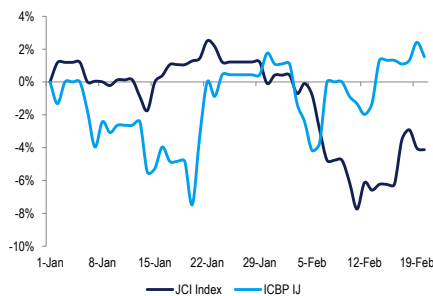


Stock Data

Target price	Rp14,700
Prior TP	Rp14,700
Current price	Rp11,550
Upside/downside	+27%
Shares outstanding (mn)	11,662
Market cap (Rp bn)	134,695
Free float	19%
Avg. 6m daily T/O (Rp bn)	46

Price Performance

	3M	6M	12M
Absolute	-2.1%	0.9%	0.7%
Relative to JCI	3.3%	11.0%	8.3%
52w low/high (Rp)	9,725 – 12,800		



Major Shareholders

Indofood SM	80.5%
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Andrianto Saputra

PT Indo Premier Sekuritas
andrianto.saputra@ipc.co.id
+62 21 5088 7168 ext. 712

Nicholas Bryan

PT Indo Premier Sekuritas
nicholas.bryan@ipc.co.id
+62 21 5088 7168 ext. 716

Recent noodle price hike is a boon to profitability

- ICBP increased its noodle price by 3-4% and we expect volume impact is minimal given its market leader status and noodle inelastic nature.
- We expect a margin improvement from lower CPO price with every 5% CPO price decline to improve ICBP's FY25F earnings by 1.4%.
- ICBP's valuation remains attractive at 12.1x FY25F PE (vs. peers' 15.1x). Maintain BUY with TP of Rp14,700/sh.

ICBP has increased noodle price by 3-4%

ICBP increased noodle price by Rp100/pack (3-4% ASP hike) on 10th Feb25 as the company wants to maintain stable margin from higher CPO price (4Q24: +21% qoq). With its ASP hike, we view ICBP could monetize on higher demand from Lebaran season in Mar25. Moreover, the closest competitor, Wings Group, also raised its noodle price within 2 days of ICBP's price hike. Furthermore, we note that ICBP's noodle segment has proven to have a strong pricing power (Fig. 1), thanks to its dominant market share of >70%. In sum, we expect ICBP's volume impact shall be minimal.

Potential margin improvement from lower CPO price

Based on our channel check, Bogasari still maintained its wheat price in early FY25F. With noodles price hike of 3-4%, we expect ICBP's GPM to improve by 150bps qoq to 36.4% in 1Q25F (vs. 4Q24F GPM of 34.9% - [link](#) to note). We note there is a potential margin improvement from lower CPO price which are estimated to decline to MYR4,249/ton in 4Q25F (-9.6% YTD), according to Bloomberg estimate. Our sensitivity analysis shows that every 5% decrease in CPO price will improve ICBP's FY25F earnings by 1.4% (Fig. 2).

Pinehill as the growth engine

ICBP's overseas sales (driven by Pinehill) shall be its main growth driver, given noodles' lower penetration in overseas market relative to domestic market. This was reflected in growing overseas sales at 15.2% yoy in 9M24 (vs. domestic sales of 5.4%). In addition, we view Pinehill acquisition has been earnings accretive as FY23's Pinehill NPATMI, including interest expense of c.US\$110mn, contributed to 2% FY23 ICBP core profit (Fig. 3). With Pinehill's topline yoy growth of mid-teens, we estimate earnings contribution to reach 4.2/6.2% in FY24/25F.

