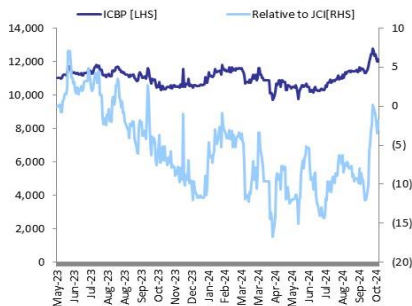


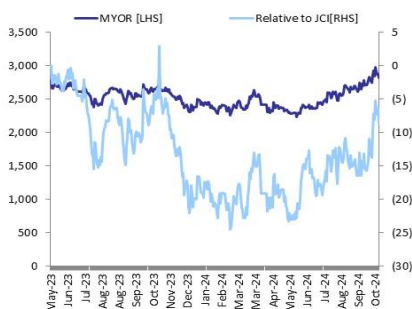
Overweight

(Maintained)

ICBP relative to JCI Index



MYOR relative to JCI Index



Source: Bloomberg

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Consumer

3Q24 preview: sustained solid core profit growth on stable margins, in line with our and consensus

- We estimate 3Q24/9M24 sector revenue growth of +2.6%/+4% yoy and 9M24 operating profit of +7% yoy, in line with our and cons. est.
- We expect solid revenue and stable margins to support 9M24 core profit growth of 9% yoy, in line with meeting our FY24F and Cons.
- Festive events and export markets should drive sales in 4Q24. We maintain our OW rating, with ICBP and MYOR as our top picks.

Expect a solid 3Q24 top line, potentially in line operating earnings

We estimate the consumer sector to post 3Q24 revenue growth of 2.6% yoy and 4.9% qoq, primarily driven by MYOR (+12% yoy and +21% qoq), while we also estimate SIDO (+7% yoy) and KLBF (+9% yoy) to show solid topline growth from a low base last year. We estimate that this shall drive 9M24 sector revenue growth of 4% yoy, on track to meet our/cons FY24 forecast of 5%/6% yoy growth. On the margin side, we see the sector may report lower gross margins for both 3Q24 and 9M24 due to rising raw material prices (e.g. coffee +123% yoy and cocoa +126% yoy). These price increases have started to be reflected in the companies' COGS beginning in 2Q24, especially impacting MYOR. We expect most consumer companies to maintain similar or lower opex/rev. ratios vs. 2Q24, anticipating increased A&P spending in 4Q24 due to year-end festivities. Overall, we expect 9M24 sector operating profit growth of 7% yoy, representing 75% of our and cons. FY24F (in line).

9M24 core profit growth of 9% yoy; in line with our FY24F of +8% yoy

Below the operating line, the strengthening of the Rupiah (end of Sept24: Rp15,138 vs Dec23: Rp15,416) may result in an FX gain for ICBP but an FX loss for MYOR. Despite this, we estimate the sector to record 9M24 core profit growth of 9% yoy, on track to achieve our FY24F core profit growth of 8% yoy. Within our coverage, we expect ICBP to report the strongest 9M24 core profit growth of 27% yoy [above our FY24F: 17% yoy], driven by higher margins. Meanwhile, we also expect SIDO to post a robust 9M24 core profit growth of 37% yoy [in line], followed by KLBF (+19% yoy, [in line], both off a low base in 9M23.

Maintain Overweight with ICBP and MYOR as top picks

Historically, 4Q has contributed 25-26% to the sector's annual revenue, offering an opportunity for a final boost in sales as demand surges towards the year-end holiday season. Additionally, with Ramadhan 2025 beginning in late Mar25, we expect increased demand in 1Q25, driven by the fasting and Ramadhan Season, which will help sustain the sector's performance. On the risk front, escalating geopolitical conflicts pose a risk to commodity prices and supply chains, which could lead to higher input costs for consumer companies, though we still expect earnings growth to be supported by resilient topline. By the end of Sep24, local mutual funds maintained their positions in the sector with +2.7% OW vs. JCI. We maintain our OW rating, with ICBP and MYOR as our top picks, supported by both export and domestic demand in 4Q24.

