

Sector Index Performance

	3M	6M	12M
Absolute	-5.6%	0.2%	-18.8%
Relative to JCI	-20.4%	-21.4%	-30.2%



Summary Valuation Metrics

	2025F	2026F	2027F
P/E (x)			
SIDO IJ	13.9	13.2	12.5
ICBP IJ	11.6	10.5	9.5
MYOR IJ	15.9	12.6	10.2
EV/EBITDA (x)			
SIDO IJ	9.8	9.2	8.7
ICBP IJ	8.5	7.5	6.6
MYOR IJ	9.8	8.0	6.4
Div. Yield			
SIDO IJ	6.7%	6.6%	7.0%
ICBP IJ	3.3%	4.1%	4.5%
MYOR IJ	2.4%	2.4%	3.1%

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FY26F government spending could aid the purchasing power recovery

- We expect FY26F social assistance and MBG program to provide a boost to domestic sales, especially for MYOR and ICBP.
- With CPO price hike outlook, we estimate it could negatively impact ICBP/UNVR FY25F profit by -3.5/-2.3%, for every 5% CPO price hike.
- Maintain Neutral for the sector. Our top pick is MYOR amid favorable input cost trends and potential demand uplift from government program.

FY26F social assistance may support Indonesia's purchasing power

According to RAPBN 2026, Indonesia government plans to increase FY26F social assistance budget by 20.2% yoy to Rp162.4tr (vs. Rp135.1tr in FY25F or -11.8% yoy), aiming to stimulate economic activity and protect mid-to-lower income segment. We note that FY25F social assistance budget contraction of -11.8% yoy has negatively affected 1H25 staples domestic sales, which only grew 0.5% yoy (vs. 3-year mean of +5.3% yoy). Historically, higher social assistance spending has translated into stronger domestic sales for ICBP and MYOR (Fig. 3-4). Therefore, we expect the +20.2% yoy increase in the FY26F social assistance budget to drive consumption recovery, especially for ICBP and MYOR.

MBG program should increase household income

Based on our conversations with companies, they have yet to observe a meaningful impact from the free lunch program (MBG) in YTD-25, as reflected in the 1H25 aggregate domestic staples sales growth of just 0.5% yoy (vs. 3-year mean of +5.3% yoy). However, the government has made MBG a top priority program for FY26F, with an allocated budget of Rp335tr targeting 82.9mn recipients, or 29.2% of Indonesia's population (vs. FY25F MBG budget of Rp71tr with 17.9mn recipients, based on RAPBN 2025). We view MBG program as a direct catalyst for poultry demand, potentially boosting broiler consumption by 14.8%, assuming 50% of incremental MBG-driven demand translates into broiler consumption (Fig. 7). Moreover, we expect MBG program to expand household income, thereby lifting purchasing power and discretionary consumption.

Raw material pressure for ICBP and UNVR

CPO price rose +9.8% qtd driven by: 1) stronger demand from India following the revision of vegetable oil import tariffs to 10% (vs. 20% previously); 2) the EU imposing a 0% tariff on CPO imports from Indonesia. We think higher CPO prices pose a potential cost headwind for MYOR/ICBP/UNVR, with raw material exposure of 10%/23%/18%, respectively. Conversely, we note that coffee price has increased by +28% mtd due to Brazil's dry weather; however, it still declined by -10.5% qtd. Furthermore, sugar/cocoa price dropped by -6.1/-15% qtd, respectively, amid a better supply outlook. More positively, lower coffee, sugar, and cocoa prices may partly offset rising other input costs, especially for MYOR with combined raw material exposure of 39%. Our sensitivity analysis shows that every 5% increase in CPO prices combined with a -5% decline in coffee/sugar/cocoa prices, FY25F earnings could change by +9.2/-3.5/-2.3% for MYOR/ICBP/UNVR.

