

INDF posted a solid 1Q26, with revenue growing +7% YoY to IDR 33.9 tn — coming in on track at a 26% run-rate of our FY26F estimates. Gross margin narrowed to 32.9% (vs. 34.5% in 1Q25 / 33.6% in 4Q25), as higher input costs weighed on overall profitability. OPM similarly contracted to 19.3% (vs. 21.9% in 1Q25 / 19.9% in 4Q25), reflecting OPEX that rose +17% YoY in the quarter. Despite operating-level pressure, net profit rose +9% YoY to IDR 2.96 tn — in line with our estimates at 27% of FY26F. The key support came from below the operating line: finance expenses declined sharply by -35% YoY, driven by a -56% YoY reduction in net foreign exchange losses from financing activities.

FY25 & 4Q25 Financial Performance

- **On track, broad-based delivery.** INDF posted a solid 1Q26, with revenue growing +7% YoY to IDR 33.9 tn — coming in on track at a 26% run-rate of our FY26F estimates. Growth was broad-based across segments, with CBP leading the charge at +8% YoY (+11% QoQ), followed by Bogasari at +7% YoY (+3% QoQ) and Distribution at +5% YoY (+14% QoQ). The lone laggard was Agribusiness, which grew only +3% YoY and contracted -20% QoQ, as CPO prices softened to IDR 14,202/kg in 1Q26 (vs. IDR 14,412/kg in 1Q25).
- **Margin compression deepens — Agribusiness the swing factor.** Gross margin narrowed to 32.9% (vs. 34.5% in 1Q25 / 33.6% in 4Q25), as higher input costs weighed on overall profitability. OPM similarly contracted to 19.3% (vs. 21.9% in 1Q25 / 19.9% in 4Q25), reflecting OPEX that rose +17% YoY in the quarter. The most pronounced drag came from Agribusiness, where EBIT margin compressed significantly to 16% (vs. 21% in 1Q25 / 23% in 4Q25) — translating to a -20% YoY decline in segment EBIT.
- **Bottomline lifted by financing tailwind; core earnings remain subdued.** Despite operating-level pressure, net profit rose +9% YoY to IDR 2.96 tn — in line with our estimates at 27% of FY26F. The key support came from below the operating line: finance expenses declined sharply by -35% YoY, driven by a -56% YoY reduction in net foreign exchange losses from financing activities. NPM held steady at 9%, consistent with both 1Q25 and 4Q25. Stripping out non-recurring items, however, core profit grew only +1% YoY.

Input Price Volatility Remains the Challenge

- **CPO sentiment mixed — near-term export drag clouds the bull case.** CPO price hovered around MYR 4,500/ton (+14% YoY, +12% YTD), supported by firmer Dalian vegetable oil prices, declining Malaysian output concerns, and Indonesia's plan to route palm oil exports via a state-owned trading entity from September. Separately, crude oil prices face additional pressure as a tentative U.S.–Iran ceasefire extension has eased Middle East supply concerns.
- **CBP pressure set to persist.** Headwinds in the CBP segment are expected to continue into the coming quarters, driven by a confluence of rising input costs. Beyond CPO, wheat prices have surged +16% YoY (+22–23% YTD), adding meaningful cost pressure to flour-intensive product categories. Compounding this, USD/IDR depreciation of approximately +9.7% YoY (+7% YTD).

OVERWEIGHT Recommendation with Target Price at IDR 7,750/Share

- **We maintain our OVERWEIGHT rating on INDF with a target price of IDR 7,750.** INDF's diversified business model and export contributions continues to provide earnings resilience. With the stock currently trading at a compelling 5.7x P/E, we view current levels as an attractive entry point for investors seeking defensive exposure to Indonesia's staples sector.
- **Risks :** (1) Weaker-than-expected consumer purchasing power; (2) higher-than-anticipated input costs, particularly key raw materials; (3) intensifying competition from substitute and competing brands; and (4) IDR depreciation.

PT Indofood Sukses Makmur Tbk. | Summary (IDR Billions)

	2025/12A	2026/12F	2027/12F	2028/12F
Revenue	123.493	130.285	137.712	145.974
Growth (%y/y)	6,7%	5,5%	5,7%	6,0%
Net Profit	10.685	11.118	12.162	13.104
Growth (%y/y)	23,6%	4,1%	9,4%	7,7%
Basic EPS (IDR)	1.217	1.266	1.385	1.492
Price / Earnings	7,19	6,12	5,60	5,19
Price / Book Value	1,05	0,84	0,76	0,69
EV / EBITDA	3,67	3,02	2,73	2,43
ROE	14,6%	13,8%	13,6%	13,2%
ROA	4,9%	4,9%	5,1%	5,2%

Source : Company Data, Bloomberg, NHKSI Research

Update Report | 29th May 2026

OVERWEIGHT

Target Price (IDR)	7,750
Consensus Price	8,625
TP to Consensus Price	-10.1%
Potential Upside	11.5%