Maintain BUY

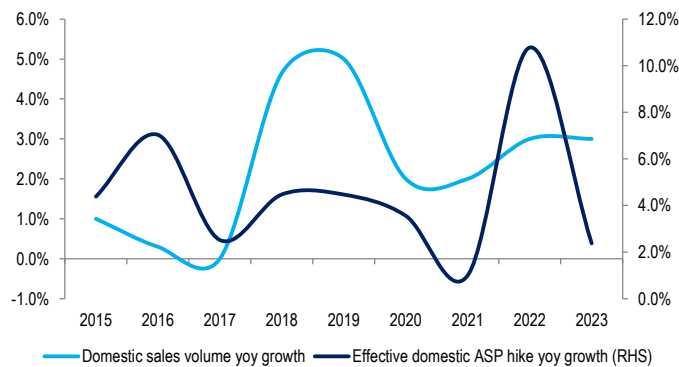
In sum, we maintain our forecast as our core profit is still 6/4% higher than FY24/25F consensus estimate. In addition, ICBP consistently delivers solid core profit (+16% CAGR in FY21-23) within consumer staples space (+2% CAGR in FY21-23); but, it is still under appreciated by the market as evidenced on the multiple de-rating (Fig. 4). In sum, we reiterate our BUY rating for ICBP with TP of Rp14,700/sh, based on 15x FY25F PE (5yr mean).

Financial Summary (Rpbn)	2022A	2023A	2024F	2025F	2026F
Revenue	64,798	67,910	72,580	79,191	86,677
EBITDA	14,840	15,897	18,187	19,904	21,711
Core profit	7,311	9,270	10,063	11,125	12,217
Core profit growth	6.6%	26.8%	8.6%	10.6%	9.8%
ROE	21.1%	24.2%	23.2%	23.1%	23.1%
PER (x)	18.6	14.7	13.5	12.2	11.1
EV/EBITDA (x)	11.2	9.9	8.4	7.4	6.5
Dividend yield	3.1%	2.3%	3.4%	4.9%	5.5%
Forecast change			0%	0%	0%
IPS vs. consensus			106%	104%	102%

Source: Company, Indo Premier

Share price closing as of: 20 February 2025

Fig. 1: ICBP's domestic sales volume vs its ASP hike



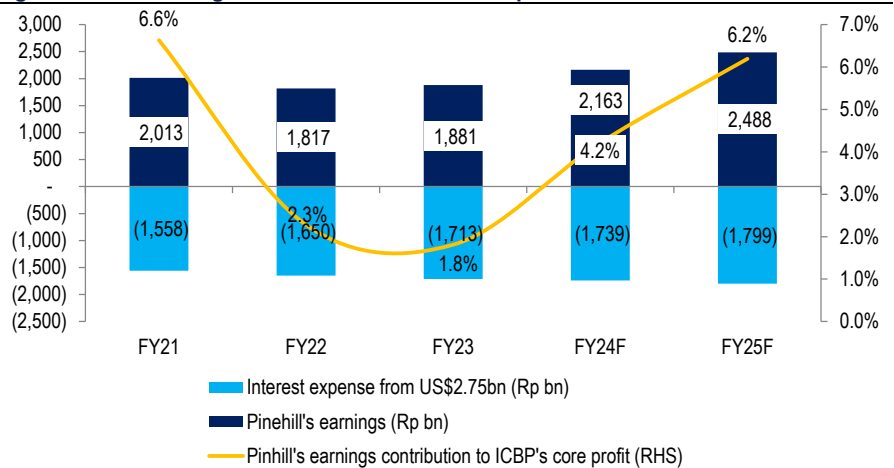
Source: Company, Indo Premier

Fig. 2: ICBP's sensitivity analysis towards FY25F core profit

5% price decline		
	CPO	Wheat
ICBP	1.4%	2.9%

Source: Indo Premier

Fig. 3: Pinehill earnings contribution to ICBP's core profit



Source: Company, Indo Premier

Fig. 4: ICBP is currently trading at 11.9x 12M fwd. P/E, or c.0.9 s.d. below its 5yr mean



Source: Bloomberg, Indo Premier

Income Statement (Rp bn)	2022A	2023A	2024F	2025F	2026F
Net revenue	64,798	67,910	72,580	79,191	86,677
Cost of sales	(43,005)	(42,784)	(45,014)	(48,849)	(53,081)
Gross profit	21,792	25,126	27,566	30,343	33,595
SG&A Expenses	(9,378)	(10,352)	(10,968)	(12,141)	(13,699)
Operating profit	12,414	14,775	16,598	18,202	19,897
Net interest	(5,980)	(626)	(1,775)	(1,477)	(1,386)
Others	1,091	(2,703)	0	0	0
Pre-tax income	7,525	11,445	14,823	16,724	18,511
Income tax	(1,803)	(2,980)	(3,261)	(3,679)	(4,072)
Minority interest	(1,135)	(1,475)	(1,664)	(1,920)	(2,221)
Net income	4,587	6,991	9,898	11,125	12,217
Core profit	7,311	9,270	10,063	11,125	12,217

