

# Indofood Sukses Makmur Tbk (INDF IJ)

## Performa Kuat dari Seluruh Segmen

INDF mengakhiri 1Q21 dengan kinerja yang baik, didukung semua segmen bisnis dan ekspansi marjin. Ke depannya, kami optimis mengenai ICBP dan segmen Bogasari mengingat permintaan yang kuat dan harga gandum yang naik. Namun, segmen agribisnis dapat membebani pertumbuhan penjualan karena perkiraan CPO yang kurang optimal.

### Laba inti yang solid dengan ekspansi margin

- Laba inti INDF 1Q21 meningkat secara signifikan sebesar 50,1% YoY menjadi IDR2,2tn, tidak termasuk kerugian selisih kurs IDR1,0tn karena eksposur pinjaman USD.
- Pendapatan INDF 1Q21 adalah IDR24.5tn (+7.0% QoQ,+27.2% YoY), 26,6% dari estimasi kami.
- Hasil yang kuat dihasilkan dari ekspansi marjin, dengan marjin GPM dan EBIT berada pada 34,7% dan 20,0% (1Q20: 32,5% dan 17,8%). Namun, marjin laba bersih tercatat lebih rendah di 7,0% (1Q20: 7,3%).
- Sejalan dengan kinerja top-line, laba bersih mengalami peningkatan sebesar IDR1,7tn (-36% QoQ, +23,2% YoY) di 1Q21.

### Pertumbuhan yang kuat dalam semua unit bisnis

- Penjualan ICBP 1Q21 mencapai IDR14,5tn (+27% YoY), didorong pertumbuhan ekspor yang kuat dengan masuknya Pinehill dan ASP domestik yang lebih tinggi.
- Segmen Bogasari membukukan penjualan 1Q21 sebesar IDR6,0tn(+10% YoY), dengan marjin EBIT sebesar 7,6%. Harga gandum global naik sebesar c.8% YoY dan kemungkinan akan terus meningkat. Karena itu, kami yakin segmen ini memiliki kemampuan untuk meningkatkan ASP.
- Agribisnis mencatat kinerja pendapatan yang baik, didorong rata-rata harga CPO yang lebih tinggi di USD1.079/MT pada 1Q21. Ke depannya, harga CPO diperkirakan akan cenderung turun di 4Q21, tertekan oleh produksi yang lebih tinggi karena faktor musim.
- Segmen distribusi mencatat pertumbuhan yang solid sebesar 19% YoY menjadi IDR1,3tn, dengan marjin EBIT sebesar 6,0%.
- Secara keseluruhan, kami memperkirakan ICBP dan Bogasari akan lebih optimal di kuartal mendatang, mengingat peningkatan permintaan kebutuhan pokok tetap menjadi prioritas Pemerintah seiring dengan pengetatan PPKM dan harga terigu yang terus meningkat.
- Namun kinerja agribisnis diperkirakan akan menurun karena perkiraan konsensus terhadap harga CPO ada di sekitar USD692/MT (vs. YTD: USD1.062/MT).

### Mempertahankan rekomendasi BUY dengan TP yang sama

- Kami mempertahankan rekomendasi BUY dan TP kami di Rp8.000/saham, mengingat kinerja 1Q21 yang solid dengan ekspansi margin. Harga target kami mencerminkan 8,9x FY22P/E.
- Kami juga memperkirakan INDF akan mencapai CAGR pendapatan sebesar 11% selama FY20-22E karena mayoritas segmen bisnis intinya tetap solid.
- Risiko rekomendasi kami meliputi 1) Melemahnya IDR terhadap USD 2) biaya bunga yang lebih tinggi dari perkiraan 3) permintaan domestik yang lebih rendah dari perkiraan.

