

1Q25 PATMI +11.2% yoy; inline

9 May 2025

	
INDF IJ	BUY
Sector	Consumer
Price at 8 May 2025 (IDR)	8,800
Price target (IDR)	7,775
Upside/Downside (%)	13.2

Stock Information

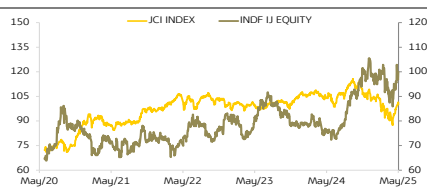
PT Indofood Sukses Makmur Tbk is a total food solutions company. Operating in all stages of food manufacturing to consumer products in the market. Its consumer branded products business segment produces a range of consumer products such as: noodles, dairy, snack foods, food seasonings, nutrition and special foods as well as and beverages. Bogasari business produced wheat flour, while the company also has agribusiness division and distribution businesses.

Market cap (IDR bn)	68,048
Shares outstanding (mn)	8,780
52-week range (IDR)	5,850–8,300
3M average daily vol. ('000)	7,986
3M average daily val. (IDR mn)	58,831

Shareholders (%)

First Pacific Company Limited	50.1
Public	49.9

Stock Performance



Source: Bloomberg

	1M	3M	12M
Performance	7.9	1.6	25.4

Analyst

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INDF 1Q25 PATMI growth at +11.2% yoy to IDR 2.72tn, came in line with street forecasts and our '25F net income for INDF at 23.3%/28.2% vs 26.2%. Net sales growth of 2.5% yoy was as a result of weakening bogasari (-4.6% yoy) and small single digit growth in CBP (2.1% yoy), despite robust agribusiness growth of 28.7% yoy. Solid PATMI growth of 11.2% yoy mainly underpinned by net gains on foreign exchange of IDR 809.83bn vs IDR 183.52bn in 1Q24, bringing total other income rose by 87.1% yoy. Segmentation margin saw a mixed bag figures, with agribusiness having the highest EBIT margin expansion at 814bps yoy. On consolidated level, EBIT margin was up by 1.10% and NPM noted 68bps higher to 8.6% vs 8.0% in 1Q24. We expect INDF to record a stronger margin in the coming quarters. Maintain BUY with SOTP-based TP of IDR8,800 (pegged at 7.6x '25F P/E), while currently trade at 6.6x '25F P/E, or below -1SD of 7.1x '25F P/E.

1Q25 PATMI of 11.2% yoy on net gains foreign exchange

INDF 1Q25 net profit grew by 11.2% yoy to IDR 2.72tn, mainly driven by higher other operating income from IDR 0.53tn to IDR 1.01tn. The 87.1% yoy growth in other income was as a result of soaring net gains on foreign exchange to IDR 809.83bn compared to the same period last year of IDR183.52bn. Top line grew 2.5% yoy to IDR 31.55tn, on the back of CBP segment revenue growth at 2.1 and strong agribusiness segment sales growth of 28.7% yoy. Gross profit (3.6% yoy) saw a much higher growth compared to top line on mild increase in cost input (1.9% yoy). On EBIT level, the growth was threefold of the revenue growth, due to forex net gains. In all, 1Q25 net income arrive within consensus expectation and our '25F for INDF at a run-rate of 24.0%/24.6% vs 26.2%.

Soft sales growth on weak bogasari and mild CBP segment

INDF mild revenue growth was caused by flat distribution business (1.5% yoy) and weak bogasari segment (-4.6% yoy). CBP segment recorded a 2.1% yoy growth and remain as INDF's main revenue driver. Worth to note that on quarterly basis, the growth was stronger with CBP segment sales at IDR 19.97tn or 12.5% higher, while Bogasari booked a positive growth of 2.9% yoy from IDR 7.73tn in 4Q24. Agribusiness saw the highest growth of 28.7% yoy to IDR 4.79tn, thanks to higher CPO volume of 15% yoy that brought plantations business booked a higher sale by 52% yoy (EOF growth: 18% yoy). On the flip of coin, CBP segment revenue declined by 6.5% yoy on EBIT level. Bogasari saw a higher growth of 19.8% and Agribusiness segment noted as the highest growth, soaring by 111.9% yoy to 995bn.

