

BUY (Maintain)

Target Price (IDR) **1,600 (from 1,800)**

Potential Upside (%) **24.0**

Price Comparison

Cons. Target Price (IDR)	1,780
SSI vs. Cons. (%)	89.9

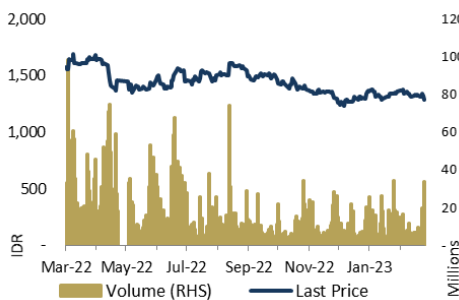
Stock Information

Last Price (IDR)	1,290
Shares Issued (Mn)	11,727
Market Cap. (IDR Bn)	15,069
52-Weeks High/Low (IDR)	1,705/1,215
3M Avg. Daily Value (IDR Bn)	16.4
Free Float (%)	42.2
Shareholder Structure:	
Japfa Ltd (%)	54.9
Publik (%)	44.2
Saham Treasuri (%)	0.91

Stock Performance

(%)	YTD	1M	3M	12M
Absolute	(0.8)	(5.9)	(0.8)	(19.7)
JCI Return	(0.0)	(0.9)	(2.5)	(0.3)
Relative	(0.7)	(4.9)	1.7	(19.4)

Stock Price & Volumes, 12M



Company Background

Japfa Comfeed (JPFA) merupakan integrator unggas dengan pangsa pasar terbesar kedua. Selain memiliki integrasi vertikal pada bisnis unggasnya dimulai dari produksi pakan ternak hingga pengolahan daging ayam, Japfa memiliki keunikan dengan diversifikasi protein lainnya yaitu pada budidaya perikanan dan peternakan sapi).

Muhammad Farras Farhan

+62 21 2854 8346

farras.farhan@samuel.co.id

Laurencia Hiemas

+62 21 2854 8392

Laurencia.hiemas@samuel.co.id

Slight Hiccup, but Expect a Comeback

Kuartal yang kurang memuaskan. JPFA mencatatkan rugi bersih sebesar IDR -8.4 miliar di 4Q22, yang disebabkan oleh penurunan pendapatan (-1.07% qoq) dan lonjakan OpEx (+419% qoq menjadi Rp3,59 triliun; kenaikan harga bahan bakar dan kebijakan upah minimum yang baru menyebabkan kenaikan biaya gaji dan pengiriman). Semua segmen bisnis JPFA melaporkan performa kuartalan yang cenderung; pendapatan dari segmen pakan ternak turun -0.3% qoq menjadi IDR 3.5 triliun (28% pendapatan JPFA); pendapatan peternakan komersial dan produk konsumen naik tipis +1.2% qoq menjadi IDR 6.6 triliun (53% pendapatan JPFA). Meskipun tidak ada pertumbuhan signifikan di 4Q22, JPFA berhasil mencatatkan pertumbuhan pendapatan full-year sebesar +9% yoy di FY22 menjadi IDR 48.97 triliun. Terkait laba bersih, JPFA membukukan laba bersih sebesar IDR 1.4 triliun di FY22 (pertumbuhan EPS: -30%), sejalan dengan estimasi kami (102.9%) meskipun di bawah perkiraan konsensus (80%).

Awal yang sulit, tetapi akan berangsur membaik. Kami memperkirakan JPFA akan merasakan dampak dari harga bahan baku yang tinggi dan permintaan broiler & DOC yang rendah setidaknya hingga 1H23. Satu hal yang dapat meringankan beban JPFA adalah potensi tingginya produksi dan ekspor soybean meal (SBM) dari Argentina dan Brazil, yang menurut USDA akan membantu menekan harga SBM menjadi USD 550/kg pada tahun 2023 (vs. USD 575/kg pada 2022). Kami perkirakan JPFA akan mengalami pemulihan di 2H23, didukung oleh peningkatan permintaan seiring dengan membaiknya kondisi makroekonomi global dan domestik. JPFA juga akan diuntungkan oleh kebijakan penyesuaian suplai unggas baru-baru ini, yang mencakup pemusnahan 104 juta DOC FS dari 25 Februari – 15 April, dan kami memperkirakan lebih banyak kebijakan yang sama di bulan-bulan mendatang.

