

PT. Indofood CBP Sukses Makmur Tbk.

Consumer Goods, Food and Beverage
7 July 2021

Price IDR. 8,400
Target IDR. 12,120
JKSE Index 6,047.111



Stock code

Bloomberg code ICBP IJ
Market cap (in Bn) 96,790
52-week high 10,625
52-week low 7,750
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

BUY

Faster Noodles Growth

- ICBP managed double digit sales growth +26% YoY to IDR 15 trillion in 1Q2021. Sales in the Middle East and Africa countries were up +326% YoY to IDR 3.08 trillion from IDR 724 billion.
- Noodles recorded higher growth of +37% YoY and is still the largest contributor at 70%, of total sales of IDR 10.8 trillion. The double-digit growth was supported by the acquisition of Pinehill. Noodles EBIT margin was also higher at 26.7% in 1Q2021 from 20.5% in 1Q2020.
- Noodle sales contribution was followed by Dairy at 15.1%, or IDR 2.36 trillion which is growth of +5.3% YoY, and Dairy's EBIT margin slightly decreased to 16.8% from 17%.
- Snack Foods contributed 5.7% to total sales, or IDR 889 billion which is an increase of +15.5%, Snack food's EBIT margin also increased from 12.6% to 15.6%.
- Food Seasonings increased +9% YoY to IDR 932 billion with an increased EBIT margin from 7.3% to 10.6%.
- Nutrition & Special Foods sales decreased -4.7% and Beverages -17.9% respectively.
- We believe the good performance in 1Q2021 will continue throughout 2021, and we expect double-digit growth in ICBP's sales of +21% YoY to IDR 56.3 trillion.

1Q2021: Lower Bottom line

- Despite ICBP double-digit sales growth in 1Q2021, profit decreased -12.4% to IDR 1.7 trillion due to lower foreign exchange differences from financing activities of IDR 1 trillion from IDR 42.3 trillion in 1Q2020. This resulted in a lower net profit margin from 16.5% to 11.5%.
- ICBP's gross profit growth was higher at +40.4% YoY to IDR 5.87 trillion in 1Q2021. This resulted in a record GPM of 38.9% in 1Q2021.
- Operating income also increased by +36.4% YoY to IDR 3.8 trillion, higher by 25.3%.
- With higher finance expenses, profit before taxes decreased -4% YoY to IDR 2.65 trillion.
- We expect the strong performance will continue throughout 2021. Despite a lower bottom line in 1Q2021, ICBP's long-term outlook remains attractive.

