

Astra Agro Lestari Tbk (AALI IJ)

Kinerja Solid Namun di Bawah Ekspektasi

AALI mencatatkan laba bersih 1H20 sebesar Rp391 miliar atau melonjak 769% YoY, berkontribusi sekitar 72% dari target 2020F kami. ASP meningkat 25,9%, tarif pajak lebih rendah, dan efisiensi biaya adalah faktor utama kinerja yang solid meskipun produksi TBS turun 8,1% YoY. Mempertahankan estimasi 2020F kami dengan memperhitungkan pemulihan permintaan dan pertumbuhan pendapatan. Kami mempertahankan rekomendasi BUY untuk saham AALI.

Di Bawah Ekspektasi Kami Tetapi Masih Solid

Pada 1H20, AALI membukukan laba bersih sebesar Rp391 miliar (+769% YoY) didukung oleh pendapatan yang lebih tinggi menjadi Rp9,1 triliun (+6,5% YoY) dan peningkatan ASP yang signifikan (+25,9% YoY). Tarif pajak yang lebih rendah menjadi 22% di 1H20 (dari sebelumnya 25%) dan efisiensi biaya membantu *bottom line* AALI di masa pandemi. Laba bersih AALI di bawah ekspektasi kami (-8%) pada 1H20 tetapi kami percaya bahwa AALI mampu mencapai laba bersih hingga Rp536 miliar tahun ini. Pendapatan 1H20 dan laba bersih telah mencapai 50% dan 72% dari target 2020F kami.

Produksi Lebih Rendah

Produksi TBS menurun menjadi 2,28 juta ton (-8,1% YoY) pada 1H20 yang merupakan dampak kekeringan dari tahun lalu dan efek dari pandemi COVID-19. Produksi 1H20 telah mencapai 43% dari target produksi TBS 2020F kami (2020F sebesar 5,25 juta ton). Menurut pendapat kami, cuaca yang baik sekitar Juli hingga September akan membuat AALI mencapai puncak produksi TBS di 3Q19 sekitar 1,92 juta ton (9M20E sebesar 4,2 juta ton).

Kenaikan Harga CPO dan Mempertahankan Estimasi Kami untuk 2020F

Kami melihat kenaikan harga CPO tidak bertahan di 4Q20 karena kami memperkirakan puncak output CPO kemungkinan bergeser ke 4Q20 karena hujan lebat di Indonesia, sehingga membuat ekspektasi *inventory* yang lebih tinggi menjelang akhir tahun. Namun, kami mempertahankan asumsi dan perkiraan 2020F kami (di hal. 4), dengan mempertimbangkan: 1) cuaca yang baik di 3Q20; 2) harga CPO dunia pada 2H20 diperkirakan akan berada di rentang RM2.400-2.800/ton (USD569-663/ton), yang diharapkan lebih baik dari 1H20.

Mempertahankan Rating BUY dengan Target Harga Lebih Tinggi di Rp14.200

Kami masih merekomendasikan BUY dan meningkatkan TP kami ke Rp14.200 (dari sebelumnya Rp10.000) karena: 1) pulihnya permintaan dari Tiongkok dan India yang baik untuk industri; 2) pertumbuhan signifikan laba bersih AALI tahun ini. TP baru kami berdasarkan forward P/E 29,4x (+0,2 SD dari rata-rata historis 10 tahun), ini mengimplikasikan P/E 2020F sebesar 51,0x.

Astra Agro Lestari Tbk | Summary

	2019A	2020F	2021F	2022F
Revenue (IDR bn)	17,453	18,065	19,654	20,873
Growth (%)	-8.5	3.5	8.8	6.2
EBITDA (IDR bn)	2,264	2,563	3,547	3,779
Net Profit (IDR bn)	211	536	926	1,029
EPS (IDR)	110	278	481	535
Growth (%)	-85.3	153.9	72.8	11.1
P/E (x)	113.2	51.0	29.5	26.6
P/BV (x)	1.3	1.4	1.4	1.3
EV/EBITDA (x)	27.6	25.1	18.3	17.2
ROE (%)	1.2	2.8	4.7	5.0
DER (%)	42.1	45.6	44.8	44.6
Net Debt (IDR bn)	5,302	5,493	5,839	5,737

