

PT. Indofood CBP Sukses Makmur Tbk.

Consumer Goods, Food and Beverage
18 April 2024

Price IDR. 10,150
Target IDR. 13,750
JKSE Index 7,130.841



Stock code

Bloomberg code ICBP IJ
Market cap (in Bn) 117,493.7
52-week high 11,925
52-week low 10,000
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) 15,664

Analyst:
Eka Rahmawati Rahman

Investment Considerations

BUY

Dairy Sector Achieves positive-growth

- In Q4 2023, ICBP's sales increased by 4.5% YoY, yet they declined by -1.3% QoQ, to IDR 16.6 trillion. This change was due to a decline in snack food sales, although the dairy segment recorded positive growth. Domestic sales amounted to IDR 10.8 trillion, marking a slight increase of 0.6%. Meanwhile, export sales to the Middle East and Africa showed robust growth, rising by 13% YoY to reach IDR 4.6 trillion in Q4 2023.
- For FY 2023, ICBP reported a 5% YoY increase in sales, reaching IDR 67.9 trillion.
- After a negative growth in the previous quarter, the dairy segment turned around with a growth of 4.3% YoY and 18.3% QoQ to IDR 2.3 trillion in Q4 2023, with the EBIT margin improving quarterly to 10.5%. However, dairy sales volume decreased by -4% YoY, resulting in a 3% drop in sales to IDR 9.12 trillion for FY 2023.
- Noodle sales maintained a 5.1% YoY growth but decreased by -3.6% QoQ, to IDR 12.32 trillion. Despite this, the annual EBIT margin decreased to 25.5% but increased quarterly from 24.8% in Q3 2023. Noodles continued to be the highest contributor, accounting for 72% of the sales at IDR 20.4 trillion, boosted by a 3% YoY increase in sales volume.
- Snack food sales declined by -3.7% YoY and -11.4% QoQ, to IDR 1.01 trillion, with a decrease in EBIT margin to 9.4% from 10.4% in the previous year.
- Beverage sales reached IDR 404 billion, with a growth of 4.9%, achieving a higher EBIT margin of 15% compared to 2.4% in Q4 2022.
- Food seasoning sales increased by 13.3% YoY and 1% QoQ, to IDR 820 billion, although the EBIT margin declined to 6.4%. Sales of nutrition and special foods rose by 6.6% YoY to IDR 329 billion, with a stable EBIT margin of 7.1%.
- For FY 2024, ICBP forecasts single-digit sales growth, expecting higher demand and volume expansion.

4Q2023 Results: Double-digit Core profit growth

- ICBP reported a net loss of IDR 69 billion in Q4 2023, primarily due to an impairment loss on a long-term investment in Dufil Prima Food Plc. (Nigeria) of IDR 2.48 trillion, linked to a currency crisis in Nigeria and depreciation of the Nigerian naira. However, ICBP's core profit in Q4 2023 reached IDR 3.36 trillion, reflecting a 67.9% YoY growth.
- The cost of goods sold decreased by -6.2% QoQ and remained stable YoY, attributed to a -1.96% decrease in raw material costs. As a result, ICBP's gross profit increased by 8.8% YoY, to IDR 6.07 trillion, with an improved gross profit margin (GPM) of 39.3%, the highest in 2023.
- The rebound in CPO in Q1 2024, along with declines in wheat and sugar prices, is anticipated to drive higher margins in 2024. The management's guidance for EBIT ranges from 19% to 21% for FY 2024.

