

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

**BUY**

Consumer Goods, Food and Beverage  
25 March 2021

Price IDR. 9,250  
Target IDR. 12,700  
JKSE Index 6,156.140



**Stock code**

Bloomberg code ICBP IJ  
Market cap (in Bn) 107,873  
52-week high 10,700  
52-week low 7,750  
6-m avg.dail.val (IDR) 9,503  
Free Float (%) 19.47%

**Major Share Holders (%)**

PT Indofood Sukses Makmur Tbk 80.53%  
Public 19.47%

**USD/IDR-YE**

2020 14,175  
2021F (6m-avg) 14,272

Analyst:  
Eka Rahmawati Rahman

**Investment Considerations**

**Double digit sales growth**

- ICBP managed double digit sales growth for both 4Q2020 and 2020. In 4Q2020, ICBP sales grew +34.1% YoY and +17.5% QoQ to IDR 12.74 trillion, higher growth compared to other quarters in 2020. For 2020FY, net sales grew +10.3% YoY to IDR 46.64 trillion.
- In 4Q2020, Noodles are still the largest contributor at 69%, with sales of IDR 9.1 trillion, followed by Dairy at 15.8%, IDR 2.1 trillion, Snack Foods 6%, IDR 794 billion, Food Seasonings 4.5%, Nutrition & Special Foods 2.2% and Beverages 2.5%.
- Noodles EBIT margin is at its highest level, 26.4%, The snack foods EBIT margin also recorded a record high of 14.1%. Beverages EBIT margin continued to improve to 5.2%.
- The acquisition of Pinehill Company Limited has made a positive contribution and this meant 4Q2020 results were higher than we expected, giving us higher optimism now for 2021, as the economy improves and as the vaccine program is on the track.

**4Q2020: Highest Margin**

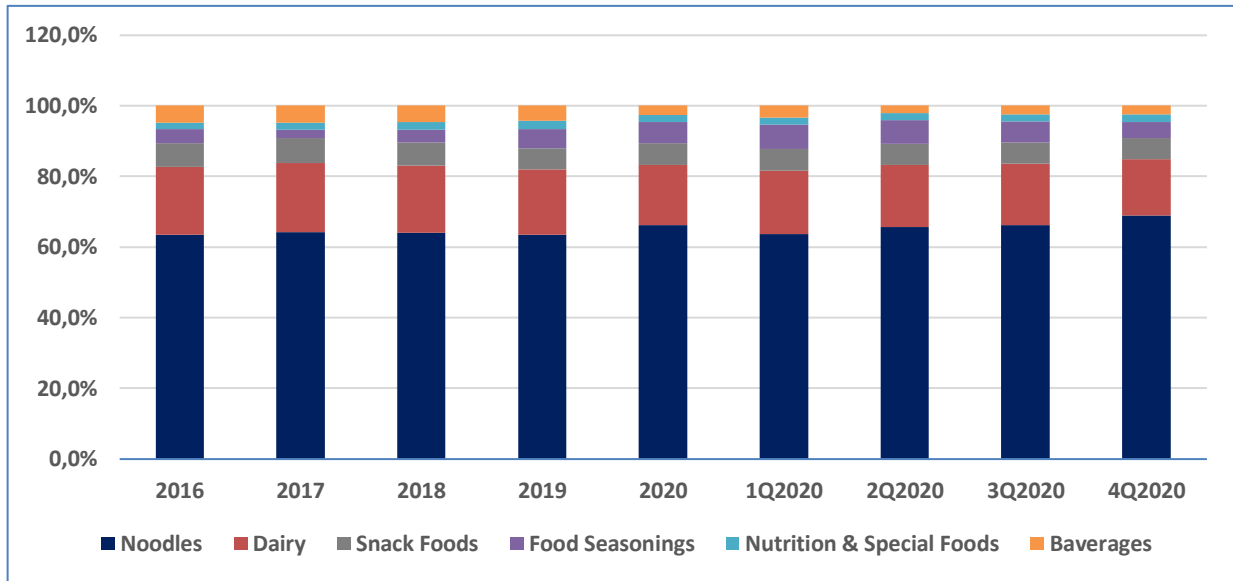
- With double digit sales growth, ICBP's gross profit growth was also higher at +55.6% YoY to IDR 4.89 trillion in 4Q2020. This resulted in the highest GPM of 38.4% in 4Q2020. For 2020FY GPM increased to 37%.
- Operating income also increased by +74% YoY to IDR 2.7 trillion with the OPM also at a record high of 21.8%. For 2020FY OPM increased to 20.5%.
- The bottom line enjoyed triple digit growth of +127.4% YoY to IDR 2.64 billion in 4Q2020, giving double digit 2020FY bottom line growth of 30.7% YoY to IDR 6.59 trillion, this includes the impact of gains on foreign exchange from financing activities. The NPM in 4Q2020 also reached a high of 20.6%.
- We expect ICBP strong performance will continue in 2021 from a full year contribution of the acquisition. We expect double digit growth for 2021F sales and bottom line.

