

Thursday, 02 November 2023

BUY
Maintain

Last price (IDR) 2,640
Target Price (IDR) 3,500
Upside/Downside +32.6%
Previous Target Price (IDR) 3,300

Stock Statistics

Sector CONSUMER
Bloomberg Ticker MYOR IJ
No of Shrs (mn) 22,359
Mkt. Cap (IDRbn/USDmn) 58,133/3,648
Avg. daily T/O (IDRbn/USDmn) 18.2/1.1

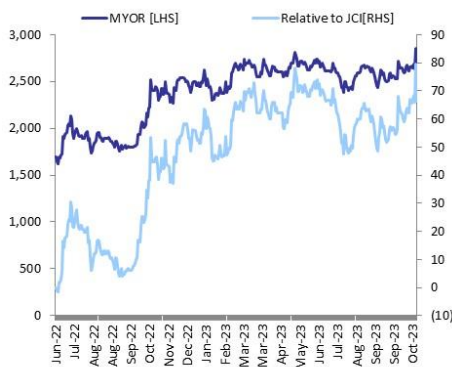
Major shareholders (%)

UNITA BRANINDO PT 32.9
MAYORA DHANA UTAMA PT 26.1
Estimated free float 15.7

EPS Consensus (IDR)

	2023F	2024F	2025F
Danareksa	127.8	138.5	160.6
Consensus	114.8	129.6	150.0
Danareksa/Cons	11.4	6.9	7.1

MYOR relative to JCI Index



Source : Bloomberg



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Mayora Indah (MYOR IJ)

Attractive FY24F growth on stronger sales & sustainable margins

Following MYOR's 9M23 earnings beat, we slightly raise our FY23-25F forecast and TP to IDR3,500 (from IDR3,300 prev.) as we expect MYOR will sustain solid margins and see stronger sales growth prospect from festive events in 1H24. Maintain our Buy rating on an attractive FY24 core profits growth (+13% yoy).

Margins expansion drove robust earnings growth in 3Q23/ 9M23. MYOR reported robust 3Q23 net profits of IDR807bn (+64% qoq/ +87% yoy), which drove 9M23 net and core profit of IDR2tn (+87% yoy) and IDR2.18tn (+128% yoy) respectively. At the topline, 9M23 revenue of IDR8tn (+2.8% yoy), was supported by steady growth in export rev. (+6.1% yoy) which well offset tepid domestic rev. growth of +0.7% yoy, with packaged beverages revenue growing at a strong +7.8% yoy, versus still soft food segment (+2.2% yoy). While high ASP adjustments in FY22 (at around 15%) drove lower 9M23 sales volume (-5% yoy), this has supported gross margins expansion to 26.7% (above our prev. FY23 forecast of 25.4%). Combined with a well-controlled 9M23 opex (at 14.5% of sales), 9M23 net profit grew at a robust 87% yoy and beat our forecast.

Attractive FY24 sales growth outlook, potentially supported by festive events. During pre-pandemic, MYOR's revenues grew at a solid 2014-19 CAGR of 12% with steady volume CAGR of 8%. In FY24, we see prospects for MYOR's revenue to grow close to the pre-pandemic period, potentially supported by festive events in 1H24 (i.e., presidential and regional elections). Thus, we forecast volume and revenues growth of 9% and 11% yoy in FY24F. On the margin front, we base our FY24 COGS forecast on key commodity prices outlook (Wheat down 6% yoy, Sugar -4% yoy, Crude oil +1% and CPO flattish, based on Bloomberg consensus) and thus, expect MYOR sustain its gross margins at 26.9%. Combined with 14.5% opex/revenues, we forecast FY24F core profits to grow at an attractive 13% yoy to IDR3.2tn.

