

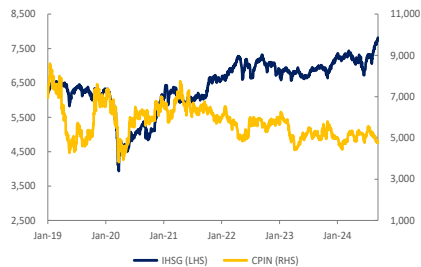
Tuesday, September 17th, 2024

Buy

Price (Sep 13 th , 24)	4800
Target Price	5850
Potential Upside	21.87%
Market Cap	78.71 T
Number of Share	16.40 B
52w Lo/Hi	4410 / 5800

Source : IDX | Phintraco Sekuritas Research
as of September 13th, 2024

IHSG vs CPIN



Source : IDX

Shareholder	%
PT Charoen Pokphand Indonesia Group	55.53
UBS AG Singapore	5.98
Public	38.49

Source : Company | as of fin. statement 6M24

EPS Consensus vs Forecast

	AT	Consensus*	%Diff
2024F	189.69	203.20	-6.65%
2025F	210.56	233.86	-9.96%

Source : *marketscreener | as of September 13th, 2024

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PT Charoen Pokphand Indonesia Tbk

(CPIN.JK / CPIN.IJ)

Good Performance Supports Bright Outlook in FY24

CPIN's revenue amounted to IDR32.96 trillion in 6M24, growing 6.7% YoY from IDR30.89 trillion in 6M23. CPIN's revenue was dominated by the Broiler segment, which contributed 53.34% to total revenue, followed by Feed and Processed Chicken segments, which contributed 23.32% and 18.30% to total revenue in 6M24, respectively. CPIN's revenue growth during the first half of 2024 was driven by significant growth in two of its business segments, Day-old Chick (DOC) by 40% YoY to IDR1 trillion (vs IDR722 billion in 6M23) and Processed Chicken by 34.45% YoY to IDR6 trillion (vs IDR4.48 trillion in 6M23). Revenue growth in the DOC segment in 6M24 was in line with higher demand ahead of the Eid al-Fitr National Religious Holidays (HBKN). Meanwhile, revenue growth in the Processed Chicken segment indicated increased demand for the segment. We assess that if demand for both segments stabilizes in 2H24, it will potentially boost CPIN's revenue in FY24.

The increase in margin is in line with the decline in Corn and Soybean Meal (SBM) prices. The domestic corn price at the farmer level is IDR5,990/Kg, a significant 17.9% YTD decline from the 2024 starting price of IDR7,300/Kg. The decline in domestic corn prices is in line with the increasing harvest in the March-April 2024 period. Meanwhile, SBM prices stood at US\$323/ton, down 14.84% YTD from the starting price of US\$380/ton at the beginning of 2024. The decline in domestic corn and SBM prices increased Gross Profit Margin (GPM) to 18.24% in 2Q24 (vs 15.14% in 1Q24). The domestic corn harvest usually also occurs in the September-October period. We assess that if the September-October harvest is abundant, then domestic corn prices have the potential to stabilize and thus improve the company's profitability.

CPIN recorded net profit growth of 28.3% YoY to IDR1.76 trillion in 6M24. CPIN's net profit growth was driven by top-line growth as well as operational and non-operational gains. CPIN recorded a 475% YoY growth in gain on changes in fair value of biological assets to IDR169 billion (vs. IDR29 billion in 6M23) as well as other operating income up 44.4% YoY to IDR70 billion (vs. IDR48 billion in 6M23). Meanwhile, CPIN's financial income from interest on current accounts and deposit services increased by 70.49% to IDR14 billion (vs IDR8 billion in 6M23). We assess that if CPIN can maintain and even improve its operational efficiency, it will potentially improve CPIN's bottom-line growth.

CPIN has an extensive distribution network. In serving the needs of retail consumers, CPIN has a retail network selling Processed Chick products such as Prima Freshmart, which can serve online transactions and physical stores in various locations, making it easily accessible to retail consumers. CPIN also collaborates with modern retailers such as supermarkets and hypermarkets, minimarkets, and fast food restaurants to expand market penetration and reach various consumer segments. In addition, CPIN also has a distribution network for the international market in exporting Processed Chick products to multiple countries. During 6M24, CPIN's export sales grew significantly by 273% YoY to Rp90 billion (vs Rp24 billion in 6M23).

