

Poultry (Neutral/Maintain)

Negative monthly growth in the DOC and broiler prices

Report summary

July 2024 Broiler and DOC price: Both DOC and broiler reported monthly contraction

The average monthly DOC (Day-Old Chick) price and broiler price in July 2024 came in line with our expectation. Broiler prices have persistently declined since the Eid holiday, which we believe reflects softening consumer purchasing power. This downward trend in broiler prices appears to be the main driver behind the contraction in DOC prices. The average monthly DOC price in West Java declined to IDR7,255/chick (-5.6% MoM and -3.4% YoY), which is the second monthly contraction YTD. The monthly average of broiler prices in West Java declined to IDR19,068/kg (-1.5% MoM and -14.7% YoY), marking the third time prices have fallen below the IDR20,000/kg level YTD.

7M24 Broiler and DOC price: remained higher than last year

The average DOC price in 7M24 rose to IDR6,235/chick (+40% vs. average 7M23 and +34.7% vs. average FY23). The average broiler prices in 7M24 increased more moderately to IDR20,245/kg (+3.1% vs. average 7M23 and +4.3% vs. average FY23 average). We attributed the growth to the government's social assistance programs that maintain purchasing power, and the positive impact on the implementation of voluntary culling which reduced the oversupply level.

Domestic corn price declined during the harvest season

The downtrend of average monthly corn price ended in July as average national corn price stood at IDR5,691/kg in July 2024, (+0.7% MoM but -9.8% YoY). We believe the marginal monthly average price growth was driven by declining supply as the peak of the harvest season for this year was in May. The average corn price in 7M24 reached IDR6,488/kg (+7.2% vs. 7M23 and +1.9% vs. average FY23). Soybean Meal (SBM) demonstrated a positive trend for the players, with the 7M24 average price falling to USD354/ton (-21.6% vs. average in 7M24 and -19.1% vs. average in FY23).

Solid 1H24 financial performance

CPIN reported revenue and net profit of IDR32.96tr (+6.7% YoY) and IDR1.77tr (+28.2% YoY) in 1H24, accounted for 52%/50% and 62%/57% of MASI/street's projections. We see the result is in line with expectation, considering the past five years run rate that range 47-70% for the top line and 42-83% for the bottom line. JPFA recorded 1H24 revenue and net profit of IDR27.65tr (+14.5% YoY) and IDR1.48tr (+1,705% YoY), accounted for 51%/51% and 128%/90% of MASI/street's projections. We raised our key assumptions and revised up our estimates which resulted in a higher TP of IDR1,740.

Maintain Neutral rating with CPIN remains the top pick

We maintain the neutral rating for the Poultry sector at this juncture due to our projection that the average monthly DOC prices will be stabilized at their current level, unless we see a significant improvement in purchasing power and or poultry demand. Additionally, we believe the sector currently lacks catalysts, and the upside potential is limited. The upside risks to our call include: 1) higher DOC and broiler prices, and 2) stronger than projected purchasing power that will positively impact poultry demand.

Key investment metrics

Company	Ticker	Market cap* (IDRbn)	Rating	Last price* (IDR)	Target price (IDR)	Upside (%)	P/E (x)		EV/EBITDA (x)		ROE (%)	
							2024F	2025F	2024F	2025F	2024F	2025F
Charoen Pokphand Indonesia Tbk	CPIN	84,450	Trading Buy	5,150	5,825	13.1	29.8	24.7	16.1	14.0	11.6	12.3
Japfa Comfeed Indonesia Tbk	JPFA	18,587	Hold	1,585	1,740	9.8	8.1	7.5	6.1	5.6	16.5	16.7

Note: *Data as of August 13, 2024

Source: Company data, Mirae Asset Sekuritas Indonesia Research estimate

July 2024 Broiler and DOC price: negative monthly growth

The average monthly DOC price and broiler price in July 2024 came in line with our expectation. The broiler price persistently going downward after the Eid Holiday which we believe reflects softening consumer purchasing power. The monthly broiler price contraction in July marks the fourth consecutive monthly decline. This downward trend in broiler prices appears to be the main driver behind the contraction in DOC prices.

The average monthly DOC price in West Java declined by -5.6% MoM and -3.4% YoY to IDR7,255/chick, which is the second monthly contraction YTD. The quarterly average stood at IDR7,255/chick, reflecting an increase of +6.5% compared to previous quarter and +8.5% compared to the same quarter last year, respectively.

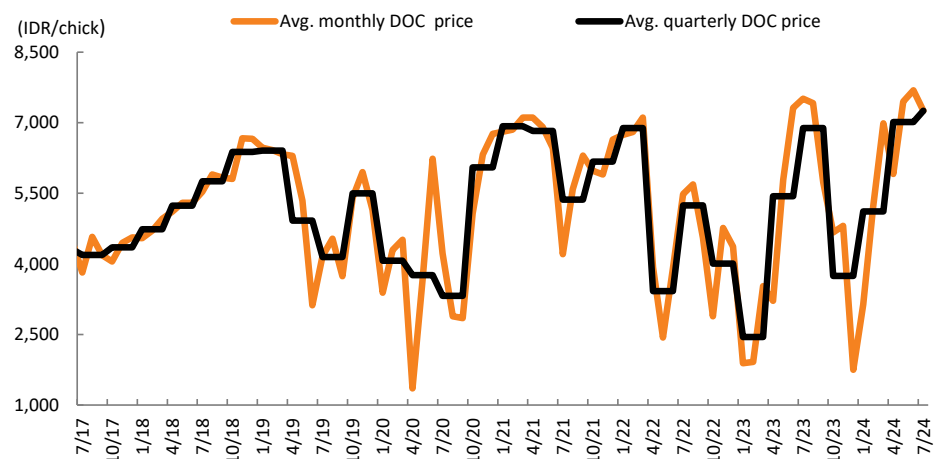
The monthly average broiler prices in West Java declined by -1.5% compared to the previous month, and -14.7% compared to the same month last year to IDR19,068/kg. The rate of negative growth, both monthly and yearly, has slowed, as June's monthly and yearly declines were 8% and 15.6%, respectively. It also marks the third time prices have fallen below the IDR20,000/kg level YTD.

Cumulatively, the average DOC price in 7M24 rose by +40% compared to 7M23 and +34.7% compared to average in FY23, reaching IDR6,235/chick. The cumulative average broiler prices in 7M24 increased more moderately, by +3.1% compared to the same period last year and by +4.3% compared to the FY23 average, reaching IDR20,245/kg.

We attributed the stronger DOC and broiler average prices in 7M24 to the government's social assistance programs that maintain the purchasing power of the low to middle income segment level, and the positive impact on the implementation of voluntary culling which reduced the oversupply level.

