Policy tailwind after strong 1Q26 results

15 June 2026

JPFA IJ	BUY
Sector	Poultry
Price at 12 Jun 2026 (IDR)	1,905
Price target (IDR)	2,500
Upside/Downside (%)	31.2

Stock Information

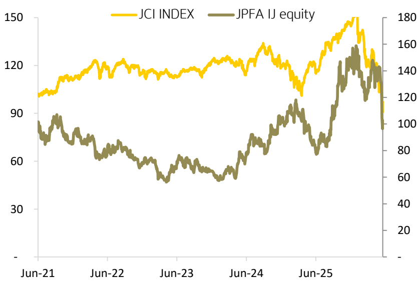
Japfa Comfeed Indonesia Tbk (JPFA) is the second largest poultry player in Indonesia that engages in animal feeds, breeds, processes chicken and operates aquaculture farms.

Market cap (IDR bn)	21,811
Shares outstanding (mn)	11,727
52-week range (IDR)	1,415-2,970
3M average daily vol. ('000)	19,313
3M average daily val. (IDR mn)	45,438

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 (%)	(21.9)	(16.4)	19.4

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Following its strong 1Q26 results, Japfa Comfeed Indonesia (JPFA) is likely to continue to improve its efficiency amid current economic conditions. Moreover, the government via the Ministry of Agriculture (MoA), has urged poultry players including JPFA, to support local chicken farmers by implementing a floor price of around IDR19,500 per kg for livebird (LB), which could further stabilize the chicken market' supply-demand dynamics further. In 1Q26, JPFA' revenue and earnings reached IDR17.71 tn (+23.6% yoy/+0.6% qoq) and IDR1.82 tn (+167% yoy/+14.1% qoq), respectively on higher LB' and day old chick' (DOC) demand and average selling prices (ASP) during festivities, despite higher local corn' (LC) and soybean-meal' (SBM) prices. As a result, JPFA' 1Q26 revenue and earnings came above ours' (26.7%/42.2%) and consensus' (27.5%/43.9%) expectation. Thus, we maintained our '26F revenue and earnings for JPFA and upgraded our call to BUY from HOLD, with same TP of IDR2,500 (implying 6.8x '26F P/E) supported by the company' continued efficiency improvements and the potential positive impact of the government' latest request, despite our anticipation of softer chicken demand in 2Q26F and 3Q26F. Currently, JPFA is trading at 5.2x '26F P/E or at -1 stdev of its 5 years' mean P/E.

A positive side from the requests

Earlier this month, Indonesian government via its MoA has urged poultry players including JPFA, to support local chicken farmers by implementing a floor price of around IDR19,500 per kg for LB. This request came after the government urged poultry players to source their SBM' needs via PT Berdikari (ID Food), starting Apr'26. On one side, both requests could put more pressure to poultry players' margin. On the other hand, the later request could help to stabilize the chicken market' supply-demand dynamics further. Thus, we remain positive about the later request with new LB floor price, as the higher LB' ASP should more than compensate for the increase in costs, thereby supporting margins. Moreover, JPFA is likely to continue to improve its efficiency amid current economic conditions. Note that, in Apr'26 and May'26, LB' and DOC' ASP has declined to around IDR19,643 /kg (-10.9% from 1Q26 ASP) and IDR5,894 /chick (-16.1% from 1Q26 ASP).

1Q26 strong revenue growth on festivities

JPFA' 1Q26 revenue reached IDR17.71 tn (+23.6% yoy/+0.6% qoq) on higher LB' and DOC' demand and ASP during festivities. Note that, the LB' and DOC' ASP reached IDR22,054 /kg (+14.7% yoy/+2.1% qoq) and IDR6,816 /chick (+23.5% yoy/-2% qoq), respectively in 1Q26. While, JPFA' 1Q26 revenue from its businesses; Feed at IDR4.72 tn (+25.3% yoy/+5.6% qoq), DOC at IDR1.09 tn (+35.3% yoy/+1.4% qoq), LB at IDR7.03 (+26.2% yoy/-2.6% qoq), Aquaculture at IDR1.21 tn (+4.3% yoy/-16.3% qoq), consumer products at IDR3.04 tn (+24.8% yoy/+9.7% qoq) and tradings at IDR617 bn (+5.2% yoy/-1.7% qoq). Thus. JPFA' 1Q26 revenue came above ours' (26.7%) and cons' (27.5%) expectation.