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

Buy

Target Price (IDR)	14,200
Consensus Price (IDR)	10,749
TP to Consensus Price (%)	+32.1
vs. Last Price (%)	+46.4

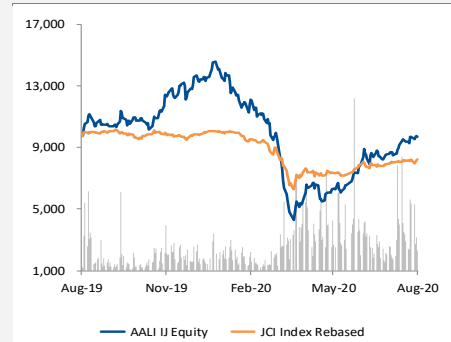
Shares Data

Last Price (IDR)	9,700
Price Date as of	Aug 06, 2020
52 wk Range (Hi/Lo)	14,675/4,140
Free Float (%)	20.3
Outstanding Shares (mn)	1,925
Market Cap (IDR bn)	18,669
Market Cap (USD mn)	1,270
Avg. Trd Vol - 3M (mn)	2.7
Avg. Trd Val - 3M (bn)	21.2
Foreign Ownership (%)	4.3

Agriculture Plantation

Bloomberg	AALI IJ
Reuters	AALIJK

Share Price Performance

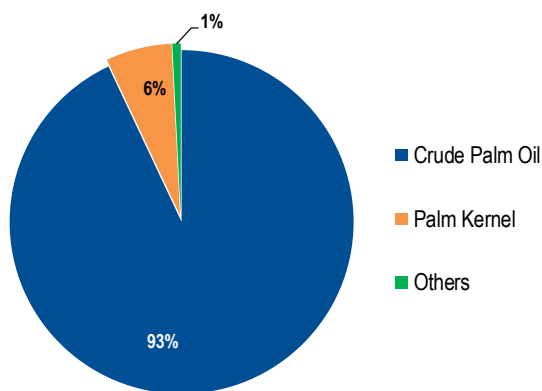


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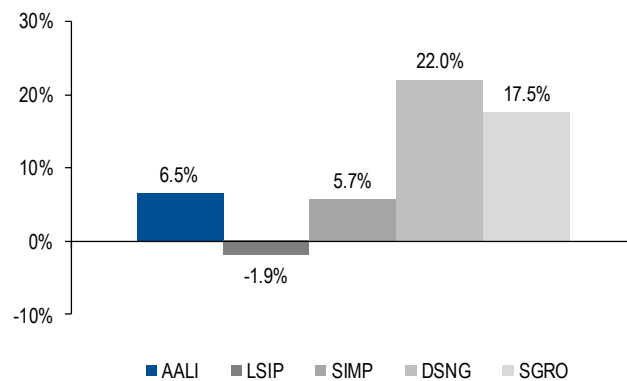
Performance Highlights in Charts

