

# Malindo Feedmill Tbk (MAIN IJ)

## Berpotensi untuk Tetap Tumbuh

Company Update | Jan 06, 2020

MAIN berhasil meningkatkan pendapatan pada 9M19 sebesar 17,2% YoY, namun kenaikan beban pokok penjualan dan biaya keuangan yang signifikan membuat laba bersih menurun 12,3% YoY. Efisiensi dan menurunnya harga ayam broiler menjadi faktor yang melemahkan kinerja, tetapi MAIN tetap berpotensi tumbuh pada 2020 seiring meningkatnya konsumsi ayam domestik.

### Top Line Meningkat tetapi Bottom Line Menurun

Pada 9M19, MAIN membukukan pendapatan sebesar Rp5,7 triliun (+17,2% YoY); hal tersebut didominasi oleh kenaikan penjualan segmen pakan ternak menjadi Rp3,8 triliun (+37,4% YoY) dan kenaikan penjualan segmen DOC menjadi Rp1,1 triliun (+16,6% YoY). Adapun kenaikan beban pokok penjualan berada di level yang lebih tinggi dari kenaikan pendapatan yaitu sebesar Rp5 triliun (+20,3% YoY) dan biaya keuangan yang meningkat drastis menjadi Rp134 miliar (+47,9% YoY); kenaikan tersebut membuat MAIN hanya mampu membukukan laba bersih sebesar Rp129 miliar (-12,3% YoY).

### Margin Bertumbuh di tengah Oversupply

Pada 3Q19, MAIN berhasil meningkatkan marginnya, tercatat GPM sebesar 11,8% (vs. 10,9% pada 2Q19), OPM sebesar 5,4% (vs. 5,0% pada 2Q19) dan NPM yang stabil di 2,8%. Bagi kami kinerja tersebut sangat positif di tengah kondisi pasar unggas yang sedang *oversupply*. Apalagi untuk periode Sep-Des 2019 ada program GEMA sebagai perpanjangan regulasi pemerintah dalam menahan jumlah DOC yang akan menstabilkan harga ayam broiler di pasar, dengan begitu potensi pendapatan MAIN dapat stabil dan NPM akan tumbuh di level 3,8% pada 4Q19. Untuk 2019F, kami memproyeksikan MAIN mampu mencetak pendapatan sebesar Rp7,5 triliun dengan asumsi penjualan segmen pakan yang mampu menghasilkan Rp5,1 triliun (+29,5% YoY).

### Harga Stabil dan Penetrasi Pasar Indonesia Timur

Hingga akhir 2019, harga ayam broiler untuk daerah Jabodetabek, Sukabumi, Cianjur, dan Subang berada di rentang Rp16.000-Rp19.000; level harga tersebut memberikan MAIN peluang untuk menjaga kestabilan kinerja hingga akhir tahun. Kami pun meyakini strategi ekspansi bisnis ke daerah Timur Indonesia seperti Nusa Tenggara dan Papua akan menjaga pertumbuhan kinerja MAIN di 2020.

### Rating BUY dengan Target Harga Rp1.200

Kondisi pasar unggas masih bergantung pada program *culling* pemerintah, tetapi estimasi tingkat konsumsi ayam di Indonesia pada 2020 sebanyak 10,5-11,5 kg/kapita menjadi katalis positif bagi emiten sektor unggas. Oleh karena itu, kami memberikan rekomendasi BUY dengan target harga Rp1.200 atau potensi *upside* 16,5% berdasarkan metode forward EV/EBITDA 6,5x (-0,34 SD). Saat ini, MAIN diperdagangkan dengan EV/EBITDA 2019F sebesar 7,1x.