Shares Data

Last Price (IDR)	6,950
Price date as of	29 th May 2026
52 wk range (Hi/Low)	8,825 / 5,900
Free Float (%)	49.9
Outstanding sh (mn)	8,780
Market Cap (IDR bn)	60,804
Market Cap (USD mn)	3,401
Avg. Trd Vol – 3M (mn)	19.1

Sector

Consumer Non-Cyclicals

Sub-Sector

Food & Beverages

Bloomberg	INDF IJ Equity
Reuters	INDF JK

Shares Price Performance



	YTD	3M	6M	12M
Abs.Ret	+2.6%	+9.0%	-4.5%	-12.3%
Rel.Ret	+32.0%	+32.9%	+23.0%	+0.2%

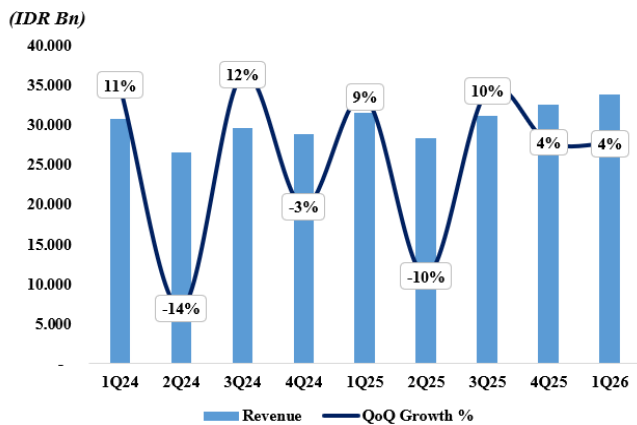
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Please consider the rating criteria & important disclaimer

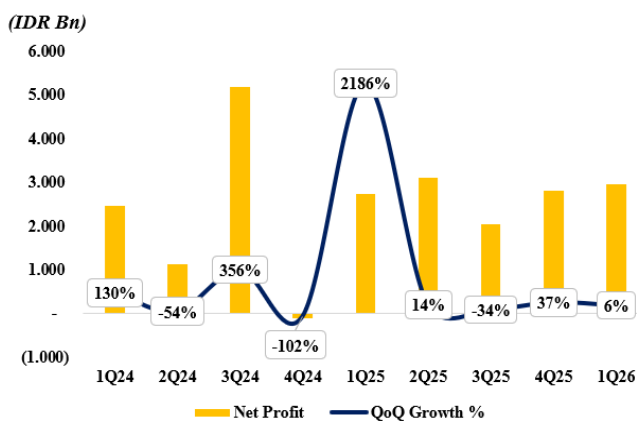
Performance Highlight for INDF

Exhibit 1. INDF Quarterly Revenue Performance (1Q24-1Q26)



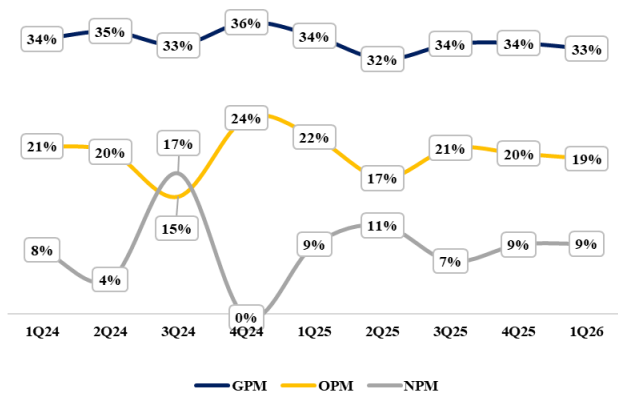
Source : Company, NHKSI Research

Exhibit 2. INDF Quarterly Net Profit Performance (1Q43-1Q26)



Source : Company, NHKSI Research

Exhibit 3. INDF Margin Performance (1Q24-1Q26)



Source : Company, NHKSI Research

Exhibit 4. CPO Price YoY



Source : Bloomberg, NHKSI Research

Exhibit 5. Wheat Price YoY



Source : Bloomberg, NHKSI Research

Exhibit 6. INDF 3-Year P/E Band



Source : Company, NHKSI Research

Summary of INDF's Financials & Forecast

INCOME STATEMENT

(IDR bn)	2024/12A	2025/12A	2026/12F	2027/12F	2028/12F
Net Sales	115,787	123,493	130,285	137,712	145,974
Growth	3,7%	6,7%	5,5%	5,7%	6,0%
COGS	(75.650)	(82.301)	(86.518)	(91.063)	(96.410)
Gross Profit	40.137	41.192	43.767	46.648	49.565
Gross Margin	34,7%	33,4%	33,6%	33,9%	34,0%
Operating Expenses	(17.048)	(16.623)	(17.383)	(18.296)	(19.312)
EBIT	23.088	24.569	26.385	28.352	30.253
EBIT Margin	19,9%	19,9%	20,3%	20,6%	20,7%
Depreciation	3.352	3.757	4.118	4.343	4.733
EBITDA	26.440	28.326	30.503	32.695	34.986
EBITDA Margin	22,8%	22,9%	23,4%	23,7%	24,0%
Finance Expenses	(6.192)	(5.974)	(6.083)	(6.028)	(6.056)
EBT	17.040	20.038	21.671	23.707	25.543
Income Tax	(3.962)	(4.481)	(4.847)	(5.302)	(5.713)
Net Profit	8.642	10.685	11.118	12.162	13.104
Growth	6,1%	23,6%	4,1%	9,4%	7,7%
Net Profit Margin	7,5%	8,7%	8,5%	8,8%	9,0%

