

Buy

(Maintained)

Indofood CBP (ICBP IJ)

Expecting 2H25 Growth Recovery Despite Margin Headwinds

Last Price (Rp)	9,475
Target Price (Rp)	12,000
Previous Target Price (Rp)	14,000
Upside/Downside	+26.6%

No. of Shares (mn)	11,662
Mkt Cap (Rpbn/US\$m)	110,497/6,823
Avg, Daily T/O (Rpbn/US\$m)	57.7/3.6
Free Float (%)	19.5

Major Shareholder (%)	
Indofood Sukses Makmur Tbk	80.5

EPS Consensus (Rp)	2025F	2026F	2027F
BRIDS	835.9	942.2	1,037.6
Consensus	860.7	949.5	1,046.6
BRIDS/Cons (%)	(2.9)	(0.8)	(0.9)

- We remain optimistic on ICBP’s growth outlook in 2H25 in light of prospect of higher Govt spending. Mgmt kept its FY25 guidance unchanged.
- Margin risks remain a concern as some raw mat costs remain elevated, but we see 20-22% EBIT margin target to be achievable from optimized opex.
- We cut our FY25-26F earnings est. by 3.9-8.7% and TP to Rp12,000, but maintain our Buy rating on ICBP’s defensive growth profile & attractive val.

Softer 2Q25 topline growth, but still within expectations

ICBP’s modest revenue growth of +2.2% yoy (-13.7% qoq) in 2Q25 was mainly weighed down by weak purchasing power and slower-than-expected recovery post-Eid festive. Nonetheless, overall 1H25 performance remained in line with market expectations, with most product categories continuing to deliver positive volume growth (noodles +4% yoy, snack foods +2%, nutrition +4%, seasonings flat), except for dairy and beverages. However, margins contracted across the board following higher raw mat costs, particularly CPO (+19% yoy) and cooking oil (+22% yoy).

Expect a stronger revenue growth in 2H25...

We maintain positive view on ICBP’s revenue growth outlook in 2H25, partly supported by the expectation of higher govt spending, which should help bolster purchasing power. The management kept its FY25 guidance unchanged with 7-9% revenue growth and remained confident in achieving 20-22% EBIT margin. However, given the modest 1H25 rev growth achievement of +1.7% yoy, we lowered our topline growth forecasts by -2.7/-5% in FY25/26F. This reflects our volume and ASP growth of 3.5% and 1.8% in FY25F (vs. 4.5% and 3.6% prev).

...yet margin pressures may persist

We think margin risks remain a concern as rising CPO prices in the past 3 months, and elevated cooking oil costs have pressured noodle’s segment margin, leading to a blended gross margin of 34.9% in 1H25. With the expectation of topline improvement in 2H25 as well as stable wheat prices, we project gross margin to be at 36.4% in FY25F, 60bps lower yoy, assuming both CPO and cooking oil prices stay elevated through year-end. At the operating level, we maintain operating margin est. of 22.1% in FY25F, at the higher end of management’s guidance on the back of optimized opex. In all, we forecast core profit growth of -6.8% in FY25F before improving to +8.3% in FY26F.

Current val has priced in the weakness, maintain Buy with TP Rp12,000

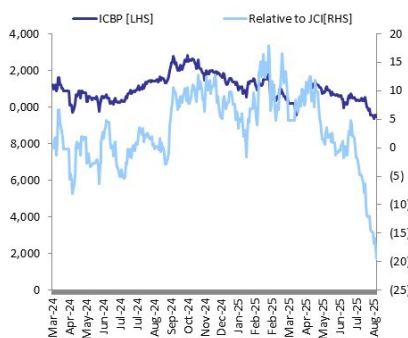
Despite the short-term growth challenges, we maintain our Buy rating on ICBP as we think stock remains the most defensive during weak purchasing power conditions. We think its current valuation at 11.3x PE FY25F has fully priced in the weaker growth outlook. We lowered our TP to Rp12,000, implying 14.3x PE FY25F, as we revised our earnings estimates downwards.

