

PT Indofood CBP Sukses Makmur Tbk (ICBP)

Food and Beverages

Challenged by raw material inflation

10 June 2022

Recommendations : BUY

Stock

Price on 09/06/2022 (Rp)	8,625
12M target price (Rp)	10,400
Capital gain potential	21%

Stock Data

Outstanding shares	11,661,908,000
Market cap (Rp)	86,298,119,200,000
Weight VS IHSG (%)	0.69

Shareholders (%)

Indofood Sukses Makmur Tbk	80.53%
Public	19.47%
Outstanding Shares (unit)	11,661,908,000

Price Performance

52-week high/low	Rp9,425/Rp7,200
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Capital gain/(loss) (in %)

1 month	3 month	6 month	1 Year	YTD
8.15	11.29	(2.54)	5.83	(0.86)

Summary of Financial Performance

In IDR bn	2021A	2022E	2023F
Revenue	56,804	64,795	70,569
Operating Income	11,703	13,702	15,181
OPM (%)	20.60%	21.15%	21.51%
EBITDA	13,307	13,871	15,678
EV to EBITDA (x)*	9.23	9.45	8.36
Net Income	6,388	7,028	7,993
NPM (%)	11.25%	10.85%	11.33%
EPS (Rp)	548	603	685
EPS Growth (%)	-3.0%	10.0%	13.7%
Price Earnings (x)*	15.88	14.31	12.58
Price to Book (x)*	2.99	2.69	2.42
Price to Sales (x)*	1.79	1.55	1.43
Return on Equity (%)	18.86%	18.77%	19.25%
Return on Assets (%)	5.41%	6.15%	6.64%
Tot Debt/Equity (x)	1.23	1.12	1.02

*) based on market price (09/06/2022) at Rp8,625

Sources : Company, Bloomberg and KB Valbury Sekuritas

Laba bersih ICBP naik 11,8% YoY pada 1Q22 menjadi Rp1,94 triliun
Inflasi bahan baku dapat mendorong penurunan margin
Rekomendasi "BUY" dengan target harga Rp10,400 per saham

Penurunan beban keuangan menyebabkan kenaikan laba bersih

Laba bersih ICBP tumbuh 11,8% YoY pada 1Q22 menjadi Rp1,94 triliun (+36,8% QoQ). Perolehan kenaikan laba terbantu penurunan beban keuangan 35,7% YoY pada 1Q22 menjadi Rp800,8 miliar. Net revenue naik 13,9% menjadi Rp17,2 triliun (+21,2% QoQ), ditopang oleh pertumbuhan dari segmen mie instan yang naik 12,8% YoY dan segmen dairy dengan +17,7% YoY. Akan tetapi, GPM berkontraksi dari 38,9% pada 1Q21 menjadi 34,2% pada 1Q22 akibat kenaikan biaya bahan mentah, sehingga mendorong beban pokok 22,7% YoY. Kemudian, beban operasional meningkat 14,1% YoY pada 1Q22, utamanya dikarenakan kombinasi dari kenaikan beban penjualan dari beban iklan & promosi dan transportasi, juga penurunan akibat keuntungan kurs. Sehingga, OPM turun dari 25,3% pada 1Q21 menjadi 20,6% pada 1Q22. Dari segi neraca, net gearing stabil pada 0,6x pada 1Q22.

