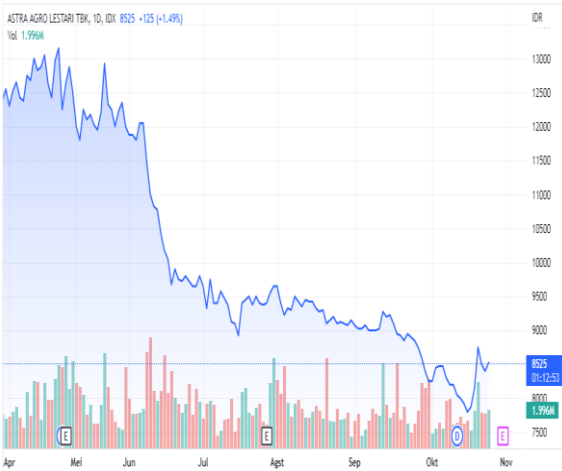




27 Oktober 2022
Plantation, Equity

Price IDR 8600
Target Price IDR 11895
JKSE Index 7083.704

Dipublikasikan pada TradingView.com, Okt 25, 2022 14:27 UTC-7



BUY Investment Consideration

8M22 CPO production -15%

In the eight months up to August 2022, AALI produced 861,000 tons of CPO, a decrease of -14.9% compared to the same period last year. This decrease was accompanied by a decrease in FFB processed of -13.0% YoY because of a long dry season in 2019. For 2022 we still maintain our production target growth of 5% YoY as the majority of plants are mature and yield has been increasing over the last 10 years. AALI's planted area age was 15.8 years in 2021 compared to 15.5 years in 2020. AALI targets to complete replanting another 5,000 hectares this year. As a result, nucleus planted area will decrease while the plasma area will increase. The increase in production this year will therefore mostly come from third party fruit purchases and Plasma Plantations with a slight increase from nucleus plantation yield optimization as digitalization has helped to overcome work and production constraints during the pandemic. We adjust our target for FFB and CPO production in 2022 to 4,28 mn tons and 1,33 mn tons respectively. We expect production in 2022 will remain affected by the long dry season in 2019 as it takes about four years for an oil palm tree to produce fruit which is large enough for processing.

Double-digit profit growth

Despite lower production, As of June 2022, AALI recorded an increase in net revenue by 1.2% to IDR 11 trillion. The increase in net revenue was in line with the increase in the selling price of CPO, which was up by 46.2% YoY. The net profit attributable to shareholders in June 2022 was IDR 809 billion or an increase of 24.6% compared to the same period last year. We estimate bottom line profit in 2022F will reach IDR 2.77 trillion compared to IDR. 1.97 trn in 2021A inline with a higher CPO price than 2021A.

Valuation: 38% upside

We estimate a TP within one year of IDR 11,895, EV/EBITDA of 6.47x and EV/ha of 4,309 USD/Ha or trading at 8.27x PER. With 38% upside, we maintain our recommendation to BUY.

Stock Code AALI J
Bloomberg code AALI J
Market cap (IDR.bn) 18040
52-Week High (IDR) 13400
52-Week Low (IDR) 7800
Avg Daily. Val (IDR) 10340
Free Float (%) 20.32

Major Shareholders (%)
PT Astra International 79.68%
Public 20.32%

USD/IDR-YE
2021A 14278
2022F 15590

Key Indicators 2023F
DER (x) 0.07
Debt ratio (x) 0.22
EBITDA Margin (%) 15.1

Analyst: Revita Dhiah Anggrainy
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Profit and Loss (IDR.bn)	2018 A	2019 A	2020 A	2021 A	2022 F	2023 F
net sales	19,084	17,453	18,807	24,322	28,625	23,001
Cost of Sales	(15,545)	(15,308)	(15,844)	(19,492)	(22,751)	(19,160)
Gross Profit	3,540	2,145	2,963	4,830	5,875	3,841
Operating expense	(1,214)	(1,184)	(1,121)	(1,400)	(1,718)	(1,495)
Operating Profit	2,326	960	1,842	3,430	4,157	2,346
Other income	(119)	(299)	(380)	(516)	(83)	(460)
Pretax income(PBT)	2,207	661	1,463	2,913	4,074	1,886
taxes	(686)	(417)	(569)	(846)	(1,018)	(471)
Minority interest	(82)	(33)	(61)	(96)	(89)	(81)
EPS	747	110	433	1,024	1,541	693
Net Profit	1,439	211	833	1,972	2,967	1,334
EBITDA	3,335	1,932	2,777	4,254	5,591	3,439