Key Financials

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Revenue (Rpbn)	67,910	72,597	76,383	81,176	86,452
EBITDA (Rpbn)	16,151	17,656	18,450	19,654	21,372
EBITDA Growth (%)	17.5	9.3	4.5	6.5	0.0
Net Profit (Rpbn)	6,991	7,079	9,748	10,988	12,100
EPS (Rp)	599.4	607.1	835.9	942.2	1,037.6
EPS Growth (%)	52.4	1.3	37.7	12.7	0.0
BVPS (Rp)	3,494.2	3,877.4	4,389.1	4,899.7	5,437.9
DPS (Rp)	276.6	317.7	321.7	443.0	499.4
PER (x)	15.8	15.6	11.3	10.1	9.1
PBV (x)	2.7	2.4	2.2	1.9	1.7
Dividend yield (%)	2.9	3.4	3.4	4.7	5.3
EV/EBITDA	8.4	7.4	6.9	6.2	5.4

Source: ICBP, BRIDS Estimates

ICBP relative to JCI Index



Source: Bloomberg

BRI Danareksa Sekuritas Analysts

Christy Halim

(62-21) 5091 4100 ext. 3512
christy.halim@brids.co.id

Sabela Nur Amalina

(62-21) 5091 4100 ext. 4202
sabela.amalina@brids.co.id

Exhibit 1. ICBP's 1H25/2Q25 Earnings Result Summary

ICBP IJ (Rpbn)	1H24	1H25	YoY	2Q24	1Q25	2Q25	YoY	QoQ	FY25F	A/F	A/C
Revenue	36,961	37,601	1.7%	17,039	20,186	17,415	2.2%	-13.7%	78,508	48%	48%
COGS	22,979	24,478	6.5%	10,658	12,891	11,587	8.7%	-10.1%	49,615	49%	
Gross profit	13,983	13,123	-6.2%	6,381	7,294	5,828	-8.7%	-20.1%	28,893	45%	46%
Operating profit	8,667	7,930	-8.5%	3,865	4,472	3,458	-10.5%	-22.7%	17,448	45%	46%
Pretax profit	5,532	7,742	40.0%	2,133	3,730	4,012	88.1%	7.6%	15,685	49%	
Net profit	3,538	5,536	56.5%	1,186	2,657	2,879	142.9%	8.4%	10,146	55%	58%
Core profit	6,288	5,763	-8.3%	2,737	3,835	1,928	-29.5%	-49.7%	10,711	54%	
Gross margin	37.8%	34.9%		37.5%	36.1%	33.5%			36.8%		
Opex to revenue	14.4%	13.8%		14.8%	14.0%	13.6%			14.6%		
Operating margin	23.4%	21.1%		22.7%	22.2%	19.9%			22.2%		
Pretax margin	15.0%	20.6%		12.5%	18.5%	23.0%			20.0%		
Net margin	9.6%	14.7%		7.0%	13.2%	16.5%			12.9%		
ICBP - Revenue by Divisions											
	1H24	1H25	YoY	2Q24	1Q25	2Q25	YoY	QoQ	FY25F		
Noodles	26,602	27,258	2.5%	12,295	14,521	12,737	3.6%	-12.3%	57,195		
Dairy	4,920	4,806	-2.3%	2,216	2,675	2,132	-3.8%	-20.3%	9,918		
Snack food	2,184	2,239	2.5%	1,065	1,163	1,076	1.1%	-7.5%	4,551		
Beverage	844	742	-12.1%	417	372	370	-11.5%	-0.7%	1,768		
Nutrition & special food	648	645	-0.5%	313	361	284	-9.2%	-21.3%	1,388		
Food Seasoning	1,764	1,911	8.3%	734	1,094	817	11.4%	-25.3%	3,688		
EBIT Margin											
	1H24	1H25			2Q24	1Q25	2Q25				
Noodles	27.9%	25.3%			27.1%	26.5%	23.9%				
Dairy	11.5%	7.5%			9.3%	10.9%	3.2%				
Snack food	9.6%	5.3%			11.3%	3.8%	7.0%				
Beverage	15.2%	13.6%			14.0%	13.6%	13.6%				
Nutrition & special food	8.2%	9.4%			6.4%	10.4%	8.0%				
Food Seasoning	15.8%	20.3%			17.1%	17.9%	23.5%				

