

Indofood CBP Sukses Makmur Tbk (ICBP IJ)

Strong Results in 4Q22

ICBP recorded 4Q22 revenue of IDR 15.9 trillion, bringing FY22 revenue to grow 14.1% YoY to IDR 64.8 trillion. In FY22, all segments solidly grew, fueled by high volume and ASP, with the Food Seasonings segment leading the growth at 17.8% YoY. Due to high unrealized forex loss, net profit in 4Q22 was recorded to be lower at IDR 1.3 trillion (-7.3% QoQ; -10.6% YoY).

Revenues Show Solid Performance

- ICBP recorded 4Q22 revenue of IDR 15.9 trillion (-2.6% QoQ; +12.0% YoY), thus, bringing FY22 revenue to grow 14.1% YoY to IDR 64.8 trillion (vs FY21: IDR 56.8 trillion).
- In FY22, all segments solidly grew, fueled by high volume and ASP, with the Food Seasonings segment leading the growth at 17.8% YoY, while the Noodles segment (largest contribution to revenue, at 73.3%) grew 15.8% YoY.
- In FY22, sales to the Middle East and Africa grew 14.8% YoY, while other Asia grew 20.7%. Domestic sales also grew at 12.3%, although domestic sales QoQ got contracted in 4Q22.
- Due to high unrealized forex loss, net profit in 4Q22 was recorded to be lower at IDR 1.3 trillion (-7.3% QoQ; -10.6% YoY), resulting in the cumulative FY 22 net profit contracted by 28.3% YoY to IDR 4.6 trillion (vs FY21: IDR 6.4 trillion).
- High raw material costs due to rising commodity prices caused GPM in FY22 to record lower at 33.6% (vs FY21: 35.7% YoY), EBIT margin recorded stable at 20.6%, while NPM recorded at 7.1% (vs FY21: 11.3%).

New Product Varian Expected to Drive Future Performance

- In FY22, the noodles segment experienced a 3% volume increase from domestic and overseas contributions. EBIT margin was lower in this period, at 22.9% (vs FY1: 24.3%), but improved in 4Q22, at 26.1% (vs 3Q22: 25.6%). As for this segment, ICBP released a new instant noodle variant, Premium Collection Japanese Ramen, which is expected to increase sales volume.
- Due to pressure in the liquid milk product segment, the Dairy segment experienced a 10% volume decrease decline in FY22. Due to high commodity prices, the EBIT margin declined to 7.1% in FY22 (vs FY21: 8.5%). However, the release of the Korean Series UHT Milk is expected to drive the segment's performance in the future.
- EBIT margin for the Beverages segment in FY22 was recorded higher, at 4.9% (vs FY21: 2.2%). Meanwhile, high raw material costs due to higher commodity prices still caused the EBIT margin for Snack Foods, Food Seasonings, and Nutrition & Special Food segments to be lower, at 7.9%, 11.8%, and 7.3%, respectively (vs FY21: 9.3%, 13.2%, and 8.0%).

BUY Recommendation with a TP of IDR 12,000

- We provide a BUY recommendation for ICBP, with a target price of IDR 12,000/share (P/E 17.1x) and a potential upside of 20.3%. We project 2023F revenue and net profit of IDR 72.6 trillion and IDR 7.5 trillion, respectively. Additionally, our recommendation's main risks include rupiah depreciation, rising raw material prices, and declining product demand.

Indofood CBP Sukses Makmur Tbk | Summary (IDR bn)

	2022A	2023F	2024F	2025F
Sales	64,798	72,569	82,078	90,912
Growth	14.1%	12.0%	13.1%	10.8%
Net Profit	4,587	7,540	8,276	9,359
Growth	-28.2%	64.4%	9.8%	13.1%
EPS (IDR)	393	647	710	803
P/E	25.4x	18.6x	16.9x	15.0x
P/BV	2.0x	2.2x	2.1x	1.9x
EV/EBITDA	11.8x	10.8x	9.9x	8.5x
ROE	8.4%	13.1%	13.2%	13.8%
ROA	3.9%	6.5%	6.5%	6.7%
Dividend Yield	2.1%	1.6%	2.1%	2.5%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

