

## Not Rated

Last Price (Rp)	53
No. of Shares (mn)	12,941
Mkt Cap (Rpbn/US\$mn)	636/36
Avg, Daily T/O (Rpbn/US\$mn)	24.5/1.4

## Widodo Makmur Unggas (WMUU IJ) Capacity in Place, Utilization the Key to Recovery

- WMUU's all three facilities are operating below installed capacity (PS Farm: 60%, Hatchery: 50%, Slaughterhouse: 30%).
- GPS import quota nearly doubled yoy to 10k heads in FY26, supporting PS and downstream DOC-FS capacity expansion.
- WMUU plans a rights issue of 6bn shares at Rp100/share; key risk remains the current share price sitting below the exercise price.

We recently conducted a site visit to three of WMUU's key operational facilities: the **Parent Stock (PS) Breeding Farm** and **Hatchery** in Gunungkidul, DI Yogyakarta, and the **Slaughterhouse** in Wonogiri, Central Java.

Our key observation is that WMUU's all three facilities are operating below installed capacity (PS Farm: 60%, Hatchery: 50%, Slaughterhouse: 30%). This reflects a significant untapped potential, where higher utilization can largely be achieved without major capital expenditure, making working capital deployment the primary driver of volume and earnings recovery.

However, GPS import quota nearly doubled yoy to 10k heads in FY26, supporting PS and downstream DOC-FS capacity expansion. The company targets revenue growth of ~74% yoy in FY26F.

### Rights Issue Plan: Targeting Rp600bn to Strengthen Capital Structure

WMUU plans to conduct a rights issue of 6bn shares at an exercise price of Rp100/share, targeting total proceeds of Rp600bn. Of this, Rp400bn will be used to convert shareholder loans into equity, while the remaining Rp200bn will be allocated as working capital, primarily to fund increased LB procurement and drive Slaughterhouse utilization higher.

Based on company projections, WMUU is expected to deliver net profit growth of ~123% yoy in FY26F, driven by higher slaughterhouse utilization, increased layer population, and ongoing cost efficiency initiatives. Assuming full execution of the rights issue at Rp100/share, implied FY26F P/E stands at 99.7x.

A key risk to monitor is the current share price (~Rp53/share), which sits below the exercise price, potentially limiting public take-up. Management previously noted that several potential investors are currently conducting due diligence, though no commitments have been secured at this stage.

Below, we summarize our key findings and observations from our site visit.

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## Breeding Farm — Parent Stock (PS)

### Capacity & Utilization

- Total installed capacity of 220,000 heads, currently populated at ~132,000 heads (~60% utilization).
- Each house holds approximately 1,200 male and 8,600 female PS.

### Production Cycle

- Effective rearing period runs 56 weeks. Males and females are kept separated until week 19, after which they are combined for mating.
- Egg-laying commences at approximately week 25, with a minimum target of 5% of flock laying per day at onset.
- Peak performance reached at week 30, with a minimum 90% lay rate.

### GPS Quota — A Notable Positive

- WMUU's GPS import quota has been increased to 10,000 heads in 2026, up from 4,800 heads in 2025 and 4,500 heads in 2024, a meaningful step-up that supports future PS and DOC capacity build-out.
- Of the 10,000 quota, 5,000 heads have already arrived; the remaining 5,000 are expected in Nov26.
- Each GPS yields ~55–60 PS, and each PS yields ~150–160 final stock DOC (DOC-FS), implying the incremental GPS quota could add meaningful downstream DOC supply capacity.

### Key Observation

The GPS quota ramp-up represents a positive forward indicator. If fully utilized, the near-doubling of GPS intake vs. 2025 supports WMUU's ability to grow its PS population and expand downstream DOC-FS production capacity.

