Equity Research – Company Update

Friday, 02 May 2025

Buy

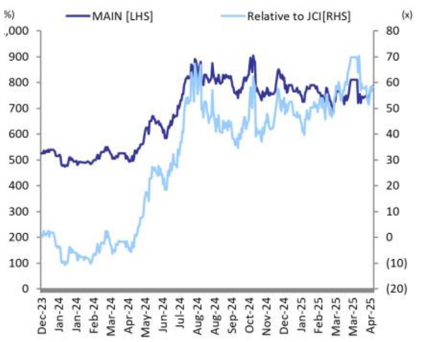
(Maintained)

Last Price (Rp)	**785**
Target Price (Rp)	**1,500**
Previous Target Price (Rp)	***1,900***
Upside/Downside	**+91.1%**
No. of Shares (mn)	**2,239**
Mkt Cap (Rpbn/US$mn)	**1,757/106**
Avg, Daily T/O (Rpbn/US$mn)	**2.7/0.2**
Free Float (%)	**42.4**
Major Shareholder (%)	
Dragon Aminity Pre. Ltd.	**57.3**

EPS Consensus (Rp)

	2025F	**2026F**	**2027F**
BRIDS	158.6	219.5	233.8
Consensus	n.a	n.a	n.a
BRIDS/Cons (%)	**n.a**	**n.a**	**n.a**

MAIN relative to JCI Index



Source: Bloomberg

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Malindo Feedmill Indonesia (MAIN IJ)

1Q25 Earnings Miss: Dragged Down by Weak DOC and Livebird Prices Despite Higher Feed Margin qoq

- **MAIN posted net profit of Rp63bn in 1Q25 (-51% qoq, -28% yoy), forming 13% of our FY25F, underperforming due to margin compression**
- **Feed margin improved in 1Q25, but weak performance in DOC, broiler, and processed food segments dampened overall results.**
- **Maintain BUY with a lower TP of Rp1,500, following a 32% downward adjustment to our FY25F EBITDA due to the weak 1Q25 performance.**

MAIN 1Q25 earnings below expectation amid margin compression
MAIN reported net profit of Rp63bn in 1Q25 (-51% qoq, -28% yoy), forming only 13% of our FY25F — well below expectations. Gross revenue rose 3% qoq but fell 1% yoy. Operating profit margin declined to 2.4% (-292bps qoq, -127bps yoy), leading to operating profit of Rp159bn (-7% qoq, -32% yoy). Opex declined qoq (due to a high 4Q24 base) but rose 11% yoy, likely from Eid allowance timing.

Feed margin improvement dampened by weak DOC and Broiler segments
Feed margin improved to 7.1% in 1Q25 (from 6.5% in 4Q24) but was still below 8.6% in 1Q24. The performance in DOC and broiler segments was a drag, as margins declined despite the Eid festive period, with DOC margins turning negative and broiler margins barely making money at 0.2%. Additionally, processed food revenue fell 5% qoq (+19% yoy), and while the margin improved, it remained in the red at -14.9% operating margin.

We revised FY25F EBITDA and NP by 32% and 24%
Due to softer demand during the 2025 Eid festive period, we have revised our FY25 estimates for DOC and livebird ASP, lowering them from Rp6,716/chick and Rp20,351/kg to Rp6,234/chick and Rp18,383/kg. In addition, our SBM cost assumption has been adjusted downward from US$362/t to US$324/t, reflecting the lower-than-expected prices observed year-to-date. Consequently, our FY25/26F EBITDA forecasts are now 32/35% below previous expectations.

Maintain Buy rating with a lower TP of Rp1,500
Despite the weak results and lower FY25F earnings, we maintain Buy rating on MAIN, given its cheap valuation of 5x FY25 PE ratio, potential c. 8% dividend yield, and buyback program. Our TP is derived from -0.5SD EV/EBITDA of 4.8x, pricing in its low liquidity and implying 9.5x FY25F PE. Risks to our view are persistent weak purchasing power and government interventions.

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Revenue (Rpbn)	12,058	12,503	12,279	13,391	14,948
EBITDA (Rpbn)	642	1,052	857	1,046	1,099
EBITDA Growth (%)	47.3	63.9	(18.6)	22.0	5.1
Net Profit (Rpbn)	63	488	355	491	523
EPS (Rp)	28.3	218.0	158.6	219.5	233.8
EPS Growth (%)	141.5	670.1	(27.2)	38.9	6.9
BVPS (Rp)	1,116.0	1,439.8	1,598.4	1,818.3	2,052.6
DPS (Rp)	0.0	0.0	0.0	0.0	0.0
PER (x)	27.7	3.6	4.9	3.6	3.4
PBV (x)	0.7	0.5	0.5	0.4	0.4
Dividen yield (%)	0.0	0.0	0.0	0.0	0.0
EV/EBITDA	5.6	2.5	2.6	1.8	1.4

