

8 September 2025

Consumer Non-cyclical | Food & Beverage Products

## Japfa Comfeed (JPFA IJ)

**Buy** (Maintained)

### Integrated Model Powers 2025 Growth; Maintain BUY

Target Price (Return): IDR2,300 (30.7%)  
 Price (Market Cap): IDR1,760 (USD1,257m)  
 ESG score: 3.1 (out of 4)  
 Avg Daily Turnover (IDR/USD) 45,720m/2.67m

- **Maintain BUY and IDR2,300 TP (inclusive of a 2% ESG premium given the 3.1 score), 31% upside and 6% FY26F yield.** We believe earnings will likely recover in 2H25 on widened GPMs from recent livebird price increases. Japfa Comfeed's strategies include downstream expansion into processed poultry, efficiency via automation, resilient feed cost management, and benefiting from rising livebird prices, with integrated operations mitigating middleman costs and strengthening margins resilience.
- **To capture higher-margin opportunities,** JPFA is strengthening its downstream model by expanding into carcass and processed poultry products like sausages and nuggets. With 15 existing slaughterhouses, the company aims to widen distribution into tier-2 cities via modern and general trade channels. The processing segment, currently contributing c.10% of gross revenue, is expected to expand 5-20% in the next five years, supported by product innovations like probiotic chickens under the Olagud brand.
- **Efficiency remains a key strategic priority,** as JPFA seeks to become one of the lowest-cost producers. Programmes across all segments are focusing on digitalisation, automation, and standardised standard operating procedures to reduce labour and energy intensity. From such measures, management expects incremental cost improvements to materialise each quarter.
- **Operationally,** livebird prices improved in July as supply tightened and demand stayed firm. Hence, poultry producers started to record better profits. The reduction of the 2024 grandparent stock (GPS) import quota is set to influence 2H25 supply, in our view. Livebird production costs currently stand at IDR16,600-16,700/kg.
- **Feed costs** are managed through a mix of 65% locally sourced ingredients and 35% imports, including soybean meal. JPFA applies a cost-plus pricing model, enabling margins protection regardless of corn price swings while staying competitive. With 15 feedmills and silo support, feed supply remains stable. Companies with integrated slaughterhouses, such as JPFA, also mitigate high middleman costs locally by reducing reliance on livebird sales, lowering conversion losses, and capturing higher margins from carcass sales.
- **Weak 2Q25, but poised for recovery in 2H25.** JPFA booked a soft 2Q25 net profit of IDR556bn (-18.3% QoQ, -31.8% YoY) on weaker sales, margin compression, and higher costs, dragging 1H25 earnings down 16.4% YoY to IDR1.24trn. Results were broadly in line with our forecast but fell short of consensus. Looking ahead, tighter livebird supply from reduced 2024 GPS stocks and stronger poultry demand, boosted by President Prabowo Subianto's free-meal programme and State Budget disbursements, should support recovery in 2H25, positioning JPFA as a key beneficiary.

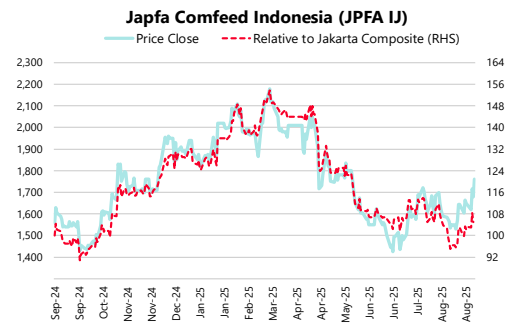
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#### Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	(9.3)	3.5	13.5	(12.9)	12.8
Relative	(20.7)	(2.1)	1.9	(36.5)	10.0
52-wk Price low/high (IDR)	1,425 - 2,180				



Source: Bloomberg

Forecasts and Valuation	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
Total turnover (IDRb)	51,176	55,801	56,999	60,831	63,337
Recurring net profit (IDRb)	957	3,130	2,547	2,815	2,987
Recurring net profit growth (%)	(34.8)	227.0	(18.6)	10.5	6.1
Recurring P/E (x)	21.56	6.59	8.10	7.33	6.91
P/B (x)	1.5	1.3	1.2	1.1	1.0
P/CF (x)	10.12	5.08	5.96	6.14	5.12
Dividend Yield (%)	2.8	4.0	4.1	6.2	6.8
EV/EBITDA (x)	9.85	4.83	5.38	5.06	4.67
Return on average equity (%)	6.9	20.6	15.3	15.4	15.1
Net debt to equity (%)	80.0	56.1	47.8	44.5	40.1