Kenaikan harga soft commodities, kontraksi EBIT margin segmen utama

Penurunan EBIT margin segmen-segmen utama mie instan dan dairy menyebabkan kontraksi margin ICBP keseluruhan. Margin EBIT mie instan turun YoY dan QoQ, dari 26,7% pada 1Q21/ 25,0% pada 4Q21 menjadi 23,0% pada 1Q22 ditengah kenaikan harga gandum. Sedangkan, EBIT margin segmen dairy juga menurun dari 16,8% pada 1Q21 menjadi 11,0% pada 1Q22, tetapi rebound QoQ dari 2,7% pada 4Q21, akibat kenaikan harga skim milk powder. Namun, kontribusi segmen tersebut relatif stabil dengan mie instan berada pada 69,2% pada 1Q22 sedangkan dairy 15,7%. Sedangkan, EBIT margin snacks juga jatuh dari 15,6% pada 1Q21 menjadi 7,7%, namun rebound dari 4,9% pada 4Q21. Akan tetapi, EBIT margin segmen food seasonings, nutrition foods dan minuman naik mencapai masing-masing 12,3%; 9,10%; 8,2% pada 1Q22. Namun, gabungan kontribusi ketiga segmen tersebut hanya 9,5% pada 1Q22.

Inflasi bahan baku dapat menurunkan margin

Kami memperkirakan net revenue ICBP dapat tumbuh 14% YoY pada tahun ini, terutama dari segmen mie instan, dairy dan snacks. Namun, kami memperkirakan COGS dapat terus meningkat karena kenaikan gandum dan juga skim milk powder. Berdasarkan *Chicago Wheat Futures*, harga gandum pada Juli 2022 mencapai USD10,73 per bushel, dan tren-nya diperkirakan meningkat hingga diatas USD11 per bushel pada 3Q-4Q22. Kami menilai perbaikan konsumsi dan kenaikan harga baku ini dapat mendorong ICBP untuk meningkatkan harga jual, juga peluncuran produk mie instan yang lebih premium, dapat menjaga margin mie instan pada 22-23% pada 2022. Sedangkan, harga SMP juga meningkat sejak Agustus 2021, dengan ASP per Juni mencapai USD4.150 per MT. Sehingga, kami memperkirakan margin produk dairy dapat turun dibawah 10% pada 2022. Tetapi, secara keseluruhan, penurunan margin dari segmen-segmen utama dapat akan berusaha dikompensasi oleh kenaikan dari segmen non-utama seperti food seasonings, produk bernutrisi, dan minuman, sehingga tidak terlalu signifikan penurunan marginnya.

Rekomendasi "BUY" kekuatan di market leader pada produk mie instan

Kami merekomendasikan "BUY" dengan target harga Rp10,400 per saham, yang merefleksikan valuasi PE 2022E pada 14,31x. Rekomendasi kami telah memfaktorisasi 1) brand ICBP yang kuat dengan penguasaan pangsa pasar lebih dari 60% untuk produk mie instan; 2) pemulihan daya beli seiring membaiknya mobilitas dan penurunan kasus covid-19; dan 3) peningkatan ASP. Adapun, kami mencatat beberapa resiko diantaranya 1) inflasi bahan baku terutama untuk gandum dan SMP karena supply yang ketat; 2) volatilitas kurs; 3) intensitas persaingan di produk-produk staple dari brand lain; dan 4) potensi pelemahan daya beli karena tingginya inflasi, sehingga kenaikan menjadi terbatas.

Analyst(s)

Alfiansyah

Devi Harjoto

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FINANCIAL OVERVIEW

Income Statement (Rp bn)	1CQ2021	1CQ2021	YoY Change	4Q2021	1Q2022	QoQ Change
Net revenue	15,092	17,189	13.9%	14,182	17,189	21.2%
Cost of Revenue	(9,221)	(11,312)	22.7%	(9,436)	(11,312)	19.9%
Gross Profit	5,872	5,876	0.1%	4,745	5,876	23.8%
Gross Margin (%)	38.9%	34.2%		33.5%	34.2%	
Operating Expenses	(2,053)	(2,342)	14.1%	(1,911)	(2,342)	22.6%
Operating Profit	3,819	3,534	(7.5%)	2,834	3,534	24.7%
Operating Margin (%)	25.3%	20.6%		19.9%	20.6%	
Non-Operating Income (Losses)	(1,170)	(769)	(34.3%)	(592)	(769)	29.9%
Pretax Income	2,649	2,765	4.4%	2,242	2,765	23.3%
Income Tax (Expense)/ Benefit	(520)	(508)	(2.3%)	(423)	(508)	19.9%
Profit for This Year	2,129	2,257	6.0%	1,819	2,256	24.1%
Minority	(392)	(316)	(19.4%)	(400)	(316)	(179.0%)
Net Profit (Losses)	1,737	1,941	11.8%	1,419	1,941	36.8%
Profit Margin (%)	11.5%	11.3%		10.0%	11.3%	

