

Japfa Comfeed Indonesia

BUY (unchanged)

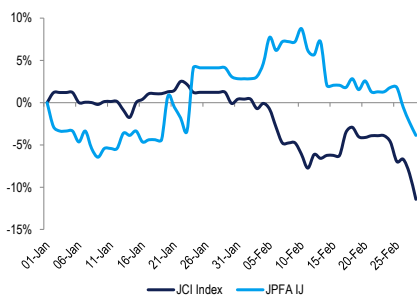
Company Update | Poultry | JPFA IJ | 28 February 2025

Stock Data

Target price	Rp2,750
Prior TP	Rp2,750
Current price	Rp1,865
Upside/downside	47%
Shares outstanding (mn)	11,727
Market cap (Rp bn)	21,870
Free float	43%
Avg. 6m daily T/O (Rp bn)	36

Price Performance

	3M	6M	12M
Absolute	8,7%	15,5%	62,2%
vs. JCI	21,7%	33,3%	76,5%
52w low/high (Rp)	1,090 – 2,110		



Major Shareholders

Japfa Ltd	55.4%
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Robust 4Q24 results from strong broiler segment

- JPFA recorded FY24 net profit of Rp3.0tr (+225% yoy) and this was above consensus estimate, while FY24 net sales was in-line.
- 4Q24 net profit improved to Rp923bn (+50% qoq) on the back of robust broiler segment.
- Maintain buy with unchanged TP of Rp2,750/sh due to brighter FY25F outlook.

FY24 net profit was above consensus estimate

JPFA recorded FY24 net profit of Rp3.0tr (+225% yoy) and this was above consensus estimate at 108%; but in-line with ours' at 100%. FY24 net sales grew by 9% yoy to Rp55.8tr, in-line at 101% of our/consensus estimate. FY24 EBIT margin improved by 318bps yoy to 5.9% as GPM improvement of +379bps yoy could fully offset higher opex to sales. In sum, NPM improved to 3.5% (+237bps yoy).

Robust 4Q24 net profit due to strong broiler segment

4Q24 net profit increased to Rp923bn (+49.7% qoq) and in-line with our estimate ([link](#) to note). However, 4Q24 feed margin dropped to 3.7% (-416bps qoq). In addition, 4Q24 DOC EBIT margin declined -547bps qoq to 14.9% despite higher 4Q24 DOC market price of +13.3% qoq. We estimate that JPFA has cut its feed and DOC ASP by c.5% qoq as JPFA aims to improve its market share. With lower feed and DOC ASP, this shall imply lower input cost for broiler segments. Hence, 4Q24 broiler segment booked a strong EBIT of Rp916bn with EBIT margin of 13.2% (+1346bps qoq), driven by lower input cost and higher 4Q24 broiler price of +9.6% qoq.

Brighter FY25F outlook from better DOC supply and demand dynamic

With the current trend in DOC and broiler price towards Lebaran month, we expect JPFA to continue deliver strong earnings in 1Q25F. In addition, we expect that lower FY24 GPS import quota of -16% yoy will decrease DOC supply in 2H25F which should improve the DOC supply and demand dynamics.

Maintain BUY rating with TP of Rp2,750/sh

We fine-tuned our FY25/26F forecasts and maintain our BUY rating for JPFA with unchanged TP of Rp2,750/sh, based on 10x FY25F PE (at its 5yr avg). JPFA remains our preferred poultry pick amid solid earnings outlook and attractive valuation - current PE valuation is 59% below than CPIN. Downside risks are: weak broiler price, higher input cost and US\$ appreciation.

Financial Summary (Rp bn)	2023A	2024A	2025F	2026F	2027F
Revenue	51,176	55,801	58,672	61,926	65,220
EBITDA	3,240	6,123	6,450	6,846	7,359
EBITDA growth	-15%	89%	5%	6%	7%
Net profit	930	3,019	3,229	3,447	3,659
EPS (Rp)	79	257	275	294	312
EPS growth	-34.5%	224.7%	7.0%	6.8%	6.2%
ROE	7.0%	19.5%	19.8%	19%	18%
PER (x)	23.5	7.2	6.8	6.3	6.0
EV/EBITDA	10.3	5.1	4.7	4.4	3.7
Dividend yield	3.2%	3.2%	6.9%	7.4%	7.9%
Forecast change			0%	-1%	N/A
IPS vs. consensus			106%	96%	N/A

