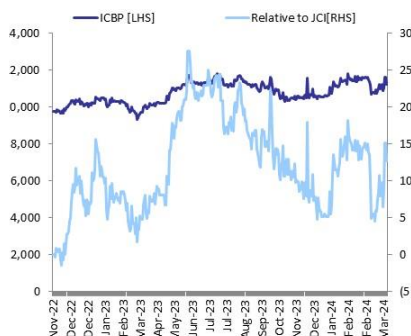


# Buy

(Maintained)

Last Price (Rp)	11,225
Target Price (Rp)	12,900
Previous Target Price (Rp)	13,000
Upside/Downside	+14.9%
No. of Shares (mn)	11,662
Mkt Cap (Rpbn/US\$mn)	130,905/8,238
Avg, Daily T/O (Rpbn/US\$mn)	59.6/3.8
Free Float (%)	19.5
Major Shareholder (%)	
Indofood Sukses Makmur Tbk	80.5
EPS Consensus (Rp)	
	2024F 2025F 2026F
BRIDS	909.8 956.1 1,066.5
Consensus	825.4 885.8 975.8
BRIDS/Cons (%)	10.2 7.9 9.3

## ICBP relative to JCI Index



Source: Bloomberg

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## Indofood CBP Sukses Makmur (ICBP JJ) Still a solid outlook post FY23 one-off impairment

- Strong FY23 EBIT performance supported by solid volume/top line and improved gross margins thanks to subdued input prices.
- We forecast FY24F core profit growth of +9.5% supported by solid revenue driven by 4-5% yoy volume growth and steady margins.
- Attractively valued at 12.3x FY24 PE, maintain Buy rating with a lower TP of Rp12,900 implying FY24F PE of 13.8x, still below -1SD of avg-5y PE.

**FY23: Solid EBIT margin backed by robust revenue and subdued input prices**  
ICBP reported FY23 revenue growth of 4.8% yoy, mostly driven by higher ASP and volume growth. All divisions reported positive volume growth except for Dairy (-4% yoy) and Nutrition & Special Foods (-9% yoy). As raw material prices remain subdued, ICBP reported a high FY23 EBIT margin at 21.8% despite higher spending in A&P (3.5% to revenue vs 3.3% in FY22) and higher salary/employee compensation benefits (3.8% to FY23 revenue vs 3.2% in FY22). Currency depreciation in Nigeria (-34.8% Ytd and -67.0% yoy) led the company to impair its investment in its associate Dufil, resulting in a non-cash permanent impairment of Rp2.4tn. This weighed on the FY23 net profit. Nonetheless, excluding the impairment and forex gains, ICBP reported FY23 core profit of Rp9.3tr, +27% yoy, still inline with our forecast (97%) and the consensus (105%).

### FY24F core profits estimated to grow by 9.5% yoy

ICBP guides for 5-8% yoy FY24 top line growth (driven by volume) with a higher range for EBIT margins of 19-21% (18-20% in previous years) amid the expectation of stable input prices. We expect ICBP to book FY24-25F revenue growth of 6.9% yoy and 8.6% yoy, respectively, supported by 4-5% yoy volume driven by Noodles (4-5% yoy), Snack (+4%) and Food Seasoning (8-11%). As we assume a stable outlook for input prices (Wheat at US\$600/bush and CPO: MYR3,650/ton), we also expect ICBP to maintain its gross margin at around 37% (vs 2018-22 range of 32% - 37%) and opex/revenue at around 15%. Below the operating line, we expect core net profits growth of +9.5% yoy (robust FY24F net profit growth of +52% yoy absence of Rp2.3tn of impairments).

### Maintain Buy rating with a slightly lower TP of Rp12,900

At the current share price, ICBP trades at FY24 PE of 12.3x (25% discount vs. peer of 16.4x) with the expectation of decent core profit growth of 9.5% yoy, amid its more resilient nature. Taking into account our new forecast, we maintain our Buy rating with a lower TP of Rp12,900 (from Rp13,000 prev.), implying FY24F PE of 13.8x, still below its -1SD avg-5y PE of 14.7x.

### Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Revenue (Rpbn)	64,798	67,910	72,592	78,855	85,629
EBITDA (Rpbn)	13,743	16,151	17,343	18,916	20,370
EBITDA Growth (%)	7.2	17.5	7.4	9.1	7.7
Net Profit (Rpbn)	4,587	6,991	10,610	11,150	12,438
EPS (Rp)	393.4	599.4	909.8	956.1	1,066.5
EPS Growth (%)	(28.3)	52.4	51.8	5.1	11.5
BVPS (Rp)	3,131.4	3,494.2	4,117.5	4,638.8	5,259.7
DPS (Rp)	188.0	286.5	434.8	457.0	509.7
PER (x)	28.5	18.7	12.3	11.7	10.5
PBV (x)	3.6	3.2	2.7	2.4	2.1
Dividend yield (%)	1.7	2.6	3.9	4.1	4.5
EV/EBITDA	11.7	9.6	8.7	7.7	6.9

Source: ICBP, BRIDS Estimates

## Still a solid outlook post FY23 one-off impairment

### FY23 result summary

ICBP reported FY23 net profit of Rp7tr (+52.4% yoy). The FY23 net profit is 76% of our FY23F and 78% of consensus estimates, i.e., below. In 2023, ICBP reported impairment losses on Investments in Associates (DPFP with a 49% stake in the Nigeria business) of Rp2.48tn, which weighed on the FY23 net profit. Excluding the impairment and forex gains, ICBP reported FY23 core profit of Rp9.3tn, +27% yoy, still inline with our forecast (97%) and the consensus (105%).

At the top line, Beverages and Nutrition/special foods reported the highest 4Q23 yoy revenue growth of 7.6% yoy and +6.6% yoy, respectively. This supported FY23 revenue growth of 4.8% yoy, driven by Noodles (+6.4% yoy) and Snacks (+6% yoy). Lower raw material costs helped to support the 4Q23 and FY23 gross margin. This offset higher FY23 opex/revenue (especially A&P) to give rise to a better FY23 operating margin of 21.8% (FY22: 19.2%).

### Exhibit 1. 4Q23 result

ICBP	4Q22	3Q23	4Q23	qoq	yoy	FY22	FY23	yoy	2023F	A/F	A/C
Revenue - IDR bn	15,888	16,829	16,603	-1.3%	4.5%	64,798	67,910	4.8%	67,881	100%	99%
COGS	10,082	10,754	10,082	-6.2%	0.0%	43,005	42,784	-0.5%	43,300		
Gross profit	5,806	6,075	6,521	7.3%	12.3%	21,792	25,126	15.3%	24,581	102%	101%
Opex	2,300	2,459	2,902	18.0%	26.1%	9,378	10,352	10.4%	9,793		
Operating profit	3,506	3,616	3,619	0.1%	3.2%	12,414	14,775	19.0%	14,788	100%	99%
Pretax profit	2,036	2,108	974	-53.8%	-52.2%	7,525	11,445	52.1%	13,372		
Net profit	1,278	1,335	(69)	-105.2%	-105.4%	4,587	6,991	52.4%	9,207	76%	78%
Gross margin	36.5%	36.1%	39.3%			33.6%	37.0%		36.2%		
Opex to revenue	14.5%	14.6%	17.5%			14.5%	15.2%		14.4%		
Operating margin	22.1%	21.5%	21.8%			19.2%	21.8%		21.8%		
Pretax margin	12.8%	12.5%	5.9%			11.6%	16.9%		19.7%		
Net margin	8.0%	7.9%	-0.4%			7.1%	10.3%		13.6%		
ICBP - Revenue by divisions											
	4Q22	3Q23	4Q23	qoq	yoy	FY22	FY23	yoy			
Noodles	11,413	12,500	12,042	-3.7%	5.5%	46,261	49,221	6.4%			
Dairy	2,157	1,900	2,254	18.7%	4.5%	9,206	8,910	-3.2%			
Snack food	1,030	1,120	984	-12.2%	-4.5%	3,886	4,118	6.0%			
Beverage	376	422	404	-4.1%	7.6%	1,545	1,609	4.1%			
Nutrition & special food	308	280	329	17.3%	6.6%	1,161	1,219	4.9%			
Food Seasoning	605	607	590	-2.8%	-2.5%	2,738	2,833	3.5%			
EBIT margin	4Q22	3Q23	4Q23			FY22	FY23				
Noodles	26.8%	25.3%	26.1%			23.5%	26.3%				
Dairy	10.2%	6.4%	10.8%			7.3%	7.7%				
Snack food	10.7%	13.9%	9.5%			8.1%	9.9%				
Beverage	2.4%	14.0%	15.3%			4.9%	13.4%				
Nutrition & special food	7.3%	6.6%	7.1%			7.3%	7.6%				
Food Seasoning	13.3%	14.9%	9.0%			14.5%	14.7%				