Source: MAIN, BRIDS Estimates

Exhibit 1. MAIN 1Q25 result summary

MAIN (Rp bn)	1Q24	4Q24	1Q25	*y-o-y*	*q-o-q*	3M24	3M25	*y-o-y*	FY25F	FY25C	*A/F*	*A/C*
Consolidated												
Revenue	**3,247**	**3,058**	**3,171**	***-2%***	***4%***	**3,247**	**3,171**	***-2%***	**12,290**	**12,602**	***26%***	***25%***
COGS	(2,862)	(2,702)	(2,843)	*-1%*	*5%*	(2,862)	(2,843)	*-1%*	(10,444)	(11,014)	*27%*	*26%*
Gross Profit	**386**	**356**	**328**	***-15%***	***-8%***	**386**	**328**	***-15%***	**1,846**	**1,588**	***18%***	***21%***
Total Opex	(152)	(185)	(169)	*11%*	*-9%*	(152)	(169)	*11%*	(884)	(884)	*19%*	*19%*
Operating Profit	**233**	**171**	**159**	***-32%***	***-7%***	**233**	**159**	***-32%***	**963**	**704**	***17%***	***23%***
Pretax profit	114	191	81	*-28%*	*-57%*	114	81	*-28%*	630	439	*13%*	*19%*
Net profit	**88**	**129**	**63**	***-28%***	***-51%***	**88**	**63**	***-28%***	**468**		***13%***	***n/a***
Gross margin	11.9%	11.6%	10.3%	*(153)bp*	*(130)bp*	11.9%	10.3%	*(153)bp*	15.0%	12.6%		
Opex to revenue	4.7%	6.0%	5.3%	*63 bp*	*(72)bp*	4.7%	5.3%	*63 bp*	7.2%	7.0%		
Operating margin	7.2%	5.6%	5.0%	*(216)bp*	*(59)bp*	7.2%	5.0%	*(216)bp*	7.8%	5.6%		
Net margin	2.7%	4.2%	2.0%	*(72)bp*	*(224)bp*	2.7%	2.0%	*(72)bp*	3.8%	0.0%		
Segment breakdown												
Feed revenue	2,364	1,961	2,034	*-14%*	*4%*	2,364	2,034	*-14%*				
DOC revenue	541	585	547	*1%*	*-7%*	541	547	*1%*				
Live birds revenue	947	1,124	1,205	*27%*	*7%*	947	1,205	*27%*				
Processed food revenue	77	96	91	*19%*	*-5%*	77	91	*19%*				
Total revenue	**3,929**	**3,767**	**3,877**	***-1%***	***3%***	**3,929**	**3,877**	***-1%***				
Feed margin	8.6%	6.5%	7.1%	*(146)bp*	*61 bp*	8.6%	7.1%	*(146)bp*				
DOC margin	-9.3%	9.3%	-7.5%	*180 bp*	*(1,683)bp*	-9.3%	-7.5%	*180 bp*				
Live birds margin	0.6%	3.0%	0.2%	*(46)bp*	*(277)bp*	0.6%	0.2%	*(46)bp*				
Processed food margin	-19.6%	-16.2%	-14.9%	*470 bp*	*133 bp*	-19.6%	-14.9%	*470 bp*				
Total operating margin	**3.7%**	**5.3%**	**2.4%**	***(127)bp***	***(292)bp***	**3.7%**	**2.4%**	***(126)bp***				

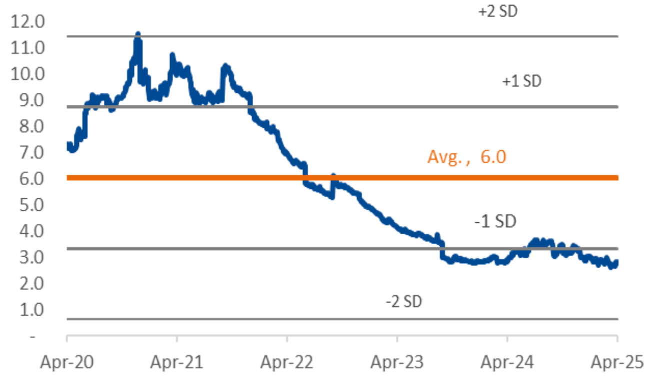
Source: Company, BRIDS Estimates

Exhibit 2. Summary of forecast revision

Financial	2025F			2026F		
	Prev	New	Changes	Prev	New	Changes
Revenue (Rpbn)	12,290	12,279	-0.1%	13,494	13,391	-0.8%
EBITDA (Rpbn)	1,252	857	-31.5%	1,609	1,046	-35.0%
Net Profit (Rpbn)	468	355	-24.1%	722	491	-31.9%
Price	**2025F**			**2026F**		
	Prev	**New**	**Changes**	**Prev**	**New**	**Changes**
Live Bird (Rp/kg live)	20,351	19,383	-4.8%	22,060	20,400	-7.5%
DOC (Rp/bird)	6,716	6,234	-7.2%	7,042	6,552	-7.0%
Corn (Rp/kg)	5,670	5,639	-0.5%	5,868	5,837	-0.5%
Soybean meal (US$/t)	362	324	-10.3%	369	331	-10.3%

