

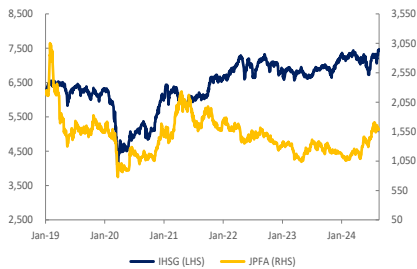


Buy

Price (August 19 th , 24)	1590
Target Price	1990
Potential Upside	25.13%
Market Cap	18.64 T
Number of Share	11.73 B
52w Lo/Hi	1055 / 1750

Source : IDX | Phintraco Sekuritas Research
| as of August 19th, 2024

IHSG vs JPFA



Source : IDX

Shareholder	%
Japfa Ltd	55.43
Public	43.73
Treasury Stock	0.84

Source : Company | as of fin. statement FY-23

EPS Consensus vs Forecast

	AT	Consensus*	%Diff
2024F	225.94	177.55	+27.25%
2025F	242.51	173.49	+39.78%

Source : *marketscreener | as of August 19th, 2024

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PT Japfa Comfeed Indonesia Tbk

(JPFA.JK / JPFA.IJ)

Corn Price Stability Drives JPFA's Profitability

JPFA recorded revenue growth of 14.46% YoY to IDR27.64 trillion in 6M24. JPFA's double-digit revenue growth was supported by a significant increase in revenue of the Poultry Breeding segment by 48.35% YoY to IDR1.60 trillion. This was followed by an 18% YoY increase in revenue of the Commercial Farm segment to IDR11.61 trillion and Animal Feeds by 12.8% YoY to IDR7.40 trillion. We assess JPFA's performance in 2H24 has the potential to remain solid, along with relatively stable Live Bird and Day Old Chick prices.

Corn and Soybean Meal (SBM) prices have decreased significantly. The domestic corn price at the farm gate stood at IDR5,780/kg, down significantly by 20.8% YTD from the starting price of IDR7,300/kg at the beginning of 2024. The decline in domestic corn prices was triggered by the end of the El-Nino phenomenon, increasing the harvest in the March-April 2024 period. Meanwhile, SBM prices stood at US\$302/ton, down 20.4% YTD from the starting price of US\$380/ton at the beginning of 2024. The decline in domestic corn and SBM prices resulted in a 5.48% QoQ decline in the Cost of Goods Sold. We expect corn and SBM prices to stabilize in the future as the domestic corn harvest period in September-October 2024.

JPFA's net profit grew 1,318% YoY to IDR1.59 trillion in 6M24. The significant growth in net profit was supported by cost efficiency and non-operational performance. JPFA recorded finance income growth of 8.68% YoY to IDR23 billion in 6M24, while finance expenses fell 11.49% YoY to IDR443 billion in the same period. We expect JPFA's net profit to grow 180% YoY to IDR2.64 trillion in FY24E, in line with revenue growth of 7.93% YoY to IDR55.23 trillion in FY24E.

The Closed-House system at JPFA's poultry farms can improve the quality of poultry. The Closed-House system at JPFA's poultry farms is equipped with a controller that can regulate temperature, humidity, wind speed, and monitor CO₂ levels to adjust the chicken's needs at all ages. Implementing the Closed-House system on all JPFA poultry farms can help reduce the risk of climate change and reduce the impact on the environment (odors and flies), therefore minimizing the potential for disease, fostering high productivity, and improving poultry quality.

PT So Good Food (SGF) uses environmentally friendly fuel. SGF seeks to replace coal fuel with palm kernel shells in the boiler engine to reduce fly ash bottom ash (FABA) waste and emissions. In addition, the price of palm kernel shells is relatively lower than coal, reducing SGF's production costs in producing consumer products and increasing SGF's profitability. We expect SGF's revenue to potentially increase in FY24, along with adding a new nugget processing line with a production capacity of up to 2.5 tons per hour.

