



May 3rd, 2024
Plantation, Equity

BUY

Price **IDR 6,300**
Target Price **IDR 7,550**
JKSE Index **IDR 7,134.72**

Investment Consideration

Significant Decrease in Productivity

In Q1-2024, AALI's production experienced a significant decrease, dropping by -11.71% to 1.12 million tons. The most substantial decrease was in FFB production, including Nucleus and Plasma, which fell by -12.12%, while CPO and Kernel decreased by -10.82% and -9.09%, respectively. This decline occurred because one-third of AALI's palm trees, planted between 1994-1997, are now aged 27-30 years, surpassing their prime productivity years. AALI is preparing to allocate a CapEx of approximately IDR 1.5 trillion in 2024 for replanting 5000 hectares of its plantation.

Continued Profit Generation

Despite a slight increase, AALI continued to grow its profit in Q1-2024. Its EBITDA grew by 6.45% YoY to IDR 714.3 billion, and Net Profit Attributable to Parent Entity rose by 2.59% YoY to IDR 239.88 billion. This growth was by despite a 13.14% increase in Finance Costs and a 7.86% increase in COGS line of Depreciation Expense. Consequently, its EBITDA Margin ratio and NPM ratio increased by 79 bps and 8 bps, reaching 14.88% and 4.90%, respectively. We forecast that AALI will continue to enhance profitability in 2024, with its EBITDA projected to grow by 12.66% YoY to IDR 3,419.29 billion.

Stable Solvency

As of March 2024, AALI's solvency ratio remained stable at 0.18x, similar to the previous year. This stability was attributed to the 1.51% increase in equity attributable to the parent, offsetting the 2.95% growth in interest-bearing debt, thereby minimally impacting the solvency metric. We forecast that AALI's Debt-to-Equity (D/E) Ratio will slightly increase to 0.20x by December 2024.

Valuation: 20%, Upside, Buy

Based on Q1-2024 results, our EV/EBITDA target is 4.50x. We recommend a "Buy" with a target price of IDR 7,550/share, equating to a 14.40x PER and offering a potential 20% upside.



Stock Code
Bloomberg code **AALI IJ**
Market cap (IDR Tn) **12.13**
52-Week High (IDR) **8,250**
52-Week Low (IDR) **6,250**
6-m Avg Daily. Val (IDR) **6,927**
Free Float (%) **20.30**

Major Shareholders (%)
PT Astra International Tbk **79.70%**
Public **20.30%**

USD/IDR-YE (JISDOR)
2023A **15,439**
2024F **15,765**

Key Indicators **2024F**
DER (x) **0.20**
Debt ratio (x) **0.19**
EBITDA Margin (%) **15.83**

Financial Highlight (%)	2020A	2021A	2022A	2023 A	2024F
EBITDA (IDR Bn)	3,031.25	4,382.71	3,905.79	2,990.98	3,419.29
Net Income Attributable to The Parent (IDR Bn)	833.09	1,971.37	1,726.61	1,055.90	1,009.27
Net Profit Margin (%)	4.43%	8.11%	7.91%	5.09%	4.67%
ROA (%)	3.00%	6.48%	5.90%	3.66%	3.32%
Debt Ratio (x)	0.24	0.22	0.16	0.16	0.19
EPS (IDR)	833.09	1,971.37	1,726.61	1,055.90	1,009.27
EV/EBITDA	10.17	6.49	5.55	6.74	4.50
P/E	28.47	9.28	8.95	12.81	14.40

