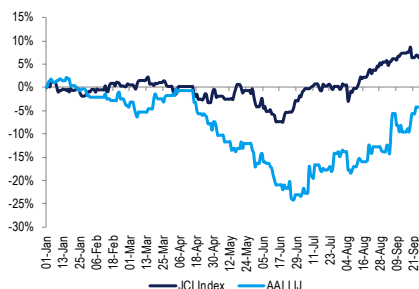


Stock Data

Target price	Rp7,200
Prior TP	Rp6,500
Current price	Rp6,725
Upside/downside	+7%
Shares outstanding (mn)	1,925
Market cap (Rp bn)	12,944
Free float	20%
Avg. 6m daily T/O (Rp bn)	7

Price Performance

	3M	6M	12M
Absolute	25.7%	-2.2%	-11.2%
vs. JCI	13.2%	-7.3%	-23.0%
52w low/high (Rp)	5325 - 7600		



Major Shareholders

Astra International	79.68%
---------------------	--------

Ryan Dimitry

PT Indo Premier Sekuritas
ryan.dimitry@ipc.co.id
+62 21 5088 7168 ext. 717

Giovanni Dustin

PT Indo Premier Sekuritas
giovanni.dustin@ipc.co.id
+62 21 5088 7168 ext. 719

Lower levy shall support ASP but soft 4Q24F CPO price may limit upside

- The lower levy should translate to higher CPO ASP, but the impact is likely to be more visible during CPO price rally (+14/2.5% YTD/1-month).
- We expect to see soft 4Q24 CPO prices given the potential additional supply from Indonesia and higher edible oil import tariffs from India.
- AALI could potentially see higher CPO ASP on lower levy, but soft CPO prices in 4Q24-FY25F may dampen the upside potential; reaffirm Hold.

Ministry of Finance ratified a new regulation to lower CPO export levy

The new regulation (PMK/62/2024; effective on Sep 21, 2024) effectively lowers export levy on palm oil and change tariff rates from absolute amount to a percentage-based fee. The new levy is set at 7.5% for CPO/CPKO (vs. previously at 10.5% at current price), while other derivatives see lower levy range at 3-6%. All else being equal, the lower levy is a net positive for Indo planters, as it should translate to higher CPO ASP. That said, we believe that the impact is likely to be more visible during CPO price rally, given the new flat structure (vs. progressive previously).

We expect CPO prices to remain under pressure in 4Q24

In the near-term, the already-tepid supply-demand dynamic (see our previous [note](#)) is likely to be further exacerbated by the potential additional supply from Indonesia and higher import tariffs from India, which could potentially pressure CPO prices in 4Q24. Indeed, we see more downside risk to our demand forecast, as India (#2 CPO consumer in the world) imposed a higher tariff (27.5% from 5.5% for three edible oils: CPO/SBO/SFO). Immediately, we are already-seeing c.100kt CPO orders cancelled from Indian refiners for Oct-Dec24 (c.13% of avg monthly import of 750kt). Hence, we revise down our FY24/25F CPO prices forecast slightly from RM3,800/3,900 to RM3,750/3,850.

Still, the lower levy should help to support CPO ASP

Nonetheless, we still expect the lower levy to translate to higher CPO ASP for AALI. We revised up our FY24-25F earnings forecasts for AALI by +2-8%, mainly to factor in the lower levy. For every 1% change in CPO ASP, net profit could increase by c.5%, on our estimates.

Maintain Hold with a higher TP of Rp7,200

We lift our TP to Rp7,200 (vs. Rp6,500 previously). Our new TP implies FY25F P/E of 11.0x (-0.5 SD of its 5yr mean) or c.US\$4.6k/ha (vs. replacement cost of c.US\$5-6k/ha). Still, we maintain our Hold rating, as we expect the soft CPO prices in 4Q24-FY25F to dampen further upside potential. Moreover, AALI's share price has also jumped by c.11% since the rumour on lower levy circulated. Risks: CPO output and prices, weather conditions, and regulations.

