

**Above estimates bottom-line achievement.** MYOR's revenue came relatively in-line with estimates at IDR 7.1tn in 4Q19 (+5.3% YoY/+19.8% QoQ). On the other hand, net profit was recorded at IDR 892bn (+44.7% YoY/+209.1% QoQ), exceeding our and consensus' estimate by 19% and 10%. The beyond expectation bottom-line was driven by margins improvement both in gross and operating level as raw materials costs declined, A&P expenses decreased, and interest expense was lower.

**Outlook on 2020 performance.** In the short-term, we expect demand for MYOR's products to be relatively stable during social distancing environment since households are likely to stock-up basic supplies such as biscuit, wafer, and cereal. We also observe MYOR increasing presence in e-commerce distribution channel which is essential at times when many avoid going out. This year, we expect challenge on sales would be coming more from the purchasing power side rather than competition since recent hiccup in economic activities is leading to higher unemployment and smaller income basket. On another note, we see a number of factors that might be positive for MYOR amid the uncertainties due to Covid-19 crisis: 1) **potential delays in companies' new product launchings**, hence toning down competition which has intensified since the last few years, 2) **strong brand equity**, allowing the company to minimize advertising expense, and 3) **USD appreciation**, considering MYOR's 46% exports contribution, the company potentially enjoy significant gain in foreign exchange.

**Earnings estimate.** We expect FY20E revenue and EPS to grow by 4.5% and 15.0% respectively. Sales growth should be driven by domestic as export market is challenging due to lockdown and social distancing. GPM should continue to expand as raw material prices are softer as a result of disruption in global demand. A&P expense is forecasted to remain stable at 13.5% level as we expect competition to rationalize and company to focus more marketing allocation towards promotion. We also expect a ~IDR 115bn gain on forex as a result of USD appreciation.

**We upgrade our call to BUY with 52-week target price of IDR 2,250.** Our TP represents 18.7% potential upside and implies 22.9x FY20E P/E (-1.5SD from 5-yr average P/E). We favor the stock given its resilience and competitive edges to go through current unfavourable economic condition, strong balance sheet, and stable profitability outlook. Downside risks to our call are: 1) prolonging Covid-19 spreading, 2) lower than expected purchasing power, and 3) strengthening USDIDR.

Highlights (IDR Bn)	2018	2019	2020E	2021F	2022F
Revenue	24,061	25,027	26,154	27,927	29,840
% growth	15.6%	4.0%	4.5%	6.8%	6.9%
Gross Profit	6,397	7,917	8,421	8,964	9,420
Net Profit	1,716	1,988	2,286	2,351	2,479
% growth	7.6%	15.8%	15.0%	2.8%	5.5%
Gross Margin (%)	26.6%	31.6%	32.2%	32.1%	31.6%
Net Margin (%)	7.1%	7.9%	8.7%	8.4%	8.3%
Return on Equity (%)	21.6%	21.6%	21.3%	19.1%	17.9%
Return on Assets (%)	10.6%	10.9%	11.6%	11.2%	11.2%
EPS (IDR)	77	89	102	105	111

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Sector	Consumer
Bloomberg Ticker	MYOR IJ
Market Cap. (IDR tn)	43.2
Share Out./Float (mn)	6,186/1,556
Current Price	1,895
52-week Target Price	2,250
Upside	18.7%