**Exhibit 1. Exterior View of the PS Breeding Farm**



Source: Company, BRIDS

**Exhibit 2. PS House — Week 7 Flock**



Source: Company, BRIDS

**Exhibit 3. PS House — Week 21 Flock**

Source: Company, BRIDS

**Hatchery**Capacity & Utilization

- Installed capacity of ~2 million eggs per month across 12 setters (each setter: 132,192 eggs)
- Current utilization at ~50%, in line with the broader underutilization trend across WMUU's operations

Production Process

The full hatching cycle takes approximately 21 days: Egg Collection → Setter (19 days) → Candling (fertile/infertile separation) → Hatcher (2 days) → Vaccination

External DOC Sales

~50% of DOC-PS production is sold externally. Notably, while there is no formal offtake contract in place, external buyers of WMUU's DOC typically serve as a potential source of live bird supply back to the Slaughterhouse, creating an informal but unguaranteed supply loop that management intends to leverage as it scales up Slaughterhouse utilization.

Key Observation

At 50% utilization, the hatchery has meaningful headroom to scale without additional capital investment. As the GPS quota ramp-up flows through the production cycle, hatchery throughput should naturally increase over time, providing organic volume uplift.

**Exhibit 4. Egg Cooling Room**



Source: Company, BRIDS

**Exhibit 5. Setter Area**



Source: Company, BRIDS

**Exhibit 6. Candling Station**



Source: Company, BRIDS

**Exhibit 7. Vaccination Area**



Source: Company, BRIDS

**Slaughterhouse**

Capacity & Utilization

- Installed capacity of 12,000 birds/hour with 6,000-ton cold storage; current utilization at ~30%.
- Average cold storage holding period of 2–3 months, providing a buffer against short-term price volatility.
- The facility has adopted solar panels as a supplementary power source, with estimated energy savings of 20–30%.

Revenue & Customer Mix

- Carcass sales remain the dominant revenue contributor at 87% of FY25 revenue.
- Key B2B customers include Cimory and Belfoods, established players in Indonesia's food processing industry.
- WMUU currently contributes ~15% of its carcass and egg output to the MBG (Makan Bergizi Gratis) program.

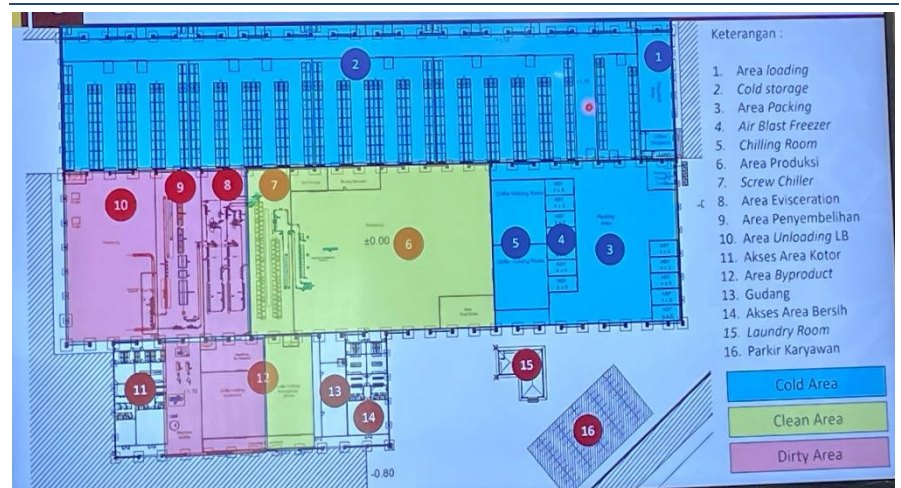
### Sourcing & Contract Structure

- Live bird (LB) supply is targeted to be evenly split between internal farms (50%) and external sourcing (50%); all internally-raised LB is fully absorbed by the Slaughterhouse with no external live bird sales.
- Management's priority is to increase LB procurement to drive Slaughterhouse utilization higher.
- Sales contracts are currently on a short-term basis (1–3 months) with payment terms of 30–35 days, a deliberate structure to better capture market price movements.

### Key Observation

The Slaughterhouse remains the single most critical lever for revenue and earnings recovery. At only 30% utilization, the upside potential is substantial, and closing the utilization gap is primarily a working capital challenge rather than a capex one. The company's B2B customer base, including Cimory and Belfood, alongside MBG program participation, lend credibility to management's demand narrative.

### **Exhibit 8. Slaughterhouse Facility Layout**



Source: Company, BRIDS

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## INVESTMENT RATING

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

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