

Sustaining growth amidst challenges in '25F

24 March 2025



Charoen Pokphand Indonesia' (CPIN) earnings grew 60.1% yoy to IDR3.7 tn in FY24 due to higher sales with better broiler' (LB) and Day Old Chick' (DOC) average selling price (ASP) and lower raw material prices (Local Corn/LC, Soybean Meal/SBM). CPIN' FY24 earnings came above ours' (117.8%) and consensus' expectation (115.5%). While, CPIN' revenue grew by 9.5% yoy to IDR67.5 tn in FY24 due to higher sales of chickens during Christmas and year-end festivities. All in all, CPIN' gross, EBIT and net margin expanded to 15.4% (+200bps yoy), 8.6% (+220bps yoy) and 5.5% (+170bps yoy), respectively in FY24. Thus, we maintain BUY with TP of IDR6,075, which implies 23.5x '25F P/E as we adjusted our '25F and expect CPIN to continue to perform well this year on government free nutritious food program, along with a stable chicken prices and low raw material (LC, SBM) prices. Currently, CPIN is trading at 17.3x '25F P/E or slightly above -2stdev of its 5 years' mean P/E.

CPIN IJ	BUY
Sector	Poultry
Price at 20 March 2025 (IDR)	4,480
Price target (IDR)	6,075
Upside/Downside (%)	35.6

Stock Information

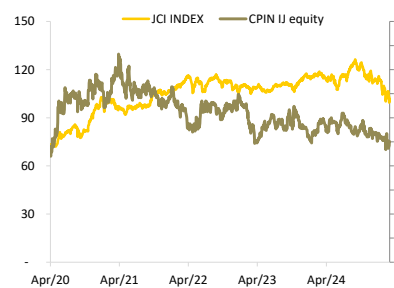
Charoen Pokphand Indonesia Tbk (CPIN) is the leading company in Indonesian poultry sector that manufactures and distributes animal feeds, sells Day Old Chick (DOC), live-birds (LB), processed chicken (PC), poultry equipment, and others.

Market cap (IDR bn)	73,791
Shares outstanding (mn)	16,398
52-week range (IDR)	4,170-5,650
3M average daily vol. ('000)	3,762
3M average daily val. (IDR mn)	17,236

Shareholders (%)

Charoen Pokphand Indonesia Group	55.53
UBS AG	5.98
Treasury Stock	4.35
Public	34.14

Stock Performance



Source: Bloomberg

	1M	3M	12M
Performance (%)	(3.9)	(3.9)	(15.1)

Higher LC' production in 3M25F with new government' reference price

This year, Statistics Indonesia (BPS) expects the LC (14% of water content) production to be around 4.81 mn tons in 3M25F or 41.38% yoy higher than in 3M24. However, the government via its National Food Agency (NFA) has issued and exercised a new regulation on LC' (14% of water content) reference price at IDR5,500 per kg, since Feb'25. Fortunately, the imported SBM' prices is still at around USD298 /tons or still much lower than its 5years average price of USD383.3 /tons, despite stronger USD vs IDR. Thus, we expect CPIN would likely to procure LC with higher water content and would fully utilize its corn dryer and silos, in order to sustain its margin expansion in '25F.

Significant earnings growth in 4Q24

CPIN' earnings grew significantly (+471.5% yoy/+114.3% qoq) in 4Q24 due to lower raw material prices (LC, SBM) with better chicken (LB, DOC) ASP. As a result, CPIN' earnings grew 60.1% yoy to IDR3.7 tn in FY24, which came above ours' (117.8%) and consensus' expectation (115.5%).

Revenue growth on higher chicken demand with better DOC' and LB' ASP

CPIN' revenue grew 22.6% yoy/6% qoq to IDR17.8 tn in 4Q24 due to higher demand of chicken during Christmas and year end' festivities with better chicken (DOC, LB) ASP. Thus, CPIN' revenue grew 9.5% yoy to IDR67.5 tn in FY24 as its business segments (before elimination) contributed higher revenue in FY24; LB segment at IDR41.7 tn (+12.1% yoy), DOC at IDR9.42 tn (+31.1% yoy), processed chicken at IDR11.95 tn (+19.3% yoy), feed at IDR50.64 tn (+2.5% yoy) and others at IDR7.28 tn (+11.5% yoy).

