

# Indofood CBP Sukses Makmur Tbk (ICBP)

## Akselerasi Penjualan

Company Report | Dec 06, 2018

### Buy

**Dec 2019 TP (IDR) 11,225**

Consensus Price (IDR)	9,855
TP to Consensus Price	+13.9%
vs. Last Price	+15.1%

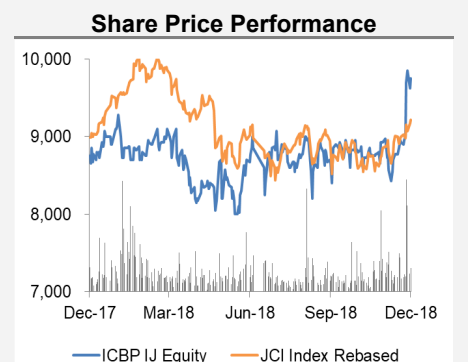
#### Shares data

Last Price (IDR)	9,750
Price date as of	Dec 04, 2018
52 wk range (Hi/Lo)	9,850 / 8,000
Free float (%)	19.5
Outstanding sh.(mn)	11,662
Market Cap (IDR bn)	112,245
Market Cap (USD mn)	7,850
Avg. Trd Vol - 3M (mn)	4.35
Avg. Trd Val - 3M (bn)	38.38
Foreign Ownership	6.8%

#### Consumer Staples

##### Packaged Foods & Beverages

Bloomberg	ICBP IJ
Reuters	ICBP.JK



	YTD	1M	3M	12M
Abs. Ret.	7.1%	9.2%	12.7%	11.4%
Rel. Ret.	10.1%	5.1%	8.5%	8.9%

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#### Penjualan ICBP Meningkat 12% pada 3Q18

ICBP mencatatkan pertumbuhan penjualan yang menggembirakan sebesar 12% dari Rp8,97 triliun pada 3Q17 menjadi Rp10 triliun pada 3Q18. Penjualan ICBP terakselerasi dari 4% y-y pada 1Q18 menjadi 6% y-y pada 2Q18 dan 12% y-y pada 3Q18. **Pertumbuhan ini ditopang oleh divisi mie (berkontribusi 65% terhadap total penjualan) yang meningkat sebesar 13%** dari Rp5,7 triliun pada 3Q17 menjadi Rp6,4 triliun pada 3Q18.

#### Margin keuntungan Kotor ICBP Meningkat

Laba bersih ICBP meningkat 26% dari Rp950 miliar pada 3Q17 menjadi Rp1,19 triliun pada 3Q18. Peningkatan drastis ini disebabkan oleh porsi beban pajak yang menurun dari 35% pada 3Q17 menjadi 28% pada 3Q18. Margin laba kotor ICBP juga meningkat dari 31,5% pada 3Q17 menjadi 33% pada 3Q18. Peningkatan margin laba kotor ini ditopang oleh **penurunan pembelian persediaan barang jadi** pada COGS.

#### Kinerja FY2018E Memuaskan

Kami memperkirakan bahwa pada 2018 ICBP akan mampu mencetak **pertumbuhan penjualan sebesar 8,4%, lebih tinggi dibandingkan 3,3% pada 2017**. Selain itu, pada 2018 laba bersih ICBP dapat meningkat hingga 17,8%, ditopang oleh margin keuntungan yang lebih tinggi dibandingkan margin keuntungan pada 2017.

#### Target Harga Rp11.225

Kami menggunakan estimasi *forward* P/E sebesar 24,4x (rata-rata 3 tahun) untuk memperoleh target harga pada Desember 2019. Target harga ini mengimplikasikan P/E 2019E sebesar 26,8x. Saat ini, ICBP diperdagangkan pada P/E 2018E sebesar 25,4x.

