

Plantation

Treading water

B35 mandate mitigated downside risks on demand

A mandatory 35% biodiesel mixture in solar fuel will take place starting February 2023 along with a 3% increase in biosolar production target to 37,567 mn ltr as stated by the Ministry of Energy and Mineral Resources (ESDM). Our base assumption shows that the current availability and funding will be sufficient to support the B35 mandate. This will bring additional 1.9mn tonnes CPO demand (+20% of FY22's consumption) to mitigate downside on domestic demand.

Attractive pricing & better demand to support CPO prices

Price spread between palm oil and soy oil reached its historical peak level of USD800/MT in November 2022 before declining to USD500/MT in December 2022. The huge discount of palm oil to soy oil had started back in early 2021 before the gap quickly narrowed due to the rally in palm oil prices between mid-2021 to 1Q23. Current steep discount on CPO prices (against soybean oil) offers an attractive proportion for import demand from main consumers like China and India, which subsequently will narrow the price gap with soybean oil.

La Nina event to peak in 4Q22 – better production outlook in 2H23

Australia's Bureau of Meteorology predicts that this La Nina event will likely peak in 4Q22 and persist until at least 1Q23 with a gradually declining intensity which should provide adequate rainfall for Southeast Asia, which in turn should boost overall CPO production in FY23.

Maintain NEUTRAL call on the sector

We adjusted our CPO price projection from MYR3,500 in FY23F to MYR4,000 and MYR3,800 in FY23/24F, mainly to reflect 1) better import demand from China after border reopens, 2) faster-than-expected domestic palm oil inventory normalization. We expect palm oil output to grow robust in the second half of 2023 after La Nina ends and an easing in labor shortage in Malaysia. Palm oil price may have found its downside risk mitigated from the increase in biodiesel portion (B35) and current attractiveness compared to soybean oil.

Top picks: SSMS, TAPG, DSNG

We continue to like CPO players with strong production growth trajectories, awareness towards ESG, and strong ROE generation. We have BUY calls on SSMS, TAPG, DSNG and HOLD calls on LSIP and AALI

Company	Bloomberg Ticker	PE (x)		PB (x)		ROE (%)		EV/EBITDA (x)	
		FY22F	FY23F	FY22F	FY23F	FY22F	FY23F	FY22F	FY23F
Astra Agro L	AALI IJ	9.2	11.2	0.7	0.7	7.6	6.0	5.1	5.1
PP London S	LSIP IJ	8.1	10.2	0.8	0.7	9.1	7.5	3.2	3.1
Dharma Satya N	DSNG IJ	5.9	6.7	0.7	0.7	12.7	11.8	4.9	5.1
Triputra Agro P	TAPG IJ	4.2	5.4	1.2	1.1	26.6	18.1	3.6	4.0
Sawit Sumbermas S	SSMS IJ	6.9	7.4	1.8	1.7	33.4	27.6	6.0	7.2

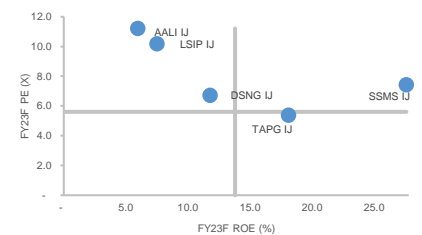
Sector Update

Plantation

Jan 13, 2023

Neutral (Maintain)

Company	Rating	TP (IDR)
AALI	HOLD	7,380
DSNG	BUY	880
LSIP	HOLD	1,115
SSMS	BUY	1,970
TAPG	BUY	900



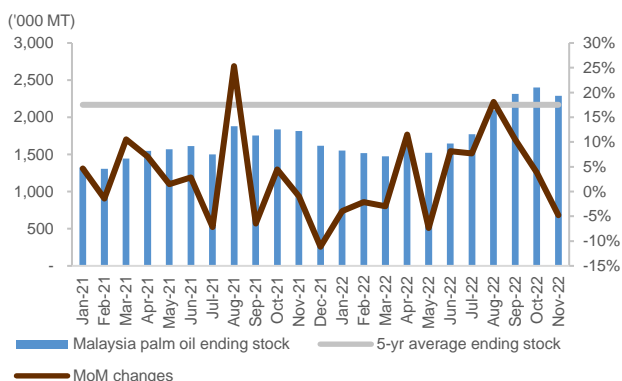
Source: KISI, Company

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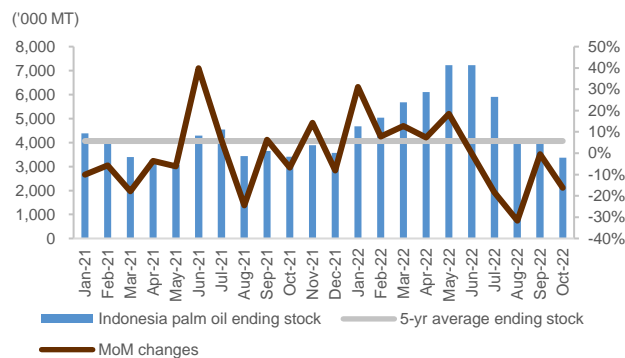
I. Expecting CPO price to stay at the current level

Fig 1. Malaysia palm oil inventory



Source: MPOC, KISI

Fig 2. Indonesia palm oil inventory



Source: GAPKI, KISI

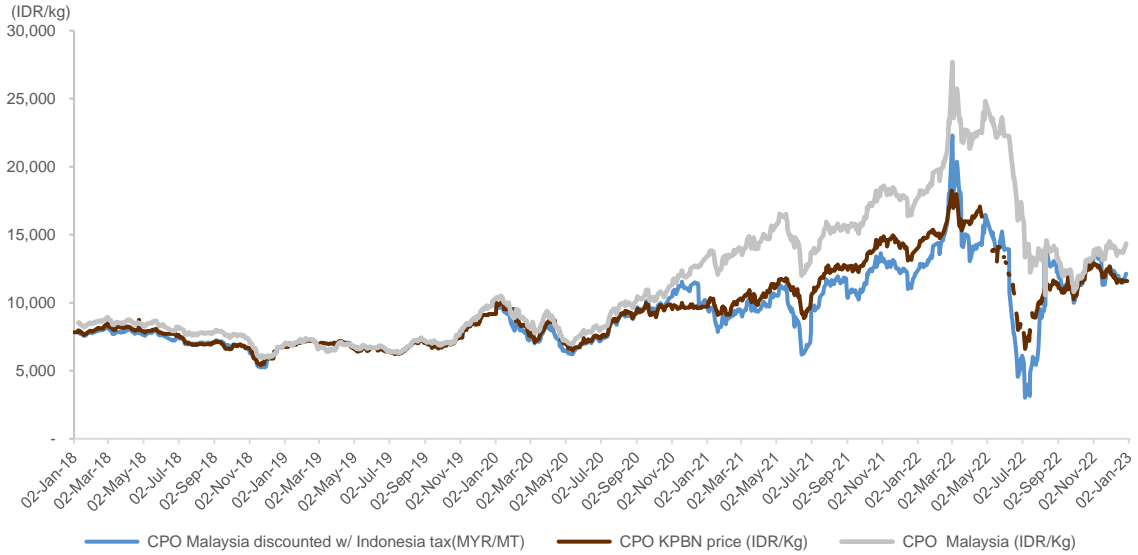
The implementation of a temporary zero export levy on CPO products from mid July 2022 to December 2022 by Indonesia government provides a competitive edge for Indonesia's palm oil products as compared to Malaysia's. Subsequently, this helps to significantly reduce Indonesia's CPO inventory level from ~5.3mn tonnes as of June 2022 to its normal level at ~3.4mn tonnes as of October 2022. Meanwhile, Malaysia's inventory level is still on the high side (as compared to the normal level) at 2.3mn tonnes as of November 2022. Since December 2022, Indonesia has put the export levy back in place, aligning with its plan to secure more CPO supply for its B35 biodiesel program. We believe this move should see some importers shift some portion of their purchases to Malaysia.

Table 1. Ever-changing CPO levy & duty in 2022

	1-11Jan		12-31Jan		Feb		1-17Mar		18-31Mar		Apr		May	
	Levy	Duty	Levy	Duty	Levy	Duty	Levy	Duty	Levy	Duty	Levy	Duty	Levy	Duty
Reference Price (USD/MT)	1307.76		1307.76		1314.78		1432.24		1432.24		1787.50		1657.39	
Tax (USD/MT)	175	200	175	200	175	200	175	200	335	200	375	200	375	200
	June		1-7Jul		8-14Jul		15Jul-8Aug		9-15Aug		16-31Aug		1-15Sept	
	Levy	Duty	Levy	Duty	Levy	Duty	Levy	Duty	Levy	Duty	Levy	Duty	Levy	Duty
Reference Price (USD/MT)	1700.12		1700.12		1615.83		1615.83		872.27		900.52		929.66	
Tax (USD/MT)	375	200	200	288	200	288	-	288	-	52	-	74	-	74
	16-30Sept		1-15Oct		16-31Oct		1-15Nov		16-30Nov		1-15Dec		16-30 Dec	
	Levy	Duty	Levy	Duty	Levy	Duty	Levy	Duty	Levy	Duty	Levy	Duty	Levy	Duty
Reference Price (USD/MT)	846.32		792.19		713.89		770.88		826.58		824.32		871.99	
Tax (USD/MT)	-	52	-	33	-	3	-	18	85	33	85	33	90	52

