

PT Indofood Sukses Makmur Tbk (INDF)

Food and Beverages

Strong recovery, but challenged by raw material inflation

08 June 2022

Recommendations : BUY

Stock

Price on 07/06/2022 (Rp)	6,925
12M target price (Rp)	8,900
Capital gain potential	29%

Stock Data

Outstanding shares	8,780,426,500
Market cap (Rp)	60,804,453,512,500
Weight vs IHSG (%)	1.09

Shareholders

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

Price Performance

52-week high/low	Rp6,975/Rp5,725
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Capital gain/(loss) (in %)

1 month	3 month	6 month	1 Year	YTD
9.92	16.88	8.63	8.63	9.49

Summary of Financial Performance

In IDR bn	2021A	2022E	2023F
Revenue	99,346	111,721	117,600
Operating Income	16,982	19,670	20,639
OPM (%)	17.09%	17.61%	17.55%
EBITDA	20,755	21,929	22,768
EV to EBITDA (x)*	4.24	4.60	4.50
Net Income	7,642	8,137	8,469
NPM (%)	7.69%	7.28%	7.20%
EPS (Rp)	870	927	965
EPS Growth (%)	18.4%	6.5%	4.1%
Price Earnings (x)*	7.27	7.47	7.18
Price to Book (x)*	1.15	1.15	1.05
Price to Sales (x)*	0.56	0.54	0.52
Return on Equity (%)	15.83%	15.33%	14.69%
Return on Assets (%)	4.26%	4.58%	4.53%
Tot Debt/Equity (x)	1.29	1.16	1.10

*) based on market price (07/06/2022) at Rp6,925

Sources :Company, Bloomberg and KB Valbury Sekuritas

Laba bersih INDF naik 37,6% YoY pada 1Q22 menjadi Rp3,6 triliun
 Penjualan INDF diperkirakan dapat tumbuh 13% YoY pada tahun ini
 Rekomendasi "BUY" dengan target harga Rp8.900 per saham

Kenaikan laba bersih didorong dari penurunan beban keuangan

Laba bersih INDF pada 1Q22 tumbuh 37,5% YoY pada 1Q22 menjadi Rp3,57 triliun. Pertumbuhan laba bersih ditopang oleh penurunan beban keuangan 32,7% YoY menjadi Rp1,05 triliun dan net sales yang naik 11,8% YoY pada 1Q22, terutama dari produk consumer dan bogasari. Tetapi, GPM turun dari 34,7% pada 1Q21 menjadi 32,9% pada 1Q22 akibat kenaikan beban pokok 14,9% YoY terutama dari kenaikan harga bahan baku, ditengah kenaikan harga gandum. Kemudian, beban operasional naik 6,0% YoY pada 1Q22 menjadi Rp3,84 triliun dari kenaikan dari penyisihan penurunan nilai piutang plasma dan kenaikan beban penjualan. Sehingga, margin operasional turun dari 20,0% pada 1Q21 menjadi 19,0% pada 1Q22. Kendati demikian, net gearing meningkat menjadi 0,95x pada 1Q22.

Kontraksi EBIT margin consumer akibat peningkatan gandum

Penurunan EBIT margin INDF secara keseluruhan utamanya diakibatkan oleh segmen konsumen yang turun dari 23,5% pada 1Q21 menjadi 19,5% pada 1Q22 akibat peningkatan harga gandum. Adapun, kontribusi segmen konsumen meningkat dari 54,7% pada 1Q21 menjadi 56,4% pada 1Q22. Sedangkan, EBIT segmen agribisnis juga melompat tajam dari 10,0% pada 1Q21 menjadi 25,3% seiring dengan kenaikan harga CPO di pasar global ditengah permintaan meningkat dari India. Kami menilai bahwa pelarangan ekspor CPO dan turunannya oleh pemerintah dalam tiga minggu tidak terlalu berpengaruh karena porsi domestik yang cukup tinggi. Walaupun, penjualan segmen agribisnis turun 12,9% YoY pada 1Q22 utamanya akibat penurunan volume karena halangan cuaca. Sehingga, kontribusi segmen agribisnis turun dari 17,6% pada 1Q21 menjadi 13,6% pada 1Q22. EBIT segmen bogasari sedikit kontraksi dari 7,6% pada 1Q21 menjadi 7,2% pada 1Q22.

