

## INDF

### PT Indofood Sukses Makmur Tbk.

#### Growth Stability In Volatile Environment

- INDF's instant noodle segment generated Rp 55.8 tn (+3.7% YoY) in 2025 and is projected to reach Rp 58.1 tn (+4.1% YoY) in 2026.
- The agribusiness segment recorded strong growth with revenue rising to Rp 21.0 tn (+31.8% YoY) in 2025, driven by higher CPO prices and increased biodiesel demand.
- INDF posted resilient 1Q26 earnings with revenue reaching Rp 33.9 tn (+7.4% YoY) and PATMI at Rp 2.8 tn (+8.6% YoY).
- We initiate BUY on INDF with a target price of Rp 8,900/share implying +30.4% upside, supported by attractive 2026F P/E of 7.4x.

#### Diversified and Integrated Business Model Supports Long-Term Growth

INDF has built a resilient long-term business model through continuous expansion, vertical integration, and portfolio diversification across consumer staples segments. Strategic acquisitions such as Bogasari, Indolakto, and Pinehill have strengthened the company's supply chain efficiency, global market exposure, and earnings diversification, while its integrated operations across consumer products, agribusiness, flour milling, and distribution create strong operational synergies and margin stability. Supported by dominant brands, extensive nationwide distribution, and upstream integration, INDF remains well positioned to maintain sustainable growth and resilient profitability across economic cycles.

#### Consumer Staples and Agribusiness Segments Continue to Drive INDF's Earnings Growth

INDF continues to strengthen its earnings profile through dominant positioning in the instant noodle, flour, and agribusiness segments, supported by strong domestic consumption and vertical integration. The instant noodle business remains the company's core earnings driver, contributing around 72% of CBP revenue in 2025, with revenue reaching Rp 55.8 tn (+3.7% YoY) and projected to rise to Rp 58.1 tn (+4.1% YoY) in 2026. Meanwhile, the Bogasari segment also benefits from rising domestic flour consumption, with revenue increasing to Rp 31.1 tn (+1.8% YoY) in 2025 and projected to reach Rp 32.7 tn (+5.0% YoY) in 2026F, supported by resilient food manufacturing demand and increasing per capita flour consumption. On the agribusiness side, stronger CPO prices and the expansion of Indonesia's biodiesel program have become major growth catalysts, driving segment revenue to Rp 21.0 tn (+31.8% YoY) in 2025 alongside higher production volumes.

#### Resilient Earnings and Strong Balance Sheet Support Long-Term Stability

INDF delivered resilient 1Q26 results with revenue reaching Rp 33.9 tn (+7.4% YoY, +4.2% QoQ), supported by stable demand across its core businesses despite emerging pressure from higher wheat import costs and Rupiah depreciation. Gross profit still increased to Rp 11.2 tn (+2.5% YoY), although GPM softened to 32.9% from the 2025 average of 33.4%, while PATMI remained solid at Rp 2.8 tn (+8.6% YoY, +5.5% QoQ). Looking ahead, we expect margin pressure and potential forex losses from the company's US\$ 2.75 bn foreign currency debt exposure to become key earnings risks if the Rupiah remains weak. Nevertheless, INDF continues to maintain a healthy balance sheet and improving leverage profile, with Net Gearing projected to decline to 0.58x in 2026 supported by strong equity growth and stable funding costs.

#### Attractive Valuation with Defensive Earnings Profile

We initiate coverage on INDF with a **BUY** recommendation and a **target price of Rp 8,900/share**, implying an upside potential of +30.4% from the current price of Rp 6,825/share. Our target price reflects a 2026F forward P/E of 7.4x, which we consider still attractive given the company's resilient earnings profile and strong cash flow generation. Nevertheless, **key risks remain from rising imported raw material costs, particularly wheat prices which have increased to around US\$ 626/bu from US\$ 500-550/bu in 2025**, although still below the peak of US\$ 1,060/bu seen in 2022. In addition, continued **Rupiah depreciation from Rp 16,782/USD in 2025 to above Rp 17,800/USD currently could further increase import costs and foreign exchange losses, which we estimate may reach Rp 2.0 trillion in 2026.**

#### Key Ratio Highlights

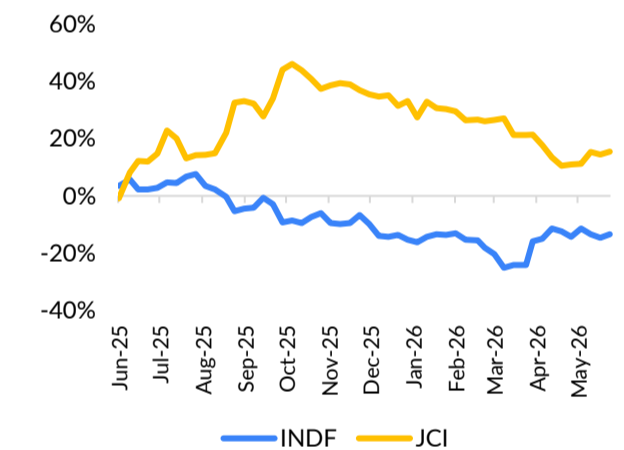
Key Metrics	2024	2025	2026F	2027F	2028F
Current Ratio (x)	2.15	2.13	2.41	2.61	2.81
Net Profit Margin	11.29%	12.60%	11.48%	12.42%	12.88%
Return on Equity	13.27%	14.61%	12.74%	12.97%	12.66%
Net Gearing Ratio (x)	0.65	0.62	0.58	0.55	0.52
Cash Conversion (days)	82	81	80	83	87
Price to Earnings Ratio (x)	7.98	5.59	5.88	5.24	4.89
Price to Book Value (x)	1.06	0.82	0.75	0.68	0.62

## BUY

#### Stock Information (as of May 26, 2026)

Last Price (Rp)	6,825
Target Price (Rp)	8,900
Potential Upside	30.4%
Market Cap (Rp tn)	59.9
52 Week Range (Rp)	8,825-5,900
Free Float (%)	48.2
Share Out. (bn)	8.78
Beta	1.15

#### 1-Year Stock Performance Comparison vs JCI



#### Shareholders

INDF's Shareholders	%
First Pacific Investment	50.07
Equity Bloom	4.96
DJS Ketenagakerjaan	3.74
Deutsche Bank AG SG	1.54
Other Public	39.69

#### Company Description

**INDF's Company Profile**

PT Indofood Sukses Makmur Tbk. is a Total Food Solutions company with operations in all stages of food manufacturing, from the production of raw materials and their processing, to consumer products in the market. It is renowned as a well-established company and a leading player in many business categories in which it operates. In its business operations, Indofood capitalizes on economies of scale and a resilient business model with four complementary Strategic Business Groups.

#### Analyst

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## COMPANY PROFILE

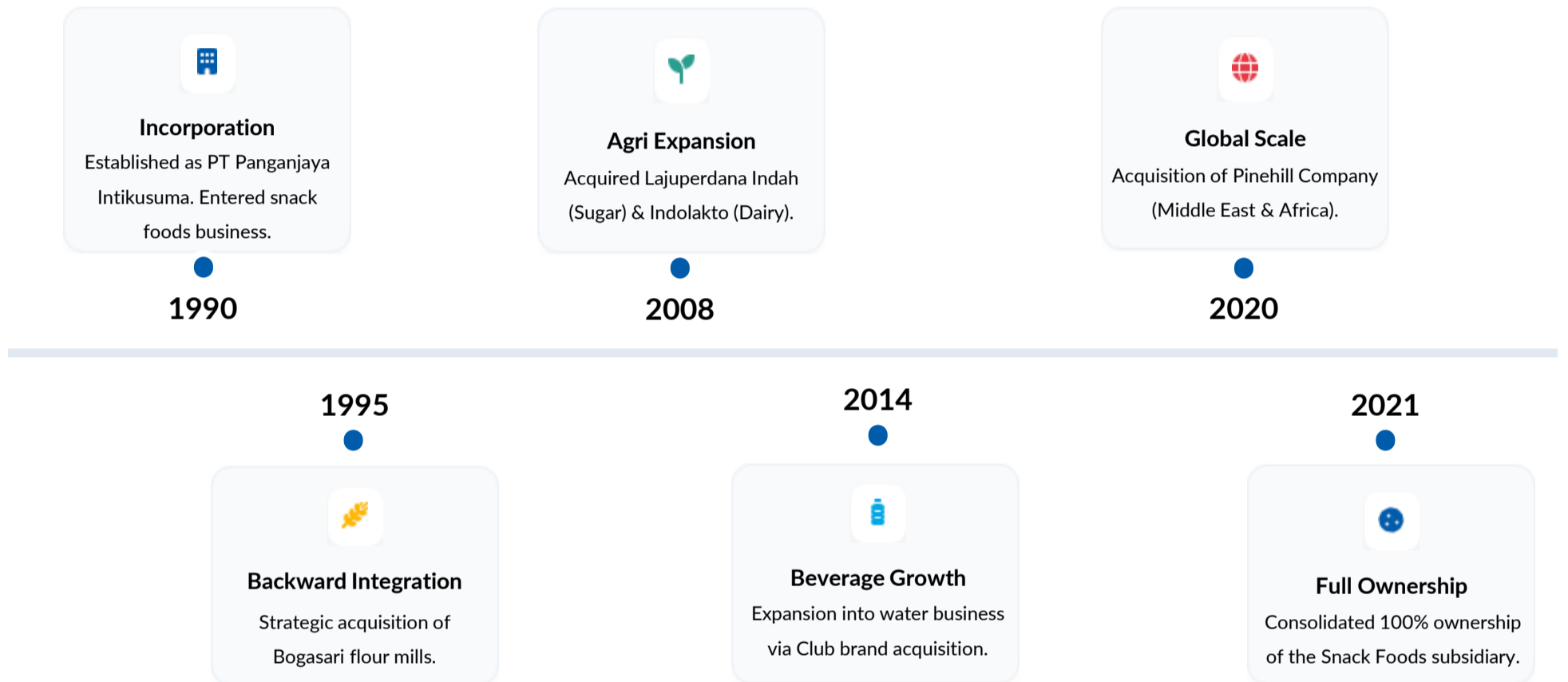
### Strategic Expansion and Vertical Integration Support INDF's Long-Term Resilience

