## Key Indices

| | Prev Close | 1D % | 1W % | 1M % | YTD % |
|---|---|---|---|---|---|
| DJIA | 52224.6 | 0.7 | (0.5) | 1.3 | 8.7 |
| S&P 500 | 7509.2 | 0.9 | (0.5) | 0.1 | 9.7 |
| FTSE 100 | 10585.9 | 0.6 | 0.5 | 2.1 | 6.6 |
| AS30 | 8976.9 | 0.0 | (0.3) | (0.8) | (0.5) |
| CSI 300 | 4739.2 | 3.1 | (1.2) | (4.1) | 2.4 |
| FSSTI | 5526.7 | 0.5 | 0.6 | 6.4 | 19.0 |
| HSCEI | 8360.7 | (0.3) | 3.2 | 4.8 | (6.2) |
| HSI | 25132.3 | (0.0) | 3.3 | 5.0 | (1.9) |
| JCI | 6340.0 | 1.7 | 5.0 | 2.6 | (26.7) |
| KLCI | 1720.4 | (0.1) | 0.0 | 0.5 | 2.4 |
| KOSPI | 6748.0 | 3.6 | (1.6) | (25.5) | 60.1 |
| Nikkei 225 | 66232.2 | 3.3 | (2.2) | (7.0) | 31.6 |
| SET | 1653.0 | 0.4 | 1.7 | 5.1 | 31.2 |
| TWSE | 44232.9 | 4.2 | (1.1) | (4.8) | 52.7 |
| BDI | 2670.0 | (0.0) | (10.4) | (1.9) | 42.2 |
| CPO (RM/mt) | 4525.0 | 0.0 | 0.5 | (0.3) | 15.1 |
| Brent Crude (US$/bbl) | 91.0 | 2.0 | 7.4 | 13.0 | 49.6 |

*Source: Bloomberg*

## Corporate Events

| | Venue | Begin | Close |
|---|---|---|---|
| Hybrid Post-result Group Luncheon with Plover Bay Technologies Ltd (1523 HK) | Hong Kong | 31 Jul | 31 Jul |

Please click on the page number to move to the relevant pages

## Top Stories

**Company Update** | Japfa Comfeed Indonesia (JPFA IJ/**BUY**/Rp2,080/Target: Rp3,330) Page 2

We expect JPFA to deliver another solid set of results in 2Q26, despite lower qoq earnings due to seasonal factors. Beyond this, we believe the company's structural growth story remains intact, supported by healthier industry dynamics, its position as an integrated low-cost producer, and continued downstream expansion. We maintain our BUY rating with a target price of Rp3,330, based on 8x 2026F PE.

## Technical Analysis

**Petrindo Jaya Kreasi** | CUAN IJ Page 5

**Trading Buy Range: We have a technical Buy at Rp730, and take profit at Rp795.**

**Darma Henwa** | DEWA IJ Page 5

**Trading Buy Range: We have a technical Buy at Rp436, and take profit at Rp466.**

**Disclaimer:** *In Traders' Corner, technical analysis is carried out purely based on charting patterns, price movements and trends, and is thus independent of the fundamental research views of our analysts. As a result, and from time to time, we may make a technical recommendation that is opposite to our fundamental BUY/HOLD/SELL rating.*

# Japfa Comfeed Indonesia (JPFA IJ)

Solid 2Q26, Albeit Lower qoq On Seasonality

| | |
|---|---|
| **BUY** (Maintained) | |
| Share Price | Rp2,080 |
| Target Price | Rp3,330 |
| Upside | +60.1% |

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## Highlights

- Expect JPFA to post solid 2Q26 results, despite being lower seasonally qoq.
- Its structural growth story remains intact, supported by healthier industry dynamics, JPFA's position as an integrated low-cost producer, and continued downstream expansion.
- Maintain BUY with a target price of Rp3,330, based on 8x 2026F PE.

