

**PT. Indofood CBP Sukses Makmur Tbk.**

**BUY**

Consumer Goods, Food and Beverage  
11 August 2023

Price IDR. 11,450  
Target IDR. 14,300  
JKSE Index 6,771.230



**Stock code**

Bloomberg code ICBP IJ  
Market cap (in Bn) 133,529  
52-week high 11,925  
52-week low 8,125  
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) 15,030

Analyst:  
Eka Rahmawati Rahman

**Investment Considerations**

**Sales experienced a quarterly decrease**

- In 2Q2023, ICBP's sales recorded a decline of -0.4% YoY or -19.9% QoQ, amounting to IDR 15.3 trillion. This decline was primarily due to stagnant sales volume, except for a decrease in the dairy segment. Domestic sales contributed IDR 25.1 trillion, with a growth of +6.2%. Meanwhile, Other Asia sustained a double-digit growth of 36.6% YoY, totaling IDR 786 billion. Export sales to the Middle East and Africa also exhibited growth, increasing by +1.5% YoY, reaching IDR 7.5 trillion in 2Q2023. For 1H2023, ICBP maintained a robust double-digit sales growth of +21.4% YoY, reaching IDR 34.5 trillion.
- Noodle sales remained steady YoY, yet decreased by -19.3% QoQ to IDR 11.3 trillion. Despite this, the EBIT margin increased to 25.4%, up from last year's 16.6%. Snack Food sales sustained positive growth of +2.8% YoY, but experienced a decline of -16.3% QoQ to IDR 949 billion. The EBIT margin also increased to 7.6% from 4.9% last year. Beverage sales remained constant at IDR 389 billion, achieving a higher EBIT margin of 12.2% compared to 3.3% in 2Q2022.
- Dairy sales encountered an -11% YoY drop, or -19.3% QoQ, amounting to IDR 2.17 trillion. However, the EBIT margin increased to 5.8% from 3.2% in 2Q2022 due to a decline in volumes. Food Seasoning sales decreased by -3.2% YoY, or -38% QoQ, totaling IDR 783 billion, with a decline in the margin to 13.2%.
- Nutrition & special foods sales increased by +8.5% YoY to IDR 293 billion, accompanied by a higher EBIT margin of 6.3%.

**Maintaining impressive profit growth**

- Despite the flat YoY sales in 2Q2023, the cost of goods sold decreased by -10.2% YoY or -19.8% QoQ, attributed to a -21% YoY decrease in raw material costs. Consequently, ICBP's gross profit increased by +23% YoY, albeit declining -20% QoQ to IDR 5.57 trillion, with an improved YoY GPM of 36.3%.
- Net profit decreased by -55% QoQ, but still showed an improvement compared to a loss of IDR 1.77 trillion in 2Q2022, thanks to a higher forex gain of IDR 113 billion in 2Q2023. This resulted in a lower profit before tax by -48% QoQ, but still representing a remarkable increase of 399% YoY to IDR 2.8 trillion. Notably, the NPM stands at 11.5%.
- For 1H2023, ICBP achieved triple-digit profit growth of +196.7% to IDR 5.73 trillion, largely driven by a higher forex gain of IDR 1.9 trillion.
- Looking ahead, we expect higher margins in 2H2023 due to increased demand and a downtrend in commodity prices.