#### Indofood CBP Sukses Makmur Tbk | Summary (IDR bn)

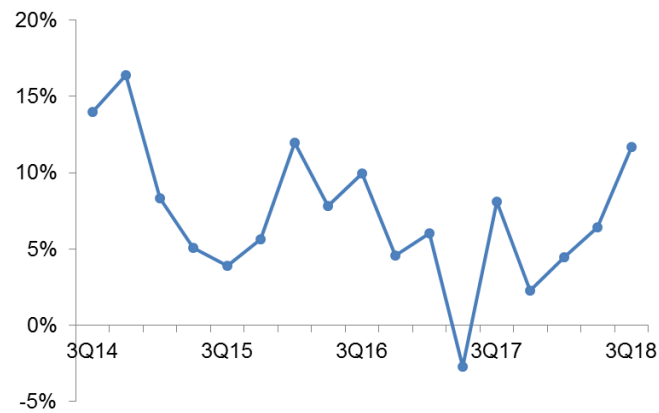
	2017	2018E	2019F	2020F
Sales	35,607	38,596	42,084	46,152
<i>Sales growth</i>	3.3%	8.4%	9.0%	9.7%
EBITDA	5,804	6,938	7,677	8,453
Net Profit	3,797	4,472	4,881	5,411
EPS (IDR)	326	383	419	464
<i>EPS growth</i>	5.4%	17.8%	9.1%	10.9%
BVPS (IDR)	1,743	1,965	2,192	2,447
EBITDA margin	16.3%	18.0%	18.2%	18.3%
NPM	10.7%	11.6%	11.6%	11.7%
ROE	19.6%	20.7%	20.1%	20.0%
ROA	12.5%	13.4%	13.4%	14.0%
ROIC	17.2%	19.7%	19.1%	19.7%
P/E	27.3x	25.4x	23.3x	21.0x
P/BV	5.1x	5.0x	4.4x	4.0x
EV/EBITDA	16.9x	15.8x	14.1x	12.7x
DPS (IDR)	154	162	191	209
<i>Dividend yield</i>	1.7%	1.7%	2.0%	2.1%