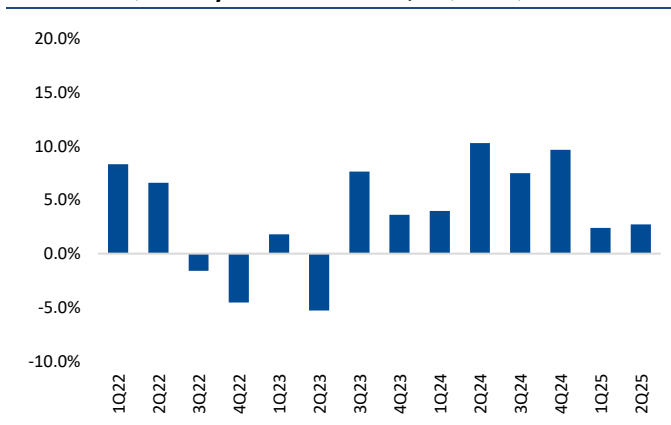
Source: Company, Bloomberg, BRIDS Estimates

Exhibit 2. ICBP’s Earnings Estimates Revision

ICBP (Rpbn)	Previous		New		Changes	
	2025F	2026F	2025F	2026F	2025	2026
Revenue	78,508	85,483	76,383	81,176	-2.7%	-5.0%
Gross profit	28,893	31,589	27,824	29,876	-3.7%	-5.4%
Operating profit	17,448	19,145	16,915	18,124	-3.1%	-5.3%
Net profit	10,146	12,040	9,748	10,988	-3.9%	-8.7%
Core profit	10,711	11,819	9,737	10,542	-9.1%	-10.8%
Gross margin	36.8%	37.0%	36.4%	36.8%		
Operating margin	22.2%	22.4%	22.1%	22.3%		
Net margin	12.9%	14.1%	12.8%	13.5%		
Changes in assumption						
USD IDR	16,600	16,600	16,250	16,100		
Sales volume						
Noodles	4.4%	7.3%	4.3%	4.6%		
Dairy	5.0%	4.0%	0.0%	2.0%		
Snack	1.0%	1.5%	2.0%	3.0%		
Beverages	3.0%	3.0%	2.0%	1.0%		
Nutritional	1.0%	1.0%	5.0%	5.0%		
Seasoning	10.0%	11.0%	2.0%	3.0%		
A&P/sales	3.6%	3.5%	3.5%	3.5%		
Blended ASP	3.6%	2.2%	1.8%	1.9%		
Blended volume	4.5%	6.5%	3.5%	4.1%		

