

HOLD

Investment Consideration

In 3Q23 production grew quarterly by double digit

As of 9M23, Total FFB nucleus and CPO production decreased by -1% YoY and -4% YoY, respectively, to 853,000 tonnes and 216,000 tonnes, inline with lower FFB production of -2.2%. However, in 3Q23, FFB nucleus and CPO production increased by 29% and 24%, respectively, compared to 2Q23. Palm kernel production volume during 9M23 decreased by -2% YoY. LSIP's total oil palm planted area as of 9M23 increased to 91,675 hectares (ha) from 90,574 ha in 9M22. Meanwhile, the total planted area, including rubber in 9M23, was 111,852 ha, up from 110,643 ha in 9M22. CPO extraction rate and palm kernel extraction rate during 9M23 were 21.7% and 6.3%, respectively. We estimate FFB and CPO production in 2023 will grow by -4% and -1%, respectively, inline with the 9M23 result. CPO and PK extraction rates will be 22.49% and 6.27%, respectively, inline with lower CPO and palm kernel production.

Higher bottom line in 3Q23

In 9M23, LSIP revenue decreased by -4% YoY from IDR 3.04 trillion to IDR 2.92 trillion. The decrease in revenue is in line with the lower average selling prices of palm products (CPO & PK), partly offset by higher sales volume of palm products. As of 3Q23, LSIP was able to book a significant bottom-line net profit increase of 453.6% QoQ as LSIP was able to lower their COGS and operating expenses by -15.4% QoQ and -118.5% QoQ, respectively. LSIP maintained its healthy financial position with no bank loans as of 9M23. We estimate the bottom-line profit in 2023-2024FF will reach an average growth CGAR of -18% compared to 2022FY due to lower revenue, cost control and efficiency improvements and lower average selling prices. Going forward, we estimate CPO prices will not rise higher than the current price as we expect supply and demand in the market to normalize.

Valuation: 19% upside

We estimate a TP within one year of IDR 1,055, which is EV/EBITDA of 2.46x and EV/ha of 2,065 USD/Ha or trading at 10.10x PER. With 19% upside, we recommend to HOLD.

Financial Highlights	2020 A	2021 A	2022 A	2023 F	2024 F	2025 F
Profitability						
EBITDA margin(%)	46.9%	44.5%	43.8%	36.5%	37.6%	21.0%
NET Profit margin(%)	19.7%	21.9%	22.6%	15.2%	15.9%	15.8%
ROE (%)	7.5%	9.7%	9.5%	5.9%	6.0%	5.9%
Stability						
Debt/ Equity (x)	0.18	0.17	0.14	0.12	0.12	0.12
Current ratio	4.89	6.18	7.20	9.27	9.41	9.08
Debt Ratio (x)	0.15	0.14	0.12	0.11	0.11	0.11

15 December 2023
Plantation, Equity

Price IDR 885
Target Price IDR 1055
JKSE Index 7182.6



Stock Code LSIP J
Bloomberg code 6,070
Market cap (IDR.bn) 1,135
52-Week High (IDR) 880
52-Week Low (IDR) 988
Avg Daily. Val (IDR) 40.38
Free Float (%)

Major Shareholders (%)
SIMP 59.51%
Indofood Agri resources, Ltd 0.11%
33
Public 40.38%