Source: Company Data, Bloomberg, NHKS Research

Please consider the rating criteria & important disclaimer

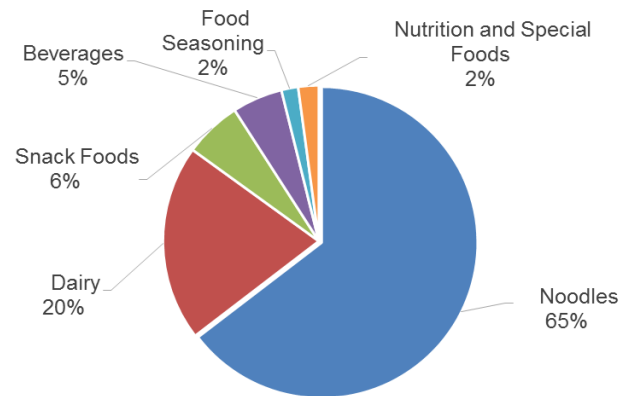
## Performance Highlights

ICBP Sales Growth Quarterly | 3Q14 - 3Q18



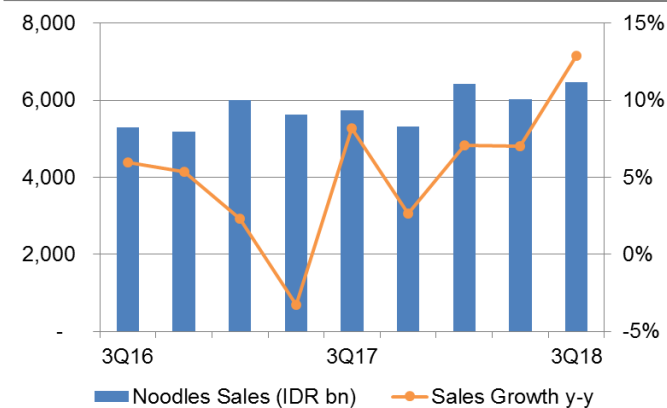
Source: Company, NHKS Research

Sales Breakdown | 3Q18



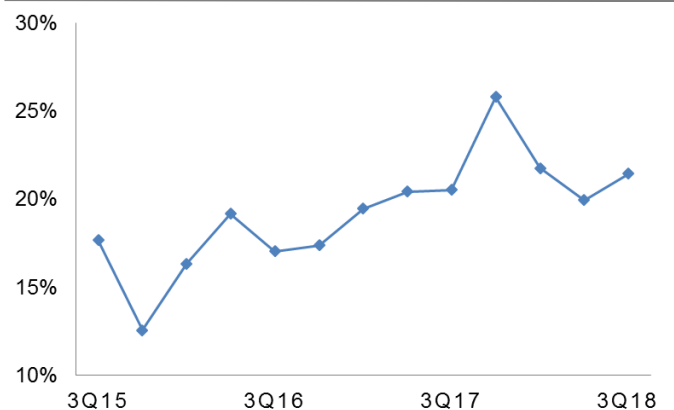
Source: Company, NHKS Research

Noodles Sales | 3Q16 - 3Q18



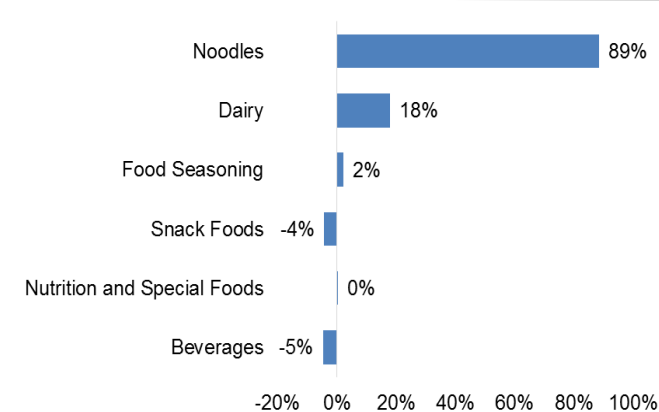
Source: Company, NHKS Research

Noodles Operating Profit Margin | 3Q15 - 3Q18



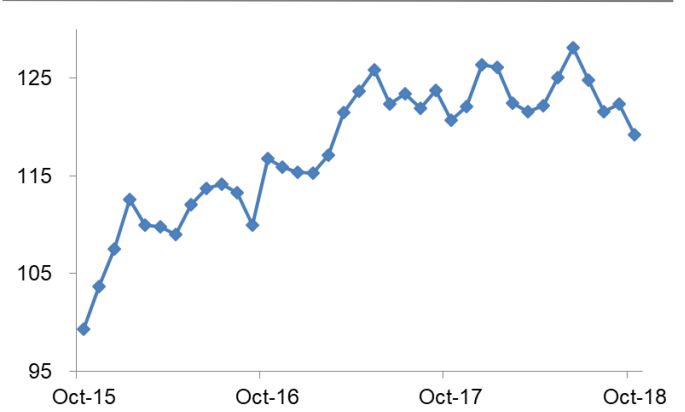
Source: Company, NHKS Research

Operating Profit Contribution Breakdown | 3Q18



Source: Company, NHKS Research

Indonesia Consumer Confidence Index | 2015 - 2018



Source: Company, NHKS Research

## 3Q18 review (IDR bn)

	3Q17	4Q17	1Q18	2Q18	3Q18					4Q18E
					Actual	Estimate	y-y	q-q	surprise	
Sales	8,970	8,176	9,881	9,579	10,019	9,399	11.7%	4.6%	6.6%	9,117
Gross Profit	2,826	2,427	3,205	3,084	3,302	2,924	16.8%	7.1%	12.9%	3,059
<i>Gross Margin</i>	31.5%	29.7%	32.4%	32.2%	33.0%	31.1%	1.5%	0.8%	1.9%	33.6%
EBIT	1,374	1,009	1,665	1,443	1,635	1,402	19.0%	13.3%	16.6%	1,478
<i>EBIT Margin</i>	15.3%	12.3%	16.8%	15.1%	16.3%	14.9%	1.0%	1.3%	1.4%	16.2%
EBITDA	1,544	1,183	1,876	1,679	1,876	1,579	21.5%	11.7%	18.8%	1,674
<i>EBIT Margin</i>	17.2%	14.5%	19.0%	17.5%	18.7%	16.8%	1.5%	1.2%	1.9%	18.4%
<b>Net Profit</b>	<b>950</b>	<b>755</b>	<b>1,213</b>	<b>1,078</b>	<b>1,194</b>	<b>1,106</b>	<b>25.7%</b>	<b>10.7%</b>	<b>8.0%</b>	<b>987</b>
<i>Net Margin</i>	10.6%	9.2%	12.3%	11.3%	11.9%	11.8%	1.3%	0.7%	0.2%	10.8%