BALANCE SHEET

(IDR bn)	2024/12A	2025/12A	2026/12F	2027/12F	2028/12F
Cash	38.710	47.471	52.217	56.834	62.452
Receivables	10.017	11.439	11.815	13.073	14.618
Inventories	17.954	18.692	20.806	22.926	25.423
Total Current Assets	79.765	90.391	99.107	108.340	119.175
Net Fixed Assets	47.814	49.794	51.750	53.720	55.747
Other Non Current Assets	74.134	77.797	76.921	77.247	77.329
Total Non Current Asset	121.948	127.591	128.671	130.967	133.077
Total Assets	201.713	217.982	227.778	239.307	252.251
Payables	7.412	8.024	8.027	8.258	8.743
ST Bank Loan	21.573	25.324	26.590	27.920	29.195
Total Current Liabilities	37.094	42.400	43.760	45.019	46.787
LT Debt	49.235	49.244	49.812	49.996	50.077
Other Non Current Liab	6.392	6.103	6.471	6.191	6.131
Total Non Current Liab	55.628	55.347	56.284	56.187	56.209
Total Liabilities	92.722	97.747	100.043	101.206	102.996
Capital Stock & APIC	1.162	1.162	1.162	1.162	1.162
Retained Earnings	53.536	61.604	69.454	78.334	87.901
Shareholders' Equity	65.114	73.147	80.773	89.516	98.993

CASH FLOW STATEMENT

(IDR bn)	2024/12A	2025/12A	2026/12F	2027/12F	2028/12F
Operating Cash Flow	17.508	19.541	20.313	21.799	22.794
Investing Cash Flow	(6.995)	(8.034)	(11.349)	(11.454)	(11.322)
Financing Cash Flow	(680)	(3.357)	(3.798)	(5.520)	(5.625)
Net Changes in Cash	10.134	8.761	4.746	4.617	5.617

PROFITABILITY & STABILITY

	2024/12A	2025/12A	2026/12F	2027/12F	2028/12F
ROE	13,3%	14,6%	13,8%	13,6%	13,2%
ROA	4,3%	4,9%	4,9%	5,1%	5,2%
Inventory Turnover	4,6	4,5	4,4	4,2	4,0
Receivable Turnover	12,4	11,5	11,2	11,1	10,5
Payables Turnover	10,6	10,8	10,8	10,7	10,8
Dividend Yield	30%	33%	39%	42%	46%
Payout Ratio	27%	27%	27%	27%	27%
DER	109%	102%	95%	87%	80%
DAR	35%	34%	34%	33%	31%
Net Gearing	65%	62%	60%	56%	53%
Cash Conversion Cycle	74,98	70,65	72,55	72,73	71,98
Interest Coverage	3,73	4,11	4,34	4,70	5,00
Current Ratio	2,15	2,13	2,26	2,41	2,55
Quick Ratio	1,67	1,69	1,79	1,90	2,00
Total Shares (mn)	8780	8780	8780	8780	8780
Share Price (IDR)	7.700	8.750	7.750	7.750	7.750
Market Cap (IDR bn)	67.609	76.829	68.048	68.048	68.048

VALUATION INDEX

	2024/12A	2025/12A	2026/12F	2027/12F	2028/12F
Price /Earnings	7,82	7,19	6,12	5,60	5,19
Price /Book Value	1,04	1,05	0,84	0,76	0,69
EPS Growth	6%	24%	4%	9%	8%
EV/EBITDA	3,77	3,67	3,02	2,73	2,43
EV/EBIT	4,32	4,23	3,50	3,14	2,81
EV (IDR bn)	99.708	103.926	92.234	89.130	84.868
Sales CAGR (3-Yr)	5%	4%	5%	6%	7%
Net Income CAGR (3-Y)	2%	19%	11%	12%	15%
Basic EPS (IDR)	984	1217	1.266	1.385	1.492
BVPS (IDR)	7.416	8.331	9.199	10.195	11.274
DPS (IDR)	266	328	342	374	403

OWNERSHIP

Shareholders	%
First Pacific Investment Management Ltd.	50,1
Public	49,9
By Geography	%
United States	86,5
United Kingdom	4,1
Luxembourg	2,7
Indonesia	2,3
Others	4,4

Source: Company, Bloomberg & NHKSI Research

Please consider the rating criteria & important disclaimer

NH Korindo Sekuritas Indonesia (NHKSI) Stock Ratings

1. Based on a stock's forecasted absolute return over a period of 12 months from the date of publication
2. Rating system based on a stock's potential upside from the date of publication

- Buy : Greater than 15%
- Overweight : +5% to 15%
- Hold : -5% to +5%
- Underweight : -5% to -15%
- Sell : Less than -15%



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