

# Mayora Indah Tbk (MYOR)

## 3Q20 Lifted By Strong Performance in All Segments

We see that MYOR is bucking the trend, as many other FMCG players booked soft 3Q20 sales growth. We believe this growth was supported by significant improvement of domestic sales along with the relaxation of lockdown restriction, and will likely act as positive catalyst for the next quarter.

### 3Q20 Top Line Growth of 10% YoY

MYOR posted strong revenue of IDR6,4tn (+10.1% YoY, +14.0% QoQ) in 3Q20, on the back of robust growth from food and beverage processing segments. MYOR's net profit came in at IDR618bn, which nearly tripled the profit of the same quarter last year. On margin side, MYOR's GPM continued to slip by 170bps to 29.4% in 3Q20 (vs. 31.1% in 3Q19). Meanwhile, thanks to IDR177bn of forex gains in 3Q20 and other income, MYOR reported a better EBIT margin of 10.8% (vs 9.4% in 3Q19) and NPM of 9.5% (vs 4.9% in 3Q19). On the positive note, prices of commodities that are used as MYOR's raw material like coffee have been on downward trend by -16.1% YTD. Thus, we saw MYOR could reap the benefits to expand gross margin level. But, this may partially compensate for MYOR's other major raw materials – sugar and CPO which rose by 9.0% and 27.0% YTD respectively.

### New Products Launched to Boost Sales Growth

Despite the tight competition coupled with lackluster purchasing power, MYOR was still on track to keep innovating by launching several products this year such as the new variety of Roma Malkist – *Malkist Keju Tabur*. At a retail price of IDR12,000/pax, we see this new variant have premium price among the existing product. As for beverage processing segment, the company has launched new variety of *Le Minerale* and *Toracafe* products. We expect the new products could add to biscuit and coffee segment growth, to increase by 2-4% in FY21F.

### Domestic Consumption Recovered More Quickly

With well-positioned brands and the relaxation of lockdown restriction, MYOR export sales turned positive after two consecutive quarter of negative growth. MYOR revenues from export in 3Q20 stood at IDR2,8tn (+0.1% YoY, +13.2% QoQ), as some export destination (Philippine, Vietnam and Thailand) have shown signs of gradual recovery. As such, we expect MYOR's export to total revenue will be around 42%/48% in FY20F/FY21F. On the flip side, domestic sales were significantly better than expected compared to global recovery. Domestic sales rose by 19.9% YoY to IDR3,5tn, which indicates that domestic consumption spending in F&B recovered at a faster pace. We see this may be a positive sign for 4Q which has always been the stronger quarter.

### Initiates at Overweight with TP 2.700/share

Our TP reflects 12.0% upside potential which implies FY21F 15.3x PE. In our assumption, with higher commodity prices and muted consumer spending recovery, food processing segment is able to grow 1.9% YoY in FY20F. As for beverage processing segment we forecast higher sales growth of 4.3% YoY in FY20F. Downsides to our call are: 1) lower-than-expected quarterly sales 2) volatility in raw materials.

### Mayora Indah Tbk | Summary (IDR bn)

	2019	2020E	2021F	2022F
Sales	25.027	25.146	26.467	27.894
<i>Sales growth</i>	4,0%	0,5%	5,3%	5,4%
EBITDA	3.760	3.520	4.337	4.933
Net Profit	1.988	2.248	2.635	3.030
EPS (IDR)	134	151	177	204
<i>EPS growth</i>	15,8%	13,1%	17,2%	15,0%
EBITDA margin	15,0%	14,0%	16,4%	17,7%
NPM	7,9%	8,9%	10,0%	10,9%
ROE	20,1%	19,5%	19,7%	19,5%
ROA	10,4%	11,6%	12,7%	13,1%
P/E	17,8x	17,4x	15,4x	13,2x
P/BV	3,1x	3,0x	2,6x	2,2x
EV/EBITDA	8,9x	10,2x	8,0x	6,9x
DPS (IDR)	44	45	51	58
<i>Dividend yield</i>	2,1%	1,9%	2,2%	2,5%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

