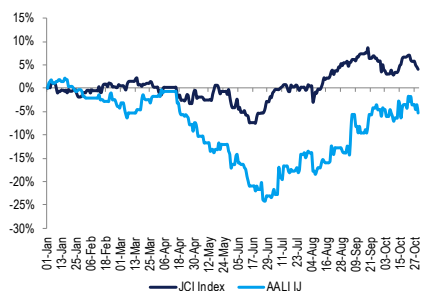


Stock Data

Target price	Rp7,300
Prior TP	Rp7,200
Current price	Rp6,650
Upside/downside	+9%
Shares outstanding (mn)	1,925
Market cap (Rp bn)	13,040
Free float	20%
Avg. 6m daily T/O (Rp bn)	8

Price Performance

	3M	6M	12M
Absolute	12.0%	6.3%	-3.2%
vs. JCI	7.6%	0.0%	-16.1%
52w low/high (Rp)	5325 - 7600		



Major Shareholders

Astra International	79.68%
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Ryan Dimitry

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

3Q24 result: in-line as higher CPO ASP was able to offset decline in volume

- 9M24 net profit of Rp801bn (flat yoy) was in-line with our consensus but above our expectation due to higher-than-expected top line growth.
- However, 3Q24 net profit was weaker at Rp300bn (-31% yoy/+11% qoq) as sales/production volume was weaker due to ageing plantation profile.
- We maintain our Hold call with a higher TP of Rp7,300 as AALI continued to face production issues despite the higher CPO prices.

9M24 net profit came in-line with consensus but above our estimates

9M24 net profit reached Rp801bn (flat yoy) in-line with consensus at 73% but above ours at 76% (vs. a 3Y avg of 74%), due to higher-than-expected top-line growth from higher CPO ASP. Revenue reached Rp16.3tr (+4% yoy) as growth in CPO ASP (+3% yoy) was able to offset a decline in sales volume (-2% yoy). Gross profit grew to Rp2tr (+4% yoy) as GPM was flat at 12% (-12bps yoy). EBIT grew to Rp947bn (+9% yoy) as EBIT margin was stable at 6% (+30bps yoy) driven by logistics cost efficiencies in selling expenses (-16% yoy).

3Q24 net profit declined due to weak top-line growth

Net profit declined to Rp300bn (-31% yoy/+11% qoq) due to weak top-line growth. Revenue reached Rp6.0tr (-5% yoy/+8% qoq) as sales volume declined (-19% yoy) due to lower production on ageing plantation profile. Its gross profit reached Rp722bn (-22% yoy/+3% qoq) as GPM declined to 12% (-257 bps yoy/-64 bps qoq) from lower operating leverage. Its EBIT reached Rp367bn (-31% yoy/+8% qoq) while EBIT margin also declined to 6% (-234 bps yoy/-64 bps qoq).

CPO production declined along with sales volume despite ASP increase

Operationally, we saw a decrease in CPO production at -20% yoy/flat qoq to 287kt in 3Q24, FFB production also declined by -23% yoy/-3% qoq to 925kt. FFB yield also declined to 14t/ha in 3Q24 from 18t/ha in 3Q23. In terms of sales volume, CPO sales also declined -19% yoy/-2% qoq to 284kt in 3Q24 despite rising CPO ASP to Rp12.2k/t in 3Q24 (Rp11.6k/t in 9M24) which was up 13% yoy/+10% qoq.

Maintain Hold with a higher TP of Rp7,300

We adjusted our FY24-26F EPS by 1-2% to incorporate 3Q24 data points, due to higher CPO ASP and lower GPM. Resulting in a higher TP of Rp7,300/sh (vs. Rp7,200 previously). However, we maintain our hold rating on AALI amid risk to production volume on issues of aging plantation profile. AALI is currently trading at 11.4x FY24F P/E. Upside risk is higher CPO prices for FY25F.

Financial Summary (Rp bn)	2022A	2023A	2024F	2025F	2026F
Revenue	21,829	20,745	21,468	22,484	23,543
EBITDA	3,637	2,578	2,653	2,857	3,054
EBITDA growth	-22.1%	-29.1%	2.9%	7.7%	6.9%
Net profit	1,726	1,056	1,147	1,303	1,451
EPS (Rp)	897	548	596	677	754
EPS growth	-12.5%	-38.8%	8.6%	13.7%	11.3%
ROE	7.8%	4.7%	5.0%	5.5%	5.9%
PER (x)	6.8	11.1	11.4	10.0	9.0
EV/EBITDA (x)	3.9	5.3	5.2	4.7	4.2
Dividend yield	2.9%	7.5%	5.6%	4.5%	5.1%
IPS vs. consensus			108%	118%	129%

