

# Indofood CBP Sukses Makmur

## Tbk (ICBP IJ)

### Mengharapkan Kinerja Lebih Baik

Pada 3Q20, ICBP mencatat kinerja yang lemah ditekan oleh lemahnya daya beli di pasar domestik. Sementara itu, dapat dipahami bahwa pendapatan ICBP mengalami kontraksi seiring kenaikan beban keuangan karena adanya tambahan pinjaman bank baru. Namun demikian, kami masih berharap konsolidasi Pinehill di ICBP akan berdampak lebih besar pada FY21. Karena itu, kami mempertahankan BUY.

#### Kinerja Kuartal Ketiga Lemah

Pada kuartal ketiga, pendapatan tumbuh hanya 1,8% YoY menjadi Rp10,8triliun dan laba operasional turun -0,6% YoY ke Rp1,9triliun. Angka ini mencapai 76% dan 74% perkiraan setahun penuh kami dan konsensus. Secara kumulatif, ICBP membukukan penjualan dan laba bersih sebesar Rp33,8 triliun (3,4% YoY) dan Rp3,9 triliun (2,0% YoY). Meskipun permintaan segmen mie diperkirakan stabil, kami menduga kinerja yang lemah disebabkan oleh melemahnya daya beli di pasar domestik. Di sisi lain, penjualan ekspor tumbuh secara signifikan >50% di 3Q20, terutama di Timur Tengah dan Afrika. Pendapatan 3Q20 ICBP mengalami kontraksi -55,4% YoY menjadi Rp585milyar karena meningkatnya beban keuangan dari tambahan pinjaman bank untuk menyelesaikan akuisisi Pinehill.

#### Evaluasi Kinerja Segmen

Segmen mie yang menyumbang 67% dari total pendapatan hanya meningkat 4,8% YoY menjadi Rp7,2 triliun (vs. 3Q19: 7%). Mengingat hingga satu miliar orang harus tinggal di rumah dan banyak telah beralih ke memasak sendiri, kami masih memandang positif prospek makanan ringan (seperti *Chitato*, *Lays*) dan bumbu makanan. Meskipun segmen produk susu mengalami pertumbuhan yang sedikit negatif pada 3Q20, kami masih cukup optimis, terutama untuk susu cair. Sementara itu, segmen makanan bernutrisi turun -10,8% YoY menjadi Rp224miliar. Segmen minuman tetap menjadi hambatan yang signifikan dan kami tidak melihat perubahan dalam waktu dekat selama pandemi yang berkepanjangan ini. Di 3Q20, beban A&P lebih tinggi menjadi Rp546 miliar (+9,0% YoY, +61,3% QoQ). Kami melihat ICBP meningkatkan A&P-nya setelah aktivitas ekonomi kembali normal.

#### Menambah Pinjaman Bank

Untuk membiayai akuisisi Pinehill, ICBP telah mendapatkan pinjaman bank tanpa jaminan dalam mata uang Dolar AS dan Yen dengan jumlah sekitar Rp30,5 triliun. Hasilnya, total utang di 3Q20 melonjak menjadi Rp33,1 triliun (vs 2,6 triliun di 2Q20), yang mendorong net gearing hingga berada di level 0,7x (vs 2Q20: 0,08x) dan menambah nilai goodwillnya sebesar Rp52 triliun. Kami terus memproyeksikan beban bunga yang lebih tinggi untuk FY20E.

#### Rekomendasi BELI, Pertahankan TP di Rp12.150

Kami mempertahankan TP kami pada Rp12.150 dan saat ini ICBP diperdagangkan pada 21.4x PE (-1SD dari rata-rata 5 tahun). Selain itu, kami menyempurnakan nilai penjualan segmen dan beban bunga kami, menghasilkan laba bersih yang lebih rendah pada tahun 2020 menjadi Rp4,7 triliun. Namun, kami masih berharap konsolidasi Pinehill di ICBP akan meningkatkan penjualan dan sesuai dengan tingginya resiko yang diambil. Risiko dari target harga kami adalah: 1) Melemahnya IDR terhadap USD 2) Harga bahan baku yang lebih tinggi 3) Pelambatan Ekonomi.

