

# Indofood CBP Sukses Makmur Tbk (ICBP)

## Stabilitas Margin Keuntungan

Company Report | Sep 26, 2018

### Buy

<b>Dec 2019 TP (IDR)</b>	<b>10,550</b>
Consensus Price (IDR)	9,715
TP to Consensus Price	+8.6%
vs. Last Price	+17.9%

#### Shares data

Last Price (IDR)	8,950
Price date as of	Sep 21, 2018
52 wk range (Hi/Lo)	9,275 / 8,000
Free float (%)	19.5
Outstanding sh.(mn)	11,662
Market Cap (IDR bn)	101,750
Market Cap (USD mn)	6,832
Avg. Trd Vol - 3M (mn)	3.03
Avg. Trd Val - 3M (bn)	26.51
Foreign Ownership	7.1%

#### Consumer Staples

##### Packaged Foods & Beverages

Bloomberg	ICBP IJ
Reuters	ICBP.JK

#### ICBP sebagai Raja Mie Instan di Indonesia

ICBP mampu meningkatkan pertumbuhan penjualan sebesar 6,4% dari Rp9 triliun pada 2Q17 menjadi Rp9,57 triliun pada 2Q18. Pertumbuhan **penjualan ditopang oleh peningkatan penjualan sebesar 7%** dari Rp5,63 triliun pada 2Q17 menjadi Rp6 triliun pada 2Q18 yang dibukukan oleh **divisi mie** yang berkontribusi 63% terhadap total penjualan ICBP.

ICBP menguasai sekitar **72%-75% pangsa pasar mi instan di Indonesia dan senantiasa melakukan inovasi produk**, sebagai contoh meluncurkan Indomie Mi Keriting Goreng Rasa Telur Asin yang diharapkan dapat mendorong pertumbuhan ke depan. ICBP pun telah **meningkatkan kapasitas produksi divisi mi instan sekitar 10%** di Jabodetabek sehingga total kapasitas nasional mencapai 18 miliar bungkus per tahun.

#### Pertumbuhan Stabil Laba Bersih

**Labanya bersih ICBP meningkat 7,8%** dari Rp1 triliun pada 2Q17 menjadi Rp1,07 triliun pada 2Q18. Kami memperkirakan bahwa ICBP **mampu mempertahankan laba bersih di kisaran Rp1,1 triliun** pada 3Q18 dan 4Q18 sehingga **pertumbuhan laba bersih sebesar 17,4% pada 2018 dapat direalisasikan**. Mengamati kemampuan ICBP untuk membukukan pertumbuhan yang stabil tidak hanya di penjualan tetapi juga beban, kami memperkirakan bahwa penjualan dan laba bersih masing-masing akan meningkat 5,4% dan 5,2% pada 2019.

#### Target Harga Rp10.550

Kami menggunakan estimasi forward P/E sebesar 24,2x (rata-rata 3 tahun) untuk memperoleh target harga pada Desember 2019. Target harga ini mengimplikasikan P/E 2019E sebesar 26,2x. Saat ini, ICBP diperdagangkan pada P/E 2018E sebesar 23,4x.

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

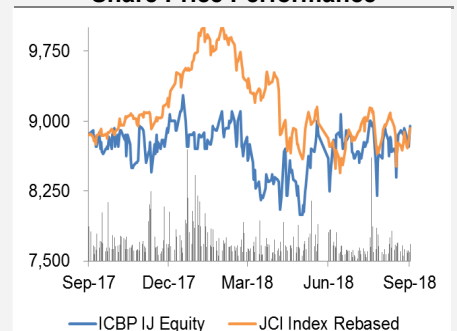
	2017	2018E	2019F	2020F
Sales	35,607	37,329	39,336	41,660
<i>Sales growth</i>	3.3%	4.8%	5.4%	5.9%
EBITDA	5,804	6,277	6,733	7,176
Net Profit	3,797	4,458	4,691	5,019
EPS (IDR)	326	382	402	430
<i>EPS growth</i>	5.4%	17.4%	5.2%	7.0%
BVPS (IDR)	1,743	1,954	2,166	2,395
EBITDA margin	16.3%	16.8%	17.1%	17.2%
NPM	10.7%	11.9%	11.9%	12.0%
ROE	19.6%	20.7%	19.5%	18.9%
ROA	12.5%	13.0%	12.5%	12.7%
ROIC	17.2%	18.0%	17.0%	17.0%
P/E	27.3x	23.4x	22.3x	20.8x
P/BV	5.1x	4.6x	4.1x	3.7x
EV/EBITDA	16.9x	15.5x	14.3x	13.2x
DPS (IDR)	154	162	191	201
<i>Dividend yield</i>	1.7%	1.8%	2.1%	2.2%

