KB Valbury Sekuritas

PT Malindo Feedmill Tbk (MAIN)

Animal Feeds

Signs of recovery emerge, yet inflation risk looms

11 April 2022

Recommendations : BUY

Stock	
Price on 08/04/2022 (Rp)	675
12M target price (Rp)	820
Capital gain potential	21%

Stock Data	
Outstanding shares	2,238,750,000
Market cap (Rp)	1,511,156,250,000
Weight VS IHSG (%)	0.03

Shareholders	(%)
Dragon Amity Pte. Ltd.	57.27%
Public	42.73%
Outstanding Shares (unit)	2,238,750,000

Price Performance	
52-week high/low	Rp965/Rp645

Capital gain/(loss) (in %)

1 month	3 month	6 month	1 Year	YTD
(0.74)	0.00	(16.67)	(17.68)	0.75

Summary of Financial Performance

In IDR bn	2021A	2022E	2023F
Revenue	9,131	10,293	11,566
Operating Income	100	160	275
OPM (%)	1.10%	1.56%	2.38%
EBITDA	368	536	603
EV to EBITDA (x)*	10.14	7.59	7.32
Net Income	60	101	186
NPM (%)	0.66%	0.98%	1.60%
EPS (Rp)	27	45	83
EPS Growth (%)	(255.5%)	67.3%	83.7%
Price Earnings (x)*	24.84	14.96	8.15
Price to Book (x)*	0.63	0.61	0.57
Price to Sales (x)*	0.16	0.15	0.13
Return on Equity (%)	2.53%	4.08%	7.02%
Return on Assets (%)	1.11%	1.71%	2.86%
Tot Debt/Equity (x)	1.01	1.11	1.17

**) based on market price (08/04/2022) at Rp675*

Sources :Company, Bloomberg and KB Valbury Sekuritas

Analyst(s)
Alfiansyah
Devi Harjoto

MAIN mencatatkan laba bersih Rp60,4 miliar pada 2021
Peningkatan daya beli secara seasonal dapat mendorong performa pada 2Q22
Rekomendasi "BUY" dengan target harga Rp820 per saham

Bottom line terdorong kenaikan pendapatan

MAIN berhasil membukukan laba bersih Rp60,4 miliar pada 2021 (+Rp41,71 miliar), yang didorong oleh kenaikan pendapatan 30,4% YoY menjadi Rp9,13 triliun (+13,1% QoQ) disamping oleh pencatatan laba dari kenaikan aset biologis Rp136,7 miliar dibandingkan rugi tahun lalu yang mencapai Rp180,05 miliar. Tetapi, GPM MAIN menurun dari 9,3% pada 2020 menjadi 6,1% pada 2021 ditengah kenaikan COGS sebesasr 35,1% YoY ditengah beban material. Adapun, beban operasional naik tipis 3,8% YoY pada 2021 akibat kenaikan beban penjualan yang utamanya dari distribusi. Sehingga, laba operasional turun 56,5% YoY pada 2021, dengan margin juga terkontraksi dari 2,9% pada 2020 menjadi 1,0%. Adapun, beban keuangan MAIN turun 12,2% YoY dari seiring dari penurunan suku bunga bank. Dari segi neraca, net gearing MAIN meningkat menjadi 1,1x pada 2021.

Kenaikan pertumbuhan segmen feeds kendati margin terkontraksi

Pendapatan MAIN pada 2021 didorong oleh pertumbuhan segmen pakan ternak yang naik 31,5% YoY menjadi Rp7,85 triliun. Namun, kontribusi segmen pakan ternak justru menurun dari 64,1% pada 2020 menjadi 62,9% pada 2021, dengan penurunan EBIT margin dari 7,6% pada 2020 menjadi 2,8% ditengah kenaikan raw material. Kemudian, diikuti dari segmen broiler yang juga naik 53,6% YoY pada 2021 menjadi Rp2,01 triliun. Namun, segmen broiler mencatatkan rugi operasional pada 2021. Akan tetapi, segmen DOC yang tumbuh 33,2% YoY pada 2021, mencatatkan EBIT margin 4,6% dibandingkan rugi operasional yang tercatat tahun 2020. Kontribusi segmen DOC cenderung stabil pada 19,7% pada 2021.

Momen recovery ditantang peningkatan inflasi

Kami memproyeksikan pertumbuhan pendapatan MAIN sebesar 13% pada tahun ini, yang di dukung oleh; 1) pemulihan ekonomi nasional dan 2) membaiknya daya beli masyarakat dan 3) momentum puasa dan Idul Fitri. Kemudian, di sisi lain, adanya peningkatan supply DoC dan broiler juga masih menjadi resiko. Tetapi, kami optimistis bahwa peningkatan mobilitas dan optimism konsumen dapat mendorong secara volume ditengah hari raya dan juga kuatnya brand ayam nuggets MAIN seperti SunnyGold menjadi nilai positif. Disamping itu, MAIN juga akan mendorong penjualan online melalui social media dan kanal e-commerce, juga memperbanyak salurah distribusi termasuk juga ekspor kepada LULU International. Namun, kami memandang pendapatan ekspor MAIN belum terlalu signifikan. Disamping, kami memperkirakan inflasi yang lebih tinggi terutama pada 2H22 dapat menjadi resiko pelemahan daya beli.

