

Indofood CBP Sukses Makmur Tbk (ICBP IJ)

Sturdy Top-Line Sales Numbers But Hit By FX Volatility in the Bottom-Line

Cumulatively, 9M24 has grown 4.07% YoY to IDR 19.92 tn. And Gross Profit increased at a faster pace with 9.2% YoY to IDR 7.6 tn because COGS was more stable at 1.14% YoY to IDR 12.32 tn. COGS had a growth rate of 8.6% YoY due to raw material used had a lower value from cheaper agricultural commodity prices. However, 9M24 Net Profit was slashed 37.06% YoY to IDR 2.72 tn caused by 9M24 Finance Income plunging 89.22% YoY to IDR 211.3 bn and Finance expense trampoline 267.3% YoY to IDR 1.70 tn. Both are due to the FX exchange net losses from financing activities.

9M24 Growing Top-Line But Bottom-Line Slashed

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- COGS had a growth rate of 8.6% YoY due to raw material used had a lower value from cheaper agricultural commodity prices.
- However, 9M24 Net Profit was slashed 37.06% YoY to IDR 2.72 tn caused by 9M24 Finance Income plunging 89.22% YoY to IDR 211.3 bn and Finance expense trampoline 267.3% YoY to IDR 1.70 tn. Both are due to the FX exchange net losses from financing activities.
- 9M24 Net Change in Cash was incrementally higher with 3.18% YoY to IDR 1.06 tn. This incremental growth—despite the slash in net income—was due to slowing down of negative cashflow activities such as investing activities, which shrunk 38.15% YoY, and financing activities, which also dropped 32.36% YoY. Yet since the only positive cashflow operating activities dropped by 39.29% YoY to IDR 1.58 tn, this has led to 9M24's cash and cash equivalents to increase at a slower growth rate at 5.46% YoY vs 9M23's 6.5% YoY.

3Q24 Slow Top-Line Growth Despite Last Year's Already Low Benchmark, Noodle Sales Indicates Consumer Waning Appetite

- Although 3Q24 barely achieved double-digit growth at 10.1% YoY, it's shy 100 bps from 2Q24's 11.1% YoY revenue growth. Annually, this showcases a weakening appetite trend for their consumer brand products with 3Q24 Noodle segment declined 1.6% YoY; Snack Foods (-4.9%); and Beverages (-0.8% YoY).
- However, on a quarterly basis, 3Q24 Revenue increased 8.72% QoQ to IDR 18.53 tn. Noodle Segment rose ahead with 11.09% QoQ to IDR 13.66 tn. Snack Foods also steamed forward with 8.33% QoQ to IDR 1.15tn, and coming from a lower base, the Beverages segment grew 81.79% QoQ to IDR 759 bn preceded by the Nutrition and Special Foods segment's 20.63% QoQ climb to IDR 377 bn.
- The only two negative quarterly 3Q24 downturns occurred in the Dairy Segment with a minute shrinkage of -2.99% QoQ to IDR 2.15 tn preceded by the Food Seasoning Segment's IDR 41.79% QoQ fall to IDR 427.2 bn.
- As domestic and foreign consumer behavior shifts from consumption to spending due to major global economic instability ahead, consumers appear to be less inclined to use disposable income for snacking.

Maintaining an OVERWEIGHT Recommendation with TP IDR13,000

- We are maintaining an OVERWEIGHT recommendation for ICBP and maintaining the target price at IDR13,000/share, with a potential upside of 9.01%. The main risks for the company that are still lingering remains to be forex volatility esp. in the wake of President-elect's Trump re-ascendancy; threat of a trade war via the imposing of higher import tariffs in domestic and foreign markets causing higher commodity prices for the company's production and for hindered competitiveness for ICBP's products in international sales; and higher commodity prices from a hike in import tariffs could be passed on to consumers which may cause weaker domestic sales.

