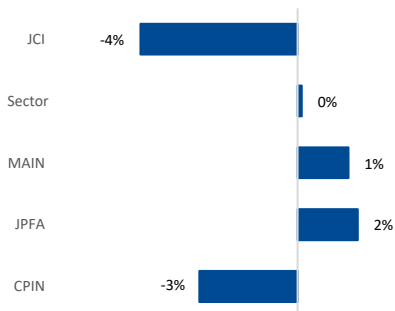


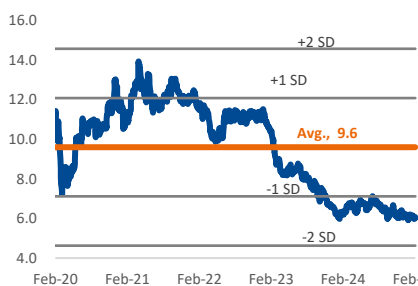
# Overweight

(Maintained)

## YTD share price performance



## Sector EV/EBITDA band chart



Source: Bloomberg, BRIDS

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# Poultry

## Less tax paid, more chicken on the plate!

- PMK Number 10 of 2025 grants income tax incentives for employees in select labor-intensive sectors with monthly incomes capped at Rp10mn.
- The estimated PPh DTP of Rp479bn would cover 0.4% of the annual supply for broiler meat, suggesting a positive but limited impact.
- Maintain OW rating on sound fundamentals and cheap valuations. Pecking order: MAIN, JPFA, CPIN.

### MoF Officially Issued PMK 10 of 2025

The Ministry of Finance (MoF) officially rolled out Minister of Finance Regulation (PMK) Number 10 of 2025, which provides income tax (PPh DTP) incentives for employees in the footwear, textile and apparel, furniture, leather, and leather goods industries. Eligible workers must earn no more than Rp10mn per month (or Rp500,000 per day for those on daily, weekly, or contract wages). This incentive applies from the Jan25 tax period or the worker's first month of employment in 2025. According to the Coordinating Minister for Economic Affairs, the budget required for this Article 21 PPh DTP incentive is at least Rp680bn.

### Crunching the Numbers: Annual PPh DTP Estimates

We estimate that 392,924 industrial sector workers qualify for the incentive, based on those with a diploma and bachelor's degree (7% of the total workers employed in industries are eligible to receive the PPh DTP incentive). These workers have an average monthly salary of ~Rp7.0mn and are married with one dependent. Based on these assumptions, we estimate the PPh DTP received by worker for each individual to be ~Rp1.2mn, resulting in a total PPh DTP incentive of Rp479bn per year (see Exhibit 3).

### Small Fry for the Poultry Sector

We believe that the total PPh DTP incentive to be implemented is still relatively small to effectively drive an increase in purchasing power. Compared to the annual supply for broiler meat, valued at Rp131.8tr and assuming that the entire PPh DTP incentive is allocated toward purchasing broiler meat, it would only meet 0.4% of the annual supply. Furthermore, if the entire government budget allocation were used for purchasing broiler meat, it would only satisfy 0.5% of the annual supply (see Exhibit 4). In short, while the regulation is a positive, its impact on poultry demand will be limited.

### We Maintain Overweight with MAIN as Our Top Pick

Due to the limited impact from the new income tax incentive, we maintain our forecasts and TP unchanged. We maintain our Overweight rating on the back of 1) better supply-demand dynamic, 2) manageable rise in feed costs, and 3) cheap valuations. Currently, the sector is still trading at -1.4 SD from its 5-year EV/EBITDA average, and we have Buy ratings on all integrators, with pecking order as follows: MAIN, JPFA, and CPIN, based on cheaper valuation. Risks to our call are slowing demand, a spike in feed costs, and uncertainty in government food programs.

Company	Ticker	Rec	Target Price	Market Cap.	P/E (x)		P/BV (x)		ROE (%)
			(Rp)	(RpBn)	2024F	2025F	2024F	2025F	2025F
Charoen Pokphand Indonesia	CPIN IJ	BUY	6,700	76,086.7	22.0	18.9	2.6	2.4	13.3
Japfa Comfeed Indonesia	JPFA IJ	BUY	2,800	23,101.4	7.7	7.4	1.5	1.3	18.6
Malindo Feedmill Indonesia	MAIN IJ	BUY	1,900	1,735.0	3.8	3.7	0.6	0.5	14.7

**Exhibit 1. Number of workers in eligible industries**

Industry	Labour portion (2024) - %	Total workers
Textile	0.75	1,084,815
Apparel	2.00	2,892,840
Leather, Leather Goods, and Footwear	0.66	954,637
Furniture	0.61	882,316
<b>Total</b>	<b>4.02</b>	<b>5,814,609</b>

