

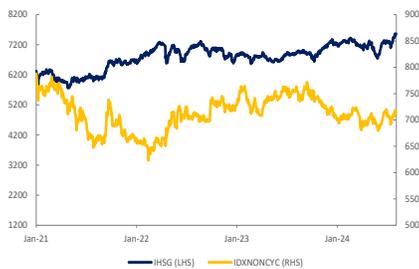


Overweight

Index (August 27 th , 24)	715
Number of companies	120
Market Cap	1,045 T
52w Lo/Hi	675/725
6 Months Changes	-0.68%
YTD Changes	-0.99%

Source : IDX | Phintraco Sekuritas Research
as of August 27th, 2024

IHSG vs IDX Consumer Non-Cyclicals



Source : IDX

Stock	Fair Value	Potential Upside
MYOR	2,590	11.32%
ICBP	12,504	9.44%
INDF	7,842	15.33%

as of August 27th, 2024

Research Analyst

Muhamad Heru Mustofa

+62 21 255 6138 Ext. 8302

heru.mustofa@phintracosekuritas.com

Valdy Kurniawan

+62 21 255 6138 Ext. 8302

valdy@phintracosekuritas.com

Consumer Non-Cyclicals Sector: Food & Beverage

Potential Increase in Public Consumption

The Consumer Price Index (CPI) inflation rate continues to decline. Based on data from the Statistics Indonesia (BPS), the CPI inflation rate in Indonesia stood at 2.13% YoY in July 2024, down from 2.51% in June 2024. The realization of the CPI inflation rate in July 2024 marks the fourth consecutive month of decline since April 2024. We estimate that the sluggish CPI inflation rate can potentially increase public consumption, which can positively correlate with issuers' financial performance in the consumer sector.

The Consumer Confidence Index (CCI) is maintained at an optimistic level. Based on the July 2024 Consumer Survey conducted by Bank Indonesia, Consumer Confidence in Indonesia's economic conditions has increased from the previous month. The Consumer Confidence Index in July 2024 stood at 123.4, slightly higher than 123.3 in June 2024. The increase in the CCI in July 2024 was driven by an increase in the Index of Current Economic Conditions (CEC) and the Index of Consumer Expectations (CEI) which were recorded at 113.5 and 133.3, respectively, in July 2024.

The Retail Sales Index (RSI) experienced an increase in June 2024. Based on the June 2024 Retail Sales Survey conducted by Bank Indonesia, the Retail Sales Index (RSI) was recorded at 229.0 in June 2024, an increase from 228.1 in May 2024. The food, beverage, and tobacco group experienced an increase in sales in June 2024 (3.5% YoY and 1.2% MoM). The increase in sales was in line with the increased activity during the National Religious Holidays (HBKN) of Idul Adha. We expect the Retail Sales Index (RSI) to be maintained in line with several National Holidays in 2H24 (Independence Day of the Republic of Indonesia and HBKN Christmas 2024), which have the potential to increase public consumption.

Prices of key raw materials flatten. Wheat and Crude Palm Oil (CPO) are the main raw materials for issuers in the consumer sector when making their products, so their profitability is highly dependent on fluctuations in the price of these commodities. During the first semester of 2024, the average price of Wheat was around US\$596/Bu, a significant decline of 13.6% YoY from US\$690/Bu in the first semester of 2023. The decrease in Wheat prices was in line with better production forecasts in the world's Wheat-producing regions, such as Ukraine, thus reducing concerns about Wheat supply. Meanwhile, the average CPO price was around MYR4,014/ton, an increase of around 3% YoY from MYR3,895/ton in the first semester of 2023. We assess that if both commodity prices tend to stabilize in the future, it will potentially increase the profitability of consumer sector issuers.

Consumer sector issuers in our coverage still recorded revenue growth in the first half of 2024. MYOR recorded revenue growth of 9.48% YoY to IDR16.2 trillion in 6M24. This was driven by revenue growth in the packaged processed beverages (14.9% YoY) and packaged processed food (12.5% YoY) segments. ICBP recorded revenue growth of 7.20% YoY to Rp36.9 trillion in 6M24. At the same time, INDF recorded revenue growth of 2.16% YoY to IDR57.29 trillion in 6M24.

