

JPFA

PT Japfa Comfeed Indonesia Tbk

Margin Resilience Ahead

- Soybean meal futures surge 16% from their 2025 low, while domestic corn prices climbed to Rp6,357/kg in November, potentially compressing poultry margins in 4Q25.
- Structural reforms—breeder culling and a 20% fertilizer price cut—are supporting farm-gate price recovery and long-term cost efficiency, improving profitability outlook into 1H26.
- JPFA recorded its strongest quarter in a decade, with 3Q25 net profit up 111% QoQ to Rp1.1tn, supported by higher livebird and DOC prices and stable feed costs.
- We raise our JPFA target price to Rp2,800 (from Rp2,600) and maintain BUY, expecting margin normalization and stronger demand to drive re-rating in 2026.

Global Feed Cost Pressure Intensifies

Soybean futures have climbed to around USD317/bushel – up 16.1% from their one-year low at end-September – supported by optimism over the US-China trade pact, which revives agricultural flows and commits China to purchase up to 25 million tons of US soybeans annually over the next three years. Stronger Chinese demand, coupled with ongoing dry conditions in central Brazil and Argentina, has tightened global supply and lifted soybean meal (SBM) prices – a key protein source in poultry feed. Meanwhile, domestic corn prices rose to Rp6,357/kg in November (from Rp6,206/kg in September) across key producing areas such as East Java, reflecting firm feed mill demand and limited supply amid erratic weather and shorter planting cycles. This concurrent rise in SBM and corn costs is expected to pressure integrated poultry players' gross margins in 4Q25, particularly within feed and farming operations, despite stable day-old chick (DoC) prices and resilient consumer demand ahead of the year-end festive season.

Structural Reforms Support Price Stability

The Ministry of Agriculture began a culling program in April 2025 targeting 55-week-old breeder hens, hatching eggs, and DOCs to curb oversupply and support farm-gate prices, providing short-term margin relief for integrators and feed producers into 1H26. This policy has already shown results, with livebird prices improving to Rp19,922/bird in 3Q25 (+22.0% QoQ; +8.6% YoY) and DOC prices rising to Rp5,956/chick (+42.0% QoQ; +10.1% YoY). In parallel, the government implemented a landmark 20% reduction in subsidized fertilizer prices effective October 22, 2025—lowering urea (Rp2,250→Rp1,800/kg), NPK (Rp2,300→Rp1,840/kg), and organic fertilizer (Rp800→Rp640/kg)—benefiting around 155 million farmers nationwide. Over the medium term, seven new fertilizer plants due by 2029 are expected to expand capacity by 700k tons and reduce import dependency. Collectively, these structural shifts—poultry supply discipline and lower farming input costs—are set to enhance sector profitability, stabilize feed demand, and strengthen long-term agricultural resilience.

JPFA Delivers Record Profit on Supply Recovery

JPFA delivered a strong 3Q25 performance with revenue reaching Rp15.6tn (+18.8% QoQ; +14.6% YoY), bringing 9M25 revenue to Rp43.1tn (+4.4% YoY), in line with our projection (Ajaib: 73.6%). Growth was supported by firmer livebird prices at Rp19,922/kg (+22.0% QoQ; +8.6% YoY) and DOC prices at Rp5,956/chick (+42.0% QoQ; +10.1% YoY), reflecting improved supply discipline. Operating margin expanded to 11.4% (vs. 7.5% in 2Q25) amid stable raw material costs—corn at Rp5,500/kg and SBM at USD270/ton (-5% QoQ)—driving net profit to Rp1.1tn (+111% QoQ; +91% YoY), the highest quarterly level in the past decade. Cumulatively, 9M25 net profit rose to Rp2.4tn (+15% YoY), in line with our expectations (Ajaib: 77.1%).

Valuation Still Attractive; Maintain BUY on JPFA

We upgrade our target price to **Rp2,800** (from Rp2,600 previously) and maintain our **BUY** call on JPFA, based on 9.4x P/E 2026F (-0.5 standard deviation). We expect further multiple re-rating as operating margins normalize and consumer demand strengthens into 2026F. **Key risks:** volatility in soybean meal and corn prices, and a slower recovery in purchasing power.