1Q26 earnings came above, with margin expansions

JPFA' gross profit grew 67.7% yoy/1% qoq to IDR4.52 tn in 1Q26, due to higher sales and ASP, despite higher LC' and SBM' prices, yoy. Note that, the imported SBM price has increased to around USD315.6 per tons (in Mar'26) from its lowest at around USD260.7 per tons (in Apr'25). While, JPFA' EBIT grew 133.8% yoy/15.4% qoq to IDR2.62 tn in 1Q26 on better cost management despite THR disbursement by the company to its employees. As a result, JPFA' 1Q26 earnings reached IDR1.82 tn (+167% yoy/+14.1% qoq) on higher LB' and DOC' demand and ASP during festivities, despite higher LC' and SBM' prices, which came above ours' (42.2%) and consensus' (43.9%) expectations. All in all, JPFA' gross, EBIT and net margin expanded to 25.5% (+670bps yoy/+10bps qoq), 14.8% (+700bps yoy/+190bps qoq) and 10.3% (+560bps yoy/+130bps qoq), respectively in 1Q26.

Upgraded to BUY with same TP of IDR2,500/share

We view that JPFA' current share price does not reflect the company' fundamentals as it has declined -34.3% ytd due to continued foreign outflows from Indonesian capital market. We also maintained our '26F revenue and earnings for JPFA as we anticipate softer chicken' demand in 2Q26F and 3Q26F due to lack of catalysts amid current economic conditions. Thus, we upgraded to BUY from HOLD on JPFA with same TP of IDR2,500/share, which implies 6.8x '25F P/E as we still expect JPFA' revenue and earnings to grow by 9.3% yoy and 6.6% yoy, respectively in '26F on higher chicken demand with better ASP, amid higher LC' and SBM' 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 in the poultry sector. Currently, JPFA is trading at 5.2x '26F P/E or at its -1stdev of its 5 years' mean P/E.

Exhibit 1: Key Statistics

Year end Dec	2024A	2025A	2026F	2027F	2028F
Revenue (IDR bn)	55,801	60,716	66,341	72,612	79,574
EBITDA (IDR bn)	6,097	7,073	7,685	8,580	9,531
Net profit (IDR bn)	3,019	4,004	4,301	4,756	5,225
EPS (IDR)	257	341	367	406	446
EPS growth (%)	224.7	32.6	7.4	10.6	9.9
ROE (%)	19.5	21.5	19.7	18.8	18.0
ROA (%)	8.7	10.0	10.2	10.3	10.2
PER (x)	7.2	5.4	5.1	4.6	4.2
PBV (x)	1.4	1.2	1.0	0.9	0.8
EV/EBITDA (x)	4.2	3.4	2.6	2.7	2.1
Div Yield (%)	3.8	4.0	5.2	5.6	6.2

