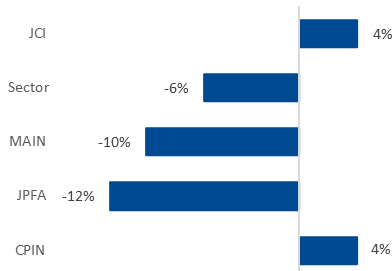


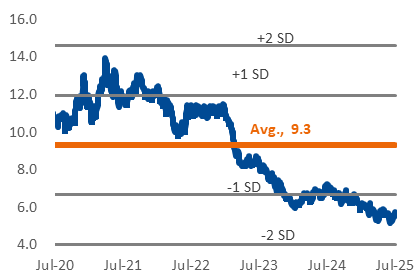
Overweight

(Maintained)

YTD share price performance



Sector EV/EBITDA band chart



Source: Bloomberg, BRIDS

Poultry

No sorrow in Suro this year

- 2025's Suro month defies its historical seasonally lower LB prices, owing to the better supply-demand balance and HAP implementation.
- YTD share price weakness has partly priced in the weak 2Q25 earnings, which we estimate to remain positive amid the deep decline.
- Maintain Overweight, with better 2H25 supply-demand outlook and more stable LB prices as positive catalysts.

LB Prices Stable as Feed Costs Remain Manageable

Live bird (LB) prices edged down to Rp18,1k/kg in the third week of Jul25, marking a slight 1.3% wov decline. Despite the slight dip, a rare occurrence took place as LB prices remained consistently stable around Rp18k/kg for 30 consecutive days, following the official enforcement of the government's minimum selling price (HAP) at Rp18k/kg, effective from June 19, 2025. On the other hand, local corn prices ticked up to Rp5.4k/kg, while the weekly average for the third week of Jul25 stayed flat Rp5.3k/kg. Soybean meal (SBM) prices remained soft at ~US\$270/t, with the Jul25 average at US\$269/t (-6% mom, -19% yoy).

Contrary to Historical Patterns, LB Prices Remain Resilient During Suro 2025

Historically, LB prices tend to decline month-on-month during the Suro month, with the lowest average prices typically observed in the second week, as we highlighted in [our previous report](#). However, Suro 2025 has deviated from this seasonal norm. Instead of weakening, LB prices have remained remarkably stable, consistently holding above Rp18k/kg throughout the first three weeks. We believe the current firmness in LB prices is likely driven by govt intervention in addition to improved supply-demand balance. Hence, we expect LB prices to hover around Rp18k/kg through Jul25 and potentially become the floor price for the rest of the year, negating the usual cyclicity.

Sharp Margin Hit in 2Q25 as LB Prices Collapse; Rebound in 3Q25

The post-Eid drop in LB prices, which came in below seasonal norms and even lower than the past two years, would weigh heavily on poultry integrators' margins in 2Q25. We estimate CPIN and JPFA to record net profits of Rp338–508bn and Rp16–144bn, respectively, while MAIN is expected to book a net loss of Rp35–47bn. These results imply a qoq decline of 73–87% and a yoy contraction of 70–85%. The margin pressure was primarily driven by weaker LB and day-old chick (DOC) prices, which fell 15% and 24% qoq, respectively. On the cost side, input prices remained relatively manageable, despite modest increases in local corn and SBM prices of 2.0% and 0.3% qoq.

Maintain Overweight with CPIN as top pick

We maintain our Overweight call on the poultry sector, as the worst of the margin squeeze appears to be behind us. Entering 3Q25, we see a tactical re-entry opportunity, supported by improving fundamentals, driven by effective government intervention and a more balanced supply-demand environment. We continue to favor CPIN (Buy, TP Rp6,800) for its attractive valuation (-1.6SD from 5-year average) and better earnings outlook. Risks to our view are further weakening purchasing power, supply disruption in raw materials, and the lapse of HAP.

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Company	Ticker	Rec	Target Price (Rp)	Market Cap. (RpBn)	P/E (x)		P/BV (x)		ROE (%) 2026F
					2025F	2026F	2025F	2026F	
Charoen Pokphand Indonesia	CPIN IJ	BUY	6,800	81,006.1	18.4	16.4	2.6	2.5	15.6
Japfa Comfeed Indonesia	JPFA IJ	BUY	2,100	19,993.8	8.0	7.4	1.3	1.3	17.4
Malindo Feedmill Indonesia	MAIN IJ	BUY	1,500	1,544.7	4.3	3.1	0.4	0.4	12.8