Margin expansion on favorable raw material (LC, SBM) prices

CPIN' gross profit grew 153.2% yoy/70.2% qoq to IDR3.45 tn in 4Q24, on higher sales with better LB' and DOC' ASP, and lower raw material (LC and SBM) prices. While, CPIN' EBIT grew 1475.1% yoy/124.1% qoq in 4Q24 due to better cost management. All in all, CPIN' gross, EBIT and net margin expanded to 15.4% (+200bps yoy), 8.6% (+220bps yoy) and 5.5% (+170bps yoy), respectively in FY24.

Upward adjustment for '25F

We adjusted up CPIN' revenue in '25F by 6.9% from prior as per our view that the company could still grow its revenue by 10.1% yoy in '25F due to higher sales volume on government free nutritious food program with stable LB' and DOC' ASP. We also adjusted up CPIN' gross profit and EBIT from prior, by 10.6% and 20.4%, respectively in '25F, despite with the latest government' reference price for LC (14% of water content). Moreover, we think that CPIN could still expand its margins on favorable raw materials (LC, SBM) prices, better costs management with stable LB' and DOC' ASP. Thus, we expect CPIN' earnings in '25F to be 17.1% higher than prior. All in all, we still expect CPIN could grow its earnings in '25F by 14.4% yoy with around 20bps yoy net margin expansion.

Maintain BUY with TP of IDR6,075

Maintain BUY on CPIN with the same TP of IDR 6,075/share, which implies 23.5x '25F PE or slightly above -1stdev of its 5 years mean PE. After solid FY24 results, we expect CPIN' revenue and earnings to grow by 10.1% yoy and 14.4% yoy, respectively in '25F, due to higher demand of chicken on government free nutritious food program with a more stable LB' and DOC' supply and prices, also lower raw material prices (LC and SBM). Risks to our call includes: a) high supply amidst low demand on LB and DOC, b) higher than expected raw material prices (LC and SBM), and c) changes in government regulations on poultry sector. Currently, CPIN is trading at 17.3x '25F P/E or slightly above its -2stdev of its 5 years' mean P/E.

Exhibit 1: Key Statistics

Year end Dec	2023A	2024A	2025F	2026F	2027F
Revenue (IDR bn)	61,616	67,478	74,271	81,887	89,860
EBITDA (IDR bn)	4,870	7,259	8,044	8,821	9,535
Net profit (IDR bn)	2,319	3,713	4,248	4,825	5,312
EPS (IDR)	141	226	259	294	324
EPS growth (%)	(20.8)	60.1	14.4	13.6	10.1
ROE (%)	8.6	12.3	13.5	14.6	15.4
ROA (%)	5.7	8.7	9.6	10.7	11.2
PER (x)	31.8	19.9	17.4	15.3	13.9
PBV (x)	3.1	2.7	2.6	2.5	2.4
EV/EBITDA (x)	18.3	11.9	10.8	9.5	9.0
Div Yield (%)	2.9	0.6	4.0	4.6	5.2

Source: Company, KBVS Research

Analyst

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Exhibit 2: CPIN FY24 results

