

Non-Rated

PT Victoria Care Indonesia (VICI IJ)

Strong brands and digital marketing channel drive promising growth outlook

Last Price (Rp) 660

No. of Shares (mn) 6,708

Mkt Cap (Rpbn/US\$mn) 4,427/283

Avg, Daily T/O (Rpbn/US\$mn) 0.2/0.0

Free Float (%) 15.0

Major Shareholder (%)

PT Sukses Sejati Sejahtera 59.9

Beauty Brands International 25.0

EPS Consensus (Rp)

2023F 2024F 2025F

BRIDS n/a n/a n/a

Consensus n/a n/a n/a

BRIDS/Cons (%) n/a n/a n/a

- Backed by major brands and strong new product launches in FY22, VICI 9M23's top line outperformed FMCG peers at 41% yoy.
- Digital marketing channel has supported new product launches, strong sales and robust earnings growth.
- For FY24, the company estimates revenues growth of 15-20%, with a minimum GPM of 53% and NIM of 12-13%.

Tapping the growing market of beauty industry

VICI is a manufacturer of beauty products, targeting the mid-segment female population aged 17-30 years, with product prices ranging from Rp17,000 to Rp100,000. It was established in 2007 with one factory in Semarang, working together with 30 distributors to achieve nationwide coverage. In 9M23, VICI reported solid net revenues of Rp1tn, +41% yoy, supported by 102 new SKUs (Bodycare, Skincare and Haircare) launched in FY22. VICI's main brands comprise of Herborist, Miranda, CBD and NuFace, which combined contributed to more than 95% of the total 9M23 sales. Supported by digital marketing, NuFace reported 9M23 sales growth of 150% vs FY21 sales.

Digital marketing supported robust top line growth

VICI's digital marketing initiatives have helped the company to double its online sales contribution from 12.3% in 9M22 to 24% in 9M23 (highest versus peers within our coverage) with A&P costs around 17% of sales (vs. peers' 7-12%). Digital marketing not only positively impacts online sales, but also drives offline sales, which increased by 26% yoy in 9M23, with General Trade provided the biggest contribution to offline sales (60%). With sales through Tiktok accounting for around 50% of online sales, the ban on Tiktok Shop/ TTS (at least for the time being) may drive a drop in online sales in 4Q23F.

Promising growth prospect in store for FY24

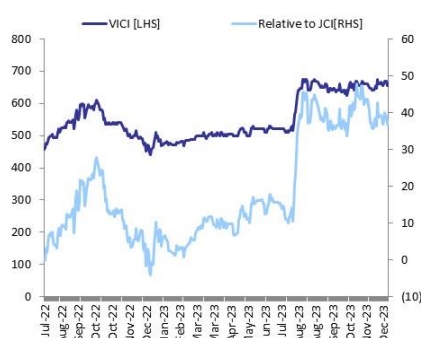
A strong top line and a higher 9M23 gross margin of 55.8% (FY22: 52.5%) thanks to an improved product mix, supported 9M23 net profit growth of 168.2% to Rp143bn (annualized FY23 net profit of Rp190bn, +95% yoy). VICI expects revenues to grow by 15-20% in FY24, with GPM to be maintained at least at 53% and NIM of 12-13%. VICI trades at FY23 annualized PE of 28.6x (taking into account soft 4Q23 due to TTS ban), higher than the sector's 19.1x but with an attractive earnings growth profile (+59% yoy based on our FY23E net profit).

Key Financials

Year to 31 Dec	2019A	2020A	2021A	2022A	9M23A
Revenue (Rpbn)	798	1,046	1,153	1,046	1,023
EBITDA (Rpbn)	182	240	269	175	226
EBITDA Growth (%)	60.1	31.7	12.0	(34.9)	134.4
Net Profit (Rpbn)	112	148	177	98	143
EPS (Rp)	n/a	26	26	15	21
EPS Growth (%)	n/a	n/a	2.3	(44.9)	168.1
BVPS (Rp)	n/a	94	112	119	135
DPS (Rp)	n/a	5	11	7	n/a
PER (x)	n/a	25.6	25.0	45.3	23.3
PBV (x)	n/a	7.0	5.9	5.5	4.9
Dividen yield (%)	n/a	22.6	39.7	48.1	n/a
EV/EBITDA	24.9	9.4	13.4	20.3	15.2