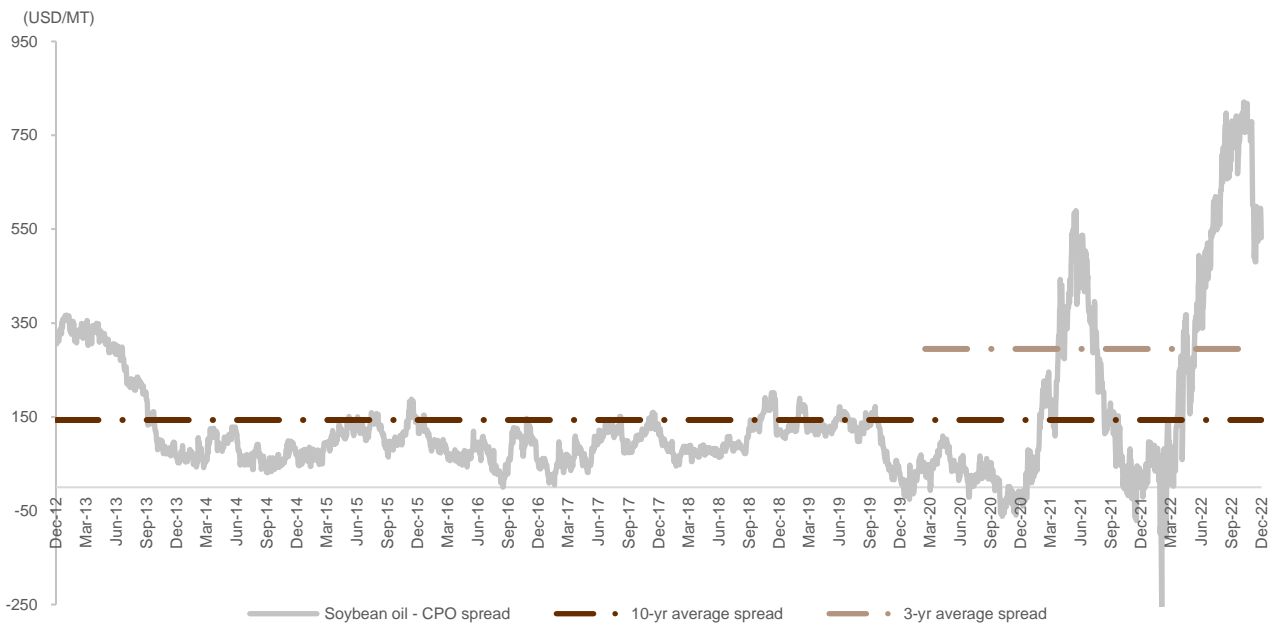
Source: MoF, KISI

Fig 3. Domestic and international CPO price



Source: MPOC, GAPKI, MoF, KISI

Fig 4. Soybean oil - CPO price spread

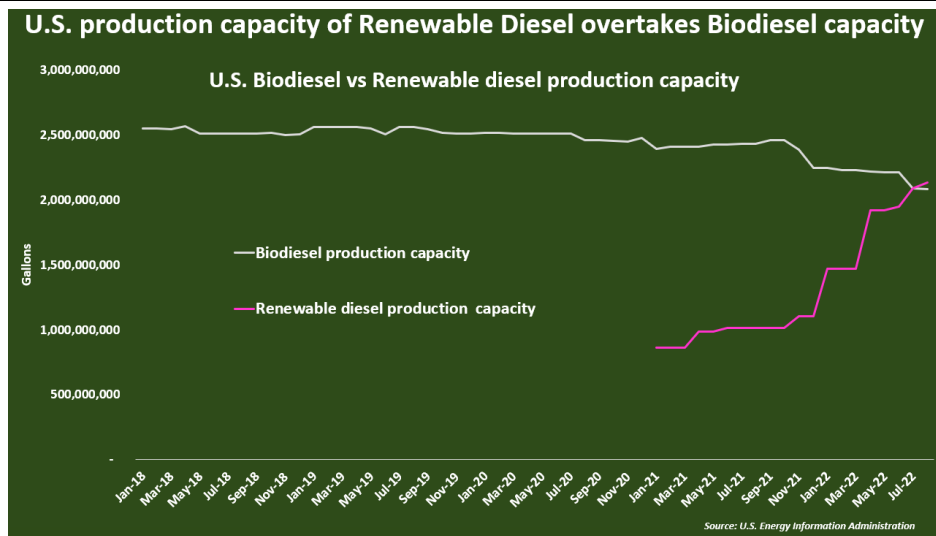


Source: Bloomberg, KISI

Price spread between palm oil and soy oil reached its historical peak level of USD800/MT in November 2022 before declining to USD500/MT in December 2022. The huge discount of palm oil to soy oil had started back in early 2021 before the gap quickly narrowed due to the rally in palm oil prices between mid-2021 to 1Q23.

We think that US' renewable diesel initiative in 2021 is one of the reasons for the rally in soybean oil (causing the spread against palm oil to widen) as the renewable production capacity expanded nearly 2x to 2.1bn gallons from just 1bn gallons at the beginning of 2021. Further increase in soybean oil demand in renewable diesel production is expected as US is aiming to ramp up its capacity to 5.1bn gallons by 2024.

Fig 5. US production capacity of renewable diesel and biodiesel



Source: MoF, KISI

On top of that, Brazil also plans to increase its mandatory blend of biodiesel to 15% starting April 2023. About 70% of the country's biodiesel is produced from soy oil. The total demand for soybean-based biodiesel would rise to nearly 30mn tonnes in 2023 under a 15% mandate. **Therefore, in the near term, we view that CPO's current discount to soybean oil price offers a more attractive margin which would result in CPO price appreciation to narrow the gap.**

Global soybean output is expected to grow by 10% YoY in 2023 to 391.2mn tonnes driven by the increase in acreage and better yield from major producers in US, Brazil, and Argentina. Brazil is estimated to be the biggest contributor in 2023 while Argentina might still have a residual impact from its severe drought said to be the worst drought in decades.

Table 2. World Supply and Demand on Soybeans

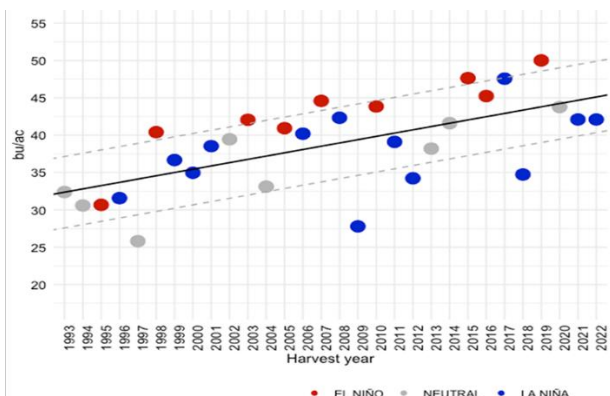
(mn tonnes)	2020/21	2021/22 ests	2022/23F
Beginning stocks	94.7	100.0	95.6
Production	368.5	355.6	391.2
		-4%	10%
US	114.8	121.5	118.3
		6%	-3%
Brazil	139.5	127.0	152.0
		-9%	20%
Argentina	46.2	43.9	49.5
		-5%	13%
Total supply available	463.3	455.6	486.8
Crush usage	315.4	314.8	329.3
Other usage	48.3	49.0	50.9
Ending stocks	100.0	95.6	102.7
Stocks/usage	27.5%	26.3%	27.0%

Source: USDA, KISI

La Nina event will likely peak in 4Q22 and persist until at least 1Q23 with gradually declining intensity. La Nina events bring increased precipitation across Northern Brazil and decreased rainfall, or worse, drought in Argentina and Southern Brazil. **Climate Prediction Center (CPC/IRI) predicts that the current event will last until Feb2023 in the Southern Hemisphere.** Argentina is currently battling drought and is estimated to experience a decrease in soybean output by (-) 9% YoY in 2022 while US soybean output is poised to grow by 6% YoY in 2022 as the country experiences less yield volatility during La Nina/El Nino as opposed to Argentina.

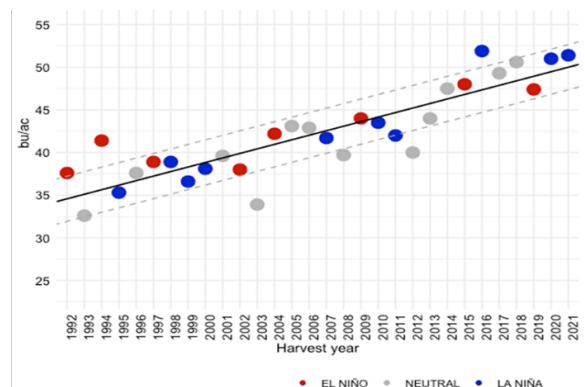
Similarly, Australia’s Bureau of Meteorology predicts that this La Nina event will likely peak in 4Q22 and persist until at least 1Q23 with a gradually declining intensity which should provide adequate rainfall for Southeast Asia. Historically, the events of La Nina tend to cause above-average rainfall and wetter conditions in Australia and Southeast Asia and last for at least a year. However, this La Nina event will be short-lived and may even be softer than the La Nina event back in 2020-2021 which should boost overall CPO production in FY23.

Fig 6. Soybean yields in Argentina during ENSO phase



Source: Conab and NOAA, KISI

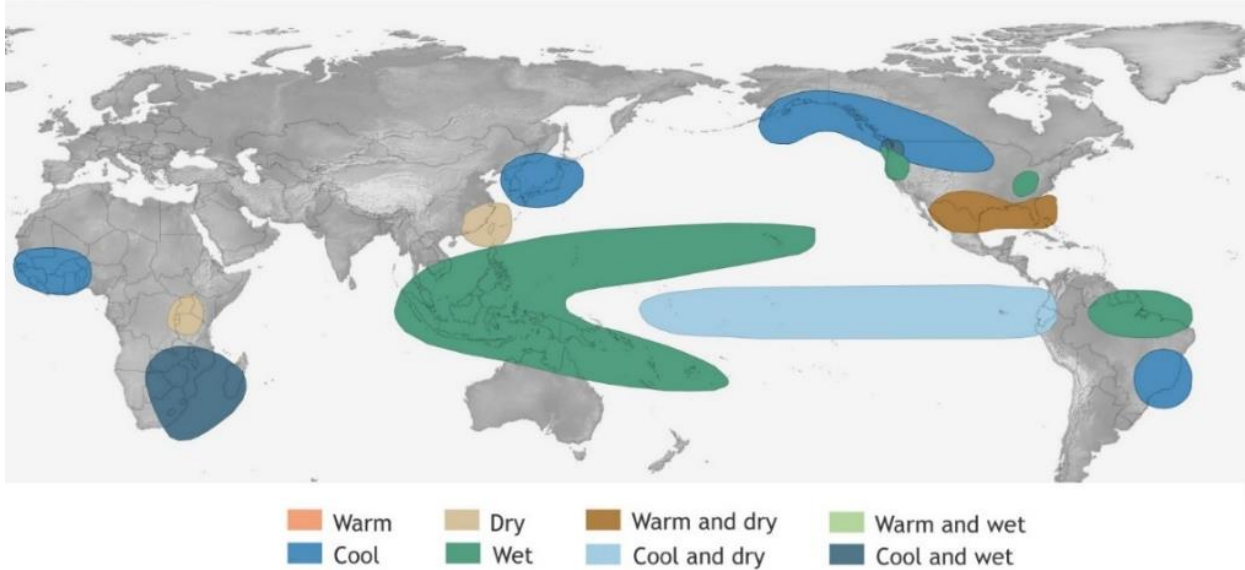
Fig 7. Soybean yields in US during ENSO phase