Source: Bloomberg, NHKS research

## Earnings revision (IDR bn)

		2018E	2019F	2020F
Sales	-Revised	38,596	42,084	46,152
	-Previous	37,329	39,336	41,660
	-Change	3.4%	7.0%	10.8%
Gross Profit	-Revised	12,650	13,806	15,153
	-Previous	11,760	12,392	13,124
	-Change	7.6%	11.4%	15.5%
Gross Margin	-Revised	32.8%	32.8%	32.8%
	-Previous	31.5%	31.5%	31.5%
EBIT	-Revised	6,221	6,795	7,464
	-Previous	5,588	5,888	6,236
	-Change	11.3%	15.4%	19.7%
EBIT Margin	-Revised	16.1%	16.1%	16.2%
	-Previous	15.0%	15.0%	15.0%
EBITDA	-Revised	6,938	7,677	8,453
	-Previous	6,277	6,733	7,176
	-Change	10.5%	14.0%	17.8%
EBITDA Margin	-Revised	18.0%	18.2%	18.3%
	-Previous	16.8%	17.1%	17.2%
<b>Net Profit</b>	<b>-Revised</b>	<b>4,472</b>	<b>4,881</b>	<b>5,411</b>
	-Previous	4,458	4,691	5,019
	-Change	0.3%	4.1%	7.8%
Net Margin	-Revised	11.6%	11.6%	11.7%
	-Previous	11.9%	11.9%	12.0%

Source: NHKS research

## Sekilas Tentang ICBP

ICBP dengan kegiatan usaha yang terdiversifikasi, yaitu mi instan, susu, makanan ringan, penyedap makanan, nutrisi dan makanan khusus, serta minuman merupakan salah satu produsen produk konsumen bermerek yang terkemuka. Untuk mendukung kegiatan usaha inti, ICBP menjalankan kegiatan usaha kemasan yang memproduksi kemasan fleksibel dan karton.

ICBP melalui 40 merek produk terkemuka menawarkan berbagai pilihan produk solusi sehari-hari bagi konsumen di berbagai usia dan segmen pasar. Kepercayaan dan loyalitas jutaan konsumen selama bertahun-tahun menguatkan posisi pasar produk ICBP. Sebagian besar produk ICBP telah tersedia di seluruh Indonesia. Didukung oleh jaringan distribusi yang ekstensif dari perusahaan induk, ICBP dapat memenuhi permintaan pasar secara tepat waktu dan lebih efisien.

Kegiatan operasional ICBP didukung oleh lebih dari 50 pabrik yang tersebar di berbagai wilayah utama di Indonesia sehingga ICBP dapat senantiasa dekat dengan permintaan pasar dan menjamin kualitas produk. Produk-produk ICBP hadir tidak hanya di Indonesia tetapi juga di lebih dari 60 negara di dunia.

### Daya Saing ICBP di Asia Pasifik

ICBP memiliki P/E yang lebih murah dibandingkan dengan kompetitor dengan ROE yang sama atau lebih tinggi. Selain itu, ICBP masih mampu mempertahankan margin laba bersih hingga *double digit* sebesar 11,3%.

