INDOPREMIER

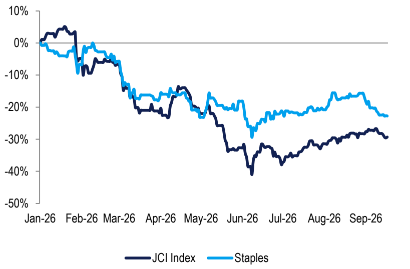
Consumer Staples

OVERWEIGHT *(unchanged)*

Sector Update | Consumer Staples | 17 September 2026

Sector Index Performance

	3M	6M	12M
Absolute	-1.4%	-7.9%	-21.4%
Relative to JCI	-5.4%	3.0%	2.8%



Summary Valuation Metrics

P/E (x)	2026F	2027F	2028F
CMRY IJ	16.1	13.7	11.9
ICBP IJ	7.4	6.8	6.3
KLBF IJ	9.6	8.6	7.9

EV/EBITDA (x)	2026F	2027F	2028F
CMRY IJ	12.4	10.3	8.6
ICBP IJ	5.2	4.5	3.8
KLBF IJ	5.5	4.8	4.2

Div. Yield	2026F	2027F	2028F
CMRY IJ	3.0%	3.3%	3.8%
ICBP IJ	5.7%	6.1%	6.7%
KLBF IJ	5.5%	5.5%	6.1%

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

Assessing the El Nino impact: MYOR may face the biggest headwind

- We expect El-Nino to pressure staples' GPM in 1H27F and may only start to recover in 2H27F.
- MYOR is the most negatively affected by El-Nino, while KLBF is the least impacted.
- Maintain Overweight for the sector with our top pick is KLBF.

El Nino may pressure staples GPM in 1H27F

BMKG forecasted a very strong El-Nino developing from Jun26, with the intensity expected to peak in Dec26-Jan27 and potentially reach levels similar to Nov15-Jan16 El-Nino. Historically, El-Nino has adversely affected CPO, coffee, cocoa and sugar crops, leading to lower production and higher soft commodity prices, with most soft commodities (coffee/cocoa/sugar) production typically taking 6-12 months to recover after an El-Nino event. As such, we expect staples companies to face cost pressures throughout 1H27F, with GPM possibly starting to recover in 2H27F.

El-Nino may negatively impacted MYOR

We assess the potential impact of El-Nino on staples companies. Among our coverage, MYOR/ICBP/UNVR/CMRY have exposure to these raw materials, which account for 36/19/10/5% of their COGS. Assuming no pass-through of higher input costs, our sensitivity analysis shows that a 5% increase in the prices of coffee, sugar, cocoa, and CPO would reduce FY27F net profit for MYOR/ICBP/UNVR/CMRY by -11.7/-3.8/-1.6/-0.6% (Fig. 18).

We expect 1H27F price hikes to be less aggressive than in FY22

Our conversation with staples companies, suggested that they intend to fully pass on higher input costs. In addition, MYOR also aims to reduce distributor inventory days, as it expects to pass on higher costs through regrammage (reformulate product) with a shorter lag. However, we see a risk to sales volume if raw material prices increase significantly. Historically, domestic aggregate revenue growth slowed to +1.2% yoy in FY23 (vs. +10% yoy in FY22), following the massive price hikes in FY22 (average: +16% yoy) amid cost pressure (Fig. 3). Given the relatively healthy 1H26 GPM reported by staples companies, with GPM profiles are in-line with respective companies' guidance (Fig. 2), we view ASP hikes may not be as significant vs. FY22, when the 1H22 GPM (-419bps yoy) was under bigger pressure.

KLBF is less impacted from El-Nino event

Within our coverage, KLBF is one of the staples companies that wasn't negatively impacted from El-Nino as 65% of KLBF's raw material comes from oil-related (API and packaging). According to our conversation with management, API prices have yet to increase materially beyond the hike already seen in 2Q26, suggesting GPM profile should stay close to 2Q26's.

Maintain OW with KLBF as our top pick

In terms of fund positioning, local funds are already well positioned for the sector; thus, the incremental buyers should come from foreign funds. We note that the sector is traded at 9.5x FY26F PE (-2.0 s.d. from its 5yr mean), reaching below Covid level, suggesting the sector provides a better risk-reward. In sum, we maintain OW rating for the sector with pecking order of: KLBF>CMRY>ICBP>MYOR>UNVR>SIDO. Risks to our call: prolonged higher raw material prices and soft purchasing power.

Fig. 1: Indonesia staples valuation summary

	Rating	Current price (Rp)	Target price (Rp)	Earnings yoy growth		P/E		ROE		FY26F earnings yield
				2026F	2027F	2026F	2027F	2026F	2027F	
ICBP	BUY	6,950	12,600	10.0%	8.7%	7.4	6.8	22.7%	22.1%	13.5%
MYOR	BUY	1,515	2,750	19.0%	13.1%	9.9	8.8	16.8%	17.0%	10.1%
SIDO	HOLD	352	370	-24.4%	8.6%	11.4	10.4	31.5%	36.1%	8.8%
INDF	BUY	7,175	9,300	10.2%	10.8%	5.0	4.5	16.4%	16.7%	19.9%
KLBF	BUY	775	1,300	0.6%	11.5%	9.6	8.6	13.7%	13.6%	10.5%
UNVR	HOLD	1,640	2,100	13.7%	7.0%	15.6	14.5	150.5%	253.7%	6.4%
CMRY	BUY	4,470	6,000	8.6%	17.1%	16.1	13.7	29.9%	29.8%	6.2%

Source: Bloomberg, Indo Premier

Fig. 2: 1H26 GPM achievement vs FY26F guidance

Ticker	1H26 GPM	FY26F Guidance
ICBP*	19.8%	20-22%
MYOR	25.7%	23-25%
SIDO	50.5%	N/A
UNVR	46.6%	N/A
KLBF	37.6%	N/A
CMRY	43.3%	42-44%

