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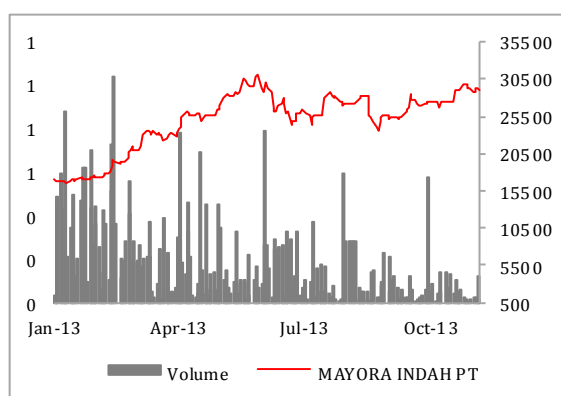
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PT Mayora Indah Tbk manufactures candies and cookies. Through its subsidiaries, the Company also manufactures food, coffee powder, instant coffee, and cocoa beans.

**MYOR IJ**

Price: IDR28,450

Price Target: IDR34,600


**Price Performance**

Price	28,450
52 Week High	31,886
52 Week Low	16,329
52 Week Beta	0.73

1M Return	6%
6M Return	3%
52 Week Return	66%
YTD Return	67%

Source: Bloomberg

**Stock Information**

Outstanding Shares (M)	894
Floating	67%
Ownership (Institutional)	5%
Ownership (Retail & Other)	95%

Source: Bloomberg

**Top Holder**

UNITA BRANINDO PT	32.9%
DIMENSIONAL FUND ADV	1.6%
T ROWE PRICE ASSOCIA	0.9%
COLUMBIA WANGER ASSE	0.8%
ARTISAN PARTNERS HOL	0.3%

Source: Bloomberg

**Company Update**
**MAYORA INDAH**
**Strong Sales Growth Despite Headwind**
**BUY**

Indonesia's leading FMCG company Mayora Indah posted a double-digit third-quarter sales growth, after four consecutive quarters of single-digit growth. However, it came below our expectation with only 25% YoY growth. Thus we revised down our revenue forecast by 3.2% to IDR 12,1tn (previously IDR 12,5tn), and reduce our EBIT forecast to IDR 1,409bn from IDR 1,486bn for FY2013, mainly due to higher commodity prices outlook (as the impact of weakening rupiah). Furthermore, we reduced our target price to IDR34,600 (previously 37,400), but still maintain BUY rating with 21% potential upside.

The key reasons for our BUY rating are: (1) Sales of processed foods have regained momentum, up 56.0% YoY, despite sales of instant coffees declined 3.3% YoY. (2) The consumer goods sector outlook are expected to pick up some speed as we make our way through 2014, which will be the election year. (3) Export sales spike is very likely to happens in Q4, especially since the rupiah is cheaper.

**Q3 Net Profit Get Booster Dose from Forex Gain**

MYOR reported 3Q13 net income of IDR311bn, soared 81% YoY, helped by additional profit of IDR176bn which was generated from one-time forex translation gain. Undoubtedly, net margin also expanded to 11.1% , much higher than prior quarters. Therefore, we further expanded our FY2013E net margin by 50bps to 8.3% and revise up our net income forecast to IDR 1,005bn from IDR 977bn for FY2013.

**Financial Summary**

IDR in bn	12/08	12/09	12/10	12/11	12/12
Revenue	3,908	4,777	7,224	9,454	10,511
Net Profit	196	372	484	471	730
EPS Adjusted	219	416	541	526	816
DPS	43	86	111	111	197
Revenue Growth	38%	22%	51%	31%	11%
EPS Growth		89%	30%	-3%	55%
ROCE	17	26	27	22	27
ROE	14	20	20	13	16
P/E (x)	4	9	17	23	21
P/BV (x)	1	2	4	5	5
EV/EBITDA (x)	3	6	10	14	12
Dividend Yield	4	2	1	1	1

