

Astra Agro Lestari Tbk (AALI IJ)

Kondisi Mulai Membaik

Kinerja AALI di 3Q19 membaik secara kuartalan walaupun pendapatan turun 10,1% QoQ namun strategi AALI untuk melakukan efisiensi pada beberapa biaya memberikan laba bersih yang tumbuh 970,6% QoQ. Harapan peningkatan harga CPO dan konsumsi domestik menjadi sinyal bagi AALI untuk tetap membukukan kinerja positif di 2019.

Kinerja Membaik Secara Kuartalan

Melemahnya harga CPO di 1H19 membuat AALI tidak mungkin untuk menyamai pencapaian di 2018 akan tetapi kinerja AALI sudah membaik secara kuartalan. Pada 3Q19, AALI hanya membukukan pendapatan sebesar Rp3,8 triliun (-10,1% QoQ) tetapi beberapa biaya berhasil diminimalisasi oleh AALI, seperti beban pokok pendapatan tercatat Rp3,3 triliun (-13,4% QoQ) disertai beban operasional senilai Rp278 miliar (-2,8% QoQ) sehingga menghasilkan laba bersih sebesar Rp67,5 miliar (+970,6% QoQ). Untuk 2019F, kami memperkirakan AALI akan mampu membukukan pendapatan sebesar Rp16 triliun ditopang harga CPO yang meningkat. Adapun, kinerja laba bersih akan terjadi penurunan di level 86% YoY, lebih baik jika dibandingkan kompetitor yang berpotensi mengalami penurunan laba bersih diatas 100% YoY.

Efisiensi Berhasil Meningkatkan Margin

AALI berhasil memperbaiki margin di 3Q19, tercatat GPM sebesar 13% (vs. 9% di 2Q19), OPM sebesar 6% (vs. 3% di 2Q19) dan NPM sebesar 2% (vs 0,2% di 2Q19). Peningkatan itu berkat efisiensi pada biaya produksi, tercatat biaya produksi AALI sebesar Rp3,3 triliun (-13,4% YoY).

Konsumsi Domestik Meningkat

Peningkatan produksi domestik telah mencapai 36 juta ton (+13% YoY) dan konsumsi domestik sebesar 13,1 juta ton (+38% YoY) selama periode 9M19. Kami memprediksi konsumsi domestik hingga akhir tahun dapat mencapai rentang 14,9-15,4 juta ton dengan asumsi porsi serapan biodiesel direntang 23,5%-24,7%, meningkat dari tahun lalu.

Rating BUY dengan Target Harga Rp15.600

Sampai akhir tahun, kami mengestimasi untuk harga CPO berpotensi menguat pada rentang RM2.830/ton-RM2.910/ton kemudian didukung oleh efisiensi biaya produksi dari AALI sebagai faktor yang mendukung kinerja AALI tetap positif dibandingkan kompetitornya. Untuk jangka panjang, program biodiesel akan memberikan efek positif terhadap industri CPO yang secara tidak langsung akan menguntungkan AALI melalui peningkatan konsumsi domestik. Dengan begitu, kami memberikan rekomendasi BUY dengan target harga di Rp15.600 atau potensi upside 15,6% berdasarkan metode *forward P/E* 26,5x (+0,65 SD diatas rata-rata historis 3 tahun terakhir). Saat ini, AALI diperdagangkan dengan *P/E* 2019F 118,7x.

Astra Agro Lestari Tbk | Summary

	2018A	2019F	2020F	2021F
Sales	19,084	16,056	17,065	18,314
Growth (%)	10.3%	-15.9%	6.3%	7.3%
EBITDA	3,586	1,816	2,248	2,614
Net Profit	1,439	201	377	519
EPS (IDR)	747	105	196	270
Growth (%)	-28.4%	-86.0%	87.3%	37.7%
P/E	15.8x	118.7x	66.6x	50.8x
P/BV	1.2x	1.3x	1.3x	1.4x
EV/EBITDA	17.0x	34.4x	28.7x	24.8x
ROE (%)	7.6%	1.0%	2.0%	2.7%
DER (%)	24.3%	31.7%	32.4%	35.3%
Net Debt	4,682	5,268	5,362	5,947

