

MIDI IJ • Consumer Staples

Midi Utama Indonesia

One-stop shop for fresh, high-quality groceries

(Initiate)

Buy

Target price

IDR540

Upside

21.1%

Current price (10/10/24)

IDR446

| | | | | | | | |
|-----------|-------|--------------------|--------|-------------------------|--------|----------------|------|
| JCI Index | 7,480 | Market cap (IDRbn) | 14,912 | Shares outstanding (mn) | 33,435 | Free Float (%) | 22.2 |
|-----------|-------|--------------------|--------|-------------------------|--------|----------------|------|

Report summary

Growing force of groceries market

MIDI Utama Indonesia is a general trading company offering various store formats, including Alfamidi, Midi Fresh, and Lawson. It sells groceries, fresh produce, HPC items, and more. MIDI aims to increase contributions from higher-margin fresh food and non-food categories. It plans to expand into untapped provinces while maintaining existing stores and boosting productivity.

Market dynamics and operational improvement fuel MIDI success

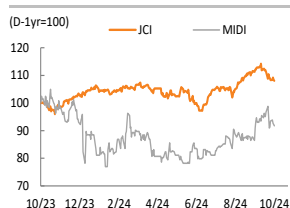
MIDI's SSSG improvement is driven by focus on high-margin products, benefits from closed large-format retailers, and higher economic activities outside Java. Management's revised guidance reflects stronger sales and store traction. MIDI aims to improve store productivity by reducing Lawson store losses and closing underperforming ones. MIDI plans to open 200 new stores this year, with long-term gross margin improvement expected. Expansion may temporarily pressure margins, but closing unproductive stores and lower costs will help normalize them. While consumer purchasing power is weak, recent deflationary trends may boost consumption. MIDI is favored for its defensive nature and better margins.

Initiate with Buy recommendation

We initiate coverage of MIDI with Buy recommendation, setting target price of IDR540, based on 26.3x PE 2025F. Our target price is based on assumptions of higher SSSG, increased profitability from Lawson store closures, and growth in higher-yielding items. We believe lower costs from expansion outside Java will benefit MIDI. Risks include weak purchasing power, higher costs, lower-than-expected SSSG, and macroeconomic headwinds.

Key data

Price performance



| (%) | 1M | 6M | 12M |
|----------|-----|------|-------|
| Absolute | 0.9 | 13.8 | -10.4 |
| Relative | 4.5 | 11.1 | -18.4 |

Earnings and valuation metrics

| (FY Dec. 31) | 2021 | 2022 | 2023 | 2024F | 2025F |
|--------------------------|--------|--------|--------|--------|--------|
| Revenue (IDRbn) | 13,584 | 15,624 | 17,351 | 19,696 | 22,137 |
| Operating profit (IDRbn) | 488 | 638 | 743 | 847 | 974 |
| Net profit (IDRbn) | 275 | 399 | 517 | 591 | 686 |
| EPS (IDR) | 9.5 | 13.8 | 15.5 | 17.7 | 20.5 |
| BPS (IDR) | 56.1 | 68.9 | 117.0 | 118.3 | 141.9 |
| P/E (x) | 46.7 | 32.2 | 28.9 | 25.2 | 21.7 |
| P/B (x) | 8.0 | 6.5 | 3.8 | 3.8 | 3.1 |
| ROA (%) | 4.3 | 5.8 | 6.6 | 6.8 | 7.1 |
| ROE (%) | 17.0 | 20.1 | 13.2 | 14.9 | 14.5 |

Source: Company data, Mirae Asset Sekuritas Indonesia Research estimates

C O N T E N T S

| | |
|---|-----------|
| Company at a glance | 3 |
| Growing force of groceries market | 3 |
| MIDI various store format | 3 |
| Product and services | 4 |
| Operation network | 4 |
| Industry outlook | 5 |
| Trade channel growth/contribution | 5 |
| Growth in every region | 5 |
| Competition in the modern trade market | 6 |
| Investment Thesis | 9 |
| Market dynamics and operational improvement fuel MIDI success | 9 |
| 1H24 financial performance | 11 |
| Stellar performance, upward momentum rising | 11 |
| Valuation and recommendation | 14 |
| Initiate with Buy recommendation | 14 |

Company at a glance

Growing force of groceries market

Midi Utama Indonesia (MIDI IJ), established in 2007, operates in general trading with a focus on supermarkets and minimarkets. It went public in 2010. MIDI primarily targets middle-class consumers through its Alfamidi minimarkets, differentiating itself from its parent company by offering fresh food. The company benefits from an extensive distribution and marketing network to reach its customer base.

Table 1. Shareholder’s structure

| Entity | Numbers of Shares | Ownership (%) |
|--|-----------------------|---------------|
| PT Sumber Alfaria Trijaya | 25,775,473,000 | 77.09 |
| Rullyanto (President Director) | 142,100,000 | 0.42 |
| Maria Theresia Vellina Yulianti (Director) | 75,400,000 | 0.23 |
| Endang Mawarti (Director) | 6,960,000 | 0.02 |
| Others (< 5% of ownership) | 7,435,361,800 | 22.24 |
| Total | 33,435,294,800 | 100.00 |

Source: Company data, Mirae Asset Sekuritas Indonesia Research

MIDI various store format

MIDI offers several store formats targeting different customer segments. Alfamidi, the company's core format, serves as the backbone, while Midi Fresh focuses on fresh produce like fruits and vegetables. Other format such as Lawson stores emphasize ready-to-eat (RTE) and ready-to-drink (RTD) products.

Alfamidi introduced a new store concept with a 500sqm area under the Alfasuper format, rebranded from Alfamidi Super in 2016 to boost brand awareness. In 2018, MIDI established PT Lancar Wiguna Sejahtera (LWS) to manage the Lawson network, aiming for a more focused and optimized expansion of the Lawson brand. As of 1H24, MIDI operates 3,003 stores across Indonesia, including Lawson.

Figure 1. Alfamidi super store format



Source: Company data, Mirae Asset Sekuritas Indonesia Research

Figure 2. Midi fresh store format



Source: Company data, Mirae Asset Sekuritas Indonesia Research

Figure 3. Lawson store format



Source: Company data, Mirae Asset Sekuritas Indonesia Research

Figure 4. Alfamidi store format



Source: Company data, Mirae Asset Sekuritas Indonesia Research

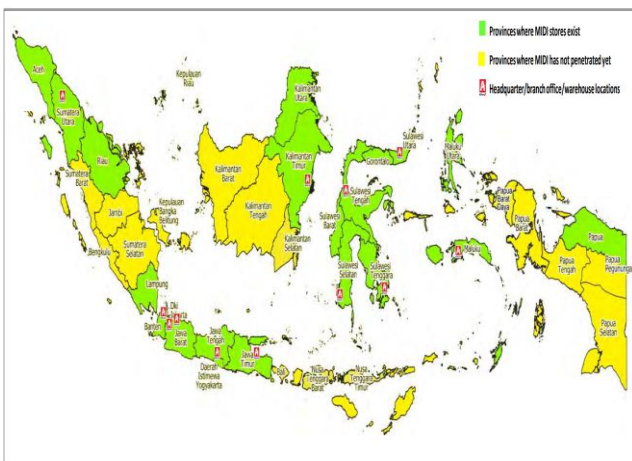
Product and services

MIDI offers a diverse range of products, including groceries, fresh produce, HPC items, toys, prepaid vouchers, and stationery. It also features a house brand/private label (HBPL) designed to offer higher quality at affordable prices. Key HBPL products, like tissues, bottled water, cotton pads, and towels, are everyday essentials less dependent on branding, allowing for competitive pricing. MIDI also gave service, including bill payments, cash withdrawals, ticket purchases, top-ups, e-money services, QRIS-based shopping transactions, and prepaid/game voucher transactions. MIDI main revenue generator were from 3 main segment, which is food, non-food, and fresh food, with fresh food providing the highest margins. While food and non-food currently dominate sales, we expect management to focus on increasing contributions from higher-margin fresh food, followed by non-food categories like home and personal care (HPC).

Operation network

As of 1H24, while Java remains MIDI's main revenue driver, untapped provinces like West Kalimantan and Central Kalimantan offer growth potential. Management plans to expand into these regions that were highlighted in yellow color. This also be coincide with maintaining existing stores with a focus on boosting productivity by adding traffic-driving items and higher-margin SKUs.

