

Indofood CBP Sukses Makmur Tbk (ICBP)

Bisnis yang Stabil dan Menguntungkan

Pertumbuhan Penjualan 3,3%

ICBP berhasil mencatatkan pertumbuhan penjualan sebesar 3,3% dari Rp34,4 triliun pada 2016 menjadi Rp35,6 triliun pada 2017. Pertumbuhan ini lebih rendah dibandingkan pertumbuhan sebesar 8,6% pada 2016. Faktor yang memperlambat **pertumbuhan penjualan berasal dari divisi mie. Divisi ini** yang berkontribusi 64% terhadap total penjualan mengalami perlambatan dari 7,2% pada 2016 menjadi 2,3% pada 2017.

Masih Tingginya Tingkat Kepercayaan Konsumen di Indonesia

Selain itu, divisi susu yang berkontribusi 20% terhadap total penjualan juga mengalami perlambatan dari 15,7% pada 2016 menjadi 4,1% pada 2017. Kami memperkirakan bahwa **pada 2018 penjualan ICBP akan meningkat sebesar 4,1%** yang ditopang oleh masih tingginya tingkat kepercayaan konsumen di Indonesia.

Pertumbuhan Laba Bersih 5,4%

Labanya ICBP tumbuh 5,4% pada 2017 dari Rp3,6 triliun pada 2016 menjadi Rp3,79 triliun pada 2017. Pada 2017, pertumbuhan laba ditopang oleh **penurunan porsi biaya pembelian bahan baku terhadap total penjualan** dari 51,6% menjadi 50,8%. Selain itu, biaya iklan dan promosi—biaya terbesar dalam beban operasi—menurun dari Rp1,46 triliun pada 2016 menjadi Rp1,31 triliun pada 2017.

Target Harga Rp9.625

Kami menggunakan estimasi *forward* P/E sebesar 24,6x (rata-rata 3 tahun) untuk memperoleh target harga pada Desember 2018. Target harga ini mengimplikasikan P/E 2018E sebesar 25,8x. Saat ini, ICBP diperdagangkan pada P/E 2018E sebesar 22,0x.

Indofood CBP Sukses Makmur, Tbk | Summary (IDR bn)

	2016/12A	2017/12A	2018/12E	2019/12E
Sales	34,466	35,607	37,049	38,744
<i>Sales growth</i>	8.6%	3.3%	4.1%	4.6%
EBITDA	5,534	5,804	6,059	6,389
Net profit	3,600	3,797	4,344	4,575
EPS (IDR)	309	326	372	392
<i>EPS growth</i>	20.0%	5.4%	14.4%	5.3%
BVPS (IDR)	1,586	1,743	1,953	2,159
EBITDA margin	16.1%	16.3%	16.4%	16.5%
NPM	10.4%	10.7%	11.7%	11.8%
ROE	20.6%	19.6%	20.2%	19.1%
ROA	13.0%	12.5%	13.2%	13.0%
ROIC	17.9%	16.3%	17.2%	17.3%
P/E	27.8x	27.3x	22.0x	20.9x
P/BV	5.4x	5.1x	4.2x	3.8x
EV/EBITDA	17.1x	16.9x	14.7x	13.7x
DPS (IDR)	128	154	162	186
<i>Dividend yield</i>	1.5%	1.7%	2.0%	2.3%

Source: Company Data, Bloomberg, NHKS Research

Please consider the rating criteria & important disclaimer

Company Report | Apr 05, 2018

Buy

Dec 2018 TP (IDR)	9,625
Consensus Price (IDR)	9,330
TP to Consensus Price	+3.2%
vs. Last Price	+17.4%

Shares data

Last Price (IDR)	8,200
Price date as of	Apr 03, 2018
52 wk range (Hi/Lo)	9,275/8,100
Free float (%)	19.5
Outstanding sh.(mn)	11,662
Market Cap (IDR bn)	94,753
Market Cap (USD mn)	6,884
Avg. Trd Vol - 3M (mn)	5.34
Avg. Trd Val - 3M (bn)	46.89
Foreign Ownership	7.2%