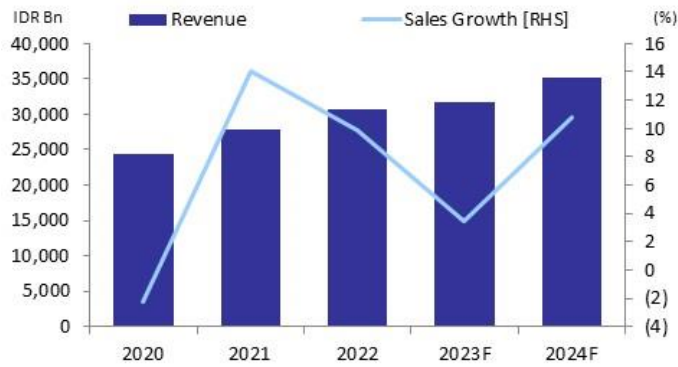
Reaffirm Buy rating with higher TP of IDR3,500. We lift our TP to IDR3,500 (from IDR3,300 prev.) to reflect our higher earnings forecast and as we roll over our forecast to 2024. Our new TP implied FY24F PE of 25.3x (vs. 5-yr average PE of 28.6x). We continue to like MYOR on its attractive earnings growth outlook, as we see the company shall be among the key beneficiaries of purchasing power recovery amid possibility of second round presidential elections and a higher social protection budget (+12.4% yoy).

Key Financials

Year to 31 Dec	2021A	2022A	2023F	2024F	2025F
Revenue (IDRbn)	27,905	30,669	31,717	35,127	38,949
EBITDA (IDRbn)	2,616	3,281	4,756	5,327	5,955
EBITDA Growth (%)	(26.6)	25.4	45.0	12.0	11.8
Net profit (IDRbn)	1,187	1,942	2,858	3,096	3,591
EPS (IDR)	53.1	86.9	127.8	138.5	160.6
EPS growth (%)	(42.4)	63.7	47.1	8.3	16.0
BVPS (IDR)	497.3	564.8	643.6	710.0	792.5
DPS (IDR)	52.0	29.9	49.0	72.1	78.1
PER (x)	49.7	30.4	20.7	19.1	16.4
PBV (x)	5.3	4.7	4.1	3.7	3.3
Dividend yield (%)	2.0	1.1	1.9	2.7	3.0
EV/EBITDA (x)	23.0	18.4	12.6	11.2	9.8

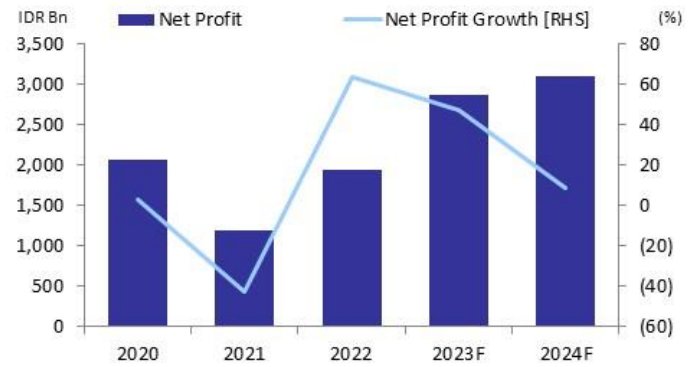
Source : MYOR, BRI Danareksa Estimates

Exhibit 1. Revenues and Growth



Source: Company, BRI Danareksa Sekuritas estimates

Exhibit 2. Net Profits and Growth



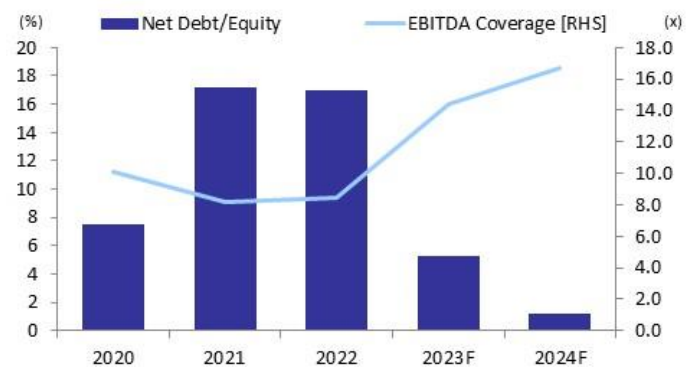
Source: Company, BRI Danareksa Sekuritas estimates

Exhibit 3. Margins



Source: Company, BRI Danareksa Sekuritas estimates

Exhibit 4. Gearing Level



Source: Company, BRI Danareksa Sekuritas estimates

FY23F: sustainable margin and manageable opex.

As we fine-tuned our FY23F forecast, we now look for a slightly lower FY23F revenues growth (+3.4% yoy, vs. 5.9% prev.) given lower sales volume growth assumption (-2.5% yoy, vs. 3.3% prev.). However, we expect FY23F gross margins to be sustained at 26.8% and opex control to be intact (at 14.6% of sales) and hence, raise our FY23F operating and net profits forecast by 5%/15% respectively, translating to net and core profits growth of 47% and 70% yoy.

