

# Charoen Pokphand Indonesia Tbk (CPIN)

## Tertekan Segmen Broiler

CPIN mencatatkan pendapatan solid sebesar IDR 12,1 triliun pada 3Q21 (+14,2% YoY). Namun, COGS yang lebih tinggi menghasilkan margin yang lebih rendah, menyebabkan rugi bersih kuartalan sebesar IDR 158 M. Performa yang lemah disebabkan segmen broiler yang mengalami kerugian besar, menahan pendapatan segmen lain. Harga jagung yang tinggi akan terus menjadi tantangan bagi CPIN di kuartal yang akan datang.

### Kinerja Lesu di 3Q21

- CPIN mencatatkan kinerja yang cukup mengecewakan di 3Q21, dengan rugi bersih IDR 158 M (-111,5% QoQ, -126,3% YoY). Angka ini dicapai meskipun pendapatan 3Q21 cukup solid sebesar IDR 12,1T; naik 14,2% dibandingkan periode yang sama tahun lalu.
- Namun dengan kinerja yang cemerlang di semester pertama 2021, performa YTD tetap kuat dengan pendapatan 9M21 tercatat di IDR 37,6T (naik 23,7% yoy). Hal ini mengakibatkan *bottom line* 9M21 naik 18,8% yoy ke IDR 2,7T.
- COGS 3Q21 melonjak ke IDR 11,2T (vs 10,2T di 2Q21). Karena itu, GPM tercatat lebih rendah di 5,7% (vs 20,5% di 2Q21; 16,2% in 3Q20).
- Kami yakin bahwa harga jagung yang lebih tinggi dan ASP yang lesu adalah katalis negatif utama marjin keuntungan CPIN di 3Q21.

### Kinerja Segmen Broiler Kurang Baik

- Segmen broiler yang menyumbang 52,2% penjualan di 3Q21; mencatatkan kinerja yang kurang baik. Segmen ini mencatatkan kerugian IDR 1,7 triliun, yang menghapus keuntungan dari lini bisnis lainnya.
- Segmen pakan ternak mencatatkan performa yang paling baik, dengan laba IDR 1,1 triliun (naik 9,6% QoQ). Ini didukung pendapatan segmen sebesar IDR3,5 triliun selama 3Q21.
- Selain itu, segmen DOC dan daging ayam juga melemah di 3Q21. Laba operasi DOC turun 19,0% QoQ ke IDR 338,6 M; sedangkan segmen daging ayam mencatatkan pendapatan sebesar IDR 138,3 M (-60,5% QoQ).

### Rekomendasi Overweight dengan target harga IDR 6,350/lembar

- Kami merekomendasikan Overweight dengan Target Harga IDR 6,350/lembar, mempertimbangkan berbagai tantangan yang dihadapi industri pakan ternak. TP kami merefleksikan 22F P/E 20.5x (-1 std dari rata-rata 3 tahun)
- Resiko utama a/l: 1) Harga jagung yang lebih tinggi, 2) Pemerintah melanjutkan program *culling*, 3) Pengetatan PPKM yang dapat berpotensi menyebabkan tingkat konsumsi lunak.

### Charoen Pokphand Indonesia Tbk | Summary

in IDR bn	2020/12A	2021/12E	2022/12E	2023/12E
Sales	42,519	53,958	57,309	61,129
Revenue growth	0.0%	26.9%	6.2%	6.7%
EBITDA	6,133	7,393	8,441	9,413
Net profit	3,815	4,554	5,068	5,520
EPS (IDR)	233	278	309	337
EPS growth	4.7%	19.4%	11.3%	8.9%
BVPS (IDR)	1,424	1,432	1,632	1,860
EBITDA margin	14.4%	13.7%	14.7%	15.4%
NPM	9.0%	8.4%	8.8%	9.0%
ROE	17.2%	19.4%	20.2%	19.3%
ROA	12.7%	13.7%	13.7%	13.6%
ROIC	15.9%	18.0%	18.3%	17.8%
P/E	28.0x	22.9x	20.5x	18.9x
P/BV	4.6x	4.4x	3.9x	3.4x
EV/EBITDA	17.7x	14.6x	12.9x	11.4x
DPS (IDR)	81	112	112	112
Dividend yield	1.2%	1.8%	1.8%	1.8%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

## Overweight

### Target Price

6,350

Consensus Price (IDR)	6,772
TP to Consensus Price	-6.2%
Potential Upside	+5.0%

### Shares data

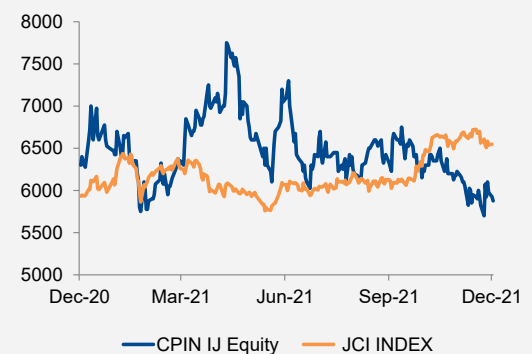
Last Price (IDR)	6,050
Price date as of	December 10, 2021
52 wk range (Hi/Lo)	7,850 / 5,625
Free float	44.5%
Outstanding sh. (mn)	16,398
Market Cap (IDR bn)	81,990
Market Cap (USD mn)	5,361
Avg. Trd Vol - 3M (mn)	9.3
Avg. Trd Val - 3M (bn)	43.3
Foreign Ownership	8.7%

