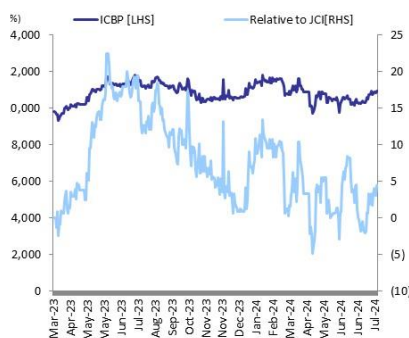


# Buy

(Maintained)

Last Price (Rp)	11,000
Target Price (Rp)	13,400
Previous Target Price (Rp)	12,900
Upside/Downside	+21.8%
No. of Shares (mn)	11,662
Mkt Cap (Rpbn/US\$mn)	127,406/7,836
Avg, Daily T/O (Rpbn/US\$mn)	63.6/3.9
Free Float (%)	80.5
Major Shareholder (%)	
Indofood Sukses Makmur Tbk	80.5
EPS Consensus (Rp)	
	2024F 2025F 2026F
BRIDS	883.7 969.5 1,091.3
Consensus	803.5 892.5 972.5
BRIDS/Cons (%)	10.0 8.6 12.2

## ICBP relative to JCI Index



Source: Bloomberg

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# Indofood CBP Sukses Makmur (ICBP JJ)

## 1H24 Earnings Beat from Solid Volume Growth Across Markets

- 2Q24/1H24 core profit beat was driven by solid volume growth, especially from Noodles in both domestic and overseas markets.
- We raise a 4.9%/3.2% upward revision due to higher volume and margins; expect high margins to sustain amid soft input prices.
- With an undemanding valuation and steady core profit growth, we reiterate our Buy rating with higher TP of Rp13,400 (FY25F PE of 13.8x).

## 2Q24: A volume-driven strong performance

ICBP reported a strong core profit growth of +35% yoy in 1H24 (2Q24: -27.6% qoq/+13% yoy), beating estimates (57%/60% of BRIDS/Cons FY24F), driven by a +7% yoy revenue growth (2Q24: -14.5%qoq/+11% yoy), primarily from strong 2Q24 volume. Noodles volume grew +11%/7% yoy in 2Q24/1H24, with robust domestic growth of +12%/9% yoy in 2Q24/1H24; overseas vol. grew 9% yoy in 1H24. Pinehill continued its positive trend in sales and volume, as evidenced by the 14%/7% yoy revenue increase in 2Q24/1H24 in the Middle East and Africa, with half contributed by ASP adjustments. ICBP indicated improved conditions for the Pinehill market in 2Q24 following the ASP adjustment in several key markets i.e Egypt, Turkey, and Nigeria, which still reported solid noodles volume growth. The dairy segment also reported volume growth of 6%/7% yoy in 2Q24/1H24, supported by new products in UHT (Indomilk Goguma and Dalgona) and Sweet Condensed Milk. Other divisions, contributing 15% to 1H24 rev., also reported positive vol growth ranging from 2-10%.

## FY24-25F: 4.9%/3.2% upward revision on higher volume and margins

Following strong 1H24 volume and mgmt's indication of no urgency to further adjust prices this year due to soft input prices, we have raised our FY24/25F volume growth to 5.4%/5.3% yoy (from 4.4%/4.6%), with lower ASP growth of 1.8%/2.4% from 2.4%/3.9% yoy prev. We also estimate higher gross margins of 70/60bps in FY24/25F. Additionally, we forecast lower A&P/rev of 3.5%/3.6% from 3.8%/3.7% prev. This results in a projected FY24/25F core profit growth of 13.6%/7% yoy (4.9%/3.2% upward revision).

