

HOLD | TP : IDR7,500

Stock Price Data

Last Price	:	IDR6,900
52wk High	:	IDR7,600
52wk Low	:	IDR5,850
Share Out	:	8.8bn
Market Cap	:	IDR60.4 tn

Stock Price Performance

1-Day	:	+0.7%
1-Week	:	+3.4%
1-Month	:	-4.8%
3-Month	:	-0.7%
Year-to-Date	:	+1.5%

Shareholders

First Pacific Investment Management (P)	:	50.1%
Public	:	49.9%

PT Indofood Sukses Makmur Tbk (INDF JJ)

Solid Top Line, but FX Drag Clouds Earnings

4Q26 Stimulus Supports Basic Needs, but Margin Upside Remains Limited

The government is preparing a stimulus package of around IDR31 tn for 4Q26, mainly consisting of: 1) 10kg/month rice assistance for Oct-Dec 2026 to 33.24 mn households (total budget: IDR17.5 tn); and 2) BSU of IDR300k/month for three months, or IDR900k in total for 13.3 mn workers (total budget: IDR12 tn). We assess that 4Q26 stimulus is more basic-needs focused, as BSU coverage is smaller than last year's BLT cash support, while rice assistance is expanded to more recipients for a longer period. This should help protect lower-income purchasing power and support demand for daily necessities, but the spillover to broader consumption may be more limited, especially as food inflation remains elevated, with the food, beverages, and tobacco basket rising +4.37% YoY in Sep-26. Hence, we expect the impact to be more visible in volume and top-line resilience rather than margin expansion, as higher edible oil, grain, energy, and logistics costs continue to limit producers' ability to fully translate demand support into earnings growth.

1H26 Result: Top Line Stayed Resilient, but Net Profit Remained FX-Dragged

INDF booked 1H26 revenue of IDR65.5 tn (+9.5% YoY), implying 2Q26 revenue of IDR31.6 tn (-6.7% QoQ/+11.8% YoY), supported by resilient demand across staple products and stronger growth contribution from non-CBP divisions. Operating profit reached IDR11.7 tn in 1H26 (+4.7% YoY), with 2Q26 operating profit at IDR5.3 tn (-15.4% QoQ/+9.6% YoY), mainly driven by Bogasari and Agribusiness. However, net profit declined -19.2% YoY to IDR4.7 tn in 1H26, as 2Q26 net profit fell to IDR1.8 tn (-40.4% QoQ/-43.5% YoY), largely due to higher unrealized FX losses amid rupiah depreciation. Excluding FX and non-recurring items, core profit grew +6.9% YoY to IDR6.2 tn in 1H26, with 2Q26 core profit estimated at IDR2.9 tn (-12.7% QoQ/+14.7% YoY). The divergence between top-line and net profit highlights INDF's sensitivity to rupiah volatility, given its high foreign-currency debt exposure (USD bonds: USD3.2 bn as of 1H26).

We Lower Earnings Forecast as Input-Cost Pressure Offsets Volume Support

We revise our FY26E revenue forecast upward to IDR132.0 tn (+6.9% YoY). However, we trim our FY26E operating profit estimate to IDR23.5 tn (+0.6% YoY), implying OPM of 17.8%, as we factor in higher wheat, edible oil, fuel, packaging, freight, and FX-linked costs. We also lower FY26E net profit to IDR9.9 tn (-7.6% YoY), as further rupiah weakness could extend unrealized FX losses into 2H26. While Bogasari's flour ASP adjustment of around +10% in the market should support revenue, we expect margin normalization as higher wheat costs are repriced. Meanwhile, CBP's margin recovery may remain gradual, as consumer sensitivity to higher food prices limits room for broad-based ASP hikes. Broader FMCG trends by NIQ also suggest that value growth is increasingly price-led while unit volume growth remains more muted, making granular pricing, pack-size architecture, and selective promotions more important to defend affordability. In addition, INDF's agribusiness should remain the key earnings buffer in 2H26, supported by elevated CPO prices, seasonal production recovery, and B50-driven domestic demand.