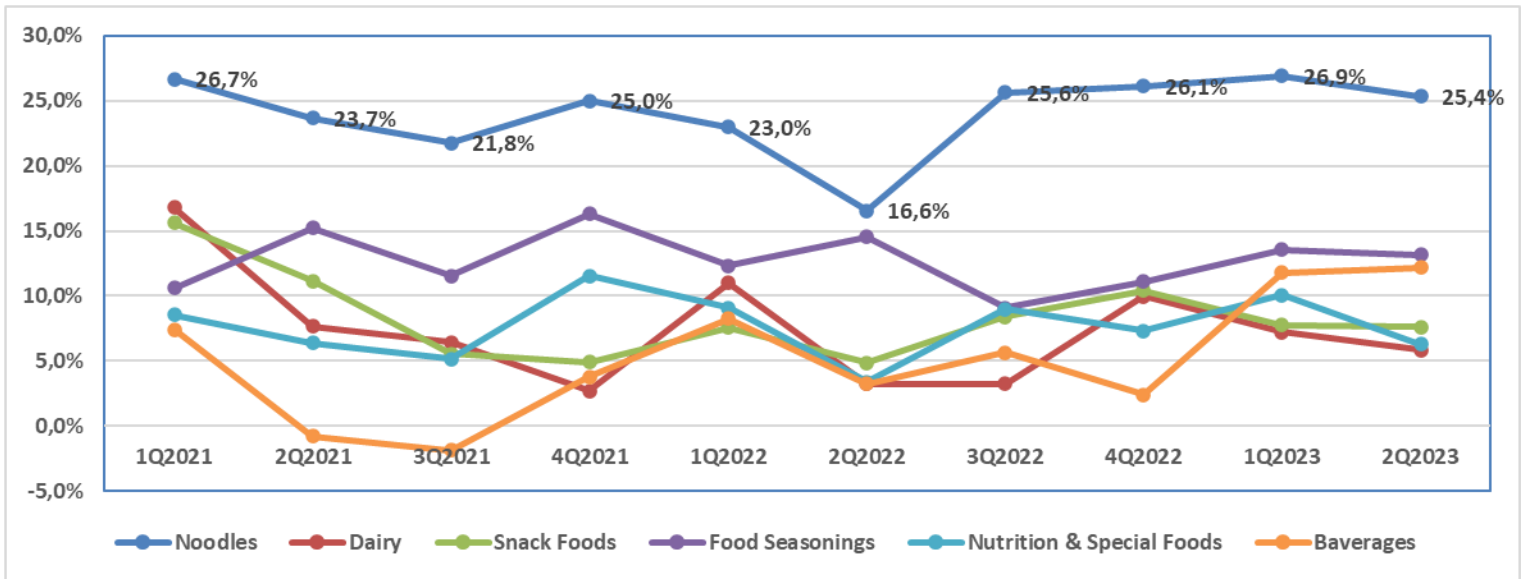
**Valuation: Maintain Buy rating with TP to 14,300**

- Our price target for ICBP is set at IDR 14,300, reflecting a potential upside of 25% and a 19X PE valuation within a year. We uphold our recommendation to BUY.

Financial Highlights	2020A	2021A	2022A	2023F	2024F
Net Sales (IDR Bn)	46.641	56.804	64.798	72.337	81.864
EBITDA (IDR Bn)	11.742	13.027	15.040	17.857	18.823
Net Profit (IDR Bn)	6.587	6.388	4.588	8.858	9.762
EPS (IDR)	565	548	393	760	837
PER (x)	17	16	26	19	17
PBV (x)	4	3	3	4	4
GPM (%)	37%	36%	34%	36%	36%
OPM (%)	20%	21%	21%	20%	21%
ROE (%)	22%	19%	13%	24%	25%
ROA (%)	6%	5%	4%	7%	8%

