

Tuesday, November 5th, 2024

Buy

Price (Nov 1 st , 24)	12100
Target Price	13340
Potential Upside	10.25%
Market Cap	141.11 T
Number of Share	11.66 B
52w Lo/Hi	9600 / 12875

Source : IDX | Phintraco Sekuritas Research
| as of Nov 1st, 2024

IHSG vs ICBP



Source : IDX

Shareholder	%
PT Indofood Sukses Makmur Tbk	80.53
Public (<5%)	19.47

Source : Company | as of fin. statement 9M24

EPS Consensus vs Forecast

	AT	Consensus*	%Diff
2024F	758.84	793.25	-4.34%
2025F	798.09	888.91	-10.22%

Source : *marketscreener | as of Nov 1st, 2024

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PT Indofood CBP Sukses Makmur Tbk

(ICBP.JK / ICBP.IJ)

Revenue Growth Accompanied by Improved Non-Operational Performance

ICBP recorded a revenue of IDR55.49 trillion in 9M24, growing 8.14% YoY. ICBP's revenue growth in 9M24 was in line with revenue growth across all operating segments, with the most significant increase in the Food Seasonings segment at 15.75% YoY, followed by the Nutrition and Special Foods segment and the Noodles segment, which recorded growth of 15.16% YoY and 8.43% YoY respectively. The cost of goods sold increased by 11.65% QoQ or 6.47% YoY to IDR33.86 trillion in 9M24, which is in line with the increase in Crude Palm Oil price (Figure 2). However, the Gross Profit Margin (GPM) grew to 38.98% in 9M24 (vs. 38.02% in 9M23).

Better non-operating performance boosted net profit in 9M24. ICBP's net profit grew 202% QoQ or 15.57% YoY to Rp9.37 trillion in 9M24 (vs. Rp1.65 trillion in 2Q24; Rp8.11 trillion in 9M23). ICBP's net profit was in line with the improvement in its non-operating performance mainly due to the appreciation of Rupiah against US\$, which enabled ICBP to reverse its loss on foreign exchange in 2Q24 to gain on foreign exchange in 3Q24. We assess that if the Rupiah exchange rate against the US\$ stabilizes in the future, it has the potential to maintain and even increase ICBP's profitability.

Potentially benefiting from the Makan Bergizi Gratis (MBG) program. President and Vice President-elect Prabowo-Gibran has a flagship program called Makan Bergizi Gratis. The program can potentially benefit food and beverage issuers, especially those related to processed foods such as milk, seasonings, and their supporters. We assess this condition can potentially increase ICBP's revenue, especially in the Food Seasoning segment. From January-September 2024, the segment's revenue growth reached 15.75% YoY to Rp3.3 trillion (vs. Rp2.85 trillion in January-September 2023) in line with the Makan Bergizi Gratis trial has been ongoing in several schools.

The government plans to implement an excise tax on sugar-sweetened beverages in packaging in 2025. The policy aims to reduce the consumption of excessive sugar and sweeteners in the public and protect public health. We assess that the impact of the excise policy will be insignificant to ICBP's sales performance, especially for the beverage segment, which only contributed around 2.29% to ICBP's total sales in 9M24.

Using the Discounted Cash Flow method with a Required Return of 7.42% and Terminal Growth of 2.49%, we estimate ICBP's fair value at IDR13,340 per share (Expected PE at 15.29x and EV/EBITDA at 9.90x in FY24). Therefore, we maintain our Buy rating on ICBP with a higher target and potential upside of 10.25%.

Table 1. Forecast Changes

(in Billion Rupiah)

PT Indofood CBP Sukses Makmur Tbk						
<i>(in Billion Rupiah)</i>	FY24F			FY25F		
	Old	New	% Chg	Old	New	% Chg
Bonds Payables						
US Dollar Bonds 2031	18,190	18,120	-0.4%	18,663	18,519	-0.8%
US Dollar Bonds 2051	9,490	9,454	-0.4%	9,737	9,662	-0.8%
US Dollar Bonds 2032	9,490	9,454	-0.4%	9,737	9,662	-0.8%
US Dollar Bonds 2052	6,327	6,302	-0.4%	6,491	6,442	-0.8%
Net Interest Income/Expense	(509)	7	-101.4%	(432)	109	-125.3%