CPIN FY24 Results (IDRbn)	FY24	FY23	YoY	4Q24	4Q23	YoY	3Q24	QoQ	% to '24F	% to Cons'
Revenue	67,478	61,616	9.5%	17,759	14,487	22.6%	16,757	6.0%	103.3%	102.6%
COGS	(57,058)	(53,341)	7.0%	(14,315)	(13,126)	9.1%	(14,733)	-2.8%		
Gross profit	10,420	8,275	25.9%	3,445	1,361	153.2%	2,023	70.2%	108.7%	110.9%
Selling expense	(2,492)	(2,351)	6.0%	(735)	(654)	12.3%	(575)	27.8%		
GA expense	(2,139)	(1,979)	8.1%	(614)	(573)	7.2%	(514)	19.6%		
Operating expenses	(4,630)	(4,330)	6.9%	(1,349)	(1,228)	9.9%	(1,089)	24.0%		
EBIT	5,790	3,944	46.8%	2,095	133	1475.1%	935	124.1%	119.3%	117.1%
Profit before tax	5,256	2,997	75.4%	2,201	(350)	-729.8%	562	291.7%	128.4%	131.4%
Tax expense	(1,545)	(679)	127.6%	(876)	(7)	12282.1%	56	-1656.3%		
Minority interest	(1)	(0)	167.1%	(1)	0	-371.3%	(0)	197.1%		
Net profit	3,713	2,319	60.1%	1,326	(357)	-471.5%	619	114.3%	117.8%	115.5%

Margins (%)

Gross margin	15.4%	13.4%	19.4%	9.4%	12.1%
EBIT margin	8.6%	6.4%	11.8%	0.9%	5.6%
Pretax margin	7.8%	4.9%	12.4%	-2.4%	3.4%
Net margin	5.5%	3.8%	7.5%	-2.5%	3.7%

CPIN FY24 Results (IDRbn)

CPIN FY24 Results (IDRbn)	FY24	FY23	YoY	4Q24	4Q23	YoY	3Q24	QoQ
Feed								
Revenue*	50,639	49,427	2.5%	12,400	12,335	0.5%	13,329	-7.0%
EBIT	3,979	4,556	-12.7%	1,205	1,297	-7.1%	1,139	5.8%
EBIT margin	7.9%	9.2%		9.7%	10.5%		8.5%	
Broiler								
Revenue*	41,674	37,180	12.1%	11,054	8,831	25.2%	10,167	8.7%
EBIT	2,032	(420)	-583.4%	1,140	(562)	-303.0%	(235)	-584.1%
EBIT margin	4.9%	-1.1%		10.3%	-6.4%		-2.3%	
Day-old chicks								
Revenue*	9,420	7,187	31.1%	2,519	1,524	65.3%	2,255	11.7%
EBIT	461	(302)	-253.0%	157	(79)	-298.2%	66	136.8%
EBIT margin	4.9%	-4.2%		6.2%	-5.2%		2.9%	
Processed chicken								
Revenue*	11,945	10,012	19.3%	2,923	2,734	6.9%	2,988	-2.2%
EBIT	(82)	580	-114.1%	88	(136)	-164.8%	14	546.6%
EBIT margin	-0.7%	5.8%		3.0%	-5.0%		0.5%	
Others								
Revenue*	7,280	6,529	11.5%	1,814	1,836	-1.2%	2,091	-13.2%
EBIT	(116)	(7)	1546.2%	(52)	49	-206.5%	(28)	86.4%
EBIT margin	-1.6%	-0.1%		-2.9%	2.7%		-1.3%	