Unit: IDR bn, %, x

Source: Company Data, Bloomberg, NHKS Research

Please consider the rating criteria & important disclaimer

Buy

Dec 2020 TP (IDR)	15,600
Consensus Price (IDR)	13,743
TP to Consensus Price	+18.4%
vs. Last Price	+15.6%

Shares data

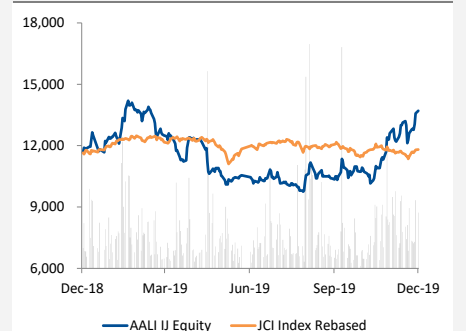
Last Price (IDR)	13,500
Price Date as of	Dec 10, 2019
52 wk Range (Hi/Lo)	14,400 / 9,500
Free Float (%)	20.3
Outstanding sh.(mn)	1,925
Market Cap (IDR bn)	23,240
Market Cap (USD mn)	1,656
Avg. Trd Vol - 3M (mn)	0.9
Avg. Trd Val - 3M (bn)	10.6
Foreign Ownership	5.2%

Agriculture

Crude Palm Oil

Bloomberg	AALI IJ
Reuters	AALI.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	15.6%	3.8%	23.6%	15.9%
Rel. Ret.	15.6%	3.5%	24.3%	14.7%

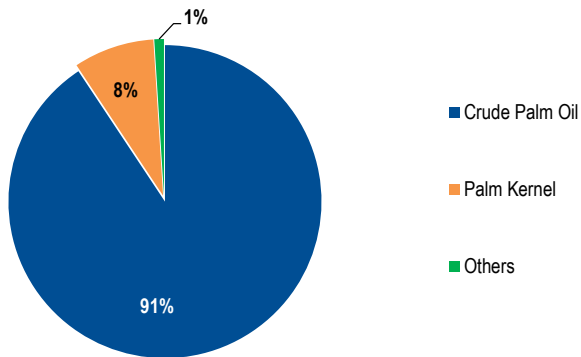
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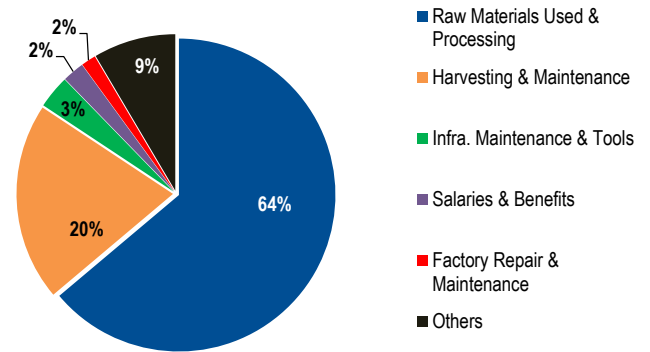
Performance Highlights in Charts

