

**BUY | TP : IDR2,500**
**Stock Price Data**

Last Price	:	IDR1,990
52wk High	:	IDR2,230
52wk Low	:	IDR1,075
Share Out	:	11.7bn
Market Cap	:	IDR23.3tn

**Stock Price Performance**

1-Day	:	-2.9%
1-Week	:	-6.1%
1-Month	:	+1.0%
3-Month	:	+7.6%
Year-to-Date	:	+2.6%

**Shareholders**

Japfa Ltd (P)	:	55.4%
Public	:	43.8%
Treasury	:	0.8%

**PT Japfa Comfeed Indonesia Tbk (JPFA IJ)**
**Resilient Growth or Temporary Upside?**
**Robust net profit growth of +224.7% YoY in FY24**

JPFA reported a remarkable net profit growth of +224.7% YoY, reaching IDR3.0 tn in FY24 (vs IDR929.7 bn in FY23), expanding its NPM to 5.4% (vs 1.8% in FY23). This impressive performance was supported by higher revenue amid manageable cost exposure. Revenue increased by +9.0% YoY to IDR55.8 tn in FY24 (vs IDR51.2 tn in FY23), bolstered by commercial farm segment (+8.1% YoY), coupled with animal feed (+6.4% YoY). Additionally, the COGS grew moderately by +2.1% YoY, on the back of slight decline in raw material costs by -0.3% YoY. This fueled a +49.3% YoY growth in gross profit, lifting the GPM to 20.1% (vs 14.7% in FY23). Going forward, we anticipate sustained bottom-line growth, supported by stable raw material costs, favorable regulations, and resilient demand.

**Weak broiler prices in 1Q25, offset by lower input costs**

We believe JPFA's solid performance throughout FY24 was also driven by favorable regulations, particularly the National Food Agency Regulation No. 162/TS.02.02/K/5/2024, which set the reference purchase price for broiler meat at the producer level to IDR23k-25k/kg (vs IDR21k-23k/kg under Perbadan 5/2022). However, we anticipate a downward trend in broiler prices in 1Q25. By YTD, the average broiler price as of the second week of Mar-25 stood at IDR19.5k/kg, marking a -3.4% decline compared to the 1Q24 average of IDR20k/kg. Nevertheless, this was offset by a decline in input costs, as the average YTD domestic corn price (both at the farmer and producer levels) dropped by approximately 20%-22% compared to 1Q24. A similar weakening trend was observed in soybean meal prices. Given these factors, we expect JPFA to maintain a positive bottom line in its commercial farm segment in 1Q25.

**Brighter prospects ahead, supported by lower GPS import quota in FY24**

With a higher Grand Parent Stock (GPS) import quota in FY23, we have set a lower broiler price assumption for this year while still expecting solid demand volume. The GPS import quota in FY23 was recorded at 660k, up +4.8% YoY from 630k in FY22. This is projected to drive Final Stock (FS) volume estimates in FY25E to 4,752 mn (vs 4,536 mn in FY24). However, we expect the S-D balance to remain intact through voluntary culling, which we estimate at ~20 mn in the industry for FY24 (vs the culling program in FY23, reached 219 mn). We view raw material costs as a pivotal factor for JPFA's bottom line in FY25F, though relief may come from favorable weather conditions, ensuring a more secure supply of corn and soybean meal. Looking ahead, JPFA is set to benefit from a -15.2% YoY decline in the GPS import quota to 560k ([Exhibit 03](#)), which is expected to push broiler prices closer to the upper reference range of IDR23k-25k/kg. Consequently, we project net profit growth of +5.4% YoY/+17.7% YoY in FY25E/FY26F, respectively.

**Valuation and recommendation: BUY with a TP of IDR2,500/share**

We maintain our **BUY recommendation** and raise our TP to **IDR2,500/share**, as we roll forward our valuation to FY25F. This implies a PE/PBV multiple of 9.2x/1.6x in FY25F. We expect stable broiler price spreads amid manageable cash costs and anticipate strong demand volume, supported by the free meal program. Additionally, we project a moderate dividend yield of 4-5%. Key downside risks include a lower-than-expected broiler prices and a potential increase in input costs above our estimates.