Source: Company Data, Bloomberg, NHKS Research

Please consider the rating criteria & important disclaimer

NH Korindo Sekuritas Indonesia

#### Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-1.6%	1.7%	8.5%	1.1%
Rel. Ret.	4.4%	1.5%	6.2%	0.3%

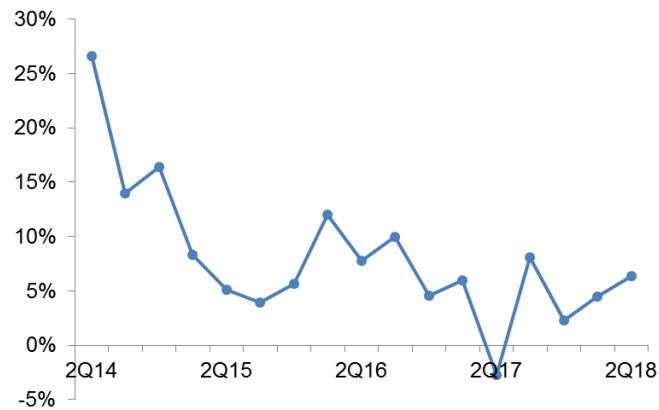
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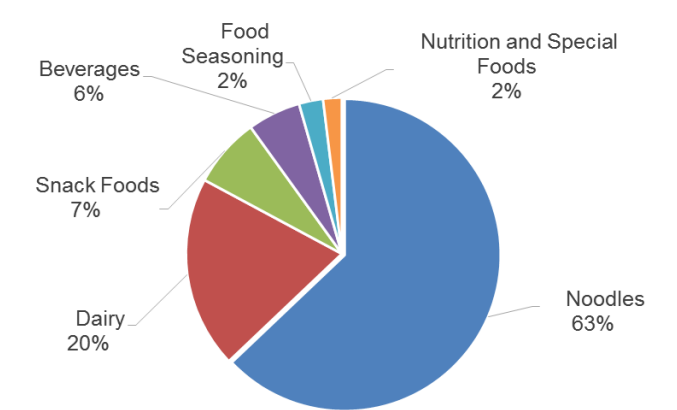
## Performance Highlights