Inflasi bahan baku menjadi tantangan utama

Kami memperkirakan pertumbuhan INDF dapat mencapai 13% YoY pada tahun 2022, terutama ditopang oleh segmen consumer. Namun, kami memperkirakan harga gandum yang tinggi, dengan harga dapat bertahan di kisaran USD10-USD11 per bushel, ditengah supply yang ketat, akibat perang Ukraina- Rusia dan adanya aturan pelarangan ekspor gandum di India. Akan tetapi, dengan penguatan daya beli dapat membuka ruang untuk pass on harga. Sehingga, EBIT margin consumer dapat dipertahankan pada 18-19% pada 2022. Di sisi lain, untuk segmen agrobisnis, kami memperkirakan harga CPO juga berada di atas level 2021, yakni diatas RM6.000 per MT, jauh dibandingkan ekspektasi kami sebelumnya yakni RM4.500 per MT karena permasalahan supply yang ketat dan normalisasi kegiatan di Cina. Di sisi lain, kami menilai adanya penghapusan subsidi minyak dapat berdampak positif. Adapun, adanya ketidakpastian dari pengenaan aturan termasuk yang juga yang berbasis price control untuk komoditas CPO oleh pemerintah menjadi resiko utama.

Rekomendasi BUY ditengah perbaikan daya beli

Kami merekomendasikan "BUY" dengan target harga Rp8.900 per saham, yang merefleksikan PER 2022E berada pada 7,47x. Rekomendasi kami telah memfaktorisasi 1) permintaan yang cenderung resilient untuk produk consumer dan bogasari; 2) harga CPO yang tetap bullish sehingga menopang performa segmen agrobisnis; 3) pangsa pasar yang besar terutama untuk segmen konsumen dan 4) leverage yang cenderung terkendali. Namun, kami melihat resiko dari 1) peningkatan harga komoditas soft commodities; 2) potensi koreksi harga CPO yang sudah tinggi; 3) persaingan untuk produk-produk consumer dan 4) potensi pelemahan daya beli karena inflasi yang lebih tinggi.

Analyst(s)

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Alfiansyah

PT Indofood Sukses Makmur Tbk (INDF)

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FINANCIAL OVERVIEW

Income Statement (Rp bn)	1CQ2021	1CQ2022	YoY Change	4Q2021	1Q2022	QoQ Change
Revenue	24,555	27,447	11.8%	26,537	27,447	3.4%
Cost of Revenue	(16,027)	(18,406)	14.9%	(18,131)	(18,406)	1.5%
Gross Profit	8,528	9,041	6.0%	8,406	9,041	7.6%
Gross Margin (%)	34.7%	32.9%		31.7%	32.9%	
Operating Expenses	(3,622)	(3,837)	(6.0)	(3,757)	(3,837)	2.5%
Operating Profit	4,906	5,203	6.1%	4,649	5,203	11.9%
Operating Margin (%)	20.0%	19.0%		16.4%	18.7%	
Non-Operating Income (Losses)	(1,418)	(988)	(30.3%)	(746)	(988)	32.5%
Pretax Income	3,489	4,215	20.8%	3,903	4,215	8.0%
Income Tax (Expense)/ Benefit	(863)	(912)	5.6%	(701)	(912)	30.7%
Profit for This Year	2,626	3,303	25.8%	3,202	3,303	3.2%
Minority	(897)	(946)	5.4%	(970)	(946)	(2.5%)
Net Profit (Losses)	1,729	2,358	36.4%	1,912	2,387	2.1%
Profit Margin (%)	7.0%	8.6%		7.2%	8.7%	

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	111,721	117,600	125,755
Revenue growth yoy	6.7%	21.6%	12.5%	5.3%	6.9%
- Cost of Goods Sold	(54,979)	(66,882)	(76,474)	(80,262)	(85,577)
Gross Income	26,752	32,464	35,247	37,337	40,178
- Operating Expenses	(14,655)	(16,405)	(15,577)	(16,698)	(17,761)
Operating Income	12,985	16,982	19,670	20,639	22,417
Op income growth yoy	28.7%	30.8%	15.8%	4.9%	8.6%
- Non Operating Gains (Losses)	(558)	(2,526)	(2,747)	(2,852)	(2,976)
EBITDA	16,553	20,755	21,929	22,768	24,334
Pretax Income	12,426	14,456	16,923	17,787	19,441
- Income Tax Expense	(3,674)	(3,253)	(5,059)	(5,417)	(6,021)
Profit for This Year	8,752	11,204	11,865	12,370	13,420
- Minority Interests	(2,296)	(3,561)	(3,727)	(3,901)	(4,083)
Net Income	6,456	7,642	8,137	8,469	9,338
Net income growth yoy	31.5%	18.4%	6.5%	4.1%	10.3%
EPS (IDR)	735	870	927	965	1,063
Dividends Per Share (IDR)	278	331*	462	480	533

