

Indofood CBP Sukses Makmur Tbk (ICBP IJ)

Sales Increase Supported by Most Segments

ICBP booked 12M21 of IDR 56.8 trillion (+21.8% YoY), supported by domestic and international sales. The sales growth also impacted the increase of gross profit and operating profit each by 17.7% YoY and 28.5% YoY. However, net profit in 12M21 declined by 3.0% YoY.

12M21 Sales Supported by Instant Noodle Segment

- ICBP booked sales of IDR14.2 trillion in 4Q21 (+11.3% YoY, -1.7% QoQ) and cumulative sales in 12M21 was recorded at IDR56.8 trillion (+21.8% YoY) supported by the higher domestic and international sales.
- Throughout 2021, Instant Noodle contributed 70% to sales, with the highest sales growth compared to other segments at 28.2% YoY to IDR41.0 trillion.
- Sales of most segments grew in 12M21, but only the Seasoning segment declined by 0.6% YoY to IDR2.8 trillion.
- Increased sales in 12M21 also caused the increase in gross profit by 17.7% YoY to IDR20.3 trillion, as well as operating profit by 26.7% YoY to IDR11.7 trillion. However, net profit in 12M21 declined by 3.0% YoY due to foreign exchange losses from unrealized financing activities to Rp6.4 trillion.
- Gross Profit Margin 12M21 was recorded at 35.7% or down from the previous year (vs 12M20: 36.9%) due to high commodity prices. Meanwhile, EBIT Margin increased to 20.5% (vs 12M20: 19.7%) due to the low Opex to Sales Ratio. However, the Net Profit Margin fell to 11.2% from 14.1% in the previous year.

EBIT Margin of Beverage Segment Returned to Positive

- The Instant Noodles, Food Seasonings, Nutrition and Specialty Food segments cumulatively recorded an increase in 12M21 EBIT margin, of which the EBIT margins were 24.3%, 13.1% and 8.0%, respectively (vs 12M20: 23.3%, 11.2%, and 6.3%).
- EBIT Margin for the Beverage segment was able to return to a positive number from the previous year which recorded a negative EBIT Margin. The EBIT Margin for the 12M21 beverage segment was recorded at 2.2% (vs 12M20: -2.1%).
- Meanwhile, the Dairy and Snacks segments posted lower 12M21 EBIT margins of 8.4% and 9.3% respectively (vs 12M20: 12.0% and 11.1%).
- In the midst of rising commodity prices, ICBP's performance for 2022 is predicted to continue to grow, driven by Pinehill's sales targeting the Middle East and Africa.

Pinehill's Success

- Pinehill managed to record net profit after tax (NPAT) in 12M20 and 12M21 at USD110.0 million and USD140.3 million, respectively, bringing the average value to USD125.2 million.
- Under the agreement, Pinehill guarantees that the average consolidated (NPAT) for 2020 and 2021 will not be less than USD128.5 million per year with a deviation tolerance of 5%. Thus, ICBP will pay a retention value of USD 650 million in April 2022 through a global bond issuance.

Recommend BUY with TP of IDR9,400

- We recommend BUY for ICBP with a target price of IDR 9,400/share (P/E 17.3x or -0.5 STD) and a potential increase of 27.0%.
- Meanwhile, the main risks in our recommendation are suboptimal consumer purchasing power and rising commodity prices.

Indofood CBP Sukses Makmur Tbk | Summary (IDR bn)

	2021A	2022F	2023F	2024F
Sales	56,804	63,052	68,727	77,661
Growth	21.8%	11.0%	9.0%	13.0%
Net Profit	6,388	7,283	8,086	9,465
Growth	-3.0%	14.0%	11.0%	17.1%
EPS (IDR)	548	625	693	812
P/E	15.9x	15.1x	13.6x	11.6x
P/BV	1.9x	1.9x	1.7x	1.6x
EV/EBITDA	10.8x	11.4x	10.1x	8.5x
ROE	12.7%	13.3%	13.8%	15.0%
ROA	6.2%	6.2%	7.0%	7.5%
Dividend Yield	2.5%	3.0%	3.4%	3.9%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