Using the Discounted Cash Flow method with Required Return of 7.70% and Terminal Growth 3.86%, we estimate CPIN's fair value at IDR5,850 per share (Expected PE at 26.75x and EV/EBITDA at 15.06x in FY24). We give CPIN a Buy rating with potential upside of 21.87%.

(in Billion Rupiah)

INCOME STATEMENT	1Q24	2Q24	QoQ (%)	6M23	6M24	YoY (%)
Revenue	15,913	17,049	7.14%	30,892	32,962	6.70%
Cost of Goods Sold	(13,504)	(13,939)	3.23%	(26,244)	(27,443)	4.57%
Gross Profit	2,409	3,110	29.09%	4,648	5,519	18.73%
EBITDA	1,399	2,168	54.88%	2,708	3,567	31.71%
EBIT	1,069	1,835	71.71%	2,090	2,904	38.96%
Profit Before Tax	867	1,626	87.50%	1,742	2,493	43.07%
Net Profit	711	1,057	48.69%	1,378	1,768	28.30%

Margin (%)

Gross Profit Margin (%)	15.14%	18.24%		15.05%	16.74%	
Operating Profit Margin (%)	6.72%	10.77%		6.77%	8.81%	
Net Profit Margin (%)	4.47%	6.20%		4.46%	5.36%	

Source : Company | Phintraco Sekuritas Research

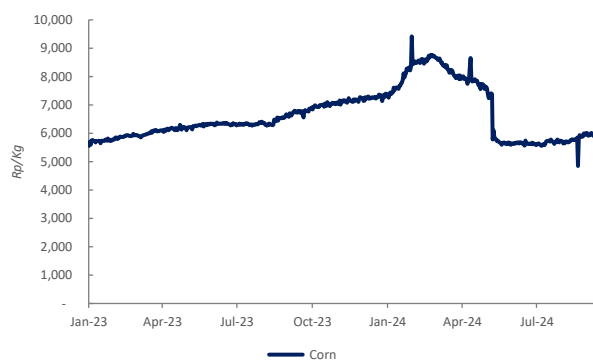
(in Billion Rupiah)

Revenue by Segment	1Q24	2Q24	QoQ (%)	6M23	6M24	YoY (%)
Broiler	8,264	9,318	12.76%	16,638	17,582	5.67%
Feed	3,901	3,786	-2.93%	8,225	7,687	-6.54%
Processed Chicken	2,988	3,046	1.94%	4,488	6,034	34.45%
Day-old Chick	425	586	38.02%	722	1,011	40.03%
Others	336	313	-6.70%	820	649	-20.86%

Source : Company | Phintraco Sekuritas Research

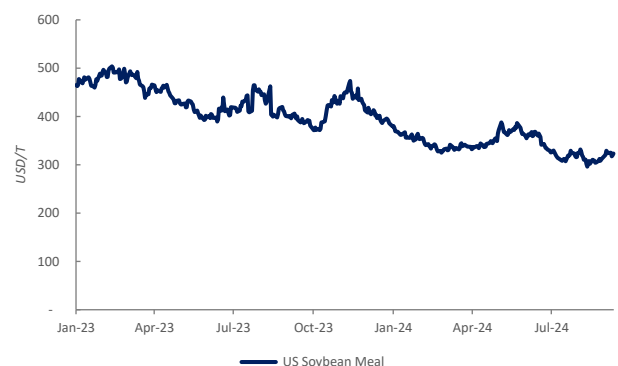
Commodity Highlight

Figure 1. Corn Price (Rp/Kg)



Source : BAPANAS | Phintraco Sekuritas Research

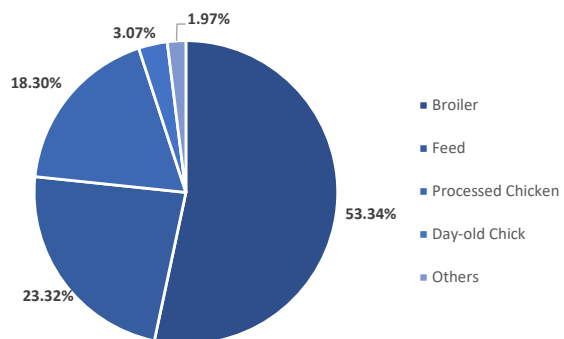
Figure 2. Soybean Meal Price (USD/T)



