Equity Research
PT Astra Agro Lestari Tbk

October 14th, 2024
Plantation, Equity

Price	**IDR 6,825**
Target Price	**IDR 7,750**
JKSE Index	**IDR 7,559.66**



Stock Code	
Bloomberg code	**AALI IJ**
Market Cap (IDR Bn)	**13,136.0**
52-Week High (IDR)	**7,600**
52-Week Low (IDR)	**5,250**
Free Float (%)	**20.30**

Major Shareholders (%)	
PT Astra International Tbk	**79.68%**
Public	**20.32%**

USD/IDR-YE (JISDOR)	
2023A	**15,439**
2024F	**15,506**

Key Indicators	**2024F**
DER (x)	**0.19**
Debt ratio (x)	**0.20**
EBITDA Margin (%)	**14.78**

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BUY

Investment Considerations

Improved Productivity in Q2-2024

AALI's production increased by 16.47% in Q2-2024 compared to Q1-2024, totaling 1.308 million tons. Crude Palm Oil (CPO) led with 20.50% quarter-on-quarter growth, while Fresh Fruit Bunches (FFB) and Palm Kernel rose by 14.99% and 22.00%, respectively. However, production for the first half of 2024 was 15.03% lower year-on-year at 2.43 million tons, primarily due to a -11.71% year-on-year drop in Q1-2024. By the end of 2024, total production is forecasted to reach 5.11 million tons, down -13.33% from 2023, with FFB seeing the largest decline at -13.86%, followed by CPO (-11.91%) and Palm Kernel (-11.55%).

Significant Profit Growth

Despite lower productivity, AALI remained profitable. Net income attributable to the parent entity grew by 36.31% year-on-year, reaching IDR 501 billion, supported by a 9.82% rise in net sales. Interest income surged by 95.63%, and EBITDA increased by 16.03% to IDR 1.48 trillion. We expect profit attributable to the parent entity to grow by 14.65% to IDR 1.21 trillion by year-end 2024, with EBITDA reaching IDR 3.19 trillion, a 6.77% increase.

Stable Solvency

As of June 2024, AALI maintained a stable solvency ratio at 0.19x, rising slightly by 0.01x from last year. This was aided by a 57.17% reduction in long-term loans, though the Current Portion of Long-Term Loans surged by 492.53x. We project the Debt-to-Equity ratio to remain at 0.19x through December 2024.