Indofood CBP Sukses Makmur Tbk | Summary (IDR bn)

	2023A	2024F	2025F	2026F
Sales	64,910	73,554	78,246	83,775
Growth	4.8%	8.3%	6.4%	7.1%
Net Profit	6,991	8,183	8,766	9,383
Growth	52.4%	17.1%	7.1%	7.0%
EPS (IDR)	599	702	752	805
P/E	16.7x	18.5x	17.3x	16.2x
P/BV	1.9x	2.3x	2.1x	2.0x
EV/EBITDA	10.2x	12.1x	11.4x	10.7x
ROE	12.8%	14.2%	14.1%	14.1%
ROA	5.9%	7.1%	7.3%	7.7%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer



Company Report | Nov. 29, 2024

OVERWEIGHT

Target Price (IDR)	13,000
Consensus Price (IDR)	13,681
TP to Consensus Price	-4.98%
Potential upside	9.01%

Shares data

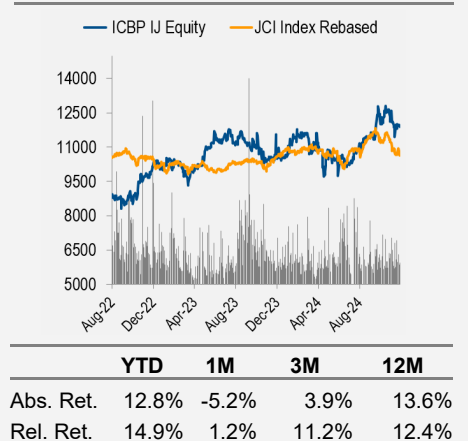
Last Price (IDR)	11,925
Price date as of	Nov. 29, 2024
52 wk range (Hi/Lo)	12.875/9.600
Free float (%)	19.47
Outstanding sh.(mn)	11,662
Market Cap (IDR bn)	139,068
Market Cap (USD mn)	8,776
Avg. Trd Vol - 3M (mn)	5.09
Avg. Trd Val - 3M (bn)	61.30
Foreign Ownership	6.0%

Consumer Non Cyclical

Packaged Foods & Beverages

Bloomberg	ICBP IJ
Reuters	ICBP.JK

Share Price Performance



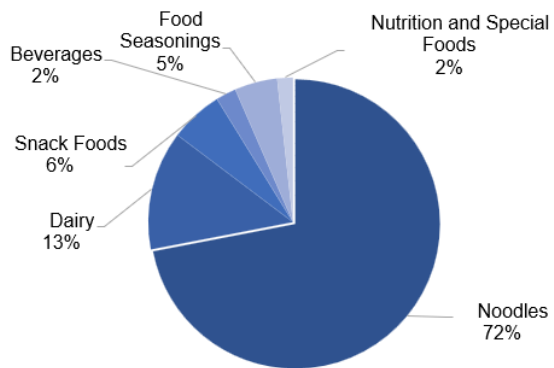
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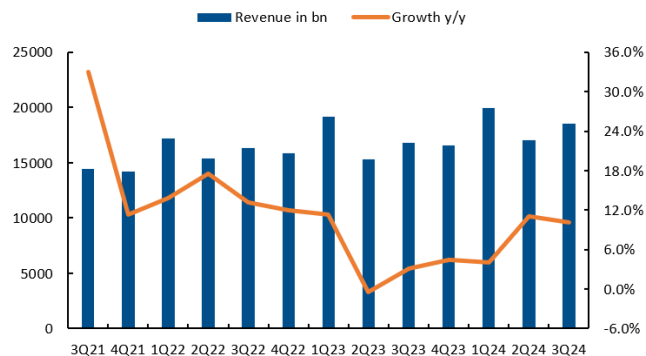
Performance Highlights