Valuation and recommendation: HOLD with a TP of IDR7,500/share

We downgrade our recommendation on INDF from BUY to **HOLD** with a **TP of IDR7,500/share**, implying FY26E/FY27F PE of 6.7x/5.9x and PBV of 0.8x/0.7x. The downgrade reflects our more cautious view on INDF's near-term earnings quality, as stronger top-line momentum and stimulus-backed volume support are increasingly offset by higher input costs, rupiah volatility, and limited pass-through room. While we continue to like INDF's diversified earnings base, with CBP providing staple exposure, Bogasari benefiting from flour pricing flexibility, and Agribusiness acting as a partial hedge against elevated CPO prices, we believe risk-reward is now more balanced after factoring in slower margin recovery. Potential upside catalysts include stronger-than-expected Agribusiness earnings, sustained flour ASP adjustment, and stronger volume uplift from 4Q26 stimulus. Downside risks include: 1) prolonged rupiah depreciation, 2) higher wheat, CPO, fuel, and packaging costs, 3) weaker-than-expected domestic purchasing power, 4) lower-than-expected CPO prices or plantation output, and 5) further unrealized FX losses from foreign-currency debt exposure.



Research Analyst

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Key Financial Highlight	FY24	FY25	FY26E	FY27F	FY28F
Revenue (IDR bn)	115,786.5	123,493.2	132,023.4	138,320.5	144,272.8
Gross Profit (IDR bn)	40,136.5	41,192.4	43,034.9	45,346.9	47,816.3
Operating Profit (IDR bn)	22,829.7	23,356.0	23,500.6	25,043.1	26,767.9
Net Income (IDR bn)	8,641.6	10,684.7	9,869.0	11,304.5	12,724.9
EPS (IDR)	984.2	1,216.9	1,124.0	1,287.5	1,449.2
PE (x)	6.8	5.5	6.0	5.2	4.6
PBV (x)	0.9	0.8	0.7	0.7	0.6
DER (x)	0.7	0.6	0.6	0.5	0.5

Sources : Company, MNCS Research

Exhibit 01. INDF's Results in 1H26

In Billion IDR	2Q25	1Q26	2Q26	QoQ	YoY	1H25	1H26	YoY	FY26E Cons	FY26E MNCS	% Cons	% MNCS
Revenues	28,288.2	33,890.7	31,634.8	-6.7%	11.8%	59,843.2	65,525.5	9.5%	130,174.4	130,301.1	50.3%	50.3%
Gross Profit	8,943.3	11,156.0	10,221.0	-8.4%	14.3%	19,828.5	21,377.0	7.8%	43,173.2	42,382.9	49.5%	50.4%
GPM	31.6%	32.9%	32.3%			33.1%	32.6%		33.2%	32.5%		
Operating Profit	4,873.1	6,312.4	5,342.7	-15.4%	9.6%	11,129.5	11,655.1	4.7%	24,443.0	24,015.5	47.7%	48.5%
OPM	17.2%	18.6%	16.9%			18.6%	17.8%		18.8%	18.4%		
Net Profit	3,114.2	2,958.1	1,766.1	-40.3%	-43.3%	5,838.3	4,724.3	-19.1%	11,892.0	11,159.1	39.7%	42.3%
NPM	11.0%	8.7%	5.6%			9.8%	7.2%		9.1%	8.6%		

Sources : Company, Bloomberg, MNCS Research

Exhibit 02. 1H26 Segment Sales Stayed Positive, Despite 2Q26 QoQ Softness

In Billion IDR	2Q25	1Q26	2Q26	QoQ	YoY	1H25	1H26	YoY
Consumer Branded Product	17,487.4	21,397.8	20,127.8	-5.9%	15.1%	37,361.0	41,525.7	11.1%
Bogasari	5,566.2	6,752.3	6,296.2	-6.8%	13.1%	11,761.6	13,048.5	10.9%
Agribusiness	3,454.0	3,636.4	3,409.6	-6.2%	-1.3%	6,932.2	7,045.9	1.6%
Distribution	1,780.7	2,114.2	1,791.2	-15.3%	0.6%	3,788.5	3,905.4	3.1%
Total Revenue	28,288.2	33,890.7	31,634.8	-6.7%	11.8%	59,843.2	65,525.5	9.5%