## Reiterate our Buy rating with a higher TP of Rp13,400

In 2H24, we expect ICBP to continue benefiting from the continued positive sales trend in the Pinehill markets, driven by stronger seasonality toward the end of year (2H21-23 comprised of 52-56% of Pinehill FY rev.). Meanwhile, in the domestic market, product affordability and the growing preference for local FMCG products will continue to sustain sales volume. On the back of these factors, we maintain our Buy rating with a higher DCF-based TP of Rp13,400 (implying FY25F PE of 13.8x) as we roll over our valuation.

## Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Revenue (Rpbn)	64,798	67,910	72,868	78,526	84,887
EBITDA (Rpbn)	13,743	16,151	18,025	19,201	20,789
EBITDA Growth (%)	7.2	17.5	11.6	6.5	8.3
Net Profit (Rpbn)	4,587	6,991	10,306	11,306	12,726
EPS (Rp)	393.4	599.4	883.7	969.5	1,091.3
EPS Growth (%)	(28.3)	52.4	47.4	9.7	12.6
BVPS (Rp)	3,131.4	3,494.2	4,091.4	4,638.5	5,277.8
DPS (Rp)	188.0	286.5	422.4	463.3	521.6
PER (x)	28.0	18.4	12.4	11.3	10.1
PBV (x)	3.5	3.1	2.7	2.4	2.1
Dividend yield (%)	1.7	2.6	3.8	4.2	4.7
EV/EBITDA	11.5	9.5	8.2	7.5	6.6

Source: ICBP, BRIDS Estimates

## 1H24 Earnings Beat from Solid Volume Growth Across Markets

### ICBP 1H24 Result

ICBP booked a strong core profit growth of +35% yoy in 1H24 (2Q24: -27.6% qoq/+13% yoy), exceeding estimates (57%/60% of BRIDS/Cons FY24F), driven by a +7% yoy revenue growth (2Q24: -14.5%qoq/+11% yoy).

The revenue of noodles, snack food, beverages and food seasoning grew by approximately 8% yoy growth, with improved EBIT margin in most segments except food seasoning and nutrition. In terms of volume, noodles and dairy grew by around 7% yoy, beverages (+10% yoy), seasoning (+8% yoy), while nutritional remained flat. Export revenue accelerated by +11.5% yoy, with the Middle East and Africa growing by 6.6% yoy, contributing 22% of 1H24 rev. while domestic rev. +5.6% yoy. However, the 1H24 net profit (-38% yoy), below expectations at 36%/38% of BRIDS/Cons FY24F, respectively.

Exhibit 1. ICBP's 2Q24 Earnings Result

ICBP	1H23	1H24	yoy	2Q23	1Q24	2Q24	yoy	qoq	2024F	A/F	A/C
Revenue - Rpbn	34,479	36,961	7.2%	15,335	19,922	17,039	11.1%	-14.5%	72,592	51%	51%
COGS	21,948	22,979	4.7%	9,766	12,321	10,658	9.1%	-13.5%	45,672		
Gross profit	12,530	13,983	11.6%	5,569	7,601	6,381	14.6%	-16.0%	26,920	52%	53%
Opex	4,991	5,316	6.5%	2,335	2,800	2,516	7.8%	-10.1%	10,972		
Operating profit	7,539	8,667	15.0%	3,235	4,802	3,865	19.5%	-19.5%	15,948	54%	55%
Pretax profit	8,363	5,532	-33.9%	2,857	3,399	2,133	-25.3%	-37.2%	14,496		
Net profit	5,725	3,538	-38.2%	1,771	2,352	1,186	-33.0%	-49.6%	9,811	36%	38%
Core profit	4,222	5,713	35.3%	2,124	3,313	2,400	13.0%	-27.6%	10,076	57%	60%
Gross margin	36.3%	37.8%		36.3%	38.2%	37.5%			37.1%		
Opex to revenue	14.5%	14.4%		15.2%	14.1%	14.8%			15.1%		
Operating margin	21.9%	23.4%		21.1%	24.1%	22.7%			22.0%		
Pretax margin	24.3%	15.0%		18.6%	17.1%	12.5%			20.0%		
Net margin	16.6%	9.6%		11.5%	11.8%	7.0%			13.5%		
ICBP - Revenue by divisions											
	1H23	1H24	yoy	2Q23	1Q24	2Q24	yoy	qoq			
Noodles	24,679	26,602	7.8%	11,028	14,307	12,295	11.5%	-14.1%			
Dairy	4,757	4,920	3.4%	2,126	2,704	2,216	4.3%	-18.0%			
Snack food	2,014	2,184	8.5%	901	1,119	1,065	18.2%	-4.9%			
Beverage	783	844	7.8%	389	426	417	7.4%	-2.1%			
Nutrition & special food	610	648	6.2%	293	335	313	6.7%	-6.7%			
Food Seasoning	1,636	1,764	7.8%	600	1,030	734	22.3%	-28.8%			
EBIT margin	1H23	1H24		2Q23	1Q24	2Q24					
Noodles	26.9%	27.9%		26.0%	28.6%	27.1%					
Dairy	6.7%	11.5%		6.0%	13.4%	9.3%					
Snack food	7.9%	9.6%		8.0%	8.0%	11.3%					
Beverage	12.0%	15.2%		12.2%	16.5%	14.0%					
Nutrition & special food	8.3%	8.2%		6.3%	9.9%	6.4%					
Food Seasoning	16.7%	15.8%		17.2%	14.8%	17.1%					