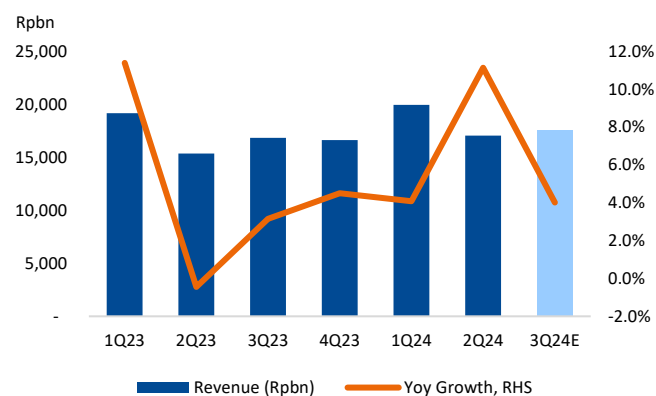
Ticker	Rec	TP (Rp)	Market Cap. (Rp Bn)	P/E (x)		P/BV (x)		ROE (%)	Dividend Yield (%)	Core profit growth	
				2024F	2025F	2024F	2025F			2024F	2025F
ICBP IJ	Buy	13,400	140,818	13.7	12.5	3.0	2.6	22.2	3.5	13.6	7.0
UNVR IJ	Sell	2,200	94,994	20.9	20.8	27.9	27.8	134.2	5.2	(5.2)	0.5
KLBF IJ	Buy	1,800	75,469	24.8	23.1	3.5	3.2	14.6	1.8	12.3	8.5
INDF IJ	Buy	8,000	54,658	5.6	5.1	0.8	0.7	15.5	4.8	19.3	6.3
MYOR IJ	Buy	3,350	60,592	18.2	16.3	3.6	3.2	20.6	2.5	(3.3)	14.7
SIDO IJ	Buy	810	21,000	16.8	15.3	5.8	5.6	34.8	5.5	9.4	8.8
Sector				16.3	15.2	7.3	7.0	42.1	3.7	8.0	7.2

Exhibit 1. 3Q24 and 9M24 Preview – Consumer Sector

Consumer sector	3Q23	2Q24	3Q24E	yoy	qoq	9M23	9M24E	yoy	% 9M24E to FY24F	% 9M24E to Cons	FY23	FY24F	yoy
Revenue	43,206	42,274	44,337	3%	5%	129,629	134,790	4.0%	74%	74%	172,021	181,419	5%
Gross profit	16,526	16,194	16,701	1%	3%	50,166	51,910	3%	74%	75%	66,570	69,934	5%
Operating	7,353	7,202	7,522	2%	4%	22,858	24,433	7%	75%	75%	30,291	32,691	8%
Net profit	4,287	3,875	7,811	82%	102%	15,967	17,946	12%	79%	84%	18,703	22,661	21%
Core profit	5,607	5,337	4,756	-15%	-11%	15,636	17,078	9%			20,812	22,523	8%
Gross margin	38.2%	38.3%	37.7%			38.7%	38.5%				38.7%	38.5%	
Operating margin	17.0%	17.0%	17.0%			17.6%	18.1%				17.6%	18.0%	
Net margin	9.9%	9.2%	17.6%			12.3%	13.3%				10.9%	12.5%	

