

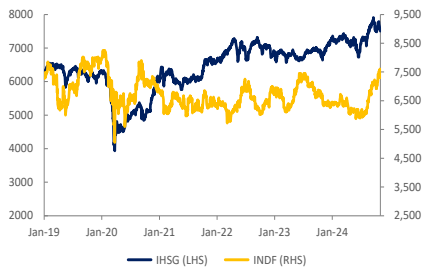


Buy

| | |
|----------------------------------|-------------|
| Price (Nov 1 st , 24) | 7300 |
| Target Price | 8196 |
| Potential Upside | 12.27% |
| Market Cap | 64.09 T |
| Number of Share | 8.78 B |
| 52w Lo/Hi | 5850 / 7750 |

Source : IDX | Phintraco Sekuritas Research
| as of Nov 1st, 2024

IHSG vs INDF



Source : IDX

| | |
|-------------------------------|--------|
| Shareholder | % |
| First Pacific Company Limited | 50.07% |
| Anthoni Salim | 0.02% |
| Public <5% | 49.91% |

Source : Company | as of fin. statement 9M24

| | | | |
|---------------------------|---------|------------|---------|
| EPS Consensus vs Forecast | | | |
| | AT | Consensus* | %Diff |
| 2024F | 1055.78 | 1065.20 | -0.88% |
| 2025F | 1078.64 | 1288.71 | -16.30% |

Source : *marketscreener | as of Nov 1st, 2024

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PT Indofood Sukses Makmur Tbk

(INDF.JK / INDF.IJ)

Consumer Branded Product Segment Drives Revenue in 9M24

INDF's revenue grew 11.86% QoQ or 3.64% YoY to IDR86.9 trillion in 9M24. INDF's revenue growth in 9M24 was driven by the revenue of the Consumer Branded Product (CBP) segment, which rose 9.14% QoQ or 8.38% YoY to IDR55.57 trillion. However, three other segments, namely Bogasari, Agribusiness, and Distribution, experienced revenue decline in 9M24 by 1.68% YoY, 4.9% YoY, and 0.4% YoY respectively. The decline in the Bogasari segment was in line with the decline in Wheat price, which caused the selling price of products to decline. At the same time, the decline in the Agribusiness segment was mainly due to lower Crude Palm Oil (CPO) sales compared to 9M23.

All operating segments recorded operating profit growth. All three of INDF's operating segments could still record operating profit growth despite sales pressure in 9M24 (Table 3). Agribusiness segment recorded the most significant operating profit growth of 63.74% YoY to Rp1.88 trillion (vs. 1.15 trillion in 9M23), followed by CBP segment which grew by 11.7% YoY to Rp12.25 trillion (vs. 10.97 trillion in 9M23), Distribution segment grew by 10.41% YoY to Rp397 billion (vs. Rp359 billion in 9M23), and Bogasari segment grew by 7.08% YoY to Rp1.7 trillion (vs. Rp1.6 trillion in 9M23).

Rising Crude Palm Oil (CPO) prices drove the Agribusiness segment's operating profit growth in 9M24. From January to September 2024, the average CPO price increased by 3.78% YoY to MYR4,006/ton (vs. MYR3,860/ton in January-September 2023). This made INDF's Agribusiness segment operating profit record a significant growth of 63.74% YoY despite lower CPO sales than 9M23. We assess that the Agribusiness segment has attractive prospects going forward, along with the new government's targets and policies that could potentially benefit this segment.

INDF's net profit growth in 9M24 was driven by improved non-operating performance. INDF's subsidiary, PT Indofood CBP Sukses Makmur Tbk (ICBP), has global bond debt in US\$, so fluctuations in the Rupiah exchange rate against US\$ can affect ICBP's non-operating performance, which is also consolidated in INDF. Throughout 9M24, INDF's net profit reached Rp12.29 trillion, growing 180% QoQ or 25.33% YoY. This growth was driven by the strengthening of the Rupiah against the US\$ so that INDF could reverse the loss on foreign exchange in 2Q24 into profit on foreign exchange in 3Q24.

Using the Discounted Cash Flow method with a Required Return of 7.58% and Terminal Growth of 2.75%, we estimate INDF's fair value at IDR8,196 per share (Expected PE at 6.04x and EV/EBITDA at 3.90x in FY24). Therefore, we maintain our Buy rating on INDF with a higher target and potential upside of 12.27%.

