

28 May 2025

Consumer Non-cyclical | Food & Beverage Products

Charoen Pokphand Indonesia (CPIN IJ)

Buy (Maintained)

Strong Start, Softer Path Ahead; Keep BUY

- **Stay BUY and IDR5,800 TP, 20% upside and c.2% yield.** Charoen Pokphand Indonesia posted a stellar 1Q25 with 116% YoY earnings growth, driven by processed poultry rebound and strong DOC and feed sales. However, 2Q25 margins may soften due to falling broiler prices, despite stable feed costs and improved inventory strategy. Long-term demand is supported by the free-meal programme, should boost poultry consumption and underpins CPIN's growth outlook amid ongoing supply and cost management. Our TP includes a 2% premium based on CPIN's 3.1 ESG score.
- **Robust 1Q25: Processed poultry comeback fuels 116% profit surge.** CPIN recorded a stellar 1Q25 performance, with net profit jumping 116.5% YoY to IDR1.5trn, supported by strong GPM and operational efficiency. The turnaround in the processed chicken and day-old chicks (DOC) segments played a key role in the earnings surge, with overall EBIT up 95.1% YoY. However, the company maintained its full-year forecast, signalling that margin gains were partly driven by a weak 1Q24 base and may not be sustained. Revenue reached IDR17.7trn (+11.3% YoY), with the DOC and feed segments leading the growth.
- **Braces for 2Q25 cooldown as broiler prices may lose steam.** Looking into 2Q25, profitability may moderate due to a sharp drop in broiler prices during Apr-May 2025, which dropped 8.7% QoQ and 12.1% YoY to IDR20,250/kg. This decline is likely tied to post-festive season demand softness and lingering oversupply, although supply management has improved through reduced GPS import quotas. CPIN's strategy of converting fresh chicken to frozen carcasses offers some earnings buffer, though it may raise working capital needs.
- **Stable feed costs keep margins in check despite market volatility.** Meanwhile, feed costs remain manageable, as corn prices – a key feed input – rose only modestly (+1.5% QoQ in Apr-May), remaining well below early 2024 levels. This supports CPIN's margin outlook, especially given its 30% reliance on local corn and recent IDR stability, which limits FX pressure on imported feed material like soybean meal.
- **Prabowo's free meal programme pushes fuels poultry demand, strengthens growth path.** Adding to long-term poultry demand is President Prabowo Subianto's free-meal programme, which has rapidly expanded since Jan 2025. Serving nearly 4m beneficiaries by May, the programme emphasises chicken as a key protein source, indirectly boosting domestic poultry consumption. While near-term margin pressure remains a concern, the free-meal programme initiative, combined with disciplined supply management and new feedmill development, should support CPIN's strategic growth trajectory.

Target Price (Return): IDR5,800 (+20%)
Price (Market Cap): IDR4,830 (USD4,874m)
ESG score: 3.1 (out of 4)
Avg Daily Turnover (IDR/USD) 25,770m/1.55m

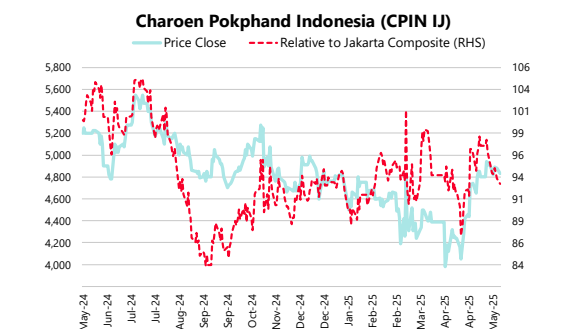
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Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	1.5	9.3	7.1	3.4	(7.6)
Relative	0.0	1.7	(1.7)	4.2	(7.1)
52-wk Price low/high (IDR)				3,980	–5,550



Source: Bloomberg

Forecasts and Valuation	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
Total turnover (IDRb)	61,616	67,478	69,794	74,828	78,266
Recurring net profit (IDRb)	2,319	3,713	3,973	4,572	5,007
Recurring net profit growth (%)	(20.8)	60.1	7.0	15.1	9.5
Recurring P/E (x)	34.16	21.33	19.93	17.32	15.82
P/B (x)	2.9	2.6	2.4	2.2	2.1
P/CF (x)	22.56	22.16	16.76	16.29	14.08
Dividend Yield (%)	2.1	0.6	1.7	2.5	2.9
EV/EBITDA (x)	16.55	11.50	11.30	10.13	9.26
Return on average equity (%)	8.7	13.0	12.6	13.4	13.6
Net debt to equity (%)	25.5	12.4	5.6	1.7	net cash

