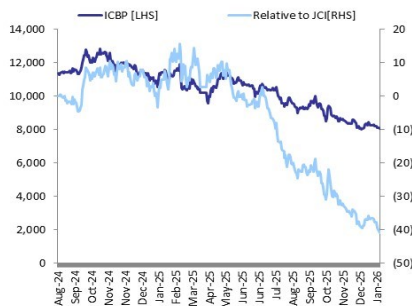


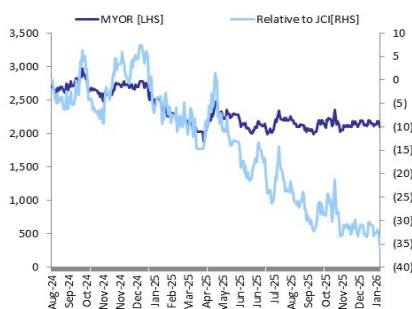
Overweight

(Maintained)

ICBP relative to JCI Index



MYOR relative to JCI Index



Source: Bloomberg

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Consumer

Higher Wage and Fiscal Tailwinds Support Intact; Decent Dec25 Sales Indication

- The FY26 national avg min wage hike of +5.7% yoy should provide support to consumption despite it being slightly lower than FY25.
- Our sector FY26 EPS growth outlook of 8.6% is also underpinned by the expectation of a more expansionary and flexible fiscal policy.
- Reiterate our Overweight stance on the sector. Our top pick is ICBP (Buy, TP Rp11,500), followed by MYOR (Buy, TP Rp2,700).

FY26 min wage hike lower yoy but remains supportive for consumption

The government has announced the FY26 minimum wage across all provinces, reflecting a national average increase of +5.7% yoy. This figure is lower than the 6.5% average increases recorded in FY24 and FY25, and below the labor union’s proposed hike of ~8.5-10.5%. Nevertheless, we believe that any upward adjustment to the minimum wage should provide incremental support to household purchasing power, which in turn is supportive to overall consumption and remains positive for the Consumer sector.

Expansionary fiscal policy continues to underpin consumption

Additionally, we maintain our view that a more expansionary fiscal stance this year will gradually support consumption. While the Free Nutritious Food (MBG) program remains one of the government’s key priority programs this year, the social protection budget is also set to increase by 8.6% yoy to Rp508.2tr in FY26, signaling sustained fiscal support for household spending. We expect the government to retain the capacity to reallocate underspent budget allocations to other programs this year, thereby supporting a more flexible fiscal framework. Among the economic stimulus measures outlined below (exhibit 4), the most recent change relates to the Income Tax (PPH DTP) incentive, which was previously only given to five labor-intensive industries i.e., textiles and garments, leather and leather goods, and furniture, but now also includes the tourism-related sector.

A decent FY26 growth outlook

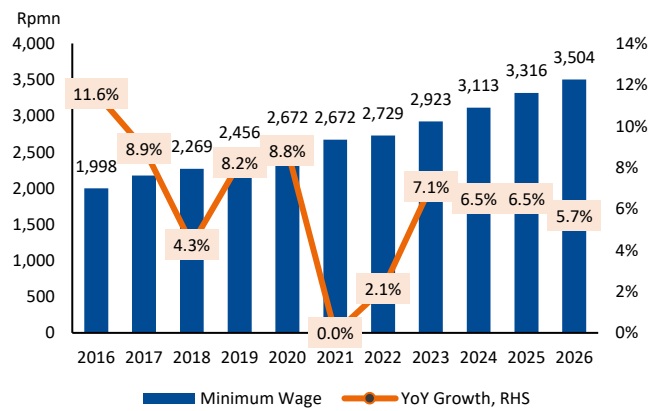
We reiterate our forecast of +5.7% yoy aggregate sector FY26 topline growth, driven by gradual (-0.6-5.1% yoy) volume recovery and modest ASP increases. We expect producers with dominant market share (e.g., ICBP, MYOR) to have stronger pricing power to pass through higher input costs. We also estimate a more favorable outlook for most soft commodity (i.e., cocoa, wheat, robusta coffee) this year, amid last year’s high base and improving supply dynamics. Thus, we expect broad-based margin improvement across the sector, with aggregate GPM expanding by 60bps and operating margin improving by 50bps.