Exhibit 1. Weekly average of LB price during Suro month

	2017	2018	2019	2020	2021	2022	2023	2024	2025E	Average 2017-2024 (exc. 2021)	2025A	Changes vs last month avg.
West Java's Livebird Price (Rp '000/kg)												
1 month before Suro	16.8	17.9	16.8	15.5	15.3	21.0	23.6	19.6	17.7			
1 week of Suro month	16.6	-1%	17.1	-5%	12.8	-24%	12.3	-21%	17.7	16%	18.8	-10%
2 week of Suro month	14.3	-15%	15.3	-15%	16.5	-2%	13.4	-13%	16.6	7%	17.9	-24%
3 week of Suro month	15.2	-9%	16.1	-10%	14.7	-12%	15.5	0%	19.1	25%	18.9	-10%
4 week of Suro month	15.4	-8%	19.5	9%	17.3	3%	11.7	-25%	19.5	28%	20.3	-4%
Suro month (avg.)	15.2	-9%	17.6	-2%	15.7	-6%	13.6	-12%	18.3	20%	18.6	-12%
Suro month (min.)	13.9	-17%	14.8	-17%	10.4	-38%	11.3	-27%	15.5	2%	16.0	-24%
1 month after Suro	16.4	8%	18.2	3%	19.0	21%	14.4	6%	18.3	0%	17.9	-4%

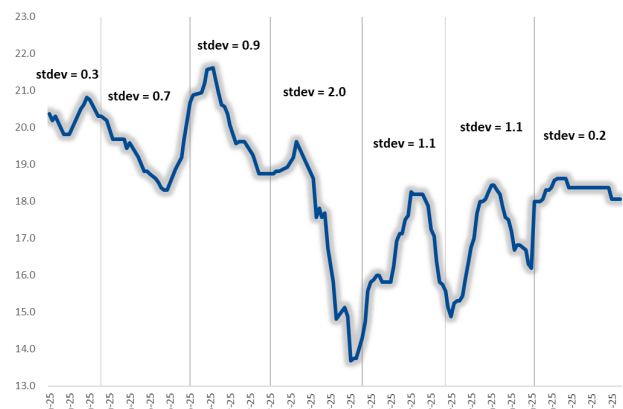
Source: Pinsar, BRIDS Estimates

Exhibit 2. West Java livebird prices (Rp'000/kg)



Source: Pinsar, BRIDS

Exhibit 3. Minimum LB Price Fluctuations Post-HAP



Source: Pinsar, BRIDS

Exhibit 4. Poultry's 2Q25 Earnings Estimates

Net Profit (Rpbn)	2Q25E	% to BRIDS	% to Cons
CPIN	338 - 508	43% - 47%	45% - 49%
JPFA	16 - 144	28% - 33%	23% - 27%
MAIN	(47) - (35)	4% - 8%	n.a - n.a

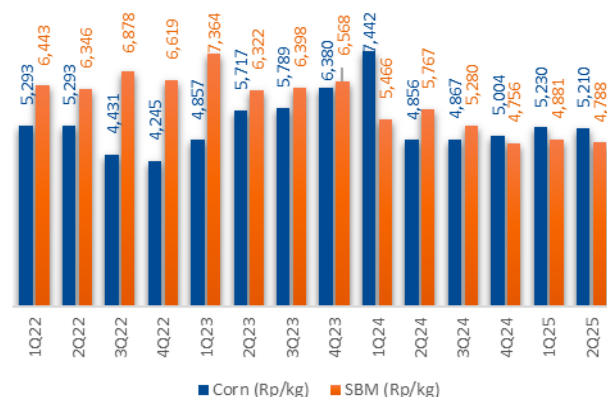
Source: BRIDS Estimates, Bloomberg

Exhibit 5. Average Quarterly LB and DOC prices



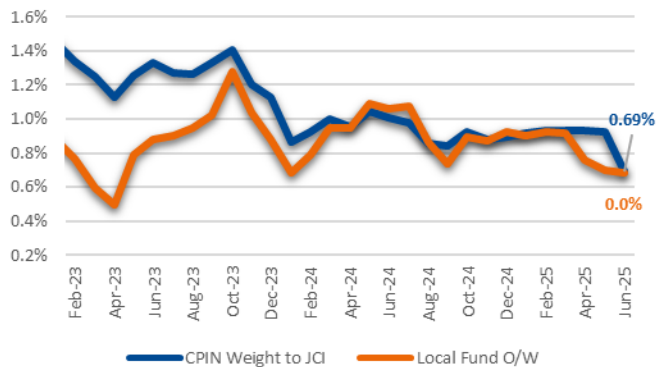
Source: Various sources, BRIDS

Exhibit 6. Average Quarterly local and SBM price



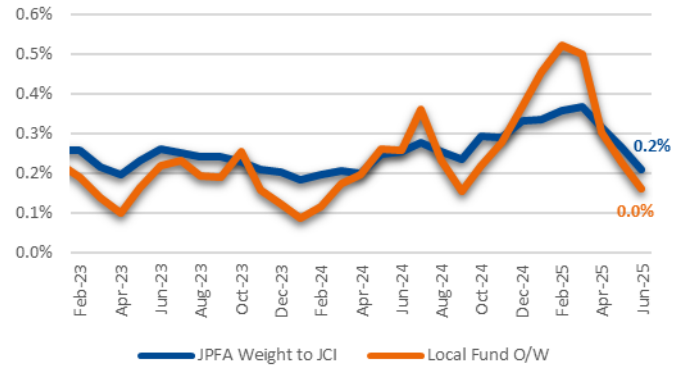
Source: Various sources, Bloomberg, BRIDS

