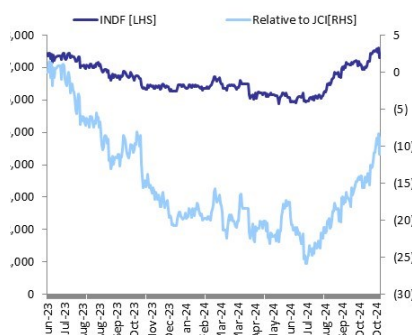


Buy

(Maintained)

Last Price (Rp)	7,800
Target Price (Rp)	8,800
Previous Target Price (Rp)	8,000
Upside/Downside	+12.8%
No. of Shares (mn)	8,780
Mkt Cap (Rpbn/US\$mn)	69,146/4,394
Avg, Daily T/O (Rpbn/US\$mn)	67.7/4.3
Free Float (%)	49.9
Major Shareholder (%)	
FIRST PACIFIC COMPANY LIMITED	50.1
VANGUARD GROUP	1.6
EPS Consensus (Rp)	
	2024F 2025F 2026F
BRIDS	1,153.8 1,325.2 1,401.0
Consensus	1,152.0 1,324.0 1,550.0
BRIDS/Cons (%)	0.2 0.1 (9.6)

INDF relative to JCI Index



Source: Bloomberg

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Indofood Sukses Makmur (INDF JJ)

CPO price stability and volume growth underpin FY24-25F Outlook

- Strong volume growth from ICBP and Bogasari, higher CPO prices, and lower fertilizer costs supported INDF's solid 9M24 performance.
- We project FY24/25F core profit growth of 5.8% and 9.3% yoy, driven by ICBP and robust performance in the agribusiness division.
- We expect INDF will benefit from lower fertilizer costs until 1H25. We maintain a Buy rating with a higher TP of Rp8,800 (FY25F PE of 6.6x).

Expect FY24/25F revenue to grow by +4%/6.2% yoy

We forecast FY24/25F top line growth of 4%/6.2% yoy, mainly driven by ICBP (+7.7%/8% yoy) despite a lower ASP assumption potentially impacting Bogasari FY24F revenue (-2% yoy). Yet, we estimate Bogasari FY25F revenue to grow by 6% yoy amidst stable wheat price (615 cents/bush, based on Bloomberg consensus) with a projected 4% yoy volume growth. For the Agribusiness division, we expect normalizing CPO prices to MYR3,825/ton in FY25 (based on Bloomberg consensus vs. MYR4,005/ton in FY24) and 3% yoy CPO sales volume to drive our projected -3% yoy revenue contraction in FY25.

Expect FY24/25F core profit growth of 5.8%/9.3% yoy

At the operating level, we expect ICBP to maintain its FY24/25F EBIT margin at 22%, driven mostly by volume growth (+6.9%/5.7% yoy). For Bogasari, we expect stable wheat prices and volume growth to maintain the FY24/25F EBIT margin at 7%, still within the company's guidance of 6-8%. With the outlook for soft FY25F CPO prices and fertilizer prices, we estimate an FY25F EBIT margin of 15% for the agribusiness. Against this backdrop, we forecast FY24/25F net profit growth of 24%/14.9% yoy and core profit growth of 5.8%/9.3% yoy.

Maintain Buy rating with a higher TP of Rp8,800

We expect INDF will benefit from lower fertilizer costs until 1H25, which will sustain a high margin in its agribusiness division. We roll over our valuation to FY25 and maintain our Buy rating with a higher TP of Rp8,800 based on the mid value of SOTP and 45% valuation discount to ICBP. INDF currently trades at FY25F PE of 5.9x (54% disc to ICBP's 13x). Key risks are soft commodity prices and Rupiah depreciation.

Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Revenue (Rpbn)	110,830	111,704	116,139	123,380	131,998
EBITDA (Rpbn)	21,953	23,063	28,374	29,617	32,197
EBITDA Growth (%)	7.7	5.1	23.0	4.4	8.7
Net Profit (Rpbn)	6,359	8,147	10,131	11,641	12,301
EPS (Rp)	724.2	927.9	1,153.8	1,325.8	1,401.0
EPS Growth (%)	(17.0)	28.1	24.4	14.9	5.7
BVPS (Rp)	6,132.3	6,741.5	7,573.3	8,497.1	9,435.2
DPS (Rp)	277.9	257.0	329.3	409.4	470.5
PER (x)	10.9	8.5	6.8	5.9	5.6
PBV (x)	1.3	1.2	1.0	0.9	0.8
Dividend yield (%)	3.5	3.3	4.2	5.2	6.0
EV/EBITDA	5.0	4.6	3.5	3.0	2.5

Source: INDF, BRIDS Estimates

Solid 3Q24 results supported by ICBP & improved margin from Agri division
 INDF reported 3Q24/9M24 revenue growth of 3.6%/6.6% yoy, mainly driven by ICBP (3Q24: 11% yoy and 9M24: 8.4% yoy). Bogasari reported lower 9M24 revenue by 3.7% yoy due to lower ASP with its cost-plus method following lower wheat prices, despite 12% yoy volume growth. Meanwhile, Agribusiness reported lower 9M24 revenue by 5.9% yoy due to higher internal CPO sales from plantation to the EOF division. At the EBIT level, only Agribusiness reported an improved 9M24 margin due to higher CPO prices (+9% yoy) and lower fertilizer costs. Meanwhile, ICBP reported lower margins due to higher A&P and freight costs. Below operating, INDF reported an Rp1.2tr unrealized forex gain and Rp643bn forex loss from operating activities. This led to a 9M24 net/core profit of approximately Rp8.8tr (+23.7% yoy)/Rp7.5tr (+13.8% yoy), respectively. The 9M24 core profit accounted for 74% of our BRIDS/consensus FY24, i.e., inline.

Exhibit 1. INDF 9M24/3Q24 Earnings Result

INDF IJ	9M23	9M24	yoy	3Q23	2Q24	3Q24	yoy	qoq	2024F	A/F	A/Cons
Revenue, Rpbn	83,888	86,944	3.6%	27,802	26,505	29,647	6.6%	11.9%	116,139	75%	75%
COGS	57,705	57,250	-0.8%	18,924	17,210	19,760	4.4%	14.8%	76,965		
Gross profit	26,183	29,694	13.4%	8,878	9,295	9,888	11.4%	6.4%	39,174	76%	75%
Opex	12,056	13,422	11.3%	4,027	4,205	4,636	15.1%	10.2%	17,713		
Operating profit	14,128	16,272	15.2%	4,851	5,090	5,252	8.3%	3.2%	21,461	76%	73%
Pretax profit	12,820	15,847	23.6%	3,081	3,007	8,367	171.6%	178.2%	18,928		
Net profit	7,083	8,761	23.7%	1,517	1,404	4,907	223.5%	249.4%	10,131	86%	94%
Core profit	6,681	7,519	12.6%	3,255	3,542	569	-82.5%	-83.9%	10,235	73%	74%
Gross margin	31.2%	34.2%		31.9%	35.1%	33.4%			33.7%		
Operating margin	16.8%	18.7%		17.4%	19.2%	17.7%			18.5%		
Pretax margin	15.3%	18.2%		11.1%	11.3%	28.2%			16.3%		
Net margin	8.4%	10.1%		5.5%	5.3%	16.5%			8.7%		
By divisions											
	9M23	9M24	yoy	3Q23	2Q24	3Q24	yoy	qoq			
Net revenue (Rpbn)											
ICBP	51,007	55,295	<div><div></div><div>8.4%</div></div>	16,922	17,116	18,711	10.6%	9.3%			
Bogasari	18,560	17,878	<div><div></div><div>-3.7%</div></div>	5,758	5,428	5,805	0.8%	6.9%			
Agribusiness	8,998	8,470	<div><div></div><div>-5.9%</div></div>	3,415	2,339	3,430	0.4%	46.6%			
Distribution	5,322	5,301	<div><div></div><div>-0.4%</div></div>	1,706	1,621	1,702	-0.2%	5.0%			
Operating margin											
ICBP	21.4%	22.0%		21.3%	22.4%	19.8%					
Bogasari	6.9%	7.5%		8.1%	9.7%	6.8%					
Agribusiness	9.7%	16.8%		12.5%	14.2%	22.4%					
Distribution	6.8%	7.5%		5.7%	4.7%	4.9%					