Source: Bloomberg, Indo Premier

**ICBP uses EBIT margin as its guidance*

Fig. 3: ASP hikes

	FY22	FY23	FY24	FY25
MYOR	14.0%	6.0%	5.1%	9.7%
KLBF	3.0%	1-2%	1-2%	1.0%
CMRY	3-5%	0.0%	0.0%	0.0%
ICBP	5.0%	0.0%	9.0%	3-4%
UNVR	45.9%	-4.8%	-14.0%	10.1%
SIDO	6.0%	Inflation	5-9%	Inflation

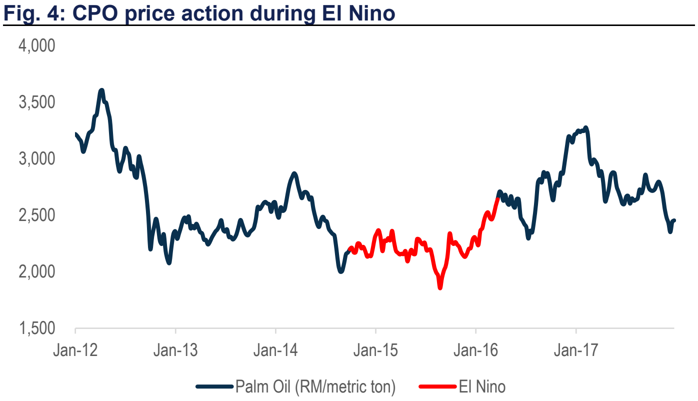
Source: Bloomberg, Indo Premier

Soft commodities impact from El Nino

Crude palm oil

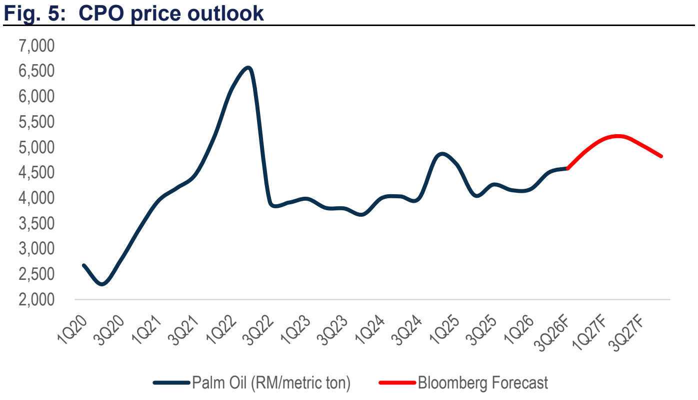
Based on our discussion with our CPO analyst, CPO production typically begins to decline shortly after El Nino onset, driven by lower rainfall. Historically, following the FY15 Super El Nino, Indonesia's FFB yields fell by c.15-17% in FY16 while Malaysia's CPO production declined by 13%, driving CPO prices up c.21% yoy in that year. Our analyst notes that production impact typically materializes 9-12 months since the start of El Nino. Looking ahead, our CPO analyst forecasts FY27F palm yields to decline by 15-17% yoy should dryness persist through Oct26, which could push FY27F CPO prices to reach MYR5.5-5.9k/ton (+22-32% yoy).

Fig. 4: CPO price action during El Nino



Source: Bloomberg, Indo Premier

Fig. 5: CPO price outlook

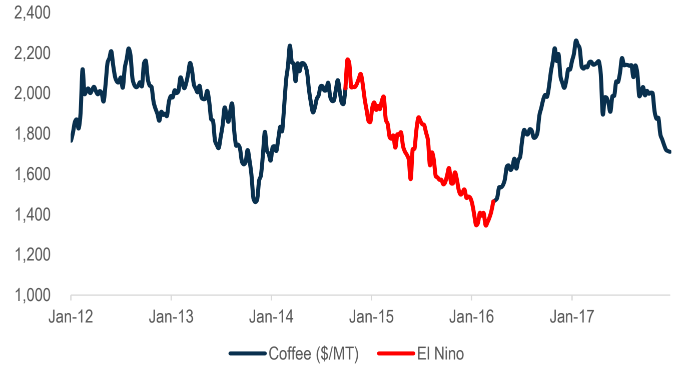


Source: Bloomberg, Indo Premier

Coffee (Robusta)

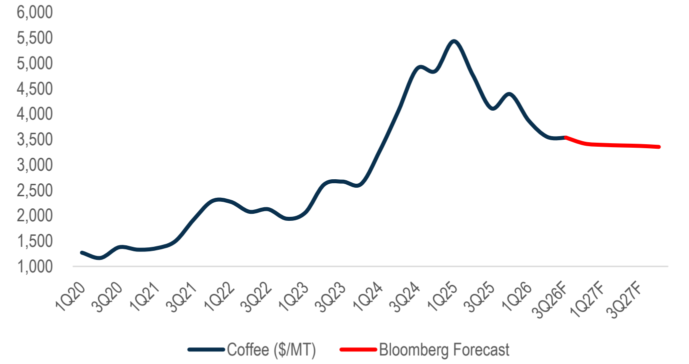
Historically showed that coffee commodity was impacted by El Nino (Fig. 6). Robusta recorded a strong harvest during the FY13/14 period which drove Robusta prices down during the FY15 El Nino. To note, coffee has a flowering stage of 6-9 months, thus the impact from the drought only materialized 6-9months after the El Nino. This is seen in Fig. 6, in which coffee prices continued to increase since 2Q16, as Brazilian robusta production declined from 13mn bags in the FY15/16 season to 10.85mn bags in the FY16/17 season. Looking forward, coffee prices are expected to stabilize in FY27F as ICE (Inter Continental Exchange) reported high Robusta inventory levels which is creating a heavy market surplus. Brazil's ongoing harvest is also pushing additional supply into the market, with some reports indicating that storage warehouses in Brazil are no longer accepting new coffee deliveries.

