

Indofood CBP Sukses Makmur

Tbk (ICBP IJ)

Temukan Jalan Mencapai Keuntungan

Kami melihat ICBP memiliki prospek cukup cemerlang di tengah ketatnya persaingan sehingga mampu membukukan margin pendapatan lebih tinggi pada 2Q19 ditopang oleh segmen mie instan dan dairy —dua segmen dengan kontribusi signifikan— dan momen Ramadan serta Idulfitri. ICBP konsisten memperkuat segmen mie instan dengan inovasi mie premium guna mengakselerasi penjualan dan memperluas berbagai pangsa pasar.

Penjualan ICBP Meningkat 13,9% pada 1Q19

Indofood CBP Sukses Makmur berhasil mencatatkan penjualan 1Q19 sebesar Rp11,3 triliun atau meningkat 13,9% y-y dan 26,0% q-q. Kami memperkirakan *top line growth* ini didorong oleh peningkatan ASP dan perluasan target pasar. Margin laba kotor ICBP juga meningkat dari 7% pada 1Q18 menjadi 18% pada 1Q19 lantaran tidak ada penambahan barang jadi pada COGS.

Laba Bukukan Pertumbuhan Double Digit

Laba usaha 1Q19 meningkat 14,05% y-y menjadi Rp1,96 triliun dibandingkan pencapaian Rp1,72 triliun pada 1Q18. Peningkatan laba memberikan ruang bagi ICBP untuk dapat menjaga *bottom line growth* hingga Rp17,94 triliun atau meningkat 17,94% y-y. ICBP berhasil mencatat kenaikan *double digit* di tengah persaingan yang semakin ketat.

Segmen Mie Instan: Kontribusi Terbesar

Kami memperkirakan bahwa pada 2019 ICBP akan mampu mencetak pertumbuhan penjualan 8,9% lebih tinggi dibandingkan 7,9% pada 2018. Berdasarkan rincian segmentasi, segmen mie instan menjadi kontributor terbesar bagi penjualan, yaitu 65% dilanjutkan dengan segmen *dairy* sebesar 18%. Segmen mie instan mencatatkan peningkatan penjualan 13% y-y pada 1Q19 dibandingkan 1Q18 yang hanya mencapai 7%. Kami memperkirakan peningkatan ini ditopang inovasi produk mie instan premium yang mampu meningkatkan pangsa pasarnya. Terlebih, trend penurunan harga gandum yang menekan biaya produksi menjadi katalis positif bagi pertumbuhan penjualan mie instan ICBP.

Rating Buy dengan target harga Rp11.600

Kami mempertahankan rekomendasi BELI, dengan target harga Rp11.600 berdasarkan valuasi P/E forward sebesar 23,9x dengan potensi upside imbal hasil sebesar 16,6% dari level harga saham saat ini.

Risiko Target Harga

Risiko kunci target harga kami: 1) Peningkatan harga komoditas gandum; 2) Anjloknya nilai tukar rupiah; 3) Penurunan pembelian barang jadi.

Indofood CBP Sukses Makmur Tbk | Summary (IDR bn)

	2017A	2018A	2019F	2020F
Sales	35,607	38,413	41,821	45,839
<i>Sales growth</i>	3.3%	7.9%	8.9%	9.6%
EBITDA	5,804	6,783	7,486	8,213
Net Profit	3,797	4,576	4,878	5,391
EPS (IDR)	326	392	418	462
<i>EPS growth</i>	5.4%	20.5%	6.6%	10.5%
BVPS (IDR)	1,743	1,947	2,170	2,423
EBITDA margin	16.3%	17.7%	17.9%	17.9%
NPM	10.7%	11.9%	11.7%	11.8%
ROE	19.6%	21.3%	20.3%	20.1%
ROA	12.5%	13.9%	13.5%	13.7%
ROIC	15.6%	18.5%	17.8%	17.9%
P/E	27.3x	26.6x	23.8x	21.5x
P/BV	5.1x	5.4x	4.6x	4.1x
EV/EBITDA	16.9x	17.7x	15.0x	13.5x
DPS (IDR)	154	162	196	209
<i>Dividend yield</i>	1.7%	1.6%	2.0%	2.1%

