

A stellar performance in FY24, and to continue in '25F

05 March 2025



JPFA IJ	BUY
Sector	Poultry
Price at 04 Mar 2025 (IDR)	2,020
Price target (IDR)	2,680
Upside/Downside (%)	32.7

Stock Information

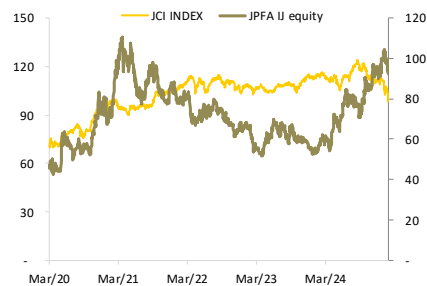
Japfa Comfeed Indonesia Tbk (JPFA) is the second largest poultry player in Indonesia that engages in animal feeds, breeds, processes chicken and operates aquaculture farms.

Market cap (IDR bn)	23,688
Shares outstanding (mn)	11,727
52-week range (IDR)	1,075-2,230
3M average daily vol. ('000)	19,875
3M average daily val. (IDR mn)	38,681

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 (%)	(0.5)	11.3	69.8

Analyst

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Japfa Comfeed Indonesia (JPFA) revenue grew 9.0% yoy in FY24 due to higher demand with better chickens (Livebird/LB, Day Old Chick/DOC) prices in 2024. JPFA' gross, EBIT and net margin expanded by 540bps, 490bps, and 360bps, yoy, respectively in FY24 due to lower raw material prices (local corn/LC, soybean meal/SBM). All in all, JPFA' earnings grew significantly (+ 224.7% yoy) in FY24, which came above ours' (109%) and consensus' expectation (127.8%). Thus, we maintain BUY with higher TP of IDR2,680, which implies 9.1x '25F P/E as we adjusted our '25F and expect JPFA to continue to perform well this year, due to government free nutritious food program that would boost demand of chicken to even higher this year, along with a stable chicken prices and low raw material (LC, SBM) prices. Currently, JPFA is trading at 6.8x '25F P/E or at -1stddev of its 5 years' mean P/E.

Good news, low LC' and SBM' prices to continue in '25F with stable chicken ASP

In Jan'25, Statistics Indonesia (BPS) recorded a total production of 1.24 mn tons LC (14% of water content) or 141.98% yoy higher. Thus, BPS expects the total local corn production (14% of water content) to increase by 920k tons yoy to 5.95 mn tons (+18.39% yoy) in 4M25F due to favorable weather for corn' farming this year. While, SBM' price is currently around USD294.7 /tons or much lower than its 5years average price of USD383.3 /tons. At the same time, LB' and DOC' average selling price (ASP) were higher at IDR19,821 /LB (+12.6% yoy) and IDR5,748 /chick (+83.1% yoy), respectively in Jan'25. Thus, we expect this year' higher demand of chicken on government free nutritious food program, with stable LB' and DOC' ASP, and lower LC' and SBM' prices could boost JPFA' performance further in '25F.

A Significant earnings growth (+ >100% yoy/+49.7% qoq) in 4Q24

JPFA earnings grew significantly (+ >100% yoy/+49.7% qoq) in 4Q24 due to higher demand of chicken during Christmas and year end' festivities, with lower raw material prices (local corn/LC, soybean meal/SBM) and better chicken prices. As a result, JPFA' earnings grew 224.7% yoy to IDR3.02 tn in FY24, which came above ours' (109%) and consensus' expectation (127.8%).

Revenue growth on higher demand of chicken during festivities

We JPFA' revenue grew 8.3% yoy/6.5% qoq to IDR14.52 tn in 4Q24, due to higher demand of chicken during Christmas and year end' festivities with better chicken prices. Thus, JPFA' revenue grew 9.0% yoy to IDR55.8 tn in FY24.

Margins expanded across the board

JPFA' gross profit grew 106% yoy/26.6% qoq to IDR3.27 tn in 4Q24, on lower raw material (LC and SBM) prices, yoy. While, JPFA' EBIT grew 550.9% yoy/26.1% qoq in 4Q24 despite higher opex (+34.6% yoy/+26.9% qoq). As a result, JPFA' gross, EBIT and net margin expanded to 22.5% (+1,060bps yoy/+350bps qoq), 9.8% (+820bps yoy /+150bps qoq) and 6.4% (+650bps yoy/+190bps qoq), respectively in 4Q24. All in all, JPFA' net margin expanded by 360bps yoy in FY24.

