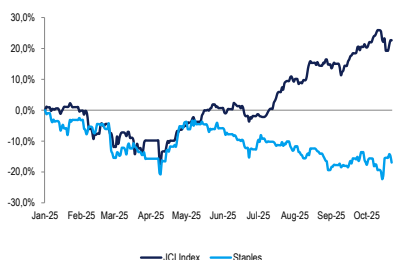


Sector Index Performance

	3M	6M	12M
Absolute	-4.3%	-10.1%	-21.8%
Relative to JCI	-16.6%	-41.0%	-39.1%



Summary Valuation Metrics

	2025F	2026F	2027F
P/E (x)			
KLBF IJ	14.4	13.4	12.4
ICBP IJ	10.6	9.6	8.6
MYOR IJ	16.1	12.8	10.4
EV/EBITDA (x)			
KLBF IJ	9.1	8.5	7.8
ICBP IJ	7.9	6.9	6.0
MYOR IJ	9.9	8.1	6.4
Div. Yield			
KLBF IJ	4.0%	4.6%	4.9%
ICBP IJ	3.6%	4.5%	5.0%
MYOR IJ	2.3%	2.4%	3.0%

Andrianto Saputra

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

Nicholas Bryan

PT Indo Premier Sekuritas
nicholas.bryan@ipc.co.id
+62 21 5088 7168 ext. 722

Government stimulus shall support the purchasing power

- We expect 4Q25F domestic sales to recover amid government stimulus and stock up impact ahead of 2026's Lebaran.
- With a favourable raw material outlook, we expect MYOR/KLBF to see potential margin improvement in FY26F.
- Maintain Neutral call as we await tangible evidence of purchasing power recovery. Our top picks are: KLBF and MYOR

Government to distribute social assistance in 4Q25F

Government distributes social assistance of Rp300k/month in Oct-Dec25 to 35.4mn recipients with total budget of Rp31.9tr. This program will be funded through budget reallocation, in-line with MOF's directive to reallocate national budget's portions that have not been fully absorbed. Thus, we see potential for further purchasing power recovery through government spending amid government's proactive stance on reallocating underutilized budget spending.

Cash disbursement is more effective to improve purchasing power

We note that non-cash social assistance in 1Q25 (e.g. 50% electricity tariff discount) was not effective in improving purchasing power as 1Q25 staples domestic sales only grew by 3.0% yoy despite a low base effect from 1Q24's +5.6% yoy (vs. 5yr avg of +8.3% yoy - Fig. 2). On the other hand, the additional cash social assistance in FY22 (Fig. 3), the staples domestic sales grew significantly by 8.7% yoy during that year; suggesting the cash disbursement is more effective for improving the purchasing power. Based on our conversation with staples companies, they indicated 4Q25F sales could benefit from stock-up activity ahead of FY26F Lebaran (vs. Jan25 for FY25 Lebaran), coupled with a relatively sizeable social assistance program in 4Q25F (Fig. 3), we expect staples domestic sales to recover in 4Q25F.

GPM improvement for KLBF and MYOR amid lower raw material outlook

We observed that Coffee/Cocoa/Sugar/Brent oil prices dropped by -13.7/-26.4/-26.6/-22% yoy, while CPO price rose by 3.8% yoy. Our plantation analyst expects CPO prices to remain elevated in FY26F (note), which may pressure margins for ICBP/UNVR/MYOR, as CPO accounts for 23/18/10% of their COGS. For MYOR, however, we view the decline in coffee/cocoa/sugar prices (which together represent 39% of COGS) could offset CPO price pressure. Meanwhile, Brent oil also indirectly affects active pharmaceutical ingredient (API), with typical 6-9 months lag; thus, we expect potential margin improvement for KLBF in FY26F. Based on our sensitivity analysis, a combined 5% decline in coffee/cocoa/sugar/brent oil prices alongside a 5% increase in CPO prices could impact FY26F earnings for MYOR/ICBP/UNVR/KLBF by +14.1/-1.0/+2.4/+6.2% and vice versa.