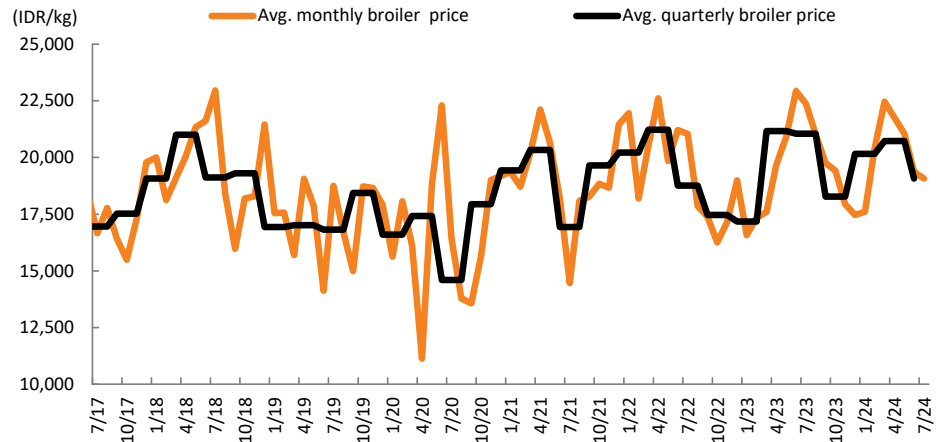
We project that the average DOC and broiler prices will stabilize at the current levels over the next couple of months due to subdued purchasing power. Lastly, the inauguration of the new cabinet and further details regarding the ~IDR70tr of the free nutritious food program, or Makan Bergizi Gratis (MBG), will serve as a positive catalyst for the sector in 4Q24.

Figure 1. Average monthly DOC price in West Java



Source: Company data, Mirae Asset Sekuritas Indonesia Research

Figure 2. Average monthly Broiler price in West Java



Source: Company data, Mirae Asset Sekuritas Indonesia Research

Figure 3. Social aid program by the government

Social aid program	Beneficiary
PKH	10mn families
Bansos Sembako	18.8mn families
ATENSI (for child)	38.4k participants
ATENSI (for elderly)	32.6k participants
ATENSI (penyandang disabilitas)	53.8k participants
ATENSI NAPZA and ODHIV	14.7k participants
JKN (PBI)	96.8mn participants
JKN (PBPU) dan PB Kelas III	49.6mn participants
PIP	20.8mn participants
KIP	1mn students
BNPB dana siap pakai bencana	
BBM	19.58mn KL
LPG (3kg)	8.03metric ton
KUR	12mn debitur
BLT Desa	2.96mn families

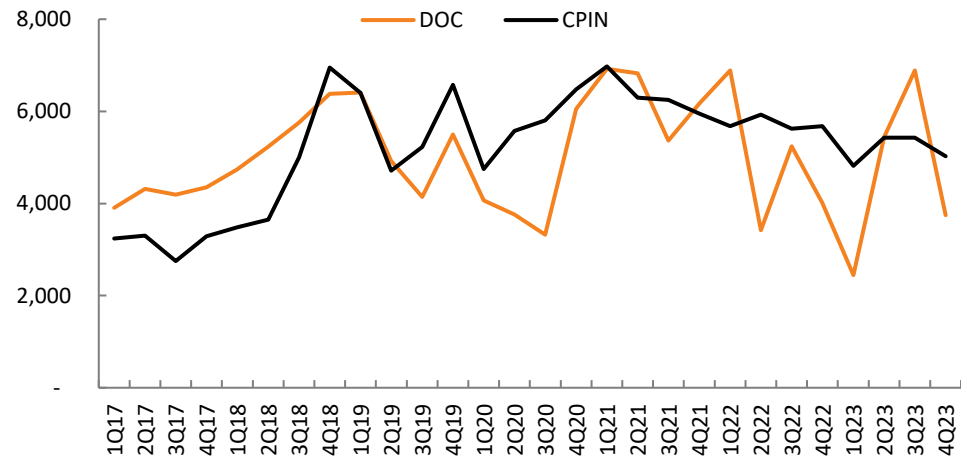
Source: RAPBN 2024, Mirae Asset Sekuritas Indonesia Research

Figure 4. Culling program in FY23

Culling program	Period	Culling target (mn)	Expected impact to DOC (mn)
1	25 Feb - 15 Apr	DOC FS	104.4
2	19 Apr - 3 Jun	PS Aged 50 - 53 weeks	93.2
	26 Apr - 3 Jun	HE Aged 19 days	42
3	14 Jun - 23 Jul	PS Aged 50 - 54 weeks	43.2
	29 Jul - 12 Aug	HE Aged 19 days	8.7
4	24 Aug - 7 Oct	PS Aged 50 - 54 weeks	70.8
	30 Sep - 21 Oct	HE Aged 19 days	11.9
	4 Nov - 18 Nov	HE Aged 19 days	13
5	23 Oct - 25 Nov	PS Aged 50 - 54 weeks	45.8
	25 Oct - 3 Nov	HE Aged 19 days	16

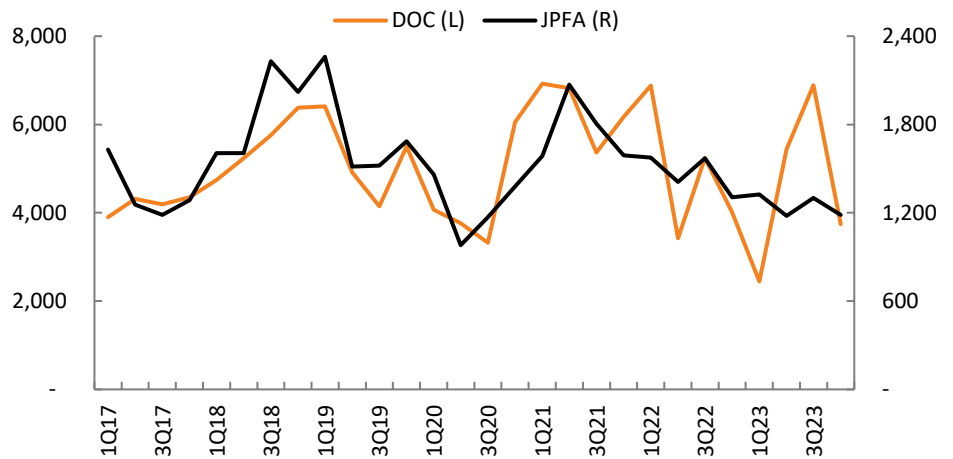
Source: Company, Mirae Asset Sekuritas Indonesia Research

