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BUY

 LP 10,650/Share
 TP 12,807/Share
 (+20.3% Upside)

General Information

Ticker	AALI
52-week range	9,500 - 14,400
YTD Return (%)	-8.14%
VS JCI (%)	-1.22%
Last Price (IDR per share)	10,725
Target Price	12,807
Share Outstanding (Mn shares)	1,925
Market Cap (Rp mn)	20,642,282
Sector	Agribusiness

Source: Company & Profindo estimates

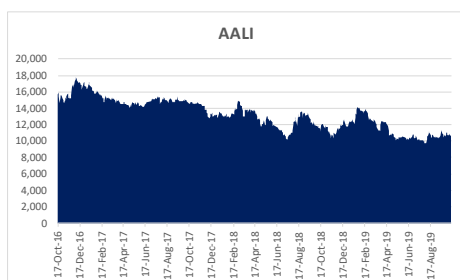
Shareholder

PT Astra International Tbk	79.68%
Public	20.32%

Source: Company

Year	Dividen Payment
2015	472
2016	990
2017	148
2018	112
2019	224

Source: IDX

Stock Price


Source: Proclick

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Kinerja 1H19 Terdampak Penurunan Harga CPO

PT. Astra Agro Lestari, Tbk (AALI) mencatatkan penjualan bersih Rp8.5 triliun sepanjang 1H19. Penjualan terkoreksi 5.5% terhadap penjualan bersih periode yang sama di tahun sebelumnya sebesar Rp9.0 triliun. Hal tersebut disebabkan penurunan harga CPO sepanjang 1H 2019 sebesar 6.9% ke level Rp6,520. Peningkatan beban pokok penjualan turut menekan pertumbuhan laba kotor sebesar 55.84% menjadi Rp729.2 triliun dari sebelumnya Rp1.6 triliun. Beban pokok penjualan AALI tercatat melonjak 5.8% menjadi Rp7.8 triliun, mencerminkan 91.4% penjualan 1H19.

Outlook positif untuk jangka panjang

Sektor CPO hingga akhir tahun ini diprediksi masih akan tertekan karena tren harga CPO yang belum membaik secara signifikan. Hal ini disebabkan kebijakan negara tujuan ekspor CPO Indonesia yang belum mendukung kenaikan harga CPO, salah satunya India yang mengenakan tarif bea masuk produk turunan CPO asal Indonesia yang lebih tinggi daripada produk sejenis asal Malaysia.

Sentimen positif bagi AALI di tahun mendatang adalah penerapan program B30, yaitu pencampuran 30% minyak nabati pada BBM yang mulai diimplementasikan di awal 2020. Kebijakan ini diharapkan menyerap kelebihan pasokan CPO nasional sehingga dapat meningkatkan harga CPO.

Laba bersih FY 2019 AALI diprediksi akan lebih rendah 14.4% YoY menjadi Rp1.3 triliun seiring pendapatan bersih yang diproyeksi terkoreksi 5.4% menjadi Rp18.1 triliun. Namun kami mengestimasi harga CPO hingga akhir 2019 berpotensi menguat +4.6% YoY ke level Rp7,609/ton didukung permintaan musiman yang lebih tinggi di semester II, perayaan Diwali di kuartal IV, serta implementasi B20. AALI dapat memanfaatkan berbagai peluang tersebut untuk meningkatkan produksi CPO sepanjang 2H19

Valuasi AALI

Berdasarkan metode FCFF, dengan asumsi WACC 10.10% dan terminal growth 2.00%, kami memproyeksi target harga AALI Rp12,807 per lembar saham dengan tingkat PER dan PBV FY 2019 masing-masing sebesar 18.9x dan 1.21x dibandingkan rata-rata industri 13.0x dan 0.8x. Kami merekomendasikan **BUY** AALI dengan potensial upside 20.3%.