Source: Company, KBVS Research

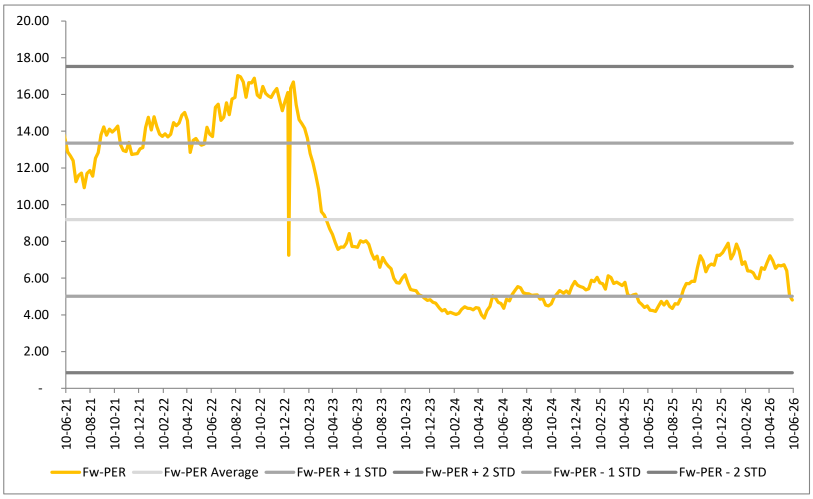
Exhibit 2: JPFA' 1Q26 results

JPFA 1Q26 Results (IDRbn)	1Q26	1Q25	YoY	4Q25	QoQ	of '26F	% to Cons'
Revenue	17,714	14,332	23.6%	17,611	0.6%	26.7%	27.5%
COGS	(13,194)	(11,638)	13.4%	(13,135)	0.4%		
Gross profit	4,520	2,695	67.7%	4,476	1.0%	31.7%	33.0%
Operating expenses	(1,905)	(1,576)	20.8%	(2,209)	-13.8%		
EBIT	2,615	1,119	133.8%	2,267	15.4%	39.6%	40.9%
Profit before tax	2,483	977	154.2%	2,103	18.0%	43.8%	44.1%
Tax expense	(540)	(222)	-142.7%	(456)	18.5%		
Minority interest	126	74	71.3%	55	129.2%		
Net profit	1,816	680	167.0%	1,593	14.1%	42.2%	43.9%
Margins (%)							
Gross margin	25.5%	18.8%		25.4%			
EBIT margin	14.8%	7.8%		12.9%			
Pretax margin	14.0%	6.8%		11.9%			
Net margin	10.3%	4.7%		9.0%			

JPFA 1Q26 Results (IDRbn)	1Q26	1Q25	YoY	4Q25	QoQ
Animal feeds					
Revenue	4,724	3,771	25.3%	4,474	5.6%
EBIT	1,005	631	59.3%	977	2.8%
EBIT margin	21.3%	16.7%		21.8%	
Poultry breeding					
Revenue	1,089	804	35.3%	1,074	1.4%
EBIT	784	202	287.6%	641	22.2%
EBIT margin	72.0%	25.1%	0	59.7%	
Commercial farm					
Revenue	7,033	5,575	26.2%	7,219	-2.6%
EBIT	862	255	237.5%	842	2.3%
EBIT margin	12.3%	4.6%		11.7%	
Poultry processing & consumer products					
Revenue	3,044	2,438	24.8%	2,775	9.7%
EBIT	147	98	49.9%	61	141.6%
EBIT margin	4.8%	4.0%		2.2%	
Aquaculture					
Revenue	1,208	1,158	4.3%	1,442	-16.3%
EBIT	92	110	-16.0%	128	-27.8%
EBIT margin	7.6%	9.5%		8.8%	
Trading others					
Revenue	617	586	5.2%	627	-1.7%
EBIT	149	146	2.0%	(12)	-1379.4%
EBIT margin	24.2%	24.9%		-1.9%	