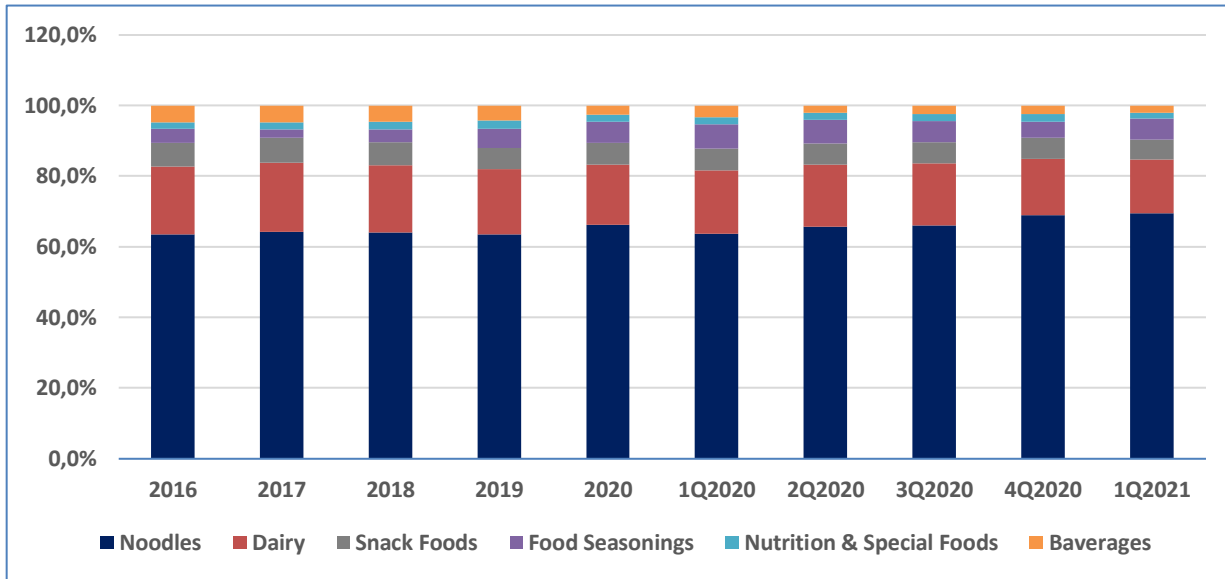
Valuation: BUY with TP 12,120

- We are targeting ICBP to reach IDR 12,120 or 40% upside, which is a 18x 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	56.342	63.285
EBITDA (IDR Bn)	5.773	6.035	7.513	8.626	11.742	14.067	15.822
Net Profit (IDR Bn)	3.600	3.796	4.576	5.039	6.587	6.812	8.006
EPS (IDR)	309	326	392	432	565	584	686
GPM (%)	31%	31%	32%	34%	37%	38%	38%
OPM (%)	14%	15%	17%	17%	20%	21%	21%
ROE (%)	20%	19%	21%	20%	22%	21%	22%
ROA (%)	12%	12%	13%	13%	6%	6%	7%

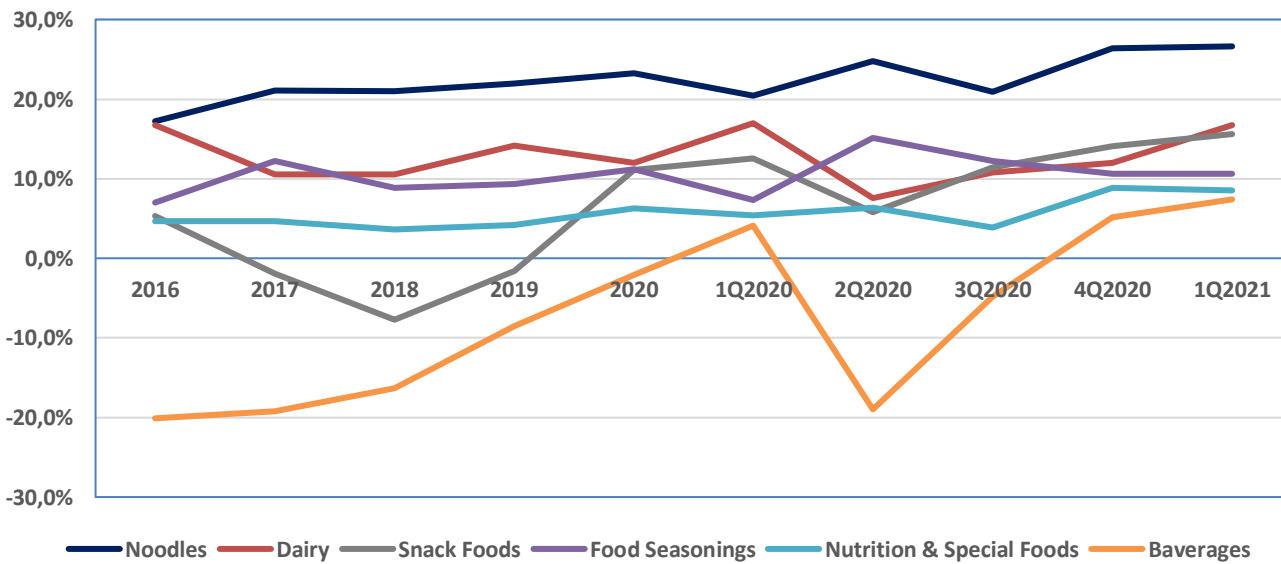
Source: Company and Binaartha

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	56.342	63.285
Cost of Sales	-23.607	-24.548	-26.148	-27.892	-29.417	-34.932	-39.237
Gross Profit	10.768	11.058	12.266	14.405	17.224	21.410	24.048
Operating Expense	-5.904	-5.837	-5.818	-7.004	-8.023	-9.578	-10.758
Operating income	4.864	5.221	6.448	7.401	9.201	11.832	13.290
Other Income	125	-15	-1	37	758	-1.409	-1.266
PBT	4.989	5.206	6.447	7.438	9.959	10.423	12.024
Taxes	-1.358	-1.663	-1.788	-2.077	-2.540	-2.710	-3.006
NIAT	3.631	3.543	4.659	5.361	7.419	7.713	9.018
Minority Interest	-31	253	-83	-321	-832	-901	-1.013
Net Profit	3.600	3.796	4.576	5.039	6.587	6.812	8.006
EPS (in IDR)	309	326	392	432	565	584	686
EBITDA	5.773	6.035	7.513	8.626	11.742	14.067	15.822

