

Indofood Sukses Makmur Tbk (INDF IJ)

Pertumbuhan Kinerja Solid Berlanjut

INDF mempertahankan pertumbuhan pendapatan dan laba bersih yang solid di 2Q21, diuntungkan kinerja yang kuat dari semua segmen. Kami mengharapkan INDF terus mempertahankan pertumbuhan yang kuat di kuartal berikutnya.

Mempertahankan pertumbuhan di 2Q21

- Pendapatan INDF 2Q21 mencapai IDR22,7 triliun (+13,2% YoY, -7,4% QoQ) dan IDR47,2 triliun secara kumulatif di 1H21 (+20,1% YoY), didorong performa semua segmen utama.
- COGS meningkat menjadi IDR15,3 triliun (+10,7% YoY), kami perkirakan disebabkan oleh biaya bahan baku dan biaya kemasan yang lebih tinggi.
- Di bawah lini operasi, peningkatan signifikan pada beban keuangan 2Q21 kemungkinan besar disebabkan oleh beban bunga atas pinjaman bank dan utang obligasi untuk akuisisi Pinehill.
- Dari sisi margin, INDF membukukan margin yang lebih tinggi secara keseluruhan dengan margin kotor, operasi dan bersih masing-masing sebesar 32,4%, 16,3%, dan 7,5%.
- Pada 2Q21, laba bersih mencapai IDR1,7 triliun (+18,4% YoY, -1,4% QoQ). Secara kumulatif, INDF membukukan laba bersih 1H21 sebesar IDR3,4 triliun, 49% dari perkiraan kami dan konsensus.

Segmen mie dan agribisnis masih menjadi primadona

- Pertumbuhan top-line di 2Q21 didorong kuat segmen produk konsumen bermerek (CBP) dan segmen agribisnis. Semua segmen mencatat ekspansi marjin di 2Q21 dengan segmen agribisnis membukukan ekspansi terbesar.
- Segmen CBP, yang menyumbang 58% dari total penjualan 2Q21, kembali mencatat kinerja yang baik didorong oleh produk mie dan susu.
- Agribisnis membukukan penjualan 2Q21 sebesar IDR3,4 triliun (+7,3% YoY), dengan marjin EBIT 13,8%. Segmen ini mencatatkan angka yang lebih baik didukung oleh volume penjualan dan ASP yang lebih tinggi, sejalan dengan tren kenaikan harga CPO.
- Namun, segmen Bogasari mencatat pertumbuhan YoY negatif meskipun ASP lebih tinggi. Tetapi, EBIT margin meningkat menjadi 5,6% (+190bps), yang masih sesuai dengan arahan manajemen sebesar 5%-7%. Kami memperkirakan persaingan ketat bisnis penggilingan tepung masih berlanjut.
- Segmen distribusi mencatat pendapatan yang solid sebesar IDR1,2 triliun, dengan marjin EBIT meningkat menjadi 5,5% di 2Q21 dari 0,7% di 2Q20.
- Secara keseluruhan, kami mengharapkan prospek pertumbuhan kuat untuk INDF mengingat kinerja CBP dan agribisnis yang baik akan menjadi katalis positif bagi INDF tahun ini.

Valuasi

- Kami mempertahankan rekomendasi BUY dan TP yang sama di IDR8.000/saham, mengingat harga CPO yang lebih tinggi dan rupiah yang stabil, mewakili potensi kenaikan 28,5%
- Risiko rekomendasi kami meliputi 1) melemahnya IDR terhadap USD 2) permintaan domestik yang lebih lambat dari yang diharapkan 3) biaya bahan baku utama yang lebih tinggi.