Source: Company data, RHB

Overall ESG Score: 3.1 (out of 4)

E Score: 3.0 (GOOD)

S Score: 3.0 (GOOD)

G Score: 3.3 (EXCELLENT)

Please refer to the ESG analysis on the next page

Emissions And ESG

Trend analysis	Emissions (tCO2e)	Dec-22	Dec-23	Dec-24	Dec-25
Increase in total emissions are likely driven by higher production volumes.	Scope 1	791,978	924,391	928,395	na
	Scope 2	-	-	-	na
	Scope 3	-	-	-	na
	Total emissions	791,978	924,391	928,395	na

Source: Company data, RHB

Latest ESG-Related Developments

CPIN’s wastewater recycling programme at its food processing factory in Bandung, West Java is used to improve the water cycle around operational facilities and irrigate the surrounding community’s rice fields during the dry season.

CPIN also has started integrating solar energy to support production at one food business facility in Salatiga and two farm business facilities in Bogor and Sumedang.

ESG Unbundled

Overall ESG Score: 3.1 (out of 4)

Last Updated: 25 May 2025

E Score: 3.0 (GOOD)

CPIN is committed to creating a better environment by running a waste management plant (IPAL) at its production facilities. Moreover, the company carries out environmental quality testing periodically.

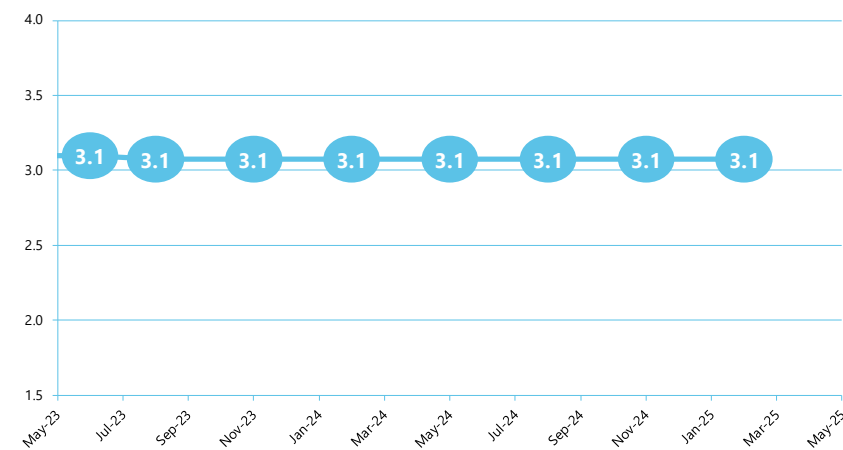
S Score: 3.0 (GOOD)

CPIN implements initiatives that aim to improve public facilities around the locations where its businesses are present. Also, its corporate social responsibility is targeted towards improving educational facilities. It also gives scholarships as well as emergency response assistance in the event of a natural disaster.

G Score: 3.3 (EXCELLENT)

CPIN always strives to organises integrated and consistent corporate governance activities. Annually, CPIN evaluates the performance of its boards of commissioners and directors as a whole and by individuals via an independent mechanism. The company also has a good level of transparency, business ethics, disclosure of information about its business activities.