Revenue Breakdown | 6M24



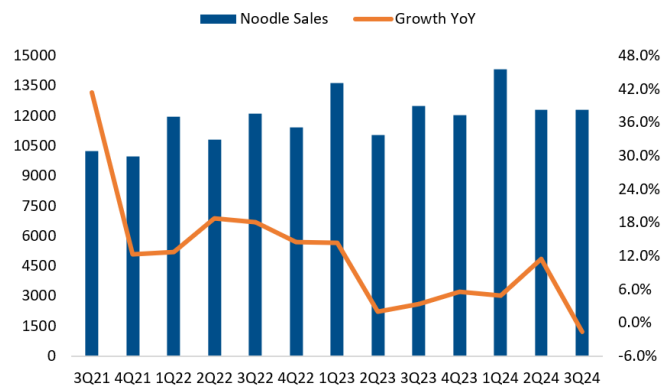
Source: Company, NHKSI Research

Revenue | 3Q21-3Q24



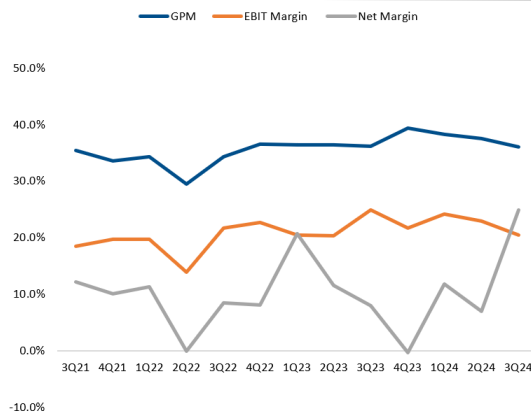
Source: Company, NHKSI Research

Noodle Sales | 3Q21-3Q24



Source: Company, NHKSI Research

Profitability Margin | 3Q21-3Q24



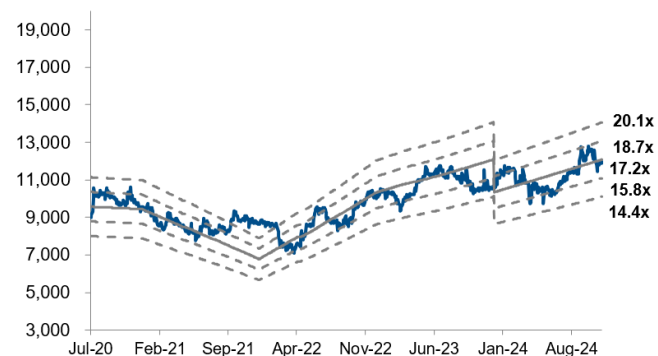
Source: Company, NHKSI Research

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)	2023/12A	2024/12A	2025/12E	2026/12E
Sales	67,910	73,554	78,246	83,775
<i>Growth</i>	4.8%	8.3%	6.4%	7.1%
COGS	(42,784)	(45,934)	(49,149)	(52,460)
Gross Profit	25,126	27,619	29,097	31,314
<i>Gross Margin</i>	37.0%	37.6%	37.2%	37.4%
Operating Expenses	(10,329)	(11,187)	(11,620)	(12,641)
EBIT	14,798	16,433	17,477	18,673
<i>EBIT Margin</i>	21.8%	22.3%	22.3%	22.3%
Depreciation	1,685	1,084	1,188	1,313
EBITDA	16,482	17,516	18,665	19,986
<i>EBITDA Margin</i>	24.3%	23.8%	23.9%	23.9%
Interest Expenses	(2,025)	(2,227)	(2,272)	(2,317)
EBT	11,445	12,767	13,675	14,717
Income Tax	(2,980)	(3,192)	(3,419)	(3,730)
Minority Interest	(1,475)	(1,392)	(1,491)	(1,604)
Net Profit	6,991	8,183	8,766	9,383
<i>Growth</i>	52.4%	17.1%	7.1%	7.0%
<i>Net Profit Margin</i>	10.3%	11.1%	11.2%	11.2%

