

# Indofood CBP Sukses Makmur Tbk (ICBP)

## Margin Keuntungan Terus Meningkatkan

### Divisi Mie: Penopang Pertumbuhan Penjualan ICBP

ICBP mencatat kenaikan penjualan sebesar 4% dari Rp9,45 triliun pada 1Q17 menjadi Rp9,88 triliun pada 1Q18. **Penopang pertumbuhan penjualan adalah divisi mie (berkontribusi 65% terhadap total penjualan) yang tumbuh 7%** dari Rp6,0 triliun pada 1Q17 menjadi Rp6,42 triliun pada 1Q18. Sedangkan divisi susu (berkontribusi 19% terhadap penjualan) dan divisi makanan ringan (berkontribusi 7% terhadap penjualan) menjadi pemberat dengan pertumbuhan sebesar 1,3% y-y dan -5,2% y-y.

### Peningkatan Margin EBIT Divisi Mie

Meskipun penjualan ICBP hanya tumbuh 4% y-y, **laba bersih tumbuh lebih pesat hingga 11%** dari Rp1,09 triliun pada 1Q17 menjadi Rp1,21 triliun pada 1Q18. Divisi mie yang berkontribusi 87% terhadap EBIT membukukan pertumbuhan EBIT sebesar 20% dari Rp1,16 triliun pada 1Q17 menjadi Rp1,39 triliun pada 1Q18. Penopang pertumbuhan adalah peningkatan **margin EBIT dari 19% pada 1Q17 menjadi 22% pada 1Q18.**

### IKK yang Capai Level Tertinggi

Kami **menaikkan estimasi pertumbuhan penjualan ICBP pada 2018 dari 4,1% pada laporan sebelumnya menjadi 4,8%**. Hal ini ditopang oleh data Indeks Keyakinan Konsumen (IKK) mencapai level tertinggi, yaitu 128,1 pada Juni 2018. Capaian ini diharapkan akan memberikan dampak positif terhadap penjualan ICBP sebagai salah satu perusahaan konsumen top di Indonesia.

### Target Harga Rp10.550

Kami menggunakan estimasi *forward* P/E sebesar 26,7x (1 SD di atas rata-rata 3 tahun sebesar 24,3x) untuk memperoleh target harga pada Desember 2018. Target harga ini mengimplikasikan P/E 2018E sebesar 28,0x. Saat ini, ICBP diperdagangkan pada P/E 2018E sebesar 23,0x.

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

	2016/12A	2017/12A	2018/12E	2019/12E
Sales	34,466	35,607	37,307	39,263
<i>Sales growth</i>	8.6%	3.3%	4.8%	5.2%
EBITDA	5,534	5,804	6,236	6,689
Net profit	3,600	3,797	4,391	4,609
EPS (IDR)	309	326	377	395
<i>EPS growth</i>	20.0%	5.4%	15.7%	5.0%
BVPS (IDR)	1,586	1,743	1,963	2,170
EBITDA margin	16.1%	16.3%	16.7%	17.0%
NPM	10.4%	10.7%	11.8%	11.7%
ROE	20.6%	19.6%	20.3%	19.1%
ROA	13.0%	12.5%	13.0%	12.6%
ROIC	17.9%	16.3%	17.0%	16.9%
P/E	27.8x	27.3x	23.0x	21.9x
P/BV	5.4x	5.1x	4.4x	4.0x
EV/EBITDA	17.1x	16.9x	15.2x	14.0x
DPS (IDR)	128	154	162	188
<i>Dividend yield</i>	1.5%	1.7%	1.9%	2.2%

Source: Company Data, Bloomberg, NHKS Research

Please consider the rating criteria & important disclaimer

Company Report | Jul 18, 2018

## Buy

<b>Dec 2018 TP (IDR)</b>	<b>10,550</b>
Consensus Price (IDR)	9,417
TP to Consensus Price	+12.0%
vs. Last Price	+21.6%

### Shares data

Last Price (IDR)	8,675
Price date as of	Jul 17, 2018
52 wk range (Hi/Lo)	9,275/8,000
Free float (%)	19.5
Outstanding sh.(mn)	11,662
Market Cap (IDR bn)	103,499
Market Cap (USD mn)	7,173
Avg. Trd Vol - 3M (mn)	3.59
Avg. Trd Val - 3M (bn)	30.53
Foreign Ownership	6.9%