ESG Rating History



Source: RHB

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Financial Exhibits

Asia	Financial summary (IDR)	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
Indonesia	Recurring EPS	141.39	226.43	242.29	278.79	305.37
Consumer Non-cyclical	DPS	100.00	30.00	83.21	121.15	139.40
Charoen Pokphand Indonesia	BVPS	1,647.30	1,846.20	2,005.28	2,162.93	2,328.90
CPIN IJ	Return on average equity (%)	8.7	13.0	12.6	13.4	13.6
Buy						
Valuation basis	Valuation metrics	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
10-years DCF	Recurring P/E (x)	34.16	21.33	19.93	17.32	15.82
	P/B (x)	2.9	2.6	2.4	2.2	2.1
	FCF Yield (%)	2.7	3.5	4.3	4.4	5.2
	Dividend Yield (%)	2.1	0.6	1.7	2.5	2.9
Key drivers	EV/EBITDA (x)	16.55	11.50	11.30	10.13	9.26
i. Underpenetrated market, where Indonesia has one of the lowest poultry meat consumption per capita vs neighbouring countries;	EV/EBIT (x)	21.83	14.33	13.98	12.40	11.14
ii. Softening commodity prices;						
iii. Improving feed margins.						
Key risks	Income statement (IDRb)	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
Downside risks:	Total turnover	61,616	67,478	69,794	74,828	78,266
i. Broiler price volatility;	Gross profit	8,275	10,420	10,682	11,676	12,652
ii. Higher-than-expected oversupply due to softer-than-expected demand;	EBITDA	5,205	7,217	7,172	7,880	8,442
iii. Regulatory risks;	Depreciation and amortisation	(1,261)	(1,427)	(1,376)	(1,442)	(1,425)
iv. Spiking raw material prices.	Operating profit	3,944	5,790	5,796	6,438	7,017
	Net interest	(670)	(688)	(516)	(371)	(376)
Upside risk: Stronger recovery in domestic consumption, which may boost volumes and support chicken prices.	Pre-tax profit	2,997	5,256	5,226	6,013	6,587
	Taxation	(679)	(1,545)	(1,254)	(1,443)	(1,581)
	Reported net profit	2,319	3,713	3,973	4,572	5,007
	Recurring net profit	2,319	3,713	3,973	4,572	5,007
Company Profile	Cash flow (IDRb)	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
Charoen Pokphand Indonesia produces and sells poultry feed, day-old chicks, processed chicken, and other food products in Indonesia.	Change in working capital	(4)	(1,438)	(623)	(1,152)	(807)
	Cash flow from operations	3,511	3,574	4,726	4,861	5,625
	Capex	(1,382)	(834)	(1,334)	(1,401)	(1,471)
	Cash flow from investing activities	(1,759)	(105)	(1,490)	(1,739)	(1,702)
	Cash flow from financing activities	(1,466)	(312)	(1,521)	(3,405)	(2,230)
	Cash at beginning of period	2,042	2,328	4,446	6,162	5,880
	Net change in cash	286	3,158	1,716	(282)	1,693
	Ending balance cash	2,328	5,486	6,162	5,880	7,573
	Balance sheet (IDRb)	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
	Total cash and equivalents	2,328	4,446	6,162	5,880	7,573
	Tangible fixed assets	17,690	16,928	16,886	16,846	16,891
	Total assets	40,971	42,791	45,355	46,754	49,682
	Short-term debt	7,393	5,400	6,000	5,000	5,000
	Total long-term debt	1,841	2,794	2,000	1,500	1,500
	Total liabilities	13,942	12,502	12,459	11,274	11,482
	Total equity	27,029	30,289	32,896	35,480	38,200
	Total liabilities & equity	40,971	42,791	45,355	46,754	49,682
	Key metrics	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
	Revenue growth (%)	8.3	9.5	3.4	7.2	4.6
	Recurrent EPS growth (%)	(20.8)	60.1	7.0	15.1	9.5
	Gross margin (%)	13.4	15.4	15.3	15.6	16.2
	Operating EBITDA margin (%)	8.4	10.7	10.3	10.5	10.8
	Net profit margin (%)	3.8	5.5	5.7	6.1	6.4
	Dividend payout ratio (%)	70.7	13.2	34.3	43.5	45.6
	Capex/sales (%)	2.2	1.2	1.9	1.9	1.9
	Interest cover (x)	5.65	7.91	9.66	13.21	14.39

Source: Company data, RHB

Strong Start, Softer Path Ahead

CPIN had an impressive start to 2025, with 1Q earnings soaring 116.5% YoY, driven by a strong rebound in the processed chicken and DOC segments. However, management expects earnings to normalise, especially as broiler prices dropped sharply in April-May, putting pressure on 2Q25 profitability despite stable feed costs and strategic inventory flexibility. The impact may be cushioned somewhat by ongoing government efforts to regulate supply and currency stability aiding input costs. Meanwhile, President Prabowo's free-meal programme should significantly lift poultry demand, with nearly 4m beneficiaries served by May and chicken forming a key part of the daily meals. This initiative supports sector growth, but concerns over fiscal sustainability remain. Looking ahead, CPIN continues to expand its feedmill capacity and aims for moderate 2025 topline and bottomline growth, even as it navigates seasonal price fluctuations and margin headwinds.

