

PT. Indofood CBP Sukses Makmur Tbk.

Consumer Goods, Food and Beverage
9 June 2022

Price IDR. 8,575
Target IDR. 11,440
JKSE Index 7,193.314



Stock code

Bloomberg code ICBP IJ
Market cap (in Bn) 100,875
52-week high 9,425
52-week low 7,050
6-m avg.dail.val (IDR) 8,532
Free Float (%) 19.47%

Major Share Holders (%)

PT Indofood Sukses Makmur Tbk 80.53%
Public 19.47%

USD/IDR-YE

2021 14,300
2022F (6m-avg) 14,390

Analyst:
Eka Rahmawati Rahman

Investment Considerations

BUY

Maintained Double-digit Sales Growth

- ICBP maintained double digit sales growth of +13.9% YoY or +21.2% QoQ to IDR 17.18 trillion in 1Q2022, while margins in most of ICBP's businesses declined from a year ago because of higher raw material prices (wheat, skim milk powder, CPO) in 1Q2022.
- Noodles sales grew +12.8% YoY or +19.6% QoQ to IDR 12.2 trillion with a higher ASP and higher sales from the Middle East and Africa, +25% YoY. The EBIT margin declined from 26.7% last year to 23% due to rising raw material costs.
- Dairy and beverage sales both grew YoY and QoQ to IDR 2.77 trillion and IDR 369 billion respectively, both had higher QoQ EBIT margins which increased to 11% and 8.2% after a drop in 4Q2021 due to higher skim milk powder prices.
- Snack Food sales were IDR 1.01 billion which is an increase of +13.9% YoY or +19.6% QoQ. The snack food EBIT margin decreased to 7.6% from 15.6% last year.
- Food Seasoning and Nutrition & special foods had growth of +6.3% and +29.7% YoY to IDR 991 billion and IDR 317 billion respectively. Both also booked higher EBIT margins of 12.3% and 9.1%.
- As ICBP has increased prices in the range of 3% - 5% in 1Q2022, and demand is expected to grow in 2022, we maintain our double-digit sales growth target for this year of +17% to IDR 66.3 trillion.

Quarterly Margins Improve

- Despite cost pressed from higher raw material prices, ICBP margins improved in 1Q2022.
- ICBP booked a profit of IDR 1.94 trillion, up by +11.6% YoY or +36.6% QoQ with a higher net profit margin of 11.3% from 10% in 4Q2021.
- Cost of goods sold increased +22.7% YoY or +19.9% QoQ from the increase in raw material prices. As a result ICBP gross profit was stable at IDR 5.87 trillion in 1Q2022. This resulted in a higher GPM from 33.5% in 4Q2021 to 34.2% in 1Q2022.
- Profit before tax also grew +4.3% to IDR 2.76 trillion with lower finance expenses of -36% YoY.
- With higher ASPs and an improvement in margins in 1Q2022, we expect net profit to reach IDR 7.3 trillion for 2022F with double digit growth of +14.4% YoY.

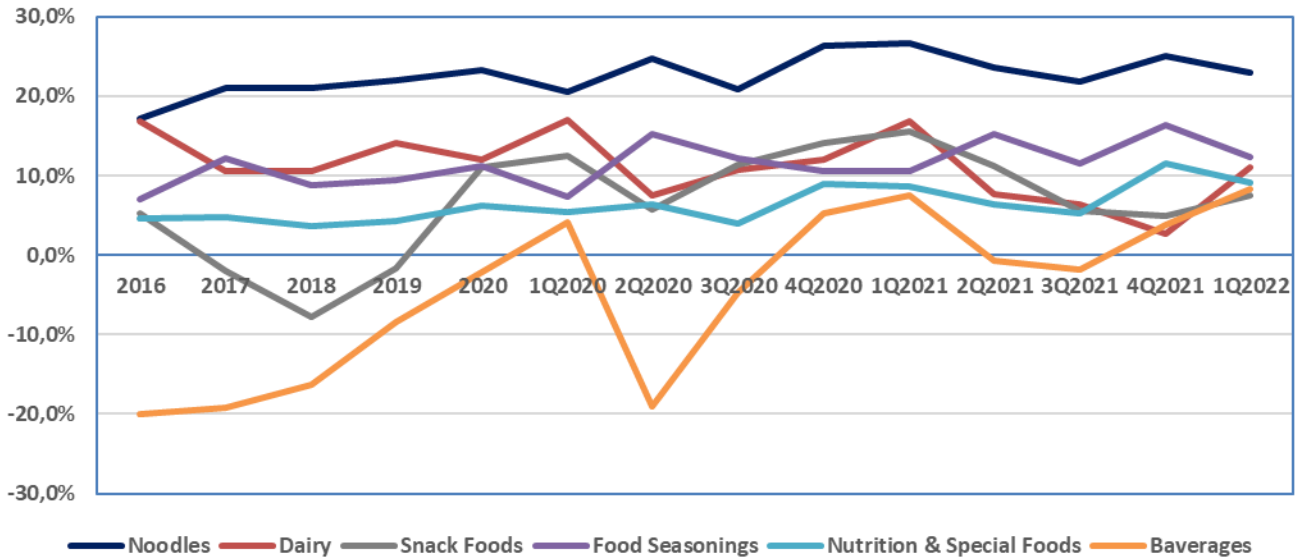
Valuation: Upgrade TP 11,440

- We are targeting ICBP to reach IDR 11,440 or 33% upside, which is a 17x PE valuation within one year. Maintain BUY.