PROFITABILITY & STABILITY

	2023/12A	2024/12A	2025/12E	2026/12E
ROE	12.8%	14.2%	14.1%	14.1%
ROA	5.9%	7.1%	7.3%	7.7%
Inventory Turnover	6.0x	6.8x	7.7x	7.4x
Receivable Turnover	9.4x	9.4x	9.9x	10.4x
Payables Turnover	11.6x	11.3x	10.7x	9.3x
Dividend Yield	2.1%	1.4%	2.2%	2.6%
Payout Ratio	39.2%	47.8%	48.0%	48.0%
DER	0.7x	0.7x	0.7x	0.7x
Net Gearing	1.5x	1.4x	1.3x	1.2x
Equity Ratio	52.1%	54.3%	54.4%	54.5%
Debt Ratio	37.6%	38.9%	38.5%	38.2%
Financial Leverage	2.0x	1.9x	1.8x	1.8x
Current Ratio	3.1x	3.5x	5.4x	4.8x
Quick Ratio	2.9x	4.6x	4.0x	3.9x
Par Value (IDR)	50	50	51	52
Total Shares (mn)	11,662	11,662	11,662	11,662
Share Price (IDR)	10,000	13,000	13,000	13,000
Market Cap (IDR tn)	116.6	151.6	151.6	151.6

BALANCE SHEET

(IDR bn)	2023/12A	2024/12A	2025/12E	2026/12E
Cash	19,353	20,512	22,820	27,009
Receivables	7,198	7,438	7,517	7,887
Inventories	6,329	5,931	6,683	6,863
Total Current Assets	36,773	38,727	42,108	47,103
Net Fixed Assets	14,949	14,963	16,976	19,262
Other Non Current Assets	67,544	68,527	71,954	73,752
Total Non Current Asset	82,494	83,491	88,930	93,014
Total Assets	119,267	122,218	131,038	140,117
Payables	3,774	4,275	5,268	5,988
ST Bank Loan	1,553	2,103	2,715	3,390
Total Current Liabilities	10,464	7,113	8,765	10,216
LT Debt	43,299	45,387	47,701	50,161
Total Liabilities	57,163	55,797	59,814	63,699
Capital Stock	6,569	6,569	6,569	6,569
Retained Earnings	34,111	38,359	43,197	48,373
Shareholders' Equity	62,104	66,421	71,224	76,418

VALUATION INDEX

	2023/12A	2024/12A	2025/12E	2026/12E
Price /Earnings	16.7x	18.5x	17.3x	16.2x
Price /Book Value	1.9x	2.3x	2.1x	2.0x
PE/EPS Growth	0.3x	1.1x	2.4x	2.3x
EV/EBITDA	10.2x	11.3x	10.7x	10.0x
EV/EBIT	11.4x	12.1x	11.4x	10.7x
EV (IDR bn)	168,098	198,528	200,076	200,659
Sales CAGR (3-Yr)	15.3%	13.3%	9.0%	6.5%
Net Income CAGR (3-Yr)	-3.1%	2.0%	8.6%	24.1%
Basic EPS (IDR)	599	702	752	805
BVPS (IDR)	5,325	5,696	6,107	6,553
DPS (IDR)	215	188	288	337

OWNERSHIP

Shareholders	%
First Pacific Co Ltd	80.5
FIL Ltd	0.9
Vanguard Group Inc	0.8
Blackrock Inc	0.7
By Geography	%
Indonesia	94.0
United States	2.4
Luxembourg	1.5
United Kingdom	0.6

CASH FLOW STATEMENT

(IDR bn)	2023/12A	2024/12A	2025/12E	2026/12E
Operating Cash Flow	12,415	4,284	9,920	10,668
Investing Cash Flow	(3,988)	(2,476)	(6,576)	(5,423)
Financing Cash Flow	(4,620)	(649)	(1,037)	(1,055)
Net Changes in Cash	3,807	1,159	2,307	4,190

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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