Sources: Company, Indo Premier

Share price closing as of: 28 February 2025

Fig. 1: JPFA 4Q24 Result summary

(Rp bn)	4Q24	4Q23	% YoY	3Q24	% QoQ	FY24	FY23	% YoY	IPS FY24F	% IPS	Cons FY24F	% Cons
Gross sales	21,744	21,056	3.3%	20,963	3.7%	85,642	80,713	6.1%				
Net sales	14,521	13,408	8.3%	13,631	6.5%	55,801	51,176	9.0%	55,365	101%	55,031	101%
COGS	(11,247)	(11,819)	-4.8%	(11,044)	1.8%	(44,583)	(43,665)	2.1%				
Gross profit	3,274	1,590	106.0%	2,587	26.6%	11,218	7,511	49.3%				
Operating expenses	(1,856)	(1,380)	34.5%	(1,540)	20.5%	(6,156)	(5,305)	16.0%				
EBIT	1,418	210	576.7%	1,047	35.5%	5,062	2,206	129.4%	4,897	103%	4,764	106%
Net finance income/(cost)	(202)	(242)	-16.3%	(197)	2.6%	(820)	(945)	-13.2%				
PBT	1,216	(32)	N/A	850	43.1%	4,241	1,261	236.3%				
Tax	(249)	(16)	1419.4%	(194)	28.3%	(1,029)	(315)	226.4%				
Minority	(44)	41	N/A	(39)	12.7%	(193)	(16)	1093.7%				
Net profit	923	(8)	N/A	617	49.7%	3,019	930	224.7%	3,006	100%	2,784	108%
Margin (%) - based on gross sales												
Gross margin	15.1%	7.6%		12.3%		13.1%	9.3%					
EBIT margin	6.5%	1.0%		5.0%		5.9%	2.7%					
Net margin	4.2%	0.0%		2.9%		3.5%	1.2%					
Segment information												
Revenue												
Animal Feed	8,086	8,897	-9.1%	8,268	-2.2%	33,492	33,292	0.6%				
Poultry Breeding (DOC)	2,044	1,585	29.0%	1,850	10.5%	8,006	6,499	23.2%				
Commercial Farm	6,938	6,531	6.2%	6,490	6.9%	26,913	24,881	8.2%				
Poultry processing and consumer products	2,434	1,993	22.1%	2,175	11.9%	8,719	7,902	10.3%				
Aquaculture	1,268	1,187	6.8%	1,228	3.2%	4,771	4,585	4.0%				
EBIT												
Animal Feed	300	629	-52.3%	650	-53.9%	2,376	2,740	-13.3%				
Poultry Breeding (DOC)	305	(37)	-930.7%	377	-19.2%	1,378	237	481.6%				
Commercial Farm	916	(379)	N/A	(16)	N/A	1,589	(611)	N/A				
Poultry processing and consumer products	123	222	-44.4%	65	90.7%	372	417	-10.9%				
Aquaculture	77	91	-14.8%	128	-39.6%	358	219	63.5%				
EBIT Margin												
Animal Feed	3.7%	7.1%		7.9%		7.1%	8.2%					
Poultry Breeding (DOC)	14.9%	-2.3%		20.4%		17.2%	3.6%					
Commercial Farm	13.2%	-5.8%		-0.2%		5.9%	-2.5%					
Poultry processing and consumer products	5.1%	11.1%		3.0%		4.3%	5.3%					
Aquaculture	6.1%	7.6%		10.4%		7.5%	4.8%					

Source: Indo Premier

Fig. 2: JPFA is traded at 6.7x fwd. 12M P/E (-0.8 s.d. from its 5-year mean)