USD/IDR-YE
2022A 15731
2023F 15500

Key Indicators
Current ratio 9.41
EBITDA Margin (%) 37.60

Analyst: Revita Dhiah Anggrainy
revita.anggrainy@binaartha.com

Company Structure

I. As of 9M23

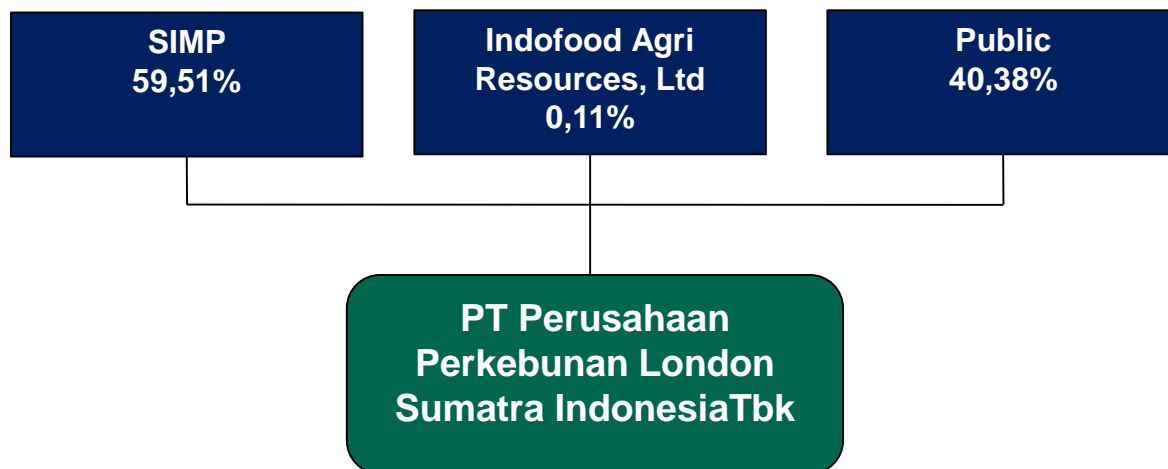


Chart: FFB vs CPO production yoy (in mn tons)

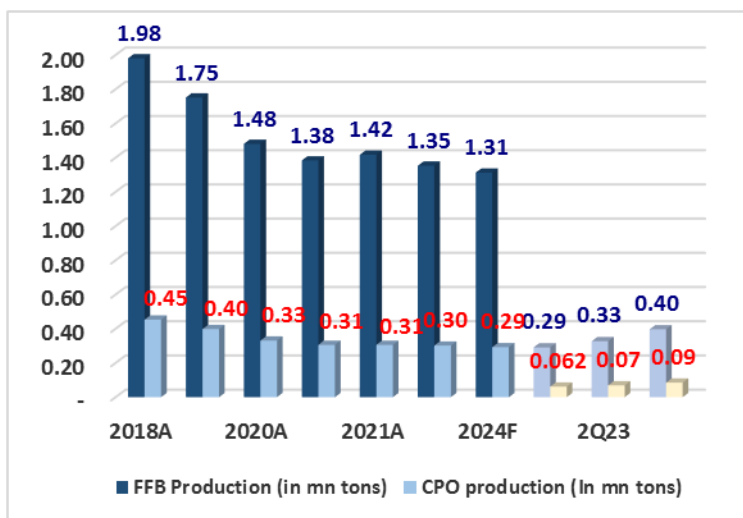


Chart: cash cost/ha (IDR.000) yoy

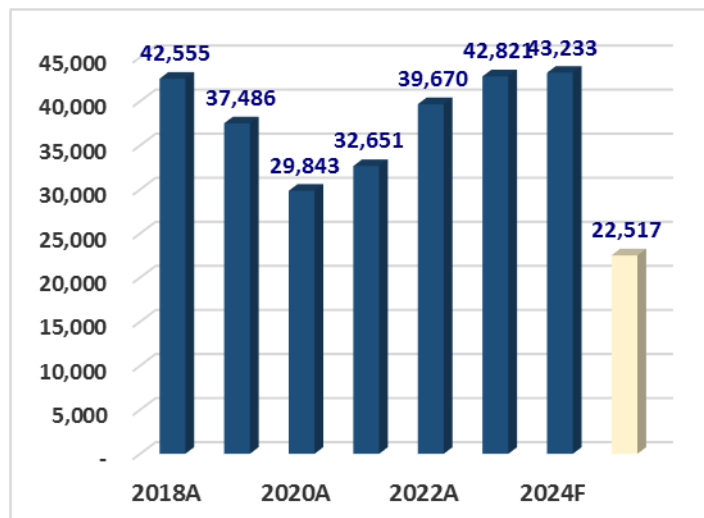


Chart: LSIP's planted area (ha) yoy

Nuclues planted area(Ha)