Upward adjustment to our forecast

We have made upward adjustments to our '25F for JPFA as to incorporate the company' stellar performance in FY24 and our expectations on higher demand of chickens, a stable LB' and DOC' ASP with low LC' and SBM' prices throughout this year. Thus, we expect JPFA' revenue to grow by 10.2% yoy to IDR61.5 tn (1.8% higher than prior), in '25F. All in all, we expect JPFA' earnings to grow by 15.1% yoy to IDR3.5 tn (9.1% higher than prior), in '25F and net margin to expand by 30bps yoy.

Maintain BUY with higher TP of IDR2,680

Maintain Buy on JPFA with higher TP of IDR 2,680/share, which implies 9.1x '25F P/E or at -0.25 stdv of its 5 years mean P/E. After a stellar performance by JPFA in FY24, we expect JPFA' revenue and earnings to grow by 10.2% yoy and 15.1% yoy, respectively in '25F, due to higher demand of chicken with a more stable LB' and DOC' supply and prices, also lower raw material prices (LC and SBM). 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 6.8x '25F P/E or slightly above its -1stddev 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	61,489	68,141	75,541
EBITDA (IDR bn)	3,110	6,097	6,791	7,599	8,419
Net profit (IDR bn)	930	3,019	3,475	4,001	4,630
EPS (IDR)	79	257	296	341	395
EPS growth (%)	-34.5	224.7	15.1	15.1	15.7
ROE (%)	7.0	19.5	19.9	20.3	20.7
ROA (%)	2.7	8.7	9.5	10.0	10.7
PER (x)	25.5	7.8	6.8	5.9	5.1
PBV (x)	1.8	1.5	1.4	1.2	1.1
EV/EBITDA (x)	9.6	4.5	3.6	3.2	2.5
Div Yield (%)	2.5	3.5	6.4	7.3	8.4

Source: Company, KBVS Research

Exhibit 2: JPFA' 4Q24 and FY24 results

JPFA FY24 Results (IDRbn)	FY24	FY23	YoY	4Q24	4Q23	YoY	3Q24	QoQ	of '24F to Cons'	
Revenue	55,801	51,176	9.0%	14,521	13,408	8.3%	13,631	6.5%	101.9%	102.0%
COGS	(44,583)	(43,665)	2.1%	(11,247)	(11,819)	-4.8%	(11,044)	1.8%		
Gross profit	11,218	7,511	49.3%	3,274	1,590	106.0%	2,587	26.6%	106.4%	116.5%
Operating expenses	(6,005)	(5,247)	14.4%	(1,844)	(1,370)	34.6%	(1,453)	26.9%		
EBIT	5,213	2,264	130.3%	1,430	220	550.9%	1,134	26.1%	103.0%	122.8%
Profit before tax	4,241	1,261	236.3%	1,216	(32)	-3897.5%	850	43.1%	112.6%	131.2%
Tax expense	(1,029)	(315)	-226.4%	(249)	(16)	1419.4%	(194)	28.3%		
Minority interest	193	16	1093.7%	44	(41)	-207.7%	39	12.7%		
Net profit	3,019	930	224.7%	923	(8)	-12336.2%	617	49.7%	109.0%	127.8%

Margins (%)	
Gross margin	20.1% 14.7% 22.5% 11.9% 19.0%
EBIT margin	9.3% 4.4% 9.8% 1.6% 8.3%
Pretax margin	7.6% 2.5% 8.4% -0.2% 6.2%
Net margin	5.4% 1.8% 6.4% -0.1% 4.5%

