

CPIN PT Charoen Pokphand Indonesia Tbk

Momentum Reignited

- CPIN's integrated feed-farm-food model, supported by 13,000 plasma farmers contributing ~75% of broiler output, ensures scale, consistency, and efficiency.
- Net profit jumped 116% YoY to Rp1.5tn in 1Q25, driven by 17% higher broiler volume and lower raw material costs, lifting EBIT margin to 11.5%.
- Easing feed prices (corn < Rp5,000/kg; SBM < USD500/ton) and reduced 2024 GPS quota (530k) support a tighter supply outlook in 2H25.
- Initiate BUY with TP Rp5,600 (19.9x FY25F PE), supported by integrated operations, resilient demand, and earnings momentum.

Fully Integrated from Feed to Fork

PT Charoen Pokphand Indonesia Tbk (CPIN) operates a fully integrated feed-farm-food model, spanning feed mills, breeding farms, hatcheries, slaughterhouses, and retail outlets. This structure ensures product consistency, biosecurity, and cost efficiency. CPIN engages over 13,000 plasma farmers—who contribute 75% of broiler output—under a contract farming scheme with guaranteed offtake and fixed margins, while also serving independent farmers. In 3M25, broiler sales led revenue (50%), followed by feed (27%), processed chicken (17%), and DOCs (4%), all interlinked through CPIN's operational ecosystem. Leveraging scale, customized feed, and an expansive cold-chain distribution network, CPIN secures both margin stability and long-term scalability in Indonesia's poultry sector.

Margins Bounce Back Strongly

CPIN delivered strong results in 1Q25, with net income reaching Rp1.5 trillion (+15.9% QoQ; +116% YoY), largely due to a favorable low base in 1Q24. Revenue came in at Rp17.7 trillion (-0.3% QoQ; +11.3% YoY), supported by Lebaran seasonality and a ~+17% YoY increase in broiler volume, offsetting a ~-4.5% drop in ASP. As a result, broiler's revenue share slightly declined to 50% (from 52% in 4Q24/1Q24). Despite the soft pricing, low raw material costs helped maintain EBIT margin at 11.5% (4Q24: 11.8%), while gross margin expanded to 18% (vs. 13% in 1Q24).

Smart Farming at Scale

CPIN relies on over 13,000 plasma farmers and many independent growers to support its integrated poultry model. Plasma farmers, who produce around 75% of CPIN's broiler output, receive DOCs, feed, and technical help from CPIN, and sell back mature chickens at fixed prices with a ~5% margin. Independent farmers buy inputs at market rates and add to CPIN's DOC and feed sales. In 1Q25, broiler volume rose 17% YoY despite a 4.6% YoY drop in live bird prices, driven by festive demand. Feed cost stayed manageable, with corn below Rp5,000/kg and soybean meal under USD 500/ton, supporting margins. CPIN's feed-formulated with ~50% corn and ~20% SBM, adjusted by bird age—remains a key strength in controlling cost and ensuring efficiency.

Tailwinds Building for Industry Recovery

Indonesia's poultry sector is set to remain resilient in 2H25, supported by steady demand and easing feed costs. While demand typically dips post-Lebaran, consumption is expected to rebound toward year-end, driven by rising wages and holiday seasonality. Feed margins remain healthy, with corn below Rp5,000/kg and soybean meal under USD 500/ton. In May 2025, live bird prices rose to Rp16,082/kg (+4.7% MoM; -7.8% YoY), while DOC prices increased to Rp4,364 (+73.8% MoM; -10.1% YoY), reflecting early signs of market recovery. Supply conditions are likely to tighten by late 2H25 due to the 2024 GPS import quota cut to 530,000, the lowest in six years, with effects typically felt 12-18 months later.

