

Astra Agro Lestari Tbk (AALI)

Profit Significantly Jumps as CPO Price Rises

In 4Q21, AALI booked an income of IDR6.3 tn and boosted the total revenue of FY21 to IDR24.3tn (+29.3% YoY). The jump in CPO price also pushed the net profit up to IDR2.0tn (+136.6% YoY). We estimate CPO price to continue rising as demand increases, whereas the commodity price has gone up 33.6% year to date.

FY21 Net Profit Rises Significantly

- AALI posted FY21 revenue of IDR24.3 tn or up 29.3% YoY. Meanwhile, on a quarterly basis, AALI posted revenue of IDR6.3 tn (-12.2% QoQ; +15.0% YoY).
- FY21 revenue was supported by CPO revenue of IDR22.0 tn (vs IDR17.4 tn in 2020, +26.8 YoY) and Palm Kernel revenue went up 68.4% YoY to IDR2.2 tn (vs IDR1.3 tn in 2020).
- Revenue growth throughout 2021 was driven by higher ASP with CPO sales volume dropping 13.3% YoY to 1 million tons.
- The increase in CPO prices resulted in AALI's FY21 net profit increasing significantly to IDR2.0 tn or up 136.6% YoY. The margin ratio also recorded an increase from 2020, with GPM, OPM, and NPM ratios in 2021 recorded at 19.9%, 14.1% and 8.1% (vs. 15.8%, 9.8 %, and 4.4% in 2020).

Global CPO Price Hike Continues

- Until December 2021, AALI produced 1.5 million tons of CPO, growing 3.1% YoY. However, FFB production fell 6.6% YoY to 4.3 million tons. In the future, CPO production is expected to be supported by partner farmers' plantations, while the company's nucleus plantations are expected to stagnate.
- Globally, the price of CPO continues to increase; in 2022 it broke a record high of MYR 6,808/ton. Since the beginning of 2022, it has recorded an increase of 33.6%. We estimate that CPO prices will continue to rise amidst strong demand and tensions between Russia and Ukraine.
- Domestic sentiment came from the Indonesian Ministry of Trade which issued a palm oil DMO policy of 20% of the total export volume to ensure that the domestic supply of palm oil is sufficient.
- Another sentiment came from the Government of India which set a tax policy on CPO imports to 5% from the previous 7.5% in order to control local commodity prices. This is certainly a good sentiment for AALI as India is one of the export destinations.

Recommend Buy with TP of IDR14,600

- We recommend BUY for AALI with a target price of IDR14,600/share (PE 10.8x or +0.5 STD) with a potential upside of 15.6%. We estimate revenue and net income for 2022F to increase by IDR25.3 tn and IDR2.3 tn, respectively.

Astra Agro Lestari Tbk | Summary (IDR bn)

	2021A	2022F	2023F	2024F
Sales	24,322	25,295	26,054	27,356
Growth	29.3%	4.0%	3.0%	5.0%
Net Profit	1,971	2,346	2,598	2,791
Growth	136.6%	19.0%	10.7%	7.4%
EPS (IDR)	1,024	1,219	1,350	1,450
P/E	14.3x	12.0x	10.8x	10.1x
P/BV	1.3x	1.3x	1.2x	1.1x
EV/EBITDA	13.7x	12.8x	12.7x	12.0x
ROE	10.3%	11.6%	12.2%	12.3%
DER	43.6%	44.9%	42.1%	37.3%
Dividend Yield	0.0%	0.1%	0.1%	0.1%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

BUY

Target Price (IDR)	14,600
Consensus Price (IDR)	13,821
TP to Consensus Price	+5.6%
Potential Upside	+15.6%

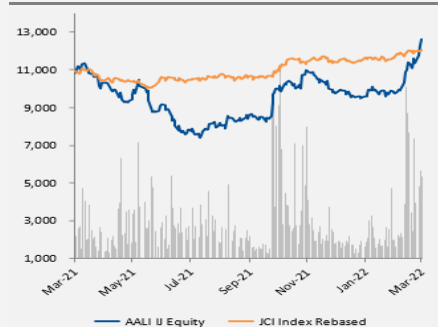
Shares data

Last Price (IDR)	12,625
Price date as of	Mar 04, 2022
52 wk range (Hi/Lo)	12,675 / 7,275
Free float (%)	20.3
Outstanding sh.(mn)	1,925
Market Cap (IDR bn)	24,299
Market Cap (USD mn)	1,687
Avg. Trd Vol - 3M (mn)	46.24
Avg. Trd Val - 3M (bn)	23.65
Foreign Ownership	3.5%

Agriculture Plantation

Bloomberg	AALI IJ
Reuters	AALI.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	31.9%	29.8%	28.5%	15.3%
Rel. Ret.	27.9%	26.9%	22.7%	5.2%