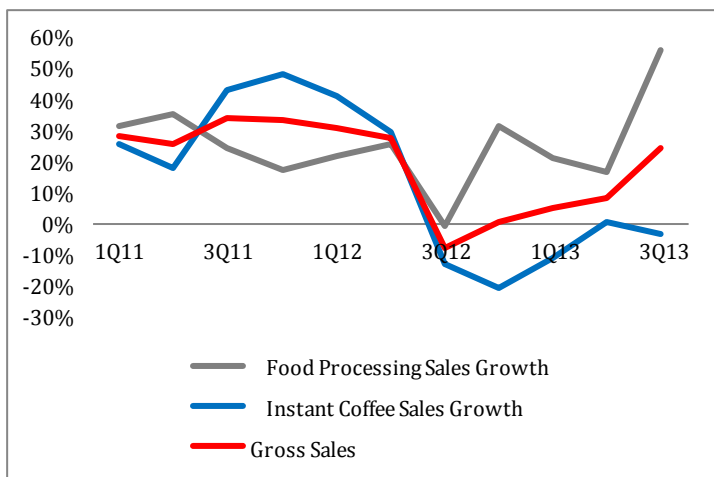
Source: Bloomberg, Sinarmas Investment Research

The upside risks is quite moderate...

### Counting on Cyclical Sales Spike

Historically, Mayora tends to enjoy higher export sales during the fourth quarter. Last year alone, 32% of the company's export sales was happened in the last quarter. Likewise, this year, we believe that the sales spike will happen again, and boost the top line. Key downside risks to our BUY call would be a sudden surge in raw material costs and inability to pass through the increasing input costs to the consumers.

### YoY Sales Growth (Percent)



Source: Company, Sinarmas Investment Research

### Export Sales Contribution (Percent)



Source: Bloomberg

Forging new markets abroad...

### Trend in Mayora's Sales

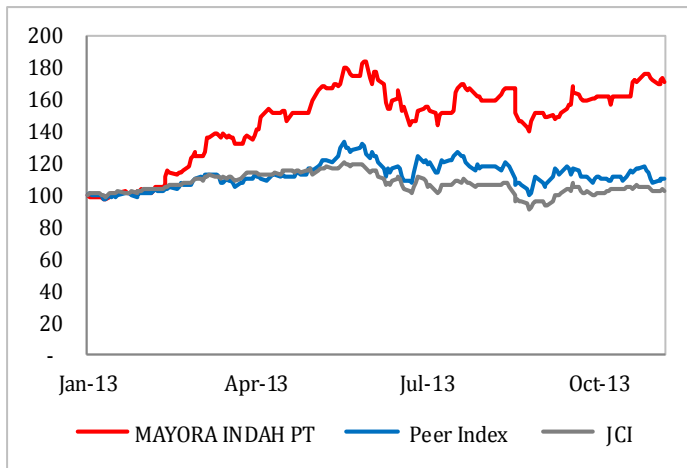
Sales of processed foods has been accelerating since 2Q13 compared to the same period last year. We had expected the matter to rebound earlier this year as the company has widen their distribution network through much more modern retail channels. Unlike processed foods segment, Mayora is still struggling to compete with the new comers in domestic instant coffee market. However, looking at the last quarter's export sales, we see that Mayora's brand has started to gain substantial presence in overseas' instant coffee market. Still, we will need to see a couple of more quarters to make sure the strengthening in the instant coffee segment sticks.

### Sector Comparisons

Ticker	Mkt Cap (B)	P/E Ratio	PBV	T12M PEG	DER	T12M EPS	T12M EPS Gr	YTD Return
MYOR IJ	25,444	25.9	7.1	0.7	108.8	1,099	34.8%	67.2%
KLBF IJ	66,014	32.8	8.1	2.7	2.8	40	12.2%	24.4%
INDF IJ	57,073	21.7	2.5	(1.1)	33.6	300	-20.4%	14.0%
UNVR IJ	227,374	43.1	41.3	4.2	26.2	692	10.2%	44.5%
GGRM IJ	70,903	17	3	5.2	30.7	2,205	3.2%	-33.4%

