

PT. Indofood CBP Sukses Makmur Tbk.

BUY

Consumer Goods, Food and Beverage
15 January 2024

Price IDR. 11,125
Target IDR. 14,300
JKSE Index 7,224.001



Stock code

Bloomberg code ICBP IJ
Market cap (in Bn) 129,738.7
52-week high 11,925
52-week low 9,275
Free Float (%) 19.47%

Major Share Holders (%)

PT Indofood Sukses Makmur Tbk 80.53%
Public 19.47%

USD/IDR-YE

2023 15,439
2024F (6m-avg) 15,493

Analyst:
Eka Rahmawati Rahman

Investment Considerations

Higher growth in snack food, with a stable performance from noodles

- Higher growth in snack food, with a stable performance from noodles. In 3Q2023, ICBP's sales rose by +3% YoY or +10% QoQ, totaling IDR 16.8 trillion. This surge was primarily driven by increased sales volumes in the noodle, snack food, and food seasoning segments. Domestic sales contributed IDR 11.6 trillion, reflecting a slight decline of -1.4%. Meanwhile, export sales to the Middle East and Africa displayed robust growth, rising by +16% YoY, reaching IDR 4.04 trillion in 3Q2023. For 9M2023, ICBP maintained a strong double-digit sales growth of +4.9% YoY, reaching IDR 51.3 trillion.
- Noodle sales remained steady with +5% YoY growth or +13% QoQ, amounting to IDR 12.2 trillion due to a higher sales volume growth of +8.8% YoY. Despite this, the EBIT margin decreased to 24.8%, down from last year's 25.6%. Snack Food sales witnessed double-digit growth of +17% YoY or +21% QoQ, reaching IDR 1.15 trillion due to a higher sales volume of +7% YoY. The EBIT margin also increased to 13.4% from 8.4% last year.
- Beverage sales remained constant at IDR 422 billion, achieving a higher EBIT margin of 14% compared to 5.7% in 3Q2022.
- Dairy sales encountered a -3% YoY drop or -10% QoQ, amounting to IDR 1.95 trillion due to a lower sales volume by -7%. However, the EBIT margin increased to 6.3% from 3.2% in 3Q2022. Food Seasoning sales decreased by -3% YoY but increased +4% QoQ, totaling IDR 812 billion, with an increased margin of 11.2%.
- Nutrition & special foods sales increased by +5% YoY to IDR 280 billion, accompanied by a lower EBIT margin of 6.6%.

3Q2023 Results: Stable margins

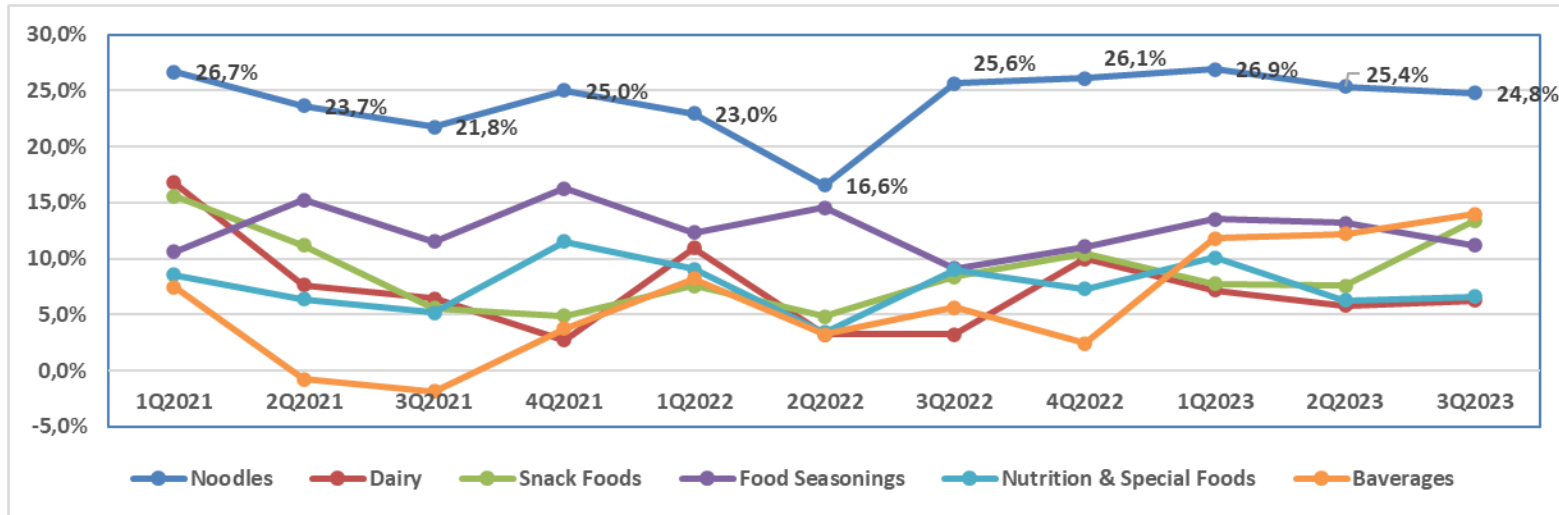
- ICBP reported a lower profit of -3.3% YoY or -25% QoQ, amounting to IDR 1.33 trillion in 3Q2023, primarily due to higher forex loss of IDR 1.2 trillion. However, ICBP's net profit in 9M2023 reached IDR 7 trillion, reflecting a 113% growth.
- The cost of goods sold increased slightly by +0.2% YoY, attributed to a lower raw material cost by -1.6% YoY. As a result, ICBP's gross profit increased by +8.8% YoY, totaling IDR 6.07 trillion, with an improved YoY gross profit margin (GPM) of 36.1%. For 9M2023, ICBP's GPM improved to 36.3%.
- Softer commodity prices (flour, CPO, sugar) will positively impact ICBP's margin. Looking ahead, we anticipate higher margins in 2024 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 28% and an 18X PE valuation within a year. We maintain our recommendation to BUY.