Financial Summary (Rp bn)	2022A	2023A	2024F	2025F	2026F
Revenue	21,829	20,745	20,912	21,916	23,080
EBITDA	3,637	2,578	2,860	3,058	3,282
EBITDA growth	-22.1%	-29.1%	10.9%	7.0%	7.3%
Net profit	1,726	1,056	1,136	1,276	1,424
EPS (Rp)	897	548	590	663	740
EPS growth	-12.5%	-38.8%	7.7%	12.2%	11.7%
ROE	7.8%	4.7%	4.9%	5.4%	5.8%
PER (x)	6.8	11.1	11.4	10.1	9.1
EV/EBITDA (x)	3.9	5.3	4.9	4.4	3.9
Dividend yield	2.9%	7.5%	5.7%	4.5%	5.0%
Forecast changes			100%	115%	126%

Source: Company, Indo Premier

Share price closing as of: 25 September 2024

Fig. 1: Previous CPO tariff structure

Indonesia existing tariff				
Reference price bracket in US\$/ton (MYR/ton)	Export Levy	Export Duty	Duty + levy (US\$)	Duty + levy (%)
0-680 (0-3,168)	55	0	55	8.1%
681-730 (3,173-3,401)	65	3	68	9.3%
731-780 (3,406-3,634)	75	18	93	11.9%
781-830 (3,639-3,867)	85	33	118	14.2%
831-880 (3,872-4,100)	90	52	142	16.1%
881-930 (4,105-4,333)	95	74	169	18.2%
931-980 (4,338-4,566)	100	124	224	22.9%
981-1,030 (4,571-4,799)	105	148	253	24.6%
1,031-1,080 (4,804-5,032)	110	178	288	26.7%
1,081-1,130 (5,037-5,265)	115	201	316	28.0%
1,131-1,180 (5,270-5,498)	120	220	340	28.8%
1,181-1,230 (5,503-5,731)	140	240	380	30.9%
1,231-1,280 (5,736-5,964)	160	250	410	32.0%
1,281-1,330 (5,969-6,197)	180	260	440	33.1%
1,331-1,380 (6,202-6,430)	200	270	470	34.1%
1,381-1,430 (6,435-6,663)	220	280	500	35.0%
>1,431 (>6,668)	240	288	528	35.7%

Source: Ministry of Finance, Indo Premier
Note: US\$/RM of 4.66

Fig. 2: Newly CPO tariff structure

New tariff structure				
Reference price bracket in US\$/ton (MYR/ton)	Export Levy	Export Duty	Duty + levy (US\$)	Duty + levy (%)
0-680 (0-3,168)	26	0	26	3.8%
681-730 (3,173-3,401)	53	3	56	7.7%
731-780 (3,406-3,634)	57	18	75	9.6%
781-830 (3,639-3,867)	60	33	93	11.3%
831-880 (3,872-4,100)	64	52	116	13.2%
881-930 (4,105-4,333)	68	74	142	15.3%
931-980 (4,338-4,566)	72	124	196	20.0%
981-1,030 (4,571-4,799)	75	148	223	21.7%
1,031-1,080 (4,804-5,032)	79	178	257	23.8%
1,081-1,130 (5,037-5,265)	83	201	284	25.1%
1,131-1,180 (5,270-5,498)	87	220	307	26.0%
1,181-1,230 (5,503-5,731)	90	240	330	26.9%
1,231-1,280 (5,736-5,964)	94	250	344	26.9%
1,281-1,330 (5,969-6,197)	98	260	358	26.9%
1,331-1,380 (6,202-6,430)	102	270	372	26.9%
1,381-1,430 (6,435-6,663)	105	280	385	27.0%
>1,431 (>6,668)	109	288	397	26.8%

