

PT Charoen Pokphand Indonesia Tbk (CPIN)

Animal Feeds

Facing headwind from raw material price hikes

27 June 2022

Recommendations : BUY

Laba bersih turun 28,9% YoY pada 1Q22 menjadi Rp1,9 triliun
 Performa akan dipengaruhi oleh inflasi dan perbaikan daya beli
 Rekomendasi "BUY" dengan target harga Rp6.930 per saham

Stock

Price on 24/06/2022 (Rp)	5,750
12M target price (Rp)	6,930
Capital gain potential	21%

Kontraksi margin dari kenaikan harga raw materials

Laba bersih CPIN turun 28,9% YoY pada 1Q22 menjadi Rp1,19 triliun (+26,1% QoQ). Penurunan laba bersih YoY akibat dari pertumbuhan beban pokok yang lebih tinggi 21,5% YoY pada 1Q22 seiring dengan kenaikan harga raw material, dibandingkan dengan net sales yang mencapai 15,2% YoY menjadi Rp14,3 triliun (1,4% QoQ). Sehingga, GPM berkontraksi dari 21,0% pada 1Q21 menjadi 16,7% pada 1Q22. Kemudian, beban operasional naik 19,6% YoY utamanya dari beban penjualan dari kenaikan beban gaji. Tetapi, CPIN mencatatkan kenaikan pendapatan operasional lain-lain pada 1Q22 karena kenaikan laba neto penjualan ayam afkir. Sehingga, margin operasional turun dari 15,4% pada 1Q21 menjadi 10,8% pada 1Q22. Adapun, CPIN penurunan pendapatan keuangan 68,7% YoY pada 1Q22 ditengah penurunan suku bunga. Net gearing membaik menjadi 14,7% pada 1Q22.

Stock Data

Outstanding shares	16,398,000,000
Market cap (Rp)	94,288,500,000,000
Weight vs IHSG (%)	1,39

Shareholders (%)

Charoen Pokphand Ina. Group	55.53%
Public	44.47%
Outstanding Shares (unit)	16,398,000,000

Price Performance

52-week high/low	Rp6,750/Rp4,800
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Capital gain/(loss) (in %)

1 month	3 month	6 month	1 Year	YTD
16.87	2.22	(2.54)	-5.74	(3.36)

Summary of Financial Performance

In IDR bn	2021A	2022E	2023F
Revenue	51,698	55,677	60,581
Operating Income	4,934	5,939	6,619
OPM (%)	9.54%	10.67%	10.93%
EBITDA	6,080	7,172	8,132
EV to EBITDA (x)*	16.46	13.77	12.25
Net Income	3,621	4,356	4,859
NPM (%)	7.00%	7.82%	8.02%
EPS (Rp)	221	266	296
EPS Growth (%)	-5.8%	20.3%	11.6%
Price Earnings (x)*	26.41	21.65	19.40
Price to Book (x)*	3.80	3.45	3.17
Price to Sales (x)*	1.85	1.69	1.56
Return on Equity (%)	14.41%	15.95%	16.36%
Return on Assets (%)	10.22%	11.13%	11.29%
Tot Debt/Equity (x)	0.25	0.24	0.25

*) based on market price (24/06/2022) at Rp5,750

Sources : Company, Bloomberg and KB Valbury Sekuritas

Penurunan margin segmen broiler dan DOC

Kenaikan net sales CPIN YoY secara umum didorong oleh kenaikan dari broiler yang meningkat 34,1% YoY pada 1Q22, disusul oleh pakan ternak yang naik 22,9% YoY, processed chicken +31,5% YoY dan DoC yang tumbuh 15,4% YoY. Kontribusi segmen broiler turun dari 44,0% pada 1Q21 menjadi 42,5% pada 1Q22. Kemudian, segmen broiler meningkat dari 33,9% pada 1Q21 menjadi 35,7% pada 1Q22. Dari segi profitabilitas, margin produk pakan ternak meningkat dari 8,0% pada 1Q21 menjadi 9,2% pada 1Q22. Akan tetapi, segmen broiler mencatatkan kerugian dibandingkan 7,7% pada 1Q21. Sedangkan, margin DoC juga berkontraksi dari 10,6% pada 1Q21 menjadi 12,4% pada 1Q22.