Source: Company data, RHB

**Overall ESG Score: 3.1 (out of 4)**

**E Score: 3.0 (GOOD)**

**S Score: 3.0 (GOOD)**

**G Score: 3.3 (EXCELLENT)**

Please refer to the ESG analysis on the next page

## Emissions And ESG

### Trend analysis

In 2024, total emissions declined notably, primarily driven by a substantial reduction in Scope 3 emissions, even as Scope 1 and Scope 2 emissions saw a gradual rise.

Emissions (tCO2e)	Dec-22	Dec-23	Dec-24	Dec-25
Scope 1	85,301	85,340	89,754	na
Scope 2	507,697	556,533	592,457	na
Scope 3	11,872,506	11,867,807	6,439,767	na
Total emissions	12,465,504	12,509,680	7,121,978	na

Source: Company data, RHB

## Latest ESG-Related Developments

JPFA has been included in the Sri-Kehati Index, ESG Quality 45 IDX Kehati Index, and ESG Sector Leaders IDX Kehati Index for the Dec 2024 to May 2025 period.

In addition, the company has also been added to the FTSE Global Equity Shariah Index, effective 23 Dec 2024.

## ESG Unbundled

Overall ESG Score: 3.1 (out of 4)

Last Updated: 15 May 2025

E Score: 3.0 (GOOD)

JPFA launched two main initiatives of rainwater harvesting and reverse osmosis filtration. In Mar 2021, the company placed the first USD-denominated Sustainability-Linked Bond (SLB) from South-East Asia.

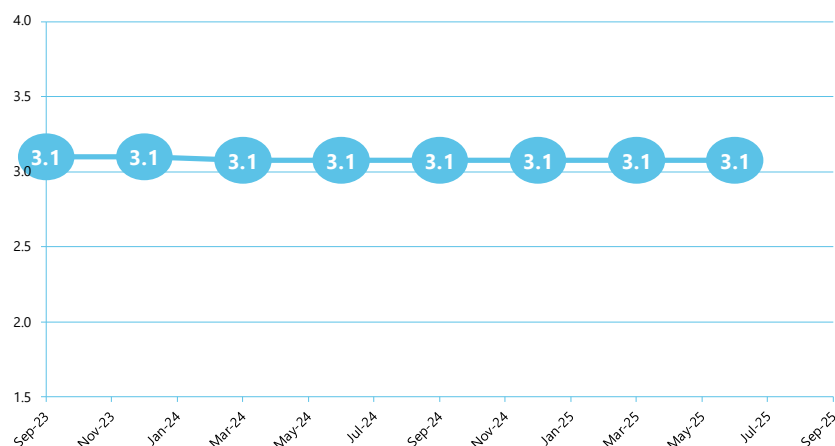
S Score: 3.0 (GOOD)

JPFA formed the Japfa Peduli programme in 2017 to provide disaster relief such as providing essential food packages during flash floods and distributing aid during the Semeru Volcano eruption.

G Score: 3.3 (EXCELLENT)

JPFA has implemented good corporate governance by always being transparent and discloses all its activities to investors while providing rights to shareholders.