Figure 5. Warehouse in each region



Source: Company data, Mirae Asset Sekuritas Indonesia Research

Figure 6. MIDI store footprint across Indonesia



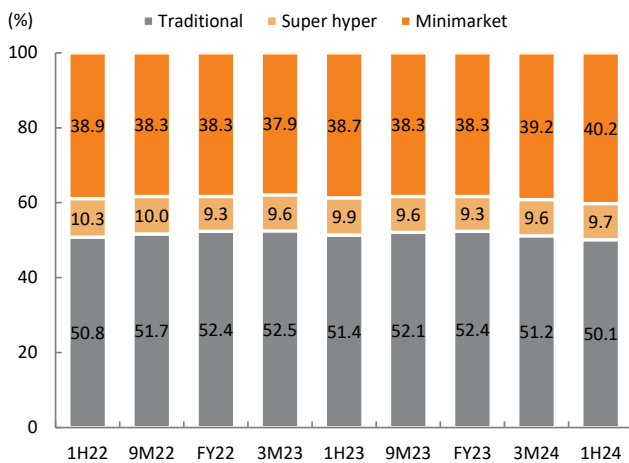
Source: Company data, Mirae Asset Sekuritas Indonesia Research

Industry outlook

Trade channel growth/contribution

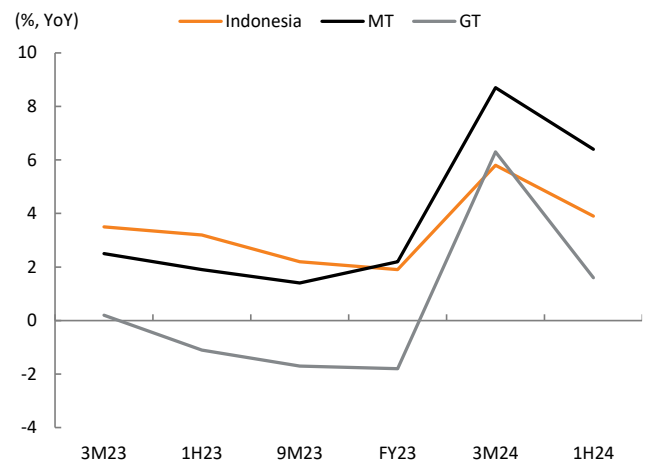
Minimarkets continue to experience steady growth, not only driven by the decline of super/hypermarkets, but also the shifting consumer preference to go to smaller groceries store format. Since the start of 2024, the minimarket format has been gaining market share, gradually overtaking traditional trade channels, fueled by the expansion of MT players. As shown in the figure below, MT growth has outpaced both GT and total trade channel growth in Indonesia. We believe that the ongoing expansion by dominant players and the introduction of new formats focusing on RTE/RTD products will further attract various types of consumers. Even though MT growth surpassed others, it was still being dragged by super/hyper store format. In realization, its growing at a faster rate of high single digit.

Figure 7. Trade channel distribution



Source: Nielsen, Mirae Asset Sekuritas Indonesia Research

Figure 8. Trade channel growth

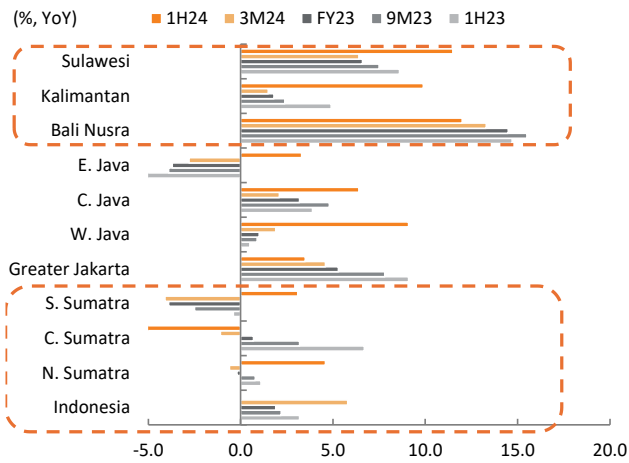


Source: Nielsen, Mirae Asset Sekuritas Indonesia Research

Growth in every region

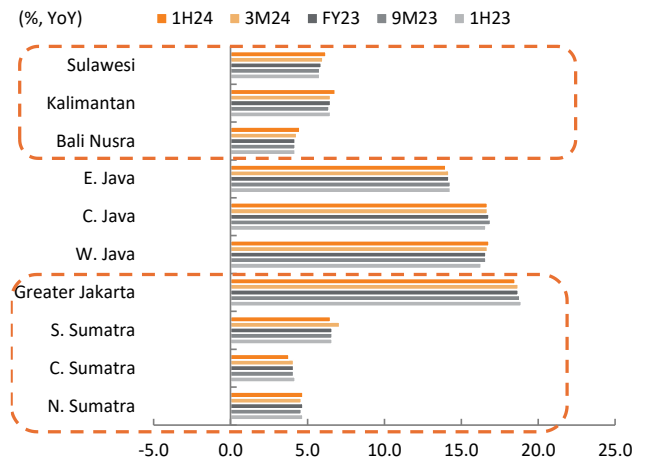
Indonesia's grocery growth remains in the mid-single digits for Java and Sumatra, while Kalimantan and Sulawesi are experiencing accelerated growth. We believe this is due to the untapped market potential in these regions, coupled with higher economic growth. Management's strategy to expand beyond Java is well-positioned to capture this potential. Additionally, expanding in these regions offers cost benefits through lower rent and labor expenses, supporting long-term profitability. The 14.5% growth was most prominent in modern trade outside Java, while other regions saw mid to high single digit growth, led by Bali Nusra and Sulawesi. Although Java still contributes around 65.6% to total MT sales, the expansion into ex-Java regions is well-justified, driven by increasing economic activity in those areas. We believe this strategy aligns with the growth potential beyond Java.

Figure 9. Indonesia total grocery growth YTD Jun-24



Source: Nielsen, Mirae Asset Sekuritas Indonesia Research

Figure 10. Indonesia total grocery contribution YTD Jun-24

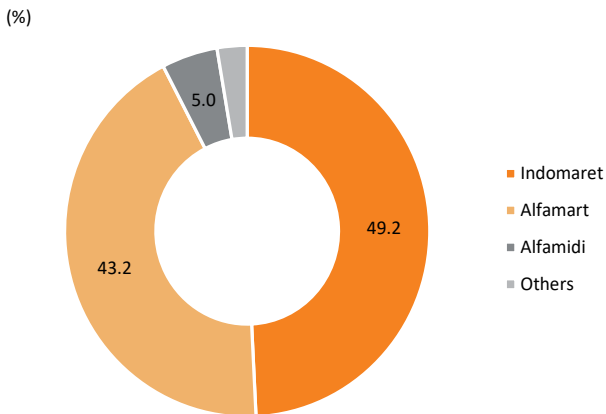


Source: Nielsen, Mirae Asset Sekuritas Indonesia Research

Competition in the modern trade market

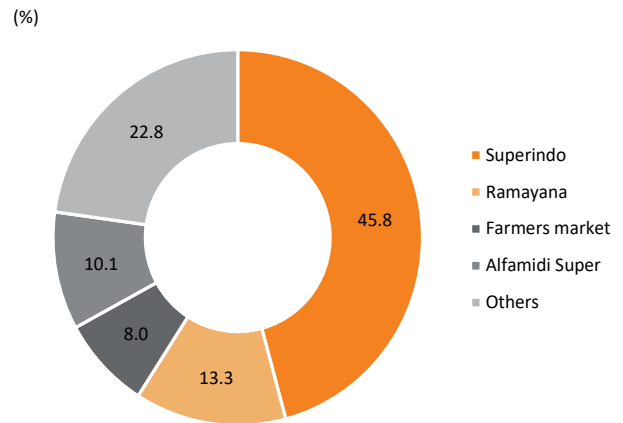
Competition in the MT channel remains intense, fueled by new store formats and market entrants looking to capitalize on Indonesia's growth. Players must adjust their strategies to defend market share. We believe Alfamart continues to dominate the MT channel, holding 49.2% of the minimarket segment. With the ongoing expansion plans and consumers increasingly favoring smaller grocery formats, both Alfamart and MIDI are well-positioned to maintain their market share.

Figure 11. Minimarket players (as of 1H24)



Source: Nielsen, Mirae Asset Sekuritas Indonesia Research

Figure 12. Supermarket players (as of 1H24)

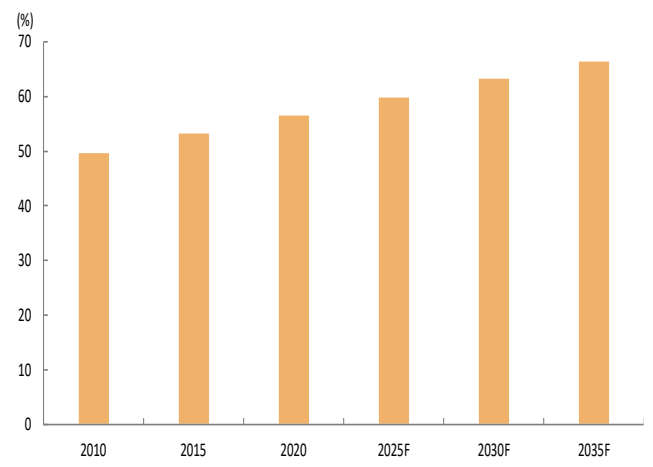
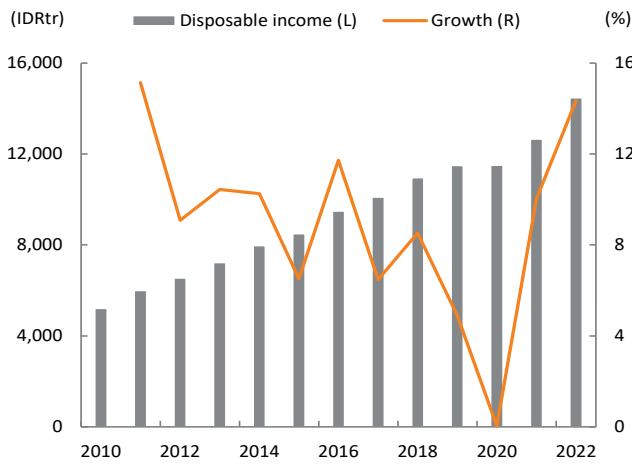


Source: Nielsen, Mirae Asset Sekuritas Indonesia Research

Macroeconomic indicators offer contrasting signals, but consumer spending may gain momentum

We believe the current urbanization trend aligns with the expansion of modern trade channels into rural areas, capturing market share and shifting consumer preferences toward modern grocery shopping. Our assumption is that rural areas are showing increased spending as economic activities have "restarted". Consumption remains the primary driver of economic growth, and tapping into these areas should be beneficial in the long term. Inflationary pressures have eased, following the aftereffects of supply chain disruptions.

