INDOPREMIER

Charoen Pokphand Indonesia

BUY *(unchanged)*

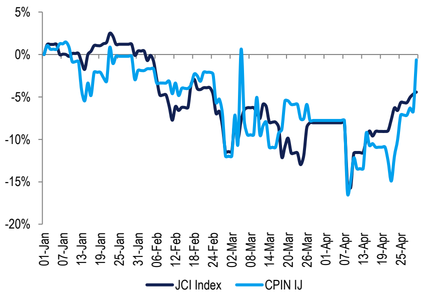
Company Update | Poultry | CPIN IJ | 30 April 2025

Stock Data

Target price	**Rp5,800**
Prior TP	*Rp5,800*
Current price	Rp4,730
Upside/downside	*22.6%*
Shares outstanding (mn)	16,398
Market cap (Rp bn)	77,563
Free float	44%
Avg. 6m daily T/O (Rp bn)	25

Price Performance

	3M	6M	12M
Absolute	-0.4%	-10.3%	-2.7%
vs. JCI	5.2%	0.7%	2.3%
52w low/high (Rp)		3,980 – 5,550	



Major Shareholders

PT Charoen Pokphand Indonesia	55.5%

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1Q25 results: beat from robust processed chicken segment

- 1Q25 net profit of Rp1.5tr (+116.2% yoy) was above our/consensus estimate at 37/38% (vs. 5yr avg of 29%), while 1Q25 sales was in-line.
- Processed chicken 1Q25 EBIT margin improved to 10.9% (+541bps qoq) amid lower broiler price of -4.7% qoq.
- Maintain BUY with unchanged TP of Rp5,800/sh.

1Q25 net profit was in-line with our/consensus estimate

CPIN delivered 1Q25 net profit of Rp1.5tr (+116.2% yoy/+16.0% qoq) and this was above at 37/38% of our/consensus estimate (vs. 5yr avg of 29%) due to strong processed chicken segment. 1Q25 net sales of Rp17.7tr (+11.3% yoy/-0.3% qoq) was in-line at 24/25% of ours/consensus estimate (vs. 5yr avg of 26%). 1Q25 GPM declined by -122bps qoq to 10.0% (+269bps yoy). Meanwhile, opex to sales improved to 3.3% (-37bps yoy/-35bps qoq) amid lower salary to sales ratio of 0.6% (-10bps yoy/-22bps qoq). In sum, NPM rose to 4.9% (vs. 2.4/4.3% in 1Q24/4Q24).

DOC and broiler segments saw weaker qoq margin

Segmentally, feed segment posted 1Q25 EBIT of Rp1.1tr (-12.9% qoq) with EBIT margin of 7.9% (-185bps qoq) amid lower ASP of c.-2% qoq. In addition, DOC's EBIT margin dropped to 3.4% (-279bps qoq) due to lower DOC price of -10.0% qoq. Furthermore, broiler EBIT margin also declined by -336bps qoq amid the drop on broiler price at -4.7% qoq. We note lower feed ASP of -2% qoq has lowered the BEP DOC/Broiler's as we estimate feed contributed 80/60-70% of DOC/Broiler segments.

Robust processed chicken segment from lower input cost

On the other hand, processed chicken segment recorded 1Q25 EBIT Rp331bn (+105.3% qoq) with EBIT margin improvement of 10.9% (+541bps qoq) as this was driven by lower broiler price of –4.7% qoq. We view its processed chicken EBIT margin to sustain in FY25F as its finished goods level has normalized to Rp741bn in 1Q25 (Fig. 2).

Maintain BUY with unchanged TP of Rp5,800

Recent DOC/broiler price drop of -51.6/-21.3% QTD was attributed by soft demand, according to our channel check. Looking into 2Q25F, we remain cautious on 2Q25F performance given the continued pressure on DOC and broiler prices. For now, we maintain our forecast and reiterate our BUY rating with unchanged TP of Rp5,800/sh, based on 23.0x FY25F PE (-0.5s.d. from its 3yr mean). Risk are broiler, DOC price and feed cost input fluctuations.

