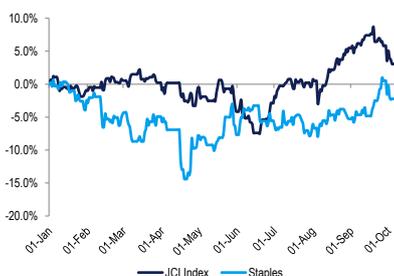


Sector Index Performance

	3M	6M	12M
Absolute	2.6%	4.2%	-6.9%
Relative to JCI	-0.6%	1.2%	-15.1%



Summary Valuation Metrics

P/E (x)	2024F	2025F	2026F
SIDO IJ	16.5	15.1	14.1
ICBP IJ	14.0	12.7	11.5
MYOR IJ	18.4	15.8	14.5
<b>EV/EBITDA (x)</b>	<b>2024F</b>	<b>2025F</b>	<b>2026F</b>
SIDO IJ	11.8	10.9	10.3
ICBP IJ	8.7	7.7	6.7
MYOR IJ	11.1	9.5	8.7
<b>Div. Yield</b>	<b>2024F</b>	<b>2025F</b>	<b>2026F</b>
SIDO IJ	5.4%	6.8%	7.4%
ICBP IJ	3.3%	4.7%	5.3%
MYOR IJ	3.2%	3.3%	3.8%

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

### 3Q24F preview: in-line sales but earnings may surprise on the upside

- Staples’ 3Q24F indicative sales in general are likely to be in-line with estimates despite soft macro indicators.
- Mixed 3Q24F GPM outlook with MYOR raising prices to mitigate cost pressures & KLBF’s 3Q24F GPM to rebound from 3Q23’s low base.
- We expect KLBF/ICBP/MYOR to record profit beat against consensus estimates, but maintain sector Neutral on soft macro backdrop.

**3Q24F indicative sales in general are likely to be in-line with consensus**

Based on our discussion with several consumer companies, MYOR’s 3Q24F indicative sales growth was at double digit growth vs. KLBF/SIDO’s growth is at mid-to-high single digit growth despite a low base in 3Q23. Down-trading remains a consistent theme from our channel check and we expect ICBP’s key segment in noodles to benefit (link to [note](#)) – we expect ICBP’s 3Q24 sales growth to be a continuation of 1H24’s trend at high single digit growth. On the other hand, we expect UNVR to struggle amidst the down-trading trend given its products’ premium pricing (c.33% to peers) amidst lingering negative boycott sentiment. Overall, 9M24F staples’ indicative sales are likely to be in-line with FY24F our/consensus estimate.

**MYOR: Price hike in selected categories to mitigate cost pressure**

MYOR has adjusted their blended ASP by +c.2/3% in 2Q24/3Q24 to pass-on higher input cost (coffee/cocoa: +83/114% yoy). In addition, MYOR plans to resize their coffee products’ (another form of ASP hike) in 4Q24F. However, we expect margin pressure is likely to intensify in 3Q24F as coffee contributed 10-15% of COGM. Hence, we view MYOR’ GPM is likely to bottom in 3Q24F (-144bps qoq) and start to recover in 4Q24F.

**Significant 3Q24F yoy margin improvement for ICBP, KLBF and SIDO**

On the other hand, we expect ICBP/KLBF’s 3Q24F GPM to be stable on a qoq basis but implying a yoy improvement which we estimate at +161/250bps yoy. For SIDO, our latest discussion revealed F&B segment’s growth to outpace the herbal’s given the dry weather condition. Hence, we expect a slight GPM decline on a qoq basis from product mix. Nonetheless, lower input costs (F&B segment) shall translate to GPM improvement of 112bps yoy.

**Raw material costs and margin outlook may be favourable in 4Q**

In terms of raw material, CPO price have risen by +9% since Indonesia government reduced CPO export levy. However, our plantation analyst expects the CPO price to normalize in 4Q24F (link to [report](#)). Hence, we expect margin pressure from CPO to be temporary for ICBP/MYOR. On the other hand, we expect the USD-IDR trend in the recent months to reflect favourably only in 4Q24F due to inventory days buffer.

**3Q24F net profit: KLBF/ICBP/MYOR beat with SIDO/UNVR’s in-line**

In sum, we expect ICBP/MYOR/KLBF 3Q24F earnings will be above consensus estimate (Fig. 6), while SIDO/UNVR’s will be in-line. In particular, KLBF’s strong profit beat is coming from a low-base effect in 3Q24 but we remain conservative on its MT growth outlook (link to [report](#)).