**Share Price Performance**

52W High (05/10/19)	2,660
52W Low (03/24/20)	1,360
52W Beta	0.8
YTD Change	-7.6%

**Relative Valuations**

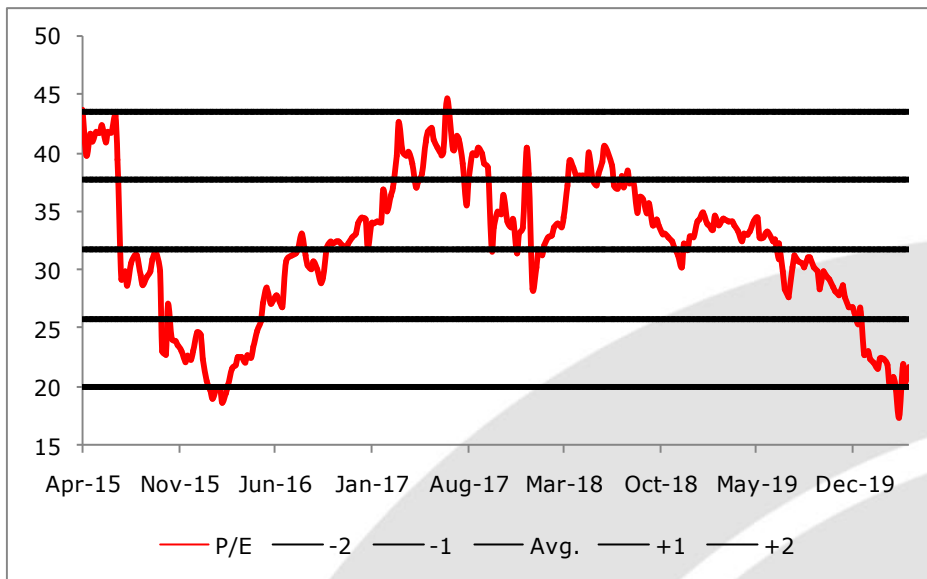
Trailing P/E	21.7x
Forward P/E	18.6x
P/BV	4.9x

## MYOR 12M19 Results

(IDR Bn)	4Q18	3Q19	4Q19	YoY	QoQ	12M18	12M19	YoY	%DH	%Cons
Revenue	6,711	5,901	7,067	<b>5.3%</b>	<b>19.8%</b>	24,061	25,027	<b>4.0%</b>	101%	98%
Gross Profit	1,899	1,835	2,464	<b>29.8%</b>	<b>34.3%</b>	6,397	7,917	<b>23.8%</b>		
Operating Profit	1,135	557	1,233	<b>8.7%</b>	<b>121.3%</b>	2,628	3,172	<b>20.7%</b>		
Net Profit	616	289	892	<b>44.7%</b>	<b>209.1%</b>	1,716	1,988	<b>15.8%</b>	119%	110%
Opex to sales	-11.4%	-21.7%	-17.4%			-15.7%	-19.0%			
Gross Margin	28.3%	31.1%	34.9%			26.6%	31.6%			
Operating Margin	16.9%	9.4%	17.4%			10.9%	12.7%			
Net Margin	9.2%	4.9%	12.6%			7.1%	7.9%			

Source: Company data, Sinarmas Investment Research

## MYOR P/E Band



Source: Bloomberg, Sinarmas Investment Research

<b>Income Statement (IDR Bn)</b>	<b>2018</b>	<b>2019</b>	<b>2020E</b>	<b>2021F</b>	<b>2022F</b>
<b>Revenue</b>	<b>24,061</b>	<b>25,027</b>	<b>26,154</b>	<b>27,927</b>	<b>29,840</b>
COGS	(17,664)	(17,109)	(17,734)	(18,963)	(20,419)
<b>Gross Profit</b>	<b>6,397</b>	<b>7,917</b>	<b>8,421</b>	<b>8,964</b>	<b>9,420</b>
Operating Expenses	(3,769)	(4,745)	(4,992)	(5,363)	(5,718)
Opex to Sales (%)	-15.7%	-19.0%	-19.1%	-19.2%	-19.2%
<b>EBIT</b>	<b>2,628</b>	<b>3,172</b>	<b>3,429</b>	<b>3,600</b>	<b>3,703</b>
<b>EBITDA</b>	<b>3,177</b>	<b>3,731</b>	<b>4,015</b>	<b>4,222</b>	<b>4,365</b>
Net Financing	(446)	(303)	(426)	(394)	(320)
Others	200	(165)	119	(3)	(1)
<b>EBT</b>	<b>2,382</b>	<b>2,704</b>	<b>3,123</b>	<b>3,203</b>	<b>3,382</b>
Tax Expenses	(622)	(665)	(781)	(794)	(842)
<b>Net Income</b>	<b>1,716</b>	<b>1,988</b>	<b>2,286</b>	<b>2,351</b>	<b>2,479</b>
<b>EPS (IDR)</b>	<b>77</b>	<b>89</b>	<b>102</b>	<b>105</b>	<b>111</b>

