

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

Consumer Goods, Food and Beverage  
14 April 2022

Price IDR. 7,325  
Target IDR. 9,885  
JKSE Index 7,262.777



**Stock code**

Bloomberg code ICBP IJ  
Market cap (in Bn) 85,131  
52-week high 9,425  
52-week low 7,200  
6-m avg.dail.val (IDR) 8,532  
Free Float (%) 19.47%

**Major Share Holders (%)**

PT Indofood Sukses Makmur Tbk 80.53%  
Public 19.47%

**USD/IDR-YE**

2021 14,300  
2022F (6m-avg) 14,305

Analyst:  
Eka Rahmawati Rahman

**Investment Considerations**

**BUY**

**Sales lower quarterly**

- ICBP booked double digit sales growth of +11.3% YoY but sales were lower -1.7% QoQ to IDR 14.2 trillion in 4Q2021, while higher raw material prices (wheat, skim milk powder, CPO) in 4Q2021 weighed on margins.
- Noodles sales grew +13% YoY but were lower by -2.7% QoQ to IDR 10.2 trillion and the EBIT margin declined from 26.4% last year to 25% due to the rising raw material costs.
- Dairy and beverage sales both grew YoY and QoQ to IDR 2.35 trillion and IDR 339 billion respectively, but both also had lower EBIT margins which decreased to 2.7% and 3.8% due to higher skim milk powder prices.
- Snack Food sales were IDR 846 billion which is an increase of +6.5% YoY but lower -6.2% QoQ. The snack food EBIT margin also decreased to 4.9% from 14.1% last year.
- Food Seasoning sales decreased -1% YoY or -8.6% QoQ to IDR 581 billion with a higher EBIT margin of 16.3% from 10.6% last year.
- Nutrition & Special Food sales decreased -2% YoY but increased +5.3% QoQ to IDR 284 billion with a higher EBIT margin of 11.5%.
- For 2021FY, ICBP maintained double digit growth of +22% YoY to IDR 56.8 trillion, which is +99.2% in line with our forecast.
- We maintain our double-digit sales growth target for this year of +16% to IDR 65.6 trillion.

**Lower Margins**

- Because of higher raw material costs, ICBP margins were lower in 4Q2021.
- ICBP booked a profit of IDR 1.4 trillion, down by -46% YoY or -18.8% QoQ with a lower net profit margin of 10% from 21% in 4Q2020.
- For 2021FY, ICBP net profit slightly decreased -3% YoY to IDR 6.38 trillion with a lower NPM of 11.2% from 14.1%.
- Cost of goods sold increased +20% YoY or +1.2% QoQ from the increase in raw material prices. As a result ICBP gross profit decreased -3% YoY or -7% QoQ to IDR 4.75 trillion in 4Q2021. This resulted in a lower GPM from 38.4% in 4Q2020 to 33.5% in 4Q2021.
- For 2021, the gross profit margin also decreased to 35.7% from 36.9%.
- As rising prices for most raw materials will continue in 2022F, we expect the margin will contract further and target net profit to reach IDR 7.5 trillion for 2022F.

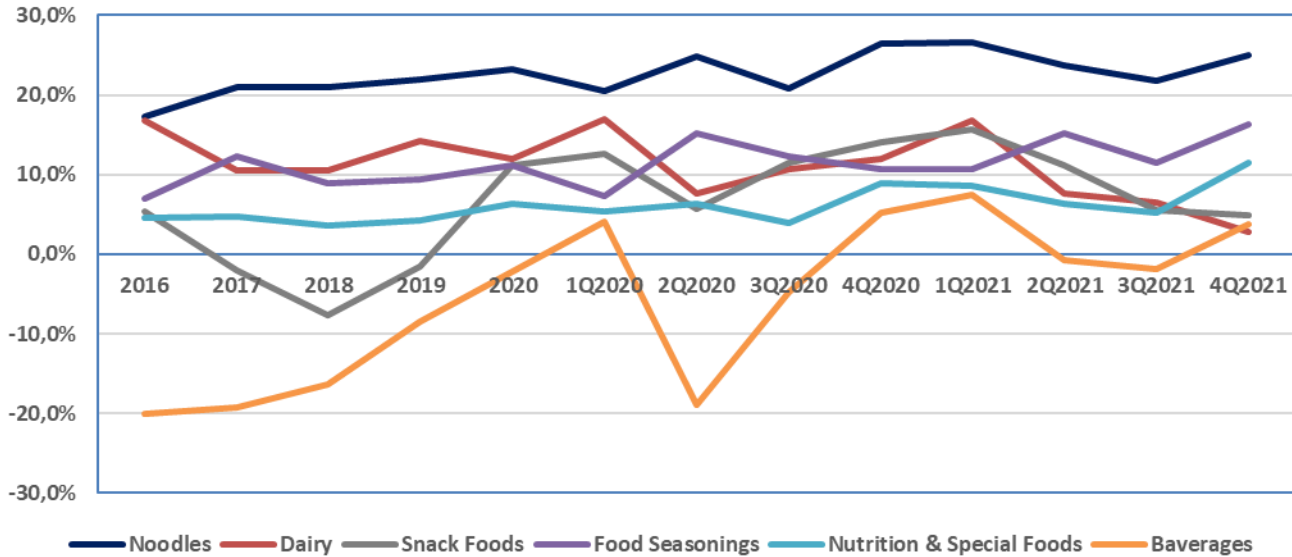
**Valuation: Maintain BUY with TP 9,885**