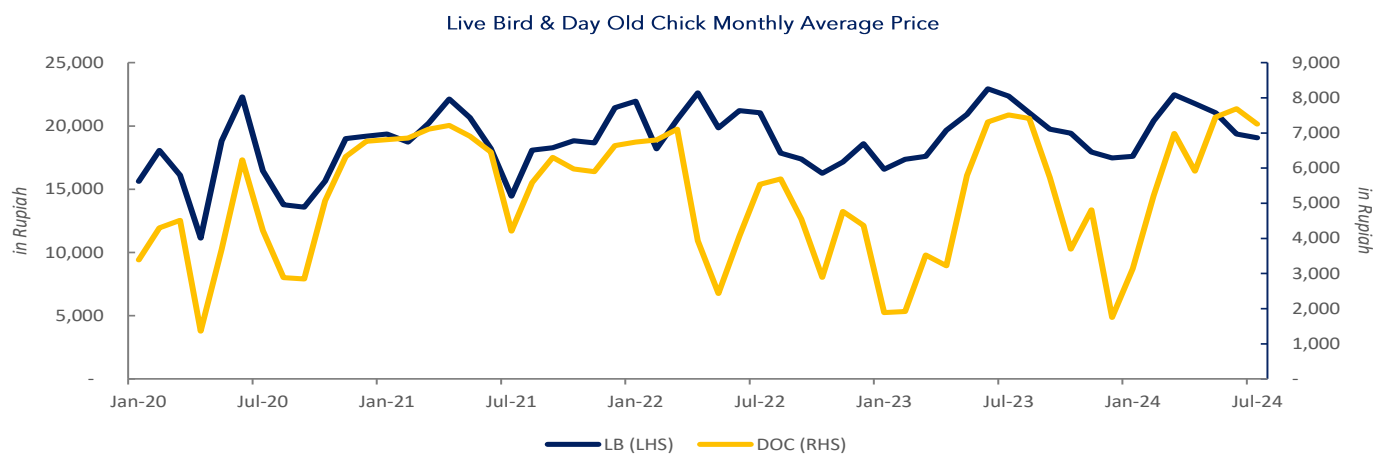
Using the Discounted Cash Flow method with Required Return of 9.85% and Terminal Growth 4.01%, we estimate JPFA's fair value at IDR1,990 per share (Expected PE at 6.31x and EV/EBITDA at 4.88x in FY24). We give JPFA a Buy rating with potential upside of 25.13%.

(in Billion Rupiah)

INCOME STATEMENT	1Q24	2Q24	QoQ (%)	6M23	6M24	YoY (%)
Revenue	13,925	13,723	-1.45%	24,156	27,649	14.46%
Cost of Goods Sold	(11,221)	(10,606)	-5.48%	(20,364)	(21,827)	7.18%
Gross Profit	2,705	3,117	15.24%	3,792	5,822	53.54%
EBITDA	1,350	1,807	33.86%	1,194	3,157	164.41%
EBIT	1,072	1,525	42.28%	656	2,597	296.03%
Profit Before Tax	895	1,281	43.11%	179	2,176	1116.77%
Net Profit	715	874	22.27%	112	1,590	1317.95%

Margin (%)						
Gross Profit Margin (%)	19.42%	22.71%		15.70%	21.06%	
Operating Profit Margin (%)	7.70%	11.11%		2.71%	9.39%	
Net Profit Margin (%)	5.14%	6.37%		0.46%	5.75%	

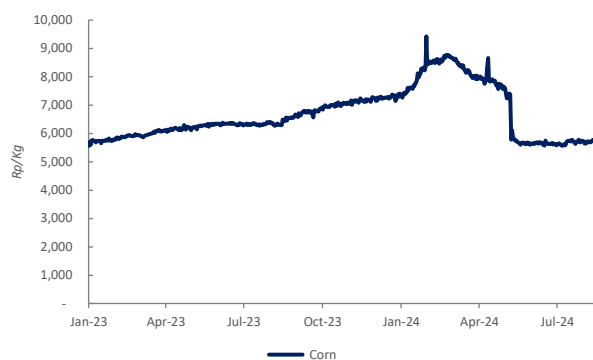
Source : Company | Phintraco Sekuritas Research



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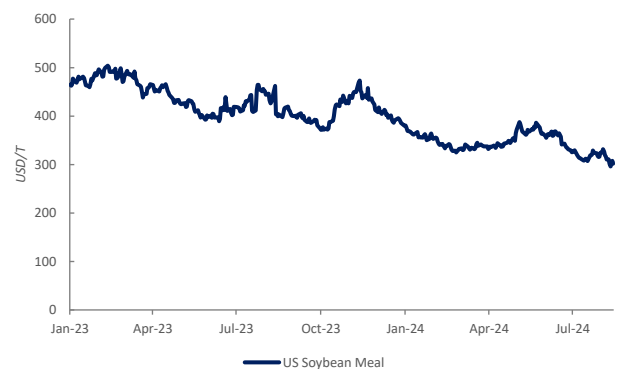
Commodity Highlight