INDF has consistently executed a long-term growth strategy centered on vertical integration, portfolio diversification, and international expansion, strengthening its position as one of Indonesia's leading consumer staples companies. Beginning with the acquisition of Bogasari in 1995 to secure flour supply and improve cost efficiency, the company continued expanding into higher-growth segments through acquisitions such as Indolakto and Lajuperdana Indah in 2008, followed by its entry into the bottled water business through Club in 2014. INDF further strengthened its global presence via the acquisition of Pinehill Company in 2020, expanding instant noodles exposure across the Middle East and Africa while reducing dependence on domestic demand. In addition, the consolidation of full ownership in its snack foods subsidiary in 2021 reflects management's focus on improving operational control and profitability.

### Integrated Business Structure Strengthens INDF's Competitive Advantage

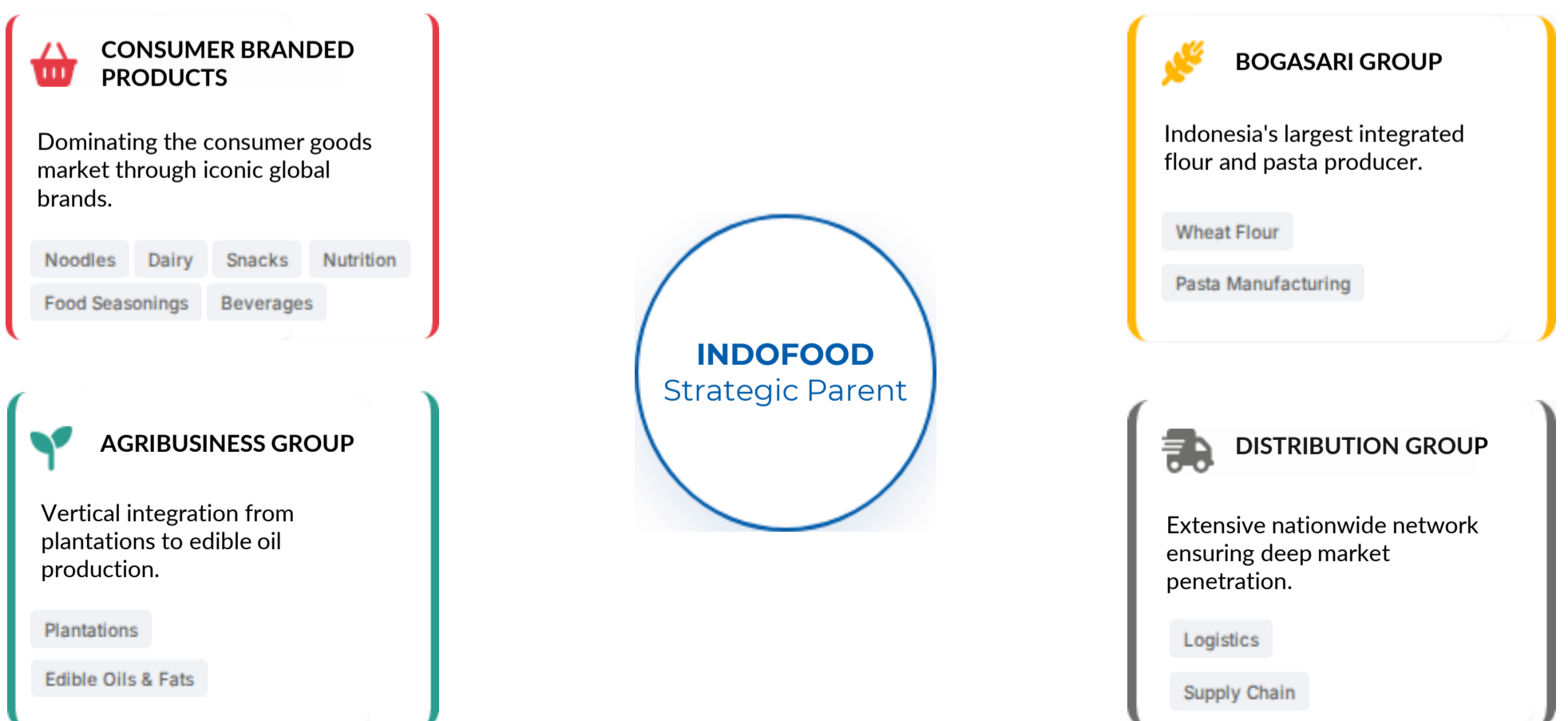
INDF operates a highly integrated business structure that provides strong operational synergies, cost efficiency, and earnings resilience across economic cycles. The company's Consumer Branded Products segment remains the core earnings driver through its diversified portfolio spanning noodles, dairy, snacks, nutrition, seasonings, and beverages, supported by strong brand equity and dominant market share. Meanwhile, the Bogasari Group secures upstream supply through its leading flour milling and pasta manufacturing operations, reducing raw material dependency and improving margin stability. INDF also benefits from vertical integration through its Agribusiness Group, which strengthens exposure across plantations and edible oils, allowing the company to capture value along the supply chain. Complementing these operations, the Distribution Group provides extensive nationwide logistics and supply chain infrastructure, supporting deep market penetration and efficient product delivery across Indonesia.

Graphic 1. INDF's Company Milestone



Source: Company, Ajaib Research

Graphic 2. INDF's Integrated Business Structure



Source: Company, Ajaib Research

## CONSUMER BRANDED PRODUCTS (CBP)

### Instant Noodles Remain INDF's Core Earnings Driver

INDF continues to rely on its instant noodle segment under PT Indofood CBP Sukses Makmur Tbk. (ICBP) as the primary contributor to Consumer Branded Products (CBP) revenue, accounting for approximately 72% of total CBP sales in 2025. Supported by flagship brands such as Indomie, Sarimi, and Supermi, the segment recorded revenue of Rp 55.8 tn in 2025 (+3.7% YoY), and is projected to continue growing to Rp 58.1 tn in 2026 (+4.1% YoY). Growth is expected to remain resilient, supported by Indonesia's high per capita noodle consumption, which is projected to increase from 53 servings in 2025 to 56 servings by 2028, reinforcing INDF's dominant positioning in the domestic staple food market. INDF's broad pricing spectrum across premium and mass-market products enables the company to maintain market share while preserving pricing flexibility amid fluctuations in raw material costs such as wheat and palm oil. Combined with the company's vertically integrated flour business through Bogasari, we believe the instant noodle segment will remain a key earnings stabilizer and long-term growth driver for INDF going forward.

### Indonesia Remains a Key Structural Growth Market for Instant Noodles

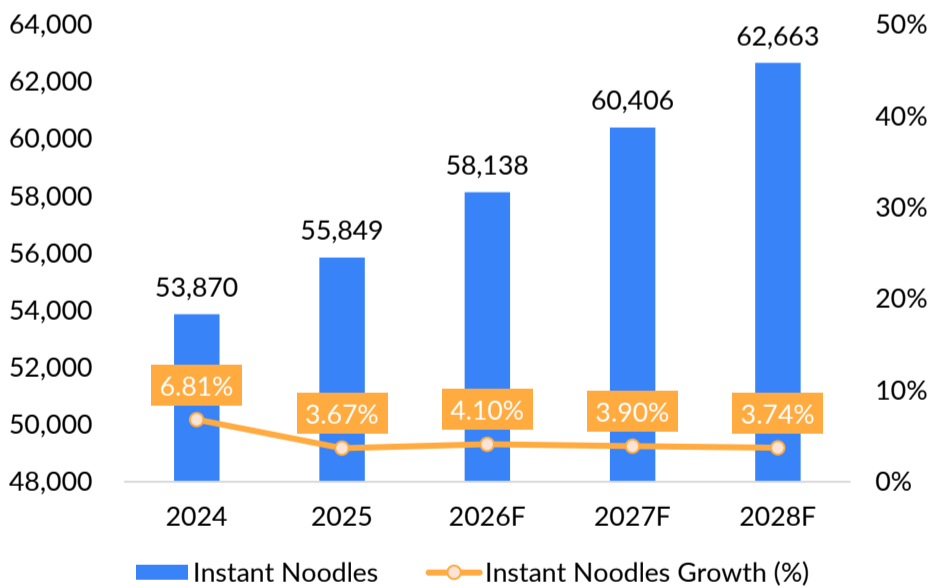
Global instant noodle demand is projected to grow from 123 bio servings in 2024 to 132 bio servings by 2028, supported by resilient staple food consumption trends. INDF is well positioned to benefit through Indomie, particularly as Indonesia remains the world's second-largest noodle market, with demand expected to increase from 15.0 bio servings in 2025 to 16.2 bio servings by 2028. Export markets such as Nigeria, Vietnam, and the Philippines also continue to show strong growth potential, supporting INDF's international expansion. Backed by strong brand equity, extensive distribution, and vertically integrated operations through Bogasari.

