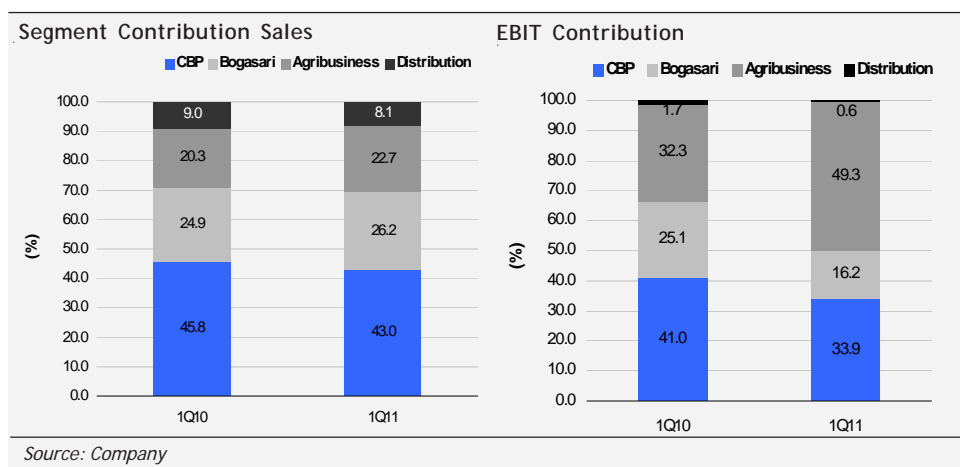
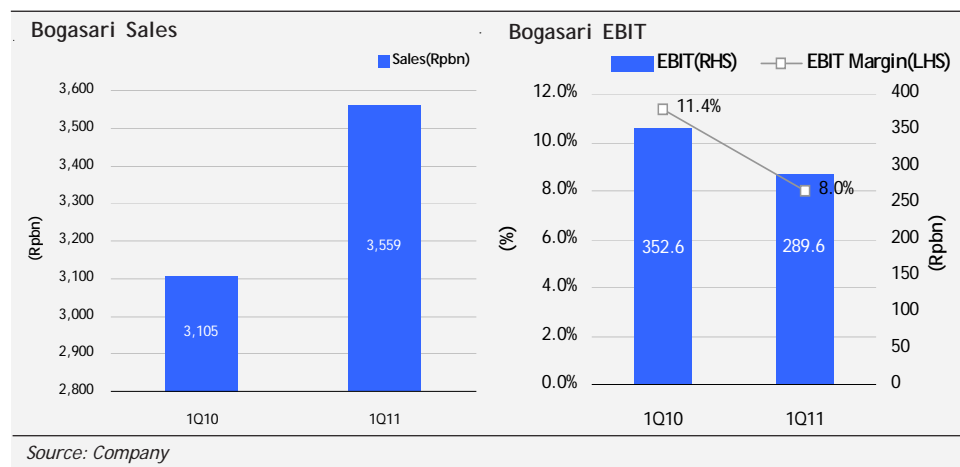


### INDF: Agribusiness Reinforcement

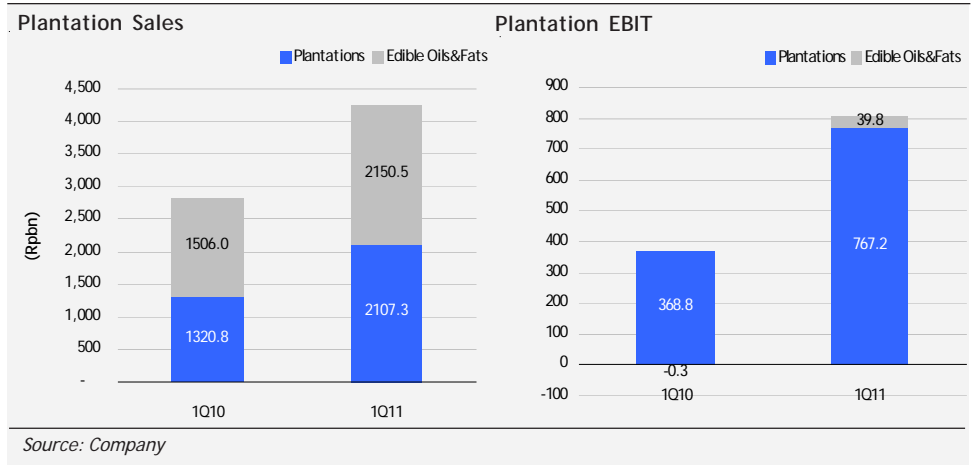
INDF reported Rp735.6bn net profit in 1Q11, increase 15.6% YoY. Revenue up 15.6% YoY mainly contributes by ICBP, Bogasari, and Agribusiness. EBIT margin improve to 16.5% from 14.4% strongly support by Agribusiness, while 3 others division show weaker margin from higher input cost. Interest expense fell 31.4% from debt payment since ICBP IPO.



Although volume growth 10.4% YoY, management strategy to dominate flour market seems paid with significant decline in EBIT. EBIT margin dropped from 11.4% to 8%, mainly due to peak in wheat price in 1Q11 while management decides not to increase the product price yet. Company is reviewing plan to increase its flour price to normalize their margin after grabbing more market shares.



Company's EBIT help by agribusiness division by rise in sales volume and higher CPO Price in 1Q11. Volume growth by 23.4% YoY, higher CPO price lead plantation margin reach 36.4%. Edible oil & Fats record 6.5% volume growth; 20% price increase in cooking oil help to create slight positive margin (1.9%) from loss position last year. Distribution division show relatively flat revenue, sales only grow 4.2% to Rp868.3bn. EBIT slammed 55.8% due to increase on transportation cost and rental fee.



There is no significant change in cash position, debt slightly decrease (5.9%) to Rp13.5tr. The divestment of Salim Ivomas in the next few months is expected to reduce company's debt amount that rise from acquiring LSIP.

### Valuation and recommendation

An integrated business between plantation and consumer manufacturer create a stable margin for INDF. The divestment of 20% stake in Salim Ivomas also becomes a positive catalyst for INDF. Consensus target price for end of 2011 is Rp6028/share, reflect 16x PE ratio.

PT Trimegah Securities Tbk  
18<sup>th</sup>Fl, 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.

---