Soaring start: Margin gains seen as temporary, expansion on track

Despite a stellar 1Q25 performance – with earnings surging 116.5% YoY and 16.1% QoQ, well above expectations – CPIN is keeping its full-year earnings forecast unchanged. The margin improvement in 1Q25 is largely attributed to a low base in 1Q24, which was dragged by weak broiler prices. Compared to 4Q24, margins slightly declined, but overall profitability still met management's expectations.

Broiler prices took a hit in Apr 2025 but have started to rebound in May 2025, according to company discussions. The supply-demand imbalance appears more manageable than in the previous years, partly due to government-imposed restrictions on grandparent stock (GPS) imports. Inventory levels also show progress, dropping to 61 days in Mar 2025 from 70 days in Mar 2024, though up marginally from 59 days in Dec 2024. When prices dip, CPIN has the flexibility to either sell at lower prices or freeze and store carcasses for future sales.

On the cost side, FX(USD) volatility – particularly affecting feed input like soybean meal – has been less of a concern recently thanks to a more stable IDR. CPIN's feed cost structure comprises 30% local corn, 30% imported soybean meal, and 40% other ingredients, half of which are imported, making FX trends still a key variable to monitor.

In terms of expansion, CPIN is building a new feedmill in South Sulawesi, scheduled for completion by late 2025 or 2026. The company has also added corn silos and dryers in high-yield regions like Bima, Gorontalo, and Lampung, enhancing its local sourcing capabilities.

Looking ahead, CPIN maintains a modest full-year guidance, targeting 5% revenue growth and 7% profit growth. While poultry prices remain unpredictable due to seasonal demand patterns, the company is closely monitoring factors such as school calendars, the Suro month, and post-holiday cycles to navigate market dynamics.

2Q25 outlook: Margin chill sets in as broiler prices take a dip

CPIN's strong momentum in 1Q25 is expected to ease slightly in 2Q25, with profitability likely to decline modestly. While manageable input costs and strategic inventory flexibility offer some cushion, the sharp correction in broiler prices during April-May poses a key challenge. Unless prices rebound in June, the company may face near-term margin pressure.

In the first quarter of 2025, broiler chicken prices remained relatively stable, increasing 1.2% QoQ to IDR 22,191 per kg. However, this stability was short-lived as prices dropped sharply in April-May 2025 to IDR 20,250 per kg, marking an 8.7% decline from the previous two months and a steep 12.1% fall compared to the same period last year. This sharp decline is likely tied to post-festive season demand weakness and temporary oversupply, despite the Government's efforts to limit GPS imports to manage long-term production levels.

On the other hand, corn prices – the primary component of poultry feed – showed mild upward movement. The average dried shelled corn price increased 5.4% QoQ in 1Q25 to IDR4,781 per kg and rose slightly again by 1.5% to IDR 4,814 per kg in April-May. Even with this small rise, corn prices are still relatively low compared to early 2024, which supports better feed cost efficiency for poultry producers like CPIN, especially since they rely on locally sourced corn for 30% of their feed.

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The drop-in broiler prices is expected to pressure CPIN's profitability in 2Q25, particularly within its fresh chicken segment. While the situation is not as severe as the previous years, thanks to a more disciplined supply management, the sharp decline in ASP could squeeze margins. The positive momentum in feed costs might offer partial relief, but may not fully offset the impact of falling selling prices.

CPIN's inventory strategy could help mitigate some of the downside. By converting unsold chicken into frozen carcasses for later sale, the company can smooth earnings over time, though this may increase working capital needs. This approach helps balance immediate revenue loss and supports margin stability in a downcycle.