Consumer Staples

Packaged Food & Beverages

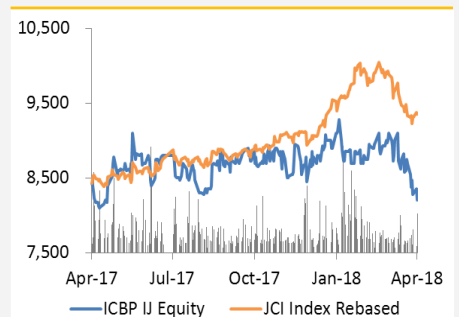
Bloomberg	ICBP IJ
Reuters	ICBP.JK

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Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-9.9%	-9.9%	-9.9%	-2.7%
Rel. Ret.	-8.2%	-4.5%	-9.5%	-13.8%

Sekilas tentang ICBP

ICBP dengan kegiatan usaha yang terdiversifikasi, yaitu mi instan, susu, makanan ringan, penyedap makanan, nutrisi dan makanan khusus, serta minuman merupakan salah satu produsen produk konsumen bermerek yang terkemuka. Untuk mendukung kegiatan usaha inti, ICBP menjalankan kegiatan usaha kemasan yang memproduksi kemasan fleksibel dan karton.

ICBP melalui 40 merek produk terkemuka menawarkan berbagai pilihan produk solusi sehari-hari bagi konsumen di berbagai usia dan segmen pasar. Kepercayaan dan loyalitas jutaan konsumen selama bertahun-tahun menguatkan posisi pasar produk ICBP. Sebagian besar produk ICBP telah tersedia di seluruh Indonesia. Didukung oleh jaringan distribusi yang ekstensif dari perusahaan induk, ICBP dapat memenuhi permintaan pasar secara tepat waktu dan lebih efisien.

Kegiatan operasional ICBP didukung oleh lebih dari 50 pabrik yang tersebar di berbagai wilayah utama di Indonesia sehingga ICBP dapat senantiasa dekat dengan permintaan pasar dan menjamin kualitas produk. Produk-produk ICBP hadir tidak hanya di Indonesia tetapi juga di lebih dari 60 negara di dunia.

Industri Makanan di ASEAN

ICBP memiliki P/E yang lebih murah dibandingkan dengan kompetitor dengan ROE yang sama atau lebih tinggi. Selain itu, ICBP masih memiliki potensi pertumbuhan laba bersih *double digit* hingga sebesar 14,4%.

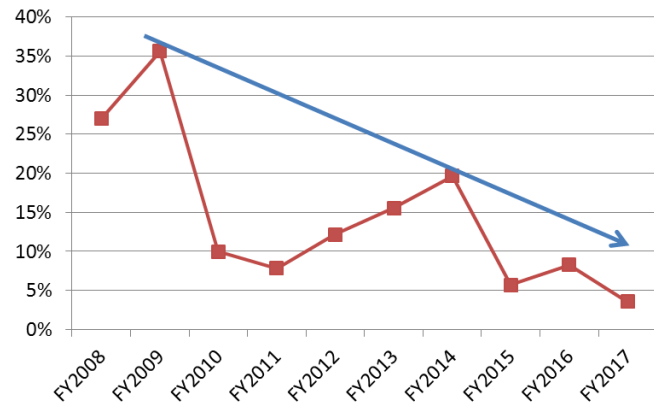
ASEAN Food Companies

Company	Market Cap (USD mn)	Total Asset (USD mn)	Net Profit Growth	Net Profit Margin	ROE	P/E	P/BV	Dividend Yield
ICBP	7,197	2,327	14.4%	11.7%	20.2%	22.0x	4.2x	2.0%
INDF	4,571	6,472	0.6%	5.9%	13.9%	15.1x	2.0x	3.3%
AISA	154	683	2.0%	9.1%	10.8%	5.0x	0.5x	0.0%
Malaysia								
NESTLE (MALAYSIA) BERHAD	9,092	630	1.4%	12.3%	100.3%	54.3x	54.8x	1.8%
PPB GROUP BERHAD	5,881	5,636	15.4%	28.0%	5.8%	18.8x	1.1x	1.3%
Thailand								
THAI UNION GROUP PCL	2,920	4,491	14.6%	4.4%	13.7%	14.9x	2.0x	3.5%
THAI PRESIDENT FOODS PCL	1,917	903	-0.6%	13.2%	15.1%	21.0x	3.0x	0.0%