Table 1. Forecast Changes

(in Billion Rupiah)

| PT Indofood Sukses Makmur Tbk | | | | | | |
|------------------------------------|----------------|----------------|---------------|----------------|----------------|---------------|
| <i>(in Billion Rupiah)</i> | FY24F | | | FY25F | | |
| | Old | New | % Chg | Old | New | % Chg |
| Bonds Payables | | | | | | |
| US Dollar Bonds 2031 | 18,190 | 18,120 | -0.4% | 18,663 | 18,519 | -0.8% |
| US Dollar Bonds 2051 | 9,490 | 9,454 | -0.4% | 9,737 | 9,662 | -0.8% |
| US Dollar Bonds 2032 | 9,490 | 9,454 | -0.4% | 9,737 | 9,662 | -0.8% |
| US Dollar Bonds 2052 | 6,327 | 6,302 | -0.4% | 6,491 | 6,442 | -0.8% |
| Net Interest Income/Expense | (2,506) | (1,033) | -58.8% | (2,579) | (1,042) | -59.6% |

Source : Company | Phintraco Sekuritas Research

Table 2. Financial Results in 9M24

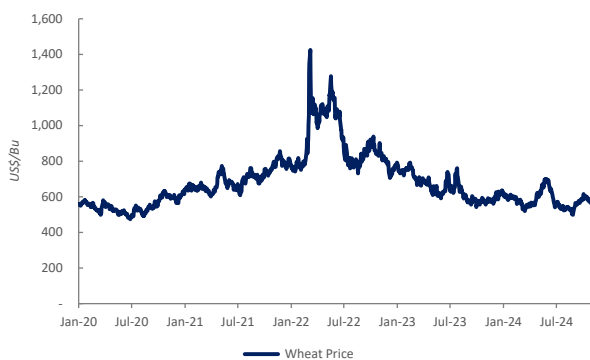
(in Billion Rupiah)

| INCOME STATEMENT | 2Q24 | 3Q24 | QoQ (%) | 9M23 | 9M24 | YoY (%) |
|-----------------------------|----------|----------|---------|----------|----------|---------|
| Revenue | 26,505 | 29,647 | 11.86% | 83,888 | 86,944 | 3.64% |
| Cost of Goods Sold | (16,447) | (18,911) | 14.98% | (55,465) | (54,932) | -0.96% |
| Gross Profit | 10,058 | 10,737 | 6.75% | 28,423 | 32,012 | 12.63% |
| EBITDA | 6,202 | 5,296 | -14.61% | 16,775 | 18,719 | 11.59% |
| EBIT | 5,333 | 4,343 | -18.58% | 14,223 | 16,094 | 13.15% |
| Profit Before Tax | 3,007 | 8,367 | 178.24% | 12,820 | 15,847 | 23.62% |
| Net Profit | 2,300 | 6,443 | 180.07% | 9,802 | 12,285 | 25.33% |
| Margin (%) | | | | | | |
| Gross Profit Margin (%) | 37.95% | 36.22% | | 33.88% | 36.82% | |
| Operating Profit Margin (%) | 20.12% | 14.65% | | 16.95% | 18.51% | |
| Net Profit Margin (%) | 8.68% | 21.73% | | 11.69% | 14.13% | |

Source : Company | Phintraco Sekuritas Research

Commodity Highlight

Figure 1. Wheat Price (US\$/Bu)



Source : Investing.com | Phintraco Sekuritas Research

Figure 2. CPO Price (MYR/T)



Source : Investing.com | Phintraco Sekuritas Research

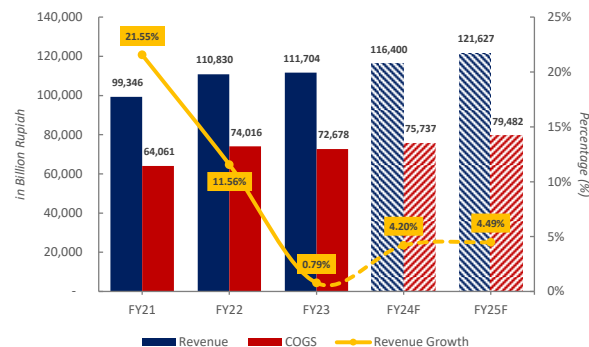
Performance Highlight

Table 3. Operating Profit per Segment (9M24)

| <i>(in Billion Rupiah)</i> | | | |
|------------------------------|--------|--------|---------|
| Operating Profit per Segment | 9M23 | 9M24 | YoY (%) |
| Consumer Branded Product | 10,969 | 12,252 | 11.70% |
| Bogasari | 1,606 | 1,719 | 7.08% |
| Agribusiness | 1,150 | 1,884 | 63.74% |
| Distribution | 359 | 397 | 10.41% |
| Elimination | 43 | 20 | -53.61% |

