KB Valbury Sekuritas

PT Indofood Sukses Makmur Tbk (INDF)

Food and Beverages

Boosted by strong CPO prices

06 April 2022

Recommendations	: BUY

Stock	
Price on 05/04/2022 (Rp)	6,100
12M target price (Rp)	7,875
Capital gain potential	29%

Stock Data	
Outstanding shares	8,780,426,500
Market cap (Rp)	53,560,601,650,000
Weight vs IHSG (%)	1.06

Shareholders	(%)
FPIML.	50.07%
BoD	0.02%
Public	49.91%
Outstanding Shares (unit)	8,780,426,500

Price Performance	
52-week high/low	Rp6,950/Rp5,725

Capital gain/(loss) (in %)

1 month	3 month	6 month	1 Year	YTD
0.41	(3.17)	(7.58)	(9.63)	(3.56)

Summary of Financial Performance

In IDR bn	2021A	2022E	2023F
Revenue	99,346	104,340	110,588
Operating Income	16,982	17,258	18,101
OPM (%)	17.09%	16.54%	16.37%
EBITDA	20,755	20,951	22,011
EV to EBITDA (x)*	4.24	4.40	4.05
Net Income	7,642	7,730	8,084
NPM (%)	7.69%	7.41%	7.31%
EPS (Rp)	870	880	921
EPS Growth (%)	18.4%	1.2%	4.6%
Price Earnings (x)*	7.27	6.93	6.63
Price to Book (x)*	1.15	1.02	0.94
Price to Sales (x)*	0.56	0.51	0.48
Return on Equity (%)	15.83%	14.79%	14.20%
Return on Assets (%)	4.26%	4.14%	4.12%
Tot Debt/Equity (x)	1.29	1.16	1.06

**) based on market price (05/04/2022) at Rp6,100*

Sources :Company, Bloomberg and KB Valbury Sekuritas

Analyst(s)
Devi Harjoto
Alfiansyah

Laba bersih INDF tumbuh 18,4% YoY pada 2021 menjadi Rp7,6 triliun
Pendapatan diperkirakan tumbuh 5% YoY pada 2021 dan 6% YoY pada 2022
Rekomendasi "BUY" dengan target harga Rp7.875 per saham

Performa laba bersih berhasil dipertahankan

Laba bersih INDF meningkat 18,4% YoY pada 2021 menjadi Rp7,64 triliun (+13,0% QoQ). Kenaikan laba bersih tersebut didorong oleh pendapatan yang naik 21,6% YoY pada 2021 menjadi Rp99,4 triliun (+4,0% QoQ). Kemudian, GPM cenderung flattish pada 32,7% pada 2021, kendati beban pokok naik 21,7% YoY. Kemudian, beban operasional meningkat 17,2% YoY pada 2021 terutama akibat kenaikan beban penjualan dari distribusi dan freight. Meski demikian, INDF berhasil menjaga margin tetap kuat pada 17,0% pada 2021, naik dibandingkan 16,5% pada 2020. Adapun, INDF mencatatkan penurunan pendapatan keuangan 77,6% YoY, sementara itu beban keuangan juga meningkat 53,8% YoY. Sementara itu, net gearing stabil di 0,86x pada 2021.

Kenaikan harga CPO menjaga margin tetap stabil

Pertumbuhan net sales INDF pada 2021 ditopang oleh segmen konsumer yang meningkat 21,3% YoY dengan kontribusi mencapai 53,0%. EBIT margin produk konsumer cenderung naik dari 11,2% pada 2020 menjadi 11,6% pada 2021. Disusul oleh segmen agribisnis yang tumbuh 35,3% YoY, ditengah kenaikan harga CPO global. Margin segmen agribisnis juga naik signifikan dari 6,5% pada 2020 menjadi 12,5% pada 2021, yang juga diikuti oleh peningkatan kontribusi terhadap pendatapan INDF dari dari 16,3% pada 2020 menjadi 18,3% pada 2021. Kenaikan dari segmen agribisnis ini menjaga margin INDF secara keseluruhan tetap stabil. Kemudian, segmen Bogasari tumbuh 12,7% YoY pada 2021, tetapi margin segmen cenderung turun dari 3,8% pada 2020 menjadi 3,3%.