Figure 1. Corn Price (Rp/Kg)



Source : BAPANAS | Phintraco Sekuritas Research

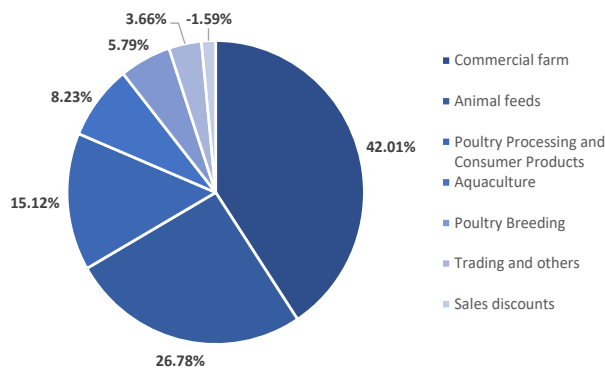
Figure 2. Soybean Meal Price (USD/T)



Source : Investing.com | Phintraco Sekuritas Research

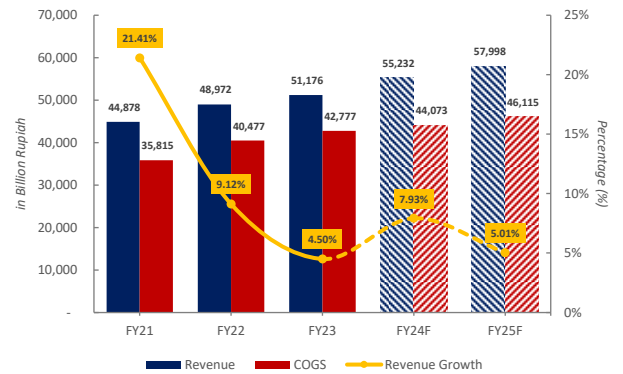
Performance Highlight

Figure 3. Revenue by Segment (6M24)



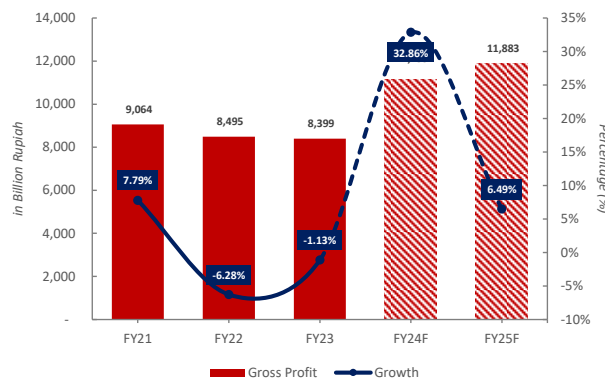
Source : Company | Phintraco Sekuritas Research

Figure 4. Revenue & COGS



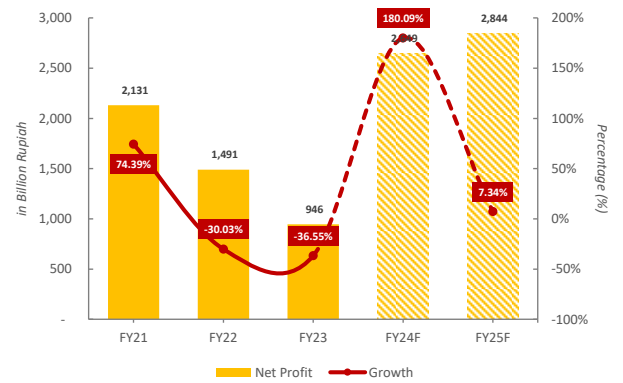
Source : Company | Phintraco Sekuritas Research