Note *: Before elimination

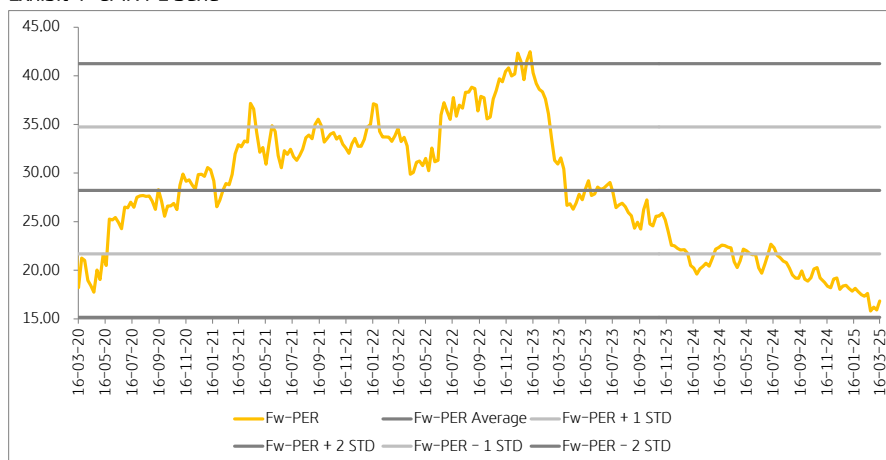
Source: Company, KBVS Research

Exhibit 3: Forecast adjustments

Adjustments	New		Old		Diff (%)	
	25F	26F	25F	26F	25F	26F
Revenue	74,271	81,887	69,481	74,052	6.9%	10.6%
Gross profit	11,513	12,801	10,405	11,455	10.6%	11.7%
EBIT	6,486	7,203	5,388	6,157	20.4%	17.0%
Profit before tax	6,013	6,830	4,710	5,509	27.7%	24.0%
Net profit	4,248	4,825	3,628	4,243	17.1%	13.7%