Fig. 6: Coffee price action during El Nino



Source: Bloomberg, Indo Premier

Fig. 7: Coffee price outlook

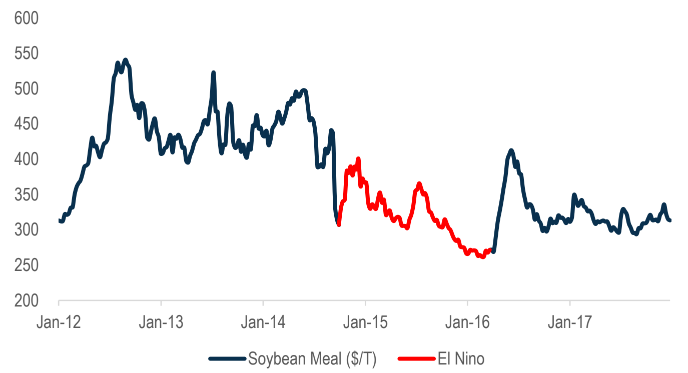


Source: Bloomberg, Indo Premier

Soybean meal

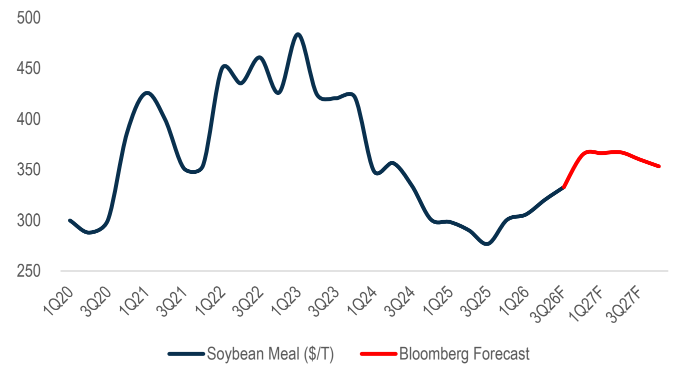
Soybean meal prices were impacted by El Nino. Soybean meal fell c.-24% yoy in FY15 due to record global soybean harvests in FY14-15 as the US, Brazil, Argentina all recorded all-time-high production, pushing world stocks to record levels and causing prices to decline. Usually, El Nino supports soy production as it brings more rainfall to the Brazil/Argentina region. However, record rainfall caused damaging floods which impacted the FY15/16 season crop, causing prices to increase in 1Q26. Looking forward, soybean meal prices are expected to continue its rising trend due to 1). Rising soybean prices from higher demand and 2). Soybean processors are shifting to soybean oil as the byproduct with a higher crush profitability which is driven by rising demand for biodiesel.

Fig. 8: Soybean meal price action during El Nino



Source: Bloomberg, Indo Premier

Fig. 9: Soybean meal price outlook

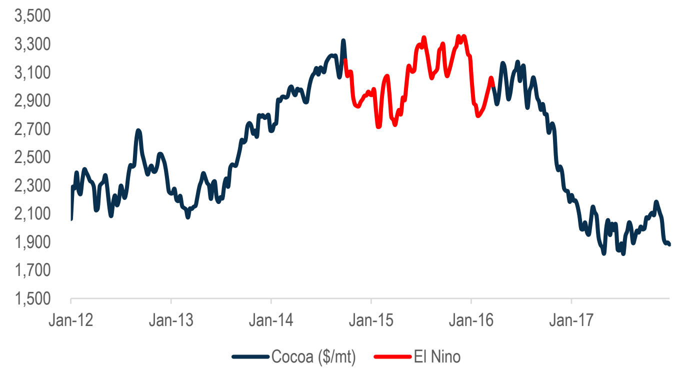


Source: Bloomberg, Indo Premier

Cocoa

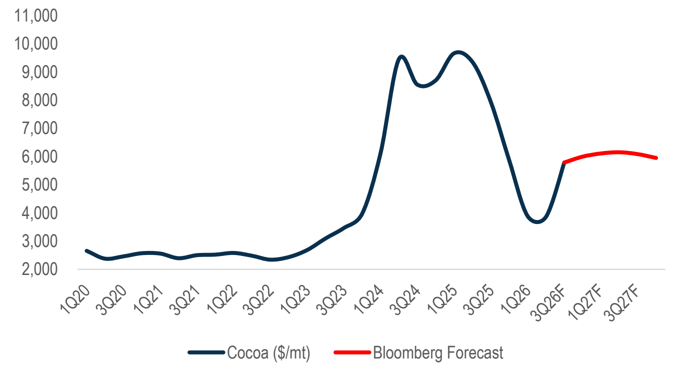
Cocoa prices were impacted by El Nino. However, cocoa was in a structural deficit, with three consecutive years of production growth lagging behind the rapidly-rising demand for chocolate. Hence, cocoa prices were already elevated in FY14 (+25% yoy) before El Nino became the headline story, and so the further rise in FY15 prices of +2.8% yoy simply added a risk premium from the El-Nino driven drought. However, prices corrected in FY16/17 as expanded plantings and favourable rains hit West Africa, turning years of deficit into a large surplus. Looking forward, cocoa prices should remain stable in FY27 as high global inventory levels are expected to be able to offset concerns on reduced production from El Nino and black pod diseases in West Africa.

