

ASP could gradually improve, after soft 1Q25 earnings

07 May 2025



JPFA IJ	BUY
Sector	Poultry
Price at 06 May 2025 (IDR)	1,765
Price target (IDR)	2,300
Upside/Downside (%)	30.3

Stock Information

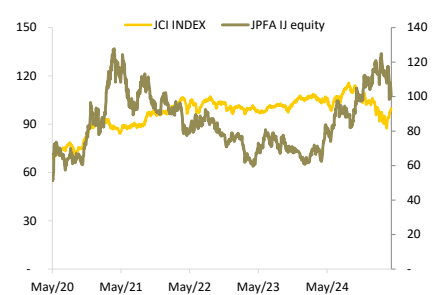
Japfa Comfeed Indonesia Tbk (JPFA) is the second largest poultry player in Indonesia that engages in animal feeds, breeds, processes chicken and operates aquaculture farms.

Market cap (IDR bn)	20,463
Shares outstanding (mn)	11,727
52-week range (IDR)	1,220-2,230
3M average daily vol. ('000)	25,940
3M average daily val. (IDR mn)	50,466

Shareholders (%)

Japfa Ltd	55.43
Treasury Stock	0.84
Leo Handoko Laksono	0.02
Public	43.71

Stock Performance



Source: Bloomberg

	1M	3M	12M
Performance (%)	(12.2)	(14.3)	38.4

Analyst

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Japfa Comfeed Indonesia' (JPFA) revenue only reached IDR14.3 tn (+2.9% yoy/-1.3% qoq) in 1Q25 mainly due to a 4.6% yoy/4.7% qoq lower Livebird' (LB) average selling price (ASP), despite higher LB' and Day Old Chick' (DOC) sales during Ramadan festivities. Yet, JPFA' 1Q25 revenue still came in-line with ours' (23.3%) and cons' expectation (23.8%). All in all, JPFA' earnings only reached IDR680 bn (+2.3% yoy/-26.3% qoq) in 1Q25 on lower chicken' ASP with higher costs pressure, which came below ours' (19.6%) and cons' expectation (19.9%). Thus, we slightly adjusted our '25F and still maintain BUY on JPFA with lower TP of IDR2,300, which implies 7.9x '25F P/E as per our view that JPFA could still have a good revenue' and earnings' growth in '25F, on higher consumption of chickens (LB, DOC) on government free nutritious food program, with chickens' (LB, DOC) ASP improvement gradually, lower soybean-meal' (SBM) prices and stable LC' prices, despite our anticipation on a possibility of softer chickens' demand in 2Q25F and 3Q25F due to lack of festivities amidst Indonesia' current economic conditions. Currently, JPFA is trading at 6.1x '25F P/E or at -1stdev of its 5 years' mean P/E.

Lower LB' ASP pressured revenue growth in 1Q25

Unexpectedly, LB' ASP declined 4.6% yoy/4.7% qoq in 1Q25 despite higher sales and consumption of chickens during Ramadan festivities. This resulted in JPFA' revenue only reached IDR14.3 tn (+2.9% yoy/-1.3% qoq) in 1Q25, as the company' revenue from its LB segment declined 2.9% yoy/6.5% qoq to IDR5.58 tn or around 38.9% of its total revenue in 1Q25. Fortunately, JPFA' revenue from its poultry processing & consumer products and trading others' segment grew 24.3%yoy/2.3% qoq and 15.8%yoy/6.4% qoq, to IDR2.44 tn and IDR586 bn, respectively in 1Q25. While, JPFA' revenue from its feed', DOC', and aquaculture' segment reached IDR3.77 tn (-4% yoy/+6.9% qoq), IDR804 bn (+17% yoy/-3.9% qoq), and IDR1.16 tn (+5.1% yoy/-8.3% qoq), respectively in 1Q25. Note that, DOC' ASP still grew 7.9% yoy, despite a 10% qoq decline in 1Q25. Thus, JPFA' 1Q25 revenue still came in-line with ours' (23.3%) and cons' expectation (23.8%).