Graphic 3. INDF's CBP Segment Key Brands



Source: Company, Ajaib Research

Figure 2. INDF's Instant Noodles Sales (IDR bn)



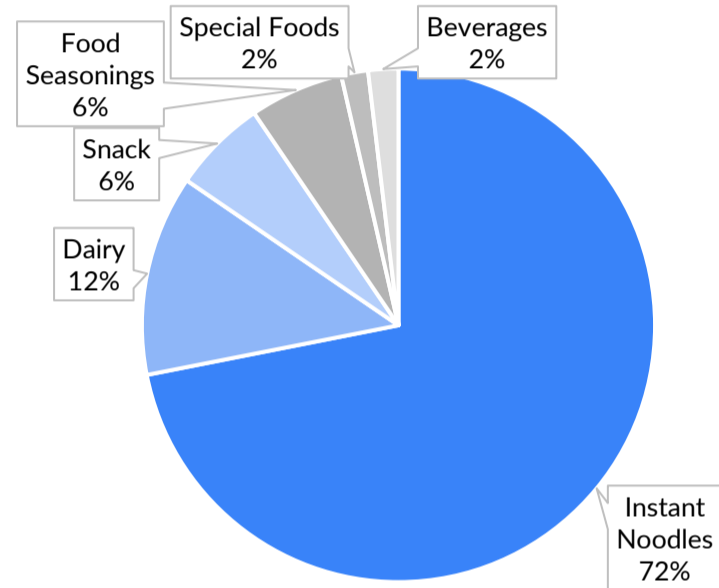
Source: Company, Ajaib Research

Table 1. World Instant Noodle Demand (Mio Serving)

Country	2024	2025	2026F	2027F	2028F
China/Hong Kong	43,802	43,709	43,622	43,535	43,448
Indonesia	14,680	15,069	15,432	15,797	16,166
India	8,320	8,389	8,473	8,557	8,643
Viet Nam	8,137	8,319	8,463	8,608	8,754
Japan	5,901	5,872	5,814	5,756	5,698
USA	5,151	5,216	5,268	5,320	5,374
Philippines	4,492	4,632	4,773	4,914	5,058
Republic of Korea	4,098	4,141	4,184	4,227	4,270
Thailand	4,080	4,163	4,255	4,348	4,441
Nigeria	3,002	3,327	3,635	3,955	4,286
Others	21,405	22,534	23,559	24,579	25,603
<b>Total</b>	<b>123,068</b>	<b>125,372</b>	<b>127,476</b>	<b>129,597</b>	<b>131,741</b>

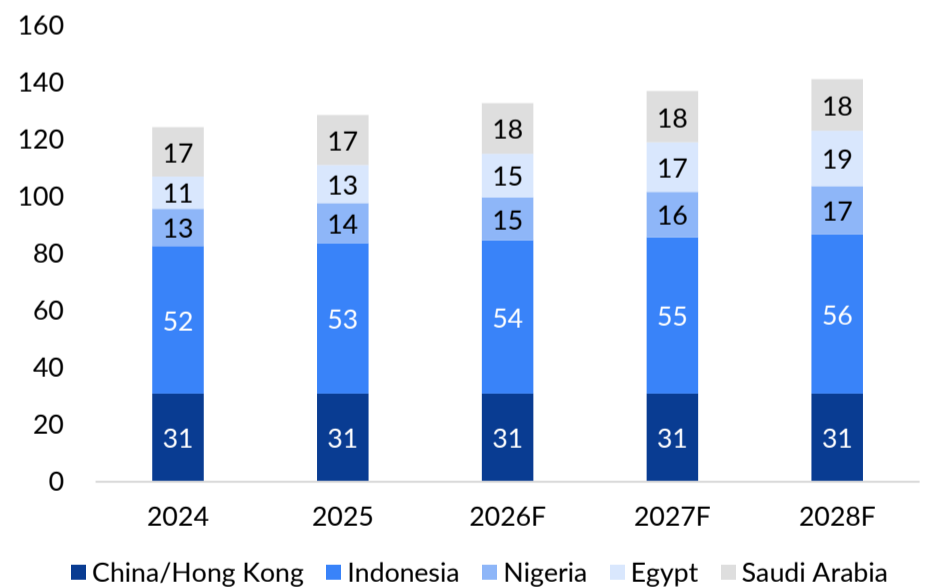
Source: WINA, Ajaib Research

Figure 1. INDF's CBP Segment 2025 Revenue Breakdown



Source: Company, Ajaib Research

Figure 3. INDF's Main Market Instant Noodle Cons. Per Capita (Serving)



Source: WINA, Ajaib Research

## BOGASARI

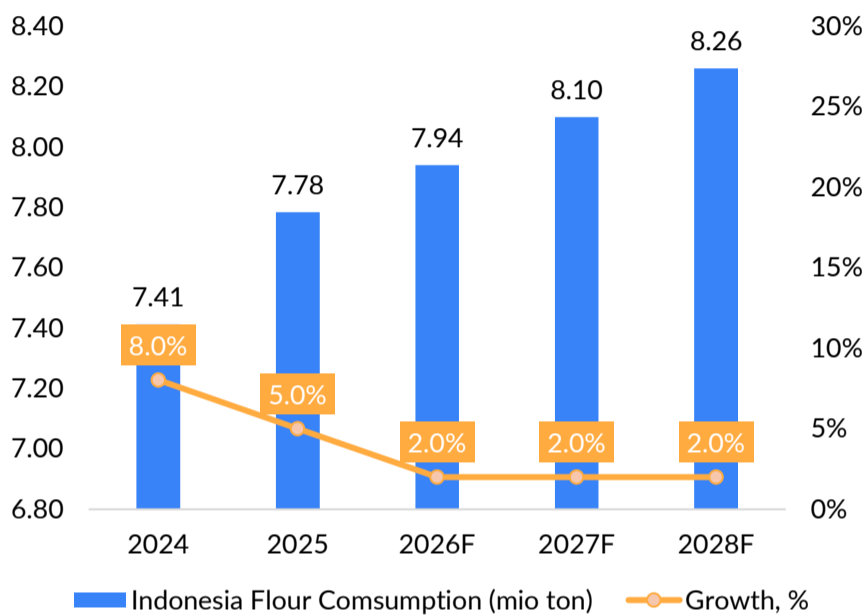
### Steady Flour Consumption Growth Supports Bogasari's Long-Term Earnings Expansion

Indonesia's flour consumption is projected to continue expanding from 7.41 mio tons in 2024 to 8.26 mio tons by 2028, supported by steady growth in per capita consumption and resilient demand from the food manufacturing industry. Indonesia remains one of the highest flour-consuming markets in the region, with per capita consumption projected to increase from 33.0 kg in 2024 to 35.1 kg in 2028, outperforming several neighboring countries. This trend should continue benefiting Indofood's Bogasari segment as Indonesia's largest integrated flour producer. Bogasari recorded revenue of Rp 31.1 tn (+1.8% YoY) in 2025, recovering from softer performance in previous years, and is projected to rise further to Rp 32.7 tn (+5.0% YoY) in 2026F, supported by rising domestic flour demand, stable wheat consumption growth, and stronger downstream food production activity.

### INDF Wheat Cost Normalization and Geopolitical Margin Risks

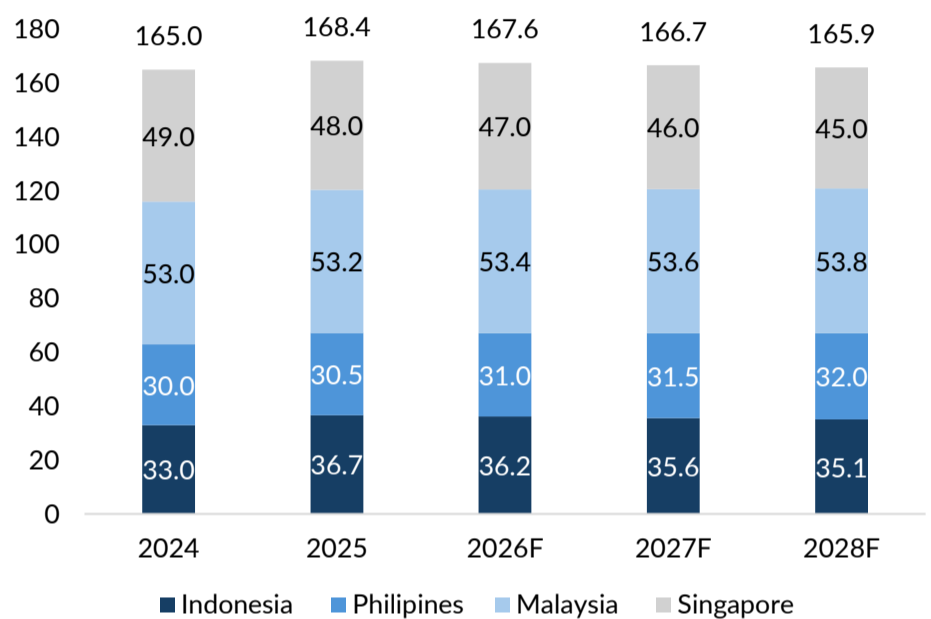
INDF's cost structure has benefited from a significant deflationary trend in soft commodities, with average Indonesia wheat import prices retreating from a 2022 peak of USD 403.22/ton to USD 299.54/ton (-13.5% YoY) in 2024. This pricing tailwind allowed the group to support robust volume growth of 11.7 mio tons (+10.7% YoY) while simultaneously realizing a contraction in total procurement value to USD 3.5 bio (-4.3% YoY), implying a substantial COGS relief for the Bogasari and ICBP segments. However, we flag a high-conviction risk to mid-term margins stemming from the US-Iran conflict, as the Strait of Hormuz a critical artery for 34% of global urea trade, could trigger a structural spike in fertilizer and energy costs. Such a disruption would likely force from the current disinflationary cycle to a higher-cost wheat import price, and add pressure to INDF margin.