Figure 5. Analysis of quarterly average DOC price with CPIN share price



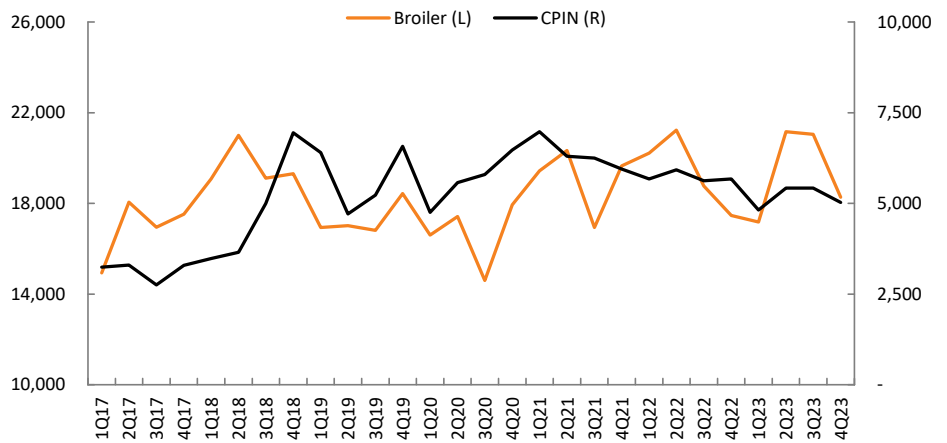
Source: Company data, Mirae Asset Sekuritas Indonesia Research

Figure 6. Analysis of quarterly average DOC price with JPFA share price



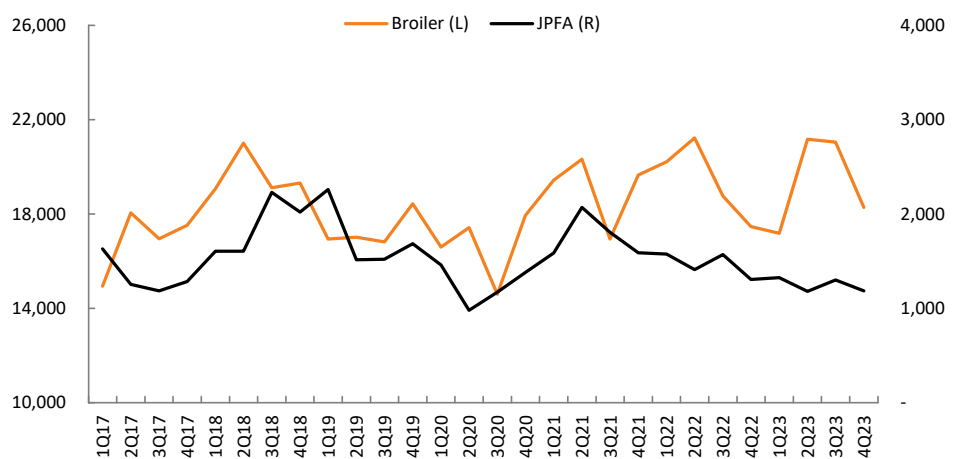
Source: Company data, Mirae Asset Sekuritas Indonesia Research

Figure 7. Analysis of quarterly average Broiler price with CPIN share price



Source: Company data, Mirae Asset Sekuritas Indonesia Research

Figure 8. Analysis of quarterly average DOC price with JPFA share price



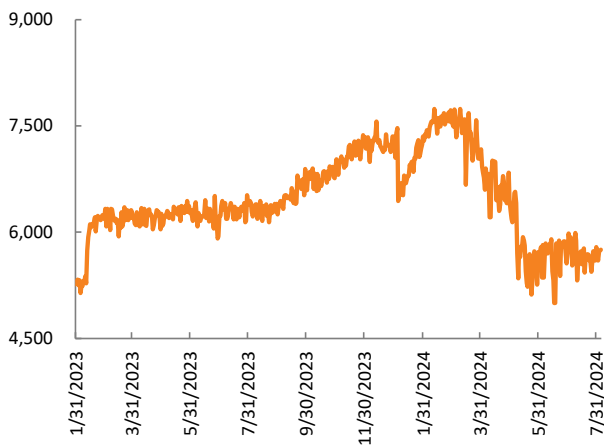
Source: Company data, Mirae Asset Sekuritas Indonesia Research

Normalization of corn and SBM prices

The downtrend of average monthly corn price ended in July as average national corn price stood at IDR5,691/kg in July 2024, grew by +0.7% compared to previous month, however, declined by -9.8% compared to the same month last year. We believe the marginal monthly average price growth was driven by declining supply as the peak of the harvest season for this year was in May.

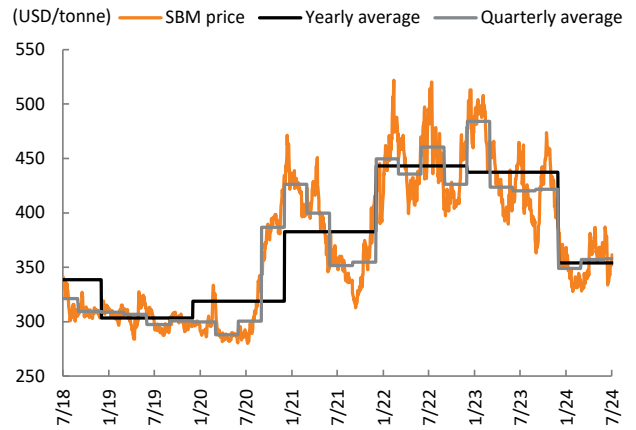
Cumulatively, the average corn price in 3Q24 stood at IDR5,691/kg in July, fell by -5.2% compared to the previous quarter and decreased by -10.9% compared to the same quarter last year. The average corn price in 7M24 reached IDR6,488/kg, higher than the average in same period last year of IDR6,054/kg, and the average in FY23 of IDR6,366/kg. Meanwhile, Soybean Meal (SBM) demonstrated a positive trend for the players, with the 7M24 average price falling to USD354/ton, representing a decrease of -21.6% compared to 7M24 and -19.1% compared to average FY23.

Figure 9. Average national corn price



Source: Badan Pangan, Mirae Asset Sekuritas Indonesia Research

Figure 10. SBM prices



Source: Company data, Mirae Asset Sekuritas Indonesia Research

CPIN 1H24 results: in line with ours and consensus projections

The positive momentum continued in 2Q24 with net profit standing at IDR1.06tr, +48.7% higher compared to the previous quarter, however, -7.1% lower compared to the same quarter last year. The strong quarterly net profit growth was driven by solid top line growth and normalization of input costs. Revenue grew by +4.4% YoY and +7.1% QoQ to IDR17.05tr, while for the latter, gross margin expanded to 16.6% (+0.3ppt YoY and +3.2ppt QoQ) on the back of lower raw material prices. It brings the 1H24 revenue and net profit to IDR32.96tr (+6.7% YoY) and IDR1.77tr (+28.2% YoY), accounted for 52%/50% and 62%/57% of MASI/street's projections. We are of the view that the 1H24 performance is in line with expectation, considering the past five years run rate that range 47-70% for the top line and 42-83% for the bottom line.