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

	2020A	2021E	2022F	2023F
Sales	81,731	92,156	97,971	104,885
Growth	6.7%	12.8%	6.3%	7.1%
Net Profit	6,434	7,654	7,887	8,207
Growth	31.1%	19.0%	3.1%	4.1%
EPS (IDR)	733	872	898	935
P/E	9.3x	7.9x	8.9x	8.6x
P/BV	1.4x	1.3x	1.4x	1.3x
EV/EBITDA	8.0x	7.0x	7.4x	7.0x
ROE	17.0%	18.1%	16.7%	16.0%
DER	66%	59%	55%	52%
Dividend yield	4.1%	5.3%	5.3%	5.7%

Source: Company Data, Bloomberg, NPKSI Research  
Please consider the rating criteria & important disclaimer

## BUY

Target Price	8,000
Consensus Price (IDR)	8,540
TP to Consensus Price	-6.3%
Potential Upside	24.5%

### Shares data

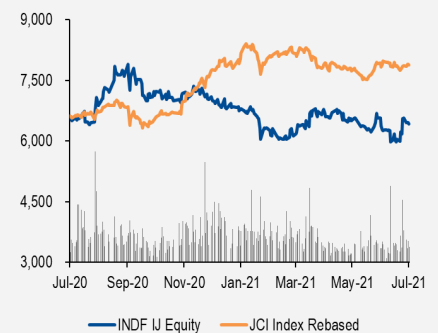
Last Price (IDR)	6,425
Price date as of	8-Jul-21
52 wk range (Hi/Lo)	7900/5975
Free float (%)	49.9
Outstanding sh.(mn)	8,780
Market Cap (IDR bn)	56,853
Market Cap (USD mn)	3,928
Avg. Trd Vol - 3M (mn)	7.46
Avg. Trd Val - 3M (bn)	47.70
Foreign Ownership	15.8%

### Consumer Non Cyclical

#### Packaged Foods

Bloomberg	INDF IJ
Reuters	INDF.JK

### Share Price Performance



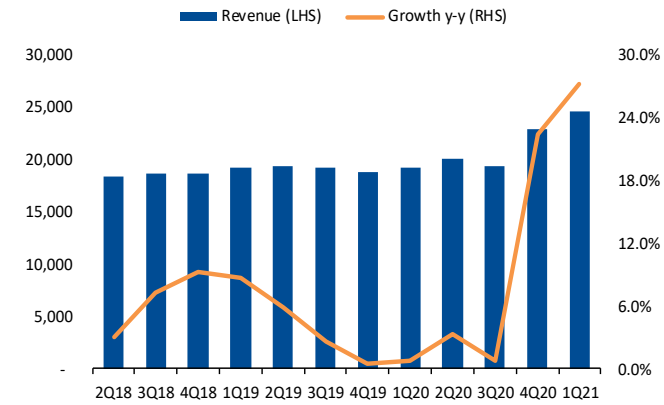
### Putu Chantika Putri D.

