

PT. Indofood CBP Sukses Makmur Tbk.

Consumer Goods, Food and Beverage
11 April 2023

Price IDR. 10,075
Target IDR. 12,300
JKSE Index 6,771.230



Stock code

Bloomberg code ICBP IJ
Market cap (in Bn) 117,202
52-week high 10,600
52-week low 7,050
Free Float (%) 19.47%

Major Share Holders (%)

PT Indofood Sukses Makmur Tbk 80.53%
Public 19.47%

USD/IDR-YE

2022 15,592
2023F (6m-avg) 15,199

Analyst:
Eka Rahmawati Rahman

Investment Considerations

BUY

Maintained double-digit growth

- ICBP maintained double-digit sales growth of +12% YoY but sales were lower -2.6% QoQ to IDR 15.8 trillion with an improved margin in 4Q2022. For 2022, ICBP booked revenue of IDR 64.79 trillion with double digit growth of +14% YoY. Domestic sales contributed IDR 46.2 trillion with +12.2% growth while export sales to the Middle East and Africa grew by +14.5% to IDR 14.94 trillion.
- Sales of noodles grew by +14.5% YoY but declined -3.9% QoQ, to IDR 11.7 trillion with a higher EBIT margin of 26.1% due to higher prices and volumes while commodity cost pressure eased.
- Dairy sales declined by -5.9% YoY but were higher +10.1% QoQ to IDR 2.2 with a higher EBIT margin of 10% from 3.2% in 3Q2022 due to higher selling prices while volumes declined.
- Snack Food sales grew faster than others, +24.7% YoY or +7.4% QoQ to IDR 1.05 trillion. The snack food EBIT margin increased to 10.4% from 4.9% last year.
- Beverage sales grew by +11% YoY but were lower -9.2% QoQ to IDR 376 billion with a lower EBIT margin of 2.4% from 5.7% in 3Q2022.
- Food Seasoning sales grew by +24.6% YoY but declined -13.7% QoQ to IDR 724 billion while the margin recovered to 11.1%.
- Nutrition & special foods sales increased +8.5% YoY or +15.9% QoQ to IDR 308 billion but with a lower EBIT margin of 7.3%.
- Demand growth from Lebaran and fasting in March – April will boost ICBP performance in 1Q2023. We maintain our double-digit sales growth target for this year at +12% to IDR 72.33 trillion.

4Q2022 Result: Margin Improvement continues

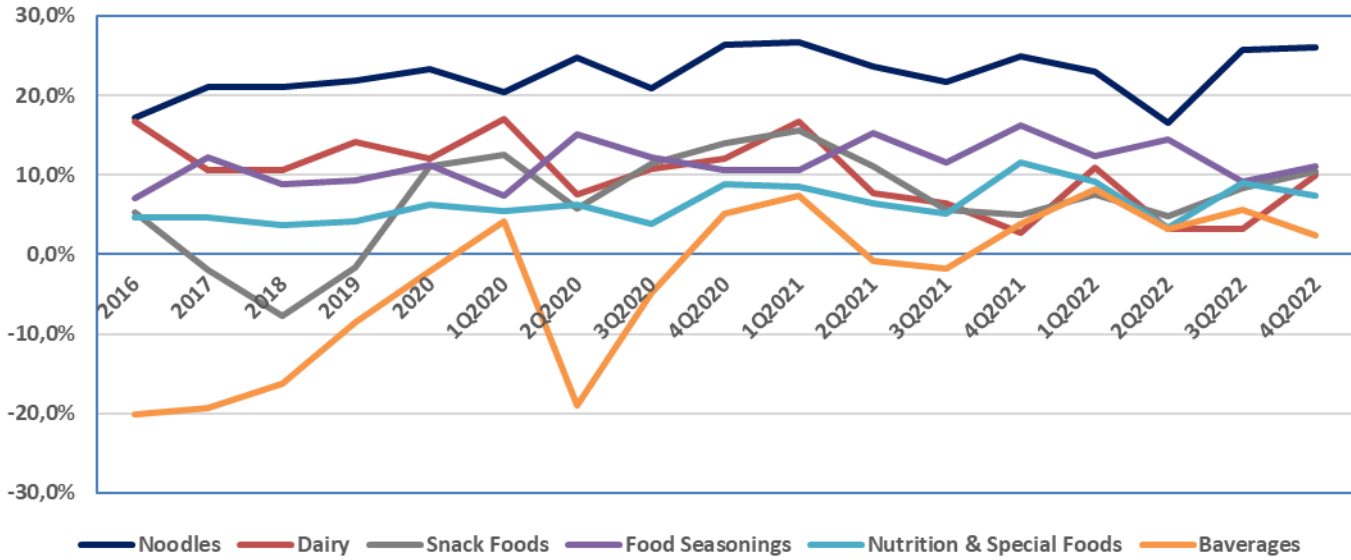
- The margin improvement continued in 4Q2022 due to lower commodity prices and higher selling prices.
- The cost of goods sold decreased by -6.1% QoQ but was still higher +6.8% YoY at IDR 10.08 trillion. As a result, ICBP's gross profit increased by +22.4% YoY or +4% QoQ to IDR 5.8 trillion in 4Q2022. This resulted in a higher GPM of 36.5%.
- Net profit decreased -9.9% YoY in 4Q2022 due to an IDR 1.33 trillion forex loss in 4Q2022 from a gain in 4Q2021. As a result, profit before tax was lower by -9.2% YoY or -5.5% QoQ to IDR 2.03 trillion.
- We expect higher margins in 1H2023 from higher volumes and higher selling prices. We are targeting net profit to reach IDR 7.71 trillion for 2023F which is +68% growth.

