

BUY
Target Price Rp306

Share Price	Rp135
Upside (%)	+126.9%

Description

Sector	Consumer Non-Cyclicals
Subsector	Food & Beverages
Shares Outstanding (bn)	29,419
Market Cap (Rpt)	4.55

Shareholders Composition

Tumiyana	81.24%
Public	18.76%

Share Price Performance

52 week High/Low	160/120
1 month	+6.3%
3 month	+0.0%
6 month	N/A
1 year	N/A
YTD	-15.6%


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Widodo Makmur Perkasa (WMPP)
Net Profit Jumps 240% in FY21; Still Trading at Discount

WMPP posted net profit of Rp247 billion in FY21, jumping by 240% yoy from Rp73 billion in FY20 and exceeded our forecast of Rp227 billion. Strong net profit growth was driven by sales figure that doubling from Rp3.0 trillion in FY20 to Rp6.2 trillion. For FY22 we expect WMPP to continue posting strong net profit growth of 209% yoy to Rp754 billion. In spite of strong performance, WMPP is still trading cheaply at 2022F 6.1x P/E. We maintain BUY with higher target price of Rp306.

Net profit jumps by 240% in FY21 supported by 106% yoy jump in sales.

WMPP posted significant net profit growth in FY21 to Rp247 billion from Rp73 billion in FY20. Sales was doubled from Rp3.0 trillion in FY20 to Rp6.2 trillion in FY21. Its main product, carcass showed significant increase of 103% yoy from Rp1.5 trillion to Rp3.0 trillion.

Expecting net profit growth of 209% yoy in FY22. We expect WMPP to post net profit of Rp764 billion in FY22 or jumping by 209% yoy. We increase our FY22 net profit estimate by 56% from prior estimate of Rp489 billion. Continuous strong net profit growth in FY22 should be driven by sales which we expect to grow by 60% yoy. We see demand improves in 2022 driven by government relaxation while in the same time food commodities prices including beef increased. We also see that WMPP is able to cater rising demand as it still has ample capacity level in its facilities.

Securing Rp600 billion funding package from LDA Capital. WMPP has signed an Rp600 billion equity financing put option agreement with global investment group LDA Capital. This agreement shows that WMPP's strategic position in Indonesia food commodities industry.

Maintain BUY with higher target price of Rp306; WMPP is still trading at discount. We raise our target price from Rp220 to Rp306 as we raise FY22 net profit forecast by 39% yoy. Our target price implies 2022F 13.5x P/E. Currently WMPP is still trading at discount at 2022F 5.9x P/E. This level is considered cheap given the fact that WMPP is one of the significant player in food commodities sector. As comparison, CPIN and JPFA are already trading at 2022F 18.6x and 9.7x respectively, much higher than valuation of WMPP.

Rp billion	2020	2021	2022F	2023F	2024F
Sales	3,031	6,235	9,988	12,969	19,395
Gross Profit	443	833	1,823	2,870	3,740
Operating Profit	247	571	1,439	2,464	3,302
EBITDA	301	668	1,531	2,596	3,485
Net Profit	73	247	764	1,302	1,576
EPS	28	7	23	39	47
P/E (x)	N/A	21.8	5.9	3.5	2.9
P/B (x)	N/A	2.6	1.2	0.7	0.5
Gross Margin	14.6%	13.4%	18.3%	22.1%	19.3%
Net Margin	2.4%	4.0%	7.7%	10.0%	8.1%
ROE (%)	9.1%	11.8%	20.4%	19.5%	17.1%
ROA (%)	2.1%	4.4%	8.0%	8.7%	8.6%

Source: WMPP, SF Sekuritas

FY21 Result

Rp billion	2021 Actual	2021 Forecast	Surprise
Sales	6,235	5,420	15.0%
COGS	(5,402)	(4,604)	17.3%
Operating Profit	833	816	2.1%
Selling Expenses	(256)	(292)	-12.5%
G&A Expenses	(6)	(9)	-32.8%
Operating Profit	571	514	11.0%
Depreciation	98	80	21.7%
EBITDA	668	595	12.4%
Pre-Tax Profit	392	372	5.5%
Net Profit	247	227	8.7%