### Malindo Feedmill Tbk | Summary

	2018A	2019A	2020F	2021F
Sales	6,706	7,553	8,244	8,613
Growth	23.2%	12.6%	9.1%	4.5%
EBITDA	622	599	676	723
Net Profit	321	268	292	302
EPS (IDR)	143	120	131	135
Growth	647.3%	-16.6%	9.2%	3.1%
P/E	7.9x	8.6x	7.9x	7.6x
P/BV	1.2x	1.0x	0.9x	0.9x
EV/EBITDA	6.4x	7.1x	6.5x	6.3x
ROE	16.1%	12.2%	11.9%	11.1%
DER	85.3%	94.4%	90.4%	86.4%
Net Debt	1,554	1,842	2,032	2,133

Unit: IDR bn, %, x

Source: Company Data, Bloomberg, NHKS Research

Please consider the rating criteria & important disclaimer

## Buy

Dec 2020 TP (IDR)	1,200
Consensus Price (IDR)	1,332
TP to Consensus Price	-9.9%
vs. Last Price	+16.5%

### Shares data

Last Price (IDR)	1,030
Price Date as of	Jan 03, 2020
52 wk Range (Hi/Lo)	1,920 / 855
Free Float (%)	42.7
Outstanding sh.(mn)	2,239
Market Cap (IDR bn)	2,496
Market Cap (USD mn)	163
Avg. Trd Vol - 3M (mn)	5.1
Avg. Trd Val - 3M (bn)	5.4
Foreign Ownership	99.9%

### Basic Industry

#### Poultry

Bloomberg	MAIN IJ
Reuters	MAIN.JK

### Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	2.0%	-2.8%	17.7%	-29.5%
Rel. Ret.	1.3%	-5.9%	13.0%	-31.1%

