

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

**BUY**

**Investment Considerations**

**Strong sales growth**

- In 3Q2022, ICBP maintained double-digit sales growth of +13% YoY or +6% QoQ (IDR 16.3 trillion) with an improved margin. For 9M2022, ICBP booked revenue of IDR 48.9 trillion with sales to the Middle East and Africa growing by +16.5% to IDR 10.86 trillion, while domestic sales grew by +12,5% YoY to IDR 35.5 trillion.
- Sales of noodles grew by +16% YoY, or +8% QoQ, to IDR 12.2 trillion with a higher EBIT margin of 25.6% due to higher price and volume.
- Beverage sales grew by +25% YoY and +7% QoQ to IDR 414 billion with a higher EBIT margin of 5.7%.
- Sales of Snack Foods saw an increase of +9% YoY or +6% QoQ to IDR 981 billion. The snack food EBIT margin increased to 8.4% from 5.6% last year.
- Food Seasoning sales grew by +32% YoY growth or +4% QoQ to IDR 839 billion while the margin declined to 9.1%.
- Dairy sales declined by -10% YoY or -18% QoQ to IDR 2.01 with a flat QoQ EBIT margin of 3.2% due to higher skim milk powder prices.
- Nutrition & special foods sales also declined by -1% YoY to IDR 266 billion but with a higher EBIT margins of 9%.
- Higher prices and lower raw material costs in 3Q2022 has helped to improve margins. We maintain our double-digit sales growth target for this year at +15% to IDR 65.2 trillion.

**3Q2022 Result: Margin Improvement**

- Amid lower commodity prices (wheat, CPO, and skimmed milk powder) ICBP booked an improved margin in 3Q2022.
- After a loss in 2Q2022, ICBP booked a profit of IDR 1.38 trillion in 3Q2022. The net profit margin improved to 8.5% in 3Q2022. For 9M2022, the profit still decreased compared to last year by -58.3% to IDR 3.3 trillion, due to the loss in 2Q2022, with a lower NPM at 6.8%.
- The cost of goods sold decreased slightly by -1.4% QoQ to IDR 10.7 trillion. As a result, ICBP's gross profit increased by +23.4% QoQ or +9.5 YoY to IDR 5.58 trillion in 3Q2022. This resulted in a higher GPM of 34.2%.
- The USD to IDR fluctuations still weigh on the bottom line profit and ICBP booked higher foreign exchange losses in 3Q2022 of IDR 1.08 trillion from a gain in 3Q2021. As a result, profit before tax was lower by -19% YoY but higher by +277% QoQ to IDR 2.15 trillion.
- We expect the company's net profit to reach IDR 5.54 trillion for 2022F, which is a decrease of -13.2% YoY.

**Valuation: Upgrade TP to 12,750**

- As the previous ICBP target has been reached, we are upgrading our ICBP's target price to IDR 12,750 which is 26% upside, and a 22x PE valuation within one year. Maintain BUY.

Consumer Goods, Food and Beverage  
12 December 2022

Price IDR. 10,150  
Target IDR. 12,750  
JKSE Index 6,715.118



**Stock code**

Bloomberg code ICBP IJ  
Market cap (in Bn) 118,300  
52-week high 10,350  
52-week low 7,050  
6-m avg.dail.val (IDR) 8,378  
Free Float (%) 19.47%

