

## PT. Indofood CBP Sukses Makmur Tbk.

**BUY**

### Investment Considerations

#### Margin improve

- ICBP maintained double-digit sales growth of +11.4% YoY or +20.5% QoQ to IDR 19.14 trillion with an improved margin in 1Q2023. Domestic sales contributed IDR 14.17 trillion with +12% growth, export sales to the Middle East and Africa grew by +4.5% to IDR 3.9 trillion while other Asia recorded +55.4% YoY growth to IDR 431 billion.
- Sales of noodles grew by +14.4% YoY or +19.5% QoQ, to IDR 14.01 trillion with a higher EBIT margin of 26.9% due to lower commodity prices and higher selling prices and volumes.
- Dairy sales declined by -2.9% YoY but were higher +21.7% QoQ to IDR 2.6 with a lower EBIT margin of 7.2% from 11% in 1Q2022 due to higher selling prices while volumes declined in line with a slowdown in the domestic dairy market. Raw material costs were higher in line with higher sugar prices while skimmed milk prices softened.
- Snack Food sales increased +12.1% YoY or +7.6% QoQ to IDR 1.13 trillion. The snack food EBIT margin increased slightly to 7.8%.
- Beverage sales grew by +6.8% YoY +4.8% QoQ to IDR 394 billion with a higher EBIT margin of 11.8% from 8.2% in 1Q2022.
- Food Seasoning sales grew faster than others, +27.1% YoY or +73.9% QoQ to IDR 1.26 trillion while the margin increased to 13.5% due to double digit sales volume growth and a higher ASP in 1Q2023.
- Nutrition & special foods sales were flat at IDR 317 billion but with a higher EBIT margin of 10.1%.
- With higher ASPs in all segments and demand expected to grow in 2Q2023, we maintain our double-digit sales growth target for this year at +12% to IDR 72.33 trillion.

#### 1Q2023 Result: Triple-digit profit growth

- The margin improvement continued in 1Q2023 due to lower commodity prices such as CPO, wheat, skimmed milk and higher selling prices.
- ICBP's gross profit increased by +18.5% YoY or +20% QoQ to IDR 6.96 trillion in 1Q2023 with a higher GPM of 36.4%.
- Net profit increased too with triple-digit growth of +104% YoY or +209% QoQ to IDR 3.95 trillion due to forex gains in 1Q2023 of IDR 1.83 trillion. As a result, profit before tax was higher by +99.4% YoY or +170% QoQ to IDR 5.5 trillion. The NPM also increased significantly to 20.7% from 8% in 4Q2022.
- We expect higher margins in 1H2023 from higher volumes and higher selling prices. With higher 1Q2023 results, we upgrade our bottom line forecast for ICBP to IDR 8.34 trillion or +81.8% growth in 2023F.

#### Valuation: Maintain Buy TP to 13,400

- We are upgrading our one year ICBP target price to IDR 13,400 which is 22% upside, and a 19X PE valuation. Maintain 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	16.683	18.005
Net Profit (IDR Bn)	6.587	6.388	4.588	8.340	9.116
EPS (IDR)	565	548	393	715	782
PER (x)	17	16	26	19	17
PBV (x)	4	3	3	4	4
GPM (%)	37%	36%	34%	35%	35%
OPM (%)	20%	21%	21%	20%	20%
ROE (%)	22%	19%	13%	22%	24%
ROA (%)	6%	5%	4%	7%	8%

Source: Company and Binaartha

Consumer Goods, Food and Beverage  
23 May 2023

Price IDR. 11,000  
Target IDR. 13,400  
JKSE Index 6,731.77



#### Stock code

Bloomberg code ICBP IJ  
Market cap (in Bn) 128,281  
52-week high 11,125  
52-week low 7,750  
Free Float (%) 19.47%