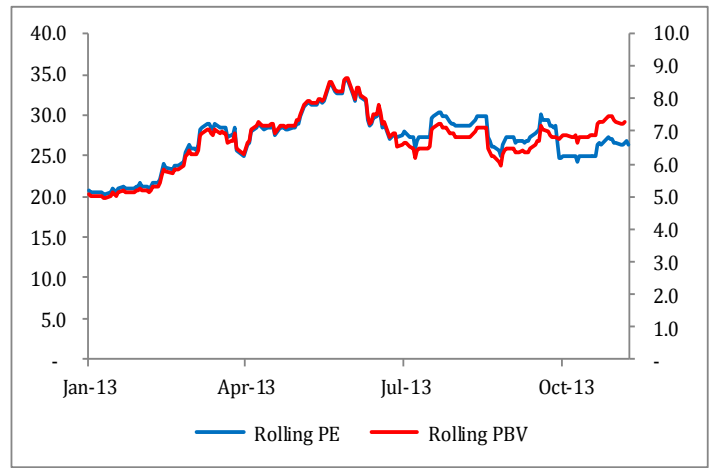
Source: Bloomberg, Sinarmas Investment Research

### Stock Price versus Peers and Benchmark



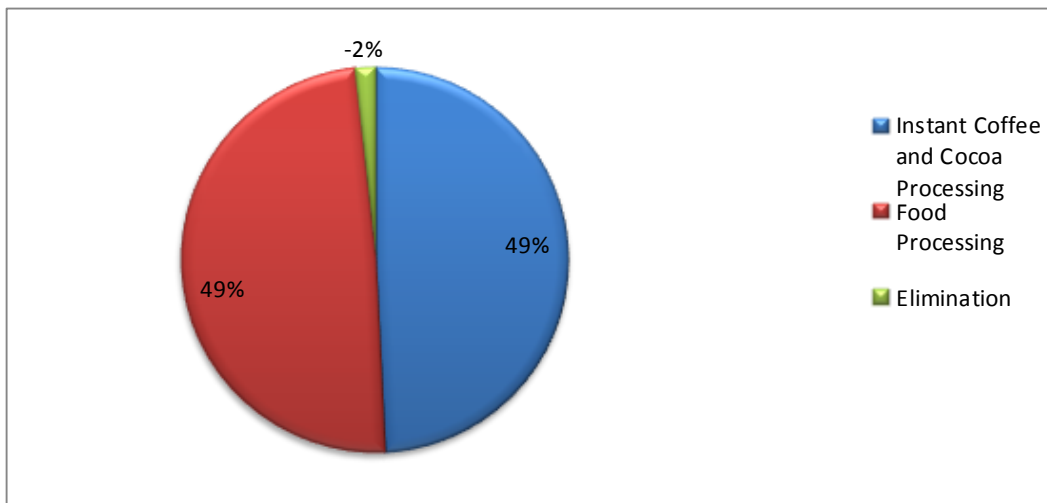
Source: Bloomberg

### Historical Stock Price Movement



Source: Bloomberg

### Business Segments Percentage



Source: Bloomberg

**Income Statement**

IDR in millions, year end Dec	FY 11	FY 12E	FY 13E	FY 14E	FY 15E
Revenues	9,454	10,511	12,092	14,346	16,211
<i>growth</i>	<i>30.9%</i>	<i>11.2%</i>	<i>15.0%</i>	<i>18.6%</i>	<i>13.0%</i>
EBITDA	956	1,428	1,635	1,994	2,176
<i>growth</i>	<i>1.16%</i>	<i>49.32%</i>	<i>14.53%</i>	<i>21.91%</i>	<i>9.14%</i>
EBIT	758	1,157	1,331	1,654	1,797
<i>growth</i>	<i>-2.1%</i>	<i>52.6%</i>	<i>15.1%</i>	<i>24.2%</i>	<i>8.7%</i>
<i>EBIT Margin</i>	<i>8.0%</i>	<i>11.0%</i>	<i>11.0%</i>	<i>11.5%</i>	<i>11.1%</i>
Net Interest	124	207	236	269	296
Earnings before tax	626	976	1,304	1,440	1,556
<i>growth</i>	<i>-4.8%</i>	<i>55.8%</i>	<i>33.6%</i>	<i>10.4%</i>	<i>8.0%</i>
Tax	143	215	287	317	342
<i>tax rate</i>	<i>22.8%</i>	<i>22.1%</i>	<i>22.0%</i>	<i>22.0%</i>	<i>22.0%</i>
Net income	471	746	1,000	1,097	1,184
<i>growth</i>	<i>-2.7%</i>	<i>58.3%</i>	<i>34.1%</i>	<i>9.6%</i>	<i>7.9%</i>
Shares Outstanding	894	894	894	894	894
EPS	527	834	1,119	1,226	1,324
<i>growth</i>	<i>-2.7%</i>	<i>58.3%</i>	<i>34.1%</i>	<i>9.6%</i>	<i>7.9%</i>

**Cash Flow Statement**

IDR in millions, year end Dec	FY 11	FY 12E	FY 13E	FY 14E	FY 15E
Net Income	471	746	1,000	1,097	1,184
Adjustments	206	282	321	367	409
Change in Net Working Capital	(1,256)	(211)	194	(511)	(412)
<b>Cash From Operations</b>	<b>(579)</b>	<b>817</b>	<b>1,515</b>	<b>952</b>	<b>1,180</b>
