Buy

(Maintained)

Japfa Comfeed Indonesia (JPFA IJ)

2Q25 Earnings Beat: Resilient Margin Amid Industry Soft Pricing

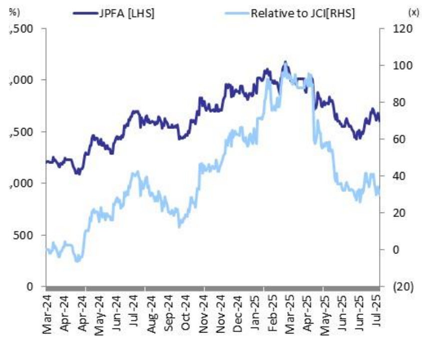
- **JPFA delivered 2Q25 net profit of Rp556bn, beating our estimates, due to the unexpected qoq margin expansion offsetting topline pressure.**
- **Margin remained resilient across key segments, led by feed margin expansion and broiler's positive margin.**
- **We maintain our forecast and Buy rating with a TP of Rp2,100, implying 10x FY25F PE.**

Last Price (Rp)	**1,600**
Target Price (Rp)	**2,100**
Previous Target Price (Rp)	***2,100***
Upside/Downside	**+31.3%**
No. of Shares (mn)	**11,411**
Mkt Cap (Rpbn/US$mn)	**18,257/1,110**
Avg, Daily T/O (Rpbn/US$mn)	**51.6/3.1**
Free Float (%)	**43.2**
Major Shareholder (%)	
Japfa Ltd	**55.4**

EPS Consensus (Rp)

	2025F	**2026F**	**2027F**
BRIDS	213.9	232.1	259.9
Consensus	263.9	287.3	322.3
BRIDS/Cons (%)	**(19.0)**	**(19.3)**	**(19.4)**

JPFA relative to JCI Index



Source: Bloomberg

JPFA 2Q25: Strong Earnings Beat Despite Revenue Contraction

JPFA booked a strong earnings beat in 2Q25 with net profit of Rp556bn (–18% qoq, –32% yoy), well above our base-case estimate of Rp131bn. This brought 1H25 net profit to Rp1.2tr, achieving 49% of our FY25F and 41% of consensus, broadly in line. Despite the earnings outperformance, gross revenue declined 9% qoq (–5% yoy) to Rp20.2tr, with double-digit contractions across all business segments. Meanwhile, operating expenses rose 2% qoq and 19% yoy, despite softer revenues.

2Q25 Margin Stability Offsets Soft Topline

JPFA maintained resilient margins in 2Q25, with consolidated gross operating margin slightly improving to 6.6% (+14bps qoq), despite weaker prices and topline contraction, although still below the high base in 2Q24 (8.6%). The feed segment remained a key margin contributor, with revenue down 9% qoq (–1% yoy), but operating margin expanded to 9.6% (vs. 7.3% in 1Q25 and 8.5% in 2Q24), supported by favorable raw material costs and better cost efficiency.

Broiler Margin Expands; Processed Food Stays Profitable

The DOC segment saw revenue decline 18% qoq (–28% yoy), with operating profit nearly breakeven despite ongoing price pressure. Meanwhile, the broiler segment delivered improved profitability, with OPM rising to 4.7% (from 3.8% in 1Q25), amid weak LB prices. The processed food segment also remained profitable, posting an OPM of 3.3%, despite a 5% qoq revenue decline, with sales still up 13% yoy.

Maintain Buy rating with a TP of Rp2,100

We maintain our FY25-27F est. and valuation unchanged, and hence maintain our TP at Rp2,100 and Buy rating. Our TP is derived from 5-year EV EBITDA average of 6.3x to FY25F, implying 10x PE. Risks to our view are further weakening purchasing power, supply disruption in raw materials, and government interventions.