**Major Share Holders (%)**

PT Indofood Sukses Makmur Tbk 80.53%  
Public 19.47%

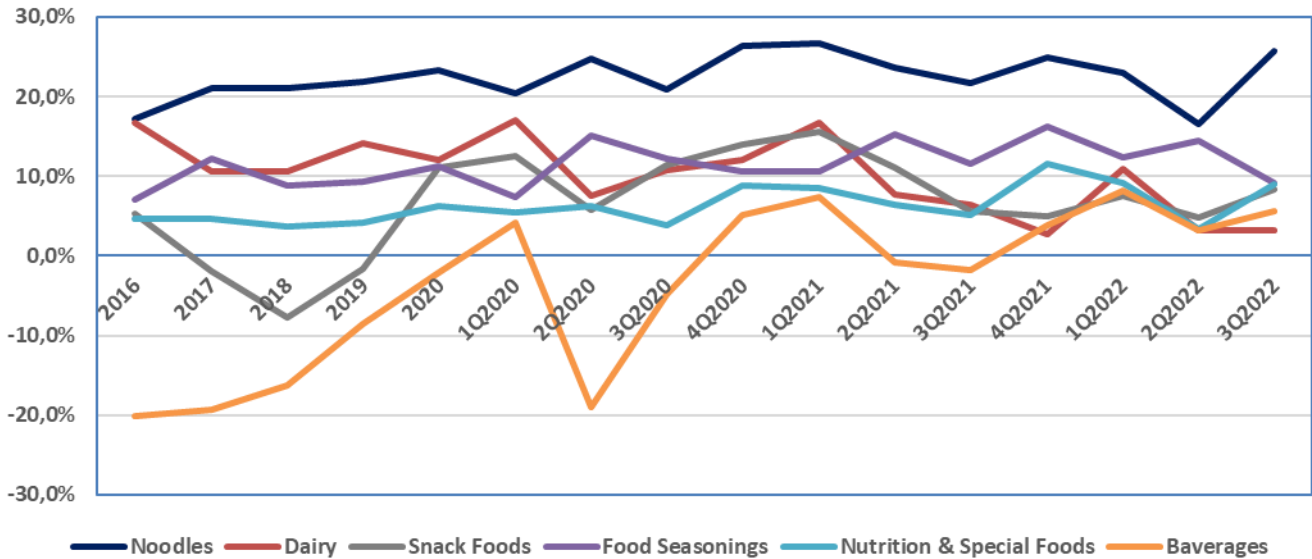
**USD/IDR-YE**

2021 14,310  
2022F (6m-avg) 15,631

Analyst:  
Eka Rahmawati Rahman

Financial Highlights	2017A	2018A	2019A	2020A	2021A	2022F	2023F
Net Sales (IDR Bn)	35.606	38.413	42.297	46.641	56.804	65.179	71.898
EBITDA (IDR Bn)	6.035	7.513	8.626	11.742	13.027	12.519	15.178
Net Profit (IDR Bn)	3.796	4.576	5.039	6.587	6.388	5.547	7.503
EPS (IDR)	326	392	432	565	548	476	593
GPM (%)	31%	32%	34%	37%	36%	34%	34%
OPM (%)	15%	17%	17%	20%	21%	21%	21%
ROE (%)	19%	21%	20%	22%	19%	16%	21%
ROA (%)	12%	13%	13%	6%	5%	5%	6%