9M19 Revenue Breakdown



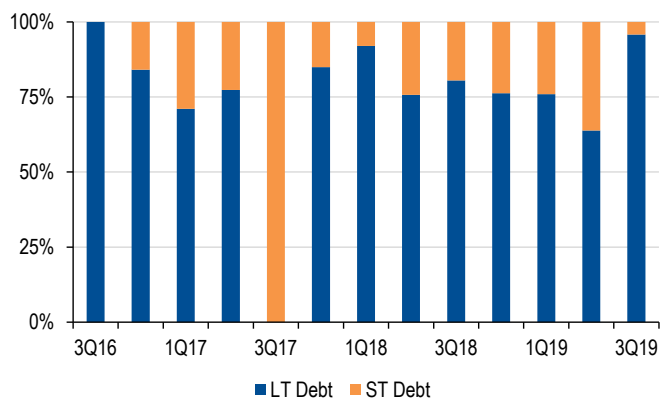
Source: Company Data, NHKS Research

9M19 Production Cost Composition



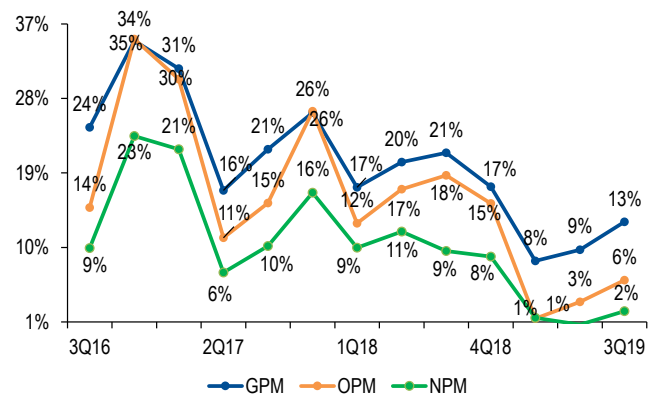
Source: Company Data, NHKS Research

Debt Portion



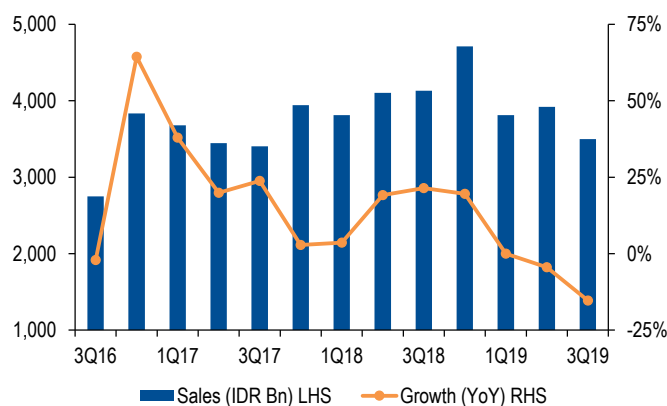
Source: Company Data, NHKS Research

Margin Ratios



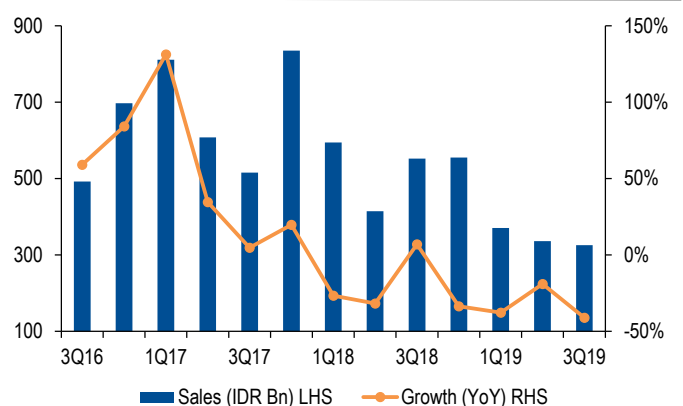
Source: Company Data, NHKS Research

CPO Sales & Growth



Source: Company Data, NHKS Research

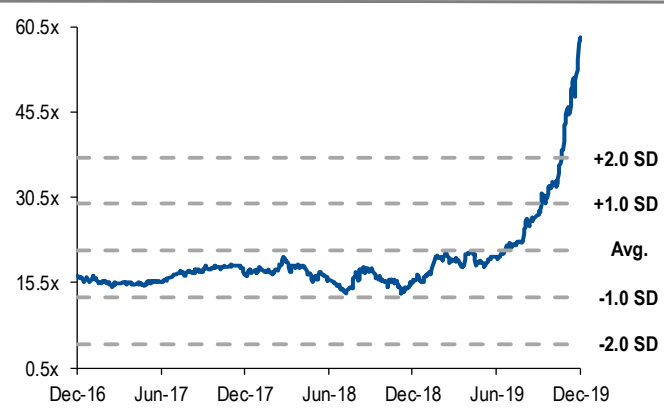
Palm Kernel Sales & Growth



Source: Company Data, NHKS Research

Valuation Highlights in Charts

3-Year Forward P/E Band



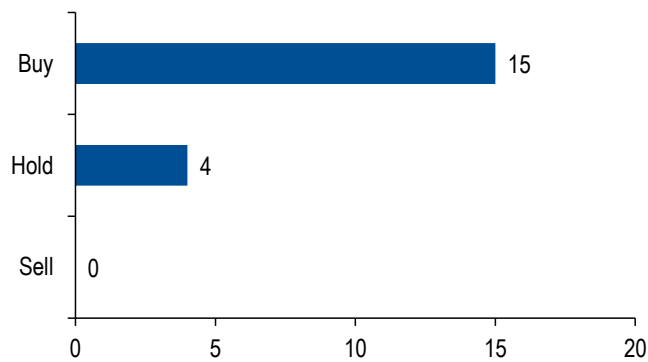
Source: Bloomberg, NHKS Research

3-Year Dynamic Forward P/E Band



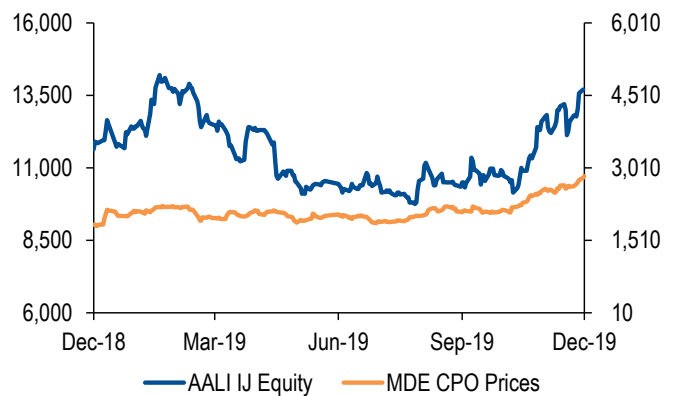
Source: Bloomberg, NHKS Research

Recommendations by Analysts



Source: Bloomberg, NHKS Research

Stock and CPO Prices Correlated Positively



Source: Bloomberg, NHKS Research

Quarterly Review

	3Q18	4Q18	1Q19	2Q19	3Q19			4Q19E	
					Actual	Estimate	Y-Y		Q-Q
Income statement									
Sales	4,740	5,323	4,233	4,294	3,860		-18.6%	-10.1%	3,670
Gross Profit	992	896	333	396	486		-51.0%	22.9%	394
EBIT	684	556	34	109	208		-69.6%	90.1%	160
EBITDA	998	884	447	518	361		-63.8%	-30.3%	490
Net Profit	340	315	37	6	67		-80.2%	970.6%	90
Margin									
Gross Margin	20.9%	16.8%	7.9%	9.2%	12.6%		-8.3%	3.4%	10.7%
EBIT Margin	14.4%	10.4%	0.8%	2.5%	5.4%		-9.0%	2.8%	4.4%
EBITDA Margin	21.0%	16.6%	10.6%	12.1%	9.4%		-11.7%	-2.7%	13.4%
Net Profit Margin	7.2%	5.9%	0.9%	0.1%	1.7%		-5.4%	1.6%	2.5%