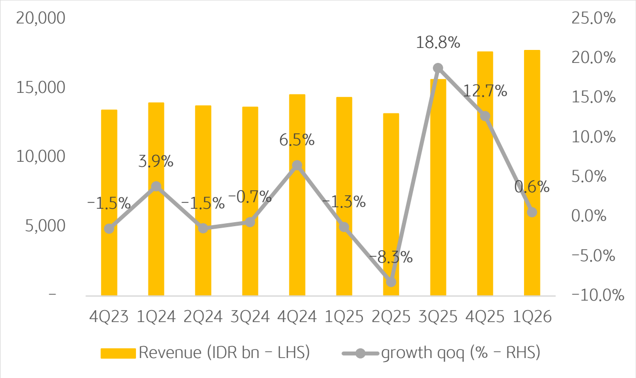
Source: Company, KBVS Research

Exhibit 3: JPFA' P/E Band



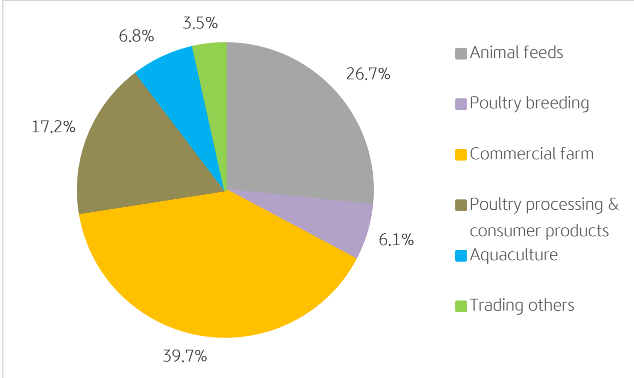
Source: Company, KBVS Research

Exhibit 4: Revenue and growth qoq



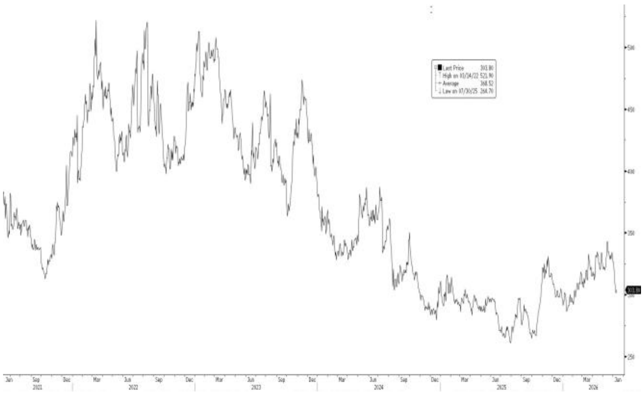
Source: Company, KBVS Research

Exhibit 5: Revenue contribution from each segment in 1Q26



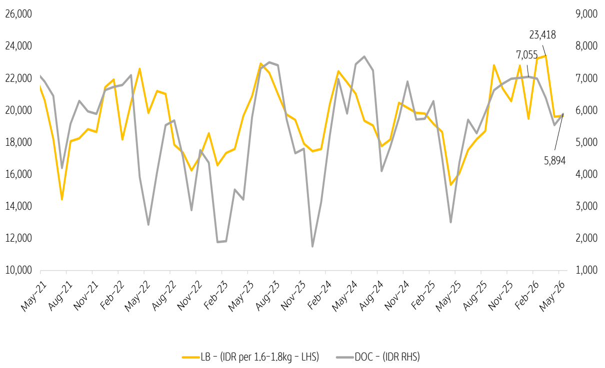
Source: Company, KBVS Research

Exhibit 6: Soybean-meal prices - USD/ton



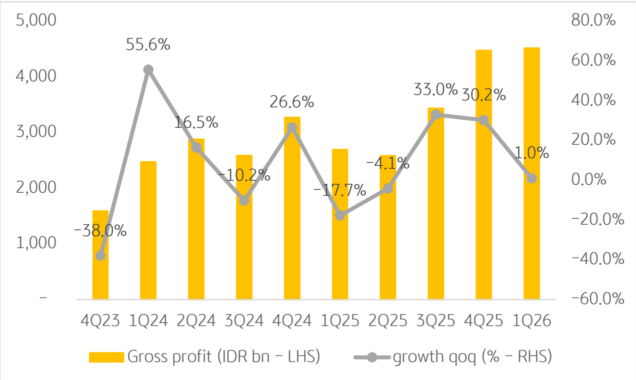
Source: Bloomberg, KBVS Research

Exhibit 7: LB' and DOC' ASP, monthly



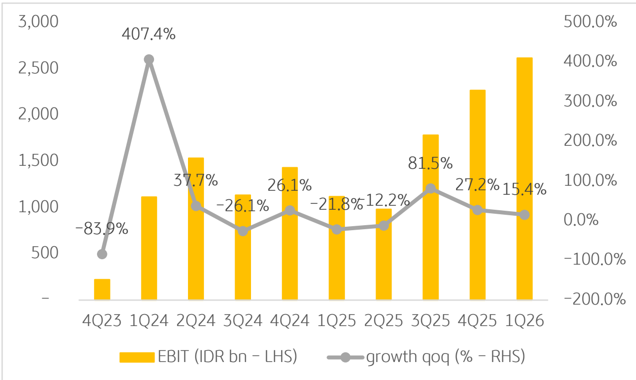
Source: Company, KBVS Research

Exhibit 8: Gross profit & growth qoq



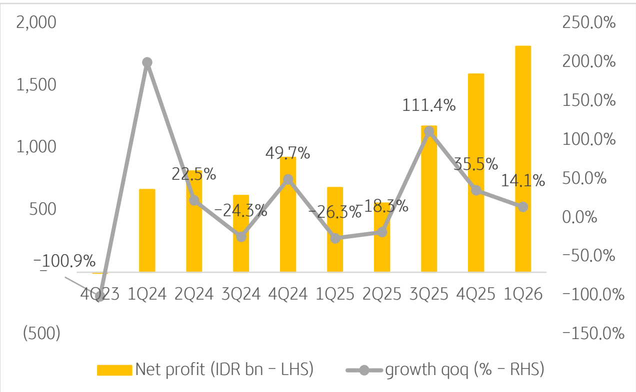
Source: Company, KBVS Research