Figure 13. Disposable income **Figure 14. Urbanizations**



Source: Mirae Asset Sekuritas Indonesia Research

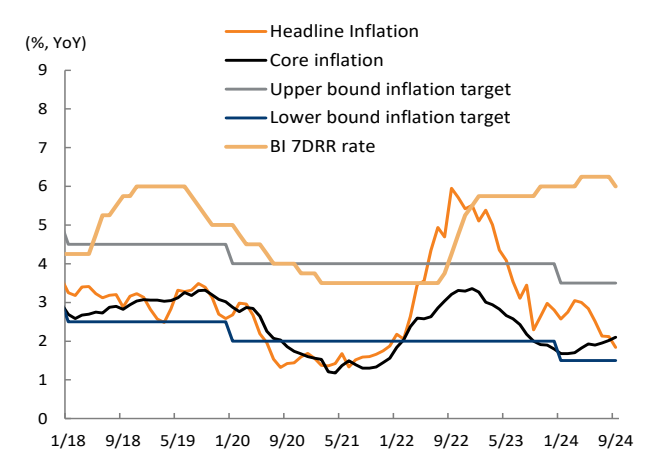
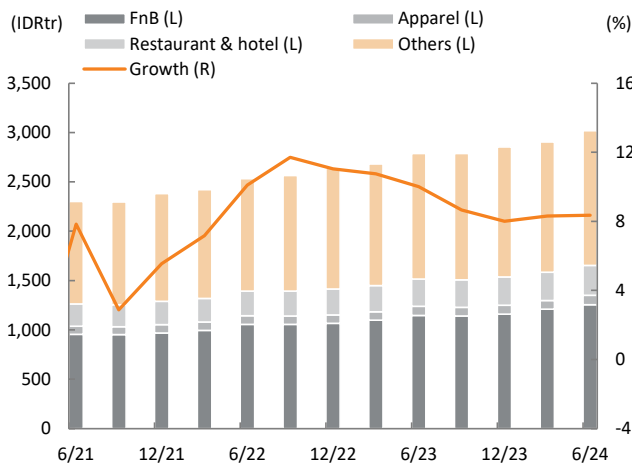
Source: Mirae Asset Sekuritas Indonesia Research

Household consumption exhibited robust growth of 8.4% YoY in June 2024, primarily driven by the food and beverage sector. Apparel, HORECA, and other segments registered slower growth compared to the same period last year, likely due to a high base effect from pent-up demand post-lockdown. While this positive consumption trend is expected to persist, inflationary pressures and food price volatility appear to be contained for now due to the post-harvesting season.

September 2024 saw deepest deflation in 5 years, continuing consistent trend of price declines since May, thus marking the lowest level in nearly 3 years. We believe this should give enough room for people to spend more as inflation has been managed within the targeted levels.

Debit and credit card transactions showed a decline in June, as the high-interest rate environment impacted consumer spending, leading to a dip in consumption. This was further supported by a drop in consumer savings since Q2. However, we believe the monetary easing in September should positively impact overall consumption, helping to restore consumer spending.

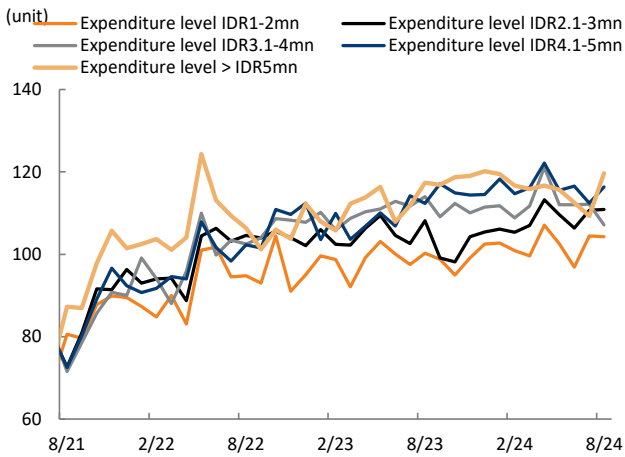
Figure 15. FnB consumptions **Figure 16. Inflatons**



Source: Mirae Asset Sekuritas Indonesia Research

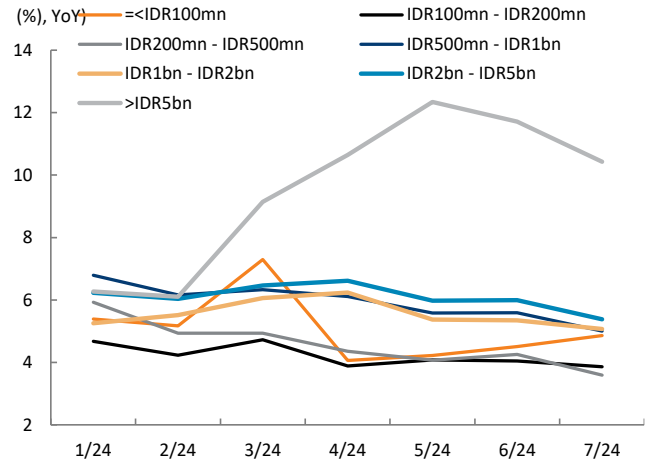
Source: Mirae Asset Sekuritas Indonesia Research

Figure 17. Expenditure level in each segment



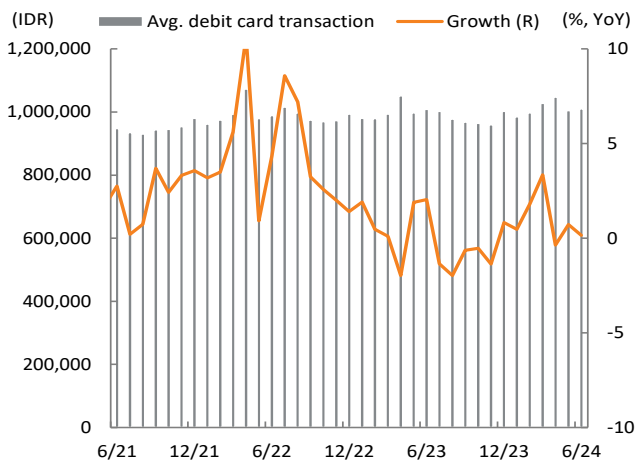
Source: Mirae Asset Sekuritas Indonesia Research

Figure 18. Deposit nominal tiering



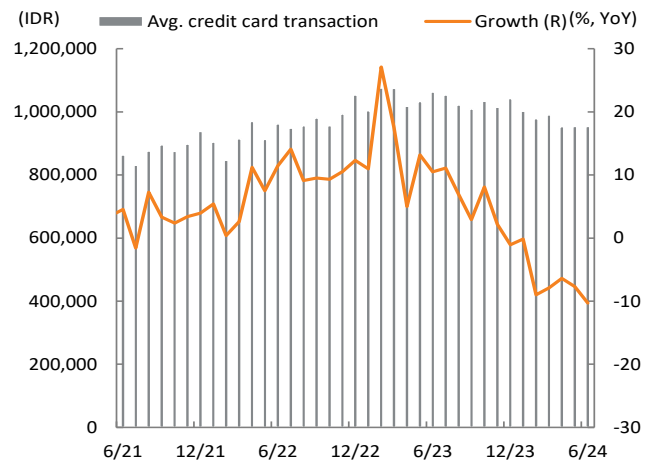
Source: Mirae Asset Sekuritas Indonesia Research

Figure 19. Debit card transaction



Source: Mirae Asset Sekuritas Indonesia Research

Figure 20. Credit card transaction



Source: Mirae Asset Sekuritas Indonesia Research

Investment Thesis

Market dynamics and operational improvement fuel MIDI success

Our thesis on MIDI suggest that SSSG improvement, namely the factor were: 1) upward momentum in the mid-sized store segment, with a focus on the mid-to-high end of the market; 2) 50% of MIDI stores that are located outside of Java regions that are experiencing double-digit economic growth; 3) focusing on push and emphasizing sales of high-margin products such as HPC and fresh food; and 4) closure of super/hyper store, thus minimarket were benefiting from a spillover of customers from recently closed large-format retailers.