Sources: Bloomberg, Indo Premier

Income Statement (Rp bn)	2023A	2024A	2025F	2026F	2027F
Net revenue	51,176	55,801	58,672	61,926	65,220
Cost of sales	(43,665)	(44,583)	(47,418)	(50,145)	(52,804)
Gross profit	7,511	11,218	11,254	11,781	12,416
SG&A Expenses	(5,305)	(6,156)	(5,919)	(6,121)	(6,314)
Operating profit	2,206	5,062	5,335	5,660	6,102
Net interest	(944)	(820)	(798)	(817)	(961)
Others	(59)	(152)	(152)	(152)	(152)
Pre-tax income	1,204	4,090	4,385	4,691	4,989
Income tax	(315)	(1,029)	(1,101)	(1,175)	(1,247)
Net income	930	3,019	3,229	3,447	3,659

Balance Sheet (Rp bn)	2023A	2024A	2025F	2026F	2027F
Cash & equivalent	1,503	1,503	1,737	2,257	2,607
Receivable	2,586	2,761	3,003	3,074	3,243
Inventory	9,684	9,311	9,659	10,240	11,022
Other current assets	3,446	3,595	3,595	3,595	3,595
Total current assets	17,218	17,169	17,993	19,165	20,467
Fixed assets	13,395	13,754	14,230	14,637	14,972
Other non-current assets	3,496	3,743	3,743	3,743	3,743
Total non-current assets	16,891	17,497	17,974	18,380	18,715
Total assets	34,109	34,666	35,967	37,545	39,182
ST loans	4,078	2,076	2,776	3,286	3,286
Payable	4,891	4,636	4,905	4,971	5,276
Other payables	773	1,137	983	602	2,108
Current portion of LT loans	942	1,447	1,447	1,447	1,447
Total current liabilities	10,684	9,296	10,110	10,306	12,116
Long term loans	7,915	7,382	6,149	5,698	3,591
Other LT liabilities	1,343	1,416	1,416	1,416	1,416
Total liabilities	19,942	18,094	17,675	17,421	17,122
Equity	3,061	3,099	3,099	3,099	3,099
Retained earnings	10,166	12,377	14,097	15,929	17,865
Minority interest	941	1,096	1,096	1,096	1,096
Total SHE + minority int.	14,167	16,573	18,292	20,124	22,060
Total liabilities & equity	34,109	34,666	35,967	37,545	39,182

Sources: Company, Indo Premier

Cash Flow Statement (Rp bn)	2023A	2024A	2025F	2026F	2027F
EBIT	2,206	5,062	5,335	5,660	6,102
Depr. & amortization	1,008	1,061	1,116	1,186	1,257
Changes in working capital	255	(57)	(321)	(586)	(648)
Others	(1,239)	(1,863)	(2,106)	(2,214)	(2,443)
Cash flow from operating	2,231	4,202	4,024	4,047	4,268
Capital expenditure	(1,954)	(1,592)	(1,592)	(1,592)	(1,592)
Others	(167)	(61)	0	0	0
Cash flow from investing	(2,122)	(1,654)	(1,592)	(1,592)	(1,592)
Loans	(220)	(2,171)	(688)	(321)	(602)
Equity	373	267	0	0	0
Dividends	(645)	(807)	(1,509)	(1,614)	(1,723)
Others	0	0	0	0	0
Cash flow from financing	(492)	(2,712)	(2,197)	(1,935)	(2,326)
Changes in cash	(383)	(163)	234	520	350

Key Ratios	2023A	2024A	2025F	2026F	2027F
Gross margin	9.3%	13.1%	12.2%	12.0%	12.0%
Operating margin	2.7%	5.9%	5.8%	5.8%	5.9%
Pre-tax margin	1.6%	5.0%	4.9%	4.9%	5.0%
Net margin	1.2%	3.5%	3.5%	3.5%	3.6%
ROA	2.7%	8.7%	9.1%	9.4%	9.5%
ROE	7.0%	19.5%	19.8%	19.0%	18.3%
Acct. receivables TO (days)	18.1	17.5	18.7	18.1	18.2
Inventory TO (days)	79.2	77.8	74.3	74.5	76.2
Payable TO (days)	37.7	39.0	37.8	36.2	36.5
Debt to equity	65.7%	55.0%	41.5%	33.1%	27.2%
Interest coverage ratio (x)	-2.2	-5.8	-6.5	-6.9	-6.4
Net gearing	54.3%	45.3%	31.4%	21.3%	14.7%

Sources: Company, Indo Premier

INVESTMENT RATINGS

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

ANALYSTS CERTIFICATION

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