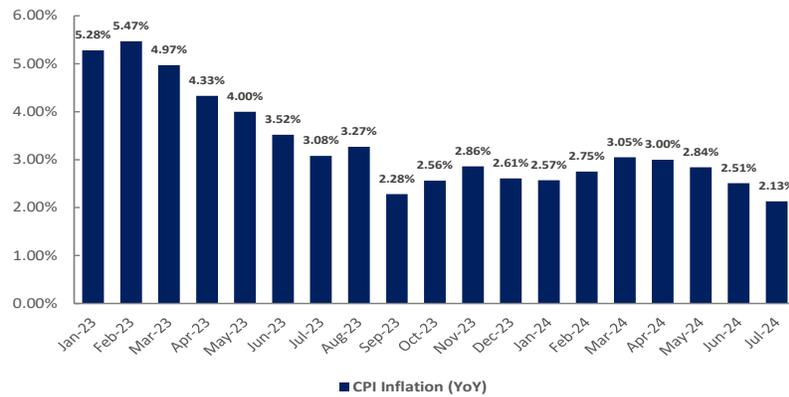
We recommend Overweight in the consumer sector with various catalysts above. Our top picks are MYOR, with estimated fair value of IDR2,950 (full report) > ICBP, with estimated fair value of IDR12,504 (full report) > and INDF, with estimated fair value of IDR7,842 (full report).

Sectoral Review and Economic Outlook

The Consumer Price Index (CPI) inflation rate continues to decline

Data from Statistics Indonesia (BPS) showed that the CPI inflation rate in Indonesia stood at 2.13% YoY in July 2024, easing from 2.51% in June 2024. The realization of the CPI inflation rate in July 2024 marks the fourth consecutive month of decline since April 2024. This indicates that the prices of goods and services have decreased after experiencing a significant increase in the last few months.

Figure 1. Consumer Price Index Inflation (YoY)



Source : BPS | Phintraco Sekuritas Research

The decline in inflation in July 2024 was mainly driven by a decline in volatile food (VF) inflation to 3.63% YoY from 5.96% YoY in the previous month. Bank Indonesia believes inflation will remain under control within the target range of 2.5±1% in 2024 and 2025. We estimate that the lower CPI inflation rate can potentially increase public consumption, which may positively correlate to issuers' financial performance in the consumer sector.

The Consumer Confidence Index (CCI) is maintained at an optimistic level

The July 2024 Consumer Survey conducted by Bank Indonesia shows that Consumer Confidence in Indonesia's economic conditions has increased from the previous month. The Consumer Confidence Index in July 2024 stood at 123.4, slightly higher than 123.3 in June 2024. The increase in CCI in July 2024 was driven by an increase in the Current Economic Conditions Index (CEC) and the Consumer Expectations Index (CEI) which were recorded at 113.5 and 133.3, respectively, in July 2024. Consumer Confidence in July 2024 remained optimistic across all expenditure categories, with the highest increase in CCI occurring among respondents with expenditure of IDR 2.1-3 million, recorded at 119.6 in July 2024 from 116.5 in June 2024.

Figure 2. Consumer Confidence Index (CCI)



Source : Bank Indonesia | Phintraco Sekuritas Research

We assess that consumer confidence maintained above the 120 level indicates that Indonesia's economic conditions are still quite strong, which has the potential to keep people's purchasing power solid and support future economic growth.

The Retail Sales Index (RSI) experienced an increase in June 2024

In the June 2024 Retail Sales Survey conducted by Bank Indonesia, the Index of Retail Sales (IPR) stood at 229.0 in June 2024, an increase from 228.1 in May 2024. The food, beverage, and tobacco group experienced an increase in sales in June 2024 (3.5% YoY and 1.2% MoM). The increase in sales was in line with the increased activity during the National Religious Holidays (HBKN) of Idul Adha. We expect the Real Sales Index (RPI) to be maintained in line with several National Holidays in 2H24 (Independence Day of the Republic of Indonesia and HBKN Christmas 2024 which can potentially increase public consumption).