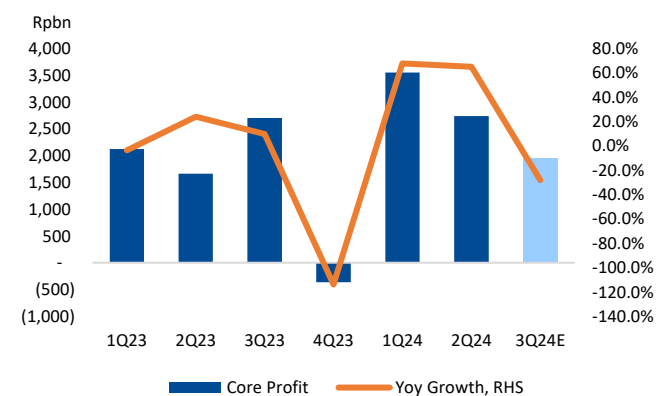
Source: BRIDS Estimates

Exhibit 2. ICBP – Quarterly Revenue and Yoy Growth



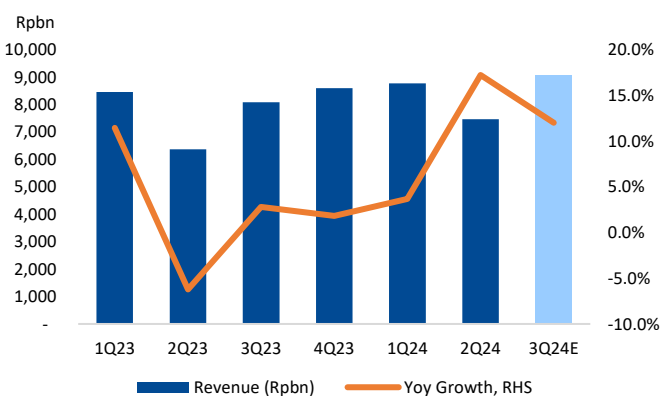
Source: Company, BRIDS Estimates

Exhibit 3. ICBP – Quarterly Core Profit and Yoy Growth



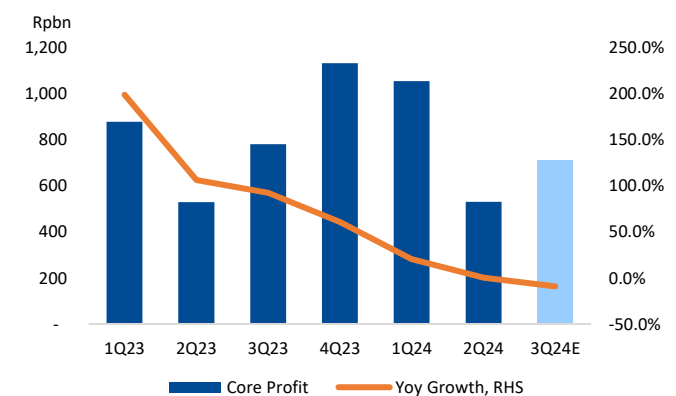
Source: Company, BRIDS Estimates

Exhibit 4. MYOR – Quarterly Revenue and Yoy Growth



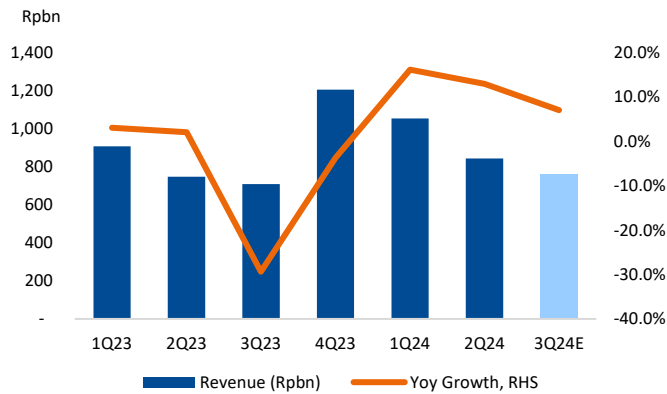
Source: Company, BRIDS Estimates

Exhibit 5. MYOR – Quarterly Core Profit and Yoy Growth



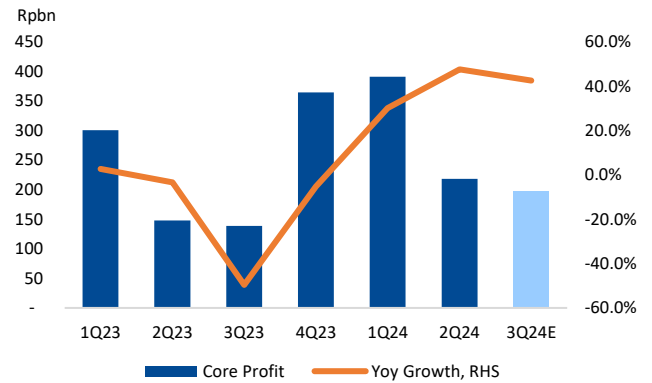
Source: Company, BRIDS Estimates

Exhibit 6. SIDO – Quarterly Revenue and Yoy Growth



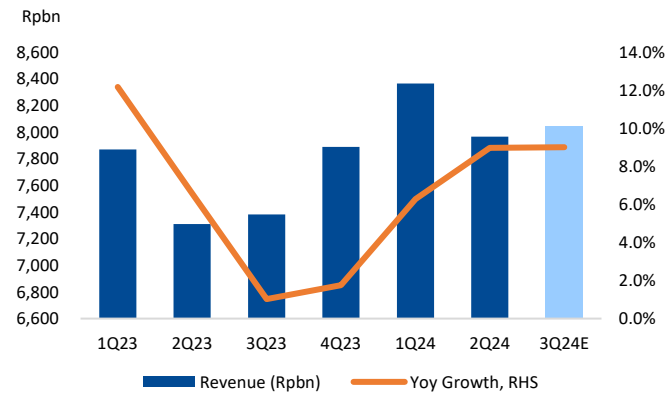