Figure 4. INDF's Indonesia Flour Consumption (Mio Ton)



Source: APTINDO, Ajaib Research

Figure 5. Flour Consumption per Capita (kg)



Source: APTINDO, Ajaib Research

Table 2. Indonesia's Wheat Import Source

Volume (thousand ton)	2017	2018	2019	2020	2021	2022	2023	2024
Australia	5,098	2,420	891	831	4,626	4,192	4,240	2,992
Ukraine	1,822	2,411	2,984	2,953	2,834	167	652	2,404
Canada	1,686	1,974	2,439	2,337	1,919	1,322	2,378	2,548
Argentina	152	678	1,953	2,636	607	1,470	199	1,318
US	1,150	904	1,256	1,277	448	392	391	692
India	0	0	0	0	319	908	0	0
Bulgaria	0	1	171	129	228	168	868	300
Brazil	64	0	267	0	123	642	828	0
Moldova	58	54	112	56	66	30	62	68
Russia	1,189	1,228	516	69	3	0	909	1,287
Others	6	415	76	0	0	60	60	107
<b>Total</b>	<b>11,226</b>	<b>10,084</b>	<b>10,664</b>	<b>10,287</b>	<b>11,172</b>	<b>9,350</b>	<b>10,587</b>	<b>11,715</b>
Value (USD mio)								
Australia	1,170	640	260	240	1,453	1,701	1,461	914
Ukraine	377	576	697	706	844	61	195	649
Canada	485	572	702	639	639	634	947	885
Argentina	32	144	510	628	170	520	75	374
US	277	236	342	342	135	163	126	198
India	0	0	0	0	101	362	0	0
Bulgaria	0	0	38	29	58	69	253	83
Brazil	12	0	69	0	30	228	319	0
Moldova	12	13	27	14	19	10	18	18
Russia	239	292	128	16	1	0	258	358
Others	1	97	19	0	(0)	23	17	30
<b>Total</b>	<b>2,605</b>	<b>2,568</b>	<b>2,792</b>	<b>2,613</b>	<b>3,450</b>	<b>3,770</b>	<b>3,668</b>	<b>3,509</b>
<b>Avg. Import Price (USD/ton)</b>	<b>232.02</b>	<b>254.66</b>	<b>261.80</b>	<b>253.98</b>	<b>308.79</b>	<b>403.22</b>	<b>346.47</b>	<b>299.54</b>

Source: BPS, Ajaib Research

**AGRIBUSINESS**

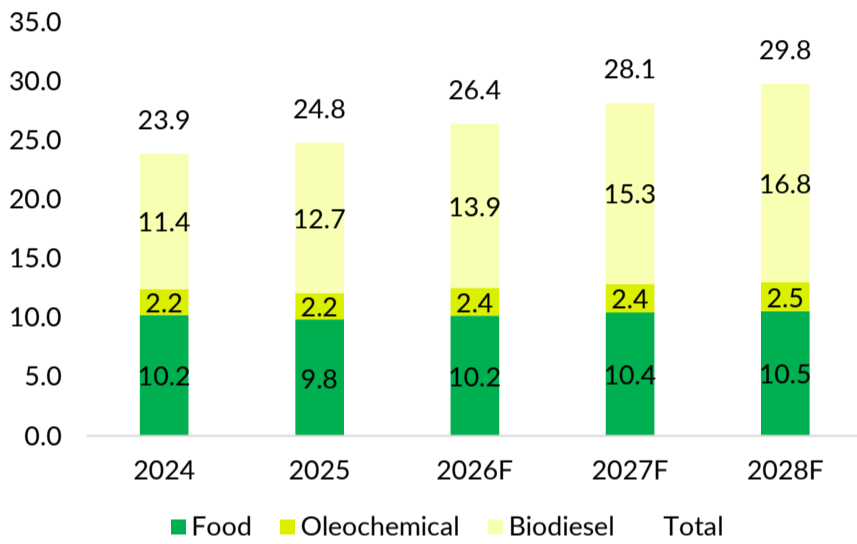
**INDF Agribusiness: Revenue Tailwinds and Domestic Consumption Resilience**

INDF's Agribusiness segment delivered a breakout performance in 2025, with revenue surging to Rp 21.0 tn (+31.83% YoY), primarily catalyzed by a +10% YoY appreciation in average domestic CPO selling prices to Rp 14,101/kg. Operationally, the segment maintained high-single-digit growth as CPO production reached 0.73 mio tons (+7.26% YoY), successfully rebounding from historical climate-driven bottlenecks. This growth trajectory is underpinned by structural shifts in domestic absorption. Indonesia's total CPO consumption hit 24.8 mio tons (+3.8% YoY) in 2025, fueled by the aggressive B40 biodiesel mandate which increased energy-sector uptake to 12.7 mio tons (+11.0% YoY). Looking into 1Q26, INDF continues to benefit from firm CPO prices and the government's pivot toward a B50 mandate by late 2026, which effectively creates a hard floor for domestic prices and mitigates the impact of potential global export volatility.

**Commodity Price Correlation and Downstream Pass-Through**

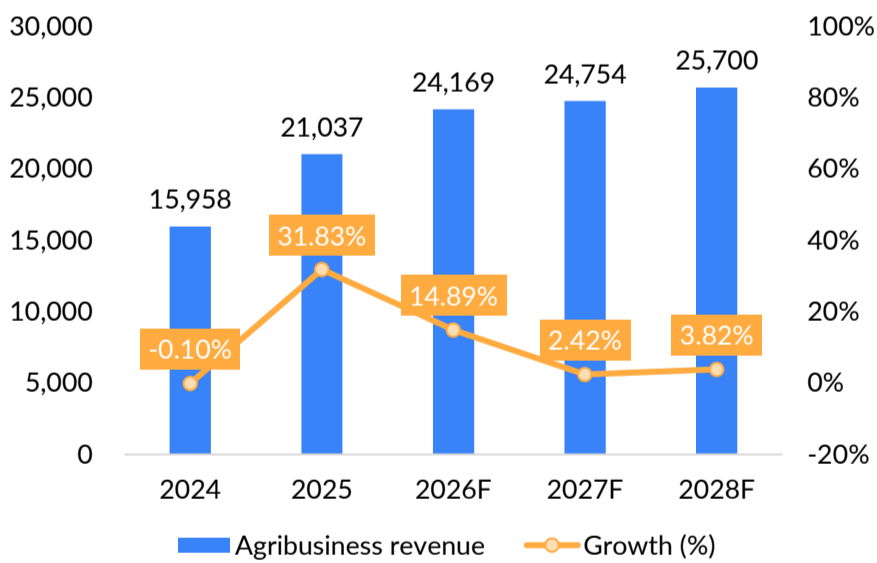
Benchmark CPO prices sustained positive momentum through 2025, averaging MYR 4,300/ton (+6.17% YoY), which provided a significant tailwind for INDF's upstream realization rates. This pricing strength successfully transitioned to the downstream segment, with Bimoli average selling prices (ASP) advancing to IDR 20,500/ltr (+5.13% YoY). For the 2026 forecast period, benchmark CPO is expected to appreciate further to MYR 4,500/ton (+4.65% YoY), driven by persistent supply tightness and the expansion of domestic blending mandates. Consequently, we project INDF will maintain robust pricing power in the branded cooking oil category, with Bimoli ASP anticipated to reach IDR 22,097/ltr (+7.79% YoY). While these elevated price levels bolster consolidated top-line growth, we remain attentive to potential regulatory intervention in the form of domestic price ceilings, which may require a strategic trade-off between volume leadership and absolute margin capture.