Exhibit 5. Earnings revision and key assumptions

	Previous			New			Changes		
	2023F	2024F	2025	2023F	2024F	2025F	2023	2024	2025
Revenue	32,480	35,704	39,530	31,717	35,127	38,949	-2.4%	-1.6%	-1.5%
Gross profit	8,519	9,385	10,379	8,494	9,434	10,417	-0.3%	0.5%	0.4%
Operating profit	3,686	4,145	4,696	3,872	4,350	4,820	5.0%	5.0%	2.6%
Net profit	2,486	2,918	3,325	2,858	3,096	3,591	15.0%	6.1%	8.0%
Core profit	2,663	2,918	3,325	2,814	3,179	3,591	5.7%	8.9%	8.0%
Gross margin	26.2%	26.3%	26.3%	26.8%	26.9%	26.7%			
Opex/revenue	14.9%	14.7%	14.4%	14.6%	14.5%	14.4%			
Operating margin	11.3%	11.6%	11.9%	12.2%	12.4%	12.4%			
Net margin	7.7%	8.2%	8.4%	9.0%	8.8%	9.2%			
Key assumptions									
ASP growth	2.6%	1.9%	2.7%	6.1%	1.5%	3.0%			
Volume growth	3.3%	7.9%	7.8%	-2.5%	9.1%	7.7%			
A&P/revenue	9.7%	9.6%	9.3%	9.5%	9.6%	9.5%			

Source: BRI Danareksa estimates

Exhibit 6. PE Band



Source: Company, Bloomberg

Exhibit 7. 3Q23 result

MYOR	3Q22	2Q23	3Q23	yoy	qoq	9M22	9M23	yoy	2023F	A/F	A/C
Revenue, IDRbn	7,854	6,367	8,075	2.8%	26.8%	22,230	22,894	3.0%	31,717	72%	69%
COGS	6,091	4,740	5,905	-3.1%	24.6%	17,483	16,782	-4.0%			
Gross profit	1,764	1,626	2,170	23.0%	33.4%	4,747	6,112	28.8%	8,494		
Opex	1,162	1,040	1,114	-4.1%	7.1%	3,281	3,317	1.1%	4,622		
Operating profit	602	586	1,056	75.4%	80.1%	1,466	2,795	90.7%	3,872	72%	79%
Pretax profit	555	612	1,047	88.6%	71.1%	1,402	2,574	83.6%	3,672		
Net profit	432	492	807	87.0%	64.2%	1,085	2,026	86.8%	2,858	71%	80%
Core profit	406	527	778	91.9%	47.7%	956	2,181	128.3%	2,814	78%	86%
Gross margin	22.5%	25.5%	26.9%			21.4%	26.7%		26.8%		
Operating margin	7.7%	9.2%	13.1%			6.6%	12.2%		12.2%		
Opex to revenue	14.8%	16.3%	13.8%			14.8%	14.5%		14.6%		
Pretax margin	7.1%	9.6%	13.0%			6.3%	11.2%		11.6%		
Net margin	5.5%	7.7%	10.0%			4.9%	8.9%		9.0%		
	3Q22	2Q23	3Q23	yoy	qoq	9M22	9M23	yoy			
Revenue breakdown - IDR bn											
Packaged food	4,870	3,677	4,988	2.4%	35.6%	13,326	13,619	2.2%			
Packaged Beverage	3,481	3,183	3,738	7.4%	17.4%	10,236	11,037	7.8%			
Gross margin - by divisions											
Packaged food	19.9%	21.0%	25.1%			17.2%	24.0%				
Packaged Beverage	22.8%	26.8%	24.5%			24.0%	25.8%				
Operating margin - by divisions											
Packaged food	8.6%	6.1%	13.0%			6.2%	11.9%				
Packaged Beverage	5.3%	11.4%	10.9%			6.3%	10.6%				