- We are targeting ICBP to reach IDR 9,885 or 35% upside, which is a 14x PE valuation within one year. Maintain BUY.

Financial Highlights	2017A	2018A	2019A	2020A	2021A	2022F	2023F
Net Sales (IDR Bn)	35.606	38.413	42.297	46.641	56.804	65.622	77.004
EBITDA (IDR Bn)	6.035	7.513	8.626	11.742	13.027	15.855	17.959
Net Profit (IDR Bn)	3.796	4.576	5.039	6.587	6.388	7.573	8.886
EPS (IDR)	326	392	432	565	548	649	702
GPM (%)	31%	32%	34%	37%	36%	36%	36%
OPM (%)	15%	17%	17%	20%	21%	21%	21%
ROE (%)	19%	21%	20%	22%	19%	22%	24%
ROA (%)	12%	13%	13%	6%	5%	6%	7%

Source: Company and Binaartha

Chart: EBIT Margin by Segment YoY



Source: Company &amp; Binaartha

Table: Income Statement in IDR. Billion QoQ &amp; YoY

Income Statement ( in IDR Bn)	1Q2021	2Q2021	3Q2021	4Q2021	QoQ	4Q2020	YoY
<b>Net Sales</b>	<b>15.092</b>	<b>13.107</b>	<b>14.423</b>	<b>14.182</b>	<b>-1,7%</b>	<b>12.744</b>	<b>11,3%</b>
Cost of Sales	-9.221	-8.546	-9.324	-9.436	1,2%	-7.849	20,2%
<b>Gross Profit</b>	<b>5.872</b>	<b>4.561</b>	<b>5.099</b>	<b>4.745</b>	<b>-6,9%</b>	<b>4.895</b>	<b>-3,1%</b>
Operating Expense	-2.053	-2.019	-2.636	-1.911	-27,5%	-2.119	-9,8%
<b>Operating income</b>	<b>3.819</b>	<b>2.543</b>	<b>2.463</b>	<b>2.834</b>	<b>15,1%</b>	<b>2.776</b>	<b>2,1%</b>
Other Income	-1.170	-167	206	-592	-388,1%	1.439	-141,2%
<b>PBT</b>	<b>2.648</b>	<b>2.376</b>	<b>2.669</b>	<b>2.242</b>	<b>-16,0%</b>	<b>4.215</b>	<b>-46,8%</b>
Taxes	-520	-540	-552	-424	-23,2%	-1.134	-62,7%
<b>NIAT</b>	<b>2.129</b>	<b>1.836</b>	<b>2.117</b>	<b>1.818</b>	<b>-14,1%</b>	<b>3.081</b>	<b>-41,0%</b>
Minority Interest	-392	-351	-369	-400		-457	-12,5%
<b>Net Profit</b>	<b>1.737</b>	<b>1.485</b>	<b>1.748</b>	<b>1.419</b>	<b>-18,8%</b>	<b>2.624</b>	<b>-45,9%</b>
<b>EPS (in IDR)</b>	<b>149</b>	<b>127</b>	<b>150</b>	<b>122</b>	<b>-18,8%</b>	<b>225</b>	<b>-45,9%</b>