Source: BPS, BRIDS

**Exhibit 2. Estimated number of workers affected by the income tax incentive**

Manufacturing industry	Average monthly salary	Number of workers	%	Number of workers in eligible sub-industry
Never Attended School	1,465,897	85,375	0%	24,808
Not Finished Elementary School	1,659,293	1,484,998	7%	431,502
Elementary School	2,106,044	4,235,140	21%	1,230,622
Junior High School	2,504,456	4,102,153	20%	1,191,980
Senior High School (General)	3,381,986	4,635,619	23%	1,346,991
Senior High School (Vocational)	3,367,873	4,115,240	21%	1,195,782
Diploma I/II/III/Academy	6,051,207	315,199	2%	91,589
University	7,236,056	1,037,034	5%	301,335
<b>Total</b>	<b>3,246,220</b>	<b>20,010,758</b>	<b>100%</b>	<b>5,814,609</b>

Source: BPS, BRIDS Estimates

**Exhibit 3. Simulation of Income Tax Article 21 Paid by the Government (PPH DTP)**

Month	Gross Income (Rp)	Effective Monthly Rate	PPH Pasal 21 (Rp)	Income After Tax (Rp)	PPH DTP (Rp)	Income after DTP (Rp)
January	6,959,873	0.75%	52,199	6,907,674	52,199	6,959,873
February	6,959,873	0.75%	52,199	6,907,674	52,199	6,959,873
March	13,919,746	5.00%	695,987	13,223,759	695,987	13,919,746
April	6,959,873	0.75%	52,199	6,907,674	52,199	6,959,873
May	6,959,873	0.75%	52,199	6,907,674	52,199	6,959,873
June	6,959,873	0.75%	52,199	6,907,674	52,199	6,959,873
July	6,959,873	0.75%	52,199	6,907,674	52,199	6,959,873
August	6,959,873	0.75%	52,199	6,907,674	52,199	6,959,873
September	6,959,873	0.75%	52,199	6,907,674	52,199	6,959,873
October	6,959,873	0.75%	52,199	6,907,674	52,199	6,959,873
November	6,959,873	0.75%	52,199	6,907,674	52,199	6,959,873
December	6,959,873		(70,278)	6,959,873	(70,278)	6,959,873
<b>Total</b>	<b>90,478,351</b>		<b>1,147,700</b>	<b>89,260,374</b>	<b>1,147,700</b>	<b>90,478,351</b>

Number of Workers	392,924
<b>Total PPHDTP received by worker (Rpbn)</b>	<b>478.57</b>

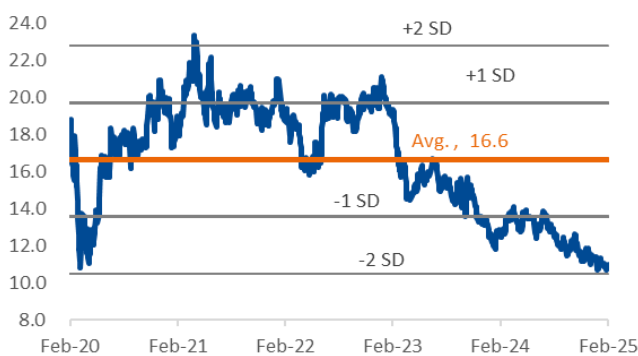
Source: MoF, BPS, BRIDS Estimates

**Exhibit 4. Calculation of Demand Fulfillment from the PPh DTP Incentive**

Broiler Meat	
Estimated annual production in 2025 (million kg)	3,559
Broiler carcass price (Rp/kg)	37,019
Total production value (Rpbn)	131,764
PPh DTP incentive based on our scenario (Rpbn)	479
The budget allocated by the government for PPh DTP (Rpbn)	680
<b>% to Total Annual Supply (based on our scenario)</b>	<b>0.4%</b>
<b>% to Total Annual Supply (Government's budget allocation)</b>	<b>0.5%</b>

Source: MoA, BRIDS Estimates

**Exhibit 5. CPIN EV/EBITDA band chart (5-year)**



Source: Bloomberg, BRIDS Estimates

**Exhibit 6. CPIN P/E band chart (5-year)**



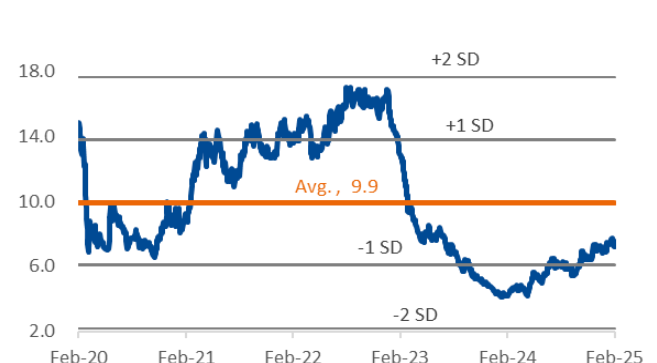
Source: Bloomberg, BRIDS Estimates

**Exhibit 7. JPFA EV/EBITDA band chart (5-year)**



Source: Bloomberg, BRIDS Estimates

**Exhibit 8. JPFA P/E band chart (5-year)**



Source: Bloomberg, BRIDS Estimates

**Exhibit 9. MAIN EV/EBITDA band chart (5-year)**



Source: Bloomberg, BRIDS Estimates

**Exhibit 10. MAIN P/BV band chart (5-year)**



Source: Bloomberg, BRIDS Estimates

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

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