Financial Summary (Rp bn)	2023A	2024A	2025F	2026F	2027F
Revenue	61,616	67,478	72,421	78,001	84,291
EBITDA	4,795	7,128	7,780	8,259	8,913
EBITDA growth	4%	6%	6%	6%	6%
Net profit	2,319	3,711	4,160	4,482	4,995
EPS (Rp)	141	226	254	273	305
EPS growth	-20.8%	60.1%	12.1%	7.7%	11.5%
ROE	8.7%	13.0%	13.0%	12.6%	12.7%
PER (x)	33.5	20.9	18.6	17.3	15.5
Dividend yield	1.7%	0.5%	0.8%	0.9%	1.0%
Forecast change			0%	0%	0%
IPS vs. consensus			102%	98%	96%

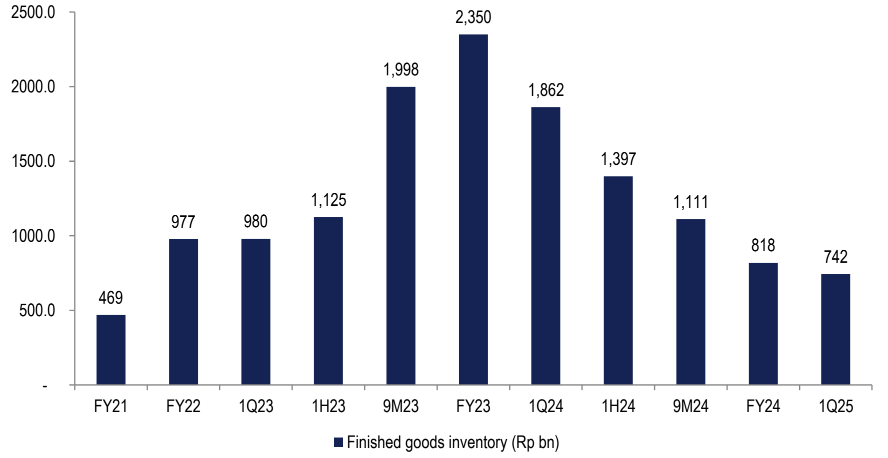
Sources: Company, Indo Premier *Share price closing as of: 30 April 2025*

Fig. 1: CPIN's 1Q25 results

(Rp bn)	1Q25	1Q24	% YoY	4Q24	% QoQ	IPS FY25F	% IPS	Cons. FY25F	% Cons	5yr avg
Gross sales	**31,305**	**29,088**	**7.6%**	**30,710**	**1.9%**					
Net sales	**17,705**	**15,913**	**11.3%**	**17,759**	**-0.3%**	**72,421**	**24%**	**71,228**	**25%**	**26%**
COGS	(14,574)	(13,786)	5.7%	(14,315)	1.8%					
Gross profit	**3,130**	**2,126**	**47.2%**	**3,445**	**-9.1%**					
Operating expenses	(1,023)	(1,057)	-3.3%	(1,110)	-7.9%					
EBIT	**2,108**	**1,069**	**97.2%**	**2,335**	**-9.7%**	**6,357**	**33%**	**5,888**	**36%**	**28%**
Net finance income/(cost)	(113)	(202)	-44.1%	(133)	-15.1%					
PBT	**1,995**	**867**	**130.1%**	**2,201**	**-9.4%**					
Tax	(457)	(156)	192.6%	(876)	-47.9%					
Net profit	**1,537**	**711**	**116.2%**	**1,325**	**16.0%**	**4,160**	**37%**	**4,082**	**38%**	**29%**
Margin (%) - based on gross sales										
Gross margin	10.0%	7.3%	2.69%	11.2%	-1.22%					
EBIT margin	6.7%	3.7%	3.06%	7.6%	-0.87%					
Net margin	4.9%	2.4%	2.47%	4.3%	0.60%					
	-3.27%	-3.63%	0.37%	-3.61%	0.35%					
Segment information										
Revenue										
Feed	13,334	12,726	4.8%	12,400	7.5%					
Day-Old Chicks (DOC)	2,376	1,967	20.8%	2,519	-5.7%					
Broiler	10,701	9,514	12.5%	11,054	-3.2%					
Processed Chicken	3,029	2,988	1.4%	2,923	3.6%					
Trading and others	1,865	1,893	-1.4%	1,814	2.8%					
EBIT										
Feed	1,050	750	40.0%	1,205	-12.9%					
Day-Old Chicks (DOC)	82	(114)	-171.6%	157	-47.9%					
Broiler	744	542	37.4%	1,140	-34.7%					
Processed Chicken	331	(102)	NA	161	105.3%					
Trading and others	(46)	(17)	NA	(52)	-10.6%					
EBIT Margin										
Feed	7.9%	5.9%	2.0%	9.7%	-1.85%					
Day-Old Chicks (DOC)	3.4%	-5.8%	9.2%	6.2%	-2.79%					
Broiler	7.0%	5.7%	1.3%	10.3%	-3.36%					
Processed Chicken	10.9%	-3.4%	14.3%	5.5%	5.41%					
Trading and others	-2.5%	-0.9%	-1.6%	-2.9%	0.37%					