Valuation: Maintain Buy TP to 12,300

- We are upgrading our one year ICBP target price to IDR 12,300 which is 22% upside, and a 20X PE valuation. Maintain BUY.

Financial Highlights	2019A	2020A	2021A	2022A	2023F	2024F
Net Sales (IDR Bn)	42.297	46.641	56.804	64.798	72.337	81.864
EBITDA (IDR Bn)	8.626	11.742	13.027	15.040	15.960	17.556
Net Profit (IDR Bn)	5.039	6.587	6.388	4.588	7.711	8.727
EPS (IDR)	432	565	548	393	609	639
PER (x)	26	17	16	26	20	19
PBV (x)	5	4	3	3	4	4
GPM (%)	34%	37%	36%	34%	35%	35%
OPM (%)	17%	20%	21%	21%	22%	22%
ROE (%)	20%	22%	19%	13%	21%	23%
ROA (%)	13%	6%	5%	4%	7%	7%

Chart: EBIT Margin by Segment YoY



Source: Company & Binaartha

Table: Income Statement in IDR. Billion QoQ & YoY

Income Statement (in IDR Bn)	1Q2022	2Q2022	3Q2022	4Q2022	QoQ	4Q2021	YoY
Net Sales	17.188	15.404	16.316	15.889	-2,6%	14.182	12,0%
Cost of Sales	-11.312	-10.879	-10.732	-10.082	-6,1%	-9.436	6,8%
Gross Profit	5.876	4.526	5.585	5.806	4,0%	4.745	22,4%
Operating Expense	-2.342	-2.180	-1.912	-1.980	3,6%	-1.911	3,6%
Operating income	3.534	2.346	3.672	3.826	4,2%	2.834	35,0%
Other Income	-772	-1.773	-1.517	-1.789	17,9%	-592	202,0%
PBT	2.762	572	2.155	2.037	-5,5%	2.242	-9,2%
Taxes	-508	-415	-486	-395	-18,7%	-424	-6,8%
NIAT	2.254	157	1.669	1.642	-1,7%	1.818	-9,7%
Minority Interest	-316	-166	-290	-364	25,6%	-400	-9,0%
Net Profit	1.938	-9	1.380	1.278	-7,4%	1.419	-9,9%
EPS (in IDR)	166	-1	118	110	-7,4%	122	-9,9%
GPM (%)	34,2%	29,4%	34,2%	36,5%		33,5%	
OPM (%)	20,6%	15,2%	22,5%	24,1%		20,0%	
NPM (%)	11,3%	-0,1%	8,5%	8,0%		10,0%	

Source: Company & Binaartha

Table: Income Statement in IDR. Billion YoY

Income Statement (in IDR Bn)	2019 A	2020 A	2021 A	2022 A	2023 F	2024 F
Net Sales	42.297	46.641	56.804	64.798	72.337	81.864
Cost of Sales	-27.892	-29.417	-36.526	-43.005	-47.019	-53.212
Gross Profit	14.405	17.224	20.277	21.792	25.318	28.652
Operating Expense	-7.004	-8.023	-8.619	-8.415	-9.404	-10.642
Operating income	7.401	9.201	11.659	13.378	15.914	18.010
Other Income	37	758	-1.723	-5.852	-4.340	-4.912
PBT	7.438	9.959	9.935	7.526	11.574	13.098
Taxes	-2.077	-2.540	-2.035	-1.803	-2.778	-3.144
NIAT	5.361	7.419	7.900	5.723	8.796	9.955
Minority Interest	-321	-832	-1.512	-1.135	-1.085	-1.228
Net Profit	5.039	6.587	6.388	4.588	7.711	8.727
EPS (in IDR)	432	565	548	393	609	639
EBITDA	8.626	11.742	13.027	15.040	15.960	17.556

Source: Company & Binaartha

Table: Cash Flow in IDR. Billion YoY

Cash Flow (in IDR.bn)	2019A	2020A	2021A	2022A	2023F	2024F
+ Net Income	5.039	6.587	6.388	4.588	7.711	8.727
+Depreciation	1.027	1.112	1.126	1.329	1.329	1.451
- Change in WC	450	-295	7.281	-10.572	203	283
Cash From Operating Activities	6.516	7.404	14.795	-4.655	9.244	10.460
Change in Non-current Asset	-2.865	-61.900	-2.322	-1.495	-3.283	-500
cash from investing activities	-2.865	-61.900	-2.322	-1.495	-3.283	-500
Long-term debt	850	29.071	9.966	3.478	-2.000	-4.000
Other Long term liabilities	207	9.542	-9.613	-126	35	67
equity	-1.076	17.060	-1.983	-1.839	-6.401	-4.326
cash from financing activities	-18	55.672	-1.631	1.513	-8.367	-8.259
Net Changes in Cash	3.633	1.176	10.842	-4.637	-2.406	1.701
Beginning Balance	4.727	8.359	9.535	20.378	15.741	13.335
Ending balance	8.359	9.535	20.378	15.741	13.335	15.037