## ESG Rating History



Source: RHB

## Financial Exhibits

Asia	Financial summary (IDR)	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
Indonesia	Recurring EPS	81.63	266.92	217.21	240.09	254.75
Consumer Non-cyclical	DPS	49.55	69.84	71.76	108.60	120.04
<b>Japfa Comfeed</b>	BVPS	1,156.89	1,346.37	1,491.82	1,623.30	1,758.00
JPFA IJ	Return on average equity (%)	6.9	20.6	15.3	15.4	15.1
Buy						
	<b>Valuation metrics</b>	<b>Dec-23</b>	<b>Dec-24</b>	<b>Dec-25F</b>	<b>Dec-26F</b>	<b>Dec-27F</b>
<b>Valuation basis</b>	Recurring P/E (x)	21.56	6.59	8.10	7.33	6.91
Our 12-month TP of IDR2,300 is based on a 10-year DCF valuation.	P/B (x)	1.5	1.3	1.2	1.1	1.0
	FCF Yield (%)	0.4	12.0	6.2	4.7	7.0
	Dividend Yield (%)	2.8	4.0	4.1	6.2	6.8
<b>Key drivers</b>	EV/EBITDA (x)	9.85	4.83	5.38	5.06	4.67
i. Underpenetrated poultry consumption;	EV/EBIT (x)	14.24	5.81	6.71	6.33	6.04
ii. Softening commodity prices;						
iii. Improving margins, especially for feed.						
	<b>Income statement (IDRb)</b>	<b>Dec-23</b>	<b>Dec-24</b>	<b>Dec-25F</b>	<b>Dec-26F</b>	<b>Dec-27F</b>
<b>Key risks</b>	Total turnover	51,176	55,801	56,999	60,831	63,337
i. Volatility in the broiler segment's prices;	Gross profit	7,511	11,218	10,613	11,329	11,813
ii. Higher-than-expected oversupply condition due to softer-than-expected demand;	EBITDA	3,272	6,274	5,555	5,953	6,432
iii. Regulatory risks;	Depreciation and amortisation	(1,008)	(1,061)	(1,098)	(1,194)	(1,459)
iv. Rising price in raw materials.	Operating profit	2,264	5,213	4,457	4,759	4,973
	Net interest	(946)	(823)	(783)	(698)	(664)
	Pre-tax profit	1,261	4,241	3,674	4,061	4,308
<b>Company Profile</b>	Taxation	(315)	(1,029)	(1,029)	(1,137)	(1,206)
JPFA, together with its subsidiaries, engages in the business of animal feed, day-old chicks or DOC, commercial farms, consumer products, aquaculture, cattle, trading, and other businesses in Indonesia.	Reported net profit	930	3,019	2,547	2,815	2,987
	Recurring net profit	957	3,130	2,547	2,815	2,987
	<b>Cash flow (IDRb)</b>	<b>Dec-23</b>	<b>Dec-24</b>	<b>Dec-25F</b>	<b>Dec-26F</b>	<b>Dec-27F</b>
	Change in working capital	264	159	(180)	(649)	(413)
	Cash flow from operations	2,040	4,063	3,465	3,360	4,034
	Capex	(1,954)	(1,592)	(2,194)	(2,392)	(2,583)
	Cash flow from investing activities	(2,047)	(1,490)	(2,233)	(2,422)	(2,604)
	Cash flow from financing activities	(301)	(2,721)	935	(1,368)	(1,929)
	Cash at beginning of period	1,811	1,503	1,354	3,521	3,091
	Net change in cash	(308)	(149)	2,167	(430)	(499)
	Ending balance cash	1,503	1,354	3,521	3,091	2,592
	<b>Balance sheet (IDRb)</b>	<b>Dec-23</b>	<b>Dec-24</b>	<b>Dec-25F</b>	<b>Dec-26F</b>	<b>Dec-27F</b>
	Total cash and equivalents	1,503	1,354	3,521	3,091	2,592
	Tangible fixed assets	13,395	13,754	14,850	16,048	17,171
	Total investments	677	721	721	721	721
	Total assets	34,109	34,666	38,258	40,078	41,362
	Short-term debt	4,917	3,269	4,800	4,500	3,800
	Total long-term debt	7,915	7,382	7,500	7,500	7,500
	Total liabilities	19,942	18,094	19,882	20,052	19,641
	Total equity	14,167	16,573	18,376	20,026	21,720
	Total liabilities & equity	34,109	34,666	38,258	40,078	41,362
	<b>Key metrics</b>	<b>Dec-23</b>	<b>Dec-24</b>	<b>Dec-25F</b>	<b>Dec-26F</b>	<b>Dec-27F</b>
	Revenue growth (%)	4.5	9.0	2.1	6.7	4.1
	Recurrent EPS growth (%)	(34.8)	227.0	(18.6)	10.5	6.1
	Gross margin (%)	14.7	20.1	18.6	18.6	18.7
	Operating EBITDA margin (%)	6.4	11.2	9.7	9.8	10.2
	Net profit margin (%)	1.8	5.4	4.5	4.6	4.7
	Dividend payout ratio (%)	62.5	27.1	33.0	45.2	47.1
	Capex/sales (%)	3.8	2.9	3.8	3.9	4.1
	Interest cover (x)	2.29	5.99	5.41	5.92	6.57

Source: Company data, RHB

## Integrated Model Powers 2025 Growth

### Powering growth through downstream expansion and cost leadership

JPFA is intensifying efforts to strengthen its downstream business to boost value creation. The company plans to broaden its portfolio of carcass and processed poultry products – such as sausages and nuggets – by leveraging on its 15 slaughterhouses. A core part of this strategy is expanding distribution into tier-2 cities through modern and general trade channels. Poultry processing currently contributes about 10% of revenue, but management expects this to grow by 5-20% over the next five years. Product innovations, including probiotic chickens under the Olagud brand, is also being prioritised to capture evolving consumer demand.