Exhibit 9: EBIT & growth qoq



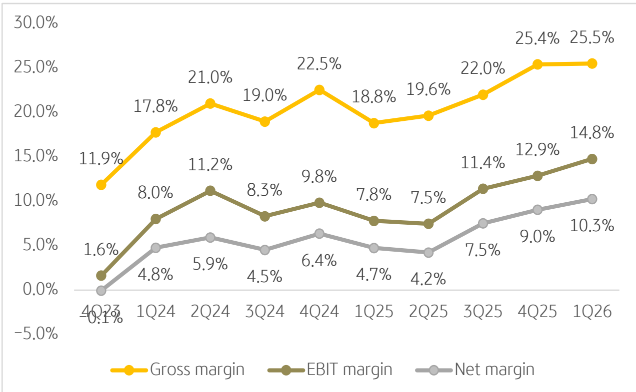
Source: Company, KBVS Research

Exhibit 10: Net profit & growth qoq



Source: Company, KBVS Research

Exhibit 11: JPFA' margins



Source: Company, KBVS Research

Exhibit 12: Profit & loss summary

Year End Dec (IDR bn)	2024A	2025A	2026A	2027F	2028F
Revenue	55,801	60,716	66,341	72,612	79,574
COGS	(44,583)	(47,524)	(52,090)	(56,936)	(62,265)
Gross profit	11,218	13,191	14,251	15,676	17,309
Operating expenses	(6,005)	(7,042)	(7,647)	(8,314)	(9,167)
EBIT	5,213	6,150	6,604	7,362	8,141
EBITDA	6,097	7,073	7,685	8,580	9,531
Pre-tax profit	4,241	5,484	5,662	6,371	6,998
Net profit	3,019	4,004	4,301	4,756	5,225
EPS	257	341	367	406	446
EPS growth	225%	33%	7%	11%	10%