Source: Company, Bloomberg

VICI relative to JCI Index



Source: Bloomberg

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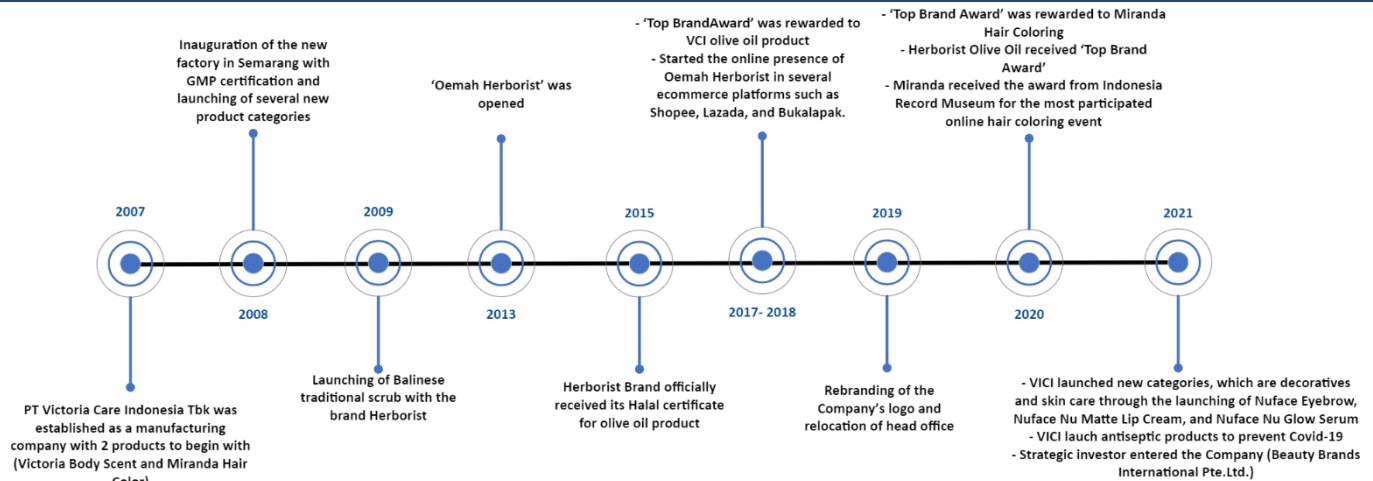
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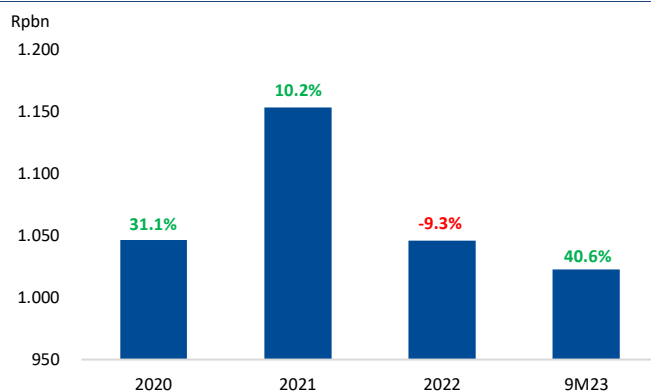
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Exhibit 1. Company Milestone