Company Profile

PT Astra Agro Lestari Tbk or AALI was established in 1988 as a company engaged in the palm oil and several other business activities. The Company is a subsidiary of PT Astra International Tbk (“ASII”), one of the largest business groups in Indonesia. The Company is a public company with shares registered and traded on the Indonesia Stock Exchange (IDX). Currently, 76.68% of the shares are owned by Astra, while the remaining 20.32% are owned by the public. The total planted area of Oil Palm Plantations managed by the Company is 287,604 hectares spread across Sumatra, Kalimantan and Sulawesi. Of this area, 215,375 hectares are Nucleus plantations and 72,229 hectares are Plasma plantations. The Company also expanded its business into the oil palm downstream industry by establishing a CPO refinery plant through its subsidiary, PT Tanjung Sarana Lestari in 2014 located in West Sulawesi Province. The Company established a Palm Kernel Oil (PKO) refinery through an additional subsidiary, PT Tanjung Bina Lestari in 2017 which is also located in West Sulawesi Province. The Company also has a marketing office in Singapore under the name of Astra-KLK Pte. Ltd which is a joint venture between the Company and Kuala Lumpur Kepong Plantation Holdings Sdn, Bhd. In addition, the Company expanded its business line by setting up two Fertilizer Blending Plants producing NPK. The NPK Fertilizer Blending Plants are operated by PT Cipta Agro Nusantara in Central Sulawesi, established in 2016, and PT Bhadra Cemerlang in Central Kalimantan, established in 2017. Both are the Company's subsidiaries.

Company Structure

I. As of 1Q21

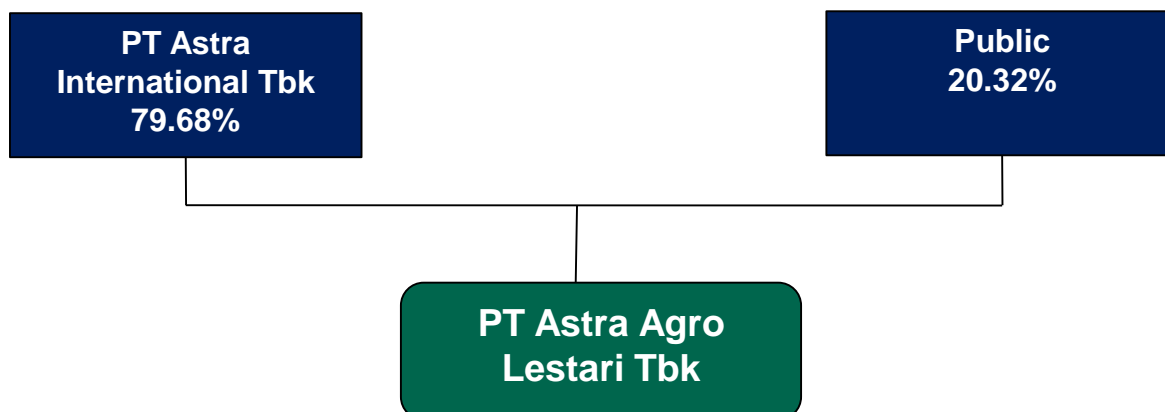


Chart: FFB vs CPO production yoy (in mn tons)