Source: Company &amp; 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>65.622</b>	<b>77.004</b>
Cost of Sales	-23.607	-24.548	-26.148	-27.892	-29.417	-36.526	-41.998	-49.283
<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>23.624</b>	<b>27.722</b>
Operating Expense	-5.904	-5.837	-5.818	-7.004	-8.023	-8.619	-9.843	-11.551
<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>13.781</b>	<b>16.171</b>
Other Income	125	-15	-1	37	758	-1.723	-1.969	-2.310
<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>11.812</b>	<b>13.861</b>
Taxes	-1.358	-1.663	-1.788	-2.077	-2.540	-2.035	-2.599	-3.049
<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>9.213</b>	<b>10.811</b>
Minority Interest	-31	253	-83	-321	-832	-1.512	-1.641	-1.925
<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>7.573</b>	<b>8.886</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>649</b>	<b>702</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>15.855</b>	<b>17.959</b>

Source: Company &amp; Binaartha

Table: Cash Flow in IDR. Billion YoY

Cash Flow (in IDR.bn)	2016A	2017A	2018A	2019A	2020A	2021A	2022F	2023F
+ Net Income	3.600	3.796	4.576	5.039	6.587	6.388	7.573	8.886
+Depreciation	605	675	841	1.027	1.112	1.126	1.126	1.215
- Change in WC	-428	-225	-1.204	450	-295	7.281	-2.398	2.200
<b>Cash From Operating Activities</b>	<b>3.777</b>	<b>4.246</b>	<b>4.213</b>	<b>6.516</b>	<b>7.404</b>	<b>14.795</b>	<b>6.301</b>	<b>12.301</b>
Change in Non-current Asset	-1.336	-2.385	-6.047	-2.865	-61.900	-2.322	-4.543	-4.939
<b>cash from investing activities</b>	<b>-1.336</b>	<b>-2.385</b>	<b>-6.047</b>	<b>-2.865</b>	<b>-61.900</b>	<b>-2.322</b>	<b>-4.543</b>	<b>-4.939</b>
Long-term debt	-544	83	-103	850	29.071	9.966	-53	-644
Other Long term liabilities	304	454	60	207	9.542	-9.613	229	-87
equity	-1.486	-1.973	-2.192	-1.076	17.060	-1.983	-6.295	135
<b>cash from financing activities</b>	<b>-1.726</b>	<b>-1.437</b>	<b>-2.235</b>	<b>-18</b>	<b>55.672</b>	<b>-1.631</b>	<b>-6.118</b>	<b>-595</b>
<b>Net Changes in Cash</b>	<b>715</b>	<b>424</b>	<b>-4.069</b>	<b>3.633</b>	<b>1.176</b>	<b>10.842</b>	<b>-4.360</b>	<b>6.767</b>
<b>Beginning Balance</b>	<b>7.658</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>16.018</b>
<b>Ending balance</b>	<b>8.372</b>	<b>8.796</b>	<b>4.727</b>	<b>8.359</b>	<b>9.535</b>	<b>20.378</b>	<b>16.018</b>	<b>22.784</b>

