

24 Juni 2019

Analyst: Michael Filbery | michael.filbery@profindo.com

BUY

LP 1,140 /Share
TP 1,510 /Share
(+30.17% Upside)

General Information

Ticker	LSIP
52-week range	905 - 1520
YTD Return (%)	-10.94%
VS JCI (%)	1.23%
Last Price (IDR per share)	1,160
Target Price	1,510
Share Outstanding (Mn shares)	6,823
Market Cap (Rp tn)	7,915
Sector	Agribisnis

Source: Company and Profindo estimates

Shareholder

PT Salim Ivomas Pratama	59.48%
Saham Treasury	0.05%
Publik	40.47%

Source: Company

Year Dividen Payment

2019	19.00
2018	45.00
2017	35.00
2016	37.00
2015	53.00

Source: IDX

Stock Price



Source: Procllick

Research Analyst:

Michael Filbery

T: +62 21 8378 0888

E: michael.filbery@profindo.com

Pengaruh Negatif Penurunan Harga CPO Pada Kinerja LSIP

PT London Sumatera Tbk (LSIP) mencatatkan penurunan laba bersih per Q1 2019 sebesar 67.1% menjadi Rp38.1 miliar. Penurunan drastis tersebut merupakan dampak dari penurunan harga jual CPO per Q1 2019 sebesar 25.91% YoY menjadi Rp7,853/kilogram. Namun penurunan harga jual CPO masih dapat diimbangi LSIP dengan peningkatan volume penjualan CPO sebesar 36.5% menjadi 109.4 juta ton, sehingga penjualan Q1 2019 meningkat 6.9% menjadi Rp927.9 miliar.

Prospek bisnis LSIP Jangka Panjang

Sektor CPO masih dipengaruhi beberapa sentimen dalam tahun ini antara lain masih berlanjutnya perang dagang AS dan China serta peningkatan produksi kedelai dari Argentina. Perang dagang berimplikasi pada pembatasan masuknya minyak kedelai dari AS, sehingga dapat dimanfaatkan untuk meningkatkan penjualan oleh eksportir CPO salah satunya LSIP. Sedangkan peningkatan produksi kedelai dari Argentina akan menyebabkan penurunan harga CPO. Sektor CPO masih memiliki prospek positif untuk jangka panjang melalui implementasi kebijakan B30 di tahun 2020 yang cukup untuk menggantikan potensi penurunan ekspor CPO ke Uni Eropa. Penetapan pajak ekspor produk sawit sebesar 0% oleh pemerintah diharapkan dapat menstimulus permintaan global karena harga yang cukup kompetitif.

Penjualan LSIP FY 2019 diprediksi lebih rendah 2.34% dari tahun sebelumnya disebabkan menurunnya ASP selama 2019 yang diprediksi menjadi Rp7,540/kg, lebih rendah 7% dibanding tahun sebelumnya.

Valuasi LSIP

Berdasarkan metode **Discounted Cash Flow (DCF)**, dengan asumsi WACC 10.48% dan terminal growth 2%, kami memproyeksikan target harga LSIP FY 2019 sebesar Rp1,510 dengan tingkat PER dan PBV FY 2019 masing-masing sebesar 31.95 x dan 1.21 x dibandingkan rata-rata industrinya sebesar 62.38x dan 1.17x. Kami rekomendasikan **BUY** dengan potensial upside 30.17 %. Risiko investasi: 1) Penurunan harga CPO, 2) Cuaca yang tidak mendukung, 3) Penurunan permintaan CPO dari UE, 4) rata-rata usia tanaman perkebunan LSIP sudah memasuki usia *mature* (16 tahun).