Rekomendasi "BUY" ditengah peningkatan mobilitas dan daya beli

Kami mempertahankan rekomendasi BUY saham MAIN dengan target harga Rp820, yang merefleksikan valuasi PER pada 14,96x. Rekomendasi kami ini didasari dengan pertimbangan sebagi berikut: 1) kondisi makro ekonomi yang membaik setelah adanya proses vaksinasi sehingga dapat mendorong permintaan; 2) langkah MAIN untuk mendorong volume penjualan via e-commerce dan juga ekspor. Namun, kami masih mencatat beberapa resiko yakni 1) inflasi energy dan harga komoditas pangan, berdampak negatif terhadap margin dan juga daya beli konsumen; 2) depresiasi Rupiah terhadap dolar AS setelah peningkatan suku bunga The Fed; 3) permintaan yang lebih lemah daripada proyeksi; 4) harga daging ayam yang turun karena naiknya supply.

FINANCIAL OVERVIEW

Income Statement (Rp bn)	FY2020	FY2021	YoY Change	3Q2021	4Q2021	QoQ Change
Revenue	**7,001**	**9,131**	*30.4%*	**2,136**	**2,416**	*13.1%*
Cost of Revenue	(6,347)	(8,573)	*35.1%*	(2,150)	(2,298)	*6.9%*
Gross Profit	**654**	**558**	*(14.6%)*	**(14)**	**118**	*(929.6%)*
Gross Margin (%)	***9.3%***	***6.1%***		***(0.7%)***	***4.9%***	
Operating Expenses	(453)	(471)	*3.8%*	(113)	(79)	*(30.4%)*
Operating Profit	**200**	**88**	*(56.5%)*	**(127)**	**39**	*(130.7%)*
Operating Margin (%)	**2.9%**	**1.0%**		**(6.0%)**	**1.6%**	
Non-Operating Income (Losses)	(180)	(11)	*(94.0%)*	(8)	7	*(185.4%)*
Pretax Income	**20**	**76**	*279.9%*	**(135)**	**46**	*(133.9%)*
Income Tax (Expense)/ Benefit	(59)	(16)	*(73.1%)*	25	(4)	*(116.2%)*
Profit for This Year	**(39)**	**60**	*(255.0%)*	**(110)**	**42**	*(137.9%)*
Net Profit (Losses)	**(39)**	**60**	*(255.5%)*	**(110)**	**42**	*(137.9%)*
Profit Margin (%)	***(0.6%)***	***0.7%***		***(5.1%)***	***1.7%***	

Sources : Company and KB Valbury Sekuritas

FINANCIAL TABLES

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Year End Dec (Rp bn)	2020A	2021A	2022E	2023F	2024F
Revenue	**7,001**	**9,131**	**10,293**	**11,566**	**12,105**
Revenue growth yoy	6.1%	30.4%	12.7%	12.4%	4.7%
- Cost of Goods Sold	*6,347*	*8,573*	*9,521*	*10,649*	*11,046*
Gross Income	**654**	**558**	**772**	**917**	**1,059**
- Operating Expenses	(438)	(457)	(612)	(641)	(695)
Operating Income	**216**	**100**	**160**	**275**	**364**
Op income growth yoy	*45.0%*	*(53.5%)*	*59.5%*	*71.7%*	*32.3%*
- Non Operating Gains (Losses)	(196)	(24)	(26)	(29)	(32)
EBITDA	**478**	**368**	**536**	**603**	**665**
Pretax Income	**20**	**76**	**134**	**247**	**332**
- Income Tax Expense	(59)	(16)	(32)	(61)	(82)
Profit for This Year	**(39)**	**60**	**101**	**186**	**250**
- Minority Interests	(0)	0	0	0	1
Net Income	**(39)**	**60**	**101**	**186**	**250**
Net income growth yoy	*NM*	*NM*	*67.3%*	*83.7%*	*34.5%*
EPS (IDR)	**(17)**	**27**	**45**	**83**	**111**
Dividends Per Share (IDR)	**0**	**4***	**11**	**25**	**39**