Maintain Neutral

Indo staples' aggregate valuation is traded at 13.2x 12M forward P/E (-1.7 S.D. from its 5yr avg), suggesting a limited downside. We view that the PE multiple de-rating was attributed to an overall softer sales growth from staples companies as shown by FY19-24 CAGR sales growth of 3.5% (vs. FY11-18's 9.7%) amid subdued purchasing power. With government's supportive stance toward improving household spending, we are more positive on purchasing power recovery, which may drive a sector re-rating. However, we maintain our Neutral call on the sector as we await a tangible evidence of purchasing power recovery. Our pecking order are: KLBF>MYOR>ICBP>UNVR>SIDO

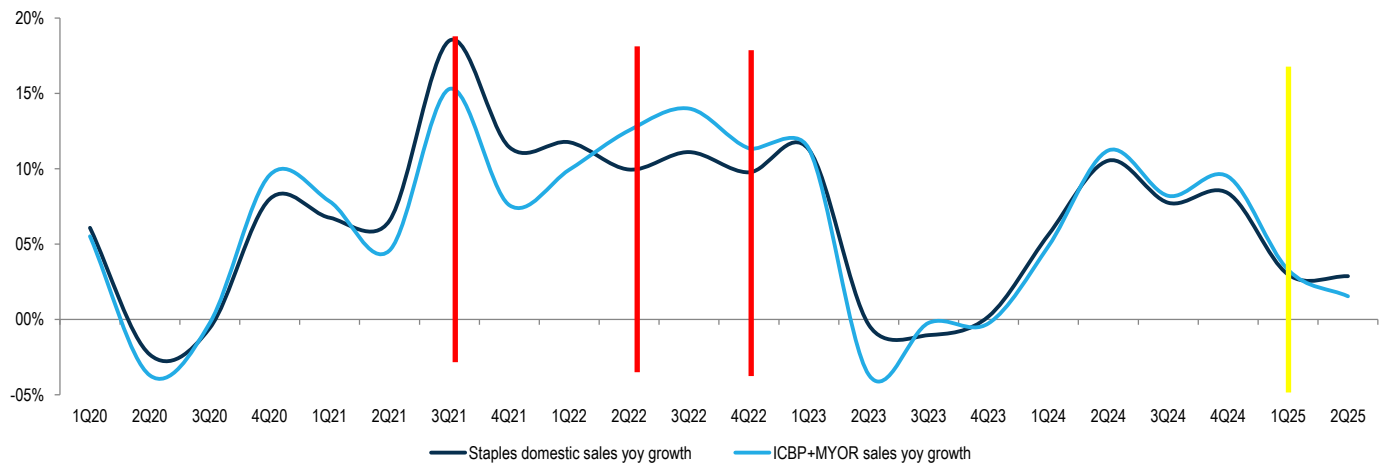
Fig. 1: Indonesia Staples valuation summary

Ticker	Rating	Current price (Rp)	Target price (Rp)	Earnings yoy growth		P/E		ROE	
				2025F	2026F	2025F	2026F	2025F	2026F
ICBP	BUY	8,900	12,600	-5.6%	10.2%	10.6	9.6	23.3%	23.0%
MYOR	BUY	2,220	2,750	2.7%	25.9%	16.1	12.8	16.5%	18.5%
SIDO	HOLD	560	625	-1.3%	5.5%	14.5	13.8	32.8%	33.5%
INDF	BUY	7,175	11,200	12.0%	16.0%	5.0	4.3	18.3%	18.9%
KLBF	BUY	1,180	1,780	13.5%	7.8%	14.4	13.4	14.4%	14.4%
UNVR	BUY	2,070	1,850	18.3%	-0.4%	19.7	19.8	162.3%	166.8%