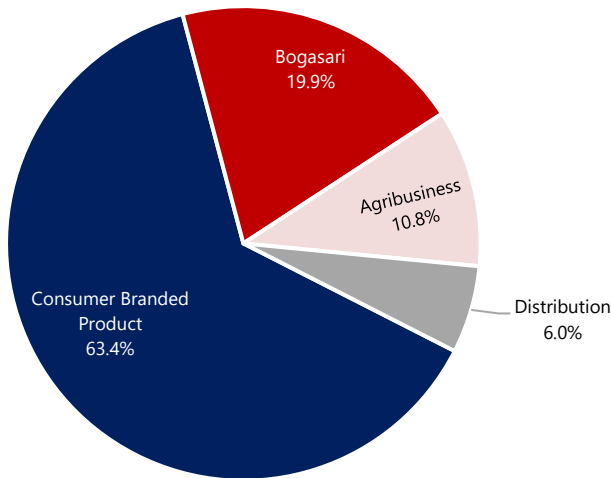
Sources : Company, MNCS Research

Exhibit 03. Segment breakdown in 1H26

In Billion IDR	Sales			EBIT			EBIT Margin	
	1H25	1H26	Changes	1H25	1H26	Changes	1H25	1H26
Consumer Branded Product	37,361.0	41,525.7	11.1%	7,866.0	8,154.0	3.7%	21.1%	19.6%
Bogasari	11,761.6	13,048.5	10.9%	1,273.0	1,547.0	21.5%	10.8%	11.9%
Agribusiness	6,932.2	7,045.9	1.6%	1,647.0	1,574.0	-4.4%	23.8%	22.3%
Distribution	3,788.5	3,905.4	3.1%	338.0	382.0	13.0%	8.9%	9.8%
Total	59,843.2	65,525.5	9.5%	11,124.0	11,657.0	4.8%	18.6%	17.8%

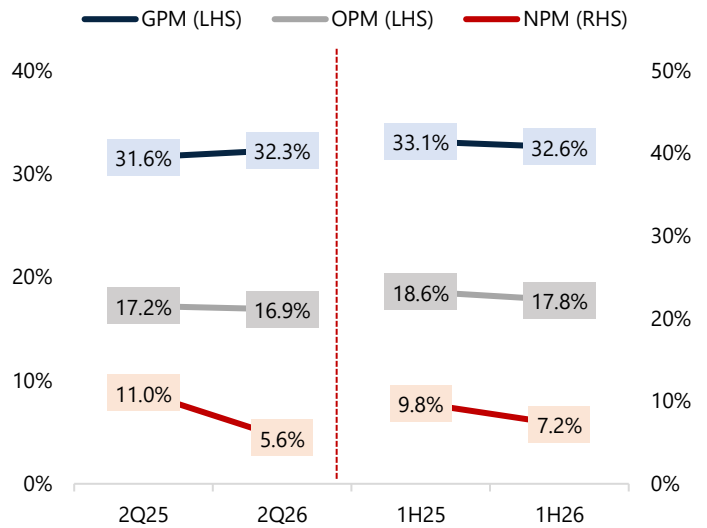
Sources : Company, MNCS Research

Exhibit 04. CBP segment remained the largest contributor of total turnover in 1H26



Sources : Company, MNCS Research

Exhibit 05. Margin declined due to higher input costs & FX loss in 1H26



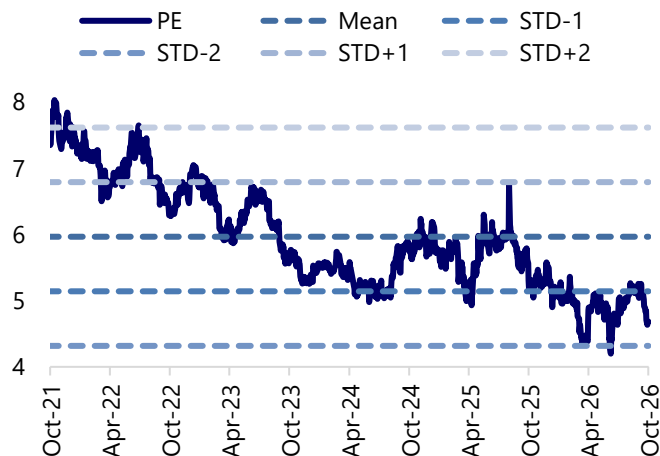
Sources : Company, MNCS Research

Exhibit 06. We revised our FY26E projections

	FY26E			FY27F		
	Revised	Old	Change	Revised	Old	Change
Revenue (IDR Bn)	132,023.4	130,301.1	1.3%	138,320.5	135,889.3	1.8%
Gross Profit (IDR Bn)	43,034.9	42,382.9	1.5%	45,346.9	44,246.5	2.5%
Operating Profit (IDR Bn)	23,500.6	24,015.5	-2.1%	25,043.1	24,888.4	0.6%
Net Income (IDR Bn)	9,869.0	11,159.1	-11.6%	11,304.5	11,523.5	-1.9%
GPM (%)	32.6	32.5		32.8	32.6	
OPM (%)	17.8	18.4		18.1	18.3	
NPM (%)	7.5	8.6		8.2	8.5	

