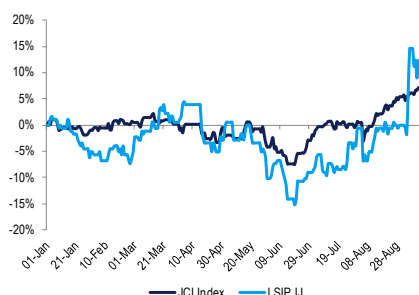


Stock Data

Target price	Rp1,100
Prior TP	NA
Current price	Rp1,225
Upside/downside	-10%
Shares outstanding (mn)	6,820
Market cap (Rp bn)	6,820
Free float	40%
Avg. 6m daily T/O (Rp bn)	13

Price Performance

	3M	6M	12M
Absolute	25.0%	11.7%	0.5%
vs. JCI	11.2%	6.7%	-11.9%
52w low/high (Rp)	755 – 1,030		



Major Shareholders

Salim Ivomas Pratama	59.48%
----------------------	--------

Ryan Dimitry

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

3Q24 result: above as GPM improved on higher ASP and lower cost

- 9M24 net profit of Rp803bn (+76 yoy) was above consensus at 79% but in-line with our estimates at 72% (vs. 3Y avg of 70%).
- However, 3Q24 net profit was weaker at Rp206bn (-29% yoy/-37% qoq) due to one-off impairment charges.
- We maintain our Hold call with an unchanged TP of Rp1,100 as LSIP faces production issues despite the upside on higher CPO prices.

9M24 net profit was above consensus but in-line with ours

9M24 net profit reached Rp803bn (+76% yoy) above consensus at 79%, but in-line with our estimates at 72% (vs. 3Y avg of 70%). Revenue reached Rp2.9tr (flat yoy) as growth in CPO ASP (+12% yoy) was offset by a decline in CPO sales volume of -8% yoy. Gross profit grew to Rp1.1tr (+70% yoy) as GPM increased to 37% (+1,511 bps yoy) due to higher CPO ASP and lower fertilizer cost (-30% yoy).

Drop in 3Q24 net profit was due to non-operating expenses

Net profit declined to Rp206bn (-29% yoy/-37% qoq) due to higher-than-expected non-operating expenses (impairment charge of Rp139bn and an FX loss of Rp25bn). Revenue reached Rp1.1tr (+8% yoy/+22% qoq) driven by an increase in CPO ASP (+19% yoy/+3% qoq) and sequential qoq improvement in CPO production/sales +9/15% qoq. Gross profit reached Rp469bn (+56% yoy/+36% qoq) as its GPM increased to 42% (+1,282 bps yoy/+424 bps qoq). Its EBIT reached Rp383bn (+75% yoy/+40% qoq) while EBIT margin increased to 34% (+1,305 bps yoy/+445 bps qoq).

CPO production declined along with sales volume despite ASP increase

Operationally, we saw a decrease in CPO production at -16% yoy/+9 qoq to 71kt in 3Q24, FFB production also declined by -12% yoy/+11% qoq to 298kt. FFB yield also declined to 13t/ha in 3Q24 from 15t/ha in 3Q23. In terms of sales volume, CPO sales also declined -9% yoy/+15% qoq to 70kt in 3Q24 despite rising CPO ASP to Rp12.8k/t in 3Q24 (Rp12.3k/t in 9M24) which was up 19% yoy/+3% qoq.

Maintain hold with an unchanged TP of Rp1,100

We maintain our forecast with an unchanged TP of Rp1,100, implying FY25F P/E of 6.2x (unchanged at -1 SD of its 5yr mean). We maintain our Hold rating on LSIP as we expect the weak production from its ageing plantation profile to continue to weigh down its revenue potential. Risk: CPO output/prices, weather conditions, and regulations.