Recommend BUY with TP Rp5,600

We initiate our BUY rating on CPIN with a target price of Rp5,600, implying 19.9x FY25F P/E, or -2 standard deviations below the 5-year average. Our constructive view is supported by CPIN's fully integrated business model and a more favorable cost environment in 2H25. Rising broiler volumes, stable feed margins, and a potential supply tightening—stemming from the 2024 decline in GPS imports—should sustain earnings momentum. **Key risks:** weaker-than-expected live bird prices, raw material cost volatility, and post-Lebaran demand softness.

Key Financial Highlights

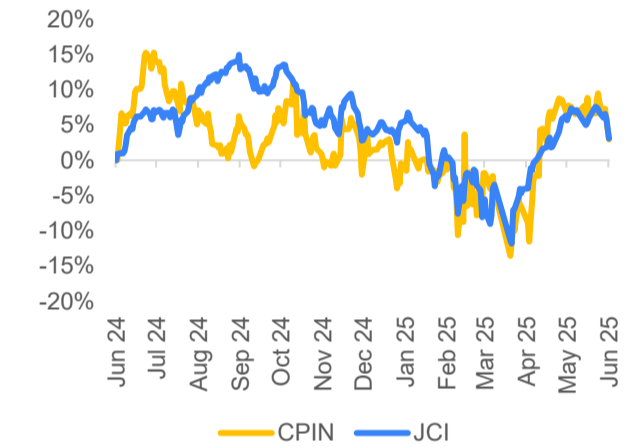
Key Metrics	2022	2023	2024	2025F	2026F
Revenue (Rp bn)	56,868	61,616	67,478	68,434	70,642
EBITDA (Rp bn)	5,060	4,818	7,006	8,080	8,079
Net Profit (Rp bn)	2,928	2,319	3,713	4,546	4,705
EPS Growth (%)	-19.1	-20.8	60.1	22.4	3.5
P/E (x)	31.64	35.54	21.02	20.20	19.52
P/BV (x)	3.52	3.05	2.58	2.93	2.71
EV/EBITDA (x)	6.57	7.04	4.86	4.12	4.18

BUY

Stock Information (as of June 24, 2025)

Last Price (Rp)	4,590
Target Price (Rp)	5,600
Upside/Downside	22.0%
Market Cap (Rp tn)	75.3
52 Week Range (Rp)	5,650 – 3,900
Free Float	35.0%
Share Out. (bn)	16.4
Beta	0.4

Stock Performance Comparison vs JCI



Shareholders

CPIN's Shareholders	%
PT Central Proteina Prima Tbk	55.53
Public	34.14
UBS AG	5.98
Others	4.35

Company Description

CPIN's Company Profile

PT Charoen Pokphand Indonesia Tbk (CPIN) operates in five segments, namely Poultry Feed, Broiler, Day Old Chicks, Processed Chicken, and Others. Its business activities include broiler breeding, slaughterhouse and non-poultry meat packing activities, slaughterhouse and poultry meat packing activities, industry of manufacture and preservation of poultry and meat products, industry of frosting of fruits and vegetables, industry of mixed flour and flour dough, industry of food, and processed food.