Management has revised their 24F guidance upward, citing stronger sales/store traction. Revenue growth is now expected at 13% YoY (vs. 11% YoY) and SSSG at 8% YoY (vs. 6% YoY). Net profit growth is projected to outpace revenue growth, indicating economies of scale and improved store efficiency.

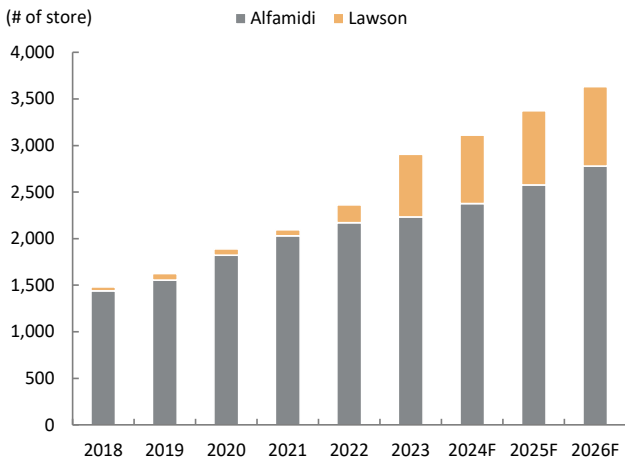
Additionally, MIDI suggests an improvement in store productivity, driven by reduced losses from the declining growth of Lawson stores, which almost doubled last year in terms of store footprint. The closure of unproductive Lawson stores will likely reduce overall costs and improve cost efficiency for the Lawson format. In 1H24, sales per store for Alfamidi increased by 6.3% YoY, while Lawson stores saw a -6.7% decline. We believe management is taking steps to enhance productivity, including potentially closing underperforming stores prematurely.

In 1H24, 97 new stores were added: 71 MIDI, 22 Lawson, 6 Alfamidi Super, and a reduction of 2 Midi Fresh stores. Management's year-end target for new store openings remains track of 200 stores. In the long run, we expect gross margins to improve as store productivity rises, driven by higher-margin fresh food and non-food (HPC) categories.

MIDI's expansion pipeline targets stores with a 3.5-year payback period, which could temporarily pressure margins during rapid expansion. However, as unproductive stores are closed, margins should normalize. Additionally, opex is expected to be controlled as MIDI expands beyond Greater Jakarta, benefiting from lower rent and salary costs.

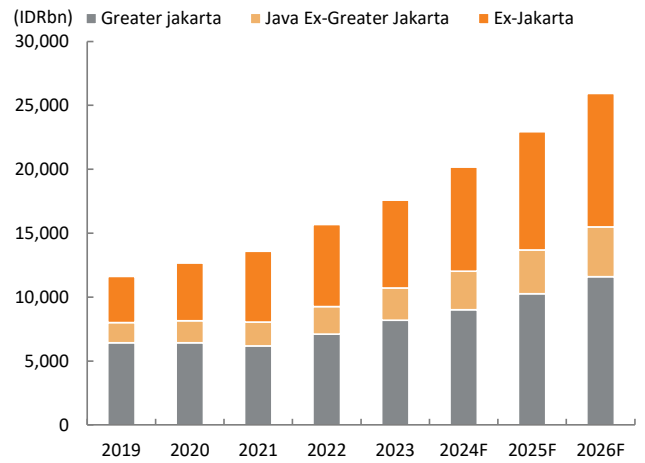
We also anticipate that minimum wage growth will be more manageable in the coming years, as inflation stabilizes. While consumer purchasing power remains weak due to high interest rates and the lingering effects of COVID, recent deflationary trends may boost consumption, with potential for consumers to return to their normal spending patterns. We favor MIDI for its defensive nature and better margins compared to its parent company, largely due to its product mix.

Figure 21. Store additional trajectory



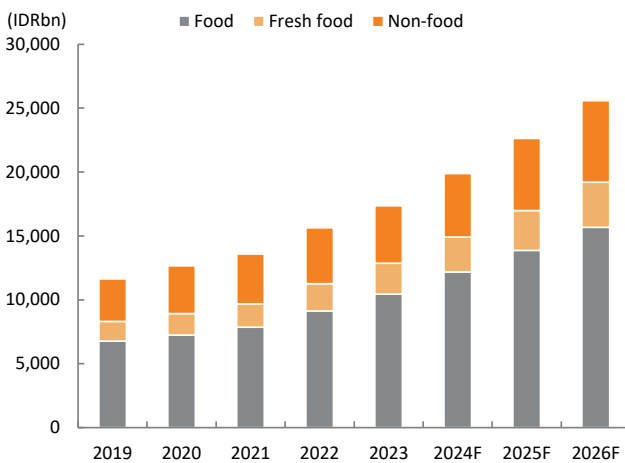
Source: Company data, Mirae Asset Sekuritas Indonesia Research

Figure 22. Revenue per region trajectory



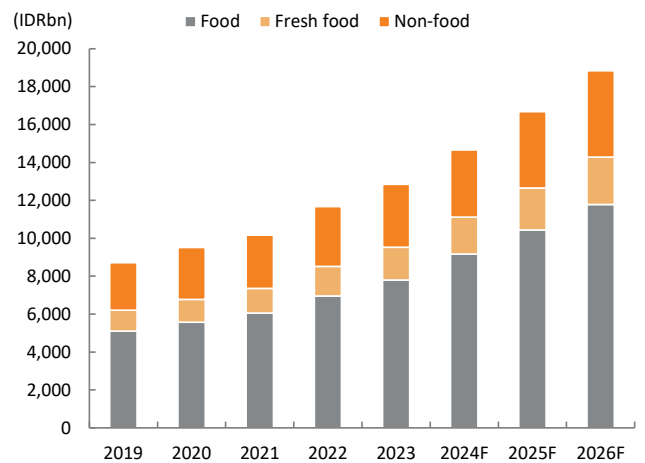
Source: Company data, Mirae Asset Sekuritas Indonesia Research

Figure 23. Revenue per segment trajectory



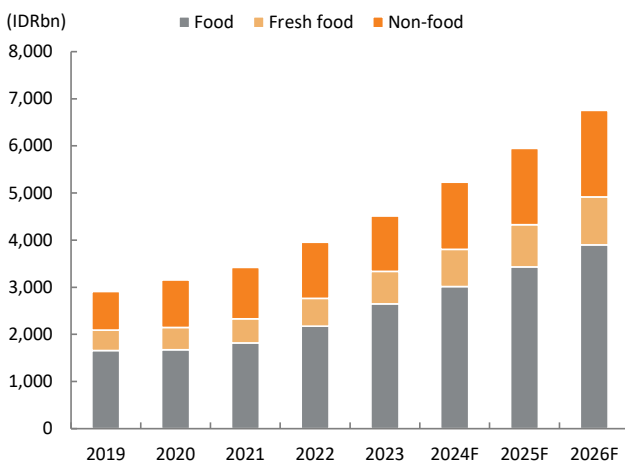
Source: Company data, Mirae Asset Sekuritas Indonesia Research

Figure 24. cost of revenue per segment trajectory



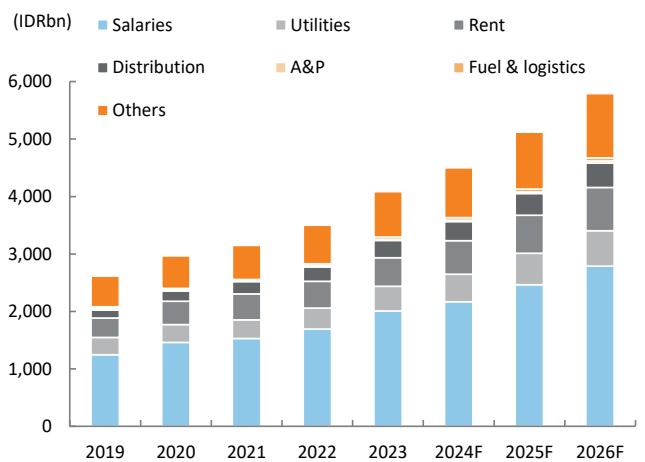
Source: Company data, Mirae Asset Sekuritas Indonesia Research

Figure 25. gross profit by segment trajectory



Source: Company data, Mirae Asset Sekuritas Indonesia Research

Figure 26. Opex breakdown trajectory



Source: Company data, Mirae Asset Sekuritas Indonesia Research

1H24 financial performance

Stellar performance, upward momentum rising

MIDI reported a net profit of IDR166bn in 2Q24 (+4.8% QoQ; +17.2% YoY), bringing the 1H24 total to IDR325bn (+25.2% YoY), which somewhat exceeded expectations. Revenue for 2Q24 reached IDR4.9tr (+4.1% QoQ; +8.3% YoY), and IDR9.8tr for 1H24 (+13.1% YoY). With strong 1H performance, management raised its revenue growth forecast for FY24 to +13% YoY (from +11% YoY). Growth was primarily driven by Java (ex-Greater Jakarta) regions (+20.3% YoY) and Ex-Java regions (+17.4% YoY), though Ex-Java experienced most of the segment income growth, while other regions saw mid-teens declines—likely due to the rapid Lawson expansion last year. Growth in food, fresh food, and non-food categories was in the low teens, up to +13.6% YoY. Gross profit margin improved, supported by expansion across categories and a focus on more profitable Alfamidi stores.