Sources: Company, Bloomberg and KB Valbury Sekuritas
**) Estimate*

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Year End Dec (Rp bn)	2020A	2021A	2022E	2023F	2024F
Total Current Assets	**1,990**	**2,664**	**3,016**	**3,402**	**3,859**
+ Cash & Near Cash Items	178	180	185	203	239
+ Accounts & Notes Receivable	401	505	576	651	736
+ Inventories	1,302	1,774	2,021	2,284	2,584
+ Other Current Assets	109	205	234	264	299
Total Long-Term Assets	**2,684**	**2,773**	**2,895**	**3,093**	**3,204**
+ Property, Plant & Equip, Net	2,448	2,472	2,531	2,650	2,683
Property, Plant & Equip	4,337	4,624	4,946	5,271	5,530
Accumulated Depreciation	1,889	2,153	2,415	2,621	2,847
+ Other Long Term Assets	237	302	364	443	520
Total Assets	**4,674**	**5,437**	**5,911**	**6,495**	**7,062**
Total Current Liabilities	**1,660**	**2,121**	**2,425**	**2,697**	**2,916**
+ Payables & Accruals	337	428	457	504	542
+ Short Term Borrowings	1,258	1,617	1,887	2,112	2,291
+ Other Short Term Liabilities	65	76	80	82	83
Total Long Term Liabilities	**869**	**928**	**1,012**	**1,159**	**1,301**
+ Long Term Borrowings	713	788	857	988	1,115
+ Other Long Term Borrowings	156	140	155	170	186
Total Liabilities	**2,529**	**3,048**	**3,436**	**3,856**	**4,218**
+ Share Capital & APIC	809	810	810	810	810
+ Retained Earnings & Other Eq.	1,177	1,240	1,316	1,445	1,608
+ Other Equity	162	340	351	386	429
Total Shareholders Equity	**2,148**	**2,391**	**2,477**	**2,642**	**2,847**
+ Minority/Non Controlling Int.	(2)	(2)	(2)	(3)	(3)
Total Equity	**2,145**	**2,389**	**2,475**	**2,639**	**2,844**
Total Liabilities & Equity	**4,674**	**5,437**	**5,911**	**6,495**	**7,062**
Book Value Per Share (IDR)	**959**	**1,068**	**1,106**	**1,180**	**1,272**

Sources: Company, Bloomberg and KB Valbury Sekuritas

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year End Dec (Rp bn)	2020A	2021A	2022E	2023F	2024F
Net Income	(39)	60	101	186	250
+ Depreciation & Amortization	263	267	362	407	426
+ Other Non-Cash Adjustments	61	(601)	(90)	(102)	(106)
Cash From Operating Activities	**285**	**(274)**	**372**	**491**	**569**
+ Disposal of Fixed Assets	10	2	2	2	2
+ Other Investing Activities	(323)	(335)	(544)	(611)	(639)
Cash From Investing Activities	**(313)**	**(333)**	**(542)**	**(609)**	**(637)**
+ Dividends Paid	(376)	(313)	69	132	127
+ Other Financing Activities	380	581	106	5	(23)
Cash From Financing Activities	**76**	**594**	**175**	**137**	**104**
Net Changes in Cash	**47**	**(13)**	**5**	**18**	**36**

Sources: Company, Bloomberg and KB Valbury Sekuritas

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Animal Feeds

RATIO ANALYSIS

Year End Dec	2020A	2021A	2022E	2023F	2024F
Valuation Ratios					
Price Earnings*	NM	24.84	14.96	8.15	6.06
EV to EBIT*	15.98	37.09	23.34	22.51	19.55
EV to EBITDA*	7.21	10.14	7.59	7.32	7.04
Price to Sales*	0.24	0.16	0.15	0.13	0.12
Price to Book*	0.77	0.63	0.61	0.57	0.53
Dividend Yield*	0.0%	0.6%**	1.7%	3.7%	5.8%
Profitability Ratios					
Gross Margin	9.34%	6.11%	7.50%	7.93%	8.75%
EBITDA Margin	6.83%	4.03%	5.21%	5.21%	5.49%
Operating Margin	3.08%	1.10%	1.56%	2.38%	3.01%
Profit Margin	NM	0.66%	0.98%	1.60%	2.06%
Return on Assets	NM	1.11%	1.71%	2.86%	3.53%
Return on Equity	NM	2.53%	4.08%	7.02%	8.76%
Leverage & Coverage Ratios					
Current Ratio	1.20	1.26	1.24	1.26	1.32
Quick Ratio	0.41	0.42	0.41	0.41	0.44
Interest Coverage Ratio (EBIT/I)	1.19	0.63	1.01	1.04	1.14
Tot Debt/Capital	0.54	0.62	0.64	0.67	0.69
Tot Debt/Equity	0.92	1.01	1.11	1.17	1.20
Others					
Asset Turnover	1.50	1.68	1.74	1.78	1.71
Accounts Receivable Turnover	17.45	18.08	17.88	17.78	16.45
Accounts Payable Turnover	20.76	21.36	22.50	22.97	22.34
Inventory Turnover	5.38	5.15	5.09	5.06	4.68

**) based on market price (08/04/2022) at Rp675*
***) Estimate*

Sources: Company, Bloomberg and KB Valbury Sekuritas

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