Financial Highlights	2017A	2018A	2019A	2020A	2021A	2022F	2023F
Net Sales (IDR Bn)	35.606	38.413	42.297	46.641	56.804	66.302	75.572
EBITDA (IDR Bn)	6.035	7.513	8.626	11.742	13.027	15.145	16.745
Net Profit (IDR Bn)	3.796	4.576	5.039	6.587	6.388	7.311	8.333
EPS (IDR)	326	392	432	565	548	627	658
GPM (%)	31%	32%	34%	37%	36%	34%	34%
OPM (%)	15%	17%	17%	20%	21%	20%	20%
ROE (%)	19%	21%	20%	22%	19%	21%	23%
ROA (%)	12%	13%	13%	6%	5%	6%	6%

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	1Q2022	YoY	4Q2021	QoQ
Net Sales	15.092	17.188	13,9%	14.182	21,2%
Cost of Sales	-9.221	-11.312	22,7%	-9.436	19,9%
Gross Profit	5.872	5.876	0,1%	4.745	23,8%
Operating Expense	-2.053	-2.342	14,1%	-1.911	22,6%
Operating income	3.819	3.534	-7,5%	2.834	24,7%
Other Income	-1.170	-772	-34,0%	-592	30,3%
PBT	2.648	2.762	4,3%	2.242	23,2%
Taxes	-520	-508	-2,3%	-424	19,9%
NIAT	2.129	2.254	5,9%	1.818	24,0%
Minority Interest	-392	-316	-19,4%	-400	-21,0%
Net Profit	1.737	1.938	11,6%	1.419	36,6%
EPS (in IDR)	149	166	11,6%	122	36,6%
GPM (%)	38,9%	34,2%		33,5%	
OPM (%)	25,3%	20,6%		20,0%	
NPM (%)	11,5%	11,3%		10,0%	

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 A	2022 F	2023 F
Net Sales	34.375	35.606	38.413	42.297	46.641	56.804	66.302	75.572
Cost of Sales	-23.607	-24.548	-26.148	-27.892	-29.417	-36.526	-43.626	-49.727
Gross Profit	10.768	11.058	12.266	14.405	17.224	20.277	22.675	25.846
Operating Expense	-5.904	-5.837	-5.818	-7.004	-8.023	-8.619	-9.282	-10.580
Operating income	4.864	5.221	6.448	7.401	9.201	11.659	13.393	15.266
Other Income	125	-15	-1	37	758	-1.723	-2.321	-2.645
PBT	4.989	5.206	6.447	7.438	9.959	9.935	11.072	12.621
Taxes	-1.358	-1.663	-1.788	-2.077	-2.540	-2.035	-2.104	-2.398
NIAT	3.631	3.543	4.659	5.361	7.419	7.900	8.969	10.223
Minority Interest	-31	253	-83	-321	-832	-1.512	-1.658	-1.889
Net Profit	3.600	3.796	4.576	5.039	6.587	6.388	7.311	8.333
EPS (in IDR)	309	326	392	432	565	548	627	658
EBITDA	5.773	6.035	7.513	8.626	11.742	13.027	15.145	16.745

Source: Company & Binaartha

Table: Cash Flow in IDR. Billion YoY

Cash Flow (in IDR.bn)	2016A	2017A	2018A	2019A	2020A	2021A	2022F	2023F
+ Net Income	3.600	3.796	4.576	5.039	6.587	6.388	7.311	8.333
+Depreciation	605	675	841	1.027	1.112	1.126	1.126	1.215
- Change in WC	-428	-225	-1.204	450	-295	7.281	-2.410	100
Cash From Operating Activities	3.777	4.246	4.213	6.516	7.404	14.795	6.027	9.648
Change in Non-current Asset	-1.336	-2.385	-6.047	-2.865	-61.900	-2.322	-3.301	-1.769
cash from investing activities	-1.336	-2.385	-6.047	-2.865	-61.900	-2.322	-3.301	-1.769
Long-term debt	-544	83	-103	850	29.071	9.966	369	-298
Other Long term liabilities equity	304	454	60	207	9.542	-9.613	270	-577
cash from financing activities	-1.726	-1.437	-2.235	-18	55.672	-1.631	-1.705	-4.459
Net Changes in Cash	715	424	-4.069	3.633	1.176	10.842	1.021	3.420
Beginning Balance	7.658	8.372	8.797	4.727	8.359	9.535	20.378	21.399
Ending balance	8.372	8.796	4.727	8.359	9.535	20.378	21.399	24.819