Source: Company, BRIDS Estimates

Exhibit 2. INDF Earnings revision

	Previous			New			Changes		
	2024	2025	2026	2024F	2025F	2026F	2024	2025	2026
Revenue	119,295	126,953	134,636	116,139	123,380	131,998	-2.6%	-2.8%	-2.0%
Gross profit	39,672	41,276	45,166	39,174	41,262	45,028	-1.3%	0.0%	-0.3%
Operating profit	22,074	22,422	25,037	21,461	22,568	25,029	-2.8%	0.7%	0.0%
Net profit	10,493	10,852	12,434	10,131	11,641	12,301	-3.5%	7.3%	-1.1%
Core profit	10,956	10,852	12,434	10,235	11,190	12,301	-6.6%	3.1%	-1.1%
Gross margin	33.3%	32.5%	33.5%	33.7%	33.4%	34.1%			
Operating margin	18.5%	17.7%	18.6%	18.5%	18.3%	19.0%			
Net margin	8.8%	8.5%	9.2%	8.7%	9.4%	9.3%			

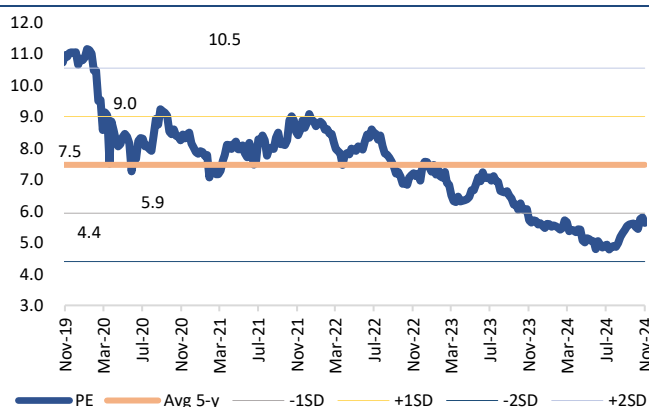
Source: Company, BRIDS Estimates

Exhibit 3. INDF SOTP valuation

Valuation					
SOTP	Stake	EV IDR bn	Effective valuation IDR bn	%	Method
ICBP	80.5%	178,582	143,759	84%	Based on BRIDS' TP of IDR14,000
Bogasari	100.0%	15,917	15,917	9%	7x EV/EBIT
Agribusiness	71.8%	7,758	5,570	3%	Market
Distribution	100.0%	5,047	5,047	3%	10.1x EV/EBIT
Net debt - holding Co			(20,114)		
Total EV			150,179		
Holding company disc	30%		(60,072)		
Equity value (Rp bn)			90,107		
Per share (Rp)			10,300		
Based on PE - 45% discount to PE ICBP			7,145		
Target price - based on mid value			8,800		
Implied P/E - 2025			6.6		