Unit: IDR bn, %

Source: Company Data, NHKS Research

Earnings Revision

		2019F	2020F	2021F
Income Statement				
Sales	-Revised	16,056	17,065	18,314
	-Previous	20,594		
	-Change	-22.0%		
Gross Profit	-Revised	1,610	2,005	2,389
	-Previous	5,140		
	-Change	-68.7%		
EBIT	-Revised	511	837	1,135
	-Previous	3,851		
	-Change	-86.7%		
EBITDA	-Revised	1,816	2,248	2,614
	-Previous	5,192		
	-Change	-65.0%		
Net Profit	-Revised	201	377	519
	-Previous	2,462		
	-Change	-91.8%		
Margin				
Gross Margin	-Revised	10.0%	11.7%	13.0%
	-Previous	25.0%		
EBIT Margin	-Revised	3.2%	4.9%	6.2%
	-Previous	18.7%		
EBITDA Margin	-Revised	11.3%	13.2%	14.3%
	-Previous	25.2%		
Net Profit Margin	-Revised	1.3%	2.2%	2.8%
	-Previous	12.0%		

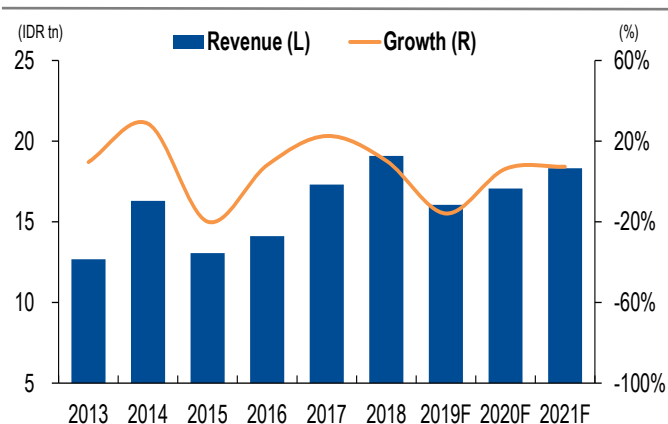
Unit: IDR bn, %

Source: Company Data, NHKS Research

Company Overview

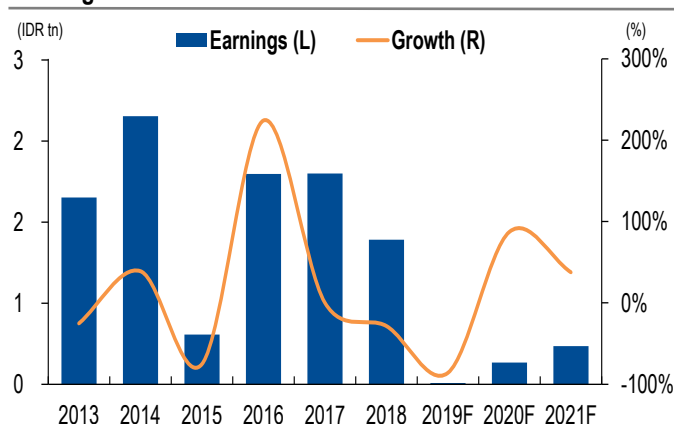
- AALI terbentuk hasil dari *merger* beberapa perusahaan dan mulai mengembangkan industri perkebunan di Indonesia sejak 1988. Saat ini sudah menjadi salah satu perusahaan terbesar perkebunan kelapa sawit di Indonesia.
- Sampai tahun 2017, AALI mempunyai luas areal yang dapat dikelola sebagai penghasil minyak mentah sebesar 285.025 hektar yang tersebar di Sumatera, Kalimantan, dan Sulawesi.
- AALI membangun kemitraan inti-plasma dan kegiatan peningkatan ekonomi masyarakat (IGA) untuk membudidayakan kelapa sawit dan non-sawit agar tetap produktif dan tidak merusak lingkungan.
- Dalam proses kelangsungan usaha, AALI berupaya untuk terus mengembangkan industri hilir. Saat ini, sudah mengoperasikan pabrik *refinery* di Mamuju Utara, Sulawesi Barat, Dumai, dan Riau.