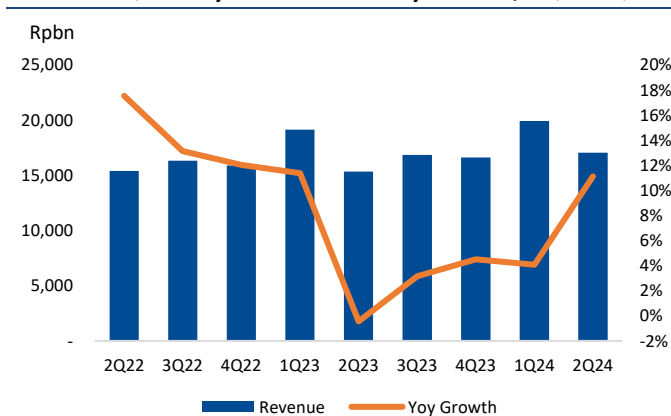
Source: Company, BRIDS Estimates

Exhibit 2. ICBP's Estimates Revision

(Rpbn)	Previous			New			Changes		
	2024F	2025F	2026F	2024F	2025F	2026F	2024	2025	2026
Revenue	72,592	78,855	85,629	72,868	78,526	84,887	0.4%	-0.4%	-0.9%
Gross profit	26,920	29,157	31,515	27,538	29,537	31,910	2.3%	1.3%	1.3%
Operating profit	15,948	17,302	18,701	16,670	17,809	19,375	4.5%	2.9%	3.6%
Net profit	9,811	10,958	12,222	10,306	11,306	12,726	5.0%	3.2%	4.1%
Core profit	10,076	10,958	12,222	10,571	11,306	12,726	4.9%	3.2%	4.1%
Gross margin	37.1%	37.0%	36.8%	37.8%	37.6%	37.6%			
Operating margin	22.0%	21.9%	21.8%	22.9%	22.7%	22.8%			
Net margin	13.5%	13.9%	14.3%	14.1%	14.4%	15.0%			
A&P/sales	3.8%	3.7%	3.6%	3.5%	3.6%	3.5%			
Blended ASP	2.4%	3.9%	3.9%	1.8%	2.4%	2.5%			
Blended volume	4.4%	4.6%	4.5%	5.4%	5.3%	5.5%			