1H20 Revenue Breakdown



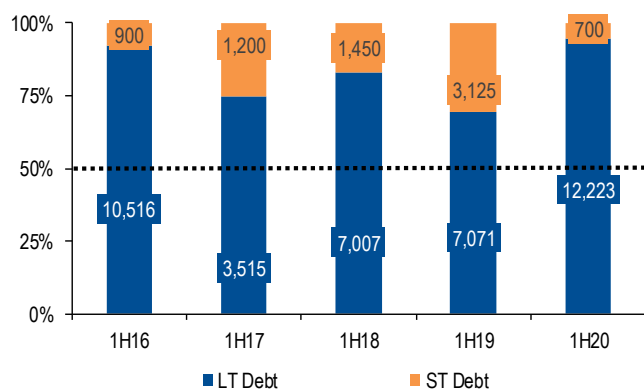
Source: Company Data, NHKSI Research

1H20 Revenue Growth



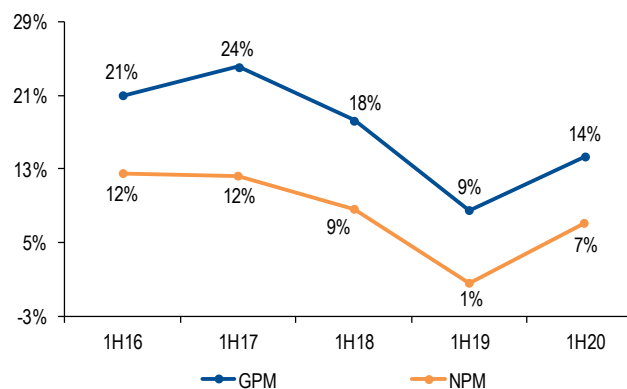
Source: Company Data, NHKSI Research

Debt Portion in IDR Billion



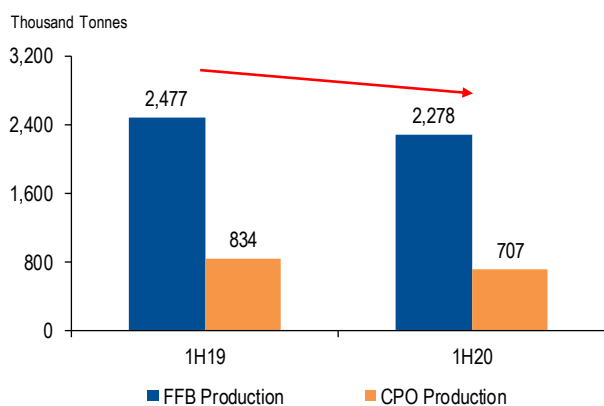
Source: Company Data, NHKSI Research

Margin Ratios



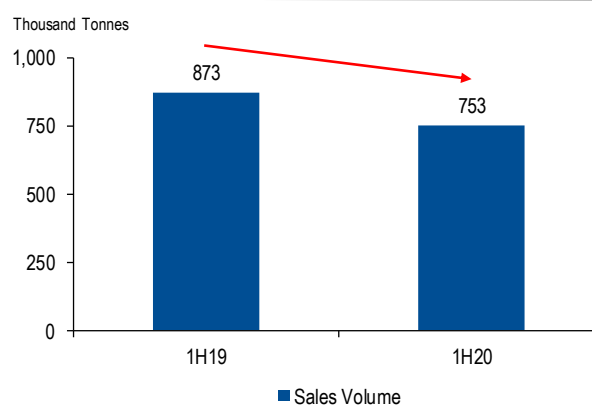
Source: Company Data, NHKSI Research

FFB & CPO Production



Source: Company Data, NHKSI Research

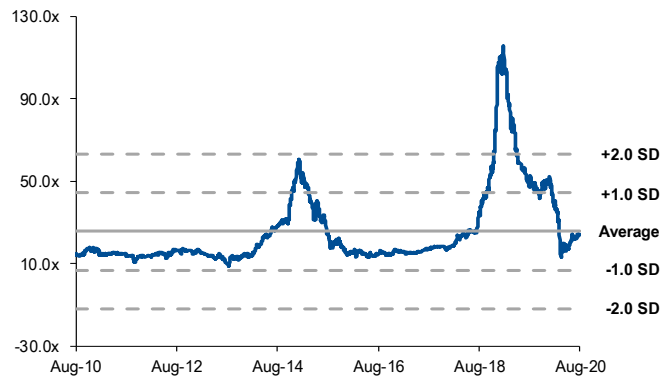
CPO Sales Volume



Source: Company Data, NHKSI Research

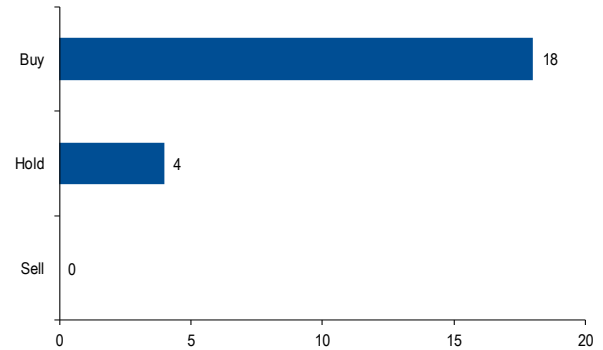
Valuation & Other Highlights in Charts

10-Year Forward P/E Band



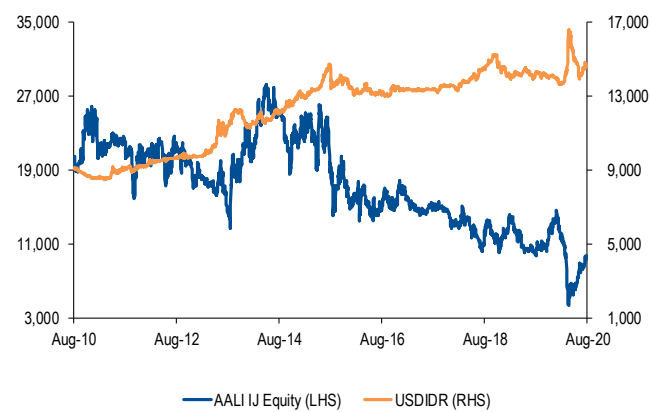
Source: Bloomberg, NHKSI Research

Recommendation by Analysts



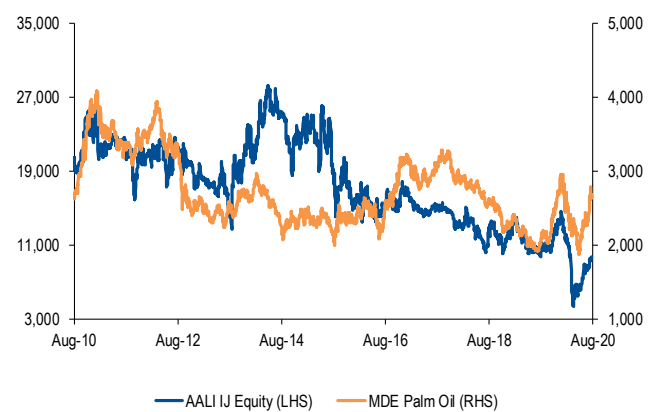
Source: Bloomberg, NHKSI Research

10-Year AALI & USDIDR Movement



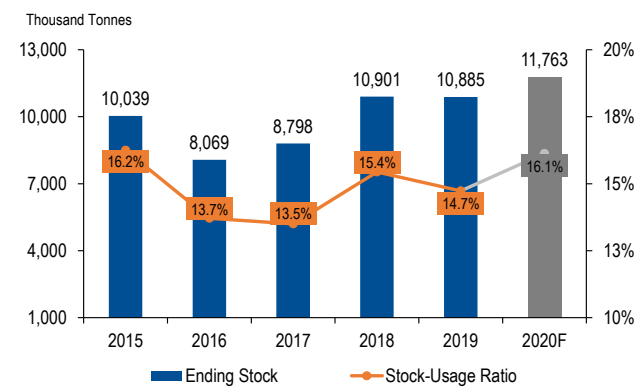
Source: Bloomberg, NHKSI Research

10-Year AALI & CPO Prices Movement



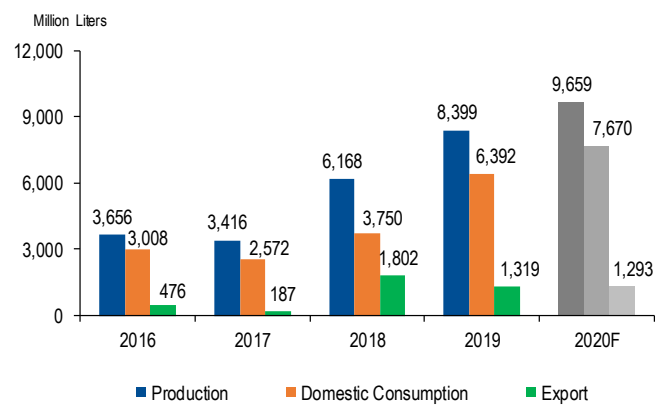
Source: Bloomberg, NHKSI Research

Global CPO Inventory



Source: USDA, NHKSI Research

Indonesia's Biodiesel Statistics