Source: Company, BRIDS Estimates

Exhibit 7. SIDO – Quarterly Core Profit and Yoy Growth



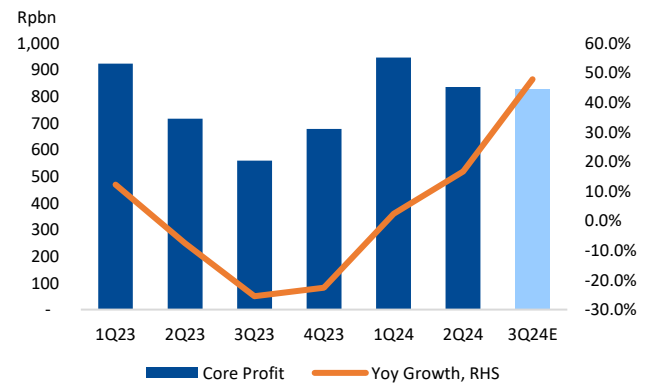
Source: Company, BRIDS Estimates

Exhibit 8. KLBK – Quarterly Revenue and Yoy Growth



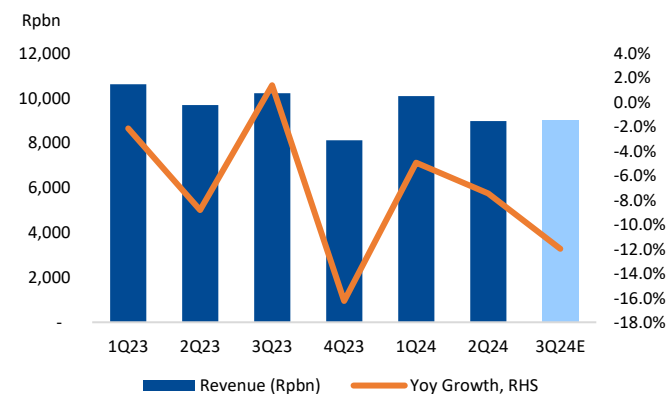
Source: Company, BRIDS Estimates

Exhibit 9. KLBK – Quarterly Core Profit and Yoy Growth



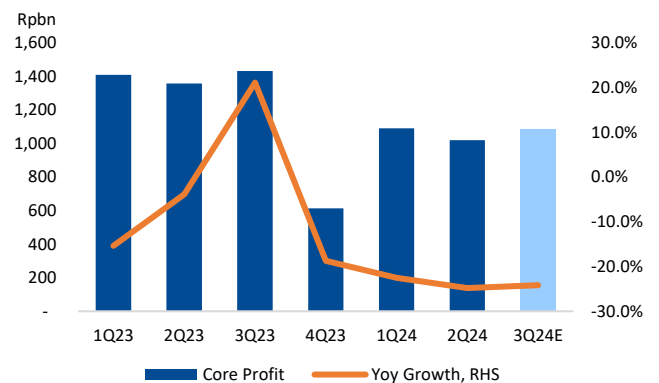
Source: Company, BRIDS Estimates

Exhibit 10. UNVR – Quarterly Revenue and Yoy Growth



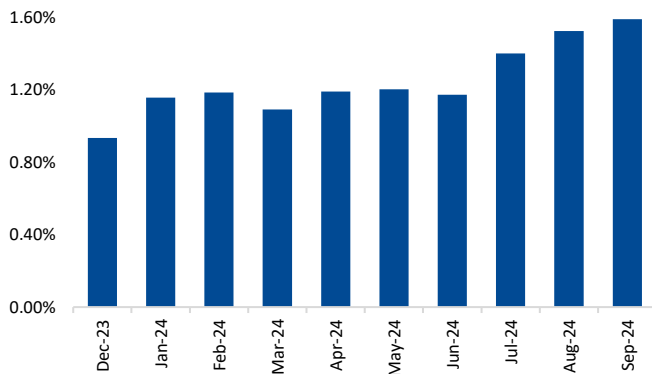
Source: Company, BRIDS Estimates

Exhibit 11. UNVR – Quarterly Core Profit and Yoy Growth



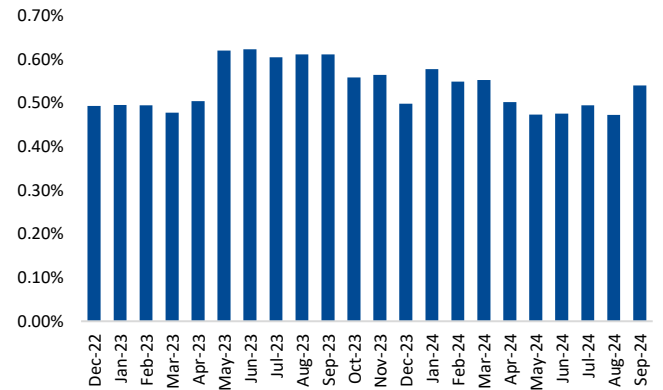