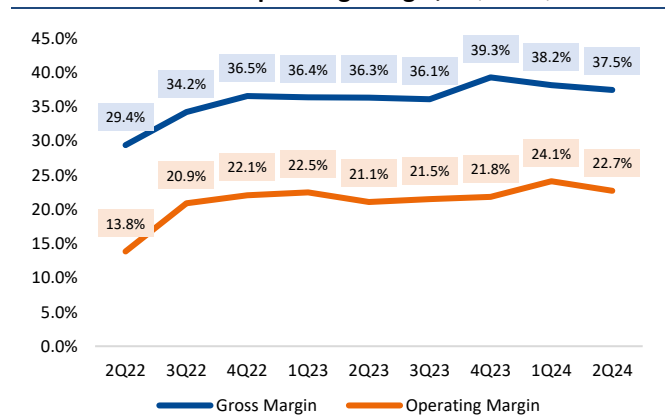
Source: BRIDS Estimates

Exhibit 3. Quarterly Revenue and Yoy Growth, 2Q22-2Q24



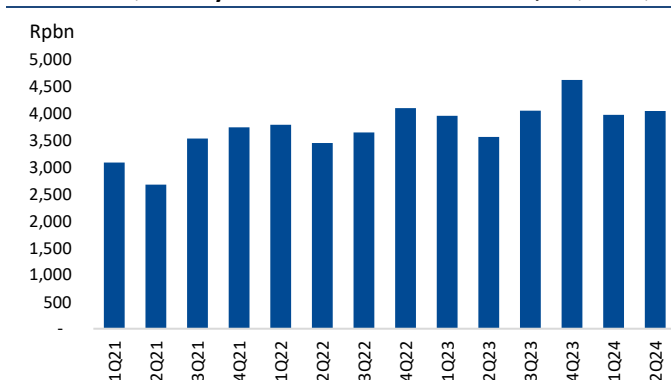
Source: Company, BRIDS

Exhibit 4. Gross and Operating Margin, 2Q22-2Q24



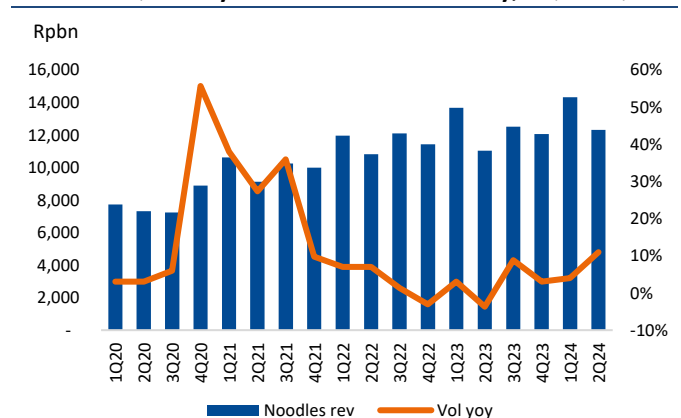
Source: Company, BRIDS Estimates

Exhibit 5. Quarterly Rev. Middle East and Africa, 1Q21-2Q24



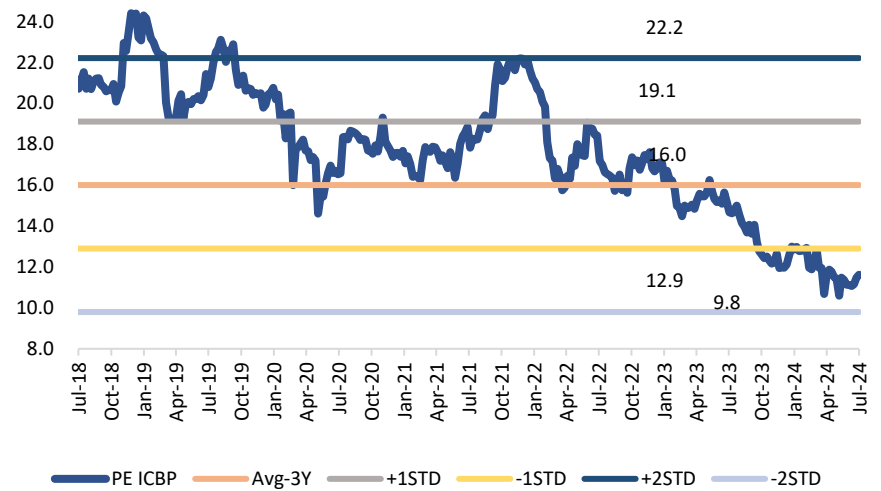
Source: Company, BRIDS

Exhibit 6. Quarterly Rev Noodles and Vol Yoy, 1Q21-2Q24



Source: Company, BRIDS

Exhibit 7. ICBP's PE Band



Source: BRIDS Estimates, Bloomberg

Exhibit 8. ICBP's Peers Comparison

Ticker	Rec	Target	Market Cap	P/E (x)		P/BV (x)		ROE (%)	Dividend yield (%)	EPS growth (%)		Core profit growth (%)	
		(Rp)	(Rpbn)	2024F	2025F	2024F	2025F	2024F	2024F	2024F	2025F	2024F	2025F
ICBP IJ	Buy	13,400	126,530	12.3	11.2	2.7	2.3	23.3	3.9	47.4	9.7	13.6	7.0
UNVR IJ	Sell	2,200	94,990	20.9	20.8	27.9	27.8	134.2	4.8	(5.2)	0.5	(5.2)	0.5
KLBF IJ	Buy	1,600	73,830	25.9	23.9	3.2	3.0	12.9	2.0	3.0	8.3	(2.1)	9.5
INDF IJ	Buy	8,000	53,780	5.5	5.0	0.8	0.7	15.5	5.4	19.0	11.4	19.3	6.3
MYOR IJ	Buy	3,200	58,360	16.9	15.6	3.4	3.0	21.1	2.8	5.3	8.1	(2.2)	11.3
SIDO IJ	Buy	810	24,450	17.9	16.3	6.2	6.0	34.8	5.1	25.9	10.0	9.4	8.8