Valuation: 14%, Upside, Buy

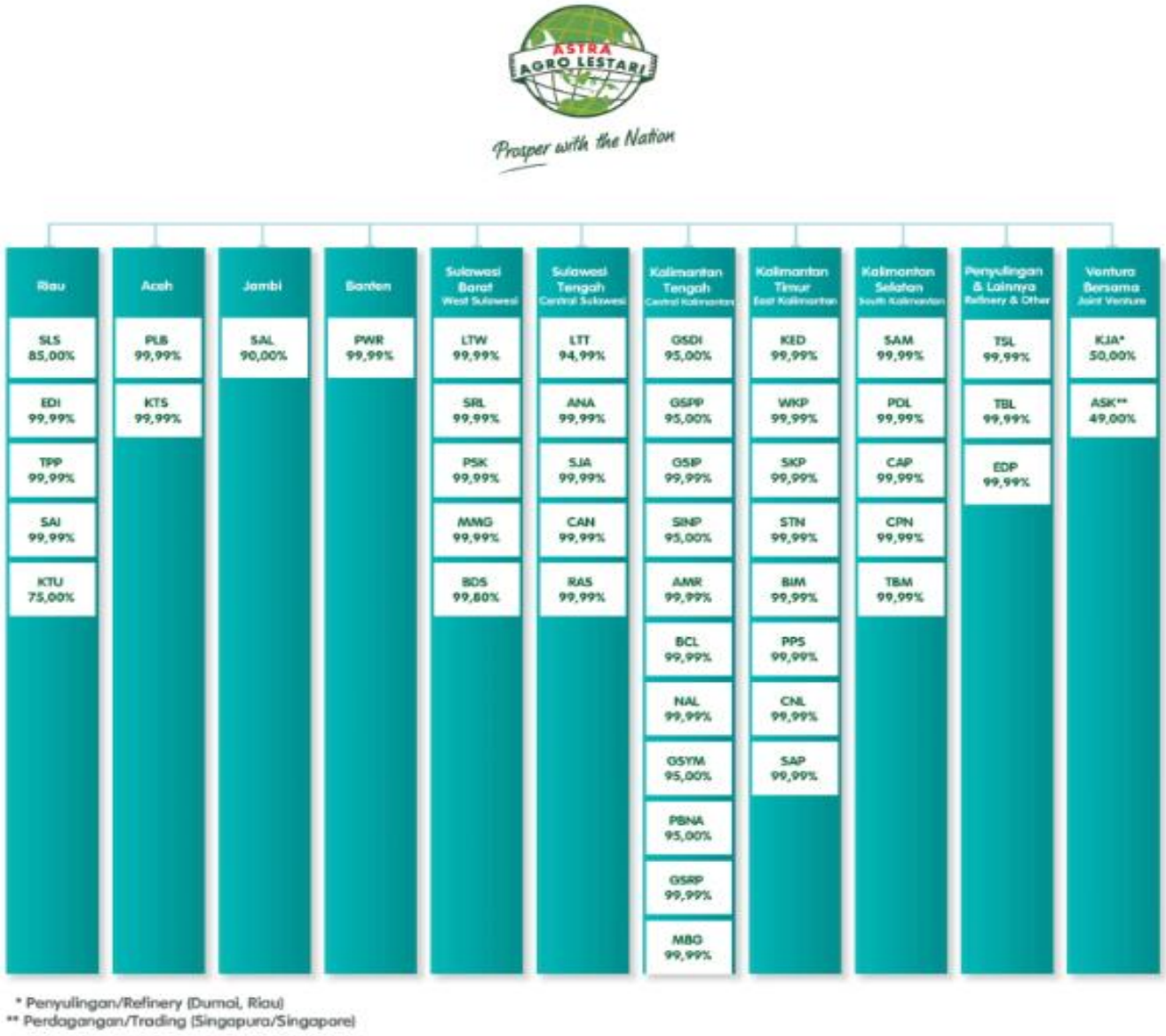
We have revised our EV/EBITDA target to 4.27x based on the Q2-2024 results and maintain a Buy recommendation with a target price of IDR 7,750 per share, implying a 12.32x PER and a 14% potential upside.

Financial Highlight (%)	2020A	2021A	2022A	2023 A	2024F
EBITDA (IDR Bn)	3,031.25	4,382.71	3,905.79	2,990.98	3,193.37
Net Income Attributable to The Parent (IDR Bn)	833.09	1,971.37	1,726.61	1,055.90	1,210.59
Net Profit Margin (%)	4.43%	8.11%	7.91%	5.09%	5.60%
ROA (%)	3.00%	6.48%	5.90%	3.66%	4.02%
Debt Ratio (x)	0.24	0.22	0.16	0.16	0.20
EPS (IDR)	432.84	1,024.25	897.08	548.61	628.98
EV/EBITDA	10.17	6.49	5.55	6.74	4.27
P/E	28.47	9.28	8.95	12.81	12.32

Company Profile

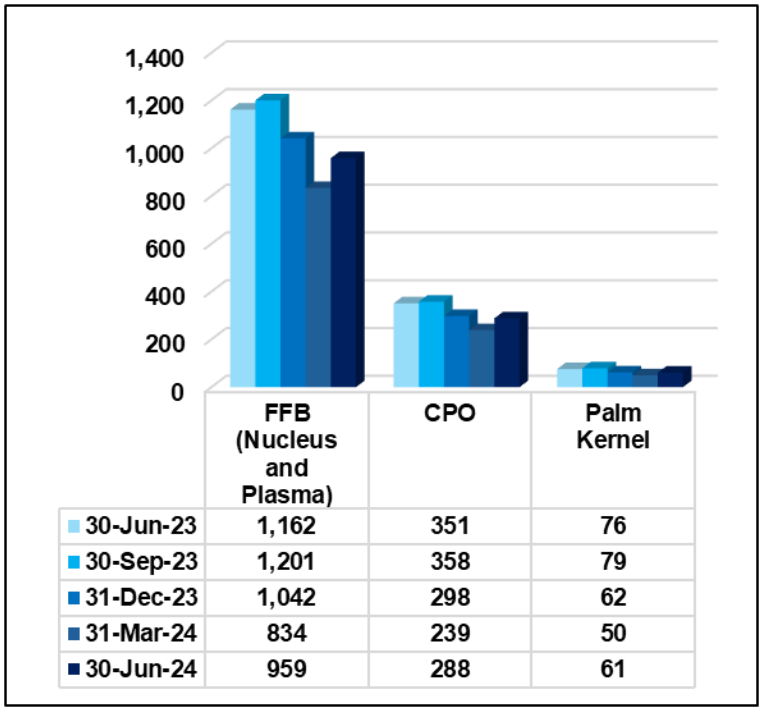
PT Astra Agro Lestari Tbk ("Astra Agro"), established on October 3, 1988, initially operated as PT Suryaraya Cakrawala before changing its name in 1997 and listing on the Indonesia Stock Exchange under the code AALI. PT Astra International Tbk owns 79.68% of its shares, with the rest held by the public.The company focuses on palm oil plantations but has also developed tea and cocoa operations. Astra Agro has expanded through partnerships, including a joint venture with Kuala Lumpur-Kepong Plantation Holding in 2013 and establishing processing facilities in Indonesia. As of today, it manages 285,387 hectares of plantations across Sumatra, Kalimantan, and Sulawesi.In 2022, Astra Agro launched the Astra Agro Sustainability Aspiration 2030, aligning with ESG principles and the SDGs. The company holds key certifications, including ISPO and ISCC, underscoring its commitment to sustainability and business diversification.

