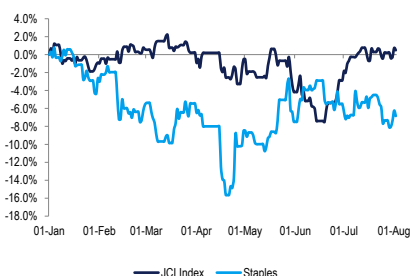


Sector Index Performance

	3M	6M	12M
Absolute	2.5%	-3.9%	-13.8%
Relative to JCI	-0.1%	-5.4%	-20.4%



Summary Valuation Metrics

P/E (x)	2024F	2025F	2026F
SIDO IJ	18.2	16.7	15.6
ICBP IJ	13.5	12.2	11.1
MYOR IJ	16.7	14.4	13.2
EV/EBITDA (x)	2024F	2025F	2026F
SIDO IJ	13.1	12.1	11.4
ICBP IJ	8.4	7.4	6.5
MYOR IJ	10.1	8.6	7.9
Div. Yield	2024F	2025F	2026F
SIDO IJ	4.8%	6.2%	6.7%
ICBP IJ	3.6%	4.9%	5.5%
MYOR IJ	3.5%	3.6%	4.2%

2Q24 recap: overall beat but soft macro data underpins our Hold rating

- 1H24 results saw strong profit beats (except UNVR) across our staples coverage – ICBP, MYOR, SIDO and KLBF.
- Nonetheless, contrasting macro data (three months of deflation from May24-Jul24) and decline in CCI may indicate softer buying power.
- Incremental buyer for staples is contingent on foreign flow as local funds are very well positioned. Maintain sector Neutral call.

2Q24: strong beats across our coverage with the exception of UNVR

We have seen an encouraging recovery in 2Q24 domestic sales growth across aggregate consumer staples (ex-UNVR) at 11% yoy, which we believe is driven partially by the multiplier effect of the election spending spill over. For bottom-line attainment, 4 out of 5 names (ICBP, MYOR, SIDO, KLBF) reported stronger than expected results as raw material price trends are generally conducive for margins.

Contrasting macro data indicate soft buying power

Mass market buying power, however may be softening as indicated by the three consecutive deflationary months from May24-Jul24 (link to our economist note) and Jul24’s PMI data of 49.3. This is also reflected in the decline of consumer confidence index (CCI) from Apr24’s 127.7 to Jun24’s 123.3 – the decline of which is most apparent for consumer with spending level <Rp3mn (Fig. 2). Downtrading trend is a consistent feedback gathered from our channel checks and is also reflected evidently within the tobacco sector. The mismatch between the strong 2Q24 aggregate domestic revenue growth and macro data discussed may unfortunately indicate that the positive multiplier impact from election spending may not last long.

Incremental buyer for staples names is contingent on foreign flow

Inferring from Jul24 KSEI data, local funds are generally well-positioned across staples names with alphas (inferred local fund weight – JCI index weight) reaching record high levels for some names such as MYOR, ICBP, KLBF (Fig. 7-12). As such, we view incremental buyers of the sector shall be contingent on foreign flow, as some investors await regulatory clarity until the new administration’s inauguration and the new cabinet is finalized.

Maintain sector Neutral rating

In spite of the unsupportive macro data, it is worth noting that 3Q23 represents a soft base for consumer staples in general. Recall that 3Q23 revenue grew only +1.5% yoy/+9.5% qoq. In sum, we maintain our sector rating at Neutral whilst reiterating BUY calls for top picks (MYOR, ICBP, SIDO). Our pecking order for staples post 2Q results is as follow: ICBP> MYOR> SIDO> INDF> KLBF> UNVR.