Source : Company | Phintraco Sekuritas Research

Table 2. Financial Results in 9M24

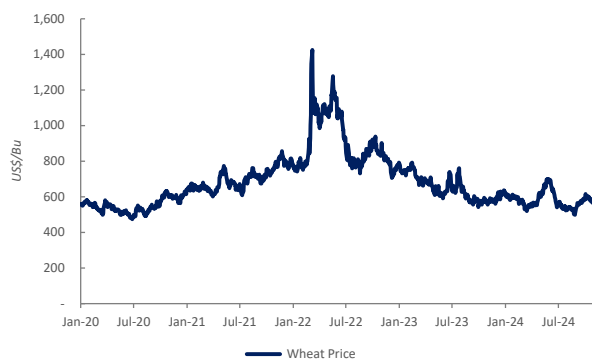
(in Billion Rupiah)

INCOME STATEMENT	2Q24	3Q24	QoQ (%)	9M23	9M24	YoY (%)
Revenue	17,039	18,525	8.72%	51,307	55,486	8.14%
Cost of Goods Sold	(10,325)	(11,528)	11.65%	(31,801)	(33,859)	6.47%
Gross Profit	6,714	6,997	4.21%	19,507	21,628	10.87%
EBITDA	4,345	3,476	-20.00%	11,913	13,093	9.91%
EBIT	3,974	3,103	-21.93%	10,895	11,996	10.11%
Profit Before Tax	2,133	6,426	201.28%	10,471	11,958	14.20%
Net Profit	1,652	4,997	202.46%	8,110	9,373	15.57%
Margin (%)						
Gross Profit Margin (%)	39.40%	37.77%		38.02%	38.98%	
Operating Profit Margin (%)	23.32%	16.75%		21.23%	21.62%	
Net Profit Margin (%)	9.70%	26.97%		15.81%	16.89%	

Source : Company | Phintraco Sekuritas Research

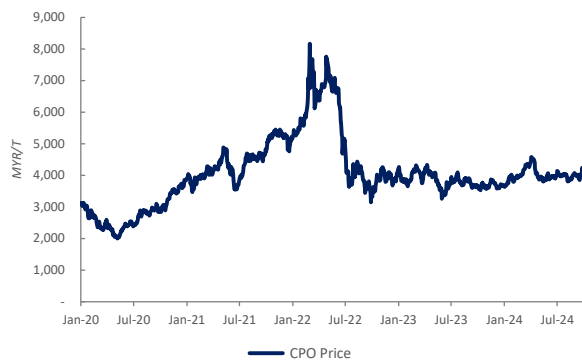
Commodity Highlight

Figure 1. Wheat Price (US\$/Bu)



Source : Investing.com | Phintraco Sekuritas Research

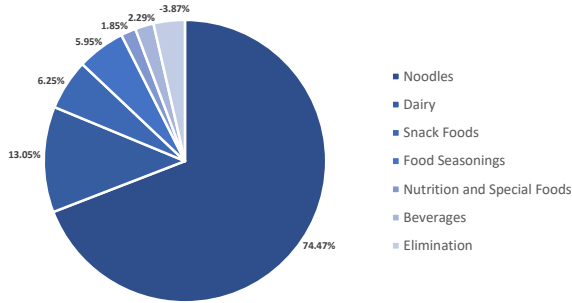
Figure 2. CPO Price (MYR/T)



Source : Investing.com | Phintraco Sekuritas Research

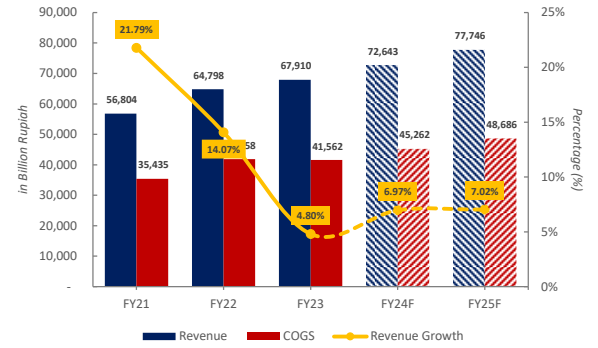
Performance Highlight

Figure 3. Revenue by Segment (9M24)



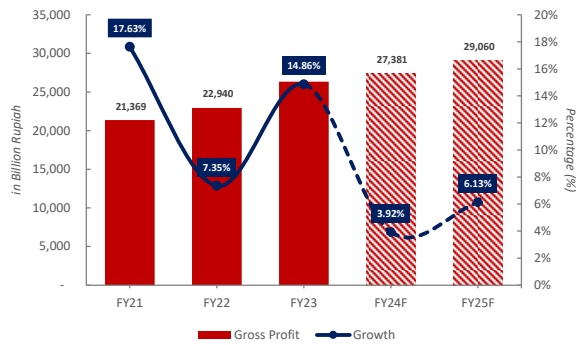
Source : Company | Phintraco Sekuritas Research