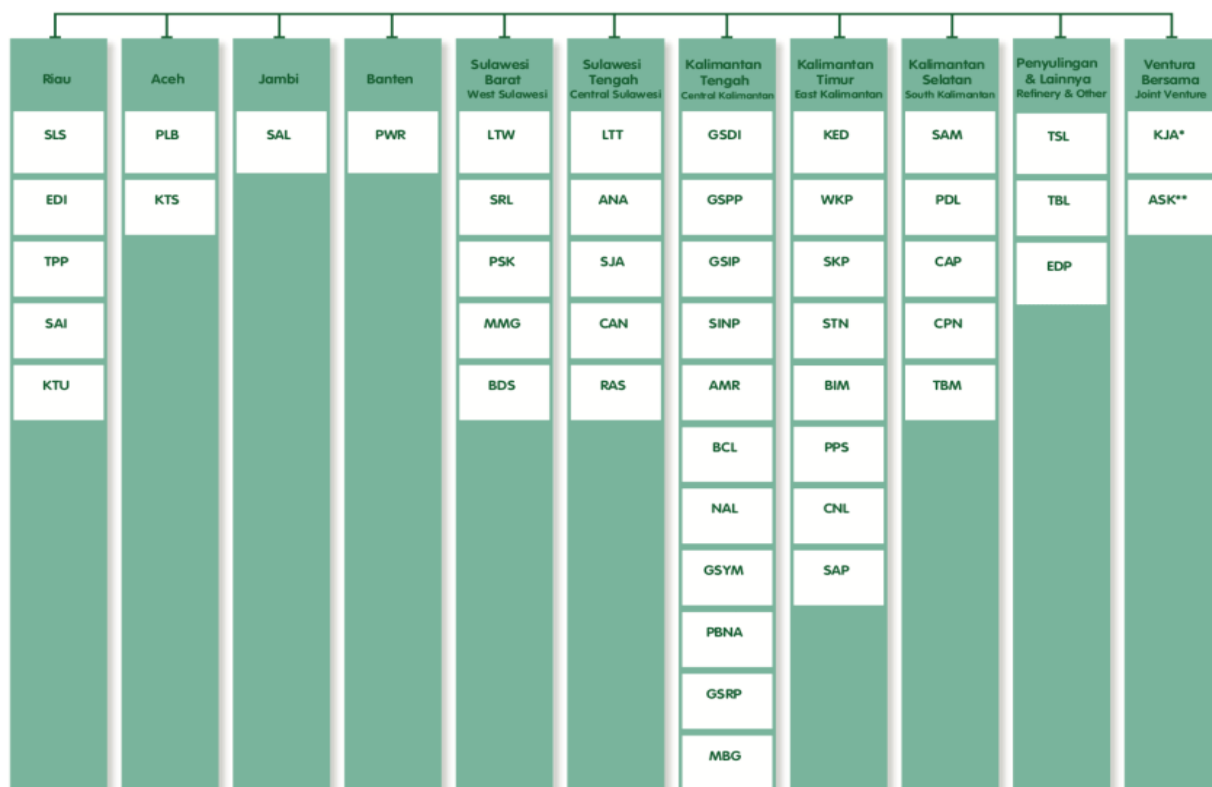
Company Profile

PT Astra Agro Lestari Tbk, initially established as PT Suryaraya Cakrawala in 1988, underwent a name change to PT Astra Agro Niaga in August 1989. It commenced operations as a palm oil enterprise, later diversifying into tea and cocoa cultivation in 1990, and introducing the "Cap Sendok" cooking oil brand in 1992. In 1997, the company rebranded as PT Astra Agro Lestari Tbk and subsequently debuted on the Indonesia Stock Exchange. The majority of its shares are held by Astra International Tbk. The collaboration with a Malaysian counterpart led to the establishment of ASTRA-KLK Pte, Ltd in Singapore in 2013, followed by the construction of a palm oil processing facility in Sulawesi in 2014. In subsequent years, strategic acquisitions included a stake in a refinery in Riau in 2015 and the establishment of a palm kernel oil plant in Sulawesi in 2017. Furthermore, fertilizer mixing plants were established in Sulawesi and Kalimantan. As a commitment to sustainability, the company has adhered to established sustainability standards, including the Indonesian Sustainable Palm Oil (ISPO). Astra Agro was one of the first companies to obtain ISPO certification in 2012 for one of its subsidiaries. To date, nearly all of the company's subsidiaries have been certified with ISPO. Additionally, some of the company's subsidiaries also hold International Sustainability and Carbon Certification (ISCC) certificates.

