

Mayora Indah Tbk (MYOR)

Showing Brilliant Performance

MYOR recorded 1Q23 revenue growth of 11.4% YoY to IDR 8.5 trillion, led by the Packaged Food Processing segment, which grew 11.8% YoY. The brilliant performance was reflected in 1Q23 net profit, which also experienced significant growth of 137.6% YoY to IDR 727.2 billion. Meanwhile, in 2023, MYOR build two new factories in Balaraja and Purwosari, with a total investment of IDR 3.7 trillion and will start operating in 2024.

Revenue and Net Profit Solidly Grow

- MYOR recorded 1Q23 revenue growth of 11.4% YoY to IDR8.5 trillion (vs 1Q22: IDR7.6 trillion). All segments grew, with the Packaged Food Processing segment leading the growth to IDR4.9 trillion (+11.8% YoY) also in line with the Packaged Beverages Processing segment which increased 10.9% YoY to IDR3.5 trillion.
- For 1Q23, GPM increased to 27.4% (vs 1Q22: 21.78%). This was in line with the higher gross profit of 40.2% YoY to IDR2.3 trillion (vs 1Q22: IDR1.7 trillion) compared to the cost of goods sold which only grew 3.4% YoY to IDR6.1 trillion due to softening commodity prices (wheat and CPO). Meanwhile, the cost of raw and packaging materials used was flat in 1Q23 at IDR4.7 trillion.
- Despite MYOR's aggressive marketing on its products, operating expenses in 1Q23 decreased by 3.9% YoY, which was marked by a decrease in selling expenses by 5.7% YoY to Rp972.8 billion. This was due to a 35.2% YoY decrease in shipping costs, while advertising and promotion expenses continued to increase by 1.4% YoY. Meanwhile, OPM was recorded higher in 1Q23 at 13.6% (vs 1Q22: 5.8%) with operating profit recorded a significant growth of 161.0% YoY to IDR1.2 trillion (vs 1Q22: IDR441.5 billion).
- The excellent performance was reflected in 1Q23 net profit, which also experienced significant growth of 137.6% YoY to Rp727.2 billion (vs 1Q22: Rp306.0 billion) amidst foreign exchange losses of Rp184.2 billion. The increase in net profit was also reflected in its NPM, which recorded an increase in 1Q23 to 8.6% (vs 1Q22: 4.0%).

Focus on Multiple Strategies

- In 2023, MYOR will focus more on developing markets for existing export destinations. It is known that countries in Southeast Asia are the largest export destinations with some products recording high demand in the region, for example Kopiko which is successful in the Philippines.
- By geography, export sales in 1Q23 led the growth at 13.2% YoY to Rp3.3 trillion (vs. 1Q22: Rp2.9 trillion) and followed by domestic sales which grew 9.3% YoY to Rp5.1 trillion (vs. 1Q22: Rp4.7 trillion).
- The strategies that MYOR will carry out throughout 2023 include continuing to innovate in releasing its products and aggressively do the marketing, ensuring the value of investment made is effective and efficient, conducting exploration and research in the use of media, as well as focusing on the market and ensuring existing grows and exploring several categories that have the potential to grow.
- In addition, MYOR is building two new factories in Balaraja and Purwosari in 2023 with a total investment of Rp3.7 trillion and will begin to operate in 2024. The new factories are expected to increase Biscuit and Wafer production capacity by 30% or 200,000 tons per year. Meanwhile, MYOR budgeted capital expenditure (CapEx) in 2023 of IDR2.1 trillion for several projects and maintenance and until March 2023 the CapEx that has been used amounted to IDR780 billion.
- OPM for each segment increased, with the OPM for Packaged Food Processing segment recorded higher in 1Q23 at 15.2% (vs. 1Q22: 4.1%), accompanied by the OPM for Packaged Beverages Processing segment which also increased to 11.5% (vs. 1Q22: 8.2%).