Financial Highlights	2020A	2021A	2022A	2023F	2024F
Net Sales (IDR Bn)	46.641	56.804	64.798	68.095	75.458
EBITDA (IDR Bn)	11.742	13.027	15.040	17.955	19.453
Net Profit (IDR Bn)	6.587	6.388	4.588	9.020	10.370
EPS (IDR)	565	548	393	773	889
PER (x)	17	16	26	18	16
PBV (x)	4	3	3	4	4
GPM (%)	37%	36%	34%	36%	36%
OPM (%)	20%	21%	21%	21%	21%
ROE (%)	22%	19%	13%	24%	27%
ROA (%)	6%	5%	4%	8%	9%

Chart: EBIT Margin by Segment YoY



Source: Company & Binaartha

Table: Income Statement in IDR. Billion QoQ & YoY

Income Statement (in IDR Bn)	1Q2023	2Q2023	3Q2023	QoQ	3Q2022	YoY	9M2022	9M2023	YoY
Net Sales	19.143	15.336	16.829	9,7%	16.316	3,1%	48.909	51.307	4,9%
Cost of Sales	-12.182	-9.766	-10.754	10,1%	-10.732	0,2%	-32.923	-32.702	-0,7%
Gross Profit	6.961	5.570	6.075	9,1%	5.585	8,8%	15.986	18.605	16,4%
Operating Expense	-2.968	-2.464	-2.278	-7,6%	-1.912	19,1%	-6.434	-7.711	19,8%
Operating income	3.992	3.105	3.797	22,3%	3.672	3,4%	9.552	10.895	14,1%
Other Income	1.514	-249	-1.689	579,2%	-1.517	11,3%	-4.063	-423	-89,6%
PBT	5.506	2.857	2.108	-26,2%	2.155	-2,2%	5.489	10.471	90,8%
Taxes	-1.178	-726	-456	-37,1%	-486	-6,0%	-1.408	-2.361	67,6%
NIAT	4.328	2.131	1.652	-22,5%	1.669	-1,1%	4.081	8.110	98,7%
Minority Interest	-374	-360	-317	-11,9%	-290	9,4%	-771	-1.050	36,2%
Net Profit	3.954	1.771	1.335	-24,6%	1.380	-3,3%	3.310	7.060	113,3%
EPS (in IDR)	339	152	114	-24,6%	118	-3,3%	284	605	113,3%
GPM (%)	36,4%	36,3%	36,1%		34,2%		32,7%	36,3%	
OPM (%)	20,9%	20,2%	22,6%		22,5%		19,5%	21,2%	
NPM (%)	20,7%	11,5%	7,9%		8,5%		6,8%	13,8%	

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	68.095	75.458
Cost of Sales	-27.892	-29.417	-36.526	-43.005	-43.581	-48.293
Gross Profit	14.405	17.224	20.277	21.792	24.514	27.165
Operating Expense	-7.004	-8.023	-8.619	-8.415	-10.214	-11.319
Operating income	7.401	9.201	11.659	13.378	14.300	15.846
Other Income	37	758	-1.723	-5.852	-817	-906
PBT	7.438	9.959	9.935	7.526	13.483	14.941
Taxes	-2.077	-2.540	-2.035	-1.803	-3.101	-3.138
NIAT	5.361	7.419	7.900	5.723	10.382	11.803
Minority Interest	-321	-832	-1.512	-1.135	-1.362	-1.434
Net Profit	5.039	6.587	6.388	4.588	9.020	10.370
EPS (in IDR)	432	565	548	393	773	889
EBITDA	8.626	11.742	13.027	15.040	17.955	19.453