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BUSINESS DESCRIPTION

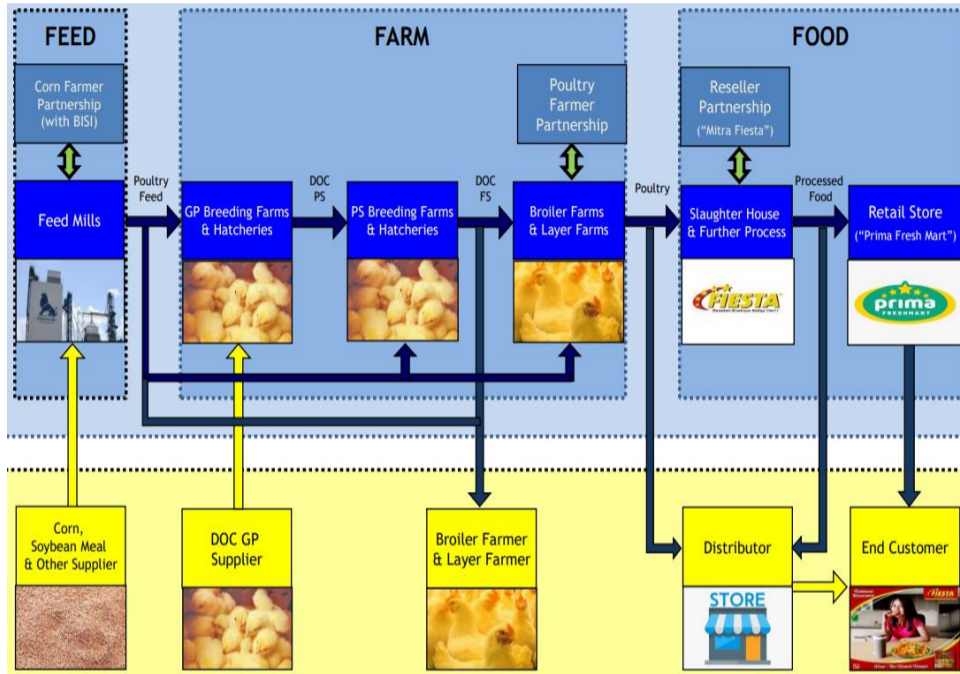
Vertically Integrated Feed-Farm-Food Model

PT Charoen Pokphand Indonesia Tbk (CPIN) operates one of the most comprehensive vertically integrated poultry models in Southeast Asia, covering the entire value chain from upstream feed milling and breeding farms to downstream broiler processing and retail. The company runs 10 feed mills equipped with corn dryers and silos, 140 breeding farms, 56 hatcheries, and over 30 slaughterhouses and processed food plants. This model ensures not only consistent quality and biosecurity but also cost efficiency, enabling CPIN to maintain its status as Indonesia's market leader in poultry.

Dual Farmer Engagement: Plasma and Independent Systems

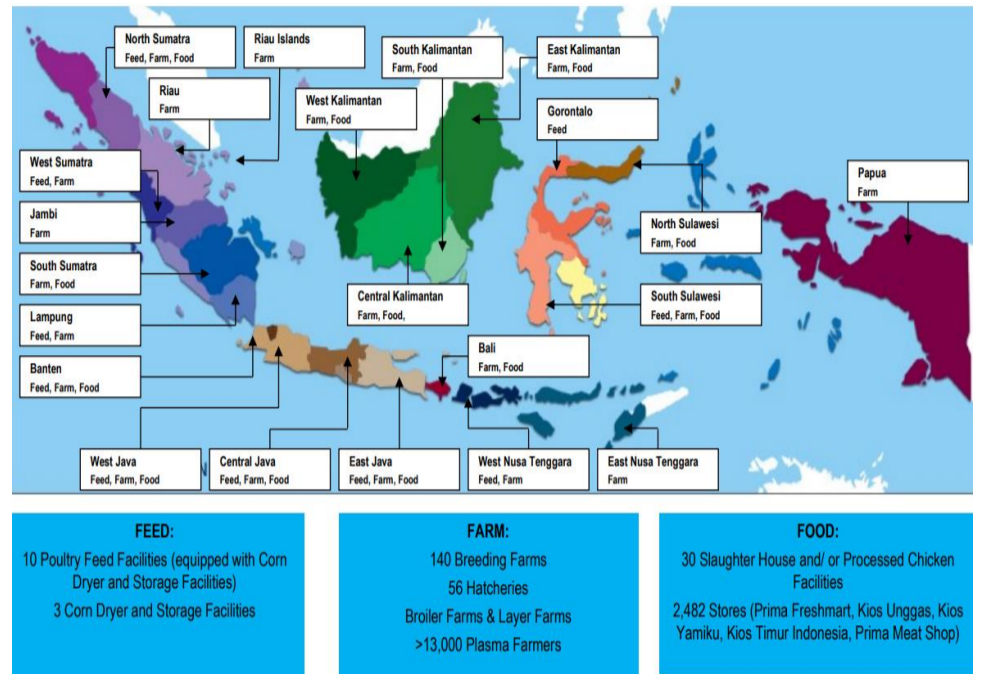
CPIN supplies both independent farmers and over 13,000 plasma (contract) farmers. Under the plasma scheme—responsible for 75% of broiler output—CPIN provides inputs such as DOCs, feed, and veterinary support, while farmers provide housing and labor. Upon harvest, CPIN buys back the mature chickens at pre-determined prices, offering farmers fixed margins (~5%) and ensuring guaranteed offtake for CPIN. Meanwhile, independent farmers purchase DOCs and feed at market prices and bear full market risk, serving as an additional revenue stream and buffer for the company.