Source: Company, Indo Premier

Share price closing as of: 30 October 2024

Fig. 1: AALI 9M24 result summary

AALI 9M24 results (Rp bn)	9M24	9M23	yoy%	3Q24	3Q23	yoy%	2Q24	qoq%	IPS FY24F	% of IPS	Cons FY24F	% of cons	3Y avg
Revenue	16,287	15,682	4%	5,974	6,291	-5%	5,513	8%	20,912	78%	21,222	77%	75%
COGS	(14,281)	(13,732)	4%	(5,252)	(5,369)	-2%	(4,812)	9%	(17,808)	80%	(18,576)	77%	
Gross Profit	2,006	1,950	3%	722	922	-22%	702	3%	3,104	65%	2,646	76%	72%
GPM (%)	12%	12%	(12)	12%	15%	(257)	13%	(64)	15%		12%		
Opex	(1,059)	(1,085)	-2%	(355)	(388)	-9%	(361)	-2%	(1,559)	68%	(1,327)	80%	
EBIT	947	865	9%	367	534	-31%	341	8%	1,545	61%	1,319	72%	72%
EBIT margin (%)	6%	6%	30	6%	8%	(234)	6%	(3)	7%		6%		
D&A	1,033	1,299	-20%	350	329	6%	343	2%	1,327	78%			
EBITDA	1,980	2,164	-9%	717	863	-17%	684	5%	2,578	77%	2,518	79%	73%
EBITDA margin (%)	12%	14%	(164)	12%	14%		12%		12%		12%		
Interest expense	(213)	(200)	6%	(64)	(68)	-5%	(74)	-13%	(268)	79%			
Interest Income	150	63	138%	66	20	229%	48	37%	92	163%			
Others	257	401	-36%	60	106	-43%	64	-6%	423	61%			
Pretax profit	1,141	1,129	1%	429	592	-28%	379	13%	1,602	71%	1,610	71%	75%
Tax	(310)	(303)	2%	(120)	(144)	-17%	(97)	24%	(424)	73%	(517)		
Tax rate (%)	27%	27%		28%	24%		26%		26%		32%		
Minority interests	(29)	(25)	17%	(9)	(15)	-42%	(11)	-21%	(41)	71%			
Net profit	801	801	0%	300	433	-31%	271	11%	1,136	70%	1,093	73%	74%
NPM (%)	5%	5%		5%	7%		5%		5%		5%		

Source: Company, Indo Premier

Fig. 2: Operational performance

Op. performance	9M24	9M23	yoy%	3Q24	3Q23	yoy%	2Q24	qoq%
FFB production ('000)	2,718	3,312	-18%	925	1,201	-23%	954	-3%
CPO production ('000)	813	977	-17%	287	358	-20%	287	0%
FFB yield per Ha (t/ha)	14	16	-18%	14	18	-23%	14	-3%
CPO ASP (Rp '000/t)	11,642	11,327	3%	12,191	10,781	13%	11,099	10%
CPO sales ('000)	811	829	-2%	284	349	-19%	289	-2%

Source: Company, Indo Premier

Fig. 3: Forecast changes

Forecast changes	Old			New			Changes		
	FY24F	FY25F	FY26F	FY24F	FY25F	FY26F	FY24F	FY25F	FY26F
Net Revenue	20,912	21,916	23,080	21,468	22,484	23,543	3%	3%	2%
Cost of Sales	(17,808)	(18,572)	(19,465)	(18,742)	(19,548)	(20,400)	5%	5%	5%
Gross Profit	3,104	3,344	3,615	2,726	2,936	3,143	-12%	-12%	-13%
GP margin %	15%	15%	16%	13%	13%	13%	(215)	(220)	(231)
SG&A Expenses	(1,559)	(1,652)	(1,752)	(1,388)	(1,446)	(1,508)	-11%	-12%	-14%
Operating Profit	1,545	1,692	1,864	1,338	1,490	1,635	-13%	-12%	-12%
Net Interest	(182)	(142)	(114)	(73)	(19)	30	-60%	-87%	-127%
Forex Gain (Loss)	-	-	-	-	-	-			
Others-Net	239	249	261	352	367	383	47%	47%	47%
Pre-Tax Income	1,602	1,800	2,011	1,617	1,839	2,049	1%	2%	2%
Income Tax	(424)	(478)	(535)	(428)	(488)	(545)	1%	2%	2%
Minority interest	(41)	(46)	(52)	(42)	(47)	(53)	1%	2%	2%
Net Income	1,136	1,276	1,424	1,147	1,303	1,451	1%	2%	2%

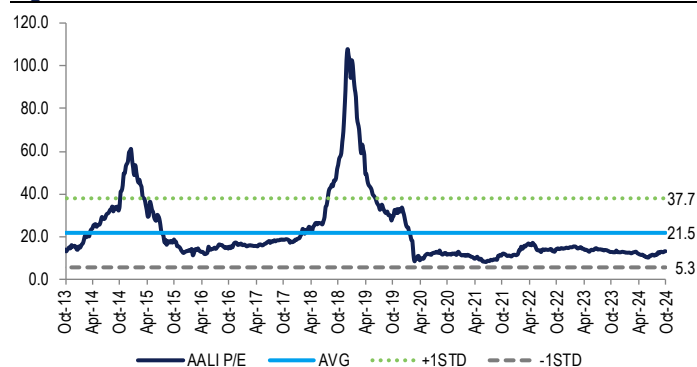
Source: Company, Indo Premier

Fig. 4: AALI valuation summary

Based on 25F	
Net profit (Rp bn)	1,303
Applied PE Ratio (x)	11
Implied mkt cap (Rp bn)	14,077
No. of shares (m)	1,925
Share price (IDR/share)	7,300
Share price today	6,650
Share price upside (%)	10%
Add: dividend yield	5%
Total shareholder return	14%