Fig. 10: Cocoa price action during El Nino



Source: Bloomberg, Indo Premier

Fig. 11: Cocoa price outlook

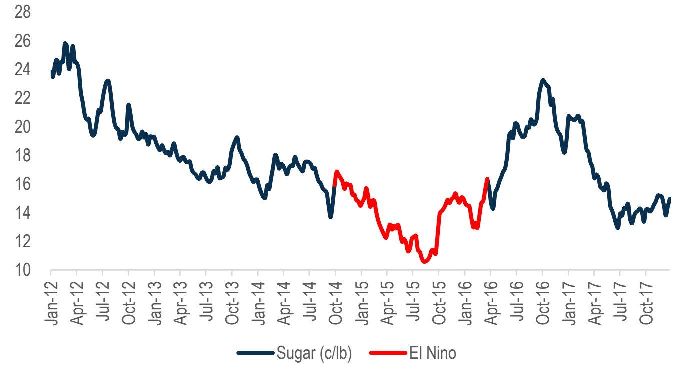


Source: Bloomberg, Indo Premier

Sugar

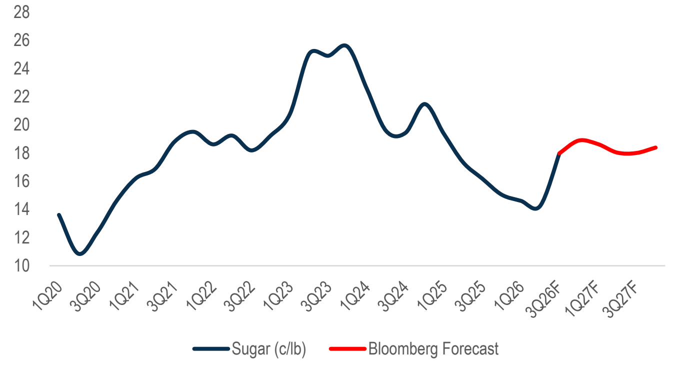
During the FY15-16 El Nino, Sugar had the same pattern as coffee and soybean meal. Global sugar output was at a surplus for three straight seasons, with each harvest adding to an already-swollen global stockpiles after a boom in Brazilian, Indian, and Thai cane production early in the decade, which continuously drove sugar prices down. The turning point came when the FY15/16 season flipped into a physical deficit of roughly -6mn tons vs. consumption, as the drought damage finally outpaced inventory. Thus, driving the sharp +38.7% rally in FY16. The recent spike in Sugar prices was driven by lower sugar yields in the EU due to adverse weather, concerns over the impact of El Nino on production in the Asian region, lower sugar production in Brazil, and India's duty-free raw sugar imports. According to Bloomberg consensus, Sugar prices will remain elevated in FY27F mainly driven by lower production, rising demand and tightening global inventories.

Fig. 12: Sugar price action during El Nino



Source: Bloomberg, Indo Premier

Fig. 13: Sugar price outlook

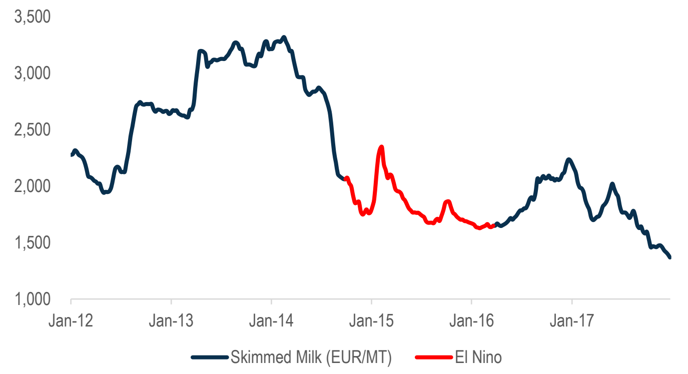


Source: Bloomberg, Indo Premier

Milk Powder

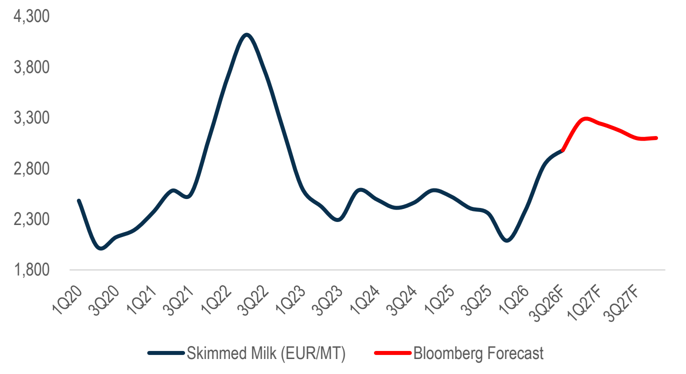
Skimmed milk powder wasn't impacted by El Nino. In FY15, prices declined purely due to EU abolishing its production quotas, which resulted in EU milk deliveries rising by 2.5% (3.5mn extra tons) in FY15. The surplus in milk had nowhere to go but into storable powder, and this was coincidental with Russia's retaliatory ban on EU food imports and a sharp pullback in Chinese demand. Prices rebounded shortly after due to prices falling all the way down to EU's public intervention floor, with Brussels buying over 350k tons into government storage to prop up the market. Thus, we see no impact for Skimmed milk powder from the ongoing El Nino.