At the same time, JPFA is targeting to be one of the industry's lowest-cost producers. To achieve this, the company is rolling out efficiency measures across all segments, emphasising digitalisation, automation, and standard operating procedure standardisation. These initiatives are intended to lower labour and energy intensity while delivering steady quarterly improvements that should support long-term margins resilience.

Industry dynamics offered some support in mid-2025, as livebird prices improved thanks to tighter supply and stable demand. The Government's cut to the 2024 GPS import quota of 530,000 is expected to restrain supply in 2H25. For 2025, total GPS supply is projected at 560,000 plus 18,000 from state-owned Berdikari, potentially boosting availability in 2H26. However, rising demand is expected to balance out the increase, in our view.

Feed costs remain a major operational factor, with 65% of inputs sourced locally and 35% imported, including soybean meal and other components. JPFA uses a cost-plus pricing approach to safeguard margins regardless of corn price movements, while keeping a close eye on competitor's pricing. Its 15 feedmills, backed by silo facilities, provide reliable feed supply and help maintain operational efficiency.

Despite these initiatives, Indonesia's poultry market still faces structural challenges. Domestic chicken prices are elevated vis-à-vis global markets due to middleman dominance, with broilers (1.6-1.8kg) selling at around IDR35,000 per kg. Companies with slaughterhouses, however, have a competitive advantage by reducing dependency on intermediaries. By processing fewer livebirds but selling more carcass products, JPFA expects to enhance efficiency and profitability vis-à-vis peers that lack downstream integration.

### Hit by soft 2Q25, but set to rebound in 2H25

JPFA posted a weak 2Q25 net profit of IDR556bn (-18.3% QoQ, -31.8% YoY), weighed down by softer sales, narrower margins (GPM at 19.6%), and higher costs. The decline was largely due to poultry oversupply and seasonally weaker post-Ramadan consumption. Despite the soft quarter, 1H25 earnings stood at IDR1.24trn, down 16.4% YoY, which represents 48.5% and 40.9% of our and consensus' FY25 earnings estimates vs 47% in 1H24 – in line with our but below Street forecasts.

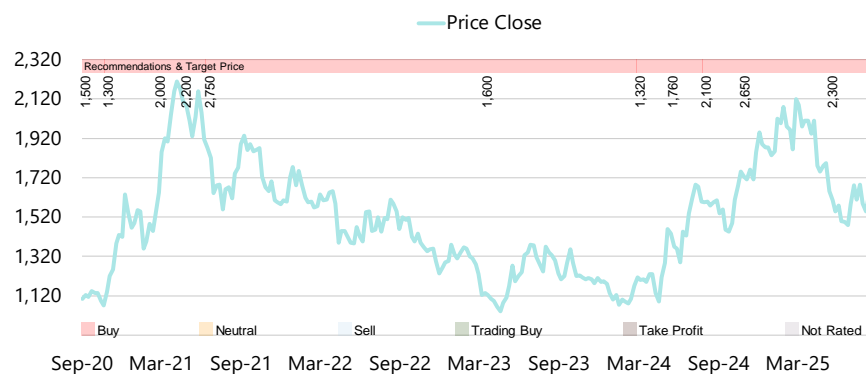
Looking ahead, livebird supply is set to decline due to reduced 2024 GPS stocks. At the same time, poultry demand is expected to strengthen in 2H25, supported by President Prabowo's free-meal programme and higher state spending, positioning JPFA as a key beneficiary in our view.