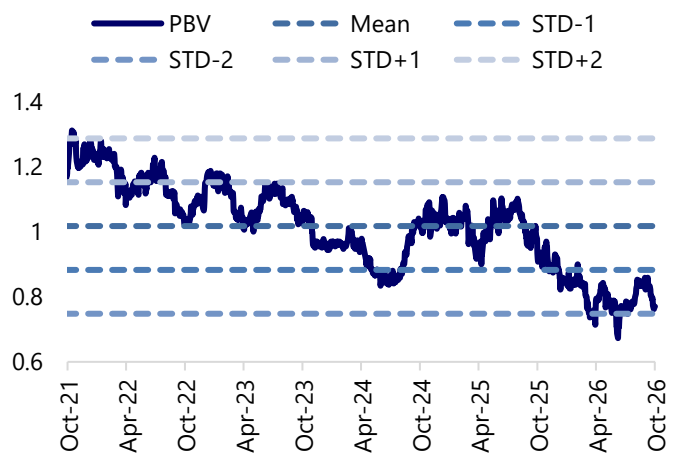
Sources : Company, MNCS Research

Exhibit 07. INDF is currently trading at 4.7x PE Forward (-1.5 STD 5Y avg)



Sources : Company, MNCS Research

Exhibit 08. INDF is currently trading at 0.8x PBV Forward (-2 STD 5Y avg)



