

Mayora Indah Tbk (MYOR)

Altogether, Margins Experience Growth



Company Report | Nov 15, 2022

MYOR recorded 3Q22 sales of IDR7.8 trillion (+15.7% QoQ; +16.6% YoY), with net profit recorded to have a significant increase in 3Q22 by IDR431.5 billion (+24.3% QoQ; +811.0% YoY). As for 3Q22, the company recorded margins higher than the same period last year. Moreover, the GPM was recorded to rise slightly to 22.4% (vs. 3Q21: 22.2%), the OPM was recorded higher by 7.7% (Vs. 3Q21: 2.9%), and the NPM that went uprise to 5.5% (vs. 3Q21: 0.7%).

3Q22 Net Income Grows Significantly

- MYOR recorded 3Q22 sales of 7.8 trillion (+15.7% QoQ; +16.6% YoY). Thus, throughout 9M22, sales grew by 11.8% to 22.2 trillion (vs. 9M21: IDR19.9 trillion).
- Sales in Asia led the growth in 3Q22 by 38.3% YoY to IDR3.6 trillion, while sales in Indonesia were recorded at IDR4.1 trillion (+2.1% QoQ; +2.2% YoY).
- Production costs in 3Q22 increased by 14.5% YoY amid the rise in raw material costs by 16.6% YoY to IDR5.0 trillion. Additionally, gross profit was still able to grow by 18.1% YoY to Rp1.8 trillion in 3Q22. However, throughout 9M22, it fell 6.7% YoY to IDR4.7 trillion (vs. 9M21: Rp5.1 trillion).
- The decrease in operating expenses by 10.4% YoY in 3Q22 caused operating profit to grow IDR601.8 billion (+42.5% QoQ; +206.8% YoY), as for the throughout of 9M22, it grew 1.7% YoY to IDR1.5 trillion (vs. 9M21: IDR1.4 trillion)
- The company recorded a significant increase in 3Q22 net profit. It went upside to IDR431.5 billion (+24.3% QoQ; +811.0% YoY). Thus, cumulatively, 9M22 net profit grew by 10.9% YoY to IDR1.1 trillion (vs. 9M21: IDR977.9 billion).
- In 3Q22, the company recorded higher margins compared to the same period last year. The GPM was recorded having a slight rise to 22.4% (vs. 3Q21: 22.2%), the OPM was recorded higher by 7.7% (vs. 3Q21: 2.9%), and the NPM which was also having an increase to 5.5% (Vs. 3Q21: 0.7%).

Market Shares of Each Product Increases

- Throughout 9M22, MYOR has increased its price by 15%. As for the new products released by MYOR are Roma Bonita—Soft Cake Biscuit, Roma Arden—Yogurt Strawberry Cookies, Shark & Friends—Crunchy Biscuit, Roma Apetito—Tomato, BBQ, Sour Cream Stick Biscuit, Wafello—Coconut Cream, Fruitivit—Vitamin Jelly in Stick Format, Gilus Kopi Harum, and Energen Champion.
- Based on the product types, in 3Q22, almost all types experienced an increase in market share while the Coffee segment was recorded as flat by 7% (Vs. 2Q22: 7%). The market share of the Biscuit, Candy, Wafer, and Chocolate segments grew to 42%, 22%, 20%, and 34%, respectively (vs. 2Q22 Biscuit: 39%, Candy: 20%, Wafer: 19%, and Chocolate: 30%).
- In 3Q22, sales of each segment experienced growth altogether. The Food Processing segment (contribution to sales of 61.9%) recorded 3Q22 sales of IDR4.9 trillion (+22.2% QoQ; +17.7% YoY), while the Instant Coffee & Cocoa Processing segment was recorded at IDR3.0 trillion (+6.5% QoQ; +40.5% YoY)
- The OPM for the Food Processing segment in 3Q22 was recorded higher at 8.6% (vs. 3Q21: 6.2%). Additionally, the OPM of the Instant Coffee & Cocoa Processing segment was able to turn positive in 3Q22 by having 6.2% (vs. 3Q21: -2.6%).