Maintain Overweight rating, with ICBP as our preferred pick

Our checks to some Consumer companies suggests further improvement in sales momentum toward the end of FY25, despite being partly supported by year-end seasonality and some early inventory build ahead of Eid. MYOR saw its sales likely to reach close to 8% growth for FY25F, implying high single-digit yoy growth in 4Q25 despite a high base in 4Q24. Meanwhile, ICBP’s instant noodles may follow similar trend in 4Q25 and UNVR remains confident in delivering growth in 4Q25. We maintain our Overweight rating on the Consumer sector, as the sector’s valuation stands at 13.6x PE FY26F. ICBP remains our top pick, followed by MYOR, INDF, and UNVR.

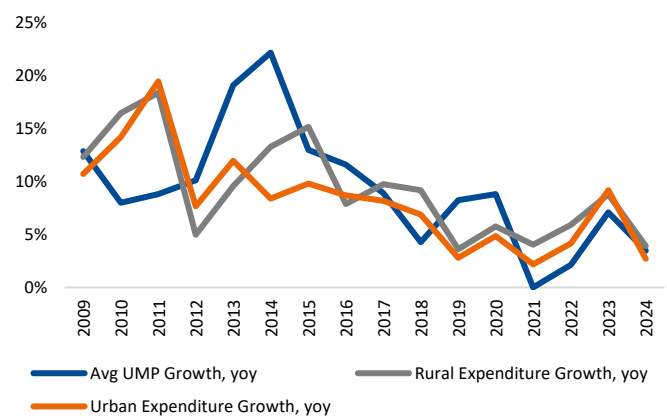
Company	Ticker	Rec	Target Price (Rp)	Market Cap. (RpBn)	P/E (x)		P/BV (x)		ROE (%) 2026F
					2025F	2026F	2025F	2026F	
Indofood CBP	ICBP IJ	BUY	11,500	93,878.4	10.1	9.0	1.8	1.7	19.5
Mayora	MYOR IJ	BUY	2,700	46,953.3	17.1	14.6	2.6	2.3	16.6
Indofood	INDF IJ	BUY	9,400	59,048.4	5.5	5.2	0.8	0.7	14.8
Unilever Indonesia	UNVR IJ	BUY	3,200	99,571.5	23.0	22.5	27.5	23.3	112.3