Exhibit 1. Income Statement (IDR Mn)

Profit and Loss	2017	2018	2019E	2020F
Net revenues	17,305,688	19,084,387	18,063,041	17,434,012
Cost of revenues	(13,160,438)	(15,544,881)	(14,894,066)	(14,262,571)
Gross Profit	4,145,250	3,539,506	3,168,975	3,171,441
General and administrative expenses	(756,418)	(786,046)	(743,979)	(718,071)
Selling expenses	(337,933)	(427,554)	(397,765)	(371,644)
Operating Expenses	3,050,899	2,325,906	2,027,231	2,081,726
Finance income	24,005	25,774	3,190	4,210
Finance cost	(132,446)	(225,057)	(247,392)	(246,198)
Other income (exp)	(62,412)	80,457	76,151	73,499
Income Before Final Tax	2,880,046	2,207,080	1,859,181	1,913,237
Income tax expense	(810,260)	(686,357)	(557,754)	(535,706)
Income For The Year	2,069,786	1,520,723	1,301,427	1,377,531

Source: Company & Profindo estimates

Exhibit 2. Simplified Balance Sheet (IDR Mn)

Balance Sheet	2017	2018	2019E	2020F
Cash	262,292	49,082	64,770	439,007
Receivables	704,749	663,429	627,924	606,057
Inventories - Net	2,018,104	2,368,363	2,752,021	2,656,184
Others	1,260,585	1,419,754	1,419,754	1,419,754
Total Current Assets	4,245,730	4,500,628	4,864,469	5,121,003
Net fixed assets	10,152,225	10,219,013	10,243,963	10,194,547
Other non-current asset	10,537,471	12,137,326	12,636,687	13,424,459
Total Non-Current Assets	20,689,696	22,356,339	22,880,649	23,619,006
Total Asset	24,935,426	26,856,967	27,745,119	28,740,008
Payables	920,688	1,207,970	1,157,396	1,108,324
Short term debt	600,000	1,125,000	1,120,463	1,115,058
Other current liabilities	788,729	743,560	743,560	743,560
Total Current Liabilities	2,309,417	3,076,530	3,021,419	2,966,942
Long term edbt	3,398,792	3,606,303	3,591,760	3,574,433
Other non-current liabilities	690,779	699,612	787,121	820,666
Total Non-Current Liabilities	4,089,571	4,305,915	4,378,881	4,395,100
Total Liabilities	6,398,988	7,382,445	7,400,300	7,362,042
Equity	18,536,438	19,474,522	20,344,819	21,377,967
Total Liabilities and equity	24,935,426	26,856,967	27,745,119	28,740,008

Source: Company & Profindo estimates

Exhibit 3. Cash Flow (IDR Mn)

Cash Flow	2017	2018	2019E	2020F
Net profit	2,069,786	1,520,723	1,301,427	1,377,531
Depreciation	816,564	877,185	951,550	1,025,916
Working capital	(44,528)	(352,673)	(398,727)	68,631
Cash Flow from Operating	2,841,822	2,045,235	1,854,250	2,472,078
Capex	(940,821)	(1,013,902)	(976,500)	(976,500)
Change in other	(812,683)	(664,865)	(499,361)	(787,772)
Cash Flow from Investing	(1,753,504)	(1,678,767)	(1,475,861)	(1,764,272)
Short term debt	200,000	225,000	(4,537)	(5,405)
Long term debt	1,399,898	(191,633)	72,966	16,219
Other financing	(2,961,516)	(642,699)	(431,130)	(344,383)
Cash Flow from Financing	(1,361,618)	(609,332)	(362,701)	(333,569)
Total Increase Cash	(273,300)	(242,864)	15,688	374,237
Adjustment	4,009	29,654	-	-
Cash at beginning of the year	531,583	262,292	49,082	64,770
Cash at end of the year	262,292	49,082	64,770	439,007