We attribute the 2Q24 performance to the improvement in the DOC and broiler prices, supported by a lower oversupply level and normalization of input costs. It is worth mentioning that for the first factor, the average DOC and broiler prices in 2Q24 jumped to IDR7,016/chick (+37.2% QoQ and +29% YoY) and IDR20,726/kg (+2.8% QoQ but -2.1% YoY). The government's social assistance programs and the voluntary culling performed by the players are several factors that led to an improvement in the supply demand dynamics in 2Q24.

The broiler segment remains the top revenue contributor with revenue of IDR9.32tr (+3.2% YoY and +12.8% QoQ), which we estimate such growth was supported by higher broiler prices. Revenue contribution of the broiler segment reached 54.7% (-0.6ppt YoY but +2.8ppt QoQ). The higher broiler prices translated to operating profit of IDR585bn (+21.2% YoY and +8.1% QoQ). Cumulatively, broiler revenue grew by +5.7% YoY to IDR17.58tr, with operating profit jumped to IDR1.13tr (+463.5% YoY).

The feed segment is the second largest revenue contributor with revenue of IDR3.79tr (-8.8% YoY and -2.9% QoQ) which we estimate the decline is due to lower feed price on the back of declining input costs and lower volume. Revenue contribution of this segment fell to 22.2% (-3.2ppt YoY and -2.3ppt QoQ). Operating profit of the feed segment stood at IDR884bn (-23.7% YoY but +17.9% QoQ), with operating profit margin of 23.3% (-4.6ppt YoY but +3.9ppt QoQ). Cumulatively, revenue of the feed segment declined by -6.5% YoY with operating profit margin contracted to 21.3% (-5.2ppt YoY).

The negative performance of the processed food segment continued in 2Q24 with operating loss of IDR82bn, compared to operating profit of IDR183bn in the same quarter last year and operating loss of IDR102bn in the previous quarter. On the positive side, revenue of this segment remains solid, jumped by +28.3% YoY and +1.9% QoQ to IDR3.05tr, contributing 17.9% of 2Q24 revenue (+3.4ppt YoY but -0.9ppt QoQ). Cumulatively, processed food revenue jumped by +34.4% YoY to IDR6.03tr with operating loss of IDR184bn.

Given the overall performance was in line with our estimates, we decided to maintain our projections. Additionally, we also maintain our valuation methodology in valuing CPIN, using EV/EBITDA multiple valuation method and assign the five-year historical mean EV/EBITDA as our target multiple. That being said, our TP for the stock is unchanged at IDR5,825, however, we upgraded the rating to Trading Buy, from previously HOLD, due to higher upside potential. Upside risks to our call include 1) higher DOC and broiler prices, and 2) stronger than projected purchasing power that will positively impact on the demand.

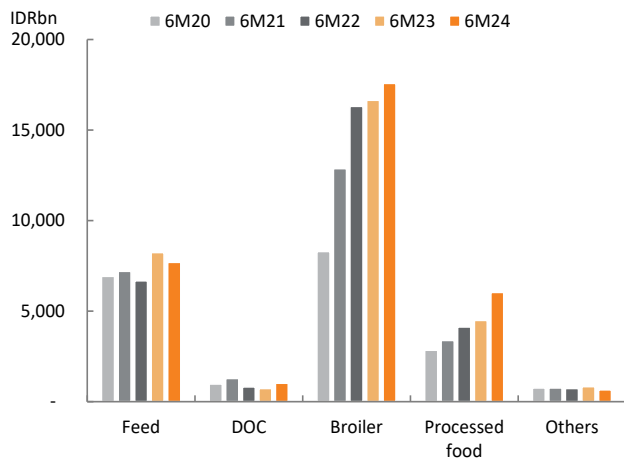
Table 1. CPIN - earnings results 2Q24

	2Q23	1Q24	2Q24	YoY (%)	QoQ (%)	1H23	1H24	YoY (%)	Mirae Asset		Market	
									2024F	Run rate (%)	2024F	Run rate (%)
Revenue	16,328	15,913	17,049	4.4	7.1	30,892	32,962	6.7	64,064	51.5	65,729	50.1
Gross Profit	2,657	2,126	2,826	6.3	32.9	4,129	4,952	19.9				
Operating Income	1,668	1,069	1,835	10.0	71.7	2,090	2,904	39.0				
PATMI	1,138	711	1,057	(7.1)	48.7	1,379	1,768	28.2	2,838	62.3	3,119	56.7
EBITDA	1,977	1,399	2,168	9.6	54.9	2,708	3,567	31.7	5,678	62.8	5,974	59.7

	2Q23	1Q24	2Q24	YoY (ppt)	QoQ (ppt)	1H23	1H24	YoY (ppt)
GPM	16.3	13.4	16.6	0.3	3.2	13.4	15.0	1.7
OPM	10.2	6.7	10.8	0.6	4.0	6.8	8.8	2.0
NPM	7.0	4.5	6.2	-0.8	1.7	4.5	5.4	0.9
EBITDAM	12.1	8.8	12.7	0.6	3.9	8.8	10.8	2.1

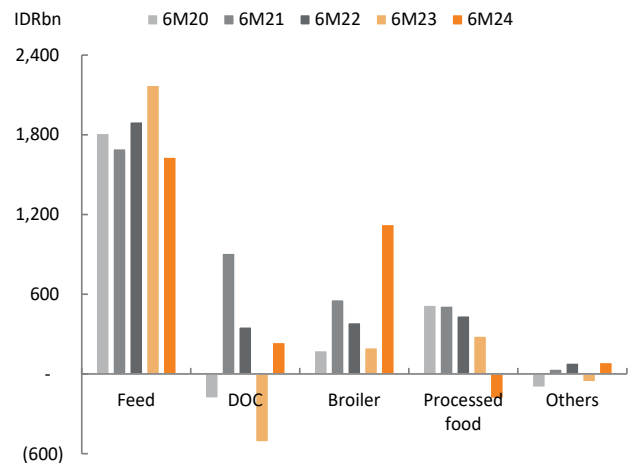
Source: Company data, Mirae Asset Sekuritas Indonesia Research