Maintain sector Neutral call

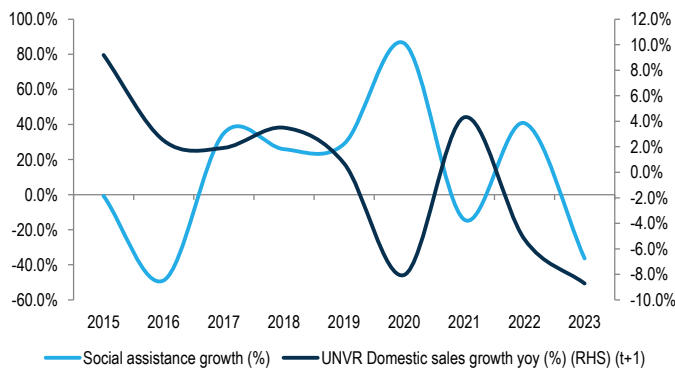
In summary, we maintain a Neutral stance on the sector as we await tangible evidence of purchasing power recovery. Our pecking order for staples is as follow: MYOR>KLBFB>ICBP>UNVR>SIDO.

Fig. 1: Indonesia staples valuation summary

Ticker	Rating	Current price (Rp)	Target price (Rp)	Earnings yoy growth		P/E		ROE	
				2025F	2026F	2025F	2026F	2025F	2026F
Staples									
ICBP	BUY	9,775	12,600	-5.6%	10.2%	11.6	10.5	23.3%	23.0%
MYOR	BUY	2,190	2,750	2.7%	25.9%	15.9	12.6	16.5%	18.5%
SIDO	HOLD	535	625	-1.3%	5.5%	13.9	13.2	32.8%	33.5%
INDF	BUY	7,925	11,200	12.0%	16.0%	5.5	4.7	18.3%	18.9%
KLBF	BUY	1,365	1,780	13.5%	7.8%	16.7	15.5	14.4%	14.4%
UNVR	BUY	1,830	1,850	18.3%	-0.4%	17.4	17.5	65.3%	118.2%