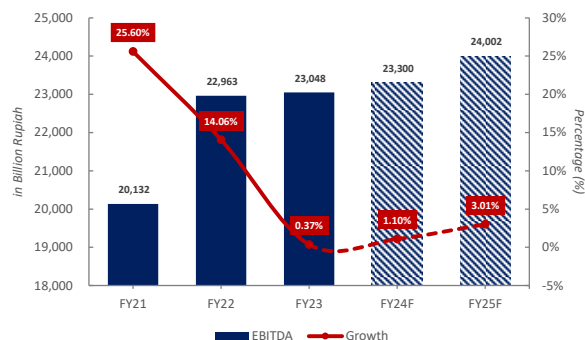
Source : Company | Phintraco Sekuritas Research

Figure 3. Revenue & COGS



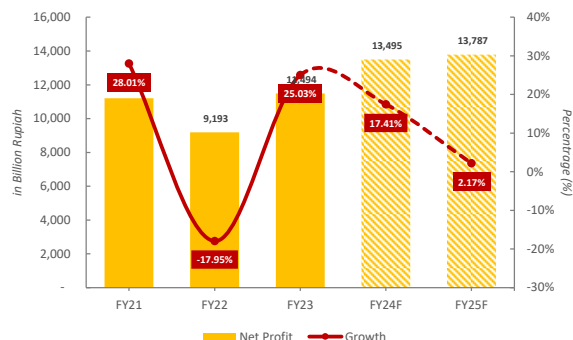
Source : Company | Phintraco Sekuritas Research

Figure 4. EBITDA & Growth



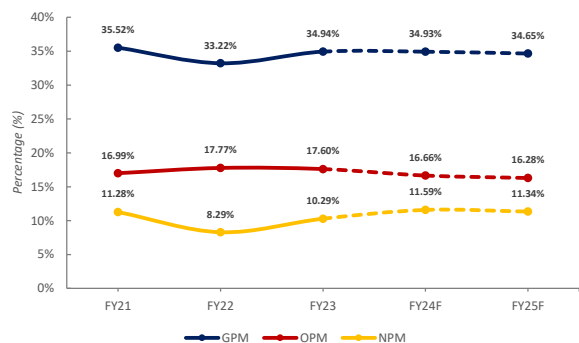
Source : Company | Phintraco Sekuritas Research

Figure 5. Net Profit & Growth



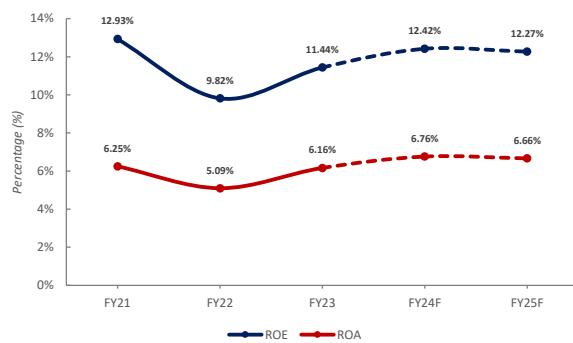
Source : Company | Phintraco Sekuritas Research

Figure 6. Profitability Margin



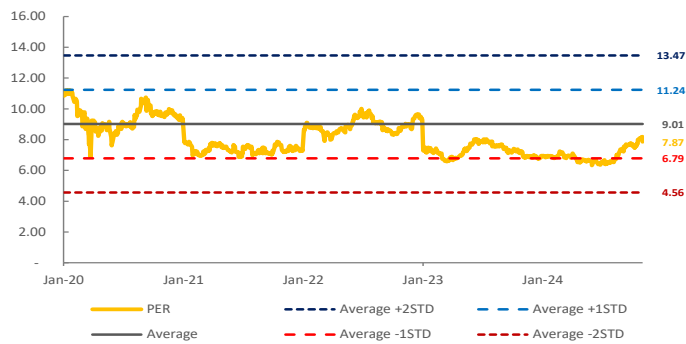
Source : Company | Phintraco Sekuritas Research