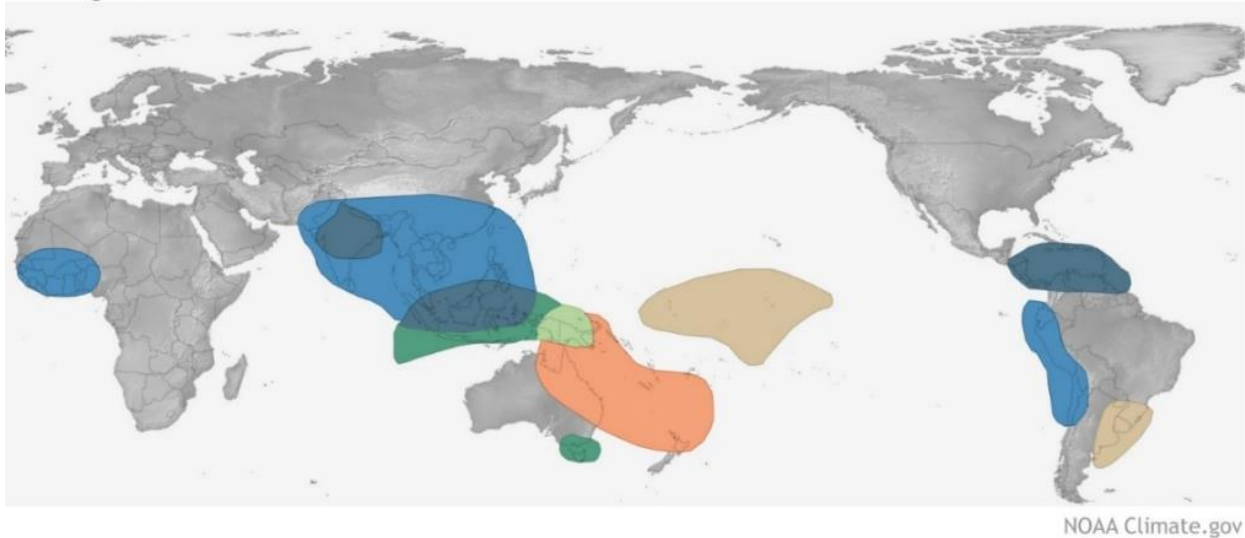
Source: Conab and NOAA, KISI

Table 3. Impact of La Nina event worldwide

December-February



June-August



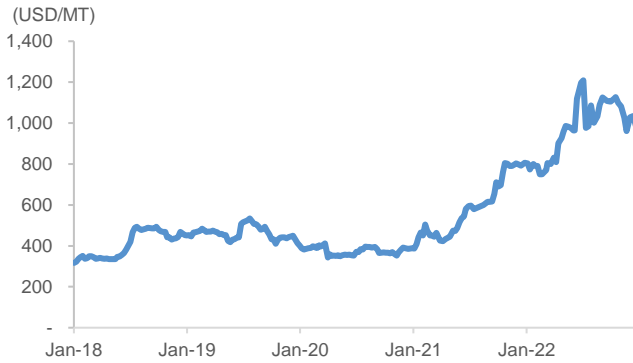
NOAA Climate.gov

Source: NOAA climate.gov, KISI

On the flip side, palm oil players are currently experiencing high density of rain in some areas in Kalimantan which caused 1) difficulty in FFB evacuation to palm oil mills 2) lower OER and soil quality as a result of FFB carrying high content of water, and 3) disruption in logistics when a heavy flood occurs, which hindered CPO production despite the ample FFB production.

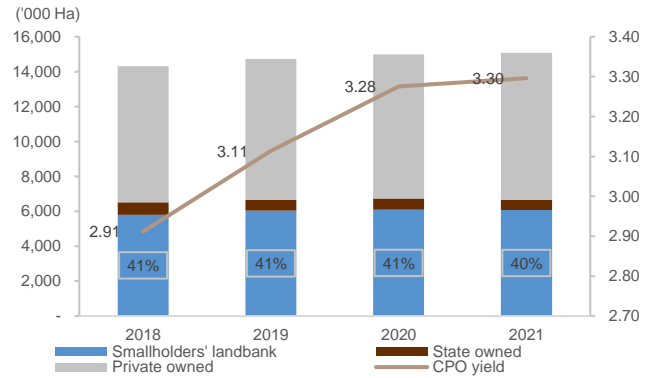
It is worth noting that cost of fertilizer had also jumped in 2022, impacting production cost of FFB, while FFB prices were hammered severely during Indonesia's CPO export ban. Our channel check also finds that difficulty in securing fertilizer supply arises at the smallholder level. **We think that both events may cause a dent in palm oil planting and manuring for smallholders which accounts for up to 40% of total landbank**

Fig 8. NPK (15 15 15) fertilizer price



Source: Bloomberg, KISI

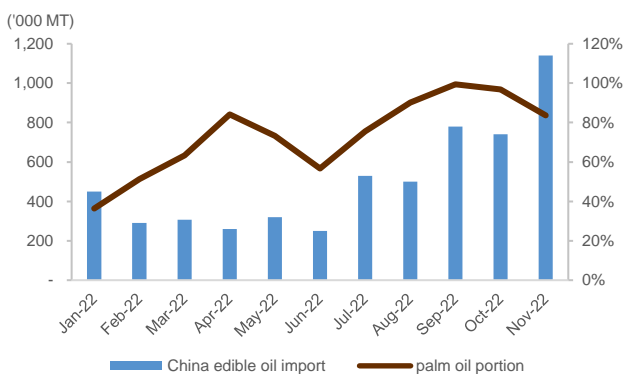
Fig 9. Indonesia's landbank profile



Source: BPDPKS, KISI

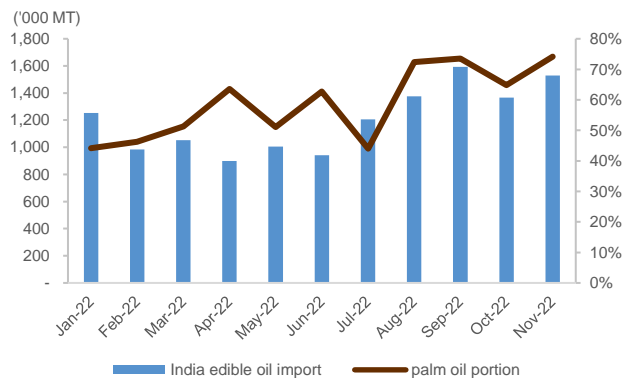
On the demand side, China's edible oil import has shown a strong recovery within the month of Nov-2022, which doubled on a year-on-year basis after quite a bad start in the first half of 2022. Palm oil portion also grew considerably from July 22 due to the huge discount on palm oil. The other big player, India, remained strong and steady during the year. **Heading into the Lunar New Year holiday on 22 January 2023, we expect China's appetite for edible oil to remain robust in Dec-2022 but remain cautious as covid case surges.** The country recently loosened its zero lockdown covid rules and plans to reopen border in Jan-2023. We should see a recoup in import demand for palm oil given the steep discount with soybean oil, after a low base in 2022.

Fig 10. China edible oil import 2022



Source: Bloomberg, KISI

Fig 11. India edible oil import 2022



Source: Bloomberg, KISI

In summary, considering the demand and supply dynamics, we upgraded our CPO price projection from MYR3,500 in FY23F to MYR4,000 and MYR3,800 in FY23/24F, mainly to reflect 1) better import demand from China as border reopens but remain cautious as covid case surges, 2) faster than expected domestic palm oil inventory normalization. We expect palm oil output to grow robustly in the second half of 2023 due to good weather after La Nina ends and an easing in a labor shortage in Malaysia as compared to 2022. However, we should see a slide in earnings as 2022 prices averaged around MYR5,087, in-line with our expectations. Nevertheless, palm oil price may have found its downside risks mitigated from the increase in biodiesel portion (B35) in solar and current attractiveness compared to soybean oil.

II. Upside from B35 biodiesel initiation

A mandatory 35% biodiesel mixture in solar fuel will take place starting February 2023 along with a 3% increase in biosolar production target to 37,567 mn ltr (from 36,475mn ltr) as stated by the Ministry of Energy and Mineral Resources (ESDM). We estimate that the mandate will bring additional 1.9mn tonnes CPO demand or equal to 160k MT per month. We also calculated that if B40 mandate is to be implemented instead, CPO demand will jump to an additional 3.5mn tonnes (or equal to 296k MT per month).

Table 4. B35 implied CPO demand

	units	B30 in FY22	B35 in FY23F	B40 in FY23F
Biosolar production target	kL	36,475,050	37,567,411	37,567,411
Estimated biodiesel demand (a)	kL	10,942,515	13,148,594	15,026,964
Estimated CPO demand from biodiesel	MT	9,519,988	11,439,277	13,073,459
Additional CPO demand from prev year	MT		1,919,289	3,553,471

Source: MEMR, KISI

We use a base assumption of USD80/bbl for oil price and IDR11,100/kg for CPO price (MYR4,000/ton deducted with tax) to arrive at a price spread of IDR2,275/ltr or IDR29.9tn fund needed for rolling-out the B35 biodiesel mandate. With the current tax rate, we estimate funds collected from palm oil levy will reach IDR39.6tn if the CPO price reference hovers between USD780/MT-USD830/MT. **Given our base assumption, we think that the current availability and funding will be sufficient for B35 mandate.** Meanwhile, biodiesel blending at 40% (B40) might be too aggressive due to 1) lower export ratio in 2023 at 1:6 (from previously 1:9) for DMO, 2) higher funds needed at approximately IDR34.2tn which might trigger an increase in levy tax rate, 3) sudden jump in biodiesel consumption of additional ~296k MT per month could disrupt palm oil supply availability and drive domestic cooking oil inflation.