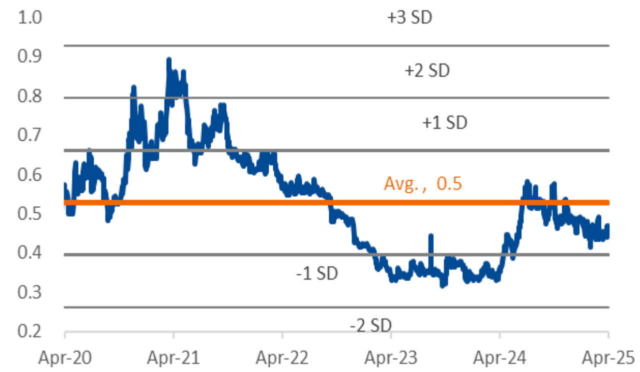
Source: BRIDS Estimates

Exhibit 3. MAIN EV/EBITDA band chart (5-year)



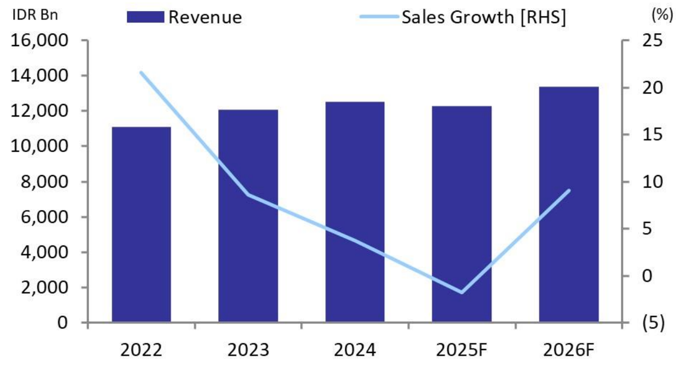
Source: Bloomberg, BRIDS Estimates

Exhibit 4. MAIN P/BV band chart (5-year)