Key Financials

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Revenue (Rpbn)	51,176	55,801	53,896	61,387	67,445
EBITDA (Rpbn)	3,272	6,274	5,609	6,105	6,750
EBITDA Growth (%)	(12.8)	91.7	(10.6)	8.8	10.6
Net Profit (Rpbn)	930	3,019	2,508	2,720	3,046
EPS (Rp)	79.3	257.4	213.9	231.9	259.7
EPS Growth (%)	(34.5)	224.7	(16.9)	8.4	12.0
BVPS (Rp)	1,127.9	1,319.8	1,308.3	1,353.1	1,409.8
DPS (Rp)	49.5	69.4	225.4	187.2	203.0
PER (x)	20.2	6.2	7.5	6.9	6.2
PBV (x)	1.4	1.2	1.2	1.2	1.1
Dividen yield (%)	3.1	4.3	14.1	11.7	12.7
EV/EBITDA	9.2	4.5	5.0	4.7	4.3

Source: JPFA, BRIDS Estimates

BRI Danareksa Sekuritas Analysts

Victor Stefano
(62-21) 5091 4100 ext. 3505
victor.stefano@brids.co.id

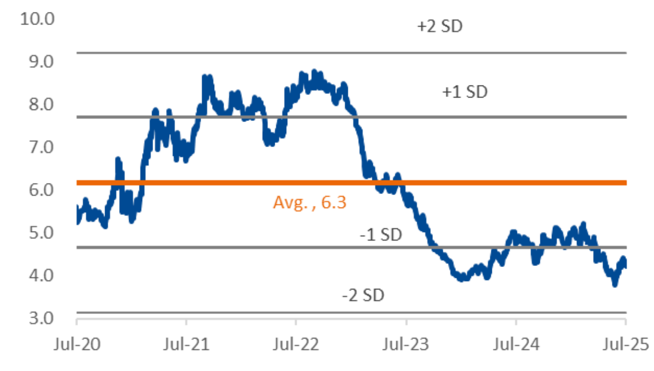
Wilastita Muthia Sofi
(62-21) 5091 4100 ext. 3509
wilastita.sofi@brids.co.id

Exhibit 1. JPFA 2Q25 result summary

JPFA (Rp bn)	2Q24	1Q25	2Q25	*y-o-y*	*q-o-q*	6M24	6M25	*y-o-y*	FY25F	FY25C	*A/F*	*A/C*
Consolidated												
Revenue	**13,723**	**14,332**	**13,149**	***-4%***	***-8%***	**27,649**	**27,482**	***-1%***	**53,896**	**59,058**	***51%***	***47%***
COGS	(10,841)	(11,638)	(10,566)	*-3%*	*-9%*	(22,292)	(22,204)	*0%*	(43,396)	(47,594)	*51%*	*47%*
Gross Profit	**2,882**	**2,695**	**2,583**	***-10%***	***-4%***	**5,357**	**5,278**	***-1%***	**10,500**	**11,464**	***50%***	***46%***
Total Opex	(1,347)	(1,576)	(1,601)	*19%*	*2%*	(2,707)	(3,177)	*17%*	(6,064)	(6,317)	*52%*	*50%*
Operating Profit	**1,535**	**1,119**	**982**	***-36%***	***-12%***	**2,650**	**2,101**	***-21%***	**4,436**	**5,147**	***47%***	***41%***
Pretax profit	1,279	979	795	*-38%*	*-19%*	2,176	1,780	*-18%*	3,524	4,221	*51%*	*42%*
Net profit	**814**	**680**	**556**	***-32%***	***-18%***	**1,479**	**1,236**	***-16%***	**2,508**	**3,024**	***49%***	***41%***
Gross margin	21.0%	18.8%	19.6%	*(136)bp*	*85 bp*	19.4%	19.2%	*(17)bp*	19.5%	19.4%		
Opex to revenue	9.8%	11.0%	12.2%	*236 bp*	*118 bp*	9.8%	11.6%	*177 bp*	11.3%	10.7%		
Operating margin	11.2%	7.8%	7.5%	*(372)bp*	*(34)bp*	9.6%	7.6%	*(194)bp*	8.2%	8.7%		
Tax rate	31.8%	22.7%	24.6%	*(718)bp*	*188 bp*	26.9%	23.5%	*(346)bp*	26.3%			
Net margin	5.9%	4.7%	4.2%	*(171)bp*	*(52)bp*	5.4%	4.5%	*(85)bp*	4.7%	5.1%		
Segment breakdown												
Feed revenue	8,021	8,680	7,922	*-1%*	*-9%*	17,138	16,602	*-3%*				
DOC revenue	2,252	1,988	1,632	*-28%*	*-18%*	4,112	3,620	*-12%*				
Live birds revenue	6,807	6,798	6,238	*-8%*	*-8%*	13,484	13,036	*-3%*				
Processed food revenue	2,083	2,474	2,354	*13%*	*-5%*	4,110	4,828	*17%*				
Total revenue	**21,215**	**22,198**	**20,230**	***-5%***	***-9%***	**42,935**	**42,427**	***-1%***				
Feed margin	8.5%	7.3%	9.6%	*109 bp*	*237 bp*	8.3%	8.4%	*8 bp*				
DOC margin	20.5%	10.2%	-0.8%	*(2,131)bp*	*(1,097)bp*	16.9%	5.2%	*(1,170)bp*				
Live birds margin	5.7%	3.8%	4.7%	*(102)bp*	*93 bp*	5.1%	4.2%	*(90)bp*				
Processed food margin	5.9%	4.0%	3.3%	*(255)bp*	*(63)bp*	4.5%	3.7%	*(81)bp*				
Total operating margin	**8.6%**	**6.5%**	**6.6%**	***(200)bp***	***14 bp***	**7.7%**	**6.6%**	*(111)bp*				