### Consumer Non-Cyclicals

#### Food and Beverages

Bloomberg	CPIN.IJ
Reuters	CPIN.JK

### Share Performance



	YTD	1M	3M	12M
Abs. Ret	-9.2%	-3.7%	-10.2%	-7.4%
Rel. Ret	-20.3%	-3.3%	-19.7%	-19.2%

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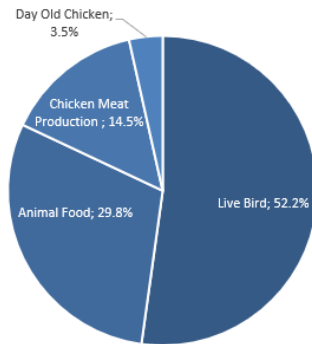
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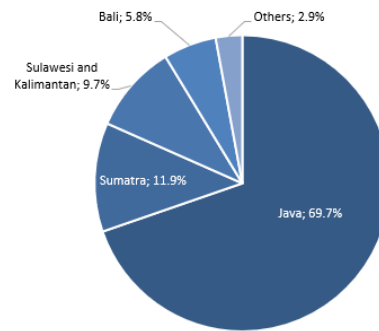
## Performance Highlights

### Revenue Breakdown 3Q21 (by Segment)



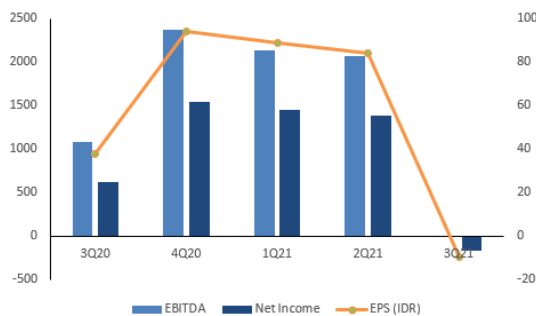
Source: Bloomberg, NHKSI Research

### Revenue Breakdown 3Q21 (by Geography)



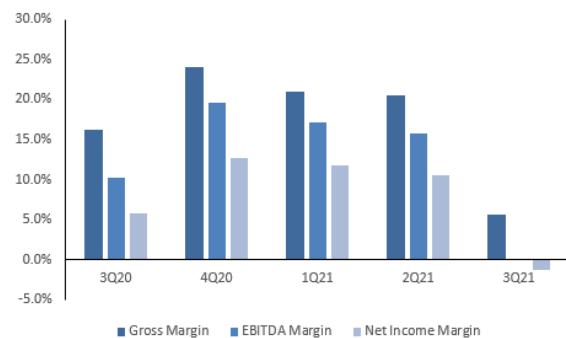
Source: Bloomberg, NHKSI Research

### Financial Performance



Source: Company Data, NHKSI Research

### Profitability Margin



Source: Bloomberg, NHKSI Research

### CPIN Blended Forward P/E Ratio (3-year)



Source: Company Data, NHKSI Research

### CPIN Price/Book Value Ratio (3-year)



Source: Company Data, NHKSI Research

## Summary of Financials

INCOME STATEMENT					PROFITABILITY & STABILITY				
(IDR bn)	2020/12A	2021/12E	2022/12E	2023/12E		2020/12A	2021/12E	2022/12E	2023/12E
<b>Sales</b>	<b>42,519</b>	<b>53,958</b>	<b>57,309</b>	<b>61,129</b>	ROE	17.2%	19.4%	20.2%	19.3%
<i>Growth</i>	0.0%	26.9%	6.2%	6.7%	ROA	12.7%	13.7%	13.7%	13.6%
COGS	(34,264)	(44,823)	(47,430)	(50,283)	ROIC	15.9%	18.0%	18.3%	17.8%
<b>Gross Profit</b>	<b>8,255</b>	<b>9,135</b>	<b>9,879</b>	<b>10,845</b>	Cash Dividend (IDR bn)	1,328	1,837	1,837	1,837
<i>Gross Margin</i>	19.4%	16.9%	17.2%	17.7%	Dividend Yield	1.2%	1.8%	1.8%	1.8%
Operating Expenses	(3,151)	(2,647)	(2,811)	(2,998)	Payout Ratio	36.4%	48.1%	40.3%	36.2%
<b>EBIT</b>	<b>5,104</b>	<b>6,488</b>	<b>7,068</b>	<b>7,847</b>	DER	19.1%	26.5%	26.5%	22.5%
<i>EBIT Margin</i>	12.0%	12.0%	12.3%	12.8%	Net Gearing	19.1%	26.5%	26.5%	22.5%
Depreciation	1,029	904	1,373	1,566	LT Debt to Equity	6.9%	7.3%	7.3%	6.2%
<b>EBITDA</b>	<b>6,133</b>	<b>7,393</b>	<b>8,441</b>	<b>9,413</b>	Capitalization Ratio	16.0%	21.0%	21.0%	18.4%
<i>EBITDA Margin</i>	14.4%	13.7%	14.7%	15.4%	Equity Ratio	74.9%	66.9%	68.8%	71.7%
Interest Expenses	(368)	(401)	(303)	(484)	Debt Ratio	14.3%	17.8%	18.2%	16.2%
<b>EBT</b>	<b>4,733</b>	<b>5,907</b>	<b>6,574</b>	<b>7,159</b>	Current Ratio	252.6%	179.9%	180.9%	195.8%
Income Tax	(914)	(1,356)	(1,509)	(1,643)	Par Value (IDR)	10	10	10	10
Minority Interest	(4)	3	3	4	Total Shares (mn)	16,398	16,398	16,398	16,398
