

# Mayora Indah Tbk (MYOR)

## Margin Appears to Be Higher

Throughout 6M23, MYOR posted a 3.1% YoY increase to IDR14.8 trillion in sales, led by Packaged Beverages Processing segment, which recorded a 22.1% YoY increase in sales. In 6M23, the Candy and Wafer categories experienced an increase in market share of 21% and 20%, respectively (based on Nielsen data). Meanwhile, on the bottom line, 6M23 net profit managed to increase by 86.6% YoY to IDR 1.2 trillion (vs. 6M22: IDR 653.2 billion).

### Several Categories Experience Market Share Increase

- During 6M23, MYOR posted a 3.1% YoY increase to IDR 14.8 trillion (vs. 6M22: IDR 14.4 trillion), led by Packaged Beverages Processing segment which recorded a 22.1% YoY increase to IDR 7.3 trillion in sales, followed by Packaged Food Processing segment which posted sales of IDR 8.6 trillion, or grew 2.8% YoY.
- Sales in Indonesia recorded a slight decline of 0.3% YoY to IDR 8.5 trillion, while sales in Asia and others recorded growth of 7.0% YoY to IDR 5.9 trillion and 27.5% YoY to IDR 395.2 billion, respectively. On a quarterly basis, MYOR posted 2Q23 sales of IDR 6,4 trillion (-24.7% QoQ; -6.2% YoY).
- Looking at market share by category (based on Nielsen data), in 6M23, the Candy and Wafer categories experienced an increase in market share of 21% (vs. 6M22: 20%), respectively. The Chocolate market share category was flat at 30%, followed by the Breakfast Cereal category, which was also flat at 69%. Meanwhile, the Biscuit and Coffee categories recorded a decline in market share to 37% (vs. 6M22: 38%) and 5% (vs. 6M22: 6%), respectively.

### Profit Performance Increases Altogether

- Throughout 6M23, gross profit managed to grow 32.1% YoY to Rp3.9 trillion (vs 6M22: Rp3.0 trillion) amidst a 6.0% YoY decrease in the cost of raw and packing materials used. This also brought 6M23 GPM higher at 26.6% (vs 6M22: 20.8%). Meanwhile, in 2Q23, MYOR's gross profit was recorded at Rp1.6 trillion (-29.8% QoQ; +22.2% YoY).
- Operating profit managed to record growth amidst a 2.1% YoY increase in selling expenses due to a 14.9% YoY increase in advertising and promotion expenses. 6M23 operating profit was recorded at IDR1.7 trillion or grew 101.2% YoY, bringing OPM to 11.7% (vs 6M22: 6.0%). As for 2Q23, MYOR booked an operating profit of IDR586.4 billion (-49.1% QoQ; +38.8% YoY).
- By segment, both Packaged Food Processing and Packaged Beverages Processing segments recorded an increase in their OPM during 6M23. OPM of Packaged Food Processing segment was higher at 11.3% (vs 6M22: 4.8%) followed by OPM of Packaged Beverages Processing segment which rose to 10.5% (vs 6M22: 7.7%).
- On the bottom line, 6M23 net profit managed to increase 86.6% YoY to IDR1.2 trillion (vs 6M22: IDR653.2 billion) resulting in a higher NPM of 8.2% (vs 6M22: 4.5%). On a quarterly basis, in 2Q23, MYOR managed to book a net profit of Rp491.6 billion (-32.4% QoQ; +41.6% YoY).

### Keeping the Strategy Going

- Throughout this year, the Company will continue the strategies that have been implemented, such as ensuring the availability of products, and conducting promotions both on television (in the form of local or Korean dramas) or through social media such as Instagram and TikTok.
- Moreover, the Company confirmed that there will be new product launches for several categories in 4Q23 or 1Q24, they also plan to expand into Africa and the Middle East.