Company Group Structure



Prosper with the Nation



* Penyulingan/Refinery (Dumai, Riau)
 ** Perdagangan/Trading (Singapura/Singapore)

Chart 1: AALI's Production QoQ (in '000 tons)

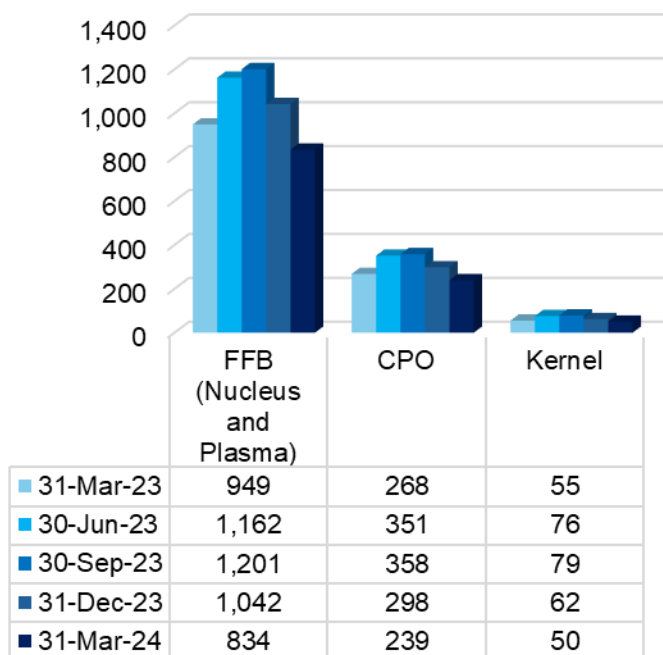


Chart 2: AALI's Net Profit For The Year Attributable To Parent Entity QoQ (in IDR Bn)

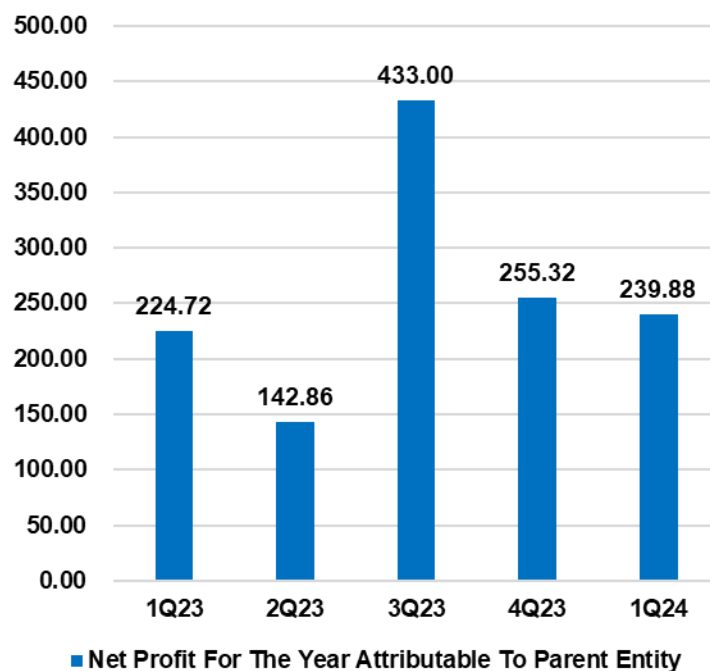


Chart 3: AALI's NPM Ratio (%)