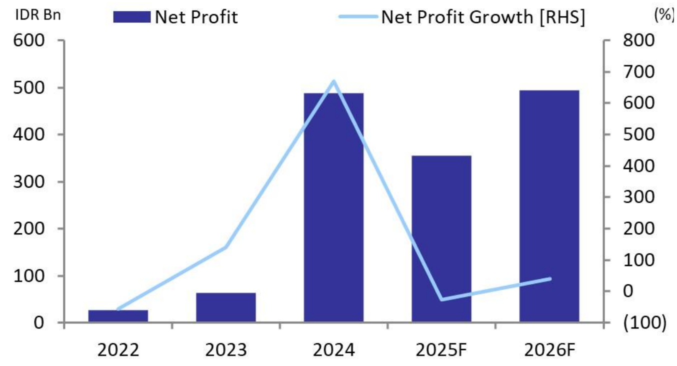
Source: Bloomberg, BRIDS Estimates

Exhibit 5. Revenue and Growth



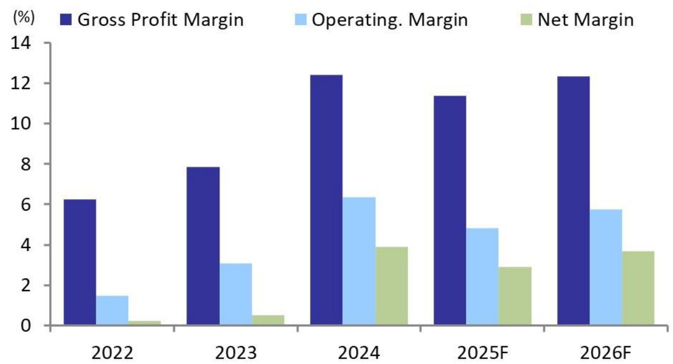
Source: Company, BRIDS Estimates

Exhibit 6. Net Profit and Growth



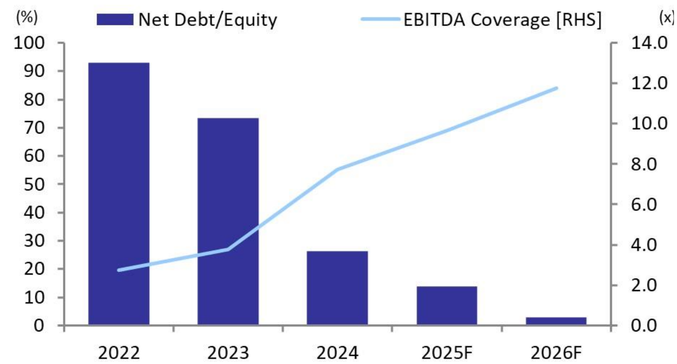
Source: Company, BRIDS Estimates

Exhibit 7. Margins



Source: Company, BRIDS Estimates

Exhibit 8. Gearing Level



Source: Company, BRIDS Estimates

Exhibit 9. Income Statement

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
Revenue	**12,058**	**12,503**	**12,279**	**13,391**	**14,948**
COGS	(11,110)	(10,949)	(10,880)	(11,740)	(13,146)
Gross profit	**948**	**1,554**	**1,399**	**1,651**	**1,802**
EBITDA	**642**	**1,052**	**857**	**1,046**	**1,099**
Oper. profit	**373**	**796**	**592**	**769**	**811**
Interest income	0	0	1	2	3
Interest expense	(170)	(136)	(89)	(89)	(89)
Forex Gain/(Loss)	(26)	12	(6)	(6)	(6)
Income From Assoc. Co's	0	0	0	0	0
Other Income (Expenses)	(66)	(35)	(35)	(34)	(34)
Pre-tax profit	**111**	**638**	**464**	**642**	**684**
Income tax	(48)	(150)	(109)	(151)	(160)
Minority interest	0	0	0	0	0
Net profit	**63**	**488**	**355**	**491**	**523**
Core Net Profit	**89**	**476**	**361**	**497**	**530**

Exhibit 10. Balance Sheet

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
Cash & cash equivalent	288	329	809	1,195	1,546
Receivables	681	674	666	726	810
Inventory	1,069	1,091	1,074	1,158	1,297
Other Curr. Asset	783	753	769	793	826
Fixed assets - Net	2,367	2,271	2,251	2,243	2,249
Other non-curr.asset	329	261	267	273	280
Total asset	**5,517**	**5,380**	**5,835**	**6,391**	**7,013**
ST Debt	1,603	881	893	899	905
Payables	536	436	483	521	584
Other Curr. Liabilities	244	407	331	347	373
Long Term Debt	513	299	414	414	414
Other LT. Liabilities	125	135	138	142	145
Total Liabilities	**3,021**	**2,159**	**2,259**	**2,323**	**2,421**
Shareholder'sFunds	2,498	3,223	3,578	4,071	4,595
Minority interests	(2)	(2)	(3)	(3)	(3)
Total Equity & Liabilities	**5,517**	**5,380**	**5,835**	**6,391**	**7,013**

Exhibit 11. Cash Flow

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
Net income	63	488	355	491	523
Depreciation and Amort.	270	256	265	276	289
Change in Working Capital	146	116	(20)	(116)	(169)
OtherOper. Cash Flow	(17)	42	(5)	(7)	(9)
Operating Cash Flow	**462**	**902**	**595**	**646**	**638**
Capex	(102)	(163)	(244)	(269)	(296)
Others Inv. Cash Flow	2	8	0	0	0
Investing Cash Flow	**(100)**	**(155)**	**(244)**	**(269)**	**(296)**
Net change in debt	(591)	(934)	126	5	6
New Capital	36	235	0	0	0
Dividend payment	0	0	0	0	0
Other Fin. Cash Flow	23	(38)	3	3	3
Financing Cash Flow	**(532)**	**(737)**	**129**	**9**	**9**
Net Change in Cash	**(170)**	**10**	**480**	**386**	**351**
Cash - begin of the year	477	288	329	809	1,195
Cash - end of the year	288	329	809	1,195	1,546

Exhibit 12. Key Ratio

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Growth (%)					
Sales	8.6	3.7	(1.8)	9.1	11.6
EBITDA	47.3	63.9	(18.6)	22.0	5.1
Operating profit	125.9	113.7	(25.7)	29.9	5.4
Net profit	141.5	670.1	(27.2)	38.9	6.9
Profitability (%)					
Gross margin	7.9	12.4	11.4	12.3	12.1
EBITDA margin	5.3	8.4	7.0	7.8	7.4
Operating margin	3.1	6.4	4.8	5.7	5.4
Net margin	0.5	3.9	2.9	3.7	3.5
ROAA	1.1	9.0	6.3	8.1	7.9
ROAE	2.6	17.1	10.4	12.9	12.2
Leverage					
Net Gearing (x)	0.7	0.3	0.1	0.0	0.0
Interest Coverage (x)	2.2	5.8	6.7	8.7	9.1

Source: MAIN, BRIDS Estimates

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INVESTMENT RATING

BUY	Expected total return of 10% or more within a 12-month period
HOLD	Expected total return between -10% and 10% within a 12-month period
SELL	Expected total return of -10% or worse within a 12-month period