Sector - weighted				16.6	15.6	8.3	8.1	44.9	3.9	17.8	7.6	5.3	6.8

Source: BRIDS Estimates, Bloomberg

**Exhibit 9. Income Statement**

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
<b>Revenue</b>	<b>64,798</b>	<b>67,910</b>	<b>72,868</b>	<b>78,526</b>	<b>84,887</b>
COGS	(43,005)	(42,784)	(45,331)	(48,989)	(52,977)
<b>Gross profit</b>	<b>21,792</b>	<b>25,126</b>	<b>27,538</b>	<b>29,537</b>	<b>31,910</b>
<b>EBITDA</b>	<b>13,743</b>	<b>16,151</b>	<b>18,025</b>	<b>19,201</b>	<b>20,789</b>
<b>Oper. profit</b>	<b>12,414</b>	<b>14,775</b>	<b>16,670</b>	<b>17,809</b>	<b>19,375</b>
Interest income	205	523	839	996	1,227
Interest expense	(2,149)	(2,025)	(2,194)	(2,165)	(2,165)
Forex Gain/(Loss)	(4,036)	875	(265)	0	0
Income From Assoc. Co's	128	(2,316)	113	113	113
Other Income (Expenses)	964	(387)	163	21	52
<b>Pre-tax profit</b>	<b>7,525</b>	<b>11,445</b>	<b>15,327</b>	<b>16,774</b>	<b>18,602</b>
Income tax	(1,803)	(2,980)	(3,418)	(3,741)	(4,148)
Minority interest	(1,135)	(1,475)	(1,603)	(1,728)	(1,728)
<b>Net profit</b>	<b>4,587</b>	<b>6,991</b>	<b>10,306</b>	<b>11,306</b>	<b>12,726</b>
<b>Core Net Profit</b>	<b>8,624</b>	<b>9,307</b>	<b>10,571</b>	<b>11,306</b>	<b>12,726</b>