Source: Company & Binaartha

Table: Statement of Financial Position in IDR. Billion YoY

Statement of Financial Position (in IDR Bn)	2017A	2019A	2020A	2021A	2022A	2023F	2024F
ASSETS							
CURRENT ASSETS							
Cash and Cash Equivalents	8.797	8.359	9.535	20.378	15.741	13.335	15.037
Trade Accounts Receivable	4.126	4.132	5.747	6.834	6.875	7.675	7.941
Inventories	3.262	3.841	4.587	5.857	7.132	7.276	8.023
Others Current Assets	395	293	847	928	1.322	1.324	1.502
Total Current Assets	16.579	16.625	20.716	33.998	31.070	29.611	32.502
NONCURRENT ASSETS							
Fixed Assets	8.120	11.342	13.351	14.176	14.521	15.850	17.301
Long-term Investment	2.645	3.890	10.645	11.069	11.169	12.469	14.725
Other Noncurrent Assets	4.275	6.851	58.876	58.825	58.545	57.870	53.212
Total Noncurrent Assets	15.040	22.084	82.872	84.069	84.235	86.189	85.237
TOTAL ASSETS	31.619	38.709	103.588	118.067	115.306	115.799	117.739
LIABILITIES AND EQUITY							
LIABILITIES							
CURRENT LIABILITIES							
Short-term Bank Loans	921	703	725	838	1.312	1.447	1.637
Trade Account Payable	3.519	3.258	3.907	4.552	3.703	4.134	4.678
Others Current Liabilities	2.387	2.596	4.544	13.507	5.019	5.603	6.340
Total Current Liabilities	6.828	6.556	9.176	18.896	10.034	11.183	12.656
NONCURRENT LIABILITIES							
Long-term debt	955	1.702	30.773	40.738	44.216	42.216	38.216
Others Noncurrent Liabilities	3.513	3.780	13.321	3.708	3.582	3.617	3.684
Total Noncurrent Liabilities	4.468	5.482	44.094	44.447	47.799	45.833	41.900
TOTAL LIABILITIES	11.295	12.038	53.270	63.343	57.832	57.016	54.556
Non-controlling interest	761	1.370	20.888	20.842	20.954	21.701	24.559
EQUITY	19.563	25.301	29.430	33.881	36.518	37.081	38.624
TOTAL LIABILITIES & EQUITY	31.619	38.709	103.588	118.066	115.305	115.799	117.739

Source: Company & Binaartha

Table: Ratio Highlights YoY

	2019A	2020A	2021A	2022A	2023F	2024F
Growth (% YoY)						
Sales	10,1%	10,3%	21,8%	14,1%	11,6%	13,2%
OP	14,8%	24,3%	26,7%	14,7%	19,0%	13,2%
EBITDA	14,8%	36,1%	10,9%	15,5%	6,1%	10,0%
NP	10,1%	30,7%	-3,0%	-28,2%	68,1%	13,2%
EPS	10,1%	30,7%	-3,0%	-28,2%	54,8%	4,9%
Profitability						
Gross Margin	34,1%	36,9%	35,7%	33,6%	35,0%	35,0%
Operating Margin(%)	17,5%	19,7%	20,5%	20,6%	22,0%	22,0%
EBITDA margin(%)	20,4%	25,2%	22,9%	23,2%	22,1%	21,4%
NET Profit margin(%)	11,9%	14,1%	11,2%	7,1%	10,7%	10,7%
ROA(%)	13,0%	6,4%	5,4%	4,0%	6,7%	7,4%
ROE(%)	19,9%	22,4%	18,9%	12,6%	20,8%	22,6%
Solvability (x)						
Tot. debt/ Tot.equity	0,48	1,81	1,87	1,58	1,54	1,41
Debt Ratio	3,22	1,94	1,86	1,99	2,03	2,16
Liquidity (x)						
Current Ratio	2,54	2,26	1,80	3,10	2,65	2,57
Cash Ratio	1,27	1,04	1,08	1,57	1,19	1,19
Per Share data (IDR)						
EPS	432	565	548	393	609	639
PER	26	17	16	26	20	19
PBV	5	4	3	3	4	4
EBITDA/share	740	1.007	1.117	1.290	1.260	1.285

Source: Company & Binaartha

Stock Ratings:

Buy : a recommendation to purchase the security with upside potential of **20% or greater**

Hold : a recommendation to neither buy nor sell a security with upside potential of **0-19%**.

Sell : a recommendation to close out a long position in a security with upside potential **below 0% or negative**.

RESEARCH TEAM
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