Source: Bloomberg, Indo Premier

Share price closes as of: 22 October 2025

Fig. 2: Staples domestic sales growth in relation to government stimuli



Source: Bloomberg, Indo Premier

-- = Cash disbursement, --- = Non-Cash disbursement

Fig. 3: List of government stimuli

Name	Duration	Type	Target (mn)	Total Assistance (Rp mn/pax)	Total Budget (Rp tr)
BST	Jul-Aug21	Cash	10.0	0.6	6.0
BLT Minyak Goreng	Apr-Jun22	Cash	20.7	0.3	6.2
BLT BBM 1	Sep-Dec22	Cash	20.7	0.6	12.4
BLT UMKM	Oct-Dec22	Cash	12.0	1.2	14.4
Electricity discount	Jan-Feb25	Non-Cash	68.0	0.2	13.6
BSU	Jun-Jul25	Cash	8.2	0.6	4.9
BLT Kesra	Oct-Dec25	Cash	35.4	0.9	31.9

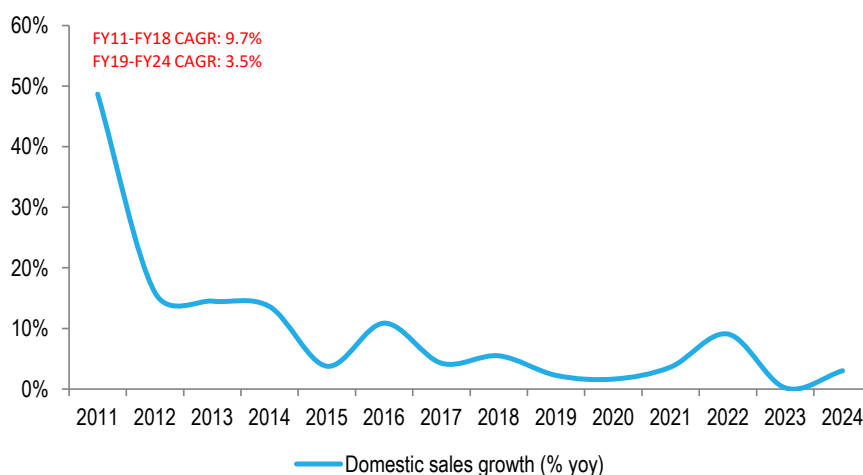
Source: Indo Premier

Fig. 4: Raw material prices sensitivity analysis

Net Profit impact from 5% decline coffee/sugar/cocoa and 5% increase in CPO prices	
MYOR	+14.1%
ICBP	-1.0%
KLBF	+6.2%
UNVR	+2.4%
SIDO	+1.0%

Source: Bloomberg, Indo Premier

Fig. 5: Staples domestic sales growth CAGR



Source: Bloomberg, Indo Premier

Fig. 6: Staples key raw materials forecast

Commodity Prices	Spot	1Q25A	2Q25A	3Q25A	4Q25F	1Q26F	2Q26F	3Q26F
Wheat (cents/bu)	504	555	533	521	508	524	539	559
QoQ Price Change (%)			-3.9%	-2.3%	-2.5%	3.1%	2.8%	3.8%
Coffee (DF) \$/MT	4,549	5,436	4,768	4,113	4,495	4,409	4,317	4,258
QoQ Price Change (%)			-12.3%	-13.7%	9.3%	-1.9%	-2.1%	-1.4%
Sugar#11 c/lb	15.6	19.4	17.3	16.2	15.7	15.5	15.1	15.3
QoQ Price Change (%)			-10.6%	-6.6%	-2.8%	-1.1%	-2.8%	1.0%
Soybean c/bsh	1,037	1,025	1,043	1,011	1,041	1,065	1,083	1,079
QoQ Price Change (%)			1.8%	-3.1%	3.0%	2.3%	1.7%	-0.4%
Soybean meal \$/ST	286	298	290	277	283	294	301	306
QoQ Price Change (%)			-2.8%	-4.6%	2.3%	3.8%	2.4%	1.6%
Palm Oil RM/metric ton	4,448	4,674	4,050	4,264	4,440	4,516	4,451	4,357
QoQ Price Change (%)			-13.3%	5.3%	4.1%	1.7%	-1.4%	-2.1%
Cocoa \$/mt	5,941	9,668	9,359	7,940	5,905	5,933	5,958	5,973
QoQ Price Change (%)			-3.2%	-15.2%	-25.6%	0.5%	0.4%	0.3%
Ice Brent \$/BBL	61.5	75.0	66.7	68.2	60.9	61.1	61.6	61.9
QoQ Price Change (%)			-11.0%	2.2%	-10.6%	0.3%	0.7%	0.5%