Figure 1. CPIN's Business Operation



Source: Company

Figure 2. CPIN's Nationwide Production Facilities



Source: Company

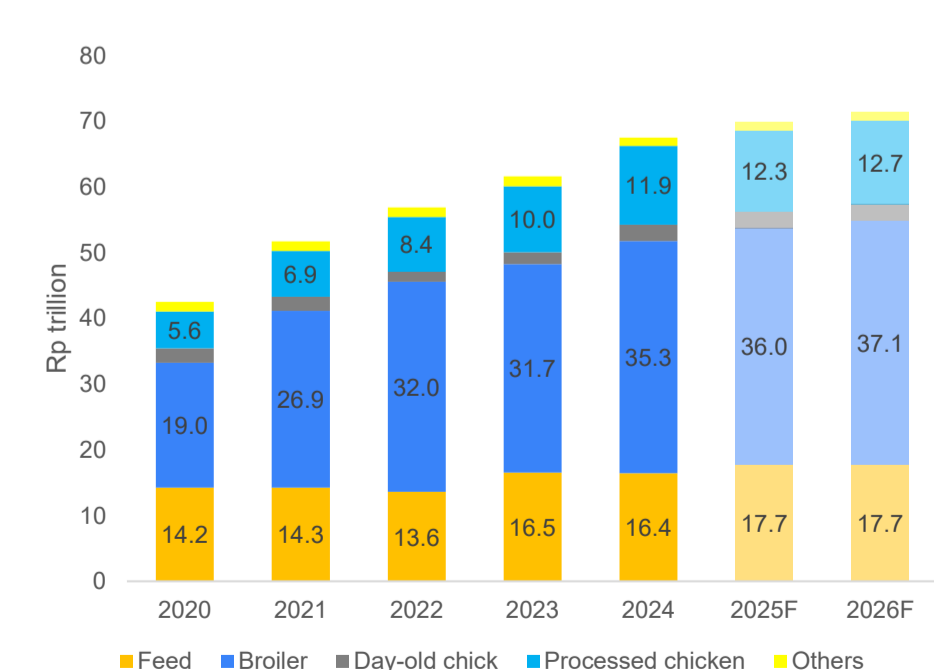
Revenue Mix Reflecting Operational Integration

CPIN's business segments are tightly integrated and feed into each other commercially. In 3M25, broiler sales contributed 50% to revenue, followed by feed (27%), processed chicken (17%), and DOCs (4%). While DOC sales appear small in proportion, they are foundational to the upstream model and support both plasma and independent systems. Feed production is the cornerstone of the model—composed of roughly 50% corn and 20% soybean meal—with raw material partially sourced from BISI, CPIN's affiliated seed company. Feed is customized by bird age, leveraging CP Group's proprietary formulation advantage.

