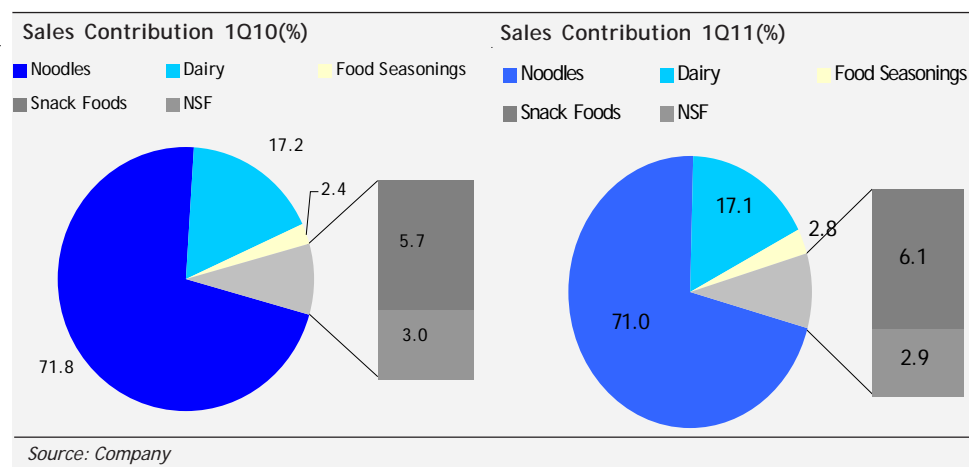


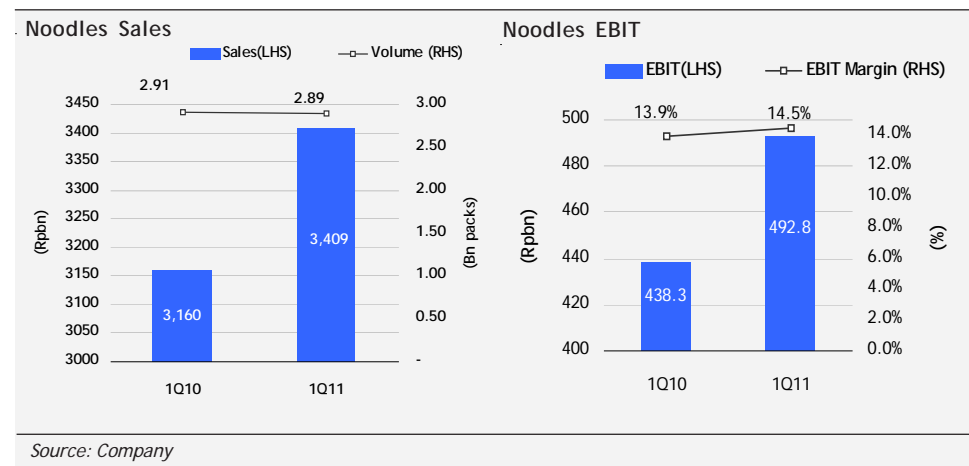
ICBP: Margin Threat

ICBP reported Rp433.5bn net profit on 1Q11, rise 17.8% YoY. Revenue up 8.6% YoY to Rp4.7tr, major revenue contribution changes comes from noodles, food seasonings and snack foods division. GPM oppress to 25.6% from 26.2% in 1Q10, push only single digit growth in EBIT even though expenses were well maintain. Lower interest expense due to debt payment from IPO funds help to reduce the depressed margin due to higher raw material price. NPM 9.2% compare to 8.5% in 1Q10.