Source: Bloomberg, NHKS research

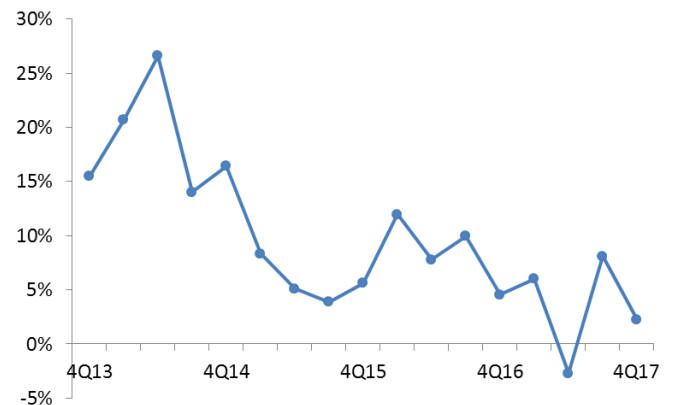
Performance Highlights

ICBP Sales Growth Yearly | 2008 - 2017



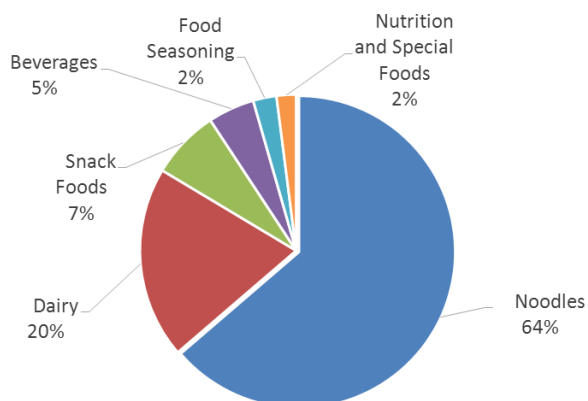
Source: Company, NHKS Research

ICBP Sales Growth Quarterly | 2013 - 2017



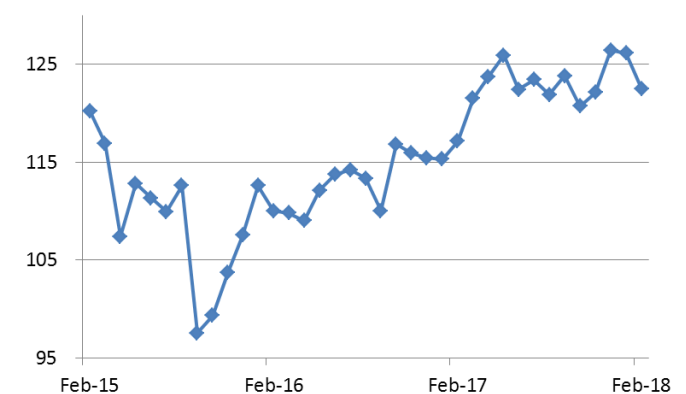
Source: Company, NHKS research

Sales Breakdown | FY2017



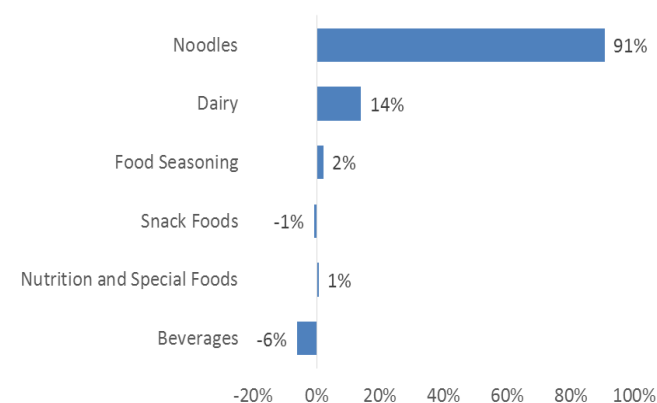
Source: Company, NHKS Research

Indonesia Consumer Confidence Index | 2015 - 2018



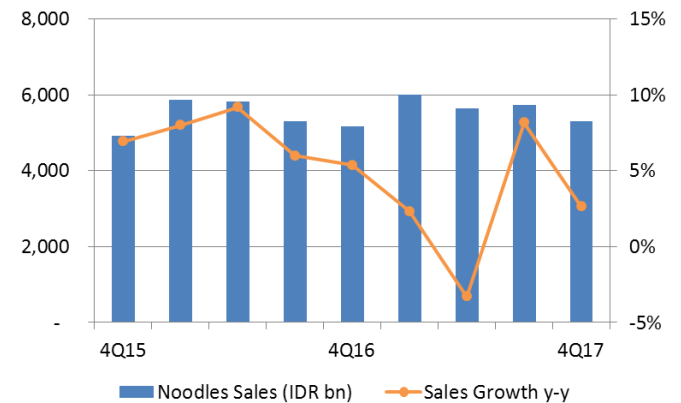
Source: Bank of Indonesia, NHKS Research

Operating Profit Contribution Breakdown | FY2017



Source: Company, NHKS Research