SSSG for Alfamidi was 9.4% YoY for 1H24, exceeding the revised management guidance of +8% (vs. +6% initially). Preliminary data for August and September suggests robust SSSG in 3Q of 11.07% YoY and 10.11% YoY for 9M24, as this is the highest SSSSG in the last 11 years. The trend has been going consecutively since May, driven by the Alfamidi outer Java Island. As for Lawson's, its SSSG decline slowed to -24.8% YoY in 2Q (vs. -30.6% YoY in 1Q24). As of 1H24, MIDI opened 75 stores (97 including Lawson).

In terms of costing dynamics, the biggest cost contributor of MIDI which is salary/rent costs increased by 12.6%/5.2% YoY, reflecting the addition of 97 stores. In Q3, MIDI opened 54 new stores, bringing the total to 129 YTD. The remaining target of 200 new stores by year-end remains on track, with positive momentum. Channel checks suggest that Lawson will benefit from Alfamidi's existing infrastructure and the closure of unproductive stores, while Alfamidi will continue expanding into high-density areas in other regions.

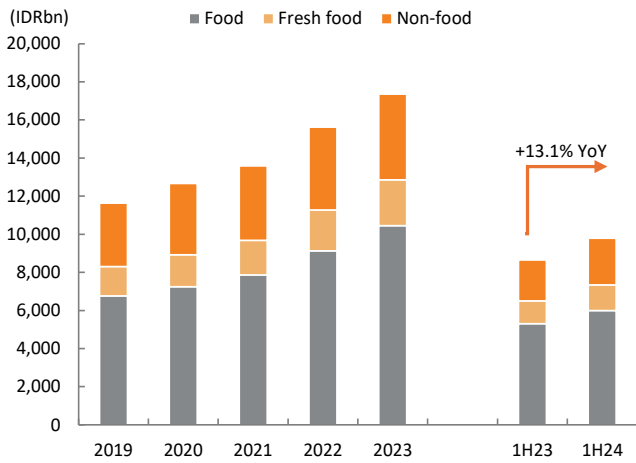
Table 2. 1H24 financial performance

| | 2Q23 | 1Q24 | 2Q24 | QoQ (% chg) | YoY (% chg) | 1H23 | 1H24 | YoY (% chg) |
|----------------------------|--------------|--------------|--------------|-------------|-------------|--------------|--------------|-------------|
| Revenue | 4,608 | 4,794 | 4,991 | 4.1 | 8.3 | 8,648 | 9,784 | 13.1 |
| COGS | -3,453 | -3,525 | -3,663 | 3.9 | 6.1 | -6,405 | -7,188 | 12.2 |
| Gross profit | 1,155 | 1,268 | 1,328 | 4.7 | 14.9 | 2,243 | 2,596 | 15.7 |
| SNM & distribution | -913 | -1,010 | -1,039 | 2.8 | 13.8 | -1,784 | -2,049 | 14.9 |
| GnA | -98 | -105 | -119 | 14.0 | 21.8 | -195 | -224 | 14.7 |
| EBIT | 144 | 153 | 170 | 10.8 | 17.4 | 264 | 323 | 22.1 |
| Other income/expenses | 65 | 56 | 46 | -17.5 | -28.9 | 128 | 102 | -19.8 |
| Operating profit | 210 | 209 | 216 | 3.2 | 3.0 | 392 | 425 | 8.4 |
| Total finance income/costs | -30 | -12 | -11 | -11.1 | -63.0 | -65 | -23 | -63.9 |
| Profit before tax | 180 | 197 | 205 | 4.1 | 13.9 | 327 | 402 | 22.8 |
| Total tax | -38 | -47 | -51 | 7.3 | 34.8 | -67 | -98 | 46.6 |
| NPATMI | 142 | 159 | 166 | 4.8 | 17.2 | 259 | 325 | 25.2 |
| Margin (%) | | | | | | | | |
| GPM | 25.1 | 26.5 | 26.6 | 0.2 pts | 1.5 pts | 25.9 | 26.5 | 0.6 pts |
| EBIT margin | 3.1 | 3.2 | 3.4 | 0.2 pts | 0.3 pts | 3.1 | 3.3 | 0.2 pts |
| NPM | 3.1 | 3.3 | 3.3 | 0 pts | 0.3 pts | 3.0 | 3.3 | 0.3 pts |

| | | | | | | | | | |
|------------------------------|-------|-------|-------|----------|----------|-------|-------|----------|--|
| Rev segment breakdown | | | | | | | | | |
| Food | 2,842 | 2,984 | 3,014 | 1.0 | 6.0 | 4,030 | 4,499 | 11.7 | |
| Fresh food | 631 | 647 | 699 | 8.0 | 10.8 | 1,187 | 1,346 | 13.4 | |
| Non-food | 1,135 | 1,163 | 1,278 | 9.9 | 12.6 | 2,148 | 2,441 | 13.6 | |
| Gross profit | | | | | | | | | |
| Food | 662 | 741 | 757 | 2.2 | 14.4 | 1,284 | 1,498 | 16.7 | |
| Fresh food | 176 | 190 | 202 | 6.5 | 14.4 | 341 | 391 | 14.8 | |
| Non-food | 317 | 337 | 369 | 9.3 | 16.3 | 619 | 706 | 14.1 | |
| Gross margin | | | | | | | | | |
| Food | 23.3 | 24.8 | 25.1 | 0.3 pts | 1.8 pts | 32 | 33 | 1.4 pts | |
| Fresh food | 28.0 | 29.3 | 28.9 | -0.4 pts | 0.9 pts | 29 | 29 | 0.3 pts | |
| Non-food | 27.9 | 29.0 | 28.9 | -0.2 pts | 0.9 pts | 29 | 29 | 0.1 pts | |
| Rev breakdown | | | | | | | | | |
| Greater Jakarta | 2,175 | 2,199 | 2,236 | 1.7 | 2.8 | 4,089 | 4,435 | 8.5 | |
| Java ex-Greater Jakarta | 679 | 734 | 753 | 2.5 | 10.9 | 1,237 | 1,487 | 20.3 | |
| Ex-Java | 1,802 | 1,930 | 2,068 | 7.1 | 14.8 | 3,407 | 3,999 | 17.4 | |
| Segment breakdown | | | | | | | | | |
| Greater Jakarta | 124 | 106 | 122 | 15.3 | -1.8 | 255 | 228 | -10.4 | |
| Java ex-Greater Jakarta | 42 | 33 | 37 | 13.1 | -12.8 | 82 | 69 | -14.8 | |
| Ex-Java | 96 | 128 | 154 | 20.5 | 60.9 | 181 | 282 | 55.4 | |
| Segment margin | | | | | | | | | |
| Greater Jakarta | 5.7 | 4.8 | 5.5 | 0.6 pts | -0.3 pts | 6.2 | 5.1 | -1.1 pts | |
| Java ex-Greater Jakarta | 6.2 | 4.4 | 4.9 | 0.5 pts | -1.3 pts | 6.6 | 4.7 | -1.9 pts | |
| Ex-Java | 5.3 | 6.6 | 7.4 | 0.8 pts | 2.1 pts | 5.3 | 7.1 | 1.7 pts | |

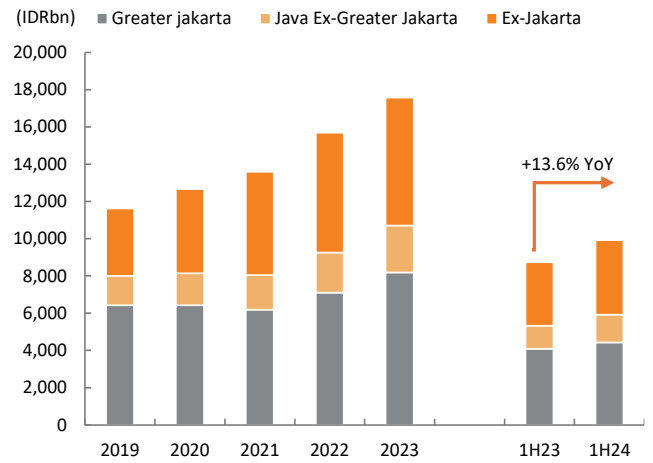
Source: Company data, Mirae Asset Sekuritas Indonesia

