Charoen Pokphand Indonesia Tbk (CPIN)

Menanti Pemulihan Harga

PSBB membawa dampak terhadap sektor poultry, dimana penurunan permintaan terhadap konsumsi daging ayam dan telur berimbas pada penjualan perseroan. Pada 2Q20 pasca PSBB diterapkan, penjualan perseroan turun (-9,3% YoY, -1,3% QoQ) menjadi Rp13,7 triliun. Hal ini membuat laba bersih yang diatribusikan ke induk perseroan menyusut menjadi Rp730,7 miliar (-20,2% YoY, -20,8% QoQ). Kami menilai jika PSBB masih terus diketatkan akan berdampak pada penurunan penjualan dari segmen pakan ternak dan broiler hingga akhir 2020.

Kinerja Tertekan Selama Kuartal II-2020. Perseroan mencatatkan penurunan penjualan selama kuartal II-2020 menjadi Rp13,7 triliun (-9,3% YoY, -1,3% QoQ). Secara kumulatif pada semester I-2020 CPIN membukukan penjualan sebesar Rp27,6 triliun (-6,7%YoY). Pada 2Q20 kontribusi terbesar penjualan perseroan dari segmen pakan ternak mengalami penurunan (-15,3% YoY, -6,8% QoQ). Penjualan pakan ternak melanjutkan penurunan lanjutan dari kuartal pertama sebesar -6,9% YoY. Kami melihat turunnya penjualan dari segmen pakan ternak disebabkan oleh penurunan permintaan selama masa PSBB diterapkan di berbagai wilayah, serta turunnya konsumsi masyarakat terhadap daging ayam dan telur. Penurunan penjualan ini membuat laba bersih perseroan yang diatribusikan kepada entitas induk pada 2Q20 menyusut menjadi Rp730,7 miliar (-20,2% YoY, -20,8% QoQ).

Segmen Peternakan Naik 4,9% secara Kuartalan. Segmen peternakan memberikan konstribusi penjualan terbesar kedua setelah segmen pakan ternak, dengan kontribusi sebesar 41,8% 2Q20 vs 39,4% 1Q20. Segmen ini terdiri dari penjualan daging ayam (Broiler) dan penjualan anak ayam usia sehari (Day-old Chick/DoC). Kenaikan harga ayam broiler sepanjang bulan juni berhasil mengangkat penjualan dari segmen peternakan sebesar Rp5,7 trilun (+4,9% QoQ). Namun, sejalan kuartal ketiga harga kembali menyusut seiring dengan permintaan yang berkurang terhadap ayam broiler yang akan kembali mengancam penurunan penjualan dari segmen peternakan. Kami menilai, adanya bantuan pemerintah terkait upaya langkah stabilisasi pasokan ayam hidup di tingkat peternak akan memberikan dampak yang positif agar harga jual dapat kembali stabil.

Kami Memberi Sinyal HOLD dengan Target Harga Rp6.660. Estimasi kami beradasarkan valuasi *Discounted Cash Flow* (DCF) mendapatkan target harga di Rp6.660 per lembar saham untuk 12 bulan kedepan, dengan implikasi P/E FY20E/FY21E sebesar 42,5x/36,6x. Sehingga, kami merekomendasikan HOLD untuk saham CPIN dengan potensi kenaikan sebesar 10,5%. Risiko pada target harga kami adalah: adanya pengetatan PSBB kembali yang akan berdampak pada permintaan pakan ternak, serta penurunan harga jual ayam *broiler*.

