ULTJ IJ

Consumer Staples · Dairy

PT Ultrajaya Milk Industry & Trading Company Tbk

Frisian Flag Share Swap

SSI SUMMARY – On 18-Sep-26, ULTJ announced rights issues plan (7.88bn shares), comprising of 6.78bn at IDR 2,150 for 100% of Frisian Flag Indonesia (FFI), valued at IDR 14.57tn (USD820mn). In this share swap deal, FrieslandCampina is in the process of gaining 28.95–30.81% stake in ULTJ while Sabana retains 30.25–32.19%. FFI valuation implies 19.3x annualized 7M26 earnings and 3.5x Jul-26 book value. At IDR 2,060, ULTJ trades at 10.2x annualized 1H26 P/E and 6.6x EV/EBITDA, with 6.3% FY25 dividend yield. For the public, we see +4.4% upside potential to the Mandatory Tender Offer Price of IDR 2,150, potentially to occur post 27 Oct (completion of RI). NOT RATED.

SSI COVERAGE

NOT RATED

LAST PRICE

IDR 2,060 ▲ 58.5% YoY

Tender Offer (TO) Price (IDR): 2,150 (▲ 4.4% to TO)

90-day average daily high (IDR) : 1,485

Market Cap. (IDRbn)	21,420
Shares Issued (mn)	10,398
3M Avg. Daily Value (IDRbn)	10.8
Public Float (%), Sep 2026	17.92
Sabana Prawirawidjaja (%)	53.17
PT Prawirawidjaja Prakarsa (%)	23.78
Samudera/Suhendra Prawirawidjaja (%)	5.13
52W High/Low (IDR)	2,060/1,245

FFI Acquisition Terms

ULTJ proposes up to 7.88bn shares at IDR 2,150, or 0.7577 per existing share, with gross value of IDR 16.94tn. FFI holders receive 6.78bn shares for 100% of FFI at IDR 14.57tn. Six holders with 86.01% of votes transfer their rights. FCIH would hold 28.95–30.81%, while Sabana retains 30.25–32.19% and President Director role in ULTJ. EGM on 27-Oct-26 requires simple-majority approval. Mandatory tender offer follows.

FFI Financial Profile

FFI reported audited 7M26 revenue of IDR 7.79tn (+12.7% YoY), equivalent to 121% of ULTJ revenue, and net profit of IDR 440bn (+53.7% YoY). Earnings included IDR 428bn pre-tax profit and IDR 11.6bn tax credit. Jul-26 equity reached IDR 4.18tn, with net cash of IDR 310bn. FFI has no subsidiaries and operates condensed milk, milk powder, Friso and UHT product lines. Acquisition valuation implies 19.3x annualized 7M26 P/E and 3.5x Jul-26 P/B.

MBG Demand & Compliance

ULTJ's 1H26 dairy revenue rose 41.3% YoY, supported by MBG demand. National Nutrition Agency (BGN) rules dated 8-Sep-26 require plain full-cream pasteurized, UHT or sterilized milk with at least 80% fresh milk, capped at IDR 3,000/125ml. ULTJ school-milk pack lists 50% fresh milk, indicating compliance risk. Proposed 2027 MBG budget reaches IDR 232.5tn (+6.3% YoY).

1H26 Cost Trends

1H26 COGS rose 32.6% YoY to IDR 3.60tn versus sales +34.6% YoY, raising GPM 98bps YoY to 34.5%. Materials +42.2% YoY to IDR 3.26tn. Tetra Pak +107.7% YoY to IDR 676bn (18.8% of COGS), SIG 88.4% YoY to IDR 300bn, overhead 56.0% YoY and electricity 67.7% YoY. Depreciation +83.0% YoY to IDR 134bn. A&P fell 40.8% YoY to IDR 171bn, while freight rose 26.5% YoY. OPM +535bps YoY to 23.6%.

Catalysts

EGM on 27-Oct-26 will seek approval for the rights issue, FFI acquisition, board changes and additional dividend. 2) MTO floor of IDR 2,150/share implies 4.4% upside. 3) Late-Oct 3Q26 results should clarify margin normalization post Jul-26 30.4% GPM. 4) Post-EGM OJK registration and rights issue are key steps in FFI consolidation and FrieslandCampina's ULTJ control.

Key Risks

1) Limited upside of 4.4% post Tender offer with the minimum holding period until rights issue completion on 27-October. 2) MBG compliance risk following Jul-26 packaged-milk suspension and 8-Sep-26 requirement for at least 80% fresh milk. 3) Rupiah depreciation could increase input costs and weaken domestic purchasing power ahead.