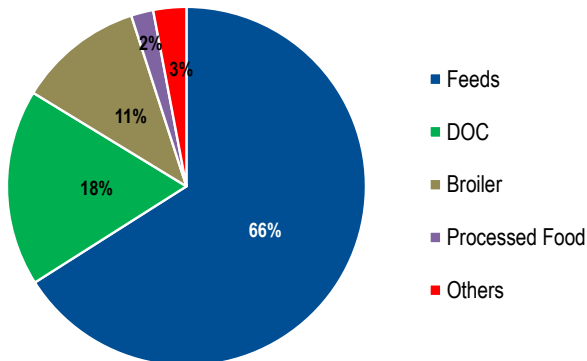
### Meilki Darmawan

(021) 50889128

meilki.darmawan@nhsec.co.id

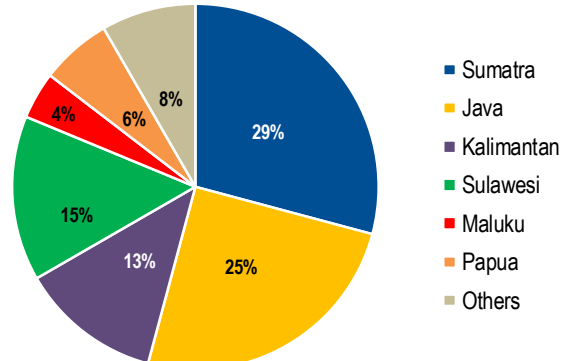
## Performance Highlights in Charts

9M19 Revenue Breakdown



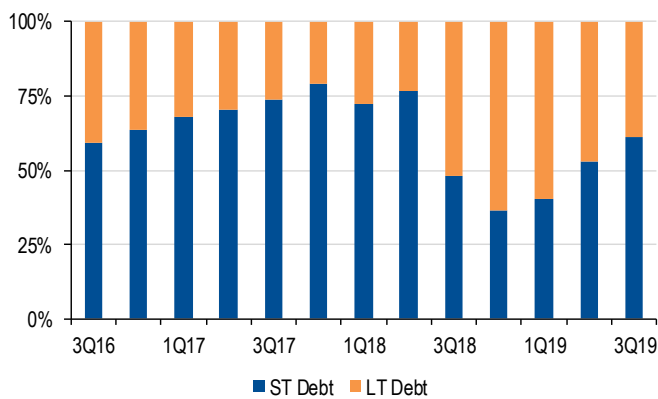
Source: Company Data, NHKS Research

9M19 Product Distribution



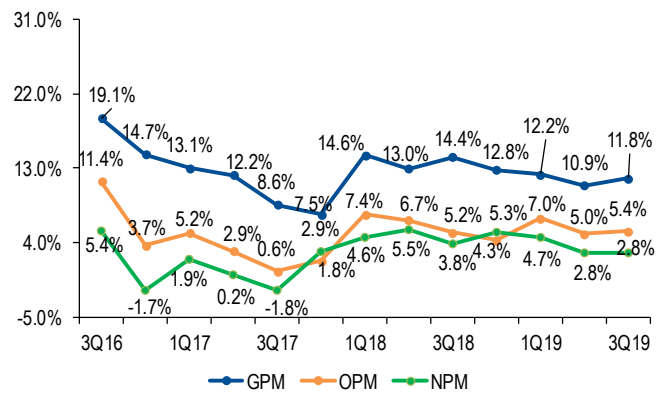
Source: Company Data, NHKS Research

Debt Portion



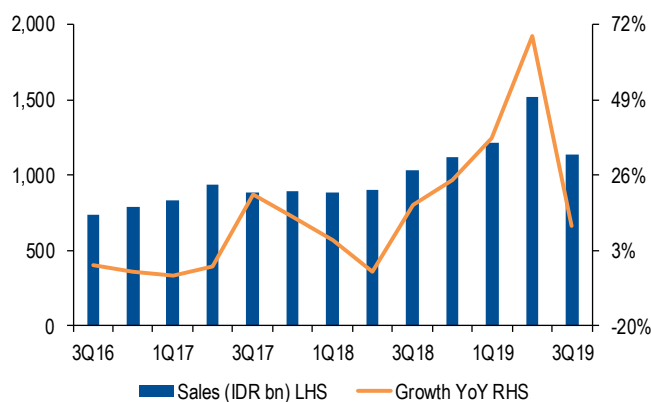
Source: Company Data, NHKS Research

Margin Ratios



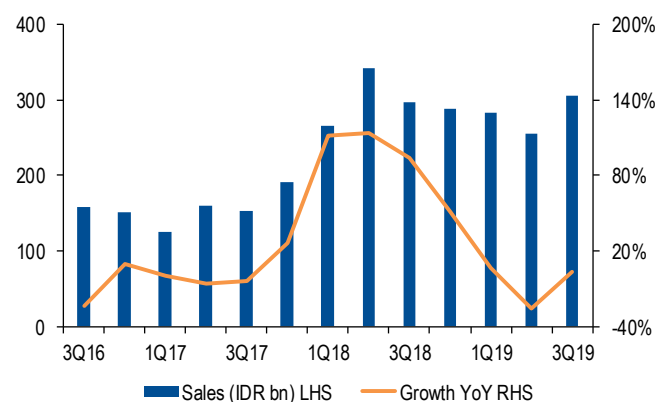
Source: Company Data, NHKS Research

Feeds Quarterly Sales



Source: Company Data, NHKS Research

Broiler Quarterly Sales



Source: Company Data, NHKS Research

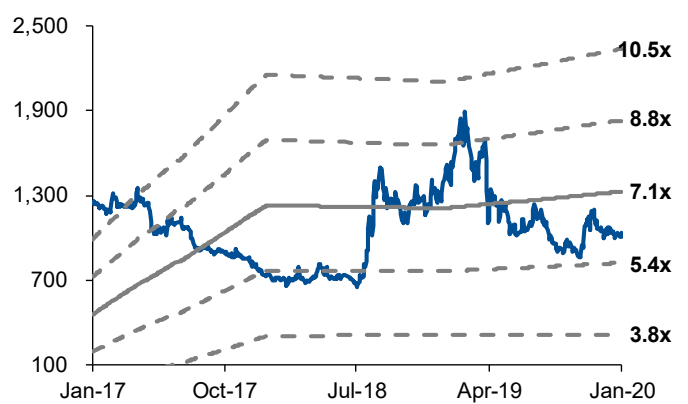
### Valuation Highlights in Charts

3-Year Forward EV/EBITDA Band



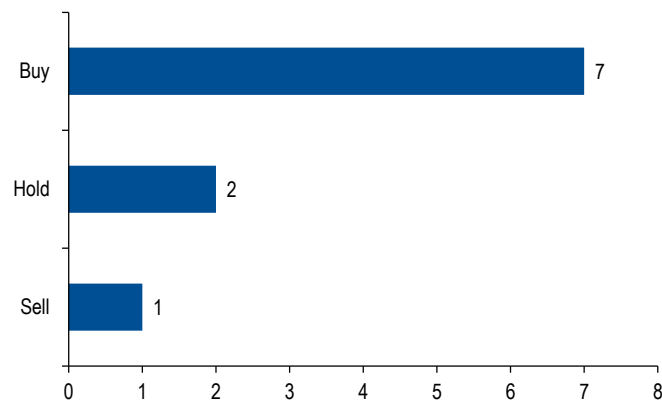
Source: Bloomberg, NHKS Research

3-Year Dynamic Forward EV/EBITDA Band



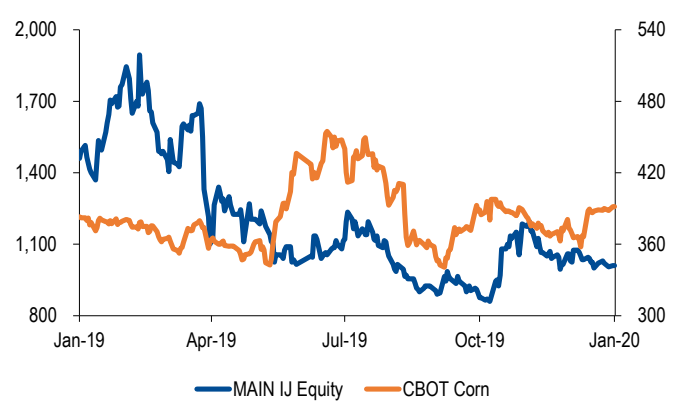
Source: Bloomberg, NHKS Research

Recommendations by Analysts



Source: Bloomberg, NHKS Research

Stock and CBOT Corn Correlated Positively



Source: Bloomberg, NHKS Research

## Quarterly Review

	3Q18	4Q19	1Q19	2Q19	3Q19				4Q19E	
					Actual	Estimate	Y-Y	Q-Q		Surprise
