



3 February 2023
Plantation, Equity

Price IDR 420
Target Price IDR 800
JKSE Index 6930.727



BUY Investment Consideration

9M22 CPO production up 5%

As of 9M22, SIMP produced 551,000 tons of CPO, an increase of +5% compared to the same period last year. FFB nucleus production was flat YoY at 2,1 million tons inline with unfavourable weather particularly in the 1H22. In 9M22, total sales volume of CPO was down -11% YoY to 459 thousand tons while palm kernel production also decreased -4% YoY. We adjust our target for total FFB and CPO in 2022 to 3.628 million tons and 721 thousand tons respectively. We expect production in 2022 will remain affected by unfavourable weather but will slightly increase YoY inline with last year's growth.

Double-digit EBITDA growth

Despite flat growth of production during 9M22, SIMP recorded an increase in core profit for the period by 45% to IDR 1.16 trillion. In 9M22, SIMP group reported a total sales decrease of -13% YoY primarily due to lower sales of edible oil & fats which was partly offset by higher average sales prices of palm products. SIMP group reported EBITDA of IDR. 3.36 trillion or up +14% YoY and bottom line profit for the period increased +45% YoY. The EBITDA margin in 9M22 was still a high 24% despite the slower revenue growth. We estimate EBITDA margins during 2022-2023F will remain higher than 2021A at 25% and 24% respectively inline with higher palm product prices during 2022F-2023F.

Valuation: significant upside

We estimate a TP within one year of IDR 800, which is an EV/EBITDA of 4.40x or trading at 9.37x PER. With 90% upside, our recommendation is BUY.

Stock Code SIMPI IJ
Bloomberg code 6540
Market cap (IDR.bn) 560
52-Week High (IDR) 560
52-Week Low (IDR) 392
Avg Daily. Val (IDR) 408
Free Float (%) 19.86

Major Shareholders (%)
IFAR, Singapore 73.46%
PT Indofood Sukses Makmur, Tbk 6.68%
Public 19.86%

USD/IDR-YE
2022A 15592
2023F 14799

Key Indicators 2023F
DER (x) 0.47
Debt ratio (x) 0.27
EBITDA Margin (%) 24.5

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Financial Highlights	2019 A	2020 A	2021 A	2022 F	2023 F
Profitability					
Operating Margin(%)	4.7%	12.2%	14.8%	15.9%	18.7%
EBITDA margin(%)	17.1%	20.9%	20.1%	21.5%	24.8%
NET Profit margin(%)	-4.0%	15.9%	17.1%	20.9%	20.1%
EPS	(35.2)	15.1	63.5	66.0	84.1
Stability					
Debt/ Equity (x)	0.59	0.57	0.49	0.48	0.47
Current ratio	0.77	0.88	1.04	1.04	1.04
Debt Ratio (x)	0.30	0.30	0.27	0.27	0.27

Company Profile

PT Salim Ivomas Pratama Tbk, was established in 1992 and by 1997 was a part of the Indofood group. In 2011, SIMP listed on the IDX. PT Salim Ivomas Pratama Tbk, together with its subsidiaries, operates as an integrated producer of edible oils and fats in Indonesia, China, Singapore, Nigeria, Timor Leste, the Philippines, Germany, Myanmar and other countries. It operates in two segments, Plantations, and Edible Oils and Fats. The Plantations segment is primarily involved in the development and maintenance of oil palm, rubber, sugar cane, and timber plantations; and processing, marketing, and selling of finished goods and related products. This segment also develops and maintains cocoa, coconut, agroforestry, and tea plantations. The Edible Oil and Fats segment produces, markets, and sells edible oils, margarines, shortening, fats, and other related products, as well as other by-products derived from palm oil refining and fractionation. The company also provides transportation, investment and research management, and technical services; and artificial primary macronutrients mix fertilizers. In addition, it engages in the bulking station business; and oil palm seed breeding activities, as well as engages in the agriculture, marketing and research, fishery and trading, and house prefabrication activities; and invests in agricultural technology and cultivation business. PT Salim Ivomas Pratama Tbk offers its products under the Bimoli, Bimoli Spesial, Delima, Happy, Palmia, Amanda, Simas, Royal Palmia, and Malinda brand names.