Share Price Performance

(%)	YTD	1M	3M	YoY
Absolute	43.1	36.9	51.5	58.5
JCI Return	(25.5)	(0.1)	4.4	(19.6)
Relative	**68.6**	**37.0**	**47.1**	**78.0**

Company Background

Founded in Bandung in 1971, ULTJ began operations in 1974 and listed on 2-Jul-90. Ultra Milk holds 34.5% of UHT dairy market and Teh Kotak 45.5% of Indonesia's RTD tea market in 1H26. Plants comprise Cimareme and MM2100 Cibitung (400k tonnes/year, operational Dec-25). Two farms house 6,448 cows (+3.6% YTD). ULTJ owns 30% of Kraft Ultrajaya and 50% of ITO EN JV. Family ownership is 82.08%, with 17.92% public float.

SOURCES Bloomberg, Companies, Various Sources, and SSI Research. Analyst: Samuel Research Team

Frisian Flag Share Swap

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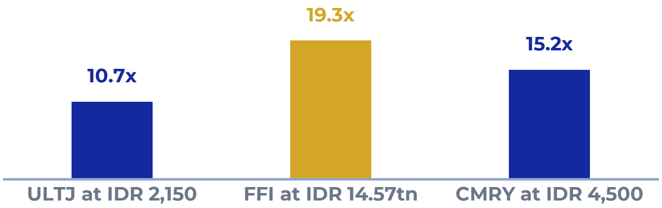
FFI EQUITY VALUATION	RIGHTS PRICE	FCIH STAKE POST-DEAL	NPM / ROE CHANGE, 2026–31
IDR 14.57tn	IDR 2,150	28.95-30.81%	+676 / +542bps

Proposed Rights Issue Terms, 18-Sep-26

Item	Terms	Implication
New shares	Up to 7,878,669,985	75.8% of existing shares and 43.1% of enlarged capital
Exercise price	IDR 2,150 vs RHR appraisal of IDR 2,148/share	4.4% premium to 18-Sep-26 close and 42.4% to 11-Sep-26
Gross value	IDR 16.94tn (USD954mn)	IDR 14.57tn in FFI equity and up to IDR 2.37tn cash
In-kind contribution	6,776,742,153 shares for 100% of FFI	FCIH 78.09%, Blue Waves 16.91%, Bahtera 5.00%
Rights transfer	Six holders (86.01%) transfer all subscription rights	Public shareholders (13.99%) retain cash subscription rights
Cash proceeds	Working capital use. No standby buyer disclosed.	Unexercised rights lapse. Proceeds depend on subscriptions.
FFI valuation	**IDR 14.57tn. RHR appraisal uses GPTC and DCF.**	**3.5x Jul-26 P/B and 19.3x annualised 7M26 P/E**
Approval and control	Simple-majority approval. Non-affiliated transaction.	FCIH stake of 28.95–30.81%. Mandatory tender under POJK 9/2018.

Transaction P/E Comparison



ULTJ issue price of IDR 2,150 implies 10.7x annualized 1H26 EPS of IDR 202. FFI acquisition valuation implies 19.3x annualized 7M26 net profit of IDR 754bn. On the flip side, CMRY trades at 15.2x annualized 1H26 earnings at 18-Sep-26 closing price of IDR 4,500.

Pro Forma Earnings Impact

Annualized net profit of IDR 754bn for FFI (7M26 basis) and IDR 2,098bn for ULTJ (1H26 basis) implies combined earnings of IDR 2.85tn before synergies. Jul-26 pro forma accounts indicate goodwill of IDR 9.13tn, fair-value net assets of IDR 5.44tn, fixed-asset revaluation uplift of IDR 1.26tn and equity of IDR 25.0tn. Management projects NPM rising 676bps to 15.65% and ROE 542bps to 12.64% between 2026 and 2031.

Corporate Milestones

1971	1990	2024	Dec-25	Sep-26	Oct-26	2027
Founded in Bandung. UHT production began in 1975.	IDX listing completed on 2-Jul-90.	MM2100 warehouse opened. FFI opened Cikarang plant.	MM2100 UHT plant began operations on 8-Dec-25.	CSSA signed. Acquisition announced on 18-Sep-26.	EGM record date: 2-Oct-26. EGM: 27-Oct-26.	OJK effectiveness targeted within 12 months. Tender offer follows completion.