Source: APROBI, NHKSI Research

Financial Review

Quarterly Review

	2Q19	3Q19	4Q19	1Q20	2Q20					3Q20E
					Actual	Estimate	YoY %	QoQ %	Surprise %	
Income Statement										
Revenue	4,294	3,860	5,066	4,796	4,285	4,351	-0.2	-10.7	-1.5	4,385
Gross Profit	396	486	929	927	377	522	134.1	-0.2	-27.9	593
EBIT	109	208	610	640	117	261	485.5	4.9	-55.3	267
EBITDA	518	361	938	961	436	574	85.6	2.4	-24.0	581
Net Profit	6	67	100	371	21	55	5788.0	271.3	-62.0	69
Margin										
Gross Margin	9.2	12.6	18.3	19.3	8.8	12.0	12.4	2.3	-3.2	13.5
EBIT Margin	2.5	5.4	12.0	13.3	2.7	6.0	12.4	2.2	-3.3	6.1
EBITDA Margin	12.1	9.4	18.5	20.0	10.2	13.2	10.4	2.9	-3.0	13.3
Net Profit Margin	0.1	1.7	2.0	7.7	0.5	1.3	8.5	6.6	-0.8	1.6

Unit: IDR bn, %

Source: Company Data, NHKSI Research

Earnings Revisions

		2020F	2021F	2022F
Income Statement				
Revenue	-Maintain	18,065	19,654	20,873
	-Previous	18,065	19,654	20,873
	-Change %	0.0	0.0	0.0
	-Consensus	18,198	19,769	20,448
Gross Profit	-Maintain	2,519	3,184	3,381
	-Previous	2,519	3,184	3,381
	-Change %	0.0	0.0	0.0
	-Consensus	2,710	3,281	3,441
EBIT	-Maintain	1,302	1,860	1,975
	-Previous	1,302	1,860	1,975
	-Change %	0.0	0.0	0.0