Figure 5. Gross Profit & Growth



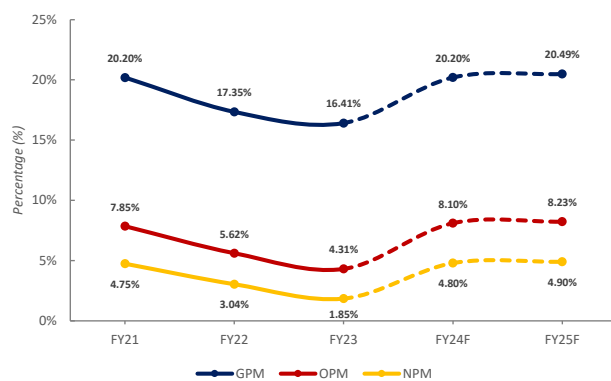
Source : Company | Phintraco Sekuritas Research

Figure 6. Net Profit & Growth



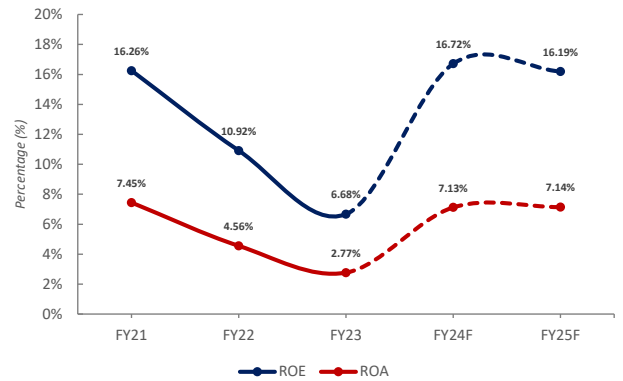
Source : Company | Phintraco Sekuritas Research

Figure 7. Profitability Margin



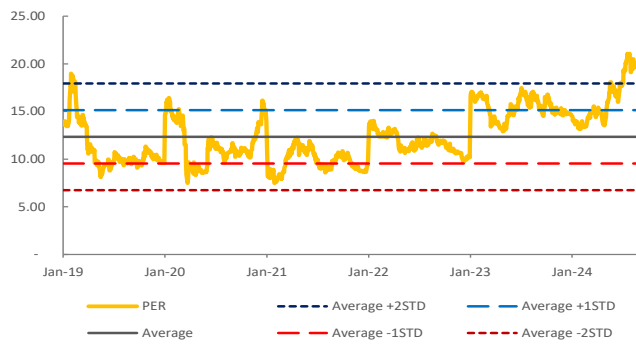
Source : Company | Phintraco Sekuritas Research

Figure 8. ROE & ROA



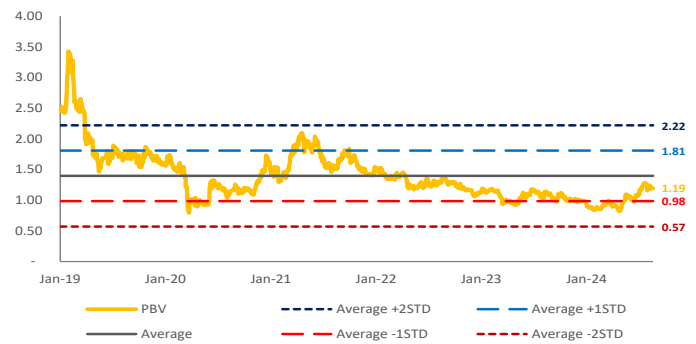
Source : Company | Phintraco Sekuritas Research

JPFA PER Band (5 Years)



Source : IDX | Company | Phintraco Sekuritas Research

JPFA PBV Band (5 Years)