Proyeksi 2023. Kami memproyeksikan JPFA akan mencetak pendapatan sebesar IDR 53.5 triliun pada FY23F (+9% yoy), didukung oleh pertumbuhan pendapatan dari produk broiler & konsumen (IDR 30.1 triliun, +14% yoy) dan DOC (IDR 2.7 triliun, +5% yoy). Kami memperkirakan JPFA akan mengalokasikan anggaran Capex sekitar IDR 2 triliun pada tahun 2023, terutama untuk membuka rumah potong dan tempat pembibitan DOC dan broiler baru. Kami juga memproyeksikan JPFA akan membukukan GPM sedikit lebih tinggi dibanding 2022, mencapai 16.4% (+70 bps) didukung penurunan harga SBM. Karena kebijakan upah minimum sudah mulai berlaku pada 4Q22, kami memperkirakan tidak ada peningkatan OpEx yang signifikan, sehingga OPM JPFA diprediksi meningkat. Terkait laba bersih, kami memperkirakan JPFA akan membukukan EBITDA sebesar IDR 4.5 triliun (+25% yoy) dan laba bersih sebesar IDR 1.7 triliun, merefleksikan pertumbuhan EPS sebesar +23%.

BUY, TP IDR 1,600. Kami mempertahankan rating BUY kami untuk JPFA, meskipun dengan TP yang lebih rendah sebesar IDR 1,600, menyiratkan P/E FY23F sebesar 13.3x. Kami meyakini hasil kuartalan yang negatif hanyalah lubang kecil sebelum JPFA menyongsong masa depan yang solid. **Risiko Utama:** Permintaan untuk ayam lebih rendah dari perkiraan, lonjakan harga bahan baku.

Forecast and Valuations (@ IDR 1,290 per share)

Y/E Dec	21A	22A	23F	24F	25F
Revenue (IDR Bn)	44,878	48,972	53,492	57,389	61,574
EBITDA (IDR Bn)	4,651	3,601	4,500	5,027	5,593
EV/EBITDA (x)	5.0	7.0	5.8	5.2	4.7
Net Profit (IDR Bn)	2,023	1,420	1,751	2,026	2,326
EPS (IDR)	174	124	153	176	203
EPS Growth (%)	117.8	(28.9)	23.3	15.7	14.8
P/E Ratio (x)	7.5	10.6	8.6	7.4	6.5
BVPS (IDR)	1,126	1,189	1,287	1,401	1,531
P/BV Ratio (x)	1.16	1.10	1.02	0.94	0.86
DPS (IDR)	42	63	63	72	83
Dividend Yield (%)	3.2	4.8	4.8	5.5	6.4
ROAE (%)	16.5	10.6	12.3	13.1	13.8
ROAA (%)	7.4	4.6	5.2	5.7	6.1
Interest Coverage (x)	4.4	3.4	3.5	3.8	4.0
Net Gearing (%)	69.4	81.0	81.3	76.7	71.5

Figure 1. 4Q22 Results

PT Japfa Comfeed Indonesia Tbk. (JPFA IJ) (IDR Bn)	4Q21	3Q22	4Q22	QoQ (%)	YoY (%)	FY21	FY22	YoY
Revenue	12,075	12,310	12,179	(1.1)	0.9	44,878	48,972	9.1
Operating Profit	871	614	202	(67.1)	(76.8)	3,525	2,750	(22.0)
EBITDA	219	850	347	(59.1)	58.6	3,786	3,601	(4.9)
Net Profit	515	317	-8	na	na	2,023	1,420	(29.8)
EPS	44	27	-10	na	na	174	112	(35.4)
EBITDA Margin (%)	1.8	6.9	2.9	-405 bps	104 bps	8.4	7.4	-108 bps
Operating Margin (%)	7.2	5.0	1.7	-333 bps	-555 bps	7.9	5.6	-224 bps
Net Margin (%)	4.3	2.6	(0.1)	-264 bps	-434 bps	4.5	2.9	-161 bps