**Maintain sector Neutral due to soft macro condition**

In terms of fund positioning, local funds continue to be well positioned across staples names, relative to foreign funds. We maintain Neutral for the sector given the soft macro backdrop. Our pecking order for staples is as follow: ICBP>MYOR> INDF> SIDO>KLBF> UNVR.

Fig. 1: Indonesia staples valuation summary

Ticker	Rating	Current price (Rp)	Target price (Rp)	Earnings yoy growth		P/E		ROE	
				2024F	2025F	2024F	2025F	2024F	2025F
<b>Staples</b>									
ICBP	BUY	12,075	14,700	8.6%	10.6%	14.0	12.7	23.2%	23.1%
MYOR	BUY	2,710	3,700	3.3%	16.2%	18.4	15.8	20.9%	22.0%
SIDO	BUY	665	890	27.5%	9.1%	16.5	15.1	35.0%	37.6%
INDF	BUY	6,925	10,400	16.4%	13.7%	5.3	4.6	18.3%	19.0%
KLBF	HOLD	1,670	1,620	19.9%	11.9%	23.6	21.1	13.7%	14.1%
UNVR	HOLD	2,280	3,000	0.0%	6.6%	18.1	17.0	142.0%	144.6%

Source: Bloomberg, Indo Premier

Fig. 2: ICBP & MYOR FY24F company guidance

	9M24F Preview	FY24F Guidance
<b>ICBP</b>		
Sales growth	7.1%	+5-8%
EBIT margin	23.3%	19-21%
<b>MYOR</b>		
Sales growth	10.1%	+10-12%
GPM	24.5%	25%

Source: Company, Indo Premier

Fig. 3: KLBF & SIDO FY24F company guidance

	9M24F Preview	FY24F Guidance
<b>KLBF</b>		
Sales growth	7.4%	+6-7%
Net profit growth	25.7%	+13-15%
<b>SIDO</b>		
Sales growth	12.4%	>10%
Net profit growth	37.0%	>10%

Source: Company, Indo Premier

Fig. 4: Indonesia staples 3Q23F sales preview

Ticker	3Q24F	3Q23	% YoY	2Q24	% QoQ	9M24F	9M23	% YoY	IPS FY24F	% IPS	Cons FY24F	% Cons	5yr. Avg
UNVR	9,370	10,214	-8.3%	8,964	4.5%	28,413	30,506	-6.9%	39,132	73%	37,607	76%	76%
KLBF	7,899	7,382	7.0%	7,965	-0.8%	24,227	22,561	7.4%	33,229	73%	32,636	74%	74%
SIDO	759	708	7.2%	843	-10.0%	2,655	2,361	12.4%	3,995	66%	4,025	66%	68%
ICBP	17,977	16,829	6.8%	17,039	5.5%	54,938	51,307	7.1%	72,580	76%	72,797	75%	75%
MYOR	8,979	8,075	11.2%	7,462	20.3%	25,202	22,894	10.1%	33,848	74%	34,704	73%	72%
<b>Indo's Staples</b>	<b>44,983</b>	<b>43,206</b>	<b>4.1%</b>	<b>42,274</b>	<b>6.4%</b>	<b>135,436</b>	<b>129,629</b>	<b>4.5%</b>	<b>182,784</b>	<b>74%</b>	<b>181,769</b>	<b>75%</b>	

Source: Company, Indo Premier

Fig. 5: Indonesia staples 3Q23F GPM preview

Ticker	3Q24F	3Q23	% YoY	2Q24	% QoQ	9M24F	9M23	% YoY
UNVR	49.6%	50.5%	-88 bps	49.5%	14 bps	49.7%	50.1%	-39 bps
KLBF	39.5%	37.0%	250 bps	39.5%	0 bps	39.5%	39.5%	0 bps
SIDO	56.3%	55.2%	112 bps	56.8%	-47 bps	57.6%	53.7%	396 bps
ICBP	37.7%	36.1%	161 bps	37.5%	26 bps	37.8%	36.3%	153 bps
MYOR	22.1%	26.9%	-479 bps	23.5%	-144 bps	24.5%	26.7%	-221 bps
<b>Indo's Staples</b>	<b>37.7%</b>	<b>38.2%</b>	<b>-56 bps</b>	<b>38.3%</b>	<b>-62 bps</b>	<b>38.5%</b>	<b>38.7%</b>	<b>-19 bps</b>