**Figure 6. Indonesia Domestic CPO Consumption (mio tons)**



Source: GAPKI, Ajaib Research

**Figure 7. INDF's Agribusiness Segment Revenue (IDR bn)**



Source: Company, Ajaib Research

**Figure 9. CPO Price (MYR/ton)**



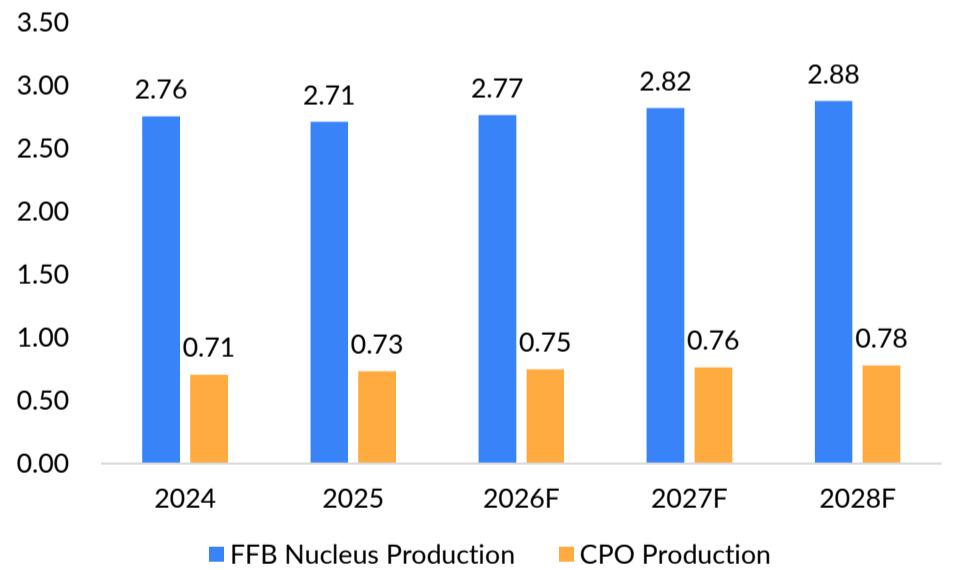
Source: Trading Economics, Ajaib Research

**Graphic 4. INDF's Agribusiness CPO Process**



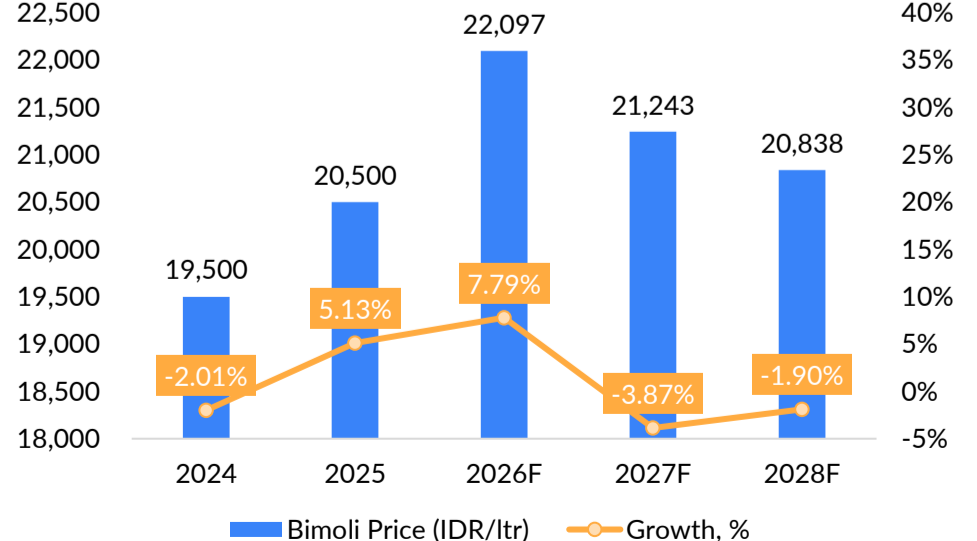
Source: Company, Ajaib Research

**Figure 8. INDF's Agribusiness FFB & CPO Production (mio tons)**



Source: Company, Ajaib Research

**Figure 10. Bimoli Average Price (IDR/ltr)**



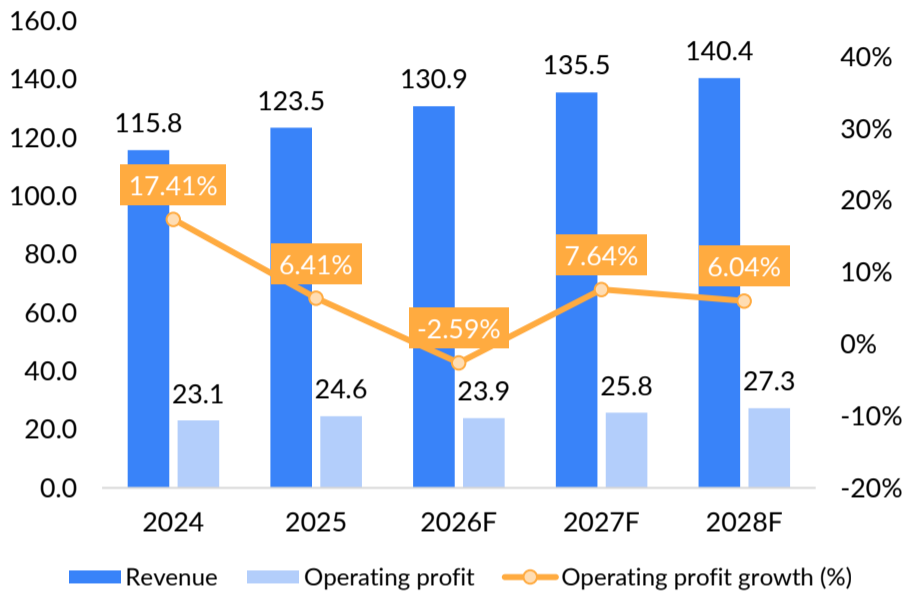
Source: Kemendag, BPS, Ajaib Research

**FINANCIAL ANALYSIS**

**Operational Resilience and Profit Normalization Amidst Global Commodity Volatility**

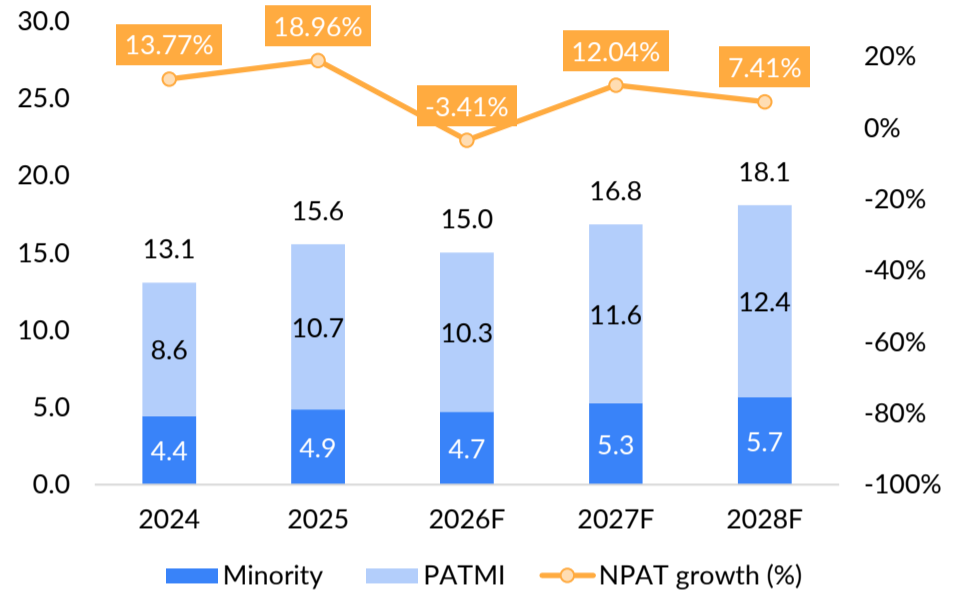
INDF delivered a robust top-line performance in FY25, with consolidated revenue rising to Rp 123.5 tn (+6.66% YoY), underpinned by significant outperformance in the Agribusiness segment. Inline with revenue growth, operating profit expanded to Rp 24.6 tn (+6.41% YoY). We note a substantial uplift in NPAT to Rp 15.6 tn (+18.96% YoY), while PATMI reached Rp 10.7 tn (+23.64% YoY). However, we characterize the FY25 bottom-line surge as a one-time normalization event due to the low base effect in 2024, where INDF recognized a substantial loss from a subsidiary amounting to Rp 1.4 tn. The CBP segment remains the primary revenue anchor at Rp 75.7 tn (+3.30% YoY), though the strongest growth momentum was observed in Agribusiness, which reached Rp 21.0 tn (+31.83% YoY). Heading into FY26, we forecast continued top-line expansion to Rp 130.9 tn (+8.59% YoY). Nevertheless, we anticipate moderate pressure on FY26 operating margins due to the upward trend in wheat import costs. While a headwind, we believe this increase will be significantly less disruptive than the 2022 supply shock triggered by the Russia-Ukraine conflict, and we expect this pressure to be partially neutralized by the Agribusiness division's sustained momentum. With CPO prices projected to find a higher floor at MYR 4.500/ton (+4.65% YoY) and the impending B50 mandate strengthening domestic absorption, the upstream segment should act as a natural hedge