BUY

Target Price (IDR)	9,400
Consensus Price (IDR)	10,635
TP to Consensus Price	-11.6%
Potential upside	27.0%

Shares data

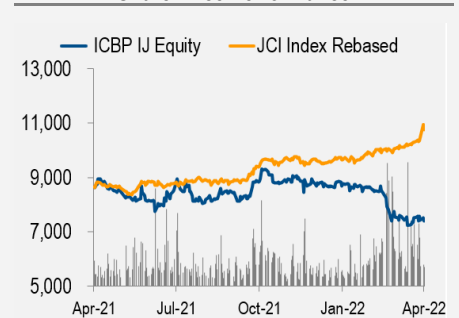
Last Price (IDR)	7,400
Price date as of	April 12, 2022
52 wk range (Hi/Lo)	9,425/7,200
Free float (%)	19.5
Outstanding sh.(mn)	11,662
Market Cap (IDR bn)	86,298
Market Cap (USD mn)	6,010
Avg. Trd Vol - 3M (mn)	8.5
Avg. Trd Val - 3M (bn)	67.8
Foreign Ownership	4.4%

Consumer Non Cyclical

Packaged Foods & Beverages

Bloomberg	ICBP IJ
Reuters	ICBP.IK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-14.2%	-2.0%	-15.4%	-14.5%
Rel. Ret.	-25.2%	-8.9%	-26.8%	-38.9%

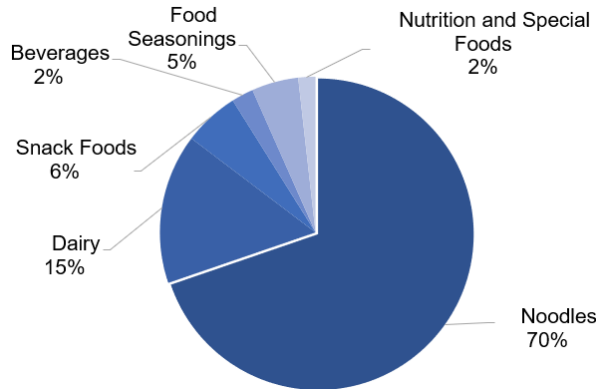
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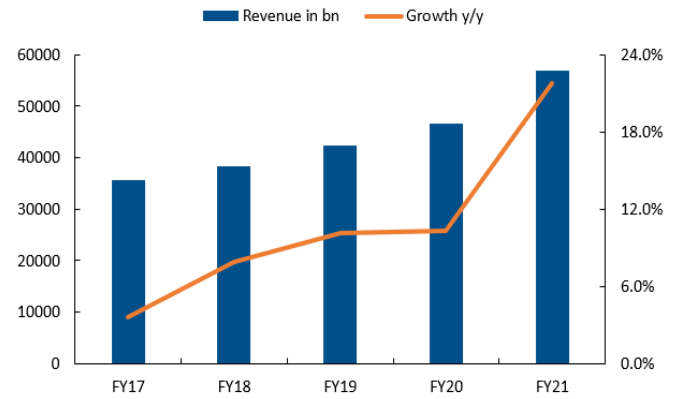
Performance Highlights