Exhibit 1. National Minimum Wage, 2016-26



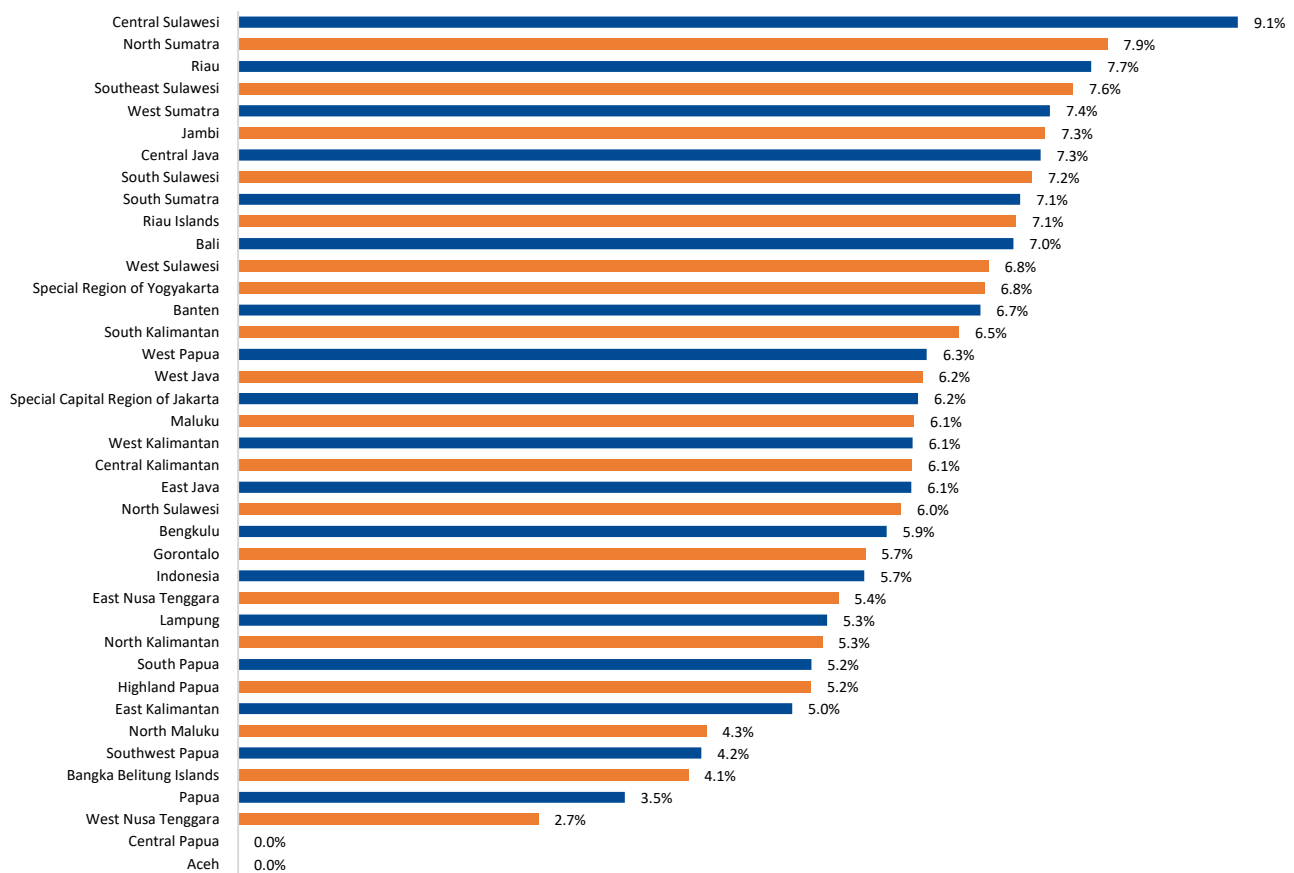
Source: Ministry of Manpower

Exhibit 2. Higher Wages Drive Expenditure, 2009-24



Source: Central Bureau of Statistics

Exhibit 3. Increase in Minimum Wage by Province, 2026



Source: Ministry of Manpower, BRIDS

Exhibit 4. Government Stimulus in 2026

No	Program	Beneficiary	Amount	Est. Budget
1	Extension of 0.5% Final Income Tax for MSME taxpayers and adjustment of eligible recipients	542k recipients	The government extended the 0.5% final income tax for MSMEs earning up to Rp4.8bn annually until 2029, to be regulated through a revision of PP 55/2022.	<i>Not yet disclosed</i>
2	PPh 21 DTP for labor-intensive industry workers and extension for tourism sector workers		Provision of Article 21 Income Tax (borne by the government) incentives in the labor-intensive sectors including textiles, footwear, ready-made garments, leather, leather goods, furniture, and tourism-related sector for workers earning up to Rp10mn per month.	Rp480bn
3	Discounted JKK and JKM contributions for all non-wage workers (BPU).	10mn workers (as of 8M25)	The program is proposed to continue and potentially be expanded to other non-wage workers such as farmers, traders, fishermen, construction workers, domestic workers, and others.	Rp753bn
4	Internship program for fresh graduates (max 1 year after graduation)	20,000 beneficiaries	Monthly allowance equal to the provincial minimum wage, around Rp3.3 mn, for six months.	Rp198bn
5	0% VAT Incentive on Home Purchases for 2026	For unit priced up to Rp5bn (up to Rp2bn portion)	The Government-Borne Value Added Tax (VAT) incentive of 100% on the delivery of landed houses and apartment units will be extended in 2026 through 31 December 2027.	
6	Acceleration of deregulation under Government Regulation (PP) No. 28/2025	2026: 300 region	Acceleration of PP 28 implementing rules (Ministerial/Agency Regulations): - Digital RDTR integrated into OSS system - Rp3.5 bn per RDTR (Rp3 bn central, Rp0.5 bn regional)	Rp1.05tr

