

HOLD (from BUY)

Target Price (IDR) **50 (from 240)**

Potential Upside (%) -

Price Comparison

Cons. Target Price (IDR) -

SSI vs. Cons. (%) -

Stock Information

Last Price (IDR) 50

Shares Issued (Mn) 29,419

Market Cap. (IDR Bn) 1,471

52-Weeks High/Low (IDR) 173/50

3M Avg. Daily Value (IDR Bn) 0.0

Free Float (%) 5.8

Shareholder Structure:

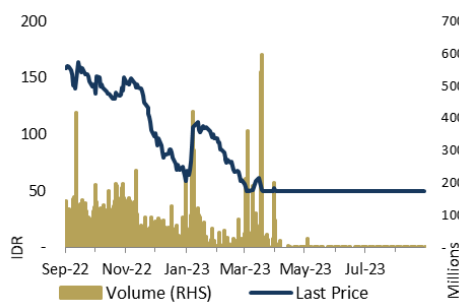
Tumiyana (%) 71.14

Public (%) 28.86

Stock Performance

(%)	YTD	1M	3M	12M
Absolute	(32.4)	-	-	(67.5)
JCI Return	1.4	1.0	3.8	(4.1)
Relative	(33.9)	(1.0)	(3.8)	(63.5)

Stock Price & Volumes, 12M



Company Background

Widodo Makmur Perkasa Tbk (WMPP) merupakan salah satu perusahaan peternakan terintegrasi terbesar di Indonesia yang fokus pada bisnis sapi dan unggas. Sejak memulai usahanya pada tahun 1995, WMPP telah merambah ke berbagai bidang usaha lain, termasuk perdagangan komoditas pertanian dan pengolahan daging.

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Hitting the Rock Bottom

Pendapatan terjun bebas, biaya meroket. Sejak IPO-nya pada Desember 2021, WMPP terus mencatatkan angka yang kurang memuaskan. Tren negatif tersebut berlanjut hingga 1H23, dimana perusahaan membukukan pendapatan sebesar IDR 592 miliar (-72.7% yoy) dan rugi bersih -IDR 171 miliar (vs laba bersih IDR 15 miliar pada 1H22). Kami sebelumnya meyakini bahwa WMPP memiliki pendorong pertumbuhan yang kuat (WMUU), terutama dengan rumah potong hewan barunya (dengan kapasitas 12 ribu ayam/jam) yang meningkatkan kapasitas produksi totalnya menjadi 70.6 kton. Namun, tingkat utilitasnya turun secara signifikan pada tahun 2023 (proyeksi SSI: 11%). Tidak hanya itu, bisnis peternakan sapi dan pengolahan daging WMPP juga melemah, dengan volume penjualan yang anjlok lebih dari 50%. Hal ini diperparah dengan melonjaknya biaya, karena rasio OpEx terhadap penjualan WMPP diperkirakan mencapai 15% tahun ini, naik +700 bps dari tahun 2022. Kami melihat bahwa beberapa alasan utama lonjakan rasio ini adalah rendahnya permintaan karkas dari bisnis HoReCa dan pangsa pasar yang rendah. Selain itu, WMPP juga terkena dampak wabah penyakit mulut dan kuku yang menyerang ternaknya, dan kami memperkirakan perlu bertahun-tahun sebelum WMPP dapat bangkit kembali.

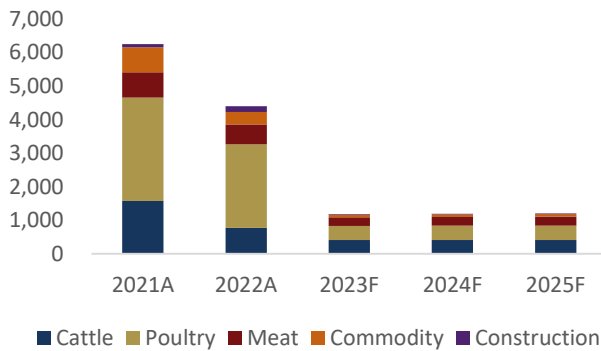
Perubahan proyeksi besar-besaran. Kami tidak melihat adanya potensi peningkatan besar dalam performa WMPP di masa mendatang, mengingat pangsa pasarnya yang kecil, margin yang sangat tipis dari bisnis ternaknya, dan pasar unggas yang lesu. Oleh karena itu, kami memperkirakan WMPP akan membukukan pendapatan sebesar IDR 1.18 triliun pada tahun 2023 dan IDR 1.2 triliun pada tahun 2024 (+1% yoy). Hal tersebut, dikombinasikan dengan prospek margin yang agak suram (proyeksi OPM: -7%) dan rasio OpEx terhadap penjualan yang tinggi, mendorong kami memproyeksikan WMPP akan membukukan kerugian bersih sebesar -IDR 312 miliar pada tahun 2023 dan -IDR 308 miliar pada tahun 2024. Kerugian bersih mungkin akan terus berlanjut sampai WMPP menemukan cara untuk meningkatkan efisiensi operasinya. Namun kita melihat adanya potensi keuntungan pasca restrukturisasi utang, karena dapat meringankan biaya di tahun-tahun mendatang.