Company Report | Apr 4, 2023

BUY

Target Price (IDR)	12,000
Consensus Price (IDR)	12,188
TP to Consensus Price	-1.5%
Potential upside	20.3%

Shares data

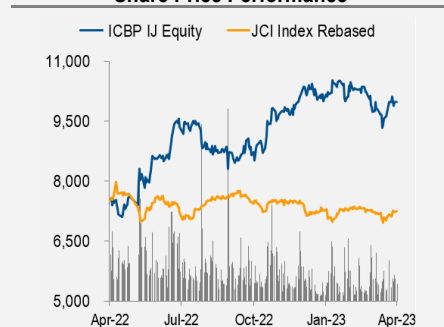
Last Price (IDR)	9,975
Price date as of	April 3, 2023
52 wk range (Hi/Lo)	10,600/7,050
Free float (%)	19.5
Outstanding sh.(mn)	11,662
Market Cap (IDR bn)	116,327
Market Cap (USD mn)	7,771
Avg. Trd Vol - 3M (mn)	4.6
Avg. Trd Val - 3M (bn)	46.6
Foreign Ownership	5.2%

Consumer Non Cyclical

Packaged Foods & Beverages

Bloomberg	ICBP IJ
Reuters	ICBP.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-1.7%	2.6%	-2.0%	32.1%
Rel. Ret.	-1.4%	2.4%	-1.1%	36.2%

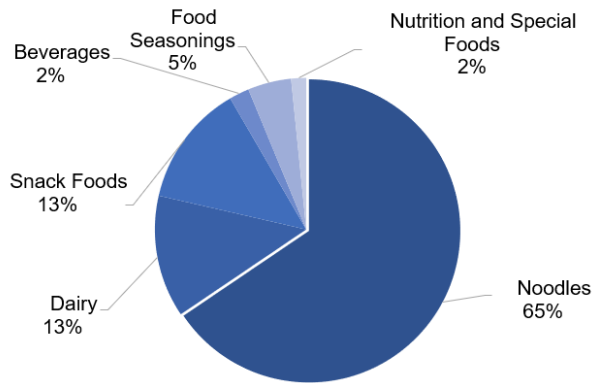
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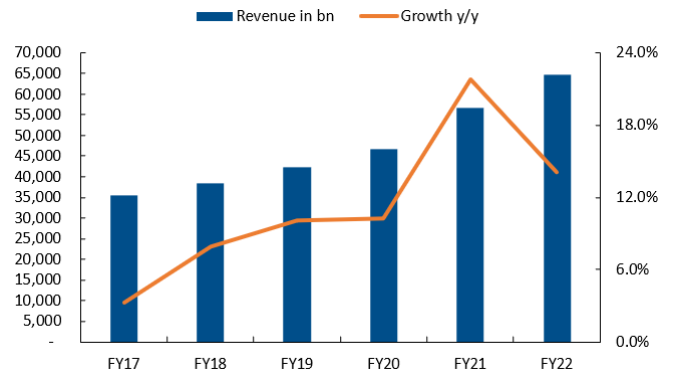
Performance Highlights