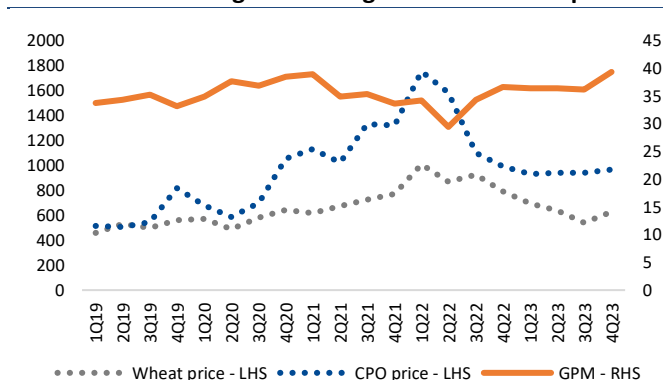
Source: Company, BRIDS Estimates

Exhibit 2. Earning revision

	Previous						Changes		
	2023F	2024F	2025F	2023A	2024F	2025F	2023	2024	2025
Revenue	67,881	73,251	79,338	67,910	72,592	78,855	0.0%	-0.9%	-0.6%
Gross profit	24,581	26,674	29,012	25,126	26,959	29,380	2.2%	1.1%	1.3%
Operating profit	14,788	16,013	17,569	14,775	15,987	17,525	-0.1%	-0.2%	-0.3%
Net profit	9,207	10,695	11,084	6,991	10,610	11,150	-24.1%	-0.8%	0.6%
Gross margin	36.2%	36.4%	36.6%	37.0%	37.1%	37.3%			
Operating margin	21.8%	21.9%	22.1%	21.8%	22.0%	22.2%			
Net margin	13.6%	14.6%	14.0%	10.3%	14.6%	14.1%			
<b>Changes in assumption</b>									
<b>Sales volume</b>									
Noodles	3.0%	4.7%	4.5%	3.0%	4.7%	4.9%			
Dairy	-8.0%	-3.0%	0.0%	-4.0%	2.0%	3.0%			
Snack	2.0%	5.0%	8.0%	1.0%	4.0%	4.0%			
Beverages	-2.0%	2.0%	5.0%	2.0%	4.0%	3.0%			
Nutritional	-11.0%	4.0%	4.0%	-9.0%	-5.0%	-3.0%			
Seasoning	8.0%	7.0%	7.0%	9.0%	11.0%	8.0%			
A&P/sales	3.8%	4.0%	3.9%	3.5%	3.8%	3.7%			
Blended ASP	4.2%	4.0%	3.9%	3.1%	2.4%	3.9%			
Blended volume	1.4%	3.8%	4.3%	2.0%	4.4%	4.6%			