Source: Company, BRIDS Estimates

Exhibit 12. ICBP – Local Mutual Fund OW/UW Position



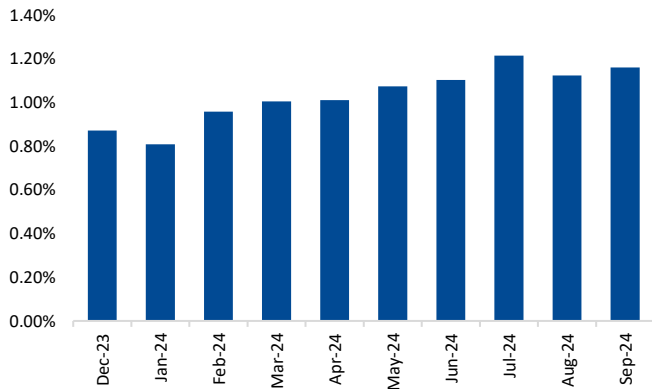
Source: KSEI, BRIDS

Exhibit 13. ICBP – Foreign Fund Positioning



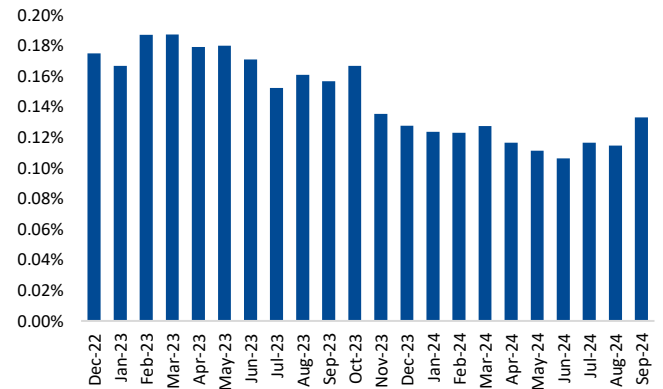
Source: KSEI, BRIDS

Exhibit 14. MYOR – Local Mutual Fund OW/UW Position



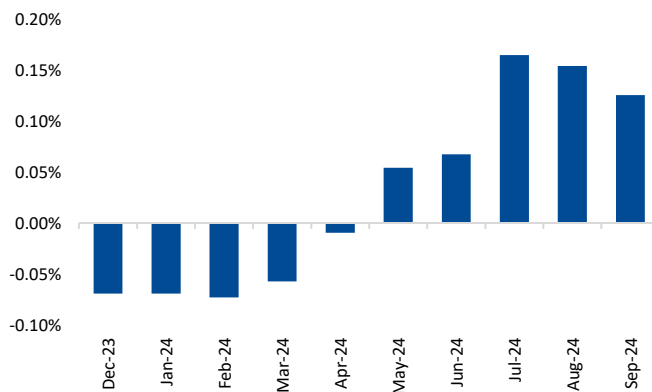
Source: KSEI, BRIDS

Exhibit 15. MYOR – Foreign Fund Positioning



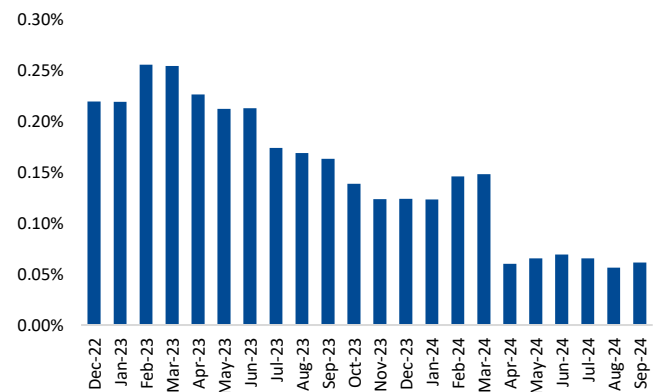
Source: KSEI, BRIDS

Exhibit 16. SIDO – Local Mutual Fund OW/UW Position



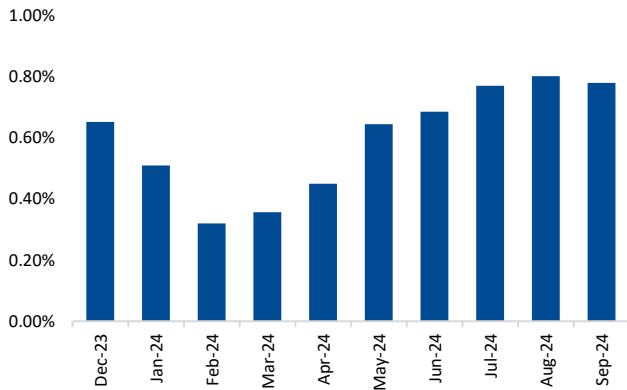
Source: KSEI, BRIDS

Exhibit 17. SIDO – Foreign Fund Positioning



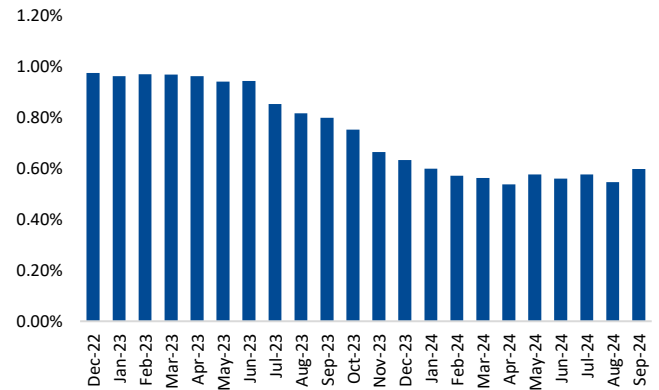