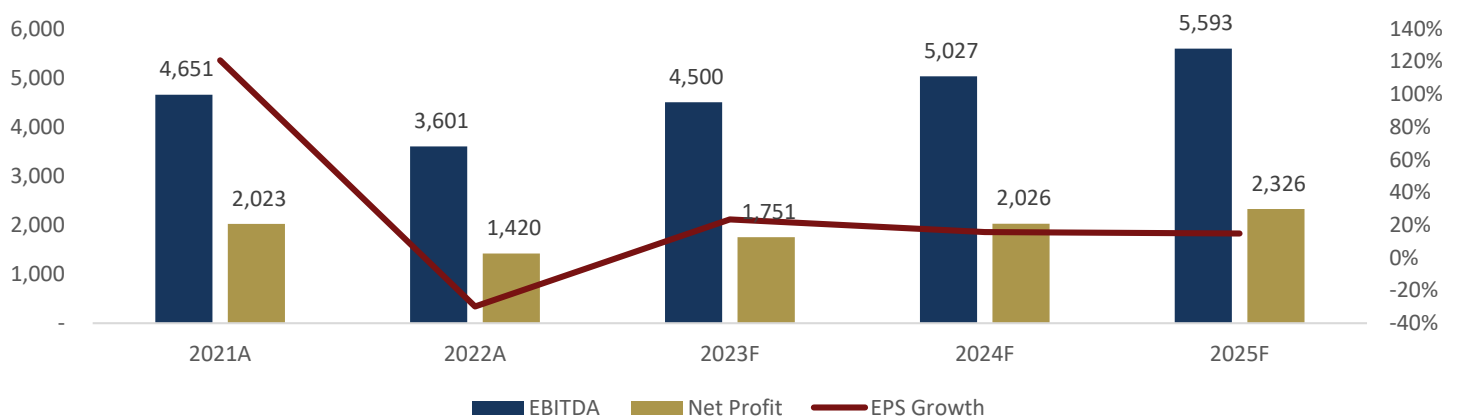
Source: Company, SSI Research

Figure 2. Revenue Segmentation

Revenue Segmentation					
Y/E Dec (IDR Bn)	21A	22A	23F	24F	25F
Animal Feeds	13,193	13,980	14,463	15,945	17,577
Commercial farm and consumer product	23,896	26,419	30,117	32,019	34,047
DOC	2,670	2,631	2,760	2,985	3,229
Aquaculture	3,940	4,748	4,914	5,160	5,417
Trading and Others	2,027	2,128	2,170	2,214	2,236
Growth (%)					
Animal Feeds	21.8	6.0	3.5	10.2	10.2
Commercial farm and consumer product	28.6	10.6	14.0	6.3	6.3
DOC	12.4	(1.4)	4.9	8.2	8.2
Aquaculture	17.8	20.5	3.5	5.0	5.0
Trading and Others	(20.8)	5.0	2.0	2.0	1.0

