

PT. Indofood CBP Sukses Makmur Tbk.

BUY

Consumer Goods, Food and Beverage
8 May 2024

Price **IDR. 10,775**
Target **IDR. 13,500**
JKSE Index **7,123.612**



Stock code

Bloomberg code **ICBP JI**
Market cap (in Bn) **125,660**
52-week high **11,925**
52-week low **10,000**
Free Float (%) **19.47%**

Major Share Holders (%)

PT Indofood Sukses Makmur Tbk **80.53%**
Public **19.47%**

USD/IDR-YE

2023 **15,439**
2024F (6m-avg) **15,664**

Analyst:
Eka Rahmawati Rahman

Investment Considerations

Sales across all business segments increased

- ICBP's sales rose by 4.1% YoY or 20% QoQ, reaching IDR 19.9 trillion, driven by growth across all business segments. Domestic sales climbed to IDR 14.5 trillion, marking a 3.3% increase. Meanwhile, sales to the Middle East and Africa saw a modest growth of 0.4% YoY, reaching IDR 3.96 trillion, and sales to Other Asia surged by 23.6% YoY to IDR 533 billion in Q1 2024.
- Every business segment of ICBP recorded positive growth, with the beverage segment achieving the highest annual growth of 8.2% YoY or 5.4% QoQ to IDR 426 billion, spurred by a 10% increase in volume. This resulted in a significant improvement in the beverage segment's EBIT margin, which rose to 16.5% from 11.8% in the previous year.
- The dairy segment also sustained positive growth, increasing by 2.6% YoY and 19.8% QoQ to IDR 2.7 trillion in Q1 2024. The EBIT margin for this segment improved gradually to 13.1%, driven by an 8% rise in dairy sales volume due to higher demand during the Ramadan season.
- Noodle sales maintained a 4.7% YoY growth or 19.1% QoQ, reaching IDR 14.67 trillion. The annual EBIT margin peaked at 27.8% in Q1 2024, aided by a 7% increase in domestic sales volume and lower raw material prices.
- Snack food sales increased by 2.6% YoY and 14.6% QoQ to IDR 1.16 trillion, with a stable EBIT margin of 7.7%.
- Sales of food seasoning grew by 3.4% YoY and 58% QoQ to IDR 1.3 trillion, although the EBIT margin declined YoY to 11.7%. Sales of nutrition and special foods rose by 5.8% YoY to IDR 335 billion, maintaining a stable EBIT margin of 9.9%.
- For FY 2024, ICBP anticipates single-digit sales growth, expecting higher demand and volume expansion.