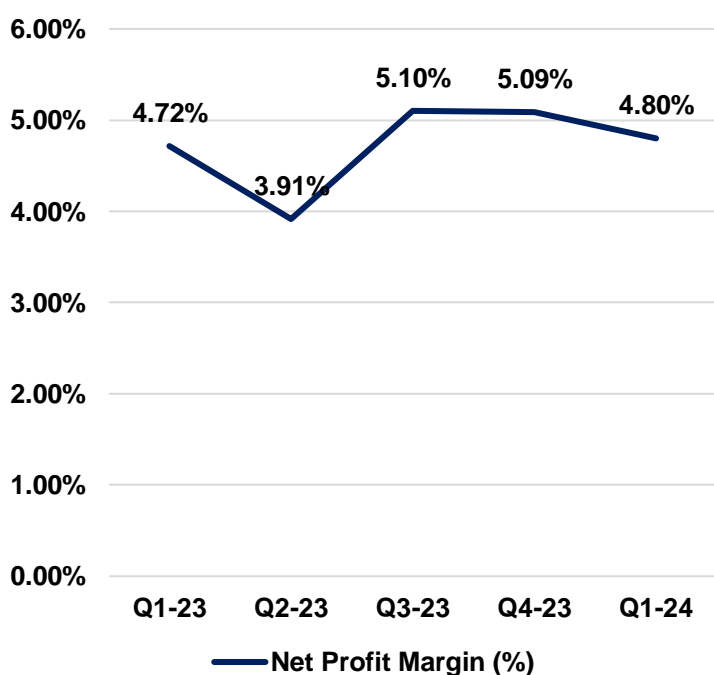


Chart 4: AALI's Debt-to-Equity (D/E) Ratio (x)

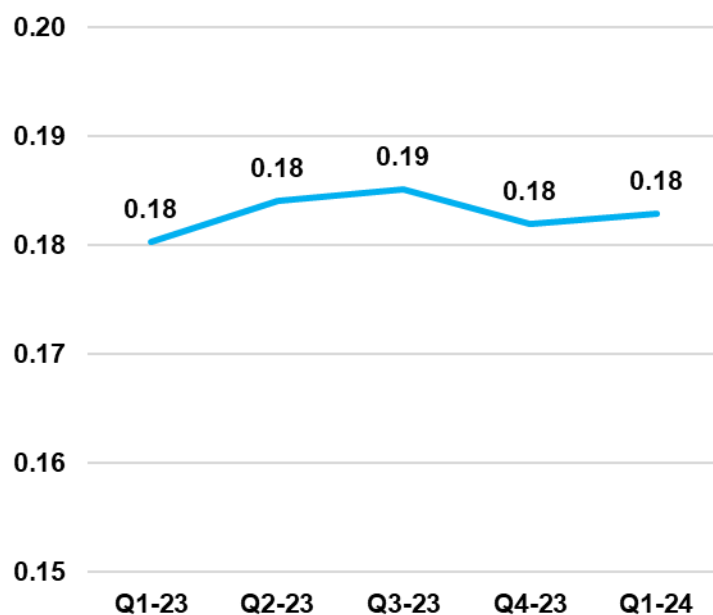


Chart 1: AALI's EBITDA and Net Profit For The Year Attributable To Parent Entity (in IDR Bn)

