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## BUY

LP 12,400/Share  
TP 16,600/Share  
(+34% Upside)

### Company Information

#### General Information

Ticker	AALI
52-week range	10,125-12,475
YTD Return (%)	5.19%
VS JCI (%)	-4.12%
Last Price (IDR per share)	12,400
Target Price	16,600
Share Outstanding (Mn shares)	1,924.7
Market Cap (Rp tn)	23.77
Sector	Agriculture

Source: Company

#### Shareholders

PT Astra International Tbk	79.68%
Public	20.32%

Source: Company

#### Dividend Payment

Year	Payment
2014	244.0
2014	716.0
2016	99.0
2017	148.0

Source: Proclick

#### Stock Price



Source: Proclick

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### Ikhtisar Kinerja Perseroan Kuartal II-2018

PT Astra Agro Lestari Tbk sepanjang kuartal II-2018 mencatatkan kenaikan pendapatan sebesar 5.56% YoY menjadi Rp 9.02 triliun ditengah pelemahan rata-rata harga CPO turun 8% YoY menjadi Rp7.893 per kilo gram (kg), sementara penjualan minyak kelapa sawit dan produk turunannya meningkat 11.11% YoY menjadi Rp 7.92 triliun. Namun, laba bersih turun sebesar 23.86% yoy menjadi Rp 815,24 miliar akibat naiknya beban pokok menjadi Rp 7.37 triliun (+13.66% YoY).

### Strategi AALI di tahun 2018

Di tahun 2018, AALI akan menambah 1 pabrik kelapa sawit (PKS) baru di area Kalimantan Selatan dengan kapasitas produksi sebesar 45 ton per jam, ditargetkan akan selesai dan mulai beroperasi pada tahun 2019. Selain itu, AALI melakukan diversifikasi dengan mengembangkan unit usaha barunya yakni peternakan sapi dengan menambah 2,000 ekor sapi impor dari Australia dan perawatan fasilitas peternakan sapi, sehingga total yang akan dimiliki AALI sebanyak 10,000 ekor sapi. Adapun fokus AALI di unit usaha peternakan adalah untuk pembibitan dan penggemukan (fattening). Limbah ternak berupa kotoran sapi dapat dimanfaatkan sebagai pupuk kelapa sawit yang dikelola oleh AALI sehingga dapat mengurangi biaya transportasi pembelian pupuk dan menjamin kualitas pupuk

### Proyeksi Kinerja Keuangan Akan Datang

Pada tahun 2018, AALI diproyeksikan akan mencatatkan kenaikan pendapatan sebesar 10.30% YoY menjadi Rp 19.09 triliun ditopang peningkatan volume yang diperkirakan mencapai 1.7 juta ton didorong kebijakan B20 oleh pemerintah sehingga dapat meningkatkan permintaan CPO, namun laba bersih diperkirakan turun sebesar -9.84% YoY senilai Rp 1.91 triliun akibat adanya kenaikan beban pokok mencapai 16% YoY menjadi Rp 18.81 triliun. Kenaikan beban pokok tersebut ditekan naiknya harga bahan bakar minyak akibat pengaruh kenaikan harga minyak mentah dunia sehingga menyebabkan biaya operasional untuk panen dan pemeliharaan perkebunan meningkat.

### Keputusan Investasi

Berdasarkan metode Free Cash Flow to Firm (FCFF), kami mendapatkan harga wajar Rp 16,600 per lembar saham dengan tingkat PER dan PBV FY 2018 masing-masing sebesar 12.9x dan 1.27x dibandingkan rata-rata industri 16.51x dan 1.41x. Harga AALI yang rendah membuat kami merekomendasikan buy dengan potensial upside 34%.

#### Exhibit 1. Financial Highlights

	2016	2017	2018F	2019F
Revenue (Bn Rp)	14,121.4	17,305.7	19,087.6	21,187.3
Gross Profit (Bn Rp)	3,676.0	4,145.3	3,817.5	4,237.5
EPS (Rp)	1,098.5	1,098.2	1,053.0	1,099.7
Current Ratio	1.0	1.8	1.6	1.6
Debt Ratio	27%	25%	29%	28%
Debt to Equity Ratio (DER)	23%	22%	25%	25%
Net Profit Margin (NPM)	15%	12%	11%	10%
ROA	9%	8%	7%	7%
ROE	12%	11%	10%	9%
PER	15.27	11.97	15.76	15.10
PBV	1.84	1.37	1.55	1.40