Source: Company and Binaartha

Chart: EBIT Margin by Segment YoY



Source: Company & Binaartha

Table: Income Statement in IDR. Billion QoQ & YoY

Income Statement ( in IDR Bn)	1Q2023	2Q2023	QoQ	2Q2022	YoY	1H2022	1H2023	YoY
Net Sales	19.143	15.336	-19,9%	15.404	-0,4%	32.593	34.479	5,8%
Cost of Sales	-12.182	-9.766	-19,8%	-10.879	-10,2%	-22.191	-21.948	-1,1%
<b>Gross Profit</b>	<b>6.961</b>	<b>5.570</b>	<b>-20,0%</b>	<b>4.526</b>	<b>23,1%</b>	<b>10.402</b>	<b>12.530</b>	<b>20,5%</b>
Operating Expense	-2.968	-2.464	-17,0%	-2.180	13,0%	-4.522	-5.433	20,1%
<b>Operating income</b>	<b>3.992</b>	<b>3.105</b>	<b>-22,2%</b>	<b>2.346</b>	<b>32,4%</b>	<b>5.879</b>	<b>7.098</b>	<b>20,7%</b>
Other Income	1.514	-249	-116,4%	-1.773	-86,0%	-2.545	1.265	-149,7%
<b>PBT</b>	<b>5.506</b>	<b>2.857</b>	<b>-48,1%</b>	<b>572</b>	<b>399,2%</b>	<b>3.334</b>	<b>8.363</b>	<b>150,8%</b>
Taxes	-1.178	-726	-38,4%	-415	75,0%	-923	-1.905	106,4%
<b>NIAT</b>	<b>4.328</b>	<b>2.131</b>	<b>-50,8%</b>	<b>157</b>	<b>1255,4%</b>	<b>2.411</b>	<b>6.459</b>	<b>167,8%</b>
Minority Interest	-374	-360	-3,7%	-166	117,0%	-482	-733	52,3%
<b>Net Profit</b>	<b>3.954</b>	<b>1.771</b>	<b>-55,2%</b>	<b>-9</b>		<b>1.930</b>	<b>5.725</b>	<b>196,7%</b>
<b>EPS (in IDR)</b>	<b>339</b>	<b>152</b>	<b>-55,2%</b>	<b>-1</b>		<b>165</b>	<b>491</b>	<b>196,7%</b>
<b>GPM (%)</b>	<b>36,4%</b>	<b>36,3%</b>		<b>29,4%</b>		<b>31,9%</b>	<b>36,3%</b>	
<b>OPM (%)</b>	<b>20,9%</b>	<b>20,2%</b>		<b>15,2%</b>		<b>18,0%</b>	<b>20,6%</b>	
<b>NPM (%)</b>	<b>20,7%</b>	<b>11,5%</b>		<b>-0,1%</b>		<b>5,9%</b>	<b>16,6%</b>	

Source: Company & Binaartha

Table: Income Statement in IDR. Billion YoY

Income Statement ( in IDR Bn)	2020 A	2021 A	2022 A	2023 F	2024 F
Net Sales	46.641	56.804	64.798	72.337	81.864
Cost of Sales	-29.417	-36.526	-43.005	-46.296	-52.393
Gross Profit	17.224	20.277	21.792	26.041	29.471
Operating Expense	-8.023	-8.619	-8.415	-11.574	-12.280
Operating income	9.201	11.659	13.378	14.467	17.191
Other Income	758	-1.723	-5.852	-1.085	-2.865
PBT	9.959	9.935	7.526	13.382	14.326
Taxes	-2.540	-2.035	-1.803	-3.078	-3.008
NIAT	7.419	7.900	5.723	10.304	11.318
Minority Interest	-832	-1.512	-1.135	-1.447	-1.555
Net Profit	6.587	6.388	4.588	8.858	9.762
EPS (in IDR)	565	548	393	760	837
EBITDA	11.742	13.027	15.040	17.857	18.823

Source: Company &amp; Binaartha

Table: Cash Flow in IDR. Billion YoY

Cash Flow (in IDR.bn)	2020A	2021A	2022A	2023F	2024F
+ Net Income	6.587	6.388	4.588	8.858	9.762
+Depreciation	1.112	1.126	1.329	1.329	1.451
- Change in WC	-295	7.281	-10.572	387	2.308
<b>Cash From Operating Activities</b>	<b>7.404</b>	<b>14.795</b>	<b>-4.655</b>	<b>10.574</b>	<b>13.521</b>
Change in Non-current Asset	-61.900	-2.322	-1.495	-8.175	288
<b>cash from investing activities</b>	<b>-61.900</b>	<b>-2.322</b>	<b>-1.495</b>	<b>-8.175</b>	<b>288</b>
Long-term debt	29.071	9.966	3.478	0	-2.000
Other Long term liabilities	9.542	-9.613	-126	35	67
equity	17.060	-1.983	-1.839	-7.548	-5.133
<b>cash from financing activities</b>	<b>55.672</b>	<b>-1.631</b>	<b>1.513</b>	<b>-7.513</b>	<b>-7.066</b>
<b>Net Changes in Cash</b>	<b>1.176</b>	<b>10.842</b>	<b>-4.637</b>	<b>-5.114</b>	<b>6.744</b>
<b>Beginning Balance</b>	<b>8.359</b>	<b>9.535</b>	<b>20.378</b>	<b>15.741</b>	<b>10.627</b>
<b>Ending balance</b>	<b>9.535</b>	<b>20.378</b>	<b>15.741</b>	<b>10.627</b>	<b>17.371</b>