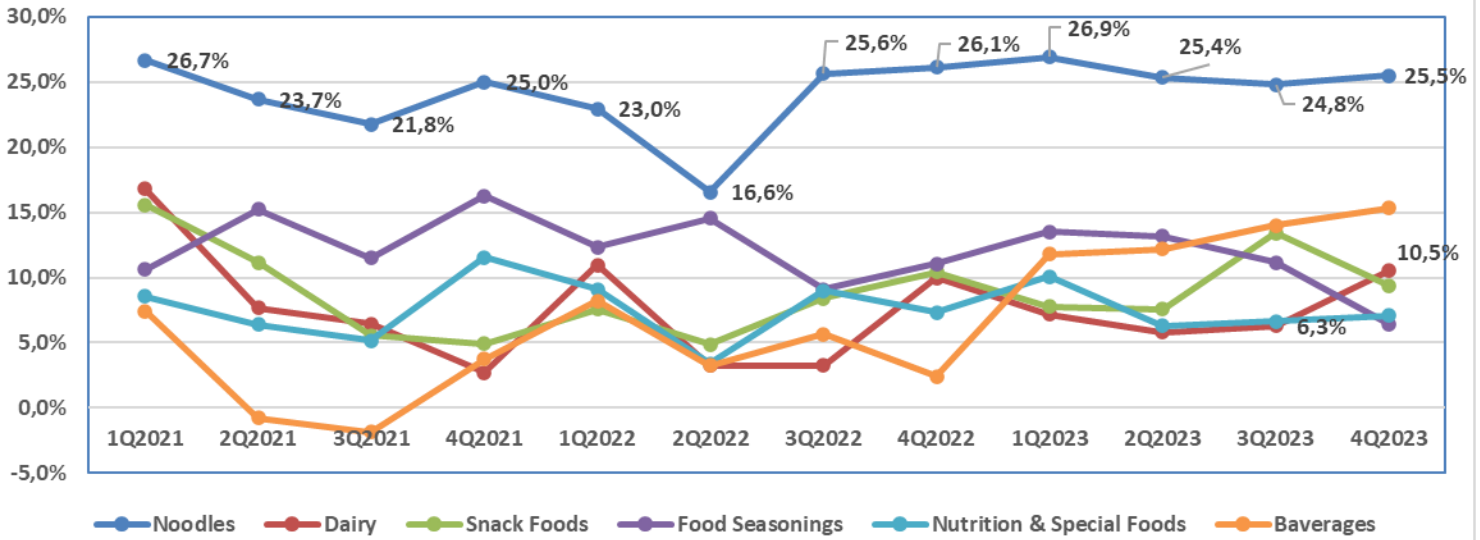
Valuation: Maintain Buy rating with TP to 13,750

- Our target price for ICBP is set at IDR 13,750, reflecting a potential upside of 35% and an 18X PE valuation within a year. We maintain our BUY recommendation.

Financial Highlights	2020A	2021A	2022A	2023A	2024F	2025F
Net Sales (IDR Bn)	46.641	56.804	64.798	67.910	73.359	81.760
EBITDA (IDR Bn)	11.742	13.027	15.040	14.846	17.019	18.556
Net Profit (IDR Bn)	6.587	6.388	4.588	6.991	8.011	9.067
EPS (IDR)	565	548	393	599	687	778
PER (x)	17	16	26	18	20	18
PBV (x)	4	3	3	3	4	4
GPM (%)	37%	36%	34%	37%	37%	37%
OPM (%)	20%	21%	21%	21%	21%	21%
ROE (%)	22%	19%	13%	17%	19%	21%
ROA (%)	6%	5%	4%	6%	7%	7%

