

PT. Indofood CBP Sukses Makmur Tbk.

BUY

Consumer Goods, Food and Beverage
30 August 2021

Price IDR. 8,300
Target IDR. 11,710
JKSE Index 6,041.366



Stock code

Bloomberg code ICBP IJ
Market cap (in Bn) 96,790
52-week high 10,625
52-week low 7,625
6-m avg. dail. val (IDR) 7,625
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) 14,487

Analyst:
Eka Rahmawati Rahman

Investment Considerations

Maintain double-digit sales growth

- In 2Q2021, ICBP managed double digit sales growth of +18.7% YoY to IDR 13.1 trillion but sales were lower -13.2% compared to the 1Q2021. The 2Q2021 was lower due to the month of fasting and Eid in May. For 1H2021, ICBP still maintain double-digit sales growth of 22.4% YoY to IDR 28.2 trillion, and the result is in line with our estimate.
- Noodles grew +24% YoY, -14% QoQ and is still the largest contributor at 69% of total sales at IDR 9.35 trillion in 2Q2021. Noodles EBIT margin was also lower at 23.7% compared to 26.7% in 1Q2021.
- The second largest contributor is Dairy at 16%, with sales of IDR 2.19 trillion which is growth of +7.9% YoY but -7% QoQ. Dairy's EBIT margin slightly increased to 7.7%.
- Snack Foods contributed 5.5% to total sales, or IDR 754 billion which is an increase of +9.8% YoY or -15.1% QoQ, Snack food's EBIT margin also increased to 11.2%.
- Food Seasonings decreased -8.1% YoY to IDR 705 billion with a stable EBIT margin of 15.2%.
- Nutrition & Special Foods sales increased +9.5% YoY and +2.5% QoQ to IDR 250 billion.
- Beverages also recorded +34.2% YoY growth to IDR 334 billion, but the EBIT margin turned negative after a positive margin in 1Q2021.
- We still expect double-digit growth this year in ICBP's sales of +23% YoY to IDR 57.26 trillion.

Positive profit growth

- In 2Q2021, ICBP booked positive profit growth of +6.4% YoY but lower -14.5% QoQ at IDR 1.48 trillion with a stable net profit margin of 11.3%.
- For 1H2021, net profit slightly decreased -4.6% YoY to IDR 3.2 trillion with a NPM of 11.4%. The decrease is due to an increase in selling and distribution expenses of +154% and finance expenses +1640% in 1H2021.
- The cost of goods sold increased +24% YoY from an increase in raw materials. ICBP's gross profit still grew +9.9% YoY but was lower -22.3% QoQ to IDR 4.56 trillion in 2Q2021. This resulted in a lower GPM from 37.6% in 2Q2020 to 34.8% in 2Q2021.
- For 1H2021, gross profit still grew +25% YoY to IDR 10.4 trillion.
- With higher finance and other expenses we expect ICBP's net profit in 2021F to increase slightly, +0.5% YoY to IDR 6.62 trillion.