Exhibit 1. Balance Sheet

	2017	2018	2019 F	2020 F
Cash and cash equivalents	1,633,460	1,663,456	2,448,878	3,274,486
Inventories	333,773	488,712	447,590	441,911
Trade Receivable	55,670	68,896	67,283	81,841
Other Receivable	119,782	83,130	81,184	98,750
Other current asset	156,140	139,833	139,833	139,833
Total current asset	2,298,825	2,444,027	3,184,767	4,036,822
Fixed assets - net	6,298,818	6,234,540	5,655,151	5,028,653
Other non current asset	1,255,052	1,358,727	1,358,727	1,358,727
Total non current asset	7,553,870	7,593,267	7,013,878	6,387,380
Total asset	9,852,695	10,037,294	10,198,646	10,424,202
Trade Payable	128,674	233,651	213,991	214,607
Other payable	84,266	78,071	71,502	71,708
Other current liabilities	203,318	213,092	213,092	213,092
Total current liabilities	416,258	524,814	498,585	499,406
Total non current liabilities	1,205,996	1,180,361	1,180,361	1,180,361
Total Liabilities	1,622,254	1,705,175	1,678,946	1,679,767
Equity	8,230,441	8,332,119	8,519,700	8,744,434
Total liabilities and equity	9,852,695	10,037,294	10,198,646	10,424,202

Source: Company and Profindo estimates

Exhibit 2. Income Statement

	2017	2018	2019F	2020 F
Net Revenues	4,738,022	4,019,846	3,925,726	4,368,470
Growth (%)	23.13%	-15.16%	-2.34%	11.28%
Cost of Revenues	(3,443,814)	(3,336,813)	(3,056,043)	(3,400,704)
Gross profit	1,294,208	683,033	869,684	967,767
Operating expenses	(5,560)	(15,507)	(15,144)	(16,852)
Other income	25,782	61,607	65,018	72,350
Other expenses	(272,046)	(293,455)	(255,995)	(301,886)
Income from operation	904,240	339,735	342,550	347,143
Finance income	57,223	71,104	72,410	112,018
Other financial charges	(539)	(425)	(415)	(462)
Profit/loss before tax	962,514	417,052	415,862	460,166
Income tax	(229,266)	(87,626)	(93,216)	(103,147)
Profit/loss for the year	733,248	329,426	322,646	357,019

Source: Company and Profindo estimates

Exhibit 3. Cash Flow

	2017	2018	2019 F	2020 F
Cash Flow from Operating	1,261,942	663,239	1,231,746	1,253,170
Cash Flow from Investing	(524,941)	(344,166)	(311,260)	(295,276)
Cash Flow from Financing	(248,009)	(31,831)	(135,065)	(132,285)