Source: Company and Binaartha

EBIT Margin by Segment QoQ



Source: Company & Binaartha

Income Statement in IDR. Billion QoQ & YoY

Income Statement (in IDR Bn)	1Q2023	2Q2023	3Q2023	4Q2023	QoQ	4Q2022	YoY	2022A	2023A	YoY
Net Sales	19.143	15.336	16.829	16.603	-1,3%	15.889	4,5%	64.798	67.910	4,8%
Cost of Sales	-12.182	-9.766	-10.754	-10.082	-6,2%	-10.082	0,0%	-43.005	-42.784	-0,5%
Gross Profit	6.961	5.570	6.075	6.521	7,3%	5.806	12,3%	21.792	25.126	15,3%
Operating Expense	-2.968	-2.464	-2.278	-3.028	32,9%	-1.980	52,9%	-8.415	-10.738	27,6%
Operating income	3.992	3.105	3.797	3.493	-8,0%	3.826	-8,7%	13.378	14.388	7,6%
Other Income	1.514	-249	-1.689	-2.519	49,2%	-1.789	40,8%	-5.852	-2.943	-49,7%
PBT	5.506	2.857	2.108	974	-53,8%	2.037	-52,2%	7.526	11.445	52,1%
Taxes	-1.178	-726	-456	-619	35,6%	-395	56,7%	-1.803	-2.980	65,2%
NIAT	4.328	2.131	1.652	355	-78,5%	1.642	-78,4%	5.723	8.466	47,9%
Minority Interest	-374	-360	-317	-424	33,9%	-364	16,7%	-1.135	-1.475	29,9%
Net Profit	3.954	1.771	1.335	-69		1.278	-105,4%	4.588	6.991	52,4%
Core Profit	2.517	1.688	2.406	3.360	39,6%	2.001	67,9%	7.311	9.971	36,4%
EPS (in IDR)	339	152	114	-6		110	-105,4%	393	599	52,4%
GPM (%)	36,4%	36,3%	36,1%	39,3%		36,5%		33,6%	37,0%	
OPM (%)	20,9%	20,2%	22,6%	21,0%		24,1%		20,6%	21,2%	
NPM (%)	20,7%	11,5%	7,9%	-0,4%		8,0%		7,1%	10,3%	

Source: Company & Binaartha

Income Statement in IDR Billion YoY

Income Statement (in IDR Bn)	2020 A	2021 A	2022 A	2023 A	2024 F	2025 F
Net Sales	46.641	56.804	64.798	67.910	73.359	81.760
Cost of Sales	-29.417	-36.526	-43.005	-42.784	-46.216	-51.509
Gross Profit	17.224	20.277	21.792	25.126	27.143	30.251
Operating Expense	-8.023	-8.619	-8.415	-10.738	-11.737	-13.082
Operating income	9.201	11.659	13.378	14.388	15.405	17.170
Other Income	758	-1.723	-5.852	-2.943	-2.934	-3.270
PBT	9.959	9.935	7.526	11.445	12.471	13.899
Taxes	-2.540	-2.035	-1.803	-2.980	-2.993	-3.197
NIAT	7.419	7.900	5.723	8.466	9.478	10.702
Minority Interest	-832	-1.512	-1.135	-1.475	-1.467	-1.635
Net Profit	6.587	6.388	4.588	6.991	8.011	9.067
EPS (in IDR)	565	548	393	599	687	778
EBITDA	11.742	13.027	15.040	14.846	17.019	18.556

Source: Company & Binaartha

Cash Flow in IDR. Billion YoY

Cash Flow (in IDR.bn)	2020A	2021A	2022A	2023A	2024F	2025F
+ Net Income	6.587	6.388	4.588	6.991	8.011	9.067
+Depreciation	1.112	1.126	1.329	1.377	1.347	1.470
- Change in WC	-295	7.281	-10.572	-1.660	175	1.957
Cash From Operating Activities	7.404	14.795	-4.655	6.707	9.533	12.494
Change in Non-current Asset	-61.900	-2.322	-1.495	365	-3.868	-2.661
cash from investing activities	-61.900	-2.322	-1.495	365	-3.868	-2.661
Long-term debt	29.071	9.966	3.478	-1.023	-2.000	-2.000
Other Long term liabilities	9.542	-9.613	-126	-77	162	420
equity	17.060	-1.983	-1.839	-2.360	-3.576	-4.693
cash from financing activities	55.672	-1.631	1.513	-3.459	-5.413	-6.273
Net Changes in Cash	1.176	10.842	-4.637	3.613	252	3.560
Beginning Balance	8.359	9.535	20.378	15.741	19.353	19.605
Ending balance	9.535	20.378	15.741	19.354	19.605	23.165