Source: WMPP, SF Sekuritas Research

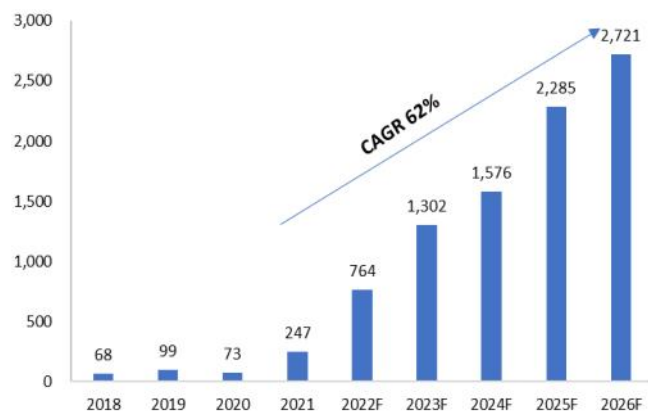
Change in FY22 Estimate

Rp billion	2022	2022	Change
Sales	8,981	9,988	11%
COGS	(7,591)	(8,165)	8%
Operating Profit	1,390	1,823	31%
Selling Expenses	(406)	(378)	-7%
G&A Expenses	(9)	(6)	-33%
Operating Profit	974	1,439	48%
Depreciation	115	92	-20%
EBITDA	1,089	1,531	41%
Pre-Tax Profit	799	1,213	52%
Net Profit	489	764	56%

Source: WMPP, SF Sekuritas Research

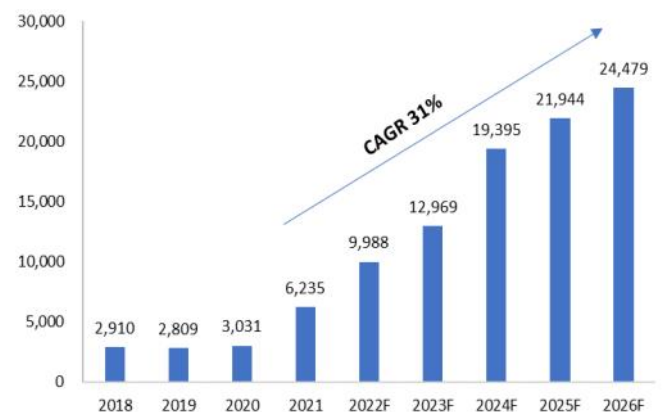
Key Highlights

Net Profit (Rp billion)



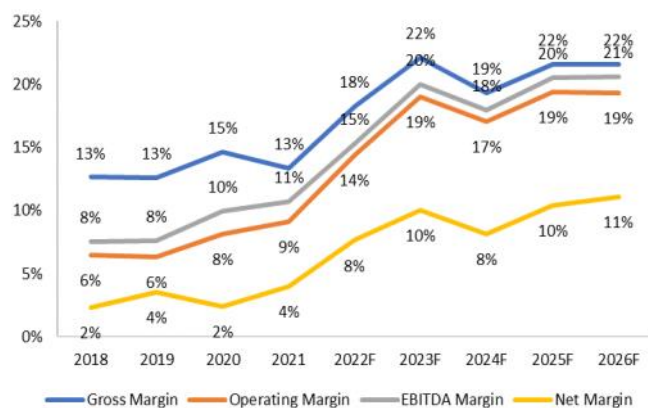
Source: WMPP, SF Sekuritas Research

Sales (Rp billion)