Akan ditopang oleh segmen agribisnis

Kami memperkirakan pertumbuhan INDF dapat mencapai 5% YoY pada tahun ini, yang ditopang oleh agribisnis dan consumer. Kami memprediksi EBIT margin untuk segmen agribisnis dapat meningkat bertahan diatas 10% pada 2022 ditengah peningkatan harga CPO mengingat masih tingginya harga minyak bumi karena konflik di Eropa Timur, supply yang terbatas karena cuaca yang menantang, dan peningkatan permintaan terhadap vegetable oil di pasar global. Adapun, India juga telah mereduksi bea impor CPO. Namun, kami memprediksi ada peluang untuk koreksi harga CPO pada 1H22. Sehingga, kami merevisi keatas harga ASP CPO tahun ini menjadi RM4.500. Kami melihat aturan DMO/DPO berpengaruh terbatas bagi INDF karena mayoritas pasokan untuk afiliasi. Sedangkan, untuk consumer, kami melihat peningkatan harga komoditas pangan terutama gandum dapat berpengaruh negative terhadap margin. Adapun, kami mencatat daya beli masyarakat yang tengah pulih dapat berpotensi tertekan karena inflasi tinggi.

Rekomendasi BUY ditengah daya beli yang menguat

Kami merekomendasikan "BUY" saham INDF ini dengan target harga Rp7.875 per saham, yang merefleksikan PER 2022E berada pada 6.93x. Rekomendasi kami telah memfaktorisasi 1) permintaan yang cenderung resilient untuk produk consumer dan bogasari; 2) harga CPO yang tetap bullish sehingga menopang performa segmen agribisnis; 3) pangsa pasar yang besar dan 4) leverage yang cenderung terkendali. Namun, kami melihat resiko dari 1) peningkatan harga komoditas terutama pangan dan energy dapat menekan margin segmen konsumer; 2) koreksi harga CPO yang sudah tinggi; 3) persaingan untuk produk-produk consumer dan 4) potensi pelemahan daya beli karena inflasi yang lebih tinggi.

FINANCIAL OVERVIEW

Income Statement (Rp bn)	FY2020	FY2021	YoY Change	3Q2021	4Q2021	QoQ Change
Revenue	**81,731**	**99,346**	*21.6%*	**25,516**	**26,537**	*4.0%*
Cost of Revenue	(54,979)	(66,882)	*21.6%*	(17,357)	(18,131)	*4.5%*
Gross Profit	**26,752**	**32,464**	*21.4%*	**8,159**	**8,406**	*3.0%*
Gross Margin (%)	***32.7%***	***32.7%***		***32.0%***	***31.7%***	
Operating Expenses	(13,300)	(15,582)	*17.2%*	(4,413)	(3,757)	*(14.9%)*
Operating Profit	**13,452**	**16,882**	*25.5%*	**3,746**	**4,649**	*24.1%*
Operating Margin (%)	***14.8%***	***15.6%***		***14.7%***	***17.5%***	
Non-Operating Income (Losses)	(463)	(2,426)	*(424.3%)*	(119)	(746)	*729.1%*
Pretax Income	**12,990**	**14,456**	*11.3%*	**3,865**	**3,903**	*1.0%*
Income Tax (Expense)/ Benefit	(3,674)	(3,253)	*(11.5%)*	(905)	(701)	*(22.5%)*
Profit for This Year	**9,315**	**11,204**	*20.3%*	**2,960**	**3,202**	*8.2%*
Net Profit (Losses)	**6,456**	**7,642**	*18.4%*	**1,976**	**2,323**	*13.0%*
Profit Margin (%)	***7.9%***	***7.7%***		***7.3%***	***7.2%***	