ICBP Sales Growth Quarterly | 2Q16 - 2Q18



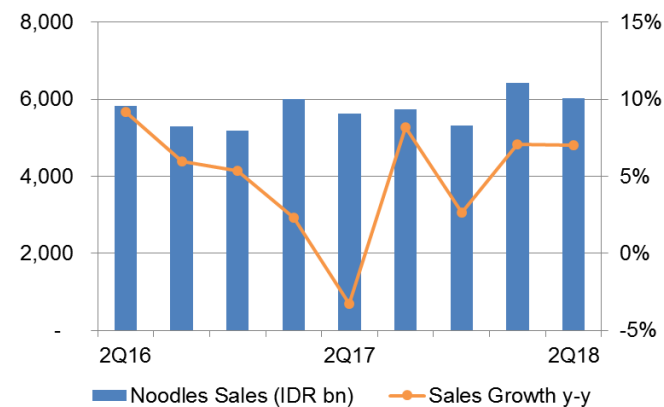
Source: Company, NHKS Research

Sales Breakdown | 2Q18



Source: Company, NHKS Research

Noodles Sales | 2Q16 - 2Q18



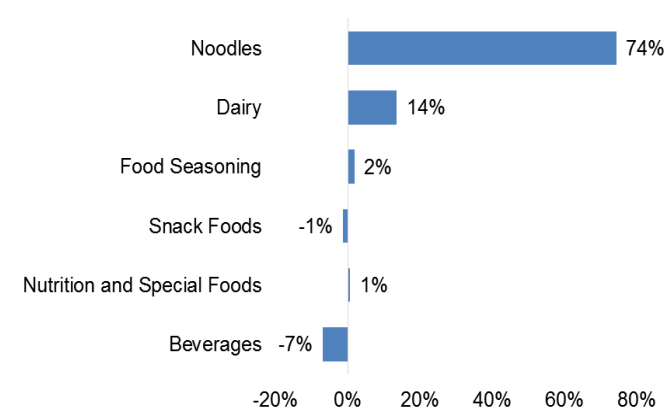
Source: Company, NHKS Research

Noodles Operating Profit Margin | 2Q16 - 2Q18



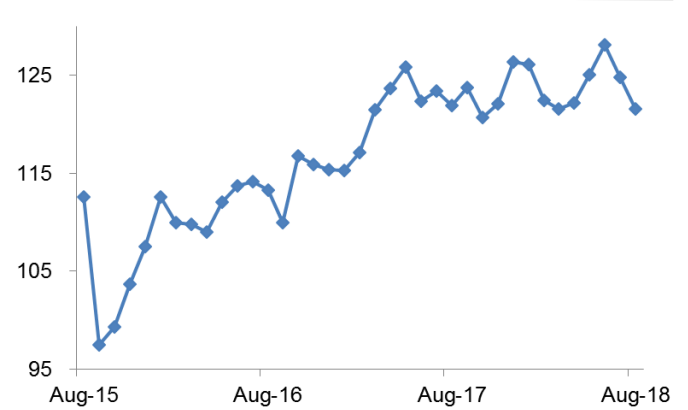
Source: Company, NHKS Research

Operating Profit Contribution Breakdown | 2Q18



Source: Company, NHKS Research

Indonesia Consumer Confidence Index | 2015 - 2018



Source: Company, NHKS Research

## 2Q18 review (IDR bn)

	2Q17	3Q17	4Q17	1Q18	2Q18					3Q18E
					Actual	Estimate	y-y	q-q	surprise	
Sales	9,003	8,970	8,176	9,881	9,579	9,556	6.4%	-3.1%	0.2%	9,399
Gross Profit	2,824	2,826	2,427	3,205	3,084	2,989	9.2%	-3.8%	3.2%	2,924
<i>Gross Margin</i>	31.4%	31.5%	29.7%	32.4%	32.2%	31.3%	0.8%	-0.2%	0.9%	31.1%
EBIT	1,267	1,374	1,009	1,665	1,443	1,337	13.8%	-13.3%	7.9%	1,402
<i>EBIT Margin</i>	14.1%	15.3%	12.3%	16.8%	15.1%	14.0%	1.0%	-1.8%	1.1%	14.9%
EBITDA	1,435	1,544	1,183	1,876	1,679	1,517	17.1%	-10.5%	10.7%	1,579
<i>EBIT Margin</i>	15.9%	17.2%	14.5%	19.0%	17.5%	15.9%	1.6%	-1.4%	1.7%	16.8%
<b>Net Profit</b>	<b>1,000</b>	<b>950</b>	<b>755</b>	<b>1,213</b>	<b>1,078</b>	<b>1,011</b>	<b>7.8%</b>	<b>-11.1%</b>	<b>6.6%</b>	<b>1,106</b>
<i>Net Margin</i>	11.1%	10.6%	9.2%	12.3%	11.3%	10.6%	0.1%	-1.0%	0.7%	11.8%