Revenue Breakdown | FY21



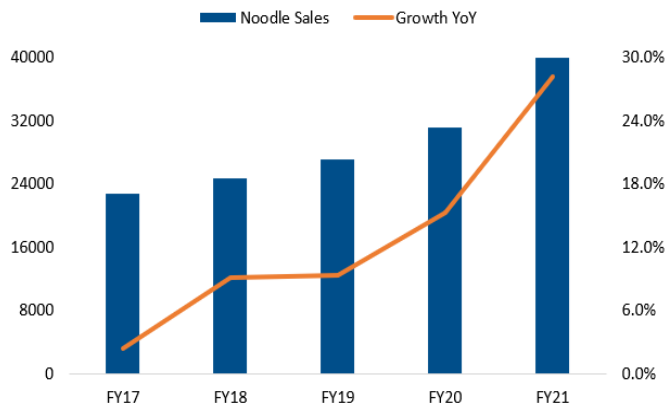
Source: Company, NHKSI Research

Revenue | FY17-FY21



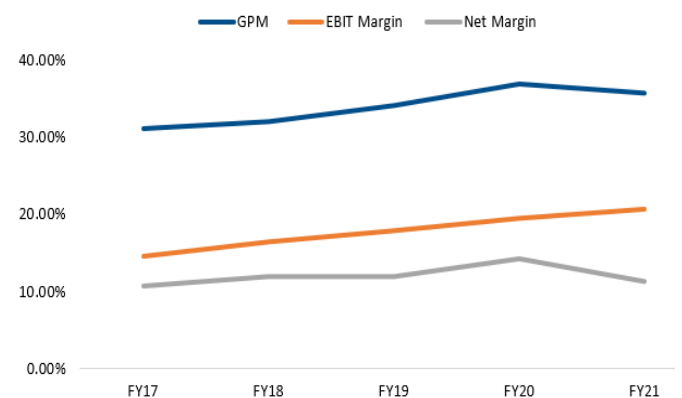
Source: Company, NHKSI Research

Noodle Sales | FY17-FY21



Source: Company, NHKSI Research

Gross Profit & Margin | FY17-FY21



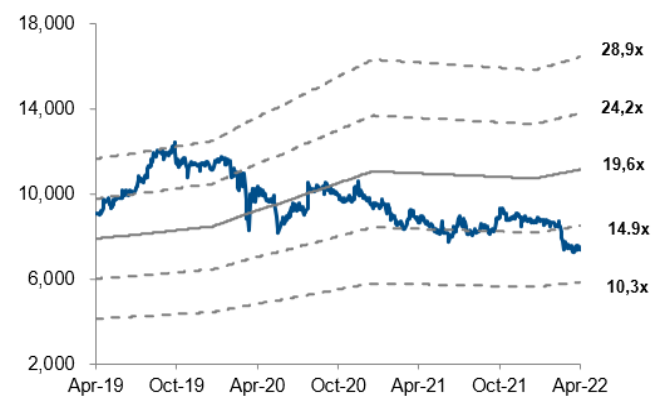
Source: Company, NHKSI Research

Forward P/E Band | Last 3 Years



Source: Company, NHKSI Research

Dynamic Forward P/E Band | Last 3 Years



Source: Company, NHKSI Research

Summary of Financials

INCOME STATEMENT

(IDR bn)	2021/12A	2022/12E	2023/12E	2024/12E
Sales	56,804	63,052	68,727	77,661
<i>Growth</i>	21.8%	11.0%	9.0%	13.0%
COGS	(36,526)	(40,544)	(44,013)	(49,612)
Gross Profit	20,277	22,508	24,713	28,050
<i>Gross Margin</i>	35.7%	35.7%	36.0%	36.1%
Operating Expenses	(8,574)	(10,206)	(11,107)	(12,281)
EBIT	11,703	12,302	13,607	15,768
<i>EBIT Margin</i>	20.6%	19.5%	19.8%	20.3%
Depreciation	1,604	1,390	1,553	1,761
EBITDA	13,307	13,691	15,159	17,529
<i>EBITDA Margin</i>	23.4%	21.7%	22.1%	22.6%
Interest Expenses	(1,837)	(1,053)	(779)	(1,015)
EBT	9,935	11,326	12,912	14,849
Income Tax	(2,035)	(2,320)	(2,862)	(3,124)
Minority Interest	(1,512)	(1,723)	(1,965)	(2,259)
Net Profit	6,388	7,283	8,086	9,465
<i>Growth</i>	-3.0%	14.0%	11.0%	17.1%
<i>Net Profit Margin</i>	11.2%	11.6%	11.8%	12.2%