Source : Investing.com | Phintraco Sekuritas Research

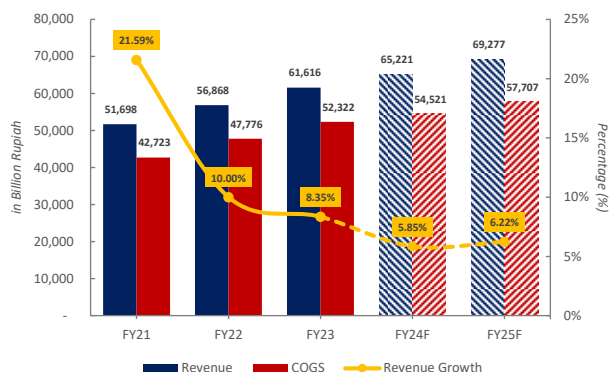
Performance Highlight

Figure 3. Revenue by Segment (6M24)



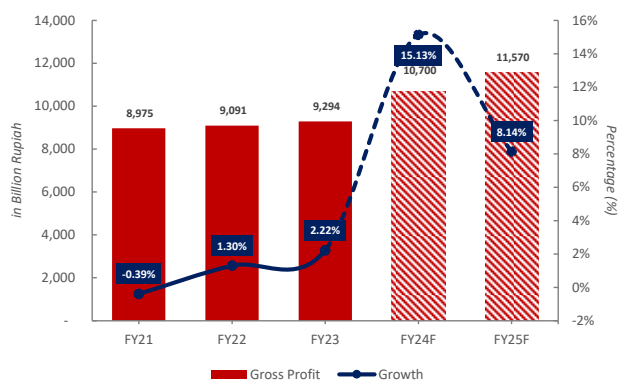
Source : Company | Phintraco Sekuritas Research

Figure 4. Revenue & COGS



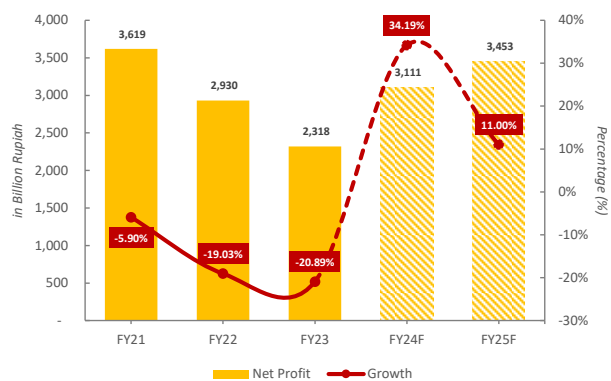
Source : Company | Phintraco Sekuritas Research

Figure 5. Gross Profit & Growth



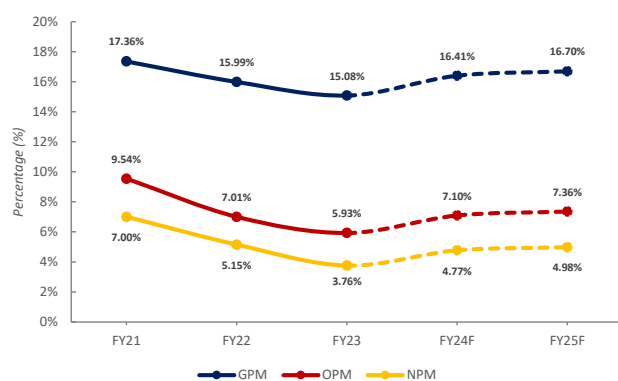
Source : Company | Phintraco Sekuritas Research