Lukito Supriadi

PT Indo Premier Sekuritas
lukito.supriadi@ipc.co.id
+62 21 5088 7168 ext. 716

Andrianto Saputra

PT Indo Premier Sekuritas
andrianto.saputra@ipc.co.id
+62 21 5088 7168 ext. 712

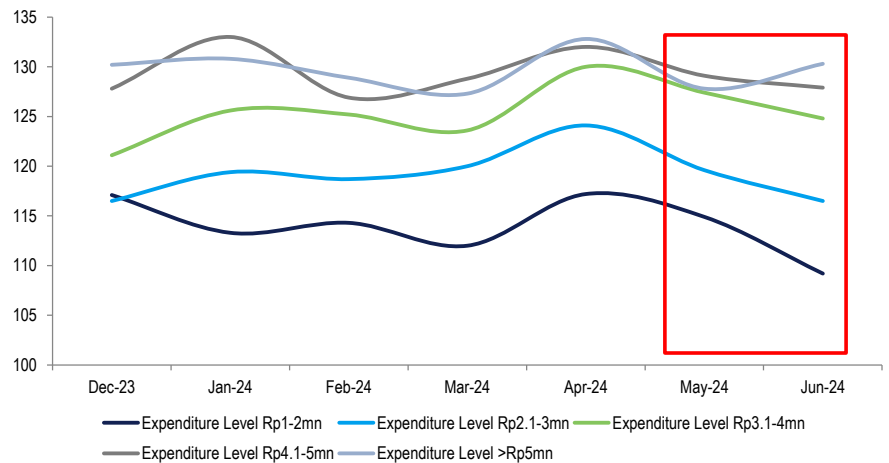
Fig. 1: Indonesia staples valuation summary

Ticker	Rating	Current Target		Earnings yoy		P/E		ROE	
		price (Rp)	price (Rp)	growth 2024F	growth 2025F	2024F	2025F	2024F	2025F
ICBP	BUY	11,175	12,500	4.3%	10.8%	13.5	12.2	22.4%	22.5%
MYOR	BUY	2,470	3,700	3.3%	16.2%	16.7	14.4	20.9%	22.0%
SIDO	BUY	735	890	27.5%	9.1%	18.2	16.7	35.0%	37.6%
INDF	BUY	6,100	10,400	-17.4%	15.6%	6.6	5.7	13.3%	14.6%
KLBF	HOLD	1,640	1,620	20.7%	11.8%	23.0	20.6	13.3%	12.9%
UNVR	HOLD	2,430	3,000	0.0%	6.6%	19.3	18.1	142.0%	144.6%

Source: Bloomberg, Indo Premier

Share price closes as 02 Aug 2024

Fig. 2: Consumer Confidence Index (CCI) per expenditure level



Source: BI, Indo Premier

Fig. 3: Indonesia' staples 2Q24 revenue summary (Rp bn)

Ticker	2Q24	2Q23	% YoY	1Q24	% QoQ	1H24	1H23	% YoY	IPS FY24F	% IPS	Cons FY24F	% Cons	5yr. Avg
UNVR	8,964	9,687	-7.5%	10,080	-11.1%	19,044	20,292	-6.2%	39,770	48%	39,443	48%	51%
KLBF	7,965	7,310	9.0%	8,363	-4.8%	16,328	15,179	7.6%	33,229	49%	32,585	50%	49%
SIDO	843	746	12.9%	1,053	-20.0%	1,896	1,654	14.7%	3,995	47%	3,950	48%	44%
ICBP	17,039	15,335	11.1%	19,922	-14.5%	36,961	34,479	7.2%	72,580	51%	72,229	51%	50%
MYOR	7,462	6,367	17.2%	8,761	-14.8%	16,223	14,819	9.5%	33,848	48%	34,047	48%	47%
Indo's Staples	42,274	39,446	7.2%	48,179	-12.3%	90,453	86,422	4.7%	183,421	49%	182,254	50%	
Indo's Staples (ex-UNVR)	33,310	29,759	11.9%	38,100	-12.6%	71,409	66,131	8.0%	143,652	50%	142,811	50%	

Source: Company, Bloomberg, Indo Premier

Fig. 4: Indonesia' staples 2Q24 domestic sales summary (Rp bn)