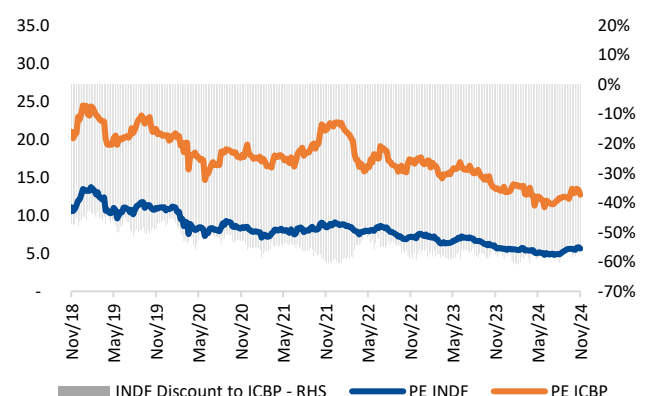
Source: Company, BRIDS Estimates

Exhibit 4. INDF's PE band



Source: Company, BRIDS Estimates

Exhibit 5. PE band INDF, ICBP, and Discount



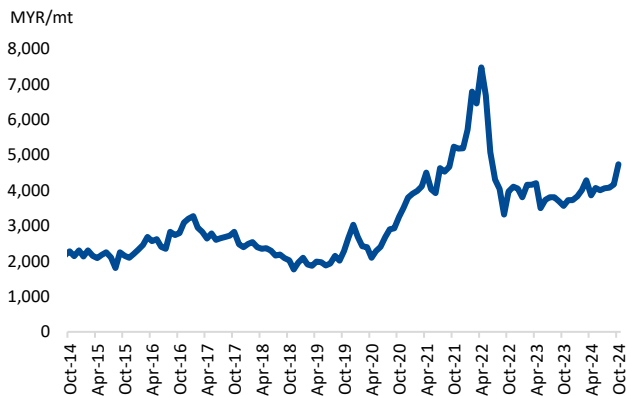
Source: Company, BRIDS Estimates

Exhibit 6. Monthly Survey Price

Product (1kg size)	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Ytd Growth	Yoy Growth
Bogasari																
Terigu Segitiga Biru	15,900	15,300	16,300	15,300	15,300	14,200	14,200	14,200	14,500	14,400	14,400	14,400	14,900	14,900	-2.6%	-2.6%
Terigu Kunci Biru	15,300	16,000	16,000	16,000	16,000	13,600	13,600	13,600	13,900	13,700	13,700	13,700	14,500	14,500	-9.4%	-9.4%
Terigu Cakra Kembar	16,500	16,800	16,800	16,800	16,800	14,800	14,800	14,800	14,900	14,800	14,800	14,800	15,500	15,500	-7.7%	-7.7%
Sania																
Tepung Terigu Serbaguna	14,400	13,100	13,100	13,100	13,100	16,100	13,500	13,500	13,900	14,200	14,200	14,200	14,200	14,200	8.4%	8.4%