Company Group Structure



Source: Binaartha and company

Chart 1: AALI's Production QoQ (in '000 tons)



	FFB (Nucleus and Plasma)	CPO	Palm Kernel
30-Jun-23	1,162	351	76
30-Sep-23	1,201	358	79
31-Dec-23	1,042	298	62
31-Mar-24	834	239	50
30-Jun-24	959	288	61

Chart 2: AALI's Net Profit For The Year Attributable To Parent Entity QoQ (in IDR Bn)

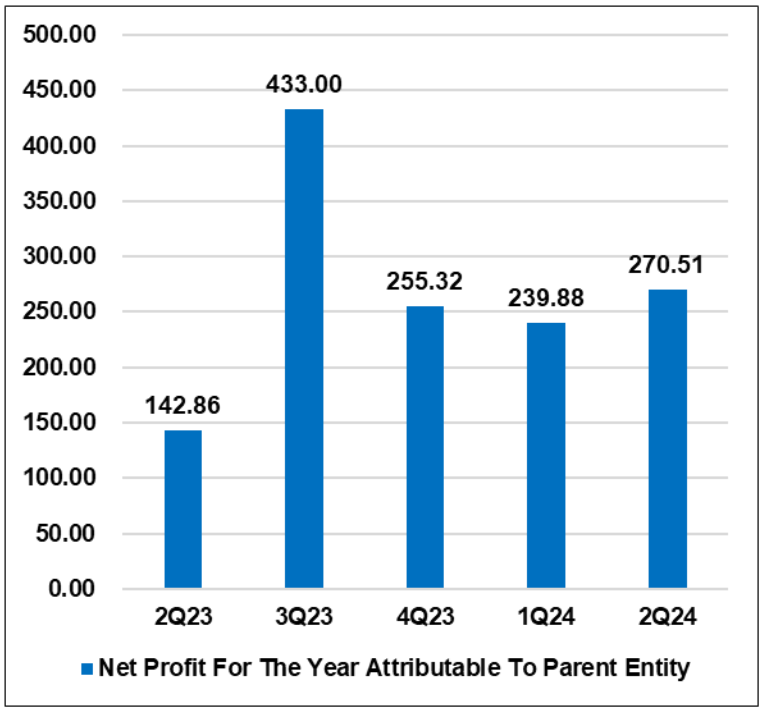


Chart 3: AALI's NPM Ratio (%)