**Figure 11. INDF's Topline Performance (IDR tn)**



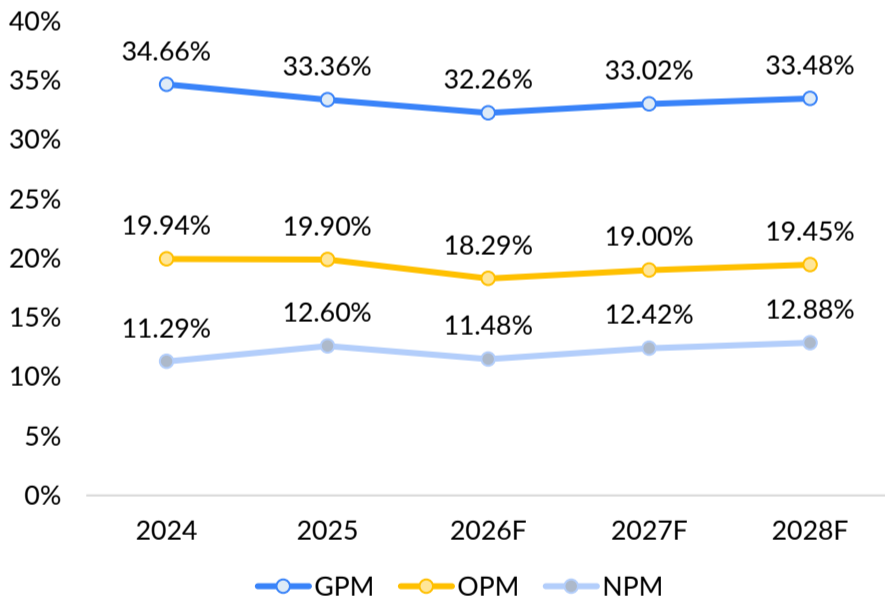
Source: Company, Ajaib Research

**Figure 12. INDF's Net Profit After Tax (IDR tn)**



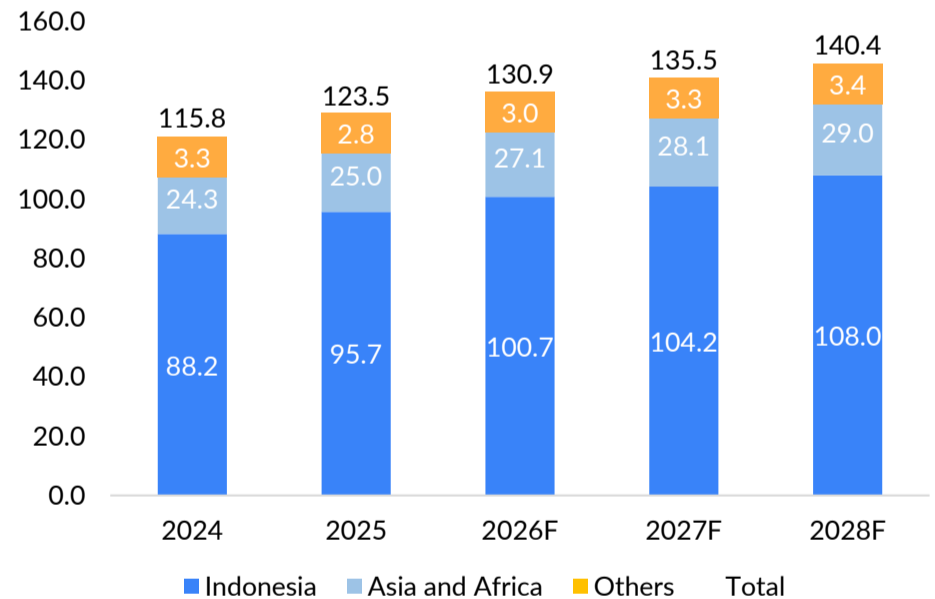
Source: Company, Ajaib Research

**Figure 13. INDF's Profit Margins (%)**



Source: Company, Ajaib Research

**Figure 14. INDF's Revenue by Geography (IDR tn)**



Source: Company, Ajaib Research

**Table 3 . IDF Segment Breakdown (IDR bn)**

	2024	2025	2026F	2027F	2028F
CBP Products	73,320	75,743	78,517	82,059	85,462
Growth, %		6.88%	3.30%	3.66%	4.15%
OPM, %	21.93%	20.80%	21.42%	21.38%	21.20%
Bogasari	30,558	31,108	32,664	33,317	33,983
Growth, %		0.47%	1.80%	5.00%	2.00%
OPM, %	8.41%	9.10%	8.32%	8.61%	8.68%
Agribusiness	15,958	21,037	24,169	24,754	25,700
Growth, %		-0.10%	31.83%	14.89%	2.42%
OPM, %	22.97%	19.62%	18.62%	20.40%	19.55%
Distribution	7,002	7,425	7,797	8,186	8,596
Growth, %		0.66%	6.05%	5.00%	5.00%
OPM, %	6.99%	8.45%	7.45%	7.63%	7.84%
Elimination	(11,051)	(11,820)	(12,294)	(12,767)	(13,316)
<b>Total Revenue</b>	<b>115,787</b>	<b>123,494</b>	<b>130,853</b>	<b>135,550</b>	<b>140,426</b>
Growth, %		8.71%	8.74%	8.59%	8.66%

Source: Company, Ajaib Research

**FINANCIAL ANALYSIS**

**1Q26 Results: Resilient Top-line Amidst Emerging Margin and FX Headwinds**

INDF reported a robust start to the year with 1Q26 revenue reaching Rp 33.9 tn (+7.4% YoY, +4.2% QoQ), demonstrating sustained demand across its core segments. However, the anticipated inflationary pressure on raw materials has begun to manifest, the rising cost of wheat imports in early 2026 compressed the consolidated Gross Profit Margin (GPM) to 32.9%, down from the 33.4% averaged in 2025. Despite this margin contraction, the group's scale allowed gross profit to grow to Rp 11.2 tn (+2.5% YoY, +2.1% QoQ). On the bottom line, 1Q26 PATMI remained resilient at Rp 2.8 tn (+8.59% YoY, +5.50% QoQ), though we caution that this performance may not be sustainable for the full year. While the 1Q26 print appears stable, we project downward pressure on INDF's PATMI for the remainder of 2026, driven by a dual-threat of margin erosion and currency depreciation. The primary concern is the weakening Rupiah, with INDF holding a substantial foreign currency debt position of USD 2.75 bn, the shift in the USD/IDR exchange rate from Rp 16.782 in 2025 to current levels of Rp 17.800 poses a significant threat.

**Rupiah Depreciation Could Pressure INDF's Bottom Line**

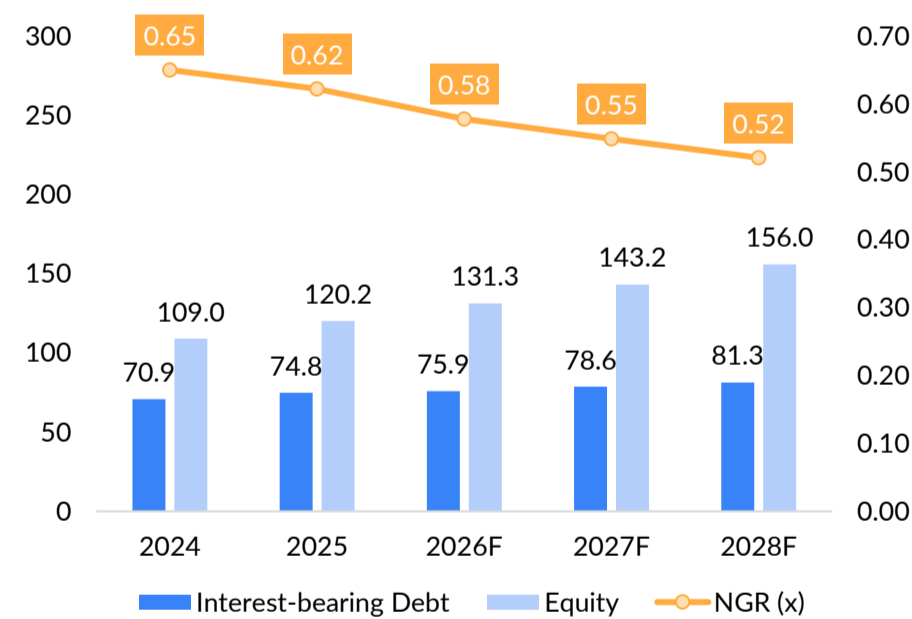
INDF remains exposed to foreign exchange volatility due to its US\$ 2.75 bn bond debt used to finance the Pinehill acquisition in 2020, when the Rupiah exchange rate was still at Rp 14,010/USD. Since then, the Rupiah has weakened significantly, increasing the company's exposure to unrealized forex losses and making bottom-line earnings more volatile. Historically, INDF recorded a foreign exchange loss of Rp 4.8 tn in 2022 as the Rupiah depreciated from Rp 14,269/USD in 2021 to Rp 15,731/USD in 2022. Looking ahead, continued Rupiah weakness during 2026 could again pressure profitability, with potential forex losses estimated at Rp 2.0 tn assuming an exchange rate of Rp 17,500/USD. In a more bearish scenario, losses could widen to Rp 3.3 tn if the Rupiah weakens to Rp 18,000/USD, and potentially reach Rp 4.7 tn at Rp 18,500/USD, which could reduce INDF's net profit by around 10.3%-17.1% YoY.

