

PT. Indofood Sukses Makmur Tbk.

Consumer Goods

20 April 2022

Price	IDR.	6,200
Target	IDR.	8,615
JKSE Index		7,199.232



Stock code

Bloomberg code	INDF IJ
Market cap (in Bn)	53,780
52-week high	7,075
52-week low	5,750
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)	14,315

Analyst:
Eka Rahmawati Rahman

Investment Considerations

BUY

Strong sales growth QoQ

- After a strong 3Q2021, INDF maintained double digit sales growth of +15.6% YoY or + 4% QoQ in 4Q2021 to IDR 26.5 trillion. For 2021FY, INDF's sales grew +21.6% YoY to IDR 99.34 trillion.
- ICBP grew 10.5% YoY to IDR 14.6 trillion and Agribusiness had the fastest growth, +33.5% to IDR 5.6 trillion in 4Q2021 from higher CPO prices.
- ICBP had a lower EBIT margin of 19.7% from 22.1% last year from a higher cost of goods sold in line with higher raw material prices.
- Agribusiness EBIT margin increased from 21.8% last year to 23.5% in 4Q2021 mainly due to higher CPO prices.
- Bogasari also booked double-digit sales growth to IDR 7.3 trillion up +15.8% YoY or +11.2% QoQ and had a higher EBIT margin of 9.5% from 8.7% last year.
- Distribution sales were stable at IDR 1.15 trillion with a higher EBIT margin of 3.4%.
- As higher CPO prices and wheat prices continue in 2022F, we expect a better sales performance in 2022F, with double-digit growth of +12.8% YoY to IDR 112 trillion.

4Q2021: Strong Bottom line

- INDF 4Q2021 net profit grew +12.9% QoQ but was lower -17.4% YoY to IDR 2.23 trillion with a higher QoQ net profit margin of 8.4% from 7.7% in 3Q2021 inline with lower finance expenses and higher profit from joint ventures.
- For 2021FY, INDF net profit reached IDR 8.82 trillion, up +15.4% YoY with a slightly lower NPM of 7.7% from 7.4% last year.
- Operating income grew +24% YoY or +9% QoQ to IDR 4.6 trillion in 4Q2021 with a higher QoQ OPM from 14.7% in 3Q2021 to 17.5%. OPM in 2021 was higher at 17% from 15.8% from higher operating income growth of +31% YoY to IDR 16,8 trillion.
- INDF's gross profit grew +6.1% YoY or +3% QoQ to IDR 8.4 trillion with a lower GPM of 31.7%.
- We believe INDF will maintain a good performance in 2022 from strong wheat and CPO prices, and we expect double-digit growth in INDF's profit of +15.4% YoY to IDR 8.8 trillion in 2022F.

Valuation: Maintain BUY with TP 8,615

- We are targeting INDF to reach IDR 8,615 or 39% 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	112.016	127.830
EBITDA (IDR Bn)	11.602	12.274	13.491	17.377	21.169	22.718	24.750
Net Profit (IDR Bn)	4.156	4.165	4.909	6.456	7.642	8.821	10.067
EPS (IDR)	473	474	559	735	870	1.005	1.029
GPM (%)	28%	28%	30%	33%	33%	32%	32%
OPM (%)	12%	12%	13%	16%	17%	17%	17%
ROE (%)	13%	12%	13%	15%	16%	17%	17%
ROA (%)	5%	4%	5%	4%	4%	5%	5%

