

Japfa Comfeed Indonesia

BUY (unchanged)

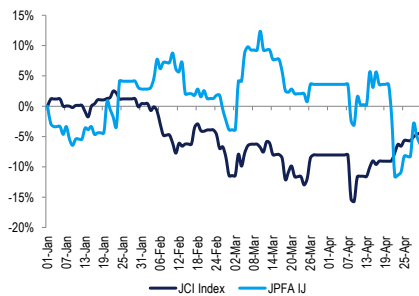
Company Update / Poultry / JPFA IJ / 30 April 2025

Stock Data

Target price	Rp2,750
Prior TP	Rp2,750
Current price	Rp1,820
Upside/downside	51.1%
Shares outstanding (mn)	11,727
Market cap (Rp bn)	21,342
Free float	43%
Avg. 6m daily T/O (Rp bn)	51

Price Performance

	3M	6M	12M
Absolute	-9.9%	-0.5%	56.9%
vs. JCI	-4.3%	10.5%	61.8%
52w low/high (Rp)	1,145 – 2,180		



Major Shareholders

Japfa Ltd	55.4%
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1Q25 result: in-line earnings from decent broiler and DOC price

- 1Q25 net profit of Rp680bn (+2.3% yoy/) came in-line at 21/20% of ours/consensus (vs. 5yr avg of 20%).
- Robust feed EBIT of Rp631bn (+110.4% qoq) was fully offset by softer DOC/Broiler EBIT at -33.7/72.1% qoq.
- Maintain BUY with unchanged TP of Rp2,750/sh.

1Q25 net profit was above ours/consensus FY25F estimate

JPFA posted a robust 1Q25 net profit of Rp680bn (+2.3% yoy/-26.3% qoq), which came in-line with ours/consensus estimate at 21/20% (vs. 5yr avg of 20%). 1Q25 net revenue increased to Rp14.3tr (+2.9% yoy/-1.3% qoq) and this was in-line of our/consensus estimate at 24% (vs. 5yr avg of 24%). 1Q25 GPM declined by -292bps qoq to 12.1% (+75bps yoy). Meanwhile, opex to sales slightly increased to 7.0% (+55bps yoy) amid higher salary to sales ratio of 3.3% (+37bps yoy). We note that JPFA recorded higher deferred tax expenses of Rp119bn (vs. Rp16bn in 1Q24), resulting in higher effective tax rate of 22.8% (vs. 20.1% in 1Q24). Thus, NPM was flat yoy at 3.1%.

Softer qoq earnings amid lower DOC and broiler price

In terms of segment, feed EBIT margin increased to 7.3% (+356bps qoq) as we estimate the company increased its ASP by c.4% qoq. With a higher feed ASP, this resulted in higher input cost for DOC and broiler as we estimate feed contributed c.80/60-70% of DOC/Broiler cost. On the other hand, 1Q25 DOC segment's EBIT decreased to Rp202bn (-33.7% qoq) amid lower DOC price of -10% qoq. Similarly, 1Q25 broiler segment posted an EBIT of Rp255bn (-72.1% qoq) on the back of broiler price drop of -4.7% qoq.

More cautious on 2Q25F onwards

Based on our channel check, the recent drop on DOC and Broiler price were attributed by soft demand prior Lebaran until today, resulting in soft DOC and Broiler price (-51.6/-21.3% QTD) – Fig. 2-3. Looking into 2Q25F, we are cautious on 2Q25F performance due to ongoing soft demand that results in depressed broiler prices. Hence, we expect 2Q result may be weaker vs. 1Q.

Maintain BUY rating with unchanged TP of Rp2,750/sh

For now, we are reviewing our forecast and maintain our BUY rating with unchanged TP of Rp2,750/sh, based on 10.0x FY25F PE (5yr mean). 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%	19.0%	18.3%
PER (x)	23.0	7.1	7.7	7.2	6.8
EV/EBITDA (x)	10.1	5.0	5.2	4.8	4.2
Dividend yield	3.3%	3.3%	7.1%	6.5%	6.9%
Forecast change			0%	0%	0%
IPS vs. consensus			102%	93%	84%