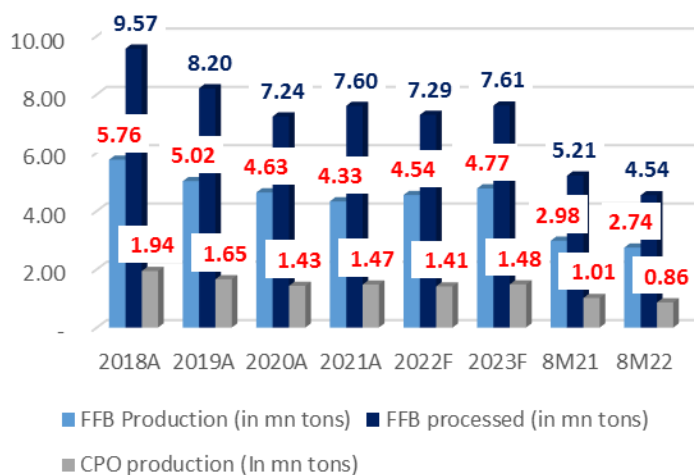


Chart: cash cost/ha (IDR.000) yoy

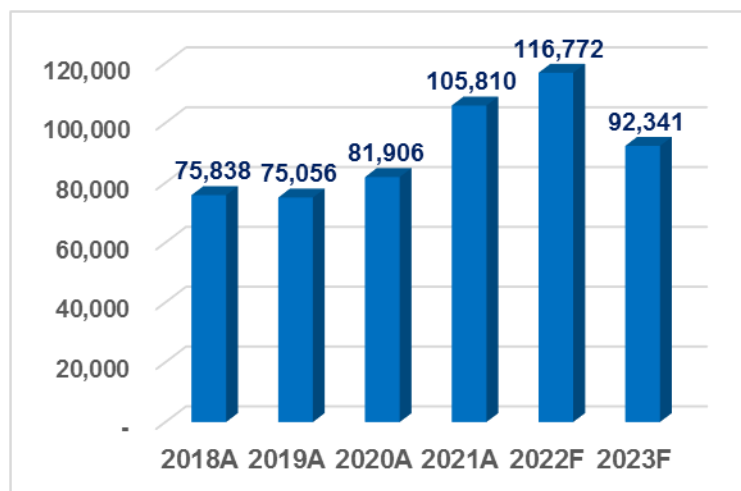


Chart: AALI's planted area (ha) yoy

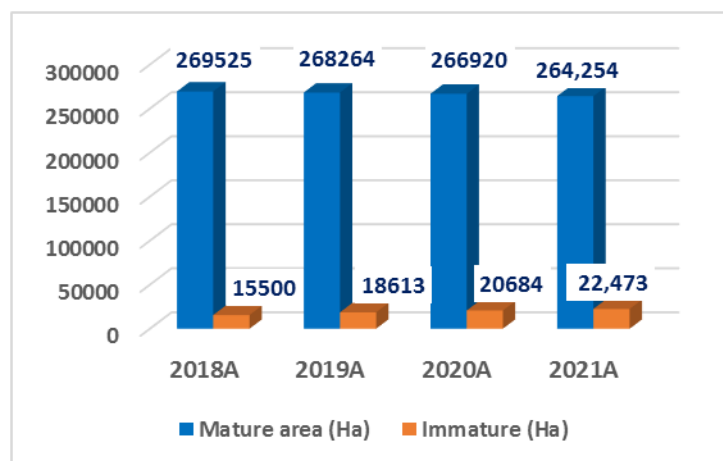


Chart: AALI's Nuclues vs plasma planted area (ha) yoy

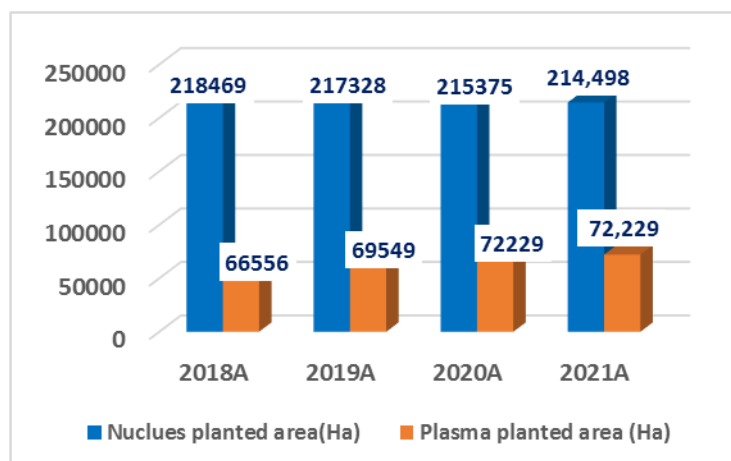


Chart: CPO extraction rate vs PK extraction rate (%) yoy

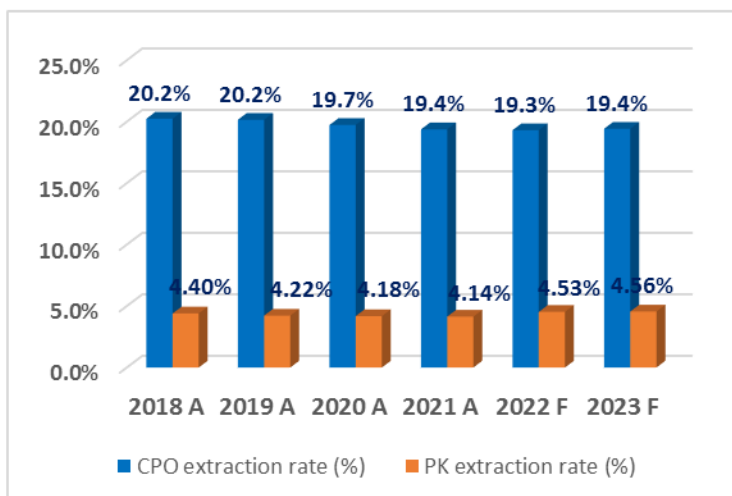
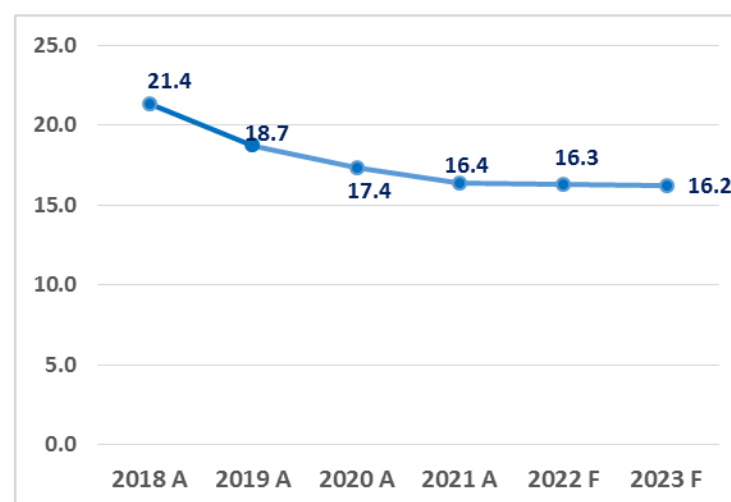


Chart: FFB yield/ha yoy



Profit and Loss

Profit and Loss (IDR.bn)	2018 A	2019 A	2020 A	2021 A	2022 F	2023 F
net sales	19,084	17,453	18,807	24,322	26,989	20,448
Cost of Sales	(15,545)	(15,308)	(15,844)	(19,492)	(21,490)	(17,140)
Gross Profit	3,540	2,145	2,963	4,830	5,499	3,308
Operating expense	(1,214)	(1,184)	(1,121)	(1,400)	(1,619)	(1,329)
Operating Profit	2,326	960	1,842	3,430	3,880	1,979
Other income	(119)	(299)	(380)	(516)	(78)	(409)
Pretax income(PBT)	2,207	661	1,463	2,913	3,802	1,570
taxes	(686)	(417)	(569)	(846)	(951)	(392)
Minority interest	(82)	(33)	(61)	(96)	(84)	(72)
EPS	747	110	433	1,024	1,438	574
Net Profit	1,439	211	833	1,972	2,768	1,105
EBITDA	3,335	1,932	2,777	4,254	5,293	3,081