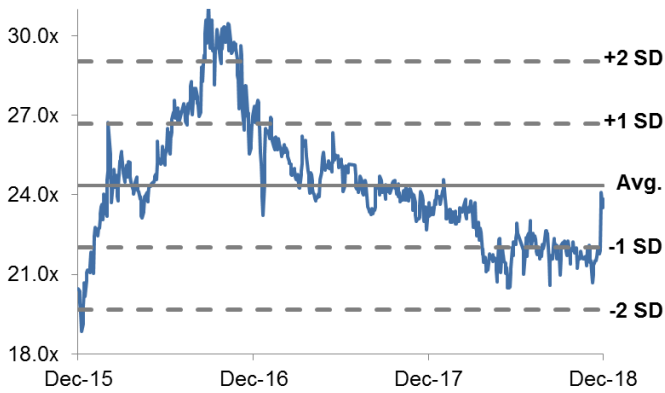
#### Asia Pacific Packaged Food Company

Company	Market Cap (USD mn)	Asset (USD mn)	Sales LTM (USD mn)	Net Profit LTM (USD mn)	Net Profit Growth LTM	Net Margin	ROE LTM	P/E LTM	P/BV
<b>Indonesia</b>									
ICBP	7,775	2,327	2,707	305	11.28%	11.3%	21.3%	26.7x	5.4x
INDF	4,013	6,472	5,163	267	-10.95%	5.2%	11.7%	15.7x	1.8x
<b>Japan</b>									
Nissin Foods Holdings	6,671	5,348	4,381	273	16.46%	6.2%	9.2%	24.6x	2.2x
Toyo Suisan Kaisha Ltd	3,903	3,516	3,580	165	-8.20%	4.6%	6.4%	22.3x	1.4x
<b>South Africa</b>									
Pioneer Foods Group Ltd	1,475	1,026	1,550	82	47.74%	5.3%	13.1%	16.8x	2.5x
<b>South Korea</b>									
Samyang Foods Co Ltd	400	373	445	36	15.90%	8.1%	18.3%	11.4x	1.9x
Nongshim Co Ltd	1,396	2,295	2,016	69	-18.55%	3.4%	4.1%	19.7x	0.8x
Ottogi Corporation	2,357	1,613	2,019	145	11.64%	7.2%	14.0%	15.2x	2.0x
<b>Thailand</b>									
Thai President Foods	1,592	901	638	84	-0.62%	13.2%	15.1%	18.3x	2.6x
Thai Union Group	2,558	4,491	4,117	111	-34.41%	2.7%	8.3%	20.5x	2.0x
<b>Malaysia</b>									
Nestle Berhad	8,162	630	1,353	166	15.66%	12.3%	96.8%	50.9x	48.0x
PPB Group Berhad	5,805	5,591	1,116	305	-6.07%	27.3%	5.9%	20.5x	1.2x
<b>India</b>									
Nestle India Ltd	14,062	1,153	1,643	237	42.23%	14.4%	41.5%	63.4x	27.2x
Britannia Industries Ltd	10,236	796	1,525	156	13.54%	10.2%	32.9%	72.4x	21.3x

