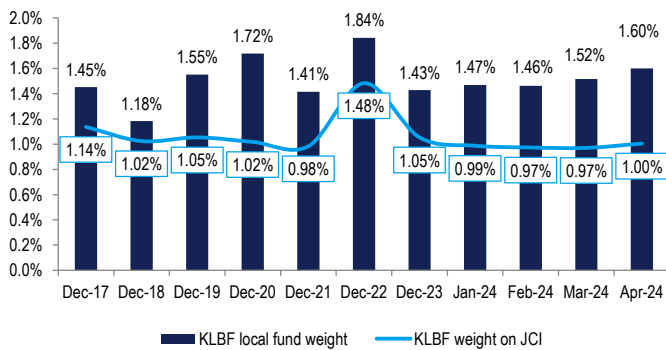
Source: KSEI, Indo Premier

Fig. 21: SIDO' foreign fund weight vs. MSCI



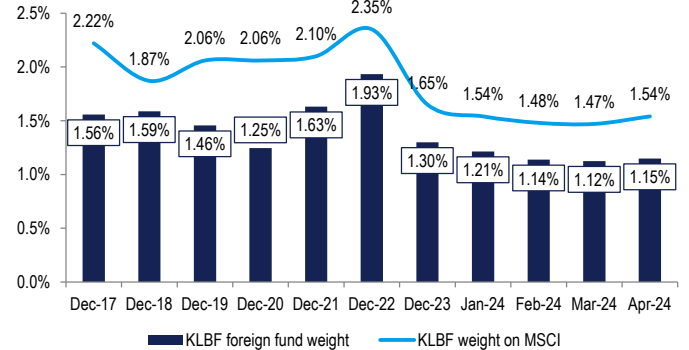
Source: MSCI, Indo Premier

Fig. 22: KLBF' local fund weight vs. JCI



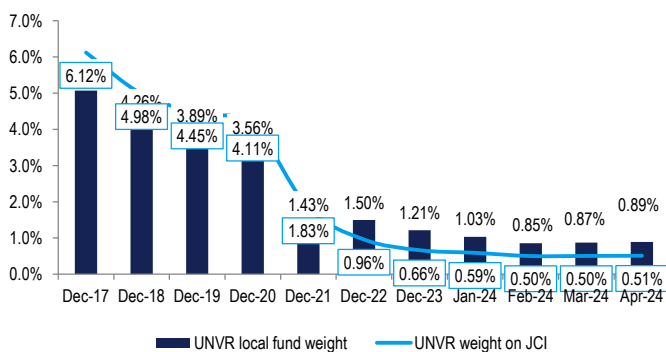
Source: KSEI, Indo Premier

Fig. 23: KLBF' foreign fund weight vs. MSCI



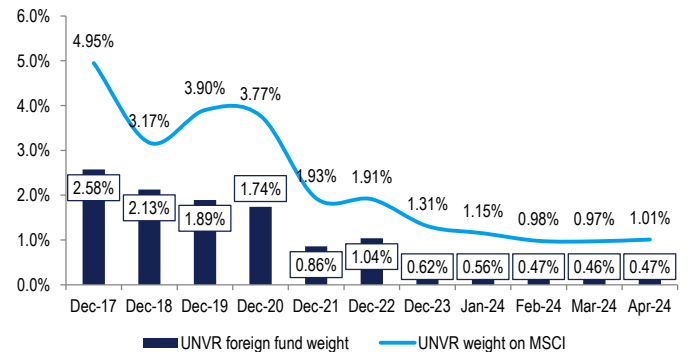
Source: MSCI, Indo Premier

Fig. 24: UNVR' local fund weight vs. JCI



Source: KSEI, Indo Premier

Fig. 25: UNVR' foreign fund weight vs. MSCI



Source: MSCI, Indo Premier

SECTOR RATINGS

- OVERWEIGHT** : An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation
- NEUTRAL** : A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation
- UNDERWEIGHT** : An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation

COMPANY 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

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