<b>Income statement</b>										
Sales	1,766	1,867	1,945	1,927	1,797		1.8%	-6.7%		1,884
Gross Profit	254	239	238	210	212		-16.2%	1.0%		223
EBIT	92	80	136	97	96		4.9%	-0.7%		31
EBITDA	151	137	196	157	155		2.8%	-1.1%		91
Net Profit	67	98	91	55	49		-26.6%	-9.4%		72
<b>Margin</b>										
Gross Margin	14.4%	12.8%	12.2%	10.9%	11.8%		-2.5%	0.9%		11.8%
EBIT Margin	5.2%	4.3%	7.0%	5.0%	5.4%		0.2%	0.3%		1.6%
EBITDA Margin	8.6%	7.3%	10.1%	8.1%	8.6%		0.1%	0.5%		4.8%
Net Profit Margin	3.8%	5.3%	4.7%	2.8%	-2.8%		-1.1%	-0.1%		3.8%

Unit: IDR bn, %

Source: Company Data, NHKS Research

## Earnings Revision

		2019A	2020F	2021F
<b>Income Statement</b>				
Sales	-Revised	7,553	8,244	8,613
	-Previous	6,398		
	-Change	18.1%		
Gross Profit	-Revised	883	989	1,034
	-Previous	1,002		
	-Change	-11.8%		
EBIT	-Revised	360	418	436
	-Previous	486		
	-Change	-23.1%		
EBITDA	-Revised	599	676	723
	-Previous	720		
	-Change	-16.8%		
Net Profit	-Revised	268	292	302
	-Previous	226		
	-Change	34.1%		
<b>Margin</b>				
Gross Margin	-Revised	11.7%	12.0%	12.0%
	-Previous	15.7%		
EBIT Margin	-Revised	4.8%	5.1%	5.1%
	-Previous	7.3%		
EBITDA Margin	-Revised	7.9%	8.2%	8.4%
	-Previous	11.3%		
Net Profit Margin	-Revised	3.5%	3.5%	3.5%
	-Previous	3.5%		