Sources : Company, MNCS Research

Exhibit 09. Financial Projections

Income Statement						Balance Sheet					
In Billion IDR	FY24	FY25	FY26E	FY27F	FY28F	In Billion IDR	FY24	FY25	FY26E	FY27F	FY28F
Revenue	115,786.5	123,493.2	132,023.4	138,320.5	144,272.8	Cash & Equivalents	38,710.1	47,470.7	52,973.3	54,644.7	57,005.4
COGS	(75,650.0)	(82,300.9)	(88,988.5)	(92,973.6)	(96,456.4)	Trade Receivables	10,017.3	11,439.5	12,468.9	13,063.6	13,625.8
Gross Profit	40,136.5	41,192.4	43,034.9	45,346.9	47,816.3	Inventory	17,953.9	18,691.7	17,303.3	18,336.5	20,095.1
Selling Expense	(12,258.3)	(12,591.6)	(13,983.9)	(14,396.9)	(14,930.5)	Other Current Assets	13,084.2	12,789.4	13,672.8	14,325.0	14,941.4
G&A Expense	(5,048.5)	(5,244.8)	(5,550.5)	(5,906.9)	(6,117.9)	Total Current Asset	79,765.5	90,391.3	96,418.3	100,369.7	105,667.7
Operating Profit	22,829.7	23,356.0	23,500.6	25,043.1	26,767.9	Fixed Assets – net	47,814.0	49,794.0	50,614.9	51,573.5	52,689.6
Finance Income (Expense)	(4,418.2)	(4,310.9)	(6,537.2)	(5,364.2)	(4,974.8)	Other Non-Current Assets	74,133.9	77,796.5	78,448.2	79,937.6	80,896.4
Other Income (Expense)	(1,371.7)	992.6	912.8	633.1	912.0	Total Non-Current Assets	121,947.8	127,590.5	129,063.2	131,511.1	133,586.0
Profit Before Tax	17,039.8	20,037.7	17,876.2	20,311.9	22,705.1	TOTAL ASSETS	201,713.3	217,981.8	225,481.5	231,880.8	239,253.6
Income Tax (Expenses)	(3,962.3)	(4,481.3)	(3,997.9)	(4,542.6)	(5,077.9)	Trade Payables	7,412.1	8,025.0	8,698.1	9,076.7	9,422.4
Minority Interest	(4,435.9)	(4,871.7)	(4,009.3)	(4,464.8)	(4,902.4)	Short-Term Debt	21,652.6	25,572.5	26,886.0	26,486.4	26,131.0
Net Income	8,641.6	10,684.7	9,869.0	11,304.5	12,724.9	Other Current Liabilities	8,029.3	8,802.1	9,410.1	9,859.0	10,283.2
EPS (IDR)	984.2	1,216.9	1,124.0	1,287.5	1,449.2	Total Current Liabilities	37,094.1	42,399.6	44,994.3	45,422.0	45,836.6
						Long-Term Debt	49,372.8	49,386.1	46,848.7	43,865.9	40,889.2
						Other Non-Current Liabilities	6,255.2	5,960.8	6,372.6	6,676.5	6,963.8
						Total Non-Current Liabilities	55,628.0	55,346.9	53,221.2	50,542.4	47,853.0
						Total Equity	108,991.3	120,235.2	127,266.0	135,916.3	145,564.1
						TOTAL LIABILITY AND EQUITY	201,713.3	217,981.8	225,481.5	231,880.8	239,253.6
Cash Flow						Ratios					
In Billion IDR	FY24	FY25	FY26E	FY27F	FY28F		FY24	FY25	FY26E	FY27F	FY28F
Net Income	8,641.6	10,684.7	9,869.0	11,304.5	12,724.9	Revenue Growth (%)	3.7	6.7	6.9	4.8	4.3
Depreciation and Amortization	3,476.7	3,604.2	3,958.5	4,122.9	4,305.5	Operating Profit Growth (%)	16.0	2.3	0.6	6.6	6.9
Changes in WC	(3,556.2)	(1,547.0)	1,032.0	(1,249.3)	(1,975.1)	Net Profit Growth (%)	6.1	23.6	(7.6)	14.5	12.6
Change in others	(2,257.5)	660.7	(275.4)	(203.3)	(192.2)						
Operating CF	6,304.6	13,402.5	14,584.0	13,974.8	14,863.1	Current Ratio (%)	215.0	213.2	214.3	221.0	230.5
Capex	(3,821.7)	(4,608.0)	(4,779.4)	(5,081.5)	(5,421.6)	Quick Ratio (%)	166.6	169.1	175.8	180.6	186.7
Others	2,155.2	(4,390.3)	(651.7)	(1,489.3)	(958.8)	Receivable Days (x)	31.1	33.3	34.0	34.0	34.0
Investing CF	(1,666.5)	(8,998.3)	(5,431.1)	(6,570.9)	(6,380.4)	Inventory Days (x)	85.4	81.8	70.0	71.0	75.0
Net Change in Debt	6,332.7	3,933.1	(1,223.8)	(3,382.4)	(3,332.1)	Payable Days (x)	35.3	35.1	35.2	35.1	35.2
Net Change in Equity	5.9	394.7	104.7	77.3	73.1	DER (x)	0.7	0.6	0.6	0.5	0.5
Dividend Payment	(2,344.4)	(2,458.5)	(3,057.2)	(2,815.7)	(3,229.9)	DAR (x)	0.4	0.3	0.3	0.3	0.3
Others	1,501.7	2,487.1	526.0	388.3	367.0	Interest Coverage (x)	3.7	3.9	2.5	3.1	3.4
Financing CF	5,496.0	4,356.4	(3,650.3)	(5,732.6)	(6,121.9)						
Cash at Beginning	28,576.0	38,710.1	47,470.7	52,973.3	54,644.7	Gross Profit Margin (%)	34.7	33.4	32.6	32.8	33.1
Cash at Ending	38,710.1	47,470.7	52,973.3	54,644.7	57,005.4	Operating Profit Margin (%)	19.7	18.9	17.8	18.1	18.6
						EBITDA Margin (%)	22.7	21.8	20.8	21.1	21.5
						Net Income Margin (%)	7.5	8.7	7.5	8.2	8.8
						BVPS (IDR)	7,415.8	8,330.7	9,131.5	10,116.6	11,215.4

Sources : Company, MNCS Research

MNC Research Industry Ratings Guidance

- **OVERWEIGHT** : Stock's total return is estimated to be above the average total return of our industry coverage universe over next 6-12 months
- **NEUTRAL** : Stock's total return is estimated to be in line with the average total return of our industry coverage universe over next 6-12 months
- **UNDERWEIGHT** : Stock's total return is estimated to be below the average total return of our industry coverage universe over next 6-12 months

MNC Research Investment Ratings Guidance

- **BUY** : Share price may exceed 10% over the next 12 months
- **HOLD** : Share price may fall within the range of +/- 10% of the next 12 months
 - **SELL** : Share price may fall by more than 10% over the next 12 months
 - **Not Rated** : Stock is not within regular research coverage

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