### BUY Recommendation with TP at IDR3,200

- We recommend BUY for MYOR by maintaining TP at IDR3,200/share or P/E 26.5x which has an upside potential of 22.6%. 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	33,114	36,007	39,161
Growth	9.9%	8.0%	8.7%	8.8%
Net Profit	1,942	2,519	2,746	2,951
Growth	63.7%	29.7%	9.0%	7.5%
EPS (IDR)	87	113	123	132
P/E	28.8x	28.4x	26.1x	24.2x
P/BV	4.4x	4.9x	4.4x	4.0x
EV/EBITDA	17.3x	17.0x	16.1x	15.1x
ROE	15.1%	17.3%	16.9%	16.3%
ROA	8.7%	9.8%	9.8%	9.6%
Dividend Yield	0.8%	1.1%	1.2%	1.3%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

## BUY

Target Price (IDR)	3,200
Consensus Price (IDR)	3,177
TP to Consensus Price	0.7%
Potential Upside	22.6%

### Shares data

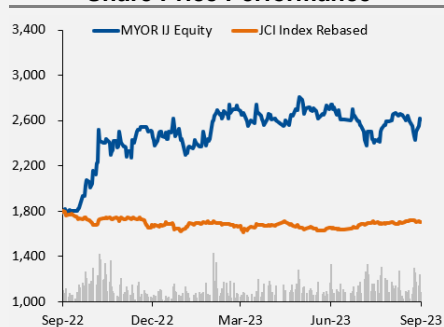
Last Price (IDR)	2,610
Price date as of	Sep 13, 2023
52 wk range (Hi/Lo)	2,900/1,720
Free float (%)	15.7
Outstanding sh.(mn)	22,359
Market Cap (IDR bn)	58,356
Market Cap (USD mn)	3,798
Avg. Trd Vol - 3M (mn)	7.67
Avg. Trd Val - 3M (bn)	19.65
Foreign Ownership	8.50%

### Consumer Non-Cyclicals

#### Food & Beverage

Bloomberg	MYOR.IJ
Reuters	MYOR.JK

### Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	4.8%	0.4%	-4.7%	45.0%
Rel. Ret.	3.6%	0.0%	-8.0%	50.2%

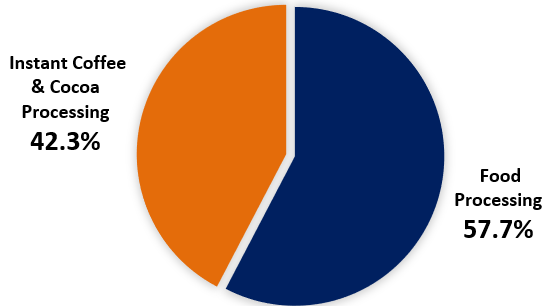
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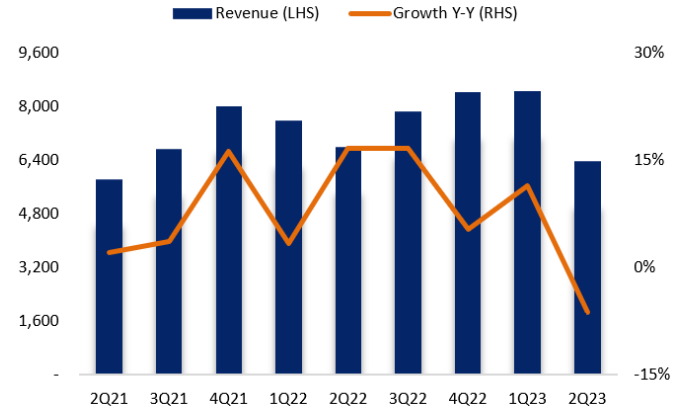
# Performance Highlights