## Overweight

Target Price (IDR)	2,700
Consensus Price (IDR)	2,811
TP to Consensus Price	-3.9%
vs. Last Price	+12.0%

### Shares data

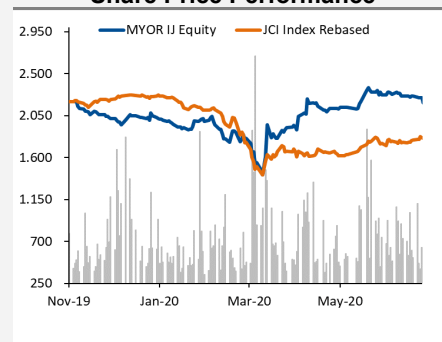
Last Price (IDR)	2,410
Price date as of	Nov 16, 2020
52 wk range (Hi/Lo)	2,590 /1,415
Free float (%)	42.7
Outstanding sh.(mn)	46,875
Market Cap (IDR bn)	70,547
Market Cap (USD mn)	4,999
Avg. Trd Vol - 3M (mn)	30.75
Avg. Trd Val - 3M (bn)	47.50
Foreign Ownership	3.9%

### Consumer Staples

#### Household & Personal Products

Bloomberg	MYOR.IJ
Reuters	MYOR.JK

### Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	17.6%	0.0%	7.1%	9.5%
Rel. Ret.	30.3%	-7.7%	3.3%	19.8%

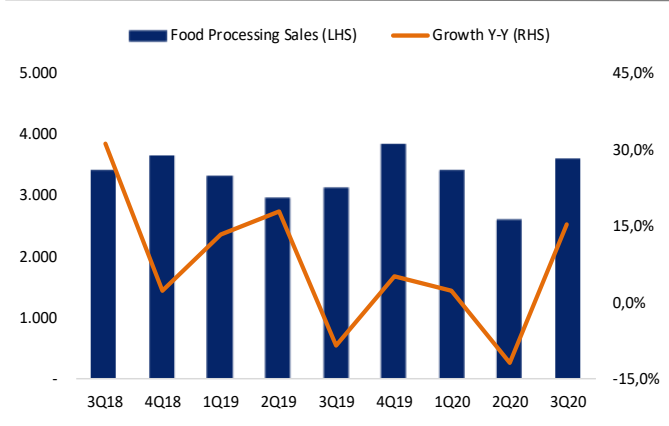
### Putu Chantika Putri D.