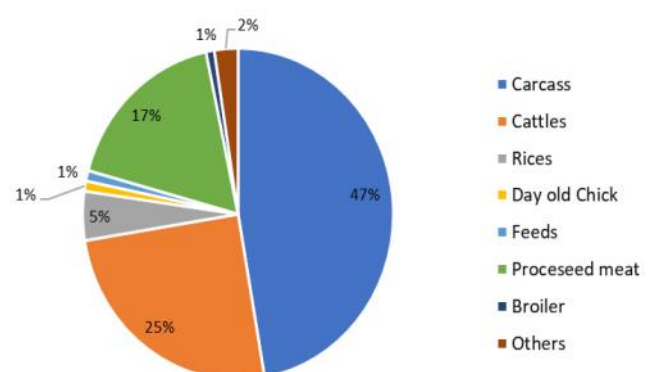
Source: WMPP, SF Sekuritas Research

Gross Margin



Source: WMPP, SF Sekuritas Research

Sales Composition



Source: WMPP, SF Sekuritas Research

Financial Statement

Income Statement	2020	2021	2022F	2023F
Sales	3,031	6,235	9,988	12,969
Cost of Sales	(2,588)	(5,402)	(8,165)	(10,099)
Gross Profit	443	833	1,823	2,870
Sales & GA Expenses	(197)	(262)	(384)	(406)
Operating Profit	247	571	1,439	2,464
Depreciation	54	98	92	132
EBITDA	301	668	1,531	2,596
Finance Expenses	(117)	(190)	(227)	(405)
Other Income (Exp.)	(7)	11	1	7
Pre-tax Profit	123	392	1,213	2,066
Tax Expenses	(42)	(91)	(280)	(477)
Non-Controlling Interest	(9)	(54)	(168)	(287)
Net Profit	73	247	764	1,302

Balance Sheet	2020	2021	2022F	2023F
Cash	75	305	2,767	7,059
Receivables	264	901	708	1,093
Inventories	784	1,034	2,141	1,786
Other Current Assets	757	884	930	976
Total Current Assets	1,879	3,124	6,546	10,914
Net Fixed Assets	1,583	1,982	2,889	4,055
Other Non-Current Assets	64	550	70	68
Total Non-Curr. Assets	1,647	2,532	2,959	4,123
ST Bank Loan	593	551	997	1,999
Trade Payables	706	1,051	1,605	1,680
Other Current Liabilities	539	531	1,126	1,349
Total Current Liabilities	1,839	2,133	3,728	5,028
Total Non-Current Liabilities	757	1,108	1,699	3,001
Total Liabilities	2,596	3,241	5,427	8,029
Share Capital	25	588	701	901
Additional Paid in Capital	77	854	1,641	3,041
Retained Earnings	548	506	1,270	2,572
Other Equity	152	156	138	148
Shareholders Equity	801	2,103	3,750	6,663
Minority Interest	129	313	328	345
Total Equity	931	2,416	4,078	7,008

Cash Flow	2020	2021	2022F	2023F
Net Profit	73	247	764	1,302
Depreciation	54	98	92	132
Chg in Working Capital	2	(543)	(361)	46
Others	201	260	470	(0)
CFO	330	62	965	1,479
Capex	(591)	(508)	(999)	(1,297)
Others	14	(758)	502	24
CFI	(576)	(1,266)	(497)	(1,273)
Debt Issuance (Repayment)	159	247	1,096	2,459
Others	61	1,188	(2)	27
CFF	219	1,434	1,993	4,086
Net Cash Increase (Decrease)	(27)	230	2,461	4,292

Ratios	2020	2021	2022F	2023F
Gross Margin	14.6%	13.4%	18.3%	22.1%
Operating Margin	8.1%	9.2%	14.4%	19.0%
EBITDA Margin	9.9%	10.7%	15.3%	20.0%
Net Margin	2.4%	4.0%	7.7%	10.0%
Return on Equity	9.1%	11.8%	20.4%	19.5%
Return on Asset	2.1%	4.4%	8.0%	8.7%
Receivable Turnover	12.1x	10.7x	12.4x	14.4x
Inventory Turnover	3.5x	5.9x	5.1x	5.1x
Payable Turnover	3.9x	6.1x	6.1x	6.1x
Days in Receivable	29.7	33.6	29.0	25.0
Days in Inventory	104.3	60.6	70.0	70.0
Days in Payable	91.5	58.6	58.6	58.6
Cash Conversion Cycle	42.5	35.6	40.4	36.4
Current Ratio	102.2%	146.5%	175.6%	217.1%
Quick Ratio	18.4%	56.5%	93.2%	162.1%
Interest Coverage Ratio	211.4%	301.1%	632.6%	608.0%
Debt/Equity	137.9%	64.2%	65.3%	73.6%
Asset/Equity	440.1%	269.0%	253.5%	225.7%
EPS	28	7	23	39
BVPS	305	62	111	198
P/E	N/A	21.8x	5.9x	3.5x
P/B	N/A	2.6x	1.2x	0.7x
EV/EBITDA	4.3x	11.0x	6.6x	6.5x



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