#### Major Share Holders (%)

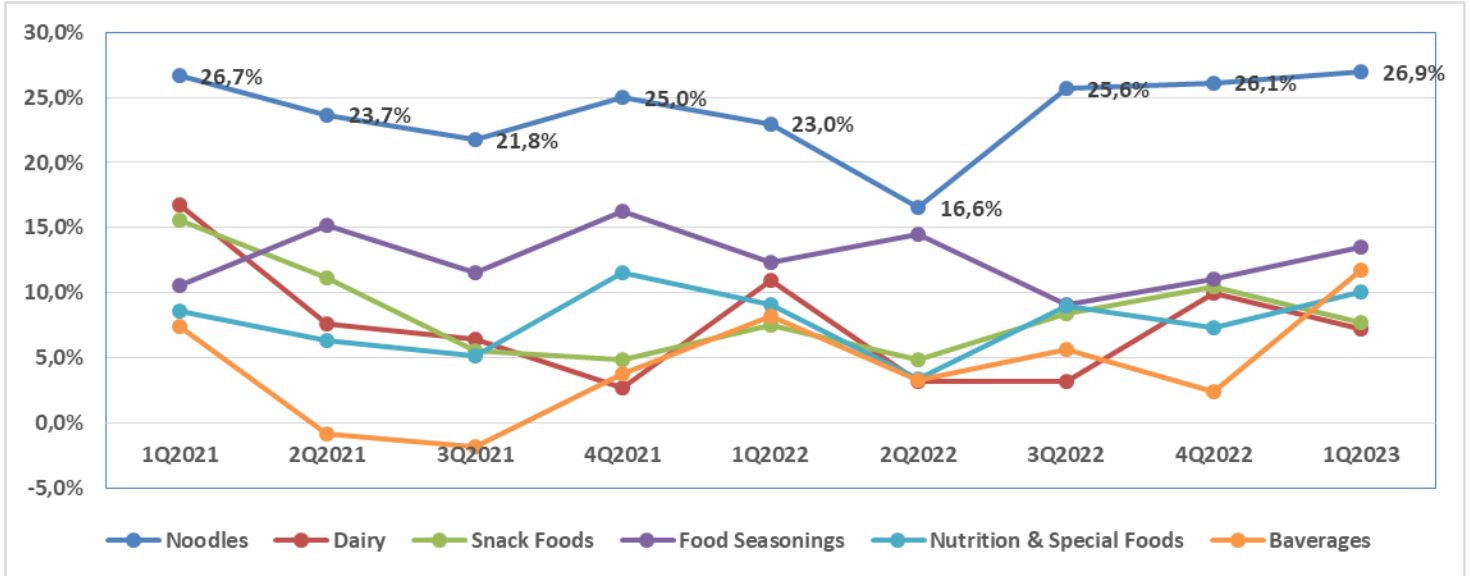
PT Indofood Sukses Makmur Tbk 80.53%  
Public 19.47%

#### USD/IDR-YE

2022 15,592  
2023F (6m-avg) 15,199

Analyst:  
Eka Rahmawati Rahman

Chart: EBIT Margin by Segment YoY



Source: Company & Binaartha

Table: Income Statement in IDR. Billion QoQ & YoY

Income Statement ( in IDR Bn)	1Q2022	1Q2023	YoY	4Q2022	QoQ
<b>Net Sales</b>	<b>17.188</b>	<b>19.143</b>	<b>11,4%</b>	<b>15.889</b>	<b>20,5%</b>
Cost of Sales	-11.312	-12.182	7,7%	-10.082	20,8%
<b>Gross Profit</b>	<b>5.876</b>	<b>6.961</b>	<b>18,5%</b>	<b>5.806</b>	<b>19,9%</b>
Operating Expense	-2.342	-2.968	26,7%	-1.980	49,9%
<b>Operating income</b>	<b>3.534</b>	<b>3.992</b>	<b>13,0%</b>	<b>3.826</b>	<b>4,4%</b>
Other Income	-772	1.514	-296,2%	-1.789	-184,6%
<b>PBT</b>	<b>2.762</b>	<b>5.506</b>	<b>99,4%</b>	<b>2.037</b>	<b>170,4%</b>
Taxes	-508	-1.178	132,0%	-395	198,5%
<b>NIAT</b>	<b>2.254</b>	<b>4.328</b>	<b>92,0%</b>	<b>1.642</b>	<b>163,6%</b>
Minority Interest	-316	-374	18,3%	-364	2,8%
<b>Net Profit</b>	<b>1.938</b>	<b>3.954</b>	<b>104,0%</b>	<b>1.278</b>	<b>209,4%</b>
<b>EPS (in IDR)</b>	<b>166</b>	<b>339</b>	<b>104,0%</b>	<b>110</b>	<b>209,4%</b>
<b>GPM (%)</b>	<b>34,2%</b>	<b>36,4%</b>		<b>36,5%</b>	
<b>OPM (%)</b>	<b>20,6%</b>	<b>20,9%</b>		<b>24,1%</b>	
<b>NPM (%)</b>	<b>11,3%</b>	<b>20,7%</b>		<b>8,0%</b>	

