

**PT. Indofood Sukses Makmur Tbk.**

Consumer Goods

13 April 2023

Price	IDR.	6,275
Target	IDR.	8,965
JKSE Index		6,804.186



Stock code

Bloomberg code	INDF IJ
Market cap (in Bn)	55,755.7
52-week high	7,250
52-week low	6,000
6-m avg.dail.val (IDR)	6,025
Free Float (%)	49.93%

Major Share Holders (%)

First Pacific Company Limited	50.07%
Public	49.93%

USD/IDR-YE

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

Analyst:  
Eka Rahmawati Rahman

Investment Considerations

**BUY**

**Maintained double-digit sales growth**

- In 4Q2022, INDF maintained double-digit sales growth of +13% YoY or +7% QoQ to IDR 30 trillion with strong performances from Bogasari, ICBP and distribution.
- Bogasari growth was +16.9% YoY or +3.1% QoQ to IDR 8.5 trillion, while Bogasari's EBIT margin decreased to 6.3% from 3Q2022's 8.9% due to price adjustments.
- ICBP sales grew by +11.6% YoY to IDR 16.3 trillion with ICBP's EBIT margin increasing to 22.1% from 20.3%, in line with softer raw material prices and a sales price hike.
- Distribution revenue increased by +71% YoY or +42% to IDR 1.96 trillion with a lower EBIT margin of 3.1% due to higher fuel prices.
- Agribusiness sales declined by -3% YoY but were higher QoQ, +27% to IDR 5.47 trillion, while the Agribusiness EBIT margin was flat at 18.6% in 4Q2022.
- The weakening of commodity prices has both positive and negative impacts for INDF; positive for ICBP, less positive for Bogasari and Agribusiness.
- We expect INDF's top line sales will reach IDR 119.2 trillion which is +8% growth in 2023F.

**4Q2022: Higher forex losses**

- INDF's net profit decreased -24% YoY or -1.8% QoQ to IDR 1.71 trillion due to higher forex losses in 4Q2022. This resulted in a lower NPM of 5.7% from 6.2% in 3Q2022.
- INDF booked +5.7% YoY growth of gross profit to IDR 8.89 trillion with a lower GPM of 29.6% due to higher cost of sales, up +16.5%.
- Operating income increased +17.7% YoY or +2.8% QoQ to IDR 5.5 trillion in 4Q2022 but with a lower OPM of 18.4%.
- INDF's profit before tax also decreased -17.3% YoY to IDR 3.25 trillion with higher finance expenses, +14% YoY and higher forex losses of IDR 2.5 trillion in 4Q2022 after a gain last year.
- Despite the pressure from forex losses and softer commodities prices, we expect INDF's profit to reach IDR 8.2 trillion in 2023F or +29% growth.

**Valuation: Maintain BUY with TP 8,965**

- We are targeting INDF to reach IDR 8,965 or 43% upside, which is a 10x PE valuation within one year. Maintain BUY.

Financial Highlights	2019A	2020A	2021A	2022A	2023F	2024F
Net Sales (IDR Bn)	76.594	81.731	99.346	110.830	119.243	130.251
EBITDA (IDR Bn)	13.491	17.377	20.452	23.147	22.132	25.305
Net Profit (IDR Bn)	4.909	6.456	7.664	6.359	8.198	9.443
EPS (IDR)	559	735	873	724	934	1.075
GPM (%)	30%	33%	33%	31%	32%	32%
OPM (%)	13%	16%	17%	18%	19%	19%
PER (x)	14,2	9,3	7,2	8,8	9,6	8,3
PBV (x)	1,8	1,4	1,2	1,0	1,4	1,3
ROE (%)	13%	15%	16%	12%	14%	15%
ROA (%)	5%	4%	4%	4%	5%	5%

Source: Company and Binaartha

**Table: INDF Performance QoQ and YoY**

Income Statement ( in IDR Bn)	1Q2022	2Q2022	3Q2022	4Q2022	QoQ	4Q2021	YoY
<b>Net Sales</b>	<b>27.447</b>	<b>25.340</b>	<b>28.034</b>	<b>30.009</b>	<b>7,0%</b>	<b>26.537</b>	<b>13,1%</b>
Cost of Sales	-18.405	-18.079	-19.259	-21.116	9,6%	-18.121	16,5%
<b>Gross Profit</b>	<b>9.042</b>	<b>7.262</b>	<b>8.775</b>	<b>8.893</b>	<b>1,3%</b>	<b>8.416</b>	<b>5,7%</b>
Operating Expense	-3.837	-3.640	-3.418	-3.384	-1,0%	-3.734	-9,4%
<b>Operating income</b>	<b>5.205</b>	<b>3.622</b>	<b>5.358</b>	<b>5.508</b>	<b>2,8%</b>	<b>4.682</b>	<b>17,7%</b>
Other Income	-988	-2.199	-1.934	-2.253	16,5%	-746	201,9%
<b>PBT</b>	<b>4.217</b>	<b>1.423</b>	<b>3.423</b>	<b>3.256</b>	<b>-4,9%</b>	<b>3.935</b>	<b>-17,3%</b>
Taxes	-912	-566	-902	-747	-17,2%	-706	5,7%
<b>NIAT</b>	<b>3.305</b>	<b>857</b>	<b>2.522</b>	<b>2.509</b>	<b>-0,5%</b>	<b>3.229</b>	<b>-22,3%</b>
Minority Interest	-946	-316	-776	-796	2,5%	-975	-18,4%
<b>Net Profit</b>	<b>2.360</b>	<b>541</b>	<b>1.745</b>	<b>1.713</b>	<b>-1,8%</b>	<b>2.254</b>	<b>-24,0%</b>
<b>EPS (in IDR)</b>	<b>269</b>	<b>62</b>	<b>199</b>	<b>195</b>	<b>-1,8%</b>	<b>257</b>	<b>-24,0%</b>
<b>%</b>							
<b>GPM</b>	<b>32,9%</b>	<b>28,7%</b>	<b>31,3%</b>	<b>29,6%</b>		<b>31,7%</b>	
<b>OPM</b>	<b>19,0%</b>	<b>14,3%</b>	<b>19,1%</b>	<b>18,4%</b>		<b>17,6%</b>	
<b>NPM</b>	<b>8,6%</b>	<b>2,1%</b>	<b>6,2%</b>	<b>5,7%</b>		<b>8,5%</b>	