PROFITABILITY & STABILITY

	2021/12A	2022/12E	2023/12E	2024/12E
ROE	12.7%	13.3%	13.8%	15.0%
ROA	6.2%	6.2%	7.0%	7.5%
Inventory Turnover	6.2x	6.3x	6.3x	6.3x
Receivable Turnover	8.9x	8.9x	8.9x	8.9x
Payables Turnover	10.2x	10.1x	10.0x	10.1x
Dividend Yield	2.5%	3.0%	3.4%	3.9%
Payout Ratio	38.1%	50.6%	50.6%	52.4%
DER	0.8x	0.7x	0.7x	0.7x
Net Gearing	1.5x	1.3x	1.3x	1.2x
Equity Ratio	46.3%	50.9%	50.0%	50.0%
Debt Ratio	35.6%	36.1%	36.9%	36.2%
Financial Leverage	2.1x	2.0x	2.0x	2.0x
Current Ratio	1.8x	2.4x	2.7x	2.9x
Quick Ratio	1.5x	1.9x	2.2x	2.4x
Par Value (IDR)	50	50	50	51
Total Shares (mn)	11,662	11,662	11,662	11,662
Share Price (IDR)	8,700	9,400	9,400	9,400
Market Cap (IDR tn)	101.5	109.6	109.6	109.6

BALANCE SHEET

(IDR bn)	2021/12A	2022/12E	2023/12E	2024/12E
Cash	20,662	15,977	23,848	30,963
Receivables	6,401	7,117	7,751	8,762
Inventories	5,857	6,412	7,009	7,873
Total Current Assets	33,998	30,538	39,662	48,641
Net Fixed Assets	14,384	15,325	17,105	18,513
Other Non Current Assets	69,685	69,475	69,580	69,528
Total Non Current Asset	84,069	84,801	86,685	88,040
Total Assets	118,067	115,339	126,347	136,682
Payables	3,586	4,003	4,407	4,912
ST Bank Loan	1,198	1,738	1,638	1,901
Total Current Liabilities	18,896	12,974	14,532	17,055
LT Debt	40,838	39,907	45,002	47,576
Total Liabilities	63,343	56,599	63,197	68,321
Capital Stock	6,569	6,569	6,569	6,569
Retained Earnings	26,917	30,965	35,359	40,578
Shareholders' Equity	54,724	58,740	63,150	68,361

CASH FLOW STATEMENT

(IDR bn)	2021/12A	2022/12E	2023/12E	2024/12E
Operating Cash Flow	7,989	986	10,042	11,621
Investing Cash Flow	(3,100)	(2,013)	(3,491)	(3,089)
Financing Cash Flow	5,906	(3,658)	1,324	(1,411)
Net Changes in Cash	10,850	(4,685)	7,875	7,120

VALUATION INDEX

	2021/12A	2022/12E	2023/12E	2024/12E
Price /Earnings	15.9x	15.1x	13.6x	11.6x
Price /Book Value	1.9x	1.9x	1.7x	1.6x
PE/EPS Growth	-5.3x	1.1x	1.2x	0.7x
EV/EBITDA	10.8x	11.4x	10.1x	8.5x
EV/EBIT	12.3x	12.7x	11.3x	9.5x
EV (IDR bn)	144,071	156,495	153,631	149,340
Sales CAGR (3-Yr)	13.9%	14.2%	13.8%	11.0%
Net Income CAGR (3-Yr)	11.8%	13.1%	7.1%	14.0%
Basic EPS (IDR)	548	625	693	812
BVPS (IDR)	4,693	5,037	5,415	5,862
DPS (IDR)	215	277	316	364

OWNERSHIP

	%
Shareholders	
First Pacific Co Ltd	80.5
Vanguard Group Inc	0.7
Blackrock Inc	0.5
FIL Ltd	0.5
By Geography	
Indonesia	95.6
United States	2.0
Luxembourg	1.0
United Kingdom	0.3

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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