Sources : Company and KB Valbury Sekuritas

FINANCIAL TABLES

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Year End Dec (Rp bn)	2020A	2021A	2022E	2023F	2024F
Revenue	46,641	56,804	64,795	70,569	77,140
Revenue growth yoy	10.3%	21.8%	14.1%	8.9%	9.3%
- Cost of Goods Sold	29,417	36,526	41,172	44,700	48,708
Gross Income	17,224	20,277	23,623	25,869	28,432
- Operating Expenses	8,450	9,018	9,921	10,689	11,339
Operating Income	9,104	11,703	13,702	15,181	17,093
Op income growth yoy	21.0%	28.5%	17.1%	10.8%	12.6%
- Non Operating Gains (Losses)	(854)	1,768	1,923	1,957	2,042
EBITDA	10,563	13,307	13,871	15,678	17,559
Pretax Income	9,959	9,935	11,779	13,224	15,051
- Income Tax Expense	2,540	2,035	3,087	3,484	3,989
Profit for This Year	7,419	7,900	8,691	9,740	11,063
- Minority Interests	832	1,512	1,663	1,747	1,879
Net Income	6,587	6,388	7,028	7,993	9,184
Net income growth yoy	30.7%	-3.0%	10.0%	13.7%	14.9%
EPS (IDR)	565	548	603	685	787
Dividends Per Share (IDR)	215	219	300	341	391

Sources: Company, Bloomberg and KB Valbury Sekuritas

*) Estimate

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Year End Dec (Rp bn)	2020A	2021A	2022E	2023F	2024F
Total Current Assets	20,716	33,998	27,180	29,825	32,671
+ Cash & Near Cash Items	9,535	20,378	11,550	11,902	12,107
+ Short Term Investments	0	284	326	374	429
+ Accounts & Notes Receivable	5,273	6,401	7,346	8,424	9,664
+ Inventories	4,587	5,857	6,722	7,708	8,844
+ Other Current Assets	1,320	1,077	1,236	1,418	1,627
Total Long-Term Assets	82,872	84,069	87,155	90,528	94,335
+ Property, Plant & Equip, Net	13,606	14,384	16,650	19,037	21,761
Property, Plant & Equip	21,532	23,419	27,333	31,514	36,199
Accumulated Depreciation	7,926	9,035	10,683	12,477	14,439
+ Long Term Investments	1,678	1,947	2,668	3,555	4,540
+ Other Long Term Assets	67,588	67,738	67,837	67,936	68,035
Total Assets	103,588	118,067	114,335	120,353	127,006
Total Current Liabilities	9,176	18,896	10,851	12,087	13,365
+ Payables & Accruals	7,963	8,334	9,457	10,633	11,903
+ Short Term Borrowings	817	907	940	980	965
+ Other Short Term Liabilities	397	9,655	455	475	497
Total Long Term Liabilities	44,094	44,447	45,065	45,711	46,339
+ Long Term Borrowings	30,900	40,838	41,101	41,367	41,634
+ Other Long Term Borrowings	13,194	3,609	3,964	4,345	4,705
Total Liabilities	53,270	63,343	55,917	57,799	59,703
+ Share Capital & APIC	6,569	6,569	6,569	6,569	6,569
+ Retained Earnings & Other Eq.	22,576	26,917	30,453	34,473	39,093
+ Other Equity	286	396	426	483	547
Total Shareholders Equity	29,430	33,882	37,448	41,524	46,208
+ Minority/Non Controlling Int.	20,888	20,842	20,971	21,030	21,094
Total Equity	50,318	54,724	58,419	62,554	67,303
Total Liabilities & Equity	103,588	118,067	114,335	120,353	127,006
Book Value Per Share (IDR)	2,524	2,905	3,211	3,561	3,962