Penguatan daya beli ditengah ancaman inflasi

Kami memperkirakan pendapatan CPIN dapat tumbuh pada 8% YoY tahun 2022 yang terdorong dari konsumsi yang menguat yang terindikasi dari IKK pada Mei 2022 yang mencapai 128,9 atau zona optimistis ditengah peningkatan mobilitas, mendorong kunjungan rekreasi dan ritel. Akan tetapi, kami melihat tantangan dari peningkatan harga raw materials, ditengah peningkatan harga soft commodities dari konflik geopolitik, juga factor cuaca di AS dan curah hujan yang tinggi di provinsi penghasil jagung sehingga menyulitkan panen. Saat ini, harga jagung meningkat 127,5% YoY menjadi USD7,37 per bushel. Di sisi lain, kami memperkirakan kebijakan pemerintah untuk mengontrol inflasi pangan dapat berpengaruh pada frekuensi afkir yang dilakukan pemerintah tahun ini, sehingga ASP broiler dan DOC dapat berpotensi tertahan. Namun, kami cukup optimistis terhadap kapasitas CPIN yang mempunyai lini produksi terintegrasi, sehingga margin dapat cenderung lebih terjaga.

Rekomendasi BUY ditengah usaha terintegrasi

Kami mempertahankan rekomendasi BUY saham CPIN dengan target harga Rp6.930, yang menggambarkan PE 2022 pada 21,65x. Rekomendasi kami ini didasari dengan pertimbangan sebagai berikut: 1) potensi peningkatan permintaan yang tinggi terutama pada 1Q-2Q22 ditengah adanya puasa dan lebaran; 2) posisi CPIN sebagai market leader dan bisnis yang terintegrasi sehingga lebih efisien; 3) neraca yang kuat. Namun, kami masih mencatat beberapa resiko yakni 1) inflasi yang mempengaruhi daya beli dan peningkatan beban CPIN; 2) depresiasi IDR terhadap dolar AS setelah kenaikan suku bunga 3) permintaan yang lebih lemah daripada proyeksi karena resiko pembatasan; 4) kenaikan supply DOC dan broiler.

Analyst(s)

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FINANCIAL OVERVIEW

Income Statement (Rp bn)	1CQ2021	1CQ2022	YoY Change	4Q2021	1Q2022	QoQ Change
Net Sales	12,405	14,295	15.2%	14,105	14,295	1.4%
Cost of Revenue	9,800	11,907	21.5%	11,932	11,907	-0.2%
Gross Profit	2,605	2,388	-8.3%	2,173	2,388	9.9%
Gross Margin (%)	21.0%	16.7%		15.4%	16.7%	
Operating Expenses	737	927	25.8%	1,133	927	-18.2%
Operating Profit	1,868	1,461	-21.8%	1,464	1,544	5.5%
Operating Margin (%)	15.1%	10.2%		10.4%	10.8%	
Non-Operating Income (Losses)	46	(12)	-126.5%	1,464	1,544	5.5%
Pretax Income	1,823	1,473	-19.2%	1,379	1,473	6.9%
Income Tax (Expense)/ Benefit	368	282	-23.2%	430	282	-34.4%
Profit for This Year	1,455	1,191	-18.1%	950	1,191	25.5%
Net Profit (Losses)	1,455	1,191	-18.1%	950	1,191	25.4%
Profit Margin (%)	11.7%	8.3%		6.7%	8.3%	

Sources : Company and KB Valbury Sekuritas

FINANCIAL TABLES

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Year End Dec (Rp bn)	2020A	2021A	2022E	2023F	2024F
Revenue	42,519	51,698	55,677	60,581	67,106
Revenue growth yoy	0.0%	21.6%	7.7%	8.8%	10.8%
- Cost of Goods Sold	34,264	43,559	45,928	49,852	55,087
Gross Income	8,255	8,139	9,749	10,729	12,019
- Operating Expenses	3,309	3,738	3,810	4,110	4,890
Operating Income	5,138	4,934	5,939	6,619	7,129
Op income growth yoy	3.9%	-4.0%	20.4%	11.5%	7.7%
- Non Operating Gains (Losses)	370	301	346	371	405
EBITDA	6,165	6,080	7,172	8,132	8,430
Pretax Income	4,768	4,634	5,593	6,248	6,724
- Income Tax Expense	922	1,015	1,239	1,391	1,502
Profit for This Year	3,846	3,619	4,353	4,857	5,222
- Minority Interests	4	(2)	(2)	(2)	(2)
Net Income	3,842	3,621	4,356	4,859	5,224
Net income growth yoy	5.4%	-5.8%	20.3%	11.6%	7.5%
EPS (IDR)	234	221	266	296	319
Dividends Per Share (IDR)	81	112	133	151	169