## Revenue Breakdown | 2Q23



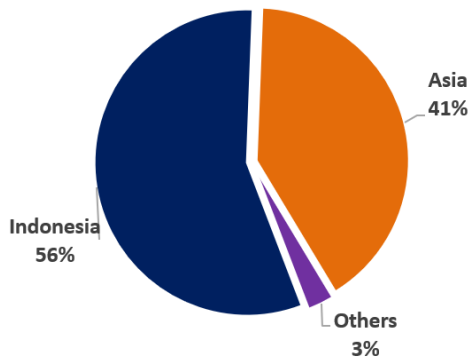
Source: Company, NHKSI Research

## Revenue (IDR Bn) | 2Q21 - 2Q23



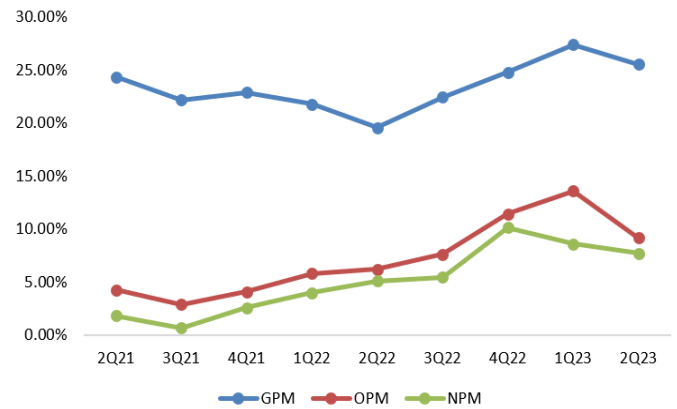
Source: Company, NHKSI Research

## Geographic Revenue Breakdown | 2Q23



Source: Company, NHKSI Research

## Margin Ratio | 2Q21 - 2Q23



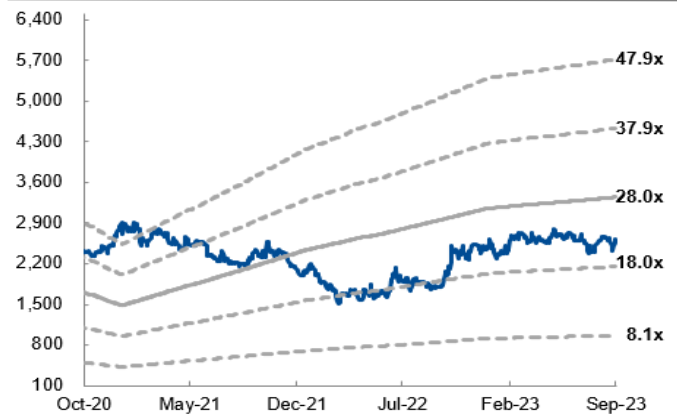
Source: Company, NHKSI Research

## 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
<b>Net Sales</b>	<b>30,669</b>	<b>33,114</b>	<b>36,007</b>	<b>39,161</b>
Growth	9.9%	8.0%	8.7%	8.8%
COGS	(23,830)	(24,500)	(26,671)	(29,039)
<b>Gross Profit</b>	<b>6,839</b>	<b>8,614</b>	<b>9,336</b>	<b>10,122</b>
Gross Margin	22.3%	26.0%	25.9%	25.8%
Operating Expenses	(4,406)	(5,313)	(5,778)	(6,284)
<b>EBIT</b>	<b>2,433</b>	<b>3,300</b>	<b>3,559</b>	<b>3,838</b>
EBIT Margin	7.9%	10.0%	9.9%	9.8%
Depreciation	927	926	899	918
<b>EBITDA</b>	<b>3,361</b>	<b>4,227</b>	<b>4,458</b>	<b>4,756</b>
EBITDA Margin	11.0%	12.8%	12.4%	12.1%
Interest Expenses	(389)	(386)	(381)	(426)
<b>EBT</b>	<b>2,506</b>	<b>3,152</b>	<b>3,436</b>	<b>3,694</b>
Income Tax	(592)	(688)	(750)	(806)
Minority Interest	28	54	59	63
<b>Net Profit</b>	<b>1,942</b>	<b>2,519</b>	<b>2,746</b>	<b>2,951</b>
Growth	63.7%	29.7%	9.0%	7.5%
Net Profit Margin	6.3%	7.6%	7.6%	7.5%