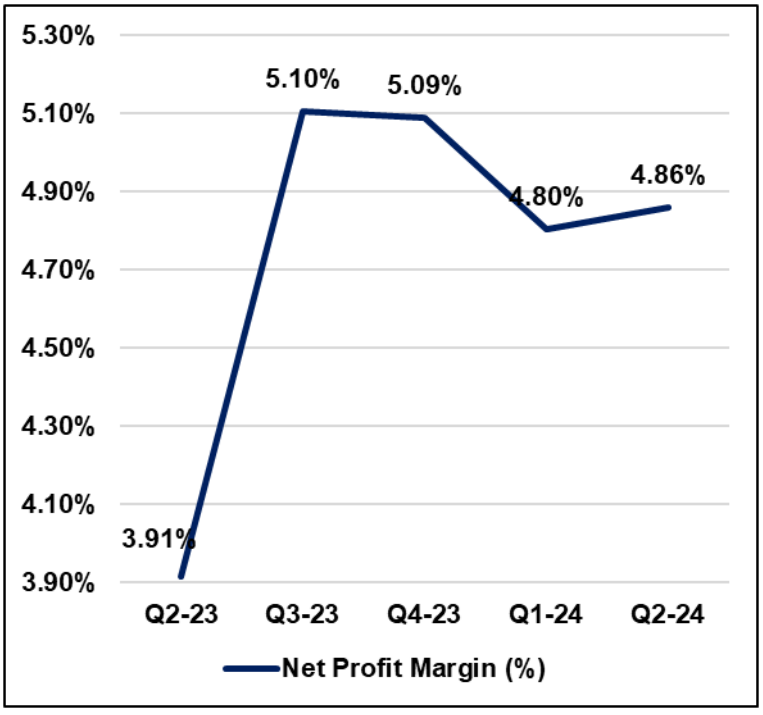
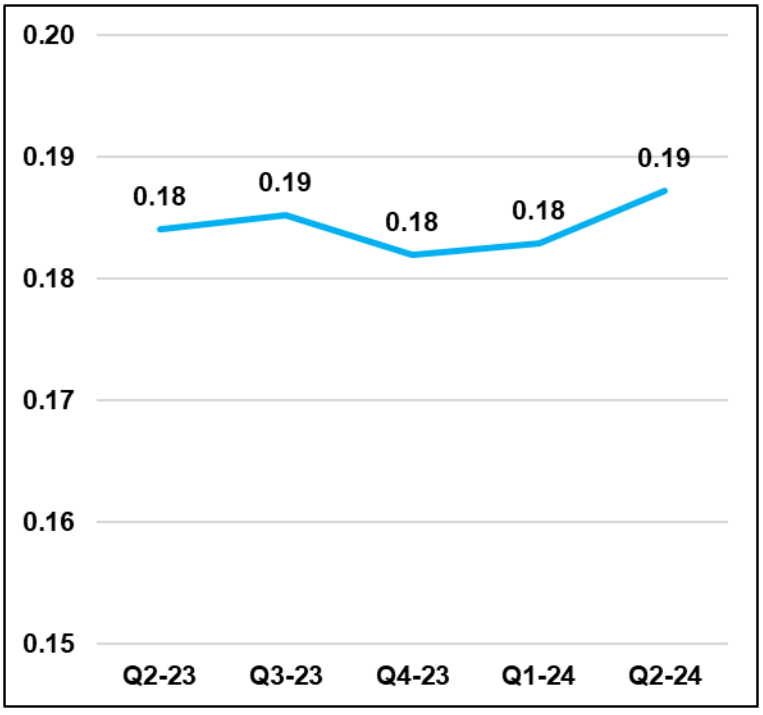


Chart 4: AALI's Debt-to-Equity (D/E) Ratio (x)



BINAARTHA SEKURITAS

Source: Binaartha and company

Chart 1: AALI's EBITDA and Net Profit For The Year Attributable To Parent Entity (in IDR Bn)