JPFA FY24 Results (IDRbn)	FY24	FY23	YoY	4Q24	4Q23	YoY	3Q24	QoQ
Animal feeds								
Revenue	14,317	13,461	6.4%	3,527	3,645	-3.2%	3,551	-0.7%
EBIT	2,376	2,740	-13.3%	300	629	-52.3%	650	-53.9%
EBIT margin	16.6%	20.4%		8.5%	17.3%		18.3%	
Poultry breeding								
Revenue	3,137	2,277	37.8%	837	571	46.5%	752	11.2%
EBIT	1,378	237	481.6%	305	(37)	-930.7%	377	-19.2%
EBIT margin	43.9%	10.4%		36.4%	-6.4%		50.1%	
Commercial farm								
Revenue	23,038	21,304	8.1%	5,959	5,619	6.1%	5,464	9.1%
EBIT	1,589	(611)	-359.9%	916	(379)	-342.0%	(16)	-5801.6%
EBIT margin	6.9%	-2.9%		15.4%	-6.7%		-0.3%	
Poultry processing & consumer products								
Revenue	8,466	7,582	11.7%	2,384	1,932	23.4%	2,110	13.0%
EBIT	372	417	-10.9%	123	222	-44.4%	65	90.7%
EBIT margin	4.4%	5.5%		5.2%	11.5%		3.1%	
Aquaculture								
Revenue	4,750	4,558	4.2%	1,263	1,175	7.5%	1,224	3.2%
EBIT	358	219	63.5%	77	91	-14.8%	128	-39.6%
EBIT margin	7.5%	4.8%		6.1%	7.7%		10.4%	
Trading others								
Revenue	2,092	1,994	4.9%	551	467	17.9%	531	3.8%
EBIT	277	257	7.7%	42	76	-45.1%	88	-52.6%
EBIT margin	13.2%	12.9%		7.6%	16.3%		16.6%	

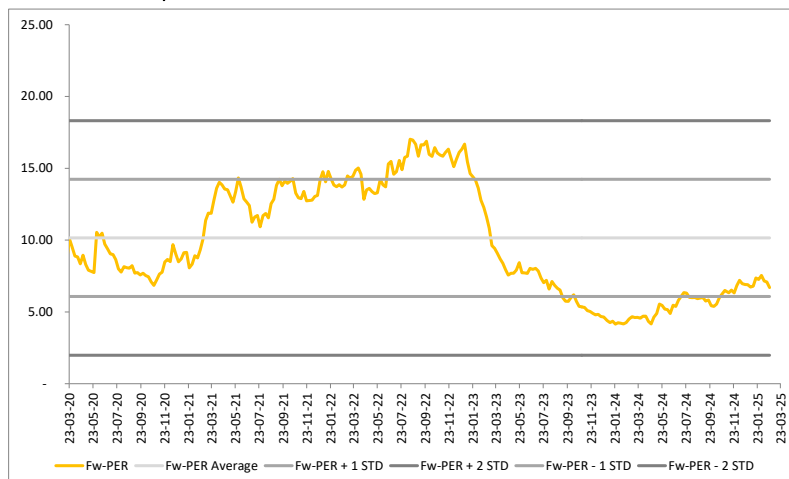
Source: Company, KBVS Research

Exhibit 3: Earning adjustments

Adjustments	New		Old		Diff (%)	
	25F	26F	25F	26F	25F	26F
Revenue	61,489	68,141	60,420	66,565	1.8%	2.4%
Gross profit	12,540	14,114	11,720	12,985	7.0%	8.7%
EBIT	5,821	6,606	5,605	6,231	3.8%	6.0%
Profit before tax	4,735	5,498	4,327	5,183	9.4%	6.1%
Net profit	3,475	4,001	3,185	3,687	9.1%	8.5%

