

**PT. Indofood Sukses Makmur Tbk.**

**BUY**

Consumer Goods

13 June 2022

Price	IDR.	6,925
Target	IDR.	9,000
JKSE Index		7,086.648



Stock code

Bloomberg code	INDF JJ
Market cap (in Bn)	60,804
52-week high	6,950
52-week low	5,725
6-m avg.dail.val (IDR)	6,376
Free Float (%)	49.93%

Major Share Holders (%)

First Pacific Company Limited	50.07%
Public	49.93%

USD/IDR-YE

2021	14,300
2022F (6m-avg)	14,385

Analyst:  
Eka Rahmawati Rahman

Investment Considerations

Double digit sales growth

- INDF recorded double digit sales growth of +11.8% YoY or + 3.4% QoQ in 1Q2022 to IDR 27.4 trillion with higher contributions from Bogasari and ICBP.
- ICBP grew 16.3% YoY to IDR 16.9 trillion while ICBP's EBIT margin decreased to 19.5% from 23.8% last year from higher raw material prices.
- Bogasari also maintained double-digit sales growth to IDR 7.57 trillion up +25.8% YoY or +3.8% QoQ. Bogasari's EBIT also increased +18.4% with an ASP hike in 1Q2022, while the EBIT margin decreased slightly to 7.2% due to higher raw material prices.
- Agribusiness sales declined by -12.9% or -27.5% to IDR 4.08 trillion in 1Q2021 due to a decline in CPO sales volume.
- Agribusiness EBIT jumped by +121.8% to IDR 1.03 trillion in line with an EBIT margin increase from 10% last year to 25.35% in 1Q2022, due to higher CPO prices.
- Distribution revenue increased +6.7% to IDR 1.43 trillion with a higher EBIT margin of 7.4%.
- As higher CPO prices and wheat prices will continue in 2022F, we expect a strong sales performance, with double-digit growth of +12.6% YoY to IDR 111.8 trillion.

1Q2022: Margin Improve

- With strong sales growth, INDF profit also improved, INDF 1Q2022 net profit grew +36.5% YoY or +5.7% QoQ to IDR 2.36 trillion. The NPM also improved to 8.6% from 7.0% last year.
- INDF's profit before tax also increased +21% YoY to IDR 4.21 with lower finance expenses, -32% YoY.
- Operating income grew +6.1% YoY or +12% QoQ to IDR 5.2 trillion in 1Q2022 with a higher QoQ OPM from 17.5% in 4Q2021 to 19% in 1Q2022.
- INDF's gross profit grew +6% YoY or +7.6% QoQ to IDR 9.04 trillion with an improved GPM from 31.7% in 4Q2021 to of 32.9%.
- With margin improvements in 1Q2022 and strong wheat and CPO prices in 2022, we expect double-digit growth in INDF's profit of +15.6% YoY to IDR 8.8 trillion in 2022F.

Valuation: Maintain BUY with TP 9,000

- We are targeting INDF to reach IDR 9,000 or 30% upside, which is an 8x PE valuation within one year. Maintain BUY.

Financial Highlights	2017A	2018A	2019A	2020A	2021A	2022F	2023F
Net Sales (IDR Bn)	70.187	73.393	76.594	81.731	99.346	111.821	122.319
EBITDA (IDR Bn)	11.602	12.274	13.491	17.377	20.419	22.528	24.628
Net Profit (IDR Bn)	4.156	4.165	4.909	6.456	7.642	8.834	9.899
EPS (IDR)	473	474	559	735	870	1.006	1.127
GPM (%)	28%	28%	30%	33%	33%	32%	32%
OPM (%)	12%	12%	13%	16%	17%	18%	18%
ROE (%)	13%	12%	13%	15%	16%	17%	17%
ROA (%)	5%	4%	5%	4%	4%	5%	5%