Source: Bloomberg, NHKS research

## Earnings revision (IDR bn)

		2018E	2019F	2020F
Sales	-Revised	37,329	39,336	41,660
	-Previous	37,307	39,263	41,508
	-Change	0.1%	0.2%	0.4%
Gross Profit	-Revised	11,760	12,392	13,124
	-Previous	11,703	12,317	13,021
	-Change	0.5%	0.6%	0.8%
Gross Margin	-Revised	31.5%	31.5%	31.5%
	-Previous	31.4%	31.4%	31.4%
EBIT	-Revised	5,588	5,888	6,236
	-Previous	5,521	5,810	6,143
	-Change	1.2%	1.3%	1.5%
EBIT Margin	-Revised	15.0%	15.0%	15.0%
	-Previous	14.8%	14.8%	14.8%
EBITDA	-Revised	6,277	6,733	7,176
	-Previous	6,236	6,689	7,119
	-Change	0.6%	0.7%	0.8%
EBITDA Margin	-Revised	16.8%	17.1%	17.2%
	-Previous	16.7%	17.0%	17.2%
<b>Net Profit</b>	<b>-Revised</b>	<b>4,458</b>	<b>4,691</b>	<b>5,019</b>
	-Previous	4,391	4,609	4,952
	-Change	1.5%	1.8%	1.4%
Net Margin	-Revised	11.9%	11.9%	12.0%
	-Previous	11.8%	11.7%	11.9%

Source: NHKS research

## 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.

### Daya Saing ICBP di Asia Pasifik

ICBP memiliki P/E yang lebih murah dibandingkan dengan kompetitor dengan ROE yang sama atau lebih tinggi. Selain itu, ICBP masih mampu mempertahankan margin laba bersih hingga *double digit* sebesar 10,9%.

#### Asia Pacific Packaged Food Company

Company	Market Cap (USD mn)	Asset (USD mn)	Sales LTM (USD mn)	Net Profit LTM (USD mn)	Net Profit Growth LTM	Net Margin	ROE LTM	P/E LTM	P/BV
<b>Indonesia</b>									
ICBP	6,827	2,327	2,692	294	7.61%	10.9%	21.3%	25.5x	5.2x
INDF	3,521	6,472	5,187	283	-7.22%	5.5%	12.6%	13.6x	1.7x
<b>Japan</b>									
Nissin Foods Holdings	7,379	5,348	4,541	287	17.48%	6.3%	9.9%	26.0x	2.5x
Toyo Suisan Kaisha Ltd	4,376	3,516	3,557	171	-5.92%	4.8%	6.7%	24.1x	1.6x
<b>South Africa</b>									
Pioneer Foods Group Ltd	1,537	958	1,489	68	-20.33%	4.6%	11.0%	19.5x	2.7x
<b>South Korea</b>									
Samyang Foods Co Ltd	506	373	446	34	30.88%	7.7%	18.4%	15.0x	2.5x
Nongshim Co Ltd	1,333	2,295	2,016	77	-1.98%	3.8%	4.6%	16.8x	0.8x
Ottogi Corporation	2,230	1,613	2,001	115	-3.27%	5.8%	11.6%	19.0x	2.1x
<b>Thailand</b>									
Thai President Foods	1,625	903	638	84	-0.62%	13.2%	15.1%	18.5x	2.7x
Thai Union Group	2,632	4,491	4,136	124	-24.87%	3.0%	9.2%	21.0x	2.0x
<b>Malaysia</b>									
Nestle Berhad	8,325	630	1,312	160	4.98%	12.2%	89.9%	52.9x	53.4x
PPB Group Berhad	5,766	5,636	1,091	307	-4.37%	28.2%	6.0%	19.8x	1.4x
<b>India</b>									
Nestle India Ltd	12,878	1,153	1,614	226	41.19%	14.0%	41.5%	63.6x	25.2x
Britannia Industries Ltd	9,308	796	1,525	156	13.54%	10.2%	32.9%	67.4x	19.9x