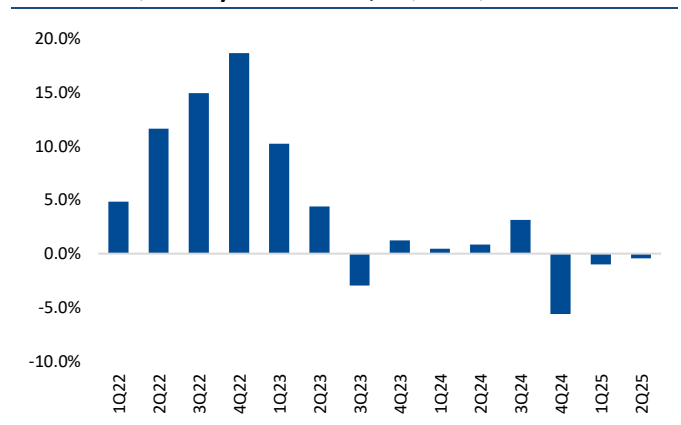
Source: BRIDS Estimates

Exhibit 3. Quarterly Volume Growth, 1Q22-2Q25



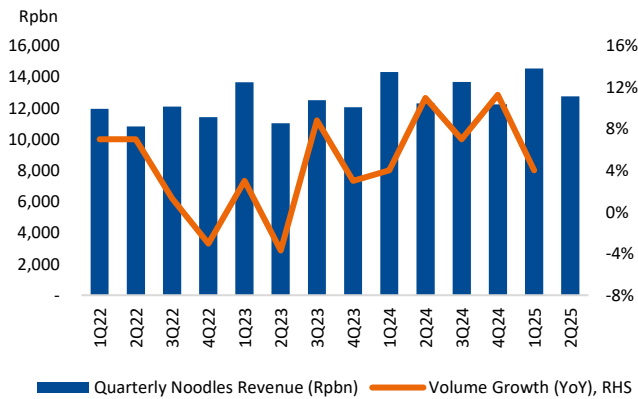
Source: Company, BRIDS

Exhibit 4. Quarterly ASP Growth, 1Q22-2Q25



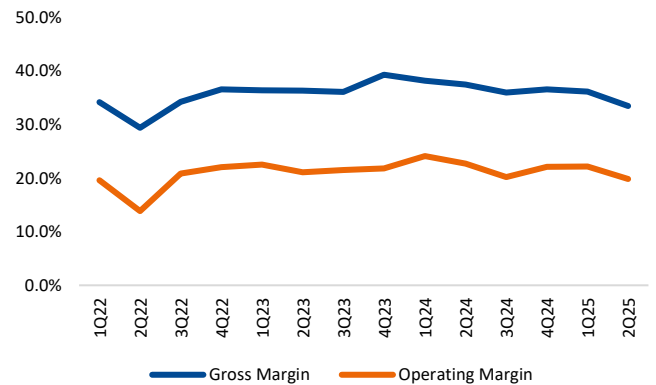
Source: Company, BRIDS

Exhibit 5. Quarterly Noodle Revenue and Yearly Volume Growth, 1Q22-2Q25



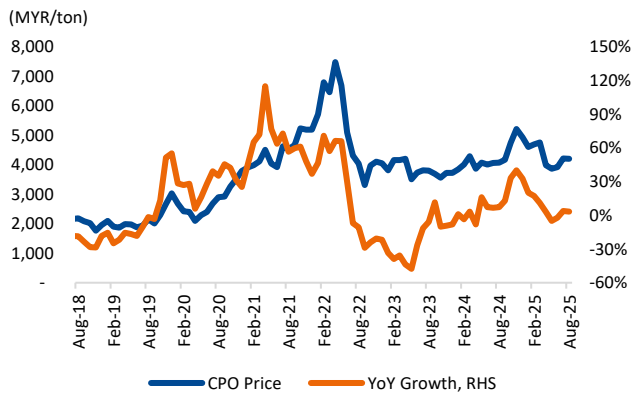
Source: Company, BRIDS

Exhibit 6. Quarterly Gross and Operating Margin, 1Q22-2Q25



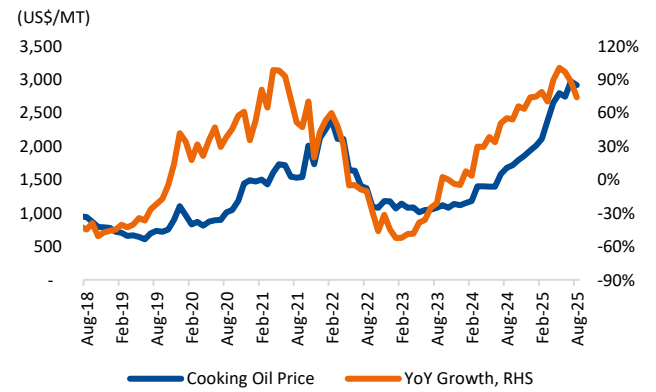
Source: Company, BRIDS

Exhibit 7. Monthly CPO Price



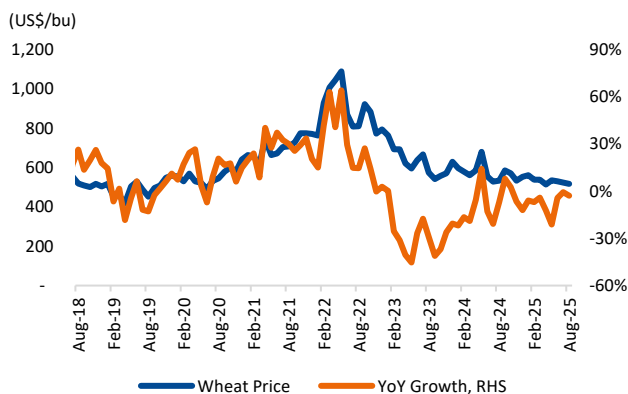
Source: Bloomberg

Exhibit 8. Monthly Cooking Oil Price



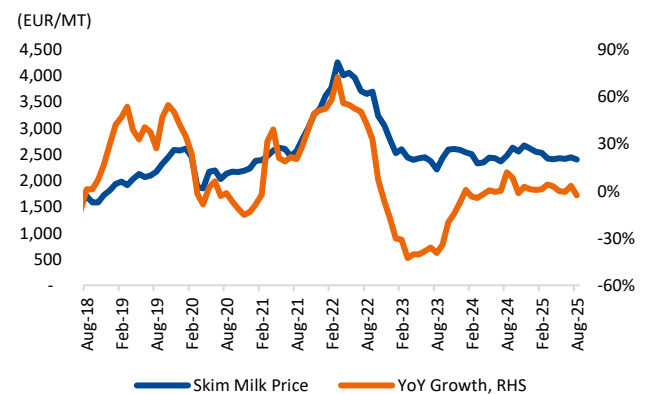
Source: Bloomberg