Fig. 14: Milk powder price action during El Nino



Source: Bloomberg, Indo Premier

Fig. 15: Milk powder price outlook

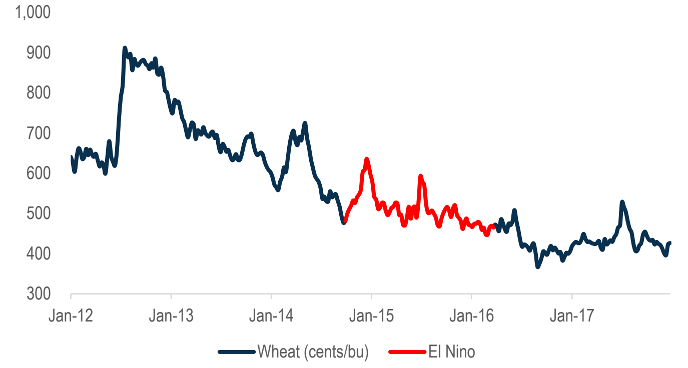


Source: Bloomberg, Indo Premier

Wheat

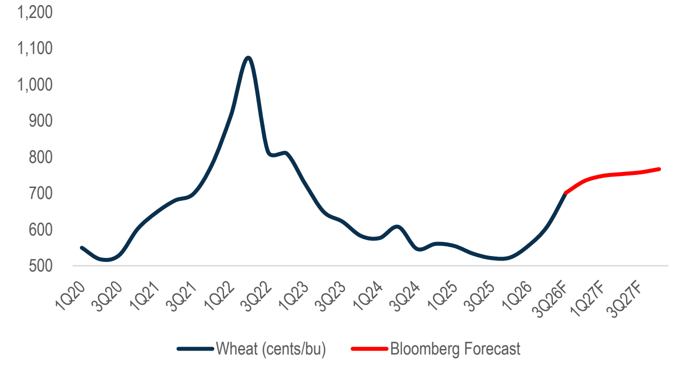
Wheat is not impacted by El Nino. Global wheat production hit three years of record production before the onset of El Nino, pushing global ending stocks to consecutive multi-year highs each season. This drove prices down constantly since FY12. Moreover, Wheat also has far less exposure to El Nino than other tropical crops, due to its major producers (US, EU, Russia, Ukraine, Canada, Australia) are spread across both hemispheres, thus a regional drought in Australia for example isn't going to significantly impact global production. In summary, Wheat's constant price decline was attributed to three straight years of oversupply and not El Nino. Lately, Wheat prices have been rising due to uncertainty and supply disruption coming from the Black Sea conflict.

Fig. 16: Wheat price action during El Nino



Source: Bloomberg, Indo Premier

Fig. 17: Wheat price outlook



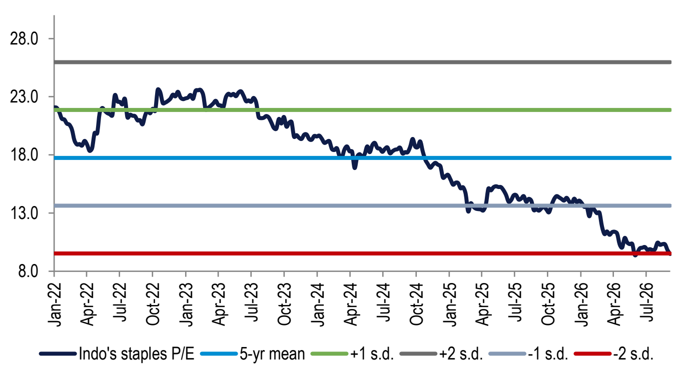
Source: Bloomberg, Indo Premier

Fig. 18: Sensitivity Analysis on FY27F earnings

	FY27F Net Profit impact from a 5% increases in Coffee, Cocoa, Sugar, CPO due to El Nino
MYOR	-11.7%
ICBP	-3.8%
KLBF	0.0%
UNVR	-1.6%
SIDO	0.0%
CMRY	-0.6%

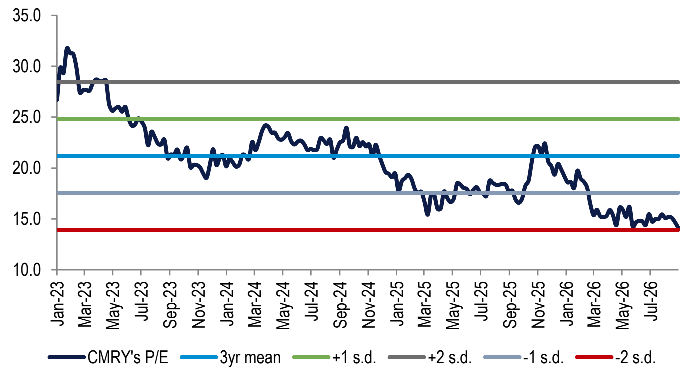
Source: Company, Indo Premier

Fig. 19: Indonesia's staples is traded at 9.5x fwd. 12M PE (-2.0 s.d. from its 5yr mean)



Source: Bloomberg, Indo Premier

Fig. 20: CMRY is traded at 14.1x fwd. 12M PE (-1.9 s.d. from its 5yr mean)

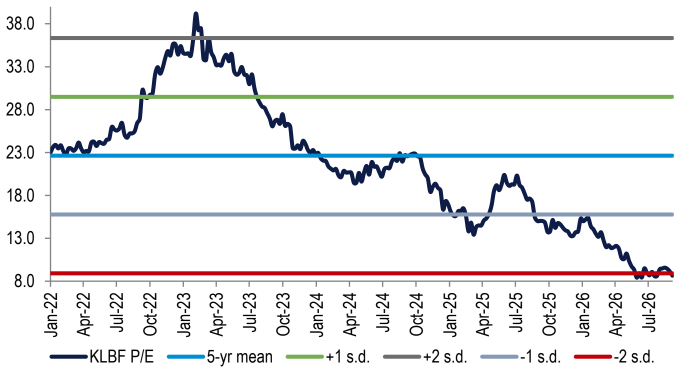


Source: Bloomberg, Indo Premier

Fig. 21: MYOR is traded at 9.1x fwd. 12M PE (-2.6 s.d. from its 5yr mean)

Source: Bloomberg, Indo Premier

Fig. 22: KLBF is traded at 8.6x fwd. 12M PE (-2.0 s.d. from its 5yr mean)