Table 5. Palm oil fund estimation

Base assumption				
Oil price assumption	USD/bbl	80	USDIDR	15,000
Solar index price (b)	IDR/ltr	8,491	USDMYR	4.4
CPO price assumption (net of tax)	IDR/kg	11,100	Palm oil export volume	'000 MT
Biodiesel index price (c)	IDR/ltr	10,766	assumption	34,400
Index price difference (d=c-b)	IDR/ltr	2,275		
			Estimated fund obtained (CPO price ref: 780-830)	
Fund needed for B35 (d*a)	IDRbn	29,913	IDRbn	39,560
Fund needed for B40 (d*a)	IDRbn	34,186		

Source: GAPKI, MoF, KISI

Our sensitivity analysis shows that every USD5 changes in oil price should impact the price spread by IDR472/ltr, and every IDR250 movement in CPO price will affect the price spread by IDR218/ltr. **Biodiesel is economically viable when crude oil prices is trading near USD100/bbl while palm oil price stays under IDR10,600/kg and palm oil levy could be waived if the prices reached those level respectively and the spread turns negative.**

Table 6. Sensitivity analysis on oil price and CPO price to index price difference (IDR/ltr)

CPO price (IDR/ kg)	Oil price (USD/bbl)						
	70	75	80	85	90	95	100
12,600	4,523	4,052	3,580	3,108	2,637	2,165	1,693
12,100	4,088	3,617	3,145	2,673	2,202	1,730	1,258
11,850	3,871	3,399	2,928	2,456	1,984	1,512	1,041
11,600	3,653	3,182	2,710	2,238	1,767	1,295	823
11,350	3,436	2,964	2,493	2,021	1,549	1,077	606
11,100	3,653	3,182	2,710	2,238	1,767	1,295	823
10,850	3,001	2,529	2,058	1,586	1,114	642	171
10,600	2,783	2,312	1,840	1,368	897	425	47
10,350	2,566	2,094	1,623	1,151	679	207	264
10,100	2,348	1,877	1,405	933	462	10	482

Source: KISI

Table 7. Sensitivity analysis on oil price and CPO price to fund needed to cover the biodiesel mandate (IDRbn)

CPO price (IDR/ kg)	Oil price (USD/bbl)						
	70	75	80	85	90	95	100
12,600	59,477	53,275	47,072	40,869	34,667	28,464	22,261
12,100	53,758	47,555	41,352	35,150	28,947	22,744	16,542
11,850	50,898	44,695	38,493	32,290	26,087	19,885	13,682
11,600	48,038	41,835	35,633	29,430	23,227	17,025	10,822
11,350	45,178	38,976	32,773	26,570	20,368	14,165	7,962
11,100	42,318	36,116	29,913	23,710	17,508	11,305	5,102
10,850	39,459	33,256	27,053	20,851	14,648	8,445	2,243
10,600	36,599	30,396	24,193	17,991	11,788	5,585	617
10,350	33,739	27,536	21,334	15,131	8,928	2,726	3,477
10,100	30,879	24,677	18,474	12,271	6,069	134	6,337

Source: KISI

Table 8. Sensitivity analysis on palm oil export volume and average levy tax rate to palm oil fund (IDRbn)

Average levy tax (USD/MT)	Palm oil export volume ('000 MT)								
	34,000	34,100	34,200	34,300	34,400	34,500	34,600	34,700	34,800
57	29,070	29,156	29,241	29,327	29,412	29,498	29,583	29,669	29,754
62	31,620	31,713	31,806	31,899	31,992	32,085	32,178	32,271	32,364
67	34,170	34,271	34,371	34,472	34,572	34,673	34,773	34,874	34,974
72	36,720	36,828	36,936	37,044	37,152	37,260	37,368	37,476	37,584
77	39,100	39,215	39,330	39,445	39,560	39,675	39,790	39,905	40,020
82	41,820	41,943	42,066	42,189	42,312	42,435	42,558	42,681	42,804
87	44,370	44,501	44,631	44,762	44,892	45,023	45,153	45,284	45,414
92	46,920	47,058	47,196	47,334	47,472	47,610	47,748	47,886	48,024
97	49,470	49,616	49,761	49,907	50,052	50,198	50,343	50,489	50,634
102	52,020	52,173	52,326	52,479	52,632	52,785	52,938	53,091	53,244
107	54,570	54,731	54,891	55,052	55,212	55,373	55,533	55,694	55,854
112	57,120	57,288	57,456	57,624	57,792	57,960	58,128	58,296	58,464
117	59,670	59,846	60,021	60,197	60,372	60,548	60,723	60,899	61,074
122	62,220	62,403	62,586	62,769	62,952	63,135	63,318	63,501	63,684

Source: KISI

III. Summary of changes to our assumptions

Triputra Agro Persada (TAPG) – Maintain BUY on TAPG with a lower TP of IDR900/sh (from IDR1,100/sh), offering a 45% upside from current price. We rolled forward our DCF-based valuation to FY23F, implying a 7.8x FY23F PE (near DSNG's - 1std dev of its 5-yr mean), 18% ROE, and USD6,623 EV/Ha. We like TAPG for its sizeable landbank of ~160k Ha and relatively young plantation age profile at 12.2yrs old with 78% at their mature age. TAPG owns 13 ISPO certificates and 2 RSPO certificates and is aiming to be fully certified by 2026.

Post 9M22 result, we made a few adjustments on sales volume to expect a 10% QoQ lower CPO production in 4Q22 due to seasonal cycle as TAPG had its better production on the first half. Nevertheless, we still expect TAPG's FFB yield to reach 24.4MT/Ha by FY22F, one of the highest among its peers. We also applied higher discount to KPB price to match current discount, this resulted in lower revenue of IDR9,155bn/IDR8,098bn in FY22/FY23F, a (-)4%/3% change respectively. We fine-tuned our earnings forecast and expect TAPG to deliver IDR2,965bn/IDR2,282bn net profit in FY22F/FY23F

Table 9. TAPG assumption changes

Assumptions	Unit	Revised		Previous		% change	
		FY22F	FY23F	FY22F	FY23F	FY22F	FY23F
Revenue	IDR bn	9,155	8,098	9,496	7,848	-4%	3%
Gross profit	IDR bn	3,637	2,975	3,901	2,354	-7%	26%
EBIT	IDR bn	2,965	2,329	3,329	1,737	-11%	34%
Net profit	IDR bn	2,965	2,282	3,026	1,920	-2%	19%
Margin							
Gross margin	%	39.7%	36.7%	41.1%	30.0%		
EBIT margin	%	32.4%	28.8%	35.1%	22.1%		
Net profit margin	%	32.4%	28.2%	31.9%	24.5%		

Source: Company, KISI

PP London Sumatra – (LSIP) Maintain HOLD with lower TP of IDR1,115/sh (from IDR1,300/sh), offering a 11% upside. We rolled forward DCF valuation to FY23F implying a 9.2x FY23F PE (around -0.5std dev from its 5-yr mean), 8% FY23F ROE, and USD2,138 EV/Ha. Despite LSIP's strong balance sheet with zero debt, we think that currently undervalued EV/Ha compared to replanting cost might still be unattractive due to 1). current replanting activities carried out by LSIP are still under expectation, and 2) LSIP delivers a weak FFB yield compared to peers at 14MT/Ha due to its older age profile at 19yrs old. ESG side, LSIP already reached 100% ISPO certification as of 2021

Post 9M22 earnings, we adjust ASP to implement a higher discount to KPB and tone down GPM to reflect the higher-than-expected impact of the increase in fertilizer cost. We expect LSIP to deliver a lower revenue of (-)3% by FY22F but higher revenue of 7% in FY23F post-upgrade on CPO price assumption. We, therefore, adjust our earnings forecast to IDR949bn/IDR828bn in FY22F/FY23F.

Table 10. LSIP assumption changes

Assumptions	Unit	Revised		Previous		% change	
		FY22F	FY23F	FY22F	FY23F	FY22F	FY23F
Revenue	IDR bn	4,453	4,137	4,593	3,881	-3%	7%
Gross profit	IDR bn	1,511	1,315	1,808	1,580	-16%	-17%
EBIT	IDR bn	1,216	1,032	1,153	904	5%	14%
Net profit	IDR bn	949	828	967	768	-2%	8%
Margin							
Gross margin	%	33.9%	31.8%	39.4%	40.7%		
EBIT margin	%	27.3%	24.9%	25.1%	23.3%		
Net profit margin	%	21.3%	20.0%	21.1%	19.8%		

Source: Company, KISI

Sawit Sumbermas Sarana – (SSMS) Maintain BUY with TP of IDR1,970/sh (from previously IDR1,780/sh), offering a 26% upside. We rolled-forward our DCF valuation to FY23F implying a 9.3X FY23F PE (above its +1 std dev of 3-yr mean), 28% FY23F ROE, and USD17,343EV/Ha. SSMS is one of the leading plantations in terms of ESG as the co currently owns 90%/100% RSPO and ISPO certification. By 2023, SSMS eyes to achieve 100% RSPO certification with only 1 RSPO certificate still under auditing stage. As of December 2022, SSMS average age reached 13yrs old, at the prime age with the highest yield among CPO companies under our coverage at 25MT/Ha.

We trim our FY22 CPO sales volume assumption and adjust SSMS ASP to reflect changes in CPO price assumption and discount to KPB price. This resulted in lower revenue of IDR7,133bn in FY22F but higher revenue of IDR6,451bn in FY23F. We also tuned our COGS assumption to reflect pressure from fertilizer cost that jumped in 2H22 as well as below the line cost which affected earnings by (-)23%/(-)14% to IDR2,152bn/IDR2,010bn for FY22F/FY23F.

On 14Dec2022, SSMS announced another tender offer to buy back the remaining USD40mn notes maturing on 23Jan2023 w/ 7.75% p.a. interest rate for below the par price. We think that the refinancing reduced SSMS debt risk profile while managing to reduce its forex risk and costly USD bond withholding tax structure. SSMS balance sheet remains healthy with DER at 87% and Interest coverage ratio at 5.2x in FY23F. We expect great operational to continue in FY23F and a hefty dividend with payout guidance at 50% for FY23F.