Net Change in Capex	(766)	(1,116)	(1,096)	(1,350)	(1,128)
Proceeds from sales of FA	23	28	-	-	-
Net change in investments	5	-	-	-	-
Changes in minority interest	(0)	-	-	-	-
Changes in other assets	(241)	335	(329)	(42)	(34)
<b>Cash from Investing Activities</b>	<b>(979)</b>	<b>(752)</b>	<b>(1,424)</b>	<b>(1,392)</b>	<b>(1,162)</b>
Capital Issues	-	-	-	-	-
Dividends Paid	(100)	(117)	(177)	(200)	(219)
Net Change in Gross Debt	1,485	979	(281)	788	156
Other Financing Activities	25	88	5	41	26
<b>Cash from Financing Activities</b>	<b>25</b>	<b>88</b>	<b>5</b>	<b>41</b>	<b>26</b>
Cash at beginning of period	472	325	1,340	977	1,166
Net Changes in Cash	(147)	1,014	(363)	189	(20)
Cash at end of period	325	1,340	977	1,166	1,146

**Balance Sheet**

IDR in millions, year end Dec	FY 11	FY 12E	FY 13E	FY 14E	FY 15E
Cash & cash equivalents	325	1,340	977	1,166	1,146
Account Receivables	1,673	2,035	2,092	2,443	2,702
Inventories	1,336	1,499	1,153	1,362	1,523
Others	761	440	523	694	873
<b>Current assets</b>	<b>4,095</b>	<b>5,314</b>	<b>4,746</b>	<b>5,665</b>	<b>6,244</b>
Net fixed assets	2,038	2,858	3,650	4,660	5,409
Others	466	131	459	502	536
<b>Total Assets</b>	<b>6,600</b>	<b>8,303</b>	<b>8,855</b>	<b>10,826</b>	<b>12,189</b>
Short term Liabilities	1,846	1,924	2,027	3,447	3,834
Long term Liabilities	2,329	3,310	2,919	2,548	2,530
<b>Total Liabilities</b>	<b>4,175</b>	<b>5,235</b>	<b>4,946</b>	<b>5,995</b>	<b>6,363</b>
Shareholders' Equity	2,363	2,992	3,815	4,712	5,676
Minority Interest	61	76	93	119	149
<b>Total Equity</b>	<b>2,425</b>	<b>3,068</b>	<b>3,908</b>	<b>4,831</b>	<b>5,825</b>
<b>Total Equity &amp; Liabilities</b>	<b>6,600</b>	<b>8,303</b>	<b>8,855</b>	<b>10,826</b>	<b>12,189</b>