Figure 7. ROE & ROA



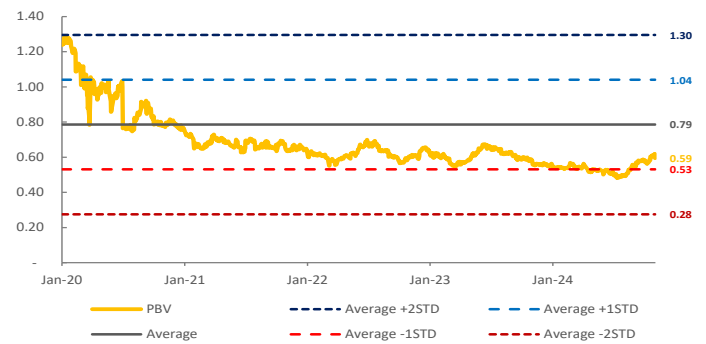
Source : Company | Phintraco Sekuritas Research

INDF PER Band (5 Years)



Source : IDX | Company | Phintraco Sekuritas Research

INDF PBV Band (5 Years)



Source : IDX | Company | Phintraco Sekuritas Research

Key Financial Figures

| | | (in Billion Rupiah) | | | | | |
|---------------------------------|----------------------|---------------------|----------|----------|----------|----------|----------|
| INCOME STATEMENT | | FY21 | FY22 | FY23 | 9M24 | FY24F | FY25F |
| Revenue | | 99,346 | 110,830 | 111,704 | 86,944 | 116,400 | 121,627 |
| | <i>Growth</i> | 21.55% | 11.56% | 0.79% | 0.00% | 4.20% | 4.49% |
| Cos of Goods Sold | | (64,061) | (74,016) | (72,678) | (54,932) | (75,737) | (79,482) |
| Gross Profit | | 35,285 | 36,814 | 39,025 | 32,012 | 40,663 | 42,145 |
| | <i>GPM</i> | 35.52% | 33.22% | 34.94% | 36.82% | 34.93% | 34.65% |
| EBITDA | | 20,132 | 22,963 | 23,048 | 18,719 | 23,300 | 24,002 |
| | <i>EBITDA Margin</i> | 20.26% | 20.72% | 20.63% | 21.53% | 20.02% | 19.73% |
| EBIT | | 16,882 | 19,693 | 19,664 | 16,094 | 19,397 | 19,807 |
| | <i>EBIT Margin</i> | 16.99% | 17.77% | 17.60% | 18.51% | 16.66% | 16.28% |
| Other Income/Charge: | | | | | | | |
| Interest Income | | 397 | 596 | 1,965 | 2,587 | 2,522 | 2,635 |
| Interest Expense | | (2,885) | (7,999) | (3,525) | (2,790) | (3,555) | (3,677) |
| Net Interest Income (Expenses) | | (2,487) | (7,403) | (1,560) | (204) | (1,033) | (1,042) |
| Non Operating Income (Expenses) | | 134 | 123 | (2,314) | (43) | (141) | (147) |
| Profit Before Tax | | 14,529 | 12,414 | 15,790 | 15,847 | 18,223 | 18,618 |
| | <i>EBT Margin</i> | 14.62% | 11.20% | 14.14% | 18.23% | 15.66% | 15.31% |
| Net Profit After Tax | | 11,204 | 9,193 | 11,494 | 12,285 | 13,495 | 13,787 |
| | <i>NPM</i> | 11.28% | 8.29% | 10.29% | 14.13% | 11.59% | 11.34% |