Recommend to BUY with a TP of IDR2,900

- We recommend to BUY for MYOR with a TP of IDR2,900/share or P/E of 31.8x. As a note, it has an upside potential of 22.4%. As for the main risks include an increase in raw material prices, consumer purchasing power, and a decrease in product demand.

Mayora Indah Tbk | Summary (IDR bn)

	2021	2022F	2023F	2024F
Sales	27,905	31,114	34,887	37,815
Growth	14.0%	11.5%	12.1%	8.4%
Net Profit	1,187	1,566	2,091	2,446
Growth	-42.4%	32.0%	33.5%	17.0%
EPS (IDR)	53	70	94	109
P/E	38.4x	41.4x	31.0x	26.5x
P/BV	4.0x	5.2x	4.7x	4.2x
EV/EBITDA	18.3x	22.0x	19.0x	15.8x
ROE	10.4%	12.7%	15.3%	15.7%
DER	0.5x	0.5x	0.5x	0.5x
Dividend Yield	2.5%	0.7%	1.3%	1.5%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

BUY

Target Price (IDR)	2,900
Consensus Price (IDR)	2,732
TP to Consensus Price	6.1%
Potential Upside	22.4%

Shares data

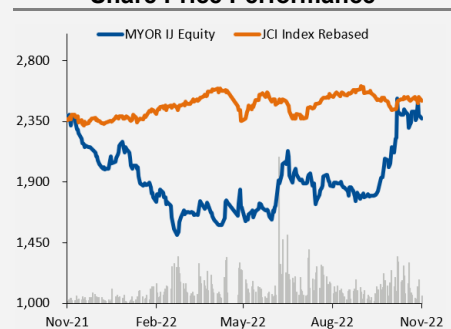
Last Price (IDR)	2,370
Price date as of	Nov 14, 2022
52 wk range (Hi/Lo)	2,520/1,485
Free float (%)	15.7
Outstanding sh.(mn)	22,359
Market Cap (IDR bn)	52,990
Market Cap (USD mn)	3,408
Avg. Trd Vol - 3M (mn)	7.55
Avg. Trd Val - 3M (bn)	15.83
Foreign Ownership	3.0%

Consumer Non-Cyclicals

Food & Beverage

Bloomberg	MYOR.IJ
Reuters	MYOR.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	15.6%	9.7%	27.1%	0.4%
Rel. Ret.	10.3%	6.7%	28.1%	-5.7%

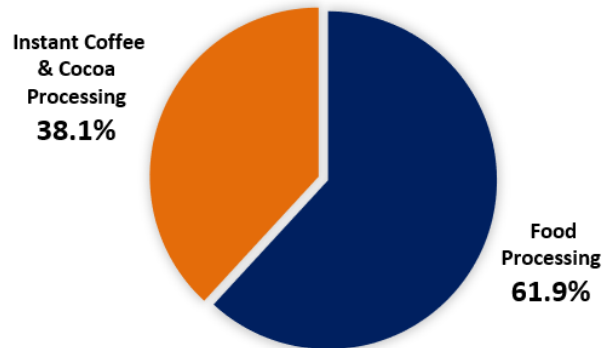
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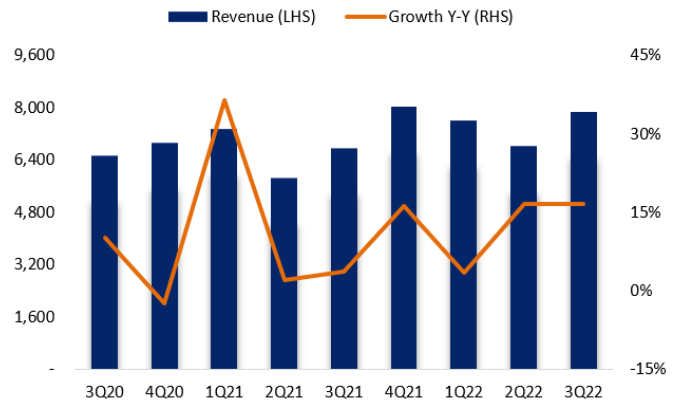
Performance Highlights

