

PT. Japfa Comfeed Indonesia Tbk.

6 March 2024
Basic Industry – Poultry

Price	IDR	1,165
Target Price	IDR	1,550
JKSE Index		7,247.460



Stock Information

Bloomberg Code	JPFA IJ
Market Cap (IDR bn)	13,661.5
52-week high (IDR)	1,410
52-week low (IDR)	1,015
Shares issued (mn)	11,726.6
6-m avg. daily Val (IDR)	1,460
Free float	44.94%

Major share holders

JAPFA LTD	40.00%
Credit Suisse AG Singapore Trust	15.43%
Public	44.57%

USD/ IDR – YE (IDR)

2023	15,439
2024F (6m-avg)	15,549

Analyst
eka.rahmah@binaartha.com

Investment Consideration

BUY

Lower Feed Margin

- In 4Q2023, JPFA's sales maintained double-digit growth of +10.1% YoY and a slight decline of -1.5% QoQ, to IDR 13.4 trillion due to higher sales volume in all business segments. For 2023, JPFA's sales increased by +12.3% to IDR 51.2 trillion due to higher sales volume.
- Feed sales increased by +6.2% YoY or +8.1% QoQ to IDR 3.76 trillion, with sales volume increasing by +9.4% YoY or +5% QoQ in 4Q2023. With a higher corn price due to the long dry season, JPFA's feed margin decreased in 4Q2023 to 16.7% compared to 24% in 3Q2023, as JPFA continued the process of passing on raw material cost increases to selling prices. Feed sales for 2023 slightly decreased by -1.2% YoY to IDR 13.8 trillion, with a higher sales volume of +3.4% YoY, and the feed operating profit margin was higher at 19.8%.
- The commercial farm segment's sales maintained double-digit growth of +19.3% YoY but declined -4.0% QoQ, reaching IDR 5.62 trillion, driven by an increased sales volume of +16.8% YoY. The operating profit margin for the commercial farm segment was still negative in 4Q2023 at -10.3% due to lower live bird prices in the market.
- Sales in the poultry processing and consumer products segment increased by +8.6% YoY to IDR 2.03 trillion, with a higher operating profit margin at 10.9%, up from 5.6% last year.
- The DOC business segment was back to a negative margin at -5.6% on lower DOC prices in the market while sales volume increased by 12.7% YoY in 4Q2023, resulting in lower DOC sales by -3.6% YoY or -13.1% to IDR 619 billion. DOC and broiler prices, which have been prone to large fluctuations in demand and supply in the market, were back to a downtrend in 4Q2023, but have started to improve in early 2024 as demand increased ahead of the fasting period.

4Q2023: Margin Decline

- In 4Q2023, JPFA booked a loss of IDR 7 billion from a profit in 3Q2023 but slightly improved compared to a loss in 4Q2022 of IDR 8 billion.
- For 2023, results are still affected by weak performances in 1Q2023 and 4Q2023, with net profit down by -34% YoY to IDR 931 billion.
- The cost of sales increased by +11% YoY or +7% QoQ, reaching IDR 11.8 trillion, resulting in a lower gross profit by -38% QoQ to IDR 1.59 trillion with a lower gross profit margin of 11.9% in 4Q2023.
- Despite the fluctuations in demand and supply, JPFA is expected to achieve top-line sales and bottom-line profit of IDR 57.4 trillion and IDR 1.5 trillion, respectively, for 2024F.