### Consumer Staples

#### Packaged Food & Beverages

Bloomberg	ICBP.IJ
Reuters	ICBP.JK

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### Share Price Performance



### 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 15,7%.

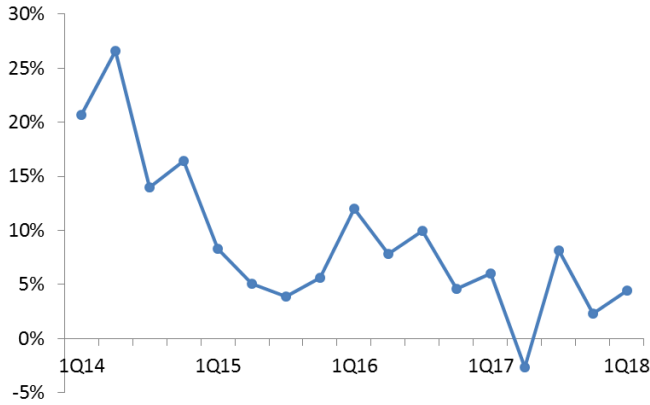
#### ASEAN Food Companies

Company	Market Cap (USD mn)	Total Asset (USD mn)	Net Profit Growth	Net Profit Margin	ROE	P/E	P/BV	Dividend Yield
ICBP	6,997	2,327	15.7%	11.8%	20.3%	23.0x	4.4x	1.9%
INDF	3,883	6,472	4.9%	5.9%	9.1%	13.9x	1.2x	3.4%
<b>Malaysia</b>								
NESTLE (MALAYSIA) BERHAD	8,546	630	-0.1%	12.3%	75.0%	53.6x	45.9x	1.8%
PPB GROUP BERHAD	5,784	5,636	-8.8%	28.1%	5.0%	22.6x	1.2x	1.4%
<b>Thailand</b>								
THAI UNION GROUP PCL	2,189	4,491	-0.6%	4.4%	12.3%	13.2x	1.6x	4.3%
THAI PRESIDENT FOODS PCL	1,507	903	-0.6%	13.2%	15.1%	17.6x	2.5x	1.1%