Margin expansion across the boards

Despite soft, INDF still enjoying higher margin from top to bottom, with GP margin noted 36bps higher to 34.5% vs 34.1% in 1Q24. EBIT margin stood at 21.9% from 20.8% (+110bps) on stronger agribusiness and bogasari margin by 161bps and 814bps on yoy basis, respectively. Net profit margin came in 68bps yoy higher from 8.0%. Additionally, on segmentation margin, agribusiness saw the highest expansion with EBIT margin recorded 814bps higher to 20.7%. CBP, as the backbone revenue driver, EBIT margin stood at 21.9%.

Expecting stronger margin in the coming quarters

We expect to see a better earnings growth in the coming quarters mainly driven by steady volume growth and price adjustment impact on CBP. Continuing stable agribusiness and stronger bogasari margin will become as bonus catalysts. Worth to note that 1Q25 PATMI of IDR 2.72tn was beating (3.4%) our conservative 1Q25F PATMI for INDF of IDR 2.63tn. Adding our '2Q25F net income of IDR3.03t to 1Q25 will resulting to a 1H25 net profit of IDR5.67tn (1.9% yoy) and still more conservative than '1H25F consensus PATMI growth figure for the company of around 5.1% yoy.

Maintain BUY, SOTP TP of IDR8,800

Our SOTP-based TP for INDF of IDR8,800 implying 7.6x '25F P/E, while it is currently trading at 6.6x '25F P/E, or below its -1SD of 7.1x '25F P/E. Risks to our call: a) lower-than-expected purchasing power, volume, asp growth and EBIT achievement, b) higher than expected input costs which could pressure and dragged down margin further, c) intensifying competition, d) softened than expected demand, e) continuing weakening Bogasari segment EBIT, f) softer than expected CBP and Agribusiness growth and g) prolonged uncertainty and mild economic activity.

Exhibit 1: Key Statistics

Year end Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Revenue	111,704	115,787	120,811	128,714	138,741
Operating profit	19,664	23,088	22,311	23,353	26,302
Net profit	8,147	8,642	9,660	11,038	13,054
EPS (IDR)	928	984	1,100	1,257	1,487
EPS growth (%)	28.1	6.1	11.8	14.3	18.3
ROE (%)	8.1	7.9	8.4	8.9	9.6
ROA (%)	4.4	4.3	4.6	5.1	5.7
PER (x)	8.4	7.9	7.1	7.0	7.0
PBV (x)	0.7	0.6	0.6	0.6	0.7
EV/EBITDA (x)	4.6	3.8	3.9	4.0	4.0
Div Yield (%)	3.3	3.2	3.6	4.1	4.8

Source: Company, KBVS Research

Exhibit 2: INDF 1Q25 results (consolidated financial, segmentation and margin)

Profit and Loss (IDRbn)	3M24	3M25	YoY (%)	1Q24	1Q25	YoY (%)	4Q24	QoQ (%)	KBVS '25F	% to KBVS '25F	Cons. 25F	% to Cons. '25F
Net revenue	30,792	31,555	2.5	30,792	31,555	2.5	28,843	9.4				
COGS	(20,280)	(20,670)	1.9	(20,280)	(20,670)	1.9	(18,400)	12.3				
Gross Profit	10,512	10,885	3.6	10,512	10,885	3.6	10,443	4.2				
Selling expenses	(3,099)	(3,293)	6.2	(3,099)	(3,293)	6.2	(2,950)	11.6				
G&A expenses	(1,482)	(1,336)	(9.9)	(1,482)	(1,336)	(9.9)	(935)	42.8				
Gain / (Loss) fair value of biological assets	68	(193)	n/a	68	(193)	(383.8)	151	n/a				
Other operating income	535	1,001	87.1	535	1,001	87.1	227	340.3				
Other operating expenses	(115)	(141)	22.6	(115)	(141)	22.6	59	n/a				
Opex	(4,094)	(3,962)	(3.2)	(4,094)	(3,962)	(3.2)	(3,448)	14.9				
EBIT	6,418	6,923	7.9	6,418	6,923	7.9	6,995	(1.0)				
Accumulated depreciation	11,315	42,151	272.5	11,315	42,151	272.5	41,196	2.3				
EBITDA	7,347	7,903	7.6	7,347	7,903	7.6	7,796	1.4				
Finance income	460	427	(7.1)	460	427	(7.1)	(813)	(152.5)				
Finance expenses	(2,355)	(2,367)	0.5	(2,355)	(2,367)	0.5	(3,402)	(30.4)				
Net finance income (expenses)	(1,896)	(1,940)	2.3	(1,896)	(1,940)	2.3	(4,215)	(54.0)				
Pre-tax income	4,473	4,893	9.4	4,473	4,893	9.4	1,193	310.3				
Tax	(931)	(979)	5.2	(931)	(979)	5.2	(400)	144.8				
Income for the period	3,542	3,914	10.5	3,542	3,914	10.5	(912)	n/a				
Net Income	2,450	2,724	11.2	2,450	2,724	11.2	(119)	n/a	9,660	28.2	11,674	23.3