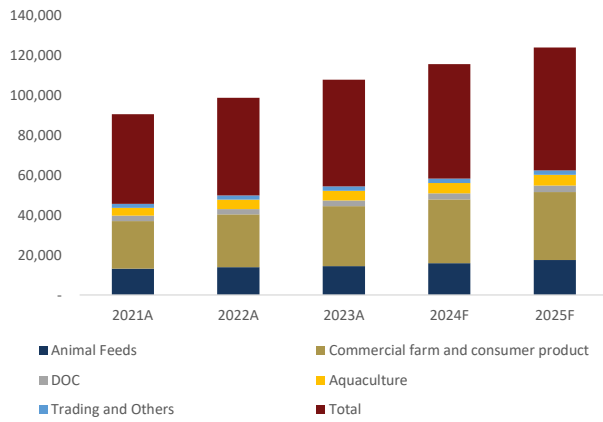
Source: Company, SSI Research

Figure 3. Profitability Trajectory



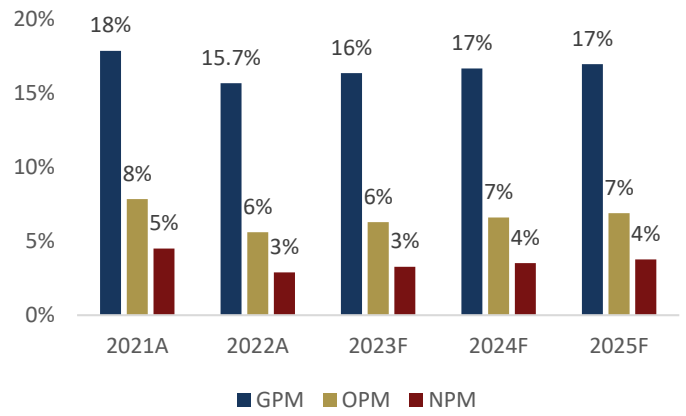
Source: SSI Research

Figure 4. Revenue Mix and Growth



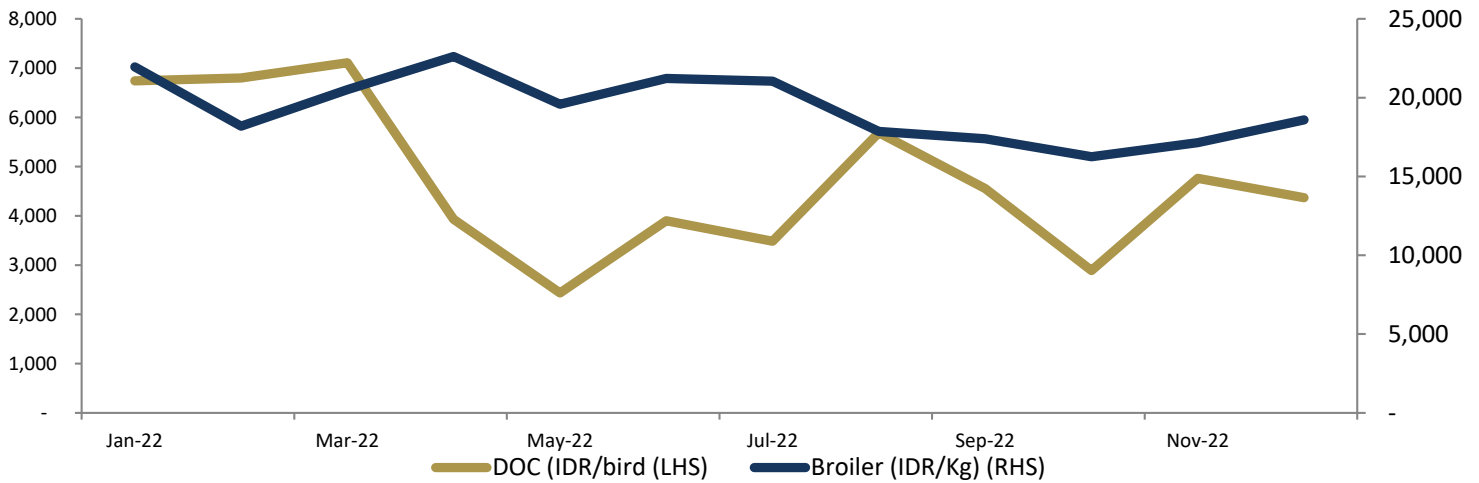
Source: Companv. SSI Research

Figure 5. Profitability Margins



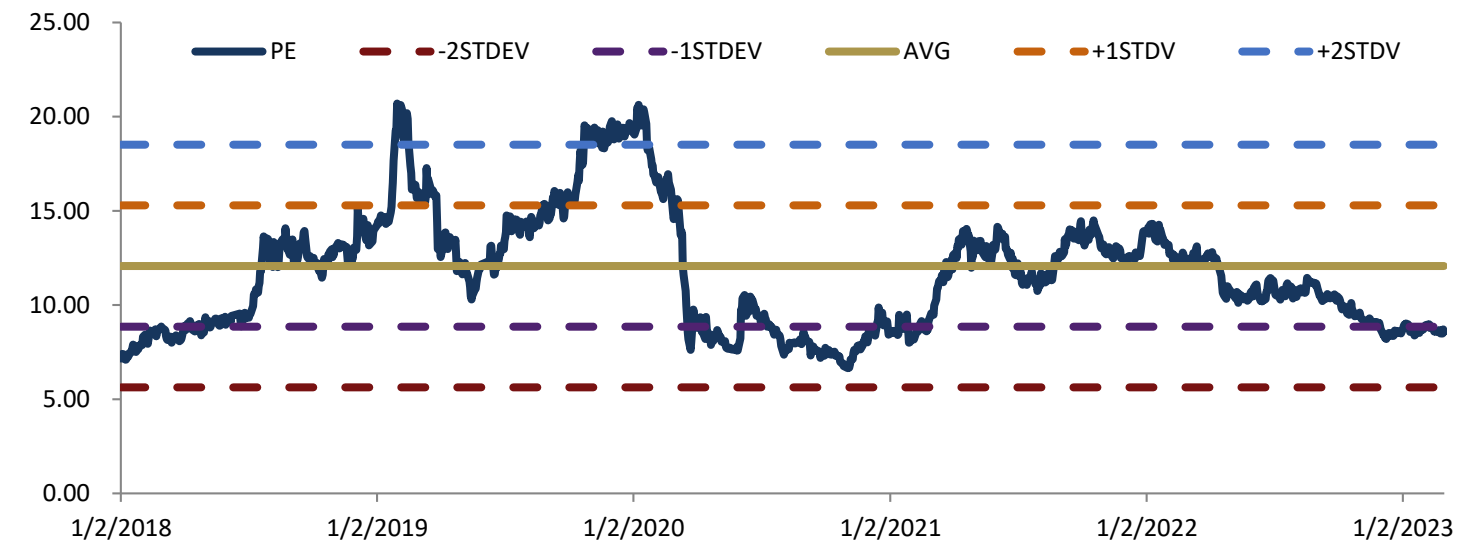
Source: Company. SSI Research

Figure 6. Broiler and DOC Prices



Source: Arboge. Pinsar

Figure 7. 3-Year P/E Band



Source: Bloomberg. SSI Research

Key Financial Figures

Profit and Loss					
Y/E Dec (IDR Bn)	21A	22A	23F	24F	25F
Revenues	44,878	48,972	53,492	57,389	61,574
Cost of goods sold	(36,858)	(41,289)	(44,737)	(47,815)	(51,120)
Gross Profit	8,020	7,683	8,755	9,574	10,454
SGA Expense	(4,798)	(4,880)	(5,331)	(5,719)	(6,136)
Operating Profit	3,525	2,750	3,367	3,793	4,252
EBITDA	4,651	3,601	4,500	5,027	5,593
Finance Income	67	9	16	15	18
Finance Expenses	(807)	(818)	(964)	(1,010)	(1,057)
Pre-tax profit	2,794	1,955	2,419	2,799	3,213