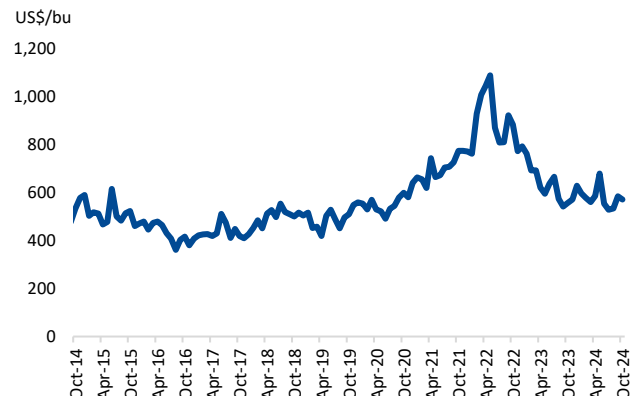
Source: BRIDS Survey

Exhibit 7. Monthly CPO Price



Source: Bloomberg

Exhibit 8. Monthly Wheat Price



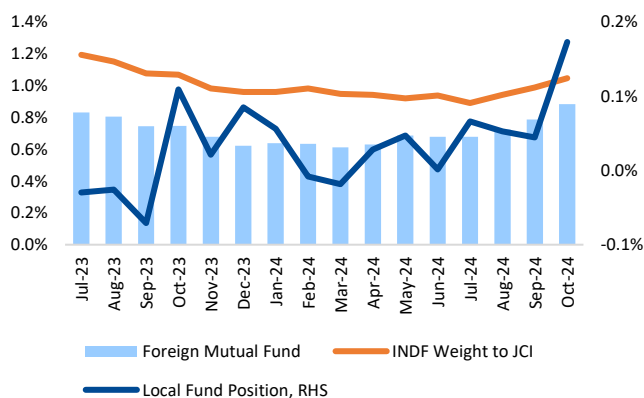
Source: Bloomberg

Exhibit 9. INDF's Peers Comparison

Ticker	Rec	Target	Market Cap	P/E (x)		P/BV (x)		ROE (%)	Dividend	EPS	Core profit	
		(Rp)	(Rpbn)	2024F	2025F	2024F	2025F	2024F	yield (%)	growth (%)	2024F	2025F
ICBP IJ	Buy	14,000	146,940	15.0	12.4	3.0	2.6	21.6	3.2	35.1	21.2	7.1
UNVR IJ	Sell	1,900	67,910	18.5	18.2	19.7	19.6	107.1	5.4	(24.4)	1.3	(24.4)
KLBF IJ	Buy	1,800	75,000	22.8	21.3	3.2	3.0	14.6	2.0	18.0	7.4	12.3
INDF IJ	Buy	8,800	69,150	6.8	5.9	1.0	0.9	16.1	4.2	24.4	14.9	5.8
MYOR IJ	Buy	3,350	58,130	17.5	15.8	3.5	3.1	21.0	2.7	4.6	11.2	(3.0)
SIDO IJ	Hold	640	17,700	16.6	15.3	5.0	4.8	30.3	5.5	9.1	8.6	9.4
Sector - weighted				16.0	14.3	5.4	5.2	32.9	3.5	16.0	12.9	1.8

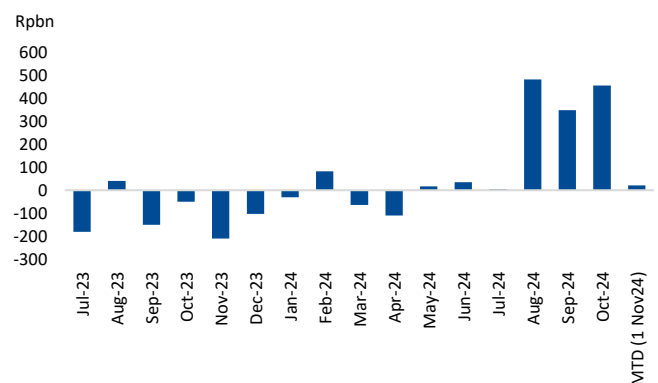
Source: BRIDS Estimates, Bloomberg

Exhibit 10. INDF's Weighting and Fund Position



Source: KSEI, BRIDS

Exhibit 11. INDF's Historical Foreign Flows (as of 1 Nov24)



Source: KSEI, BRIDS

Exhibit 12. Income Statement

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Revenue	110,830	111,704	116,139	123,380	131,998
COGS	(76,859)	(75,653)	(76,965)	(82,118)	(86,969)
Gross profit	33,972	36,050	39,174	41,262	45,028
EBITDA	21,953	23,063	28,374	29,617	32,197
Oper. profit	18,683	19,679	21,461	22,568	25,029
Interest income	501	974	1,454	1,589	2,084
Interest expense	(3,184)	(3,499)	(3,431)	(3,330)	(3,381)
Forex Gain/(Loss)	(4,815)	791	(104)	452	-
Income From Assoc. Co's	123	(2,314)	-	-	-
Other Income (Expenses)	1,010	(15)	(452)	143	25
Pre-tax profit	12,319	15,615	18,928	21,423	23,758
Income tax	(3,126)	(4,122)	(4,732)	(5,463)	(6,177)
Minority interest	(2,833)	(3,347)	(4,065)	(4,318)	(5,280)
Net profit	6,359	8,147	10,131	11,641	12,301
Core Net Profit	11,174	9,670	10,235	11,190	12,301