Source: Company Data, Bloomberg, NHKS Research

Please consider the rating criteria & important disclaimer



Company Report | Jun 26, 2019

Buy

Dec 2019 TP (IDR)	11,600
Consensus Price (IDR)	11,002
TP to Consensus Price	+5.4%
vs. Last Price	+16.6%

Shares data

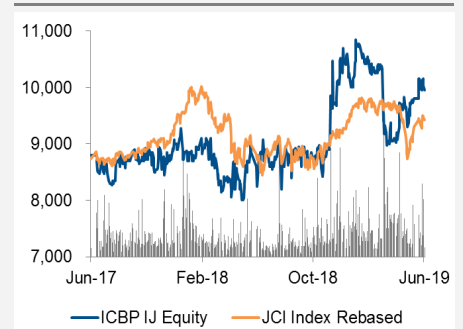
Last Price (IDR)	9,950
Price date as of	June 25, 2019
52 wk range (Hi/Lo)	10,725 / 8,575
Free float (%)	19.5
Outstanding sh.(mn)	11,662
Market Cap (IDR bn)	116,619
Market Cap (USD mn)	8,253
Avg. Trd Vol - 3M (mn)	7.87
Avg. Trd Val - 3M (bn)	74.65
Foreign Ownership	7.3%

Consumer Staples

Packaged Foods & Beverages

Bloomberg	ICBP IJ
Reuters	ICBP.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-4.3%	2.6%	5.9%	13.7%
Rel. Ret.	-1.0%	-1.2%	7.8%	6.4%

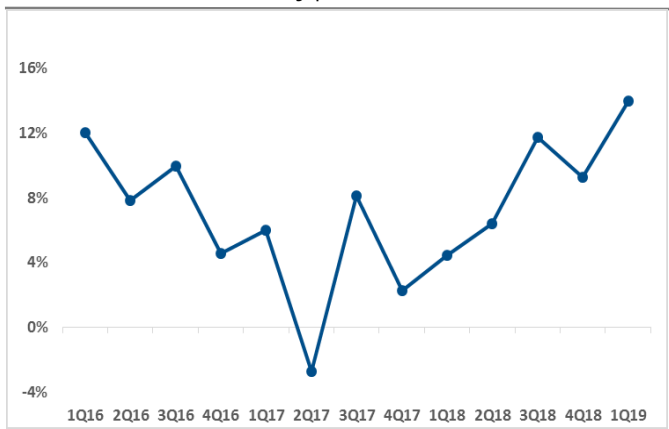
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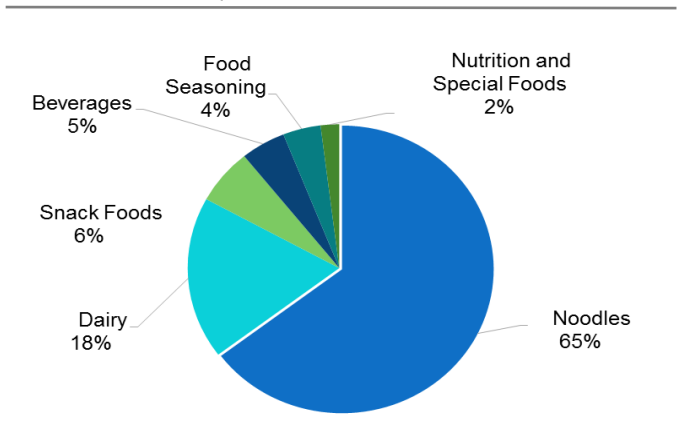
Performance Highlights