## Analysis

- **Expect another solid quarter, despite being softer seasonally qoq.** Following a record-high 1Q26 net profit of Rp1.8t (+14% qoq, +166% yoy), we expect 2Q26 earnings to moderate on a quarterly basis due to normal seasonality after Lebaran and the Suro month in June, but to remain stronger yoy (2Q25 net profit was Rp553b). Average livebird prices have declined to Rp18,681/kg (-15.3% qoq) but are 14.4% higher on a yoy basis. Margins should be slightly down on higher soybean meal (SBM), corn, and a weaker rupiah. However, concerns over SBM procurement centralisation following Berdikari's involvement appear less warranted, as JPFA continues to procure SBM independently and the associated margin impact should be limited. Overall, we forecast 2026 net profit of Rp4.89t (+22.1% yoy). 2Q26 results are undergoing a limited review and will be released on 31 Aug 26 at the latest.
- **Government policy turning more constructive on poultry prices.** We see the government becoming more supportive of maintaining healthy livebird prices, particularly following state-owned Berdikari's increased involvement in the sector. Notably, after livebird prices fell to Rp15,000-16,000/kg in May, the government intervened by requiring major poultry producers and industry associations to sign a joint commitment on 29 June to accelerate livebird absorption and gradually raise farmgate prices to a minimum of Rp19,500/kg. By 9 July, our checks indicated prices had recovered to around Rp19,000/kg. Even if livebird prices soften, JPFA's industry-leading cost position (around Rp19,000-20,000/kg vs the industry average of Rp21,000–23,000/kg) should allow it to remain more resilient than its peers. Its integrated business model and growing downstream contribution should also support more stable margins and reduce earnings volatility going forward.
- **Remains optimistic on long-term outlook.** The company targets to double its revenue within five years (~15% CAGR), with the downstream segment as the key growth driver and the Free Meal Program (MBG) providing incremental upside. JPFA will also continue to expand its production capacity, with 2026 capex budgeted at Rp2.2t–2.5t, similar as last year.

### Key Financials

| Year to 31 Dec (Rpb) | 2024 | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|---|
| Net turnover | 55,801 | 60,716 | 67,964 | 73,726 | 79,672 |
| EBITDA | 6,274 | 7,290 | 8,524 | 9,570 | 10,385 |
| Operating profit | 5,213 | 6,150 | 7,270 | 8,194 | 8,876 |
| Net profit | 3,019 | 4,004 | 4,890 | 5,589 | 6,101 |
| EPS (Rp) | 257.4 | 341.4 | 417.0 | 476.6 | 520.2 |
| PE (x) | 8.1 | 6.1 | 5.0 | 4.4 | 4.0 |
| P/B (x) | 1.6 | 1.3 | 1.1 | 1.0 | 0.8 |
| EV/EBITDA (x) | 5.4 | 4.5 | 3.6 | 3.1 | 2.8 |
| Dividend yield (%) | 3.4 | 3.5 | 6.6 | 9.0 | 10.3 |
| Net margin (%) | 5.4 | 6.6 | 7.2 | 7.6 | 7.7 |
| Net debt/(cash) to equity (x) | 0.6 | 0.4 | 0.3 | 0.2 | 0.2 |
| Interest cover (x) | 6.0 | 7.6 | 8.8 | 9.4 | 9.6 |
| ROE (%) | 19.5 | 21.5 | 22.3 | 22.1 | 21.1 |
| UOBKH/Consensus (x) | - | - | 1.18 | 1.20 | - |

*Source: JPFA, Bloomberg, UOB Kay Hian*

### Stock Data

| | |
|---|---|
| GICS sector | Consumer Staples |
| Bloomberg ticker: | JPFA IJ |
| Shares issued (m): | 11,727 |
| Market cap (Rpb): | 24,391 |
| Market cap (US$m): | 1,355 |
| 3-mth avg daily t'over (US$m): | 2.1 |

### Price Performance (%)

| 52 week high/low | | | | Rp2,970/Rp1,510 |
|---|---|---|---|---|
| 1mth | 3mth | 6mth | 1yr | YTD |
| 7.7 | (22.7) | (29) | 23.8 | (20.6) |

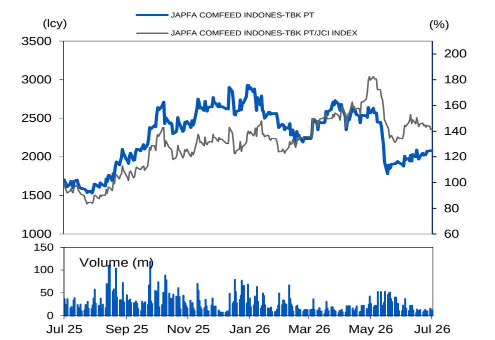
### Major Shareholders

| | (%) |
|---|---|
| Japfa Ltd | 55.4 |
| Public | 43.3 |

### Balance Sheet Metrics

| | |
|---|---|
| FY25 NAV/Share (Rp) | 1,592 |
| FY25 Net Debt/Share (Rp) | 709 |

### Price Chart




*Source: Bloomberg*

### Company Description

Japfa Comfeed Indonesia manufactures animal feed, breeds and processes chickens, and operates aquaculture farms. The company trades its products domestically and internationally.

