

JPFA

PT Japfa Comfeed Indonesia Tbk

Cheap Growth Play

- Soybean meal and domestic corn prices are trending down, easing feed input costs and supporting margin recovery into 2H25.
- The poultry processing & consumer products segment (17.8% of revenue) is gaining scale, helping JPFA move up the value chain and stabilize earnings.
- FY25 net profit is projected to grow +5.3% YoY to Rp3.1tn, supported by easing input costs, seasonal demand, and stronger downstream contribution.
- JPFA trades at just 7.2x P/E 2025F, a steep discount to its 5-year average and peers, offering a compelling entry point.

Signs of Demand Recovery as LB and DOC Prices Rebound

Livebird (LB) and Day-Old Chick (DOC) prices rose in June 2025 to Rp17,531 (+9.0% MoM) and Rp5,713 (+30.9% MoM), respectively, signaling early signs of demand recovery amid gradually improving macroeconomic conditions. Several key factors could sustain this upward trend into 2H25. Notably, Bank Indonesia cut its benchmark interest rate by 25 bps in July to 5.25%, marking a shift toward monetary easing that may help stimulate household consumption through improved credit access and stronger consumer confidence. At the same time, easing food inflation, projected at ~2% in 2025 (vs. the 2024 peak of 7.43%), is creating room for lower-income households to increase spending on protein sources like poultry. Seasonal demand is also expected to pick up toward the year-end festive period, particularly around Christmas and New Year, when food consumption and tourism activity typically rise.

Tariff-Free US Soybean Meal and Input Cost Tailwinds

Following a recent bilateral trade deal, Indonesia has agreed to apply 0% import tariffs on U.S. agricultural goods, including key poultry feed inputs such as soybean meal and corn. In 2024, Indonesia imported USD78 million worth of soybean meal from the US, representing around 3.3% of its total USD2.4 billion agricultural imports. With the tariff now removed, US soybean meal, already benefiting from global price softening, becomes even more cost-competitive. As of July 2025, soybean meal prices have declined to around USD287/ton (-10.2% YTD), driven by strong harvests and easing logistics costs. At the same time, domestic corn prices have continued to fall (5.1% YTD) amid favorable weather and better harvest output. These dual input cost tailwinds position the poultry industry for significant feed cost relief.

Downstream Expansion to Capture Long-Term Poultry Demand

JPFA is poised for growth through deepening its downstream operations, with the Poultry Processing & Consumer Products segment accounting for 17.8% of revenue in 1Q25 (vs 14.8% in 1Q24). While feed (27.0%) and commercial farming (38.9%) remain dominant, the company is strategically scaling processing under its So Good Food brand to smooth margin volatility and add value beyond livebird volumes. With Indonesia's per capita poultry consumption at just 8.3 kg/year (versus Malaysia's 31.1 kg), and a historical CAGR of 3.2% demand growth from 2013–2023, there remains ample growth headroom. As urbanization and consumer preferences shift toward branded, processed meat, JPFA stands to capture both volume upside and margin expansion through enhanced processing, retail channels, and branded product penetration.

Valuation Still Attractive; Maintain BUY on JPFA

We reiterate our BUY call on JPFA with a target price of Rp2,600, based on 10.0x P/E 2025F, (equivalent to -0.5 standard deviation). Currently, the stock trades at only 7.2x P/E 2025F, representing a deep discount not only to its historical average but also to domestic peers in the poultry sector. This suggests limited downside risk and room for multiple re-rating as macro conditions improve and margins normalize. This report maintains our positive stance as outlined in our previous update ([JPFA – February 2025](#)). **Key risks:** volatility in global commodity prices (soybean meal and corn) and lagging recovery in consumer purchasing power.