Revenue and Growth Movements



Source: Company Data, NHKS Research

Earnings and Growth Movements



Source: Company Data, NHKS Research

Asia Pacific Companies Peers Analysis

	Market Cap (USD mn)	Asset (USD mn)	Sales LTM (USD mn)	Net Profit LTM (USD mn)	Net Profit Growth LTM	Net Profit Margin	ROE LTM	P/E LTM	P/BV
Indonesia									
ASTRA AGRO LESTARI TBK	1,857	1,862	1,237	30	-75.2%	2.4%	2.3%	61.1x	1.4x
SAMPOERNA AGRO TBK	333	625	224	-4	N/A	-1.6%	-1.3%	N/A	1.2x
PP LONDON SUMATRA TBK	694	696	261	3	-92.2%	1.1%	0.5%	234.2x	1.2x
SAWIT SUMBERMAS SARANA TBK	598	783	229	-19	N/A	-8.7%	-6.6%	N/A	2.1x
SALIM IVOMAS PRATAMA TBK	445	2,403	973	-31	N/A	-3.2%	-3.0%	N/A	0.4x
Malaysia									
KUALA LUMPUR KEPONG BHD	6,268	4,870	3,749	149	5.9%	4.0%	5.7%	42.2x	2.5x
GENTING PLANTATIONS BHD	2,285	1,895	508	23	-64.4%	4.5%	2.1%	92.3x	2.0x
SIME DARBY PLANTATION BHD	8,733	6,924	2,946	27	-88.4%	0.9%	-0.1%	135.4x	2.7x
IOI CORP BHD	6,885	3,988	1,758	154	-77.6%	8.7%	6.9%	45.0x	3.0x
Singapore									
FIRST RESOURCES LTD	2,144	1,571	576	74	-45.6%	12.9%	8.0%	24.7x	2.2x
GOLDEN AGRI-RESOURCES LTD	2,154	8,546	6,382	34	N/A	0.5%	0.8%	65.1x	0.5x

Unit: USD mn, %, X

Source: Bloomberg, NHKS Research

Summary of Financials

INCOME STATEMENT					PROFITABILITY & STABILITY				
(IDR bn)	2018/12A	2019/12F	2020/12F	2021/12F		2018/12A	2019/12F	2020/12F	2021/12F
Sales	19,084	16,056	17,065	18,314	ROE	7.6%	1.0%	2.0%	2.7%
<i>Growth</i>	<i>10.3%</i>	<i>-15.9%</i>	<i>6.3%</i>	<i>7.3%</i>	ROA	5.6%	0.7%	1.4%	1.8%
COGS	(15,545)	(14,446)	(15,060)	(15,926)	ROIC	14.6%	1.9%	3.0%	3.7%
Gross Profit	3,540	1,610	2,005	2,389	Cash Dividend (IDR bn)	835	431	197	185
<i>Gross Margin</i>	<i>18.5%</i>	<i>10.0%</i>	<i>11.7%</i>	<i>13.0%</i>	Dividend Yield	3.7%	1.8%	0.8%	0.7%
Operating Expenses	(1,214)	(1,099)	(1,168)	(1,254)	Payout Ratio	58.1%	214.2%	52.3%	35.6%
EBIT	2,326	511	837	1,135	DER	24.3%	31.7%	32.4%	35.3%
<i>EBIT Margin</i>	<i>12.2%</i>	<i>3.2%</i>	<i>4.9%</i>	<i>6.2%</i>	Net Gearing	4.6%	5.1%	4.9%	4.8%
Depreciation	1,260	1,306	1,411	1,479	LT Debt to Equity	18.5%	29.7%	29.8%	32.2%
EBITDA	3,586	1,816	2,248	2,614	Capitalization Ratio	18.7%	25.6%	25.6%	26.8%
<i>EBITDA Margin</i>	<i>18.8%</i>	<i>11.3%</i>	<i>13.2%</i>	<i>14.3%</i>	Equity Ratio	72.5%	68.8%	68.5%	67.1%
Interest Expenses	95	192	204	218	Debt Ratio	16.6%	23.6%	23.5%	24.6%
EBT	2,207	434	813	1,119	Financial Leverage	136.3%	139.8%	143.6%	144.0%
Income Tax	(686)	(208)	(389)	(535)	Current Ratio	146.3%	221.2%	211.8%	216.7%
Minority Interest	(82)	(25)	(47)	(65)	Par Value (IDR)	500	500	500	500
Net Profit	1,439	201	377	519	Total Shares (mn)	1,925	1,925	1,925	1,925
<i>Growth</i>	<i>-28.4%</i>	<i>-86.0%</i>	<i>87.3%</i>	<i>37.7%</i>	Share Price (IDR)	11,825	12,416	13,037	13,689
<i>Net Profit Margin</i>	<i>7.5%</i>	<i>1.3%</i>	<i>2.2%</i>	<i>2.8%</i>	Market Cap (IDR tn)	22.8	23.9	25.1	26.3