**Table: INDF Performance QoQ and YoY**

Income Statement ( in IDR Bn)	1Q2021	1Q2022	YoY	4Q2021	QoQ
<b>Net Sales</b>	<b>24.555</b>	<b>27.447</b>	<b>11,8%</b>	<b>26.537</b>	<b>3,4%</b>
Cost of Sales	-16.027	-18.405	14,8%	-18.131	1,5%
<b>Gross Profit</b>	<b>8.528</b>	<b>9.042</b>	<b>6,0%</b>	<b>8.406</b>	<b>7,6%</b>
Operating Expense	-3.622	-3.837	5,9%	-3.757	2,1%
<b>Operating income</b>	<b>4.906</b>	<b>5.205</b>	<b>6,1%</b>	<b>4.649</b>	<b>12,0%</b>
Other Income	-1.418	-988	-30,3%	-746	32,5%
<b>PBT</b>	<b>3.489</b>	<b>4.217</b>	<b>20,9%</b>	<b>3.903</b>	<b>8,0%</b>
Taxes	-863	-912	5,6%	-701	30,1%
<b>NIAT</b>	<b>2.626</b>	<b>3.305</b>	<b>25,9%</b>	<b>3.202</b>	<b>3,2%</b>
Minority Interest	-897	-946	5,4%	-970	-2,5%
<b>Net Profit</b>	<b>1.729</b>	<b>2.360</b>	<b>36,5%</b>	<b>2.232</b>	<b>5,7%</b>
<b>EPS (in IDR)</b>	<b>197</b>	<b>269</b>	<b>36,5%</b>	<b>254</b>	<b>5,7%</b>
<b>%</b>					
<b>GPM</b>	<b>34,7%</b>	<b>32,9%</b>		<b>31,7%</b>	
<b>OPM</b>	<b>20,0%</b>	<b>19,0%</b>		<b>17,5%</b>	
<b>NPM</b>	<b>7,0%</b>	<b>8,6%</b>		<b>8,4%</b>	

Source: Company &amp; Binaartha

**Table: INDF Segment Analysis**

	Sales (IDR Bn)		EBIT (IDR Bn)		EBIT Margin (%)	
	1Q2021	1Q2022	1Q2021	1Q2022	1Q2021	1Q2022
<b>Consumer Branded Product</b>	14.574	16.948	3.476	3.311	23,8%	19,5%
<b>Bogasari</b>	6.026	7.578	458	542	7,6%	7,2%
<b>Agribusiness</b>	4.691	4.088	467	1.036	10,0%	25,3%
<b>Distribution</b>	1.338	1.427	81	105	6,0%	7,4%

Source: Company &amp; Binaartha

**Table: Income Statement in IDR. Billion YoY**

Income Statement ( in IDR Bn)	2017 A	2018 A	2019 A	2020 A	2021 A	2022 F	2023 F
<b>Net Sales</b>	<b>70.187</b>	<b>73.393</b>	<b>76.594</b>	<b>81.731</b>	<b>99.346</b>	<b>111.821</b>	<b>122.319</b>
Cost of Sales	-50.417	-53.183	-53.877	-54.979	-66.882	-76.038	-83.177
<b>Gross Profit</b>	<b>19.770</b>	<b>20.210</b>	<b>22.717</b>	<b>26.752</b>	<b>32.464</b>	<b>35.783</b>	<b>39.142</b>
Operating Expense	-11.086	-11.069	-12.886	-13.863	-15.582	-16.214	-17.736
<b>Operating income</b>	<b>8.684</b>	<b>9.142</b>	<b>9.831</b>	<b>12.889</b>	<b>16.882</b>	<b>19.569</b>	<b>21.406</b>
Other Income	-1.089	-1.696	-1.081	-463	-2.426	-2.796	-2.752
<b>PBT</b>	<b>7.595</b>	<b>7.446</b>	<b>8.750</b>	<b>12.426</b>	<b>14.456</b>	<b>16.773</b>	<b>18.654</b>
Taxes	-2.498	-2.485	-2.847	-3.674	-3.253	-3.858	-4.290
<b>NIAT</b>	<b>5.097</b>	<b>4.960</b>	<b>5.903</b>	<b>8.752</b>	<b>11.204</b>	<b>12.915</b>	<b>14.363</b>
Minority Interest	-941	-796	-995	-2.296	-3.561	-4.081	-4.465
<b>Net Profit</b>	<b>4.156</b>	<b>4.165</b>	<b>4.909</b>	<b>6.456</b>	<b>7.642</b>	<b>8.834</b>	<b>9.899</b>
<b>EPS (in IDR)</b>	<b>473</b>	<b>474</b>	<b>559</b>	<b>735</b>	<b>870</b>	<b>1.006</b>	<b>1.127</b>
<b>EBITDA</b>	<b>11.602</b>	<b>12.274</b>	<b>13.491</b>	<b>17.377</b>	<b>20.419</b>	<b>22.528</b>	<b>24.628</b>