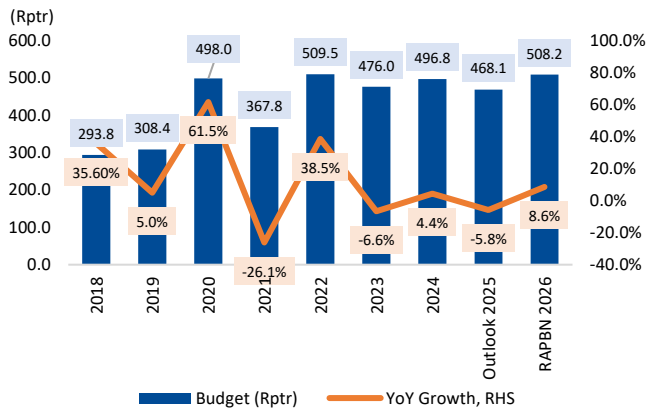
Source: Ministry of Finance

Exhibit 5. Ongoing Social Programs in 2026

No	Programs	Recipients	11M25 Realization (Rptr)	RAPBN 2026 (Rptr)
Fulfillment of Basic Needs			414.9	315.5
1	Family Hope Program (PKH)	10mn Beneficiary Family	28.1	28.7
2	Non-Cash Food Assistance (BPNT) – Basic Food	18.3mn Beneficiary Family	41.7	43.8
3	Contribution Assistance for Job Loss Insurance (JKP)	70.2k Claims		1.2
4	Energy Subsidies (fuel, electricity, and 3-kg LPG)	42.5mn Subsidized electricity customers	345.1	210.0
5	Non-energy Subsidies (public service obligation/PSO, housing, water)			17.4
6	Village Direct Cash Assistance (BLT Desa)			6.5
7	Social Assistance and Disaster Management			7.9
Education Services			27.6	37.5
8	Indonesia Smart Program (PIP)	11.5mn Students		15.5
9	Indonesia Smart Card — College (KIP Kuliah)	1.1mn Students	25.3	17.0
10	Community Schools	165 Schools	2.3	4.9
Health Services			44.8	69.0
11	Contribution Assistance for National Health Insurance (JKN)			66.5
12	Non-Wage Recipients (PBPU) and Non-Recipients (BP) Class III	96.8mn Participants	44.8	2.5
Community Empowerment			72.4	86.5
13	Interest Subsidies for People's Business Credit (KUR)	3.9mn debtor		36.5
14	Fertilizer Subsidy	9.5mn Farmers	72.4	49.7
Total			559.7	508.2