Source: Company & Binaartha

Table: Statement of Financial Position in IDR. Billion YoY

Statement of Financial Position (in IDR Bn)	2016A	2017A	2018A	2019A	2020A	2021A	2022F	2023F
ASSETS								
CURRENT ASSETS								
Cash and Cash Equivalents	8.372	8.797	4.727	8.359	9.535	20.378	21.399	24.819
Trade Accounts Receivable	3.894	4.126	4.271	4.132	5.747	6.834	8.073	8.747
Inventories	3.110	3.262	4.001	3.841	4.587	5.857	5.967	6.802
Others Current Assets	196	395	1.122	293	847	928	4.310	4.156
Total Current Assets	15.571	16.579	14.122	16.625	20.716	33.998	39.749	44.524
NONCURRENT ASSETS								
Fixed Assets	7.114	8.120	10.742	11.342	13.351	14.176	15.301	16.516
Long-term Investment	1.632	2.645	2.705	3.890	10.645	11.069	12.597	13.603
Other Noncurrent Assets	4.584	4.275	6.799	6.851	58.876	58.825	58.345	56.679
Total Noncurrent Assets	13.331	15.040	20.246	22.084	82.872	84.069	86.244	86.799
TOTAL ASSETS	28.902	31.619	34.367	38.709	103.588	118.067	125.993	131.323
LIABILITIES AND EQUITY								
LIABILITIES								
CURRENT LIABILITIES								
Short-term Bank Loans	573	921	1.058	703	725	838	995	756
Trade Account Payable	3.083	3.519	3.706	3.258	3.907	4.552	4.641	5.290
Others Current Liabilities	2.813	2.387	2.471	2.596	4.544	13.507	15.581	16.626
Total Current Liabilities	6.470	6.828	7.235	6.556	9.176	18.896	21.217	22.672
NONCURRENT LIABILITIES								
Long-term debt	872	955	852	1.702	30.773	40.738	41.107	40.809
Others Noncurrent Liabilities	3.059	3.513	3.573	3.780	13.321	3.708	3.978	3.401
Total Noncurrent Liabilities	3.931	4.468	4.425	5.482	44.094	44.447	45.085	44.210
TOTAL LIABILITIES	10.401	11.295	11.660	12.038	53.270	63.343	66.302	66.882
Non-controlling interest	937	761	1.088	1.370	20.888	20.842	24.532	27.962
EQUITY	17.564	19.563	21.619	25.301	29.430	33.881	35.159	36.479
TOTAL LIABILITIES & EQUITY	28.902	31.619	34.367	38.709	103.588	118.066	125.992	131.322

Source: Company & Binaartha

Table: Ratio Highlights YoY

	2017A	2018A	2019A	2020A	2021A	2022F	2023F
Growth (% YoY)							
Sales	3,6%	7,9%	10,1%	10,3%	21,8%	16,7%	14,0%
OP	7,3%	23,5%	14,8%	24,3%	26,7%	14,9%	14,0%
EBITDA	4,5%	24,5%	14,8%	36,1%	10,9%	16,3%	10,6%
NP	5,4%	20,5%	10,1%	30,7%	-3,0%	14,4%	14,0%
EPS	5,4%	20,5%	10,1%	30,7%	-3,0%	14,4%	5,0%
Profitability							
Gross Margin	31,1%	31,9%	34,1%	36,9%	35,7%	34,2%	34,2%
Operating Margin(%)	14,7%	16,8%	17,5%	19,7%	20,5%	20,2%	20,2%
EBITDA margin(%)	16,9%	19,6%	20,4%	25,2%	22,9%	22,8%	22,2%
NET Profit margin(%)	10,7%	11,9%	11,9%	14,1%	11,2%	11,0%	11,0%
ROA(%)	12,0%	13,3%	13,0%	6,4%	5,4%	5,8%	6,3%
ROE(%)	19,4%	21,2%	19,9%	22,4%	18,9%	20,8%	22,8%
Solvability (x)							
Tot. debt/ Tot.equity	0,58	0,54	0,48	1,81	1,87	1,89	1,83
Debt Ratio	2,80	2,95	3,22	1,94	1,86	1,90	1,96
Liquidity (x)							
Current Ratio	2,43	1,95	2,54	2,26	1,80	1,87	1,96
Cash Ratio	1,29	0,65	1,27	1,04	1,08	1,01	1,09
Per Share data (IDR)							
EPS	326	392	432	565	548	627	658
BV	1.678	1.854	2.170	2.524	2.905	3.015	2.881
EBITDA/share	517	644	740	1.007	1.117	1.299	1.322

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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