HOLD, TP di IDR 50. Dengan roll-over valuasi kami ke FY24F, kami menurunkan rating kami untuk WMPP menjadi HOLD dengan TP IDR 50, yang merefleksikan 1.1x PBV FY24F (7% di atas perusahaan sejenis). Kami yakin harga saham WMPP saat ini cukup wajar, mengingat penurunan nilainya bagi pemegang saham dan kurangnya potensi lonjakan besar dalam pendapatan & labanya di masa mendatang. Upside: Membaiknya bisnis sapi dan karkas perseroan.

Forecast and Valuations (@ IDR 50 per share)

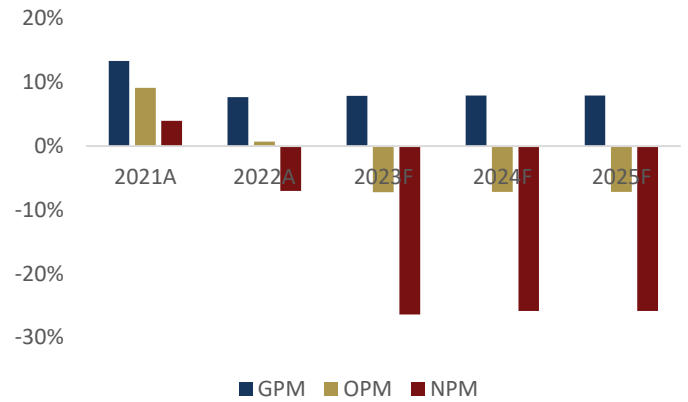
Y/E Dec	21A	22A	23F	24F	25F
Revenue (IDR Bn)	6,235	4,390	1,181	1,190	1,199
EBITDA (IDR Bn)	570	126	17	25	32
EV/EBITDA(x)	5.2	33.5	220.2	174.8	150.2
Net Profit (IDR Bn)	247	(308)	(312)	(308)	(310)
EPS (IDR)	8	(10)	(11)	(10)	(11)
EPS Growth (%)	(26.3)	NA	NA	NA	NA
P/E Ratio (x)	5.9	(4.8)	(4.7)	(4.8)	(4.7)
BVPS (IDR)	82	71	58	46	34
P/BV Ratio (x)	0.61	0.70	0.86	1.09	1.47
DPS (IDR)	-	-	-	-	-
Dividend Yield (%)	-	-	-	-	-
ROAE(%)	10.2	(13.6)	(16.4)	(20.1)	(26.4)
ROAA (%)	4.4	(5.2)	(5.5)	(5.8)	(6.0)
Interest Coverage (x)	2.9	0.1	(0.2)	(0.2)	(0.2)
Net Gearing (x)	0.6	1.3	1.3	2.1	3.4