Source: KSEI, BRIDS

Exhibit 18. KLBF – Local Mutual Fund OW/UW Position



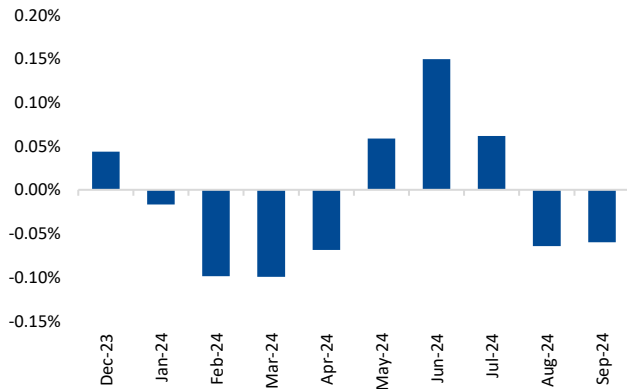
Source: KSEI, BRIDS

Exhibit 19. KLBF – Foreign Fund Positioning



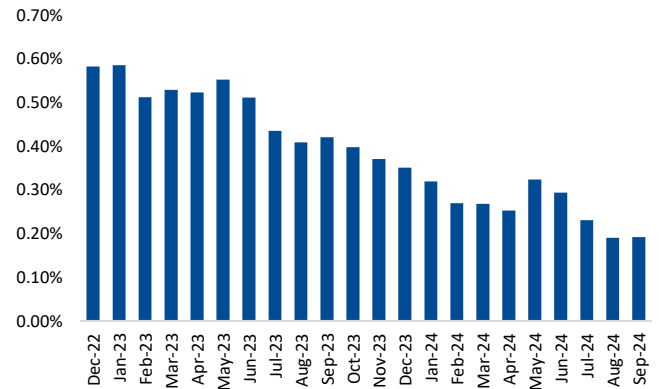
Source: KSEI, BRIDS

Exhibit 20. UNVR – Local Mutual Fund OW/UW Position



Source: KSEI, BRIDS

Exhibit 21. UNVR – Foreign Fund Positioning



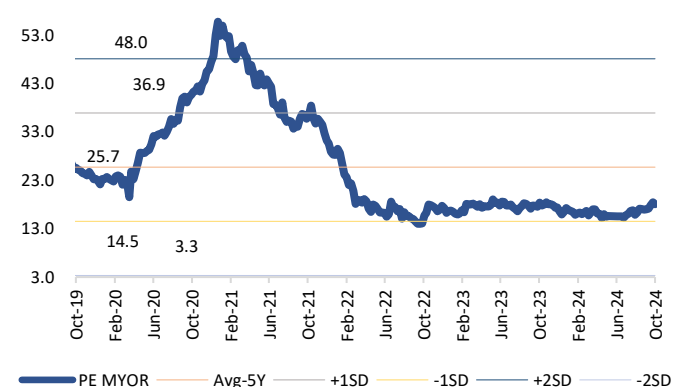
Source: KSEI, BRIDS

Exhibit 22. ICBP's PE Band



Source: Bloomberg, BRIDS Estimates

Exhibit 23. MYOR's PE Band



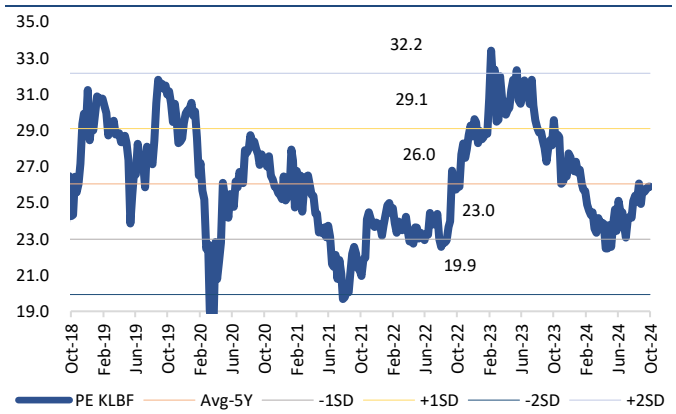
Source: Bloomberg, BRIDS Estimates

Exhibit 24. SIDO's PE Band



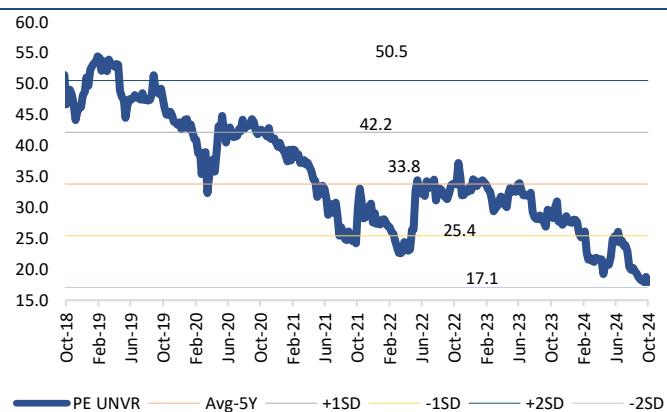