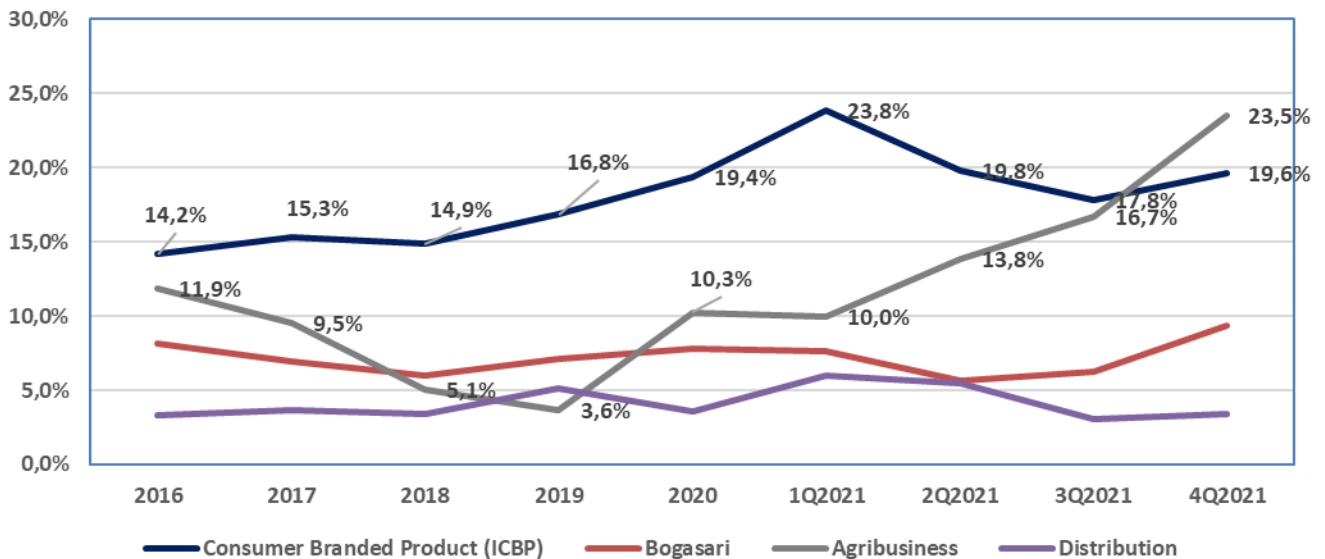
Source: Company and Binaartha

Table: INDF Performance QoQ and YoY

Income Statement (in IDR Bn)	1Q2021	2Q2021	3Q2021	4Q2021	QoQ	4Q2020	YoY
Net Sales	24.555	22.738	25.516	26.537	4,0%	22.956	15,6%
Cost of Sales	-16.027	-15.367	-17.357	-18.131	4,5%	-15.033	20,6%
Gross Profit	8.528	7.371	8.159	8.406	3,0%	7.922	6,1%
Operating Expense	-3.622	-3.790	-4.413	-3.757	-14,9%	-3.659	2,7%
Operating income	4.906	3.581	3.746	4.649	24,1%	4.263	9,0%
Other Income	-1.418	-381	119	-746	-729,0%	1.413	-152,8%
PBT	3.489	3.199	3.865	3.903	1,0%	5.677	-31,3%
Taxes	-863	-784	-905	-701	-22,5%	-1.654	-57,6%
NIAT	2.626	2.415	2.960	3.202	8,2%	4.023	-20,4%
Minority Interest	-897	-711	-984	-970	-1,4%	-1.320	-26,5%
Net Profit	1.729	1.704	1.977	2.232	12,9%	2.703	-17,4%
EPS (in IDR)	197	194	225	254	12,9%	308	-17,4%

Source: Company & Binaartha

Chart: EBIT Margin by Segment YoY



Source: Company & 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
Net Sales	70.187	73.393	76.594	81.731	99.346	112.016	127.830
Cost of Sales	-50.417	-53.183	-53.877	-54.979	-66.882	-76.171	-86.924
Gross Profit	19.770	20.210	22.717	26.752	32.464	35.845	40.906
Operating Expense	-11.086	-11.069	-12.886	-13.863	-15.582	-17.362	-19.814
Operating income	8.684	9.142	9.831	12.889	16.882	18.483	21.092
Other Income	-1.089	-1.696	-1.081	-463	-2.426	-2.240	-2.557
PBT	7.595	7.446	8.750	12.426	14.456	16.242	18.535
Taxes	-2.498	-2.485	-2.847	-3.674	-3.253	-4.061	-4.634
NIAT	5.097	4.960	5.903	8.752	11.204	12.182	13.901
Minority Interest	-941	-796	-995	-2.296	-3.561	-3.360	-3.835
Net Profit	4.156	4.165	4.909	6.456	7.642	8.821	10.067
EPS (in IDR)	473	474	559	735	870	1.005	1.029
EBITDA	11.602	12.274	13.491	17.377	21.169	22.718	24.750

Source: Company & 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	8.821	10.067
+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	-3.196	-1.137
Cash From Operating Activities	5.461	11.332	8.211	9.396	19.524	8.770	12.300
Change on Non-current Asset	-4.785	-10.619	-4.544	-62.998	-3.533	-7.855	-10.010
cash from investing activities	-4.785	-10.619	-4.544	-62.998	-3.533	-7.855	-10.010
Long-term debt	-281	-4.118	1.465	29.618	5.890	-5.765	-760
Other Long term liabilities	927	-126	427	9.095	-9.592	-16	1.107
equity	-995	-1.351	-623	18.480	-148	-3.707	504
cash from financing activities	-348	-5.594	1.269	57.193	-3.850	-9.488	851
Net Changes in Cash	328	-4.881	4.936	3.591	12.141	-8.572	3.141
Beginning Balance	13.362	13.690	8.809	13.745	17.337	29.478	20.906
Ending balance	13.690	8.809	13.745	17.337	29.478	20.906	24.047