Sources : Company and KB Valbury Sekuritas

FINANCIAL TABLES

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Year End Dec (Rp bn)	2020A	2021A	2022E	2023F	2024F
Revenue	**81,731**	**99,346**	**104,340**	**110,588**	**122,161**
Revenue growth yoy	*6.7%*	*21.6%*	*5.0%*	*6.0%*	*10.5%*
- Cost of Goods Sold	(54,979)	(66,882)	(70,017)	(73,989)	(81,488)
Gross Income	**26,752**	**32,464**	**34,323**	**36,599**	**40,674**
- Operating Expenses	(14,655)	(16,405)	(17,065)	(18,498)	(20,780)
Operating Income	**12,985**	**16,982**	**17,258**	**18,101**	**19,894**
Op income growth yoy	*28.7%*	*30.8%*	*1.6%*	*4.9%*	*9.9%*
- Non Operating Gains (Losses)	(558)	(2,526)	(2,654)	(2,948)	(2,935)
EBITDA	**16,553**	**20,755**	**20,951**	**22,011**	**23,606**
Pretax Income	**12,426**	**14,456**	**14,603**	**15,152**	**16,959**
- Income Tax Expense	(3,674)	(3,253)	(4,532)	(4,702)	(5,263)
Profit for This Year	**8,752**	**11,204**	**10,071**	**10,450**	**11,696**
- Minority Interests	2,296	3,561	2,341	2,366	2,571
Net Income	**6,456**	**7,642**	**7,730**	**8,084**	**9,125**
Net income growth yoy	*31.5%*	*18.4%*	*1.2%*	*4.6%*	*12.9%*
EPS (IDR)	**735**	**870**	**880**	**921**	**1,039**
Dividends Per Share (IDR)	**278**	**431***	**439**	**459**	**519**

Sources: Company, Bloomberg and KB Valbury Sekuritas
**) Estimate*

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Year End Dec (Rp bn)	2020A	2021A	2022E	2023F	2024F
Total Current Assets	**38,418**	**54,183**	**48,757**	**53,874**	**57,914**
+ Cash & Near Cash Items	17,337	29,478	22,023	24,902	26,958
+ Short Term Investments	1	1,154	1,248	1,353	1,446
+ Accounts & Notes Receivable	6,429	7,626	8,252	8,943	9,556
+ Inventories	11,150	13,557	14,671	15,899	16,988
+ Other Current Assets	3,500	2,368	2,563	2,777	2,968
Total Long-Term Assets	**124,718**	**125,173**	**137,863**	**142,192**	**147,967**
+ Property, Plant & Equip, Net	47,369	48,222	49,640	50,614	51,279
Property, Plant & Equip	77,116	81,487	86,878	92,062	97,378
Accumulated Depreciation	29,747	33,265	37,238	41,448	46,099
+ Long Term Investments	11,724	4,549	9,767	10,575	10,637
+ Other Long Term Assets	65,625	72,402	78,456	81,003	86,051
Total Assets	**163,137**	**179,356**	**186,620**	**196,067**	**205,881**
Total Current Liabilities	**27,976**	**40,403**	**41,001**	**43,906**	**47,840**
+ Payables & Accruals	11,707	12,285	13,695	15,084	16,686
+ Short Term Borrowings	14,813	17,395	14,799	14,958	15,289
+ Other Short Term Liabilities	1,456	10,724	12,507	13,864	15,865
Total Long Term Liabilities	**56,023**	**52,321**	**54,136**	**54,274**	**54,527**
+ Long Term Borrowings	38,700	44,628	45,882	45,427	45,153
+ Other Long Term Borrowings	17,323	7,693	8,255	8,847	9,374
Total Liabilities	**83,998**	**92,724**	**95,138**	**98,180**	**102,367**
+ Share Capital & APIC	1,162	1,162	1,162	1,162	1,162
+ Retained Earnings & Other Eq.	31,116	36,855	40,728	44,778	49,350
+ Other Equity	10,097	10,247	10,386	10,971	11,104
Total Shareholders Equity	42,374	48,265	52,276	56,911	61,616
+ Minority/Non Controlling Int.	36,764	38,367	39,207	40,976	41,899
Total Equity	**79,138**	**86,632**	**91,483**	**97,887**	**103,514**
Total Liabilities & Equity	**163,137**	**179,356**	**186,620**	**196,067**	**205,881**
Book Value Per Share (IDR)	**4,826**	**5,497**	**5,954**	**6,482**	**7,017**