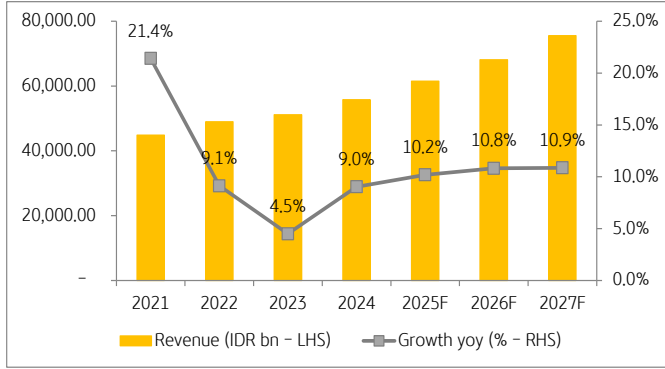
Source: KBVS Research

Exhibit 4: JPFA' P/E Band



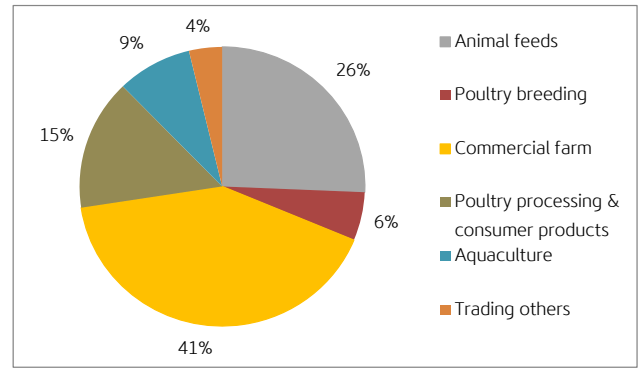
Source: Company, KBVS Research

Exhibit 5: Revenue and growth yoy



Source: Company, KBVS Research

Exhibit 6: Revenue contribution from each segment



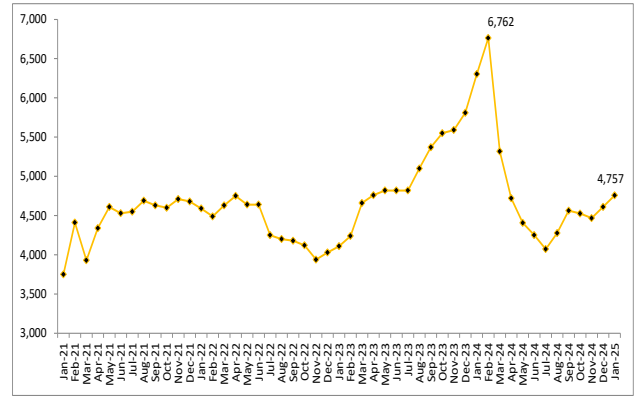
Source: Company, KBVS Research

Exhibit 7: Soybean-meal prices - USD/kg



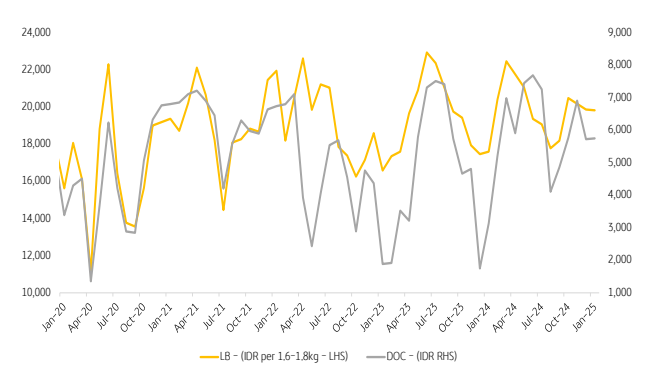
Source: Bloomberg, KBVS Research

Exhibit 8: Local corn prices at producer level



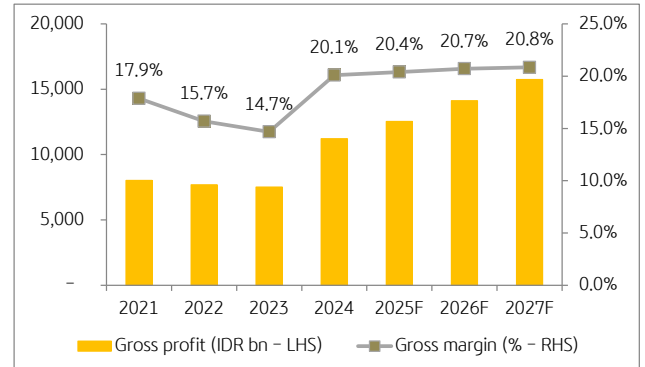
Source: Bapanas, KBVS Research

Exhibit 9: LB' and DOC' ASP, monthly



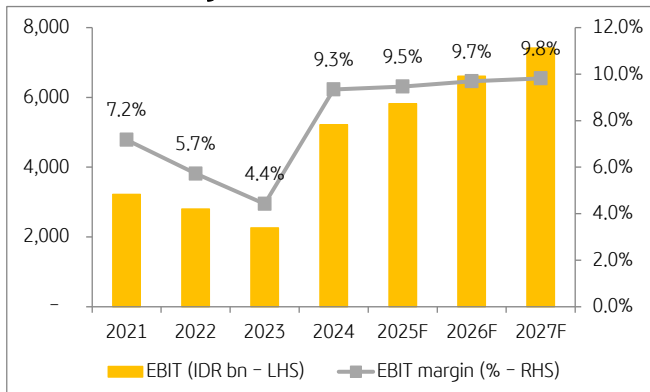
Source: Company, KBVS Research

Exhibit 10: Gross profit & margin



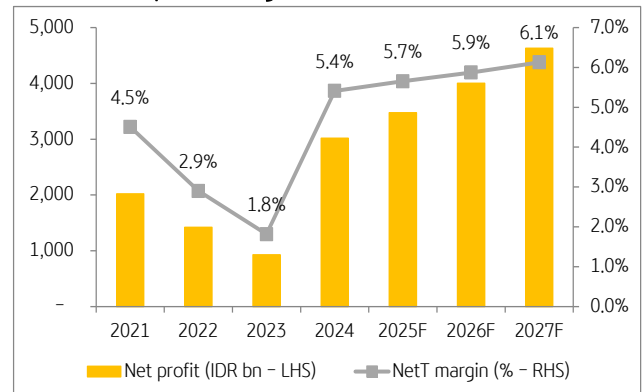
Source: Company, KBVS Research

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
Revenue	51,176	55,801	61,489	68,141	75,541
COGS	(43,665)	(44,583)	(48,949)	(54,027)	(59,795)
Gross profit	7,511	11,218	12,540	14,114	15,747
Operating expenses	(5,247)	(6,005)	(6,720)	(7,508)	(8,329)
EBIT	2,264	5,213	5,821	6,606	7,418
EBITDA	3,110	6,097	6,791	7,599	8,419
Pre-tax profit	1,261	4,241	4,735	5,498	6,354
Net profit	930	3,019	3,475	4,001	4,630
EPS	79	257	296	341	395
EPS growth	-35%	225%	15%	15%	16%

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	3,236	2,270	3,728
Accounts receivables	2,585	2,761	3,299	3,371	3,988
Inventories	11,321	11,120	9,823	12,514	12,044
Others	1,809	1,934	2,177	2,420	2,692
Total current assets	17,218	17,169	18,535	20,575	22,453
Fixed assets - Net	13,395	13,754	12,900	12,026	11,146
Others	3,496	3,743	4,561	5,636	7,054
Total non-current assets	16,891	17,497	17,461	17,662	18,200
Total assets	34,109	34,666	35,996	38,238	40,653
Accounts payable	4,890	4,636	5,158	5,787	6,308
ST Bank loan	4,909	3,213	3,203	3,203	3,203
Others	885	1,447	1,318	1,549	1,790
Total current liabilities	10,684	9,296	9,680	10,539	11,301