Source : Company | Phintraco Sekuritas Research

| | | (in Billion Rupiah) | | | | | |
|-------------------------------|--|---------------------|----------------|----------------|----------------|----------------|----------------|
| BALANCE SHEET | | FY21 | FY22 | FY23 | 9M24 | FY24F | FY25F |
| Asset | | | | | | | |
| Cash | | 29,478 | 25,946 | 28,576 | 30,993 | 32,158 | 33,602 |
| Accounts Receivable | | 7,626 | 8,281 | 7,978 | 9,827 | 8,839 | 9,307 |
| Inventories | | 13,557 | 17,287 | 15,978 | 17,943 | 17,441 | 18,121 |
| Total Current Assets | | 54,183 | 54,877 | 63,102 | 71,877 | 70,225 | 73,363 |
| Fixed Assets | | 46,752 | 47,411 | 47,295 | 46,195 | 50,825 | 53,790 |
| Long-term Investments | | 13,286 | 13,993 | 11,146 | 10,613 | 12,526 | 14,048 |
| Other Assets | | 5,618 | 5,255 | 6,327 | 8,362 | 7,485 | 7,297 |
| Total Non Current Assets | | 125,173 | 125,557 | 123,486 | 123,609 | 129,434 | 133,570 |
| Total Asset | | 179,356 | 180,433 | 186,588 | 195,487 | 199,659 | 206,933 |
| Liabilities | | | | | | | |
| Short-term Debt | | 13,306 | 15,255 | 16,240 | 18,811 | 17,332 | 18,332 |
| Accounts Payable | | 5,157 | 5,372 | 5,354 | 5,126 | 5,538 | 5,834 |
| Accrued Payroll | | 5,000 | 5,102 | 5,461 | 5,777 | 5,908 | 6,240 |
| Total Current Liabilities | | 40,403 | 30,726 | 32,915 | 35,699 | 35,994 | 37,653 |
| Long-term Debt | | 44,635 | 49,272 | 46,307 | 45,015 | 47,460 | 48,648 |
| Provision for Risks & Charges | | 6,187 | 5,297 | 5,266 | 5,379 | 6,074 | 6,375 |
| Total Non Current Liabilities | | 52,321 | 56,084 | 53,209 | 51,847 | 55,343 | 56,882 |
| Total Liabilities | | 92,724 | 86,810 | 86,123 | 87,546 | 91,038 | 94,535 |
| Equity | | | | | | | |
| | | 86,632 | 93,623 | 100,465 | 107,941 | 108,622 | 112,398 |

Source : Company | Phintraco Sekuritas Research

| | | (in Billion Rupiah) | | | | | |
|---------------------------------------|--|---------------------|----------------|----------------|----------------|----------------|----------------|
| CASH FLOW | | FY21 | FY22 | FY23 | 9M24 | FY24F | FY25F |
| Cash Flow from Operating | | | | | | | |
| Net Income | | 7,642 | 6,359 | 8,147 | 8,761 | 9,270 | 9,471 |
| Depreciation & Amortization | | 3,287 | 3,251 | 2,868 | 2,066 | 3,903 | 4,195 |
| Working Capital | | (1,907) | (4,067) | 1,951 | (3,725) | (1,691) | (520) |
| Others | | 7,634 | (7,468) | (5,781) | 554 | 839 | 675 |
| Net-CFFO | | 16,656 | (1,925) | 7,185 | 7,656 | 12,321 | 13,821 |
| Cash Flow from Investing | | | | | | | |
| CAPEX | | (4,545) | (4,617) | 94 | (433) | (8,812) | (8,683) |
| Others | | 803 | 982 | (892) | (1,757) | (1,039) | 352 |
| Net-CFFI | | (3,742) | (3,635) | (798) | (2,189) | (9,851) | (8,331) |
| Cash Flow from Financing | | | | | | | |
| Chg. in Long-term liabilities | | 9,005 | 2,269 | (2,542) | (1,695) | 1,244 | 1,298 |
| Chg. in other non-current liabilities | | (9,630) | (873) | 90 | (69) | 982 | 351 |
| Equity | | (148) | 632 | (1,305) | (1,285) | (1,114) | (5,695) |
| Net-CFFF | | (773) | 2,028 | (3,757) | (3,049) | 1,112 | (4,046) |
| Net Cash Flow | | 12,141 | (3,532) | 2,630 | 2,417 | 3,582 | 1,444 |