Sources: Company, Bloomberg and KB Valbury Sekuritas

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year End Dec (Rp bn)	2020A	2021A	2022E	2023F	2024F
Net Income	6,456	7,642	7,730	8,084	9,125
+ Depreciation & Amortization	3,569	3,772	3,972	4,210	4,651
+ Other Non-Cash Adjustments	3,831	3,278	3,452	3,658	4,041
Cash From Operating Activities	**13,855**	**14,693**	**15,154**	**15,953**	**17,817**
+ Disposal of Fixed Assets	43	72	78	84	90
+ Capital Expenditures	(4,592)	(4,595)	(4,616)	(4,743)	(5,332)
+ Other Investing Activities	(33,087)	(1,967)	(6,054)	(2,547)	(5,048)
Cash From Investing Activities	**(37,637)**	**(6,490)**	**(10,593)**	**(7,206)**	**(10,290)**
+ Dividends Paid	(2,441)	(2,441)	(3,857)	(4,034)	(4,553)
+ Change in long Term Borrowing	30,091	8,287	(6,746)	(455)	(273)
+ Other Financing Activities	(1,033)	(1,490)	(1,414)	(1,379)	(644)
Cash From Financing Activities	**27,384**	**3,946**	**(12,017)**	**(5,868)**	**(5,471)**
Net Changes in Cash	**3,603**	**12,149**	**(7,456)**	**2,879**	**2,057**

Sources: Company, Bloomberg and KB Valbury Sekuritas

RATIO ANALYSIS

Year End Dec	2020A	2021A	2022E	2023F	2024F
Valuation Ratios					
Price Earnings*	8.92	7.27	6.93	6.63	5.87
EV to EBIT*	7.22	5.19	5.43	5.00	4.59
EV to EBITDA*	5.66	4.24	4.40	4.05	3.69
Price to Sales*	0.70	0.56	0.51	0.48	0.44
Price to Book*	1.36	1.15	1.02	0.94	0.87
Dividend Yield*	4.2%	6.8%**	7.2%	7.5%	8.5%
Profitability Ratios					
Gross Margin	32.73%	32.68%	32.90%	33.10%	33.30%
EBITDA Margin	20.25%	20.89%	20.08%	19.90%	19.32%
Operating Margin	15.89%	17.09%	16.54%	16.37%	16.28%
Profit Margin	7.90%	7.69%	7.41%	7.31%	7.47%
Return on Assets	3.96%	4.26%	4.14%	4.12%	4.43%
Return on Equity	15.23%	15.83%	14.79%	14.20%	14.81%
Leverage & Coverage Ratios					
Current Ratio	1.37	1.34	1.19	1.23	1.21
Quick Ratio	0.97	1.01	0.83	0.86	0.86
Interest Coverage Ratio (EBIT/I)	7.40	5.97	5.68	5.36	5.74
Tot Debt/Capital	0.48	0.53	0.53	0.53	0.53
Tot Debt/Equity	1.26	1.29	1.16	1.06	0.98
Others					
Asset Turnover	0.50	0.55	0.56	0.56	0.59
Accounts Receivable Turnover	12.71	13.03	12.64	12.37	12.78
Accounts Payable Turnover	6.98	8.09	7.62	7.33	7.32
Inventory Turnover	7.33	7.33	7.11	6.96	7.19

**) based on market price (05/04/2022) at Rp6,100*
***) Estimate*

Sources: Company, Bloomberg and KB Valbury Sekuritas

Disclaimer

This report is prepared by PT KB Valbury Sekuritas, a member of the Indonesia Stock Exchange, or its subsidiaries or its affiliates ("KBVS"). All the material presented in this report is under copyright to KBVS. None of the parts of this material, nor its contents, may be copied, photocopied, or duplicated in any form or by any means or altered in any way, or transmitted to, or distributed to any other party without the prior written consent of KBVS.

The research presented in this report is based on the information obtained by KBVS from sources believed to be reliable, however KBVS do not make representations as to their accuracy, completeness or correctness. KBVS accepts no liability for any direct, indirect and/or consequential loss (including any claims for loss of profit) arising from the use of the material presented in this report and further communication given or relied in relation to this document. The material in this report is not to be construed as an offer or a solicitation of an offer to buy or sell any securities or financial products. This report is not to be relied upon in substitution for the exercise of independent judgement. Past performance and no representation or warranty, express or implied, is made regarding future performance. Information, valuations, opinions, forecasts and estimates contained in this report reflects a judgement at its original date of publication by KBVS and are subject to change without notice, its accuracy is not guaranteed ot it may be incomplete.

The Research Analyst(s) primarily responsible for the content of this research report, in part or as a whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The Analyst also certifies that no part of his/her compensation was, is or will related to specific recommendation views expressed in this report. It also certifies that the views and recommendations expressed in this report do not and will not take into account client circumstances, objectives, needs and no intentions involved as a use for recommendations for sale or buy any securities or financial instruments.