Soft 1Q25 earnings with net margin contraction

JPFA' gross profit grew 8.9% yoy but declined 17.7% qoq to IDR2.7 tn in 1Q25, as the government via its National Food Agency (NFA) has capped the LC' floor price at IDR5,500 per kg since Feb'25. Thankfully, SBM prices remained at around USD296.9 /tons or still below its 5years average price of USD383.3 /tons, despite stronger USD vs IDR. While, JPFA' EBIT only grew 0.3% yoy but declined 21.8% qoq mainly on higher operating expenses (opex) as the company gave a mandatory religious holiday allowance in Mar'25. Thus, JPFA' 1Q25 earnings only reached IDR680 bn (+2.3% yoy/-26.3% qoq) in 1Q25 on lower chicken' ASP with higher costs pressure, and was below ours' (19.6%) and cons' expectation (19.9%). All in all, JPFA' gross, EBIT and net margin reached to 18.8% (+10bps yoy/-370bps qoq), 7.8% (-20bps yoy/-200bps qoq) and 4.7% (-10bps yoy/-170bps qoq), respectively in 1Q25.

A slight adjustments, and ASP could gradually improve

After a lower chicken' (LB, DOC) ASP in 1Q25, we view that the chicken' ASP could gradually improve in the coming quarters due to the positive impact from last year' voluntary chicken culling by the poultry players (including JPFA) with limited Grand Parents (GP) import quota set by the government. At the same time, we also anticipate for a softer chicken' demand in 2Q25F and 3Q25F due to lack of festivities. Thus, we slightly adjusted our JPFA '25F revenue and earnings to IDR61.24 tn (-0.4% from prior) and IDR3.39 tn (-2.4% from prior), respectively.

Maintain BUY with lower TP of IDR2,300

Maintain Buy on JPFA with lower TP of IDR 2,300/share, which implies 7.9x '25F P/E or at -0.5 stdv of its 5 years mean P/E. After a soft 1Q25 earnings, we still expect JPFA' revenue and earnings to grow by 9.7% yoy and 12.3% yoy, respectively in '25F on higher consumption of chickens (LB, DOC) on government free nutritious food program, with chickens' (LB, DOC) ASP improvement gradually, lower SBM prices and stable LC' prices. Risks to our call includes: a) high supply with low demand on LB and DOC, b) higher than expected raw material prices (LC and SBM), and c) changes in government regulations on poultry sector. Currently, JPFA is trading at 6.1x '25F P/E or slightly above its -1stdev of its 5 years' mean P/E.

Exhibit 1: Key Statistics

Year end Dec	2023A	2024A	2025F	2026F	2027F
Revenue (IDR bn)	51,176	55,801	61,241	67,065	75,094
EBITDA (IDR bn)	3,110	6,097	6,705	7,399	8,298
Net profit (IDR bn)	930	3,019	3,390	3,853	4,540
EPS (IDR)	79	257	289	329	387
EPS growth (%)	-34.5	224.7	12.3	13.6	17.8
ROE (%)	7.0	19.5	20.4	21.5	23.1
ROA (%)	2.7	8.7	9.4	10.2	11.2
PER (x)	22.0	6.9	6.1	5.4	4.6
PBV (x)	1.5	1.3	1.2	1.2	1.1
EV/EBITDA (x)	8.5	4.0	3.3	3.1	2.6
Div Yield (%)	2.8	4.0	10.9	12.3	14.0

Source: Company, KBVS Research

Exhibit 2: JPFA' 1Q25 results

JPFA 1Q25 Results (IDRbn)	1Q25	1Q24	YoY	4Q24	QoQ	of '25F to Cons'	
Revenue	14,332	13,925	2.9%	14,521	-1.3%	25.3%	23.8%
COGS	(11,638)	(11,451)	1.6%	(11,247)	3.5%		
Gross profit	2,695	2,474	8.9%	3,274	-17.7%	21.5%	22.4%
Operating expenses	(1,576)	(1,360)	15.9%	(1,844)	-14.5%		
EBIT	1,119	1,115	0.3%	1,430	-21.8%	19.2%	20.5%
Profit before tax	977	895	9.1%	1,216	-19.7%	20.6%	21.3%
Tax expense	(222)	(180)	-23.7%	(249)	-10.6%		
Minority interest	74	50	46.2%	44	67.5%		
Net profit	680	665	2.3%	923	-26.3%	19.6%	19.9%

Margins (%)

Gross margin	18.8%	17.8%		22.5%		
EBIT margin	7.8%	8.0%		9.8%		
Pretax margin	6.8%	6.4%		8.4%		
Net margin	4.7%	4.8%		6.4%		