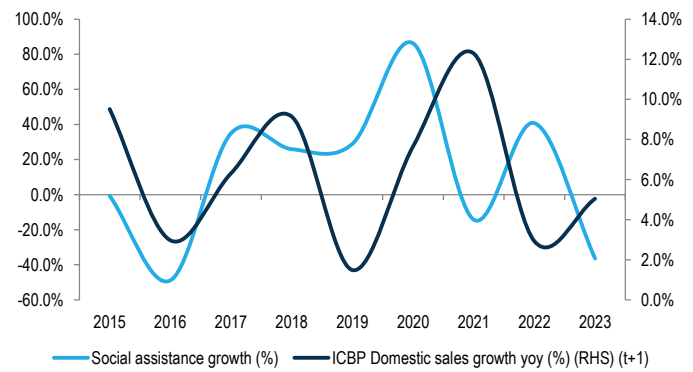
Source: Bloomberg, Indo Premier

Fig. 2: UNVR Domestic sales growth against social assistance



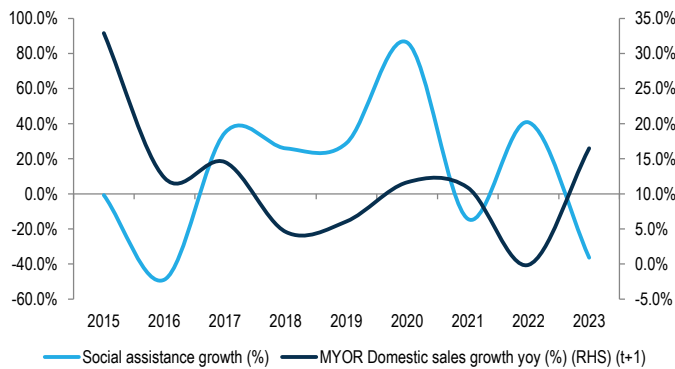
Source: Company, Indo Premier

Fig. 3: ICBP Domestic sales growth against social assistance



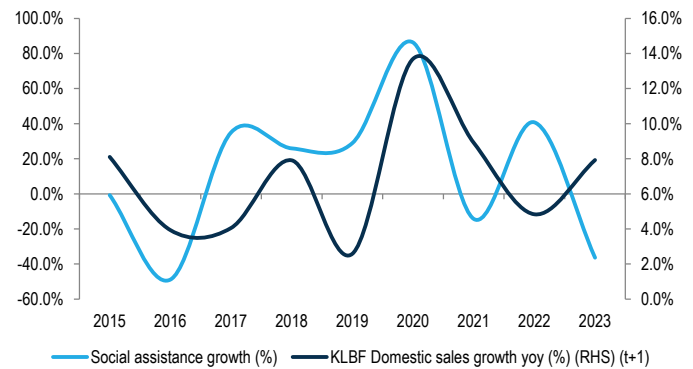
Source: Company, Indo Premier

Fig. 4: MYOR Domestic sales growth against social assistance



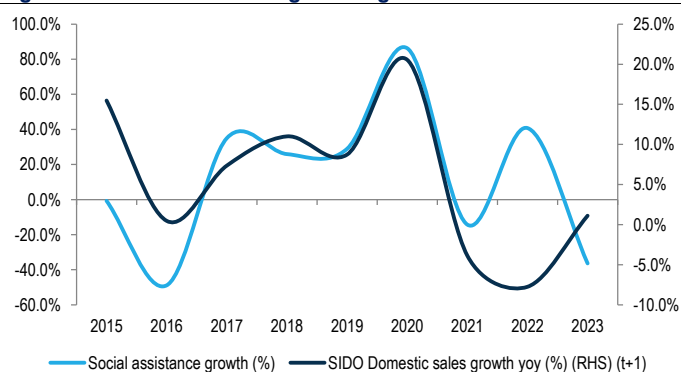
Source: Company, Indo Premier

Fig. 5: KLBF Domestic sales growth against social assistance



Source: Company, Indo Premier

Fig. 6: SIDO Domestic sales growth against social assistance



Source: Company, Indo Premier

Fig. 7: MBG impact on chicken consumption in FY26F

Item	FY26F
Receivers	82,900,000
Chicken/reciveres (Kg/year)	9.0
Total chicken from free lunch program (k tons)	742.0
% of FY24 chicken consumption*	14.8%

Source: Company, Indo Premier

*Assumption: 50% incremental demand

Fig. 8: Staples key raw materials forecast

Commodity Prices	Spot	1Q25A	2Q25A	3Q25F	4Q25F	1Q26F	2Q26F
Wheat (cents/bu)	502	555	533	511	529	546	561
QoQ Price Change (%)			-3.9%	-4.1%	3.4%	3.4%	2.7%
Coffee (DF) \$/MT	4,251	5,436	4,768	3,997	3,970	3,843	3,786
QoQ Price Change (%)			-12.3%	-16.2%	-0.7%	-3.2%	-1.5%
Sugar#11 c/lb	16.2	19.4	17.3	16.3	17.0	16.9	16.6
QoQ Price Change (%)			-10.6%	-6.1%	4.4%	-0.6%	-1.3%
Soybean c/bsh	1,023	1,025	1,043	1,017	1,051	1,075	1,091
QoQ Price Change (%)			1.8%	-2.5%	3.3%	2.3%	1.5%
Soybean meal \$/ST	284	298	290	280	291	303	311
QoQ Price Change (%)			-2.8%	-3.6%	4.3%	3.9%	2.6%
Palm Oil RM/metric ton	4,436	4,674	4,050	4,367	4,559	4,524	4,402
QoQ Price Change (%)			-13.3%	7.8%	4.4%	-0.8%	-2.7%
Cocoa \$/mt	8,145	9,668	9,359	8,118	8,132	7,868	7,683
QoQ Price Change (%)			-3.2%	-13.3%	0.2%	-3.2%	-2.4%
Ice Brent \$/BBL	65.8	75.0	66.7	68.4	65.4	65.1	65.1
QoQ Price Change (%)			-11.0%	2.6%	-4.5%	-0.4%	0.0%