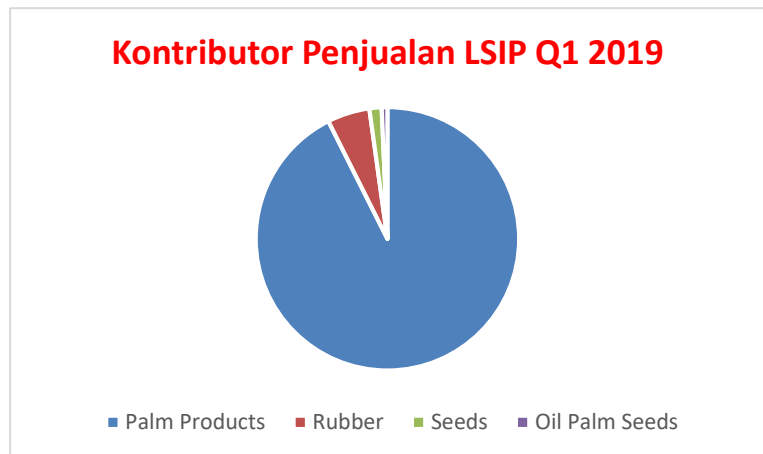
Source : Company and Profindo estimates

Exhibit 4. Volume Penjualan CPO dan ASP



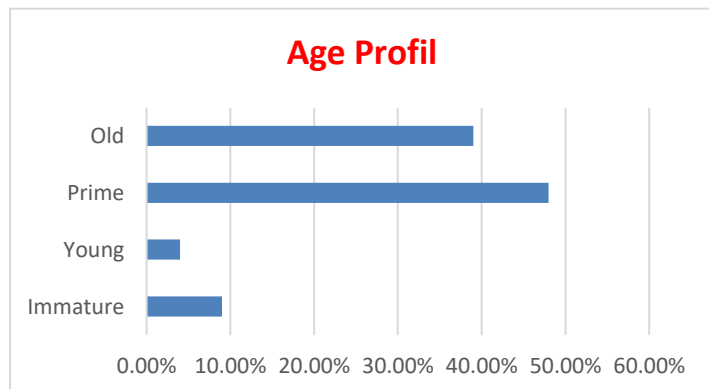
Source : Company and Profindo estimates

Exhibit 5. LSIP Revenue Breakdown



Source : Company and Profindo estimates

Exhibit 6. Palm Area Maturity



Source : Company

Exhibit 6. Key Ratios

Liquidity Ratio	2017	2018	2019 F	2020 F
Current Ratio	5.52	4.66	6.39	8.08
Quick Ratio	4.72	3.73	5.49	7.20
Solvabilitas Ratio	2017	2018	2019 F	2020 F
Debt to Asset Ratio (DAR)	16.47%	16.99%	16.46%	16.11%
Debt to Equity Ratio (DER)	19.71%	20.47%	19.71%	19.21%
Equity Multiplier	119.71%	120.47%	119.71%	119.21%
Profitabilitas Ratio	2017	2018	2019 F	2020 F
Gross Profit Margin	27.32%	16.99%	22.15%	22.15%
Operating Profit Margin	19.08%	8.45%	8.73%	7.95%
Net Profit Margin	15.48%	8.19%	8.22%	8.17%
Return on Asset	7.44%	3.28%	3.16%	3.42%
Return on Equity	8.91%	3.95%	3.79%	4.08%
Market Ratio	2017	2018	2019 F	2020 F
Earning Per Share (EPS)	112.00	49.00	47.29	52.33
Price to Earning Ratio (PER)	12.68	25.51	31.95	28.87
Book Value	1,206	1,221	1,249	1,282
Price to Book Value (PBV)	1.18	1.02	1.21	1.18
Activity Ratio	2017	2018	2019 F	2020 F
Inventory Turnover	10.32	6.83	6.83	7.70
Days' Sales in Inventory	35.38	53.46	53.46	47.43
Receivables Turnover	27.00	26.44	26.44	24.19
Days' Sales in Receivable	13.52	13.80	13.80	15.09
Fixed Asset Turnover	68.73	77.57	75.75	84.30
Total Asset Turnover	0.48	0.40	0.38	0.42
Cash Conversion Cycle	26	33	33	32

Source: Company and Profindo estimates

Profindo Research Team:

Yuliana
(Research Analyst)
yuliana@profindo.com
Ext 713

Dimas W.P. Pratama, CSA®
(Technical Analyst)
Dimas.wp@profindo.com
Ext 715

Michael Filbery
(Research Analyst)
michael.filbery@profindo.com
Ext 714

Profindo Equity Sales Team

Jessie James
(Head of Equity Sales)
jessie.james@profindo.com
Ext 314

Prasetyo Nugroho
(Head of Dealing)
prasetyo.nugroho@profindo.com
Ext 306

Gabriella Pratiwy
(Head of Marcom & OLT)
Gabriella.pratiwy@profindo.com
Ext 600

KANTOR PUSAT

Permata Kuningan Building, 19F
Jl. Kuningan Mulia, Kav. 9C, Guntur Setiabudi
South Jakarta 12980
Phone : +62 21 8378 0888
Fax : +62 21 8378 0909

PERWAKILAN SERANG

IDX Indonesia Stock Exchange
Jl. Veteran No 39-40
Cimuncang, Kota Serang, Banten 42117

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%

DISCLAIMER

This research report is prepared by PT PROFINDO SEKURITAS INDONESIA for information purposes only and is not to be used or considered as an offer or the solicitation of an offer to sell or to buy or subscribe for securities or other financial instruments. The report has been prepared without regard to individual financial circumstance, need or objective of person to receive it. The securities discussed in this report may not be suitable for all investors. The appropriateness of any particular investment or strategy whether opined on or referred to in this report or otherwise will depend on an investor's individual circumstance and objective and should be independently evaluated and confirmed by such investor, and, if appropriate, with his professional advisers independently before adoption or implementation (either as is or varied).