Figure 11. Revenue per segment



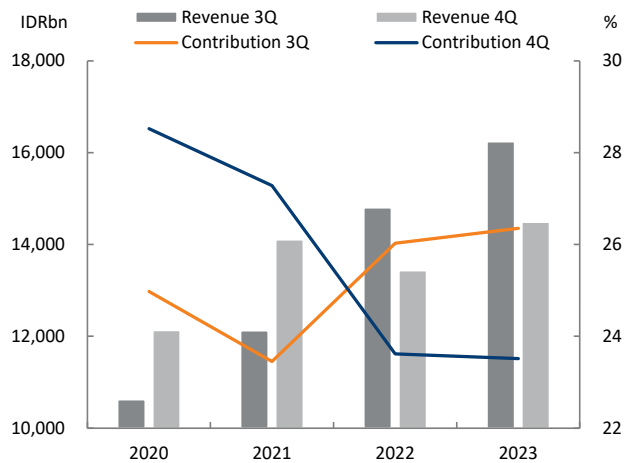
Source: Company data, Mirae Asset Sekuritas Indonesia Research

Figure 12. Operating profit per segment



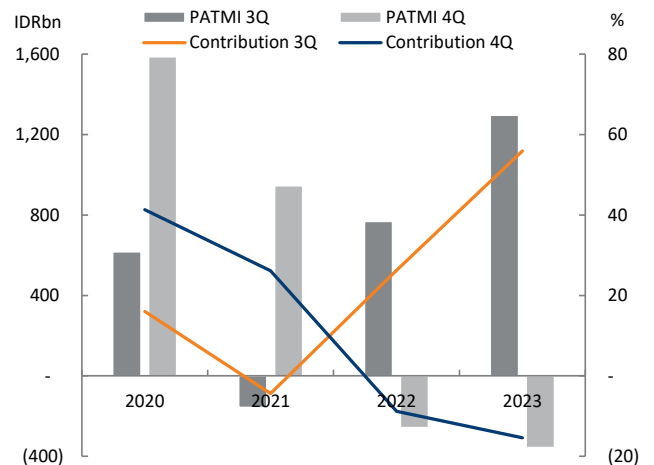
Source: Company data, Mirae Asset Sekuritas Indonesia Research

Figure 13. Cyclicity of revenue in 3Q and 4Q



Source: Company data, Mirae Asset Sekuritas Indonesia Research

Figure 14. Cyclicity of net profit in 3Q and 4Q



Source: Company data, Mirae Asset Sekuritas Indonesia Research

JPFA 1H24 results: higher than expected results

JPFA reported a strong performance in 1Q24 by recording net profit of IDR815bn, +145.6% higher compared to the same quarter last year and +22.7% higher than the previous quarter. The strong net profit growth was driven by solid top line growth and improvement in the profitability level, supported by favorable DOC & broiler prices and normalization of input costs. Revenue reached IDR13.72tr (+10.7% YoY but -1.5% QoQ) and gross profit margin expanded to 21% in 2Q24 (+4.3ppt YoY and +3.2ppt QoQ). It brings the 1H24 revenue and net profit to IDR27.65tr (+14.5% YoY) and IDR1.48tr (+1,705% YoY), accounted for 51%/51% and 128%/90% of MASI/street's projections.

The commercial farm segment remained the top revenue contributor, with revenue of IDR5.7tr (+9.3% YoY and +2.3% QoQ), contributing 42.8% of 2Q24 revenue (-0.6ppt YoY but +1.6ppt QoQ). The feed segment is the second largest revenue contributor with revenue of IDR3.22tr (+6.3% YoY but -19.8% QoQ) contributing 23.4% of 2Q24 revenue (-1ppt YoY and -5.4ppt QoQ). The poultry processing & consumer products segment reported revenue of IDR1.87tr (-3.3% YoY and -9.3% QoQ) and contributing 13.7% of 2Q24 revenue (-1.9ppt YoY and -1.1ppt QoQ).

Cumulatively, revenue contribution of commercial farm segment expanded by +1.3ppt YoY to 42% as its revenue grew by +18.1% YoY to IDR11.61tr. Meanwhile, the feed segment and the poultry processing & consumer products segment experienced contractions in their revenue contribution to 26.1% (-1.1ppt YoY) and 14.2% (-1.5ppt QoQ) as their revenue stood at IDR7.23tr (+26.1% YoY) and IDR3.94tr (+14.2% YoY), of each respectively.

All segments reported operating profit in 2Q24, similar to 1Q24, however, better than 2Q23 when the poultry breeding segment reported operating loss. The feed segment remains the operating profit generator for JPFA, however, its contribution fell to 45% (-25.6ppt YoY and -24.1ppt QoQ). The feed segment's operating profit stood at IDR686bn (+31.7% YoY and -7.4% QoQ) with operating profit margin stood at 21.3% (+4.1ppt YoY and +2.8ppt QoQ). Cumulatively, feed's operating profit grew by +11.8% YoY to IDR1.43tr with operating profit margin expanded to 19.7% (+0.3ppt YoY).

Commercial farm segment and the poultry breeding segment continued to report operating profit in 2Q24. The former's operating profit grew to IDR389bn in 2Q24 (+13.9% YoY and +29.6% QoQ), and the latter's reached IDR462bn, compared to operating loss of IDR4bn in 2Q23 and operating profit of IDR234bn in 1Q24. Cumulatively, the commercial farm reported operating profit of IDR689bn, compared to operating loss of IDR104bn in 1H23, contributing 26.5% of 1H24 operating profit, while the poultry breeding segment's operating profit jumped to IDR696bn, compared to operating loss of IDR314bn in 1H24, contributing 26.8% of 1H24 operating profit.

Given the higher-than-expected results, we raised our key assumptions and revised up our estimates. We maintain our valuation methodology in valuing JPFA, using EV/EBITDA multiple valuation method and assign the five-year historical mean EV/EBITDA as our target multiple. That being said, our latest TP is IDR1,740, from previously IDR1,360. Upside risks to our call include 1) higher DOC and broiler prices, and 2) stronger than projected purchasing power that will positively impact on the demand.