Exhibit 9. Monthly Wheat Price



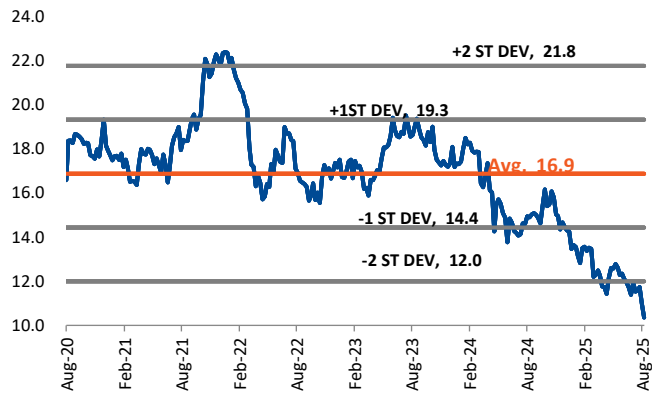
Source: Bloomberg

Exhibit 10. Monthly Skim Milk Price



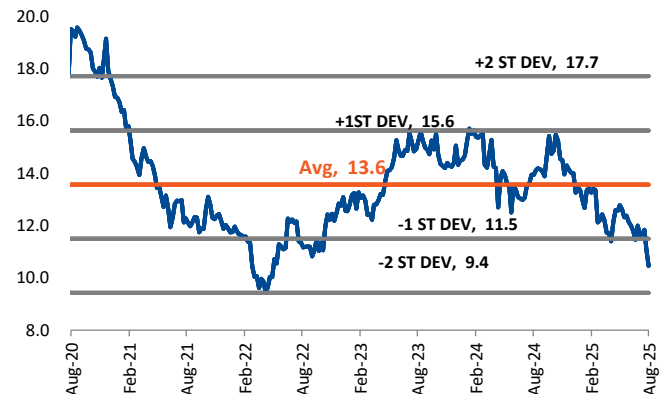
Source: Bloomberg

Exhibit 11. PE Band – Net Profit



Source: Bloomberg, BRIDS Estimates

Exhibit 12. PE Band – Core Profit



Source: Bloomberg, BRIDS Estimates

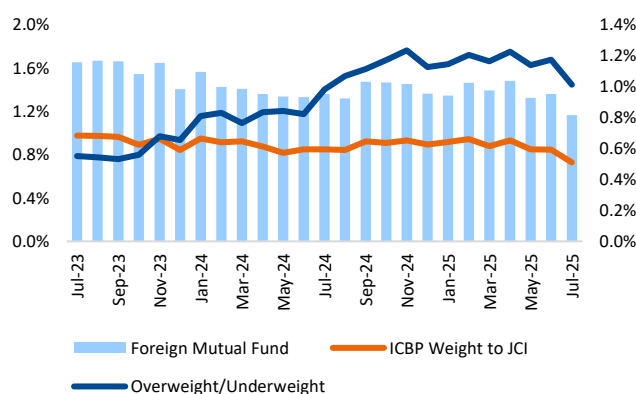
Exhibit 13. ICBP's New Product Price Comparison vs Competitors



Product	Indofood Sosis-Eat Original	Kanzler Singles Sosis Original	So Nice Sosis Siap Makan Premium Original	So Good Sosis Jepang Hot	Fiesta Sausage Ready To Go Original
Price (Rp)	8,900	8,900	8,600	8,900	8,600
Size (g)	65	65	60	55	65
Price Per g (Rp)	137	137	143	162	132

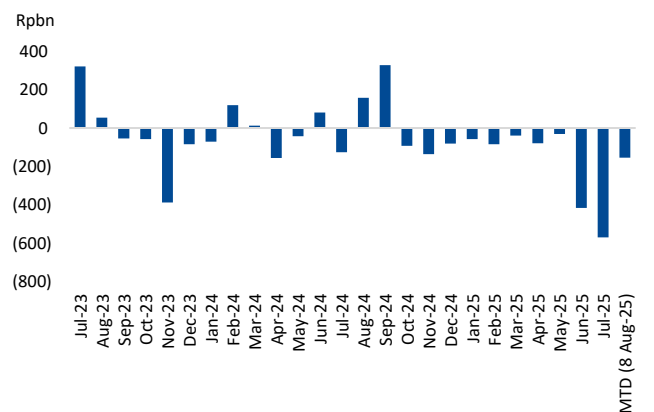