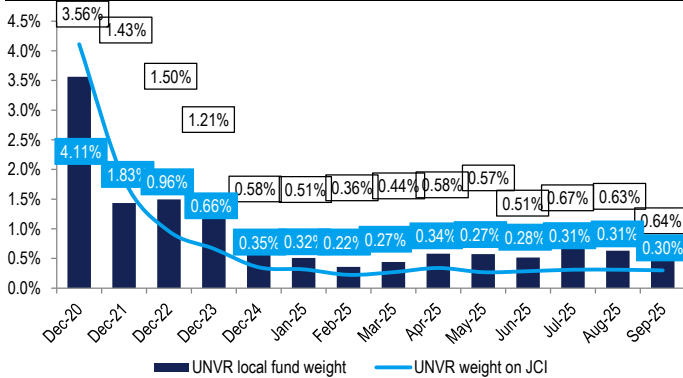
Source: Bloomberg, Indo Premier

Fig. 7: Indonesia' staples is traded at 13.2x FY25F PE (-1.7 s.d. from its 5yr mean)



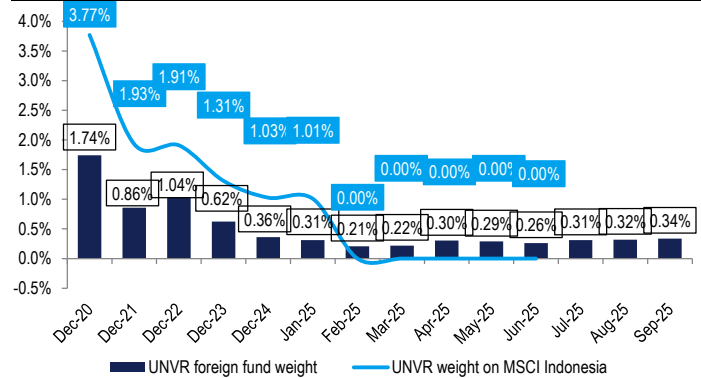
Source: Bloomberg, Indo Premier

Fig. 8: UNVR' local fund weight vs. JCI



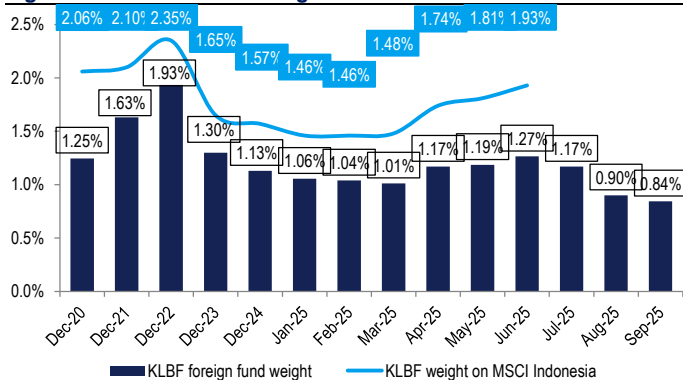
Source: KSEI, Indo Premier

Fig. 9: UNVR' foreign fund weight vs. MSCI



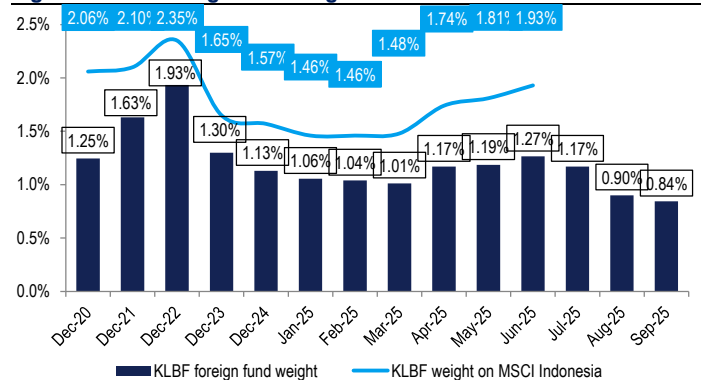
Source: KSEI, MSCI, Indo Premier

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



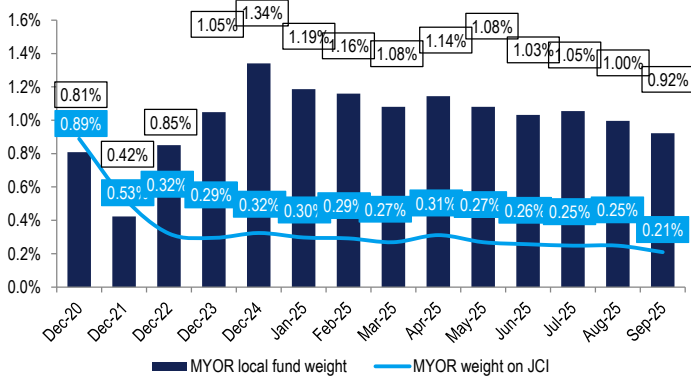