**Valuation: BUY with TP 12,700**

- We are targeting ICBP to reach IDR 12,700 or 37% upside, which is a 20x PE valuation within one year. Maintain BUY.

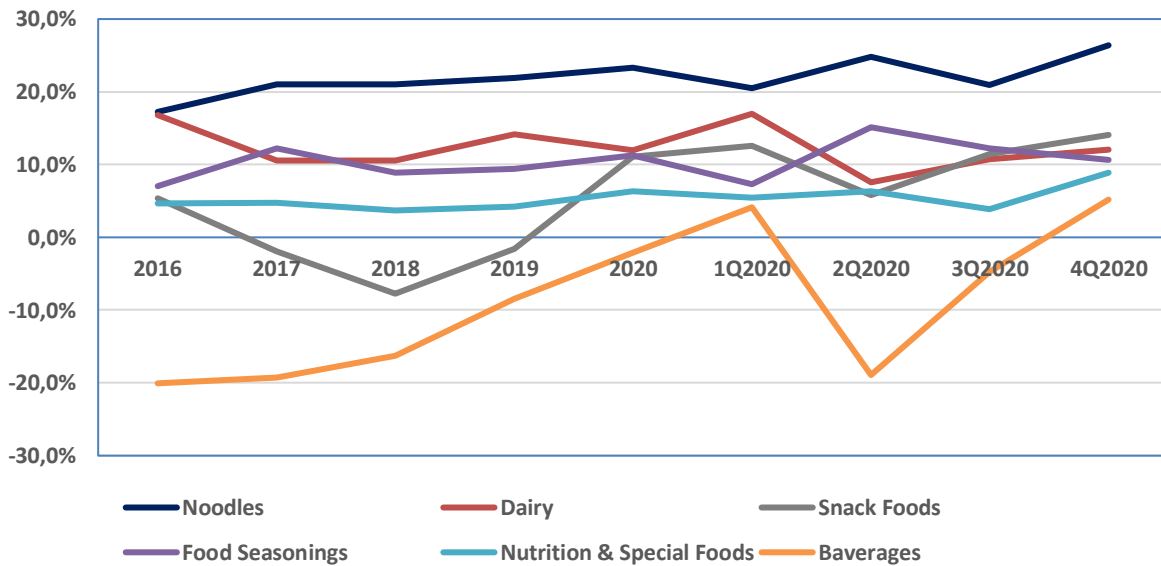
Financial Highlights	2016A	2017A	2018A	2019A	2020A	2021F	2022F
Net Sales (IDR Bn)	34.375	35.606	38.413	42.297	46.641	51.926	56.614
EBITDA (IDR Bn)	5.773	6.035	7.513	8.626	11.742	14.526	15.607
Net Profit (IDR Bn)	3.600	3.796	4.576	5.039	6.587	7.354	8.018
EPS (IDR)	309	326	392	432	565	631	633
GPM (%)	31%	31%	32%	34%	37%	38%	38%
OPM (%)	14%	15%	17%	17%	20%	21%	21%
ROE (%)	20%	19%	21%	20%	22%	22%	22%
ROA (%)	12%	12%	13%	13%	6%	7%	7%

Chart: Revenue by Segment YoY



Source: Company & Binaartha

Chart: EBIT Margin by Segment YoY



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 F	2022 F
Net Sales	34.375	35.606	38.413	42.297	46.641	51.926	56.614
Cost of Sales	-23.607	-24.548	-26.148	-27.892	-29.417	-32.454	-35.384
Gross Profit	10.768	11.058	12.266	14.405	17.224	19.472	21.230
Operating Expense	-5.904	-5.837	-5.818	-7.004	-8.023	-8.827	-9.624
Operating income	4.864	5.221	6.448	7.401	9.201	10.645	11.606
Other Income	125	-15	-1	37	758	415	453
PBT	4.989	5.206	6.447	7.438	9.959	11.060	12.059
Taxes	-1.358	-1.663	-1.788	-2.077	-2.540	-2.876	-3.135
NIAT	3.631	3.543	4.659	5.361	7.419	8.185	8.923
Minority Interest	-31	253	-83	-321	-832	-831	-906
Net Profit	3.600	3.796	4.576	5.039	6.587	7.354	8.018
EPS (in IDR)	309	326	392	432	565	631	633
EBITDA	5.773	6.035	7.513	8.626	11.742	14.526	15.607