<b>Net Profit</b>	<b>3,815</b>	<b>4,554</b>	<b>5,068</b>	<b>5,520</b>	Share Price (IDR)	6,525	6,350	6,350	6,350
<i>Growth</i>	4.7%	19.4%	11.3%	8.9%	Market Cap (IDR tn)	107.0	104.1	104.1	104.1
<i>Net Profit Margin</i>	9.0%	8.4%	8.8%	9.0%					

BALANCE SHEET					VALUATION INDEX				
(IDR bn)	2020/12A	2021/12E	2022/12E	2023/12E		2020/12A	2021/12E	2022/12E	2023/12E
Cash	2,678	2,703	2,795	3,304	Price /Earnings	28.0x	22.9x	20.5x	18.9x
Receivables	1,841	2,153	2,287	2,440	Price /Book Value	4.6x	4.4x	3.9x	3.4x
Inventories	8,351	10,503	11,560	12,255	Price/Sales	2.5x	1.9x	1.8x	1.7x
<b>Total Current Assets</b>	<b>13,532</b>	<b>15,914</b>	<b>17,166</b>	<b>18,523</b>	PE/EPS Growth	6.0x	1.2x	1.8x	2.1x
Net Fixed Assets	15,094	16,981	19,173	21,410	EV/EBITDA	17.7x	14.6x	12.9x	11.4x
Other Non Current Asset	2,533	2,199	2,592	2,592	EV/EBIT	21.3x	16.6x	15.3x	13.7x
<b>Total Assets</b>	<b>31,160</b>	<b>35,093</b>	<b>38,931</b>	<b>42,525</b>	EV (IDR bn)	108,809	107,693	108,473	107,734
Payables	1,171	2,314	2,448	2,596	Sales CAGR (3-Yr)	-4.9%	0.0%	10.5%	12.9%
ST Bank Loan	2,842	4,524	5,156	4,989	EPS CAGR (3-Yr)	15.2%	0.0%	11.6%	13.1%
LT Debt	1,612	1,709	1,948	1,885	Basic EPS (IDR)	233	278	309	337
<b>Total Liabilities</b>	<b>7,810</b>	<b>11,604</b>	<b>12,208</b>	<b>12,118</b>	Diluted EPS (IDR)	233	278	309	337
Capital Stock & APIC	121	121	121	121	BVPS (IDR)	1,424	1,432	1,632	1,860
Retained Earnings	23,194	23,333	26,610	30,339	Sales PS (IDR)	2,593	3,290	3,495	3,728
<b>Shareholders' Equity</b>	<b>23,350</b>	<b>23,489</b>	<b>26,768</b>	<b>30,497</b>	DPS (IDR)	81	112	112	112

CASH FLOW STATEMENT					OWNERSHIP			
(IDR bn)	2020/12A	2021/12E	2022/12E	2023/12E	By Geography	% Shareholders	%	
Operating Cash Flow	4,846	4,911	5,291	6,379	Indonesia	91.3	CP Indonesia Group	55.5
Investing Cash Flow	(1,806)	(951)	(4,235)	(3,803)	United States	5.9	Vanguard Group	1.6
Financing Cash Flow	(2,330)	(57)	(964)	(2,067)	Ireland	0.8	Blackrock	1.2
<b>Net Changes in Cash</b>	<b>710</b>	<b>3,902</b>	<b>92</b>	<b>509</b>	Others	2.0	Flexshares Trust	0.3

Source: Bloomberg, NHKSI Research

**NH Korindo Sekuritas Indonesia (NHKSI) Stock Ratings**

1. Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
2. Rating system based on a stock's potential upside from the date of publication
  - Buy : Greater than +15%
  - Overweight : +5% to +15%
  - Hold : -5% to +5%
  - Underweight : -5% to -15%
  - Sell : Less than -15%

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