Indofood Sukses Makmur Tbk | Summary (IDR bn)

	2020A	2021E	2022F	2023F
Sales	81,731	92,156	97,919	104,770
Growth	6.7%	12.8%	6.3%	7.0%
Net Profit	6,434	6,921	7,594	7,797
Growth	31.1%	7.6%	9.7%	2.7%
EPS (IDR)	733	788	865	888
P/E	9.3x	10.1x	9.3x	9.0x
P/BV	1.4x	1.5x	1.4x	1.3x
EV/EBITDA	8.0x	7.3x	6.5x	6.2x
ROE	17.0%	16.3%	16.5%	15.5%
DER	66%	59%	55%	51%
Dividend yield	4.1%	4.6%	4.9%	5.4%

Source: Company Data, Bloomberg, NPKSI Research

Please consider the rating criteria & important disclaimer

BUY

Target Price	8,000
Consensus Price (IDR)	8,447
TP to Consensus Price	-5.3%
Potential Upside	28.5%

Shares data

Last Price (IDR)	6,225
Price date as of	13-Sep-21
52 wk range (Hi/Lo)	7800/5975
Free float (%)	49.9
Outstanding sh.(mn)	8,780
Market Cap (IDR bn)	56,853
Market Cap (USD mn)	4,000
Avg. Trd Vol - 3M (mn)	8.05
Avg. Trd Val - 3M (bn)	51.01
Foreign Ownership	15.7%

Consumer Non Cyclical

Packaged Foods

Bloomberg	INDF IJ
Reuters	INDF.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-8.8%	1.6%	-0.4%	-13.8%
Rel. Ret.	-8.6%	1.6%	-0.1%	-34.4%

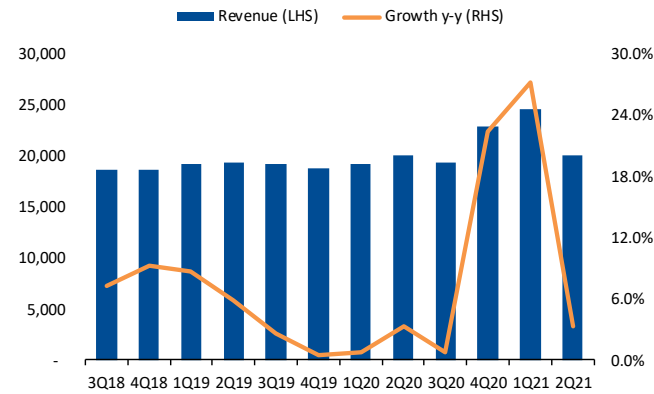
Putu Chantika Putri D.