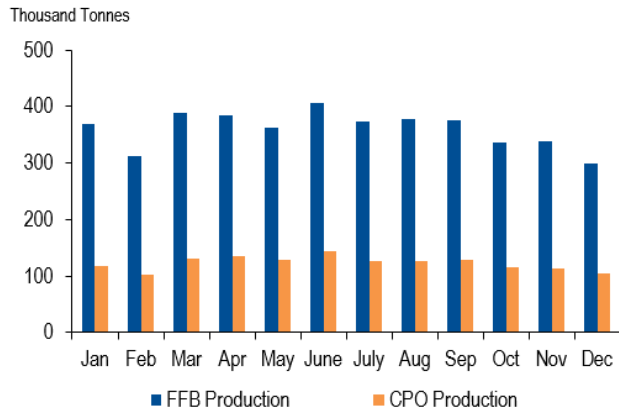
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Performance Highlights

Production | 2021



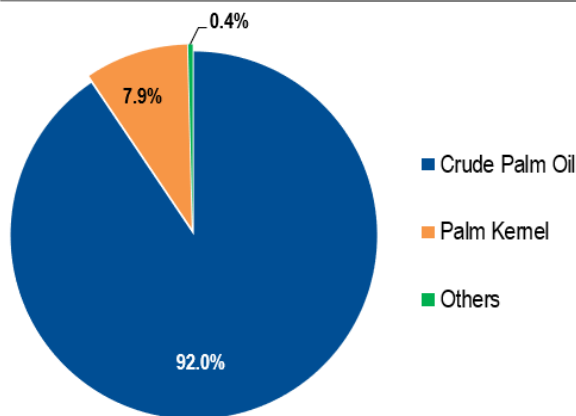
Source: Company, NHKSI Research

AALI and CPO Price Movement



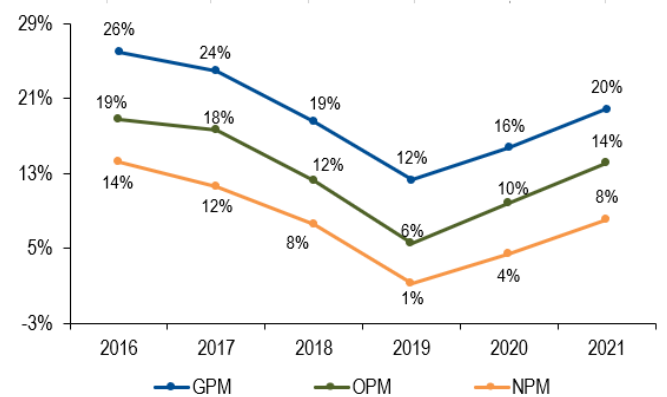
Source: Company, Bloomberg, NHKSI Research