Source: KSEI, Indo Premier

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



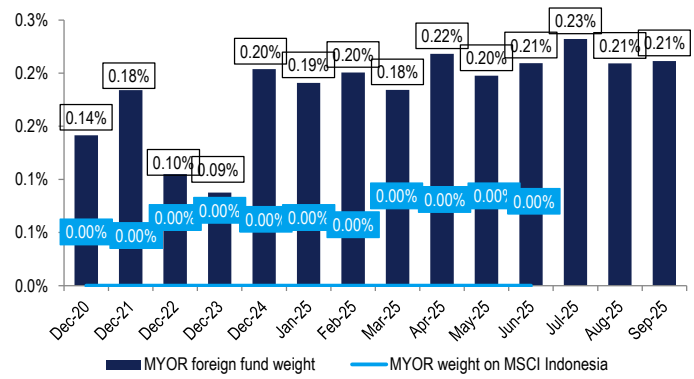
Source: KSEI, MSCI, Indo Premier

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



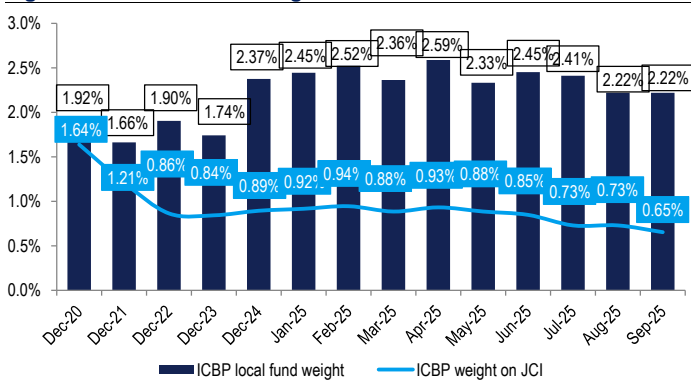
Source: KSEI, Indo Premier

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



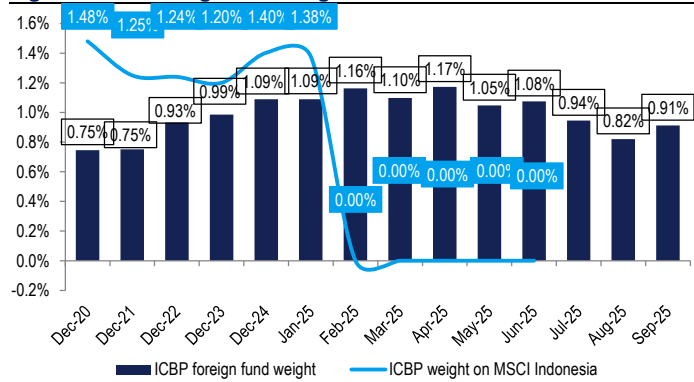
Source: KSEI, MSCI, Indo Premier

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



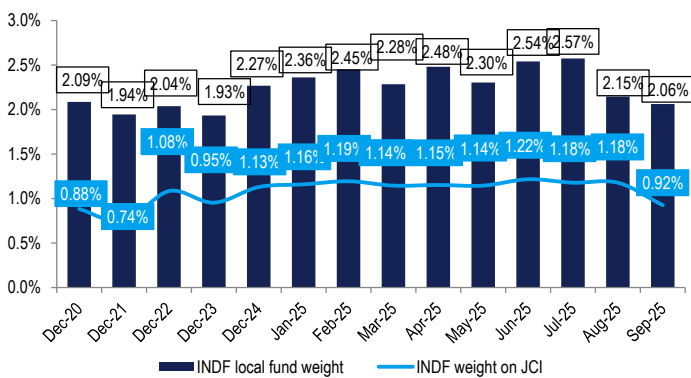
Source: KSEI, Indo Premier