Source: Company &amp; Binaartha

Table: Statement of Financial Position in IDR. Billion YoY

Statement of Financial Position (in IDR Bn)	2016A	2017A	2018A	2019A	2020A	2021A	2022F	2023F
<b>ASSETS</b>								
<b>CURRENT ASSETS</b>								
Cash and Cash								
Equivalents	8.372	8.797	4.727	8.359	9.535	20.378	16.018	22.784
Trade Accounts								
Receivable	3.894	4.126	4.271	4.132	5.747	6.834	7.464	8.758
Inventories	3.110	3.262	4.001	3.841	4.587	5.857	5.906	6.930
Others Current Assets	196	395	1.122	293	847	928	984	1.155
<b>Total Current Assets</b>	<b>15.571</b>	<b>16.579</b>	<b>14.122</b>	<b>16.625</b>	<b>20.716</b>	<b>33.998</b>	<b>30.372</b>	<b>39.628</b>
<b>NONCURRENT ASSETS</b>								
Fixed Assets	7.114	8.120	10.742	11.342	13.351	14.176	15.301	16.516
Long-term Investment	1.632	2.645	2.705	3.890	10.645	11.069	12.468	14.631
Other Noncurrent Assets	4.584	4.275	6.799	6.851	58.876	58.825	59.716	60.063
<b>Total Noncurrent Assets</b>	<b>13.331</b>	<b>15.040</b>	<b>20.246</b>	<b>22.084</b>	<b>82.872</b>	<b>84.069</b>	<b>87.486</b>	<b>91.210</b>
<b>TOTAL ASSETS</b>	<b>28.902</b>	<b>31.619</b>	<b>34.367</b>	<b>38.709</b>	<b>103.588</b>	<b>118.067</b>	<b>117.858</b>	<b>130.838</b>
<b>LIABILITIES AND EQUITY</b>								
<b>LIABILITIES</b>								
<b>CURRENT LIABILITIES</b>								
Short-term Bank Loans	573	921	1.058	703	725	838	984	1.155
Trade Account Payable	3.083	3.519	3.706	3.258	3.907	4.552	5.250	5.159
Others Current Liabilities	2.813	2.387	2.471	2.596	4.544	13.507	10.999	15.608
<b>Total Current Liabilities</b>	<b>6.470</b>	<b>6.828</b>	<b>7.235</b>	<b>6.556</b>	<b>9.176</b>	<b>18.896</b>	<b>17.233</b>	<b>21.923</b>
<b>NONCURRENT LIABILITIES</b>								
Long-term debt	872	955	852	1.702	30.773	40.738	40.686	40.042
Others Noncurrent Liabilities	3.059	3.513	3.573	3.780	13.321	3.708	3.937	3.850
<b>Total Noncurrent Liabilities</b>	<b>3.931</b>	<b>4.468</b>	<b>4.425</b>	<b>5.482</b>	<b>44.094</b>	<b>44.447</b>	<b>44.623</b>	<b>43.892</b>
<b>TOTAL LIABILITIES</b>	<b>10.401</b>	<b>11.295</b>	<b>11.660</b>	<b>12.038</b>	<b>53.270</b>	<b>63.343</b>	<b>61.856</b>	<b>65.815</b>
Non-controlling interest	937	761	1.088	1.370	20.888	20.842	20.842	28.492
<b>EQUITY</b>	<b>17.564</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>36.531</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>28.902</b>	<b>31.619</b>	<b>34.367</b>	<b>38.709</b>	<b>103.588</b>	<b>118.066</b>	<b>117.857</b>	<b>130.838</b>

Source: Company &amp; Binaartha

Table: Ratio Highlights YoY

	2016A	2017A	2018A	2019A	2020A	2021A	2022F	2023F
<b>Growth (% YoY)</b>								
Sales	8,3%	3,6%	7,9%	10,1%	10,3%	21,8%	15,5%	17,3%
OP	42,8%	7,3%	23,5%	14,8%	24,3%	26,7%	18,2%	17,3%
EBITDA	18,5%	4,5%	24,5%	14,8%	36,1%	10,9%	21,7%	13,3%
NP	20,0%	5,4%	20,5%	10,1%	30,7%	-3,0%	18,5%	17,3%
EPS	-40,0%	5,4%	20,5%	10,1%	30,7%	-3,0%	18,5%	8,1%
<b>Profitability</b>								
Gross Margin	31,3%	31,1%	31,9%	34,1%	36,9%	35,7%	36,0%	36,0%
Operating Margin(%)	14,2%	14,7%	16,8%	17,5%	19,7%	20,5%	21,0%	21,0%
EBITDA margin(%)	16,8%	16,9%	19,6%	20,4%	25,2%	22,9%	24,2%	23,3%
NET Profit margin(%)	10,5%	10,7%	11,9%	11,9%	14,1%	11,2%	11,5%	11,5%
ROA(%)	12,5%	12,0%	13,3%	13,0%	6,4%	5,4%	6,4%	6,8%
ROE(%)	20,5%	19,4%	21,2%	19,9%	22,4%	18,9%	21,5%	24,3%
<b>Solvability (x)</b>								
Tot. debt/ Tot.equity	0,59	0,58	0,54	0,48	1,81	1,87	1,76	1,80
Debt Ratio	2,78	2,80	2,95	3,22	1,94	1,86	1,91	1,99
<b>Liquidity (x)</b>								
Current Ratio	2,41	2,43	1,95	2,54	2,26	1,80	1,76	1,81
Cash Ratio	1,29	1,29	0,65	1,27	1,04	1,08	0,93	1,04
<b>Per Share data (IDR)</b>								
EPS	309	326	392	432	565	548	649	702
BV	1.506	1.678	1.854	2.170	2.524	2.905	3.015	2.885
EBITDA/share	495	517	644	740	1.007	1.117	1.360	1.418

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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