Charoen Pokphand Indonesia, Tbk | Summary (IDR bn)

	2018	2019	2020 F	2021 F
Sales	53,958	58,635	59,046	64,574
Revenue growth	*9.3%*	*8.7%*	*0.7%*	*9.4%*
EBITDA	7,305	5,740	4,842	5,607
Net profit	4,554	3,635	2,568	2,985
EPS (IDR)	278	222	157	182
EPS growth	*82.1%*	*-20.2%*	*-29.3%*	*16.2%*
BVPS (IDR)	1,183	1,285	1,349	1,458
EBITDA margin	*13.5%*	*9.8%*	*8.2%*	*8.7%*
NPM	*8.4%*	*6.2%*	*4.3%*	*4.6%*
ROE	*23.5%*	*17.2%*	*11.6%*	*12.5%*
ROA	*16.5%*	*12.4%*	*8.2%*	*8.5%*
OPM	*12.0%*	*8.4%*	*6.6%*	*7.2%*
P/E	26.0x	29.3x	42.5x	36.6x
P/BV	6.1x	5.1x	4.9x	4.6x
EV/EBITDA	16.4x	19.1x	23.6x	20.3x
DPS (IDR)	56	118	92	73
Dividend yield	*0.8%*	*1.8%*	*1.4%*	*1.1%*

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

NH KORINDO SEKURITAS

Company Report | Sept. 23, 2020

HOLD

Target Price (IDR)	**6,660**
Consensus Price (IDR)	5,515
TP to Consensus Price	+20.8%
vs. Last Price	+10.5%

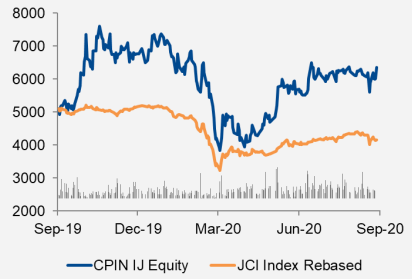
Shares data

Last Price (IDR)	6,025
Price date as of	Sept. 22, 2020
52 wk range (Hi/Lo)	7,750 / 3,800
Free float	44.5%
Outstanding sh.(mn)	16,398
Market Cap (IDR bn)	6,708
Market Cap (USD mn)	2,016
Avg. Trd Vol - 3M (mn)	9.3
Avg. Trd Val - 3M (bn)	56.9
Foreign Ownership	9.0%

Basic Industry
Poultry

Bloomberg	**CPIN IJ**
Reuters	**CPIN.JK**

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret	-8.4%	-1.6%	5.7%	18.1%
Rel. Ret	13.1%	4.9%	5.4%	38.6%

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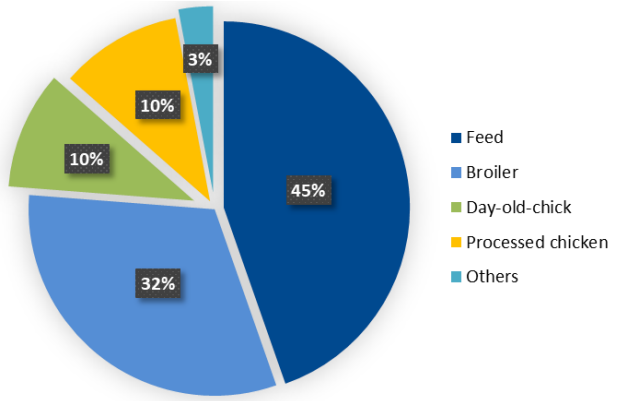
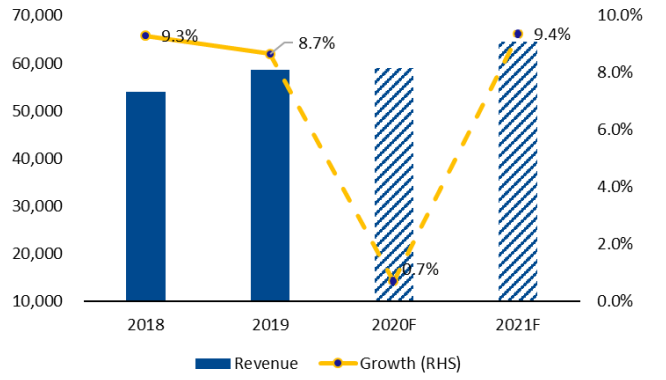
Performance Highlights