LT Bank loan	2,635	1,887	1,327	1,025	722
Others non-current liabilities	6,623	6,911	6,997	7,074	7,139
Total non-current liabilities	9,258	8,798	8,324	8,099	7,861
Total liabilities	19,942	18,094	18,004	18,638	19,162
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	13,998	15,395	17,042
Total Equity	13,226	15,477	16,717	18,114	19,760
Total Liabilities & Equity	34,109	34,666	35,996	38,238	40,653

Source: Company, KBVS Research

Exhibit 15: Cash flow

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Net profit	930	3,019	3,475	4,001	4,630
D&A	846	883	970	993	1,001
Changes in working capital	321	(229)	1,281	(2,134)	374
Others	(22)	724	(299)	75	77
Operating cash flow	2,074	4,398	5,428	2,935	6,082
Capital expenditures	(1,744)	(1,243)	(115)	(119)	(121)
Others	(203)	(573)	(773)	(1,023)	(1,360)
Investing cash flow	(1,946)	(1,816)	(888)	(1,142)	(1,481)
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)	(2,606)	(3,001)
Financing cash flow	(436)	(2,765)	(2,657)	(2,760)	(3,143)
Net change in cash	(308)	(183)	1,882	(966)	1,458
Cash in beginning of the year	1,811	1,503	1,354	3,236	2,270
Cash at the end of the year	1,503	1,319	3,236	2,270	3,728

Source: Company, KBVS Research

Exhibit 16: Ratio analysis

Year End Dec	2023A	2024A	2025F	2026F	2027F
Growth (%)					
Revenue	4.5	9.0	10.2	10.8	10.9
Gross profit	-2.2	49.3	11.8	12.5	11.6
Operating profit	-19.2	130.3	11.6	13.5	12.3
EBITDA	-14.9	96.0	11.4	11.9	10.8
Net profit	-34.5	224.7	15.1	15.1	15.7
Profitability (%)					
Gross margin	14.7	20.1	20.4	20.7	20.8
Operating margin	4.4	9.3	9.5	9.7	9.8
EBITDA margin	6.1	10.9	11.0	11.2	11.1
Net margin	1.8	5.4	5.7	5.9	6.1
ROA	2.7	8.7	9.7	10.5	11.4
ROE	7.0	19.5	20.8	22.1	23.4
Solvency (x)					
Current ratio	1.6	1.8	1.9	2.0	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	6.4	7.6	9.1
Net gearing	0.5	0.2	0.1	0.1	0.0

Source: Company, KBVS Research

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