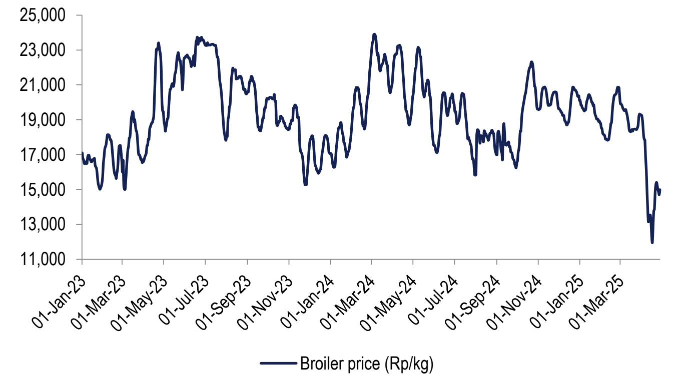
Sources: Company, Bloomberg, Indo Premier

Fig. 2: CPIN finished goods inventory (Rp bn)



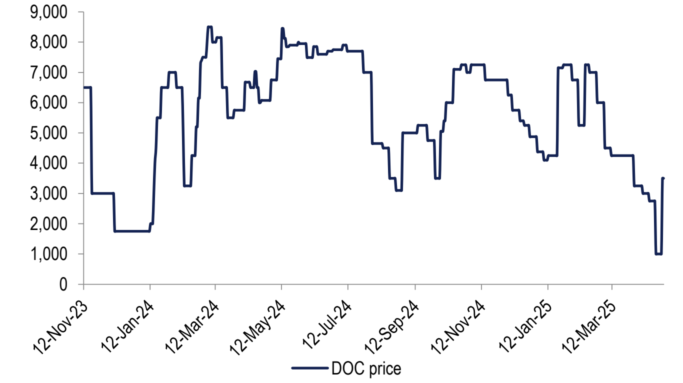
Sources: Bloomberg, Indo Premier

Fig. 3: Broiler price trend (Rp/kg)



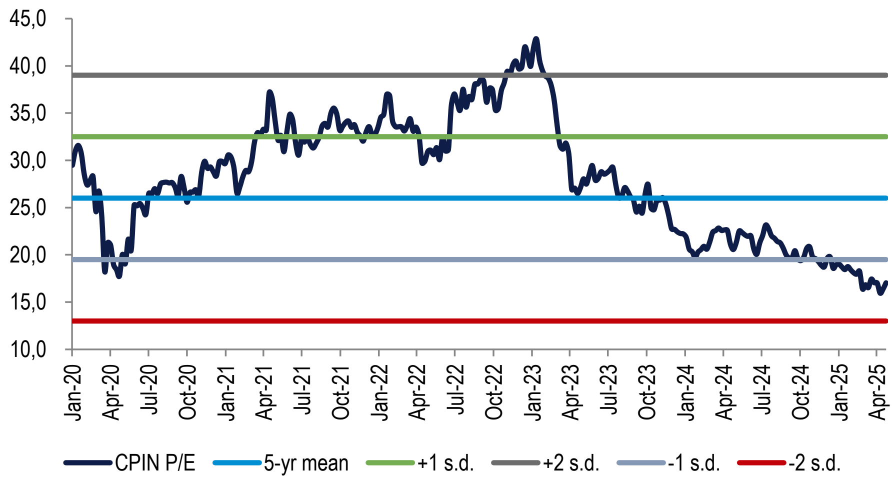
Source: Pinsar, Indo Premier

Fig. 4: DOC price trend (Rp/chick)



Source: Pinsar, Indo Premier

Fig. 5: CPIN is traded at 17.0x 12M forward P/E, (-1.2 s.d. from its 5-year mean)



Sources: Bloomberg, Indo Premier

Income Statement (Rp bn)	2023A	2024A	2025F	2026F	2027F
Net revenue	61,616	67,478	72,421	78,001	84,291
Cost of sales	(53,341)	(57,058)	(61,258)	(65,980)	(71,186)
Gross profit	**8,275**	**10,420**	**11,162**	**12,021**	**13,105**
SG&A Expenses	(4,620)	(4,433)	(4,805)	(5,226)	(5,700)
Operating profit	**3,655**	**5,987**	**6,357**	**6,794**	**7,405**
Net interest	(670)	(688)	(620)	(601)	(485)
Others	(278)	154	154	154	154
Pre-tax income	**2,707**	**5,454**	**5,892**	**6,348**	**7,075**
Income tax	(679)	(1,545)	(1,731)	(1,866)	(2,079)
Net income	**2,319**	**3,711**	**4,160**	**4,482**	**4,995**