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

	2019A	2020E	2021F	2022F
Sales	42,297	44,136	48,136	53,568
EBITDA	8,429	9,776	10,919	12,186
Net Profit	5,039	4,771	5,097	5,713
EPS (IDR)	432	409	437	490
<i>EPS growth</i>	10.1%	-5.3%	6.8%	12.1%
NPM	11.9%	10.8%	10.6%	10.7%
ROE	20.4%	12.7%	10.1%	10.5%
ROA	13.8%	6.8%	5.0%	5.5%
P/E	25.8x	21.1x	19.8x	17.7x
P/BV	4.9x	2.1x	1.9x	1.8x
EV/EBITDA	15.2x	9.9x	13.3x	11.7x
DPS (IDR)	137	78	74	219
<i>Dividend yield</i>	1.2%	0.9%	0.9%	2.5%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

## BUY

Target Price (IDR)	12,150
Consensus Price (IDR)	12,148
TP to Consensus Price	0.0%
vs. Last Price	+27.6%

#### Shares data

Last Price (IDR)	9,525
Price date as of	Jan 08, 2021
52 wk range (Hi/Lo)	11,750 / 8,150
Free float (%)	19.5
Outstanding sh.(mn)	11,662
Market Cap (IDR bn)	110,496
Market Cap (USD mn)	7,933
Avg. Trd Vol - 3M (mn)	12.28
Avg. Trd Val - 3M (bn)	121.31
Foreign Ownership	5.9%

#### Consumer Staples

##### Packaged Foods & Beverages

Bloomberg	ICBP IJ
Reuters	ICBP.JK

#### Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-0.5%	-2.8%	-5.5%	-17.5%
Rel. Ret.	-3.0%	-8.1%	-29.6%	-18.0%

#### Putu Chantika Putri D.

+62 21 5088 9129

putu.chantika@nhsec.co.id

## 3Q20 review (IDR bn)

	3Q19	4Q19	1Q20	2Q20	3Q20					4Q20E
					Actual	Estimate	y-y	q-q	Surprise	
Sales	10,660	9,506	12,007	11,041	10,849	11,339	1.8%	-1.7%	-4.3%	10,239
Gross Profit	3,747	3,145	4,183	4,148	3,999	4,118	6.7%	-3.6%	-2.9%	3,760
<i>Gross Margin</i>	35.2%	33.1%	34.8%	37.6%	36.9%	36.3%	1.7%	-0.7%	0.5%	36.7%
EBIT	1,946	1,646	2,214	2,155	1,935	2,216	-0.6%	-10.2%	-12.7%	2,224
<i>EBIT Margin</i>	18.3%	17.3%	18.4%	19.5%	17.8%	19.5%	-0.4%	-1.7%	-1.7%	21.7%
EBITDA	2,237	1,949	2,563	2,478	2,296	2,521	2.6%	-7.3%	-8.9%	2,563
<i>EBIT Margin</i>	21.0%	20.5%	21.3%	22.4%	21.2%	22.2%	0.2%	-1.3%	-1.1%	25.0%
<b>Net Profit</b>	<b>1,311</b>	<b>1,153</b>	<b>1,982</b>	<b>1,396</b>	<b>585</b>	<b>1,860</b>	<b>-55.4%</b>	<b>-58.1%</b>	<b>-68.6%</b>	<b>807</b>
<i>Net Margin</i>	12.3%	12.1%	16.5%	12.6%	5.4%	16.4%	-6.9%	-7.3%	-11.0%	7.9%

Source: Bloomberg, NHKSI research

## Earnings revision (IDR bn)

		2020E	2021F	2022F
<b>Sales</b>	<b>-Revised</b>	<b>44,136</b>	<b>48,136</b>	<b>53,568</b>
	-Previous	44,454	54,566	64,342
	-Change	-0.7%	-11.8%	-16.7%
Gross Profit	-Revised	16,091	17,622	19,587
	-Previous	15,964	20,020	22,836
	-Change	0.8%	-12.0%	-14.2%
Gross Margin	-Revised	36.5%	36.6%	36.6%
	-Previous	35.9%	36.7%	35.5%
EBIT	-Revised	8,530	9,377	10,411
	-Previous	8,414	10,753	11,908
	-Change	1.4%	-12.8%	-12.6%
EBIT Margin	-Revised	19.3%	19.5%	19.4%
	-Previous	18.9%	19.7%	18.5%
EBITDA	-Revised	9,776	10,919	12,186
	-Previous	9,627	12,075	13,073
	-Change	1.5%	-9.6%	-6.8%
EBITDA Margin	-Revised	22.1%	22.7%	22.7%
	-Previous	21.7%	22.1%	20.3%
<b>Net Profit</b>	<b>-Revised</b>	<b>4,771</b>	<b>5,097</b>	<b>5,713</b>
	-Previous	6,613	7,096	8,015
	-Change	-27.9%	-28.2%	-28.7%
Net Margin	-Revised	10.8%	10.6%	10.7%
	-Previous	14.9%	13.0%	12.5%

Source: NHKSI 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.