Balance Sheet (Rp bn)	2022A	2023A	2024F	2025F	2026F
Cash & equivalent	15,897	21,687	25,839	30,921	36,605
Receivable	7,228	7,524	7,884	8,602	9,415
Inventory	7,132	6,329	7,082	7,685	8,351
Other current assets	812	1,232	1,093	1,192	1,305
Total current assets	31,070	36,773	41,896	48,400	55,675
Fixed assets	14,521	14,711	15,387	15,819	16,138
Other non-current assets	54,006	54,006	54,006	54,006	54,006
Total non-current assets	84,235	82,494	83,183	83,481	83,667
Total assets	115,306	119,267	125,080	131,881	139,342
ST loans	825	113	0	0	0
Payable	4,725	4,952	5,091	5,524	6,003
Other payables	2,499	2,956	2,869	3,114	3,384
Current portion of LT loans	487	456	0	0	0
Total current liab.	10,034	10,464	9,692	10,517	11,428
Long term loans	44,516	43,184	42,949	42,493	42,037
Other LT liab.	3,194	3,400	3,400	3,400	3,400
Total liabilities	57,833	57,163	56,155	56,525	56,980
Equity	6,569	6,569	6,569	6,569	6,569
Retained earnings	29,343	34,111	39,339	43,850	48,634
Minority interest	20,954	21,354	23,018	24,938	27,159
Total SHE + minority int.	57,473	62,104	68,925	75,357	82,362
Total liabilities & equity	115,306	119,267	125,080	131,881	139,342

Source: Company, Indo Premier

Cash Flow Statement (Rp bn)	2022A	2023A	2024F	2025F	2026F
EBIT	13,378	14,388	16,598	18,202	19,897
Depr. & Amortization	1,463	1,510	1,589	1,702	1,814
Changes in Working Capital	(11,057)	0	(1,062)	(595)	(680)
Others	5,022	(3,482)	(5,036)	(5,157)	(5,458)
Cash Flow From Operating	8,804	12,415	12,089	14,152	15,572
Capital Expenditure	(1,789)	(1,824)	(2,133)	(2,000)	(2,000)
Others	283	(2,164)	(146)	0	0
Cash Flow From Investing	(1,506)	(3,988)	(2,279)	(2,000)	(2,000)
Loans	(11,229)	(873)	(804)	(456)	(456)
Equity	0	0	0	0	0
Dividends	(4,255)	(3,065)	(4,671)	(6,613)	(7,433)
Others	2,657	(682)	(185)	0	0
Cash Flow From Financing	(12,826)	(4,620)	(5,659)	(7,069)	(7,889)
Changes in Cash	(4,637)	3,612	4,151	5,082	5,684

Key Ratios	2022A	2023A	2024F	2025F	2026F
Gross Margin	33.6%	37.0%	38.0%	38.3%	38.8%
Operating Margin	19.2%	21.8%	22.9%	23.0%	23.0%
Pre-Tax Margin	11.6%	16.9%	20.4%	21.1%	21.4%
Net Margin	7.1%	10.3%	13.6%	14.0%	14.1%
ROA	3.9%	6.0%	8.1%	8.7%	9.0%
ROE	21.1%	24.2%	23.2%	23.1%	23.1%
Acct. Receivables TO (days)	40	40	40	40	40
Inventory TO (days)	55	57	57	57	57
Payable TO (days)	39	41	41	41	41
Debt to Equity	79.7%	70.5%	62.3%	56.4%	51.0%
Interest Coverage Ratio (x)	2.2	7.1	8.5	10.7	11.9
Net Gearing	52.1%	35.5%	24.8%	15.4%	6.6%

Source: Company, Indo Premier

INVESTMENT RATINGS

BUY	: Expected total return of 10% or more within a 12-month period
HOLD	: Expected total return between -10% and 10% within a 12-month period
SELL	: Expected total return of -10% or worse within a 12-month period

ANALYSTS CERTIFICATION

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