Source: Company, KBVS Research

Exhibit 4: CPIN PE Band



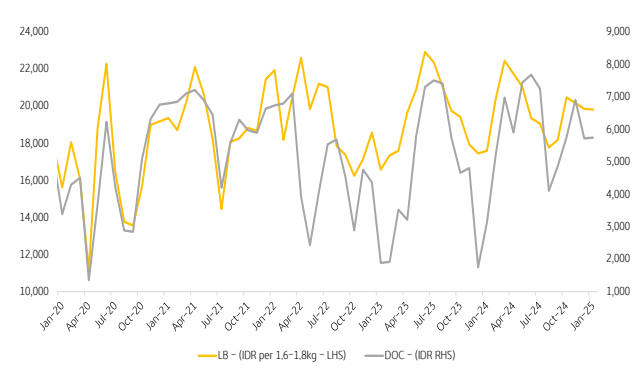
Source: Company, KBVS Research

Exhibit 5: Soybean-meal price, monthly



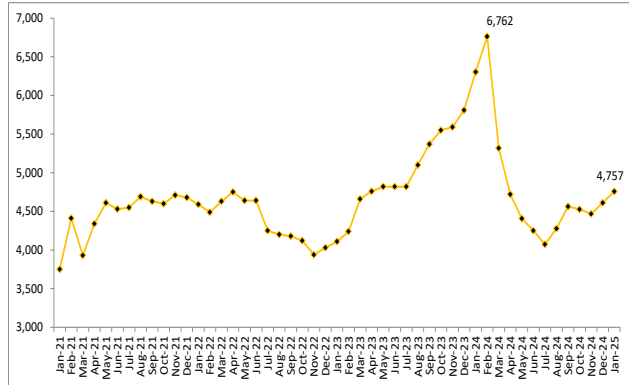
Source: Company, KBVS Research

Exhibit 6: Broiler & DOC' average prices per month



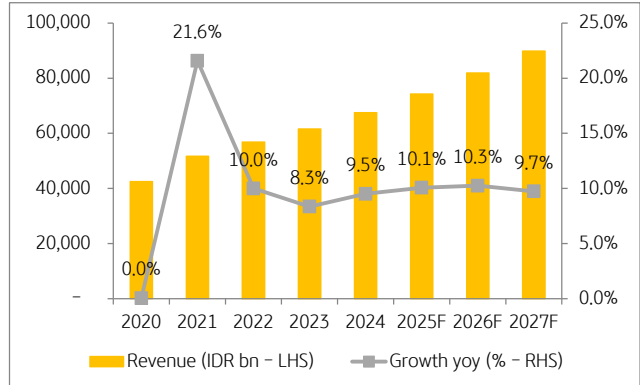
Source: Company, KBVS Research

Exhibit 7: Local corn prices at producer level



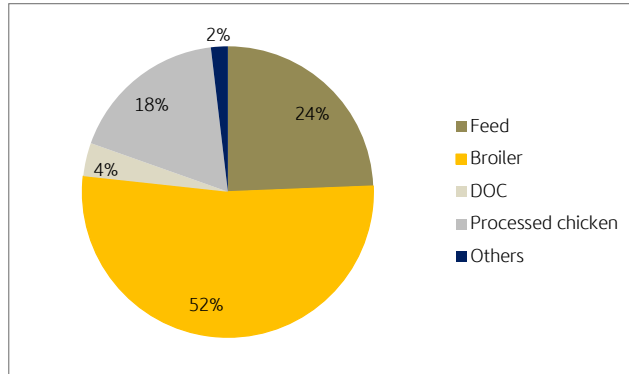
Source: Company, KBVS Research

Exhibit 8: Revenue and growth yoy



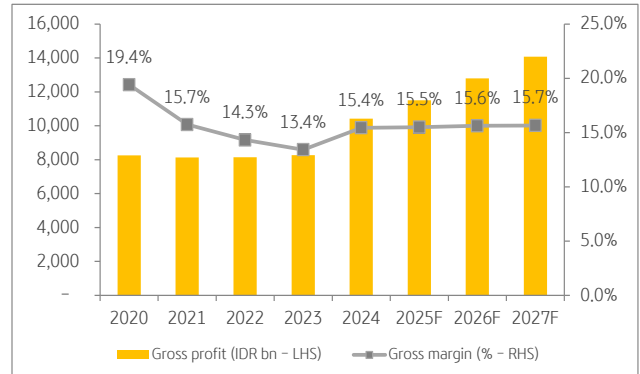
Source: Company, KBVS Research

Exhibit 9: Revenue contribution in FY24 from each segment



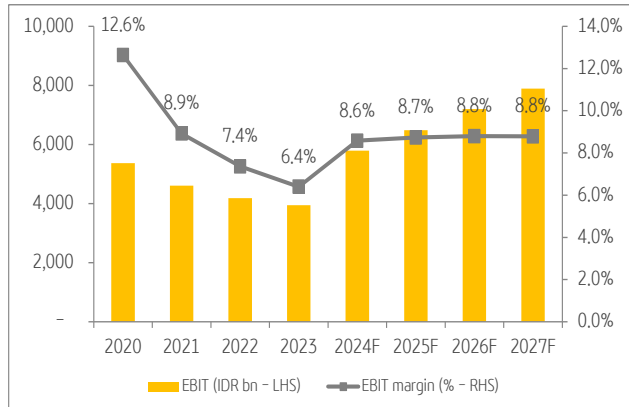
Source: Company, KBVS Research

Exhibit 10: Gross profit & margin



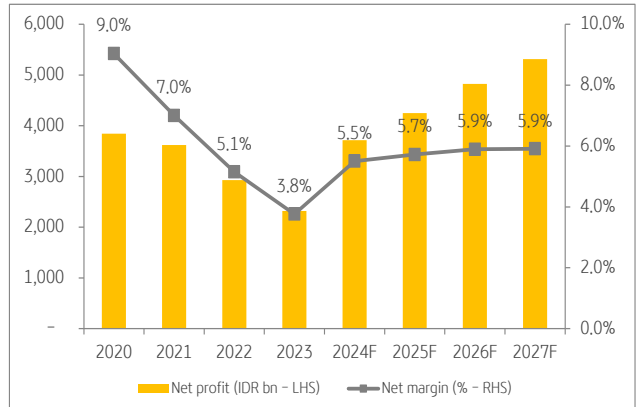
Source: Company, KBVS Research

Exhibit 11: EBIT & margin



Source: Company, KBVS Research

Exhibit 12: Net profit & margin



Source: Company, KBVS Research

Exhibit 13: Profit & loss summary

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Revenue	61,616	67,478	74,271	81,887	89,860
COGS	(53,341)	(57,058)	(62,758)	(69,086)	(75,786)
Gross profit	8,275	10,420	11,513	12,801	14,074
Operating expenses	(4,330)	(4,630)	(5,027)	(5,598)	(6,181)
EBIT	3,944	5,790	6,486	7,203	7,893
EBITDA	4,870	7,259	8,044	8,821	9,535
Pre-tax profit	2,997	5,256	6,013	6,830	7,520
Net profit	2,319	3,713	4,248	4,825	5,312
EPS	141	226	259	294	324
EPS growth	(20.8)	60.1	14.4	13.6	10.1