Figure 6. Net Profit & Growth



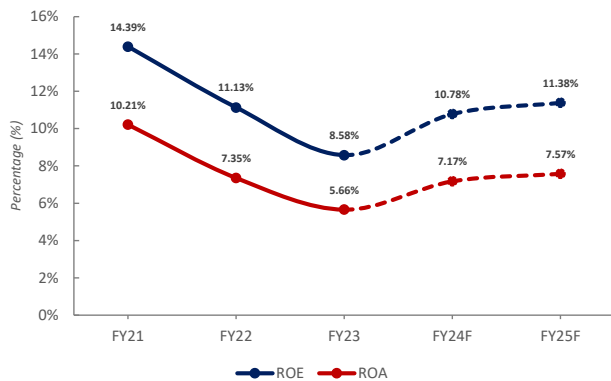
Source : Company | Phintraco Sekuritas Research

Figure 7. Profitability Margin



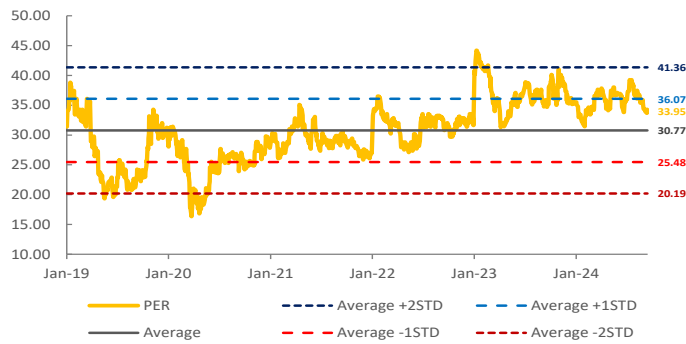
Source : Company | Phintraco Sekuritas Research

Figure 8. ROE & ROA



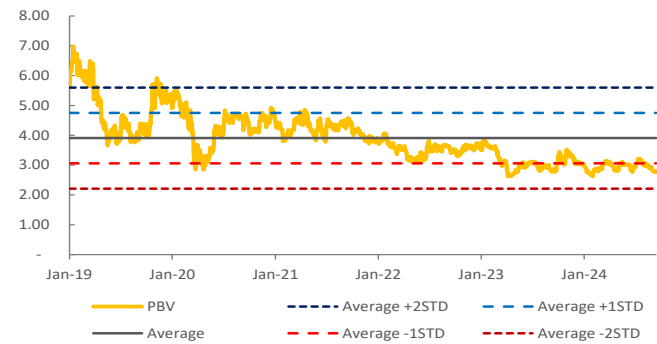
Source : Company | Phintraco Sekuritas Research

CPIN PER Band (5 Years)



Source : IDX | Company | Phintraco Sekuritas Research

CPIN PBV Band (5 Years)



Source : IDX | Company | Phintraco Sekuritas Research

Key Financial Figures

		(in Billion Rupiah)					
INCOME STATEMENT		FY21	FY22	FY23	6M24	FY24F	FY25F
Revenue		51,698	56,868	61,616	32,962	65,221	69,277
	<i>Growth</i>	21.59%	10.00%	8.35%	0.00%	5.85%	6.22%
Cos of Goods Sold		(42,723)	(47,776)	(52,322)	(27,443)	(54,521)	(57,707)
Gross Profit		8,975	9,091	9,294	5,519	10,700	11,570
	<i>GPM</i>	17.36%	15.99%	15.08%	16.74%	16.41%	16.70%
EBITDA		5,916	5,125	4,871	3,567	6,013	6,544
	<i>EBITDA Margin</i>	11.44%	9.01%	7.90%	10.82%	9.22%	9.45%
EBIT		4,934	3,984	3,655	2,904	4,630	5,099
	<i>EBIT Margin</i>	9.54%	7.01%	5.93%	8.81%	7.10%	7.36%
Other Income/Charge:							
Interest Income		40	22	28	14	35	37
Interest Expense		(341)	(469)	(686)	(426)	(718)	(755)
Net Interest Income (Expenses)		(301)	(447)	(658)	(412)	(683)	(718)
Non Operating Income (Expenses)		-	-	-	-	-	-
Profit Before Tax		4,634	3,537	2,997	2,493	3,946	4,381
	<i>EBT Margin</i>	8.96%	6.22%	4.86%	7.56%	6.05%	6.32%
Net Profit After Tax		3,619	2,930	2,318	1,768	3,111	3,453
	<i>NPM</i>	7.00%	5.15%	3.76%	5.36%	4.77%	4.98%