Source: Company, BRIDS Estimates

Exhibit 3. Gross margin vs average wheat and CPO price



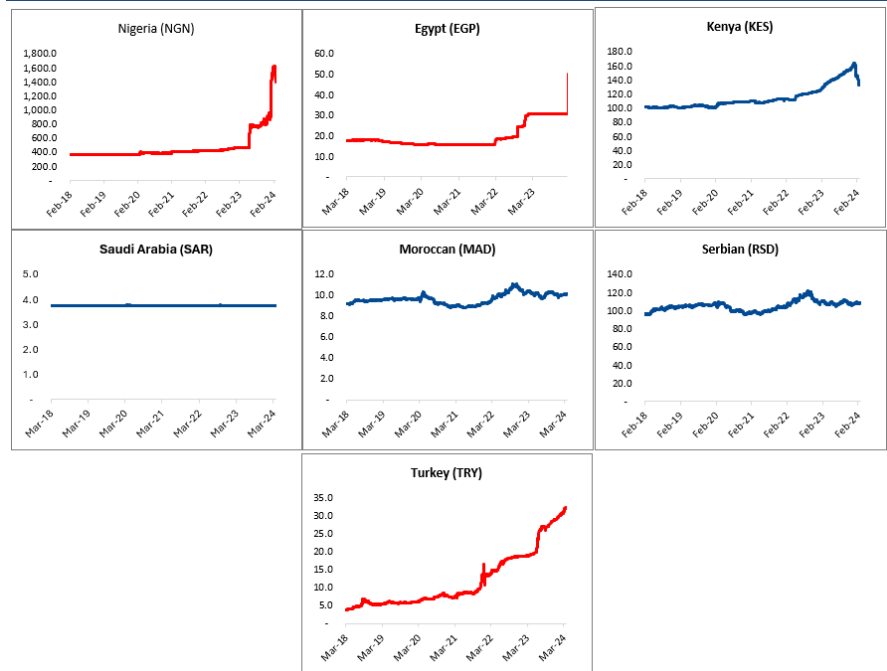
Source: Company, BRIDS Estimates

Exhibit 4. PE band









Source: Company, BRIDS Estimates

Exhibit 5. Exchange rates against USD



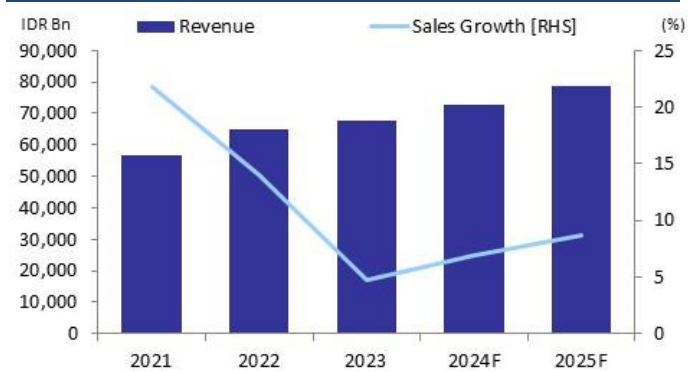
Source: Bloomberg

Exhibit 6. ICBP new products

NEW CATEGORY	LINE EXTENSION	
Food Seasonings	Noodles	Snack Foods
		
		Dairy
		
		Nutrition & Special Foods
		
		Food Seasonings
		

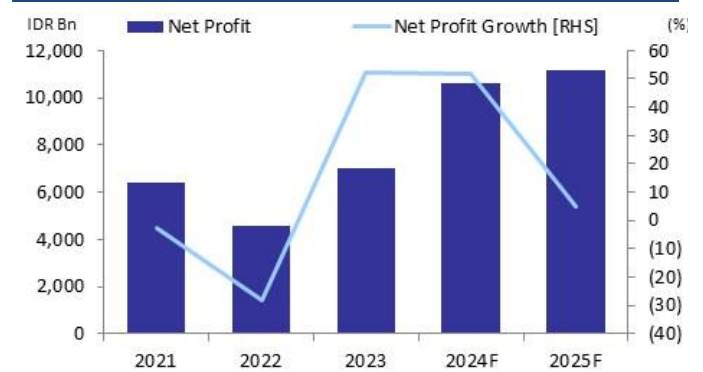
Source: Company

**Exhibit 7. Revenue and Growth**



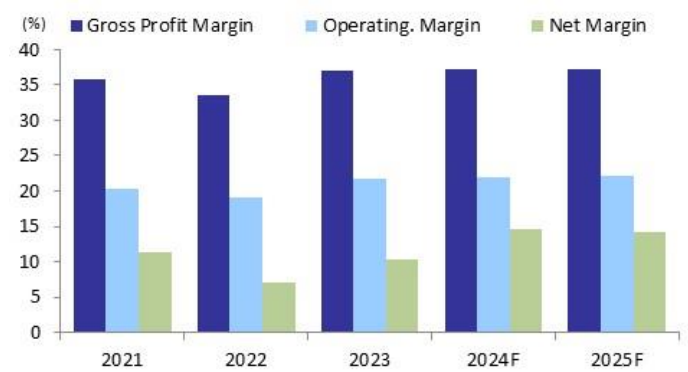
Source: Company, BRIDS Estimates

**Exhibit 8. Net Profit and Growth**



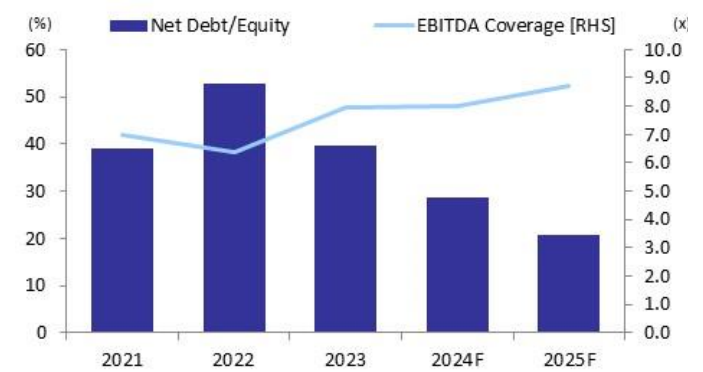
Source: Company, BRIDS Estimates

**Exhibit 9. Margins**



Source: Company, BRIDS Estimates

**Exhibit 10. Gearing Level**



Source: Company, BRIDS Estimates

**Exhibit 11. Income Statement**

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