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
<b>Net Sales</b>	<b>42.297</b>	<b>46.641</b>	<b>56.804</b>	<b>64.798</b>	<b>72.337</b>	<b>81.864</b>
Cost of Sales	-27.892	-29.417	-36.526	-43.005	-47.019	-53.212
<b>Gross Profit</b>	<b>14.405</b>	<b>17.224</b>	<b>20.277</b>	<b>21.792</b>	<b>25.318</b>	<b>28.652</b>
Operating Expense	-7.004	-8.023	-8.619	-8.415	-10.851	-12.280
<b>Operating income</b>	<b>7.401</b>	<b>9.201</b>	<b>11.659</b>	<b>13.378</b>	<b>14.467</b>	<b>16.373</b>
Other Income	37	758	-1.723	-5.852	-2.170	-2.865
<b>PBT</b>	<b>7.438</b>	<b>9.959</b>	<b>9.935</b>	<b>7.526</b>	<b>12.297</b>	<b>13.508</b>
Taxes	-2.077	-2.540	-2.035	-1.803	-2.582	-2.837
<b>NIAT</b>	<b>5.361</b>	<b>7.419</b>	<b>7.900</b>	<b>5.723</b>	<b>9.715</b>	<b>10.671</b>
Minority Interest	-321	-832	-1.512	-1.135	-1.374	-1.555
<b>Net Profit</b>	<b>5.039</b>	<b>6.587</b>	<b>6.388</b>	<b>4.588</b>	<b>8.340</b>	<b>9.116</b>
<b>EPS (in IDR)</b>	<b>432</b>	<b>565</b>	<b>548</b>	<b>393</b>	<b>715</b>	<b>782</b>
<b>EBITDA</b>	<b>8.626</b>	<b>11.742</b>	<b>13.027</b>	<b>15.040</b>	<b>16.683</b>	<b>18.005</b>

Source: Company &amp; Binaartha

Table: Cash Flow in IDR. Billion YoY

Cash Flow (in IDR.bn)	2019A	2020A	2021A	2022A	2023F	2024F
+ Net Income	5.039	6.587	6.388	4.588	8.340	9.116
+Depreciation	1.027	1.112	1.126	1.329	1.329	1.451
- Change in WC	450	-295	7.281	-10.572	203	283
<b>Cash From Operating Activities</b>	<b>6.516</b>	<b>7.404</b>	<b>14.795</b>	<b>-4.655</b>	<b>9.873</b>	<b>10.849</b>
Change in Non-current Asset	-2.865	-61.900	-2.322	-1.495	-3.283	-500
<b>cash from investing activities</b>	<b>-2.865</b>	<b>-61.900</b>	<b>-2.322</b>	<b>-1.495</b>	<b>-3.283</b>	<b>-500</b>
Long-term debt	850	29.071	9.966	3.478	-2.000	-4.000
Other Long term liabilities	207	9.542	-9.613	-126	35	67
equity	-1.076	17.060	-1.983	-1.839	-7.031	-4.589
<b>cash from financing activities</b>	<b>-18</b>	<b>55.672</b>	<b>-1.631</b>	<b>1.513</b>	<b>-8.996</b>	<b>-8.522</b>
<b>Net Changes in Cash</b>	<b>3.633</b>	<b>1.176</b>	<b>10.842</b>	<b>-4.637</b>	<b>-2.406</b>	<b>1.827</b>
<b>Beginning Balance</b>	<b>4.727</b>	<b>8.359</b>	<b>9.535</b>	<b>20.378</b>	<b>15.741</b>	<b>13.335</b>
<b>Ending balance</b>	<b>8.359</b>	<b>9.535</b>	<b>20.378</b>	<b>15.741</b>	<b>13.335</b>	<b>15.163</b>