Noodles Sales | 2015 - 2017



Source: Company, NHKS Research

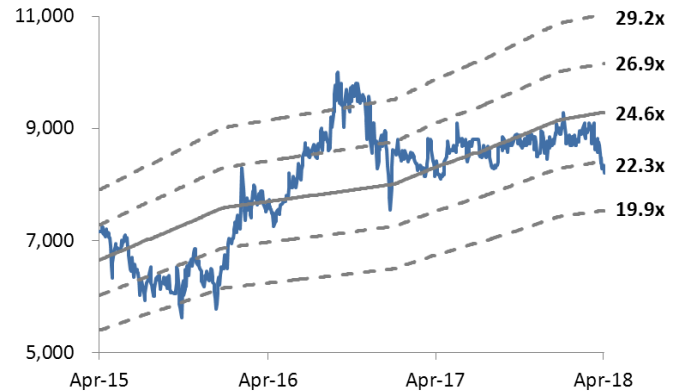
Multiple Valuation

Forward P/E band | Last 3 years



Source: NHKS research

Dynamic Forward P/E band | Last 3 years



Source: NHKS research

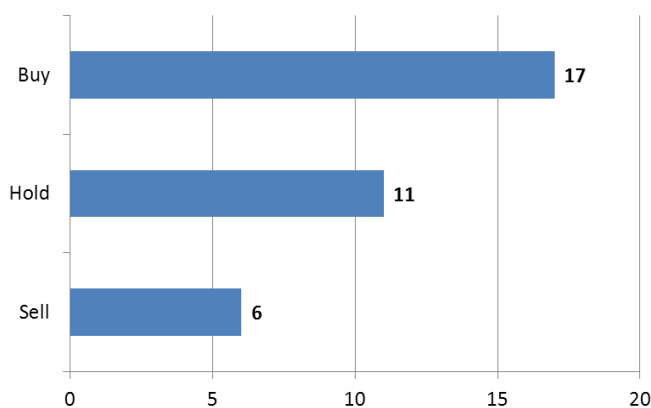
Rating and target price update

Target Price Revision

Date	Rating	Target Price	Last Price	Consensus	vs Last Price	vs Consensus
06/08/2017	Buy	10,775 (Dec 2017)	8,750	9,490	+23.1%	+13.5%
09/12/2017	Buy	10,450 (Dec 2018)	8,700	9,258	+20.1%	+12.9%
12/07/2017	Buy	10,200 (Dec 2018)	8,850	9,297	+15.3%	+9.7%
04/05/2018	Buy	9,625 (Dec 2018)	8,200	9,330	+17.4%	+3.2%