Revenue Breakdown | 3Q22



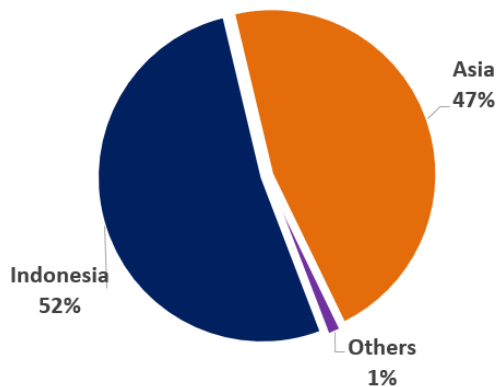
Source: Company, NHKSI Research

Revenue (IDR Bn) | 3Q20 - 3Q22



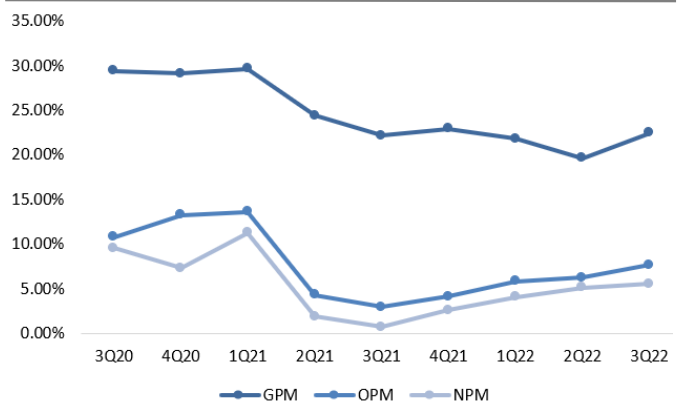
Source: Company, NHKSI Research

Geographic Revenue Breakdown | 3Q22



Source: Company, NHKSI Research

Margin Ratio | 3Q20 - 3Q22



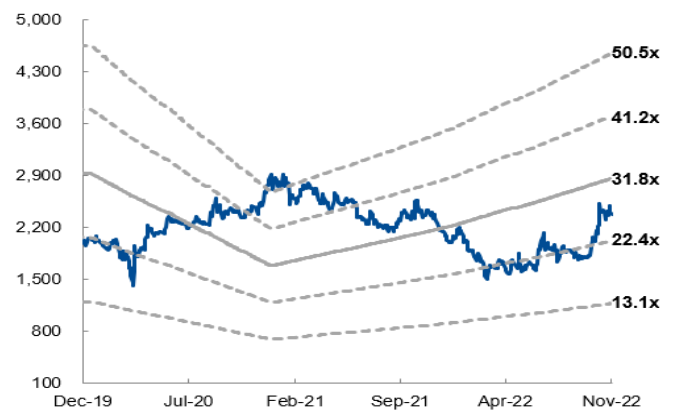
Source: Company, NHKSI Research

Forward P/E band | Last 3 years



Source: Company, NHKSI Research

Dynamic Forward P/E band | Last 3 years



Source: Bloomberg, NHKSI Research

Summary of Financials

INCOME STATEMENT

(IDR bn)	2021/12A	2022/12E	2023/12E	2024/12E
Net Sales	27,905	31,114	34,887	37,815
Growth	14.0%	11.5%	12.1%	8.4%
COGS	(20,982)	(23,932)	(26,349)	(28,318)
Gross Profit	6,923	7,183	8,537	9,497
Gross Margin	24.8%	23.1%	24.5%	25.1%
Operating Expenses	(5,151)	(5,065)	(5,679)	(6,156)
EBIT	1,772	2,118	2,858	3,341
EBIT Margin	6.4%	6.8%	8.2%	8.8%
Depreciation	844	935	632	804
EBITDA	2,616	3,052	3,490	4,145
EBITDA Margin	9.4%	9.8%	10.0%	11.0%
Interest Expenses	(321)	(374)	(471)	(522)
EBT	1,550	2,022	2,699	3,157
Income Tax	(388)	(483)	(645)	(754)
Minority Interest	24	27	37	43
Net Profit	1,187	1,566	2,091	2,446
Growth	-42.4%	32.0%	33.5%	17.0%
Net Profit Margin	4.3%	5.0%	6.0%	6.5%