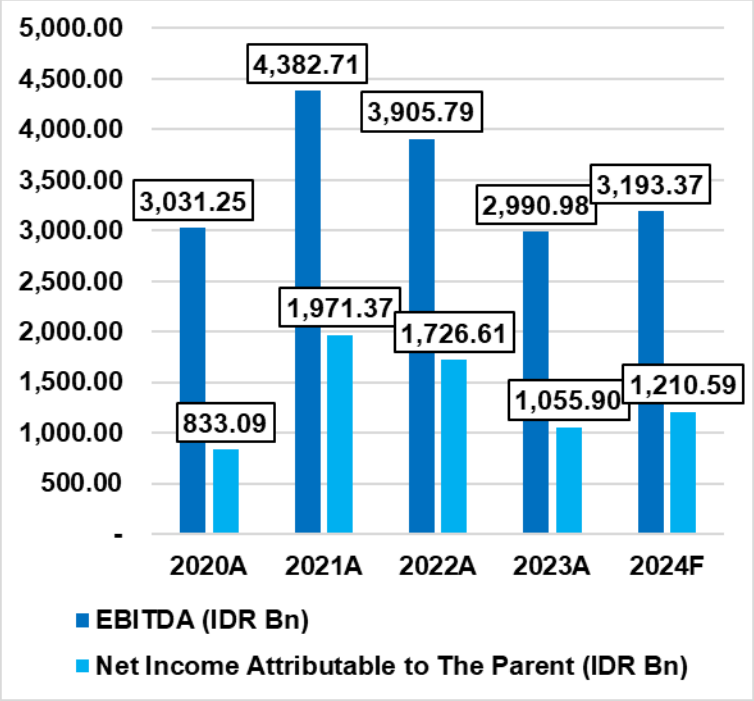


Chart 2: AALI's Profitability Ratio (%)

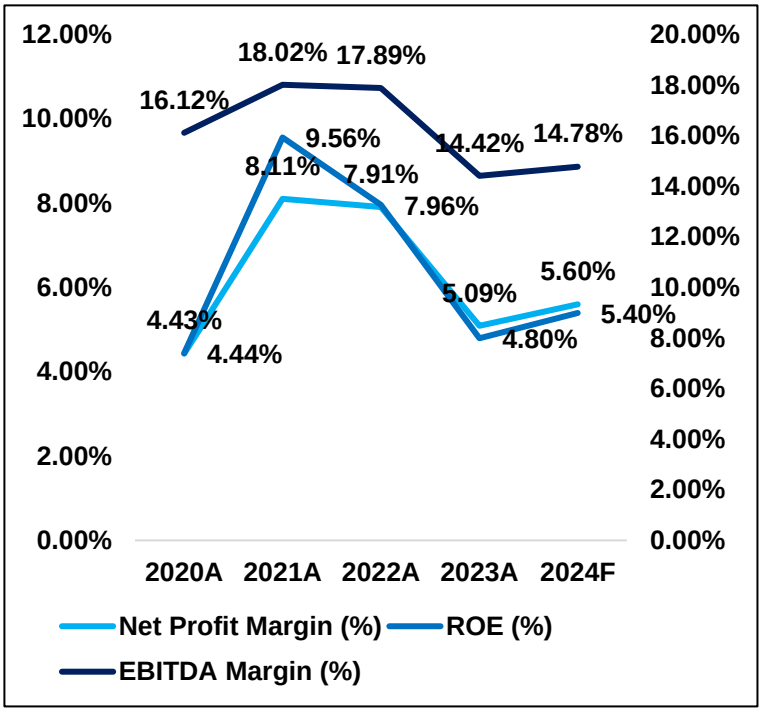


Chart 3: AALI's Efficiency Ratio (x)