Exhibit 13. Balance Sheet

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Cash & cash equivalent	25,946	28,576	24,167	33,490	42,109
Receivables	9,001	8,674	9,244	9,877	10,604
Inventory	16,517	15,213	15,991	16,783	17,921
Other Curr. Asset	2,436	2,525	2,805	2,843	2,996
Fixed assets - Net	47,453	47,337	45,535	43,421	41,532
Other non-curr.asset	79,080	84,262	84,789	84,830	85,187
Total asset	180,433	186,588	182,531	191,244	200,349
ST Debt	16,882	18,266	6,874	6,874	6,874
Payables	6,968	6,885	7,297	7,564	8,053
Other Curr. Liabilities	6,875	7,764	7,222	7,616	8,052
Long Term Debt	49,272	46,307	46,669	46,669	46,669
Other LT. Liabilities	6,812	6,902	6,701	6,642	6,584
Total Liabilities	86,810	86,123	74,762	75,364	76,232
Shareholder's Funds	53,844	59,193	66,497	74,608	82,845
Minority interests	39,779	41,272	41,272	41,272	41,272
Total Equity & Liabilities	180,433	186,588	182,531	191,244	200,349

Exhibit 14. Cash Flow

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Net income	6,359	8,147	10,131	11,641	12,301
Depreciation and Amort.	3,251	2,868	6,913	7,049	7,168
Change in Working Capital	(4,137)	1,793	(773)	(975)	(1,318)
Other Oper. Cash Flow	2,448	3,079	993	1,913	1,522
Operating Cash Flow	7,922	15,887	17,264	19,629	19,674
Capex	(3,910)	(2,753)	(5,110)	(4,935)	(5,280)
Others Inv. Cash Flow	869	(4,208)	927	1,548	1,728
Investing Cash Flow	(3,040)	(6,961)	(4,183)	(3,387)	(3,552)
Net change in debt	4,202	(1,582)	(11,030)	-	-
New Capital	2,717	951	64	65	67
Dividend payment	(2,440)	(2,257)	(2,891)	(3,595)	(4,131)
Other Fin. Cash Flow	(12,893)	(3,410)	(3,632)	(3,389)	(3,438)
Financing Cash Flow	(8,414)	(6,296)	(17,490)	(6,919)	(7,503)
Net Change in Cash	(3,532)	2,630	(4,409)	9,323	8,619
Cash - begin of the year	29,478	25,946	28,576	24,167	33,490
Cash - end of the year	25,946	28,576	24,167	33,490	42,109

Exhibit 15. Key Ratio

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Growth (%)					
Sales	11.6	0.8	4.0	6.2	7.0
EBITDA	7.7	5.1	23.0	4.4	8.7
Operating profit	9.0	5.3	9.1	5.2	10.9
Net profit	(17.0)	28.1	24.4	14.9	5.7
Core profit	44.6	(13.5)	5.8	9.3	9.9
Profitability (%)					
Gross margin	30.7	32.3	33.7	33.4	34.1
EBITDA margin	19.8	20.6	24.4	24.0	24.4
Operating margin	16.9	17.6	18.5	18.3	19.0
Net margin	5.7	7.3	8.7	9.4	9.3
ROAA	3.5	4.4	5.5	6.2	6.3
ROAE	12.4	14.4	16.1	16.5	15.6
Leverage					
Net Gearing (x)	0.4	0.4	0.3	0.2	0.1
Interest Coverage (x)	5.9	5.6	6.3	6.8	7.4

Source: INDF, BRIDS Estimates

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INVESTMENT RATING

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

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