Source: Ministry of Finance, Indo Premier

Fig. 3: Forecast changes

Forecast changes	Old			New			Changes		
	FY24F	FY25F	FY26F	FY24F	FY25F	FY26F	FY24F	FY25F	FY26F
Net Revenue	20,329	21,164	22,130	20,912	21,916	23,080	3%	4%	4%
Cost of Sales	(17,458)	(18,124)	(18,823)	(17,808)	(18,572)	(19,465)	2%	2%	3%
Gross Profit	2,871	3,040	3,306	3,104	3,344	3,615	8%	10%	9%
GP margin %	14%	14%	15%	15%	15%	16%	72	89	73
SG&A Expenses	(1,533)	(1,597)	(1,666)	(1,559)	(1,652)	(1,752)	2%	3%	5%
Operating Profit	1,337	1,442	1,641	1,545	1,692	1,864	16%	17%	14%
Net Interest	(118)	(126)	(108)	(182)	(142)	(114)	54%	12%	5%
Forex Gain (Loss)	-	-	-	-	-	-			
Others-Net	335	326	340	239	249	261	-29%	-24%	-23%
Pre-Tax Income	1,554	1,643	1,873	1,602	1,800	2,011	3%	10%	7%
Income Tax	(396)	(419)	(479)	(424)	(478)	(535)	7%	14%	12%
Minority interest	(41)	(43)	(49)	(41)	(46)	(52)	1%	8%	5%
Net Income	1,117	1,181	1,345	1,136	1,276	1,424	2%	8%	6%

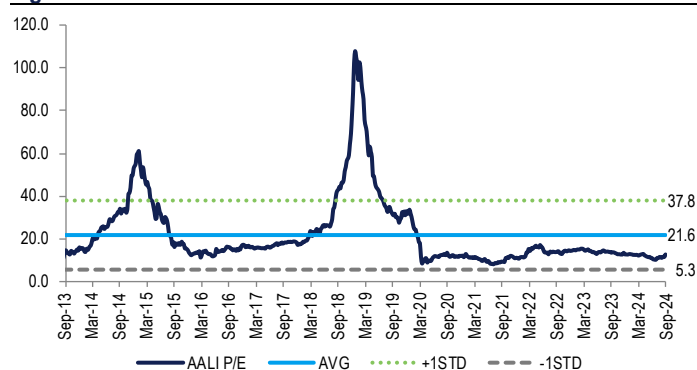
Source: Company, Indo Premier

Fig. 4: AALI valuation summary

Based on 25F	
Net profit (Rp bn)	1,276
Applied PE Ratio (x)	11
Implied mkt cap (Rp bn)	13,903
No. of shares (m)	1,925
Share price (IDR/share)	7,200
Share price today	6,725
Share price upside (%)	7%
Add: dividend yield	4%
Total shareholder return	12%

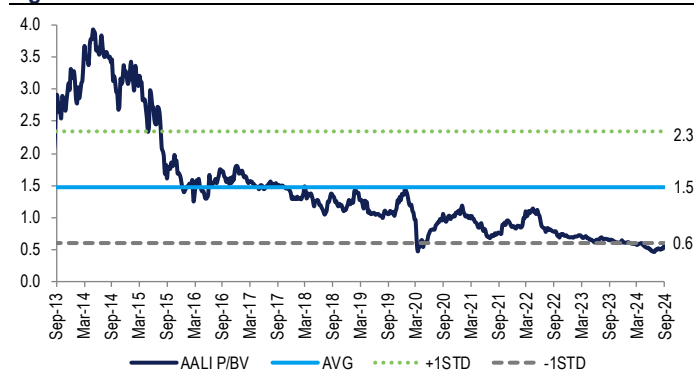
Source: Bloomberg, Indo Premier

Fig. 5: AALI P/E band



Source: Bloomberg, Indo Premier

Fig. 6: AALI P/B band



Source: Bloomberg, Indo Premier

Income Statement (Rp bn)	2022A	2023A	2024F	2025F	2026F
Net revenue	21,829	20,745	20,912	21,916	23,080
Cost of sales	-18,006	-17,974	-17,808	-18,572	-19,465
Gross profit	3,822	2,771	3,104	3,344	3,615
SG&A Expenses	(1,462)	(1,520)	(1,559)	(1,652)	(1,752)
Operating profit	2,360	1,251	1,545	1,692	1,864
Net interest	(284)	(176)	(182)	(142)	(114)
Forex gain (loss)	50	(18)	0	0	0
Others	302	441	239	249	261
Pre-tax income	2,429	1,498	1,602	1,800	2,011
Income tax	(637)	(410)	(424)	(478)	(535)
Minority interest	(67)	(33)	(41)	(46)	(52)
Net income	1,726	1,056	1,136	1,276	1,424