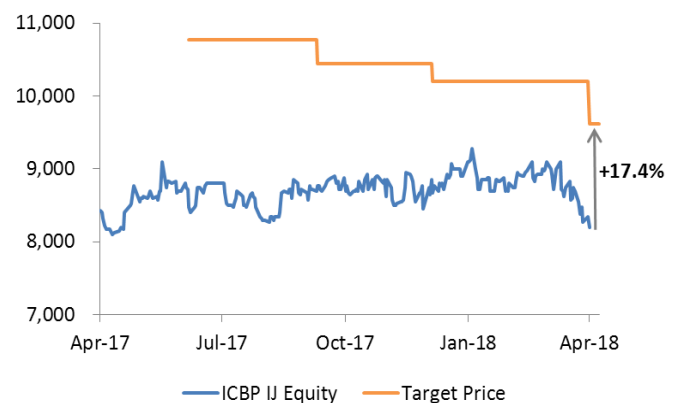
Source: NHKS research, Bloomberg

Analyst Coverage Rating



Source: Bloomberg

Closing and Target Price



Source: NHKS research

NH Korindo Sekuritas Indonesia (NHKS) stock ratings

Period: End of year target price

Rating system based on a stock's absolute return from the date of publication

- Buy : Greater than +15%
- Hold : -15% to +15%
- Sell : Less than -15%

Summary of Financials

ICBP Summary		
Last Price (IDR)	April 3, 2018	8,200
Target Price (IDR)	Dec 2018	9,625
Analyst: Joni Wintarja	Rating:	Buy

INCOME STATEMENT

in IDR Bn	2016/12A	2017/12A	2018/12E	2019/12E
Sales	34,466	35,607	37,049	38,744
Growth (% y/y)	8.6%	3.3%	4.1%	4.6%
COGS	(23,607)	(24,548)	(25,539)	(26,707)
Gross Profit	10,859	11,059	11,511	12,037
Gross Margin	31.5%	31.1%	31.1%	31.1%
Operating Expenses	(5,967)	(5,877)	(6,105)	(6,385)
EBIT	4,892	5,182	5,405	5,652
EBIT Margin	14.2%	14.6%	14.6%	14.6%
Depreciation	642	623	654	736
EBITDA	5,534	5,804	6,059	6,389
EBITDA Margin	16.1%	16.3%	16.4%	16.5%
Interest Expenses	(175)	(128)	(131)	(96)
EBT	4,989	5,203	5,428	5,717
Income Tax	(1,358)	(1,659)	(1,357)	(1,429)
Minority Interest	(31)	253	273	287
Net Profit	3,600	3,797	4,344	4,575
Growth (% y/y)	20.0%	5.4%	14.4%	5.3%
Net Profit Margin	10.4%	10.7%	11.7%	11.8%

BALANCE SHEET

in IDR bn	2016/12A	2017/12A	2018/12E	2019/12E
Cash	8,372	8,797	9,491	10,449
Receivables	3,721	3,871	4,014	4,198
Inventories	3,110	3,262	3,659	3,826
Total Current Assets	15,571	16,579	17,829	19,130
Net Fixed Assets	7,114	8,120	9,106	10,085
Other Non Current Assets	6,216	6,920	7,043	7,104
Total Assets	28,902	31,620	33,978	36,319
Payables	2,692	2,904	2,967	3,103
ST Bank Loan	1,168	1,400	1,027	836
Other Current Liab.	2,609	2,523	2,600	2,719
LT Debt	877	955	700	570
Other Non Current Liab.	3,055	3,513	3,910	3,910
Total Liabilities	10,401	11,295	11,204	11,138
Shareholders' Equity	18,501	20,324	22,774	25,181

CASH FLOW STATEMENT

in IDR bn	2016/12A	2017/12A	2018/12E	2019/12E
Net Income	3,600	3,797	4,344	4,575
Deprec & Amortization	638	676	654	736
Chg. In Working Capital	346	702	(416)	(89)
CFO	4,585	5,174	4,582	5,223
Capex	(905)	(1,533)	(1,640)	(1,715)
CFI	(1,560)	(2,950)	(1,366)	(1,776)
Dividends Paid	(1,493)	(1,796)	(1,894)	(2,168)
Net Borrowing (PMT)	(835)	(29)	(627)	(321)
CFB	(2,310)	(1,800)	(2,522)	(2,489)
Net Changes in Cash	714	425	694	958