Q1 2024 Results: Maintained double-digit Core profit growth

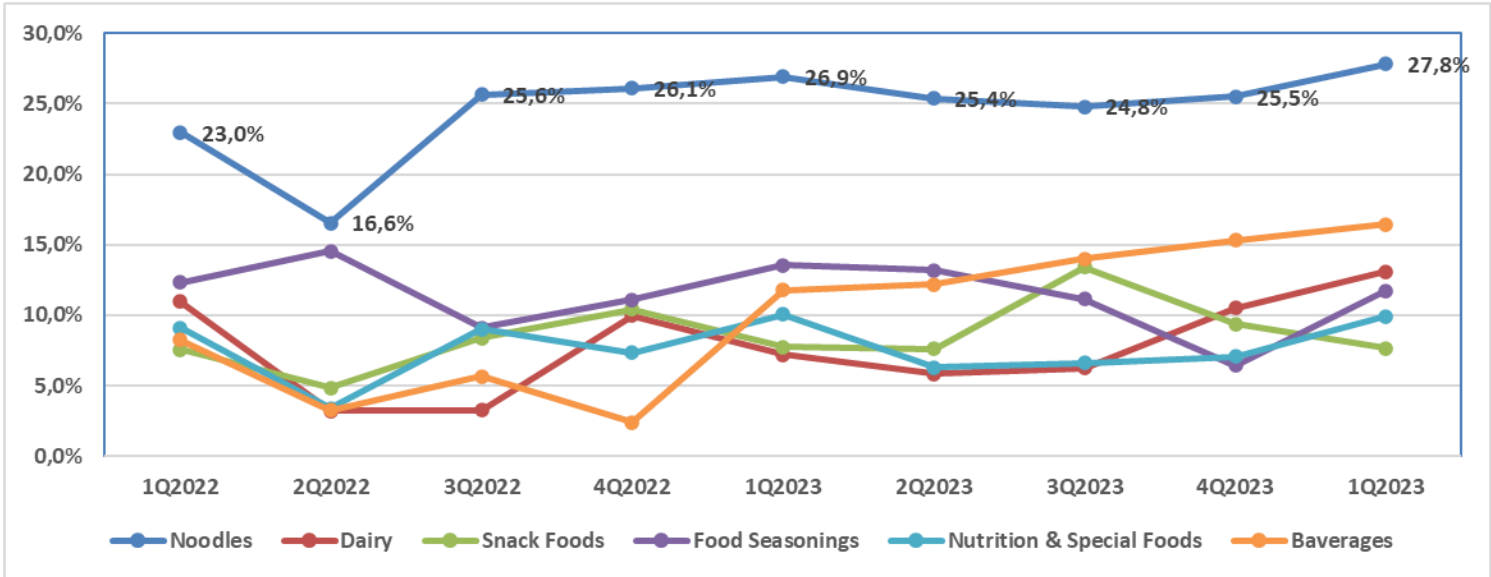
- ICBP reported a net profit of IDR 2.35 trillion in Q1 2024, recovering from a net loss in Q4 2023, but this was a -40.5% decrease YoY, primarily due to net losses on foreign exchange differences from financing activities totaling IDR 1.19 trillion. Nevertheless, ICBP's core profit in Q1 2024 reached IDR 3.24 trillion, reflecting a 13.2% YoY growth.
- ICBP's gross profit increased by 9.2% YoY to IDR 7.6 trillion, with an improved gross profit margin (GPM) of 38.2% due to higher sales volume and lower input prices, with raw material expenses decreasing by -8.8% YoY.
- ICBP's operating profit also increased by 23.2% YoY to IDR 4.9 trillion, with a higher operating profit margin of 24.7% due to reduced operating expenses by -9.6% YoY.
- Anticipating higher demand in 2024F and a weaker Rupiah, we target ICBP's bottom line to reach IDR 8.56 trillion, reflecting a 22.5% growth.

Valuation: Maintain Buy rating with TP to 13,500

- Our target price for ICBP is set at IDR 13,500, reflecting a potential upside of 25% and a 16X PE valuation within a year. We maintain our BUY recommendation.

Financial Highlights	2020A	2021A	2022A	2023A	2024F	2025F
Net Sales (IDR Bn)	46.641	56.804	64.798	67.910	73.335	81.707
EBITDA (IDR Bn)	11.742	13.027	15.040	14.846	17.751	19.419
Net Profit (IDR Bn)	6.587	6.388	4.588	6.991	8.566	9.690
EPS (IDR)	565	548	393	599	734	831
PER (x)	17	16	26	18	18	16
PBV (x)	4	3	3	3	4	4
GPM (%)	37%	36%	34%	37%	38%	38%
OPM (%)	20%	21%	21%	21%	25%	25%
ROE (%)	22%	19%	13%	17%	20%	22%
ROA (%)	6%	5%	4%	6%	7%	8%