Sources: Company, Bloomberg and KB Valbury Sekuritas

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year End Dec (Rp bn)	2020A	2021A	2022E	2023F	2024F
Net Income	6,587	6,388	7,028	7,993	9,184
+ Depreciation & Amortization	1,458	1,604	1,648	1,794	1,962
+ Other Non-Cash Adjustments	1,292	(4)	1,318	1,436	1,569
Cash From Operating Activities	9,337	7,989	9,994	11,223	12,714
+ Disposal of Fixed Assets	28	36	37	37	38
+ Capital Expenditures	(1,919)	(2,250)	(2,488)	(2,609)	(2,836)
+ Other Investing Activities	(33,066)	(887)	(99)	(99)	(99)
Cash From Investing Activities	(34,957)	(3,100)	(2,550)	(2,671)	(2,898)
+ Dividends Paid	(2,507)	(2,507)	(3,493)	(3,973)	(4,564)
+ Change in long Term Bor.	29,792	9,520	(11,736)	(3,735)	(4,733)
+ Other Financing Activities	(566)	(1,067)	(1,042)	(493)	(314)
Cash From Financing Activities	26,808	5,961	(16,272)	(8,200)	(9,611)
Net Changes in Cash	1,187	10,850	(8,828)	352	205

Sources: Company, Bloomberg and KB Valbury Sekuritas

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RATIO ANALYSIS

Year End Dec	2020A	2021A	2022E	2023F	2024F
Valuation Ratios					
Price Earnings*	16.53	15.88	11.89	10.72	9.15
EV to EBIT*	14.39	10.50	9.01	7.93	6.80
EV to EBITDA*	12.41	9.23	7.97	7.04	6.04
Price to Sales*	2.33	1.79	1.39	1.29	1.15
Price to Book*	3.70	2.99	2.30	2.07	1.86
Dividend Yield*	2.3%	3.1%	4.2%	4.7%	5.5%
Profitability Ratios					
Gross Margin	36.93%	35.70%	35.79%	35.99%	36.19%
EBITDA Margin	22.65%	23.43%	22.02%	22.59%	22.93%
Operating Margin	19.52%	20.60%	20.79%	21.20%	22.11%
Profit Margin	14.12%	11.25%	11.66%	12.00%	12.58%
Return on Assets	6.36%	5.41%	5.94%	6.30%	7.08%
Return on Equity	22.38%	18.86%	19.34%	19.35%	20.32%
Leverage & Coverage Ratios					
Current Ratio	2.26	1.80	2.08	2.15	2.19
Quick Ratio	1.76	1.49	1.68	1.73	1.74
Interest Coverage Ratio (EBIT/I)	13.58	6.37	6.12	6.60	6.79
Tot Debt/Capital	0.23	0.29	0.33	0.33	0.32
Tot Debt/Equity	1.08	1.23	1.14	1.01	0.86
Others					
Asset Turnover	0.45	0.48	0.51	0.53	0.56
Accounts Receivable Turnover	8.84	8.87	8.48	7.97	7.75
Accounts Payable Turnover	5.86	6.82	6.58	6.31	6.30
Inventory Turnover	10.17	9.70	9.26	8.71	8.47

*) based on market price (09/06/2022) at Rp8,625

**) Estimate

Sources: Company, Bloomberg and KB Valbury Sekuritas

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 KB Valbury Sekuritas

Headquarters

Menara Karya, 9th Floor
Jl. H.R. Rasuna Said Blok X-5 Kav 1-2
Jakarta 12950, Indonesia
T +62 21 255 33 600
F +62 21 255 33 778

Branch Office

Jakarta - Kelapa Gading

Rukan Plaza Pasifik
Jl. Raya Boulevard Barat Blok A1 No. 10
Jakarta 11620
T +62 21 - 29451577