Exhibit 7. CPIN's weighting and local funds position



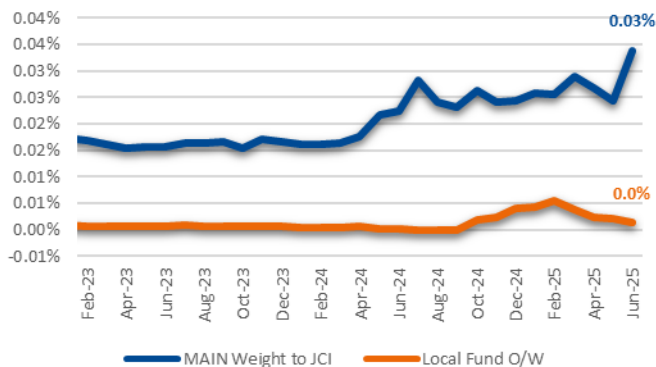
Source: KSEI, BRIDS

Exhibit 8. JPFA's weighting and local funds position



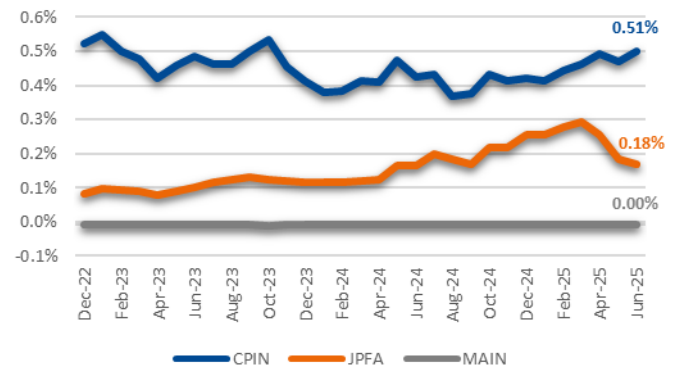
Source: KSEI, BRIDS

Exhibit 9. MAIN's weighting and local funds position



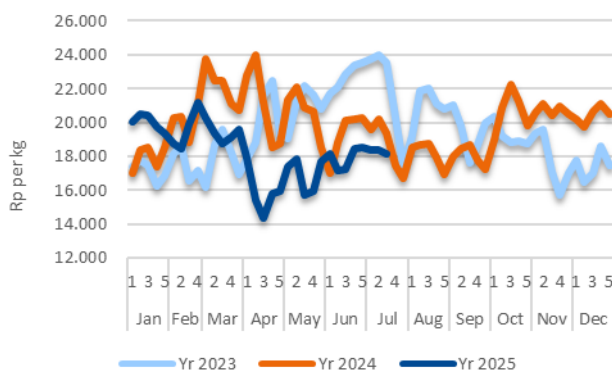
Source: KSEI, BRIDS

Exhibit 10. Foreign funds ownership



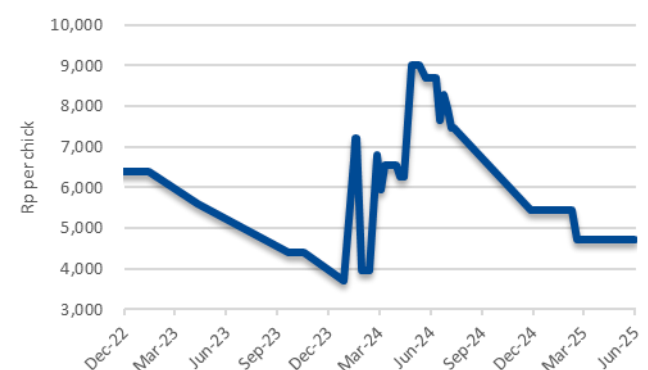
Source: KSEI, BRIDS

Exhibit 11. West Java livebird price



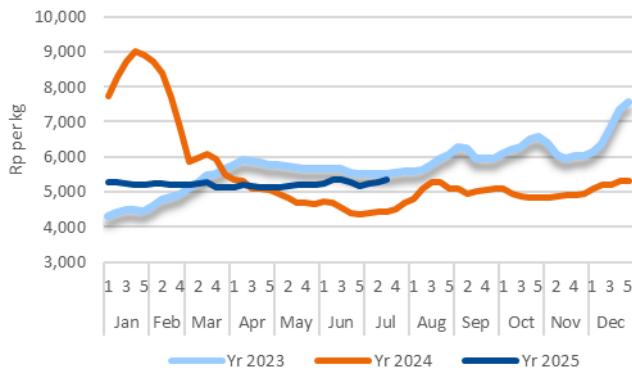
Source: Pinsar, BRIDS

Exhibit 12. Wonokoyo DOC price



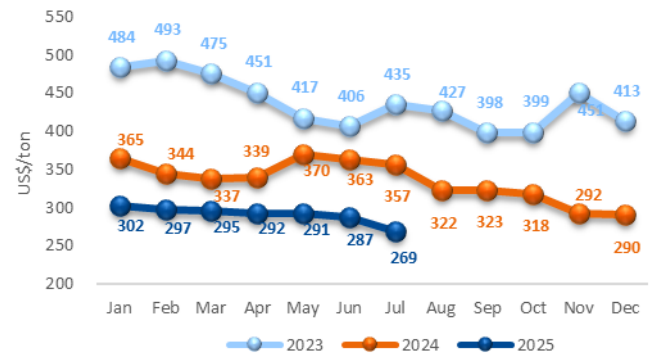
Source: Arboge, BRIDS

Exhibit 13. Local corn price



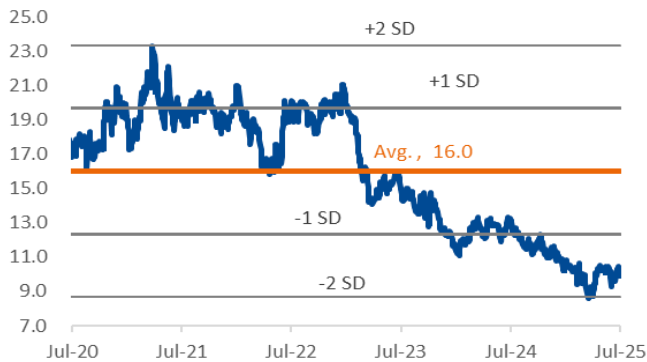
Source: Various sources, BRIDS

Exhibit 14. Soybean meal price