Table 11. SSMS assumption changes

Assumptions	Unit	Revised		Previous		% change	
		FY22F	FY23F	FY22F	FY23F	FY22F	FY23F
Revenue	IDR bn	7,133	6,451	7,293	5,825	-2%	11%
Gross profit	IDR bn	3,518	3,232	4,102	3,036	-14%	6%
EBIT	IDR bn	2,600	2,498	3,326	2,297	-22%	9%
Net profit	IDR bn	2,152	2,010	2,685	1,966	-20%	2%
Margin							
Gross margin	%	49.3%	50.1%	56.2%	52.1%		
EBIT margin	%	36.5%	38.7%	45.6%	39.4%		
Net profit margin	%	30.2%	31.2%	36.8%	33.8%		

Source: Company, KISI

Dharma Satya Nusantara (DSNG) – Maintain BUY with a higher TP of IDR880/sh (from previously IDR650/sh), offering a 40% upside. We rolled-forward our DCF-based valuation to FY23F, implying a 8.9x FY23F PE (on its 5-yr mean), 13% FY23F ROE, and USD7,613 EV/Ha. We like DSNG for its soon-to-be reaching prime estate profile with an average age of 12.8yr (similar to SSMS and TAPG. DSNG is also aware of its ESG presence with 68%/84% of its plantation having the RSPO/ISPO certification and is also ranked 7th worldwide on SPOTT with a total score of 85.9%.

We adjust our CPO sales volume assumption to reflect better than expected CPO production post 9M22 earnings and expect 4Q22 operation to deliver similar results with 3Q22. We also expect better ASP going forward as the co is no longer experiencing a delay in CPO delivery and from the continuation of stable domestic prices after the levy-free export is extended to mid-November. Our upgraded assumption on DSNG resulted in a higher revenue of IDR9,140bn/IDR8,960bn in FY22F/FY23F, a 7%/21% increase respectively.

We tuned our COGS to reflect higher cogs for FY23F and we expect a drop in GPM by 600bps to 25.9% in FY23F. We also fine-tuned our earnings forecast which resulted in a higher earning of IDR1,186bn/IDR1,042bn, a 26%/27% increase respectively. Entering 2023, DSNG will reach its prime age and we expect higher productivity will sustain the declining CPO prices.

Table 12. DSNG assumption changes

Assumptions	Unit	Revised		Previous		% change	
		FY22F	FY23F	FY22F	FY23F	FY22F	FY23F
Revenue	IDR bn	9,140	8,960	8,534	7,429	7%	21%
Gross profit	IDR bn	2,935	2,480	2,325	2,053	26%	21%
EBIT	IDR bn	2,073	1,682	1,518	1,206	37%	39%
Net profit	IDR bn	1,186	1,042	944	822	26%	27%
Margin							
Gross margin	%	32.1%	27.7%	27.2%	27.6%		
EBIT margin	%	22.7%	18.8%	17.8%	16.2%		
Net profit margin	%	13.0%	11.6%	11.1%	11.1%		

Source: Company, KISI

Astra Agro Lestari – (AALI) Maintain HOLD with TP at IDR7,380/sh (from IDR8,300/sh). We rolled-forward DCF valuation to FY23F, implying a 10.3x FY23F PE (near its -1std dev of its 5-yr mean), 6% ROE, and USD3,575 EV/Ha. We think that AALI is fairly valued at the moment and the co's aging trees resulted in weaker FFB yield and softer GPM despite having the biggest acreage among CPO players under our coverage. Currently, AALI replants about ~4,500Ha/year to replenish their aging plantation at 16yrs old.

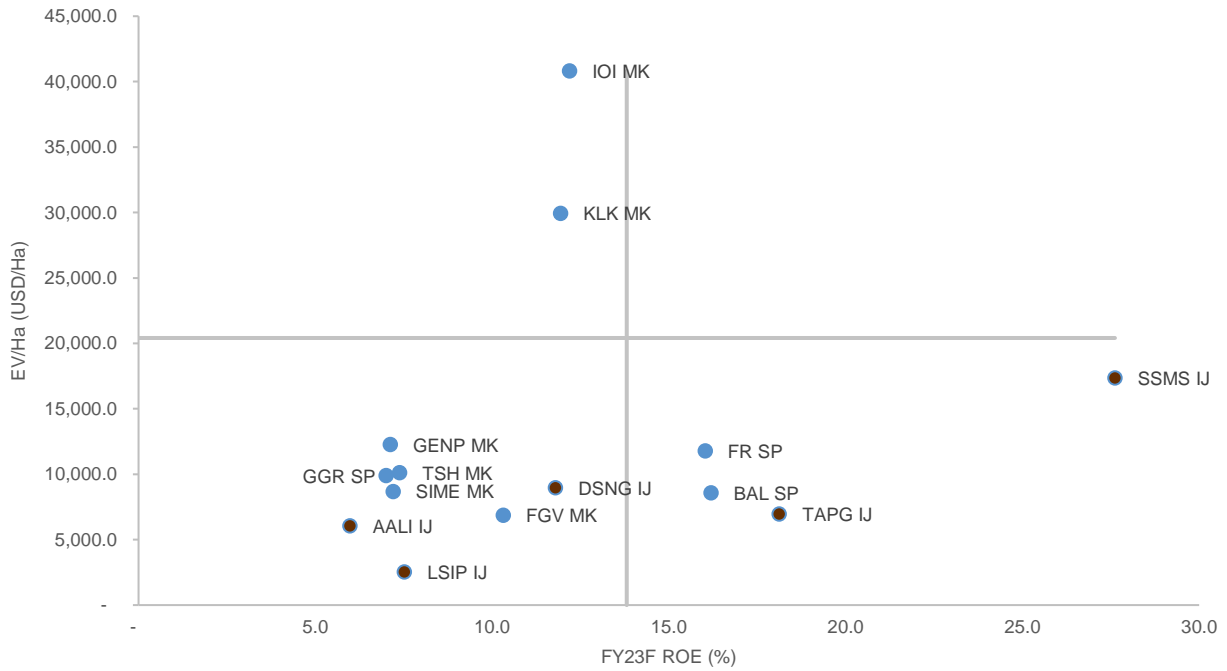
Post 9M22 earnings, we adjust ASP to implement higher CPO price assumption and lower CPO sales assumption. We expect AALI to deliver a higher revenue by 10% in FY23F post-upgrade on CPO price assumption. We fine-tuned below-the-line cost and therefore adjust our earnings forecast to IDR1,664bn/IDR1,373bn in FY22F/FY23F.

Table 13. AALI assumption changes

Assumptions	Unit	Revised		Previous		% change	
		FY22F	FY23F	FY22F	FY23F	FY22F	FY23F
Revenue	IDR bn	23,477	21,754	24,165	19,828	-3%	10%
Gross profit	IDR bn	3,804	3,682	4,273	3,387	-11%	9%
EBIT	IDR bn	2,257	2,190	2,853	2,013	-21%	9%
Net profit	IDR bn	1,664	1,373	1,666	1,018	0%	35%
Margin							
Gross margin	%	16.2%	16.9%	17.7%	17.1%		
EBIT margin	%	9.6%	10.1%	11.8%	10.2%		
Net profit margin	%	7.1%	6.3%	6.9%	5.1%		