BUY Recommendation with a TP of IDR 3,200

- We provide BUY recommendation for MYOR with TP Rp3,200/share or P/E 22.7x and has 20.3% upside potential. We project revenue and net profit for 2023F to be IDR34.4 trillion and IDR2.5 trillion, respectively. Meanwhile, the main risks of our recommendation include rising raw material prices, consumer purchasing power, and declining product demand.

Mayora Indah Tbk | Summary (IDR bn)

	2022	2023F	2024F	2025F
Sales	30,669	34,386	37,942	41,867
Growth	9.9%	12.1%	10.3%	10.3%
Net Profit	1,942	2,546	3,234	3,558
Growth	63.7%	31.1%	27.0%	10.0%
EPS (IDR)	87	114	145	159
P/E	28.8x	28.1x	22.1x	20.1x
P/BV	4.4x	4.9x	4.3x	3.8x
EV/EBITDA	17.3x	17.2x	14.3x	13.0x
ROE	15.1%	17.4%	19.3%	18.7%
DER	0.4x	0.4x	0.4x	0.4x
Dividend Yield	0.8%	1.1%	1.2%	1.6%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

BUY

Target Price (IDR)	3,200
Consensus Price (IDR)	3,264
TP to Consensus Price	-2.0%
Potential Upside	20.3%

Shares data

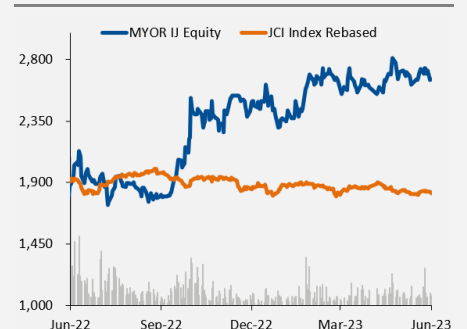
Last Price (IDR)	2,660
Price date as of	June 20, 2023
52 wk range (Hi/Lo)	2,910/2,150
Free float (%)	15.7
Outstanding sh.(mn)	22,359
Market Cap (IDR bn)	59,474
Market Cap (USD mn)	3,962
Avg. Trd Vol - 3M (mn)	5.99
Avg. Trd Val - 3M (bn)	10.04
Foreign Ownership	8.50%

Consumer Non-Cyclicals

Food & Beverage

Bloomberg	MYOR.IJ
Reuters	MYOR.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	6.8%	-2.2%	2.7%	39.3%
Rel. Ret.	9.6%	-1.2%	2.0%	43.8%

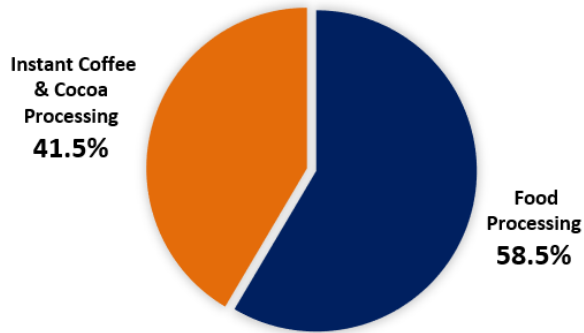
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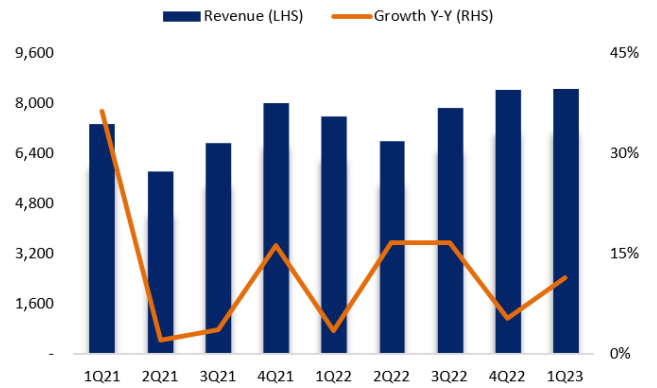
Performance Highlights