Source: Company &amp; Binaartha

**Table: Cash Flow in IDR. Billion YoY**

Cash Flow (in IDR.bn)	2017A	2018A	2019A	2020A	2021A	2022F	2023F
+ Net Income	4.156	4.165	4.909	6.456	7.642	8.834	9.899
+Depreciation	2.521	2.806	3.014	3.075	3.078	3.145	3.370
- Change in WC	-1.217	4.361	288	-134	8.804	436	-1.720
<b>Cash From Operating Activities</b>	<b>5.461</b>	<b>11.332</b>	<b>8.211</b>	<b>9.396</b>	<b>19.524</b>	<b>12.414</b>	<b>11.548</b>
Change on Non-current Asset	-4.785	-10.619	-4.544	-62.998	-3.533	-8.373	-9.608
<b>cash from investing activities</b>	<b>-4.785</b>	<b>-10.619</b>	<b>-4.544</b>	<b>-62.998</b>	<b>-3.533</b>	<b>-8.373</b>	<b>-9.608</b>
Long-term debt	-281	-4.118	1.465	29.618	5.890	265	-693
Other Long term liabilities	927	-126	427	9.095	-9.592	-589	71
equity	-995	-1.351	-623	18.480	-148	-3.781	-1.273
<b>cash from financing activities</b>	<b>-348</b>	<b>-5.594</b>	<b>1.269</b>	<b>57.193</b>	<b>-3.850</b>	<b>-4.105</b>	<b>-1.896</b>
<b>Net Changes in Cash</b>	<b>328</b>	<b>-4.881</b>	<b>4.936</b>	<b>3.591</b>	<b>12.141</b>	<b>-64</b>	<b>44</b>
<b>Beginning Balance</b>	<b>13.362</b>	<b>13.690</b>	<b>8.809</b>	<b>13.745</b>	<b>17.337</b>	<b>29.478</b>	<b>29.414</b>
<b>Ending balance</b>	<b>13.690</b>	<b>8.809</b>	<b>13.745</b>	<b>17.337</b>	<b>29.478</b>	<b>29.414</b>	<b>29.458</b>