Source: Bloomberg, Indo Premier

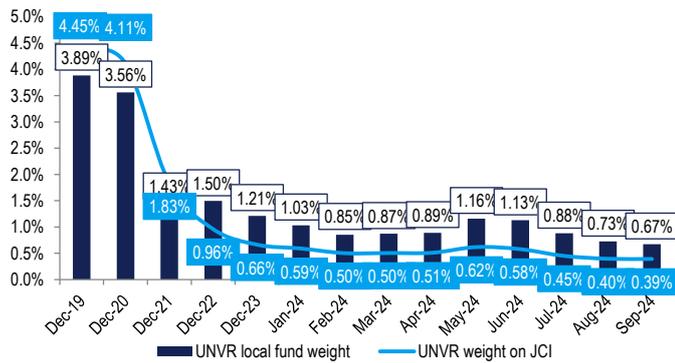
Fig. 6: Indonesia staples 3Q23F net profit preview

Ticker	3Q24F	3Q23	% YoY	2Q24	% QoQ	9M24F	9M23	% YoY	IPS FY24F	% of IPS	Cons FY24F	% of Cons	5yr. avg
UNVR	1,238	1,430	-13.4%	1,018	21.6%	3,705	4,189	-11.6%	4,802	77%	4,629	80%	80%
KLBF	791	536	47.6%	848	-6.6%	2,596	2,065	25.7%	3,316	78%	3,261	80%	74%
SIDO	195	138	40.9%	218	-10.5%	804	587	37.0%	1,212	66%	1,197	67%	66%
ICBP*	2,897	2,290	26.5%	2,380	21.7%	8,517	6,970	22.2%	10,063	85%	9,283	92%	72%
MYOR	491	807	-39.2%	606	-18.9%	2,209	2,026	9.0%	3,301	67%	3,382	65%	62%
<b>Indo's Staples</b>	<b>5,613</b>	<b>5,201</b>	<b>7.9%</b>	<b>5,069</b>	<b>10.7%</b>	<b>17,831</b>	<b>15,837</b>	<b>12.6%</b>	<b>22,694</b>	<b>79%</b>	<b>21,752</b>	<b>82%</b>	