Sales Breakdown 2Q20



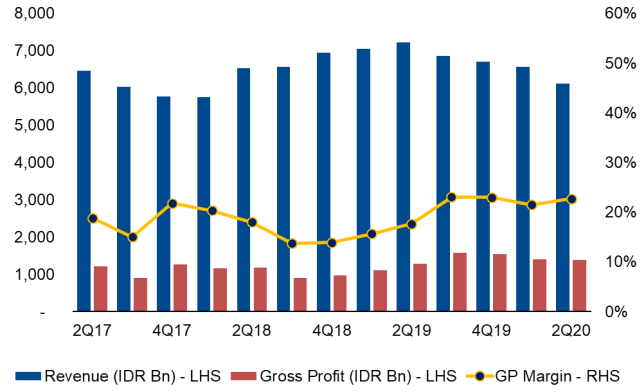
Source: Company, NHKSI Research

Sales Projections (Bn)



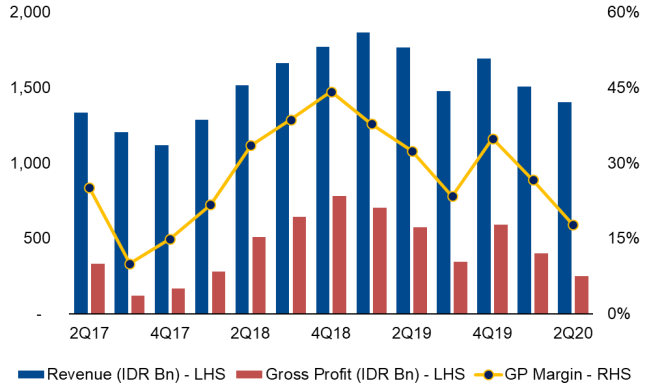
Source: Company, NHKSI Research

Feed Segmen Sales & Margin



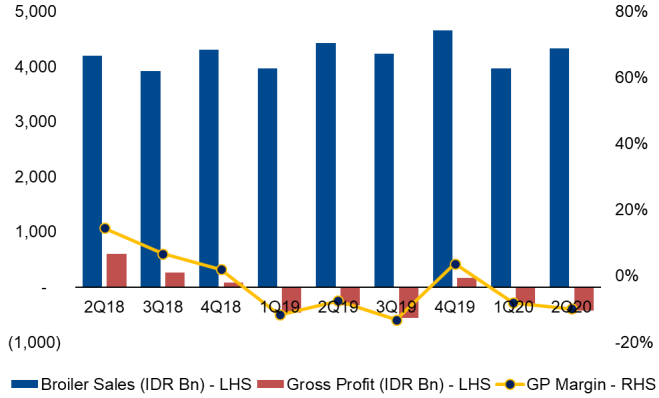
Source: Company, NHKSI Research

DOC Segmen Sales & Margin



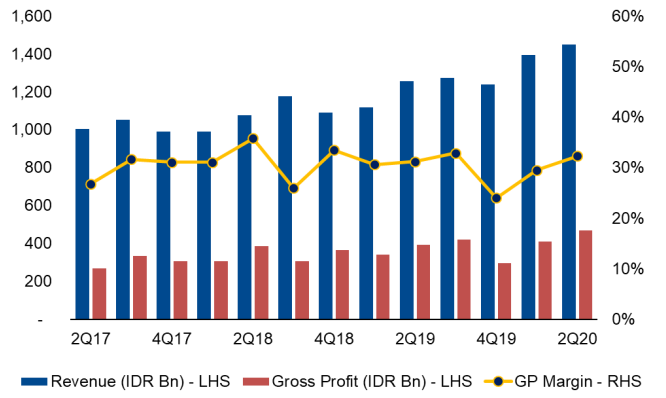
Source: Company, NHKSI Research

Broiler Segmen Sales & Margin



Source: Company, NHKSI Research

Processed Chicken Segmen Sales & Margin



Source: Bloomberg, Company, NHKSI Research

POKPHAND

Sekilas tentang CPIN

Kegiatan usaha utama CPIN adalah industri makanan ternak, pembibitan, budidaya, dan pengolahan ayam ras, pengawetan daging ayam, serta unit-unit cold storage. CPIN memiliki 8 pabrik pakan ternak yang terletak di Banten, Jawa Timur, Sumatera Utara, Jawa Tengah, Sulawesi Selatan, Lampung dan Jawa Barat. CPIN juga memiliki 7 pabrik pengolahan daging ayam yang terletak di Banten, Jawa Tengah, Sumatera Utara, Jawa Timur (Sidoarjo dan Mojokerto), Jawa Barat dan Bali. Selain itu, CPIN juga memiliki fasilitas pembibitan anak ayam usia sehari yang terletak di Banten dan Jawa Barat.

Dari sisi penjualan konsolidasi, kontribusi terbesar berasal dari segmen pakan ternak, diikuti dengan segmen daging ayam pedaging ("Broiler"), anak ayam usia sehari ("DOC"), dan daging ayam olahan.

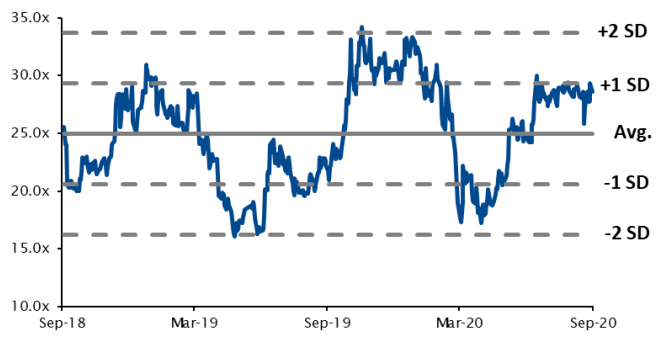