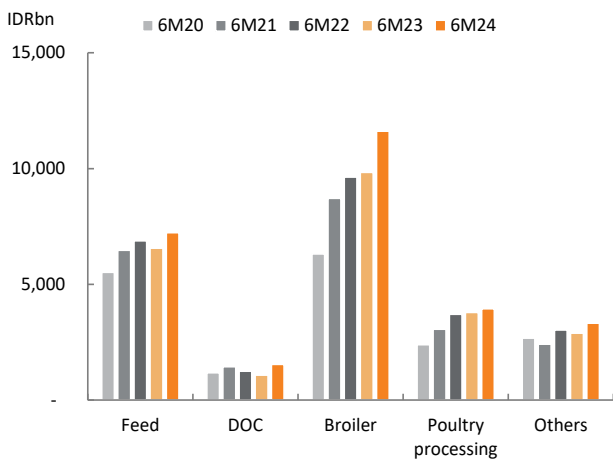
Table 2. JPFA - earnings results 2Q24

	2Q23	1Q24	2Q24	YoY (%)	QoQ (%)	1H23	1H24	YoY (%)	Mirae Asset		Market	
									2024F	Run rate (%)	2024F	Run rate (%)
Sales	12,394	13,925	13,723	10.7	(1.5)	24,156	27,649	14.5	54,301	50.9	54,711	50.5
Gross Profit	2,071	2,474	2,882	39.1	16.5	3,358	5,357	59.5				
Operating Income	738	1,072	1,525	106.8	42.3	656	2,597	295.9				
PATMI	332	664	815	145.6	22.7	82	1,479	1,704.7	1,158	127.7	1,636	90.4
EBITDA	1,042	1,350	1,807	73.4	33.9	1,230	3,157	156.7	3,824	82.6	4,303	73.4

	2Q23	1Q24	2Q24	YoY (ppt)	QoQ (ppt)	1H23	1H24	YoY (ppt)
GPM	16.7	17.8	21.0	4.3	3.2	13.9	19.4	5.5
OPM	6.0	7.7	11.1	5.2	3.4	2.7	9.4	6.7
NPM	2.7	4.8	5.9	3.3	1.2	0.3	5.4	5.0
EBITDAM	8.4	9.7	13.2	4.8	3.5	5.1	11.4	6.3

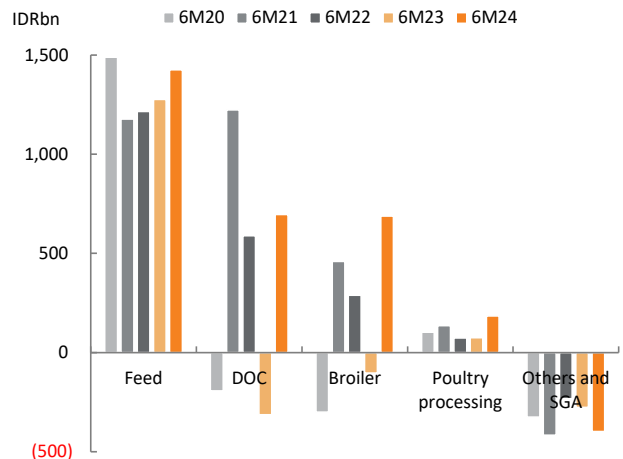
Source: Company data, Mirae Asset Sekuritas Indonesia Research

Figure 15. Revenue per segment



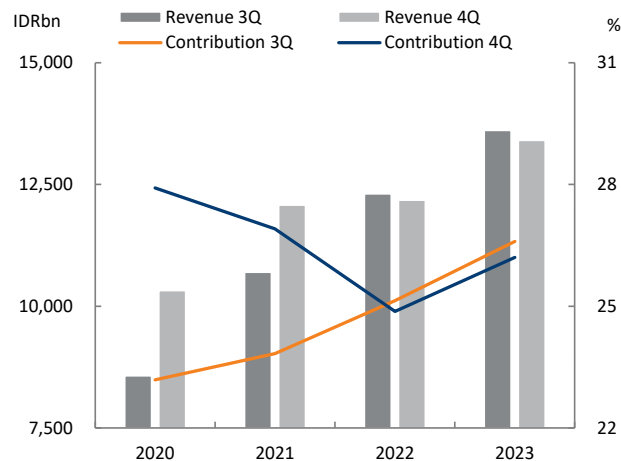
Source: Company data, Mirae Asset Sekuritas Indonesia Research

Figure 16. Operating profit per segment



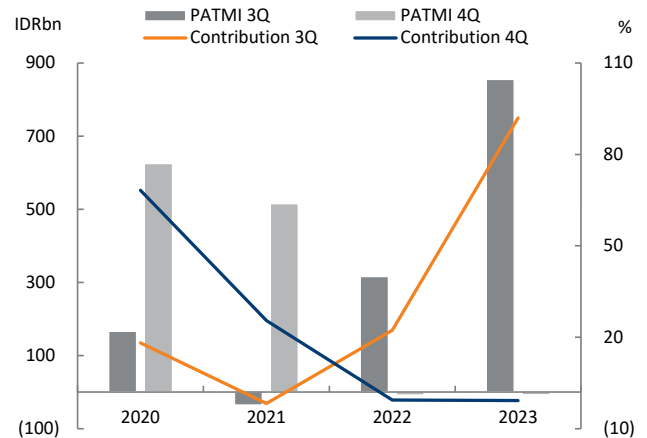
Source: Company data, Mirae Asset Sekuritas Indonesia Research

Figure 17. Cyclicity of revenue in 3Q and 4Q



Source: Company data, Mirae Asset Sekuritas Indonesia Research

Figure 18. Cyclicity of net profit in 3Q and 4Q



Source: Company data, Mirae Asset Sekuritas Indonesia Research

Table 3. Changes in forecasts

(IDRbn)

	Current forecasts		Previous forecasts		Change (% , ppt)	
	FY24F	FY25F	FY24F	FY25F	FY24F	FY25F
Revenue	54,300	57,254	54,301	56,704	(0.0)	1.0
Gross profit	9,332	9,812	8,267	8,693	12.9	12.9
Operating profit	3,956	4,258	2,565	2,739	54.2	55.5
EBITDA	5,134	5,529	3,824	4,099	34.2	34.9
Net profit	2,275	2,465	1,158	1,282	96.4	92.3
GPM (%)	17.2	17.1	15.2	15.3	2.0	1.8
OPM (%)	7.3	7.4	4.7	4.8	2.6	2.6
NPM (%)	4.2	4.3	2.1	2.3	2.1	2.0

Source: Mirae Asset Sekuritas Indonesia Research estimates

Maintain a neutral rating for the poultry sector

We decided to maintain the neutral rating for the Poultry sector at this juncture due to our projection that the average monthly DOC prices will be stabilized at current level, unless we see a significant improvement in purchasing power and or poultry demand. Additionally, we believe the sector currently lacks catalysts, and the upside potential is limited.