Company Structure

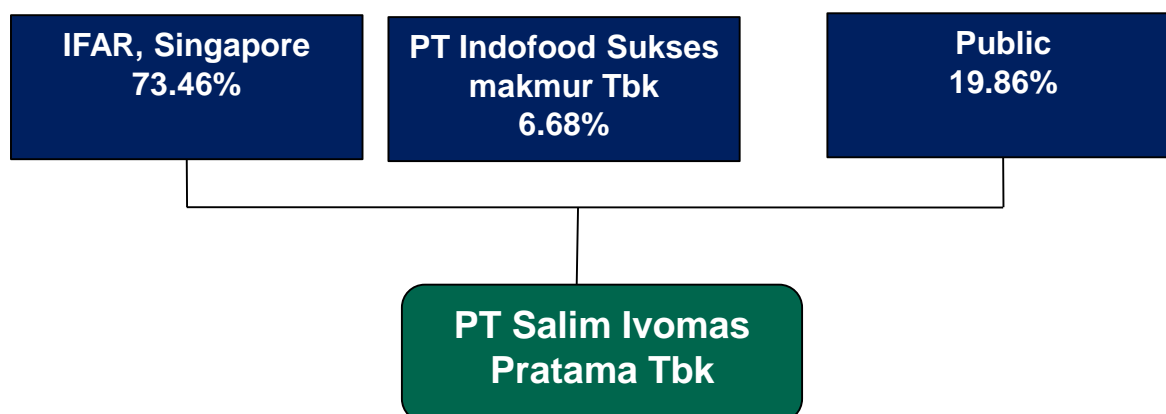


Chart: FFB vs CPO production yoy (in '000 tons)