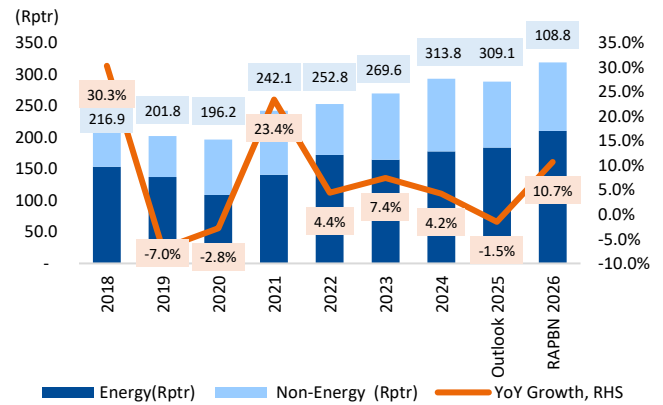
Source: Ministry of Finance

Exhibit 6. Social Protection Budget



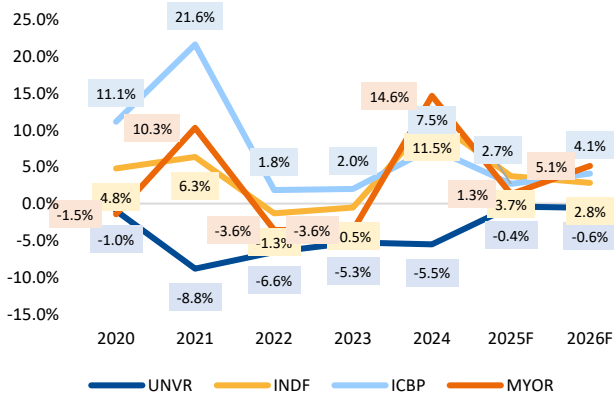
Source: Ministry of Finance

Exhibit 7. Subsidy Budget



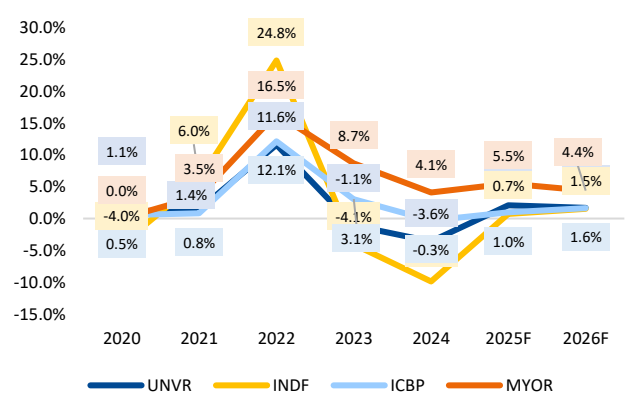
Source: Ministry of Finance

Exhibit 8. Implied Volume Growth YoY, 2020-26F



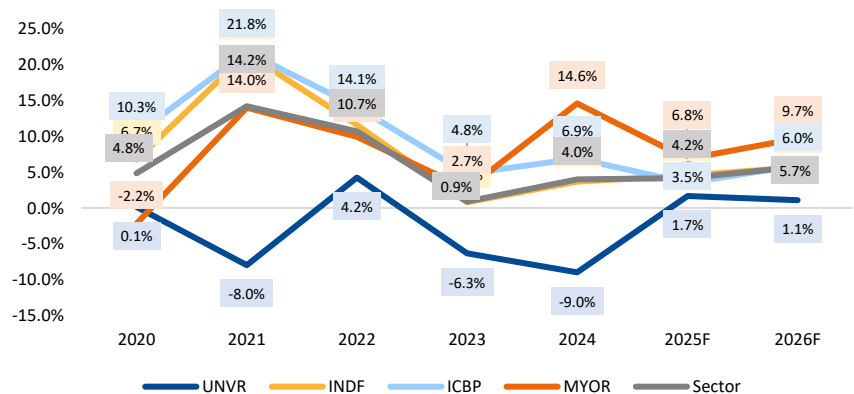
Source: Company, BRIDS Estimates

Exhibit 9. Implied ASP Growth YoY, 2020-26F



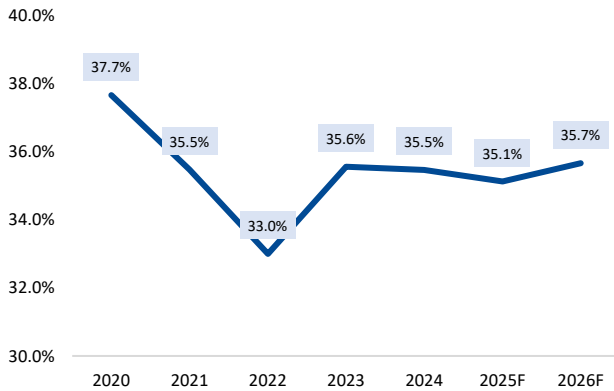
Source: Company, BRIDS Estimates

Exhibit 10. Consumer Companies' Revenue Growth, 2020-26F



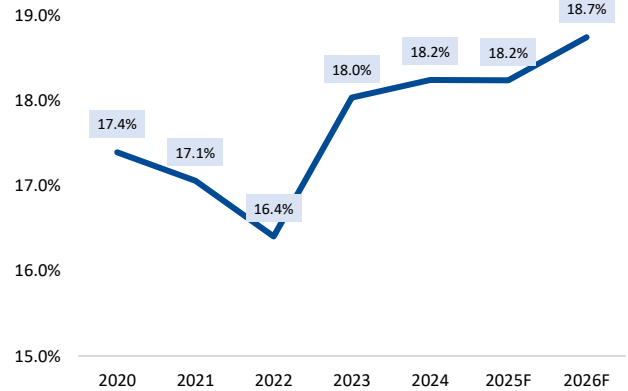
Source: Company, BRIDS Estimates

Exhibit 11. Gross Margin Aggregate Sector



Source: Company, BRIDS Estimates