Margins (%)	3M24	3M25	YoY (%)	1Q24	1Q25	YoY (%)	4Q24	QoQ (%)
Gross Profit	34.1	34.5	0.36	34.1	34.5	0.36	36.2	(1.71)
EBIT	20.8	21.9	1.10	20.8	21.9	1.10	24.3	(2.31)
EBITDA	23.9	25.0	1.19	23.9	25.0	1.19	27.0	(1.98)
Net Profit	8.0	8.6	0.7	8.0	8.6	0.7	(0.4)	9.0

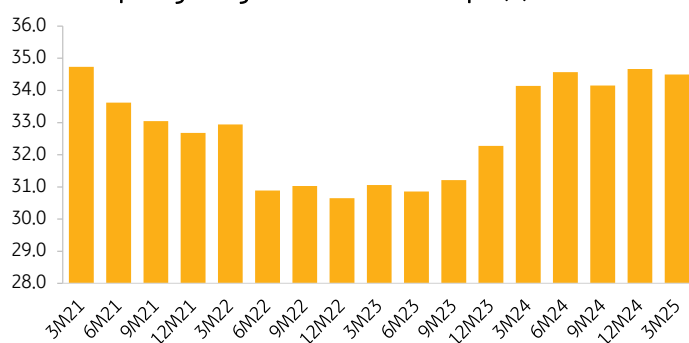
Segmentation sales (IDRbn)	3M24	3M25	YoY (%)	1Q24	1Q25	YoY (%)	4Q24	QoQ (%)
Consumer Branded Products	19,557	19,970	2.1	#####	#####	2.1	17,754	12.5
Bogasari	8,338	7,952	(4.6)	8,337.8	7,951.6	(4.6)	7,730	2.9
Agribusiness	3,726	4,795	28.7	3,726.5	4,795.0	28.7	4,719	1.6
Distribution	1,979	2,008	1.5	1,978.6	2,007.9	1.5	1,701	18.1
Total sales	33,599	34,724	3.3	33,599	34,724	3.3	31,904	8.8
Unallocated Income (Expenses)	(2,808)	(3,169)	12.9	(2,807.9)	(3,169.4)	12.9	(3,061)	3.5
Net	30,792	31,555	2.5	30,792	31,555	2.5	28,843	9.4

Segmentation EBIT (IDRbn)	3M24	3M25	YoY (%)	1Q24	1Q25	YoY (%)	4Q24	QoQ (%)
Consumer Branded Products	4,686	4,379	(6.5)	4,685.9	4,379.3	(6.5)	3,829	14.4
Bogasari	525	629	19.8	525.5	629.5	19.8	851	(26.1)
Agribusiness	469	995	111.9	469.4	994.5	111.9	1,782	(44.2)
Distribution	236	250	5.5	236.4	249.5	5.5	93	169.6
Total sales	13	4	(72.2)	12.7	3.5	(72.2)	2	64.5
Unallocated Income (Expenses)	488	667	36.7	487.7	666.7	36.7	437	52.6
Net	6,418	6,923	7.9	6,418	6,923	7.9	6,995	(1.0)

Segmentation EBIT margin (%)	3M24	3M25	YoY (%)	1Q24	1Q25	YoY (%)	4Q24	QoQ (%)
Consumer Branded Products	24.0	21.9	(2.03)	24.0	21.9	(2.03)	21.6	0.36
Bogasari	6.3	7.9	1.61	6.3	7.9	1.61	11.0	(3.10)
Agribusiness	12.6	20.7	8.14	12.6	20.7	8.14	37.8	(17.03)
Distribution	12.0	12.4	0.48	12.0	12.4	0.48	5.4	6.99
Net	20.8	21.9	1.1	20.8	21.9	1.1	24.3	(2.3)

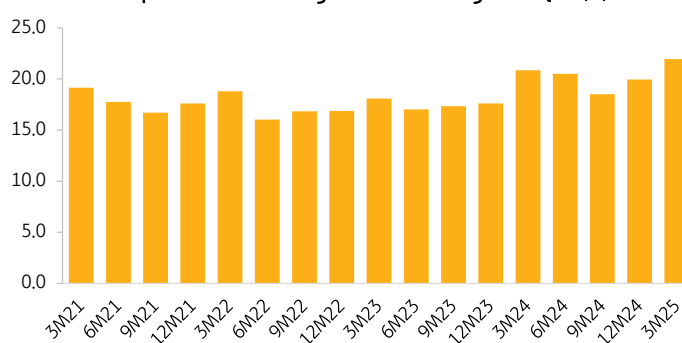
Source: Company, KBVS Research

Exhibit 3: Expecting stronger GPM on lower cost input (%)...