Source: Company, Indo Premier

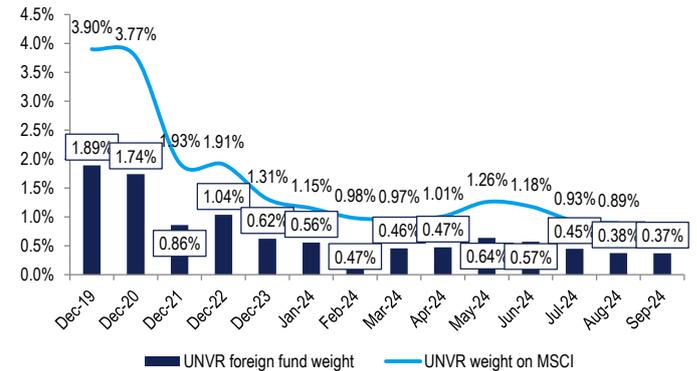
\*Core profit

**Fig. 7: UNVR' local fund weight vs. JCI**



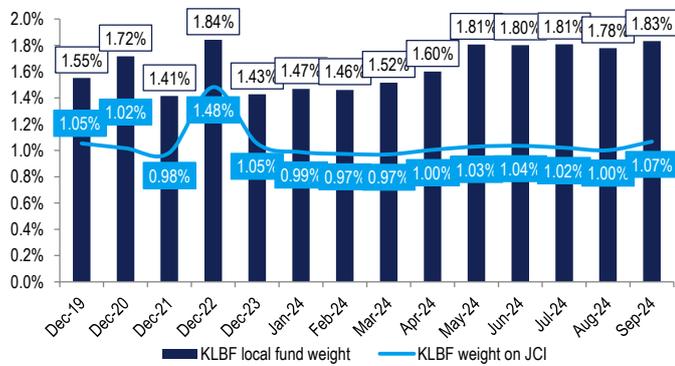
Source: KSEI, Indo Premier

**Fig. 8: UNVR' foreign fund weight vs. MSCI**



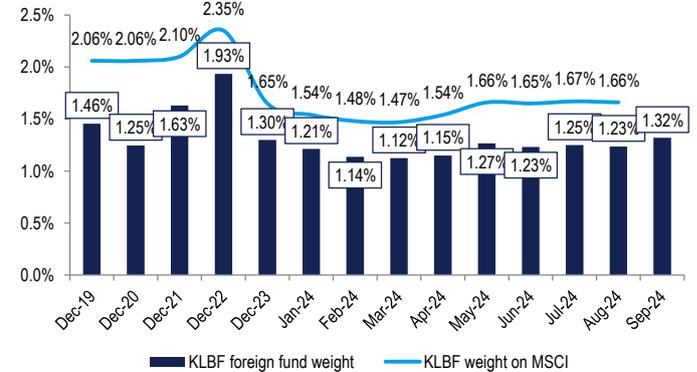
Source: KSEI, MSCI, Indo Premier

**Fig. 9: KLBF' local fund weight vs. JCI**



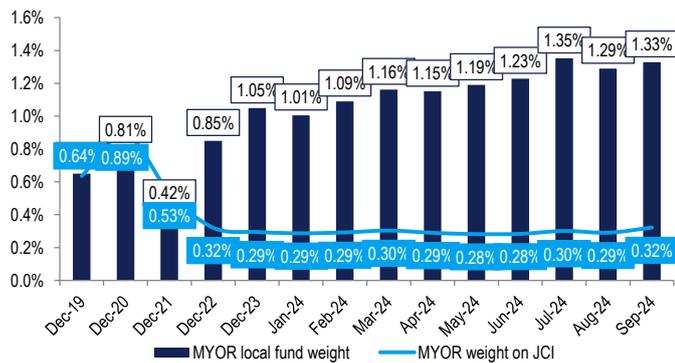
Source: KSEI, Indo Premier

**Fig. 10: KLBF' foreign fund weight vs. MSCI**



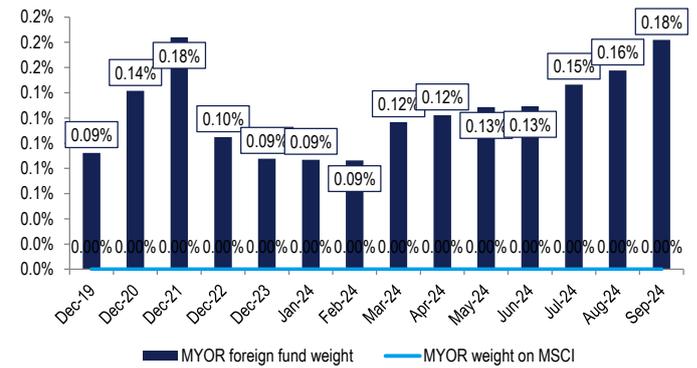
Source: KSEI, MSCI, Indo Premier

**Fig. 11: MYOR' local fund weight vs. JCI**



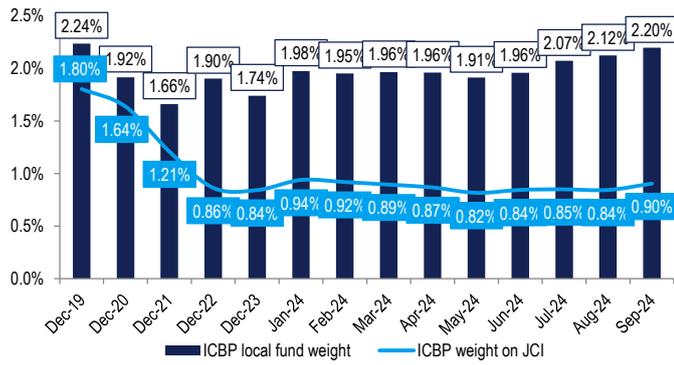
Source: KSEI, Indo Premier

**Fig. 12: MYOR' foreign fund weight vs. MSCI**



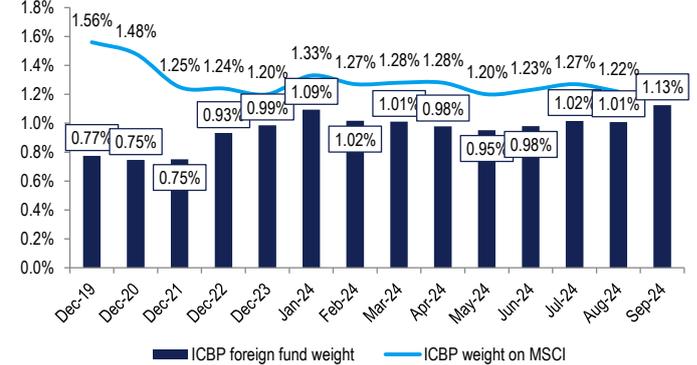