Key Financial Highlights

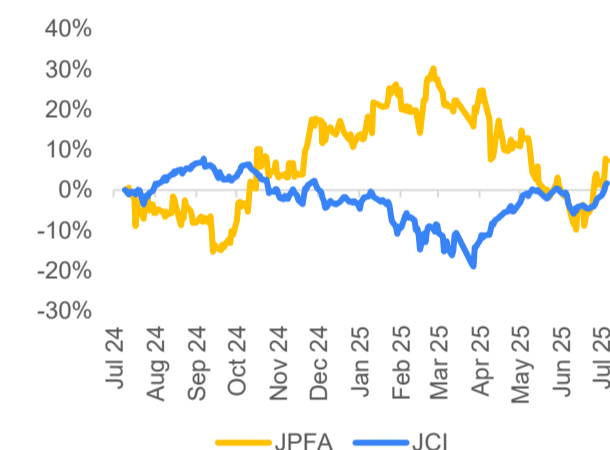
Key Metrics	2022	2023	2024	2025F	2026F
Revenue (Rp bn)	48,972	51,176	55,801	58,562	60,307
EBITDA (Rp bn)	3,654	3,110	6,098	6,385	7,018
Net Profit (Rp bn)	1,420	930	3,010	3,126	3,591
EPS Growth (%)	-29.8	-34.5	223.7	3.9	14.9
P/E (x)	10.70	14.88	7.56	9.75	8.49
P/BV (x)	1.11	0.98	1.37	1.63	1.48
EV/EBITDA (x)	4.91	6.34	3.62	3.69	3.54

BUY

Stock Information (as of July 23 2025)

Last Price (Rp)	1,705
Target Price (Rp)	2,600
Potential Upside	52.5%
Market Cap (Rp tn)	20.0
52 Week Range (Rp)	2,230 – 1,415
Free Float	43.8%
Share Out. (bn)	11.7
Beta	0.4

Stock Performance Comparison vs JCI



Shareholders

JPFA's Shareholders	%
Japfa Ltd	55.4
Public	43.8
Treasury Shares	0.8

Company Description

JPFA's Company Profile
PT Japfa Comfeed Indonesia Tbk is an Indonesia-based poultry solutions provider. The Company offers several types of products and services that are integrated from upstream to downstream, particularly in the animal feed industry, poultry breeding and commercial farming, aquaculture, beef cattle farming, and consumer product processing.

Analyst

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INVESTMENT SUMMARY

JPFA is well-positioned to benefit from a cyclical recovery in poultry demand, supported by monetary easing, easing food inflation, and rising year-end seasonal consumption. Input costs are also easing, with soybean meal prices down -10.2% YTD and domestic corn prices softening, setting the stage for margin recovery in 2H25. JPFA's integrated operations, from feed production to poultry processing, provide cost efficiency and supply chain control. With per capita poultry consumption in Indonesia still low at 8.3 kg/year, structural growth potential remains intact.

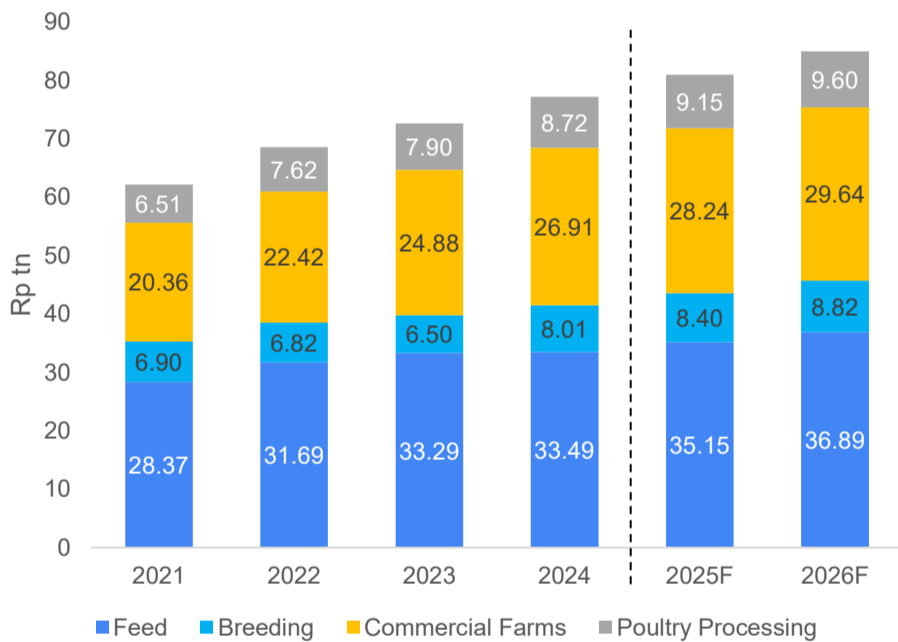
We forecast JPFA's net profit to grow +5.3% YoY to Rp3.1tn in FY25F, driven by margin expansion and steady volume growth across key segments. Revenue is expected to reach Rp58.6tn, up +4.9% YoY, as processed foods and poultry products gain more traction. Trading at just 7.2x P/E 2025F, the stock remains undervalued compared to its historical average and sector peers. With improving fundamentals and solid execution on downstream expansion, we see room for re-rating and reaffirm our BUY call with a TP of Rp2,600.