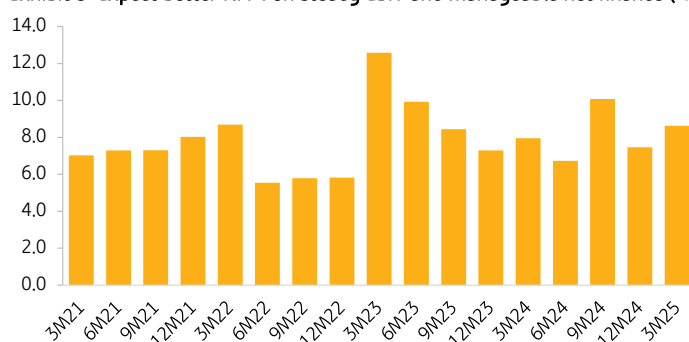
Source: Company, KBVS Research

Exhibit 4: ..coupled with continuing better EBIT margin in 4Q23 (%)..



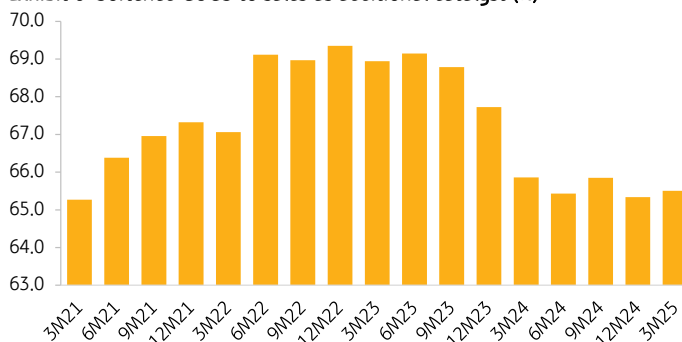
Source: Company, KBVS Research

Exhibit 5: Expect better NPM on steady EBIT and manageable net finance (%)



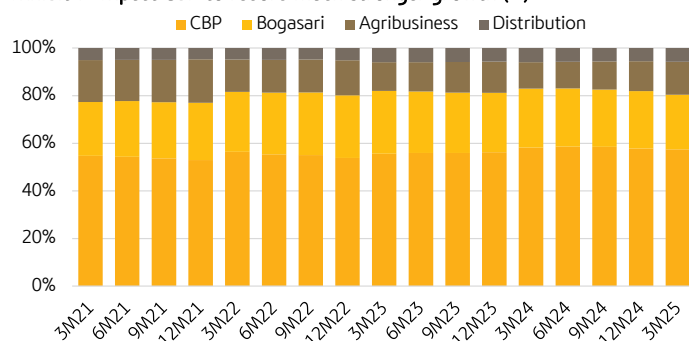
Source: Company, KBVS Research

Exhibit 6: Softened COGS to sales as additional catalyst (%)



Source: Company, KBVS Research

Exhibit 7: Expect CBP to record much stronger growth (%)



Source: Company, KBVS Research

Exhibit 8: Currently trading at 6.6x '24F P/E, or below its -1SD of 7.4x P/E



Source: Company, KBVS Research

FINANCIAL TABLES

Exhibit 9: Profit & Loss

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Revenues	111,704	115,787	120,811	128,714	138,741
Cost of revenues	(75,653)	(75,650)	(79,542)	(84,180)	(89,898)
Gross profit	36,050	40,137	41,269	44,534	48,843
Operating expenses	(16,387)	(17,048)	(18,958)	(21,181)	(22,540)
Operating income	19,664	23,088	22,311	23,353	26,302
EBITDA	23,572	27,665	26,026	27,373	29,978
Interest income	1,965	1,774	2,031	2,230	2,487
Interest expenses	(3,525)	(6,192)	(6,433)	(6,241)	(6,400)
Pretax profit	15,616	17,040	17,553	18,985	22,021
Tax expenses	(4,122)	(3,962)	(4,388)	(4,461)	(4,845)
Net profit	8,147	8,642	9,660	11,038	13,054