+62 21 5088 9129

putu.chantika@nhsec.co.id

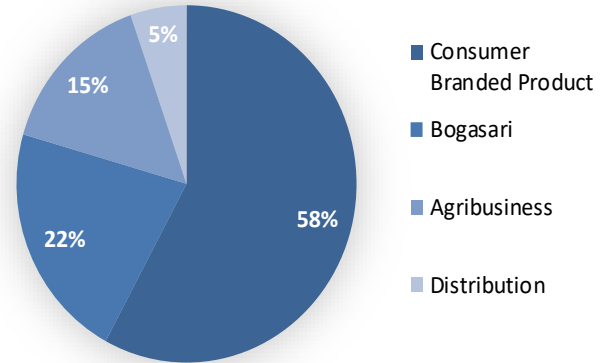
Performance Highlights

Sales | 3Q18 - 2Q21



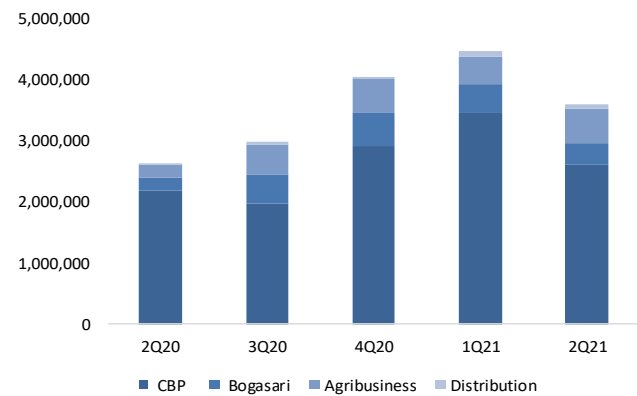
Source: Company, NHKSI Research

Revenue Breakdown | 2Q21



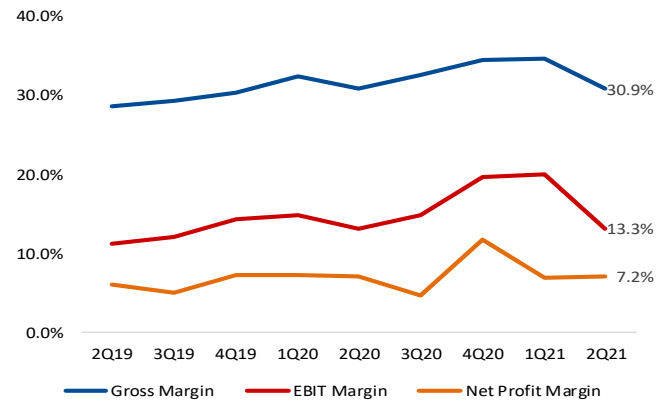
Source: Company, NHKSI Research

INDF's EBIT (IDR mn) | 2Q20 - 2Q21



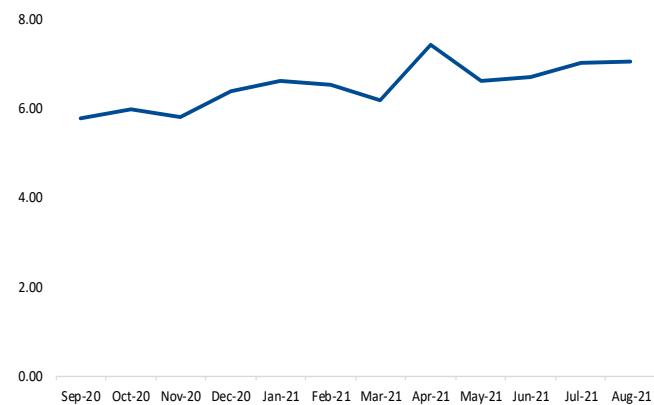
Source: Company, NHKSI Research

Margin | 2Q19-2Q21



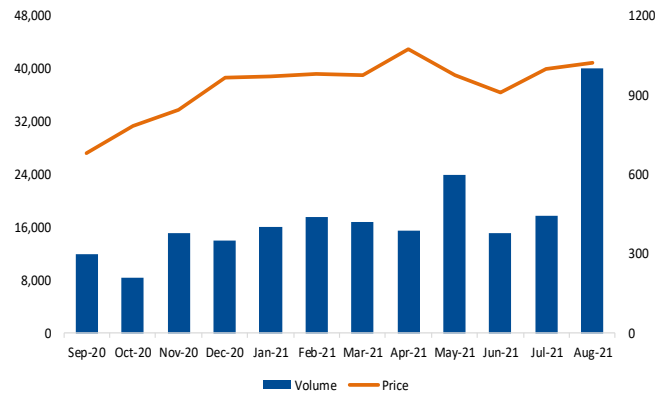
Source: Company, NHKSI Research

Wheat Price | Sep'20- Aug'21



Source: Bloomberg, NHKSI Research

Crude Palm Oil Price (USD/MT) | Sep'20- Aug'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.