### PROFITABILITY & STABILITY

	2022/12A	2023/12E	2024/12E	2025/12E
ROE	15.1%	17.3%	16.9%	16.3%
ROA	8.7%	9.8%	9.8%	9.6%
Inventory Turnover	6.9x	6.3x	6.3x	6.3x
Receivable Turnover	4.9x	5.1x	5.1x	5.1x
Payables Turnover	13.9x	11.9x	11.9x	11.9x
Dividend Yield	0.8%	1.1%	1.2%	1.3%
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%	56.8%	58.2%	58.6%
Debt Ratio	24.8%	21.2%	21.8%	21.9%
Financial Leverage	99.0%	101.5%	97.6%	99.3%
Current Ratio	2.6x	2.4x	2.5x	2.5x
Quick Ratio	1.9x	1.8x	1.9x	1.9x
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	5,473	6,044	6,756
Receivables	6,489	6,398	7,007	7,621
Inventories	3,870	3,896	4,227	4,603
<b>Total Current Assets</b>	<b>14,773</b>	<b>17,058</b>	<b>18,461</b>	<b>20,216</b>
Net Fixed Assets	6,725	7,398	7,849	8,472
Other Non Current Assets	778	1,235	1,691	2,147
<b>Total Non Current Assets</b>	<b>7,504</b>	<b>8,633</b>	<b>9,540</b>	<b>10,619</b>
<b>Total Assets</b>	<b>22,276</b>	<b>25,691</b>	<b>28,001</b>	<b>30,835</b>
Payables	1,659	2,462	2,243	2,442
ST Bank Loan	2,718	2,558	2,927	3,206
<b>Total Current Liabilities</b>	<b>5,637</b>	<b>7,173</b>	<b>7,511</b>	<b>8,194</b>
LT Debt	2,811	2,900	3,169	3,551
<b>Total Liabilities</b>	<b>9,441</b>	<b>11,105</b>	<b>11,711</b>	<b>12,777</b>
Capital Stock & APIC	448	448	448	448
Retained Earnings	12,187	13,923	15,626	17,395
<b>Shareholders' Equity</b>	<b>12,835</b>	<b>14,587</b>	<b>16,290</b>	<b>18,058</b>

### CASH FLOW STATEMENT

(IDR bn)	2022/12A	2023/12E	2024/12E	2025/12E
Operating Cash Flow	1,650	5,032	2,782	3,230
Investing Cash Flow	(1,577)	(2,042)	(1,967)	(2,219)
Financing Cash Flow	(49)	(811)	(244)	(299)
<b>Net Changes in Cash</b>	<b>24</b>	<b>2,179</b>	<b>571</b>	<b>712</b>

### VALUATION INDEX

	2022/12A	2023/12E	2024/12E	2025/12E
Price /Earnings	28.8x	28.4x	26.1x	24.2x
Price /Book Value	4.4x	4.9x	4.4x	4.0x
PE/EPS Growth	0.5x	1.0x	2.9x	3.2x
EV/EBITDA	17.3x	17.0x	16.1x	15.1x
EV/EBIT	24.0x	21.7x	20.2x	18.7x
EV (IDR bn)	58,286	71,747	71,817	71,769
Sales CAGR (3-Yr)	7.0%	10.6%	8.9%	8.5%
Net Income CAGR (3-Yr)	-0.8%	6.9%	32.3%	15.0%
Basic EPS (IDR)	87	113	123	132
BVPS (IDR)	574	652	729	808
DPS (IDR)	21	35	39	43

### OWNERSHIP

Shareholders	%
Unita Branindo	32.9
Mayora Dhana Utama	26.1
Atmadja Jogi Hendra	25.2
Norges Bank	1.2
By Geography	%
Unknown	94.4
Indonesia	2.3
Norway	1.4
United States	0.8

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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