Key Financial Highlights

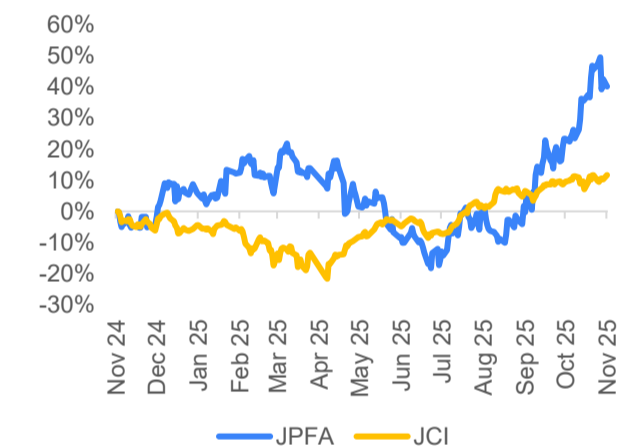
Key Metrics	2023	2024	2025F	2026F	2027F
Revenue (Rp bn)	51,176	55,801	58,562	60,307	62,352
EBITDA (Rp bn)	3,110	6,098	6,598	6,926	7,204
Net Profit (Rp bn)	930	3,010	3,278	3,529	3,670
EPS Growth (%)	-34.5	223.7	8.9	7.7	4.0
P/E (x)	14.88	7.56	8.69	9.30	8.95
P/BV (x)	0.98	1.37	1.51	1.60	1.47
EV/EBITDA (x)	6.34	3.62	3.57	3.60	3.66

BUY

Stock Information (as of November 5 2025)

Last Price (Rp)	2,440
Target Price (Rp)	2,800
Potential Upside	14.8%
Previous TP (Rp)	2,600
Market Cap (Rp tn)	28.6
52 Week Range (Rp)	2,840 – 1,415
Free Float	42.5%
Share Out. (bn)	11.7

1-Year Stock Performance Comparison vs JCI



Shareholders

JPFA's Shareholders	%
Japfa Ltd	55.4
Public	43.8
Treasury Shares	0.8

Company Description

JPFA's Company Profile
PT Japfa Comfeed Indonesia Tbk is an Indonesia-based poultry solutions provider. The Company offers several types of products and services that are integrated from upstream to downstream, particularly in the animal feed industry, poultry breeding and commercial farming, aquaculture, beef cattle farming, and consumer product processing.

Analyst

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Figure 1. JPFA's 9M25 Financial Results

Key Metrics (Rp bn)	9M25	9M24	YoY	3Q25	2Q25	QoQ	3Q24	YoY	2025F	% to Est
Revenue	43,104	41,280	4.4%	15,623	13,149	18.8%	13,631	14.6%	58,562	73.6%
Gross Profit	8,715	7,944	9.7%	3,437	2,583	33.0%	2,587	32.9%	12,059	72.3%
Gross Margin	20.2%	19.2%		22.0%	19.6%					
Operating Profit	3,882	3,783	2.6%	1,782	982	81.5%	1,134	57.1%	5,500	70.6%
Operating Margin	9.0%	9.2%		11.4%	7.5%					
Net Profit	2,411	2,096	15.0%	1,175	556	111.4%	617	90.4%	3,126	77.1%
Net Margin	5.6%	5.1%		7.5%	4.2%					