Income Tax	(663)	(464)	(574)	(664)	(762)
Profit for Period	2,131	1,491	1,845	2,135	2,451
Minority Interest	(108)	(71)	(94)	(108)	(125)
Net Profit	2,023	1,420	1,751	2,026	2,326

Balance Sheet					
Y/E Dec (IDR Bn)	21A	22A	23F	24F	25F
Cash & equivalents	1,085	1,811	1,758	2,092	2,530
Receivables	2,429	2,496	2,807	3,012	3,231
Others	10,647	12,694	13,448	14,255	15,122
Total Current Assets	14,161	17,001	18,013	19,359	20,883
Net Fixed Asset	11,510	12,497	13,372	14,293	15,263
Other Non-Current Asset	2,919	3,192	3,192	3,192	3,192
Total Assets	28,590	32,691	34,578	36,844	39,339
ST. Bank loan	1,315	3,869	2,322	2,433	2,547
Payables	3,030	4,135	4,510	4,820	5,153
Other current Liabilities	2,719	1,408	2,116	2,193	2,273
Total Current Liabilities	7,036	7,037	7,038	7,039	7,039
LT. Debt	7,141	8,430	9,657	10,122	10,594
Other LT Liabilities	1,282	1,193	1,193	1,193	1,193
Total Liabilities	15,487	19,036	19,798	20,761	21,761
Minority Interest	869	907	1,001	1,109	1,234
Total Equity	28,590	32,691	34,578	36,844	39,339