Source: Bloomberg, NHKS research

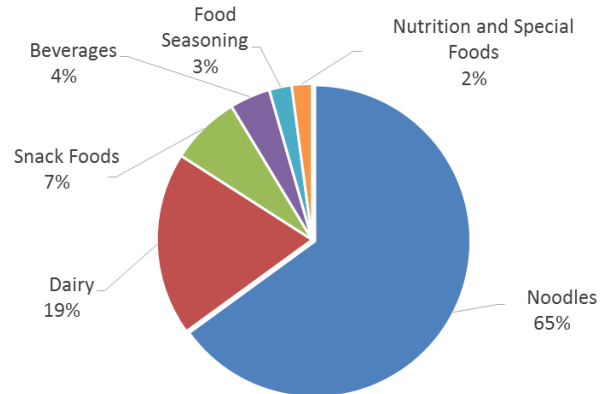
## Performance Highlights

ICBP Sales Growth Quarterly | 2014 - 2018



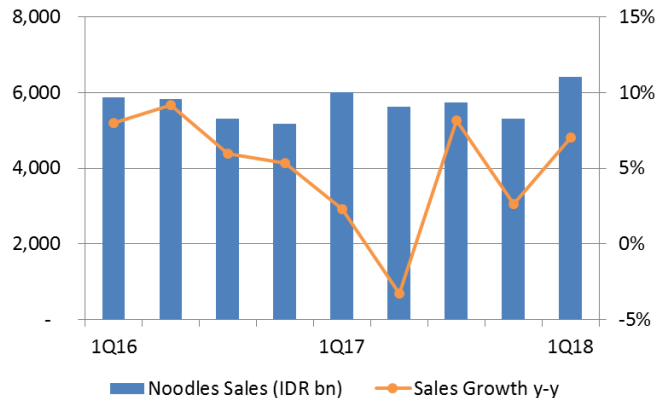
Source: Company, NHKS research

Sales Breakdown | 1Q18



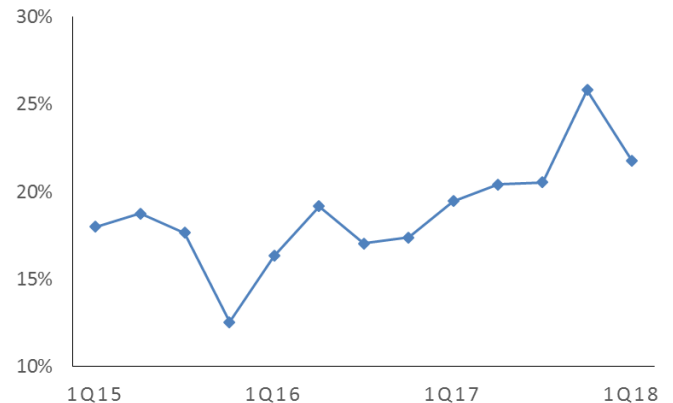
Source: Company, NHKS Research

Noodles Sales | 2016 - 2018



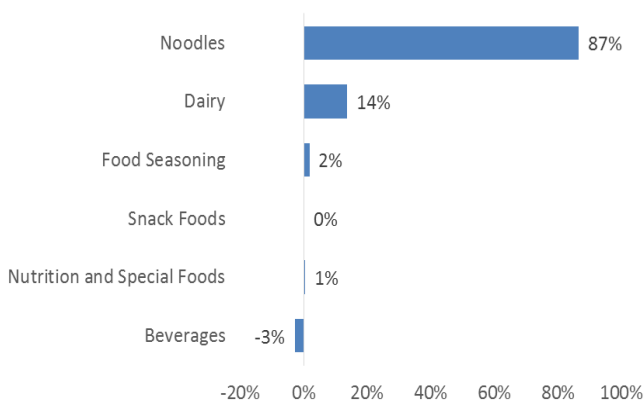
Source: Company, NHKS Research

Noodles Operating Profit Margin | 2016 - 2018



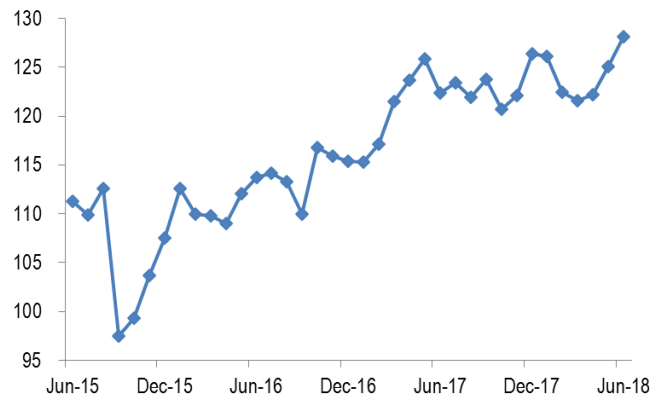
Source: Company, NHKS Research

Operating Profit Contribution Breakdown | 1Q18



Source: Company, NHKS Research

Indonesia Consumer Confidence Index | 2015 - 2018



Source: Bank of Indonesia, NHKS Research

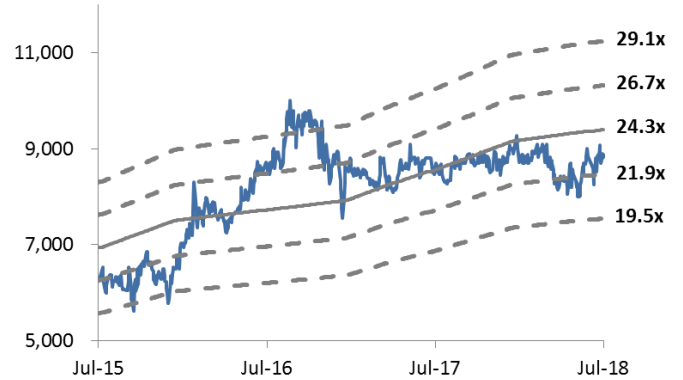
## Multiple Valuation

Forward P/E band | Last 3 years



Source: NHKS research

Dynamic Forward P/E band | Last 3 years



Source: NHKS research

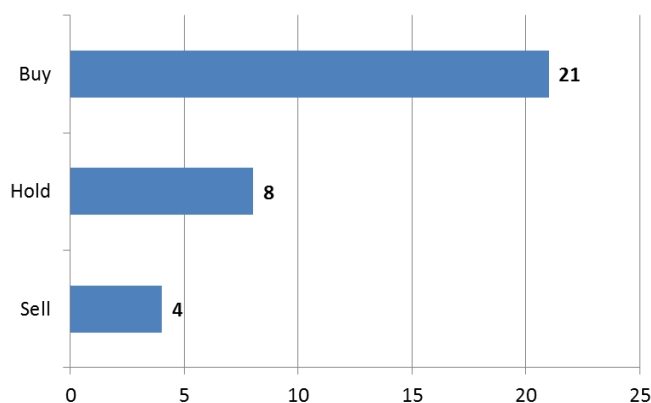
## Rating and target price update

Target Price Revision

Date	Rating	Target Price	Last Price	Consensus	vs Last Price	vs Consensus
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%
07/18/2018	Buy	10,550 (Dec 2018)	8,675	9,417	+21.6%	+12.0%