Sources: Company, Indo Premier

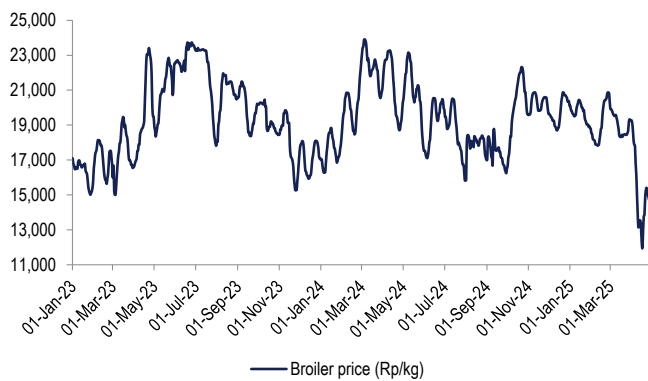
Share price closing as of: 30 April 2025

Fig. 1: JPFA's 1Q25 results

(Rp bn)	1Q25	1Q24	% YoY	4Q24	% QoQ	IPS FY25F	% IPS	Cons FY25F	% Cons	5yr avg
Gross sales	22,198	21,720	2.2%	21,744	2.1%					
Net sales	14,332	13,925	2.9%	14,521	-1.3%	58,672	24%	60,187	24%	24%
COGS	(11,638)	(11,451)	1.6%	(11,247)	3.5%					
Gross profit	2,695	2,474	8.9%	3,274	-17.7%					
Operating expenses	(1,556)	(1,402)	10.9%	(1,856)	-16.2%					
EBIT	1,139	1,072	6.2%	1,418	-19.7%	5,335	21%	5,444	21%	23%
Net finance income/(cost)	(162)	(177)	-8.3%	(202)	-19.8%					
PBT	977	895	9.1%	1,216	-19.7%					
Tax	(222)	(180)	23.7%	(249)	-10.6%					
Minority	(74)	(50)	46.2%	(44)	67.5%					
Net profit	680	665	2.3%	923	-26.3%	3,229	21%	3,336	20%	23%
Margin (%) - based on gross sales										
Gross margin	12.1%	11.4%		15.1%						
EBIT margin	5.1%	4.9%		6.5%						
Net margin	3.1%	3.1%		4.2%						
Segment information										
Revenue										
Animal Feed	8,680	9,116	-4.8%	8,086	7.4%					
Poultry Breeding (DOC)	1,988	1,860	6.9%	2,044	-2.8%					
Commercial Farm	6,798	6,678	1.8%	6,938	-2.0%					
Poultry processing and consumer products	2,474	2,027	22.1%	2,434	1.6%					
Aquaculture	1,163	1,109	4.8%	1,268	-8.3%					
EBIT										
Animal Feed	631	740	-14.8%	300	110.4%					
Poultry Breeding (DOC)	202	234	-13.6%	305	-33.7%					
Commercial Farm	255	300	-14.8%	916	-72.1%					
Poultry processing and consumer products	98	61	60.1%	123	-20.2%					
Aquaculture	110	65	68.5%	77	42.1%					
EBIT Margin										
Animal Feed	7.3%	8.1%		3.7%						
Poultry Breeding (DOC)	10.2%	12.6%		14.9%						
Commercial Farm	3.8%	4.5%		13.2%						
Poultry processing and consumer products	4.0%	3.0%		5.1%						
Aquaculture	9.4%	5.9%		6.1%						

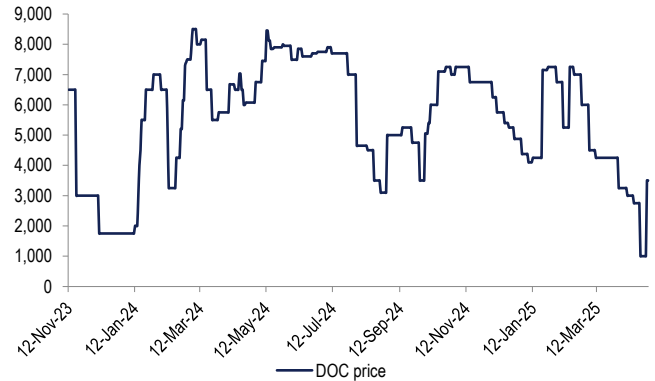
Sources: Company, Bloomberg, Indo Premier

Fig. 2: Broiler price trend (Rp/kg)



Source: Pinsar, Indo Premier

Fig. 3: DOC price trend (Rp/chick)



Source: Pinsar, Indo Premier

Fig. 4: JPFA is traded at 6.3x fwd. 12M P/E (-0.9 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	(1)	(1)	(1)	(1)	(1)
Pre-tax income	1,261	4,241	4,536	4,843	5,141
Income tax	(315)	(1,029)	(1,101)	(1,175)	(1,247)
Minority interest	(16)	(193)	(207)	(221)	(234)
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
Goodwill	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 liab.	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 liab.	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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