Source: BRIDS Survey

Exhibit 14. ICBP's Weighting and Fund Position



Source: KSEI, BRIDS

Exhibit 15. ICBP's Historical Foreign Flows



Source: IDX, BRIDS

Exhibit 16. ICBP's Peers Comparison

Ticker	Rec	Target Price	Market Cap	P/E (x)		P/BV (x)		ROE (%)	Dividend Yield (%)	EPS Growth (%)		Core Profit Growth (%)	
		(Rp)	(Rpbn)	2025F	2026F	2025F	2026F	2025F	2025F	2025F	2026F	2025F	2026F
ICBP IJ	Buy	12,000	110,497	11.3	10.1	2.2	1.9	20.2	3.4	37.7	12.7	(6.8)	8.3
UNVR IJ	Hold	1,750	68,098	16.7	16.1	20.2	17.0	148.0	5.1	21.4	3.5	21.4	3.5
INDF IJ	Buy	9,500	70,463	6.4	5.5	1.0	0.8	15.8	3.5	27.2	16.1	7.7	7.6
MYOR IJ	Buy	2,500	49,189.1	16.9	14.6	2.7	2.4	16.5	2.5	(2.9)	15.9	(1.2)	21.6
Sector - weighted				12.3	11.1	6.1	5.2	47.8	3.7	24.8	11.9	4.0	9.2