Source: Company &amp; Binaartha

Table: Statement of Financial Position in IDR. Billion YoY

Statement of Financial Position (in IDR Bn)	2019A	2020A	2021A	2022A	2023F	2024F
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and Cash Equivalents	8.359	9.535	20.378	15.741	13.335	15.163
Trade Accounts Receivable	4.132	5.747	6.834	6.875	7.675	7.941
Inventories	3.841	4.587	5.857	7.132	7.276	8.023
Others Current Assets	293	847	928	1.322	1.324	1.502
<b>Total Current Assets</b>	<b>16.625</b>	<b>20.716</b>	<b>33.998</b>	<b>31.070</b>	<b>29.611</b>	<b>32.628</b>
<b>NONCURRENT ASSETS</b>						
Fixed Assets	11.342	13.351	14.176	14.521	15.850	17.301
Long-term Investment	3.890	10.645	11.069	11.169	12.469	14.725
Other Noncurrent Assets	6.851	58.876	58.825	58.545	57.870	53.212
<b>Total Noncurrent Assets</b>	<b>22.084</b>	<b>82.872</b>	<b>84.069</b>	<b>84.235</b>	<b>86.189</b>	<b>85.237</b>
<b>TOTAL ASSETS</b>	<b>38.709</b>	<b>103.588</b>	<b>118.067</b>	<b>115.306</b>	<b>115.799</b>	<b>117.865</b>
<b>LIABILITIES AND EQUITY</b>						
<b>LIABILITIES</b>						
<b>CURRENT LIABILITIES</b>						
Short-term Bank Loans	703	725	838	1.312	1.447	1.637
Trade Account Payable	3.258	3.907	4.552	3.703	4.134	4.678
Others Current Liabilities	2.596	4.544	13.507	5.019	5.603	6.340
<b>Total Current Liabilities</b>	<b>6.556</b>	<b>9.176</b>	<b>18.896</b>	<b>10.034</b>	<b>11.183</b>	<b>12.656</b>
<b>NONCURRENT LIABILITIES</b>						
Long-term debt	1.702	30.773	40.738	44.216	42.216	38.216
Others Noncurrent Liabilities	3.780	13.321	3.708	3.582	3.617	3.684
<b>Total Noncurrent Liabilities</b>	<b>5.482</b>	<b>44.094</b>	<b>44.447</b>	<b>47.799</b>	<b>45.833</b>	<b>41.900</b>
<b>TOTAL LIABILITIES</b>	<b>12.038</b>	<b>53.270</b>	<b>63.343</b>	<b>57.832</b>	<b>57.016</b>	<b>54.556</b>
Non-controlling interest	1.370	20.888	20.842	20.954	21.701	24.559
<b>EQUITY</b>	<b>25.301</b>	<b>29.430</b>	<b>33.881</b>	<b>36.518</b>	<b>37.081</b>	<b>38.750</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>38.709</b>	<b>103.588</b>	<b>118.066</b>	<b>115.305</b>	<b>115.799</b>	<b>117.865</b>

Source: Company &amp; Binaartha

Table: Ratio Highlights YoY

	2019A	2020A	2021A	2022A	2023F	2024F
<b>Growth (% YoY)</b>						
Sales	10,1%	10,3%	21,8%	14,1%	11,6%	13,2%
OP	14,8%	24,3%	26,7%	14,7%	8,1%	13,2%
EBITDA	14,8%	36,1%	10,9%	15,5%	10,9%	7,9%
NP	10,1%	30,7%	-3,0%	-28,2%	81,8%	9,3%
EPS	10,1%	30,7%	-3,0%	-28,2%	81,8%	9,3%
<b>Profitability</b>						
Gross Margin	34,1%	36,9%	35,7%	33,6%	35,0%	35,0%
Operating Margin(%)	17,5%	19,7%	20,5%	20,6%	20,0%	20,0%
EBITDA margin(%)	20,4%	25,2%	22,9%	23,2%	23,1%	22,0%
NET Profit margin(%)	11,9%	14,1%	11,2%	7,1%	11,5%	11,1%
ROA(%)	13,0%	6,4%	5,4%	4,0%	7,2%	7,7%
ROE(%)	19,9%	22,4%	18,9%	12,6%	22,5%	23,5%
<b>Solvability (x)</b>						
Tot. debt/ Tot.equity	0,48	1,81	1,87	1,58	1,54	1,41
Debt Ratio	3,22	1,94	1,86	1,99	2,03	2,16
<b>Liquidity (x)</b>						
Current Ratio	2,54	2,26	1,80	3,10	2,65	2,58
Cash Ratio	1,27	1,04	1,08	1,57	1,19	1,20
<b>Per Share data (IDR)</b>						
EPS	432	565	548	393	715	782
PER	26	17	16	26	19	17
PBV	5	4	3	3	4	4
EBITDA/share	740	1.007	1.117	1.290	1.431	1.544

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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