Figure 1. Revenue Breakdown



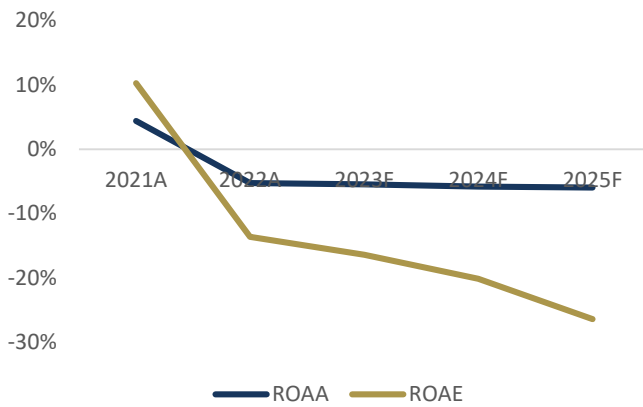
Source: Company. SSI Research

Figure 2. Profitability Margins



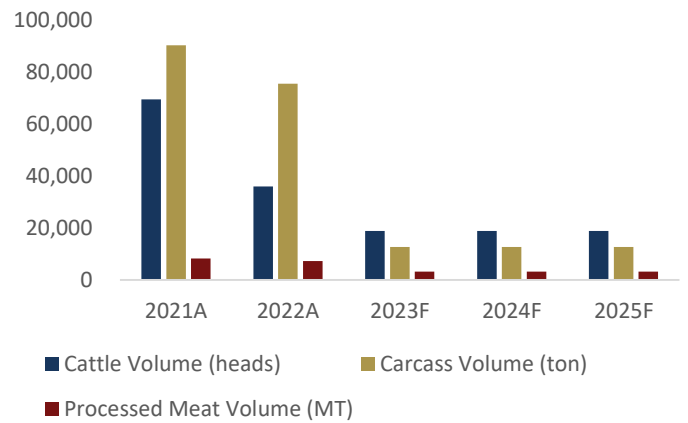
Source: Company. SSI Research

Figure 3. ROAA & ROAE Forecast



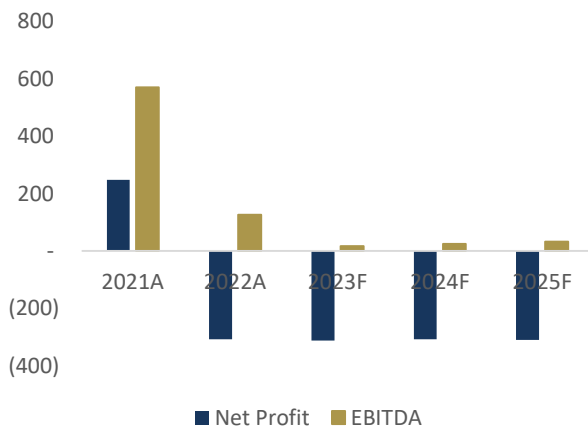
Source: Company. SSI Research

Figure 4. Operational Volume



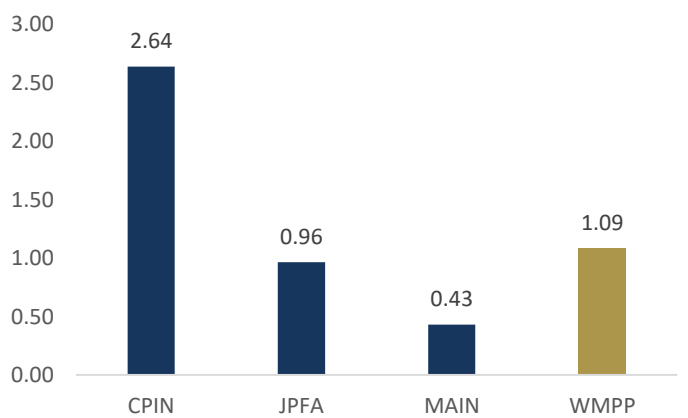
Source: Company. SSI Research

Figure 5. Net Profit and EBITDA forecast



Source: Company, SSI Research

Figure 6. 2024 PBV Comparison



Source: Company. SSI Research

Widodo Makmur Perkasa

Bloomberg: WMPP.IJ | Reuters: WMPP.JK

Poultry Sector

11 September 2023



JCI Index 6,925

Key Financial Figures

Profit and Loss					
Y/E Dec (IDR Bn)	21A	22A	23F	24F	25F
Revenues	6,235	4,390	1,181	1,190	1,199
Cost of goods sold	(5,402)	(4,053)	(1,087)	(1,096)	(1,105)
Gross Profit	833	337	93	94	95
SGA Expense	(262)	(306)	(178)	(180)	(181)
Operating Profit	570	32	(85)	(86)	(86)
EBITDA	570	126	17	25	32
Finance Expenses	(194)	(397)	(428)	(461)	(495)
Other Income/Expenses	17	(124)	90	113	136
Pre-tax profit	393	(395)	(321)	(324)	(326)
Income Tax	(91)	78	(0)	6	7
Profit for Period	302	(317)	(322)	(317)	(320)
Minority Interest	(55)	9	10	9	10
Net Profit	247	(308)	(312)	(308)	(310)