+62 21 5088 9129

putu.chantika@nhsec.co.id

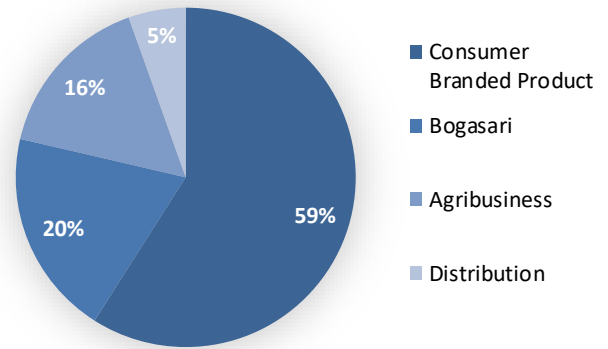
# Performance Highlights

## Sales | 2Q18 - 1Q21



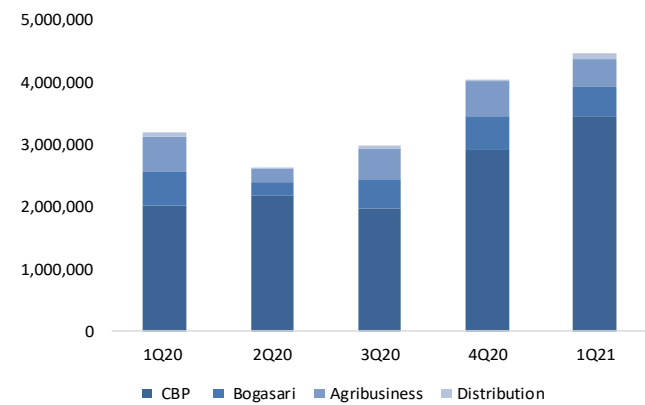
Source: Company, NHKSI Research

## Revenue Breakdown | 1Q21



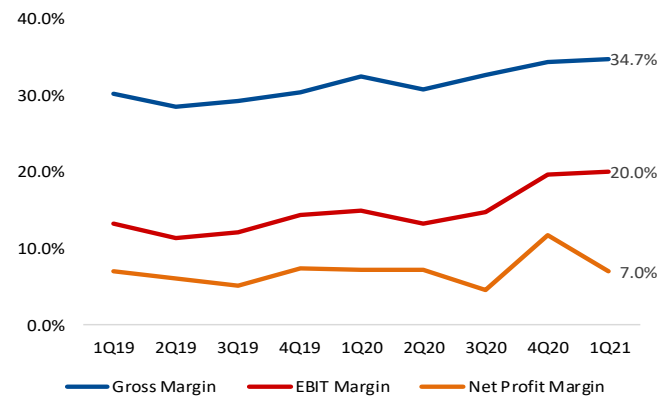
Source: Company, NHKSI Research

## INDF's EBIT (IDR mn) | 1Q20 - 1Q21



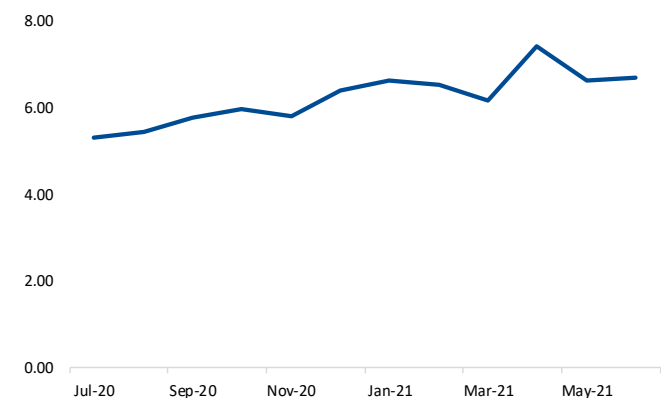
Source: Company, NHKSI Research

## Margin | 1Q19—1Q21



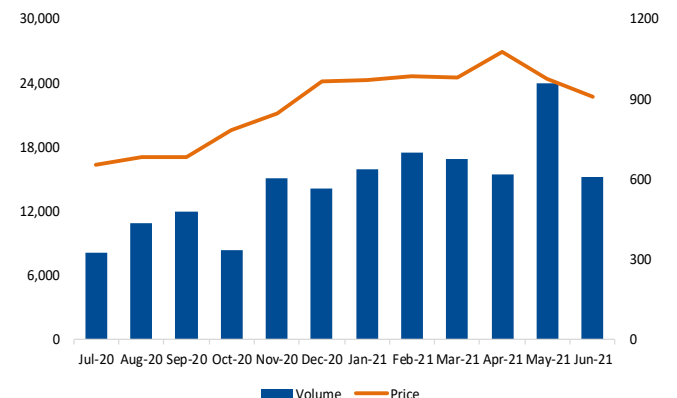
Source: Company, NHKSI Research

## Wheat Price | Jul'20– May'21



Source: Bloomberg, NHKSI Research

## Crude Palm Oil Price (USD/MT) | Jul'20– June'21



Source: Bloomberg, NHKSI Research

## Company Overview



Pada dua dekade terakhir, INDF telah bertransformasi menjadi perusahaan Total Food Solutions dengan kegiatan operasional yang mencakup seluruh tahapan proses produksi makanan—mulai dari produksi hingga pengolahan bahan baku menjadi produk akhir yang tersedia di pasar. INDF kini dikenal sebagai perusahaan yang mapan dan terkemuka di setiap kategori bisnisnya. INDF dalam menjalankan bisnisnya memperoleh manfaat dari skala ekonomis serta ketangguhan model bisnisnya yang terdiri dari empat kelompok usaha strategis ("Grup") yang saling melengkapi.