<b>Revenue</b>	<b>64,798</b>	<b>67,910</b>	<b>72,592</b>	<b>78,855</b>	<b>85,629</b>
COGS	(43,005)	(42,784)	(45,633)	(49,475)	(53,860)
<b>Gross profit</b>	<b>21,792</b>	<b>25,126</b>	<b>26,959</b>	<b>29,380</b>	<b>31,769</b>
<b>EBITDA</b>	<b>13,743</b>	<b>16,151</b>	<b>17,343</b>	<b>18,916</b>	<b>20,370</b>
<b>Oper. profit</b>	<b>12,414</b>	<b>14,775</b>	<b>15,987</b>	<b>17,525</b>	<b>18,955</b>
Interest income	205	523	746	885	1,079
Interest expense	(2,149)	(2,025)	(2,165)	(2,165)	(2,165)
Forex Gain/(Loss)	(4,036)	875	681	0	0
Income From Assoc. Co's	128	(2,316)	113	113	113
Other Income (Expenses)	964	(387)	162	23	55
<b>Pre-tax profit</b>	<b>7,525</b>	<b>11,445</b>	<b>15,524</b>	<b>16,380</b>	<b>18,037</b>
Income tax	(1,803)	(2,980)	(3,462)	(3,653)	(4,022)
Minority interest	(1,135)	(1,475)	(1,452)	(1,577)	(1,577)
<b>Net profit</b>	<b>4,587</b>	<b>6,991</b>	<b>10,610</b>	<b>11,150</b>	<b>12,438</b>
<b>Core Net Profit</b>	<b>7,533</b>	<b>8,819</b>	<b>9,655</b>	<b>11,150</b>	<b>12,438</b>