Balance Sheet

Balance Sheet (IDR.bn)	2018 A	2019 A	2020 A	2021 A	2022 F	2023 F
Cash and cash equivalent	49	383	979	3,896	3,533	5,564
Trade Account Receivable	617	369	766	458	1,080	818
inventory	2,368	1,974	2,166	3,023	3,643	2,801
Other current asset	1,467	1,746	2,028	2,037	2,769	2,116
Current Asset	4,501	4,472	5,938	9,414	11,026	11,299
Fixed Asset	10,219	9,842	9,242	9,172	8,936	9,174
other long term asset	12,137	12,660	12,601	11,813	13,225	11,451
Total non current Asset	22,356	22,502	21,843	20,986	22,161	20,625
Total Asset	26,857	26,974	27,781	30,400	33,187	31,924
Trade Account Payable	552	827	770	1,027	1,139	863
Short Term bank loans	1,125	150	0	0	0	0
advances from customer	698	89	81	368	116	88
Other short term liabilities	701	501	941	1,001	1,111	842
current maturities of long term				3,564	3,239	2,454
Total current liabilities	3,077	1,567	1,793	5,960	5,605	4,247
Long term liabilities	3,606	5,535	5,624	2,132	2,366	1,792
Other Long term liabilities	700	893	1,117	1,136	1,349	1,022
Total long term/ non current liabilities	4,306	6,429	6,741	3,268	3,715	2,815
Total Liabilities	7,382	7,996	8,533	9,229	9,321	7,061
non controlling interest	485	457	495	552	529	470
Total Equities	18,990	18,521	18,752	20,619	23,337	24,393
Total Liabilities & Equity	26,857	26,974	27,781	30,400	33,187	31,924

Cash Flow

Cash Flow (IDR.bn)	2019A	2020A	2021A	2022F	2023F
+ Net Income	211	833	1,972	2,768	1,105
Depreciation	921	896	946	1,053	1,180
- Change in WC	(1,147)	(645)	3,609	(2,329)	399
Cash From Operating Activities	(15)	1,085	6,527	1,492	2,683
Net fixed asset	(543)	(297)	(876)	(817)	(1,418)
other long term asset	(523)	59	788	(1,411)	1,774
cash from investing activities	(1,066)	(237)	(89)	(2,228)	356
Long term liabilities	1,929	88	(3,492)	234	(573)
Other Long term liabilities	194	224	19	213	(327)
equity	(707)	(564)	(48)	(73)	(109)
cash from financing activities	1,416	(252)	(3,521)	374	(1,009)
Net Changes in Cash	334	596	2,917	(363)	2,031
Beginning Balance	49	383	979	3896	3533
Ending balance	383	979	3,896	3,533	5,564

Ratio Financial Highlights

Ratio Highlights	2019 A	2020 A	2021 A	2022 F	2023 F
Growth (% YoY)					
Net Revenue	-9%	8%	29%	11%	-24%
OP	-59%	92%	86%	13%	-49%
EBITDA	-42%	44%	53%	24%	-42%
NP	-85%	295%	137%	40%	-60%
EPS	-85%	295%	137%	40%	-60%
Profitability					
Operating Margin(%)	5.5%	9.8%	14.1%	14.4%	9.7%
EBITDA margin(%)	11.1%	14.8%	17.5%	19.6%	15.1%
NET Profit margin(%)	1.2%	4.4%	8.1%	10.3%	5.4%
ROE (%)	1.1%	4.4%	9.6%	11.9%	4.5%
ROA (%)	0.8%	3.0%	6.5%	8.3%	3.5%
Stability					
Debt/ Equity (x)	0.31	0.30	0.10	0.10	0.07
Current ratio	2.85	3.31	1.58	1.97	2.66
Debt Ratio (x)	0.30	0.31	0.30	0.28	0.22
Per Share data (Rp)					
EPS	109.69	432.84	1,024.44	1,438.20	574.26
BVS	9,622.9	9,743.1	10,713.0	12,125.2	12,673.5

Stock Ratings:

Buy: a recommendation to purchase the security with upside potential of 20% or greater

Hold: a recommendation to neither buy nor sell a security with upside potential of 0-20%.

Sell: a recommendation to close out a long position in a security with upside potential below 0% or negative.

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