Balance Sheet (Rp bn)	2023A	2024A	2025F	2026F	2027F
Cash & equivalent	2,328	4,446	9,206	13,318	17,696
Receivable	1,708	2,110	2,245	2,125	2,118
Inventory	9,299	9,375	8,644	8,935	9,367
Other current assets	4,990	5,409	5,409	5,409	5,409
Total current assets	**18,325**	**21,340**	**25,504**	**29,786**	**34,589**
Fixed assets	17,690	16,928	16,339	15,708	15,035
Goodwill	445	445	445	445	445
Others	4,511	4,079	4,079	4,079	4,079
Total non-current assets	**22,646**	**21,451**	**20,862**	**20,231**	**19,558**
Total assets	**40,971**	**42,791**	**46,367**	**50,017**	**54,147**
ST loans	7,393	5,400	5,400	5,400	5,400
Payable	2,886	2,420	2,623	2,674	2,759
Other payables	0	0	0	0	0
Current portion of LT loans	845	770	770	770	770
Total current liab.	**11,124**	**8,590**	**8,793**	**8,844**	**8,929**
Long term loans	1,841	2,794	2,794	2,794	2,794
Other LT liab.	978	1,119	1,119	1,119	1,119
Total liabilities	**13,942**	**12,502**	**12,705**	**12,756**	**12,842**
Equity	172	172	172	172	172
Retained earnings	26,841	30,102	33,475	37,074	41,118
Minority interest	16	15	15	15	15
Total SHE + minority int.	**27,029**	**30,289**	**33,661**	**37,261**	**41,305**
Total liabilities & equity	**40,971**	**42,791**	**46,367**	**50,017**	**54,147**

Sources: Company, Indo Premier

Cash Flow Statement (Rp bn)	2023A	2024A	2025F	2026F	2027F
EBIT	3,655	5,987	6,357	6,794	7,405
Depr. & amortization	1,261	1,396	1,423	1,465	1,507
Changes in working capital	253	(944)	798	(119)	(340)
Others	(1,680)	(2,617)	(2,197)	(2,312)	(2,410)
Cash flow from operating	**3,489**	**3,822**	**6,381**	**5,828**	**6,163**
Capital expenditure	(1,382)	(834)	(834)	(834)	(834)
Others	(390)	216	0	0	0
Cash flow from investing	**(1,772)**	**(618)**	**(834)**	**(834)**	**(834)**
Loans	272	(1,040)	0	0	0
Equity	(122)	140	0	0	0
Dividends	(1,617)	(450)	(787)	(883)	(951)
Others	0	0	0	0	0
Cash flow from financing	**(1,466)**	**(1,350)**	**(787)**	**(883)**	**(951)**
Changes in cash	**251**	**1,854**	**4,760**	**4,112**	**4,378**

Key Ratios	2023A	2024A	2025F	2026F	2027F
Gross margin	7.5%	8.6%	8.8%	8.9%	9.1%
Operating margin	3.3%	4.9%	5.0%	5.0%	5.1%
Pre-tax margin	2.7%	4.3%	4.7%	4.7%	4.9%
Net margin	2.1%	3.1%	3.3%	3.3%	3.5%
ROA	5.7%	8.9%	9.3%	9.3%	9.6%
ROE	8.7%	13.0%	13.0%	12.6%	12.7%
Acct. receivables TO (days)	7.8	5.2	11.3	9.9	9.2
Inventory TO (days)	47.0	29.9	51.5	49.4	48.0
Payable TO (days)	13.7	8.5	15.6	14.8	14.1
Debt to equity	6.8%	9.2%	8.3%	7.5%	6.8%
Interest coverage ratio (x)	-5.2	-8.2	-9.7	-10.3	-11.3
Net gearing	-1.8%	-5.5%	-19.1%	-28.3%	-36.1%

Sources: Company, Indo Premier

INVESTMENT RATINGS

BUY	:	Expected total return of 10% or more within a 12-month period
HOLD	:	Expected total return between -10% and 10% within a 12-month period
SELL	:	Expected total return of -10% or worse within a 12-month period

ANALYSTS CERTIFICATION

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