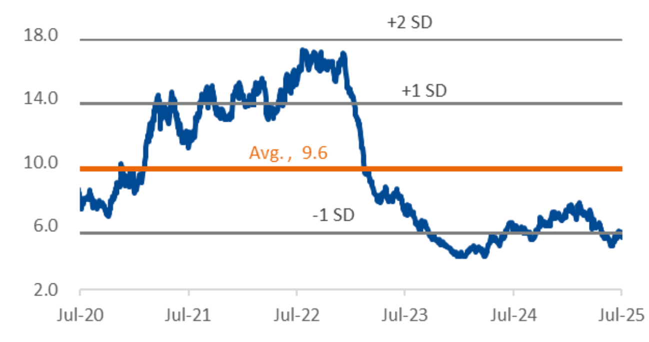
Source: Company, BRIDS Estimates

Exhibit 2. JPFA EV/EBITDA band chart (5-year)



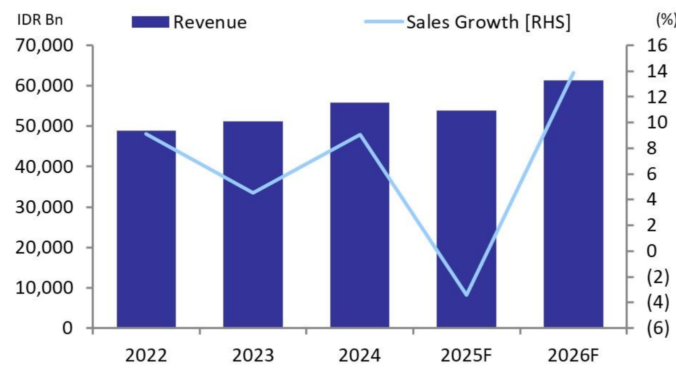
Source: Bloomberg, BRIDS Estimates

Exhibit 3. JPFA P/E band chart (5-year)



