

## BUY (Unchanged)

**Target Price (IDR)** 12,000 (from 12,000)  
**Potential Upside (%)** 18.8

### Price Comparison

**Cons. Target Price (IDR)** 12,166  
**SSI vs. Cons. (%)** 98.6

### Stock Information

**Last Price (IDR)** 10,100  
**Shares Issued (Mn)** 11,662  
**Market Cap. (IDR Bn)** 116,911  
**52-Weeks High/Low (IDR)** 10,600/7,050  
**3M Avg. Daily Value (IDR Bn)** 45.5  
**Free Float (%)** 19.5

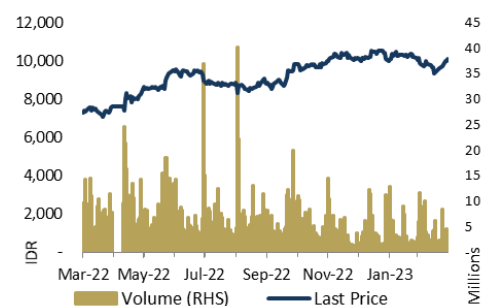
**Shareholder Structure:**

Indofood Sukses Makmur (%) 80.5  
 Publik (%) 19.5

### Stock Performance

(%)	YTD	1M	3M	12M
Absolute	0.3	(1.0)	(1.5)	37.3
JCI Return	(0.5)	(0.4)	(0.6)	(2.8)
Relative	0.8	(0.6)	(0.8)	40.1

### Stock Price & Volumes, 12M



### Company Background

Established in 2009, PT Indofood CBP (Consumer Branded Products) Tbk is a subsidiary of PT Indofood Sukses Makmur Tbk which engaged in the production of consumer products (instant noodles, dairy products, snacks, food seasonings, nutrition and specialty foods, and beverages).



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## Stay on the Right Track

**FY22: Instant noodles remain the primary growth driver.** ICBP posted revenue growth of +12.0% YoY in 4Q22, boosting its full-year revenue to IDR 64.8 trillion (+14.1% YoY), in line with our forecast (99.3% FY22 projection). The positive performance was mainly driven by the +15.8% yoy growth in revenue from instant noodles (73.3% of ICBP's revenue), supported by the significant increase in ASP (+12% YoY) (ICBP raised its ASP to maintain EBIT margin amid raw material spike). Due to ICBP's position as the market leader in the Indonesian instant noodle industry (market share >70%), its instant noodle segment managed to record sales volume growth (+3% YoY) even with a higher ASP. Besides instant noodles, almost all of ICBP's other business segments experienced sales volume growth, including snacks (+10% YoY), food seasonings (+12% YoY), nutrition and specialty foods (+1% YoY), and beverages (+5% YoY).

**Recovery of EBIT margin.** ICBP reported an EBIT margin of 24.1% in 4Q22 (+158bps qoq), marking its successful recovery from the massive slump in 2Q22 (15.2%). Almost all ICBP's business segments reported better EBIT margins, except for nutrition and specialty foods (-168bps qoq) and beverages (-322bps qoq). Regarding its full-year figure, ICBP's EBIT margin was relatively stable at 20.6%, with an EBIT of IDR 13.4 trillion (+14.6% YoY). With the decline in raw material prices, we expect ICBP's EBIT margin to stabilize at 20.7% in FY23F.

**Unrealized forex loss of IDR 4 trillion.** Even though ICBP's FY22 net profit slipped -28.3% YoY to IDR 4.6 trillion, it was still in line with our estimates (101.3% of SSI's FY22 projection). The drop in net profit was mainly caused by unrealized forex loss (IDR 4 trillion) triggered by rupiah depreciation (-9.3% YoY) and did not reflect ICBP's operating performance (ICBP's core profit went up +7% YoY to IDR 7.3 trillion). The forex loss came from financing activities, specifically the USD 2.75 billion global bonds issued to repay ICBP's debt related to the Pinehill acquisition. It should be noted that the Middle East and African market (Pinehill's target) actually outperformed the Indonesian market in FY22 (sales growth: +14.8% YoY vs. +14.1% YoY), with those area's contribution to ICBP's consolidated sales increasing to 23.1% from 22.9% in FY21. Going forward, we expect Pinehill to record another positive growth in FY23F, albeit with a lower growth rate, considering economic challenges in its target market (high inflation and currency depreciation), which may hurt people's purchasing power in those areas.