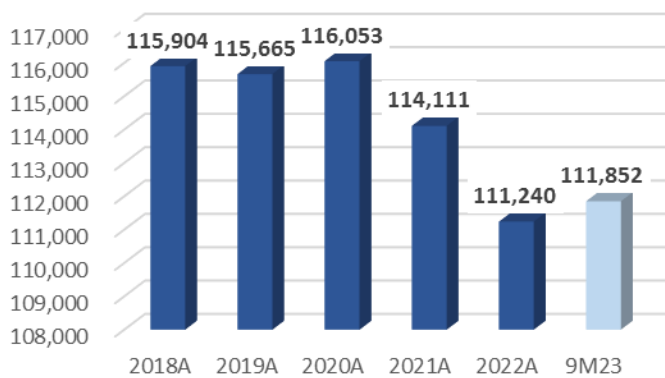


Chart: FFB yield/ha yoy

FFB yield/ha

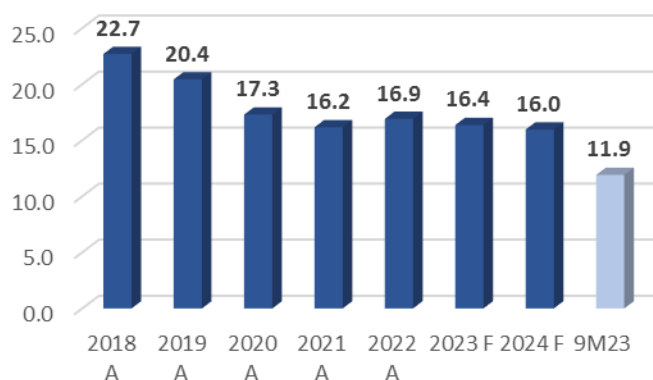
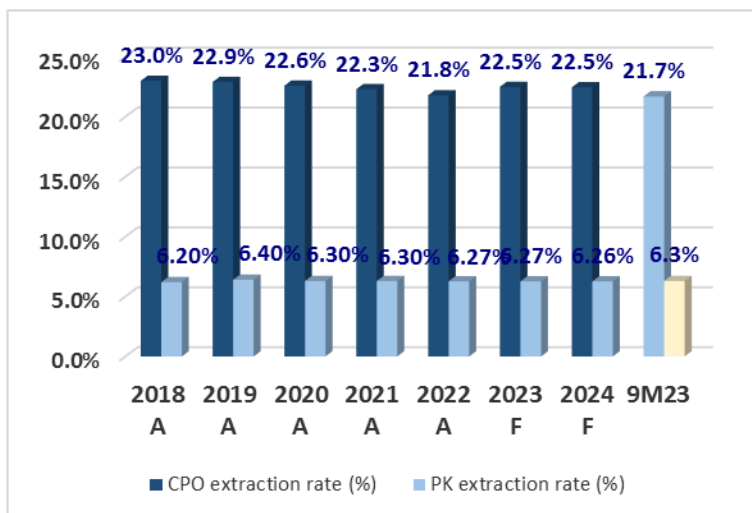


Chart: CPO extraction rate vs PK extraction rate (%) yoy



Profit and Loss

Profit and Loss (IDR.bn)	2019 A	2020 A	2021 A	2022 A	2023 F	2024 F	2025 F
Revenue	3,699	3,537	4,525	4,585	4,370	4,400	4,574
COGS	(3,138)	(2,461)	(2,717)	(3,094)	(3,331)	(3,312)	(3,455)
Gross Profit	562	1,076	1,808	1,491	1,039	1,088	1,120
Operating expense	(261)	(260)	(617)	(286)	(284)	(286)	(297)
Operating Profit	301	816	1,191	1,206	755	802	822
Other income	52	44	56	78	131	132	137
Pretax income(PBT)	353	860	1,247	1,284	886	934	960
taxes	(100)	(165)	(256)	(248)	(221)	(234)	(240)
Minority interest	1.3	0.5	0.8	1.2	0.0	0.8	1.4
EPS	37	102	145	152	97	103	106
Net Profit	254	696	991	1,036	664	701	721
EBITDA	804	1,658	2,014	2,007	1,596	1,656	960