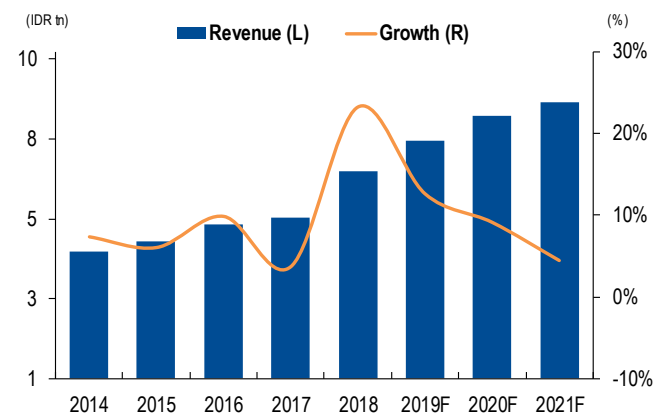
Unit: IDR bn, %

Source: Company Data, NHKS Research

## Company Overview

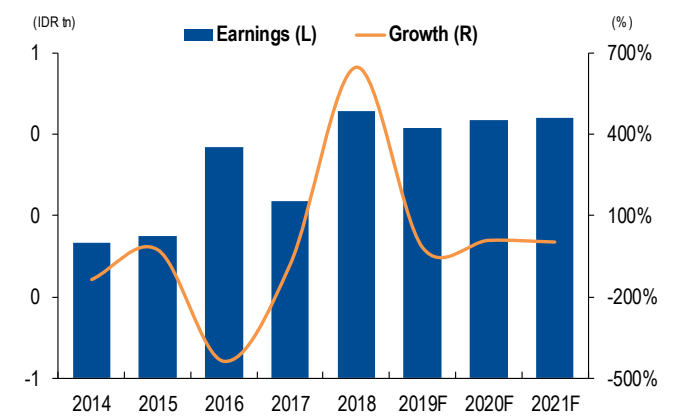
- PT Malindo Feedmill Tbk (MAIN) didirikan pada 1997 sebagai anak cabang dari dua perusahaan asal Malaysia, yakni Leong Hup Holding Berhad dan Emivest Berhad.
- Perusahaan ini memproduksi dan mendistribusikan pakan ternak, khususnya pakan ternak ayam dan *Day Old Chicken* (DOC). Selain itu, perusahaan ini juga berinvestasi di anak perusahaan yang memproduksi dan memasarkan induk produksi DOC, *Commercial* DOC, dan ayam broiler.
- Perusahaan sudah *go public* dan mencatatkan sahamnya untuk pertama kali di Bursa Efek Jakarta pada 2006 serta berinvestasi di PT Bibit Indonesia dan PT Prima Fajar masing-masing pada 2003 dan 2007.
- Komitmen MAIN untuk menjaga kualitas produk yang ditawarkan menjadikannya salah satu produsen pakan ternak terkemuka di Indonesia.