	-Consensus	1,399	1,856	1,999
EBITDA	-Maintain	2,563	3,547	3,779
	-Previous	2,563	3,547	3,779
	-Change %	0.0	0.0	0.0
	-Consensus	2,832	3,322	3,555
Net Profit	-Maintain	536	926	1,029
	-Previous	536	926	1,029
	-Change %	0.0	0.0	0.0
	-Consensus	711	1,006	1,120
Margin				
Gross Margin	-Maintain	13.9	16.2	16.2
	-Previous	13.9	16.2	16.2
EBIT Margin	-Maintain	7.2	9.5	9.5
	-Previous	7.2	9.5	9.5
EBITDA Margin	-Maintain	14.2	18.0	18.1
	-Previous	14.2	18.0	18.1
Net Profit Margin	-Maintain	3.0	4.7	4.9
	-Previous	3.0	4.7	4.9

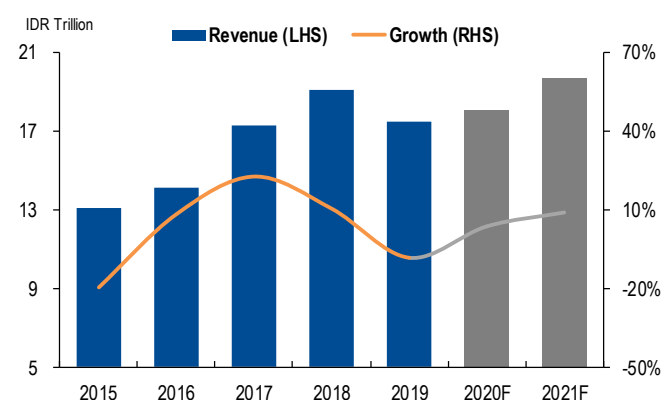
Unit: IDR bn, %

Source: Company Data, Bloomberg, NHKSI Research

Company Overview

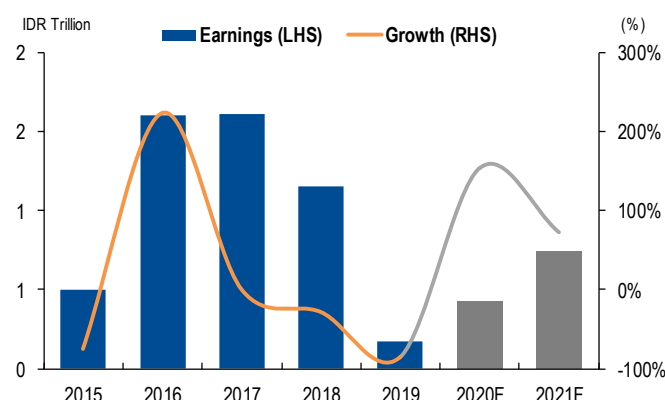
PT Astra Agro Lestari Tbk (AALI) merupakan perusahaan yang terbentuk dari proses merger beberapa perusahaan dan mulai mengembangkan industri perkebunan di Indonesia sejak 1988. Saat ini sudah menjadi salah satu perusahaan terbesar Indonesia yang bergerak di bidang perkebunan kelapa sawit. Sampai tahun 2019, AALI mempunyai luas areal yang dapat dikelola sebagai penghasil minyak mentah kelapa sawit sebesar 286.877 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 & Growth Movement