**BUY, TP IDR 12,000.** Supported by post-pandemic mobility recovery and more distribution channels, we project ICBP to book revenue growth of +11.0% YoY in FY23F, with EBIT growth of +11.1% YoY. We reiterate our BUY rating on ICBP with a TP of IDR 12,000 (15.1x FY23F PE).

### Forecasts and Valuations (at closing price IDR 10,100 per share)

Y/E Dec	20A	21A	22A	23F	24F
Revenue (IDR bn)	46,641	56,804	64,798	71,904	78,099
EBITDA (IDR bn)	10,177	12,781	14,514	15,994	17,814
EV/EBITDA(x)	13.6	10.7	10.2	8.8	7.7
Adj. Net Profit (IDR bn)	6,587	6,388	8,624	9,571	9,929
EPS (IDR)	565	548	740	797	851
EPS Growth (%)	30.7	-3.0	35.0	7.8	6.8
P/E Ratio (x)	17.9	18.4	13.7	12.7	11.9
P/BV Ratio (x)	4.0	3.5	3.2	2.7	2.4

**Table 1. ICBP 4Q22 Results**

(IDR Bn)	4Q21	3Q22	4Q22	QoQ	YoY	FY21	FY22	YoY
Revenue	14,182	16,316	15,888	-2.6%	12.0%	56,804	64,798	14.1%
Gross Profit	4,755	5,584	5,806	4.0%	22.1%	20,287	21,792	7.4%
Operating Profit	2,849	3,672	3,826	4.2%	34.3%	11,674	13,378	14.6%
Net Profit	1,430	1,379	1,278	-7.3%	-10.6%	6,399	4,587	-28.3%
Gross Profit Margin	33.5%	34.2%	36.5%	232 bps	301 bps	35.7%	33.6%	-208 bps
Operating Margin	20.1%	22.5%	24.1%	158 bps	399 bps	20.6%	20.6%	10 bps
Net Margin	10.1%	8.5%	8.0%	-41 bps	-204 bps	11.3%	7.1%	-419 bps