Divisi Produk Konsumen Bermerek (CBP) yang didukung oleh kekuatan merek-merek produknya memproduksi beragam produk konsumen bermerek, yakni mie instan, dairy, makanan ringan, penyedap makanan, nutrisi & makanan khusus, dan minuman. Divisi Bogasari yang memiliki kegiatan usaha berupa produksi tepung terigu dan pasta didukung oleh unit usaha perkapalan dan kemasan. Sementara, divisi Agribisnis memiliki aktivitas bisnis berupa penelitian & pengembangan, pemuliaan benih bibit, pembudidayaan & pengolahan kelapa sawit hingga produksi & pemasaran produk minyak goreng, margarin, serta shortening. Divisi ini juga melakukan budidaya & pengolahan karet, tebu, dan tanaman lainnya. Kemudian, divisi Distribusi memiliki kegiatan utama pendistribusian sebagian besar produk konsumen Indofood dan anak-anak perusahaannya, serta produk pihak ketiga.

### SOTP Valuation

	2022 EBIT	Multiples Assigned	% Ownership	Value
CBP (ICBP)	11,000	16.9x	80.50%	100,152
Bogasari	1,993	10.1x	100%	12,690
Agribusiness (SIMP)	1,637	15.9x	59.70%	5,259
Distribution	521	16.1x	100%	5,456
Add : Cash				20,169
Deduct : Debt				(49,883)
<b><u>Net Equity Value</u></b>				<b><u>93,845</u></b>
Holding Discount			25%	(23,461)
<b>Equity Per Share</b>				<b>8,000</b>
Discount SOTP at Current Price				<b>24.5%</b>

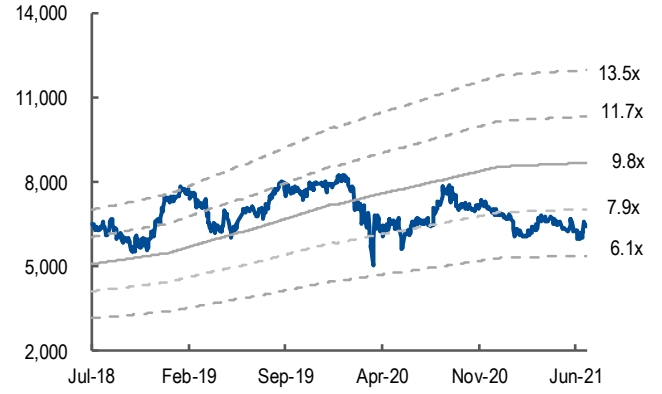
## Valuation Highlight in Charts

Forward P/E band | Last 3 years



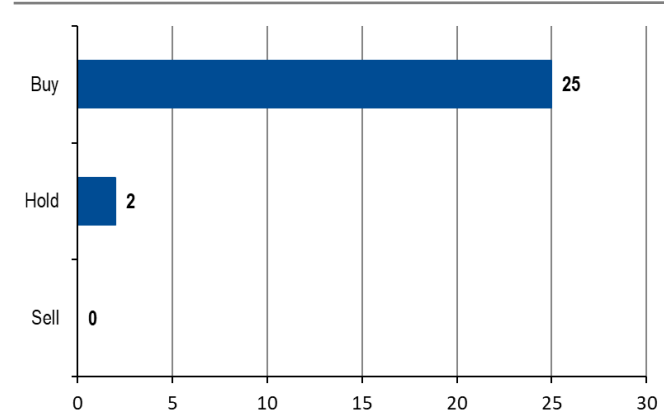
Source: NHKSI research

Dynamic Forward P/E band | Last 3 years



Source: NHKSI research

Analyst Coverage Rating



Source: Bloomberg

Closing and Target Price



Source: NHKSI research

## Rating and Target Price Update

Target Price Revision

Date	Rating	Target Price	Last Price	Consensus	vs Last Price	vs Consensus
19/04/2021	Buy	8,000 (Dec 2021)	6,575	8,732	21.7%	-8.4%