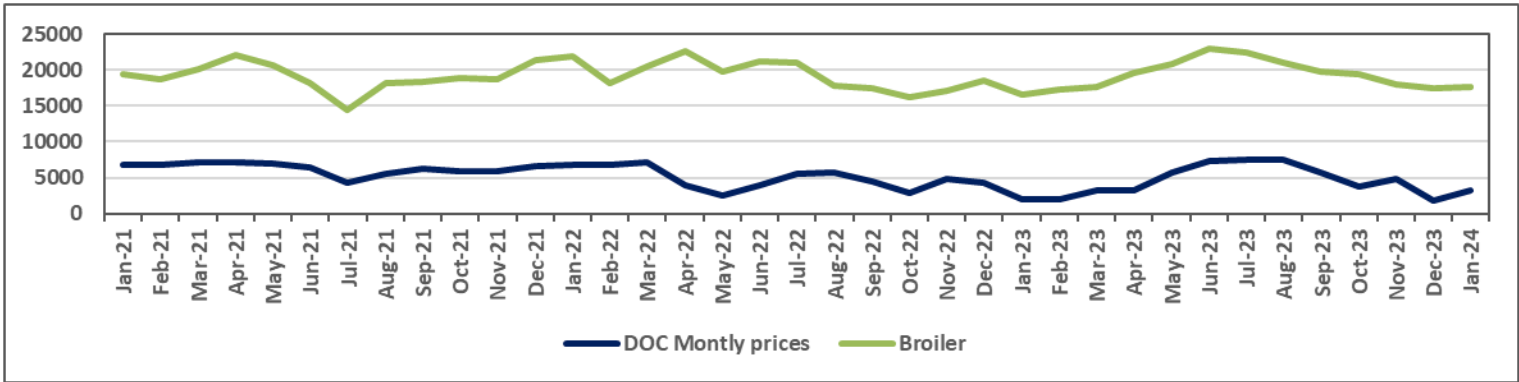
Valuation: Maintain BUY with lower TP 1,550

- Based on a DCF valuation with a WACC of 8.8%, our target for JPFA is IDR 1,550, representing a 33% upside and an 11X 2025F PE. We maintain our BUY rating.

Financial Highlights	2020A	2021A	2022A	2023A	2024F	2025F
Sales (In IDR Bn)	36.965	44.878	48.972	51.176	57.478	62.675
Net Income (In IDR Bn)	917	2.023	1.420	931	1.509	1.646
EPS (IDR)	80	177	124	82	132	144
GPM (%)	20,1%	17,9%	15,7%	14,7%	15,3%	15,3%
OPM (%)	6,7%	7,9%	5,6%	4,3%	5,3%	5,3%
NPM (%)	2,5%	4,5%	2,9%	1,8%	2,6%	2,6%
PBV (x)	1,6	1,6	1,4	1,0	1,2	1,2
PER (x)	18,2	9,7	12,9	14,2	11,7	10,7
Net debt/ equity (x)	0,4	0,5	0,6	0,7	0,7	0,8

Source: Company and Binaartha

DOC and Broiler Prices until January 2024 in West Java



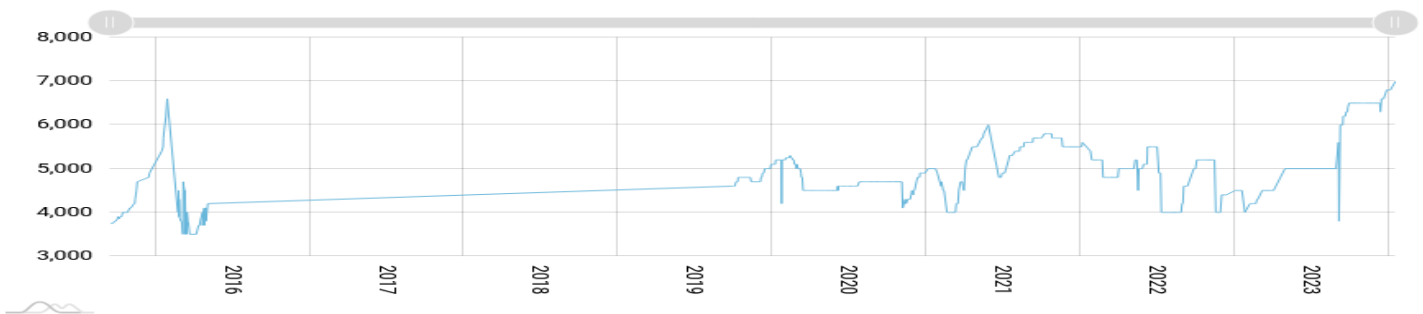
Source: Average monthly prices of West Java