Figure 27. revenue by segment breakdown



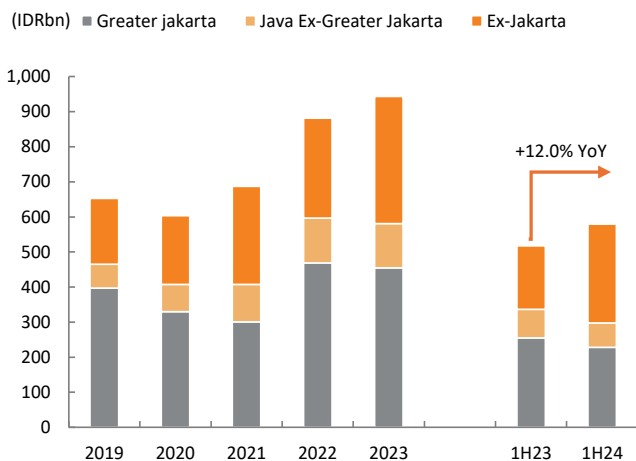
Source: Company data, Mirae Asset Sekuritas Indonesia Research

Figure 28. revenue by geo breakdown



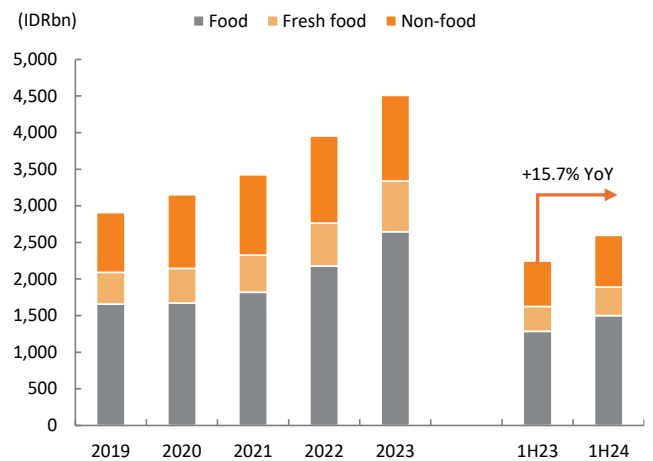
Source: Company data, Mirae Asset Sekuritas Indonesia Research

Figure 29. Segment income breakdown



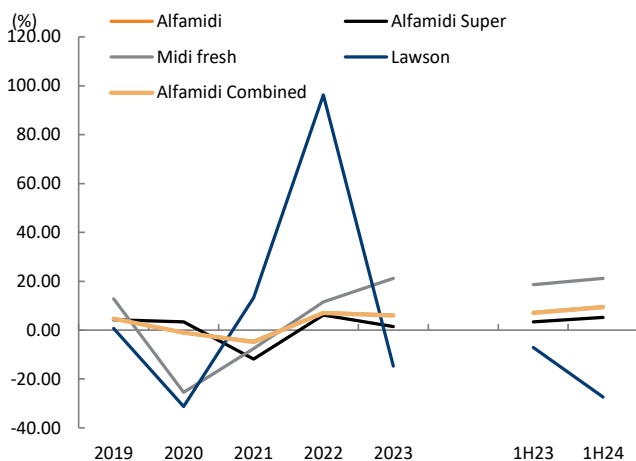
Source: Company data, Mirae Asset Sekuritas Indonesia Research

Figure 30. Gross profit by segment breakdown



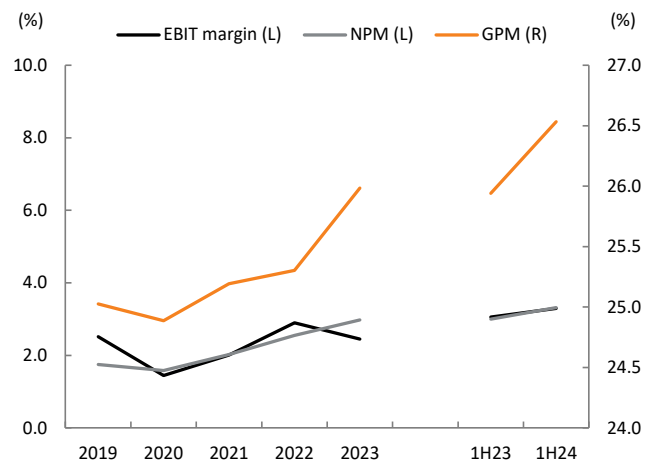
Source: Company data, Mirae Asset Sekuritas Indonesia Research

Figure 31. SSSG breakdown



Source: Company data, Mirae Asset Sekuritas Indonesia Research

Figure 32. margin breakdown



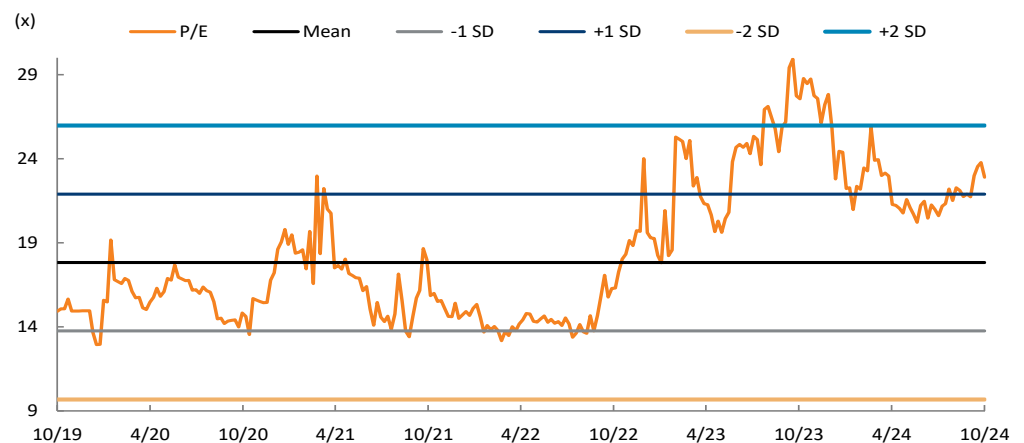
Source: Company data, Mirae Asset Sekuritas Indonesia Research

Valuation and recommendation

Initiate with Buy recommendation

We initiate to cover MIDI with initial target price of IDR540, based on 26.3x PE 2025F. Our TP were within the underlying assumptions of maintaining higher SSSG throughout 2025, and increasing profitability from closure of unproductive Lawson store (standalone and store-in-store format), and also pushing higher yielding items such as fresh food and non-food segment. We also believe that lower cost from expansion towards outside Java should be beneficial, as minimum wage growth and rental cost should be lower than Jakarta and Java. Additionally, maintaining its growth trajectory of additional minimum of 150 store/year should improve revenue growth on yearly basis. We also believe that with the current expansion towards outside Java should affect the GT/MT overall market share. Risk to call: 1) weak purchasing power; 2) higher rental/salary costs; 3) lower than expected SSSG; and 4) macroeconomic headwinds.

Figure 33. MIDI forward P/E band



Source: Mirae Asset Sekuritas Indonesia Research estimates

Table 3. Peers comparison in consumer sector

| Company | Ticker | Market cap* (IDRbn) | Rating | last price* (IDR) | Target price (IDR) | Upside (%) | P/E (x) | | ROE (%) | |
|----------------------------|--------|------------------------|-------------|----------------------|-----------------------|---------------|---------|-------|---------|-------|
| | | | | | | | 2024F | 2025F | 2024F | 2025F |
| Sumber Alfaria Trjaya | AMRT | 120,421 | Hold | 3,140 | 3,200 | 1.9 | 32.2 | 31.7 | 25.6 | 22.3 |
| Indofood CBP Sukses Makmur | ICBP | 132,946 | Trading Buy | 12,050 | 13,300 | 10.4 | 14.2 | 13.4 | 12.4 | 12.4 |
| Indofood Sukses Makmur | INDF | 58,829 | Hold | 7,025 | 7,500 | 6.8 | 5.8 | 5.4 | 12.4 | 12.4 |
| Unilever Indonesia | UNVR | 85,456 | Trading Buy | 2,280 | 2,700 | 18.4 | 16.6 | 16.1 | 140.9 | 127.7 |
| Cisarua Mountain Dairy | CMRY | 40,864 | Hold | 5,400 | 5,050 | -6.5 | 30.0 | 24.2 | 20.9 | 22.3 |
| Mayora Indah | MYOR | 58,803 | Buy | 2,620 | 3,270 | 24.8 | 18.6 | 16.8 | 19.4 | 19.1 |
| Midi Utama Indonesia | MIDI | 14,912 | Buy | 446 | 540 | 21.1 | 25.2 | 21.7 | 14.9 | 14.5 |

Note: Last price of 9th October, 2024

Source: Mirae Asset Sekuritas Indonesia Research

Midi Utama Indonesia (MIDI IJ)