ICBP Sales Growth Yearly | 1Q16 - 1Q19



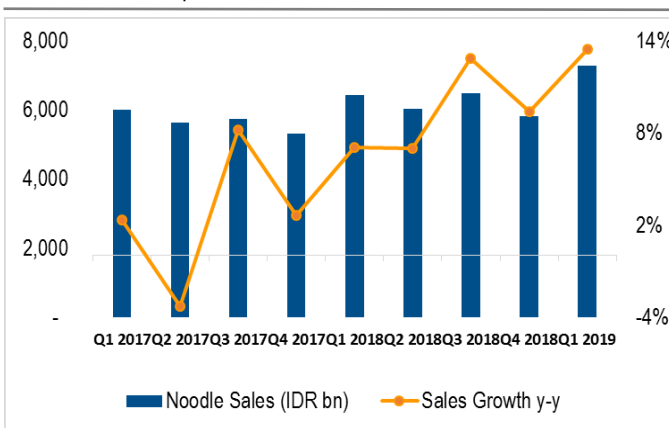
Source: Company, NHKS Research

Sales Breakdown | 1Q19



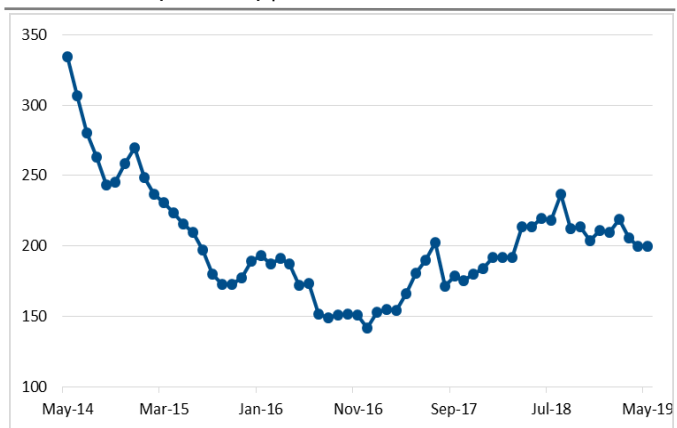
Source: Company, NHKS Research

Noodles Sales | 1Q17 - 1Q19



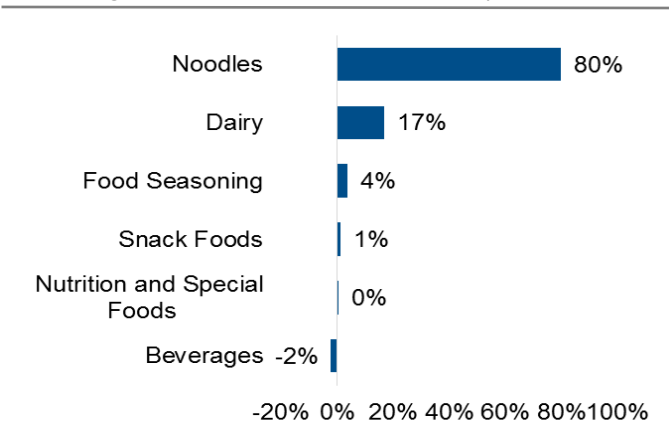
Source: Company, NHKS Research

Wheat Price (USD/MT) | 2Q15 - 2Q19



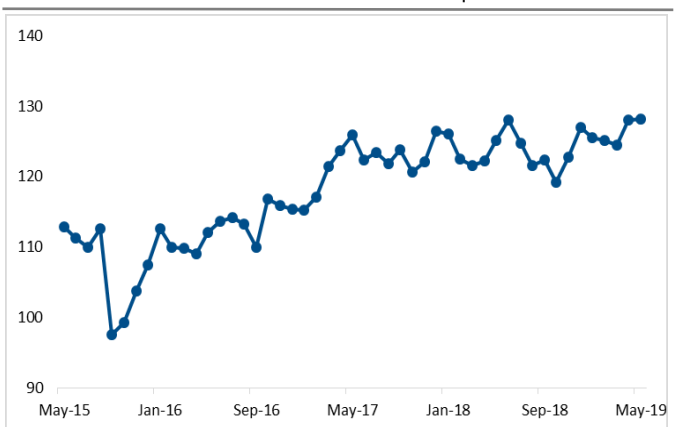
Source: Index Mundi, NHKS Research

Operating Profit Contribution Breakdown | 1Q19



Source: Company, NHKS Research

Indonesia Consumer Confidence Index | 2015 - 2018



Source: Bloomberg, NHKS Research

1Q19 review (IDR bn)