Asia Pacific Consumer 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
Indonesia									
INDF	4,000	11,715	6,219	489	35.36%	7.9%	16.3%	8.1x	1.2x
ICBP	6,995	7,439	3,593	446	10.06%	12.4%	20.9%	15.5x	3.0x
Japan									
Nissin Foods Holdings	8,300	5,999	4,865	344	2.85%	7.1%	10.1%	24.5x	2.3x
Toyo Suisan Kaisha Ltd	4,707	3,852	3,727	255	0.34%	6.8%	8.4%	17.6x	1.4x
South Africa									
Pioneer Foods Group Ltd	N/A	967	1,554	63	-15.18%	4.1%	10.5%	N/A	N/A
South Korea									
Samyang Foods Co Ltd	543	511	534	40	-39.21%	7.6%	13.4%	13.7x	1.7x
Nongshim Co Ltd	1,575	2,503	2,262	98	-9.38%	4.3%	5.4%	15.6x	0.8x
Ottogi Corporation	1,654	2,149	2,335	77	-30.66%	3.3%	6.3%	20.2x	1.2x
Thailand									
Thai President Foods	1,978	1,247	746	119	-13.77%	15.9%	14.1%	17.5x	2.4x
Thai Union Group	2,886	4,820	4,380	248	48.34%	5.7%	14.4%	12.5x	1.7x
Malaysia									
Nestle Berhad	7,579	712	1,354	138	-0.36%	10.2%	88.6%	55.1x	47.8x
PPB Group Berhad	6,279	6,189	1,059	335	9.37%	31.6%	6.1%	18.8x	1.1x
India									
Nestle India Ltd	26,670	1,081	1,794	281	5.79%	15.7%	105.8%	93.6x	96.5x
Britannia Industries Ltd	13,436	1,095	1,736	251	32.89%	14.5%	46.9%	52.6x	27.7x