- **Healthier industry dynamics.** Despite potential input cost pressures, we continue to see favourable industry conditions, underpinned by disciplined supply and incremental demand from the MBG. On the supply side, grandparent stock (GPS) import realisations averaged only ~545,000 during 2024-25, around 19% below the 2019-23 average, suggesting supply remains disciplined. On the demand side, MBG realisation had reached Rp88.2t with 63mn beneficiaries as of 31 May 26 (vs the 2025 full-year realisation of Rp55t). While the MBG budget has been reduced from the initial Rp335t to Rp268t, with a possibility of further cuts to Rp229t, it remains well above last year's level and should continue to provide incremental demand upside. This is in addition to Indonesia's poultry consumption per capita remaining among one of the lowest in Asia, leaving ample room for structural growth.
- **Increased focus on downstream segment.** In line with the government's push toward downstream development, JPFA is accelerating its expansion in this segment (comprising 45% processed broilers and 55% consumer products). The company is also strengthening its premium offering through the Olagud brand (probiotic chicken products priced ~42% higher than regular broiler carcasses). Meanwhile, So Good Food (recently rebranded as Japfa Food Indonesia) continues to post double-digit growth, supported by ongoing product innovation and a broader nationwide reach.

## Earnings Revision/Risks

- **No earnings revision.**
- **Key risks** include: a) feed cost volatility, b) broiler and DOC price volatility, c) externality risk from contract farmers, d) weak purchasing power, and e) government policy changes.

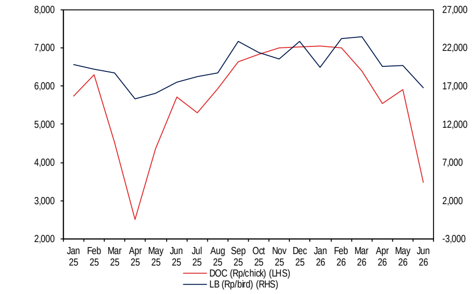
## Valuation/Recommendation

- **Maintain BUY with a target price of Rp3,330** based on 2026F PE of 8x, based on the five-year historical forward average. The stock is currently trading at an undemanding valuation of 5x 2026F PE (-2SD below its five-year historical average). ROE remains healthy at 22%, while the stock offers an attractive 6.6% dividend yield.

## Share Price Catalyst

- **Catalyst:** 2Q26 results.

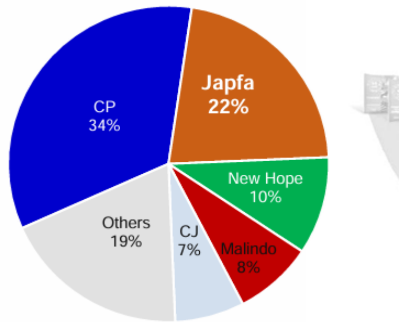
### Live Bird And DOC Prices




Source: JPFA, UOB Kay Hian

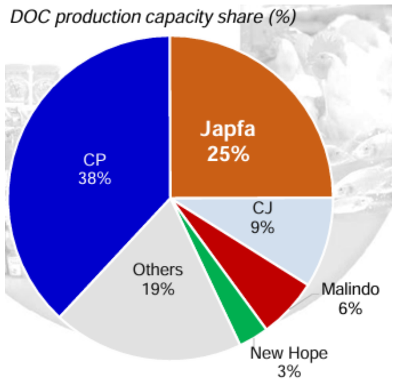
### Feed Market Share

*Poultry feed production capacity market share (%)*




Source: JPFA, UOB Kay Hian

### DOC Market Share




Source: JPFA, UOB Kay Hian

## Profit & Loss

| Year to 31 Dec (Rpb) | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| Net turnover | 60,716 | 67,964 | 73,726 | 79,672 |
| EBITDA | 7,290 | 8,524 | 9,570 | 10,385 |
| Deprec. & amort. | 1,140 | 1,254 | 1,376 | 1,509 |
| EBIT | 6,150 | 7,270 | 8,194 | 8,876 |
| Total other non-operating income/(expense) | 72 | 40 | 42 | 44 |
| Net interest income/(expense) | (738) | (717) | (730) | (742) |
| Pre-tax profit | 5,484 | 6,593 | 7,505 | 8,178 |
| Tax | (1,202) | (1,446) | (1,646) | (1,793) |
| Minorities | (277) | (258) | (271) | (284) |
| Net profit | 4,004 | 4,890 | 5,589 | 6,101 |