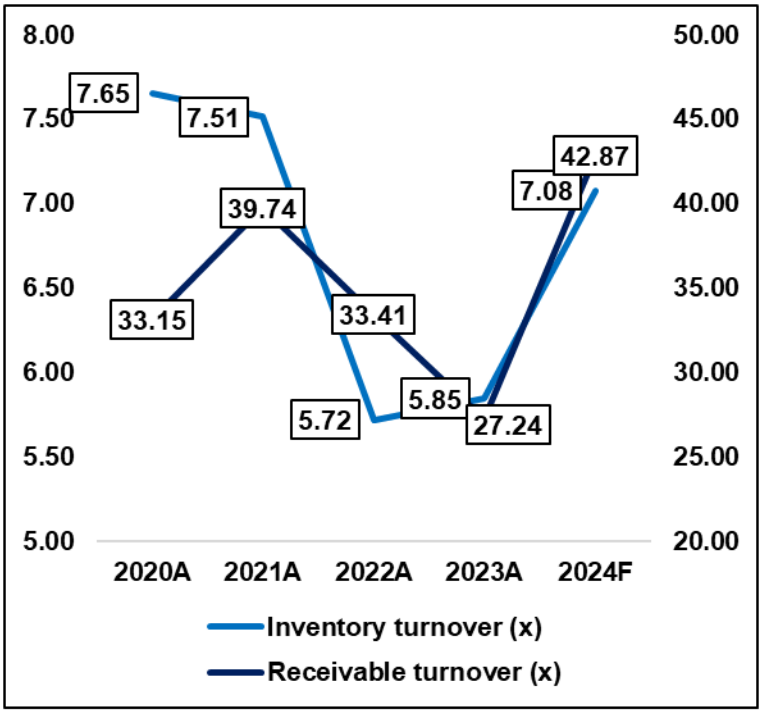
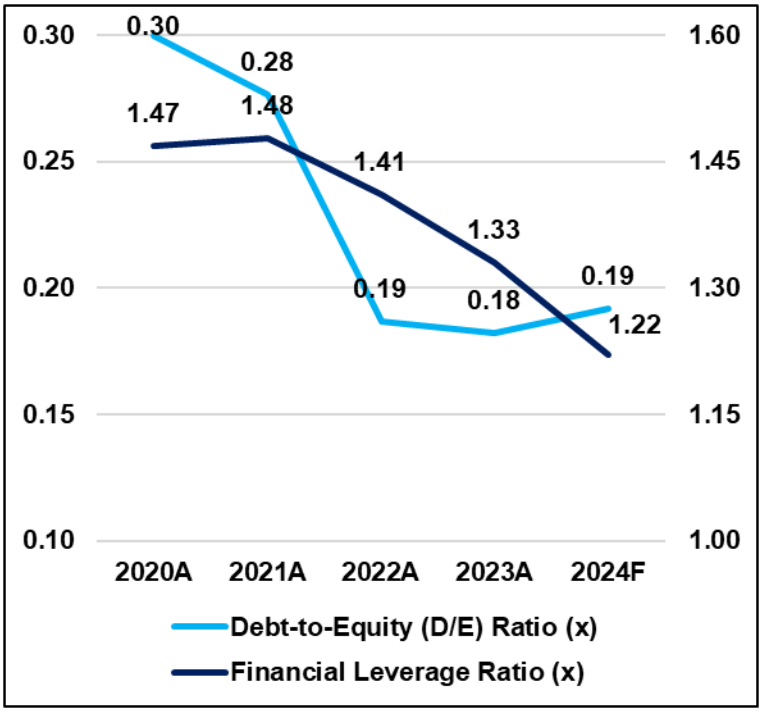


Chart 4: AALI's Solvency Ratio (x)



Source: Binaartha and company

Profit or Loss

Statements of Profit or Loss (IDR Bn)	2020A	2021A	2022A	2023 A	2024F
Net sales	**18,807.04**	**24,322.05**	**21,828.59**	**20,745.47**	**21,606.55**
Cost of revenue	(15,844.15)	(19,492.03)	(18,006.47)	(17,974.49)	(18,646.90)
Gross Profit	**2,962.89**	**4,830.01**	**3,822.12**	**2,770.98**	**2,959.65**
Operating Expenses	(1,120.73)	(1,400.36)	(1,461.70)	(1,519.77)	(1,420.10)
Operating Profit	**1,842.16**	**3,429.66**	**2,360.41**	**1,251.22**	**1,539.55**
Other income (Expenses)	(379.52)	(516.49)	68.77	247.19	197.78
Income Before Tax	**1,462.64**	**2,913.17**	**2,429.18**	**1,498.40**	**1,737.33**
Tax	(568.86)	(845.81)	(637.13)	(410.23)	(483.12)
Net Income	**893.78**	**2,067.36**	**1,792.05**	**1,088.17**	**1,254.21**
Income For The Year Attributable To NCI	60.69	96.00	65.44	32.27	43.62
Net Profit For The Year Attributable To Parent Entity	**833.09**	**1,971.37**	**1,726.61**	**1,055.90**	**1,210.59**
EBITDA	**3,031.25**	**4,382.71**	**3,905.79**	**2,990.98**	**3,193.37**
EPS	432.84	1,024.25	897.08	548.61	628.98