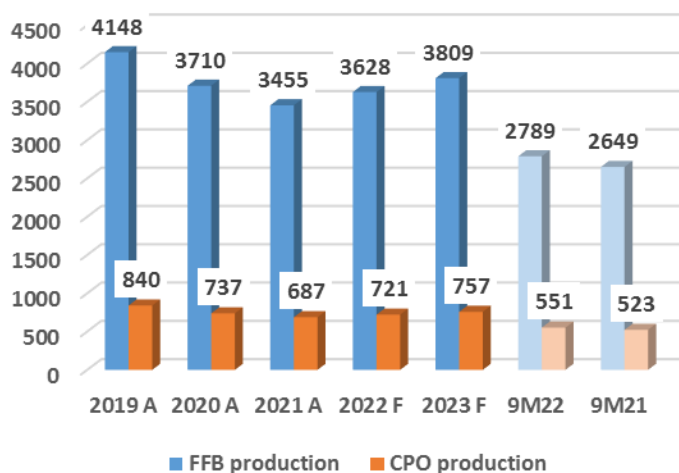


Chart: SIMP's planted area (ha) yoy

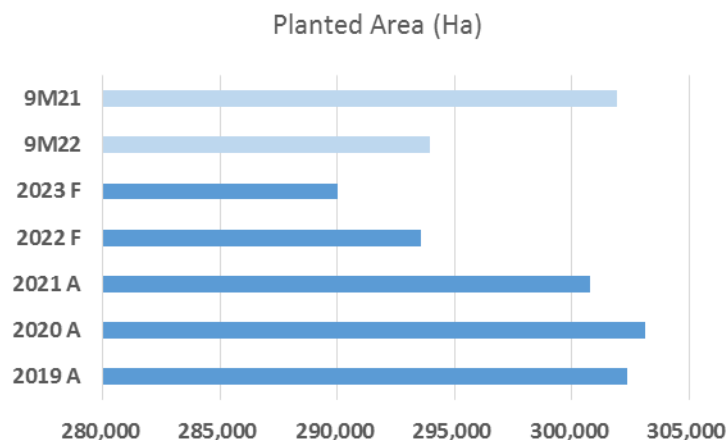


Chart: SIMP's Palm Nuclues vs plasma planted area (ha) yoy

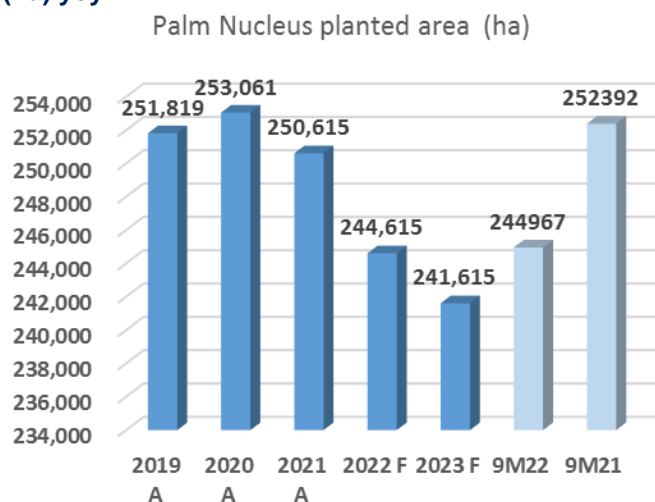


Chart: CPO extraction rate vs PK extraction rate (%) yoy

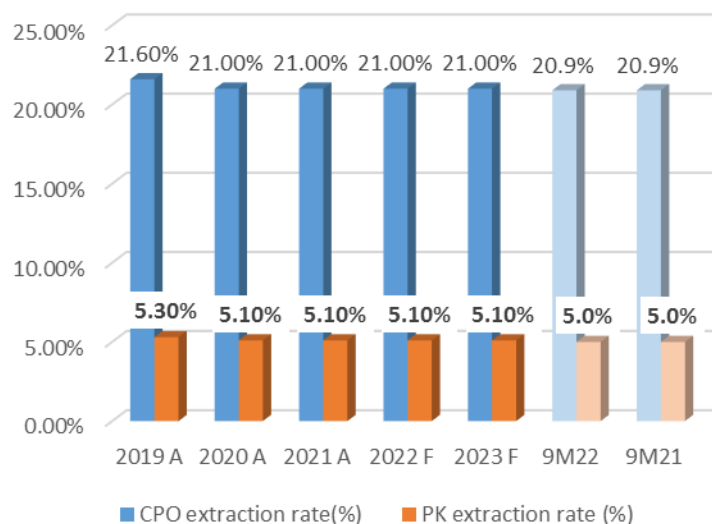
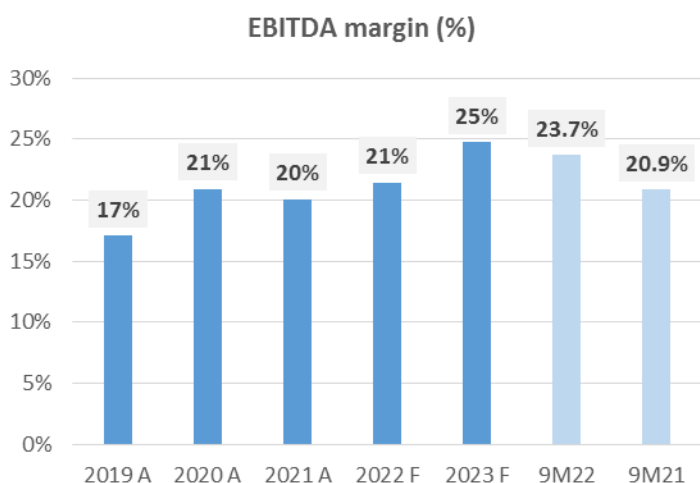


Chart: SIMP's EBITDA margin (%) YoY



Profit and Loss

Profit and Loss (IDR.bn)	2019 A	2020 A	2021 A	2022 F	2023 F	2024 F	2025 F
Revenue	13,650	14,475	19,659	16,579	16,305	17,974	19,823
COGS	(11,565)	(11,470)	(14,508)	(12,310)	(11,739)	(13,121)	(14,471)
Gross Profit	2,086	3,005	5,151	4,269	4,565	4,853	5,352
Operating expense	(1,447)	(1,233)	(2,238)	(1,640)	(1,514)	(1,669)	(1,841)
Operating Profit	639	1,772	2,913	2,629	3,051	3,184	3,511
Other income	(836)	(754)	(635)	(536)	(527)	(581)	(641)
Pretax income(PBT)	(197)	1,018	2,278	2,093	2,524	2,603	2,871
taxes	(445)	(677)	(944)	(851)	(1,026)	(1,058)	(1,167)
Minority interest	96	(106)	(349)	(317)	(312)	(344)	(379)
EPS	(35)	15	64	60	77	78	85
Net Profit	(546)	234	984	926	1,187	1,201	1,325
EBITDA	2,334	3,030	3,948	3,558	4,036	4,227	4,618