Source : Company | Phintraco Sekuritas Research

		(in Billion Rupiah)					
BALANCE SHEET		FY21	FY22	FY23	6M24	FY24F	FY25F
Asset							
Cash		1,803	2,042	2,328	2,117	2,503	2,659
Accounts Receivable		1,644	1,553	1,708	2,196	2,122	2,067
Inventories		7,655	9,000	9,299	10,643	9,748	10,446
Total Current Assets		15,715	17,764	18,325	20,734	19,829	21,046
Fixed Assets		16,917	18,277	18,267	17,895	19,563	20,376
Long-term Investments		63	58	62	62	71	71
Other Assets		1,659	2,403	3,001	2,708	2,546	2,695
Total Non Current Assets		19,731	22,083	22,646	21,926	23,543	24,580
Total Asset		35,446	39,848	40,971	42,660	43,372	45,626
Liabilities							
Short-term Debt		4,587	6,649	7,393	7,550	7,646	8,123
Accounts Payable		1,572	1,497	2,095	2,070	1,969	2,039
Accured Payroll		262	393	405	522	398	422
Total Current Liabilities		7,836	10,109	11,124	11,381	11,541	12,243
Long-term Debt		1,637	2,611	2,093	2,062	2,126	2,159
Provision for Risks & Charges		607	560	574	582	679	702
Total Non Current Liabilities		2,460	3,411	2,818	2,964	2,978	3,043
Total Liabilities		10,296	13,520	13,942	14,344	14,519	15,286
Equity		25,150	26,327	27,029	28,316	28,853	30,340

Source : Company | Phintraco Sekuritas Research

		(in Billion Rupiah)					
CASH FLOW		FY21	FY22	FY23	6M24	FY24F	FY25F
Cash Flow from Operating							
Net Income		3,621	2,928	2,319	1,768	3,110	3,452
Depreciation & Amortization		1,009	1,018	1,216	683	1,383	1,445
Working Capital		(1,341)	(1,199)	157	(1,740)	(997)	(549)
Others		776	1,637	575	(621)	88	193
Net-CFFO		4,065	4,385	4,266	90	3,585	4,541
Cash Flow from Investing							
CAPEX		(2,832)	(2,373)	(1,208)	(312)	(2,689)	(2,259)
Others		(281)	(997)	(570)	349	408	(224)
Net-CFFI		(3,112)	(3,370)	(1,778)	37	(2,280)	(2,483)
Cash Flow from Financing							
Chg. in Long-term liabilities		11	998	(510)	(33)	29	31
Chg. in other non-current liabilities		(17)	(23)	(75)	177	128	31
Equity		(1,821)	(1,751)	(1,617)	(481)	(1,286)	(1,965)
Net-CFFF		(1,827)	(776)	(2,202)	(337)	(1,129)	(1,903)
Net Cash Flow		(875)	239	286	(211)	175	156