JPFA 1Q25 Results (IDRbn)

1Q25	1Q24	YoY	4Q24	QoQ	
<b>Animal feeds</b>					
Revenue	3,771	3,928	-4.0%	3,527	6.9%
EBIT	631	740	-14.7%	300	110.4%
EBIT margin	16.7%	18.8%		8.5%	

Poultry breeding

Revenue	804	688	17.0%	837	-3.9%
EBIT	202	234	-13.6%	305	-33.7%
EBIT margin	25.1%	34.0%		36.4%	

Commercial farm

Revenue	5,575	5,741	-2.9%	5,959	-6.5%
EBIT	255	300	-14.8%	916	-72.1%
EBIT margin	4.6%	5.2%		15.4%	

Poultry processing & consumer products

Revenue	2,438	1,961	24.3%	2,384	2.3%
EBIT	98	61	60.1%	123	-20.2%
EBIT margin	4.0%	3.1%		5.2%	

Aquaculture

Revenue	1,158	1,102	5.1%	1,263	-8.3%
EBIT	110	65	68.5%	77	42.1%
EBIT margin	9.5%	5.9%		6.1%	

Trading others

Revenue	586	506	15.8%	551	6.4%
EBIT	146	62	135.0%	42	248.4%
EBIT margin	24.9%	12.3%		7.6%	

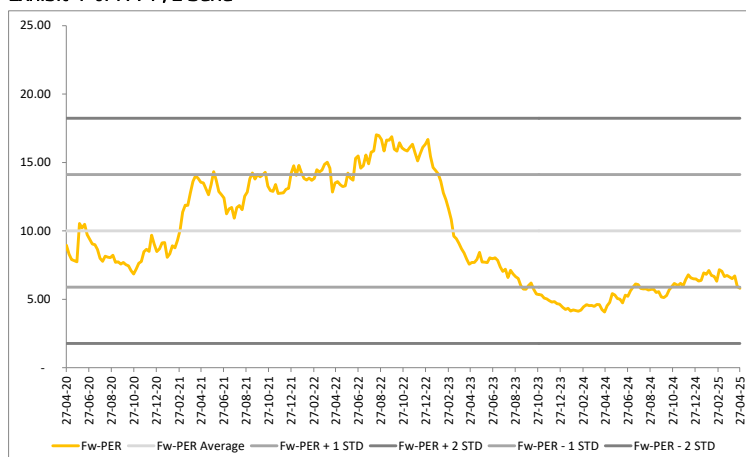
Source: Company, KBVS Research

Exhibit 3: Earning adjustments

Adjustments	New		Old		Diff (%)	
	25F	26F	25F	26F	25F	26F
Revenue	61,241	67,065	61,489	68,141	-0.4%	-1.6%
Gross profit	12,367	13,734	12,540	14,114	-1.4%	-2.7%
EBIT	5,734	6,406	5,821	6,606	-1.5%	-3.0%
Profit before tax	4,667	5,298	4,735	5,498	-1.4%	-3.6%
Net profit	3,390	3,853	3,475	4,001	-2.4%	-3.7%