(021) 5088 9129

putu.chantika@nhsec.co.id

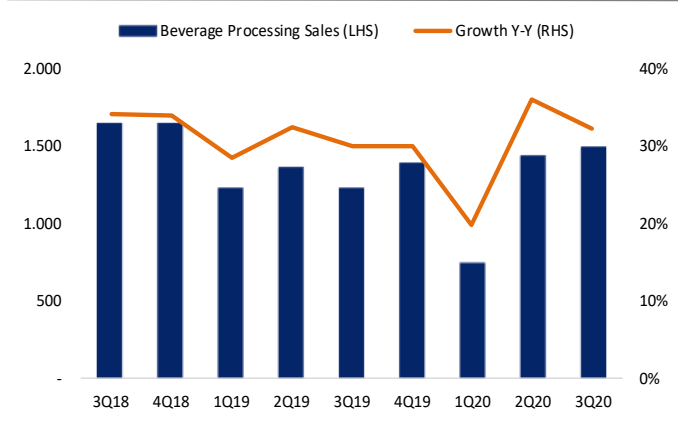
# Performance Highlights

**Food Processing Quarterly Sales (IDR Bn) | 3Q18 - 3Q20**



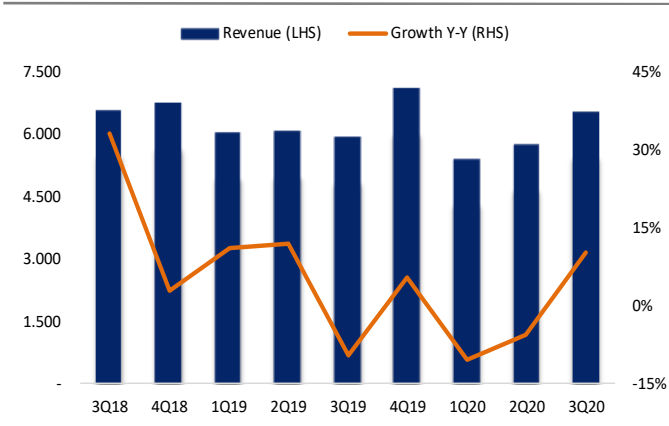
Source: Company, NHKSI Research

**Beverage Processing Quarterly Sales (IDR Bn) | 3Q18 - 3Q20**



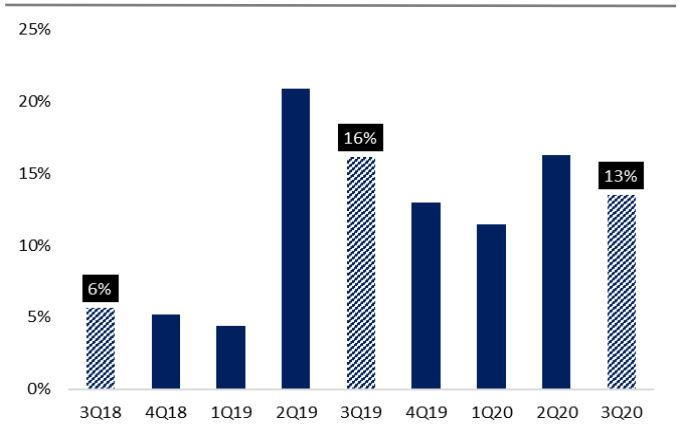
Source: Company, NHKSI Research

**Revenue (IDR Bn) | 3Q18 - 3Q20**



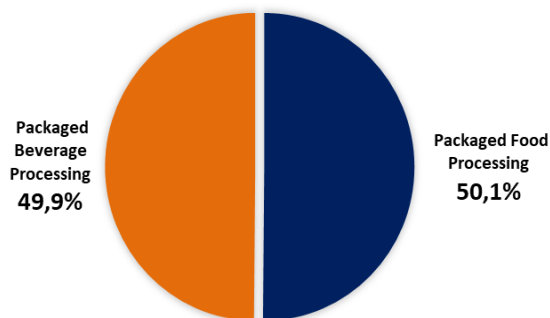
Source: Company, NHKSI Research

**A&P to Sales | 3Q18 - 3Q20**



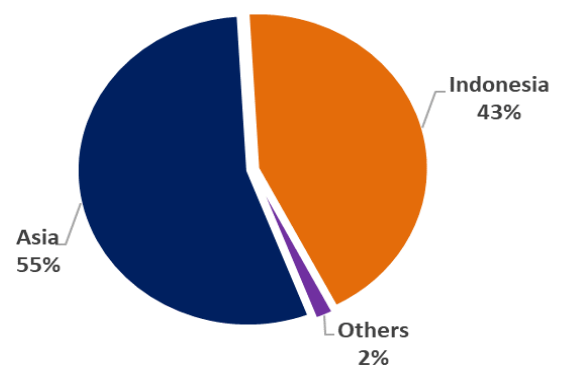
Source: Company, NHKSI Research

**Revenue Breakdown | 3Q20**



Source: Company, NHKSI Research

**Geographic Revenue Breakdown (%) | 3Q20**



Source: Bloomberg, NHKSI Research

## 3Q20 review (IDR bn)

	3Q19	4Q19	1Q20	2Q20	3Q20					4Q20E
					Actual	Estimate	y-y	q-q	surprise	
Sales	5.901	7.067	5.380	5.703	6.499		10,1%	14,0%		7,565
Gross Profit	1.835	2.464	1.657	1.722	1.912		4,1%	11,0%		2.350
<i>Gross Margin</i>	31,1%	34,9%	30,8%	30,2%	29,4%		-1,7%	-0,8%		31,1%
EBIT	557	1.233	730	486	699		25,5%	43,8%		939
<i>EBIT Margin</i>	9,4%	17,4%	13,6%	8,5%	10,8%		1,3%	2,2%		12,4%
EBITDA	704	1.384	886	664	895		27,2%	34,9%		1.076
<i>EBIT Margin</i>	11,9%	19,6%	16,5%	11,6%	13,8%		1,8%	2,1%		14,2%
<b>Net Profit</b>	<b>289</b>	<b>892</b>	<b>931</b>	<b>7</b>	<b>618</b>		<b>114,2%</b>	<b>8629,4%</b>		<b>691</b>
<i>Net Margin</i>	4,9%	12,6%	17,3%	0,1%	9,5%		4,6%	9,4%		9,1%

Source: Bloomberg, NHKSI research

## Earnings revision (IDR bn)

		2020E	2021F	2022F
Sales	-Revised	<b>25.146</b>	<b>26.467</b>	<b>27.894</b>
	-Previous			
	-Change			
Gross Profit	-Revised	17.505	17.849	18.809