Cash Flow					
Y/E Dec (IDR Bn)	21A	22A	23F	24F	25F
Net Profit	2,023	1,420	1,751	2,026	2,326
D&A	1,215	851	1,133	1,234	1,341
Changes in Working Capital	(3,618)	(871)	(690)	(701)	(753)
Operating Cash Flow	701	1,427	2,292	2,579	2,937
Capital Expenditure	(1,500)	(1,838)	(2,008)	(2,154)	(2,312)
Others	(1,025)	(352)	-	-	-
Investing Cash Flow	(2,525)	(2,190)	(2,008)	(2,154)	(2,312)
Net - Borrowing	2,253	2,694	289	633	644
Other Financing	(686)	(1,288)	(626)	(724)	(831)
Financing Cash Flow	1,567	1,406	(336)	(91)	(187)
Net - Cash Flow	(257)	643	(53)	334	438
Cash at beginning	1,336	1,085	1,811	1,758	2,092
Cash at ending	1,085	1,811	1,758	2,092	2,530

Key Ratios					
Y/E Dec (IDR Bn)	21A	22A	23F	24F	25F
Gross Profit Margin (%)	17.9	15.7	16.4	16.7	17.0
Operating Margin (%)	7.9	5.6	6.3	6.6	6.9
EBITDA Margin (%)	10.4	7.4	8.4	8.8	9.1
Pre-Tax Margin (%)	6.2	4.0	4.5	4.9	5.2
Net Profit Margin (%)	4.5	2.9	3.3	3.5	3.8
Debt to Equity (%)	35.6	39.4	39.8	39.2	38.4
Net Gearing (%)	69.4	81.0	81.3	76.7	71.5

Major Assumption					
	21A	22A	23F	24F	25F
DOC sales vol growth	-11%	0%	20%	4%	4%
Broiler Sales Vol Growth	21%	6%	18%	3%	3%
Feed sales vol growth	6%	-6%	5%	6%	6%
Consumer Food vol growth	12%	3%	4%	4%	4%
DOC ASP	7,342	7,207	6,300	6,552	6,814
Broiler ASP	18,685	19,041	18,985	19,744	20,534

Peers Comparison

Ticker	Name	Mkt Cap (USDmn)	P/E (x)		P/B (x)		EV / EBITDA (x)	
			2023F	2024F	2023F	2024F	2023F	2024F
JBSS3 BZ	JBS SA (Brazil)	41,678	4.23	4.30	0.73	0.65	4.22	4.13
JAP SP	JAPFA LTD	501	7.01	6.14	0.33	0.32	6.65	6.28
LHIB MK	LEONG HUP INTERNATIONAL BHD	1,770	9.51	8.22	0.78	0.72	6.92	6.32
BACHOCOB MM	Industrias Bachoco	49,212	8.17	7.86	0.08	0.07	3.64	3.45
300498 CH	Wen's Food Group	130,755	8.72	12.02	2.63	2.28	8.43	9.88
BRFS3 BZ	BRF S.A	7,231	26.83	6.46	0.56	0.51	4.45	3.84
603609 CH	Wellhope Agri-Tech	11,208	10.79	8.25	1.41	1.25	0.43	0.39
GFPT TB	GFPT PUBLIC CO LTD	15,673	8.60	8.59	0.89	0.83	1.05	1.00
TSN US	TYSON FOODS INC-CL A	21,839	13.04	10.69	1.08	1.03	8.04	6.94
TFG TB	THAIFOODS GROUP PCL	30,815	7.33	7.96	1.63	1.46	5.90	6.02
Weighted Average			8.7	9.4	1.6	1.4	6.1	6.5