Source: Bloomberg

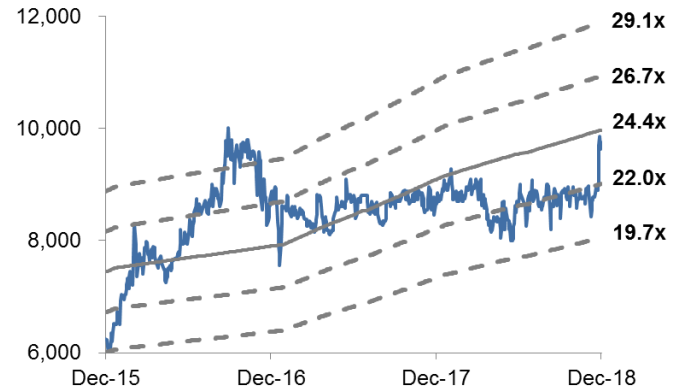
## Multiple Valuation

Forward P/E band | Last 3 years



Source: NHKS research

Dynamic Forward P/E band | Last 3 years



Source: NHKS research

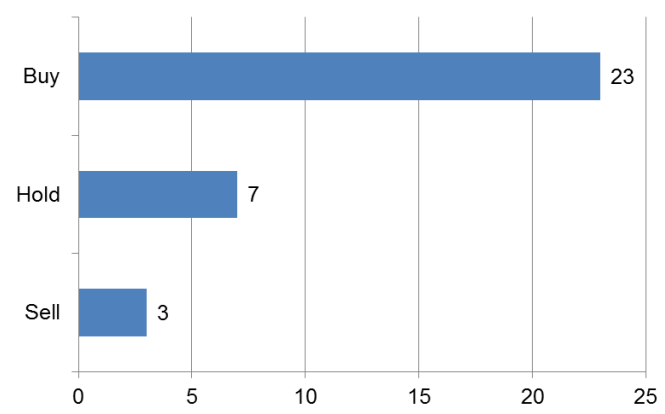
## Rating and Target Price Update

Target Price Revision

Date	Rating	Target Price	Last Price	Consensus	vs Last Price	vs Consensus
04/05/2018	Buy	9,625 (Dec 2018)	8,200	9,330	+17.4%	+3.2%
07/18/2018	Buy	10,550 (Dec 2018)	8,675	9,417	+21.6%	+12.0%
09/26/2018	Buy	10,550 (Dec 2019)	8,950	9,715	+17.9%	+8.6%
12/06/2018	Buy	11,225 (Dec 2019)	9,750	9,855	+15.1%	+13.9%

Source: NHKS research, Bloomberg

Analyst Coverage Rating



Source: Bloomberg

Closing and Target Price



Source: NHKS research

### NH Korindo Sekuritas Indonesia (NHKS) stock ratings

1. Period: End of year target price
2. Rating system based on a stock's absolute return from the date of publication
  - Buy : Greater than +15%
  - Hold : -15% to +15%
  - Sell : Less than -15%

## Summary of Financials

INCOME STATEMENT					PROFITABILITY & STABILITY				
(IDR bn)	2017/12A	2018/12E	2019/12E	2020/12E		2017/12A	2018/12E	2019/12E	2020/12E
<b>Sales</b>	<b>35,607</b>	<b>38,596</b>	<b>42,084</b>	<b>46,152</b>	ROE	19.6%	20.4%	19.9%	19.8%
<i>Growth</i>	3.3%	8.4%	9.0%	9.7%	ROA	12.5%	13.1%	13.2%	13.8%
COGS	(24,548)	(26,467)	(28,838)	(31,604)	ROIC	17.2%	18.0%	17.6%	18.2%
<b>Gross Profit</b>	<b>11,059</b>	<b>12,129</b>	<b>13,246</b>	<b>14,548</b>	Cash Dividend (IDR bn)	1,796	1,889	2,192	2,396
<i>Gross Margin</i>	31.1%	31.4%	31.5%	31.5%	Dividend Yield	1.7%	1.7%	1.9%	2.1%
Operating Expenses	(5,877)	(6,430)	(7,011)	(7,689)	Payout Ratio	49.9%	49.8%	49.9%	49.9%
<b>EBIT</b>	<b>5,182</b>	<b>5,699</b>	<b>6,235</b>	<b>6,860</b>	DER	11.6%	11.6%	6.6%	1.6%
<i>EBIT Margin</i>	14.6%	14.8%	14.8%	14.9%	Net Gearing	17.6%	16.7%	9.1%	2.1%
Depreciation	623	718	883	988	LT Debt to Equity	4.7%	3.7%	2.1%	0.5%
<b>EBITDA</b>	<b>5,804</b>	<b>6,416</b>	<b>7,117</b>	<b>7,848</b>	Capitalization Ratio	10.4%	10.4%	6.2%	1.6%
<i>EBITDA Margin</i>	16.3%	16.6%	16.9%	17.0%	Equity Ratio	64.3%	64.8%	68.0%	71.4%
Interest Expenses	(128)	(135)	(152)	(96)	Debt Ratio	7.4%	7.5%	4.5%	1.1%
<b>EBT</b>	<b>5,203</b>	<b>5,857</b>	<b>6,403</b>	<b>7,114</b>	Financial Leverage	148.9%	146.5%	146.1%	139.1%
Income Tax	(1,659)	(1,652)	(1,806)	(2,006)	Current Ratio	242.8%	217.8%	229.6%	249.1%
Minority Interest	253	187	204	227	Par Value (IDR)	50	50	50	50
<b>Net Profit</b>	<b>3,797</b>	<b>4,392</b>	<b>4,801</b>	<b>5,335</b>	Total Shares (mn)	11,662	11,662	11,662	11,662
<i>Growth</i>	5.4%	15.7%	9.3%	11.1%	Share Price (IDR)	8,900	9,750	9,750	9,750
<i>Net Profit Margin</i>	10.7%	11.4%	11.4%	11.6%	Market Cap (IDR tn)	103.8	113.7	113.7	113.7