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	QoQ	3Q2021	YoY	9M2021	9M2022	YoY
<b>Net Sales</b>	<b>17.188</b>	<b>15.404</b>	<b>16.316</b>	<b>5,9%</b>	<b>14.423</b>	<b>13,1%</b>	<b>42.622</b>	<b>48.909</b>	<b>-66,6%</b>
Cost of Sales	-11.312	-10.879	-10.732	-1,4%	-9.324	15,1%	-27.090	-32.923	-67,4%
<b>Gross Profit</b>	<b>5.876</b>	<b>4.526</b>	<b>5.585</b>	<b>23,4%</b>	<b>5.099</b>	<b>9,5%</b>	<b>15.532</b>	<b>15.986</b>	<b>-65,1%</b>
Operating Expense	-2.342	-2.180	-1.912	-12,3%	-2.636	-27,5%	-6.708	-6.434	-70,3%
<b>Operating income</b>	<b>3.534</b>	<b>2.346</b>	<b>3.672</b>	<b>56,6%</b>	<b>2.463</b>	<b>49,1%</b>	<b>8.824</b>	<b>9.552</b>	<b>-61,6%</b>
Other Income	-772	-1.773	-1.517	-14,4%	206	-838,0%	-1.131	-4.063	-62,7%
<b>PBT</b>	<b>2.762</b>	<b>572</b>	<b>2.155</b>	<b>276,6%</b>	<b>2.669</b>	<b>-19,3%</b>	<b>7.693</b>	<b>5.489</b>	<b>-60,7%</b>
Taxes	-508	-415	-486	17,0%	-552	-12,0%	-1.611	-1.408	-65,5%
<b>NIAT</b>	<b>2.254</b>	<b>157</b>	<b>1.669</b>	<b>962,0%</b>	<b>2.117</b>	<b>-21,2%</b>	<b>6.082</b>	<b>4.081</b>	<b>-59,1%</b>
Minority Interest	-316	-166	-290	74,7%	-369	-21,5%	-1.112	-771	-62,4%
<b>Net Profit</b>	<b>1.938</b>	<b>-9</b>	<b>1.380</b>		<b>1.748</b>	<b>-21,1%</b>	<b>4.970</b>	<b>3.310</b>	<b>-58,3%</b>
<b>EPS (in IDR)</b>	<b>166</b>	<b>-1</b>	<b>118</b>		<b>150</b>	<b>-21,1%</b>	<b>426</b>	<b>284</b>	<b>-58,3%</b>
<b>GPM (%)</b>	<b>34,2%</b>	<b>29,4%</b>	<b>34,2%</b>		<b>35,4%</b>		<b>36,4%</b>	<b>32,7%</b>	
<b>OPM (%)</b>	<b>20,6%</b>	<b>15,2%</b>	<b>22,5%</b>		<b>17,1%</b>		<b>20,7%</b>	<b>19,5%</b>	
<b>NPM (%)</b>	<b>11,3%</b>	<b>-0,1%</b>	<b>8,5%</b>		<b>12,1%</b>		<b>11,7%</b>	<b>6,8%</b>	

Source: Company & Binaartha

Table: Income Statement in IDR. Billion YoY

Income Statement ( in IDR Bn)	2016 A	2017 A	2018 A	2019 A	2020 A	2021 A	2022 F	2023 F
<b>Net Sales</b>	<b>34.375</b>	<b>35.606</b>	<b>38.413</b>	<b>42.297</b>	<b>46.641</b>	<b>56.804</b>	<b>65.179</b>	<b>71.898</b>
Cost of Sales	-23.607	-24.548	-26.148	-27.892	-29.417	-36.526	-43.018	-47.453
<b>Gross Profit</b>	<b>10.768</b>	<b>11.058</b>	<b>12.266</b>	<b>14.405</b>	<b>17.224</b>	<b>20.277</b>	<b>22.161</b>	<b>24.445</b>
Operating Expense	-5.904	-5.837	-5.818	-7.004	-8.023	-8.619	-8.473	-9.347
<b>Operating income</b>	<b>4.864</b>	<b>5.221</b>	<b>6.448</b>	<b>7.401</b>	<b>9.201</b>	<b>11.659</b>	<b>13.688</b>	<b>15.099</b>
Other Income	125	-15	-1	37	758	-1.723	-5.214	-3.954
<b>PBT</b>	<b>4.989</b>	<b>5.206</b>	<b>6.447</b>	<b>7.438</b>	<b>9.959</b>	<b>9.935</b>	<b>8.473</b>	<b>11.144</b>
Taxes	-1.358	-1.663	-1.788	-2.077	-2.540	-2.035	-1.949	-2.563
<b>NIAT</b>	<b>3.631</b>	<b>3.543</b>	<b>4.659</b>	<b>5.361</b>	<b>7.419</b>	<b>7.900</b>	<b>6.524</b>	<b>8.581</b>
Minority Interest	-31	253	-83	-321	-832	-1.512	-978	-1.078
<b>Net Profit</b>	<b>3.600</b>	<b>3.796</b>	<b>4.576</b>	<b>5.039</b>	<b>6.587</b>	<b>6.388</b>	<b>5.547</b>	<b>7.503</b>
<b>EPS (in IDR)</b>	<b>309</b>	<b>326</b>	<b>392</b>	<b>432</b>	<b>565</b>	<b>548</b>	<b>476</b>	<b>593</b>
<b>EBITDA</b>	<b>5.773</b>	<b>6.035</b>	<b>7.513</b>	<b>8.626</b>	<b>11.742</b>	<b>13.027</b>	<b>12.519</b>	<b>15.178</b>