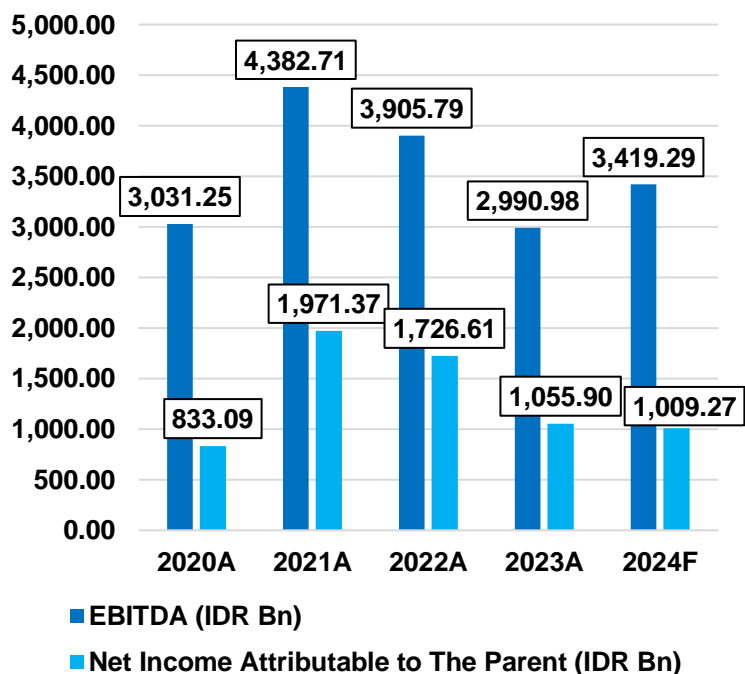


Chart 2: AALI's Profitability Ratio (%)

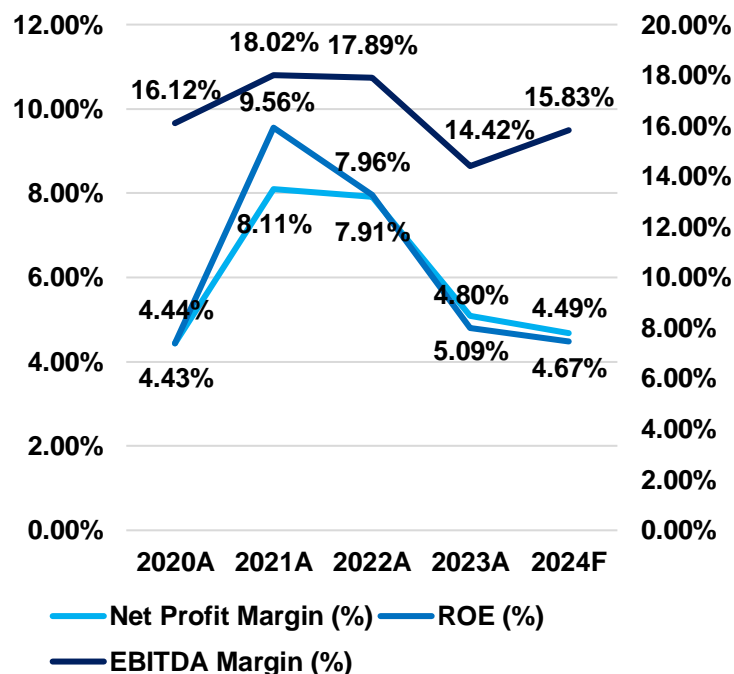


Chart 3: AALI's Efficiency Ratio (x)