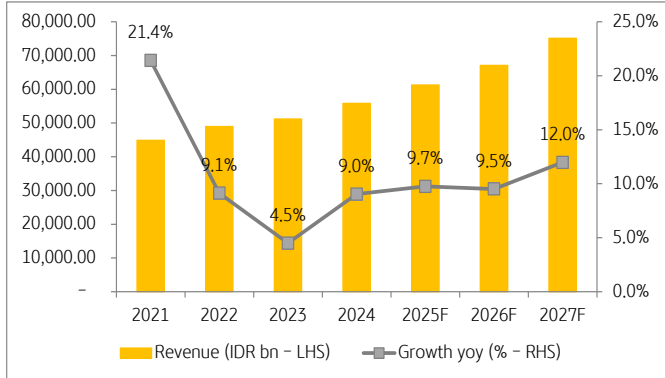
Source: KBVS Research

Exhibit 4: JPFA' P/E Band



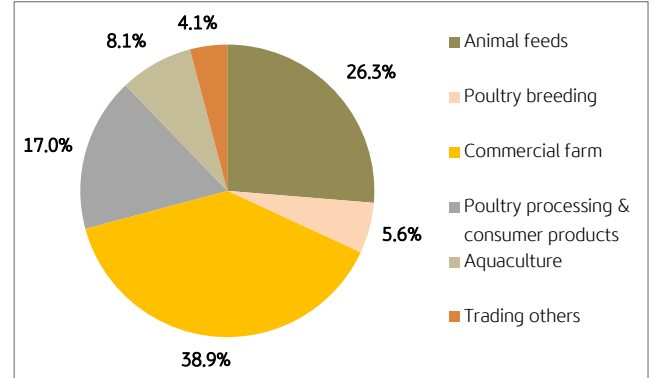
Source: Company, KBVS Research

Exhibit 5: Revenue and growth yoy



Source: Company, KBVS Research

Exhibit 6: Revenue contribution from each segment in 1Q25



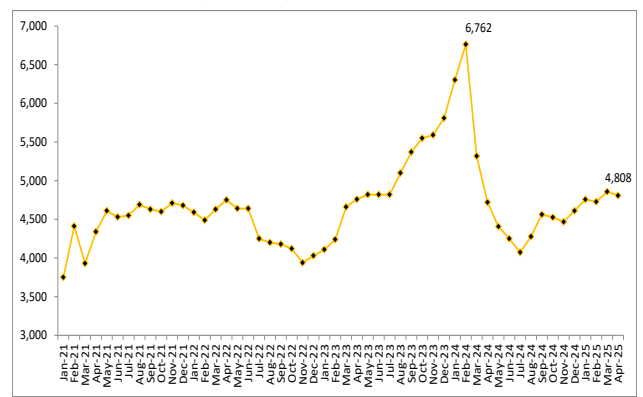
Source: Company, KBVS Research

Exhibit 7: Soybean-meal prices - USD/kg



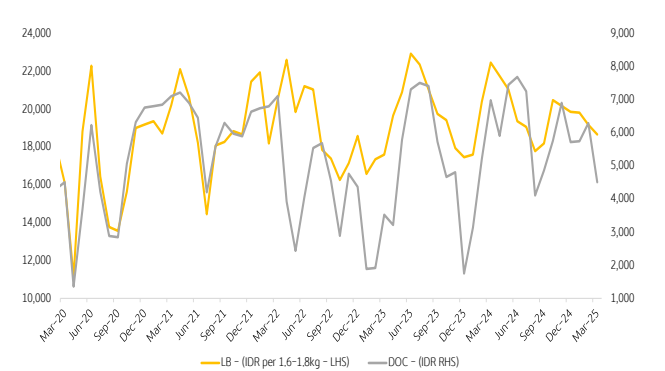
Source: Bloomberg, KBVS Research

Exhibit 8: Local corn prices at producer level



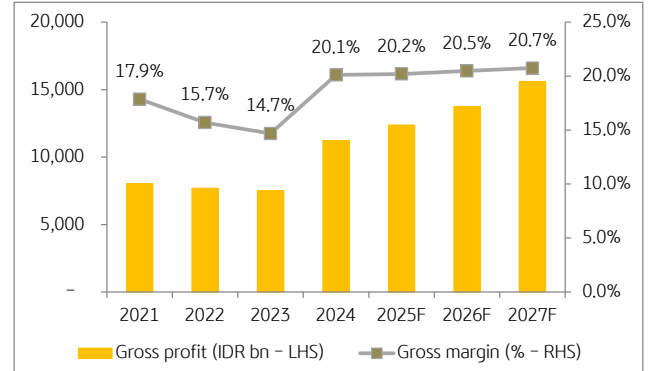
Source: Bapanas, KBVS Research

Exhibit 9: LB' and DOC' ASP, monthly



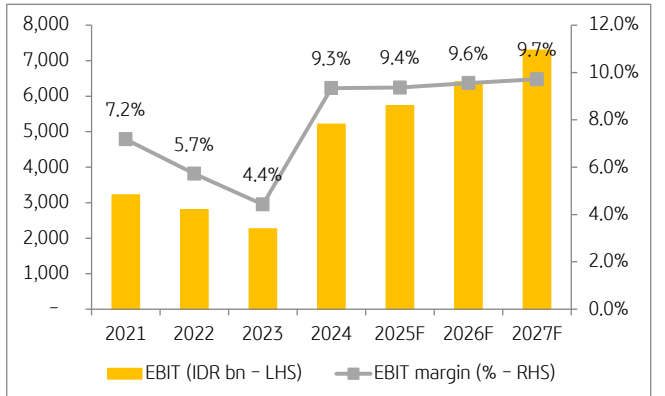
Source: Company, KBVS Research

Exhibit 10: Gross profit & margin



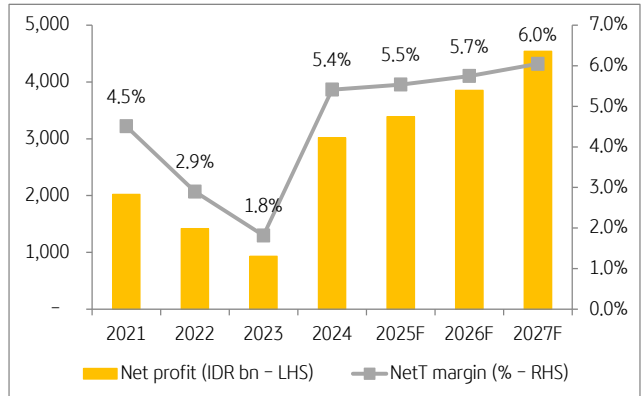
Source: Company, KBVS Research

Exhibit 11: EBIT & margin



Source: Company, KBVS Research

Exhibit 12: Net profit & margin



Source: Company, KBVS Research

**Exhibit 13: Profit & loss summary**

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
<b>Revenue</b>	<b>51,176</b>	<b>55,801</b>	<b>61,241</b>	<b>67,065</b>	<b>75,094</b>
COGS	(43,665)	(44,583)	(48,874)	(53,332)	(59,515)
<b>Gross profit</b>	<b>7,511</b>	<b>11,218</b>	<b>12,367</b>	<b>13,734</b>	<b>15,579</b>
Operating expenses	(5,247)	(6,005)	(6,633)	(7,328)	(8,281)
<b>EBIT</b>	<b>2,264</b>	<b>5,213</b>	<b>5,734</b>	<b>6,406</b>	<b>7,297</b>
<b>EBITDA</b>	<b>3,110</b>	<b>6,097</b>	<b>6,705</b>	<b>7,399</b>	<b>8,298</b>
Pre-tax profit	1,261	4,241	4,667	5,298	6,233
<b>Net profit</b>	<b>930</b>	<b>3,019</b>	<b>3,390</b>	<b>3,853</b>	<b>4,540</b>
<b>EPS</b>	<b>79</b>	<b>257</b>	<b>289</b>	<b>329</b>	<b>387</b>
EPS growth	-35%	225%	12%	14%	18%