**Table 4. INDF's Quarterly Performance (IDR bn)**

Key Metrics (Rp bn)	12M24	12M25	YoY	1Q25	4Q25	1Q26	YoY	QoQ
Revenue	115,787	123,493	6.7%	31,555	32,512	33,891	7.4%	4.2%
Gross Profit	40,137	41,192	2.6%	10,885	10,931	11,156	2.5%	2.1%
Gross Margin	34.7%	33.4%	-1.3%	34.5%	33.6%	32.9%	-1.6%	-0.7%
Operating Profit	23,088	24,569	6.4%	6,923	6,471	6,529	-5.7%	0.9%
Operating Margin	19.9%	19.9%	0.0%	21.9%	19.9%	19.3%	-2.7%	-0.6%
Net Profit	13,077	15,556	19.0%	3,914	4,188	4,217	7.7%	0.7%
Net Margin	11.3%	12.6%	1.3%	12.4%	12.9%	12.4%	0.0%	-0.4%
PATMI	8,642	10,685	23.6%	2,724	2,803	2,958	8.59%	5.5%

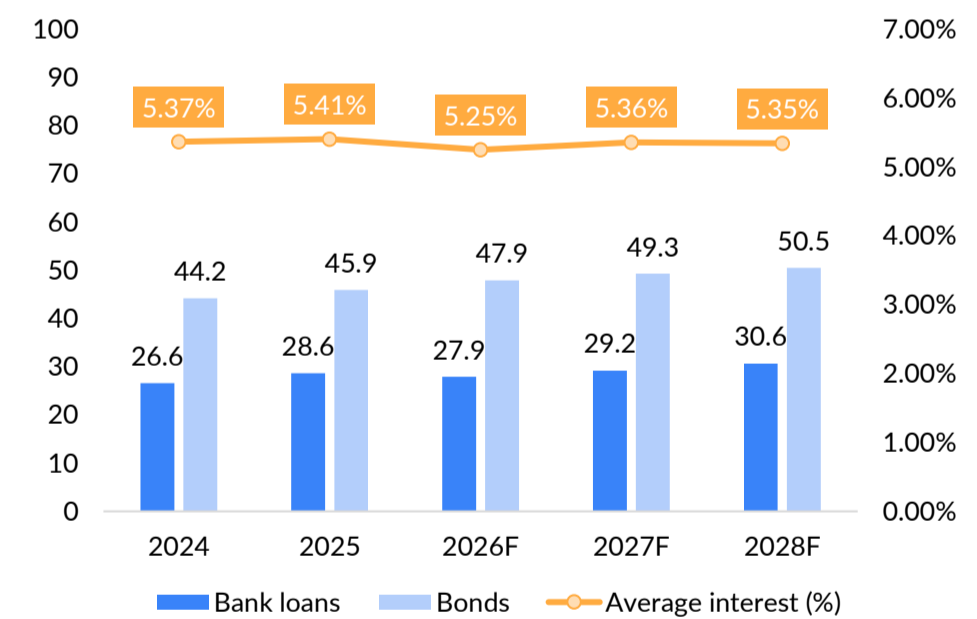
Source: Company, Ajaib Research

**Figure 15. INDF's Debt to Equity (IDR tn)**



Source: Company, Ajaib Research

**Figure 16. INDF's Debt Breakdown (IDR tn)**



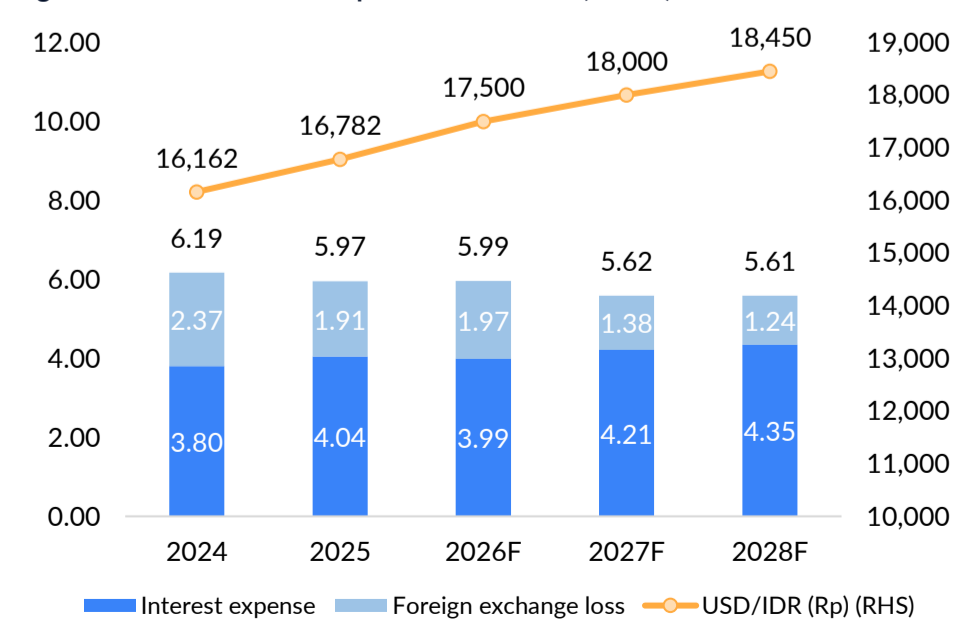
Source: Company, Ajaib Research

**Figure 17. INDF's FX Loss Sensitivity to Profit (IDR bn)**

IDR bn	2026F			
	High	Base	Low	Very Low
USD/IDR (Rp)	17,100	17,500	18,000	18,500
Interest expense	3,987	3,987	3,987	3,987
Lease liabilities	26	26	26	26
Foreign exchange loss	875	1,975	3,350	4,725
<b>Total Financial Expense (-)</b>	<b>4,887</b>	<b>5,987</b>	<b>7,362</b>	<b>8,737</b>
EBT	20,566	19,466	18,091	16,716
Tax Expense (-)	4,690	4,439	4,126	3,812
<b>Net Income</b>	<b>15,875</b>	<b>15,026</b>	<b>13,965</b>	<b>12,903</b>
Minority (-)	4,984	4,717	4,384	4,051
<b>PATMI</b>	<b>10,892</b>	<b>10,309</b>	<b>9,581</b>	<b>8,853</b>
YoY Growth (%)	1.93%	-3.52%	-10.33%	-17.15%

Source: Company, Ajaib Research

**Figure 18. INDF's Interest Expense and FX Loss (IDR tn)**



Source: Company, Ajaib Research

## VALUATION

### Attractive Valuation with Defensive Earnings Profile

We initiate coverage on INDF with a **BUY** recommendation and a **target price of Rp 8,900/share**, implying an **upside potential of +30.4%** from the current price of Rp 6,825/share. Our target price reflects a 2026F forward P/E of 7.4x, which we consider still attractive given the company's resilient earnings profile and strong cash flow generation. We value INDF using a DCF methodology with a WACC assumption of 9.7%. Despite meaningful growth in net profit and operating cash flow over the past decade, INDF's share price has remained relatively stagnant, making current valuation levels significantly more appealing compared to historical periods. We view INDF as a defensive investment alternative with relatively low earnings volatility supported by its dominant market position across essential consumer segments. Nevertheless, **key risks remain from rising imported raw material costs, particularly wheat prices which have increased to around US\$ 626/bu from US\$ 500-550/bu in 2025**, although still below the peak of US\$ 1,060/bu seen in 2022. In addition, **continued Rupiah depreciation from Rp 16,782/USD in 2025 to above Rp 17,800/USD currently could further increase import costs and foreign exchange losses, which we estimate may reach Rp 2.0 trillion in 2026.**

Table 5. INDF's DCF Valuation Key Assumption

Key Assumption	Value
Risk Free Rate	6.73%
Implied Market Return	12.35%
Beta	1.15
<b>Cost of Equity</b>	<b>13.19%</b>
<b>Cost of Debt</b>	<b>5.41%</b>
% of equity	55.16%
% of debt	44.84%
<b>WACC</b>	<b>9.70%</b>
Perpetual Growth	2.00%
DPR	28.45%
Avg. ROE	13.69%
Retention Rate	71.55%
Total Shares (bn)	8.78

Source: Bloomberg, Ajaib Research

Table 6. INDF's DCF Valuation (Rp bn)

Key Metrics	2026F	2027F	2028F	2029F	2030F
Cash Flow	14,084	12,616	13,635	14,645	15,239
Depreciation & Amortization	3,347	3,384	3,444	3,642	3,826
Capex	(5,336)	(3,931)	(4,127)	(4,333)	(4,550)
FCFF	12,095	12,069	12,952	13,954	14,515
<b>Discounted Cash Flow</b>	<b>11,025</b>	<b>10,029</b>	<b>9,811</b>	<b>9,635</b>	<b>9,136</b>

Key Metrics	Value
Terminal Value	121,011
<b>Discounted TV</b>	<b>76,168</b>
<b>Discounted CF</b>	<b>49,636</b>
Minority	(48,193)
Total Value	77,612
<b>Value per Share</b>	<b>8,900</b>

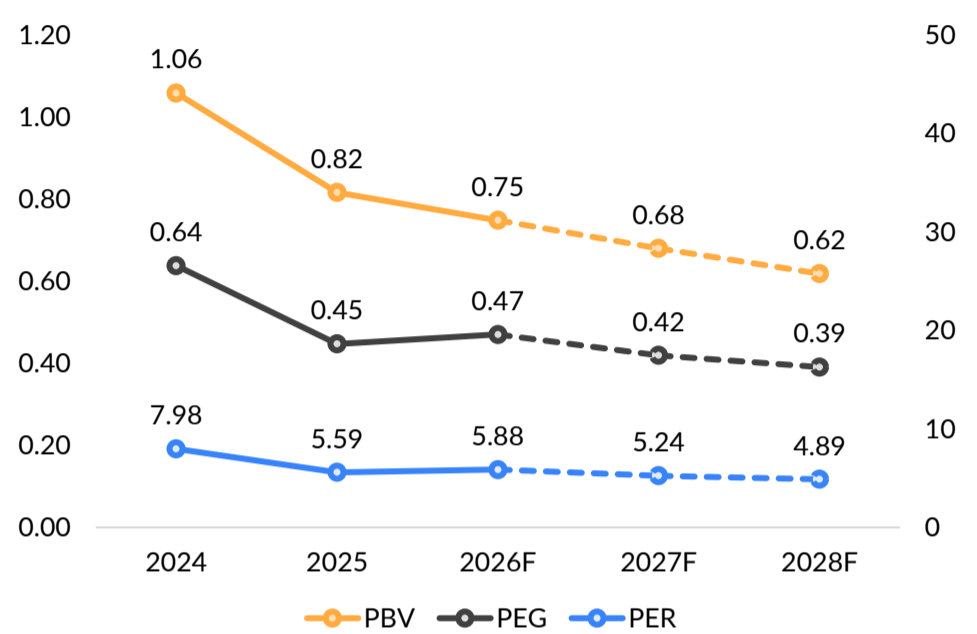
Source: Company, Ajaib Research

Table 7. Peers Comparison (Consensus)