	1Q18	2Q18	3Q18	4Q18	1Q19					2Q19E
					Actual	Estimate	y-y	q-q	surprise	
Sales	9,881	9,579	10,019	8,935	11,256	9,117	13.9%	26.0%	23.5%	10,289
Gross Profit	3,205	3,084	3,302	2,674	3,788	3,059	18.2%	41.7%	23.8%	
<i>Gross Margin</i>	32.4%	32.2%	33.0%	29.9%	33.7%	33.6%	1.2%	3.7%	0.1%	27.6%
EBIT	1,665	1,443	1,635	1,306	1,997	1,478	19.9%	52.8%	35.1%	
<i>EBIT Margin</i>	16.8%	15.1%	16.3%	14.6%	17.7%	16.2%	0.9%	3.1%	1.5%	12.1%
EBITDA	1,876	1,679	1,876	1,592	2,276	1,674	21.3%	42.9%	36.0%	
<i>EBIT Margin</i>	19.0%	17.5%	18.7%	17.8%	20.2%	18.4%	1.2%	2.4%	1.9%	14.3%
Net Profit	1,213	1,078	1,194	1,091	1,337	987	10.2%	22.6%	35.5%	
<i>Net Margin</i>	12.3%	11.3%	11.9%	12.2%	11.9%	10.8%	-0.4%	-0.3%	1.1%	9.9%

Source: Bloomberg, NHKS research

Earnings revision (IDR bn)

		2018E	2019F	2020F
Sales	-Revised	38,413	41,821	45,839
	-Previous	38,596	42,084	46,152
	-Change	-0.5%	-0.6%	-0.7%
Gross Profit	-Revised	12,266	13,173	14,446
	-Previous	12,650	13,806	15,153
	-Change	-3.0%	-4.6%	-4.7%
Gross Margin	-Revised	31.9%	31.5%	31.5%
	-Previous	32.8%	32.8%	32.8%
EBIT	-Revised	6,049	6,547	7,184
	-Previous	6,221	6,795	7,464
	-Change	-2.8%	-3.6%	-3.8%
EBIT Margin	-Revised	15.7%	15.7%	15.7%
	-Previous	16.1%	16.1%	16.2%
EBITDA	-Revised	6,783	7,486	8,213
	-Previous	6,938	7,677	8,453
	-Change	-2.2%	-2.5%	-2.8%
EBITDA Margin	-Revised	17.7%	17.9%	17.9%
	-Previous	18.0%	18.2%	18.3%
Net Profit	-Revised	4,576	4,878	5,391
	-Previous	4,472	4,881	5,411
	-Change	2.3%	-0.1%	-0.4%
Net Margin	-Revised	11.9%	11.7%	11.8%
	-Previous	11.6%	11.6%	11.7%

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 11,8%.

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
Indonesia									
ICBP	8,253	2,382	2,769	327	19.97%	11.8%	21.6%	24.8x	5.1x
INDF	4,334	6,691	5,214	301	3.77%	5.8%	12.8%	14.1x	1.7x
Japan									
Nissin Foods Holdings	6,854	5,034	4,068	175	-43.57%	4.3%	5.6%	37.3x	2.2x
Toyo Suisan Kaisha Ltd	4,636	3,523	3,618	166	0.04%	4.6%	6.4%	24.8x	1.5x
South Africa									
Pioneer Foods Group Ltd	1,076	1,026	1,553	70	8.42%	4.5%	11.4%	14.0x	1.8x
South Korea									
Samyang Foods Co Ltd	457	370	417	29	-4.51%	6.9%	14.1%	16.6x	2.2x
Nongshim Co Ltd	1,315	2,274	2,032	73	-12.62%	3.6%	4.3%	17.8x	0.8x
Ottogi Corporation	2,151	1,853	2,036	143	23.56%	7.0%	13.7%	14.2x	1.8x
Thailand									
Thai President Foods	1,846	954	695	105	19.31%	15.2%	16.7%	16.7x	2.7x
Thai Union Group	2,811	4,390	4,113	113	-32.02%	2.8%	8.3%	19.6x	2.0x
Malaysia									
Nestle Berhad	8,419	689	1,360	163	2.74%	12.0%	75.9%	52.6x	39.4x
PPB Group Berhad	6,384	5,623	1,114	278	9.60%	25.0%	5.5%	24.4x	1.2x
India									
Nestle India Ltd	16,275	1,161	1,640	236	22.62%	14.4%	N/A	68.6x	N/A
Britannia Industries Ltd	9,757	900	1,570	166	15.42%	10.6%	30.3%	58.4x	15.9x