## Balance Sheet

| Year to 31 Dec (Rpb) | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| Fixed assets | 14,995 | 16,504 | 18,123 | 19,852 |
| Other LT assets | 3,689 | 3,829 | 3,963 | 4,104 |
| Cash/ST investment | 3,550 | 5,645 | 7,210 | 9,089 |
| Other current assets | 17,826 | 18,633 | 20,295 | 21,858 |
| Total assets | 40,060 | 44,610 | 49,591 | 54,903 |
| ST debt | 9,772 | 4,334 | 4,767 | 5,244 |
| Other current liabilities | 6,746 | 7,309 | 7,896 | 8,533 |
| LT debt | 2,090 | 7,896 | 8,123 | 8,372 |
| Other LT liabilities | 1,434 | 1,505 | 1,581 | 1,660 |
| Shareholders' equity | 18,664 | 21,952 | 25,340 | 28,926 |
| Minority interest | 1,355 | 1,613 | 1,884 | 2,168 |
| Total liabilities & equity | 40,060 | 44,610 | 49,591 | 54,903 |

## Cash Flow

| Year to 31 Dec (Rpb) | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| Operating | 5,012 | 5,969 | 5,962 | 6,760 |
| Net profit | 4,004 | 4,890 | 5,589 | 6,101 |
| Deprec. & amort. | 1,140 | 1,254 | 1,376 | 1,509 |
| Working capital changes | (689) | 52 | (937) | (792) |
| Other operating cashflows | 557 | (225) | (66) | (58) |
| Investing | (2,826) | (2,902) | (3,130) | (3,379) |
| Capex (growth) | (2,467) | (2,762) | (2,996) | (3,238) |
| Investments | - | - | - | - |
| Others | (359) | (140) | (134) | (141) |
| Financing | (35) | (973) | (1,267) | (1,502) |
| Dividend payments | (862) | (1,602) | (2,200) | (2,515) |
| Proceeds & repay borrowings | 1,118 | 368 | 660 | 726 |
| Others | (292) | 261 | 274 | 287 |
| Net cash inflow (outflow) | 2,151 | 2,095 | 1,566 | 1,879 |
| Beginning cash & cash equivalent | 1,354 | 3,550 | 5,645 | 7,210 |
| Others | 46 | 0 | 0 | 0 |
| Ending cash & cash equivalent | 3,550 | 5,645 | 7,210 | 9,089 |

## Key Metrics

| Year to 31 Dec (%) | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| Profitability | | | | |
| EBITDA margin | 12.0 | 12.5 | 13.0 | 13.0 |
| Pre-tax margin | 9.0 | 9.7 | 10.2 | 10.3 |
| Net margin | 6.6 | 7.2 | 7.6 | 7.7 |
| ROA | 10.0 | 11.0 | 11.3 | 11.1 |
| ROE | 21.5 | 22.3 | 22.1 | 21.1 |
| Growth | | | | |
| Turnover | 8.8 | 11.9 | 8.5 | 8.1 |
| EBITDA | 16.2 | 16.9 | 12.3 | 8.5 |
| Pre-tax profit | 29.3 | 20.2 | 13.8 | 9.0 |
| Net profit | 32.6 | 22.1 | 14.3 | 9.2 |
| EPS | 32.6 | 22.1 | 14.3 | 9.2 |
| Leverage | | | | |
| Debt to total capital (x) | 0.3 | 0.3 | 0.3 | 0.2 |
| Debt to equity (x) | 0.6 | 0.6 | 0.5 | 0.5 |
| Net debt/(cash) to equity (x) | 0.4 | 0.3 | 0.2 | 0.2 |
| Interest cover (x) | 7.6 | 8.8 | 9.4 | 9.6 |


Source: ChartGenie

## Petrindo Jaya Kreasi (CUAN IJ)

Technical BUY with 9% potential return

Resistance: Rp770, Rp810

Support: Rp670, Rp610

Stop-loss: Rp665

Share price closed higher and formed a bullish candlestick. Price advanced with better momentum and higher trading volume; hence, we see potential for more rallies to take place and challenge the resistance at Rp770 and Rp810. Technical indicator RSI is sloping upwards and back above its midline, while the MACD remains on a bullish crossover. Buy at Rp730 and take profit at Rp795.

Approximate timeframe: 2-4 weeks.


Source: ChartGenie

## Darma Henwa (DEWA IJ)

Technical BUY with 7% potential return

Resistance: Rp456, Rp468

Support: Rp406, Rp380

Stop-loss: Rp404

Share price closed higher and formed a bullish candlestick. Price advanced with better momentum and higher trading volume; hence, we see potential for more rallies and challenge the resistance at Rp456 and Rp468. Technical indicator RSI is sloping upwards and moving into its overbought zone, while the MACD remains on a bullish crossover. Buy at Rp436 and take profit at Rp466.

Approximate timeframe: 2-4 weeks.

Our institutional research has a fundamental BUY and target price of Rp1,260.

**ANALYST(S)**

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