Figure 1. JPFA's 1Q25 Financial Results

Key Metrics (Rp bn)	3M25	3M24	YoY	1Q25	4Q24	QoQ	2025F	% to Est
Revenue	14,332	13,926	2.9%	14,332	14,521	-1.3%	58,562	24.5%
Gross Profit	2,695	2,474	8.9%	2,695	3,274	-17.7%	12,059	22.3%
Gross Margin	18.8%	17.8%		18.8%	22.5%			
Operating Profit	1,139	1,072	6.2%	1,139	1,418	-19.7%	5,500	20.7%
Operating Margin	7.9%	7.7%		7.9%	9.8%			
Net Profit	680	665	2.3%	680	923	-26.3%	3,126	21.8%
Net Margin	4.7%	4.8%		4.7%	6.4%			

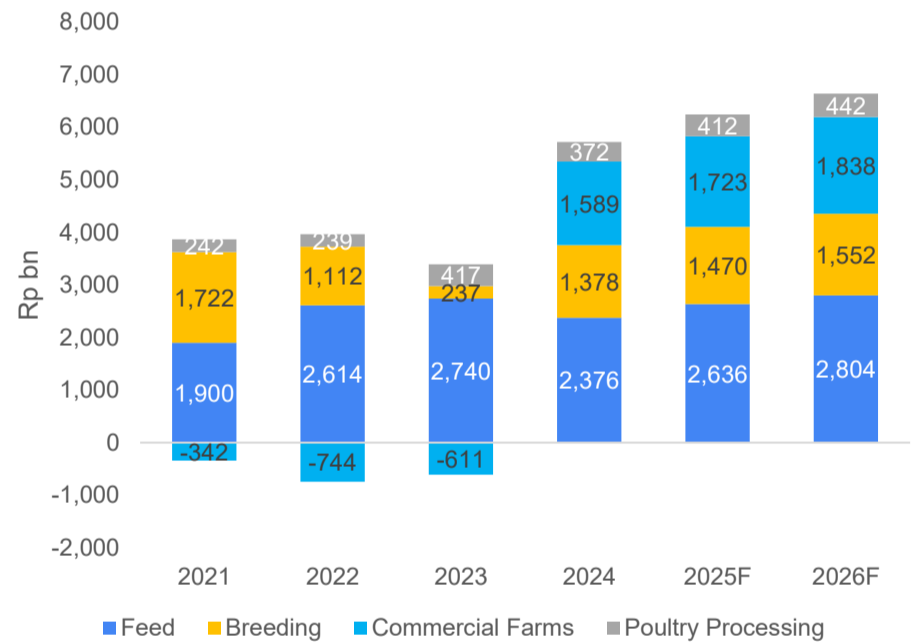
Source: Company, Ajaib Research

Figure 2. JPFA's Gross Revenue Breakdown



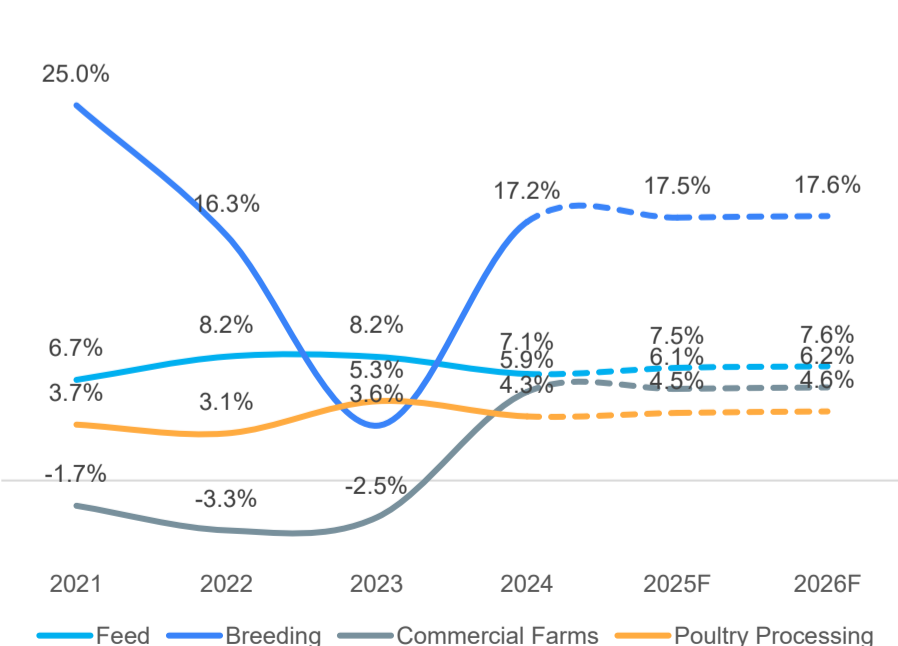
Source: Company, Ajaib Research

Figure 3. JPFA's Segment Operating Profit



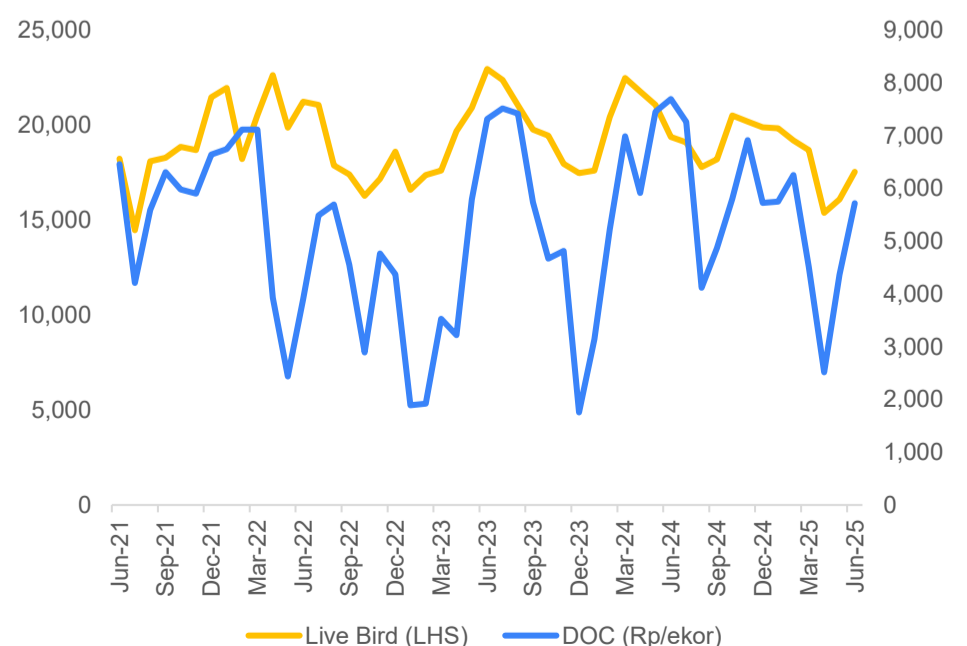
Source: Company, Ajaib Research

Figure 4. JPFA's Segment Operating Margin



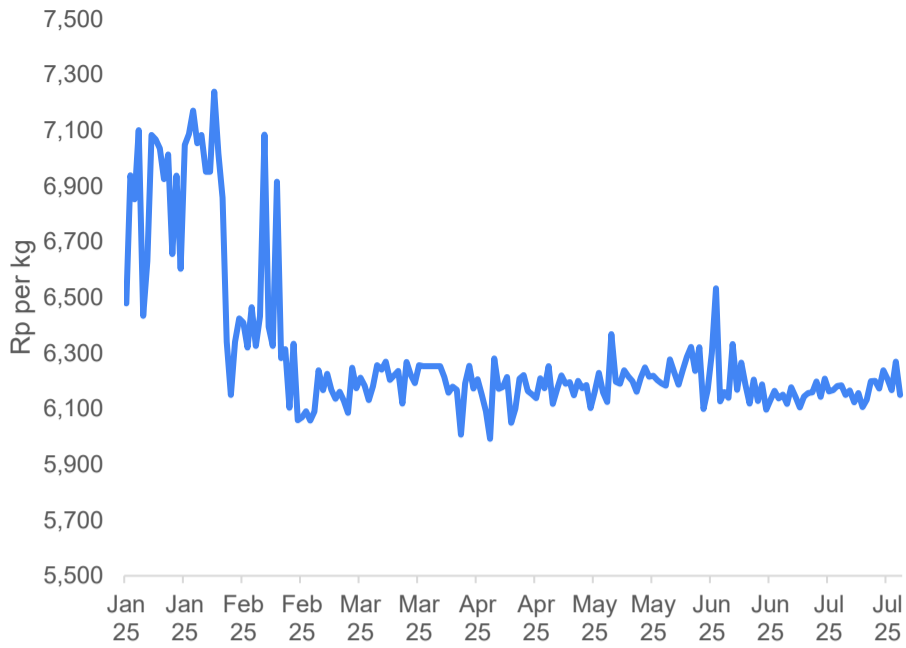
Source: Company, Ajaib Research

Figure 5. Livebird & DoC Price in West Java (Rp)