Source: Company & Binaartha

Table: Statement of Financial Position in IDR. Billion YoY

Statement of Financial Position (in IDR Bn)	2017A	2018A	2019A	2020A	2021A	2022F	2023F
ASSETS							
CURRENT ASSETS							
Cash and Cash Equivalents	13.690	8.809	13.745	17.337	29.478	20.906	24.047
Trade Accounts Receivable	6.852	6.573	5.964	7.452	8.464	9.493	10.833
Inventories	9.798	11.644	9.659	11.150	12.684	14.570	16.627
Others Current Assets	2.609	6.247	2.035	2.479	3.557	3.462	4.135
Total Current Assets	32.948	33.273	31.403	38.418	54.183	48.430	55.641
NONCURRENT ASSETS							
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	12.322	14.061
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	11.202	12.732
Total Noncurrent Assets	55.453	63.265	64.795	124.718	125.173	129.883	136.523
TOTAL ASSETS	88.401	96.538	96.198	163.136	179.356	178.313	192.164
LIABILITIES AND EQUITY							
LIABILITIES							
CURRENT LIABILITIES							
Short-term Bank Loans	12.074	21.631	11.989	14.713	17.317	17.923	17.896
Trade Account Payable	5.466	5.501	5.988	6.155	6.983	8.155	9.146
Others Current Liabilities	4.097	4.072	6.710	7.108	16.103	13.949	15.918
Total Current Liabilities	21.638	31.204	24.687	27.976	40.403	40.026	42.960
NONCURRENT LIABILITIES							
Long-term debt	11.607	7.490	8.955	38.573	44.463	38.699	37.938
Others Noncurrent Liabilities	8.053	7.927	8.354	17.450	7.858	7.841	8.948
Total Noncurrent Liabilities	19.660	15.417	17.309	56.023	52.321	46.540	46.887
TOTAL LIABILITIES	41.298	46.621	41.996	83.998	92.724	86.566	89.847
Non-controlling interest	15.800	16.303	16.425	36.764	38.367	39.222	44.760
EQUITY	31.302	33.614	37.778	42.374	48.265	52.524	57.558
TOTAL LIABILITIES & EQUITY	88.401	96.538	96.198	163.136	179.356	178.313	192.164

Source: Company & Binaartha

Table: Ratio Highlights YoY

	2017A	2018A	2019A	2020A	2021A	2022F	2023F
Growth (% YoY)							
Sales	5,1%	4,6%	4,4%	6,7%	21,6%	12,8%	14,1%
OP	4,8%	5,3%	7,5%	31,1%	31,0%	9,5%	14,1%
EBITDA	29,5%	5,8%	9,9%	28,8%	21,8%	7,3%	8,9%
NP	0,3%	0,2%	17,9%	31,5%	18,4%	15,4%	14,1%
EPS	0,3%	0,2%	17,9%	31,5%	18,4%	15,4%	2,4%
Profitability							
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%	16,5%	16,5%
EBITDA margin(%)	16,5%	16,7%	17,6%	21,3%	21,3%	20,3%	19,4%
NET Profit margin(%)	5,9%	5,7%	6,4%	7,9%	7,7%	7,9%	7,9%
ROA(%)	4,7%	4,3%	5,1%	4,0%	4,3%	4,9%	5,2%
ROE(%)	13,3%	12,4%	13,0%	15,2%	15,8%	16,8%	17,5%
Solvability (x)							
Tot. debt/ Tot.equity	1,32	1,39	1,11	1,98	1,92	1,65	1,56
Debt Ratio	2,14	2,07	2,29	1,94	1,93	2,06	2,14
Liquidity (x)							
Current Ratio	1,52	1,07	1,27	1,37	1,34	1,21	1,30
Cash Ratio	0,63	0,28	0,56	0,62	0,73	0,52	0,56
Per Share data (IDR)							
EPS	473	474	559	735	870	1.005	1.029
BV	3.565	3.828	4.303	4.826	5.497	5.982	5.885
EBITDA/share	1.321	1.398	1.536	1.979	2.411	2.587	2.531

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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