Source: Company &amp; Binaartha

Table: Statement of Financial Position in IDR. Billion YoY

Statement of Financial Position (in IDR Bn)	2020A	2021A	2022A	2023F	2024F
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and Cash Equivalents	9.535	20.378	15.741	10.627	17.371
Trade Accounts Receivable	5.747	6.834	6.875	9.404	9.824
Inventories	4.587	5.857	7.132	6.510	6.549
Others Current Assets	847	928	1.322	2.532	1.957
<b>Total Current Assets</b>	<b>20.716</b>	<b>33.998</b>	<b>31.070</b>	<b>29.073</b>	<b>35.701</b>
<b>NONCURRENT ASSETS</b>					
Fixed Assets	13.351	14.176	14.521	15.850	17.301
Long-term Investment	10.645	11.069	11.169	13.744	10.642
Other Noncurrent Assets	58.876	58.825	58.545	61.486	61.398
<b>Total Noncurrent Assets</b>	<b>82.872</b>	<b>84.069</b>	<b>84.235</b>	<b>91.081</b>	<b>89.341</b>
<b>TOTAL ASSETS</b>	<b>103.588</b>	<b>118.067</b>	<b>115.306</b>	<b>120.154</b>	<b>125.043</b>
<b>LIABILITIES AND EQUITY</b>					
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Short-term Bank Loans	725	838	1.312	723	1.228
Trade Account Payable	3.907	4.552	3.703	4.134	4.678
Others Current Liabilities	4.544	13.507	5.019	8.680	9.824
<b>Total Current Liabilities</b>	<b>9.176</b>	<b>18.896</b>	<b>10.034</b>	<b>13.538</b>	<b>15.730</b>
<b>NONCURRENT LIABILITIES</b>					
Long-term debt	30.773	40.738	44.216	44.216	42.216
Others Noncurrent Liabilities	13.321	3.708	3.582	3.617	3.684
<b>Total Noncurrent Liabilities</b>	<b>44.094</b>	<b>44.447</b>	<b>47.799</b>	<b>47.833</b>	<b>45.900</b>
<b>TOTAL LIABILITIES</b>	<b>53.270</b>	<b>63.343</b>	<b>57.832</b>	<b>61.371</b>	<b>61.630</b>
Non-controlling interest	20.888	20.842	20.954	21.701	24.559
<b>EQUITY</b>	<b>29.430</b>	<b>33.881</b>	<b>36.518</b>	<b>37.081</b>	<b>38.853</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>103.588</b>	<b>118.066</b>	<b>115.305</b>	<b>120.153</b>	<b>125.042</b>

Source: Company &amp; Binaartha

Table: Ratio Highlights YoY

	2020A	2021A	2022A	2023F	2024F
<b>Growth (% YoY)</b>					
Sales	10,3%	21,8%	14,1%	11,6%	13,2%
OP	24,3%	26,7%	14,7%	8,1%	18,8%
EBITDA	36,1%	10,9%	15,5%	18,7%	5,4%
NP	30,7%	-3,0%	-28,2%	93,1%	10,2%
EPS	30,7%	-3,0%	-28,2%	93,1%	10,2%
<b>Profitability</b>					
Gross Margin	36,9%	35,7%	33,6%	36,0%	36,0%
Operating Margin(%)	19,7%	20,5%	20,6%	20,0%	21,0%
EBITDA margin(%)	25,2%	22,9%	23,2%	24,7%	23,0%
NET Profit margin(%)	14,1%	11,2%	7,1%	12,2%	11,9%
ROA(%)	6,4%	5,4%	4,0%	7,4%	7,8%
ROE(%)	22,4%	18,9%	12,6%	23,9%	25,1%
<b>Solvability (x)</b>					
Tot. debt/ Tot.equity	1,81	1,87	1,58	1,66	1,59
Debt Ratio	1,94	1,86	1,99	1,96	2,03
<b>Liquidity (x)</b>					
Current Ratio	2,26	1,80	3,10	2,15	2,27
Cash Ratio	1,04	1,08	1,57	0,78	1,10
<b>Per Share data (IDR)</b>					
EPS	565	548	393	760	837
PER	17	16	26	19	17
PBV	4	3	3	4	4
EBITDA/share	1.007	1.117	1.290	1.531	1.614

Source: Company &amp; 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**  
**(62 21) 520 6678 ext. 611**

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