Source: Company and Profindo estimates

#### Exhibit 2. Simplified Balance Sheet

	2016	2017	2018F	2019F
Cash and cash equivalent	532	262	224	291
Receivables	579	705	784	871
Inventories	2,097	2,018	2,342	2,599
Biological asset	-	-	247	247
Advances	182	173	191	212
Prepaid taxes	662	1,087	1,339	1,495
<b>Total current asset</b>	<b>4,052</b>	<b>4,246</b>	<b>5,127</b>	<b>5,714</b>
Fixed assets	10,028	10,152	10,907	12,107
Goodwill	56	56	62	62
Plasma plantation	632	834	851	851
Other non current asset	9,459	9,648	10,329	11,052
<b>Total non current assets</b>	<b>20,175</b>	<b>20,690</b>	<b>22,150</b>	<b>24,072</b>
<b>Total Asset</b>	<b>24,226</b>	<b>24,935</b>	<b>27,276</b>	<b>29,786</b>
Trade payables	940	833	962	1,068
Short term bank loans	400	600	619	685
Other current liabilities	2,603	877	794	846
<b>Total current liabilities</b>	<b>3,943</b>	<b>2,309</b>	<b>2,375</b>	<b>2,600</b>
Long term bank loans	2,116	3,399	3,750	3,780
other non current liabilities	574	691	699	759
<b>Total non current liabilities</b>	<b>2,690</b>	<b>4,090</b>	<b>4,449</b>	<b>4,538</b>
Equity	17,593	18,536	20,453	22,648
<b>Total liabilities and equity</b>	<b>24,226</b>	<b>24,935</b>	<b>27,276</b>	<b>29,786</b>

### Exhibit 3. Income Statement

	2016	2017	2018F	2019F
Net revenue	14,121	17,306	19,088	21,187
<i>growth</i>	<i>8.13%</i>	<i>22.55%</i>	<i>10.30%</i>	<i>11.00%</i>
Cost of revenue	(10,445)	(13,160)	(15,270)	(16,950)
<b>Gross profit</b>	<b>3,676</b>	<b>4,145</b>	<b>3,818</b>	<b>4,237</b>
General and administrative expense	(677)	(756)	(764)	(847)
Selling expenses	(341)	(338)	(382)	(424)
<b>EBIT</b>	<b>2,659</b>	<b>3,051</b>	<b>2,672</b>	<b>2,966</b>
Finance cost	(145)	(132)	(143)	(159)
Foreign exchange (losses)/gain	201	5	5	5
Interest income	26	24	29	33
Share of results of jointly controlled entities	(13)	(84)	(67)	(54)
Others, net	(519)	75	79	82
subtotal	(450)	(112)	(97)	(92)
<b>Profit before income tax</b>	<b>2,209</b>	<b>2,939</b>	<b>2,575</b>	<b>2,875</b>
Income tax expense	(94)	(825)	(670)	(747)
<b>Profit for the period</b>	<b>2,114</b>	<b>2,114</b>	<b>1,906</b>	<b>2,127</b>
<i>growth</i>	<i>204%</i>	<i>-0.03%</i>	<i>-9.84%</i>	<i>11.62%</i>

Source: Company and Profindo estimates

### Exhibit 4 . Financial Ratio

	2016	2017	2018F	2019F
<b>Profitability Ratio</b>				
Return on Assets (ROA)	9%	8%	7%	7%
Return on Invested Capital (ROIC)	12%	10%	8%	8%
Return on Capital Employed (ROCE)	13%	14%	11%	11%
Return on Sales (NPAT/Sales %)	15%	12%	10%	10%
Gross Profit / Sales (%)	26%	24%	20%	20%
Net Operating Profit / Sales (%)	19%	18%	14%	14%
Profit before Tax / Sales (%)	16%	17%	14%	13%
<b>Liquidity Ratio</b>				
Current Ratio	1.03	1.84	1.63	1.63
Quick Ratio (Acid Test)	0.50	0.96	0.99	0.96
Working Capital (Million)	108,577	1,936,313	2,288,321	2,447,985
<b>Solvability Ratio</b>				
Gross Gearing (Debt to Equity) (%)	23%	22%	25%	25%
Net Gearing (%)	20%	20%	22%	22%
Solvency (Times Interest Earned)	18	23	14	14
<b>Activity Ratio</b>				
Inventory Days	73	56	56	56
Trade Receivables (Debtor) Days	15	15	15	15
Creditors Days	33	23	30	30
Funding Gap Debtors+Inventory-Creditors	55	48	41	41
Fixed Asset Turnover	141%	170%	180%	180%
Plantation Turnover	212%	256%	206%	206%
Asset Turnover (Sales / Total Assets)	58%	69%	66%	67%
Asset Leverage (Total Assets/Equity)	138%	135%	140%	140%

Source: Profindo estimates

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**Profindo Stock Rating**

**BUY** : The share price is expected to increase by 20% or more  
**ACCUMULATE**: The share price is expected to increase at least by 10%  
**HOLD** : The share price is expected to move within range of +/- 10%  
**REDUCE**: The Share price is expected to decline within range of 10% - 20%  
**SELL** : The share price is expected to decline by more than 20%

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