	-Previous			
	-Change			
Gross Margin	-Revised	69,6%	67,4%	67,4%
	-Previous			
EBIT	-Revised	2.855	3.589	4.064
	-Previous			
	-Change			
EBIT Margin	-Revised	11,4%	13,6%	14,6%
	-Previous			
EBITDA	-Revised	3.520	4.337	4.933
	-Previous			
	-Change			
EBITDA Margin	-Revised	14,0%	16,4%	17,7%
	-Previous			
<b>Net Profit</b>	-Revised	<b>2.248</b>	<b>2.635</b>	<b>3.005</b>
	-Previous			
	-Change			
Net Margin	-Revised	8,9%	10,0%	10,8%
	-Previous			

Source: NHKSI research

## A Glance at MYOR

PT. Mayora Indah Tbk was established in 1977 with its first factory located in Tangerang with the target market in Jakarta and the surrounding areas. After successfully serving the Indonesian market, the Company conducted an Initial Public Offering and was listed as a public company in 1990 to target a wider market: the ASEAN consumers. The Company further expanded its market share to other Asian countries.

As a Fast-Moving Consumer Goods Company, PT. Mayora Indah Tbk has proven to be a manufacturer of high-quality food and beverage products. Mayora diverse products can be divided into 8 categories: biscuit, candy, wafer, chocolate, coffee, instant food, beverage and cereal. Among our well-known brands are Kopiko, Danisa, Roma, Energen, Torabika, Beng Beng and many more.

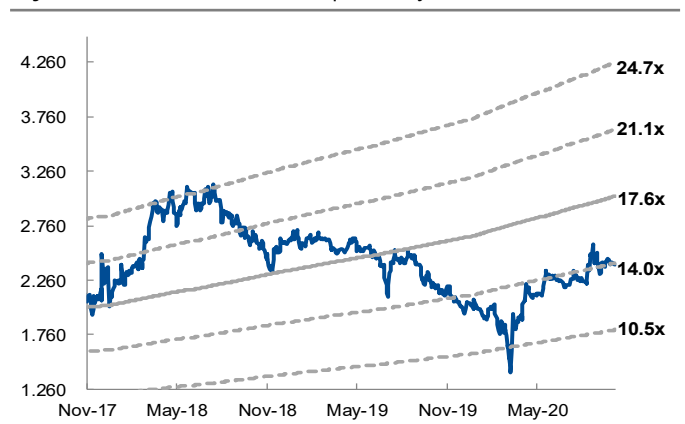
## Multiple Valuation

Forward P/E band | Last 3 years



Source: NHKSI research

Dynamic Forward P/E band | Last 3 years



Source: NHKSI research

## Rating and Target Price Update

### Target Price Revision

Date	Rating	Target Price	Last Price	Consensus	vs Last Price	vs Consensus
23/11/2020	Overweight	2,700	2,410	2,811	+12.0%	-3.9%