Financial Summary (Rp bn)	2022A	2023A	2024F	2025F	2026F
Revenue	4,585	4,190	4,013	4,152	4,330
EBITDA	1,566	1,144	1,527	1,687	1,775
EBITDA growth	0.0%	-26.9%	33.4%	10.5%	5.2%
Net profit	1,036	762	1,126	1,243	1,303
EPS (Rp)	152	112	165	182	191
EPS growth	4.4%	-26.5%	47.8%	10.4%	4.8%
ROE	9.5%	6.7%	9.3%	9.6%	9.5%
PER (x)	6.8	9.2	6.2	5.6	5.4
EV/EBITDA (x)	2.0	2.2	1.5	1.2	1.0
Dividend yield	1.9%	5.0%	5.1%	6.4%	7.1%
Forecast changes			109%	119%	127%

Source: Company, Indo Premier

Share price closing as of: 31 October 2024

Fig. 1: LSIP 9M24 result summary

LSIP 3Q24 results (in Rp bn)	9M24	9M23	yoy%	3Q24	3Q23	yoy%	2Q24	qoq%	IPS FY24F	% of IPS	Cons FY24F	% of cons
Revenue	2,924	2,923	0%	1,123	1,039	8%	921	22%	4,013	73%	4,302	68%
COGS	(1,852)	(2,293)	-19%	(654)	(738)	-11%	(576)	14%	(2,691)	69%	(2,954)	63%
Gross Profit	1,072	630	70%	469	301	56%	346	36%	1,322	81%	1,348	80%
GPM (%)	37%	22%	1,511	42%	29%	1,282	38%	424	33%		31%	
Opex	(231)	(229)	1%	(87)	(83)	5%	(73)	19%	(179)	129%	(213)	109%
EBIT	841	400	110%	383	218	75%	273	40%	1,143	74%	1,135	74%
EBIT margin (%)	29%	14%	1,506	34%	21%	1,305	30%	446	28%		26%	
D&A	371	290	28%	184	105	75%	94	95%	385	96%		
EBITDA	1,212	691	76%	567	324	75%	367	54%	1,527	79%	1,359	89%
EBITDA margin (%)	41%	24%		50%	31%		40%		38%		32%	
Interest expense	(1)	(0)	49%	(0)	(0)	19%	(0)	-15%	(3)	21%		
Interest Income	156	112	40%	53	39	34%	53	-2%	271	58%		
Others	(42)	34	-226%	(198)	99	-300%	72	-377%	5	-846%		
Pretax profit	955	545	75%	237	356	-34%	398	-40%	1,416	67%	1,325	72%
Tax	(152)	(89)	72%	(32)	(66)	-51%	(69)	-53%	(298)	51%	(304)	
Tax rate (%)	16%	16%		14%	18%		17%		21%		23%	
Minority interests	1	1	-20%	1	0	454%	(0)	-648%	1	77%		
Net profit	803	458	76%	206	291	-29%	329	-37%	1,119	72%	1,021	79%
NPM (%)	27%	16%		18%	28%		36%		28%		24%	

Source: Company, Indo Premier

Fig. 2: Operational performance

Op. performance	9M24	9M23	yoy%	3Q24	3Q23	yoy%	2Q24	qoq%
FFB production ('000)	812	853	-5%	298	338	-12%	269	11%
CPO production ('000)	194	216	-10%	71	85	-16%	65	9%
FFB yield per Ha (t/ha)	13	13	-5%	13	15	-13%	12	11%
CPO ASP (Rp '000/t)	12,324	11,017	12%	12,778	10,747	19%	12,384	3%
CPO sales ('000)	191	207	-8%	70	77	-9%	61	15%

Source: Bloomberg, Indo Premier

Fig. 3: LSIP valuation summary

	Based on 25F
Net profit (Rp bn)	1,243
Applied PE Ratio (x)	6
Implied mkt cap (Rp bn)	7,653
No. of shares (m)	6,820
Share price (IDR/share)	1,100
Share price today	1,225
Share price upside (%)	-10%
Add: dividend yield	3%
Total shareholder return	-7%