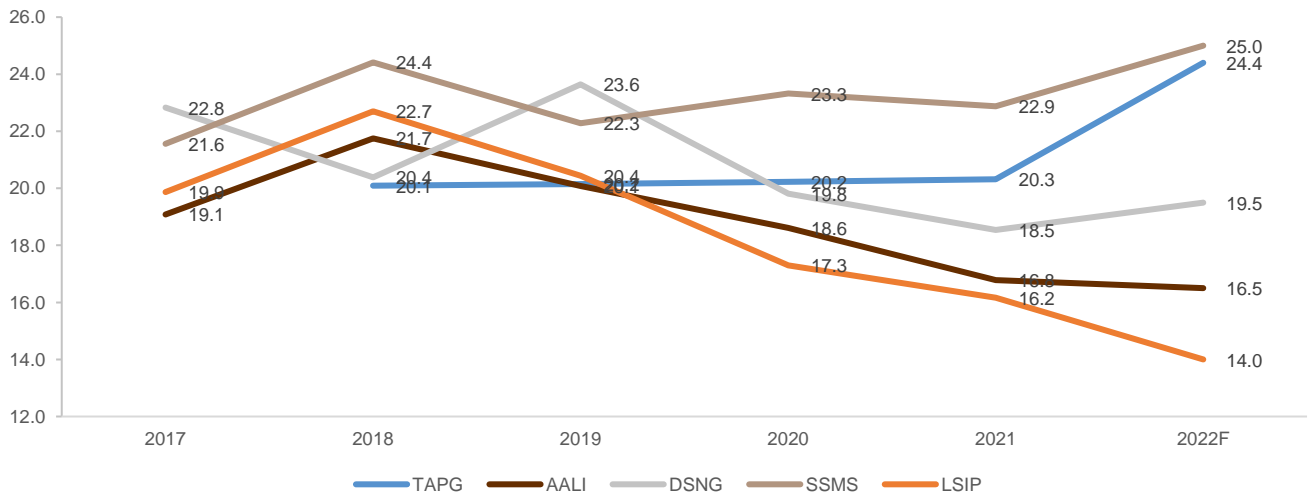
Source: Company, KISI

Fig 12. PE and ROE quadrant



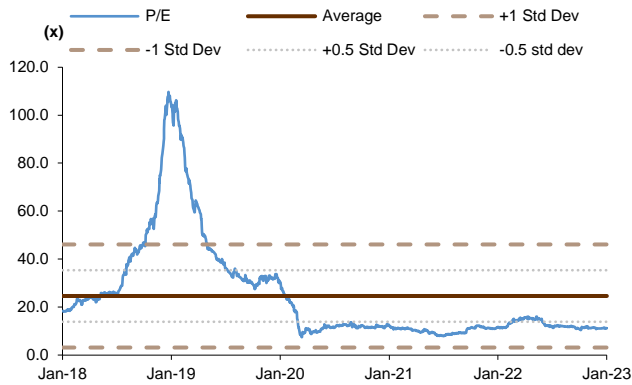
Source: Company, KISI

Fig 13. FFB yield



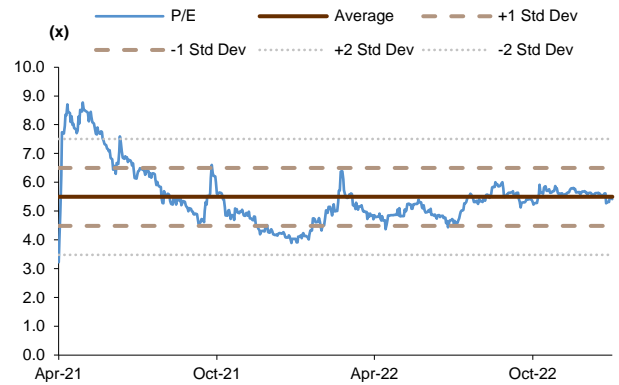
Source: Company, KISI

Fig 14. AALI 5-yr PE band



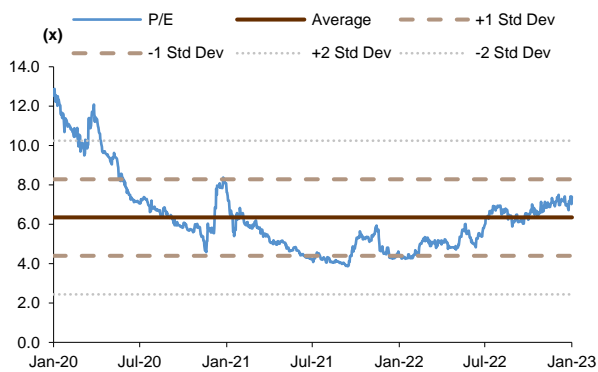
Source: Bloomberg, KISI

Fig 15. TAPG PE band



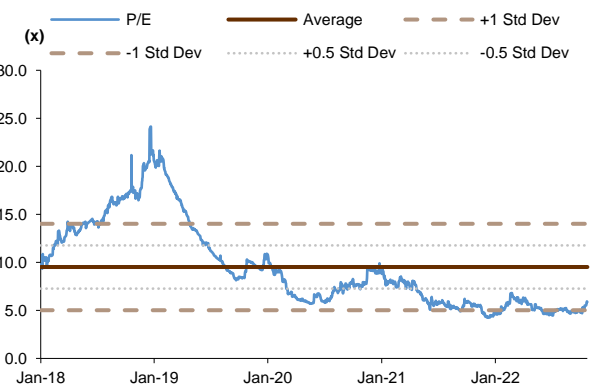
Source: Bloomberg, KISI

Fig 16. SSMS 3-yr PE band



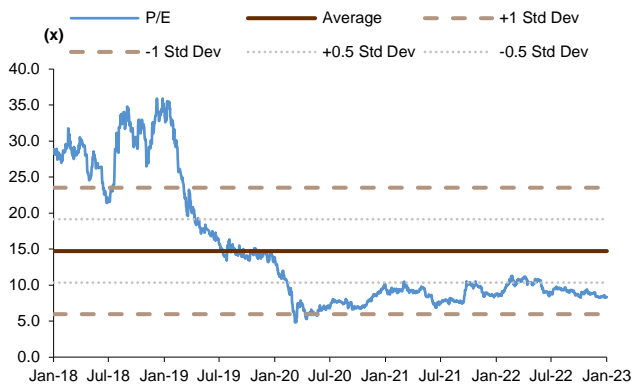
Source: Bloomberg, KISI

Fig 17. DSNG 5-yr PE band



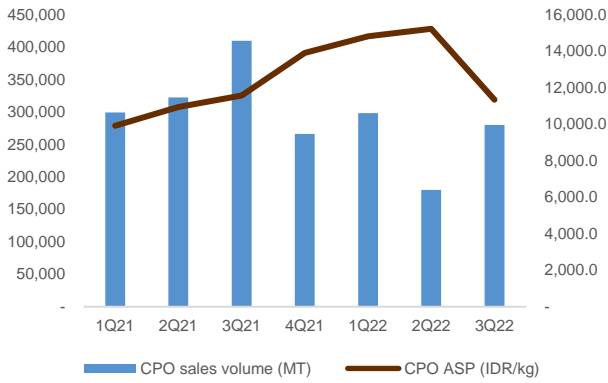
Source: Bloomberg, KISI

Fig 18. LSIP 5-yr PE band



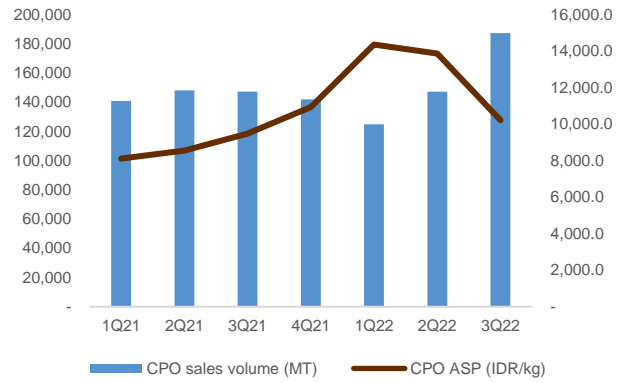
Source: Bloomberg, KISI

Fig 19. AALI quarterly CPO production and ASP



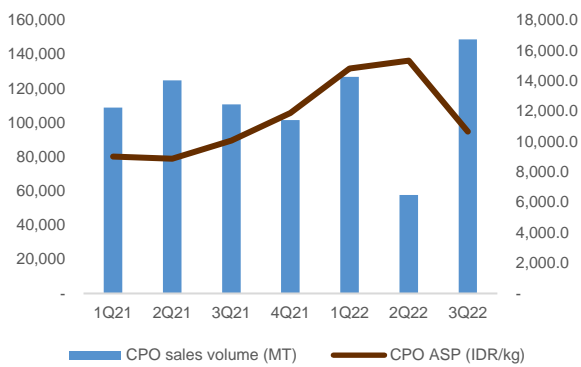
Source: Company, KISI

Fig 20. TAPG quarterly CPO production and ASP



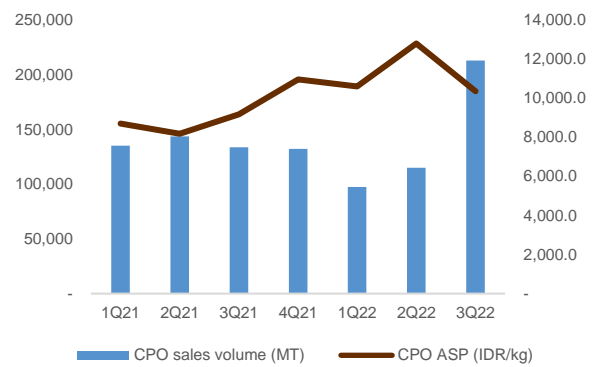
Source: Company, KISI

Fig 21. SSMS quarterly CPO production and ASP



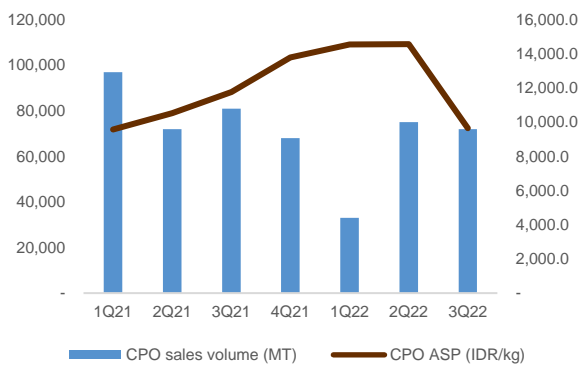
Source: Company, KISI

Fig 22. DSNG quarterly CPO production and ASP



Source: Company, KISI

Fig 23. LSIP quarterly CPO production and ASP



Source: Company, KISI

Triputra Agro Persada (TAPG IJ)

Balance sheet		(IDR bn)				
FY-ending Dec. (IDR bn)	2020A	2021A	2022F	2023F	2024F	
Current assets						
Cash & cash equivalent	1,490	1,280	1,672	2,436	3,069	
Accounts & other receivables	146	73	214	178	145	
Inventories	637	673	1,104	855	753	
Others	299	423	472	472	472	
Non-current assets						
Fixed assets	7,202	7,119	7,043	6,961	6,873	
Intangible assets	0	0	0	0	0	
Total investment	1,846	2,049	3,000	3,000	3,000	
Other non-current assets	704	829	864	902	909	
Total assets	12,324	12,446	14,369	14,805	15,222	
Current liabilities						
Accounts & other payables	565	267	305	231	194	
ST debt & bond	-	-	-	-	-	
Current portion of LT debt	111	45	-	-	-	
Others	1,074	1,210	1,235	1,235	1,235	
Non-current liabilities						
LT debt & financial liabilities	3,370	2,657	1,993	1,329	664	
Other non-current liabilities	384	388	388	388	388	
Total liabilities	5,668	4,650	4,004	3,265	2,564	
Controlling interest						
Capital stock	1,899	1,985	1,985	1,985	1,985	
Additional paid-in capital	3,262	3,335	3,335	3,335	3,335	
Retained earnings	1,951	2,810	5,279	6,375	7,427	
Others	-643	-618	-618	-618	-618	
Minority interest	187	283	384	463	530	
Total equity	385	267	390	383	509	

Cash flow		(IDR bn)				
FY-ending Dec. (IDR bn)	2020A	2021A	2022F	2023F	2024F	
C/F from operating	1,393	1,234	1,921	2,986	2,593	
Net profit	942	1,199	3,066	2,361	2,032	
Depreciation	507	532	525	531	538	
Net incr. in W/C	34	457	1,568	(172)	(91)	
Others	(22)	(40)	(102)	(78)	(67)	
C/F from investing	(467)	(448)	(450)	(450)	(450)	
CAPEX	(467)	(448)	(450)	(450)	(450)	
Others	-	-	-	-	-	
C/F from financing	(900)	(996)	(1,079)	(1,772)	(1,510)	
Incr. in equity	(15)	281	102	78	67	
Incr. in debts	(885)	(976)	(685)	(664)	(664)	
Dividends	-	(300)	(496)	(1,186)	(913)	
Others	(10)	(397)	-	-	-	
Increase in cash	26	-210	392	764	633	

Income statement **(IDR bn)**

FY-ending Dec. (IDR bn)	2020A	2021A	2022F	2023F	2024F
Sales	5,266	6,278	9,155	8,098	7,040
COGS	-3,873	-4,662	-5,518	-5,123	-4,546
Gross profit	1,393	1,616	3,637	2,975	2,495
SG&A expense	-496	-529	-672	-646	-632
Operating profit	897	1,086	2,965	2,329	1,863
Financial income					
Interest income	49	21	25	28	28
Financial expense					
Interest expense	(197)	(157)	(111)	(69)	(27)
Other non-operating profit	405	349	1,000	800	800
Gains (Losses) in associates, subsidiaries and JV	62	101	-	-	-
Earnings before tax	1,080	1,421	3,833	3,046	2,621
Income taxes	(138)	(223)	(767)	(685)	(590)
Non-controlling interest	22	40	102	78	67
Net profit	921	1,159	2,965	2,282	1,964
EBITDA	1,423	1,643	3,776	3,141	2,675