Figure 1: Broiler chicken (producer) price (IDR/kg)

Quarter	ASP (IDR/kg)	Chg (QoQ)	Chg (YoY)
1Q23	20,697	-1.2%	-4.9%
2Q23	22,553	9.0%	-2.3%
3Q23	22,829	1.2%	2.8%
4Q23	21,387	-6.3%	2.1%
1Q24	22,319	4.4%	7.8%
2Q24	23,049	3.3%	2.2%
3Q24	21,242	-7.8%	-7.0%
4Q24	21,922	3.2%	2.5%
1Q25	22,191	1.2%	-0.6%
Apr-May 25 *)	20,250	-8.7%	-12.1%

Note: *) QoQ comparison: Apr-May 2025 vs Jan-Feb 2025

Note 2: **) YoY comparison: Apr-May 2025 vs Apr-May 2024

Source: Badan Pangan Nasional, RHB

Figure 2: Dried shelled corn price (IDR/kg)

Quarter	ASP (IDR/kg)	Chg (QoQ)	Chg (YoY)
1Q23	4,217	4.2%	-7.1%
2Q23	4,777	13.3%	2.2%
3Q23	4,983	4.3%	17.8%
4Q23	5,583	12.0%	38.0%
1Q24	6,089	9.1%	44.4%
2Q24	4,460	-26.8%	-6.6%
3Q24	4,304	-3.5%	-13.6%
4Q24	4,535	5.4%	-18.8%
1Q25	4,781	5.4%	-21.5%
Apr-May 25 *)	4,814	1.5%	5.5%

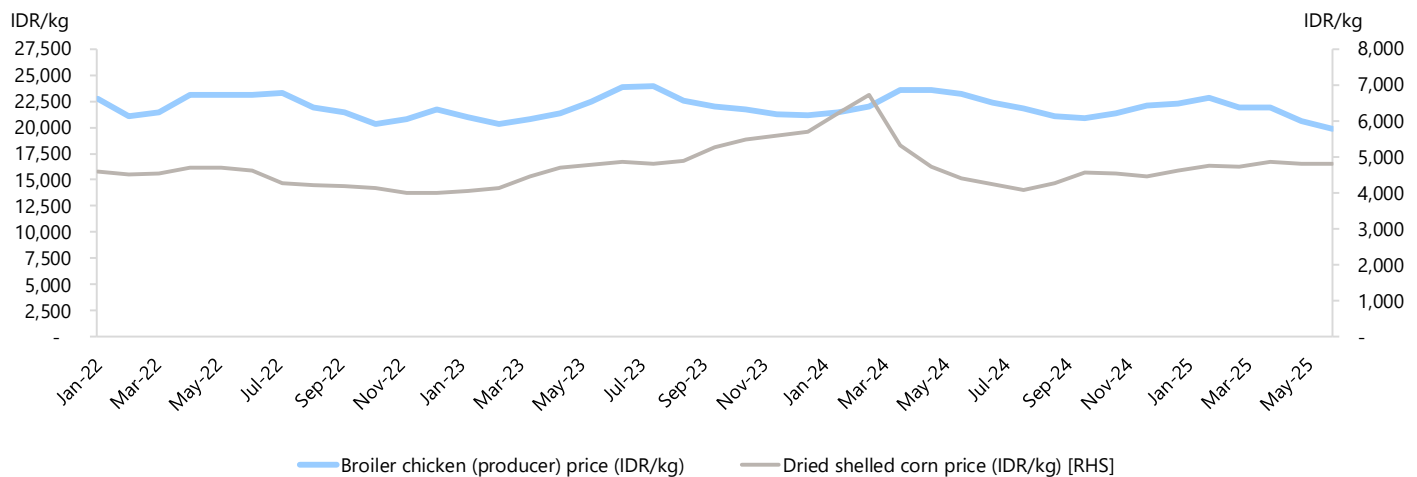
Note: *) QoQ comparison: Apr-May 2025 vs Jan-Feb 2025