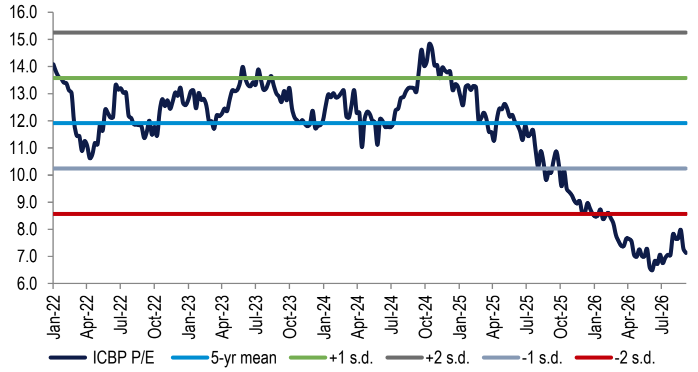


Source: Bloomberg, Indo Premier

Fig. 23: UNVR is traded at 14.7x fwd. 12M PE (-1.4 s.d. from its 5yr mean)

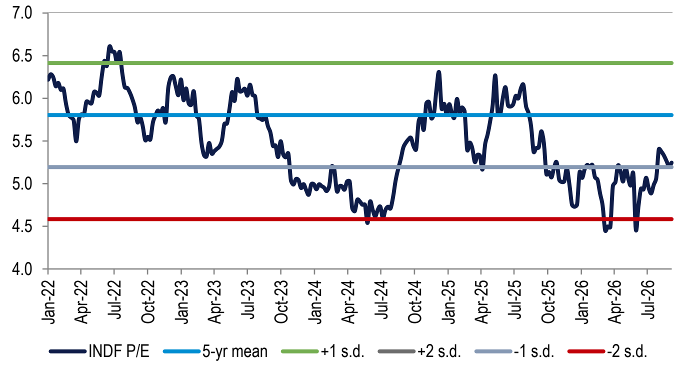
Source: Bloomberg, Indo Premier

Fig. 24: ICBP is traded at 7.1x fwd. 12M PE (-2.9 s.d. from its 5yr mean)



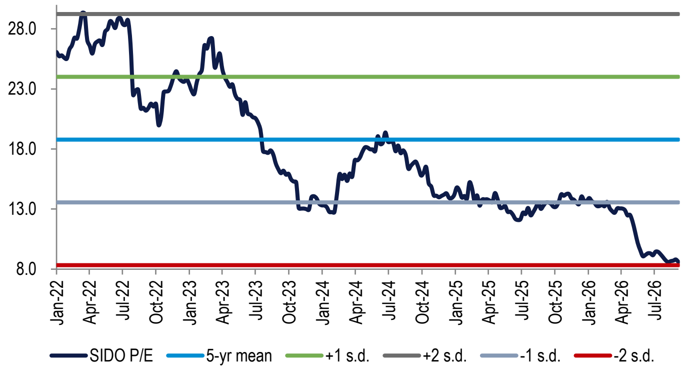
Source: Bloomberg, Indo Premier

Fig. 25: INDF is traded at 5.2x fwd. 12M PE (-0.9 s.d. from its 5yr mean)



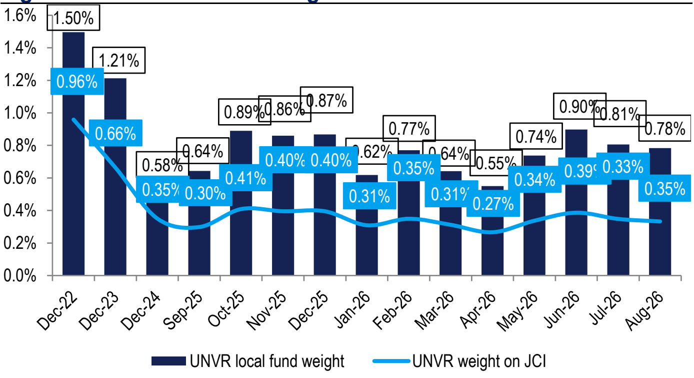
Source: Bloomberg, Indo Premier

Fig. 26: SIDO is traded at 8.6x fwd. 12M PE (-1.9 s.d. from its 5yr mean)