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	6.812	8.006
+Depreciation	605	675	841	1.027	1.112	1.119	1.215
- Change in WC	-428	-225	-1.204	450	-295	-1.545	-121
Cash From Operating Activities	3.777	4.246	4.213	6.516	7.404	6.386	9.100
capex	-1.336	-2.385	-6.047	-2.865	-61.900	-7.089	-10.329
cash from investing activities	-1.336	-2.385	-6.047	-2.865	-61.900	-7.089	-10.329
Long-term debt	-544	83	-103	850	29.071	216	654
Other Long term liabilities	304	454	60	207	9.542	764	1.736
equity	-1.486	-1.973	-2.192	-1.076	17.060	-775	-1.684
cash from financing activities	-1.726	-1.437	-2.235	-18	55.672	205	706
Net Changes in Cash	715	424	-4.069	3.633	1.176	-498	-523
Beginning Balance	7.658	8.372	8.797	4.727	8.359	9.535	9.037
Ending balance	8.372	8.796	4.727	8.359	9.535	9.037	8.514

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	9.037	8.514
Trade Accounts Receivable	3.894	4.126	4.271	4.132	5.747	7.325	7.594
Inventories	3.110	3.262	4.001	3.841	4.587	5.071	5.696
Others Current Assets	196	395	1.122	293	847	1.014	1.139
Total Current Assets	15.571	16.579	14.122	16.625	20.716	22.447	22.943
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	12.395	12.657
Other Noncurrent Assets	4.584	4.275	6.799	6.851	58.876	61.977	69.613
Total Noncurrent Assets	13.331	15.040	20.246	22.084	82.872	88.842	97.956
TOTAL ASSETS	28.902	31.619	34.367	38.709	103.588	111.289	120.899
LIABILITIES AND EQUITY							
LIABILITIES							
CURRENT LIABILITIES							
Short-term Bank Loans	573	921	1.058	703	725	563	633
Trade Account Payable	3.083	3.519	3.706	3.258	3.907	3.099	3.164
Others Current Liabilities	2.813	2.387	2.471	2.596	4.544	6.198	6.961
Total Current Liabilities	6.470	6.828	7.235	6.556	9.176	9.860	10.758
NONCURRENT LIABILITIES							
Long-term debt	872	955	852	1.702	30.773	30.988	31.642
Others Noncurrent Liabilitie	3.059	3.513	3.573	3.780	13.321	14.086	15.821
Total Noncurrent Liabilities	3.931	4.468	4.425	5.482	44.094	45.074	47.464
TOTAL LIABILITIES	10.401	11.295	11.660	12.038	53.270	54.934	58.222
Non-controlling interest	937	761	1.088	1.370	20.888	23.664	26.580
EQUITY	17.564	19.563	21.619	25.301	29.430	32.691	36.097
TOTAL LIABILITIES & EQUITY	28.902	31.619	34.367	38.709	103.588	111.289	120.899

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%	20,8%	12,3%
OP	42,8%	7,3%	23,5%	14,8%	24,3%	28,6%	12,3%
EBITDA	18,5%	4,5%	24,5%	14,8%	36,1%	19,8%	12,5%
NP	20,0%	5,4%	20,5%	10,1%	30,7%	3,4%	17,5%
EPS	-40,0%	5,4%	20,5%	10,1%	30,7%	3,4%	17,5%
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%	21,0%	21,0%
EBITDA margin(%)	16,8%	16,9%	19,6%	20,4%	25,2%	25,0%	25,0%
NET Profit margin(%)	10,5%	10,7%	11,9%	11,9%	14,1%	12,1%	12,7%
ROA(%)	12,5%	12,0%	13,3%	13,0%	6,4%	6,1%	6,6%
ROE(%)	20,5%	19,4%	21,2%	19,9%	22,4%	20,8%	22,2%
Solvability (x)							
Tot. debt/ Tot.equity	0,59	0,58	0,54	0,48	1,81	1,68	1,61
Debt Ratio	2,78	2,80	2,95	3,22	1,94	2,03	2,08
Liquidity (x)							
Current Ratio	2,41	2,43	1,95	2,54	2,26	2,28	2,13
Cash Ratio	1,29	1,29	0,65	1,27	1,04	0,92	0,79

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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