Daya Saing CPIN di Asia Pasifik

CPIN menduduki peringkat pertama sebagai emiten unggas dengan kapitalisasi pasar terbesar di Indonesia. Selain itu CPIN berhasil mencatatkan pertumbuhan Sales LTM ketiga terbesar sebesar USD3.956. ROE CPIN saat ini berada pada posisi keempat di Asia Pasifik, Namun P/E CPIN terbilang cukup mahal berada di level 27,8x.

Asia Pacific Poultry Company

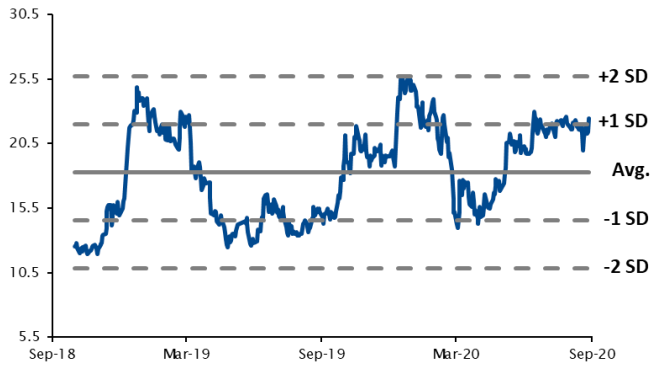
Company	Market Cap (USD mn)	Asset (USD mn)	Sales LTM (USD mn)	Net Profit LTM (USD mn)	Net Profit Growth LTM	Net Margin	ROE LTM	P/E LTM	P/BV
Indonesia									
Charoen Pokphand Ind	6,686	2,120	3,956	248	-7.66%	6.3%	17.0%	27.8x	4.3x
Japfa Comfeed Indonesia	889	1,819	2,472	76	-42.24%	3.1%	10.7%	12.1x	1.2x
Malindo Feedmill	80	336	473	(3)	N/A	-0.6%	-1.8%	N/A	0.6x
India									
Godrej Agrovet Ltd	1,295	624	962	43	-6.94%	4.5%	17.6%	31.3x	5.2x
Avanti Feeds Ltd	898	249	581	49	26.63%	8.4%	26.6%	19.1x	4.7x
Malaysia									
PPB Group Berhad	6,586	5,765	1,045	301	27.75%	28.8%	5.9%	21.5x	1.2x
Cab Cakaran Corp Bhd	62	315	399	(1)	N/A	-0.2%	-0.5%	N/A	0.6x
Philippines									
San Miguel F&B	7,731	5,246	5,538	288	-25.75%	5.2%	17.2%	24.8x	4.8x
Thailand									
Charoen Pokphand Foods	7,876	21,308	17,900	716	48.35%	4.0%	13.5%	11.1x	1.4x
Thaifoods Group PCL	762	766	964	58	42.40%	6.0%	18.5%	13.7x	2.4x
GFPT Public Co Ltd	476	632	501	38	-6.09%	7.5%	8.8%	12.6x	1.1x