Figure 3. Retail Sales Index



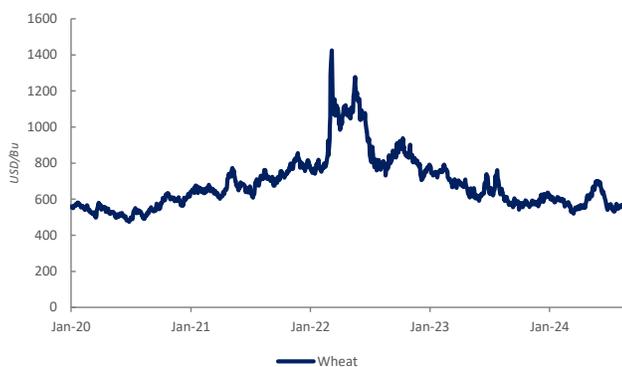
Source : Bank Indonesia | Phintraco Sekuritas Research

Meanwhile, the flagship program of President and Vice President-elect Prabowo-Gibran, namely Makan Bergizi Gratis (MBG), has been officially included in the Draft State Budget and Expenditure (RAPBN) for Fiscal Year 2025 with a budget allocation of Rp71 trillion or equivalent to 0.29% of Gross Domestic Product (GDP). The program is expected to improve the nutritional intake and nutrition of children, both while still in the womb, toddlers, and at school age, to improve the quality of Human Resources (HR), which is still the fourth National Priority in the Government Work Plan (RKP) 2025. The program has the potential to positively impact several sectors, one of which is the consumer sector (for processed foods such as spices and their supporters), so it can boost the company's financial performance.

Prices of key raw materials flatten

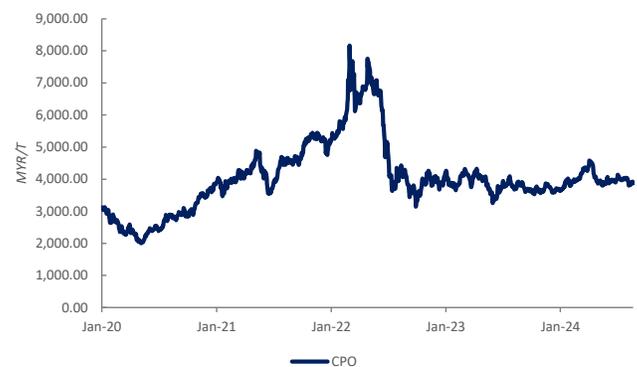
The profitability of issuers in the consumer sector is highly dependent on fluctuations in the prices of key raw materials, namely Wheat and Crude Palm Oil (CPO). During the first semester of 2024, the average price of Wheat was in the range of US\$596/Bu, a significant decline of 13.6% YoY from US\$690/Bu in the first semester of 2023. The decrease in Wheat price was in line with better production forecasts in the world's Wheat producing regions, such as Ukraine, thus reducing concerns about Wheat supply. Meanwhile, the average CPO price was around MYR4,014/ton, an increase of around 3% YoY from MYR3,895/ton in the first semester of 2023.

Figure 4. Wheat Price (USD/Bu)



Source : Investing.com | Phintraco Sekuritas Research

Figure 5. Crude Palm Oil Price (MYR/T)



Source : Investing.com | Phintraco Sekuritas Research

Maintaining the supply of these two commodities in the future can maintain price stability, which can benefit consumer sector issuers. We assess that if both commodity prices tend to be stable in the future, it will potentially increase the profitability of consumer sector issuers.

Consumer sector issuers in our coverage still recorded revenue growth in the first half of 2024

MYOR recorded revenue growth of 9.48% YoY to IDR16.2 trillion in 6M24. This was driven by revenue growth in the packaged processed beverages (14.9% YoY) and packaged processed food (12.5% YoY) segments. ICBP recorded revenue growth of 7.20% YoY to Rp36.9 trillion in 6M24. ICBP's revenue were supported by significant growth in its Food Seasonings (11.2% YoY) and Snack Foods (8.6% YoY) segments. Meanwhile, INDF recorded revenue growth of 2.16% YoY to IDR57.29 trillion in 6M24. The revenue were supported by revenue growth in the consumer-branded product segment of 7.28% YoY.

in Billion Rupiah

FINANCIAL PERFORMANCE	MYOR					ICBP					INDF				
	FY22	FY23	6M24	FY24F	FY25F	FY22	FY23	6M24	FY24F	FY25F	FY22	FY23	6M24	FY24F	FY25F
Revenue	30,669	31,485	16,223	35,428	38,620	64,798	67,910	36,961	71,244	74,812	110,830	111,704	57,296	116,946	122,526
Cost of Goods Sold	(23,027)	(22,287)	(11,633)	(25,131)	(27,394)	(41,858)	(41,562)	(22,330)	(44,391)	(46,849)	(74,016)	(72,678)	(36,022)	(76,092)	(80,069)
Net Profit	1,970	3,245	1,752	3,285	3,574	5,722	8,465	4,376	9,073	9,464	9,193	11,494	5,842	12,252	12,573
Asset	22,276	23,870	27,447	27,607	30,344	115,306	119,267	125,209	127,298	134,539	180,433	186,588	201,184	195,550	203,748
Liabilities	9,441	8,588	11,642	10,316	10,887	57,833	57,163	61,681	59,287	60,044	86,810	86,123	98,261	89,503	93,232
Equity	12,835	15,282	15,805	17,291	19,457	57,473	62,104	63,528	68,011	74,496	93,623	100,465	102,923	106,047	110,517