Source: Company, KBVS Research

Exhibit 13: Balance sheet

Year End Dec (IDR bn)	2024A	2025A	2026A	2027F	2028F
Cash & equivalent (with ST Investment)	1,354	3,550	5,995	2,514	5,262
Accounts receivables	2,761	3,126	3,333	3,690	4,030
Inventories	11,120	11,726	9,559	13,826	11,191
Others	1,934	2,974	2,292	2,366	2,220
Total current assets	17,169	21,376	21,178	22,396	22,703
Fixed assets - Net	13,754	14,995	17,050	20,058	24,445
Others	3,743	3,689	3,759	3,878	4,047
Total non-current assets	17,497	18,684	20,809	23,936	28,492
Total assets	34,666	40,060	41,987	46,331	51,195
Accounts payable	4,636	3,707	5,105	5,314	5,590
ST Bank loan	3,213	3,875	3,203	3,203	3,203
Others	1,447	8,936	2,194	2,722	3,239
Total current liabilities	9,296	16,517	10,502	11,239	12,032
LT Bank loan	1,887	2,089	1,025	722	420
Others non-current liabilities	6,911	1,435	7,004	7,031	7,108
Total non-current liabilities	8,798	3,524	8,029	7,753	7,528
Total liabilities	18,094	20,041	18,531	18,992	19,561
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	1,096	1,355	1,676	2,073	2,564
Others	(164)	(15)	(15)	(15)	(15)
Retained earnings	12,758	15,796	18,912	22,399	26,203
Total Equity	15,477	18,664	21,780	25,266	29,071
Total Liabilities & Equity	34,666	40,060	41,987	46,331	51,195

Source: Company, KBVS Research

Exhibit 14: Cash flow

Year End Dec (IDR bn)	2024A	2025A	2026A	2027F	2028F
Net profit	3,019	4,004	4,301	4,756	5,225
D&A	883	924	1,082	1,218	1,390
Changes in working capital	(229)	(1,901)	3,359	(4,415)	2,571
Others	724	750	(177)	548	802
Operating cash flow	**4,398**	**3,777**	**8,565**	**2,106**	**9,988**
Capital expenditures	(1,243)	(2,165)	(3,135)	(4,226)	(5,777)
Others	(573)	28	(39)	(84)	(131)
Investing cash flow	**(1,816)**	**(2,137)**	**(3,175)**	**(4,310)**	**(5,908)**
Net change in debt	(2,152)	1,113	(2,081)	(404)	(402)
Net change in equity	-	-	-	-	-
Others	205	305	279	356	429
Cash dividends paid	(819)	(862)	(1,144)	(1,228)	(1,358)
Financing cash flow	**(2,765)**	**556**	**(2,945)**	**(1,277)**	**(1,332)**
Net change in cash	**(183)**	**2,196**	**2,445**	**(3,481)**	**2,748**
Cash in beginning of the year	1,503	1,354	3,550	5,995	2,514
Cash at the end of the year	**1,319**	**3,550**	**5,995**	**2,514**	**5,262**

Source: Company, KBVS Research

Exhibit 15: Ratio analysis

Year End Dec	2024A	2025A	2026A	2027F	2028F
Growth (%)					
Revenue	9.0	8.8	9.3	9.5	9.6
Gross profit	49.3	17.6	8.0	10.0	10.4
Operating profit	130.3	18.0	7.4	11.5	10.6
EBITDA	96.0	16.0	8.7	11.6	11.1
Net profit	224.7	32.6	7.4	10.6	9.9
Profitability (%)					
Gross margin	20.1	21.7	21.5	21.6	21.8
Operating margin	9.3	10.1	10.0	10.1	10.2
EBITDA margin	10.9	11.6	11.6	11.8	12.0
Net margin	5.4	6.6	6.5	6.6	6.6
ROA	8.7	10.0	10.2	10.3	10.2
ROE	19.5	21.5	19.7	18.8	18.0
Solvency (x)					
Current ratio	1.8	1.3	2.0	2.0	1.9
Quick ratio	0.7	0.6	1.1	0.8	1.0
Debt to equity	0.3	0.3	0.2	0.2	0.1
Interest coverage	6.0	7.6	7.6	9.0	10.5
Net gearing	0.2	0.1	(0.1)	0.1	(0.1)

Source: Company, KBVS Research

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