

07 Agustus 2019

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BUY

LP 995/Share
TP 1,290/Share
(+29.65% Upside)

General Information

Ticker	MAIN
52-week range	935 - 1,920
YTD Return (%)	-28.01%
VS JCI (%)	-0.09%
Last Price (IDR per share)	995
Target Price	1,290
Share Outstanding (Mn shares)	2,239
Market Cap (Rp tn)	2.2
Sector	Basic Industry

Source: Company and Profindo estimates

Shareholder

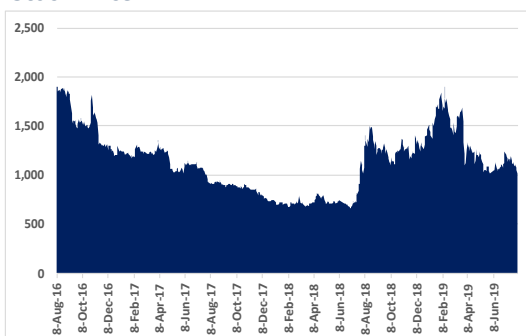
Dragon Amity Pte Ltd	57.27%
Publik	42.73%

Source: Company

Year	Dividen Payment
2019	22.00
2018	16.00
2017	38.00
2016	-
2015	-

Source: IDX

Stock Price



Source: Proclink

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MAIN Catatkan Pertumbuhan Penjualan 1H 2019

PT. Malindo Feedmill Tbk (MAIN) mencatatkan pendapatan usaha Rp 3.8 triliun sepanjang 1H 2019. Capaian ini meningkat 26% jika dibandingkan pendapatan 1H 2018 sebesar Rp 3.0 triliun. Kontributor utama pada penjualan MAIN 1H tahun ini adalah segmen penjualan pakan Rp 2.5 triliun (65.8% pendapatan), namun penjualan pada segmen broiler menurun 2% YoY menjadi 598.3 miliar. Hal ini disebabkan penurunan harga ayam potong di tingkat peternak pada bulan Ramadhan mencapai Rp6,000/kg. Harga tersebut berada di bawah harga acuan pembelian yang ditetapkan Permendag Nomor 96 Tahun 2018, yaitu Rp 18.000 – 20.000/kg.

Katalis

Gagalnya gugatan Indonesia di WTO pada bulan Juli menyebabkan meningkatnya probabilita impor ayam ras. WTO menyebutkan bahwa indoneisa telah melanggar beberapa gugatan Brazil mengenai importasi ayam ras beserta turunannya. Namun dalam pandangan kami, impor ayam ras tersebut tidak mudah untuk dilaksanakan karena pemerintah Indonesia cenderung untuk melindungi kepentingan peternak lokal. Selain itu, ayam yang masuk ke Indonesia umumnya harus melewati beberapa aturan birokrasi, salah satunya *halal certificate*.

Fenomena anjloknya harga ayam ditingkat peternak ayam pada Q2 2019 merupakan penekan kinerja MAIN segmen broiler. Hal ini disebabkan berlebihnya pasokan broiler dan DOC saat musim Ramadhan yang tidak diimbangi dengan besarnya *demand*. Namun kami menilai kinerja segmen broiler pada 2H 2019 akan membaik seiring inisiasi pemerintah untuk menstabilkan harga jual DOC dan ayam ditingkat peternak serta dinamika *supply-demand* melalui kebijakan *culling* yang kembali dilakukan oleh pemerintah.

Harga 29.6% Discount Terhadap Valuasi

Berdasarkan metode *Free Cash Flow to Firm (FCFF)*, kami memproyeksi target harga MAIN Rp 1,290 per lembar saham dengan tingkat PER dan PBV FY 2019 masing – masing sebesar 14.11x dan 1.40x. Kami merekomendasikan *buy* MAIN dengan potensial upside +29.65%.

Exhibit 1. Simplified Balance Sheet (in Thousands of Rupiah)

	2017	2018	2019 F	2020 F
Cash and cash equivalents	175,606,503	143,958,984	339,469,929	633,127,363
Inventories	620,959,761	801,120,366	903,965,956	923,642,220
Trade Receivable	440,951,649	346,571,365	381,951,655	514,140,136
Other Receivable	1,145,013	2,418,797	2,665,724	3,588,296
Other current asset	377,149,061	588,442,672	588,442,672	588,442,672
Total Current Asset	1,615,811,987	1,882,512,184	2,216,495,936	2,662,940,688
Fixed assets - net	2,038,990,401	2,092,575,482	2,248,636,127	2,359,196,773
Other non current asset	353,833,331	360,756,789	360,756,789	360,756,789
Total Non Current Asset	2,392,823,732	2,453,332,271	2,609,392,916	2,719,953,562
Total Asset	4,008,635,719	4,335,844,455	4,825,888,852	5,382,894,250
Trade Payable	253,212,812	259,644,232	292,976,632	328,481,238
Short-term bank borrowings	1,141,694,859	228,378,901	216,959,956	206,111,958
Other current liabilities	470,621,402	662,296,451	744,438,724	839,584,051
Total Current Liabilities	1,865,529,073	1,150,319,584	1,254,375,312	1,374,177,246
Long-term borrowings	388,090,872	1,077,049,027	1,292,365,112	1,550,791,275
Other non current liabilities	117,472,834	116,829,750	116,829,750	116,829,750
Total Non Current Liabilities	505,563,706	1,193,878,777	1,409,194,862	1,667,621,025
Total Liabilities	2,371,092,779	2,344,198,361	2,663,570,174	3,041,798,271
Dana Syirkah Temporer	-	95,000,000	95,000,000	95,000,000
Equity	1,637,542,940	1,896,646,094	2,067,318,678	2,246,095,979
Total Liabilities and Equity	4,008,635,719	4,335,844,455	4,825,888,852	5,382,894,250