Figure 4. Revenue & COGS



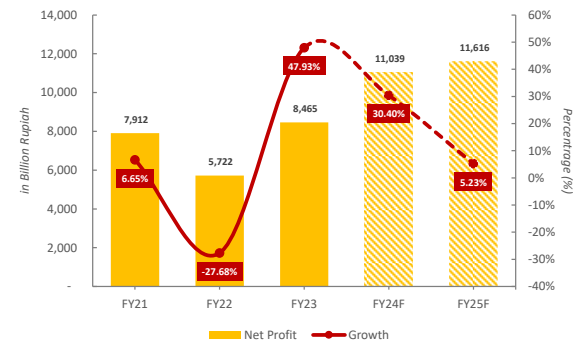
Source : Company | Phintraco Sekuritas Research

Figure 5. Gross Profit & Growth



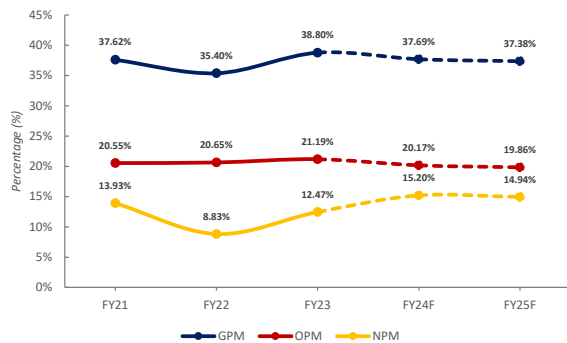
Source : Company | Phintraco Sekuritas Research

Figure 6. Net Profit & Growth



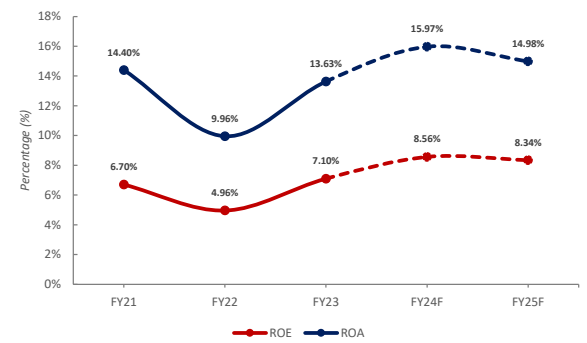
Source : Company | Phintraco Sekuritas Research

Figure 7. Profitability Margin



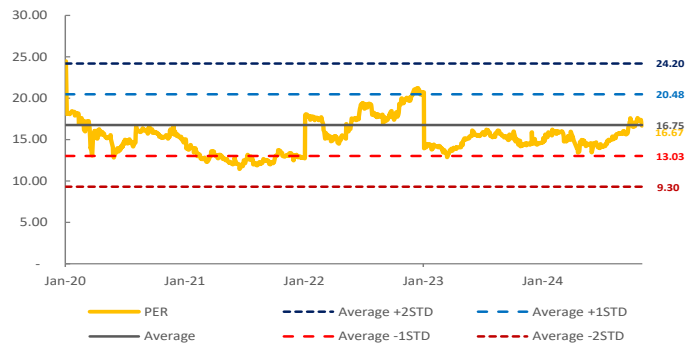
Source : Company | Phintraco Sekuritas Research

Figure 8. ROE & ROA



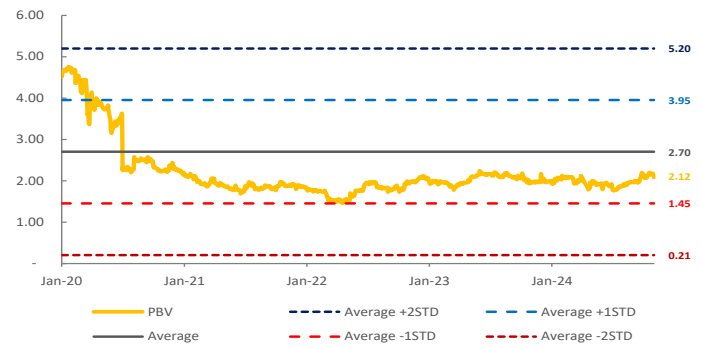
Source : Company | Phintraco Sekuritas Research

ICBP PER Band (5 Years)



Source : IDX | Company | Phintraco Sekuritas Research

ICBP PBV Band (5 Years)



