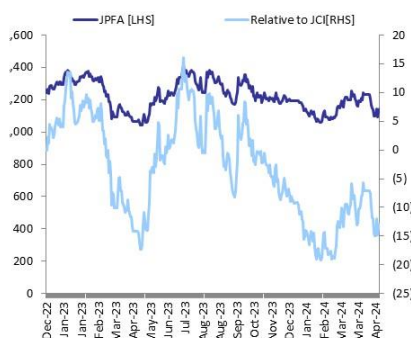


Buy

(Upgraded)

Last Price (Rp)	1,145
Target Price (Rp)	1,500
Previous Target Price (Rp)	1,100
Upside/Downside	+31.0%
No. of Shares (mn)	11,411
Mkt Cap (Rpbn/US\$mn)	13,065/804
Avg, Daily T/O (Rpbn/US\$mn)	16.3/1.0
Free Float (%)	43.2
Major Shareholder (%)	
Japfa Ltd	55.4
EPS Consensus (Rp)	
	2024F 2025F 2026F
BRIDS	121.2 151.8 174.7
Consensus	120.6 129.5 157.6
BRIDS/Cons (%)	0.5 17.3 10.9

JPFA relative to JCI Index



Source: Bloomberg

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Japfa Comfeed Indonesia (JPFA IJ)

1Q24 earnings beat; Strong margins supported by the livebird, DOC and feed segments

- JPFA booked 1Q24 net profit of Rp665bn, beating our FY24F and consensus estimates on strong operating margins.
- The strong margins were supported by resilient feed margins (+105bps qoq) and a turnaround in livebird and DOC margins from higher ASP.
- We upgrade our rating to Buy (from Hold prev.) on higher EBITDA with a higher TP of Rp1,500 as we raise our FY24-25F estimates.

Strong 1Q24 net profit from high operating margins

JPFA booked strong net profit of Rp665bn in 1Q24 (94% of CPIN's 1Q24 NP), a huge turnaround from net losses on both a yoy and qoq basis. The 1Q24 NP beats our FY24F and consensus estimates at 63% and 52%, respectively. The strong 1Q24 earnings were driven by a combination of solid revenues, strong operating margins, and lower financing costs. Gross revenue grew 4% qoq to Rp21.7tr in 1Q24 (+17% yoy) with a strong operating margin of 6.7% (+170bps, +317bps qoq), higher than its historical average at c. 6.0%.

Margins recovery in the livebird/DOC segments and resilient feed margins

The 1Q24 margins improvement was driven by the DOC and livebird segments as both segments' ASPs increased during the Ramadan month from higher demand and industry self-culling adjustments. Livebird OPM reported significant improvements to 4.5% (1Q23/4Q23: -8.5/-5.8%), and DOC OPM were at 12.6% (1Q23/4Q23: -24.5/-2.3%). Despite the higher local corn prices in 1Q24, feed's OPM improved to 8.1% (+105bps qoq), but was still 112bps lower yoy. Feed contributed half of the consolidated 1Q24 operating profit. Processed food revenue grew by 2% qoq to Rp2tr (+11% yoy) with margins normalizing at 3.0% in 1Q24 from an unusually high of 11.1% in 4Q23.

We raise our FY24F/FY25F, reflecting the strong LB prices during Ramadan

We revise our livebird ASP by 1.5/2.8% for FY24F/FY25F on strong ASP during Ramadan, the self-culling adjustments, and lower GPS imports in FY24F. We raise our FY24F/FY25F net profit estimates by 34/51%, respectively.

Upgrade rating to Buy with a new TP of Rp1,500

We upgrade our rating to Buy (from Hold prev.) on a better supply-demand outlook. We raise our TP as we revise our FY24F EBITDA and retain our 7.4x EV/EBITDA multiple (5-year average), resulting in a TP of Rp1,500 (from Rp1,100 previously), implying 12x FY24F PE. Risks to our view include lower livebird prices from weak purchasing power and a lack of culling.

Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Revenue (Rpbn)	48,972	51,176	53,725	57,791	64,203
EBITDA (Rpbn)	3,753	3,272	4,128	4,797	5,418
EBITDA Growth (%)	(15.4)	(12.8)	26.2	16.2	12.9
Net Profit (Rpbn)	1,432	929	1,421	1,779	2,048
EPS (Rp)	122.1	79.3	121.2	151.8	174.7
EPS Growth (%)	(28.0)	(35.1)	52.9	25.2	15.1
BVPS (Rp)	1,087.1	1,127.9	1,216.6	1,318.8	1,431.2
DPS (Rp)	59.5	49.5	32.4	49.6	62.1
PER (x)	9.4	14.4	9.4	7.5	6.6
PBV (x)	1.1	1.0	0.9	0.9	0.8
Dividen yield (%)	5.2	4.3	2.8	4.3	5.4
EV/EBITDA	6.5	7.6	6.1	5.3	4.7

Source: JPFA, BRIDS Estimates

Exhibit 1. Summary of forecast revision

Financial	2024F			2025F		
	Prev	New	Changes	Prev	New	Changes
Revenue (Rpbn)	53,572	53,725	0.3%	57,246	57,791	1.0%
EBITDA (Rpbn)	3,659	4,128	12.8%	3,954	4,797	21.3%
Net Profit (Rpbn)	1,064	1,421	33.6%	1,178	1,779	51.1%
Price	2024F			2025F		
	Prev	New	Changes	Prev	New	Changes
Live Bird (Rp/kg live)	18,884	19,163	1.5%	19,153	19,698	2.8%
DOC (Rp/bird)	6,411	6,411	0.0%	6,649	6,649	0.0%
Corn (Rp/kg)	5,387	5,387	0.0%	5,481	5,481	0.0%
Soybean meal (US\$/t)	411	411	0.0%	420	420	0.0%

Source: BRIDS Estimates

Exhibit 2. JPFA 1Q24 results summary

JPFA (Rp bn)	1Q23	4Q23	1Q24	y-o-y	q-o-q	3M23	3M24	y-o-y	FY24F	FY24C	A/F	A/C
Consolidated												
Revenue	11,762	13,408	13,925	18%	4%	11,762	13,925	18%	53,572	54,672	26%	25%
COGS	(10,475)	(11,819)	(11,451)	9%	-3%	(10,475)	(11,451)	9%	(45,505)	(46,403)	25%	25%
Gross Profit	1,287	1,590	2,474	92%	56%	1,287	2,474	92%	8,067	8,269	31%	30%
Total Opex	(1,352)	(1,370)	(1,360)	1%	-1%	(1,352)	(1,360)	1%	(5,517)	(5,649)	25%	24%
Operating Profit	(65)	220	1,115	n/a	407%	(65)	1,115	n/a	2,550	2,619	44%	43%
Pretax profit	(299)	(35)	891	n/a	n/a	(301)	895	n/a	1,491	1,646	60%	54%
Net profit	(250)	(8)	665	n/a	n/a	(250)	665	n/a	1,446	1,270	46%	52%
Gross margin	10.9%	11.9%	17.8%	683 bp	591 bp	10.9%	17.8%	683 bp	15.1%	15.1%		
Opex to revenue	11.5%	10.2%	9.8%	(173)bp	(46)bp	11.5%	9.8%	(173)bp	10.3%	10.3%		
Operating margin	-0.5%	1.6%	8.0%	855 bp	637 bp	-0.5%	8.0%	855 bp	4.8%	4.8%		
Net margin	-2.1%	-0.1%	4.8%	690 bp	483 bp	-2.1%	4.8%	690 bp	2.7%	2.3%		
Segment breakdown												
Feed revenue	8,175	8,897	9,116	12%	2%	8,175	9,116	12%				
DOC revenue	1,265	1,585	1,860	47%	17%	1,265	1,860	47%				
Live birds revenue	5,240	6,531	6,678	27%	2%	5,240	6,678	27%				
Total revenue	18,575	21,056	21,720	17%	3%	18,575	21,720	17%				
Feed margin	9.2%	7.1%	8.1%	(112)bp	105 bp	9.2%	8.1%	(112)bp				
DOC margin	-24.5%	-2.3%	12.6%	3,710 bp	1,490 bp	-24.5%	12.6%	3,710 bp				
Live birds margin	-8.5%	-5.8%	4.5%	1,299 bp	1,029 bp	-8.5%	4.5%	1,299 bp				
Total operating margin	0.8%	2.9%	6.7%	598 bp	388 bp	0.8%	6.7%	598 bp				