Source: Company & 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	9.020	10.370
+Depreciation	1.112	1.126	1.329	1.329	1.451
- Change in WC	-295	7.281	-10.572	-1.368	1.166
Cash From Operating Activities	7.404	14.795	-4.655	8.981	12.986
Change in Non-current Asset	-61.900	-2.322	-1.495	-1.040	-1.965
cash from investing activities	-61.900	-2.322	-1.495	-1.040	-1.965
Long-term debt	29.071	9.966	3.478	0	-2.000
Other Long term liabilities	9.542	-9.613	-126	-178	-9
equity	17.060	-1.983	-1.839	-6.940	-6.136
cash from financing activities	55.672	-1.631	1.513	-7.117	-8.145
Net Changes in Cash	1.176	10.842	-4.637	824	2.877
Beginning Balance	8.359	9.535	20.378	15.741	16.565
Ending balance	9.535	20.378	15.741	16.565	19.442

Source: Company & Binaartha

Table: Statement of Financial Position in IDR. Billion YoY

Statement of Financial Position (in IDR Bn)	2020A	2021A	2022A	2023F	2024F
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	9.535	20.378	15.741	16.565	19.442
Trade Accounts Receivable	5.747	6.834	6.875	8.852	9.055
Inventories	4.587	5.857	7.132	6.129	6.037
Others Current Assets	847	928	1.322	2.383	2.641
Total Current Assets	20.716	33.998	31.070	33.930	37.175
NONCURRENT ASSETS					
Fixed Assets	13.351	14.176	14.521	15.850	17.301
Long-term Investment	10.645	11.069	11.169	10.214	10.564
Other Noncurrent Assets	58.876	58.825	58.545	57.881	56.594
Total Noncurrent Assets	82.872	84.069	84.235	83.946	84.459
TOTAL ASSETS	103.588	118.067	115.306	117.875	121.634
LIABILITIES AND EQUITY					
LIABILITIES					
CURRENT LIABILITIES					
Short-term Bank Loans	725	838	1.312	681	1.132
Trade Account Payable	3.907	4.552	3.703	3.891	4.312
Others Current Liabilities	4.544	13.507	5.019	6.129	6.791
Total Current Liabilities	9.176	18.896	10.034	10.701	12.235
NONCURRENT LIABILITIES					
Long-term debt	30.773	40.738	44.216	44.216	42.216
Others Noncurrent Liabilities	13.321	3.708	3.582	3.405	3.396
Total Noncurrent Liabilities	44.094	44.447	47.799	47.621	45.612
TOTAL LIABILITIES	53.270	63.343	57.832	58.322	57.847
Non-controlling interest	20.888	20.842	20.954	22.471	24.901
EQUITY	29.430	33.881	36.518	37.081	38.885
TOTAL LIABILITIES & EQUITY	103.588	118.066	115.305	117.875	121.634

Source: Company & Binaartha

Table: Ratio Highlights YoY

	2020A	2021A	2022A	2023F	2024F
Growth (% YoY)					
Sales	10,3%	21,8%	14,1%	5,1%	10,8%
OP	24,3%	26,7%	14,7%	6,9%	10,8%
EBITDA	36,1%	10,9%	15,5%	19,4%	8,3%
NP	30,7%	-3,0%	-28,2%	96,6%	15,0%
EPS	30,7%	-3,0%	-28,2%	96,6%	15,0%
Profitability					
Gross Margin	36,9%	35,7%	33,6%	36,0%	36,0%
Operating Margin(%)	19,7%	20,5%	20,6%	21,0%	21,0%
EBITDA margin(%)	25,2%	22,9%	23,2%	26,4%	25,8%
NET Profit margin(%)	14,1%	11,2%	7,1%	13,2%	13,7%
ROA(%)	6,4%	5,4%	4,0%	7,7%	8,5%
ROE(%)	22,4%	18,9%	12,6%	24,3%	26,7%
Solvability (x)					
Tot. debt/ Tot.equity	1,81	1,87	1,58	1,57	1,49
Debt Ratio	1,94	1,86	1,99	2,02	2,10
Liquidity (x)					
Current Ratio	2,26	1,80	3,10	3,17	3,04
Cash Ratio	1,04	1,08	1,57	1,55	1,59
Per Share data (IDR)					
EPS	565	548	393	773	889
PER	17	16	26	18	16
PBV	4	3	3	4	4
EBITDA/share	1.007	1.117	1.290	1.540	1.668

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**.

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