Source: Company &amp; Binaartha

Table: Cash Flow in IDR. Billion YoY

Cash Flow (in IDR.bn)	2017A	2018A	2019A	2020A	2021A	2022F	2023F
+ Net Income	3.796	4.576	5.039	6.587	6.388	5.547	7.503
+Depreciation	675	841	1.027	1.112	1.126	1.126	1.215
- Change in WC	-225	-1.204	450	-295	7.281	-3.451	1.698
<b>Cash From Operating Activities</b>	<b>4.246</b>	<b>4.213</b>	<b>6.516</b>	<b>7.404</b>	<b>14.795</b>	<b>3.221</b>	<b>10.416</b>
Change in Non-current Asset	-2.385	-6.047	-2.865	-61.900	-2.322	-1.447	-925
<b>cash from investing activities</b>	<b>-2.385</b>	<b>-6.047</b>	<b>-2.865</b>	<b>-61.900</b>	<b>-2.322</b>	<b>-1.447</b>	<b>-925</b>
Long-term debt	83	-103	850	29.071	9.966	-328	-1.586
Other Long term liabilities	454	60	207	9.542	-9.613	72	-185
equity	-1.973	-2.192	-1.076	17.060	-1.983	-3.602	-6.475
<b>cash from financing activities</b>	<b>-1.437</b>	<b>-2.235</b>	<b>-18</b>	<b>55.672</b>	<b>-1.631</b>	<b>-3.857</b>	<b>-8.246</b>
<b>Net Changes in Cash</b>	<b>424</b>	<b>-4.069</b>	<b>3.633</b>	<b>1.176</b>	<b>10.842</b>	<b>-2.084</b>	<b>1.244</b>
<b>Beginning Balance</b>	<b>8.372</b>	<b>8.797</b>	<b>4.727</b>	<b>8.359</b>	<b>9.535</b>	<b>20.378</b>	<b>18.294</b>
<b>Ending balance</b>	<b>8.796</b>	<b>4.727</b>	<b>8.359</b>	<b>9.535</b>	<b>20.378</b>	<b>18.294</b>	<b>19.538</b>