Domestic Corn Price

Daerah : TASIKMALAYA
Jenis Komoditi : JAGUNG

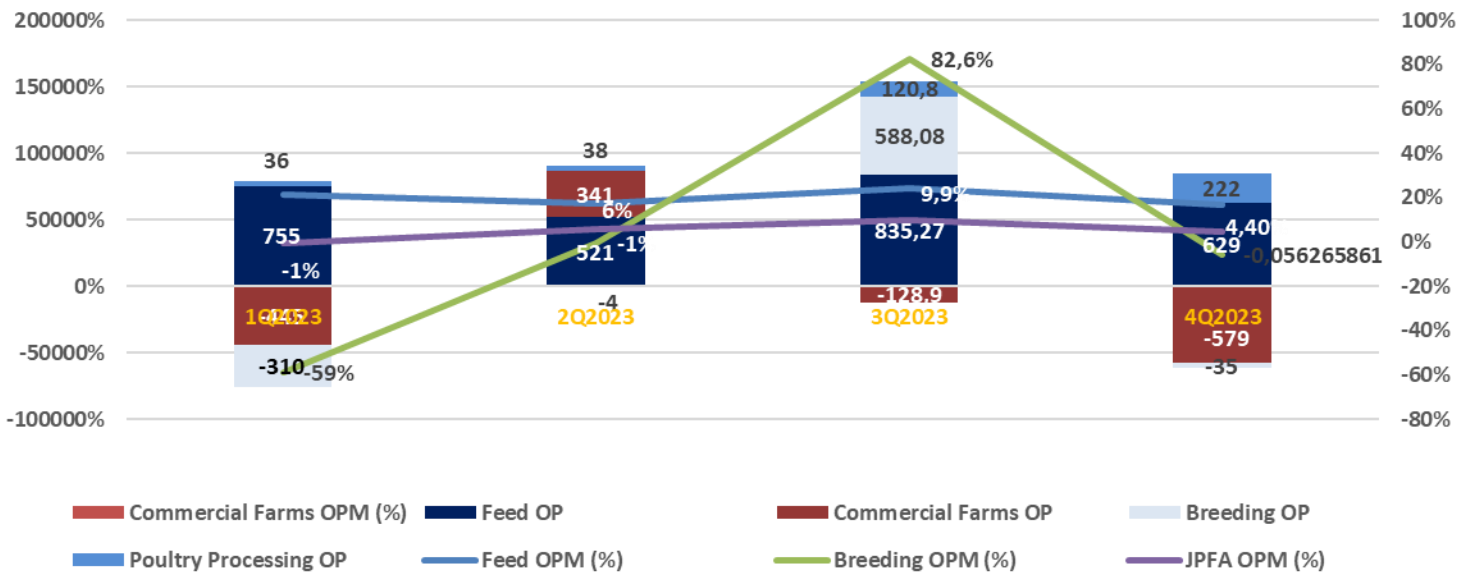
Harga Saat Ini : Rp. 7.000,00,-

Harga naik 2.9%



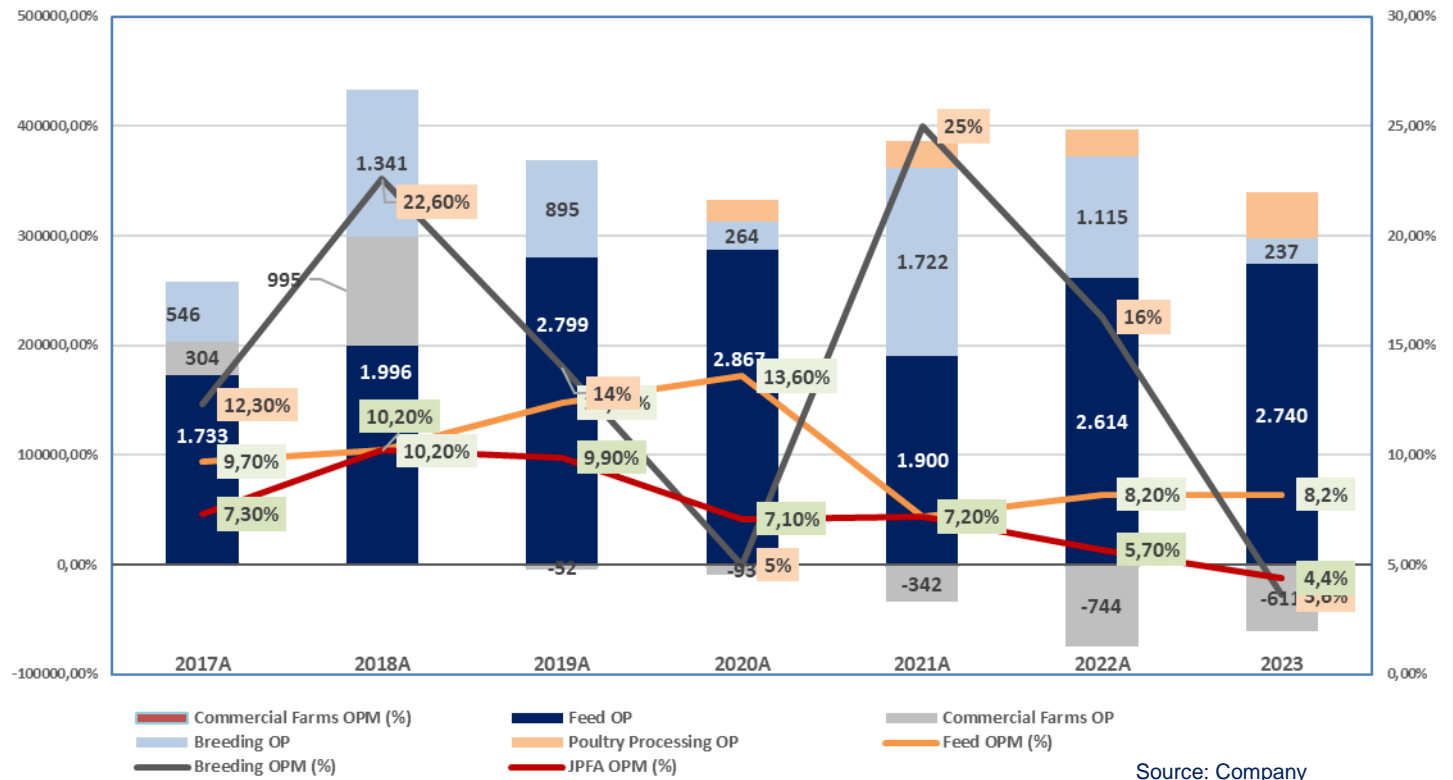
Source: BAPPEBTI

JPFA Business Segment Breakdown QoQ



Source: Company and Binaartha

JPFA Business Segment Breakdown YoY



Source: Company

Income Statement in IDR Billion QoQ & YoY

Income Statement (In IDR Bn)	1Q2023	2Q2023	3Q2023	4Q2023	QoQ	4Q2022	YoY	2022A	2023A	YoY
Sales	11.762	12.394	13.612	13.408	-1,5%	12.179	10%	48.972	51.176	5%
Cost of Sales	-10.475	-10.323	-11.049	-11.819	7,0%	-10.640	11%	-41.289	-43.665	6%
Gross Profit	1.287	2.071	2.563	1.590	-38,0%	1.539	3%	7.683	7.511	-2%
Operating Expenses	-1.369	-1.334	-1.222	-1.380	12,9%	-1.337	3%	-4.933	-5.305	8%
Operating Profit	-82	738	1.341	209	-84,4%	202	4%	2.750	2.206	-20%
Other Income (Expenses)	-219	-258	-227	-242	6,6%	-215	13%	-796	-945	19%
PBT	-301	480	1.114	-32	-102,9%	-12	158%	1.955	1.261	-35%
Tax	59	-126	-232	-16	-92,9%	-16	0%	-464	-315	-32%
NIAT	-242	354	882	-48	-105,5%	-29	69%	1.491	946	-37%
Non-controlling Interest	-8	-22	-27	41	-253,2%	20	100%	-71	-16	-77%
Net Income	-250	332	855	-7	-100,8%	-8	-20%	1.420	931	-34%
EPS	-22	29	75	-1	-100,8%	-1	-20%	124	82	-34%
GPM (%)	10,9%	16,7%	18,8%	11,9%		12,6%		15,7%	14,7%	
OPM (%)	-0,7%	6,0%	9,9%	1,6%		1,7%		5,6%	4,3%	
NPM (%)	-2,1%	2,7%	6,3%	0,0%		-0,1%		2,9%	1,8%	