BALANCE SHEET

(IDR bn)	2021/12A	2022/12E	2023/12E	2024/12E
Cash	3,009	4,378	5,722	7,512
Receivables	5,912	6,069	6,717	7,281
Inventories	3,034	4,248	4,009	4,309
Total Current Assets	12,970	16,072	17,643	20,387
Net Fixed Assets	6,537	6,463	6,821	6,998
Other Non Current Assets	411	546	682	817
Total Non Current Assets	6,948	7,009	7,503	7,815
Total Assets	19,918	23,081	25,146	28,202
Payables	1,778	2,335	2,264	2,433
ST Bank Loan	3,209	3,678	4,275	4,737
Total Current Liabilities	5,571	6,867	7,497	8,208
LT Debt	1,925	2,784	2,884	3,386
Total Liabilities	8,558	10,721	11,451	12,664
Capital Stock & APIC	448	448	448	448
Retained Earnings	10,684	11,720	13,054	14,897
Shareholders' Equity	11,360	12,360	13,694	15,538

CASH FLOW STATEMENT

(IDR bn)	2021/12A	2022/12E	2023/12E	2024/12E
Operating Cash Flow	1,065	1,618	2,528	2,545
Investing Cash Flow	(971)	(1,037)	(1,021)	(778)
Financing Cash Flow	(871)	786	(164)	23
Net Changes in Cash	(768)	1,368	1,344	1,790

Source: NHKSI research, Bloomberg

PROFITABILITY & STABILITY

	2021/12A	2022/12E	2023/12E	2024/12E
ROE	10.4%	12.7%	15.3%	15.7%
ROA	6.0%	6.8%	8.3%	8.7%
Inventory Turnover	7.2x	6.6x	6.6x	6.6x
Receivable Turnover	4.9x	5.2x	5.2x	5.2x
Payables Turnover	12.5x	11.6x	11.6x	11.6x
Dividend Yield	2.5%	0.7%	1.3%	1.5%
Payout Ratio	56.4%	39.6%	55.0%	45.0%
DER	0.5x	0.5x	0.5x	0.5x
Net Gearing	0.5x	0.5x	0.5x	0.5x
Equity Ratio	57.0%	53.6%	54.5%	55.1%
Debt Ratio	25.8%	28.0%	28.5%	28.8%
Financial Leverage	99.9%	106.5%	98.3%	98.8%
Current Ratio	2.3x	2.3x	2.4x	2.5x
Quick Ratio	1.8x	1.7x	1.8x	2.0x
Par Value (IDR)	10	10	10	10
Total Shares (mn)	22,358	22,358	22,358	22,359
Share Price (IDR)	2,040	2,900	2,900	2,900
Market Cap (IDR tn)	45.6	64.8	64.8	64.8

VALUATION INDEX

	2021/12A	2022/12E	2023/12E	2024/12E
Price /Earnings	38.4x	41.4x	31.0x	26.5x
Price /Book Value	4.0x	5.2x	4.7x	4.2x
PE/EPS Growth	-0.9x	1.3x	0.9x	1.6x
EV/EBITDA	18.3x	22.0x	19.0x	15.8x
EV/EBIT	27.1x	31.7x	23.3x	19.6x
EV (IDR bn)	47,963	67,115	66,469	65,645
Sales CAGR (3-Yr)	5.1%	7.5%	12.5%	10.7%
Net Income CAGR (3-Yr)	-11.6%	-7.6%	0.5%	27.3%
Basic EPS (IDR)	53	70	94	109
BVPS (IDR)	508	553	613	695
DPS (IDR)	52	21	39	42

OWNERSHIP

Shareholders	%
Unita Branindo	32.9
Mayora Dhana Utama	26.1
Atmadja Jogi Hendra	25.2
Schroder Investment	1.2
By Geography	%
Unknown	94.2
Indonesia	2.3
Norway	1.3
United States	1.1

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%

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