PT Indofood Sukses Makmur Tbk. (INDF)

Resilient Core Earnings, Diversified Business Continues to Deliver

INDF posted a solid 1H26, with revenue growing +9% YoY to IDR 65.5 tn, in line with our estimates at 50% of our FY26F. 2Q26 revenue grew +12% YoY (-7% QoQ), driven by broad-based volume growth across all segments. Gross margin narrowed slightly to 32.6% (vs. 33.1% in 1H25) on higher input costs, though EBIT still rose +14% YoY, led by Bogasari's strong 21% YoY EBIT growth. Net profit fell -19% YoY to IDR 4.7 tn, weighed down by a sharp increase in net forex losses from financing activities amid IDR depreciation. Stripping out this non-operating item, core profit grew a solid +7% YoY to IDR 6.2 tn.

1H26 & 2Q26 Financial Performance

- **Solid, broad-based revenue delivery.** INDF booked a solid 1H26, with revenue growing +9% YoY to IDR 65.5 tn, in line with our estimates at 50% of our FY26F. 2Q26 revenue grew +12% YoY (-7% QoQ), driven mainly by broad volume growth across all segments. By segment, 2Q26 revenue was led by CBP at +15% YoY (-6% QoQ), followed by Bogasari at +12% YoY (-7% QoQ) and Agribusiness at +3% YoY (-4% QoQ), while Distribution grew a modest +1% YoY (-15% QoQ).
- **Bogasari leads EBIT growth despite margin pressure.** GPM in 1H26 softened slightly to 32.6% (vs. 33.1% in 1H25), while OPM improved to 20.3% (vs. 19.5% in 1H25). The margin pressure stemmed from higher input costs, namely CPO and wheat, compounded by IDR depreciation, higher production costs from fertilizer timing in Agribusiness, and elevated freight costs. Despite this, 1H26 EBIT rose +14% YoY, supported by Bogasari's EBIT growth of 21% YoY (OPM: 9.4% in 1H26 vs. 8.5% in 1H25).
- **Bottomline dragged by forex loss; core earnings remain solid.** Net profit fell -19% YoY to IDR 4.7 tn in 1H26 (42% of our old FY26F estimates / 43% of our new FY26F estimates). The decline was mainly driven by net forex losses from financing activities, which surged to IDR 3.4 tn (vs. IDR 231 mn in 1H25), primarily due to IDR depreciation against foreign currency-denominated debt, particularly US$ bonds. Excluding this non-operating item, 1H26 core profit grew a solid +7% YoY to IDR 6.2 tn.

Unchanged Outlook for 2H26F, Adjusting Our Bottom-Line Forecast

- **CPO prices stay elevated; we expect stability into year-end.** Global CPO price remains high at MYR 4,630/ton (+16% YTD/+11% YoY). Domestically, though not fully tracking global trends, INDF's CPO ASP has also risen 3% YoY to IDR 14,615/kg in 1H26. We expect prices to remain stable at the current >MYR 4,400-4,500/ton level through year-end.
- **IDR movement remains the key variable to watch.** We view IDR, which impacts both input costs and forex losses, as the company's biggest variable going forward. IDR has depreciated -8% YoY to ~IDR 17,800, and any further weakness against the USD would amplify net forex losses. Given these persistent headwinds, we adjust our FY26F net profit forecast for INDF to IDR 11.0 tn, implying +3% YoY growth, with NPM at 8.4% (vs. 8.7% in FY25). That said, should IDR stabilize against the USD, we see room for a reversal in forex losses, which would serve as a key re-rating catalyst for INDF going forward. We will continue to closely monitor IDR trajectory as our primary catalyst watch.

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

- **We maintain our OVERWEIGHT rating on INDF with an unchanged target price of IDR 7,750.** We maintain our OVERWEIGHT rating on INDF with an unchanged target price of IDR 7,750. Our FY26F outlook for INDF remains intact, with the key variable continuing to be IDR movement and input cost trends. We note that INDF's business remains solid, underpinned by its diversified segment mix. We believe INDF is currently undervalued, trading at a forward P/E of ~6.2x, a 35% discount to ICBP at 9.5x. 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; (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	11.008	12.107	13.022
Growth (%y/y)	*23,6%*	*3,0%*	*10,0%*	*7,6%*
Basic EPS (IDR)	1.217	1.254	1.379	1.483
Price / Earnings	7,19	6,18	5,62	5,23
Price / Book Value	1,05	0,84	0,76	0,69
EV / EBITDA	3,67	3,03	2,73	2,43
ROE	14,6%	13,6%	13,5%	13,2%
ROA	4,9%	4,8%	5,1%	5,2%