Source: NHKSI research, Bloomberg

## Summary of Financials

INCOME STATEMENT					PROFITABILITY & STABILITY				
(IDR bn)	2020/12A	2021/12E	2022/12E	2023/12E		2020/12A	2021/12E	2022/12E	2023/12E
<b>Sales</b>	<b>81,731</b>	<b>92,156</b>	<b>97,971</b>	<b>104,885</b>	ROE	17.0%	18.1%	16.7%	16.0%
<i>Growth</i>	6.7%	12.8%	6.3%	7.1%	ROA	3.9%	4.5%	4.5%	4.6%
COGS	(54,979)	(62,072)	(67,901)	(73,212)	Inventory Turnover	4.9x	5.4x	5.7x	6.1x
<b>Gross Profit</b>	<b>26,752</b>	<b>30,085</b>	<b>30,070</b>	<b>31,673</b>	Receivable Turnover	12.7x	14.6x	16.6x	18.3x
<i>Gross Margin</i>	32.7%	32.6%	30.7%	30.2%	Payables Turnover	12.5x	11.4x	11.4x	11.4x
Operating Expenses	(13,795)	(15,648)	(15,479)	(16,572)	Dividend Yield	4.1%	5.3%	5.3%	5.7%
<b>EBIT</b>	<b>12,957</b>	<b>14,437</b>	<b>14,590</b>	<b>15,101</b>	Payout Ratio	49.7%	49.2%	49.0%	51.0%
<i>EBIT Margin</i>	15.9%	15.7%	14.9%	14.4%	DER	66%	59%	55%	52%
Depreciation	3,569	3,667	3,765	4,078	Net Gearing	1.3x	0.9x	0.8x	0.6x
<b>EBITDA</b>	<b>16,525</b>	<b>18,104</b>	<b>18,356</b>	<b>19,179</b>	Equity Ratio	48.5%	50.0%	51.1%	52.0%
<i>EBITDA Margin</i>	20.2%	19.6%	18.7%	18.3%	Debt Ratio	32.2%	29.5%	28.2%	27.1%
Interest Expenses	(1,148)	(1,634)	(1,397)	(1,373)	Financial Leverage	3.8x	3.6x	3.4x	3.2x
<b>EBT</b>	<b>12,426</b>	<b>12,818</b>	<b>13,209</b>	<b>13,745</b>	Current Ratio	1.4x	1.5x	1.4x	1.4x
Income Tax	(3,674)	(3,245)	(3,344)	(3,479)	Quick Ratio	1.0x	1.1x	1.0x	1.0x
Minority Interest	(2,296)	(1,920)	(1,978)	(2,058)	Par Value (IDR)	100	100	100	100
<b>Net Profit</b>	<b>6,434</b>	<b>7,654</b>	<b>7,887</b>	<b>8,207</b>	Total Shares (mn)	8,780	8,780	8,780	8,780
<i>Growth</i>	31.1%	19.0%	3.1%	4.1%	Share Price (IDR)	6,850	6,850	8,000	8,000
<i>Net Profit Margin</i>	7.9%	8.3%	8.1%	7.8%	Market Cap (IDR tn)	60.1	60.1	70.2	70.2