SSI BRIEF – Proposed share swap transfers control to FrieslandCampina through new ULTJ shares at IDR 2,150, close to appraised value of IDR 2,148/share. Family shareholders transfer subscription rights without selling existing shares. FFI generated FY25 net profit of IDR 214bn on revenue of IDR 11.8tn. Mandatory tender offer terms remain central to minority shareholders outcomes.

SOURCES Bloomberg, Companies, Various Sources, and SSI Research. Analyst: Samuel Research Team

Financials and Industry Snapshots

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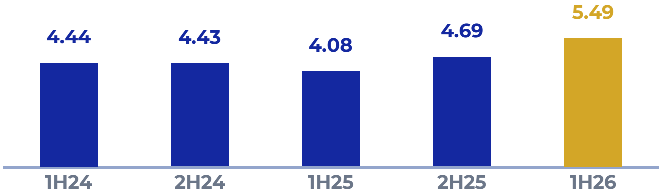
DAIRY SALES, 1H26 YOY	IDN MILK/CAPITA VS PEERS	UHT MARKET SHARE, 1H26	RTD TEA MARKET SHARE, 1H26
+41.3%	15.0 vs 34.5kg	34.5%	45.5%

Half-Year Revenue (IDRtn)



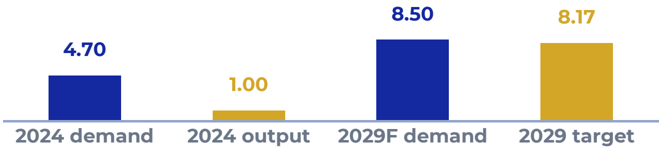
1H26 revenue reached IDR 5.49tn (+34.6% YoY), comprising dairy revenue of IDR 4.70tn (+41.3% YoY), tea revenue of IDR 573bn (−2.3% YoY) and other revenues of IDR 221bn (+30.0% YoY). Net profit increased 73.7% YoY to IDR 1,049bn from IDR 604bn in 1H25.

1H26 Margins (%)

% of sales	1H25	1H26	YoY (bps)
Gross margin	33.6	34.5	+98
Advertising and promotion	(7.1)	(3.1)	+397
Freight and other selling	(6.3)	(5.4)	+88
General and administrative	(3.5)	(3.4)	+6
Other operating income, net	1.6	1.0	(53)
Operating margin	**18.3**	**23.6**	**+535**

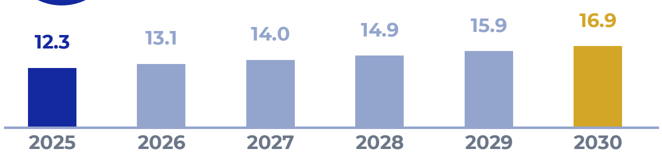
1H26 OPM expanded 535bps YoY to 23.6%, supported by A&P expenses declining to 3.1% of revenue from 7.1% in 1H25.

Milk Supply (mn tonnes)



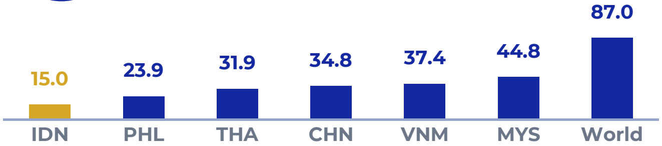
Agriculture Ministry projects 2029 milk demand of 8.5mn tonnes (4.9mn regular, 3.6mn MBG) and output of 8.17mn tonnes via 1mn imported cows. Notably demand may land closer to 8.1mn tonnes, with output more likely near 1.3mn, pointing to import dependency around 84%, above the 4% target and roughly in line with 2025's 81%.

Indonesia Milk Market (USDbn)



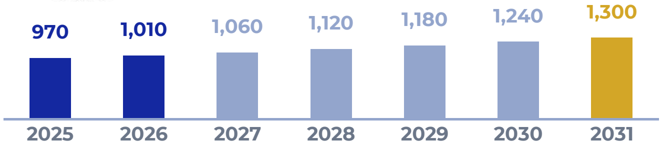
Statista estimates Indonesia 2025 retail at-home milk market at USD12.33bn, growing at 6.50% CAGR over 2025–30 to USD16.9bn. Estimates cover B2C sales and exclude out-of-home consumption and MBG kitchen supply (Feb-26).

Consumption (kg/capita/annum)



Indonesia milk consumption declined 14.4% YoY to 15.0kg/capita in 2023, equivalent to one-third of Malaysia and 17% of global average. Consumption remains below peer average of 34.5kg across Philippines, Thailand, Vietnam and Malaysia, indicating potential for long-term demand growth.