Sources: Company, Bloomberg and KB Valbury Sekuritas

*) Estimate

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Year End Dec (Rp bn)	2020A	2021A	2022E	2023F	2024F
Total Current Assets	38,418	54,183	48,296	51,096	56,847
+ Cash & Near Cash Items	17,337	29,478	21,562	22,123	25,890
+ 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	129,430	135,982	140,312
+ Property, Plant & Equip, Net	47,369	48,222	49,207	51,753	52,487
Property, Plant & Equip	77,116	81,487	86,878	94,062	99,755
Accumulated Depreciation	29,747	33,265	37,671	42,309	47,268
+ Long Term Investments	11,724	4,549	4,767	5,256	6,418
+ Other Long Term Assets	65,625	72,402	75,456	78,973	81,407
Total Assets	163,137	179,356	177,726	187,078	197,158
Total Current Liabilities	27,976	40,403	30,001	31,187	32,927
+ Payables & Accruals	11,707	12,285	13,695	14,084	15,473
+ Short Term Borrowings	14,813	17,395	14,799	14,958	15,289
+ Other Short Term Liabilities	1,456	10,724	1,507	2,145	2,165
Total Long Term Liabilities	56,023	52,321	55,136	57,580	59,897
+ Long Term Borrowings	38,700	44,628	46,882	48,733	50,723
+ Other Long Term Borrowings	17,323	7,693	8,255	8,847	9,174
Total Liabilities	83,998	92,724	85,138	88,766	92,824
+ Share Capital & APIC	1,162	1,162	1,162	1,162	1,162
+ Retained Earnings & Other Eq.	31,116	36,855	40,940	45,192	49,851
+ Other Equity	10,097	10,247	10,968	11,319	11,972
Total Shareholders Equity	42,374	48,265	53,070	57,672	62,985
+ Minority/Non Controlling Int.	36,764	38,367	39,518	40,639	41,350
Total Equity	79,138	86,632	92,588	98,311	104,334
Total Liabilities & Equity	163,137	179,356	177,726	187,078	197,158
Book Value Per Share (IDR)	4,826	5,497	6,044	6,568	7,173

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	8,137	8,469	9,338
+ Depreciation & Amortization	3,569	3,772	4,406	4,638	4,959
+ Other Non-Cash Adjustments	3,831	3,278	3,828	4,030	4,309
Cash From Operating Activities	13,855	14,693	16,371	17,137	18,606
+ Disposal of Fixed Assets	43	72	77	82	87
+ Capital Expenditures	(4,592)	(4,595)	(7,805)	(8,216)	(8,786)
+ Other Investing Activities	(33,087)	(1,967)	(3,054)	(3,517)	(2,433)
Cash From Investing Activities	(37,637)	(6,490)	(10,783)	(11,651)	(11,132)
+ Dividends Paid	(2,441)	(2,441)	(4,052)	(4,218)	(4,678)
+ Change in long Term Borrowing	30,091	8,287	(7,746)	851	1,990
+ Other Financing Activities	(1,033)	(1,490)	(1,707)	(1,558)	(1,018)
Cash From Financing Activities	27,384	3,946	(13,505)	(4,924)	(3,706)
Net Changes in Cash	3,603	12,149	(7,917)	561	3,768

Sources: Company, Bloomberg and KB Valbury Sekuritas

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RATIO ANALYSIS

Year End Dec	2020A	2021A	2022E	2023F	2024F
Valuation Ratios					
Price Earnings*	8.92	7.27	7.47	7.18	6.51
EV to EBIT*	7.22	5.19	5.76	5.65	5.21
EV to EBITDA*	5.66	4.24	4.60	4.50	4.15
Price to Sales*	0.70	0.56	0.54	0.52	0.48
Price to Book*	1.36	1.15	1.15	1.05	0.97
Dividend Yield*	4.2%	5.2%**	6.7%	6.9%	7.7%
Profitability Ratios					
Gross Margin	32.73%	32.68%	31.55%	31.75%	31.95%
EBITDA Margin	20.25%	20.89%	19.63%	19.36%	19.35%
Operating Margin	15.89%	17.09%	17.61%	17.55%	17.83%
Profit Margin	7.90%	7.69%	7.28%	7.20%	7.43%
Return on Assets	3.96%	4.26%	4.58%	4.53%	4.74%
Return on Equity	15.23%	15.83%	15.33%	14.69%	14.83%
Leverage & Coverage Ratios					
Current Ratio	1.37	1.34	1.61	1.64	1.73
Quick Ratio	0.97	1.01	1.12	1.13	1.21
Interest Coverage Ratio (EBIT/I)	7.40	5.97	5.67	5.65	5.78
Tot Debt/Capital	0.48	0.53	0.50	0.51	0.52
Tot Debt/Equity	1.26	1.29	1.16	1.10	1.05
Others					
Asset Turnover	0.50	0.55	0.63	0.63	0.64
Accounts Receivable Turnover	12.71	13.03	13.54	13.15	13.16
Accounts Payable Turnover	6.98	8.09	8.16	8.35	8.13
Inventory Turnover	7.33	7.33	7.62	7.40	7.40

*) based on market price (07/06/2022) at Rp6,925

**) Estimate

Sources: Company, Bloomberg and KB Valbury Sekuritas

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