Source : Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

Update Report | 10th August 2026

OVERWEIGHT

Target Price (IDR)	**7,750**
Consensus Price	8,375
TP to Consensus Price	-7.5%
Potential Upside	+5.1%

Shares Data

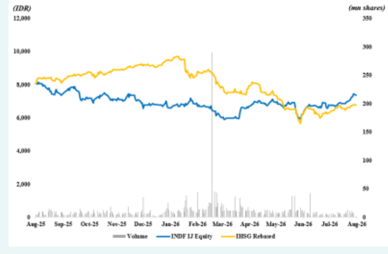
Last Price (IDR)	7,375
Price date as of	10th August 2026
52 wk range (Hi/Lo)	8,200 / 5,850
Free Float (%)	49.9
Outstanding sh (mn)	8,780
Market Cap (IDR bn)	64,975
Market Cap (USD mn)	3,660
Avg. Trd Vol – 3M (mn)	8.8

Sector
Consumer Non-Cylicals

Sub-Sector
Food & Beverages

Bloomberg	INDF IJ Equity
Reuters	INDF JK

Shares Price Performance



	YTD	3M	6M	12M
Abs.Ret	+8.9%	+6.1%	+7.7%	-9.8%
Rel.Ret	+35.9%	+13.8%	+29.0%	+6.2%

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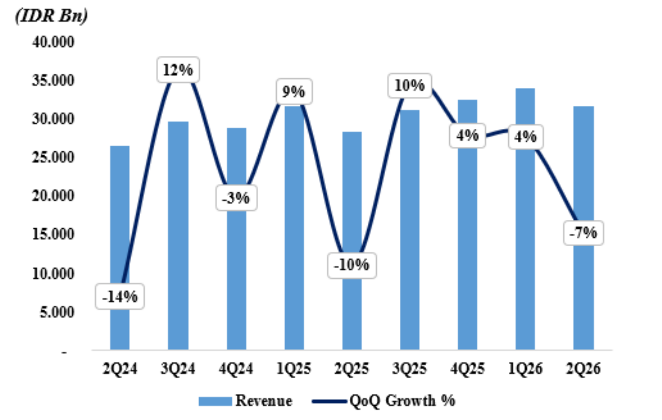
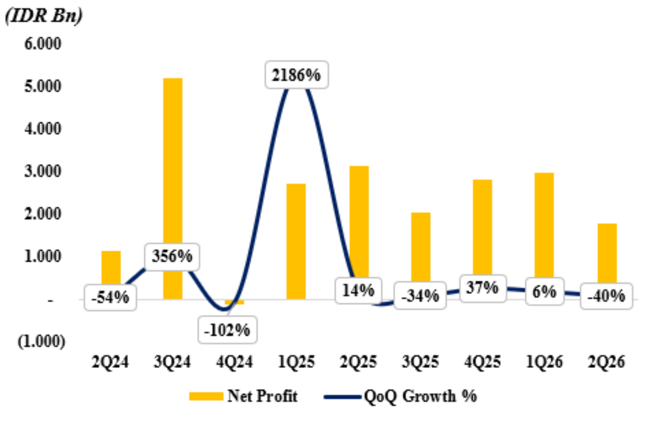
Performance Highlight for INDF

Exhibit 1. INDF Quarterly Revenue Performance (2Q24-2Q26)



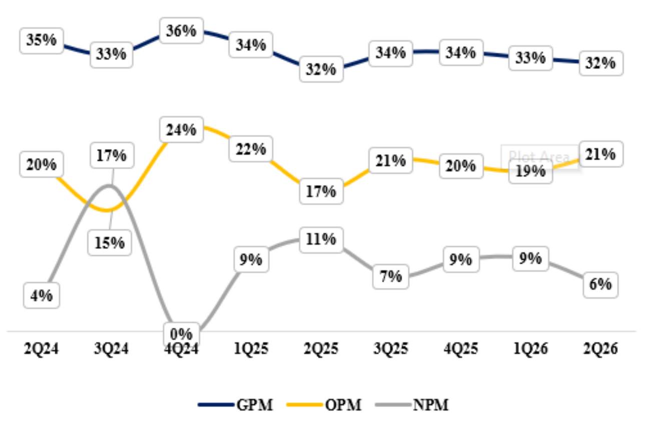
Source : Company, NHKSI Research

Exhibit 2. INDF Quarterly Net Profit Performance (2Q24-2Q26)