Key Financial Highlight	FY22	FY23	FY24	FY25E	FY26F
Revenue (IDR Bn)	48,972.1	51,175.9	55,800.8	59,715.1	62,480.5
EBITDA (IDR Bn)	3,700.1	3,214.6	6,122.8	6,318.6	7,124.9
EBITDA Margin (%)	7.6	6.3	11.0	10.6	11.4
Net Income (IDR Bn)	1,419.9	929.7	3,018.9	3,180.9	3,743.6
ROA (%)	4.3	2.7	8.7	8.7	9.8
ROE (%)	10.4	6.6	18.2	17.1	17.6
PE (x)	17.3	26.4	8.1	7.7	6.5
PBV (x)	1.8	1.7	1.5	1.3	1.2

Sources : Company, MNCS Research


**Research Analyst**

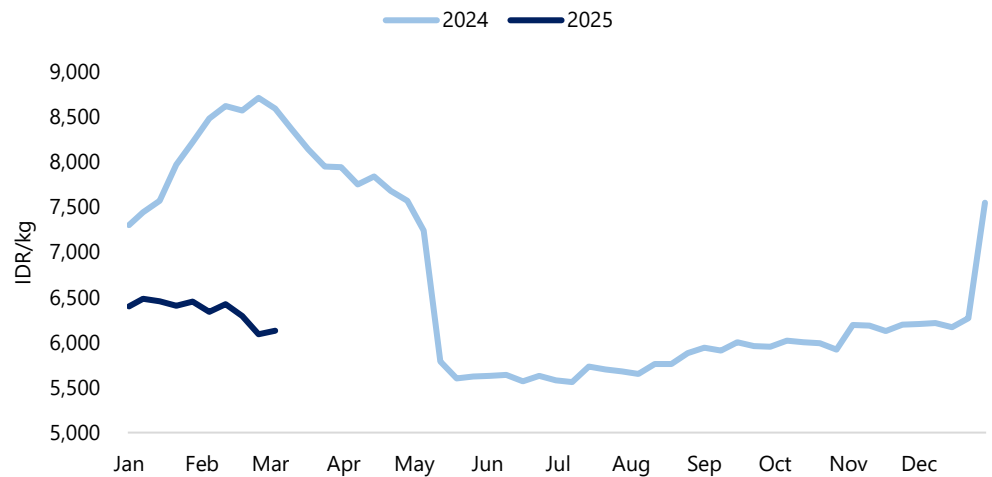
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**Exhibit 01. JPFA's FY24 net profit exceeded our/cons estimates, reaching 119.5%/110.9% of the FY24 targets, respectively**

IDRBn	3Q24	4Q24	QoQ	FY23	FY24	YoY	FY24E Cons	FY24E MNCS	%Cons	%MNCS
<b>Revenues</b>	<b>13,631.4</b>	<b>14,520.9</b>	<b>6.5%</b>	<b>51,175.9</b>	<b>55,800.8</b>	<b>9.0%</b>	<b>55,031.1</b>	<b>56,915.3</b>	<b>101.4%</b>	<b>98.0%</b>
COGS	11,044.3	11,246.5	1.8%	43,664.5	44,582.7	2.1%	44,544.4	47,072.7		
<b>Operating Profit</b>	<b>1,046.8</b>	<b>1,418.1</b>	<b>35.5%</b>	<b>2,206.4</b>	<b>5,061.9</b>	<b>129.4%</b>	<b>4,822.3</b>	<b>4,441.5</b>	<b>105.0%</b>	<b>114.0%</b>
OPM	7.7%	9.8%		4.3%	9.1%		8.8%	7.8%		
<b>Net Profit</b>	<b>616.6</b>	<b>923.0</b>	<b>49.7%</b>	<b>929.7</b>	<b>3,018.9</b>	<b>224.7%</b>	<b>2,722.1</b>	<b>2,525.6</b>	<b>110.9%</b>	<b>119.5%</b>
NPM	4.5%	6.4%		1.8%	5.4%		4.9%	4.4%		

Sources : Company, MNCS Research

**Exhibit 02. Lower corn prices are expected to offset the decline in broiler prices (Weekly)**


Sources : National Food Agency, MNCS Research

**Exhibit 03. A healthier S-D dynamic in the broiler industry by FY26F is expected to drive significant profitability growth moving forward**

Year	Import GPS ('000)	Year	PS est. ('000)	Year	FS est. ('000)	Total Culling (mn)	%Surplus/deficit from FS est.	JPFA's net profit growth YoY		
FY19	761	>	FY20	36,528	>	FY21	5,479,200	702	5.3%	120.6%
FY20	694	>	FY21	33,312	>	FY22	4,996,800	329	10.0%	-29.8%
FY21	642	>	FY22	30,816	>	FY23	4,622,400	219	9.4%	-34.5%
FY22	630	>	FY23	30,240	>	FY24	4,536,000	20	0.0%	224.7%
FY23	660	>	FY24	31,680	>	FY25	4,752,000			
FY24	560	>	FY25	26,880	>	FY26	4,032,000			