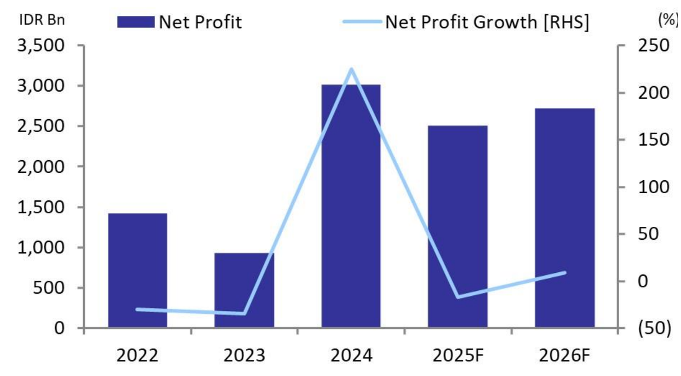
Source: Bloomberg, BRIDS Estimates

Exhibit 4. Revenue and Growth



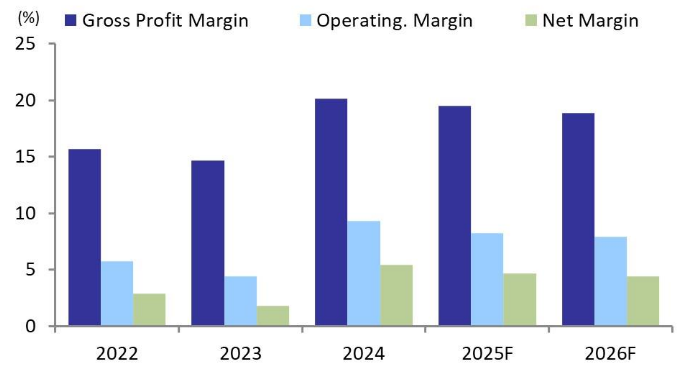
Source: Company, BRIDS Estimates

Exhibit 5. Net Profit and Growth



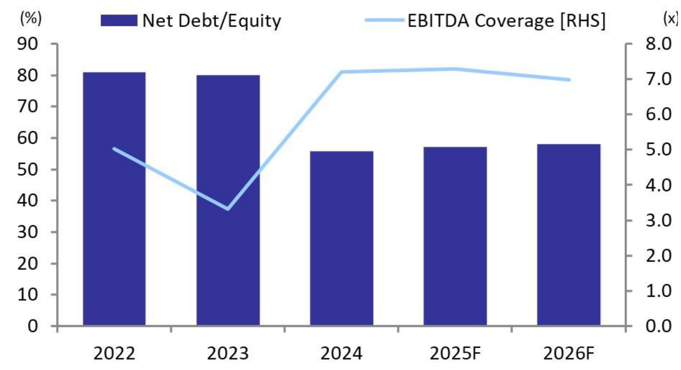
Source: Company, BRIDS Estimates

Exhibit 6. Margins



Source: Company, BRIDS Estimates

Exhibit 7. Gearing Level



Source: Company, BRIDS Estimates

Exhibit 8. Income Statement

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
Revenue	**51,176**	**55,801**	**53,896**	**61,387**	**67,445**
COGS	(43,665)	(44,583)	(43,396)	(49,799)	(54,696)
Gross profit	**7,511**	**11,218**	**10,500**	**11,587**	**12,749**
EBITDA	**3,272**	**6,274**	**5,609**	**6,105**	**6,750**
Oper. profit	**2,264**	**5,213**	**4,436**	**4,843**	**5,411**
Interest income	44	50	23	27	31
Interest expense	(988)	(870)	(770)	(875)	(983)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	0	0	0	0	0
Other Income (Expenses)	(59)	(152)	(166)	(173)	(178)
Pre-tax profit	**1,261**	**4,241**	**3,524**	**3,822**	**4,280**
Income tax	(315)	(1,029)	(855)	(927)	(1,038)
Minority interest	(16)	(193)	(161)	(174)	(195)
Net profit	**930**	**3,019**	**2,508**	**2,720**	**3,048**
Core Net Profit	**930**	**3,019**	**2,508**	**2,720**	**3,046**

Exhibit 9. Balance Sheet

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
Cash & cash equivalent	1,503	1,354	1,069	965	1,090
Receivables	2,586	2,761	2,589	2,949	3,240
Inventory	11,321	11,120	10,922	12,533	13,766
Other Curr. Asset	1,809	1,934	2,024	2,291	2,476
Fixed assets - Net	13,395	13,754	13,821	13,712	13,431
Other non-curr.asset	3,496	3,743	4,117	4,215	4,276
Total asset	**34,109**	**34,666**	**34,541**	**36,665**	**38,278**
ST Debt	4,909	3,213	3,212	9,211	9,210
Payables	4,891	4,636	4,637	5,321	5,844
Other Curr. Liabilities	884	1,447	1,364	1,461	1,550
Long Term Debt	7,915	7,382	7,347	1,808	1,808
Other LT. Liabilities	1,342	1,415	1,383	1,568	1,706
Total Liabilities	**19,941**	**18,092**	**17,943**	**19,370**	**20,119**
Shareholder'sFunds	13,226	15,477	15,342	15,867	16,532
Minority interests	941	1,096	1,256	1,431	1,626
Total Equity & Liabilities	**34,108**	**34,665**	**34,541**	**36,667**	**38,277**