Comprehensive Income Statement

| (IDRbn) | 12/22 | 12/23 | 12/24F | 12/25F |
|---------------------------------|---------------|---------------|---------------|---------------|
| Revenue | 15,624 | 17,351 | 19,696 | 22,137 |
| COGS | -11,670 | -12,843 | -14,516 | -16,315 |
| Gross profit | 3,953 | 4,509 | 5,180 | 5,822 |
| Opex | -3,500 | -4,084 | -4,615 | -5,187 |
| EBIT | 453 | 425 | 565 | 635 |
| Other income / (expenses) | 185 | 318 | 282 | 339 |
| Finance income/costs | -131 | -96 | -128 | -118 |
| Profit before income tax | 506 | 646 | 719 | 856 |
| Income tax expenses | -107 | -130 | -144 | -171 |
| Non-controlling interest | 0 | 0 | -52 | -23 |
| Net profit | 399 | 517 | 591 | 686 |

| Margin (%) | 12/22 | 12/23 | 12/24F | 12/25F |
|--------------|-------|-------|--------|--------|
| Gross profit | 25.3 | 26.0 | 26.3 | 26.3 |
| EBIT | 2.9 | 2.4 | 2.9 | 2.9 |
| Net profit | 2.6 | 3.0 | 3.0 | 3.1 |
| EBITDA | 8.0 | 7.4 | 8.0 | 8.0 |

| Growth (% YoY) | 12/22 | 12/23 | 12/24F | 12/25F |
|------------------|-------|-------|--------|--------|
| Revenue | 15.0 | 11.1 | 13.5 | 12.4 |
| Operating profit | 65.9 | -6.2 | 32.9 | 12.4 |
| EPS | 44.9 | 11.7 | 14.4 | 16.1 |
| EBITDA | 21.5 | 2.5 | 23.4 | 12.4 |

Cash Flows (Summarized)

| (IDRbn) | 12/22 | 12/23 | 12/24F | 12/25F |
|--|--------------|--------------|--------------|--------------|
| Cash Flows from Op. Activities | 1,293 | 1,318 | 1,343 | 1,727 |
| Net profit | 399 | 517 | 591 | 686 |
| Depreciation | 798 | 857 | 1,018 | 1,144 |
| Change in working capital | 15 | -9 | -310 | -126 |
| Others | 82 | -47 | 44 | 24 |
| Cash Flows from Inv. Activities | -438 | -896 | -705 | -763 |
| Capex | -427 | -846 | -654 | -719 |
| Others | -11 | -49 | -51 | -44 |
| Cash Flows from Fin. Activities | -682 | -513 | -603 | -935 |
| Change in liabilities | -133 | -1,488 | 84 | 110 |
| Change in equity | 0 | 1,405 | 0 | 0 |
| Dividends paid | 83 | 120 | 120 | 120 |
| Others | -632 | -549 | -807 | -1,165 |
| Increase (decrease) in cash | 173 | -90 | 35 | 30 |
| Beginning balance | 243 | 417 | 327 | 362 |
| Ending balance | 417 | 327 | 362 | 391 |

Note: Net profit refers to net profit attributable to controlling interests

Source: Company data, Mirae Asset Sekuritas Indonesia Research estimates

Balance sheet (Summarized)

| (IDRbn) | 12/22 | 12/23 | 12/24F | 12/25F |
|--------------------------------------|--------------|--------------|--------------|--------------|
| Current assets | | | | |
| Cash & equivalents | 417 | 327 | 362 | 391 |
| Receivables | 369 | 406 | 463 | 520 |
| Inventories | 2,008 | 2,330 | 2,540 | 2,855 |
| Others | 81 | 123 | 147 | 165 |
| Total current assets | 2,874 | 3,186 | 3,512 | 3,932 |
| Non-current assets | | | | |
| Fixed assets - net | 2,150 | 2,462 | 2,958 | 3,284 |
| Others | 1,881 | 2,139 | 2,283 | 2,423 |
| Total non-current assets | 4,031 | 4,600 | 5,241 | 5,706 |
| Total assets | 6,905 | 7,786 | 8,753 | 9,638 |
| Current liabilities | | | | |
| ST bank loans | 446 | 63 | 65 | 73 |
| Account payables | 1,706 | 2,050 | 2,016 | 2,266 |
| Other current liabilities | 1,615 | 1,250 | 1,325 | 1,489 |
| Total current liabilities | 3,767 | 3,363 | 3,406 | 3,828 |
| Non-current liabilities | | | | |
| Long-term financial liabilities | 1,152 | 511 | 572 | 643 |
| Others non-current liabilities | 0 | 0 | 0 | 0 |
| Total non-current liabilities | 1,152 | 511 | 572 | 643 |
| Total liabilities | 4,918 | 3,874 | 3,977 | 4,470 |
| Shareholders' equity | 1,986 | 3,740 | 4,137 | 4,534 |
| Non-controlling interests | 736 | 172,560 | 172,560 | 172,560 |
| Total liabilities and equity | 6,904 | 7,614 | 8,114 | 9,004 |

Forecasts/Valuations (Summarized)

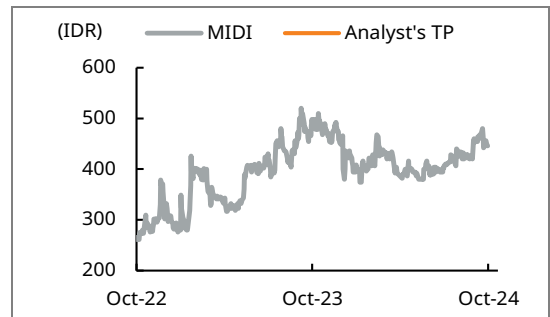
| | 12/22 | 12/23 | 12/24F | 12/25F |
|----------------------------------|-------|-------|--------|--------|
| P/E (x) | 32.2 | 28.9 | 25.2 | 21.7 |
| P/B (x) | 6.5 | 3.8 | 3.8 | 3.1 |
| EPS (IDR) | 13.8 | 15.5 | 17.7 | 20.5 |
| BPS (IDR) | 68.9 | 117.0 | 118.3 | 141.9 |
| Accounts receivable turnover (x) | 42.4 | 42.7 | 42.6 | 42.6 |
| Inventory turnover (x) | 5.8 | 5.5 | -5.7 | -5.7 |
| Accounts payable turnover (x) | 6.8 | 6.3 | 7.2 | 7.2 |
| ROA (%) | 5.8 | 6.6 | 6.8 | 7.1 |
| ROE (%) | 20.1 | 13.2 | 14.9 | 14.5 |
| Current ratio (x) | 0.8 | 0.9 | 1.0 | 1.0 |

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

| Company | Date | Rating | TP (IDR) |
|--------------------------------|------------|--------|----------|
| Midi Utama Indonesia (MIDI IJ) | 10/11/2024 | Buy | 540 |



Stock ratings

| | |
|-------------|--|
| Buy | Expected 12-month performance: +20% or greater |
| Trading Buy | Expected 12-month performance: +10% to +20% |
| Hold | Expected 12-month performance: -10% to +10% |
| Sell | Expected 12-month performance: -10% or worse |

Sector ratings

| | |
|-------------|--|
| Overweight | Expected to outperform the market over 12 months |
| Neutral | Expected to perform in line with the market over 12 months |
| Underweight | Expected to underperform the market over 12 months |

Rating and TP history: Share price (—), TP (—), Not Rated (■), Buy (▲), Trading Buy (■), Hold (●), Sell (◆)

* Our investment rating is a guide to the expected return of the stock over the next 12 months.

* Outside of the official ratings of PT Mirae Asset Sekuritas Indonesia, analysts may call trading opportunities should technical or short-term material developments arise.

* The TP was determined by the research analyst through valuation methods discussed in this report, in part based on estimates of future earnings.

* TP achievement may be impeded by risks related to the subject securities and companies, as well as general market and economic conditions.

Disclosures

As of the publication date, PT Mirae Asset Sekuritas Indonesia ("MASID") and/or its affiliates do not have any special interest in the subject company and do not own 1% or more of the subject company's shares outstanding.

Analyst certification

The research analysts who prepared this report (the "Analysts") are certified to the Indonesia Financial Services Authority and are subject to Indonesian Capital Market regulations. They are neither registered as research analysts in any other jurisdiction nor subject to the laws or regulations thereof. Each Analyst responsible for the preparation of this report certifies that (i) all views expressed in this report accurately reflect the personal views of the Analyst about any and all of the issuers and securities named in this report; (ii) no part of the compensation of the Analyst was, is, or will be directly or indirectly related to the specific recommendations or views contained in this report; and (iii) The report does not contain any material non-public information. Except as otherwise specified herein, the Analysts have not received any compensation or any other benefits from the subject companies in the past 12 months and have not been promised the same in connection with this report. Like all employees of MASID, the Analysts receive compensation that is determined by overall firm profitability, which includes revenues from, among other business units, the institutional equities, investment banking, proprietary trading, and etc. At the time of publication of this report, the Analysts do not know or have reason to know of any actual, material conflict of interest of the Analyst or MASID except as otherwise stated herein.