Source: Company, Ajaib Research

Figure 6. YTD Domestic Corn Price Trend



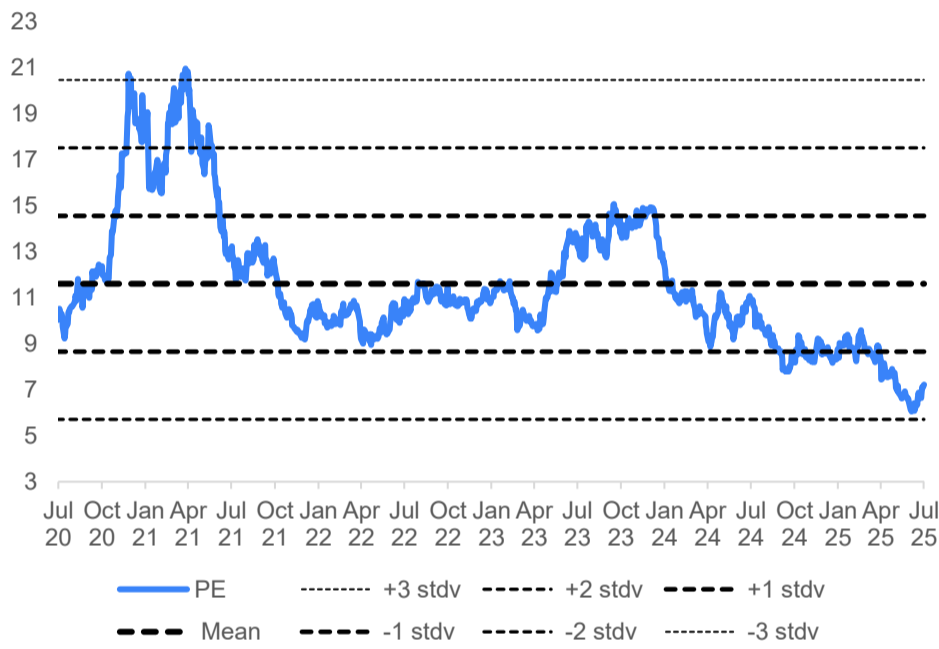
Source: Bapannas, Ajaib Research

Figure 7. YTD Soybean Meal Price Trend



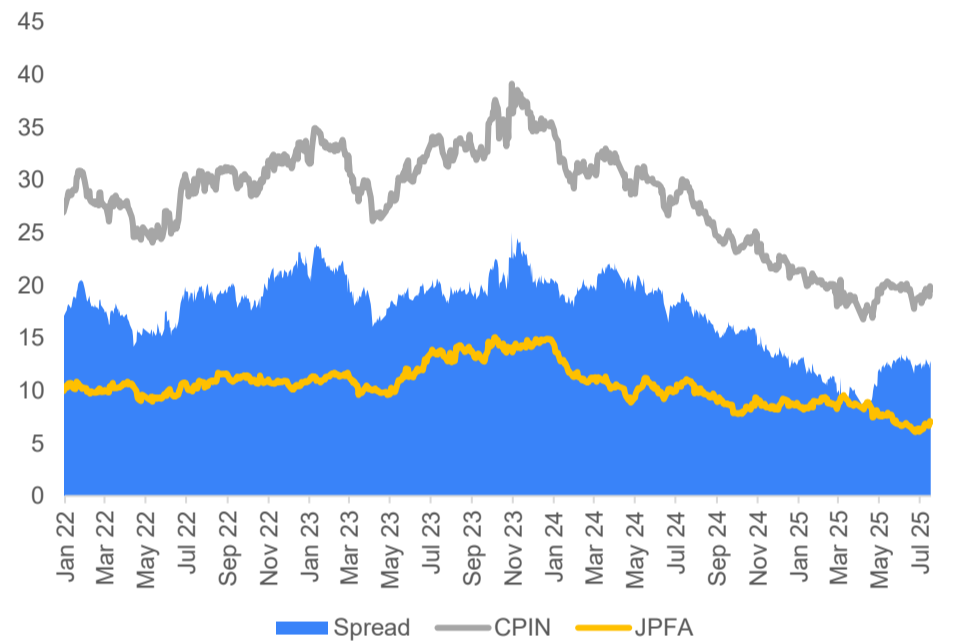
Source: Bloomberg, Ajaib Research

Figure 8. JPFA's 5-Year Historical PE Band



Source: Bloomberg, Ajaib Research

Figure 9. JPFA vs CPIN PE Spread



Source: Bloomberg, Ajaib Research

Figure 10. Peers Comparison

Ticker	Market Cap (Rp bn)	P/E (x)	EV/EBITDA (x)	ROE (%)	ROIC (%)	EBITDA Growth (%)	EPS Growth (%)
JPFA	19,818	6.6	5.3	20.2	14.1	87.5	225.0
CPIN	82,400	17.9	8.5	15.2	14.5	48.4	60.3
MAIN	1,511	3.3	2.8	17.1	14.3	88.4	678.6
WMUU	194	N.A	N.A	(12.6)	(3.1)	58.2	45.2
Sector Average		9.3	5.5	10.0	10.0	70.6	252.3

Source: Bloomberg, Ajaib Research

Rating for Sectors:

Overweight : We expect the industry to perform better than the primary market index (JCI) over the next 12 months.

Neutral : We expect the industry to perform in line with the primary market index (JCI) over the next 12 months.

Underweight : We expect the industry to underperform the primary market index (JCI) over the next 12 months.

Rating for Stocks:

Buy : The stock is expected to give total return (price appreciation + dividend yield) of > +10% over the next 12 months.

Hold : The stock is expected to give total return of > 0% to ≤ +10% over the next 12 months.

Sell : The stock is expected to give total return of < 0% over the next 12 months.

Outperform : The stock is expected to do slightly better than the market return. Equal to “moderate buy”

Underperform : The stock is expected to do slightly worse than the market return. Equal to “moderate sell”

Analyst Certification:

The lead analyst(s) who prepared this equity research report confirm that the opinions stated herein genuinely represent their personal perspectives regarding all the securities or issuers discussed. Additionally, the analyst(s) assert that their remuneration was not, is not, and will not be tied, either directly or indirectly, to any specific recommendations or viewpoints presented in this report.

PREPARED BY AJAIB RESEARCH TEAM



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