Operational Efficiency Through Scale and Control

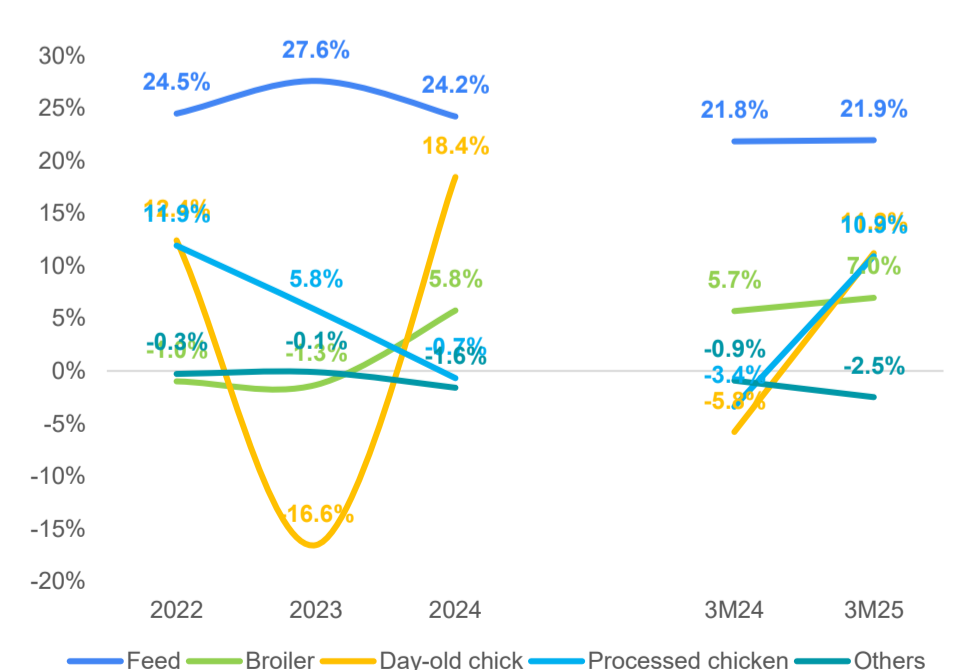
The scale and integration of CPIN's operations allow for tighter quality control, lower unit costs, and predictable supply to its downstream businesses. With over 2,482 distribution outlets and brand extensions such as Prima Freshmart and Mitra Fiesta, CPIN captures more value across the chain—from farm to retail. Its technical superiority, standardized SOPs, and closed-house farming infrastructure set it apart in a market with low barriers to entry but high operational risks. This holistic control from genetics and feed to cold-chain distribution fortifies CPIN's long-term profitability and scalability in Indonesia's growing poultry sector.