Figure 1: JPFA results summary

IDRbn	2Q24	1Q25	2Q25	QoQ (%)	YoY (%)	6M24	6M25	YoY (%)	% of FY25F RHB	% of FY25F Cons
<b>Sales</b>	<b>13,723</b>	<b>14,332</b>	<b>13,149</b>	<b>(8.3)</b>	<b>(4.2)</b>	<b>27,649</b>	<b>27,482</b>	<b>(0.6)</b>	<b>48.2</b>	<b>46.5</b>
COGS	10,841	11,638	10,566	(9.2)	(2.5)	22,292	22,204	(0.4)		
<b>Gross profit</b>	<b>2,882</b>	<b>2,695</b>	<b>2,583</b>	<b>(4.1)</b>	<b>(10.4)</b>	<b>5,357</b>	<b>5,278</b>	<b>(1.5)</b>	<b>49.7</b>	<b>46.0</b>
Selling expense	514	624	645	3.3	25.4	1,029	1,269	23.3		
G&A expense	833	952	956	0.5	14.8	1,678	1,908	13.7		
Operating expenses	1,347	1,576	1,601	1.6	18.8	2,707	3,177	17.4		
<b>Operating profit</b>	<b>1,535</b>	<b>1,119</b>	<b>982</b>	<b>(12.2)</b>	<b>(36.0)</b>	<b>2,650</b>	<b>2,101</b>	<b>(20.7)</b>	<b>47.1</b>	<b>40.8</b>
from model										
Net interest income/(expense)	(239)	(164)	(193)	17.7	(19.2)	(416)	(357)	(14.1)		
Interest income	11	13	22	70.8	108.9	23	35	50.9		
Interest expense	(249)	(177)	(215)	21.6	(13.7)	(439)	(392)	(10.7)		
FX gain (expense)	(4)	15	(16)	(204.8)	308.3	9	(1)	(107.5)		
Other income/ (expense)	(11)	7	30	318.8	(369.9)	(67)	38	(156.0)		
Total other income (costs)	(254)	(142)	(178)	25.5	(29.8)	(474)	(320)	(32.4)		
<b>Pre-tax profit</b>	<b>1,281</b>	<b>977</b>	<b>804</b>	<b>(17.7)</b>	<b>(37.3)</b>	<b>2,176</b>	<b>1,780</b>	<b>(18.2)</b>	<b>48.5</b>	<b>42.2</b>
Taxation	(406)	(222)	(196)	(12.1)	(51.9)	(586)	(418)	(28.7)		
Minority interest	(60)	(74)	(52)	(29.0)	(12.8)	(110)	(126)	14.1		
<b>Net profit</b>	<b>814</b>	<b>680</b>	<b>556</b>	<b>(18.3)</b>	<b>(31.8)</b>	<b>1,479</b>	<b>1,236</b>	<b>(16.4)</b>	<b>48.5</b>	<b>40.9</b>
<b>Margin (%)</b>										
Gross margin (%)	21.0	18.8	19.6			19.4	19.2			
Operating margin (%)	11.2	7.8	7.5			9.6	7.6			
Pre-tax margin (%)	9.3	6.8	6.1			7.9	6.5			
Net margin (%)	5.9	4.7	4.2			5.4	4.5			
<b>Turnover days</b>										
Inventory days	87	75.6	90			84	85			
Receivable days	16	17.4	18			16	17			
Payable days	33	34.8	33			32	32			
CCC days	70	58.2	74			68	71			

Source: Company data, RHB

## Recommendation Chart



Source: RHB, Bloomberg

Date	Recommendation	Target Price	Price
2025-06-20	Buy	2,300	1,500
2024-11-01	Buy	2,650	1,750
2024-08-05	Buy	2,100	1,565
2024-05-20	Buy	1,760	1,460
2024-03-05	Buy	1,320	1,165
2023-03-21	Buy	1,600	1,095
2021-11-01	Buy	2,750	1,750
2021-06-23	Buy	2,750	1,875
2021-04-30	Buy	2,200	2,110
2021-03-02	Buy	2,000	1,580
2020-11-02	Buy	1,300	1,055
2020-04-20	Buy	1,500	915
2020-03-02	Buy	2,350	1,460
2020-02-17	Buy	2,050	1,515
2020-02-14	Buy	2,350	1,495

Source: RHB, Bloomberg

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<b>Buy:</b>	Share price may exceed 10% over the next 12 months
<b>Trading Buy:</b>	Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain
<b>Neutral:</b>	Share price may fall within the range of +/- 10% over the next 12 months
<b>Take Profit:</b>	Target price has been attained. Look to accumulate at lower levels
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<b>Not Rated:</b>	Stock is not within regular research coverage

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