Source: BRIDS Estimates

Exhibit 3. JPFA EV/EBITDA band chart (5-year)



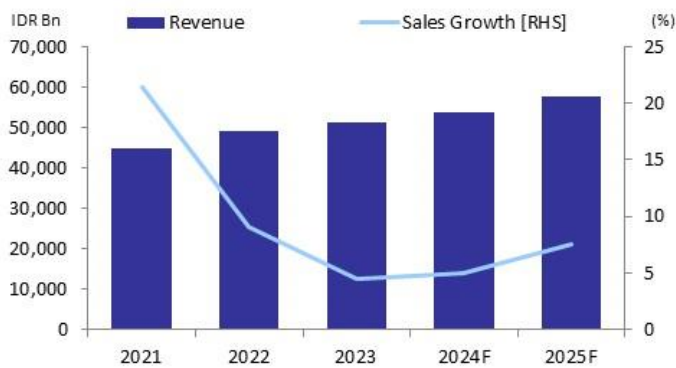
Source: Bloomberg, BRIDS Estimates

Exhibit 4. JPFA P/E band chart (5-year)



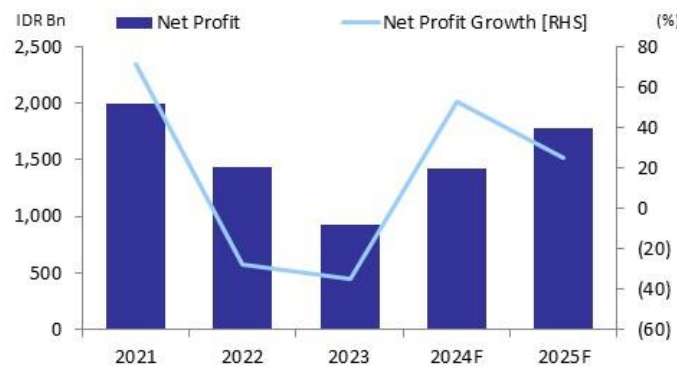
Source: Bloomberg, BRIDS Estimates

Exhibit 5. Revenue and Growth



Source: Bloomberg, BRIDS Estimates

Exhibit 6. Net Profit and Growth



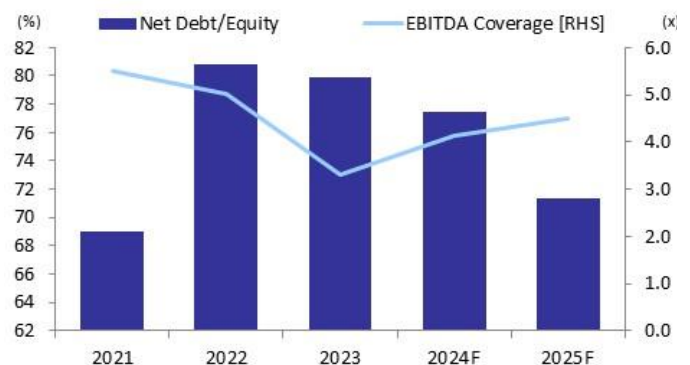
Source: Bloomberg, BRIDS Estimates

Exhibit 7. Margins



Source: Company, BRIDS Estimates

Exhibit 8. Gearing Level



Source: Company, BRIDS Estimates

Exhibit 9. Income Statement

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Revenue	48,972	51,176	53,725	57,791	64,203
COGS	(41,289)	(43,665)	(45,178)	(48,265)	(53,576)
Gross profit	7,683	7,511	8,547	9,525	10,627
EBITDA	3,753	3,272	4,128	4,797	5,418
Oper. profit	2,803	2,264	3,020	3,591	4,119
Interest income	9	44	29	31	30
Interest expense	(747)	(988)	(996)	(1,065)	(1,217)
Forex Gain/(Loss)	(72)	0	0	0	0
Income From Assoc. Co's	0	0	0	0	0
Other Income (Expenses)	(28)	(59)	(61)	(63)	(64)
Pre-tax profit	1,966	1,261	1,992	2,494	2,868
Income tax	(464)	(315)	(498)	(623)	(717)
Minority interest	(71)	(16)	(72)	(91)	(104)
Net profit	1,432	929	1,421	1,779	2,048
Core Net Profit	1,503	929	1,421	1,780	2,046