Source: Company, KBVS Research

**Exhibit 14: Balance sheet**

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Cash & equivalent (with ST Investment)	1,503	1,354	3,191	2,325	3,356
Accounts receivables	2,585	2,761	3,275	3,290	4,025
Inventories	11,321	11,120	9,791	12,259	12,185
Others	1,809	1,934	2,176	2,417	2,691
<b>Total current assets</b>	<b>17,218</b>	<b>17,169</b>	<b>18,433</b>	<b>20,290</b>	<b>22,257</b>
Fixed assets - Net	13,395	13,754	12,900	12,026	11,146
Others	3,496	3,743	4,559	5,628	7,051
<b>Total non-current assets</b>	<b>16,891</b>	<b>17,497</b>	<b>17,459</b>	<b>17,654</b>	<b>18,196</b>
<b>Total assets</b>	<b>34,109</b>	<b>34,666</b>	<b>35,892</b>	<b>37,944</b>	<b>40,454</b>
Accounts payable	4,890	4,636	5,150	5,713	6,279
ST Bank loan	4,909	3,213	3,203	3,203	3,203
Others	885	1,447	1,313	1,526	1,780
<b>Total current liabilities</b>	<b>10,684</b>	<b>9,296</b>	<b>9,667</b>	<b>10,442</b>	<b>11,262</b>
LT Bank loan	2,635	1,887	1,327	1,025	722
Others non-current liabilities	6,623	6,911	6,991	7,047	7,128
<b>Total non-current liabilities</b>	<b>9,258</b>	<b>8,798</b>	<b>8,318</b>	<b>8,072</b>	<b>7,850</b>
<b>Total liabilities</b>	<b>19,942</b>	<b>18,094</b>	<b>17,985</b>	<b>18,514</b>	<b>19,112</b>
Shareholders equity	1,879	1,879	1,879	1,879	1,879
Add Paid-in capital	1,150	1,150	1,150	1,150	1,150
Treasury stock & other items	(148)	(148)	(148)	(148)	(148)
Minority interests	941	1,096	1,276	1,486	1,730
Others	(192)	(164)	(164)	(164)	(164)
Retained earnings	10,537	12,758	13,913	15,226	16,893
<b>Total Equity</b>	<b>13,226</b>	<b>15,477</b>	<b>16,632</b>	<b>17,944</b>	<b>19,612</b>
<b>Total Liabilities &amp; Equity</b>	<b>34,109</b>	<b>34,666</b>	<b>35,892</b>	<b>37,944</b>	<b>40,454</b>