BALANCE SHEET					VALUATION INDEX				
(IDR bn)	2017/12A	2018/12E	2019/12E	2020/12E		2017/12A	2018/12E	2019/12E	2020/12E
Cash	8,797	7,749	7,756	7,830	Price /Earnings	27.3x	25.9x	23.7x	21.3x
Receivables	3,871	4,182	4,560	5,000	Price /Book Value	5.1x	5.0x	4.5x	4.0x
Inventories	3,262	3,792	4,131	4,528	Price/Sales	2.9x	2.9x	2.7x	2.5x
<b>Total Current Assets</b>	<b>16,579</b>	<b>16,899</b>	<b>17,523</b>	<b>18,484</b>	PE/EPS Growth	5.0x	1.7x	2.5x	1.9x
Net Fixed Assets	8,120	10,420	11,462	12,585	EV/EBITDA	16.9x	17.1x	15.3x	13.7x
Other Non Current Asset	6,920	7,938	8,447	8,702	EV/EBIT	19.0x	19.2x	17.4x	15.6x
<b>Total Assets</b>	<b>31,620</b>	<b>35,257</b>	<b>37,432</b>	<b>39,771</b>	EV (IDR bn)	98,305	109,568	108,591	107,292
Payables	2,904	3,075	3,350	3,672	Sales CAGR (3-Yr)	5.9%	6.7%	6.9%	9.0%
ST Bank Loan	1,400	1,804	1,143	307	EPS CAGR (3-Yr)	12.8%	13.5%	10.1%	12.0%
LT Debt	955	841	533	143	Basic EPS (IDR)	326	377	412	457
<b>Total Liabilities</b>	<b>11,295</b>	<b>12,426</b>	<b>11,992</b>	<b>11,392</b>	Diluted EPS (IDR)	326	377	412	457
Capital Stock	6,569	6,569	6,569	6,569	BVPS (IDR)	1,743	1,958	2,181	2,433
Retained Earnings	12,799	15,294	17,904	20,843	Sales PS (IDR)	3,053	3,310	3,609	3,958
<b>Shareholders' Equity</b>	<b>20,324</b>	<b>22,830</b>	<b>25,440</b>	<b>28,379</b>	DPS (IDR)	154	162	188	205

CASH FLOW STATEMENT					OWNERSHIP			
(IDR bn)	2017/12A	2018/12E	2019/12E	2020/12E	By Geography	% Shareholders	%	
Operating Cash Flow	5,174	5,014	5,603	6,061	Indonesia	93.2	First Pacific Company	80.5
Investing Cash Flow	(2,950)	(3,018)	(2,434)	(2,366)	United States	4.0	Matthews Intl Capital	1.9
Financing Cash Flow	(1,800)	(3,043)	(3,161)	(3,621)	Luxembourg	0.9	Schroder Investment	0.9
<b>Net Changes in Cash</b>	<b>425</b>	<b>(1,048)</b>	<b>7</b>	<b>74</b>	Norway	0.9	Norges Bank	0.7

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