Source: Company &amp; Binaartha

Table: Statement of Financial Position in IDR. Billion YoY

Statement of Financial Position (in IDR Bn)	2017A	2018A	2019A	2020A	2021A	2022F	2023F
<b>ASSETS</b>							
<b>CURRENT ASSETS</b>							
Cash and Cash Equivalents	8.797	4.727	8.359	9.535	20.378	18.294	19.538
Trade Accounts Receivable	4.126	4.271	4.132	5.747	6.834	5.214	5.392
Inventories	3.262	4.001	3.841	4.587	5.857	5.866	6.471
Others Current Assets	395	1.122	293	847	928	782	791
<b>Total Current Assets</b>	<b>16.579</b>	<b>14.122</b>	<b>16.625</b>	<b>20.716</b>	<b>33.998</b>	<b>30.156</b>	<b>32.192</b>
<b>NONCURRENT ASSETS</b>							
Fixed Assets	8.120	10.742	11.342	13.351	14.176	15.301	16.516
Long-term Investment	2.645	2.705	3.890	10.645	11.069	11.080	10.066
Other Noncurrent Assets	4.275	6.799	6.851	58.876	58.825	58.009	57.519
<b>Total Noncurrent Assets</b>	<b>15.040</b>	<b>20.246</b>	<b>22.084</b>	<b>82.872</b>	<b>84.069</b>	<b>84.391</b>	<b>84.101</b>
<b>TOTAL ASSETS</b>	<b>31.619</b>	<b>34.367</b>	<b>38.709</b>	<b>103.588</b>	<b>118.067</b>	<b>114.547</b>	<b>116.293</b>
<b>LIABILITIES AND EQUITY</b>							
<b>LIABILITIES</b>							
<b>CURRENT LIABILITIES</b>							
Short-term Bank Loans	921	1.058	703	725	838	1.304	1.438
Trade Account Payable	3.519	3.706	3.258	3.907	4.552	4.563	4.673
Others Current Liabilities	2.387	2.471	2.596	4.544	13.507	7.821	10.066
<b>Total Current Liabilities</b>	<b>6.828</b>	<b>7.235</b>	<b>6.556</b>	<b>9.176</b>	<b>18.896</b>	<b>13.688</b>	<b>16.177</b>
<b>NONCURRENT LIABILITIES</b>							
Long-term debt	955	852	1.702	30.773	40.738	40.411	38.825
Others Noncurrent Liabilities	3.513	3.573	3.780	13.321	3.708	3.780	3.595
<b>Total Noncurrent Liabilities</b>	<b>4.468</b>	<b>4.425</b>	<b>5.482</b>	<b>44.094</b>	<b>44.447</b>	<b>44.191</b>	<b>42.420</b>
<b>TOTAL LIABILITIES</b>	<b>11.295</b>	<b>11.660</b>	<b>12.038</b>	<b>53.270</b>	<b>63.343</b>	<b>57.879</b>	<b>58.597</b>
Non-controlling interest	761	1.088	1.370	20.888	20.842	21.509	21.570
<b>EQUITY</b>	<b>19.563</b>	<b>21.619</b>	<b>25.301</b>	<b>29.430</b>	<b>33.881</b>	<b>35.159</b>	<b>36.126</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>31.619</b>	<b>34.367</b>	<b>38.709</b>	<b>103.588</b>	<b>118.066</b>	<b>114.547</b>	<b>116.293</b>

Source: Company &amp; Binaartha

Table: Ratio Highlights YoY

	2017A	2018A	2019A	2020A	2021A	2022F	2023F
<b>Growth (% YoY)</b>							
Sales	3,6%	7,9%	10,1%	10,3%	21,8%	14,7%	10,3%
OP	7,3%	23,5%	14,8%	24,3%	26,7%	17,4%	10,3%
EBITDA	4,5%	24,5%	14,8%	36,1%	10,9%	-3,9%	21,2%
NP	5,4%	20,5%	10,1%	30,7%	-3,0%	-13,2%	35,3%
EPS	5,4%	20,5%	10,1%	30,7%	-3,0%	-13,2%	24,6%
<b>Profitability</b>							
Gross Margin	31,1%	31,9%	34,1%	36,9%	35,7%	34,0%	34,0%
Operating Margin(%)	14,7%	16,8%	17,5%	19,7%	20,5%	21,0%	21,0%
EBITDA margin(%)	16,9%	19,6%	20,4%	25,2%	22,9%	19,2%	21,1%
NET Profit margin(%)	10,7%	11,9%	11,9%	14,1%	11,2%	8,5%	10,4%
ROA(%)	12,0%	13,3%	13,0%	6,4%	5,4%	4,8%	6,5%
ROE(%)	19,4%	21,2%	19,9%	22,4%	18,9%	15,8%	20,8%
<b>Solvability (x)</b>							
Tot. debt/ Tot.equity	0,58	0,54	0,48	1,81	1,87	1,65	1,62
Debt Ratio	2,80	2,95	3,22	1,94	1,86	1,98	1,98
<b>Liquidity (x)</b>							
Current Ratio	2,43	1,95	2,54	2,26	1,80	2,20	1,99
Cash Ratio	1,29	0,65	1,27	1,04	1,08	1,34	1,21
<b>Per Share data (IDR)</b>							
EPS	326	392	432	565	548	476	593
BV	1.678	1.854	2.170	2.524	2.905	3.015	2.853
EBITDA/share	517	644	740	1.007	1.117	1.073	1.199

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**  
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