Jakarta - Puri Indah

Rukan Grand Aries Niaga
Blok E.1 No. 1 V Jl. Taman Aries, Kembangan,
Jakarta 14450
T +62 21 - 22542390
F +62 21 - 29264310

Jakarta - Pluit

Jl. Pluit Putra Raya No. 2
Jakarta 14240
T +62 21 - 29264300
F +62 21 - 22542391

Bandung

Jl. HOS Cokroaminoto No. 82
Bandung 40171
T +62 22 - 87258888
T +62 22 - 87258800
F +62 22 - 87258811

Semarang

Candi Plaza Building Lt. Dasar
Jl. Sultan Agung No. 90-90A
Semarang 50252
T +62 24 - 8521888
T +62 24 - 8501122
F +62 24 - 8507450

Yogyakarta

Jl. Magelang KM 5.5 no. 75
Yogyakarta 55284
T +62 274 - 4469500
T +62 274 - 6231111
F +62 274 - 6232222

Galeri Investasi

Padang

Jl. Kampung Nias II no. 10,
Kel. Belakang Pondok,
Kec. Padang Selatan
T +62 751 8955747

Manado

Kawasan Megamas, Ruko Megaprofit
Blok IF2 No. 38 Manado, 95254
T +62 431 7917 836
F +62 431 880 2129

Surabaya

Pakuwon Center Tunjungan Plaza Lantai 21
Jl. Embong Malang No.1
Surabaya 60261
T +62 31 - 2955777
T +62 31 - 2955788
F +62 31 - 2955736

Denpasar

Komplek Ibis Styles Hotel
Jl. Teuku Umar No. 177
Denpasar Bali 80114
T +62 361 - 258888
T +62 361 - 225229
F +62 361 - 225339

Benjarmasin

Jl. Gatot Subroto No.33 Kel. Kebun Bunga
Kec. Banjarmasin Timur
Kalimantan Selatan 70235
T +62 511 - 3265918
F +62 511 - 3253432

Solo

Jl. Ronggo Warsito no. 34
Solo 57138
T +62 271 632888
F +62 271 656988

Makassar

Ratulangi Points Lt. 3
Jl. Dr Sam Ratulangi No. 2 Kunjungmae, Mariso
Makassar, Sulawesi Selatan 90125
T +62 411 8955999

Malang

Jl. Pahlawan Trip no. 7
Malang 65112
T +62 341 - 585888
F +62 341 - 560056

Solo

Jl. Ronggowarsito No. 34
Surakarta 57138
T +62 271 - 632888

Palembang

Komp. PTC Mall Blok I No. 7 J. R. Sukanto Kel. 8 Ilir
Kec. Ilir Timur II Palembang 30114
T 07115700281

Medan

Komplek Jati Junction No. P5-5A
Jl. Perintis Kemerdekaan
Medan 20218
T +62 61 - 88816222
F 62 61 - 88816333

Pekanbaru

Jl. Tuanku Tambusai
Komplek CNN Blok A No.3 Pekanbaru 28291
T +62 761 - 839393
Galeri Investasi

Padang

Jl. Kampung Nias II no. 10,
Kel. Belakang Pondok,
Kec. Padang Selatan
T +62 751 8955747

Manado

Kawasan Megamas, Ruko Megaprofit
Blok IF2 No. 38 Manado, 95254
T +62 431 7917 836
F +62 431 880 2129

Solo

Jl. Ronggowarsito No. 34
Surakarta 57138
T +62 271 - 632888

Palembang

Komp. PTC Mall Blok I No. 7 J. R. Sukanto Kel. 8 Ilir
Kec. Ilir Timur II Palembang 30114
T 07115700281

Galeri Investasi BEI - KBVS

Yogyakarta
Universitas Kristen Duta Wacana
T +62 274 - 544032

Manado
Universitas Prisma Manado
T 0431 8800850

Jakarta
Universitas Gunadarma
T +62 21 - 8727541