Note 2: **) YoY comparison: Apr-May 2025 vs Apr-May 2024

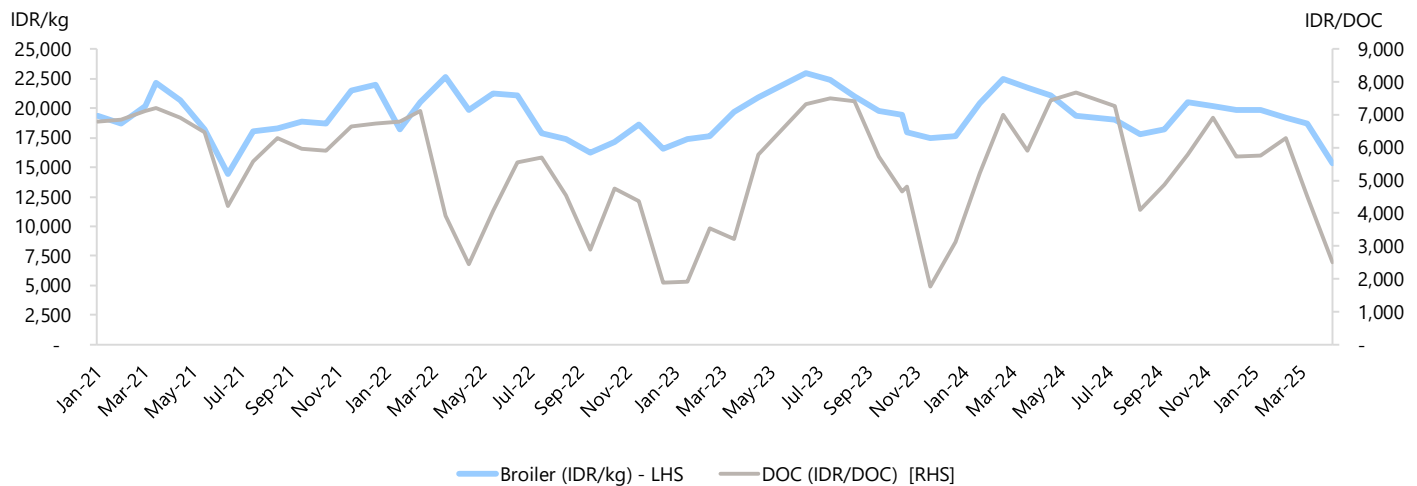
Source: Badan Pangan Nasional, RHB

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Figure 3: Dried shelled corn and broiler chicken (producer) prices (IDR/kg)

Source: National Food Agency, RHB

Figure 4: Broiler and DOC average monthly price – West Java

Source: Company data, Japfa Comfeed marketing team, RHB

How Prabowo's free meal programme boosts poultry demand

President Prabowo's free-meal programme has emerged as a major catalyst for the rising poultry consumption in Indonesia. Launched on 6 Jan 2025, the initiative aims to combat malnutrition and stunting by providing free nutritious meals to school children, pregnant women, and nursing mothers. Initially rolled out in 26 provinces, the programme rapidly expanded to cover all 38 provinces by Feb 2025.

Beneficiary numbers have grown steadily each month – from c.1m by Feb 2025, to 2.5m in Mar 2025, 3m in Apr 2025, and nearly 4m by late May 2025. This expansion has been supported by the rollout of 726 nutrition service units (SPPGs) and an aggressive increase in budget disbursement – from IDR710.5bn in Mar 2025 to IDR3trn by May 2025.

Meals typically consist of rice, vegetables, fruits, and animal protein – especially chicken – helping drive up domestic poultry demand. Looking ahead, the Government plans to invest IDR217trn and scale up to 32,000 SPPG units, with an ambitious target of reaching 82.9m beneficiaries by year-end.

Despite its strong momentum, the programme has faced concerns around budget sustainability and spending priorities. Nonetheless, it underscores a bold push to improve national nutrition and human capital development, with visible progress and growing economic ripple effects.

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Soars in 1Q25: Processed chicken comeback powers 116% profit surge

CPIN delivered a standout performance in 1Q25, posting a net profit of IDR1.5trn, marking a 116.5% YoY and 16.1% QoQ increase. This exceeded our and consensus expectations by nearly 39% of our full-year estimate, thanks to its stronger-than-expected GPM and reduced selling expenses. A key highlight was the turnaround in the processed chicken segment, which contributed significantly to EBIT recovery.

Net revenue stood at IDR17.7trn, up 11.3% YoY and slightly down 0.3% QoQ, broadly in line with estimates. Revenue growth was driven mainly by the DOC segment, which surged 71.6% YoY, and the feed segment, which rose 22.7% YoY.