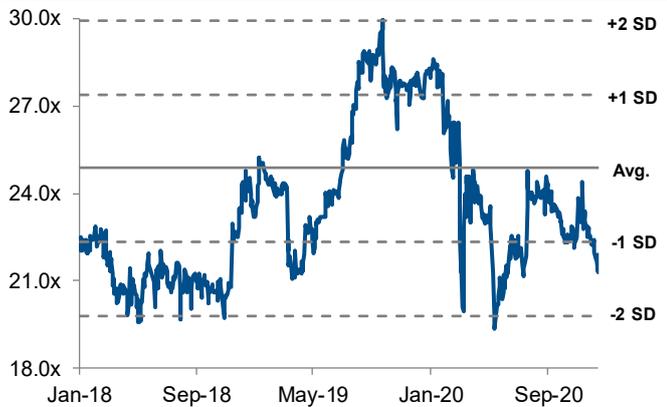
### Asia Pacific Packaged Food Company

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	7,924	2,796	2,999	354	2.80%	11.8%	20.1%	21.6x	4.1x
INDF	4,282	6,947	5,357	354	5.18%	6.6%	13.5%	11.6x	1.5x
<b>Japan</b>									
Nissin Foods Holdings	9,185	5,350	4,533	351	113.97%	7.7%	11.0%	24.7x	2.6x
Toyo Suisan Kaisha Ltd	5,558	3,735	3,908	264	46.37%	6.8%	9.3%	18.6x	1.7x
<b>South Africa</b>									
Pioneer Foods Group Ltd	N/A	967	1,554	63	-15.18%	4.1%	10.5%	N/A	N/A
<b>South Korea</b>									
Samyang Foods Co Ltd	706	407	544	64	69.66%	11.7%	25.0%	10.1x	2.3x
Nongshim Co Ltd	1,678	2,297	2,182	114	80.98%	5.2%	6.8%	12.8x	0.9x
Ottogi Corporation	1,934	1,863	2,151	90	5.42%	4.2%	8.1%	17.5x	1.4x
<b>Thailand</b>									
Thai President Foods	2,124	1,151	770	134	7.48%	17.4%	17.6%	15.2x	2.6x
Thai Union Group	2,176	4,769	4,227	187	52.81%	4.4%	12.6%	11.7x	1.3x
<b>Malaysia</b>									
Nestle Berhad	8,061	667	1,274	131	-16.98%	10.3%	85.4%	58.6x	54.6x
PPB Group Berhad	6,761	5,765	1,006	304	25.15%	30.2%	5.9%	21.2x	1.2x
<b>India</b>									
Nestle India Ltd	24,012	991	1,747	280	22.57%	16.0%	70.3%	89.2x	91.0x
Britannia Industries Ltd	11,686	1,040	1,615	198	21.01%	12.3%	32.4%	60.8x	19.4x