### Revenue and Growth Movements



Source: Company Data, NHKS Research

### Earnings and Growth Movements



Source: Company Data, NHKS Research

### Asia Pacific Companies Peers Analysis

	Market Cap (USD mn)	Asset (USD mn)	Sales LTM (USD mn)	Net Profit LTM (USD mn)	Net Profit Growth LTM	Net Profit Margin	ROE LTM	EV/EBITDA LTM	P/BV
<b>Indonesia</b>									
CHAROEN POKPHAND INDONESIA TBK	7,758	1,916	4,083	255	-9.6%	6.2%	19.1%	15.6x	5.4x
JAPFA COMFEED INDONESIA TBK	1,295	1,597	2,504	107	-14.6%	4.3%	16.1%	7.3x	1.8x
MALINDO FEEDMILL TBK	163	301	526	20	11.5%	3.9%	14.6%	6.2x	1.1x
<b>India</b>									
GODREJ AGROVET LTD	1,401	611	837	47	43.6%	5.6%	21.5%	23.1x	6.1x
AVANTI FEEDS LTD	1,172	233	499	39	-38.7%	7.8%	24.5%	12.3x	6.9x
<b>Malaysia</b>									
PPB GROUP BERHAD	6,612	5,623	1,126	247	-16.4%	21.9%	4.9%	61.0x	1.3x
CAB CAKARAN CORP BERHAD	66	315	423	3	-54.8%	0.7%	2.8%	11.5x	0.6x
<b>Philippines</b>									
SAN MIGUEL FOOD & BEVERAGE	9,788	4,554	6,542	386	-5.4%	5.9%	23.2%	9.5x	5.4x
<b>Thailand</b>									
CHAROEN POKPHAND FOODS	7,922	19,429	16,907	509	-0.4%	3.0%	9.6%	11.6x	1.4x
THAIFOODS GROUP	803	703	912	42	84.6%	4.6%	14.9%	8.6x	2.3x
GFPT PUBLIC CO LTD	524	561	538	38	15.1%	7.0%	9.3%	11.9x	1.2x
<b>China</b>									
NEW HOPE LIUHE CO LTD	12,429	6,970	10,933	484	85.7%	4.4%	14.6%	N/A	3.5x
JIANGXI ZHENBANG TECH	5,812	3,100	3,213	30	36.5%	0.9%	3.0%	N/A	5.2x
GUANGDONG HAID GROUP	8,127	2,525	6,812	230	18.8%	3.4%	19.2%	N/A	6.4x
LIAONING WELLHOPE AGRI TECH	1,607	1,008	2,475	125	40.4%	5.1%	19.3%	N/A	2.1x
TECON BIOLOGY CO LTD	1,986	1,237	981	52	3.0%	5.3%	10.2%	N/A	3.4x

Unit: USD mn, %, X

Source: Bloomberg, NHKS Research

## Summary of Financials

## INCOME STATEMENT

(IDR bn)	2018/12A	2019/12F	2020/12F	2021/12F
<b>Sales</b>	<b>6,706</b>	<b>7,553</b>	<b>8,244</b>	<b>8,613</b>
<i>Growth</i>	23.2%	12.6%	9.1%	4.5%
COGS	(5,791)	(6,670)	(7,255)	(7,580)
<b>Gross Profit</b>	<b>915</b>	<b>883</b>	<b>989</b>	<b>1,034</b>
<i>Gross Margin</i>	13.6%	11.7%	12.0%	12.0%
Operating Expenses	(526)	(524)	(572)	(597)
<b>EBIT</b>	<b>388</b>	<b>360</b>	<b>418</b>	<b>436</b>
<i>EBIT Margin</i>	5.8%	4.8%	5.1%	5.1%
Depreciation	233	240	259	286
<b>EBITDA</b>	<b>622</b>	<b>599</b>	<b>676</b>	<b>723</b>
<i>EBITDA Margin</i>	9.3%	7.9%	8.2%	8.4%
Interest Expenses	(127)	(186)	(228)	(243)
<b>EBT</b>	<b>444</b>	<b>339</b>	<b>371</b>	<b>382</b>
Income Tax	(123)	(72)	(78)	(81)
Minority Interest	0	0	0	0
<b>Net Profit</b>	<b>321</b>	<b>268</b>	<b>292</b>	<b>302</b>
<i>Growth</i>	647.3%	-16.6%	9.2%	3.1%
<i>Net Profit Margin</i>	4.8%	3.5%	3.5%	3.5%