Source: Bloomberg, BRIDS Estimates

Exhibit 17. Income Statement

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
Revenue	67,910	72,597	76,383	81,176	86,452
COGS	(42,784)	(45,704)	(48,559)	(51,300)	(54,058)
Gross profit	25,126	26,893	27,824	29,876	32,395
EBITDA	16,151	17,656	18,450	19,654	21,372
Oper. profit	14,775	16,191	16,915	18,124	19,859
Interest income	523	824	737	769	790
Interest expense	(2,025)	(2,142)	(2,564)	(2,472)	(2,390)
Forex Gain/(Loss)	875	(2,113)	(149)	251	0
Income From Assoc. Co's	(2,316)	(1,390)	150	160	170
Other Income (Expenses)	(387)	130	10	36	53
Pre-tax profit	11,445	11,499	15,100	16,867	18,482
Income tax	(2,980)	(2,686)	(3,527)	(3,940)	(4,317)
Minority interest	(1,475)	(1,734)	(1,824)	(1,939)	(2,065)
Net profit	6,991	7,079	9,748	10,988	12,100
Core Net Profit	6,116	9,193	9,897	10,737	12,100

Exhibit 18. Balance Sheet

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
Cash & cash equivalent	19,353	25,293	29,289	34,791	40,414
Receivables	7,524	8,792	9,250	9,831	10,470
Inventory	6,329	7,060	7,501	7,924	8,350
Other Curr. Asset	1,232	1,106	1,164	1,237	1,317
Fixed assets - Net	14,949	15,504	16,996	18,089	19,166
Other non-curr.asset	67,544	65,870	65,498	65,194	65,014
Total asset	119,267	126,041	132,115	139,483	147,149
ST Debt	113	185	185	185	185
Payables	4,952	5,167	5,490	5,800	6,112
Other Curr. Liabilities	4,511	4,646	4,889	5,195	5,533
Long Term Debt	43,878	45,439	45,752	45,869	45,913
Other LT. Liabilities	3,712	3,559	3,773	3,991	4,216
Total Liabilities	57,164	58,997	60,088	61,040	61,958
Shareholder's Funds	40,749	45,217	51,185	57,139	63,416
Minority interests	21,354	21,827	20,842	21,303	21,775
Total Equity & Liabilities	119,267	126,041	132,115	139,483	147,149

Exhibit 19. Cash Flow

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
Net income	6,991	7,079	9,748	10,988	12,100
Depreciation and Amort.	1,377	1,465	1,535	1,531	1,513
Change in Working Capital	1,191	(1,493)	(407)	(480)	(517)
Other Oper. Cash Flow	764	730	2,268	1,805	1,880
Operating Cash Flow	10,321	7,781	13,143	13,845	14,977
Capex	(1,413)	(1,802)	(3,055)	(2,491)	(2,591)
Others Inv. Cash Flow	1,258	2,825	897	1,208	936
Investing Cash Flow	(155)	1,023	(2,159)	(1,283)	(1,655)
Net change in debt	(2,016)	1,634	312	117	44
New Capital	713	(43)	(985)	461	472
Dividend payment	(3,226)	(3,705)	(3,752)	(5,167)	(5,824)
Other Fin. Cash Flow	(2,025)	(2,142)	(2,564)	(2,472)	(2,390)
Financing Cash Flow	(6,554)	(4,256)	(6,988)	(7,060)	(7,698)
Net Change in Cash	3,613	4,549	3,997	5,501	5,624
Cash - begin of the year	15,741	19,353	25,293	29,289	34,791
Cash - end of the year	19,353	25,293	29,289	34,791	40,414