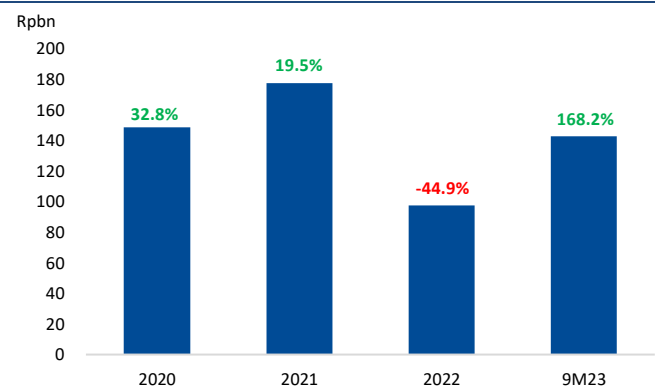
Source: Company

Exhibit 2. Net revenues and yoy growth, FY20 – 9M23



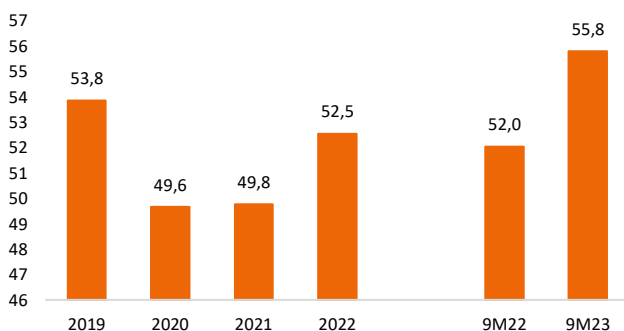
Source: Company

Exhibit 3. Net profit and yoy growth, FY20 – 9M23



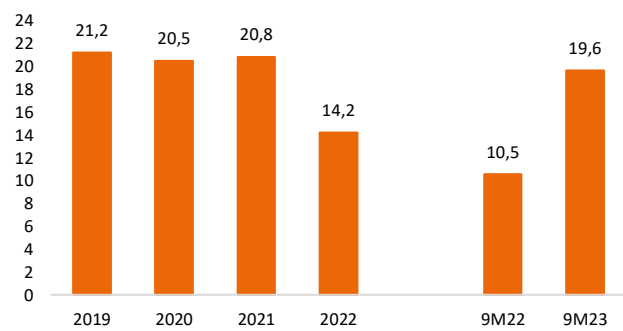
Source: Company

Exhibit 4. Gross margin (%), FY19 – 9M23



Source: Company

Exhibit 5. Operating margin (%), FY19 – 9M23



Source: Company

Exhibit 6. Income Statement

Year to 31 Dec (Rpbn)	2019A	2020A	2021A	2022A	9M23A
Revenue	798	1,046	1,153	1,046	1,023
COGS	(368)	(527)	(579)	(496)	(452)
Gross profit	429	519	574	549	570
EBITDA	182	240	269	175	226
Oper. profit	169	214	240	148	201
Interest income	0	0	0	0	0
Interest expense	(17)	(20)	(15)	(10)	(11)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	0	0	0	0	0
Other Income (Expenses)	(1)	(1)	0	(6)	(0)
Pre-tax profit	151	194	225	132	190
Income tax	(39)	(45)	(47)	(35)	(47)
Minority interest	0	0	0	0	0
Net profit	112	148	177	98	143
Core Net Profit	111	148	175	98	142

Exhibit 7. Balance Sheet

Year to 31 Dec (Rpbn)	2019A	2020A	2021A	2022A	9M23A
Cash & cash equivalent	3	69	4	6	6
Receivables	157	176	272	250	260
Inventory	179	222	246	307	283
Other Curr. Asset	51	53	38	69	82
Fixed assets - Net	281	314	305	297	325
Other non-curr.asset	110	126	131	222	221
Total asset	780	960	998	1,151	1,177
ST Debt	150	147	78	84	29
Payables	106	76	75	152	158
Other Curr. Liabilities	7	6	9	10	12
Long Term Debt	85	78	67	57	51
Other LT. Liabilities	15	22	19	47	20
Total Liabilities	363	330	248	350	270
Shareholder's Funds	417	630	750	801	907
Minority interests	0	0.00	0.00	0.00	0.00
Total Equity & Liabilities	780	960	998	1,151	1,177

Exhibit 8. Cash Flow

Year to 31 Dec (Rpbn)	2019A	2020A	2021A	2022A	9M23A
Net income	112	148	177	98	143
Depreciation and Amort.	13	26	29	27	25
Non-Cash Items	0	(86)	(112)	(16)	9
Operating Cash Flow	73	88	95	109	177
Capex	(77)	(76)	(13)	(23)	(41)
Others Inv. Cash Flow	18	0	0	0	0
Investing Cash Flow	(59)	(76)	(16)	(23)	(41)
Net change in debt	6	87	(14)	(45)	(12)
New Capital	0	0	0	0	0
Dividend payment	0	(25)	(57)	(47)	(37)
Other Fin. Cash Flow	0	(4)	(2)	0	(30)
Financing Cash Flow	6	59	(73)	(92)	(79)
Net Change in Cash	21	71	6	(6)	57
Cash - begin of the year	(18)	(2)	(2)	11	(51)
Cash - end of the year	3	69	4	6	6

Exhibit 9. Key Ratios

Year to 31 Dec	2019A	2020A	2021A	2022A	9M23A
Growth (%)					
Sales	34.1	31.1	10.2	(9.3)	40.6
EBITDA	60.1	31.7	12.0	(34.9)	134.4
Operating profit	61.8	26.7	12.1	(38.3)	161.9
Net profit	71.1	32.8	19.5	(44.9)	168.2
Profitability (%)					
Gross margin	53.8	49.6	49.8	52.5	55.8
EBITDA margin	22.8	22.9	23.3	16.7	22.1
Operating margin	21.2	20.5	20.8	14.2	19.6
Net margin	14.0	14.2	15.4	9.3	14.0
ROAA	16.0	17.1	18.1	9.1	12.4
ROAE	31.0	28.3	25.7	12.6	0.0
Leverage					
Net Gearing (x)	0.6	0.2	0.2	0.2	0.1
Interest Coverage (x)	9.7	10.7	15.5	15.3	18.5

Source: VICI, Bloomberg

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INVESTMENT RATING

BUY	Expected total return of 10% or more within a 12-month period
HOLD	Expected total return between -10% and 10% within a 12-month period
SELL	Expected total return of -10% or worse within a 12-month period

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