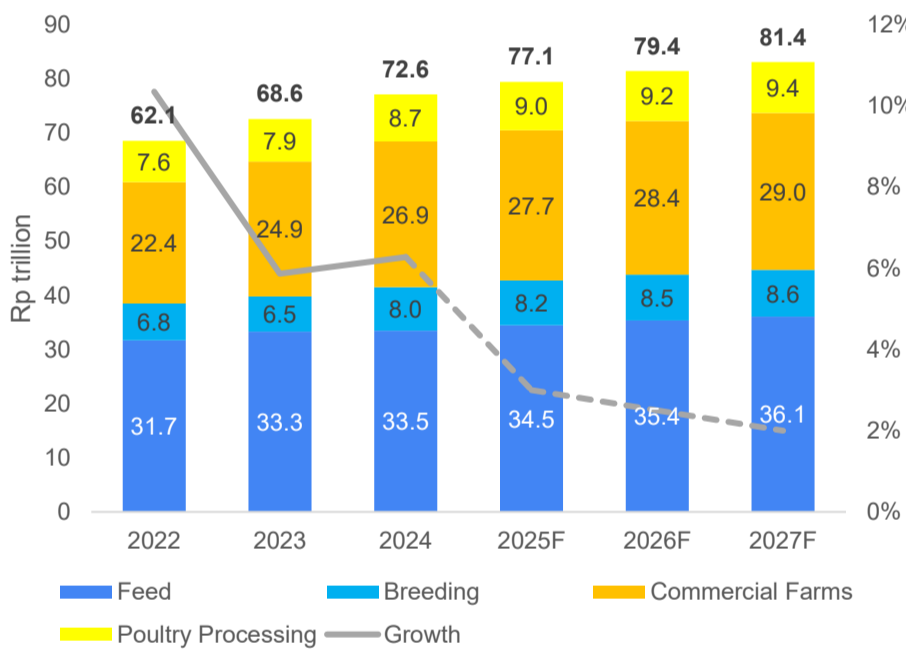
Source: Company, Ajaib Research

Figure 2. JPFA's Earnings Revision

Key Metrics	2025F		2026F		Changes	
	Old	New	Old	New	2025F	2026F
Revenue	58,562	58,562	60,307	60,307	0.0%	0.0%
EBITDA	6,385	6,598	7,018	6,926	3.3%	-1.3%
Net Profit	3,126	3,278	3,591	3,529	4.9%	-1.7%