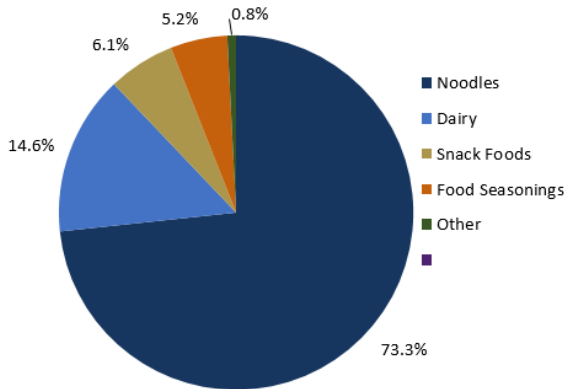
Source: Company, SSI Research

**Table 2. ICBP 4Q22 Results (by Segment)**

Revenue (IDR Bn)	4Q21	3Q22	4Q22	QoQ	YoY	FY21	FY22	YoY
Noodles	10,241	12,206	11,729	-3.9%	14.5%	40,991	47,476	15.8%
Dairy	2,352	2,011	2,214	10.1%	-5.9%	9,145	9,444	3.3%
Snack Foods	846	981	1,054	7.4%	24.7%	3,390	3,970	17.1%
Food Seasonings	581	839	724	-13.7%	24.6%	2,854	3,363	17.8%
Nutrition and Special Foods	284	266	308	15.8%	8.5%	1,048	1,161	10.8%
Beverages	339	414	376	-9.2%	11.0%	1,342	1,545	15.1%
Operating Profit (IDR Bn)	4Q21	3Q22	4Q22	QoQ	YoY	FY21	FY22	YoY
Noodles	2,560	3,131	3,063	-2.2%	19.7%	9,962	10,875	9.2%
Dairy	64	65	221	238.9%	245.4%	772	670	-13.3%
Snack Foods	42	82	110	33.5%	164.6%	314	314	-0.2%
Food Seasonings	95	76	80	5.0%	-15.2%	374	396	6.0%
Nutrition and Special Foods	33	24	23	-5.7%	-31.2%	84	85	1.1%
Beverages	13	23	9	-60.9%	-28.4%	29	75	157.7%
OPM	4Q21	3Q22	4Q22	QoQ	YoY	FY21	FY22	YoY
Noodles	25.0%	25.6%	26.1%	47 bps	112 bps	24.3%	22.9%	-140 bps
Dairy	2.7%	3.2%	10.0%	674 bps	726 bps	8.4%	7.1%	-135 bps
Snack Foods	4.9%	8.4%	10.4%	204 bps	552 bps	9.3%	7.9%	-137 bps
Food Seasonings	16.3%	9.1%	11.1%	198 bps	-520 bps	13.1%	11.8%	-132 bps
Nutrition and Special Foods	11.5%	9.0%	7.3%	-168 bps	-422 bps	8.0%	7.3%	-70 bps
Beverages	3.8%	5.6%	2.4%	-322 bps	-134 bps	2.2%	4.9%	270 bps

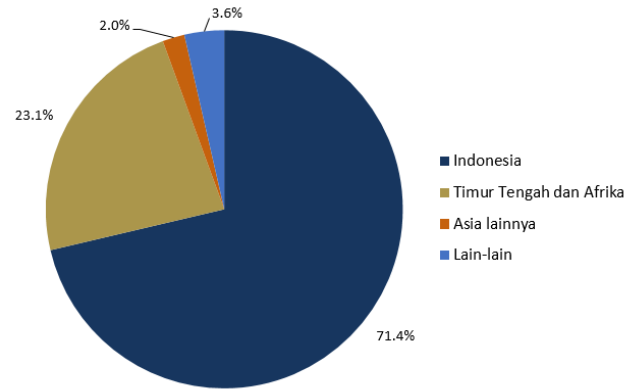
Source: Company, SSI Research

**Figure 1. Revenue Mix FY22 (Business Segments)**



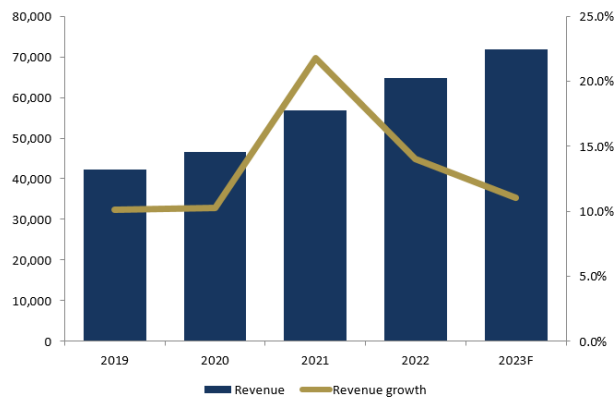
Source: Company, SSI Research

**Figure 2. Revenue Mix FY22 (Geographic)**



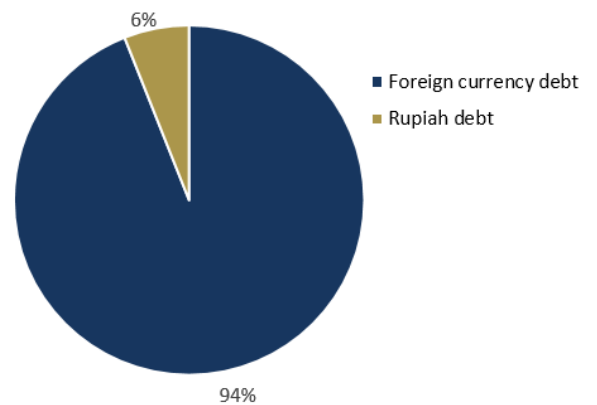
Source: Company, SSI Research

**Figure 3. Revenue Growth**



Source: Bloomberg, SSI Research

**Figure 4. Debt Composition**



Source: Company, SSI Research

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