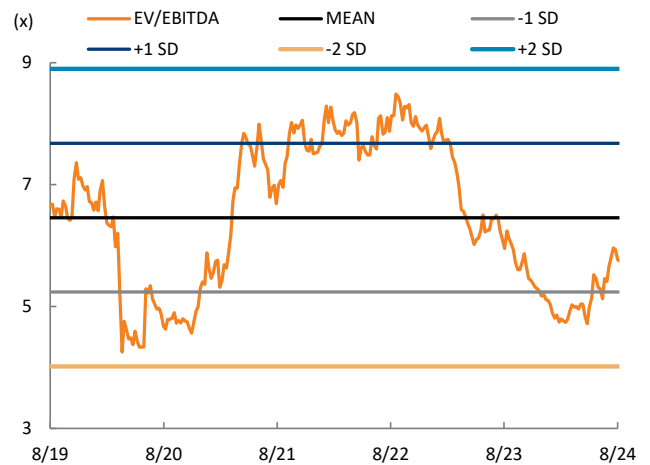
Our top pick remains in CPIN, as we continue to favor larger industry players who possess the resilience and resources needed to navigate significant price fluctuations effectively and provide more upside potential. The upside risks to our call include: 1) higher DOC and broiler prices, and 2) stronger than projected purchasing power that will positively impact poultry demand.

Figure 19. EV/EBITDA CPIN



Source: Company data, Mirae Asset Sekuritas Indonesia Research

Figure 20. EV/EBITDA JPFA



Source: Company data, Mirae Asset Sekuritas Indonesia Research

Charoen Pokphand Indonesia (CPIN)

Income statement (summarized)

(IDRbn)	2022	2023	2024F	2025F
Revenue	56,868	61,616	64,064	69,173
COGS	-48,724	-53,341	-55,142	-59,234
Gross profit	8,144	8,275	8,922	9,939
Opex	-3,958	-4,620	-4,584	-4,873
Operating profit	4,186	3,655	4,338	5,066
Other income / (expenses)	-250	12	-20	-18
Finance income	22	28	21	28
Finance cost	-420	-698	-702	-688
Profit before income tax	3,537	2,997	3,636	4,388
Income tax expenses	-607	-679	-800	-965
Minority interest	2	0	-2	-2
Net profit	2,928	2,319	2,838	3,425
EBITDA	5,057	4,871	5,678	6,536
Margin (%)	12/22	12/23	12/24F	12/25F
Gross margin	14.3	13.4	13.9	14.4
Operating margin	7.4	5.9	6.8	7.3
Net margin	5.1	3.8	4.4	5.0
EBITDA margin	8.9	7.9	8.9	9.4
Growth (%)	12/22	12/23	12/24F	12/25F
Revenue	10.0	8.3	4.0	8.0
Operating profit	-9.2	-8.3	18.7	16.8
EPS	-19.1	-20.8	22.4	20.7
EBITDA	-7.6	-5.0	16.6	15.1

Cash flow statement (summarized)

(IDRbn)	2022	2023	2024F	2025F
Cash Flows from Op. Activities	2,176	3,504	3,026	3,811
Net profit	2,928	2,319	2,838	3,425
Depreciation	871	1,196	1,204	1,318
Change in Working Capital	-1,497	164	-786	-653
Others	-127	-175	-230	-279
Cash Flows from Inv. Activities	-3,223	-1,759	-1,323	-2,144
Capex	-2,243	-1,259	-1,356	-1,470
Others	-980	-500	33	-674
Cash Flows from Fin. Activities	1,286	-1,458	-1,310	-1,737
Change in financial liabilities	3,061	234	165	38
Change in Equity	2	0	1	1
Dividends paid	-1,771	-1,640	-1,298	-1,589
Others	-5	-52	-177	-187
Increase (Decrease) in Cash	239	286	393	-70
Beginning balance	1,803	2,042	2,328	2,721
Ending balance	2,042	2,328	2,721	2,651

Source: Company data, Mirae Asset Sekuritas Indonesia Research estimates

Balance sheet (summarized)

(IDRbn)	2022	2023	2024F	2025F
Current assets				
Cash & equivalents	2,042	2,328	2,721	2,651
Receivables	2,094	1,827	1,874	2,023
Inventories	9,000	9,299	9,481	10,184
Others	4,541	4,517	4,867	4,898
Total current assets	18,031	18,325	19,297	20,111
Non-current assets				
Fixed assets – net	17,628	17,690	17,843	17,995
Others	4,188	4,956	4,922	5,597
Total non-current assets	21,816	22,646	22,765	23,591
Total assets	39,848	40,971	42,063	43,702
Current liabilities				
ST bank loans and CM	6,649	7,393	7,006	7,034
Account payables	2,446	2,886	2,953	3,172
Other current liabilities	931	755	250	-17
Total current liabilities	10,109	11,124	10,209	10,189
Non-current liabilities				
Long-term financial liabilities	2,312	1,841	2,436	2,446
Others non-current liabilities	800	725	581	394
Total non-current liabilities	3,411	2,818	3,317	3,140
Total liabilities	13,520	13,942	13,526	13,329
Shareholders' equity	26,310	27,012	28,519	30,355
Minority interests	17	16	17	18
Total liabilities and equity	39,848	40,971	42,063	43,702

Key valuation metrics/ratios

	2022	2023	2024F	2025F
P/E (x)	28.8	36.4	29.8	24.7
P/B (x)	3.2	3.1	3.0	2.8
EV/EBITDA (x)	17.8	18.8	16.1	14.0
EPS (IDR)	179	141	173	209
BPS (IDR)	1,606	1,648	1,740	1,852
DPS (IDR)	108	100	79	97
Payout Ratio (%)	48.9	56.0	56.0	56.0
Dividend Yield (%)	2.1	1.9	1.5	1.9
Receivable Turnover (x)	31.4	33.7	34.6	35.5
Inventory Turnover (x)	5.9	5.8	5.9	6.0
Payable Turnover (x)	20.1	20.0	18.9	19.3
ROA (%)	7.8	5.7	6.8	8.0
ROE (%)	11.4	8.7	10.2	11.6
Current Ratio (x)	1.8	1.6	1.9	2.0
Net gearing (x)	0.26	0.26	0.24	0.22
Interest coverage ratio (x)	9.5	5.2	6.2	7.4

Japfa Comfeed Indonesia (JPFA)

Income statement (summarized)