Source: Company &amp; Binaartha

**Table: Statement of Financial Position in IDR. Billion YoY**

Statement of Financial Position (in IDR Bn)	2017A	2018A	2019A	2020A	2021A	2022F	2023F
<b>ASSETS</b>							
<b>CURRENT ASSETS</b>							
Cash and Cash Equivalents	13.690	8.809	13.745	17.337	29.478	29.414	29.458
Trade Accounts Receivable	6.852	6.573	5.964	7.452	8.464	9.477	10.366
Inventories	9.798	11.644	9.659	11.150	12.684	14.544	15.910
Others Current Assets	2.609	6.247	2.035	2.479	3.557	3.455	3.957
<b>Total Current Assets</b>	<b>32.948</b>	<b>33.273</b>	<b>31.403</b>	<b>38.418</b>	<b>54.183</b>	<b>56.891</b>	<b>59.691</b>
<b>NONCURRENT ASSETS</b>							
Fixed Assets	39.492	42.388	43.073	45.863	46.752	49.897	53.266
Long-term Investment	3.588	4.171	5.065	11.682	12.102	13.418	15.290
Goodwill	3.969	4.321	4.305	56.463	56.463	56.463	56.463
Other Noncurrent Assets	8.404	12.385	12.352	10.710	9.856	10.623	11.620
<b>Total Noncurrent Assets</b>	<b>55.453</b>	<b>63.265</b>	<b>64.795</b>	<b>124.718</b>	<b>125.173</b>	<b>130.401</b>	<b>136.639</b>
<b>TOTAL ASSETS</b>	<b>88.401</b>	<b>96.538</b>	<b>96.198</b>	<b>163.136</b>	<b>179.356</b>	<b>187.292</b>	<b>196.330</b>
<b>LIABILITIES AND EQUITY</b>							
<b>LIABILITIES</b>							
<b>CURRENT LIABILITIES</b>							
Short-term Bank Loans	12.074	21.631	11.989	14.713	17.317	19.010	19.571
Trade Account Payable	5.466	5.501	5.988	6.155	6.983	5.591	5.504
Others Current Liabilities	4.097	4.072	6.710	7.108	16.103	19.010	19.571
<b>Total Current Liabilities</b>	<b>21.638</b>	<b>31.204</b>	<b>24.687</b>	<b>27.976</b>	<b>40.403</b>	<b>43.610</b>	<b>44.646</b>
<b>NONCURRENT LIABILITIES</b>							
Long-term debt	11.607	7.490	8.955	38.573	44.463	44.728	44.035
Others Noncurrent Liabilities	8.053	7.927	8.354	17.450	7.858	7.268	7.339
<b>Total Noncurrent Liabilities</b>	<b>19.660</b>	<b>15.417</b>	<b>17.309</b>	<b>56.023</b>	<b>52.321</b>	<b>51.997</b>	<b>51.374</b>
<b>TOTAL LIABILITIES</b>	<b>41.298</b>	<b>46.621</b>	<b>41.996</b>	<b>83.998</b>	<b>92.724</b>	<b>95.607</b>	<b>96.020</b>
Non-controlling interest	15.800	16.303	16.425	36.764	38.367	39.154	42.830
<b>EQUITY</b>	<b>31.302</b>	<b>33.614</b>	<b>37.778</b>	<b>42.374</b>	<b>48.265</b>	<b>52.531</b>	<b>57.480</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>88.401</b>	<b>96.538</b>	<b>96.198</b>	<b>163.136</b>	<b>179.356</b>	<b>187.291</b>	<b>196.330</b>

Source: Company &amp; Binaartha

**Table: Ratio Highlights YoY**

	2017A	2018A	2019A	2020A	2021A	2022F	2023F
<b>Growth (% YoY)</b>							
Sales	5,1%	4,6%	4,4%	6,7%	21,6%	12,6%	9,4%
OP	4,8%	5,3%	7,5%	31,1%	31,0%	15,9%	9,4%
EBITDA	29,5%	5,8%	9,9%	28,8%	17,5%	10,3%	9,3%
NP	0,3%	0,2%	17,9%	31,5%	18,4%	15,6%	12,1%
EPS	0,3%	0,2%	17,9%	31,5%	18,4%	15,6%	12,1%
<b>Profitability</b>							
Gross Margin	28,2%	27,5%	29,7%	32,7%	32,7%	32,0%	32,0%
Operating Margin(%)	12,4%	12,5%	12,8%	15,8%	17,0%	17,5%	17,5%
EBITDA margin(%)	16,5%	16,7%	17,6%	21,3%	20,6%	20,1%	20,1%
NET Profit margin(%)	5,9%	5,7%	6,4%	7,9%	7,7%	7,9%	8,1%
ROA(%)	4,7%	4,3%	5,1%	4,0%	4,3%	4,7%	5,0%
ROE(%)	13,3%	12,4%	13,0%	15,2%	15,8%	16,8%	17,2%
<b>Solvability (x)</b>							
Tot. debt/ Tot.equity	1,32	1,39	1,11	1,98	1,92	1,82	1,67
Debt Ratio	2,14	2,07	2,29	1,94	1,93	1,96	2,04
<b>Liquidity (x)</b>							
Current Ratio	1,52	1,07	1,27	1,37	1,34	1,30	1,34
Cash Ratio	0,63	0,28	0,56	0,62	0,73	0,67	0,66
<b>Per Share data (IDR)</b>							
EPS	473	474	559	735	870	1.006	1.127
BV	3.565	3.828	4.303	4.826	5.497	5.983	6.546
EBITDA/share	1.321	1.398	1.536	1.979	2.326	2.566	2.805

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**

*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.*