Source : IDX | Company | Phintraco Sekuritas Research

Key Financial Figures

	(in Billion Rupiah)					
INCOME STATEMENT	FY21	FY22	FY23	9M24	FY24F	FY25F
Revenue	56,804	64,798	67,910	55,486	72,643	77,746
<i>Growth</i>	21.79%	14.07%	4.80%	0.00%	6.97%	7.02%
Cos of Goods Sold	(35,435)	(41,858)	(41,562)	(33,859)	(45,262)	(48,686)
Gross Profit	21,369	22,940	26,348	21,628	27,381	29,060
<i>GPM</i>	37.62%	35.40%	38.80%	38.98%	37.69%	37.38%
EBITDA	12,945	14,707	15,764	13,093	16,132	17,021
<i>EBITDA Margin</i>	22.79%	22.70%	23.21%	23.60%	22.21%	21.89%
EBIT	11,674	13,378	14,388	11,996	14,652	15,437
<i>EBIT Margin</i>	20.55%	20.65%	21.19%	21.62%	20.17%	19.86%
Other Income/Charge:						
Interest Income	180	241	1,494	1,511	2,064	2,208
Interest Expense	(1,966)	(6,185)	(2,025)	(1,542)	(2,056)	(2,099)
Net Interest Income (Expenses)	(1,786)	(5,944)	(531)	(31)	7	109
Non Operating Income (Expenses)	98	128	(2,316)	(6)	(52)	(55)
Profit Before Tax	9,986	7,561	11,541	11,958	14,608	15,491
<i>EBT Margin</i>	17.58%	11.67%	16.99%	21.55%	20.11%	19.93%
Net Profit After Tax	7,912	5,722	8,465	9,373	11,039	11,616
<i>NPM</i>	13.93%	8.83%	12.47%	16.89%	15.20%	14.94%

Source : Company | Phintraco Sekuritas Research

	(in Billion Rupiah)					
BALANCE SHEET	FY21	FY22	FY23	9M24	FY24F	FY25F
Asset						
Cash	20,378	15,741	19,353	19,283	20,600	22,047
Accounts Receivable	6,401	6,876	7,198	9,682	8,040	8,652
Inventories	5,857	7,132	6,329	6,929	7,155	7,703
Total Current Assets	33,998	31,070	36,773	40,828	40,138	43,070
Fixed Assets	14,176	14,521	14,711	14,522	19,442	26,383
Long-term Investments	11,069	11,169	8,369	8,124	8,715	9,085
Other Assets	2,833	2,742	3,723	5,129	5,134	5,523
Total Non Current Assets	84,018	84,235	82,494	83,361	88,779	96,263
Total Asset	118,015	115,306	119,267	124,189	128,917	139,333
Liabilities						
Short-term Debt	515	825	113	185	390	420
Accounts Payable	3,586	3,703	3,774	3,923	4,232	4,426
Accrued Payroll	2,964	2,862	3,276	3,233	3,576	3,846
Total Current Liabilities	18,896	10,034	10,464	10,795	12,006	12,842
Long-term Debt	40,845	44,613	43,308	42,270	43,996	44,855
Provision for Risks & Charges	3,003	2,859	3,062	3,105	3,421	3,679
Total Non Current Liabilities	44,179	47,799	46,699	45,680	47,795	48,940
Total Liabilities	63,075	57,833	57,163	56,475	59,801	61,783
Equity	54,941	57,473	62,104	67,714	69,116	77,551

Source : Company | Phintraco Sekuritas Research

	(in Billion Rupiah)					
CASH FLOW	FY21	FY22	FY23	9M24	FY24F	FY25F
Cash Flow from Operating						
Net Income	6,399	4,587	6,991	8,149	8,849	9,312
Depreciation & Amortization	1,122	1,108	1,224	846	1,480	1,583
Working Capital	(1,549)	(1,735)	966	(2,978)	(911)	(694)
Others	8,742	(9,013)	(2,628)	(726)	285	(2)
Net-CFFO	14,714	(5,052)	6,552	5,291	9,703	10,200
Cash Flow from Investing						
CAPEX	(2,370)	(1,554)	1,386	(412)	(6,556)	(8,895)
Others	17	228	(869)	(1,301)	(1,209)	(172)
Net-CFFI	(2,353)	(1,326)	517	(1,713)	(7,765)	(9,067)
Cash Flow from Financing						
Chg. in Long-term liabilities	10,026	3,944	(1,303)	(1,127)	739	905
Chg. in other non-current liabilities	(9,426)	(148)	206	18	407	287
Equity	(2,119)	(2,055)	(2,360)	(2,540)	(1,837)	(878)
Net-CFFF	(1,519)	1,741	(3,457)	(3,648)	(690)	315
Net Cash Flow	10,843	(4,637)	3,612	(70)	1,247	1,447