(IDRbn)	2022	2023	2024F	2025F
Revenue	48,972	51,176	54,300	57,254
COGS	-41,289	-43,665	-44,968	-47,443
Gross profit	7,683	7,511	9,332	9,812
Opex	-4,880	-5,247	-5,376	-5,554
Operating profit	2,803	2,264	3,956	4,258
Other income / (expenses)	-40	-59	-50	-50
Finance income	9	44	45	47
Finance cost	-818	-988	-890	-881
Profit before income tax	1,955	1,261	3,062	3,374
Income tax expenses	-464	-315	-704	-793
Minority interest	71	16	83	116
Net profit	1,420	930	2,275	2,465
EBITDA	3,864	3,372	5,134	5,529
Margin (%)	12/22	12/23	12/24F	12/25F
Gross margin	15.7	14.7	17.2	17.1
Operating margin	5.7	4.4	7.3	7.4
Net margin	2.9	1.8	4.2	4.3
EBITDA margin	7.9	6.6	9.5	9.7
Growth (%)	12/22	12/23	12/24F	12/25F
Revenue	9.1	4.5	6.1	5.4
Operating profit	-4.2	-2.2	24.2	5.1
EPS	-29.8	-34.5	144.7	8.4
EBITDA	-20.0	-12.7	52.2	7.7

Cash flow statement (summarized)

(IDRbn)	2022	2023	2024F	2025F
Cash Flows from Op. Activities	1,101	2,031	433	2,638
Net profit	1,420	930	1,308	1,355
Depreciation	851	837	902	970
Change in Working Capital	-1,072	356	-1,740	310
Others	-98	-93	-37	4
Cash Flows from Inv. Activities	-2,112	-2,047	-1,687	-1,952
Capex	-1,838	-1,744	-1,841	-1,952
Others	-273	-304	154	0
Cash Flows from Fin. Activities	1,737	-291	1,229	-618
Change in financial liabilities	2,694	-21	1,405	-84
Change in Equity	-251	208	176	0
Dividends paid	-697	-581	-380	-535
Others	-89	138	-14	0
Increase (Decrease) in Cash	726	-308	-25	68
Beginning balance	1,085	1,811	1,503	1,478
Ending balance	1,811	1,503	1,478	1,546

Source: Company data, Mirae Asset Sekuritas Indonesia Research estimates

Balance sheet (summarized)

(IDRbn)	2022	2023	2024F	2025F
Current assets				
Cash & equivalents	1,811	1,503	1,478	1,546
Receivables	2,496	2,586	2,706	2,907
Inventories	9,272	9,684	11,834	11,861
Others	3,422	3,446	3,270	3,051
Total current assets	17,001	17,218	19,288	19,365
Non-current assets				
Fixed assets – net	12,497	13,395	14,343	15,325
Others	3,088	3,393	3,342	3,342
Total non-current assets	15,689	16,891	17,684	18,667
Total assets	32,691	34,109	36,972	38,032
Current liabilities				
ST bank loans and CM	4,436	4,919	6,248	6,246
Account payables	4,135	4,891	5,226	5,514
Other current liabilities	841	874	856	892
Total current liabilities	9,412	10,684	12,331	12,652
Non-current liabilities				
Long-term financial liabilities	8,430	7,927	8,003	7,922
Others non-current liabilities	1,188	1,326	1,326	1,326
Total non-current liabilities	9,624	9,258	9,328	9,247
Total liabilities	19,036	19,942	21,659	21,899
Shareholders' equity	12,748	13,226	14,371	15,192
Minority interests	907	941	941	941
Total liabilities and equity	32,690	34,109	36,972	38,032

Key valuation metrics/ratios

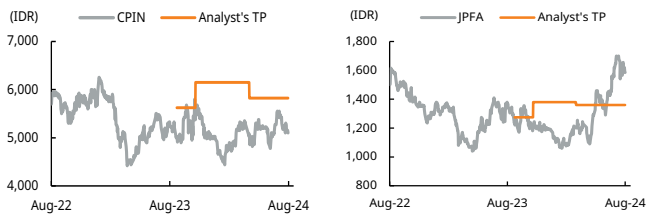
	2022	2023	2024F	2025F
P/E (x)	13.0	19.8	8.1	7.5
P/B (x)	1.4	1.4	1.3	1.2
EV/EBITDA (x)	7.6	8.8	6.1	5.6
EPS (IDR)	122	80	196	212
BPS (IDR)	1,097	1,138	1,237	1,307
DPS (IDR)	60	50	33	46
Payout Ratio (%)	34.5	40.9	40.9	40.9
Dividend Yield (%)	3.8	3.2	2.1	2.9
Receivable Turnover (x)	20.6	20.5	20.8	20.9
Inventory Turnover (x)	4.9	4.4	4.1	4.0
Payable Turnover (x)	14.3	11.1	10.6	10.8
ROA (%)	4.6	2.8	6.4	6.6
ROE (%)	11.4	7.2	16.5	16.7
Current Ratio (%)	1.8	1.6	1.6	1.5
Net gearing (x)	0.8	0.8	0.8	0.8
Interest coverage ratio (x)	3.4	2.3	4.4	4.8

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (IDR)	Company	Date	Rating	TP (IDR)
Charoen Pokphand Indonesia (CPIN JJ)	8/14/2024	Trading Buy	5,825	Japfa Comfeed Indonesia (JPFA JJ)	8/14/2024	Hold	1,740
	7/11/2024	Hold	5,825		7/11/2024	Sell	1,360
	6/11/2024	Trading Buy	5,825		6/11/2024	Hold	1,360
	5/17/2024	Hold	5,825		5/17/2024	Hold	1,360
	4/17/2024	Trading Buy	5,825		4/17/2024	Trading Buy	1,360
	3/15/2024	Trading Buy	6,150		3/15/2024	Trading Buy	1,360
	2/20/2024	Buy	6,150		2/20/2024	Buy	1,380
	1/16/2024	Buy	6,150		1/16/2024	Buy	1,380
	11/3/2023	Trading Buy	6,150		11/3/2023	Trading Buy	1,380
	9/6/2023	Trading Buy	5,625		9/6/2023	Hold	1,275
	6/20/2023	Buy	6,400		7/12/2023	Buy	1,800
	11/25/2022	Buy	7,600		4/28/2023	Trading Buy	1,270
	11/11/2022	Buy	6,900		3/3/2023	Trading Buy	1,470
	11/2/2022	Trading Buy	6,900		2/27/2023	Buy	1,800
8/8/2022	Hold	6,100	11/3/2022	Buy	2,200		



Stock ratings

Buy	Expected 12-month performance: +20% or greater
Trading Buy	Expected 12-month performance: +10% to +20%
Hold	Expected 12-month performance: -10% to +10%
Sell	Expected 12-month performance: -10% or worse

Sector ratings

Overweight	Expected to outperform the market over 12 months
Neutral	Expected to perform in line with the market over 12 months
Underweight	Expected to underperform the market over 12 months

Rating and TP history: Share price (—), TP (—), Not Rated (■), Buy (▲), Trading Buy (■), Hold (●), Sell (◆)

* Our investment rating is a guide to the expected return of the stock over the next 12 months.

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