Source: Company, KBVS Research

Exhibit 10: Balance Sheet

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Cash	28,576	38,710	41,470	43,148	45,896
Deposits & ST inv.	8,113	9,515	6,814	6,165	7,739
Receivables	8,674	10,017	8,806	9,313	9,968
Inventories	15,213	17,954	15,596	16,836	17,980
Other current assets	2,525	3,569	3,113	3,225	3,432
Total current assets	63,102	79,765	75,800	78,687	85,015
Fixed assets – net	47,295	47,814	51,365	55,006	58,737
Goodwill	56,352	56,352	56,352	56,352	56,352
Intangible Asset	1,446	1,313	1,224	1,139	1,065
Other non-current assets	18,393	16,469	24,118	26,871	28,430
Total non-current assets	123,486	121,948	133,060	139,367	144,584
Total assets	186,588	201,713	208,859	218,054	229,599
Bank borrowings	16,240	20,951	21,370	21,691	22,016
Payables	6,885	7,412	8,624	8,591	9,189
Accrued expenses	4,086	4,315	4,832	5,149	5,550
S-T employee benefit	1,375	1,820	945	916	887
Current matt. long term loan	2,026	622	1,373	1,383	1,328
Other current liabilities	2,303	1,974	2,060	2,194	2,365
Total current liabilities	32,915	37,094	39,205	39,924	41,336
Long-term debt	4,059	5,016	4,965	4,916	4,867
Bonds	42,125	44,211	43,769	43,331	42,898
Deferred tax liabilities	1,005	997	1,075	1,126	1,207
LT employee benefits – non curr	5,150	4,724	4,389	4,112	3,865
Other non liabilities	870	680	131	133	140
Total non-current liabilities	53,209	55,628	54,330	53,619	52,977
Shareholder's equity	100,465	108,991	115,324	124,512	135,286
Total liabilities and equity	186,588	201,713	208,859	218,054	229,599

Source: Company, KBVS Research

Exhibit 11: Cash Flow

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
EBIT	19,664	23,088	22,311	23,353	26,302
Depreciation & amortization	3,909	4,577	3,715	4,019	3,675
Changes in working capital	(3,437)	(1,863)	8,589	(487)	(2,138)
CF from operating activities	20,135	25,802	34,615	26,885	27,839
Decr. (incr.) in fixed assets	(3,793)	(5,095)	(7,266)	(7,660)	(7,406)
Decr. (incr.) in non-current assets	2,779	3,014	(6,855)	(2,137)	(1,200)
Other investing activities	(824)	(956)	(748)	(531)	(285)
CF from investing activities	(1,838)	(3,038)	(14,869)	(10,327)	(8,891)
Net change in gross debt	(2,989)	3,043	(492)	(487)	(482)
Dividends paid	(2,257)	(2,257)	(2,160)	(2,415)	(2,759)
Other financing activities	(10,421)	(13,416)	(14,334)	(11,977)	(12,957)
CF from financing activities	(15,667)	(12,630)	(16,987)	(14,880)	(16,199)
Net Changes in Cash	2,630	10,134	2,760	1,678	2,749
Cash at beginning of period	25,946	28,576	38,710	41,470	43,148
Cash at end of period	28,576	38,710	41,470	43,148	45,896

Source: Company, KBVS Research

Exhibit 12: Key performance metrics

Year End Dec (%)	2023A	2024A	2025F	2026F	2027F
Gross profit margin (%)	32.3	34.7	34.2	34.6	35.2
Operating profit margin (%)	17.6	19.9	18.5	18.1	19.0
EBITDA margin (%)	21.1	23.9	21.5	21.3	21.6
Net profit margin (%)	7.3	7.5	8.0	8.6	9.4
ROE (%)	8.1	7.9	8.4	8.9	9.6
ROA (%)	4.4	4.3	4.6	5.1	5.7
DER (%)	64.2	65.0	62.0	57.3	52.6
Net gearing (x)	35.7	29.4	26.0	22.6	18.6
Interest coverage ratio (x)	5.6	3.7	3.5	3.7	4.1
PER (x)	8.4	7.9	7.1	7.0	7.0
PBV (x)	0.7	0.6	0.6	0.6	0.7
EV/EBITDA (x)	4.6	3.8	3.9	4.0	4.0
Dividend Yield (%)	3.3	3.2	3.6	4.1	4.8

Source: Company, KBVS Research

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