Sources : Ministry of Agriculture, Company, MNCS Research

**Exhibit 04. Financial Projections**

Income Statement						Balance Sheet					
in Billion IDR	FY22	FY23	FY24	FY25E	FY26F	in Billion IDR	FY22	FY23	FY24	FY25E	FY26F
<b>Revenue</b>	<b>48,972.1</b>	<b>51,175.9</b>	<b>55,800.8</b>	<b>59,715.1</b>	<b>62,480.5</b>	Cash & Equivalents	1,811.1	1,502.6	1,353.7	1,459.5	1,637.4
COGS	(41,288.9)	(43,664.5)	(44,582.7)	(47,713.8)	(49,482.2)	Trade Receivables	2,496.1	2,585.8	2,761.2	2,936.0	3,019.9
<b>Gross Profit</b>	<b>7,683.2</b>	<b>7,511.4</b>	<b>11,218.1</b>	<b>12,001.3</b>	<b>12,998.3</b>	Inventory	10,976.3	11,321.0	9,310.7	9,807.8	10,088.9
Selling Expense	(1,810.6)	(2,083.3)	(2,251.8)	(2,413.4)	(2,557.4)	Others Current Assets	1,718.0	1,809.0	3,743.6	4,006.3	4,191.8
G&A Expense	(3,069.7)	(3,163.9)	(3,752.9)	(4,234.0)	(4,344.3)	<b>Total Current Assets</b>	<b>17,001.5</b>	<b>17,218.3</b>	<b>17,169.3</b>	<b>18,209.6</b>	<b>18,938.0</b>
Other income (Expense)	(52.5)	(57.7)	(151.5)	(175.9)	(182.9)	Fixed Assets-net	12,497.2	13,395.2	13,754.0	14,376.4	14,937.0
<b>Operating Profit</b>	<b>2,750.3</b>	<b>2,206.4</b>	<b>5,061.9</b>	<b>5,178.1</b>	<b>5,913.8</b>	Other Non-Current Assets	3,192.2	3,496.0	3,743.1	4,005.6	4,191.1
Finance Cost (Income)	(808.8)	(944.2)	(819.8)	(775.6)	(753.6)	<b>Total Non-Current Assets</b>	<b>15,689.4</b>	<b>16,891.1</b>	<b>17,497.0</b>	<b>18,382.0</b>	<b>19,128.1</b>
Other income (Expense)	13.0	(1.0)	(0.6)	4.1	0.8	<b>TOTAL ASSETS</b>	<b>32,690.9</b>	<b>34,109.4</b>	<b>34,666.3</b>	<b>36,591.6</b>	<b>38,066.1</b>
<b>Profit Before Tax</b>	<b>1,954.5</b>	<b>1,261.2</b>	<b>4,241.5</b>	<b>4,406.6</b>	<b>5,161.0</b>	Trade Payables	4,135.1	4,891.1	4,636.1	5,169.0	4,810.8
Tax Income (Expense)	(463.6)	(315.3)	(1,029.1)	(1,069.2)	(1,252.2)	Short-term Debt	4,436.2	4,919.1	3,272.8	3,026.8	2,735.3
Minority Interest	(71.1)	(16.2)	(193.4)	(156.5)	(165.1)	Other Current Liabilities	841.2	873.9	1,386.6	1,483.8	1,552.6
<b>Net Profit</b>	<b>1,419.9</b>	<b>929.7</b>	<b>3,018.9</b>	<b>3,180.9</b>	<b>3,743.6</b>	<b>Total Current Liabilities</b>	<b>9,412.4</b>	<b>10,684.1</b>	<b>9,295.6</b>	<b>9,679.6</b>	<b>9,098.6</b>
EPS (IDR)	121.1	79.3	257.4	271.3	319.2	Long-term Debt	8,430.5	7,926.6	7,470.8	6,909.1	6,243.8
						Other Long-term Liabilities	1,193.2	1,331.5	1,327.4	1,420.5	1,486.3
						<b>Total LT-Liabilities</b>	<b>9,623.7</b>	<b>9,258.2</b>	<b>8,798.2</b>	<b>8,329.7</b>	<b>7,730.1</b>
						<b>Total Equity</b>	<b>13,654.8</b>	<b>14,167.2</b>	<b>16,572.5</b>	<b>18,582.3</b>	<b>21,237.4</b>
						<b>TOTAL LIABILITY AND EQUITY</b>	<b>32,690.9</b>	<b>34,109.4</b>	<b>34,666.3</b>	<b>36,591.6</b>	<b>38,066.1</b>