Exhibit 12. Operating Margin Aggregate Sector



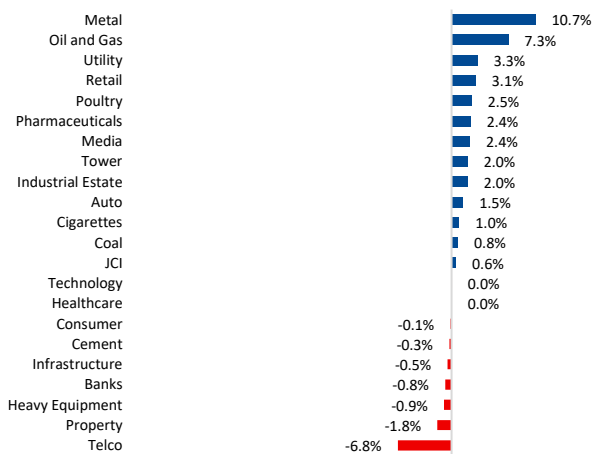
Source: Company, BRIDS Estimates

Exhibit 13. Consumer Sector Valuation Table

Ticker	Rec	Target Price	Market Cap	P/E (x)		P/BV (x)		ROE (%)	Dividend Yield (%)	EPS Growth (%)		Core Profit Growth (%)	
		(Rp)	(Rpbn)	2025F	2026F	2025F	2026F	2025F	2025F	2025F	2026F	2025F	2026F
ICBP IJ	Buy	11,500	93,878.4	10.1	9.0	1.8	1.7	19.4	4.0	31.5	11.9	(11.0)	7.3
UNVR IJ	Buy	3,200	99,571.5	23.0	22.5	27.5	23.3	150.2	3.7	28.5	2.4	28.5	2.4
INDF IJ	Buy	9,400	59,267.9	5.5	5.2	0.8	0.7	15.4	4.2	23.6	7.5	(12.4)	3.0
MYOR IJ	Buy	2,700	46,953.3	17.1	14.6	2.6	2.3	15.6	2.6	(8.3)	16.9	(5.4)	19.4
Sector - weighted				14.6	13.6	10.3	8.8	61.5	3.7	22.7	8.6	2.8	6.7