Source: Bloomberg, BRIDS Estimates

Exhibit 25. KLBF's PE Band



Source: Bloomberg, BRIDS Estimates

Exhibit 26. UNVR's PE Band



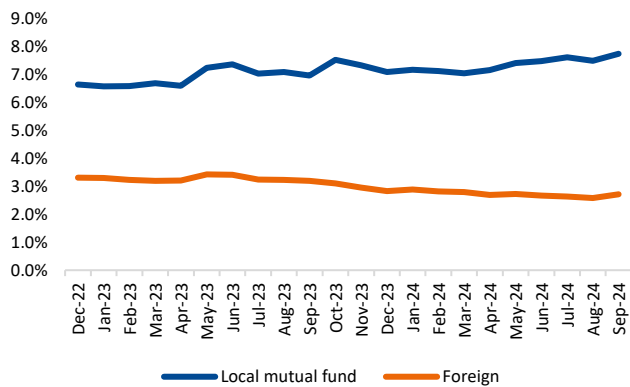
Source: Bloomberg, BRIDS Estimates

Exhibit 27. Consumer Peers Comparison

	2024F	MYOR	ICBP	INDF	SIDO	KLBF	UNVR	Sector
Growth (%)								
Sales		11.4	7.3	6.8	16.4	8.2	(5.8)	5.1
EBITDA		2.9	11.6	25.7	21.4	16.4	(6.0)	9.0
Operating profit		1.2	12.8	12.2	20.5	16.0	(6.2)	7.4
Net profit		4.6	47.5	28.8	25.9	18.0	(5.2)	20.2
Core profit		(1.5)	13.6	13.3	25.9	12.3	(5.2)	7.4
Profitability (%)								
Gross margin		25.5	37.8	33.3	57.9	39.4	49.6	40.3
EBITDA margin		15.0	24.7	24.3	33.3	15.6	18.1	20.7