KB Valbury Sekuritas

Headquarters
Menara Karya, 9th Floor
Jl. H.R. Rasuna Said Blok X-5 Kav 1-2
Jakarta 12950, Indonesia
T +62 21 255 33 600
F +62 21 255 33 778

Branch Office

Jakarta - Kelapa Gading
Rukan Plaza Pasifik
Jl. Raya Boulevard Barat Blok A1 No. 10
Jakarta 11620
T +62 21 - 29451577

Jakarta - Puri Indah
Rukan Grand Aries Niaga
Blok E.1 No. 1 V Jl. Taman Aries, Kembangan,
Jakarta 14450
T +62 21 - 22542390
F +62 21 - 29264310

Jakarta - Pluit
Jl. Pluit Putra Raya No. 2
Jakarta 14240
T +62 21 - 29264300
F +62 21 - 22542391

Bandung
Jl. HOS Cokroaminoto No. 82
Bandung 40171
T +62 22 - 87255888
T +62 22 - 87255800
F +62 22 - 87255811

Semarang
Candi Plaza Building Lt. Dasar
Jl. Sultan Agung No. 90-90A
Semarang 50252
T +62 24 - 3521888
T +62 24 - 8501122
F +62 24 - 8507450

Yogyakarta
Jl. Magelang KM 5.5 no. 75
Yogyakarta 55284
T +62 274 - 4469500
T +62 274 - 623111
F +62 274 - 623222

Surabaya
Pakuwon Center Tunjungan Plaza Lantai 21
Jl. Embong Malang No.1
Surabaya 60261
T +62 31 - 2955777
T +62 31 - 2955788
F +62 31 - 2955716

Denpasar
Komplek Ibis Styles Hotel
Jl. Teuku Umar No. 177
Denpasar Bali 80114
T +62 361 - 255888
T +62 361 - 225229
F +62 361 - 225339

Banjarmasin
Jl.Gatot Subroto No.33 Kel. Kebun Bunga
Kec. Banjarmasin Timur
Kalimantan Selatan 70235
T +62 511 - 3265918
F +62 511 - 3253432

Solo
Jl. Ronggo Warsito no. 34
Solo 57118
T +62 271 632888
F +62 271 656988

Makasar
Ratulangi Points Lt. 3
Jl. Dr Sam Ratulangi No. 2 Kunjungmae, Mariso
Makassar, Sulawesi Selatan 90125
T +62 411 8955999

Malang
Jl. Pahlawan Trip no. 7
Malang 65112
T +62 341 - 585888
F +62 341 - 560056

Medan
Komplek Jati Junction No. P5-5A
Jl. Perintis Kemerdekaan
Medan 20218
T +62 61 - 88816222
F 62 61 - 88816333

Pekanbaru
Jl. Tuanku Tambusai
Komplek CNN Blok A No.3 Pekanbaru 28291
T +62 761 - 839393
Galeri Investasi

Padang
Jl. Kampung Nias II no. 10,
Kel. Belakang Pondok,
Kec. Padang Selatan
T +62 751 8955747

Manado
Kawasan Megamas, Ruko Megaprofit
Blok IF2 No. 38 Manado. 95254
T +62 431 7917 836
F +62 431 880 2129

Solo
Jl. Ronggowarsito No. 34
Surakarta 57118
T +62 271 - 632888

Palembang
Komp. PTC Mall Blok I No. 7 Jl. R. Sukamto Kel. 8 Ilir
Kec. Ilir Timur II Palembang 30114
T 07115700281

Galeri Investasi

Padang
Jl. Kampung Nias II no. 10,
Kel. Belakang Pondok,
Kec. Padang Selatan
T +62 751 8955747

Manado
Kawasan Megamas, Ruko Megaprofit
Blok IF2 No. 38 Manado. 95254
T +62 431 7917 836
F +62 431 880 2129

Solo
Jl. Ronggowarsito No. 34
Surakarta 57118
T +62 271 - 632888

Palembang
Komp. PTC Mall Blok I No. 7 Jl. R. Sukamto Kel. 8 Ilir
Kec. Ilir Timur II Palembang 30114
T 07115700281

Galeri Investasi BEI - KBVS

Yogyakarta
Universitas Kristen Duta Wacana
T +62 274 - 544032

Manado
Universitas Prisma Manado
T 0431 8800850

Jakarta
Universitas Gunadarma
T +62 21 - 8727541