Source: Company and Binaartha

Income Statement in IDR Billion YoY

Income Statement (In IDR Bn)	2020A	2021A	2022A	2023A	2024F	2025F
Sales	36.965	44.878	48.972	51.176	57.478	62.675
Cost of Sales	-29.536	-36.858	-41.289	-43.665	-48.684	-53.086
Gross Profit	7.429	8.020	7.683	7.511	8.794	9.589
Operating Expenses	-4.945	-4.495	-4.933	-5.305	-5.748	-6.268
Operating Profit	2.484	3.525	2.750	2.206	3.046	3.322
Other Income (Expenses)	-805	-731	-796	-945	-977	-1.065
PBT	1.679	2.794	1.955	1.261	2.069	2.256
Tax	-457	-663	-464	-315	-476	-519
NIAT	1.222	2.131	1.491	946	1.593	1.737
Non-controlling Interest	-86	-108	-71	-16	-86	-94
Net Income	917	2.023	1.420	931	1.509	1.646
EPS	80	177	124	82	132	144
EBITDA	3.696	4.816	3.722	3.258	4.149	4.412

Source: Company and Binaartha

Cash Flow in IDR Billion YoY

Cash Flow (In IDR Bn)	2019A	2020A	2021A	2022A	2023A	2024F	2025F
Net Income	1.765	917	2.023	1.420	931	1.509	1.646
Depreciation	979	1.155	1.215	950	1.008	1.013	1.090
Change in WC	358	-275	-1.610	234	746	363	-226
Cash From Operating Activities	3.102	1.797	1.628	2.604	2.685	2.885	2.510
Change in Non-current Asset	-3.264	-1.584	-1.437	-2.211	-2.210	-2.334	-2.547
Cash From Investing Activities	-3.264	-1.584	-1.437	-2.211	-2.210	-2.334	-2.547
Change in Long-term liabilities	759	1.563	-462	705	-304	77	125
Change in Bonds Payable	-120	-72	368	509	-79	-89	0
Change Others Noncurrent Liabilities	1	29	-16	-13	17	-4	8
Change in Equity	-634	-1.401	-332	-868	-418	-263	-651
Cash From Financing Activities	6	119	-441	333	-784	-280	-519
Net Changes in Cash	-156	332	-251	726	-308	271	-556
Beginning Balance	1.160	1.004	1.336	1.085	1.811	1.503	1.774
Ending Balance	1.004	1.336	1.085	1.811	1.503	1.774	1.218