Figure 3. CPIN's Revenue Breakdown



Source: Company, Ajaib Research

Figure 4. CPIN's OPM Trend per Segment



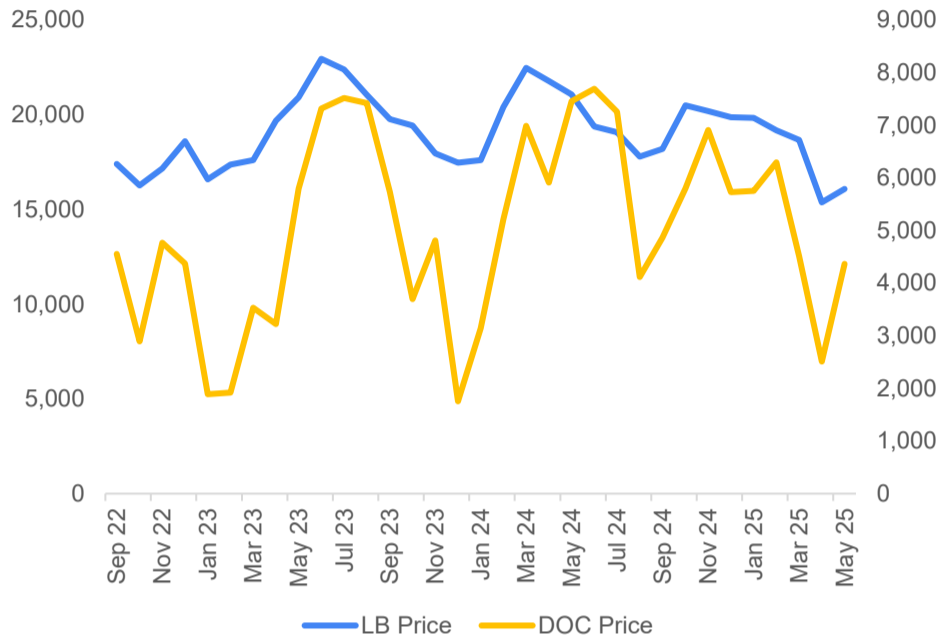
Source: Company, Ajaib Research

Figure 5. CPIN's 1Q25 Results

Key Metrics	3M25	3M24	YoY	1Q25	4Q24	QoQ
Revenue	17,705	15,913	11.3%	17,705	17,759	-0.3%
Gross Profit	3,130	2,126	47.2%	3,130	3,445	-9.1%
Gross Margin	17.7%	13.4%		17.7%	19.4%	
Operating Profit	2,044	1,048	95.1%	2,044	2,095	-2.4%
Operating Margin	11.5%	6.6%		11.5%	11.8%	
Net Profit	1,537	711	116.2%	1,537	1,326	15.9%
Net Margin	8.70%	4.50%		8.7%	7.5%	

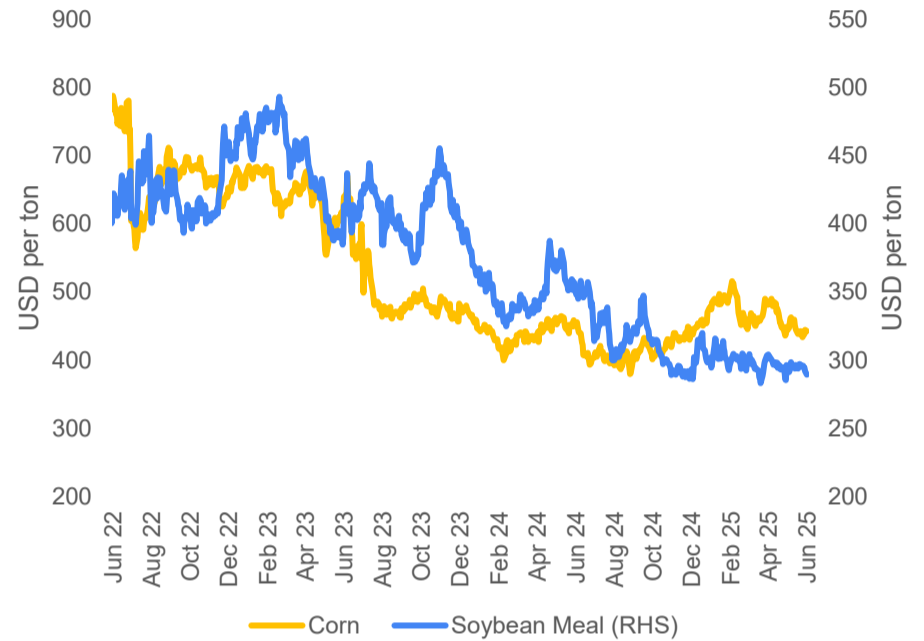
Source: Company, Ajaib Research

Figure 6. Livebird & DoC Price (Rp)