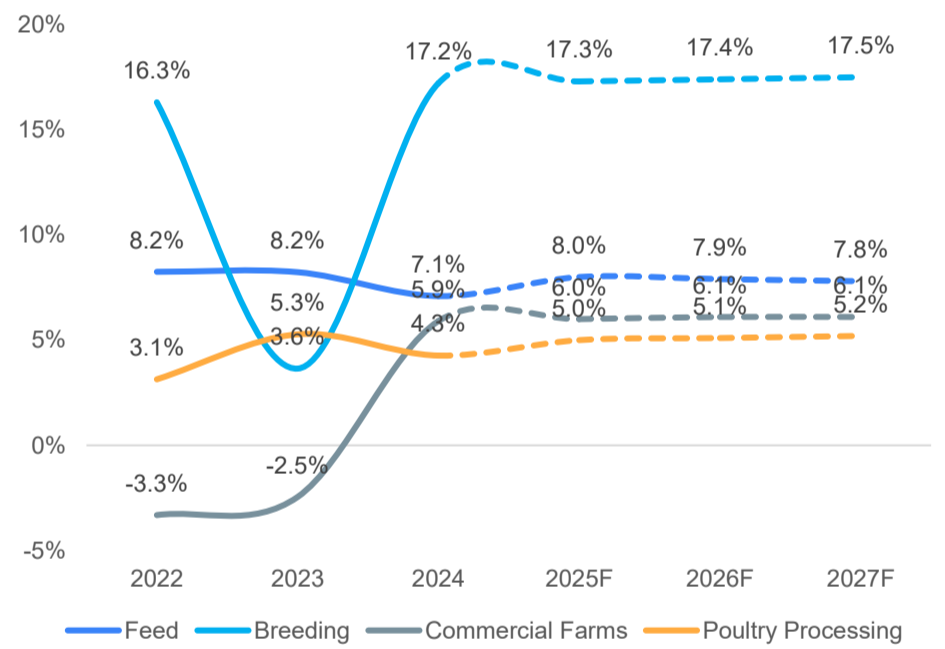
Source: Ajaib Research

Figure 3. JPFA's Gross Revenue Breakdown



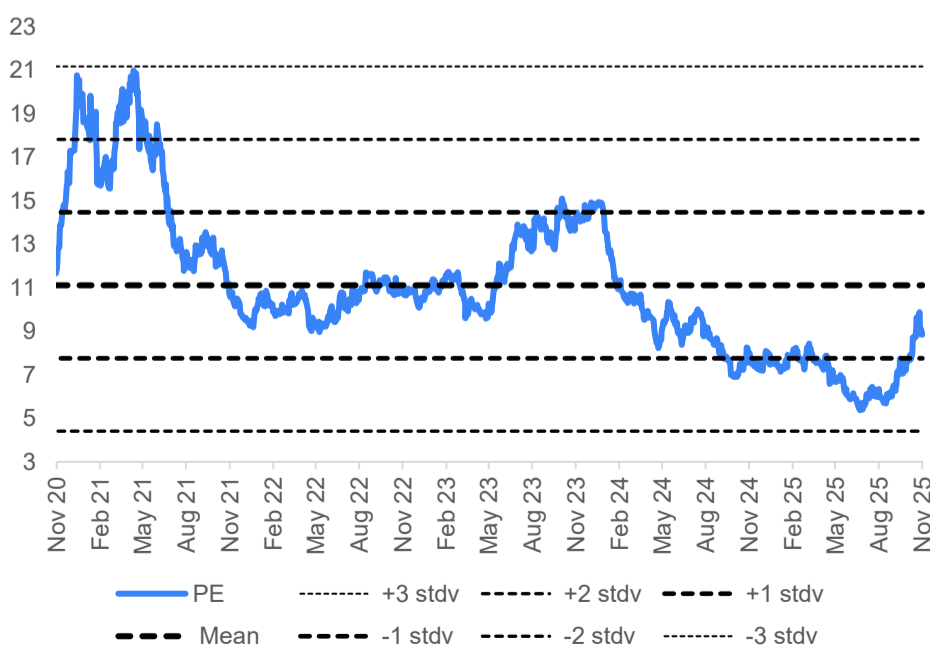
Source: Company, Ajaib Research

Figure 4. JPFA's Segment Operating Profit



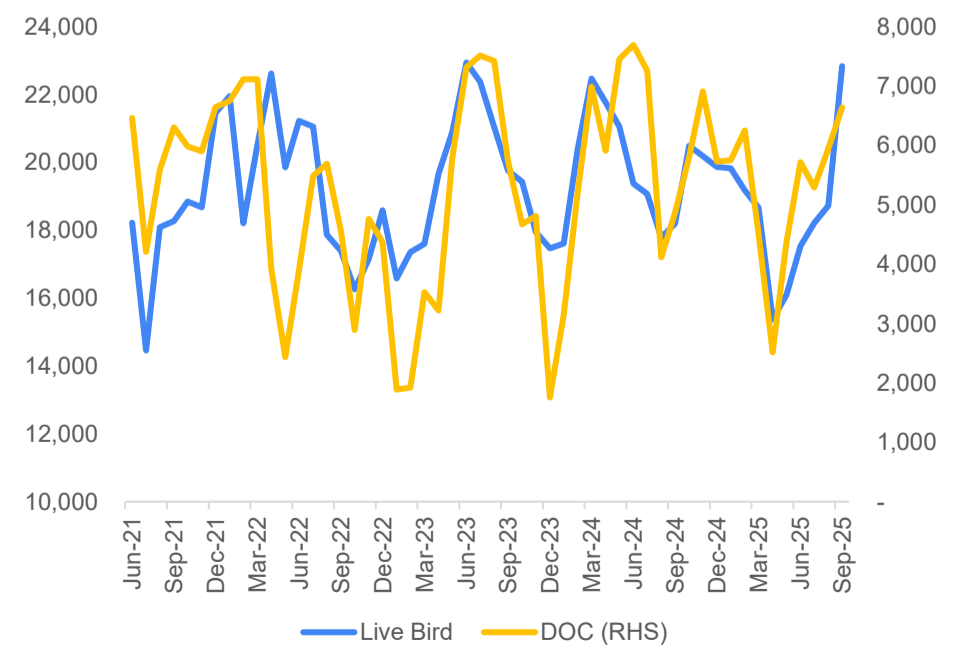
Source: Company, Ajaib Research

Figure 5. JPFA's 5-Year Forward PE Band



Source: Bloomberg, Ajaib Research

Figure 6. Livebird & DoC Price in West Java (Rp)



Source: Company, Ajaib Research

Rating for Sectors:

Overweight : We expect the industry to perform better than the primary market index (JCI) over the next 12 months.

Neutral : We expect the industry to perform in line with the primary market index (JCI) over the next 12 months.

Underweight : We expect the industry to underperform the primary market index (JCI) over the next 12 months.

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 ≤ +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”

Analyst Certification:

The lead analyst(s) who prepared this equity research report confirm that the opinions stated herein genuinely represent their personal perspectives regarding all the securities or issuers discussed. Additionally, the analyst(s) assert that their remuneration was not, is not, and will not be tied, either directly or indirectly, to any specific recommendations or viewpoints presented in this report.

PREPARED BY AJAIB RESEARCH TEAM



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