Balance Sheet					
Y/E Dec (IDR Bn)	21A	22A	23F	24F	25F
Cash & equivalents	305	171	843	552	266
Receivables	558	972	261	264	266
Others	2,261	1,563	701	703	706
Total Current Assets	3,124	2,706	1,805	1,519	1,238
Net Fixed Asset	1,982	2,953	3,137	3,315	3,487
Other Non-Current Asset	549	412	412	412	412
Total Assets	5,656	6,070	5,353	5,246	5,137
ST. Bank loan	906	2,309	2,487	2,681	2,876
Payables	1,197	756	203	204	206
Other current Liabilities	29	30	30	30	30
Total Current Liabilities	2,133	3,094	2,720	2,915	3,112
LT. Debt	916	603	650	700	751
Other LT Liabilities	190	276	276	276	276
Total Liabilities	3,238	3,973	3,645	3,891	4,139
Minority Interest	313	299	221	175	129
Total Equity	2,418	2,097	1,708	1,354	998

Cash Flow					
Y/E Dec (IDR Bn)	21A	22A	23F	24F	25F
Net Profit	247	(308)	(312)	(308)	(310)
D&A	-	94	102	110	118
Changes in Working Capital	-	(727)	1,020	(3)	(3)
Operating Cash Flow	63	(742)	810	(200)	(195)
Capital Expenditure	(508)	(1,064)	(286)	(289)	(291)
Others	(758)	675	-	-	-
Investing Cash Flow	(1,266)	(389)	(286)	(289)	(291)
Net - Borrowing	-	1,090	225	245	246
Other Financing	1,434	(93)	(77)	(46)	(46)
Financing Cash Flow	1,434	997	147	199	199
Net - Cash Flow	230	(134)	671	(290)	(286)
Cash at beginning	75	305	171	843	552
Cash at ending	305	171	843	552	266

Key Ratios					
Y/E Dec (IDR Bn)	21A	22A	23F	24F	25F
Gross Profit Margin (%)	13.4	7.7	7.9	7.9	7.9
Operating Margin (%)	9.1	0.7	-7.2	-7.2	-7.2
EBITDA Margin (%)	9.1	2.9	1.4	2.1	2.7
Pre-Tax Margin (%)	6.3	-9.0	-27.2	-27.2	-27.2
Net Profit Margin (%)	4.0	-7.0	-26.4	-25.9	-25.9
Debt to Equity (x)	0.8	1.4	1.8	2.5	3.6
Net Gearing (%)	0.6	1.3	1.3	2.1	3.4

Major Assumption					
	21A	22A	23F	24F	25F
Cattle Segment Growth		-51%	-47%	0%	0%
Poultry Segment Growth		-19%	-83%	1%	1%
Meat Segment Growth		-22%	-56%	1%	1%
Commodity Segment Growth		-50%	-80%	0%	0%
Construction Segment Growth		76%	-90%	1%	1%

