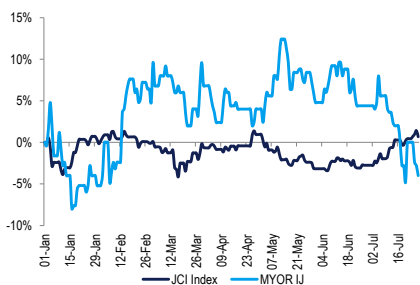


Stock Data

Target price	Rp3,600
Prior TP	Rp3,600
Current price	Rp2,400
Upside/downside	50.0%
Shares outstanding (mn)	22,359
Market cap (Rp bn)	53,661
Free float	16%
Avg. 6m daily T/O (Rp bn)	18

Price Performance

	3M	6M	12M
Absolute	-5.9%	1.3%	33.3%
Relative to JCI	-5.7%	0.3%	33.4%
52w low/high (Rp)	1,735-2,810		



Major Shareholders

PT Unita Branindo	32.9%
PT Mayora Dhana Utama	26.1%
Jogi Hendra Atmadja	25.2%

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2Q23 results: slight beat in core profit despite soft revenue

- MYOR's 1H23 core profit of Rp1.3tr (+140.4% yoy) came slightly above ours/consensus estimate at 48/51% vs. 5Y average of 45%.
- 2Q23 domestic revenue growth of -12.5% yoy paints domestic consumers' soft spending power.
- Reiterate our BUY call with unchanged TP of Rp3,600.

1H23 results: weak sales compensated by margin recovery

MYOR's 1H23 net profit came at Rp1.2tr (+83.2% yoy) but this also includes net non-core expense of Rp70bn (forex loss of Rp226bn, combined with tax restitution gain of Rp109bn, among others). This led to a 1H23 core profit of Rp1.3tr (+140.4% yoy) came slightly above ours/consensus estimate at 48/51% vs. 5Y average of 45%. In contrary, 1H23 revenue grew only by +3.1% yoy falling below ours/consensus estimate at 43% vs 5Y average of 46%. Of note, export was the main revenue growth with +8.1% yoy in 1H23, while domestic sale was flat at -0.6% yoy. GPM recovered strongly to 26.6% in 1H23 from 20.8% in 1H22 on the back of significant price adjustment in FY22 of +18% and drop on key raw material prices (domestic wheat/CPO: -14.4/-5.8% YTD in 1H23). On the other hand, opex/sales ratio remained stable at 14.9% in 1H23 from 14.7% in 1H22.

2Q23 results reflects soft domestic spending

2Q23 core profit of Rp427bn was in-line, growing +70.1% yoy from 2Q22's low base. This was partly because of a slight seasonal shift in Lebaran restocking in 1Q23. Nonetheless, MYOR's 2Q23 domestic's sales decline of -12.5% yoy is a reflection of the soft domestic purchasing power (vs. 2Q23 export sales growth of +2.9% yoy). In terms of segments, both food/beverage processing revenue declined by -7.7/-4.2% yoy in 2Q23; but food/beverage GPM rebounded to 21.1/31.6% in 2Q23 (+654/488bps yoy). 2Q23 opex to sales increased to 16.3% (vs. 13.4/13.8% in 2Q22/1Q23) and this was driven by higher A&P to sales of 10.3% (vs. 7.1/9.1% in 2Q22/1Q23).

Maintain BUY with unchanged TP of Rp3,600

We maintain our BUY call for MYOR as it remains one of the key beneficiaries of the pre-election campaign funding spill over, expected in 2H23F. Our TP of Rp3,600 is based on FY23F PE multiple of 30.0x (its 5yr mean). Risk shall be continued weak sales in 2H23F despite election related funding tailwinds.