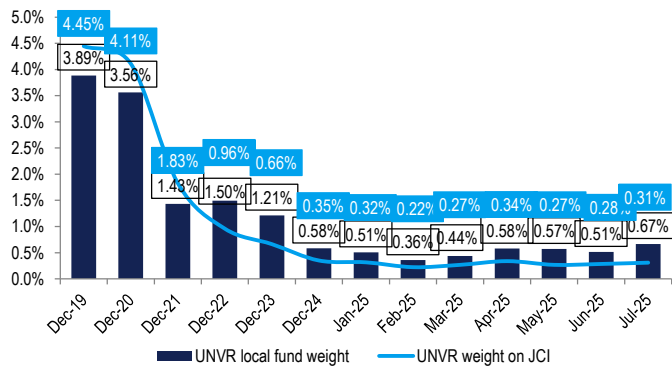
Source: Bloomberg, Indo Premier

Fig. 9: Raw material prices sensitivity analysis

Net Profit impact from 5% decline coffee/sugar/cocoa and 5% increase in CPO prices	
MYOR	+9.2%
ICBP	-3.5%
UNVR	-2.3%

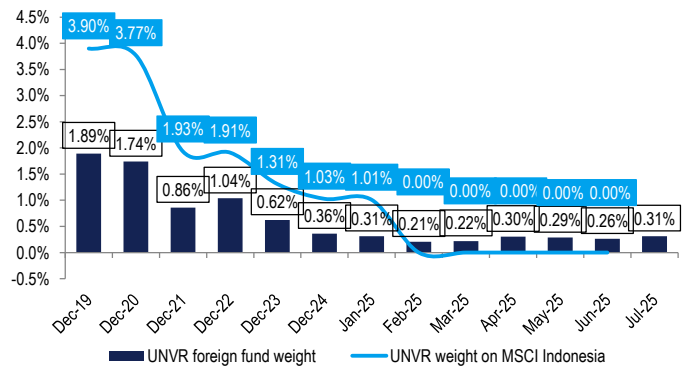
Source: Bloomberg, Indo Premier

Fig. 10: UNVR' local fund weight vs. JCI



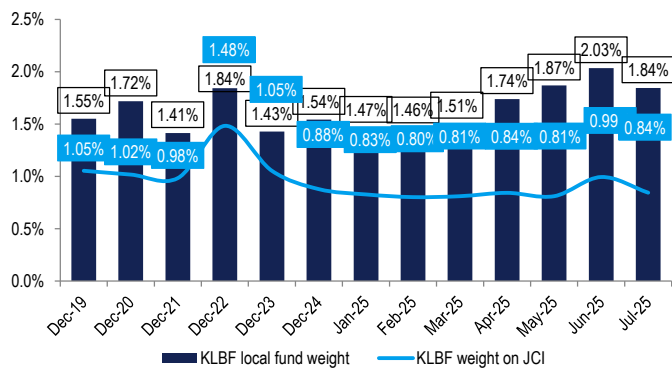
Source: KSEI, Indo Premier

Fig. 11: UNVR' foreign fund weight vs. MSCI



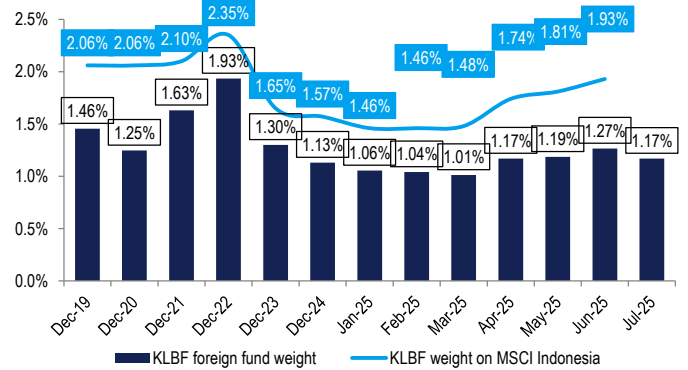
Source: KSEI, MSCI, Indo Premier

Fig. 12: KLBF' local fund weight vs. JCI