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



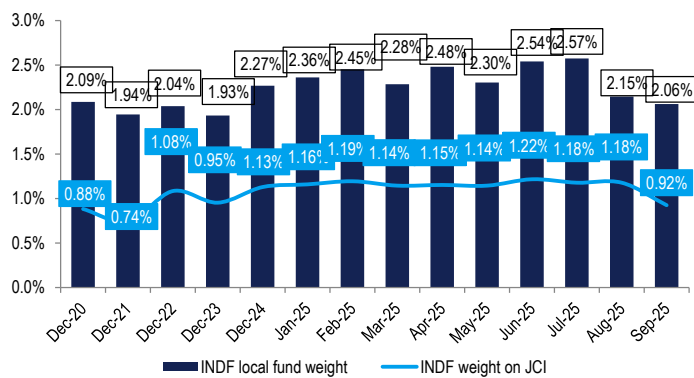
Source: KSEI, MSCI, Indo Premier

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



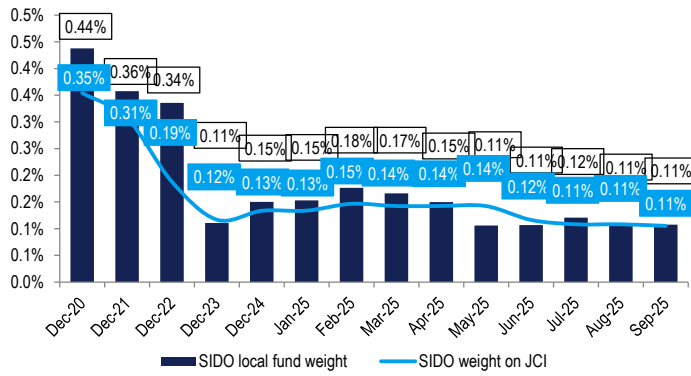
Source: KSEI, Indo Premier

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



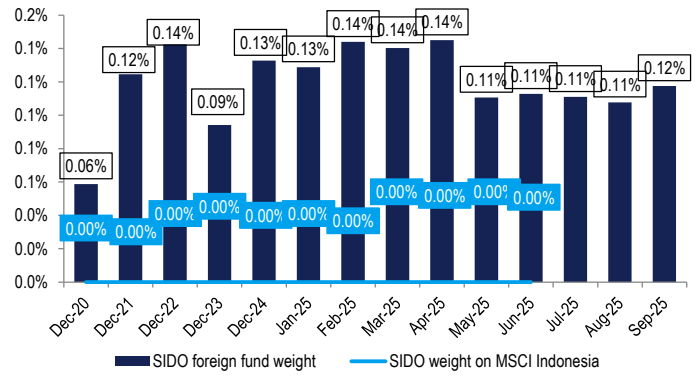
Source: KSEI, MSCI, Indo Premier

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



Source: KSEI, Indo Premier

Fig. 19: 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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