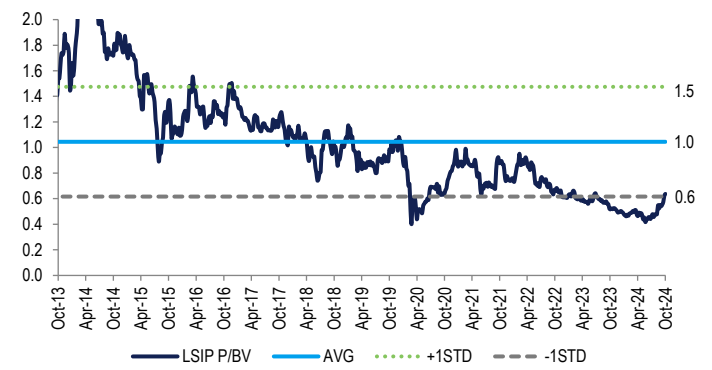
Source: Bloomberg, Indo Premier

Fig. 4: LSIP P/E band



Source: Bloomberg, Indo Premier

Fig. 5: LSIP P/B band



Source: Bloomberg, Indo Premier

Income Statement (Rp bn)	2022A	2023A	2024F	2025F	2026F
Net revenue	4,585	4,190	4,013	4,152	4,330
Cost of sales	-3,094	-3,039	-2,691	-2,696	-2,809
Gross profit	1,491	1,151	1,322	1,456	1,521
SG&A Expenses	(235)	(393)	(179)	(179)	(189)
Operating profit	1,206	759	1,150	1,284	1,342
Net interest	80	155	268	282	299
Forex gain (loss)	0	0	0	0	0
Others	(2)	(3)	5	5	5
Pre-tax income	1,284	911	1,423	1,571	1,646
Income tax	(248)	(151)	(298)	(329)	(345)
Minority interest	1	1	1	1	1
Net income	1,036	762	1,126	1,243	1,303

Balance Sheet (Rp bn)	2022A	2023A	2024F	2025F	2026F
Cash & equivalent	3,847	4,511	4,747	5,027	5,291
Receivable	397	216	374	387	403
Inventory	653	431	516	517	539
Other current assets	863	649	734	735	756
Total current assets	5,107	5,377	5,855	6,149	6,451
Fixed assets	5,666	5,493	5,866	6,363	6,879
Goodwill	0	0	0	0	0
Total non-current assets	1,644	1,647	1,649	1,650	1,652
Total assets	12,417	12,517	13,370	14,162	14,982
Payable	410	277	354	355	369
Other payables	299	287	304	305	306
Current portion of LT loans	0	0	0	0	0
Total current liab.	710	564	658	659	676
Long term loans	0	0	0	0	0
Other LT liab.	772	599	599	599	599
Total liabilities	1,481	1,163	1,257	1,258	1,274
Equity	1,725	1,724	1,724	1,724	1,724
Retained earnings	9,211	9,624	10,389	11,182	11,987
Minority interest	0	0	-1	-2	-4
Total SHE + minority int.	10,936	11,349	12,113	12,904	13,708
Total liabilities & equity	12,417	12,512	13,370	14,162	14,982

Source: Company, Indo Premier

Cash Flow Statement (Rp bn)	2022A	2023A	2024F	2025F	2026F
Net income	1,036	762	1,126	1,243	1,303
Depr. & amortization	360	385	377	404	433
Changes in working capital	(253)	245	(148)	(13)	(22)
Others	(138)	(136)	(277)	(291)	(308)
Cash flow from operating	1,006	1,255	1,078	1,343	1,406
Capital expenditure	-329	-371	-350	-350	-350
Others	75	163	-1393	-1531	-1566
Cash flow from investing	-254	-209	-1743	-1881	-1916
Loans	0	0	0	0	0
Equity	(155)	(1)	0	0	0
Dividends	-136	-348	-361	-451	-497
Others	(1,123)	(1,146)	0	0	0
Cash flow from financing	-1,414	-1,495	-361	-451	-497
Changes in cash	-661	-448	-1,026	-989	-1,007

Key Ratios	2022A	2023A	2024F	2025F	2026F
Gross margin	32.5%	27.5%	32.9%	35.1%	35.1%
Operating margin	26.3%	18.1%	28.7%	30.9%	31.0%
Pre-tax margin	28.0%	21.8%	35.5%	37.8%	38.0%
Net margin	22.6%	18.2%	28.1%	29.9%	30.1%
ROA	8.3%	6.1%	8.4%	8.8%	8.7%
ROE	9.5%	6.7%	9.3%	9.6%	9.5%
ROIC	14.8%	9.9%	14.1%	14.6%	14.2%
Acct. receivables TO (days)	28	27	27	33	33
Payable TO (days)	42	41	43	48	47
Debt to equity	0.0%	0.0%	0.0%	0.0%	0.0%
Interest coverage ratio (x)	1783.8	1341.7	459.9	513.4	536.7
Net gearing	-35.2%	-39.8%	-39.2%	-39.0%	-38.6%

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.