Source: Bloomberg

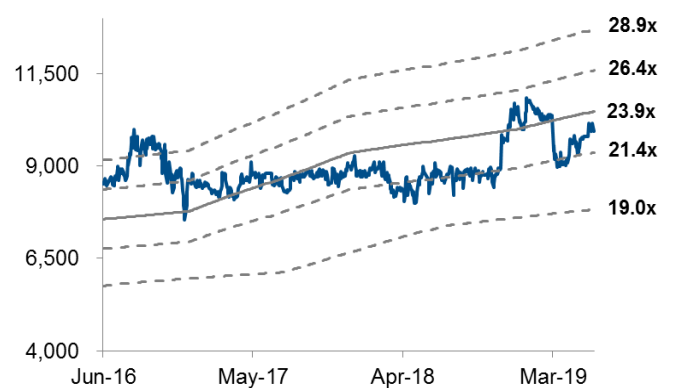
Multiple Valuation

Forward P/E band | Last 3 years



Source: NHKS research

Dynamic Forward P/E band | Last 3 years



Source: NHKS research

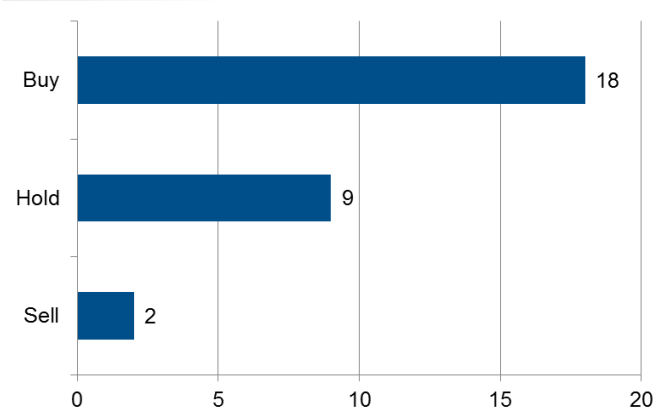
Rating and Target Price Update

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%
12/06/2019	Buy	11,600 (Dec 2019)	9,950	11,002	+16.6%	+5.4%

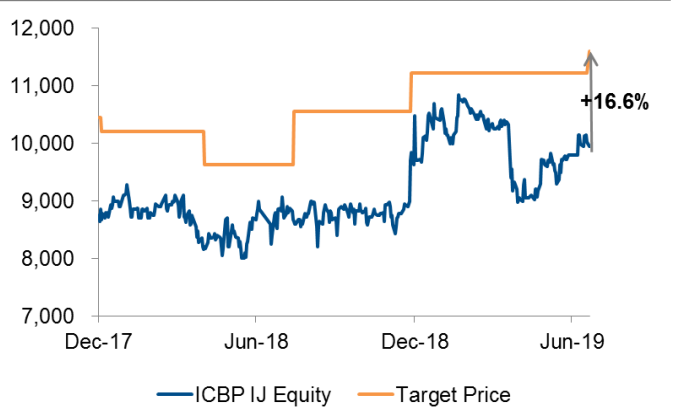
Source: NHKS research, Bloomberg

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

(IDR bn)	2017/12A	2018/12A	2019/12E	2020/12E
Sales	35,607	38,413	41,821	45,839
<i>Growth</i>	3.3%	7.9%	8.9%	9.6%
COGS	(24,548)	(26,148)	(28,648)	(31,393)
Gross Profit	11,059	12,266	13,173	14,446
<i>Gross Margin</i>	31.1%	31.9%	31.5%	31.5%
Operating Expenses	(5,877)	(6,216)	(6,626)	(7,262)
EBIT	5,182	6,049	6,547	7,184
<i>EBIT Margin</i>	14.6%	15.7%	15.7%	15.7%
Depreciation	623	734	939	1,029
EBITDA	5,804	6,783	7,486	8,213
<i>EBITDA Margin</i>	16.3%	17.7%	17.9%	17.9%
Interest Expenses	(128)	(147)	(104)	(116)
EBT	5,203	6,227	6,601	7,242
Income Tax	(1,659)	(1,568)	(1,699)	(1,824)
Minority Interest	253	(83)	(25)	(27)
Net Profit	3,797	4,576	4,878	5,391
<i>Growth</i>	5.4%	20.5%	6.6%	10.5%
<i>Net Profit Margin</i>	10.7%	11.9%	11.7%	11.8%