Source: Company, KBVS Research

Exhibit 14: Balance sheet

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Cash & equivalent (with ST Investment)	2,328	4,446	2,258	4,948	3,503
Accounts receivables	1,708	2,110	1,662	1,832	2,010
Inventories	9,299	9,375	12,290	11,559	14,603
Others	4,990	5,409	6,940	6,608	8,176
Total current assets	18,325	21,340	23,149	24,947	28,292
Fixed assets - Net	17,690	16,928	16,265	15,389	14,393
Others	11,538	13,326	15,535	17,654	20,204
Total non-current assets	22,646	21,451	20,900	19,990	19,186
Total assets	40,971	42,791	44,049	44,937	47,478
Accounts payable	2,095	1,536	2,453	1,925	2,879
Short term bank loan	7,393	5,400	3,850	3,850	3,850
Others	1,636	1,653	2,331	2,370	2,545
Total current liabilities	11,124	8,590	8,634	8,145	9,274
Long term bank loan	1,841	2,794	2,793	2,793	2,793
Others non-current liabilities	978	1,119	1,058	1,010	972
Total non-current liabilities	2,818	3,913	3,851	3,803	3,765
Total liabilities	13,942	12,502	12,485	11,948	13,038
Minority interests	16	15	13	12	10
Total Equity	27,012	30,274	31,550	32,977	34,429
Total Liabilities & Equity	40,971	42,791	44,049	44,937	47,478

Source: Company, KBVS Research

Exhibit 15: Cash flow

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Net income	2,319	3,713	4,248	4,825	5,312
D&A	1,216	1,271	1,360	1,420	1,444
Changes in working capital	115	(1,367)	(3,010)	486	(3,707)
Others	(767)	528	473	(58)	(133)
Operating cash flow	2,882	4,145	3,071	6,672	2,916
Capital expenditures	(1,259)	(537)	(628)	(520)	(422)
Others	54	(45)	(49)	(14)	(38)
Investing cash flow	(1,205)	(581)	(676)	(534)	(461)
Net change in debt	272	(1,040)	(1,551)	-	-
Cash dividends paid	(2,132)	(452)	(2,970)	(3,398)	(3,860)
Others	468	47	(62)	(50)	(40)
Financing cash flow	(1,391)	(1,445)	(4,583)	(3,448)	(3,900)
Net change in cash	286	2,119	(2,189)	2,689	(1,444)
Cash in beginning of the year	2,042	2,328	4,447	2,258	4,948
Cash at the end of the year	2,328	4,447	2,258	4,948	3,503

Source: Company, KBVS Research

Exhibit 16: Ratio analysis

Year End Dec	2023A	2024A	2025F	2026F	2027F
Growth (%)					
Revenue	8.3	9.5	10.1	10.3	9.7
Gross profit	1.6	25.9	10.5	11.2	9.9
EBIT	(5.8)	46.8	12.0	11.1	9.6
EBITDA	(2.6)	49.0	10.8	9.7	8.1
Net profit	(20.8)	60.1	14.4	13.6	10.1
Profitability (%)					
Gross margin	13.4	15.4	15.5	15.6	15.7
EBIT margin	6.4	8.6	8.7	8.8	8.8
EBITDA margin	7.9	10.8	10.8	10.8	10.6
Net margin	3.8	5.5	5.7	5.9	5.9
ROE	8.6	12.3	13.5	14.6	15.4
ROA	5.7	8.7	9.6	10.7	11.2
Solvency (x)					
Current ratio	1.6	2.5	2.7	3.1	3.1
Quick ratio	0.8	1.4	1.3	1.6	1.5
Debt to equity	0.3	0.3	0.2	0.2	0.2
Interest coverage	5.7	7.9	9.8	12.8	14.0
Net gearing	0.3	0.1	0.1	0.1	0.1

Source: Company, KBVS Research

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