Source : Company | Phintraco Sekuritas Research

		(in Billion Rupiah)					
RATIOS		FY21	FY22	FY23	6M24	FY24F	FY25F
Profitability Ratio (%)							
	<i>GPM</i>	17.36%	15.99%	15.08%	16.74%	16.41%	16.70%
	<i>OPM</i>	9.54%	7.01%	5.93%	8.81%	7.10%	7.36%
	<i>NPM</i>	7.00%	5.15%	3.76%	5.36%	4.77%	4.98%
	<i>ROA</i>	10.21%	7.35%	5.66%	4.14%	7.17%	7.57%
	<i>ROE</i>	14.39%	11.13%	8.58%	6.24%	10.78%	11.38%
Activity Ratio (X)							
	<i>Inventory Turnover</i>	5.58	5.31	5.63	2.58	5.59	5.52
	<i>Receivables Turnover</i>	31.45	36.62	36.08	15.01	30.74	33.51
	<i>Payables Turnover</i>	27.18	31.92	24.97	13.26	27.69	28.30
	<i>Days of Inventory</i>	65.40	68.76	64.87	141.55	65.26	66.07
	<i>Days of Receivables</i>	11.60	9.97	10.12	24.31	11.87	10.89
	<i>Days of Payables</i>	13.43	11.44	14.62	27.53	13.18	12.90
	<i>Cash Operating Cycle</i>	63.58	67.29	60.37	138.33	63.95	64.06
Leverage Ratio (%)							
	<i>Debt to Asset Ratio</i>	17.72%	23.45%	23.38%	22.74%	22.73%	22.72%
	<i>Debt to Equity Ratio</i>	24.98%	35.49%	35.43%	34.26%	34.17%	34.17%
	<i>Liabilities to Asset Ratio</i>	29.05%	33.93%	34.03%	33.62%	33.48%	33.50%
	<i>Liabilities to Equity Ratio</i>	40.94%	51.35%	51.58%	50.66%	50.32%	50.38%
	<i>Interest Rate</i>	5.42%	5.02%	7.16%	4.39%	7.28%	7.28%
Liquidity Ratio (X)							
	<i>Current Ratio</i>	2.02	1.77	1.66	1.84	1.73	1.73
	<i>Quick Ratio</i>	1.04	0.87	0.82	0.89	0.88	0.87
	<i>Cash Ratio</i>	0.23	0.20	0.21	0.19	0.22	0.22
Price Ratio							
	<i>Share Price (IDR)</i>	5,950	5,650	5,025	5,075	5,075	5,075
	<i>Outstanding Shares (in Billion)</i>	16.40	16.40	16.40	16.40	16.40	16.40
	<i>EPS (IDR) (annualized)</i>	221	179	141	108	190	211
	<i>BVPS (IDR)</i>	1,534	1,606	1,648	1,727	1,760	1,850
	<i>Sales Per Share (IDR)</i>	3,153	3,468	3,758	2,010	3,977	4,225
	<i>PER (X)</i>	26.96	31.62	35.55	47.07	26.75	24.10
	<i>PBV (X)</i>	3.88	3.52	3.05	2.94	2.88	2.74
	<i>PSR (X)</i>	1.89	1.63	1.34	2.52	1.28	1.20
	<i>EV/EBITDA (annualized)</i>	17.25	19.50	18.41	25.46	15.06	13.89
Dividends							
	<i>DPS</i>	108	100	30	-	78	87
	<i>DPR</i>	48.94%	55.96%	21.22%	-	41.37%	41.39%
	<i>Div. Yield</i>	1.82%	1.77%	0.60%	-	1.55%	1.72%

Source : Company | Phintraco Sekuritas Research

Glossarium

BAPANAS	: <i>Badan Pangan Nasional</i>
BVPS	: <i>Book Value per Share</i>
CFFF	: <i>Cash Flow from Financing</i>
CFFI	: <i>Cash Flow from Investing</i>
CFFO	: <i>Cash Flow from Operating</i>
DPR	: <i>Dividend Payout Ratio</i>
DPS	: <i>Dividend per Share</i>
EBIT	: <i>Earning Before Interest & Tax</i>
EBITDA	: <i>Earning Before Interest, Tax, Depreciation & Amortization</i>
EBT	: <i>Earning Before Tax</i>
EPS	: <i>Earning per Share</i>
EV	: <i>Enterprise Value</i>
NPM	: <i>Net Profit Margin</i>
NPM	: <i>Net Profit Margin</i>
OPM	: <i>Operating Profit Margin</i>
PBV	: <i>Price to Book Value</i>
PER	: <i>Price to Earning Ratio</i>
PSR	: <i>Price to Sales Ratio</i>
ROA	: <i>Return on Asset</i>
ROE	: <i>Return on Equity</i>
Rp/Kg	: <i>Rupiah per Kilogram</i>
USD/T	: <i>US Dollar per Tonne</i>
YTD	: <i>Year to Date</i>



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Rating for Stocks :

- Buy : The stock is expected to give total return (price appreciation + dividend yield) of $> +10\%$ over the next 12 months.
- Hold : The stock is expected to give total return of $> 0\%$ to $\leq +10\%$ over the next 12 months.
- Sell : The stock is expected to give total return of $< 0\%$ over the next 12 months.
- Outperform : The stock is expected to do slightly better than the market return. Equal to "moderate buy"
- Underperform : The stock is expected to do slightly worse than the market return. Equal to "moderate sell"

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Kantor Cabang & Mitra GI BEI



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