JPFA IJ

JAPFA

PT Japfa Comfeed Indonesia Tbk

Propelled by higher broiler price

SSI SUMMARY – We favor JPFA for its large domestic market share in DOC (25%), which has benefitted from the government's MBG program cushioning challenging operating conditions from higher input costs and weak purchasing power. However, we are mindful of the 32% YTD reduction on the free meal program, and we have adjusted our FY26-28F earnings by 1.1-12.9% to account for recent developments. Hence, given JPFA's undemanding valuation trading at -1 std 5Y forward PE, we raise to BUY and move TP from IDR2,400 to IDR2,800 (18.6% upside).

SSI RATING

BUY

TARGET PRICE	UPSIDE
IDR 2,800 (Blended-based)	▲ 18.6%

Cons. TP (IDR)	3,099
Last Price (IDR)	2,360
52-Week High/Low (IDR)	2,970/1,655
Shares Out (bn)	11.7
Market Cap (IDRtn)	27.7
Japfa Ltd (%)	56.34
Public & Others (%)	43.66

2Q26 Top-line

2Q26 revenue reached IDR17.6tn (-0.4% QoQ, +34.2% YoY). The flattish QoQ result reflects the Suro month and demand normalization after the festive season, bringing 1H26 revenue to IDR35.4tn (+28.7% YoY), in line at 52.9% of SSI and 52.8% of consensus.

2Q26 Bottom-line

GPM fell to 17.6% in 2Q26 (1Q26: 25.5%; 2Q25: 19.6%) on broiler price normalization and rising input costs, while opex rose 24% YoY on freight and employee costs, cutting EBIT margin to 6.3% (-8.4ppt QoQ). 2Q26 NP of IDR659bn (+18.6% YoY, -63.7% QoQ) brought 1H26 NP to IDR2.5tn (+100.2% YoY), 55.2% of SSI and 54.2% of consensus.

Operational Data

2Q26 Gross sales rose YoY across the board: feed +42.4%, poultry breeding +45.4%, trading +45.9%, aquaculture +38.8%, processed chicken +33.7%, broiler +23.1%.

3Q26/26F Preview

We expect 9M26F revenue of IDR48.9tn (+13.4% YoY) and NP of IDR3.5tn (+34.4% YoY) on the back of better volumes and favorable ASP trend.

Positive Catalysts

Cushioning JPFA's financial performance amid challenging operating conditions are favorable livebird prices YoY, large market share, raw materials bulk purchases and favorable business mix onwards on the back of increasing contribution from processing segments to support margins.

Negative Sentiments

Lower MBG budget, down 32% YTD, may apply lower broiler prices in 2H26. Additionally, elevated USD is inflating input costs, the 800k GPS quota (+40% YoY) may pressure broiler prices in 2028F, and IDR depreciation is softening purchasing power.

Share-Price Relative

Stock Performance

(%)	YTD	1M	6M	12M
Absolute	(9.9)	7.3	24.5	32.2
JCI Return	(22.9)	4.0	16.0	(12.6)
Relative	13.0	3.3	8.6	44.8

Company Background

Established in 1971, listed in 1989 and 55.4% owned by Japfa Ltd (Singapore), the company is Indonesia's #2 integrated poultry producer with c.22% feed and c.25% DOC market share, 15 feed mills, 79 breeding farms, 30 hatcheries and c.8,700 contract farms. JPFA's FY25 gross sales: feed 39%, commercial farming 31%, processing 11%.

SOURCES JPFA 2Q26 results, company presentation & result notes; SSI Research: Jonathan Guyadi.

Figure 1. JPFA's 2Q26 Results

(IDRbn)	2Q26	QoQ %	YoY %	1H25	1H26	y-y %	vs FY26F	vs cons
Revenue	**17,641**	**(0.4)**	**34.2**	**27,482**	**35,355**	**28.7**	**52.9**	**52.8**
Gross Profit	3,105	(31.3)	20.2	5,278	7,625	44.5	54.6	52.6
EBIT	1,117	(57.3)	13.8	2,100	3,733	77.7	54.3	54.0
Net Profit	**659**	**(63.7)**	**18.6**	**1,236**	**2,475**	**100.2**	**55.2**	**54.2**
Key ratios (%)								
GPM (%)	*17.6*	–	–	*19.2*	*21.6*	–	–	–
OPM (%)	*6.3*	–	–	*7.6*	*10.6*	–	–	–
NPM (%)	*3.7*	–	–	*4.5*	*7.0*	–	–	–

Sources: Company, SSI Research

Figure 2. Earnings Changes

(IDRbn)	Old			New			Percentage Change		
	2026F	2027F	2028F	2026F	2027F	2028F	2026F	2027F	2028F
Revenue	66,786	68,841	72,926	66,786	68,841	72,926	0.0%	0.0%	0.0%
% Growth	10.0%	3.1%	5.9%	10.0%	3.1%	5.9%	-	-	-
EBITDA	6,088	6,423	7,166	7,434	7,188	7,979	22.1%	11.9%	11.3%
% Growth	-1.0%	5.5%	11.6%	20.9%	-3.3%	11.0%	-	-	-
Net Profit	3,971	4,225	4,801	4,884	4,716	5,318	23.0%	11.6%	10.8%
% Growth	-0.8%	6.4%	13.6%	22.0%	-3.4%	12.8%	-	-	-

Sources: Company, SSI Research

Figure 3. Peer Comparables

Company	Mkt. Cap	EPS Gwt 27F	P/E 27F	EV/EBITDA 27F	ROE 27F	Net Gearing	Div. Yield 26F	GPM	EBITDA Margin
Ticker	(USDmn)	(%)	(x)	(x)	(%)	(%)	(%)	(%)	(%)
JPFA IJ	1,566	(3.4)	5.9	4.2	17.6	21.2	5.8	21.0	12.4
CPIN IJ	3,016	1.9	8.1	5.6	16.6	NC	5.6	17.4	13.7
MAIN IJ	88	(17.2)	7.5	4.1	5.8	7.9	NA	8.3	6.7
002299 CH	3,166	24.0	13.6	8.8	12.7	61.4	2.5	13.2	12.5
LHIB MK	623	6.0	5.7	4.0	15.2	0.7	3.1	26.5	13.7
ING AU	564	16.3	10.7	6.2	23.5	420.0	5.5	23.1	9.2
CABC MK	91	8.7	3.5	3.3	11.3	NC	1.9	12.0	8.8
Sector	**9,114**	**9.7**	**9.6**	**6.4**	**15.6**	**51.1**	**4.3**	**17.4**	**12.7**

Sources: Company, SSI Research