Source: Company Data, NHKSI Research

Earnings & Growth Movement



Source: Company Data, NHKSI Research

Southeast Asia Peers Comparison

	Market Cap (USD mn)	Total Asset (USD mn)	Total Sales* (USD mn)	Net Profit* (USD mn)	NPM* (%)	ROE (%)	P/E (x)	P/BV (x)
Indonesia								
ASTRA AGRO LESTARI TBK	1,270	1,948	1,257	39	3.1	3.0	33.4	1.0
SAWIT SUMBERMAS SARANA TBK	531	855	237	-31	-13.1	-11.2	N/A	2.1
LONDON SUMATRA INDONESIA TBK	459	738	256	23	9.1	4.0	20.1	0.8
SALIM IVOMAS PRATAMA TBK	346	2,521	979	-37	-3.8	-3.9	N/A	0.3
DHARMA SATYA NUSANTARA TBK	264	839	440	20	4.7	5.3	13.2	1.0
SAMPOERNA AGRO TBK	230	684	245	4	1.6	0.8	59.3	0.8
Malaysia								
SIME DARBY PLANTATIONS BHD	8,461	6,969	2,909	76	2.6	1.7	88.3	2.7
IOI CORPORATION BHD	6,770	3,988	1,802	98	5.5	4.5	70.4	3.2
KUALA LUMPUR KEPONG BHD	5,953	4,870	3,696	101	2.7	4.0	59.5	2.5
GENTING PLANTATIONS BHD	2,137	2,068	532	46	8.7	4.3	46.7	1.9
IJM PLANTATIONS BHD	1,370	5,435	1,586	60	3.8	2.6	23.2	0.6
FGV HOLDINGS BHD	1,033	4,373	3,066	-92	-3.0	-9.0	N/A	1.1
Singapore								
WILMAR INTERNATIONAL LTD	21,356	47,049	43,117	1,261	2.9	7.6	17.8	1.3
FIRST RESOURCES LTD	1,577	1,709	606	99	16.4	9.0	14.2	1.5
GOLDEN AGRI RESOURCES LTD	1,449	8,779	6,472	81	1.2	1.9	18.0	0.3

Note: * = Last Twelve Months (LTM)

Source: Bloomberg, NHKSI Research

Financial Summary

INCOME STATEMENT				
(IDR bn)	2019/12A	2020/12F	2021/12F	2022/12F
Revenue	17,453	18,065	19,654	20,873
<i>Growth</i>	-8.5%	3.5%	8.8%	6.2%
COGS	(15,308)	(15,546)	(16,470)	(17,492)
Gross Profit	2,145	2,519	3,184	3,381
<i>Gross Margin</i>	12.3%	13.9%	16.2%	16.2%
Operating Expenses	(1,184)	(1,217)	(1,324)	(1,406)
EBIT	960	1,302	1,860	1,975
<i>EBIT Margin</i>	5.5%	7.2%	9.5%	9.5%
Depreciation	1,304	1,261	1,687	1,804
EBITDA	2,264	2,563	3,547	3,779
<i>EBITDA Margin</i>	13.0%	14.2%	18.0%	18.1%
Interest Expenses	39	34	37	39
EBT	661	917	1,585	1,762
Income Tax	(417)	(348)	(601)	(668)
Minority Interest	(33)	(34)	(58)	(65)
Net Profit	211	536	926	1,029
<i>Growth</i>	-85.3%	153.7%	72.9%	11.1%
<i>Net Profit Margin</i>	1.2%	3.0%	4.7%	4.9%