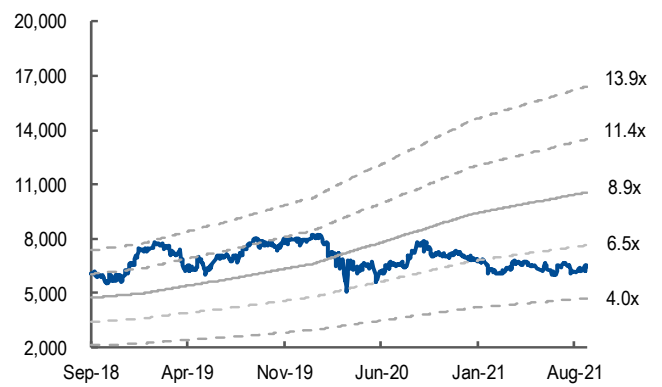
Valuation Highlight in Charts

Forward P/E band | Last 3 years



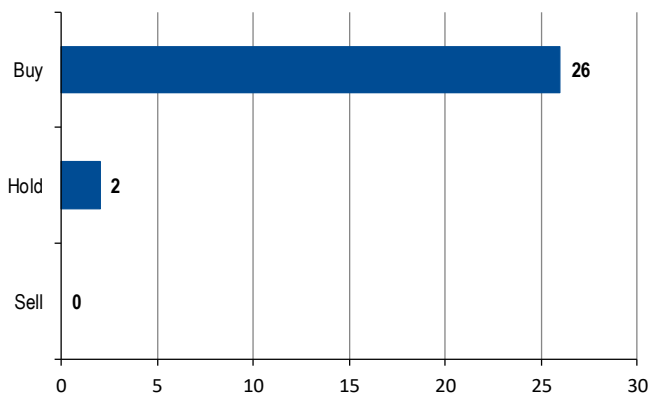
Source: NHKSI research

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
Sales	81,731	92,156	97,919	104,770	ROE	17.0%	16.3%	16.5%	15.5%
<i>Growth</i>	6.7%	12.8%	6.3%	7.0%	ROA	3.9%	4.1%	4.3%	4.3%
COGS	(54,979)	(62,580)	(65,404)	(70,785)	Inventory Turnover	4.9x	5.4x	5.7x	6.1x
Gross Profit	26,752	29,576	32,515	33,984	Receivable Turnover	12.7x	14.6x	16.6x	18.3x
<i>Gross Margin</i>	32.7%	32.1%	33.2%	32.4%	Payables Turnover	12.5x	11.4x	11.4x	11.4x
Operating Expenses	(13,795)	(14,379)	(15,667)	(16,763)	Dividend Yield	4.1%	4.6%	4.9%	5.4%
EBIT	12,957	15,196	16,848	17,221	Payout Ratio	49.7%	50.2%	50.0%	50.0%
<i>EBIT Margin</i>	15.9%	16.5%	17.2%	16.4%	DER	66%	59%	55%	51%
Depreciation	3,569	3,349	3,693	4,005	Net Gearing	1.3x	0.9x	0.7x	0.6x
EBITDA	16,525	18,545	20,541	21,227	Equity Ratio	48.5%	49.2%	50.4%	51.1%
<i>EBITDA Margin</i>	20.2%	20.1%	21.0%	20.3%	Debt Ratio	32.2%	29.2%	27.6%	26.3%
Interest Expenses	(1,148)	(2,214)	(1,394)	(1,351)	Financial Leverage	3.8x	3.7x	3.5x	3.3x
EBT	12,426	12,957	15,428	15,841	Current Ratio	1.4x	1.0x	1.0x	1.0x
Income Tax	(3,674)	(3,214)	(4,474)	(4,594)	Quick Ratio	1.0x	0.8x	0.8x	0.7x
Minority Interest	(2,296)	(2,822)	(3,360)	(3,450)	Par Value (IDR)	100	100	100	100
Net Profit	6,434	6,921	7,594	7,797	Total Shares (mn)	8,780	8,780	8,780	8,780
<i>Growth</i>	31.1%	7.6%	9.7%	2.7%	Share Price (IDR)	6,850	8,000	8,000	8,000
<i>Net Profit Margin</i>	7.9%	7.5%	7.8%	7.4%	Market Cap (IDR tn)	60.1	70.2	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	22,040	23,106	24,382	Price /Earnings	9.3x	10.1x	9.3x	9.0x
Receivables	6,429	6,312	5,902	5,741	Price /Book Value	1.4x	1.5x	1.4x	1.3x
Inventories	11,150	11,659	11,468	11,636	PE/EPS Growth	0.3x	1.3x	1.0x	3.4x
Total Current Assets	38,418	43,990	44,257	45,358	EV/EBITDA	8.0x	7.3x	6.5x	6.2x
Net Fixed Assets	47,369	49,385	52,644	56,078	EV/EBIT	10.2x	8.9x	7.9x	7.6x
Other Non Current Assets	77,349	77,184	77,955	78,735	EV (IDR bn)	132,070	135,810	133,232	131,019
Total Non Current Assets	124,718	126,568	130,600	134,813	Sales CAGR (3-Yr)	5.2%	7.9%	8.5%	8.6%
Total Assets	163,137	170,558	174,857	180,170	Net Income CAGR (3-Yr)	15.8%	18.4%	15.7%	6.6%
Payables	4,408	5,486	5,734	6,206	Basic EPS (IDR)	733	788	865	888
ST Bank Loan	13,800	13,345	12,939	12,688	BVPS (IDR)	4,826	5,250	5,721	6,176
Total Current Liabilities	27,976	41,946	43,153	45,086	DPS (IDR)	278	368	394	432
LT Debt	38,700	36,428	35,321	34,634					
Total Liabilities	83,998	86,625	86,791	88,104					
Capital Stock	1,162	1,162	1,162	1,162					
Retained Earnings	31,116	34,821	38,954	42,954					
Shareholders' Equity	79,138	83,933	88,066	92,066					

CASH FLOW STATEMENT					OWNERSHIP				
(IDR bn)	2020/12A	2021/12E	2022/12E	2023/12E					
Operating Cash Flow	13,856	14,223	13,697	14,162	Shareholders				%
Investing Cash Flow	(37,637)	(6,742)	(7,658)	(8,152)	FPIML				50.1
Financing Cash Flow	27,285	(4,424)	(4,973)	(4,735)	Vanguard Group Inc				1.6
Net Changes in Cash	3,504	3,057	1,066	1,275	Blackrock				1.4
					Dimensional Fund A.				1.0
					By Geography				%
					Unknown				84.2
					United States				9.0
					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.