Source: Company and Binaartha

Statement of Financial Position in IDR Billion YoY

	2020A	2021A	2022A	2023A	2024F	2025F
ASSETS						
CURRENT ASSETS						
Cash and Cash Equivalents	1.336	1.085	1.811	1.503	1.774	1.218
Trade Accounts Receivable	1.982	2.348	2.405	2.456	2.863	3.069
Inventories	5.670	7.713	9.272	9.684	10.114	10.655
Others Current Assets	2.757	3.015	3.513	3.576	3.736	3.761
Total Current Assets	11.745	14.161	17.001	17.218	18.486	18.703
NONCURRENT ASSETS						
Fixed Assets	11.144	11.510	12.497	13.395	14.408	15.498
Breeding Cattles	108	54	34	25	46	41
Other Noncurrent Assets	2.955	2.865	3.158	3.471	3.758	4.130
Total Noncurrent Assets	14.207	14.429	15.689	16.891	18.212	19.670
TOTAL ASSETS	25.952	28.590	32.691	34.109	36.699	38.372
LIABILITIES AND EQUITY						
LIABILITIES						
CURRENT LIABILITIES						
Short-term Bank Loans	423	2.314	3.924	4.909	6.009	6.009
Trade Account Payable	3.994	3.030	4.135	4.118	4.598	5.014
Others Current Liabilities	1.591	1.720	1.353	1.658	1.437	1.567
Total Current Liabilities	6.008	7.064	9.412	10.684	12.044	12.590
NONCURRENT LIABILITIES						
Long-term liabilities	1.696	1.254	1.174	1.302	1.379	1.504
Long-term Bank loan	2.292	2.273	3.058	2.626	2.626	2.626
Bonds Payable	4.492	4.859	5.369	5.289	5.200	5.200
Others Noncurrent Liabilities	52	36	23	40	36	44
Total Noncurrent Liabilities	8.532	8.423	9.624	9.258	9.242	9.375
TOTAL LIABILITIES	14.540	15.487	19.036	19.942	21.285	21.964
Non-controlling interest	734	869	907	941	1.143	1.246
EQUITY	10.677	12.233	12.748	13.226	14.270	15.161
TOTAL LIABILITIES & EQUITY	25.951	28.589	32.690	34.109	36.698	38.372

Source: Company and Binaartha

Ratio Highlights YoY

	2020A	2021A	2022A	2023A	2024F	2025F
Growth (% YoY)						
Sales	-4,9%	21,4%	9,1%	4,5%	12,3%	9,0%
OP	-20,5%	41,9%	-22,0%	-19,8%	38,1%	9,0%
EBITDA	-13,8%	30,3%	-22,7%	-12,5%	27,3%	6,4%
NP	-48,1%	120,6%	-29,8%	-34,5%	62,1%	9,1%
EPS	-48,1%	120,6%	-29,8%	-34,5%	62,1%	9,1%
Profitability (%)						
Gross Margin	20,1%	17,9%	15,7%	14,7%	15,3%	15,3%
Operating Margin	6,7%	7,9%	5,6%	4,3%	5,3%	5,3%
EBITDA margin	10,0%	10,7%	7,6%	6,4%	7,2%	7,0%
NET Profit margin	2,5%	4,5%	2,9%	1,8%	2,6%	2,6%
ROA	3,5%	7,1%	4,3%	2,7%	4,1%	4,3%
ROE	8,6%	16,5%	11,1%	7,0%	10,6%	10,9%
Solvability (x)						
Net debt/ equity	0,4	0,5	0,6	0,7	0,7	0,8
Tot. debt/ Tot.equity	1,4	1,3	1,5	1,5	1,5	1,4
Debt Ratio	0,6	0,5	0,6	0,6	0,6	0,6
Liquidity (x)						
Current Ratio	2,0	2,0	1,8	1,6	1,5	1,5
Cash Ratio	0,2	0,2	0,2	0,1	0,1	0,1
Per Share data						
EPS (IDR)	80	177	124	82	132	144
PBV (x)	1,6	1,6	1,4	1,0	1,2	1,2
PER (x)	18,2	9,7	12,9	14,2	11,7	10,7
EBITDA/share	324	422	326	286	364	387

Source: Company and Binaartha

Stock Ratings:

- Buy : a recommendation to purchase the security with upside potential of **20% or greater**
- Hold : a recommendation to neither buy nor sell a security with upside potential of **0-19%**.
- Sel : a recommendation to close out a long position in a security with upside potential **below 0% or negative**.

RESEARCH TEAM
(62 21) 520 6678 ext. 611

Disclaimer; PT Binaartha Sekuritas has compiled this report in good faith, using information believed to be reliable. PT Binaartha Sekuritas and its analysts take no responsibility for the accuracy of the information contained in this report. This report has been produced for distribution to clients of PT Binaartha Sekuritas only. This report is not an invitation to buy or sell any security. PT Binaartha Sekuritas may have used the information in this report prior to publication. The company or its clients may have positions in or may from time to time buy or sell the securities mentioned in this report or other related securities.