PROFITABILITY & STABILITY				
	2019/12A	2020/12F	2021/12F	2022/12F
ROE	1.1%	2.8%	4.7%	5.0%
ROA	0.8%	1.9%	3.2%	3.5%
ROIC	2.6%	5.6%	7.6%	7.7%
Cash Dividend (IDR bn)	431	95	262	509
Dividend Yield	1.8%	0.3%	1.0%	1.9%
Payout Ratio	30.0%	45.0%	49.0%	55.0%
DER	42.1%	45.4%	44.8%	44.6%
Net Gearing	6.0%	2.0%	3.8%	2.7%
LT Debt to Equity	29.2%	28.2%	30.2%	32.3%
Capitalization Ratio	24.4%	22.9%	24.5%	25.6%
Equity Ratio	70.4%	68.8%	69.1%	69.2%
Debt Ratio	22.7%	20.5%	22.4%	23.8%
Financial Leverage	139.8%	140.3%	141.2%	137.3%
Current Ratio	285.4%	183.6%	261.9%	348.1%
Par Value (IDR)	500	500	500	500
Total Shares (mn)	1,925	1,925	1,925	1,925
Share Price (IDR)	12,416	14,200	14,200	14,200
Market Cap (IDR tn)	23.9	27.3	27.3	27.3

BALANCE SHEET				
(IDR bn)	2019/12A	2020/12F	2021/12F	2022/12F
Cash	383	932	1,240	1,561
Receivables	369	569	592	686
Inventories	2,161	2,255	2,357	2,779
Total Current Assets	4,472	5,650	6,155	7,323
Net Fixed Assets	19,683	18,830	17,834	18,143
Other Non Current Assets	5,670	6,390	6,753	7,360
Total Assets	26,974	28,523	29,214	29,996
Payables	827	887	915	1,054
Other Liabilities	590	300	445	449
LT Debt	5,535	5,535	6,089	6,698
Total Liabilities	7,996	8,913	9,035	9,250
Capital Stock	962	962	962	962
Retained Earnings	13,844	14,285	14,948	15,468
Shareholders' Equity	18,979	19,611	20,178	20,746

VALUATION INDEX				
	2019/12A	2020/12F	2021/12F	2022/12F
Price/Earnings	113.2x	51.0x	29.5x	26.6x
Price/Book Value	1.3x	1.4x	1.4x	1.3x
Price/Sales	1.4x	1.5x	1.4x	1.3x
PE/EPS Growth	-0.1x	0.0x	0.0x	0.2x
EV/EBITDA	27.6x	25.1x	18.3x	17.2x
EV/EBIT	65.1x	49.4x	34.9x	32.9x
EV (IDR bn)	62,475	64,403	64,878	64,879
Sales CAGR (3-Yr)	-0.2%	2.8%	2.0%	2.0%
EPS CAGR (3-Yr)	-27.0%	-4.3%	14.8%	14.8%
Basic EPS (IDR)	110	278	481	535
Diluted EPS (IDR)	110	278	481	535
BVPS (IDR)	9,861	10,189	10,484	10,779
Sales PS (IDR)	9,068	9,386	10,211	10,845
DPS (IDR)	224.0	49.4	136.4	264.6

CASH FLOW STATEMENT				
(IDR bn)	2019/12A	2020/12F	2021/12F	2022/12F
Operating Cash Flow	957	1,609	2,589	2,129
Investing Cash Flow	(1,307)	(2,630)	(1,577)	(1,565)
Financing Cash Flow	670	1,606	(705)	(243)
Net Changes in Cash	319	585	308	321

TOP OWNERSHIP		
By Geography	% Shareholders	%
Indonesia	95.7	Astra International Tbk 79.7
United States	3.8	Sun Life Financial 0.9
Ireland	0.2	Dimensional Fund 0.8
Luxembourg	0.1	Schroder Investment 0.7

Source: Company Data, NHKSI Research

Closing & Target Price Update



Source: Bloomberg, NHKSI Research

Rating & Target Price Update

Date	Rating	Target Price	Consensus
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
2020.05.20	Buy	IDR10,000	IDR9,382
2020.08.07	Buy	IDR14,200	IDR10,749

Source: NHKSI Research

NHKSI 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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