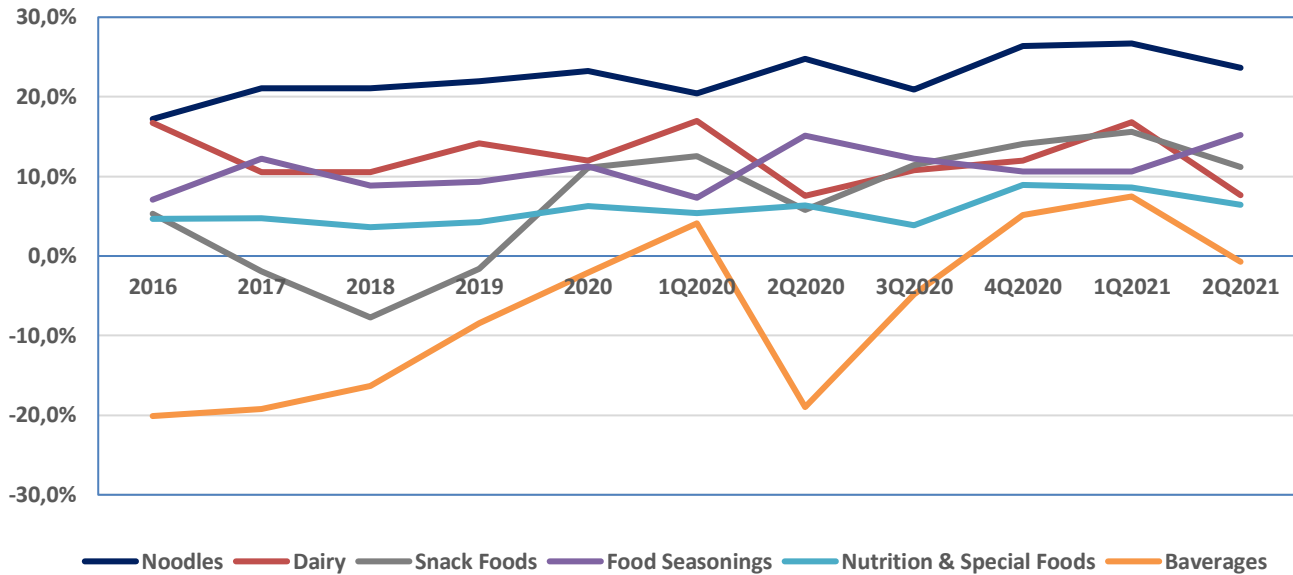
Valuation: Maintain BUY with TP 11,710

- We are targeting ICBP to reach IDR 11,710 or 41% upside, which is a 17x 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	57.263	68.508
EBITDA (IDR Bn)	5.773	6.035	7.513	8.626	11.742	14.564	16.643
Net Profit (IDR Bn)	3.600	3.796	4.576	5.039	6.587	6.620	8.050
EPS (IDR)	309	326	392	432	565	568	690
GPM (%)	31%	31%	32%	34%	37%	38%	38%
OPM (%)	14%	15%	17%	17%	20%	23%	23%
ROE (%)	20%	19%	21%	20%	22%	20%	24%
ROA (%)	12%	12%	13%	13%	6%	6%	7%

Source: Company and Binaartha

Chart: EBIT Margin by Segment YoY



Source: Company & Binaartha

Table: Income Statement in IDR. Billion QoQ & YoY

Income Statement (in IDR Bn)	1Q2021	2Q2021	QoQ	1H2020	1H2021	YoY
Net Sales	15.092	13.107	-13,2%	23.048	28.199	22,4%
Cost of Sales	-9.221	-8.546	-7,3%	-14.717	-17.766	20,7%
Gross Profit	5.872	4.561	-22,3%	8.331	10.433	25,2%
Operating Expense	-2.053	-2.019	-1,7%	-3.654	-4.072	11,4%
Operating income	3.819	2.543	-33,4%	4.678	6.361	36,0%
Other Income	-1.170	-167	-85,8%	67	-1.337	-2096,6%
PBT	2.648	2.376	-10,3%	4.744	5.024	5,9%
Taxes	-520	-540	3,9%	-1.159	-1.060	-8,5%
NIAT	2.129	1.836	-13,7%	3.586	3.965	10,6%
Minority Interest	-392	-351	-10,3%	-207	-743	258,4%
Net Profit	1.737	1.485	-14,5%	3.378	3.221	-4,6%
EPS (in IDR)	149	127	-14,5%	290	276	-4,6%

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	57.263	68.508
Cost of Sales	-23.607	-24.548	-26.148	-27.892	-29.417	-35.503	-42.475
Gross Profit	10.768	11.058	12.266	14.405	17.224	21.760	26.033
Operating Expense	-5.904	-5.837	-5.818	-7.004	-8.023	-8.589	-10.276
Operating income	4.864	5.221	6.448	7.401	9.201	13.170	15.757
Other Income	125	-15	-1	37	758	-2.291	-2.740
PBT	4.989	5.206	6.447	7.438	9.959	10.880	13.016
Taxes	-1.358	-1.663	-1.788	-2.077	-2.540	-2.829	-3.254
NIAT	3.631	3.543	4.659	5.361	7.419	8.051	9.762
Minority Interest	-31	253	-83	-321	-832	-1.432	-1.713
Net Profit	3.600	3.796	4.576	5.039	6.587	6.620	8.050
EPS (in IDR)	309	326	392	432	565	568	690
EBITDA	5.773	6.035	7.513	8.626	11.742	14.564	16.643

Source: Company & 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	6.620	8.050
+Depreciation	605	675	841	1.027	1.112	1.119	1.215
- Change in WC	-428	-225	-1.204	450	-295	2.978	-288
Cash From Operating Activities	3.777	4.246	4.213	6.516	7.404	10.717	8.977
capex	-1.336	-2.385	-6.047	-2.865	-61.900	-2.578	-392
cash from investing activities	-1.336	-2.385	-6.047	-2.865	-61.900	-2.578	-392
Long-term debt	-544	83	-103	850	29.071	722	-2.036
Other Long term liabilities	304	454	60	207	9.542	-8.740	-1.498
equity	-1.486	-1.973	-2.192	-1.076	17.060	-196	-2.003
cash from financing activities	-1.726	-1.437	-2.235	-18	55.672	-8.214	-5.538
Net Changes in Cash	715	424	-4.069	3.633	1.176	-76	3.047
Beginning Balance	7.658	8.372	8.797	4.727	8.359	9.535	9.460
Ending balance	8.372	8.796	4.727	8.359	9.535	9.460	12.506