OWNERSHIP

By Geography	% Shareholders	%
Indonesia	92.8	First Pacific Company
United States	4.1	Matthews Intl Capital
Luxembourg	0.9	Norges Bank
Norway	0.9	Vanguard Group

PROFITABILITY & STABILITY

	2016/12A	2017/12A	2018/12E	2019/12E
ROE	20.6%	19.6%	20.2%	19.1%
ROA	13.0%	12.5%	13.2%	13.0%
ROIC	17.9%	16.3%	17.2%	17.3%
EBITDA/Equity	31.7%	29.9%	28.1%	26.6%
EBITDA/Assets	13.0%	12.5%	13.2%	13.0%
Cash Dividend IDR bn)	1,493	1,796	1,894	2,168
Dividend Yield (%)	1.5%	1.7%	2.0%	2.3%
Payout Ratio (%)	49.7%	49.9%	49.9%	49.9%
DER	11.1%	11.6%	7.6%	5.6%
Net Gearing	17.7%	17.6%	10.9%	7.7%
LT Debt to Equity	4.7%	4.7%	3.1%	2.3%
Capitalization Ratio	10.0%	10.4%	7.1%	5.3%
Equity Ratio	64.0%	64.3%	67.0%	69.3%
Debt Ratio	7.1%	7.4%	5.1%	3.9%
Financial Leverage	152.3%	148.9%	146.7%	141.7%
Current Ratio	240.7%	242.8%	270.4%	287.3%
Quick Ratio	186.9%	185.5%	204.8%	220.0%
Cash Ratio	129.4%	128.8%	143.9%	156.9%
Cash Conversion Cycle	45.9	45.0	49.4	49.4
Par Value (IDR)	50	50	50	50
Total Shares (mn)	11,662	11,662	11,662	11,662
Share Price (IDR)	8,575	8,900	8,200	8,200
Market Cap (IDR tn)	100.0	103.8	95.6	95.6

VALUATION INDEX

	2016/12A	2017/12A	2018/12E	2019/12E
Price /Earnings	27.8x	27.3x	22.0x	20.9x
Price /Book Value	5.4x	5.1x	4.2x	3.8x
Price/Sales	2.9x	2.9x	2.6x	2.5x
PE/EPS Growth	1.4x	5.0x	1.5x	3.9x
EV/EBITDA	17.1x	16.9x	14.7x	13.7x
EV/EBIT	19.3x	19.0x	16.4x	15.5x
EV (IDR bn)	94,627	98,305	88,821	87,542
Sales CAGR (3-Yr)	11.1%	5.9%	5.3%	4.0%
EPS CAGR (3-Yr)	17.4%	12.8%	13.1%	8.3%
Basic EPS (IDR)	309	326	372	392
Diluted EPS (IDR)	309	326	372	392
BVPS (IDR)	1,586	1,743	1,953	2,159
Sales PS (IDR)	2,955	3,053	3,177	3,322
DPS (IDR)	128	154	162	186

DCF, RIM & EVA

	2016/12A	2017/12A	2018/12E	2019/12E
DCF (IDR bn)				
NOPAT	3,561	3,529	4,054	4,239
+Depr./Amor.	638	676	654	736
-CAPEX	(905)	(1,533)	(1,640)	(1,715)
-Incr. (Decr.) in Working Cap.	346	702	(416)	(89)
(Unlevered) FCFF	3,640	3,374	2,652	3,172
WACC				
Cost of Debt (Tax Adj.)	8.4%	5.3%	6.0%	6.2%
Cost of Equity (COE)	10.1%	12.7%	11.7%	11.7%
WACC (%)	10.1%	12.5%	11.6%	11.6%
RIM				
Spread (FROE-COE) (%)	11.8%	7.9%	9.7%	8.4%
Residual Income (IDR bn)	1,941	1,454	1,962	1,906
Equity Charge	1,659	2,343	2,382	2,669
EVA				
Invested Capital (IDR bn)	19,256	20,546	22,679	24,501
ROIC-WACC (%)	8.4%	4.7%	6.3%	5.7%
EVA (IDR mn)	1,618	960	1,419	1,387

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