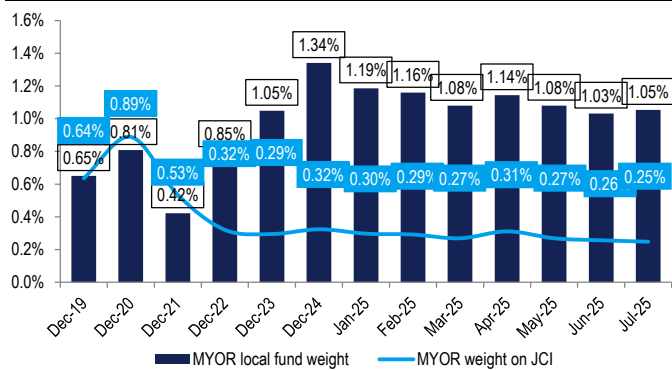
Source: KSEI, Indo Premier

Fig. 13: KLBF' foreign fund weight vs. MSCI



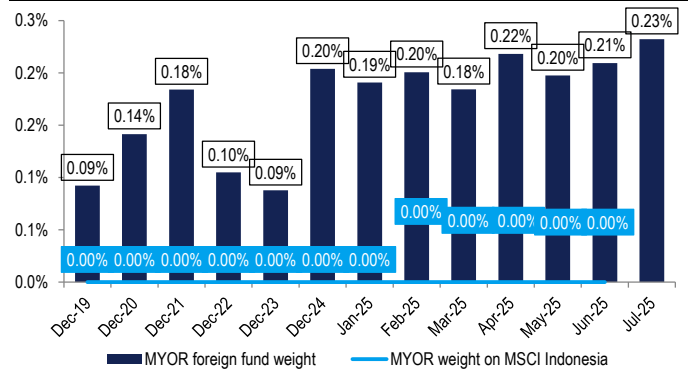
Source: KSEI, MSCI, Indo Premier

Fig. 14: MYOR' local fund weight vs. JCI



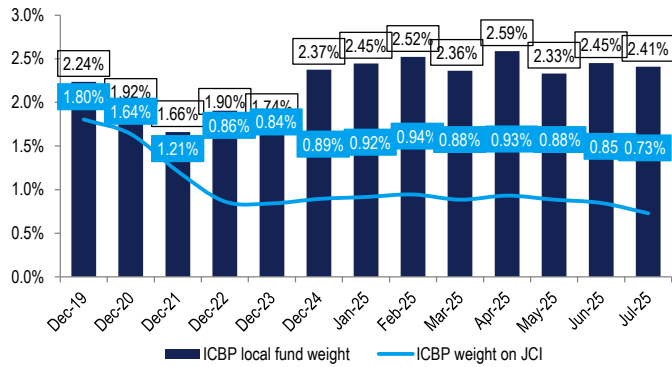
Source: KSEI, Indo Premier

Fig. 15: MYOR' foreign fund weight vs. MSCI



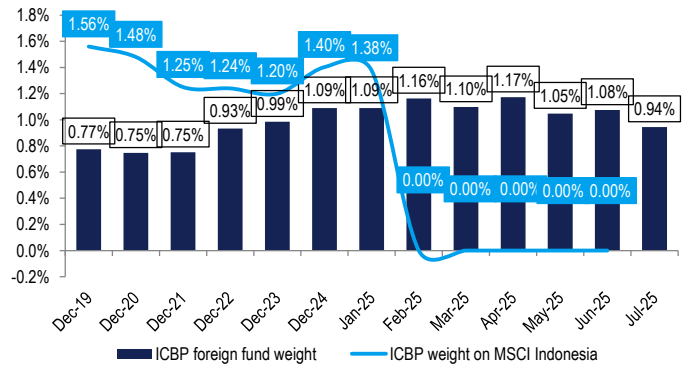
Source: KSEI, MSCI, Indo Premier

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



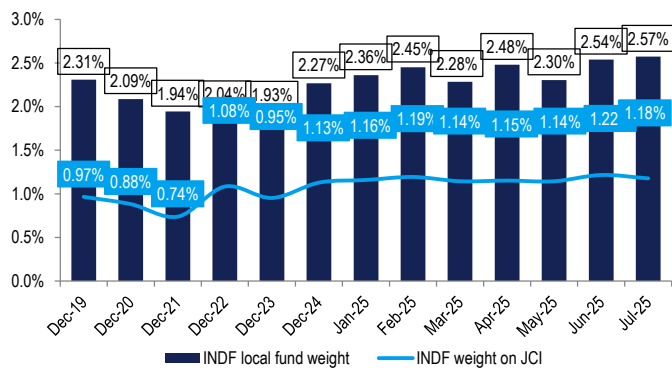
Source: KSEI, Indo Premier