EBIT Margin by Segment QoQ



Source: Company & Binaartha

Income Statement in IDR. Billion QoQ & YoY

Income Statement (in IDR Bn)	1Q2023	1Q2024	YoY	4Q2023	QoQ
Net Sales	19.143	19.922	4,1%	16.603	20,0%
Cost of Sales	-12.182	-12.321	1,1%	-10.082	22,2%
Gross Profit	6.961	7.601	9,2%	6.521	16,6%
Operating Expense	-2.968	-2.682	-9,6%	-3.028	-11,4%
Operating income	3.992	4.919	23,2%	3.493	40,8%
Other Income	1.514	-1.520		-2.519	-39,7%
PBT	5.506	3.399	-38,3%	974	248,9%
Taxes	-1.178	-675	-42,7%	-619	9,1%
NIAT	4.328	2.724	-37,1%	355	666,6%
Minority Interest	-374	-372	-0,5%	-424	
Net Profit	3.954	2.352	-40,5%	-69	
Core Profit	2.866	3.244	13,2%	3.360	-3,5%
EPS (in IDR)	339	202	-40,5%	-6	
	2866	3244			
GPM (%)	36,4%	38,2%		39,3%	
OPM (%)	20,9%	24,7%		21,0%	
NPM (%)	20,7%	11,8%		-0,4%	

Source: Company & Binaartha

Income Statement in IDR Billion YoY

Income Statement (in IDR Bn)	2020 A	2021 A	2022 A	2023 A	2024 F	2025 F
Net Sales	46.641	56.804	64.798	67.910	73.335	81.707
Cost of Sales	-29.417	-36.526	-43.005	-42.784	-45.468	-50.658
Gross Profit	17.224	20.277	21.792	25.126	27.867	31.049
Operating Expense	-8.023	-8.619	-8.415	-10.738	-9.534	-10.622
Operating income	9.201	11.659	13.378	14.388	18.334	20.427
Other Income	758	-1.723	-5.852	-2.943	-5.133	-5.719
PBT	9.959	9.935	7.526	11.445	13.200	14.707
Taxes	-2.540	-2.035	-1.803	-2.980	-3.168	-3.383
NIAT	7.419	7.900	5.723	8.466	10.032	11.325
Minority Interest	-832	-1.512	-1.135	-1.475	-1.467	-1.634
Net Profit	6.587	6.388	4.588	6.991	8.566	9.690
EPS (in IDR)	565	548	393	599	734	831
EBITDA	11.742	13.027	15.040	14.846	17.751	19.419

Source: Company & Binaartha

Cash Flow in IDR. Billion YoY

Cash Flow (in IDR.bn)	2020A	2021A	2022A	2023A	2024F	2025F
+ Net Income	6.587	6.388	4.588	6.991	8.566	9.690
+Depreciation	1.112	1.126	1.329	1.377	1.377	1.505
- Change in WC	-295	7.281	-10.572	-1.660	-849	1.677
Cash From Operating Activities	7.404	14.795	-4.655	6.707	9.093	12.873
Change in Non-current Asset	-61.900	-2.322	-1.495	365	-3.905	-2.709
cash from investing activities	-61.900	-2.322	-1.495	365	-3.905	-2.709
Long-term debt	29.071	9.966	3.478	-1.023	131	-2.000
Other Long term liabilities	9.542	-9.613	-126	-77	161	419
equity	17.060	-1.983	-1.839	-2.360	-4.138	-6.849
cash from financing activities	55.672	-1.631	1.513	-3.459	-3.845	-8.430
Net Changes in Cash	1.176	10.842	-4.637	3.613	1.342	1.733
Beginning Balance	8.359	9.535	20.378	15.741	19.353	20.696
Ending balance	9.535	20.378	15.741	19.354	20.696	22.429