Ticker	Mkt Cap (Rp tn)	PE 2026F (x)	PE 2027F (x)	ROE 2026F (%)	ROE 2027F (%)	PBV 2026F (x)	Div Yield 2026F (%)	EPS Growth (%)
<b>INDF IJ</b>	<b>59.93</b>	<b>5.07</b>	<b>4.57</b>	<b>15.06</b>	<b>15.03</b>	<b>0.74</b>	<b>5.72</b>	<b>6.27</b>
ICBP IJ	80.18	8.13	7.54	16.66	16.76	1.36	5.28	4.54
MYOR IJ	41.36	12.56	10.80	16.84	17.71	2.03	3.42	9.10
UNVR IJ	67.14	15.52	15.16	138.26	168.34	23.82	8.15	1.39
ULTJ IJ	16.38	10.19	9.00	18.67	19.27	1.85	4.54	7.46
CMRY IJ	34.91	15.43	12.94	30.42	32.34	4.66	4.22	10.62
<b>Median</b>	<b>70.05</b>	<b>10.19</b>	<b>9.00</b>	<b>16.84</b>	<b>17.71</b>	<b>1.85</b>	<b>5.28</b>	<b>6.87</b>

Source: Bloomberg, Ajaib Research

Figure 19. INDF's Forward Relative Valuation (x)



Source: Company, Ajaib Research

## Financial Statement

Income Statement (Rp bn)	2024	2025	2026F	2027F	2028F
<b>Revenue</b>	<b>115,787</b>	<b>123,493</b>	<b>130,853</b>	<b>135,550</b>	<b>140,426</b>
COGS	(75,650)	(82,301)	(88,641)	(90,798)	(93,405)
<b>Gross Profit</b>	<b>40,137</b>	<b>41,192</b>	<b>42,212</b>	<b>44,752</b>	<b>47,021</b>
Selling and distribution expense	(12,258)	(12,592)	(13,323)	(14,089)	(14,760)
General and admin expense	(5,049)	(5,245)	(5,465)	(5,595)	(5,790)
Others	258	1,213	510	693	846
<b>Total Opex</b>	<b>(17,048)</b>	<b>(16,623)</b>	<b>(18,279)</b>	<b>(18,991)</b>	<b>(19,704)</b>
<b>Operating Profit</b>	<b>23,088</b>	<b>24,569</b>	<b>23,933</b>	<b>25,761</b>	<b>27,316</b>
Finance income	1,774	1,663	1,746	1,833	1,925
Finance expense	(6,192)	(5,974)	(5,987)	(5,615)	(5,612)
Share of income(loss) from JV	(1,362)	27	34	41	49
Others	(269)	(248)	(260)	(273)	(287)
<b>Total others income (expense)</b>	<b>(6,048)</b>	<b>(4,531)</b>	<b>(4,467)</b>	<b>(4,015)</b>	<b>(3,925)</b>
<b>EBT</b>	<b>17,040</b>	<b>20,038</b>	<b>19,466</b>	<b>21,746</b>	<b>23,391</b>
Tax expense	(3,962)	(4,481)	(4,439)	(4,911)	(5,309)
<b>NPAT</b>	<b>13,077</b>	<b>15,556</b>	<b>15,026</b>	<b>16,835</b>	<b>18,082</b>
Minority interest	(4,436)	(4,872)	(4,717)	(5,272)	(5,680)
<b>PATMI</b>	<b>8,642</b>	<b>10,685</b>	<b>10,309</b>	<b>11,563</b>	<b>12,402</b>

Cash Flow Statement (IDR bn)	2024	2025	2026F	2027F	2028F
Net income	8,642	10,685	10,309	11,563	12,402
Depreciation	2,946	3,347	3,384	3,444	3,642
Change in Working Capital	(4,505)	52	(1,077)	(1,372)	(1,399)
<b>Operating Cash Flow</b>	<b>7,083</b>	<b>14,084</b>	<b>12,616</b>	<b>13,635</b>	<b>14,645</b>
Capex	(3,724)	(5,336)	(3,931)	(4,127)	(4,333)
Other Inv. cash flow	750	(4,177)	(1,911)	(2,056)	(2,213)
<b>Investing Cash Flow</b>	<b>(2,974)</b>	<b>(9,513)</b>	<b>(5,842)</b>	<b>(6,183)</b>	<b>(6,546)</b>
Net change in debt	6,310	3,930	1,117	2,680	2,690
Dividend paid	(2,344)	(2,459)	(2,887)	(3,238)	(3,473)
Other Fin.cash flow	2,056	2,720	2,164	3,804	4,194
<b>Financing Cash Flow</b>	<b>6,022</b>	<b>4,191</b>	<b>394</b>	<b>3,246</b>	<b>3,412</b>
Change in cash	10,131	8,762	7,168	10,699	11,511
Beginning cash	28,577	38,708	47,470	54,638	65,336
<b>Ending cash</b>	<b>38,708</b>	<b>47,470</b>	<b>54,638</b>	<b>65,336</b>	<b>76,847</b>

Source: Company, Ajaib Research

Balance Sheet (Rp bn)	2024	2025	2026F	2027F	2028F
Cash and equivalent	38,710	47,471	54,638	65,336	76,847
Account receivable	9,284	10,591	12,709	13,838	15,106
Inventory	17,954	18,692	20,614	21,619	22,782
Others	13,818	13,637	14,854	16,189	17,351
<b>Total Current Assets</b>	<b>79,765</b>	<b>90,391</b>	<b>102,815</b>	<b>116,982</b>	<b>132,087</b>
Fix assets	47,814	49,794	50,290	50,920	51,555
Goodwill	56,352	56,352	56,352	56,352	56,352
Others	17,781	21,445	22,408	23,406	24,443
<b>Total Non-Current Assets</b>	<b>121,947</b>	<b>127,591</b>	<b>129,049</b>	<b>130,678</b>	<b>132,351</b>
<b>Total Assets</b>	<b>201,712</b>	<b>217,982</b>	<b>231,864</b>	<b>247,660</b>	<b>264,438</b>
Short-term loans	20,951	21,303	22,368	23,487	24,661
Trade payables	5,802	6,399	8,456	8,803	9,024
Others	10,341	14,698	11,909	12,510	13,296
<b>Total Current Liabilities</b>	<b>37,094</b>	<b>42,400</b>	<b>42,733</b>	<b>44,800</b>	<b>46,981</b>
LT debt minus current maturities	49,235	49,244	51,383	52,932	54,351
Others	6,392	6,103	6,408	6,729	7,065
<b>Total Non-Current Liabilities</b>	<b>55,627</b>	<b>55,347</b>	<b>57,792</b>	<b>59,660</b>	<b>61,416</b>
<b>Total Liabilities</b>	<b>92,721</b>	<b>97,747</b>	<b>100,524</b>	<b>104,460</b>	<b>108,397</b>
Share capital & additional paid-in	1,162	1,162	1,162	1,162	1,162
Retained earnings	53,536	61,604	69,027	77,352	86,281
Others	10,415	10,381	10,762	10,606	10,541
<b>Equity to Parent</b>	<b>65,113</b>	<b>73,147</b>	<b>80,950</b>	<b>89,120</b>	<b>97,984</b>
Minority interest	43,878	47,088	50,390	54,080	58,056
<b>Total Equity</b>	<b>108,991</b>	<b>120,235</b>	<b>131,340</b>	<b>143,200</b>	<b>156,041</b>
<b>Total Liabilities and Equity</b>	<b>201,713</b>	<b>217,982</b>	<b>231,864</b>	<b>247,660</b>	<b>264,438</b>

Key Metrics	2024	2025	2026F	2027F	2028F
Current Ratio (x)	2.15	2.13	2.41	2.61	2.81
Net Profit Margin	11.29%	12.60%	11.48%	12.42%	12.88%
Return on Equity	13.27%	14.61%	12.74%	12.97%	12.66%
Net Gearing Ratio (x)	0.65	0.62	0.58	0.55	0.52
Cash Conversion (days)	82	81	80	83	87
Price to Earnings Ratio (x)	7.98	5.59	5.88	5.24	4.89
Price to Book Value (x)	1.06	0.82	0.75	0.68	0.62

**Rating for Sectors:**

Overweight : We expect the industry to perform better than the primary market index (JCI) over the next 12 months.

Neutral : We expect the industry to perform in line with the primary market index (JCI) over the next 12 months.

Underweight : We expect the industry to underperform the primary market index (JCI) over the next 12 months.

**Rating for Stocks:**

Buy : The stock is expected to give total return (price appreciation + dividend yield) of > +10% over the next 12 months.

Hold : The stock is expected to give total return of > 0% to ≤ +10% over the next 12 months.

Sell : The stock is expected to give total return of < 0% over the next 12 months.

Outperform : The stock is expected to do slightly better than the market return. Equal to “moderate buy”

Underperform : The stock is expected to do slightly worse than the market return. Equal to “moderate sell”

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