Revenue Breakdown | FY22



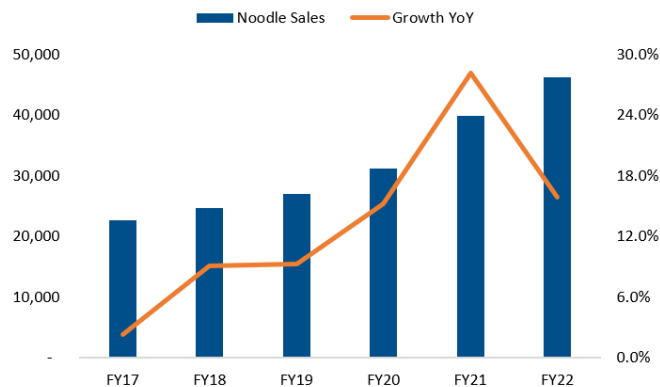
Source: Company, NHKSI Research

Revenue | FY17-FY22



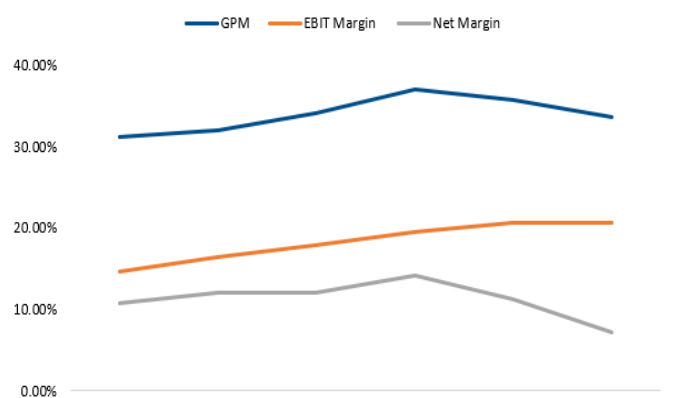
Source: Company, NHKSI Research

Noodle Sales | FY17-FY22



Source: Company, NHKSI Research

Profitability Margin | FY17-FY22



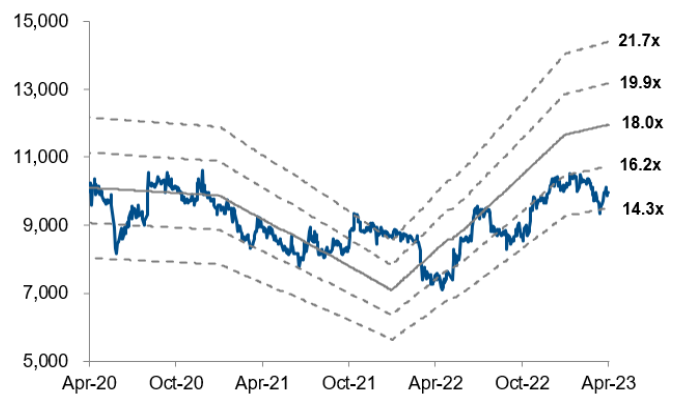
Source: Company, NHKSI Research

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					PROFITABILITY & STABILITY				
(IDR bn)	2022/12A	2023/12E	2024/12E	2025/12E		2022/12A	2023/12E	2024/12E	2025/12E
Sales	64,798	72,569	82,078	90,912	ROE	8.4%	13.1%	13.2%	13.8%
<i>Growth</i>	<i>14.1%</i>	<i>12.0%</i>	<i>13.1%</i>	<i>10.8%</i>	ROA	3.9%	6.5%	6.5%	6.7%
COGS	(43,005)	(46,293)	(53,018)	(58,601)	Inventory Turnover	6.0x	6.1x	6.1x	6.1x
Gross Profit	21,792	26,275	29,060	32,311	Receivable Turnover	9.4x	9.1x	9.3x	9.2x
<i>Gross Margin</i>	<i>33.6%</i>	<i>36.2%</i>	<i>35.4%</i>	<i>35.5%</i>	Payables Turnover	11.6x	10.4x	10.7x	10.9x
Operating Expenses	(9,193)	(10,296)	(11,893)	(12,990)	Dividend Yield	2.1%	1.6%	2.1%	2.5%
EBIT	12,599	15,980	17,167	19,321	Payout Ratio	39.2%	50.0%	39.0%	42.7%
<i>EBIT Margin</i>	<i>19.4%</i>	<i>22.0%</i>	<i>20.9%</i>	<i>21.3%</i>	DER	0.8x	0.8x	0.8x	0.8x
Depreciation	1,676	1,156	1,233	1,408	Net Gearing	1.5x	1.4x	1.3x	1.2x
EBITDA	14,276	17,136	18,400	20,730	Equity Ratio	49.8%	49.0%	48.6%	48.4%
<i>EBITDA Margin</i>	<i>22.0%</i>	<i>23.6%</i>	<i>22.4%</i>	<i>22.8%</i>	Debt Ratio	39.6%	38.3%	38.3%	38.0%
Interest Expenses	(2,149)	(2,159)	(2,203)	(2,247)	Financial Leverage	2.0x	2.1x	2.1x	2.1x
EBT	7,525	12,369	13,323	15,256	Current Ratio	3.1x	2.9x	3.2x	3.4x
Income Tax	(1,803)	(2,964)	(3,038)	(3,597)	Quick Ratio	2.4x	2.4x	2.7x	2.8x
Minority Interest	(1,135)	(1,865)	(2,009)	(2,301)	Par Value (IDR)	50	50	51	52
Net Profit	4,587	7,540	8,276	9,359	Total Shares (mn)	11,662	11,662	11,662	11,662
<i>Growth</i>	<i>-28.2%</i>	<i>64.4%</i>	<i>9.8%</i>	<i>13.1%</i>	Share Price (IDR)	10,000	12,000	12,000	12,000