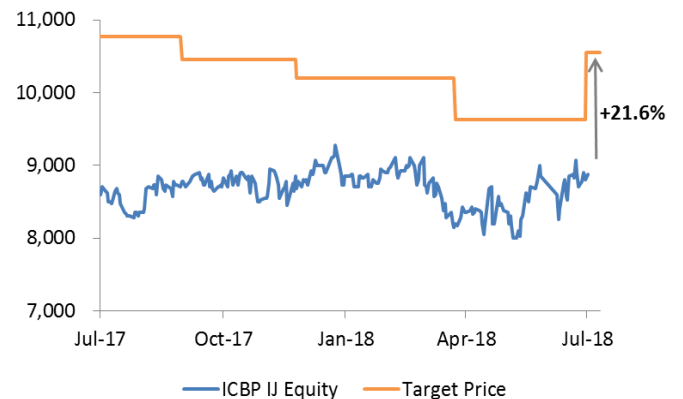
Source: NHKS research, Bloomberg

Analyst Coverage Rating



Source: Bloomberg

Closing and Target Price



Source: NHKS research

### NH Korindo Sekuritas Indonesia (NHKS) stock ratings

1. Period: End of year target price
2. 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)	July 17, 2018	8,675
Target Price (IDR)	Dec 2018	10,550
Analyst: Joni Wintarja	Rating:	Buy

### INCOME STATEMENT

in IDR Bn	2016/12A	2017/12A	2018/12E	2019/12E
Sales	34,466	35,607	37,307	39,263
Growth (% y/y)	8.6%	3.3%	4.8%	5.2%
COGS	(23,607)	(24,548)	(25,604)	(26,946)
<b>Gross Profit</b>	10,859	11,059	11,703	12,317
Gross Margin	31.5%	31.1%	31.4%	31.4%
Operating Expenses	(5,967)	(5,877)	(6,182)	(6,507)
<b>EBIT</b>	4,892	5,182	5,521	5,810
EBIT Margin	14.2%	14.6%	14.8%	14.8%
Depreciation	642	623	716	879
<b>EBITDA</b>	5,534	5,804	6,236	6,689
EBITDA Margin	16.1%	16.3%	16.7%	17.0%
Interest Expenses	(175)	(128)	(205)	(230)
<b>EBT</b>	4,989	5,203	5,467	5,739
Income Tax	(1,358)	(1,659)	(1,412)	(1,482)
Minority Interest	(31)	253	336	352
<b>Net Profit</b>	3,600	3,797	4,391	4,609
Growth (% y/y)	20.0%	5.4%	15.7%	5.0%
Net Profit Margin	10.4%	10.7%	11.8%	11.7%

### BALANCE SHEET

in IDR bn	2016/12A	2017/12A	2018/12E	2019/12E
Cash	8,372	8,797	9,853	10,184
Receivables	3,721	3,871	4,042	4,254
Inventories	3,110	3,262	3,668	3,860
<b>Total Current Assets</b>	15,571	16,579	18,277	18,980
Net Fixed Assets	7,114	8,120	10,386	11,304
Other Non Current Assets	6,216	6,920	7,143	7,255
<b>Total Assets</b>	28,902	31,620	35,806	37,539
Payables	2,692	2,904	2,975	3,131
ST Bank Loan	1,168	1,400	1,093	687
Other Current Liab.	2,609	2,523	2,739	2,882
LT Debt	877	955	1,559	980
Other Non Current Liab.	3,055	3,513	4,549	4,549
<b>Total Liabilities</b>	10,401	11,295	12,915	12,229
<b>Shareholders' Equity</b>	18,501	20,324	22,891	25,309