## PROFITABILITY &amp; STABILITY

	2018/12A	2019/12F	2020/12F	2021/12F
ROE	16.1%	12.2%	11.9%	11.1%
ROA	7.4%	5.4%	5.4%	5.2%
ROIC	7.9%	7.7%	7.7%	7.4%
Cash Dividend (IDR bn)	49	41	45	46
Dividend Yield	2.1%	1.8%	1.9%	2.0%
Payout Ratio	15.3%	15.3%	15.3%	15.2%
DER	85.3%	94.4%	90.4%	86.4%
Net Gearing	149.0%	153.2%	137.9%	125.6%
LT Debt to Equity	54.1%	36.8%	35.3%	33.7%
Capitalization Ratio	46.0%	48.6%	47.5%	46.4%
Equity Ratio	45.9%	44.6%	45.7%	46.9%
Debt Ratio	39.2%	42.1%	41.3%	40.5%
Financial Leverage	220.6%	206.7%	212.0%	208.1%
Current Ratio	163.7%	129.3%	135.0%	140.9%
Par Value (IDR)	20	20	20	20
Total Shares (mn)	2,239	2,239	2,239	2,239
Share Price (IDR)	1,030	1,030	1,030	1,030
Market Cap (IDR tn)	2.3	2.3	2.3	2.3

## BALANCE SHEET

(IDR bn)	2018/12A	2019/12F	2020/12F	2021/12F
Cash	144	239	188	210
Receivables	347	513	725	894
Inventories	1,162	1,366	1,486	1,553
<b>Total Current Assets</b>	<b>1,883</b>	<b>2,333</b>	<b>2,613</b>	<b>2,871</b>
Net Fixed Assets	2,093	2,241	2,398	2,547
Other Non Current Asset	361	363	363	363
<b>Total Assets</b>	<b>4,336</b>	<b>4,937</b>	<b>5,375</b>	<b>5,782</b>
Payables	260	296	322	336
ST Bank Loan	621	1,269	1,354	1,429
LT Debt	1,077	812	866	914
<b>Total Liabilities</b>	<b>2,344</b>	<b>2,734</b>	<b>2,921</b>	<b>3,071</b>
Capital Stock & APIC	803	803	803	803
Retained Earnings	1,095	1,314	1,565	1,822
<b>Shareholders' Equity</b>	<b>1,992</b>	<b>2,203</b>	<b>2,454</b>	<b>2,711</b>

## VALUATION INDEX

	2018/12A	2019/12F	2020/12F	2021/12F
Price/Earnings	7.2x	8.6x	7.9x	7.6x
Price/Book Value	1.2x	1.0x	0.9x	0.9x
Price/Sales	0.3x	0.3x	0.3x	0.3x
PE/EPS Growth	1.1x	-51.9x	85.3x	245.2x
EV/EBITDA	6.4x	7.1x	6.5x	6.3x
EV/EBIT	10.2x	11.8x	10.6x	10.4x
EV (IDR bn)	3,954	4,234	4,424	4,525
Sales CAGR (3-Yr)	12.0%	12.9%	14.9%	8.7%
EPS CAGR (3-Yr)	-272.2%	8.2%	89.5%	-2.1%
Basic EPS (IDR)	143	120	131	135
Diluted EPS (IDR)	143	120	131	135
BVPS (IDR)	890	984	1,096	1,211
Sales PS (IDR)	2,995	3,374	3,683	3,847
DPS (IDR)	22	18	20	20

## CASH FLOW STATEMENT

(IDR bn)	2018/12A	2019/12F	2020/12F	2021/12F
Operating Cash Flow	368	185	267	378
Investing Cash Flow	(318)	(404)	(416)	(435)
Financing Cash Flow	(15)	264	98	79
<b>Net Changes in Cash</b>	<b>35</b>	<b>45</b>	<b>(51)</b>	<b>22</b>

Source: Company Data, NHKS Research

## TOP OWNERSHIP

By Geography	% Shareholders	%
Malaysia	95.5	Dragon Amity Ltd 57.2
United States	3.6	Dimensional Fund 2.0
Sweden	0.4	Kingdom of Sweden 0.3
Japan	0.1	RAM Systematic Fund 0.2

## Closing and Target Price Update



Source: Bloomberg, NHKS Research

## Rating and Target Price Update

Date	Rating	Target Price	Consensus
2017.03.02	Buy	IDR1,550	IDR1,520
2017.10.17	Buy	IDR1,100	IDR1,012
2017.12.29	Buy	IDR1,000	IDR975
2020.01.06	Buy	IDR1,200	IDR1,332

Source: NHKS Research

## NHKS stock ratings

- Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
- Buy: greater than +15%, Hold: -15% to +15%, Sell: less than -15%.
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