BALANCE SHEET					VALUATION INDEX				
(IDR bn)	2020/12A	2021/12E	2022/12E	2023/12E		2020/12A	2021/12E	2022/12E	2023/12E
Cash	17,338	20,169	21,206	22,337	Price /Earnings	9.3x	7.9x	8.9x	8.6x
Receivables	6,429	6,312	5,905	5,747	Price /Book Value	1.4x	1.3x	1.4x	1.3x
Inventories	11,150	11,564	11,906	12,035	PE/EPS Growth	0.3x	0.4x	2.9x	2.1x
<b>Total Current Assets</b>	<b>38,418</b>	<b>42,626</b>	<b>43,294</b>	<b>44,118</b>	EV/EBITDA	8.0x	7.0x	7.4x	7.0x
Net Fixed Assets	47,369	50,569	53,760	57,128	EV/EBIT	10.2x	8.8x	9.3x	8.9x
Other Non Current Assets	77,349	76,024	76,784	77,552	EV (IDR bn)	132,070	127,251	135,462	133,664
<b>Total Non Current Assets</b>	<b>124,718</b>	<b>126,593</b>	<b>130,543</b>	<b>134,680</b>	Sales CAGR (3-Yr)	5.2%	7.9%	8.6%	8.7%
<b>Total Assets</b>	<b>163,137</b>	<b>169,219</b>	<b>173,838</b>	<b>178,797</b>	Net Income CAGR (3-Yr)	15.8%	22.5%	17.1%	8.5%
Payables	4,408	5,442	5,953	6,419	Basic EPS (IDR)	733	872	898	935
ST Bank Loan	13,800	12,831	12,613	12,441	BVPS (IDR)	4,826	5,387	5,858	6,335
<b>Total Current Liabilities</b>	<b>27,976</b>	<b>29,353</b>	<b>30,322</b>	<b>31,446</b>	DPS (IDR)	278	360	427	458
LT Debt	38,700	37,051	36,420	35,925					
<b>Total Liabilities</b>	<b>83,998</b>	<b>84,528</b>	<b>85,011</b>	<b>85,786</b>					
Capital Stock	1,162	1,162	1,162	1,162					
Retained Earnings	31,116	35,609	39,746	43,931					
<b>Shareholders' Equity</b>	<b>79,138</b>	<b>84,690</b>	<b>88,827</b>	<b>93,012</b>					

CASH FLOW STATEMENT					OWNERSHIP				
(IDR bn)	2020/12A	2021/12E	2022/12E	2023/12E					
Operating Cash Flow	13,856	14,151	13,209	13,889	<b>Shareholders</b>				%
Investing Cash Flow	(37,637)	(5,527)	(7,571)	(8,069)	FPIML				50.1
Financing Cash Flow	27,285	(6,744)	(4,600)	(4,689)	Vanguard Group Inc				1.9
<b>Net Changes in Cash</b>	<b>3,504</b>	<b>1,880</b>	<b>1,037</b>	<b>1,131</b>	Blackrock				1.4
					Dimensional Fund A.				0.9
					<b>By Geography</b>				%
					Unknown				83.7
					United States				8.8
					Luxembourg				2.3
					Ireland				1.2

Source: Bloomberg, NHKSI research

## 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%

### DISCLAIMER

This document is strictly confidential and is being supplied to you solely for your information. The recipients of this report must make their own independent decisions regarding any securities or financial instruments mentioned herein. This document may not be quoted, reproduced, exhibited, redistributed, transmitted, edited, translated, or published, in whole or in part, for any purpose without notice. Any failure to comply with this restriction may constitute a violation of civil or criminal laws.

This report and any electronic access hereto are restricted and intended only for the clients and related entities of PT NH Korindo Sekuritas Indonesia. This report is only for information and recipient use. It is not reproduced, copied, or made available for others. Under no circumstances is it considered as a selling offer or solicitation of securities buying. Any recommendation contained herein may not be suitable for all investors. Although the information hereof is obtained from reliable sources, its accuracy and completeness cannot be guaranteed. PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, and agents are held harmless from any responsibility and liability for claims, proceedings, action, losses, expenses, damages, or costs filed against or suffered by any person as a result of acting pursuant to the contents hereof. Neither is PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, nor agents are liable for errors, omissions, misstatements, negligence, inaccuracy contained herein. All rights reserved by PT NH Korindo Sekuritas Indonesia.