Balance Sheet

Balance Sheet (Rp.bn)	2019 A	2020 A	2021 A	2022 F	2023 F	2024 F	2025 F
Cash and cash equivalent	1,717	2,427	3,726	3,545	4,291	4,893	5,563
Trade Account Receivable	1,209	1,196	1,463	1,302	1,247	1,393	1,526
inventory	2,254	2,672	2,655	3,448	3,188	3,626	3,937
Other current asset	1,579	1,514	1,683	1,577	1,473	1,667	1,815
Current Asset	6,759	7,809	9,527	9,872	10,199	11,578	12,841
Fixed Asset	20,342	20,267	19,510	20,054	21,257	22,532	23,884
other long term asset	7,810	7,319	6,942	6,632	6,522	7,190	7,929
Total non current Asset	28,152	27,586	26,452	26,685	27,779	29,722	31,814
Total Asset	34,911	35,395	35,979	36,557	37,978	41,301	44,654
Trade Account Payable	892	785	755	741	659	763	827
Short Term bank loans	6,244	5,944	6,019	6,620	7,282	8,010	8,811
Other short term liabilities	1,170	1,652	1,800	1,705	1,585	1,798	1,955
current portion of long term bank loan	500	449	586	504	491	544	598
Total current liabilities	8,807	8,830	9,160	9,571	10,017	11,116	12,192
Long term bank loan	3,833	4,141	3,088	2,653	2,609	2,876	3,172
Due to related parties	1,660	1,582	1,563	1,565	1,418	1,630	1,760
Employee benefits liability	2,424	1,914	1,893	1,894	1,716	1,973	2,131
Deffered tax laibilities	370	379	440	403	380	428	467
Other Long term liabilities	35	60	50	53	42	43	44
Total long term/ non current liabilities	8,323	8,075	7,033	6,567	6,165	6,949	7,574
Total Liabilities	17,130	16,905	16,193	16,138	16,182	18,065	19,766
non controlling interest	3,296	3,557	4,118	3,548	3,738	3,977	4,304
Total Equities	14,485	14,933	15,668	16,871	18,058	19,259	20,584
Total Liabilities & Equity	34,911	35,395	35,979	36,557	37,978	41,301	44,654

Cash Flow

Cash Flow (in bnIDR)	2019 A	2020 A	2021 A	2022 F	2023 F	2024 F	2025 F
+ Net Income	(546)	234	984	926	1,187	1,201	1,325
Depreciation	1,695	1,258	1,035	929	984	1,044	1,106
- Change in WC	891	(317)	(89)	(115)	865	320	484
Cash From Operating Activities	2,040	1,176	1,930	1,740	3,036	2,565	2,915
Capex	(1,971)	(1,183)	(278)	(1,472)	(2,188)	(2,319)	(2,458)
other long term asset	(198)	491	377	310	110	(668)	(739)
Cash From investing Activities	(2,170)	(692)	99	(1,162)	(2,078)	(2,987)	(3,198)
Long term bank loan	(386)	308	(1,053)	(435)	(44)	267	296
Due to related parties	8	(78)	(20)	3	(148)	212	131
Employee benefits liability	101	(511)	(21)	1	(178)	256	158
Deffered tax laibilities	9	9	61	(37)	(22)	47	39
Other Long term liabilities equity	3	24	(9)	3	(11)	1	1
	41	474	312	(293)	190	238	327
Cash From Financing Activities	(225)	227	(730)	(759)	(212)	1,023	953
Net Changes in Cash	(355)	710	1,299	(181)	746	601	670
Beginning Balance	2071	1717	2427	3726	3545	4291	4893
Ending balance	1,717	2,427	3,726	3,545	4,291	4,893	5,563

Ratio Financial Highlights

	2019 A	2020 A	2021 A	2022 F	2023 F	2024 F	2025 F
Growth (% YoY)							
Revenue	-4%	6%	36%	-16%	-2%	10%	10%
OP	-34%	177%	64%	-10%	16%	4%	10%
EBITDA	4%	30%	30%	-10%	13%	5%	9%
NP	613%	-143%	320%	-6%	28%	1%	10%
EPS	613%	-143%	320%	-6%	28%	1%	10%
Profitability							
Operating Margin(%)	4.7%	12.2%	14.8%	15.9%	18.7%	17.7%	17.7%
EBITDA margin(%)	17.1%	20.9%	20.1%	21.5%	24.8%	23.5%	23.3%
NET Profit margin(%)	-4.0%	1.6%	5.0%	5.6%	7.3%	6.7%	6.7%
Stability							
Debt/ equity (x)	0.59	0.57	0.49	0.48	0.48	0.49	0.51
current ratio (x)	0.77	0.88	1.04	1.03	1.02	1.04	1.05
Debt Ratio (x)	0.30	0.30	0.27	0.27	0.27	0.28	0.28
Per Share data (Rp)							
EPS	(35.2)	15.1	63.5	59.7	76.6	77.5	85.5
BVS	1,147.1	1,192.8	1,276.4	1,317.2	1,406.1	1,499.0	1,605.5

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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