Forward P/E Band Trade in area +1SD



Source: Bloomberg, NHKSI Research

Forward EV/EBITDA Trade in area +1SD



Source: Bloomberg, NHKSI Research

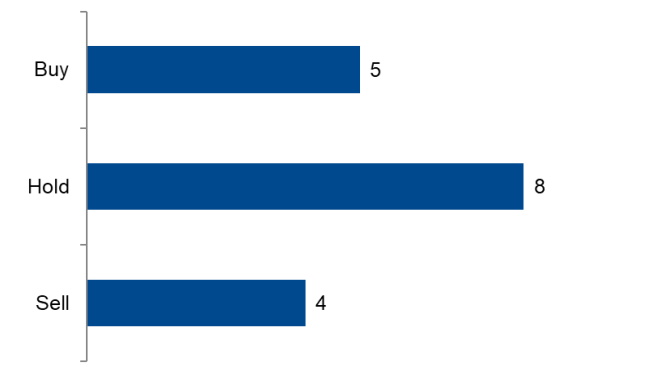
Rating and Target Price Update

Target Price

Date	Rating	Target Price	Last Price	Consensus	vs Last Price	vs Consensus
09/23/2020	Hold	6,660 (12 Month)	6,025	5,515	10.5%	20.8%

Source: Bloomberg, NHKSI Research

Analyst Coverage Rating



Source: Bloomberg

Closing and Target Price

Source: NHKSI Research

NH Korindo Sekuritas Indonesia (NHKSI) stock ratings

1. Period: End of year target price
2. Rating system based on a stock's absolute return from the date of publication
   - Buy : Greater than +15%
   - Hold : -15% to +15%
   - Sell : Less than -15%

Financial Summary

INCOME STATEMENT

(IDR bn)	2018/12	2019/12	2020/12F	2021/12F
Sales	**53,958**	**58,635**	**59,046**	**64,574**
Growth	*9.3%*	*8.7%*	*0.7%*	*9.4%*
COGS	(44,823)	(50,538)	(52,087)	(56,424)
Gross Profit	**9,135**	**8,096**	**6,958**	**8,150**
Gross Margin	*16.9%*	*13.8%*	*11.8%*	*12.6%*
Operating Expenses	(2,647)	(3,163)	(3,037)	(3,498)
EBIT	**6,488**	**4,933**	**3,921**	**4,652**
EBIT Margin	*12.0%*	*8.4%*	*6.6%*	*7.2%*
Depreciation	816	808	921	955
EBITDA	**7,305**	**5,740**	**4,842**	**5,607**
EBITDA Margin	13.5%	9.8%	8.2%	8.7%
Interest Expenses	(513)	(448)	(582)	(815)
EBT	**5,907**	**4,595**	**3,246**	**3,773**
Income Tax	(1,356)	(963)	(680)	(791)
Minority Interest	3	2	2	2
Net Profit	**4,554**	**3,635**	**2,568**	**2,985**
Growth	*82.1%*	*-20.2%*	*-29.3%*	*16.2%*
Net Profit Margin	*8.4%*	*6.2%*	*4.3%*	*4.6%*