Revenue Breakdown | 1Q23



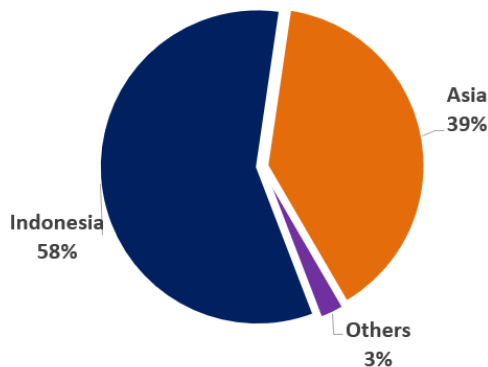
Source: Company, NHKSI Research

Revenue (IDR Bn) | 1Q21 - 1Q23



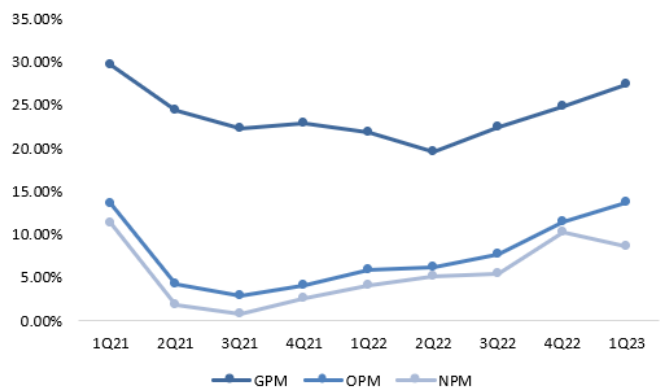
Source: Company, NHKSI Research

Geographic Revenue Breakdown | 1Q23



Source: Company, NHKSI Research

Margin Ratio | 1Q21 - 1Q23



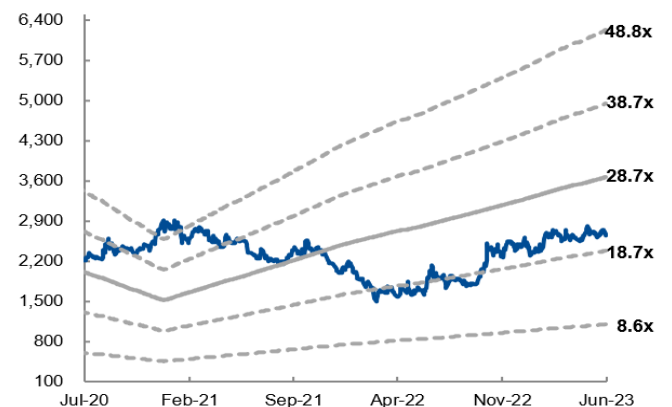
Source: Company, NHKSI Research

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)	2022/12A	2023/12E	2024/12E	2025/12E
Net Sales	30,669	34,386	37,942	41,867
Growth	9.9%	12.1%	10.3%	10.3%
COGS	(23,830)	(25,356)	(27,466)	(30,302)
Gross Profit	6,839	9,030	10,476	11,565
Gross Margin	22.3%	26.3%	27.6%	27.6%
Operating Expenses	(4,406)	(5,789)	(6,388)	(7,048)
EBIT	2,433	3,241	4,089	4,517
EBIT Margin	7.9%	9.4%	10.8%	10.8%
Depreciation	927	945	905	926
EBITDA	3,361	4,186	4,994	5,443
EBITDA Margin	11.0%	12.2%	13.2%	13.0%
Interest Expenses	(389)	(393)	(406)	(466)
EBT	2,506	3,233	4,107	4,518
Income Tax	(592)	(723)	(918)	(1,010)
Minority Interest	28	36	45	50
Net Profit	1,942	2,546	3,234	3,558
Growth	63.7%	31.1%	27.0%	10.0%
Net Profit Margin	6.3%	7.4%	8.5%	8.5%