Key financial data

FY-ending Dec.	2020A	2021A	2022F	2023F	2024F
per share data (IDR)					
EPS	48.5	58.4	149.3	115.0	98.9
BPS	350.6	392.7	522.2	581.3	637.7
DPS	-	15.1	25.0	59.7	46.0
Growth (%)					
Sales growth	21.6	19.2	45.8	(11.5)	(13.1)
OP growth	178.1	21.1	172.9	(21.4)	(20.0)
NP growth	380.9	25.9	155.8	(23.0)	(13.9)
EBITDA growth	74.1	15.5	129.8	(16.8)	(14.8)
Profitability (%)					
OP margin	17.0	17.3	32.4	28.8	26.5
NP margin	17.5	18.5	32.4	28.2	27.9
EBITDA margin	27.0	26.2	41.2	38.8	38.0
ROE	7.5	9.4	22.1	15.6	13.1
ROA	15.3	16.6	33.9	21.7	16.9
Dividend yield	-	1.5	3.0	6.7	4.6
Dividend payout ratio	-	32.6	42.8	40.0	40.0
Stability					
Net debt (IDR bn)	2,828	2,062	986	-443	-1,740
Int.-bearing debt/equity (%)	57.8	38.7	22.8	12.6	5.7
Valuation (X)					
PE	-	-	4.2	5.4	6.3
PB	-	-	1.2	1.1	1.0
EV/EBITDA	-	-	3.6	3.9	4.1

PP London Sumatra (LSIP IJ)

Balance sheet (IDR bn)

FY-ending Dec. (IDR bn)	2020A	2021A	2022F	2023F	2024F
Current assets					
Cash & cash equivalent	1,959	3,368	3,763	3,923	4,236
Accounts & other receivables	339	307	350	349	328
Inventories	364	368	588	565	541
Others	258	265	254	281	298
Non-current assets					
Fixed assets	6,313	5,827	5,550	5,495	5,551
Intangible assets					
Total investment	1,267	1,264	1,264	1,264	1,264
Other non-current assets	422	452	570	815	826
Total assets	10,923	11,851	12,339	12,691	13,045
Current liabilities					
Accounts & other payables	212	185	172	195	195
ST debt & bond	-	-	-	-	-
Current portion of LT debt	-	-	-	-	-
Others	433	485	483	476	470
Non-current liabilities					
LT debt & financial liabilities	0	4	4	4	4
Other non-current liabilities	992	1,005	901	784	734
Total liabilities	1,636	1,679	1,560	1,459	1,403
Controlling interest					
Capital stock	682	682	682	682	682
Additional paid-in capital	1,030	1,030	1,030	1,030	1,030
Retained earnings	7,560	8,447	9,054	9,507	9,917
Others	11,641	11,948	12,037	12,037	12,037
Minority interest	2,101	1,308	834	420	52
Total equity	9,286	10,173	10,779	11,233	11,642

Cash flow (IDR bn)

FY-ending Dec. (IDR bn)	2020A	2021A	2022F	2023F	2024F
C/F from operating	1,107	1,660	891	862	1,089
Net profit	695	990	949	828	736
Depreciation	375	640	430	382	393
Net incr. in W/C	230	121	(281)	(22)	44
Others	(194)	(91)	(207)	(326)	(84)
C/F from investing	(377)	(153)	(153)	(327)	(449)
CAPEX	(377)	(153)	(153)	(327)	(449)
Others	6	3	-	-	-
C/F from financing	92	(101)	(342)	(375)	(327)
Incr. in equity	-	-	-	-	-
Incr. in debts	-	4	-	-	-
Dividends	(102)	(136)	(347)	(380)	(331)
Others	194	31	5	5	5
Increase in cash	821	1,409	395	160	313

Income statement (IDR bn)

FY-ending Dec. (IDR bn)	2020A	2021A	2022F	2023F	2024F
Sales	3,537	4,525	4,453	4,137	3,893
COGS	(2,461)	(2,717)	(2,941)	(2,823)	(2,706)
Gross profit	1,076	1,808	1,511	1,315	1,187
SG&A expense	(266)	(299)	(295)	(283)	(277)
Operating profit	810	1,509	1,216	1,032	911
Financial income	-	-	-	-	-
Interest income	51	59	75	84	87
Financial expense	-	-	-	-	-
Interest expense	(0)	(1)	(1)	(1)	(1)
Other non-operating profit	(6)	(3)	(5)	(4)	(4)
Gains (Losses) in associates, subsidiaries and JV	(20)	50	-	-	-
Earnings before tax	860	1,247	1,186	1,061	943
Income taxes	(165)	(256)	(237)	(234)	(208)
Non-controlling interest	(1)	(1)	(0)	(0)	(0)
Net profit	696	991	949	828	736
EBITDA	1,228	1,561	1,824	1,635	1,387

Key financial data

FY-ending Dec.	2020A	2021A	2022F	2023F	2024F
per share data (IDR)					
EPS	102.0	145.3	139.1	121.4	107.9
BPS	180.0	228.8	267.3	239.7	203.3
DPS	15.0	20.0	50.8	55.6	48.6
Growth (%)					
Sales growth	(99.9)	28.0	(1.6)	(7.1)	(5.9)
OP growth	(99.6)	86.3	(19.4)	(15.1)	(11.8)
NP growth	(99.7)	42.4	(4.3)	(12.7)	(11.1)
EBITDA growth	(99.8)	27.1	16.8	(10.3)	(15.2)
Profitability (%)					
OP margin	22.9	33.4	27.3	24.9	23.4
NP margin	19.7	21.9	21.3	20.0	18.9
EBITDA margin	34.7	34.5	41.0	39.5	35.6
ROE	#REF!	8.7	7.8	6.6	5.7
ROA	0.0	4.6	4.2	3.6	3.1
Dividend yield	1.5	2.0	5.2	5.7	5.0
Dividend payout ratio	0.0	19.6	35.0	40.0	40.0
Stability					
Net debt (IDR bn)	-1,959	-3,364	-3,759	-3,919	-4,232
Int.-bearing debt/equity (%)	-	0.0	0.0	0.0	0.0
Valuation (X)					
PE	9.9	7.0	7.3	8.3	9.4
PB	0.6	0.6	0.6	0.6	0.6
EV/EBITDA	4.0	2.3	1.7	1.8	1.9

Dharma Satya Nusantara (DSNG IJ)

Balance sheet		(IDR bn)				
FY-ending Dec. (IDR bn)	2020A	2021A	2022F	2023F	2024F	
Current assets						
Cash & cash equivalent	648	422	1,520	2,247	648	
Accounts & other receivables	398	269	323	281	398	
Inventories	670	773	940	812	670	
Others	2,611	2,320	3,679	4,343	2,611	
Non-current assets						
Fixed assets	5,453	5,922	6,396	6,715	5,453	
Intangible assets	-	-	-	1	-	
Total investment	-	-	-	1	-	
Other non-current assets	11,533	11,385	11,925	11,878	11,533	
Total assets	14,151	13,712	15,613	16,231	14,151	
Current liabilities						
Accounts & other payables	416	361	473	408	416	
ST debt & bond	567	305	313	317	567	
Current portion of LT debt	623	586	704	844	623	
Others	2,291	1,855	2,251	2,269	2,291	
Non-current liabilities						
LT debt & financial liabilities	4,294	3,503	3,153	2,838	4,294	
Other non-current liabilities	5,623	4,827	4,545	4,264	5,623	
Total liabilities	7,921	6,687	6,800	6,537	7,921	
Controlling interest						
Capital stock	212	212	212	212	212	
Additional paid-in capital	677	679	679	679	677	
Retained earnings	1,850	2,034	2,034	2,034	1,850	
Others	3,382	3,975	4,718	5,265	3,382	
Total equity	6,122	6,900	7,643	8,190	8,601	

Cash flow		(IDR bn)				
FY-ending Dec. (IDR bn)	2020A	2021A	2022F	2023F	2024F	
C/F from operating						
Net profit	881	1,363	1,783	1,483	1,603	
Depreciation	478	740	1,207	1,060	1,069	
Net incr. in W/C	344	366	370	375	377	
	(60)	(270)	(226)	(66)	(175)	
C/F from investing	(2,645)	(835)	(666)	(686)	(572)	
CAPEX	(2,645)	(835)	(666)	(686)	(572)	
Others	-	-	-	-	-	
C/F from financing	2,142	(753)	(795)	(1,077)	(715)	
Incr. in equity	2,075	198	15	13	13	
Incr. in debts	120	(821)	(592)	(734)	(416)	
Dividends	(52)	(131)	(218)	(356)	(313)	
Others	-	-	-	1	2	
Increase in cash	377	(225)	322	(280)	315	

Income statement **(IDR bn)**

FY-ending Dec. (IDR bn)	2020A	2021A	2022F	2023F	2024F
Sales	6,699	7,124	9,140	8,960	8,325
COGS	(4,947)	(5,100)	(6,205)	(6,480)	(5,890)
Gross profit	1,752	2,025	2,935	2,480	2,434
SG&A expense	(719)	(731)	(862)	(798)	(788)
Operating profit	1,033	1,293	2,073	1,682	1,646
Financial income	-	-	-	1	2
Interest income	19	15	15	20	20
Financial expense	-	-	-	1	2
Interest expense	(319)	(442)	(479)	(343)	(296)
Other non-operating profit	(4)	21	-	-	-
Gains (Losses) in associates, subsidiaries and JV	(34)	78	-	-	-
Earnings before tax	695	966	1,609	1,359	1,371
Income taxes	(217)	(226)	(402)	(299)	(302)
Net profit	477	727	1,186	1,042	1,051
Non-controlling interest	(2)	(12)	(20)	(18)	(18)
EBITDA	1,377	1,659	2,443	2,057	2,023

Key financial data

FY-ending Dec.	2020A	2021A	2022F	2023F	2024F
per share data (IDR)					
EPS	45	69	112	98	99
BPS	578	651	742	806	875
DPS	5	12	21	34	30
Growth (%)					
Sales growth	16.8	6.4	28.3	-2.0	-7.1
OP growth	-4.5	1.7	17.9	-7.4	-1.4
NP growth	164.9	52.6	63.2	-12.1	0.8
EBITDA growth	33.1	20.5	47.3	-15.8	-1.7
Profitability (%)					
OP margin	15.4	18.2	22.7	18.8	19.8
NP margin	7.1	10.2	13.0	11.6	12.6
EBITDA margin	-	-	-	-	-
ROE	3.7	5.2	8.3	7.0	7.0
ROA	9.8	11.2	16.1	12.7	11.8
Dividend yield	0.8	1.8	3.1	5.0	4.4
Dividend payout ratio	29.1	27.4	30.0	30.0	30.0
Stability					
Net debt (IDR bn)	4,213	3,386	3,105	2,979	2,306
Int.-bearing debt/equity (%)	90	64	55	45	37
Valuation (X)					
PE	10.9	8.7	5.9	6.7	6.7
PB	0.8	0.9	0.9	0.8	0.8
EV/EBITDA	7.6	6.4	4.2	5.0	4.7