Source : IDX | Company | Phintraco Sekuritas Research

Key Financial Figures

		(in Billion Rupiah)					
INCOME STATEMENT		FY21	FY22	FY23	6M24	FY24F	FY25F
Revenue		44,878	48,972	51,176	27,649	55,232	57,998
	<i>Growth</i>	21.41%	9.12%	4.50%	0.00%	7.93%	5.01%
Cos of Goods Sold		(35,815)	(40,477)	(42,777)	(21,827)	(44,073)	(46,115)
Gross Profit		9,064	8,495	8,399	5,822	11,159	11,883
	<i>GPM</i>	20.20%	17.35%	16.41%	21.06%	20.20%	20.49%
EBITDA		4,829	3,793	3,299	3,157	5,798	6,224
	<i>EBITDA Margin</i>	10.76%	7.75%	6.45%	11.42%	10.50%	10.73%
EBIT		3,525	2,750	2,206	2,597	4,475	4,770
	<i>EBIT Margin</i>	7.85%	5.62%	4.31%	9.39%	8.10%	8.23%
Other Income/Charge:							
Interest Income		67	9	44	23	59	62
Interest Expense		(807)	(818)	(988)	(443)	(972)	(1,010)
Net Interest Income (Expenses)		(739)	(809)	(944)	(420)	(913)	(948)
Non Operating Income (Expenses)		8	13	(1)	(1)	(1)	(1)
Profit Before Tax		2,794	1,955	1,261	2,176	3,561	3,822
	<i>EBT Margin</i>	6.23%	3.99%	2.46%	7.87%	6.45%	6.59%
Net Profit After Tax		2,131	1,491	946	1,590	2,649	2,844
	<i>NPM</i>	4.75%	3.04%	1.85%	5.75%	4.80%	4.90%

Source : Company | Phintraco Sekuritas Research

		(in Billion Rupiah)					
BALANCE SHEET		FY21	FY22	FY23	6M24	FY24F	FY25F
Asset							
Cash		1,085	1,811	1,503	1,452	1,695	1,780
Accounts Receivable		2,348	2,405	2,456	2,450	2,765	2,941
Inventories		9,068	10,976	11,321	12,933	12,828	15,147
Total Current Assets		14,161	17,001	17,218	18,970	19,411	22,048
Fixed Assets		13,015	13,962	14,908	15,159	15,497	15,424
Long-term Investments		207	257	298	294	320	323
Other Assets		830	1,098	1,276	1,104	1,473	1,542
Total Non Current Assets		14,429	15,689	16,891	17,139	17,757	17,758
Total Asset		28,590	32,691	34,109	36,109	37,168	39,806
Liabilities							
Short-term Debt		1,315	3,869	4,078	4,772	4,207	4,399
Accounts Payable		2,345	3,444	4,118	3,902	4,426	4,576
Accrued Payroll		672	576	554	634	677	739
Total Current Liabilities		7,064	9,412	10,684	11,356	11,355	17,525
Long-term Debt		7,141	8,430	7,927	7,789	8,213	2,890
Provision for Risks & Charges		1,254	1,174	1,302	1,273	1,725	1,801
Total Non Current Liabilities		8,423	9,624	9,258	9,113	9,962	4,716
Total Liabilities		15,487	19,036	19,942	20,469	21,318	22,241
Equity		13,103	13,655	14,167	15,640	15,850	17,564

Source : Company | Phintraco Sekuritas Research

		(in Billion Rupiah)					
CASH FLOW		FY21	FY22	FY23	6M24	FY24F	FY25F
Cash Flow from Operating							
Net Income		2,023	1,420	930	1,479	2,518	2,702
Depreciation & Amortization		1,186	892	779	478	1,324	1,454
Working Capital		(2,720)	(963)	257	(1,741)	(1,384)	(2,285)
Others		69	2,347	216	474	53	259
Net-CFFO		558	3,696	2,181	690	2,511	2,130
Cash Flow from Investing							
CAPEX		(1,786)	(1,890)	(1,766)	(724)	(1,934)	(1,384)
Others		379	(263)	(215)	(2)	(255)	(71)
Net-CFFI		(1,408)	(2,153)	(1,981)	(726)	(2,190)	(1,455)
Cash Flow from Financing							
Chg. in Long-term liabilities		1,362	140	(230)	(1)	289	321
Chg. in other non-current liabilities		(430)	(89)	138	(8)	417	77
Equity		(332)	(868)	(417)	(7)	(835)	(988)
Net-CFFF		599	(817)	(509)	(15)	(129)	(590)
Net Cash Flow		(251)	726	(308)	(51)	193	85