Ticker	2Q24	2Q23	% YoY	1Q24	% QoQ	1H24	1H23	% YoY
UNVR	8,713	9,355	-6.9%	9,793	-11.0%	18,507	19,627	-5.7%
KLBF	7,524	6,883	9.3%	7,981	-5.7%	15,505	14,257	8.8%
SIDO	765	717	6.8%	985	-22.3%	1,745	1,588	9.9%
ICBP	11,884	10,951	8.5%	14,585	-18.5%	26,469	25,069	5.6%
MYOR	4,055	3,380	20.0%	5,598	-27.6%	9,653	8,511	13.4%
Indo's Staples	32,941	31,287	5.3%	38,942	-15.4%	71,878	69,051	4.1%
Indo's Staples (ex-UNVR)	24,228	21,931	10.5%	29,149	-16.9%	53,371	49,424	8.0%

Source: Company, Indo Premier

*Estimate

Fig. 5: Indonesia' staples 1Q24 net profit summary (Rp bn)

Ticker	2Q24	2Q23	% YoY	1Q24	% QoQ	1H24	1H23	% YoY	IPS FY24F	% of IPS	Cons FY24F	% of Cons	5yr. avg
UNVR	1,018	1,354	-24.8%	1,449	-29.7%	2,467	2,759	-10.6%	5,359	46%	5,071	49%	55%
KLBF	848	673	25.9%	958	-11.5%	1,805	1,529	18.1%	3,316	54%	3,130	58%	50%
SIDO	218	148	47.5%	390	-44.2%	608	448	35.8%	1,212	50%	1,157	53%	43%
ICBP*	2,380	1,810	31.5%	3,240	-26.5%	5,620	4,680	20.1%	9,670	58%	9,481	59%	50%
MYOR	606	492	23.2%	1,112	-45.6%	1,718	1,219	40.9%	3,301	52%	3,313	52%	27%
Indo's Staples	5,069	4,477	13.2%	7,149	-29.1%	12,218	10,635	14.9%	22,858	53%	22,152	55%	

Source: Company, Bloomberg, Indo Premier

*Core profit

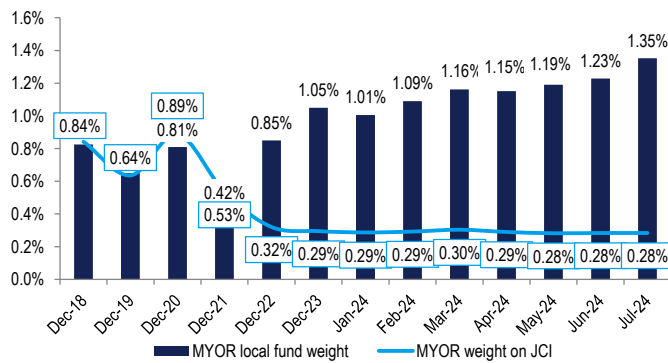
Fig. 6: Indonesia' staples 1Q24 NPM summary

Ticker	2Q24	2Q23	% YoY	1Q24	% QoQ	1H24	1H23	% YoY
UNVR	11.4%	14.0%	-263 bps	14.4%	-302 bps	13.0%	13.6%	-65 bps
KLBF	10.6%	9.2%	143 bps	11.4%	-81 bps	11.1%	10.1%	99 bps
SIDO	25.9%	19.8%	606 bps	37.1%	-1122 bps	32.1%	27.1%	499 bps
ICBP*	14.0%	11.8%	217 bps	16.3%	-230 bps	15.2%	13.6%	164 bps
MYOR	8.1%	7.7%	40 bps	12.7%	-458 bps	10.6%	8.2%	237 bps
Indo's Staples	12.0%	11.3%	65 bps	14.8%	-285 bps	13.5%	12.3%	121 bps