Global Dairy Market (USDbn)



Global dairy market is estimated at USD970bn in 2025 and USD1,010bn in 2026 (+4.1% YoY), reaching USD1,300bn in 2031 at 5.09% CAGR over 2026–31. Milk represents 62.5% of revenue. UHT milk CAGR is forecast at 7.15% (Mordor).

SSI BRIEF – Global dairy market is projected to reach USD1,300bn by 2031 at 5.09% CAGR over 2026–31. Indonesia milk market forecast of 6.50% CAGR over 2025–30 to USD16.9bn trails ULTJ dairy revenue CAGR of 9.0% over FY22–25.

SOURCES Bloomberg, Companies, Various Sources, and SSI Research. Analyst: Samuel Research Team

Historical Financial Performance and Valuation

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P/E, ANNUALISED 1H26	EV/EBITDA, ANN. 1H26	NET CASH, JUN-26	FY25 DIVIDEND YIELD
10.2x	6.6x	IDR 2.39tn	6.3%

Financial Summary, FY22-1H26

Y/E Dec (IDRbn)	FY22A	FY23A	FY24A	FY25A	1H25A	1H26A
Revenues	7,656	8,303	8,874	8,768	4,082	5,494
Dairy revenues	5,632	6,187	6,865	7,297	3,325	4,700
Gross profit	2,457	2,692	3,022	2,869	1,370	1,897
Gross margin (%)	32.1	32.4	34.1	32.7	33.6	34.5
EBITDA	1,458	1,648	1,622	1,873	841	1,452
EBITDA margin (%)	19.0	19.8	18.3	21.4	20.6	26.4
Attributable net profit	**961**	**1,169**	**1,137**	**1,353**	**604**	**1,049**
EPS (IDR)	92	112	109	130	58	101
DPS for fiscal year (IDR)	30	40	45	130	n.a.	n.a.
Operating cash flow	260	1,400	1,262	1,694	383	788
Capex	374	392	581	483	262	153
Cash and equivalents	1,249	2,174	2,434	3,163	2,085	2,435
Attributable equity	5,739	6,601	7,339	8,221	7,484	7,927

1H26 revenue rose 34.6% YoY to IDR 5.49tn. Gross profit increased 38.5% YoY to IDR 1.90tn, with GPM up 98bps YoY to 34.5%. EBITDA grew 72.7% YoY to IDR 1.45tn, with margin of 26.4% (1H25: 20.6%). Attributable net profit rose 73.7% YoY to IDR 1,049bn, with NPM of 19.1% (1H25: 14.8%) and EPS of IDR 101 (1H25: IDR 58). Operating cash flow increased 105.7% YoY to IDR 788bn, while capex fell 41.6% YoY to IDR 153bn. Jun-26 cash rose 16.8% YoY to IDR 2.44tn after IDR 1.37tn dividends paid in May-26. Attributable equity increased 5.9% YoY to IDR 7.93tn.

Valuation at IDR 2,060

18-Sep-26 close	Value
Market cap (IDRbn)	21,420
Net cash, Jun-26 (IDRbn)	2,394
Enterprise value (IDRbn)	19,026
P/E, annualised 1H26	**10.2x**
P/B, Jun-26	2.7x
EV/EBITDA, annualised 1H26	6.6x
FY25 DPS / yield	IDR 130 / 6.3%
3M avg. daily value (IDRbn)	10.8

Dairy Peers, 18-Sep-26

Company	Mkt cap (IDRbn)	P/E	P/B	NPM
ULTJ	21,420	10.2x	2.7x	19.1%
CMRY	35,685	15.2x	5.0x	18.1%
FFI, acquisition value	**14,570**	**19.3x**	**3.5x**	**5.6%**

Peer valuations use 18-Sep-26 closing prices and annualised 1H26 earnings. CMRY closed at IDR 4,500, with 1H26 net profit of IDR 1.17tn on revenue of IDR 6.46tn. FFI valuation uses acquisition price, annualised 7M26 earnings and Jul-26 book value. Average daily value uses closing prices × volumes over 19-Jun–18-Sep-26.

SSI BRIEF – ULTJ trades at 10.2x annualised 1H26 P/E, with Jun-26 net cash equivalent to 11% of market capitalisation and FY25 payout ratio of 100%. FFI acquisition valuation implies 19.3x annualised 7M26 P/E, or 1.9x ULTJ multiple, despite lower NPM of 5.6%. Tender offer pricing and public rights subscriptions will determine minority shareholder outcomes.

SOURCES Bloomberg, Companies, Various Sources, and SSI Research. Analyst: Samuel Research Team