Source: Company

Exhibit 8. Income Statement

Year to 31 Dec (IDRbn)	2021A	2022A	2023F	2024F	2025F
Revenue	27,905	30,669	31,717	35,127	38,949
COGS	(20,982)	(23,830)	(23,223)	(25,693)	(28,531)
Gross profit	6,923	6,839	8,494	9,434	10,417
EBITDA	2,616	3,281	4,756	5,327	5,955
Oper. profit	1,772	2,433	3,872	4,350	4,820
Interest income	23	31	73	53	57
Interest expense	(321)	(389)	(329)	(318)	(264)
Forex Gain/(Loss)	47	360	56	(106)	0
Income From Assoc. Co's	0	0	0	0	0
Other Income (Expenses)	28	71	0	0	0
Pre-tax profit	1,550	2,506	3,672	3,979	4,613
Income tax	(339)	(536)	(785)	(851)	(987)
Minority interest	(24)	(28)	(29)	(32)	(35)
Net profit	1,187	1,942	2,858	3,096	3,591
Core Net Profit	1,140	1,582	2,802	3,202	3,591

Exhibit 9. Balance Sheet

Year to 31 Dec (IDRbn)	2021A	2022A	2023F	2024F	2025F
Cash & cash equivalent	3,009	3,262	4,811	4,385	4,379
Receivables	6,079	6,605	6,830	7,565	8,388
Inventory	3,034	3,870	3,772	4,173	4,634
Other Curr. Asset	847	959	992	1,099	1,218
Fixed assets - Net	6,377	6,645	6,909	7,003	7,022
Other non-curr.asset	571	859	890	908	919
Total asset	19,918	22,276	24,204	25,132	26,560
ST Debt	3,118	2,629	2,033	1,661	1,370
Payables	2,009	2,016	1,964	2,173	2,413
Other Curr. Liabilities	444	992	1,026	1,136	1,259
Long Term Debt	1,845	2,811	3,548	2,913	2,274
Other LT. Liabilities	1,142	994	1,028	1,138	1,262
Total Liabilities	8,558	9,441	9,599	9,021	8,579
Shareholder's Funds	11,119	12,628	14,391	15,874	17,718
Minority interests	241	206	213	236	262
Total Equity & Liabilities	19,918	22,276	24,203	25,132	26,559

Exhibit 10. Cash Flow

Year to 31 Dec (IDRbn)	2021A	2022A	2023F	2024F	2025F
Net income	1,187	1,942	2,858	3,096	3,591
Depreciation and Amort.	844	848	884	977	1,136
Change in Working Capital	(780)	(805)	(147)	(826)	(931)
Other Oper. Cash Flow	9	196	255	261	202
Operating Cash Flow	1,260	2,181	3,850	3,508	3,997
Capex	(914)	(1,427)	(1,176)	(1,081)	(1,156)
Others Inv. Cash Flow	23	(45)	148	53	57
Investing Cash Flow	(891)	(1,472)	(1,027)	(1,028)	(1,099)
Net change in debt	346	475	144	(998)	(919)
New Capital	(24)	(28)	7	23	26
Dividend payment	(1,163)	(670)	(1,096)	(1,613)	(1,747)
Other Fin. Cash Flow	(297)	(233)	(329)	(318)	(264)
Financing Cash Flow	(1,137)	(456)	(1,274)	(2,906)	(2,904)
Net Change in Cash	(768)	253	1,549	(425)	(6)
Cash - begin of the year	3,778	3,009	3,262	4,811	4,385
Cash - end of the year	3,009	3,262	4,811	4,385	4,379

Exhibit 11. Key Ratios

Year to 31 Dec	2021A	2022A	2023F	2024F	2025F
Growth (%)					
Sales	14.0	9.9	3.4	10.8	10.9
EBITDA	(26.6)	25.4	45.0	12.0	11.8
Operating profit	(37.4)	37.3	59.2	12.3	10.8
Net profit	(42.4)	63.7	47.1	8.3	16.0
Profitability (%)					
Gross margin	24.8	22.3	26.8	26.9	26.7
EBITDA margin	9.4	10.7	15.0	15.2	15.3
Operating margin	6.4	7.9	12.2	12.4	12.4
Net margin	4.3	6.3	9.0	8.8	9.2
ROAA	6.0	9.2	12.3	12.6	13.9
ROAE	10.7	16.4	21.2	20.5	21.4
Leverage					
Net Gearing (x)	0.2	0.2	0.1	0.0	0.0
Interest Coverage (x)	5.5	6.3	11.8	13.7	18.3

Source : MYOR, BRI Danareksa Estimates

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