Source: Bloomberg, BRIDS

Exhibit 15. CPIN EV/EBITDA band chart (5-year)



Source: Bloomberg, BRIDS Estimates

Exhibit 16. CPIN P/E band chart (5-year)



Source: Bloomberg, BRIDS Estimates

Exhibit 17. JPFA EV/EBITDA band chart (5-year)



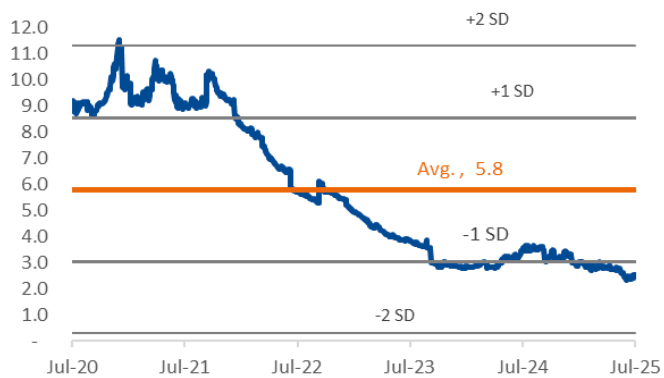
Source: Bloomberg, BRIDS Estimates

Exhibit 18. JPFA P/E band chart (5-year)



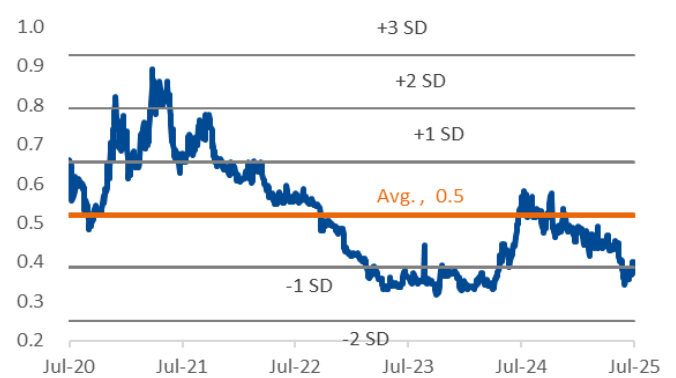
Source: Bloomberg, BRIDS Estimates

Exhibit 19. MAIN EV/EBITDA band chart (5-year)



Source: Bloomberg, BRIDS Estimates

Exhibit 20. MAIN P/BV band chart (5-year)



Source: Bloomberg, BRIDS Estimates

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INVESTMENT RATING

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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