Astra Agro Lestari (AALI IJ)

Balance sheet					
(IDR bn)					
FY-ending Dec. (IDR bn)	2020A	2021A	2022F	2023F	2024F
Current assets					
Cash & cash equivalent	979	3,896	3,907	2,591	3,510
Accounts & other receivables	1,390	584	1,037	1,081	1,078
Inventories	2,166	3,023	3,935	3,286	2,902
Others	1,403	1,910	2,064	2,195	2,500
Non-current assets					
Fixed assets	9,209	9,117	8,899	8,468	8,033
Interest in JV	723	626	689	758	834
Intangible assets	256	331	331	331	331
Other non-current assets	11,655	10,911	11,587	12,039	12,760
Total assets	27,781	30,400	32,448	30,750	31,946
Current liabilities					
Accounts & other payables	1,233	1,242	1,239	1,086	1,195
ST debt & bond	-	-	-	-	-
Current portion of LT debt	-	-	-	-	-
Others	559	4,718	4,850	3,190	3,190
Non-current liabilities					
LT debt & financial liabilities	5,624	2,132	3,211	2,218	2,218
Other non-current liabilities	1,117	1,136	735	735	735
Total liabilities	8,533	9,229	10,035	7,229	7,337
Controlling interest					
Capital stock	962	962	962	962	962
Additional paid-in capital	3,879	3,879	3,879	3,879	3,879
Other reserves	14,497	16,003	17,075	18,116	19,140
Retained earnings	-586	-225	-136	-136	-136
Minority interest	495	552	633	700	763
Shareholders' equity	4,871	6,108	8,434	10,027	12,001

Cash flow					
(IDR bn)					
FY-ending Dec. (IDR bn)	2020A	2021A	2022F	2023F	2024F
C/F from operating					
Net profit	894	2,067	1,745	1,440	1,362
Depreciation	922	838	868	881	886
Net incr. in W/C	(418)	91	(1,522)	321	192
Others	-	1	2	3	4
C/F from investing	(288)	(745)	(648)	(447)	(446)
CAPEX	(288)	(746)	(650)	(450)	(450)
Others	-	1	2	3	4
C/F from financing	(625)	24	790	(2,919)	(211)
Incr. in equity	-	-	-	-	-
Incr. in debts	(62)	72	1,212	(2,653)	-
Dividends	(175)	(491)	(591)	(333)	(275)
Others	(389)	443	170	67	63
Increase in cash	484	2,277	1,235	-722	1,787

Income statement

(IDR bn)

FY-ending Dec. (IDR bn)	2020A	2021A	2022F	2023F	2024F
Sales	18,807	24,322	23,477	21,754	20,561
COGS	-15,844	-19,492	-19,673	-18,073	-17,410
Gross profit	2,963	4,830	3,804	3,682	3,151
SG&A expense	-1,121	-1,400	-1,547	-1,492	-1,424
Operating profit	1,842	3,430	2,257	2,190	1,728
Financial income					
Interest income	51	63	90	63	63
Financial expense					
Interest expense	(394)	(406)	(224)	(224)	(215)
Other non-operating profit	88	113	200	-	100
Gains (Losses) in associates, subsidiaries and JV	33	65	-	-	-
Earnings before tax	1,463	2,913	2,390	2,028	1,817
Income taxes	(569)	(846)	(645)	(588)	(454)
Non-controlling interest	61	96	81	67	63
Net profit	833	1,971	1,664	1,373	1,299
EBITDA	3,091	4,667	3,742	3,499	2,922

Key financial data

FY-ending Dec.	2020A	2021A	2022F	2023F	2024F
per share data (IDR)					
EPS	432.8	1,024.3	864.4	713.5	675.0
BPS	10,000.5	10,999.8	11,645.3	12,220.7	12,785.8
DPS	91.0	255.0	307.3	172.9	142.7
Growth (%)					
Sales growth	7.8	29.3	(3.5)	(7.3)	(5.5)
OP growth	91.8	86.2	(34.2)	(3.0)	(21.1)
NP growth	294.6	136.6	(15.6)	(17.5)	(5.4)
EBITDA growth	38.8	51.0	(19.8)	(6.5)	(16.5)
Profitability (%)					
OP margin	9.8	14.1	9.6	10.1	8.4
NP margin	4.4	8.1	7.1	6.3	6.3
EBITDA margin	16.4	19.2	15.9	16.1	14.2
ROE	3.0	6.8	5.3	4.3	4.1
ROA	4.5	10.0	7.8	6.2	5.6
Dividend yield	9.3	26.0	31.4	17.6	14.6
Dividend payout ratio	83.0	58.9	30.0	20.0	20.0
Stability					
Net debt (IDR bn)	4,645	-1,764	-695	-373	-1,292
Int.-bearing debt/equity (%)	30.2	10.8	15.1	9.9	9.5
Valuation (X)					
PE	18.4	7.8	9.2	11.2	11.8
PB	0.8	0.7	0.7	0.7	0.6
EV/EBITDA	6.6	3.8	5.1	5.1	5.8

Sawit Sumbermas Sarana (SSMS IJ)

Balance sheet (IDR bn)

FY-ending Dec. (IDR bn)	2020A	2021A	2022F	2023F	2024F
Current assets					
Cash & cash equivalent	1,908	1,833	1,217	1,563	1,835
Accounts & other receivables	611	668	940	702	587
Inventories	315	353	693	573	477
Others	581	647	647	647	647
Non-current assets					
Fixed assets	4,531	4,401	4,557	4,689	4,707
Intangible assets	9	11	11	12	14
Total investment	1,880	1,951	1,951	1,951	1,951
Other non-current assets	2,940	3,987	4,025	4,240	4,469
Total assets	12,776	13,851	14,041	14,378	14,687
Current liabilities					
Accounts & other payables	748	653	577	626	582
ST debt & bond	-	-	-	-	-
Current portion of LT debt	185	257	224	645	620
Others	507	554	554	554	554
Non-current liabilities					
LT debt & financial liabilities	6,159	6,002	5,131	4,486	3,865
Other non-current liabilities	308	277	277	277	277
Total liabilities	7,905	7,743	7,272	6,588	5,899
Controlling interest					
Capital stock	953	953	953	953	953
Additional paid-in capital	541	541	541	541	541
Retained earnings	2,999	4,225	4,870	5,875	6,859
Others	355	357	357	357	357
Minority interest	23	33	49	64	78
Total equity	4,871	6,108	6,769	7,790	8,788

Cash flow (IDR bn)

FY-ending Dec. (IDR bn)	2020A	2021A	2022F	2023F	2024F
C/F from operating	774	535	1,751	2,539	2,256
Net profit	577	1,516	2,152	2,010	1,968
Depreciation	320	306	325	338	351
Net incr. in W/C	(405)	(230)	(689)	407	167
Others	283	(1,057)	(38)	(216)	(229)
C/F from investing	(1,273)	(247)	(482)	(470)	(370)
CAPEX	(209)	(176)	(482)	(470)	(370)
Others	(1,064)	(71)	-	-	-
C/F from financing	204	(363)	(1,885)	(1,723)	(1,614)
Incr. in equity	-	-	-	-	-
Incr. in debts	(22)	(84)	(394)	(733)	(645)
Dividends	-	(290)	(1,507)	(1,005)	(984)
Others	226	12	16	15	15
Increase in cash	-295	-74	-616	346	272

Income statement (IDR bn)

FY-ending Dec. (IDR bn)	2020A	2021A	2022F	2023F	2024F
Sales	4,011	5,203	7,133	6,451	5,922
COGS	-2,214	-2,998	-3,616	-3,219	-2,904
Gross profit	1,797	2,205	3,518	3,232	3,018
SG&A expense	-688	-654	-918	-734	-683
Operating profit	1,109	1,552	2,600	2,498	2,336
Financial income					
Interest income	64	509	240	159	205
Financial expense					
Interest expense	(541)	(544)	(482)	(422)	(363)
Other non-operating profit	53	163	263	200	200
Gains (Losses) in associates, subsidiaries and JV	(65)	70	100	100	100
Earnings before tax	900	1,874	2,780	2,597	2,542
Income taxes	(319)	(347)	(612)	(571)	(559)
Non-controlling interest	4	11	16	15	15
Net profit	577	1,516	2,152	2,010	1,968
EBITDA	1,429	1,858	2,925	2,836	2,687

Key financial data

FY-ending Dec.	2020A	2021A	2022F	2023F	2024F
per share data (IDR)					
EPS	60.5	159.1	226.0	211.1	206.6
BPS	511.4	641.2	710.7	817.8	922.6
DPS	-	30.5	158.2	105.5	103.3
Growth (%)					
Sales growth	22.4	29.7	37.1	(9.6)	(8.2)
OP growth	174.7	39.9	67.6	(3.9)	(6.5)
NP growth	4,845.6	162.8	42.0	(6.6)	(2.1)
EBITDA growth	103.7	30.0	57.4	(3.0)	(5.3)
Profitability (%)					
OP margin	27.7	29.8	36.4	38.7	39.4
NP margin	14.4	29.1	30.2	31.2	33.2
EBITDA margin	35.6	35.7	41.0	44.0	45.4
ROE	4.7	11.4	15.4	14.1	13.5
ROA	13.0	27.8	33.6	27.8	23.9
Dividend yield	0%	3%	10%	7%	7%
Dividend payout ratio	-	50.4	99.4	46.7	48.9
Stability					
Net debt (IDR bn)	3,652	4,163	4,435	4,426	4,647
Int.-bearing debt/equity (%)	142.6	114.6	85.1	17.4	13.3
Valuation (X)					
PE	14.0	6.1	6.9	7.4	7.6
EV/EBITDA	1.7	1.5	2.2	1.9	1.7
PB	8.8	7.4	6.7	6.6	6.6

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