Financial Summary (Rp bn)	2021A	2022A	2023F	2024F	2025F
Revenue	27,905	30,669	34,337	37,825	41,668
EBITDA	2,616	3,281	4,738	5,633	6,407
EBITDA growth	9%	11%	14%	15%	15%
Core profit	1,128	1,603	2,670	3,207	3,758
Core EPS (Rp)	50	72	119	143	168
Core EPS growth	-42.4%	63.7%	37.5%	20.1%	17.2%
ROE	10%	14%	21%	23%	26%
PER (x)	47.6	33.5	20.1	16.7	14.3
Dividend yield	2.2%	2.2%	3.5%	4.9%	5.9%
Forecast change			0%	0%	0%
IPS vs. consensus			105%	102%	107%

Source: Company, Indo Premier

Share price closing as of: 27 July 2023

Fig. 1: MYOR 2Q23 Result

(Rp bn)	2Q23	2Q22	% YoY	1Q23	% QoQ	6M23	6M22	% YoY	IPS FY23F	% IPS	Cons. FY23F	% Cons	5yr avg	Comment
Net sales	6,367	6,790	-6.2%	8,452	-24.7%	14,819	14,375	3.1%	34,337	43%	34,214	43%	46%	Below
COGS	(4,740)	(5,459)	-13.2%	(6,137)	-22.8%	(10,877)	(11,392)	-4.5%						
Gross profit	1,626	1,331	22.2%	2,316	-29.8%	3,942	2,983	32.1%						
Operating expenses	(1,040)	(908)	14.5%	(1,163)	-10.6%	(2,203)	(2,119)	4.0%						
EBIT	586	422	38.8%	1,152	-49.1%	1,739	864	101.2%	3,818	46%	3,582	49%	46%	In-line
Others	80	136	N/A	(167)	-148.2%	(86)	163	-153.0%						
PBT	612	456	34.1%	915	-33.1%	1,527	859	77.7%						
Tax	(108)	(89)	21.3%	(178)	-39.1%	(286)	(179)	60.2%						
Minorities	12	8	55.5%	10	19.6%	22	15	44.7%						
Net profit	492	359	36.8%	727	-32.4%	1,219	665	83.2%	2,670	46%	2,534	48%	48%	In-line
Core net profit	427	251	70.1%	862	-50.4%	1,289	536	140.4%	2,670	48%	2,534	51%	45%	Above
Margin (%)														
Gross margin	25.5%	19.6%		27.4%		26.6%	20.8%							
EBIT margin	9.2%	6.2%		13.6%		11.7%	6.0%							
Net margin	7.7%	5.3%		8.6%		8.2%	4.6%							
Core net margin	6.7%	3.7%		10.2%		8.7%	3.7%							
Sales breakdown														
Domestic	3,380	3,865	-12.5%	5,131	-34.1%	8,511	8,560	-0.6%						
Export	2,988	2,903	2.9%	3,323	-10.1%	6,311	5,839	8.1%						
Segment information														
Revenue														
Food processing	3,671	3,976	-7.7%	4,945	-25.8%	8,617	8,399	2.6%						
Beverage processing	2,696	2,813	-4.2%	3,507	-23.1%	6,202	5,976	3.8%						
Gross profit														
Food processing	774	578	33.9%	1,240	-37.6%	2,014	1,316	53.0%						
Beverage processing	853	753	13.3%	1,075	-20.7%	1,928	1,667	15.7%						
EBIT														
Food processing	224	259	-13.3%	750	-70.1%	974	405	140.4%						
Beverage processing	363	132	174.0%	404	-10.1%	767	461	66.4%						
GPM														
Food processing	21.1%	14.5%		25.1%		23.4%	15.7%							
Beverage processing	31.6%	26.8%		30.7%		31.1%	27.9%							
EBIT Margin														
Food processing	6.1%	6.5%		15.2%		11.3%	4.8%							
Beverage processing	13.5%	4.7%		11.5%		12.4%	7.7%							

Source: Company, Indo Premier

Fig. 2: MYOR is traded at 18.2x fwd. 12M PE (-1.4 s.d. of its 5Y mean)