Source: NHKSI research, Bloomberg

## Summary of Financials

### INCOME STATEMENT

(IDR bn)	2019/12A	2020/12E	2021/12E	2022/12E
<b>Net Sales</b>	<b>25.027</b>	<b>25.146</b>	<b>26.467</b>	<b>27.894</b>
<i>Growth</i>	4,0%	0,5%	5,3%	5,4%
COGS	(17.109)	(17.505)	(17.849)	(18.809)
<b>Gross Profit</b>	<b>7.917</b>	<b>7.641</b>	<b>8.618</b>	<b>9.085</b>
<i>Gross Margin</i>	31,6%	30,4%	32,6%	32,6%
Operating Expenses	(4.745)	(4.786)	(5.029)	(5.021)
<b>EBIT</b>	<b>3.172</b>	<b>2.855</b>	<b>3.589</b>	<b>4.064</b>
<i>EBIT Margin</i>	12,7%	11,4%	13,6%	14,6%
Depreciation	588	665	748	869
<b>EBITDA</b>	<b>3.760</b>	<b>3.520</b>	<b>4.337</b>	<b>4.933</b>
<i>EBITDA Margin</i>	15,0%	14,0%	16,4%	17,7%
Interest Expenses	(367)	(253)	(340)	(307)
<b>EBT</b>	<b>2.704</b>	<b>2.952</b>	<b>3.461</b>	<b>3.980</b>
Income Tax	(768)	(768)	(728)	(853)
Minority Interest	52	23	27	31
<b>Net Profit</b>	<b>1.988</b>	<b>2.248</b>	<b>2.635</b>	<b>3.030</b>
<i>Growth</i>	15,8%	13,1%	17,2%	15,0%
<i>Net Profit Margin</i>	7,9%	8,9%	10,0%	10,9%

### PROFITABILITY & STABILITY

	2019/12A	2020/12E	2021/12E	2022/12E
ROE	20,1%	19,5%	19,7%	19,5%
ROA	10,4%	11,6%	12,7%	13,1%
ROIC	14,4%	13,7%	15,8%	15,8%
Cash Dividend (IDR bn)	648	671	764	870
Dividend Yield	2,1%	1,9%	2,2%	2,5%
Payout Ratio	32,6%	29,8%	29,0%	28,7%
DER	58,6%	36,0%	28,0%	25,0%
Net Gearing	60,1%	36,8%	28,5%	25,4%
LT Debt to Equity	44,3%	29,4%	22,0%	20,0%
Capitalization Ratio	36,9%	26,5%	21,9%	20,0%
Equity Ratio	52,1%	59,4%	64,5%	67,0%
Debt Ratio	30,5%	21,4%	18,1%	16,8%
Financial Leverage	93,3%	87,6%	92,1%	96,2%
Current Ratio	344,0%	368,1%	393,7%	420,0%
Par Value (IDR)	10	10	10	10
Total Shares (mn)	14.884	14.884	14.884	14.884
Share Price (IDR)	2.050	2.330	2.330	2.330
Market Cap (IDR tn)	30,5	34,7	34,7	34,7