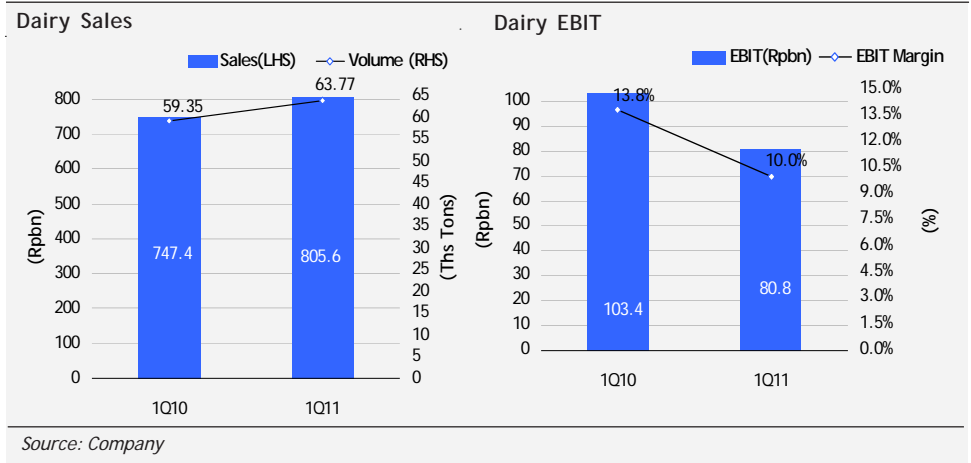
Noodles Division

Noodles division booked Rp3.4tr sales in 1Q11, growth 7.9% YoY. However, sales volume down 0.7% to 2.89bn packs, in line with negative growth in industry (0.8%). Increase in sales mainly due to increasing price Rp100/pack on Jan'11. EBIT margin up to 14.5% from 13.9% in 1Q10, margin was pressed on January by peak price of fresh food chili and cooking oil, while price increase given its impact on Feb'11. The margin was expanding starting from Feb '11 when the chili price continues declining. Going forward, the cost pressure will come from increase in flour price and packaging cost.



Dairy Division

Dairy division report Rp805.6bn sales, increase 7.8% YoY; supported by 7.4% volume growth. EBIT margin decrease substantially (21.8%) to 10% due to higher input cost such as creamer powder and sugar. Even though the company has increased its product price by 3% on Feb'11, it was not enough to overcome the raw material cost.

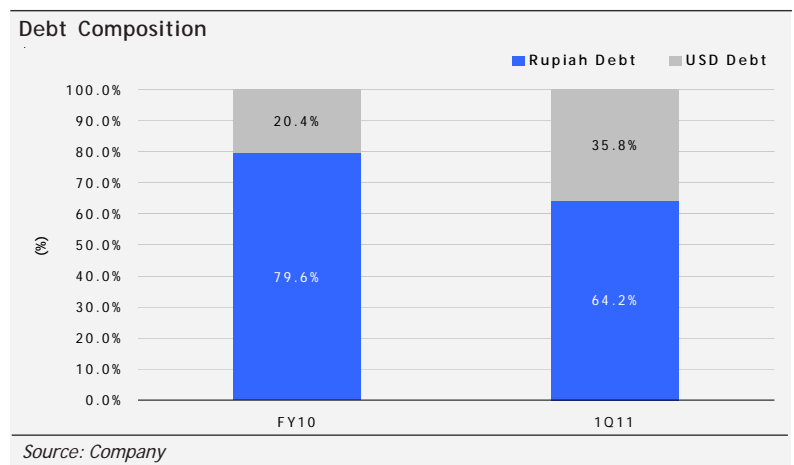


Food Seasonings, Snacks, and NSF

The three others division records a positive growth in term of sales and volume. Food seasonings and snack foods EBIT increase due to 7-11% price increase during 1Q11. While Nutrition & Special Foods (NSF) EBIT margin fell 57% from 10.5% to 4.3% due to higher input cost.

Solid Balance Sheet Performance

ICBP show strong cash position Rp3.8tr. increase 13.4% QoQ. Total funded debt decline 12.7% to Rp459bn. Debt composition change from end of Dec'10, less of Rupiah debt and increase in USD, which make a positive impact due to lower interest rate and stronger rupiah.



Valuation and Recommendation

A relatively flat growth in EBIT caused by higher soft commodities price create a negative catalyst for ICBP. Softened food commodities price may help to defend company's margin, but Bogasari's plans to increase their flour price is against the company interest. Consensus TP at the end of 2011 is Rp5800/share reflect 18.2x FY11.

PT Trimegah Securities Tbk
18thFl, Artha Graha Building
Jl. Jend. Sudirman Kav. 52-53
Jakarta 12190, INDONESIA
Tel : (6221) 2924-9088 Fax : (6221) 2924-9163

DISCLAIMER

This report has been prepared by PT Trimegah Securities Tbk on behalf of itself and its affiliated companies and is provided for information purposes only. Under no circumstances is it to be used or considered as an offer to sell, or a solicitation of any offer to buy. This report has been produced independently and the forecasts, opinions and expectations contained herein are entirely those of Trimegah Securities.

While all reasonable care has been taken to ensure that information contained herein is not untrue or misleading at the time of publication, Trimegah Securities makes no representation as to its accuracy or completeness and it should not be relied upon as such. This report is provided solely for the information of clients of Trimegah Securities who are expected to make their own investment decisions without reliance on this report. Neither Trimegah Securities nor any officer or employee of Trimegah Securities accept any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents. Trimegah Securities and/or persons connected with it may have acted upon or used the information herein contained, or the research or analysis on which it is based, before publication. Trimegah Securities may in future participate in an offering of the company's equity securities.