PROFITABILITY & STABILITY

	2018/12	2019/12	2020/12F	2021/12F
ROE	23.5%	17.2%	11.6%	12.5%
ROA	16.5%	12.4%	8.2%	8.5%
OPM	12.0%	8.4%	6.6%	7.2%
Cash Dividend (IDR bn)	918	1,935	1,516	1,200
Dividend Yield	0.8%	1.8%	1.4%	1.1%
Payout Ratio	20.2%	53.2%	59.0%	40.2%
DER	22.9%	24.0%	29.7%	38.4%
Net Gearing	22.9%	23.9%	24.7%	32.0%
LT Debt to Equity	14.2%	10.8%	13.4%	17.3%
Capitalization Ratio	18.7%	19.3%	19.8%	24.3%
Equity Ratio	70.1%	71.8%	70.9%	68.5%
Debt Ratio	16.1%	17.2%	17.5%	21.9%
Current Ratio	297.9%	256.3%	274.6%	277.3%
Par Value (IDR)	10	11	12	13
Total Shares (mn)	16,398	16,398	16,398	16,398
Share Price (IDR)	7,225	6,500	6,660	6,660
Market Cap (IDR tn)	106.6	110.7	109.2	109.2

BALANCE SHEET

(IDR bn)	2018/12	2019/12	2020/12F	2021/12F
Cash	2,803	1,961	3,017	4,349
Receivables	2,778	3,043	3,065	3,352
Inventories	5,835	5,718	5,893	6,384
Total Current Assets	**14,098**	**13,298**	**14,552**	**16,680**
Net Fixed Assets	11,685	13,522	14,101	15,646
Other Non Current Assets	177	166	166	166
Total Assets	**27,645**	**29,353**	**31,218**	**34,925**
Payables	1,445	1,038	1,603	1,371
ST Bank Loan	1,700	2,770	2,507	3,510
LT Debt	2,750	2,278	2,961	4,146
Total Liabilities	**8,254**	**8,281**	**9,094**	**11,017**
Capital Stock & APIC	121	121	121	121
Retained Earnings	19,237	20,920	21,972	23,757
Shareholders' Equity	**19,391**	**21,072**	**22,124**	**23,908**

VALUATION INDEX

	2018/12	2019/12	2020/12F	2021/12F
Price /Earnings	26.0x	29.3x	42.5x	36.6x
Price /Book Value	6.1x	5.1x	4.9x	4.6x
Price/Sales	2.2x	1.8x	1.8x	1.7x
PE/EPS Growth	0.3x	-1.5x	-1.4x	2.3x
EV/EBITDA	16.4x	19.1x	23.6x	20.3x
EV/EBIT	18.5x	22.2x	29.1x	24.5x
EV (IDR bn)	120,119	109,671	114,229	114,046
Sales CAGR (3-Yr)	21.7%	15.3%	6.1%	6.2%
EPS CAGR (3-Yr)	35.3%	17.9%	0.9%	-13.1%
Basic EPS (IDR)	278	222	157	182
Diluted EPS (IDR)	278	222	157	182
BVPS (IDR)	1,183	1,285	1,349	1,458
Sales PS (IDR)	3,290	3,576	3,601	3,938
DPS (IDR)	56	118	92	73

CASH FLOW STATEMENT

(IDR bn)	2018/12	2019/12	2020/12F	2021/12F
Operating Cash Flow	4,865	3,816	3,665	2,857
Investing Cash Flow	(1,560)	(3,316)	(1,532)	(2,534)
Financing Cash Flow	(2,343)	(1,295)	(1,077)	1,009
Net Changes in Cash	**962**	**(796)**	**1,056**	**1,332**

Source: Company Data, NHKSI Research

OWNERSHIP

By Geography	%	Shareholders	%
Indonesia	91.0	PT Central Agromina	55.5
United States	5.6	Vanguard Group	1.6
Luxembourg	0.7	Blackrock	1.1
Ireland	0.7	Dimensional Fund	0.4

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