### BALANCE SHEET

(IDR bn)	2019/12A	2020/12E	2021/12E	2022/12E
Cash	2.982	3.133	3.814	4.713
Receivables	5.902	5.076	5.090	5.365
Inventories	2.791	3.252	3.095	3.262
<b>Total Current Assets</b>	<b>12.776</b>	<b>12.541</b>	<b>13.109</b>	<b>14.435</b>
Net Fixed Assets	4.675	6.026	6.720	7.725
Other Non Current Assets	1.587	801	906	1.010
<b>Total Assets</b>	<b>19.038</b>	<b>19.368</b>	<b>20.735</b>	<b>23.170</b>
Payables	1.312	1.478	1.494	1.574
ST Bank Loan	1.422	765	804	775
LT Debt	4.386	3.380	2.941	3.109
<b>Total Liabilities</b>	<b>9.126</b>	<b>7.876</b>	<b>7.360</b>	<b>7.635</b>
Capital Stock & APIC	448	448	448	448
Retained Earnings	9.219	10.808	12.678	14.839
<b>Shareholders' Equity</b>	<b>9.912</b>	<b>11.505</b>	<b>13.375</b>	<b>15.535</b>

### VALUATION INDEX

	2019/12A	2020/12E	2021/12E	2022/12E
Price /Earnings	17,8x	17,4x	15,4x	13,2x
Price /Book Value	3,1x	3,0x	2,6x	2,2x
Price/Sales	1,2x	1,4x	1,3x	1,2x
PE/EPS Growth	1,1x	1,3x	0,9x	0,9x
EV/EBITDA	8,9x	10,2x	8,0x	6,9x
EV/EBIT	10,6x	12,6x	9,7x	8,4x
EV (IDR bn)	33.584	35.941	34.859	34.099
Sales CAGR (3-Yr)		6,5%	3,2%	3,7%
EPS CAGR (3-Yr)		12,1%	15,4%	15,1%
Basic EPS (IDR)	134	151	177	204
Diluted EPS (IDR)	134	151	177	204
BVPS (IDR)	666	773	899	1.044
Sales PS (IDR)	1.681	1.689	1.778	1.874
DPS (IDR)	44	45	51	58

### CASH FLOW STATEMENT

(IDR bn)	2019/12A	2020/12E	2021/12E	2022/12E
Operating Cash Flow	3.356	3.588	3.380	3.609
Investing Cash Flow	(1.898)	(1.264)	(1.533)	(1.979)
Financing Cash Flow	(865)	(2.344)	(1.164)	(731)
<b>Net Changes in Cash</b>	<b>486</b>	<b>151</b>	<b>682</b>	<b>899</b>

### OWNERSHIP

By Geography	% Shareholders	%
Unknown	92,8	Unita Branindo
Indonesia	3,3	Mayora Dhana Utama
Norway	2,4	Jogi Hendra Atmadja
United States	0,7	Schroder Investment
		2,9

## NH Korindo Sekuritas Indonesia (NHKSI) Stock Ratings

1. Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
2. Rating system based on a stock's potential upside from the date of publication
  - Buy : Greater than +15%
  - Overweight : +5% to 15%
  - Hold : -5% to +5%
  - Underweight : -5% to -15%
  - Sell : Less than -15%

### DISCLAIMER

This document is strictly confidential and is being supplied to you solely for your information. The recipients of this report must make their own independent decisions regarding any securities or financial instruments mentioned herein. This document may not be quoted, reproduced, exhibited, redistributed, transmitted, edited, translated, or published, in whole or in part, for any purpose without notice. Any failure to comply with this restriction may constitute a violation of civil or criminal laws.

This report and any electronic access hereto are restricted and intended only for the clients and related entities of PT NH Korindo Sekuritas Indonesia. This report is only for information and recipient use. It is not reproduced, copied, or made available for others. Under no circumstances is it considered as a selling offer or solicitation of securities buying. Any recommendation contained herein may not be suitable for all investors. Although the information hereof is obtained from reliable sources, its accuracy and completeness cannot be guaranteed. PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, and agents are held harmless from any responsibility and liability for claims, proceedings, action, losses, expenses, damages, or costs filed against or suffered by any person as a result of acting pursuant to the contents hereof. Neither is PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, nor agents are liable for errors, omissions, misstatements, negligence, inaccuracy contained herein. All rights reserved by PT NH Korindo Sekuritas Indonesia.