Source: Company and Profindo estimates

Exhibit 2. Simplified Income Statement (in Thousands of Rupiah)

	2017	2018	2019 F	2020 F
Net Revenues	5,441,395,835	6,705,892,735	7,390,474,476	7,781,053,576
Growth (%)		23.24%	10.21%	5.28%
Cost of Revenues	(4,881,063,568)	(5,763,691,018)	(6,503,617,539)	(6,838,302,733)
Gross Profit	560,332,267	942,201,717	886,856,937	942,750,843
Changes in biological assets	(1,620,907)	117,159,335	129,119,732	123,351,087
Selling expenses	(173,670,960)	(173,371,163)	(191,070,034)	(201,167,892)
G&A expenses	(244,386,746)	(359,091,312)	(363,175,139)	(382,368,578)
Other operating expenses - net	(19,437,228)	(2,141,287)	(11,085,712)	(7,078,091)
Income from operation	121,216,426	524,757,290	450,645,784	475,487,370
Finance income	308,451	433,334	355,239	796,828
Other financial charges	(122,901,921)	(127,003,502)	(158,455,011)	(185,782,532)
Profit/loss before tax	(1,377,044)	398,187,122	292,546,013	290,501,666
Income tax	44,321,039	(113,940,244)	(87,763,804)	(87,150,500)
Profit (Loss) For the Year	42,943,995	284,246,878	204,782,209	203,351,166

Source: Company and Profindo estimates

Exhibit 3. Simplified Cash Flow (in Thousands of Rupiah)

	2017	2018	2019 F	2020 F
Cash Flow from Operating	265,893,212	367,904,123	398,581,157	430,507,809
Cash Flow from Investing	(335,480,726)	(317,536,239)	(455,000,000)	(455,000,000)
Cash Flow from Financing	171,760,804	(14,678,719)	251,929,788	318,149,626

Source: Company and Profindo estimates

Exhibit 4. MAIN's Financial Ratios

Liquidity Ratio	2017	2018	2019 F	2020 F
Current Ratio	0.87	1.64	1.77	1.94
Quick Ratio	0.53	0.94	1.05	1.27
Solvabilitas Ratio	2017	2018	2019 F	2020 F
Debt to Asset Ratio (DAR)	59.15%	54.07%	55.19%	56.51%
Debt to Equity Ratio (DER)	144.80%	123.60%	128.84%	135.43%
Equity Multiplier	2.45	2.29	2.33	2.40
Profitabilitas Ratio	2017	2018	2019 F	2020 F
Gross Profit Margin	10.30%	14.05%	12.00%	12.12%
Operating Profit Margin	2.23%	7.83%	6.10%	6.11%
Net Profit Margin	0.79%	4.24%	2.77%	2.61%
Return on Asset	1.07%	6.56%	4.24%	3.78%
Return on Equity	2.62%	14.99%	9.91%	9.05%
Market Ratio	2017	2018	2019 F	2020 F
Earning Per Share (EPS)	22.00	127.00	91.47	90.83
Price to Earning Ratio (PER)	33.64	10.98	14.11	14.21
Book Value Per Share	731	847	923	1,003
Price to Book Value (PBV)	1.01	1.65	1.40	1.29
Activity Ratio	2017	2018	2019 F	2020 F
Inventory Turnover	7.86	7.19	7.19	7.40
Days' Sales in Inventory	46.43	50.73	50.73	49.30
Receivables Turnover	12.31	19.22	19.22	15.03
Days' Sales in Receivable	29.66	19.00	19.00	24.29
Fixed Asset Turnover	2.67	3.20	3.29	3.30
Total Asset Turnover	1.36	1.55	1.53	1.45
Cash Conversion Cycle	57	53	53	56

Source: Company and Profindo estimates

Exhibit 4. Capex Allocation in 2019

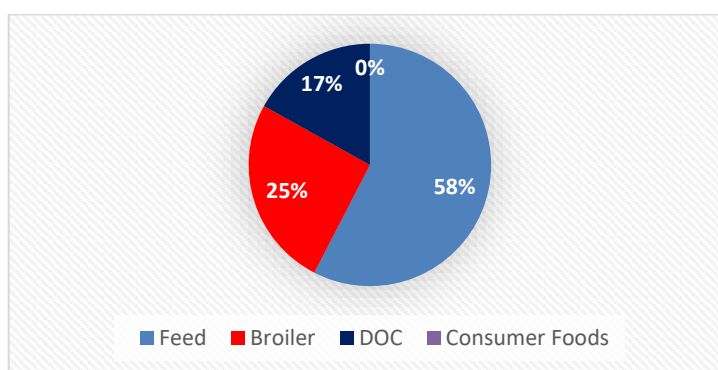
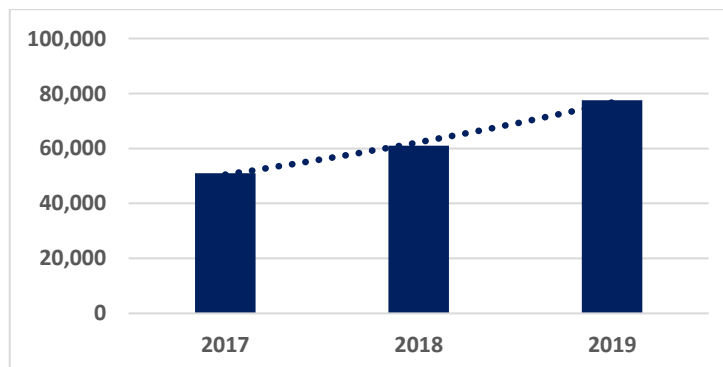


Exhibit 5. Broiler Capacity (MT)



Source : Company Presentation

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