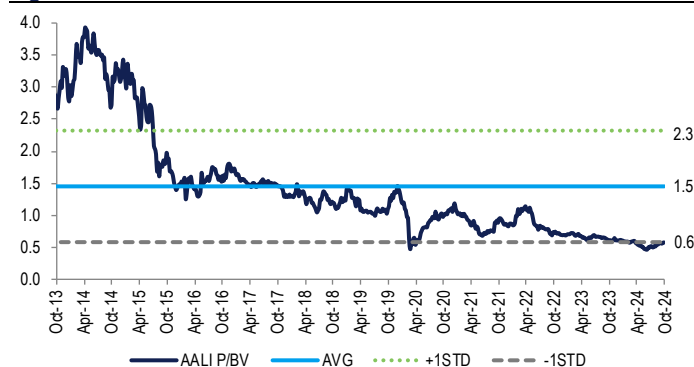
Source: Bloomberg, Indo Premier

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	21,468	22,484	23,543
Cost of sales	-18,006	-17,974	-18,742	-19,548	-20,400
Gross profit	3,822	2,771	2,726	2,936	3,143
SG&A Expenses	(1,462)	(1,520)	(1,388)	(1,446)	(1,508)
Operating profit	2,360	1,251	1,338	1,490	1,635
Net interest	(284)	(176)	(73)	(19)	30
Forex gain (loss)	50	(18)	0	0	0
Others	302	441	352	367	383
Pre-tax income	2,429	1,498	1,617	1,839	2,049
Income tax	(637)	(410)	(428)	(488)	(545)
Minority interest	(67)	(33)	(42)	(47)	(53)
Net income	1,726	1,056	1,147	1,303	1,451

Balance Sheet (Rp bn)	2022A	2023A	2024F	2025F	2026F
Cash & equivalent	1,620	2,090	2,279	2,807	3,458
Receivable	849	674	706	739	774
Inventory	3,274	2,876	3,081	3,213	3,353
Other current assets	4,922	4,357	4,562	4,694	4,835
Total current assets	7,391	7,121	7,546	8,241	9,067
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	29,516	30,399	31,360
Payable	1,224	842	1,438	1,500	1,565
Other payables	824	726	1,315	1,348	1,383
Current portion of LT loans	5	2,315	1,315	1,315	1,315
Total current liab.	2,053	3,883	4,068	4,163	4,264
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	6,516	6,661	6,812
Equity	4,764	5,087	5,087	5,087	5,087
Retained earnings	16,920	16,920	17,333	18,047	18,832
Total SHE + minority int.	22,243	22,566	22,999	23,737	24,548
Total liabilities & equity	29,249	28,847	29,516	30,399	31,360

Source: Company, Indo Premier

Cash Flow Statement (Rp bn)	2022A	2023A	2024F	2025F	2026F
Net income	1,726	1,056	1,147	1,303	1,451
Depr. & amortization	1,276	1,327	1,315	1,366	1,418
Changes in working capital	(379)	(34)	949	(71)	(74)
Others	(532)	(67)	(257)	(271)	(318)
Cash flow from operating	2,090	2,281	3,153	2,328	2,477
Capital expenditure	-1405	-1297	-1481	-1480	-1479
Others	466	1011	224	243	296
Cash flow from investing	-939	-287	-1257	-1237	-1183
Loans	(1,643)	(49)	(950)	50	50
Equity	(318)	149	0	0	(0)
Dividends	-343	-882	-734	-589	-666
Others	(1,124)	(745)	(21)	(24)	(26)
Cash flow from financing	-3,428	-1,527	-1,705	-563	-643
Changes in cash	-2,276	468	191	529	651

Key Ratios	2022A	2023A	2024F	2025F	2026F
Gross margin	17.5%	13.4%	12.7%	13.1%	13.4%
Operating margin	10.8%	6.0%	6.2%	6.6%	6.9%
Pre-tax margin	11.1%	7.2%	7.5%	8.2%	8.7%
Net margin	7.9%	5.1%	5.3%	5.8%	6.2%
ROA	5.9%	3.7%	3.9%	4.3%	4.6%
ROE	7.8%	4.7%	5.0%	5.5%	5.9%
ROIC	6.9%	3.6%	4.0%	4.5%	4.9%
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	4.7	6.0	6.5
Net gearing	11.2%	8.7%	3.5%	1.3%	-1.3%

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.

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