Financial Position

Statements of Financial Position (IDR Bn)	2020A	2021A	2022A	2023 A	2024F
Cash and Cash equivalents	979	3,896	1,620	2,090	4,687
Trade accounts receivable	766	458	849	674	333
Inventories	2,166	3,023	3,274	2,876	2,392
Other current assets	2,028	2,037	1,649	1,478	1,796
Total Current Assets	**5,938**	**9,414**	**7,391**	**7,118**	**9,209**
Fixed Assets	9,242	9,172	9,105	8,982	8,594
Other non-current assets	12,601	11,813	12,754	12,746	12,296
Total Non-current Assets	**21,843**	**20,986**	**21,859**	**21,728**	**20,890**
Total Asset	**27,781**	**30,400**	**29,249**	**28,846**	**30,099**
Trade accounts payable	770	1,027	1,224	842	882
Other current liabilities	1,022	4,934	829	3,040	3,726
Total Current Liabilities	**1,793**	**5,960**	**2,053**	**3,882**	**4,609**
Long-term liabilities	5,624	2,132	4,049	1,690	1,676
Other non-current liabilities	1,117	1,136	904	708	743
Total Non-current Liabilities	**6,741**	**3,268**	**4,953**	**2,398**	**2,419**
Total Liabilities	**8,533**	**9,229**	**7,006**	**6,280**	**7,028**
Non-controlling interests	495	552	559	550	637
Total Equity Attributable to Owners of the Company	**18,752**	**20,619**	**21,684**	**22,016**	**22,434**
Total Equity	**19,248**	**21,171**	**22,243**	**22,566**	**23,071**
Total Liabilities & Equity	**27,781**	**30,400**	**29,249**	**28,846**	**30,099**

Source: Binaartha and company

Cash Flows

Statements of Cash Flows (IDR Bn)	2020A	2021A	2022A	2023 A	2024F
Net Income	18,807	24,322	21,829	20,745	21,607
+Depreciation and Amortization	1,234	1,203	1,243	1,299	1,383
- Changes in WC	(645)	3,609	(4,160)	2,572	1,233
Cash From Operating Activities	**19,397**	**29,134**	**18,911**	**24,616**	**24,223**
Changes in Fixed Assets	(635)	(1,133)	(1,176)	(1,176)	(994)
Changes in Other Long-Term Assets	59	788	(940)	8	450
Cash From Investing Activities	**(576)**	**(346)**	**(2,116)**	**(1,168)**	**(545)**
Changes in Long-Term Liabilities	88	(3,492)	1,917	(2,359)	(14)
Changes in Long-Term Liabilities	224	19	(232)	(196)	35
Changes in Equity	(18,538)	(22,399)	(20,757)	(20,423)	(21,101)
Cash From Financing Activities	**(18,226)**	**(25,871)**	**(19,072)**	**(22,978)**	**(21,080)**
Net Changes in Cash	**596**	**2,917**	**(2,276)**	**470**	**2,597**
Beginning Balance	**383**	**979**	**3,896**	**1,620**	**2,090**
Ending balance	**979**	**3,896**	**1,620**	**2,090**	**4,687**

Ratio Analysis

Ratio Analysis	2020A	2021A	2022A	2023 A	2024F
Liquidity					
Current Ratio (x)	3.31	1.58	3.60	1.83	2.00
Quick Ratio (x)	0.97	0.73	1.20	0.71	1.09
Cash Ratio (x)	0.55	0.65	0.79	0.54	1.02
Profitability					
Operating Margin (%)	15.75%	19.86%	17.51%	13.36%	13.70%
EBITDA Margin (%)	16.12%	18.02%	17.89%	14.42%	14.78%
Net Profit Margin (%)	4.43%	8.11%	7.91%	5.09%	5.60%
ROE (%)	4.44%	9.56%	7.96%	4.80%	5.40%
ROA (%)	3.00%	6.48%	5.90%	3.66%	4.02%
Efficiency					
Receivable turnover (x)	33.15	39.74	33.41	27.24	42.87
A/R Days	11.04	9.18	10.93	13.40	8.51
Inventory turnover (x)	7.65	7.51	5.72	5.85	7.08
Inventory Days	50.02	38.76	52.59	63.94	60.19
Solvency					
Debt-to-Equity (D/E) Ratio (x)	0.30	0.28	0.19	0.18	0.19
Debt Ratio (x)	0.24	0.22	0.16	0.16	0.20
Interest Coverage Ratio (x)	4.40	8.69	6.44	4.66	5.28
Financial Leverage Ratio (x)	1.47	1.48	1.41	1.33	1.22
Per Share Ratio (IDR)					
EPS	432.84	1,024.25	897.08	548.61	628.98
BVPS	9,743	10,713	11,266	11,439	11,656

Source: Binaartha and company

Stock Ratings:
Buy: a recommendation to purchase the security with upside potential of 12.5% or greater
Hold: a recommendation to neither buy nor sell a security with upside potential of 6.25%-12.49%.
Sell: a recommendation to close out a long position in a security with upside potential below 6.25% or negative.

RESEARCH TEAM
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