Source : Company | Phintraco Sekuritas Research

RATIOS	FY21	FY22	FY23	9M24	FY24F	FY25F
Profitability Ratio (%)						
GPM	37.62%	35.40%	38.80%	38.98%	37.69%	37.38%
OPM	20.55%	20.65%	21.19%	21.62%	20.17%	19.86%
NPM	13.93%	8.83%	12.47%	16.89%	15.20%	14.94%
ROA	6.70%	4.96%	7.10%	7.55%	8.56%	8.34%
ROE	14.40%	9.96%	13.63%	13.84%	15.97%	14.98%
Activity Ratio (X)						
Inventory Turnover	6.05	5.87	6.57	4.89	6.33	6.32
Receivables Turnover	8.87	9.42	9.43	5.73	9.03	8.99
Payables Turnover	9.88	11.30	11.01	8.63	10.70	11.00
Days of Inventory	60.33	62.19	55.59	74.70	57.70	57.75
Days of Receivables	41.13	38.73	38.69	63.69	40.40	40.62
Days of Payables	36.94	32.29	33.14	42.29	34.12	33.19
Cash Operating Cycle	64.53	68.63	61.13	96.10	63.98	65.18
Leverage Ratio (%)						
Debt to Asset Ratio	35.38%	39.90%	36.88%	36.24%	34.91%	32.97%
Debt to Equity Ratio	76.00%	80.05%	70.83%	66.47%	65.12%	59.24%
Liabilities to Asset Ratio	53.45%	50.16%	47.93%	45.48%	46.39%	44.34%
Liabilities to Equity Ratio	114.81%	100.63%	92.04%	83.40%	86.52%	79.67%
Interest Rate	4.71%	13.44%	4.60%	4.57%	4.57%	4.57%
Liquidity Ratio (X)						
Current Ratio	1.84	3.28	3.72	3.96	3.53	3.54
Quick Ratio	1.52	2.53	3.08	3.29	2.90	2.91
Cash Ratio	1.10	1.66	1.96	1.87	1.81	1.81
Price Ratio						
Share Price (IDR)	8,700	10,000	10,575	6,375	11,600	11,600
Outstanding Shares (in Billion)	11.66	11.66	11.66	11.66	11.66	11.66
EPS (IDR) (annualized)	678	491	726	699	759	799
BVPS (IDR)	4,711	4,928	5,325	5,806	5,927	6,650
PER (X)	12.82	20.38	14.57	9.12	15.29	14.53
PBV (X)	1.85	2.03	1.99	1.10	1.96	1.74
PSR (X)	1.79	1.80	1.82	1.34	1.86	1.74
EV/EBITDA (annualized)	9.49	9.99	9.39	7.48	9.90	9.35
Dividends						
DPS	215	188	318	-	346	359
DPR	31.69%	38.31%	43.82%	-	45.55%	45.00%
Div. Yield	2.47%	1.88%	3.01%	-	2.98%	3.10%

Source : Company | Phintraco Sekuritas Research

Glossarium

BVPS	: <i>Book Value per Share</i>
CFFF	: <i>Cash Flow from Financing</i>
CFFI	: <i>Cash Flow from Investing</i>
CFFO	: <i>Cash Flow from Operating</i>
DPR	: <i>Dividend Payout Ratio</i>
DPS	: <i>Dividend per Share</i>
EBIT	: <i>Earning Before Interest & Tax</i>
EBITDA	: <i>Earning Before Interest, Tax, Depreciation & Amortization</i>
EBT	: <i>Earning Before Tax</i>
EPS	: <i>Earning per Share</i>
EV	: <i>Enterprise Value</i>
MYR/T	: <i>Ringgit Malaysia per Ton</i>
NPM	: <i>Net Profit Margin</i>
NPM	: <i>Net Profit Margin</i>
OPM	: <i>Operating Profit Margin</i>
PBV	: <i>Price to Book Value</i>
PER	: <i>Price to Earning Ratio</i>
PSR	: <i>Price to Sales Ratio</i>
ROA	: <i>Return on Asset</i>
ROE	: <i>Return on Equity</i>
US\$/Bu	: <i>US Dollar per Bushel</i>



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Rating for Stocks :

- Buy : The stock is expected to give total return (price appreciation + dividend yield) of $> +10\%$ over the next 12 months.
- Hold : The stock is expected to give total return of $> 0\%$ to $\leq +10\%$ over the next 12 months.
- Sell : The stock is expected to give total return of $< 0\%$ over the next 12 months.
- Outperform : The stock is expected to do slightly better than the market return. Equal to "moderate buy"
- Underperform : The stock is expected to do slightly worse than the market return. Equal to "moderate sell"

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Kantor Cabang & Mitra GI BEI



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