Peers Comparison

Ticker	Name	Mkt Cap (USD mn)	P/E (x)		P/B (x)		EV / EBITDA (x)		ROE (%)		ROA (%)	
			2023F	2024F	2023F	2024F	2023F	2024F	2023F	2024F	2023F	2024F
Poultry												
CPIN IJ Equity	CHAROEN POKPHAND INDONESIA PT	5,347	25.4	19.9	2.9	2.6	16.5	13.4	11.2	14.0	7.5	8.7
JPFA IJ Equity	JAPFA COMFEED INDONESIA-TBK PT	962	12.2	8.6	1.0	1.0	8.1	6.4	9.1	12.2	3.7	5.0
MAIN IJ Equity	MALINDO FEEDMILL TBK PT	69	N/A	7.7	0.5	0.4	10.4	5.7	(1.2)	5.7	(1.2)	2.2
WMPP IJ Equity	WIDODO MAKMUR PERKASA TBK PT	96	17.3	15.0	1.4	1.0	6.7	6.0	9.1	7.9	5.8	6.3
JBSS3 BZ Equity	JBS SA (Brazil)	8,345	70.0	10.3	0.9	0.9	7.5	5.7	2.5	9.8	0.8	2.1
JAP SP Equity	JAPFA LTD	351	21.6	6.6	0.4	0.4	8.2	6.6	2.1	6.3	3.7	5.0
LHIB MK Equity	LEONG HUP INTERNATIONAL BHD	433	11.1	9.3	0.9	0.9	7.0	6.7	9.0	10.0	2.5	2.8
GFPT TB Equity	GFPT PUBLIC CO LTD	386	10.0	8.9	0.8	0.7	7.4	6.8	8.0	8.3	5.8	6.2
TSN US Equity	TYSON FOODS INC-CL A	18,542	40.8	17.2	1.0	0.9	13.6	9.4	2.1	4.1	1.0	2.1
TFG TB Equity	THAIFOODS GROUP PCL	625	15.2	9.3	1.4	1.3	7.4	6.8	10.3	15.0	4.3	6.1
Weighted Average			7.4	7.3	0.7	0.6	6.6	5.2	4.8	7.1	1.3	2.3
Cattle												
ALCO US Equity	ALICO INC	180	N/A	N/A	N/A	N/A	30.9	22.8	N/A	N/A	N/A	N/A
BGS US Equity	B&G FOODS INC	879	11.6	10.5	1.0	1.0	9.6	9.4	N/A	N/A	N/A	N/A
BEEF3 BZ Equity	MINERVA SA	1,099	6.2	5.3	4.1	3.2	4.7	5.4	86.4	65.7	N/A	N/A
288 HK Equity	WH GROUP LTD	6,627	6.5	5.1	0.7	0.6	4.3	3.7	10.2	11.6	5.3	6.0
000876 CH Equity	NEW HOPE LIUHE CO LTD-A	7,219	57.2	11.2	1.8	1.5	14.6	10.3	(1.8)	13.5	0.6	3.8
300498 CH Equity	WENS FOODSTUFFS GROUP CO - A	15,252	30.0	10.1	2.5	2.0	15.1	7.9	10.4	21.7	3.8	7.9
002714 CH Equity	MUYUAN FOODSTUFF CO LTD-A	30,459	34.0	9.4	3.0	2.3	18.1	8.1	8.0	25.5	2.2	12.6
AGCO US Equity	AGCO CORP	9,587	8.3	8.5	2.1	1.8	5.7	5.9	26.9	22.2	10.2	8.9
PAHC US Equity	PHIBRO ANIMAL HEALTH CORP-A	544	11.3	10.2	1.8	1.6	8.0	7.3	17.9	16.6	4.9	5.3
Weighted Average			31.6	8.8	1.8	1.5	11.1	8.0	11.5	17.9	1.9	4.0
FMCG - Foods Processing												
MRF3 BZ Equity	MARFRIG GLOBAL FOODS SA	974	N/A	N/A	1.2	1.7	8.2	7.5	(15.2)	(116.6)	(0.5)	(0.1)
JBSS3 BZ Equity	JBS SA	8,345	70.0	10.3	0.9	0.9	7.5	5.7	2.5	9.8	0.8	2.1
TU TB Equity	THAI UNION GROUP PCL	1,850	13.5	10.8	0.9	0.8	10.8	9.7	6.5	7.7	3.0	3.6
TSN US Equity	TYSON FOODS INC-CL A	18,542	40.8	17.2	1.0	0.9	13.6	9.4	2.1	4.1	1.0	2.1
PPC US Equity	PILGRIM'S PRIDE CORP	5,771	20.2	10.9	1.9	1.6	9.8	6.8	9.5	18.5	2.9	6.6
HRL US Equity	HORMEL FOODS CORP	20,575	22.7	21.0	2.6	2.4	15.5	14.5	12.1	12.2	6.7	7.4
000895 CH Equity	HENAN SHUANGHUI INVESTMENT-A	12,647	15.6	14.5	3.9	3.5	10.9	10.2	25.4	25.0	16.2	16.6
2281 JP Equity	PRIMA MEAT PACKERS LTD	859	15.4	14.6	1.1	1.0	5.6	5.3	8.1	8.1	6.0	6.0
Weighted Average			31.1	11.0	1.0	0.9	9.1	6.7	3.3	4.9	1.4	2.8

Source: Company, SSI Research

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