PROFITABILITY & STABILITY

	2022/12A	2023/12E	2024/12E	2025/12E
ROE	15.1%	17.4%	19.3%	18.7%
ROA	8.7%	10.1%	11.5%	11.2%
Inventory Turnover	6.9x	6.7x	6.7x	6.7x
Receivable Turnover	4.9x	5.1x	5.1x	5.1x
Payables Turnover	13.9x	12.3x	12.3x	12.3x
Dividend Yield	0.8%	1.1%	1.2%	1.6%
Payout Ratio	39.6%	40.3%	35.0%	35.0%
DER	0.4x	0.4x	0.4x	0.4x
Net Gearing	0.4x	0.4x	0.4x	0.4x
Equity Ratio	57.6%	57.8%	59.5%	59.9%
Debt Ratio	24.8%	22.6%	23.3%	23.4%
Financial Leverage	99.0%	99.7%	97.2%	99.2%
Current Ratio	2.6x	2.5x	2.7x	2.7x
Quick Ratio	1.9x	2.0x	2.1x	2.2x
Par Value (IDR)	10	10	10	10
Total Shares (mn)	22,358	22,358	22,359	22,360
Share Price (IDR)	2,500	3,200	3,200	3,200
Market Cap (IDR tn)	55.9	71.5	71.5	71.6

BALANCE SHEET

(IDR bn)	2022/12A	2023/12E	2024/12E	2025/12E
Cash	3,338	5,370	6,735	8,187
Receivables	6,489	6,890	7,382	8,145
Inventories	3,870	3,643	4,070	4,490
Total Current Assets	14,773	16,991	19,267	21,906
Net Fixed Assets	6,725	7,254	7,681	8,248
Other Non Current Assets	778	1,035	1,291	1,548
Total Non Current Assets	7,504	8,289	8,973	9,796
Total Assets	22,276	25,280	28,240	31,702
Payables	1,659	2,466	2,234	2,464
ST Bank Loan	2,718	2,899	3,281	3,740
Total Current Liabilities	5,637	6,828	7,129	7,986
LT Debt	2,811	2,813	3,286	3,688
Total Liabilities	9,441	10,674	11,448	12,707
Capital Stock & APIC	448	448	448	448
Retained Earnings	12,187	13,950	16,136	18,339
Shareholders' Equity	12,835	14,607	16,792	18,995

VALUATION INDEX

	2022/12A	2023/12E	2024/12E	2025/12E
Price /Earnings	28.8x	28.1x	22.1x	20.1x
Price /Book Value	4.4x	4.9x	4.3x	3.8x
PE/EPS Growth	0.5x	0.9x	0.8x	2.0x
EV/EBITDA	17.3x	17.2x	14.3x	13.0x
EV/EBIT	24.0x	22.2x	17.5x	15.7x
EV (IDR bn)	58,286	72,096	71,589	71,001
Sales CAGR (3-Yr)	7.0%	12.0%	10.8%	10.9%
Net Income CAGR (3-Yr)	-0.8%	7.3%	39.7%	22.4%
Basic EPS (IDR)	87	114	145	159
BVPS (IDR)	574	653	751	850
DPS (IDR)	21	35	40	51

OWNERSHIP

Shareholders	%
Unita Branindo	32.9
Mayora Dhana Utama	26.1
Atmadja Jogi Hendra	25.2
Norges Bank	1.2
By Geography	%
Unknown	94.3
Indonesia	2.0
Norway	1.4
United States	1.0

CASH FLOW STATEMENT

(IDR bn)	2022/12A	2023/12E	2024/12E	2025/12E
Operating Cash Flow	1,650	4,453	3,147	3,695
Investing Cash Flow	(1,577)	(1,691)	(1,746)	(1,971)
Financing Cash Flow	(49)	(580)	(36)	(270)
Net Changes in Cash	24	2,182	1,365	1,453

Source: NHKSI research, Bloomberg

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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