PROFITABILITY & STABILITY

	2017/12A	2018/12A	2019/12E	2020/12E
ROE	19.6%	21.3%	20.3%	20.1%
ROA	12.5%	13.9%	13.5%	13.7%
ROIC	15.6%	18.5%	17.8%	17.9%
Cash Dividend (IDR bn)	1,796	1,889	2,283	2,434
Dividend Yield	1.7%	1.6%	2.0%	2.1%
Payout Ratio	49.9%	49.8%	49.9%	49.9%
DER	11.6%	8.0%	8.0%	6.0%
Net Gearing	17.6%	11.6%	11.1%	8.0%
LT Debt to Equity	4.7%	2.9%	2.9%	2.2%
Capitalization Ratio	10.4%	7.4%	7.4%	5.6%
Equity Ratio	64.3%	66.1%	67.1%	68.7%
Debt Ratio	7.4%	5.3%	5.4%	4.1%
Financial Leverage	153.3%	150.2%	147.3%	145.7%
Current Ratio	81.6%	62.2%	60.1%	59.9%
Par Value (IDR)	50	50	50	50
Total Shares (mn)	11,662	11,662	11,662	11,662
Share Price (IDR)	8,900	10,450	9,950	9,950
Market Cap (IDR tn)	103.8	121.9	116.0	116.0

BALANCE SHEET

(IDR bn)	2017/12A	2018/12A	2019/12E	2020/12E
Cash	8,797	4,727	6,541	7,967
Receivables	3,871	4,128	4,213	4,138
Inventories	3,262	4,001	3,298	3,614
Total Current Assets	16,579	14,122	15,218	16,934
Net Fixed Assets	8,120	10,742	11,716	12,784
Other Non Current Asset	6,920	9,504	10,796	11,442
Total Assets	31,620	34,367	37,730	41,160
Payables	2,904	2,956	3,239	3,714
ST Bank Loan	1,400	1,146	1,277	1,069
LT Debt	955	667	743	622
Total Liabilities	11,295	11,660	12,428	12,902
Capital Stock	6,569	6,569	6,569	6,569
Retained Earnings	12,799	15,030	17,624	20,581
Shareholders' Equity	20,324	22,707	25,302	28,258

VALUATION INDEX

	2017/12A	2018/12A	2019/12E	2020/12E
Price /Earnings	27.3x	26.6x	23.8x	21.5x
Price /Book Value	5.1x	5.4x	4.6x	4.1x
Price/Sales	2.9x	3.2x	2.8x	2.5x
PE/EPS Growth	5.0x	1.3x	3.6x	2.0x
EV/EBITDA	16.9x	17.7x	15.0x	13.5x
EV/EBIT	19.0x	19.8x	17.2x	15.4x
EV (IDR bn)	98,305	120,062	112,624	110,869
Sales CAGR (3-Yr)	5.9%	6.6%	6.7%	8.8%
EPS CAGR (3-Yr)	12.8%	15.1%	10.7%	12.4%
Basic EPS (IDR)	326	392	418	462
Diluted EPS (IDR)	326	392	418	462
BVPS (IDR)	1,743	1,947	2,170	2,423
Sales PS (IDR)	3,053	3,294	3,586	3,931
DPS (IDR)	154	162	196	209

CASH FLOW STATEMENT

(IDR bn)	2017/12A	2018/12A	2019/12E	2020/12E
Operating Cash Flow	5,174	4,653	7,095	6,932
Investing Cash Flow	(2,950)	(4,690)	(3,205)	(2,743)
Financing Cash Flow	(1,800)	(4,033)	(2,076)	(2,763)
Net Changes in Cash	425	(4,070)	1,814	1,426

OWNERSHIP

By Geography	% Shareholders	%
Indonesia	92.7	First Pacific Company 80.5
United States	4.1	Matthews Intl Capital 1.8
Norway	1.1	Schroder Investment 1.1
Ireland	0.7	Norges Bank 1.0

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