<b>Balance Sheet (IDR Bn)</b>	<b>2018</b>	<b>2019</b>	<b>2020E</b>	<b>2021F</b>	<b>2022F</b>
Cash & Equivalents	2,496	2,982	4,330	4,499	3,821
Trade Receivables	6,075	6,403	6,686	7,075	7,542
Inventories	3,352	2,791	2,804	3,129	3,391
Other Current Assets	725	600	700	753	773
<b>Total CA</b>	<b>12,648</b>	<b>12,776</b>	<b>14,520</b>	<b>15,457</b>	<b>15,527</b>
Fixed Assets	4,258	4,675	4,940	5,156	5,389
Other Non CA	686	1,587	907	1,178	1,395
<b>Total Assets</b>	<b>17,592</b>	<b>19,038</b>	<b>20,366</b>	<b>21,791</b>	<b>22,310</b>
Short Term Debt	2,630	1,422	1,722	2,770	2,221
Trade Payables	1,625	1,412	1,700	1,782	1,894
Other CL	509	892	688	778	894
<b>Total CL</b>	<b>4,765</b>	<b>3,726</b>	<b>4,110</b>	<b>5,330</b>	<b>5,009</b>
Long Term Debt	3,377	4,386	3,661	2,286	1,403
Other Non CL	907	1,025	1,047	1,105	1,199
<b>Total Liabilities</b>	<b>9,049</b>	<b>9,138</b>	<b>8,818</b>	<b>8,721</b>	<b>7,612</b>
Share & APIC	448	448	448	448	448
Retained Earnings	7,901	9,219	10,837	12,324	13,915
Others	194	233	264	298	336
<b>Total Equity</b>	<b>8,543</b>	<b>9,900</b>	<b>11,549</b>	<b>13,070</b>	<b>14,699</b>
<b>Total Liabilities &amp; Equity</b>	<b>17,592</b>	<b>19,038</b>	<b>20,366</b>	<b>21,791</b>	<b>22,310</b>

Source: Company data, Sinarmas Investment Research

Cash Flow (IDR Bn)	2018	2019	2020E	2021F	2022F
<b>Net Income</b>	<b>1,716</b>	<b>1,988</b>	<b>2,286</b>	<b>2,351</b>	<b>2,479</b>
Dep. & Amortization	581	596	612	656	700
Chg. In NWC	(1,791)	528	(312)	(595)	(519)
<b>CF from Operating</b>	<b>507</b>	<b>3,112</b>	<b>2,586</b>	<b>2,412</b>	<b>2,659</b>
Capital Expenditure	(819)	(975)	(850)	(838)	(895)
Chg. in LT Assets	(433)	(901)	680	(271)	(217)
Chg. in LT Liabs	45	118	22	58	94
<b>CF from Investing</b>	<b>(1,206)</b>	<b>(1,759)</b>	<b>(148)</b>	<b>(1,051)</b>	<b>(1,018)</b>
Chg. in Share & APIC	0	0	0	0	0
Chg. in Debt	1,553	(456)	(168)	(327)	(1,432)
Dividends Paid	(604)	(648)	(751)	(864)	(888)
Others	44	(19)	87	-	-
<b>CF from Financing</b>	<b>994</b>	<b>(1,124)</b>	<b>(833)</b>	<b>(1,191)</b>	<b>(2,320)</b>
Chg. in Cash	294	229	1,605	170	(678)
Beginning Cash	2,202	2,496	2,725	4,330	4,499
<b>Ending Cash</b>	<b>2,496</b>	<b>2,725</b>	<b>4,330</b>	<b>4,499</b>	<b>3,821</b>

Financial Ratio & Key Assun	2018	2019	2020E	2021F	2022F
<b>Profitability</b>					
Return on Equity	21.6%	21.6%	21.3%	19.1%	17.9%
Return on Assets	10.6%	10.9%	11.6%	11.2%	11.2%
Gross Margin	26.6%	31.6%	32.2%	32.1%	31.6%
Operating Margin	10.9%	12.7%	13.1%	12.9%	12.4%
EBITDA Margin	13.2%	14.9%	15.3%	15.1%	14.6%
Net Margin	7.1%	7.9%	8.7%	8.4%	8.3%
<b>Liquidity</b>					
Current Ratio (x)	2.7	3.4	3.5	2.9	3.1
Quick Ratio (x)	1.8	2.5	2.7	2.2	2.3
<b>Solvency</b>					
Debt to Equity (x)	0.7	0.6	0.5	0.4	0.2
Debt to Assets (x)	0.3	0.3	0.3	0.2	0.2
Interest Cov. (x)	5.3	8.9	7.4	8.4	10.3
<b>Valuation</b>					
Price to Earnings (x)	30.5	26.4	22.9	22.3	21.1
Price to Book (x)	6.1	5.3	4.5	4.0	3.6

Source: Company data, Sinarmas Investment Research

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