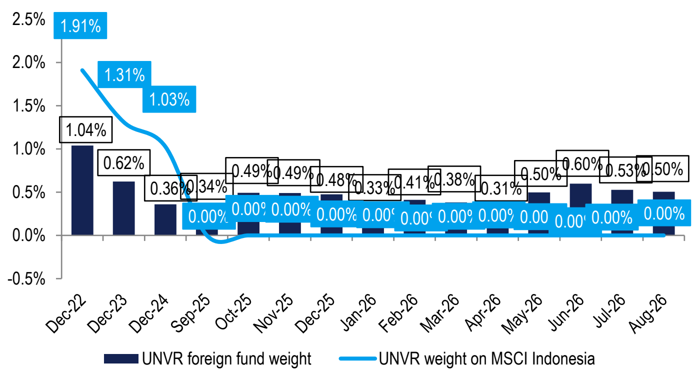
Source: Bloomberg, Indo Premier

Fig. 27: UNVR's local fund weight vs. JCI



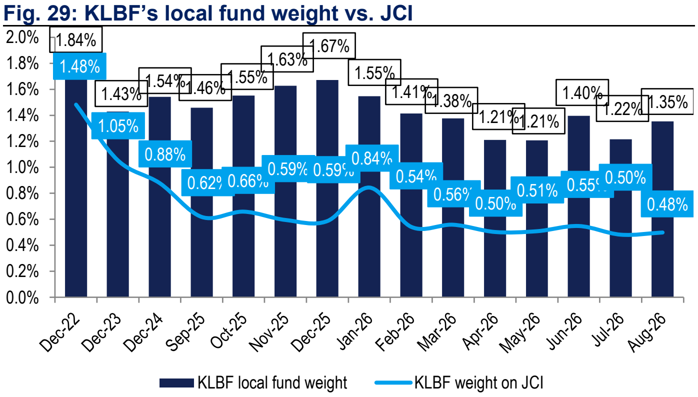
Source: KSEI, Indo Premier

Fig. 28: UNVR's foreign fund weight vs. MSCI



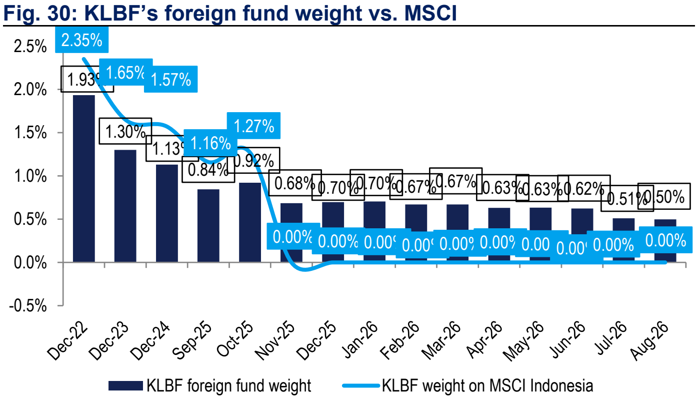
Source: KSEI, MSCI, Indo Premier

Fig. 29: KLBF's local fund weight vs. JCI



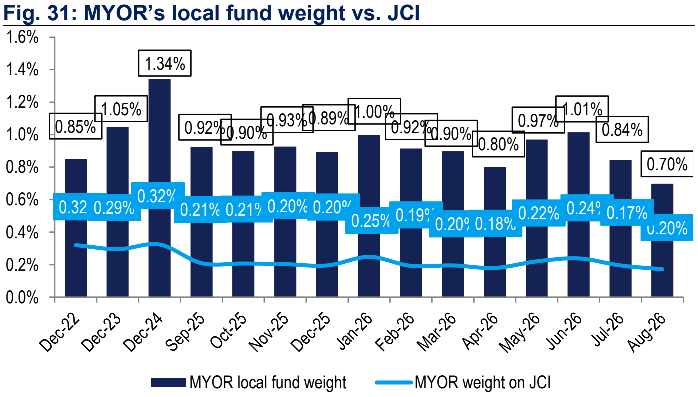
Source: KSEI, Indo Premier

Fig. 30: KLBF's foreign fund weight vs. MSCI



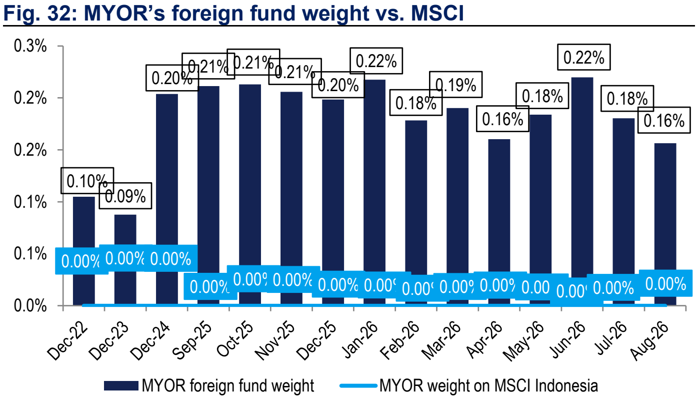
Source: KSEI, MSCI, Indo Premier

Fig. 31: MYOR's local fund weight vs. JCI



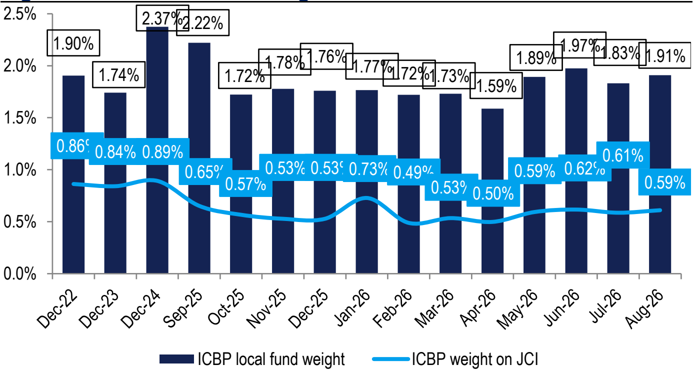
Source: KSEI, Indo Premier

Fig. 32: MYOR's foreign fund weight vs. MSCI



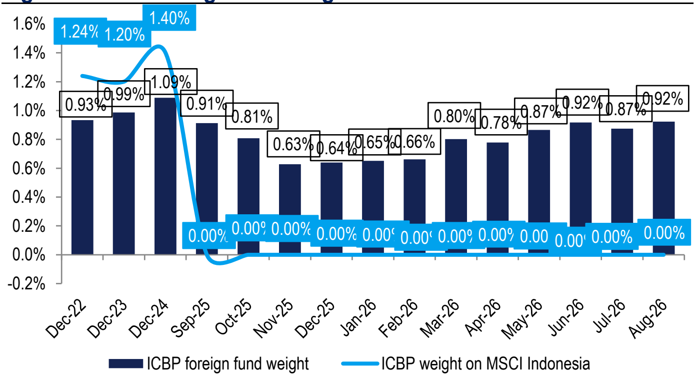
Source: KSEI, MSCI, Indo Premier

Fig. 33: ICBP's local fund weight vs. JCI



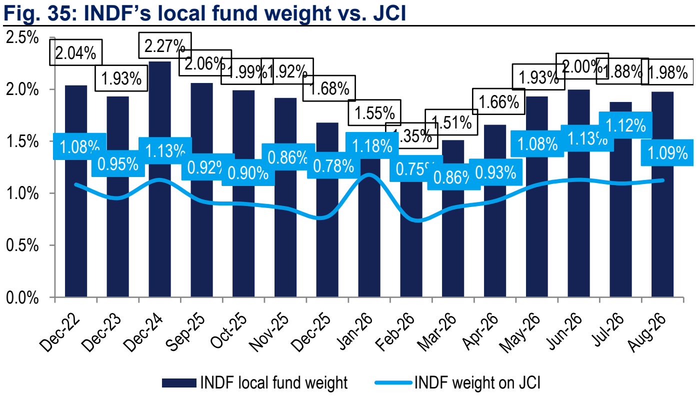