Source: Company, KBVS Research

**Exhibit 15: Cash flow**

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Net profit	930	3,019	3,390	3,853	4,540
D&A	846	883	970	993	1,001
Changes in working capital	321	(229)	1,330	(1,921)	(95)
Others	(22)	724	(307)	46	99
<b>Operating cash flow</b>	<b>2,074</b>	<b>4,398</b>	<b>5,383</b>	<b>2,971</b>	<b>5,544</b>
Capital expenditures	(1,744)	(1,243)	(115)	(119)	(121)
Others	(203)	(573)	(773)	(1,023)	(1,360)
<b>Investing cash flow</b>	<b>(1,946)</b>	<b>(1,816)</b>	<b>(888)</b>	<b>(1,142)</b>	<b>(1,481)</b>
Net change in debt	(19)	(2,152)	(602)	(365)	(404)
Net change in equity	10	-	-	-	-
Others	154	205	209	212	262
Cash dividends paid	(581)	(819)	(2,264)	(2,543)	(2,890)
<b>Financing cash flow</b>	<b>(436)</b>	<b>(2,765)</b>	<b>(2,657)</b>	<b>(2,696)</b>	<b>(3,032)</b>
<b>Net change in cash</b>	<b>(308)</b>	<b>(183)</b>	<b>1,838</b>	<b>(867)</b>	<b>1,032</b>
Cash in beginning of the year	1,811	1,503	1,354	3,191	2,325
<b>Cash at the end of the year</b>	<b>1,503</b>	<b>1,319</b>	<b>3,191</b>	<b>2,325</b>	<b>3,356</b>

Source: Company, KBVS Research

**Exhibit 16: Ratio analysis**

Year End Dec	2023A	2024A	2025F	2026F	2027F
<b>Growth (%)</b>					
Revenue	4.5	9.0	9.7	9.5	12.0
Gross profit	-2.2	49.3	10.2	11.1	13.4
Operating profit	-19.2	130.3	10.0	11.7	13.9
EBITDA	-14.9	96.0	10.0	10.4	12.2
Net profit	-34.5	224.7	12.3	13.6	17.8
<b>Profitability (%)</b>					
Gross margin	14.7	20.1	20.2	20.5	20.7
Operating margin	4.4	9.3	9.4	9.6	9.7
EBITDA margin	6.1	10.9	10.9	11.0	11.1
Net margin	1.8	5.4	5.5	5.7	6.0
ROA	2.7	8.7	9.4	10.2	11.2
ROE	7.0	19.5	20.4	21.5	23.1
<b>Solvency (x)</b>					
Current ratio	1.6	1.8	1.9	1.9	2.0
Quick ratio	0.6	0.7	0.9	0.8	0.9
Debt to equity	0.6	0.3	0.3	0.2	0.2
Interest coverage	2.3	6.0	6.3	7.4	8.9
Net gearing	0.5	0.2	0.1	0.1	0.0

Source: Company, KBVS Research

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## Investment Gallery

### Jakarta

Citra Garden 6 Ruko Sixth Avenue  
Blok J.1 A/18, Cengkareng  
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### Tangerang

Ruko Aniva Junction Blok D No. 32  
Gading Serpong, Tangerang,  
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### Semarang

Jl. Jati Raya No. D6,  
Srandol Wetan, Banyumanik,  
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### Salatiga

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Salatiga 50711  
T. (0298) 313007

### Solo

Jl. Ronggowarsito No. 34  
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### Jambi

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