<i>Net Profit Margin</i>	<i>7.1%</i>	<i>10.4%</i>	<i>10.1%</i>	<i>10.3%</i>	Market Cap (IDR tn)	116.6	139.9	139.9	139.9
BALANCE SHEET					VALUATION INDEX				
(IDR bn)	2022/12A	2023/12E	2024/12E	2025/12E		2022/12A	2023/12E	2024/12E	2025/12E
Cash	15,741	24,942	33,572	42,664	Price /Earnings	25.4x	18.6x	16.9x	15.0x
Receivables	6,876	7,939	8,844	9,871	Price /Book Value	2.0x	2.2x	2.1x	1.9x
Inventories	7,132	7,551	8,720	9,598	PE/EPS Growth	-0.9x	0.3x	1.7x	1.1x
Total Current Assets	31,070	41,567	52,364	63,315	EV/EBITDA	11.8x	10.8x	9.9x	8.5x
Net Fixed Assets	14,725	16,470	17,908	19,405	EV/EBIT	13.3x	11.6x	10.6x	9.1x
Other Non Current Assets	69,510	69,597	69,554	69,576	EV (IDR bn)	168,098	185,224	181,353	176,533
Total Non Current Asset	84,235	86,068	87,462	88,980	Sales CAGR (3-Yr)	15.3%	15.9%	13.1%	11.9%
Total Assets	115,306	127,634	139,826	152,295	Net Income CAGR (3-Yr)	-3.1%	4.6%	9.0%	26.8%
Payables	3,703	4,441	4,952	5,380	Basic EPS (IDR)	393	647	710	803
ST Bank Loan	1,054	1,259	1,308	1,452	BVPS (IDR)	4,928	5,359	5,823	6,319
Total Current Liabilities	10,034	14,179	16,428	18,897	DPS (IDR)	215	197	252	303
LT Debt	44,605	47,564	52,194	56,361					
Total Liabilities	57,833	65,144	71,919	78,608	OWNERSHIP				
Capital Stock	6,569	6,569	6,569	6,569	Shareholders				%
Retained Earnings	29,343	34,522	39,857	45,678	First Pacific Co Ltd				80.5
Shareholders' Equity	57,473	62,490	67,907	73,687	FIL Ltd				0.8
CASH FLOW STATEMENT					Vanguard Group Inc				0.8
(IDR bn)	2022/12A	2023/12E	2024/12E	2025/12E	Blackrock Inc				0.5
Operating Cash Flow	8,804	11,340	9,542	11,234	By Geography				%
Investing Cash Flow	(1,506)	(2,848)	(2,730)	(2,875)	Indonesia				94.8
Financing Cash Flow	(12,826)	709	1,818	734	United States				2.5
Net Changes in Cash	(5,527)	9,201	8,630	9,092	Luxembourg				1.2
					United Kingdom				0.4

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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