Source: KSEI, Indo Premier

Fig. 34: ICBP's foreign fund weight vs. MSCI



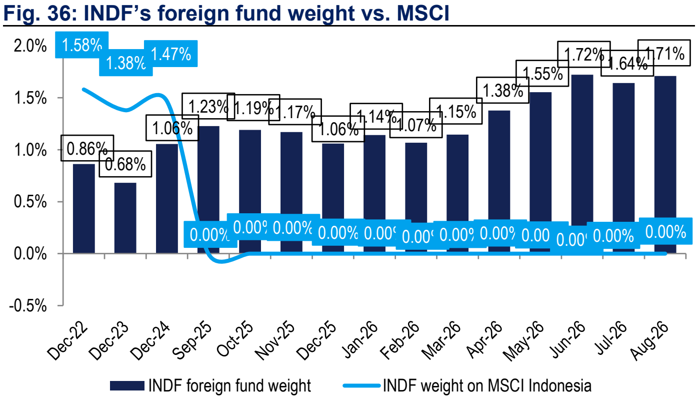
Source: KSEI, MSCI, Indo Premier

Fig. 35: INDF's local fund weight vs. JCI



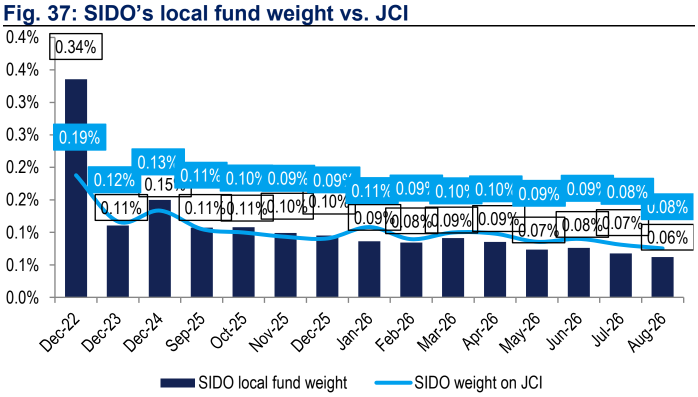
Source: KSEI, Indo Premier

Fig. 36: INDF's foreign fund weight vs. MSCI



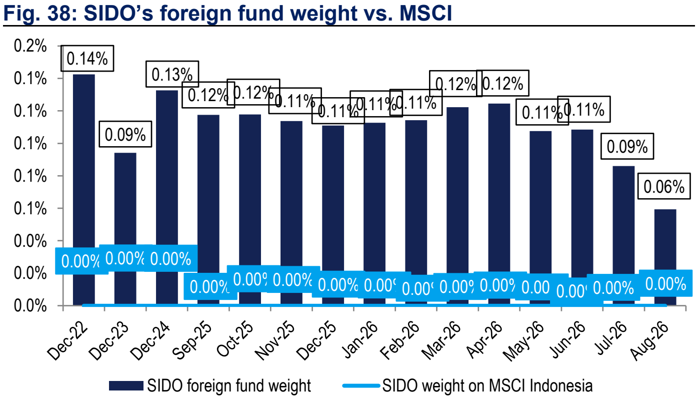
Source: KSEI, MSCI, Indo Premier

Fig. 37: SIDO's local fund weight vs. JCI



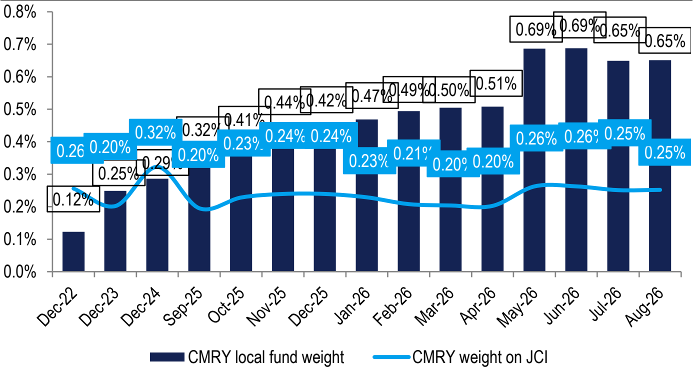
Source: KSEI, Indo Premier

Fig. 38: SIDO's foreign fund weight vs. MSCI



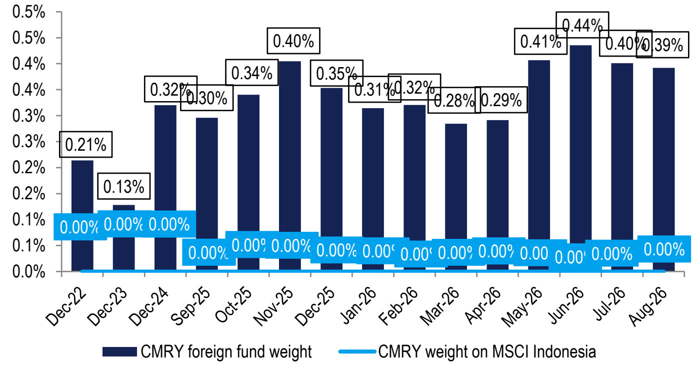
Source: KSEI, MSCI, Indo Premier

Fig. 39: CMRY's local fund weight vs. JCI



Source: KSEI, Indo Premier

Fig. 40: CMRY's 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

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.

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