Balance Sheet

Balance Sheet (IDR.bn)	2019 A	2020 A	2021 A	2022 A	2023 F	2024 F	2025 F
Cash and cash equivalent	1,132	1,959	3,368	3,811	4,273	4,408	4,376
Trade Account Receivable	367	214	172	226	239	209	231
inventory	342	364	368	653	712	708	738
Other current asset	352	383	400	417	437	440	457
Current Asset	2,192	2,920	4,308	5,107	5,661	5,764	5,803
Fixed Asset	6,311	6,313	5,827	5,666	5,361	5,800	6,265
other long term asset	1,722	1,689	1,717	1,644	1,661	1,628	1,693
Total non current Asset	8,033	8,003	7,543	7,310	7,021	7,428	7,957
Total Asset	10,225	10,923	11,851	12,417	12,682	13,192	13,760
Trade Account Payable	235	164	212	330	204	205	213
acrued expenses	19	35	13	24	22	19	23
Other Payable	85	95	96	80	80	80	83
Other current liabilities	129	303	375	275	306	308	320
Total current liabilities	467	597	697	710	611	613	639
Lease liabilities	0	0	4	0	0	0	0
Other Long term liabilities	1,260	1,039	978	772	787	792	823
Total long term/ non current liabilities	1,260	1,039	982	772	787	792	823
Total Liabilities	1,727	1,636	1,679	1,481	1,397	1,405	1,462
non controlling interest	3	2	1	0	0	0	0
Total Equities	8,496	9,284	10,171	10,936	11,285	11,787	12,298
Total Liabilities & Equity	10,225	10,923	11,851	12,417	12,682	13,192	13,760

Cash Flow

Cash Flow (IDR.bn)	2019A	2020A	2021A	2022A	2023F	2024F	2025F
+ Net Income	254	696	991	1,036	664	701	721
Depreciation	385	380	373	360	368	382	0
- Change in WC	(338)	230	121	(343)	(191)	34	(44)
Cash From Operating Activities	300	1,305	1,485	1,053	841	1,117	677
Net fixed asset	(461)	(382)	114	(199)	(63)	(821)	(465)
other long term asset	(363)	33	(28)	73	(17)	33	(65)
cash from investing activities	(824)	(349)	87	(126)	(80)	(788)	(530)
Long term liabilities	0	0	4	(4)	0	0	0
Other Long term liabilities	80	(221)	(61)	(207)	15	5	31
equity	(88)	92	(105)	(273)	(315)	(199)	(210)
cash from financing activities	(8)	(129)	(162)	(484)	(300)	(194)	(179)
Net Changes in Cash	(532)	827	1,409	444	462	135	(31)
Beginning Balance	1663	1132	1959	3368	3811	4273	4408
Ending balance	1,132	1,959	3,368	3,811	4,273	4,408	4,376

Ratio Financial Highlights

	2020 A	2021 A	2022 A	2023 F	2024 F	2025 F
Growth (% YoY)						
Net Revenue	-4%	28%	1%	-5%	1%	4%
OP	172%	46%	1%	-37%	6%	3%
EBITDA	106%	21%	0%	-20%	4%	-42%
NP	174%	42%	5%	-36%	6%	3%
EPS	174%	42%	5%	-36%	6%	3%
Profitability						
Operating Margin(%)	23.1%	26.3%	26.3%	17.3%	18.2%	18.0%
EBITDA margin(%)	46.9%	44.5%	43.8%	36.5%	37.6%	21.0%
NET Profit margin(%)	19.7%	21.9%	22.6%	15.2%	15.9%	15.8%
ROE (%)	7.5%	9.7%	9.5%	5.9%	6.0%	5.9%
ROA (%)	6.4%	8.4%	8.3%	5.2%	5.3%	5.2%
Stability						
Tot Debt/ Equity (x)	0.18	0.17	0.14	0.12	0.12	0.12
Current ratio	4.89	6.18	7.20	9.27	9.41	9.08
Debt Ratio (x)	0.15	0.14	0.12	0.11	0.11	0.11
Per Share data (Rp)						
EPS	102.01	145.28	151.91	97.35	102.80	105.70
BVS	1,360.8	1,490.8	1,602.8	1,654.0	1,727.6	1,802.4

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
(62-21) 520-6678 ext.612

Disclaimer; PT Binaartha Sekuritas has compiled this report in good faith, using information believed to be reliable. PT Binaartha and its analyst take no responsibility for the accuracy of the information contained in this report. This report has been produced for distribution to clients of PT Binaartha Sekuritas only. This report is not an invitation to buy or sell any security. PT Binaartha Sekuritas may have used the information in this report prior to publication. The company or its clients may have positions in or may from time to time buy or sell the securities mentioned in this report or other related securities.