Source: Company &amp; Binaartha

**Table: INDF Segment Analysis**

	Sales (IDR Bn)		EBIT (IDR Bn)		EBIT Margin (%)	
	4Q2021	4Q2022	4Q2021	4Q2022	4Q2021	4Q2022
<b>Consumer Branded Product</b>	14.641	16.345	2.879	3.612	19,7%	22,1%
<b>Bogasari</b>	7.302	8.534	693	534	9,5%	6,3%
<b>Agribusiness</b>	5.643	5.474	1.326	1.021	23,5%	18,6%
<b>Distribution</b>	1.150	1.964	39	60	3,4%	3,1%

Source: Company &amp; 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>76.594</b>	<b>81.731</b>	<b>99.346</b>	<b>110.830</b>	<b>119.243</b>	<b>130.251</b>
Cost of Sales	-53.877	-54.979	-66.872	-76.859	-81.681	-89.222
<b>Gross Profit</b>	<b>22.717</b>	<b>26.752</b>	<b>32.474</b>	<b>33.972</b>	<b>37.562</b>	<b>41.029</b>
Operating Expense	-12.886	-13.863	-15.559	-14.279	-15.502	-16.933
<b>Operating income</b>	<b>9.831</b>	<b>12.889</b>	<b>16.915</b>	<b>19.693</b>	<b>22.060</b>	<b>24.096</b>
Other Income	-1.081	-463	-2.426	-7.374	-7.155	-7.164
<b>PBT</b>	<b>8.750</b>	<b>12.426</b>	<b>14.489</b>	<b>12.319</b>	<b>14.905</b>	<b>16.933</b>
Taxes	-2.847	-3.674	-3.258	-3.126	-3.726	-4.233
<b>NIAT</b>	<b>5.903</b>	<b>8.752</b>	<b>11.231</b>	<b>9.193</b>	<b>11.179</b>	<b>12.699</b>
Minority Interest	-995	-2.296	-3.567	-2.833	-2.981	-3.256
<b>Net Profit</b>	<b>4.909</b>	<b>6.456</b>	<b>7.664</b>	<b>6.359</b>	<b>8.198</b>	<b>9.443</b>
<b>EPS (in IDR)</b>	<b>559</b>	<b>735</b>	<b>873</b>	<b>724</b>	<b>934</b>	<b>1.075</b>
<b>EBITDA</b>	<b>13.491</b>	<b>17.377</b>	<b>20.452</b>	<b>23.147</b>	<b>22.132</b>	<b>25.305</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	4.909	6.456	7.664	6359	8198	9443
+Depreciation	3.014	3.075	3.078	2829	3112	3261
- Change in WC	288	-134	8.804	-13903	-733	-3146
<b>Cash From Operating Activities</b>	<b>8.211</b>	<b>9.396</b>	<b>19.545</b>	<b>-4715</b>	<b>10576</b>	<b>9558</b>
Change on Non-current Asset	-4.544	-62.998	-3.533	-3213	-5899	-8504
<b>cash from investing activities</b>	<b>-4.544</b>	<b>-62.998</b>	<b>-3.533</b>	<b>-3213</b>	<b>-5899</b>	<b>-8504</b>
Long-term debt	1.465	29.618	5.890	4710	-6246	3963
Other Long term liabilities	427	9.095	-9.592	-946	243	660
equity	-623	18.480	-170	632	-3413	698
<b>cash from financing activities</b>	<b>1.269</b>	<b>57.193</b>	<b>-3.871</b>	<b>4395</b>	<b>-9415</b>	<b>5322</b>
<b>Net Changes in Cash</b>	<b>4.936</b>	<b>3.591</b>	<b>12.141</b>	<b>-3532</b>	<b>-4738</b>	<b>6376</b>
<b>Beginning Balance</b>	<b>8.809</b>	<b>13.745</b>	<b>17.337</b>	<b>29478</b>	<b>25946</b>	<b>21208</b>
<b>Ending balance</b>	<b>13.745</b>	<b>17.337</b>	<b>29.478</b>	<b>25946</b>	<b>21208</b>	<b>27585</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	13.745	17.337	29.478	25.946	21.208	27.585
Trade Accounts Receivable	5.964	7.452	8.464	8.281	9.806	10.854
Inventories	9.659	11.150	12.684	16.517	16.075	17.559
Others Current Assets	2.035	2.479	3.557	4.133	5.014	5.582
<b>Total Current Assets</b>	<b>31.403</b>	<b>38.418</b>	<b>54.183</b>	<b>54.877</b>	<b>52.103</b>	<b>61.580</b>
<b>NONCURRENT ASSETS</b>						
Fixed Assets	43.073	45.863	46.752	47.411	50.522	53.783
Long-term Investment	5.065	11.682	12.102	12.907	11.924	13.025
Goodwill	4.305	56.463	56.463	56.358	56.358	56.358
Other Noncurrent Assets	12.352	10.710	9.856	8.881	9.539	10.420
<b>Total Noncurrent Assets</b>	<b>64.795</b>	<b>124.718</b>	<b>125.173</b>	<b>125.557</b>	<b>128.344</b>	<b>133.587</b>
<b>TOTAL ASSETS</b>	<b>96.198</b>	<b>163.136</b>	<b>179.356</b>	<b>180.433</b>	<b>180.448</b>	<b>195.167</b>
<b>LIABILITIES AND EQUITY</b>						
<b>LIABILITIES</b>						
<b>CURRENT LIABILITIES</b>						
Short-term Bank Loans	11.989	14.713	17.317	16.882	17.886	18.235
Trade Account Payable	5.988	6.155	6.983	5.372	5.724	5.210
Others Current Liabilities	6.710	7.108	16.103	8.471	8.347	8.466
<b>Total Current Liabilities</b>	<b>24.687</b>	<b>27.976</b>	<b>40.403</b>	<b>30.726</b>	<b>31.957</b>	<b>31.912</b>
<b>NONCURRENT LIABILITIES</b>						
Long-term debt	8.955	38.573	44.463	49.173	42.927	46.890
Others Noncurrent Liabilities	8.354	17.450	7.858	6.911	7.155	7.815
<b>Total Noncurrent Liabilities</b>	<b>17.309</b>	<b>56.023</b>	<b>52.321</b>	<b>56.084</b>	<b>50.082</b>	<b>54.705</b>
<b>TOTAL LIABILITIES</b>	<b>41.996</b>	<b>83.998</b>	<b>92.724</b>	<b>86.810</b>	<b>82.039</b>	<b>86.617</b>
Non-controlling interest	16.425	36.764	38.367	39.779	41.753	47.173
<b>EQUITY</b>	<b>37.778</b>	<b>42.374</b>	<b>48.265</b>	<b>53.844</b>	<b>56.656</b>	<b>61.377</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>96.198</b>	<b>163.136</b>	<b>179.356</b>	<b>180.433</b>	<b>180.448</b>	<b>195.167</b>