Source : Company | Phintraco Sekuritas Research

| RATIOS | | FY21 | FY22 | FY23 | 9M24 | FY24F | FY25F |
|---------------------------------|--|---------|--------|--------|---------|--------|--------|
| Profitability Ratio (%) | | | | | | | |
| GPM | | 35.52% | 33.22% | 34.94% | 36.82% | 34.93% | 34.65% |
| OPM | | 16.99% | 17.77% | 17.60% | 18.51% | 16.66% | 16.28% |
| NPM | | 11.28% | 8.29% | 10.29% | 14.13% | 11.59% | 11.34% |
| ROA | | 6.25% | 5.09% | 6.16% | 6.28% | 6.76% | 6.66% |
| ROE | | 12.93% | 9.82% | 11.44% | 11.38% | 12.42% | 12.27% |
| Activity Ratio (X) | | | | | | | |
| Inventory Turnover | | 4.73 | 4.28 | 4.55 | 3.06 | 4.34 | 4.39 |
| Receivables Turnover | | 13.03 | 13.38 | 14.00 | 8.85 | 13.17 | 13.07 |
| Payables Turnover | | 12.42 | 13.78 | 13.58 | 10.72 | 13.68 | 13.63 |
| Days of Inventory | | 77.25 | 85.25 | 80.24 | 119.22 | 84.05 | 83.21 |
| Days of Receivables | | 28.02 | 27.27 | 26.07 | 41.25 | 27.72 | 27.93 |
| Days of Payables | | 29.38 | 26.49 | 26.89 | 34.06 | 26.69 | 26.79 |
| Cash Operating Cycle | | 75.88 | 86.03 | 79.43 | 126.42 | 85.08 | 84.36 |
| Leverage Ratio (%) | | | | | | | |
| Debt to Asset Ratio | | 34.59% | 36.72% | 34.67% | 33.54% | 33.57% | 33.50% |
| Debt to Equity Ratio | | 71.60% | 70.76% | 64.39% | 60.74% | 61.71% | 61.68% |
| Liabilities to Asset Ratio | | 51.70% | 48.11% | 46.16% | 44.78% | 45.60% | 45.68% |
| Liabilities to Equity Ratio | | 107.03% | 92.72% | 85.72% | 81.11% | 83.81% | 84.11% |
| Interest Rate | | 4.65% | 12.07% | 5.45% | -24.17% | 5.30% | 5.30% |
| Liquidity Ratio (X) | | | | | | | |
| Current Ratio | | 1.49 | 1.89 | 2.05 | 2.12 | 2.10 | 2.08 |
| Quick Ratio | | 1.12 | 1.30 | 1.53 | 1.59 | 1.58 | 1.56 |
| Cash Ratio | | 0.81 | 0.89 | 0.93 | 0.91 | 0.96 | 0.95 |
| Price Ratio | | | | | | | |
| Share Price (IDR) | | 6,325 | 6,725 | 6,450 | 6,375 | 6,375 | 6,375 |
| Outstanding Shares (in Billion) | | 8.78 | 8.78 | 8.78 | 8.78 | 8.78 | 8.78 |
| EPS (IDR) (annualized) | | 870 | 724 | 928 | 998 | 1,056 | 1,079 |
| BVPS (IDR) | | 9,867 | 10,663 | 11,442 | 12,293 | 12,371 | 12,801 |
| PER (X) | | 7.27 | 9.29 | 6.95 | 6.39 | 6.04 | 5.91 |
| PBV (X) | | 0.64 | 0.63 | 0.56 | 0.52 | 0.52 | 0.50 |
| PSR (X) | | 0.56 | 0.53 | 0.51 | 0.64 | 0.48 | 0.46 |
| EV/EBITDA (annualized) | | 4.38 | 4.33 | 4.02 | 4.84 | 3.90 | 3.82 |
| Dividends | | | | | | | |
| DPS | | 278 | 257 | 267 | - | 304 | 310 |
| DPR | | 31.94% | 35.49% | 28.78% | - | 28.78% | 28.78% |
| Div. Yield | | 4.40% | 3.82% | 4.14% | - | 4.77% | 4.87% |

Source : Company | Phintraco Sekuritas Research

Glossarium

| | |
|---------|--|
| BVPS | : <i>Book Value per Share</i> |
| CFFF | : <i>Cash Flow from Financing</i> |
| CFFI | : <i>Cash Flow from Investing</i> |
| CFFO | : <i>Cash Flow from Operating</i> |
| CPO | : <i>Crude Palm Oil</i> |
| DPR | : <i>Dividend Payout Ratio</i> |
| DPS | : <i>Dividend per Share</i> |
| EBIT | : <i>Earning Before Interest & Tax</i> |
| EBITDA | : <i>Earning Before Interest, Tax, Depreciation & Amortization</i> |
| EBT | : <i>Earning Before Tax</i> |
| EPS | : <i>Earning per Share</i> |
| EV | : <i>Enterprise Value</i> |
| MYR/T | : <i>Ringgit Malaysia per Ton</i> |
| NPM | : <i>Net Profit Margin</i> |
| NPM | : <i>Net Profit Margin</i> |
| OPM | : <i>Operating Profit Margin</i> |
| PBV | : <i>Price to Book Value</i> |
| PER | : <i>Price to Earning Ratio</i> |
| PSR | : <i>Price to Sales Ratio</i> |
| ROA | : <i>Return on Asset</i> |
| ROE | : <i>Return on Equity</i> |
| US\$/Bu | : <i>US Dollar per Bushel</i> |



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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 $\leq +10\%$ 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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Kantor Cabang & Mitra GI BEI



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