Source: Company, Ajaib Research

Figure 7. Corn and SBM Price Trend



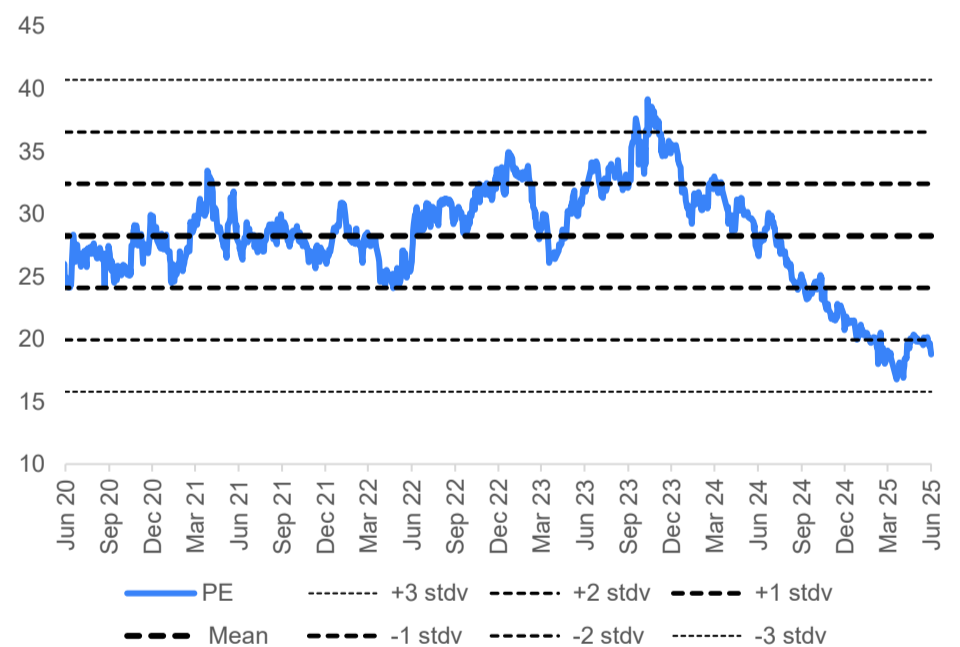
Source: Bloomberg, Ajaib Research

Figure 8. Historical Valuation

Key Metrics	Value
5-Year PE Band Average (x)	28.2
Std-Deviation (x)	4.2
Discount (std-deviation)	-2.0
Target PE (x)	19.9
EPS 2025F (Rp)	280
Target Price (Rp)	5,600

Source: Bloomberg, Ajaib Research

Figure 9. CPIN's 5-Year Historical PE Band



Source: Bloomberg, Ajaib Research

Figure 10. Peers Valuation Comparison

Ticker	Market Cap (Rp tn)	P/E (x)	P/B (x)	EV/EBITDA (x)	ROE (%)	ROA (%)	EPS Growth (%)
CPIN	76.25	19.2	2.7	10.5	8.9	13.0	18.1
JPFA	17.59	5.6	1.5	5.1	9.3	21.0	5.7
MAIN	1.37	4.5	0.7	3.9	20.4	9.0	670.1
Sector Average		10.3	1.5	7.8	12.6	13.0	364.5

Source: Bloomberg, Ajaib Research

Financial Statement

Income Statement (Rp bn)	2022	2023	2024	2025F	2026F
Revenue	56,868	61,616	67,478	69,775	71,369
Cost of revenue	-48,724	-53,341	-57,058	-57,628	-58,205
Gross Profit	8,144	8,275	10,420	12,146	13,165
OpEx	-3,958	-4,330	-4,630	-5,395	-6,319
Operating Profit	4,186	3,944	5,790	6,751	6,846
EBITDA	5,060	4,818	7,006	8,148	8,116
Other Income (Expenses)	-228	-250	198	72	172
Net Interest Expense	-420	-698	-732	-1,005	-1,028
Pre-tax profit	3,537	2,997	5,256	5,818	5,990
Income Tax	-607	-679	-1,545	-1,222	-1,258
NPAT	2,930	2,318	3,712	4,596	4,732
Net Profit	2,928	2,319	3,713	4,598	4,734
EPS (Rp)	179	141	226	280	289