Exhibit 10. Balance Sheet

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Cash & cash equivalent	1,811	1,503	2,041	2,000	3,602
Receivables	2,496	2,586	2,661	2,863	3,180
Inventory	10,976	11,321	11,535	12,323	13,679
Other Curr. Asset	1,718	1,809	1,851	1,951	2,134
Fixed assets - Net	12,497	13,395	14,176	14,765	15,159
Other non-curr.asset	3,192	3,496	3,873	3,981	4,089
Total asset	32,691	34,109	36,137	37,884	41,844
ST Debt	4,424	4,909	5,908	5,907	12,907
Payables	4,135	4,891	4,670	4,989	5,538
Other Curr. Liabilities	853	884	993	1,104	1,215
Long Term Debt	8,426	7,915	7,967	7,908	2,637
Other LT. Liabilities	1,198	1,340	1,320	1,408	1,555
Total Liabilities	19,037	19,940	20,857	21,316	23,851
Shareholder's Funds	12,748	13,226	14,267	15,465	16,783
Minority interests	907	941	1,013	1,104	1,208
Total Equity & Liabilities	32,691	34,107	36,137	37,884	41,842

Exhibit 11. Cash Flow

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Net income	1,432	929	1,421	1,780	2,048
Depreciation and Amort.	950	1,008	1,109	1,206	1,299
Change in Working Capital	(817)	461	(798)	(746)	(1,281)
Other Oper. Cash Flow	(138)	(26)	243	271	292
Operating Cash Flow	1,427	2,372	1,974	2,511	2,358
Capex	(1,937)	(1,954)	(2,074)	(1,991)	(1,898)
Others Inv. Cash Flow	(244)	(106)	19	24	22
Investing Cash Flow	(2,181)	(2,060)	(2,055)	(1,968)	(1,875)
Net change in debt	2,719	(27)	1,051	(59)	1,728
New Capital	(310)	180	0	0	0
Dividend payment	(697)	(581)	(380)	(581)	(728)
Other Fin. Cash Flow	(305)	(128)	(22)	87	150
Financing Cash Flow	1,406	(556)	648	(554)	1,150
Net Change in Cash	652	(244)	567	(10)	1,632
Cash - begin of the year	1,085	1,811	1,503	2,041	2,000
Cash - end of the year	1,811	1,503	2,041	2,000	3,602

Exhibit 22. Key Ratio

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Growth (%)					
Sales	9.1	4.5	5.0	7.6	11.1
EBITDA	(15.4)	(12.8)	26.2	16.2	12.9
Operating profit	(13.0)	(19.2)	33.4	18.9	14.7
Net profit	(28.0)	(35.1)	52.9	25.2	15.1
Profitability (%)					
Gross margin	15.7	14.7	15.9	16.5	16.6
EBITDA margin	7.7	6.4	7.7	8.3	8.4
Operating margin	5.7	4.4	5.6	6.2	6.4
Net margin	2.9	1.8	2.6	3.1	3.2
ROAA	4.7	2.8	4.0	4.8	5.1
ROAE	11.5	7.2	10.3	12.0	12.7
Leverage					
Net Gearing (x)	0.8	0.8	0.8	0.7	0.7
Interest Coverage (x)	3.8	2.3	3.0	3.4	3.4

Source : JPFA, BRIDS Estimates

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BUY	Expected total return of 10% or more within a 12-month period
HOLD	Expected total return between -10% and 10% within a 12-month period
SELL	Expected total return of -10% or worse within a 12-month period

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