Source: Company &amp; Binaartha

Table: Cash Flow in IDR. Billion YoY

Cash Flow (in IDR.bn)	2016A	2017A	2018A	2019A	2020A	2021F	2022F
+ Net Income	3.600	3.796	4.576	5.039	6.587	7.354	8.018
+Depreciation	605	675	841	1.027	1.112	1.119	1.215
- Change in WC	-428	-225	-1.204	450	-295	-747	278
Cash From Operating Activities	3.777	4.246	4.213	6.516	7.404	7.725	9.511
capex	-1.336	-2.385	-6.047	-2.865	-61.900	-3.856	-6.023
cash from investing activities	-1.336	-2.385	-6.047	-2.865	-61.900	-3.856	-6.023
Long-term debt	-544	83	-103	850	29.071	-2.214	-252
Other Long term liabilities	304	454	60	207	9.542	1.218	1.313
equity	-1.486	-1.973	-2.192	-1.076	17.060	-3.172	-2.372
cash from financing activities	-1.726	-1.437	-2.235	-18	55.672	-4.167	-1.311
Net Changes in Cash	715	424	-4.069	3.633	1.176	-298	2.177
Beginning Balance	7.658	8.372	8.797	4.727	8.359	9.535	9.238
Ending balance	8.372	8.796	4.727	8.359	9.535	9.238	11.415

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	2021F	2022F
<b>ASSETS</b>							
<b>CURRENT ASSETS</b>							
Cash and Cash Equivalents	8.372	8.797	4.727	8.359	9.535	9.238	11.415
Trade Accounts Receivable	3.894	4.126	4.271	4.132	5.747	6.231	6.267
Inventories	3.110	3.262	4.001	3.841	4.587	4.673	5.095
Others Current Assets	196	395	1.122	293	847	935	1.019
<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>21.077</b>	<b>23.796</b>
<b>NONCURRENT ASSETS</b>							
Fixed Assets	7.114	8.120	10.742	11.342	13.351	14.470	15.686
Long-term Investment	1.632	2.645	2.705	3.890	10.645	11.424	12.455
Other Noncurrent Assets	4.584	4.275	6.799	6.851	58.876	59.715	62.275
<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>85.609</b>	<b>90.416</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>106.685</b>	<b>114.212</b>
<b>LIABILITIES AND EQUITY</b>							
<b>LIABILITIES</b>							
<b>CURRENT LIABILITIES</b>							
Short-term Bank Loans	573	921	1.058	703	725	779	849
Trade Account Payable	3.083	3.519	3.706	3.258	3.907	3.635	3.963
Others Current Liabilities	2.813	2.387	2.471	2.596	4.544	4.673	5.095
<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>9.087</b>	<b>9.907</b>
<b>NONCURRENT LIABILITIES</b>							
Long-term debt	872	955	852	1.702	30.773	28.559	28.307
Others Noncurrent Liabilities	3.059	3.513	3.573	3.780	13.321	14.539	15.852
<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>43.098</b>	<b>44.159</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>52.185</b>	<b>54.066</b>
Non-controlling interest	937	761	1.088	1.370	20.888	21.809	23.778
<b>EQUITY</b>	<b>17.564</b>	<b>19.563</b>	<b>21.619</b>	<b>25.301</b>	<b>29.430</b>	<b>32.691</b>	<b>36.368</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>106.685</b>	<b>114.212</b>

Source: Company &amp; Binaartha

Table: Ratio Highlights YoY

	2016A	2017A	2018A	2019A	2020A	2021F	2022F
<b>Growth (% YoY)</b>							
Sales	8,3%	3,6%	7,9%	10,1%	10,3%	11,3%	9,0%
OP	42,8%	7,3%	23,5%	14,8%	24,3%	15,7%	9,0%
EBITDA	18,5%	4,5%	24,5%	14,8%	36,1%	23,7%	7,4%
NP	20,0%	5,4%	20,5%	10,1%	30,7%	11,6%	9,0%
EPS	-40,0%	5,4%	20,5%	10,1%	30,7%	11,6%	0,4%
<b>Profitability</b>							
Gross Margin	31,3%	31,1%	31,9%	34,1%	36,9%	37,5%	37,5%
Operating Margin(%)	14,2%	14,7%	16,8%	17,5%	19,7%	20,5%	20,5%
EBITDA margin(%)	16,8%	16,9%	19,6%	20,4%	25,2%	28,0%	27,6%
NET Profit margin(%)	10,5%	10,7%	11,9%	11,9%	14,1%	14,2%	14,2%
ROA(%)	12,5%	12,0%	13,3%	13,0%	6,4%	6,9%	7,0%
ROE(%)	20,5%	19,4%	21,2%	19,9%	22,4%	22,5%	22,0%
<b>Solvability (x)</b>							
Tot. debt/ Tot.equity	0,59	0,58	0,54	0,48	1,81	1,60	1,49
Debt Ratio	2,78	2,80	2,95	3,22	1,94	2,04	2,11
<b>Liquidity (x)</b>							
Current Ratio	2,41	2,43	1,95	2,54	2,26	2,32	2,40
Cash Ratio	1,29	1,29	0,65	1,27	1,04	1,02	1,15

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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