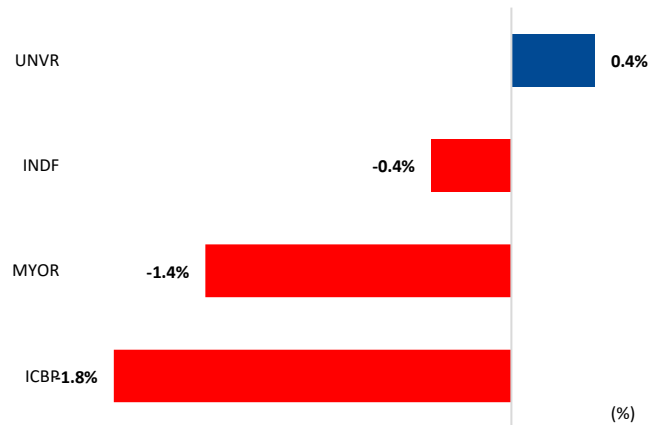
Source: Bloomberg, BRIDS Estimates

Exhibit 14. Share Price Performance All Sector – YTD



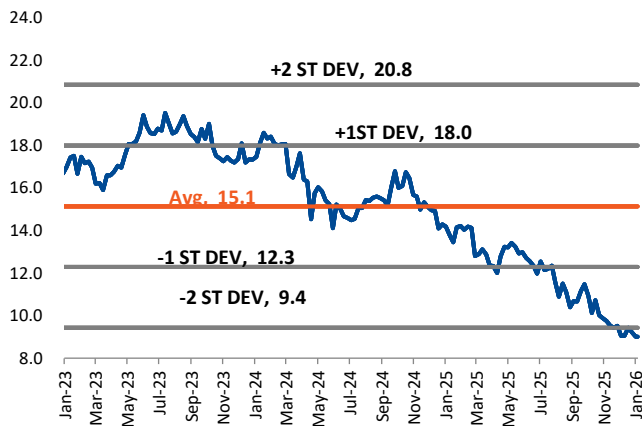
Source: Bloomberg, BRIDS

Exhibit 15. Share Price Performance Consumer Sector – YTD



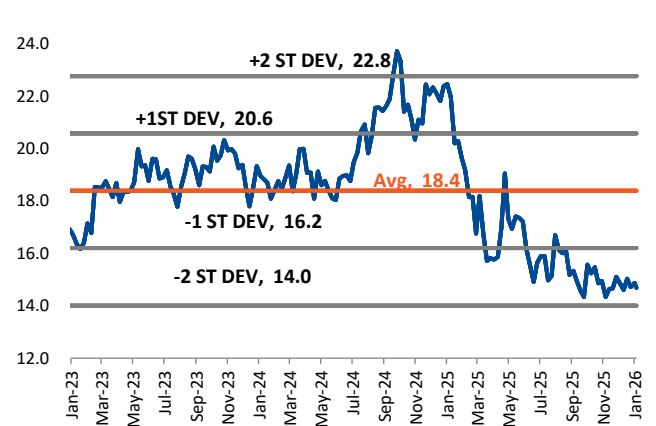
Source: Bloomberg, BRIDS

Exhibit 16. PE Band - ICBP



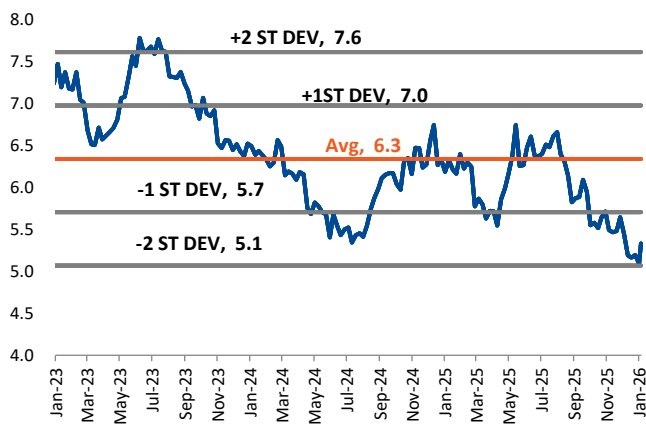
Source: Bloomberg, BRIDS Estimates

Exhibit 17. PE Band - MYOR



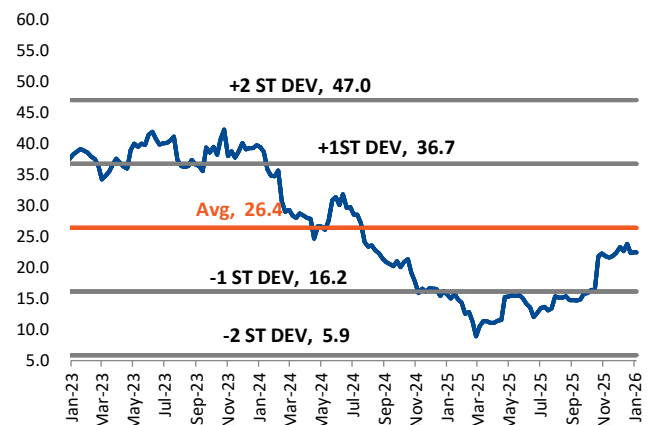
Source: Bloomberg, BRIDS Estimates

Exhibit 18. PE Band – INDF



Source: Bloomberg, BRIDS Estimates

Exhibit 19. PE Band - UNVR



Source: Bloomberg, BRIDS Estimates

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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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