Source: Company & Binaartha

Statement of Financial Position in IDR. Billion YoY

Statement of Financial Position (in IDR Bn)	2020A	2021A	2022A	2023A	2024F	2025F
ASSETS						
CURRENT ASSETS						
Cash and Cash Equivalents	9.535	20.378	15.741	19.353	20.696	22.429
Trade Accounts Receivable	5.747	6.834	6.875	7.198	8.800	8.988
Inventories	4.587	5.857	7.132	6.329	6.600	6.537
Others Current Assets	847	928	1.322	3.892	4.180	4.085
Total Current Assets	20.716	33.998	31.070	36.773	40.276	42.038
NONCURRENT ASSETS						
Fixed Assets	13.351	14.176	14.521	14.711	16.087	17.593
Long-term Investment	10.645	11.069	11.169	8.369	8.800	8.988
Other Noncurrent Assets	58.876	58.825	58.545	59.414	60.135	59.646
Total Noncurrent Assets	82.872	84.069	84.235	82.494	85.022	86.227
TOTAL ASSETS	103.588	118.067	115.306	119.267	125.299	128.265
LIABILITIES AND EQUITY						
LIABILITIES						
CURRENT LIABILITIES						
Short-term Bank Loans	725	838	1.312	568	1.100	1.226
Trade Account Payable	3.907	4.552	3.703	3.774	4.075	4.902
Others Current Liabilities	4.544	13.507	5.019	6.122	6.600	7.354
Total Current Liabilities	9.176	18.896	10.034	10.464	11.776	13.482
NONCURRENT LIABILITIES						
Long-term debt	30.773	40.738	44.216	43.193	43.325	41.325
Others Noncurrent Liabilities	13.321	3.708	3.582	3.506	3.667	4.085
Total Noncurrent Liabilities	44.094	44.447	47.799	46.699	46.991	45.410
TOTAL LIABILITIES	53.270	63.343	57.832	57.163	58.767	58.892
Non-controlling interest	20.888	20.842	20.954	21.354	24.201	25.329
EQUITY	29.430	33.881	36.518	40.750	42.331	44.044
TOTAL LIABILITIES & EQUITY	103.588	118.066	115.305	119.267	125.299	128.265

Source: Company & Binaartha

Ratio Highlights YoY

	2020A	2021A	2022A	2023A	2024F	2025F
Growth (% YoY)						
Sales	10,3%	21,8%	14,1%	4,8%	8,0%	11,4%
OP	24,3%	26,7%	14,7%	7,6%	27,4%	11,4%
EBITDA	36,1%	10,9%	15,5%	-1,3%	19,6%	9,4%
NP	30,7%	-3,0%	-28,2%	52,4%	22,5%	13,1%
EPS	30,7%	-3,0%	-28,2%	52,4%	22,5%	13,1%
Profitability						
Gross Margin	36,9%	35,7%	33,6%	37,0%	38,0%	38,0%
Operating Margin(%)	19,7%	20,5%	20,6%	21,2%	25,0%	25,0%
EBITDA margin(%)	25,2%	22,9%	23,2%	21,9%	24,2%	23,8%
NET Profit margin(%)	14,1%	11,2%	7,1%	10,3%	11,7%	11,9%
ROA(%)	6,4%	5,4%	4,0%	5,9%	6,8%	7,6%
ROE(%)	22,4%	18,9%	12,6%	17,2%	20,2%	22,0%
Solvability (x)						
Tot. debt/ Tot.equity	1,81	1,87	1,58	1,40	1,39	1,34
Debt Ratio	1,94	1,86	1,99	2,09	2,13	2,18
Liquidity (x)						
Current Ratio	2,26	1,80	3,10	3,51	3,42	3,12
Cash Ratio	1,04	1,08	1,57	1,85	1,76	1,66
Per Share data (IDR)						
EPS	565	548	393	599	734	831
PER	17	16	26	18	18	16
PBV	4	3	3	3	4	4
EBITDA/share	1.007	1.117	1.290	1.273	1.522	1.665

Source: Company & Binaartha

Stock Ratings:

Buy : a recommendation to purchase the security with upside potential of **20% or greater**

Hold : a recommendation to neither buy nor sell a security with upside potential of **0-19%**.

Sell : a recommendation to close out a long position in a security with upside potential **below 0% or negative**.

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