Operating margin		12.4	22.9	18.5	36.1	13.0	16.2	18.3
Net margin		9.5	14.1	8.8	28.8	9.9	12.5	12.5
ROAA		13.5	8.4	5.7	30.1	11.7	27.7	15.4
ROAE		21.0	23.3	16.6	34.8	14.6	134.2	50.0
Leverage and yield								
Net Gearing (x)		0.0	0.3	0.3	nc	nc	nc	
Interest coverage (x)		17.8	7.6	6.4	1,031.5	62.5	147.2	

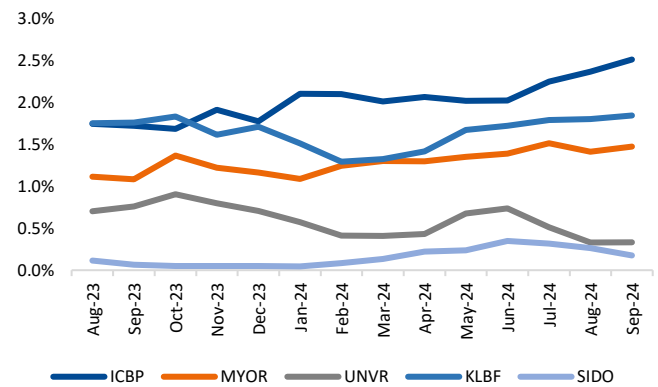
Source: BRIDS Estimates

Exhibit 28. Consumer – Local vs Foreign Position



Source: KSEI, BRIDS

Exhibit 29. Mutual Fund Positioning in Our Coverage



Source: KSEI, BRIDS

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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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