Source: Company, Indo Premier

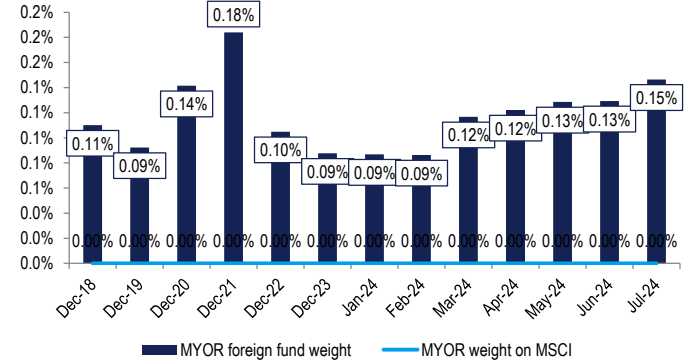
*Core profit margin

Fig. 7: MYOR' local fund weight vs. JCI



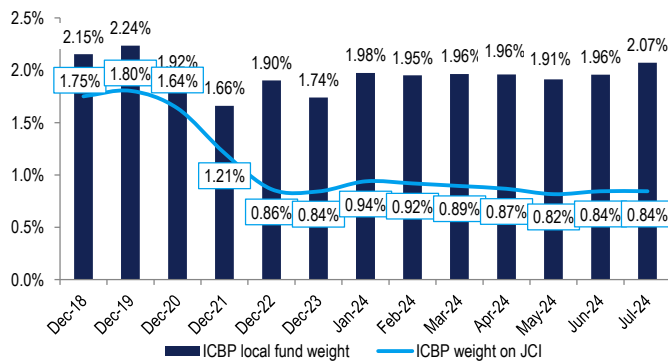
Source: KSEI, Indo Premier

Fig. 8: MYOR' foreign fund weight vs. MSCI



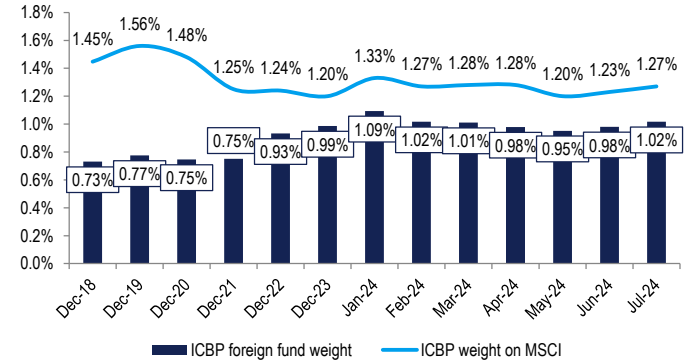
Source: MSCI, Indo Premier

Fig. 9: ICBP' local fund weight vs. JCI



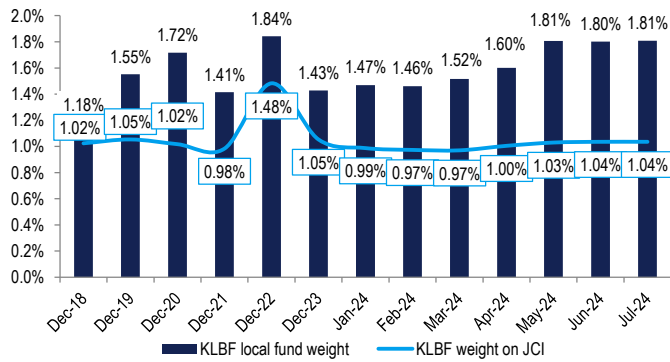
Source: KSEI, Indo Premier

Fig. 10: ICBP' foreign fund weight vs. MSCI



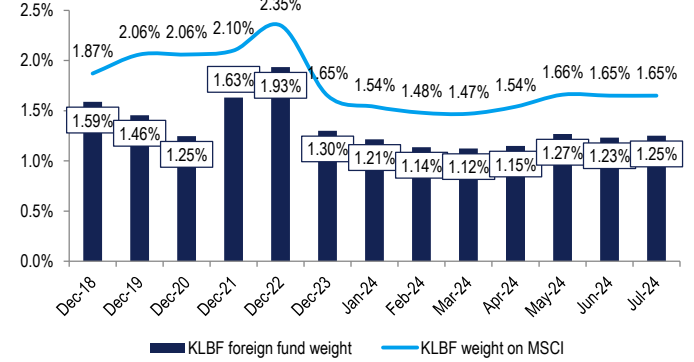
Source: MSCI, Indo Premier

Fig. 11: KLBF' local fund weight vs. JCI



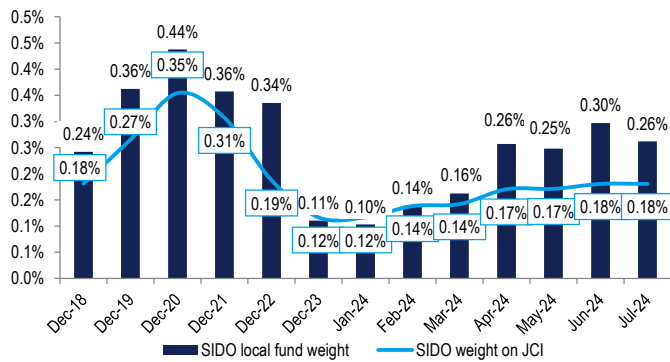
Source: KSEI, Indo Premier

Fig. 12: KLBF' foreign fund weight vs. MSCI



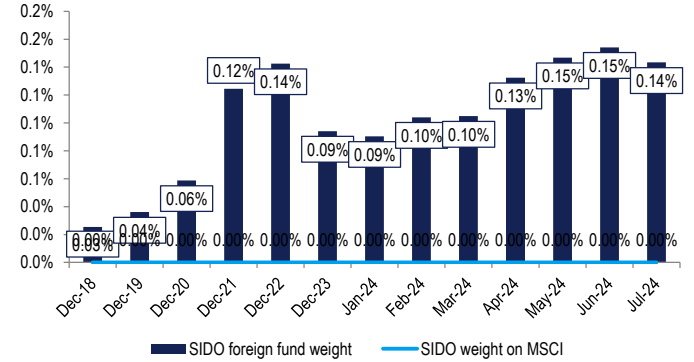
Source: MSCI, Indo Premier

Fig. 13: SIDO' local fund weight vs. JCI



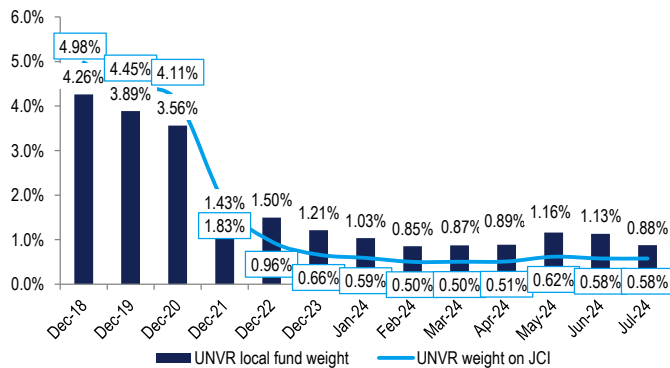
Source: KSEI, Indo Premier

Fig. 14: SIDO' foreign fund weight vs. MSCI



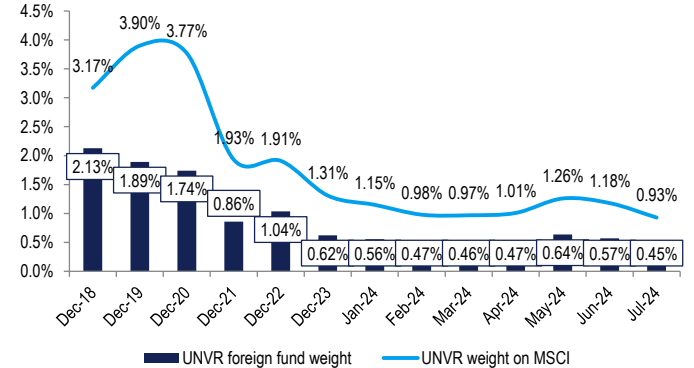
Source: MSCI, Indo Premier

Fig. 15: UNVR' local fund weight vs. JCI



Source: KSEI, Indo Premier

Fig. 16: 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

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.

DISCLAIMERS

This research is based on information obtained from sources believed to be reliable, but we do not make any representation or warranty nor accept any responsibility or liability as to its accuracy, completeness or correctness. Opinions expressed are subject to change without notice. This document is prepared for general circulation. Any recommendations contained in this document do not have any regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This document is not and should not be construed as an offer or a solicitation of an offer to purchase or subscribe or sell any securities. PT Indo Premier Sekuritas or its affiliates may seek or will seek investment banking or other business relationships with the companies in this report.