Source : Company | Phintraco Sekuritas Research

RATIOS		FY21	FY22	FY23	6M24	FY24F	FY25F
Profitability Ratio (%)							
<i>GPM</i>		20.20%	17.35%	16.41%	21.06%	20.20%	20.49%
<i>OPM</i>		7.85%	5.62%	4.31%	9.39%	8.10%	8.23%
<i>NPM</i>		4.75%	3.04%	1.85%	5.75%	4.80%	4.90%
<i>ROA</i>		7.45%	4.56%	2.77%	4.40%	7.13%	7.14%
<i>ROE</i>		16.26%	10.92%	6.68%	10.16%	16.72%	16.19%
Activity Ratio (X)							
<i>Inventory Turnover</i>		3.95	3.69	3.78	1.69	3.44	3.04
<i>Receivables Turnover</i>		19.11	20.36	20.84	11.28	19.98	19.72
<i>Payables Turnover</i>		15.27	11.75	10.39	5.59	9.96	10.08
<i>Days of Inventory</i>		92.42	98.98	96.60	216.27	106.23	119.89
<i>Days of Receivables</i>		19.09	17.93	17.52	32.35	18.27	18.51
<i>Days of Payables</i>		23.90	31.05	35.14	65.26	36.66	36.22
<i>Cash Operating Cycle</i>		87.61	85.85	78.98	183.36	87.85	102.18
Leverage Ratio (%)							
<i>Debt to Asset Ratio</i>		35.58%	39.36%	37.66%	37.50%	35.68%	34.61%
<i>Debt to Equity Ratio</i>		77.64%	94.23%	90.67%	86.57%	83.68%	78.43%
<i>Liabilities to Asset Ratio</i>		54.17%	58.23%	58.47%	56.69%	57.36%	55.87%
<i>Liabilities to Equity Ratio</i>		118.20%	139.41%	140.76%	130.88%	134.50%	126.63%
<i>Interest Rate</i>		7.93%	6.36%	7.70%	3.27%	7.33%	7.33%
Liquidity Ratio (X)							
<i>Current Ratio</i>		2.65	1.92	1.75	1.83	1.85	2.00
<i>Quick Ratio</i>		0.95	0.68	0.60	0.58	0.63	0.63
<i>Cash Ratio</i>		0.20	0.20	0.15	0.14	0.16	0.16
Price Ratio							
<i>Share Price (IDR)</i>		1,720	1,295	1,180	1,425	1,425	1,425
<i>Outstanding Shares (in Billion)</i>		11.73	11.73	11.73	11.73	11.73	11.73
<i>EPS (IDR) (annualized)</i>		182	127	81	136	226	243
<i>BVPS (IDR)</i>		1,117	1,164	1,208	1,334	1,352	1,498
<i>Sales Per Share (IDR)</i>		3,827	4,176	4,364	2,358	4,710	4,946
<i>PER (X)</i>		9.47	10.19	14.63	10.51	6.31	5.88
<i>PBV (X)</i>		1.54	1.11	0.98	1.07	1.05	0.95
<i>PSR (X)</i>		0.45	0.31	0.27	0.60	0.30	0.29
<i>EV/EBITDA (annualized)</i>		6.06	6.92	7.63	9.12	4.88	4.61
Dividends							
<i>DPS</i>		60	50	-	-	86	96
<i>DPR</i>		33.02%	39.33%	-	-	38.02%	39.50%
<i>Div. Yield</i>		3.49%	3.86%	-	-	6.03%	6.72%

Source : Company | Phintraco Sekuritas Research

Glossarium

BAPANAS	: <i>Badan Pangan Nasional</i>
BVPS	: <i>Book Value per Share</i>
CFFF	: <i>Cash Flow from Financing</i>
CFFI	: <i>Cash Flow from Investing</i>
CFFO	: <i>Cash Flow from Operating</i>
DPR	: <i>Dividend Payout Ratio</i>
DPS	: <i>Dividend per Share</i>
EBIT	: <i>Earning Before Interest & Tax</i>
EBITDA	: <i>Earning Before Interest, Tax, Depreciation & Amortization</i>
EBT	: <i>Earning Before Tax</i>
EPS	: <i>Earning per Share</i>
EV	: <i>Enterprise Value</i>
NPM	: <i>Net Profit Margin</i>
NPM	: <i>Net Profit Margin</i>
OPM	: <i>Operating Profit Margin</i>
PBV	: <i>Price to Book Value</i>
PER	: <i>Price to Earning Ratio</i>
PSR	: <i>Price to Sales Ratio</i>
ROA	: <i>Return on Asset</i>
ROE	: <i>Return on Equity</i>
Rp/Kg	: <i>Rupiah per Kilogram</i>
USD/T	: <i>US Dollar per Tonne</i>
YTD	: <i>Year to Date</i>



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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 $\leq +10\%$ 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"

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Kantor Cabang & Mitra GI BEI



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