BALANCE SHEET					VALUATION INDEX				
(IDR bn)	2018/12A	2019/12F	2020/12F	2021/12F		2018/12A	2019/12F	2020/12F	2021/12F
Cash	49	750	837	922	Price/Earnings	15.8x	118.7x	66.6x	50.8x
Receivables	617	440	468	502	Price/Book Value	1.2x	1.3x	1.3x	1.4x
Inventories	2,543	2,177	2,367	2,452	Price/Sales	1.2x	1.5x	1.5x	1.4x
Total Current Assets	4,501	4,880	5,072	5,506	PE/EPS Growth	-0.1x	-0.1x	0.1x	0.1x
Net Fixed Assets	20,438	19,912	19,935	19,980	EV/EBITDA	17.0x	34.4x	28.7x	24.8x
Other Non Current Assets	5,089	5,782	5,979	6,587	EV/EBIT	26.1x	122.4x	77.0x	57.2x
Total Assets	26,857	27,566	27,950	29,021	EV (IDR bn)	60,809	62,475	64,403	64,878
Payables	1,089	958	1,027	1,071	Sales CAGR (3-Yr)	-5.1%	-0.2%	2.8%	2.0%
Other Liabilities	863	873	868	870	EPS CAGR (3-Yr)	-32.6%	-27.0%	-4.3%	14.8%
LT Debt	3,606	5,643	5,699	6,269	Basic EPS (IDR)	747	105	196	270
Total Liabilities	7,382	8,590	8,814	9,541	Diluted EPS (IDR)	747	105	196	270
Capital Stock	962	962	962	962	BVPS (IDR)	10,118	9,859	9,942	10,121
Retained Earnings	14,182	13,643	13,823	14,157	Sales PS (IDR)	9,916	8,342	8,867	9,515
Shareholders' Equity	19,475	18,976	19,136	19,480	DPS (IDR)	434.0	224.0	102.5	96.0

CASH FLOW STATEMENT					TOP OWNERSHIP		
(IDR bn)	2018/12A	2019/12F	2020/12F	2021/12F	By Geography	% Shareholders	%
Operating Cash Flow	1,821	1,334	1,747	1,695	Indonesia	94.9	Astra International Tbk 79.7
Investing Cash Flow	(1,679)	(1,617)	(1,623)	(2,106)	United States	4.4	Sun Life Financial 1.4
Financing Cash Flow	(355)	977	(36)	495	Luxembourg	0.2	Dimensional Fund 1.0
Net Changes in Cash	(213)	694	88	85	Ireland	0.2	Schroder Investment 0.7

Source: Company Data, NHKS Research

Closing and target price update



Source: Bloomberg, NHKS Research

Rating and target price update

Date	Rating	Target price	Consensus
2017.03.06	Buy	IDR18,150	IDR18,596
2017.07.28	Buy	IDR18,425	IDR17,659
2018.01.03	Hold	IDR14,425	IDR16,932
2018.03.09	Buy	IDR18,375	IDR15,955
2018.05.17	Buy	IDR14,800	IDR15,438
2018.08.30	Buy	IDR16,925	IDR13,320
2019.12.11	Buy	IDR15,600	IDR13,743

Source: NHKS Research

NHKS stock ratings

- Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
- Buy: greater than +15%, Hold: -15% to +15%, Sell: less than -15%.
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