Research Team			
Prasetya Gunadi	Head of Equity Research, Strategy, Banking, Digital Banks	prasetya.gunadi@samuel.co.id	+6221 2854 8320
Lionel Priyadi	Macro Equity Strategist	lionel.priyadi@samuel.co.id	+6221 2854 8854
Arga Samudro	Economist	alkosar.marga@samuel.co.id	+6221 2854 8144
Muhamad Alfatih, CSA, CTA, CFTe	Senior Technical Analyst	m.alfatih@samuel.co.id	+6221 2854 8129
William Mamudi, CFTe, CMT, CCT	Senior Technical Analyst	william.mamudi@samuel.co.id	+6221 2854 8382
Yosua Zisokhi	Cement, Cigarette, Paper, Plantation, Telco Infra, Chemicals	yosua.zisokhi@samuel.co.id	+6221 2854 8387
M. Farras Farhan	Media, Poultry, Oil & Gas, Technology	farras.farhan@samuel.co.id	+6221 2854 8346
Pebe Peresia	Automotive, Consumer Staples, Retail	pebe.peresia@samuel.co.id	+6221 2854 8339
Juan Oktavianus Harahap	Coal, Metal Mining	juan.oktavianus@samuel.co.id	+6221 2854 8846
Jonathan Guyadi	Banking, Healthcare, Telco	jonathan.guyadi@samuel.co.id	+6221 2854 8321
Adolf Richardo	Editor	adolfo.richardo@samuel.co.id	+6221 2864 8397
Ashalia Fitri Yuliana	Research Associate	ashalia.fitri@samuel.co.id	+6221 2854 8389
Abraham Timothy	Research Associate	abraham.timothy@samuel.co.id	+6221 2854 8322
Daniel Aditya Widjaja	Research Associate	daniel.aditya@samuel.co.id	+6221 2854 8322
Laurencia Hiemas	Research Associate	laurencia.hiemas@samuel.co.id	+6221 2854 8392
Brandon Boedhiman	Research Associate	brandon.boedhiman@samuel.co.id	+6221 2854 8392

Equity Institutional Team			
Benny Bambang Soebagjo	Head of Institutional Equity Sales	benny.soebagjo@samuel.co.id	+6221 2854 8312
Ronny Ardianto	Institutional Equity Sales	ronny.ardianto@samuel.co.id	+6221 2854 8399
Anthony Yunus	Institutional Equity Sales	anthony.yunus@samuel.co.id	+6221 2854 8314
Widya Meidrianto	Institutional Equity Sales	widya.meidrianto@samuel.co.id	+6221 2854 8317
Fachruly Fiater	Institutional Sales Trader	fachruly.fiater@samuel.co.id	+6221 2854 8325
Lucia Irawati	Institutional Sales Trader	lucia.irawati@samuel.co.id	+6221 2854 8173
Alexander Tayus	Institutional Equity Dealer	alexander.tayus@samuel.co.id	+6221 2854 8319
Leonardo Christian	Institutional Equity Dealer	leonardo.christian@samuel.co.id	+6221 2854 8147

Equity Retail Team			
Joseph Soegandhi	Head of Equity	joseph.soegandhi@samuel.co.id	+6221 2854 8872
Damargumilang	Head of Equity Retail	damargumilang@samuel.co.id	+6221 2854 8309
Denzel Obaja	Head of Community & Partnership	denzel.obaja@samuel.co.id	+6221 2854 8342
Clarice Wijana	Head of Equity Sales Support	clarice.wijana@samuel.co.id	+6221 2854 8395
Gitta Wahyu Retnani	Equity Sales & Trainer	gitta.wahyu@samuel.co.id	+6221 2854 8365
Vincentius Darren	Equity Sales	darren@samuel.co.id	+6221 2854 8348
Michael Alexander	Equity Sales	michael.alexander@samuel.co.id	+6221 2854 8369
Sylviawati	Equity Sales	sylviawati@samuel.co.id	+6221 2854 8112
Wandha Ahmad	Equity Sales	wandha.ahmad@samuel.co.id	+6221 2854 8316
Handa Sandiawan	Equity Sales	handa.sandiawan@samuel.co.id	+6221 2854 8302
Wahyudi Budiyo	Dealer	wahyudi.budiyo@samuel.co.id	+6221 2854 8152

Fixed Income Sales Team			
R. Virine Tresna Sundari	Head of Fixed Income	virine.sundari@samuel.co.id	+6221 2854 8170
Rudianto Nugroho	Fixed Income Sales	rudianto.nugroho@samuel.co.id	+6221 2854 8306
Sany Rizal Keliobas	Fixed Income Sales	sany.rizal@samuel.co.id	+6221 2854 8337
Safitri	Fixed Income Sales	safitri@samuel.co.id	+6221 2854 8376
Nadya Attahira	Fixed Income Sales	nadya.attahira@samuel.co.id	+6221 2854 8305

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