Source: Company & Binaartha

Statement of Financial Position in IDR. Billion YoY

Statement of Financial Position (in IDR Bn)	2020A	2021A	2022A	2023A	2024F	2025F
ASSETS						
CURRENT ASSETS						
Cash and Cash Equivalents	9.535	20.378	15.741	19.353	19.605	23.165
Trade Accounts Receivable	5.747	6.834	6.875	7.198	7.776	7.358
Inventories	4.587	5.857	7.132	6.329	6.602	6.541
Others Current Assets	847	928	1.322	3.892	4.181	4.088
Total Current Assets	20.716	33.998	31.070	36.773	38.165	41.152
NONCURRENT ASSETS						
Fixed Assets	13.351	14.176	14.521	14.711	16.058	17.528
Long-term Investment	10.645	11.069	11.169	8.369	10.270	11.446
Other Noncurrent Assets	58.876	58.825	58.545	59.414	58.687	57.232
Total Noncurrent Assets	82.872	84.069	84.235	82.494	85.015	86.206
TOTAL ASSETS	103.588	118.067	115.306	119.267	123.180	127.358
LIABILITIES AND EQUITY						
LIABILITIES						
CURRENT LIABILITIES						
Short-term Bank Loans	725	838	1.312	568	1.100	1.226
Trade Account Payable	3.907	4.552	3.703	3.774	4.077	4.579
Others Current Liabilities	4.544	13.507	5.019	6.122	6.602	7.358
Total Current Liabilities	9.176	18.896	10.034	10.464	11.780	13.163
NONCURRENT LIABILITIES						
Long-term debt	30.773	40.738	44.216	43.193	41.193	39.193
Others Noncurrent Liabilities	13.321	3.708	3.582	3.506	3.668	4.088
Total Noncurrent Liabilities	44.094	44.447	47.799	46.699	44.861	43.281
TOTAL LIABILITIES	53.270	63.343	57.832	57.163	56.641	56.445
Non-controlling interest	20.888	20.842	20.954	21.354	24.209	26.981
EQUITY	29.430	33.881	36.518	40.750	42.331	43.933
TOTAL LIABILITIES & EQUITY	103.588	118.066	115.305	119.267	123.180	127.358

Source: Company & Binaartha

Ratio Highlights YoY

	2020A	2021A	2022A	2023A	2024F	2025F
Growth (% YoY)						
Sales	10,3%	21,8%	14,1%	4,8%	8,0%	11,5%
OP	24,3%	26,7%	14,7%	7,6%	7,1%	11,5%
EBITDA	36,1%	10,9%	15,5%	-1,3%	14,6%	9,0%
NP	30,7%	-3,0%	-28,2%	52,4%	14,6%	13,2%
EPS	30,7%	-3,0%	-28,2%	52,4%	14,6%	13,2%
Profitability						
Gross Margin	36,9%	35,7%	33,6%	37,0%	37,0%	37,0%
Operating Margin(%)	19,7%	20,5%	20,6%	21,2%	21,0%	21,0%
EBITDA margin(%)	25,2%	22,9%	23,2%	21,9%	23,2%	22,7%
NET Profit margin(%)	14,1%	11,2%	7,1%	10,3%	10,9%	11,1%
ROA(%)	6,4%	5,4%	4,0%	5,9%	6,5%	7,1%
ROE(%)	22,4%	18,9%	12,6%	17,2%	18,9%	20,6%
Solvability (x)						
Tot. debt/ Tot.equity	1,81	1,87	1,58	1,40	1,34	1,28
Debt Ratio	1,94	1,86	1,99	2,09	2,17	2,26
Liquidity (x)						
Current Ratio	2,26	1,80	3,10	3,51	3,24	3,13
Cash Ratio	1,04	1,08	1,57	1,85	1,66	1,76
Per Share data (IDR)						
EPS	565	548	393	599	687	778
PER	17	16	26	18	20	18
PBV	4	3	3	3	4	4
EBITDA/share	1.007	1.117	1.290	1.273	1.459	1.591

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
(62 21) 520 6678 ext. 611

Disclaimer; PT Binaartha Sekuritas has compiled this report in good faith, using information believed to be reliable. PT Binaartha Sekuritas and its analysts take no responsibility for the accuracy of the information contained in this report. This report has been produced for distribution to clients of PT Binaartha Sekuritas only. This report is not an invitation to buy or sell any security. PT Binaartha Sekuritas may have used the information in this report prior to publication. The company or its clients may have positions in or may from time to time buy or sell the securities mentioned in this report or other related securities.