Exhibit 10. Cash Flow

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
Net income	930	3,019	2,508	2,722	3,048
Depreciation and Amort.	1,008	1,061	1,173	1,262	1,339
Change in Working Capital	461	(270)	(169)	(1,552)	(1,151)
OtherOper. Cash Flow	(27)	1,051	471	499	533
Operating Cash Flow	**2,372**	**4,860**	**3,983**	**2,931**	**3,769**
Capex	(1,954)	(1,592)	(1,547)	(1,476)	(1,393)
Others Inv. Cash Flow	(106)	(31)	11	17	21
Investing Cash Flow	**(2,060)**	**(1,623)**	**(1,535)**	**(1,459)**	**(1,373)**
Net change in debt	(27)	(2,229)	(36)	461	(1)
New Capital	180	22	0	0	0
Dividend payment	(581)	(814)	(2,643)	(2,196)	(2,381)
Other Fin. Cash Flow	(128)	(369)	(30)	186	142
Financing Cash Flow	**(556)**	**(3,389)**	**(2,710)**	**(1,549)**	**(2,240)**
Net Change in Cash	**(244)**	**(152)**	**(262)**	**(77)**	**156**
Cash - begin of the year	1,811	1,503	1,354	1,069	965
Cash - end of the year	1,503	1,354	1,069	965	1,090

Exhibit 11. Key Ratio

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Growth (%)					
Sales	4.5	9.0	(3.4)	13.9	9.9
EBITDA	(12.8)	91.7	(10.6)	8.8	10.6
Operating profit	(19.2)	130.3	(14.9)	9.2	11.7
Net profit	(34.5)	224.7	(16.9)	8.5	12.0
Profitability (%)					
Gross margin	14.7	20.1	19.5	18.9	18.9
EBITDA margin	6.4	11.2	10.4	9.9	10.0
Operating margin	4.4	9.3	8.2	7.9	8.0
Net margin	1.8	5.4	4.7	4.4	4.5
ROAA	2.8	8.8	7.2	7.6	8.1
ROAE	7.2	21.0	16.3	17.4	18.8
Leverage					
Net Gearing (x)	0.8	0.6	0.6	0.6	0.5
Interest Coverage (x)	2.3	6.0	5.8	5.5	5.5

Source: JPFA, BRIDS Estimates

BRI Danareksa Equity Research Team		
Erindra Krisnawan, CFA	Head of EQR, Strategy, Automotive, Telco, Technology	erindra.krisnawan@brids.co.id
Victor Stefano	Banks, Poultry	victor.stefano@brids.co.id
Ismail Fakhri Suweleh	Healthcare, Property, Cement, Tollroad	ismail.suweleh@brids.co.id
Christy Halim	Consumer, Retailers	christy.halim@brids.co.id
Kafi Ananta Azhari	Research Associate, Co-coverage (Telco, Technology)	kafi.azhari@brids.co.id
Ni Putu Wilastita Muthia Sofi	Research Associate	wilastita.sofi@brids.co.id
Naura Reyhan Muchlis	Research Associate	naura.muchlis@brids.co.id
Sabela Nur Amalina	Research Associate	sabela.amalina@brids.co.id

BRI Danareksa Economic Research Team		
Helmy Kristanto	Chief Economist, Macro Strategy	helmy.kristanto@brids.co.id
Dr. Telisa Aulia Falianty	Senior Advisor	telisa.falianty@brids.co.id
Kefas Sidauruk	Economist	kefas.sidauruk@brids.co.id

BRI Danareksa Institutional Equity Sales Team		
Yofi Lasini	Head of Institutional Sales and Dealing	yofi.lasini@brids.co.id
Novrita Endah Putrianti	Institutional Sales Unit Head	novrita.putrianti@brids.co.id
Ehrliech Suhartono	Institutional Sales Associate	ehrliech@brids.co.id
Adeline Solaiman	Institutional Sales Associate	adeline.solaiman@brids.co.id
Andreas Kenny	Institutional Sales Associate	andreas.kenny@brids.co.id
Jason Joseph	Institutional Sales Associate	Jason.joseph@brids.co.id

BRI Danareksa Sales Traders		
Mitcha Sondakh	Head of Sales Trader	mitcha.sondakh@brids.co.id
Suryanti Salim	Sales Trader	suryanti.salim@brids.co.id

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