**Ratio Analysis**

	FY 11	FY 12E	FY 13E	FY 14E	FY 15E
EBITDA Margin	10.1%	13.6%	13.5%	13.9%	13.4%
Operating Margin	8.0%	11.0%	11.0%	11.5%	11.1%
Net Margin	5.0%	7.1%	8.3%	7.6%	7.3%
Sales growth	30.9%	11.2%	15.0%	18.6%	13.0%
Net profit growth	-2.7%	58.3%	34.1%	9.6%	7.9%
EPS growth	-2.7%	58.3%	34.1%	9.6%	7.9%
Net debt to equity	1.72	1.71	1.27	1.24	1.09
Sales/assets	1.43	1.27	1.37	1.33	1.33
Assets/equity	2.72	2.71	2.27	2.24	2.09
ROE	19.4%	24.3%	25.6%	22.7%	20.3%

Source: Bloomberg, Sinarmas Sekuritas Research

**Income Statement**

IDR in bn	YoY	9/12	9/13	6/13	QoQ	9M13	9M12	YoY
Revenue	24%	2,241	2,788	3,110	-14%	8,584	7,684	12%
Gross Profit	22%	536	655	832	-21%	2,147	1,656	30%
EBIT	0%	298	298	332	2%	969	805	20%
Pretax Income	74%	231	403	300	-4%	991	667	49%
Income Tax Expense	63%	55	90	65	-4%	217	150	45%
Net Income	81%	172	310	231	-5%	761	508	50%
EPS Adjusted	67%	192	320	259	-5%	993	662	50%

**Balance Sheet**

IDR in bn	3Q13	3Q12	YoY
Cash	1,105	725	52%
Account Receivable	2,445	2,402	2%
Inventories	1,767	1,804	-2%
Other Current Assets	439	402	9%
<b>Current Assets</b>	<b>5,756</b>	<b>4,844</b>	<b>19%</b>
Net Fixed Asset	3,055	2,717	12%
Others	121	165	-27%
<b>Non Current Assets</b>	<b>3,175</b>	<b>2,882</b>	<b>10%</b>
<b>Total Assets</b>	<b>8,931</b>	<b>7,725</b>	<b>16%</b>
Total Current Liabilities	2,342	1,928	21%
Total LT Liabilities	2,924	2,955	-1%
<b>Total Liabilities</b>	<b>5,266</b>	<b>4,884</b>	<b>8%</b>
Minority Interest	89	71	
Share Capital & APIC	448	448	0%
Retained Earnings	3,128	2,323	35%
<b>Total Equity</b>	<b>3,665</b>	<b>2,842</b>	<b>29%</b>
<b>Total</b>	<b>8,930</b>	<b>7,725</b>	<b>16%</b>

**Profitability Ratios**

IDR in bn	6/13	9/13	9/12
Gross Margin	26.7%	23.5%	23.9%
Operating Margin	10.7%	10.7%	13.3%
Profit Margin	7.4%	11.1%	7.7%
Return on Assets	10.3%	11.0%	11.1%
Return on Equity	27.5%	26.8%	29.7%

**Leverage Ratios**

Current Ratio	2.9	2.5	2.5
Quick Ratio	1.9	1.7	1.4
Debt to Equity Rat	146	144	172

**Others**

Asset Turnover	1.3	1.4	1.6
AR Turnover	5	4.7	6
Inventory Turnover	5.2	4.6	5.5

Source: Bloomberg, Sinarmas Sekuritas Research

Date	Coverage	Recommendation	Valuation
14 Jul 10	Initiation	Buy	8,900
31 Dec 10	Update	Buy	13,400
4 Feb 12	Update	Overweight	16,300
8 Oct 12	Update	Buy	27,400
20 Nov 12	Update	Overweight	24,500
7 Dec 12	Flash Note	Overweight	24,500
10 April 13	Update	Buy	37,300
14 May 13	Update	Buy	37,300
9 July 13	Update	Buy	37,400
2 Aug 13	Update	Buy	37,400
11 Nov 13	Update	Buy	34,600

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