Sources: Company, Bloomberg and KB Valbury Sekuritas

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Year End Dec (Rp bn)	2020A	2021A	2022E	2023F	2024F
Total Current Assets	13,532	15,715	17,224	18,945	20,107
+ Cash & Near Cash Items	2,678	1,803	1,966	2,114	2,287
+ Accounts & Notes Receivable	1,841	1,644	1,803	1,989	2,105
+ Inventories	8,351	11,588	12,709	14,020	14,843
+ Other Current Assets	662	680	746	823	872
Total Long-Term Assets	17,627	19,731	21,927	24,110	27,088
+ Property, Plant & Equip, Net	15,094	16,917	19,006	20,673	22,927
Property, Plant & Equip	22,289	25,120	28,289	30,931	34,286
Accumulated Depreciation	7,195	8,204	9,283	10,258	11,359
+ Other Long Term Assets	2,533	2,814	2,921	3,437	4,161
Total Assets	31,159	35,446	39,151	43,055	47,195
Total Current Liabilities	5,356	7,836	8,648	10,017	11,703
+ Payables & Accruals	2,493	3,156	4,453	4,959	5,380
+ Short Term Borrowings	2,842	4,646	4,158	5,016	6,274
+ Other Short Term Liabilities	22	34	38	42	49
Total Long Term Liabilities	2,453	2,460	3,171	3,324	3,320
+ Long Term Borrowings	1,612	1,637	2,265	2,395	2,361
+ Other Long Term Borrowings	841	823	906	929	959
Total Liabilities	7,810	10,296	11,820	13,341	15,022
+ Share Capital & APIC	121	121	121	121	121
+ Retained Earnings & Other Eq.	23,194	24,996	27,174	29,555	32,011
+ Other Equity	18	18	20	22	23
Total Shareholders Equity	23,333	25,135	27,315	29,697	32,155
+ Minority/Non Controlling Int.	17	15	16	17	19
Total Equity	23,350	25,150	27,331	29,715	32,173
Total Liabilities & Equity	31,159	35,446	39,151	43,055	47,195
Book Value Per Share (IDR)	1,423	1,533	1,666	1,811	1,961

Sources: Company, Bloomberg and KB Valbury Sekuritas

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year End Dec (Rp bn)	2020A	2021A	2022E	2023F	2024F
Net Income	3,842	3,621	4,356	4,859	5,224
+ Depreciation & Amortization	1,027	1,146	1,079	1,175	1,301
+ Other Non-Cash Adjustments	(23)	(2,645)	(1,835)	(940)	(716)
Cash From Operating Activities	4,846	2,122	3,600	5,094	5,810
+ Disposal of Fixed Assets	98	39	40	42	44
+ Capital Expenditures	(1,896)	(2,870)	(1,927)	(2,097)	(2,322)
+ Other Investing Activities	(7)	12	(107)	(516)	(724)
Cash From Investing Activities	(1,806)	(2,819)	(1,993)	(2,570)	(3,003)
+ Dividends Paid	(1,328)	(1,837)	(2,178)	(2,478)	(2,769)
+ Change in long Term Borr.	(1,002)	(159)	729	100	126
+ Other Financing Activities	7	2	5	3	9
Cash From Financing Activities	(2,323)	(314)	(1,444)	(2,376)	(2,634)
Net Changes in Cash	716	(1,012)	162	148	173

Sources: Company, Bloomberg and KB Valbury Sekuritas

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RATIO ANALYSIS

Year End Dec	2020A	2021A	2022E	2023F	2024F
Valuation Ratios					
Price Earnings*	26.81	26.41	21.65	19.40	18.05
EV to EBIT*	20.39	20.29	16.21	14.31	14.12
EV to EBITDA*	17.00	16.46	13.77	12.25	11.94
Price to Sales*	2.42	1.85	1.69	1.56	1.41
Price to Book*	4.41	3.80	3.45	3.17	2.93
Dividend Yield*	1.3%	1.9%	2.3%	2.6%	2.9%
Profitability Ratios					
Gross Margin	19.41%	15.74%	17.51%	17.71%	17.91%
EBITDA Margin	14.50%	11.76%	12.88%	13.42%	12.56%
Operating Margin	12.08%	9.54%	10.67%	10.93%	10.62%
Profit Margin	9.04%	7.00%	7.82%	8.02%	7.79%
Return on Assets	12.33%	10.22%	11.13%	11.29%	11.07%
Return on Equity	16.47%	14.41%	15.95%	16.36%	16.25%
Leverage & Coverage Ratios					
Current Ratio	2.53	2.01	1.99	1.89	1.72
Quick Ratio	0.97	0.53	0.52	0.49	0.45
Interest Coverage Ratio (EBIT/I)	13.96	20.57	22.08	23.49	22.08
Tot Debt/Capital	0.04	0.06	0.06	0.07	0.08
Tot Debt/Equity	0.19	0.25	0.24	0.25	0.27
Others					
Asset Turnover	1.36	1.46	1.42	1.41	1.42
Accounts Receivable Turnover	23.10	31.45	30.88	30.46	31.87
Accounts Payable Turnover	17.06	16.38	12.50	12.22	12.47
Inventory Turnover	5.09	4.46	4.38	4.32	4.52

*) based on market price (24/06/2022) at Rp5,750

Sources: Company, Bloomberg and KB Valbury Sekuritas

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