### CASH FLOW STATEMENT

in IDR bn	2016/12A	2017/12A	2018/12E	2019/12E
Net Income	3,600	3,797	4,391	4,609
Deprec & Amortization	638	676	767	879
Chg. In Working Capital	346	702	106	(73)
<b>CFO</b>	4,585	5,174	5,264	5,415
Capex	(905)	(1,533)	(1,623)	(1,796)
<b>CFI</b>	(1,560)	(2,950)	(913)	(1,908)
Dividends Paid	(1,493)	(1,796)	(1,894)	(2,191)
Net Borrowing (PMT)	(835)	(29)	(1,451)	(985)
<b>CCF</b>	(2,310)	(1,800)	(3,295)	(3,176)
<b>Net Changes in Cash</b>	714	425	1,056	331

### OWNERSHIP

By Geography	% Shareholders	%	
Indonesia	93.1	First Pacific Company	80.5
United States	3.9	Matthews Intl Capital	1.9
Luxembourg	0.9	Schroder Investment	0.9
Norway	0.9	Norges Bank	0.7

### PROFITABILITY & STABILITY

	2016/12A	2017/12A	2018/12E	2019/12E
ROE	20.6%	19.6%	20.3%	19.1%
ROA	13.0%	12.5%	13.0%	12.6%
ROIC	17.9%	16.3%	17.0%	16.9%
EBITDA/Equity	31.7%	29.9%	28.9%	27.8%
EBITDA/Assets	13.0%	12.5%	13.0%	12.6%
Cash Dividend (IDR bn)	1,493	1,796	1,894	2,191
Dividend Yield (%)	1.5%	1.7%	1.9%	2.2%
Payout Ratio (%)	49.7%	49.9%	49.9%	49.9%
DER	11.1%	11.6%	11.6%	6.6%
Net Gearing	17.7%	17.6%	16.7%	9.1%
LT Debt to Equity	4.7%	4.7%	6.8%	3.9%
Capitalization Ratio	10.0%	10.4%	10.4%	6.2%
Equity Ratio	64.0%	64.3%	63.9%	67.4%
Debt Ratio	7.1%	7.4%	7.4%	4.4%
Financial Leverage	152.3%	148.9%	146.3%	148.6%
Current Ratio	240.7%	242.8%	268.5%	283.3%
Quick Ratio	186.9%	185.5%	204.1%	215.5%
Cash Ratio	129.4%	128.8%	144.8%	152.0%
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	8,675	8,675
Market Cap (IDR tn)	100.0	103.8	101.2	101.2

### VALUATION INDEX

	2016/12A	2017/12A	2018/12E	2019/12E
Price /Earnings	27.8x	27.3x	23.0x	21.9x
Price /Book Value	5.4x	5.1x	4.4x	4.0x
Price/Sales	2.9x	2.9x	2.7x	2.6x
PE/EPS Growth	1.4x	5.0x	1.5x	4.4x
EV/EBITDA	17.1x	16.9x	15.2x	14.0x
EV/EBIT	19.3x	19.0x	17.2x	16.1x
EV (IDR bn)	94,627	98,305	94,998	93,681
Sales CAGR (3-Yr)	11.1%	5.9%	5.5%	4.4%
EPS CAGR (3-Yr)	17.4%	12.8%	13.5%	8.6%
Basic EPS (IDR)	309	326	377	395
Diluted EPS (IDR)	309	326	377	395
BVPS (IDR)	1,586	1,743	1,963	2,170
Sales PS (IDR)	2,955	3,053	3,199	3,367
DPS (IDR)	128	154	162	188

### DCF, RIM & EVA

	2016/12A	2017/12A	2018/12E	2019/12E
<b>DCF (IDR bn)</b>				
NOPAT	3,561	3,529	4,095	4,310
+Depr./Amor.	638	676	767	879
-CAPEX	(905)	(1,533)	(1,623)	(1,796)
-Incr. (Decr.) in Working Cap.	346	702	106	(73)
(Unlevered) FCFF	3,640	3,374	3,346	3,320
<b>WACC</b>				
Cost of Debt (Tax Adj.)	8.4%	5.3%	6.2%	6.3%
Cost of Equity (COE)	10.1%	12.7%	11.7%	11.7%
WACC (%)	10.1%	12.5%	11.6%	11.6%
<b>RIM</b>				
Spread (FROE-COE) (%)	11.8%	7.9%	9.9%	8.4%
Residual Income (IDR bn)	1,941	1,454	2,009	1,926
Equity Charge	1,659	2,343	2,382	2,683
<b>EVA</b>				
Invested Capital (IDR bn)	19,256	20,546	22,679	25,544
ROIC-WACC (%)	8.4%	4.7%	6.5%	5.2%
EVA (IDR mn)	1,618	960	1,469	1,339

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