Source: Bloomberg

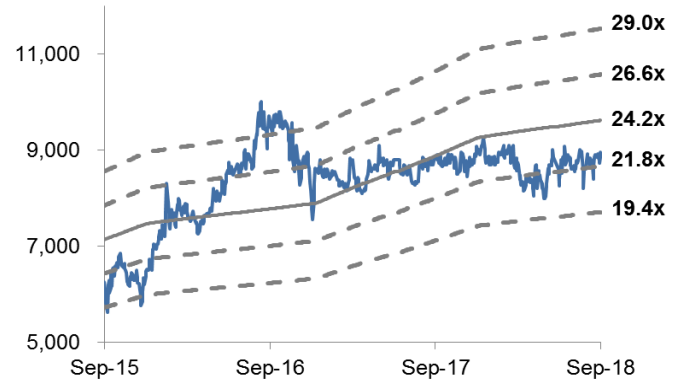
## Multiple Valuation

Forward P/E band | Last 3 years



Source: NHKS research

Dynamic Forward P/E band | Last 3 years



Source: NHKS research

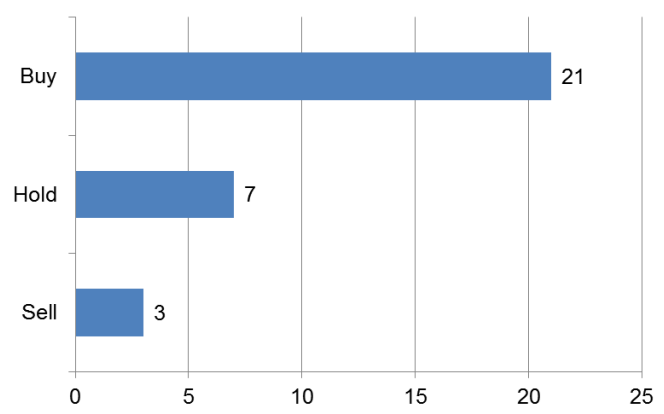
## Rating and Target Price Update

Target Price Revision

Date	Rating	Target Price	Last Price	Consensus	vs Last Price	vs Consensus
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%
09/26/2018	Buy	10,550 (Dec 2019)	8,950	9,715	+17.9%	+8.6%

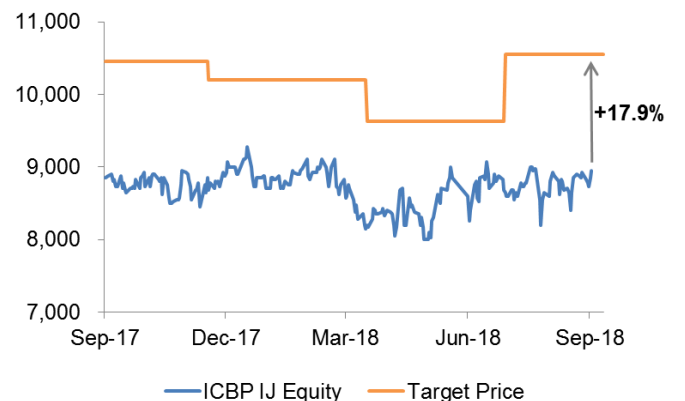
Source: NHKS research, Bloomberg

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

INCOME STATEMENT				
(IDR bn)	2017/12A	2018/12E	2019/12E	2020/12E
<b>Sales</b>	<b>35,607</b>	<b>37,329</b>	<b>39,336</b>	<b>41,660</b>
<i>Growth</i>	3.3%	4.8%	5.4%	5.9%
COGS	(24,548)	(25,569)	(26,944)	(28,536)
<b>Gross Profit</b>	<b>11,059</b>	<b>11,760</b>	<b>12,392</b>	<b>13,124</b>
<i>Gross Margin</i>	31.1%	31.5%	31.5%	31.5%
Operating Expenses	(5,877)	(6,172)	(6,504)	(6,888)
<b>EBIT</b>	<b>5,182</b>	<b>5,588</b>	<b>5,888</b>	<b>6,236</b>
<i>EBIT Margin</i>	14.6%	15.0%	15.0%	15.0%
Depreciation	623	689	845	940
<b>EBITDA</b>	<b>5,804</b>	<b>6,277</b>	<b>6,733</b>	<b>7,176</b>
<i>EBITDA Margin</i>	16.3%	16.8%	17.1%	17.2%
Interest Expenses	(128)	(137)	(153)	(97)
<b>EBT</b>	<b>5,203</b>	<b>5,676</b>	<b>5,972</b>	<b>6,391</b>
Income Tax	(1,659)	(1,520)	(1,599)	(1,712)
Minority Interest	253	302	318	340
<b>Net Profit</b>	<b>3,797</b>	<b>4,458</b>	<b>4,691</b>	<b>5,019</b>
<i>Growth</i>	5.4%	17.4%	5.2%	7.0%
<i>Net Profit Margin</i>	10.7%	11.9%	11.9%	12.0%

