

## Our Take on the Sector

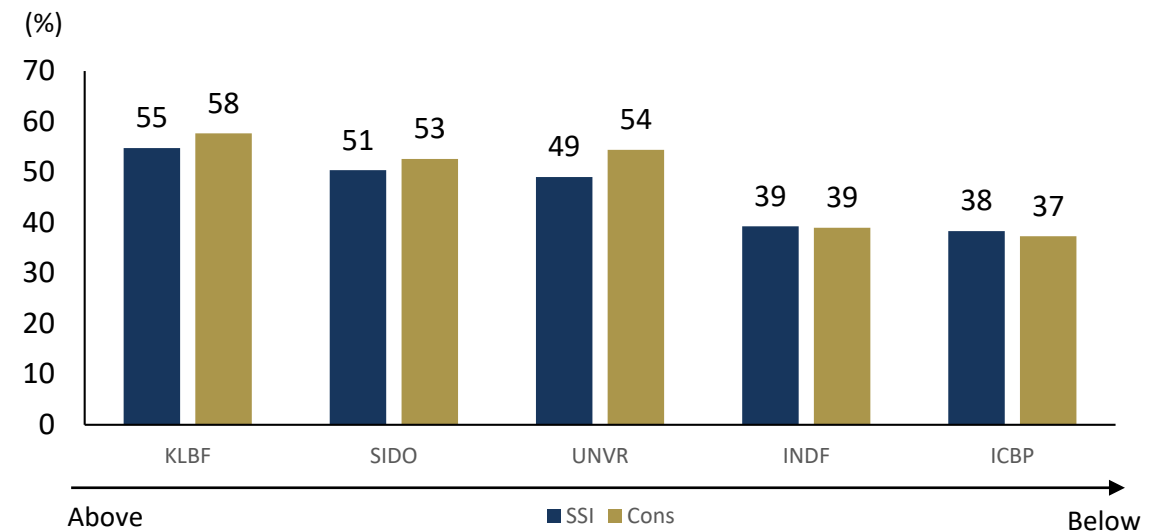
- Most consumer companies under our coverage booked positive top-line growth in 1H24, including SIDO (+14.7% YoY), KLBF (+7.6% YoY), and ICBP (+7.2% YoY), while UNVR's top-line declined -6.2% YoY, primarily due to Israeli-related boycott. Despite the generally strong top-line performance, the bottom line told a different story; weak earnings from ICBP (-38.2% YoY), INDF (-30.8% YoY), and UNVR (-10.6% YoY) led to considerable drop in our consumer coverage's consolidated net profit of -23.4% YoY.
- We expect better 2H results from our consumer coverage, thanks to government aid, which is expected to boost consumption, and weaker USD, which should reduce FX losses. However, upcoming La Nina and sugar excise tax may dampen consumer sector's earnings.
- At this juncture, we maintain our OW rating on consumer stocks with pecking order of SIDO > ICBP > KLBF > INDF > UNVR. We project the expected La Nina to boost demand for SIDO's herbal and energy drink products, while its low USD exposure, particularly in raw materials procurement, should support profitability. Downside risk: 1) lower-than-expected purchasing power, 2) USD rebound, 3) lower-than-expected crop yields.

## Peer Comparables

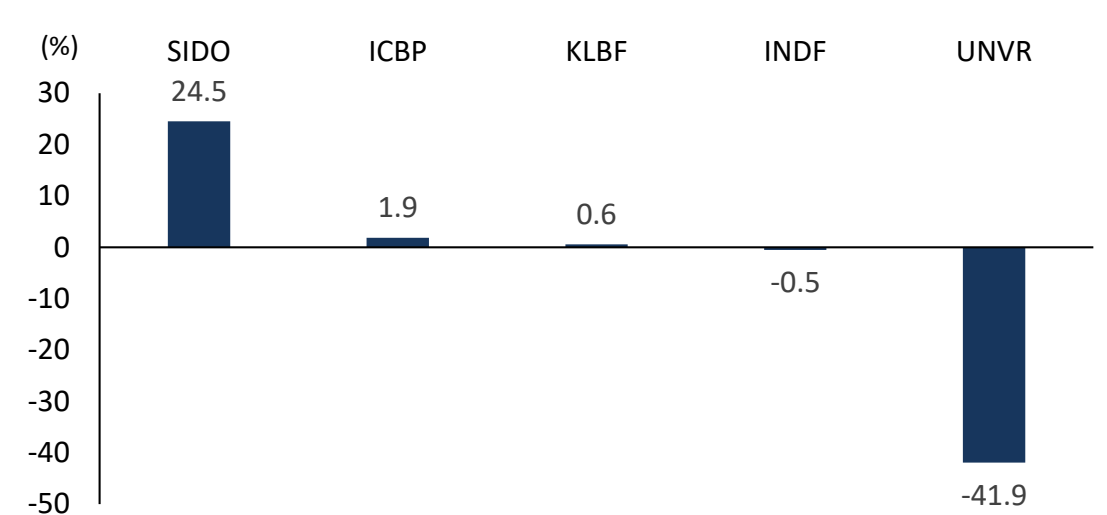
Company	Market		Last	Target	2024F				
	Cap	Rating	Price	Price	P/B	P/E	Div. Yield	EPS Gwt	ROE
Ticker	(IDR Tn)		(IDR)	(IDR)	(x)	(x)	(%)	(%)	(%)
ICBP IJ	132.9	BUY	11,400	13,000	2.6	15.5	2.9	13.0	21.2
INDF IJ	59.7	BUY	6,825	8,000	0.8	5.3	5.5	24.5	16.1
KLBF IJ	80.4	BUY	1,725	1,800	2.9	21.5	2.0	14.1	14.3
SIDO IJ	20.6	BUY	685	850	3.4	21.1	7.5	24.0	32.5
UNVR IJ	86.2	HOLD	2,250	2,300	30.0	20.4	4.5	4.8	131.0
<b>Sector</b>	<b>379.8</b>				<b>8.6</b>	<b>16.6</b>	<b>3.7</b>	<b>13.8</b>	<b>44.5</b>

Sources: Company, Bloomberg, SSI Research

## 1H24 Net Profit / SSI & Cons



## YTD Relative Performance vs JCI



Analysts: Jonathan Guyadi, Belva Monica