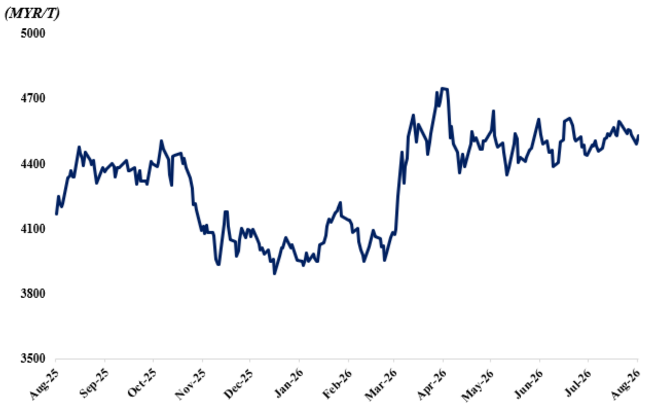
Source : Company, NHKSI Research

Exhibit 3. INDF Margin Performance (2Q24-2Q26)



Source : Company, NHKSI Research

Exhibit 4. CPO Price YoY

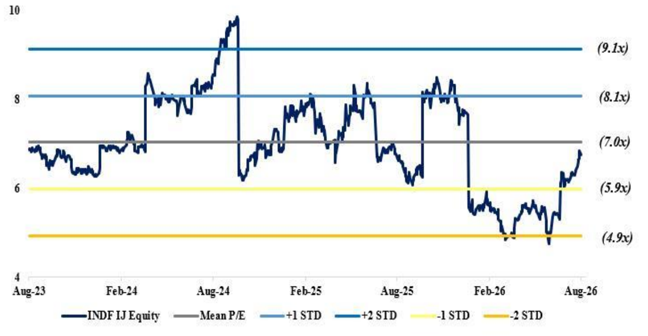


Source : Bloomberg, NHKSI Research

Exhibit 5. Wheat Price YoY

Source : Bloomberg, NHKSI Research

Exhibit 6. INDF 3-Year P/E Band



Source : 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)	(6.296)	(6.135)	(6.215)
EBT	**17.040**	**20.038**	**21.458**	**23.600**	**25.384**
Income Tax	(3.962)	(4.481)	(4.799)	(5.278)	(5.677)
Net Profit	**8.642**	**10.685**	**11.008**	**12.107**	**13.022**
Growth	*6,1%*	*23,6%*	*3,0%*	*10,0%*	*7,6%*
Net Profit Margin	*7,5%*	*8,7%*	*8,4%*	*8,8%*	*8,9%*

PROFITABILITY & STABILITY

	2024/12A	2025/12A	2026/12F	2027/12F	2028/12F
ROE	13,3%	14,6%	13,6%	13,5%	13,2%
ROA	4,3%	4,9%	4,8%	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%	38%	42%	45%
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	4,19	4,62	4,87
Current Ratio	2,15	2,13	2,26	2,40	2,54
Quick Ratio	1,67	1,69	1,79	1,89	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

BALANCE SHEET

(IDR bn)	2024/12A	2025/12A	2026/12F	2027/12F	2028/12F
Cash	38.710	47.471	52.145	56.725	62.286
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**	**99.035**	**108.231**	**119.009**
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**	**227.706**	**239.197**	**252.086**
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	69.374	78.214	87.722
Shareholders' Equity	**65.114**	**73.147**	**80.701**	**89.407**	**98.827**

VALUATION INDEX

	2024/12A	2025/12A	2026/12F	2027/12F	2028/12F
Price /Earnings	7,82	7,19	6,18	5,62	5,23
Price /Book Value	1,04	1,05	0,84	0,76	0,69
EPS Growth	6%	24%	3%	10%	8%
EV/EBITDA	3,77	3,67	3,03	2,73	2,43
EV/EBIT	4,32	4,23	3,50	3,15	2,81
EV (IDR bn)	99.708	103.926	92.306	89.240	85.034
Sales CAGR (3-Yr)	5%	4%	5%	6%	7%
Net Income CAGR (3-Y	2%	19%	11%	12%	15%
Basic EPS (IDR)	984	1217	1.254	1.379	1.483
BVPS (IDR)	7.416	8.331	9.191	10.183	11.255
DPS (IDR)	266	328	338	372	400

CASH FLOW STATEMENT

(IDR bn)	2024/12A	2025/12A	2026/12F	2027/12F	2028/12F
Operating Cash Flow	17.508	19.541	20.205	21.746	22.713
Investing Cash Flow	(6.995)	(8.034)	(11.349)	(11.454)	(11.322)
Financing Cash Flow	(680)	(3.357)	(3.769)	(5.505)	(5.602)
Net Changes in Cash	**10.134**	**8.761**	**4.674**	**4.580**	**5.561**

OWNERSHIP

Shareholders	**%**
First Pacific Investment Management Ltd.	50,1
Public	49,9
By Geography	**%**
United States	86,6
United Kingdom	4,6
Luxembourg	2,6
Indonesia	1,5
Others	4,7

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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