Source: Company & Profindo estimates

Exhibit 4 . Financial Ratio

Liquidity Ratio	2017	2018	2019E	2020F
Current Ratio	1.8	1.5	1.6	1.7
Quick Ratio	0.96	0.69	0.70	0.83
Solvabilitas Ratio	2017	2018	2019E	2020F
Debt Ratio	16.04%	17.62%	16.98%	16.32%
Debt to Equity	21.57%	24.29%	23.16%	21.94%
Equity Multiplier	1.35	1.38	1.36	1.34
Profitabilitas Ratio	2017	2018	2019E	2020F
GPM	23.95%	18.55%	17.54%	18.19%
OPM	17.63%	12.19%	11.22%	11.94%
NPM	11.96%	7.97%	7.20%	7.90%
Return on Asset (ROA)	8.30%	5.66%	4.69%	4.79%
Return on Equity (ROE)	11.17%	7.81%	6.40%	6.44%
Market Ratio	2017	2018	2019E	2020F
Earning Per Share	1075.39	790.11	676.18	715.72
Price to Earning Ratio	11.00	16.64	18.94	17.89
Book Value per share	9631	10118	10570	11107
Price to Book Value	1.23	1.30	1.21	1.15
Activity Ratio	2017	2018	2019E	2020F
Inventory Turnover	6.52	6.56	5.41	5.37
Receivables Turnover	24.56	28.77	28.77	28.77
Fixed Asset Turnover	1.70	1.87	1.76	1.71
Total Asset Turnover	0.69	0.71	0.65	0.61

Source: Profindo estimates

Exhibit 5 . AALI's Margin

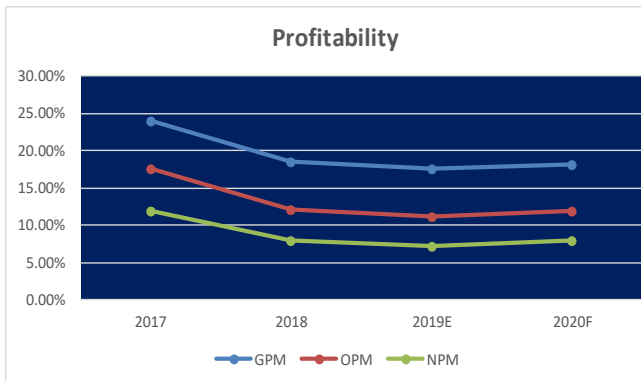


Exhibit 5 . CPO production and ASP

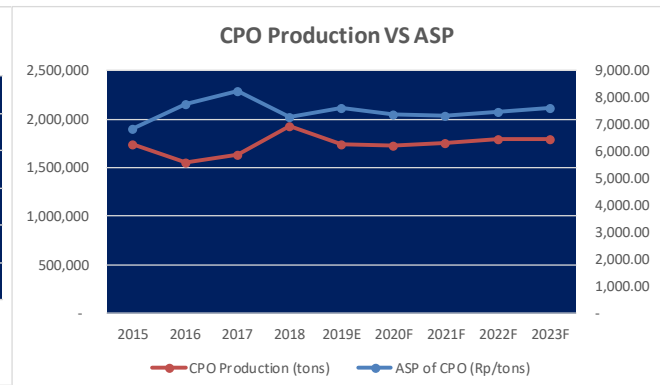


Exhibit 5 . Valuation

In IDR Mn						
	2019E	2020F	2021F	2022F	2023F	2024F
EBIT	2,027,231	2,081,726	2,033,641	2,118,534	2,183,036	2,236,150
Depreciation	951,550	1,025,916	1,100,281	1,174,647	1,249,012	1,323,377
Tax	(557,754)	(535,706)	(529,997)	(558,038)	(577,742)	(594,441)
Capex	(976,500)	(976,500)	(976,500)	(976,500)	(976,500)	(976,500)
Change in WC	(512,215)	418,952	311,011	139,933	61,007	22,343
FCF	932,312	2,014,388	1,938,436	1,898,575	1,938,813	2,010,929
Present Value	932,312	1,829,616	1,599,136	1,422,586	1,319,482	1,243,029
TV						17,236,033
Firm's Value	24,649,883					
Shares	1,925					
Fair Value (In IDR)	12,807					

Source: Profindo research

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