Source: Company, Indo Premier

Income Statement (Rp bn)	2021A	2022A	2023F	2024F	2025F
Net revenue	27,905	30,669	34,337	37,825	41,668
Cost of sales	(20,982)	(23,830)	(25,598)	(27,697)	(30,234)
Gross profit	6,923	6,839	8,738	10,129	11,434
SG&A Expenses	(5,151)	(4,406)	(4,921)	(5,582)	(6,206)
Operating profit	1,772	2,433	3,818	4,546	5,228
Net interest	(297)	(358)	(372)	(408)	(379)
Forex gain (loss)	47	360	0	0	0
Others	28	71	0	0	0
Pre-tax income	1,503	2,146	3,446	4,138	4,849
Income tax	(339)	(536)	(737)	(885)	(1,037)
Net income	1,187	1,942	2,670	3,207	3,758
Core profit	1,128	1,603	2,670	3,207	3,758

Balance Sheet (Rp bn)	2021A	2022A	2023F	2024F	2025F
Cash & equivalent	3,009	3,262	2,749	1,106	320
Receivable	5,912	6,605	7,585	8,248	8,992
Inventory	3,034	3,870	3,957	4,326	4,582
Other current assets	1,014	1,035	1,035	1,035	1,035
Total current assets	12,970	14,773	15,326	14,715	14,929
Fixed assets	6,377	6,645	8,224	8,519	8,863
Other non-current assets	571	859	859	859	859
Total non-current assets	6,948	7,504	9,083	9,378	9,722
Total assets	19,918	22,276	24,409	24,093	24,651
ST loans	795	1,029	3,029	3,029	3,029
Payable	1,778	1,659	2,115	2,234	2,420
Other payables	2,323	1,601	1,026	245	411
Current portion of LT loans	675	1,349	1,349	1,349	1,349
Total current liab.	5,571	5,637	7,518	6,856	7,208
Long term loans	1,845	2,811	2,295	2,051	1,640
Other LT liab.	1,142	994	994	994	994
Total liabilities	8,558	9,441	10,807	9,901	9,842
Equity	435	441	441	441	441
Retained earnings	10,684	12,187	12,954	13,545	14,161
Minority interest	241	206	206	206	206
Total SHE + minority int.	11,360	12,835	13,602	14,192	14,809
Total liabilities & equity	19,918	22,276	24,409	24,093	24,651

Source: Company, Indo Premier

Cash Flow Statement (Rp bn)	2021A	2022A	2023F	2024F	2025F
Net income	1,772	2,433	3,818	4,546	5,228
Depr. & amortization	844	848	921	1,087	1,178
Changes in working capital	(491)	(1,649)	(610)	(913)	(814)
Others	(1,102)	146	(1,147)	(1,339)	(1,470)
Cash flow from operating	1,024	1,778	2,981	3,380	4,123
Capital expenditure	(1,185)	(1,120)	(2,500)	(1,382)	(1,522)
Others	343	(267)	0	0	0
Cash flow from investing	(842)	(1,388)	(2,500)	(1,382)	(1,522)
Loans	338	477	909	(1,024)	(245)
Equity	(215)	(176)	0	0	0
Dividends	(1,074)	(439)	(1,903)	(2,617)	(3,142)
Others	0	0	0	0	0
Cash flow from financing	(951)	(138)	(994)	(3,641)	(3,387)
Changes in cash	(768)	253	(514)	(1,642)	(786)

Key Ratios	2021A	2022A	2023F	2024F	2025F
Gross margin	24.8%	22.3%	25.4%	26.8%	27.4%
Operating margin	6.4%	7.9%	11.1%	12.0%	12.5%
Pre-tax margin	5.6%	8.2%	10.0%	10.9%	11.6%
Net margin	4.3%	6.3%	7.8%	8.5%	9.0%
ROA	6.0%	9.2%	11.4%	13.2%	15.4%
ROE	10.2%	13.5%	20.5%	23.4%	26.3%
Acct. receivables TO (days)	74.4	74.5	80.6	79.6	78.8
Inventory TO (days)	50.8	52.9	56.4	57.0	55.3
Payable TO (days)	29.3	26.3	30.2	29.4	29.2
Debt to equity	44.6%	43.1%	47.4%	38.1%	34.8%
Interest coverage ratio (x)	-5.5	-6.3	-9.9	-10.8	-13.4
Net gearing	17.6%	17.2%	26.9%	30.2%	32.6%

Source: Company, Indo Premier

INVESTMENT 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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