Cashflow Statement (Rp bn)	2022	2023	2024	2025F	2026F
Net Profit	2,928	2,319	3,713	4,598	4,734
D&A	872	1,197	1,300	1,187	1,236
Changes in Working Capital	-1,329	145	-1,037	1,097	250
Others	-556	179	-418	-315	-230
Operating Cash Flow	1,915	3,839	3,558	6,567	5,990
Capital Expenditure	-2,244	-1,259	-538	-1,099	-1,131
Changes in other assets	-980	-500	432	42	-103
Investing Cash Flow	-3,224	-1,760	-105	-1,057	-1,234
Net - Borrowing	3,017	272	-1,040	-1,141	-1,504
Dividend	-1,771	-1,640	-1,770	-2,205	-2,190
Other Financing	302	-426	1,476	-1,496	-465
Financing Cash Flow	1,548	-1,794	-1,334	-4,842	-4,159
Net - Cash Flow	239	286	2,118	667	597
Cash at beginning	1,803	2,042	2,328	4,446	5,114
Cash at ending	2,042	2,328	4,446	5,114	5,710

Source: Company, Ajaib Research

Balance Sheet (Rpbn)	2022	2023	2024	2025F	2026F
Cash & equivalents	2,042	2,328	4,446	5,114	5,710
Receivables	1,553	1,708	2,110	2,251	2,210
Inventories	9,000	9,299	9,375	8,357	8,273
Others	5,169	4,990	5,409	5,724	5,953
Total Current Assets	17,764	18,325	21,340	21,445	22,146
Fixed Assets	17,628	17,690	16,928	16,841	16,736
Other Non-Current Assets	4,455	4,956	4,523	4,482	4,585
Total Non-Current Assets	22,083	22,646	21,451	21,322	21,321
Total Assets	39,848	40,971	42,791	42,768	43,466
ST. Bank loan	6,649	7,393	5,400	4,451	3,502
Payables	1,497	2,095	1,536	1,757	1,881
Other current Liability	1,963	1,636	1,653	1,453	1,378
Total Current Liability	10,109	11,124	8,590	7,660	6,761
LT. Debt	2,312	1,841	2,794	2,602	2,047
Other LT Liabilities	1,099	978	1,119	1,169	781
Total Non-Current Liability	3,411	2,818	3,913	3,771	2,829
Total Liability	13,520	13,942	12,502	11,431	9,590
Retained Earnings	26,172	26,874	30,135	31,184	33,725
Others	156	155	154	152	152
Total Equity	26,327	27,029	30,289	31,336	33,877
Total LiabilitiesEquity	39,848	40,971	42,791	42,768	43,466

Key Ratios (%)	2022	2023	2024	2025F	2026F
Gross Profit Margin	14.3	13.4	15.4	17.4	18.4
Operating Margin	7.4	6.4	8.6	9.7	9.6
EBITDA Margin	8.9	7.8	10.4	11.7	11.4
Pre-Tax Margin	6.2	4.9	7.8	8.3	8.4
Net Profit Margin	5.1	3.8	5.5	6.6	6.6
Debt to Equity	34.0	34.2	27.1	22.5	16.4
Net Gearing	26.3	25.5	12.4	6.2	-0.5

Source: Company, Ajaib Research

Rating for Sectors:

Overweight : We expect the industry to perform better than the primary market index (JCI) over the next 12 months.

Neutral : We expect the industry to perform in line with the primary market index (JCI) over the next 12 months.

Underweight : We expect the industry to underperform the primary market index (JCI) over the next 12 months.

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 ≤ +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”

Analyst Certification:

The lead analyst(s) who prepared this equity research report confirm that the opinions stated herein genuinely represent their personal perspectives regarding all the securities or issuers discussed. Additionally, the analyst(s) assert that their remuneration was not, is not, and will not be tied, either directly or indirectly, to any specific recommendations or viewpoints presented in this report.

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