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



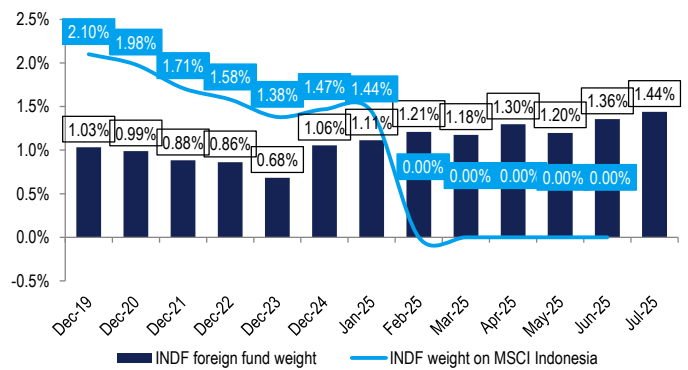
Source: KSEI, MSCI, Indo Premier

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



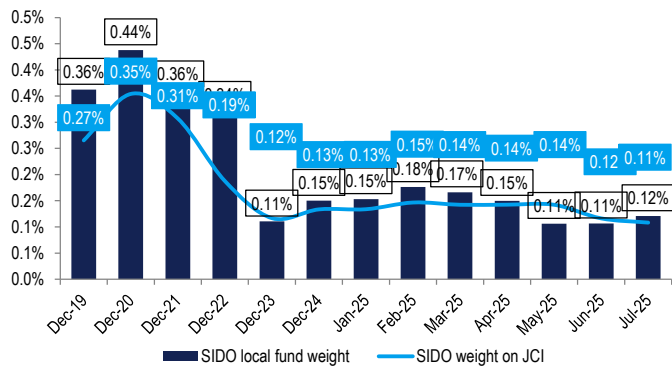
Source: KSEI, Indo Premier

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



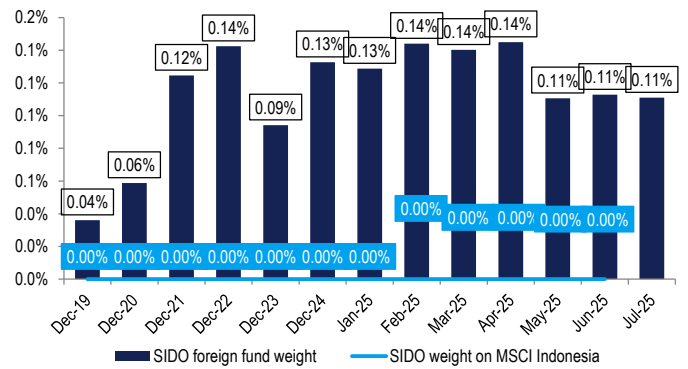
Source: KSEI, MSCI, Indo Premier

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



Source: KSEI, Indo Premier

Fig. 21: 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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