Source: KSEI, MSCI, Indo Premier

**Fig. 13: ICBP' local fund weight vs. JCI**



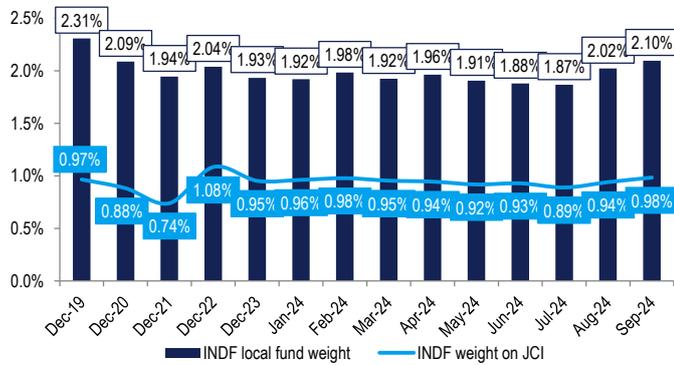
Source: KSEI, Indo Premier

**Fig. 14: ICBP' foreign fund weight vs. MSCI**



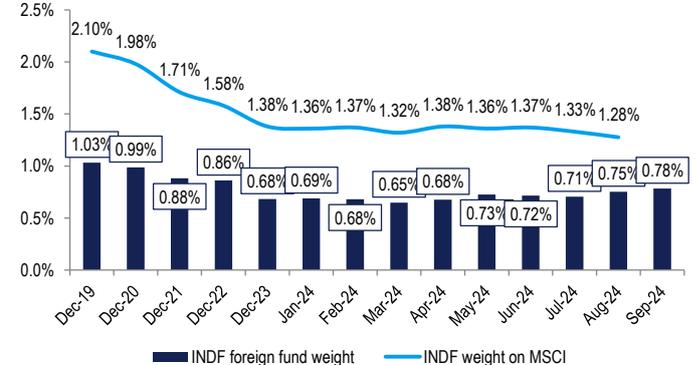
Source: KSEI, MSCI, Indo Premier

**Fig. 15: INDF' local fund weight vs. JCI**



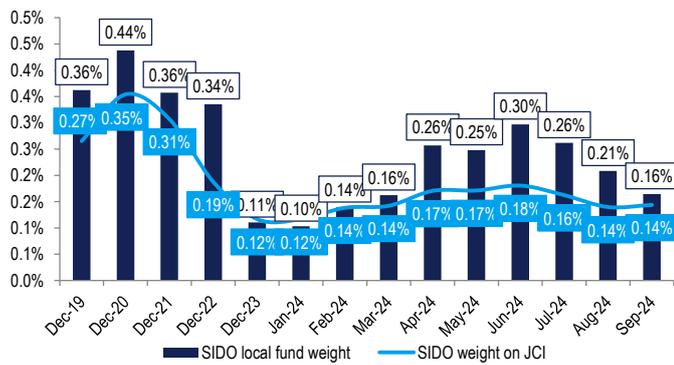
Source: KSEI, Indo Premier

**Fig. 16: INDF' foreign fund weight vs. MSCI**



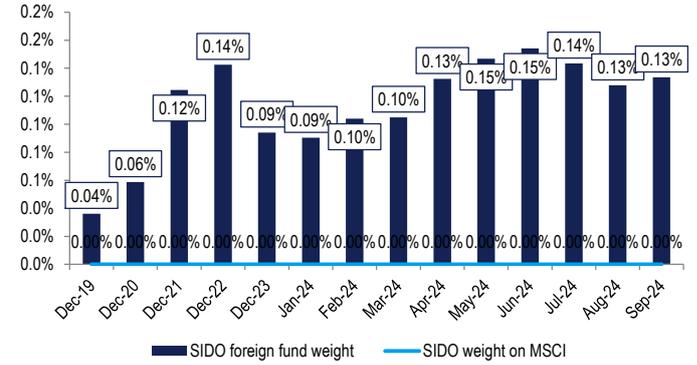
Source: KSEI, MSCI, Indo Premier

**Fig. 17: SIDO' local fund weight vs. JCI**



Source: KSEI, Indo Premier

**Fig. 18: SIDO' foreign fund weight vs. MSCI**



Source: KSEI, 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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