**Exhibit 12. Balance Sheet**

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Cash & cash equivalent	15,741	19,353	22,940	27,206	33,919
Receivables	7,228	7,524	8,043	8,737	9,488
Inventory	7,132	6,329	6,519	7,068	7,694
Other Curr. Asset	812	1,232	1,317	1,431	1,554
Fixed assets - Net	14,725	14,949	16,497	18,260	20,333
Other non-curr.asset	69,510	67,544	67,450	67,351	66,195
<b>Total asset</b>	<b>115,306</b>	<b>119,267</b>	<b>125,100</b>	<b>132,386</b>	<b>141,517</b>
ST Debt	825	113	0	0	0
Payables	4,725	4,952	5,235	5,676	6,179
Other Curr. Liabilities	3,553	4,511	4,821	5,237	5,687
Long Term Debt	45,181	43,878	42,751	42,811	43,022
Other LT. Liabilities	3,549	3,712	3,432	3,723	4,051
<b>Total Liabilities</b>	<b>57,833</b>	<b>57,164</b>	<b>56,240</b>	<b>57,447</b>	<b>58,939</b>
Shareholder's Funds	36,519	40,749	48,018	54,097	61,339
Minority interests	20,954	21,354	20,842	20,842	21,239
<b>Total Equity &amp; Liabilities</b>	<b>115,306</b>	<b>119,267</b>	<b>125,100</b>	<b>132,386</b>	<b>141,517</b>

**Exhibit 13. Cash Flow**

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Net income	4,587	6,991	10,610	11,150	12,438
Depreciation and Amort.	1,329	1,377	1,355	1,391	1,415
Change in Working Capital	(1,581)	1,191	(221)	(529)	(579)
Other Oper. Cash Flow	1,557	764	1,136	1,566	1,409
<b>Operating Cash Flow</b>	<b>5,893</b>	<b>10,321</b>	<b>12,880</b>	<b>13,578</b>	<b>14,683</b>
Capex	(1,454)	(1,413)	(2,904)	(3,154)	(3,355)
Others Inv. Cash Flow	370	1,258	866	1,018	2,271
<b>Investing Cash Flow</b>	<b>(1,084)</b>	<b>(155)</b>	<b>(2,037)</b>	<b>(2,136)</b>	<b>(1,084)</b>
Net change in debt	(5,021)	(2,016)	(1,239)	60	211
New Capital	231	(321)	(512)	0	397
Dividend payment	(2,507)	(2,192)	(3,341)	(5,071)	(5,329)
Other Fin. Cash Flow	(2,149)	(2,025)	(2,165)	(2,165)	(2,165)
<b>Financing Cash Flow</b>	<b>(9,446)</b>	<b>(6,554)</b>	<b>(7,257)</b>	<b>(7,176)</b>	<b>(6,886)</b>
<b>Net Change in Cash</b>	<b>(4,637)</b>	<b>3,613</b>	<b>3,586</b>	<b>4,266</b>	<b>6,713</b>
Cash - begin of the year	20,378	15,741	19,353	22,940	27,206
Cash - end of the year	15,741	19,353	22,940	27,206	33,919

**Exhibit 14. Key Ratio**

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
<b>Growth (%)</b>					
Sales	14.1	4.8	6.9	8.6	8.6
EBITDA	7.2	17.5	7.4	9.1	7.7
Operating profit	7.5	19.0	8.2	9.6	8.2
Net profit	(28.3)	52.4	51.8	5.1	11.5
<b>Profitability (%)</b>					
Gross margin	33.6	37.0	37.1	37.3	37.1
EBITDA margin	21.2	23.8	23.9	24.0	23.8
Operating margin	19.2	21.8	22.0	22.2	22.1
Net margin	7.1	10.3	14.6	14.1	14.5
ROAA	3.9	6.0	8.7	8.7	9.1
ROAE	13.0	18.1	23.9	21.8	21.5
<b>Leverage</b>					
Net Gearing (x)	0.5	0.4	0.3	0.2	0.1
Interest Coverage (x)	5.8	7.3	7.4	8.1	8.8

Source: ICBP, BRIDS Estimates



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**INVESTMENT RATING**

<b>BUY</b>	Expected total return of 10% or more within a 12-month period
<b>HOLD</b>	Expected total return between -10% and 10% within a 12-month period
<b>SELL</b>	Expected total return of -10% or worse within a 12-month period

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