Cash Flow						Ratios					
in Billion IDR	FY22	FY23	FY24	FY25E	FY26F	FY22	FY23	FY24	FY25E	FY26F	
Net profit	1,419.9	929.7	3,018.9	3,180.9	3,743.6	Revenue Growth (%)	9.1	4.5	9.0	7.0	4.6
D&A	949.8	1,008.2	1,060.9	1,140.5	1,211.1	Operating Profit Growth (%)	(22.0)	(19.8)	129.4	2.3	14.2
Changes in WC	(870.6)	321.7	1,579.9	(139.1)	(723.2)	Net Profit Growth (%)	(29.8)	(34.5)	224.7	5.4	17.7
Others	(318.5)	(264.4)	(1,582.8)	(165.3)	(116.8)	Current Ratio (%)	180.6	161.2	184.7	188.1	208.1
<b>Operating CF</b>	<b>1,180.5</b>	<b>1,995.2</b>	<b>4,076.9</b>	<b>4,017.1</b>	<b>4,114.8</b>	Receivable Days (x)	18.3	18.2	17.8	17.7	17.4
Capex	(1,937.1)	(1,954.4)	(1,592.3)	(1,762.9)	(1,771.7)	Inventory Days (x)	95.7	93.3	75.2	74.0	73.4
Others	(174.7)	(93.0)	103.2	(262.6)	(185.5)	Payable Days (x)	36.1	40.3	37.4	39.0	35.0
<b>Investing CF</b>	<b>(2,111.8)</b>	<b>(2,047.4)</b>	<b>(1,489.1)</b>	<b>(2,025.5)</b>	<b>(1,957.3)</b>	Net Gearing Ratio (x)	0.8	0.8	0.6	0.5	0.3
Dividend Paid	(697.2)	(581.0)	(813.9)	(1,056.6)	(1,113.3)	DER (x)	0.9	0.9	0.6	0.5	0.4
Net Change in Debt	2,694.1	(21.0)	(2,102.1)	(807.7)	(956.9)	Interest Coverage (x)	3.4	2.2	5.8	6.4	7.4
Equity Fund Raised	-	2.3	-	-	-	Dividend Yield (%)	2.8	2.4	3.3	4.3	4.5
Others	(339.6)	343.4	179.3	(21.5)	90.6	Gross Profit Margin (%)	15.7	14.7	20.1	20.1	20.8
<b>Financing CF</b>	<b>1,657.3</b>	<b>(256.3)</b>	<b>(2,736.7)</b>	<b>(1,885.8)</b>	<b>(1,979.6)</b>	Operating Profit Margin (%)	5.6	4.3	9.1	8.7	9.5
Cash at Beginning	1,085.1	1,811.1	1,502.6	1,353.7	1,459.5	EBITDA Margin (%)	7.6	6.3	11.0	10.6	11.4
<b>Cash at Ending</b>	<b>1,811.1</b>	<b>1,502.6</b>	<b>1,353.7</b>	<b>1,459.5</b>	<b>1,637.4</b>	Net profit Margin (%)	2.9	1.8	5.4	5.3	6.0
						BVPS (IDR)	1,164.4	1,208.1	1,413.2	1,584.6	1,811.0

Sources : Company, MNCS Research

### MNC Research Industry Ratings Guidance

- **OVERWEIGHT** : Stock's total return is estimated to be above the average total return of our industry coverage universe over next 6-12 months
- **NEUTRAL** : Stock's total return is estimated to be in line with the average total return of our industry coverage universe over next 6-12 months
- **UNDERWEIGHT** : Stock's total return is estimated to be below the average total return of our industry coverage universe over next 6-12 months

### MNC Research Investment Ratings Guidance

- **BUY** : Share price may exceed 10% over the next 12 months
- **HOLD** : Share price may fall within the range of +/- 10% of the next 12 months
  - **SELL** : Share price may fall by more than 10% over the next 12 months
  - **Not Rated** : Stock is not within regular research coverage

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