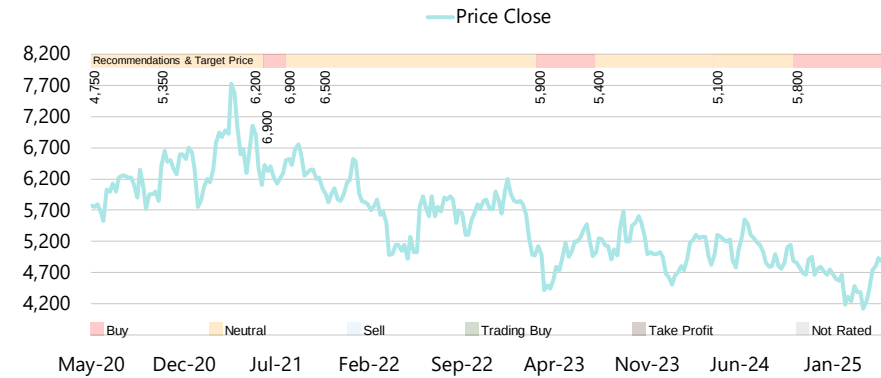
EBIT came in at IDR2.04trn, a 95.1% YoY increase, supported by robust broiler segment earnings and a significant recovery in the DOC and processed chicken segments, both of which rebounded from losses in the same period last year. While feed segment EBIT improved YoY, it declined slightly on a quarterly basis.

Figure 5: CPIN's 1Q25 results highlights

IDRbn	1Q24	4Q24	1Q25	QoQ (%)	YoY (%)	% of RHB	% of Cons
Sales	15,913	17,759	17,705	(0.3)	11.3	25.4	24.9
COGS	13,786	14,315	14,574	1.8	5.7		
Gross profit	2,126	3,445	3,130	(9.1)	47.2	29.3	29.4
Selling expense	588	735	566	(23.0)	(3.7)		
G&A expense	491	614	521	(15.2)	6.1		
Operating expenses	1,079	1,349	1,087	(19.4)	0.8		
Operating profit	1,048	2,095	2,044	(2.5)	95.1	30.1	34.7
Net interest income/(expense)	(173)	(162)	(117)	(27.7)	(32.4)		
Interest income	6	20	34	74.5	513.5		
Interest expense	(178)	(181)	(151)	(16.6)	(15.3)		
Forex gain (expense)	(29)	29	4	(86.2)	(113.6)		
Other income/ (expense)	21	239	64	(73.1)	200.5		
Total other income (costs)	(181)	106	(49)	(145.8)	(73.1)		
Pretax profit	867	2,201	1,995	(9.4)	130.1		
Taxation	(156)	(876)	(457)	(47.9)	192.6		
Minority interest	0	1	1	11.3	1,493.1		
Net profit	711	1,326	1,539	16.1	116.5	38.7	37.7
Margin (%)							
Gross margin (%)	13.4	19.4	17.7				
Operating margin (%)	6.6	11.8	11.5				
Pretax margin (%)	5.4	12.4	11.3				
Net margin (%)	4.5	7.5	8.7				
Turnover days							
Inventory Days	70	59	61				
Receivable Days	13	10	12				
Payable Days	21	17	17				

Source: Company data, RHB

Recommendation Chart



Source: RHB, Bloomberg

Date	Recommendation	Target Price	Price
2024-11-01	Buy	5,800	4,890
2024-05-02	Neutral	5,100	4,860
2023-08-02	Neutral	5,400	5,100
2023-03-21	Buy	5,900	4,970
2021-11-12	Neutral	6,500	6,050
2021-08-22	Neutral	6,900	6,500
2021-06-30	Buy	6,900	6,250
2021-06-03	Neutral	6,200	7,200
2020-11-02	Neutral	5,350	5,825
2020-05-20	Neutral	4,750	4,690
2020-04-24	Neutral	4,150	4,080
2020-04-21	Neutral	4,150	3,940
2020-02-17	Sell	5,050	6,575
2020-02-14	Sell	5,050	6,475
2019-11-01	Sell	4,600	6,850

Source: RHB, Bloomberg

RHB Guide to Investment Ratings

Buy:	Share price may exceed 10% over the next 12 months
Trading Buy:	Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain
Neutral:	Share price may fall within the range of +/- 10% over the next 12 months
Take Profit:	Target price has been attained. Look to accumulate at lower levels
Sell:	Share price may fall by more than 10% over the next 12 months
Not Rated:	Stock is not within regular research coverage

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