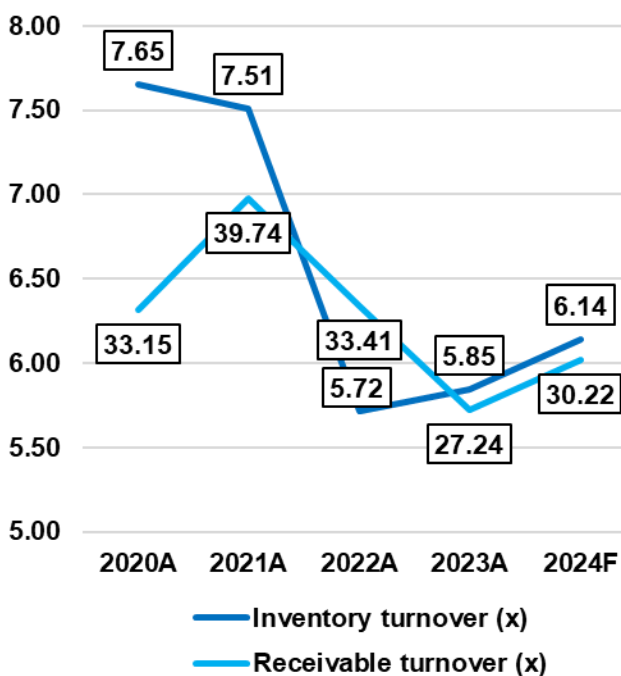
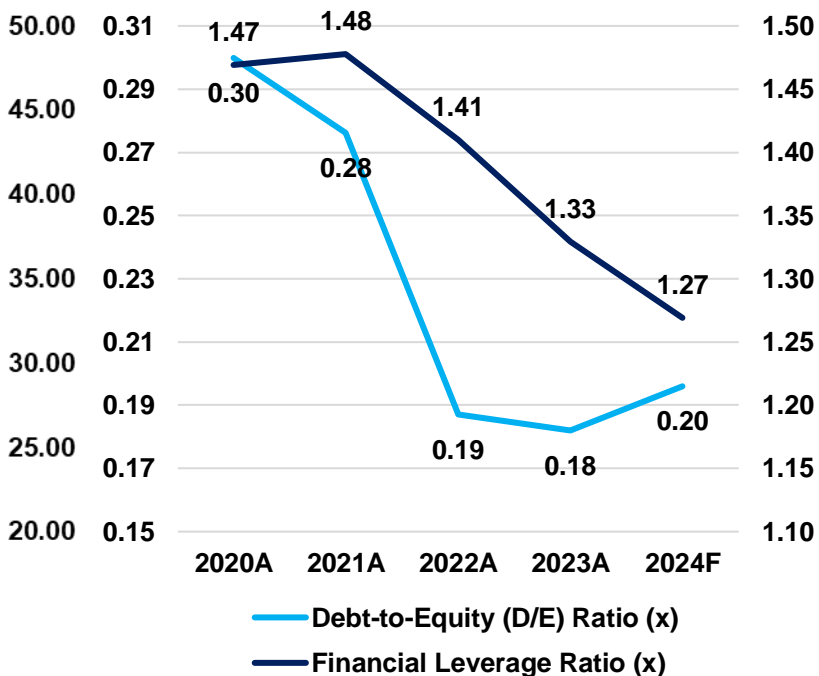


Chart 4: AALI's Solvency Ratio (x)



Profit or Loss

Statements of Profit or Loss (IDR Bn)	2020A	2021A	2022A	2023 A	2024F
Net sales	18,807.04	24,322.05	21,828.59	20,745.47	21,604.28
Cost of revenue	(15,844.15)	(19,492.03)	(18,006.47)	(17,974.49)	(18,482.43)
Gross Profit	2,962.89	4,830.01	3,822.12	2,770.98	3,121.85
Operating Expenses	(1,120.73)	(1,400.36)	(1,461.70)	(1,519.77)	(1,552.61)
Operating Profit	1,842.16	3,429.66	2,360.41	1,251.22	1,569.24
Other income (Expenses)	(379.52)	(516.49)	68.77	247.19	24.68
Income Before Tax	1,462.64	2,913.17	2,429.18	1,498.40	1,593.92
Tax	(568.86)	(845.81)	(637.13)	(410.23)	(547.25)
Net Income	893.78	2,067.36	1,792.05	1,088.17	1,046.67
Income For The Year Attributable To NCI	60.69	96.00	65.44	32.27	37.40
Net Profit For The Year Attributable To Parent Entity	833.09	1,971.37	1,726.61	1,055.90	1,009.27
EBITDA	3,031.25	4,382.71	3,905.79	2,990.98	3,419.29
EPS	833.09	1,971.37	1,726.61	1,055.90	1,009.27