Revenue Breakdown | 2021



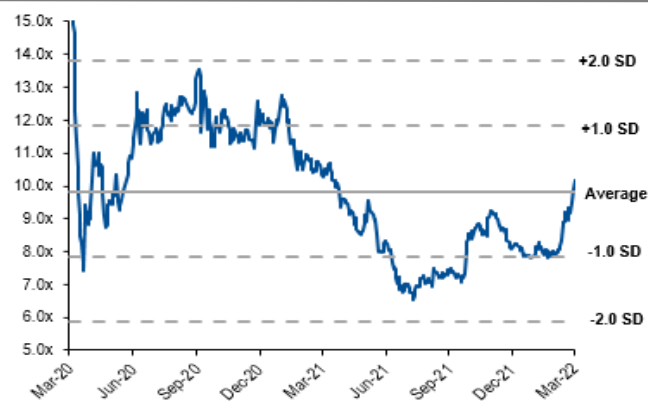
Source: Company, NHKSI Research

Margin Ratio | 2016 - 2021



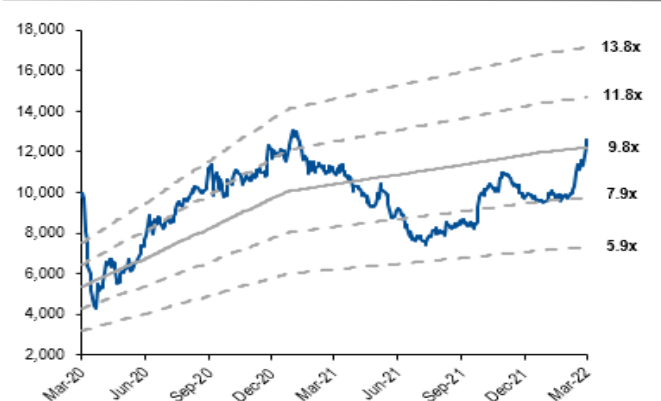
Source: Company, NHKSI Research

Forward P/E Band



Source: Company, NHKSI Research

Dynamic Forward P/E Band



Source: Company, NHKSI Research

Summary of Financials

INCOME STATEMENT					PROFITABILITY & STABILITY				
(IDR bn)	2021/12A	2022/12F	2023/12F	2024/12F		2021/12A	2022/12F	2023/12F	2024/12F
Revenue	24,322	25,295	26,054	27,356	ROE	10.3%	11.6%	12.2%	12.3%
Growth	29.3%	4.0%	3.0%	5.0%	ROA	7.2%	8.1%	8.1%	7.8%
COGS	(19,492)	(19,982)	(20,633)	(21,584)	Inventory Turnover	5.9x	6.5x	6.3x	6.2x
Gross Profit	4,830	5,313	5,421	5,772	Receivable Turnover	53.1x	37.2x	34.7x	40.2x
Gross Margin	19.9%	21.0%	20.8%	21.1%	Payables Turnover	19.5x	19.8x	20.3x	20.2x
EBIT	3,430	3,753	3,814	4,085	Dividend Yield	0.0%	0.1%	0.1%	0.1%
EBIT Margin	14.1%	14.8%	14.6%	14.9%	Payout Ratio	8.9%	16.8%	18.1%	18.6%
Depreciation	1,282	1,308	1,309	1,300	DER	43.6%	44.9%	42.1%	37.3%
EBITDA	4,712	5,061	5,123	5,385	Net Gearing	6.7%	6.4%	5.7%	5.1%
EBITDA Margin	19.4%	20.0%	19.7%	19.7%	Equity Ratio	69.6%	69.0%	70.4%	72.8%
Interest Expenses	(142)	47	48	51	Debt Ratio	23.2%	23.5%	22.0%	19.7%
EBT	2,913	3,417	3,479	3,755	Financial Leverage	137.1%	134.2%	138.2%	131.4%
Income Tax	(846)	(992)	(802)	(880)	Current Ratio	157.9%	200.8%	262.9%	316.9%
Minority Interest	(96)	(78)	(78)	(84)	Par Value (IDR)	500	500	500	501
Net Profit	1,971	2,346	2,598	2,791	Total Shares (mn)	1,925	1,925	1,925	1,925
Growth	136.6%	19.0%	10.7%	7.4%	Share Price (IDR)	14,600	14,600	14,600	14,600
Net Profit Margin	8.1%	9.3%	10.0%	10.2%	Market Cap (IDR tn)	28.1	28.1	28.1	28.1

BALANCE SHEET					VALUATION INDEX				
(IDR bn)	2021/12A	2022/12F	2023/12F	2024/12F		2021/12A	2022/12F	2023/12F	2024/12F
Cash	3,896	4,342	5,690	7,135	Price/Earnings	14.3x	12.0x	10.8x	10.1x
Receivables	458	580	651	680	Price/Book Value	1.3x	1.3x	1.2x	1.1x
Inventories	3,315	3,092	3,286	3,483	PE/EPS Growth	0.0x	0.1x	0.1x	0.1x
Total Current Assets	9,414	10,166	11,806	13,490	EV/EBITDA	13.7x	12.8x	12.7x	12.0x
Net Fixed Assets	16,335	16,290	17,125	17,234	EV/EBIT	18.8x	17.3x	17.0x	15.9x
Other Non Current Assets	4,651	4,797	4,884	5,000	EV (IDR bn)	64,403	64,878	64,879	64,880
Total Non Current Assets	20,986	21,087	22,008	22,234	Sales CAGR (3-Yr)	11.1%	123.2%	46.1%	12.3%
Total Assets	30,400	31,253	33,814	35,724	Net Income CAGR (3-Yr)	10.9%	35.3%	22.3%	6.1%
Payables	1,027	1,225	1,440	1,558	Basic EPS (IDR)	1,024	1,219	1,350	1,450
Other Liabilities	4,934	5,083	5,133	5,083	BVPS (IDR)	11,000	11,207	12,368	13,521
LT Debt	2,132	2,247	2,306	1,966	DPS (IDR)	5.5	12.4	10.5	13.0
Total Liabilities	9,229	9,682	10,010	9,701					
Capital Stock	962	962	962	962					
Additional Paid-in Capital	3,879	3,879	3,879	3,879					
Retained Earnings	16,003	16,611	18,740	21,012					
Shareholders' Equity	21,171	21,571	23,804	26,023					

CASH FLOW STATEMENT					TOP OWNERSHIP				
(IDR bn)	2021/12A	2022/12F	2023/12F	2024/12F					
Operating Cash Flow	2,254	3,297	3,680	4,028	Shareholders				%
Investing Cash Flow	(1,229)	(1,332)	(635)	(1,003)	Astra International Tbk				79.7
Financing Cash Flow	(493)	282	564	358	Schroder Investment				0.7
Net Changes in Cash	532	2,246	3,609	3,384	Vanguard Group				0.6
					Dimensional Fund Advisors LP				0.5
					By Geography				%
					Indonesia				96.5
					United States				2.7
					Luxembourg				0.4
					Ireland				0.1

Source: Bloomberg, NHKSI research

NH Korindo Sekuritas Indonesia (NHKSI) Stock Ratings

1. Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
2. Rating system based on a stock's potential upside from the date of publication
 - Buy : Greater than +15%
 - Overweight : +5% to 15%
 - Hold : -5% to +5%
 - Underweight : -5% to -15%
 - Sell : Less than -15%

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