Source: Company & Binaartha

**Table: Ratio Highlights YoY**

	2019A	2020A	2021A	2022A	2023F	2024F
<b>Growth (% YoY)</b>						
Sales	4,4%	6,7%	21,6%	11,6%	7,6%	9,2%
OP	7,5%	31,1%	31,2%	16,4%	12,0%	9,2%
EBITDA	9,9%	28,8%	17,7%	13,2%	-4,4%	14,3%
NP	17,9%	31,5%	18,7%	-17,0%	28,9%	15,2%
EPS	17,9%	31,5%	18,7%	-17,0%	28,9%	15,2%
<b>Profitability</b>						
Gross Margin	29,7%	32,7%	32,7%	30,7%	31,5%	31,5%
Operating Margin(%)	12,8%	15,8%	17,0%	17,8%	18,5%	18,5%
EBITDA margin(%)	17,6%	21,3%	20,6%	20,9%	18,6%	19,4%
NET Profit margin(%)	6,4%	7,9%	7,7%	5,7%	6,9%	7,3%
ROA(%)	5,1%	4,0%	4,3%	3,5%	4,5%	4,8%
ROE(%)	13,0%	15,2%	15,9%	11,8%	14,5%	15,4%
<b>Solvability (x)</b>						
Tot. debt/ Tot.equity	1,11	1,98	1,92	1,61	1,45	1,41
Debt Ratio	2,29	1,94	1,93	2,08	2,20	2,25
<b>Liquidity (x)</b>						
Current Ratio	1,27	1,37	1,34	1,79	1,63	1,93
Cash Ratio	0,56	0,62	0,73	0,84	0,66	0,86
<b>Per Share data</b>						
EPS (IDR)	559	735	873	724	934	1.075
PER (x)	14,2	9,3	7,2	8,8	9,6	8,3
PBV (x)	1,8	1,4	1,2	1,0	1,4	1,3
EBITDA/share	1.536	1.979	2.329	2.636	2.521	2.882

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**  
**(62 21) 520 6678 ext. 611**

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