Financial Position

Statements of Financial Position (IDR Bn)	2020A	2021 A	2022A	2023 A	2024F
Cash and Cash equivalents	979	3,896	1,620	2,090	2,719
Trade accounts receivable	766	458	849	674	755
Inventories	2,166	3,023	3,274	2,876	3,141
Other current assets	2,028	2,037	1,649	1,478	1,894
Total Current Assets	5,938	9,414	7,391	7,118	8,509
Fixed Assets	9,242	9,172	9,105	8,982	8,486
Other non-current assets	12,601	11,813	12,754	12,746	13,380
Total Non-current Assets	21,843	20,986	21,859	21,728	21,866
Total Asset	27,781	30,400	29,249	28,846	30,375
Trade accounts payable	770	1,027	1,224	842	1,033
Other current liabilities	1,022	4,934	829	3,040	4,054
Total Current Liabilities	1,793	5,960	2,053	3,882	5,086
Long-term liabilities	5,624	2,132	4,049	1,690	1,373
Other non-current liabilities	1,117	1,136	904	708	725
Total Non-current Liabilities	6,741	3,268	4,953	2,398	2,098
Total Liabilities	8,533	9,229	7,006	6,280	7,184
Non-controlling interests	495	552	559	550	693
Total Equity Attributable to Owners of the Company	18,752	20,619	21,684	22,016	22,498
Total Equity	19,248	21,171	22,243	22,566	23,191
Total Liabilities & Equity	27,781	30,400	29,249	28,846	30,375

Cash Flows

Statements of Cash Flows (IDR Bn)	2020A	2021A	2022A	2023 A	2024F
Net Income	18,807	24,322	21,829	20,745	21,604
+Depreciation and Amortization	1,234	1,203	1,243	1,299	1,375
- Changes in WC	(645)	3,609	(4,160)	2,572	443
Cash From Operating Activities	19,397	29,134	18,911	24,616	23,423
Changes in Fixed Assets	(635)	(1,133)	(1,176)	(1,176)	(879)
Changes in Other Long-Term Assets	59	788	(940)	8	(634)
Cash From Investing Activities	(576)	(346)	(2,116)	(1,168)	(1,513)
Changes in Long-Term Liabilities	88	(3,492)	1,917	(2,359)	(317)
Changes in Long-Term Liabilities	224	19	(232)	(196)	16
Changes in Equity	(18,538)	(22,399)	(20,757)	(20,423)	(20,979)
Cash From Financing Activities	(18,226)	(25,871)	(19,072)	(22,978)	(21,280)
Net Changes in Cash	596	2,917	(2,276)	470	630
Beginning Balance	383	979	3,896	1,620	2,090
Ending balance	979	3,896	1,620	2,090	2,719

Ratio Analysis

Ratio Analysis	2020A	2021A	2022A	2023 A	2024F
Liquidity					
Current Ratio (x)	3.31	1.58	3.60	1.83	1.67
Quick Ratio (x)	0.97	0.73	1.20	0.71	0.68
Cash Ratio (x)	0.55	0.65	0.79	0.54	0.53
Profitability					
Operating Margin (%)	15.75%	19.86%	17.51%	13.36%	14.45%
EBITDA Margin (%)	16.12%	18.02%	17.89%	14.42%	15.83%
Net Profit Margin (%)	4.43%	8.11%	7.91%	5.09%	4.67%
ROE (%)	4.44%	9.56%	7.96%	4.80%	4.49%
ROA (%)	3.00%	6.48%	5.90%	3.66%	3.32%
Efficiency					
Receivable turnover (x)	33.15	39.74	33.41	27.24	30.22
A/R Days	11.04	9.18	10.93	13.40	12.80
Inventory turnover (x)	7.65	7.51	5.72	5.85	6.14
Inventory Days	50.02	38.76	52.59	63.94	60.72
Solvency					
Debt-to-Equity (D/E) Ratio (x)	0.30	0.28	0.19	0.18	0.20
Debt Ratio (x)	0.24	0.22	0.16	0.16	0.19
Interest Coverage Ratio (x)	4.40	8.69	6.44	4.66	4.88
Financial Leverage Ratio (x)	1.47	1.48	1.41	1.33	1.27
Per Share Ratio (IDR)					
EPS	432.84	1,024.25	897.08	548.61	524.38
BVPS	9,743	10,713	11,266	11,439	11,689

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.

**RESEARCH TEAM
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