Balance Sheet (Rp bn)	2022A	2023A	2024F	2025F	2026F
Cash & equivalent	1,620	2,090	2,087	2,586	3,206
Receivable	849	674	688	721	759
Inventory	3,274	2,876	3,171	3,307	3,466
Other current assets	4,922	4,357	4,652	4,789	4,947
Total current assets	7,391	7,121	7,427	8,095	8,912
Fixed assets	9,105	8,982	9,130	9,225	9,267
Goodwill	56	56	56	56	56
Total non-current assets	12,698	12,690	12,783	12,877	12,970
Total assets	29,249	28,849	29,396	30,253	31,205
Payable	1,224	842	1,366	1,425	1,493
Other payables	824	726	1,277	1,308	1,345
Current portion of LT loans	5	2,315	1,315	1,315	1,315
Total current liab.	2,053	3,883	3,958	4,048	4,153
Long term loans	4,049	1,690	1,740	1,790	1,840
Other LT liab.	904	708	708	708	708
Total liabilities	7,006	6,281	6,406	6,546	6,702
Equity	4,764	5,087	5,087	5,087	5,087
Retained earnings	16,920	16,920	17,323	18,017	18,789
Total SHE + minority int.	22,243	22,566	22,990	23,706	24,504
Total liabilities & equity	29,249	28,847	29,396	30,253	31,205

Source: Company, Indo Premier

Cash Flow Statement (Rp bn)	2022A	2023A	2024F	2025F	2026F
Net income	1,726	1,056	1,136	1,276	1,424
Depr. & amortization	1,276	1,327	1,315	1,366	1,418
Changes in working capital	(379)	(34)	767	(79)	(92)
Others	(532)	(67)	(185)	(179)	(206)
Cash flow from operating	2,090	2,281	3,033	2,384	2,544
Capital expenditure	-1405	-1297	-1481	-1480	-1479
Others	466	1011	151	151	183
Cash flow from investing	-939	-287	-1330	-1329	-1296
Loans	(1,643)	(49)	(950)	50	50
Equity	(318)	149	(0)	0	0
Dividends	-343	-882	-733	-582	-653
Others	(1,124)	(745)	(21)	(23)	(26)
Cash flow from financing	-3,428	-1,527	-1,704	-555	-628
Changes in cash	-2,276	468	-1	499	620

Key Ratios	2022A	2023A	2024F	2025F	2026F
Gross margin	17.5%	13.4%	14.8%	15.3%	15.7%
Operating margin	10.8%	6.0%	7.4%	7.7%	8.1%
Pre-tax margin	11.1%	7.2%	7.7%	8.2%	8.7%
Net margin	7.9%	5.1%	5.4%	5.8%	6.2%
ROA	5.9%	3.7%	3.9%	4.2%	4.6%
ROE	7.8%	4.7%	4.9%	5.4%	5.8%
ROIC	6.9%	3.6%	4.6%	5.1%	5.6%
Acct. receivables TO (days)	14	12	12	12	12
Payable TO (days)	25	17	28	28	28
Debt to equity	18.7%	18.2%	13.6%	13.4%	13.2%
Interest coverage ratio (x)	6.4	4.7	4.9	6.1	6.6
Net gearing	11.2%	8.7%	4.3%	2.2%	-0.2%

Source: Company, Indo Premier

INVESTMENT RATINGS

BUY	: Expected total return of 10% or more within a 12-month period
HOLD	: Expected total return between -10% and 10% within a 12-month period
SELL	: Expected total return of -10% or worse within a 12-month period

ANALYSTS CERTIFICATION

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

DISCLAIMERS

This research is based on information obtained from sources believed to be reliable, but we do not make any representation or warranty nor accept any responsibility or liability as to its accuracy, completeness or correctness. Opinions expressed are subject to change without notice. This document is prepared for general circulation. Any recommendations contained in this document do not have any regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This document is not and should not be construed as an offer or a solicitation of an offer to purchase or subscribe or sell any securities. PT Indo Premier Sekuritas or its affiliates may seek or will seek investment banking or other business relationships with the companies in this report.