Source : Company | Phintraco Sekuritas Research

Percentage (%)

FINANCIAL RATIO	MYOR					ICBP					INDF				
	FY22	FY23	6M24	FY24F	FY25F	FY22	FY23	6M24	FY24F	FY25F	FY22	FY23	6M24	FY24F	FY25F
Gross Profit Margin	24.92%	29.21%	28.30%	29.07%	29.07%	35.40%	38.80%	39.58%	37.69%	37.38%	33.22%	34.94%	37.13%	34.93%	34.65%
Net Profit Margin	6.42%	10.31%	10.80%	9.27%	9.25%	8.83%	12.47%	11.84%	12.74%	12.65%	8.29%	10.29%	10.20%	10.48%	10.26%
Return on Asset	8.84%	13.59%	6.38%	11.90%	11.78%	4.96%	7.10%	3.49%	7.13%	7.03%	5.09%	6.16%	2.90%	6.27%	6.17%
Return on Equity	15.35%	21.23%	11.09%	19.00%	18.37%	9.96%	13.63%	6.89%	13.34%	12.70%	9.82%	11.44%	5.68%	11.55%	11.38%
Debt to Asset Ratio	24.82%	17.88%	20.71%	19.27%	18.01%	39.90%	36.88%	33.35%	35.43%	33.56%	36.72%	34.67%	36.61%	34.12%	33.97%
Debt to Equity Ratio	43.08%	27.92%	35.97%	30.76%	28.09%	80.05%	70.83%	65.72%	66.32%	60.60%	70.76%	64.39%	71.57%	62.92%	62.62%

Source : Company | Phintraco Sekuritas Research

Overweight Recommendation for Consumer Sector

Macroeconomic conditions such as slowing inflation, maintaining consumer confidence at an optimistic level, and solid retail sales can potentially increase purchasing power or public consumption and improve the financial performance of consumer sector issuers. In addition, sluggish Wheat prices and stable Crude Palm Oil (CPO) prices as the main raw material can benefit consumer sector issuers so that their profitability can increase. Based on these catalysts, we recommend Overweight in the consumer sector. Our top picks are MYOR with estimated fair value of IDR2,950 ([full report](#)) > ICBP with estimated fair value of IDR12,504 ([full report](#)) > and INDF with estimated fair value of IDR7,842 ([full report](#)).

Ticker	Company	Fair Value	PER			PBV		
			FY23	Current	FY24F	FY23	Current	FY24F
MYOR	PT Mayora Indah Tbk	IDR2,950	17.16	18.47	17.29	3.64	3.79	3.28
ICBP	PT Indofood CBP Sukses Makmur Tbk	IDR12,504	14.57	14.58	14.91	1.99	2.11	1.99
INDF	PT Indofood Sukses Makmur Tbk	IDR7,842	6.95	25.38	6.48	0.56	0.57	0.53

Source : Company | Phintraco Sekuritas Research



PHINTRACO SEKURITAS

Rating for Sectors :

Overweight : The sector is expected to do better than the market.

Equal Weight : The sector is expected to do an average performance compared to the market.

Underweight : The sector is expected to do worse than the market.

PHINTRACO SEKURITAS

Kantor Cabang & Mitra GI BEI



DISCLAIMER : The information on this document is provided for information purpose only, It does not constitute any offer, recommendation or solicitation to any person to enter into any transaction or adopt any trading or investment strategy, nor does it constitute any prediction of likely future movement in prices, Users of this document should seek advice regarding the appropriateness of investing in any securities, financial instruments or investment strategies referred to on this document and should understand that statements regarding future prospects may not be realized, Opinion, Projections and estimates are subject to change without notice, Phintraco Sekuritas is not an investment adviser, and is not purporting to provide you with investment advice, Phintraco Sekuritas accepts no liability whatsoever for any direct or consequential loss arising from the use of this report or its contents, This report may not be reproduced, distributed or published by any recipient for any purpose.