**Exhibit 10. Balance Sheet**

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Cash & cash equivalent	15,741	19,353	22,595	27,203	34,148
Receivables	7,228	7,524	8,074	8,701	9,405
Inventory	7,132	6,329	6,476	6,998	7,568
Other Curr. Asset	812	1,232	1,322	1,425	1,540
Fixed assets - Net	14,725	14,949	16,508	18,257	20,316
Other non-curr.asset	69,510	67,544	67,451	67,349	66,191
<b>Total asset</b>	<b>115,306</b>	<b>119,267</b>	<b>124,760</b>	<b>132,267</b>	<b>141,503</b>
ST Debt	825	113	0	0	0
Payables	4,725	4,952	5,200	5,620	6,077
Other Curr. Liabilities	3,553	4,511	4,840	5,216	5,638
Long Term Debt	45,181	43,878	42,747	42,805	43,008
Other LT. Liabilities	3,549	3,712	3,417	3,691	3,991
<b>Total Liabilities</b>	<b>57,833</b>	<b>57,164</b>	<b>56,204</b>	<b>57,331</b>	<b>58,714</b>
Shareholder's Funds	36,519	40,749	47,714	54,094	61,550
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>124,760</b>	<b>132,267</b>	<b>141,503</b>

**Exhibit 11. Cash Flow**

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Net income	4,587	6,991	10,306	11,306	12,726
Depreciation and Amort.	1,329	1,377	1,355	1,392	1,415
Change in Working Capital	(1,581)	1,191	(231)	(484)	(540)
Other Oper. Cash Flow	1,557	764	1,057	1,438	1,233
<b>Operating Cash Flow</b>	<b>5,893</b>	<b>10,321</b>	<b>12,487</b>	<b>13,653</b>	<b>14,834</b>
Capex	(1,454)	(1,413)	(2,915)	(3,141)	(3,341)
Others Inv. Cash Flow	370	1,258	959	1,129	2,420
<b>Investing Cash Flow</b>	<b>(1,084)</b>	<b>(155)</b>	<b>(1,956)</b>	<b>(2,012)</b>	<b>(921)</b>
Net change in debt	(5,021)	(2,016)	(1,243)	57	203
New Capital	231	(321)	(512)	0	397
Dividend payment	(2,507)	(2,192)	(3,341)	(4,926)	(5,403)
Other Fin. Cash Flow	(2,149)	(2,025)	(2,194)	(2,165)	(2,165)
<b>Financing Cash Flow</b>	<b>(9,446)</b>	<b>(6,554)</b>	<b>(7,290)</b>	<b>(7,033)</b>	<b>(6,968)</b>
<b>Net Change in Cash</b>	<b>(4,637)</b>	<b>3,613</b>	<b>3,241</b>	<b>4,608</b>	<b>6,945</b>
Cash - begin of the year	20,378	15,741	19,353	22,595	27,203
Cash - end of the year	15,741	19,353	22,595	27,203	34,148

**Exhibit 12. Key Ratio**

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
<b>Growth (%)</b>					
Sales	14.1	4.8	7.3	7.8	8.1
EBITDA	7.2	17.5	11.6	6.5	8.3
Operating profit	7.5	19.0	12.8	6.8	8.8
Net profit	(28.3)	52.4	47.4	9.7	12.6
Core profit	32.1	7.9	13.6	7.0	12.6
<b>Profitability (%)</b>					
Gross margin	33.6	37.0	37.8	37.6	37.6
EBITDA margin	21.2	23.8	24.7	24.5	24.5
Operating margin	19.2	21.8	22.9	22.7	22.8
Net margin	7.1	10.3	14.1	14.4	15.0
ROAA	3.9	6.0	8.4	8.8	9.3
ROAE	13.0	18.1	23.3	22.2	22.0
<b>Leverage</b>					
Net Gearing (x)	0.5	0.4	0.3	0.2	0.1
Interest Coverage (x)	5.8	7.3	7.6	8.2	9.0

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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