Exhibit 20. Key Ratio

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Growth (%)					
Sales	4.8	6.9	5.2	6.3	6.5
EBITDA	17.5	9.3	4.5	6.5	8.7
Operating profit	19.0	9.6	4.5	7.1	9.6
Net profit	52.4	1.3	37.7	12.7	10.1
Profitability (%)					
Gross margin	37.0	37.0	36.4	36.8	37.5
EBITDA margin	23.8	24.3	24.2	24.2	24.7
Operating margin	21.8	22.3	22.1	22.3	23.0
Net margin	10.3	9.8	12.8	13.5	14.0
ROAA	6.0	5.8	7.6	8.1	8.4
ROAE	18.1	16.5	20.2	20.3	20.1
Leverage					
Net Gearing (x)	0.4	0.3	0.2	0.1	0.1
Interest Coverage (x)	7.3	7.6	6.6	7.3	8.3

Source: ICBP, BRIDS Estimates

BRI Danareksa Equity Research Team

Erindra Krisnawan, CFA	Head of EQR, Strategy, Automotive, Telco, Technology	erindra.krisnawan@brids.co.id
Victor Stefano	Banks, Poultry	victor.stefano@brids.co.id
Ismail Fakhri Suweleh	Healthcare, Property, Cement, Tollroad	ismail.suweleh@brids.co.id
Christy Halim	Consumer, Retailers	christy.halim@brids.co.id
Kafi Ananta Azhari	Research Associate, Co-coverage (Telco, Technology)	kafi.azhari@brids.co.id
Ni Putu Wilastita Muthia Sofi	Research Associate	wilastita.sofi@brids.co.id
Naura Reyhan Muchlis	Research Associate	naura.muchlis@brids.co.id
Sabela Nur Amalina	Research Associate	sabela.amalina@brids.co.id

BRI Danareksa Economic Research Team

Helmy Kristanto	Chief Economist, Macro Strategy	helmy.kristanto@brids.co.id
Dr. Telisa Aulia Falianty	Senior Advisor	telisa.falianty@brids.co.id
Kefas Sidauruk	Economist	kefas.sidauruk@brids.co.id

BRI Danareksa Institutional Equity Sales Team

Yofi Lasini	Head of Institutional Sales and Dealing	yofi.lasini@brids.co.id
Novrita Endah Putrianti	Institutional Sales Unit Head	novrita.putrianti@brids.co.id
Ehrliech Suhartono	Institutional Sales Associate	ehrlich@brids.co.id
Adeline Solaiman	Institutional Sales Associate	adeline.solaiman@brids.co.id
Andreas Kenny	Institutional Sales Associate	andreas.kenny@brids.co.id
Jason Joseph	Institutional Sales Associate	jason.joseph@brids.co.id

BRI Danareksa Sales Traders

Mitcha Sondakh	Head of Sales Trader	mitcha.sondakh@brids.co.id
Suryanti Salim	Sales Trader	suryanti.salim@brids.co.id

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

Disclaimer

The information contained in this report has been taken from sources which we deem reliable. However, none of PT BRI Danareksa Sekuritas and/or its affiliated and/or their respective employees and/or agents makes any representation or warrant (express or implied) or accepts any responsibility or liability as to, or in relation to, the accuracy or completeness of the information and opinions contained in this report or as to any information contained in this report or any other such information or opinions remaining unchanged after the issue thereof.

We expressly disclaim any responsibility or liability (express or implied) of PT BRI Danareksa Sekuritas, its affiliated companies and their respective employees and agents whatsoever and howsoever arising (including, without limitations for any claims, proceedings, action, suits, losses, expenses, damages or costs) which may be brought against or suffered by any person as results of acting in reliance upon the whole or any part of the contents of this report and neither PT BRI Danareksa Sekuritas, its affiliated companies or their respective employees or agents accepts liability for any errors, omissions or mis-statements, negligent or otherwise, in the report and any liability in respect of the report or any inaccuracy therein or omission therefrom which might otherwise arise is hereby expressly disclaimed.

The information contained in the report is not to be taken as any recommendation made by PT BRI Danareksa Sekuritas or any other person to enter into any agreement with regard to any investment mentioned in this document. This report is prepared for general circulation. It does not have regards to the specific person who may receive this report. In considering any investments you should make your own independent assessment and seek your own professional financial and legal advice.