Source: Bloomberg

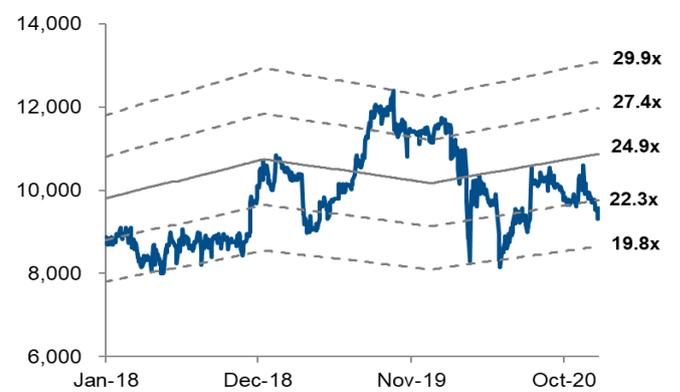
## Multiple Valuation

Forward P/E band | Last 2 years



Source: NHKSI research

Dynamic Forward P/E band | Last 2 years



Source: NHKSI research

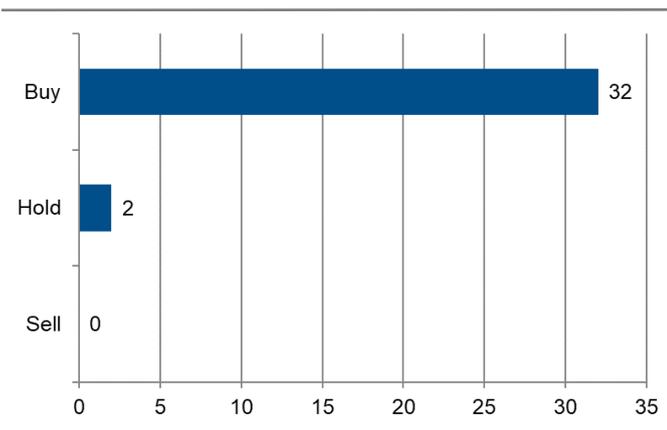
## Rating and Target Price Update

Target Price Revision

Date	Rating	Target Price	Last Price	Consensus	vs Last Price	vs Consensus
12/06/2018	Buy	11,225 (Dec 2019)	9,750	9,855	+15.1%	+13.9%
12/06/2019	Buy	11,600 (Dec 2019)	9,950	11,002	+16.6%	+5.4%
21/11/2019	Hold	12,875 (Dec 2020)	11,400	12,798	+12.9%	+0.6%
16/06/2020	Hold	9,850 (Dec 2020)	8,650	10,368	+13.9%	-5.0%
14/01/2021	Buy	12,150 (Dec 2021)	9,525	12,148	+27.6%	-0.0%

Source: NHKSI research, Bloomberg

Analyst Coverage Rating



Source: Bloomberg

Closing and Target Price



Source: NHKSI research

## Summary of Financials

INCOME STATEMENT				
(IDR bn)	2019/12A	2020/12E	2021/12E	2022/12E
<b>Sales</b>	<b>42,297</b>	<b>44,136</b>	<b>48,136</b>	<b>53,568</b>
<i>Growth</i>	10.1%	4.3%	9.1%	11.3%
COGS	(27,893)	(28,046)	(30,514)	(33,981)
<b>Gross Profit</b>	<b>14,404</b>	<b>16,091</b>	<b>17,622</b>	<b>19,587</b>
<i>Gross Margin</i>	34.1%	36.5%	36.6%	36.6%
Operating Expenses	(6,904)	(7,561)	(8,246)	(9,176)
<b>EBIT</b>	<b>7,500</b>	<b>8,530</b>	<b>9,377</b>	<b>10,411</b>
<i>EBIT Margin</i>	17.7%	19.3%	19.5%	19.4%
Depreciation	929	1,246	1,542	1,775
<b>EBITDA</b>	<b>8,429</b>	<b>9,776</b>	<b>10,919</b>	<b>12,186</b>
<i>EBITDA Margin</i>	19.9%	22.1%	22.7%	22.7%
Interest Expenses	(161)	(464)	(396)	(354)
<b>EBT</b>	<b>7,412</b>	<b>7,087</b>	<b>7,913</b>	<b>8,868</b>
Income Tax	(2,052)	(1,740)	(1,993)	(2,234)
Minority Interest	(321)	(577)	(823)	(922)
<b>Net Profit</b>	<b>5,039</b>	<b>4,771</b>	<b>5,097</b>	<b>5,713</b>
<i>Growth</i>	10.1%	-5.3%	6.8%	12.1%
<i>Net Profit Margin</i>	11.9%	10.8%	10.6%	10.7%