Disclaimers

This report was prepared by MASID, a broker-dealer registered in the Republic of Indonesia and a member of the Indonesia Stock Exchange; on behalf of MASID and its affiliated companies and is provided for information purposes only. Information and opinions contained herein have been compiled in good faith and from sources believed to be reliable, but such information has not been independently verified and MASID (including but not limited to the Analyst, respective employees who owns the expertise) makes no guarantee, representation or warranty, express or implied, as to the fairness, accuracy, completeness, or correctness of the information and opinions contained herein or of any translation into English from the Indonesia language or as to any information contained in this report or any other such information or opinions remaining unchanged after the issue thereof. In case of an English translation of a report prepared in the Indonesia language, the original Indonesian language report may have been made available to investors in advance of this report. The intended recipients of this report are sophisticated institutional investors who have substantial knowledge of the local business environment, its common practices, laws, and accounting principles, and no person whose receipt or use of this report would violate any laws or regulations or subject MASID or any of its affiliates to registration or licensing requirements in any jurisdiction shall receive or make any use hereof.

This report is for general information purposes only and is not and shall not be construed as an offer or a solicitation of an offer to effect transactions in any securities or other financial instruments. The report does not constitute investment advice to any person, and such person shall not be treated as a client of MASID by virtue of receiving this report. This report does not take into account the particular investment objectives, financial situations, or needs of individual clients. The report is not to be relied upon in substitution for the exercise of independent judgment. Information and opinions contained herein are as of the date hereof and are subject to change without notice. The price and value of the investments referred to in this report and the income from them may depreciate or appreciate, and investors may incur losses on investments. Past performance is not a guide to future performance. Future returns are not guaranteed, and a loss of original capital may occur. Please note that the graphs, charts, formulae, or other devices set out or referred to in this document cannot, in and of itself, be used to determine in deciding which securities to buy or sell, or when to buy or sell a securities. MASID, its affiliates, and their directors, officers, employees, and agents do not accept any liability (express or implied) for any loss arising out of the use hereof and howsoever arising (including, but not limited for any claims, proceeding, action, suits, losses, expenses, damages or costs) which may be brought against or suffered by any person as a result of acting in reliance upon the whole or any part of the contents of this report.

MASID may have issued other reports that are inconsistent with, and reach different conclusions from, the opinions presented in this report. The reports may reflect different assumptions, views, and analytical methods of the analysts who prepared them. MASID may make investment decisions that are inconsistent with the opinions and views expressed in this research report. MASID, its affiliates, and their directors, officers, employees, and agents may

have long or short positions in any of the subject securities at any time and may make a purchase or sale, or offer to make a purchase or sale, of any such securities or other financial instruments from time to time in the open market or otherwise, in each case either as principals or agents. MASID and its affiliates may have had, or may be expecting to enter into, business relationships with the subject companies to provide investment banking, market-making, or other financial services as are permitted under the applicable laws and regulations. In considering any investments you should make your own independent assessment and seek your own professional financial and legal advisors. Should you choose not to seek such advice, you should consider carefully whether the securities is suitable for you.

No part of this document may be copied or reproduced in any manner or form or redistributed or published, in whole or in part, without the prior written consent of MASID. The media is not allowed to quote this report in any article whether in full or in parts without permission from MASID. For further information regarding company-specific information as it pertains to the representations and disclosures in this Appendix 1, please contact researchteam@miraeasset.co.id or +62 (21) 5088-7000.

Distribution

United Kingdom: This report is being distributed by Mirae Asset Securities (UK) Ltd. in the United Kingdom only to (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), and (ii) high net worth companies and other persons to whom it may lawfully be communicated, falling within Article 49(2)(A) to (E) of the Order (all such persons together being referred to as "Relevant Persons"). This report is directed only at Relevant Persons. Any person who is not a Relevant Person should not act or rely on this report or any of its contents.

United States: MASID is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This report is distributed in the U.S. by Mirae Asset Securities (USA) Inc., a member of FINRA/SIPC, to "major U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6(b)(4) under the U.S. Securities Exchange Act of 1934, as amended. All U.S. persons that receive this document by their acceptance hereof represent and warrant that they are a major U.S. institutional investor and have not received this report under any express or implied understanding that they will direct commission income to MASID or its affiliates. Any U.S. recipient of this document wishing to effect a transaction in any securities discussed herein should contact and place orders with Mirae Asset Securities (USA) Inc. Mirae Asset Securities (USA) Inc. accepts responsibility for the contents of this report in the U.S., subject to the terms hereof, to the extent that it is delivered to a U.S. person other than a major U.S. institutional investor. Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through MASID. The securities described in this report may not have been registered under the U.S. Securities Act of 1933, as amended, and, in such case, may not be offered or sold in the U.S. or to U.S. persons absent registration or an applicable exemption from the registration requirements.

Hong Kong: This report is distributed in Hong Kong by Mirae Asset Securities (HK) Limited, which is regulated by the Hong Kong Securities and Futures Commission. The contents of this report have not been reviewed by any regulatory authority in Hong Kong. This report is for distribution only to professional investors within the meaning of Part I of Schedule 1 to the Securities and Futures Ordinance of Hong Kong (Cap. 571, Laws of Hong Kong) and any rules made thereunder and may not be redistributed in whole or in part in Hong Kong to any person.

India: This report is being distributed by Mirae Asset Capital Markets (India) Private Limited ("MACM") in India to the customers based in India and is personal information only for those authorised recipient(s). MACM is inter alia a Securities and Exchange Board of India ("SEBI") registered Research Analyst in India and is not registered outside India. MACM and Mirae Asset, Korea are group entities. MACM makes no guarantee, representation or warranty, express or implied, as to the fairness, accuracy, completeness or correctness of the information and opinions contained herein. The user assumes the entire risk of any use made of this information. This report has been provided for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. Recipient must read the entire Appendix 1 to the report carefully for Important Disclosures & Disclaimers.

All other jurisdictions: Customers in all other countries who wish to effect a transaction in any securities referenced in this report should contact MASID or its affiliates only if distribution to or use by such customer of this report would not violate applicable laws and regulations and not subject MASID and its affiliates to any registration or licensing requirement within such jurisdiction.

Mirae Asset Securities International Network

Mirae Asset Securities Co., Ltd. (Seoul)

One-Asia Equity Sales Team
Mirae Asset Center 1 Building
26 Eulji-ro 5-gil, Jung-gu, Seoul 04539
Korea

Tel: 82-2-3774-2124

Mirae Asset Securities (USA) Inc.

810 Seventh Avenue, 37th Floor
New York, NY 10019
USA

Tel: 1-212-407-1000

Mirae Asset Securities (Singapore) Pte. Ltd.

6 Battery Road, #11-01
Singapore 049909
Republic of Singapore

Tel: 65-6671-9845

Mirae Asset Investment Advisory (Beijing) Co., Ltd

2401B, 24th Floor, East Tower, Twin Towers
B12 Jianguomenwai Avenue, Chaoyang District
Beijing 100022
China

Tel: 86-10-6567-9699

Ho Chi Minh Representative Office

7F, Saigon Royal Building
91 Pasteur St.
District 1, Ben Nghe Ward, Ho Chi Minh City
Vietnam

Tel: 84-8-3910-7715

Mirae Asset Securities (HK) Ltd.

Units 8501, 8507-8508, 85/F
International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong
Tel: 852-2845-6332

Mirae Asset Wealth Management (Brazil) CCTVM

Rua Funchal, 418, 18th Floor, E-Tower Building
Vila Olimpia
Sao Paulo - SP
04551-060
Brazil
Tel: 55-11-2789-2100

Mirae Asset Securities (Vietnam) LLC

7F, Saigon Royal Building
91 Pasteur St.
District 1, Ben Nghe Ward, Ho Chi Minh City
Vietnam

Tel: 84-8-3911-0633 (ext.110)

Beijing Representative Office

2401A, 24th Floor, East Tower, Twin Towers
B12 Jianguomenwai Avenue, Chaoyang District
Beijing 100022
China

Tel: 86-10-6567-9699 (ext. 3300)

Mirae Asset Capital Markets (India) Pvt Ltd

1st Floor, Tower 4, Equinox Business Park,
LBS Marg, Off BKC, Kurla (West), Mumbai - 400 070
India

Tel: 91-22-62661300 / 48821300

Mirae Asset Securities (UK) Ltd.

41st Floor, Tower 42
25 Old Broad Street,
London EC2N 1HQ
United Kingdom

Tel: 44-20-7982-8000

PT. Mirae Asset Sekuritas Indonesia

District 8, Treasury Tower Building Lt. 50
Sudirman Central Business District
Jl. Jend. Sudirman, Kav. 52-54
Jakarta Selatan 12190
Indonesia
Tel: 62-21-5088-7000

Mirae Asset Securities Mongolia UTsk LLC

#406, Blue Sky Tower, Peace Avenue 17
1 Khoroov, Sukhbaatar District
Ulaanbaatar 14240
Mongolia

Tel: 976-7011-0806

Shanghai Representative Office

38T31, 38F, Shanghai World Financial Center
100 Century Avenue, Pudong New Area
Shanghai 200120
China

Tel: 86-21-5013-6392