PROFITABILITY & STABILITY				
	2017/12A	2018/12E	2019/12E	2020/12E
ROE	19.6%	20.7%	19.5%	18.9%
ROA	12.5%	13.0%	12.5%	12.7%
ROIC	17.2%	18.0%	17.0%	17.0%
Cash Dividend (IDR bn)	1,796	1,889	2,225	2,341
Dividend Yield	1.7%	1.8%	2.1%	2.2%
Payout Ratio	49.9%	49.8%	49.9%	49.9%
DER	11.6%	11.6%	6.6%	1.6%
Net Gearing	17.6%	16.6%	9.0%	2.1%
LT Debt to Equity	4.7%	2.9%	1.7%	0.4%
Capitalization Ratio	10.4%	10.4%	6.2%	1.6%
Equity Ratio	64.3%	62.1%	65.4%	68.9%
Debt Ratio	7.4%	7.2%	4.3%	1.1%
Financial Leverage	148.9%	146.7%	152.9%	145.2%
Current Ratio	242.8%	205.2%	221.5%	243.7%
Par Value (IDR)	50	50	50	50
Total Shares (mn)	11,662	11,662	11,662	11,662
Share Price (IDR)	8,900	8,950	8,950	8,950
Market Cap (IDR tn)	103.8	104.4	104.4	104.4

BALANCE SHEET				
(IDR bn)	2017/12A	2018/12E	2019/12E	2020/12E
Cash	8,797	10,376	10,816	11,165
Receivables	3,871	4,044	4,262	4,514
Inventories	3,262	3,663	3,860	4,088
<b>Total Current Assets</b>	<b>16,579</b>	<b>19,080</b>	<b>19,851</b>	<b>20,722</b>
Net Fixed Assets	8,120	10,405	11,360	12,325
Other Non Current Asset	6,920	7,234	7,391	7,470
<b>Total Assets</b>	<b>31,620</b>	<b>36,720</b>	<b>38,602</b>	<b>40,517</b>
Payables	2,904	2,971	3,130	3,315
ST Bank Loan	1,400	1,977	1,246	332
LT Debt	955	663	418	111
<b>Total Liabilities</b>	<b>11,295</b>	<b>13,931</b>	<b>13,348</b>	<b>12,583</b>
Capital Stock	6,569	6,569	6,569	6,569
Retained Earnings	12,799	15,362	17,828	20,507
<b>Shareholders' Equity</b>	<b>20,324</b>	<b>22,789</b>	<b>25,255</b>	<b>27,934</b>

VALUATION INDEX				
	2017/12A	2018/12E	2019/12E	2020/12E
Price /Earnings	27.3x	23.4x	22.3x	20.8x
Price /Book Value	5.1x	4.6x	4.1x	3.7x
Price/Sales	2.9x	2.8x	2.7x	2.5x
PE/EPS Growth	5.0x	1.3x	4.3x	3.0x
EV/EBITDA	16.9x	15.5x	14.3x	13.2x
EV/EBIT	19.0x	17.4x	16.3x	15.2x
EV (IDR bn)	98,305	97,496	96,079	94,510
Sales CAGR (3-Yr)	5.9%	5.6%	4.5%	5.4%
EPS CAGR (3-Yr)	12.8%	14.1%	9.2%	9.8%
Basic EPS (IDR)	326	382	402	430
Diluted EPS (IDR)	326	382	402	430
BVPS (IDR)	1,743	1,954	2,166	2,395
Sales PS (IDR)	3,053	3,201	3,373	3,572
DPS (IDR)	154	162	191	201

CASH FLOW STATEMENT				
(IDR bn)	2017/12A	2018/12E	2019/12E	2020/12E
Operating Cash Flow	5,174	6,878	5,598	5,894
Investing Cash Flow	(2,950)	(1,577)	(1,957)	(1,984)
Financing Cash Flow	(1,800)	(3,476)	(3,202)	(3,561)
<b>Net Changes in Cash</b>	<b>425</b>	<b>1,826</b>	<b>440</b>	<b>349</b>

OWNERSHIP		
By Geography	% Shareholders	%
Indonesia	92.9	First Pacific Company 80.5
United States	4.0	Matthews Intl Capital 1.9
Luxembourg	0.9	Schroder Investment 0.9
Norway	0.8	Norges Bank 0.7

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