PROFITABILITY & STABILITY				
	2019/12A	2020/12E	2021/12E	2022/12E
ROE	20.4%	12.7%	10.1%	10.5%
ROA	13.8%	6.8%	5.0%	5.5%
ROIC	18.8%	7.9%	8.5%	9.7%
Cash Dividend (IDR bn)	1,598	910	861	2,549
Dividend Yield	1.2%	0.9%	0.9%	2.5%
Payout Ratio	34.9%	18.1%	18.1%	50.0%
DER	8.4%	68.0%	56.0%	44.0%
Net Gearing	11.7%	154.6%	115.5%	85.6%
LT Debt to Equity	6.4%	64.1%	52.8%	41.4%
Capitalization Ratio	7.7%	40.5%	35.9%	30.6%
Equity Ratio	68.9%	47.6%	50.7%	53.6%
Debt Ratio	5.8%	32.4%	28.4%	23.6%
Financial Leverage	148.0%	187.0%	203.3%	191.8%
Current Ratio	62.3%	40.9%	35.6%	32.1%
Par Value (IDR)	50	50	50	50
Total Shares (mn)	11,662	11,662	11,662	11,662
Share Price (IDR)	11,150	8,650	8,650	8,650
Market Cap (IDR tn)	130.0	100.9	100.9	100.9

BALANCE SHEET				
(IDR bn)	2019/12A	2020/12E	2021/12E	2022/12E
Cash	8,359	9,715	8,978	8,481
Receivables	4,049	5,079	4,748	4,403
Inventories	3,841	3,842	3,595	3,538
<b>Total Current Assets</b>	<b>16,625</b>	<b>19,855</b>	<b>18,753</b>	<b>17,952</b>
Net Fixed Assets	11,342	14,464	16,291	17,195
Other Non Current Asset	10,742	67,517	68,919	69,211
<b>Total Assets</b>	<b>38,709</b>	<b>101,836</b>	<b>103,963</b>	<b>104,357</b>
Payables	2,635	2,490	3,010	4,096
ST Bank Loan	546	1,915	1,713	1,426
LT Debt	1,695	31,063	27,816	23,167
<b>Total Liabilities</b>	<b>12,038</b>	<b>53,342</b>	<b>51,233</b>	<b>48,464</b>
Capital Stock	6,569	6,567	6,567	6,567
Retained Earnings	18,495	20,751	24,987	28,151
<b>Shareholders' Equity</b>	<b>26,671</b>	<b>48,494</b>	<b>52,730</b>	<b>55,894</b>

VALUATION INDEX				
	2019/12A	2020/12A	2021/12E	2022/12E
Price /Earnings	25.8x	21.1x	19.8x	17.7x
Price /Book Value	4.9x	2.1x	1.9x	1.8x
Price/Sales	3.1x	2.3x	2.1x	1.9x
PE/EPS Growth	2.6x	-4.0x	2.9x	1.5x
EV/EBITDA	15.2x	9.9x	13.3x	11.7x
EV/EBIT	17.1x	11.3x	15.5x	13.7x
EV (IDR bn)	128,225	96,364	145,314	142,601
Sales CAGR (3-Yr)	7.1%	7.4%	7.8%	8.2%
EPS CAGR (3-Yr)	11.9%	7.9%	3.7%	4.3%
Basic EPS (IDR)	432	409	437	490
Diluted EPS (IDR)	432	409	437	490
BVPS (IDR)	2,287	4,158	4,522	4,793
Sales PS (IDR)	3,627	3,785	4,128	4,593
DPS (IDR)	137	78	74	219

CASH FLOW STATEMENT				
(IDR bn)	2019/12A	2020/12E	2021/12E	2022/12E
Operating Cash Flow	7,302	8,633	8,345	9,957
Investing Cash Flow	(2,364)	(33,807)	(4,771)	(2,970)
Financing Cash Flow	(1,305)	26,913	(4,311)	(7,484)
<b>Net Changes in Cash</b>	<b>3,633</b>	<b>1,739</b>	<b>(737)</b>	<b>(497)</b>

OWNERSHIP		
By Geography	% Shareholders	%
Indonesia	94.1	First Pacific Company 80.5
United States	3.6	Matthews Intl Capital 1.3
Luxembourg	0.6	Schroder Investment 0.8
Norway	0.5	Vanguard Bank 0.7

Source: Company Data, Bloomberg

## NH Korindo Sekuritas Indonesia (NHKSI) Stock Ratings

1. Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
2. Rating system based on a stock's potential upside from the date of publication
  - Buy : Greater than +15%
  - Overweight : +5% to 15%
  - Hold : -5% to +5%
  - Underweight : -5% to -15%
  - Sell : Less than -15%

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