Source: Company & Binaartha

Table: Statement of Financial Position in IDR. Billion YoY

Statement of Financial Position (in IDR Bn)	2016A	2017A	2018A	2019A	2020A	2021F	2022F
ASSETS							
CURRENT ASSETS							
Cash and Cash Equivalents	8.372	8.797	4.727	8.359	9.535	9.460	12.506
Trade Accounts Receivable	3.894	4.126	4.271	4.132	5.747	7.444	8.221
Inventories	3.110	3.262	4.001	3.841	4.587	5.154	6.166
Others Current Assets	196	395	1.122	293	847	1.031	1.370
Total Current Assets	15.571	16.579	14.122	16.625	20.716	23.088	28.263
NONCURRENT ASSETS							
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	10.880	10.276
Other Noncurrent Assets	4.584	4.275	6.799	6.851	58.876	58.981	57.546
Total Noncurrent Assets	13.331	15.040	20.246	22.084	82.872	84.331	83.508
TOTAL ASSETS	28.902	31.619	34.367	38.709	103.588	107.419	111.771
LIABILITIES AND EQUITY							
LIABILITIES							
CURRENT LIABILITIES							
Short-term Bank Loans	573	921	1.058	703	725	573	685
Trade Account Payable	3.083	3.519	3.706	3.258	3.907	3.149	3.425
Others Current Liabilities	2.813	2.387	2.471	2.596	4.544	10.880	12.331
Total Current Liabilities	6.470	6.828	7.235	6.556	9.176	14.602	16.442
NONCURRENT LIABILITIES							
Long-term debt	872	955	852	1.702	30.773	31.495	29.458
Others Noncurrent Liabilitie	3.059	3.513	3.573	3.780	13.321	4.581	3.083
Total Noncurrent Liabilities	3.931	4.468	4.425	5.482	44.094	36.076	32.541
TOTAL LIABILITIES	10.401	11.295	11.660	12.038	53.270	50.678	48.983
Non-controlling interest	937	761	1.088	1.370	20.888	24.050	28.773
EQUITY	17.564	19.563	21.619	25.301	29.430	32.691	34.015
TOTAL LIABILITIES & EQUITY	28.902	31.619	34.367	38.709	103.588	107.419	111.771

Source: Company & Binaartha

Table: Ratio Highlights YoY

	2016A	2017A	2018A	2019A	2020A	2021F	2022F
Growth (% YoY)							
Sales	8,3%	3,6%	7,9%	10,1%	10,3%	22,8%	19,6%
OP	42,8%	7,3%	23,5%	14,8%	24,3%	43,1%	19,6%
EBITDA	18,5%	4,5%	24,5%	14,8%	36,1%	24,0%	14,3%
NP	20,0%	5,4%	20,5%	10,1%	30,7%	0,5%	21,6%
EPS	-40,0%	5,4%	20,5%	10,1%	30,7%	0,5%	21,6%
Profitability							
Gross Margin	31,3%	31,1%	31,9%	34,1%	36,9%	38,0%	38,0%
Operating Margin(%)	14,2%	14,7%	16,8%	17,5%	19,7%	23,0%	23,0%
EBITDA margin(%)	16,8%	16,9%	19,6%	20,4%	25,2%	25,4%	24,3%
NET Profit margin(%)	10,5%	10,7%	11,9%	11,9%	14,1%	11,6%	11,8%
ROA(%)	12,5%	12,0%	13,3%	13,0%	6,4%	6,2%	7,2%
ROE(%)	20,5%	19,4%	21,2%	19,9%	22,4%	20,2%	23,7%
Solvability (x)							
Tot. debt/ Tot.equity	0,59	0,58	0,54	0,48	1,81	1,55	1,44
Debt Ratio	2,78	2,80	2,95	3,22	1,94	2,12	2,28
Liquidity (x)							
Current Ratio	2,41	2,43	1,95	2,54	2,26	1,58	1,72
Cash Ratio	1,29	1,29	0,65	1,27	1,04	0,65	0,76
Per Share data (IDR)							
EPS	309	326	392	432	565	568	690
BV	1.506	1.678	1.854	2.170	2.524	2.803	2.917
EBITDA/share	495	517	644	740	1.007	1.249	1.427

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.